INDUSTRY OVERVIEW
2Q24

Barretos, August 05, 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 30,940 head of cattle through its presence in Brazil, Paraguay, Argentina, Uruguay, and Colombia. Minerva operates 26 cattle slaughter and deboning plants and 3 processing plants, in addition to 4 sheep plants in Australia.

HIGHLIGHTS BY COUNTRY

Brazil

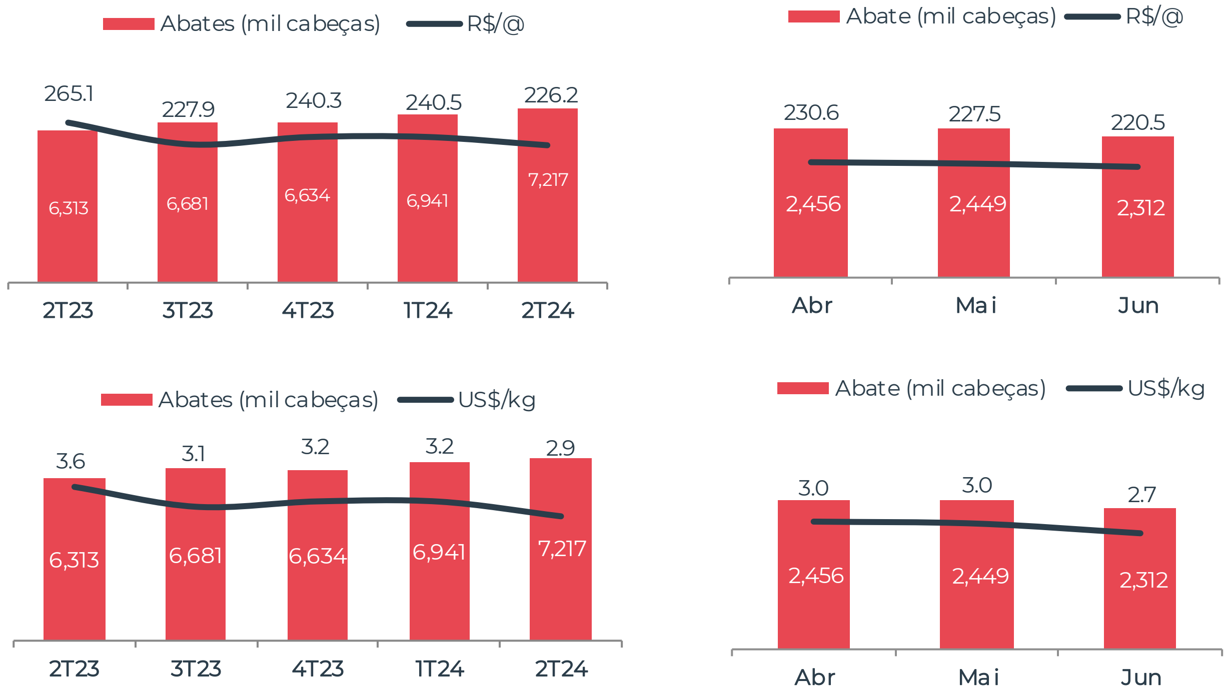
Cattle Supply

In 2Q24, approximately 7.2 million head of cattle were slaughtered in Brazil, up by 4% quarter on quarter and by 14% from the previous year.

The arroba price (Boi Gordo ESALQ/BM&F indicator - São Paulo State) averaged R$226.2/@ in 2Q24, down by 6% and 15% QoQ and YoY, respectively. Cattle prices in dollars averaged US$2.9/kg in the quarter, down by 19% from 2Q23 and by 11% from the previous quarter.

In 1H24, 14.2 million head of cattle were slaughtered in Brazil, a strong YoY increase of 20%, when 11.8 million head of cattle were slaughtered. The large availability of animals for slaughter is a result of the positive cattle cycle momentum in Brazil.

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



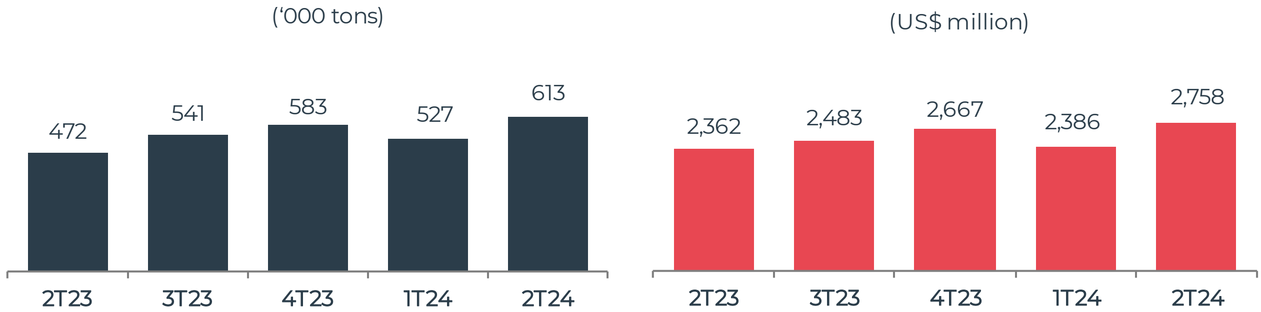
Source: Ministry of Agriculture, Livestock and Supply, CEPEA/ESALQ

Export Market

Brazilian cattle exports totaled 613 thousand tons in 2Q24, up by 16% QoQ and by 30% YoY. Export revenue came to US$2.8 billion in 2Q24, up by 16% over 1Q24 and by 17% over 2Q23. Despite the first half seasonality, export figures remained steady due to global demand resilience.

In 1H24, exports came to 1.1 million tons, an increase of 29% in the annual comparison. Revenue, in turn, reached US$5.1 billion, up by 18% over the same period in 2023.

Figures 5 and 6 – Fresh Beef Exports



Source: Ministry of Development, Industry, and Foreign Trade

In 2Q24, the average beef price in dollars reached US$4.5/kg, flat over 1Q24. The average beef price in reais reached R$23.5/kg, up by 5% over the previous quarter.

Figure 7 – Average Price of Fresh Beef Exported

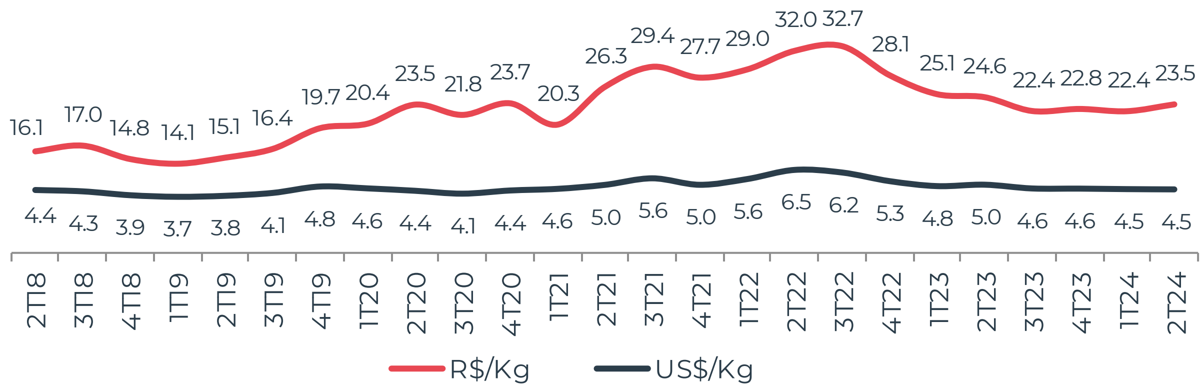
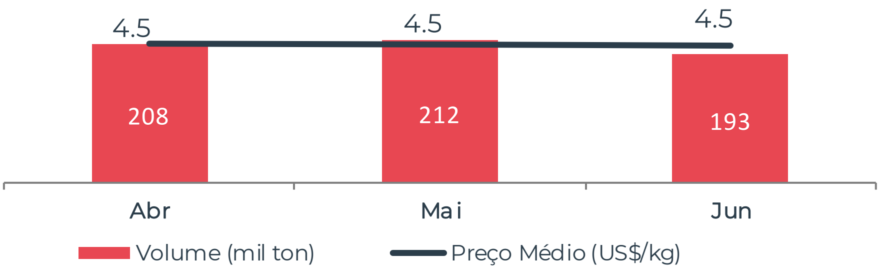


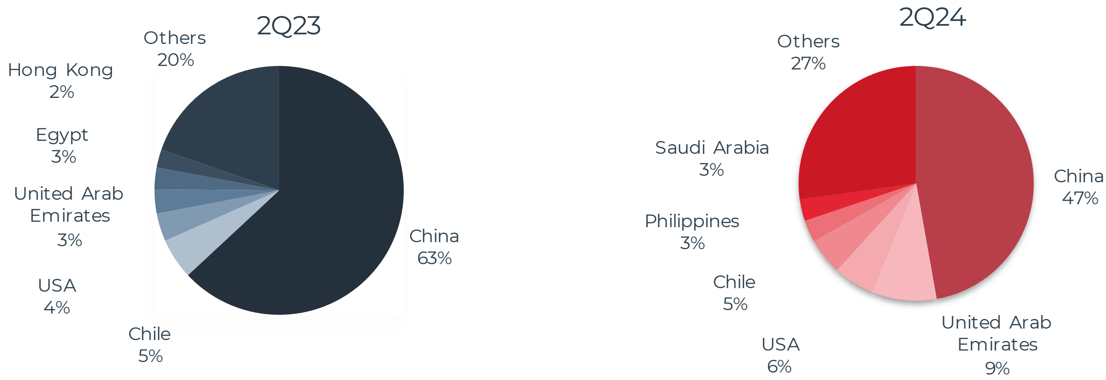
Figure 8 – Brazilian Fresh Beef Exports



Source: Ministry of Development, Industry, and Foreign Trade

China remains the main export destination for Brazilian beef, accounting for 47% of exports in the quarter. The United Arab Emirates was the second main destination in 2Q24, accounting for 9% of exports, followed by the USA and Chile, which accounted for 6% and 5%, respectively.

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



Source: Ministry of Development, Industry, and Foreign Trade

Domestic Market

The first half was once again marked by the period seasonality, with lower demand compared to the second half. The large availability of animals due to the positive cattle cycle continues contributing to increasing the domestic supply of beef.

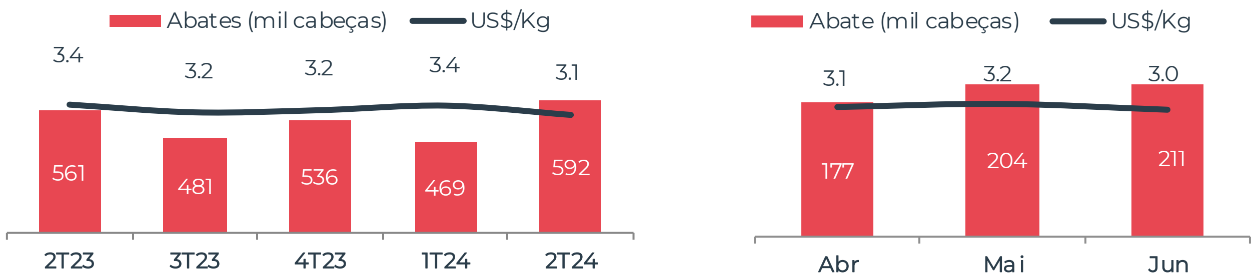
Paraguay

Cattle Supply

A total of 592 thousand head of cattle were slaughtered in Paraguay in 2Q24, up by 26% over the previous quarter and by 6% over 2Q23. The average cattle price was US$3.1/kg in 2Q24, lower than in 2Q23 and 1Q24. Slaughter growth in 2Q24 ratifies the growing availability of animals in Paraguay.

Paraguay slaughtered 1.1 million head of cattle in 1H24, an increase of 6% over 2H23.

Figures 11 and 12 – Cattle Slaughter and Average Cattle Price



Source: OCIT – Oficina Consultiva y de Investigación Técnica

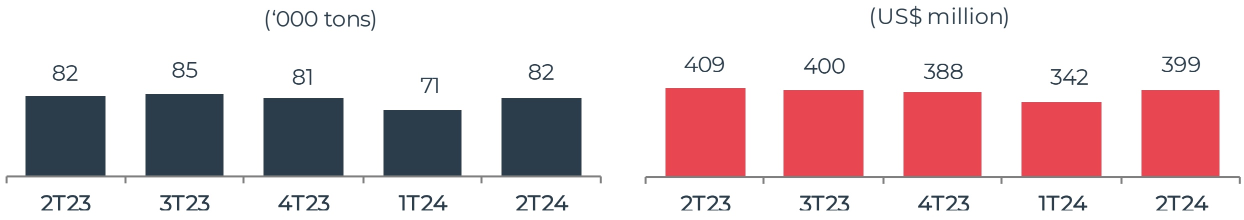
Export Market

Paraguayan beef exports totaled 82 thousand tons in 2Q24, a 15% increase over 1Q24. The country's export revenue reached US$399 million, up by 17% in the quarterly comparison.

Chile was the main destination of Paraguayan beef exports in the quarter, accounting for 41% of the total. The second largest destination was Brazil, accounting for 12% of exports, followed by Taiwan, with 10%, Hong Kong, with 7%, and Israel and the USA with 6% each of Paraguayan exports.

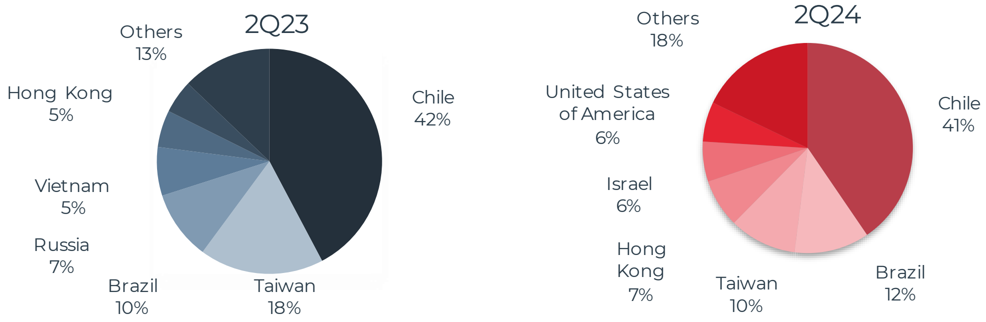
In 1H24, Paraguay exported 153 thousand tons, flat over 1H23. Export revenue reached US$742 million, also flat over the same period in 2023.

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

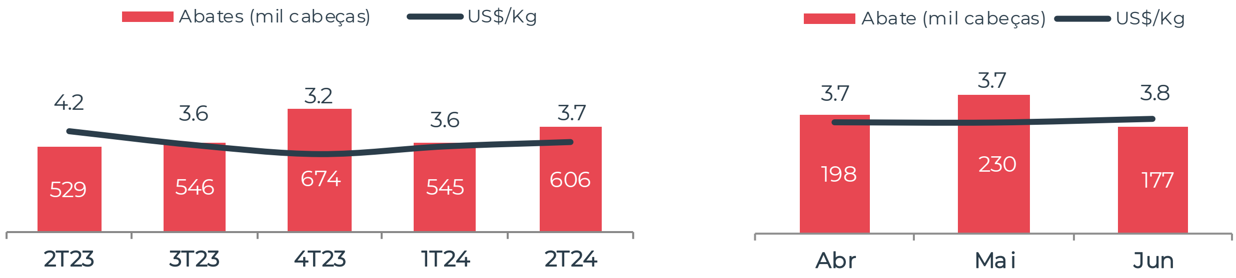
Uruguay

Cattle Supply

In 2Q24, 606 thousand head of cattle were slaughtered in Uruguay, up by 11% over 1Q24 and by 15% over 2Q23. Average cattle price came to US$3.7/kg, down by 11% from 1Q23. In 1H24, 1,151 thousand head of cattle were slaughtered in Uruguay, up by 6% over 1H23.

Similar to Brazil and Paraguay, Uruguay is another market in South America that indicates a trend toward increasing availability of animals in the next few periods.

Figures 17 and 18 – Cattle Slaughter and Average Cattle Price



Source: INAC

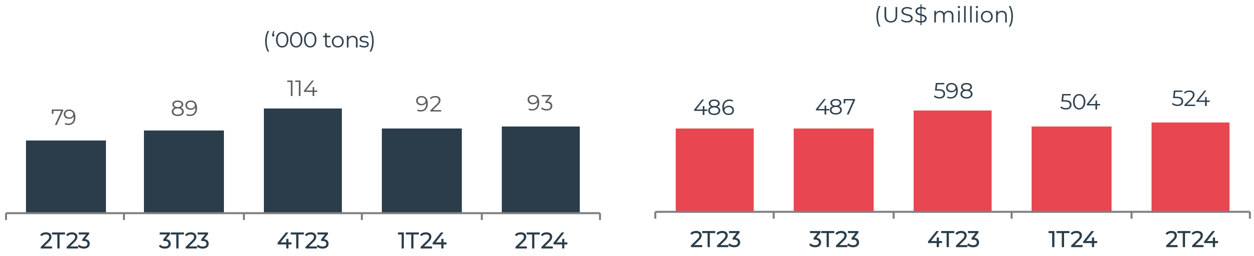
Export Market

Uruguayan exports totaled 93 thousand tons in 2Q24, up by 17% over 2Q23. Revenue, in turn, came to US$524 million in the quarter, up by 4% over 1Q24 and by 8% over 2Q23.

The USA surpassed China and became the main destination for Uruguayan beef exports in the quarter, accounting for 31% of exports in 2Q24, followed by China, with 27%, and the Netherlands, with 9%, making it the third main destination.

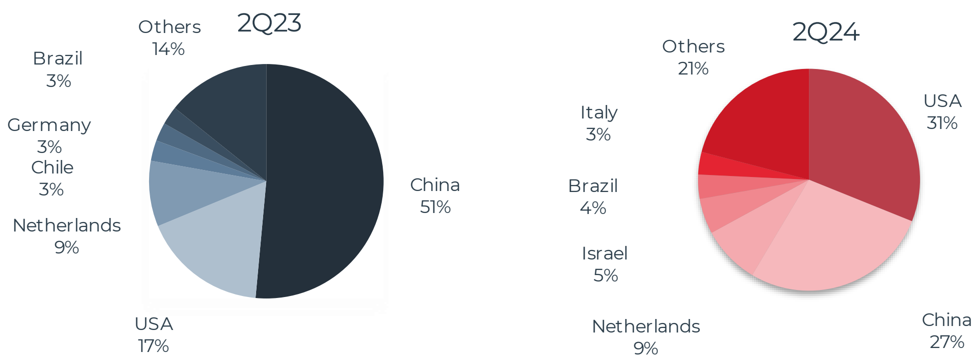
Uruguayan exports reached 184 thousand tons in 1H24, up by 8% over 1H23, with revenue of US$1 billion.

Figures 19 and 20 – Fresh Beef Exports



Source: Penta-transaction

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



Source: Penta-transaction

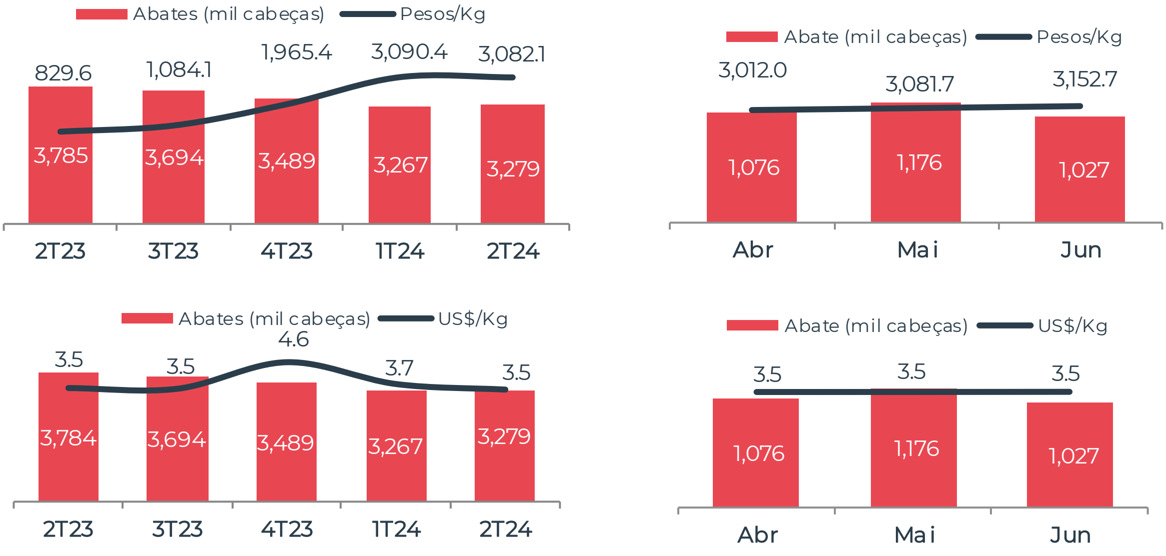
Argentina

Cattle Supply

A total of 3.3 million head of cattle were slaughtered in Argentina in 2Q24, flat over the previous quarter. Average cattle price reached ARS$3,082.1/kg in the period, also flat over 1Q24. In 1H24, Argentina slaughtered 6.5 million head of cattle.

Average cattle price in dollars reached US$3.5/kg in 2Q24.

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

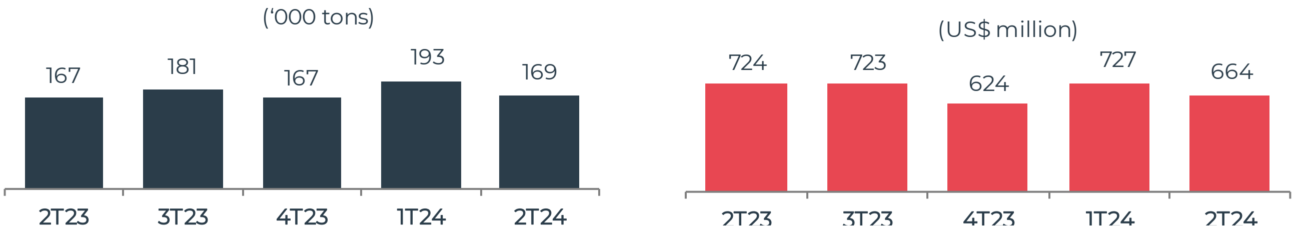


Source: ABC-consórcio

Export Market

In 2Q24, Argentine exports reached 169 thousand tons, flat YoY. In terms of revenue, exports totaled US$664 million in 2Q24. In 1H24, Argentina exported 362 thousand tons, up by 13% over 1H23, with an export revenue of US$1.4 billion, in line with 1H23.

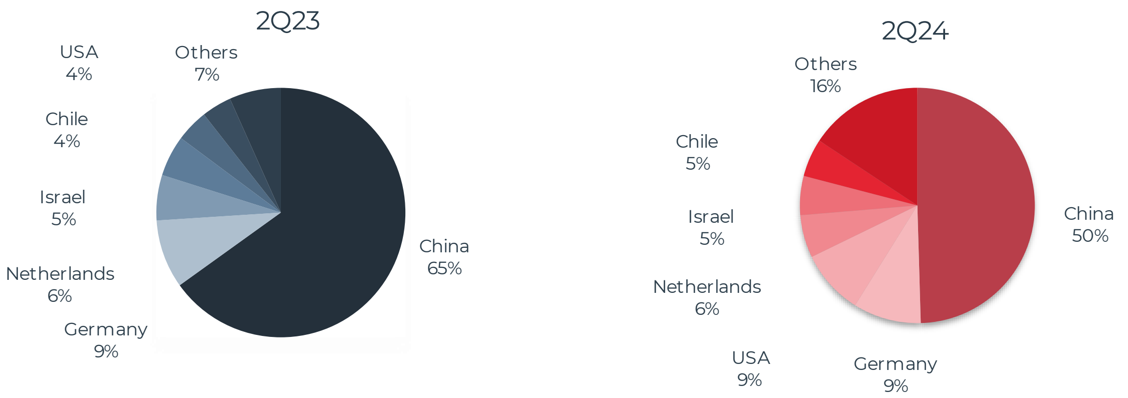
Figures 27 and 28 – Fresh Beef Exports



Source: *INDEC | 2Q24 Preliminary Data*

China remained the main beef export destination, with 50% of the total amount exported by Argentina in 2Q24, followed by Germany and the USA, both with 9% each.

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



Source: INDEC - Instituto Nacional de Estadística y Censos | 2Q24 Preliminary Data

Domestic Market

The Argentine domestic market remains impacted by the volatility of the local currency, which influences fresh beef prices in the domestic market, jeopardizing demand for the product. Furthermore, the reduction of some export restrictions also contributes to reduce competitiveness of domestic prices.

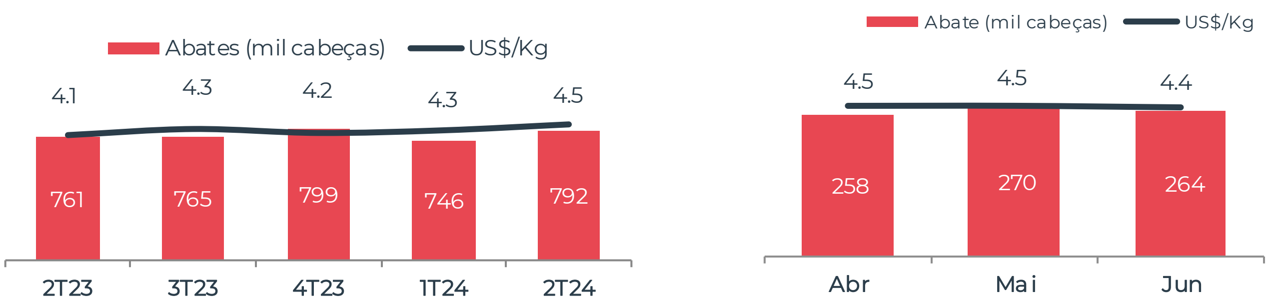
Colombia

Cattle Supply

In 2Q24, a total of 792 thousand head of cattle were slaughtered in Colombia, increases of 6% over 1Q24 and 4% over 2Q23. The average cattle price was US$4.5/kg in 2Q24.

In 1H24, 1.5 million head of cattle were slaughtered, flat over 1H23. The average price increased by 12%, moving up from US$3.9/kg in 1H23 to US$4.5/kg in 1H24

Figures 31 and 32 – Cattle Slaughter and Average Cattle Price



Source: DANE – Departamento Administrativo Nacional de Estadísticas e Feira de Medellin | 1Q24 Preliminary Data

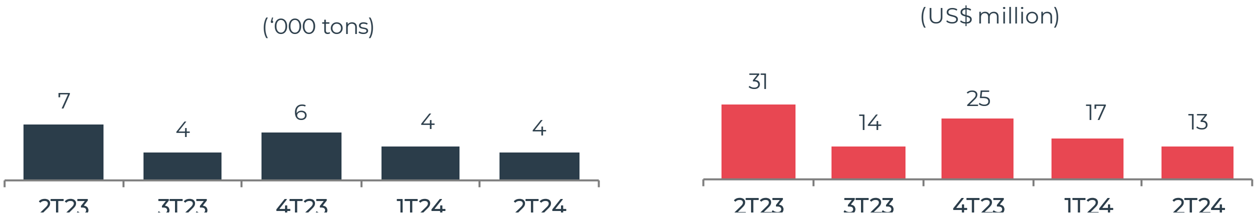
Export Market

Colombian beef exports came to approximately 4 thousand tons in 2Q24, with a revenue of US$13 million. In 1H24, Colombia exported 8 thousand tons of beef, with a revenue of US$30 million.

Russia remained the main destination for Colombian beef exports in 2Q24, accounting for 65% of total exports, followed by Chile, with 17%, and China, with 5% of Colombian beef exports.

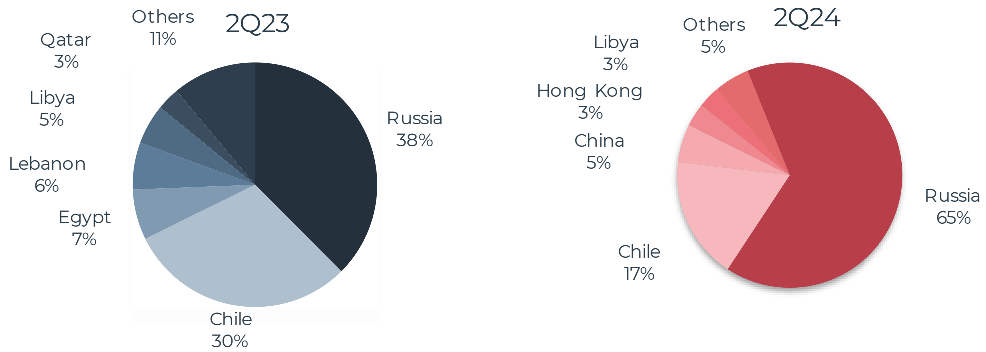
It is worth noting that at the end of 2023, the country took an important step with the approval of the sanitary protocol for opening the Chinese market to Colombian beef exports, and recently, in mid-March, authorizations were effectively granted to the plants authorized to begin the export process.

Figures 33 and 34 – Fresh Beef Exports



Source: Legiscomex | 2Q24 Preliminary Data

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



Source: Legiscomex | 2Q24 Preliminary Data

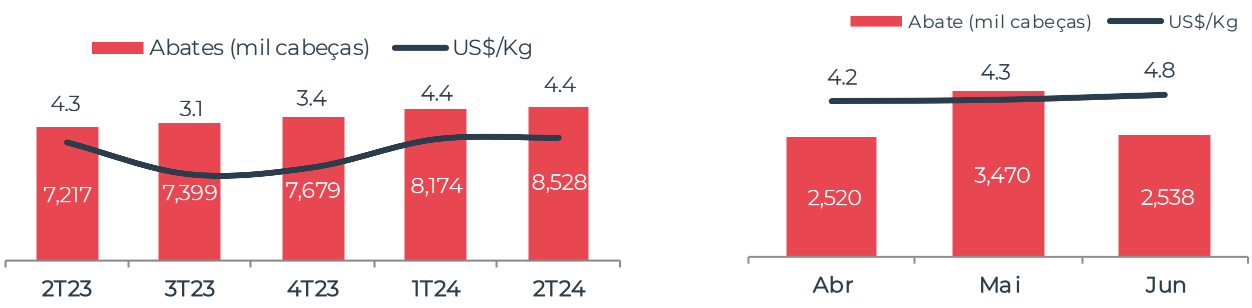
Australia

Sheep Supply

In 2Q24, over 8.5 million head of sheep were slaughtered in Australia, growths of 4% over 1Q24 and 18% in the annual comparison. The average sheep price was US$4.4/kg in 2Q24, flat both YoY and QoQ, also reflecting the strong availability of sheep ready for slaughter in the region.

In 1H24, Australia slaughtered 16 million head of sheep, up by 20% over 1H23.

Figures 37 and 38 – Sheep Slaughter and Average Price



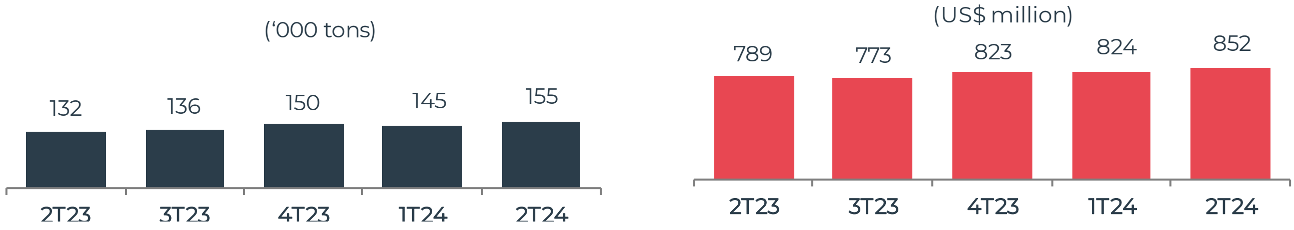
Source: MLA – Meat & Livestock Australia| 2Q24 Preliminary Data

Export Market

Australian sheep exports reached 155 thousand tons in 2Q24, up by 17% over 2Q23 and by 7% over 1Q24. Revenue came to US$852 million in 2Q24, increasing by 8% and 3% in the annual and quarterly comparisons, respectively.

Exports reached 301 thousand tons in 1H24, up by 21% over 1H23, when exports came to 249 thousand tons. Export revenue followed the same line, totaling US$1.7 billion, up by 14% over 1H23.

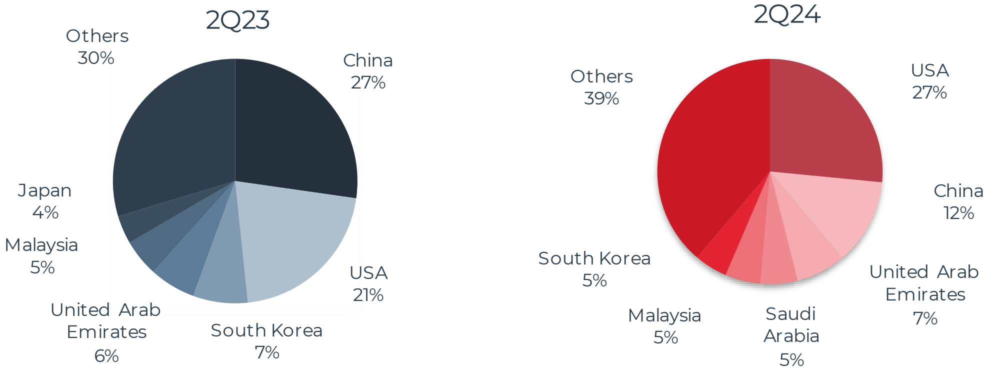
Figures 39 and 40 – Fresh Sheep Meat Exports



Source: TDM – Trade Data Monitor and DAFF – Department of Agriculture, Fishe24ries and Forestry | 2Q24 Preliminary Data

The USA accounted for 27% of Australian exports in 2Q24, surpassing China, which accounted for 12%. The United Arab Emirates came in third place, accounting for 7% of exports in 2Q24.

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



Source: TDM – Trade Data Monitor| 2Q24 Preliminary Data