

MARFRIG GROUP

SEARA

QUICKFOOD S.A.

MARFRIG

Tacuarembó
MEAT THE BEST

Moy park

KEYSTONE FOODS

Results 3Q10
11/17/2010

3Q10 Highlights

Results Achieved

Gross Revenue of R$ 4.2 billion

- Up **10.3%** from 2Q10 **R$ 3.8 billion**
- Up **63.9%** from 3Q09 **R$ 2.5 billion**

Net Revenue of R$ 3.9 billion

- Up **8,3%** from 2Q10 **R$ 3.6 billion**
- Up **60.5%** from 3Q09 **R$ 2.4 billion**

Supported by the **improvement of sales** in the **domestic market** (including Food Service) and **exports** of Beef - Brazil and New Seara - Brazil divisions

Adjusted EBITDA of **R$ 282.6 million** compared with **R$ 249.4 million** in 2Q10 and **R$ 204.2 million** in 3Q09

Adjusted EBITDA Margin of **7.3%**, compared with **7.0%** in 2Q10 and **8.5%** in 3Q09

Explained by the raise of cattle costs, in Argentina, Uruguay and Brazil, by the beginning of O'Kane Poultry operations in the Moy Park – Europe Division and also by the results of marketing investments in Marfrig brands

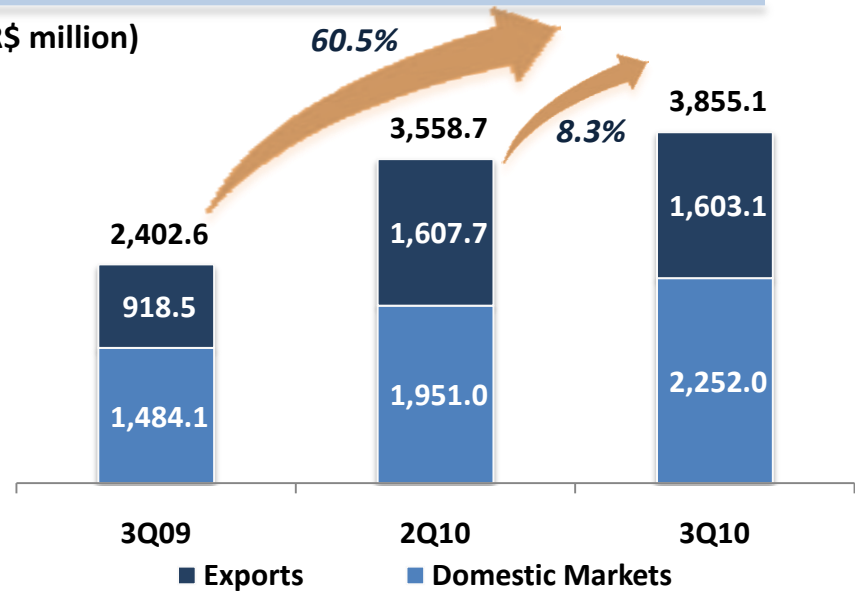
- Acquisition of **Keystone Foods LLC**

Capitalization of **R$ 2.5 billion**

Net Revenue by Market, Volume and Exports

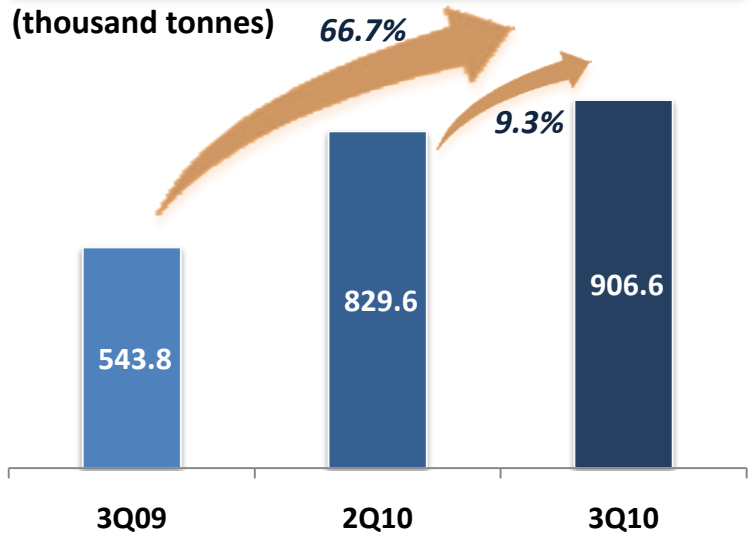
By Market

(R$ million)



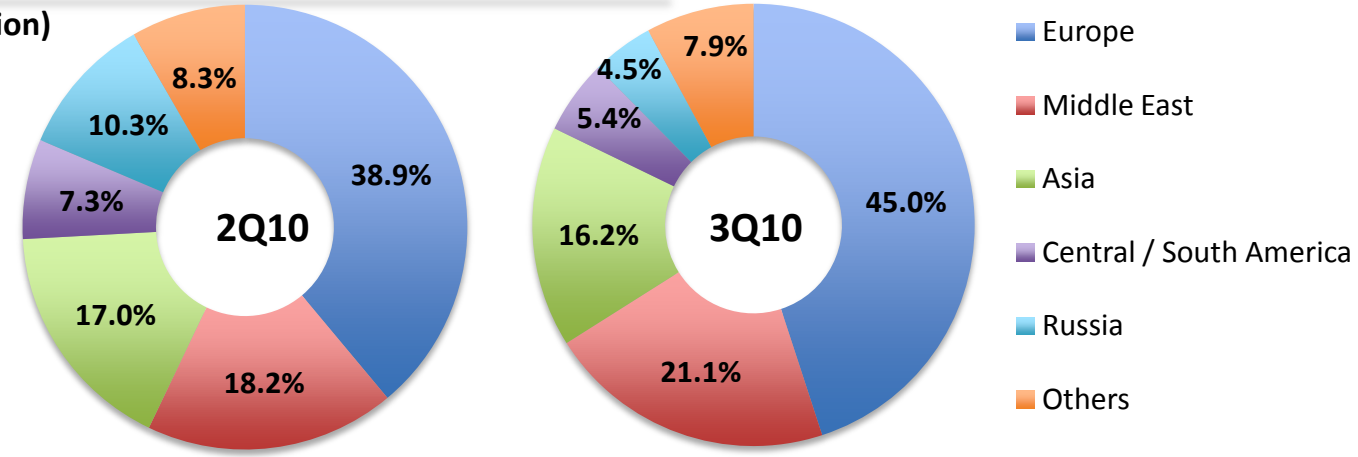
By Volume

(thousand tonnes)



Exports Destination

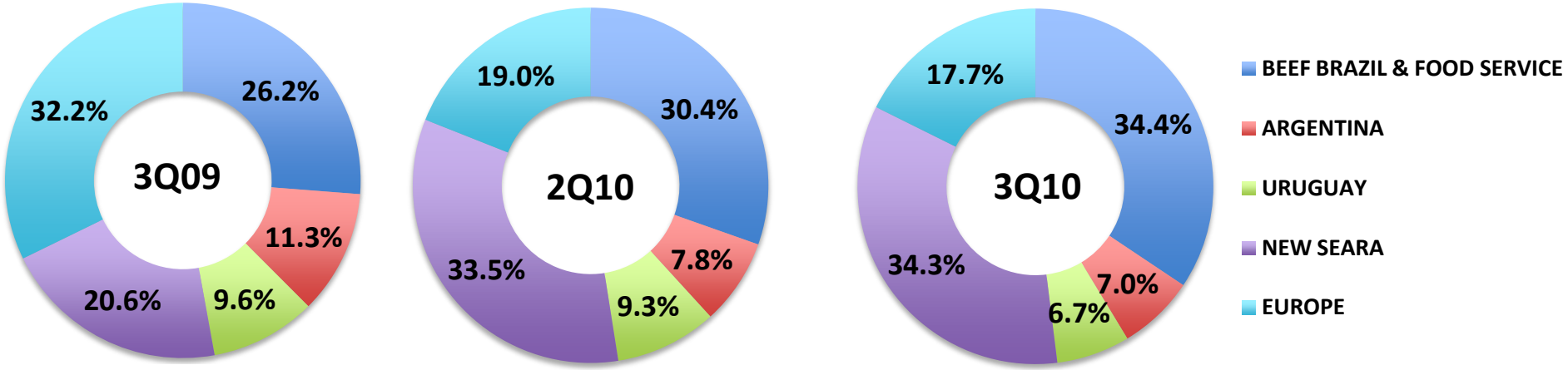
(R$ million)



Sales by division and by currency

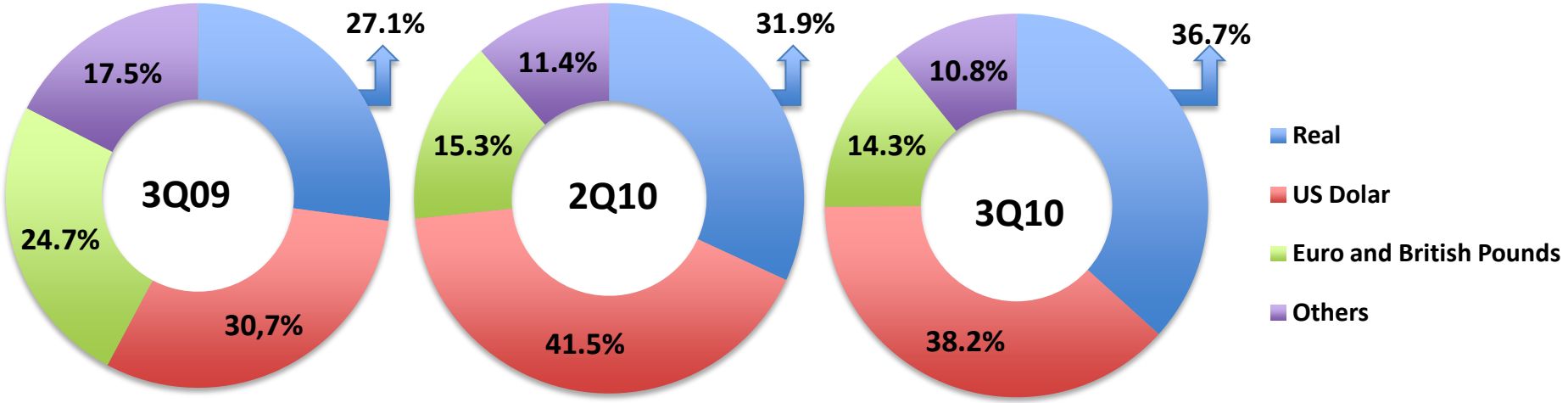
Sales by business division

(% of revenues)



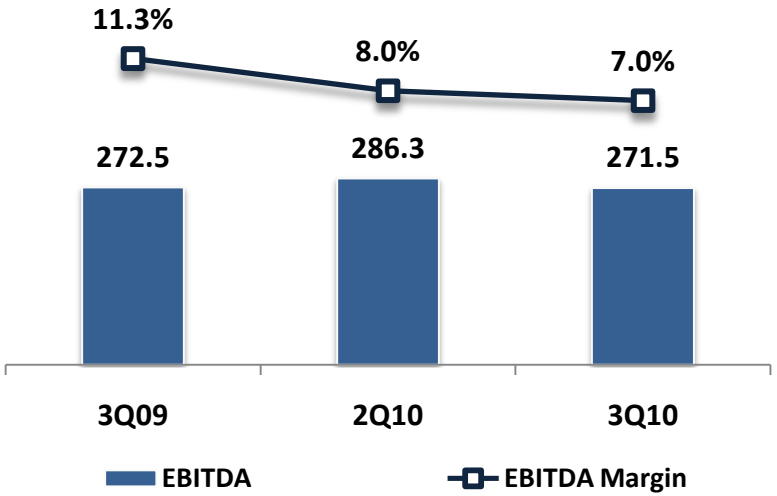
Sales by currency

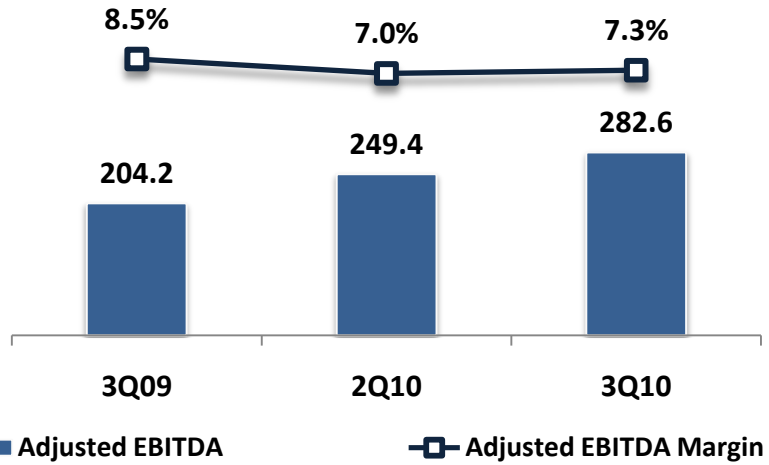
(% of revenues)



EBITDA and EBITDA Margin (R$ million and %)

- **Adjusted EBITDA** on 3Q10 of R$ 282.6 million, compared to R$ 249.4 million on 2Q10
- **Adjusted EBITDA Margin** on 3Q10 of 7.3% compared to 7.0% on 2Q10





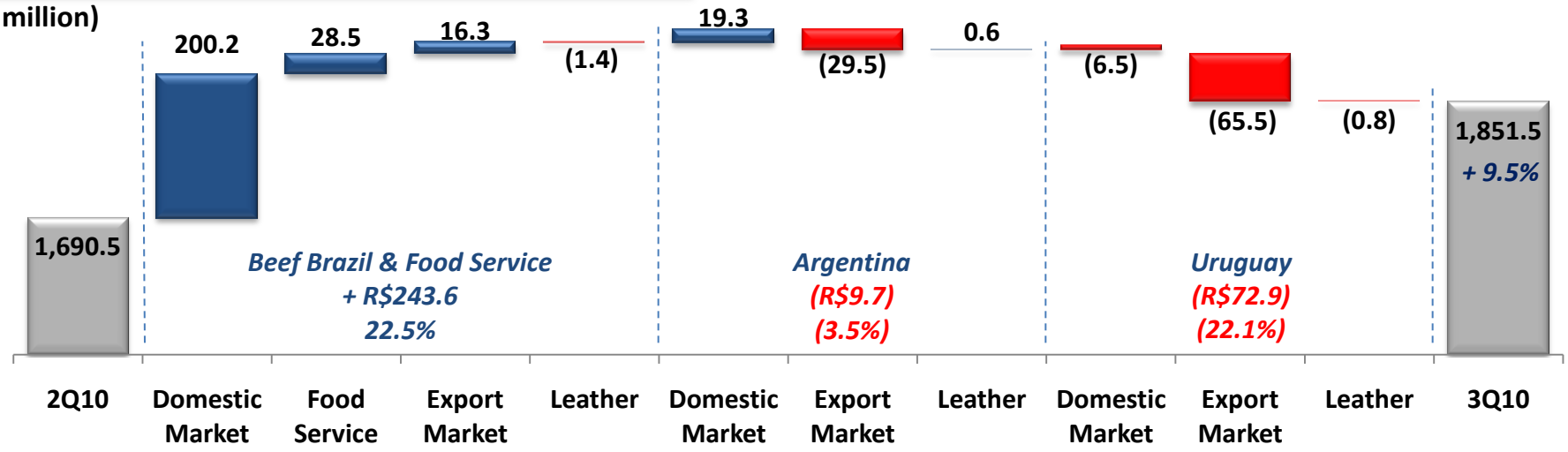
- Net loss of **R$ 30.9 million**, due to higher financial expenses (ex: interest provisioned for the 2015 mandatory debentures and hedge operations for the financing operations contracted for the acquisition of Keystone Foods).
- Net margin in the quarter was **negative 0,8%**, down 440 bps from **2Q10 (3.6%)** and **910 bps** lower than **3Q09 (8.3 %)**.
- 9M10 net income of **R$ 138.1 million (1.3%)**.

3Q10 – Adjusted

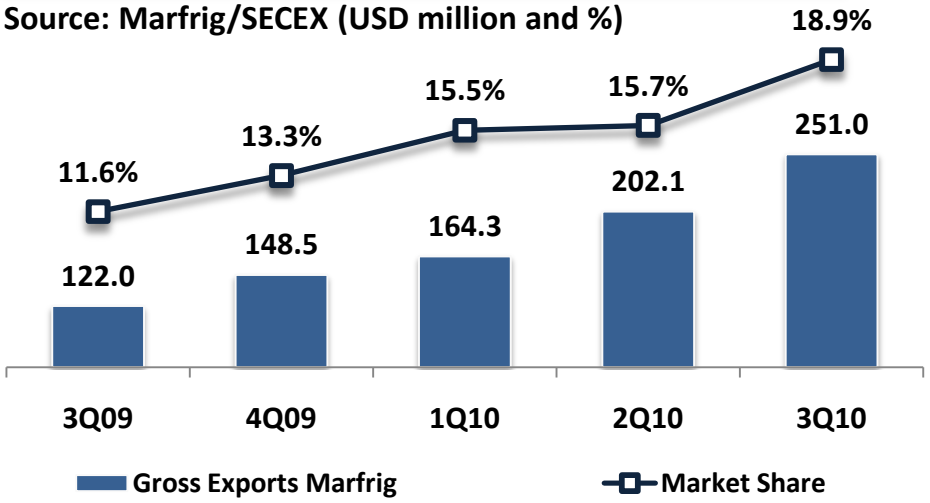
Non recurrent expenses of **R$ 11.1 million** from the integration process of SEARA (consulting, audit, lawyers, restructuring, systems).

Beef: Growth driven by the division Beef Brazil

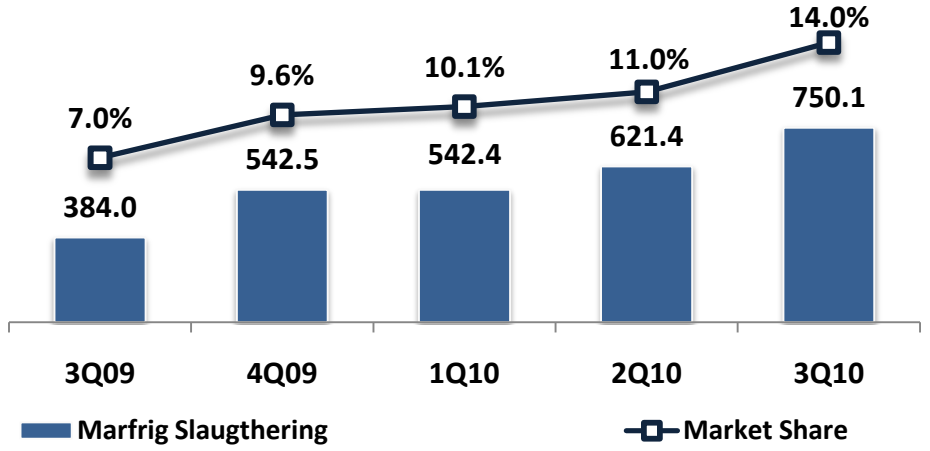
Net Revenue Progress



Brazilian Beef Exports



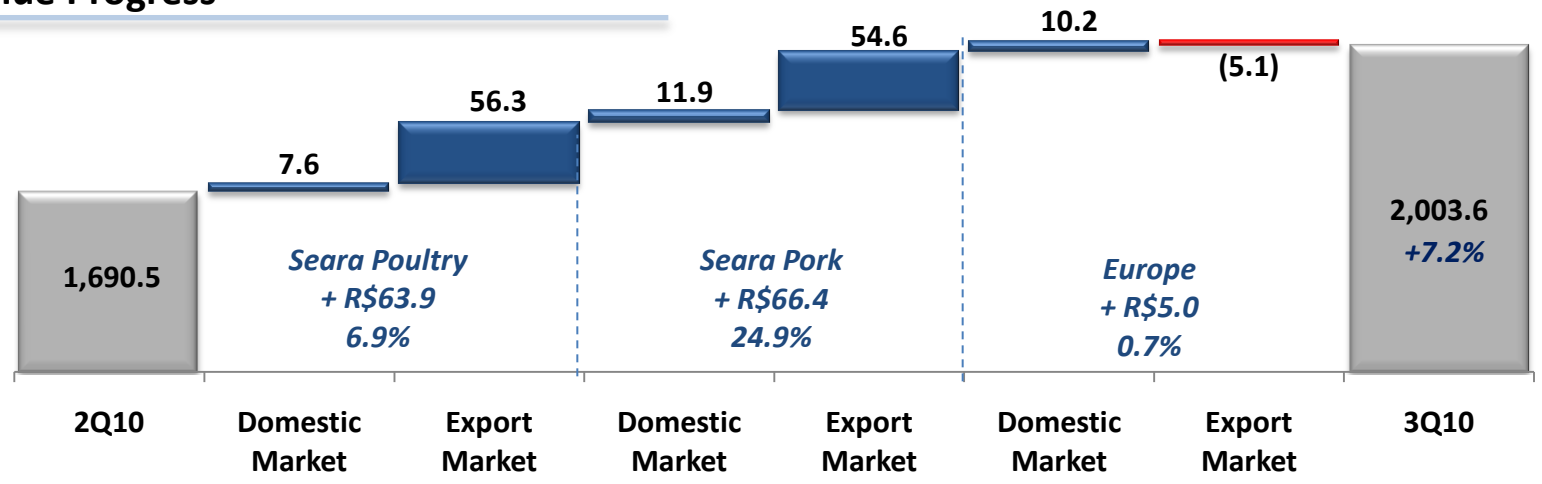
Brazilian Cattle Slaughtering (SIF)



Poultry, Pork and Industrialized: Growth driven by SEARA

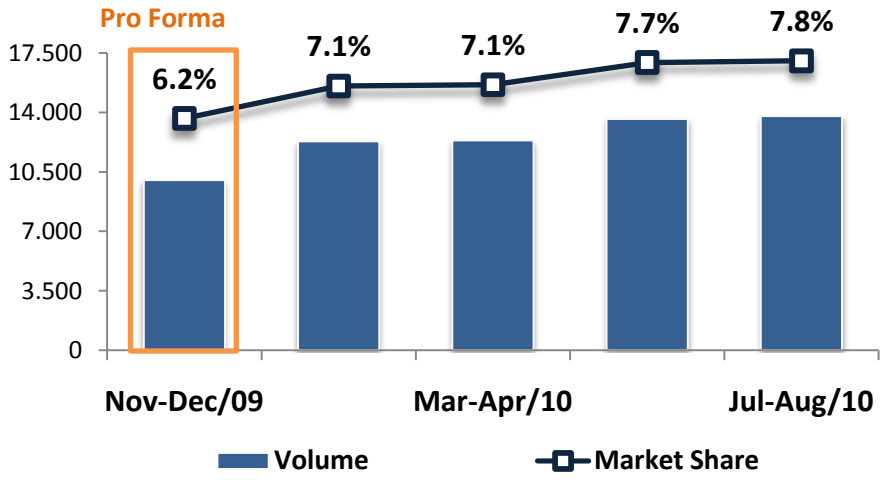
Net Revenue Progress

(R$ million)



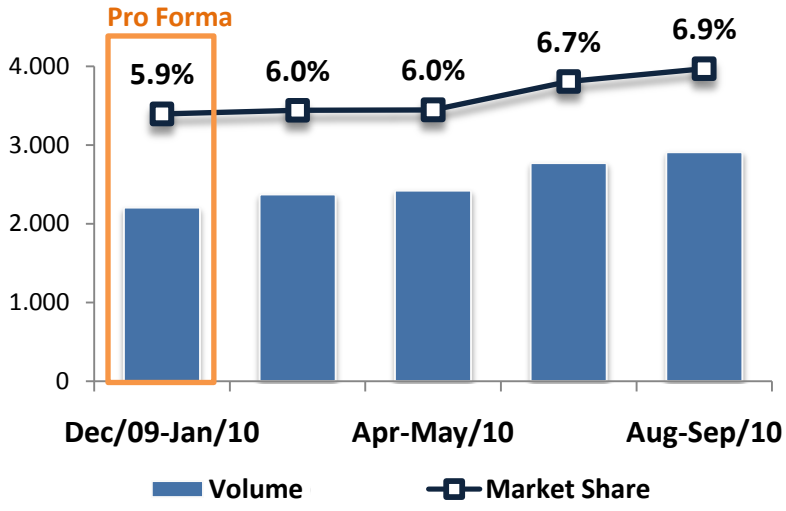
New SEARA – Domestic Sales of Industrialized Meat

Source: NIELSEN / Marfrig (tonnes and %)



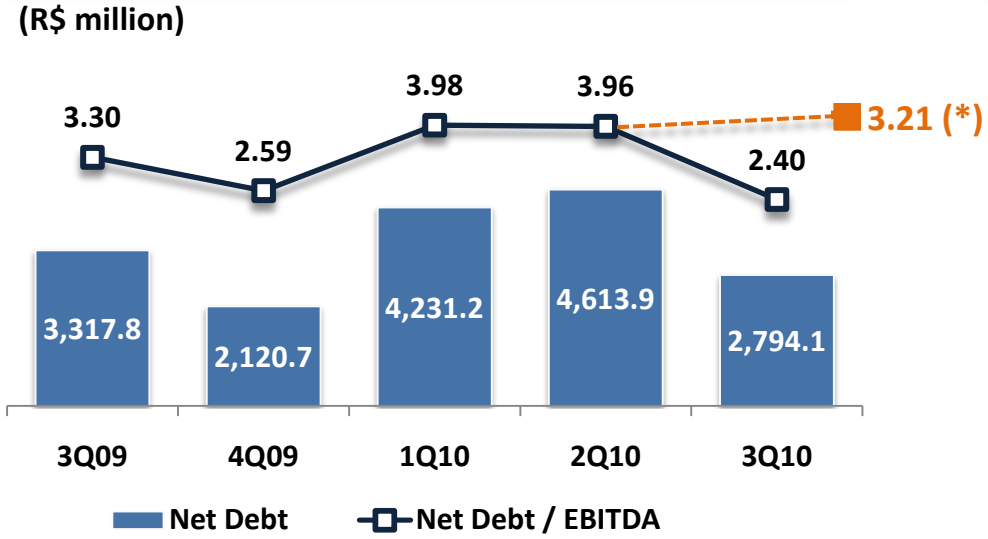
New SEARA – Domestic Sales of Frozen Meat

Source: NIELSEN / Marfrig (tonnes and %)



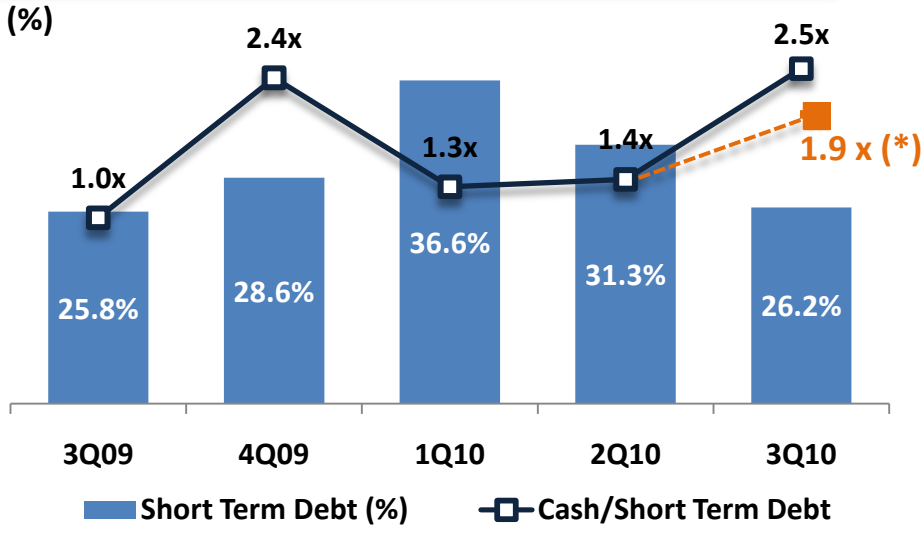
Consolidated Debt/ Cash Flow – R$ million

Net Debt and Net Debt / EBITDA



*Adjusted after Keystone Foods payment

Short Term Debt



*Adjusted after Keystone Foods payment

Cash Flow

3Q10 utilization of operational cash: R$ 331.6 million (R$ 406.5 million in CAPEX account):

- **Strong increase of beef sales in Brazil**
- **Strong increase of Seara sales**
- **Supply the initial demand caused by the raise of grain and cattle prices**

Average cost of debt	3Q10 % per year
R$	11.11%
Others Currency	8.08%
Total	8.95%

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Investments

CAPEX

(R$ million)

Investment Activities	1Q10	2Q10	3Q10	9M10
CAPEX – Invested in fixed assets	(110.0)	(96.5)	(143.2)	(349.7)
CAPEX – Invested in breed stocks	(39.0)	(40.9)	(83.2)	(163.1)
Payment of prior acquisitions	(612.1)	-	-	(612.1)
Payment of acquisitions in the period	-	-	(67.4)	(67.4)
Intangible Assets/ Goodwill/ Deferred	(704.3)	(51.5)	(39.4)	(795.2)
Total Investments	**(1,465.3)**	**(188.9)**	**(333.2)**	**(1,987.4)**

- R$ 143.2 million invested in building , maintenance, modernization and/or expansion of our industrial business in the 3Q10.
- Investments in fixed assets of R$ 349.7 million in the 9M10. This Quarter occurred the payment of O'Kane Poultry, acquired in July 2010. Keystone Foods payment was made in October 2010 (balance sheets of 4Q10).

Results Achieved 2010

	Guidance 2010	Accumulated 2010	Achievements vs. lower limit
Net Revenue	R$ 16.5 billion	R$ 10.6 billion	64.2%
	R$ 18.0 billion		
EBITDA[1]	R$ 1.4 billion	R$ 964.7 million	68.9%
	R$ 1.8 billion		
EBITDA Margin	8,5%	9.1%	60 b.p.
	10,5%		
CAPEX[3]	R$ 400 million	R$ 349.7 million	87.4%

1. *Earnings before, interest, tax, depreciation and amortization*
2. *Exchange rate. R$ 1.80/USD and USD 1.70/Sterling pound*
3. *Guidance Capex. Does not includes breeding stocks*

Bonds

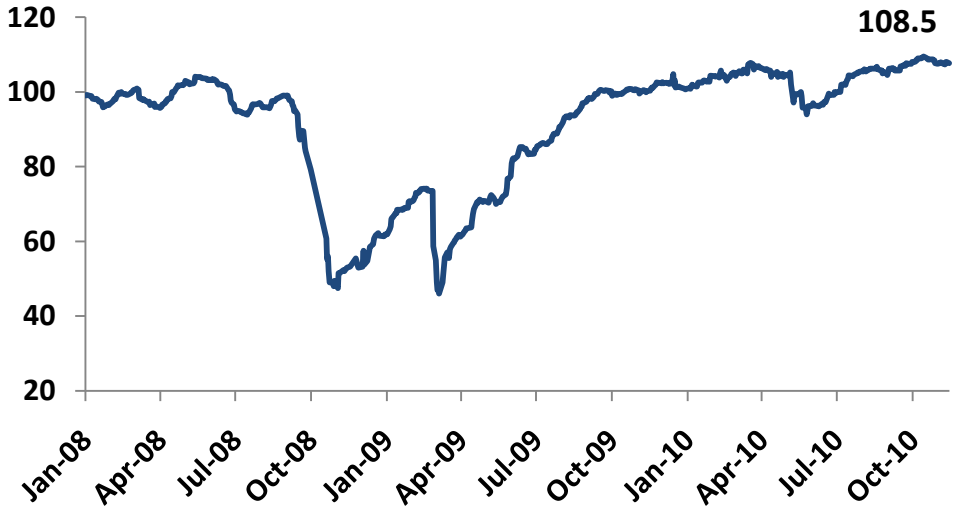
Bonds

Issued in	Nov/06	Apr/10
Maturity	Nov/16	Apr/20
Amount (US$ M)	375	500
Coupon (% per year)	9.625%	9.50%
Current yield (% per year)	8.48%	7.82%

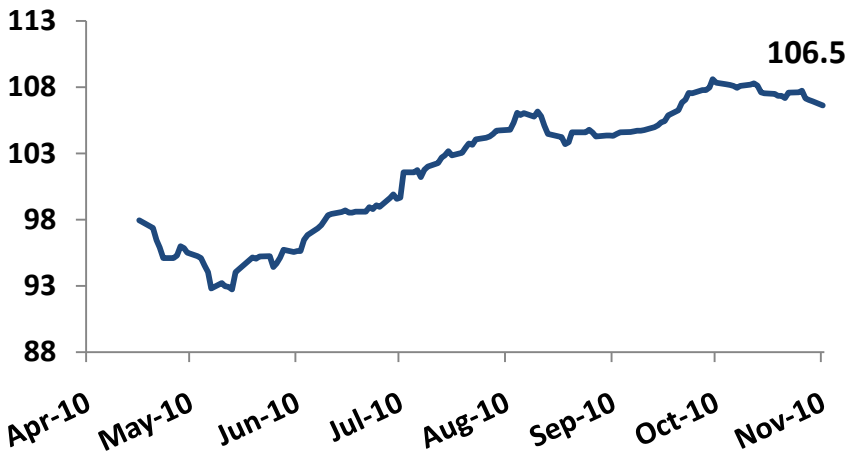
Ratings

Agency	Scale	Rating	Outlook	Last Report
Fitch Ratings	Domestic	BBB+	Stable	Sep/10
	Global	B+		
Standard & Poos's	Global	B+	Stable	Sep/10
Moody's	Global	B1	Stable	Nov/10

Bonds 2016 - % of Face Value (up to Nov 12)



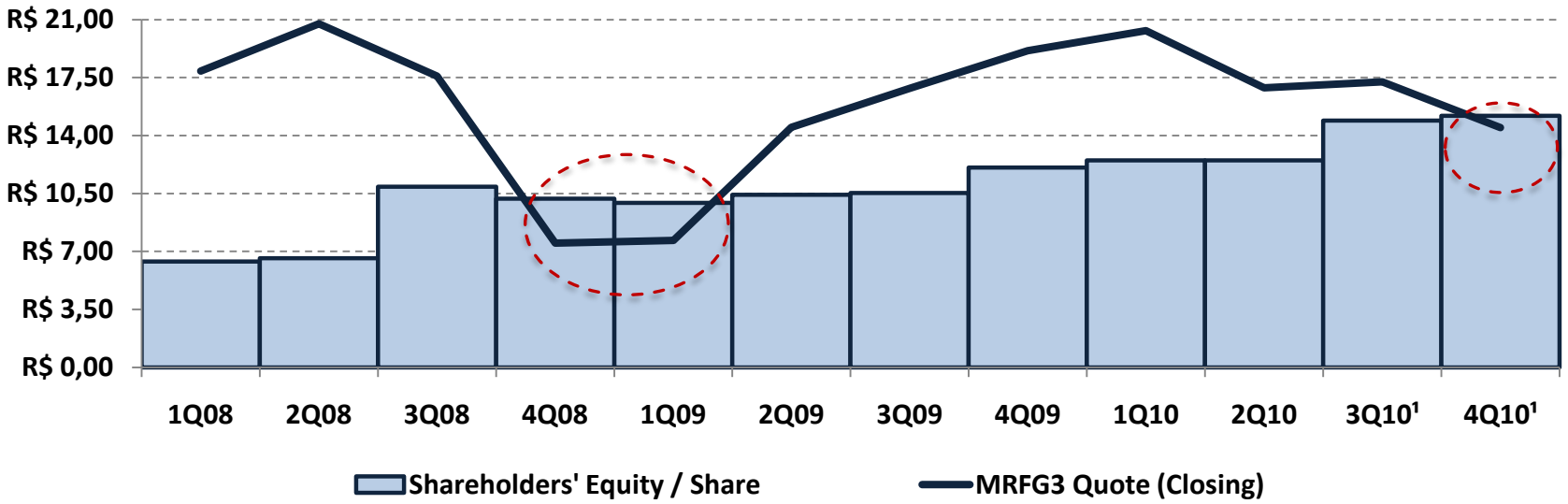
Bonds 2020 - % of Face Value (up to Nov 12)



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Market Capital Performance

Share Price x Shareholders Equity / Share



[1] Adjusted by the highest amount of shares to be issued in 2015

Average daily volume

	(R$ million)	Trades
Last 12 months	26.7	2,459

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Forward-Looking Statements

This presentation may contain statements that are forward-looking within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements are only projections and are not guarantees of future performance. Investors are cautioned that any such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the operations and business environments of Marfrig and its subsidiaries that may cause the actual results of the companies to be materially different from any future results expressed or implied in such forward-looking statements.

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