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 - Enterprise Value: R$ 1.55 billion - EV/EBITDA*: 16.2 x
Approvals and Closing	- April 4: Transaction approved by the Brazilian Antitrust Authority CADE, without restrictions - April 12: Transaction ratified by the Annual Shareholders' Meeting - 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

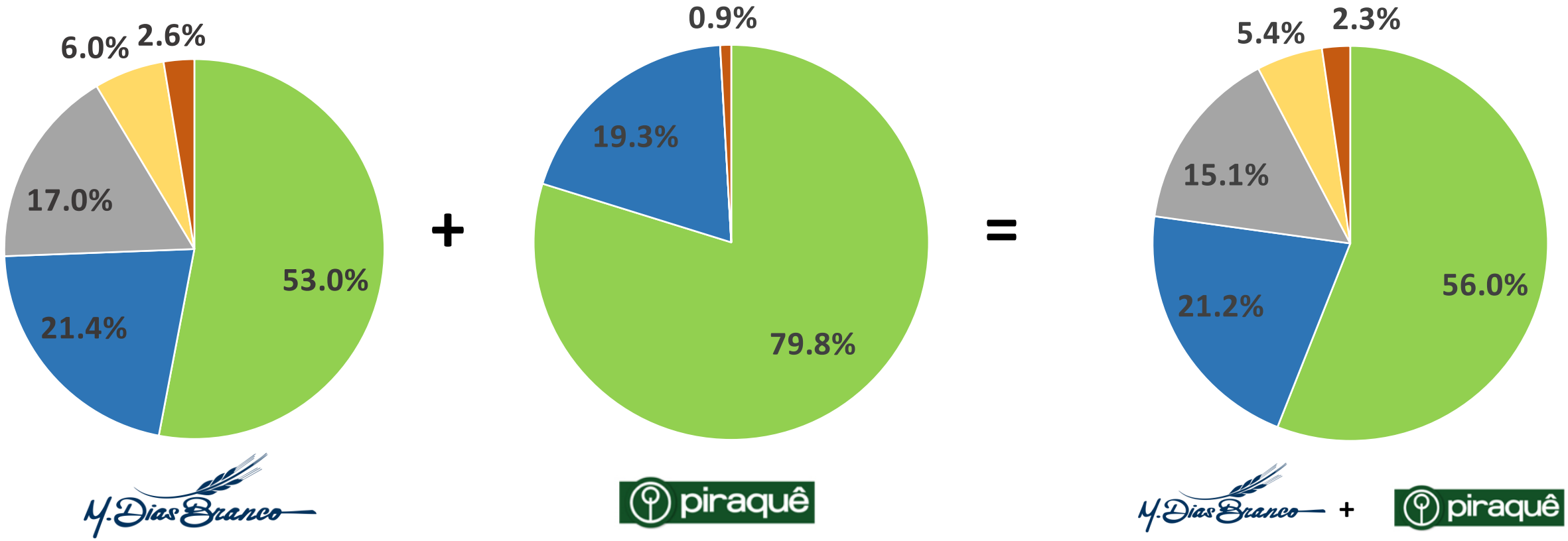
The transaction increases M.Dias Branco's total net revenue by 13% (2017 figures)

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.



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

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)

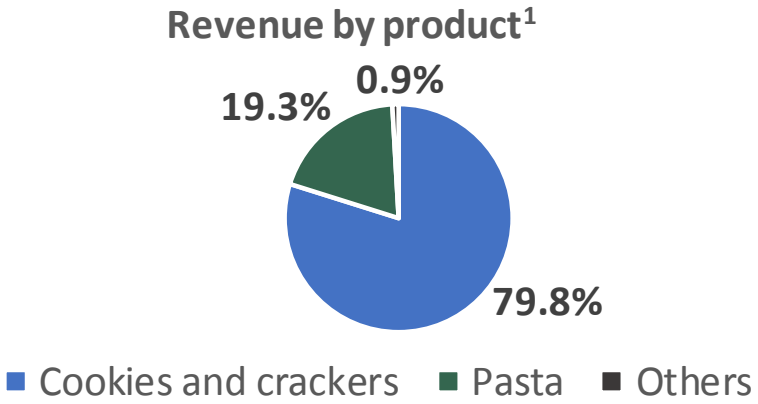
2018 Acquisition by M. Dias Branco

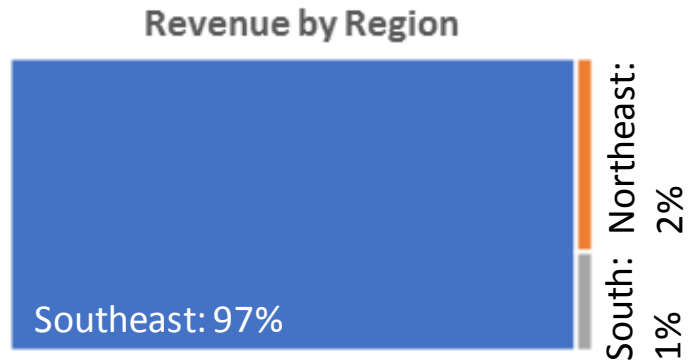
4,253 employees

54,000 tonnes Produced of cookies & crackers/year

56,000 Clients*

R$ 684 million net revenue 2017



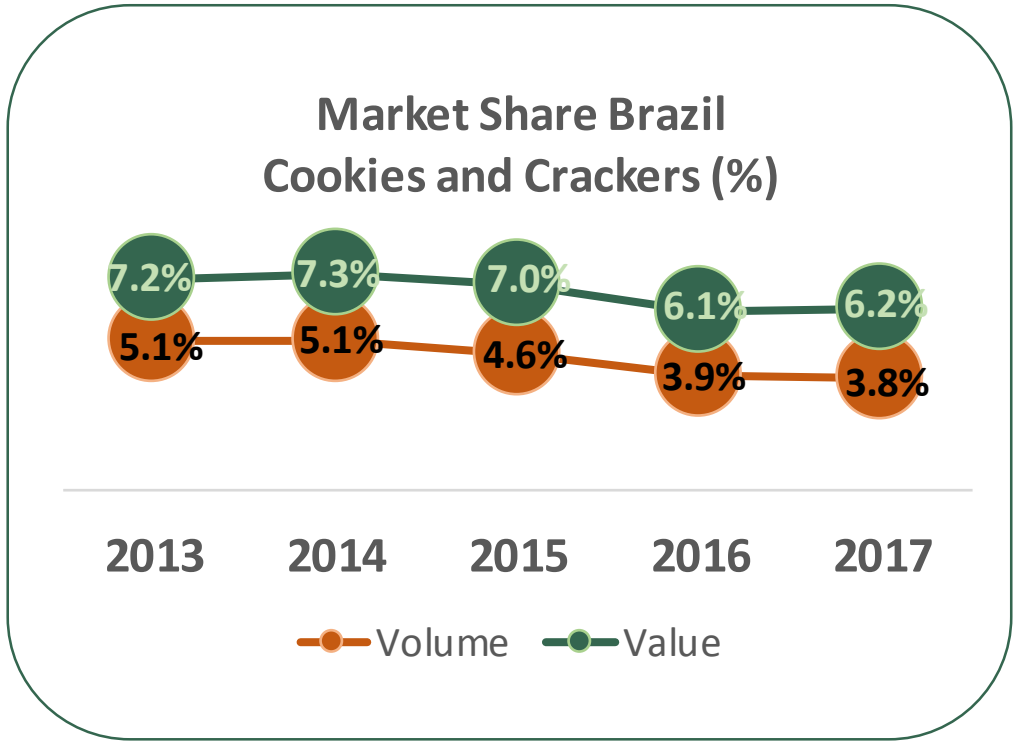


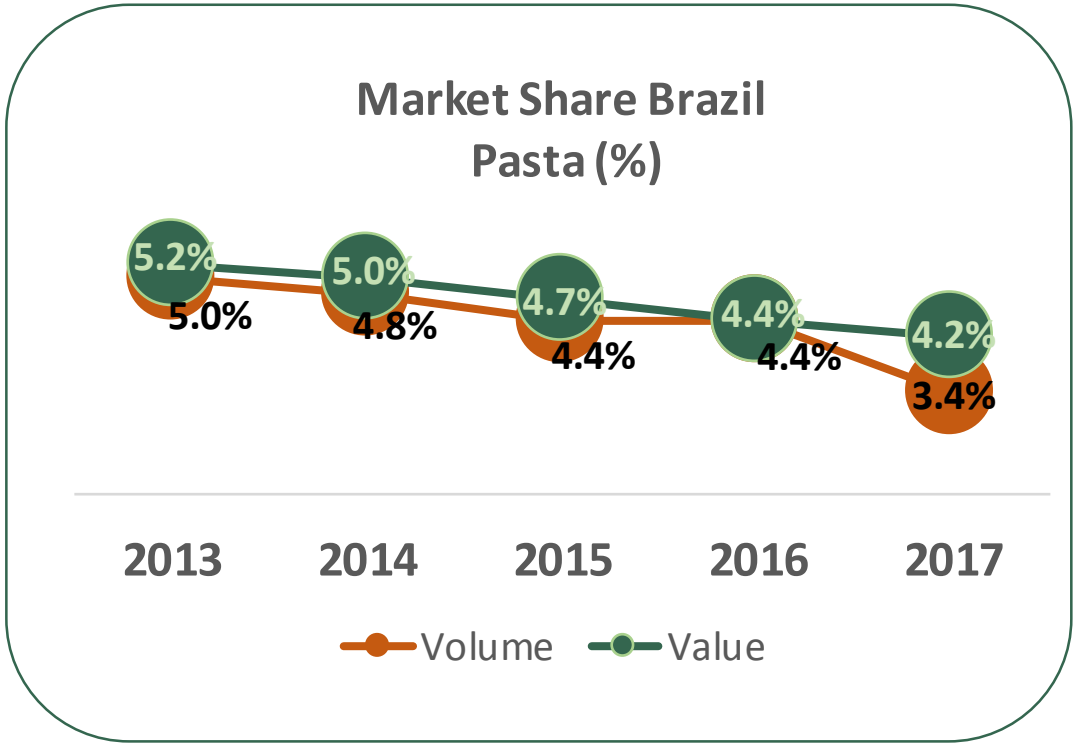
Note [1]: Data for 2017
Others contains chips and powder juice

* *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

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

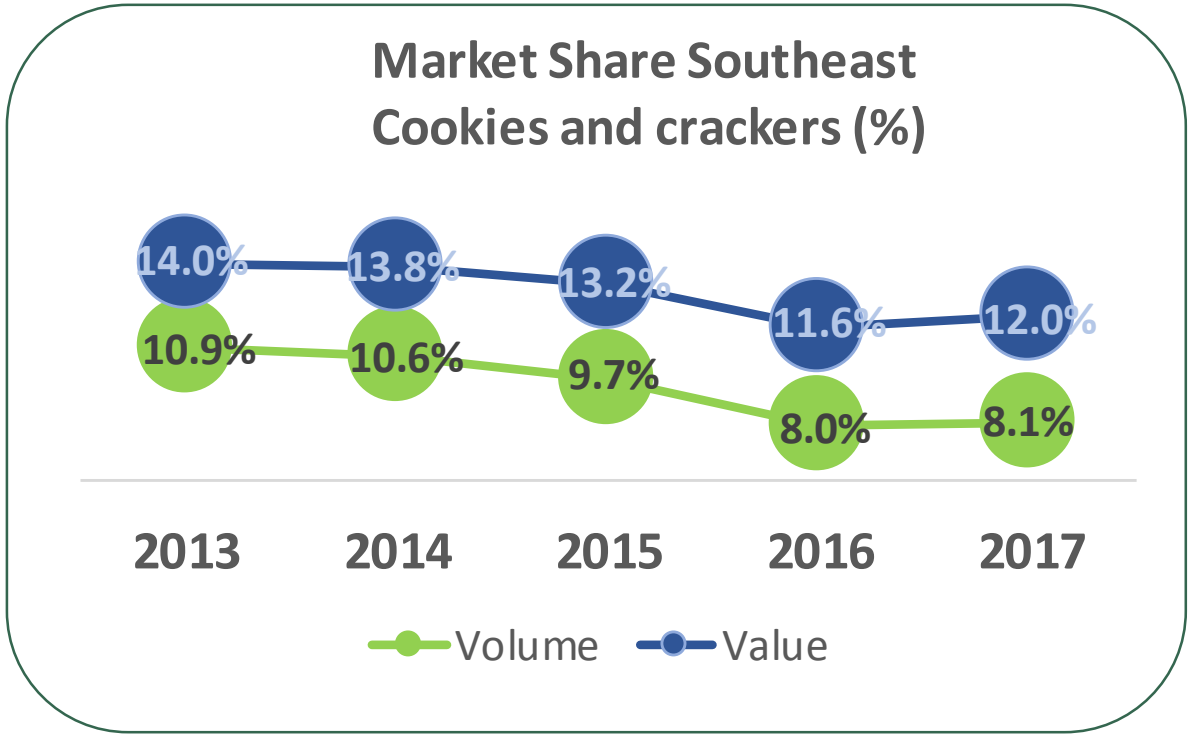
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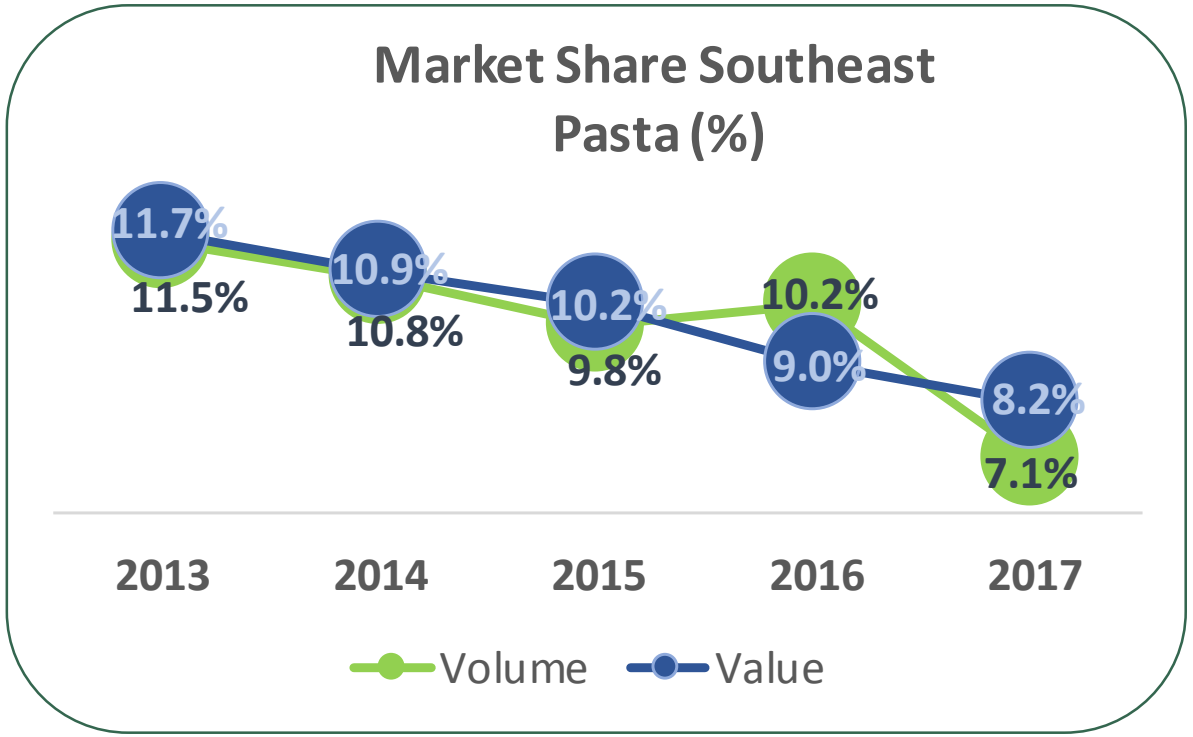
Acceleration of growth and distribution in small retail in the Southeast region



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



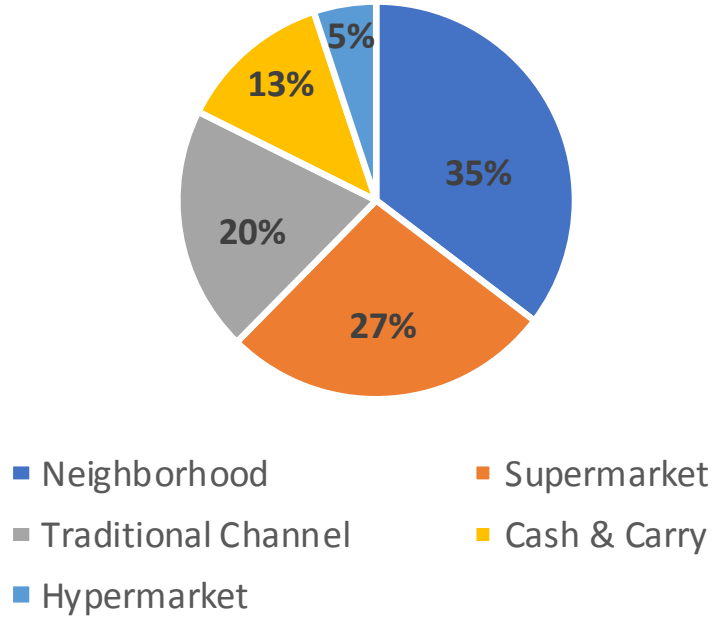


Note : Nielsen data.

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

Larger Distribution in Small Retail

Volume Brazil by Channel[1]



56,000
Clients

- ✓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

4 Potential for operational and commercial synergies



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**

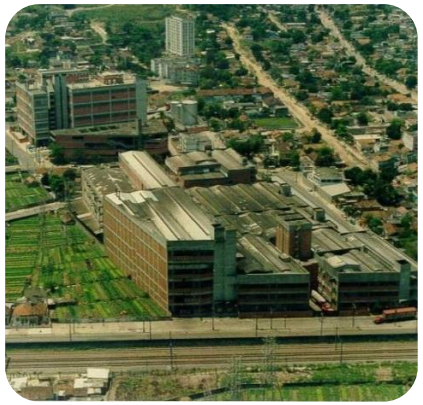
  Review of product portfolio, sales policies, compensation model, cross-selling and new products

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:

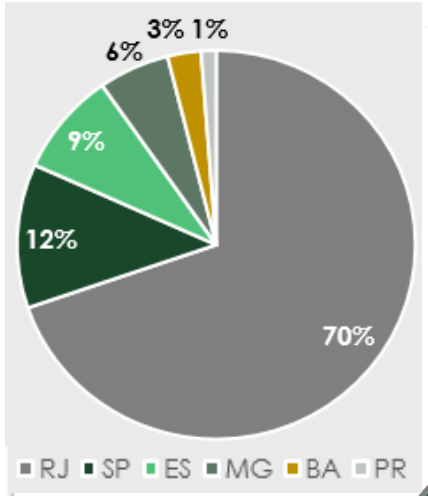
RENTED FLEET

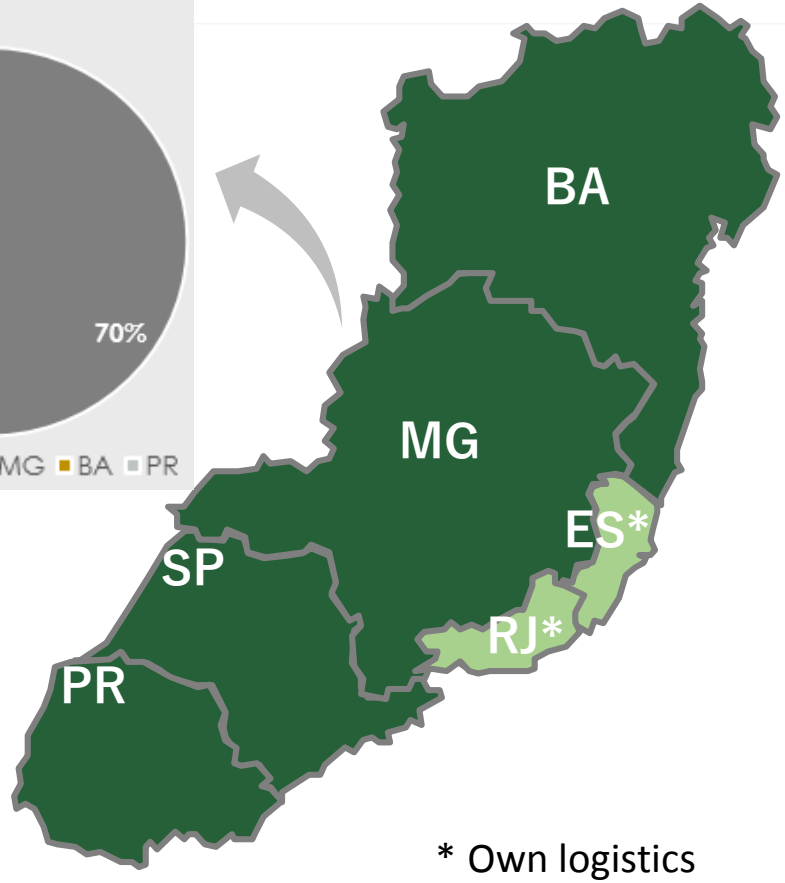
103 rented/third parties + 6 backups (87 RJ + 16 ES)

14,559 pallet positions

36 docks, 3 incoming

Revenue by Distribution Centers



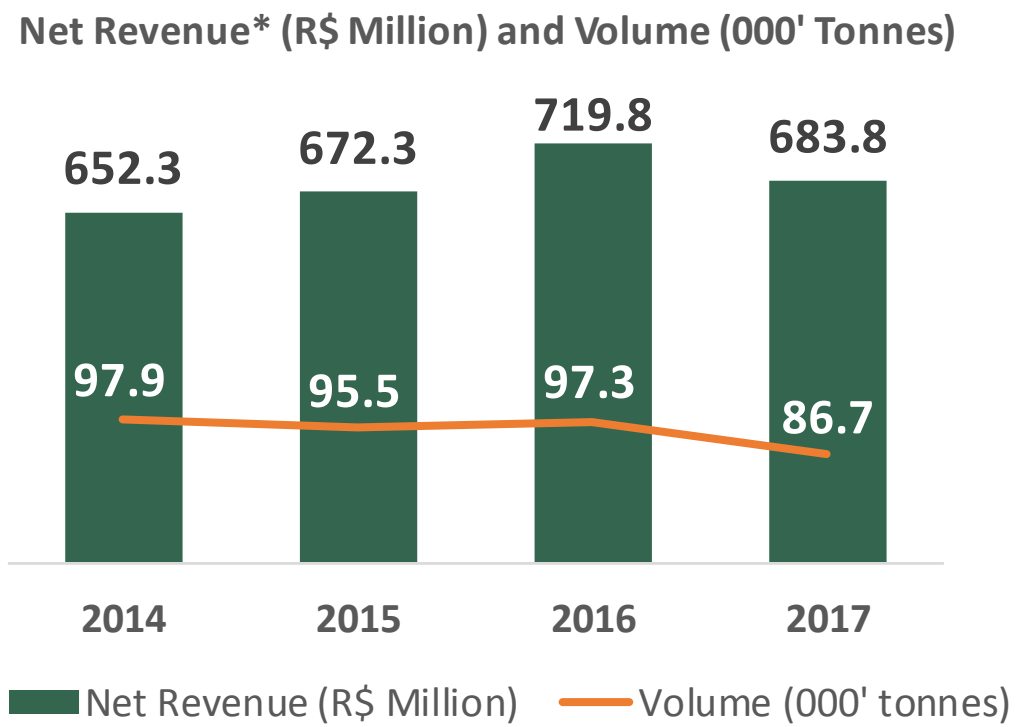


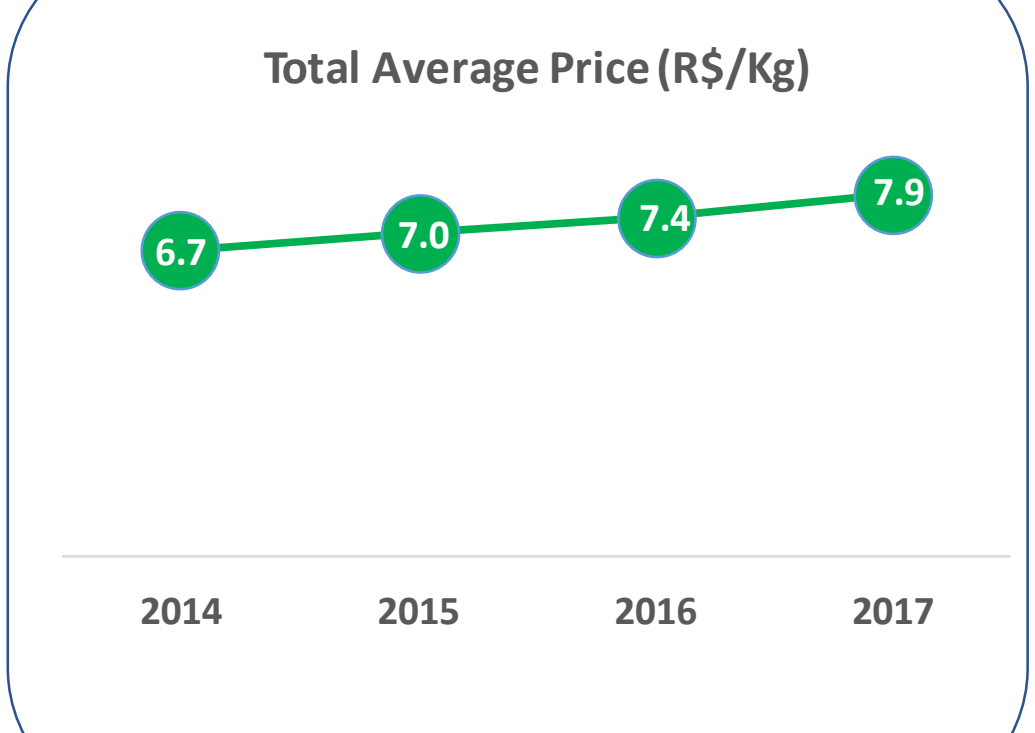
* Own logistics

Additional Information



Evolution of Net Revenue and Volume Piraquê





Note: Net Revenue of Adjusted Income Statement.

Income Statement 2017

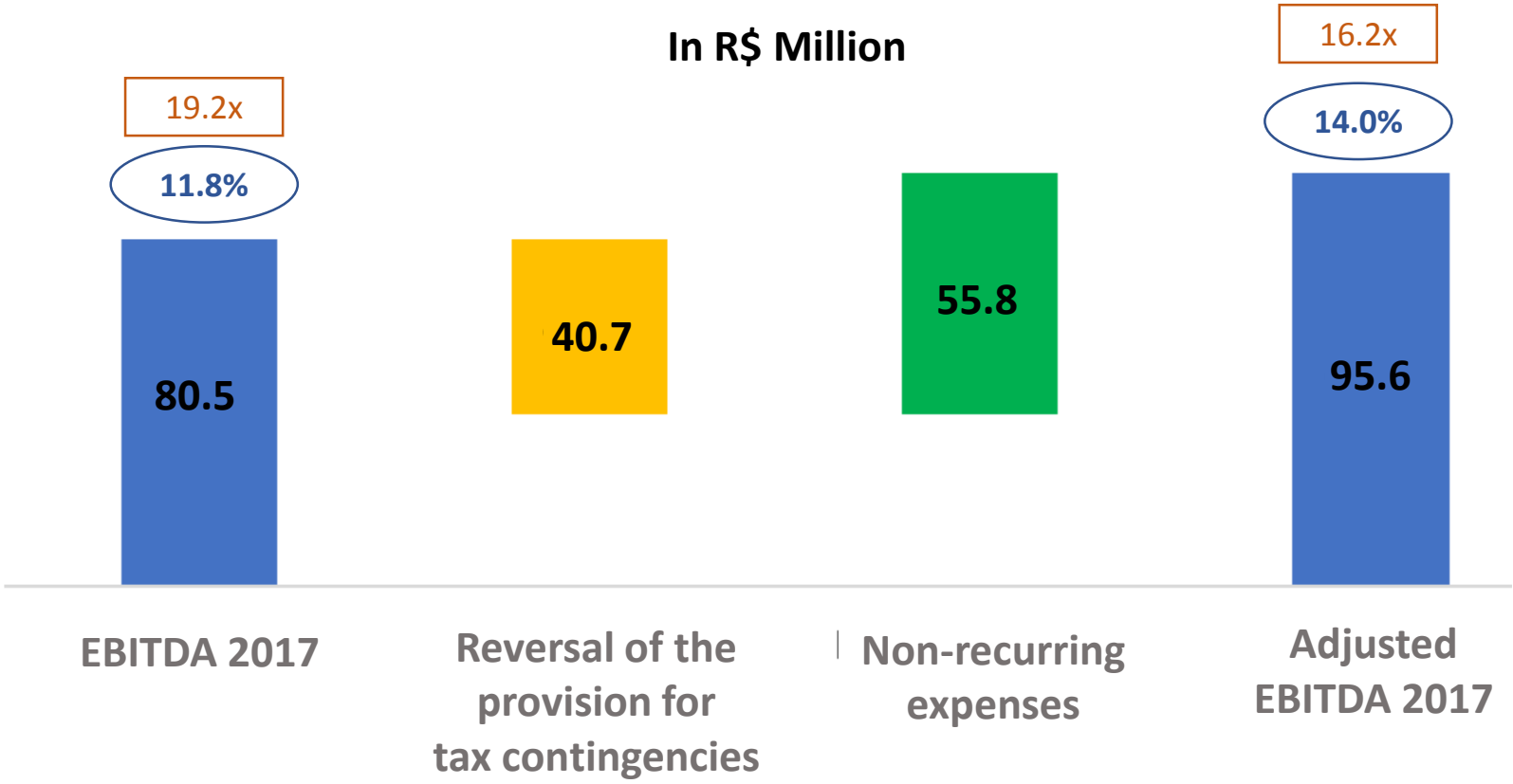
Income statement	M.Dias Branco 2017		Piraquê 2017*		Piraquê 2017 Adjusted**	
	R$ Million	%	R$ Million	%	R$ Million	%
Net revenue	**5,415.4**	**100.0%**	**683.8**	**100.0%**	**683.8**	**100.0%**
(-) Cost of goods sold	-3,379.8	-62.4%	-376.6	-55.1%	-372.2	-54.4%
(+) Tax incentives ICMS	213.5	3.9%	3.9	0.6%	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.

piraquê

Thank you

M. Dias Branco