MARFRIG

3Q12 Earnings Release



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MARFRIG GROUP

3Q12 Highlights

Financial Highlights

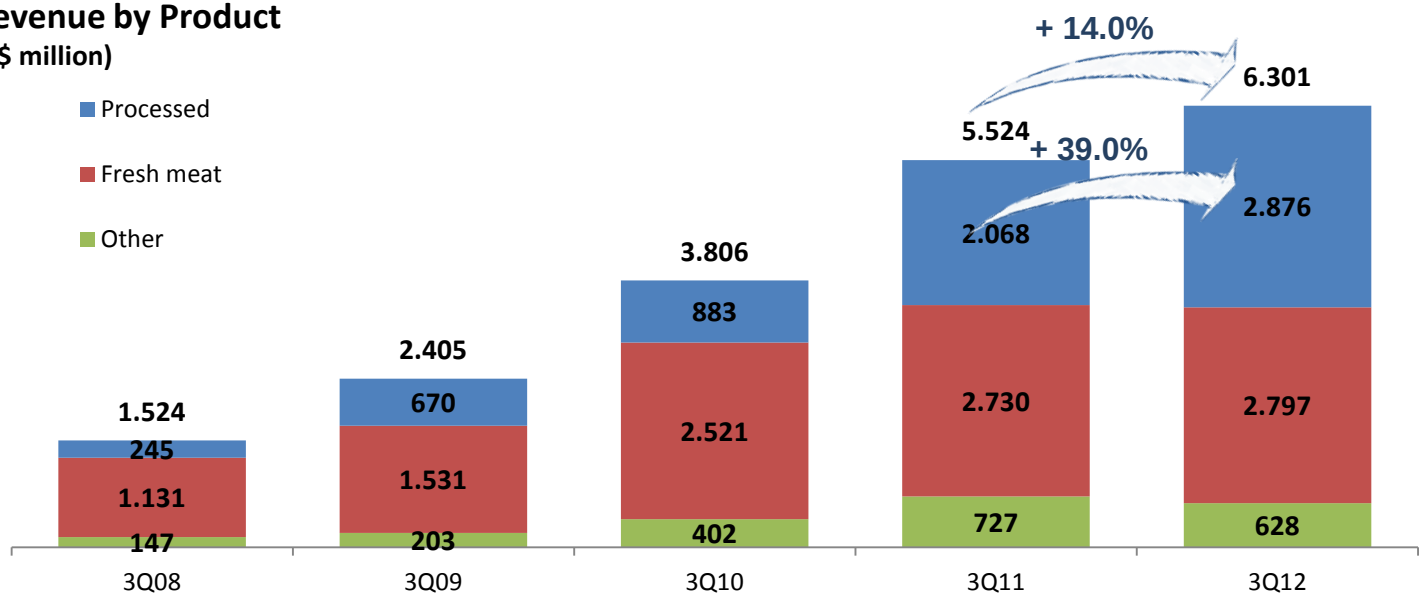
- Record quarterly revenue of **R$6.30 billion**, up 14.1% from 3Q11;
- Gross Margin expansion of 100 bps from 3Q11, to **15.7**%;
- EBITDA of **R$549.8 million** with EBITDA margin of **8.7%**;
- Net Income of **R$10.4 million**, reversing the net loss in 3Q11;
- Operating cash generation of **R$132.3 million**, excluding discontinued operations;
- Leverage ratio of **3.93x** in 3Q12, down from **3.50x** in the prior quarter.

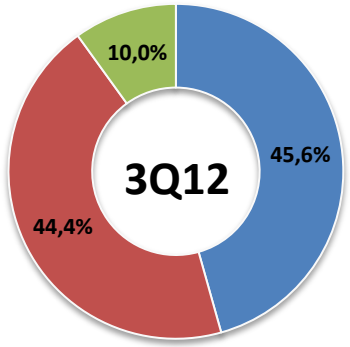
Operating Highlights

- Share of higher-value and processed products in the revenue mix rose to **45.6%** in 3Q12, compared to **37.4%** in 3Q11;
- Average price increase of **14.3%**, with an increase of **24.0%** in the prepared and processed products marketed by the Company.

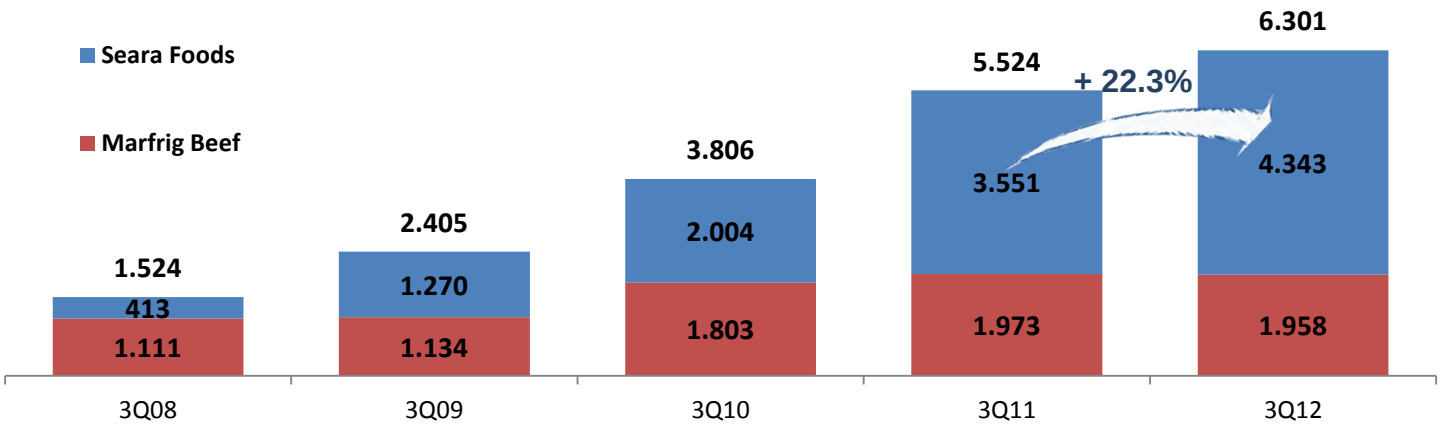
Consolidated Financial Highlights

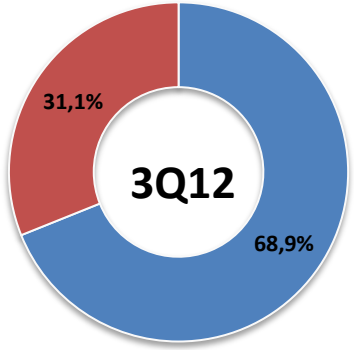
Revenue by Product
(R$ million)





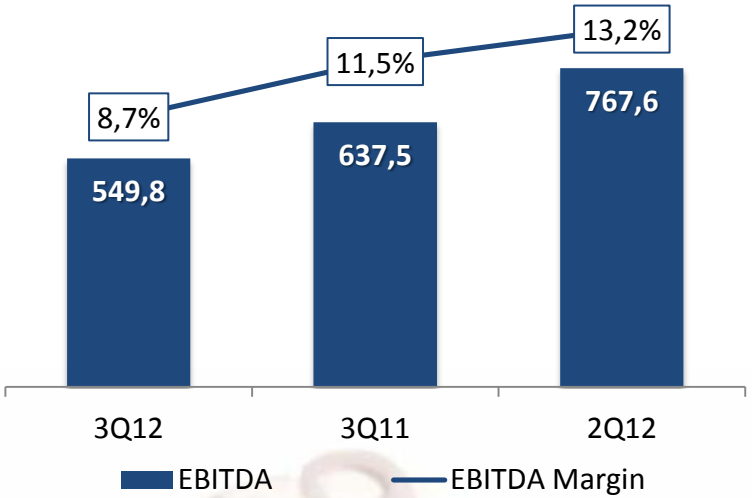
Revenue by Segment
(R$ million)



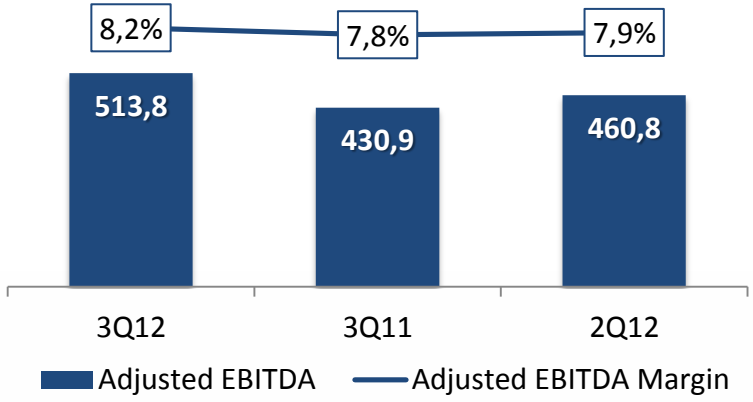


Consolidated Financial Highlights

EBITDA and EBITDA Margin
(R$ million)



Adjusted EBITDA and Adjusted EBITDA Margin
(R$ million)



Net Income of R$10.4 million in the period and R$60.3 million in the year to date



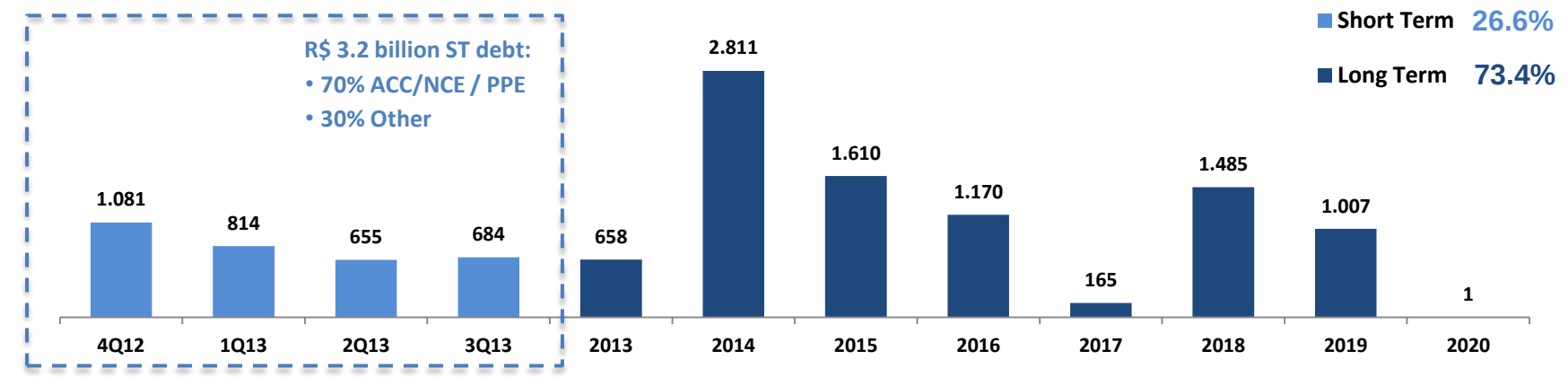
MARFRIG GROUP

Capital Structure Management

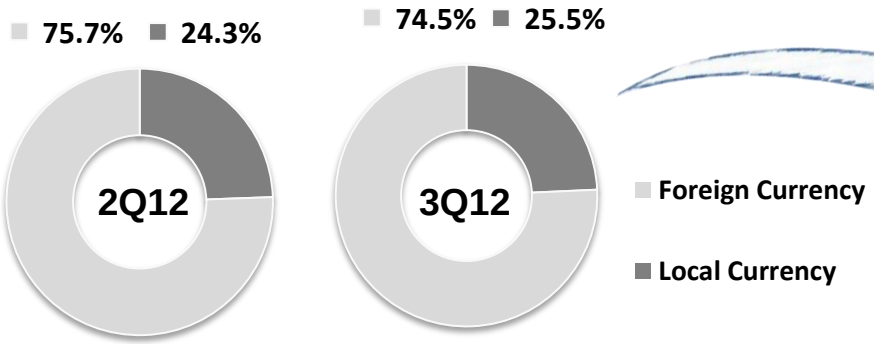
Focus on managing the capital structure and debt profile

Debt Maturity Profile

(R$ million)

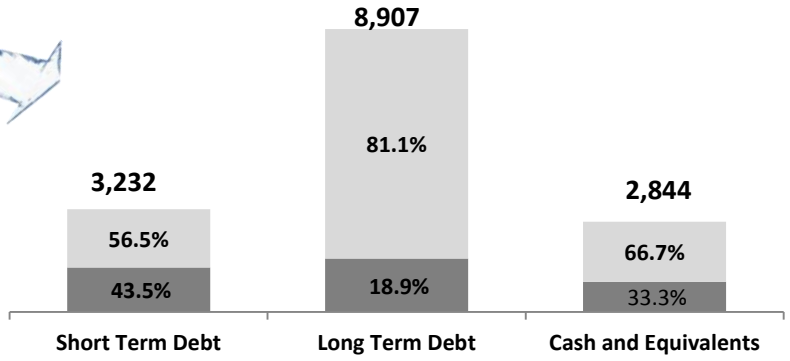


Debt Currency Profile



Debt and Cash Breakdown by Currency

(R$ million)



Cash Flow and Operational Cash Generation

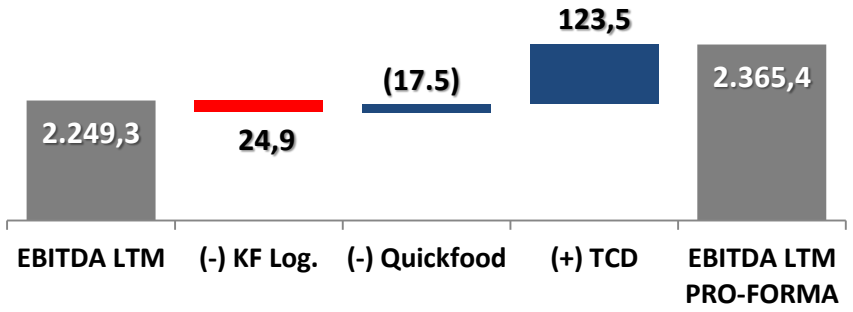
Simplified Cash Flow (R$ million)	3Q12	2Q12	1Q12
Operating Activities			
Net Income for the period	10,415	15,451	34,476
Noncash Items	496,717	393,582	389,110
Working capital changes – operating accounts [1]	(354,643)	15,998	(374,997)
Accounts Receivable	*(270,043)*	*(146,930)*	*(53,915)*
Suppliers and Advances	*270,907*	*150,125*	*(168,930)*
Inventories	*(292,863)*	*59,731*	*(30,026)*
Taxes	*(62,644)*	*(46,929)*	*(122,127)*
Other assets and liabilities	(20,159)	(96,583)	(138,475)
Cash flow from operating activities [1]	132,330	328,448	(89,887)

[1] *Includes accounts receivable, inventories, suppliers and taxes*

Debt Breakdown (R$ million)	3Q12[1]	2Q12[1]	3Q12
Consolidated Debt	**12,140.9**	**11,752.3**	**12,140.9**
Cash and Cash Equivalents	2,844.4	3,028.4	2,844.4
Net Debt	**9,296.5**	**8,723.9**	**9,296.5**
EBITDA (LTM)	2,365.4	2,493.1	2,249.3
Net Debt/LTM EBITDA	**3.93x**	**3.50x**	**4.14x**

[1] *Proforma*

PRO-FORMA EBITDA LTM



CAPEX: Focus on Optimizing Operational Structure and Generating Results

Focus on managing the capital structure and debt profile

Investments (R$ million)	3Q12	2Q12	1Q12
Investments in Fixed Assets	202.3	232.8	189.5
Fixed	113.2	131.6	103.5
Breeding stocks	89.1	101.2	86.0
Investment in Intangible Assets	3.7	17.0	2.0
Total CAPEX	222.0	249.8	191.5

- Investments in fixed assets fell 14% from 2Q12 to R$113.2 million, with half invested in Seara Foods for improvements and maintenance at production facilities and the remainder in Marfrig Beef (30% in the new DC on Anhanguera Highway and the rest in operational improvements).











PERFORMANCE BY SEGMENT
MARFRIG BEEF



Marfrig Beef Highlights

Financial Highlights

- Gross Income grew **22.3%** on 3Q11 to reach **R$432.2 million**, with Gross Margin expanding **420 bps** to **22.1%**;

- Adjusted EBITDA of **R$236.8 million**, up 28.0% on 3Q11, with Adjusted EBITDA Margin expanding **270 bps** to **12.1%**.

Operating Highlights

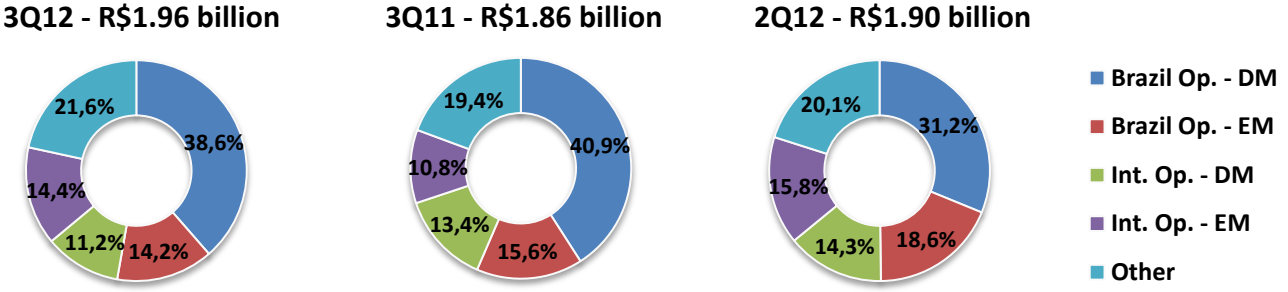
- The Brazilian operations ended the quarter with capacity utilization at plants in operation of **74.0%** and sales volume growth of **12.7%** on 2Q12**,** driven by slaughter volume growth of **9.7%**;

- Increase of around **50%** in the share of higher-value products in the segment's total revenue compared to the year-ago period;

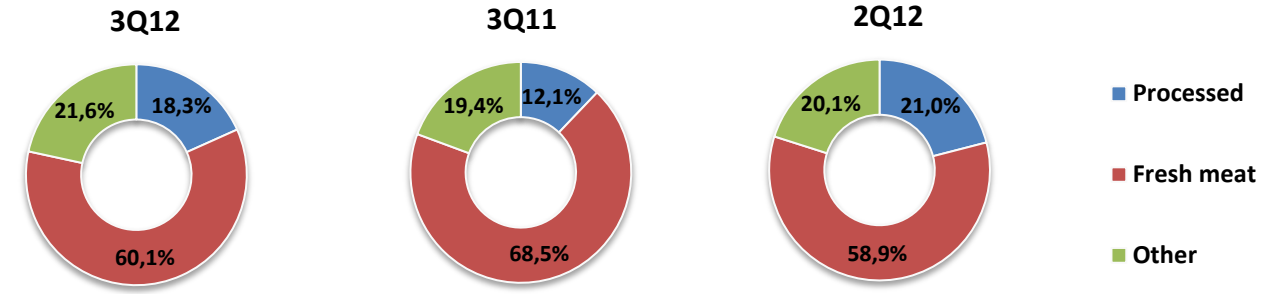
- Average cattle price down **22.6%** in Brazil and **6.9%** in Argentina and Uruguay on 3Q11.

Marfrig Beef - Revenue Breakdown

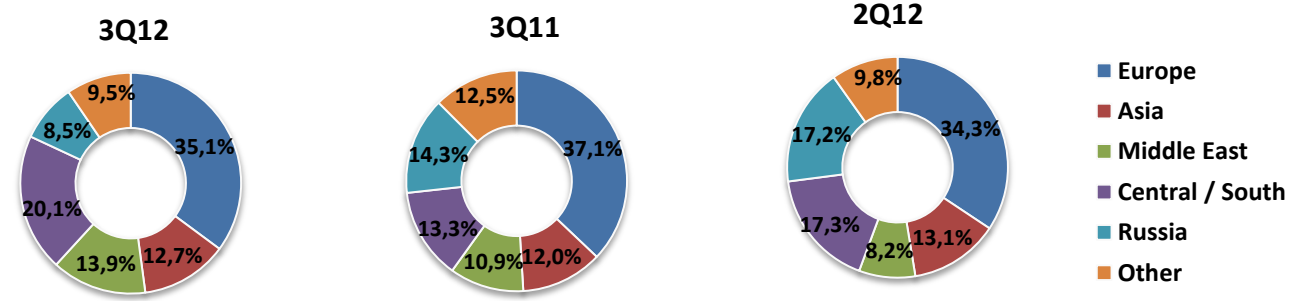
Revenue by Operation



Revenue by Product

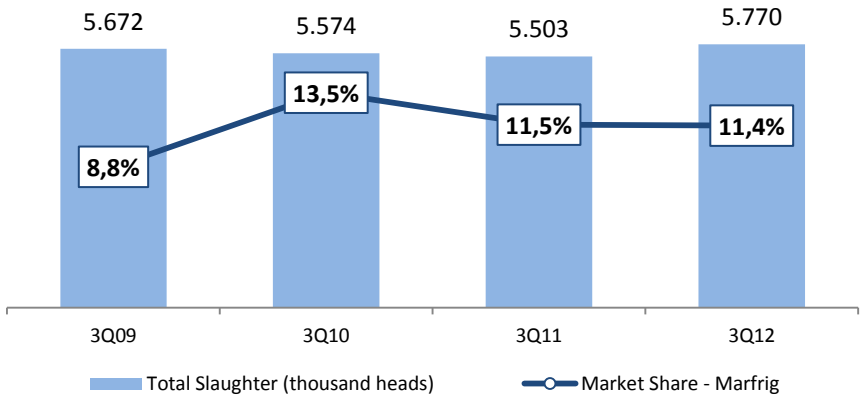


Exports by Destination

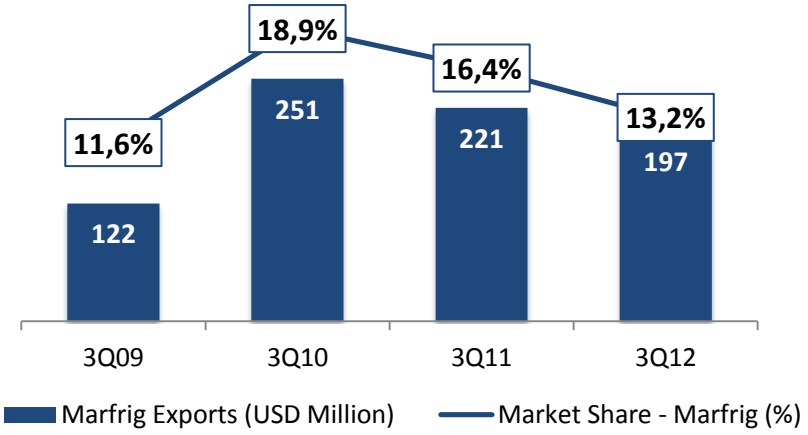


Marfrig Beef - Brazil

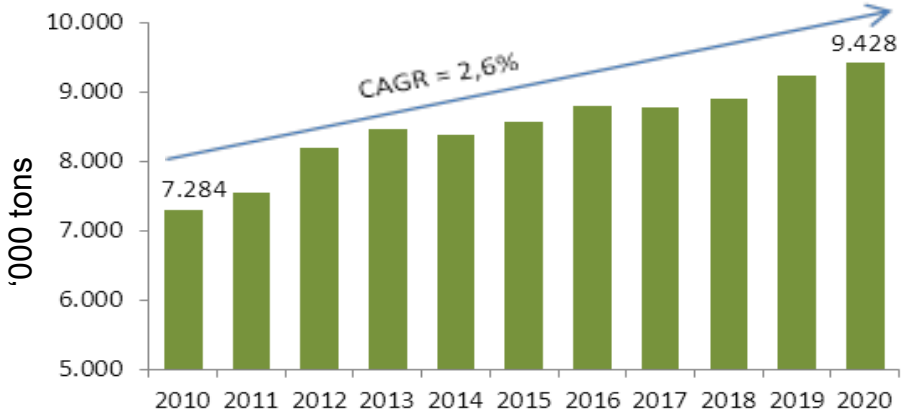
Cattle Slaughter - Brazil[1]



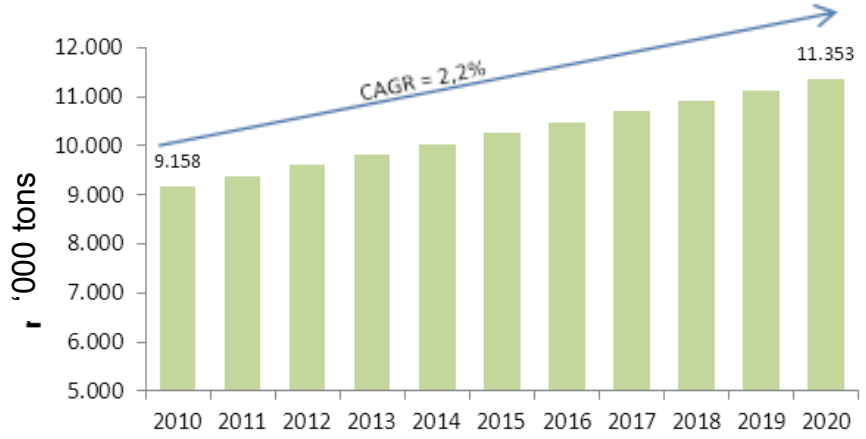
Market Share in Beef Exports - Brazil[2]



Estimated Beef Consumption[1]



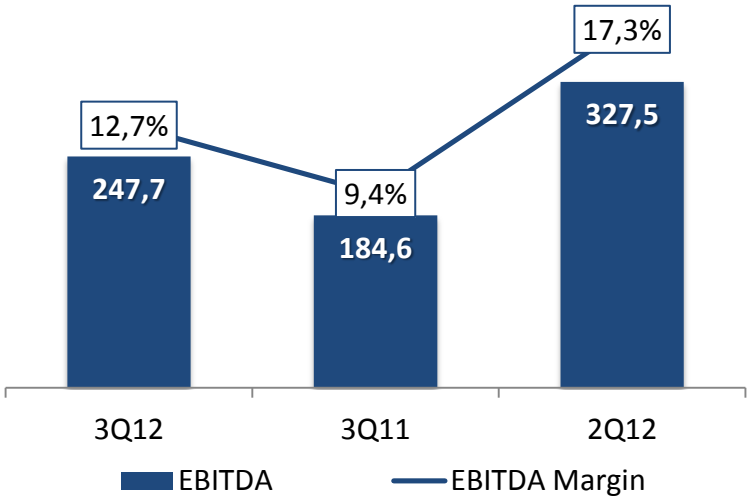
Estimated Beef Production[1]



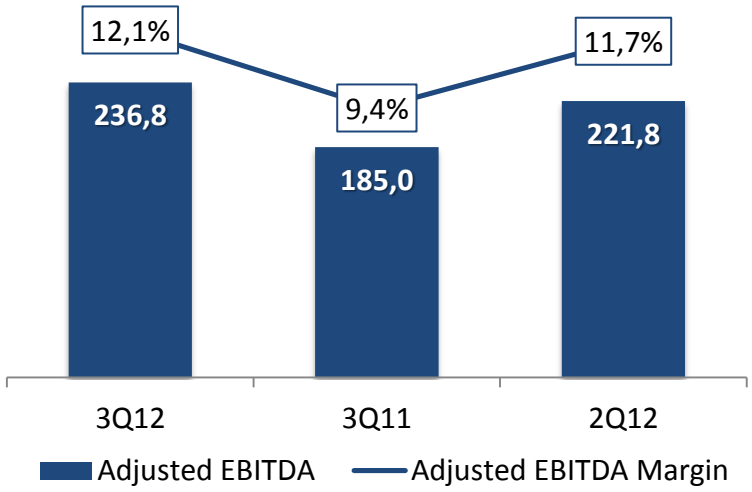
[1] SOURCE: Marfrig / MAPA
[2] SOURCE: Marfrig / SECEX

Marfrig Beef - Financial Highlights

EBITDA and EBITDA Margin
(R$ million)



Adjusted EBITDA and Adjusted EBITDA Margin
(R$ million)



Margin expansion reflects the improvement in operational performance



PERFORMANCE BY SEGMENT
SEARA FOODS



Seara Foods Highlights

Financial Highlights

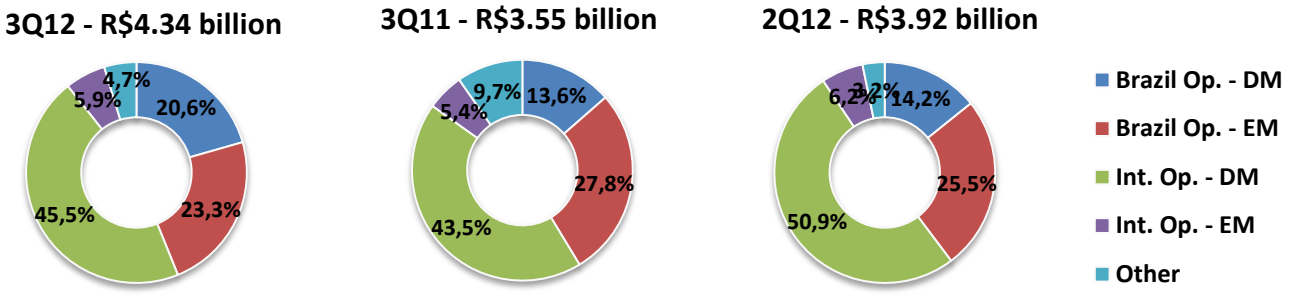
- Revenue of **R$4.34 billion**, increasing 22.3% from 3Q11;
- Adjusted EBITDA of **R$277.3 million**, up 12.7% on 3Q11;
- Gross Margin expansion of **150 bps** from 3Q11.

Operating Highlights

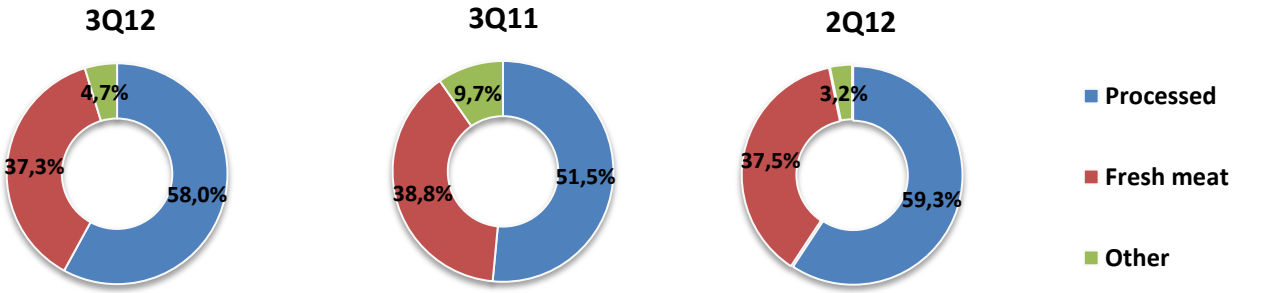
- Share of higher-value processed products grows to **58.0%** in 3Q12, from **51.5%** in 3Q11;
- Average price increase of **16.8%** from 3Q11, led by the average increase of **20%** in prices for higher-value products;
- Increase of **54.7%** in domestic sales volume at the Seara Brasil operations;
- Client base expands **96.4%** to **55,000** in Sep/2012, from 28,000 clients in Mar/2012.

Seara Foods - Revenue Breakdown

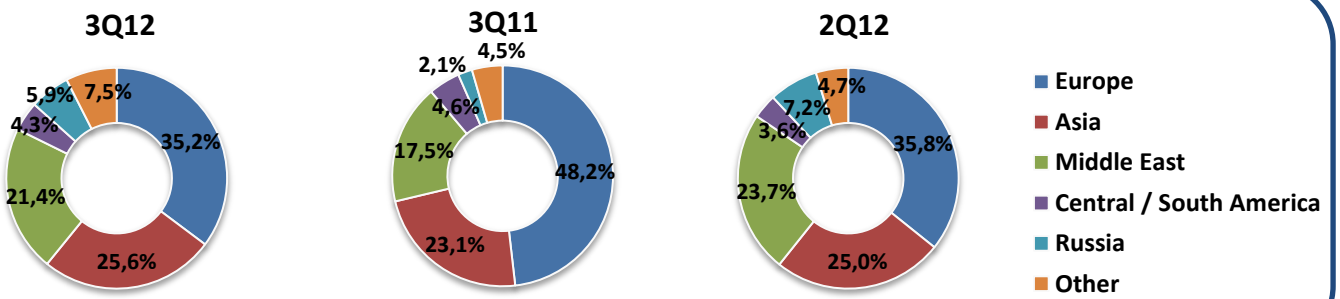
Revenue by Operation



Revenue by Product

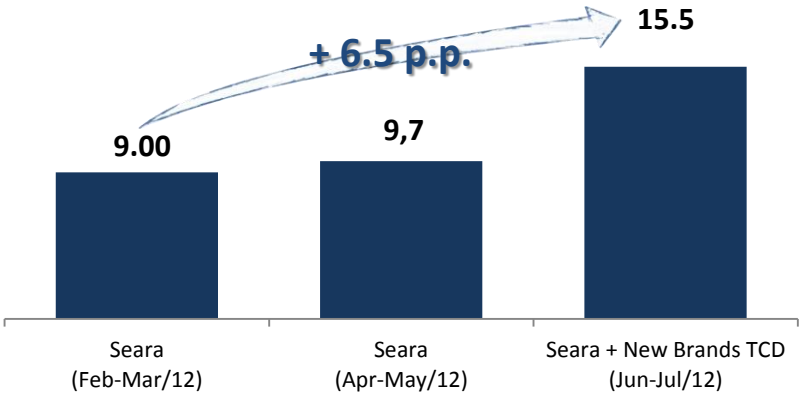


Exports by Destination



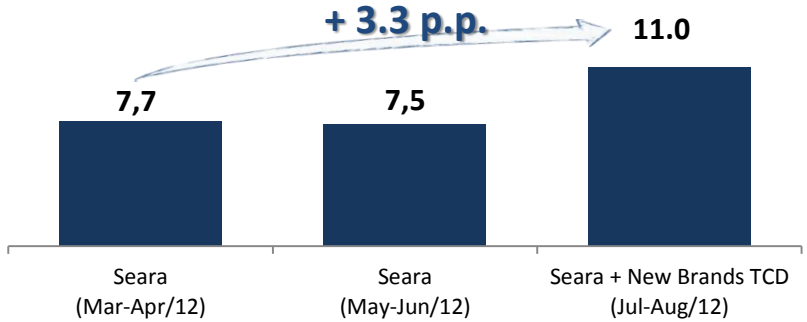
Seara Foods - Market Share

Frozen Meat Products[1]



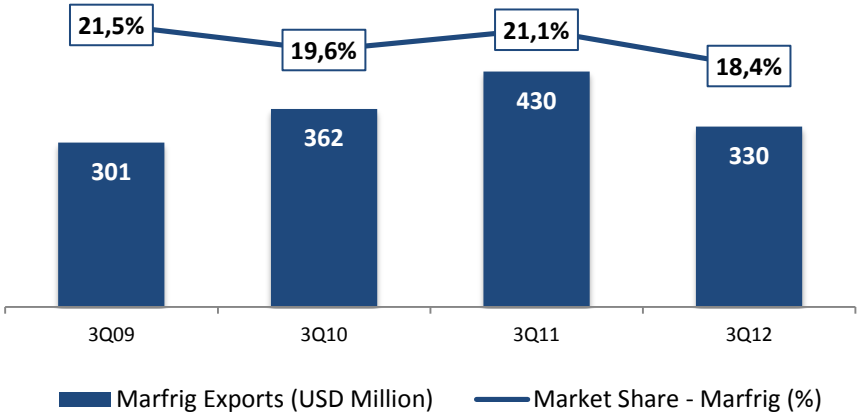
[1] *Ready-to-eat meals, Hamburger, Steak, Nuggets, Meatballs, Kebbeh, Pies, Stuffed Products, Ready-to-Eat Sandwiches, Snacks*

Processed Meat Products[2]

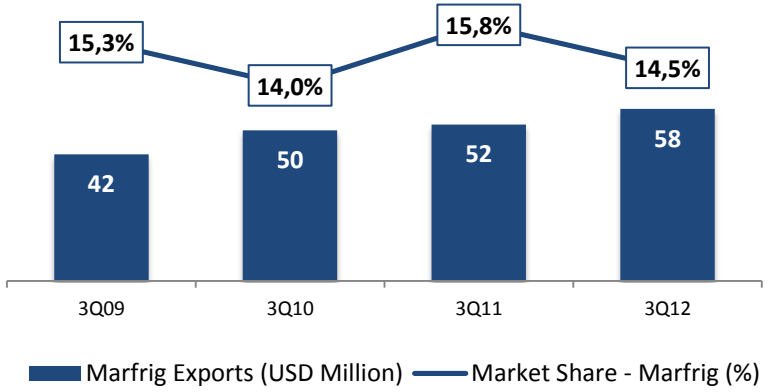


[2] *Bologna, Sausages, Healthy Meats, Hot-Dogs, Salami and Packed Cold Cuts.*

Market Share for Poultry Exports - Brazil



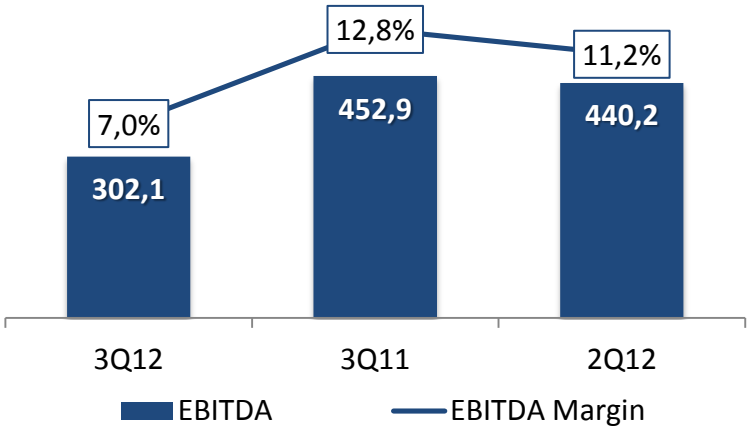
Market Share for Pork Exports - Brazil



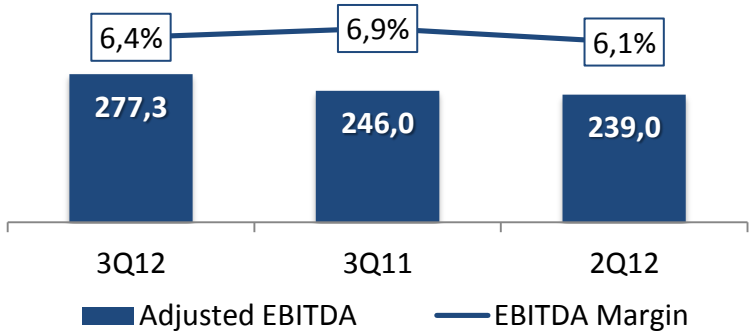
[1] *SOURCE: Nielsen*
[2] *SOURCE: Marfrig / SECEX*

Seara Foods - Financial Highlights

EBITDA and EBITDA Margin
(R$ million)



Adjusted EBITDA and Adjusted EBITDA Margin
(R$ million)



Satisfactory operational performance, despite the challenging global environment due to the higher agricultural commodity costs caused by droughts in important producing countries.



MARFRIG GROUP

Closing Remarks and Priorities for 2012

- **Scale gains** at **Marfrig Beef** driven by a gradual increase in production capacity;
- **Increasing the share of prepared and processed products** by increasing production at the **Seara Brasil** assets;
- **Growing markets in Brazil and China**;
- **Lowering financial leverage** by reducing working capital and **capturing synergies at Seara Foods**;
- Improving the capital structure by reducing indebtedness.

Disclaimer

This presentation may include statements representing expectations about future events or results according to the Brazilian and international securities regulation. These statements are based on certain assumptions and analyses made by the Corporation according to its experience and the economic scenario, and on the market conditions and expected future events, over many of which the Corporation has no control. Important factors that may lead to significant differences between the actual results and the statements representing expectations about events or future results include the Corporation's business strategy, the Brazilian and international economic conditions, the financial market conditions, uncertainty regarding the results from its future activities, plans, goals, expectations, intentions, and other factors described in the Reference Form filed at the Brazilian Securities and Exchange Commission. In view of these factors, the Corporation's actual results may differ significantly from results shown or implicit in the statements representing expectations about future events or results.

This material includes forward-looking statements subject to risks and uncertainties, which are based on current expectations and projections about future events and trends that may affect the Corporation's business. These statements include projections of economic growth, as well as information about competitive position, the regulatory environment, potential opportunities for growth and other matters. Several factors may adversely affect the estimates and assumptions on which these statements are based.

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