INDUSTRY OVERVIEW 3Q24

Barretos, November 04, 2024 – Minerva Foods is the South American leader in beef exports, which also operates in the processed foods segment, selling its products to over 100 countries. The Company currently has a daily slaughtering capacity of 41,789 head of cattle through its presence in Brazil, Paraguay, Argentina, Uruguay, and Colombia. Minerva operates 38 cattle slaughter and deboning plants and 3 processing plants, in addition to 5 sheep plants; 4 in Australia and 1 in Chile.

HIGHLIGHTS BY COUNTRY

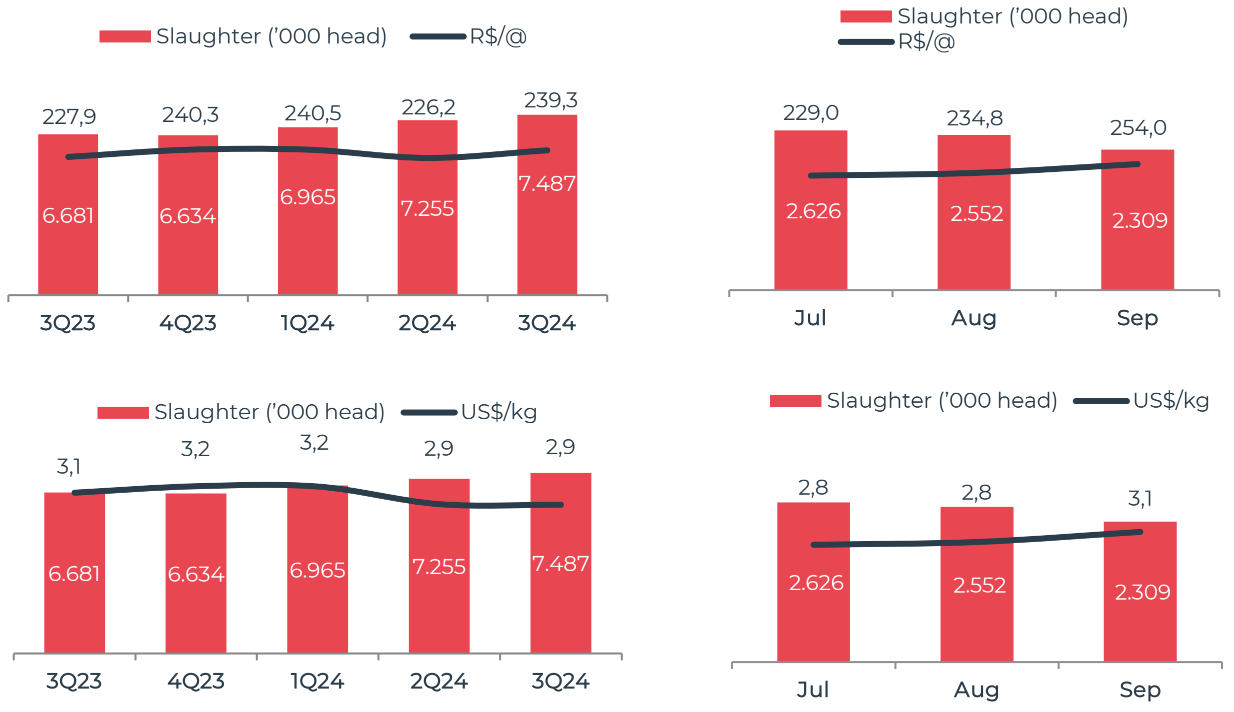
Brazil

Cattle Supply

In 3Q24, approximately 7.5 million head of cattle were slaughtered in Brazil, up by 3% QoQ and by 12% YoY, showing the good availability of animals ready for slaughter in the country.

The arroba price (Boi Gordo ESALQ/BM&F indicator - São Paulo State) averaged R$239.3/@ in 3Q24. Cattle prices in dollars averaged US$2.9/kg in the quarter, down by 7% from 3Q23 and flat from the previous quarter.

Figures 1, 2, 3, and 4 – Cattle Slaughter and Average Cattle Price – R$/@ and US$/kg

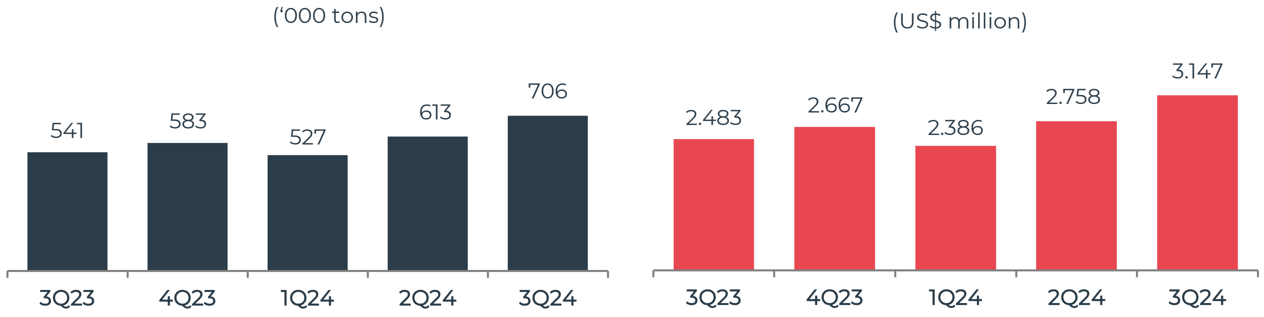


Source: Ministry of Agriculture, Livestock, and Supply, CEPEA/ESALQ

Export Market

Brazilian cattle exports totaled 706 thousand tons in 3Q24, a strong growth of 15% QoQ and 31% YoY. Export revenue exceeded US$3.1 billion in 3Q24, up by 14% over 2Q24 and by 27% over 3Q23. The beginning of second-half seasonality is once again evident, with strong growth in exports both in volume and revenue, notably due to increased exports to the U.S. market, which is experiencing restrictions in its supply of animals ready for slaughter, as well as a more aggressive demand from China and the Middle East.

Figures 5 and 6 – Fresh Beef Exports



Source: Ministry of Development, Industry, and Foreign Trade

In 3Q24, the average beef price in dollars reached US$4.5/kg, flat from 2Q24. The average beef price in reais reached R$24.7/kg, up by 5% over the previous quarter and by 10% over 3Q23.

Figure 7 – Average Price of Fresh Beef Exported

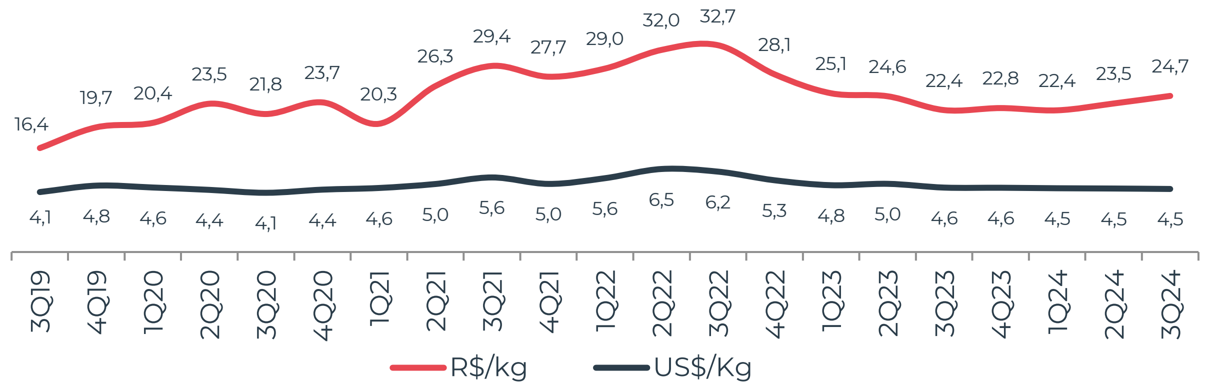
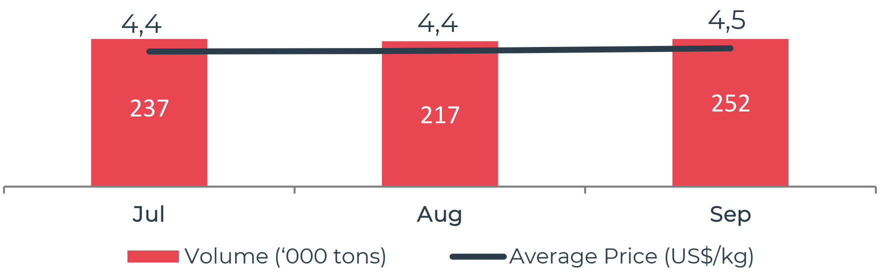


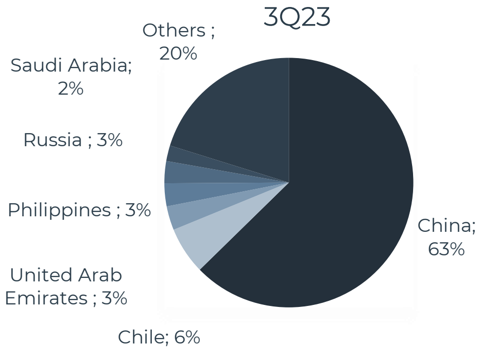
Figure 8 – Brazilian Fresh Beef Exports

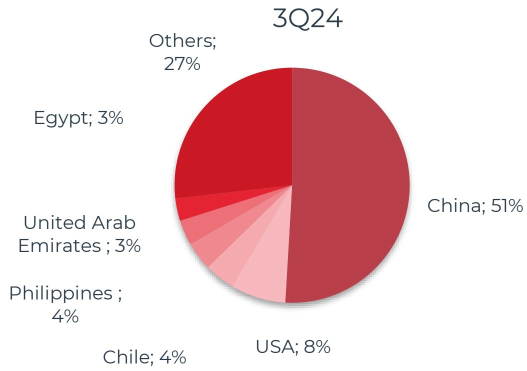


Source: Ministry of Development, Industry, and Foreign Trade

China remained the main export destination for Brazilian beef, with a market share of 51% in the quarter. The United States was the second main export destination for Brazilian beef in 3Q24, accounting for 8% of the total, followed by Chile and the Philippines, both with 4%.

Figures 9 and 10 – Export Destinations (% of Revenue)





Source: Ministry of Development, Industry, and Foreign Trade

Domestic Market

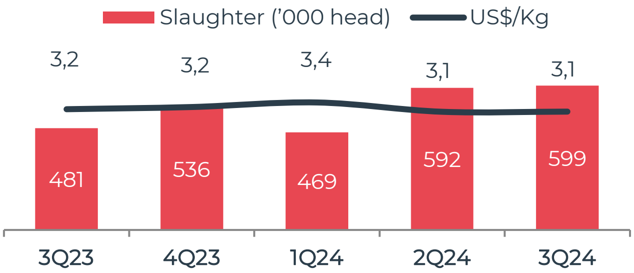
Consumption in the Brazilian market had a positive performance in 3Q24, mainly in the retail and food service sectors, allowing for a positive price movement. In addition, it is worth noting that the second half is characterized by seasonal increases in domestic demand for beef because of the festive period and the start of summer.

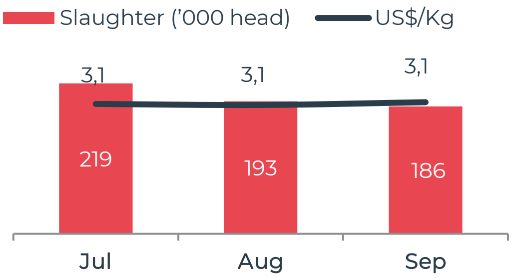
Paraguay

Cattle Supply

A total of 599 thousand head of cattle were slaughtered in Paraguay in 3Q24, flat from the previous quarter and up by 24% over 3Q23. The average cattle price was US$3.1/kg in 3Q24, flat from 3Q23 and 2Q24. Due to continuous growth in slaughter, the country has been showing an increase in the availability of animals, reinforcing the beginning of a turnaround in the cattle cycle, which is expected to accelerate in the next few periods.

Figures 11 and 12 – Cattle Slaughter and Average Cattle Price





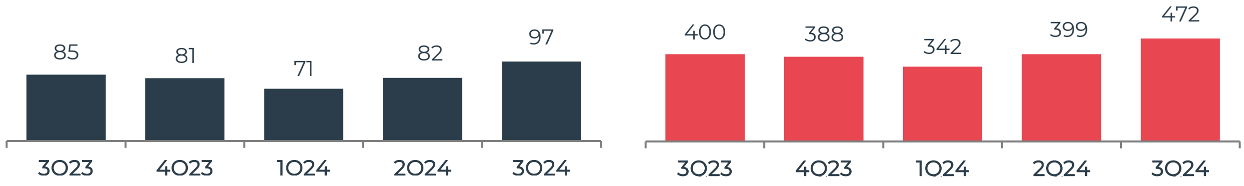
Source: OCIT – Oficina Consultiva y de Investigación Técnica

Export Market

Paraguayan beef exports totaled 97 thousand tons in 3Q24, up by 19% over 2Q24 and by 15% over 3Q23. The country's export revenue reached US$472 million, up by 18% in both the quarterly and annual comparisons.

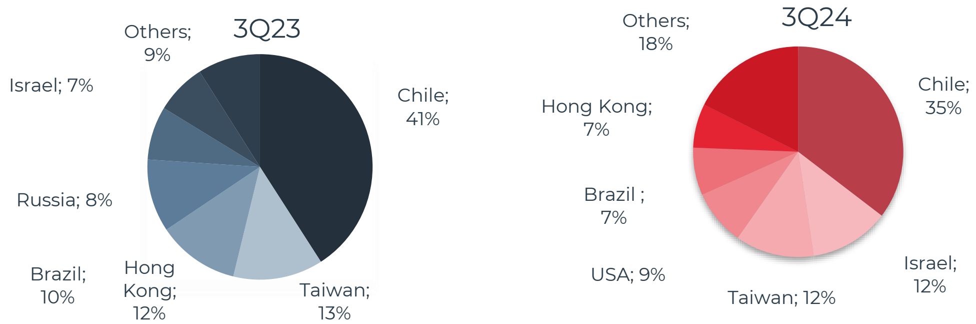
Chile was the main destination for Paraguayan beef exports in the quarter, accounting for 35% of total exports. The second largest destination was Israel, accounting for 12%, followed by Taiwan, also with 12%, and the USA, with 9%. It is worth noting not only the evolution of the USA market share in Paraguay but also the recent opening of the Canadian market in May, which could create more opportunities for local exporters while reaffirming the good demand outlook in North America.

Figures 13 and 14 – Fresh Beef Exports



Source: DNA – Direccion Nacional de Aduanas

Figures 15 and 16 – Export Destinations (% of Revenue)



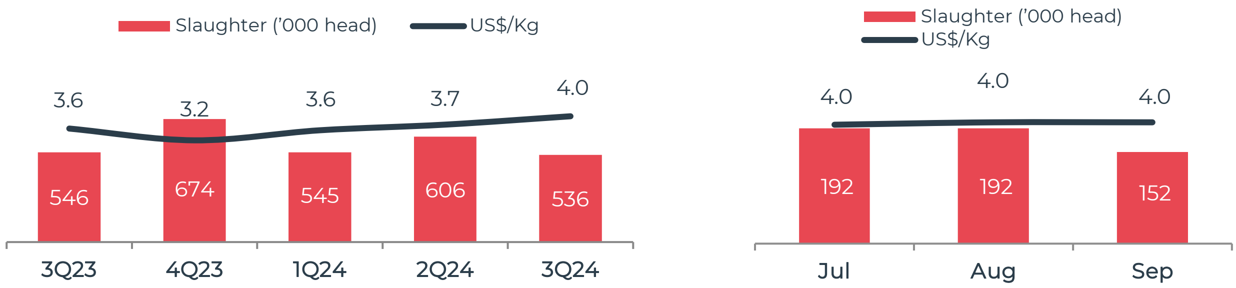
Source: DNA - Direccion Nacional de Aduanas

Uruguay

Cattle Supply

In 3Q24, 536 thousand head of cattle were slaughtered in Uruguay, down by 12% from 2Q24 and flat from 3Q23. The average cattle price was US$4.0/kg.

Figures 17 and 18 – Cattle Slaughter and Average Cattle Price



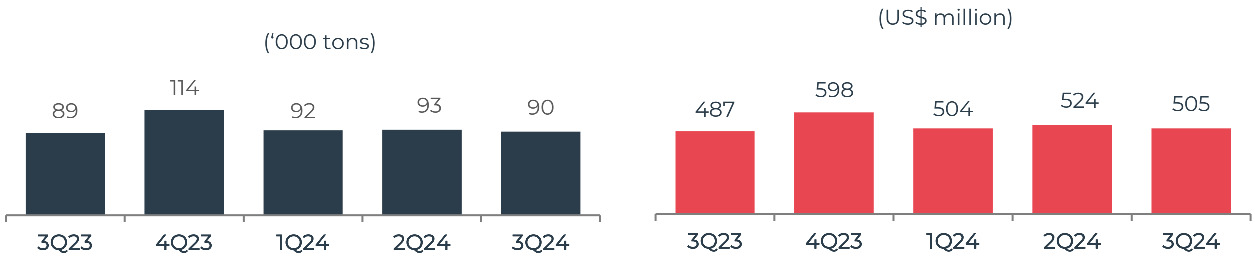
Source: INAC

Export Market

Uruguayan exports totaled 90 thousand tons in 3Q24, flat from the last few quarters. Revenue, in turn, reached US$505 million in 3Q24, up by 4% YoY.

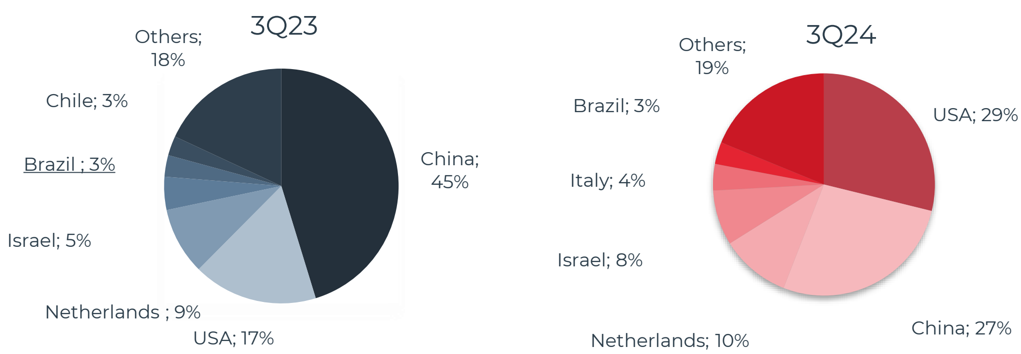
The USA remained in front of China as the main destination for Uruguayan beef exports in the quarter, accounting for 29% (+12 p.p. YoY), followed by China, with 27%, and the Netherlands, with 10%, making it the third main destination.

Figures 19 and 20 – Fresh Beef Exports



Source: Penta-transaction

Figures 21 and 22 – Export Destinations (% of Revenue)



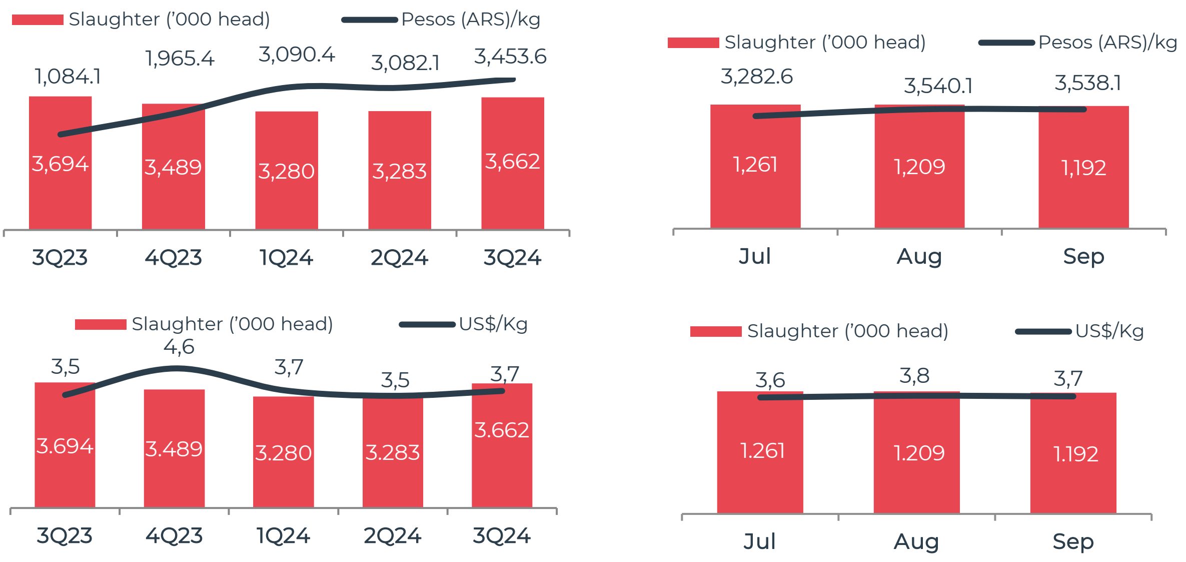
Source: Penta-transaction

Argentina

Cattle Supply

Argentina slaughtered 3.7 million head in 3Q24, up by 12% over 2Q24 and flat YoY. The average cattle price reached ARS$3,453.6/kg in the period, up by 12% over 2Q24 and by 219% over 3Q23, reflecting the local inflation movement. The average cattle price in dollars reached US$3.7/kg in 3Q24, flat from the previous periods.

Figures 23, 24, 25, and 26 – Cattle Slaughter and Average Cattle Price – ARS$/kg and US$/kg

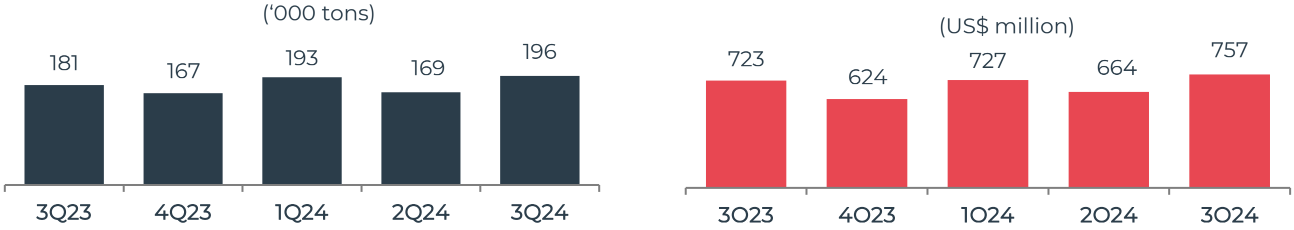


Source: ABC-consórcio

Export Market

In 3Q24, Argentine exports reached 196 thousand tons, up by 16% over 2Q24 and by 8% over 3Q23. Export revenue, in turn, also increased and came to US$757 million in 3Q24, up by 14% over 2Q24 and by 5% over 3Q23.

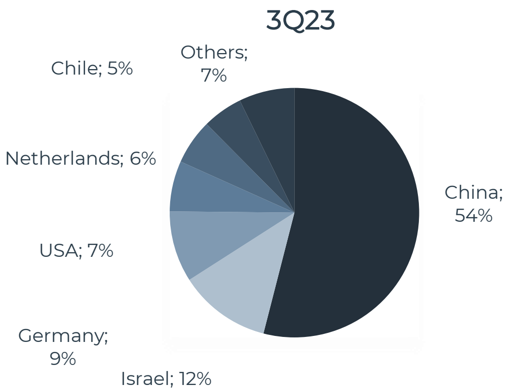
Figures 27 and 28 – Fresh Beef Exports

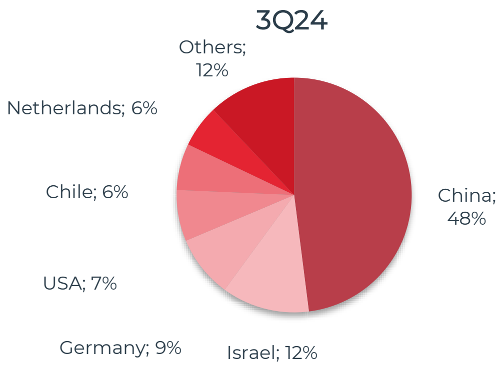


Source: INDEC | 3Q24 Preliminary Data

China accounted for 48% of Argentina's total exports in 3Q24, remaining as the country's main beef export destination, followed by Israel and Germany, with a share of 12% and 9%, respectively.

Figures 29 and 30 – Export Destinations (% of Revenue)





Source: INDEC - Instituto Nacional de Estadística y Censos | 3Q24 Preliminary Data

Domestic Market

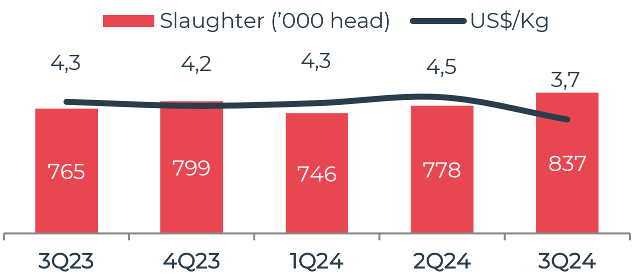
The Argentine domestic market remains impacted by the volatility of the local currency and the inflationary impact, which influences fresh beef prices in the domestic market, jeopardizing demand for the product. Furthermore, the reduction of some export restrictions also contributed to reduce competitiveness in the domestic market, encouraging the migration to products with lower added value, such as hamburgers, breaded products, sausages, and pâté.

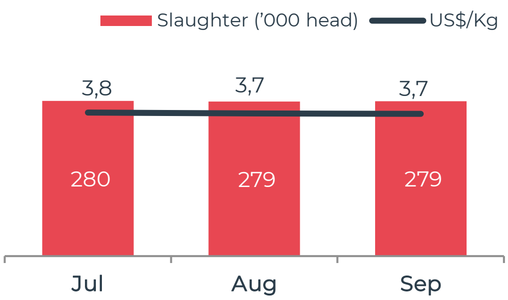
Colombia

Cattle Supply

In 3Q24, a total of 837 thousand head of cattle were slaughtered in Colombia, up by 8% over 2Q24 and by 9% over 3Q23. In 3Q24, the average cattle price was US$3.7/kg, down by 16% from 2Q24 and by 13% from 3Q23.

Figures 31 and 32 – Cattle Slaughter and Average Cattle Price





Source: DANE – Departamento Administrativo Nacional de Estadísticas e Feira de Medellin | 3Q24 Preliminary Data

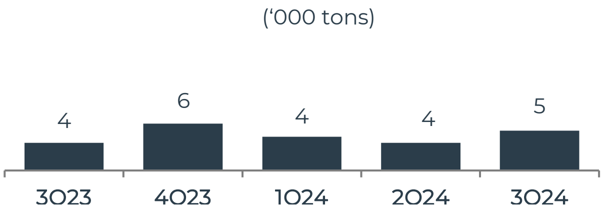
Export Market

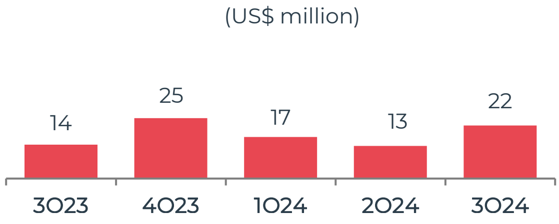
Colombian beef exports totaled approximately 5 thousand tons in 3Q24, with revenue of US$22 million, a strong increase of 63% over 2Q24 and 57% over 3Q23.

Russia remained the main destination for Colombian beef exports in 3Q24, accounting for 46% of total exports, followed by China, with 29%, and Chile, with 8% of Colombian beef exports.

It is worth noting that in late 2023, the country took an important step by approving the sanitary protocol for opening the Chinese market to the export of Colombian beef. Recently, in mid-March, authorizations were effectively granted to approved plants so they could initiate exports.

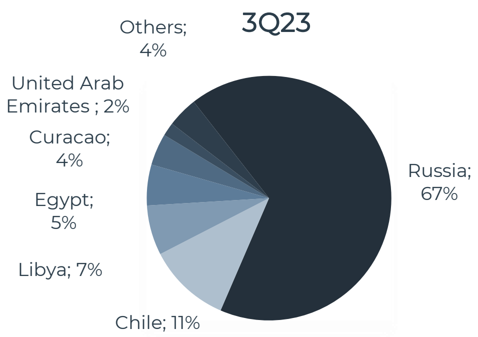
Figures 33 and 34 – Fresh Beef Exports

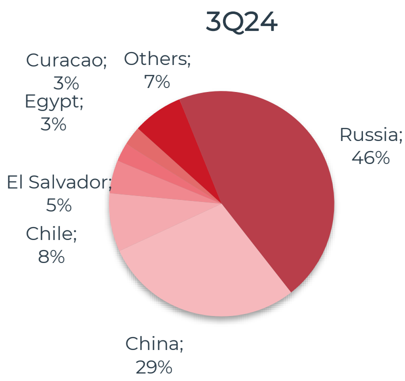




Source: Legiscomex | 2Q24 Preliminary Data

Figures 35 and 36 – Export Destinations (% of Revenue)





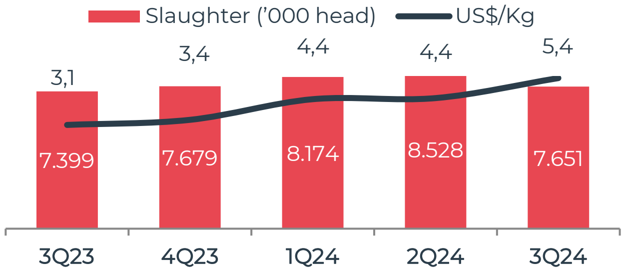
Source: Legiscomex | 3Q24 Preliminary Data

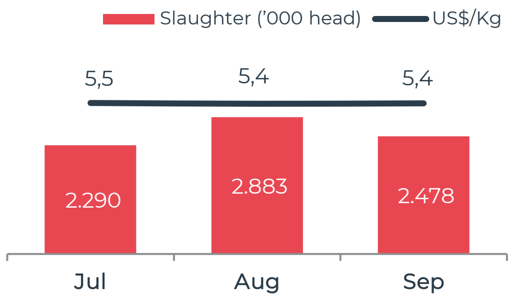
Australia

Sheep Supply

In 3Q24, over 7.7 million head of sheep were slaughtered in Australia, up by 3% over 3Q23, with an average sheep price of US$5.4/kg. It is worth noting that last year, the country faced a period of significant climate difficulties, with El Niño and an unusual winter, which resulted in a concentration of supply and an atypical decline in prices that impacted 2H23. The increase in prices in 3Q24 follows a seasonal pattern, which is common in the second halves of the years.

Figures 37 and 38 – Sheep Slaughter and Average Price



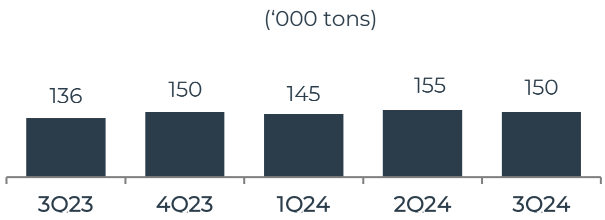


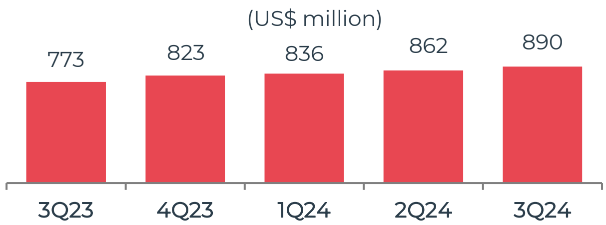
Source: MLA – Meat & Livestock Australia| 3Q24 Preliminary Data

Export Market

Australian beef exports reached 150 thousand tons in 3Q24, flat from 2Q24 and up by 10% over 3Q23. Revenue came to US$890 million in 3Q24, increasing by 15% and 3% in the annual and quarterly comparisons, respectively.

Figures 39 and 40 – Fresh Sheep Meat Exports

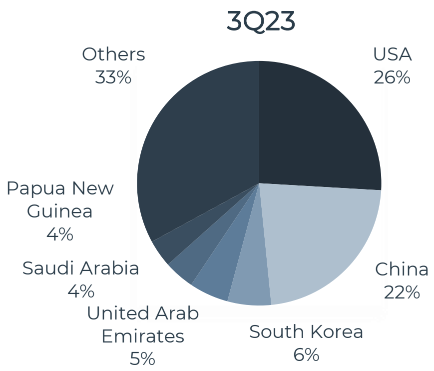


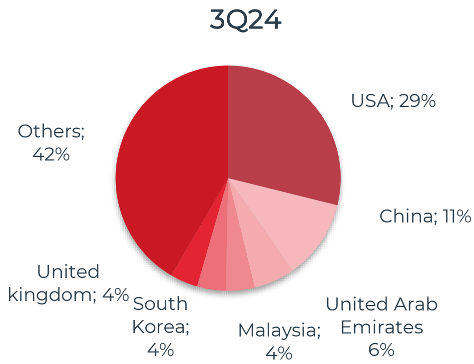


Source: TDM – Trade Data Monitor and DAFF – Department of Agriculture, Fisheries and Forestry | 3Q24 Preliminary Data

The USA accounted for 29% of Australian exports in 3Q24, surpassing China, which accounted for 11%. The United Arab Emirates came in third place, accounting for 6% of exports in 3Q24.

Figures 41 and 42 – Export Destinations (% of Revenue)





Source: TDM – Trade Data Monitor| 3Q24 Preliminary Data