minerva foods

INDUSTRY OVERVIEW 1Q22

Barretos, May 4, 2022 – Minerva Foods is the South American leader in beef exports and also operates in the processed foods segment, selling its products to over 100 countries. The Company currently has a daily slaughtering capacity of 26,180 head of cattle and a daily beef deboning capacity equivalent to 27,800 head of cattle. Present in Brazil, Paraguay, Argentina, Uruguay and Colombia, Minerva operates 25 slaughter and deboning plants and 3 processing plants.

HIGHLIGHTS BY COUNTRY

Brazil

Cattle Supply

In 1Q22 approximately 4.7 million head of cattle were slaughtered in Brazil, up 5% on 4Q21 and also year-on-year. It is worth highlighting that the increase in slaughter volume reflects a new scenario with higher availability of animals ready for slaughter.

For the State of São Paulo, the average price per arroba (Boi Gordo ESALQ/BM&F indicator) reached R$341.2/@. Average cattle prices in dollars reached US$4.4/kg in the 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 |

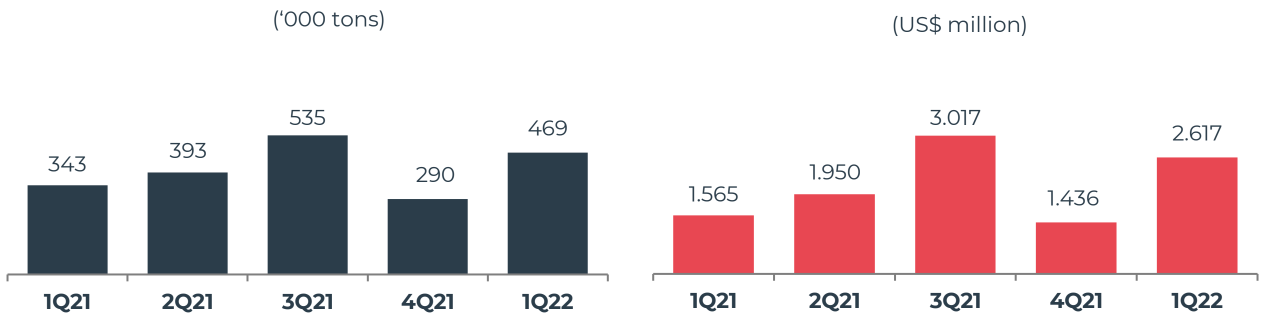
** 1Q21, 2Q21, 3Q21, 4Q21 and 1Q22 projections made by the Company, official data not yet available.*

Export Market

In 1Q22 Brazilian beef exports reached 469,000 tons, a strong growth of 62% quarter-on-quarter and 37% year-on-year. This movement reflects the resumption of Brazilian exports to China at the end of 2021, after a restriction period that lasted approximately 3 months.

Export revenues in 1Q22 reached US$2.6 billion, a significant increase of 82% compared to the previous quarter and 67% compared to 1Q21, due to the expansion in volume and the increase in beef prices in the international market.

Figures 5 and 6 – Fresh Beef Exports



Source: Ministry of Development, Industry and Foreign Trade | Preliminary Export Data

In 1Q22, beef average price in dollars reached US$5.6/kg, an increase of 22% when compared to 1Q21 and 12% when compared to 4Q21. In reais, the average price for the quarter was R$29.0/kg, a 43% growth year-on-year and 5% over the previous quarter.

Figure 7 – Average Fresh Beef Price

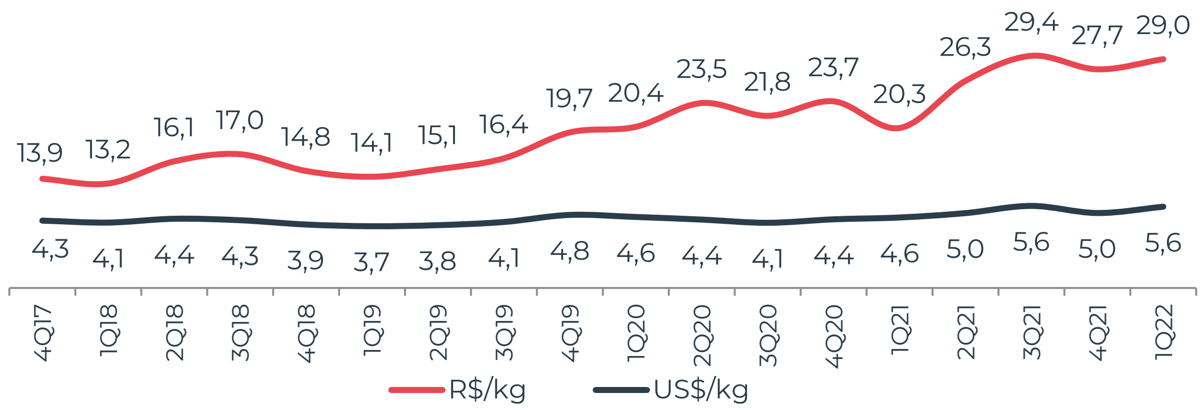
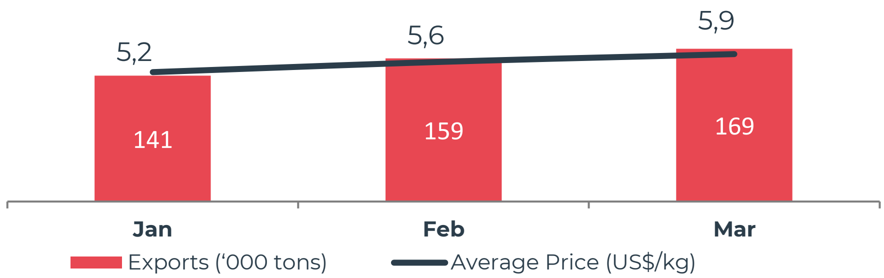


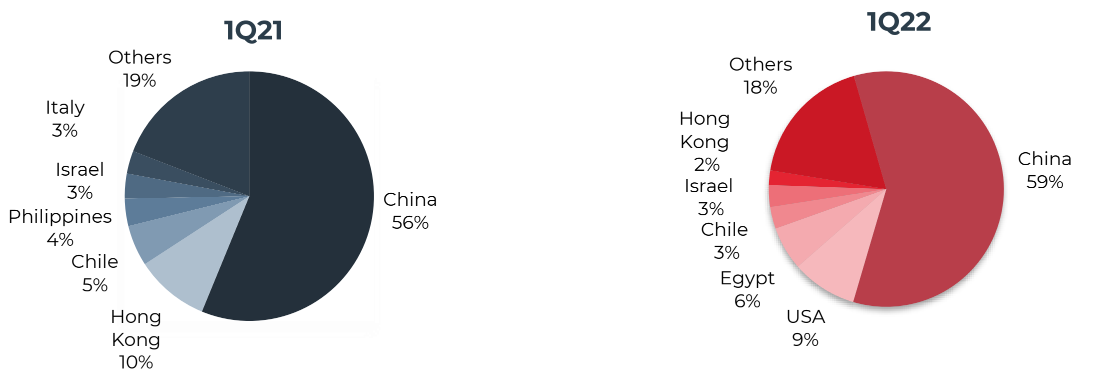
Figure 8 – Brazilian Fresh Beef Exports



Source: Ministry of Development, Industry and Foreign Trade

In the quarter, the main destination of Brazilian beef exports was China with a market share of 59%, an expansion of 4 p.p. on a yearly basis. The second main destination was the United States, which represented 9% of Brazilian exports, and Egypt in third with a 6% export share.

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

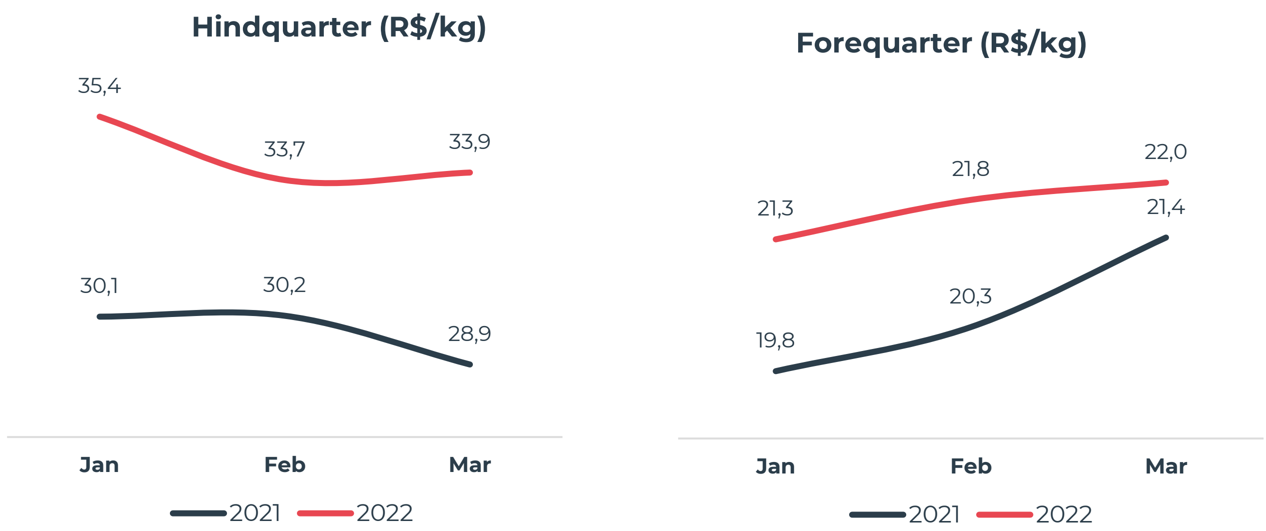


Source: Ministry of Development, Industry and Foreign Trade

Domestic Market

In 1Q22, the Brazilian domestic market maintained the trend of higher prices when compared to the same period of the previous year, as shown in the figures below, reflecting the movement of cattle prices.

Figures 11 and 12 – Forequarter and Hindquarter Cut Prices



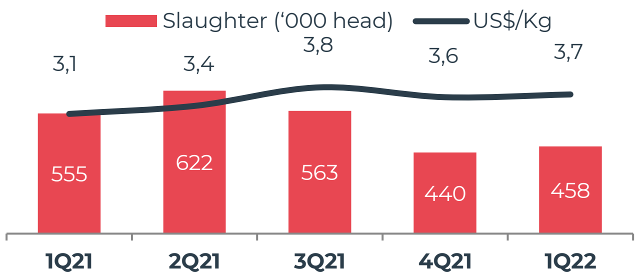
Source: Scot Consultoria

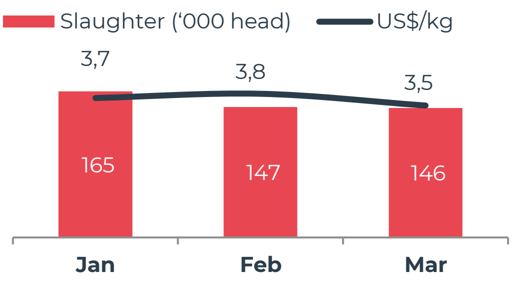
Paraguay

Cattle Supply

In Paraguay 458,000 head of cattle were slaughtered in 1Q22, a 4% increase when compared to 4Q21. In the period, cattle prices averaged at US$3.7/kg.

Figures 13 and 14 – Cattle Slaughter and Average Cattle Price





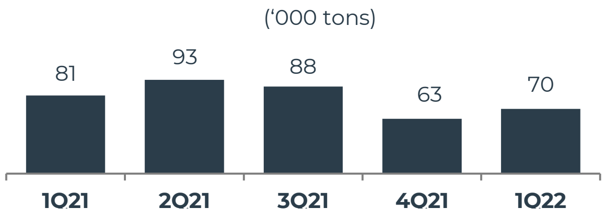
Source: OCIT – Oficina Consultiva y de Investigación Técnica | 1Q22 Preliminary Data

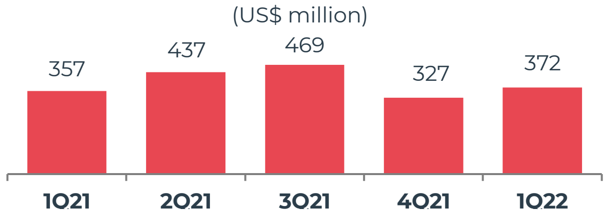
Export Market

In 1Q22, Paraguayan beef exports reached 70,000 tons, up by 12% from 4Q21.

In 1Q22, Chile was the main destination of Paraguayan beef exports accounting for 42% of total exports, followed by Israel with 13% and Russia with a share of 12% of Paraguayan beef exports.

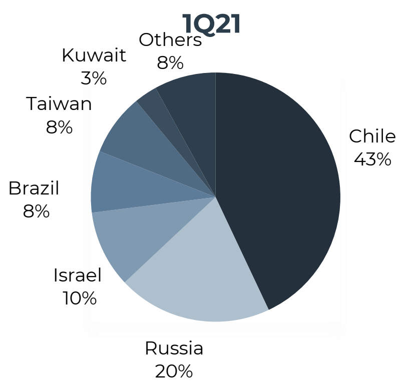
Figures 15 and 16 – Fresh Beef Exports

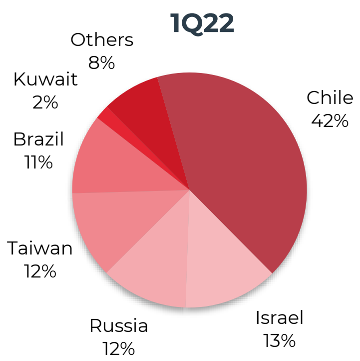




Source: OCIT – Oficina Consultiva y de Investigación Técnica

Figures 17 and 18 – Export Destinations (% of Revenue)





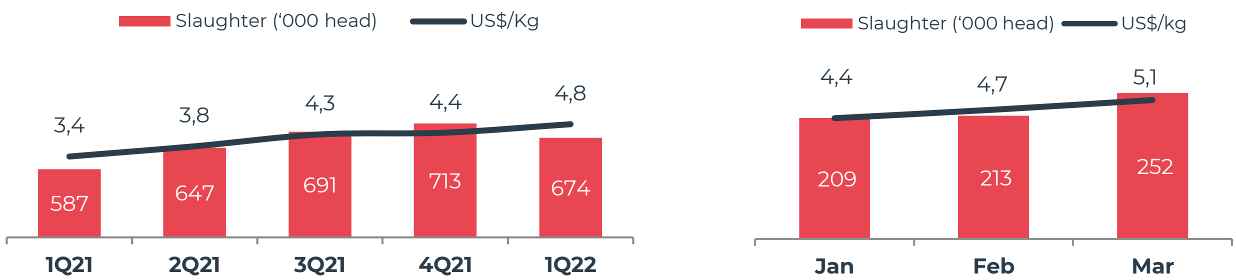
Source: OCIT – Oficina Consultiva y de Investigación Técnica

Uruguay

Cattle Supply

In 1Q22, slaughtering in Uruguay totaled 674,000 head of cattle, a 15% growth when compared to the same period in 2021. In the period, cattle prices averaged at US$4.8/kg.

Figures 19 and 20 – Cattle Slaughter and Average Cattle Price



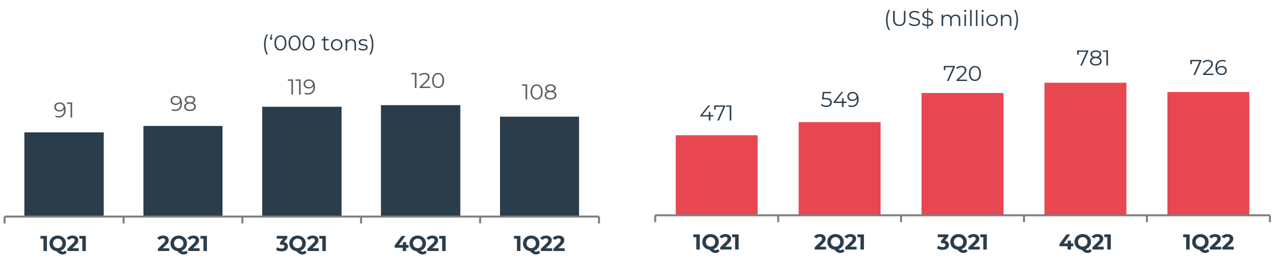
Source: INAC

Export Market

Uruguayan beef export volume totaled 108,000 tonnes in 1Q22, up 19% over 1Q21. Beef export revenue reached US$726 million in the quarter, a robust increase of 54% year-on-year.

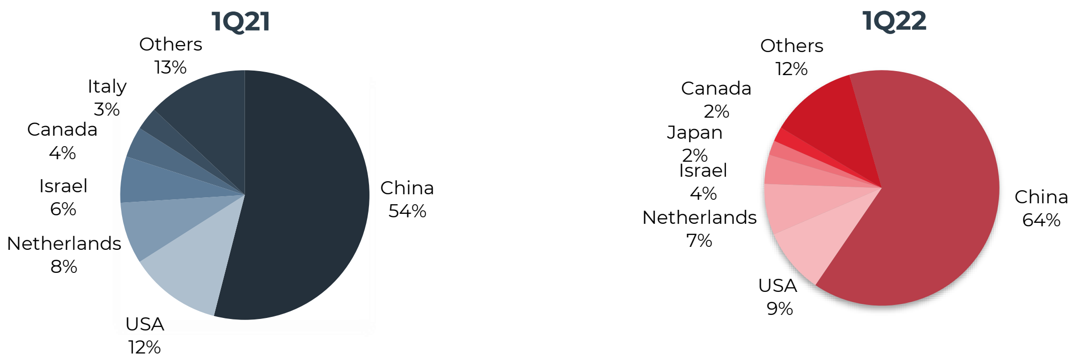
China remains the main destination for Uruguayan beef, representing 64% of exports. Following closely behind are the USA at 9% of total exports, followed by the Netherlands with 7%.

Figures 21 and 22 – Fresh Beef Exports



Source: Penta-transaction

Figures 23 and 24 – Export Destinations (% of Revenue)



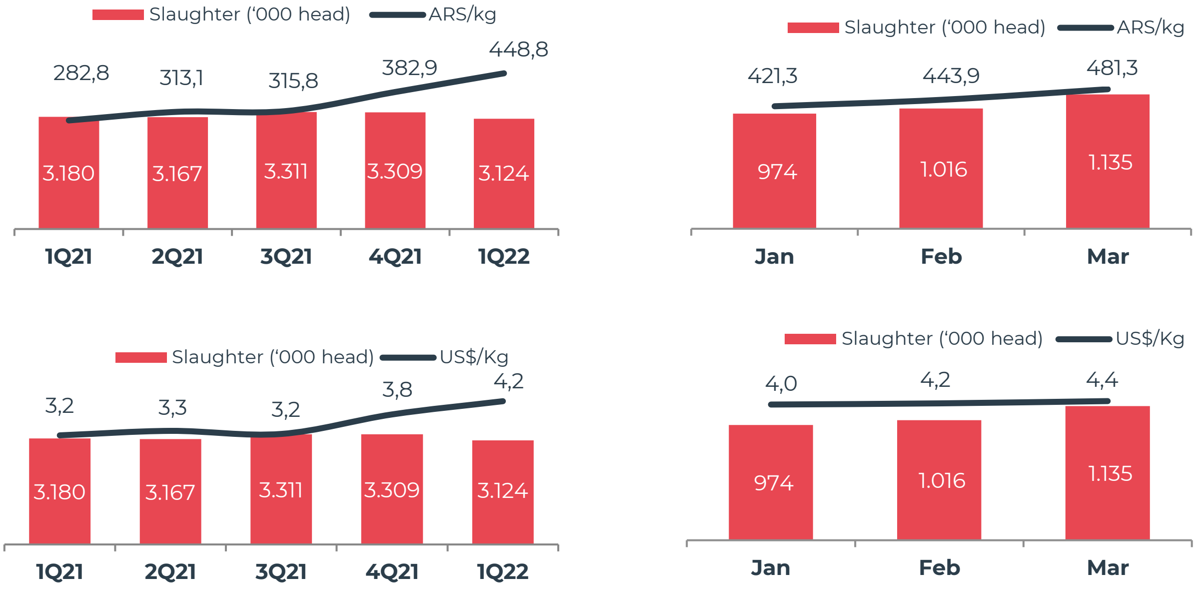
Source: Penta-transaction

Argentina

Cattle Supply

Argentina's 1Q22 slaughter totaled 3.1 million head, flat when compared to the same period in 2021. In the period, the average price of cattle reached 448.8 Argentine pesos per kg. Average cattle prices in dollars reached US$4.2/kg.

Figures 25, 26, 27 and 28 – Cattle Slaughter and Average Cattle Price – ARS/kg and US$/kg

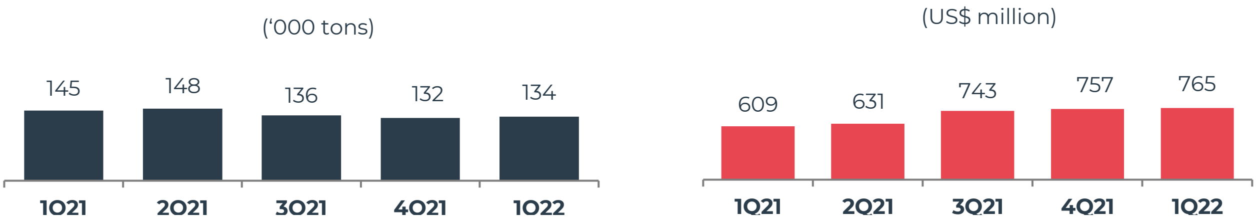


Source: ABC Consortium | 1Q22 Preliminary Data

Export Market

Argentine exports totaled 134,000 tons in 1Q22, as a result of restrictions enforced by local authorities. Exports revenues reached US$765 million in 1Q22, an increase of 26% year-on-year and reflecting the price movement in the international market.

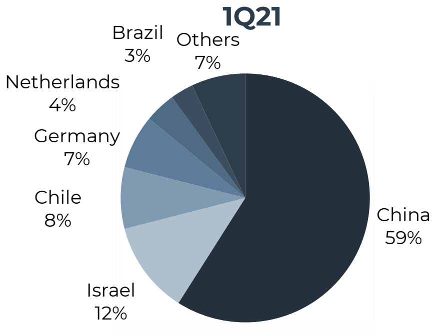
Figures 29 and 30 – Fresh Beef Exports

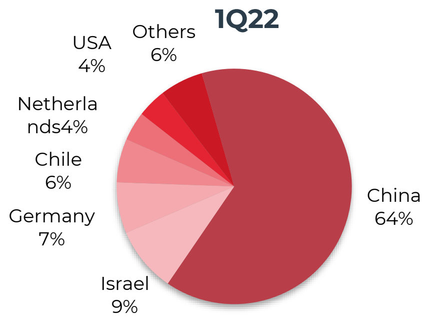


Source: INDEC | 1Q22 Preliminary Data

China represented 64% of Argentina's total exports in 1Q22, remaining the main market for the country. Israel, accounting for 9% of exports, was the second largest destination, followed by Germany with 7%.

Figures 31 and 32 – Export Destinations (% of Revenue)





Source: *INDEC - Instituto Nacional de Estadística y Censos | 1Q22 Preliminary Data*

Domestic Market

Argentina's domestic market continues to reflect the economic recession it slipped into a few years ago. As a result of the recession, Argentinians' purchasing power continues to be negatively impacted, encouraging a shift to lower-valued added products, such as hamburgers, breaded products, sausages and pâtés.

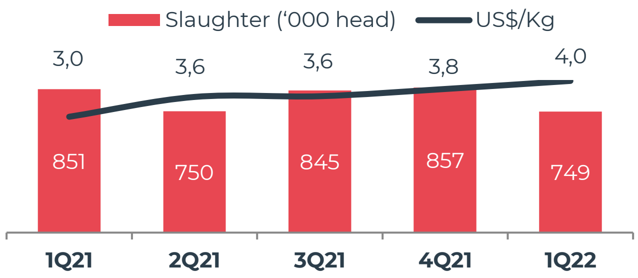
Colombia

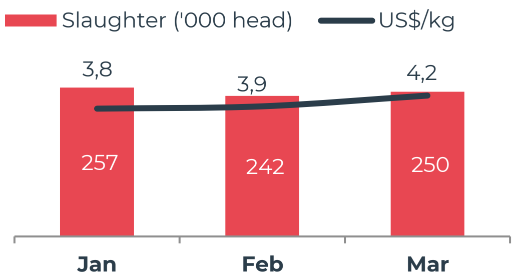
Cattle Supply

In 1Q22, 749,000 heads of cattle were slaughtered in Colombia, a 12% decrease year-on-year and a result of the challenges in exports to the Russian market, which is the main destination of Colombian meat.

Cattle prices averaged US$4.0/kg in the first quarter of 2022, up to 6% quarter on quarter.

Figures 33 and 34 – Cattle Slaughter and Average Cattle Price





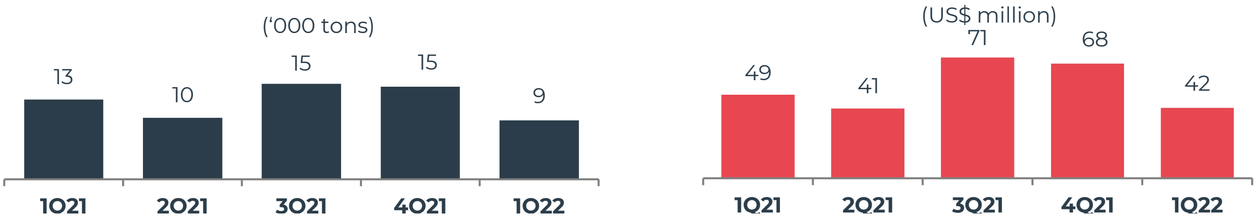
Source: DANE - National Administrative Department of Statistics and Medellin Fair| Preliminary 1Q22 data

Export Market

Colombia's beef exports reached 9,000 tons in 1Q22, reflecting the challenges in exports to Russia, as mentioned above.

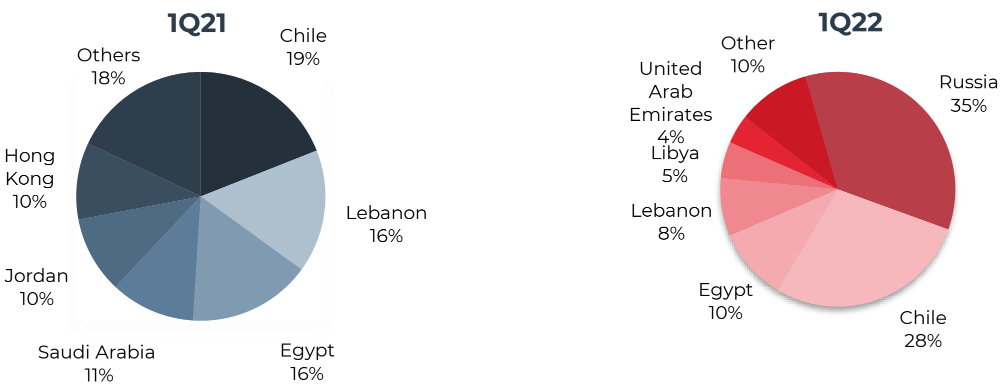
Even in this scenario with restrictions, Russia remains the main destination for Colombian beef exports, accounting for 35% of total exports in the quarter, followed closely by Chile with a 28% market share, and by Egypt with 10% of total exports.

Figures 35 and 36 – Fresh Beef Exports



Source: Legiscomex

Figures 37 and 38 – Export Destinations (% of Revenue)



Source: Legiscomex