MARFRIG

Earnings Release

1Q12



SEARA

Moy park

MARFRIG GROUP

Tacuarembó
MEAT THE BEST

KEYSTONE FOODS

MARFRIG GROUP

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 Reference Form 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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1Q12 Highlights

Key Financial Highlights

- Net Revenue of **R$5.23 billion**, in line with the R$5.25 billion in 1Q11
- Gross Income of **R$803.3 million**, increasing 10.2% from R$728.8 million in 1Q11
- EBITDA of **R$410.7 million**, up 21.8% on R$337.3 million in 1Q11
- Net Income of **R$34.5 million**, up 46.7% from R$23.5 million in 1Q11

Operational Highlights

- Share of processed (higher-value) products in the Corporation's total revenue of **45.0%** in 1Q12, increasing from 36.4% in 1Q11

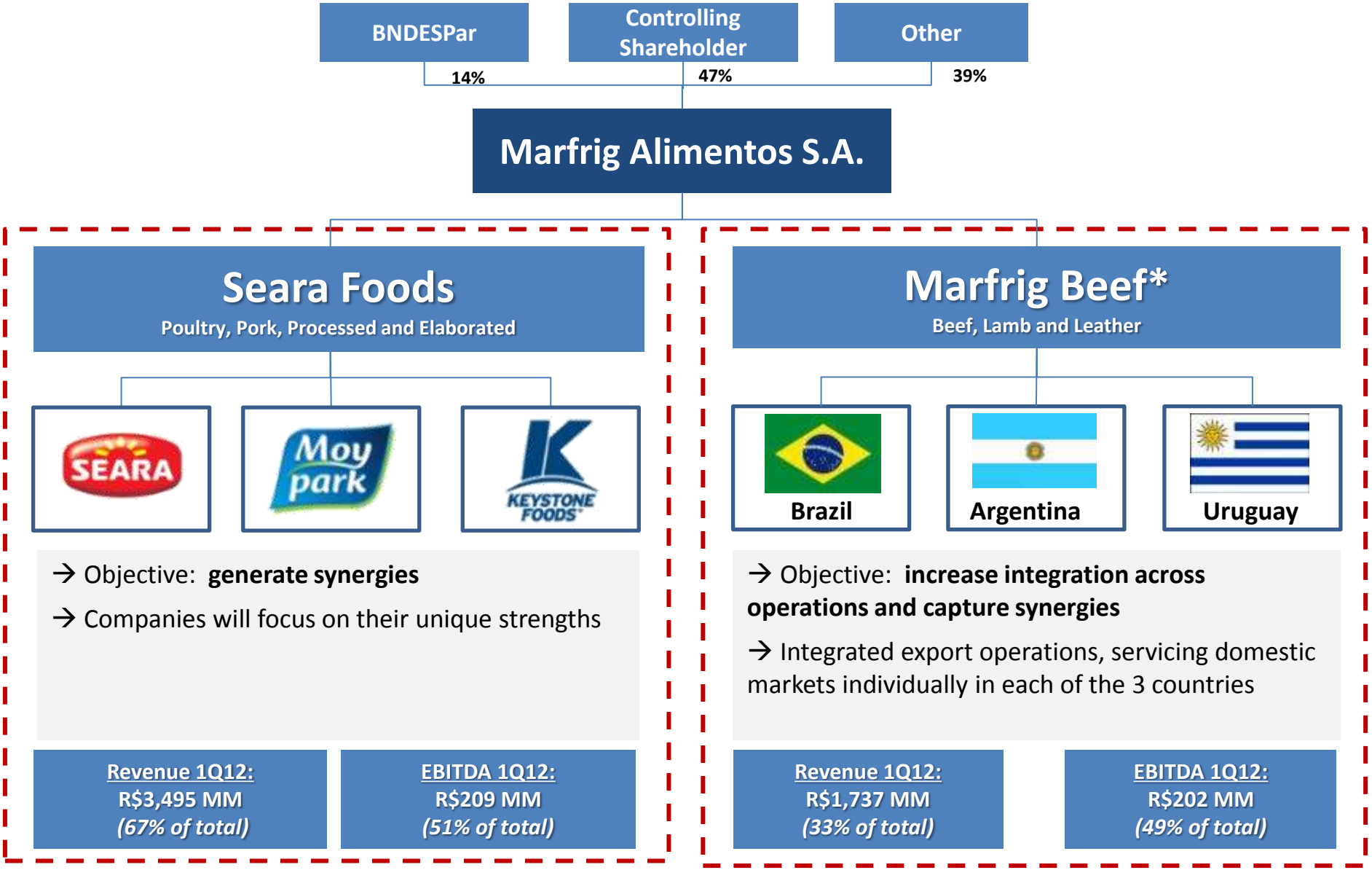
SEARA FOODS

- Sale of Keystone Foods' logistics assets for **USD390.1 million**

MARFRIG BEEF

- EBITDA of **R$202.1 million**, up 28.5% from R$157.3 million in 1Q11

Marfrig: Global Structure

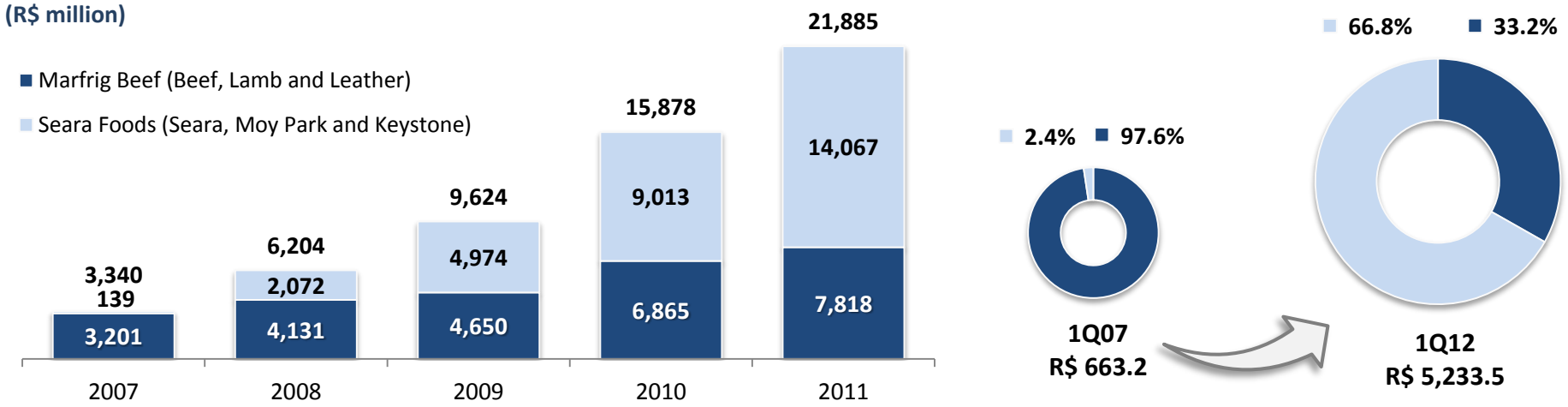


(*) Announced to the market in Oct/11

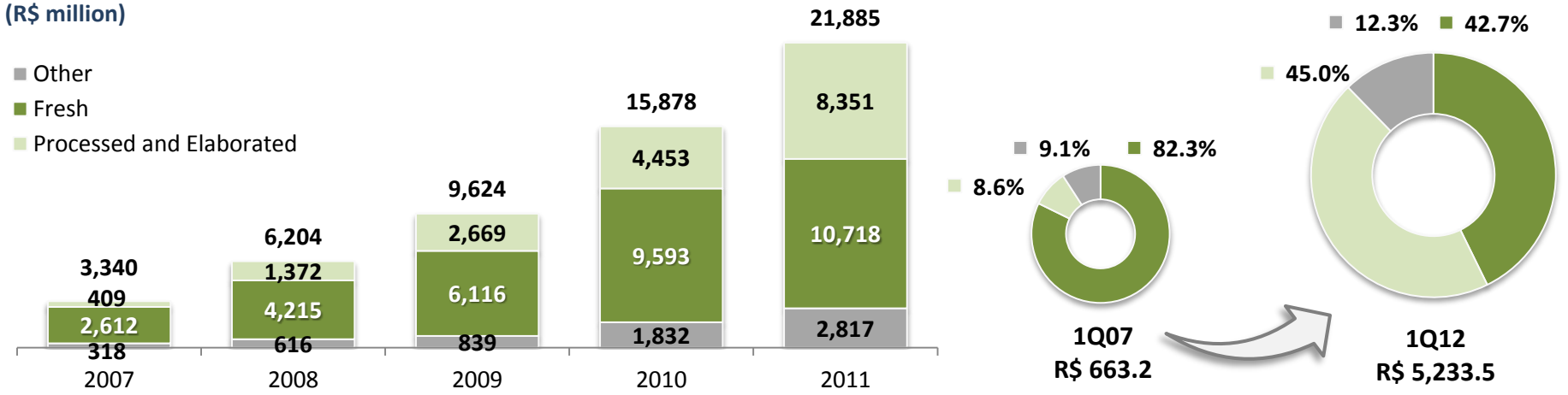
Marfrig's Strategy: Focus on Diversification and Value-Added Products

Transform and diversify the product mix to match protein consumption trends globally and in Brazil

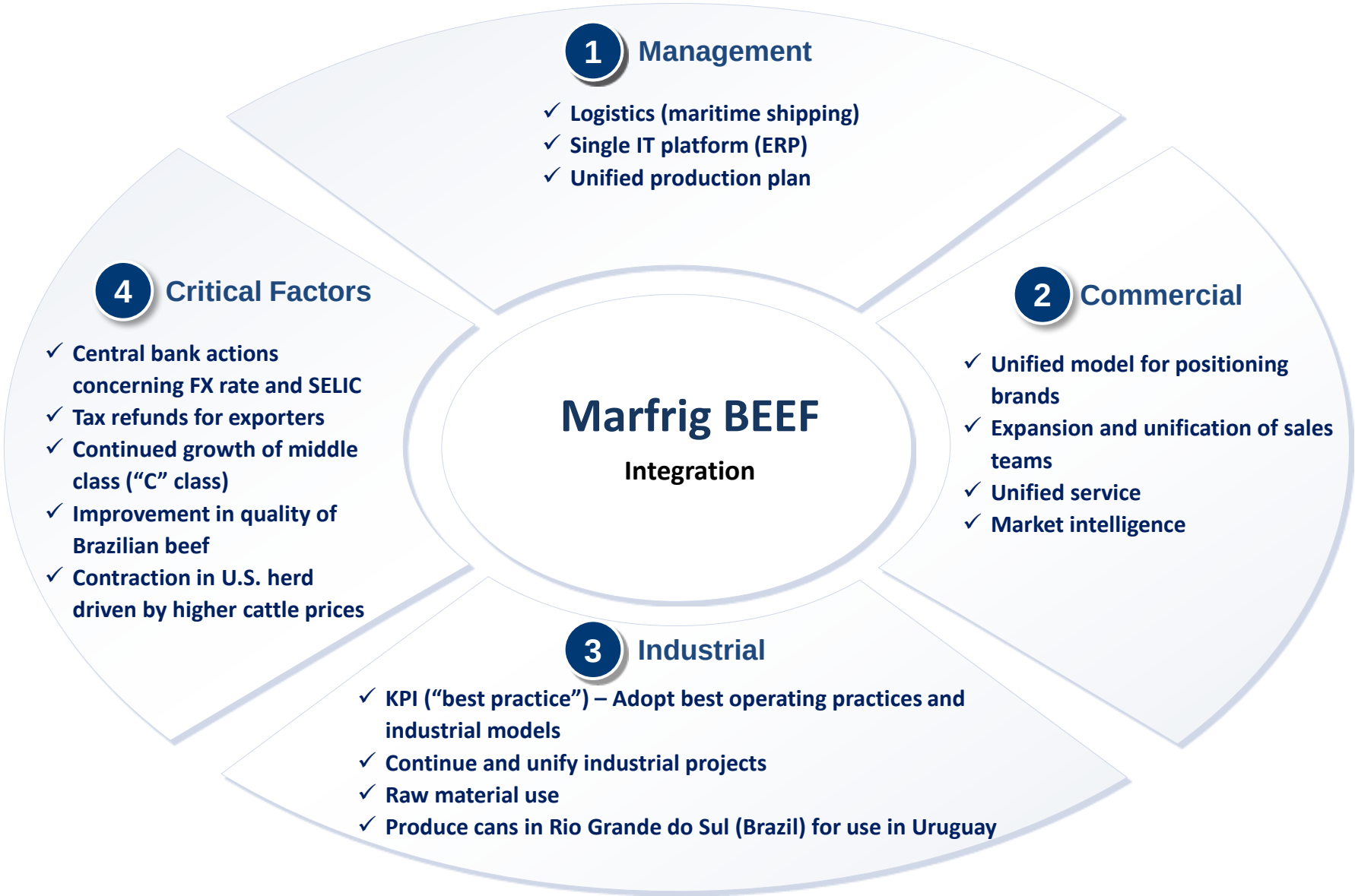
Revenue Breakdown by Segment



Revenue Breakdown by Product



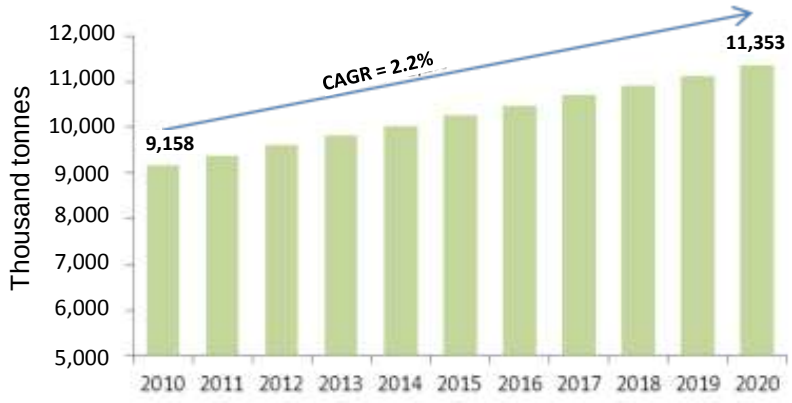
Marfrig Beef: Main Synergies from the Integration



Marfrig Beef: Beginning a Positive Cattle Cycle

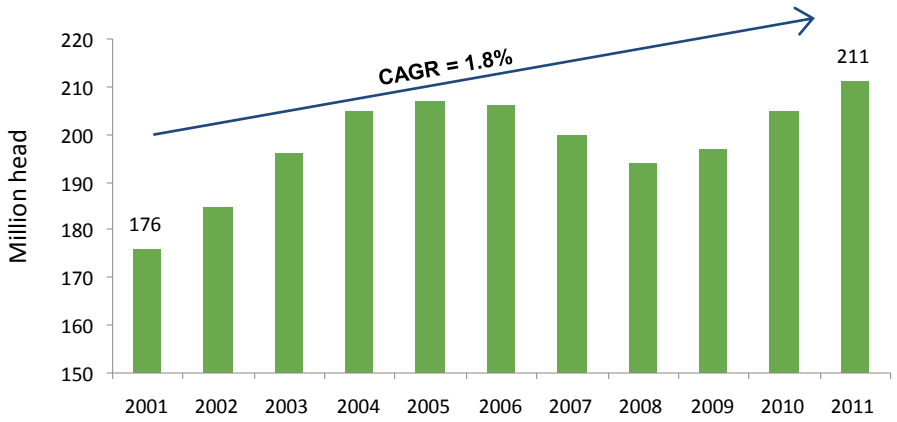
Brazilian Scenario

Beef Production

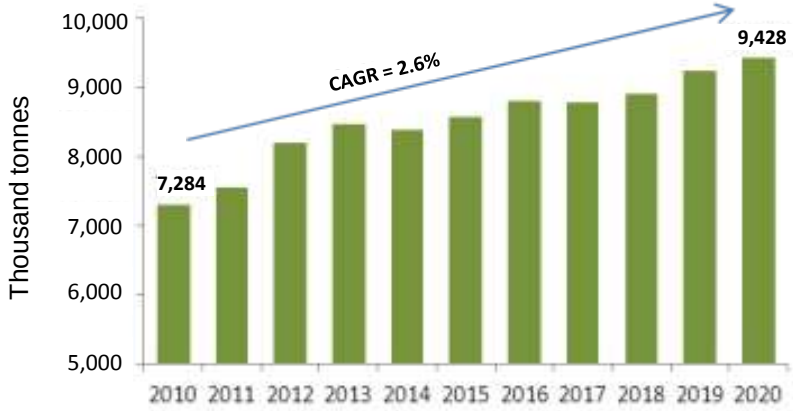


Source: MAPA

Brazil's Beef Cattle Herd



Beef Demand



Source: MAPA

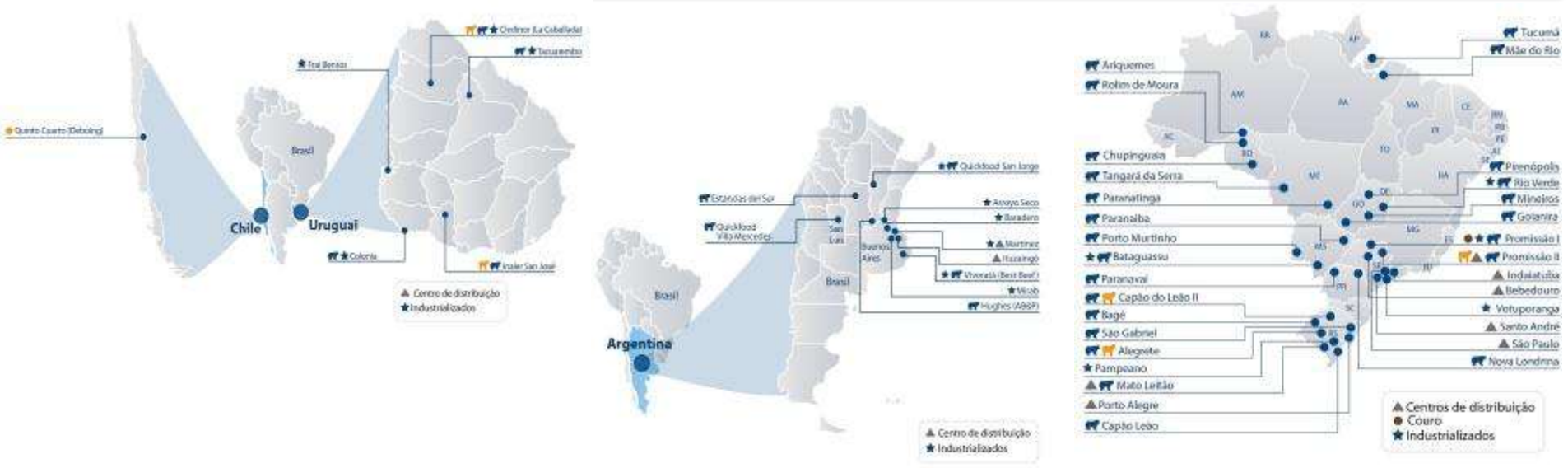
Global Scenario

USA	Upward trend in cattle prices
Australia	Stable market
India	Buffalo
Chile	Important market
Venezuela	Political uncertainties
Russia	Largest import market

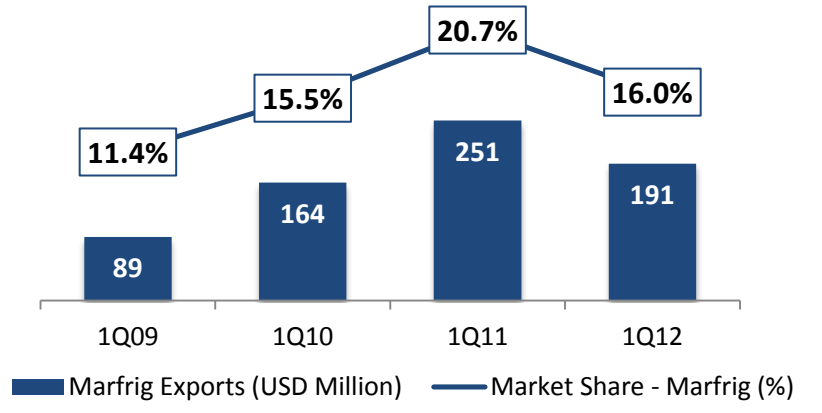
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Marfrig Beef: Focus on Profitability

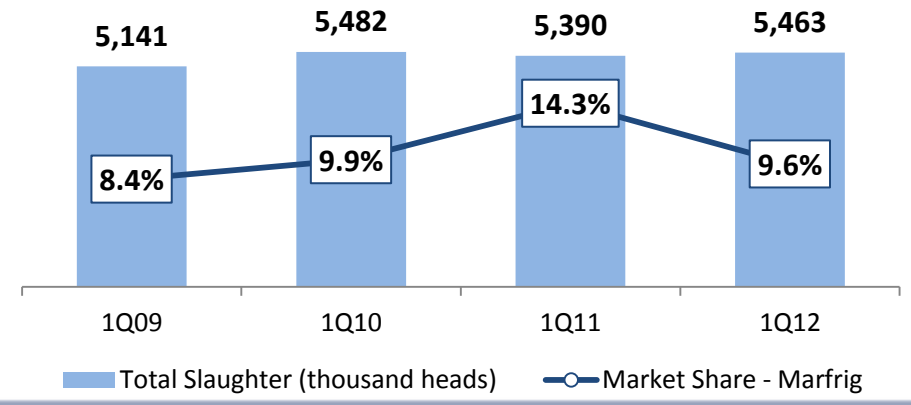
Operations restarted at three Brazilian plants in 2Q12



Market share in beef exports – Brazil (1)



Market share in cattle slaughtering – Brazil (2)



(1) Source: Marfrig / SECEX

(2) Source: Marfrig / MAPA

Seara Foods: Overview

- ✓ Comprises Seara (Brazil), Moy Park (Europe) and Keystone (Global – US/China)
- ✓ Main strategy: integrate companies and focus on customers
- ✓ Up to R$330 million in cost and revenue synergies over the next five years



Renowned global consumer brand

Focus:
Increase distribution of higher-value products, with operational excellence

Leading European private-label player

Focus:
Continue to efficiently serve large retail clients and innovate in processed/organic

Global food services platform

Focus:
Continue expanding the food service client base and global geographic expansion

Seara Foods: Seara Brasil Key Takeaways

- Seara has a **strategic plan to grow revenue and profits**
- 6 levers will enable this turnaround in performance





28k → 60-80k POS

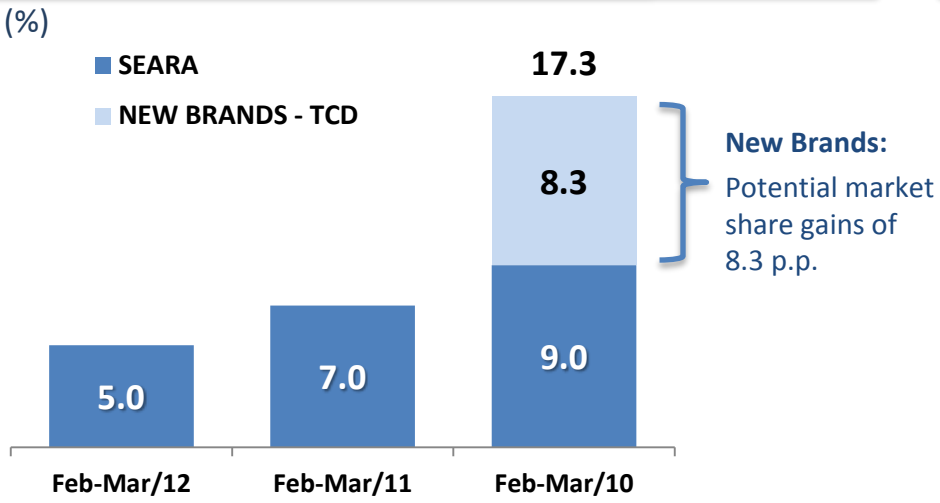
- **Relieve bottlenecks**
- **Leverage new assets capacity**

Processed capacity	Brand
Footprint	People

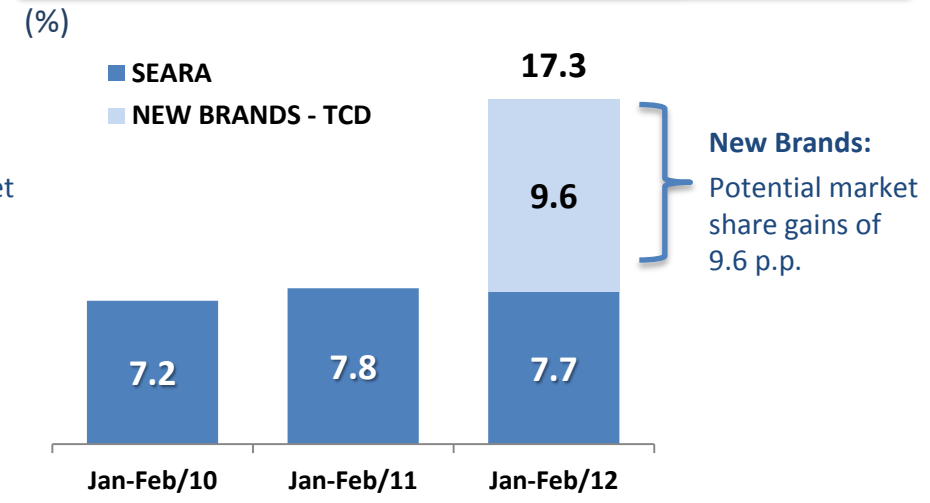
1) Accelerated shift in product mix towards **higher-value processed products in Brazil**
2) Focus on **brand and product architecture** and **innovation efforts**
3) Significant **expansion of distribution**
4) **Optimized use of existing and new assets from BRF** to create room for growth
5) **Investments** in footprint, capacity, brand and people
6) **Strong leadership team – performance, complexity, strategy –** with a **winning culture**

Seara Foods: Focus on Higher-Value Processed Products

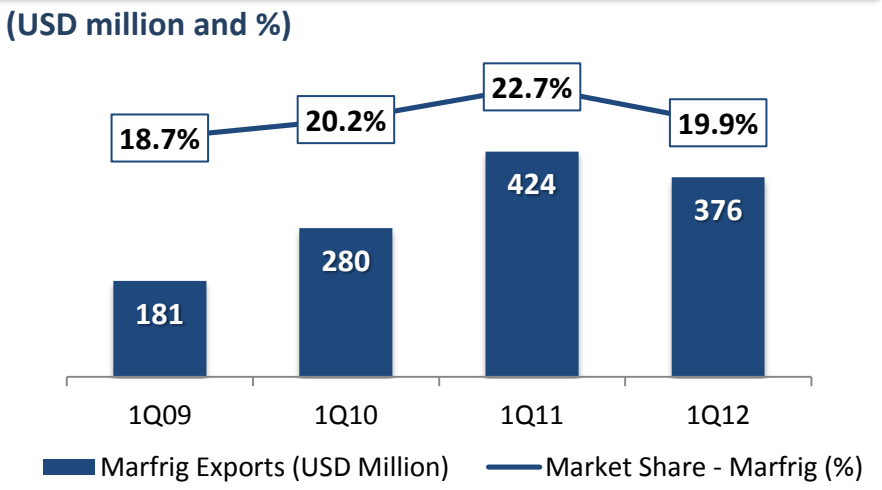
SEARA market share in frozen meats – Brazil (1)



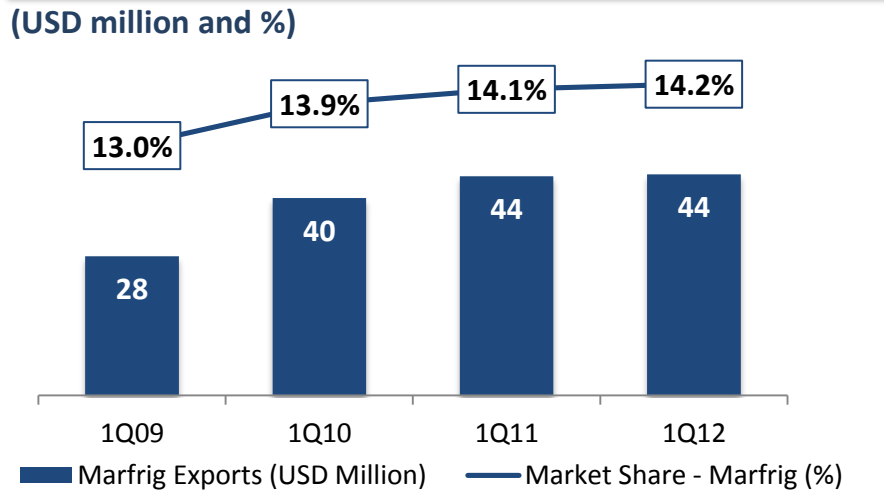
SEARA market share in processed meats - Brazil (1)



SEARA market share in poultry exports – Brazil (2)



SEARA market share in pork exports – Brazil (2)



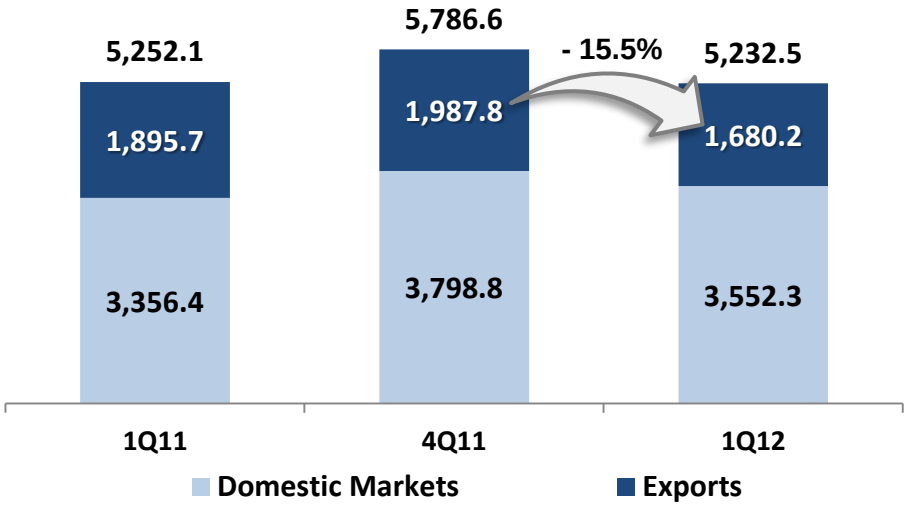
(1) Source: Marfrig / Nielsen

(2) Source: Marfrig / SECEX

Net Revenue Breakdown by Market

Net Revenue by Market

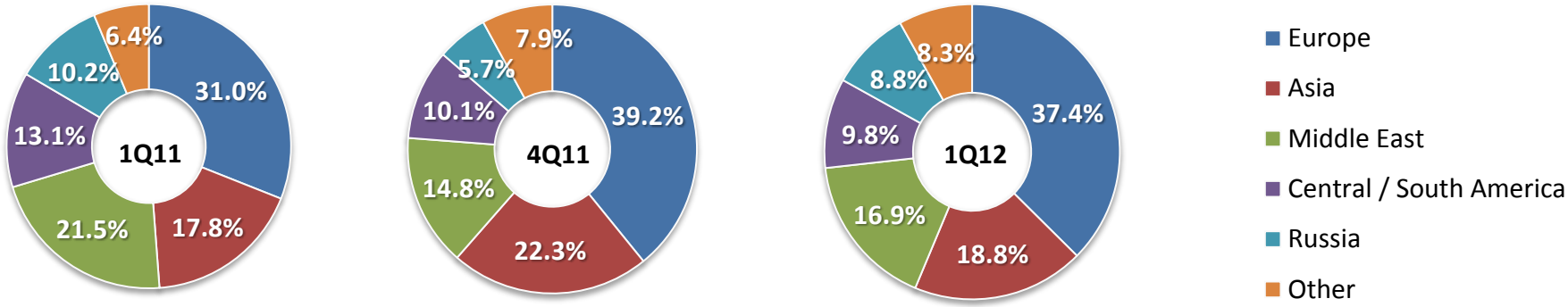
(R$ million)



Lower exports compared to 4Q11 are explained by seasonality (historically the first quarter is the weakest of the year) and by impacts of high chicken inventories in Asian markets

Consolidated Exports by Region

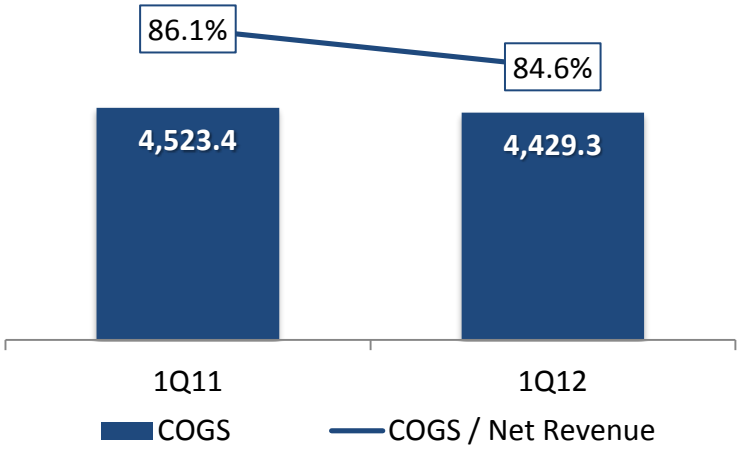
(%)



Consolidated Financial Highlights

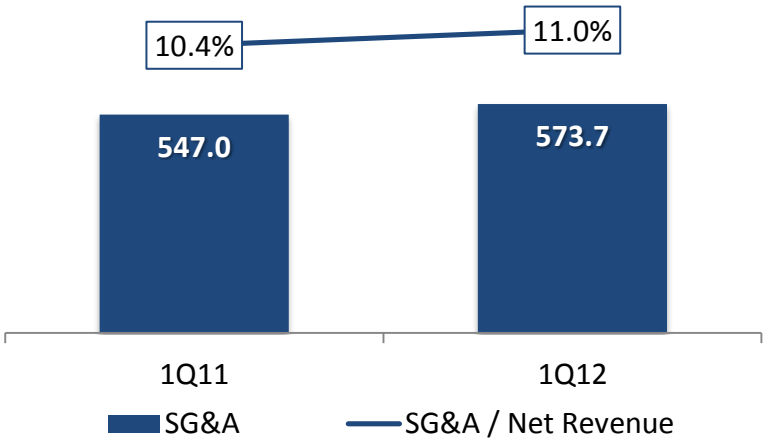
COGS and COGS / Net Revenue

(R$ million and %)



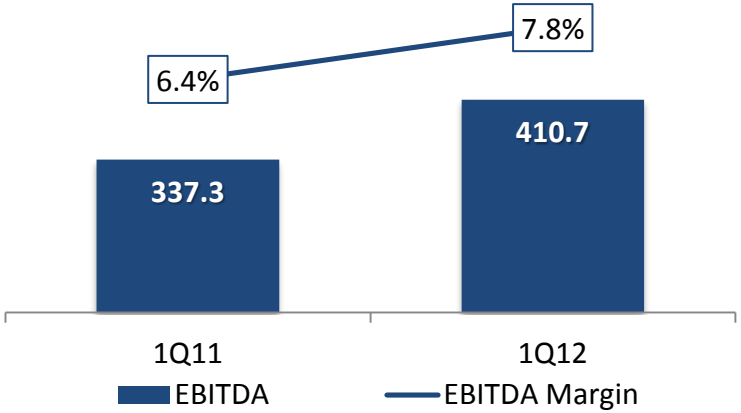
SG&A and SG&A / Net Revenue

(R$ million and %)



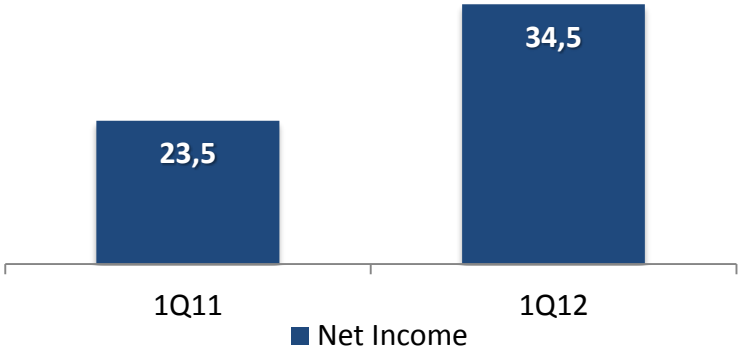
EBITDA and EBITDA Margin

(R$ million and %)



Net Income

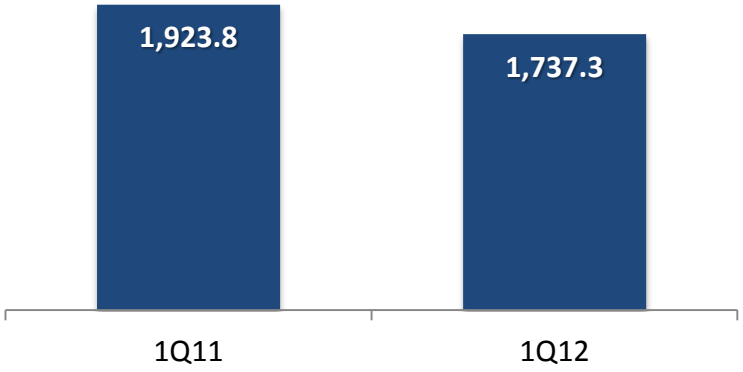
(R$ million)



Financial Highlights by Segment

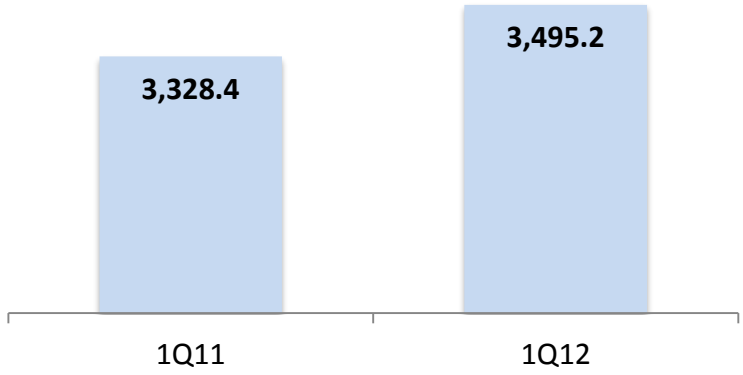
Marfrig Beef: Net Revenue

(R$ million)



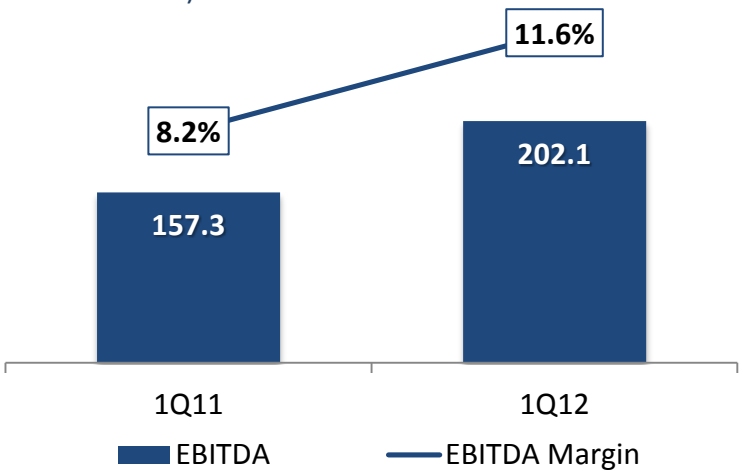
Seara Foods: Net Revenue

(R$ million)



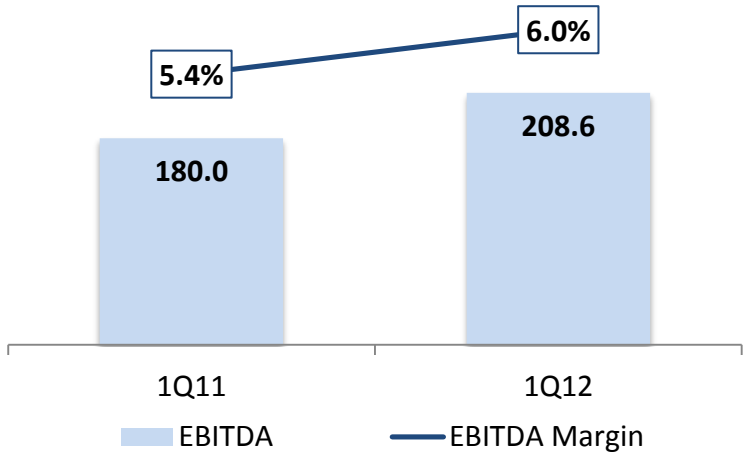
Marfrig Beef: EBITDA and EBITDA Margin

(R$ million and %)



Seara Foods: EBITDA and EBITDA Margin

(R$ million and %)

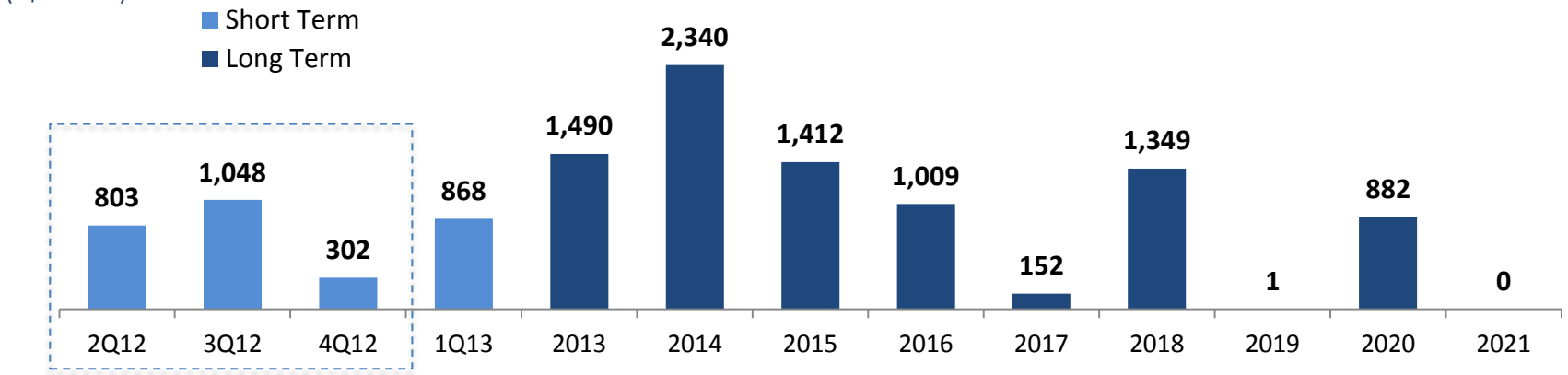


Liability Management

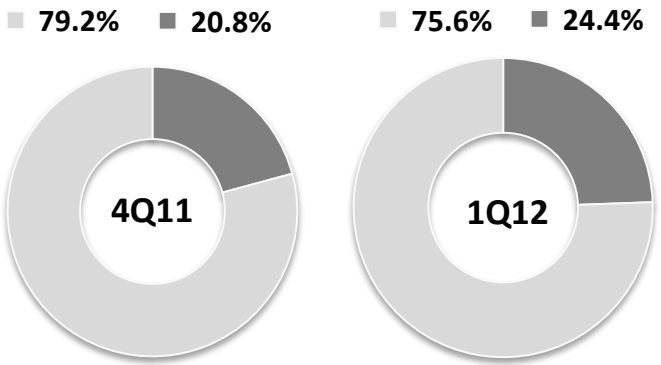
Focus on managing long-term capital structure and debt profile

Debt Maturity Breakdown

(R$ Million)

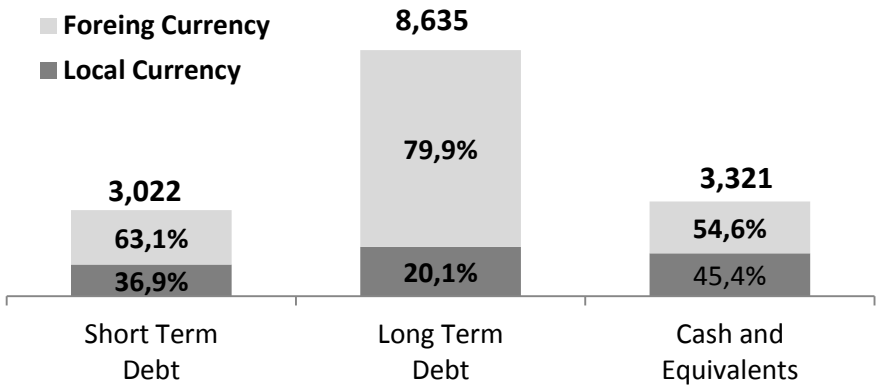


Debt Profile



Debt and Cash Breakdown by Currency

(R$ million)



Cash Flow and Operational Cash Generation

Net Income of **R$34.5 million** and pro-forma Net Debt/EBITDA reduction to **3.52**

Simplified Cash Flow (R$ million)	1Q12
Operational Activities	
Net income in period	**34.5**
Items not affecting cash	**389.4**
Working capital changes - operating accounts	**(408.7)**
Other assets and liabilities accounts	**(156.6)**
Cash Flow - Operating activities	**(141.3)**

Debt Breakdown [1] (R$ million)	1Q12	4Q11
Consolidated Debt	**11,657.4**	**11.377,3**
Cash and cash equivalents	3,321.0	3,477.0
Net Debt	**8,336.4**	**7,900.3**
EBITDA (LTM)	1,847.4	1,773.8
Net Debt/LTM EBITDA	**4.51**	**4.45**

Pro-forma including Sale of Keystone Foods' Logistics Assets for USD 390.1 million

Debt Breakdown PRO-FORMA [1] (R$ million)	1Q12
Consolidated Debt	**11,657.4**
Net Debt PRO-FORMA	**7,630.1**
EBITDA (LTM)	1,847.4
EBITDA Gain Sale (estimated)	**318.0**
EBITDA (LTM) PRO-FORMA	**2,165.2**
Net Debt/LTM EBITDA	**3.52**

[1] *Including interest on mandatorily convertible debentures*

CAPEX: Focus on Optimizing Operational Structure and Generating Results

Focus on reducing and controlling investments

Investments (In R$ million)	1Q12
Investments in Fixed Assets	**189.5**
Fixed	103.5
Breeding stocks	86.0
Investment in Intangible Assets	**2.0**
Total CAPEX	**191.5**

- For 2012, we continue to focus on reducing and controlling investments, prioritizing growth in higher-value products and increasing Free Cash Flow



Final Message and 2012 Priorities

- **Cost and expense reductions** and improvements in working capital management
- **Conservative** debt profile
- Further increase share of **higher-value products** in the sales mix
- **Optimize** the global production platform
- Increase presence in **food service** market through Keystone Foods and Keystone Foods Latin America
- Growth in Brazilian and Chinese markets
- Integration of new assets
- SEARA FOODS: Potential synergies: **R$230 – R$330 million** annually, materializing in **up to 5 years**

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