The Management of Marfrig Global Foods ("Marfrig" or "Company") presents the Management Report and Financial Statements, accompanied by the reports of the Audit Board and Independent Auditors, for the fiscal year ended December 31, 2019.

1. MESSAGE FROM MANAGEMENT

The year 2019 was exceptional for Marfrig. We made progress on all strategic pillars and consolidated our business model with independent and profitable operations while significantly improving our capital structure.

Starting with the **SUSTAINABILITY pillar**, Marfrig was the top Brazilian company in the ranking compiled by FAIRR (a collective initiative of investors that assesses the risks associated with intensive livestock production within the broader food system).

Another highlight was Marfrig's innovation by becoming the first Brazilian company to issue a Sustainable Transition Bond. The placement of 10-year bonds raised US$500 million at the lowest rate ever obtained by the Company. The issue, whose proceeds will be used to purchase cattle in the Amazon Biome, aims to encourage cattle ranching that complies with the rigorous restrictions on deforestation and encourages producers to invest in sustainable production methods.

In the **OPERATIONAL EXCELLENCE pillar**, Marfrig was the Brazilian company with the highest number of primary beef processing plants authorized to export to China, which attests to the quality and dedication to producing high-quality, world-class beef.

The South America Operation has 13 plants authorized for export, with seven in Brazil, four in Uruguay and two in Argentina, which represent 70% of the region's installed capacity and place Marfrig in a privileged and leading position to supply China's growing demand.

In the **PRODUCTS & CLIENTS pillar**, the highlight was the innovative partnership with U.S.-based Archer Daniels Midland Company (ADM), one of the world's leading agricultural producers and food ingredient suppliers, to produce plant-based products.

In August we started production and sales of our 100% plant-based burgers, with the quick service chain Burger King launching the product in Brazil in its Rebel Whopper sandwich, which is prepared using an exclusive recipe.

In December, the Company launched its own beef patty brand, Revolution Burger, and once again the new product was accompanied by an important partnership, this time with Outback Steakhouse, which launched in the Brazilian market an exclusive 100% vegan beef patty that was created in partnership with the Revolution seal.

Meanwhile, at the North America operation, the acquisition was concluded of Iowa Premium, a company based in Tama, Iowa. The transaction added 1,100 head/day to the operation's primary processing capacity. Iowa Premium works exclusively with superior quality animals (Black Angus) and specializes in USDA Choice and Prime beef, which are the most valued grades in the U.S. market and highly sought by demanding international clients.

In the **FINANCIAL SOLIDITY pillar**, Marfrig made further advances in optimizing its capital structure, successfully completing the transaction to increase by 30.73% its stake in the capital of National Beef, bringing its total interest in the company to 81.73%.

The transaction significantly increases Marfrig's exposure to the U.S. market, making it an even more international company.

In December, Marfrig successfully carried out a primary offering of 90.1 million shares, which raised over R$900 million. Simultaneously, a secondary offering was carried out for all shares held by BNDES, or 33% of the Company's capital. As a result, the free-float grew threefold, which attracted various new investors to the company.

Lastly, the year 2019 was full of challenges, given the new scenario in the global protein industry. In this environment of constant change, Marfrig demonstrated the capacity to adapt and to position itself to meet market demand, leading its results to set several new records, including:

- Net Revenue of approximately R$50 billion;
- Adj. EBITDA R$4.8 billion with margin of 9.6%;
- Net Income of R$218 million.

In 2020, we will continue to focus on our strategic pillars, on creating value for all shareholders, on always operating sustainably, on creating value for all cattle producers and suppliers, on the communities where we operate and, especially, on all our clients and workers.

Acknowledgements

To our shareholders,

The year 2019 was one of consolidating Marfrig's strategy. Thanks to a series of moves aligned with our business strategy, we were able to strengthen our position in global markets and to make the company simpler and more focused.

We carried out various significant transactions during the year, which included the acquisition of Quickfood, the owner of some of Argentina's best known brands, such Paty beef patties and Vieníssima, the leader in the hot dog segment. We also resumed operations in South America's beef patty market, transforming Marfrig into the company the world's largest beef patty producer. Another highlight was the issue of Brazil's first Sustainable Transition Bond, a front on which we have made excellent progress and are focused on expanding even more in 2020.

Another important highlight in the South America operations was the significant growth in the supply of products to China. Today, Marfrig is the company with the largest number of plants in South America authorized plants to export to the Chinese market. They are 13 in all, with seven in Brazil, four in Uruguay and two in Argentina.

In 2019, we demonstrated our special capacity to innovate and focus on consumer needs and wants. In August, we signed a partnership with U.S.-based ADM to produce plant-based meat of the highest quality on a large scale. Since then, Marfrig has started supplying its plant-based beef patties to some of Brazil's largest food service chains, for which it launched its own brand, Revolution, and is about to enter the large retailer market with this new product line.

In the North America operation, the highlight was the acquisition of Iowa Premium and the increase in the controlling interest held in National Beef, the fourth largest and most efficient beef producer in the United States, the world's largest market and which, for the past few years, has maintained its accelerated growth pace. With National Beef, which has revenue in U.S. dollar, Marfrig increases its currency hedge and gains access to countries of strategic importance to the beef industry, such as Japan and South Korea.

Note that we achieved all of this without ever compromising our commitment to sustainable growth, maintaining a solid capital structure with free cash flow. Commitments that, incidentally, we reaffirm for 2020.

This year, we will improve our efficiency by further integrating our operations, including the operations in South America (Brazil, Uruguay, Argentina and Chile), under even more effective management.

In plant-based proteins, together with ADM, we will increase the independence of and focus on the plant-based business and move towards global leadership in this segment, which represent yet another option for our clients.

The expectations for 2020, for both North America and South America, are extremely positive, and we could even deliver our best results ever over the coming years.

Beef, after suffering several years from issues related to animal health and costs, has adapted to a verification and traceability process that has made it one the best controlled proteins, and now presents itself as the safest option and a proven excellent source of protein and health, according to media reports.

Today, I am certain and confident that we are focused on the right protein and will strengthen our operations to become the industry's best company in every possible way: for our employees, suppliers, clients, partners and shareholders.

In view of all these achievements and certain of our team's efforts to overcome any obstacles and deliver the expected results, I want to thank the approximately 30,000 employees of Marfrig Global Foods.

I also am grateful to our clients, suppliers, investors and shareholders for their partnership and trust in our management. We will continue our obsession for excellence in service to ensure that Marfrig remains one of the industry's global leaders.

We still have much to do and improve, for which we are counting on everyone's support.

Marcos Antonio Molina dos Santos

Chairman of the Board

The year 2019 confirmed that the strategic shift to focus on beef and higher value products was the right decision. As a result, the Company delivered record results in 2019, which also was marked by innovation, with Marfrig bringing to market, on a commercial scale, plant-based products served in leading food service chains.

Lastly, the increase in the interest held in National Beef was another important step within our strategy to improve the capital structure and create value for our shareholders. We increased our exposure to one of the world's most important markets and in one of the industry's most efficient companies.

For 2020, we will continue to concentrate our efforts on maximizing the company's value by seeking the most profitable channels and higher value products and by capturing operating efficiency gains, all without abandoning our nonnegotiable commitment to financial discipline and sustainability.

I am grateful to all those who have supported the company and its strategy.

José Eduardo de Oliveira Miron

Chief Executive Officer

São Paulo, February 19, 2019 *– Marfrig Global Foods S.A. – Marfrig (B3 Novo Mercado: MRFG3 and Level 1 ADR: MRRTY) announces today its results for 2019. To improve comparisons, the results herein are identified as "proforma," i.e., including 100% of the results of National Beef, Quickfood, Várzea Grande and Iowa Premium in 2018.*

Results described as "Continuing Operation" consider only the results of National Beef as of its acquisition in June 2018, the results of the Ohio beef patty business as of the sale of Keystone in December 2018, the results of Quickfood as of January 2019, the results of Várzea Grande as of April 2019 and, lastly, the results of Iowa as of its approval in June 2019.

2. MARFRIG GLOBAL FOODS

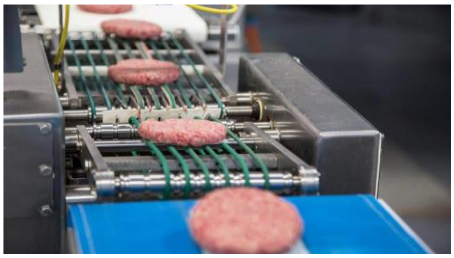
Marfrig Global Foods is a Brazilian multinational corporation with a broad international footprint and is the world's second-largest beef company in production capacity. Its business comprises 33 production units, distribution centers and offices located in South America, North America, Europe and Asia. Its activities include the production, processing, further processing, sale and distribution of foods made from animal proteins, primarily beef, as well as a variety of other food products, such as frozen vegetables, lamb, fish, sauces and desserts.

With around 32,000 employees, Marfrig operates in the food service, retail and wholesale channels offering innovative, safe and healthy solutions. It has a diversified and comprehensive portfolio of products that can be found in major restaurant and supermarket chains and that every day reach the tables of millions of consumers in some 100 countries. Its business structure comprises two operations with global reach:

North America Operation: the fourth-largest beef processor and the industry's most profitable and efficient company in the United States. Marfrig has three primary processing plants in the country with capacity of 13,100 head/day, which corresponds to over 3.7 million head/year, or roughly 14% of U.S. primary processing capacity. Its products are sold domestically in the retail, wholesale and food service channels, as well as exported to various markets. Marfrig also is the leading U.S. exporter of chilled beef, with a focus on the Japanese and South Korean markets. The business also includes the sale of ancillary/complementary products and of subproducts from the process, tannery and logistics operations and direct online sales to consumers.

With a high value-added portfolio, the operation offers products with superior specifications and the highest quality, as well as widely recognized brands.

The Company's North America Operation also has annual production capacity of 106,000 tons of beef patties, with the highlight the Ohio plant, which, as one of the biggest and most technologically advanced beef patty plants in the United States, is dedicated to the food service channel and can produce chilled and frozen beef patties.



South America Operation: One of the region's leading beef patty producers, with primary processing capacity of approximately 18,000 head/day, Marfrig is recognized for the quality of its products in both local and international markets. Marfrig is one of the region's main exporters and has the largest number (13) of plants in South America authorized to export to China. In Brazil, Marfrig is the second largest beef processor, with primary processing capacity of 13,200 head/day and annual production capacity of 69,000 tons of beef patties. With brands renowned for their quality, such as Bassi and Montana, the Company focuses on the retail and foodservice channels for the domestic market, whose clients include the best restaurant and steakhouse chains. In Uruguay, it is the industry's largest company and the only one to produce and sell organic beef, especially for export to Europe, United States and Japan. In Argentina, in addition to having two primary processing plants, the Company is the leading producer and seller of beef patties and hot dogs and owns two of the region's most valuable and recognized brands (Paty and Vienissima!). In Chile, Marfrig is the country's leading beef importer and has a lamb primary processing plant in the Patagonia region.

3. PERFORMANCE

NORTH AMERICA

Industry Overview

The high supply of fed cattle enabled beef primary processors to operate at high utilization rates, meeting the strong demand for quality beef driven by the improvement in the U.S. economy, which resulted in record margins for the industry.

Primary processing reached 26.1 million head (USDA F.I. Steer Heifer), an increase of 313,400 head or 1.2% from 2018. The high supply also influenced the average cattle price reference (USDA KS Steer), which stood at US$116.0/cwt, down 0.7% from the average price of US$116.9/cwt in the prior year.

The lower cattle cost combined with the higher average sales price supported expansion in the industry's margin, which registered a 5.2% increase in the Cutout Ratio (average beef price divided by average cattle cost) on the prior year, from 1.81 in 2018 to 1.90 to 2019.

Operating | Financial Performance

NORTH AMERICA OPERATION	2019	2018	Chg.	
Tons (thousand)			**Tons**	**%**
Total Volume	1,895	1,882	13	0.7%
Domestic	1,605	1,608	(4)	-0.2%
Exports	290	274	16	6.0%
US $ Million			**US$**	**%**
Net Revenue	8,868	8,454	414	4.9%
Domestic	7,729	7,317	413	5.6%
Exports	1,139	1,138	1	0.1%
COGS	(7,685)	(7,463)	(223)	3.0%
Gross profit	1,183	992	191	19.3%
Gross Margin (%)	13.3%	11.7%	-	160 bps
Adj. EBITDA	982	789	193	24.5%
Adj. EBITDA Margin (%)	11.1%	9.3%	-	170 bps

Net Revenue

Net revenue from the North America operations came to US$8.9 billion in 2019, up 4.9% from 2018, mainly explained by the 5.9% higher average price in the local market and the higher total sales volume, reflecting the better performance of the U.S. economy and the higher capacity utilization rates associated with the high cattle supply. In Brazilian real, consolidated net revenue was R$35.1 billion.

Gross Profit

Gross income from the North America Operation in 2019 was US$1.2 billion, increasing 19.3% from 2018. The cutout ratio (average beef price divided by average cattle price) was 1.90 in 2019 compared to 1.80 in 2018, an increase of 5.2%, which is explained by the higher sales price explained above and by the lower cattle cost, given the higher supply of animals.

Gross margin stood at 13.3% in 2019, up from 11.7% in 2018.

In Brazilian real, gross income was R$4.7 billion.

Adj. EBITDA and Adj. EBITDA Margin

In 2019, Adj. EBITDA from the North American Operation was US$982 million, with EBITDA Margin of 11.1%. In Brazilian real, Adj. EBITDA was R$3.9 billion.

SOUTH AMERICA

Industry Overview

The new global protein scenario changed the outlook of the region's main protein-producing countries. In addition to the continuous transformation in eating habits in Asia over recent years, the new factor was African Swine Fever, a disease that has no effects on humans but is lethal to pigs. The disease decimated a large number of pigs in China, one of the world's leading producers. With alarming escalation and without effective vaccines, today the official estimate by China's Ministry of Agriculture is that the disease has caused a 40% reduction in the country's pig herd on the prior year.

According to the Food and Agriculture Organization of the United Nations (FAO), the situation has created a 10% shortfall in world protein supply.

The **Mercosur** region consolidated itself as the world's leading beef exporting bloc in 2019, with growth on the prior year of 14.3%, or shipments of 332,000 tons. The bloc registered exports in the year of 2.65 million tons, with Argentina and Brazil the main countries driving this expansion.

Brazil was one of the countries most strongly influenced by the situation in China. According to the Brazilian Association of Beef Exporters (ABIEC), Brazilian beef exports ended 2019 with new records for volume and revenue. Export volume reached 1.8 million tons while export revenue stood at US$7.6 billion, representing growth on 2018 of 12.4% and 15.5%, respectively, exceeding projections and consolidating the growth in Brazil's exports.

The positive results were mainly driven by the stronger demand from China, which in 2019 consolidated its position as the main destination for Brazilian beef, accounting for 26.7% of the country's total exports. In 2019, exports to China amounted to 494,000 tons, up 53.2% from 2018. In terms of revenue, exports grew by 80%, to US$2.7 billion.

While Brazilian exports set new records, the domestic market has yet to show signs of a recovery and remains influenced by the country's lackluster economic growth. According to the USDA, sales volume to the domestic market should be 2% lower in 2020.

Uruguay maintained its exports virtually unchanged at 332,000 tons, despite the 5% reduction in the total number of cattle processed (2.2 million head, vs. 2.3 million head in 2018).

Operating | Financial Performance

SOUTH AMERICA OPERATION	2019	2018	Chg.	
Tons (thousand)			**Tons**	**%**
Total Volume	1,437	1,514	(77)	-5.1%
Domestic	992	1,063	(71)	-6.7%
Exports	446	451	(5)	-1.1%
R$ million			**R$**	**%**
Net Revenue	14,810	13,806	1,004	7.3%
Domestic	6,922	6,837	85	1.2%
Exports	7,888	6,969	919	13.2%
COGS	(13,065)	(12,214)	(851)	7.0%
Gross profit	1,745	1,592	153	9.6%
Gross Margin (%)	11.8%	11.5%	-	30 bps
Adj. EBITDA	1,003	766	237	31.0%
Adj. EBITDA Margin (%)	6.8%	5.5%	-	120 bps

Net Revenue

Net revenue from the South American operations came to R$14.8 billion in 2019, up 7.3% from 2018, which is mainly explained by: (i) the 14.5% higher average export price; (ii) the higher average price in the domestic market as well, which rose 8.5%; (iii) the local currency depreciation of 8% in the period; and (iv) with the above factors offsetting the 5.1% decline in total sales volume.

Gross Profit

In 2019, the gross profit of the South America operations was R$1.7 billion, up 9.6% from 2018, which is mainly explained by the higher average prices, as mentioned above, that offset the operation's higher cattle cost and lower sales volume, and by the productivity and efficiency gains and cost reductions implemented by the operation.

The main measures included:

• Optimizing the production footprint by shutting down two plants in the quarter (Pirenópolis in Goiás and Nova Xamantina in Mato Grosso), and increasing and transferring production to units with higher industrial potential, such as Várzea Grande, Bataguassú, Mineiros and Promissão. The shuttering of units is aligned with the strategy of effectively assessing and managing assets, optimizing costs and increasing profitability.

• Industrial improvements focused on raw material utilization and yield, improving food quality and safety controls and lowering utility costs (water, energy, steam, firewood and pallets).

• The acquisition of raw materials with reassessment of the bonus paid when purchasing special animals for primary processing and reassessing and renegotiating commercial agreements.

• Reducing the workforce and better control of overtime and travel.

• Improvements in the logistics process with lower expenses with accommodation and product returns and higher efficiency in loading and unloading processes.

Note that the measures described above are structural and their gains, under the strict discipline of the target program set for each year, are perpetuated regardless of conditions external to the business.

Gross margin was 11.8% in 2019, expanding over 30 bps from gross margin in 2018, which is explained by the aforementioned factors that offset the period's higher cattle costs.

Adj. EBITDA and Adj. EBITDA Margin

In 2019, Adj. EBITDA for the South American Operation was R$1.0 billion, with EBITDA Margin stood of 6.8%.

3.1. Consolidated Results

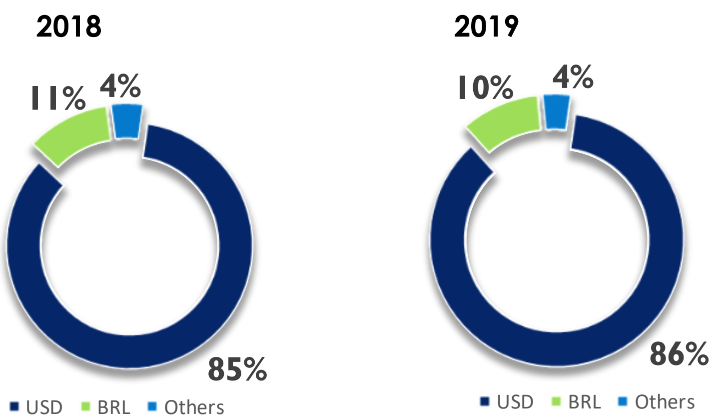
CONSOLIDATED RESULTS	2019	2018	Chg.	
Tons (thousand)			tons	%
Total Volume	3,332	3,396	(64)	-1.9%
Domestic	2,597	2,672	(75)	-2.8%
Exports	736	724	11	1.6%
R$ Million			R$	%
Net Revenue	49,872	44,834	5,038	11.2%
Domestic	37,486	33,683	3,803	11.3%
Exports	12,386	11,151	1,234	11.1%
COGS	(43,425)	(39,564)	(3,861)	9.8%
Gross profit	6,447	5,271	1,176	22.3%
Gross Margin - (%)	12.9%	11.8%		117 bps
SG&A	(2,838)	(2,500)	(338)	13.5%
(+) Depreciation & Amortization	(1,203)	(829)	(374)	45.1%
Adj. EBITDA	4,812	3,600	1,212	33.7%
Adj. EBITDA Margin - %	9.6%	8.0%	-	160 bps

- **Net Revenue**

Marfrig Global Food's consolidated net revenue, on a proforma basis, amounted to R$49.9 billion in 2019, growing by 11.2% on the prior year. The main factors were: (i) the 8% depreciation in the Brazilian real against the U.S. dollar; (ii) the higher export volumes and prices in the South America operations; and (iii) the higher sales prices in the domestic market of the North America operation.

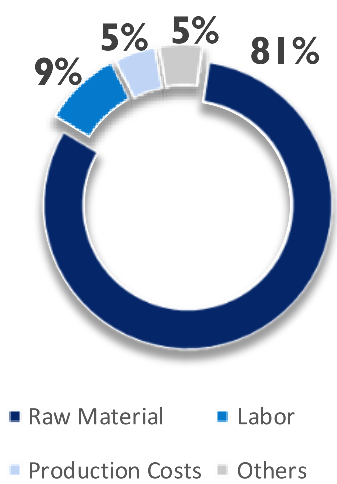
Marfrig is a highly internationalized company, therefore, a large share of its revenue is generated in currencies other than the Brazilian real. In 2019, net revenue denominated in foreign currency accounted for 90% of total revenue.

Revenue by Currency (%)



- **Cost of Goods Sold (COGS)**

In 2019, COGS amounted to R$43 billion, 9.8% higher than in 2018. The increase is mainly explained by local currency depreciation of 8% in the year and the higher cattle cost in the South America operation.



Expenses with raw materials represented 81% of total costs, with the behavior of the main references shown below:

In the United States, the USDA KS Steer[1] price reference averaged US$116/cwt[2], down 0.7% from 2018, reflecting the higher cattle supply in the U.S. market.

In Brazil, the ESALQ São Paulo price reference for fed cattle averaged R$163.14/arroba (US$2.75/kg) in 2019, up 12.5% from 2018, explained by the stronger demand for cattle for export and the appreciation in the U.S. dollar.

In Uruguay, the INAC price reference increased 13.6% compared to 2018, with an average price of US$3.86 (INAC data). The increase is explained by the lower supply of fed cattle and the adverse weather factors in the region, as well as the continued solid global demand.

In Argentina, the cattle price reference stood at US$2.74/kg (MAG – Argentina), down 2.9% compared to 2018, which benefitted from the depreciation in the Argentinean peso against the U.S. dollar despite the sharp increase in beef exports, which raised the demand for fed cattle.

- **Selling, General and Administrative Expenses** SG&A expenses amounted to R$2.8 billion, increasing 13.5% from 2018, which is mainly explained by effects from the translation into Brazilian real of amounts in the international units. SG&A expenses as a ratio of net revenue (SG&A/NOR) stood at 5.7% and 5.6% in 2019 and 2018, respectively.

In 2019, selling expenses amounted to R$2.1 billion. Selling expenses as a ratio of net revenue

[1] "USDA KS Steer": cattle price reference in the U.S. state of Kansas.
[2] A "hundredweight," or Cwt, is a weight-measuring unit used in certain commodity contracts. In North America, a hundredweight equals 100 pounds.

stood at 4.1%, down 20 bps from 2018. The decline is explained by the lower sales volume in the year and the decrease in logistics costs in the South America operation.

General and administrative expenses were R$772 million. General and administrative expenses as a ratio of net revenue stood at 1.5%, up 20 bps from 2018, reflecting the average depreciation in the Brazilian real against the U.S. dollar.

- **Adjusted EBITDA and Adjusted EBITDA Margin** In 2019, Marfrig posted record consolidated adjusted EBITDA of R$4.8 billion, up 33.7% on the prior year. In 2018, adjusted EBITDA margin was 9.6%, expanding 160 bps from the 8.0% margin in 2018. The main factors driving this performance were (i) the record results in the North America operation, reflecting the industry's good moment in the United States; (ii) the higher profitability of the South American operation, mainly due to the higher export volume and prices; (iii) the efficiency and productivity gains and cost reductions; and lastly (iv) the local currency depreciation in the period.

3.2. Financial Result | Continuing Operation

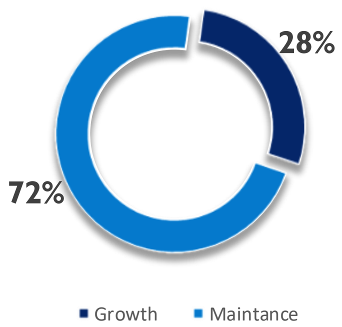
FINANCIAL RESULT	2019	2018	Chg.	
			R$	%
Net Interest Provisioned	(1,002)	(997)	(5)	1%
Other Financial Revenues and Expenses	(660)	(930)	270	-29%
FINANCIAL RESULT EX-EXCHANGE VAR.	**(1,662)**	**(1,926)**	**265**	**-14%**
Exchange Variation	(398)	(383)	(15)	4%
NET FINANCIAL RESULT	**(2,060)**	**(2,309)**	**249**	**-11%**

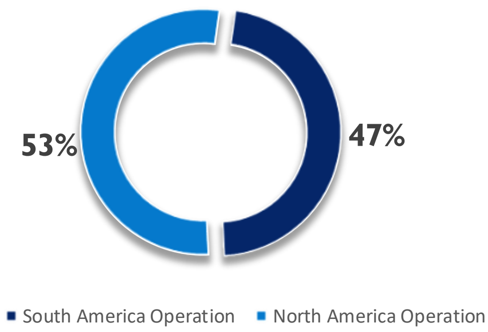
The net financial result in 2019 was an expense of R$2.1 billion, down 11% from the expense of R$2.3 billion in 2018.

Excluding the effects from exchange variation, the net financial expense was an expense of R$1.7 billion, down 13% on the prior year. This improvement is due to the effective liability management efforts that the company has been carrying out, through which it was able to reduce its funding costs from 7% p.a. at the end of 2018 to 6.26% at the end of 2019. The improvement in results also expanded the availability of credit, which helped to decrease financial costs. Lastly, the strong free cash flow allowed the company to unwind certain working capital operations, further supporting the reduction in financial expenses.

3.3. CAPEX

In 2019, recurring capex was R$814 million, up 19% from 2018. The increase is mainly explained by the effects from currency depreciation on the translation of National Beef's expenditures and by the anticipation of expenditures in the fourth quarter due to the more favorable weather conditions in the North America Operation, such as in the water treatment and reuse plant in Liberal, Kansas. We also took the opportunity to adjust capacity at Várzea Grande, in line with the strategy to reassess our footprint to expand capacity while closing certain units.





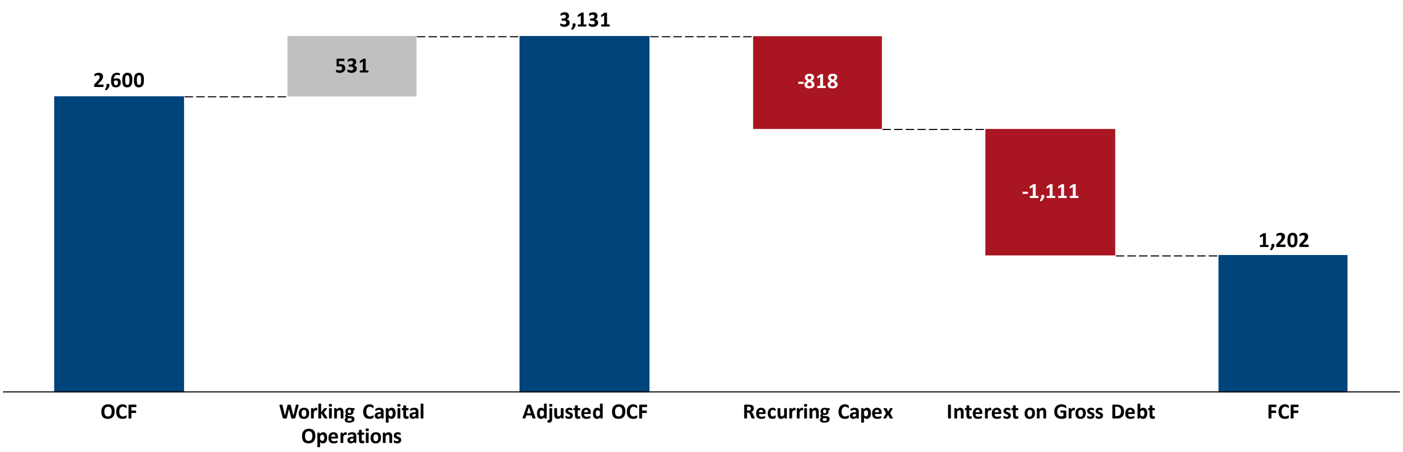
4.2. Net Income (Loss) | Continuing Operations

The Company posted profit in all quarters of 2019, bringing its net income in the whole of the year to R$218 million. This is explained by the continued good performance of the North America Operation and the better operating performance of the South America Operation, where highlights include the reassessment of the production footprint, with the closing of three plants and the expansion of capacity at units with higher industrial potential, which improved the Company's efficiency and productivity.

Another highlight was the decline in financial cost, as described above, which effectively contributed to increasing the Company's profitability.

4.3. Cash Flow

(R$ million)



In 2019, the Company's operating cash flow ("OCF") came to R$2.6 billion, driven by excellent scenario in the North America Operation and by the operational improvements in the South America Operation mentioned above.

This enabled us to achieve a free cash flow of R$1.2 billion in 2019. This cash flow allowed us, at the end of the fourth quarter, to opt to cancel certain transactions to sell receivables in Argentina, Uruguay and Brazil, in the total amount of R$531 million, which also helped to reduce financial expenses.

4.4. Net Debt

Because a large portion of Marfrig's debt is denominated in U.S. dollar (debt denominated in USD or currencies other than the BRL ended the quarter at roughly 96.0% of total debt), the variations discussed in this section are based on the amounts in U.S. dollar.

At December 30, 2019, net debt was US$3,301 million (R$13.4 billion), comprising gross debt of US$5,518 million and cash and marketable securities of US$2,087 million.

At the end of 2019, Marfrig's net debt was up 59% from the balance at the end of 2018 (US$2.1 billion), with this increase mainly explained by the acquisition of the additional interest in National Beef for US$849 million.

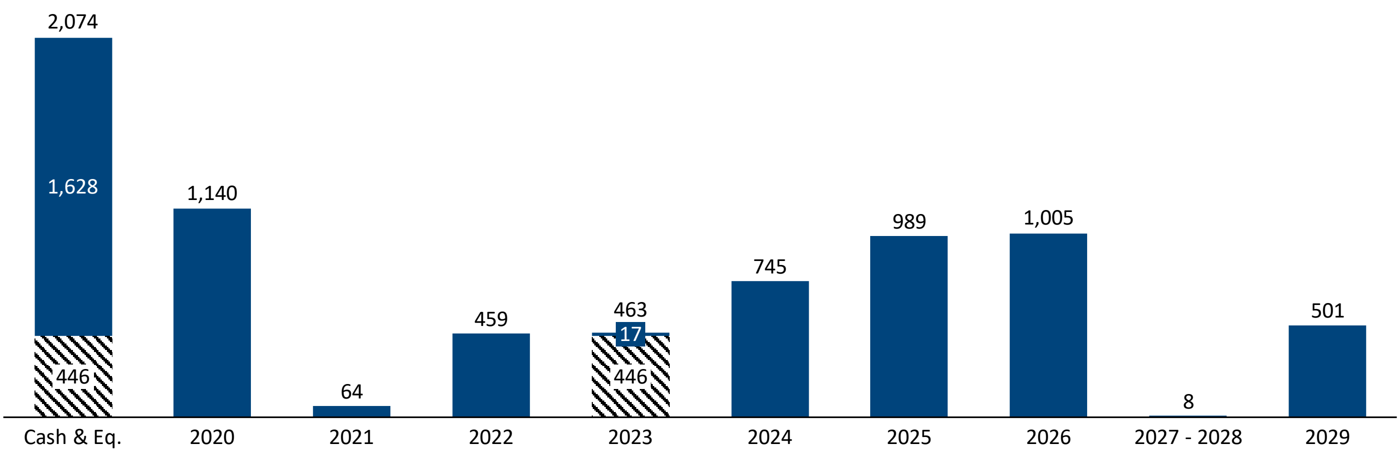
Financial leverage, calculated by the ratio of net debt to proforma Adj. EBITDA LTM (last 12 months), was 2.74x in U.S. dollar, down 0.38x in relation to 4Q19. In Brazilian real, the leverage ratio was 2.77x.

Net Debt / LTM Adj. EBITDA in USD	Net Debt / LTM Adj. EBITDA in USD	Avg. Cost (% p.a.)	Avg. Term (years)
2.74x	2.77x	6.26%	4.42

<u>Debt Maturity Schedule (US$ million)</u>

At December 31, 2019, the average duration of debt was 4.42 years (in line with 2018), with only 21.2% of liabilities maturing in the short term. At the end of the year, the average cost of the Company's debt was 6.3% p.a., down 70 bps from 7.0% p.a. in 2018.

Debt Maturity Schedule (US$ million)



Credit Risk Rating – Global Scale

The credit rating agencies have been monitoring the Company's strategic initiatives and reviewing their risk ratings.

In this context, in July, the risk rating agency Moody's upgraded its credit rating from 'B2' to 'B1', with a stable outlook, based on the improvement in the Company's leverage profile after concluding the acquisition of control of National Beef and formalizing the divestment of Keystone Foods, in addition to the strategy to focus more on value-added products and on improving the performance of the North America Operation.

Agency	Brazilian Scale	Global Scale	Outlook
S&P	brAA+	BB-	Stable
Fitch Ratings	AA-bra	BB-	Stable
Moody's	-	B1	Stable

4. CORPORATE GOVERNANCE

Marfrig Global Foods S.A. has a business management model that complies with the rules of the Securities and Exchange Commission of Brazil (CVM), the Novo Mercado Regulations of the São Paulo Stock Exchange (B3) and the recommendations of the Brazilian Code of Corporate Governance Best Practices of the Brazilian Corporate Governance Institute (IBGC). Business conduct is based on transparency in the reporting of information to its various stakeholders (shareholders, investors, clients, consumers, suppliers, employees and society) and adopts corporate governance practices that exceed legal recommendations and obligations.

In addition to a Board of Directors and a permanent Audit Board, the Corporation has three Advisory Committees to its Board of Directors, whose main function is ensuring that its activities are conducted to protect and increase the value of its assets and to optimize return on investment in the long term. These are the Audit Committee, Financial & Risk Management Committee, Compensation Committee, Corporate Governance & Human Resources Committee and Sustainability Committee.

Other instruments and policies supporting Marfrig's corporate governance activities include:

- **Code of Ethics & Conduct:** establishes the ethical foundation for compliance and strengthens governance by defining the values, principles and practices that guide good corporate conduct, in line with best practices and legal requirements. It is a set of expectations of acceptable and prohibited behaviors and practices in the performance of the Company's business activities.
- **Anti-corruption Policy:** based on Brazil's anti-corruption laws, it establishes minimal guidelines on the behavior expected from the Company's employees, stakeholders and third parties acting on its behalf.
- **Whistleblowing Channel:** called the HELPLINE, the channel is made available to all employees, clients, suppliers, service providers, investors, government officials and partners to receive reports on any activity in violation of the Company's standards and policies as well

as of governing law, in particular Brazil's Federal Law 12,846/13, which combats corruption.

- **Securities Trading Policy:** establishes the rules and procedures to be adopted by the Company and its related persons regarding trading in securities issued by it, assuring to all stakeholders that ethical conduct is adopted by those with access to material information.
- **Disclosure Policy:** establishes the practices for the disclosure and use of information to be observed by the Controlling Shareholder, Managers and members of the Audit Board, as well as by anyone who, due to their position, function or duties at the Company, may come to acquire knowledge of a Material Act or Fact of the Corporation, in accordance with CVM Instruction 358 of January 3, 2002 and with CVM Instruction 369 of June 11, 2002. The Company's material facts are published on the news portal of Valor Econômico (http://www.valor.com.br/valor-ri), on its Investor Relations website, and on the Regular and Special Information (IPE) system of the Securities and Exchange Commission of Brazil (CVM).
- **Dividend Policy:** When proposed by the Company, shareholder compensation is paid in the form of dividends and/or interest on equity based on the limits set by law and by the Company's Bylaws.
- **Related Party Policy:** ensures transparency for shareholders, investors and the market and promotes the equitable treatment of suppliers and clients, in line with the corporate governance best practices adopted by the market.
- **Market Risk Management Policy:** defines (i) the risk limits acceptable to the Company; (ii) the parameters for negotiating the products to hedge Marfrig's exposures; (iii) the responsibilities and approval powers for contracting hedge instruments; (iv) the methodology for monitoring, communicating and informing the agents involved in market risk management.
- **Compliance Program:** the Compliance Program aims to strengthen Marfrig's commitment to ethics and transparency, as well as to avoid, detect and address any deviation or breach. After engaging KPMG (2017) to diagnose the maturity of the Company's Compliance Program, January 2018 marked the conclusion of the activities in step 1 of the work (Diagnosis), whose scope encompassed understanding the Compliance culture and governance. Step 2 (implementation), which began in February 2018, encompasses the implementation of the improvements gaps identified in the previous step (diagnosis). The numerous initiatives underway in this implementation step include reviewing the Compliance Program and policies, introducing new policies, reviewing the Compliance risk matrix, establishing a training and communication plan, preparing development indicators (KRIs and KPIs) for Compliance and third-party risk management.

Submission to Market Arbitration Chamber

The Company, its shareholders, Managers and Audit Board members undertake to resolve, through arbitration at the Market Arbitration Chamber, any and all disputes or controversies that arise between them related to or arising from, in particular, the application, validity, effectiveness, interpretation, violation (and its effects) of the provisions of Brazilian Corporation Law, the Company's Bylaws, the rules issued by the National Monetary Council, by the Central Bank of Brazil and by the Securities and Exchange Commission of Brazil and the other rules applicable to the capital markets in general, as well as those in the Novo Mercado Regulations, the Arbitration Regulations, the Sanctions Regulations and the Novo Mercado Listing Agreement.

Relationship with the independent auditors

Pursuant to CVM Instruction 381/2003, which refers to the rendering of services by our independent auditors, Grant Thornton Brasil, we hereby declare that the total fees related to services other than those associated with the independent audit did not represent more than 5% of the total fees paid to the group of auditors by Marfrig Global Foods S.A. and its subsidiaries, and none of the work affected the independence of the auditors.

International Chamber of Commerce

Since 2017, Marfrig has been a member of the Corporate Responsibility and Anti-Corruption Commission of the International Chamber of Commerce ("ICC") Brazil, an organization based in France, aimed at promoting and advising on international trade and globalization. The commission of which the Company is a member aims to contribute to the strengthening of compliance policies in the private sector and to restore the country's international credibility.

In 2019, the campaign "O Brasil Quer Mais" was launched by ICC and the Company, as a supporter, participated in a launch event that took place yesterday in São Paulo. Company executives were present and accompanied the signing of a Memorandum of Understanding between ICC Brasil and the Ministry of Justice and Public Security to create an exclusive channel for denouncing improper practices by public agents, to strengthen the fight against transnational corruption, money laundering, piracy and cyber crimes, as well as the defense of competition and intellectual property rights. The Guide for Conduct for Public-Private Relations, prepared by the Commission, was also launched, as the first self-regulation in Brazil aimed at guiding sound practices in the relationship between companies and the government.

5. CAPITAL MARKETS & INVESTOR RELATIONS

Marfrig stock, which is traded on the Novo Mercado segment of B3 – Brasil, Bolsa, Balcão under the ticker MRFG3, ended 2019 quoted at R$9.96 per share, up 82% from the end of 2018. Meanwhile, financial trading volume grew from a daily trading average of R$13.9 million to approximately R$47.4 million, reflecting the Company's strategic performance and the primary and secondary offerings.

The Bovespa Index (Ibovespa) ended 2019 at 115,645 points, for a gain of 31.6%, and the fourth consecutive year of gains in the index. Despite the sharp outflow of foreign capital from the Brazilian stock market, the Ibovespa followed the positive trend observed in major foreign stock markets. This was supported by the improvement in the fundamentals of the Brazilian economy and the strong appetite for risk by local investors, which also was encouraged by the sharp drop in the Selic policy rate.

In December, the Company carried out a primary offering of 90,090,091 new shares, raising R$900.1 million in proceeds that were used to reduce debt and reinforce the Company's capital structure. In the same operation, BNDES carried out a secondary offering of 209,648,427 shares, corresponding to the bank's entire interest and thus ending the shareholder's agreement between Marfrig's Parent Company and the bank.

Following these operations, Marfrig's shares freely traded in the stock market (free-float) rose to approximately 60% of its total shares outstanding, an increase of over 150%.

1. SUSTAINABILITY AND SOCIAL AND ENVIRONMENTAL PERFORMANCE

Sustainability is a key strategic pillar of Marfrig Global Foods. As such, Marfrig has been consistently working towards implementing the best Environmental Social and Governance (ESG) practices, aligned with the principles of responsible investment. On the corporate governance front, Marfrig create a Sustainability Committee to discuss, assess and define its sustainability priorities.

Marfrig's commitment to sustainability is expressed in its business strategies, in the partnerships and commitments it undertakes with renowned social and environmental organizations and in its actions to promote animal welfare.

At the industry forefront in sustainable production and preserving biodiversity, Marfrig not only undertook, but continues to uphold and strengthen its various public commitments in partnership with major organizations.

Marfrig has developed and implemented a sustainability platform based on five core pillars:

1. Control of origin: Managing the origin of raw materials, having as main elements the preservation of biodiversity, supply chain free of deforestation, working conditions, indigenous lands;Reduction of greenhouse gas emissions: striving for methods and technologies for a low-carbon operation, including developing new low-carbon products;
3. Animal welfare: to strictly follow animal welfare principles, applying the recommendations from the World Animal Protection and also in line with strictest international standards for humanitarian primary processing;
4. Use of natural resources: promoting the conscientious use of water in its production processes, while seeking new ways to generate energy from clean and renewable sources;
5. Effluents and Waste: ensuring the treatment and management of these sub-products to guarantee environmentally responsible disposal.

The highlights in 2019 include:

Environment

- **Amazon Biome Pact:** Marfrig reaffirmed its commitment (not to source animals from deforested areas and/or areas that violate indigenous land rights and/or Conservation Units, with the company subjected to annual audits by independent audit companies to verify compliance with the requirements of the agreement) and proposed new advances in the context of the commitment signed in 2009. Marfrig continued to uphold its commitment even after the NGO Greenpeace left the Public Commitment on Amazon Cattle Ranching in 2017.
  According to the audit report published in the second half of 2018 by the international consulting firm DNV-GL, Marfrig remains in conformity with the commitment for the seventh

consecutive year. Marfrig also is the only company with georeferenced maps for 100% of its suppliers in the Amazon Biome.

- **Rainforest Alliance Certified:** after launching, in 2015, in partnership with European clients, the first Rainforest Alliance certified beef patty, which will serve retail chains in Europe with beef produced in accordance with the highest environmental, social, economic, animal welfare and production management standards, in 2016, Brazilian consumers also were able to buy products with this seal. We currently have four units certified to manufacture products using the Rainforest seal: Bataguassu, Mato Grosso do Sul; Promissão, São Paulo; Pampeano, Rio Grande do Sul; and Tangará da Serra, Mato Grosso. In 2019 our production plants were re-certified, which is valid until 2022.
- **CDP Forest:** Marfrig Global Foods was recognized in Latin America by the Forest Program of the Carbon Disclosure Program (CDP), which addresses climate change, the environment and water resources in the value chain. The recognition is for the company's efforts to reduce deforestation in the value chain, i.e., reducing Scope 3 carbon emissions. Results of CDP's Climate Change Questionnaire answered in 2019 shows great progress in the results achieved by category. The company progressed from the Awareness to the Management category, which means that it scored a concept higher than the average of other companies in the same industry in Latin America.
- **Tacuarembó Unit:** in Uruguay, we maintain a wind farm at the Tacuarembó meatpacking plant for internal power needs. The region's wind power generation capacity enables the generation of clean and renewable electricity to supply, on average, around 13% of this plant's demand.
- **Alianza del Pastizal:** in partnership with Marfrig, Alianza del Pastizal created a product seal to help consumers to identify and select quality meats produced in a way that helps to protect the native grasslands of the South American Pampas. To earn the seal, the properties of the NGO's members undergo an evaluation and certification in accordance with the guidelines established by the Pastizal Meat Certification Board (CCCP). The evaluation also includes a verification of Omega 3 levels. The seal is aligned with Marfrig's strategy to offer superior-quality products to the market.
- **The Nature Conservancy (TNC):** since 2013, Marfrig maintains a partnership with the NGO The Nature Conservancy (TNC), one of the world's largest environmental organizations, and Walmart, the world's leading retailer, to promote sustainable cattle production in the southeastern Pará state. These efforts contribute to the preservation of the Amazon Biome and encourage the adoption of good social and environmental practices. Since then, the Company has, through partnerships, provided technical support to producers in both environmental and animal welfare aspects, through the project "Sustainable Meat: From the Field to the Table." Since 2016, meat products sourced from participating properties have been launched in the consumer market. The project was highlighted in TNC's global annual report, which is distributed to thousands of representatives from companies, foundations, governments and other NGOs around the world.
- **World Wildlife Fund (WWF):** in 2019, Marfrig set up a partnership with the World Wildlife Fund (WWF) to take part in the Collaboration for Forests and Agriculture (CFA) program, a joint initiative launched in 2016 by the National Wildlife Federation (NWF), The Nature

Conservancy (TNC), WWF, Gordon and Betty Moore Foundation and many other strategic partners. This partnership is based on applying a three-step process presented in the CFA Operating Guide (Assess, Plan, Execute), which provides support for companies to build a deforestation- and conversion-free (DCF) supply chain.

- **Brazilian Agricultural Research Corporation (Embrapa):** Marfrig has been actively working in the industry and especially with its suppliers to contribute to cattle raising in low carbon production systems. As such, in 2018, it forged a partnership with Embrapa, Brazil's most important research and innovation institution in this field, to develop and apply a production protocol for Carbon Neutral Beef (CCN) and Low Carbon Beef (CBC). The protocol establishes the procedures for production under an Integrated Crop-Livestock-Forest System (ICFL).

Suppliers

Engagement / Participation for improving the global protein chain: Marfrig continues to support around the world the development of protein sustainability standards through engagement/participation with the following organizations:

- **Global Roundtable for Sustainable Beef (GRSB):** the Global Roundtable for Sustainable Beef (GRSB) is formed by producers, producers' associations, retail and processing sectors, retail companies, civil society organizations and roundtables in Canada, Colombia and the United States, as well as the European roundtable. Its key principles include the conscientious use of natural resources, efficiency and innovation in cattle raising, respect for human rights and of communities involved in the cattle, food and health productive chains and animal welfare.
- **Brazilian Roundtable for Sustainable Beef (GTPS):** the Working Group for Sustainable Cattle Raising is formed by representatives from all links in the cattle value chain, from producers and processors to research centers and universities. Its main objective is to discuss and formulate the principles, standards and common practices to be adopted by the industry, with the aim of developing sustainable, socially just, environmentally correct and economically viable ranching; Marfrig Global Foods has been a member of the GTPS since 2009 and a member of the Group's Board of Directors since 2012. The actions conducted by the GTPS and other partners including developing the Sustainable Livestock Indicators Guide, which engages all links in the cattle production chain.
- **Tropical Forest Alliance (TFA):** TFA is a global alliance created in 2012 by the Consumer Goods Forum, which brings together leading executives from numerous consumer goods manufactures and the U.S. government. Based on the commitment shared by nations participating in the Rio+20 international convention on the environment, the alliance's goal is to achieve zero net deforestation in productions chains for beef, palm oil, soy, paper and pulp by 2020. Marfrig is a member of the institution's Executive Commitment, the alliance's decision-making body.
- **National Pact to Eradicate Slave Labor Institute (InPACTO):** Since 2014, Marfrig Global Foods has been a member of the National Pact to Eradicate Slave Labor Institute (InPACTO), which comprises companies, civil society organizations and workers' associations with the goal of bringing together the country's civil society organizations and private sector to prevent and eradicate slave labor in production chains. Marfrig Global Foods is at the forefront of the fight against slave labor in the country. Already in 2005, the Company signed the Pact with the same name that gave rise to the institute. The aim is to strengthen and expand the

initiative. Members must agree to undertake ten commitments to combat slave labor or conditions analogous to slavery in its businesses and the production chain. The initiative also aims to encourage initiatives to reintroduce vulnerable workers into the job market through professional qualification.

6.1 SOCIAL RESPONSIBILITY

To contribute to the development and social well-being of the communities where it is located, Marfrig develops relevant programs to support local communities in the various countries where it operates. Contributions range from partnership with health institutions to financial support for social causes, including employee awareness campaigns and donation drives at units.

Marfrig Institute:

Created in 2011, The Marfrig Fazer e Ser Feliz Institute is a non-profit organization that supports children from 6 to 16 years old in socially vulnerable situations by offering them a series of physical and intellectual development programs, encouraging well-being through sports and leisure activities and fostering citizenship and respect for the environment.

Hospital do Amor:

Partnership established in 2017 with Hospital do Amor, an Oncology care center of excellence located in Barretos, state of São Paulo. Initially focused on supplying the beef needed to cover the hospital's daily consumption, which treats around 16,000 people per month, this approach was expanded to include the participation of cattle producers. The donations are used to support the treatment, prevention and early diagnosis of cancer provided by the institution to the public free of charge through the public healthcare system (SUS).

Social Campaigns

- Toy and Food Drives;
- Pink October: awareness campaign focusing on the importance of the prevention and early diagnosis of breast cancer;
- Blue November: awareness campaign focusing on the prevention and diagnosis of prostate cancer;
- Anti-Drug Campaign;
- Campaign Against Discrimination;
- Campaigns on STDs and the distribution of condoms during the Carnival season;
- Combating water waste and promoting conscientious water consumption;
- Get-together on Children's Day for employees and their families to strengthen the bond between families and the company;
- Combating slave labor;
- Campaign on World No Tobacco Day to warn about avoidable smoking-related illnesses and

death.

- Financial and/or food donations to institutions supporting social causes. Some examples follow:
  - ✓ Financial donations: Children with Disabilities Assistance Association (AACD);
  - ✓ Food donations: Hospital do Amor;
  - ✓ Donations to local non-profit groups in communities near the National Beef plants (Wounded Warrior Project, TAPS Honor Gala, Special Olympics, homeless shelters, food drives, schools, etc.);
  - ✓ First-aid campaigns (National Night Out, National Fire Safety, Drug Awareness Education)
- Donations of trees to be planted in different parts of the city;
- Donation of unused paper destined for recycling to Hospital de Pediatría Garrahan (Argentina);
- Donation of cattle organs to schools for practical anatomy classes.

2. PEOPLE MANAGEMENT

The business performance of Marfrig Global Foods is the product of the efforts of its 32,000 employees located in the various countries where it operates. Accordingly, the Company strives to support its professionals in their career development through good practices in attracting, retaining and developing talent, while also encouraging diversity in the workplace.

Number of Employees

	2019	2018
North America Operation	9,378	8,122
South America Operation	22,784	21,987
Holding	60	58
Total Employees	**32,222**	**30,167**

In the South America Operation, in 2019, Marfrig's human resources strategy focused on unifying its operating activities. We shut down operations at four units (Paranatinga and Nova Xavantina, state of Mato Grosso, Paranaíba, state of Mato Grosso do Sul, and Pirenópolis, state of Goiás) and acquired the Várzea Grande Complex, in Mato Grosso, moving a total of nearly 2,700 people. In Várzea Grande, we implemented a second production shift (primary processing and deboning). In Promissão, we restarted the second deboning shift.

We continue to care for the safety of our employees: our number of workplace accidents fell 32%, and their severity was down 30%.

In 2019, we promoted 28% more leaders compared to 2018. We created training courses to promote the development of our employees, which increased by 10% the number of employees promoted to specific operational positions. In other words, we created internal opportunities that sparked interest in career advancement.

At the North American Operation, we strive to create an environment where employees have an opportunity to do their best every day, where their ideas and opinions are valued and where they feel part of a family, the National Beef family. We promote growth and individual opportunities thorough on-the-job training programs (workplace safety, food safety, specific skills development, language improvement and more), external training opportunities and management development/improvement training programs, as well as opportunities for tuition reimbursements. We have a strong culture of promotion in our corporation, which offers growth opportunities and career advancement. This also fosters a greater sense of stability, resulting in better retention among our employees.

In North America, the workforce is formed by people of over 20 nationalities, and the company works to promote respect for and to accommodate the large variety of cultures that come together every day to work at our facilities. We have partnered with local educational institutions to offer opportunities for employees to access ESL (English as a Second Language) classes and provide on-site Rosetta Stone training for employees who wish to learn new language skills.

APPENDIX I - Continuing Operation

RECONCILIATION OF ADJUSTED EBITDA (R$ million)	2019	2018
Net Profit / Loss	**218**	**(2,213)**
(+) Provision for income and social contribution taxes	(230)	(398)
(+) Non-controlling Interest	1,364	724
(+) Net Exchange Variation	398	383
(+) Net Financial Charges	1,662	1,926
(+) Depreciation & Amortization	1,198	653
EBITDA	**4,610**	**1,075**
(+) Other Operacional Revenues/Expenses	161	1,525
Adj. EBITDA	**4,771**	**2,601**

APPENDIX I - PRO FORMA

RECONCILIATION OF ADJUSTED EBITDA - PRO FORMA (R$ million)	2019	2018
Net Profit / Loss	**250**	**(1,714)**
(+) Provision for income and social contribution taxes	(230)	(379)
(+) Non-controlling Interest	1,364	912
(+) Net Exchange Variation	398	366
(+) Net Financial Charges	1,665	2,064
(+) Depreciation & Amortization	1,203	829
EBITDA	**4,650**	**2,078**
(+) Other Operacional Revenues/Expenses	162	1,522
Adj. EBITDA	**4,812**	**3,600**