Minerva Foods

4Q17 AND 2017 CONFERENCE CALL

March 06, 2018

Minerva

Highlights 4Q17 and 2017

OPERATING AND FINANCIAL HIGHLIGHTS

- **Largest exporter in South America: 22% market share of beef exports**
- **The new units integration process in advanced stage**
- **Better commercial complementation between producers countries**
- **Net Revenue 4Q17:** R$ 3,964.7 million | **2017**: R$ 14,033.5 million (pro forma)
- **Adjusted EBITDA:**
  - **4Q17**: R$ 363.4 million | **EBITDA Margin:** 9.2%
  - **2017**: R$ 1,265.8 million| **Adjusted EBITDA Margin:** 9.0%
- **Cash conversion cycle:** 28 days
- **Exports: 4Q17:** 57% of revenue | **2017:** 59% of revenue
- **Net (Loss) Income: 4Q17:** R$ -313.3 million |**2017:** R$ -280.7 million

CAPITAL STRUCTURE

- **Leverage measured by the net debt/LTM EBITDA ratio :** 4.6x
- **Cash Position:** R$ 3.8 billion
- **Duration:** around 5.4 years
- **Issuance of 2028 Bonds (coupon: 5.875% p.a.)**

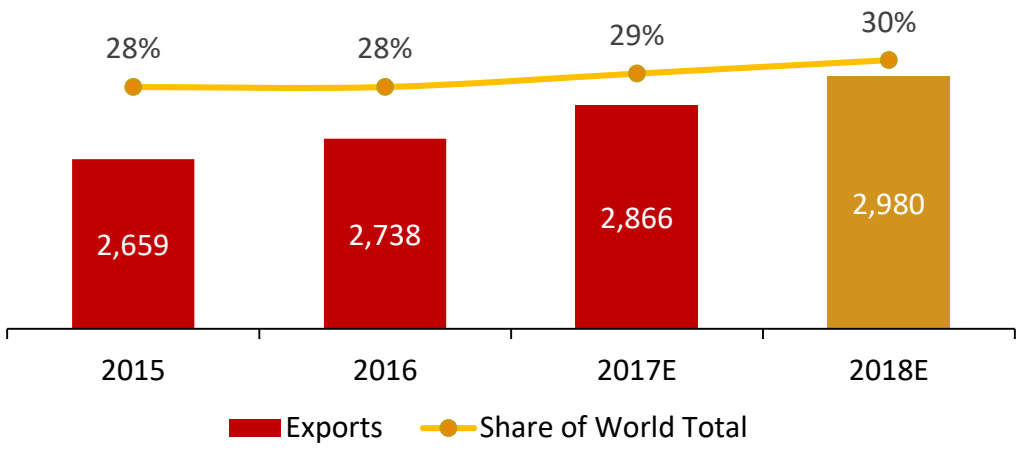
OTHER HIGHLIGHTS

- Increase in Paraguayan exports volume – the Company reached more than 40% in market share
- Leadership in Argentina exports, when we achieved 15% of market share in the second half of 2017
- Growth in the volume of processed foods under the brand Swift, from Argentina

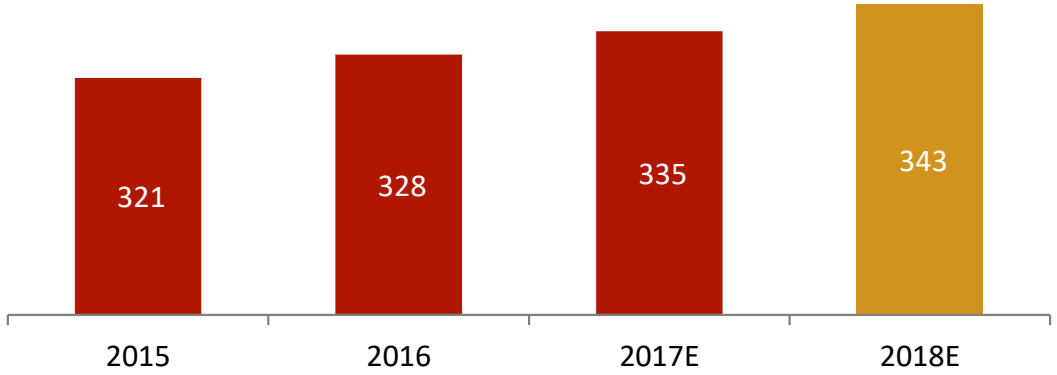
Sector Overview

South America

FRESH BEEF EXPORTS ('000 CWT*)



MERCOSUR CATTLE HERD (MILLIONS HEADS)



HIGHLIGHTS

- Share increase in world exports
- Better numbers of cattle herd growth
- Higher volume and export revenue growth
- More capable region to supply the higher world demand

OPENING OF NEW MARKETS IN SOUTH AMERICA

- Expectation of the opening of Indonesia market and the reopening of the United States to Brazilian beef
- Also expected the opening of the United States to Argentina's beef
- Opening of the Japanese market to Uruguayan producers in the coming months
- Expectation of greater access to the world's main consumer markets in the world

Sources: USDA, SENCASA, IPCVA, SENASA, INAC and SECEX
E: Estimates | *cwt = carcass wight equivalent

Sector Overview

Mercosur

BRAZIL

- **Slaughter volume 4Q17:** +21% yoy | **2017**: +9% yoy
  - Improvement of the economic scenario | Strong demand for beef
- **Exports volume 4Q17:** +40% yoy | **2017:** +12% yoy
- Recovery in beef exports
  - Continued growth in demand from Asian countries and Middle Eastern
  - Weak growth in U.S exports
- **Domestic Market 2017:**
- Demand volatile: Carne Fraca Operation, unstable political environment and economic performance
- Domestic consumption trends remain positive

PARAGUAY

- **Slaughter volume 4Q17:** +15% yoy | **2017**: +6% yoy
  - Sanitary recognition of the entire herd by Chile
- **Exports volume 4Q17 :** +15% yoy | **2017:** +3% yoy
  - **2017 Highlights :** Chile (37% of total) | +4 pp yoy
- Opening of new markets | USA approved the beef imports (but not yet certified) by USDA
- **Domestic Market 2017 :**
  - **Consumption:** 25.5 kg/per capita (+4% yoy)
  - **Estimate: GDP* 2017**: 4.3% | **2018:** 4.5%

URUGUAY

- **Slaughter volume 4Q17:** -3% yoy | **2017**: +3% yoy
- **Exports volume 4Q17:** -9% yoy | **2017:** +4% yoy
  - **Highlights:** China and USA together reach 50% of exports
  - The drop is explained by the fiercer competition between the country and other global players such as Brazil and Argentina.

ARGENTINA

- **Slaughter volume 4Q17 :** +10% yoy | **2017**: +8% yoy
  - Greater availability of animals ready for slaughter
- **Exports volume 4Q17 :** +84% yoy | **2017:** +44% yoy
  - Favorable economic environment | Expectation for the opening of new markets
- **Domestic Market 2017:**
  - **Consumption:**
    - 58.4 kg/per capita (+6% yoy)
    - 90% of production went to domestic consumption

Sources: Minerva, Ministry of Agriculture, Secex, SENACSA and INAC.
* Estimate done by Paraguay's Central Bank.

Integration Process of the New Mercosur Units

Status of the Integration Process

NEW UNITS OF MERCOSUR

- We reached the 150th day of the integration process
- The three integration working groups finalized the project implementation timeline with no delays
  - Monitoring of key areas
  - Due diligence
  - Implementation of the other areas and systems
- The main operational challenges have been concluded
- Focus on reducing working capital need and, consequently, improve the cash conversion cycle
- The implementation of risk management tools concluded (Beef Desk, Choice Meeting and Pricing)
- Increase of 7 p.p. in slaughtering and deboning capacity utilization at the new units in Argentina, Paraguay and Uruguay

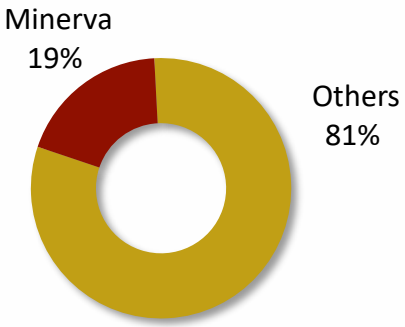
HIGHLIGHTS ARGENTINA

- The integration process is advancing at a faster-than-expected pace
- Split in commercial and operational strategies - fresh beef and processed foods
- Profound changes in the cattle purchase dynamics
  - Reducing Minerva's dependence on intermediaries
  - Increased the average weight by around 5% and improved the quality of slaughtered animals
- Higher capillarity of international offices increasing fresh beef exports
- Sales of processed foods under the Swift brand grew in the Argentine market
- New logistics network: better services at a lower cost
- Investment of Cabaña las Lilas products

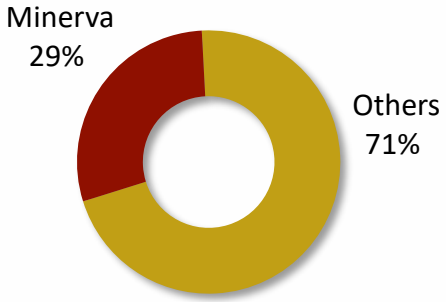
Share of Exports

MARKET SHARE (% OF REVENUE PER COUNTRY) - 2017

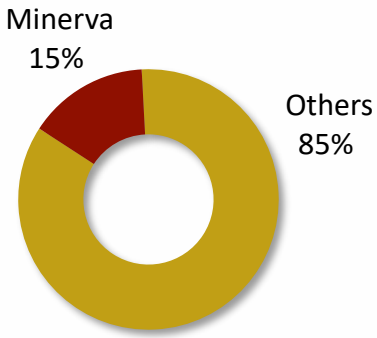
Brazil



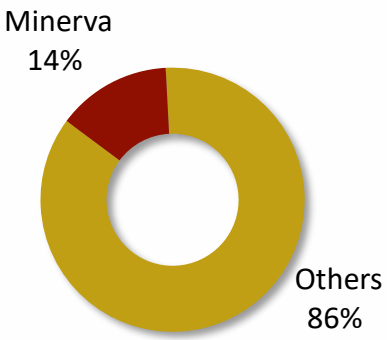
Paraguay



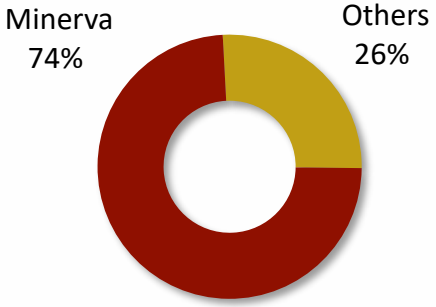
Uruguay



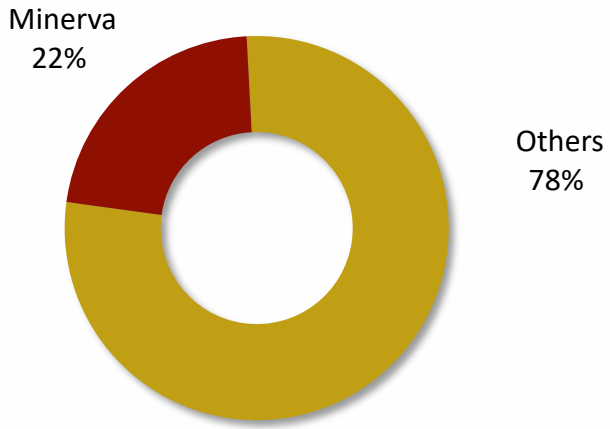
Argentina[1]



Colombia



South America[2]



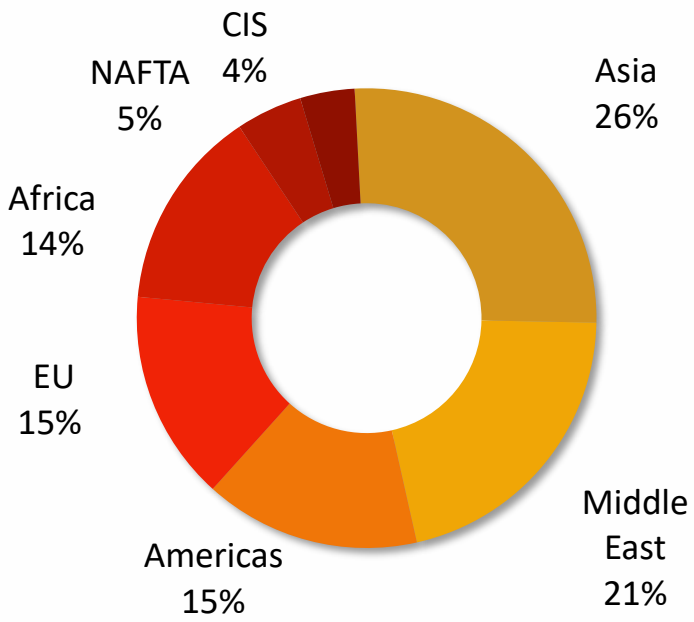
- ✓ Largest exporter in South America
- ✓ Growth of 55% of the exports revenue on 2S17 (YoY)

Sources: Minerva, Secex, INAC, SENACSA and ABC Consórcio
[1]Pro forma numbers from Jan to Jun
[2]Exports of South America: Ago/17 – Dec/17

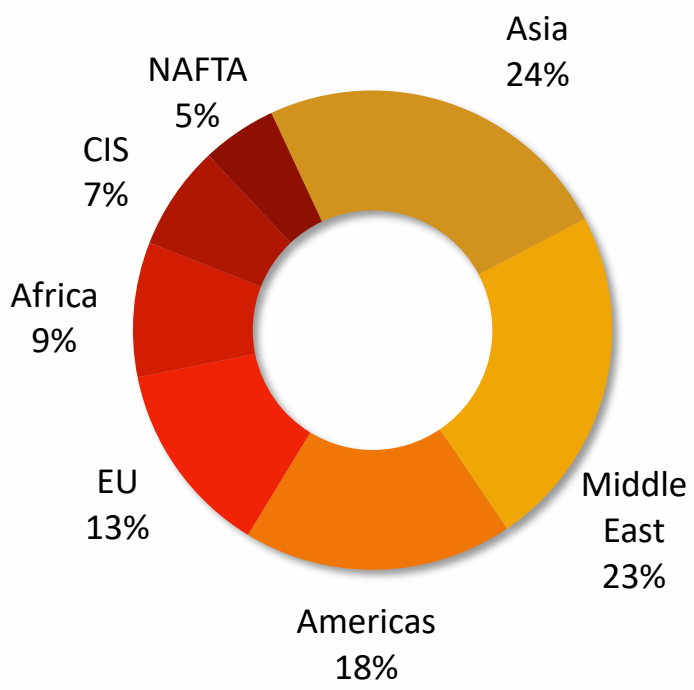
Breakdown Of Exports

BEEF DIVISION BREAKDOWN OF EXPORTS (% OF REVENUE)

2016



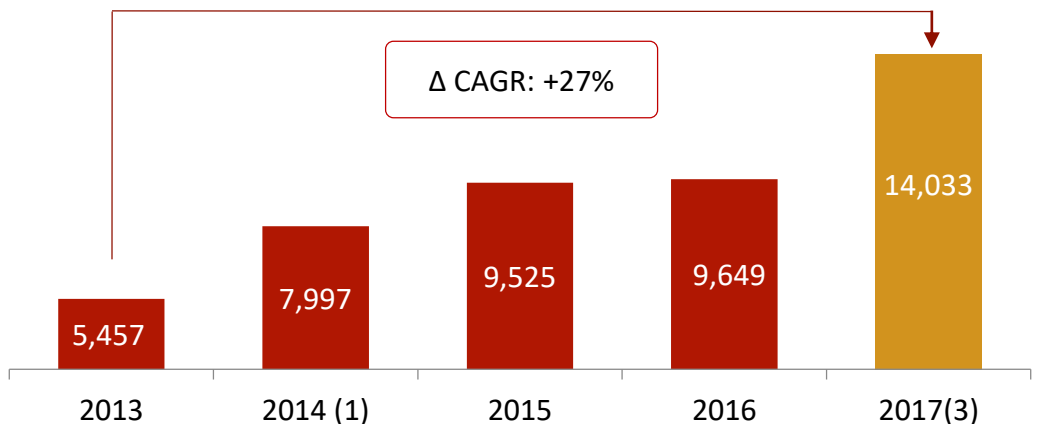
2017[1]



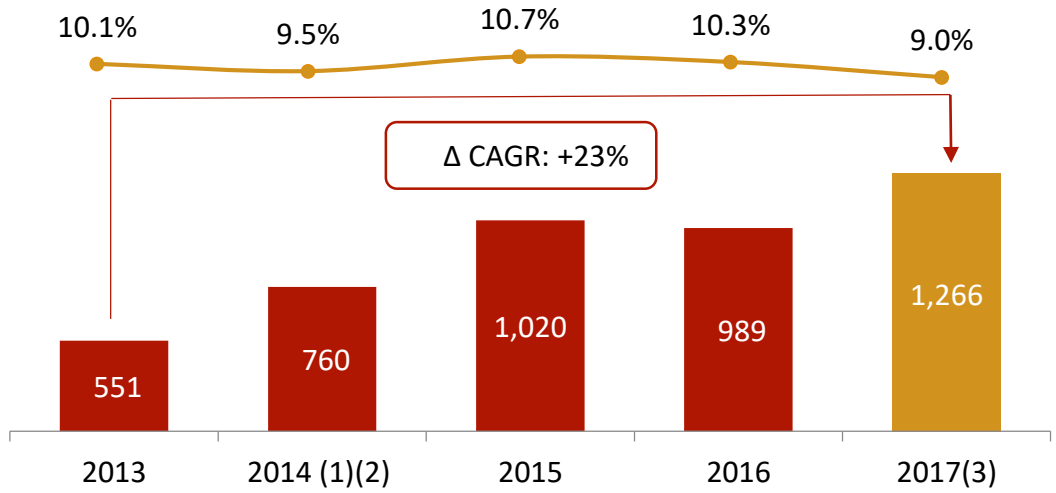
Sources: Minerva, Secex, INAC, SENACSA and ABC Consórcio
[1]Exports of Argentina: Ago/17 – Dec/17

Operating and Financial Results

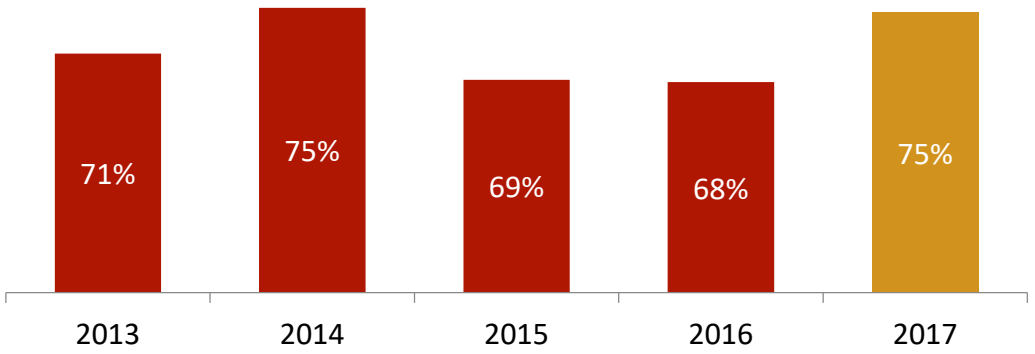
NET REVENUE (R$ MILLION)



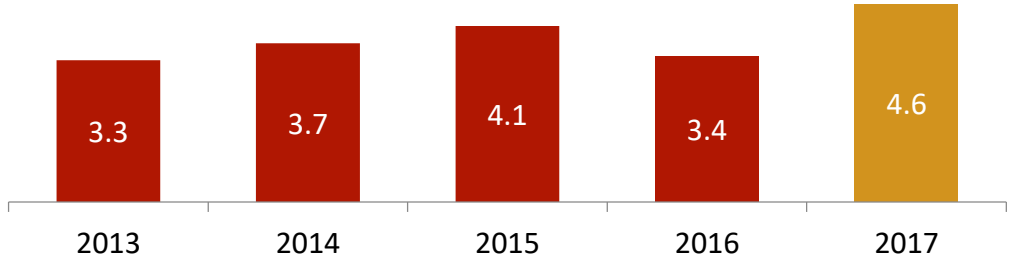
EBITDA (R$ MILLION) AND EBITDA MARGIN (%)



CAPACITY UTILIZATION RATE



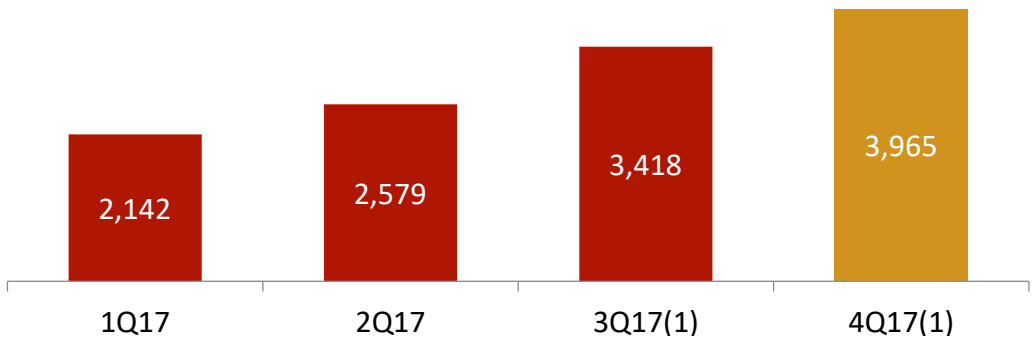
NET DEBT / EBITDA RATIO (X)



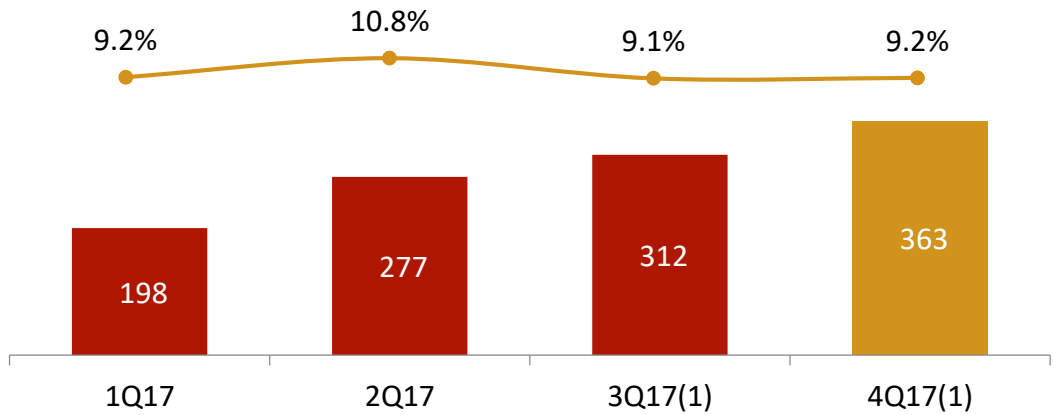
(1) 2014 includes pro-forma net revenue and EBITDA for the BRF and Carrasco plants.
(2) 2014 EBITDA adjusted by the reversal of the tax contingency provision in 2Q14 and by REFIS adherence in 4Q14
(3) 2017 includes pro-forma net revenue and EBITDA for the plants of the Mercosur assets acquired on August 1, 2017.

Operating and Financial Results

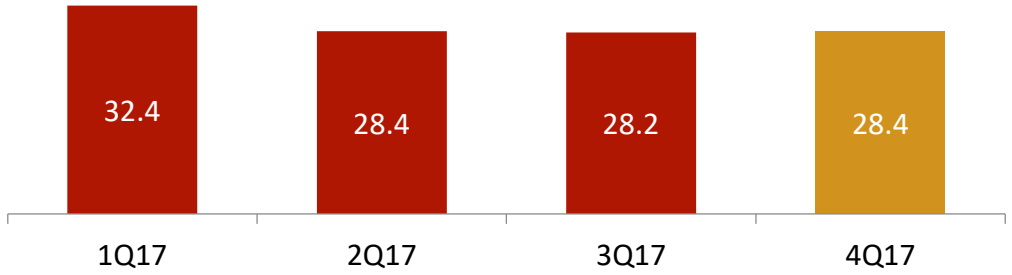
NET REVENUE (R$ MILLION)



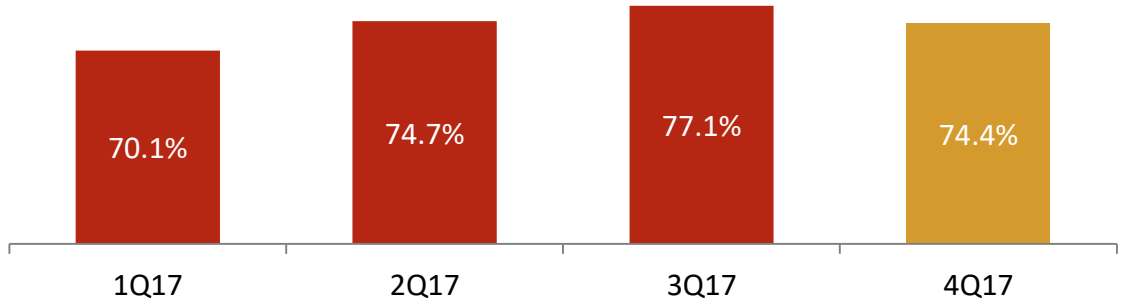
EBITDA (R$ MILLION) AND EBITDA MARGIN (%)



CASH CONVERSION CYCLE – IN DAYS



CAPACITY UTILIZATION RATE



(1) 3Q17 and 4Q17 includes net revenue and EBITDA for the plants of the Mercosur assets acquired on August 1,2017

Net Result

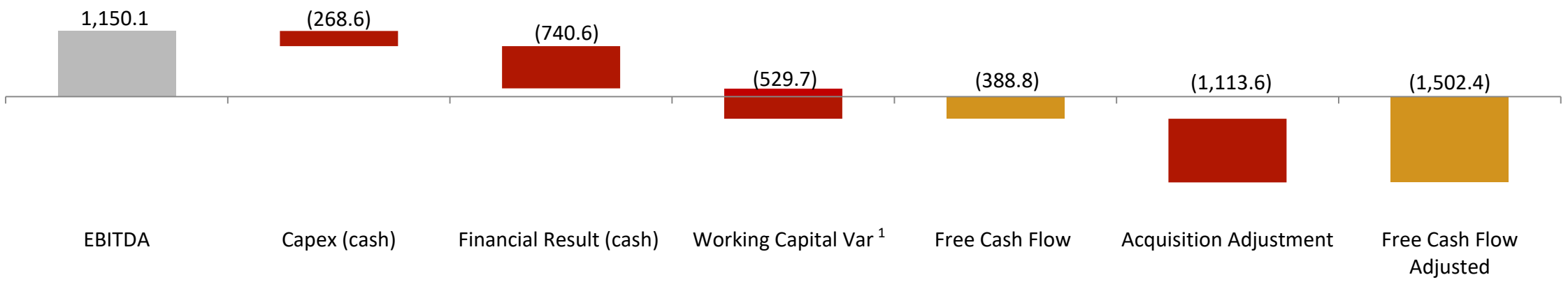
R$ Million	4Q17	2017
Net (loss) income before taxes	**-275.5**	**-201.1**
(+) Income and Social Contribution Taxes	-37.9	-79.6
Net (loss) income	**-313.3**	**-280.7**
% Net margin	-7.9%	-2.3%

Operating Cash Flow

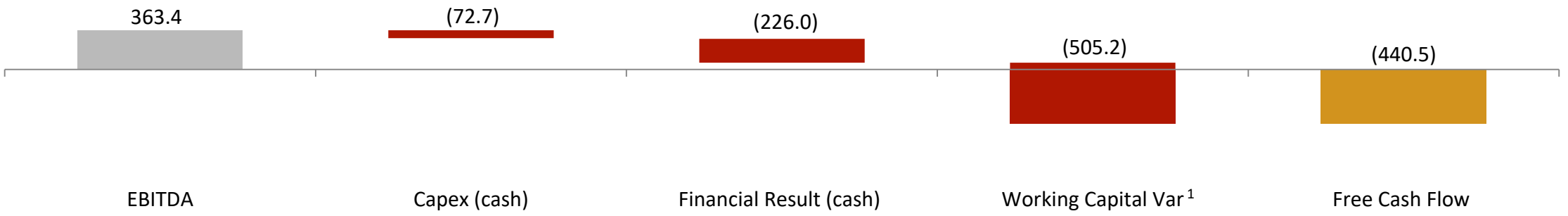
R$ Million	4Q17	2017
Net (loss) income	-313.3	-280.7
(+) Net income adjustments	672.7	1,272.2
(+) Changes in working capital requirements	-505.2	-529.7
Operating cash flow	**-145.9**	**461.8**

Free Clash Flow

2017 (R$ MILLION)



4Q17 (R$ MILLION)



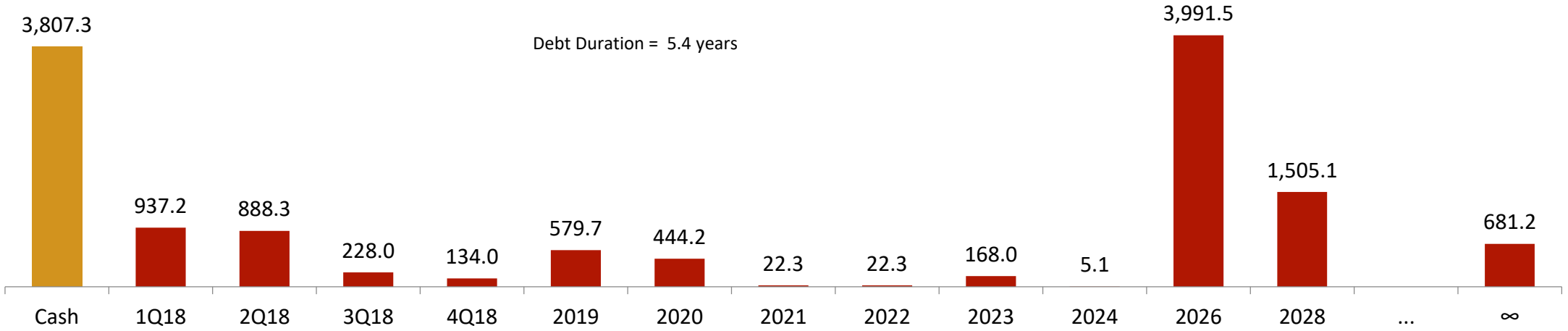
1 Working capital excludes equity valuation adjustments and accumulated conversion amounts

Capital Structure

HIGHLIGHTS

- Net Debt/LTM EBITDA ratio: 4.58x
- Cash Position: R$ 3.8 billion
- At the end of 2017, approximately 80% of total debt was exposed to the dollar variation
- Debt Duration: 5.4 years

DEBT AMORTIZATION SCHEDULE (R$ MILLION) – DEC/17



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