M. DIAS BRANCO DAY

M. Dias Branco

2018

The statements contained in this document related to the management's views on the business of M. Dias Branco are merely trends and, as such, are based exclusively on management's perspective on the continuity of past and present actions, based on facts that have already occurred. These trends do not constitute projections or estimates, and may be substantially altered by changes in market conditions, the performance of the Brazilian economy, the sector and international markets.

Presenters



Geraldo Luciano

Vice - President of Investiments and Controllership



Martim Ibrahim

Marketing Director



Newton Abe

Logistic Director



Fernando Bocchi

R&D and Innovation Director



Fabio Cefaly

New Business and IR Director

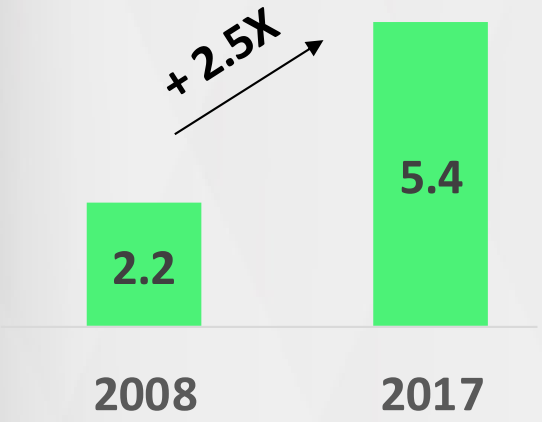
Opening

Geraldo Luciano

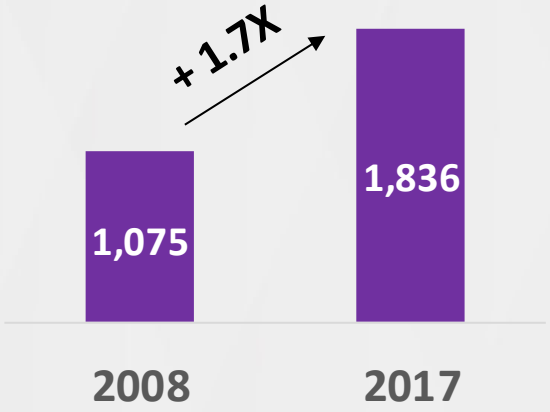


Ten years of strong growth, investments and consistent results

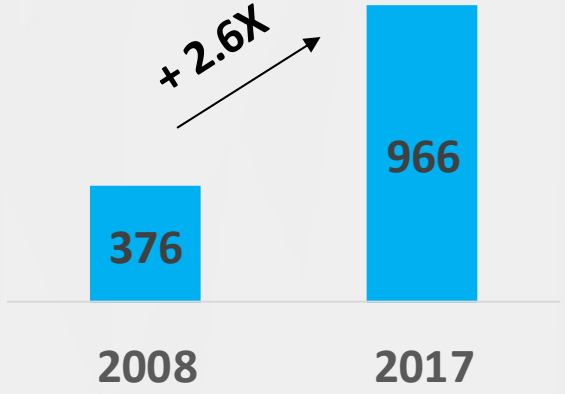
Net Revenue (R$ billion)



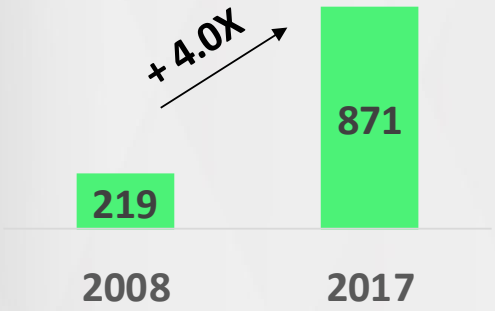
Sales Volume (in thousand tons)



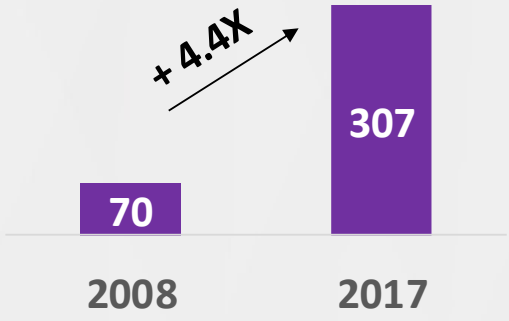
EBITDA (R$ million)



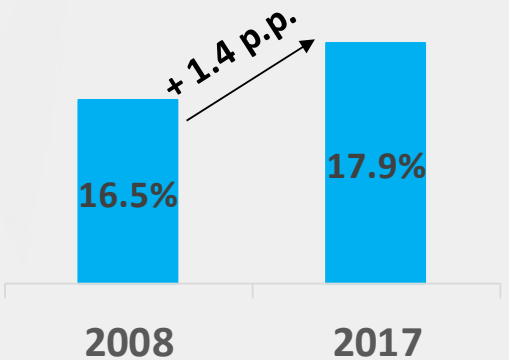
Operational Cash Generation (R$ million)



CAPEX (R$ million)

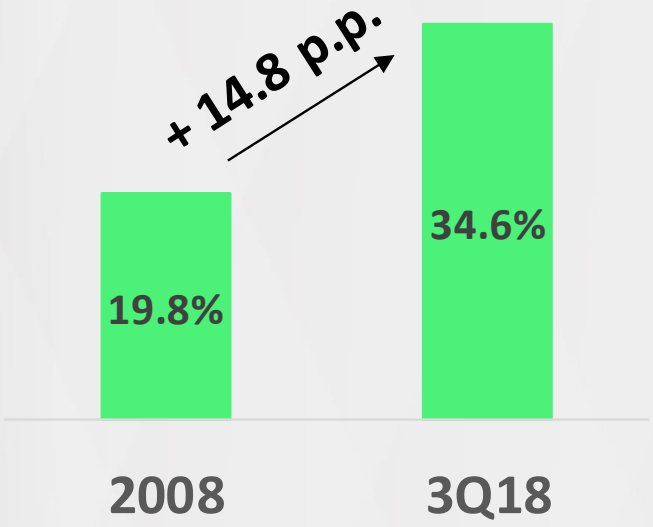


ROIC

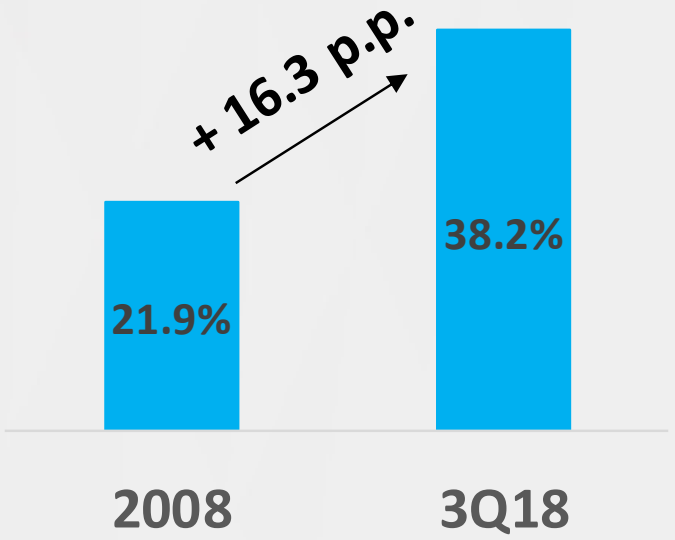


... With growth of our presence in the cookies and crackers and pasta markets

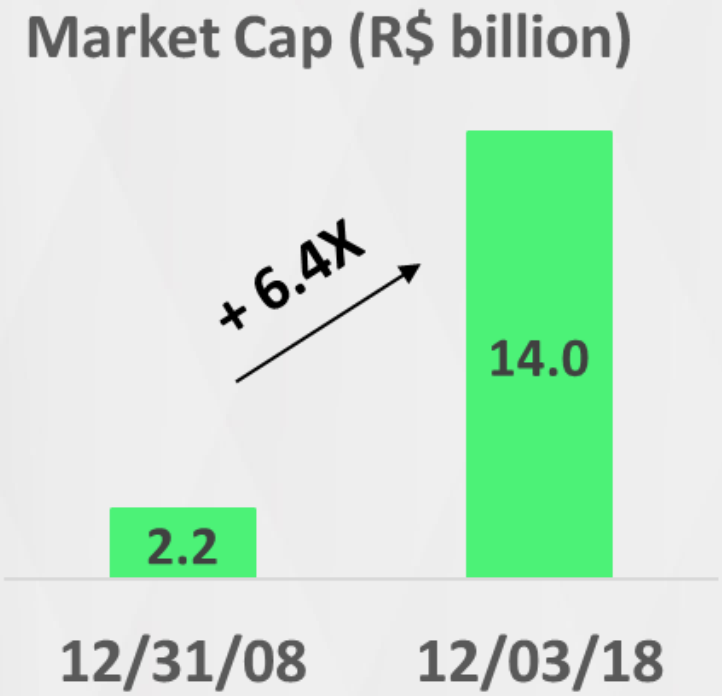
Cookies and Crackers - Brazil Market Share Volume

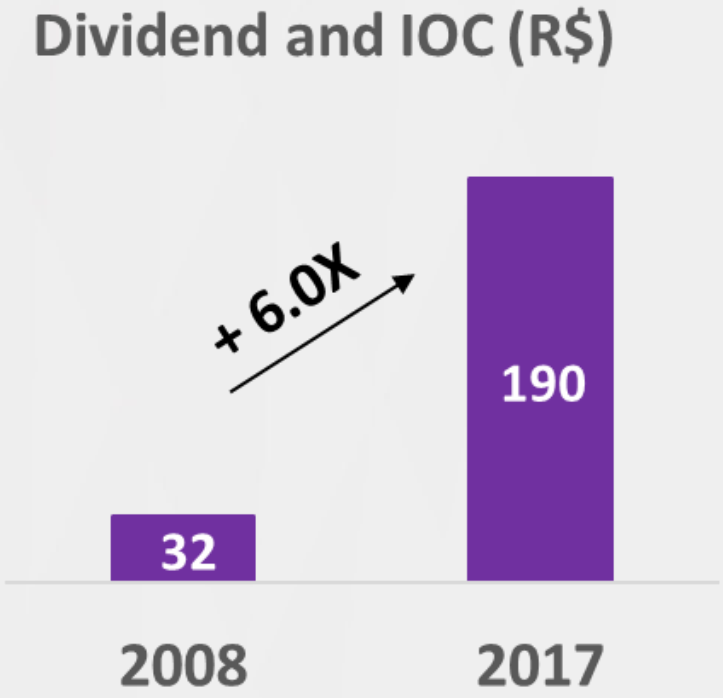


Pasta - Brazil Market Share Volume



...and an attractive investment to shareholders





What brought us here?

A portfolio of strong, recognized and admired brands both regionally and nationally

19 brands



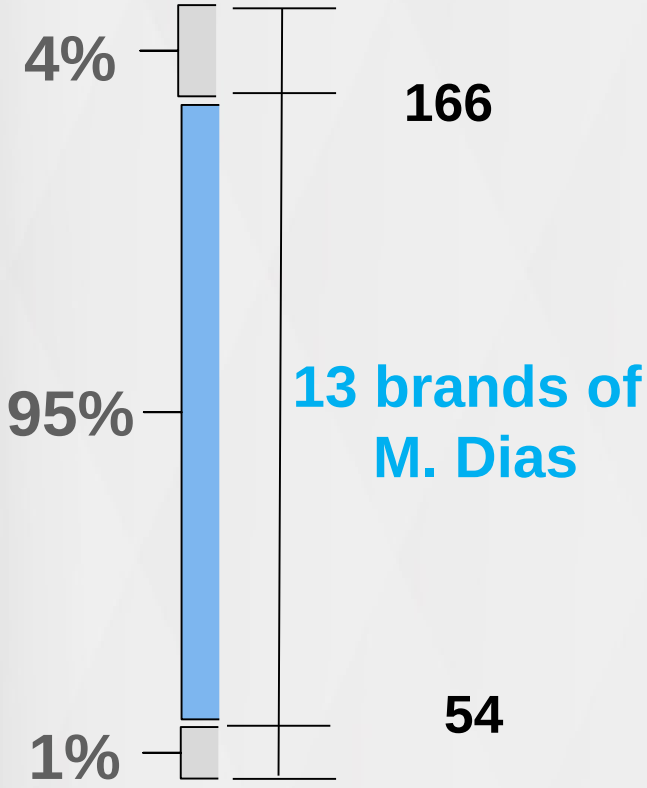
7 brands with annual gross revenue > R$ 500 MM



Brands that occupy multiple price points

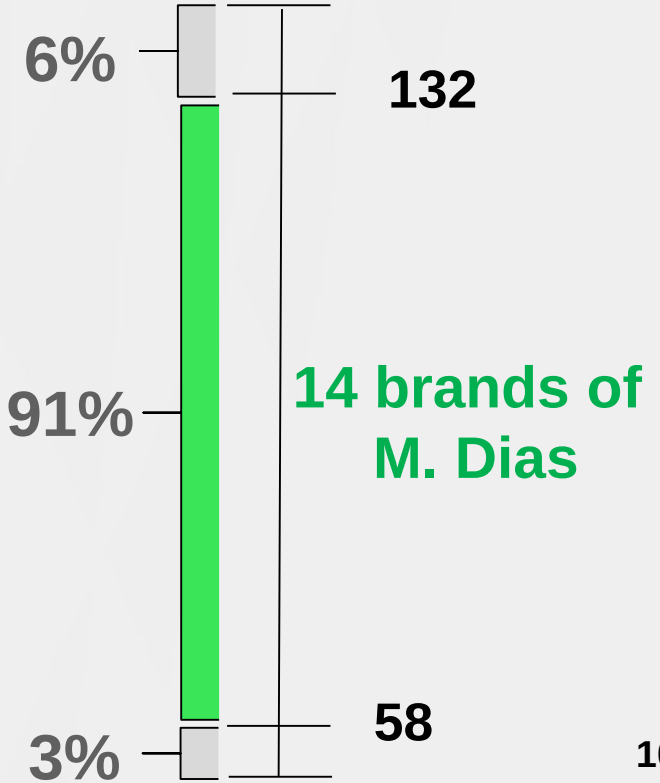
Cookies and Crackers





Pasta

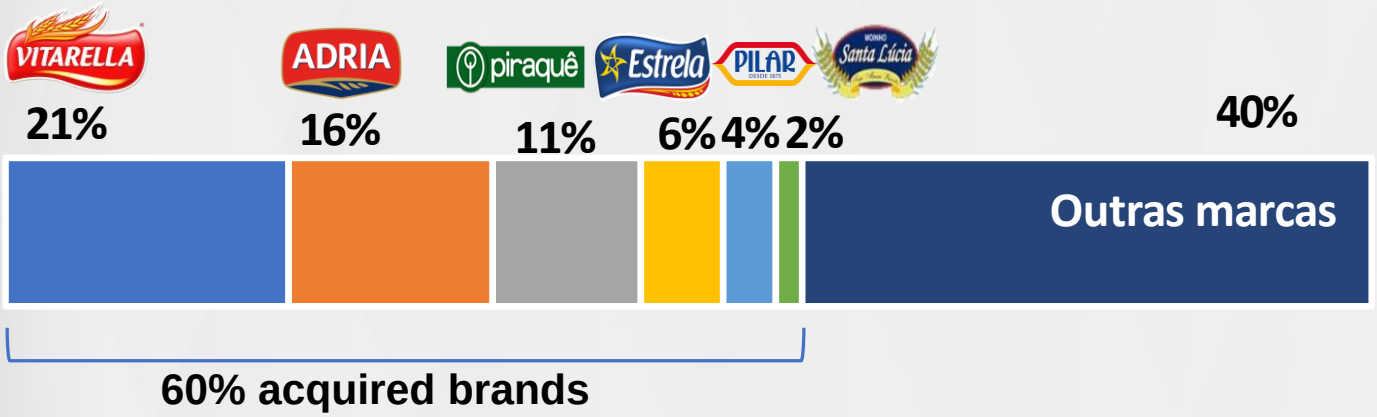




Capacity to make good acquisitions

2003	2008	2011	2012	2018
ADRIA	VITARELLA	PILAR DESDE 1873 / Estrela	MOINHO Santa Lúcia	piraquê
South / Southeast	Northeast	Northeast	Northeast	Southeast

% Revenue by Brand - 3Q18

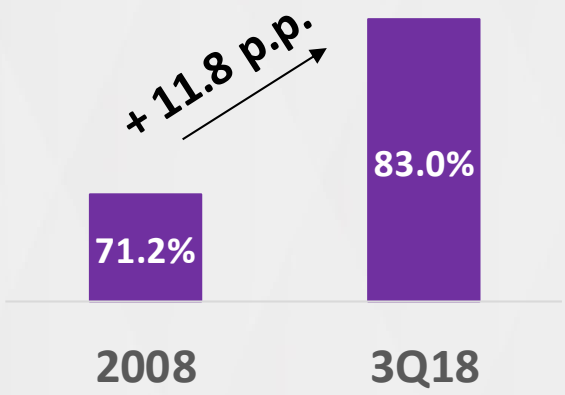


Nota: Gross Revenue excluding discounts

Robust infrastructure and high level of vertical integration

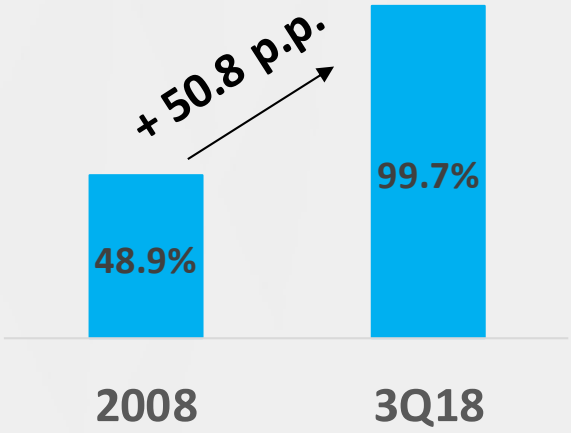


Verticalization Wheat Flour
(% total consumption)

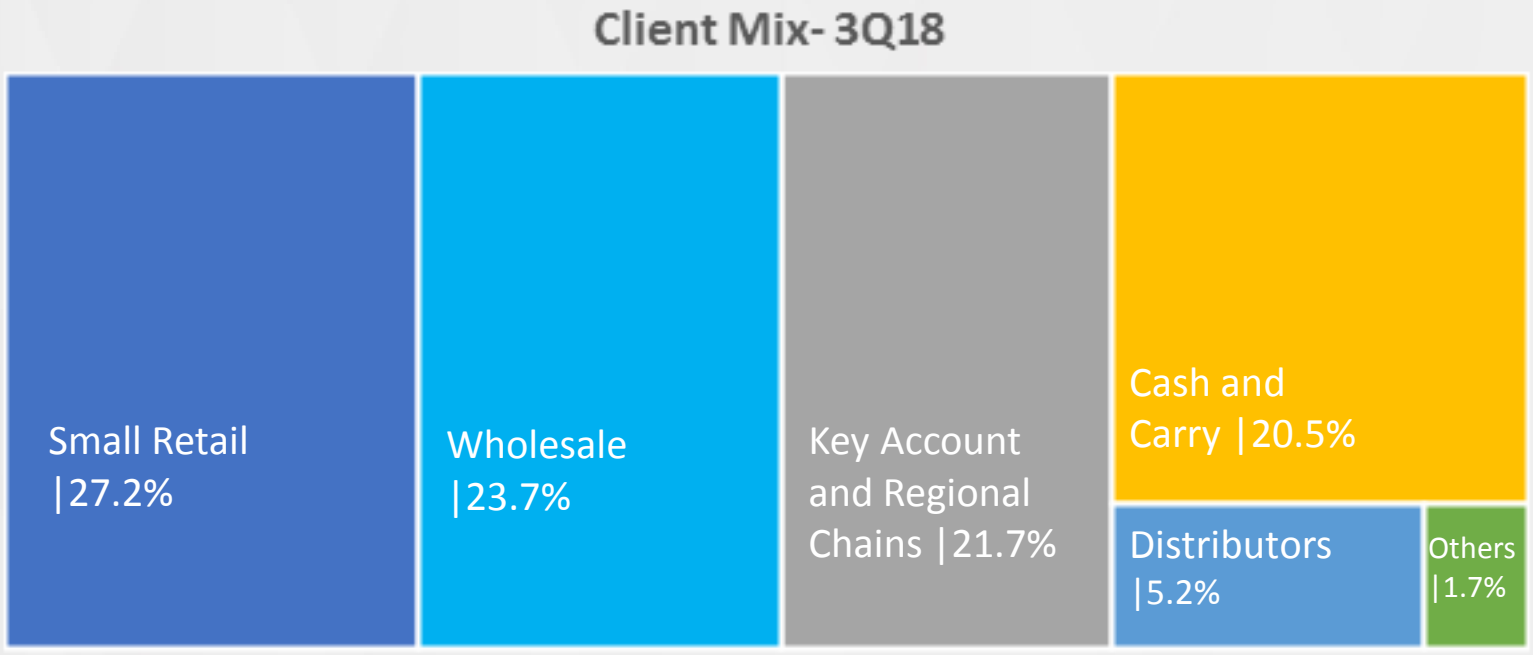




Verticalization Vegetable Fat
(% total consumption)



Disciplined execution and diversified *client mix*



Note: % of Gross Revenue excluding discounts

Constant Evolution of Corporate Governance



Solid financial situation



Stable Perspective

National Rating of Long Term
“Fitch Ratings” | November 6 of 2018

What is our ambition?

A Food Company with foreign presence

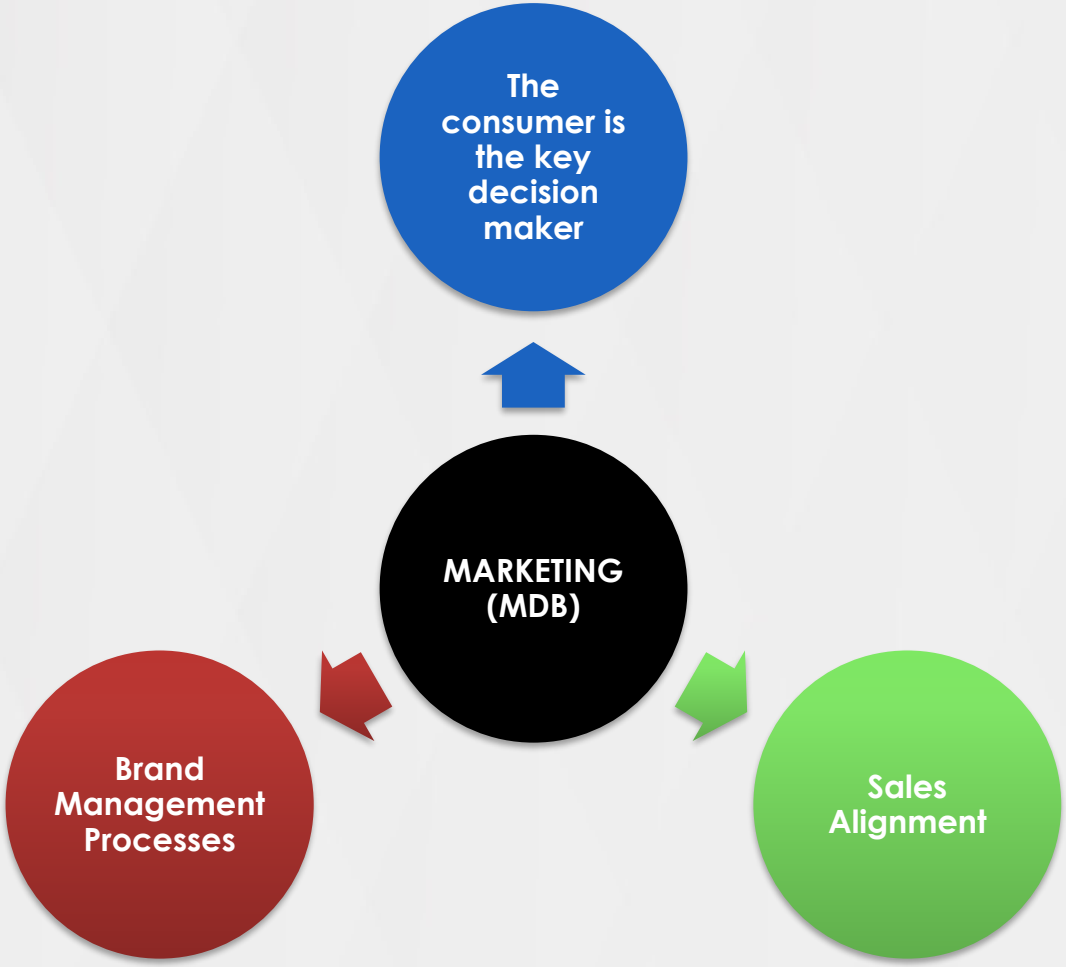




Marketing

Martim Ibrahim

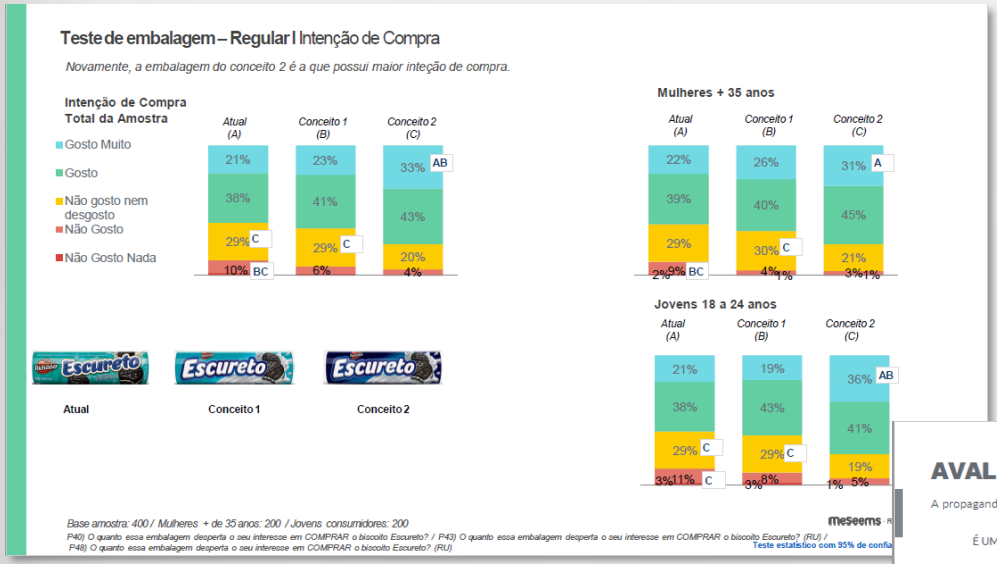
The 3 Marketing Beliefs



The Consumer is the Key Decision maker

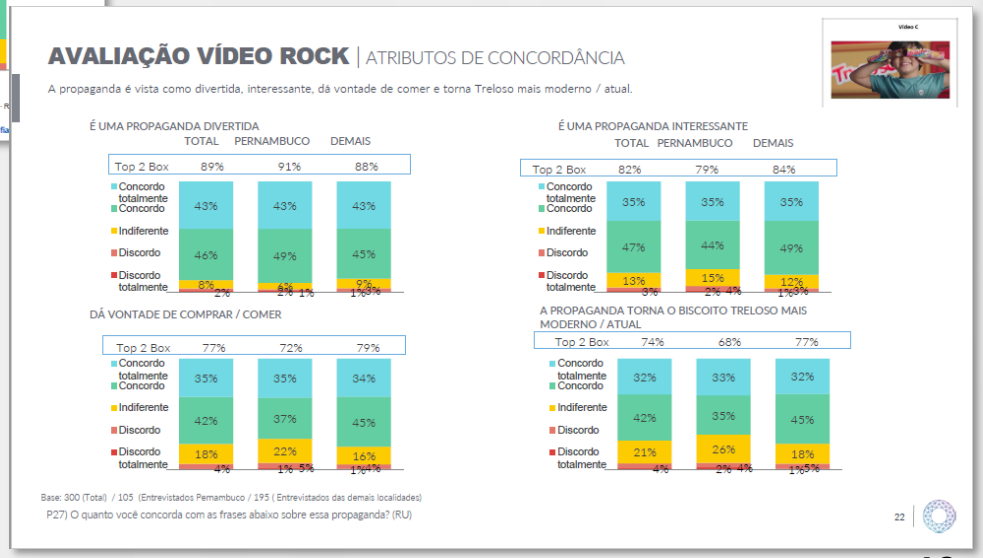
BELIEFS

Which packaging is the best?



Illustrative images

Will this move strengthen the brand?



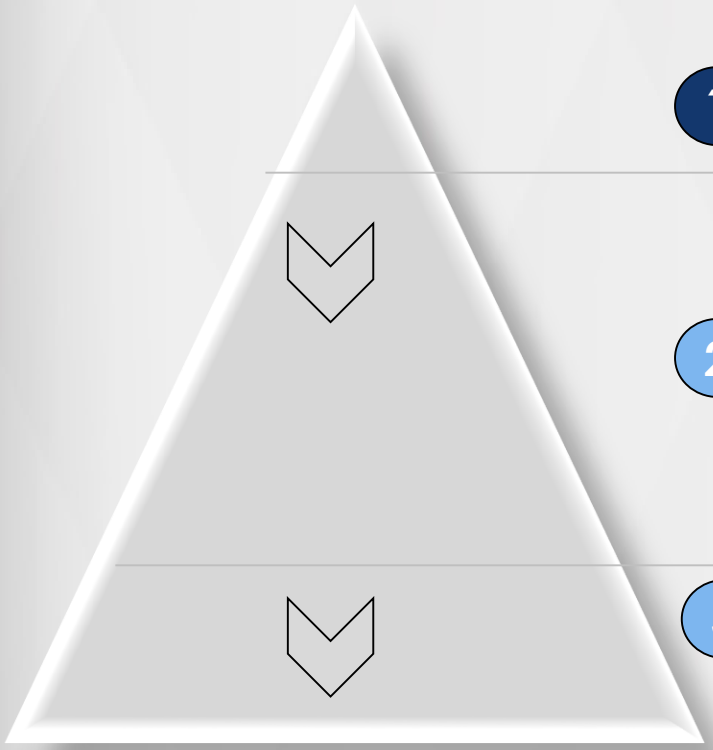
Is this a good product name?...

Which brand option is best for this new product?

Illustrative images

Brand Management Processes

BELIEFS



1. **Brand positioning and contact points with the consumer**

2. Strategic action areas (matrix P1 and P2)

   MDB 360º Platform (communication and activation of POS) aligned with brand positioning and brand sales goals

   Opportunites to expand brand line (Brand Fit MDB)

   Opportunites for market share (Algoritmo MDB)

3. **Sales and Marketing Plan based on brand expansion strategy**

External Supplier

MDB standard

Sales Alignment

BELIEFS



Sales&marketing

Marketing Landmarks

Strategic MDB 2016-2021 Marketing Plan

2016/2017

People

- Alignment Guidelines: Focus: Sales and Brand Strengthening
- Lean and Productive Structure

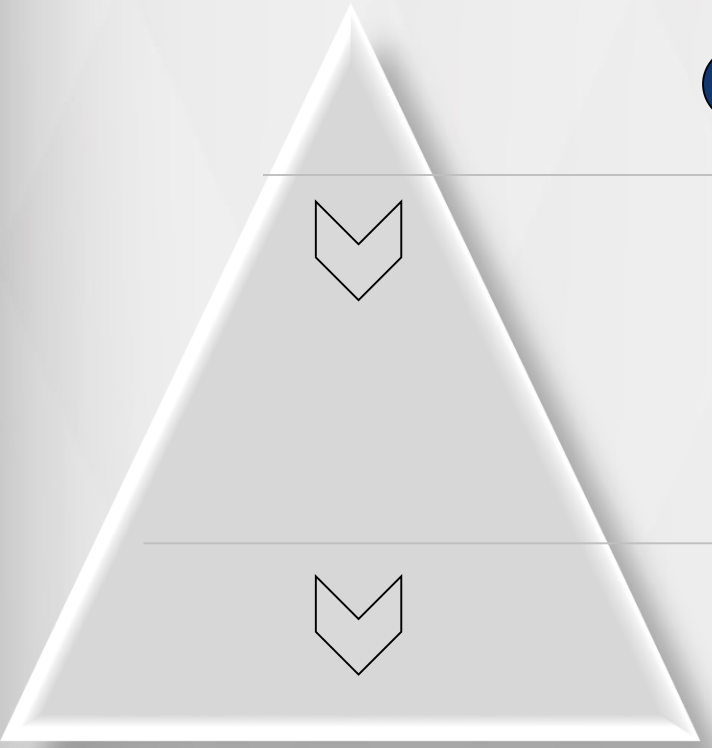
Strategy

- Position construction of each brand and initial execution phase
- Standardized Strategic Brand Management Model

Operations

- MDB 360º Routine
- Marketing Agency Restructuring

Brand Management Processes



1 **Brand positioning and contact points with the consumer**

External Supplier

MDB Standard

Brand Positioning

Why do we invest time and resources to define the **POSITIONING** of our brands?

touch branding

Well-defined Positioning



Consistency and Optimization

Consistency in consumer contact points: communication, packaging, social networks, etc.

Strong Brands



illustrative Images

PILARES DE POSICIONAMENTO

Personalidade
Observador
Mágico/ Revelador
Otimista

Fontes de Credibilidade
Ingredientes cuidadosamente selecionados
Produtos feitos com a parte nobre do trigo/ Ingredientes nobres
Moinhos próprios

Benefícios Funcionais
Produtos apetitosos: consistência perfeita e aparência irresistível

Público Alvo
Mulheres, mães, de 25 a 40 anos, classes ABC, que tem uma rotina corrida, mas desejam aproveitar os detalhes do dia a dia para deixar a vida mais especial.

Raízes Históricas
Massa
Família
"Tradição"



Ponto de Vista
A vida acontece nos detalhes

Valores
Adria acredita que os verdadeiros prazeres se encontram nos detalhes da rotina.

Benefícios Emocionais
Inspiração para tornar a rotina mais prazerosa

Insight
O piloto automático faz com que o dia a dia fique mecânico, mas é nele que estão escondidos (latentes) os verdadeiros prazeres.

Ambiente Competitivo
Outras marcas que atuam nas categorias de massas, biscoitos e torradas:
Petybom, Renata, Piraquê, Marilan, Bauducco, etc.

ADRIA

Packaging Revitalization

Previous Packaging







Current Packaging







Packaging Revitalization

Previous Packaging





Current Packaging





Packaging Revitalization

Previous Packaging





Current Packaging





Packaging Revitalization

Previous Packaging



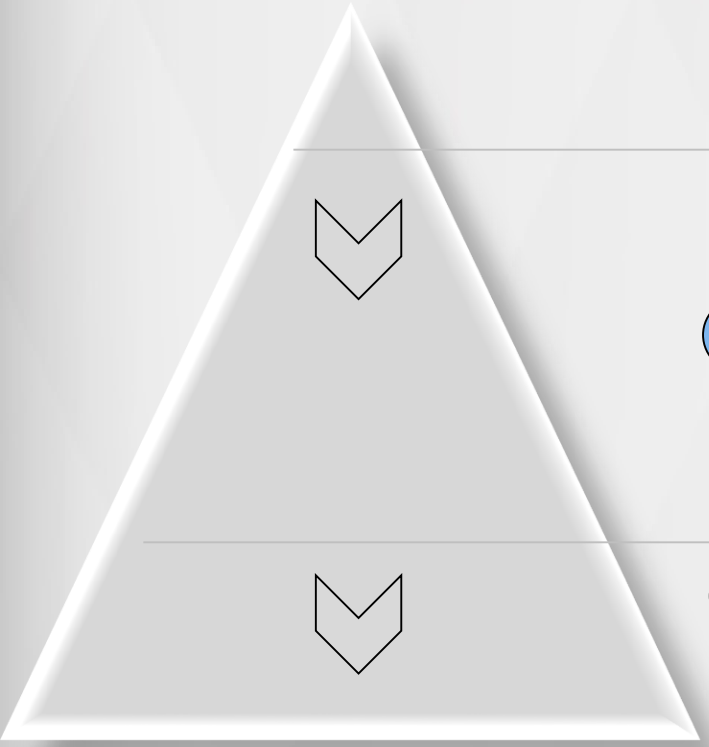


Current Packaging





Brand Management Processes



2

Strategic action areas (matrix P1 and P2)

MDB 360º Platform (communication and activation of POS) aligned with brand positioning and brand sales goals

Opportunites to expand brand line (Brand Fit MDB)

Opportunites for market share (Algoritmo MDB)

3

Sales and Marketing Plan based on brand expansion strategy

External Supplier

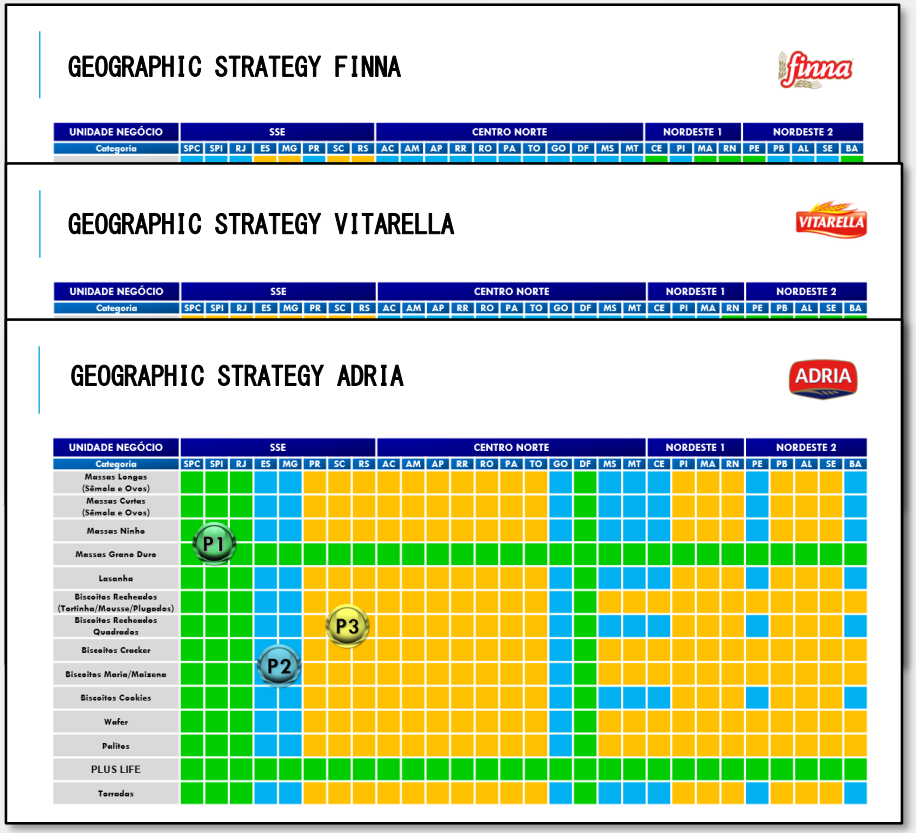
MDB Standard

Geographical map of areas where we operate
(categories x states x priorities)

P1 High/Medium Relevance

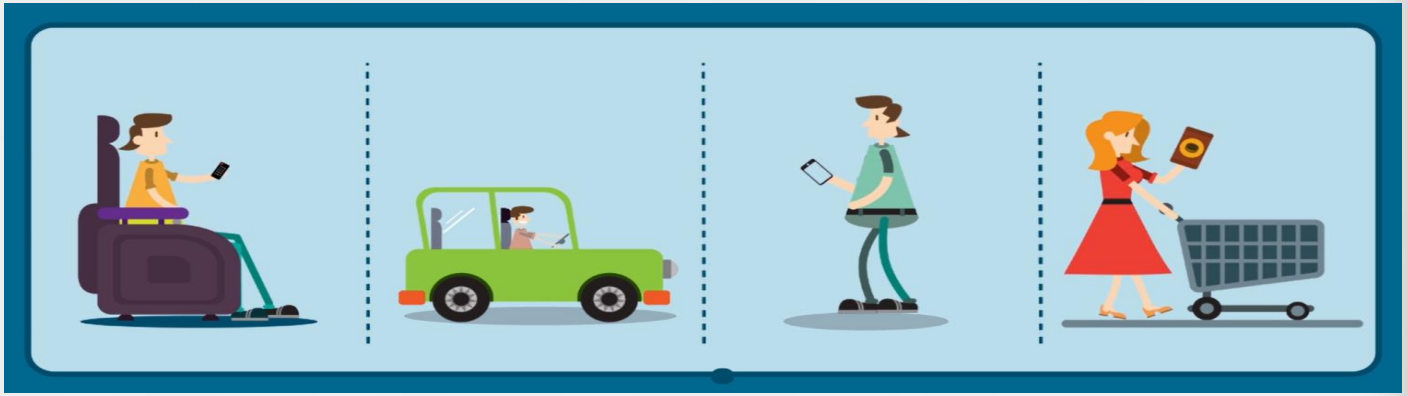
P2 Low Relevance

P3 Do not operate



illustrative Images

Communication and activation plan at our points of sale



Traditional Media	External Media	Social Media	Points of Sale

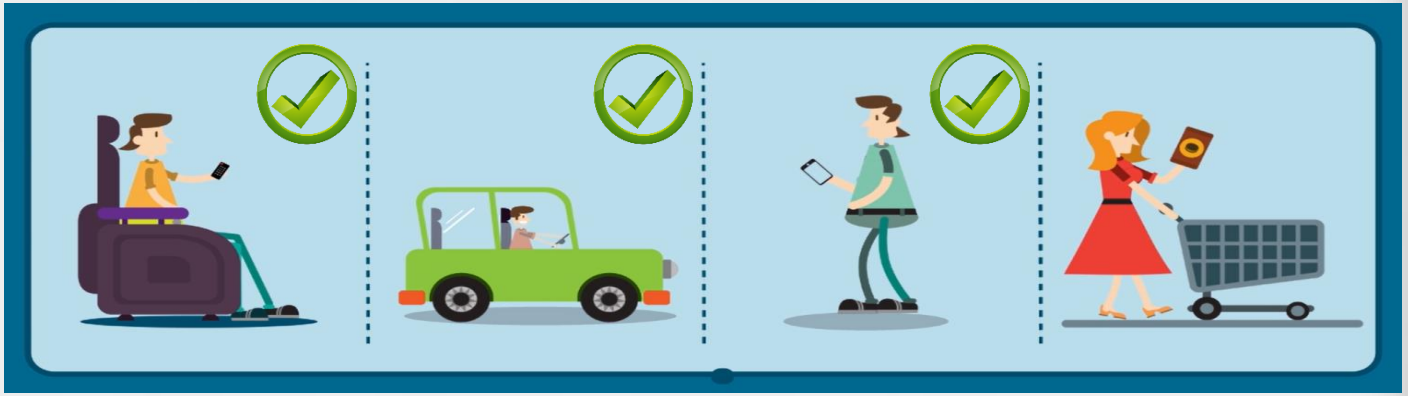
ADRIA
" A VIDA ACONTECE NOS DETALHES"
30"
ONLINE
01.11.2017


Serviços de Táxi
Comum e Acessível

Social Media



Communication and activation plan at our points of sales



Traditional Media	External Media	Social Media	Points of Sale

Marketing at POS





Merchandising material aligned with brand positioning





Activation calendar in all categories

Opportunity for Product Line Expansions

Adria Plus Life – Functional World

Starting from this study it's very clear that **checked packages** can be divided **in three groups:**

1. **The one that don't has potential to launch**



2. **The one that has some potential**



3. **The one that has high potential**



Opportunity for Product Line Expansions

360° Platform





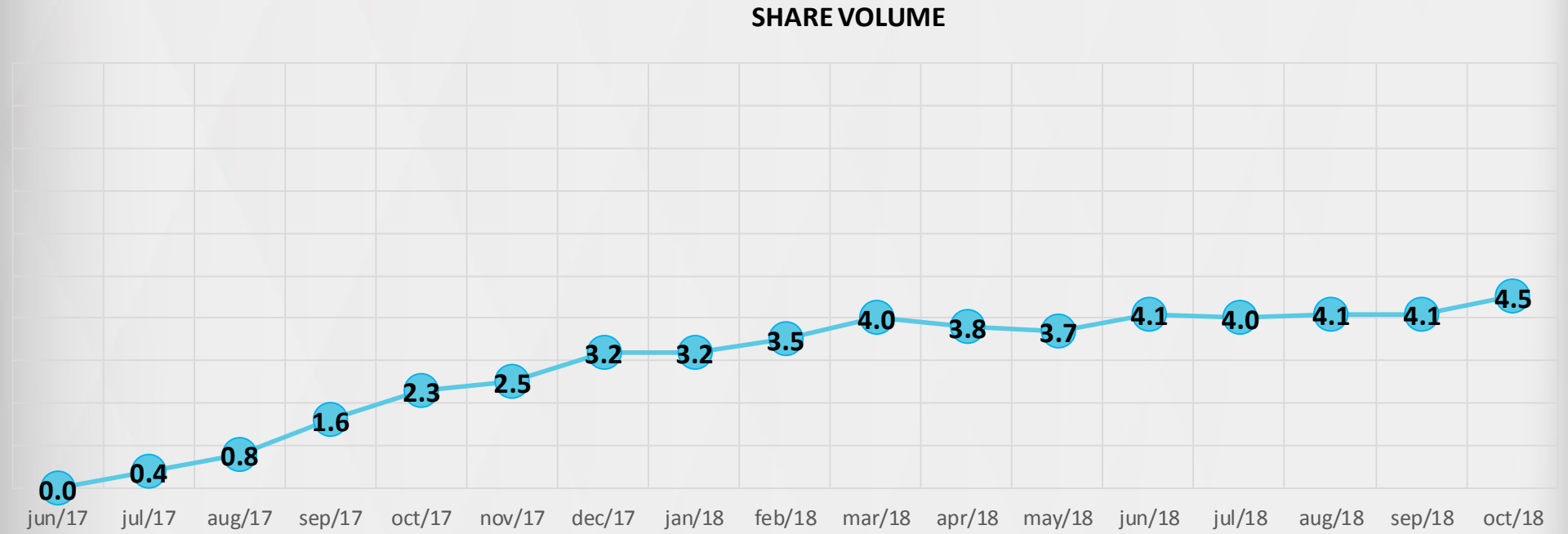
360° Platform





Share Volume
Pluslife

Total Cookies
Brazil (Retail + Cash)



Fonte: Nielsen, Retail 2.0

Volume Algorithm
Criteria for Algorithm Creation

CRITERIA nielsen

	LOW	HIGH
Share Volume M. Dias	+ + +	+
Number of Competitors	+ + +	+
Market Size	+	+ + +
	DROP	RISE
Market Behavior	+	+ + +

+

CRITERIA M. Dias Branco

- Historical Sales Volume
- Product Segmentation Strategy
- Brand Architecture
- Regional Commercial Strategies

=

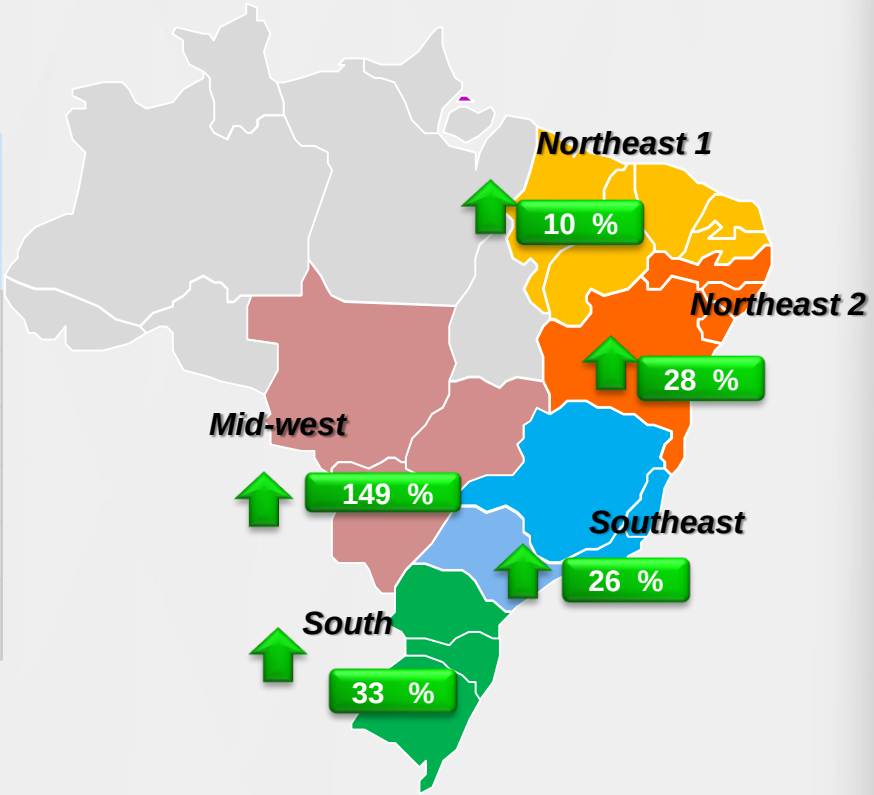


Volume Algorithm
Case: Grano Duro*



CRITERIA

	MARKET GROWTH	SHARE VOLUME MDB YTD 2018	Nº COMPETITORS	GROWTH ALGORITHM	SHARE PROJECTED VOLUME
CO	6%	9.0%	4	**149%**	22.5%
NE1	10%	15.4%	3	**10%**	16.9%
NE2	4%	7.1%	4	**28%**	9.1%
SUDESTE	7%	9.2%	5	**26%**	11.6%
SUL	3%	4.0%	3	**33%**	5.3%
TOTAL BRASIL	**7%**	**8.5%**	**5**	**35%**	**11.5%**



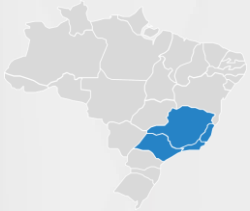
*** National and Strategic Product**

The Strength of the Adria Brand

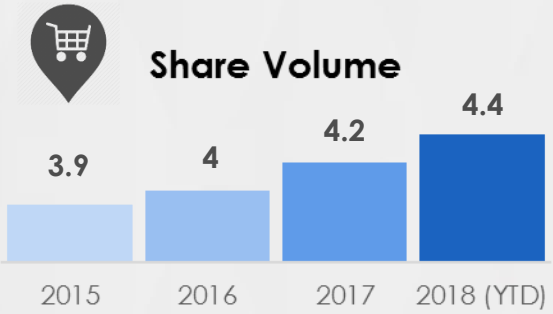


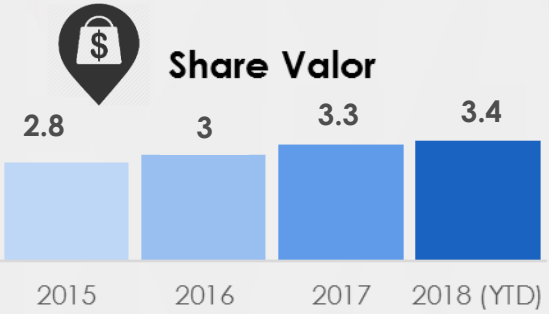
Brand Evolution
Key Indicators

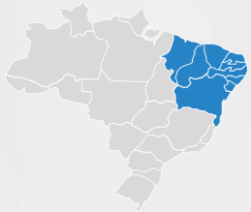
Total Cookies



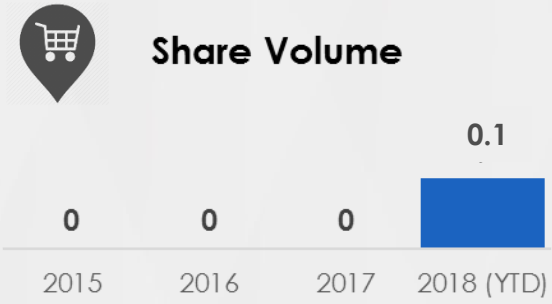
Southeast (Retail + Cash)

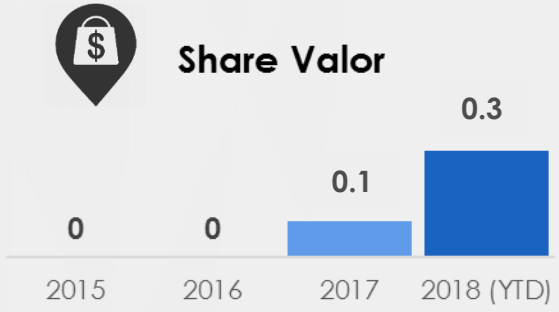






Northeast (Retail + Cash)





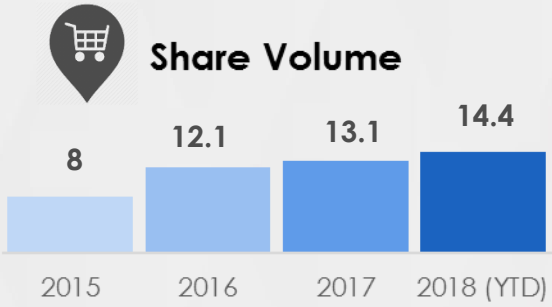
Source: Nielsen, Retail 2.0

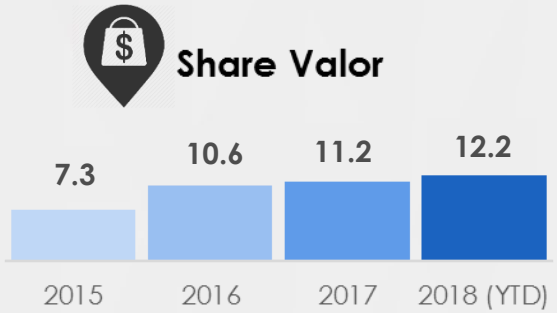
Brand Evolution
Key Indicators

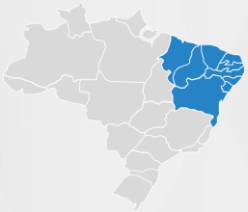
Total Pasta



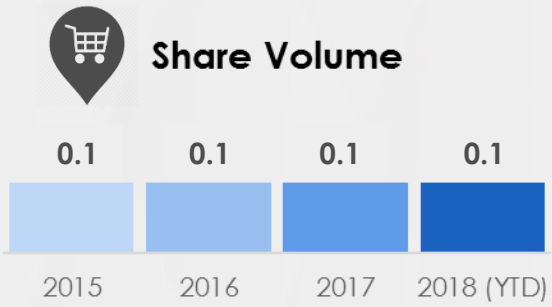
Southeast (Retail + Cash)

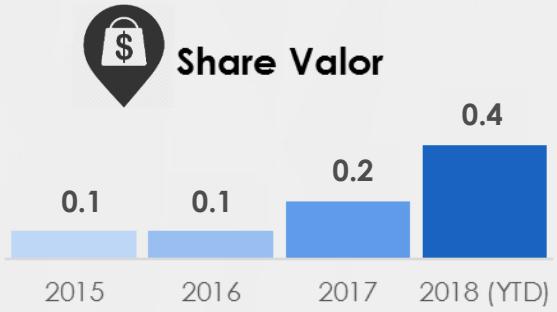






Northeast (Retail + Cash)





Source: Nielsen, Retail 2.0

Marketing Landmarks

Strategic MDB 2016-2021 Marketing Plan

	2016/2017	2018
People	Alignment Guidelines: Focus: Sales and Brand Strengthening	Evolution Guidelines: Brand Business Owners
	Lean and Productive Structure	Integrated expert team with a brand strategy
Strategy	Position construction of each brand and initial execution phase	Execution Brand Positioning 2017-2021
	Standardized Strategic Brand Management Model	
Operations	MDB 360º Routine	MDB 360º Routine
	Restructuring of Marketing Agency	Restructuring of Marketing Agency

We Faced a Difficult Business Scenario in 2018



Higher wheat costs in 2018

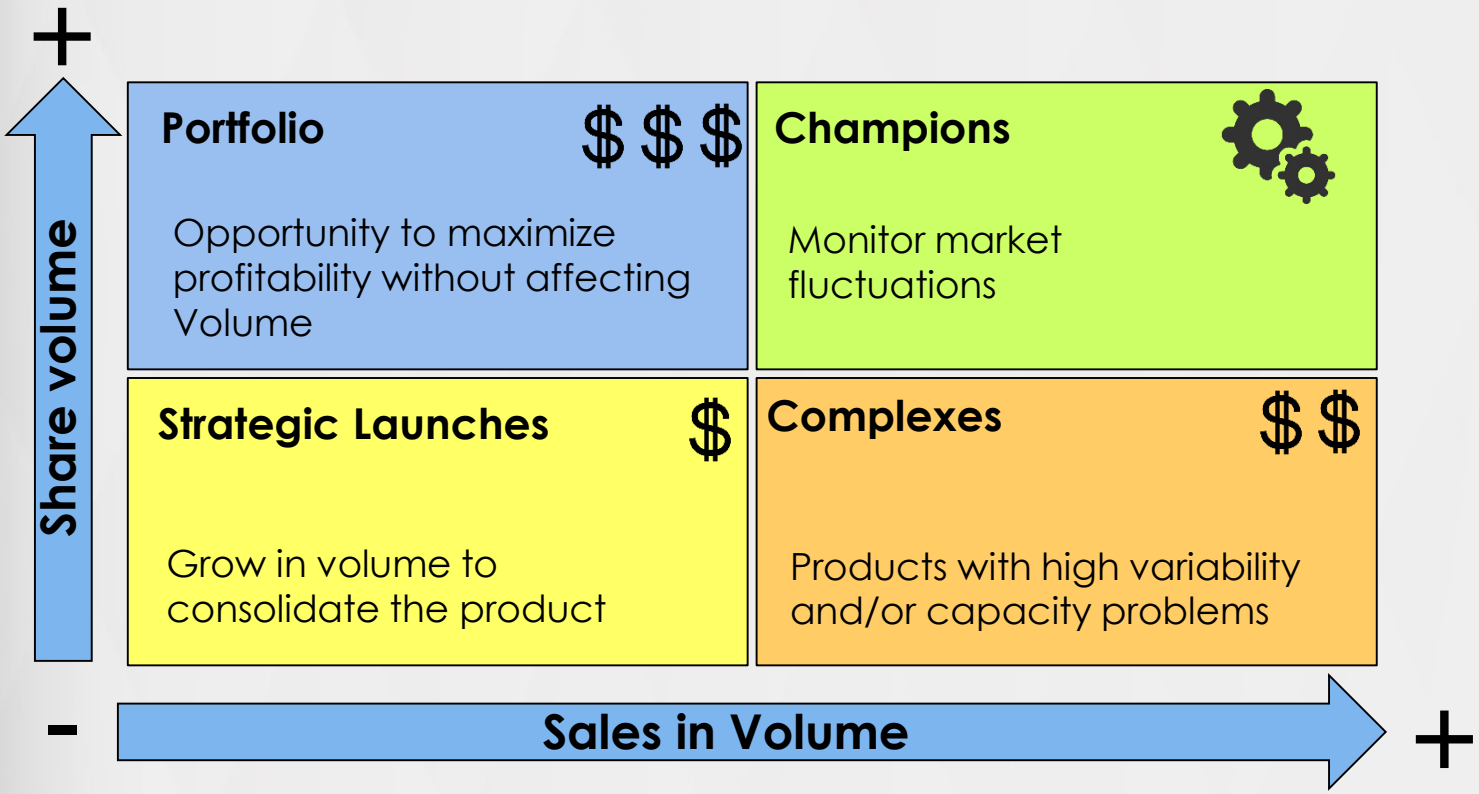


Consumer inflation



Flat consumption

1st Pricing Action
Quadrant Matrix



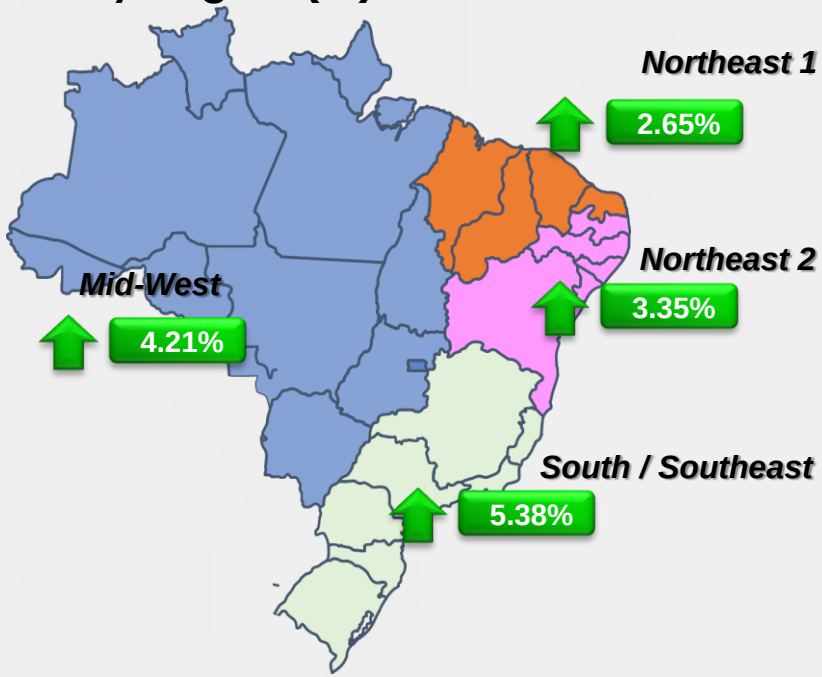
1st Pricing Action
Movements in 3Q18

Total Cookies
(Brazil)

Movements in the Cookies Market Brazil (%)

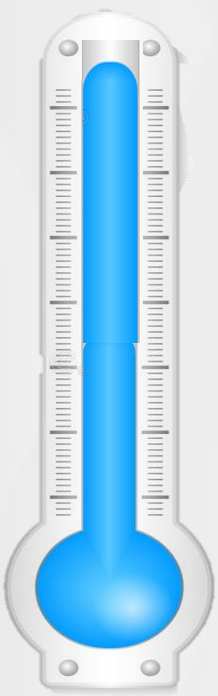
Total Cookies	5.30%
Cracker	6.87%
Maria/maisena	6.09%
Filled Cookies	4.50%
Wafer	4.48%
Cookies	2.31%
Crackers	2.58%
Dry and Sweet	2.58%

Movements in the Cookies Market by Region (%)

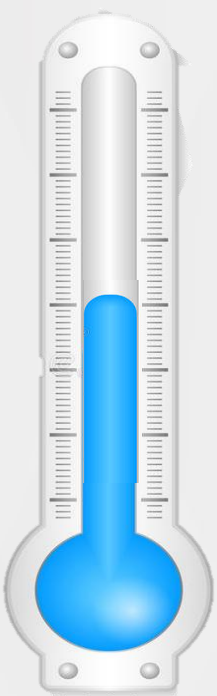


2nd Action

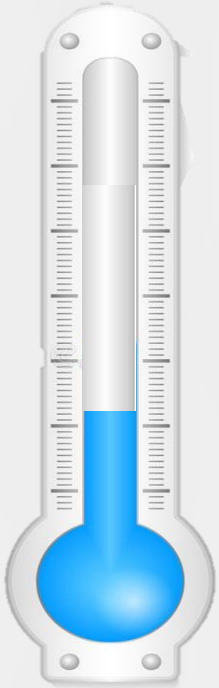
Efficient Marketing Execution Platform



Sales Volumes Support

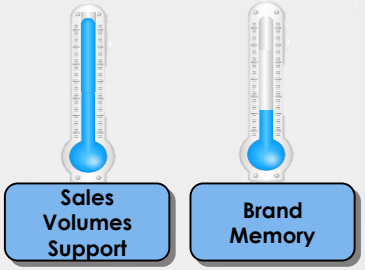


New Products



Brand Memory

1H2018
Sales Volume Support and Brand Memory



"Detalhes que te Fazem Sorrir" Sales Promotion







1H2018
Sales Volume Support and Brand Memory

Sales Volumes Support

Brand Memory

"Detalhes que te Fazem Sorrir" Sales Promotion











2H2018
Sales Volume Support and Brand Memory

Sales Volumes Support

Brand Memory

Rodrigo Faro Sales Promotion











2H2018
Sales Volume Support and Brand Memory

Sales Volumes Support

Brand Memory

"*Compre e Ganhe*" Promotion - Cookies









"*Compre e Ganhe*" Promotion - Toast





Opportunity for Product Line Expansions

Plugados – Mundo Infantil

New Products

Brand Memory



=



+

ADRIA

Opportunity for Product Line Expansions

Plugados – Mundo Infantil

New Products

Brand Memory








VITARELLA
lançamento!
Delicitá
Integral
400 g/Net Wt. 14.1 oz
VITARELLA
VITARELLA
lançamento!
Delicitá
Original
400 g/Net Wt. 14.1 oz
IRRESISTÍVEL
PARA TODA HORA.
EXPERIMENTE!
M. Dias Branco

Marketing 360° Platform Efficiency

Delicitá

New Products

Brand Memory



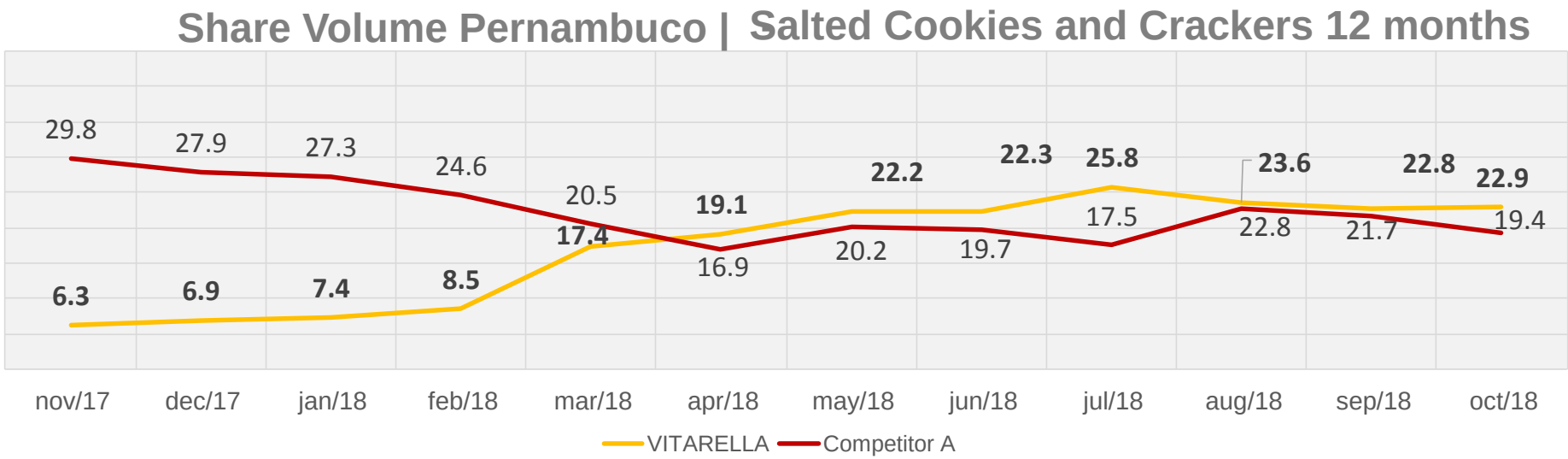
Delicitá
15”
18/07/2018

Market Results

Share Volume – Delicitá Pernambuco

New Products

Brand Memory





Source: Nielsen, Retail 2.0

Marketing 360° Platform Efficiency
Delicitá

New Products

Brand Memory



	Delicitá		Competitor A	
Knows the brand	45		40	
Considers the brand	32	71%	25	63%
Purchased (last 3 months)	17	53%	15	60%
Frequently purchases the brand	11	65%	8	53%
Prefers the brand	4	36%	1	13%
Rejection	2%		3%	

Source: Ipsos

VITARELLA

O Delicitá
de lamber os dedos



Chegou o Delicitá Cristal.
Um doce lançamento
da **Vitarella.**

M. Dias Branco

Delicitá Cristal
Launching

New Products

Brand Memory

CONSUMER



CLIENT



GROUP OF CONSUMERS



… We continue with the packaging revitalization

Previous Packaging





Current Packaging





… We continue with the packaging revitalization

Previous Packaging





Current Packaging





Marketing Landmarks

2016-2021 Marketing Strategic Project

	2016/2017	2018	2019/2021
People	Alignment Guidelines: Focus: Sales and Brand Strengthening	Evolution Guidelines: Brand Business Owners	
	Lean and Productive Structure	Integrated expert team with a brand strategy	Digital Protagonism
Strategy	Position construction of each brand and initial execution phase	Execution Brand Positioning 2017-2021	
	Standardized Strategic Brand Management Model		
Operations	MDB 360º Routine	MDB 360º Routine	MDB 360º Routine
	Restructuring of Marketing Agency	Restructuring of Marketing Agency	



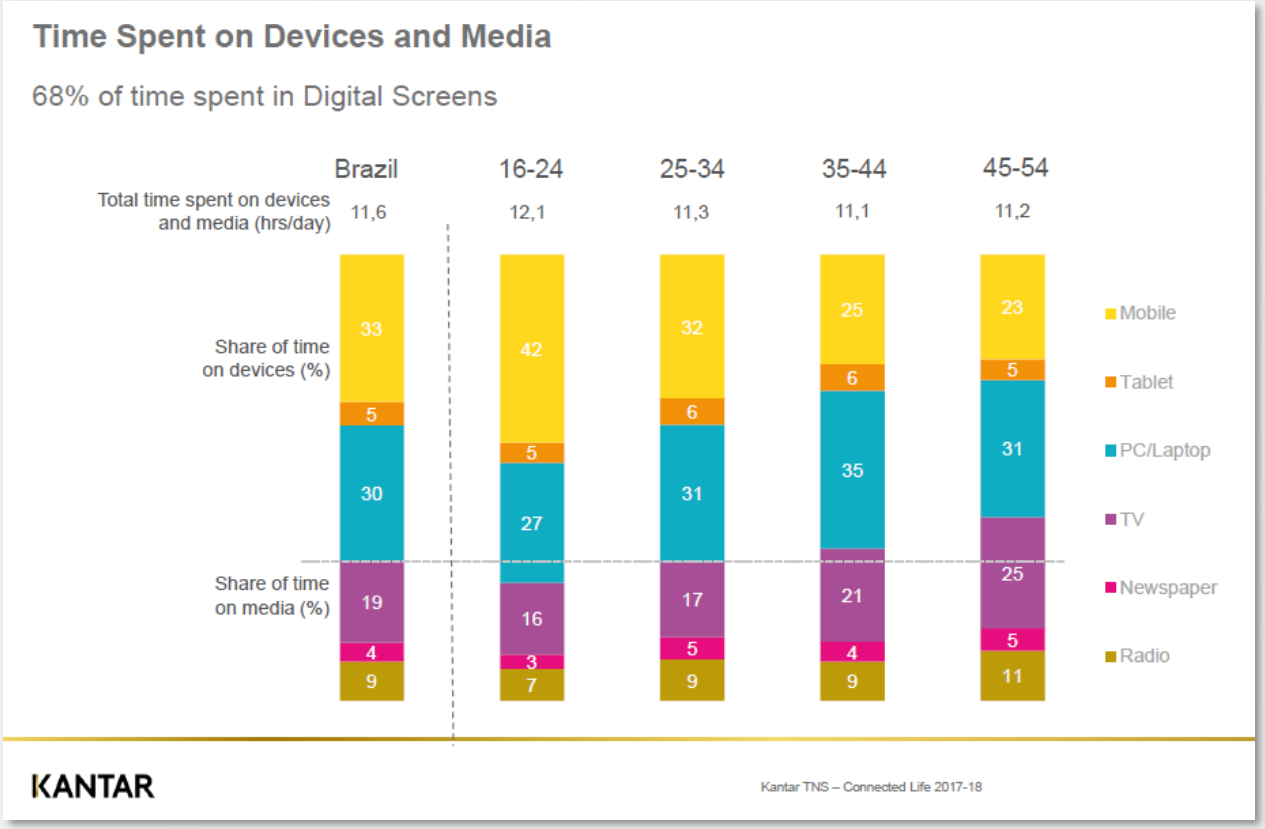
67

Digital Media Consumption is a Reality in Brazil

Time spent on digital screens: 68%

Younger individuals spend larger amounts of time on digital screens: 74%

All age groups are connected to digital devices.



Source: Kantar

WHO WINS

THE FUTURE

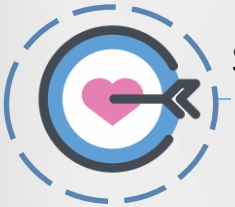
GAME?



Why we Believe?

In Summary...

Why are we investing in the Digital front?



SEGMENTATION PRECISION



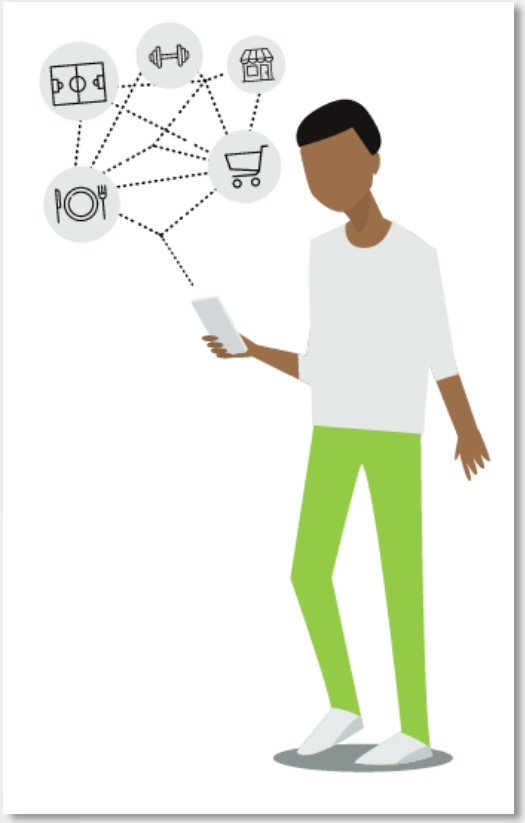
POSITIONING MATERIALS



REAL TIME INDICATOR

ROI





What are our main work fronts?



- Online Communication
- Proprietary measurement tools and results
- Digital Intelligence via Consumer
- Disruptive Projects

Online Communication







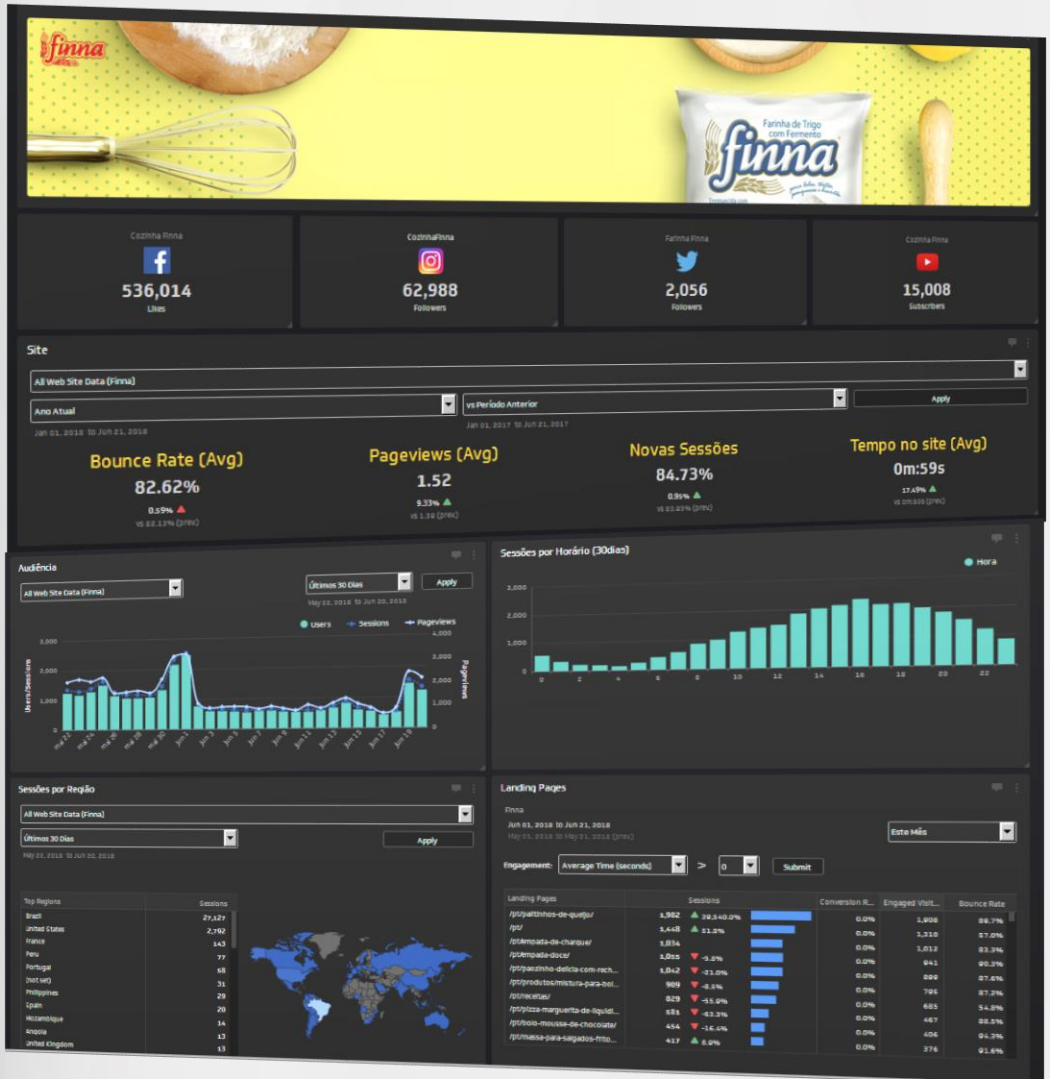






Investment in digital media accounted for 43% of total communication investments in the second semester

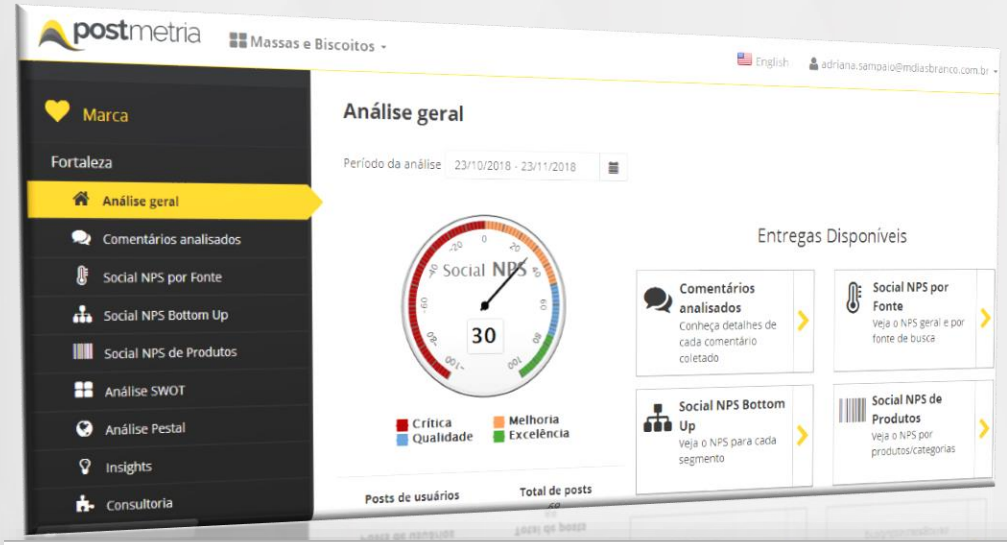
Competitive Advantanges
Gauge

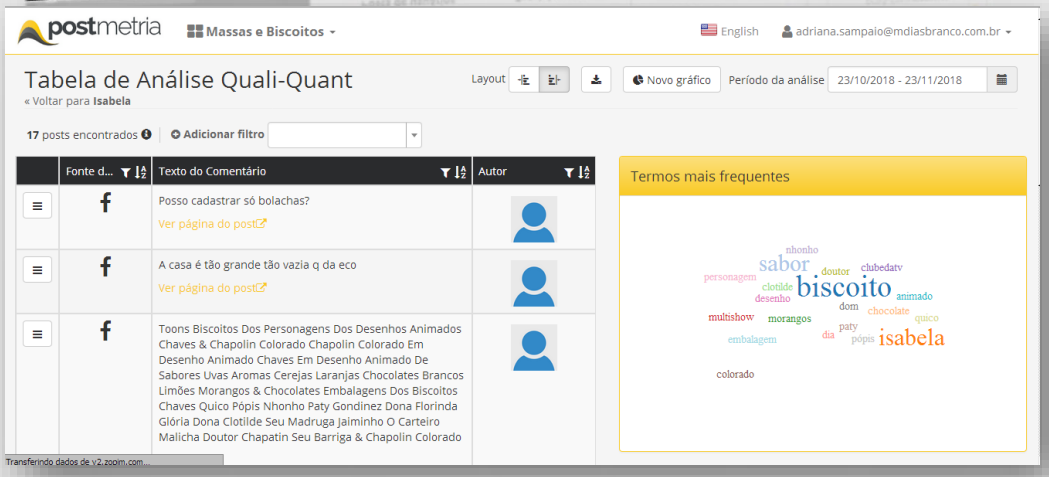


Each Dashboard shows a real time view of the data, which enables fast and efficient decision making.

illustrative image

Competitive Advantages
Postmetria





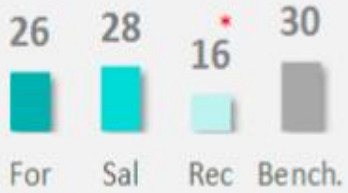
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illustrative image

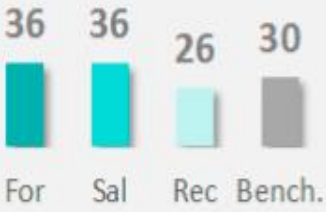
Digital Intelligence with Consumers

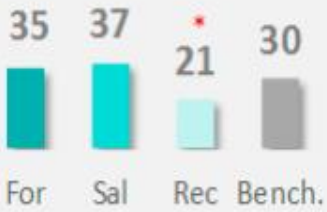
IN GENERAL , THE PARTS PRESENTED MEDIUM HIGH RANGE IN FORTALEZA AND SALVADOR AND MEDIUM LOW IN RECIFE. THE ACTION IN THE POINT OF SALE THAT STAND OUT, PRESENTED IN FOR AND SAL RESULTS ABOVE OF OBSERVED

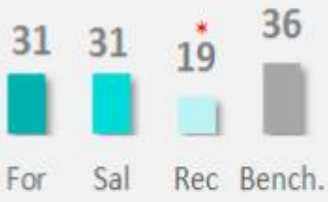












** Estatisticamente significante (95%) comparado à norma/benchmark

Base: FOR – 200 / SAL – 200 / REC – 200

TP1. Você já viu este comercial na televisão alguma vez? / RP6. Você já viu algum destes posts em alguma rede social alguma vez? / TP7. Você já viu alguma destas ações no ponto de venda alguma vez?/ TP8. Você já ouviu este

Disruptive Projects

inlocomedia

VIEW MEASUREMENT: HOW IT WORKS

YOUNG ADULTS 18 – 25 YEARS OLD

MAPPED STORES

Deskontão - Imbiribeira



- ✓ Detect target customer
- ✓ Send ad to the target customer
- ✓ The target customer views the ad
- ✓ The target customer visits the store
- ✓ The visit is measured

Disruptive Projects














piraquê

What are we doing?

Choosing the best partners to build and strengthen the brand

piraquê

100%

Design

touch branding

Branding

lew'lara\TBWA

The Disruption® Company

Communication

Packaging Revitalization

Previous Packagings







Current Packagings







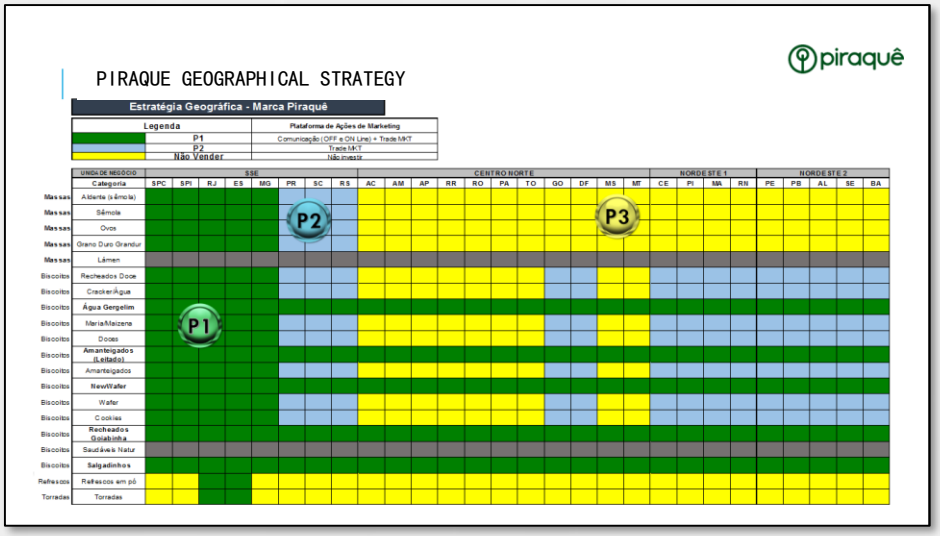
Brand Architecture Project

categories x states x priority

P1 High/Medium Relevance

P2 Low Relevance

P3 Do not operate



illustrative image

Branding



Original Recipes
The São Luiz biscuit and iconic products



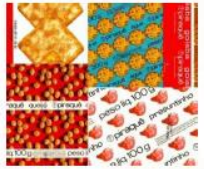
Origin in Rio de Janeiro
The same factory for 65 years



Top of mind in Rio de Janeiro



Childhood memory
At the lunch break children



Ionic Packaging
Designed by Lygia Pape, they have the aesthetic language of the period

Brand pillars: Historical Roots



Nationalize the Piraquê brand
Today its strength is concentrated in Rio de Janeiro



Rejuvenate the brand
There is an aging brand awareness. They need to reconnect with the young audience.



Growth
Without compromising product integrity and profitability.



Categories Core
Focus on the core categories, eliminating the secondary categories and entering tactical categories (Ex: toast).



Sustain the premium price
Tier premium da categoria de biscoitos, ocupada por Adria e Bauducco.

Business Objectives

Branding

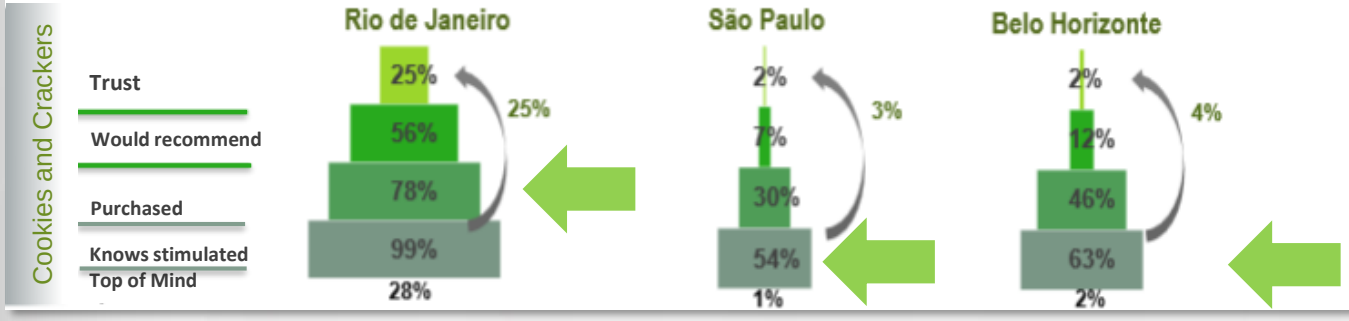
PIRAQUÊ MASTERBRAND

Greater efficiency for national roll out

Leverage the strong equity of the **Piraquê brand**

The "what" defined embraces the whole portfolio

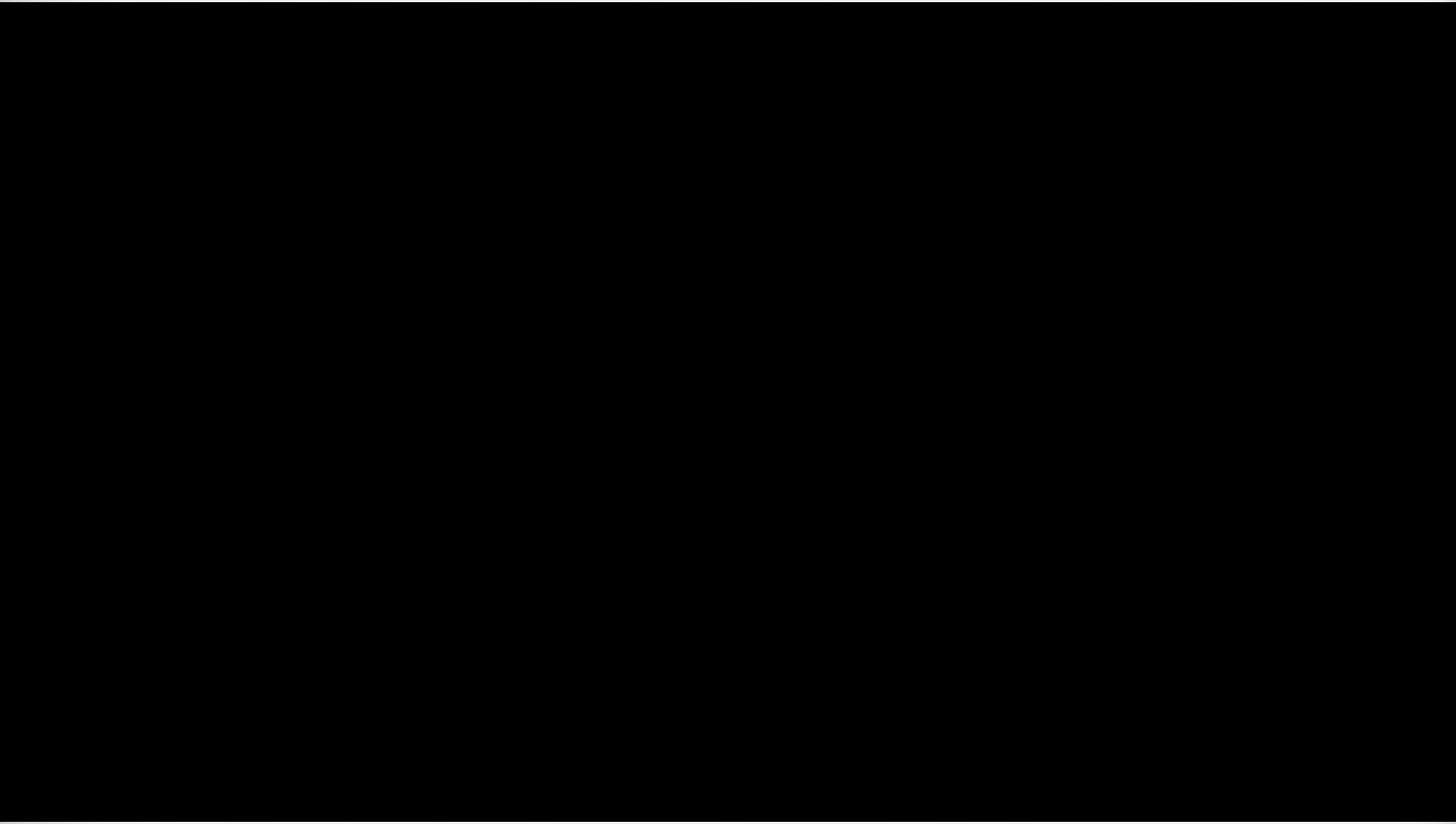
Pyramid of Equity of the Piraquê Brand by Square



New positioning of relevant brand in different cities and different scenarios.

STRENGTHEN

CONSTRUCT



“Vá de Piraquê” Sales Promotion
POS Products







ISLE TOPS





FINE PAPER



WOBBLER



TAKE ONE

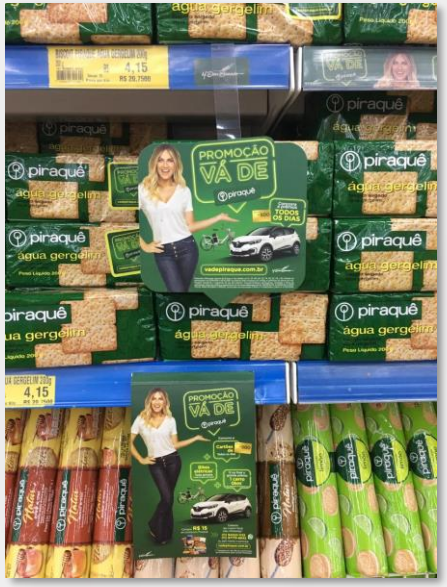
SHELF STRIP



“Vá de Piraquê” Sales Promotion

POS Application











Marketing Landmarks

2016-2021 Marketing Strategic Project

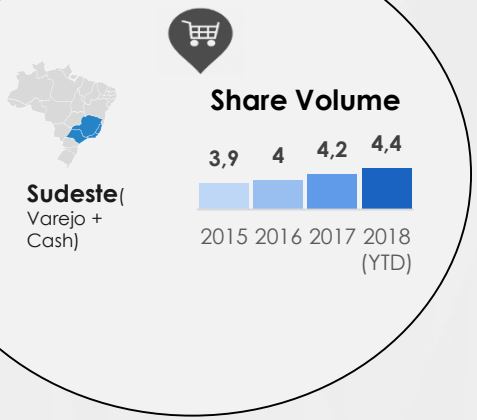
	2016/2017	2018	2019/2021
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	Standardized Strategic Brand Management Model		
Operations	MDB 360º Routine	MDB 360º Routine	MDB 360º Routine
	Restructuring of Marketing Agency	Restructuring of Marketing Agency	

Key Focuses 2019/2020

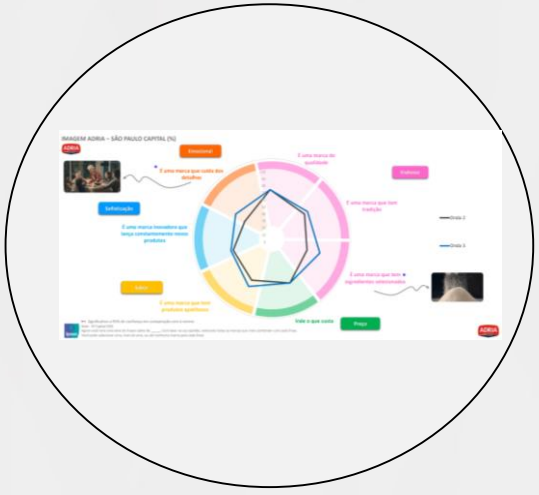
- ✓ Maintain disciplines in the brand building and positioning process
- ✓ Advance in the quality of the pricing process
- ✓ Increase marketing investments in "attack" areas
- ✓ Master the digital communication environment
- ✓ Maintain process of building marketing intelligence (consumer knowledge, detailed ROI of campaigns, etc.)



Maintain discipline in the process of building branding positioning





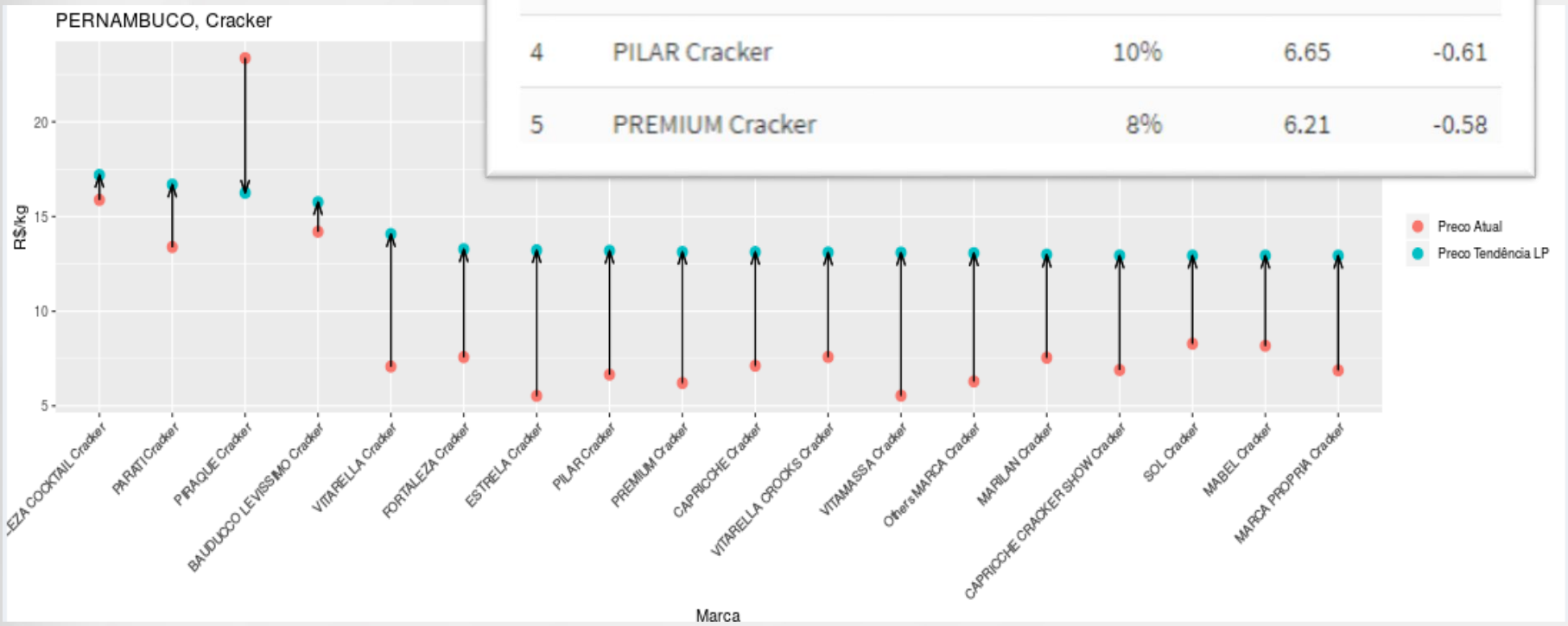


CONSUMER



More sofisticated Pricing

	Marca	Share_grupo	Preco	Elast
1	VITARELLA Cracker	37%	7.08	-0.56
2	ESTRELA Cracker	11%	5.53	-0.51
3	FORTALEZA Cracker	11%	7.57	-0.69
4	PILAR Cracker	10%	6.65	-0.61
5	PREMIUM Cracker	8%	6.21	-0.58



Marketing Intelligence

Snapcard

Challenge: Measure the Return on Investment from Marketing Campaigns in Retail Sales

Solution: OPTI[1] Advance Pilot for Adria Biscuits Campaign



Note[1]: *Offline Purchase Tracking Insight*

Marketing Intelligence

Snapcard

1- Snapcart users access in-app search

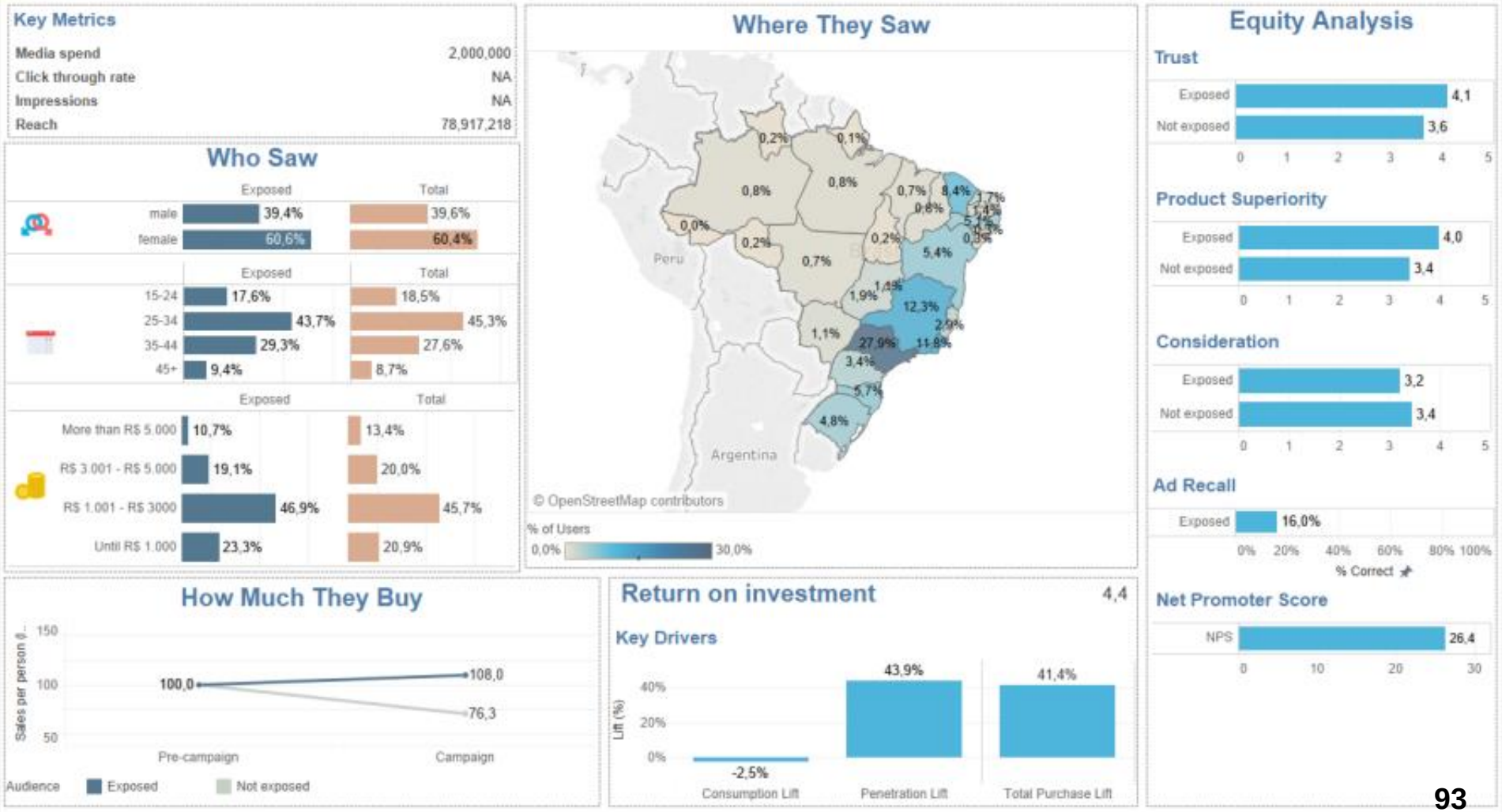
2- Images of the pieces (video and ads) were presented hiding the mark

3- Then user answered questions of choice if he had seen the ad, where and a question for him to write which brand



Marketing Intelligence

Snapcard





Commercial

Martim Ibrahim

Strategy of action

NATIONAL PROJECTS

- MIX Expansion
- Brand Strategy

DEFENSE



ATTACK

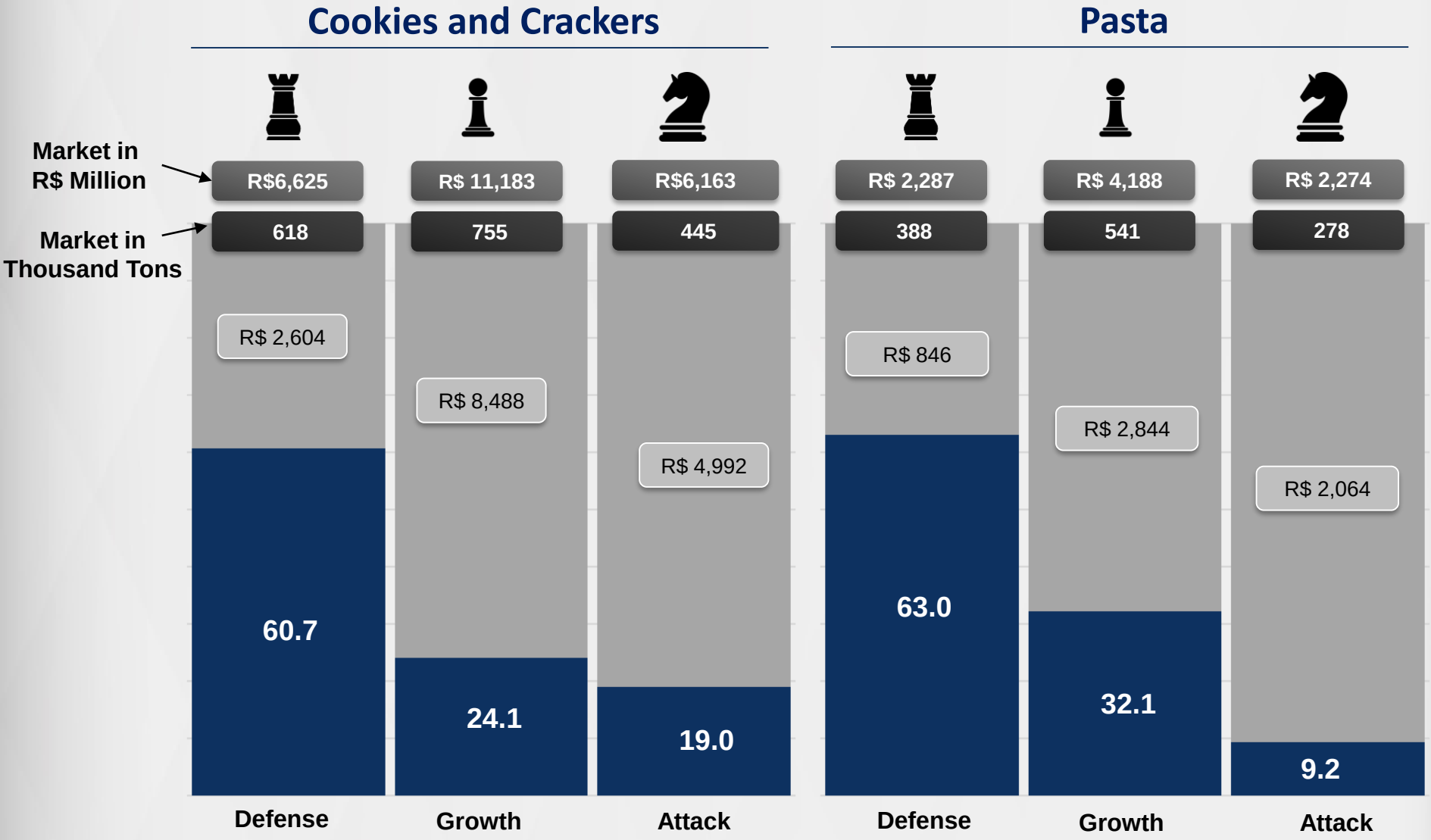
- Distribution Expansion
- National brand strategy
- Expansion of own team

GROWTH

- Expansion of own team

MARKET SHARE VOLUME	> 50%
	25% to 50%
	< 25%

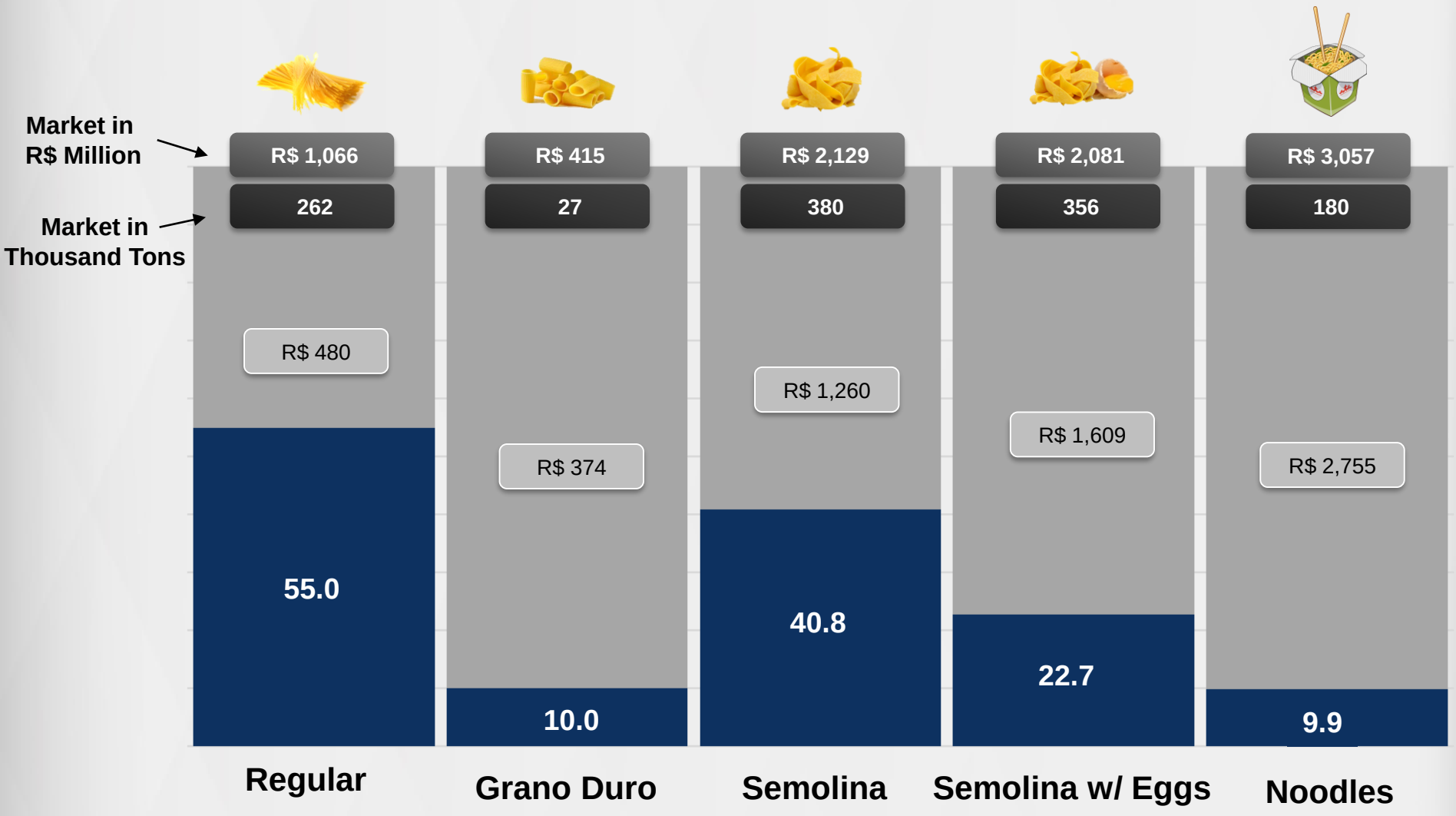
Growth opportunities across Brazil



Source: Nielsen, ABIMAPI and MDB Analysis

M. Dias Branco Volume National Share

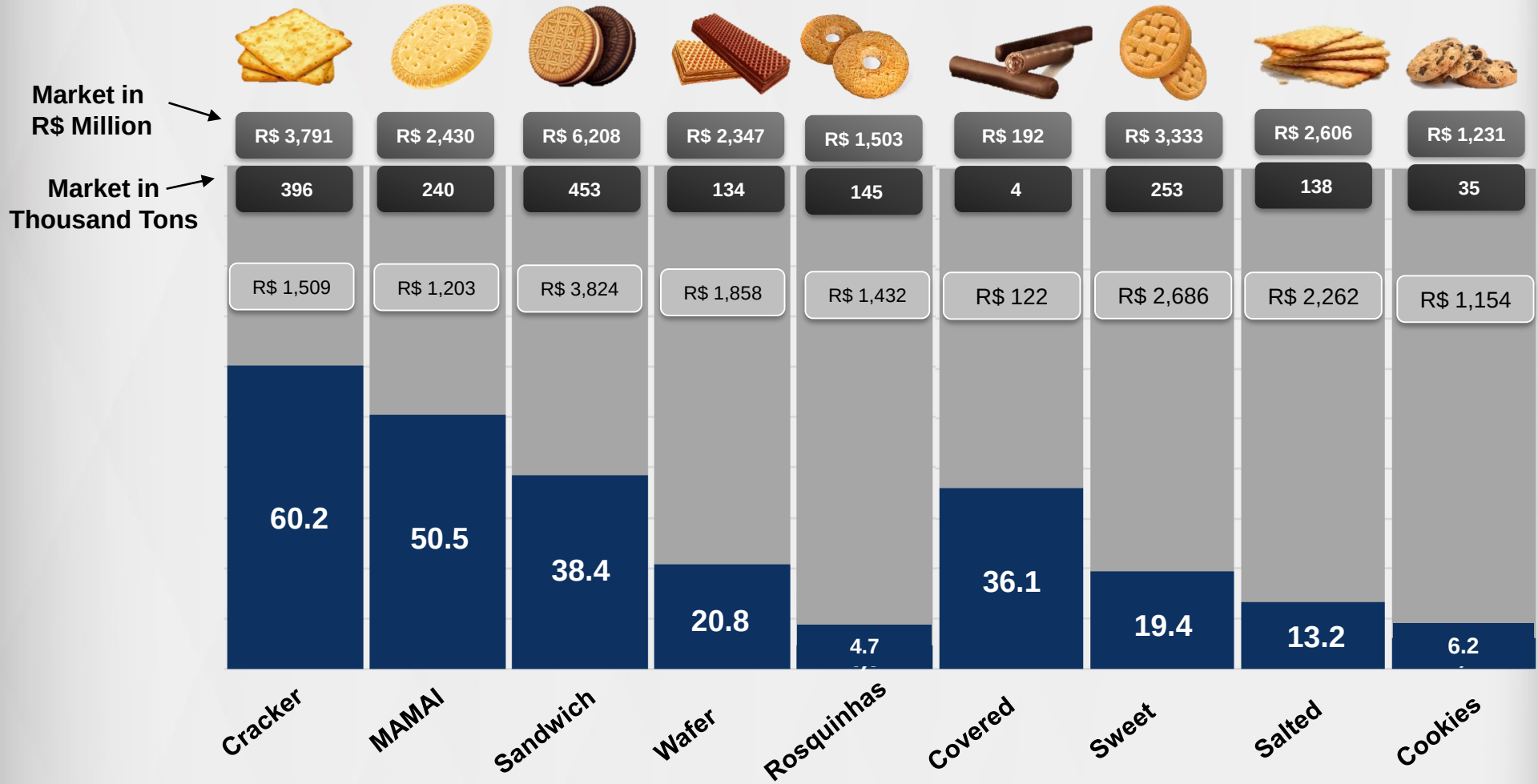
...and also growth opportunities in large pasta categories



Source: Nielsen, ABIMAPI and MDB Analysis

M. Dias Branco Volume National Share

...in cookies and crackers, growth opportunities in volume and high added value categories



Source: Nielsen, ABIMAPI and MDB Analysis

M. Dias Branco Volume National Share

Commercial Projects Officer

COMMERCIAL EXPANSION PROJECTS





MULTI-BRAND MANAGEMENT PROJECT



SALES STANDARDIZATION PROJECT

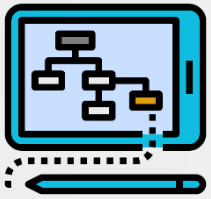
Commercial Expansion Project - PEC

WHAT ARE WE AIMING FOR?

Start Date: JUNE/2016
Expected End Date: DEC/2020

INCREASE PRODUCTIVITY AND PROFITABILITY





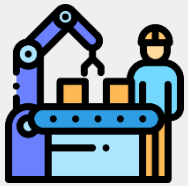
INCREASE SALES OF HIGHER VALUE ADDED PRODUCTS



EXPAND CUSTOMER BASE WITH DIRECT ATTENTION

STANDARDIZE COMMERCIAL PROCESSES

IMPROVE SELLER AND PROMOTER ROUTINES



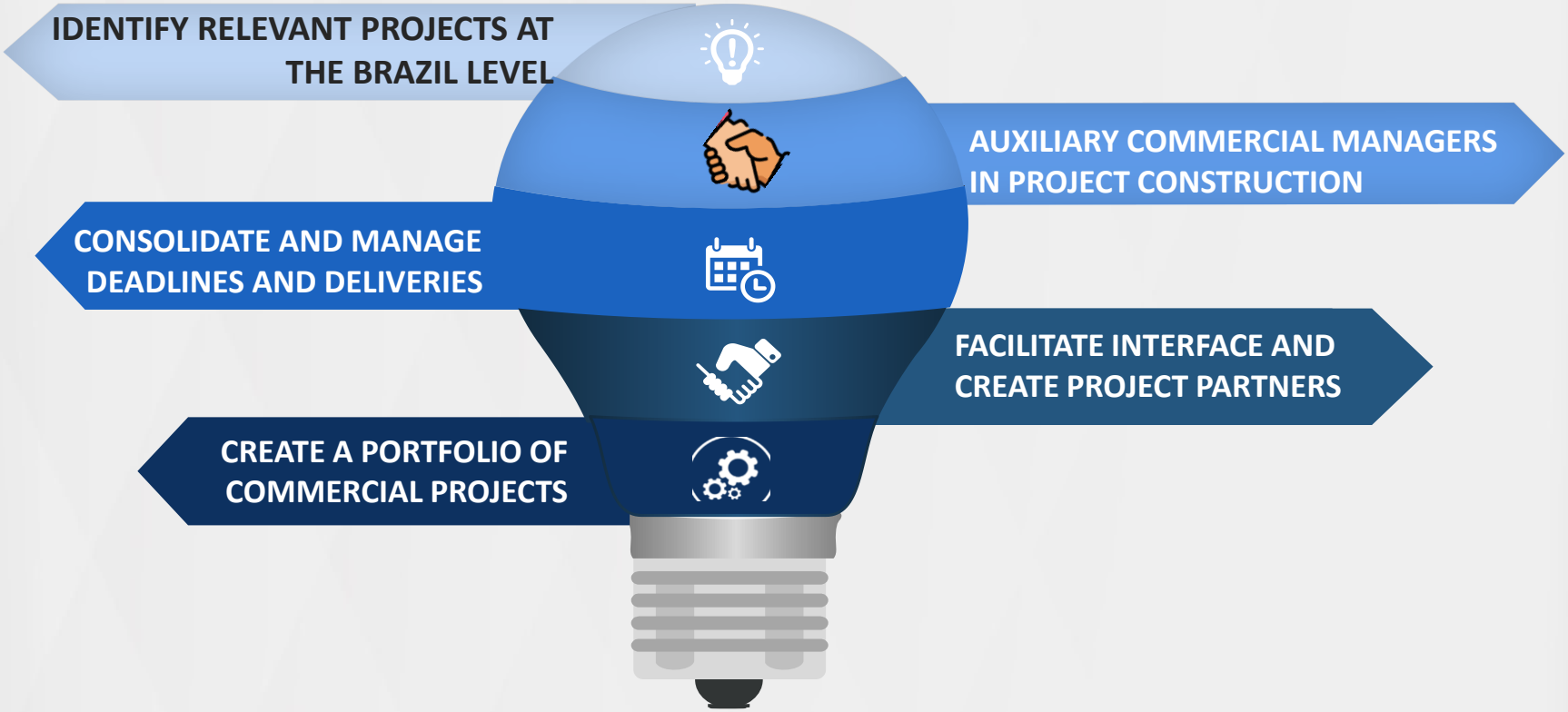
BE THE BEST SUPPLIER IN IMPLEMENTING POS

IMPROVE THE PURCHASE EXPERIENCE AND CUSTOMER SATISFACTION

Commercial Expansion Project - PEC

HOW WILL WE DO IT?

Commercial Project Offices



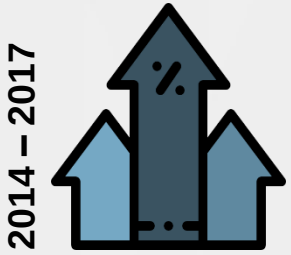
Commercial Expansion Project - PEC

WHAT WAS DONE IN 2017

LAUNCHING OF THE BRAND plus life



INTRODUCTION IN NATIONAL TERRITORY: CASH & CARRY AND KEY ACCOUNT



GROWTH OF REPRESENTATIVENESS IN GREATER VALUE ADDED PRODUCTS

329%

PROJECT MANAGEMENT MULTIMEDIA LEVEL OF SELLERS

PGM Projeto Gestão Multimarcas

+1,000



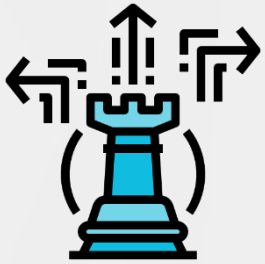
TRAINED IN THE TEAM DEVELOPMENT PROGRAM

Commercial Expansion Project - PEC

WHAT DO WE EXPECT FOR 2018?

GROW IN SALES OF GREATER VALUE ADDED PRODUCTS







IMPROVE

PROFITABILITY: ACTIONS FOCUSED ON PRODUCTIVITY AND PRICE

ASSERTIVITY OF THE SALES FORECAST

NATIONALIZE THE BRANDS ADRIA AND VITARELLA

DECENTRALIZE SALES

TAKE ADVANTAGE OF STRATEGIC CAPACITIES

INCREASE CLIENTS BASE

DOUBLE EXTRA POINTS AND TABLOIDES

ENHANCE THE POS EXECUTION



Commercial Projects Officer

MULTI-BRAND MANAGEMENT PROJECT





COMMERCIAL EXPANSION PROJECT



SALES STANDARDIZATION PROJECT

Multi-brand Management Project

BEFORE THE PROJECT...



MANAGEMENT



Multi-brand Management Project

...AFTER THE PROJECT



UNIT MANAGER

- NORTHEAST I
- NORTHEAST II
- SOUTH SOUTHEAST
- MID-WEST
- MARGARINE AND VEG. SHORTENING
- WHEAT FLOUR

Multi-brand Management Project

WHAT WE ACHIEVED

PGM Projeto Gestão Multimarcas

Start Date: OCT/2015
End Date: DEC/2016



OPTIMIZATION OF LOGÍSTIC COSTS

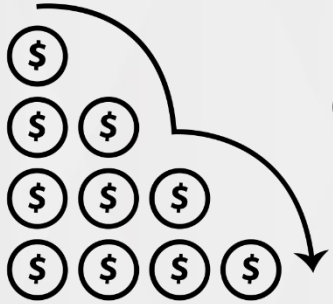
INCREASE IN COVERAGE OF LESS EXPRESSIVE BRANDS



PORTFOLIO MANAGEMENT BY REGION AND EFFECTIVE CHANNEL



REDUCE COSTS



OPTIMIZE INVESTMENTS IN POS

IMPROVE MARGINS

BALANCE MARKET PRICES



Multi-brand Management Project

OUR RESULTS WERE...

TOTAL ANNUAL SAVINGS

R$ 26MM



OWN TEAM

HEADCOUNT
REDUCTION OF 348
ANNUAL SAVINGS

R$ 23.2MM



REPRESENTATIVES

ANNUAL SAVINGS

R$ 2.8MM

Commercial Projects Officer

SALES STANDARDIZATION PROJECT



COMMERCIAL EXPANSION PROJECT

MULTI-BRAND MANAGEMENT PROJECT

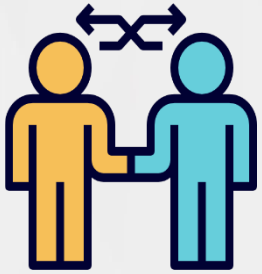
Sales Standardization Process

WHAT DO WE INTEND?

Start Date: JUN/2018
Expected End Date: JUN/2019

RECOGNIZED AS THE BEST BUSINESS PARTNER

MARKET

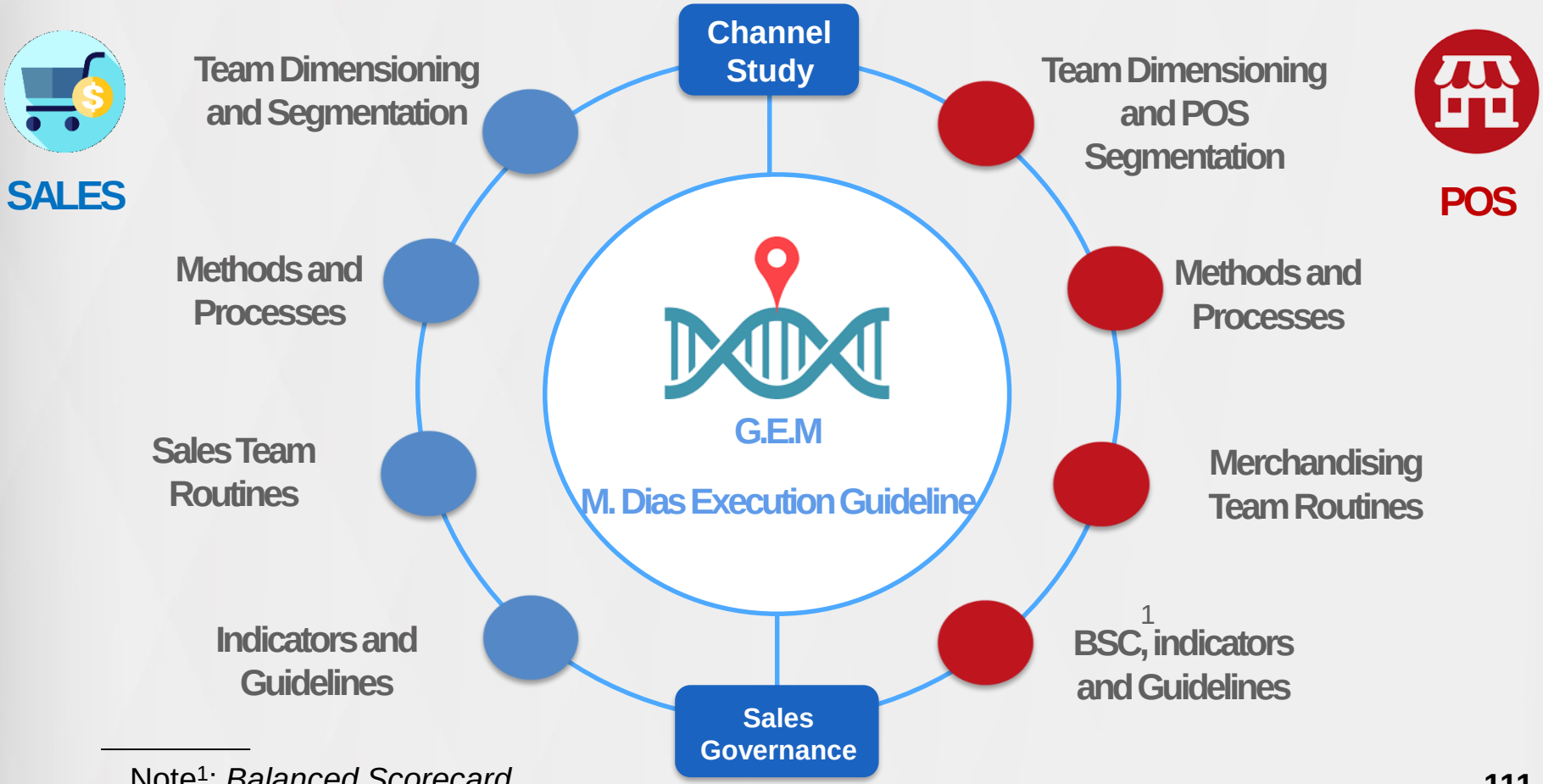


M. DIAS BRANCO

High performance operation,
standardized and aligned with
the company's strategic objectives.

Sales Standardization Process

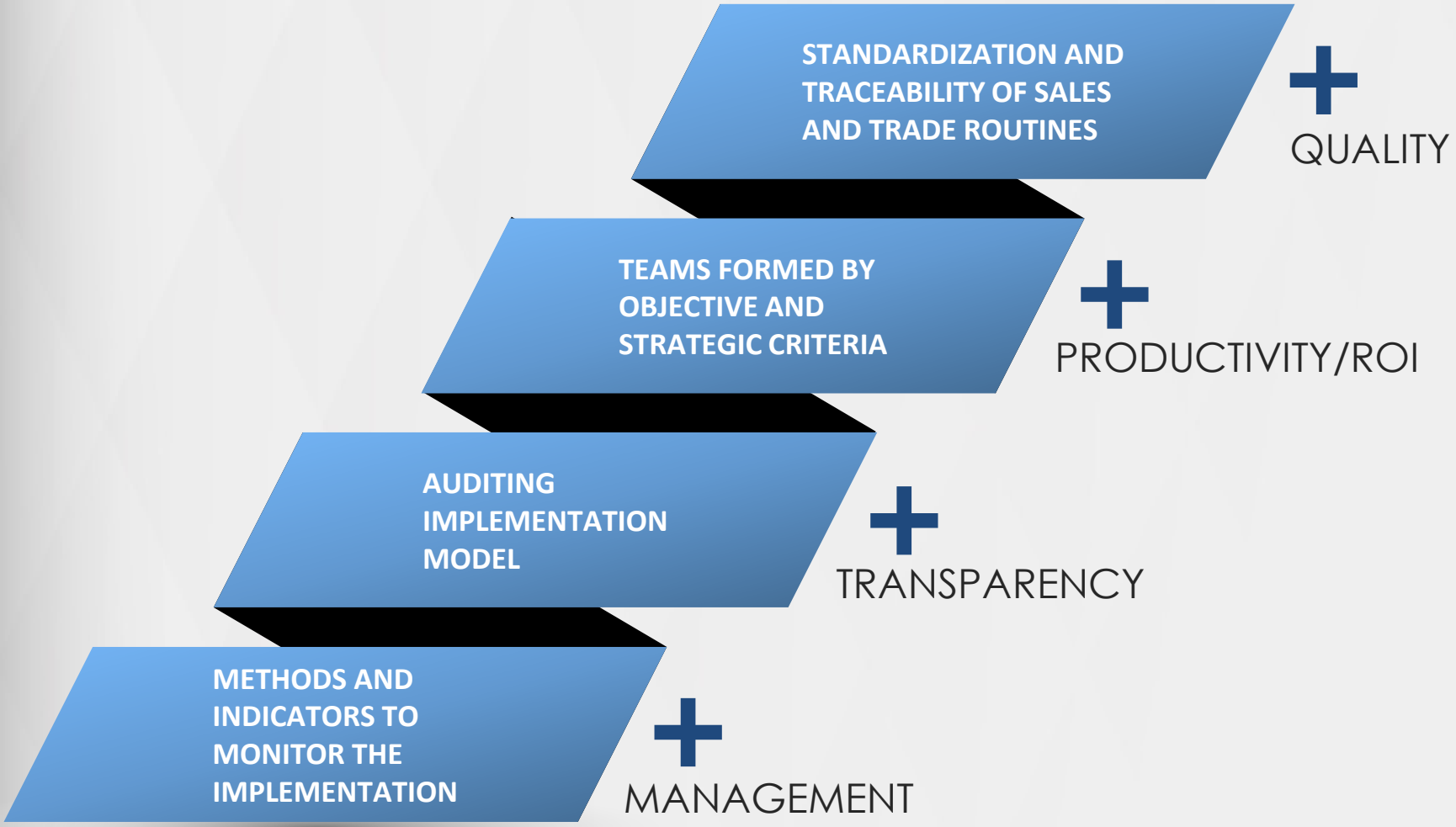
ACTION FRONTS



Note[1]: *Balanced Scorecard*

Sales Standardization Process

WHAT RESULTS DO WE EXPECT?





Logistics

Newton Abe

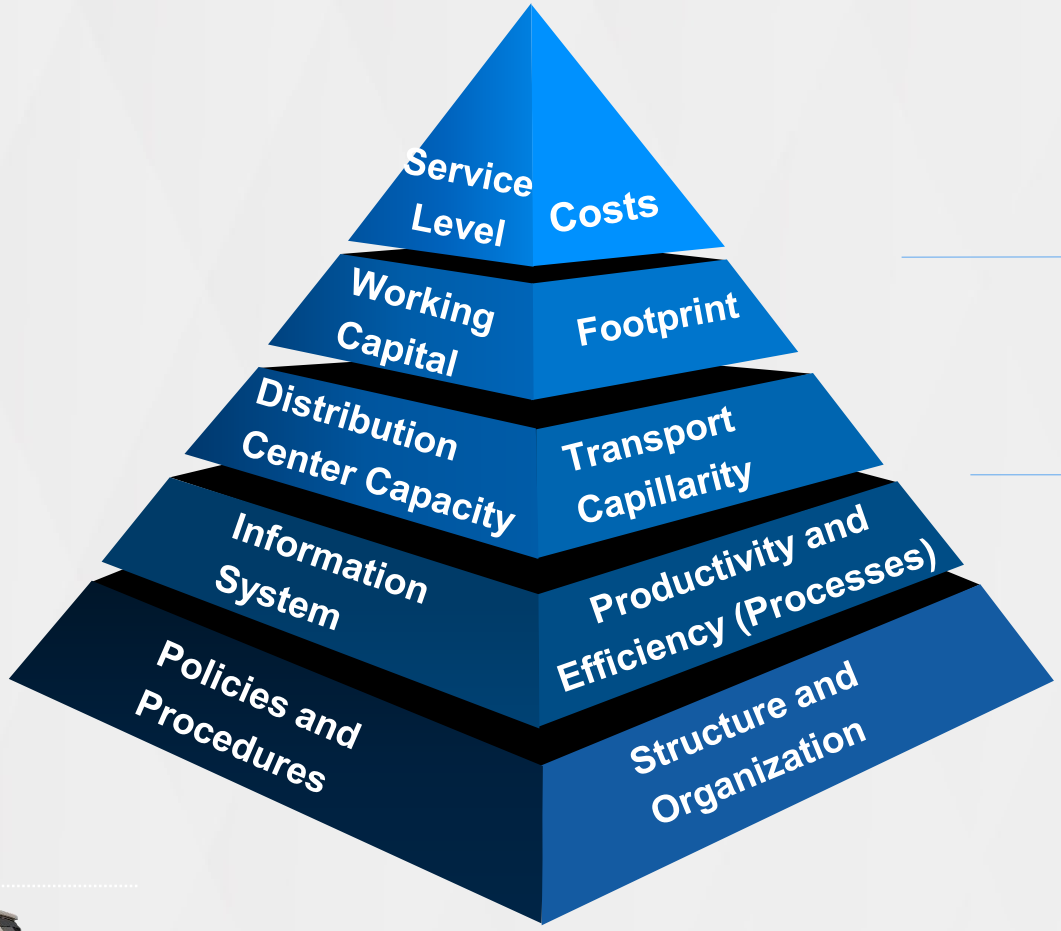
How to plan the best logistics operation in Brazil?

SUPPLIER	PRODUCTION	STORAGE	DELIVERY	CLIENTS
				
▪ 400 Suppliers ▪ +2,000 Items ▪ 100 MM Inventory	▪ 15 Facilities ▪ 1,403 Products ▪ 145 Lines	▪ 38 Distr. Centers ▪ 170,000 Positions	▪ +190,000 shipments ▪ Own fleet ▪ OTM[1] ▪ ASCP[2] ▪ Routing system	▪ +60,000 Clients ▪ 10 KA[3] ▪ 6 C&A[4] ▪ 2,000 Regional Chains ▪ 40 Export ▪ +100,000 Orders



Note: [1] Oracle Transportation Management
[2] Advanced Supply Chain Planning
[3] Key Account
[4] Cash & Carry and Whosale

Supply Chain Strategy



Strategic
Adequate Service Level and Cost Control

Tactical - Planning
Customer Service and Planning

Operations
Distribution Centers and Transport Operations



Strategic Leverages

Service Levels	Controlled Costs	Productivity
Delivery within the Agreed Period	Storage Processes	Increased Vehicle Occupancy
Increase of Availability	Transportation Processes	Highest Number of Deliveries per Route
Order Cycle Management	Working Capital Loss Prevention	Reduced Sales Forecast Errors
Reduced Product Returns	Costs and Expense Management	Greater Production Assertiveness



What was done in 2018?
Strategic Map

Organizational Structure

- **Corporate Structure**
  Focus on Strategy Definition
- **Regional Structure**
  Focus on Operational Excellence

Planning

- **Supply Chain Planning**
  Focus on Flexibility and Assertiveness
- **S&OP[1]**
  Focus on Profitability

Operations

- **Logistics Operations**
  Focus on Productivity
- **Transport Operations**
  Focus on Cost Reduction



Nota: [1]Sales and Operations Planning

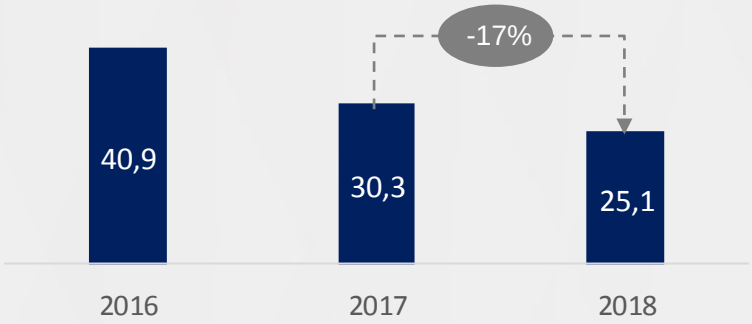
Connection Project – The Best Logistics in Brazil

Results

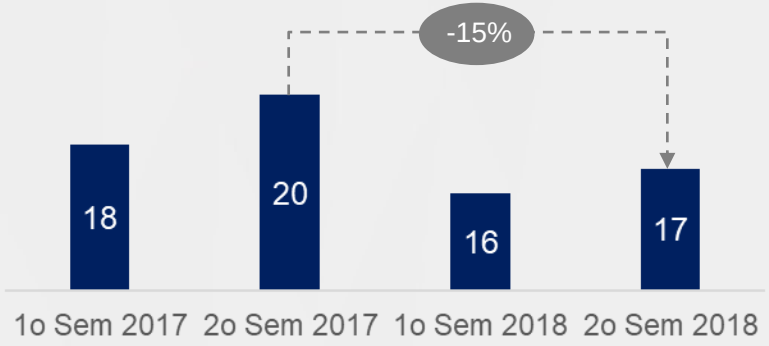
- Implementation of S&OP
- Definition of the Inventory Policy
- Creation of Service Level
- Implementation of the Production Wheel
- Management of Logistics Operations
- New Demand Planning
- Implementation of OTM
- Implementation of ASCP
- Layout Review and Operations Flows



Returns* – MM R$



Days' Supply – Finished Products



* Returns due to logistic reasons only

Network Project
The Best Logistics in Brazil

Objective

Maximize Contribution Margin

How

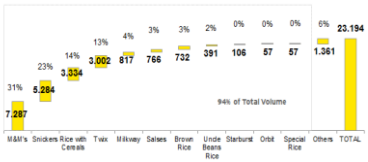
Integrated optimization between operations and fiscal areas

Scope

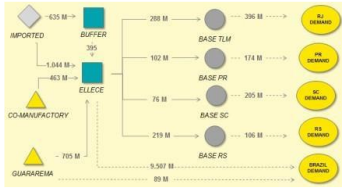
Suppliers, Units, DCs, Clients



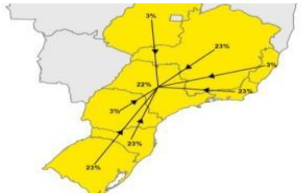
1. Mapping of Demand



2. Operational Mapping



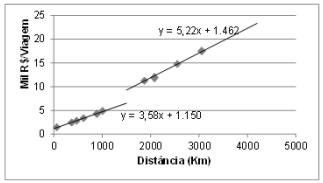
3. Fiscal Mapping



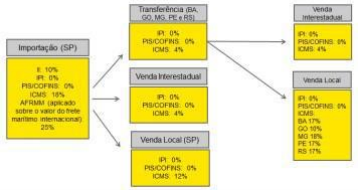
4. Demand Modeling



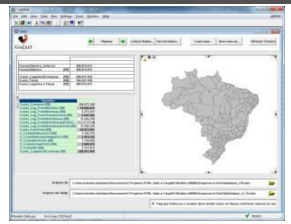
5. Operational Modeling



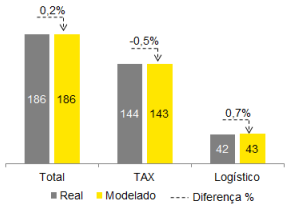
6. Fiscal Modeling



7. Model Optimization



8. Model Validation



9. Scenario Analysis



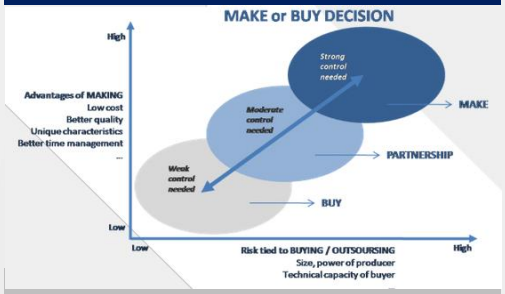
Challenges for 2019

- ✓ Increasing Freight Costs
- ✓ Operational Integration of Piraquê
- ✓ Reduction in Total Delivery Time
- ✓ “The Best Logistics in Brazil” Program





Increasing Freight Costs

Distance Reduction - Network	*Segmentation of the Transportation Strategy*	*Industrial Flexibility*
		
Logistics Network vs. Consumption Centers	Distance vs. Drop Size Make or Buy	Production vs. Consumption Centers



Operational Integration of Piraquê



Integration Strategy

- ✓ ***Optimization and Standardization***
- ✓ ***Product Nationalization***
- ✓ ***Synergies of Operations***
- ✓ ***Verticalization of Vegetable Shortening***



Queimados (RJ)

Fábrica Biscoitos

"State of the art"

Madureira (RJ)

Fábrica Biscoitos e Massas

Fábrica Gordura



Reduction in Total Delivery Time



Order Cycle



Client Segmentation



Flexibility and Agility





"The Best Logistics in Brazil" Program

MDB Goals

Service Level **Costs** **Produtivity**

Logistic Planning	Internal Operations	Transport Efficiency	Technological Infrastructure	People Development
				

Processes **People**





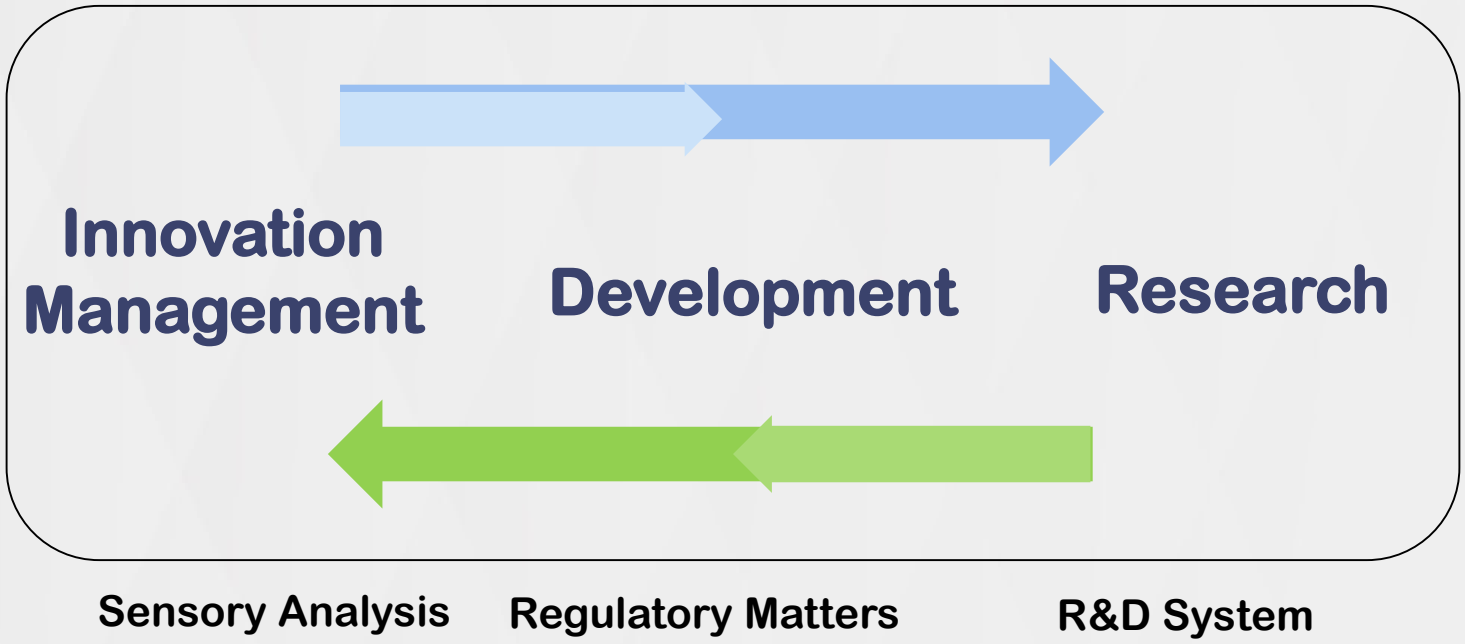
Research, Development and Innovation

Fernando Bocchi

Our Mission

To develop healthy, tasty products that are recognized for their quality, through the research and execution of technological solutions and innovation, meeting all technical regulations in an ethical way to achieve consumer trust and acceptance.

Research, Development and Innovation management



How we generate value

Delivering innovative products

Managing technological know-how and applying it to manufacturing plants, laboratories and pilot plants

Identifying technological government and market trends

Exploring opportunities inside and outside M Dias Branco and applying them to the business

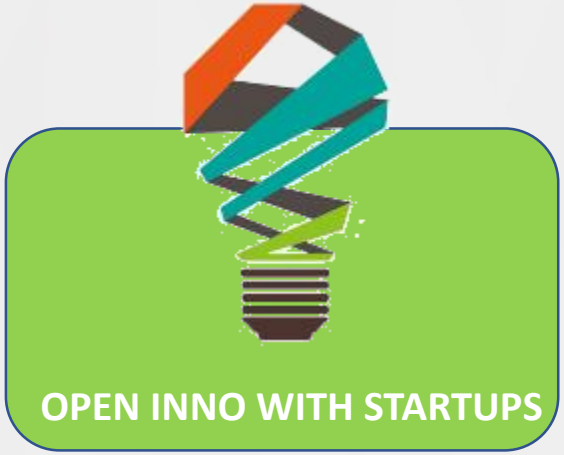


Innovation Action Fronts









Innovation Radar (since 2016)



Healthy and Tasty

Nutrition

Indulgence and Experience

Convenience

Affordable

Some Recent Highlights

2017: 36 new products
2018: 23 new products

2017

Healthy and Tasty

Convenience



2018

Indulgence and Experience

Affordable



2018

Healthy and Tasty

Affordable



2018

Affordable



2018

Convenience

Indulgence and Experience



2018

Convenience

Indulgence and Experience



Portfolio Management

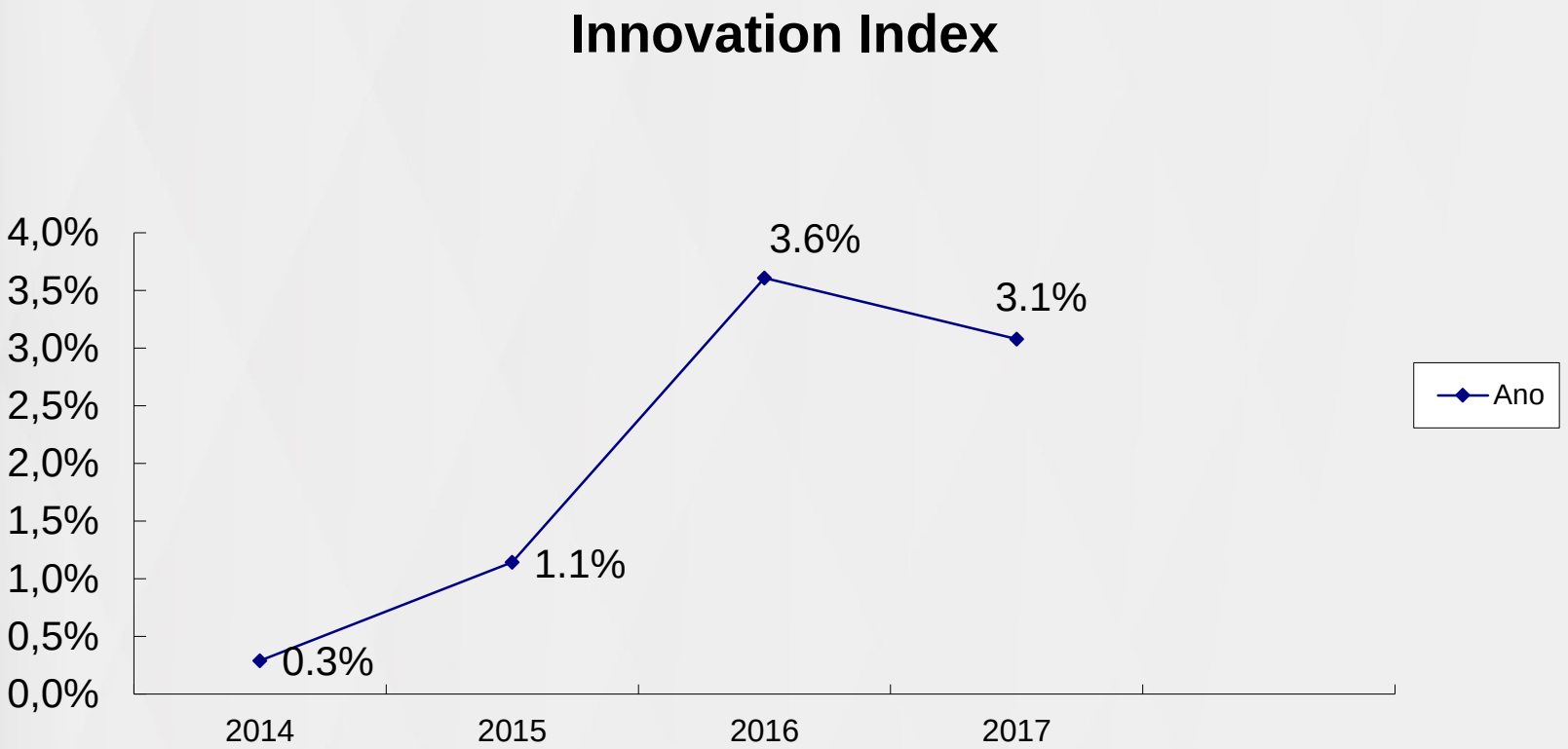


	2017	2018
Classe 5	5%	14%
Classe 4	4%	6%
Classe 3	36%	31%
Classe 2	53%	46%
Classe 1	3%	3%

Class 5: Everything new
Class 4: New to M. Dias Branco
Class 3: Product line extension
Class 2: Improvement /Saving
Class 1: Transfer

Innovation index

- **Participation in the last 24 months in the raw income of the company. Raw income without industrial.**



“R” as in Research



Established strategic alliances with research centers, universities and suppliers for knowledge generation and development of new projects.

FoRC
FOOD RESEARCH CENTER
Centro de Pesquisa em Alimentos

UNICAMP

INSTITUTO SENAI
DE TECNOLOGIA
ALIMENTOS E BEBIDAS

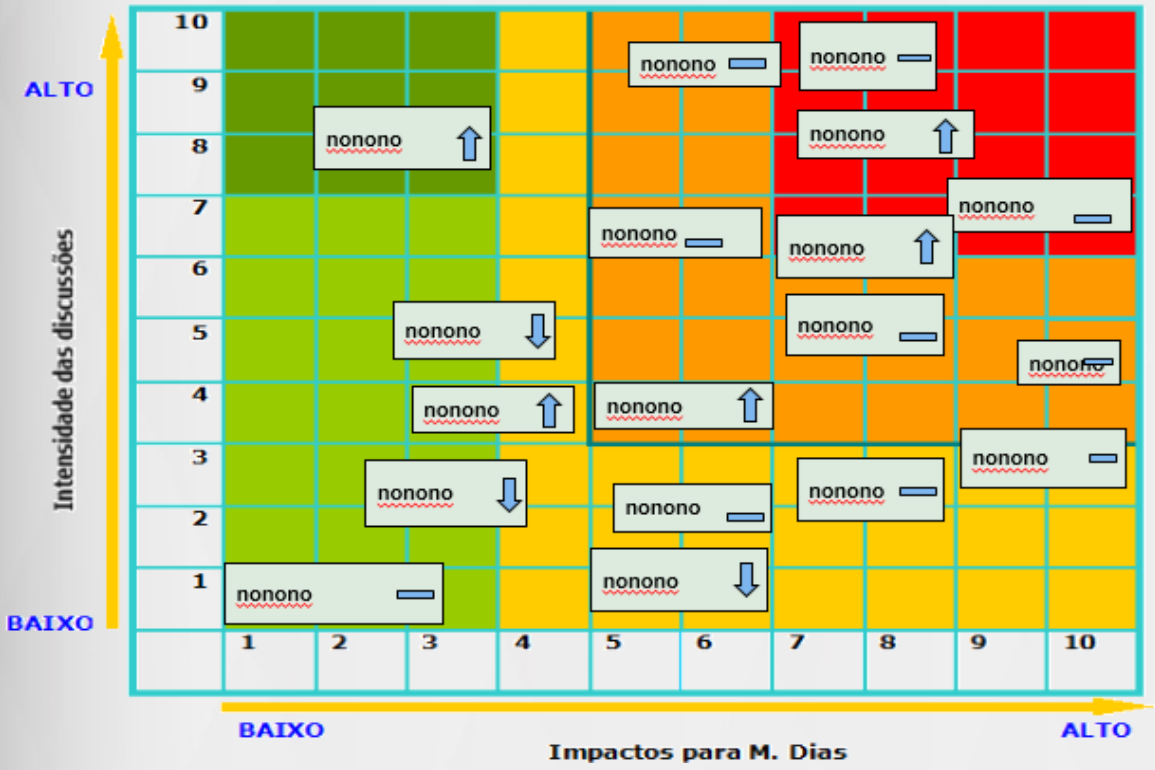
DUPONT

H2Nutri
HEALTH & NUTRITION

UFC

Regulatory Heat Map

MAPEAMENTO REGULATÓRIO (since 2016)





Whole Wheat Flour



Trans Fat



Nutrition Labeling



Sugar Reduction

illustrative image

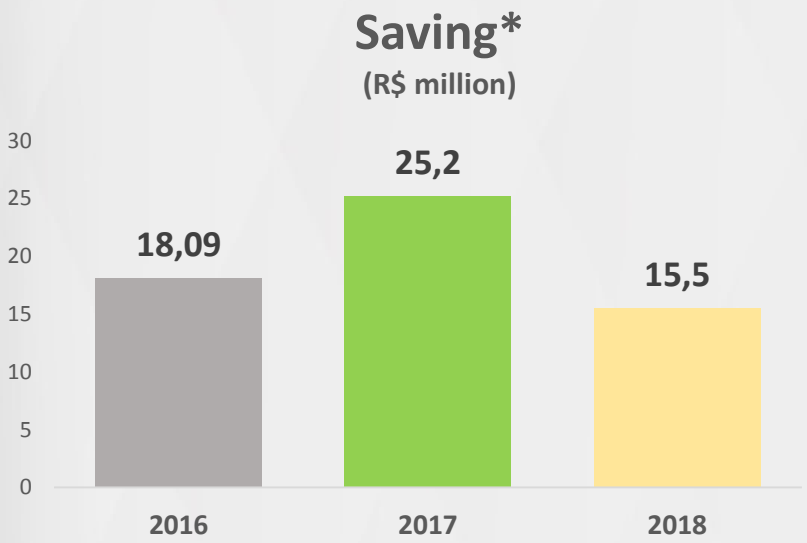
Nutritional Guide (since 2018)

I. NUTRIENTS	II. SPECIFIC ATTRIBUTES	III. CLASSIFICATION
TOTAL SUGARS SATURATED FAT SODIUM	PROVIDE PRODUCTS WITH POSITIVE FEATURES. I.E.: SOURCE OF FIBERS, WHOLE GRAIN CEREALS, GRAINS, SEEDS, ETC...	BEST FOR YOU BETTER FOR YOU GOOD FOR YOU JOY FOR YOU

JOY	GOOD	BETTER	BEST
Products focused on specific consumption and indulgence moments	Products that are consumed daily	Products with better nutritional balance	Products with more specific nutritional claims.

How R&D helps in Productive Efficiency?

- Technical support for manufacturing and supply
- Process Improvement
- Improvements in raw and packaging materials aimed at performance



*Current year results of last 24 months projects.

New sensorial laboratory (since 2018)

- Apply sensory analysis with the inside and outside public
- Sensory capacityof the teams in every M Dias Branco unit
- Establish of sensory profile of finished products







Silicon valley mission and Brazillian Ecosystem (2017)



germinar

Germinating business, nurturing the future



- **Program of connection with Startups**

Develop the current business

- INGREDIENTS
- PACKAGING
- MEDIA
- TEAM COMMUNICATION
- TRADE MARKETING
- LOYALTY

New opportunity

- NEW BUSINESSES

germinar

Germinating business, nurturing the future



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STARTUPS APPLIED TO THE PROGRAM

11

STARTUPS WERE APPROVED FOR THE PILOT PHASE

Ingredients and Packaging	New Business	Marketing and Trade Marketing
nvg	mandala comidas especiais	xGB
BIOIN FOOD	seeds	dod
nanoTropic	Celi Vita GLUTEN FREE	snapcart
		postmetria



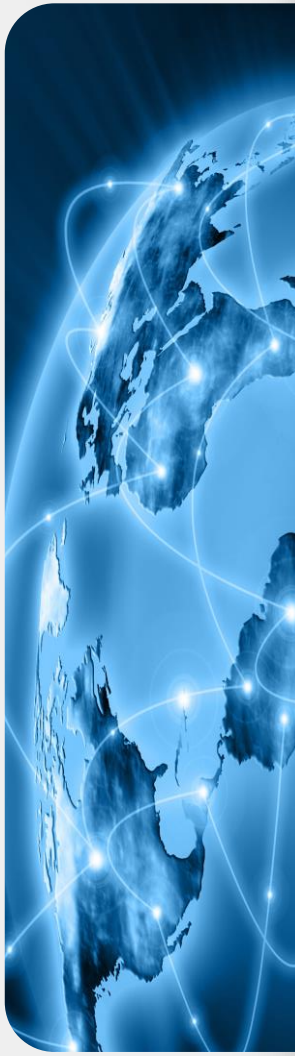
Strategy and Opportunities

Fabio Cefaly

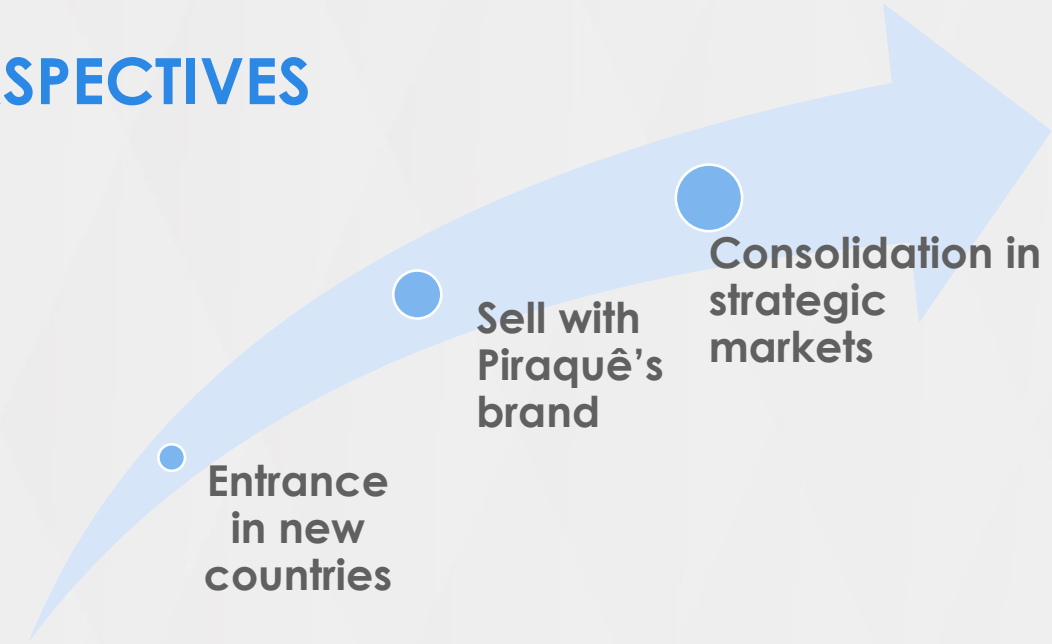
Export

2018

- Pesence in 5 continents (36 countries)
- Development of new products and own brands



PERSPECTIVES



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Constant Evolution of Social, Environmental and Corporate Governance

MATERIAL ISSUES AND SUSTAINABLE DEVELOPMENT OBJECTIVES PURSUED BY THE COMPANY

THE GLOBAL GOALS
For Sustainable Development



	1	2	3	4	6	7	8	9	10	12	13	16
Economic							●	●				
Ethics and Integrity												●
Stakeholder engagement				●								
Development of Human Capital							●					
Occupational Health and Safety			●									
Training and Education				●								
Nutrition and Healthiness			●									
Packaging										●		
Waste Material										●		
Water and Wastewater					●			●				
Energy and Emissions						●					●	
Communities and social investment	●			●					●			
Consumables		●					●				●	

● Areas of expertise

Growth strategy with attractive profitability and return for shareholders

Growth Drivers

- Geographies and categories little explored in the core business
- Entry into new categories
- International markets expansion

Efficiency Drivers

- Logistic and production footprint optimization
- New business and marketing tools (ex: pricing)
- Technology at the servisse of the business model
- Innovation as a source of value generation
- Strong team with remuneration aligned to short and long term goals



Thank you!