# Company Presentation
# September 2018

M. Dias Branco

Food for the well-being of Society and the people's happiness.



*1. Corporate Profile*

*2. Results*

*3. Corporate Governance and Capital Market*




# *Corporate Profile*



*Over 65 years operating in the food sector in Brazil*



*National Leader in the cookies and pasta markets*



*Growth strategy and consistent results*



*Strong acquisition track record*

# AN ENTREPRENEURIAL HISTORY

Find out more about the evolution of M. Dias Branco over its history spanning more than 60 years:

**1951**
Small-scale production



**1953**
Scale production



**1960's**
Dispersed distribution model

**1978**
Launched the Richester brand

**1980**
Commissioned the Fortaleza Plant in Eusébio (CE)



**1992**
Early vertical integration



**2000**
Expanded production in the North-East region of Brazil

**2002**
Continued vertical integration

**2003**
New plant and expansion into South and Southeast markets through acquisitions

**2005**
Integrated production model



**2006**
Listing



**2008**
Building market leadership

**2011/12**
Continued acquisitions

**2014**
Entering new markets



**2015**
Continued vertical integration

**2016**
Restructuring of the sales model



**2017**
Continuous growth

# MISSION

We offer high-quality, innovative, healthy, tasty and competitively priced food products for people's nourishment and enjoyment

# VISION

We contribute to society's development through successful and sustainable partnerships, a global presence and diversified business, and are recognized for our respect for people and the environment, ethics, creativity, willingness to serve, simplicity and passion for everything we do



**Respect**

*Through respect, we contribute to a more peaceful and harmonious society.*
Antônio Edval Filho, Forneiro



**Goodwill**

*Great desire brings down big obstacles when the commitment to winning is greater.*
Ronaldo Brasil, Supervisor de Serviços Gerais



**Ethics**

*We should work in an ethical way, following the right principles, and appreciating everyones qualities and limitations.*
Kleilson Galvão, Supervisor de Manutenção Predial



**Simplicity**

*Simplicity always helps us to maintain a pleasant atmosphere, working as a team and looking to get the best results.*
Silvia Patricia , Assistente do Controle de Qualidade



**Expedition**

*I always try to be a visionary professional, with flexible attitudes, and getting the job done before the agreed time*
Cícera Pignatari, Líder de Produção



**Creativity**

*This is the most imporiant skill for a salespromoter.Being happy when people praise the work I do.*
Rodolfo de Jesus, Promotor de Vendas



**Endeavor**

*Its about true dedication, above all to the reduction of costs.I always apply myself to the work, the same way as the owner of the business does.*
Sérgio Alexandre, Auxiliar Administrativo



**Achievement**

*Its about giving your best to the work, applying all your knowledge, and beingwilling to always move forward.*
Odorvalino Carneiro, Operador de Processos III



**Excellence**

*"Its about offering safe food, doing a great job every day, and therefore managing to satisfy everyone, which is our goal.*
Janileide Vasconcelos, Nutricionista



**Security**

*I have safety as a guide for my routine. I help the employees to think more about their safety.*
Débora Silva, Analista de Controle de Qualidade

# *A team with 20 thousand* employees focused on sustainable results*



**55% Production**

**34% Sales and logistics**

**11% Administrative**

***33% women on the Board of Directors***

*(*) In 2017 the number was 16.7 thousand without Piraquê.*
*As of May 2018, 20 thousand employees with Piraquê..*

# *Competitive Advantages*



# A broad and diversified portfolio




| % of Sales 2017 | M. Dias Branco | M. Dias Branco + piraquê |
|---|---|---|
| Cookies & Crackers[1] | 53% | 56% |
| Pasta | 21% | 22% |
| Wheat Flour & Bran | 17% | 15% |
| Margarine & Vegetable Shortening | 6% | 5% |
| Others [2] | 3% | 2% |

[1] Contain Cookies, Crakers and Chocolate covered cookies.

[2] Cakes, snacks, cake mix and packaged toast

* Figures without Piraquê

# 19 brands with regional or national approach










*Brand with National approach*

# ...and our brands are awarded and recognized on a regionl and national basis

**VITARELLA** *was elected in* **2017** *as one of the* **"60 most valuable brands in Brazil",** *according to the ranking published by IstoÉ Dinheiro and prepared by Kantar*

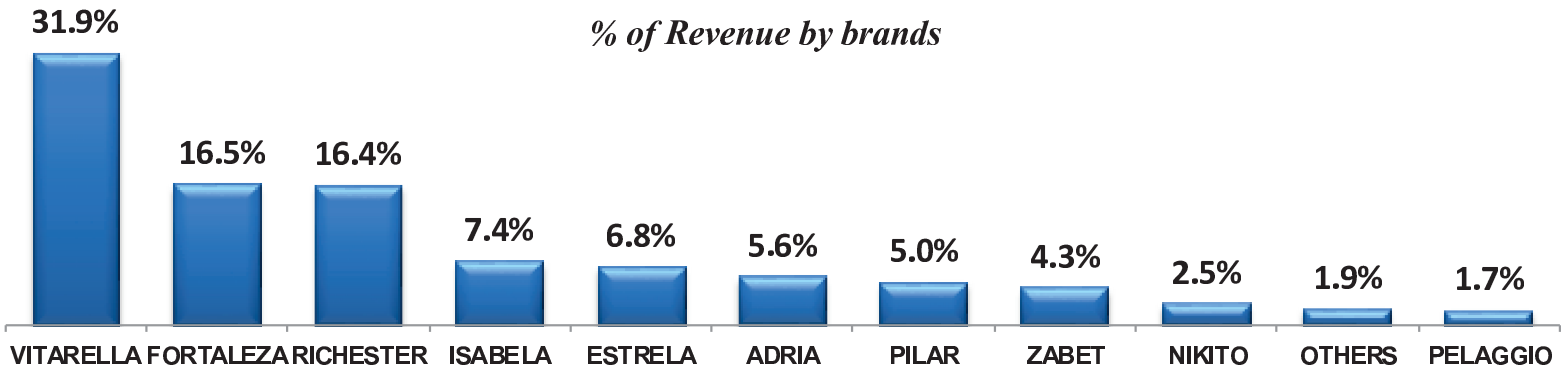
**ADRIA** *was elected in* **2016** *as one of the* **"50 most valuable brands in Brazil",** *according to the ranking published by IstoÉ Dinheiro and prepared by Kantar*

**ISABELA,** *a brand of pasta, biscuits and toast, was voted the* **preferred and most remembered brand** *in the state of Rio Grande do Sul in* **2017**.

# Sales per product line and brand

## Cookies & Crackers *

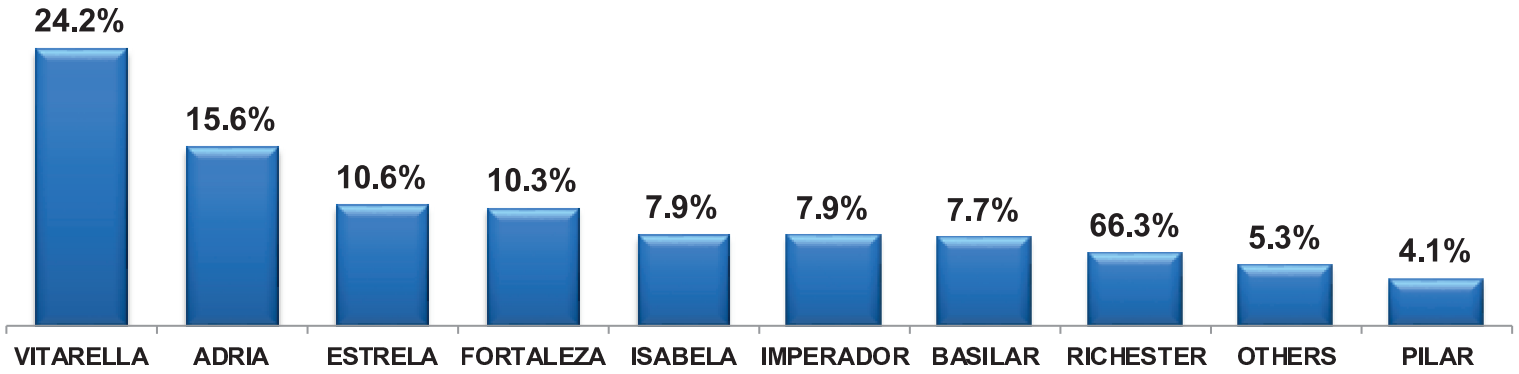
*% of Revenue by brands*




*Cookies and Crackers** **53.0% of total sales**

## Pasta *

*% of Revenue by brands*



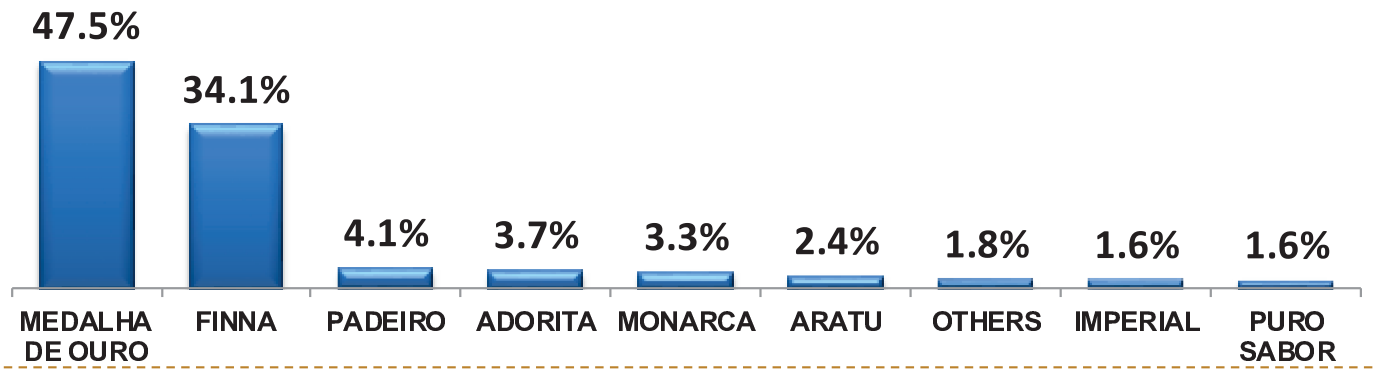

*Pasta** **21.4% of total sales**

(*) Figures without Piraquê

# *Sales per product line and brand*

## Wheat Flour & Bran *

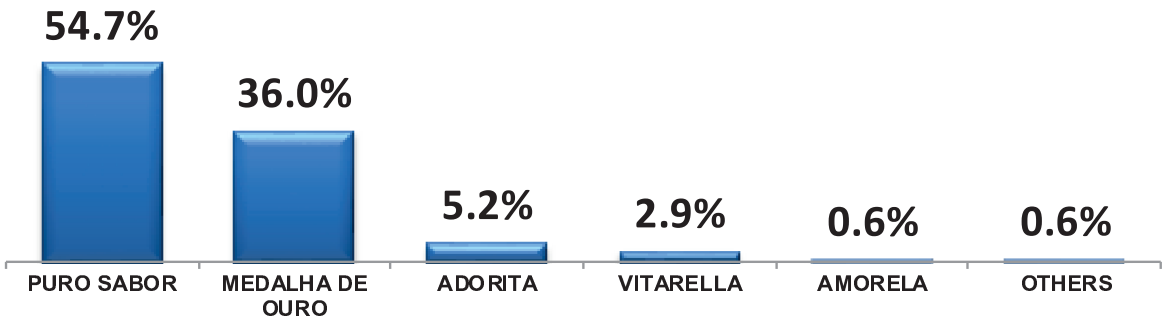
*% of Revenue by brands*




**Wheat Flour & Bran* 17.0% of total sales**

## Margarine & Vegetable Shortening *

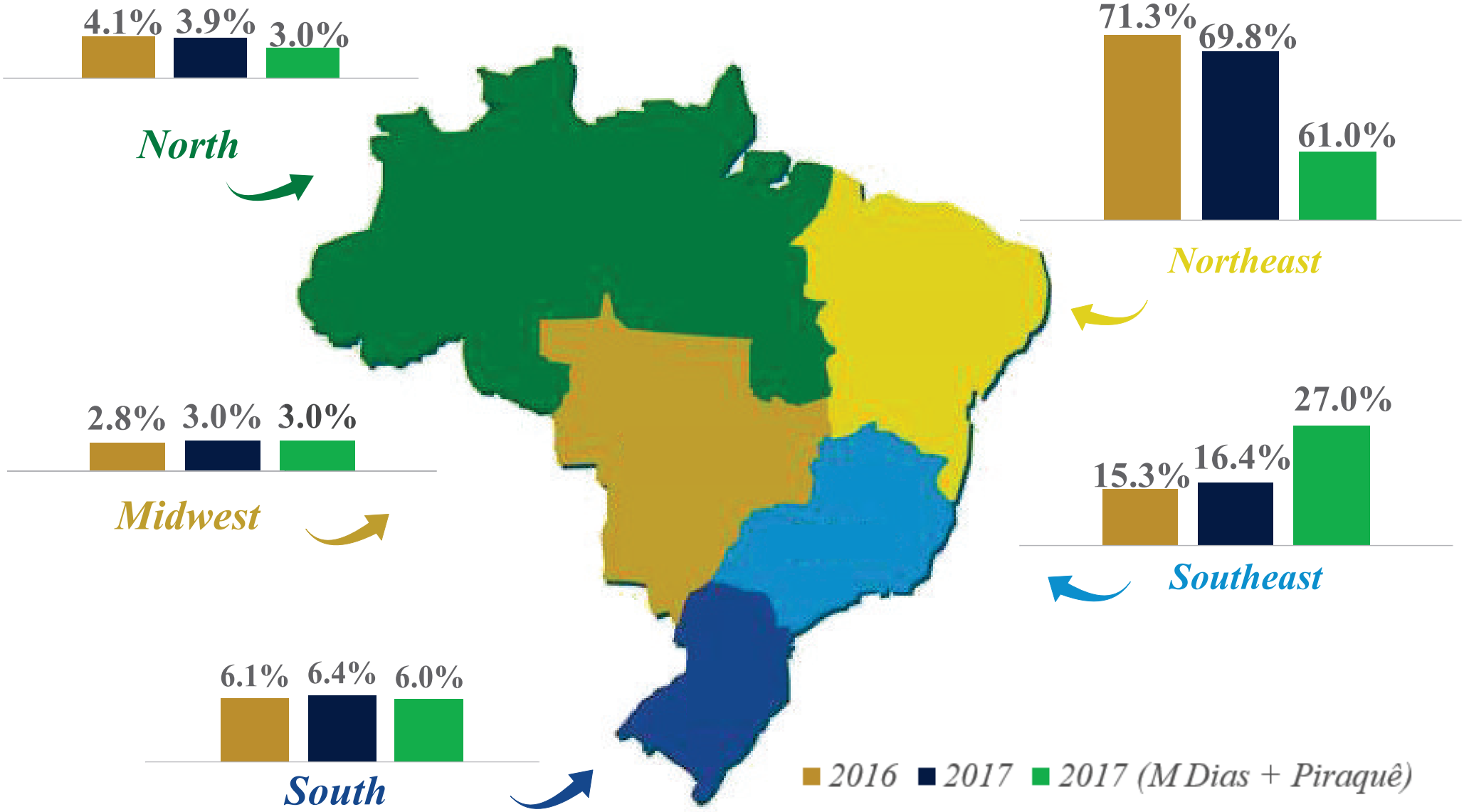
*% of Revenue by brands*




**Margarine & Vegetable Shortening* 6.0% of total sales**

(*) Figures without Piraquê

# % of total Net Sales by region

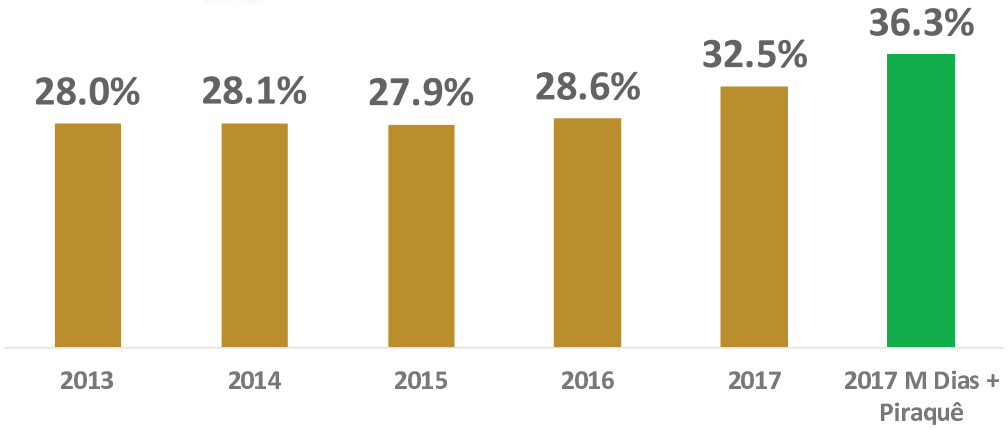



*Note: In 2017 0.5% (0.4% in 2016) of Net Revenue corresponded to exports.*

# National Market Leadership*

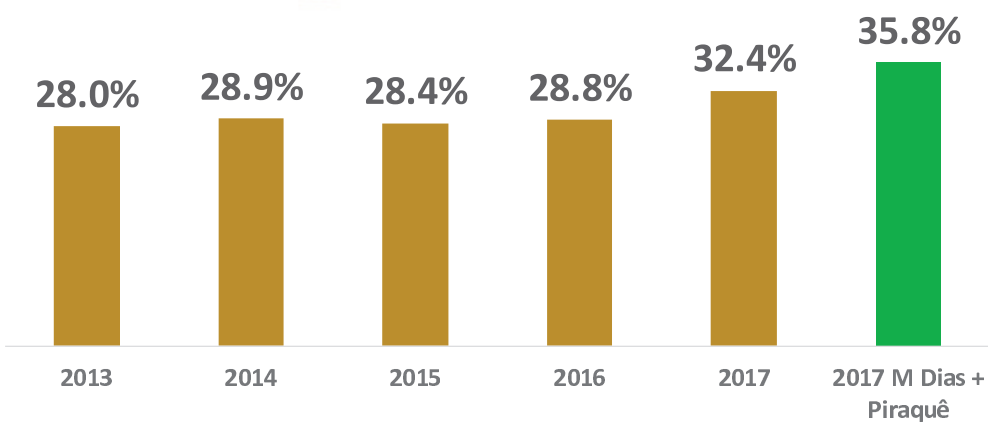


## Market Share Volume Cookies & Crackers[2]

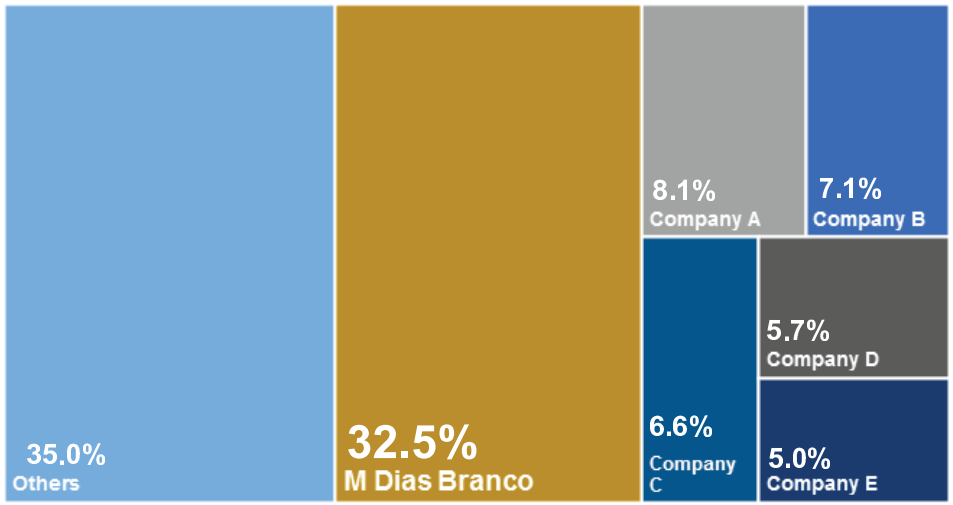




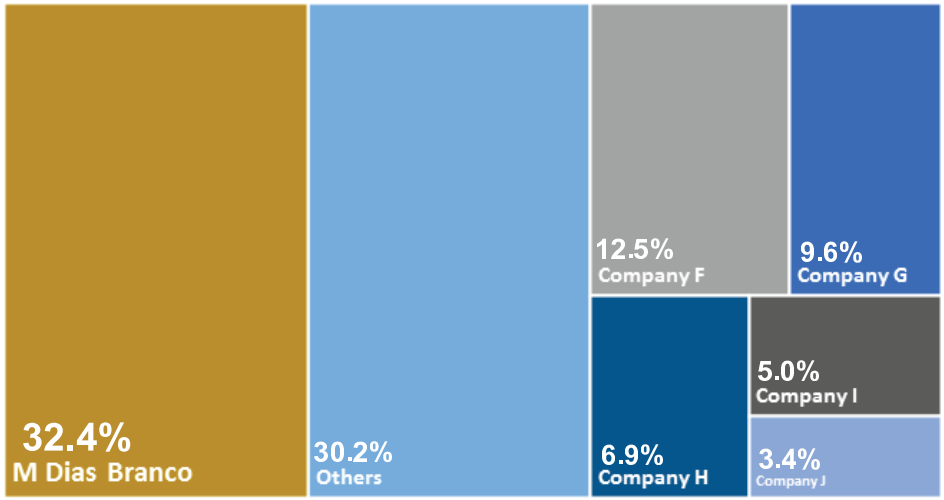

## Market Share Volume Pastas[2]




[1]Leadership in Cookies & Crackers in 2017




[1]Leadership in Pasta in 2017




*[1] Until 2016, AC Nielsen market share data considered retailers only and, as of 2017, they have also included cash & carry outlets.*
*Cash & Carry: a sales channel that offers a hybrid business model, aimed at both the retailer (merchants, grocers) and individual consumers*
*[2] Period: jan-dez/17* ***(*) Figures without Piraquê***

# *Assertive creation of new products, packaging and categories in line with consumer needs, market trends and scenarios*

Healthy with flavor

Nutrition

Indulgence and experience

Convenience

Affordable















# *Marketing investments to drive sales and to create strong brands*

## *Richester Animados Zoo*




## *Vitarella Treloso*




## *FINNA*

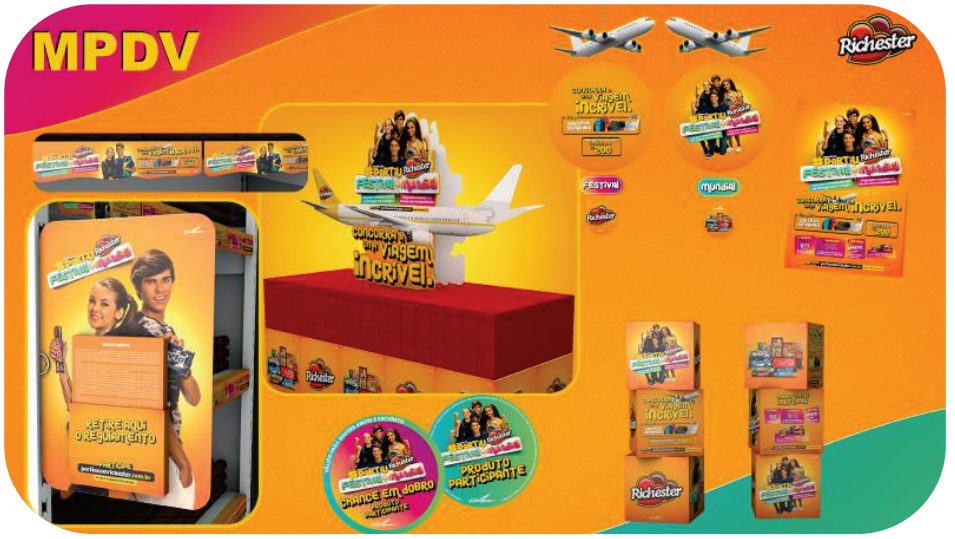



## *Salsitos*



# *Marketing investments to drive sales and to create strong brands*






# *We are also investing on new packages*

## *Previous Packages*










## *New Packages*









# *We are also investing on new packages*

## *Previous Packages*





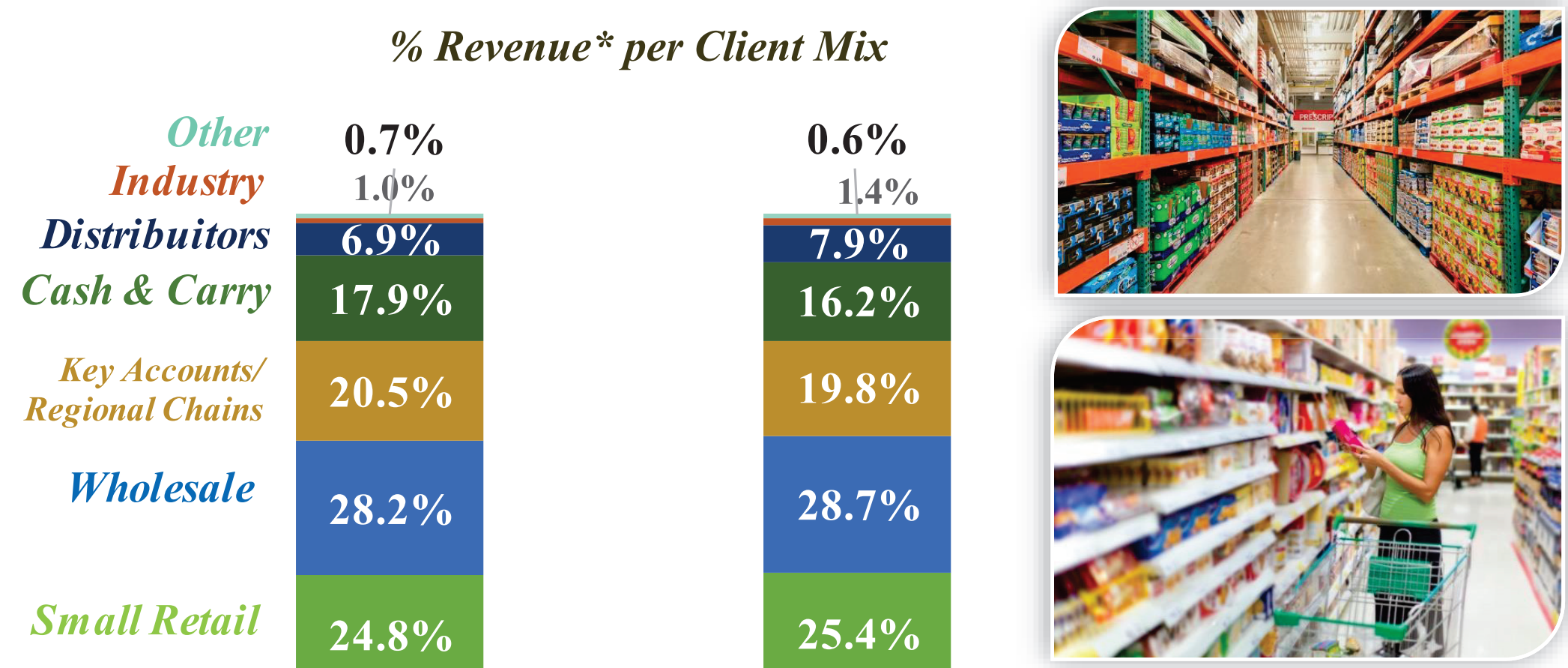


## *New Packages*






# Our products are sold through a diversified cliente mix

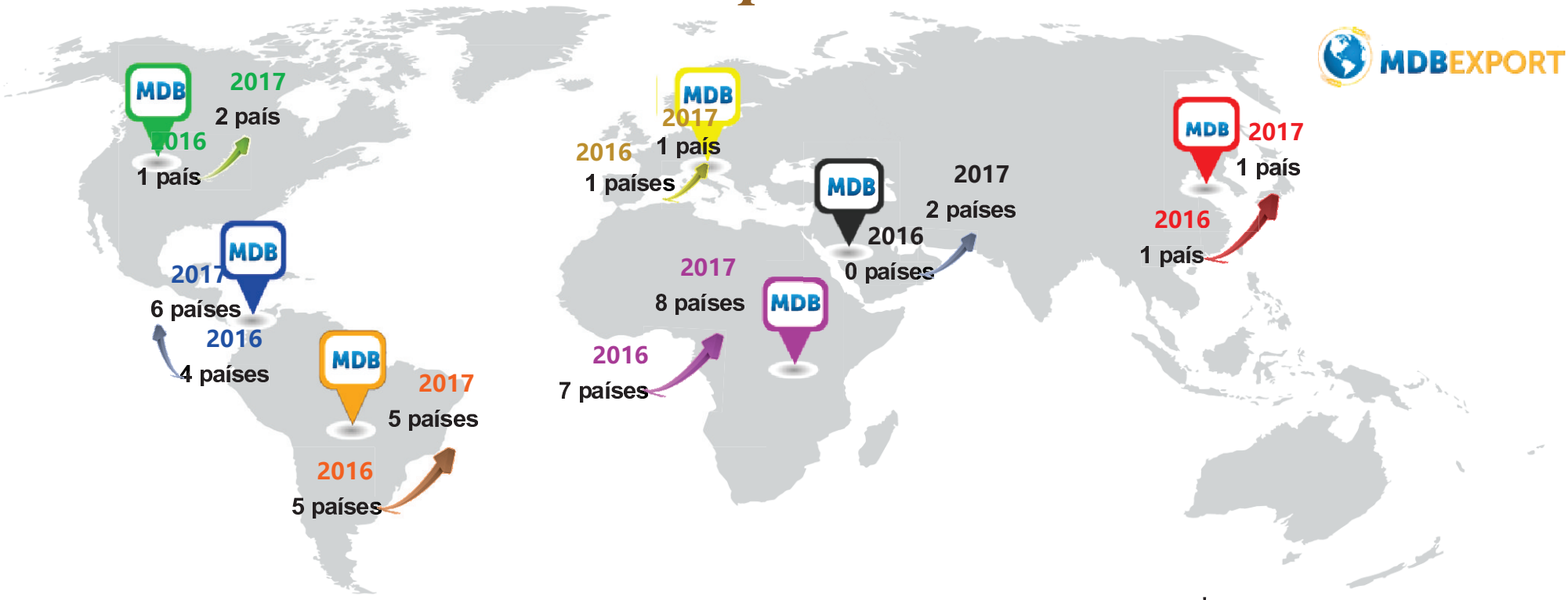







(*) Figures without Piraquê

# Exported to 25* Countries in 2017




## MDB 2016 *

- South America
- Central America
- North America
- Ásia
- África
- Europe

## MDB 2017 *

- South America
- Central America
- North America
- Asia
- Africa
- Europe
- Middle East

(*) Figures without Piraquê

# 15 Industrial Plants and 38 Distribution Centers



**Fábrica Fortaleza**

State of Ceará



**Grande Moinho Aratu**

State of Bahia




**Gorduras e Margarinas Especiais**

State of Ceará



# *The vertically integrated production increases our competitiveness*

**VERTICAL INTEGRATION OF WHEAT FLOUR ***



**92% of the wheat flour we consume is produced internally**

**VERTICAL INTEGRATION OF VEGETABLE OIL ***



**83% of the vegetal shortening we consume is produced internally**

(*) Figures without Piraquê

# *Sustainability*

ser sustentável
POR UM MUNDO CADA VEZ MELHOR




## Topics of Work Groups

- Nutrition and Health
- Packaging
- Waste
- Water - Effluents | Energy - Emissions
- Social Investments and Communities
- Transparency and Dialogue
- Inputs

**“Expand business and generate value with responsibility to current and future generations”**

# Strong Acquisitions Track Record

***Aquisition in 2003***

ADRIA

***Regions: South and Southeast***



***Aquisition in 2008***

VITARELLA

***Region: Northeast***



***Aquisition in 2011***

PILAR
DESDE 1875

***Region: Northeast***



***Aquisition in 2011***

Estrela

***Region: Northeast***



***Aquisition in 2012***

MOINHO Santa Lúcia

***Region: South***



***Aquisition in 2018***

piraquê

***Region: Southeast***



# *The closing of the Piraquê acquisition was in May 2018*




*Cookies and Crackers**

- *Volume and Value Brazil Share:* **3.8% and 6.2%**
- *Volume and Value Southeast Share :* **8.1% and 12.0%**
- *Volume and Value Northeast Share:* **0.3% and 0.6%**




*Powder Juice*




*Pasta*

- *Volume and Value Brazil Share:* **3.4% and 4.2%**
- *Volume and Value Southeast Share:* **7.1% and 8.2%**
- *Volume and Value Northeast Share:* **0.4% and 0.6%**

*** The information presented is the Market Share in Volume and Value Sales of the Piraquê brand (year 2017)**

# *Strategy*



**Expanding Market Share leadership.**



**Organic Growth**



**New acquisitions.**



**Operations in new food segments.**



**Vertical integration expansion.**



**Maintain the current dividend policy.**

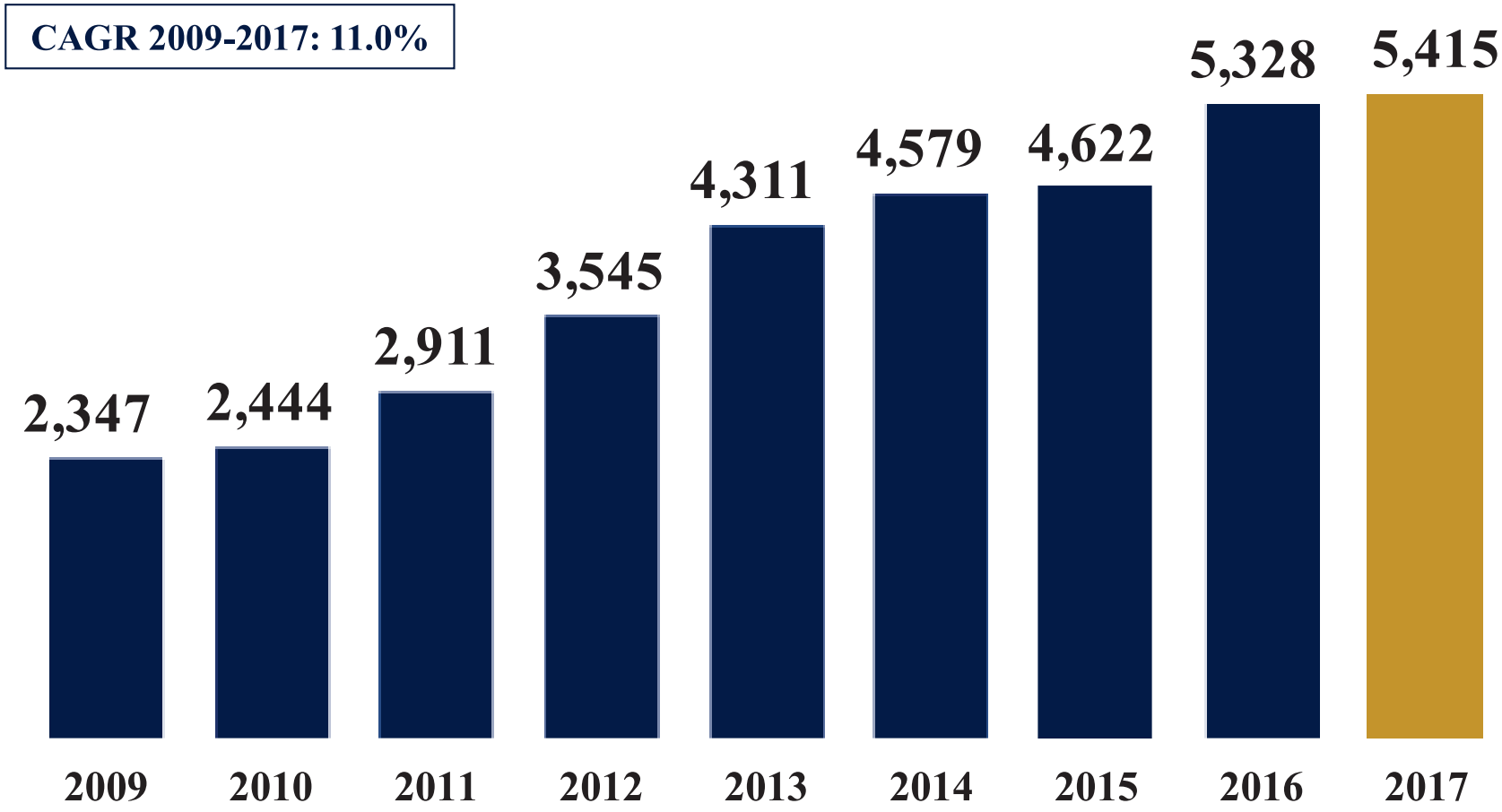


**Continuous search for more operational efficiency and costs control.**

# *Results*



# *Net Revenue* (R$ million)*

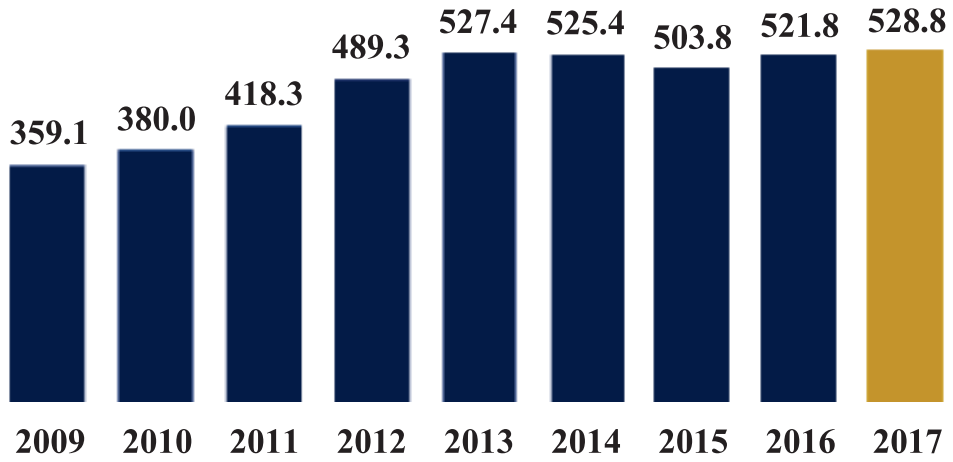



(*) Figures without Piraquê

# Sales Volume * by Product Line

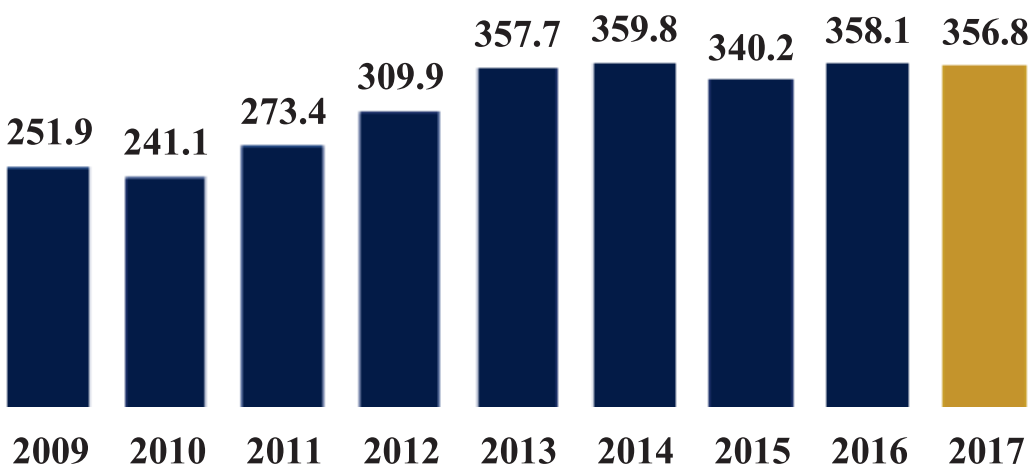
## Cookies and Crackers – Sales ('000 tonnes)

CAGR 2009-2017: 5.0%



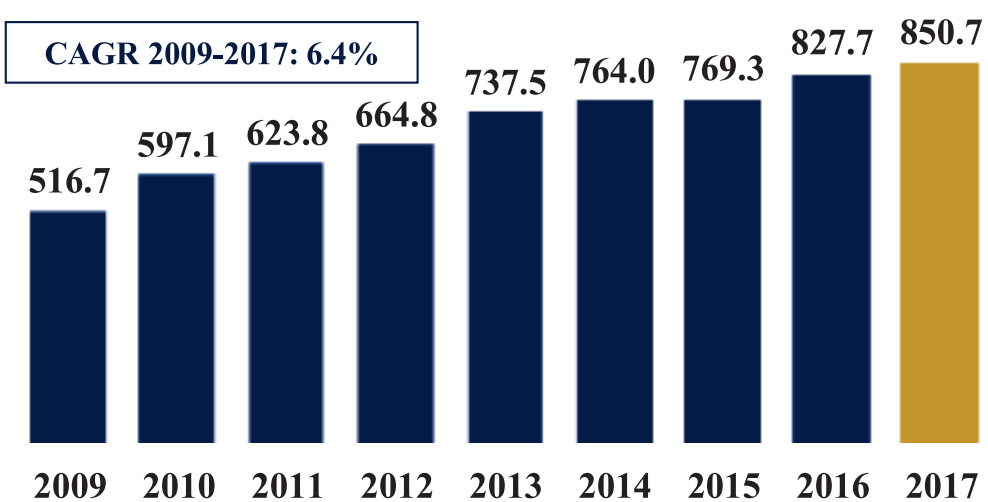

## Pasta – Sales ('000 tonnes)

CAGR 2009-2017: 4.4%



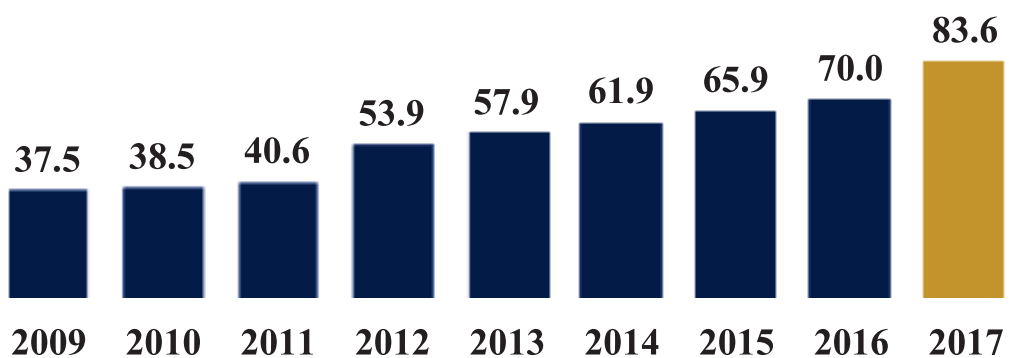

## Wheat Flour and Bran – Sales ('000 tonnes)

CAGR 2009-2017: 6.4%




## Margarine and Vegetable Shortening – Sales ('000 tonnes)

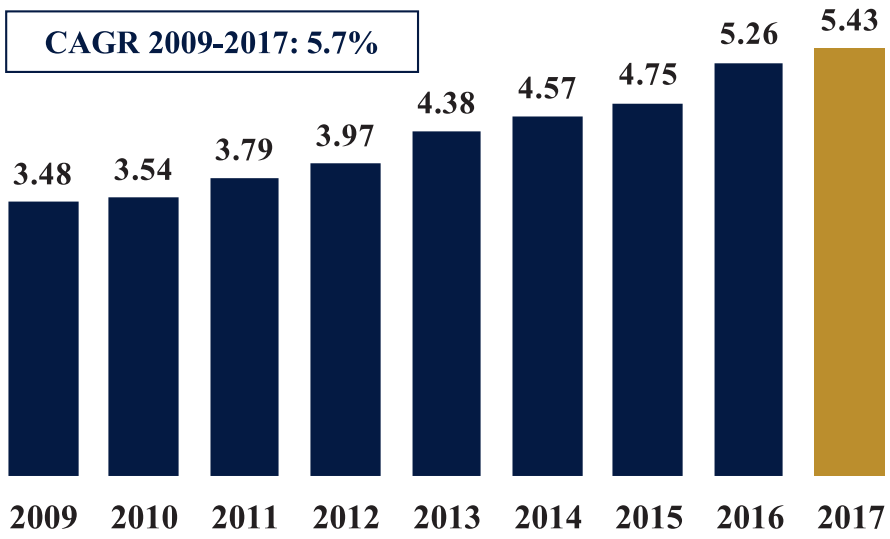
CAGR 2009-2017: 10.5%



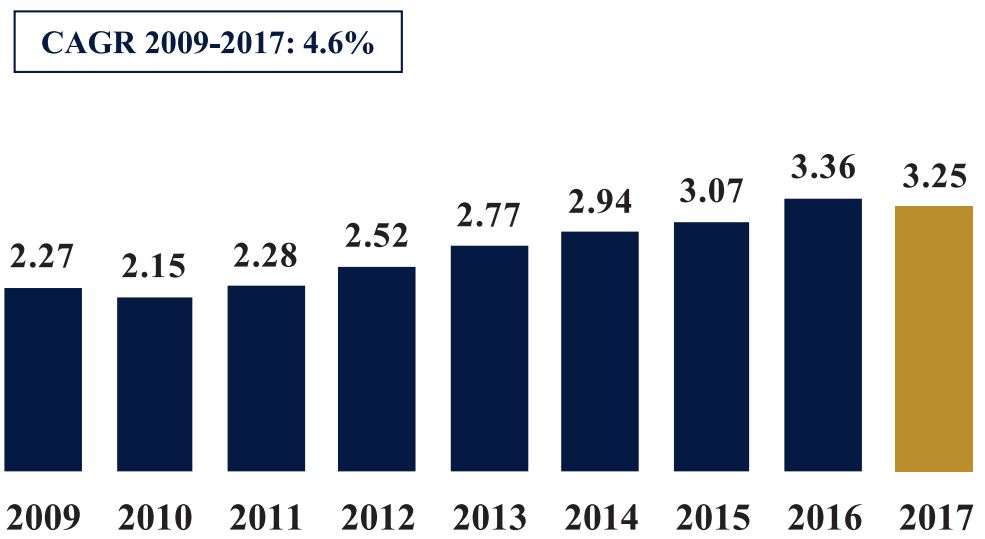

(*) Figures without Piraquê

# Net Average* Price by Product Line

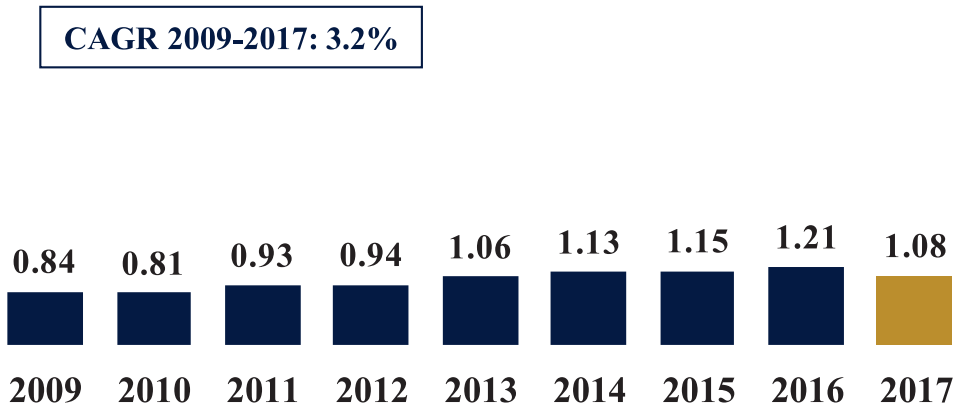
## Cookies and Crackers – Sales (R$/Kg)



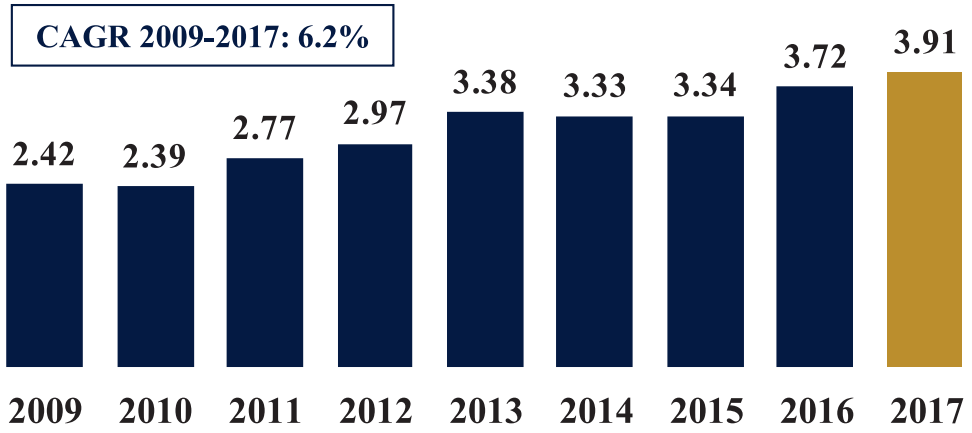

## Pasta – Sales (R$/Kg)




## Wheat Flour and Bran – Sales (R$/Kg)



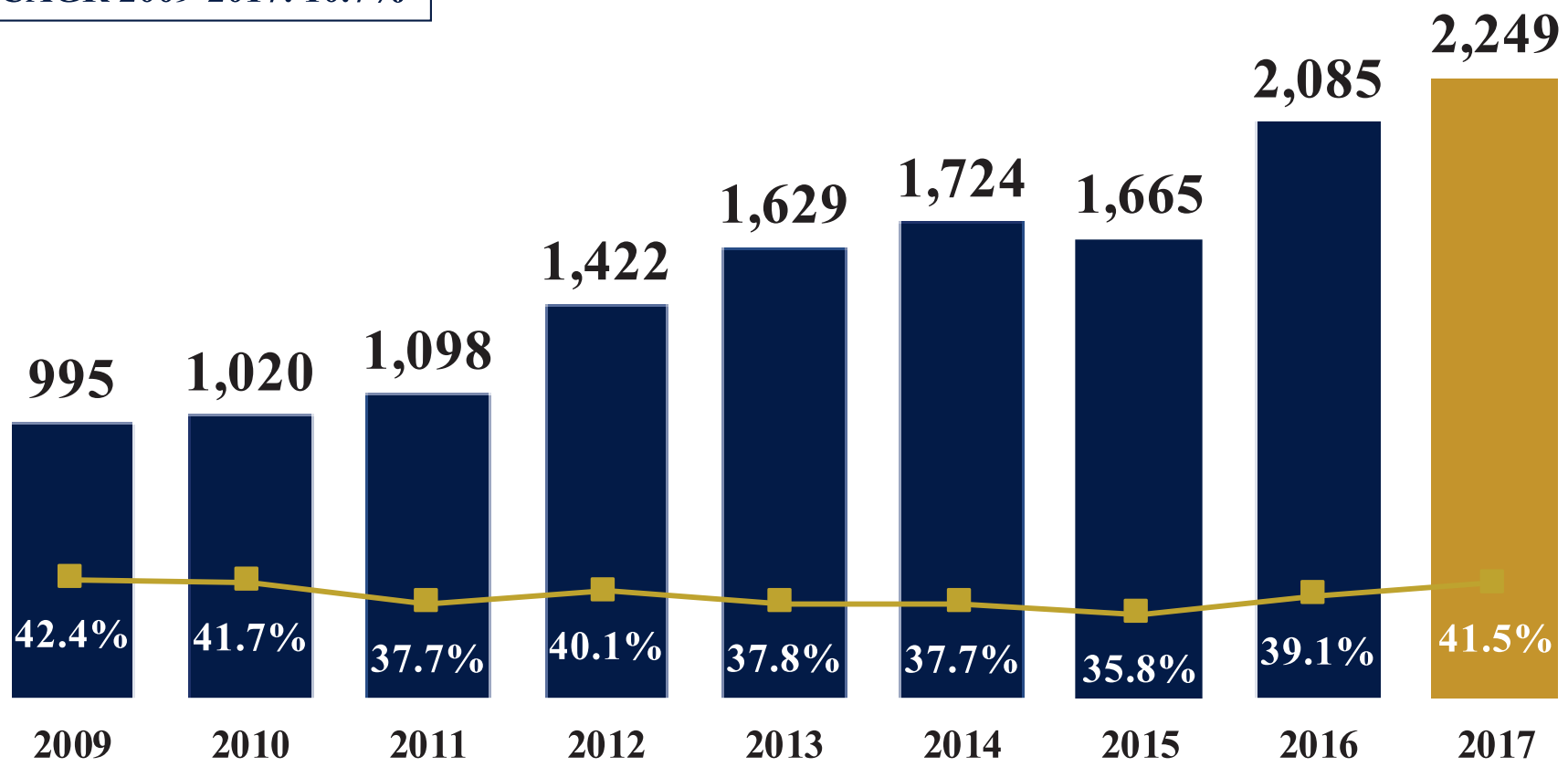

## Margarine and Vegetable Shortening – Sales R$/Kg)




(*) Figures without Piraquê

# *Gross Profit* (R$ million) and Gross Margin* (%)*

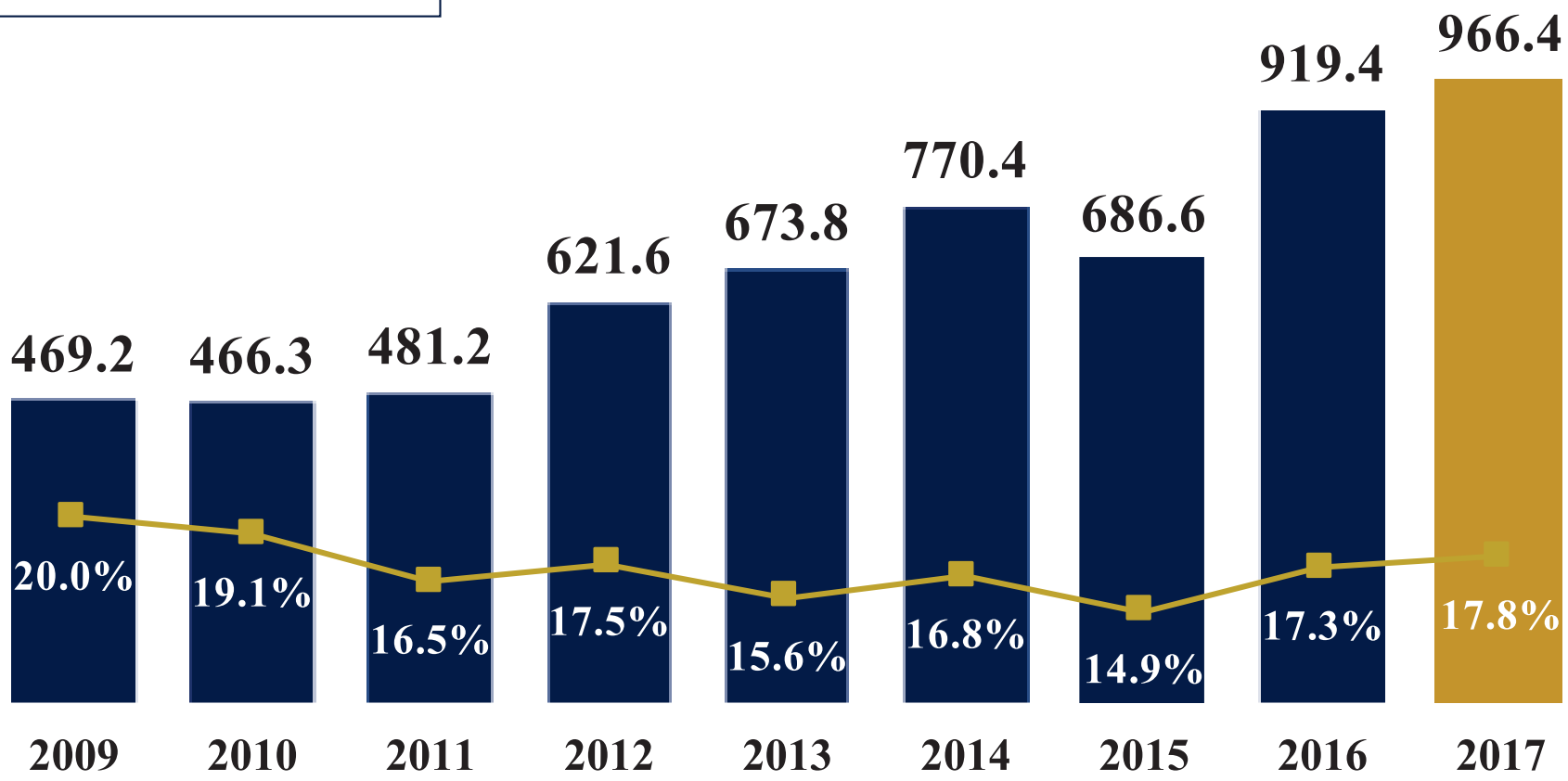
**CAGR 2009-2017: 10.7%**




(*) Figures without Piraquê

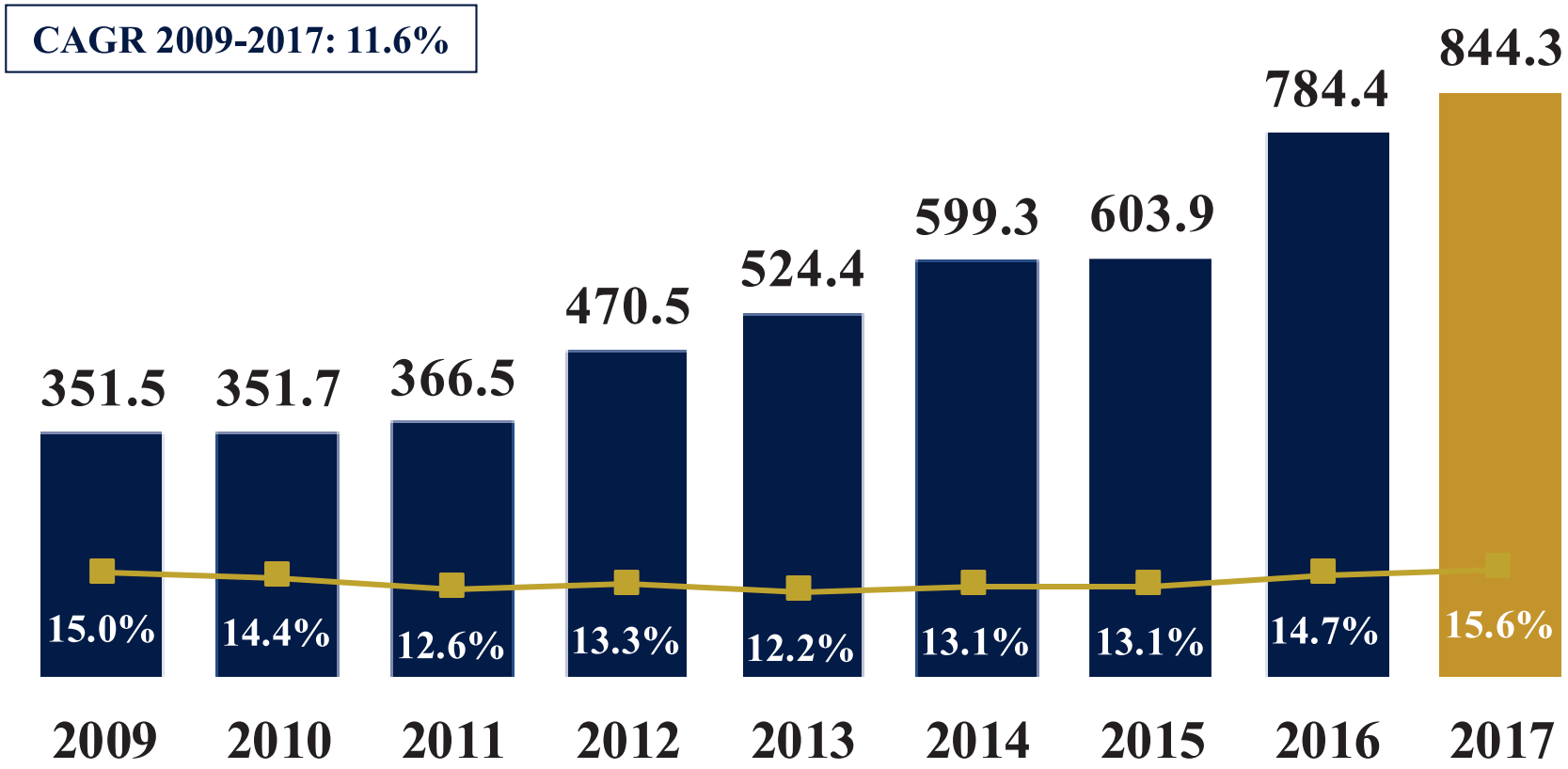
# *EBITDA* (R$ million) and and EBITDA Margin* (%)*

CAGR 2009-2017: 9.5%



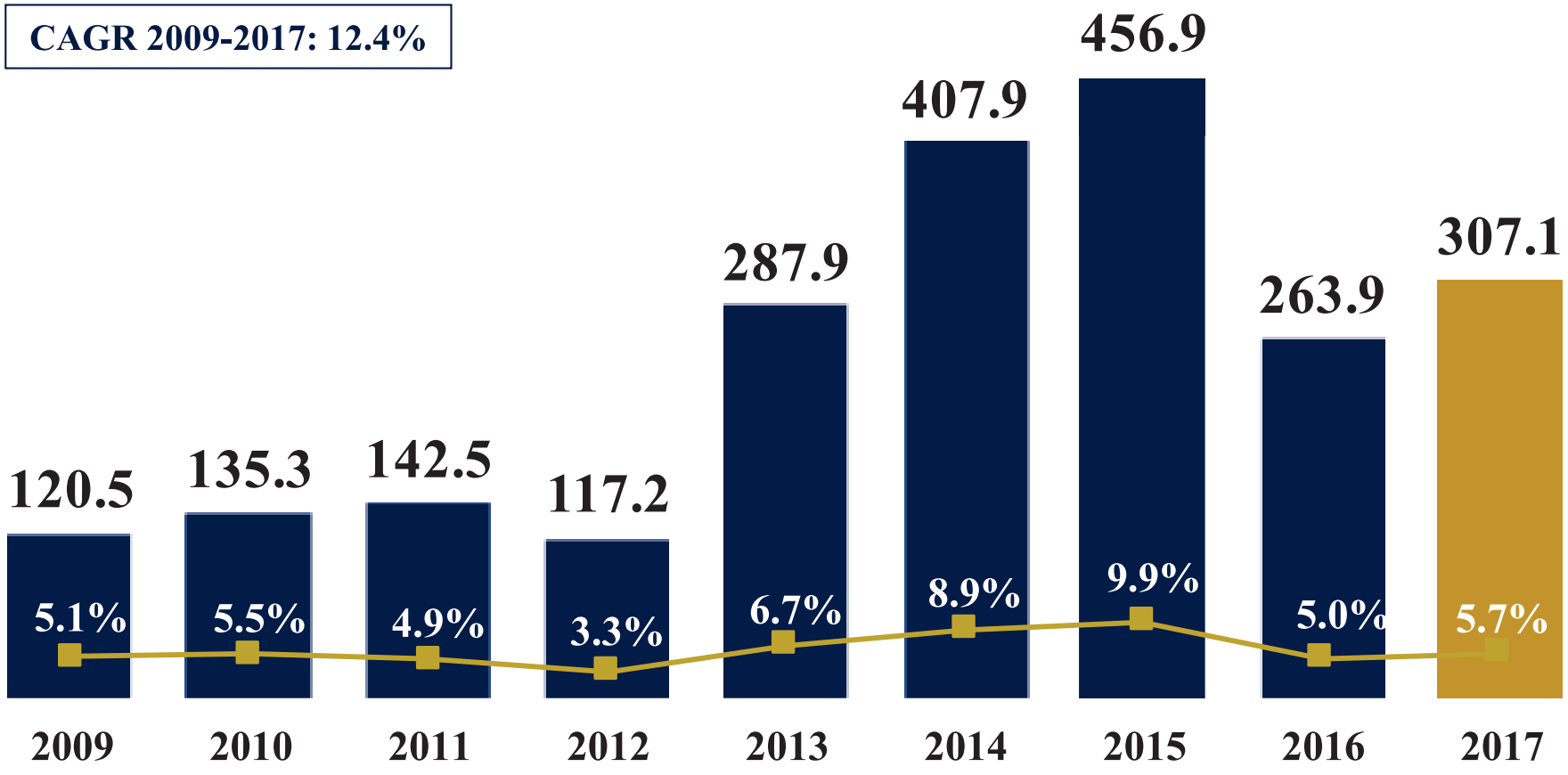

(*) Figures without Piraquê

# *Net Profit* (R$ million) and Net Margin* (%)*




(*) Figures without Piraquê

# *Capex* (R$ million) and Capex*/Net Revenue (%)*

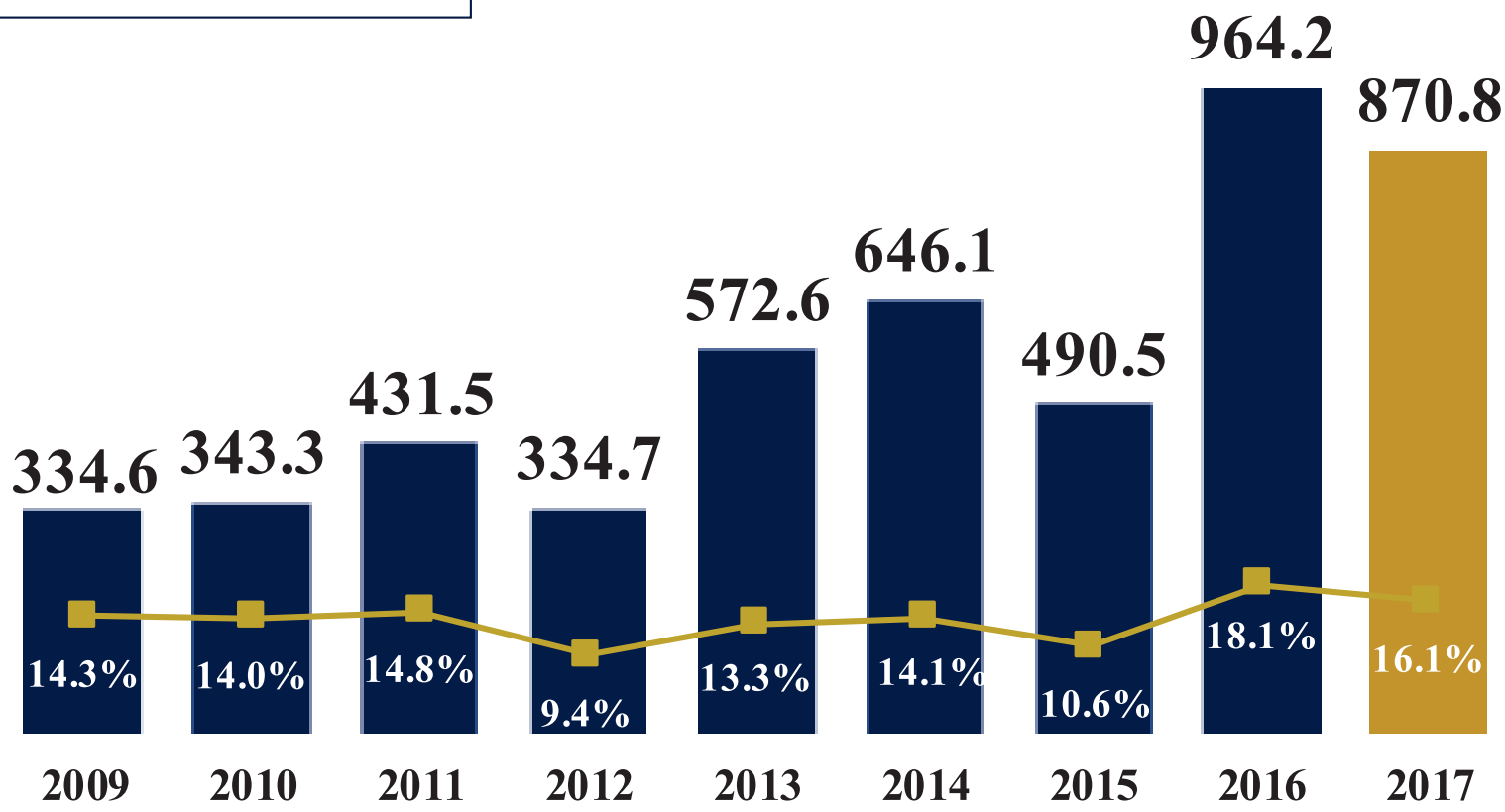



** Excluding acquisitions*

(*) Figures without Piraquê

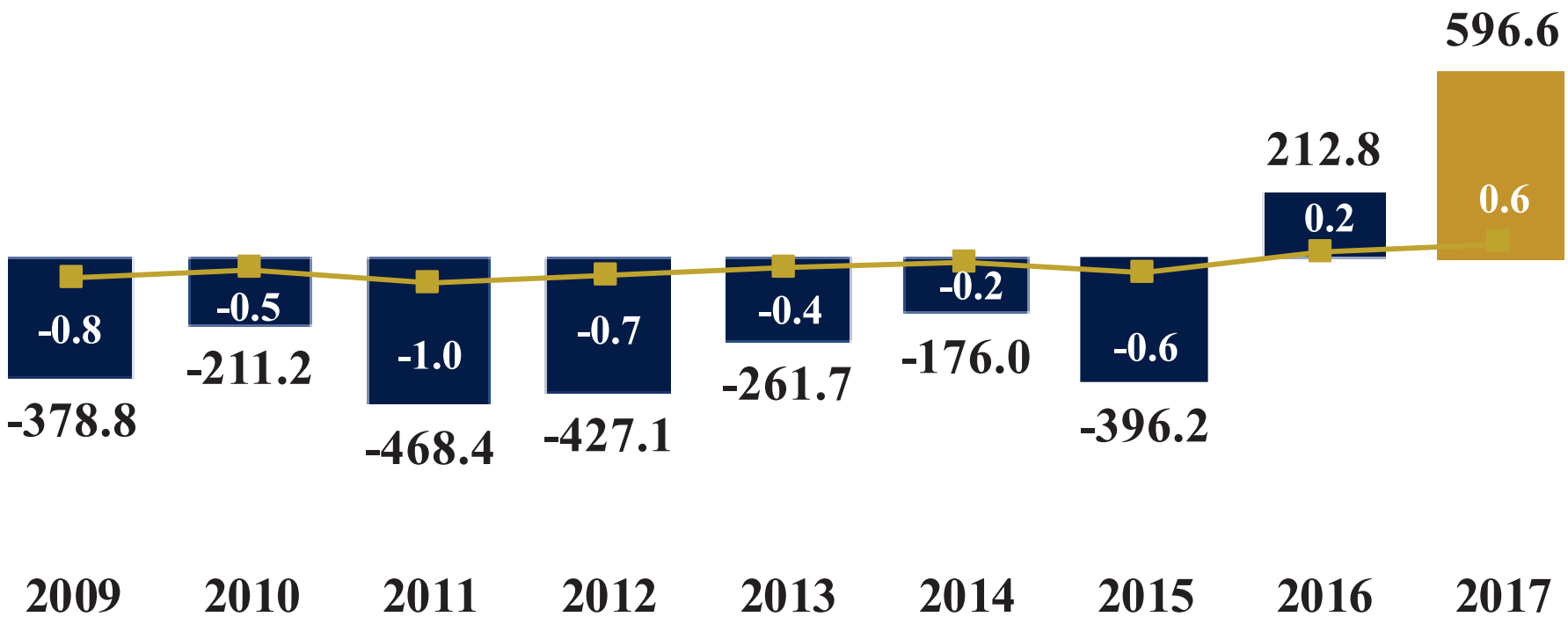
# *Operational Cash Generated * (R$ million) and Operational Cash/Net Revenue* (%)*

**CAGR 2009-2017: 12.7%**




(*) Figures without Piraquê

## *Net Cash (R$ million)* and Net Cash/EBITDA (unit) **

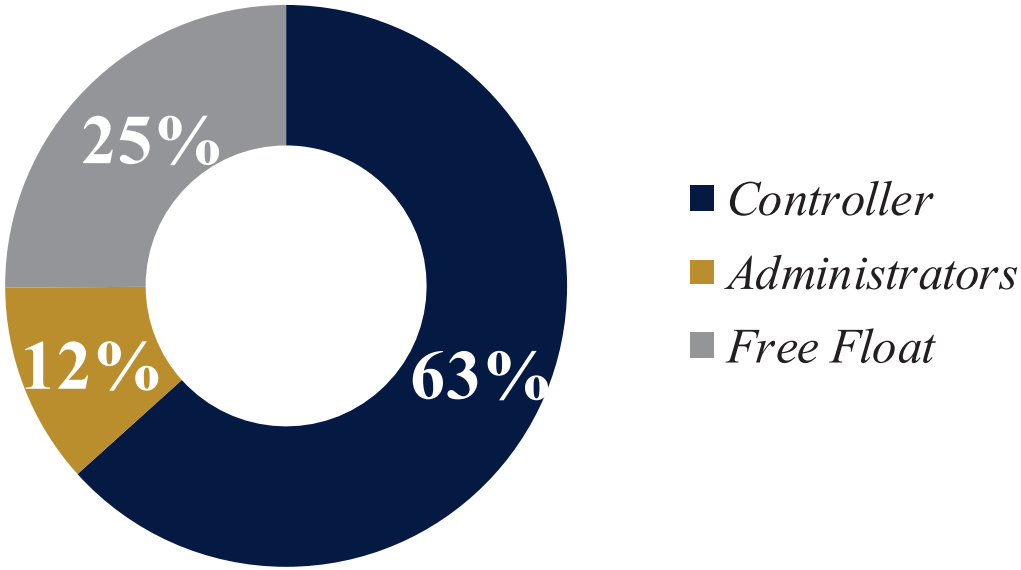



(*) Figures without Piraquê

# Corporate Governance and Capital Market

- ✓ **Listed in the "Novo Mercado"**
- ✓ **Free Float composed by:**
  **25.8% local investors**
  **74.2% foreign investors**
- ✓ **03 independent members on the Board of Directors.**
- ✓ **Audit Committee composed by 3 independent members**
- ✓ **Ordinary stocks ( 339 millions)**
- ✓ **National Long-Term Rating 'AAA (bra)'**

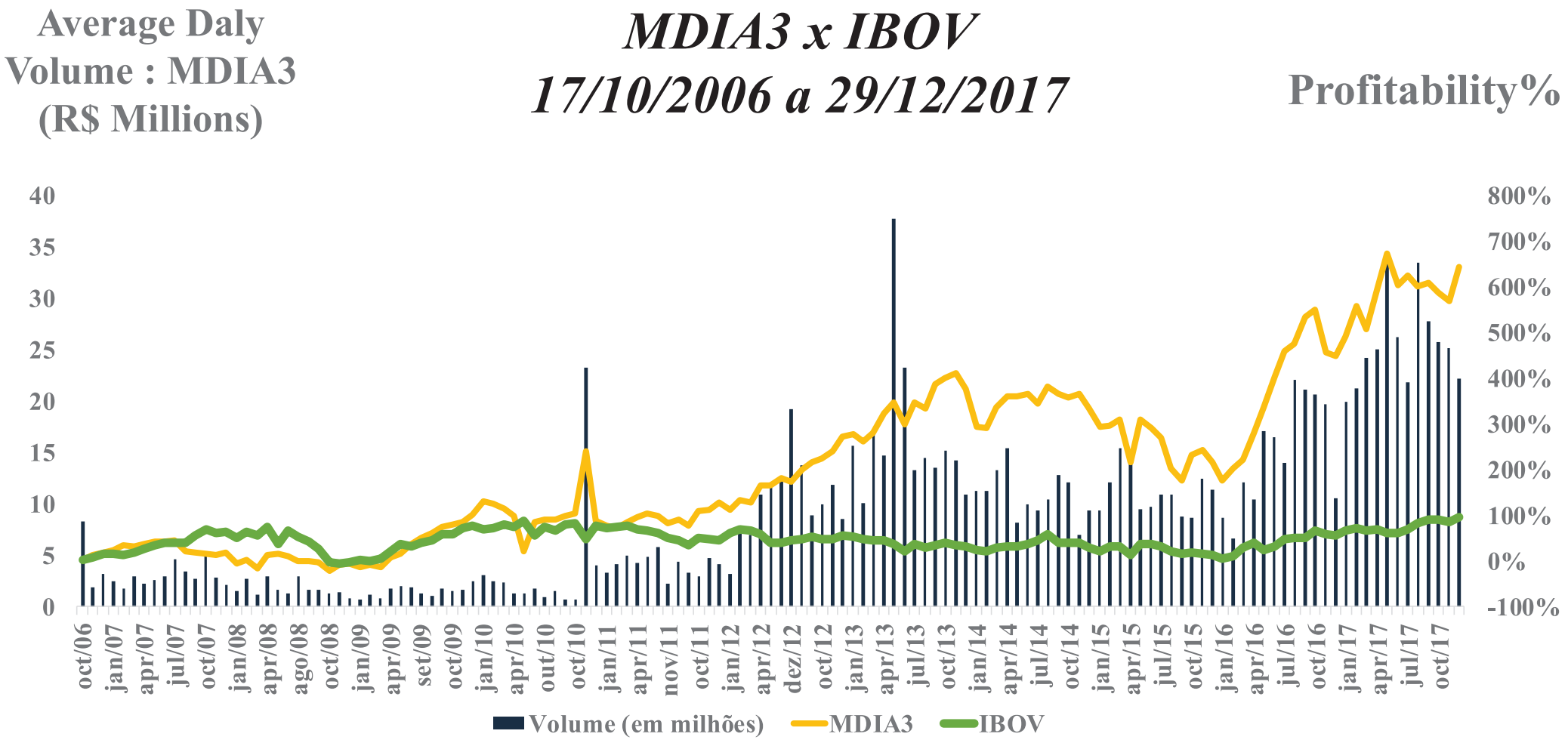
***Shareholder Position as of 12/29/2017.***




MSCI Índices · MDIA3 NOVO MERCADO BM&FBOVESPA · Índice Brasil IBRX · Índice de Ações com Governança Corporativa Diferenciada IGC · Índice de Consumo ICON · Índice de Ações com Tag Along Diferenciado ITAG · Índice de Governança Corporativa Trade IGCT · Índice MidLarge Cap MLCX · Índice do Setor Industrial INDX · Índice Brasil Amplo BM&FBOVESPA IBRA · FTSE4Good · ESG RATING

# MDIA 3 vs IBOVESPA

## Since the IPO (R$ billion, year end)



# Sustainability Results

## 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 | | ● | | | | | ● | | | | ● | |

# *IR Team*

**Geraldo Luciano Mattos Júnior -** Vice-President of Investments and Controllership
**Fabio Cefaly -** New Business and Investor Relations Director
**Fernanda Carvalho -** New Business and Investor Relations Manager

**Julianny Maia –** New Business and Investor Relations Analyst
**Renata Lessa–** New Business and Investor Relations Analyst
**Vitor Veiga –** Trainee

**Tel.: (85) 4005-5952 or 5874**
**E-mail: ri@mdiasbranco.com.br**

| Market Marker | Custodian | Independent Auditors | B3 Ticker |
|---|---|---|---|
| BTG Pactual | Bradesco | pwc | MDIA3 NOVO MERCADO BM&FBOVESPA |

# Thank you


M. Dias Branco
Food for the well-being of Society and
the people's happiness
Results Presentation
2Q18 and 1H18

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.

**On May 16, 2018, the Company concluded the acquisition of 100% of Indústria de Alimentos Piraquê S.A. (“Piraquê”).**

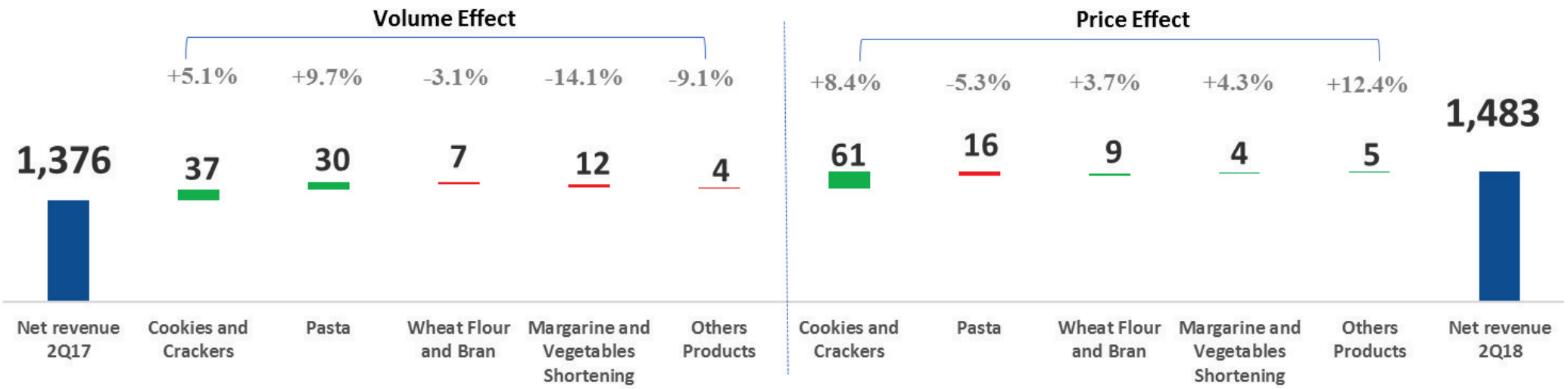
**Piraquê’s results for the period between May 17 and June 30, 2018, can be found in the consolidated information of this document.**

**This presentation includes some information excluding Piraquê’s results (“excluding Piraquê”).**

## *The volume and average price growth caused the growth of 7.8% Net Revenue vs. 2Q17*

| *Net Revenue* | | *Volume* | *Average Price* |
|---|---|---|---|
| *+ 7.8% vs. 2Q17* | = | *+ 1.4% vs. 2Q17* | *+6.3% vs. 2Q17* |

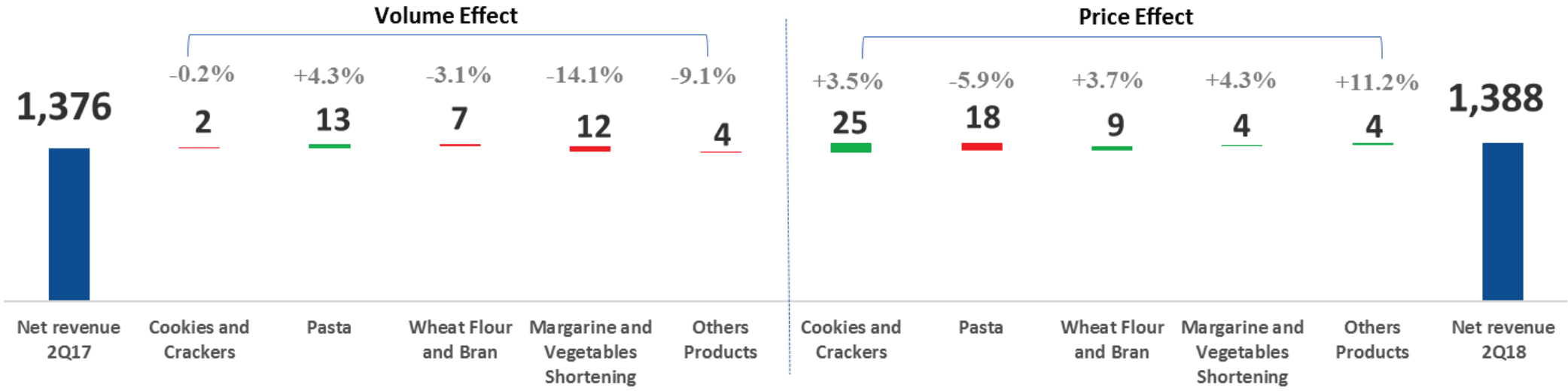
**Variation of Net Revenue - 2Q18 vs. 2Q17 (R$ MM)**



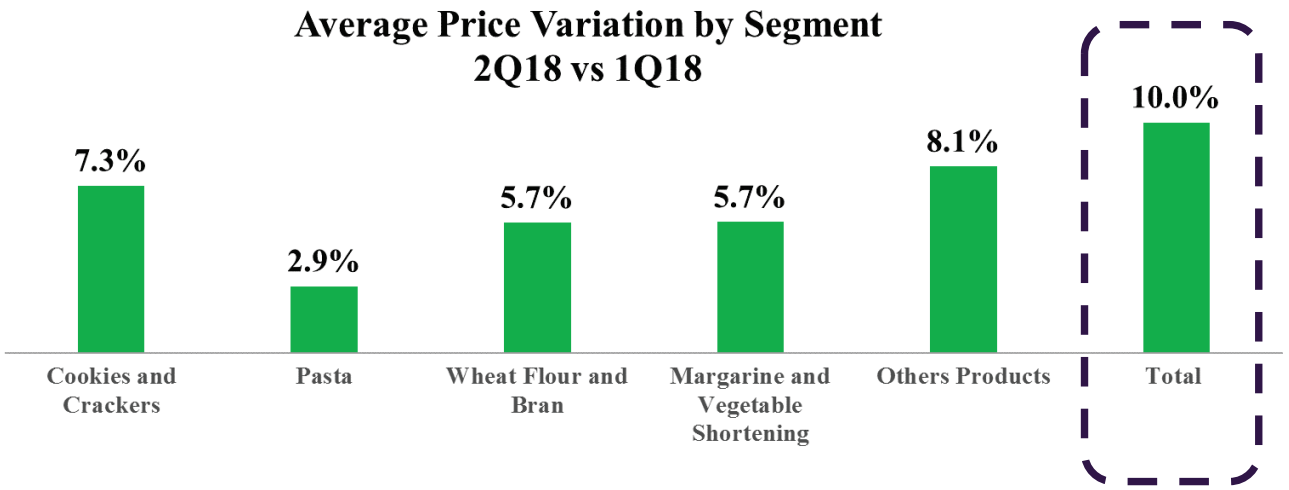
# *Average Price growth and volume decrease (excluding Piraquê)*

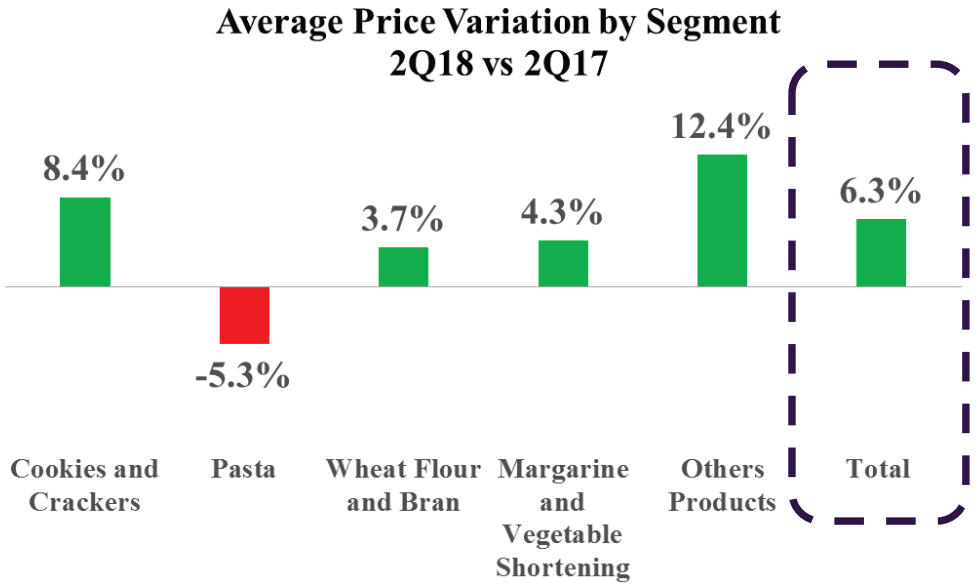
| *Net Revenue* | | *Volume* | *Average Price* |
|---|---|---|---|
| *+ 0.9% vs. 2Q17* | = | *-1.4% vs. 2Q17* | *+2.3% vs. 2Q17* |

**Variation of Net Revenue - 2Q18 vs. 2Q17 (R$ MM)**

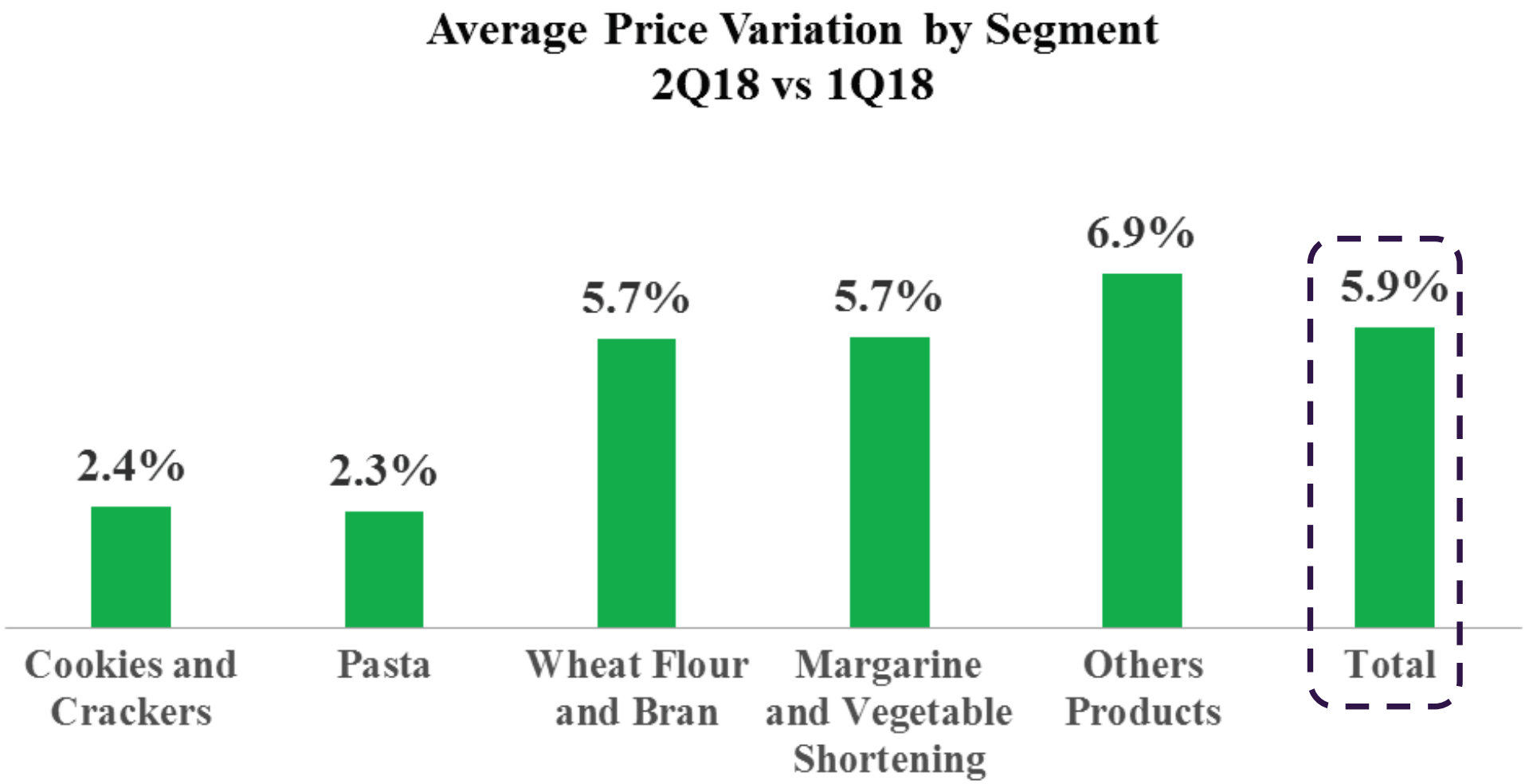


# *Average Price growth vs 2Q17 and 1Q18*



# *Average Price growth in all the products lines (excluding Piraquê)*



# *Marketing campaigns to promote sell out*

Richester

VITARELLA

finna









# *We maintained the national leadership in pasta, cookies and crackers*



***Cookies and Crackers – 2Q18****

*Share Volume* ***34.5%%***

*Δ** Share Volume:* ***+1.7 p.p.***

*Share Value* ***29.9%***

*Δ** Share Value:* ***+5.3 p.p.***



***Pasta 2Q18****

*Share Volume* ***35.0%***

*Δ** Share Volume:* ***+3.8 p.p.***

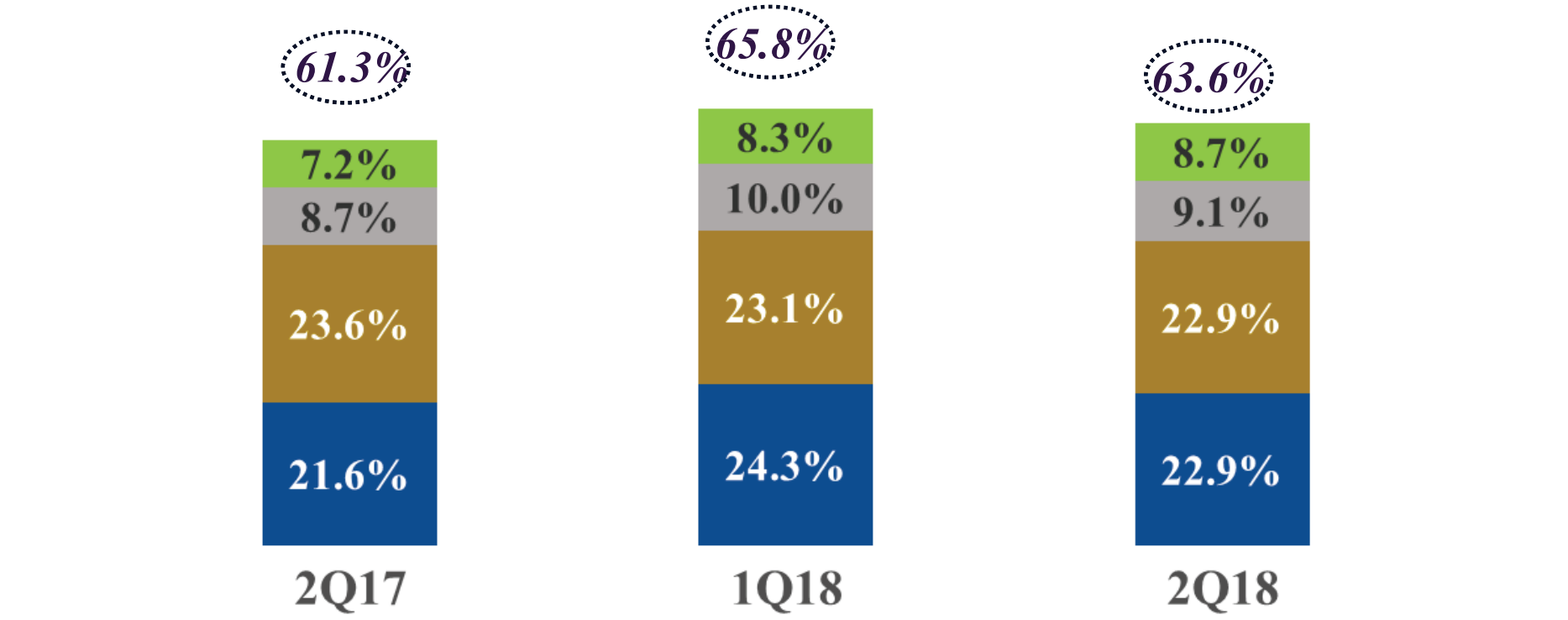
*Share Value* ***31.9%***

*Δ** Share Value:* ***+3.8 p.p.***

*Market Share according to Ac Nielsen data (may-jun/18).

** The variations presented reffers to the periods mai-jun/17 vs.mai-jun/18

## *COGS negatively impacted by increase in the price of wheat and BRL devaluation*

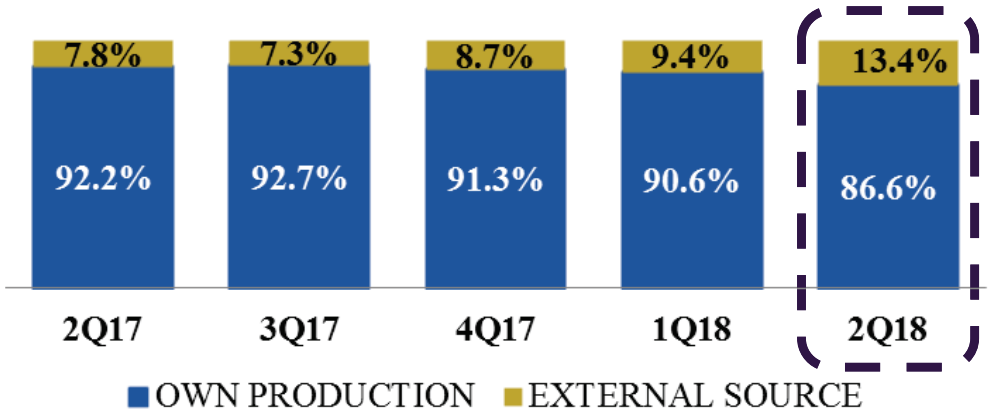


# *Decrease of Vertical Integration Index of wheat by the growth in the southeast and Piraquê*

**Vertical Integration Index**

**1H18 = 88.4%**
**1H17 = 92.1%**

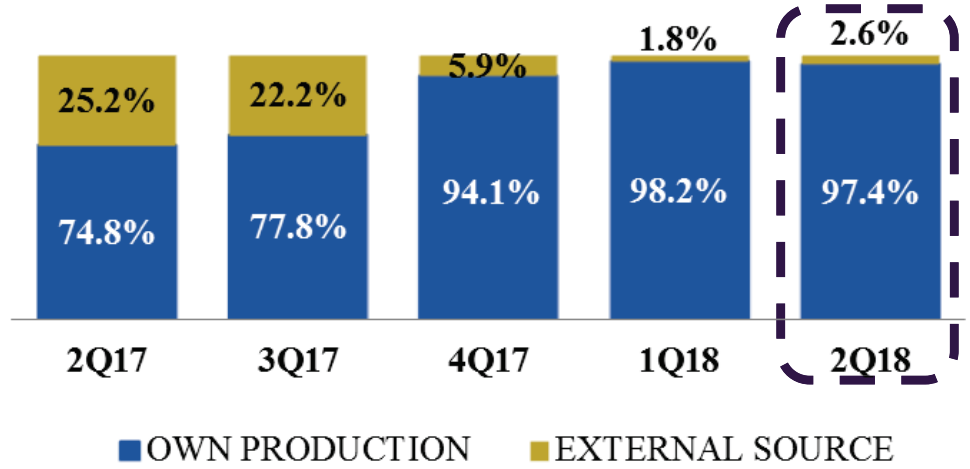
**Wheat Flour | Company Consumption (%)**



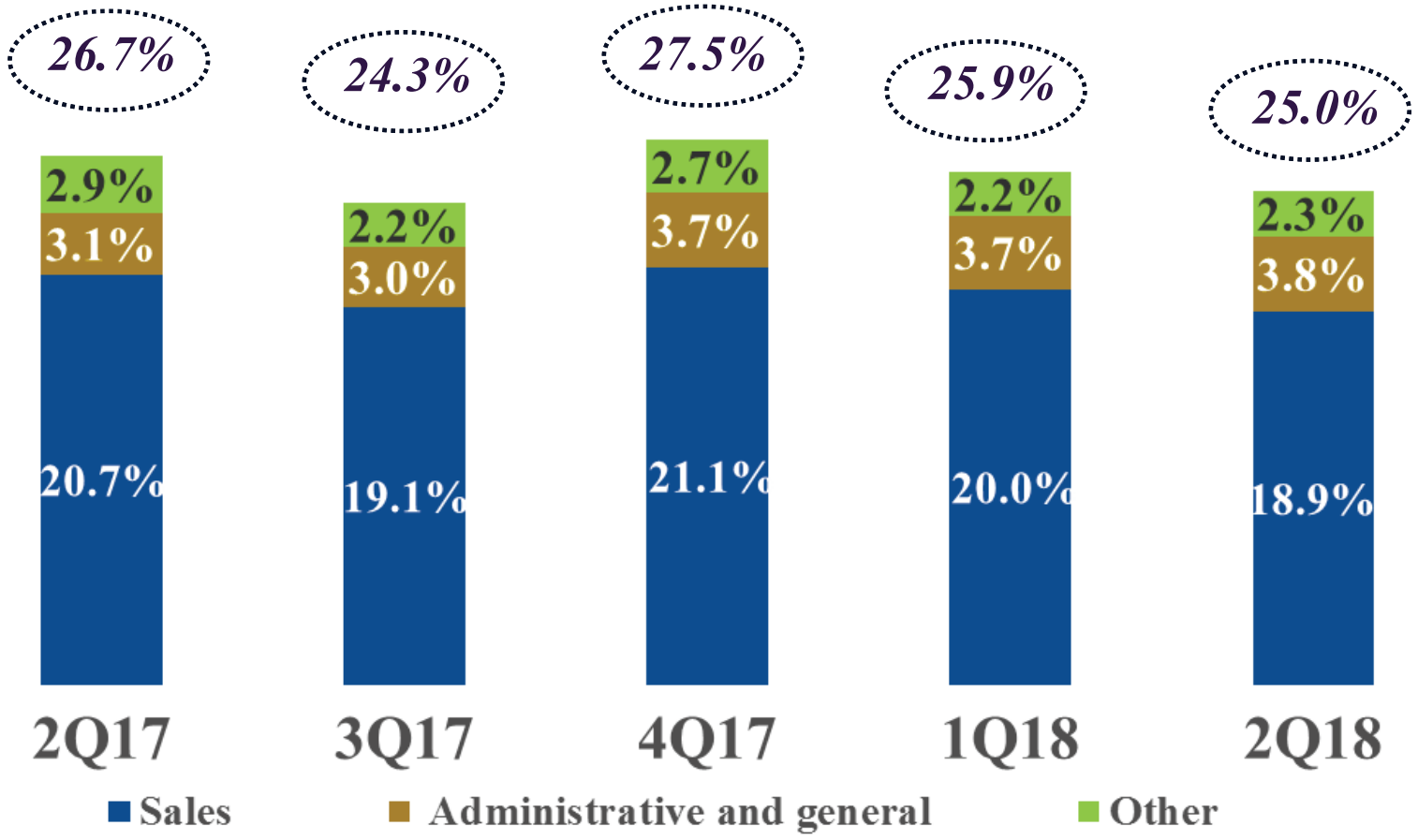

**Vertical Integration Index**

**1H18 = 97.8%**
**1H17 = 79.5%**

**Shortening | Company Consumption (%)**

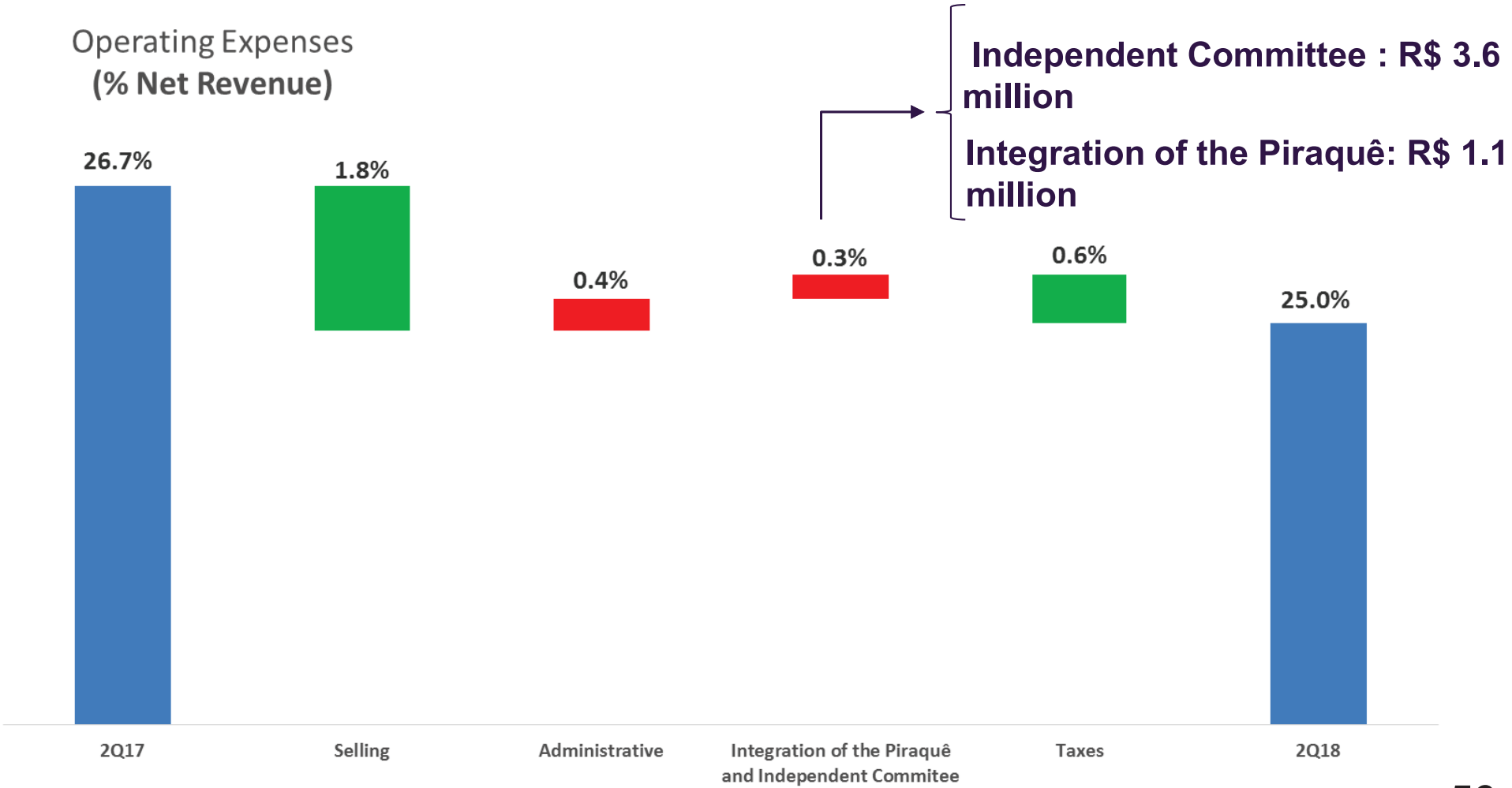


# Decrease in Operating Expenses (% Net Revenue) versus 2Q17 and 1Q18



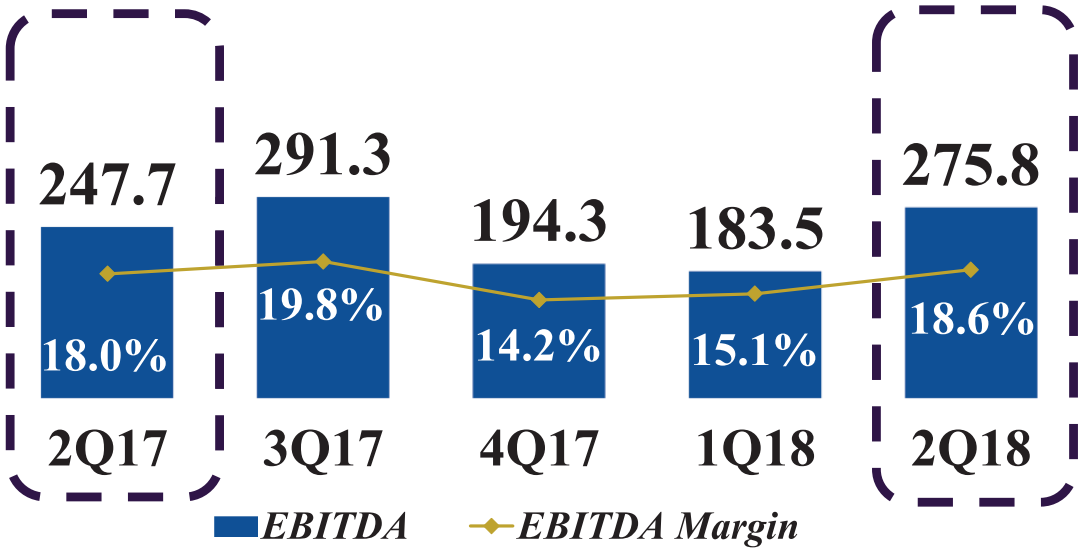

** Selling Expenses contain: Salaries and benefits, freight and other expenses with marketing, sales force and logistics.*

# *Impact Integration of the Piraquê and Independent Committee in the Operating Expenses*

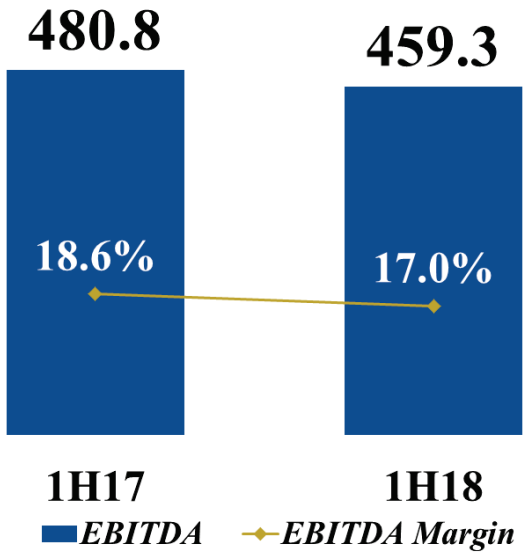


# EBITDA (R$ Million) and EBITDA Margin (% Net Revenue) 2Q18 vs. 2Q17

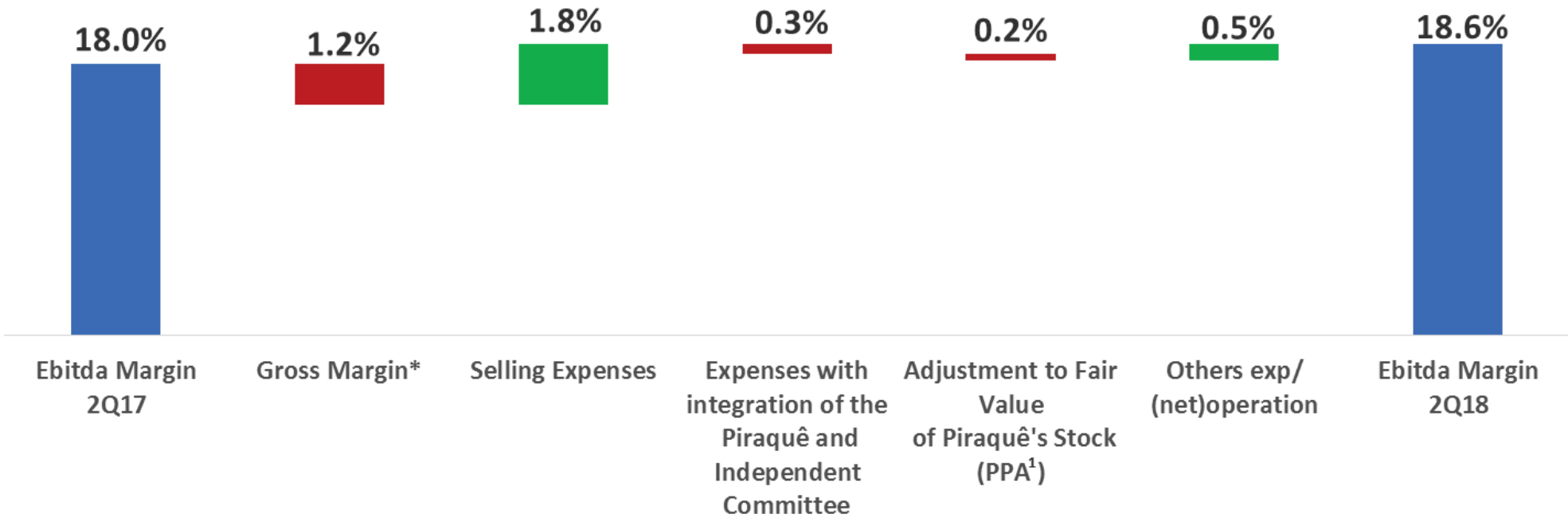
+11.3%
2T18 vs. 2T17




-4.5%
1H18 vs. 1H17

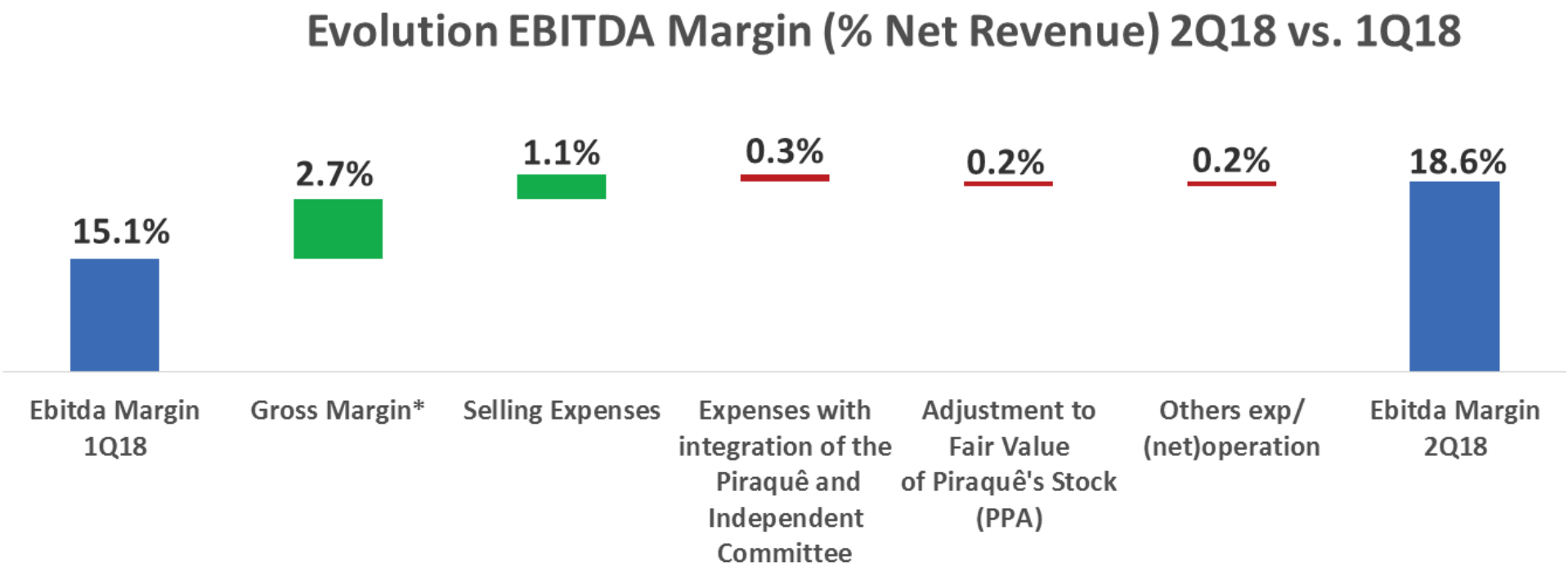


# *EBITDA Margin impacted by extraordinary expensives and increase in the price of wheat and BRL Devaluation*



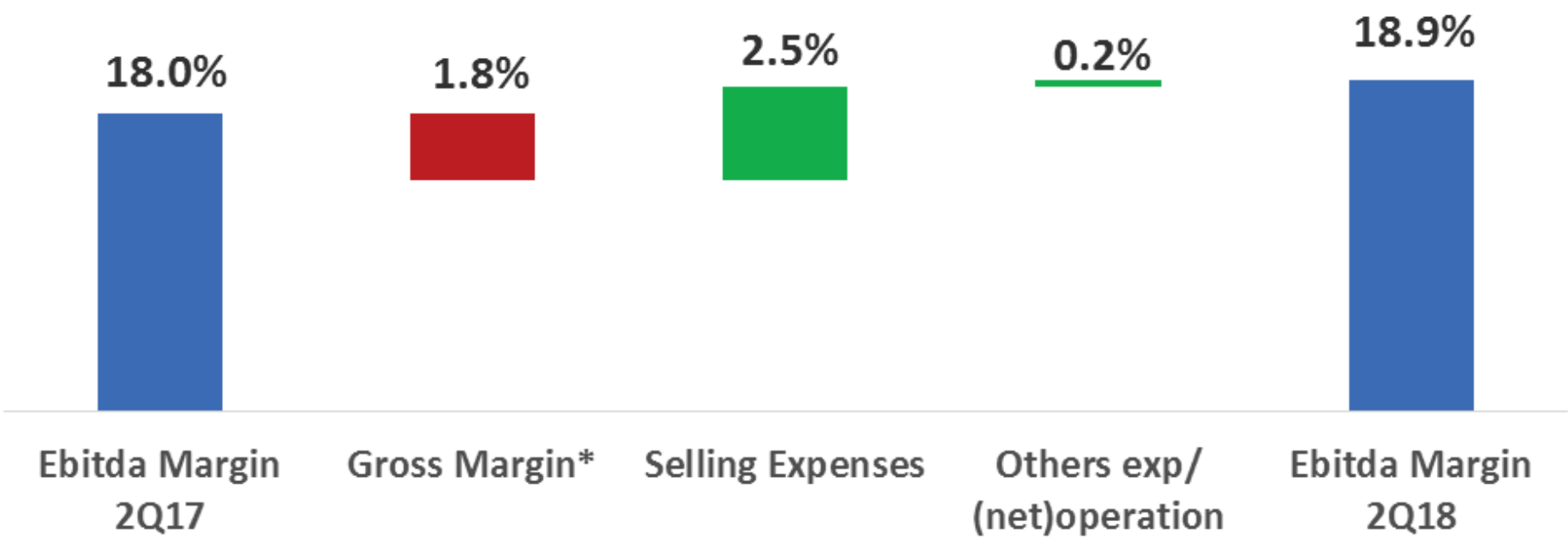

**Note: % Gross Margin without consider the depreciation of Cost of Good Sales in the Net Revenue. **Note: Refer to the administrative expenses, management fees, taxes and othes operation expenses. [1] Purchase Price Allocation (PPA) is the allocation of the company's acquisition cost to its assets acquired and liabilities assumed, stated at fair value. The exceeding amount is considered as goodwill.*

# ...improved compared to the 1Q18




**Note: % Gross Margin without consider the depreciation of Cost of Good Sales in the Net Revenue. **Note: Refer to the administrative expenses, management fees, taxes and othes operation expenses. [1] Purchase Price Allocation (PPA) is the allocation of the company's acquisition cost to its assets acquired and liabilities assumed, stated at fair value. The exceeding amount is considered as goodwill.*

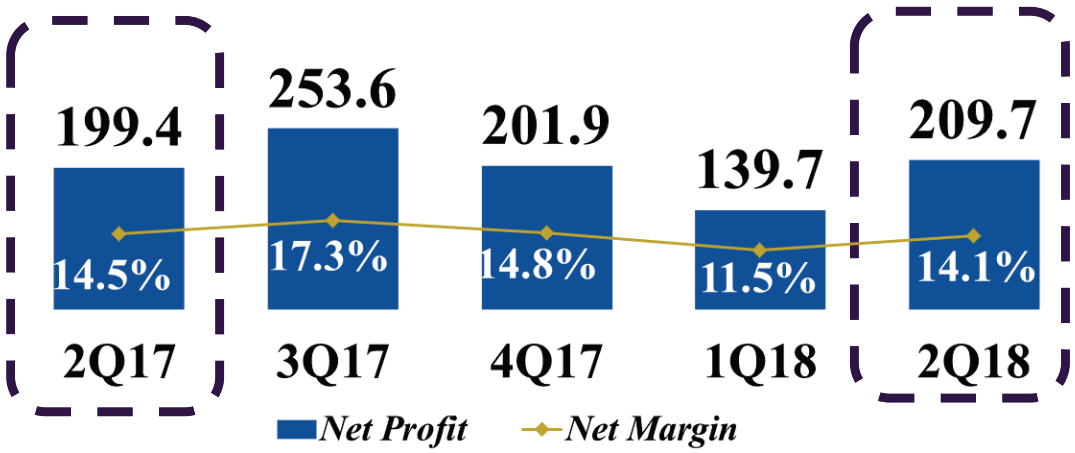
# *EBITDA Margin impacted by the expenses of integration of Piraquê and Indepent Committee ("excluding Piraquê")*



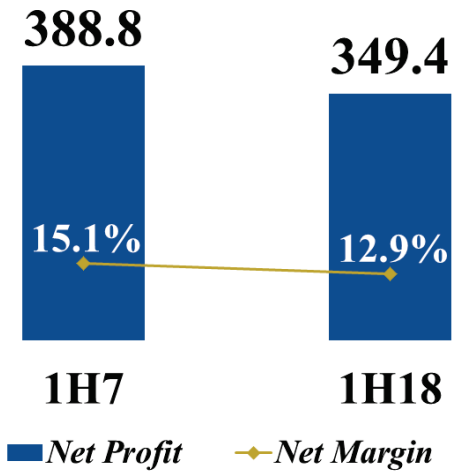

*Note: % Gross Margin without consider the depreciation of Cost of Good Sales in the Net Revenue.
**Note: Refer to the administrative expenses, management fees, taxes and other operating expenses.

# Growth of Net Profit (R$ Million) and Net Margin (%Net Revenue)

+5.2%
2Q18 vs. 2Q17




-10.1%
1H18 vs. 1H17



# *We invested R$ 70.1 millions in infrastructure*

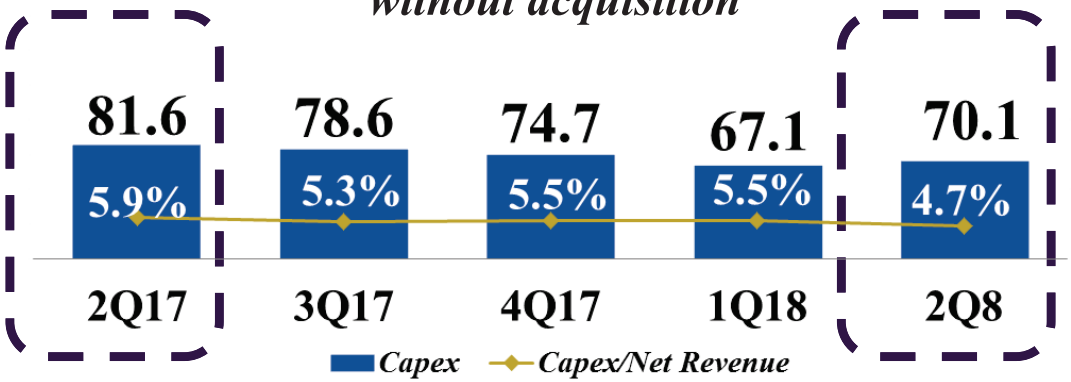
- **Construction in progress of the Wheat Mill in Bento Gonçalves (RS);**
- **Expansion of storage capacity of the distribution center in the Maracanaú unit (CE);**



- **Project of treatment of effluents, at the margarine & vegetable shortening unit in Fortaleza (CE);**

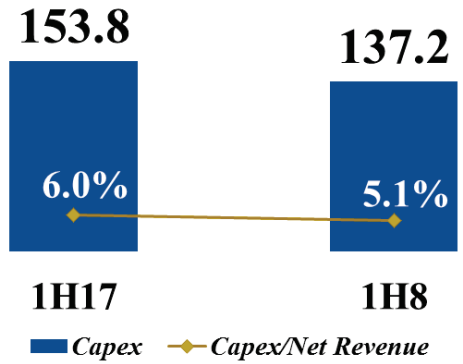
*-14.1%*
*2Q18 vs. 2Q17*

*Capex (R$ Million e % Net Revenue) – without acquisition*

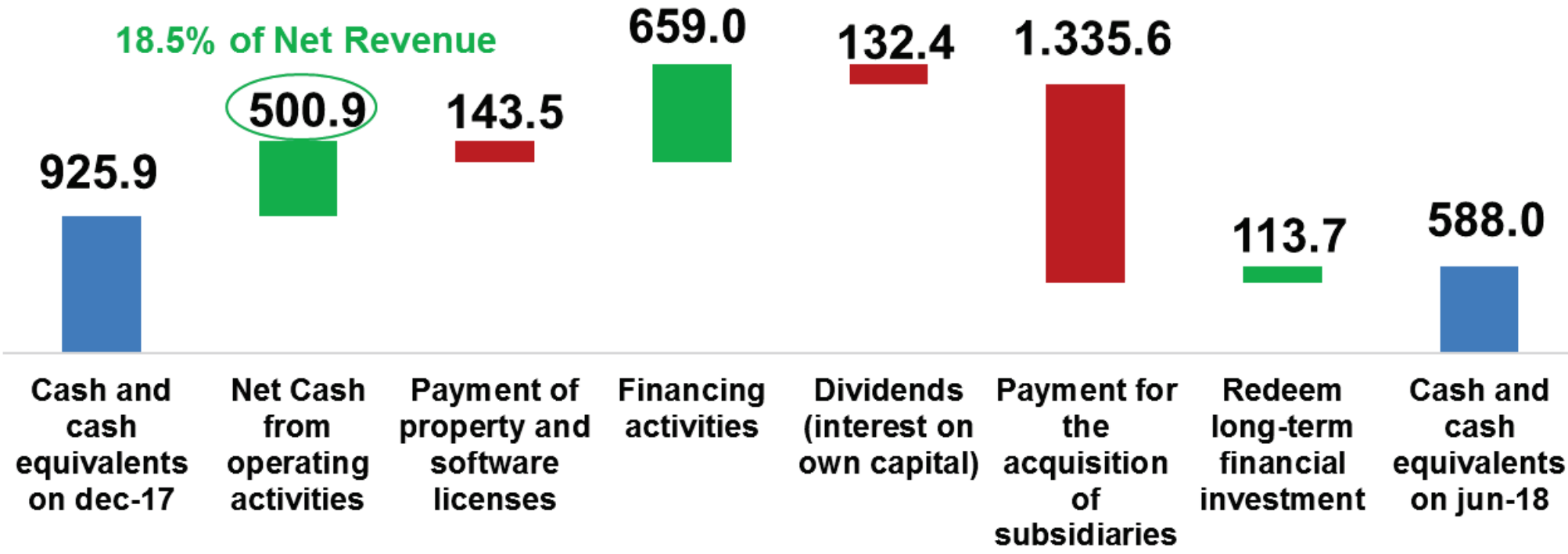



*-10.8%*
*1H18 vs. 1H17*

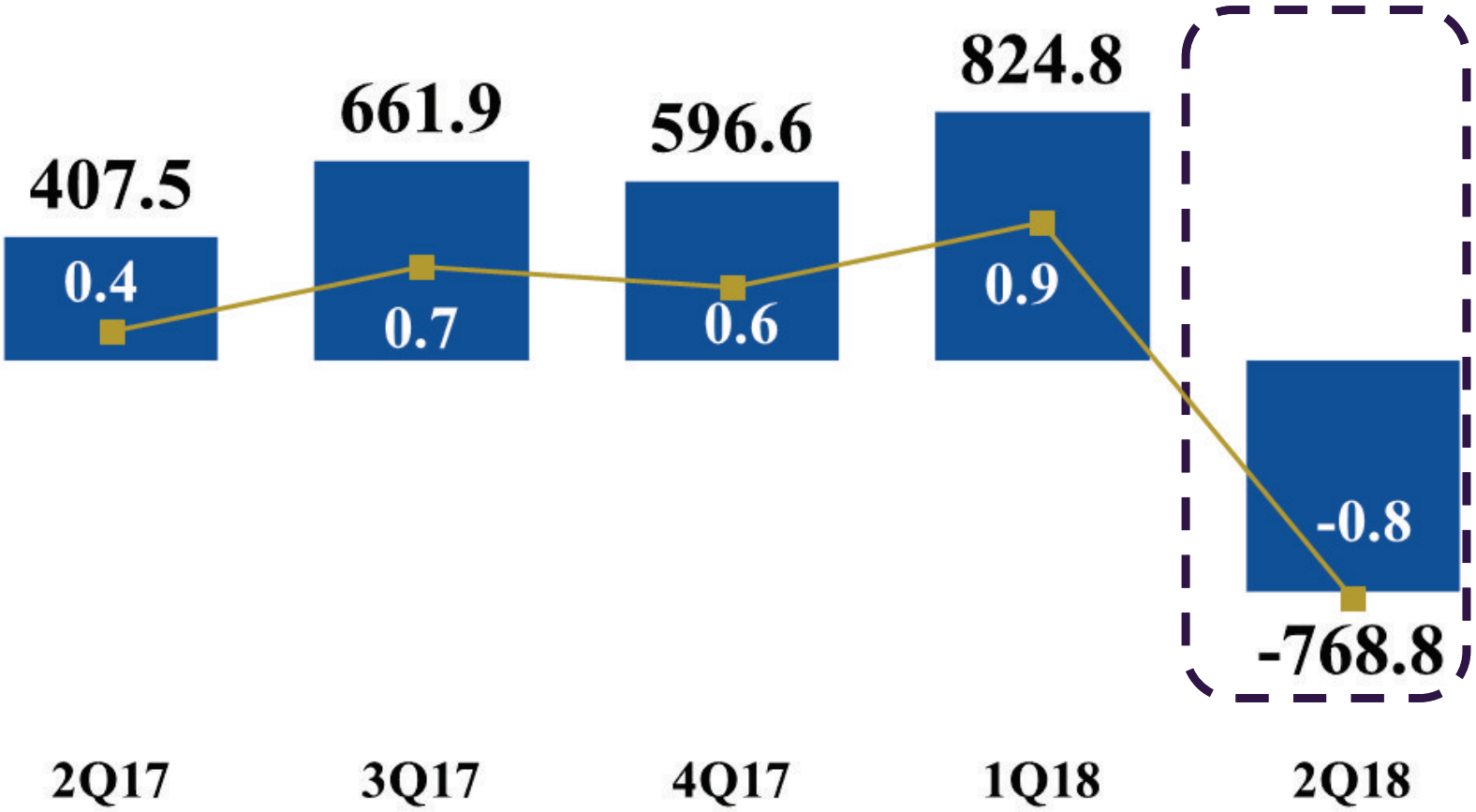
*Capex (R$ Million e % Net Revenue) – without acquisition*



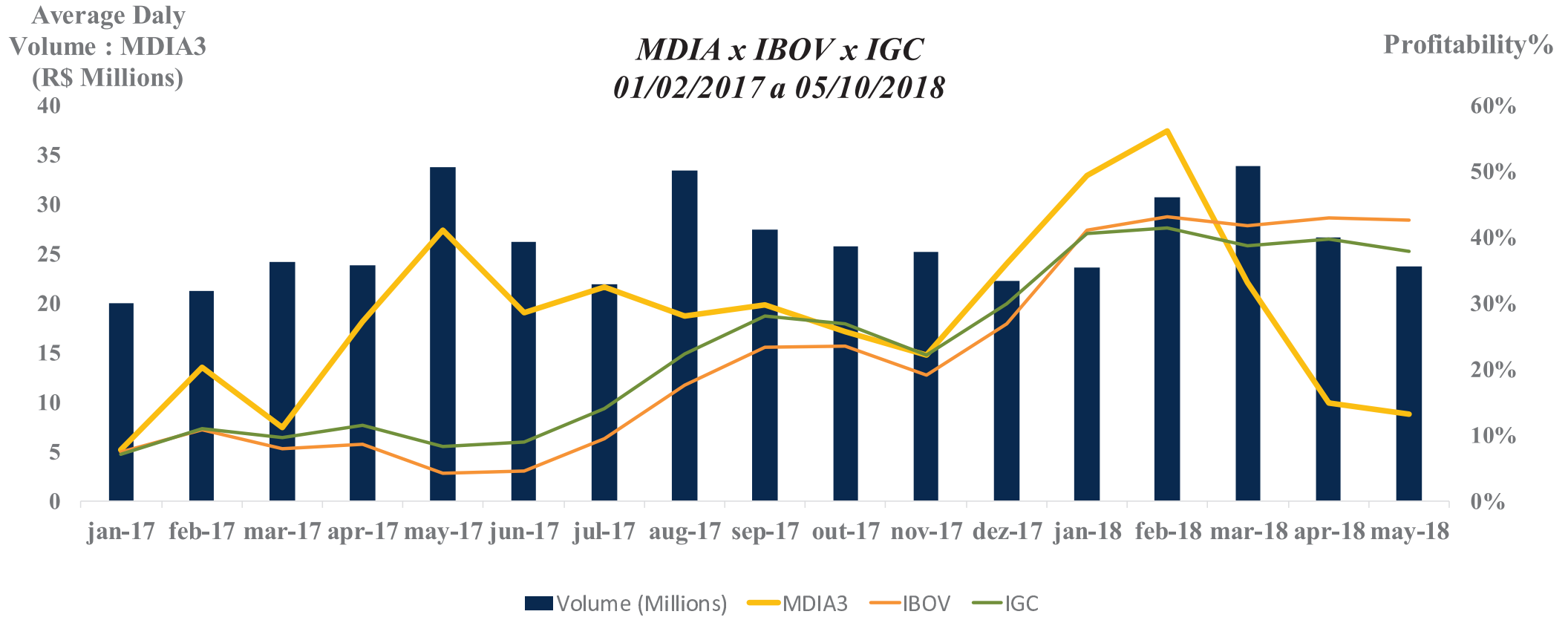
# *Cash and Cash Equivalent*



## *We ended 2Q18 with net debt position (debt greater than cash) of R$ 768.8 million*



# Capital Market



## *In june/18 we lauched the first program of connection with startups of M. Dias Branco*

germinar

- ✓ **New Business**
- ✓ **Food, Ingredients e Technology**
- ✓ **Marketing and Point of Sale**

# *Evolution social-environmental pratices*



- **Implementation of the water reuse system;**
- **Labor's accident rate decreased by 9.6% compared to 1H17 (ODS 3 e 8);**
- **The relative water consumption decreased by 2.2% compared to 1H18 vs 1H17 (ODS 6);**
- **1.4% increase in energy intensity in 1H18, respectively, compared with the same period in 2017 (ODS 7);**

# *Vitarella and Adria awards*

**10th position in the brazilian growth ranking according to the Brand Foodprint**




**One of the best pasta brands according to Datafolha**

ADRIA

**Geraldo Luciano Mattos Júnior**
Vice-President of Investments and Controllership
Phone: (85) 4005-5874
E-mail: geraldo@mdiasbranco.com.br

**Fabio Cefaly**
New Business and Investor Relations Director
Phone: (85) 4005-5730
E-mail: fabio.cefaly@mdiasbranco.com.br

# Acquisition of Piraquê by M. Dias Branco

*Accelerating growth and consolidating market leadership in cookies & crackers and pasta in Brazil*

**June 15, 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.

## *Transaction Summary| Acquisition of 100% of Piraquê*

| | |
|---|---|
| Acquisition Agreement | - Contract date: January 29, 2018<br>- Enterprise Value: R$ 1.55 billion<br>- EV/EBITDA*: 16.2 x |
| Approvals and Closing | - April 4: Transaction approved by the Brazilian Antitrust Authority CADE, without restrictions<br>- April 12: Transaction ratified by the Annual Shareholders' Meeting<br>- May 16: Closing of the transaction |



**Note*:** Adjusted EBITDA, excluding non-recurring expenses and other adjustments.

## *Transaction fully aligned with the strategy of M. Dias Branco*

1. Iconic brand in the Brazilian food market for over 60 years
2. Portfolio of complementary products with high value-added items
3. Acceleration of growth and distribution in small retail in the Southeast region
4. Potential for operational and commercial synergies

## *The transaction increases M.Dias Branco's total net revenue by 13% (2017 figures)*

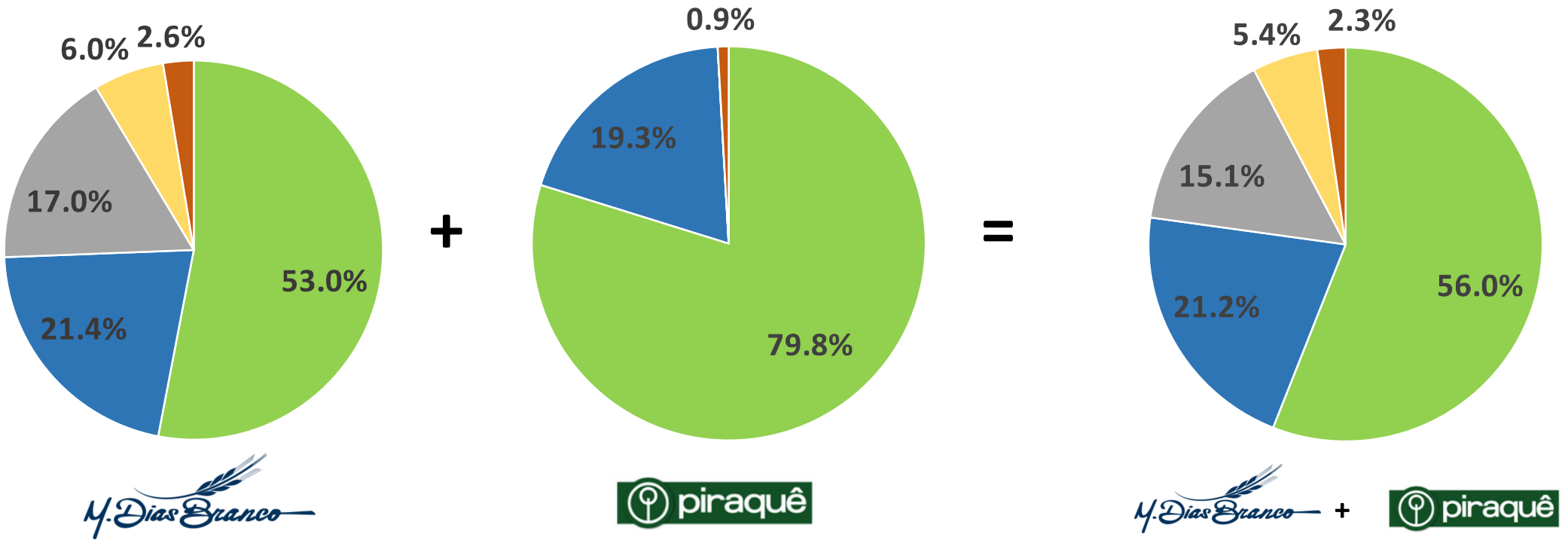
**Net Revenue 2017 (R$ Million)**

| | Cookies and Crackers | Pasta | Wheat Flour and Bran | Margarine and Vegetable Shortening | Other products | Total |
|---|---|---|---|---|---|---|
| M. Dias Branco | 2,870 | 1,161 | 919 | 327 | 139 | 5,416 |
| piraquê * | 546 | 132 | - | - | 6 | 684 |
| M. Dias Branco + piraquê | 3,416 | 1,293 | 919 | 327 | 145 | 6,100 |
| *Increase* | *19%* | *11%* | *-* | *-* | *4%* | *13%* |



**Note:** Net Revenue of Adjusted Income Statement.

## *The mix of the combined companies increases the share of product lines with higher average prices*




*Note : Data for the year 2017.*

piraquê




1 Iconic brand in the Brazilian food market for over 60 years



M. Dias Branco

# *Iconic brand in the Brazilian food market for over 60 years*

**1950** Piraquê's history began in 1950, with the construction of the first plant in Madureira (RJ).

**1953** Production of Cookies and Crackers

**1957** Production of Pasta

**1980** Production of Margarines and Packaging Factory

**2013** Chips and Powder Juice

**2015** New Distribution Center in Madureira (RJ)

**2016** New plant in Queimados (RJ)

**2018** Acquisition by M. Dias Branco

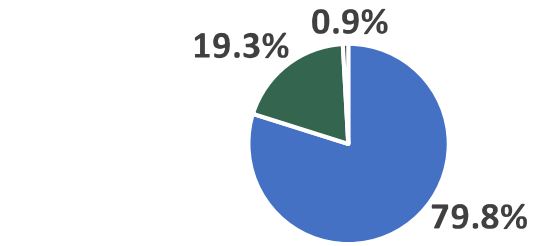
4,253 employees

54,000 tonnes Produced of cookies & crackers/year

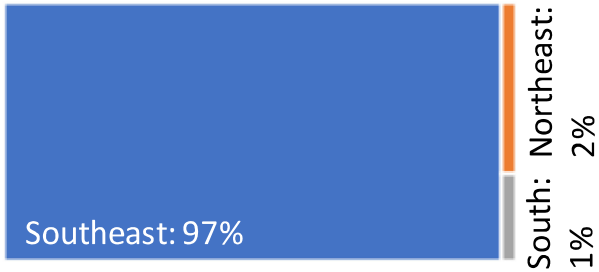
56,000 Clients*

R$ 684 million net revenue 2017

Revenue by product[1]




Revenue by Region

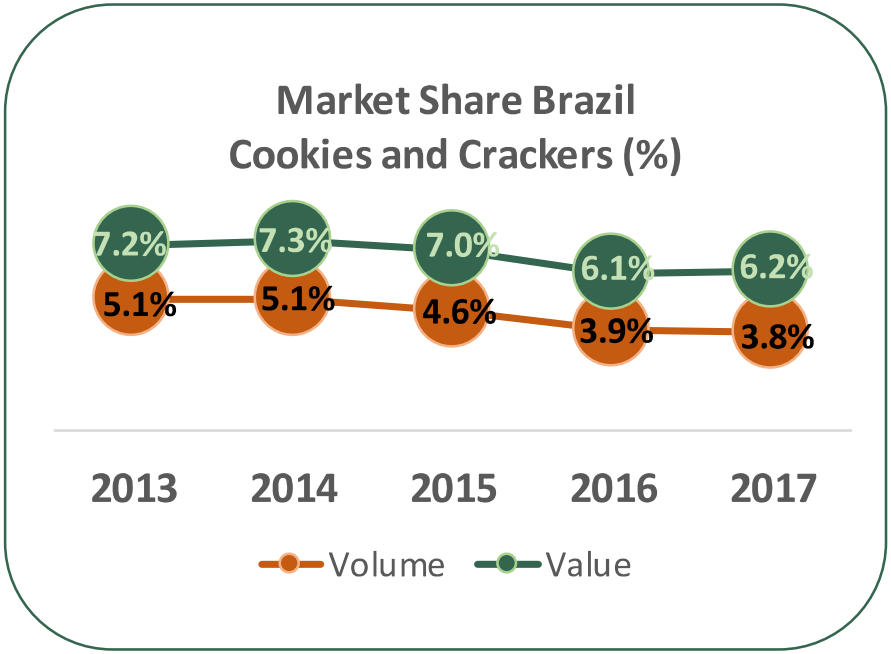


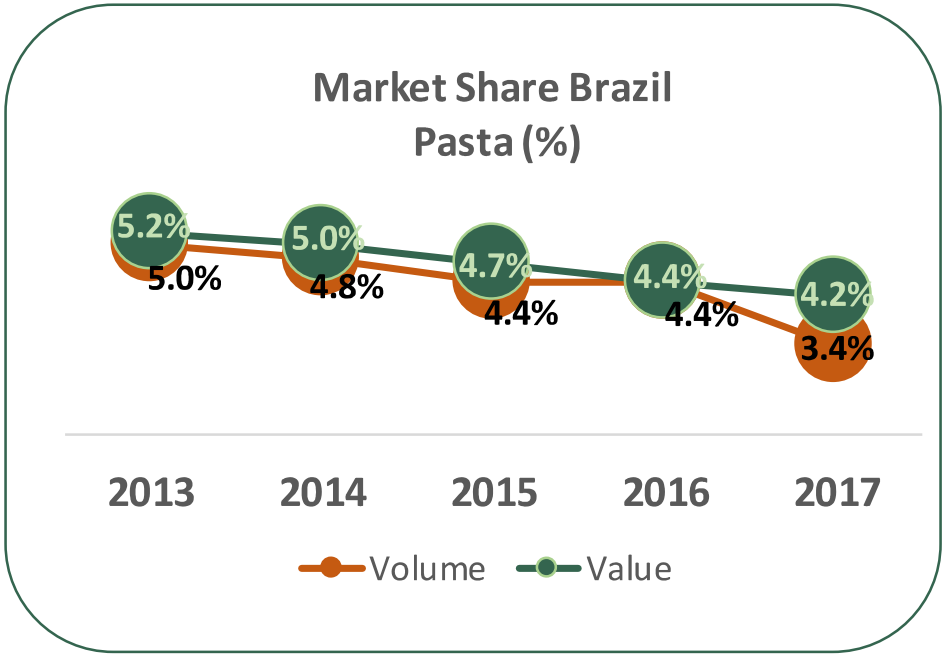

*Note [1]: Data for 2017*
*Others contains chips and powder juice*

* *Active clients who have purchased in the last 6 months.*

## *Iconic brand in the Brazilian food market for over 60 years*

In Brazil, Piraquê is the 4th best-selling cookies and crackers brand and the 9th best-selling pasta brand in terms of share value




*Note : Data from Nielsen.*




2 Portfolio of complementary products with high value-added items

## *Portfolio of complementary products with high value-added items*

# Total 153 SKUs

### Cookies and Crackers



**82** SKUs
80%*

### Pasta



**52** SKUs
19%*

### Powder Juice



**19** SKUs
<1%*

*% of net revenue 2017

piraquê

## *Portfolio of complementary products with high value-added items*

# Cookies and crackers (82 SKUs)

### Sweet (28 SKUs)




### Crackers (13 SKUs)




### Sandwich / Cookies (17 SKUs)




### Salt (10 SKUs)




### Wafers (14 SKUs)



## *Portfolio of complementary products with high value-added items*

# Pasta (52 SKUs)

### Al Dente (16 SKUs)




### With eggs (16 SKUs)




### Semolina (6 SKUs)




### Grano Duro (9 SKUs)




### Kids (4 SKUs)




### Lasagna (1 SKU)



## *Portfolio of complementary products with high value-added items*

# Powder Juice * (19 SKUs)

**Package 25g**




**Package 1Kg**




*Outsourced production

## *Portfolio of complementary products with high value-added items*

### COOKIES AND CRACKERS PRICE INDEX[1]

**PRICE INDEX**
**PIRAQUÊ: 163**
**MDB: 75**

**BRAZIL**

**PRICE INDEX**
**PIRAQUÊ: 148**
**MDB: 72**

**SOUTHEAST**

### PASTA PRICE INDEX[1]

**PRICE INDEX**
**PIRAQUÊ: 123**
**MDB: 88**

**BRAZIL**

**PRICE INDEX**
**PIRAQUÊ: 116**
**MDB: 88**

**SOUTHEAST**



Note[1]: Nilsen data for 2017.

## *Portfolio of complementary products with high value-added items*

**Net Average Price 2017 (R$/Kg)**

| | Cookies and Crackers | Pasta | Wheat Flour and Bran | Margarine and Vegetable Shortening | Other products | Total |
|---|---|---|---|---|---|---|
| M. Dias Branco | 5.43 | 3.25 | 1.08 | 3.91 | 8.60 | 2.95 |
| piraquê | 10.55 | 3.79 | - | - | 17.82 | 7.89 |
| M. Dias Branco + piraquê | 5.88 | 3.30 | 1.08 | 3.91 | 8.84 | 3.17 |

*Piraquê's Portfolio will contribute to increase the average price of M. Dias Branco*

Piraquê **16.7%** > MDB | combined companies **1.6%** > MDB

Piraquê **94.3%** > MDB | combined companies **8.4%** > MDB

piraquê

3 Acceleration of growth and distribution in small retail in the Southeast region

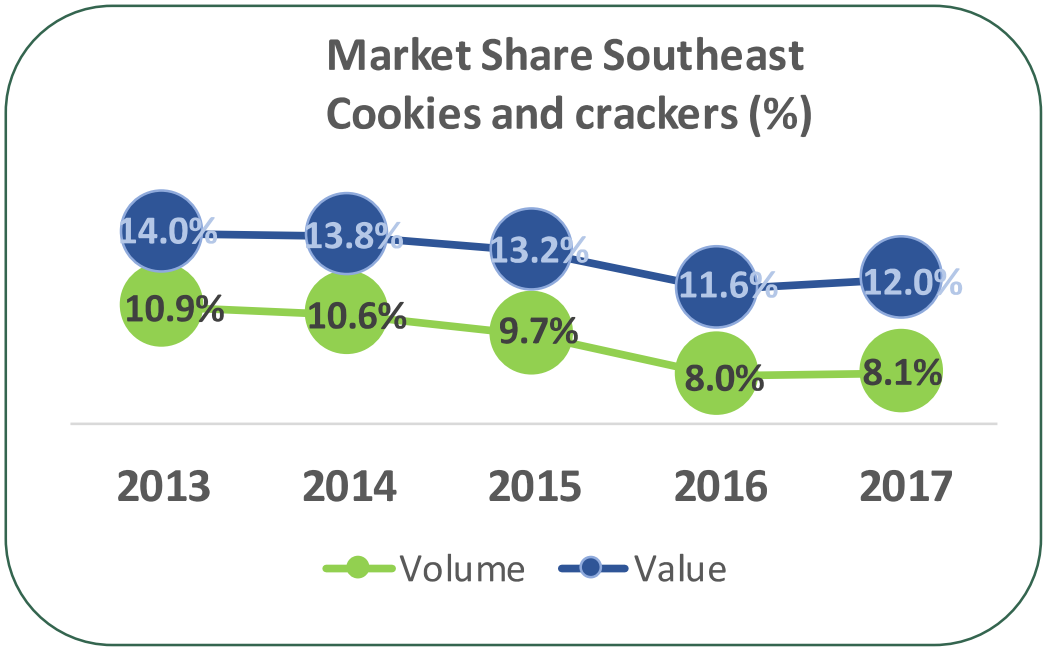


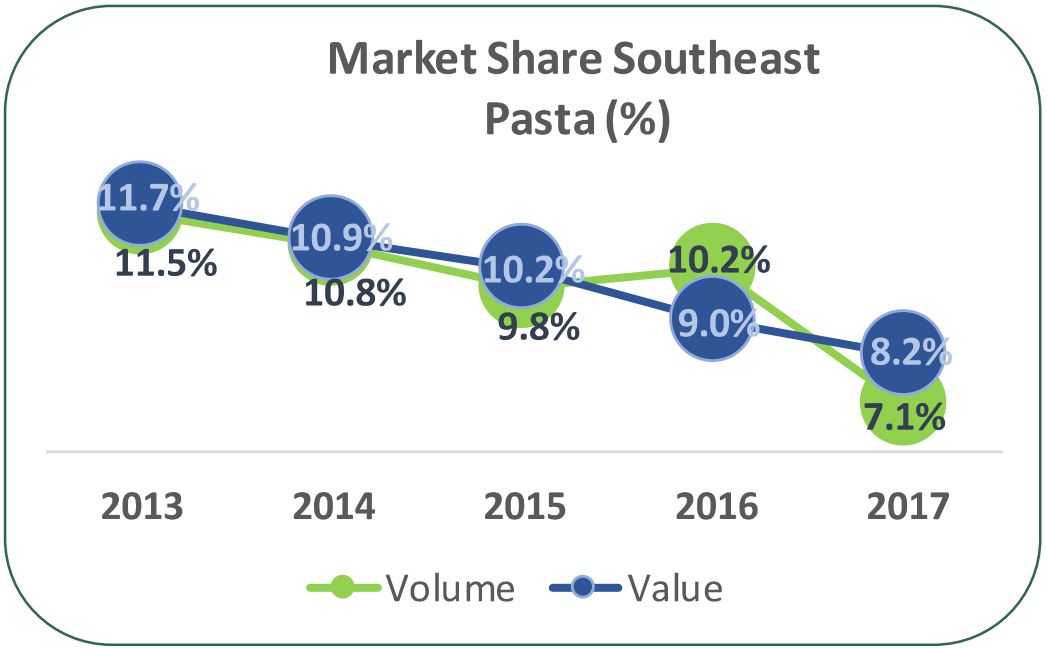



M. Dias Branco

## *Acceleration of growth and distribution in small retail in the Southeast region*

In Southeast, Piraquê is the 1th best-selling cookies and crackers brand and the 3th best-selling pasta brand in terms of share value



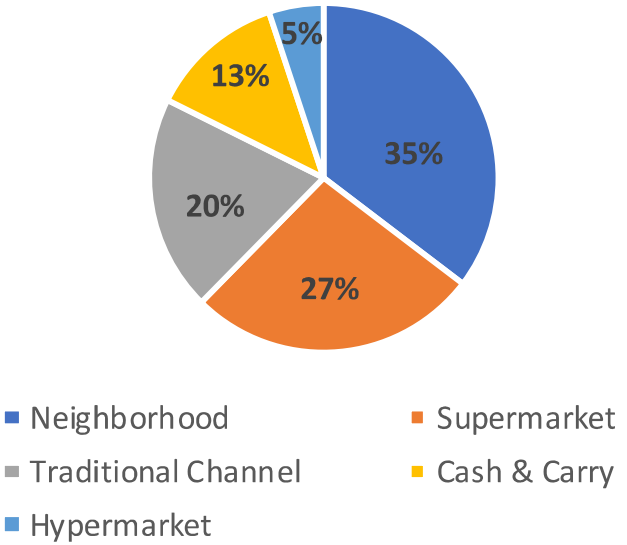



*Note : Nielsen data.*

## *Acceleration of growth and distribution in small retail in the Southeast region*

### Larger Distribution in Small Retail

**Volume Brazil by Channel[1]**







- ✓Extensive **customer base** with low default
- ✓**Capillarity** in Rio de Janeiro
- ✓Strong **Commercial Strategy**

*Note [1]: Nielsen Data (Cookies and crackers + Pasta) related to 2017*

piraquê

# 4 Potential for operational and commercial synergies






M. Dias Branco

## *Potential for operational and commercial synergies*

- ✓ **Organizational Structure**

  Integration of systems and governance and administrative, financial and cost structure

- ✓ **Supplies**

  Full sharing and optimization of the supplier mix

- ✓ **Industrial**

  Reduction of losses and idleness, new production lines, reallocation, installation, phase-out and investments in lines and plants

- ✓ **Logistics**

  Full logistics integration and greater use of distribution centers

- ✓ **Commercial**

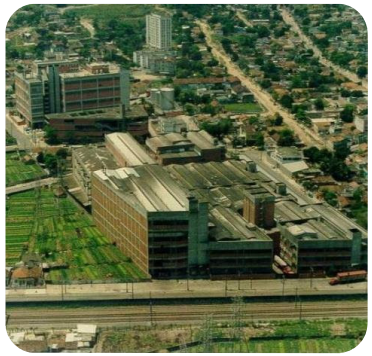
  Review of product portfolio, sales policies, compensation model, cross-selling and new products

## *Potential for operational and commercial synergies*

# Industrial – Infrastructure for the production of cookies, crackers, pasta and vegetable shortening in the Southeast region

## Madureira (RJ)

- Cookies & crackers and pasta Factory
- Vegetable Shortening Factory





- ✓ *The cookie and cracker and pasta plant in Madureira has a print shop with a nominal capacity of **2,500 tons** of packaging/year*

## Queimados (RJ)

- Cookies & crackers Factory

  *"State of the art"*



*This unit has ICMS tax benefit (tax 3% in the output)*

## *Potential for operational and commercial synergies*

# Industrial – Growth of 16.9% in biscuit capacity and 15.1% in pasta capacity

| | Cookies and Crackers | Pasta | Margarine and Vegetable Shortening | Wheat Flour and Bran | Other products | Total |
|---|---|---|---|---|---|---|
| **Total Production Capacity (Thousand tonnes per year)** | | | | | | |
| **Piraquê** | **121.8** | **70.8** | **26.4** | **-** | **-** | **219.0** |
| *Cookies & Crackers and Pasta Factory (Madureira/RJ)* | *92.1* | *70.8* | *-* | *-* | *-* | *162.9* |
| *Vegetable Shortening Factory (Madureira/RJ)* | *-* | *-* | *26.4* | *-* | *-* | *26.4* |
| *Cookies & Crackers Factory (Queimados/RJ)* | *29.7* | *-* | *-* | *-* | *-* | *29.7* |
| **Other units of M.Dias Branco** | **721.1** | **469.9** | **229.5** | **1,912.0** | **39.3** | **3,371.8** |
| **M.Dias + Piraquê** | **842.9** | **540.7** | **255.9** | **1,912.0** | **39.3** | **3,590.8** |
| *Increase* | *16.9%* | *15.1%* | *11.5%* | *0.0%* | *0.0%* | *6.5%* |
| **Production Capacity Utilization (%)** | | | | | | |
| **Piraquê** | **44.3%** | **37.7%** | **34.0%** | **0.0%** | **0.0%** | **40.9%** |
| **Other units of M.Dias Branco** | **76.5%** | **77.5%** | **70.4%** | **82.9%** | **43.5%** | **79.4%** |
| **M.Dias + Piraquê** | **71.8%** | **72.3%** | **66.7%** | **82.9%** | **43.5%** | **77.1%** |

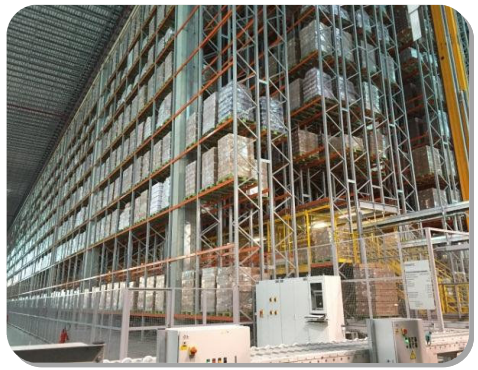
*Note : Data for the year 2017.*

## *Potential for operational and commercial synergies*

# Logistics

### 6 Distribution Centers





Total area of 13,000 m² with **14,000** pallet positions in Madureira (RJ)

Possibility of expanding to **18,000** pallet positions plus **4,500** in the old DC with:

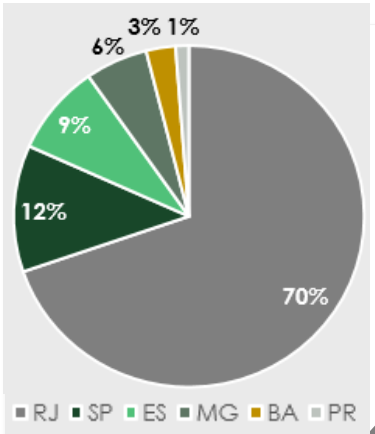
**RENTED FLEET**

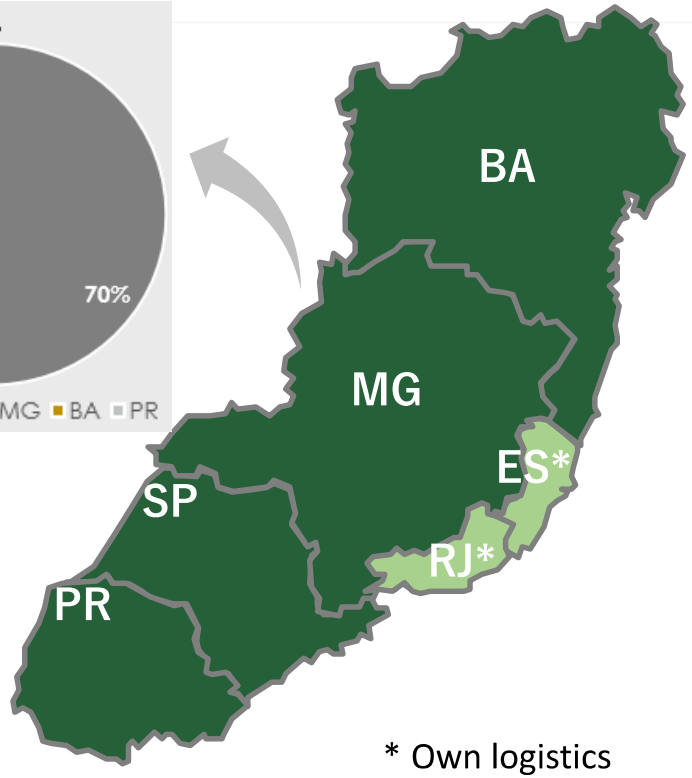
103 rented/third parties + 6 backups (87 RJ + 16 ES)

14,559 pallet positions

36 docks, 3 incoming

### Revenue by Distribution Centers



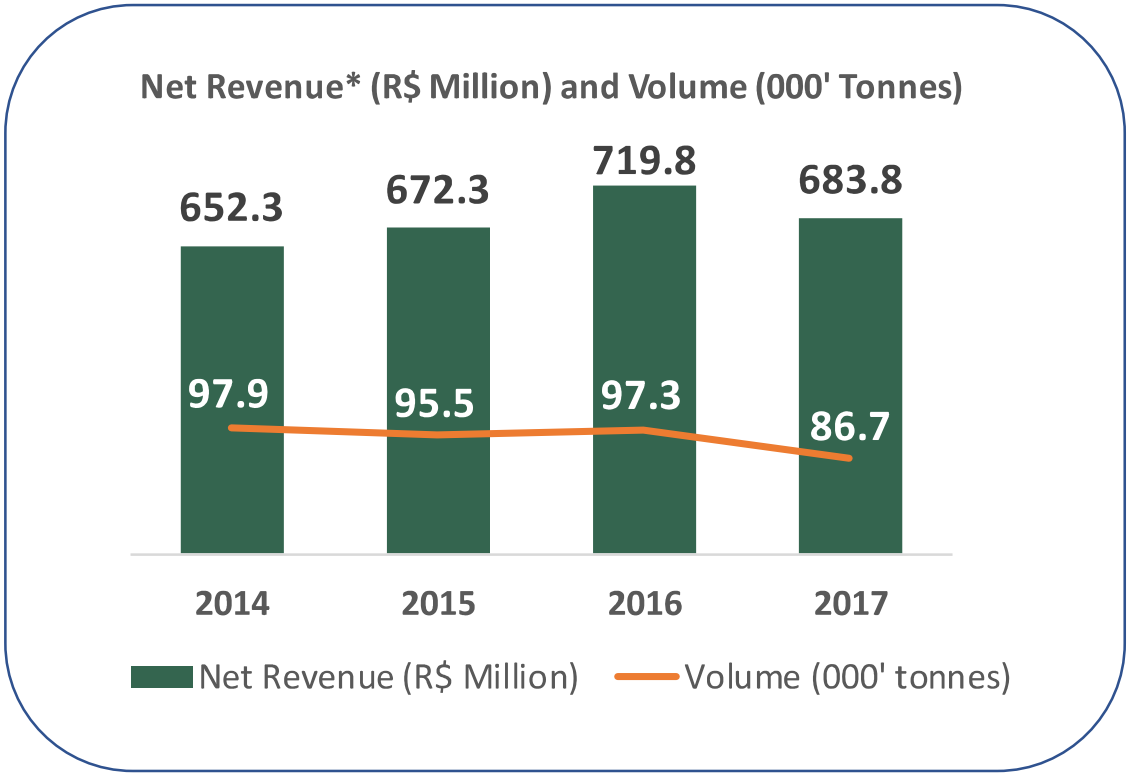



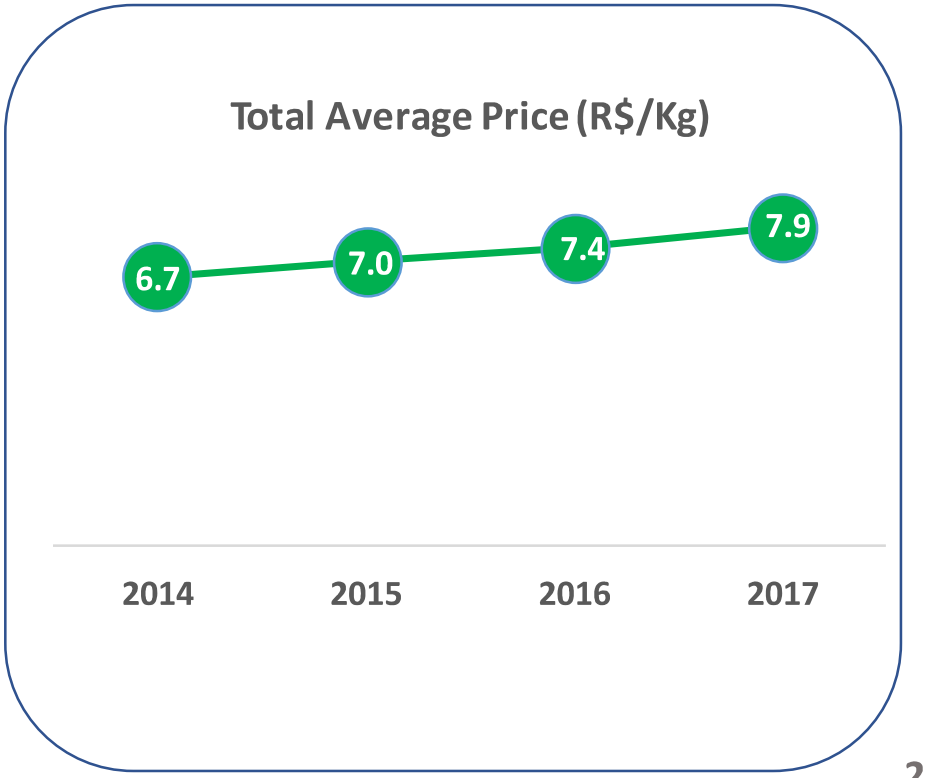

* Own logistics

# Additional Information



# Evolution of Net Revenue and Volume Piraquê






**Note:** Net Revenue of Adjusted Income Statement.

## Income Statement 2017

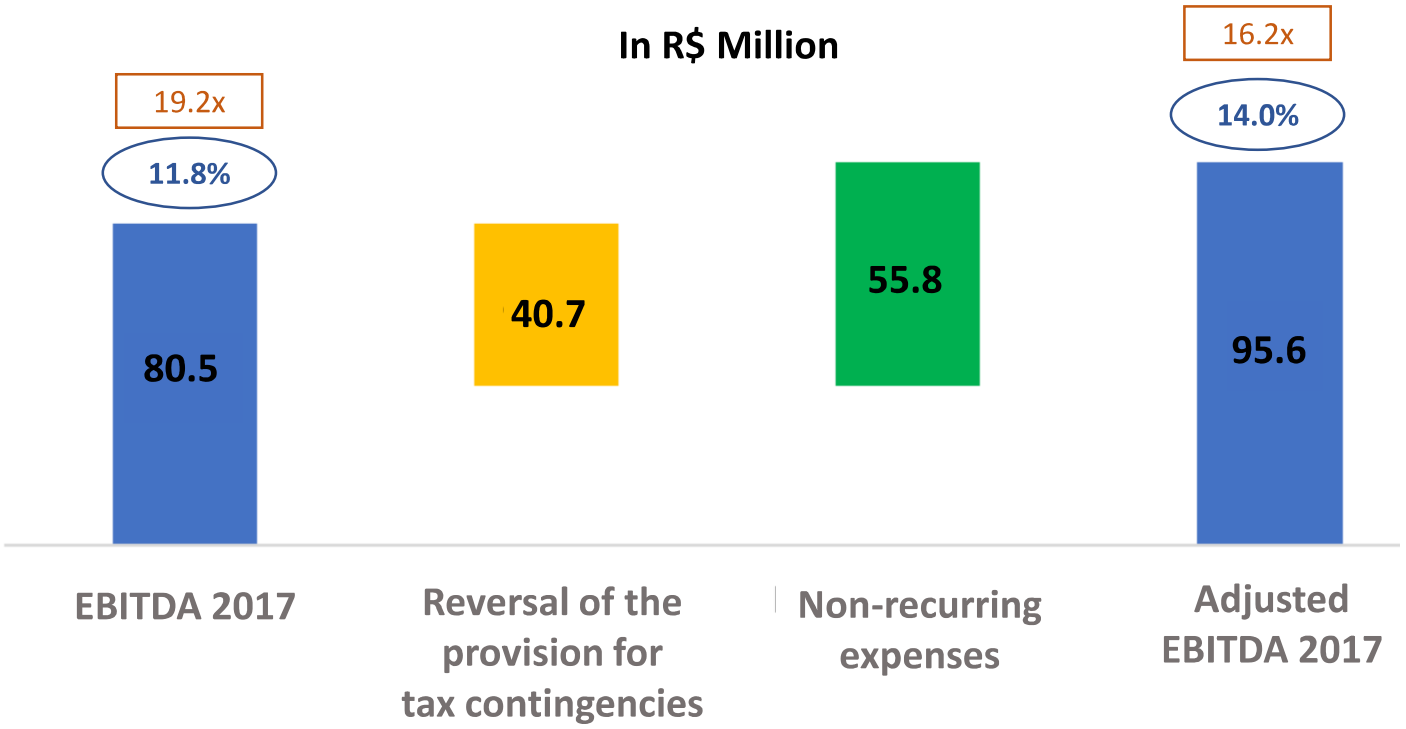
| Income statement | M.Dias Branco 2017 | | Piraquê 2017* | | Piraquê 2017 Adjusted** | |
|---|---|---|---|---|---|---|
| | R$ Million | % | R$ Million | % | R$ Million | % |
| **Net revenue** | **5,415.4** | **100.0%** | **683.8** | **100.0%** | **683.8** | **100.0%** |
| (-) Cost of goods sold | -3,379.8 | -62.4% | -376.6 | -55.1% | -372.2 | -54.4% |
| (+) Tax incentives ICMS | 213.5 | 3.9% | 3.9 | 0.6% | 3.9 | 0.6% |
| **Gross profit** | **2,249.1** | **41.5%** | **311.1** | **45.5%** | **315.5** | **46.1%** |
| **Operating expenses** | **-1,409.7** | **-26.0%** | **-269.6** | **-39.4%** | **-258.9** | **-37.9%** |
| Sales expenses | -1,091.6 | -20.2% | -219.8 | -32.1% | -206.0 | -30.1% |
| Administrative expenses | -177.2 | -3.3% | -75.1 | -11.0% | -43.1 | -6.3% |
| Other revenues (expenses) | -140.9 | -2.6% | 25.3 | 3.7% | -9.8 | -1.4% |
| **Operating income** | **839.4** | **15.5%** | **41.5** | **6.1%** | **56.6** | **8.3%** |
| Financial results | 76.7 | 1.4% | 29.2 | 4.3% | 4.5 | 0.7% |
| Equity in net income of subsidiaries | -0.5 | 0.0% | 0.2 | 0.0% | 0.2 | 0.0% |
| **Income before tax and social contribution** | **915.6** | **16.9%** | **70.9** | **10.4%** | **61.3** | **9.0%** |
| Income tax and social contribution | -71.3 | -1.3% | -10.6 | -1.6% | -10.6 | -1.6% |
| **Net income** | **844.3** | **15.6%** | **60.3** | **8.8%** | **50.7** | **7.4%** |
| **EBITDA** | **966.4** | **17.8%** | **80.5** | **11.8%** | **95.6** | **14.0%** |

**Note:** Other income / (expenses) includes depreciation and amortization, tax expenses and other operating income and expenses.

* Proforma: reclassification of state tax incentive and financial discounts, according to accounting criteria adopted in M.Dias Branco.

** Adjusted: excluding non-recurring expenses and revenues.

## *Adjusted EBITDA*



# Operational Highlights of Combined Companies

| | Operational Data | | | | Market Share Brazil | | | | Market Share Southeast | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Industrial Units | Distribution Centers | Sales Volume ('000 Tonnes) | Production Capacity ('000 Tonnes) | Cookies and Crackers *Volume* | Cookies and Crackers *Value* | Pasta *Volume* | Pasta *Value* | Cookies and Crackers Volume | Cookies and Crackers Value | Pasta Volume | Pasta Value |
| M. Dias Branco | 12 | 32 | 1,836.1 | 3,371.8 | 32.5% | 24.4% | 32.4% | 28.6% | 15.3% | 11.0% | 20.1% | 17.8% |
| piraquê | 3 | 6 | 86.7 | 219.0 | 3.8% | 6.2% | 3.4% | 4.2% | 8.1% | 12.0% | 7.1% | 8.2% |
| M. Dias Branco + piraquê | **15** | **38** | **1,922.8** | **3,590.8** | **36.3%** | **30.6%** | **35.8%** | **32.8%** | **23.4%** | **23.0%** | **27.2%** | **26.0%** |
| | | | **+4.7%** | **+6.5%** | | | | | | | | |

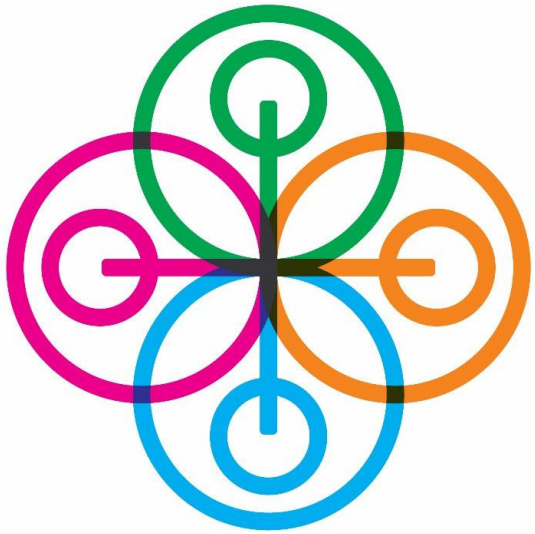
**Note[1]:** Data for the year 2017.

## *Financial Highlights of Combined Companies*

| | Financial (R$ Million) | | | Margin (%) | | |
|---|---|---|---|---|---|---|
| | Gross Profit | EBITDA[1] | Net Income[1] | Gross | EBITDA | Net |
| M. Dias Branco | 2,249.1 | 966.4 | 844.3 | 41.5% | 17.8% | 15.6% |
| piraquê | 315.5 | 95.6 | 50.7 | 46.1% | 14.0% | 7.4% |
| M. Dias Branco + piraquê | **2,564.6** | **1,062.0** | **895.0** | **42.0%** | **17.4%** | **14.7%** |
| | **+14.0%** | **+9.9%** | **+6.0%** | **+0.5pp** | **-0.4pp** | **-0.9pp** |

**Note:** [1] Adjusted Gross Profit, EBITDA and Net Income.
Data for the year 2017.

piraquê



piraquê
institute



M. Dias Branco

## *Piraquê Institute*

- Founded in **2015**
- **Objective:** Organize all social actions and donation of products of the company Piraquê.
- It has **OSCIP**[1] certification according to Law 9,790 / 99. Today, with the advent of **Law 13,019/14**, it takes 3 years of pre-existence to qualify as OSCIP.
- **Projects:** Support to several projects over the years, such as: Laço Rosa, Embaixadores da Alegria, Faixa Preta de Jesus, Instituto Reação, Creche Ovelinhas, Cidadania em Ação e Instituto Sol.








**Note:** [1] Organization of Civil Society of Public Interest (OSCIP) are NGOs created by private initiative, obtain a certificate issued by the federal public authority in proving compliance with certain requirements, especially those derived from administrative transparency rules.

# Thank you