INTERNATIONAL MEAL COMPANY

2Q16 RESULTS

São Paulo, August 15, 2016 - International Meal Company Alimentação S.A. **(BM&FBOVESPA: MEAL3)**, one of the largest multi-brand companies in the Latin American food retail industry, announces its results for the **second quarter (2Q16).** Unless otherwise indicated, the information herein is presented in a consolidated manner and in millions of Brazilian reais (R$), and in accordance with the International Financial Reporting Standards (IFRS) and the accounting principles adopted in Brazil.

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HIGHLIGHTS

The information below does not include the operations in Mexico, Puerto Rico and the Dominican Republic, thus reflecting the Company's situation after the sale of those operations, completed in the early months of 2016

Zero Leverage: **R$41.7mn Net Cash Position**

Cash Flow: **100.4% EBITDA-to-Operating Cash conversion**

Net Revenue: R$387.8 million in 2Q16 **(3.2% down vs. 2Q15)**

Same-store sales (SSS): **flat vs. 2Q15**

Adjusted EBITDA: R$23.7 million in 2Q16 **(11% up vs. 2Q15 – Margin +80bps)**

MESSAGE FROM MANAGEMENT

IMC´s new management team has been in place for nearly a year, so we want to offer our view on the progress towards our strategy roadmap. We successfully executed the first strategy (deleverage the company) in 1Q16, so since the beginning of the year we have been focusing on the other three: Operational Excellence (Opex), New Revenue Growth Streams and Portfolio Rationalization. We remain confident that we are building the right foundation to deliver our financial commitments over the long haul, while taking strong actions to offset short-term adversities in Brazil – namely high inflation and lower economic activity.

Operational Excellence: We created and implemented a new pricing methodology, and advanced our menu engineering efforts. As a result, price/mix more than fully offset inflation in 2Q16 (from a 31% inflation offset in 1Q16) in Brazil. Cost savings and higher productivity delivered R$18.6M YOY improvement (vs R$9.2M in 1Q16) – still insufficient to offset the impact of lower volume (-R$23.9M in 2Q vs -R$9.9M in 1Q). We continue to expand our cost and productivity initiatives as we design and deploy the zero-based-budget (global) and an S&OP process to further streamline our operations and align goals across the company. We also reached new agreements for our top 3 airport operations, strengthening our partnerships while amending the economic terms to more accurately reflect current market dynamics. Last, we inaugurated two prototypes (pilot stores) – Viena Express (food court restaurant) and Frango Assado's Mini-Market, which we intend to roll-out when the testing period is completed (based on the ROIC achievement). Same is true for our organization development pilot at Frango Assado (optimized organizational structure, improved sense of ownership at all levels with clear goals and variable compensation linked to performance).

New Revenue Growth Streams: We are piloting Viena Delivery, and plan a soft opening (2 locations) by early 4Q16. Also, we are implementing a new strategy for alcoholic beverages. These efforts represent additional revenue sources which build on our existing infrastructure. By year end we should also expand the Olive Garden franchise, testing its strength in Malls in Brazil.

Portfolio Rationalization: In 2016, we closed 15 loss-making stores (5 in 1Q, 10 in 2Q) which had a negative contribution margin of R$3.5 million in 2015. We are also advancing on exiting our smaller brands in Malls.

All in all, we continue to be challenged by the lower volume in Brazil, but remain confident in our strategy and continue to make progress in building the foundation for future sustainable profitable growth.

New financial reporting model

IMC introduced a new earnings reporting model in 3Q15 to boost its visibility. The new format describes our earnings results broken down by segment and geographic region, as well as the effect of exchange rate changes on them clearly. Since the sale of IMC's assets in Mexico, Puerto Rico and the Dominican Republic has been completed, as mentioned above, the results of those operations have been reclassified to the discontinued operations account, thus leading to changes in the results reported in 2Q15, mainly in the Caribbean. The presentation of the Company's 2014 and 2015 results in the new format can be found on our investor relations website: ri.internationalmealcompany.com/

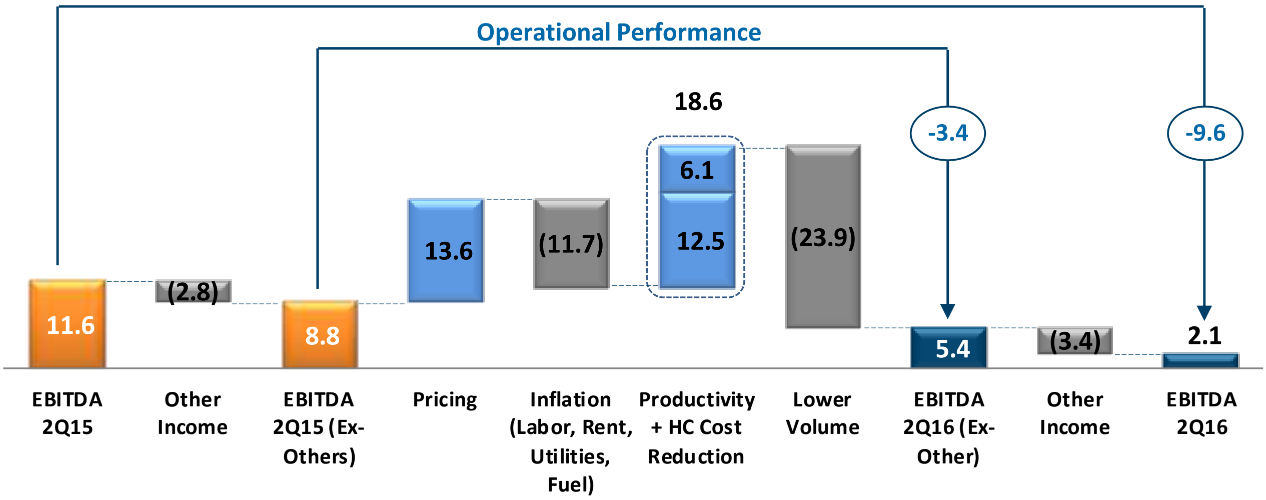
COMMENTS ABOUT IMC'S PERFORMANCE

OVERVIEW OF THE 2Q16

(in R$ million)	2Q15	2Q16	Vs. 2Q15
Brazil	**11.6**	**2.1**	**(9.6)**
Air	1.8	2.1	0.3
Roads	12.8	9.7	(3.1)
Malls	4.3	5.1	0.8
G&A	(10.2)	(11.5)	(1.3)
Other Income	2.8	(3.4)	(6.2)
United States	**15.4**	**15.5**	**0.1**
Caribbean	**3.3**	**10.5**	**7.2**
Holding	**(9.1)**	**(4.4)**	**4.7**
Adj. EBITDA	**21.3**	**23.7**	***2.4***

In 2Q16, IMC's Adjusted EBITDA grew by 11% with an 80bps margin improvement. Operational excellence efforts (efficiency, headcount and costs reduction, as well as initiatives to improve average ticket) partially mitigated Brazil´s inflation (labor, food, rent and utilities) and softer macroeconomic conditions that impacted sales volume and consumer spending. Brazil was again responsible for the negative pressure on EBITDA (-R$9.6 million YOY in 2Q16, compared to -R$13.4 million in 1Q16), deriving from lower other income, a significant deterioration in our Roads´ business (driven by lower volume), and higher expenses (offset by lower Holding expenses).

EBITDA Brazil



To offset inflation we are working on price and product mix, therefore improving our average ticket. In 2Q16 such initiatives (totaling R$13.6 million) more than offset the inflation pressure (R$11.7 million). It is important to note that this is an improvement compared to 1Q16, when pricing efforts mitigated just 31% of the inflation pressure, as a consequence of the timing improvements (as the new pricing methodology started in March) and the effectiveness of the menu engineering efforts.

To offset lower volumes we have made headcount adjustments (R$12.5 million; from R$7.6 million in 1Q16) and implemented efforts to improved productivity (R$6.1 million; from R$1.5 million in 1Q16), which offset 78% of the impact from volume reduction (R$23.9 million) in 2Q16. Such result represents a reduction from the 92% lower volume offset by headcount adjustments and productivity gains in 1Q16, as the volume pressure was higher in 2Q16 as a consequence of a worse same store sales performance across all segments in Brazil. It is important to bear in mind that the impacts from the headcount adjustment made last April will be better reflected as of 3Q16, as severance costs (~R$5 million) impacted 2Q16 results. Furthermore, we continue to execute the loss-making stores closure program (15 stores closed by June), which will continue on 2H16.

In the US, out of the R$0.1 million improvement year-on-year, R$1.8 million was related to the FX fluctuation within the months of the quarter and YoY; in US$, EBITDA fell by ~U$0.5M, or -10.7%. The operations were negatively affected by negative same store sales (-3.6%), higher pre-opening expenses and lower equity income. It is important to note that the Company is already working on initiatives to revert the downward trend in the SSS, evidenced by the positive performance in June (+0.1% total, being -0.4% in F&B and +3.9% in Retail) and July (+1.8% total, being +1.4% in F&B and +5.3% in Retail). Most relevant initiatives are: i) suggestive selling focused on the spring and summer seasons (that represent most of the years' results), ii) menu engineering; iii) group sales; and iv) stricter control over produced food (theoretical vs. actual food cost).

In the Caribbean, as we have anticipated in the 1Q16, the competitive environment was changing in both the airport and mall segments, challenging our SSS that increased by 2.7% (in constant currencies, compared to 12.7% in 1Q16). Nevertheless, the company was able to improve margins leading to a R$7.2 million improvement.

The Company also posted a reduction of R$4.7 million in holding expenses or a 110bps improvement.

Overall results in 2Q16 show an adjusted EBITDA increase of R$2.4 million (11.1% up vs. 2Q15). In April the Company concluded a headcount adjustment in the operations and headquarters that already impacted 2Q16 results, but will be more significant on 3Q16 onwards. It is important to note that besides that, IMC implemented in June two new pilot stores:

I. Viena Express (buffet style – food court restaurant), where IMC is aiming at i) increasing customers' satisfaction, ii) reducing the customers' time in line, and iii) improving drinkability and desserts ratio (drinks/desserts sold per meal). We introduced: i) a new assortment and planogram for improved drinks exposure; ii) a new assortment with new sizes and different packaging for desserts; iii) an innovative and diversified lunch menu with different cycles; iv) different menus for each day part (lunch vs. dinner); v) new categories (alcoholic beverages and take-away offering); v) a complete renewed store look and feel with a modernized brand and concept, among others.

II. Frango Assado (Roads), with a completely changed mini-market with new layout, planogram and visual merchandizing. The new concept delivers: i) layout changes to improve consumer flow in the mini-market, ii) new store furniture (100% standardized) aiming at improving visibility, iii) four new categories (hygiene and beauty, barbecue, pet and winery), iv) a "single-line" at the checkout and v) new store signage for easier area identification, among others.

It is important to note that with these pilot stores, IMC is seeking to test several new concepts and improvements that – after the testing period is completed – should be implemented in the other Frango Assado and Viena Express stores. Another important fact is that these prototypes should be scalable (acceptable ROIC) and with a short implementation period, as an example, the new Viena Express was launched 5x faster and for 35% of the cost of the last remodelled store.

At Frango Assado we are also testing the Ownership at All Levels project aiming at develop talents through the implementation of a talent management system based on specific targets for each position, talent mapping and development plans for each position profile. In this plan, we promoted an organizational structure overhaul reducing the number of positions from 21 to 13, and reducing the staff by over 5%. But more importantly we: i) set a performance evaluation system (simple and trackable) for each position; ii) extended the performance linked variable compensation to 100% of the employees (from 54% previously); iii) set training programs with a practical approach for each position; among other initiatives. This talent development project – after tested – should be implemented at all other brands/segments, with its success based on impacts over sales, direct labor costs, productivity and turnover.

Moreover, aligned with the Company's strategy to have a significant presence and a mutually beneficial partnership with a selected few top airports of the country, IMC has reached new agreements with our top three Airport partners in Brazil strengthening the partnership between the Company and the airports operators in Guarulhos, Brasilia and Confins, and amending the economic terms to reflect more accurately the current market dynamics.

I. At the Guarulhos Airport, where IMC operates with well stablished brands such as Red Lobster, Olive Garden, Margaritaville , Carl's Jr, Sports Bar, Frango Assado, Viena, among others, IMC and GRU Airport maintained the length of the contracts that expire, mostly, between 2023 and 2024. Also, IMC will operate with 25 stores (from current 29, of which 10 in Terminal 3 and 19 in Terminal 2), including the recently launched Sports Bar in the Terminal 3 and a new store to be launched soon in Terminal 2. The Company is also committed to refurbish part of the existing stores seeking to improve customers' experience and operational performance.

II. At Brasilia, where IMC not only have stores (with brands such as Viena, Red Lobster, Batata Inglesa and Frango Assado) but also a catering operation, the Company increased significantly its relevance at the airport mainly at the Air Side (restricted boarding area after security check) with new stores to be launched in the coming months. The new agreement better reflects the current market dynamics and extends all contracts (new and existing, excluding catering) to 2026. Currently IMC operates in BSB with 11 stores and after the planned closure of 3 stores and the opening of 8 new kiosks in the Air Side, the Company will have 16 stores in Brasilia increasing significantly its exposure to one of the most important airports in Latin America.

III. Regarding Confins, where IMC not only have stores (with brands such as Espresso Mineiro, Viena Snacks, Carl's Jr and Batata Inglesa) but also a catering operation; through a new agreement with BH Airport, the company was granted the exclusivity rights for a Food and Beverage offering at the new terminal's airside for 10 years, which represents an important evolution at one of the most important airports in Brazil. With this contract, IMC becomes the anchor F&B - operator at Belo Horizonte International Airport. The Company will operate at the new terminal in three different areas with a multiple concept offering: Bar, Self-Service Restaurant, Grab & Fly, and a Snack Bar, among others. Regarding the existing operations which includes the recently launched Espresso Mineiro (a full-fledged premium Coffee Shop, and the first of its kind), IMC is committed to adapting the portfolio with a refurbishment, a relocation of some existing stores, and closing of others. All the planned activities will lead to higher profitability, due to a new efficient operating model. In addition, the catering agreement will be extended for another 10 years.

Our short term focus is to reduce cost and preserve cash, while implementing process improvements and the Operational Excellence and organic growth projects to establish the foundation for future growth when market conditions improve.

CONSOLIDATED RESULTS

(in R$ million)	2Q16	2Q15	%HA	2Q16[3]	% HA[3]	2016	2015	%HA	2016[3]	% HA[3]
Net Revenue	**387.8**	**400.6**	**-3.2%**	**371.9**	**-7.2%**	**776.3**	**767.2**	**1.2%**	**732.9**	**-4.5%**
Restaurants & Others	344.2	350.4	-1.8%	328.3	-6.3%	678.2	663.7	2.2%	634.8	-4.3%
Gas Stations	43.6	50.2	-13.3%	43.6	-13.3%	98.1	103.5	-5.3%	98.1	-5.3%
Brasil	225.1	254.8	-11.7%	225.1	-11.7%	483.0	523.5	-7.7%	483.0	-7.7%
EUA	116.0	102.7	12.9%	101.9	-0.7%	193.0	161.4	19.6%	160.4	-0.6%
Caribe	46.7	43.1	8.5%	44.8	4.0%	100.2	82.3	21.7%	89.4	8.6%
Cost of Sales and Services	**(264.7)**	**(285.8)**	**-7.4%**	**(255.6)**	**-10.6%**	**(542.0)**	**(552.3)**	**-1.9%**	**(515.0)**	**-6.8%**
Direct Labor	(103.8)	(107.9)	-3.8%	(99.4)	-7.9%	(206.2)	(206.9)	-0.3%	(193.3)	-6.6%
Food	(89.3)	(100.1)	-10.8%	(86.1)	-14.0%	(182.4)	(191.5)	-4.7%	(172.9)	-9.7%
Others	(23.2)	(22.5)	3.1%	(22.3)	-0.8%	(45.3)	(41.2)	9.9%	(43.1)	4.7%
Fuel and Automotive Accessories	(34.6)	(40.9)	-15.3%	(34.6)	-15.3%	(78.7)	(84.0)	-6.3%	(78.7)	-6.3%
Depreciation & Amortization	(13.9)	(14.5)	-4.3%	(13.3)	-8.8%	(29.3)	(28.8)	1.8%	(27.0)	-6.2%
Gross Profit	**123.1**	**114.8**	**7.2%**	**116.2**	**1.3%**	**234.3**	**214.9**	**9.0%**	**217.8**	**1.4%**
Gross Margin (%)	*31.7%*	*28.6%*		*31.3%*		*30.2%*	*28.0%*		*29.7%*	
Operating Expenses[1]	**(123.3)**	**(119.7)**	**3.0%**	**(118.0)**	**-1.4%**	**(241.6)**	**(216.6)**	**11.5%**	**(225.7)**	**4.2%**
Selling and Operating	(46.2)	(40.0)	15.6%	(43.3)	8.4%	(89.7)	(73.0)	23.0%	(81.3)	11.5%
Rents of Stores	(42.9)	(43.4)	-1.0%	(41.1)	-5.2%	(84.3)	(80.6)	4.5%	(79.6)	-1.3%
Store Pre-Openings	(0.9)	(1.6)	-44.5%	(0.8)	-50.4%	(1.8)	(2.0)	-13.7%	(1.5)	-26.1%
Depreciation & Amortization	(9.5)	(11.2)	-15.5%	(9.4)	-16.4%	(19.1)	(20.7)	-8.1%	(18.5)	-11.0%
J.V. Investment Amortization	(0.5)	(0.5)	12.2%	(0.5)	-1.8%	(1.2)	(0.8)	40.5%	(0.9)	12.6%
Equity income result	2.6	2.5	1.5%	2.2	-11.6%	5.4	4.4	21.0%	4.4	-0.6%
Other revenues (expenses)	(3.1)	(0.1)	2056.6%	(3.1)	2047.9%	(4.3)	1.7	-350.1%	(4.3)	-350.0%
General & Administative	(18.4)	(16.3)	12.7%	(17.8)	8.7%	(37.4)	(30.1)	24.1%	(35.1)	16.5%
Corporate (Holding)[2]	(4.4)	(9.1)	-52.0%	(4.3)	-52.5%	(9.3)	(15.4)	-39.8%	(8.8)	-42.8%
Special Items - Write-offs	0.0	0.0	-	0.0	-	0.0	0.0	0.0%	0.0	
Special Items - Other	(3.0)	(5.7)	-46.5%	(3.0)	-46.5%	(4.5)	(5.7)	-20.8%	(4.5)	-20.8%
EBIT	**(3.3)**	**(10.6)**	**-69.0%**	**(4.8)**	**-54.6%**	**(11.8)**	**(7.4)**	**59.5%**	**(12.3)**	**66.6%**
(+) D&A and Write-offs	23.9	26.2	-8.8%	23.1	-11.9%	49.5	50.4	-1.6%	46.4	-7.8%
EBITDA	**20.6**	**15.6**	**32.1%**	**18.3**	**17.1%**	**37.8**	**43.0**	**-12.1%**	**34.1**	**-20.7%**
EBITDA Margin (%)	*5.3%*	*3.9%*	*1.4p.p.*	*4.9%*	*1p.p.*	*4.9%*	*5.6%*	*-0.7p.p.*	*4.7%*	*-0.9p.p.*
(+) Special Items - Other	3.0	5.7	-	3.0	-	4.5	5.7	-20.8%	4.5	-20.8%
Adjusted EBITDA	**23.7**	**21.3**	**11.1%**	**21.3**	**0.1%**	**42.3**	**48.6**	**-13.1%**	**38.6**	**-20.7%**
Adjusted EBITDA Margin (%)	*6.1%*	*5.3%*	*0.8p.p.*	*5.7%*	*0.4p.p.*	*5.4%*	*6.3%*	*-0.9p.p.*	*5.3%*	*-1.1p.p.*

[1]Before special items; [2]Not allocated in segments and countries; [3] in constant currencies as of the prior year

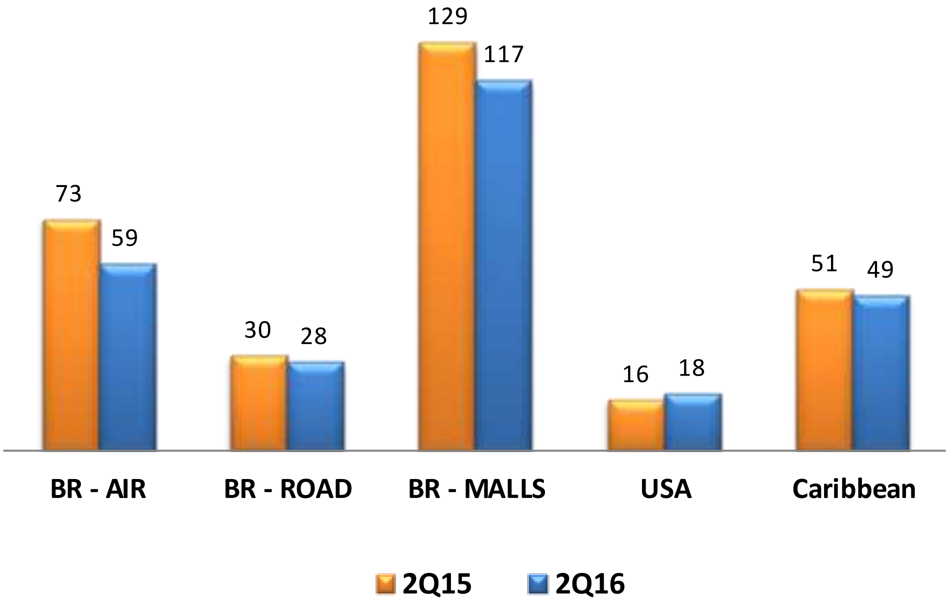
Net revenue totaled R$387.8 million in 2Q16, down 3.2% vs. 2Q15 or down 7.2% excluding the impact from the exchange rate changes. Sales were negatively affected by 28 net store closures (28 of which in Brazil), shown in the section "Number of stores". Food cost was down by 11% (a 200bps improvement) in 2Q16 as a result of operational improvements (e.g. stricter controls, mix). Net revenue totaled R$776.3 million in 1H16, a 1.2% improvement compared to 1H15.

Worth noticing, in 3Q15 the Company improved its controls and since then is more accurately allocating personnel costs and expenses. As a result, indirect labor cost is now allocated in operating expenses. For that reason and for a better comparison, labor costs should be combined with “sales and operating expenses”. Labor cost and expenses, consequently totaled R$142.7 million (in constant currency), compared to R$147.9 million in 2Q15, as headcount adjustments mitigated inflationary pressures on payroll.

In 2Q16, adjusted EBITDA was R$23.7 million, up 11.1% in Brazilian reais, or 0.1% in constant currencies. EBITDA margin was 6.1% or 5.7% in constant currency, up from 5.3% in 2Q15. Main drivers of a nearly flat EBITDA in constant currencies are: a) improvement of R$1.5M in Gross Profit largely due to Opex improvements (pricing, cost reduction and productivity) mitigating inflation and lower volumes; b) R$2.2M of lower rents, driven by reduced rent expenses in Brazil as a result of the project to close loss making units combined with higher efficiency in our international operations; and partially mitigated by c) R$2.9M increase in other expenses mostly impacted by severance expenses related to the headcount restructuring promoted in April that totaled R$5.2M in the quarter. Adjusted EBITDA totaled R$42.3 million in 1H16, a 13.1% reduction compared to 1H15.

Finally, in 2Q16 the Company had R$3.0 million in special items, related to the Company's stock option plan, compared to R$5.7 million in 2Q15 (related to top management restructuring).

Number of stores



NUMBER OF STORES (end of period)	2Q16	4Q15	2Q15	YTD Var. (%)	YTD Var. (#)	YoY Var. (%)	YoY Var. (#)
Brazil	**204**	**218**	**232**	**-6.4%**	**-14**	**-12.1%**	**-28**
Airports	*59*	*62*	*73*	*-4.8%*	*-3*	*-19.2%*	*-14*
Roads	*28*	*29*	*30*	*-3.4%*	*-1*	*-6.7%*	*-2*
Shopping Malls	*117*	*127*	*129*	*-7.9%*	*-10*	*-9.3%*	*-12*
USA	**18**	**16**	**16**	**12.5%**	**2**	**12.5%**	**2**
Caribbean	**49**	**47**	**51**	**4.3%**	**2**	**-3.9%**	**-2**
Total Number of Stores	**271**	**281**	**299**	**-3.6%**	**-10**	**-9.4%**	**-28**

At the end of the quarter, the Company had 271 stores, a net reduction of 28 stores YoY. We opened 8 stores in 2016 and closed 18 – 7 of which in Airports, 1 in Roads and 10 in Shopping Malls.

Most store closures in Brazil are connected with the loss-making store closure program. In the current economic situation, stores are opened only after the execution of strict feasibility studies, and to fulfill commitments signed in the past. Besides that, we are focusing our 2016 CAPEX in the refurbishment and rebranding of existing stores in order to create a better customer experience to further promote sales.

Same-store sales (SSS)

(in R$ million)	2Q16	2Q15	HA (%)	2016	2015	HA (%)
Brazil	**219.8**	**234.7**	**-6.3%**	**472.3**	**484.6**	**-2.5%**
BR - Air	61.3	68.7	-10.9%	129.4	138.4	-6.5%
BR - Roads	98.3	104.2	-5.6%	219.4	220.3	-0.4%
BR - Roads - Restaurants	*54.8*	*57.5*	*-4.7%*	*121.4*	*121.3*	*0.0%*
BR - Roads - Gas Station	*43.6*	*46.7*	*-6.8%*	*98.0*	*98.9*	*-0.9%*
BR - Malls	60.2	61.7	-2.4%	123.5	125.9	-1.9%
USA	**111.6**	**101.7**	**9.7%**	**182.7**	**157.9**	**15.7%**
Caribbean	**45.3**	**42.2**	**7.5%**	**97.6**	**80.8**	**20.7%**
Total Same Store Sales	**376.7**	**378.5**	**-0.5%**	**752.6**	**723.3**	**4.0%**

In constant currencies (in R$ million)	2Q16	2Q15	HA (%)	2016	2015	HA (%)
Brazil	219.8	234.7	-6.3%	472.3	484.6	-2.5%
USA	98.1	101.7	-3.6%	152.3	157.9	-3.5%
Caribbean	43.3	42.2	2.7%	87.0	80.8	7.7%
Total Same Store Sales	**361.2**	**378.5**	**-4.6%**	**711.6**	**723.3**	**-1.6%**

Please check the definition of same-store sales (SSS) in the glossary.

Same store sales totaled R$376.7 million in 2Q16, down 0.5% YoY in Brazilian reais or 4.6% in constant currencies. SSS increased by 4.0% in 1H16 compared to 1H15 in Brazilian reais and it was down 1.6% in constant currencies.

In Brazil, the 6.3% decrease in same store sales was led by Brazilian airports that fell by 10.9% in 2Q16 following a sharp drop in the flow of passengers throughout Brazilian airports in late 2015 and early 2016 (-10.4%, Apr-Jun YoY) that impacted both restaurants and catering operations, that was partially mitigated by the Company's sales efforts that led to a higher average ticket compensating the lower costumer volume. Those efforts included menu engineering initiatives, as well as a new pricing policy and pricing initiatives. In addition, we revamped our operations and their respective menus to meet different demands at different day parts.

In the Road segment, SSS fell by 5.6% YoY, mostly impacted by the 4.7% lower flow of toll-paying vehicles (heavy, light and motorcycles) YoY according to *Associação Brasileira de Concessionárias de Rodovias*, or the Brazilian Association of Highway Concessionaires (ABCR), combined with increased competition due to new store openings. Those effects mitigated sales initiatives that helped increase the average ticket by 14%, including pricing, category management, new mix and planogram of products at our checkouts. We have launched a pilot-store in Caieiras with a revamped mini-market in order to test a different category management, planogram and mix, seeking to improve mini-market share of revenues. In the 2H16, at the same store, we will also refurbish the restaurant area, allowing us to test a completely new Frango Assado model that could be replicated to the remaining stores.

Same stores sales in the Malls segment fell by 2.4% in 2Q16. Industry sales continues to suffer from the softer macroeconomic scenario (market SSS -9.4% in 2Q16 vs. 2Q15 – source: IFB), however IMC was able to partially offset this negative impact through the new pricing policy, the new menu launched at Viena Express stores and initiatives designed to improve sales of beverages and desserts. We are working on a pilot-store for Viena Express launched in June to test, learn and scale a more efficient and effective operating model.

US SSS in local currency was -3.6%. However, the negative trend in both F&B and Retail is showing improvements every month, giving us confidence that the new retail assortment and new operational excellence initiatives are on the right track. Short-term initiatives to revert this trend include changing the product assortment in retail, pricing and suggestive sales. Also, US´s management team is working on mid to long-term initiatives (such as menu engineering, group sales, among others).

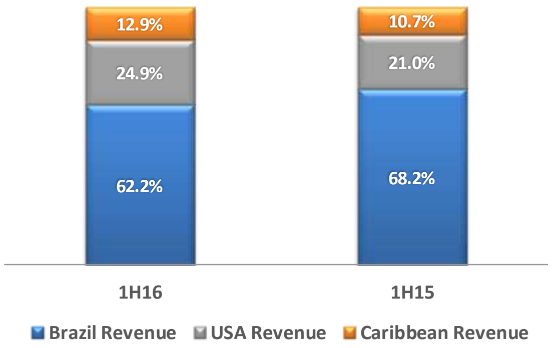
In the Caribbean, as anticipated in the 1Q16, higher competition lead to a reduction on the SSS growth pace to 2.7% compared to 12.7% in 1Q16.

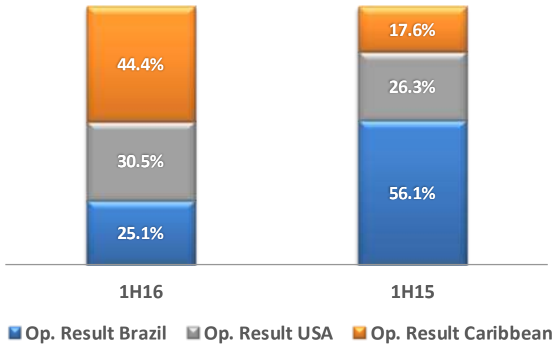
RESULTS BY BUSINESS SEGMENT AND GEOGRAPHIC REGION

	Brazil	USA	Caribbean	Consolidated		Brasil	EUA	Caribbean	Consolidated		
(in R$ million)	2016	2016	2016	2016	% VA	2015	2015	2015	2015	% VA	% HA
Net Revenue	**483.0**	**193.0**	**100.2**	**776.3**	**100.0%**	**523.5**	**161.4**	**82.3**	**767.2**	**100.0%**	**1.2%**
Restaurants & Others	385.0	193.0	100.2	678.2	87.4%	419.9	161.4	82.3	663.7	86.5%	2.2%
Gas Stations	98.1	0.0	0.0	98.1	12.6%	103.5	0.0	0.0	103.5	13.5%	-5.3%
Cost of Sales and Services	**(368.4)**	**(123.4)**	**(50.1)**	**(542.0)**	**-69.8%**	**(405.7)**	**(101.4)**	**(45.2)**	**(552.3)**	**-72.0%**	**-1.9%**
Direct Labor	(125.2)	(62.6)	(18.4)	(206.2)	-26.6%	(138.4)	(51.9)	(16.6)	(206.9)	-27.0%	-0.3%
Food	(115.0)	(37.7)	(29.8)	(182.4)	-23.5%	(133.0)	(31.8)	(26.7)	(191.5)	-25.0%	-4.7%
Others	(110.8)	(12.5)	(0.8)	(124.0)	-16.0%	(114.9)	(9.6)	(0.7)	(125.2)	-16.3%	-0.9%
Fuel and Automotive Accessories	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0	0.0%	-
Depreciation & Amortization	(17.4)	(10.7)	(1.2)	(29.3)	-3.8%	(19.4)	(8.1)	(1.3)	(28.8)	-3.8%	1.8%
Gross Profit	**114.6**	**69.6**	**50.1**	**234.3**	**30.2%**	**117.7**	**60.0**	**37.1**	**214.9**	**28.0%**	**9.0%**
Operating Expenses[1]	**(132.5)**	**(66.5)**	**(33.4)**	**(232.3)**	**-29.9%**	**(117.2)**	**(52.5)**	**(31.4)**	**(201.2)**	**-26.2%**	**15.5%**
Selling and Operating	(36.3)	(40.1)	(13.3)	(89.7)	-11.6%	(28.1)	(32.9)	(12.0)	(73.0)	-9.5%	23.0%
Rents of Stores	(54.5)	(19.2)	(10.5)	(84.3)	-10.9%	(55.8)	(15.8)	(9.0)	(80.6)	-10.5%	4.5%
Store Pre-Openings	(0.5)	(0.5)	(0.8)	(1.8)	-0.2%	(1.9)	(0.1)	(0.0)	(2.0)	-0.3%	-13.7%
Depreciation & Amortization	(13.4)	(0.7)	(5.0)	(19.1)	-2.5%	(16.1)	(0.4)	(4.2)	(20.7)	-2.7%	-8.1%
J.V. Investment Amortization	0.0	(1.2)	0.0	(1.2)	-0.1%	0.0	(0.8)	0.0	(0.8)	-0.1%	40.5%
Equity income result	0.0	5.4	0.0	5.4	0.7%	0.0	4.4	0.0	4.4	0.6%	21.0%
Other revenues (expenses)	(4.7)	(0.3)	0.6	(4.3)	-0.6%	4.3	0.1	(2.7)	1.7	0.2%	n/a
General & Administative	(23.1)	(9.9)	(4.4)	(37.4)	-4.8%	(19.6)	(6.9)	(3.6)	(30.1)	-3.9%	24.1%
(+) Depreciation & Amortization	30.8	12.6	6.2	49.5	6.4%	35.5	9.3	5.6	50.4	6.6%	-1.6%
Operating Income	**13.0**	**15.7**	**22.9**	**51.5**	**6.6%**	**36.0**	**16.8**	**11.3**	**64.1**	**8.4%**	**-19.6%**
Corporate (Holding)[2]				(9.3)	-1.2%				(15.4)	-2.0%	-39.8%
Special Items - Write-offs				0.0	0.0%						
Special Items - Other				(4.5)	-0.6%				(5.7)	-0.7%	-20.8%
EBIT	**(17.9)**	**3.2**	**16.7**	**(11.8)**	**-1.5%**	**0.5**	**7.5**	**5.7**	**(7.4)**	**-1.0%**	
(+) D&A and Write-offs				49.5	6.4%				50.4		-1.6%
EBITDA				**37.8**	**4.9%**				**43.0**	**5.6%**	**-12.1%**
(+) Special Items				4.5	0.6%				5.7	0.7%	-20.8%
Adjusted EBITDA				**42.3**	**5.4%**				**48.6**	**6.3%**	**-13.1%**

[1]Before special items; [2]Not allocated in segments and countries

Brazilian operations accounted for 62.2% of sales in 1H16, vs. 68.2% in 1H15. The lower share of Brazilian operations in total sales is mainly due to the sales growth in the Caribbean and the positive impact of the FX rate on both Caribbean and US sales, as well as the lower revenues in Brazil due to the closure of loss-making stores, and the pressure of the macroeconomic scenario on SSS.





The geographic breakdown of operating income was also impacted by the exchange rate changes, as well as the lower margins of Brazilian operations, which accounted for 25% of the 1H16 operating income, vs. 56% in 1H15.

Results of the Brazilian Operations

(in R$ million)	2Q16	% VA	2Q15	% VA	% HA	2016	% VA	2015	% VA	% HA
Net Revenue	**225.1**	**100.0%**	**254.8**	**100.0%**	**-11.7%**	**483.0**	**100.0%**	**523.5**	**100.0%**	**-7.7%**
Restaurants & Others	181.5	80.6%	204.6	80.3%	-11.3%	385.0	79.7%	419.9	80.2%	-8.3%
Gas Stations	43.6	19.4%	50.2	19.7%	-13.3%	98.1	20.3%	103.5	19.8%	-5.3%
Cost of Sales and Services	**(172.5)**	**-76.6%**	**(202.0)**	**-79.3%**	**-14.6%**	**(368.4)**	**-76.3%**	**(405.7)**	**-77.5%**	**-9.2%**
Direct Labor	(60.8)	-27.0%	(69.0)	-27.1%	-12.0%	(125.2)	-25.9%	(138.4)	-26.4%	-9.5%
Food	(53.2)	-23.6%	(66.3)	-26.0%	-19.8%	(115.0)	-23.8%	(133.0)	-25.4%	-13.6%
Others	(15.6)	-6.9%	(16.2)	-6.4%	-3.9%	(110.8)	-22.9%	(114.9)	-21.9%	-3.6%
Fuel and Automotive Accessories	(34.6)	-15.4%	(40.9)	-16.0%	-15.3%	0.0	0.0%	0.0	0.0%	0.0%
Depreciation & Amortization	(8.4)	-3.7%	(9.7)	-3.8%	-13.3%	(17.4)	-3.6%	(19.4)	-3.7%	-10.1%
Gross Profit	**52.6**	**23.4%**	**52.8**	**20.7%**	**-0.4%**	**114.6**	**23.7%**	**117.7**	**22.5%**	**-2.7%**
Operating Expenses[1]	**(65.8)**	**-29.2%**	**(59.6)**	**-23.4%**	**10.3%**	**(132.5)**	**-27.4%**	**(117.2)**	**-22.4%**	**13.0%**
Selling and Operating	(17.7)	-7.9%	(14.0)	-5.5%	26.9%	(36.3)	-7.5%	(28.1)	-5.4%	29.0%
Rents of Stores	(26.2)	-11.6%	(27.9)	-10.9%	-6.1%	(54.5)	-11.3%	(55.8)	-10.7%	-2.4%
Store Pre-Openings	(0.2)	-0.1%	(1.6)	-0.6%	-90.4%	(0.5)	-0.1%	(1.9)	-0.4%	-75.6%
Depreciation & Amortization	(6.8)	-3.0%	(8.7)	-3.4%	-22.0%	(13.4)	-2.8%	(16.1)	-3.1%	-16.7%
J.V. Investment Amortization	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Equity income result	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Other revenues (expenses)	(3.4)	-1.5%	2.8	1.1%	-220.6%	(4.7)	-1.0%	4.3	0.8%	-208.6%
General & Administative[2]	(11.5)	-5.1%	(10.2)	-4.0%	13.1%	(23.1)	-4.8%	(19.6)	-3.8%	17.7%
(+) Depreciation & Amortization	15.2	6.8%	18.4	7.2%	-17.4%	30.8	6.4%	35.5	6.8%	-13.1%
Operating Income	**2.1**	**0.9%**	**11.6**	**4.6%**	**-82.3%**	**13.0**	**2.7%**	**36.0**	**6.9%**	**-64.0%**
Expansion Capex	33.6	14.9%	5.8	2.3%	481.6%	38.8	8.0%	12.2	2.3%	218.8%
Maintenance Capex	3.2	1.4%	1.5	0.6%	106.7%	5.3	1.1%	5.3	1.0%	0.4%
Total Capex	**36.8**	**16.3%**	**7.3**	**2.9%**	**402.9%**	**44.1**	**9.1%**	**17.4**	**3.3%**	**152.9%**
Operating Inc. - Capex[3]	**(34.7)**	**n/a**	**4.3**	**37.1%**	**n/a**	**(31.1)**	**n/a**	**18.5**	**51.5%**	**n/a**

[1]Before special items; [2]Not allocated in segments; [3] AV vs. Op. Inc.

Brazilian operations top line was mainly impacted by the softer macroeconomic scenario, that impacted consumer confidence leading to a lower flow of passengers in Airports (-10.4%, Apr-Jun YoY), lower spending on shopping malls (market SSS -9.4% in 2Q16 YoY) and also a lower flow of vehicles in roads (-4.7% in 2Q16 YoY), all of which impacted same store sales. It is also important to note that compared to 2Q15, there was a 28 stores reduction in the Brazilian operations (-14 in airports, -2 in roads and -12 in shopping malls) in 2Q16. Those effects were partially mitigated by IMC's sales initiatives that included: i) pricing: separating the stores in regional-brand clusters setting specific prices for each specific product; ii) menu engineering: focusing on higher margin products and suggestive sales; iii) product assortment and mix; iv) up selling; v) product quality and product innovation; among others.

All in all, the revenues of Brazilian operations fell by 11.7% in 2Q16. In 1H16, net revenues totaled R$483 million, down 7.7% compared to 1H15.

In terms of costs and expenses it is important to highlight the 240 bps reduction on food cost, despite the high inflation on food items. Regarding labor cost and expenses, as mentioned before, for a fair comparison "direct labor cost" and "sales and operating expenses" should be combined, which resulted in R$78.5 million in 2Q16, compared to R$83.0 million in 2Q15, as a consequence of headcount reduction that more than compensated for the inflation pressure on payroll. It is important to note that the operating margin in Brazilian operations was largely impacted by the reduction on sales, overall cost inflation, higher other expenses (mainly impacted by severance costs related to the headcount adjustments promoted in April – important to note that the positive result in 2015 included taxes recoveries and provisions reversion) and higher rent expenses (as a % of net revenues), mainly impacted by the Airport segment.

Consequently, Brazilian operations posted an operating income of R$2.1 million in 2Q16, down 82.3% YoY, with a nearly 370 bps reduction in operating margin. However, it is important to bear in mind that: i) the initiatives that the Company has implemented to improve sales and reduce costs are still being implemented and will be even more meaningful when fully matured; ii) there are several other initiatives to be implemented that shall also improve sales and efficiency; and iii) when the Brazilian economy starts to recover, the impact on margins will be even more significant due to higher sales and consequent higher operating leverage.

Results of the Brazilian Operations – AIR

(in R$ million)	2Q16	% VA	2Q15	% VA	% HA	2016	% VA	2015	% VA	% HA
Net Revenue	**64.1**	**100.0%**	**78.1**	**100.0%**	**-17.9%**	**135.6**	**100.0%**	**158.0**	**100.0%**	**-14.1%**
Restaurants & Others	64.1	100.0%	78.1	100.0%	-17.9%	135.6	100.0%	158.0	100.0%	-14.1%
Gas Stations	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Cost of Sales and Services	**(45.4)**	**-70.8%**	**(60.1)**	**-77.0%**	**-24.4%**	**(94.3)**	**-69.5%**	**(118.5)**	**-75.0%**	**-20.4%**
Direct Labor	(20.2)	-31.5%	(26.7)	-34.2%	-24.3%	(41.9)	-30.9%	(53.1)	-33.6%	-21.2%
Food	(17.6)	-27.4%	(25.3)	-32.4%	-30.4%	(37.2)	-27.5%	(49.5)	-31.3%	-24.8%
Others	(5.0)	-7.7%	(5.0)	-6.5%	-1.5%	(9.7)	-7.2%	(9.7)	-6.2%	-0.3%
Fuel and Automotive Accessories	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Depreciation & Amortization	(2.6)	-4.1%	(3.1)	-3.9%	-13.8%	(5.5)	-4.1%	(6.1)	-3.9%	-9.8%
Gross Profit	**18.7**	**29.2%**	**18.0**	**23.0%**	**4.0%**	**41.3**	**30.5%**	**39.5**	**25.0%**	**4.6%**
Operating Expenses[1]	**(24.5)**	**-38.2%**	**(24.9)**	**-31.9%**	**-1.6%**	**(50.8)**	**-37.5%**	**(47.4)**	**-30.0%**	**7.2%**
Selling and Operating	(6.8)	-10.6%	(4.4)	-5.6%	54.4%	(14.3)	-10.5%	(8.7)	-5.5%	62.9%
Rents of Stores	(12.4)	-19.3%	(13.6)	-17.4%	-9.0%	(26.2)	-19.3%	(26.9)	-17.0%	-2.7%
Store Pre-Openings	(0.1)	-0.2%	(1.2)	-1.6%	-89.8%	(0.3)	-0.2%	(1.5)	-1.0%	-79.3%
Depreciation & Amortization	(5.2)	-8.2%	(5.7)	-7.3%	-7.9%	(10.1)	-7.4%	(10.2)	-6.5%	-1.4%
J.V. Investment Amortization	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Equity income result	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Other revenues (expenses)	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
General & Administative[2]	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
(+) Depreciation & Amortization	7.9	12.3%	8.7	11.2%	-10.0%	15.6	11.5%	16.3	10.3%	-4.6%
Operating Income	**2.1**	**3.3%**	**1.8**	**2.4%**	**13.7%**	**6.1**	**4.5%**	**8.4**	**5.3%**	**-27.7%**
Expansion Capex	30.8	48.0%	5.5	7.0%	460.1%	33.7	24.8%	11.7	7.4%	188.7%
Maintenance Capex	0.3	0.5%	0.5	0.6%	-25.0%	0.8	0.6%	3.2	2.0%	-75.1%
Total Capex	**31.1**	**48.5%**	**6.0**	**7.6%**	**422.5%**	**34.5**	**25.4%**	**14.9**	**9.4%**	**131.4%**
Operating Inc. - Capex[3]	**(29.0)**	**n/a**	**(4.1)**	**-224.5%**	**n/a**	**(28.4)**	**n/a**	**(6.5)**	**-77.0%**	**n/a**

[1]Before special items; [2]Not allocated in segments; [3] AV vs. Op. Inc.

The Brazilian Airport segment operating income increased to R$2.1 million in the 2Q16, with a 90bps increase on margins mainly due to:

i) Reduction in food costs of 500bps YoY combined with a 140bps reduction in pre-opening stores expenses, which were partially mitigated by:

ii) Decrease in sales, as a consequence of the net closure of 14 stores combined with a reduction of 10.9% on SSS, as a result of the decrease in passenger flow in the airports that the Company operates (-10.4%, Abr-Jun YoY), which reduced operational leverage resulting in a:

   i. 230bps increase in labor – we must note however that in nominal terms labor expenses ("direct labor cost" combined with "selling and operating expenses") totaled R$27.0 million compared to R$31.1 million in 2Q15, as a consequence of headcount adjustments on the operations that more than compensated the inflation pressure on payroll.

   ii. 190bps increase in rents - excluding rent expense, operating margin was up by 280bps (22.5% versus 19.8% a year ago).

iii. 130bps increase in others – mainly related to utility expenses.

In 1H16, the Brazilian Airport segment operating income reached R$6.1 million, down 27.7% YoY, with a margin of 4.5% vs. 5.3% in 1H15. Excluding rent expenses, however, operating margin in 1H16 reached 23.8% compared to 22.4% in 1H15.

Moreover, aligned with the Company's strategy to have a significant presence and a mutually beneficial partnership with a selected few top airports of the country, IMC has reached new agreements with our top three Airport partners in Brazil strengthening the partnership between the Company and the airports operators in Guarulhos, Brasilia and Confins, and amending the economic terms to reflect more accurately the current market dynamics.

I. At the Guarulhos Airport, where IMC operates with well stablished brands such as Red Lobster, Olive Garden, Margaritaville , Carl's Jr, Sports Bar, Frango Assado, Viena, among others, IMC and GRU Airport maintained the length of the contracts that expire, mostly, between 2023 and 2024. Also, IMC will operate with 25 stores (from current 29, of which 10 in Terminal 3 and 19 in Terminal 2), including the recently launched Sports Bar in the Terminal 3 and a new store to be launched soon in Terminal 2. The Company is also committed to refurbish part of the existing stores seeking to improve customers' experience and operational performance.

II. At Brasilia, where IMC not only have stores (with brands such as Viena, Red Lobster, Batata Inglesa and Frango Assado) but also a catering operation, the Company increased significantly its relevance at the airport mainly at the Air Side (restricted boarding area after security check) with new stores to be launched in the coming months. The new agreement better reflects the current market dynamics and extends all contracts (new and existing, excluding catering) to 2026. Currently IMC operates in BSB with 11 stores and after the planned closure of 3 stores and the opening of 8 new kiosks in the Air Side, the Company will have 16 stores in Brasilia increasing significantly its exposure to one of the most important airports in Latin America.

III. Regarding Confins, where IMC not only have stores (with brands such as Espresso Mineiro, Viena Snacks, Carl's Jr and Batata Inglesa) but also a catering operation; through a new agreement with BH Airport, the company was granted the exclusivity rights for a Food and Beverage offering at the new terminal's airside for 10 years, which represents an important evolution at one of the most important airports in Brazil. With this contract, IMC becomes the anchor F&B - operator at Belo Horizonte International Airport. The Company will operate at the new terminal in three different areas with a multiple concept offering: Bar, Self-Service Restaurant, Grab & Fly, and a Snack Bar, among others. Regarding the existing operations which includes the recently launched Espresso Mineiro (a full-fledged premium Coffee Shop, and the first of its kind), IMC is committed to adapting the portfolio with a refurbishment, a relocation of some existing stores, and closing of others. All the planned activities will lead to higher profitability, due to a new efficient operating model. In addition, the catering agreement will be extended for another 10 years.

Results of the Brazilian Operations – ROADS

(in R$ million)	2Q16	% VA	2Q15	% VA	% HA	2016	% VA	2015	% VA	% HA
Net Revenue	**98.4**	**100.0%**	**108.3**	**100.0%**	**-9.1%**	**219.5**	**100.0%**	**225.7**	**100.0%**	**-2.8%**
Restaurants & Others	54.8	55.7%	58.0	53.6%	-5.5%	121.4	55.3%	122.2	54.1%	-0.6%
Gas Stations	43.6	44.3%	50.2	46.4%	-13.3%	98.1	44.7%	103.5	45.9%	-5.3%
Cost of Sales and Services	**(82.3)**	**-83.6%**	**(90.5)**	**-83.5%**	**-9.1%**	**(181.5)**	**-82.7%**	**(185.0)**	**-82.0%**	**-1.9%**
Direct Labor	(22.3)	-22.7%	(21.1)	-19.5%	5.6%	(45.9)	-20.9%	(43.2)	-19.1%	6.2%
Food	(16.8)	-17.1%	(19.4)	-17.9%	-13.2%	(38.7)	-17.7%	(40.2)	-17.8%	-3.7%
Others	(5.4)	-5.5%	(5.7)	-5.2%	-5.3%	(90.5)	-41.3%	(94.8)	-42.0%	-4.5%
Fuel and Automotive Accessories	(34.6)	-35.2%	(40.9)	-37.7%	-15.3%	0.0	0.0%	0.0	0.0%	0.0%
Depreciation & Amortization	(3.2)	-3.2%	(3.4)	-3.2%	-7.5%	(6.4)	-2.9%	(6.8)	-3.0%	-6.7%
Gross Profit	**16.1**	**16.4%**	**17.8**	**16.5%**	**-9.5%**	**38.0**	**17.3%**	**40.7**	**18.0%**	**-6.7%**
Operating Expenses[1]	**(10.4)**	**-10.6%**	**(9.8)**	**-9.0%**	**6.4%**	**(21.3)**	**-9.7%**	**(20.2)**	**-8.9%**	**5.7%**
Selling and Operating	(5.2)	-5.3%	(4.0)	-3.7%	31.9%	(10.6)	-4.8%	(8.4)	-3.7%	26.4%
Rents of Stores	(4.3)	-4.4%	(4.5)	-4.1%	-3.0%	(9.0)	-4.1%	(9.2)	-4.1%	-1.5%
Store Pre-Openings	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Depreciation & Amortization	(0.9)	-0.9%	(1.4)	-1.3%	-36.9%	(1.7)	-0.8%	(2.7)	-1.2%	-35.0%
J.V. Investment Amortization	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Equity income result	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Other revenues (expenses)	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
General & Administative[2]	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
(+) Depreciation & Amortization	4.0	4.1%	4.8	4.4%	-15.9%	8.1	3.7%	9.5	4.2%	-14.7%
Operating Income	**9.7**	**9.9%**	**12.8**	**11.9%**	**-24.1%**	**24.7**	**11.3%**	**30.0**	**13.3%**	**-17.6%**
Expansion Capex	0.3	0.3%	0.0	0.0%	0.0%	0.3	0.1%	0.0	0.0%	0.0%
Maintenance Capex	0.4	0.4%	0.6	0.6%	-34.7%	0.5	0.2%	1.0	0.4%	-46.6%
Total Capex	**0.7**	**0.7%**	**0.6**	**0.6%**	**11.6%**	**0.8**	**0.4%**	**1.0**	**0.4%**	**-18.2%**
Operating Inc. - Capex[3]	**9.1**	**93.0%**	**12.2**	**95.3%**	**-2.2%**	**23.9**	**96.7%**	**29.0**	**96.7%**	**0.0%**

[1]Before special items; [2]Not allocated in segments; [3] AV vs. Op. Inc.

The Roads segment operating income decreased by R$3.1 million in the 2Q16, with a 200bps reduction on margins mainly due to:

i) Reduction on sales (-9.1% YoY), as a consequence of the net closure of 2 stores combined with a reduction of 5.6% on SSS, as a result of the macroeconomic headwinds that lead to a 4.7% reduction on traffic combined with fiercer competition in the roads where the company operates, which were partially offset by IMC's efforts to increase average ticket such as pricing and category management new mix and planogram of products at our checkouts.

ii) Inflation pressure on payroll, rent and utilities lead to an increase of expenses of 480bps, 30bps and 20bps, respectively.

iii) Those impacts were partially mitigated by higher efficiency on fuel cost (250bps reduction) and on food cost (80bps), as a result of pricing initiatives that mitigated inflationary pressure in the quarter.

In 1H16, the Brazilian Roads segment operating income reached R$24.7 million, down 17.6% YoY, with a margin of 11.3% vs. 13.3% in 1H15.

The Road segment is still a substantial cash generator for the Company; in addition, it has good prospects of achieving high operating margins by making the most of existing stores with initiatives to increase sales, mainly in the retail division. In June IMC launched a new pilot store, with a completely changed mini-market with new layout, planogram and visual merchandizing. The new concept delivers: i) layout changes to improve consumer flow in the mini-market, ii) new store furniture (100% standardized) aiming at improving visibility, iii) four new categories (hygiene and beauty, barbecue, pet and winery), iv) a “single-line” at the checkout and v) new store signage for easier area identification, among others.

It is important to note that with this pilot store, IMC is seeking to test several new concepts and improvements that – after the testing period is completed – should be gradually implemented in the other Frango Assado stores. Another important fact is that these prototypes should be scalable (acceptable ROIC) and with a short implementation period. In 2H16, IMC should also test a new food & beverage offering (restaurant, bakery and snack bar) pilot at the Frango Assado.

Results of the Brazilian Operations – Malls

(in R$ million)	2Q16	% VA	2Q15	% VA	% HA	2016	% VA	2015	% VA	% HA
Net Revenue	**62.6**	**100.0%**	**68.5**	**100.0%**	**-8.6%**	**127.9**	**100.0%**	**139.8**	**100.0%**	**-8.5%**
Restaurants & Others	62.6	100.0%	68.5	100.0%	-8.6%	127.9	100.0%	139.8	100.0%	-8.5%
Gas Stations	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Cost of Sales and Services	**(44.8)**	**-71.6%**	**(51.5)**	**-75.2%**	**-12.9%**	**(92.6)**	**-72.4%**	**(102.2)**	**-73.1%**	**-9.4%**
Direct Labor	(18.3)	-29.2%	(21.2)	-31.0%	-13.9%	(37.5)	-29.3%	(42.1)	-30.1%	-10.9%
Food	(18.8)	-30.0%	(21.6)	-31.5%	-13.1%	(39.0)	-30.5%	(43.3)	-31.0%	-9.9%
Others	(5.2)	-8.3%	(5.5)	-8.0%	-4.6%	(10.5)	-8.2%	(10.4)	-7.4%	1.6%
Fuel and Automotive Accessories	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Depreciation & Amortization	(2.6)	-4.1%	(3.2)	-4.7%	-18.9%	(5.6)	-4.4%	(6.5)	-4.6%	-14.0%
Gross Profit	**17.8**	**28.4%**	**17.0**	**24.8%**	**4.5%**	**35.3**	**27.6%**	**37.5**	**26.9%**	**-6.0%**
Operating Expenses[1]	**(16.0)**	**-25.5%**	**(17.5)**	**-25.6%**	**-9.0%**	**(32.5)**	**-25.4%**	**(34.3)**	**-24.6%**	**-5.4%**
Selling and Operating	(5.7)	-9.1%	(5.6)	-8.2%	1.8%	(11.5)	-9.0%	(11.0)	-7.9%	4.1%
Rents of Stores	(9.5)	-15.2%	(9.9)	-14.4%	-3.6%	(19.3)	-15.1%	(19.7)	-14.1%	-2.3%
Store Pre-Openings	(0.0)	0.0%	(0.4)	-0.6%	-92.4%	(0.2)	-0.1%	(0.4)	-0.3%	-61.0%
Depreciation & Amortization	(0.7)	-1.2%	(1.7)	-2.5%	-57.1%	(1.6)	-1.2%	(3.2)	-2.3%	-50.4%
J.V. Investment Amortization	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Equity income result	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Other revenues (expenses)	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
General & Administative[2]	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
(+) Depreciation & Amortization	3.3	5.3%	4.9	7.1%	-32.1%	7.2	5.6%	9.7	6.9%	-26.0%
Operating Income	**5.1**	**8.2%**	**4.3**	**6.3%**	**18.0%**	**10.0**	**7.8%**	**12.9**	**9.2%**	**-22.6%**
Expansion Capex	1.1	1.8%	0.0	0.0%	4426.4%	2.0	1.5%	0.1	0.0%	2806.7%
Maintenance Capex	0.8	1.3%	0.5	0.7%	69.0%	0.9	0.7%	1.0	0.7%	-11.6%
Total Capex	**1.9**	**3.0%**	**0.5**	**0.7%**	**288.4%**	**2.9**	**2.3%**	**1.1**	**0.8%**	**162.8%**
Operating Inc. - Capex[3]	**3.2**	**62.9%**	**3.9**	**88.7%**	**-25.9%**	**7.1**	**70.9%**	**11.8**	**91.4%**	**-20.5%**

[1]Before special items; [2]Not allocated in segments; [3] AV vs. Op. Inc.

The Malls segment operating income increased by 18.0% YoY in the 2Q16, totaling R$5.1 million with a 190bps improvement on margins mainly due to:

i) a reduction in food costs of 150bps YoY, as a result of higher efficiency, combined with:

ii) a 90bps decrease in labor expenses ("direct labor cost" combined with "selling and operating expenses") that totaled R$24.0 million compared to R$26.9 million in 2Q15, as a consequence of headcount adjustments on the operations that more than compensated the inflation pressure on payroll; which were partially mitigated by:

iii) a 8.6% decrease in sales, as a consequence of the net closure of 12 stores combined with a reduction of 2.4% on SSS, as a result of the macroeconomic headwinds that lead to a reduction on consumer spending in malls, which reduced IMC's operational leverage resulting in a:

    i. 80bps increase in rents and 30bps in other costs (mainly utilities).

IMC continues to be focused on the strategy of streamlining the Shopping Mall portfolio in Brazil. The Company is also working on closing loss-making stores. Furthermore, IMC continues to seek to improve customers' experience at Viena locations, refurbishing and rebranding some of the stores throughout 2016 in order to increase our sales and operating income. The Company launched the first pilot store for Viena Express (buffet style – food court restaurant), where IMC is aiming at i) increasing customers' satisfaction, ii) reducing the customers' time in line, and iii) improving drinkability and desserts ratio (drinks/desserts sold per meal). We introduced: i) a new assortment and planogram for improved drinks exposure; ii) a new assortment with new sizes and different packaging for desserts; iii) an innovative and diversified lunch menu with different cycles; iv) different menus for each day part (lunch vs. dinner); v) new categories (alcoholic beverages and take-away offering); v) a complete renewed store look and feel with a modernized brand and concept, among others.

With this pilot store, IMC is seeking to test several new concepts and improvements that – after the testing period is completed – should be implemented in the other Viena Express stores. Another important fact is that these prototypes should be scalable (made at replicable cost) and with a short implementation period, as an example, the new Viena Express was launched 5x faster and for less than 50% of the cost of the previously remodeled store.

In 2H16, the Company plans to launch a flagship store for Viena Delicatessen to test this new concept as well as the first Olive Garden at shopping malls in Brazil.

Results of U.S. Operations

(in US$ Million)	2Q16	% VA	2Q15	% VA	% HA	2016	% VA	2015	% VA	% HA
Net Revenue	**33.1**	**100.0%**	**33.4**	**100.0%**	**-0.8%**	**53.1**	**100.0%**	**53.4**	**100.0%**	**-0.6%**
Restaurants & Others	33.1	100.0%	33.4	100.0%	-0.8%	53.1	100.0%	53.4	100.0%	-0.6%
Gas Stations	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Cost of Sales and Services	**(19.7)**	**-59.4%**	**(19.5)**	**-58.4%**	**0.9%**	**(33.7)**	**-63.5%**	**(33.8)**	**-63.3%**	**-0.2%**
Direct Labor	(9.7)	-29.4%	(9.8)	-29.3%	-0.5%	(17.1)	-32.1%	(17.4)	-32.5%	-1.6%
Food	(6.4)	-19.4%	(6.4)	-19.2%	0.0%	(10.4)	-19.5%	(10.5)	-19.7%	-1.8%
Others	(2.1)	-6.2%	(1.9)	-5.8%	6.9%	(3.4)	-6.4%	(3.2)	-6.0%	6.8%
Fuel and Automotive Accessories	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Depreciation & Amortization	(1.5)	-4.4%	(1.4)	-4.1%	7.4%	(2.9)	-5.4%	(2.7)	-5.1%	6.4%
Gross Profit	**13.5**	**40.6%**	**13.9**	**41.6%**	**-3.1%**	**19.4**	**36.5%**	**19.6**	**36.7%**	**-1.3%**
Operating Expenses[1]	**(10.7)**	**-32.4%**	**(10.5)**	**-31.5%**	**2.1%**	**(18.2)**	**-34.2%**	**(17.5)**	**-32.7%**	**4.0%**
Selling and Operating	(6.3)	-19.2%	(6.3)	-18.9%	0.8%	(11.0)	-20.6%	(11.0)	-20.5%	-0.1%
Rents of Stores	(3.4)	-10.2%	(3.5)	-10.4%	-2.6%	(5.3)	-10.0%	(5.2)	-9.8%	1.7%
Store Pre-Openings	(0.1)	-0.4%	0.0	0.0%	-2497%	(0.1)	-0.3%	(0.0)	-0.1%	224.6%
Depreciation & Amortization	(0.1)	-0.3%	(0.1)	-0.2%	28.5%	(0.2)	-0.4%	(0.1)	-0.3%	31.2%
J.V. Investment Amortization	(0.2)	-0.5%	(0.2)	-0.5%	0.0%	(0.3)	-0.6%	(0.3)	-0.5%	14.3%
Equity income result	0.7	2.2%	0.8	2.5%	-11.1%	1.5	2.8%	1.5	2.7%	0.0%
Other revenues (expenses)	(0.0)	-0.1%	0.0	0.0%	-604.9%	(0.1)	-0.1%	0.0	0.0%	-445.7%
General & Administative	(1.3)	-3.9%	(1.3)	-4.0%	-3.4%	(2.7)	-5.0%	(2.3)	-4.3%	14.7%
(+) Depreciation & Amortization	1.7	5.2%	1.6	4.8%	7.7%	3.4	6.4%	3.1	5.9%	8.2%
Operating Income	**4.4**	**13.4%**	**5.0**	**14.9%**	**-10.7%**	**4.6**	**8.7%**	**5.3**	**9.9%**	**-13.3%**
Expansion Capex	2.2	6.5%	0.6	1.7%	277.6%	3.6	6.8%	0.8	1.6%	331.5%
Maintenance Capex	0.4	1.3%	0.2	0.6%	103.5%	0.6	1.2%	0.3	0.6%	93.6%
Total Capex	**2.6**	**7.8%**	**0.8**	**2.3%**	**231.1%**	**4.2**	**8.0%**	**1.2**	**2.2%**	**264.5%**
Operating Inc. - Capex[2]	**1.9**	**41.8%**	**4.2**	**84.3%**	**-42.5%**	**0.4**	**7.7%**	**4.1**	**78.0%**	**-70.4%**

[1]Before special items; [2]VA vs. Op. Inc.

The operations in the United States consist basically of Margaritaville, which currently comprises 18 restaurants. The comments below (as well as the table above) are in local currency (US$) to provide a better understanding of the region's results eliminating the impact of FX.

US operations net revenues came in at US$33.1 million (R$116.0 million) in 2Q16, roughly stable YoY. The 0.8% decrease (up 12.9% in Brazilian reais) was due to lower same store sales (-3.6%), partially mitigated by the net opening of 2 restaurant.

It is important to note however that there is a positive trend in terms of same stores sales in the US for both food & beverage and retail when we analyze the monthly YoY performance:

- F&B: April -5%; May -8%, June 0%, July +1%
- Retail: April -4%; May +4%, June +4%, July +5%

Operating income reached US$4.4 million in 2Q16 compared to US$5.0 million in 2Q15, and US$4.6 million in 1H16 vs. US$5.3 million. Operating margin (13.4% in 2Q16 vs. 14.9% in 2Q15) was pressured mainly due to a 40bps increase in utilities, 30bps increase in labor expenses and 30bps reduction on equity income. It is important to note that the Company and the new CEO continue to work on initiatives to revert the downward trend in the SSS, such as changing the retail product assortment, suggestive selling that shall help the summer season (the most relevant months) as well as establishing transformational projects to improve efficiency and SSS: i) menu engineering; ii) group sales; iii) stricter control over produced food (theoretical vs. actual food cost), among others.

Results of the Caribbean Operations

(in R$ million)	2Q16	2Q15	% HA	2Q16²	% HA²	2016	2015	% HA	2016²	% HA²
Net Revenue	**46.7**	**43.1**	**8.5%**	**44.8**	**4.0%**	**100.2**	**82.3**	**21.7%**	**89.4**	**8.6%**
Restaurants & Others	46.7	43.1	8.5%	44.8	4.0%	100.2	82.3	21.7%	89.4	8.6%
Gas Stations	0.0	0.0	0.0%	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0%
Cost of Sales and Services	**(23.3)**	**(23.9)**	**-2.6%**	**(22.6)**	**-5.5%**	**(50.1)**	**(45.2)**	**10.9%**	**(45.3)**	**0.2%**
Direct Labor	(8.9)	(8.9)	0.7%	(8.7)	-1.7%	(18.4)	(16.6)	11.1%	(16.9)	2.0%
Food	(13.6)	(14.1)	-3.1%	(13.2)	-6.5%	(29.8)	(26.7)	11.7%	(26.7)	0.0%
Others	(0.4)	(0.3)	8.5%	(0.4)	13.6%	(0.8)	(0.7)	14.5%	(0.8)	15.0%
Fuel and Automotive Accessories	0.0	0.0	0.0%	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0%
Depreciation & Amortization	(0.4)	(0.7)	-41.0%	(0.4)	-43.9%	(1.2)	(1.3)	-10.6%	(1.0)	-25.2%
Gross Profit	**23.4**	**19.1**	**22.3%**	**22.2**	**15.8%**	**50.1**	**37.1**	**34.9%**	**44.1**	**18.8%**
Operating Expenses¹	**(15.6)**	**(18.7)**	**-16.6%**	**(14.9)**	**-20.2%**	**(33.4)**	**(31.4)**	**6.2%**	**(29.8)**	**-5.2%**
Selling and Operating	(6.2)	(6.6)	-6.2%	(6.0)	-8.5%	(13.3)	(12.0)	11.2%	(12.2)	1.9%
Rents of Stores	(4.9)	(4.8)	1.9%	(4.6)	-5.6%	(10.5)	(9.0)	17.5%	(9.0)	0.3%
Store Pre-Openings	(0.3)	(0.0)	4939.2%	(0.2)	4330.2%	(0.8)	(0.0)	3031.9%	(0.6)	2358.0%
Depreciation & Amortization	(2.3)	(2.2)	3.2%	(2.2)	0.6%	(5.0)	(4.2)	17.3%	(4.5)	6.6%
J.V. Investment Amortization	0.0	0.0	0.0%	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0%
Equity income result	0.0	0.0	0.0%	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0%
Other revenues (expenses)	0.4	(3.0)	-114.5%	0.4	-114.3%	0.6	(2.7)	-124.0%	0.6	-122.0%
General & Administative	(2.3)	(2.1)	13.4%	(2.3)	9.3%	(4.4)	(3.6)	23.0%	(4.1)	13.1%
(+) Depreciation & Amortization	2.7	2.9	-7.1%	2.6	-9.8%	6.2	5.6	10.7%	5.5	-1.0%
EBITDA	**10.5**	**3.3**	**214.4%**	**9.9**	**195.9%**	**22.9**	**11.3**	**103.1%**	**19.8**	**76.1%**
Margen EBITDA (%)	*22.4%*	*7.7%*	*14.7p.p.*	*-9.8p.p.*	*0.0%*	*22.8%*	*13.7%*	*9.1p.p.*	*-5.4p.p.*	*0.0%*
Operating Income	**10.5**	**3.3**	**214.4%**	**9.9**	**195.9%**	**22.9**	**11.3**	**103.1%**	**19.8**	**76.1%**
Expansion Capex	0.0	1.4	-98.6%	0.0	-98.6%	0.9	4.2	-78.0%	0.9	-78.9%
Maintenance Capex	0.4	0.3	55.6%	0.4	49.2%	1.6	0.6	163.8%	1.5	153.0%
Total Capex	**0.5**	**1.6**	**-72.0%**	**0.4**	**-73.2%**	**2.5**	**4.8**	**-48.2%**	**2.4**	**-50.4%**
Operating Inc. - Capex³	**10.0**	**1.7**	**44.8%**	**9.4**	**44.8%**	**20.4**	**6.4**	**31.8%**	**17.4**	**30.7%**

¹Before special items; ²in constant currencies as of the prior year; ³ VA vs. Op. Inc.

The comments regarding the Caribbean operations (Panama and Colombia), are in constant currencies (using the 2Q15 FX rate to convert the results in 2Q15 and 2Q16) to eliminate the effect of exchange rate changes. They do not consider the results from discontinued operations (Mexico, the Dominican Republic and Puerto Rico) so that continuing operations results can be compared accurately.

Net revenues reached R$44.8 million, up 4.0% YoY as a result of SSS growth of 2.7% driven by Company's effort to improve average ticket that mitigated the impact from the net closing of 2 stores.

The focus on operational excellence combined with higher operating leverage, due to higher sales, lead to a 510bps improvement in gross margins, with a 110bps reduction on labor costs and 330bps reduction on food costs. As a result gross profit reached R$22.2 million in 2Q16, up 15.8% compared to 2Q15.

Regarding operating expenses in 2Q16, the main lines reduced as a percentage of net revenues, namely: selling and operating (-180bps), rent (-100bps). Furthermore, in 2015 other revenues/expenses were impacted by fines resulting in a R$3.0 million expense compared to R$0.4 million income in 2Q16. Those impacts were partially mitigated by higher G&A expenses (+20bps) and higher store pre-opening expenses (+50bps).

All in all, operating income came at R$9.9 million in 2Q16, up 196% compared to 2Q15, with an operating margin of 22.0% up from 7.7% in 2Q15. In 1H16, operating income reached R$19.8 million, up 76% compared to 1H15.

ADJUSTED EBITDA AND ADJUSTED MARGIN

EBITDA RECONCILIATION (R$ million)	2Q16	2Q15	HA (%)	2016	2015	HA (%)
NET INCOME (LOSS) FROM CONTINUED OPERATIONS	**0.2**	**(19.0)**	**-101.0%**	**(27.2)**	**(25.2)**	**-7.8%**
(+) Income Taxes	5.7	(3.5)	-262.4%	3.0	(7.7)	-138.7%
(+) Net Financial Result	(9.2)	11.9	-177.2%	12.5	25.5	-51.2%
(+) D&A and Write-offs	23.4	25.7	-9.2%	48.4	49.5	-2.3%
(+) Amortization of Investments in Joint Venture	0.5	0.5	n.a.	1.2	0.8	n.a.
EBITDA	**20.6**	**15.6**	**32.1%**	**37.8**	**43.0**	**-12.1%**
(+) Special Items	3.0	5.7	n.a.	4.5	5.7	-20.8%
Adjusted EBITDA	**23.7**	**21.3**	**11.1%**	**42.3**	**48.6**	**-13.1%**
EBITDA / Net Revenues	*5.3%*	*3.9%*		*4.9%*	*5.6%*	
Adjusted EBITDA / Net Revenues	*6.1%*	*5.3%*		*5.4%*	*6.3%*	

* See EBITDA and Adjusted EBITDA definitions in the Glossary.

The Company's EBITDA, considering non-recurring items, reached R$23.7 million in 2Q16 a 11.1% improvement, with an adjusted EBITDA margin of 6.1% vs. 5.3% in 2Q15. The special items refer to the Company’s stock option plan in 2016 and top management restructuring in 2015. In 1H16 EBITDA totaled R$42.3 million with a 5.4% margin, compared to R$48.6 million in 1H15.

FINANCIAL RESULT, INCOME TAX AND NET INCOME

The Company recorded a positive financial result of R$9.2 million, which included a non-cash positive impact of R$8.3 million due to the write-off of accrued interests as a consequence of the renegotiation of rights over point of sales payables (Brasilia Airport), excluding this impact, net financial income would total R$0.9 million, compared to a net financial expense of R$11.9 million in 2Q15.

Income taxes totaled R$5.7 million, versus a R$3.5 million credit in 2Q15.

The Company recorded a net income of R$0.2 million in 2Q16, compared to a net loss of R$19.0 million in 2Q15.

SELECTED CASH FLOW INFORMATION

OPERATING ACTIVITIES

EBITDA Reconcilation to Operating Cash Flow (R$ Million)	2Q16	2Q15	Var. (%)	2016	2015	Var. (%)
EBITDA	**20.6**	**15.6**	**32.1%**	**37.8**	**43.0**	**-12.1%**
(+/-) Other Non-Cash Impact on IS	10.4	11.6		19.9	15.6	
(+/-) Working Capital	(8.9)	7.4		(15.8)	2.8	
(-) Paid Taxes	(1.4)	(1.8)		(3.1)	(3.5)	
Operating Cashflow	**20.7**	**32.9**	**-37.0%**	**38.7**	**57.9**	**-33.2%**
Operating Cashflow / EBITDA	**100.4%**	**210.4%**		**102.4%**	**134.7%**	

Operating cash flow totaled R$20.7 million in 2Q16 (compared to R$32.9 million in 2Q15), which represents an EBITDA-to-Cash conversion rate of 100.4%.

INVESTING ACTIVITIES

Investing Activities (in R$ million)	2Q16	2Q15	HA (%)	2016	2015	HA (%)
Fixed Assets Addition	(16.1)	(8.4)	91.4%	(28.8)	(18.7)	53.8%
Intangible Assets Addition	(30.2)	(2.9)	924.7%	(33.2)	(7.0)	373.2%
(=) TOTAL CAPEX Investment	(46.3)	(11.4)	307.2%	(62.0)	(25.7)	140.9%
Payment from previous acquisitions	(0.1)	(12.9)	-99.5%	(78.3)	(24.9)	213.9%
Proceeds from Assets Sale	0.0	0.0		169.1	0.0	n/a
Total investments in the period	**(46.4)**	**(24.2)**	**91.4%**	**28.8**	**(50.7)**	**n/a**
Operating Cashflow	20.7	32.9	-37.0%	38.7	57.9	-33.2%
Operating Cashflow - CAPEX	**(25.6)**	**21.5**	**n/a**	**(23.4)**	**32.2**	**n/a**

CAPEX (in R$ million)	2Q16	2Q15	HA (%)	2016	2015	HA (%)
Expansion						
Brazilian Operations	**32.2**	**5.5**	**483.0%**	**35.9**	**11.7**	**206.3%**
Brazil - Air	*30.8*	*5.5*	*460.1%*	*33.7*	*11.7*	*188.7%*
Brazil - Roads	*0.3*	*0.0*	*-*	*0.3*	*0.0*	*-*
Brazil - Malls	*1.1*	*0.0*	*4426.4%*	*2.0*	*0.1*	*2806.7%*
USA Operations	**7.6**	**1.8**	**329.7%**	**13.1**	**2.5**	**419.3%**
Caribbean Operations	**0.0**	**1.4**	**-98.6%**	**0.9**	**4.2**	**-78.0%**
Holding	**1.5**	**0.3**	**452.4%**	**2.9**	**0.4**	**550.3%**
Total Expansion Investments	**41.2**	**8.9**	**363.0%**	**52.9**	**18.9**	**179.4%**
Maintenance						
Brazilian Operations	**1.5**	**1.5**	**-0.4%**	**2.3**	**5.3**	**-57.2%**
Brazil - Air	*0.3*	*0.5*	*-25.0%*	*0.8*	*3.2*	*-75.1%*
Brazil - Roads	*0.4*	*0.6*	*-34.7%*	*0.5*	*1.0*	*-46.6%*
Brazil - Malls	*0.8*	*0.5*	*69.0%*	*0.9*	*1.0*	*-11.6%*
USA Operations	**1.5**	**0.6**	**131.6%**	**2.3**	**1.0**	**133.0%**
Caribbean Operations	**0.4**	**0.3**	**55.6%**	**1.6**	**0.6**	**163.8%**
Holding	**1.6**	**0.0**	**-**	**3.0**	**0.0**	**-**
Total Maintenance Investments	**5.1**	**2.5**	**107.3%**	**9.2**	**6.8**	**33.7%**
Total CAPEX Investments	**46.3**	**11.4**	**307.6%**	**62.0**	**25.8**	**140.7%**

Total CAPEX increased by 4x in 2Q16 totaling R$46.3mn, mainly due to Brazil Air capital expenditures that includes payments related the renegotiation of rights over point of sales, which were already booked in the balance sheet. In 2016, total CAPEX reached R$62.0million, 141% up compared to 2015.

Concerning growth CAPEX in 2Q16, IMC invested mainly in the new stores opened at the Brazilian airports, new pilot stores in malls and roads; Miami airport, Mall of America and Jackson Memorial Hospital, in the US; and in malls in Colombia and new stores at the Panama airport.

Maintenance CAPEX in 2Q16 is mainly related to the replacement of machinery and utensils of stores and related to the Catering operations in Brazil, stores in the Caribbean and restaurants in the US.

FINANCING ACTIVITIES

The Company's financing cash flow in 2Q16 was mainly affected by loan amortizations.

FINANCING ACTIVITIES (R$ million)	2Q16	2Q15	2016	2015
Capital Contribuitions	(0.0)	0.0	46.4	0.0
Treasury Shares	(8.3)	0.0	(8.3)	0.0
New Loans	1.3	11.3	1.3	13.8
Payment of Loans	(22.3)	(13.1)	(84.2)	(14.6)
Net Cash Generated by Financing Activities	**(29.3)**	**(1.8)**	**(44.8)**	**(0.9)**

Considering payments to former owners of certain companies acquired in the past (seller finance) as debt, debt amortization totaled R$21.0 million in 2Q16.

Total debt amortization (R$ million)	2Q16	2Q15
Acquisitions, net of cash (Sellers Financing)	(0.1)	(12.9)
New Loans	1.3	11.3
Loan Amortization	(22.3)	(13.1)
Total debt amortization	**(21.0)**	**(14.7)**

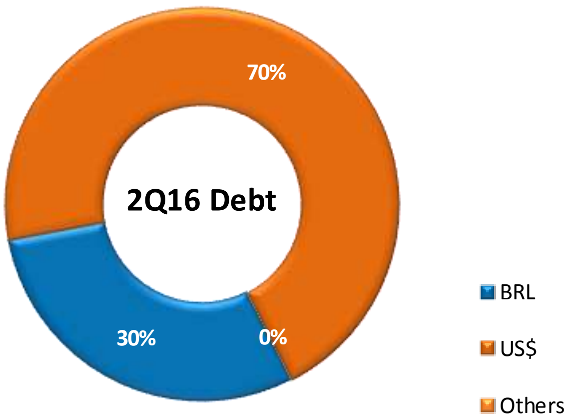
DEBT

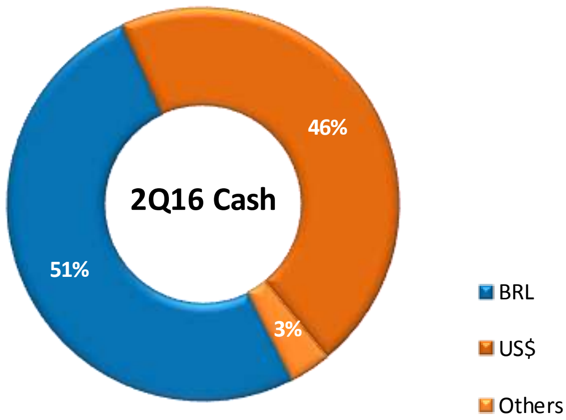
Net Debt

As a consequence of the successful implementation of the deleveraging strategy, the Company ended the first semester with a net cash position of R$41.7 million, including cash, cash equivalents and short-term investments, as well as sellers finance and agreements entered into with the current operators of concessions at private airports. The table below shows the debts of continuing operations. Consequently, the Company has a negative Net Debt–to–EBITDA ratio.

R$ million	2Q16	1Q16	4Q15
Debt	209.8	248.3	329.2
Financing of past acquisitions	10.2	10.7	100.2
Point of Sales rights	0.0	51.9	52.6
Total Debt	**220.0**	**310.9**	**482.0**
(-) Cash	-261.7	-336.1	-289.4
Net Debt	**(41.7)**	**(25.2)**	**192.6**

Below is the breakdown of our total debt and cash by currency in 2Q16.





CONDENSED INCOME STATEMENT

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (R$ thousand)	2Q16	2Q15	2016	2015
NET REVENUE	387,793	400,617	776,276	767,197
COST OF SALES AND SERVICES	(264,729)	(285,845)	(541,964)	(552,315)
GROSS PROFIT	123,064	114,772	234,312	214,882
OPERATING INCOME (EXPENSES)				
Commercial and operating expenses	(89,105)	(83,332)	(173,978)	(153,599)
General and administrative expenses	(26,713)	(32,743)	(52,935)	(53,279)
Depreciation and amortization	(9,451)	(11,192)	(19,066)	(20,742)
Other income (expenses)	(3,105)	(144)	(4,333)	1,733
Equity income result	2,023	2,045	4,220	3,619
Net financial expenses	9,191	(11,913)	(12,452)	(25,520)
INCOME (LOSS) BEFORE INCOME TAXES	5,904	(22,507)	(24,232)	(32,906)
Income Taxes	(5,713)	3,518	(2,966)	7,672
NET INCOME (LOSS) FOR THE QUARTER FROM CONTINUED OPERATIONS	191	(18,989)	(27,198)	(25,234)
RESULT FROM DISCONTINUED OPERATIONS	0	505	3,972	7,208
NET INCOME (LOSS) FOR THE QUARTER	191	(18,484)	(23,226)	(18,026)

CONDENSED BALANCE SHEET

CONDENSED STATEMENTS OF FINANCIAL POSITION (R$ thousand)	6/30/2016	12/31/2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	261,748	289,390
Accounts receivable	63,261	70,586
Inventories	38,825	41,917
Derivatives	4,826	12,857
Other current assets	45,871	38,419
Assets from discontinued operations	0	511,492
Total current assets	414,531	964,661
NONCURRENT ASSETS		
Deferred income taxes	619	720
Derivatives	3,552	18,256
Other noncurrent assets	73,335	64,266
Property and equipment	252,581	281,654
Intangible assets	834,534	896,466
Total noncurrent assets	1,164,621	1,261,362
TOTAL ASSETS	1,579,152	2,226,023
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	76,940	78,723
Loans and financing	104,026	144,656
Salaries and payroll charges	45,379	47,543
Other current liabilities	43,861	43,226
Liabilities from Discontinued operations	0	260,105
Total current liabilities	270,206	574,253
NONCURRENT LIABILITIES		
Loans and financing	124,367	368,469
Provision for labor, civil and tax disputes	11,556	13,596
Deferred income tax liability	54,759	47,858
Other noncurrent liabilities	15,375	17,719
Total noncurrent liabilities	206,057	447,642
EQUITY		
Capital and reserves	1,165,229	1,122,662
Accumulated losses	(50,893)	(27,667)
Other comprehensive income	(21,309)	24,697
Amounts recognized in other comprehensive income and accumulated in equity related to assets held for sale	0	72,437
Total equity	1,093,027	1,192,129
Non-Controlling Interest	9,862	11,999
TOTAL LIABILITIES AND EQUITY	1,579,152	2,226,023

CASH FLOW STATEMENT

CONDENSED STATEMENTS OF CASH FLOWS (R$ thousand)	2Q16	2Q15	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES				
Net income (loss) for the quarter	191	(18,989)	(27,198)	(25,234)
Depreciation and amortization	23,361	25,718	48,383	49,534
Impairment of intangible assets (using)	(6,353)	-	(9,905)	-
Investiment amortization	548	489	1,157	824
Equity income result	(2,571)	(2,534)	(5,377)	(4,443)
Provision for labor, civil and tax disputes	(2,687)	1,133	(1,098)	2,894
Income taxes	5,713	(3,518)	2,966	(7,672)
Interest expenses	5,067	11,494	15,444	23,270
Effect of exchange rate changes	(777)	1,431	23,839	3,797
Disposal of property and equipment	6,642	168	10,430	329
Deferred Revenue, Rebates	(906)	(1,089)	(1,858)	(2,027)
Expenses in payments to employees based in stock plan	3,034	-	4,491	-
Others	(252)	12,939	(3,659)	17,298
Changes in operating assets and liabilities	(8,907)	7,446	(15,821)	2,838
Cash generated from operations	22,103	34,688	41,794	61,408
Income tax paid	(1,401)	(1,836)	(3,143)	(3,509)
Interest paid	(5,382)	(11,274)	(14,968)	(22,662)
Net cash generated by (used in) operating activities	15,320	21,578	23,683	35,237
CASH FLOW FROM INVESTING ACTIVITIES				
Capital increase in subsidiaries	-	-	-	(6,416)
Acquisitions of controlling interest, net of cash	(60)	(12,860)	(78,251)	(24,925)
Dividends received	3,292	2,299	5,359	3,578
Sale of controlling interest in discontinued operations, net of cash	-	-	169,080	-
Additions to intangible assets	(30,188)	(2,946)	(33,217)	(7,019)
Additions to property and equipment	(16,129)	(8,428)	(28,790)	(18,724)
Net cash used in investing activities from continued operations	(43,085)	(21,935)	34,181	(53,506)
Net cash used in investing activities from discontinued operations	-	5,113	-	17,146
Net cash used in investing activities	(43,085)	(16,822)	34,181	(36,360)
CASH FLOW FROM FINANCING ACTIVITIES				
Capital contribuitions	(1)	-	46,382	-
Treasury shares	(8,306)	-	(8,306)	-
New loans	1,333	11,254	1,333	13,756
Payment of loans	(22,296)	(13,098)	(84,198)	(14,608)
Net cash used in financing activities	(29,270)	(1,844)	(44,789)	(852)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(17,321)	(501)	(40,717)	3,359
NET INCREASE (DECREASE) FOR THE PERIOD	(74,356)	2,411	(27,642)	1,384
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	336,104	83,793	289,390	84,820
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	261,748	86,204	261,748	86,204

APPENDIX - CURRENCY CONVERSION TABLE

	US$		COP	
	EoP	Average	EoP	Average
1Q13	2.019	1.995	0.0011	0.0011
2Q13	2.226	2.062	0.0012	0.0011
3Q13	2.235	2.285	0.0012	0.0012
4Q13	2.348	2.272	0.0012	0.0012
1Q14	2.266	2.369	0.0012	0.0012
2Q14	2.205	2.234	0.0012	0.0012
3Q14	2.438	2.276	0.0012	0.0012
4Q14	2.687	2.548	0.0011	0.0012
1Q15	3.208	2.865	0.0012	0.0012
2Q15	3.103	3.073	0.0012	0.0012
3Q15	3.973	3.540	0.0013	0.0013
4Q15	3.905	3.841	0.0012	0.0013
1Q16	3.559	3.857	0.0012	0.0012
2Q16	3.201	3.501	0.0011	0.0012

Management Note:

There may some minor differences between the financial information presented in the charts and graphs in this release and that in the Audited Condensed Financial Statements due to rounding.

Any and all non-accounting information or information arising from non-accounting figures, in addition to comparable historical information, has not been reviewed by the independent auditors.

GLOSSARY

Net store openings: References to “net store openings”, “net store closures” or similar expressions correspond to the sum of stores opened or reopened in a given period less the sum of the stores closed in the same period.

Company: International Meal Company Alimentação S.A. or IMCASA.

EBITDA: The Company calculates EBITDA as net income, before income tax and social contribution tax, financial income (expenses) and depreciation and amortization. According to the accounting practices adopted in Brazil (BR GAAP) or IFRS, EBITDA is not a measure of financial performance and should not be considered as an alternative to net income as an indicator of operating performance, as an alternative to operating cash flow, or as an indicator of liquidity. EBITDA does not have a standard meaning and the Company’s definition of EBITDA may not be comparable with the definition of EBITDA used by other companies. Due to the fact that the calculation of EBITDA does not consider the income tax and social contribution tax, financial income (expense), depreciation and amortization, EBITDA is an indicator of the Company’s overall financial performance, which is unaffected by changes in income tax and social contribution tax rates, fluctuations in interest rates or levels of depreciation and amortization. Therefore, the Company believes that EBITDA serves as a significant comparative tool to measure, periodically, its operating performance and to base certain decisions of an administrative nature. The Company believes that EBITDA provides a better understanding of not only of its financial performance, but also its ability to pay interest and principal on its debt and to incur more debt to finance its capital expenditures and working capital. However, because EBITDA does not consider certain costs inherent in its business, which could, in turn, significantly affect earnings, such as interest, taxes, depreciation, capital expenditures and other related charges, EBITDA has limitations that affect its use as an indicator of the Company’s profitability.

Adjusted EBITDA: Adjusted EBITDA reflects EBITDA, adjusted to exclude the effects of transactions deemed by management as being unrepresentative of the normal course of business and/or do not impact cash generation. Adjusted EBITDA is used as a tool to measure and evaluate the Company’s performance, focusing on the continuity of its operations and is believed that adjusted EBITDA is a useful tool for investors, by enabling a more comprehensive and standardized comparative analysis of the information on the past and current results of the Company’s management. According to the accounting practices adopted in Brazil (BR GAAP) or IFRS, adjusted EBITDA is not a measure of financial performance and should not be considered as an alternative to net income as an indicator of operating performance, as an alternative to operating cash flow, or as an indicator of liquidity. Adjusted EBITDA does not have a standard meaning and the Company’s definition of adjusted EBITDA may not be comparable with the definition of the adjusted EBITDA used by other companies. However, because adjusted EBITDA does not consider certain costs inherent in its business, which could, in turn, significantly affect earnings, such as interest, taxes, depreciation, capital expenditures and other related charges, adjusted EBITDA has limitations that affect its use as an indicator of the Company’s profitability.

Same-store sales (SSS): corresponds to the sales of stores that have maintained operations in comparable periods, including stores that were temporarily closed. If a store is included in the calculation of comparable store sales for only a part of one of the periods compared, then this store will be included in the calculation of the corresponding portion of another period. Some of the reasons for the temporary closure of the Company’s stores include renovation or remodeling, rebuilding, road construction and natural disasters. When there is a variation in the area of a store included in comparable store sales, said store is excluded from the comparable store sales. The variations in same-store sales is a measure used in the retail market as an indicator of the performance of the implemented business strategies and initiatives, and also represent the trends of the local economy and consumers. The Company’s sales are recorded and analyzed based on the functional currency of each country where the Company operates. Therefore, as the Company’s financial information is converted and demonstrated in reais (R$), Brazilian currency, using average exchange rates of the periods compared, the values of same-store sales may present gains or losses resulting from the exchange rate of the currency of the country where that same store is located. Same-store sales are not a measure of financial performance according to the accounting practices adopted in Brazil (BR GAAP) or IFRS. Same-store sales do not have a standardized meaning in the market, and the Company's definition may not be the same definition of same-store sales in used by other companies.

DISCLAIMER

This report contains forward-looking information. Such information does not refer to historical facts only, but reflect IMC's management's wishes and expectations. The words "anticipates", "wants", "expects", "forecasts", "intends", "plans", "predicts", "projects", "aims" and the like are intended to identify statements that necessarily involve known and unknown risks. Known risks include uncertainties not limited to the impact of price and product competitiveness, acceptance of products on the market, product transitions from the Company and its competitors, regulatory approval, currency, currency fluctuations, supply and production hurdles and changes in product sales, among other risks. This report also contains information prepared by the Company only for information and reference purposes; therefore, it has not been audited. This report is up-to-date, and IMC has no obligation to update it with new information and/or future events. There may some minor differences between the financial information presented in the charts and graphs in this release and that in the Audited Financial Statements due to rounding. Any and all non-accounting information or information arising from non-accounting figures, in addition to comparable historical information, has not been reviewed by the independent auditors.