

## Brazil's Answer to McDonald's Gets 44% Net Profit Boost

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Brazil Fast Food, better known as Bob's, a 451-outlet fast-food chain and the second largest fast-food chain operator in Brazil behind McDonald's, announced financial results for its fourth quarter ended December. 31, 2005.

System-wide sales for the fourth quarter of 2005 were 106.4 million reais, up 30% from 81.7 million reais for the last three months of 2004. Net restaurant sales for Brazil Fast Food Corp.'s company-owned retail outlets increased 22% for the fourth quarter of 2005 to 22.5 million reais from 18.4 million reais for the fourth quarter of 2004.

Net franchise revenue was 3.7 million reais for the three-month period ended December. 31, 2005 - up 32% from 2004's fourth-quarter net franchise revenue of 2.8 million reais.

The Company's net operating profit rose 44% to 2.6 million reais for the fourth quarter of 2005 from 1.8 million reais for the same period of 2004.

Net income climbed for the fourth quarter of 2005 to 2.6 million, or 32 centavos per share, basic and diluted, from (102,000 reais), or (2 centavos) per share, basic and diluted, for the fourth quarter of 2004.

For the twelve-month period ended December. 31, 2005, Brazil Fast Food reported system-wide sales of 346.1 million reais, versus 269.2 million reais for 2004. Net restaurant sales increased 16% to 75.6 million reais for 2005 from 65.3 million reais for 2004.

Net franchise revenue rose 27% to 12 million reais for 2005 from 9.4 million reais for 2004. The company's net operating profit was 6.2 million reais for the year of 2005, up 35% from 4.6 million reais for 2004.

Net income increased significantly on a year-over-year basis - 4.4 million reais, or 55 centavos per share, basic and diluted, compared with 601,000 reais, or 0.08 centavos per share, basic and diluted, for 2005 and 2004, respectively.

Ricardo Figueiredo Bomeny, Chief Executive Officer of Brazil Fast Food Corp., commented, "We are proud to report our results for 2005 - a year in which we not only made tremendous operational and financial progress, but also in which our efforts produced meaningful positive outcomes for our company on nearly all fronts. In many respects, 2005 was a breakthrough year for Brazil Fast Food that confirmed to us that we are on the right track in terms of our business model and our management techniques.

"During the course of 2005, we endeavored to address every area of need and exploit every relevant opportunity for growth in our efforts to secure the long-term success of this company. We examined all aspects of our financial and operational structure, and we constantly reassessed our methods, our processes, and our products to boost our competitive standing and our profitability. As a result, during 2005, we were able to reduce our debt, grow sales, and increase margins.

"In addition to the dramatic improvements to our bottom line, there were many other highlights of 2005, including:

- We expanded our chain by 69 outlets, net, ending the year with 451 stores and kiosks.
- We substantially reduced our debt across the board, and completely eliminated four out of the six line items of our debt obligations.
- We initiated a stock share repurchase program, and we are currently about halfway to our goal of repurchasing as many as 200,000 shares of our company stock.
- We began to invest our positive cash flow in highly liquid short-term government bonds.
- We opened our first franchised store in Angola, one of the largest African nations.
- We re-negotiated and extended our contract with our independent centralized warehouse to include transportation and supplies delivery, substantially reducing our related costs and improving our margins.
- To keep our image fresh and boost our brand loyalty, we changed our advertising agency to one that is more adept at creating campaigns that appeal especially to our younger demographic."

Mr. Bomeny continued, "For 2006, we are continuing to build on the progress we made last year, while keeping our debt obligations manageable. Indeed, we anticipate completely eliminating our short-term debt and incurring no additional debt during 2006. We are further expanding the chain both geographically in Brazil and in terms of the number of outlets.

"By the end of the year, we hope to have 580 points of sale, greatly increasing our franchised restaurant network. Our goal is to proportion this expansion with 40% traditional stores and 60% higher-margin kiosks. From a geographic standpoint, we are being quite strategic and deliberate with the expansion, focusing on denser-populated, relatively higher-income areas and locations that offer high growth potential and competitive advantage.

"We are also working to increase the profitability of our existing locations through better training and service, more efficient production, better technology, newer equipment and the introduction of Coffee Stations. We believe that these capital expenditures are a wise and necessary investment in our future growth."

Mr. Bomeny concluded, "Our business is considerably sensitive to the Brazilian economic environment, which has historically been unsteady, alternates short periods of expansion with contraction, and could be extraordinarily affected by the election for governors and president next October.

"Besides we still have obstacles to overcome, especially the resolution of certain inconsistencies in reassessed taxes liabilities and other potential litigation that could adversely affect our cash flow and our investment capacity. Nevertheless, we are both motivated and committed to realizing the full potential of our company."

Brazil Fast Food Corp. owns and operates, both directly and through franchisees, the second largest chain of hamburger fast-food restaurants in Brazil, through its wholly owned subsidiary, Venbo Comércio de Alimentos Ltda.

Brazil Fast Food Corp. conducts business in Brazil under the trade name "Bob's." As of December 31, 2005, the Company had 451 points of sale, which includes traditional restaurants, kiosks and re-locatable trailers.

Brazil Fast Food Corp - [www.bobs.com.br](http://www.bobs.com.br)