

Minerva Foods

CONFERENCE CALL - 2Q18

August 8th, 2018

Minerva

2Q18 Highlights

OPERATING AND FINANCIAL HIGHLIGHTS

- **Operational Cash Flow 2Q18:** R\$ 395.8 million | **Free Cash Flow 2Q18:** R\$ 244.2 million | **FCC LTM2QT18:** R\$ 199.0 million
- **Gross Revenue 2Q18:** R\$ 4.0 billion | **LTM2Q18:** R\$ 15.6 billion
 - **Division 2Q18:**
 - **Brazilian Industry:** 43% of gross revenue | **International Industry:** 40% of gross revenue | **Trading:** 17% of gross revenue
- **Exports:** 64% of gross revenue (+50,3% yoy and +7,5% qoq)
- **Net Revenue 2Q18:** R\$ 3.7 billion | **LTM2Q18:** R\$ 14.9 billion (pro forma)
- **Adjusted EBITDA:**
 - **2Q18:** R\$ 353.4 million | **Adjusted EBITDA Margin:** 9.5%
 - **LTM2Q18:** R\$ 1.4 billion | **Adjusted EBITDA Margin:** 9.1%
- **Net (Loss) Income 2Q18:** R\$ -926,0 million | **LTM2Q18:** R\$ -1.3 billion

CAPITAL STRUCTURE

- **Leverage measured by the net debt/LTM EBITDA ratio:** 5.0x
- **Cash Position:** R\$ 4.2 billion
- **Duration:** ~5.6 years
- **Cancellation of ~US\$ 53 million of Notes due 2026 and 2028**

OTHER HIGHLIGHTS

- Minerva reached 25% of market share in South America – largest beef exporter of the continent
- Study for a possible IPO of the international units
- Updated Guidance for 2018 between R\$ 15.0 billion and R\$ 16.0 billion

Sector Overview

Mercosur

BRAZIL

- **2Q18 Slaughter volume:** +4% yoy | -2% qoq
 - Lower due to Diesel Crisis (Trucker 'Striker) impacts
 - Positive scenario for cattle supply in 2018
- **2Q18 Exports volume:** -18% yoy | -33% qoq (Ministry of Industry and Exports new data system) ⁽¹⁾
 - Higher consumption from Asian Markets and Middle East
 - Reroute to Chilean market
- **2Q18 Domestic Market:**
 - Decrease in the price gap between beef and alternative proteins (“positive” impact from Trucker’ Strike)

PARAGUAY

- **2Q18 Slaughter volume:** flat yoy | +21% qoq
 - Slaughter volume recovering (last quarter was impacted by weather conditions)
- **2Q18 Exports volume:** flat yoy | +19% qoq
- **2Q18 Highlights:**
 - Russia (42% of the total) | +24 p.p. yoy
 - Higher volumes to Russian market after ban for Brazilian beef

URUGUAY

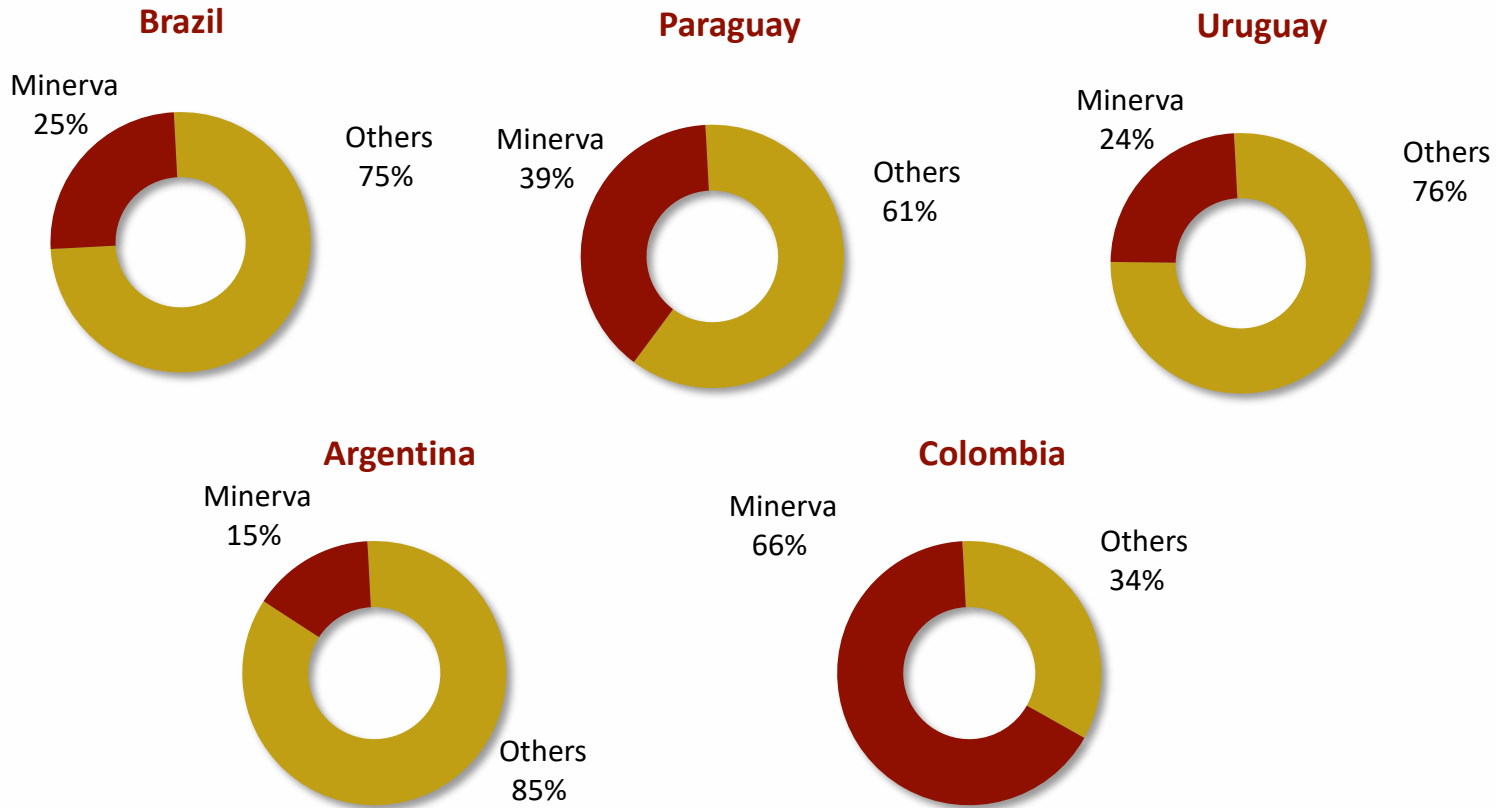
- **2Q18 Slaughter volume:** -11% yoy | -17% qoq
 - Slaughtering anticipation due to dry season (“*La niña*”)
- **2Q18 Exports volume:** -9% yoy | -17% qoq
- **2Q18 Highlights:**
 - China: 41% of the revenue
 - USA: 17% of the revenue

ARGENTINA

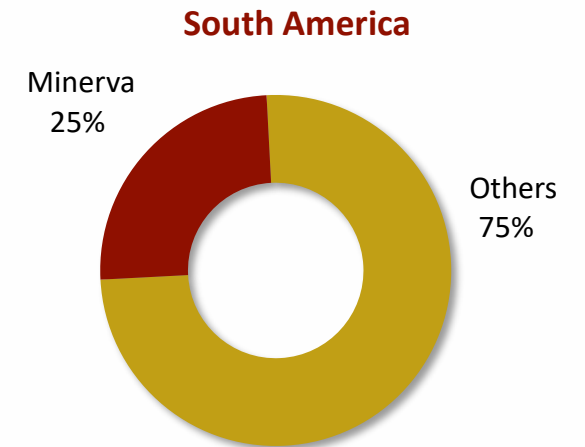
- **2Q18 Slaughter volume:** +5% yoy | -3% qoq
 - Slaughtering anticipation due to dry season (“*La niña*”), as in Uruguay
- **2Q18 Exports volume:** +49% yoy | +13% qoq
 - China (43% of the total) | +14 p.p. yoy
 - Growth of exports due to appreciation of dollar
- **2Q18 Domestic Market:**
 - Affected by exchange devaluation and higher inflation

Share of Exports

MARKET SHARE (% OF REVENUE PER COUNTRY) – 2Q18

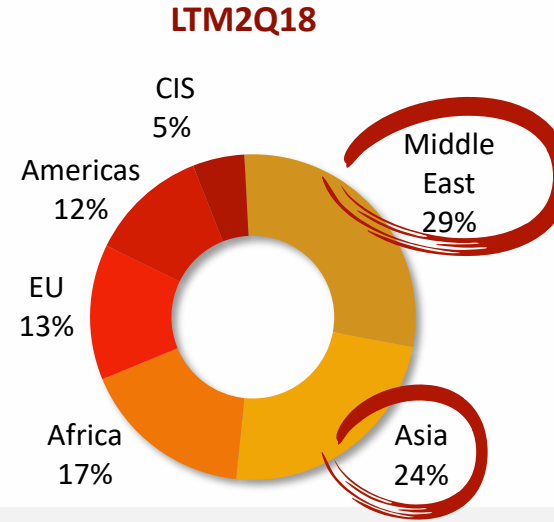
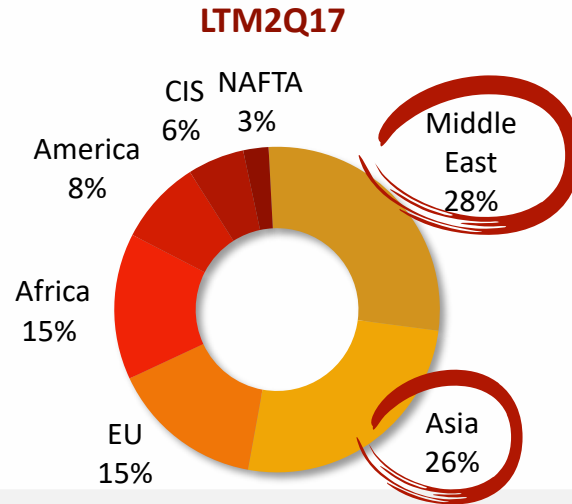


MARKET SHARE (% OF REVENUE) – 2Q18

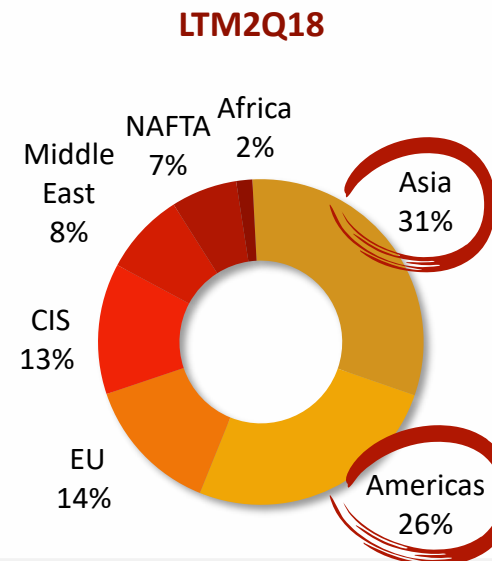
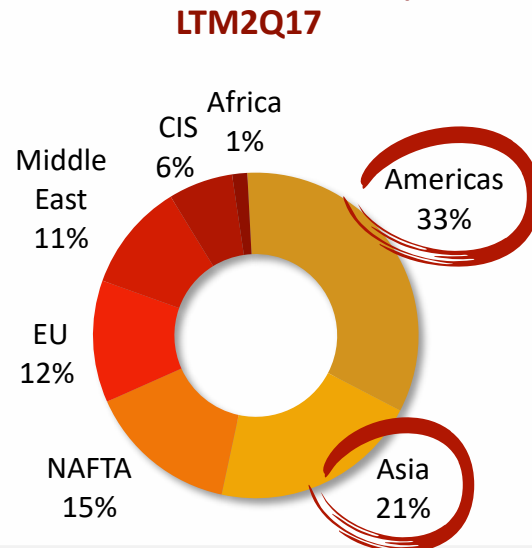


Breakdown Of Exports

BRAZILIAN DIVISION BREAKDOWN OF EXPORTS (% OF REVENUE)

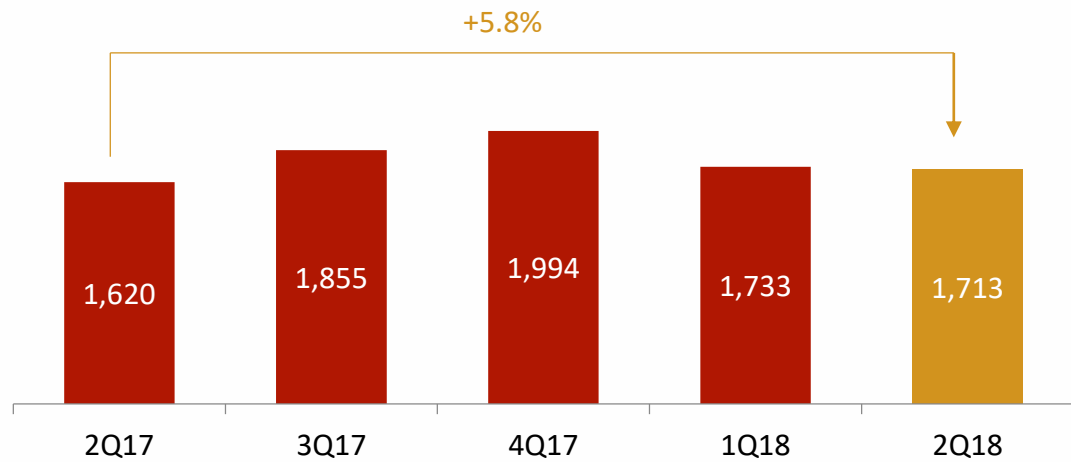


INTERNATIONAL DIVISION BREAKDOWN OF EXPORTS (% OF REVENUE)

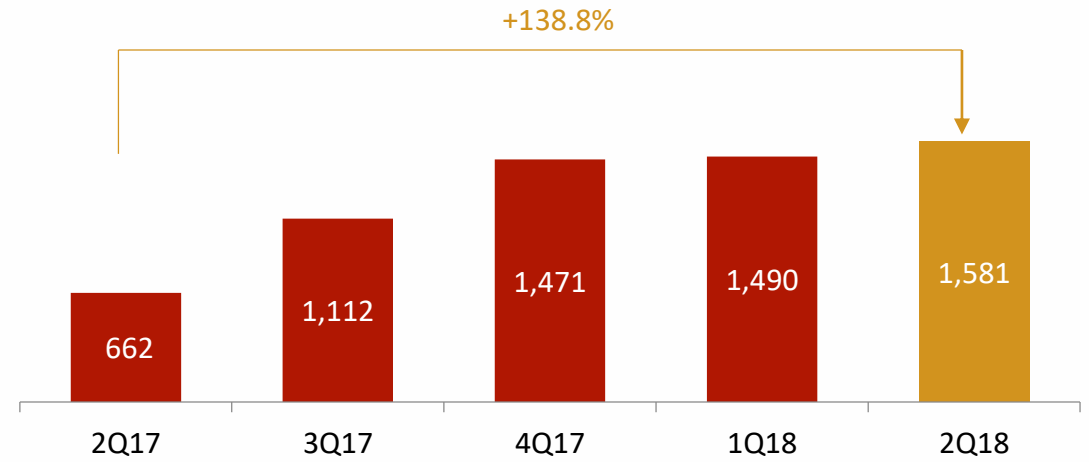


Operating and Financial Results

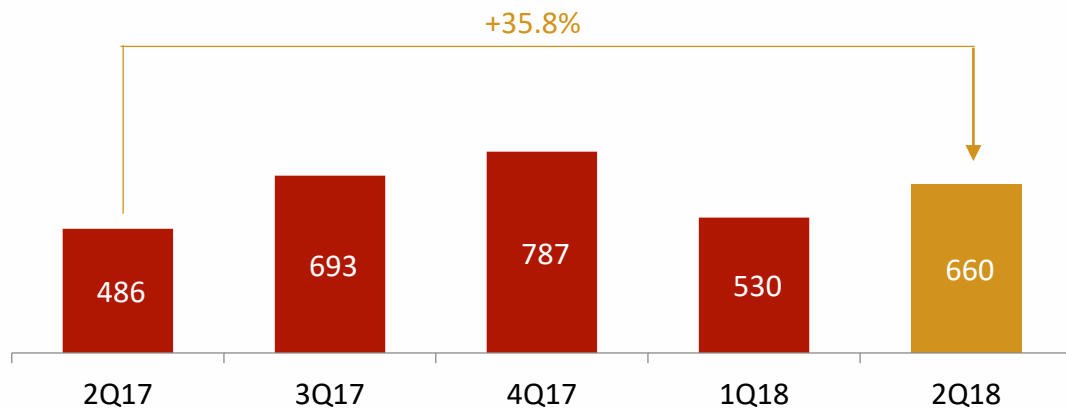
GROSS REVENUE - BRAZILIAN INDUSTRY DIVISION (R\$ MILLION)



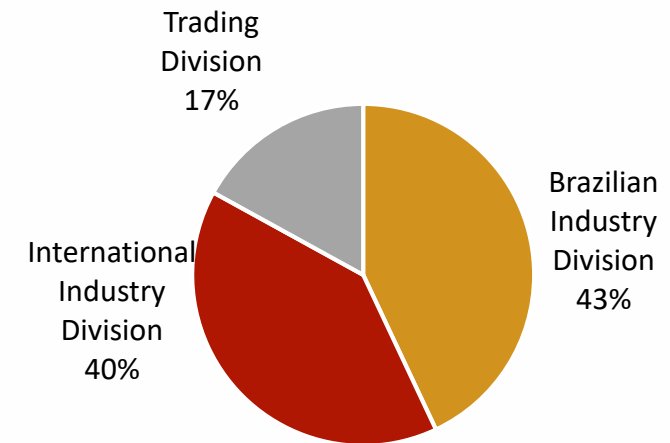
GROSS REVENUE - INTERNATIONAL INDUSTRY DIVISION (R\$ MILLION)



GROSS REVENUE - TRADING DIVISION (R\$ MILLION)

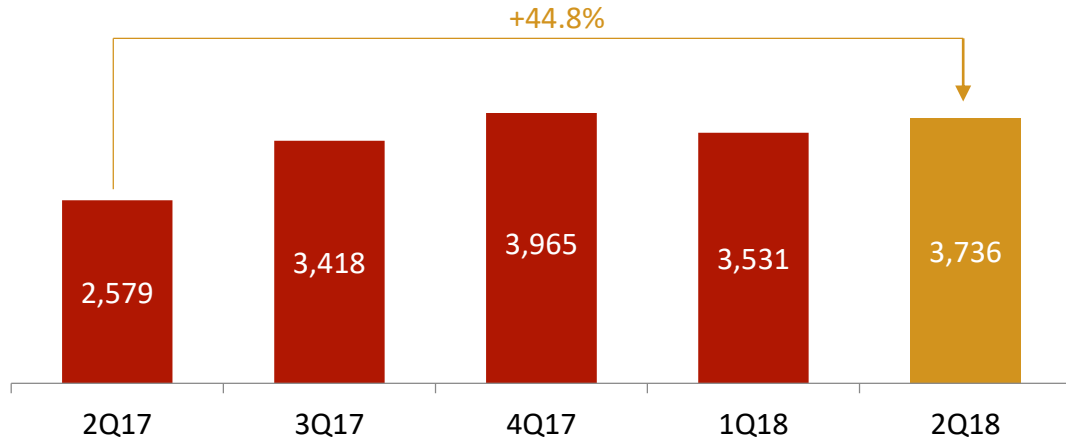


DIVISIONS BREAKDOWN (% OF GROSS REVENUE) – 2Q18

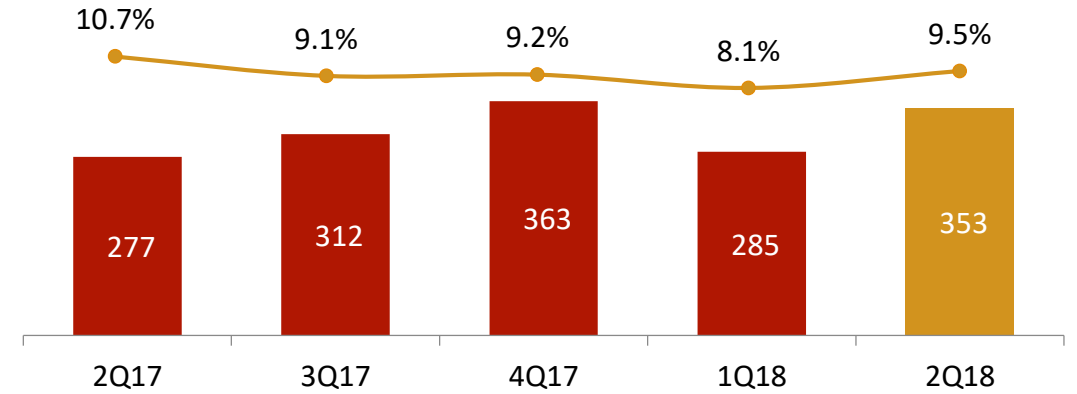


Operating and Financial Results (cont'd)

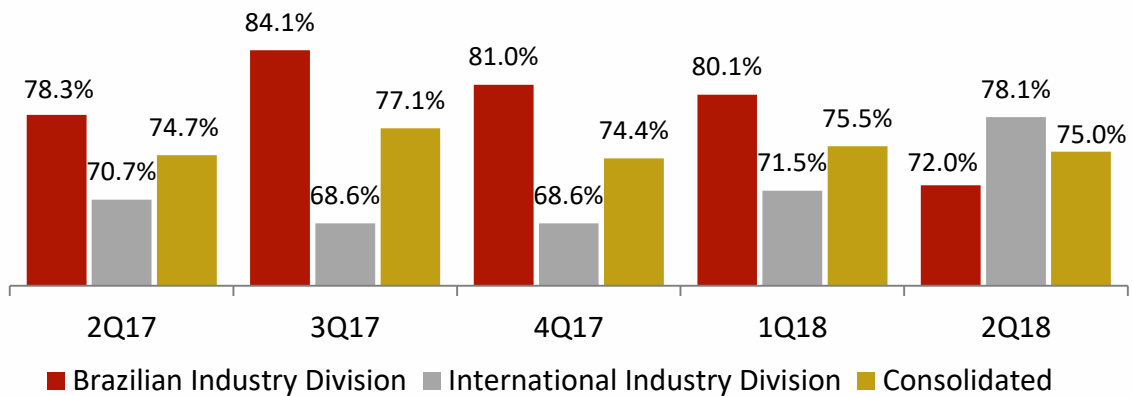
NET REVENUE (R\$ MILLION)



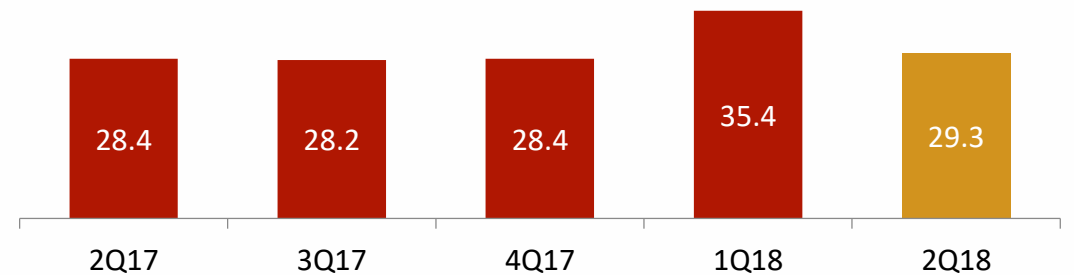
EBITDA (R\$ MILLION) AND EBITDA MARGIN (%)



CAPACITY UTILIZATION



CASH CONVERSION CYCLES – IN DAYS



Net Result and Adjusted Net Result

R\$ Million	2Q18	LTM2Q18
Net (loss) income before taxes	-1,480.9	-1,773.2
(+) Income and Social Contribution Taxes	554.9	505.0
Net (loss) income	-926.0	-1,268.2
% Net margin	-24.8%	-8.7%

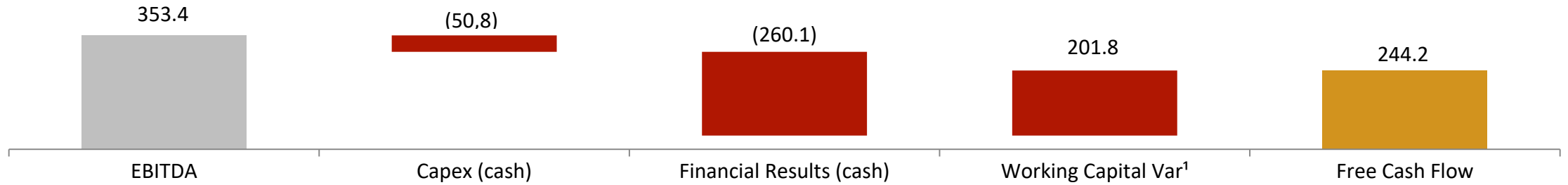
R\$ Million	2Q18	LTM2Q18
Net (loss) income	-926.0	-1,268.2
FX Variation	957.4	1,204.3
Other revenue/expenses	580.2	579.8
Net (loss) income	611.7	515.9

Operating Cash Flow

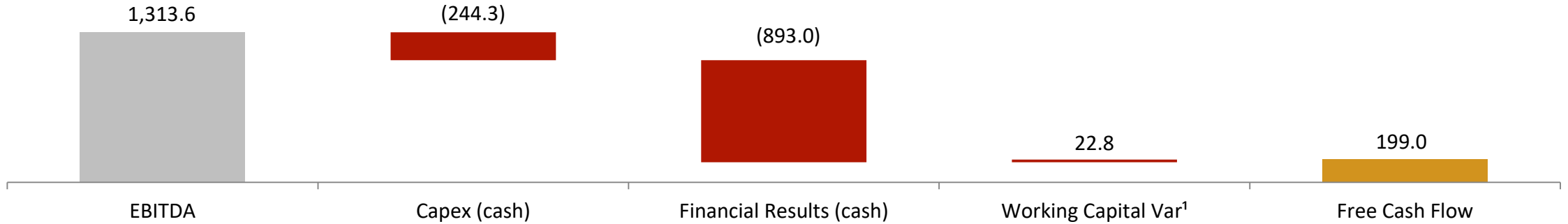
R\$ Million	2Q18	LTM2Q18
Net (loss) income	-926.0	-1,268.2
(+) Net income adjustments	649.6	1,709.1
(+) Changes in working capital requirements	672.1	493.1
Operating cash flow	395.8	934.0

Free Cash Flow

2Q18 (R\$ MILLION)



LTM2Q18 (R\$ MILLION)



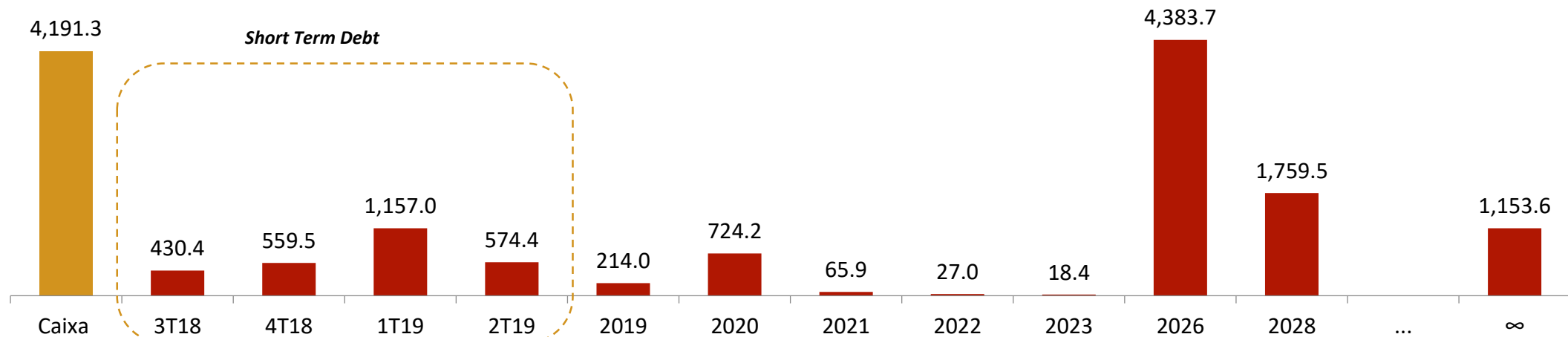
¹ Working capital excludes equity valuation adjustments and accumulated conversion amounts and Deferred Taxes in 2Q18.

Capital Structure

HIGHLIGHTS

- Net Debt/LTM EBITDA ratio: 5.0x
- Cash Position: R\$ 4.2 billion
- At the end of June, approximately 77% of total debt was exposed to the dollar variation
- Debt Duration: 5.6 years
- Hedge of USD 1.0 bi in NDF maturing in 12 months

DEBT AMORTIZATION SCHEDULE (R\$ MILLION) – JUN/18



Guidance & Sensitive Analysis

FROM JULY 2017 TO JUNE 2018 - CONCLUDED

R\$ Million	Minerva	JBS Mercosur	Minimum (-5%)	Average	Maximum (+5%)
Net Revenue	10,500	3,200	13,000	13,700	14,400

Net Revenue
Achieved:
R\$ 14,9 bi



(1) Considering average dollar in the period of R\$3.20.

(2) Considering recognition from JBS Mercosur operations starting from Jul 1st, 2017.

FROM JANUARY 2018 TO DECEMBER 2018 - UPDATED

R\$ Million	Minimum	Maximum
Net Revenue	15,000 ³	16,000 ³

(3) Considering average dollar in the period of R\$3.70 and ARS\$ 27.

Athena Foods Structure



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