Minerva Foods

1Q16 Earnings Conference Call

April 27, 2016

MINERVA
1Q16 Highlights

OPERATING AND FINANCIAL HIGHLIGHTS	▪ **Free Cash Flow** 1Q16: R$40 million (with the impact of the FX hedge) and R$173 million (without the impact of the FX hedge) | LTM1Q16: R$170.1 million ▪ **ROIC** 1Q16**:** 27.7% (+ 677 bps yoy) ▪ **Net Revenues** 1Q16: R$2.338 billion (+8.4% yoy) | LTM1Q16: R$9.7 billion (+25.3% yoy) ▪ **Exports** 1Q16: 69% of total revenue | fresh beef sales (+24% yoy) ▪ **EBITDA** 1Q16: R$251.6 million (+34% yoy) | LTM1Q16: R$1.083 billion (+39% yoy) ▪ **EBITDA Margin** 1Q16: 10.8% (+2.1 p.p. yoy) | LTM1Q16: 11.2% (+1.9 p.p. yoy)
CAPITAL STRUCTURE	▪ **Leverage measured by Net Debt/LTM EBITDA ratio**: 2.9x ▪ **Cash position:** R$3.4 billion ▪ **Debt denominated in US$:** 72% ▪ **Duration:** 5 years
OTHER HIGHLIGHTS	▪ Environment favorable to the players with greater **commercial flexibility** ▪ The Company is well-positioned to face the challenges related to Brazil's current economic environment ▪ Completion of the **R$746.5 million capital increase** and entry of the Saudi Arabian fund **SALIC in the Company's capital stock** (+47.9 million shares)

INDUSTRY OVERVIEW

BRAZIL

HIGHLIGHTS

- 1Q16 slaughter volume: ~9% down yoy
- Average arroba price: +6% yoy
- More intense rainfall caused producers to maintain the cattle in pasture
- Opportunities for arbitrage between regions, favoring the most geographically diversified companies
- Heaviest animals benefited the industry's productivity

EXPORT MARKET AND DOMESTIC MARKET

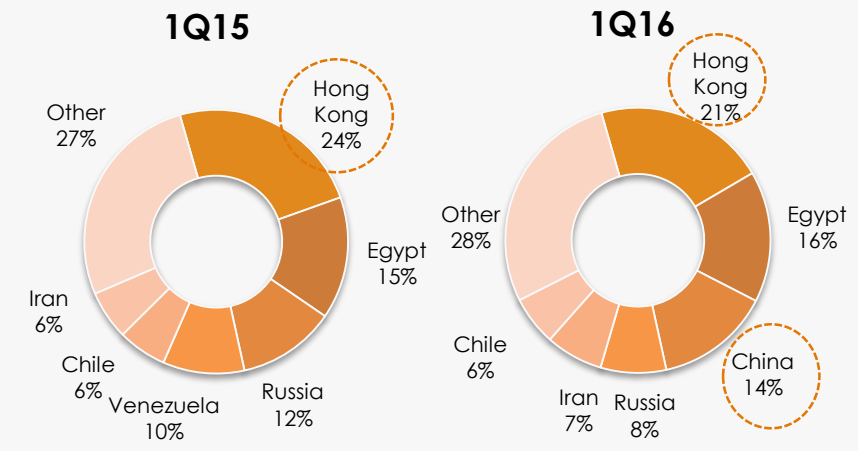
EM:

- 1Q16 fresh beef volume: +24% yoy
- Export highlights: Asia (35% of total exports)

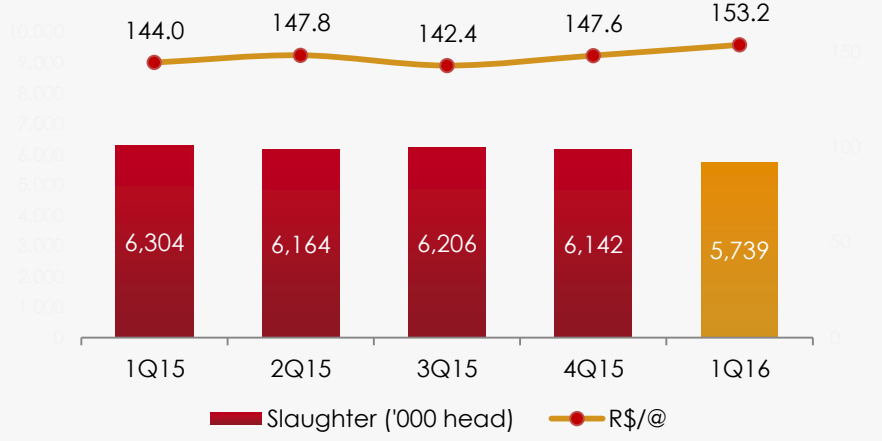
DM:

- Household consumption is still being impacted by inflationary pressure and unemployment
- Low retail inventory levels led to industry adjustments
- Reduction in the supply of forequarter cuts + industry adjustments = positive operating margin

BEEF EXPORTS (% OF REVENUE)



SLAUGHTERING AND AVERAGE CATTLE PRICE



Source: Ministry of Agriculture, Livestock and Supply and Secex

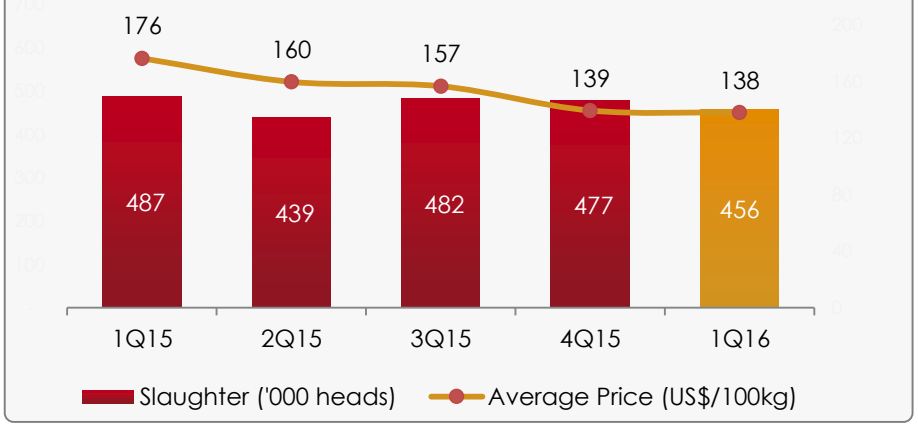
INDUSTRY OVERVIEW

PARAGUAY

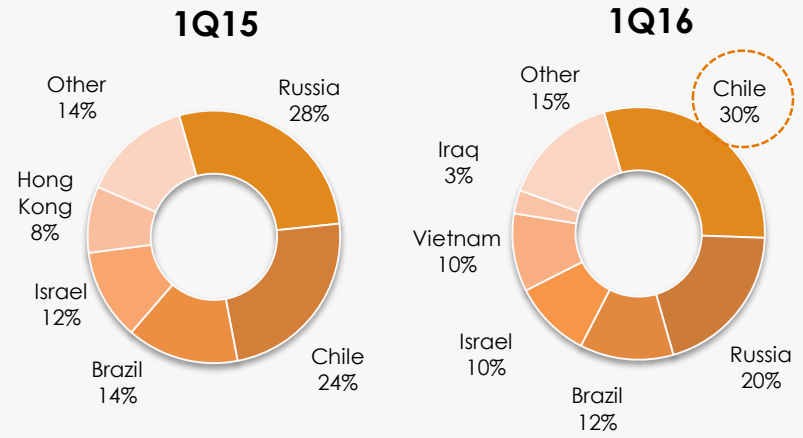
HIGHLIGHTS

- Intense rainfall combined with the herd vaccination period reduced cattle availability
- 1Q16 slaughter volume: -6% yoy
- 1Q16 average cattle price: -22% yoy
- Export volume: -21% yoy
- Main destinations: Chile, Brazil and Russia
- Certification for Egypt and Iran
- 1Q16 export highlights:
  - Chile: 30% of the total | + 6 p.p. yoy

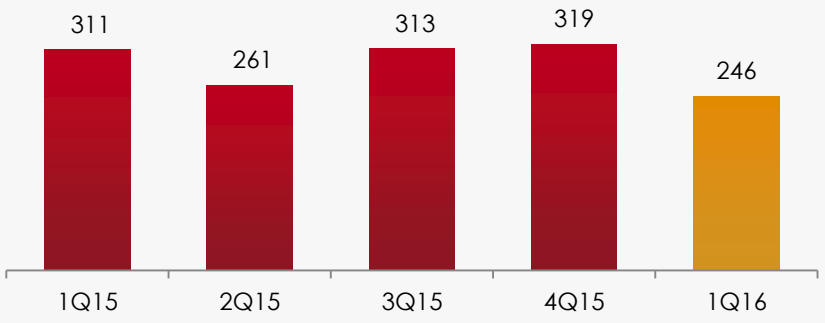
SLAUGHTERING AND AVERAGE CATTLE PRICE



BEEF EXPORTS (% OF REVENUE)



FRESH BEEF EXPORTS (US$ MILLION)



Source: Minerva and SENACSA

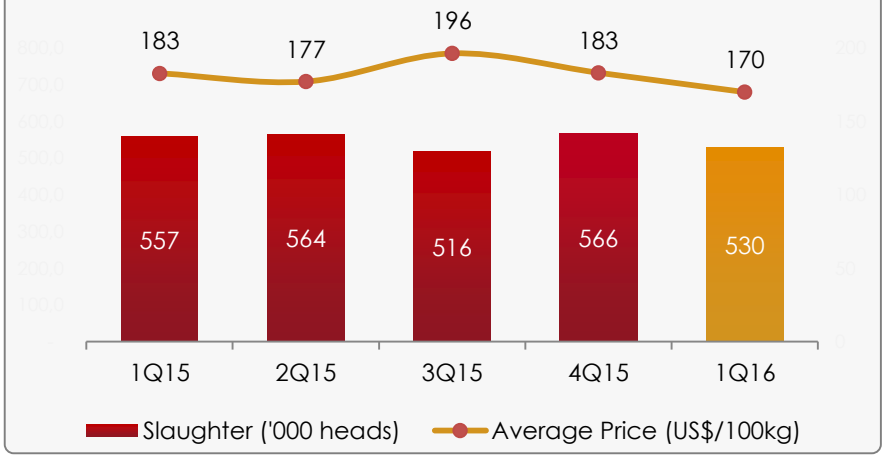
INDUSTRY OVERVIEW

URUGUAY

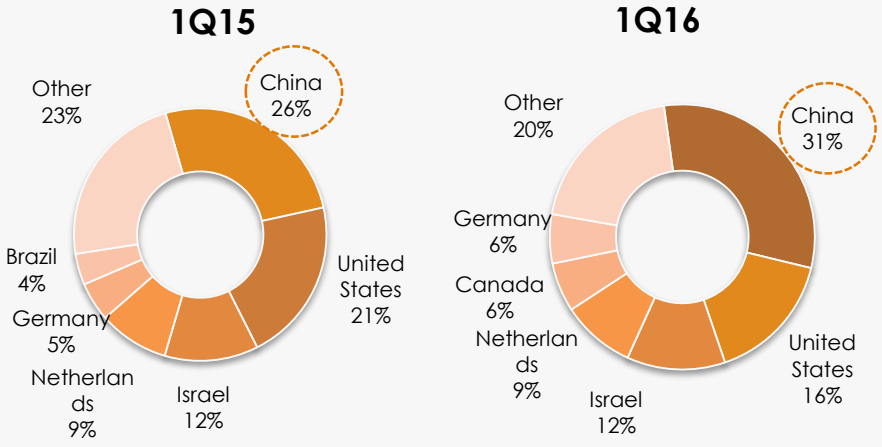
HIGHLIGHTS

- Irregular rainfall combined with specific problems affected the industry's performance
- 1Q16 slaughter volume: -5% yoy
- Average cattle price: -7% yoy and qoq
- Export volume: +4% yoy
- Export revenue: -8% yoy
- 1Q16 export highlights:
  - China: 31% of the total | +5p.p. yoy

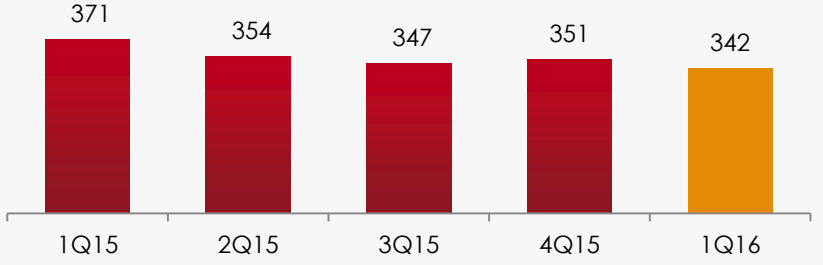
SLAUGHTERING AND AVERAGE CATTLE PRICE



BEEF EXPORTS (% OF REVENUE)



FRESH BEEF EXPORTS (US$ MILLION)



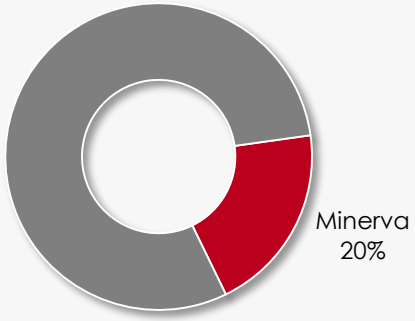
Source: Minerva and INAC

MINERVA

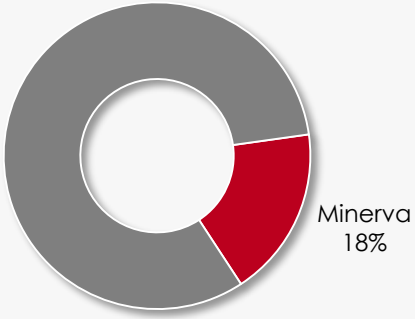
SHARE ON EXPORTS

MARKET SHARE (% OF REVENUE PER COUNTRY) 1Q16

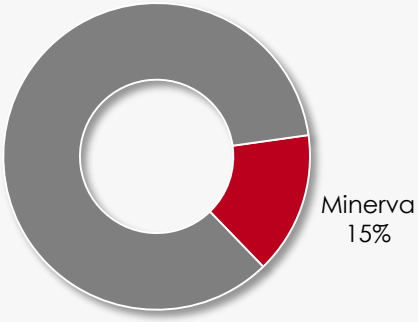
BRAZIL



PARAGUAY



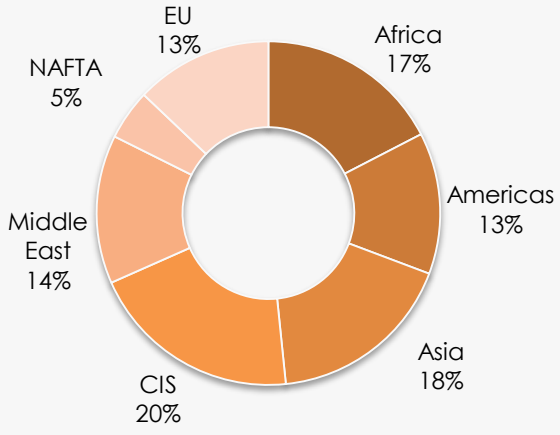
URUGUAY



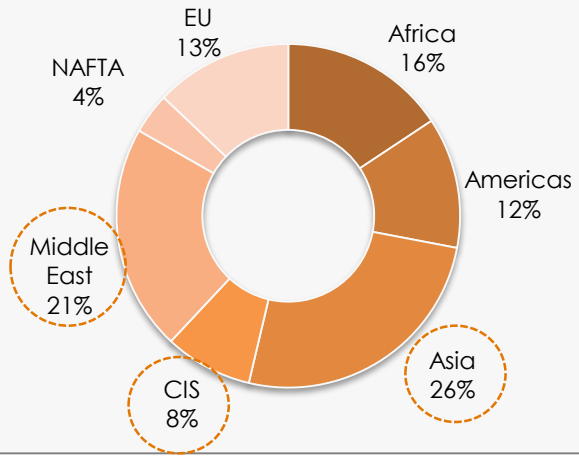
COMPOSITION OF EXPORTS - BEEF DIVISION

% OF REVENUE

LTM1Q15



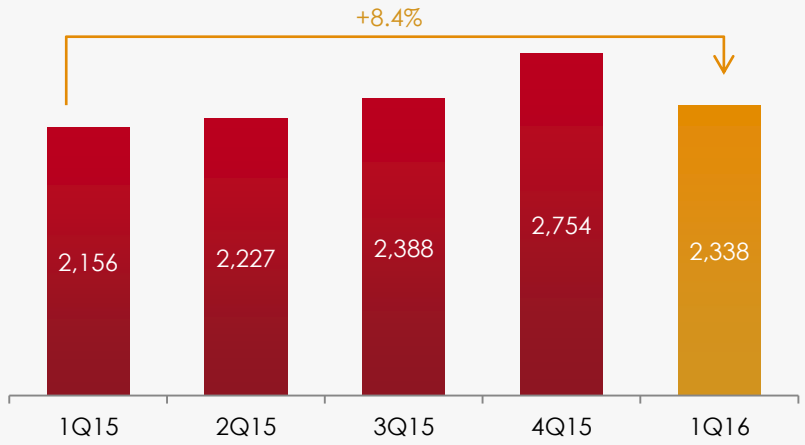
LTM1Q16



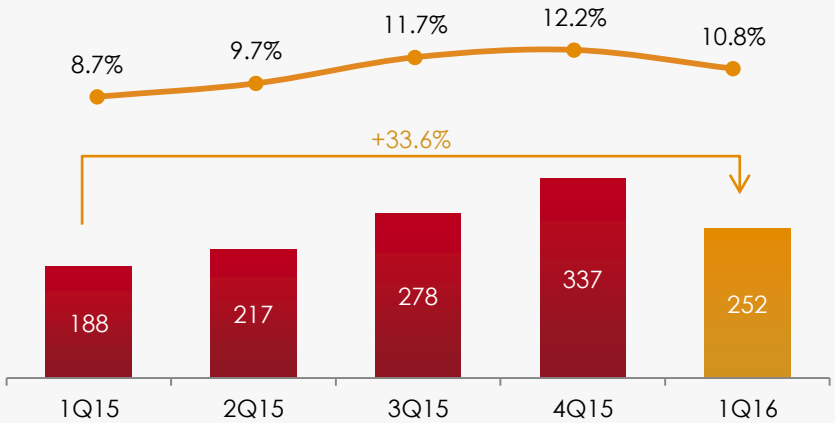
Source: Minerva, Secex, INAC and SENACSA

OPERATING AND FINANCIAL RESULTS

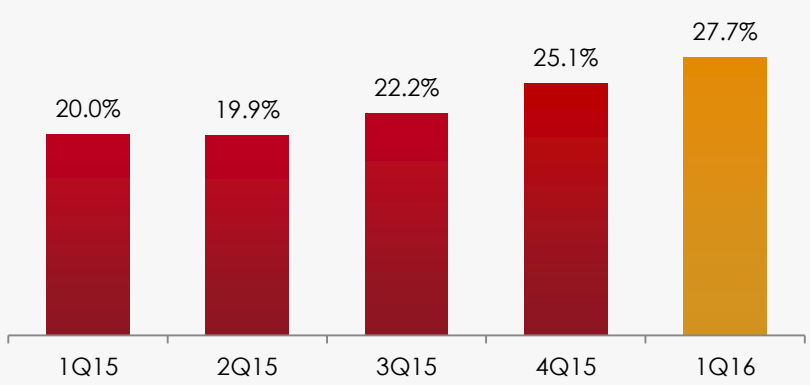
NET REVENUE (R$ MILLION)



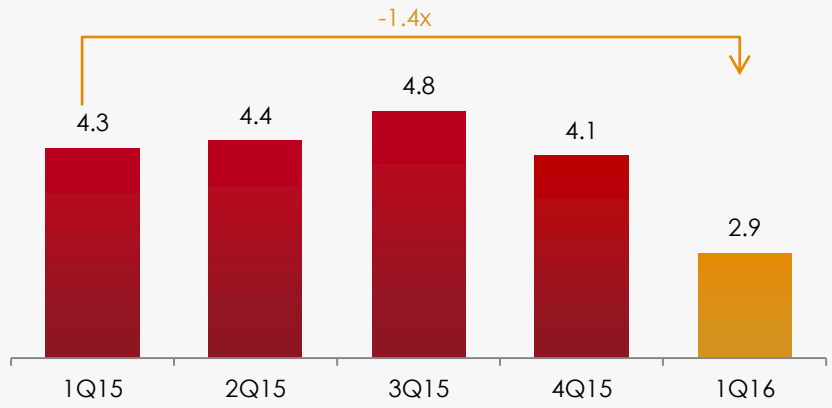
EBITDA (R$ MILLLION) AND EBITDA MARGIN (%)



ROIC (%)[1]



NET DEBT / LTM EBITDA (x)



[1]ROIC: LTM EBITDA/(total assets – cash – (short-term liabilities – short-term debt))

ADJUSTED NET RESULT

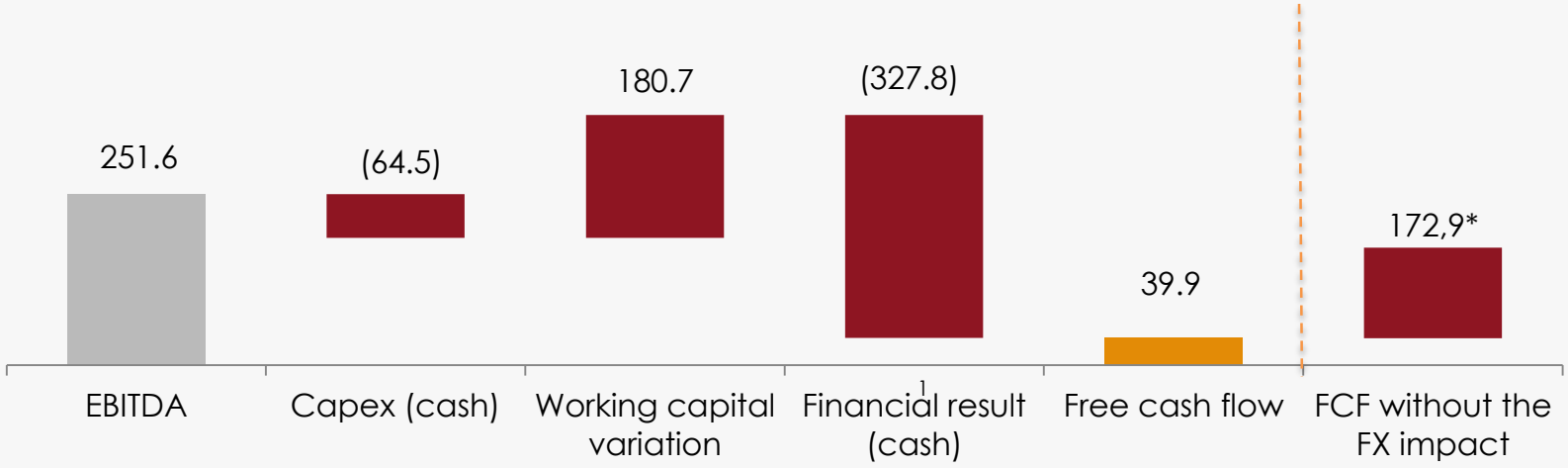
R$ Million	1Q16	LTM1Q16
Net Income (Loss)	**46.3**	**-166.4**
(+) Impairment	0.0	23.5
(+) FX Variation	-298.2	188.6
(+) FX Hedge Result	246.8	52.8
(+) Income Tax and Social Contribution	59.5	114.0
Adjusted Net Income (Loss)	**54.4**	**209.9**

CASH FLOW FROM OPERATIONS

R$ Million	1Q16	LTM1Q16
Net income (loss)	**46.3**	**-166.4**
(+) Net income adjustments	-81.3	1,133.6
(+) Working capital variation	180.7	9.5
Operating cash flow	**145.6**	**976.6**

FREE CASH FLOW

1Q16 (R$ MILLION)



* Not considering the cash impact from foreign Exchange hedge, negative by R$133 million in the 1Q16

LTM1Q16 (R$ MILLION)



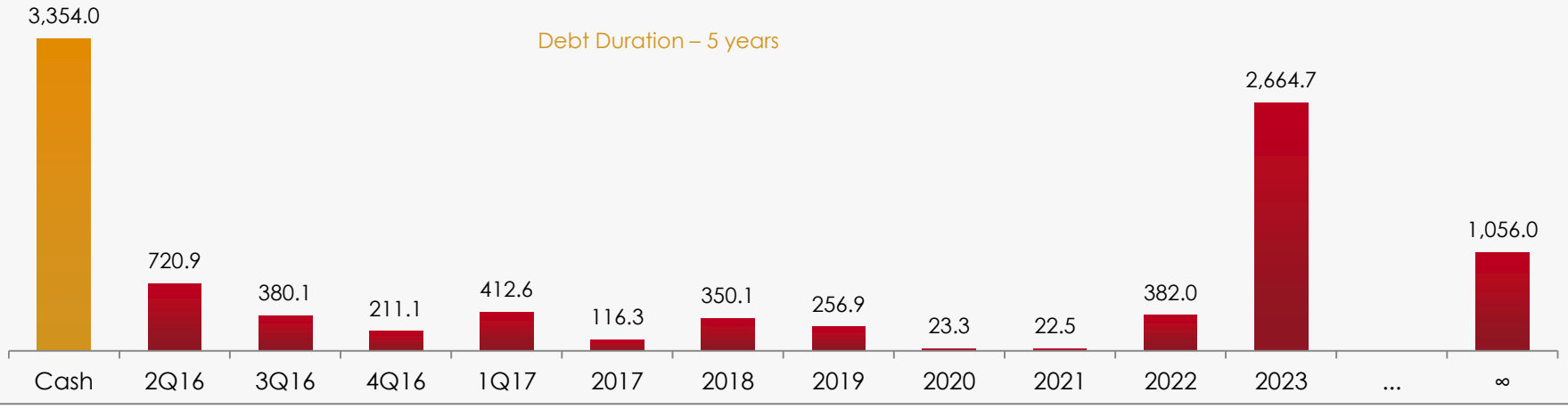
[1]Working capital excludes equity valuation and cumulative translation adjustments

CAPITAL STRUCTURE

HIGHLIGHTS

- Net Debt/EBITDA: 2.9x
- Cash Position: R$3.4 billion (already considering the R$746.5 million capital increase)
- At the end of 1Q16, approximately 72% of total debt was exposed to the dollar variation
- Debt Duration: 5 years
- Shareholder's Equity: R$464,6

DEBT AMORTIZATION SCHEDULE (R$ MILLION) – MAR/16



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