

Results Presentation

2018 and 4Q18



On the table and in the heart of Brazilians.

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 September 30, 2018, can be found in the consolidated information of this document.

This presentation includes some information excluding Piraquê’s results (“without Piraquê”).



Highlights of 2018

2018 Releases



Innovation in Cracker



Innovation in Cookies



Synergy with Piraquê brand



Product for export

Acquisition of Piraquê in May / 2018

- R\$ 1.5 billion | 16.2x EV / EBITDA
- Items of high added value
- Leader in the state of Rio de Janeiro
- + 7.3% of net revenue for M. Dias Branco
- Seventh brand of the group with annual sales in excess of R\$ 500 million

-
- Integration in progress

- Synergies

Margin Adjusted EBITDA 2017: 14.0%

Margin Adjusted EBITDA 2018: 15.3%



Marketing investments consistent with strategy and short-term results



Buy one and get items for free

Points of sale



Digital Influencer | Digital marketing

Accelerated growth in exports

2016

R\$ 28 millions

19 countries



2017

R\$ 35 millions

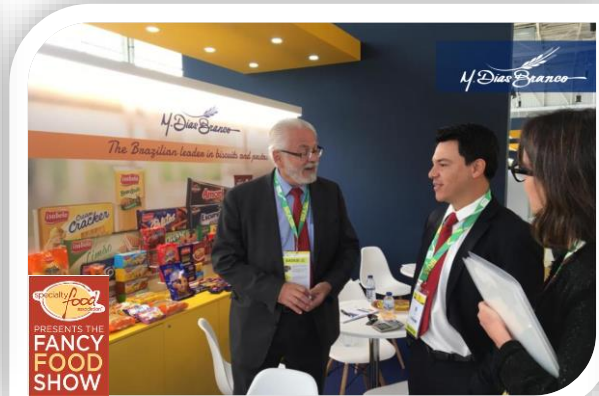
25 countries



2018

R\$ 46 millions

37 countries



Sustainability

1st inventory of greenhouse gas emissions (GHG)



Lower water consumption (m^3 / ton produced): -14.3% in 4Q18 vs. 4Q17 and -8.5% 2018 vs. 2017.

Culture, people and management



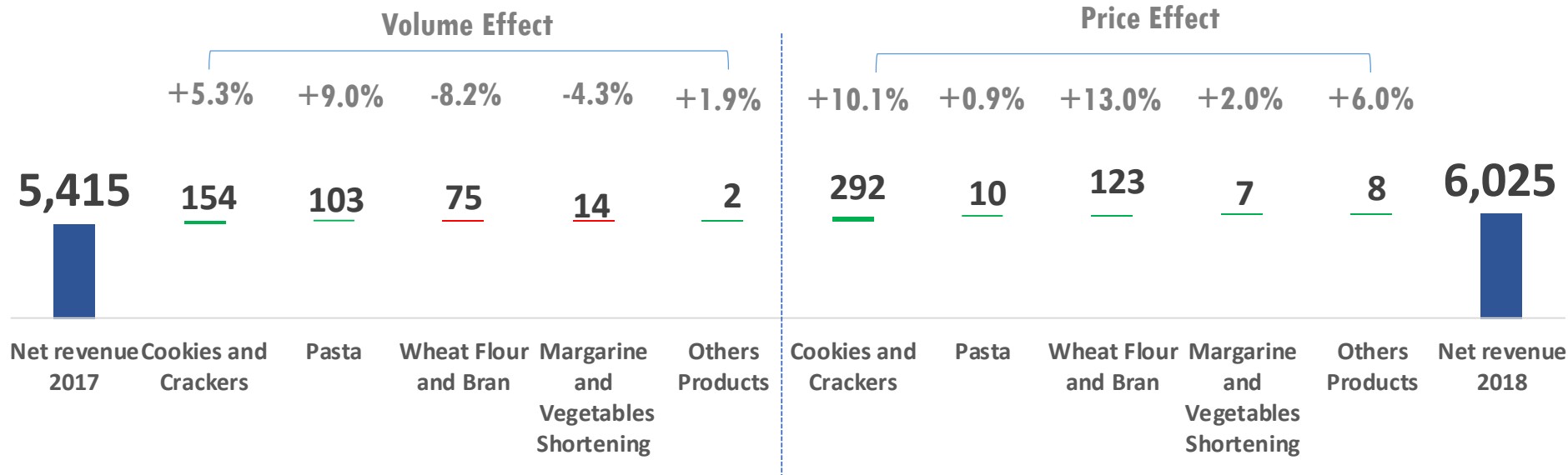
Evolution of Organizational Climate
ICO * of 71.3 points in 2018
+5.6% vs. 2013



Results 4Q18 and 2018

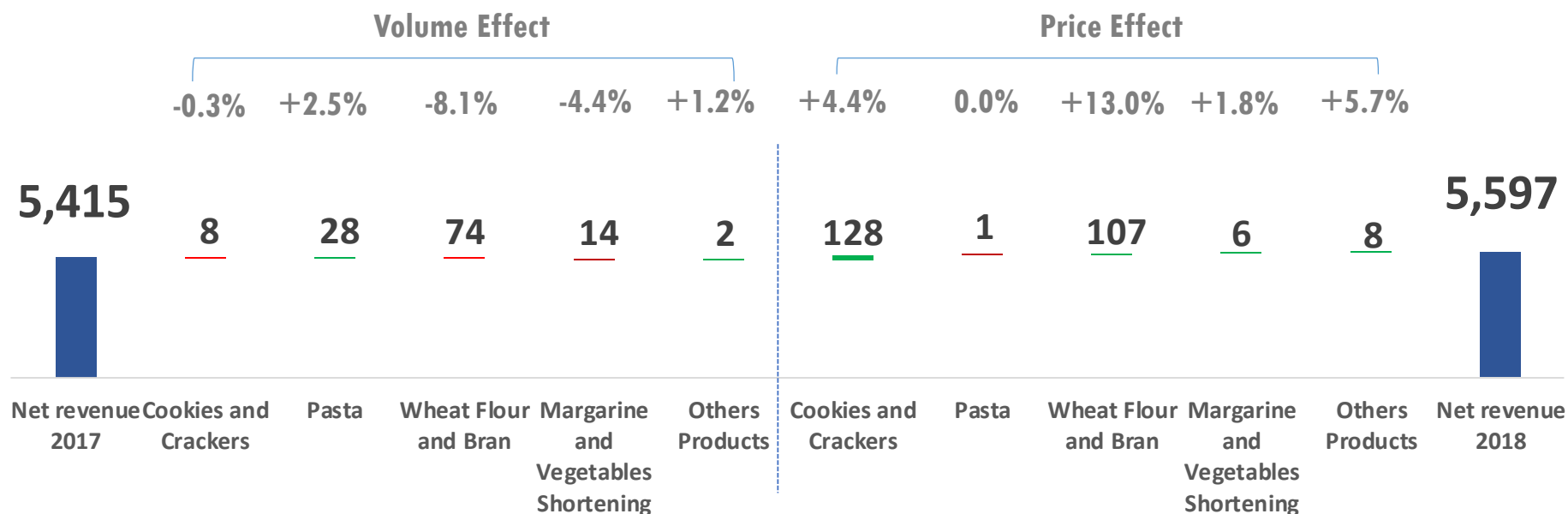
Net Revenue (with Piraquê) +11.3% 2018 vs. 2017

Variation of Net Revenue - 2018 vs. 2017 (R\$ Million) | M.Dias + Piraquê



Net Revenue (without Piraquê) +3.4% 2018 vs. 2017

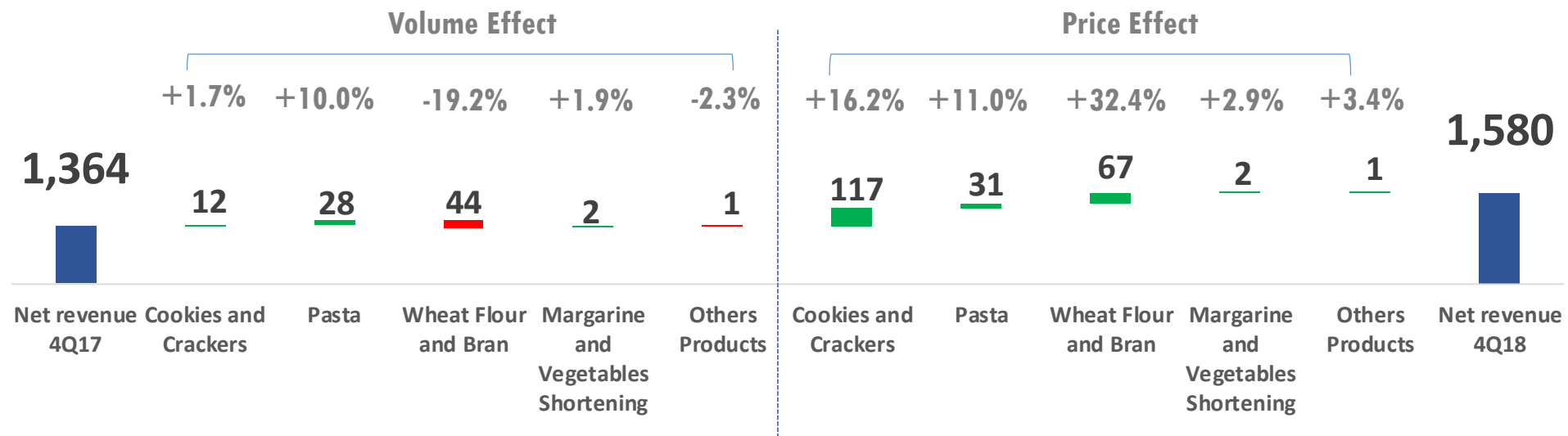
Variation of Net Revenue - 2018 vs. 2017 (R\$ Million) | M. Dias



Net Revenue (with Piraquê) +15.8%

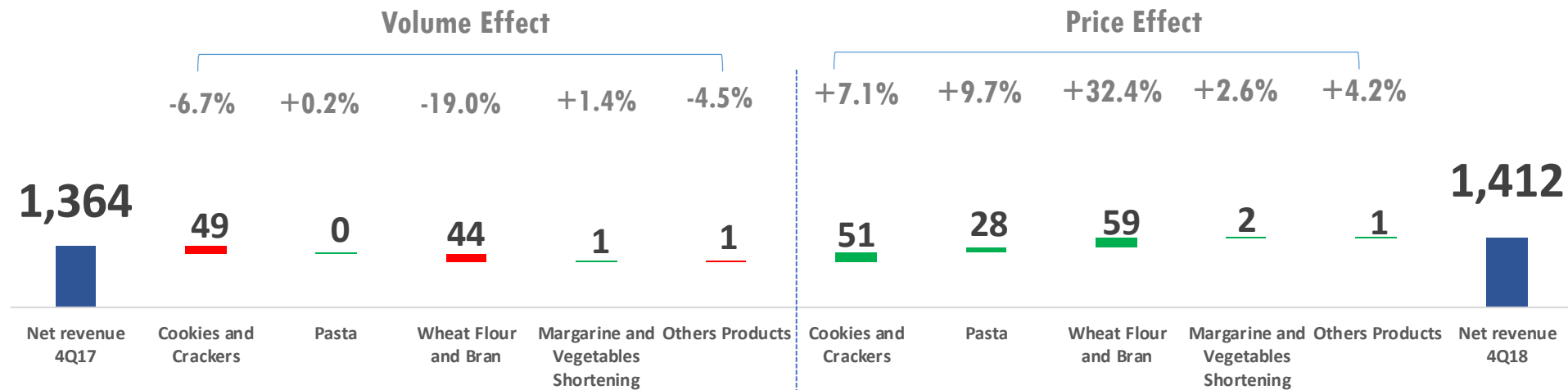
4Q18 vs. 4Q17

Variation of Net Revenue - 4Q18 vs. 4Q17 (R\$ Million) | M.Dias + Piraquê



Net Revenue (without Piraquê) +3.5% 4Q18 vs. 4Q17

Variation of Net Revenue – 4Q18 vs. 4Q17 (R\$ Million) | M.Dias



Expansion of *market share* in cookies and crackers and pastas M. Dias Branco + Piraquê

Product Line

2018 vs. 2017

4Q18 vs. 4Q17



Share volume:

34.0% (+1.5 p.p vs. 2017)

Share Value:

28.2% (+3.8 p.p vs. 2017)

Share volume:

35.6% (+3.7 p.p vs. 4Q17)

Share Valor:

30.5% (+6.5 p.p vs. 4Q17)



Share volume:

36.0% (+3.6 p.p vs. 2017)

Share Value:

31.7% (+3.1 p.p vs. 2017)

Share volume:

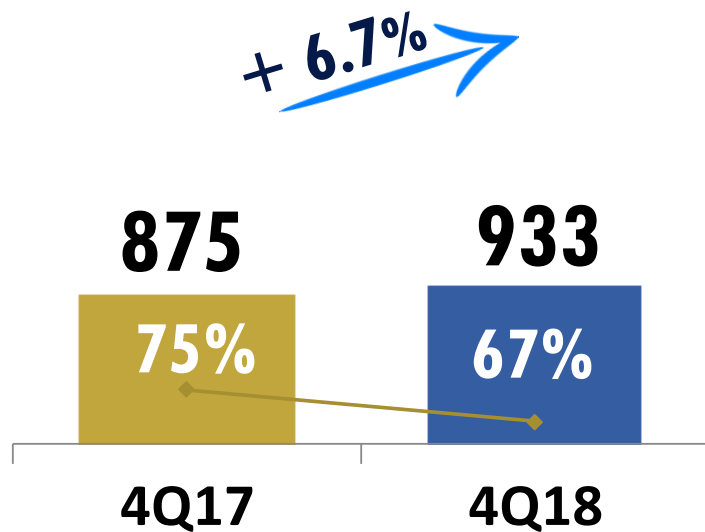
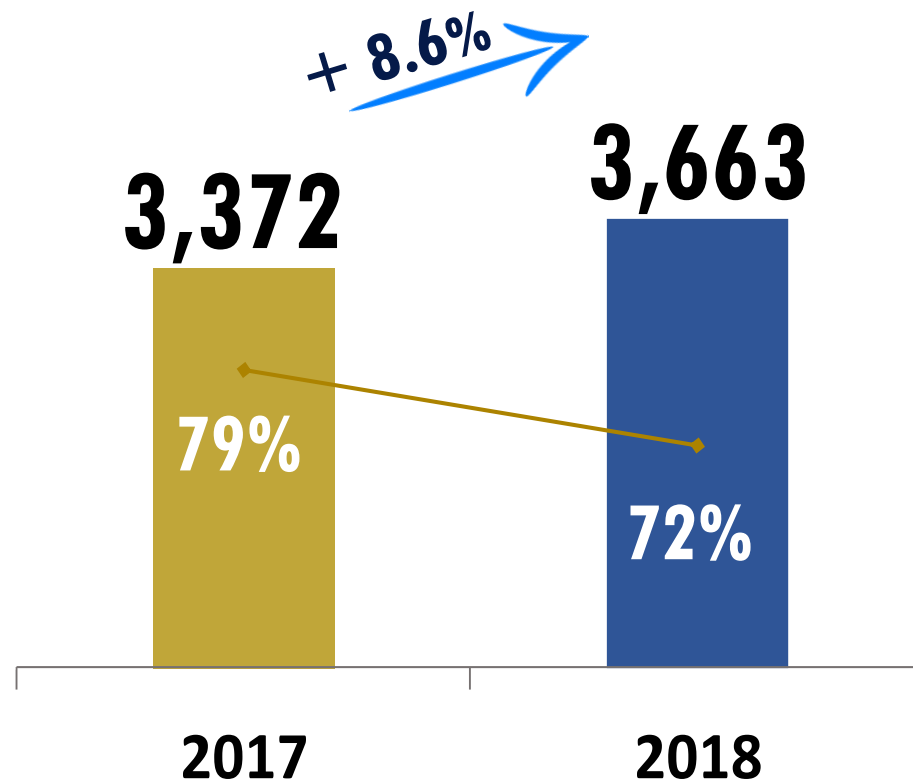
37.9% (+4.4 p.p vs. 4Q17)

Share Valor:

33.4% (-0.1 p.p vs 4Q17)

Note: NIELSEN data for the period from January to December 2018, covering Piraquê de mai-dez / 18
The variations presented refer to the periods Jan-Dec/2018 vs. 2017 and Nov-Dec/2018 vs. 2017.

Production Capacity (Thousand Ton) and Usage Level (%)



Verticalization of Wheat Flour and Vegetable Shortening

Wheat Flour

2017

92.1%

2018

85.0%



Vegetable Shortening

2017

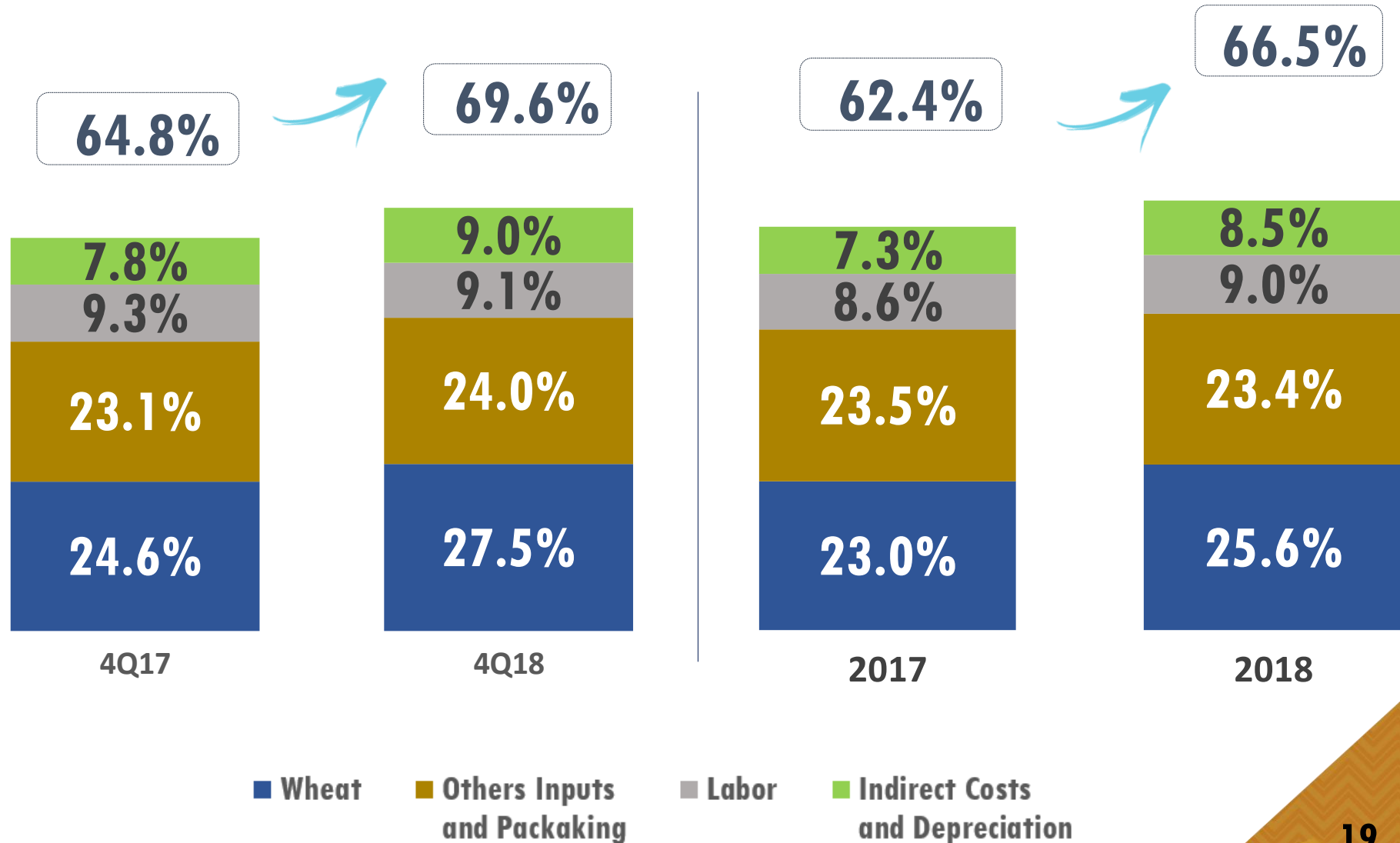
82.6%

2018

98.7%



COGS (% Net Revenue) impacted by the increase in the cost of wheat and the devaluation of the Real



Reduction of operating expenses (M. Dias Branco + Piraquê), even with negative impact of non-recurring items 2018 vs. 2017

Evolution Operating expenses (% Net Revenue) | M.Dias + Piraquê | 2018 vs. 2017

26.0%



Operating Expenses 2017

1.6%



Other expenses with marketing, sales and logistics.

0.1%



Freights

0.8%



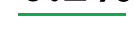
Salaries and benefits

0.5%



Non-recurring expenses ¹

0.2%



Other operating expenses ²

25.6%



Operacional Expenses 2018

¹Note: Non-recurring expenses associated with Piraquê (R\$ 6.4 million), Independent Committee (R\$ 19.5 million) and expenses incurred by Piraquê, with consultancy and restructuring (R\$ 4.9 million). ²Note: Regarding administrative expenses, administration fees, tax expenses and other operating expenses, without non-recurring expenses.

Reduction of operating expenses (M. Dias Branco + Piraquê), even with negative impact of non-recurring items 4Q18 vs. 4Q17

Evolution Operating expenses (% Net Revenue) | M.Dias + Piraquê | 4Q18 vs. 4Q17

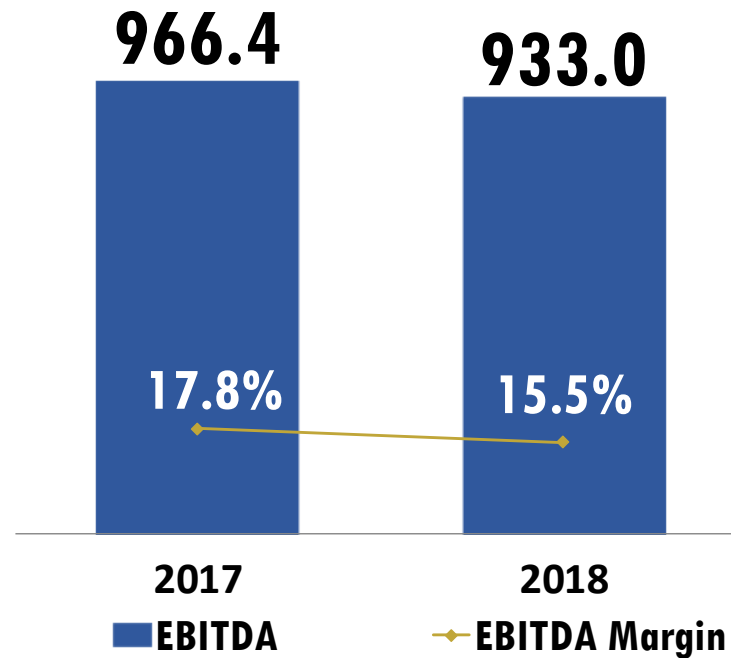


¹Note: Non-recurring expenses associated with Piraquê (R\$ 2.0 million), Independent Committee (R\$ 11.4 million) and expenses incurred by Piraquê with consultancy and restructuring (R\$ 0.1 million). ²Note: Regarding administrative expenses, administration fees, tax expenses and other operating expenses, without non-recurring expenses.

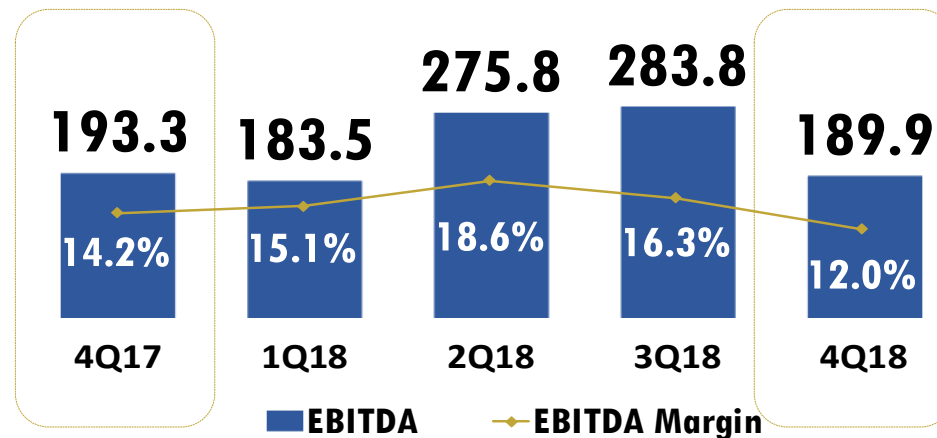
EBITDA (R\$ Million) and EBITDA Margin (% Net Revenue)

Reduction of expenses, contributing to the positive result

↓
-3.5%
2018 vs. 2017

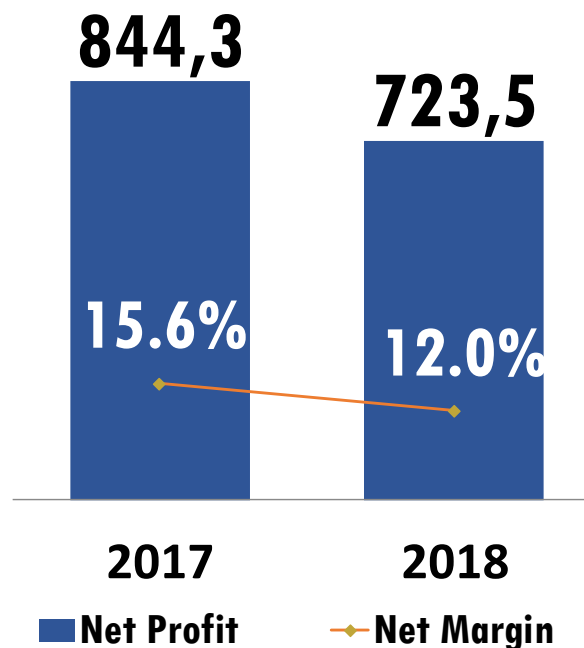


↓
-2.3%
4Q18 vs. 4Q17

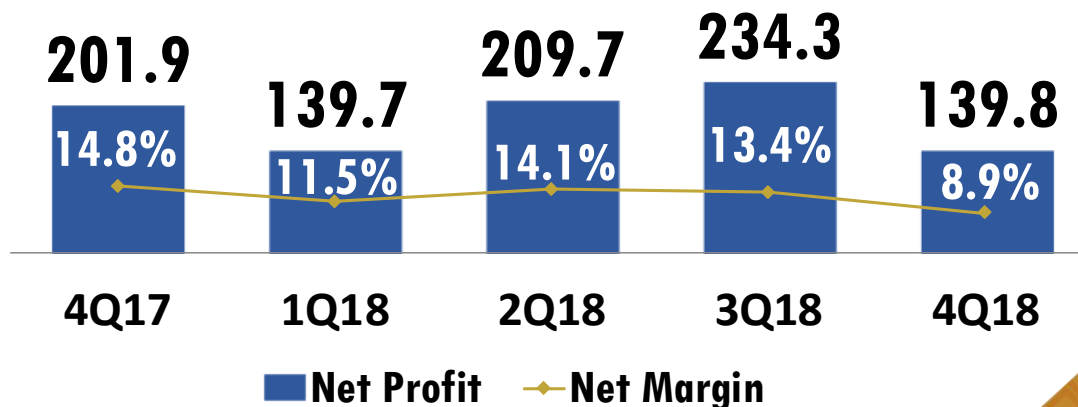


Net Income (R\$ Million) and Net Margin (% Net Revenue)

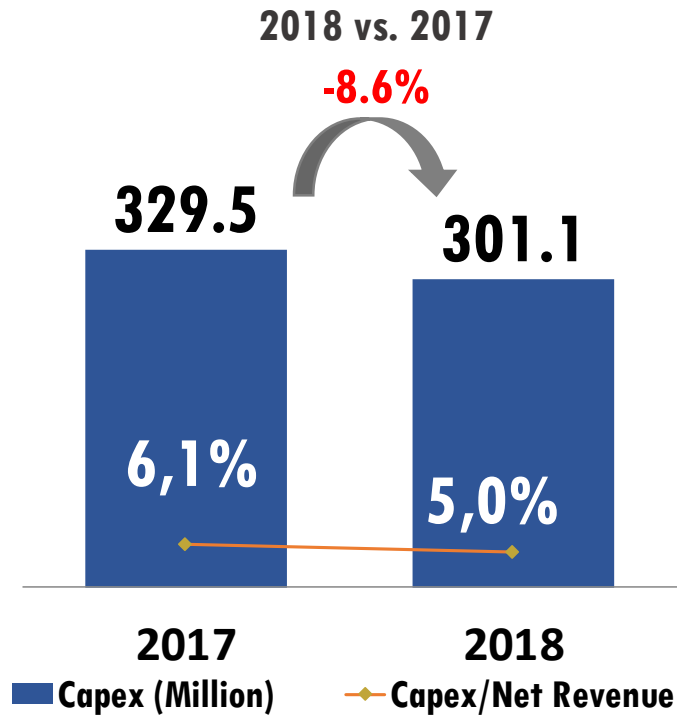
↓
-14.3%
2018 vs. 2017



↓
-30.8%
4Q18 vs. 4Q17



Investments of R\$ 301.1 million in 2018



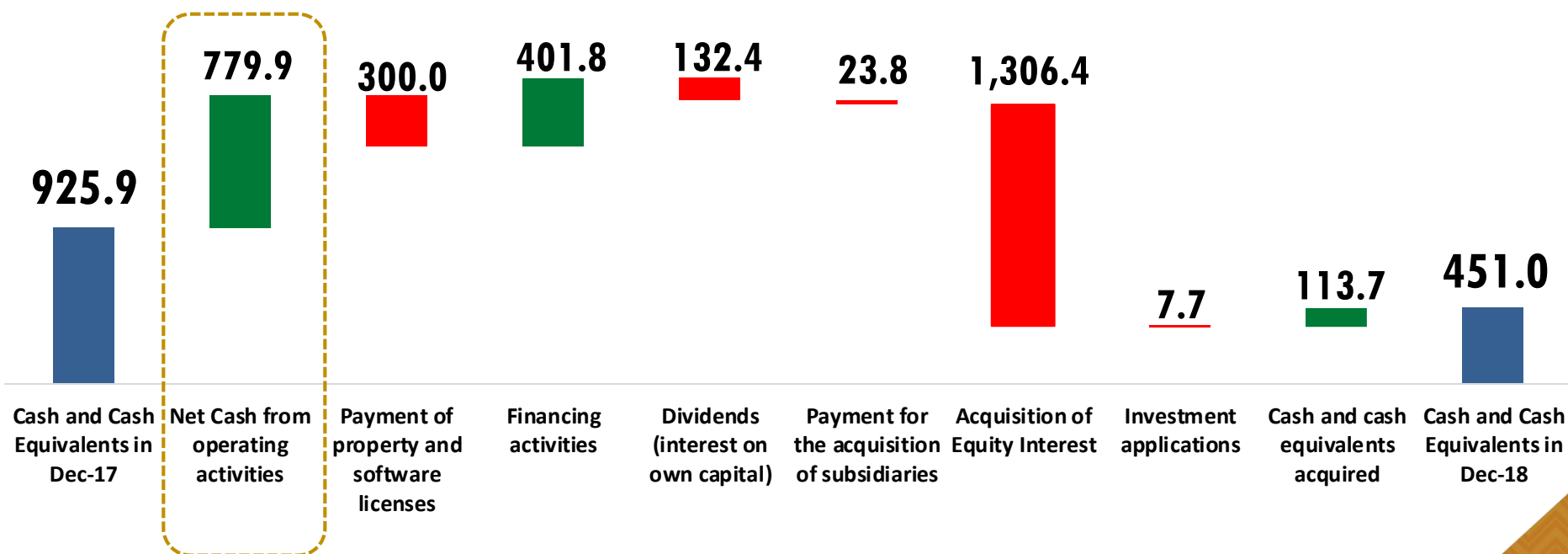
Ongoing construction of the new milling unit in Bento Gonçalves (RS);

Reuse of effluents in the Fats and Margarines unit in Fortaleza (CE);

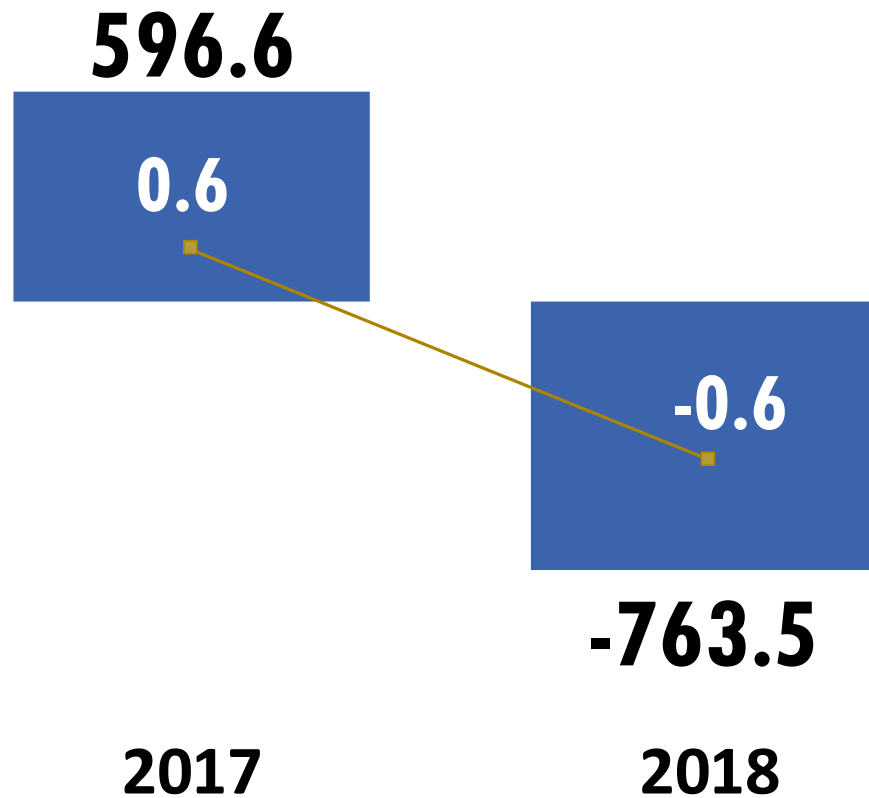
Implantation of the flour line at the Eusébio plant (CE);

Cash Flow and (%) Net Revenue

**12.9% of Net Revenue
in 2018**



Cash (Debt) Net: R\$ Million and EBITDA

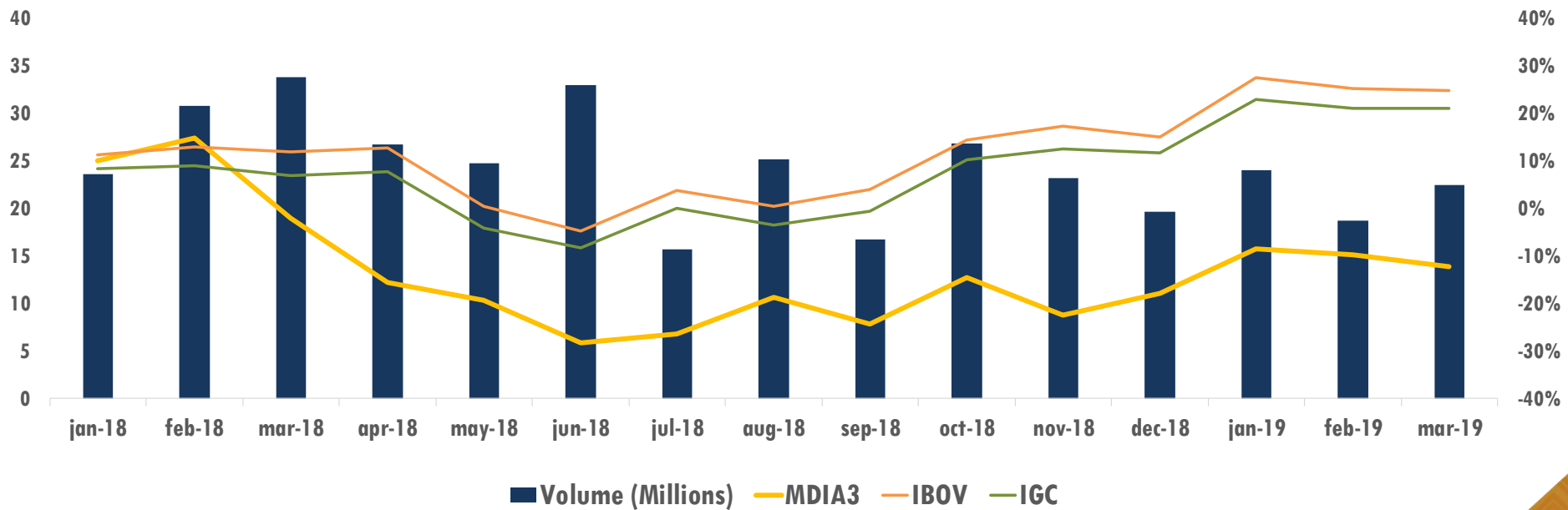


MDIA3 x IBOV x IGC

01/02/2018 a 03/08/2019

Average Daily Volume:
MDIA3 (R\$ million)

Profitability%





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