



## 4Q16 RESULTS

### INTERNATIONAL MEAL COMPANY

São Paulo, March 28<sup>th</sup>, 2017 - 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 **fourth quarter (4Q16)**. 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.

#### IR CONTACTS

Jose Agote (CFO, IRO)

Vitor Pini (IR Director)

Phone number: +55 (11) 3041-9653

[ri@internationalmealCompany.com](mailto:ri@internationalmealCompany.com)

MEAL3 on 12.29.2016

R\$4.97

#### CONFERENCE CALL - PORTUGUESE

03/28/2017

12:30 p.m. (Brasília)/11:30 a.m. (US ET)

Webcast: [click here](#)

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3728-5971

#### CONFERENCE CALL - ENGLISH

03/28/2017

2:00 p.m. (Brasília) / 1:00 p.m. (US ET)

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[ri.internationalmealCompany.com.br](http://ri.internationalmealCompany.com.br)

#### 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

**Cash Flow: Operating Cash Flow: +R\$84M (+6% YoY with an Adj. EBITDA conversion rate of 83%)**

**Net Revenue: R\$1.5 billion in 2016 (4.6% down vs. 2015)**

**Adjusted EBITDA: R\$100.6 million in 2016 (9% down vs. 2015 | Margin -30bps)**

**Zero Leverage: R\$30.6M Net Cash Position**

#### MESSAGE FROM MANAGEMENT

In 2016 the Company presented an Operating Cash Flow (after maintenance Capex) of R\$84 million (equivalent to 83% of adjusted EBITDA), which represents a 6% improvement compared to 2015. Such result was obtained despite the pressure on revenues (-4.6%) and its impact on Adjusted EBITDA margin, given Company's high operational leverage. Results from international operations remain consistent: i) in the US operating income was up by 0.5% - led by increased sales with new store openings; ii) in the Caribbean operating income was up by 55% as a consequence of improved margins. Holding expenses were down by 39% in 2016.

It is important to highlight that despite the challenging results, important restructuring efforts and accomplishments were done during 2016 that prepare the Company for the future: i) assets sales (Mexico, P Rico, Dominican Rep. ~R\$350M), which helped the Company to deleverage reaching a net cash position of R\$30.6M in 4Q16 – R\$223M net debt reduction in 2016; ii) simplified structure: loss making store closures reached 38 stores that had a negative contribution margin of R\$9.5M in 2015; iii) airport contracts renegotiation: -300bps in rent expenses in 4Q16 in the segment or a R\$4.8M rent expenses reduction YoY in 4Q16; iv) portfolio rationalization: brands and 7 airport operations discontinued in Brazil during 2016; and v) concepts revamped for existing brands: new concepts established for Viena Delish, Viena Express, Brunella, Olive Garden and Frango Assado.

At the outset of 2017, IMC is focused on Execution and Efficiency, seeking to improve performance in the short term with: i) a leaner structure (headcount adjustments) & zero-based budget (with stricter controls and systemic locks); ii) Live KPI Monitoring - daily reports with important KPI's and benchmarking comparisons sent to operations; iii) Demand Generation Efforts – Capex (store revamps) and non-Capex (marketing focus); iv) PMO – broader scope (190+ projects), closer monitoring and higher productivity and management variable compensation linked to projects' completion; v) staff Alignment, Processes and Training – with a focus on operational excellence and incentives programs; vi) US – recently opened stores ramp-up combined with new stores to be opened during the year; and vii) Caribbean – potential new stores with the new terminal in Panama bidding process & new catering agreements in Colombia.

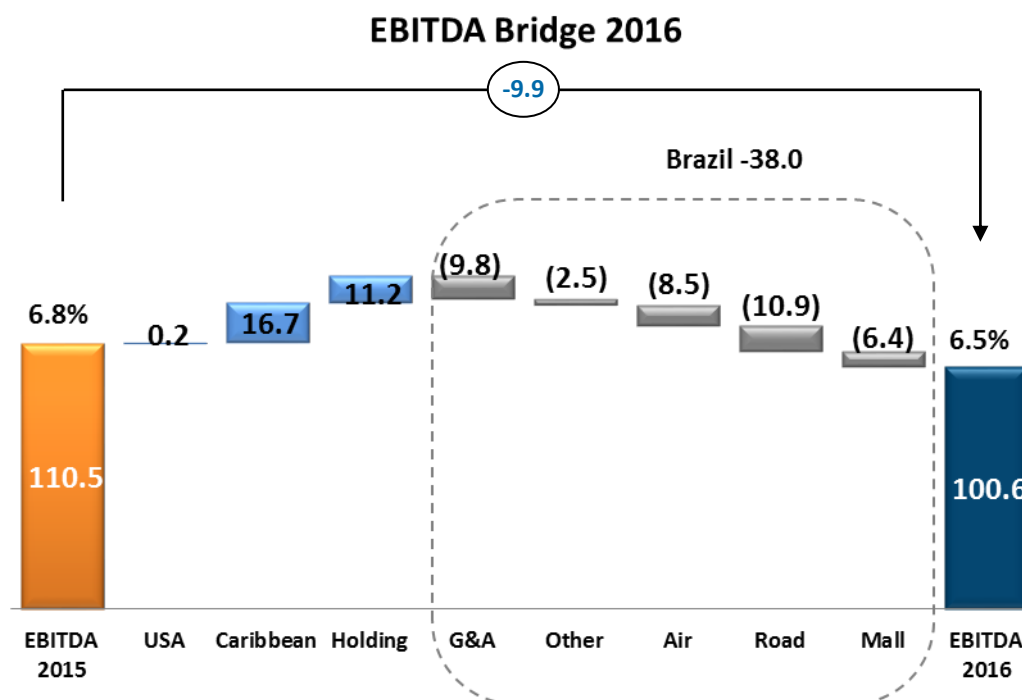
We are taking strong actions to improve the Company's structure, processes and costs in order to have a leaner and more agile Company, better positioning us for when the market conditions improve.

## 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 3Q15, 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/](http://ri.internationalmealcompany.com/)

# COMMENTS ABOUT IMC'S PERFORMANCE

## OVERVIEW OF THE 2016



In 2016, IMC's Adjusted EBITDA was down by 9.0% with a 30bps margin reduction reaching R\$100.6 million (6.5% margin), or R\$100.3 million in constant currency with a 6.6% margin.

In the US, the R\$0.2 million YoY improvement was related to higher net revenues as a consequence of the opening of 4 new stores during 2016, offsetting the pressure on SSS. On the other hand, margins were mainly pressured by the increase of store pre-opening expenses, totaling a 50bps YoY reduction. However we are optimistic about US performance in the coming quarter with SSS efforts especially in Food & Beverage division – as we keep implementing: i) new menus based on menu engineering tools and pricing; ii) groups sales; and iii) store refurbishments; combined with new store openings.

In the Caribbean, as we have previously anticipated, the competitive environment was changing in both the airport and mall segments, challenging our SSS that increased by 0.6% in 4Q16 (in constant currencies, compared to more than 10% in 1Q16). Nevertheless, the company was able to improve margins (+810bps) in the quarter leading to a R\$16.7 million improvement.

The Company also posted a reduction of R\$11.2 million in holding expenses or a 60bps improvement, which is being used to fund the new team in Brazil – more than offsetting the R\$9.8 million increase in G&A in Brazil. "Other Income" line in Brazil was impacted in 2015 by tax recoveries, leading to a R\$2.5 million pressure on results YoY.

Finally, the major pressure on results once again came from the Brazilian operations as a consequence of a softer macroeconomic activity that impacted sales volume and consumer spending in general in the country. Same store sales reached -5.3% in Brazil (-7.3% in 4Q16, -8.9% in 3Q16, -6.3% in 2Q16 and +1.0% in 1Q16). The biggest offender has been the Air segment whose pressure on SSS came from the reduction on passenger flow in airports and also by the reduction in the number of flights in general impacting the catering division as well.

Given the nature of the Company's business and its high operating leverage, the pressure on volumes directly affects margins. To mitigate the effect of lower sales we have taken cost out of our structure and taken actions to improve productivity. Another source of pressure on results in Brazil derives from the inflation, which has been mitigated by new pricing policies and improved product mix.

We continue to execute the loss-making stores closure program (38 stores closed in 2016, of which 11 in 4Q16). So far, the loss-making stores closed had a negative impact on 2015's contribution margin of R\$9.5 million.

Consequently, EBITDA in Brazil reached R\$39.6 million, which represents a R\$38.0 million reduction YoY, with an EBITDA margin of 4.1% down from 7.3% in 2015.

All in all, it is important to highlight that despite the challenging results – as a consequence of tough market conditions in Brazil – important restructuring efforts and accomplishments were done during 2016 that prepare the Company for the future: i) assets sales (Mexico, P Rico, Dominican Rep. ~R\$350M), which helped the Company to deleverage reaching a net cash position of R\$30.6M in 4Q16 – R\$223M net debt reduction in 2016; ii) simplified structure: loss making store closures reached 38 stores that had a negative contribution margin of R\$9.5M in 2015; iii) airport contracts renegotiation: -300bps in rent expenses in 4Q16 in the segment or a R\$4.8M rent expenses reduction YoY in 4Q16; iv) portfolio rationalization: brands and 7 airport operations discontinued in Brazil during 2016; and v) concepts revamped for existing brands: new concepts established for: Viena Delish, Brunella, Olive Garden, Viena Express and Frango Assado.

Nevertheless, we are starting 2017 with a higher focus on Execution and Efficiency aiming at improving performance in the short term even considering a flat macroeconomic environment in Brazil. Part of the main initiatives are listed below:

- i) **Zero Base Budget and Costs Control:** we revised the zero based budget for April through December 2017 and a lot of opportunities for adjustments in costs and expenses were identified. Part of the adjustment has been concluded already in January, 2017, when there was a net reduction on administrative overhead expenses. Further adjustments should be made still in March. We should disclose further details on the size of the impact on results on the 1Q17 earnings release. Also, during the 1Q17 systemic locks were implemented preventing any additional expense versus the budget. The budget review was based on a project developed by Peers Consulting in 2016.
- ii) **Live KPI's Monitoring:** we implemented (in 1Q17) the “Live KPI's Monitoring” project, in which store managers will receive on a daily basis important information and feedback related to their operations based on KPIs and benchmarking comparisons.
- iii) **Demand Generation:** we continue to learn from the improvements made in the first refurbished Viena Express stores (buffet style – food court restaurant), which shall help us during the roll-out of this new concept for the remaining stores in the following quarters. We have also launched in December two new kiosks (one in an existing Viena Café location) with the Brunella brand (offering coffee, pastries, ice-cream and snacks) that should help to improve sales on the existing Viena Café's as we rebrand other stores – on the rebranded kiosk we have seen improvements on sales of more than 100%.

In December we launched a new concept called Viena Delish, replacing one existing Viena Delicatessen Restaurant with encouraging early results. Still on casual dining, in March 2017, we launched the first Olive Garden Restaurant in Malls, which should be the option for rebranding other existing Viena Delicatessen restaurant at premium locations.

With regards to Frango Assado we are working on a new pilot for the F&B offering, but also face-lifting the stores façades, internalizing (inside the restaurant) the bathrooms of some stores and launching a new menu with an improved product offering.

On top of that we are also working on (non-capex) demand generation initiatives based on trade marketing (i.e.: price cap on Viena Express) and product innovation (i.e.: Frango Assado new menu).

- iv) **Alignment, Processes and Training:** we launched our operational excellence program called MAIS, which is an operational excellence metric based on periodic reviews of the restaurant operational metrics from M – being the worst and S – the best in terms of execution. With regards to incentives, we launched a program called “Os Excelentes” that started in January, which gives quarterly variable compensation to store managers based on four evaluation metrics: sales, contribution margin, the MAIS program and the mystery shopper evaluation. With those efforts combine, we believe that we should be able not only to deliver better results in terms of performance, but more importantly in terms of customers' satisfaction.
- v) **PMO:** to support all the initiatives we are enhancing the Project Management Office (“PMO”) and its scope, with more than 190 projects to be overseen (and completed) throughout the year. We must note that top management variable compensation will be linked to the completion of said projects.
- vi) **International Operations – US:** the focus is the ramp-up of recently launched stores, combined with new stores to be launched in the near future and SSS efforts.
- vii) **International Operations – Caribbean:** we should participate in the auction for new restaurants in Panama's airport new terminal and seek new catering agreements in Colombia, combined with on-going higher operational excellence efforts across the board.

We are taking strong actions to improve the Company's structure, processes and costs in order to have a leaner and more agile Company, better positioning us for when the market conditions improve.

## CONSOLIDATED RESULTS

(in R\$ million)

	4Q16	4Q15	%HA	4Q16 <sup>3</sup>	% HA <sup>3</sup>	2016	2015	%HA	2016 <sup>3</sup>	% HA <sup>3</sup>
<b>Net Revenue</b>	<b>363.2</b>	<b>410.6</b>	<b>-11.5%</b>	<b>383.2</b>	<b>-6.7%</b>	<b>1,540.6</b>	<b>1,615.1</b>	<b>-4.6%</b>	<b>1,530.5</b>	<b>-5.2%</b>
Restaurants & Others	310.5	352.7	-12.0%	330.4	-6.3%	1,346.3	1,404.0	-4.1%	1,336.2	-4.8%
Gas Stations	52.7	57.9	-8.9%	52.7	-8.9%	194.3	211.1	-8.0%	194.3	-8.0%
Brazil	241.9	264.3	-8.5%	241.9	-8.5%	954.4	787.7	21.2%	954.4	21.2%
US	73.3	123.3	-40.6%	85.8	-30.4%	391.1	284.7	37.4%	380.2	33.5%
Caribbean	48.0	49.7	-3.4%	55.5	11.7%	195.1	132.0	47.7%	195.9	48.3%
<b>Cost of Sales and Services</b>	<b>(257.0)</b>	<b>(290.1)</b>	<b>-11.4%</b>	<b>(269.1)</b>	<b>-7.2%</b>	<b>(1,068.2)</b>	<b>(1,137.3)</b>	<b>-6.1%</b>	<b>(1,061.0)</b>	<b>-6.7%</b>
Direct Labor	(96.2)	(105.3)	-8.7%	(101.9)	-3.3%	(406.1)	(423.6)	-4.1%	(402.4)	-5.0%
Food	(82.6)	(99.9)	-17.3%	(87.1)	-12.8%	(359.8)	(395.7)	-9.1%	(357.7)	-9.6%
Others	(20.3)	(22.4)	-9.2%	(21.3)	-4.9%	(88.0)	(87.5)	0.5%	(87.4)	-0.2%
Fuel and Automotive Accessories	(43.4)	(46.7)	-7.0%	(43.4)	-7.0%	(156.7)	(170.5)	-8.1%	(156.7)	-8.1%
Depreciation & Amortization	(14.4)	(15.8)	-8.7%	(15.5)	-2.3%	(57.7)	(59.8)	-3.6%	(56.9)	-5.0%
<b>Gross Profit</b>	<b>106.2</b>	<b>120.5</b>	<b>-11.8%</b>	<b>114.0</b>	<b>-5.4%</b>	<b>472.4</b>	<b>477.8</b>	<b>-1.1%</b>	<b>469.5</b>	<b>-1.7%</b>
Gross Margin (%)	29.3%	29.3%		29.8%		30.7%	29.6%		30.7%	
<b>Operating Expenses<sup>1</sup></b>	<b>(112.1)</b>	<b>(125.0)</b>	<b>-10.3%</b>	<b>(119.9)</b>	<b>-4.1%</b>	<b>(467.2)</b>	<b>(475.4)</b>	<b>-1.7%</b>	<b>(463.8)</b>	<b>-2.4%</b>
Selling and Operating	(41.7)	(48.2)	-13.5%	(45.5)	-5.5%	(177.2)	(169.4)	4.6%	(175.0)	3.3%
Rents of Stores	(35.0)	(41.6)	-16.0%	(37.1)	-10.8%	(160.2)	(169.0)	-5.2%	(159.1)	-5.9%
Store Pre-Openings	(2.3)	(2.0)	17.5%	(2.4)	20.3%	(7.3)	(4.6)	58.6%	(7.6)	63.5%
Depreciation & Amortization	(8.6)	(11.9)	-27.8%	(9.1)	-23.9%	(35.6)	(46.1)	-22.7%	(35.7)	-22.5%
J.V. Investment Amortization	(0.5)	(0.6)	-14.1%	(0.6)	0.0%	(2.2)	(2.3)	-4.6%	(2.1)	-8.9%
Equity income result	1.2	1.3	-1.6%	1.5	15.8%	8.1	7.3	10.5%	7.4	1.2%
Other revenues (expenses)	2.1	3.8	-45.5%	2.1	-44.1%	4.5	3.8	18.4%	4.7	21.7%
General & Administrative	(22.3)	(19.2)	16.1%	(23.6)	22.9%	(79.5)	(66.0)	20.4%	(79.1)	19.7%
Corporate (Holding) <sup>2</sup>	(5.0)	(6.6)	-23.7%	(5.2)	-20.3%	(17.9)	(29.1)	-38.6%	(17.5)	-40.0%
Special Items - Write-offs	0.0	0.0	-	0.0	-	0.0	0.0	0.0%	0.0	-
Special Items - Other	(48.6)	(64.0)	-24.1%	(45.1)	-29.5%	(54.2)	(71.2)	-23.8%	(54.7)	-23.2%
<b>EBIT</b>	<b>(54.5)</b>	<b>(68.5)</b>	<b>-20.5%</b>	<b>(51.0)</b>	<b>-25.6%</b>	<b>(49.1)</b>	<b>(68.8)</b>	<b>na</b>	<b>(49.0)</b>	<b>na</b>
(+) D&A and Write-offs	23.6	28.3	-16.8%	25.1	-11.3%	95.5	108.2	-11.8%	94.6	-12.5%
<b>EBITDA</b>	<b>(30.9)</b>	<b>(40.2)</b>	<b>-23.1%</b>	<b>(25.9)</b>	<b>-35.6%</b>	<b>46.4</b>	<b>39.3</b>	<b>17.9%</b>	<b>45.6</b>	<b>15.9%</b>
EBITDA Margin (%)	(8.5%)	(9.8%)	1,3p.p.	-6.8%	3p.p.	3.0%	2.4%	0,6p.p.	3.0%	0,5p.p.
(+) Special Items - Other	48.6	64.0	-	45.1	-	54.2	71.2	-23.8%	54.7	-23.2%
<b>Adjusted EBITDA</b>	<b>17.7</b>	<b>23.8</b>	<b>-25.6%</b>	<b>19.2</b>	<b>-19.2%</b>	<b>100.6</b>	<b>110.5</b>	<b>-9.0%</b>	<b>100.3</b>	<b>-9.3%</b>
Adjusted EBITDA Margin (%)	4.9%	5.8%	-0,9p.p.	5.0%	-0,8p.p.	6.5%	6.8%	-0,3p.p.	6.6%	-0,3p.p.

<sup>1</sup>Before special items; <sup>2</sup>Not allocated in segments and countries; <sup>3</sup> in constant currencies as of the prior year

Net revenue totaled R\$363.2 million in 4Q16, down 11.5% vs. 4Q15 or down 6.7% excluding the impact from the exchange rate changes. Sales were negatively affected by 20 net store closures (25 of which in Brazil), shown in the section "Number of stores". Net revenue totaled R\$1,540.1 million in 2016, a 4.6% reduction compared to 2015.

Food cost (in constant currency) was down by 12.8% (a 160bps improvement) in 4Q16 as a result of operational improvements (e.g. stricter controls, mix).

Direct Labor cost totaled R\$101.9 million (in constant currency), compared to R\$105.3 million in 4Q15, as headcount adjustments mitigated inflationary pressures on payroll, but were not sufficient to offset the lower operational leverage as a consequence of reduced volumes in Brazil.

Sales and Operating expenses were R\$2.7 million lower YoY (in constant currency) as a result of lower publicity and commercial expenses in general and lower operating expenses mainly in the Caribbean.

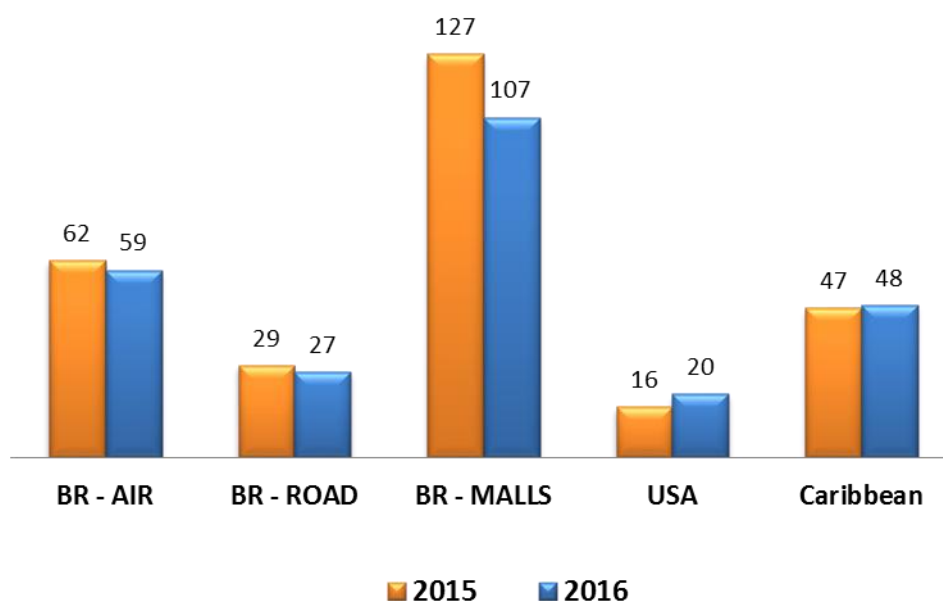
Rent expenses totaled R\$37.1 million, a 10.8% reduction YoY, as a consequence of the net closure of 20 stores in the period combined with new rent agreements in Brazilian Airports (a 300bps reduction in the segment YoY), which mitigated the impact from inflation – mostly in Brazil, leading to a 50bps consolidated improvement.

With regards to G&A, the R\$4.4 million increase YoY (in constant currency) – mostly related to higher provisions in the Caribbean. Regarding holding expenses, there was a R\$1.3 million decrease (in constant currency). It is important to note, however, as aforementioned, that during 1Q17 further adjustments were made in terms of headcount that will impact both G&A (mostly in Brazil) and holding expenses that will be fully disclosed in 1Q17 earnings release.

In 4Q16, adjusted EBITDA was R\$17.7 million, down 25.6% in Brazilian reais YoY, or 19.2% in constant currency. EBITDA margin reached 5.0% in constant currency, a 80 bps reduction YoY. Adjusted EBITDA totaled R\$100.6 million in 2016, a 9.0% reduction compared to 2015, with an EBITDA margin of 6.5% vs. 6.8% in 2015.

Finally, in 4Q16 the Company had R\$48.6 million in special items, related to: i) incremental provisions for store closures – R\$30.3 million (of which R\$27.3M non-cash); ii) contingencies (labor, fiscal and civil) – R\$8.2 million (non-cash), related to the store closure program that implies higher lay-offs and consequently, higher liabilities; iii) consulting expenses related to the S&OP project implementation – R\$4.2 million; and iv) management and corporate restructuring expenses (both in Brazil and abroad) – R\$5.9 million.

## Number of stores



NUMBER OF STORES (end of period)	2016	2015	YoY	
			Var. (%)	Var. (#)
<b>Brazil</b>	<b>193</b>	<b>218</b>	<b>-11.5%</b>	<b>-25</b>
<i>Air</i>	<i>59</i>	<i>62</i>	<i>-4.8%</i>	<i>-3</i>
<i>Roads</i>	<i>27</i>	<i>29</i>	<i>-6.9%</i>	<i>-2</i>
<i>Shopping Malls</i>	<i>107</i>	<i>127</i>	<i>-15.7%</i>	<i>-20</i>
<b>USA</b>	<b>20</b>	<b>16</b>	<b>25.0%</b>	<b>4</b>
<b>Caribbean</b>	<b>48</b>	<b>47</b>	<b>2.1%</b>	<b>1</b>
<b>Total Number of Stores</b>	<b>261</b>	<b>281</b>	<b>-7.1%</b>	<b>-20</b>

At the end of the quarter, the Company had 261 stores, a net reduction of 20 stores YoY, 25 in Brazil, while 1 net opening in the Caribbean and 4 in the US in the period. Most store closures in Brazil are connected with the loss-making store closure program (38 in 2016), however, in the 4Q16 we have opened 10 stores mostly in Airports in Brazil as part of the new agreements with the operators.



## Same-store sales (SSS)

(in R\$ million)	4Q16	4Q15	HA (%)	2016	2015	HA (%)
<b>Brazil</b>	<b>233.7</b>	<b>252.1</b>	<b>-7.3%</b>	<b>930.8</b>	<b>983.4</b>	<b>-5.3%</b>
BR - Air	56.2	65.2	-13.9%	247.6	277.6	-10.8%
BR - Roads	117.8	124.0	-5.1%	440.8	454.4	-3.0%
BR - Roads - Restaurants	65.0	69.9	-6.9%	246.6	254.8	-3.2%
BR - Roads - Gas Station	52.7	54.2	-2.6%	194.2	199.6	-2.7%
BR - Malls	59.8	62.8	-4.9%	242.4	251.4	-3.6%
<b>USA</b>	<b>62.4</b>	<b>73.9</b>	<b>-15.5%</b>	<b>358.3</b>	<b>354.0</b>	<b>1.2%</b>
<b>Caribbean</b>	<b>47.5</b>	<b>53.9</b>	<b>-11.9%</b>	<b>188.9</b>	<b>185.3</b>	<b>2.0%</b>
<b>Total Same Store Sales</b>	<b>343.6</b>	<b>379.9</b>	<b>-9.5%</b>	<b>1,478.0</b>	<b>1,522.7</b>	<b>-2.9%</b>

In constant currencies (in R\$ million)	4Q16	4Q15	HA (%)	2016	2015	HA (%)
Brazil	233.7	252.1	-7.3%	930.8	983.4	-5.3%
USA	73.1	73.9	-1.1%	346.7	354.0	-2.1%
Caribbean	54.2	53.9	0.6%	189.5	185.3	2.3%
<b>Total Same Store Sales</b>	<b>361.0</b>	<b>379.9</b>	<b>-5.0%</b>	<b>1,467.0</b>	<b>1,522.7</b>	<b>-3.7%</b>

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

Same store sales totaled R\$343.6 million in 4Q16, down 9.5% YoY in Brazilian reais or 5.0% in constant currencies. SSS decreased by 2.9% in 2016 compared to 2015 in Brazilian reais and it was down 3.7% in constant currencies.

In Brazil, the 7.3% decrease in same store sales was led by Brazilian airports that fell by 13.9% in 4Q16 following a sharp drop in the flow of passengers throughout Brazilian airports that impacted both restaurant and catering operations, that was partially mitigated by the Company's sales efforts that led to a higher average ticket compensating the lower customer 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 5.1% YoY – a slight improvement compared to 3Q's 5.8% decrease, mostly impacted by the 3.9% 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 9%, 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 1H17, at the same store, we will also refurbish the restaurant area, allowing us to test a new Frango Assado model that could be replicated in the remaining stores.

Same stores sales in the Malls segment fell by 4.9% in 4Q16. Industry sales continues to suffer from the softer macroeconomic scenario, 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 two pilot-stores for Viena Express launched in June and December, respectively to test, learn and scale a more efficient and effective operating model. Also in December we have launched a new concept for Viena Delicatessen (full-service casual dining) called Delish, which will be the flagship concept for the Viena brand. In March 2017, we opened the first Olive Garden restaurant in the Malls segments. All of those efforts aiming to improve sales performance with a better consumer experience.

US SSS in local currency was -1.1% YoY in 4Q16, compared to 2.1% reduction on average for 2016FY, led by an improvement in the retail segment (+2.3% YoY, from -4.3% in 1Q16), as a result of the turnaround promoted by the new management team – with

new assortment, product mix and pricing efforts. With regards to F&B there was also an improvement in the SSS trend as it reached -1.5% from -3.6% in 1Q16 showing the first benefits from the suggestive selling and pricing initiatives. However, we are confident that we will also be able to turnaround F&B division with: i) new menus based on menu engineering tools; ii) groups sales; and iii) store refurbishments.

In the Caribbean, as anticipated in the 1Q16, higher competition lead to a reduction on the SSS growth pace to 0.6% in 4Q16 compared to 0.9% in 3Q16.

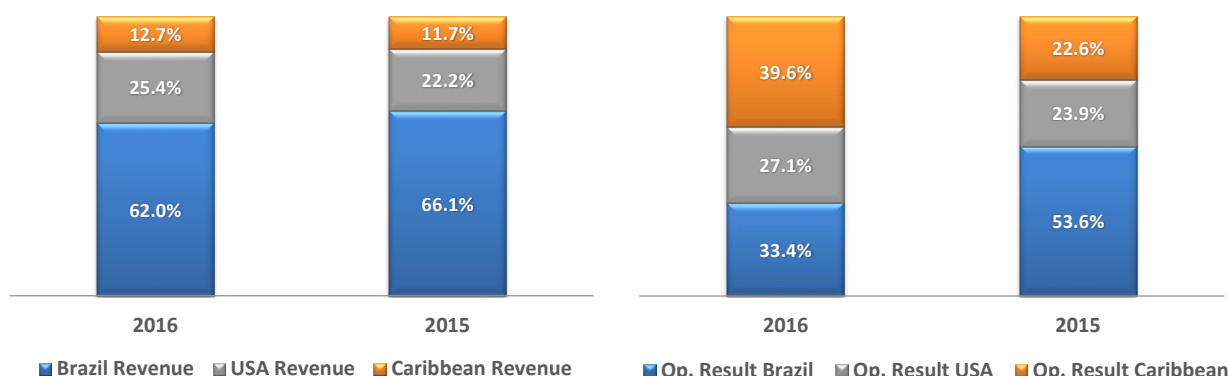
## RESULTS BY BUSINESS SEGMENT AND GEOGRAPHIC REGION

(in R\$ million)	Brazil	USA	Caribbean	Consolidated		Brasil	EUA	Caribbean	Consolidated		
	2016	2016	2016	2016	% VA	2015	2015	2015	2015	% VA	% HA
<b>Net Revenue</b>	<b>954.4</b>	<b>391.1</b>	<b>195.1</b>	<b>1,540.6</b>	<b>100.0%</b>	<b>1,067.8</b>	<b>358.6</b>	<b>188.6</b>	<b>1,615.1</b>	<b>100.0%</b>	<b>-4.6%</b>
Restaurants & Others	760.1	391.1	195.1	1,346.3	87.4%	856.7	358.6	188.6	1,404.0	86.9%	-4.1%
Gas Stations	194.3	0.0	0.0	194.3	12.6%	211.1	0.0	0.0	211.1	13.1%	-8.0%
<b>Cost of Sales and Services</b>	<b>(727.2)</b>	<b>(247.3)</b>	<b>(93.7)</b>	<b>(1,068.2)</b>	<b>-69.3%</b>	<b>(812.2)</b>	<b>(226.1)</b>	<b>(99.0)</b>	<b>(1,137.3)</b>	<b>-70.4%</b>	<b>-6.1%</b>
Direct Labor	(247.8)	(123.8)	(34.6)	(406.1)	-26.4%	(273.8)	(114.6)	(35.3)	(423.6)	-26.2%	-4.1%
Food	(227.4)	(76.6)	(55.8)	(359.8)	-23.4%	(265.3)	(70.9)	(59.5)	(395.7)	-24.5%	-9.1%
Others	(61.1)	(25.4)	(1.5)	(88.0)	-5.7%	(63.9)	(22.2)	(1.4)	(87.5)	-5.4%	0.5%
Fuel and Automotive Accessories	(156.7)	0.0	0.0	(156.7)	-10.2%	(170.5)	0.0	0.0	(170.5)	-10.6%	-8.1%
Depreciation & Amortization	(34.3)	(21.5)	(1.8)	(57.7)	-3.7%	(38.6)	(18.4)	(2.8)	(59.8)	-3.7%	-3.6%
<b>Gross Profit</b>	<b>227.2</b>	<b>143.9</b>	<b>101.3</b>	<b>472.4</b>	<b>30.7%</b>	<b>255.6</b>	<b>132.6</b>	<b>89.6</b>	<b>477.8</b>	<b>29.6%</b>	<b>-1.1%</b>
<b>Operating Expenses<sup>1</sup></b>	<b>(246.6)</b>	<b>(136.9)</b>	<b>(65.9)</b>	<b>(449.4)</b>	<b>-29.2%</b>	<b>(251.4)</b>	<b>(122.4)</b>	<b>(72.5)</b>	<b>(446.3)</b>	<b>-27.6%</b>	<b>0.7%</b>
Selling and Operating	(71.8)	(79.8)	(25.6)	(177.2)	-11.5%	(66.8)	(73.9)	(28.7)	(169.4)	-10.5%	4.6%
Rents of Stores	(100.1)	(39.8)	(20.3)	(160.2)	-10.4%	(113.0)	(36.1)	(19.9)	(169.0)	-10.5%	-5.2%
Store Pre-Openings	(3.3)	(2.8)	(1.3)	(7.3)	-0.5%	(2.2)	(0.8)	(1.6)	(4.6)	-0.3%	58.6%
Depreciation & Amortization	(24.6)	(1.4)	(9.7)	(35.6)	-2.3%	(34.8)	(1.0)	(10.2)	(46.1)	-2.9%	-22.7%
J.V. Investment Amortization	0.0	(2.2)	0.0	(2.2)	-0.1%	0.0	(2.3)	0.0	(2.3)	-0.1%	-4.6%
Equity income result	0.0	8.1	0.0	8.1	0.5%	0.0	7.3	0.0	7.3	0.5%	10.5%
Other revenues (expenses)	3.2	(0.1)	1.5	4.5	0.3%	8.5	(0.7)	(4.0)	3.8	0.2%	n/a
General & Administrative	(50.0)	(18.9)	(10.6)	(79.5)	-5.2%	(43.1)	(14.9)	(8.1)	(66.0)	-4.1%	20.4%
(+) Depreciation & Amortization	58.9	25.1	11.5	95.5	6.2%	73.4	21.7	13.0	108.2	6.7%	-11.8%
<b>Operating Income</b>	<b>39.6</b>	<b>32.1</b>	<b>46.9</b>	<b>118.5</b>	<b>7.7%</b>	<b>77.6</b>	<b>31.9</b>	<b>30.1</b>	<b>139.7</b>	<b>8.6%</b>	<b>-15.1%</b>
Corporate (Holding) <sup>2</sup>				(17.9)	-1.2%				(29.1)	-1.8%	-38.6%
Special Items - Write-offs				0.0	0.0%						
Special Items - Other				(54.2)	-3.5%				(71.2)	-4.4%	-23.8%
<b>EBIT</b>	<b>(19.4)</b>	<b>7.0</b>	<b>35.4</b>	<b>(49.1)</b>	<b>-3.2%</b>	<b>4.2</b>	<b>10.2</b>	<b>17.1</b>	<b>(68.8)</b>	<b>-4.3%</b>	
(+) D&A and Write-offs				95.5	6.2%				108.2		-11.8%
<b>EBITDA</b>				<b>46.4</b>	<b>3.0%</b>				<b>39.3</b>	<b>2.4%</b>	<b>17.9%</b>
(+) Special Items				54.2	3.5%				71.2	4.4%	-23.8%
<b>Adjusted EBITDA</b>				<b>100.6</b>	<b>6.5%</b>				<b>110.5</b>	<b>6.8%</b>	<b>-9.0%</b>

<sup>1</sup>Before special items; <sup>2</sup>Not allocated in segments and countries

Brazilian operations accounted for 62.0% of sales in 2016, vs. 66.1% in 2015. 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 the Brazilian operations, which accounted for 33.4% of the 2016 operating income, vs. 53.6% in 2015.

## Results of the Brazilian Operations

(in R\$ million)	4Q16	% VA	4Q15	% VA	% HA	2016	% VA	2015	% VA	% HA
<b>Net Revenue</b>	<b>241.9</b>	<b>100.0%</b>	<b>280.1</b>	<b>100.0%</b>	<b>-13.6%</b>	<b>954.4</b>	<b>100.0%</b>	<b>1,067.8</b>	<b>100.0%</b>	<b>-10.6%</b>
Restaurants & Others	189.1	78.2%	222.2	79.3%	-14.9%	760.1	79.6%	856.7	80.2%	-11.3%
Gas Stations	52.7	21.8%	57.9	20.7%	-8.9%	194.3	20.4%	211.1	19.8%	-8.0%
<b>Cost of Sales and Services</b>	<b>(182.6)</b>	<b>-75.5%</b>	<b>(207.7)</b>	<b>-74.1%</b>	<b>-12.1%</b>	<b>(727.2)</b>	<b>-76.2%</b>	<b>(812.2)</b>	<b>-76.1%</b>	<b>-10.5%</b>
Direct Labor	(61.2)	-25.3%	(67.1)	-24.0%	-8.8%	(247.8)	-26.0%	(273.8)	-25.6%	-9.5%
Food	(55.1)	-22.8%	(67.7)	-24.2%	-18.6%	(227.4)	-23.8%	(265.3)	-24.8%	-14.3%
Others	(14.7)	-6.1%	(16.7)	-6.0%	-12.2%	(61.1)	-6.4%	(63.9)	-6.0%	-4.5%
Fuel and Automotive Accessories	(43.4)	-18.0%	(46.7)	-16.7%	-7.0%	(156.7)	-16.4%	(170.5)	-16.0%	-8.1%
Depreciation & Amortization	(8.2)	-3.4%	(9.4)	-3.4%	-13.2%	(34.3)	-3.6%	(38.6)	-3.6%	-11.1%
<b>Gross Profit</b>	<b>59.3</b>	<b>24.5%</b>	<b>72.4</b>	<b>25.9%</b>	<b>-18.2%</b>	<b>227.2</b>	<b>23.8%</b>	<b>255.6</b>	<b>23.9%</b>	<b>-11.1%</b>
<b>Operating Expenses<sup>1</sup></b>	<b>(59.6)</b>	<b>-24.6%</b>	<b>(64.9)</b>	<b>-23.2%</b>	<b>-8.2%</b>	<b>(246.6)</b>	<b>-25.8%</b>	<b>(251.4)</b>	<b>-23.5%</b>	<b>-1.9%</b>
Selling and Operating	(18.2)	-7.5%	(21.2)	-7.6%	-13.9%	(71.8)	-7.5%	(66.8)	-6.3%	7.4%
Rents of Stores	(22.1)	-9.1%	(28.7)	-10.2%	-22.9%	(100.1)	-10.5%	(113.0)	-10.6%	-11.4%
Store Pre-Openings	(2.0)	-0.8%	(0.0)	0.0%	5117.1%	(3.3)	-0.3%	(2.2)	-0.2%	47.7%
Depreciation & Amortization	(5.6)	-2.3%	(8.1)	-2.9%	-30.0%	(24.6)	-2.6%	(34.8)	-3.3%	-29.4%
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) <sup>2</sup>	1.7	0.7%	6.0	2.1%	-71.9%	3.2	0.3%	8.5	0.8%	-62.5%
General & Administrative <sup>2</sup>	(13.3)	-5.5%	(12.9)	-4.6%	2.7%	(50.0)	-5.2%	(43.1)	-4.0%	16.1%
(+) Depreciation & Amortization	13.8	5.7%	17.5	6.2%	-20.9%	58.9	6.2%	73.4	6.9%	-19.8%
<b>Operating Income</b>	<b>13.5</b>	<b>5.6%</b>	<b>25.0</b>	<b>8.9%</b>	<b>-45.9%</b>	<b>39.6</b>	<b>4.1%</b>	<b>77.6</b>	<b>7.3%</b>	<b>-49.0%</b>
Expansion Capex	16.4	6.8%	2.1	0.7%	687.1%	26.3	2.8%	15.1	1.4%	74.4%
Maintenance Capex	1.1	0.4%	2.4	0.8%	-54.3%	4.3	0.5%	9.3	0.9%	-53.9%
<b>Total Capex</b>	<b>17.4</b>	<b>7.2%</b>	<b>4.4</b>	<b>1.6%</b>	<b>293.4%</b>	<b>30.6</b>	<b>3.2%</b>	<b>24.4</b>	<b>2.3%</b>	<b>25.3%</b>
<b>Operating Inc. - Maintenance Capex<sup>3</sup></b>	<b>12.4</b>	<b>92.0%</b>	<b>22.6</b>	<b>90.6%</b>	<b>1.5%</b>	<b>35.2</b>	<b>89.1%</b>	<b>68.3</b>	<b>88.0%</b>	<b>1.2%</b>

<sup>1</sup>Before special items; <sup>2</sup>Not allocated in segments; <sup>3</sup> VA 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 (-9.7%, Oct-Dec YoY), lower spending on shopping malls (market SSS -6.0% in 4Q16 YoY) and also a lower flow of vehicles in roads (-3.9% in 4Q16 YoY), all of which impacted same store sales. It is also important to note that compared to 4Q15, there was a 25 stores net reduction in the Brazilian operations (-3 in airports, -2 in roads and -20 in shopping malls) in 4Q15. 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 13.6% in 4Q16. In 2016, net revenues totaled R\$954.4 million, down 10.6% compared to 2015.

In terms of costs and expenses it is important to highlight the 110 bps reduction on rent expenses, as the first positive outcome from the airport contracts renegotiations. Regarding labor cost and expenses, “direct labor cost” and “sales and operating expenses” combined resulted in R\$79.4 million in 4Q16, compared to R\$88.3 million in 4Q15, 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 the Brazilian operations was largely impacted by the reduction on sales given the nature of our business and its high operational leverage. With regards to G&A, the increase was related to the new team in the country that has been fully funded by the reduction on holding expenses.

Consequently, Brazilian operations posted an operating income of R\$13.5 million in 4Q16, down 45.9% YoY, with a nearly 330 bps reduction in operating margin; nevertheless, 4Q15 results were largely impacted tax recoveries booked on the “Other Revenues” line; excluding this impact, operating income in Brazil would have been 37% lower YoY with a 190bps reduction on margins.

## Results of the Brazilian Operations – AIR

(in R\$ million)

	4Q16	% VA	4Q15	% VA	% HA	2016	% VA	2015	% VA	% HA
<b>Net Revenue</b>	<b>60.2</b>	<b>100.0%</b>	<b>76.9</b>	<b>100.0%</b>	<b>-21.7%</b>	<b>260.6</b>	<b>100.0%</b>	<b>317.6</b>	<b>100.0%</b>	<b>-17.9%</b>
Restaurants & Others	60.2	100.0%	76.9	100.0%	-21.7%	260.6	100.0%	317.6	100.0%	-17.9%
Gas Stations	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
<b>Cost of Sales and Services</b>	<b>(42.4)</b>	<b>-70.4%</b>	<b>(53.0)</b>	<b>-68.9%</b>	<b>-20.0%</b>	<b>(184.2)</b>	<b>-70.7%</b>	<b>(227.4)</b>	<b>-71.6%</b>	<b>-19.0%</b>
Direct Labor	(19.8)	-32.9%	(23.1)	-30.1%	-14.4%	(81.9)	-31.4%	(101.2)	-31.9%	-19.1%
Food	(16.0)	-26.6%	(22.0)	-28.6%	-27.1%	(73.2)	-28.1%	(94.6)	-29.8%	-22.7%
Others	(4.0)	-6.7%	(4.7)	-6.2%	-14.8%	(18.1)	-7.0%	(19.2)	-6.1%	-5.7%
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	(2.5)	-4.2%	(3.1)	-4.1%	-19.2%	(11.0)	-4.2%	(12.4)	-3.9%	-11.2%
<b>Gross Profit</b>	<b>17.8</b>	<b>29.6%</b>	<b>23.9</b>	<b>31.1%</b>	<b>-25.6%</b>	<b>76.4</b>	<b>29.3%</b>	<b>90.1</b>	<b>28.4%</b>	<b>-15.2%</b>
<b>Operating Expenses<sup>1</sup></b>	<b>(20.6)</b>	<b>-34.3%</b>	<b>(28.3)</b>	<b>-36.8%</b>	<b>-27.2%</b>	<b>(92.8)</b>	<b>-35.6%</b>	<b>(105.2)</b>	<b>-33.1%</b>	<b>-11.8%</b>
Selling and Operating	(6.6)	-11.0%	(8.9)	-11.6%	-25.4%	(27.8)	-10.7%	(24.3)	-7.6%	14.4%
Rents of Stores	(9.1)	-15.1%	(13.9)	-18.1%	-34.7%	(45.1)	-17.3%	(55.1)	-17.3%	-18.2%
Store Pre-Openings	(0.8)	-1.4%	(0.0)	0.0%	2075.0%	(1.8)	-0.7%	(1.8)	-0.6%	-2.3%
Depreciation & Amortization	(4.1)	-6.8%	(5.5)	-7.1%	-25.7%	(18.2)	-7.0%	(24.0)	-7.6%	-24.2%
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) <sup>2</sup>	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
General & Administrative <sup>2</sup>	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
(+) Depreciation & Amortization	6.6	11.0%	8.6	11.2%	-23.3%	29.2	11.2%	36.4	11.5%	-19.8%
<b>Operating Income</b>	<b>3.8</b>	<b>6.3%</b>	<b>4.2</b>	<b>5.4%</b>	<b>-10.0%</b>	<b>12.8</b>	<b>4.9%</b>	<b>21.3</b>	<b>6.7%</b>	<b>-39.9%</b>
Expansion Capex	4.7	7.9%	0.7	0.9%	593.0%	7.9	3.0%	13.5	4.3%	-41.6%
Maintenance Capex	0.3	0.5%	0.7	0.9%	-57.6%	1.5	0.6%	4.5	1.4%	-67.2%
<b>Total Capex</b>	<b>5.0</b>	<b>8.4%</b>	<b>1.4</b>	<b>1.8%</b>	<b>265.9%</b>	<b>9.4</b>	<b>3.6%</b>	<b>18.0</b>	<b>5.7%</b>	<b>-48.0%</b>
<b>Operating Inc. - Maintenance Capex<sup>3</sup></b>	<b>3.5</b>	<b>92.2%</b>	<b>3.5</b>	<b>83.5%</b>	<b>8.7%</b>	<b>11.3</b>	<b>88.5%</b>	<b>16.8</b>	<b>78.9%</b>	<b>9.6%</b>

<sup>1</sup>Before special items; <sup>2</sup>Not allocated in segments; <sup>3</sup> VAs vs. Op. Inc.

The Brazilian Airport segment operating income reached R\$3.8 million in 4Q16 from R\$3.0 million in the 3Q16, but down 10% YoY with a 80bps increase on margins mainly due to:

- i) Decrease in sales, as a consequence of the net closure of 3 stores combined with a reduction of 13.9% on SSS, as a result of the decrease in passenger flow in the airports that the Company operates (-9.7%, Oct-Dec YoY), which impacted margins in the following ways:
- 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\$26.4 million compared to R\$32.0 million in 4Q15, as a consequence of headcount adjustments on the operations that more than compensated the inflation pressure on payroll.
  - 50bps increase in others – mainly related to utility expenses.
  - 130bps increase in pre-opening store expenses, as a consequence of the new stores launched in 4Q16.
- ii) Those impacts were partially mitigated by:
- 300bps improvement or R\$4.8 million reduction on rent expenses as a consequence of the renegotiated airport contracts and the closure of some stores.
  - 200bps decrease in food expenses, as a consequence of higher efficiency and stricter controls.

In 2016, the Brazilian Airport segment operating income reached R\$12.8 million, down 39.9% YoY, with a margin of 4.9% vs. 6.7% in 2015.

## Results of the Brazilian Operations – ROADS

(in R\$ million)	4Q16	% VA	4Q15	% VA	% HA	2016	% VA	2015	% VA	% HA
<b>Net Revenue</b>	<b>117.8</b>	<b>100.0%</b>	<b>128.6</b>	<b>100.0%</b>	<b>-8.5%</b>	<b>440.9</b>	<b>100.0%</b>	<b>468.2</b>	<b>100.0%</b>	<b>-5.8%</b>
Restaurants & Others	65.0	55.2%	70.8	55.0%	-8.1%	246.6	55.9%	257.1	54.9%	-4.1%
Gas Stations	52.7	44.8%	57.9	45.0%	-8.9%	194.3	44.1%	211.1	45.1%	-8.0%
<b>Cost of Sales and Services</b>	<b>(96.3)</b>	<b>-81.8%</b>	<b>(103.7)</b>	<b>-80.6%</b>	<b>-7.1%</b>	<b>(362.4)</b>	<b>-82.2%</b>	<b>(381.6)</b>	<b>-81.5%</b>	<b>-5.0%</b>
Direct Labor	(23.6)	-20.0%	(23.6)	-18.4%	-0.2%	(92.5)	-21.0%	(89.5)	-19.1%	3.4%
Food	(20.4)	-17.3%	(23.5)	-18.3%	-13.1%	(77.8)	-17.7%	(84.7)	-18.1%	-8.1%
Others	(5.7)	-4.9%	(6.6)	-5.1%	-12.3%	(22.7)	-5.2%	(23.5)	-5.0%	-3.2%
Fuel and Automotive Accessories	(43.4)	-36.9%	(46.7)	-36.3%	-7.0%	(156.7)	-35.5%	(170.5)	-36.4%	-8.1%
Depreciation & Amortization	(3.1)	-2.6%	(3.3)	-2.6%	-5.6%	(12.6)	-2.9%	(13.5)	-2.9%	-6.8%
<b>Gross Profit</b>	<b>21.4</b>	<b>18.2%</b>	<b>24.9</b>	<b>19.4%</b>	<b>-14.1%</b>	<b>78.5</b>	<b>17.8%</b>	<b>86.6</b>	<b>18.5%</b>	<b>-9.3%</b>
<b>Operating Expenses<sup>1</sup></b>	<b>(10.9)</b>	<b>-9.3%</b>	<b>(11.8)</b>	<b>-9.2%</b>	<b>-7.4%</b>	<b>(42.6)</b>	<b>-9.7%</b>	<b>(42.7)</b>	<b>-9.1%</b>	<b>-0.3%</b>
Selling and Operating	(5.8)	-4.9%	(5.5)	-4.2%	6.3%	(21.5)	-4.9%	(18.5)	-4.0%	16.0%
Rents of Stores	(4.2)	-3.5%	(4.8)	-3.7%	-12.8%	(17.5)	-4.0%	(18.5)	-4.0%	-5.5%
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	(1.0)	-0.8%	(1.6)	-1.2%	-39.0%	(3.6)	-0.8%	(5.7)	-1.2%	-36.8%
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) <sup>2</sup>	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
General & Administrative <sup>2</sup>	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
(+) Depreciation & Amortization	4.1	3.5%	4.9	3.8%	-16.4%	16.1	3.7%	19.2	4.1%	-15.7%
<b>Operating Income</b>	<b>14.6</b>	<b>12.4%</b>	<b>18.0</b>	<b>14.0%</b>	<b>-19.0%</b>	<b>52.1</b>	<b>11.8%</b>	<b>63.1</b>	<b>13.5%</b>	<b>-17.3%</b>
Expansion Capex	6.6	5.6%	0.0	0.0%	0.0%	10.1	2.3%	0.0	0.0%	0.0%
Maintenance Capex	0.7	0.6%	0.8	0.6%	-11.3%	1.3	0.3%	2.4	0.5%	-45.5%
<b>Total Capex</b>	<b>7.4</b>	<b>6.3%</b>	<b>0.8</b>	<b>0.6%</b>	<b>800.2%</b>	<b>11.4</b>	<b>2.6%</b>	<b>2.4</b>	<b>0.5%</b>	<b>375.6%</b>
<b>Operating Inc. - Maintenance Capex<sup>3</sup></b>	<b>13.9</b>	<b>95.0%</b>	<b>17.2</b>	<b>95.5%</b>	<b>-0.4%</b>	<b>50.8</b>	<b>97.5%</b>	<b>60.7</b>	<b>96.2%</b>	<b>1.3%</b>

<sup>1</sup>Before special items; <sup>2</sup>Not allocated in segments; <sup>3</sup> VA vs. Op. Inc.

The Roads segment operating income decreased by R\$3.4 million in the 4Q16, with a 160bps reduction on margins mainly due to:

- i) Reduction on sales (-8.5% YoY), as a consequence of the net closure of 2 stores combined with a reduction of 5.1% on SSS, as a result of the macroeconomic headwinds that lead to a 3.9% 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 and fuel that led to an increase of expenses of 230bps and 60bps, respectively.
- iii) Those impacts were partially mitigated by higher efficiency on food cost (90bps reduction), on rent (20bps) and utilities (20bps).

In 2016, the Brazilian Roads segment operating income reached R\$52.1 million, down 17.3% YoY, with a margin of 11.8% vs. 13.5% in 2015.

The Road segment is still a substantial cash generator for the Company; in addition, it has good prospects of achieving high operating margins at the existing stores through the 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. In 1H17, we will also test a new food & beverage offering (restaurant, bakery and snack bar) pilot at Frango Assado.

## Results of the Brazilian Operations – Malls

(in R\$ million)	4Q16	% VA	4Q15	% VA	% HA	2016	% VA	2015	% VA	% HA
<b>Net Revenue</b>	<b>63.9</b>	<b>100.0%</b>	<b>74.5</b>	<b>100.0%</b>	<b>-14.2%</b>	<b>252.9</b>	<b>100.0%</b>	<b>282.0</b>	<b>100.0%</b>	<b>-10.3%</b>
Restaurants & Others	63.9	100.0%	74.5	100.0%	-14.2%	252.9	100.0%	282.0	100.0%	-10.3%
Gas Stations	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
<b>Cost of Sales and Services</b>	<b>(43.9)</b>	<b>-68.7%</b>	<b>(51.0)</b>	<b>-68.4%</b>	<b>-13.9%</b>	<b>(180.7)</b>	<b>-71.4%</b>	<b>(203.1)</b>	<b>-72.0%</b>	<b>-11.0%</b>
Direct Labor	(17.8)	-27.8%	(20.3)	-27.3%	-12.4%	(73.3)	-29.0%	(83.1)	-29.5%	-11.7%
Food	(18.7)	-29.2%	(22.2)	-29.8%	-16.0%	(76.4)	-30.2%	(86.0)	-30.5%	-11.2%
Others	(4.9)	-7.6%	(5.4)	-7.3%	-10.0%	(20.2)	-8.0%	(21.2)	-7.5%	-4.8%
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	(2.6)	-4.0%	(3.0)	-4.1%	-15.3%	(10.7)	-4.2%	(12.7)	-4.5%	-15.5%
<b>Gross Profit</b>	<b>20.0</b>	<b>31.3%</b>	<b>23.5</b>	<b>31.6%</b>	<b>-14.9%</b>	<b>72.2</b>	<b>28.6%</b>	<b>78.9</b>	<b>28.0%</b>	<b>-8.4%</b>
<b>Operating Expenses<sup>1</sup></b>	<b>(16.4)</b>	<b>-25.6%</b>	<b>(17.8)</b>	<b>-23.9%</b>	<b>-7.9%</b>	<b>(64.4)</b>	<b>-25.5%</b>	<b>(69.0)</b>	<b>-24.5%</b>	<b>-6.6%</b>
Selling and Operating	(5.8)	-9.0%	(6.8)	-9.1%	-15.1%	(22.5)	-8.9%	(24.0)	-8.5%	-6.2%
Rents of Stores	(8.8)	-13.8%	(10.0)	-13.4%	-11.3%	(37.5)	-14.8%	(39.4)	-14.0%	-4.7%
Store Pre-Openings	(1.2)	-1.8%	0.0	0.0%	0.0%	(1.5)	-0.6%	(0.4)	-0.1%	278.4%
Depreciation & Amortization	(0.6)	-1.0%	(1.0)	-1.4%	-39.4%	(2.9)	-1.1%	(5.2)	-1.8%	-45.0%
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) <sup>2</sup>	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
General & Administrative <sup>2</sup>	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
(+) Depreciation & Amortization	3.2	5.0%	4.0	5.4%	-21.4%	13.6	5.4%	17.9	6.3%	-24.1%
<b>Operating Income</b>	<b>6.8</b>	<b>10.6%</b>	<b>9.8</b>	<b>13.1%</b>	<b>-30.4%</b>	<b>21.4</b>	<b>8.5%</b>	<b>27.8</b>	<b>9.9%</b>	<b>-22.9%</b>
Expansion Capex	5.0	7.8%	1.4	1.9%	257.2%	8.3	3.3%	1.5	0.5%	443.5%
Maintenance Capex	0.1	0.1%	0.8	1.1%	-93.4%	1.5	0.6%	2.4	0.9%	-37.6%
<b>Total Capex</b>	<b>5.0</b>	<b>7.9%</b>	<b>2.2</b>	<b>3.0%</b>	<b>125.1%</b>	<b>9.8</b>	<b>3.9%</b>	<b>4.0</b>	<b>1.4%</b>	<b>147.4%</b>
<b>Operating Inc. - Maintenance Capex<sup>3</sup></b>	<b>6.7</b>	<b>99.2%</b>	<b>8.9</b>	<b>91.3%</b>	<b>7.8%</b>	<b>19.9</b>	<b>92.9%</b>	<b>25.4</b>	<b>91.3%</b>	<b>1.7%</b>

<sup>1</sup>Before special items; <sup>2</sup>Not allocated in segments; <sup>3</sup> VA vs. Op. Inc.

The Malls segment operating income decreased by 30.4% YoY in the 4Q16, totaling R\$6.8 million with a 250bps reduction on margins mainly due to:

- i) a 14.2% decrease in sales, as a consequence of the net closure of 20 stores combined with a reduction of 4.9% 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. 180bps in store pre-opening expenses (related to the new Viena Delish Concept, the new Brunella kiosks and the new Olive Garden restaurant) 50bps in labor ("direct labor cost" combined with "selling and operating expenses"), 40bps in others (mainly utilities) and 40bps increase in rents.
- ii) That were mitigated by a 60bps decrease in food expenses.

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 2017 in order to increase our sales and operating income. The Company launched the first pilot store for Viena Express (buffet style – food court restaurant) in June and the second in December; also in December, the Company launched a flagship store for Viena Delicatessen called Delish and two Brunella kiosks (coffee, pastries and ice-cream). Furthermore, the first Olive Garden at shopping malls in Brazil was launched in March, 2017.

## Results of U.S. Operations

(in US\$ Million)	4Q16	% VA	4Q15	% VA	% HA	2016	% VA	2015	% VA	% HA
<b>Net Revenue</b>	<b>22.3</b>	<b>100.0%</b>	<b>19.2</b>	<b>100.0%</b>	<b>16.1%</b>	<b>113.9</b>	<b>100.0%</b>	<b>108.1</b>	<b>100.0%</b>	<b>5.4%</b>
Restaurants & Others	22.3	100.0%	19.2	100.0%	16.1%	113.9	100.0%	108.1	100.0%	5.4%
Gas Stations	0.0	0.0%	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0%
<b>Cost of Sales and Services</b>	<b>(15.9)</b>	<b>-71.2%</b>	<b>(14.0)</b>	<b>-73.0%</b>	<b>13.3%</b>	<b>(71.7)</b>	<b>-62.9%</b>	<b>(68.1)</b>	<b>-63.0%</b>	<b>5.3%</b>
Direct Labor	(8.1)	-36.5%	(7.4)	-38.5%	9.9%	(35.8)	-31.4%	(34.5)	-31.9%	3.8%
Food	(4.4)	-19.5%	(3.8)	-19.9%	13.9%	(22.3)	-19.6%	(21.4)	-19.8%	4.3%
Others	(1.6)	-7.2%	(1.4)	-7.2%	17.0%	(7.4)	-6.5%	(6.7)	-6.2%	10.5%
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	(1.8)	-8.0%	(1.4)	-7.4%	26.0%	(6.2)	-5.4%	(5.5)	-5.1%	12.3%
<b>Gross Profit</b>	<b>6.4</b>	<b>28.8%</b>	<b>5.2</b>	<b>27.0%</b>	<b>23.7%</b>	<b>42.2</b>	<b>37.1%</b>	<b>40.0</b>	<b>37.0%</b>	<b>5.5%</b>
<b>Operating Expenses<sup>1</sup></b>	<b>(8.9)</b>	<b>-39.9%</b>	<b>(7.7)</b>	<b>-40.2%</b>	<b>15.4%</b>	<b>(39.7)</b>	<b>-34.9%</b>	<b>(36.7)</b>	<b>-33.9%</b>	<b>8.4%</b>
Selling and Operating	(5.2)	-23.1%	(4.7)	-24.2%	10.7%	(23.1)	-20.3%	(22.2)	-20.6%	3.9%
Rents of Stores	(2.4)	-10.8%	(1.9)	-9.9%	26.9%	(11.6)	-10.2%	(10.8)	-10.0%	7.2%
Store Pre-Openings	(0.0)	-0.1%	(0.1)	-0.4%	-58%	(0.8)	-0.7%	(0.2)	-0.2%	292.1%
Depreciation & Amortization	(0.1)	-0.4%	(0.1)	-0.4%	14.5%	(0.4)	-0.3%	(0.3)	-0.3%	26.4%
J.V. Investment Amortization	(0.2)	-0.7%	(0.2)	-0.8%	0.0%	(0.6)	-0.5%	(0.6)	-0.5%	6.2%
Equity income result	0.4	1.7%	0.3	1.7%	15.7%	2.3	2.0%	2.2	2.0%	4.7%
Other revenues (expenses)	0.1	0.3%	(0.2)	-0.8%	-135.7%	(0.0)	0.0%	(0.2)	-0.2%	-90.9%
General & Administrative	(1.5)	-6.7%	(1.0)	-5.3%	48.5%	(5.4)	-4.8%	(4.5)	-4.2%	20.7%
(+) Depreciation & Amortization	2.0	9.2%	1.7	8.7%	23.0%	7.2	6.3%	6.4	5.9%	12.4%
<b>Operating Income</b>	<b>(0.5)</b>	<b>-2.0%</b>	<b>(0.9)</b>	<b>-4.5%</b>	<b>-48.2%</b>	<b>9.7</b>	<b>8.5%</b>	<b>9.8</b>	<b>9.0%</b>	<b>-0.8%</b>
Expansion Capex	0.8	3.6%	0.2	1.1%	285.4%	5.8	5.1%	2.9	2.7%	97.9%
Maintenance Capex	0.1	0.3%	0.2	0.8%	-55.2%	0.8	0.7%	0.6	0.6%	41.0%
<b>Total Capex</b>	<b>0.9</b>	<b>4.0%</b>	<b>0.4</b>	<b>1.9%</b>	<b>142.4%</b>	<b>6.6</b>	<b>5.8%</b>	<b>3.5</b>	<b>3.3%</b>	<b>88.2%</b>
<b>Operating Inc. - Maintenance Capex<sup>2</sup></b>	<b>(0.5)</b>	<b>n.a.</b>	<b>(1.0)</b>	<b>n.a.</b>	<b>n.a.</b>	<b>8.8</b>	<b>91.3%</b>	<b>9.2</b>	<b>93.9%</b>	<b>-2.6%</b>

<sup>1</sup>Before special items; <sup>2</sup> VA vs. Op. Inc.

The operations in the United States consist mainly of Margaritaville and currently has 20 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. It is important to note that the restaurants in the US are located mostly in summer destinations, therefore, most of the US operations results are concentrated in the second and third quarters.

Net revenues came in at US\$22.3 million (R\$73.3 million) in 4Q16, up 16.1% YoY (down 0.8% in Brazilian reais) due to lower same store sales (-1.1%), offset by the net opening of 4 restaurants.

Margins (+250bps, in US\$) were impacted by higher rent and G&A expenses, that were offset by improved food, labor and selling and operating expenses.

US operations posted an operating loss of US\$0.5 million in 4Q16 compared to US\$0.9 million loss in 4Q15, and US\$9.7 million in 2016 vs. US\$9.8 million in 2015. Operating margin (8.5% in 2016 vs. 9.0% in 2015) was pressured mainly due to a 50bps increase in pre-opening store expenses and 30bps increase in utilities ("other costs"), excluding pre-opening expenses (one-offs) EBITDA would have been US\$10.5 million, with a margin of 9.2% and 5.5% above last year.



## Results of the Caribbean Operations

(in R\$ million)	4Q16	4Q15	% HA	4Q16 <sup>2</sup>	% HA <sup>2</sup>	2016	2015	% HA	2016 <sup>2</sup>	% HA <sup>2</sup>
<b>Net Revenue</b>	<b>48.0</b>	<b>56.6</b>	<b>-15.2%</b>	<b>55.5</b>	<b>-2.0%</b>	<b>195.1</b>	<b>188.6</b>	<b>3.4%</b>	<b>195.9</b>	<b>3.8%</b>
Restaurants & Others	48.0	56.6	-15.2%	55.5	-2.0%	195.1	188.6	3.4%	195.9	3.8%
Gas Stations	0.0	0.0	0.0%	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0%
<b>Cost of Sales and Services</b>	<b>(22.0)</b>	<b>(28.5)</b>	<b>-22.8%</b>	<b>(25.4)</b>	<b>-10.8%</b>	<b>(93.7)</b>	<b>(99.0)</b>	<b>-5.4%</b>	<b>(94.2)</b>	<b>-4.9%</b>
Direct Labor	(8.1)	(9.8)	-16.6%	(9.4)	-3.6%	(34.6)	(35.3)	-2.0%	(35.0)	-0.7%
Food	(13.2)	(17.5)	-24.6%	(15.2)	-12.8%	(55.8)	(59.5)	-6.2%	(55.9)	-6.1%
Others	(0.4)	(0.4)	-1.4%	(0.4)	13.6%	(1.5)	(1.4)	9.8%	(1.6)	16.6%
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	(0.3)	(0.9)	-64.9%	(0.4)	-59.4%	(1.8)	(2.8)	-36.0%	(1.7)	-40.1%
<b>Gross Profit</b>	<b>26.0</b>	<b>28.1</b>	<b>-7.4%</b>	<b>30.1</b>	<b>7.0%</b>	<b>101.3</b>	<b>89.6</b>	<b>13.1%</b>	<b>101.6</b>	<b>13.4%</b>
<b>Operating Expenses<sup>1</sup></b>	<b>(18.2)</b>	<b>(23.9)</b>	<b>-23.9%</b>	<b>(20.9)</b>	<b>-12.6%</b>	<b>(65.9)</b>	<b>(72.5)</b>	<b>-9.1%</b>	<b>(66.3)</b>	<b>-8.5%</b>
Selling and Operating	(6.5)	(9.2)	-28.7%	(7.5)	-18.0%	(25.6)	(28.7)	-10.9%	(26.0)	-9.5%
Rents of Stores	(4.9)	(5.6)	-12.2%	(5.7)	1.8%	(20.3)	(19.9)	1.9%	(19.9)	0.3%
Store Pre-Openings	(0.2)	(1.6)	-86.0%	(0.3)	-83.7%	(1.3)	(1.6)	-21.8%	(1.2)	-28.5%
Depreciation & Amortization	(2.6)	(3.5)	-25.0%	(3.0)	-13.5%	(9.7)	(10.2)	-5.3%	(9.8)	-4.0%
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)	0.2	(1.6)	-111.6%	0.2	-113.1%	1.5	(4.0)	-136.7%	1.5	-137.6%
General & Administrative	(4.0)	(2.4)	69.5%	(4.5)	90.2%	(10.6)	(8.1)	30.9%	(10.9)	35.0%
(+) Depreciation & Amortization	3.0	4.4	-33.2%	3.4	-22.9%	11.5	13.0	-12.0%	11.5	-11.8%
<b>Operating Income</b>	<b>10.8</b>	<b>8.6</b>	<b>24.8%</b>	<b>12.6</b>	<b>46.0%</b>	<b>46.9</b>	<b>30.1</b>	<b>55.5%</b>	<b>46.8</b>	<b>55.3%</b>
Expansion Capex	0.5	█ (1.5)	-130.9%	0.6	-135.7%	1.5	3.5	-57.0%	1.7	-50.3%
Maintenance Capex	1.1	█ 0.5	118.1%	1.3	152.2%	4.2	1.3	210.7%	4.8	259.2%
<b>Total Capex</b>	<b>1.6</b>	<b>█ (1.0)</b>	<b>na</b>	<b>1.9</b>	<b>-281.0%</b>	<b>5.6</b>	<b>█ 4.8</b>	<b>17.6%</b>	<b>6.5</b>	<b>36.0%</b>
<b>Operating Inc. - Maintenance Capex<sup>3</sup></b>	<b>9.7</b>	<b>8.1</b>	<b>18.8%</b>	<b>11.3</b>	<b>39.2%</b>	<b>42.7</b>	<b>28.8</b>	<b>48.3%</b>	<b>42.0</b>	<b>45.8%</b>

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

The comments regarding the Caribbean operations (Panama and Colombia), are in Reais and in constant currencies (using the 4Q15 FX rate to convert the results in 4Q15 and 4Q16) to eliminate the effect of exchange rate changes. They do not consider the results from discontinued operations (Mexico, the Dominican Republic and Puerto Rico).

Net revenues reached R\$55.5 million, down 2.0% YoY, or R\$195.9 million in 2016 compared to R\$188.6 million in 2015 – a 3.8% improvement.

The focus on operational excellence combined with costs reduction, led to a 450bps improvement in gross margins, with a 30bps reduction on labor costs and 340bps reduction on food costs. As a result gross profit reached R\$30.1 million in 4Q16, up 7.0% compared to 4Q15.

Regarding operating expenses in 4Q16, there was a reduction on: selling and operating (-270bps), store pre-opening expenses (-240bps) and other (-320bps). Those impacts were partially mitigated by higher G&A expenses (+400bps) and higher rent expenses (+40bps).

Operating income came at R\$12.6 million in 4Q16, up 46.0% compared to 4Q15, with an operating margin of 22.8% up from 15.3% in 4Q15. In 2016, operating income reached R\$46.8 million, up 55.3% compared to 2015.

## ADJUSTED EBITDA AND ADJUSTED MARGIN

### EBITDA RECONCILIATION

(R\$ million)	4Q16	4Q15	HA (%)	2016	2015	HA (%)
<b>NET INCOME (LOSS) FROM CONTINUED OPERATIONS</b>	<b>(65.1)</b>	<b>(67.4)</b>	<b>n.a.</b>	<b>(80.4)</b>	<b>(104.3)</b>	<b>n.a.</b>
(+) Income Taxes	8.6	(17.1)	n.a.	16.0	(24.3)	n.a.
(+) Net Financial Result	2.0	16.0	-87.4%	15.3	59.8	-74.3%
(+) D&A and Write-offs	23.0	27.7	-16.9%	93.3	105.9	-11.9%
(+) Amortization of Investments in Joint Venture	0.5	0.6	-14.1%	2.2	2.3	n.a.
<b>EBITDA</b>	<b>(30.9)</b>	<b>(40.2)</b>	<b>n.a.</b>	<b>46.4</b>	<b>39.3</b>	<b>17.9%</b>
(+) Special Items	48.6	64.0	-24.1%	54.2	71.2	-23.8%
<b>Adjusted EBITDA</b>	<b>17.7</b>	<b>23.8</b>	<b>-25.6%</b>	<b>100.6</b>	<b>110.6</b>	<b>-9.0%</b>
<i>EBITDA / Net Revenues</i>	-8.5%	-9.8%		3.0%	2.4%	
<i>Adjusted EBITDA / Net Revenues</i>	4.9%	5.8%		6.5%	6.8%	

\* See EBITDA and Adjusted EBITDA definitions in the Glossary.

The Company's Adjusted EBITDA, excluding non-recurring items, reached R\$17.7 million in 4Q16, with an adjusted EBITDA margin of 4.9% vs. 5.8% in 4Q15. The special items refer to: i) incremental provisions for store closures – R\$30.3 million; ii) contingencies (labor, fiscal and civil) – R\$8.2 million; iii) consulting expenses related to the S&OP project implementation – R\$4.2 million iv) corporate and management restructuring expenses (both in Brazil and abroad) – R\$5.9 million.

## FINANCIAL RESULT, INCOME TAX AND NET INCOME

The Company recorded a net financial expense of R\$2.0 million, compared to a net financial expense of R\$16.0 million in 4Q15, as a result of the deleveraging processes that started in 4Q15.

Income taxes totaled R\$8.6 million, versus a tax recovery of R\$17.1 million in 4Q15.

The Company recorded a net loss of R\$65.1 million in 4Q16, compared to a net loss of R\$67.4 million in 4Q15.

## SELECTED CASH FLOW INFORMATION

### OPERATING ACTIVITIES

EBITDA Reconciliation to Operating Cash Flow (R\$ Million)	4Q16	4Q15	Var. (%)	2016	2015	Var. (%)
<b>Adjusted EBITDA</b>	<b>17.7</b>	<b>23.8</b>	<b>-25.6%</b>	<b>100.6</b>	<b>110.5</b>	<b>-9.0%</b>
Special Items	(48.6)	(64.0)	n.a.	(54.2)	(71.2)	n.a.
(+/-) Other Non-Cash Impact on IS	28.6	8.3		51.8	28.5	
(+/-) Working Capital	28.7	21.4		12.1	26.4	
<b>Operating Cash Before Taxes and Interest</b>	<b>26.4</b>	<b>(10.5)</b>	<b>n.a.</b>	<b>110.3</b>	<b>94.3</b>	<b>17.0%</b>
(-) Paid Taxes	(6.3)	1.4		(10.2)	(2.5)	
(-) Maintenance Capex	(3.3)	(3.5)		(16.3)	(12.7)	
<b>Net Cash Generated by Operating Activities</b>	<b>16.8</b>	<b>(12.6)</b>	<b>n.a.</b>	<b>83.8</b>	<b>79.2</b>	<b>5.9%</b>
<b>Operating Net Cash/EBITDA</b>	<b>95.1%</b>	<b>-53.0%</b>	<b>148.1 p.p.</b>	<b>83.3%</b>	<b>71.6%</b>	<b>11.7 p.p.</b>

Operating cash flow totaled R\$16.8 million in 4Q16 (compared to a negative R\$12.6 million in 4Q15), and R\$83.8 million in 2016 compared to R\$79.2 million in 2015.

### INVESTING ACTIVITIES

Investing Activities (in R\$ million)	4Q16	4Q15	HA (%)	2016	2015	HA (%)
Fixed Assets Addition	(21.5)	(5.4)	300.4%	(61.0)	(35.8)	70.4%
Intangible Assets Addition	(1.6)	(0.3)	463.5%	(39.2)	(8.6)	358.0%
(=) TOTAL CAPEX Investment	(23.1)	(5.7)	308.7%	(100.2)	(44.4)	125.8%
Payment from previous acquisitions	(0.1)	(14.2)	-99.2%	(79.5)	(67.6)	17.5%
Proceeds from Assets Sale	0.0	0.0		174.8	0.0	n.a.
<b>Total investments in the period</b>	<b>(23.3)</b>	<b>(19.9)</b>	<b>17.0%</b>	<b>(4.8)</b>	<b>(112.0)</b>	<b>-95.7%</b>

CAPEX (in R\$ million)	4Q16	4Q15	HA (%)	2016	2015	HA (%)
<b>Expansion</b>						
<b>Brazilian Operations</b>	<b>16.4</b>	<b>2.1</b>	<b>na</b>	<b>26.3</b>	<b>15.1</b>	<b>na</b>
<i>Brazil - Air</i>	<i>4.7</i>	<i>0.7</i>	<i>na</i>	<i>7.9</i>	<i>13.5</i>	<i>na</i>
<i>Brazil - Roads</i>	<i>6.6</i>	<i>0.0</i>	<i>-</i>	<i>10.1</i>	<i>0.0</i>	<i>-</i>
<i>Brazil - Malls</i>	<i>5.0</i>	<i>1.4</i>	<i>na</i>	<i>8.3</i>	<i>1.5</i>	<i>na</i>
<b>USA Operations</b>	<b>2.7</b>	<b>0.8</b>	<b>229.3%</b>	<b>19.9</b>	<b>9.7</b>	<b>104.8%</b>
<b>Caribbean Operations</b>	<b>0.5</b>	<b>-1.5</b>	<b>-130.9%</b>	<b>1.5</b>	<b>3.5</b>	<b>-57.0%</b>
<b>Holding</b>	<b>0.3</b>	<b>0.9</b>	<b>-60.9%</b>	<b>36.2</b>	<b>3.5</b>	<b>922.8%</b>
<b>Total Expansion Investments</b>	<b>19.8</b>	<b>2.2</b>	<b>801.1%</b>	<b>83.9</b>	<b>31.8</b>	<b>164.0%</b>
<b>Maintenance</b>						
<b>Brazilian Operations</b>	<b>1.1</b>	<b>2.4</b>	<b>-54.3%</b>	<b>4.3</b>	<b>9.3</b>	<b>-53.9%</b>
<i>Brazil - Air</i>	<i>0.3</i>	<i>0.7</i>	<i>-57.6%</i>	<i>1.5</i>	<i>4.5</i>	<i>-67.2%</i>
<i>Brazil - Roads</i>	<i>0.7</i>	<i>0.8</i>	<i>-11.3%</i>	<i>1.3</i>	<i>2.4</i>	<i>-45.5%</i>
<i>Brazil - Malls</i>	<i>0.1</i>	<i>0.8</i>	<i>-93.4%</i>	<i>1.5</i>	<i>2.4</i>	<i>-37.6%</i>
<b>USA Operations</b>	<b>0.2</b>	<b>0.6</b>	<b>-61.7%</b>	<b>2.9</b>	<b>2.0</b>	<b>45.9%</b>
<b>Caribbean Operations</b>	<b>1.1</b>	<b>0.5</b>	<b>na</b>	<b>4.2</b>	<b>1.3</b>	<b>na</b>
<b>Holding</b>	<b>0.9</b>	<b>0.0</b>	<b>-</b>	<b>4.9</b>	<b>0.0</b>	<b>-</b>
<b>Total Maintenance Investments</b>	<b>3.3</b>	<b>3.5</b>	<b>-4.8%</b>	<b>16.3</b>	<b>12.7</b>	<b>28.6%</b>
<b>Total CAPEX Investments</b>	<b>23.1</b>	<b>5.7</b>	<b>308.7%</b>	<b>100.2</b>	<b>44.4</b>	<b>125.4%</b>

Total CAPEX increased by R\$17.4 million in 4Q16 totaling R\$23.1 million, mainly due to expansion capex in Brazil and US. In 2016, total CAPEX reached R\$100.2million, 125.4% up compared to 2015; however, it is important to note that the Capex in 2016 was impacted by key money payments related to the Air Operations in Brazil totaling R\$34.2 million.

Concerning growth CAPEX in 4Q16, IMC invested mainly in the new stores opened at the Brazilian airports, new pilot stores in malls and roads; Miami airport, Mall of America, Cleveland and Jackson Memorial Hospital, in the US; and in malls in Colombia and new stores at the Panama airport.

Maintenance CAPEX in 4Q16 is mainly related to the replacement of machinery and utensils of stores, façade improvements at Frango Assado and related to food safety projects in Brazil, restaurants in the US and in the Caribbean.

## FINANCING ACTIVITIES

The Company's financing cash flow in 4Q16 was mainly affected by loan amortizations and the share buy-back program.

FINANCING ACTIVITIES (R\$ million)	4Q16	4Q15	2016	2015
Capital Contributions	0.0	281.8	46.8	281.8
Capital Contributions - minority interest	0.0	12.0	0.2	12.0
Treasury Shares	(8.6)	0.0	(19.0)	0.0
New Loans	0.0	0.1	2.3	31.7
Payment of Loans	(16.8)	(58.9)	(172.2)	(84.9)
<b>Net Cash Generated by Financing Activities</b>	<b>(25.4)</b>	<b>235.0</b>	<b>(142.0)</b>	<b>240.6</b>

Considering payments to former owners of certain companies acquired in the past (seller finance) as debt, debt amortization totaled R\$16.9 million in 4Q16.

Total debt amortization (R\$ million)	4Q16	4Q15	2016	2015
Acquisitions, net of cash (Sellers Financing)	(0.1)	(14.2)	(79.5)	(67.6)
New Loans	0.0	0.1	2.3	31.7
Loan Amortization	(16.8)	(58.9)	(172.2)	(84.9)
<b>Total debt amortization</b>	<b>(16.9)</b>	<b>(73.0)</b>	<b>(249.4)</b>	<b>(120.8)</b>

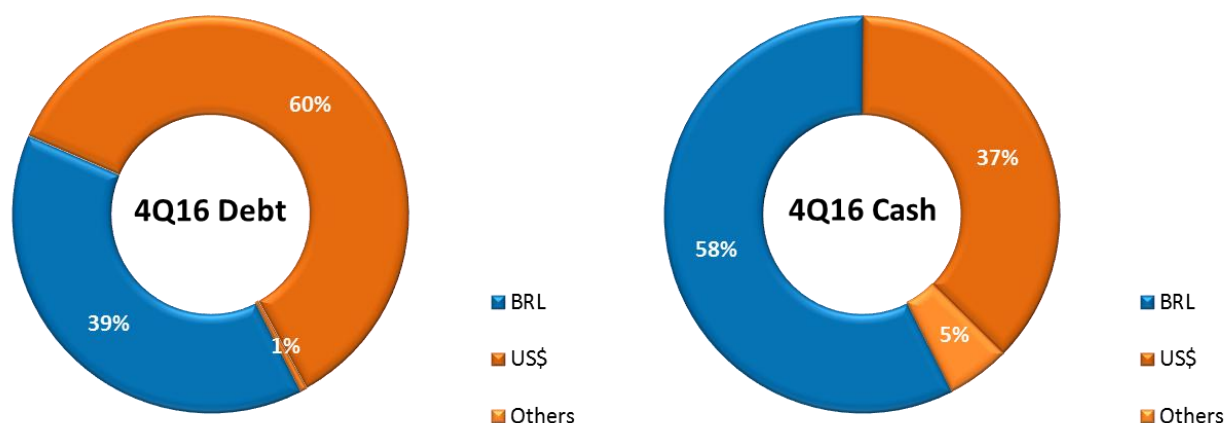
## DEBT

### Net Debt

As a consequence of the successful implementation of the deleveraging strategy, the Company ended the year with a net cash position of R\$30.6 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.

<i>R\$ million</i>	<b>4Q16</b>	<b>4Q15</b>
Debt	122.7	329.2
Financing of past acquisitions	33.8	100.2
Point of Sales rights	3.0	52.6
<b>Total Debt</b>	<b>159.5</b>	<b>482.0</b>
 (-) Cash	 -190.1	 -289.4
<b>Net Debt</b>	<b>(30.6)</b>	<b>192.6</b>

Below is the breakdown of our total debt and cash by currency in 4Q16.



## CONDENSED INCOME STATEMENT

### CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (R\$ thousand)

	4Q16	4Q15	2016	2015
NET REVENUE	363,196	410,555	1,540,638	1,615,058
COST OF SALES AND SERVICES	(256,956)	(290,071)	(1,068,226)	(1,137,266)
GROSS PROFIT	106,240	120,484	472,412	477,792
OPERATING INCOME (EXPENSES)				
Commercial and operating expenses	(76,672)	(89,832)	(337,334)	(338,430)
General and administrative expenses	(30,479)	(30,272)	(111,238)	(109,543)
Depreciation and amortization	(8,598)	(11,901)	(35,608)	(46,063)
Impairment	(27,753)	(35,881)	(27,753)	(35,881)
Other income (expenses)	(17,920)	(21,785)	(15,432)	(21,720)
Equity income result	721	656	5,879	5,010
Net financial expenses	(2,019)	(15,990)	(15,349)	(59,781)
INCOME (LOSS) BEFORE INCOME TAXES	(56,480)	(84,521)	(64,423)	(128,616)
Income Taxes	(8,646)	17,146	(15,979)	24,306
NET INCOME (LOSS) FOR THE QUARTER FROM CONTINUED OPERATIONS	(65,126)	(67,375)	(80,402)	(104,310)
RESULT FROM DISCONTINUED OPERATIONS	0	(2,197)	3,972	5,409
NET INCOME (LOSS) FOR THE QUARTER	(65,126)	(69,572)	(76,430)	(98,901)



## CONDENSED BALANCE SHEET

### CONDENSED STATEMENTS OF FINANCIAL POSITION

(R\$ thousand)

12/31/2016

12/31/2015

#### ASSETS

##### CURRENT ASSETS

Cash and cash equivalents	190,108	289,390
Accounts receivable	70,567	70,586
Inventories	35,101	40,857
Derivatives	5,169	12,857
Other current assets	48,038	38,419
Assets from discontinued operations	0	511,492
Total current assets	348,983	963,601

##### NONCURRENT ASSETS

Deferred income taxes	626	720
Derivatives	1,399	18,256
Other noncurrent assets	63,197	64,266
Property and equipment	252,429	281,654
Intangible assets	836,774	896,466
Total noncurrent assets	1,154,425	1,261,362

##### TOTAL ASSETS

1,503,408 2,224,963

#### LIABILITIES AND EQUITY

##### CURRENT LIABILITIES

Trade accounts payable	85,815	75,582
Loans and financing	61,797	144,656
Salaries and payroll charges	63,976	49,624
Other current liabilities	37,005	43,226
Liabilities from Discontinued operations	0	260,105
Total current liabilities	248,593	573,193

##### NONCURRENT LIABILITIES

Loans and financing	104,313	368,469
Provision for labor, civil and tax disputes	26,997	13,596
Deferred income tax liability	62,569	47,858
Other noncurrent liabilities	30,282	17,719
Total noncurrent liabilities	224,161	447,642

##### EQUITY

Capital and reserves	1,152,775	1,122,662
Accumulated losses	(104,097)	(27,667)
Other comprehensive income	(18,024)	24,697
Amounts recognized in other comprehensive income and accumulated in equity related to assets held for sale	0	72,437
Total equity	1,030,654	1,192,129
Non-Controlling Interest	0	11,999

##### TOTAL LIABILITIES AND EQUITY

1,503,408 2,224,963

## CASH FLOW STATEMENT

### CONDENSED STATEMENTS OF CASH FLOWS (R\$ thousand)

	4Q16	4Q15	2016	2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income (loss) for the quarter	(65,126)	(67,375)	(80,402)	(104,310)
Depreciation and amortization	23,036	27,714	93,272	105,898
Impairment of intangible assets (using)	(19,450)	-	(33,286)	-
Impairment of intangible assets (provision)	27,753	35,881	27,753	35,881
Investment amortization	515	600	2,178	2,283
Equity income result	(1,236)	(1,256)	(8,057)	(7,293)
Provision for labor, civil and tax disputes	7,682	2,861	10,822	7,558
Income taxes	8,646	(17,146)	15,979	(24,306)
Interest expenses	3,687	13,248	23,399	47,933
Effect of exchange rate changes	(800)	(1,088)	23,375	3,798
Disposal of property and equipment	20,724	8,630	35,371	9,806
Deferred Revenue, Rebates	(2,194)	(3,302)	(5,578)	(6,098)
Expenses in payments to employees based in stock plan	(3,331)	1,506	2,323	3,047
Others	(2,233)	(31,950)	(8,964)	(6,095)
Changes in operating assets and liabilities	28,720	21,169	12,107	26,173
Cash generated from operations	26,393	(10,508)	110,292	94,275
Income tax paid	(6,278)	1,380	(10,172)	(2,453)
Interest paid	(5,350)	(11,153)	(24,566)	(50,359)
Net cash generated by (used in) operating activities	14,765	(20,281)	75,554	41,463
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital increase in subsidiaries	-	6,416	-	-
Acquisitions of controlling interest, net of cash	(117)	(14,216)	(79,456)	(67,633)
Dividends received	2,006	2,227	10,365	9,178
Sale of controlling interest in discontinued operations, net of cash	-	-	174,796	-
Additions to intangible assets	(1,623)	(288)	(39,164)	(8,551)
Additions to property and equipment	(21,515)	(5,373)	(61,005)	(35,805)
Net cash used in investing activities from continued operations	(21,249)	(11,234)	5,536	(102,811)
Net cash used in investing activities from discontinued operations	-	(13,338)	-	14,232
Net cash used in investing activities	(21,249)	(24,572)	5,536	(88,579)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Capital contributions	-	281,812	46,807	281,812
Capital contributions from minority interest	20	11,999	178	11,999
Treasury shares	(8,642)	-	(19,017)	-
New loans	-	107	2,297	31,670
Payment of loans	(16,762)	(58,884)	(172,243)	(84,862)
Net cash used in financing activities	(25,384)	235,034	(141,978)	240,619
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>				
	(427)	(909)	(38,394)	11,067
NET INCREASE (DECREASE) FOR THE PERIOD	(32,295)	189,272	(99,282)	204,570
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	222,403	100,118	289,390	84,820
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	190,108	289,390	190,108	289,390

## 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	3.210	3.501	0.0011	0.0012
3Q16	3.246	3.246	0.0011	0.0011
4Q16	3.298	3.285	0.0011	0.0011

### 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.