MARFRIG GROUP



2Q09 Results Presentation

August 12, 2009





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Message from the CEO

In the 2Q09 we continue demonstrating our ability to respond effectively to changes in economic conditions, where exchange volatility demanded a quick reaction to exports and production, by capturing the expected synergies in our divisions during the challenging scenario presented in 2009.

Marfrig Alimentos is a multinational company in rapid expansion, we have different cultures seeking rapid integration in order to maintain our common connection, which is the tradition of operating simply and flexibly.

The results of this positive operating performance allowed us to deliver record net income, driven by foreign exchange gains, after suffering from foreign exchange losses in the second half of 2008.

Our net sales grew by 97.5% in 2Q09 compared with the same period last year and by 6.8% in relation to 1Q09. In the quarter, sales volume increased by 5.8% in relation to 1Q09.

We believe that the sustainability of the rapid expansion of our business should be accompanied by our commitment to and engagement in production operations that are sustainable and respect the environment and wellbeing of animals throughout all links of the production chain..

Financial Highlights – 2Q09

Financial Highlights (R$ Million)	2Q08	1Q09	2Q09	*2Q09x 1Q09*	*2Q09x 2Q08*
Net Revenue	1,217.1	2,250.8	**2,403.9**	*6.8%*	*97.5%*
- Domestic Market	589.0	1,302.6	**1,499.9**	*15.1%*	*154.6%*
- Exports	628.1	948.2	**904.0**	*-4.7%*	*43.9%*
EBITDA	138.9	163.6	**183.4**	*12.1%*	*32.0%*
EBITDA Margin	11.4%	7.3%	**7.6%**	*30 p.b.*	*-380 p.b.*
Net Income	66.4	(38.2)	**405.0**	*N.D.*	*510,0%*
Net Margin	5.5%	(1.7%)	**16.8%**	*1,850 p.b.*	*1,130 p.b.*

Guidance vs. 2009 Recorded Results (2Q09)



Below we provide the results effectively achieved to date by the Company compared with the lower range of the guidance disclosed to the market on March 19, 2009:

	Guidance 2009	Recorded Results (1H09)	Guidance % achievement compared to the lower level
Net Revenue	R$ 10.5 billion R$ 12.0 billion	R$ 4.7 billion	44.7%
EBITDA[1]	R$ 840 million R$ 1,200 million	R$ 346.9 million	41.3%
EBITDA Margin	8% 10%	7.5%	93.7%
CAPEX[2]	R$ 220 million	R$ 164.6 million	74.8%

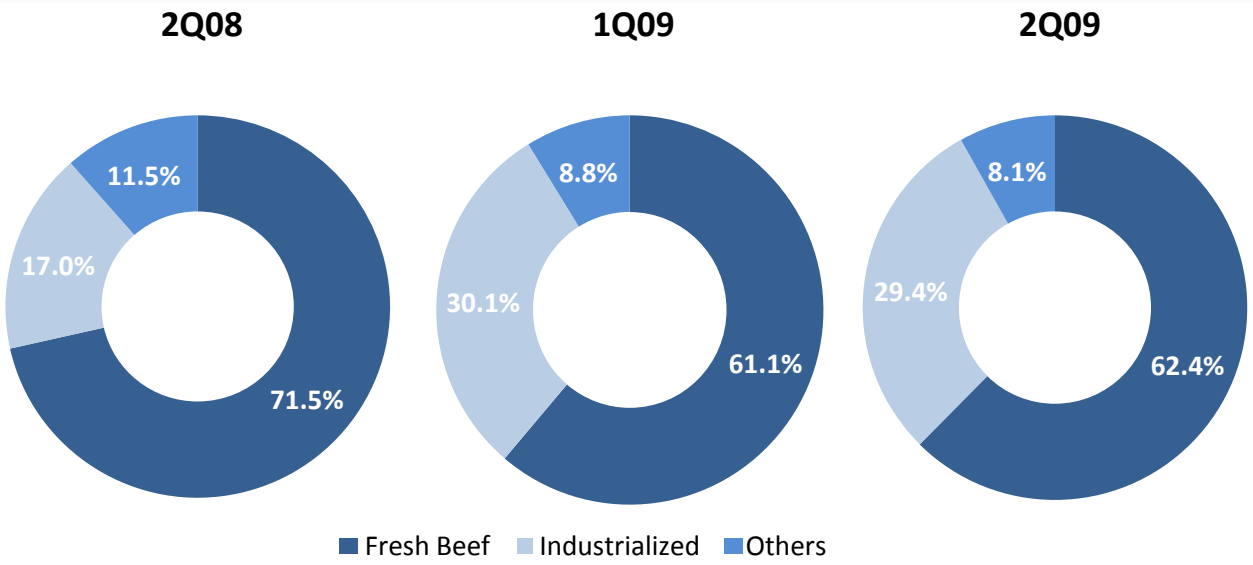
1 Earnings before interest, taxes, depreciation and amortization

2 Excludes acquisitions

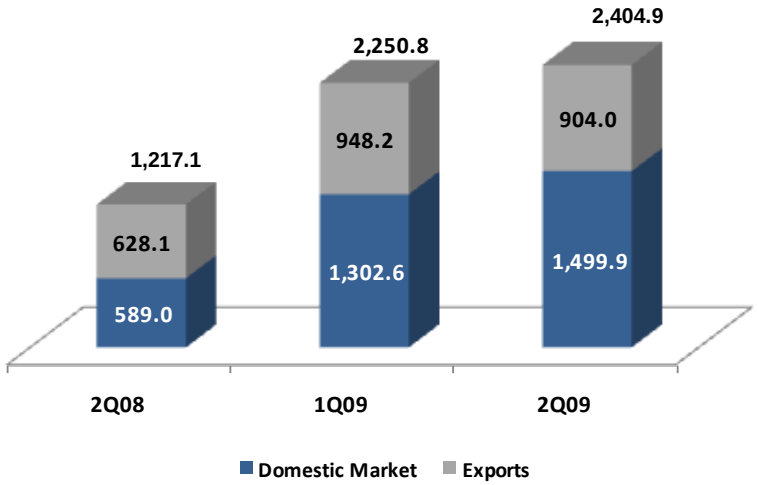
Main exchange rate assumptions: R$2.30/U.S. dollar; US$1.50/pound sterling, US$1.35/euro

Net Revenue (R$ million)

By Product



By Market



Brazil: Brand development strategy

- Increase industrialized products sales in Brazil
- New packages
- Better distribution of new products to large retailers
- Communication network – internet, press, sales point, etc.

New products of the SUPERITOS line – DaGranja brand











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Abroad: Brand development strategy



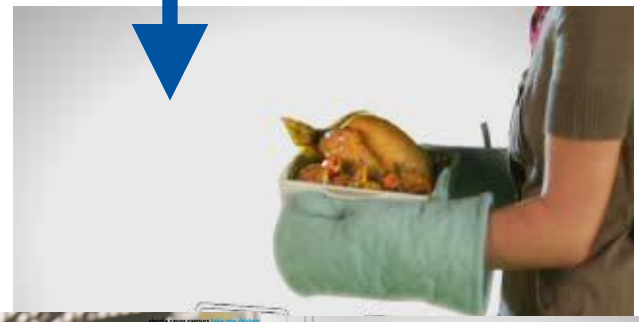
Growth

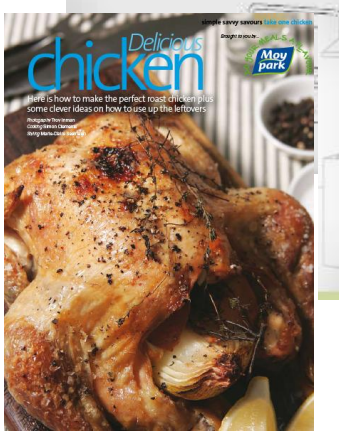
Development of new products at the Distribution Channel

Brand reach and presence











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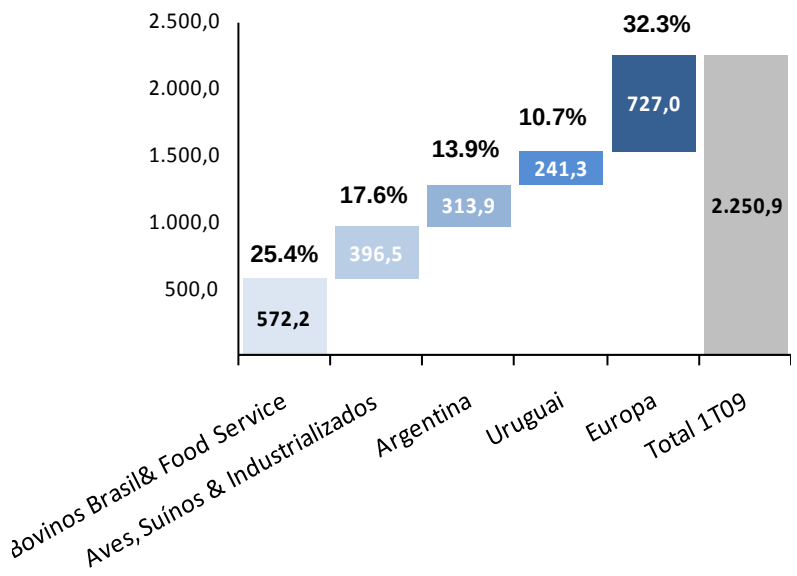
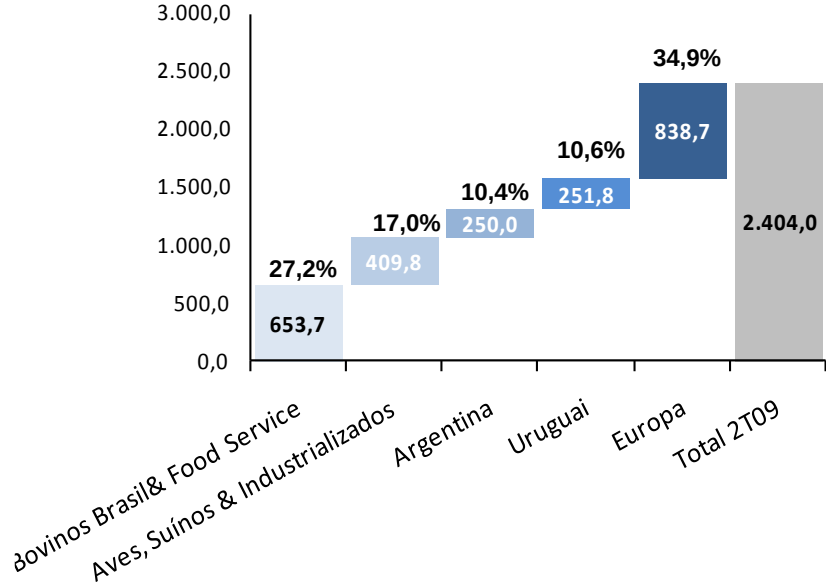
Net Revenue Breakdown (R$ million)

1Q09



2Q09



In 2Q09, net revenue was R$2,403.9 million, up 97.5% on 2Q08 (R$1,217.1 million) and 6.8% on 1Q09 (R$2,250.8 million). A total of 532.7 thousand tonnes were sold in the quarter, representing growth of 5.8% in sales volume compared with 1Q09.

The highlight was the Brazil units, which registered growth of 9.8% over 1Q09, which was balanced between domestic net sales growth of 10.1% and export net sales growth of 9.4%, and by the performance of the Europe units (particularly the United Kingdom), where net sales increased by 15.4% on the prior quarter.

Revenue in the quarter was fueled by higher volume and the impact on exports from the depreciation in the dollar against the real of 10.3% in the period.

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Sales and Volume – By Division

Sales

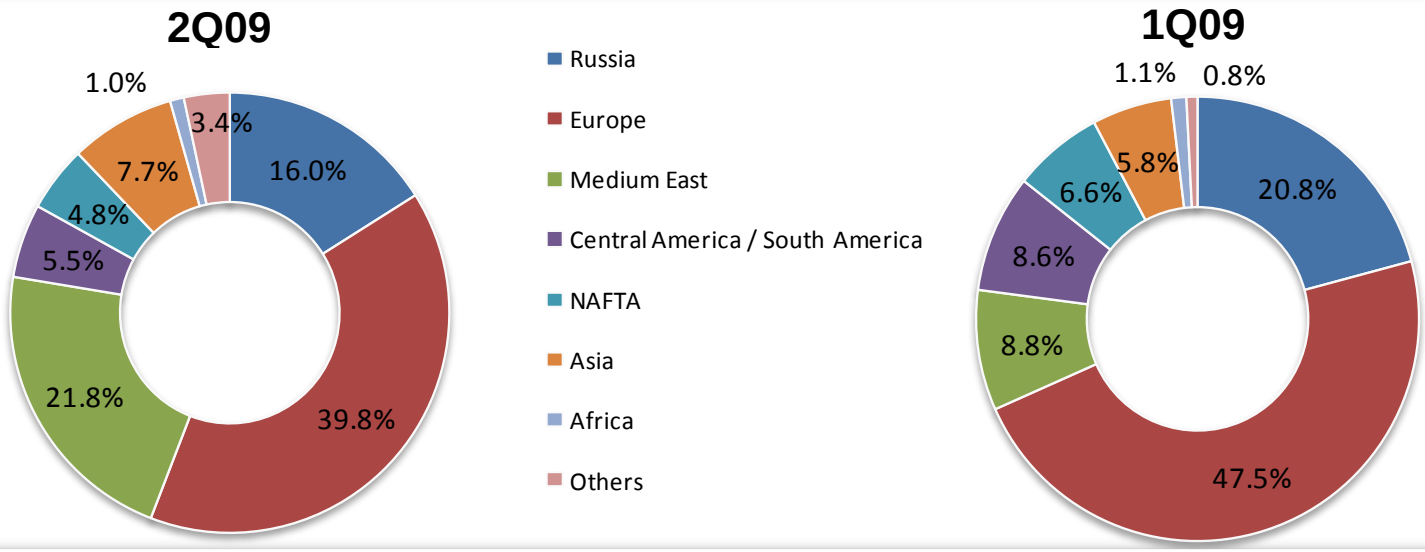
Net Sales (R$ '000) By Division	2Q08	1Q09	2Q09	Var. 2Q09 x 1Q09	Var. 2Q09 x 2Q08
Beef Brazil & *Food Service*	442,473	572,164	653,685	14.2%	47.7%
Chicken, Pork % Industrialized	250,518	396,512	409,768	3.3%	63.6%
Argentina	194,803	313,863	250,023	-20.3%	28.3%
Uruguay	273,405	241,314	251,845	4.4%	-7.9%
Europe	55,931	727,022	838,670	15.4%	1,399.5%
Total	**1,217,130**	**2,250,875**	**2,403,991**	**6.8%**	**97.5%**

Volume

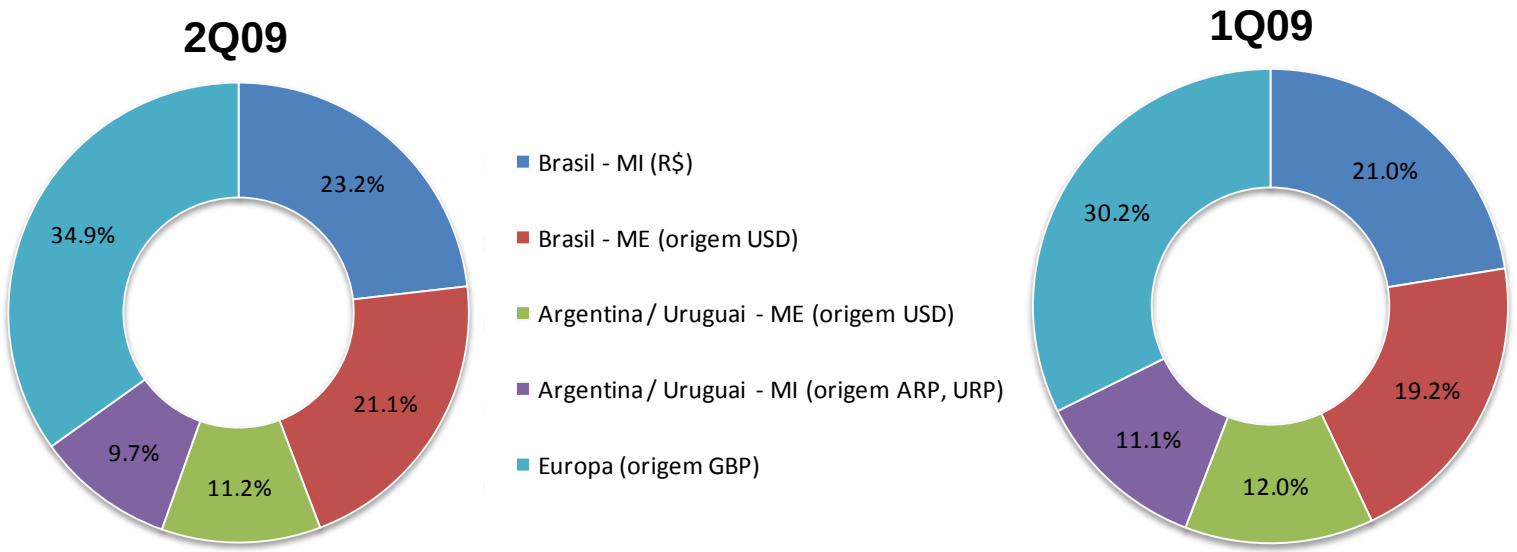
Volume (tonnes) By Division	2Q08	1Q09	2Q09	Var. 2Q09 x 1Q09	Var. 2Q09 x 2Q08
Beef Brazil & *Food Service*	117,058	128,289	156,531	22.0%	33.7%
Chicken, Pork % Industrialized	89,951	150,996	143,003	-5.3%	59.0%
Argentina	53,816	82,636	75,698	-8.4%	40.7%
Uruguay	61,616	50,572	55,268	9.3%	-10.3%
Europe	6,987	91,063	102,190	12.2%	1,362%
Total	**329,428**	**503,556**	**532,692**	**5.8%**	**61.7%**

Revenue Analysis – 2Q09 x 1Q09

Export Destination

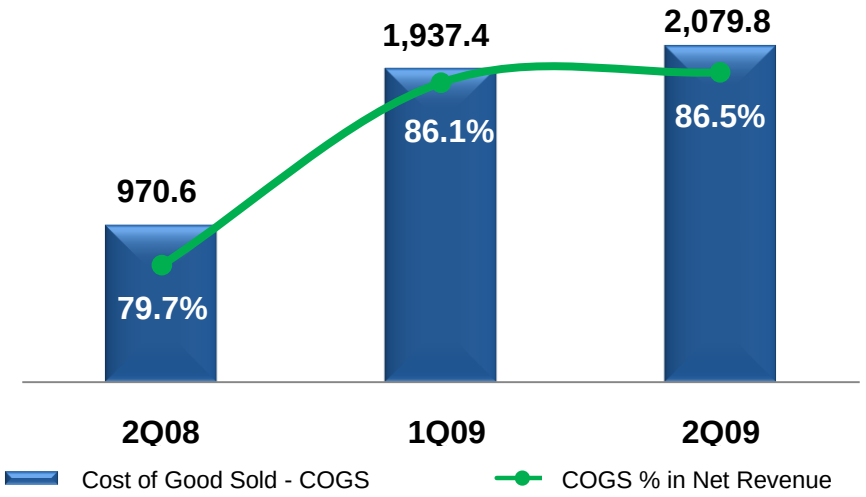


By Currency



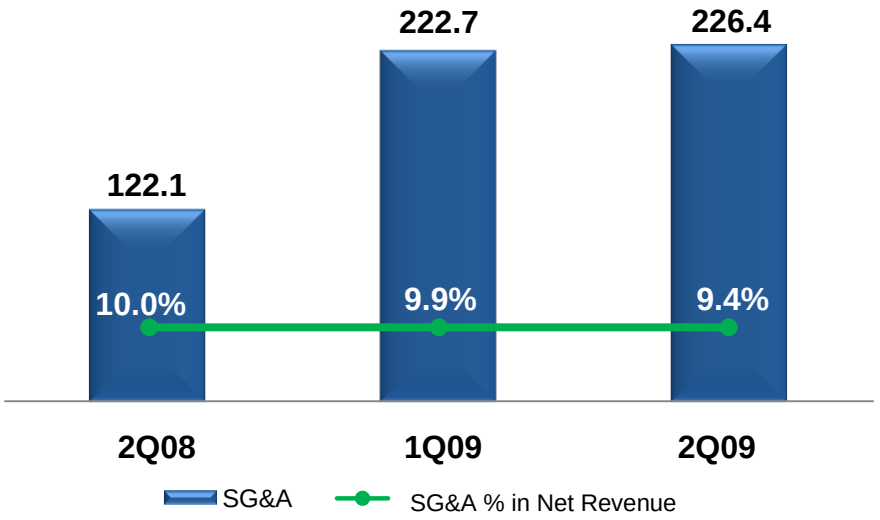
Costs and Expenses Performance

Cost of Goods Sold (COGS – R$ million)



- The acquisition of raw materials (beef, poultry, hogs and grain) continued to represent the largest part of COGS in 2Q09, of 69.7%, down from 72.2% in the prior quarter.
- BDO started auditing cattle purchasing on June 22, 2009 and no purchases from the farms listed by IBAMA (embargoed areas) and by the Ministry of Labor and Job (slave labor) were identified.

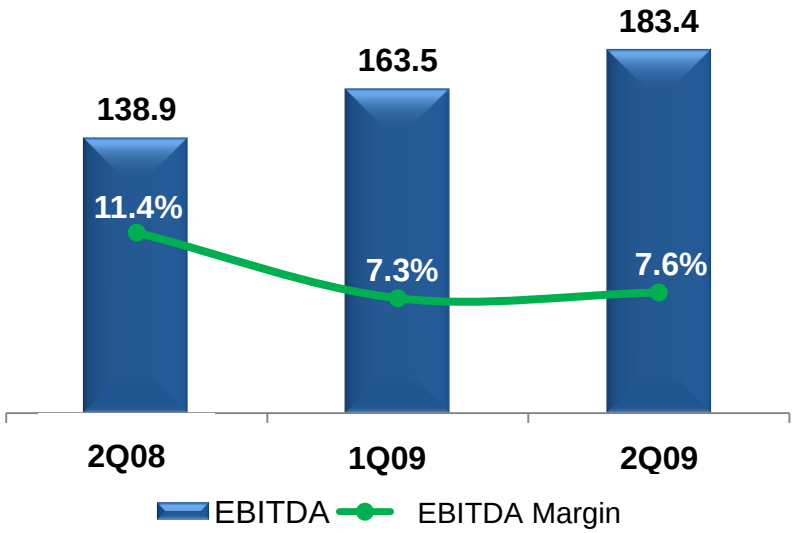
Selling, General and Administrative Expenses (*SG&A* – R$ million)



- Result of the strategy to cut costs and expenses => expenses represented 9.4% of net revenue in 2Q09, down from 9.9% in 1Q09 and 10.0% in 2Q09
- ACTIONS: integrating the structures of recently acquired units and capturing the expected synergy gains in raw material costs, the exchange of best practices and the dilution of fixed costs..

EBITDA and Net Income

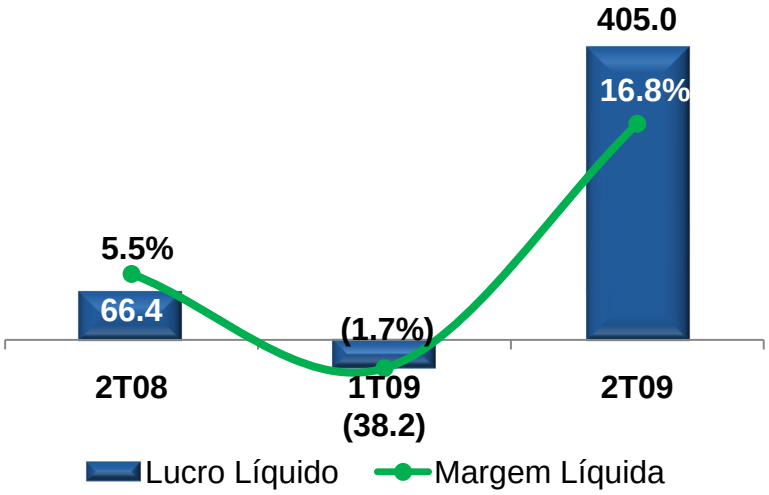
EBITDA (R$ million) and EBITDA Margin



- Optimizing the use of distribution channels, increasing the share of value-added processed products, capturing synergy gains at acquired companies and the commitment to sustainability, gave the company the conditions needed to successfully face the current challenging scenario and sustain margins over the coming years.

- Marfrig maintained its strategy of geographic and protein diversification, which fueled sales volume in the quarter with higher utilization of its beef capacity in Brazil.

Net Income (R$ million) and Net Margin



- Net income in the quarter was a record => R$ 405.0 million, positively impacted by the appreciation in the Brazilian real against the U.S. dollar in the period.

Consolidated Debt – R$ million

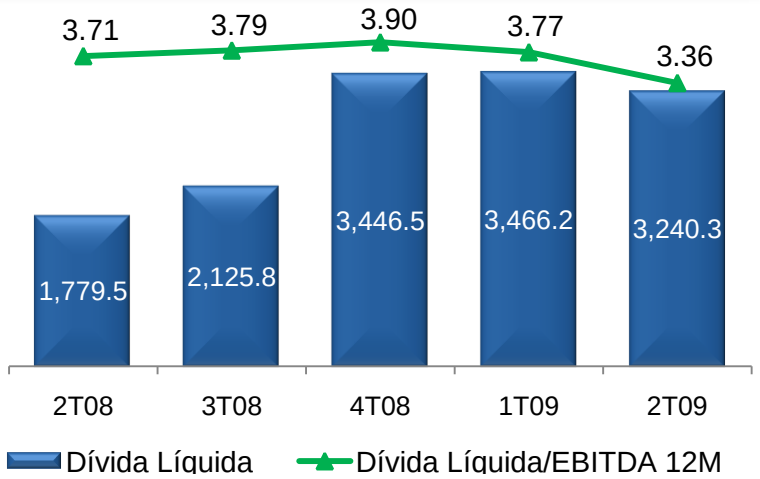
Short Term	1Q09	Part. %	2Q09	Part. %	Var. 2Q09 x 1Q09
- Domestic Currency	218.6	4.8%	416.7	9.2%	90.6%
- Foreign Currency	1,076.0	23.4%	843.5	18.6%	-21.6%
Total Short Term	1,294.6	28.2%	1,260.1	27.9%	2.7%
Long Term	**1Q09**	**Part. %**	**2Q09**	**Part. %**	**Var. 2Q09 x 1Q09**
- Domestic Currency	530.0	11.5%	835.2	18.5%	57.6%
- Foreign Currency	2,766.6	60.3%	2,429.4	53.7%	-12.2%
Total Long Term	3,296.6	71.8%	3,264.6	72.1%	-1.0%
Total Debt	**4,591.2**	**100.0%**	**4,524.7**	**100.0%**	**-1.4%**
Cash position	1,125.1		1,284.4		14.2%
Net Debt	**3,466.2**		**3,240.3**		**-6.5%**

Average Cost of Debt	1Q09	2Q09
Domestic Currency	13.36%	11.0%
Foreign Currency	7.81%	7.69%
Geral	**8.71%**	**8.61%**

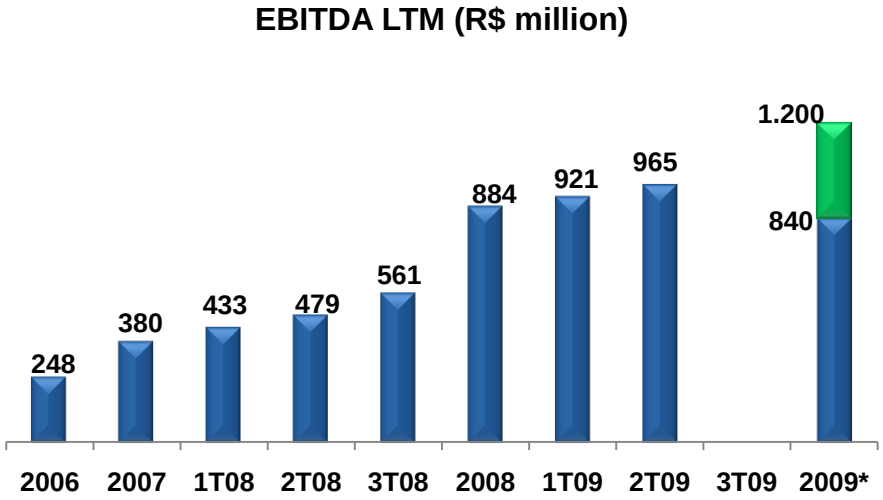
- The average cost of total debt fell to 8.61% p.a. (-10 basis points) in 2Q09,compared with 1Q09.
- New long term operations in 3Q09 in local currency, replacing the amount in short term, therefore improving debt profile

Gestão da Estrutura de Capital – Financing

Net Debt / EBITDA



EBITDA last 12 months



*Minumum and maximum guidance for 2009.

Short Term Amortization (Domestic Currency + Foreign Currency)

	1Q09	% total	2Q09	% total
1Q09	-	-	-	
2Q09	448,013	34.6	-	
3Q09	308,816	23.9	452,316	35.9
4Q09	170,047	13.1	181,510	14.4
1Q10	367,744	28.4	363,070	28.8
2Q10	-	-	263,252	20.9
Total ST Debt	**1,294,620**	**28.2**	**1,260,148**	**27.9**
Cash	**1,125,082**		**1,284,370**	

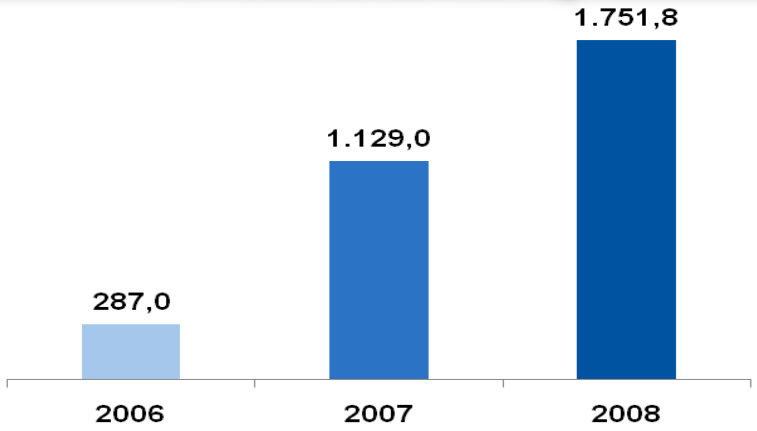
- Higher cash than short term debt
- Average funding cost reducton in US dollar and in Real
- Debt rollover
- Improved amortization schedule of short term debt
- Company continues focused on reducing leverage and short term debt

Investments

Consolidated Investments

R$ million	2Q08	3Q08	4Q08	1Q09	2Q09
Investments (Goodwill)	**(15.5)**	**(113.1)**	**(413.5)**	**(160.6)**	**(26.3)**
CAPEX – invested in fixed asset	(35.1)	(66.2)	(85.6)	(74.3)	(89.8)
Intangible asset / Goodwill	(8.3)		(909.2)	(0.4)	(0.1)
CAPEX	**(43.4)**	**(66.2)**	**(994.8)**	**(74.7)**	**(89.9)**
Total investment	**(58.9)**	**(179.3)**	**(1,408.3)**	**(235.3)**	**(116.2)**

Investments History



In the past 3 years we invested USD 1.1 billion (R$ 2 billion) abroad and R$ 1.2 billion in Brazil, with a R$ 3.2 billion consolidated in the period, mainly by the R$ 2.5 billion IPO and the private capital increase.

In the quarter, Marfrig invested R$ 89.8 million in the construction, maintenance, modernization and/orexpansion of its plants. Investments to date in the year totaled R$ 164.6 million.

In 2Q09, Marfrig Alimentos S.A. disbursed a total of R$ 26.3 million in payments related to the acquisition of companies in Brazil and abroad made in 2007 and 2008.

Social environmental Responsibility





- As from June 22, 2008, the Company undertook not to acquire and slaughter or sell cattle from the Amazon region, which have been deforested as of that date, showing its commitment to find a sustainable development solution for cattle raising. Accordingly, on that date the Company requested BDO Auditores Independentes to audit 100% of cattle acquisitions, so as to reinforce Marfrig Group's commitment. BDO started auditing cattle purchasing on June 22, 2009 and no purchases from the farms listed by IBAMA (embargoed areas) and by the Ministry of Labor and Job (slave labor) were identified.

- Partnership with state governments to develop the Animal Origin Guarantee Program, with the Company not acquiring cattle from areas on the banned list published by Brazil's environmental protection agency, IBAMA, that come from deforested areas in the Amazon Biome, or from areas involved in slave labor practices on the list published by the Ministry of Labor.

- Task Force for Sustainable Ranching, an initiative of the IFC and World Bank to promote sustainability throughout the beef chain. Marfrig is a member of the executive committee of the task force and serves as its chairman.

- Implementation of the environmental indicator methodology (by December 2009) and preparation for our units to obtain the certifications ISO 14000, ISO 9001, SA 8000 and OSHAS 18000 (by December 2011).

- An effluent treatment system using biodigestors that captures and burns off the methane gas, a program to reduce water consumption as well reuse water at units, with the aim of reducing water consumption per ton produced by December 2010.

- Implementation of the Ranching Incentive Program with the objective of developing and valuing best practices to improve productivity in the field, following the example of programs we have already developed in our Argentina and Uruguay units.

Question & Answers



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Aviso

Esta apresentação pode incluir declarações que representem expectativas sobre eventos ou resultados futuros de acordo com a regulamentação de valores mobiliários brasileira e internacional. Essas declarações estão baseadas em certas suposições e análises feitas pela Companhia de acordo com a sua experiência e o ambiente econômico e nas condições de mercado e nos eventos futuros esperados, muitos dos quais estão fora do controle da Companhia. Fatores importantes que podem levar a diferenças significativas entre os resultados reais e as declarações de expectativas sobre eventos ou resultados futuros incluem a estratégia de negócios da Companhia, as condições econômicas brasileira e internacional, condições do mercado financeiro, incerteza a respeito dos resultados de suas operações futuras, planos, objetivos, expectativas e intenções e outros fatores assim descritos no Prospecto Preliminar arquivado na Comissão de Valores Mobiliários. Em razão desses fatores, os resultados reais da Companhia podem diferir significativamente daqueles indicados ou implícitos nas declarações de expectativas sobre eventos ou resultados futuros.

Este material inclui declarações sobre eventos futuros sujeitas a riscos e incertezas, as quais baseiam-se nas atuais expectativas e projeções sobre eventos futuros e tendências que podem afetar os negócios da Companhia. Essas declarações incluem projeções de crescimento econômico, além de informações sobre posição competitiva, potenciais oportunidades de crescimento e outros assuntos. Inúmeros fatores podem afetar adversamente as estimativas e suposições nas quais essas declarações se baseiam.

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