

1Q11 Earnings Release

05/16/2011

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 Company according to its experience and the economic scenario, and on the market conditions and expected future events, over many of which the Company 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 Company'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 Preliminary Prospectus filed at the Brazilian Securities and Exchange Commission. In view of these factors, the Company's actual results may differ significantly from results shown or implicit in the statements representing expectations about future events or results.

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1Q11 Highlights

Key Financial Highlights

- Net Revenue reached **R$5.25bn**, 64.3% up on the R$3.20bn from 1Q10;
- **203bp** reduction in SG&A/Net Revenues when compared to 1Q10, from 14.1% to 12.1%;
- EBITDA grew **5.7%,** from R$319.2m to R$337.3m;
- Net income of **R$25.2m**, reverting 1Q10 net loss of R$52.0m.

Operating Highlights

- Elaborated and processed food reached **37.1%** of Net Revenues, compared to 25.1% in 1Q10;
- From domestic sales, elaborated and processed products reached a **70.9%** share;
- Beef exports went up to **25.4%** of Brazilian total exports in Mar/2011;
- Establishment of two JVs in China, with great local food companies.

CONSOLIDATED RESULTS

SEGMENTS´ PERFORMANCE

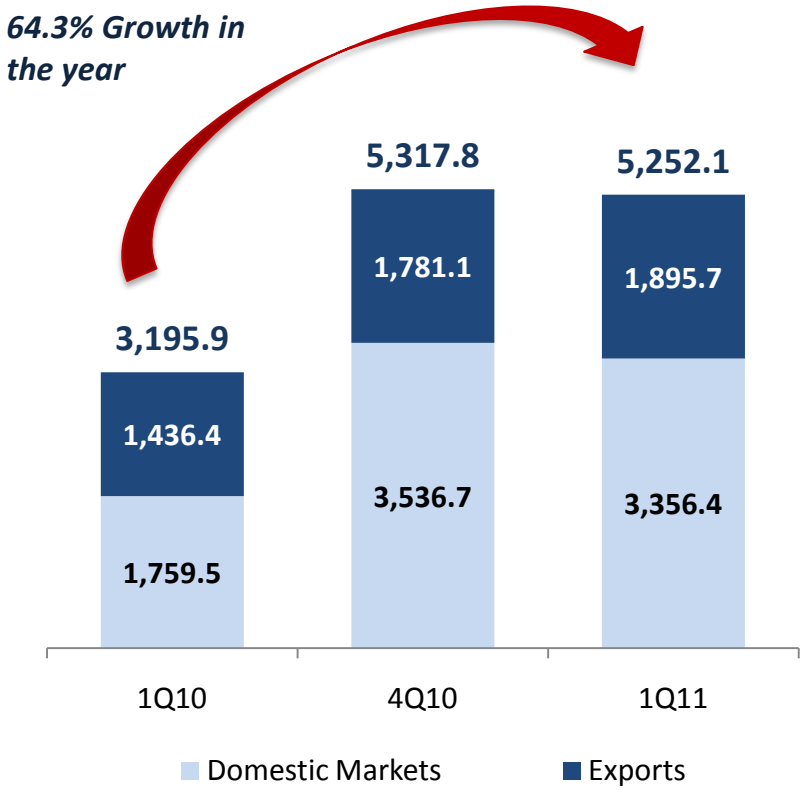


Revenue´s Breakdown by Market

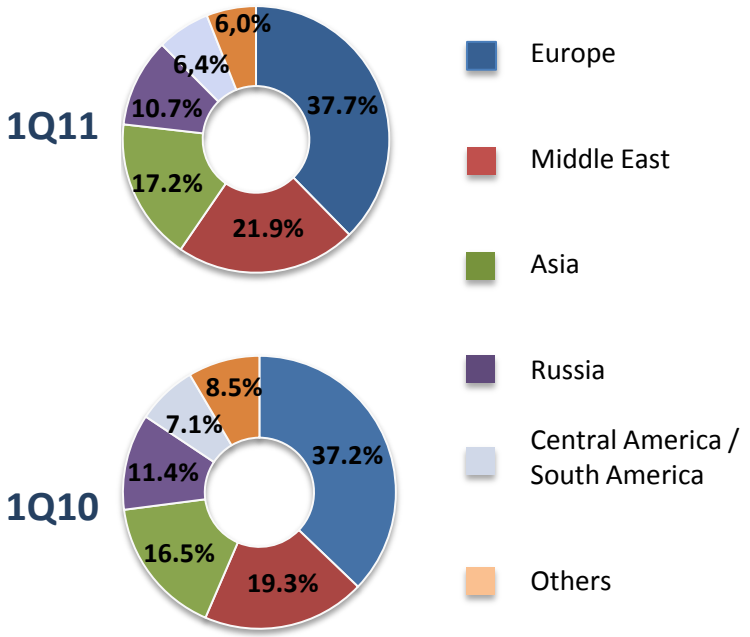
Strategy focused on **Geographical Diversification**

Net Revenue by Market Division

(R$ Million)



Consolidated Exports by Market

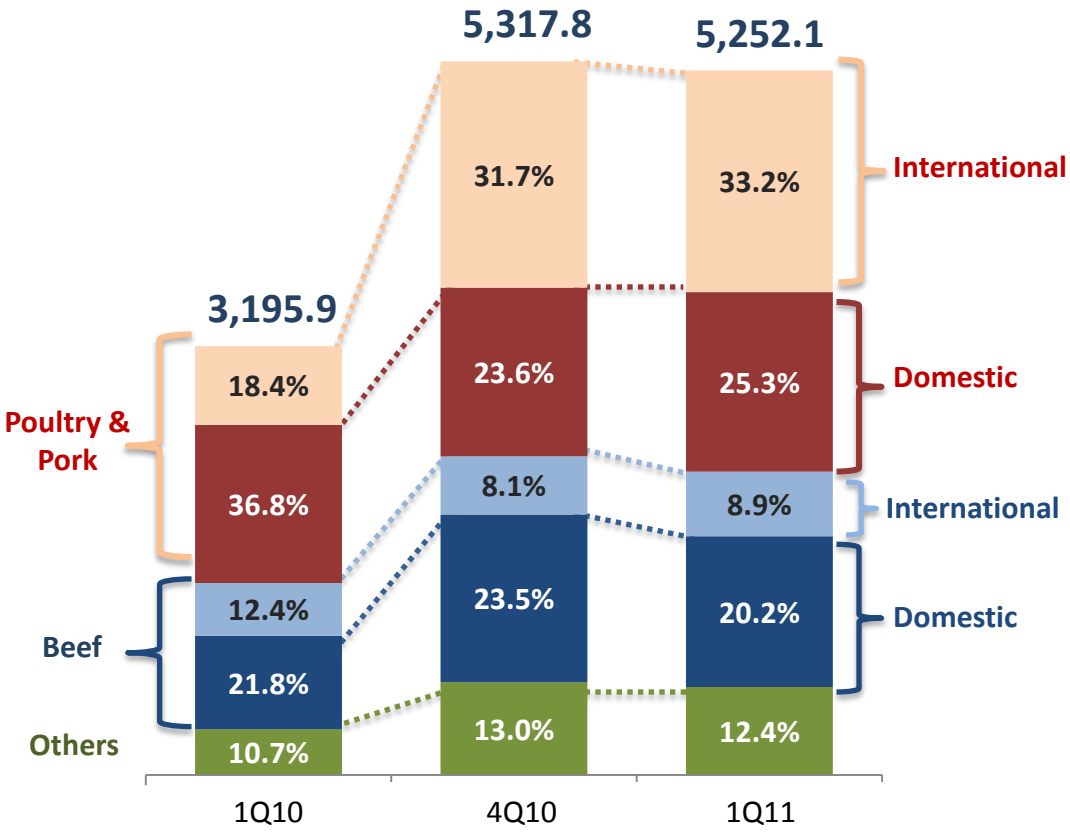


Revenue´s Breakdown by Segment

Strategy focused on **Protein Diversification**

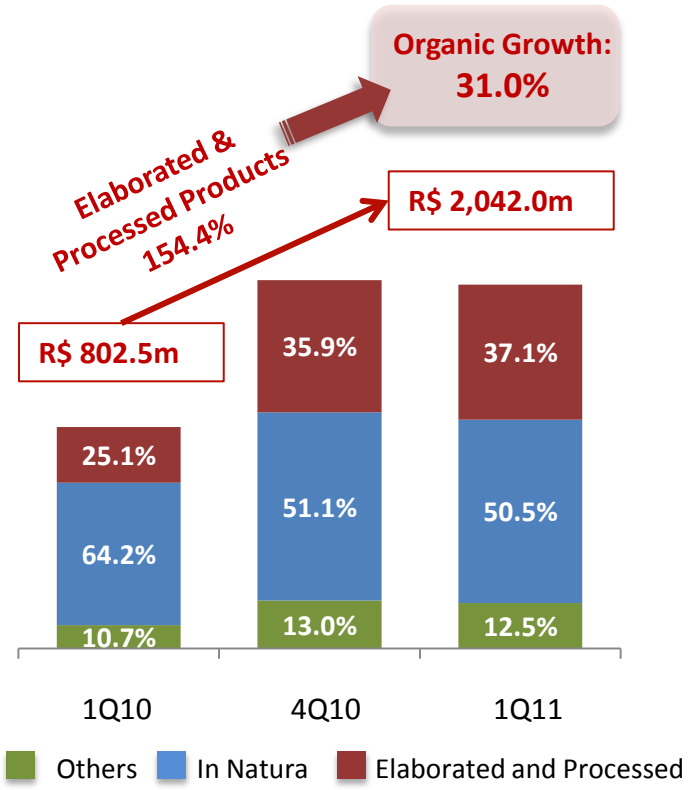
Net Revenues by Market Division

(R$ Million)



Net Revenues by Protein Division

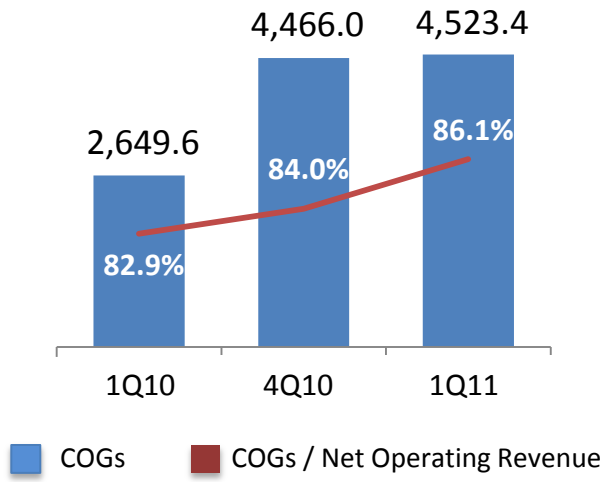
(R$ Million)



Costs & Expenses

COGS

(R$ Million)

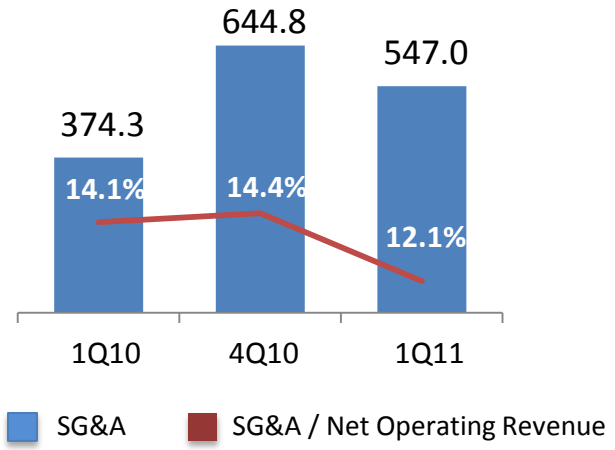


➡ Increase of **322bp** in comparison to 1Q10

- Raw Materials costs rise
- Higher capacity utilization from the Beef Operations

SG&A

(R$ Million)



➡ Reduction of **203bp** in comparison to 1Q10

- Expenses control
- Synergies from SEARA´s operations.

Business´ Growth: Investments

Investing Activities (R$ million)	1Q10
CAPEX – Invested in fixed assets	(221.6)
CAPEX – Invested in breeding stocks	(62.9)
TOTAL CAPEX	**(284.5)**

Marfrig in the World: Investments in China and Perspectives

➡ COFCO – Keystone Foods Supply Chain Investment Company (China)

Joint Venture	•JV: **COFCO & Keystone Foods** •Focus: to develop food logistics and distribution services business for the Chinese market.
Investment	• Total Investment = RMB 1.68 Billion (USD 252 million) • 6 Distribution Centers in Strategic Cities Across China

➡ Shandong Keystone – Chinwhiz Food Services Limited

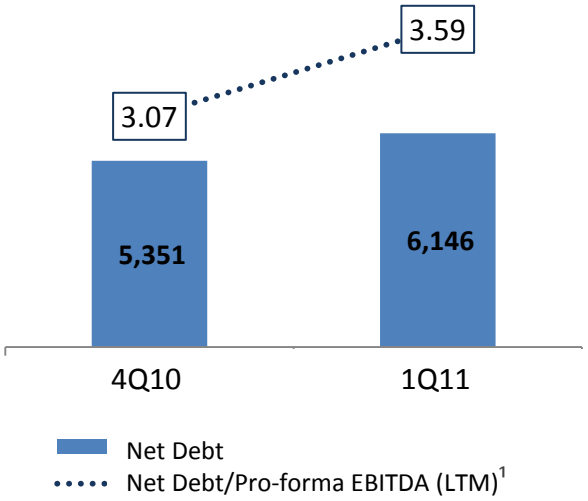
Joint Venture	• JV: **Keystone Foods & Chinwhiz** • Focus: to develop a total vertically integrated poultry operation capable of processing 60 millions chickens/year.
Investment	• **JV Investment** = RMB 368 Million (USD 56.8 million)

Liability Management and Cash Flow

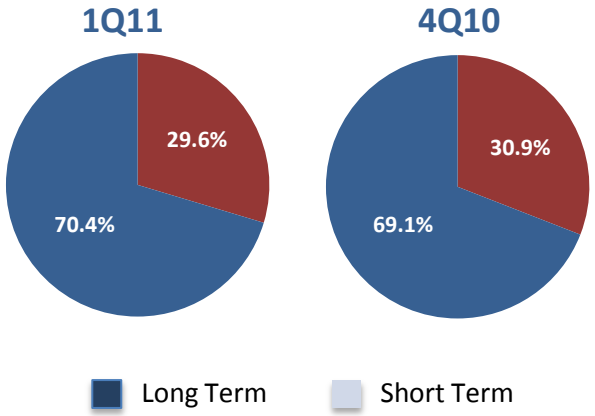
Focus on management strategies to improve the capital´s structure and the debt profile

Net Debt & Net Debt/EBITDA

(R$ Million)



Debt´s Profile



- Short Term Debt Coverage went from 1.36x in 4Q10 to 1.15x in 1Q11, keeping a conservative profile;
- R$598.2m debentures offering in Jan/2011;
- 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;
- Positive cash flow is a target for the end of 2012.

[1]Considering Keystone Foods

CONSOLIDATED RESULTS

SEGMENTS´ PERFORMANCE

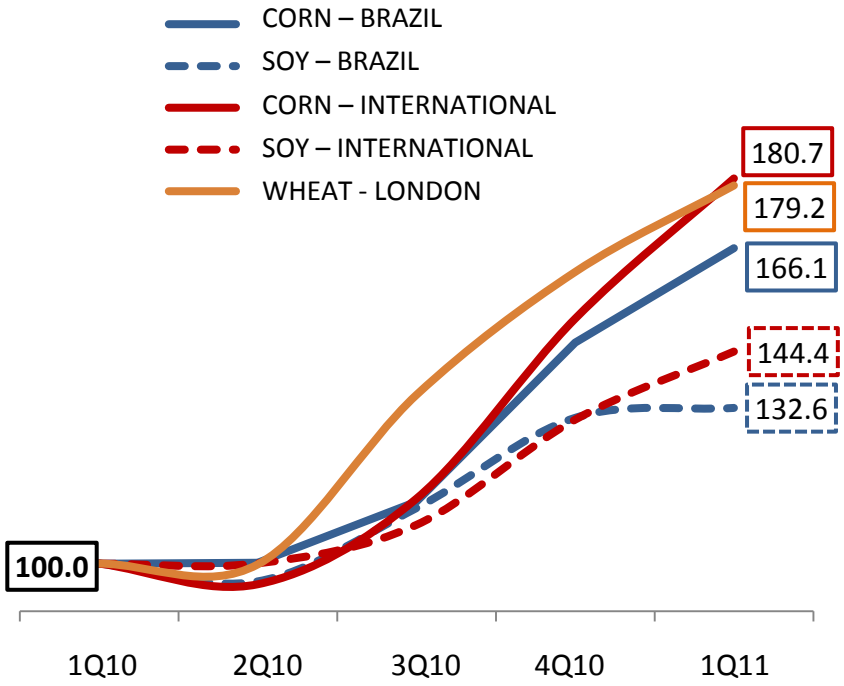


1Q11 Scenario

1Q11 affected by steady commodities prices in fairly high levels

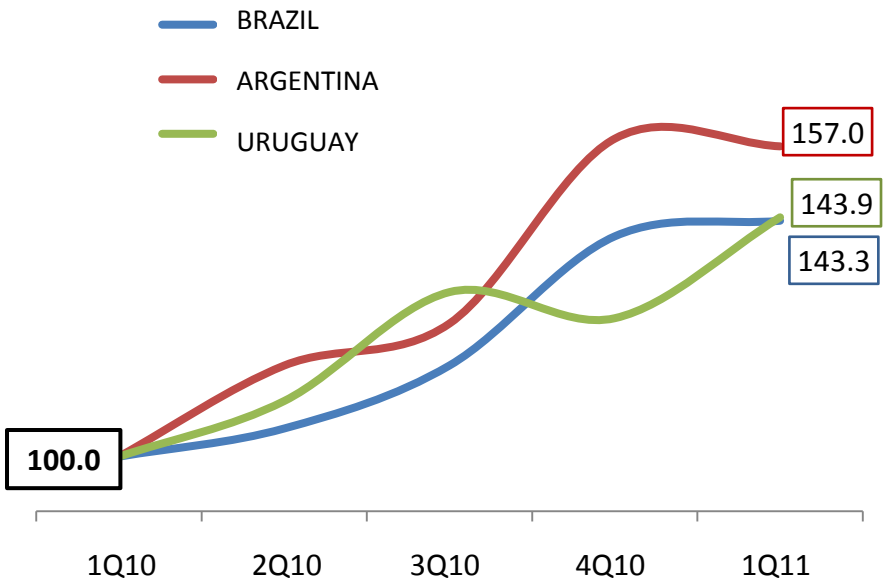
Grain Prices Evolution

(Quarterly Average – 100 basis)



Cattle Prices Evolution

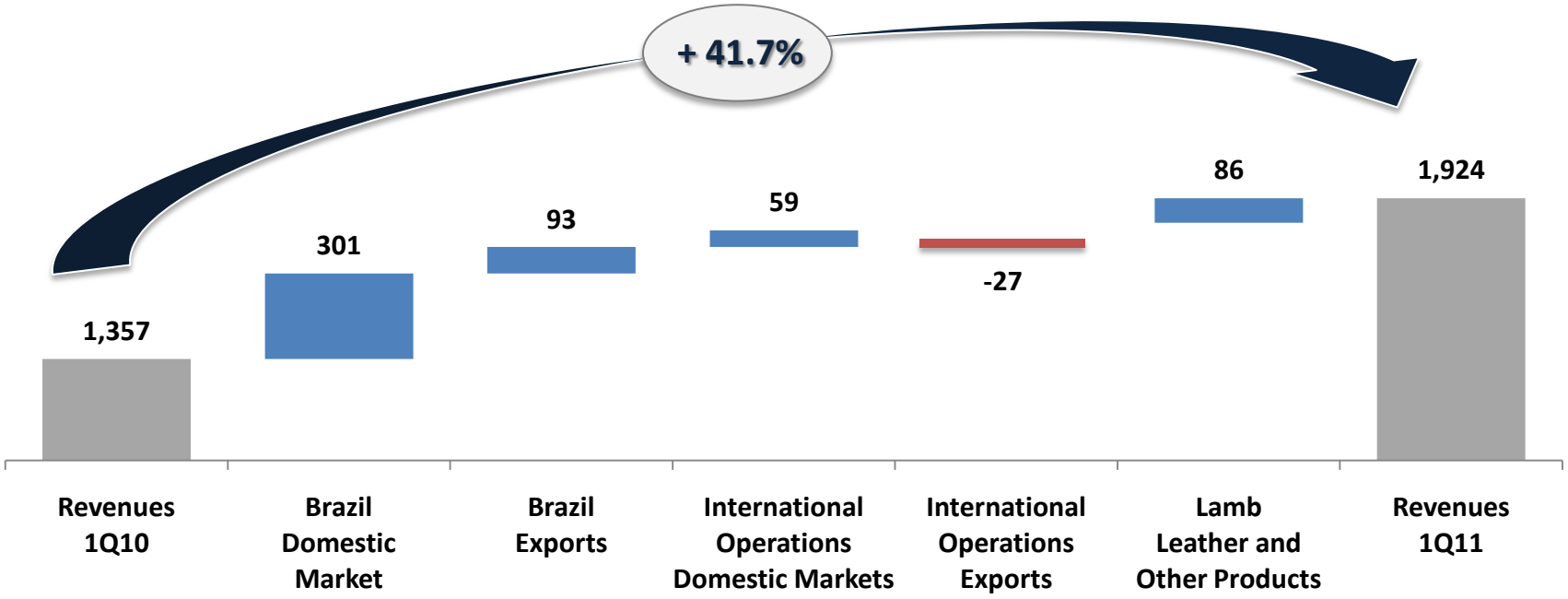
(Quarterly Average – 100 basis)



Beef: Financial and Operational Highlights

Revenue Reconciliation – Beef

(R$ Million)



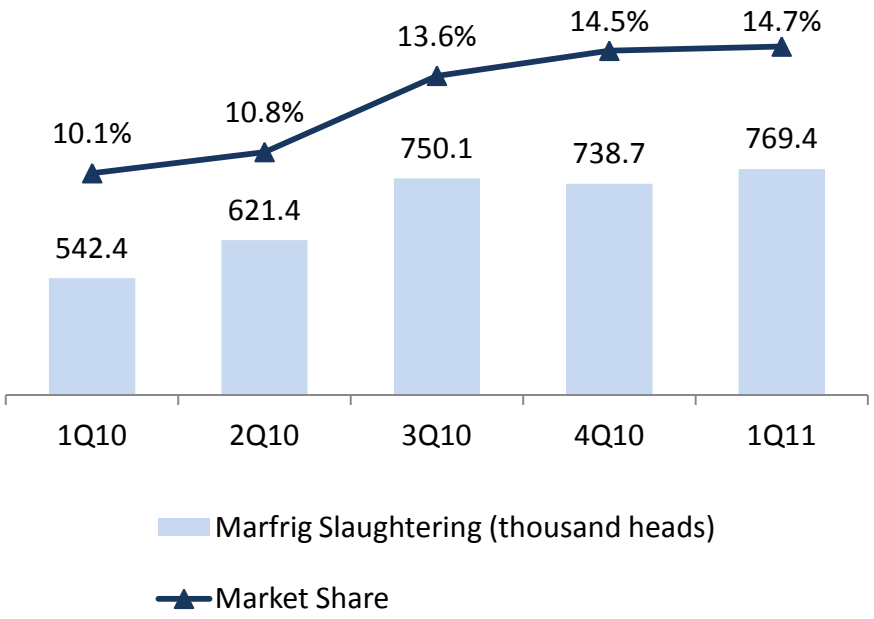
(R$ Million)	1Q11	4Q10	1Q10	1Q11 x 4Q10	1Q11 x 1Q10
Net Revenue	1,923.8	2,015.5	1,356.5	-4.5%	41.8%
EBITDA	157.3	158.6	122.1	-0.8%	28.8%
EBITDA Margin	*8.2%*	*7.9%*	*9.0%*	*3.9%*	*-9.2%*

Beef: Market Share in Brazil

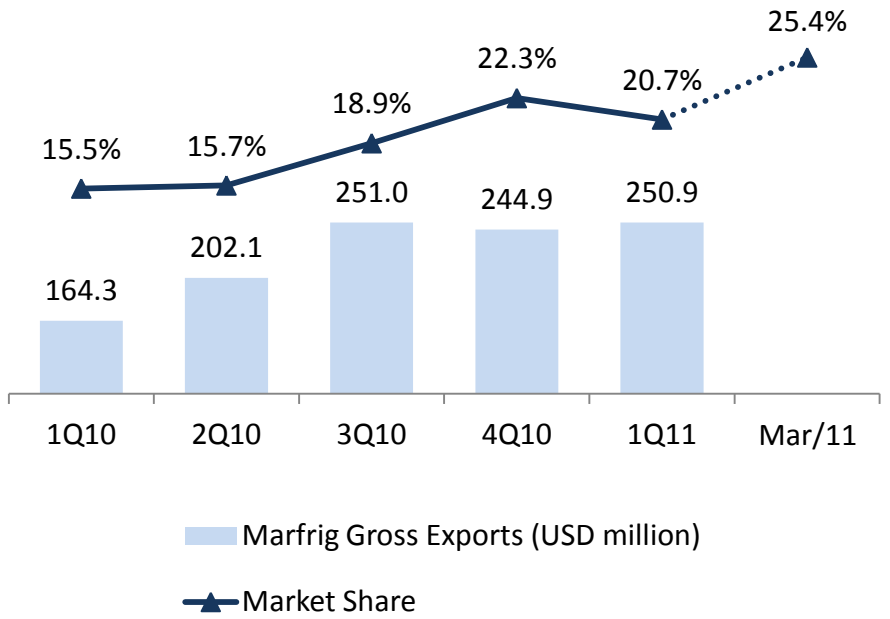
Market share gains in Brazilian slaughtering and exports

- Higher capacity utilization of own and leased plants;
- Sales growth in the Food Service business.

Market share in Brazilian Slaugthering



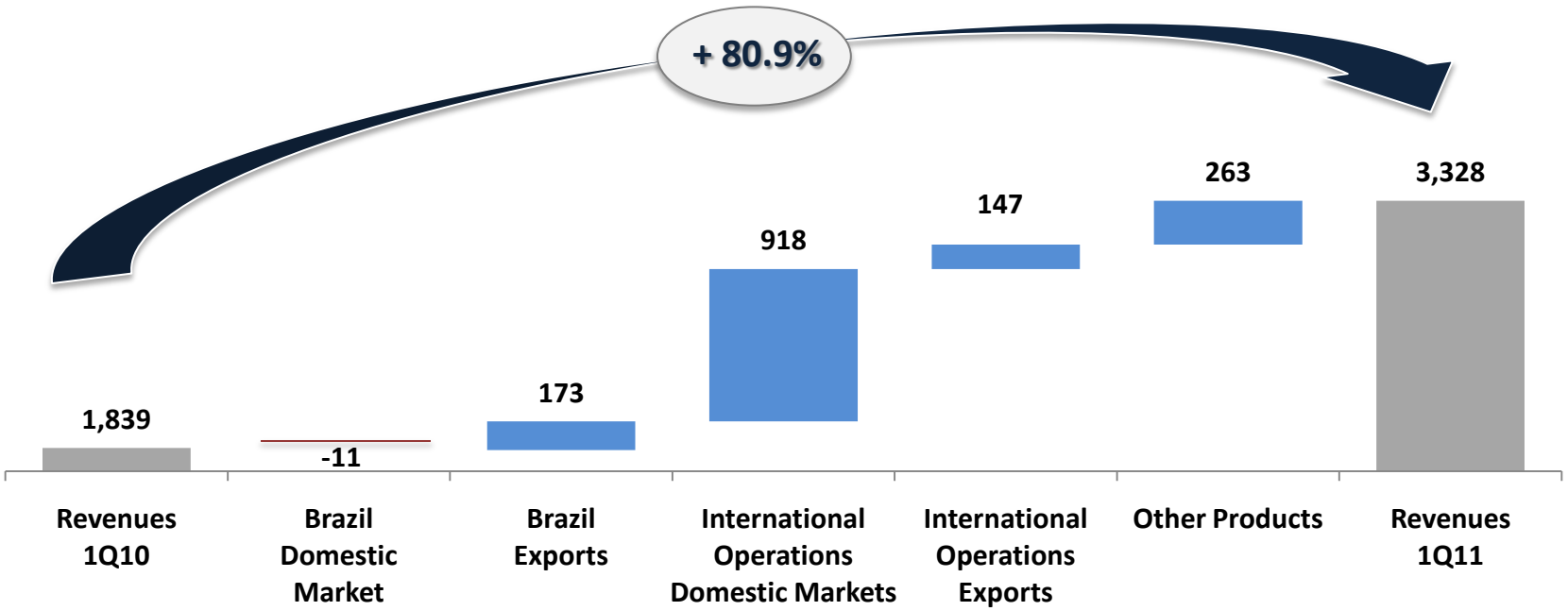
Market share in Brazilian Exports



Poultry & Pork: Financial and Operating Highlights

Revenue Reconciliation – Poultry and Pork

(R$ Million)



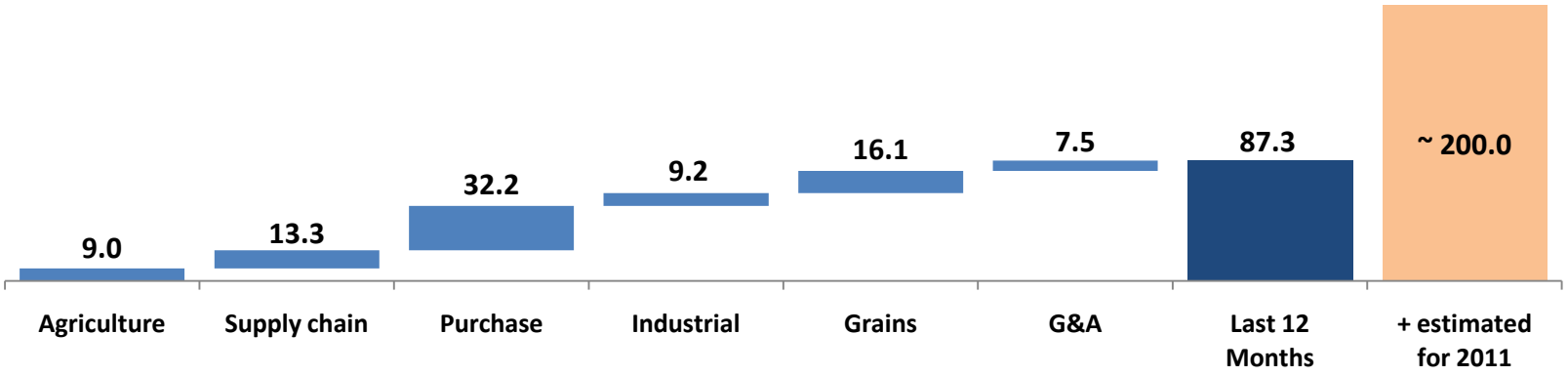
(R$ Million)	1Q11	4Q10	1Q10	1Q11 x 4Q10	1Q11 x 1Q10
Net Revenue	3,328.4	3,302.3	1,839.4	0.8%	80.9%
EBITDA	180.0	534.7	197.1	-66.3%	-8.7%
EBITDA Margin	5.4%	16.2%	10.7%	-66.6%	-49.5%

Poultry & Pork: Synergies

R$ 87.3 million in synergies captured from SEARA in the last 12 months

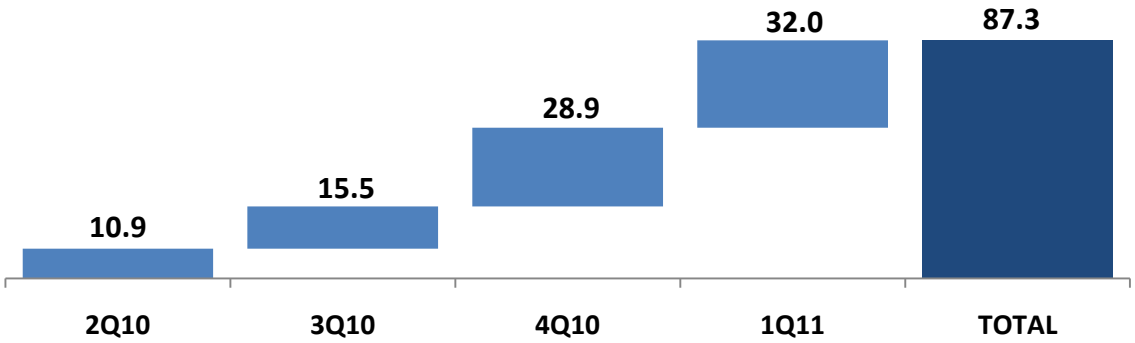
Synergies: Breakdown by Segment

(R$ Million)



Synergies: Breakdown by Quarter

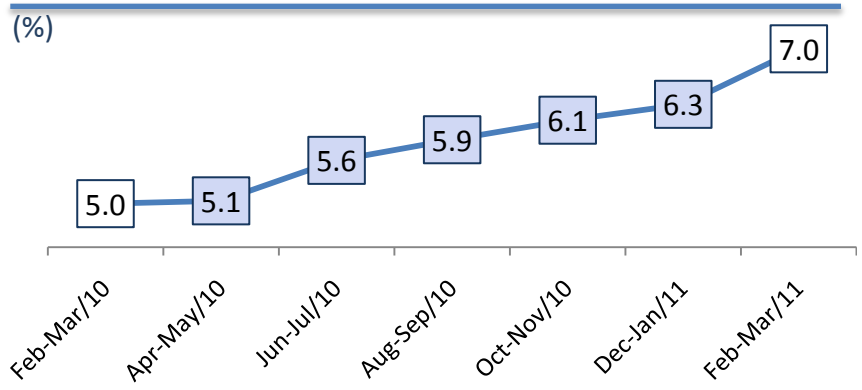
(R$ Million)



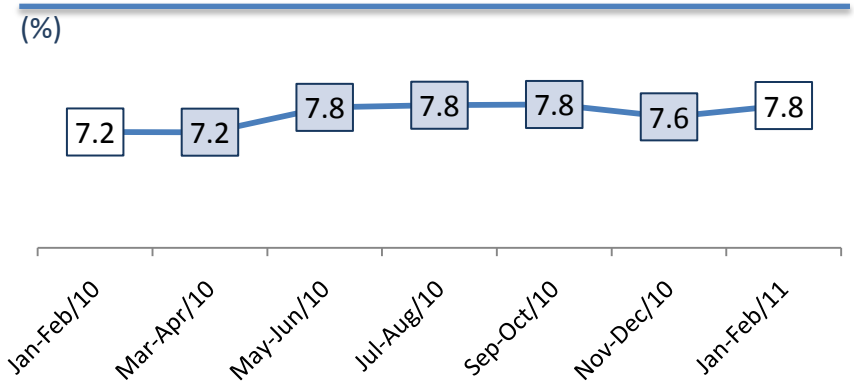
Poultry & Pork: *Market Share*

SEARA: Market Share gains in the domestic market and exports

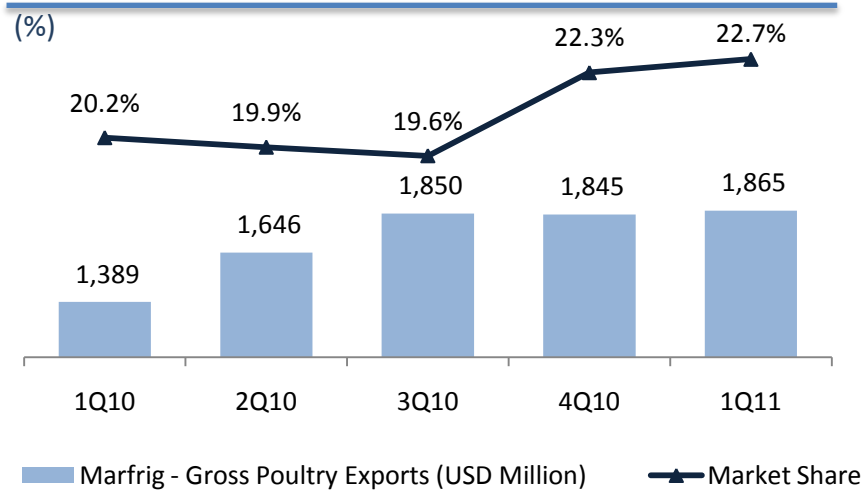
SEARA´s market share in the Brazilian Frozen Meats



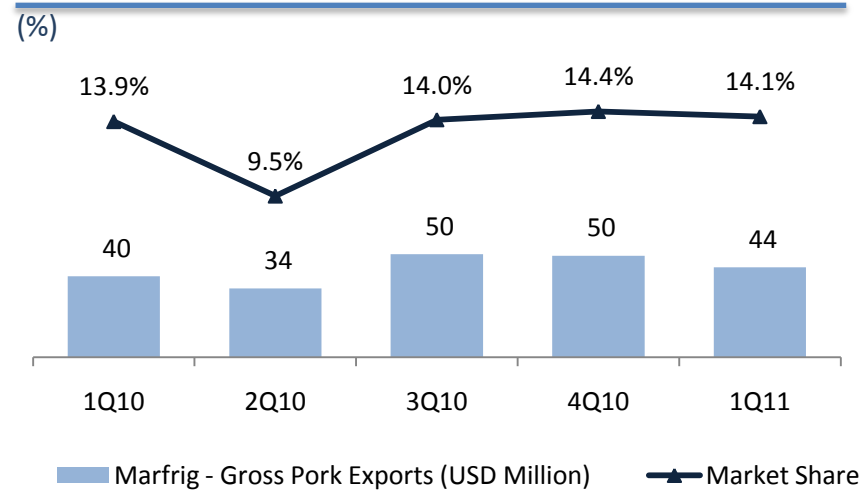
SEARA´s Market Share in Brazilian Industrialized Meats



Market Share in Brazilian Poultry Exports



Market Share in Brazilian Pork Exports



2011 Priorities: Focus on Organic Growth and Operating Excellence



Expand product line-up

- **Gain Market Share**
- Launch new products in Brazilian market



Capture global cross-selling opportunities

- **Global Distribution**
- Strategic geographic diversification by increasing processed and specialty food offerings
- Balanced growth between exports and domestic sales



Invest in and establish growth platforms

- **Build Long-Term Profit Growth**
- Current demand trends provide ideal conditions to build sustainable long-term profit growth



Deliver consistently improving financials

- **Increased Control of Working Capital**
- Improve debt profile and identify cost savings opportunities

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