Marfrig
1Q09 Results

May 14, 2009





1Q09 SCENARIO

- **DETERMINATION, SYNERGY AND FOCUS**: key factors to deliver strong results

- Geographical and protein diversification and increase in the participation of industrialized/processed products in the revenue mix strategies that enabled good consolidated performance

- Global environment in 1Q09 impacted by the economic crisis: export recovery in the last month of the quarter, but with high exchange rate volatility in the period

- Better working capital management: 13 days decrease in 1Q09 financing in comparison to 4Q08

- Strategy to reduce costs and expenses: capturing gains from synergies in raw material costs, the exchange of best practices and the dilution of fixed costs

- Solid financial policy, maintaining high balances of cash and funding operations to rollover and lower debt costs

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FINANCIAL HIGHLIGHTS – 1Q09

Highlights (R$ Million)	1Q08	4Q08	1Q09	*1Q09x 1Q08*	*1Q09x 4Q08*
Net Revenue	1,067.0	2,396.0	**2,250.8**	*110.9%*	*(6.1%)*
- Domestic Market	523.7	1,427.1	**1,302.6**	*148.7%*	*(8.7%)*
- Exports	543.3	968.8	**948.2**	*74.5%*	*(2.1%)*
EBITDA	127.3	446.6	**163.5**	*28.5%*	*(63.4%)*
EBITDA Margin	11.9%	18.6%	**7.3%**	*(470 bps)*	*(1,140 bps)*
Net Income	29.0	(74.2)	**(38.2)**	*(231.4%)*	*(48.6%)*
Net Margin	2.3%	(3.1%)	**(1.7%)**	*(400 bps)*	*140 bps*

GUIDANCE vs. ACCUMULATED RESULT 2009 (1Q09)

Below we present the results accumulated in 2009 compared to the minimum Guidance disclosed to the market on March 19, 2009:

	Guidance 2009	Reported Results	% of minimum guidance
Net Revenue	R$ 10.5 billion R$ 12.0 billion	R$ 2.2 billion	21.4%
EBITDA[1]	R$ 840 million R$ 1,200 million	R$ 163.5 million	19.5%
EBITDA Margin	8% 10%	7.3%	91.3%
CAPEX[2]	R$ 220 million	R$ 74.7 million	33.9%

1 Earnings before interest, taxes, depreciation and amortization

2 Not including acquisitions

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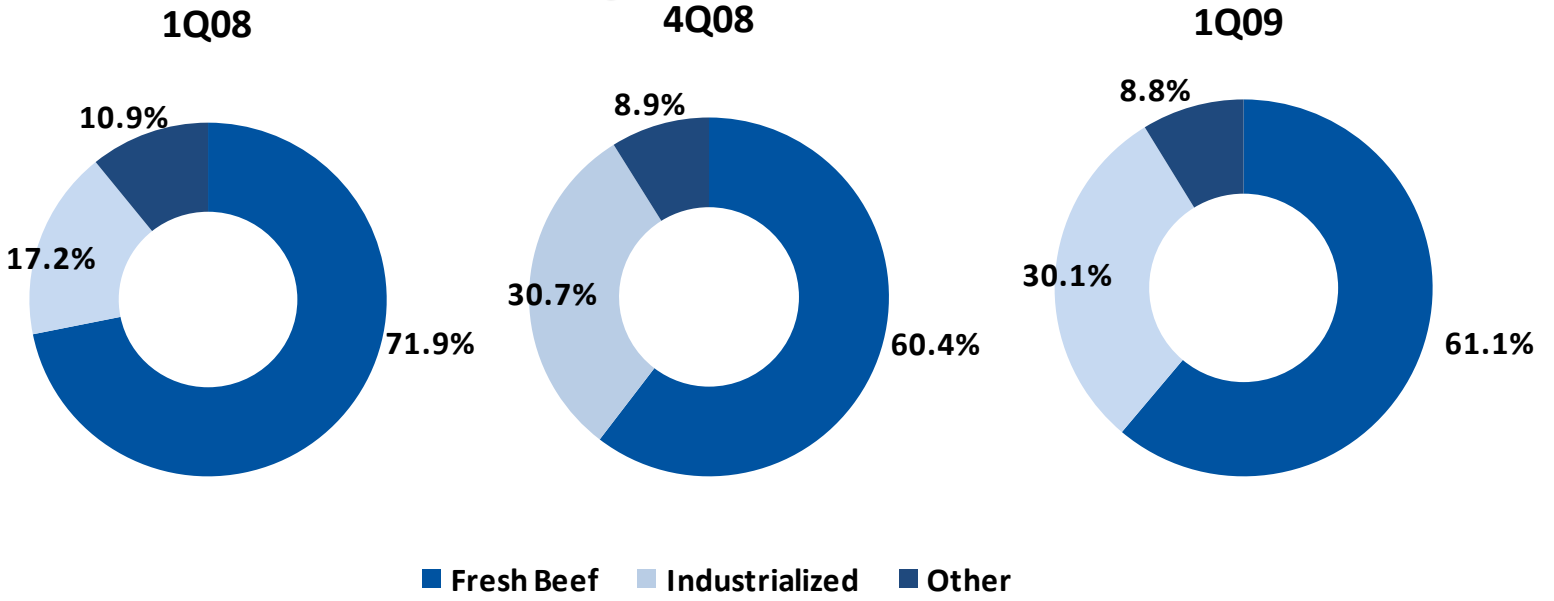
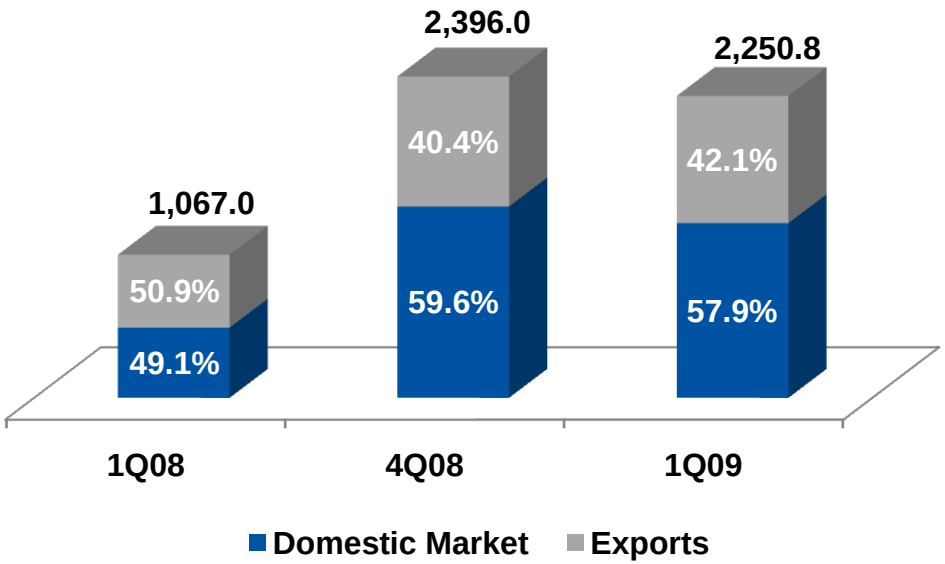
NET REVENUE (R$ million)

By Product

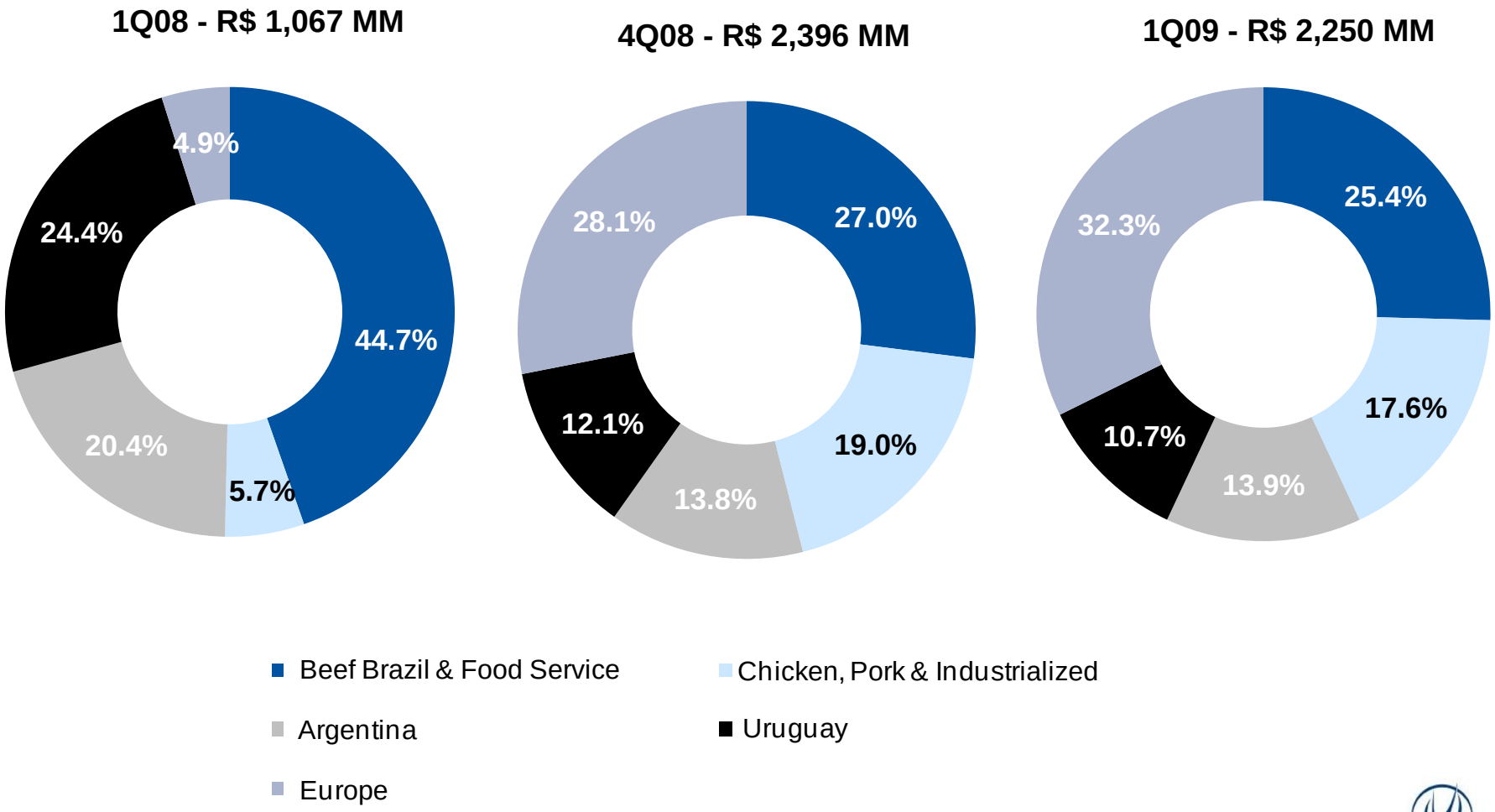


By Market



NET REVENUE BREAKDOWN

Net Revenue Breakdown (R$ million)



SALES AND VOLUME – By Division

Sales

Net Sales(R$ '000) - By Division	1Q08	4Q08	1Q09	Var. % 1Q09 x 1Q08	Var. % 1Q09 x 4Q08
Beef Brazil & Food Service	476,466	646,967	572,164	20.1%	-11.6%
Chicken, Pork & Industrialized	60,801	456,281	396,512	552.1%	-13.1%
Argentina	217,211	329,821	313,863	44.5%	-4.8%
Uruguay	260,296	290,002	241,314	-7.3%	-16.8%
Europe	52,298	672,931	727,022	1290.2%	8.0%
Total	1,067,072	2,396,002	2,250,875	110.9%	-6.1%

Volume

Volume (Tonnes) - By Division	1Q08	4Q08	1Q09	Var. % 1Q09 x 1Q08	Var. % 1Q09 x 4Q08
Beef Brazil & Food Service	133,492	140,639	128,289	-3.9%	-8.8%
Chicken, Pork & Industrialized	16,799	133,497	150,996	798.8%	13.1%
Argentina	54,699	72,269	82,636	51.1%	14.3%
Uruguay	61,831	52,567	50,572	-18.2%	-3.8%
Europe	2,315	88,347	91,063	3833.6%	3.1%
Total	269,136	487,319	503,556	87.1%	3.3%

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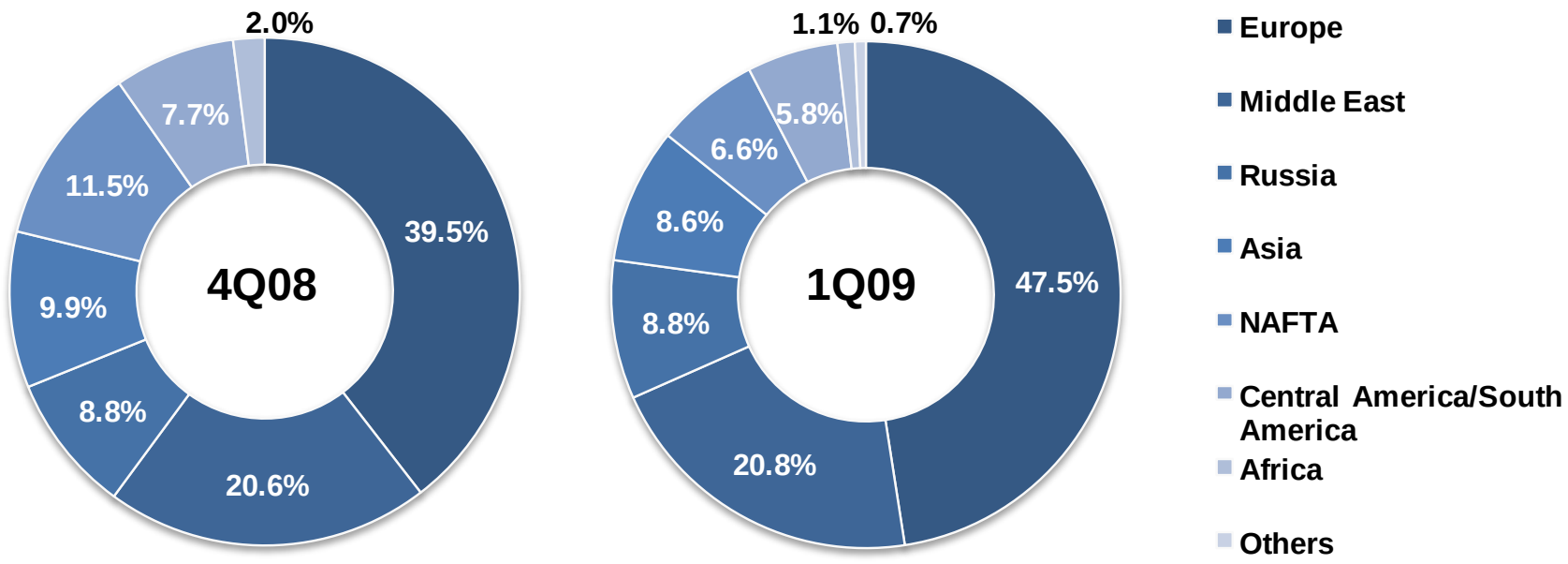
EXPORTS: REVENUE

Highlights: -> Europe continues to be the main export destination of Marfrig Group

-> Increase in export volume to Russia

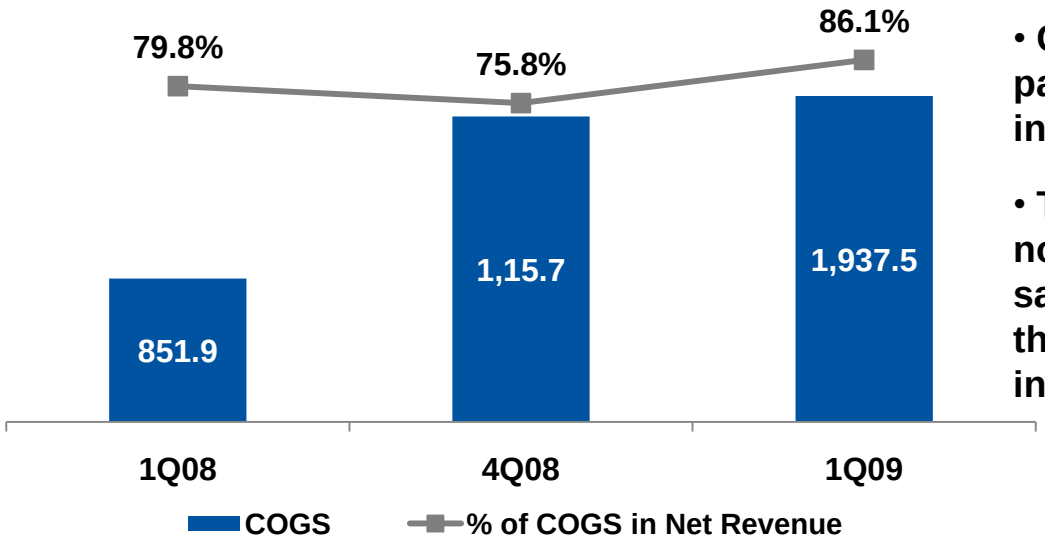
-> Increase in export volume to the Middle East

% of Net Revenue



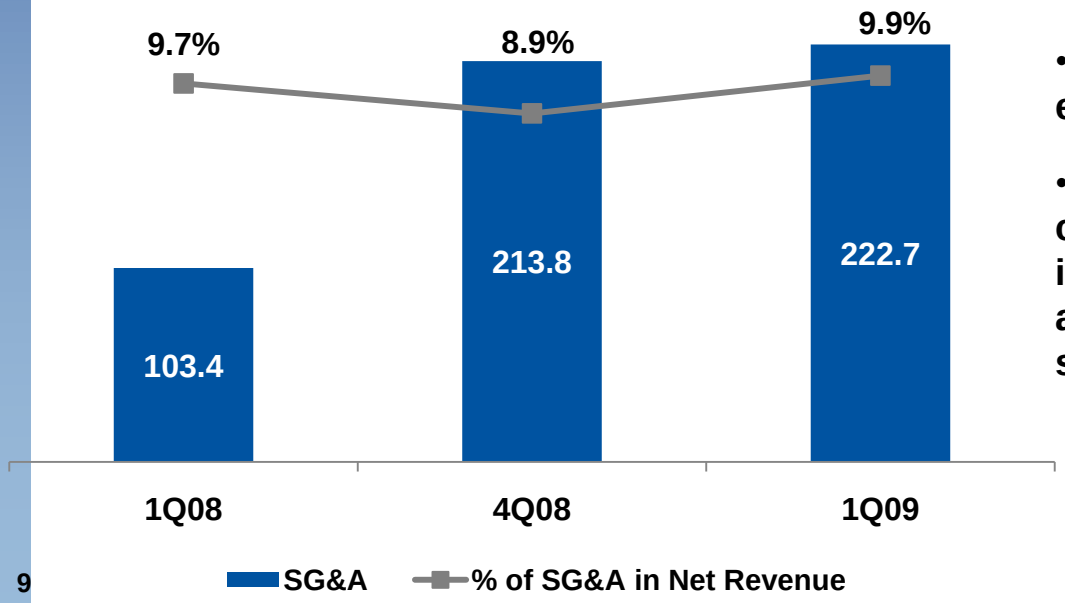
COSTS AND EXPENSES PERFORMANCE

Cost of Goods Sold (COGS – R$ million)



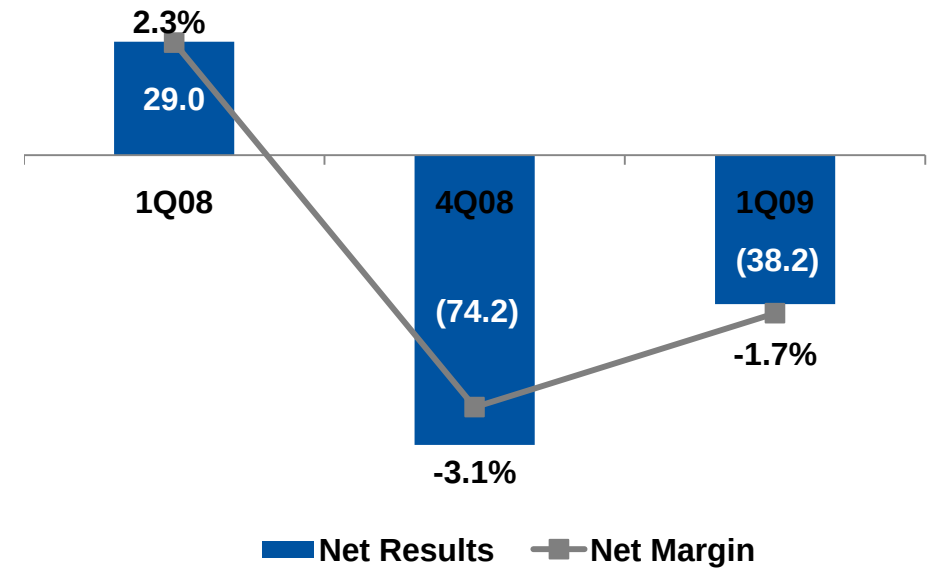
- COGS increased by 6.8% and 127.7%, partially due to the 3.3% and 87.1% increase in sales volume;
- The decrease in grain and cattle prices did not offset the 9.1% decrease in the average sales price in the quarter. In comparison to the 1Q08 average price increased by 12.7% in R$.

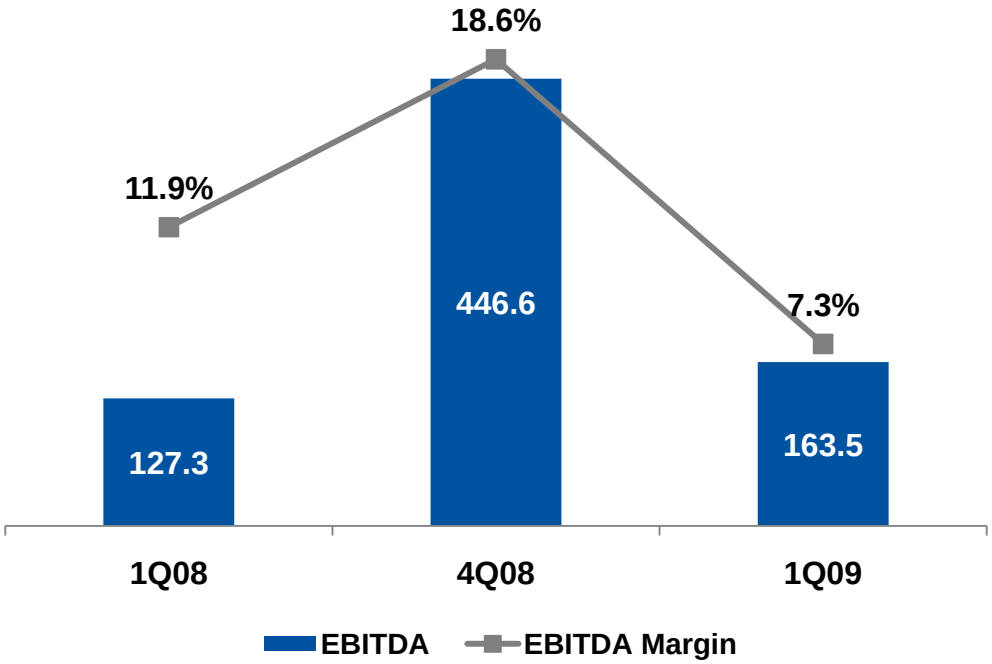
Selling, General and Administrative Expenses (*SG&A* – R$ million)



- Selling, general and administrative expenses grew by 4.1% in the quarter.
- The company is focused on its strategy of cutting costs and expenses, especially by integrating the structures of recently acquired units and by capturing gains from synergies.

EBITDA and NET RESULT





- Net Result was impacted by:
  - FX volatility in the period, impacting financial result;
  - Profitability drop in January and February
  - Price adjustments
- Even recording a negative result, Net Result was 48.6% better than in 4Q08.

- The drop in EBITDA margin was mainly due to:
  - Readjustments in domestic and international prices
  - Decrease in export volume and higher FX volatility in the period.
- March/09 => change in the trend, with exports prices and volume recovery with good profitability.

CONSOLIDATED DEBT

Short Term	4Q08	% of Total	1Q09	% of Total	Var.1Q09x 4Q08
- Domestic Currency	262,610	*6.1%*	**218,636**	*4.8%*	*-16.7%*
- Foreign Currency	969,487	*22.5%*	**1,075,984**	*23.4%*	*11.0%*
Total Short Term	**1,232,097**	***28.6%***	1,294,620	***28.2%***	***5.1%***
Long Term					
- Domestic Currency	531,715	*12.3%*	**530,004**	*11.5%*	*-0.3%*
- Foreign Currency	2,549,662	*59.1%*	**2,766,624**	*60.3%*	*8.5%*
Total Long Term	**3,081,377**	***71.4%***	3,296,628	***71.8%***	***7.0%***
Total Debt	4,313,474	*100.0%*	**4,591,248**	*100.0%*	*6.4%*
Cash Position	1,071,664		**1,125,082**		*5.0%*
Net Debt	3,241,810		**3,466,166**		*6.9%*

Average Debt Rate	4Q08	1Q09
Domestic Currency	13.94%	13.36%
Foreign Currency	8.60%	7.81%
Total	**9.53%**	**8.71%**

The average rate of financing operations dropped to 8.71% p.a. (82 basis-points) between 4Q08 and 1Q09

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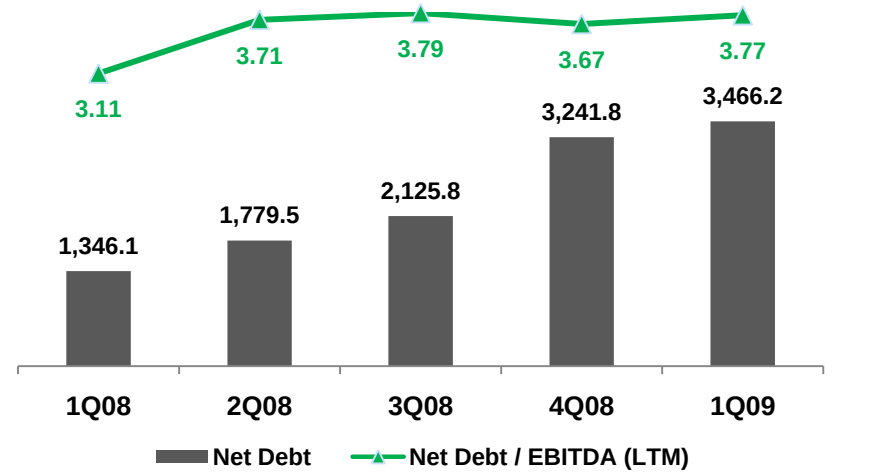
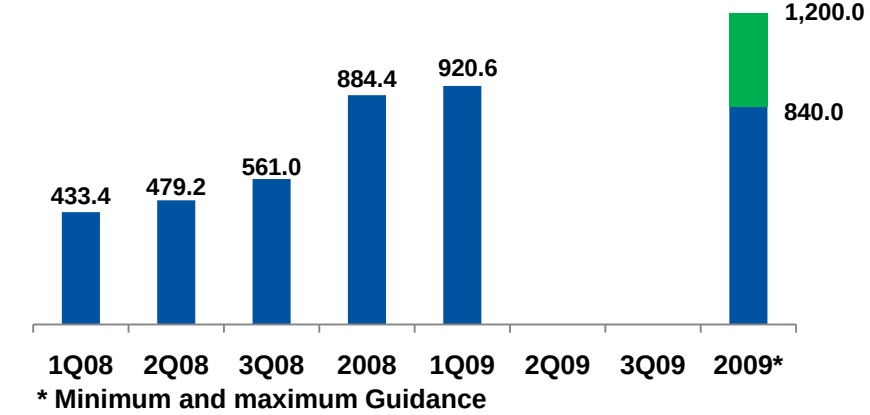
MANAGEMENT OF THE CAPITAL STRUCTURE - FINANCING

- ✓ EBITDA grows in line with indebtedness
- ✓ Decrease in the average funding costs in US$ and in R$
- ✓ Better distribution of the amortization schedule for short term debt
- ✓ Company remains focused on reducing leverage and short term debt

Net Debt / EBITDA



EBITDA Last 12 months (LTM)



* Minimum and maximum Guidance

Short Term Financing (Domestic + Foreign Currency)				
	4Q08	% of Total	1Q09	% of Total
1Q09	387,039	31.4%	-	
2Q09	394,060	32.0%	448,013	34.6%
3Q09	255,988	20.8%	308,816	23.9%
4Q09	195,010	15.8%	170,047	13.1%
1Q10	-		367,744	28.4%
Total Short Term	**1,232,097**	**28.6%**	**1,294,620**	**28.2%**

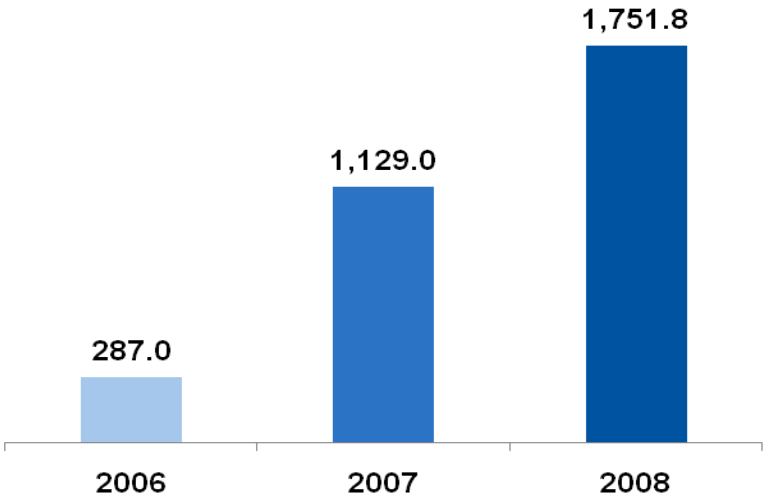
In the last quarter there was not debt maturity for 1Q10.

CAPEX

Consolidated Investments

Consolidated Investments	1Q08	2Q08	3Q08	4Q08	1Q09
Investment Activities					
Investments	(7,378)	(15,484)	(113,144)	(413,430)	
Investment in fixed assets	(97,871)	(35,135)	(66,178)	(85,623)	(74,297)
Intangible Assets/Goodwill		(8,344)		(909,209)	(389)
CAPEX	**(105,249)**	**(58,963)**	**(179,322)**	**(1,408,262)**	**(74,686)**

CAPEX



• In 3 years US$ 1.1 billion (R$ 2 billion) abroad and R$ 1.2 billion in Brazil were invested by Marfrig, totaling R$ 3.2 billion in the period. R$ 2.5 billion came from the IPO and the remaining through the private capital increase.

• R$ 74.7 million were invested in the quarter, in maintenance and/or expansion.

•Marfrig Alimentos S.A. disbursed R$ 160.8 million during the 1Q09 regarding acquisitions made in Brazil and abroad in 2007 and 2008.

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SUBSEQUENT EVENTS

- **April/09 => the lamb slaughter operations began at the Promissão II plant in São Paulo, which marked the launch of the Marfrig Group's lamb meat production in Brazil.**

- **The Marfrig Group's Promissão unit received ISO 22000 certification (Safety Management of Food): which covers the entire beef production process. The Group is one of only a handful of companies in the world to receive this certification.**

- **Financial Management: Libor swap for its operations – Principal of USD 221,800,000 with maturities along 6 years => fixed interest for these operations during the period**

- **Annual Shareholders' Meeting of Quickfood S.A. approved, on May 7, the creation of a global program to issue non-convertible Simple Negotiable Obligation Bonds up to a limit of US$50,000,000, within a limit of 5 years.**

- **Annual and Extraordinary Shareholders' Meeting held on April 28, 2009: altered the Company's name to MARFRIG ALIMENTOS S.A.**

- **Fitch Ratings affirmed Marfrig's credit ratings at B+ (international level) and BBB+, (local level), both with a STABLE outlook**

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QUESTION & ANSWERS

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