

2Q11 Earnings Release

08/15/2011

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2Q11 Highlights

Key Financial Highlights

- Net Revenue reached **R$5.32bn**, 49.6% up on the R$3.56bn from 2Q10;
- **155bp** reduction in SG&A/Net Revenues when compared to 2Q10, from 12.8% to 11.3%;
- EBITDA grew 9.7%, from R$253.2m to **R$277.8m.**

Operating Highlights

- Elaborated and processed food reached **36.8%** of Net Revenues, compared to 24.1% in 2Q10;
- Poultry exports went up to **23.1%** of Brazilian total exports, against 19.9% in 2Q11.
- Beef exports went up to **23.7%** of Brazilian total exports, compared to 15.7% in 2Q11.

CONSOLIDATED RESULTS

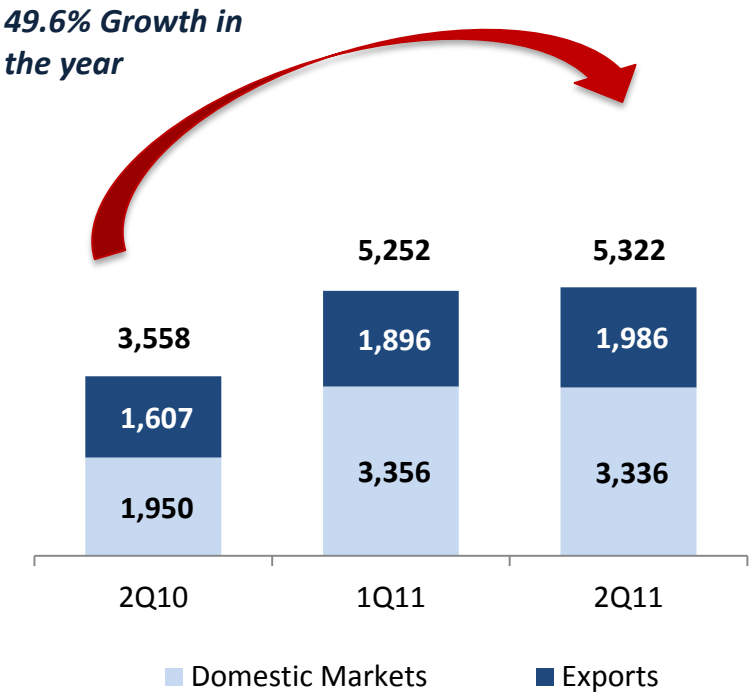
SEGMENTS´ PERFORMANCE



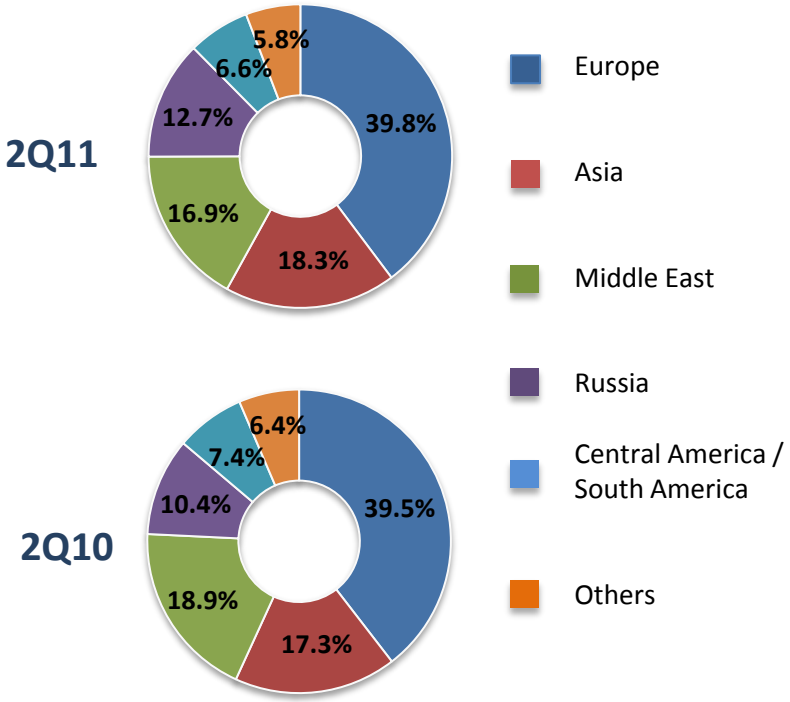
Revenue´s Breakdown by Market

Net Revenue by Market Division

(R$ Million)



Consolidated Exports by Market

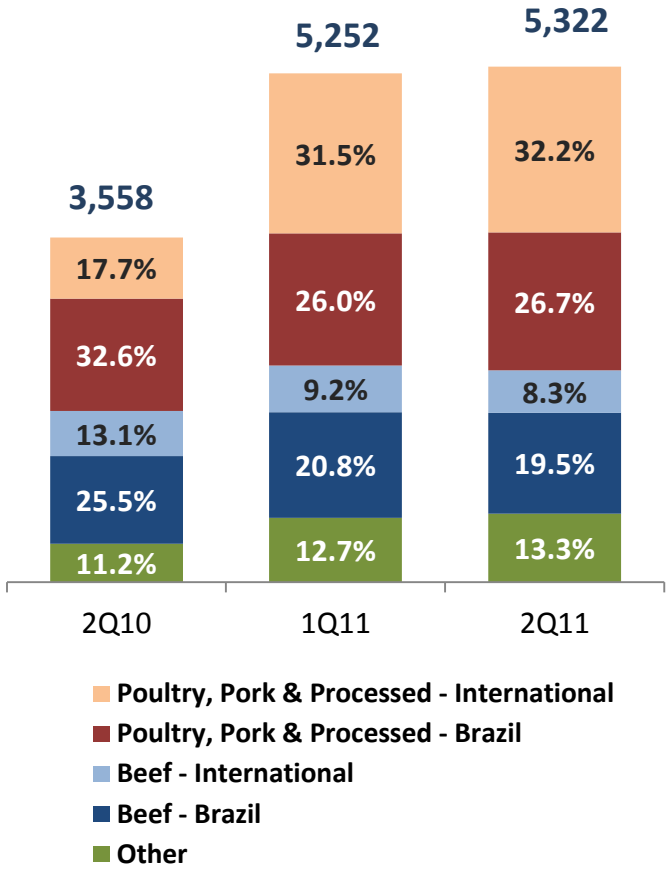


Revenue´s Breakdown by Segment

Elaborated and Processed Products share growth

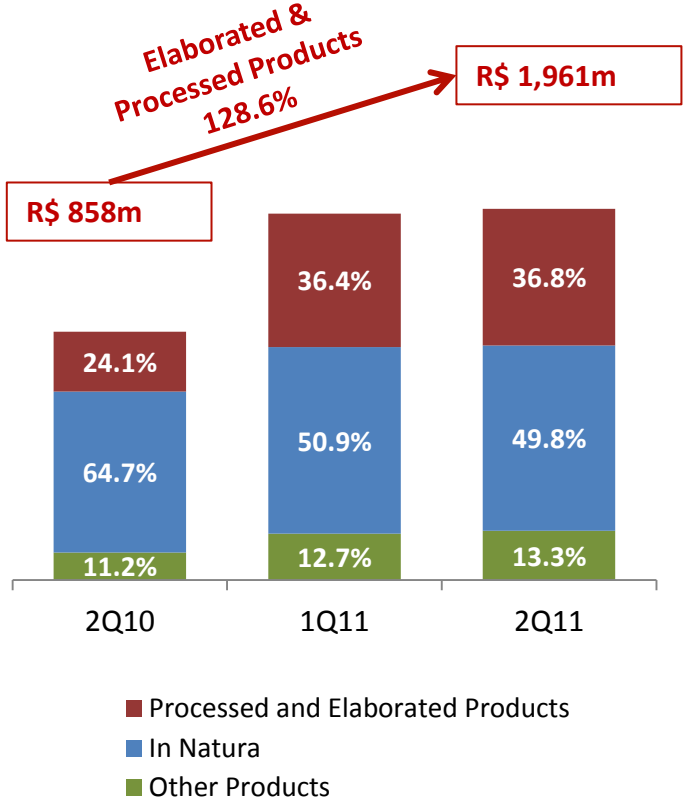
Net Revenues by Market Division

(R$ Million)



Net Revenues by Protein Division

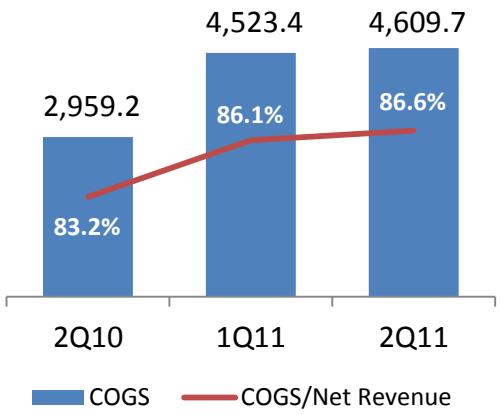
(R$ Million)



Costs & Expenses

COGS

(R$ Million)

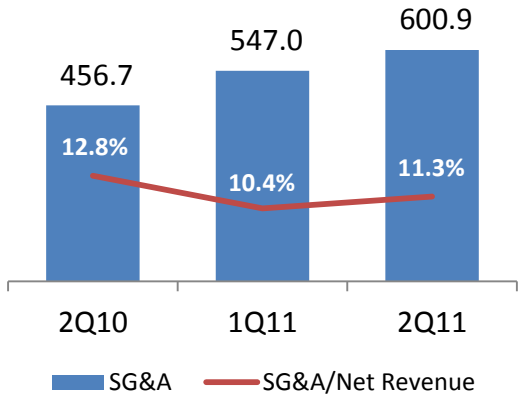


➡ Increase of **343bp** in comparison to 2Q10

- Raw Materials costs rise
- Higher capacity utilization from the Beef Brazil operations
- Seara´s organic growth
- Keystone & O´Kane Poultry integration.

SG&A

(R$ Million)



➡ Reduction of **155bp** in comparison to 2Q10

- Expenses control
- Synergies from SEARA´s operations.

Business´ Growth: Investments

Investing Activities (R$ million)	2Q11	1Q11	Total CAPEX
CAPEX – Invested in fixed assets	156.3	221.6	377.9
CAPEX – Invested in breeding stocks	81.8	62.9	144.7
CAPEX – Invested in intangible assets	3.0	9.0	12.0
TOTAL CAPEX	**241.2**	**293.5**	**534.7**

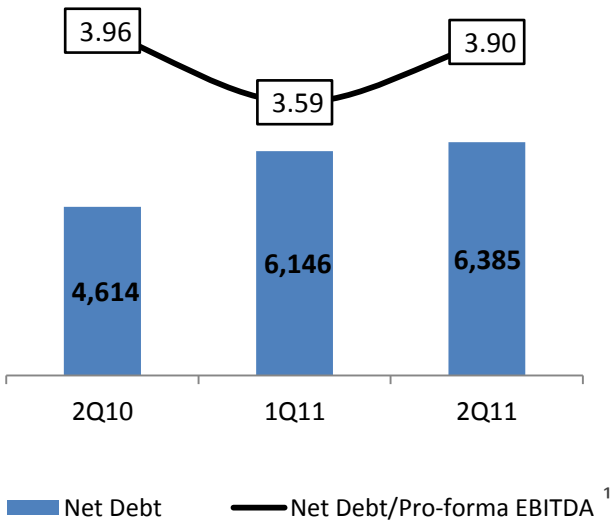
- Greater investments in breeding stocks due to higher grain prices;
- Investments concentrated in 1H11.

Liability Management and Cash Flow

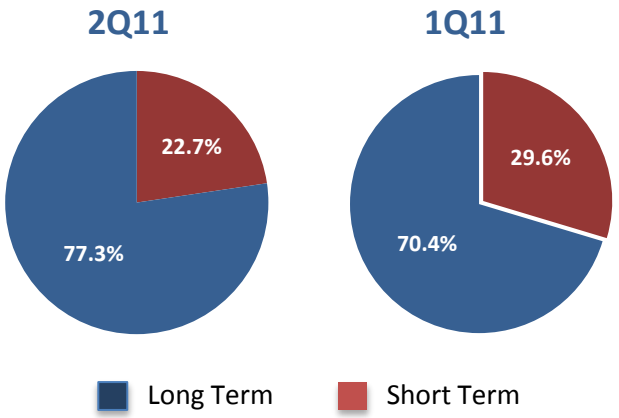
Focus on management strategies to improve the capital´s structure and the debt profile

Net Debt & Net Debt/EBITDA

(R$ Million)



Debt´s Profile



- 2Q11 Positive Operating Cash Flow of R$109.4m;
- Current Liquidity ratio of 1.61x in 2Q11, compared to 1.38x in 1Q11;
- 7-year Bonds offering conclusion (May/2011), in the total amount of US$750m and 8.375% coupon;
- Costs reduction is a priority for 2011;
- Working capital management.

[1]Considering Keystone Foods

CONSOLIDATED RESULTS

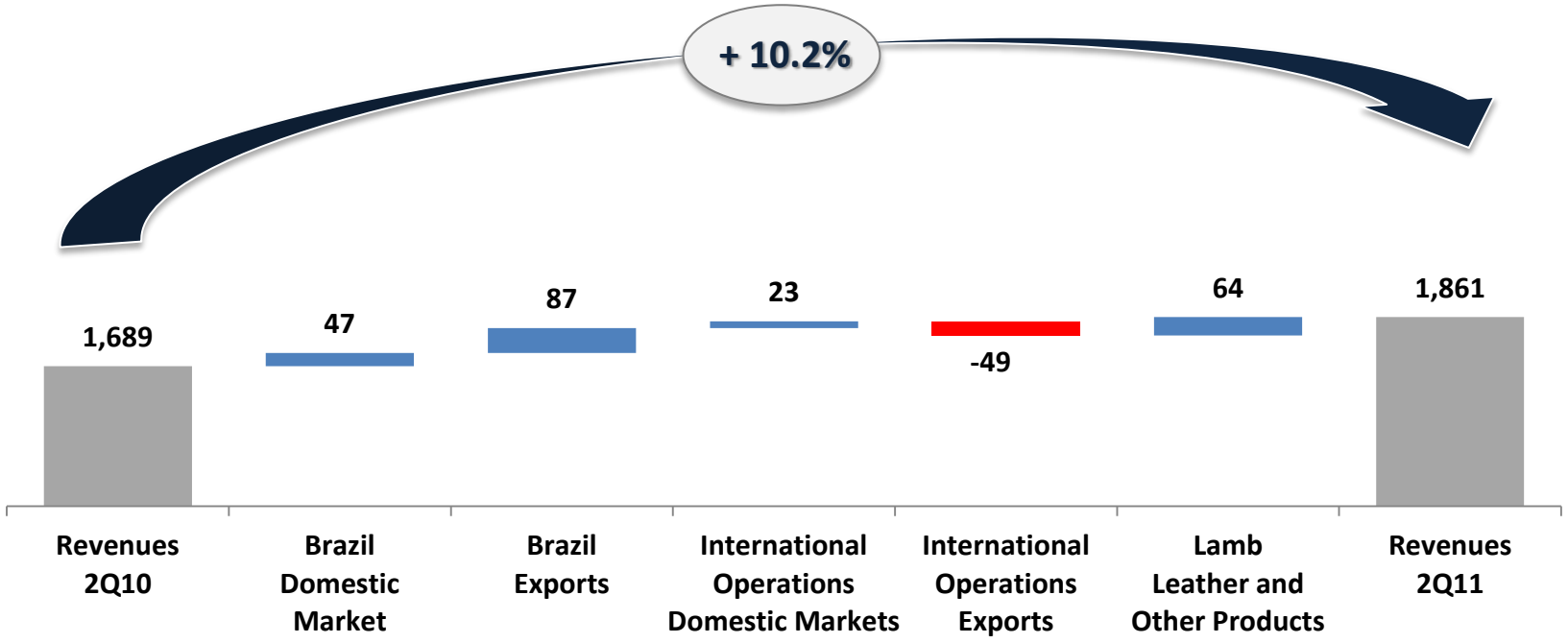
SEGMENTS´ PERFORMANCE



Beef: Financial and Operational Highlights

Revenue Reconciliation – Beef

(R$ Million)



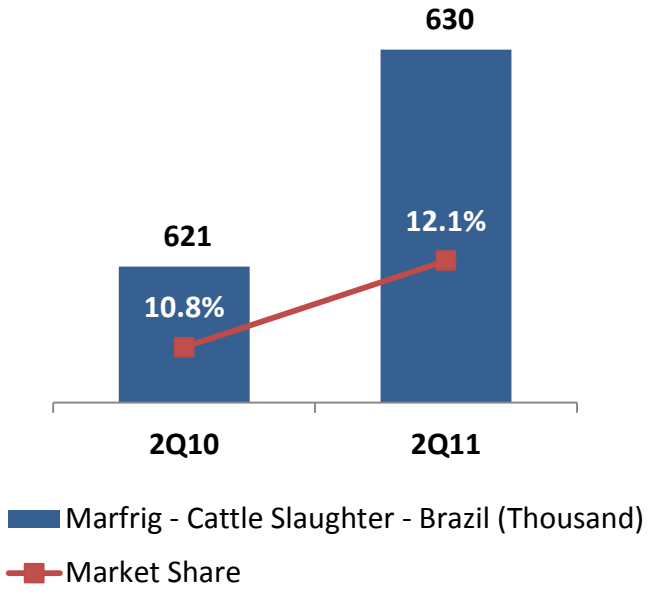
(R$ Million)	2Q11	1Q11	2Q10	2Q11 x 1Q11	2Q11 x 2Q10
Net Revenue	1,861.0	1,923.8	1,689.3	-3.3%	10.2%
EBITDA	139.7	157.3	111.5	-11.2%	25.3%
EBITDA Margin	*7.5%*	*8.2%*	*6.6%*	*-67 pb*	*91 pb*

Beef: Market Share in Brazil

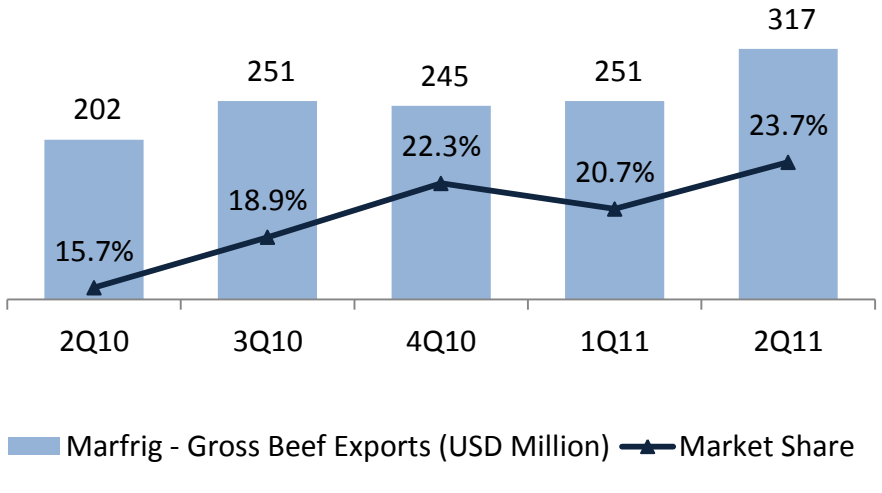
Market share gains in Brazilian slaughtering and exports

- Higher capacity utilization of own and leased plants;
- Choice for more profitable markets.

Market share in Brazilian Slaugthering



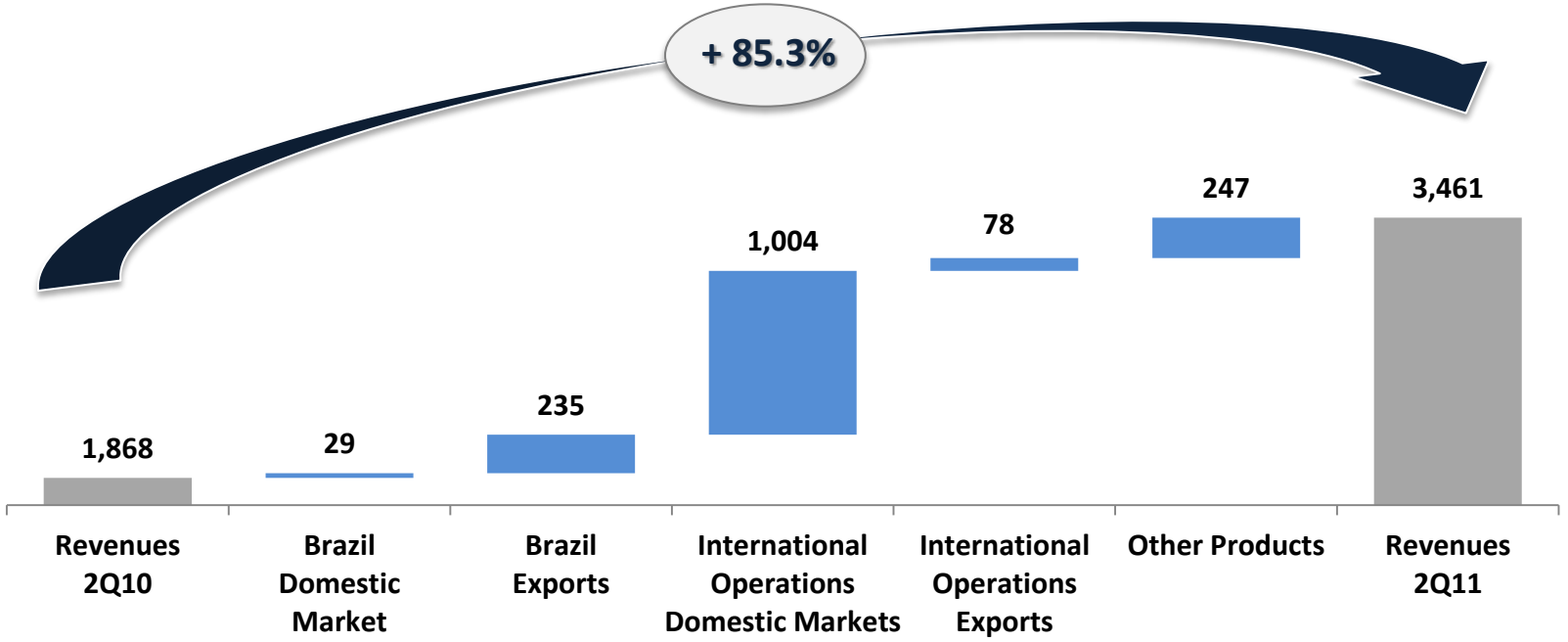
Market share in Brazilian Exports



Poultry & Pork: Financial and Operating Highlights

Revenue Reconciliation – Poultry and Pork

(R$ Million)



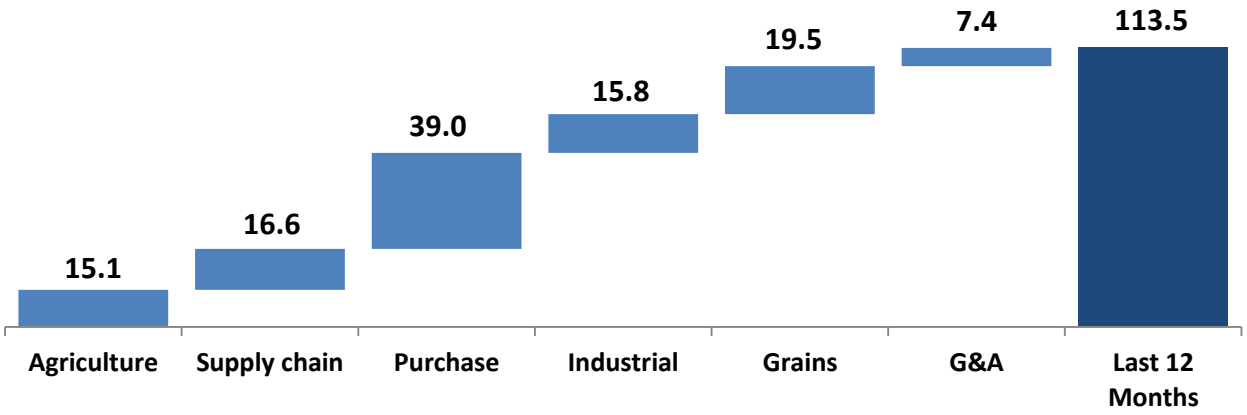
(R$ Million)	2Q11	1Q11	2Q10	2Q11 x 1Q11	2Q11 x 2Q10
Net Revenue	3,461.1	3,328.4	1,868.2	4.0%	85.3%
EBITDA	138.0	180.0	141.7	-23.3%	-2.6%
EBITDA Margin	*4.0%*	*5.4%*	*7.6%*	*-142 pb*	*-360 pb*

Poultry & Pork: Synergies

R$ 148.5m in SEARA´s annualized synergies

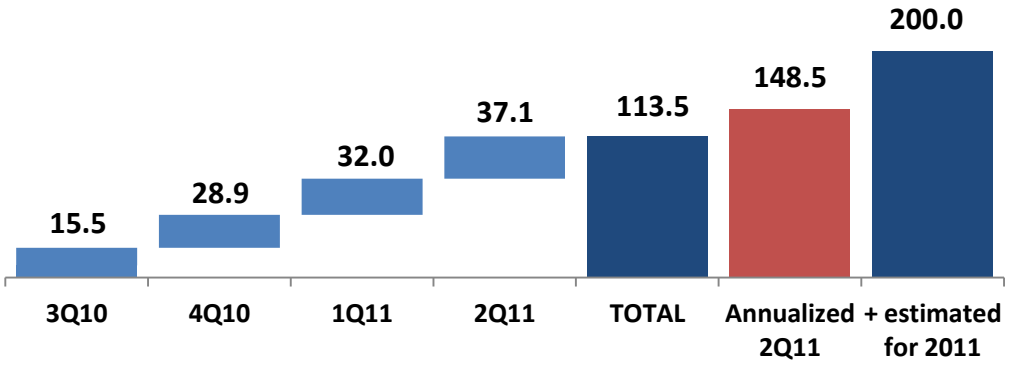
Synergies: Breakdown by Segment (Last 12 months)

(R$ Million)



Synergies: Breakdown by Quarter

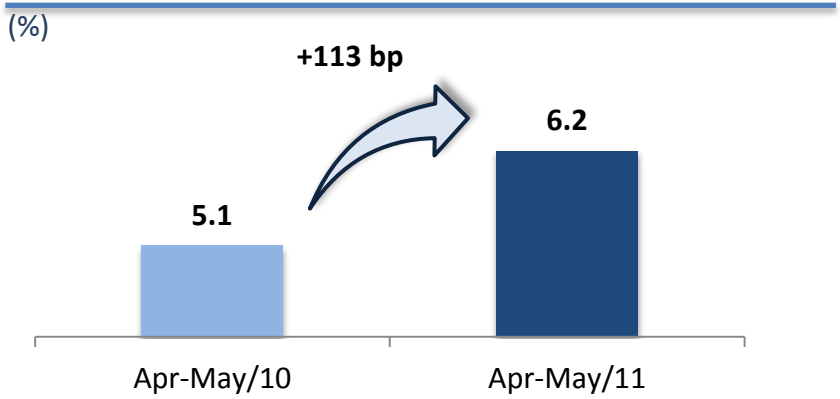
(R$ Million)



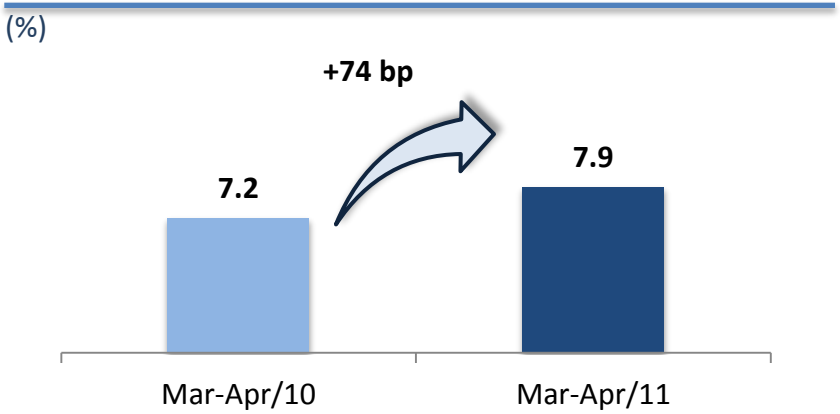
Poultry & Pork: *Market Share*

SEARA: **Market Share** gains in the domestic market and exports

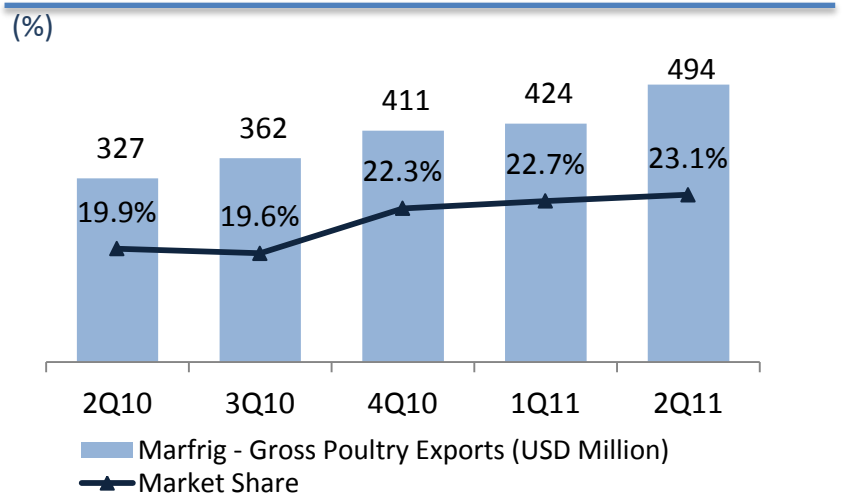
SEARA´s market share in the Brazilian Frozen Meats



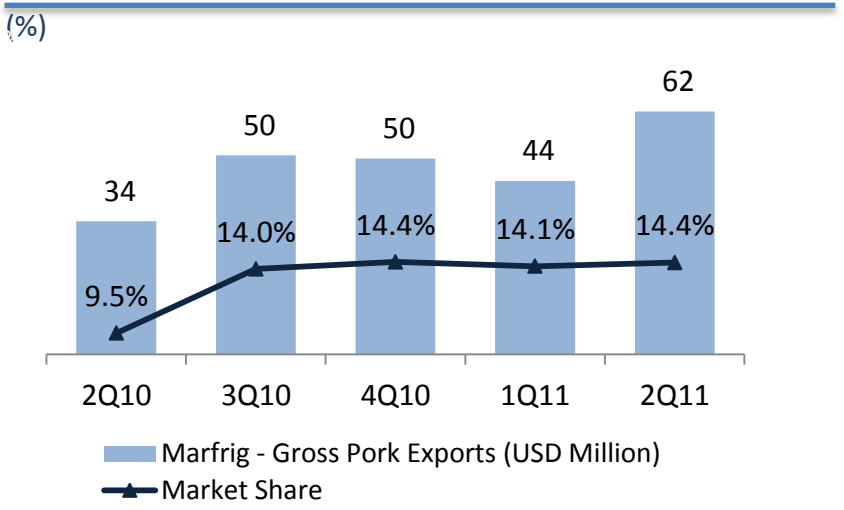
SEARA´s Market Share in Brazilian Industrialized Meats



Market Share in Brazilian Poultry Exports



Market Share in Brazilian Pork Exports



2H11 and 2012 Priorities

- Focus on **expenses reduction** and working capital management;
- Cash and indebtedness **conservative** profile;
- **Elaborated & Processed** products share increase;
- **Keystone Foods**: oriented towards logistics & Food Service (including Brazil).

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