

MARFRIG GROUP

3Q09 Presentation

October 27, 2009





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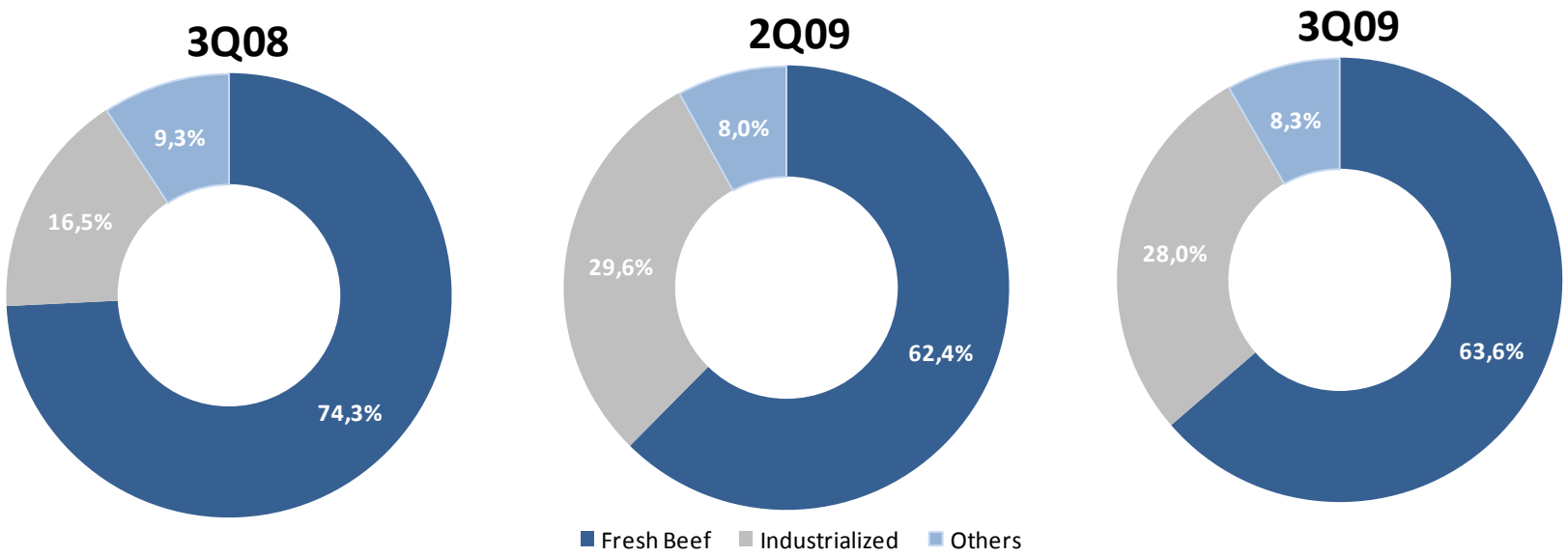
Financial Highlights – 3Q09

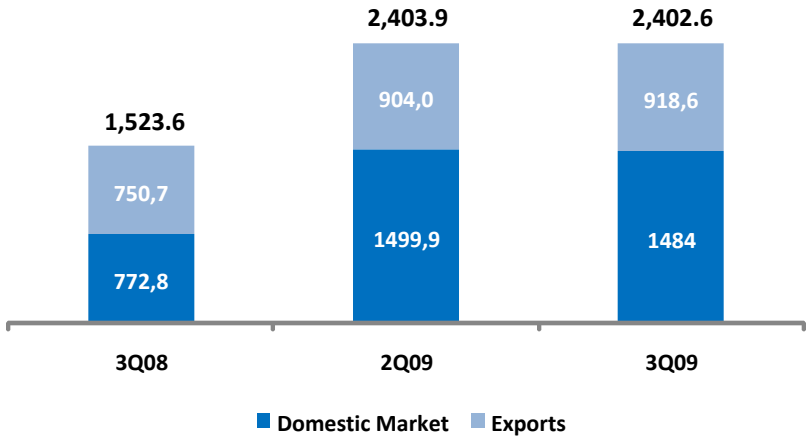
Financial Highlights (R$ Million)	3Q08	2Q09	3Q09	*3Q09x 2Q09*	*3Q09x 3Q08*
Gross Revenue	1,641.7	2,572.4	**2,537.7**	(1.3%)	54.6%
Net Revenue	1,523.6	2,403.9	**2,402.6**	*(0.1%)*	*57.7%*
- Domestic Market	772.8	1,499.9	**1,484.0**	*(1.1%)*	*92.0%*
- Exports	750.7	904.0	**918.6**	*1.6%*	*22.4%*
EBITDA	171.4	183.3	**272.6**	*48.6%*	*59.0%*
EBITDA Margin	11.3%	7.6%	**11.3%**	*370 bps*	*n.a.*
Net Income	(52.6)	405.0	**200.5**	*(50.5%)*	*-480.6%*
Net Margin	(3.5%)	16.8%	**8.3%**	*(850 bps)*	*1,180 bps*

Net Revenue (R$ million)

By Product



By Market



Sales and Volume – By Division

Sales

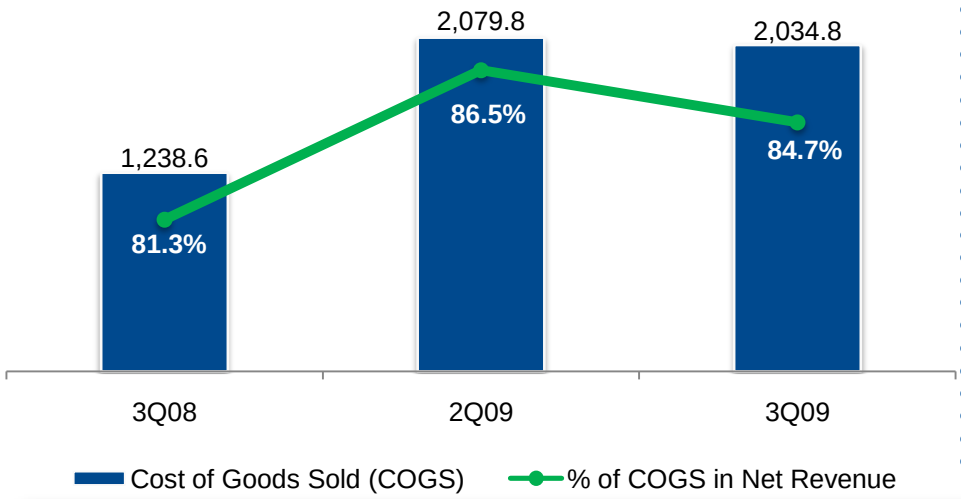
Net Sales (R$'000) By Division	3Q08	2Q09	3Q09	Var. 3Q09 x 2Q09	Var. 3Q09 x 3Q08
Beef Brazil & *Food Service*	591,485	653,685	703,990	7.7%	19.0%
Poultry, Pork & Industrialized	333,704	409,768	421,912	3.0%	26.4%
Argentina	306,682	250,023	271,195	8.5%	-11.6%
Uruguay	245,867	251,845	230,910	-8.3%	-6.1%
Europe	45,855	838,670	774,593	-7.6%	1,589.2%
Total	**1,523,593**	**2,403,991**	**2,402,600**	**-0.1%**	**57.7%**

Volume

Volume (tonnes) By Division	3Q08	2Q09	3Q09	Var. 3Q09 x 2Q09	Var. 3Q09 x 3Q08
Beef Brazil & *Food Service*	136,804	156,531	160,937	2.8%	17.6%
Poultry, Pork & Industrialized	102,678	143,003	148,643	3.9%	44.8%
Argentina	104,796	75,698	82,029	8.4%	-21.7%
Uruguay	44,956	55,268	55,848	1.0%	24.2%
Europe	5,650	102,190	96,343	-5.7%	1605.2%
Total	**394,884**	**532,692**	**543,800**	**2.1%**	**37.7%**

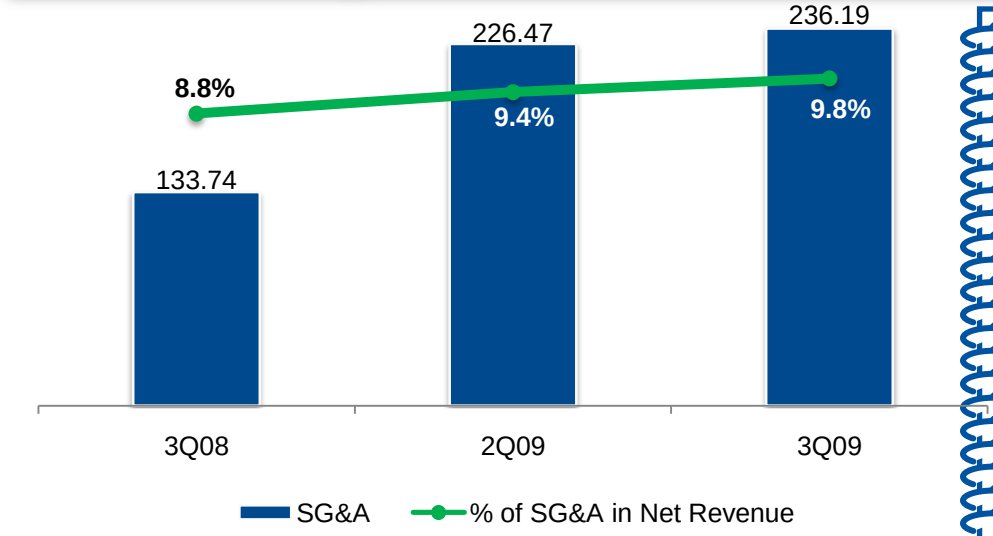
Costs and Expenses

Costs of Goods Sold (COGS – R$ million)



In 3Q09, COGS totaled R$2,034.8 million, declining by 2.2% on 2Q09 (R$2,079.8 million) and increasing by 64.3% on 3Q08 (R$1,238.6 million). COGS represented 84.7% of net revenue in 3Q09, versus 86.5% in 2Q09, for improvement of 180 bps, reflecting the lower raw material costs (cattle in Brazil and grains in Argentina).

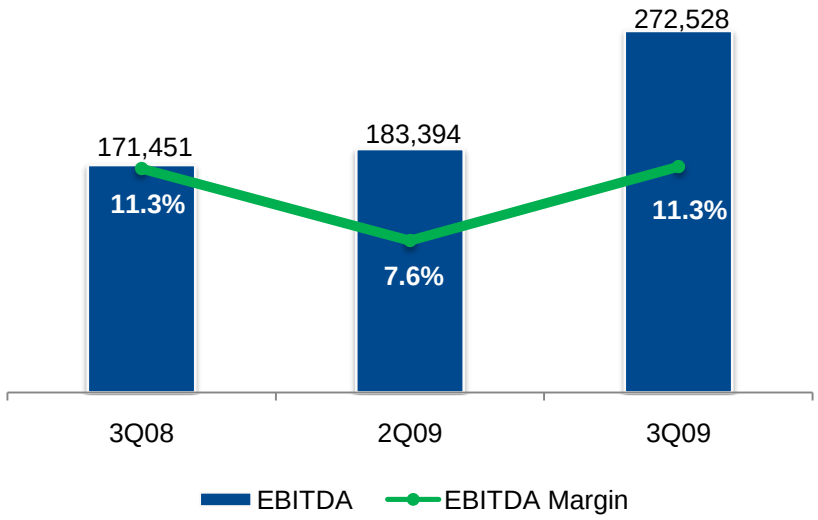
Selling, General and Administrative Expenses (*SG&A* – R$ million)



Expenses represented 9.8% of net revenue in 3Q09, up from 9.4% in 2Q09 and 8.8% in 3Q09, demonstrating the company's positive results in its strategy to control costs and expenses, mainly by integrating the structures of recently acquired units.

EBITDA and Net Income

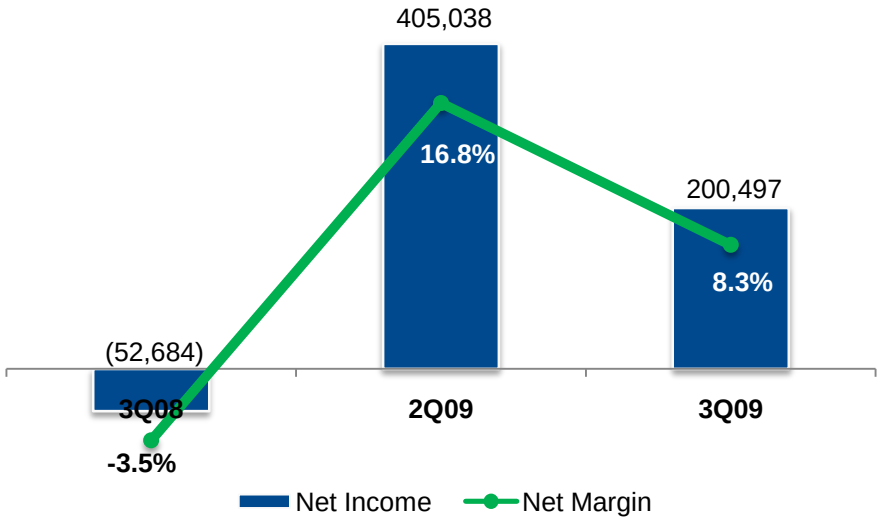
EBITDA (R$ million) and EBITDA Margin



- **EBITDA totaled R$272.5 million in the 3Q09, 48.6% higher than in 2Q09 (R$183.4 million) and 59.0% higher than in 3Q08 (R$171.5 million). EBITDA margin stood at 11.3%, expanding by 370 bps over the prior quarter (7.6%) and remaining stable in relation to 3Q08 (11.3%).**

- **In 3Q09, Marfrig incorporated a non-recurring impact of R$68.8 million in tax breaks from the new special installment legislation (New REFIS)**

Net Income (R$ million) and Net Margin



- **The net income of R$ 200.4 million recorded in 3Q09 reversed the net loss of R$ 52.7 million in 3Q08 and increased income in the year to date. Net margin was 8.3%, compared with negative 3.5% in 3Q08 and positive 16.8% in 2Q09.**

- **Net income in 3Q09 was positively impacted by the BRL appreciation against the USD and the group's higher export volume.**

Consolidated Debt – R$ million

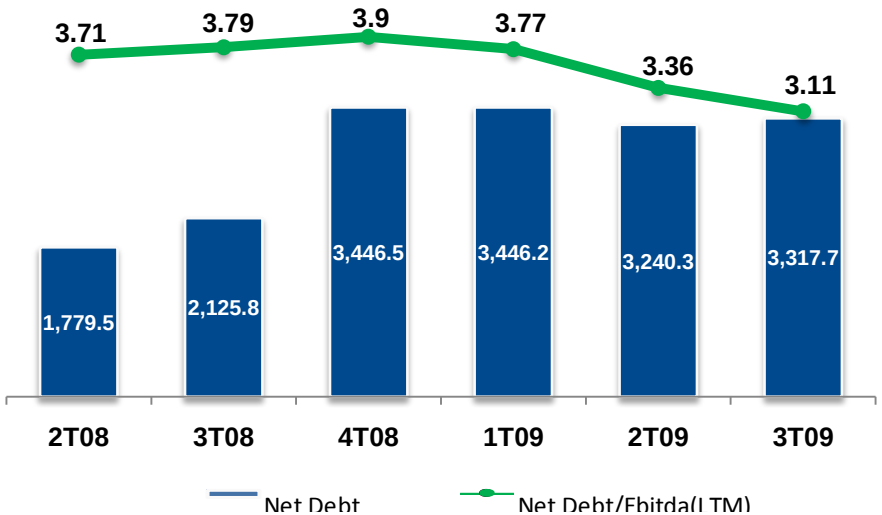
Short Term	2Q09	Part. %	3Q09	Part. %	Var. 3Q09 x 2Q09
- Domestic Currency	416.7	9.2%	525.9	11.45%	26.2%
- Foreign Currency	843.5	18.6%	670.3	14.59%	-20.5%
Total Short Term	1,260.1	27.9%	1,187.3	25.8%	-5.8%
Long Term	**2Q09**	**Part. %**	**3Q09**	**Part. %**	**Var. 3T09 x 2T09**
- Domestic Currency	835.2	18.5%	638.7	13.90%	-23.6%
- Foreign Currency	2,429.4	53.7%	2,768.7	60.26%	13.9%
Total Long Term	3,264.6	72.1%	3,407.5	74.2%	4.4%
Total Debt	**4,524.7**	**100.0%**	**4,594.8**	**100.0%**	**1.6%**
Cash	1,284.4		1,277.1		-0.6%
Net Debt	**3,240.3**		**3,317.7**		**2.4%**

Average Debt Rate	2Q09	3Q09
Domestic Currency	11.0%	10.89%
Foreign Currency	7.69%	7.5%
General	**8.61%**	**8.39%**

- The average cost of total debt fell to 8.39% in 3Q09, versus 8.61% in 2Q09.

Capital Structure Management – Financing

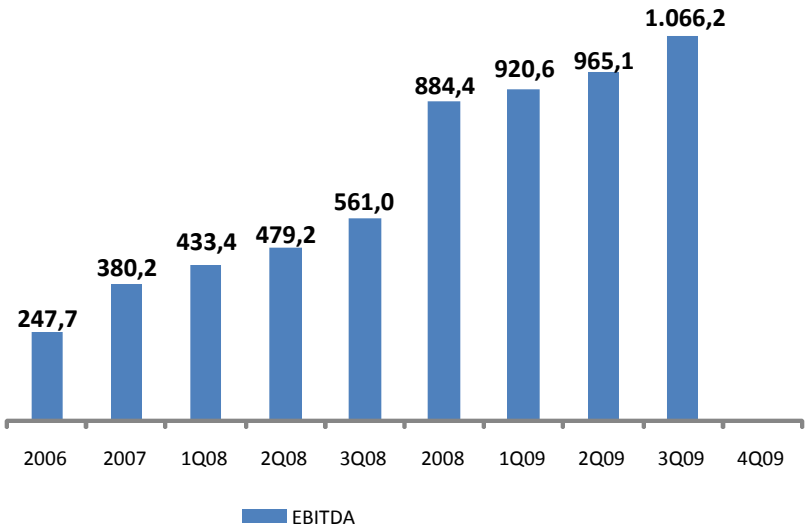
Net Debt / EBITDA



Short Term Amortization (Domestic Currency + Foreign Currency)

	2Q09	% total	3Q09	% total
3Q09	452,316	35.9	-	-
4Q09	181,510	14.4	283,933	23.9
1Q10	363,070	28.8	350,273	29.5
2Q10	263,252	20.9	260,053	21.9
3Q10	-	-	302,065	25.4
Total ST Debt	**1,260.1**	**27.9**	**1,187.3**	**25.7%**
Cash	**1,284.3**		**1,277.1**	

EBITDA last 12 months (R$ million)



- Cash position is larger than short term debt
- Reduced average funding costs in US dollar and in Brazilian Reais
- Debt profile expansion
- Better short term debt amortization schedule

Investments

Consolidated Investments

R$ million	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09
Investments (Payment for acquisition)	**(15.5)**	**(113.1)**	**(413.5)**	**(160.6)**	**(26.3)**	**(3.4)**
CAPEX - Invested in fixed assets	(35.1)	(66.2)	(85.6)	(74.3)	(89.8)	(172.5)
Intangible asset / Goodwill	(8.3)		(909.2)	(0.4)	(0.1)	(1.8)
CAPEX	**(43.4)**	**(66.2)**	**(994.8)**	**(74.7)**	**(89.9)**	**(174.3)**
Total Investment	**(58.9)**	**(179.3)**	**(1,408.3)**	**(235.3)**	**(116.2)**	**(177.8)**

- In 3Q09, Marfrig Alimentos S.A. disbursed a total of R$3.4 million in payments related to the acquisition of companies in Brazil and abroad made in 2007 and 2008.

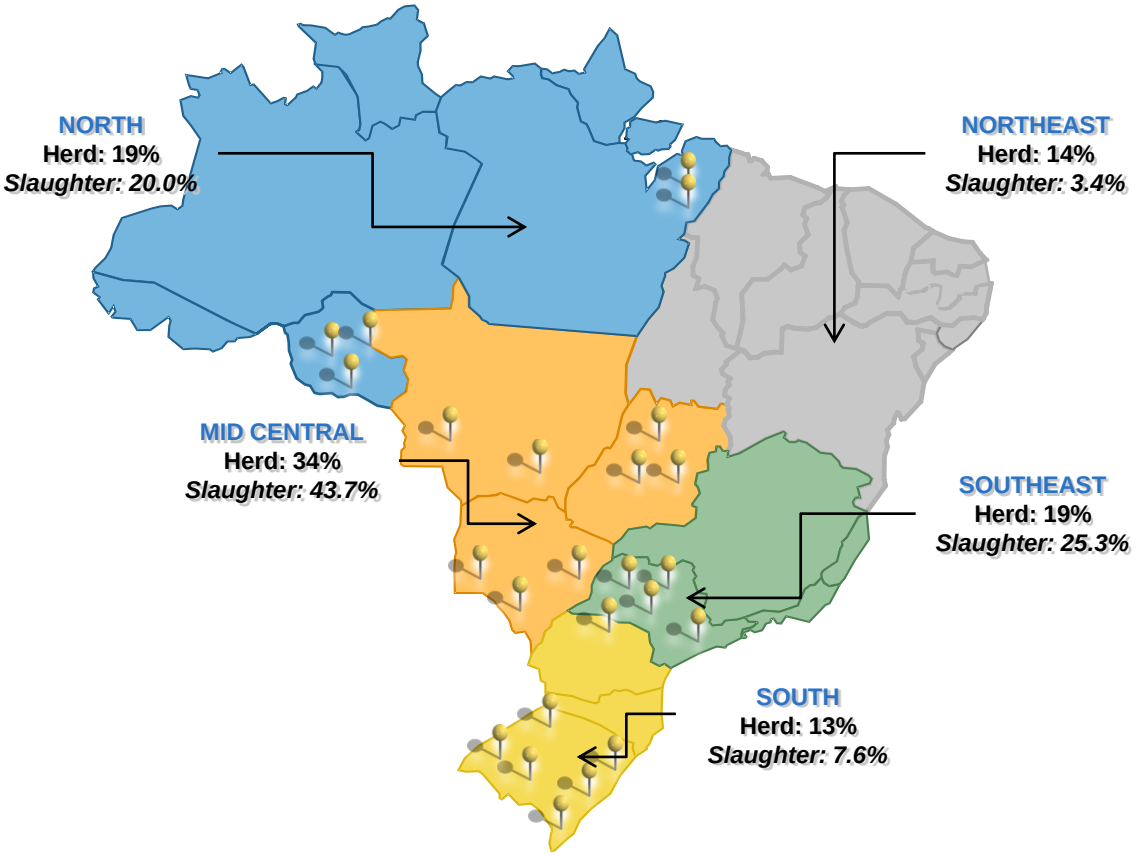
- Cash flow from investment activities came to R$177.8 million, as presented in Table 4 of the notes to the financial statements. Investment in fixed assets (CAPEX) reached R$339.3 million in 2009.

Marfrig's main characteristics

- **A leading company in the global food industry**
  - 4th largest beef and beef products producer in the world
  - 2nd largest poultry exporter and producer in Brazil
- **Global Plataform – Strategic and scaled geographical distribution**
  - 92 plants in 13 countries, important competitive cost advantages and risk reduction
  - Exporting to more than 110 countries, dedicated sales team and solid client portfolio
- **Protein, product diversification, focused on processed products**
- Brands positioning with leadership in regional markets
- Specialized in acquisition and integration
- Experienced team and high standards of Corporate Governance



Social environmental Responsibility





- Partnership with state governments to develop the Animal Origin Guarantee Program
- Marfrig is involved in initiatives with key institutions:
  - IFC and World Bank – chairman of the executive committee of the task force for Sustainable Ranching
  - Greenpeace – agreement with minimum social and environmental criteria to cattle operation in the Amazon Biome
- Suppliers auditing – Guarantee not acquiring cattle from areas on the banned list published by Brazil's environmental protection agency, IBAMA

Guidance 2009



In view of the sharp variation in exchange rates, which impacted the translation of the functional currency (R$) in 2009, Marfrig opted to update its 2009 Guidance disclosed at the start of this year, as shown below:

GUIDANCE 2009		
	New	Previous
Net Revenue[3]	R$ 10.0 billion R$ 10.5 billion	R$ 10.5 billion R$ 12.0 billion
EBITDA[1]	R$ 840 million R$ 1.0 billion	R$ 840 million R$ 1.2 billion
EBITDA Margin	8.5% 10.0%	8.0% 10.0%
CAPEX[2]	R$ 1.85 billion	R$ 220 million

(1) Earnings before interest, taxes, depreciation and amortization.
(2) Previous did not include acquisition, new Guidance includes the acquisitions held in 2009
(3) Previous Guidance: Main exchange rate assumptions: R$ 2.30/USD and USD 1.50/pound sterling

Guidance 2010

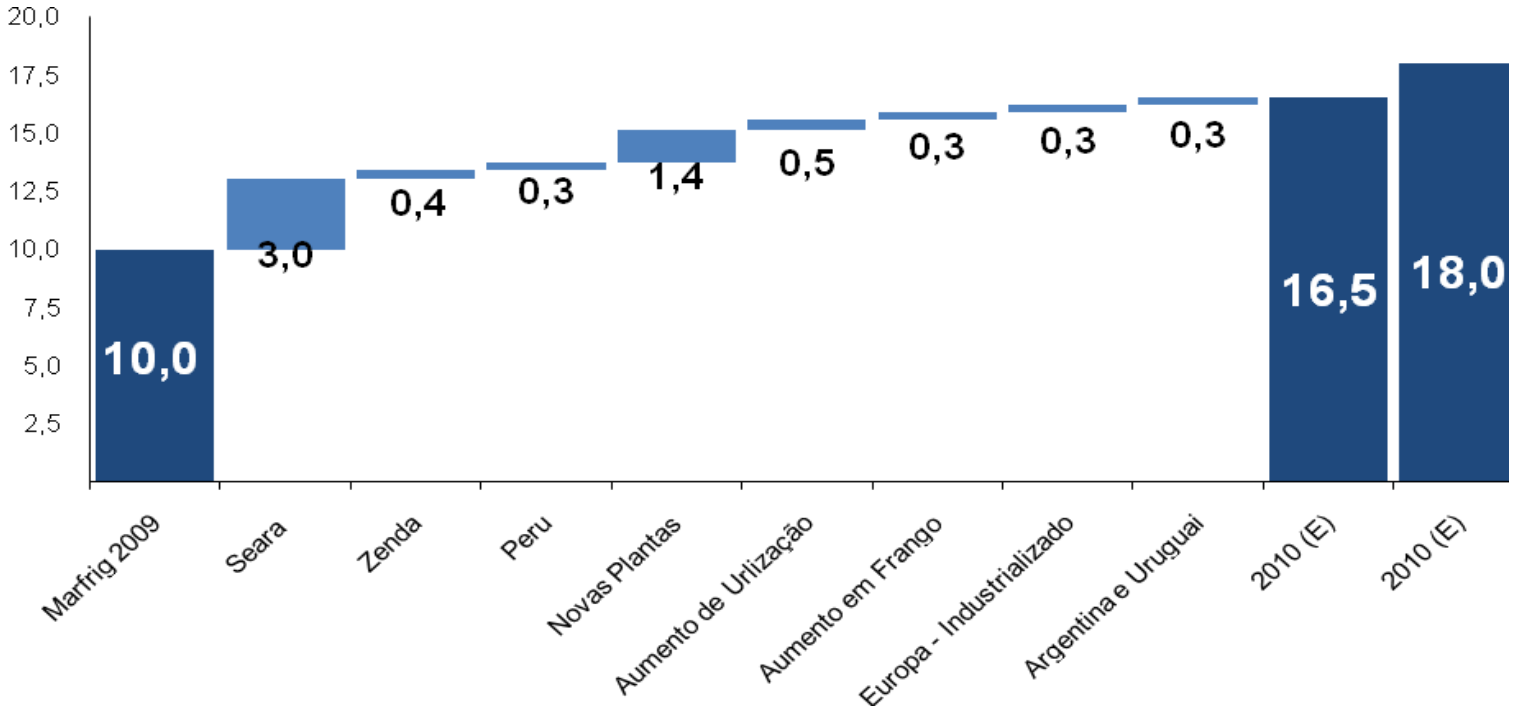


The projections are based on certain assumptions and analyses made by the Company based on its experience and are subject to significant differences between actual results and the stated expectations. Factors that could lead to these differences are: macroeconomic conditions, financial market conditions, market risks, etc.

GUIDANCE 2010	
Net Revenue	R$ 16.5 billion R$ 18.0 billion
EBITDA (1)	R$ 1.4 billion R$ 1.8 billion
EBITDA Margin	8.5% 10.5%
Capex (2)	R$ 400 million

(1) Earnings before interest, taxes, depreciation and amortization.
(2) Not including acquisitions
(3) Main exchange rate assumptions: R$ 1.80/USD and USD 1.70/pound sterling

Net Revenue Growth (R$ million)



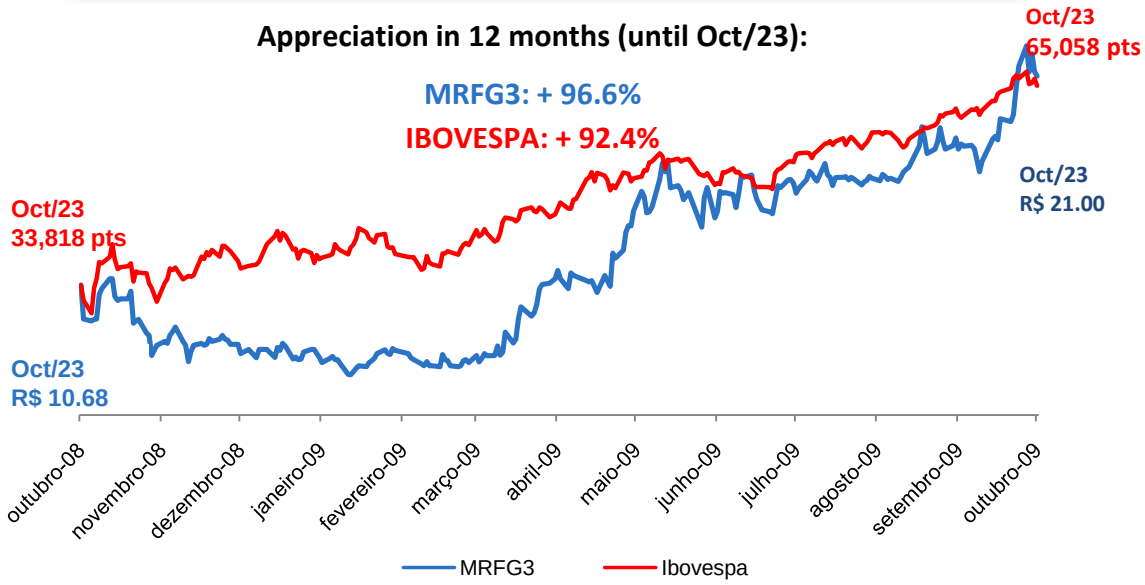
2010 sales by protein



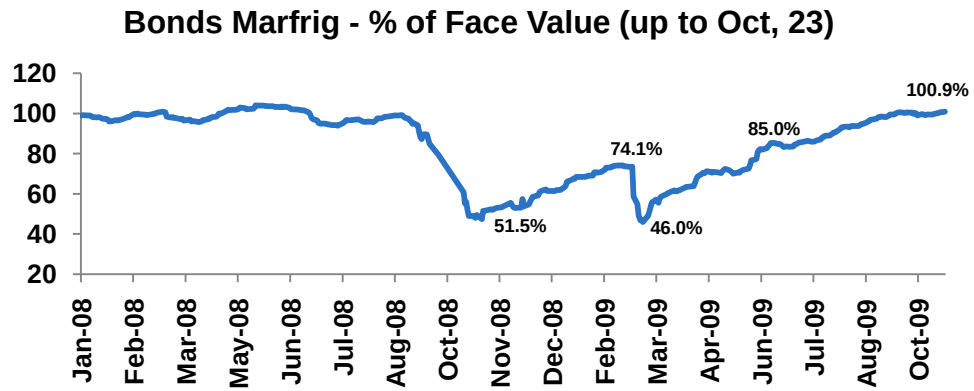
45 - 46% | 45 - 46% | 7 - 8% | 2 - 3%

Capital Markets

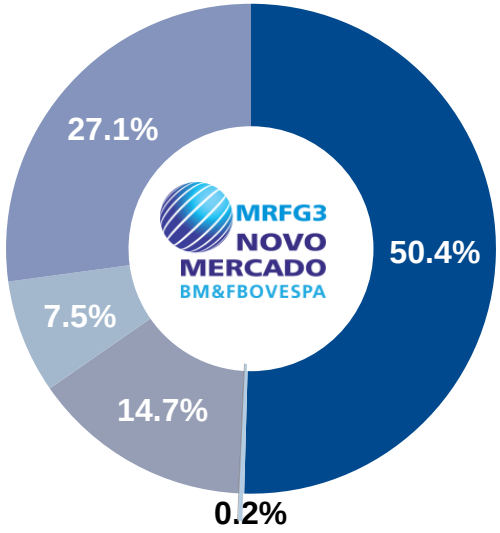
Shares: MRFG3



Bonds: % of Face Value



Ownership Structure



- MMS Participações S.A.
- Treasury
- BNDESPAR
- OSI
- Other

Question and Answers



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