Earnings Conference Call

3Q18

November 06, 2018

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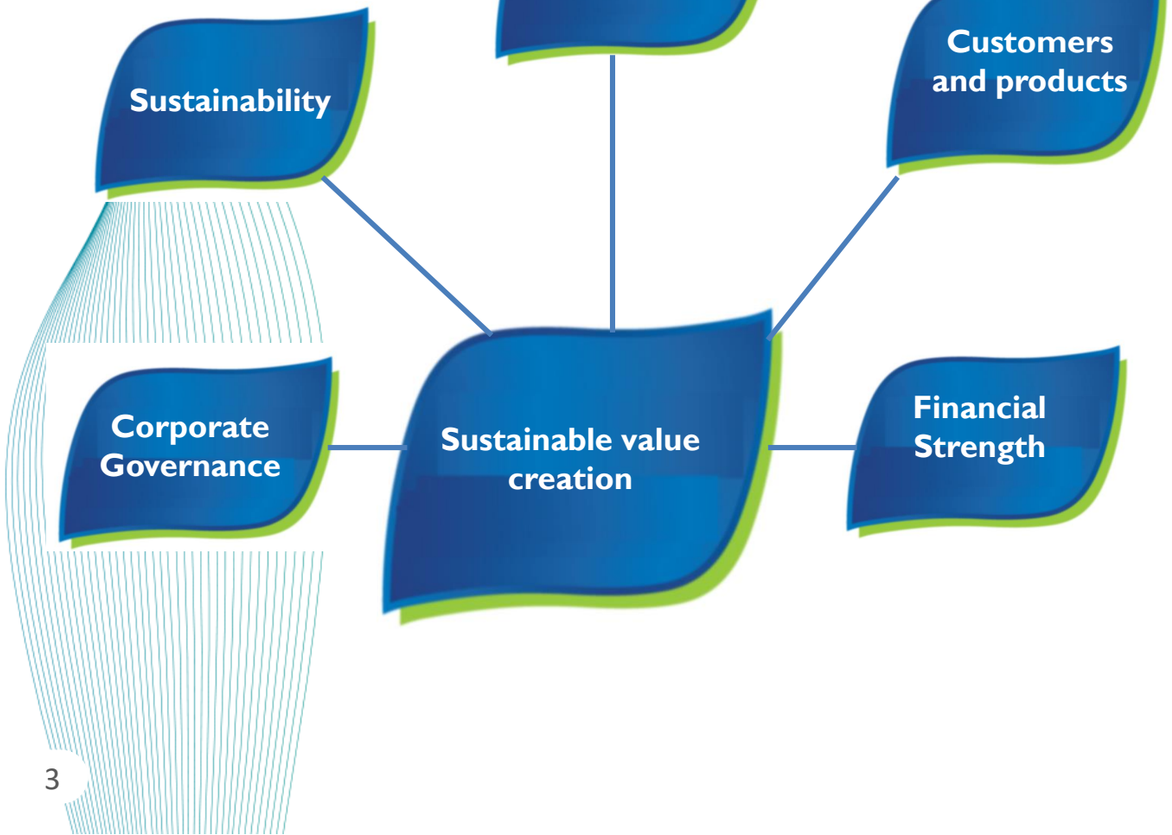
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Marfrig

Strategy



STRATEGIC PILLARS

Sustainability

- Animal welfare
- Partnership with producers and Entities
- Social and Environmental Responsibility

Customers and products

- Higher value-added products
- Commercial and portfolio leverage
- Valuing brands

Operational Excellence

- Integration and Complementarity
- Management and Performance
- Food Safety

Financial Strength

- Free Cash Flow Generation
- Net profit
- Dividend Distribution

Corporate Governance

- Best governance practices
- Transparency
- Compliance

Marfrig Global Foods | Strategy Update

Keystone Transaction

- Keystone's sale, as previously announced, is expected to be **concluded in 2018**
- The Transaction has already been approved by the antitrust authorities in the U.S., Japan and China, as well as by BNDES. **South Korea approval** is still in progress



Marfrig in Transition phase

- **Definition of** the next steps of the **Liability Management**
- Elaboration of the **Map of Opportunities** between the North America and South America operations | focus on **commercial** and **production** areas
- Focus on **operational excellence**

Marfrig Global Foods | 3Q18



Operational Highlights

Net Revenue **record** of **R$11 billion** in the quarter

Resume of **positive cash generation** of R$271 million

Adj **EBITDA record** of R$1,080 million

With the completion of Keystone's sale, **net debt** will be **reduced** by around **50%**

Proforma leverage [i] of **2,57x**

*A **simpler**, more **focused** company with a **capital structure** appropriate to the sector*

[i] Considers the proceeds from the sale of Keystone of US$2.2 billion

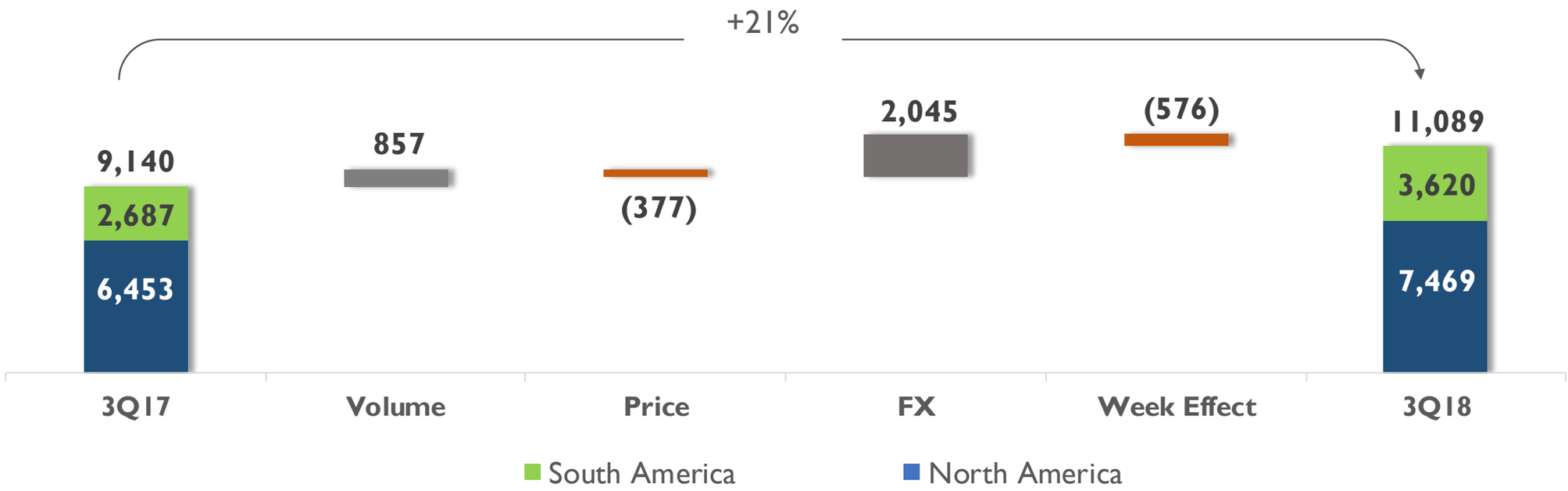
Consolidated Result 3Q18

Net Revenue

Consolidated

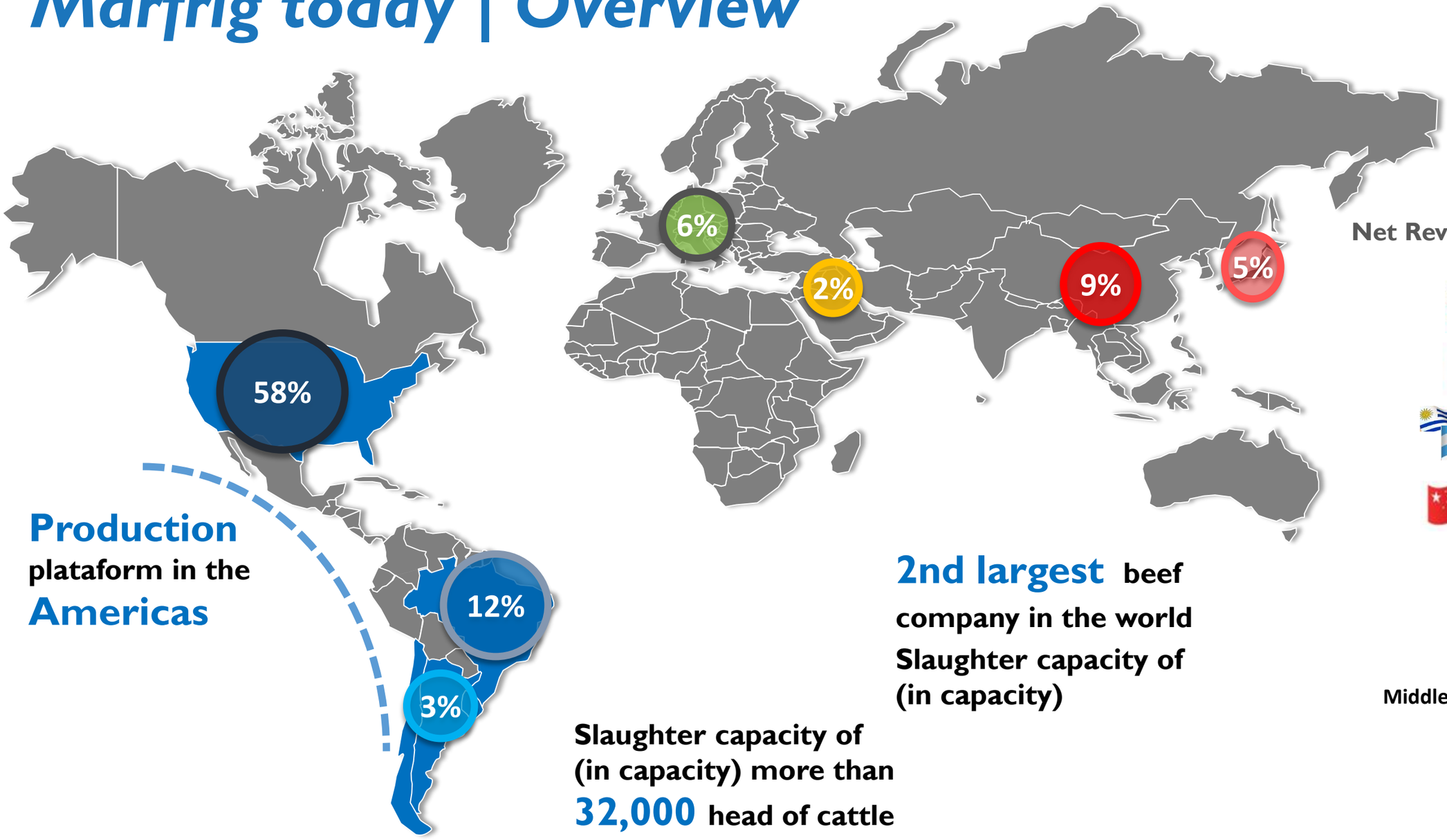
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R$ million



- Expansion of sales volume as a result of higher slaughtering in South America, offsetting one less week of production in North America operation
- Average price reflected market dynamics and sales mix of the Brazilian operation
- Positive impact of the Real depreciation against U.S. dolar due to Marfrig's international sales profile

Marfrig today | Overview



Production
plataform in the
Americas

2nd largest beef company in the world

Slaughter capacity of (in capacity)

Slaughter capacity of (in capacity) more than **32,000** head of cattle per day

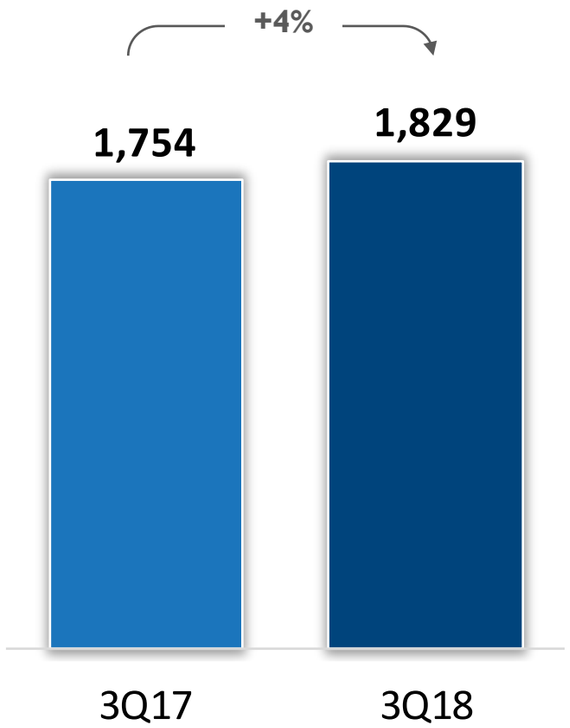
Net Revenue by Destination (%)



Operational Highlights

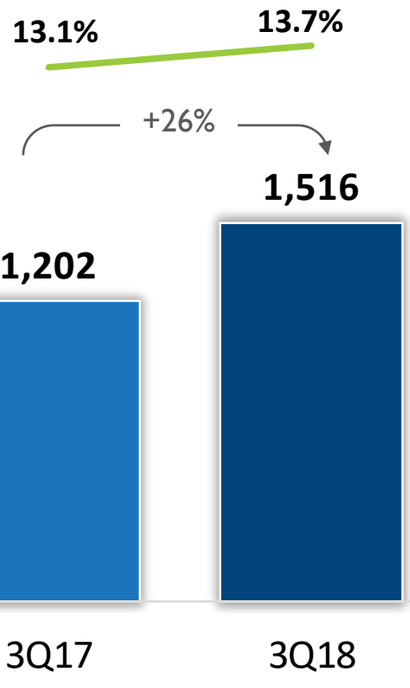
SLAUGHTER

(000 heads)



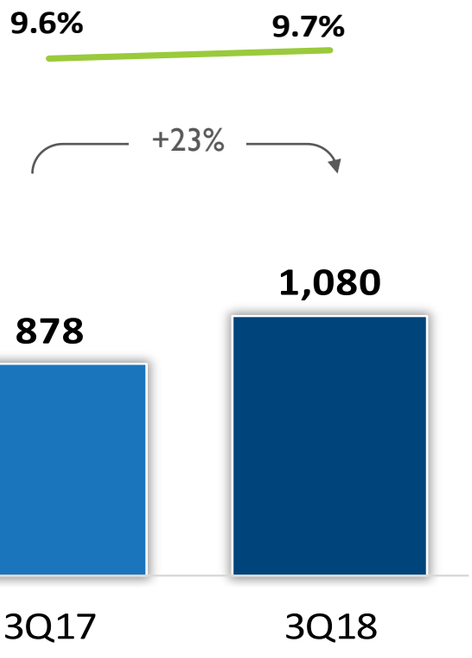
GROSS PROFIT AND MARGIN

(R$ million and %)



Adj. EBITDA AND MARGIN

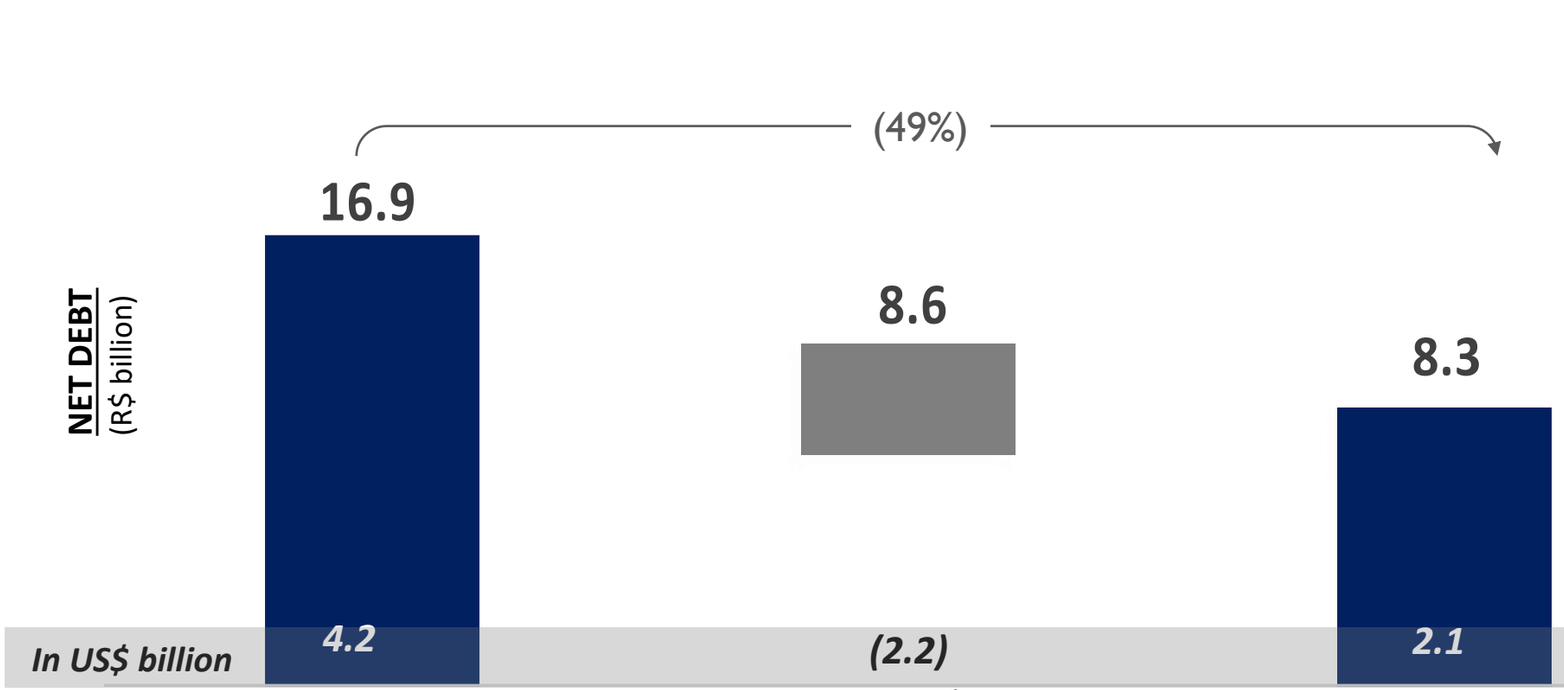
(R$ million and %)

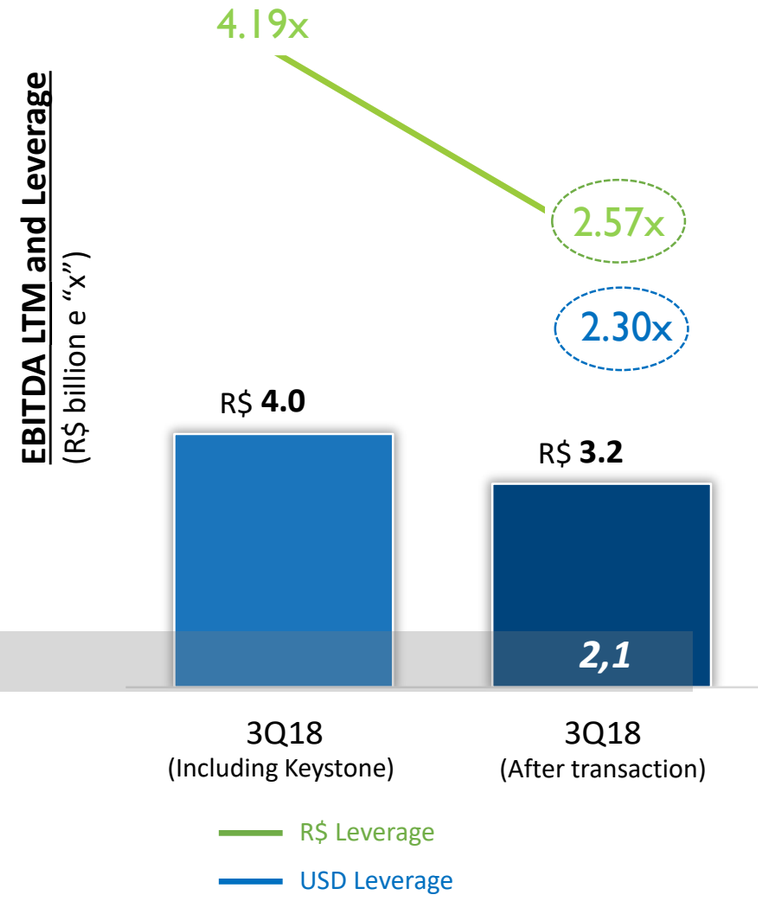


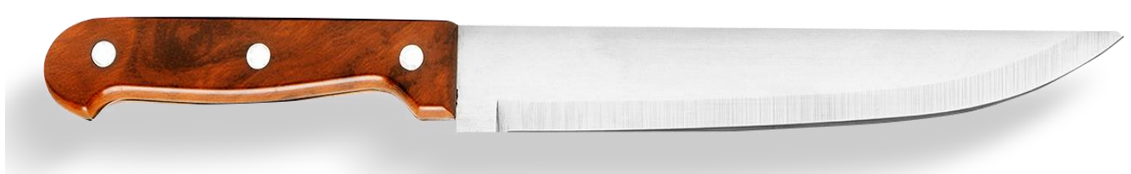
- Slaughtering increase following the footprint readjustment in the South American operation
- Profit and EBITDA: strong result reflects the positive cattle cycle in North America and Real depreciation against U.S. dollar

Debt and Leverage

(3Q18)







Marfrig has one of the lowest leverage ratios in the sector

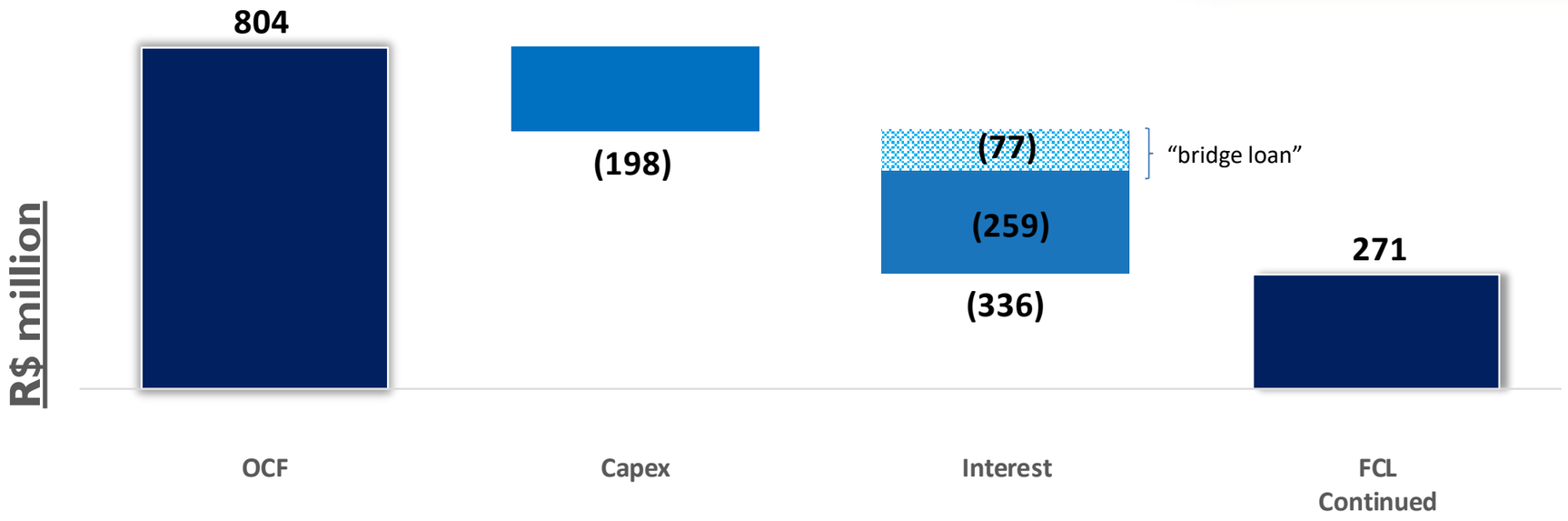
* Enterprise Value of US$ 2.4 billion net of a minority interest

** *It does not consider the North Baltimore plant*

Cash Flow

3Q18





- Solid result reflects the strategy focused on beef protein and diversified operating platform in the Americas
- Capex: continuity of investments in improvement and maintenance
- Interest affected by the bridge loan temporary expense and exchange
- Third quarter marks the resumption of positive cash generation

Final Comments

Focus on **beef** protein, with **diversified** production platform in the Americas and access to the world's **main consumer** markets

Search for operational **excellence** and **sustainable value** generation

The **outlook** for the global animal protein industry remains **positive**

Non-negotiable commitment to **Financial Discipline**

Investor Relations

www.marfrig.br/ir