

Brazil Fast Food Announces Fourth Quarter and Fiscal Year 2014 Results

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RIO DE JANEIRO, BRAZIL--(Marketwired - April 02, 2015) - **Brazil Fast Food Corp.** (OTC PINK: BOBS) ("Brazil Fast Food", or "the Company"), the second largest fast-food restaurant chain in Brazil with 1,257 points of sale, operating under (i) the Bob's brand, (ii) the Yoggi brand, (iii) KFC and Pizza Hut São Paulo as franchisee of Yum! Brands, and (iv) Doggis as master franchisee of Gastronomía & Negocios S.A. (former Grupo de Empresas Doggis S.A.), today announced financial results for the fourth quarter and fiscal year ended December 31, 2014.

Fiscal Year 2014 Highlights

- System-wide sales totaled R\$ 1,488 million, up 13.7% from 2013
- Net revenue totaled R\$ 299.7 million, up 15.6% from 2013
- Points of sale totaled 1,257 at the end of 2014, up from 1,165 at the end of 2013
- EBITDA was R\$ 43 million, up 10% from R\$ 39.1 million in 2013
- Operating income was R\$ 34.7 million, up 4.3% from R \$33.3 million in 2013
- Net income was R\$ 26.3 million, or R\$ 3.24 per basic and diluted share

Fourth Quarter 2014 Highlights

- System-wide sales totaled R\$ 439.3 million, up 12.5% from the fourth quarter of 2013
- Revenue totaled R\$ 86.6 million, up 15.1% from the fourth quarter of 2013
- EBITDA was R\$ 12.2 million, up 14.2% compared to R\$ 10.7 million in the fourth quarter of 2013
- Operating income was R\$ 9.7 million, up 8.0% compared to R\$ 9 million in the fourth quarter of 2013
- Net income was R\$6.6 million, or R\$ 0.82 per basic and diluted share

Note that all numbers are in Brazilian currency.

"During 2014, Brazil Fast Food was able to achieve double-digit growth in revenues despite the worst economic environment in many years. A stagnant economy, growing unemployment, shrinking investment, and wide-spread civil unrest all created headwinds for quick serve restaurants. Given the sensitivity of our business to consumer incomes, we believe we have managed the performance of our brands reasonably well," said Mr. Ricardo Bomeny, CEO and CFO of Brazil Fast Food. "For 2014, EBITDA grew at 10%, while net income and EPS improved dramatically due to more favorable tax treatment. However, our margins continued to be pressured by relatively high inflation, including escalating expenses for materials, wages, and leasing, not all of which could be passed through to consumers.

"We continued to expand and optimize our store footprint during this past year, with 143 new store openings and 51 closures of underperforming locations. Our new marketing and store upgrade program for Bob's has been well received, with total sales up by 12.5% and same-store sales up by 6.1%, and we plan to continue to roll out this program in 2015. We have also reworked the Yoggi frozen yogurt brand under two concepts, Yoggi Desigual, featuring fruit-flavored yogurt with no artificial ingredients or chemicals, and Yoggi L.A.B., which is a low investment, micro-franchise designed for small spaces, including store-in-store locations. Yoggi total sales were up by 26.7% and same-store sales were up by 4.3%. We also made progress in refining the Doggis brand to suit Brazilian tastes, with total sales up 48.1% and same-store sales up by 6.6% in 2014. That said, both Yoggis and Doggis need to gain considerable scale before they are viable as franchise models. Sales in the Pizza Hut brand grew by 24.9% in 2014, due to the opening of four new outlets in high profile locations, including three in Sao Paulo airports, but the initial volumes and profitability of these stores were below our expectations.

"The profitability of our owned-and-operated stores continued to be very challenging, with operating margin for owned stores declining to 2.8% in 2014 from 5.0% in 2013. Our Bob's owned stores were barely profitable, our KFC brand had an operating loss of \$1.5 million, and our Pizza Hut stores had an operating profit of \$7.4 million.

"By contrast, the operating profit from franchised operations continued to grow swiftly, up 21.3% to R\$ 45.9 million in 2014. Our operating

margin for franchised operations expanded to 75.5% in 2014 from 72.1% in 2013, as we gain leverage in negotiating materials from suppliers and enjoy economies of scale," said Mr. Bomeny.

Fourth Quarter 2014 Results

System-wide sales grew 11.1% in the fourth quarter to R\$ 439.3 million, driven by an increase in the number of franchised points of sale and some increase in ticket prices.

Total revenue for the fourth quarter of 2014 was R\$ 86.6 million, up by 15.1% as compared to R\$ 74.1 million in the fourth quarter of 2013, due to higher revenues from franchisees and own-operated restaurants.

Net restaurant sales for company-owned restaurants increased 20.4% year-over-year to R\$ 68.8 million in the fourth quarter of 2014, driven by higher sales at Bob's and Pizza Hut.

Net revenue from franchisees increased 4.6% year-over-year to R\$ 17.7 million, driven primarily by an increase in the number of franchised retail outlets to 1,080, as compared to 956 a year ago.

Operating income for the fourth quarter of 2014 was R\$ 9.7 million, an increase of 8% from R\$ 9 million in the fourth quarter of 2013. Operating margin in the fourth quarter of 2014 declined to 11.2%, as compared to 12.1% in the fourth quarter of 2013, due to increased costs for materials, labor, and occupancy in the Company's owned-and-operated restaurants.

EBITDA in the fourth quarter of 2014 was R\$ 12.2 million, up by 14.2% as compared to R\$ 10.7 million in the fourth quarter of 2013. EBITDA margin was 14.0%, as compared to 14.3% in the fourth quarter of 2013. Please refer to Table No. 4 in this press release for a reconciliation of EBITDA to its nearest IFRS equivalent.

Interest expense was R\$ 0.9 million in the fourth quarter of 2014, as compared to interest expense of R\$ 2.3 million in the fourth quarter of 2013.

Net income in the fourth quarter of 2014 was R\$ 6.6 million, or R\$ 0.82 per basic and diluted share, as compared to R\$ 3.6 million, or R\$ 0.44 per basic and diluted share in the fourth quarter of 2013.

Fiscal Year 2014 Results

For the twelve months ended December 31, 2014, total revenue was R\$ 299.7 million, up 16% from R\$ 223.4 million in 2013.

Net restaurant sales for company-owned restaurants increased 15.5% year-over-year to R\$ 238.8 million in 2014, driven by higher sales at Bob's and Pizza Hut.

Net revenue from franchisees increased 15.8% year-over-year to R\$ 60.9 million, driven primarily by an increase in the number of franchised retail outlets to 1,154, as compared to 1,080 a year ago.

Same own-store sales, which measure the performance of stores open for more than a year, were up 5.5% for the twelve months ended December 31, 2014, versus comparable periods in 2013, driven by face-lifts at some Bob's stores, promotions and marketing campaigns. Our operating income and net income were negatively impacted by the rise in the purchase price of some products due to inflationary pressures.

Operating income in 2014 was R\$ 34.7 million, up 4.3% from R\$ 33.3 million in 2013. Operating margin was 11.6% for 2014 compared to 12.8% in 2013. EBITDA in 2014 was R\$ 43 million, up 10% as compared to R\$ 39.1 million in 2013.

Net income in 2014 was R\$ 26.3 million, as compared to net income of R\$ 19.9 million in 2013. Basic and diluted net income per share was R\$ 3.24 in 2014, as compared to basic and diluted net income per share of R\$ 2.45 in 2013.

Financial Condition

As of December 31, 2014, the Company had R\$ 60.1 million in cash and equivalents, up from R\$ 50.1 million as of December 31, 2013. Working capital was R\$ 56.8 million at the end of 2014, up from R\$ 41.9 million as of December 31, 2013. Debt obligations with financial institutions was R\$ 28.2 million as of December 31, 2014, up from R\$23.6 million as of December 31, 2013. Total shareholders' equity was R\$ 111.9 million at the end of 2014, compared to R\$ 80.8 million at the end of 2013.

Key Events

The Company has entered into a definitive merger agreement pursuant to which Queijo Holding Corp. ("Queijo Holding"), a company that represents stockholders that constitute a controlling interest in the Company (the "Controlling Stockholders"), will acquire all of the shares that the Controlling Stockholders do not currently own for a cash price of \$18.30 per share, valuing the total equity of the Company at approximately \$148.3 million.

The Controlling Stockholders collectively own 6,106,002 shares of common stock of the Company, or 75.34% of all shares of common stock issued and outstanding. In addition, two independent stockholder groups of the Company, which collectively represent approximately 41% of the shares of common stock held by minority stockholders, have approached the Controlling Stockholders and agreed to support the transaction.

The Company's Board of Directors, acting on the recommendation of a Special Committee of independent directors, unanimously approved the merger agreement under which Queijo Holding Corp. will acquire the Company and take it private subject to a number of conditions, including Queijo Holding's obtaining financing and the approval of the majority of the non-controlling stockholders. The merger is expected to close during the second quarter of 2015.

In connection with the transaction, the Company will send its stockholders a proxy statement and other documents, including a form of proxy card. The proxy statement and a form of proxy will be mailed to the Company's stockholders. Stockholders are urged to read the proxy statement and any other documents sent to them carefully because they will contain important information about the transaction. In addition, Stockholders will be able to view the proxy statement at the Company's website www.bffc.com.br. The shareholders' Meeting will be held on April 30, 2015.

Business Outlook

In 2015, the company expects to expand the renovation program for its Bob's stores and continue a higher level of investment in advertising and promotion in order to support the growth of its brands in Brazil and respond to international competitors.

"Brazil's economic environment is continuing to be as challenging as at any point in the past decade in 2015, with GDP expected to shrink this year, unemployment recently rising to 5.9%, and inflation running at 7.9% in the first quarter. As a result, the Brazilian central bank has raised interest rates to 12.75% which may brake spending and investment even further," Mr. Bomeny said. "This confirms our view that near-to medium-term operating conditions will be very difficult, even as we continue to invest heavily in the long-term potential of our brands. As a result, we believe that we will be able to operate more effectively as a private company with greater discretion to make decisions that could have a negative impact on current profitability and allows us to nurture and scale up our brands."

About Brazil Fast Food Corp.

Brazil Fast Food Corp., through its holding company in Brazil, BFFC do Brasil Participações Ltda. ("BFFC do Brasil", formerly 22N Participações Ltda.), and its subsidiaries, manage one of the largest food service groups in Brazil and franchise units in Angola and Chile. Our subsidiaries are Venbo Comércio de Alimentos Ltda. ("Venbo"), LM Comércio de Alimentos Ltda. ("LM"), PCN Comércio de Alimentos Ltda. ("PCN"), CFK Comércio de Alimentos Ltda. ("CFK", formerly Clematis Indústria e Comércio de Alimentos e Participações Ltda.), CFK São Paulo Comércio de Alimentos Ltda. ("CFK SP"), MPSC Comércio de Alimentos Ltda. ("MPSC"), DGS Comércio de Alimentos Ltda. ("DGS"), CLFL Comércio de Alimentos Ltda. ("CLFL"), Little Boss Comércio de Alimentos Ltda. ("Little Boss"), Separk Comércio de Alimentos Ltda. ("Separk"), Schott Comércio de Alimentos Ltda. ("Schott"), FCK Franquias e Participações Ltda. ("FCK", formerly Suprilog Logística Ltda.), Yoggi do Brasil Ltda. ("Yoggi"), Aerofood Comércio de Alimentos Ltda. ("Aerofood"), Bigburger Caxias Lanchonetes Ltda. ("Bigburger"), WP Comércio de Alimentos Ltda. ("WP"), DC Américas Comércio de Alimentos Ltda. ("DC Americas"), Olifreitas Comércio de Alimentos Ltda. ("Olifreitas"), Airfood Comércio de Alimentos Ltda. ("Airfood"), and Internacional Restaurantes do Brasil S.A. ("IRB"). IRB has 40% of its capital held by individuals, including the CEO of IRB.

Forward Looking Statements

This press release contains forward-looking statements regarding Brazil Fast Food's future anticipated results and about the Company's definitive agreement to go private, its and the Controlling Stockholders' relationship to Brazil Fast Food and its views regarding Brazil Fast Food. All forward-looking statements contained in this press release are subject to various risks and uncertainties that could materially affect these matters including, without limitation, whether that agreement will be consummated and there can be no assurance that the transaction contained in the merger agreement will be approved by the minority stockholders of the Company, that financing will be obtained, or that otherwise any transaction will be consummated.

FINANCIAL TABLES FOLLOW

BRAZIL FAST FOOD CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENTS OF OPERATIONS
(in thousands of Brazilian Reais, except share amounts)

	Year Ended December 31,	
	2014	2013
<i>REVENUES FROM RESTAURANTS AND FRANCHISEES</i>		
Net Revenues from Own-operated Restaurants	R\$ 238.834	R\$ 206.688
Net Revenues from Franchisees	60.878	52.552
TOTAL REVENUES FROM RESTAURANTS AND FRANCHISEES	299.712	259.240
<i>OPERATING COST AND EXPENSES</i>		
Store Costs and Expenses	(232.137)	(196.311)
Franchise Costs and Expenses	(14.887)	(14.656)
Administrative Expenses	(36.122)	(34.120)
Income from Trade Partners	25.167	26.773
Other Income	2.487	1.283
Other Operating Expenses	(9.500)	(11.789)
Net result of assets sold	23	2.878
TOTAL OPERATING COST AND EXPENSES	(264.969)	(225.942)
OPERATING INCOME	34.743	33.298
Interest Expense, net	(3.895)	(2.431)
NET INCOME BEFORE INCOME TAX	30.848	30.867
Income taxes - deferred	(17)	2.343
Income taxes - current	(5.672)	(12.666)
NET INCOME BEFORE NON-CONTROLLING INTEREST	25.159	20.544
Net (income) loss attributable to non-controlling interest	1.167	(621)
NET INCOME ATTRIBUTABLE TO BRAZIL FAST FOOD CORP.	R\$ 26.326	R\$ 19.923
NET INCOME LOSS PER COMMON SHARE BASIC AND DILUTED	R\$ 3,24	R\$ 2,45
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING: BASIC AND DILUTED	8.116.545	8.129.437

BRAZIL FAST FOOD CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENTS OF OPERATIONS
(in thousands of Brazilian Reais, except share amounts)

	Three Months Ended December 31,	
	2014	2013
<i>REVENUES FROM RESTAURANTS AND FRANCHISEES</i>		
Net Revenues from Own-operated Restaurants	R\$ 68.817	R\$ 57.170
Net Revenues from Franchisees	17.738	16.954
TOTAL REVENUES FROM RESTAURANTS AND FRANCHISEES	86.555	74.124
<i>OPERATING COST AND EXPENSES</i>		
Store Costs and Expenses	(66.623)	(53.822)
Franchise Costs and Expenses	(2.673)	(2.871)
Administrative Expenses	(11.140)	(10.467)
Income from Trade Partners	6.077	7.293
Other Income	913	671

Other Operating Expenses	(2.836)	(6.609)
Net result of assets sold	(565)	670
TOTAL OPERATING COST AND EXPENSES	(76.847)	(65.135)
OPERATING INCOME	9.708	8.989
Interest Expense, net	(926)	(2.341)
NET INCOME BEFORE INCOME TAX	8.782	6.648
Income taxes - current	(2.099)	(2.876)
NET INCOME BEFORE NON-CONTROLLING INTEREST	6.683	3.772
Net (income) loss attributable to non-controlling interest	(69)	(200)
NET INCOME ATTRIBUTABLE TO BRAZIL FAST FOOD CORP.	R\$ 6.614	R\$ 3.572
NET INCOME LOSS PER COMMON SHARE BASIC AND DILUTED	R\$ 0,82	R\$ 0,44
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING: BASIC AND DILUTED	8.104.687	8.129.437

**BRAZIL FAST FOOD CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
EBITDA RECONCILIATION
(in thousands of Brazilian Reais)**

	Twelve Months Ended December 31,	
	2014	2013
NET INCOME (LOSS)	R\$ 26.326	R\$ 19.923
Interest expenses, Monetary and Foreign exchange loss	3.895	2.431
Income taxes	5.689	10.323
Depreciation and amortization - Stores	11.139	8.816
Attributable to non-controlling interest	(4.033)	(2.350)
EBITDA	R\$ 43.016	R\$ 39.144

	Three Months Ended December 31,	
	2014	2013
NET INCOME (LOSS)	R\$ 6.614	R\$ 3.572
Interest expenses, Monetary and Foreign exchange loss	926	2.341
Income taxes	2.099	2.876
Depreciation and amortization - Stores	3.543	2.663
Attributable to non-controlling interest	(1.020)	(804)
EBITDA	R\$ 12.162	R\$ 10.648

**BRAZIL FAST FOOD CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
BALANCE SHEETS - ASSETS
(in thousands of Brazilian Reais, except share amounts)**

	December 31,	
	2014	2013
CURRENT ASSETS:		
Cash and cash equivalents	R\$60.861	R\$ 50.083
Inventories	4.091	3.090
Accounts receivable	40.661	31.760
Prepaid expenses	1.273	747
Advances to suppliers	5.463	2.962

Marketing fund credits	1.463	717
Other current assets	4.793	3.761
TOTAL CURRENT ASSETS	118.605	93.120
NON-CURRENT ASSETS:		
Deferred tax asset	10.627	10.644
Goodwill	1.121	1.121
Other receivables and other assets	14.657	13.118
Property and equipment, net	60.885	47.240
Intangible assets, net	12.555	13.463
TOTAL NON-CURRENT ASSETS	99.845	85.586
TOTAL ASSETS	R\$218.450	R\$ 178.706

BRAZIL FAST FOOD CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
BALANCE SHEETS - LIABILITIES AND EQUITY
(in thousands of Brazilian Reais, except share amounts)

	December 31,	
	2014	2013
CURRENT LIABILITIES:		
Loans and financing	R\$ 15.794	R\$ 12.816
Accounts payable and accrued expenses	18.851	13.941
Payroll and related accruals	10.745	6.501
Taxes	9.396	7.884
Current portion of deferred income	5.422	7.537
Current portion of litigations and reassessed taxes	572	2.381
Other current liabilities	1.004	144
TOTAL CURRENT LIABILITIES	61.784	51.204
Deferred income, less current portion	5.047	8.877
Loans and financing, less current portion	12.416	10.744
Litigations and reassessed taxes, less current portion	22.251	20.190
Other liabilities	1.460	2.170
TOTAL NON-CURRENT LIABILITIES	41.174	41.981
TOTAL LIABILITIES	102.958	93.185
EQUITY		
Preferred stock, \$.01 par value, 5,000 shares authorized; no shares issued	-	-
Common stock, \$.0001 par value, 12,500,000 shares authorized; 8,472,927 shares issued for both 2014 and 2013; and 8,104,687 and 8,129,437 shares outstanding for 2014 and 2013	1	1
Additional paid-in capital	61.148	61.148
Treasury Stock (368,240 and 343,490)	(3.026)	(2.060)
Retained earnings	49.776	23.450
Accumulated comprehensive income (loss)	4.009	(1.769)
TOTAL EQUITY	111.908	80.770
Non-Controlling Interest	3.584	4.751
TOTAL EQUITY	115.492	85.521
TOTAL LIABILITIES AND EQUITY	R\$ 218.450	R\$ 178.706

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