MARFRIG GROUP

MRFG3 NOVO MERCADO BOVESPA BRASIL

2Q08 Results

August 14, 2008





Scenario and Strategy – 2Q08

BRAZIL

- High cattle prices and low cattle supplies
- Fresh beef exports restriction to EU
- Appreciation of the Real against US Dollar
- Strong domestic market
- **Control on production and selection of distribution channels to maintain margins**
- **Increase in the sale of industrialized/processed products (domestic and export market)**
- **European fresh beef clients served by Uruguay and Argentina**

URUGUAY

- Increased beef products prices in the domestic market
- **Increase in exports to Europe (higher demand due to the restrictions to Brazil) and Russia**
- **Positioning as the market leader**

ARGENTINA

- Changes in the beef exports rules
- **Focus on domestic market demand**
- **Increase participation of industrialized products**
- **Increased exports from Argentina to Europe with higher prices**

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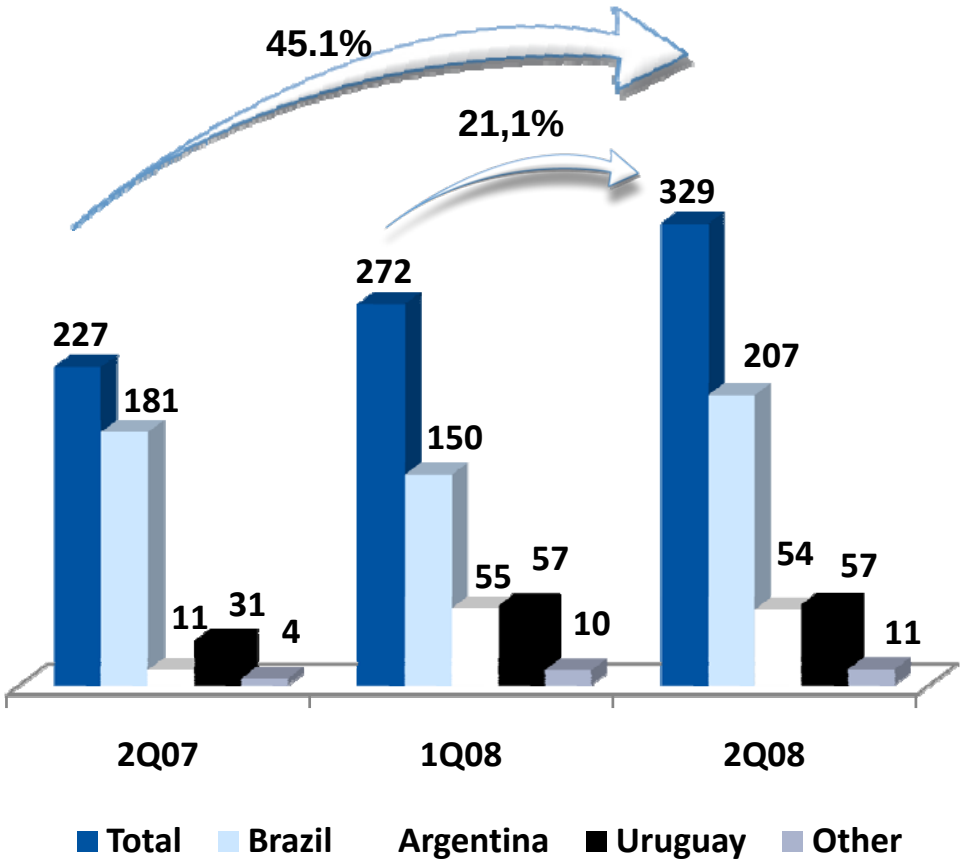
Financial Highlights – 2Q08

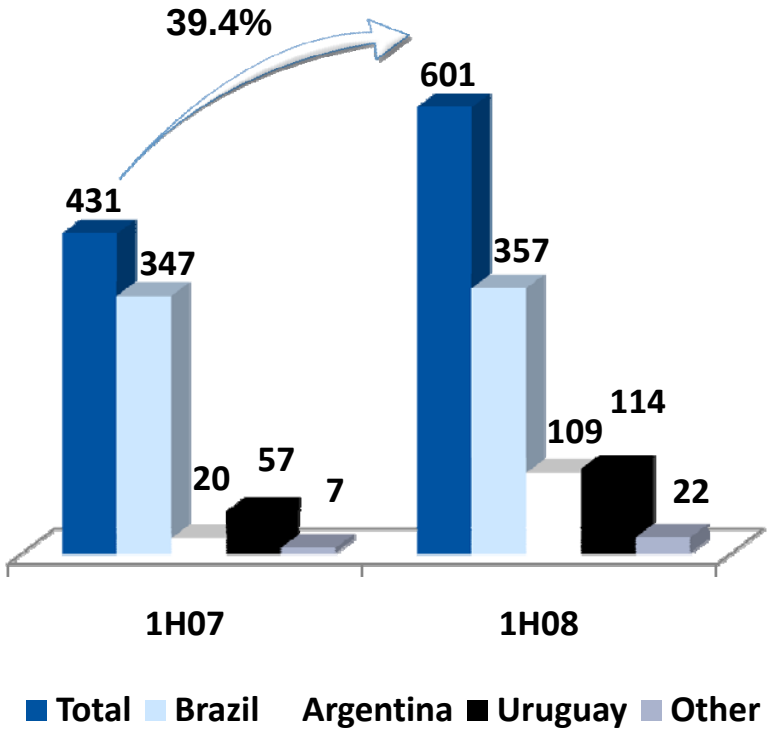
STRATEGY + EXECUTION = RESULTS

	2Q07	1Q08	2Q08	2Q08 x 1Q08	2Q08 x 2Q07
Gross Revenue (R$ million)	881.9	1,181.0	**1,324.4**	*12.1%*	*50.2%*
Net Revenue (R$ million)	775.9	1,067.1	**1,217.1**	*14.1%*	*56.9%*
Gross Income (R$ million)	158.0	215.2	**246.5**	*14.5%*	*56.0%*
EBITDA (R$ million)	93.2	127.3	**138.8**	*9.1%*	*49.1%*
EBITDA Margin (%)	12.0%	11.9%	**11.4%**	*-0.5 p.p.*	*-0.6 p.p.*
Net Income (R$ million)	7.5	25.1	**66.4**	*165%*	*788%*
Net Margin (%)	1.0%	2.3%	**5.5%**	*3.2 p.p.*	*4.5 p.p.*

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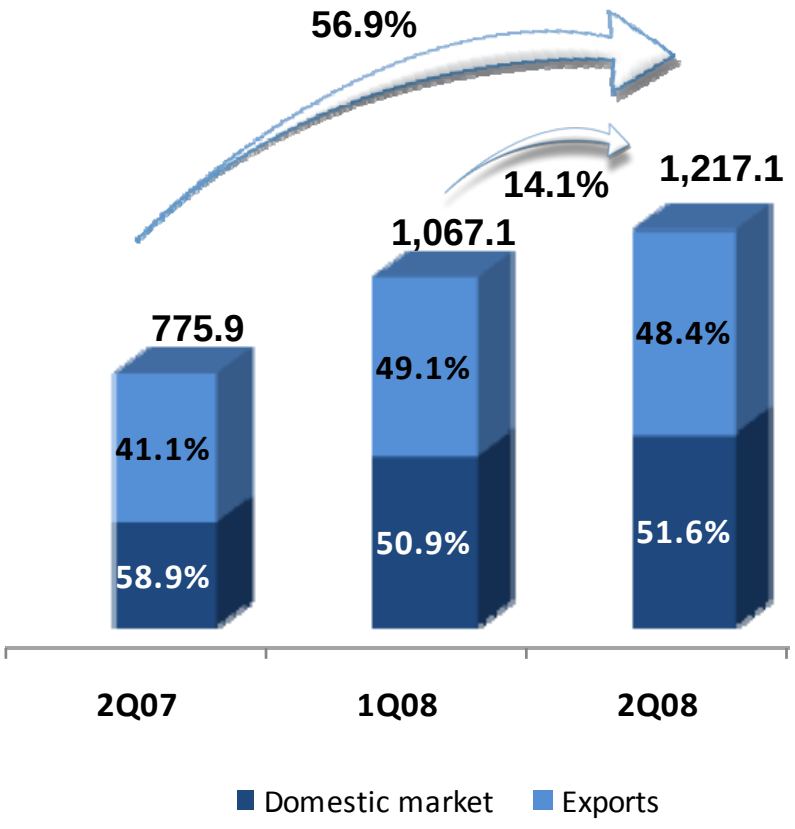
Operating Performance – Volume ('000 tonnes) – By Division

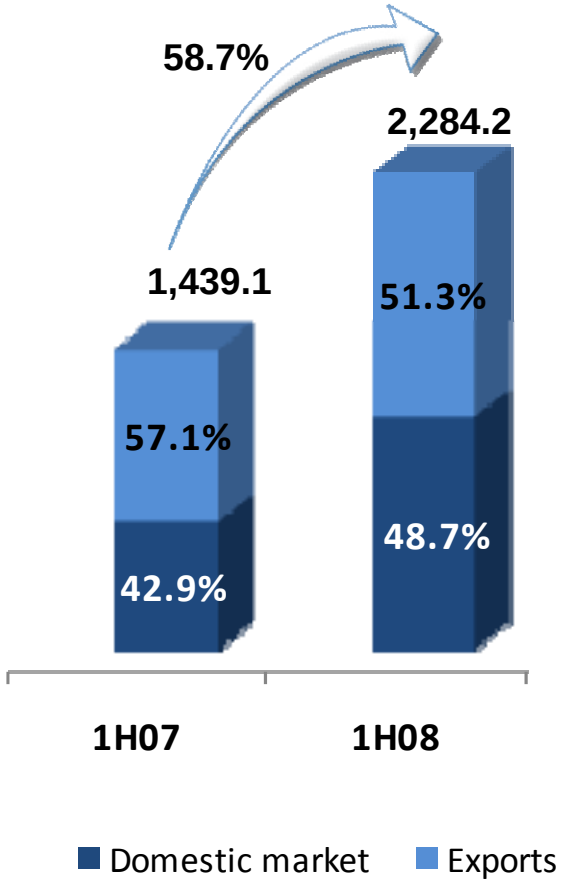




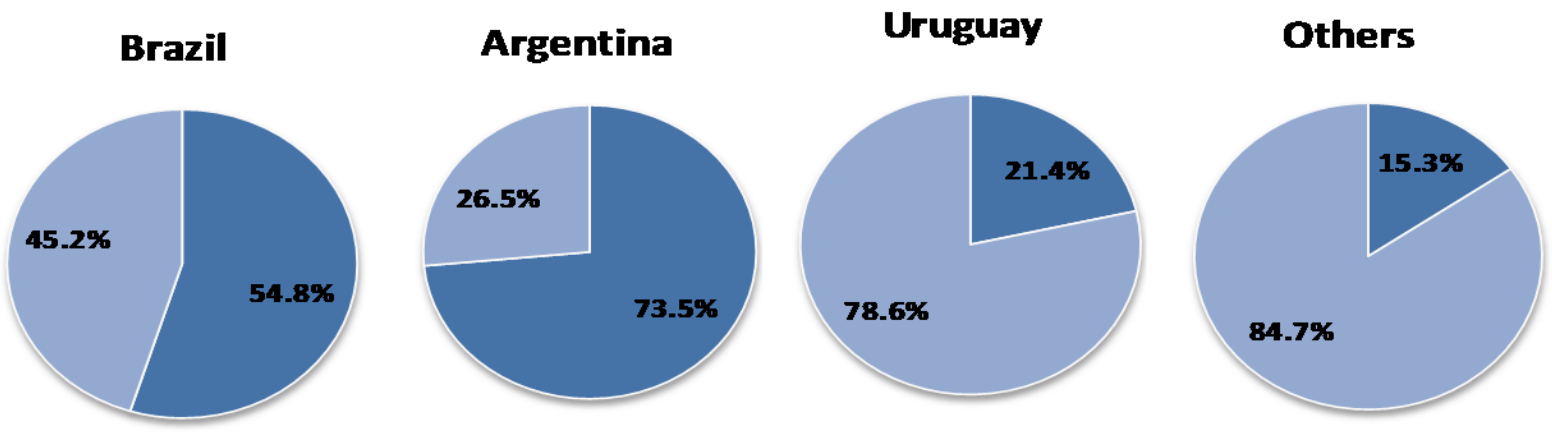
Net Revenue (R$ million)

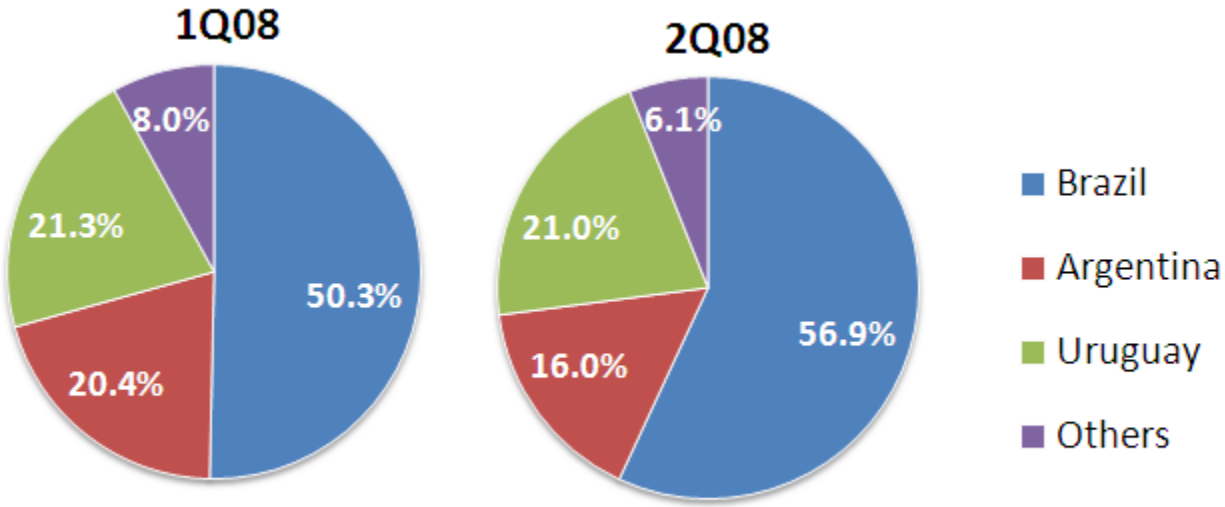
2Q08 Net Revenue totaled R$ 1.217 billion, 56.9% higher than in 2Q07 and 14.1% higher than in 1Q08.



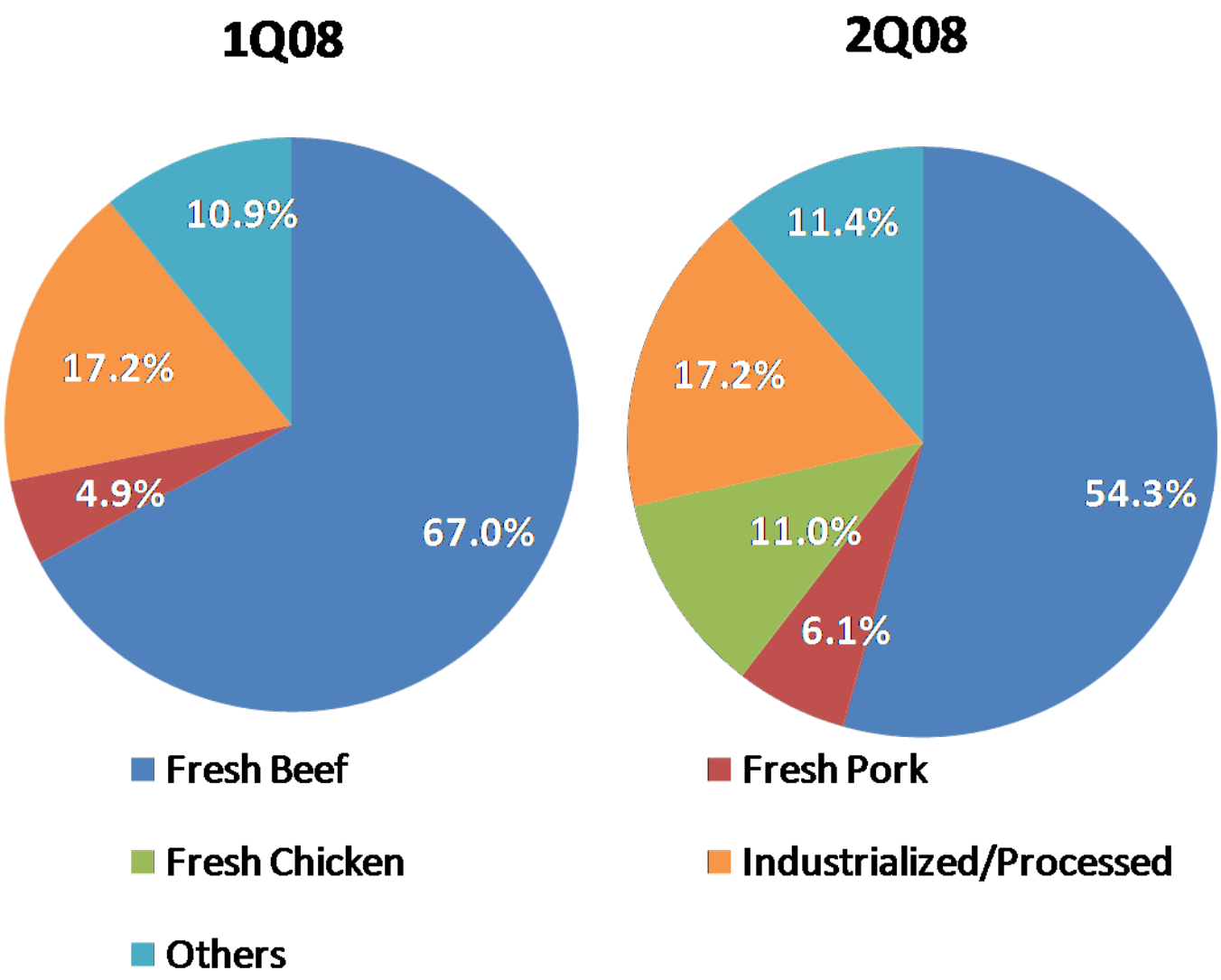


Net Revenue Breakdown – By Market – 2Q08



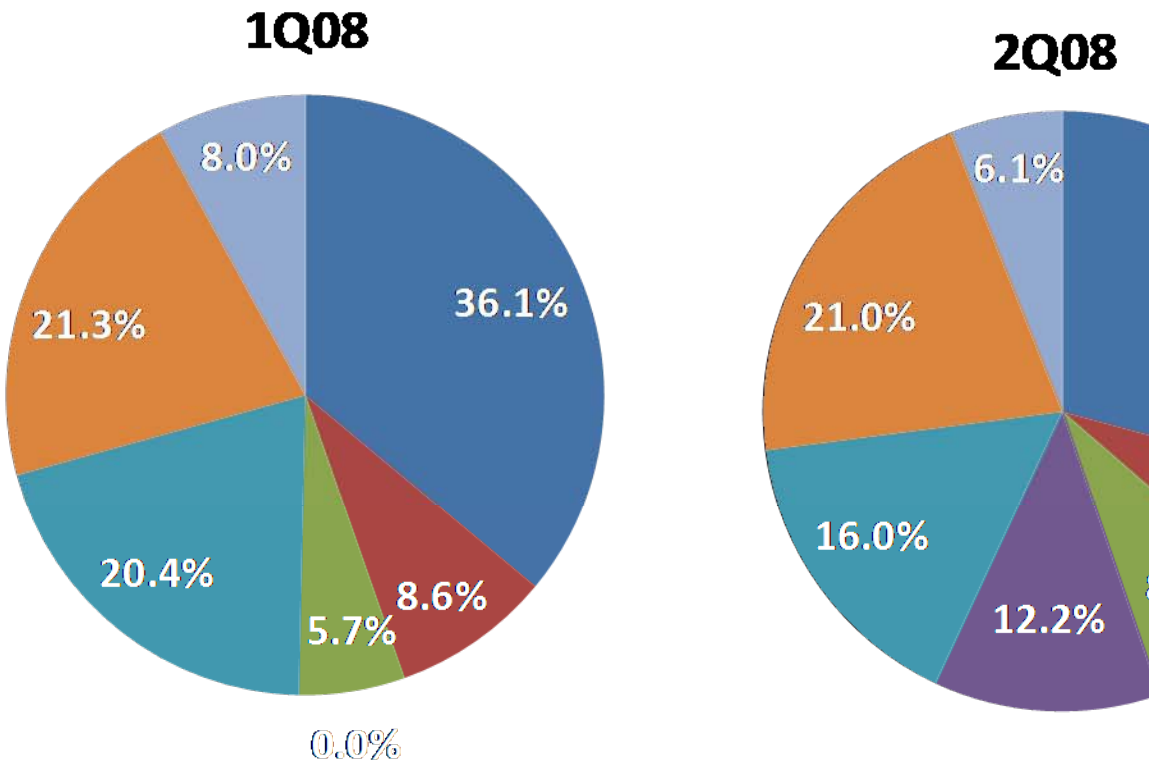


Net Revenue Performance – By Product

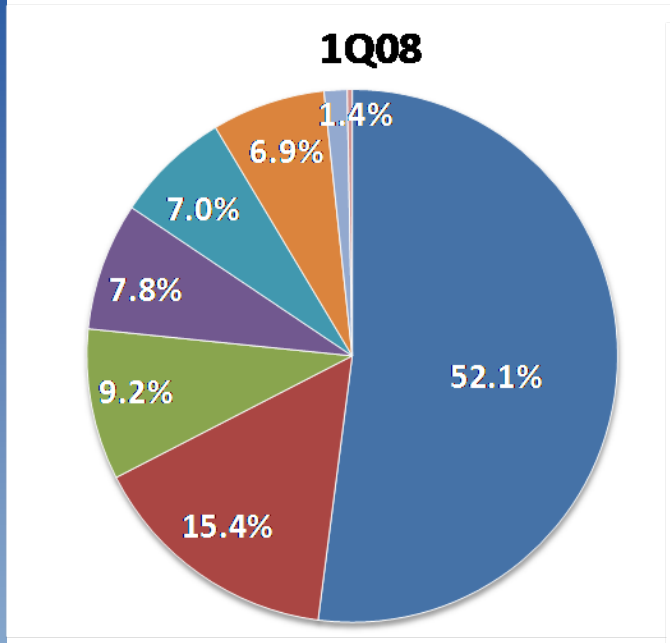


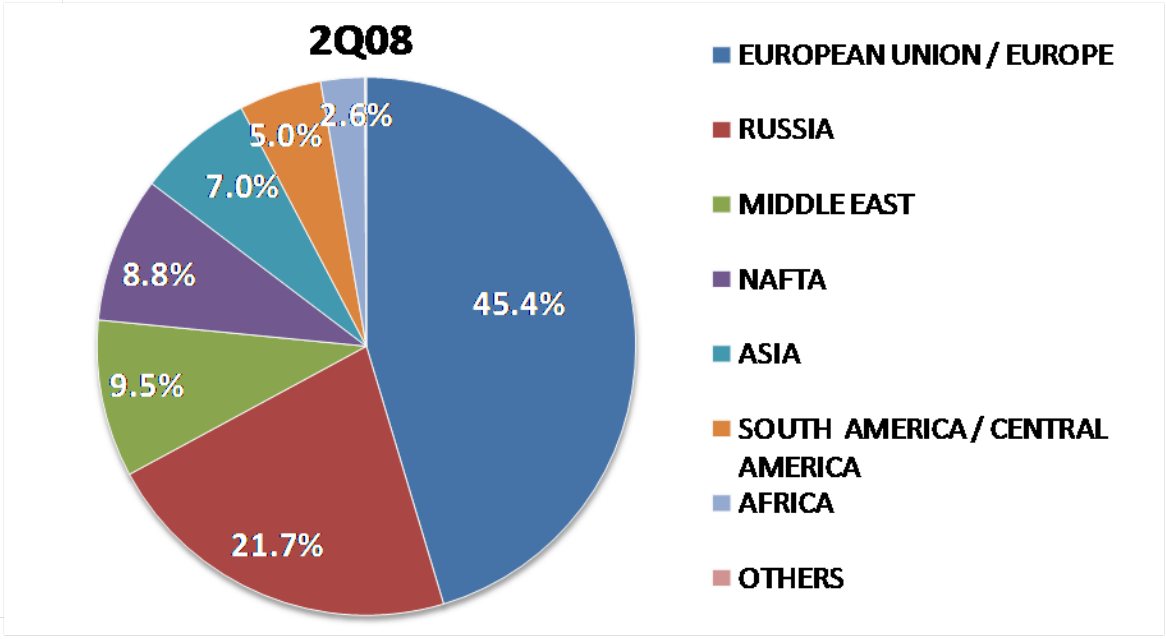
Net Revenue Breakdown – By Division

By Division



Exports Revenue Breakdown by destination – Marfrig Group



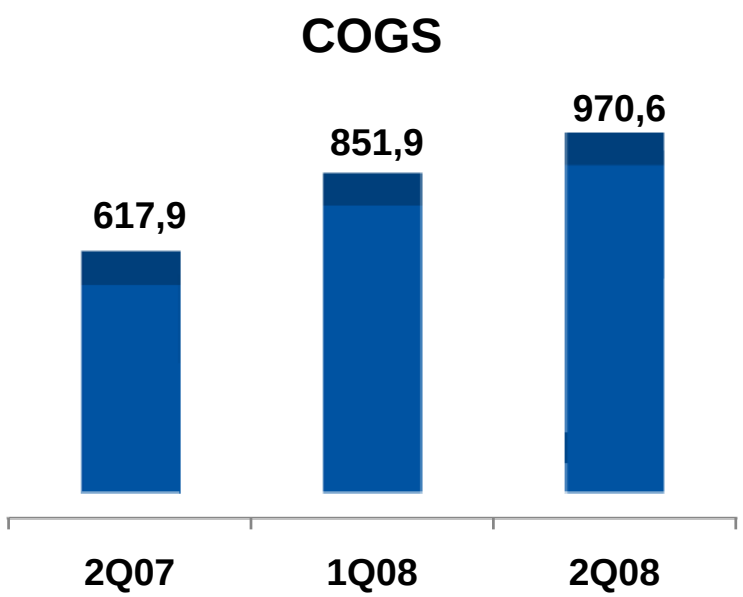


1Q08 Total Exports:
R$ 565,4 million

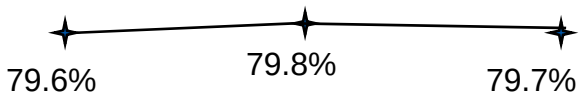
2Q08 Total Exports:
R$ 625,9 million

Costs and Expenses

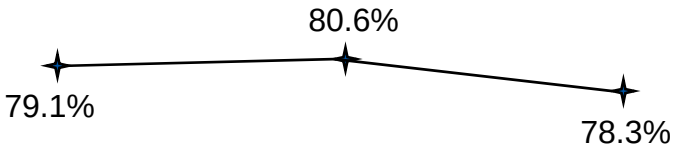
Cost of Goods Sold (COGS – R$ million)



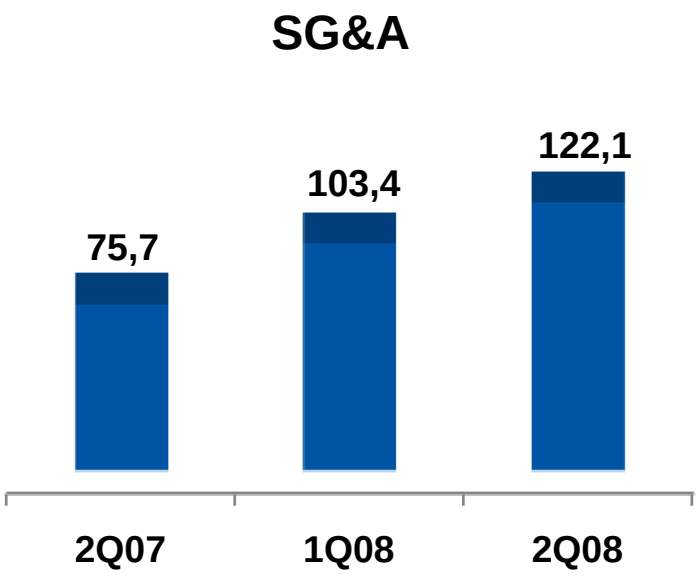
COGS % of Net Sales



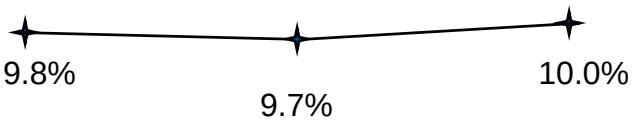
Raw Material cost % of costs in COGS



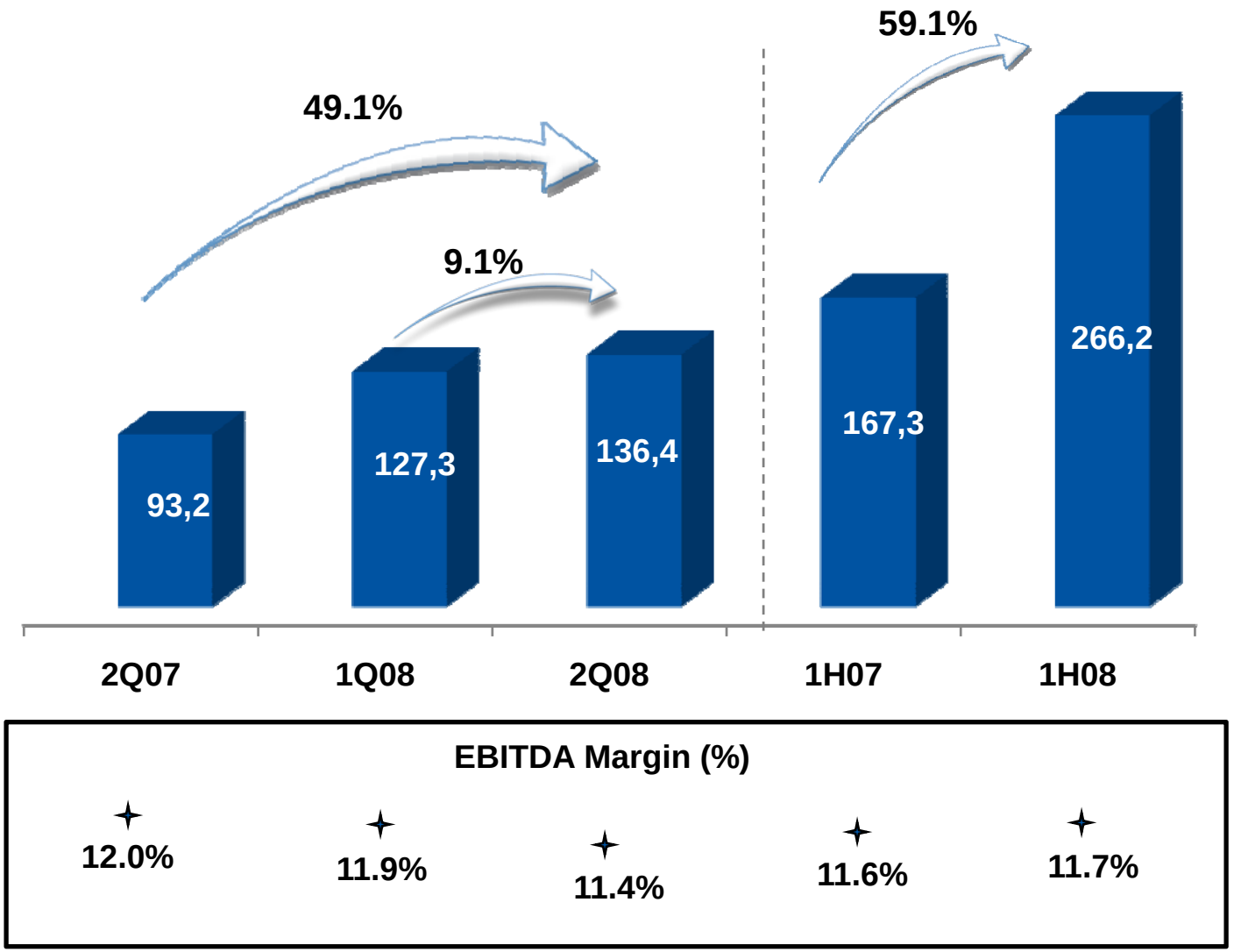
SG&A (R$ million)



SG&A % of Net Sales

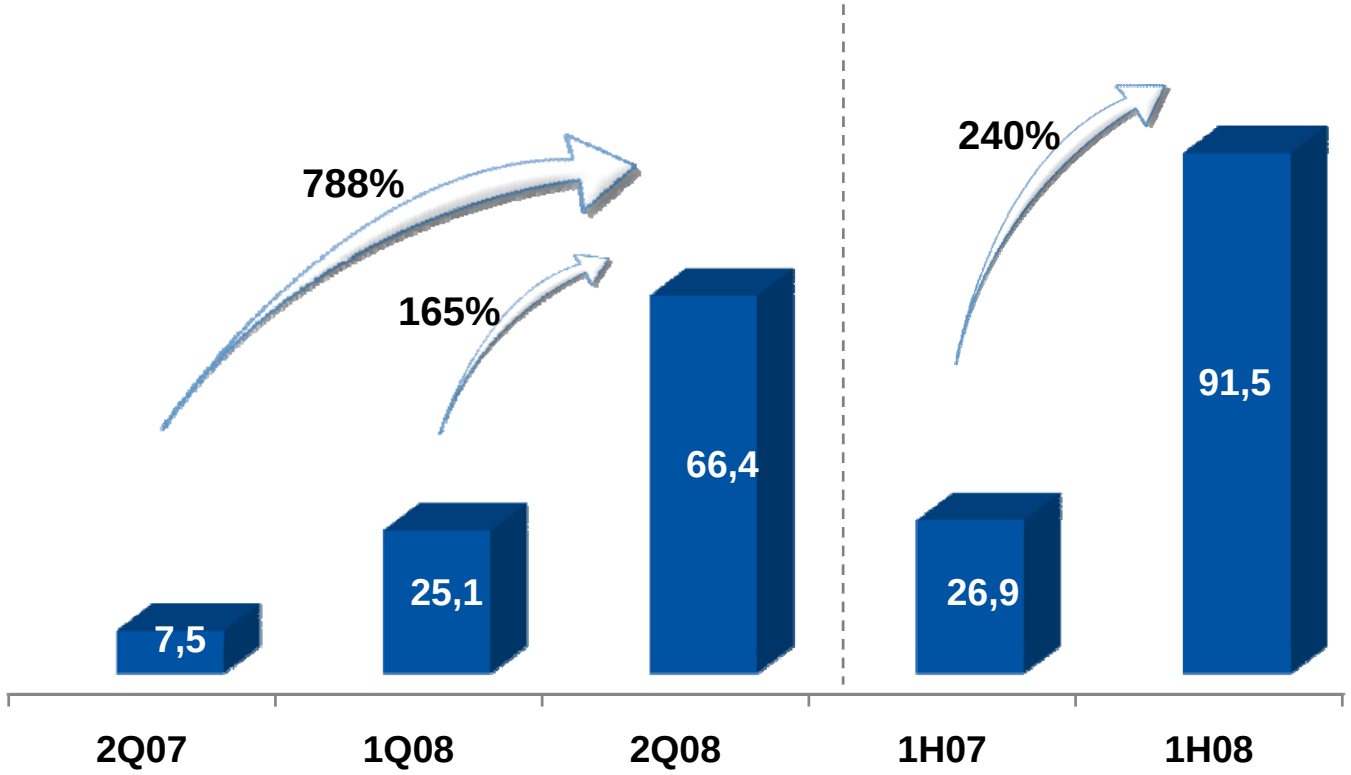


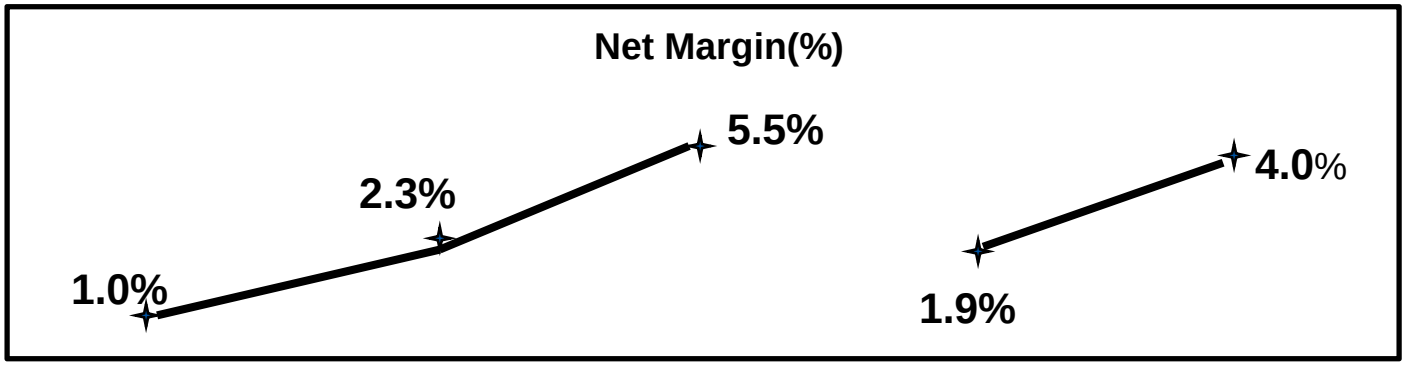
EBITDA and EBITDA Margin



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Net Income and Net Margin



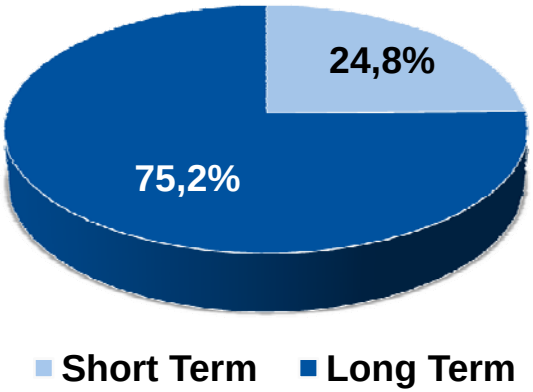


STRATEGY + EXECUTION = RESULTS

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Indebtedness

Debt Breakdown



Total Debt: R$ 2,520.5 million

Net Debt: R$ 1,779.5 million

Net Debt/EBITDA 2008*: 2.97

Total Debt/EBITDA 2008*: 4.20

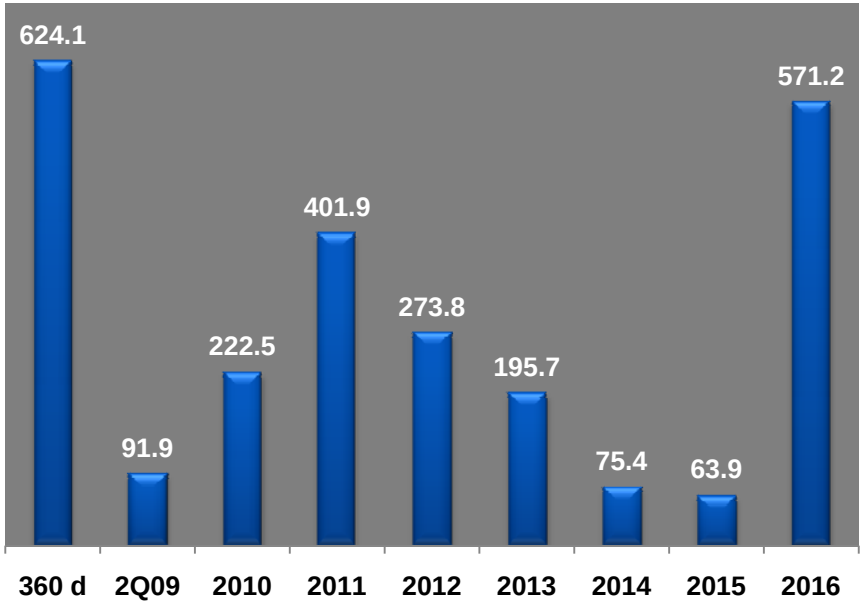
*** Guidance EBITDA 2008 = R$ 600 million**

Net Debt/EBITDA LTM: 3.73

Total Debt/EBITDA LTM: 5.29

LTM = last twelve months

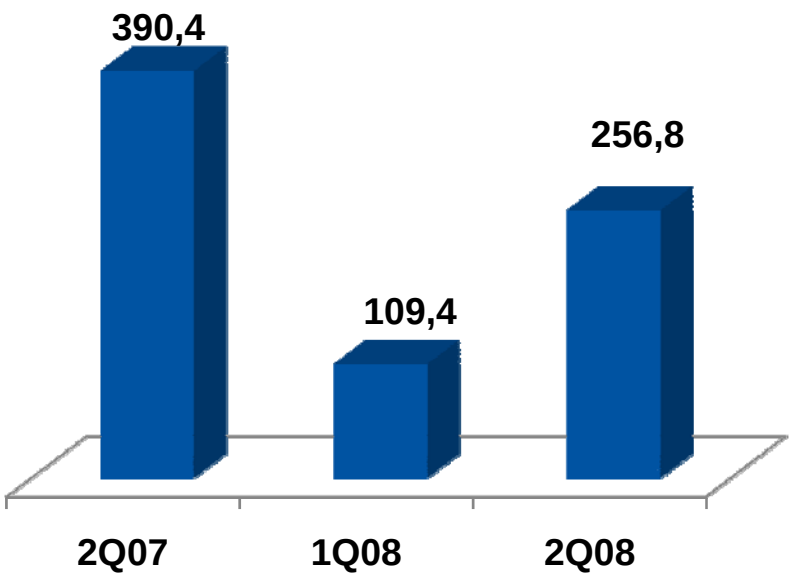
Debt Amortization Schedule (R$ million)



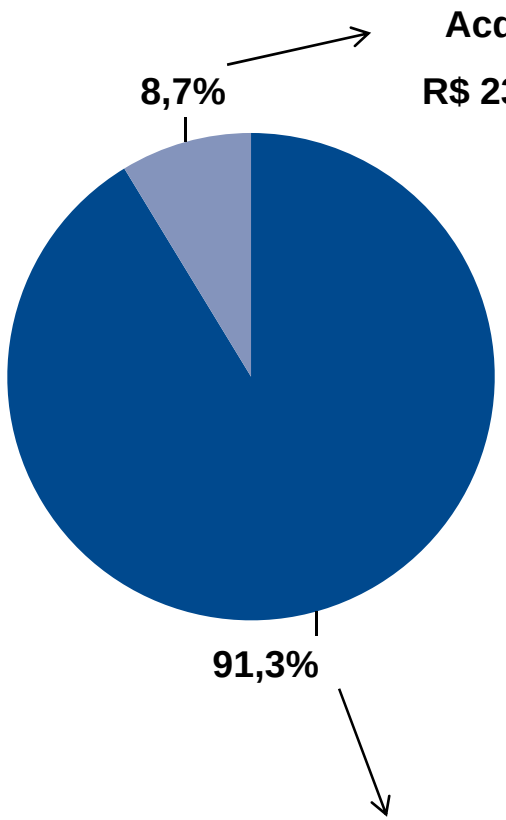
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Capex – 2Q08

Capex (R$ million)



Use of Funds – 2Q08



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Funding for the Acquisition of the OSI Group companies and Pemmican Brand

Moy park

Kitchen Range Foods

Délipro by Albert van Zoonen

GLENMARK

pena branca



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Operation Structure - Private Capital Increase

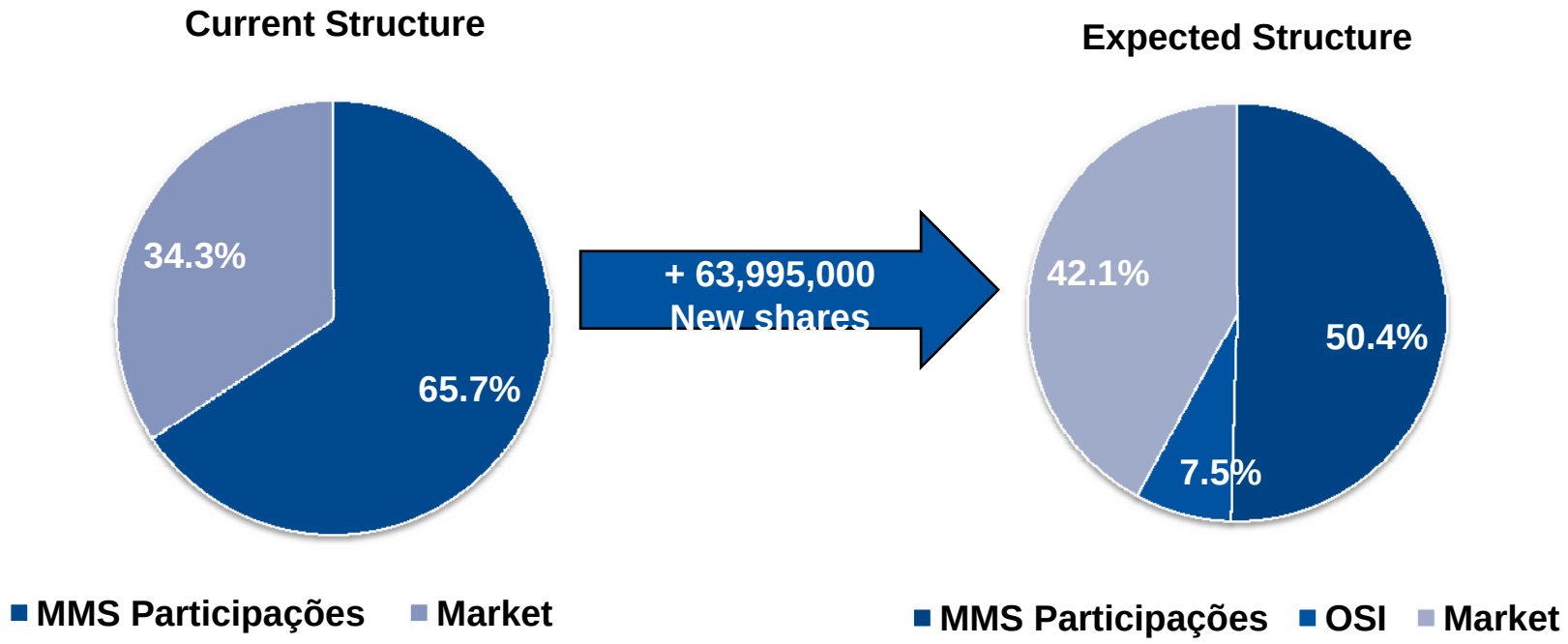
Issuers	Marfrig Frigoríficos e Comércio de Alimentos S.A.
Shares Offered	63,995,000 common shares
Ticker	MRFG3
Listing	Bovespa / Novo Mercado
Price	R$ 21.50 per share (premium of 4.166% based on the last 60 trading sessions)
Amount Offered	R$ 1,375.9 million (approximately US$ 860.0 million)
Net Proceeds	R$ 945.9 million (including expenses with the operation)
OSI Group Stake	20,000,000 shares blocked for 30 months, resulting in a post-offering stake of 7.46% of Marfrig's total capital
Preemptive rights term	30 days from the date of the Notice to the Market
Use of Proceeds	Acquisition of OSI International Group companies (Braslo Produtos de Carnes Ltda., Penasul Alimentos Ltda., Agrofrango Indústria e Comércio de Alimentos Ltda., Moy Park Ltd., Kitchen Range Foods Ltd. and Albert van Zoonen B.V.) and other corporate requirements

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Operation Structure – Capital Increase

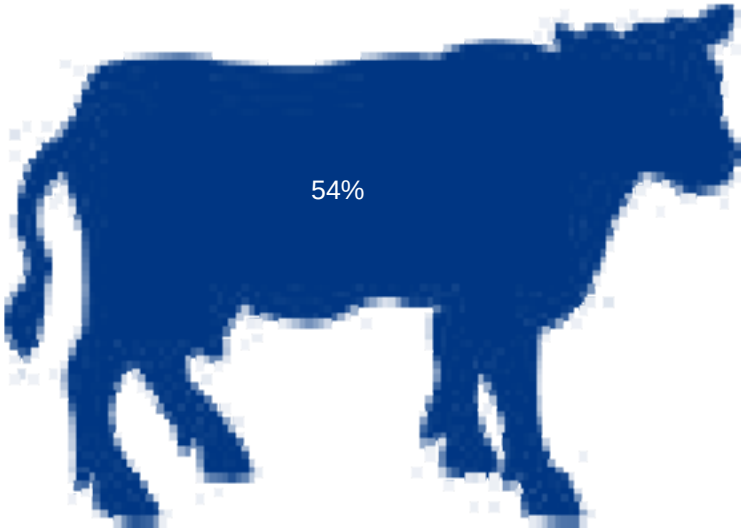
Before the capital increase
203,948,954 shares

After the capital increase
267,943,954 shares



Brands

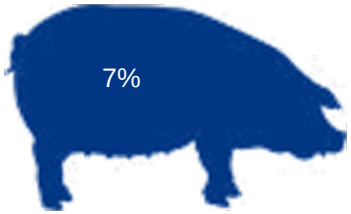


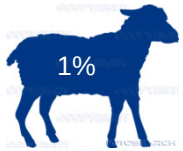












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