Minerva Foods

2Q17 Conference Call

August 15, 2017

MINERVA
2Q17 Highlights

OPERATING AND FINANCIAL HIGHLIGHTS

- **Gross revenue:**
  - **2Q17:** R$ 2,767.4 million | **LTM2Q17:** R$ 10,494.3 million
- **Net Revenue:**
  - **2Q17:** R$ 2,579.3 milhões | **LTM2Q17:** R$ 9,811.3 milhões
- **EBITDA 2Q17:** R$ 277.3 million | **EBITDA Margin**: 10.8%
- **Operational Cash Flow:** 2Q17: R$ 57.5 million | LTM2Q17: R$ 397.9 million
- **ROIC**: 21.5%
- **Exports:** 61% of revenue
- **Sales volume:** +10.2% yoy |+15.6% qoq
- **Net (Loss) Income**
  - **2Q17:** R$ -55.6 million | **LTM2Q17:** R$ 6.6 million

CAPITAL STRUCTURE

- **Leverage measured by the net debt/LTM EBITDA ratio:** 4.1x
- **Cash Position:** R$ 4.4 billion
- **Duration:** around 6 years
- Re-tap**: Bonds 2026** coupon 6.50% p.a.

OTHER HIGHLIGHTS

- Favorable outlook for **cattle supply** – **Positive Cycle**
- Closing of JBS Mercosur acquisition - slaughtering capacity **increase by 52%**

INDUSTRY OVERVIEW

BRAZIL

HIGHLIGHTS

- 2Q17 slaughter volume: -5.9% yoy and -2.5% qoq
- 2Q17 Average arroba price: R$ 133.7/@ (-8.2% qoq and -14.3% yoy)
- Positive supply scenario: Reversal of the cattle cycle: greater availability of animals ready for slaughter

EXPORTS AND DOMESTIC MARKET

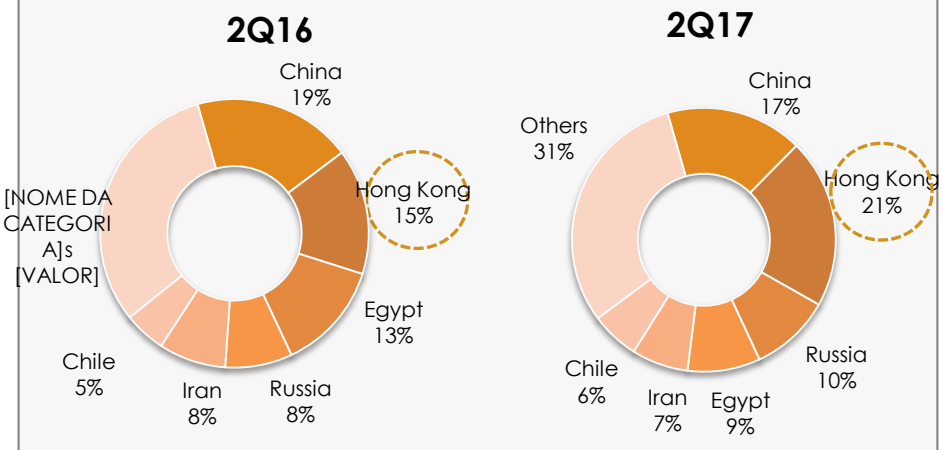
EM:

- Exported Volume: -1.5% qoq and -8.4% yoy
- Exports Revenues: +1.5% qoq and -2.0% yoy
- Average price in US$: +7.1% yoy

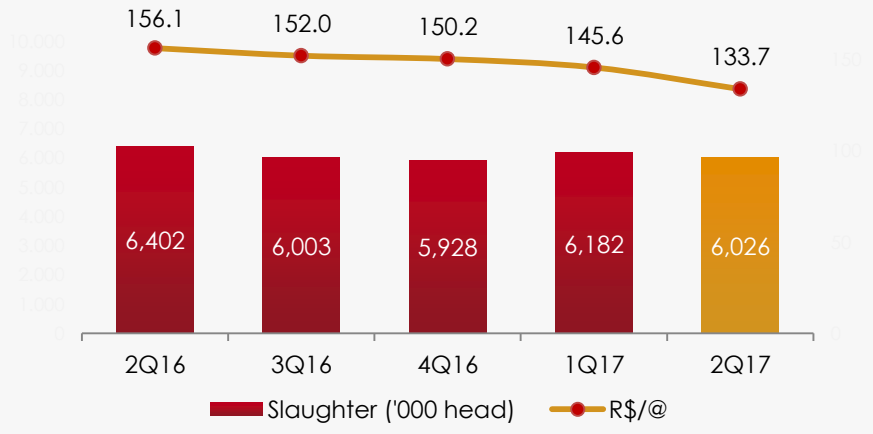
DM:

- Consumption – signs of recovery
- Changes in competitive scenario brought about an unbalance between beef supply and cattle demand
- 3 holidays in a 20 days period in April

BEEF EXPORTS (% OF REVENUE)



SLAUGHTERING AND AVERAGE CATTLE PRICE



Source: Ministry of Agriculture, Livestock and Supply and Secex

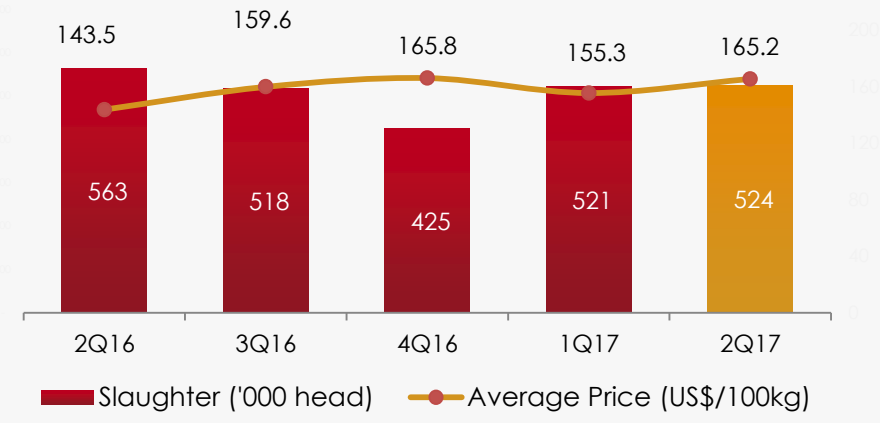
INDUSTRY OVERVIEW

PARAGUAY

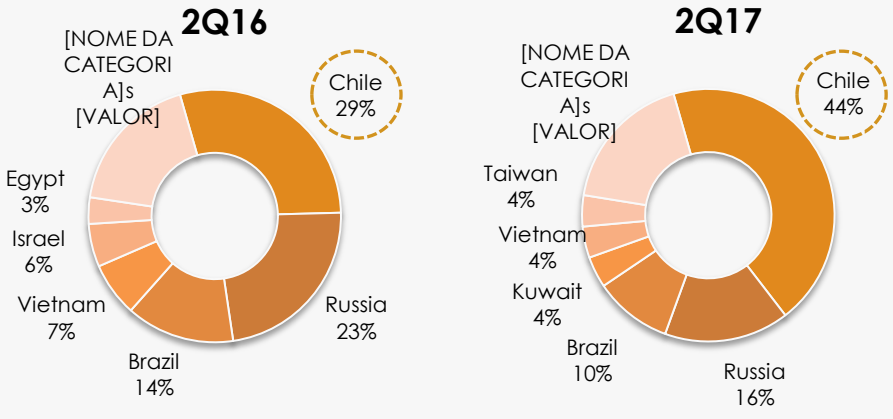
HIGHLIGHTS

- 2Q17 slaughter volume: -7% yoy and flat qoq
- Average cattle price: +15% yoy and +6% qoq
- 2Q17 export volume: flat yoy
- Main destinations: Chile and Russia
- 2Q17 export highlights:
  - Chile: 44% of the total | +15 p.p. yoy
- Steady improvement of operations and productivity in the last few years – opening of new markets

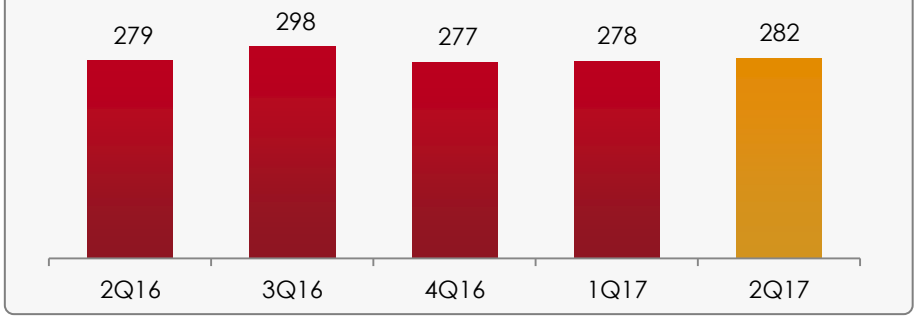
SLAUGHTERING AND AVERAGE CATTLE PRICE



BEEF EXPORTS (% OF REVENUE)



FRESH BEEF EXPORTS (US$ MILLION)



Source: Minerva and SENACSA

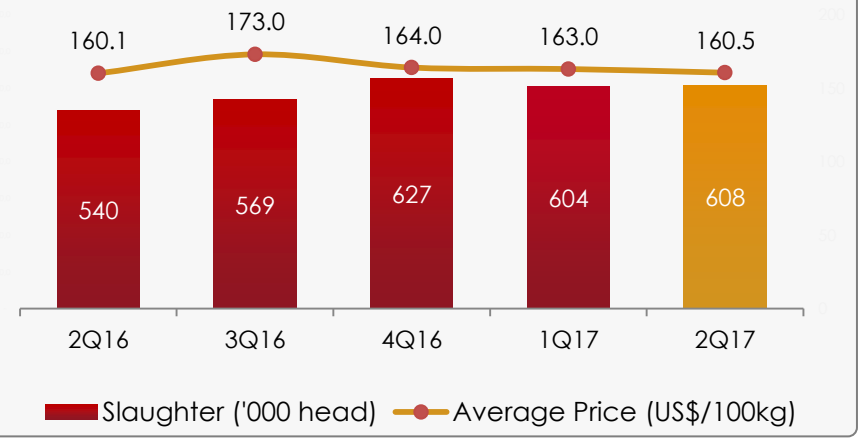
INDUSTRY OVERVIEW

URUGUAY

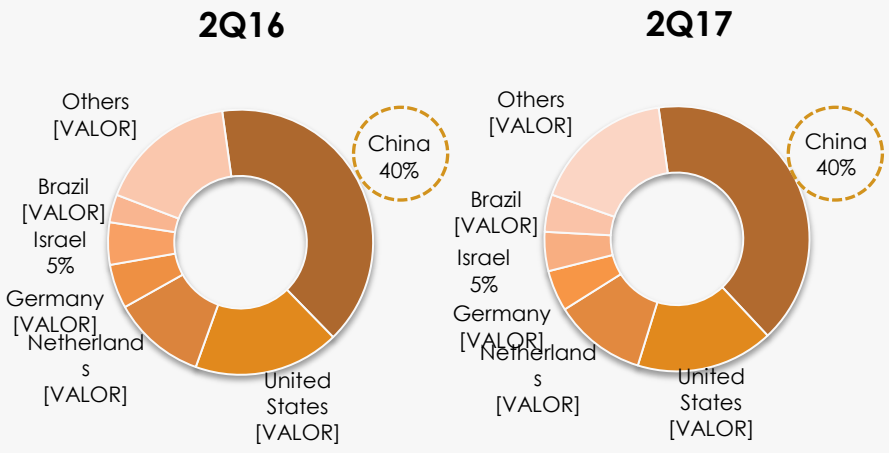
HIGHLIGHTS

- 2Q17 slaughter volume: +12% yoy and stable qoq
- 2Q17 average cattle price: flat yoy and -2% qoq
- 2Q17 export volume: +20% yoy and +5% qoq
- 2Q17 export highlights:
  - China: 40%
  - EUA: 17%

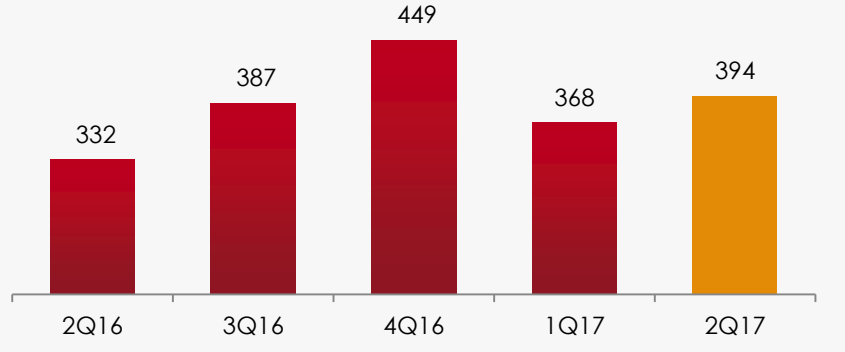
SLAUGHTERING AND AVERAGE CATTLE PRICE



BEEF EXPORTS (% OF REVENUE)



FRESH BEEF EXPORTS (US$ MILLION)



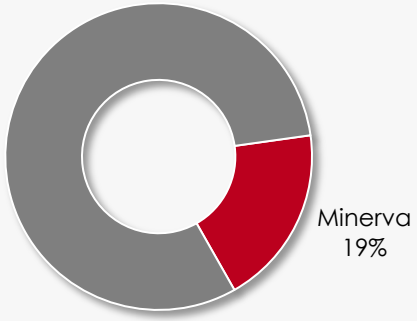
Source: Minerva and INAC

MINERVA

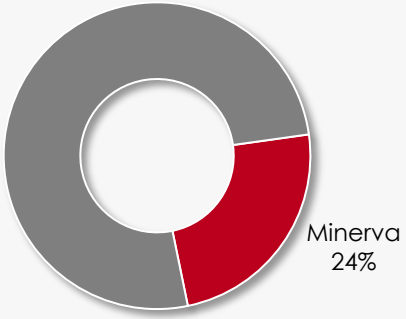
SHARE OF EXPORTS – 2Q17

MARKET SHARE (% OF REVENUE PER COUNTRY)

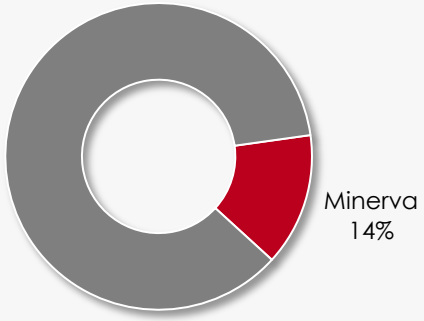
BRAZIL



PARAGUAY



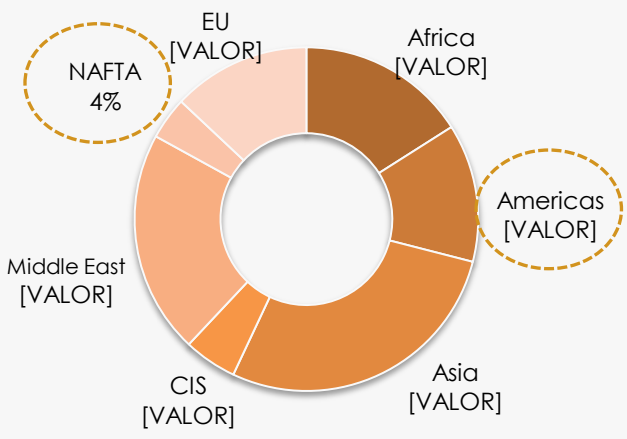
URUGUAY



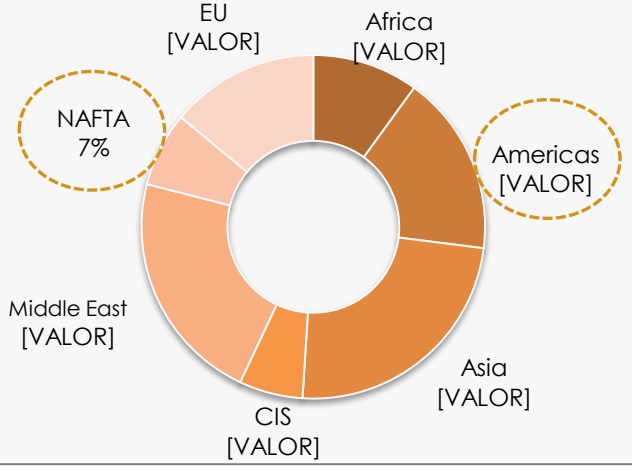
BREAKDOWN OF EXPORTS – BEEF DIVISION

% OF REVENUE

LTM2Q16



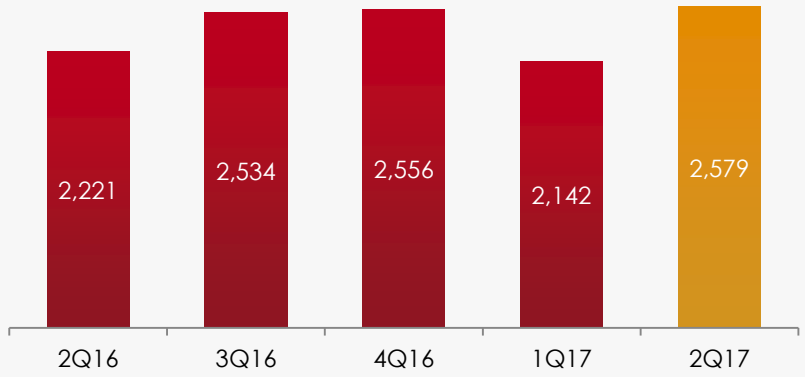
LTM2Q17



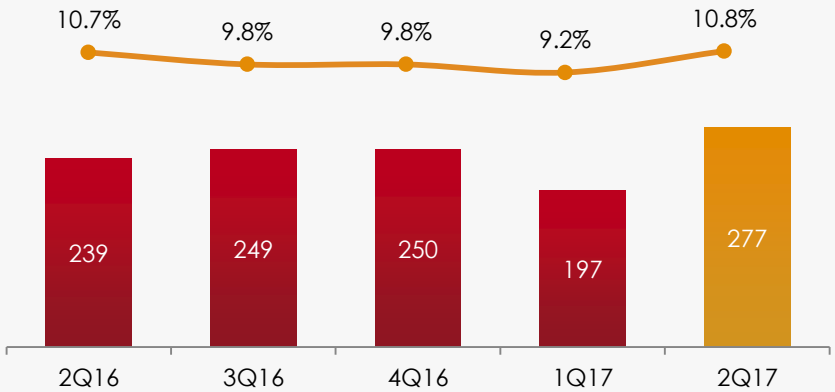
Sources: Minerva, Secex, INAC and SENACSA

OPERATING AND FINANCIAL RESULTS

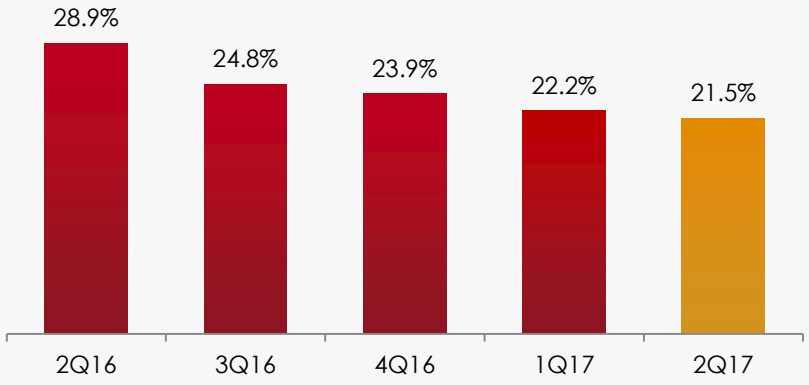
NET REVENUE (R$ MILLION) – 2Q17



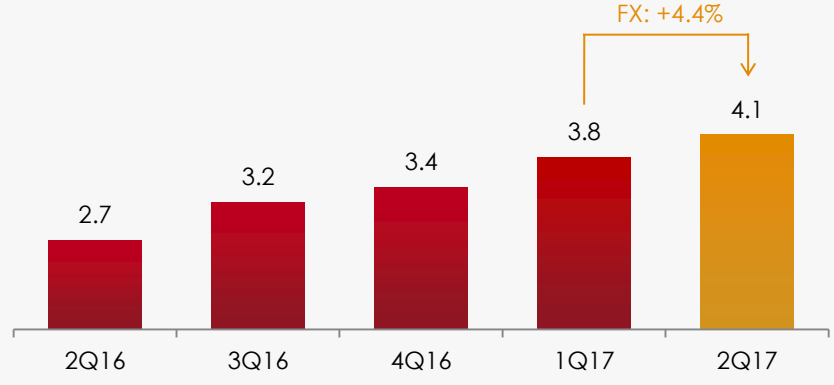
EBITDA (R$ MILLION) AND EBITDA MARGIN (%) – 2Q17



ROIC (%)



NET DEBT / EBITDA RATIO (x)



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

NET RESULT

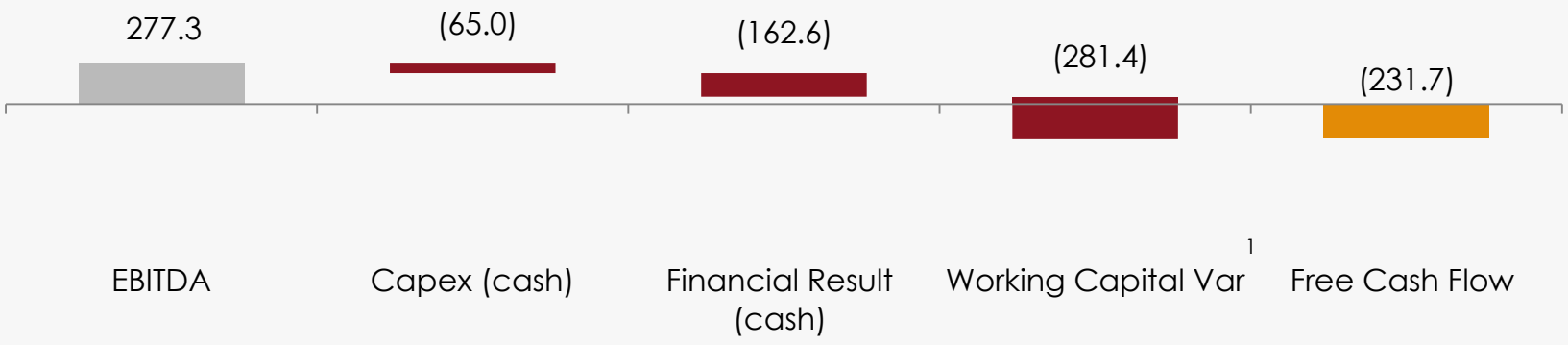
R$ Million	2Q17	LTM2Q17
Net (loss) income before taxes	-72.4	-31.0
(+) Income and Social Contribution Taxes	16.8	37.6
Net (loss) income	**-55.6**	**6.6**
% Net margin	**-2.2%**	**0.1%**

OPERATING CASH FLOW

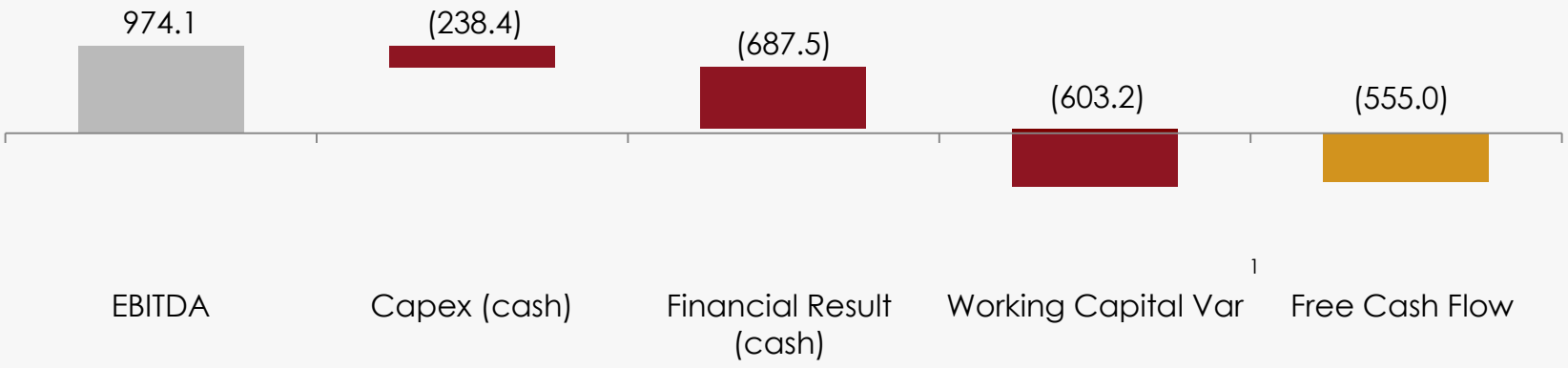
R$ Million	2Q17	LTM2Q17
Net (loss) income	-55.6	6.6
(+) Net income adjustments	394.4	994.5
(+) Changes in working capital requirements	-281.4	- 603.2
Operating cash flow	57.5	397.9

FREE CASH FLOW

2Q17 (R$ MILLION)



LTM2Q17 (R$ MILLION)



[1]Working capital excludes equity valuation adjustments and accumulated conversion amounts

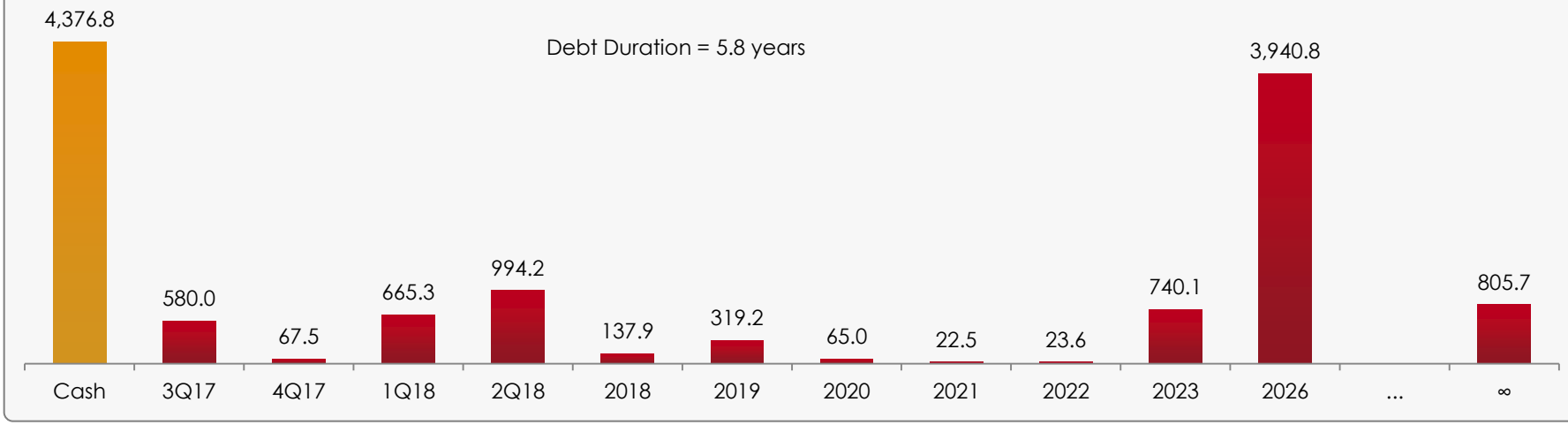
CAPITAL STRUCTURE

HIGHLIGHTS

- Net Debt/LTM EBITDA ratio: 4.1x
- Cash Position: R$ 4.4 billion
- At the end of 2Q17, approximately 75% of total debt was exposed to the dollar variation
- Debt Duration: 5.8 years

- Liability management:
  - Bonds 2026 Retap (coupon of 6.50% p.a.) in June/2017

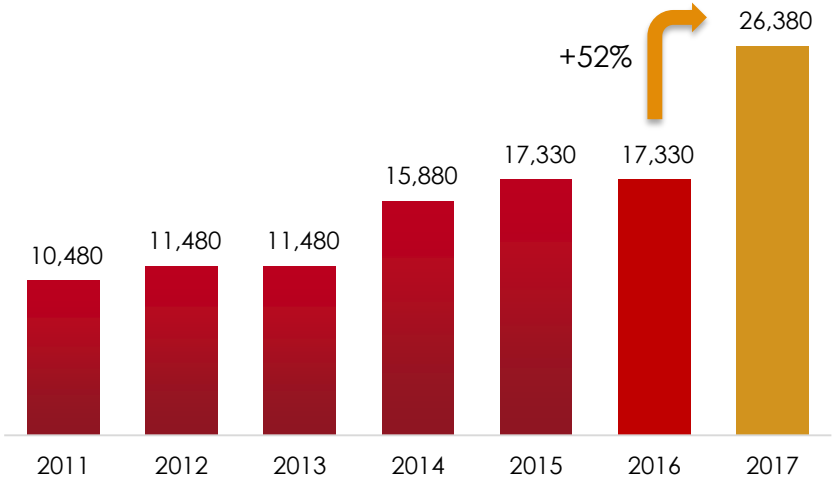
DEBT AMORTIZATION SCHEDULE (R$ MILLION) – JUN/17



CURRENT GEOGRAPHICAL DIVERSIFICATION



SLAUGHTERING CAPACITY GROWTH



Capacity by country	# of Slaughtering plants	Heads/day	% of total
Brazil	11	11,880	45.0%
Paraguay	6	5,400	20.5%
Argentina	5	5,050	19.1%
Uruguay	3	3,200	12.1%
Colombia	1	850	3.3%
Total	**26**	**26,380**	**100.0%**

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