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RIO DE JANEIRO, BRAZIL--(Marketwired - August 15, 2014) - **Brazil Fast Food Corp.** (PINKSHEETS: BOBS) ("Brazil Fast Food", or "the Company"), one of the largest food service groups in Brazil with 1,235 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 Gastronomia & Negocios S.A. (former Grupo de Empresas Doggis S.A.), today announced financial results for the second quarter ended June 30, 2014.

Q2 2014 Highlights

- System-wide sales totaled R$ 338.6 million, up 18.4% from Q2 2013
- Revenue totaled R$ 71.9 million, up 26% from Q2 2013
- Points of sale totaled 1,235 at June 30, 2014 (including 523 kiosks and 21 temporary points of sale), up from 1,057 at June 30, 2013
- EBITDA was R$ 11.5 million, up 49% from R$ 7.7 million in Q2 2013
- Operating income was R$ 9.5 million, up 51% from R $6.3 million in Q2 2013
- Net income was R$ 7.0 million, or R$ 0.86 per basic and diluted share

Note that all numbers are in Brazilian currency. (R$2.2156/US$ as of 06/28/2013 and R$2.2025/US$ as of 06/30/2014)

"We are pleased with our performance in the second quarter of 2014, in which we grew revenues by 26% and our operating income by 51% despite what continues to be a challenging economic environment in Brazil. These results reflect the continued expansion of the Bob's restaurant concept, primarily through franchised operations, which produce excellent profitability. The anticipation of school vacations to June due to the FIFA World Cup, accelerated an increase in sales that would normally occur in July, thus producing a temporary positive effect in our results in Q2 2014.

"Nevertheless, sales at our restaurants were negatively impacted by demonstrations and strikes that affected the transportation system in May and by the World Cup, which reduced traffic in restaurants and increased traffic in bars during the second half of the month of June and in July. The number of transactions in comparable stores in the BFFC system decreased 4.67% in May and 2.05% in June, counterbalanced by sales of higher value added sandwiches," said Mr. Ricardo Bomeny, CEO of Brazil Fast Food.

"Looking in more detail at our brands, we are delighted with the performance of our franchised stores, where net franchise revenues grew 31.7% in the quarter. The number of franchise outlets grew very rapidly to 1,134, from 982 on June 30, 2013, reflecting the popularity of our products and strong franchisee interest. That said, we are making additional efforts to ensure that the food, service, and ambiance are at a high level of excellence and consistency across the network.

"Our owned-and-operated Bob's stores grew revenues by 30% over Q2 2013, and a better user experience improved profitability. This reflects an increase in points of sale to 49 at June 30, 2014, from 39 a year prior, and a 5.4% increase in same store sales in the second quarter. We anticipate that over the next two years we will significant increase our capital expenditures, due to the need to make a very sizable investment in our owned-and-operated stores to revamp their image and to convince our franchisees to do the same. Bob's recently presented its new visual identity, with a different store design and ambiance, communications, equipment and ingredients, to its franchisees at the annual national convention. We believe that these investments in our store network and franchisee incentives are critical to maintain the long term growth and popularity of the Bob's brand.

"We continued the expansion of our Pizza Hut stores, where net revenues grew by 40% over Q2 2013, with operating income similar to last year. We added 12 new stores, but we have experienced delays with the opening in several high-profile locations and a longer than expected maturation of new stores that negatively impacted results. Our KFC stores continued to struggle in the local market with an 18.6% decline in revenues, as we shifted the menu towards higher priced items, but produced a very small operating profit. We continue in active discussions with Yum! Brands as to how to reverse the continued negative results for these stores, including the possibility to close and/or sell some stores. Our Yoggi's brand made a small but growing contribution to profitability, with recently opened stores performing well and the potential for future expansion," Mr. Bomeny said.

Second quarter 2014 Results

System-wide sales grew 18.4% in the second quarter to R$ 338.6 million, driven by an increase in the number of franchised points of sale.

Total revenue for the second quarter of 2014 was R$ 71.9 million, an increase of 26% as compared to R$ 57 million in the second quarter of 2013, due to higher revenues from franchisees and own-operated restaurants.

Net restaurant sales for company-owned restaurants increased 24.8% year-over-year to R$ 57.5 million in the second quarter of 2014, driven by the expansion and higher sales of Bob's and Pizza Hut.

Net revenue from franchisees increased 31.7% year-over-year to R$ 14.3 million, driven primarily by an increase in number of franchised retail outlets to 1,134, as compared to 982 a year ago.

Operating expenses increased 23% to R$ 62.3 million in the second quarter of 2014, compared to R$ 50.7 million in the second quarter of 2013. As a percentage of revenue, operating costs were 86.8% of total revenue in the second quarter of 2014 as compared to 89% of total revenue in the second quarter of 2013.

Operating income for the second quarter of 2014 was R$ 9.5 million, an increase of 51.3% from R$ 6.3 million in the second quarter of 2013. Operating margin in the second quarter of 2014 increased to 13.2%, as compared to 11% in the second quarter of 2013.

EBITDA in the second quarter of 2014 was R$ 11.5 million, up by 49% as compared to R$ 7.7 million in the second quarter of 2013. This growth rate is a result of a favorable comparison between 2013 and 2014, as our 2Q 2013 EBITDA was negatively impacted by certain non-recurring items that took place in the second quarter of 2013. EBITDA margin was 16%, as compared to 13.5% in the second quarter of 2013. Please refer to Table No. 4 in this press release for a reconciliation of EBITDA to its nearest GAAP equivalent.

Interest expense was R$ 0.9 million in the second quarter of 2014, as compared to interest expense of R$ 0.2 million in the second quarter of 2013, reflecting both increased debt obligations for expansion and higher interest rates.

Net income in the second quarter of 2014 was R$ 7.0 million, or R$ 0.86 per basic and diluted share, as compared to R$ 4.4 million, or R$ 0.54 per basic and diluted share in the second quarter of 2013.

Six Months Results

During the first six months of 2014, total revenues grew by 20.1% to R$138.4 million, from R$115.3 million in the prior year period. EBITDA for the first six months was R$20.1, up by 5.6% from EBITDA of R$19.1 million in the first half of 2013. Operating income for the first six months was R$16.1 million, down 2.4% from $16.5 million in the first half of 2013. Net income for the first six months of 2014 was $11.6 million, or $1.42 per share, up from $11.2 million, or $1.37 per share in the first half of 2013.

Financial Condition

As of June 30, 2014 the Company had R$ 50.3 million in cash and equivalents, compared to from R$ 50.1 million as of December 31, 2013. Working capital was R$ 41.6 million at June 30, 2014, compared with R$ 41.9 million as of December 31, 2013. Debt obligations with financial institutions were R$31.6 million as of June 30, 2014, compared with R$23.6 million as of December 31, 2013, which reflected recent investments in opening and remodeling our owned-and-operated stores. Total shareholders' equity was R$ 95.6 million at June 30, 2014, compared to R$ 85.5 million at December 31, 2013.

Recent Events and Legal Issues

In the first half of 2014, the company's subsidiary received a notice from the Brazilian tax authorities that it was to be fined an additional R$33 million for the years 2009 to 2011 as a result of tax credits resulting from the 2006 restructuring of Venbo Comercio de Alimentos Ltda ("Venbo.") The tax authorities assert that the restructuring constituted abusive tax planning, and had in 2013 assessed a fine of R$17 million for the years 2007 and 2008.

The company has filed an administrative appeal against each penalty, which believes will take two to three years to resolve. However, there can be no assurance that the company will prevail and that these tax assessments will not have a material impact on its business. Should the fines be upheld, the company plans to take the matter to court, with possibility of being required to post collateral and bear onerous legal costs.

Business Outlook

In 2014, the company expects to continue to incur in a higher level of capital expenditures due to the ongoing level of investment in facilities, advertising and promotion required in order to support the growth of its brands in Brazil and respond to growing competitive pressures in the marketplace by international competitors.

"Brazil's economy continues to be sluggish, with inflation running at about 6.5% and GDP now forecast to grow less than 0.5 % in 2014. Brazil economy is in a pre-recessionary stage, with very low growth and high inflation, leading to a continued drive by the central bank to increase interest rates during the second half of the year. This scenario is worsened by what is anticipated to be a tight presidential race in the October general elections. Rising prices above inflation for food, labor, and leases, high turnover and fierce competition will likely continue to pressure our margins, while the company plans to continue to invest in a high level of marketing and remodeling to support the expansion of our brands in a highly competitive fast food market." Mr. Bomeny said.

"In the near term, we remain very cautious about our outlook and expect significant capital investments. Longer term, we expect that the expansion of our franchised store base will generate strong profitability and operating leverage as additional points of sale come onto the network," Mr. Bomeny concluded.

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", former 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", former Suprilog Logística Ltda.), Yoggi do Brasil Ltda. ("Yoggi"), Internacional Restaurantes do Brasil S.A. ("IRB"), Aerofood Comércio de Alimentos Ltda ("Aerofood"), Bigburger Caxias Lanchonetes Ltda ("Caxias"), WP Comércio de Alimentos Ltda. ("WP"), DC Américas Comércio de Alimentos ("DC AMERICAS"), Olifreitas Comércio de Alimentos Ltda. IRB and Separk has 40% of its capital held by individuals, including the CEO of IRB.

Safe Harbor Statement

This press release contains forward-looking statements within the meanings of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, and within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known or unknown risks, uncertainties and other factors that may cause the actual results to differ materially from those expressed or implied by such forward looking statements. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see the disclosures on the Company's web site and in the Company's filings with the Securities and Exchange Commission, including the risk factors contained in the Company's previous public disclosures.

--FINANCIAL TABLES FOLLOW-

	Three Months Ended June 30,			
	2014		2013	
	(unaudited)		(reclassified)	
REVENUES FROM RESTAURANTS AND FRANCHISEES				
Net revenues from own-operated restaurants	R$	57.521	R$	46.103
Net revenues from franchisees		14.328		10.879
TOTAL REVENUES FROM RESTAURANTS AND FRANCHISEES		*71.849*		*56.982*
Store Costs and Expenses		(54.577)		(44.889)
Franchise Costs and Expenses		(3.363)		(3.724)
Administrative Expenses		(8.643)		(7.414)
Income from supply agreements		7.235		7.103
Other income		776		227
Other Operating Expenses		(3.829)		(1.576)
Net result of assets sold and impairment of assets		44		(434)
OPERATING INCOME		9.492		6.275
Interest Expense		(988)		(237)

NET INCOME BEFORE INCOME TAX		8.504		6.038
Income taxes		(2.078)		(1.683)
NET INCOME BEFORE NON-CONTROLLING INTEREST		6.426		4.355
Net loss attributable to non-controlling interest		534		58
NET INCOMEATTRIBUTABLE TO BRAZIL FAST FOOD CORP.	R$	6.960	R$	4.413
NET INCOME PER COMMON SHARE BASIC AND DILUTED	R$	0,86	R$	0,54
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING: BASIC AND DILUTED		8.120.501		8.129.437

	Six Months Ended June 30,			
	2014		2013	
	(unaudited)		(reclassified)	
REVENUES FROM RESTAURANTS AND FRANCHISEES				
Net revenues from own-operated restaurants	R$	110.202	R$	92.522
Net revenues from franchisees		28.191		22.739
TOTAL REVENUES FROM RESTAURANTS AND FRANCHISEES		*138.393*		*115.261*
Store Costs and Expenses		(106.981)		(90.400)
Franchise Costs and Expenses		(7.114)		(7.308)
Administrative Expenses		(16.812)		(14.966)
Income from supply agreements		13.003		13.549
Other income		1.359		374
Other Operating Expenses		(5.603)		(2.588)
Net result of assets sold and impairment of assets		(126)		2.596
OPERATING INCOME		16.119		16.518
Interest Expense		(2.042)		(320)
NET INCOME (LOSS) BEFORE INCOME TAX		14.077		16.198
Income taxes		(3.290)		(4.769)
NET INCOME BEFORE NON-CONTROLLING INTEREST		10.787		11.429
Net loss attributable to non-controlling interest		760		(270)
NET INCOME ATTRIBUTABLE TO BRAZIL FAST FOOD CORP.	R$	11.547	R$	11.159
NET INCOME PER COMMON SHARE BASIC AND DILUTED	R$	1,42	R$	1,37
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING: BASIC AND DILUTED		8.123.517		8.129.437

	June, 30		December 31,	
	2014		2013	
	(unaudited)			
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	R$	50.302	R$	50.083
Inventories		3.407		3.090
Accounts receivable		33.756		31.760
Prepaid expenses		1.709		747
Advances to suppliers		5.074		2.962
Bob's Marketing fund credits		-		717
Other current assets		5.164		3.761
TOTAL CURRENT ASSETS		99.412		93.120
NON-CURRENT ASSETS:				
Other receivables and other assets		15.868		13.118
Deferred tax asset, net		10.644		10.644

Goodwill	1.121	1.121
Property and equipment, net	58.848	47.240
Intangible assets, net	13.078	13.463
TOTAL NON-CURRENT ASSETS	99.559	85.586
TOTAL ASSETS	R$ 198.971	R$ 178.706

	June, 30	December 31,
	2014	2013
	(unaudited)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Loans and financing	R$ 16.241	R$ 12.816
Accounts payable and accrued expenses	13.563	13.941
Payroll and related accruals	9.389	6.501
Taxes	7.170	7.884
Current portion of deferred income	8.265	7.537
Current portion of litigations and reassessed taxes	2.321	2.381
Other current liabilities	856	144
TOTAL CURRENT LIABILITIES	57.805	51.204
Deferred income, less current portion	7.716	8.877
Loans and financing, less current portion	15.396	10.744
Litigations and reassessed taxes, less current portion	20.157	20.190
Other liabilities	2.292	2.170
TOTAL NON-CURRENT LIABILITIES	45.561	41.981
TOTAL LIABILITIES	103.366	93.185
SHAREHOLDERS' EQUITY:		
Preferred stock, $.01 par value, 5,000 shares authorized; no shares issued	-	-
Common stock, $.0001 par value, 12,500,000 shares authorized; 8,472,927 shares issued for both 2014 and 2013; and 8,120,137 and 8,129,437 shares outstanding for 2014 and 2013	1	1
Additional paid-in capital	61.148	61.148
Treasury Stock (352,790 and 343,490)	(2.430)	(2.060)
Retained Earnings	34.997	23.450
Accumulated comprehensive loss	(2.102)	(1.769)
TOTAL SHAREHOLDERS' EQUITY	91.614	80.770
Non-Controlling Interest	3.991	4.751
TOTAL EQUITY	95.605	85.521
TOTAL LIABILITIES AND EQUITY	R$ 198.971	R$ 178.706

	Six Months Ended June, 30	
	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES:	(unaudited)	
NET INCOME BEFORE NON-CONTROLLING INTEREST	R$ 10.787	R$ 11.429
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Depreciation and amortization	2.629	3.835
(Gain) Loss on assets sold, net	170	(2.596)
Deferred income tax	-	104
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(1.996)	(1.545)
Inventories	(317)	251

Prepaid expenses, advances to suppliers and other current assets	(3.760)	221
Other assets	(2.750)	635
(Decrease) increase in:		
Accounts payable and accrued expenses	(378)	(1.345)
Payroll and related accruals	2.888	2.619
Taxes	(714)	(3.609)
Deferred income	(433)	(540)
Litigations and reassessed taxes	(93)	(1.194)
Other liabilities	834	(439)
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	6.867	7.826
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Company's share	(370)	(6.174)
Additions to property and equipment, net of proceed of sales	(13.567)	-
CASH FLOWS USED IN INVESTING ACTIVITIES	(13.937)	(6.174)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net Borrowings (Repayments) under lines of credit	8.077	3.271
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	8.077	3.271
EFFECT OF FOREIGN EXCHANGE RATE	(788)	80
NET INCREASE IN CASH AND CASH EQUIVALENTS	219	5.003
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	50.083	32.062
CASH AND CASH EQUIVALENTS AT END OF PERIOD	R$ 50.302	R$ 37.065

	Three Months Ended June 30,	
	2014	2013
NET INCOME	R$ 6.960	R$ 4.413
Interest expenses, Monetary and Foreign exchange loss	443	79
Income taxes	2.078	1.683
Depreciation and amortization	1.983	1.520
EBITDA	R$ 11.464	R$ 7.694

	Six Months Ended June 30,	
	2014	2013
NET INCOME	R$ 11.550	R$ 11.159
Interest expenses, Monetary and Foreign exchange loss	1.202	57
Income taxes	3.290	4.633
Depreciation and amortization	4.111	3.239
EBITDA	R$ 20.153	R$ 19.088

* The Company Management reviewed the computation of previously disclosure of 2013 EBITDA in order to include the effect of non-controlling interest.

EBITDA represents earnings before net interest expense, income tax provision, depreciation and amortization. Our management believes EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in evaluating companies in our industry. In addition, our management believes that EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry because the calculation of EBITDA generally eliminates the effects of financing and income taxes and the accounting effects of capital spending, which items may vary for different companies for reasons unrelated to overall operating performance. As a result, our management uses EBITDA as a measure to evaluate the performance of our business. However, EBITDA is not a recognized measurement under generally accepted accounting principles, or GAAP, and when analyzing our operating performance, investors should use EBITDA in addition to, and not as an alternative for, income from operations and net income, each as determined in accordance with GAAP. Not all companies use identical calculations, and our presentation of EBITDA may not be comparable to similarly titled measures of other companies. Furthermore, EBITDA is not intended to be a measure of free cash flow for our management's discretionary use, as it does not consider certain cash requirements such as a tax and debt service payments.

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