



M. Dias Branco
Tradição & Qualidade

RESULTS PRESENTATION **3Q20 | 9M20**

November 09, 2020

www.ri.mdiasbranco.com.br

The statements contained in this document related to the management's views on the business of M. Dias Branco are merely trends and, as such, are based exclusively on management's perspective on the continuity of past and present actions, based on facts that have already occurred. These trends do not constitute projections or estimates, and may be substantially altered by changes in market conditions, the performance of the Brazilian economy, the sector and international markets.




M. Dias Branco



**M. Dias Branco's
net revenue
reaches an all-time
high of R\$2 billion.
Net income rises
97%.**

3Q20 & 9M20 HIGHLIGHTS

- Year-on-year sales volume increase of 27% in 3Q20 and 23% in 9M20;
- R\$104 million in revenue from new cookie & cracker products, a quarterly record;
- Gross export revenue of R\$56.3 million in 3Q20 (276%);
- Efficiency and productivity gains;
- Historical production record: 875 thousand tons;
- EBITDA of R\$328.0 million in 3Q20, 74.4% higher than in 3Q19 and up 62.0% in 9M20;
- Year-on-year net income increase of 97.3% in 3Q20 and 90% in 9M20;
- Leverage (net debt-to-EBITDA ratio) of 0.2x, lower than in 2Q20 (0.4x) and 3Q19 (0.7x);
- We released R\$ 138 million of working capital in 9M20;
- AAA rating with a stable outlook reaffirmed by Fitch Rating;
- We launched our largest marketing campaign, focusing on the main brands: Adria, Vitarella, Piraquê, Isabela and Fortaleza;
- Relative water consumption 17.5% lower than in 3Q19;
- Generation of solid waste per ton produced 10.4% less than in 3Q19.

TOP *of* MIND '20



AWARDS

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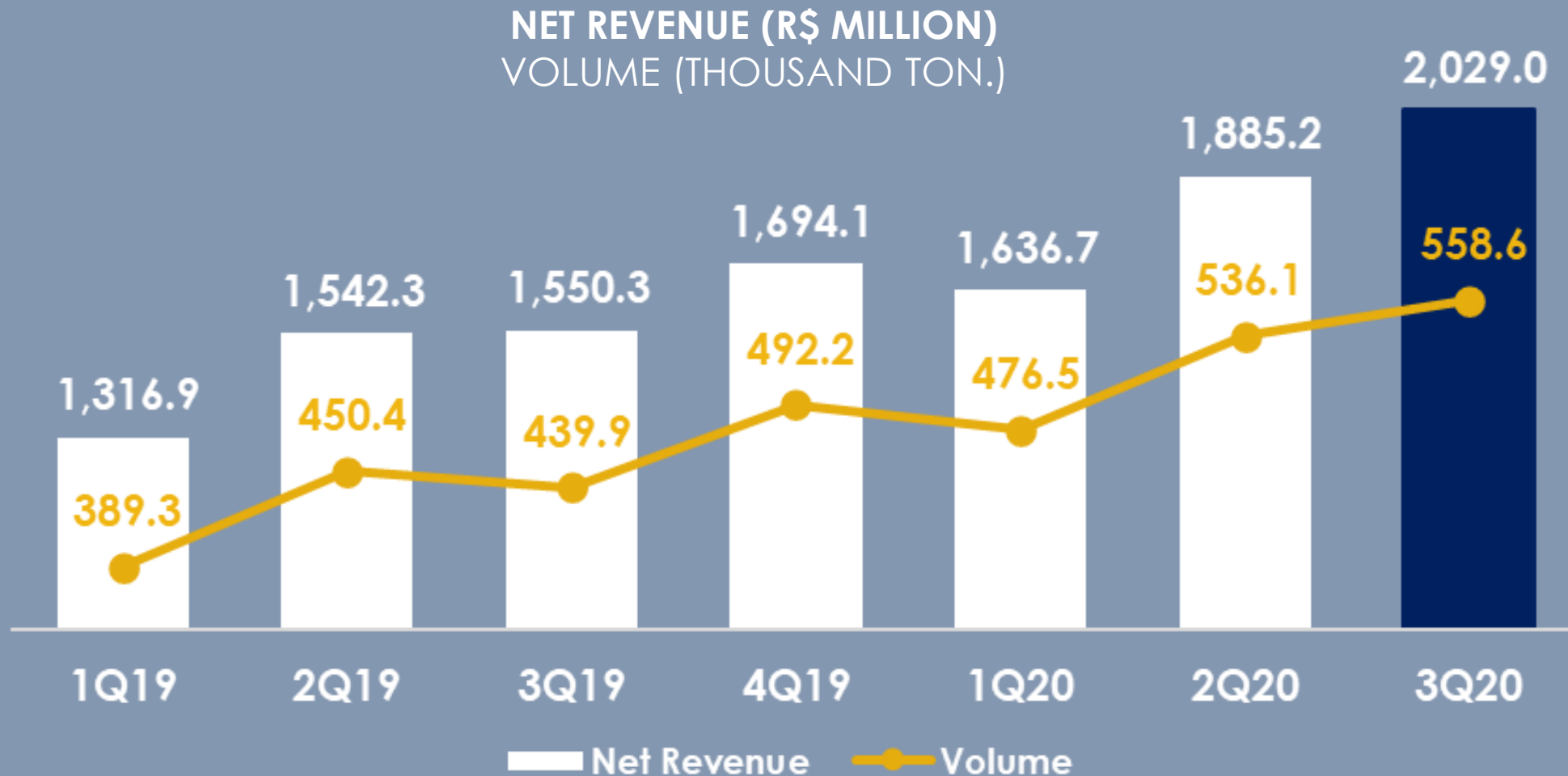
RECOGNITIONS

Net Revenue, Volume and Market Share

RESULTS PRESENTATION
3Q20 | 9M20



Net revenue reaches R\$ 2 billion, exceeding a historical record for a quarter. In the year, double-digit growth in all quarters.

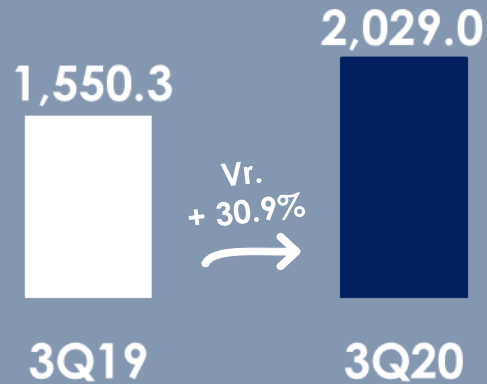


In 3Q20 VS. 3Q19, net revenue grows double digits in all categories.



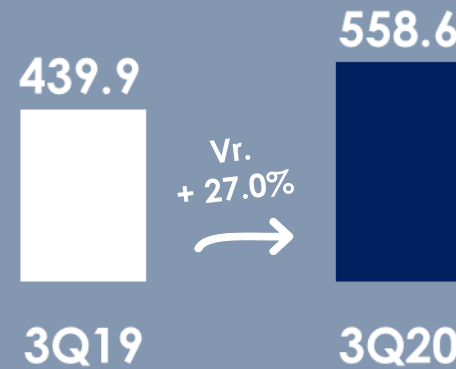
NET REVENUE

(R\$ MILLION)



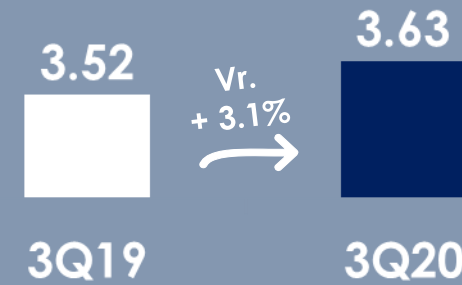
SALES VOLUME

(TON. THOUSAND)



AVERAGE PRICE

(R\$/KG)



Cookies & Crackers

Pasta

Wheat Flour and Bran

Margarine and Vegetable Shortening

Others

Net Revenue
21.0%

Sales Volume
21.2%

Average Price
0.0%

Net Revenue
42.9%

Sales Volume
38.6%

Average Price
3.0%

Net Revenue
49.2%

Sales Volume
27.6%

Average Price
16.9%

Net Revenue
28.6%

Sales Volume
9.2%

Average Price
17.6%

Net Revenue
24.6%

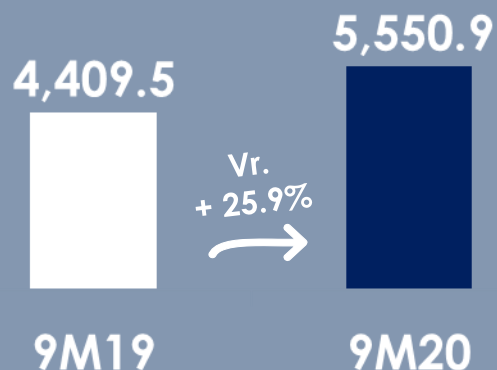
Sales Volume
31.4%

Average Price
-5.2%

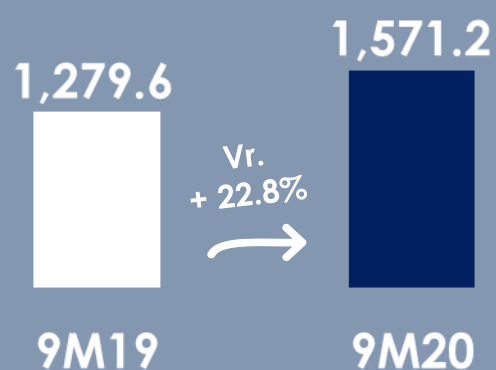
Year-to-date, net revenue reaches R\$ 5.5 billion,
with volume growth in all product lines.



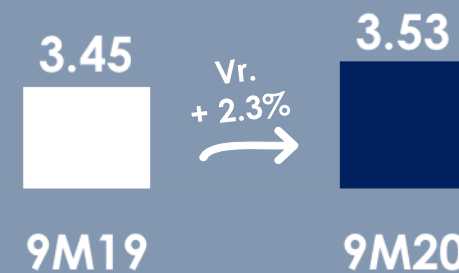
NET REVENUE (R\$ MILLION)



SALES VOLUME (TON. THOUSAND)



AVERAGE PRICE (R\$/KG)



Cookies & Crackers

Net Revenue
19.6%

Sales Volume
19.8%

Average Price
-0.3%

Pasta

Net Revenue
38.4%

Sales Volume
34.7%

Average Price
2.8%

Wheat Flour and Bran

Net Revenue
34.9%

Sales Volume
21.5%

Average Price
10.8%

Margarine and Vegetable Shortening

Net Revenue
20.1%

Sales Volume
4.3%

Average Price
15.2%

Others

Net Revenue
7.2%

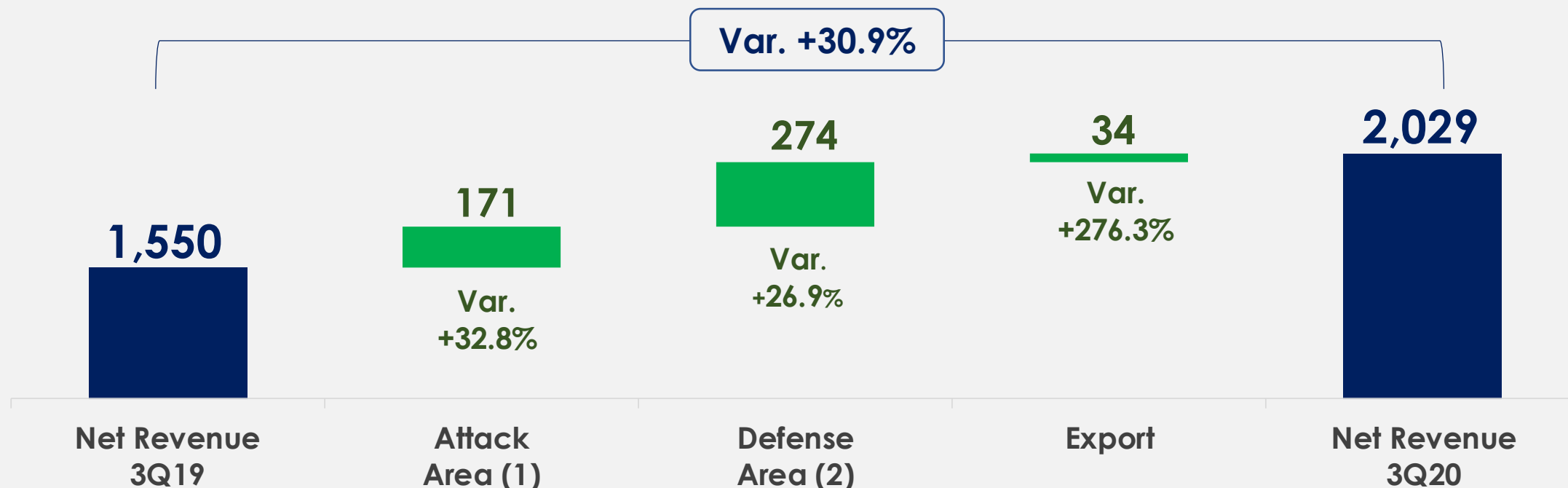
Sales Volume
5.5%

Average Price
1.6%

In line with our strategy, we have grown in all commercial regions; double digits in Attack and Defense and Exports were 276% higher.

VARIATION IN NET REVENUE BY REGIONS

3Q20 vs 3Q19 (R\$ MM)

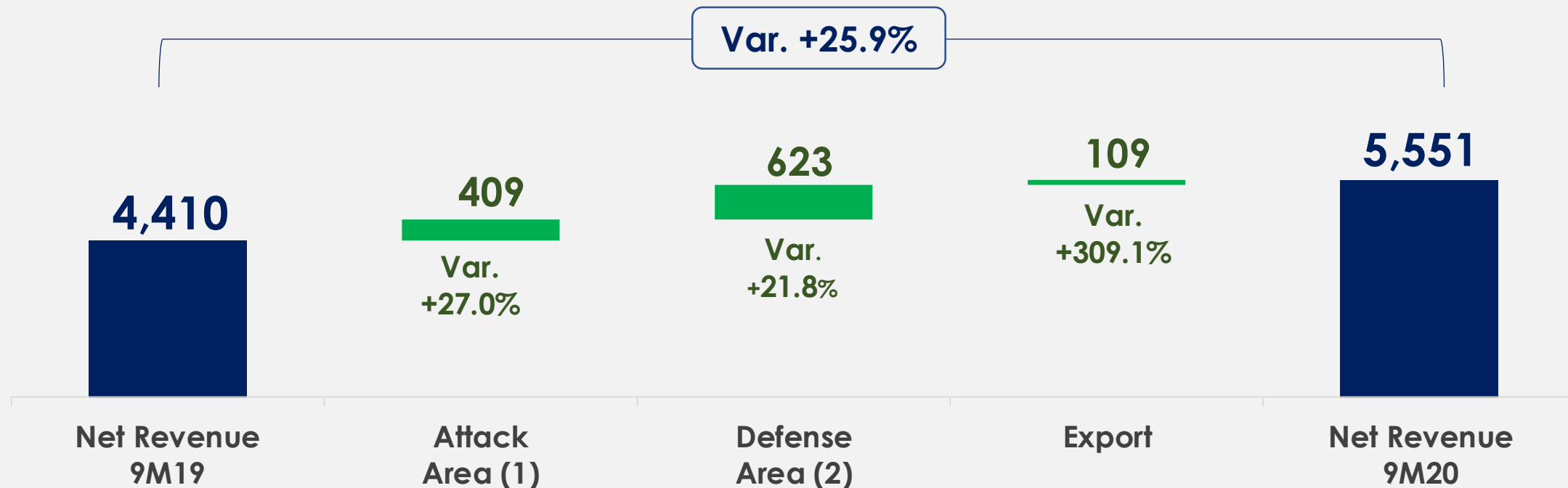


- Defense Area (Northeast and North).
- Attack Area (Southeast, Midwest, South).

Growth in line with our strategy for the year to date; R\$ 5.5 billion!!!

VARIATION IN NET REVENUE BY REGIONS

9M20 vs 9M19 (R\$ MM)



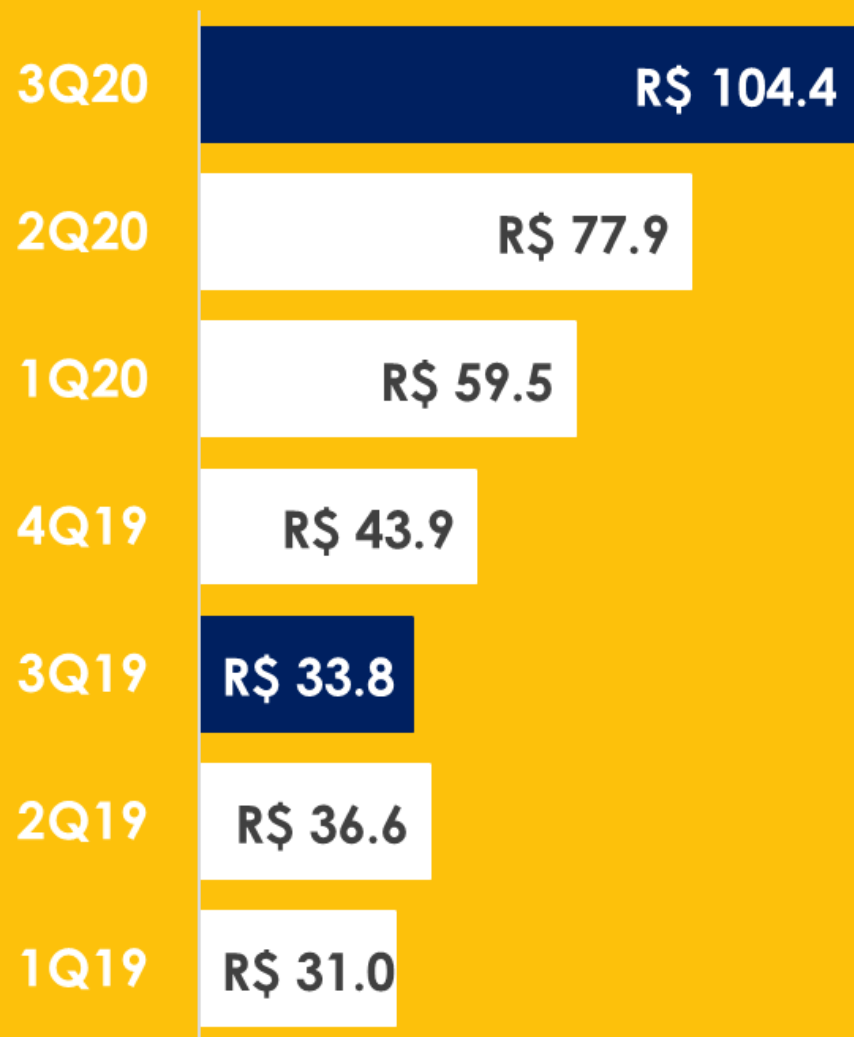
- Defense Area (Northeast and North).
- Attack Area (Southeast, Midwest, South).

R\$ 104.4 million in revenue from new products in the cookie's categories, **a record for a quarter.**



COOKIES & CRACKERS LAUNCH

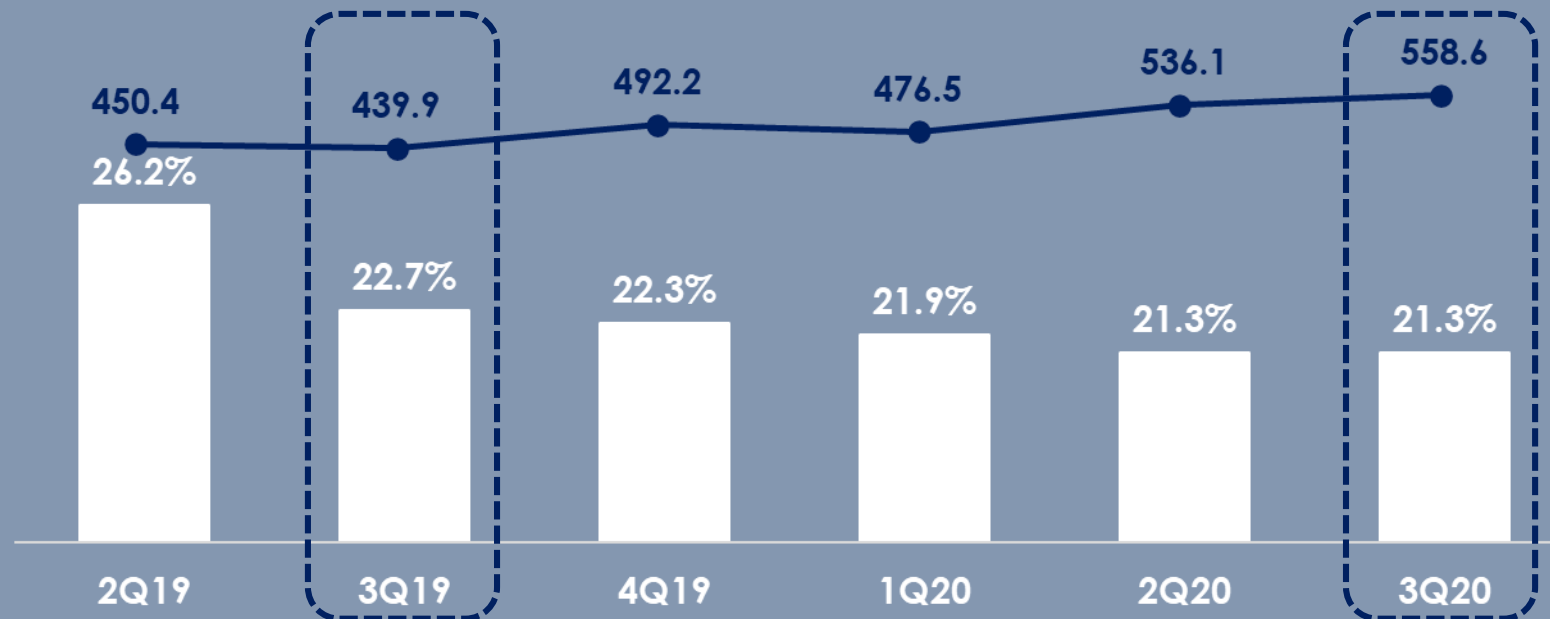
GROSS REVENUE (R\$ MILLION)



New product launches * are part of the growth strategy.

For the fifth consecutive quarter, we maintained discounts at appropriate and competitive levels.

RETURNS / DISCOUNTS / SALES TAX
(% NET REVENUE)



■ Returns/Discounts/Taxes/Sales

● Sales Volume (Thousand Tons)

➡ 3Q20 VS. 3Q19
+27.0%

➡ 3Q20 VS. 3Q19
-1.4pp

National leadership, expanding participation in Cookies (+ 1.9pp) and Pasta (+ 1.6pp) in the year.

**COOKIES & CRACKERS
VOLUME BRAZIL**
(source: Nielsen)



PASTA VOLUME BRAZIL
(source: Nielsen)





M. Dias Branco

E-commerce

Our products are
also gaining
relevance in the
main e-commerce
platforms.

Magalu

shopper
.com.br

Submarino

shop  time

americanas.com

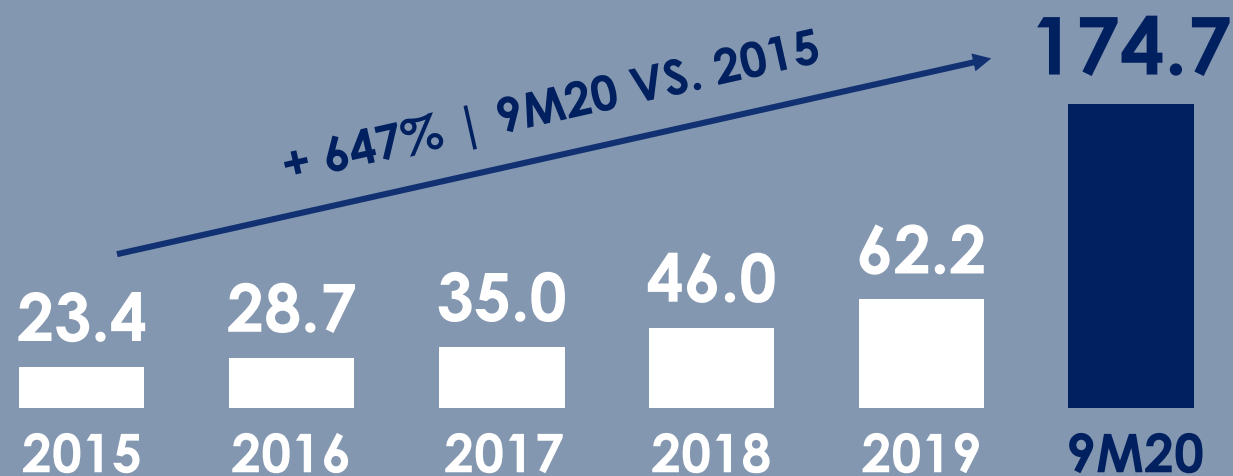
Rappi

Investment in Advertising and Marketing

We launched the largest and most robust marketing campaign in the history of M. Dias Branco, with a focus on strengthening our priority brands.



GROSS REVENUE EXPORT (R\$ MILLION)



With defined priorities, alignment and focus on execution, **exports totaled R\$ 174.7 million** in the year, **overcoming previous periods.**

EBITDA and Net Income

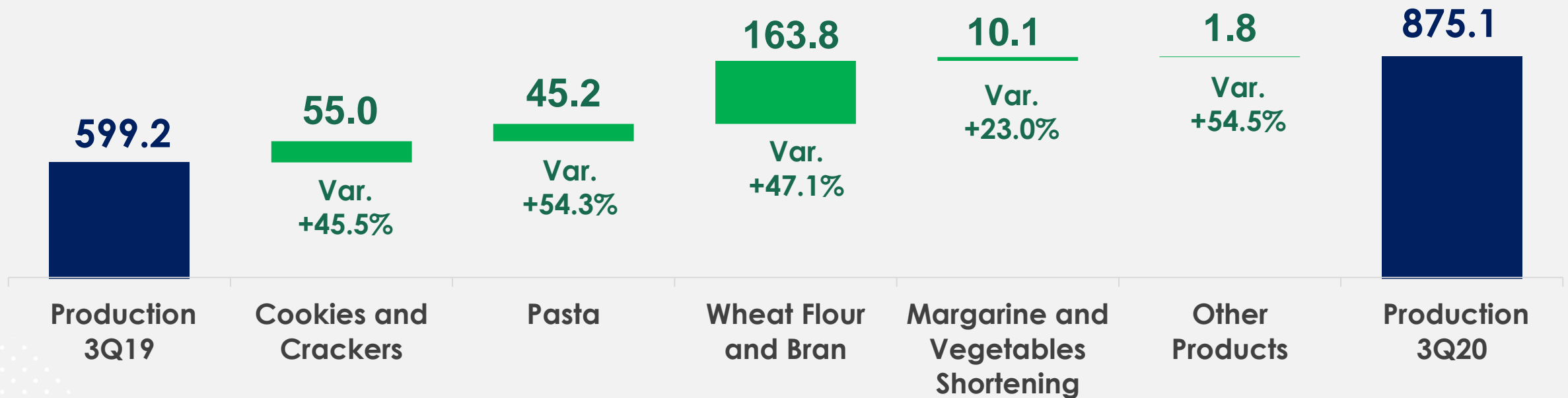
RESULTS PRESENTATION
3Q20 | 9M20



Production of 875.1 thousand tons, exceeding the historic record. The infrastructure investments in recent years have been supporting our accelerated growth strategy.

Variation in Production volumes
3Q20 vs 3Q19 (MIL TON.)

Var. +46.0%





Verticalization remained close
to 100% in wheat flour,
and vegetable shortening.

Wheat Flour



98.8%

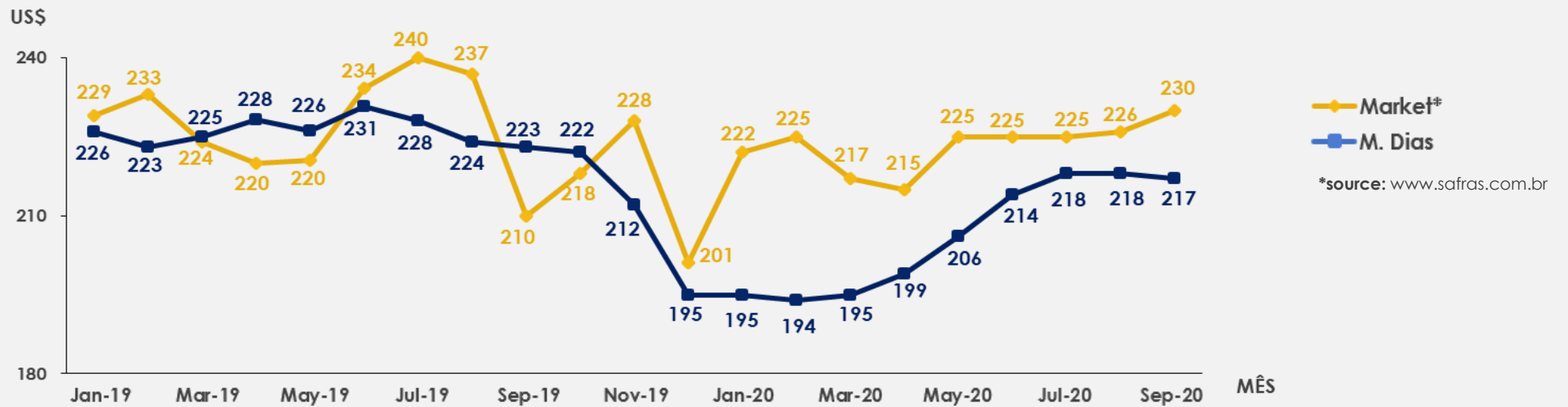
Vegetable Shortening



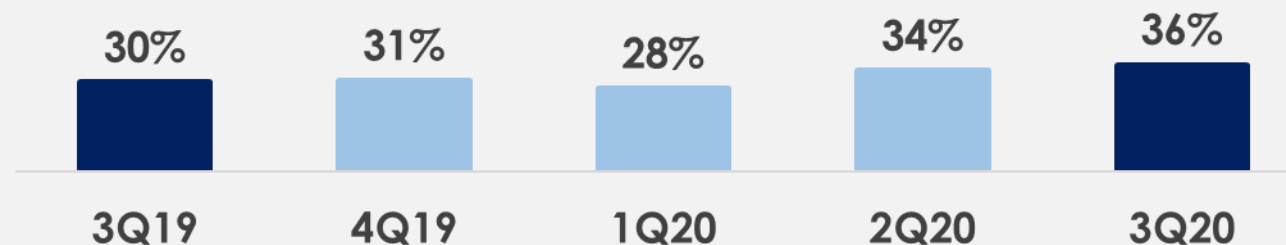
100%

Increase in the average cost of wheat by 22.2% as a result of the devaluation of the Real against the Dollar.

WHEAT (US\$ / TON - 2019 AND 2020)
AVERAGE PRICE M. DIAS BRANCO INVENTORY X MARKET PRICE

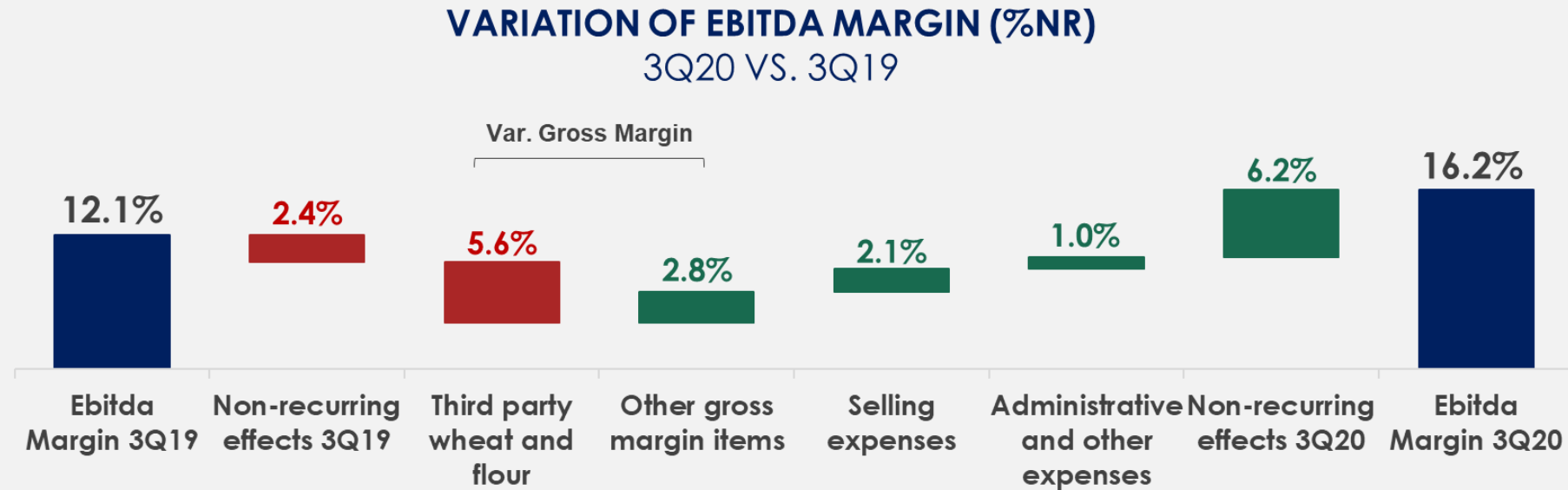


WHEAT**
(% NET REVENUE)



**Internally produced wheat flour + purchased from third parties.

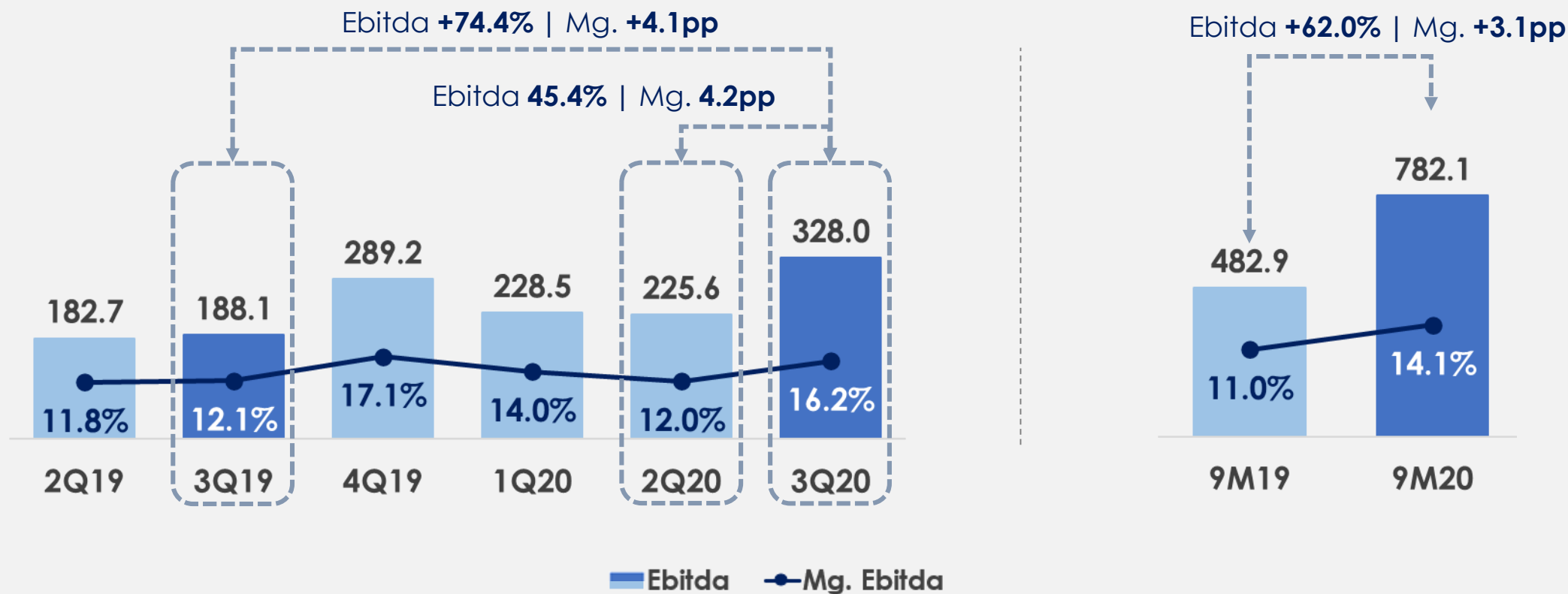
Greater dilution of fixed expenses and gains in other operating revenues offset the negative impact on costs by the depreciation of the Real.



- 22.2% increase in third-party wheat and wheat flour, mainly driven by the 35.4% depreciation of the Real.
- Greater dilution of costs and expenses and gains in efficiency and productivity (Multiplique Program):
 - Administrative and Selling Expenses (% of Net Revenue): from 25.4% to 23.2%
 - Labor in the Cost of Products Sold (% of Net Revenue): from 9.7% to 7.7%
 - General manufacturing expenses (% of Net Revenue): from 6.9% to 5.7%
- Positive non-recurring effects in 3Q20 mainly due to extemporaneous tax credit.

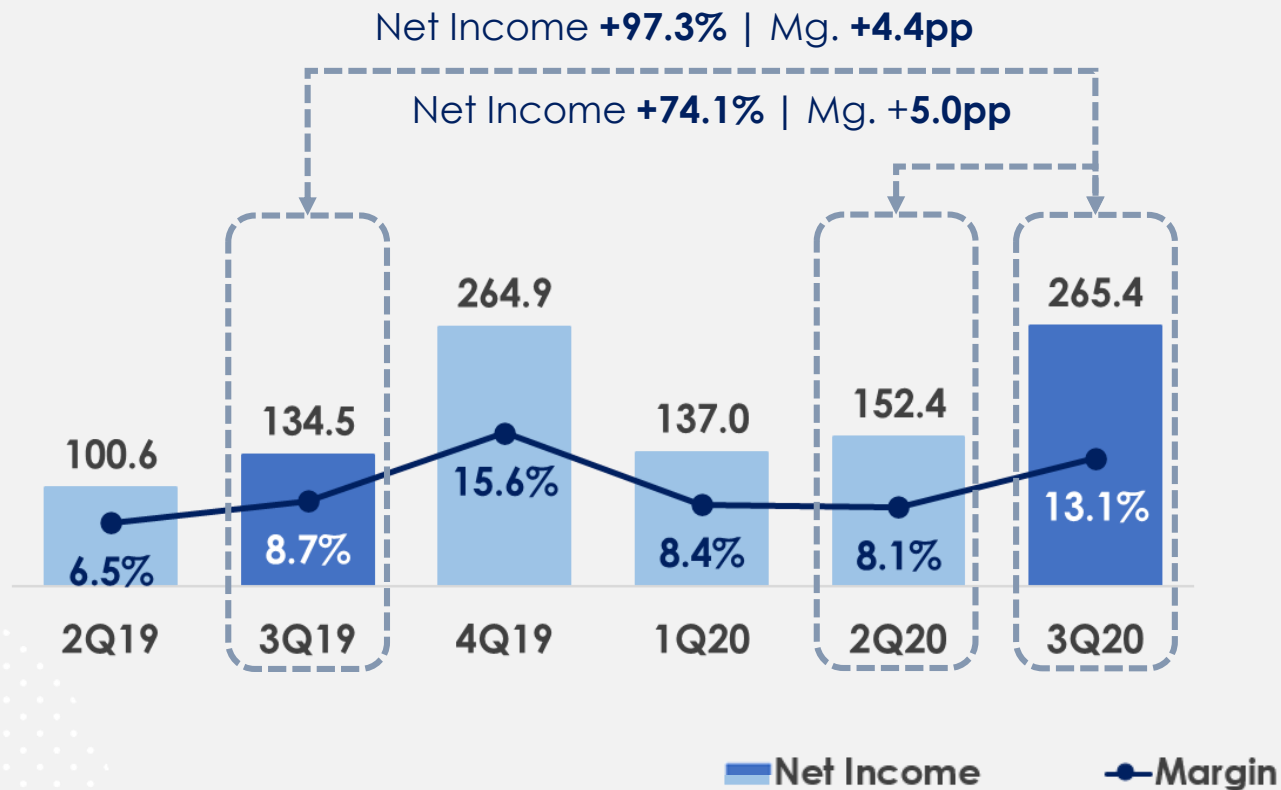
In 3Q20, Ebitda of R\$ 328.0 million (EBITDA Margin 16.2%), 74.4% higher than 3Q19 (EBITDA Margin 12.1%).

EBITDA VARIATION (R\$ MILLION)

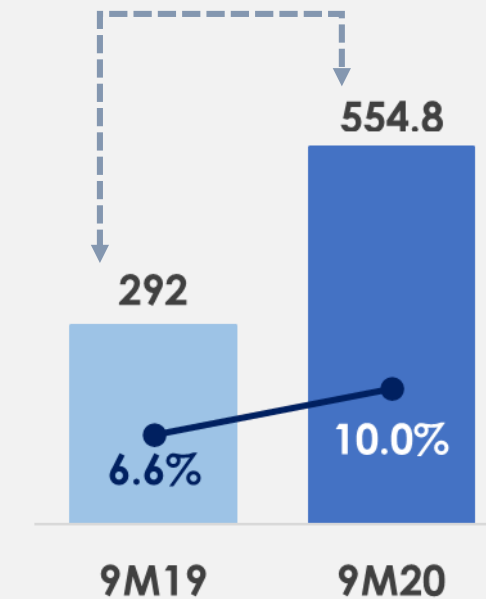


In 3Q20, Net Income of R\$ 265.4 million (+ 97.3% vs. 3Q19), due to the EBITDA growth and positive non-recurring effects of out-of-date credits.

NET INCOME VARIATION (R\$ MILLION)



Net Income +90.0% | Mg. +3.4pp



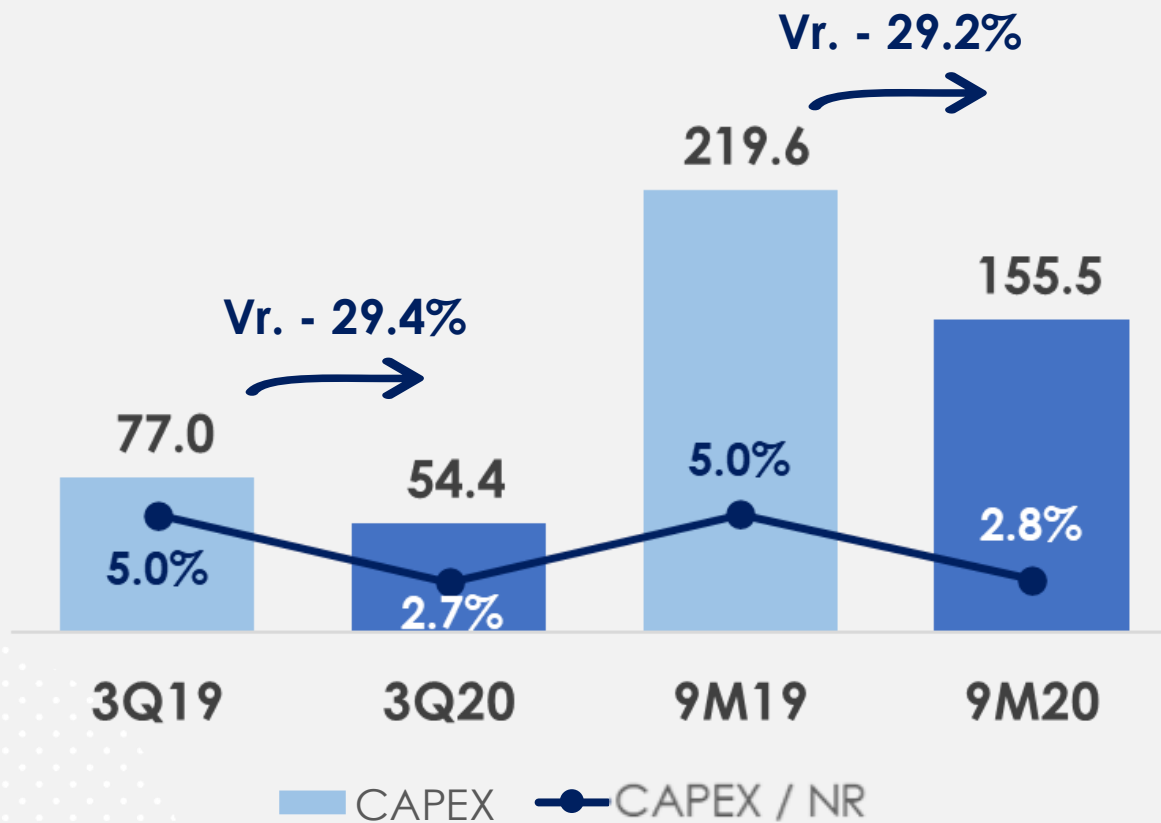
Investments

RESULTS PRESENTATION
3Q20 | 9M20



We invested R\$ 155 million in the year and R\$ 54 million in the quarter, with emphasis on infrastructure.

INVESTMENTS (R\$ MILLION)



HIGHLIGHTS

- Acquisition of equipment and expansion of the new milling unit in Bento Gonçalves (RS).
- Construction of a truck yard for wheat trucks in Bento Gonçalves (RS).
- Renovation of the distribution center in the Rio de Janeiro unit.
- Long pasta line for the Piraquê unit.
- Effluent treatment plant for the Maracanaú unit.
- Restructuring of the São Caetano do Sul unit (SP).
- Retrofit of sieves for Fábrica Fortaleza (CE).

Net Debt and Net Cash

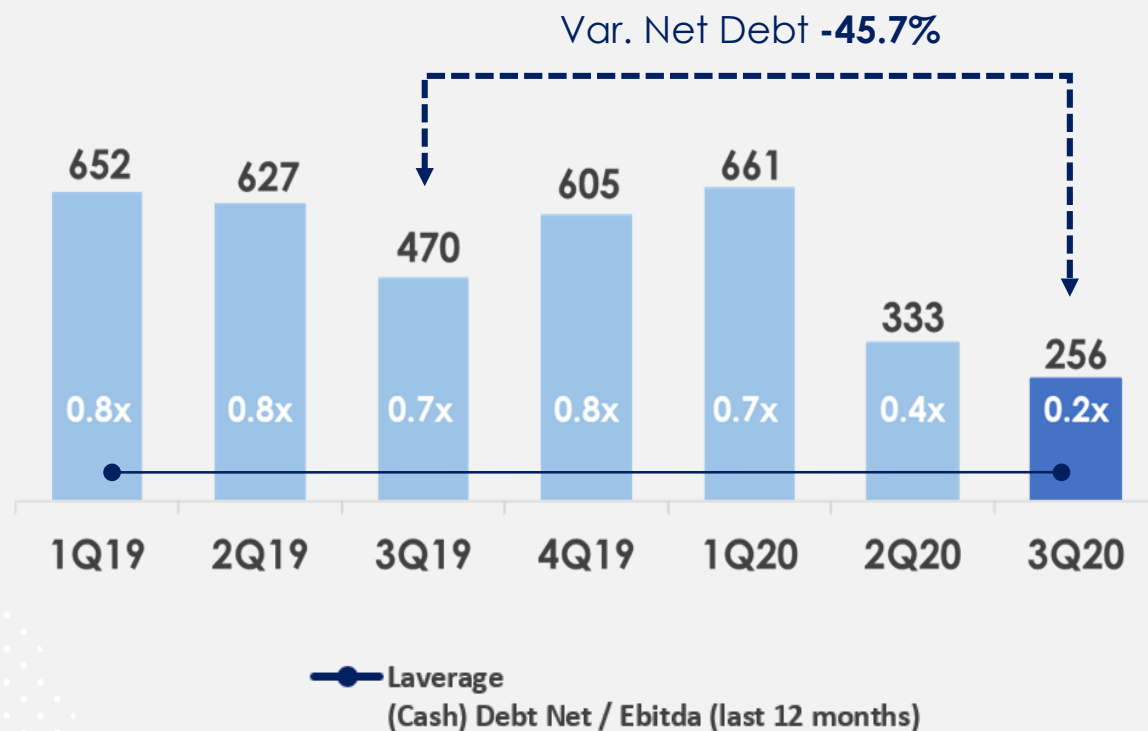
RESULTS PRESENTATION
3Q20 | 9M20



Even with the scenario imposed by COVID-19, we ended 3Q20 with R\$ 1.3 billion in cash and a reduction in net debt. **AAA Rating Stable Outlook reaffirmed!!!**

NET DEBT EVOLUTION

R\$ (MILLION)



HIGHLIGHTS

- ✓ Fitch Ratings reaffirmed our '**AAA(bra)**' National Long-term Rating;
- ✓ The leverage ratio decreased;
- ✓ Net cash generated from operating activities totaled **R\$ 711.4 million** in 9M20.



Focusing on cash management, we released in 9M20 R\$ 138 million of working capital.

WORKING CAPITAL 9M20

R\$ 138.7 MM

Recoverable taxes

R\$ + 277.9 MM

Accounts Payable (Suppliers)

R\$ + 112.4 MM

Accounts Receivable (Clients)

R\$ + 0.3 MM

Others Accounts

R\$ - 251.9 MM

+9

Days

Increase in the average
payment of Suppliers

-3

Days






Reduction in the average
receipt of Clients



Highlights Social and environmental

Another quarter of **advances** in our sustainability indicators.

Sustainability Indicators

-  Average Energy Intensity (Kwh/ton): **-21.1%**
-  Lower water consumption (m3/ton): **-17.5%**
-  Lower generation of solid waste (kg/ton): **-10.4%**
-  Lower frequency of accidents at work: **-0.01pp**
-  Lower waste recycling index: **-5.4pp**



Rede Brasil

Initiatives and realization

- Third edition of the Germinar program: in partnership with Senai Ceará making connections with startups. The total incentive reached R\$1 million.
- “100 Open Startups” award: in recognition of the connection to the startups ecosystem.
- Yellow September Campaign: commemorating the International Suicide Prevention Day with the purpose of raising awareness about suicide prevention.





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