



M. Dias Branco

Results Presentation 2Q20 & 1H20

THE ART OF FEEDING TO
PROVIDING WELL BEING AND
HAPPINESS TO PEOPLE

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
maintains consistency
and financial strength
and reaches a
quarterly record in Net
Revenue, with growth
of 22.2%. Net income
rises 51.5%

2Q20 HIGHLIGHTS

- Sales volume 19% higher than in 2Q19 (cookies & crackers: +14.2% and pasta: +37.4%);
- Consolidation of our leadership in the Brazilian pasta and cookie & cracker markets;
- 2.9% increase in the average price of products over 2Q19;
- Historical quarterly net revenue of R\$ 1.89 billion, 22.2% higher than 2Q19;
- Record growth in exports, up 526%, with gross revenue of R\$ 93.3 million;
- EBITDA of R\$ 225.6 million, 23.5% higher than in 2Q19;
- Net income of R\$ 152.4 million, up 51.5% over 2Q19;
- Historical quarterly cash generation, with R\$ 492.4 million in net cash;
- Leverage of 0.4x, lower than in 1Q20 (0.7x) and 2Q19 (0.8x);
- All-time high wheat flour and vegetable shortening vertical integration levels (99% and 100%, respectively);
- Record production volume (817 thousand tons, +20.8% vs. 2Q19);
- Since the beginning of the COVID-19 pandemic, we have donated 413.4 thousand tons of food and R\$ 2.4 million to support blood banks;
- We reduced water consumption per ton produced by 5.6%, and 12% reduction in solid waste generation (tonnes).

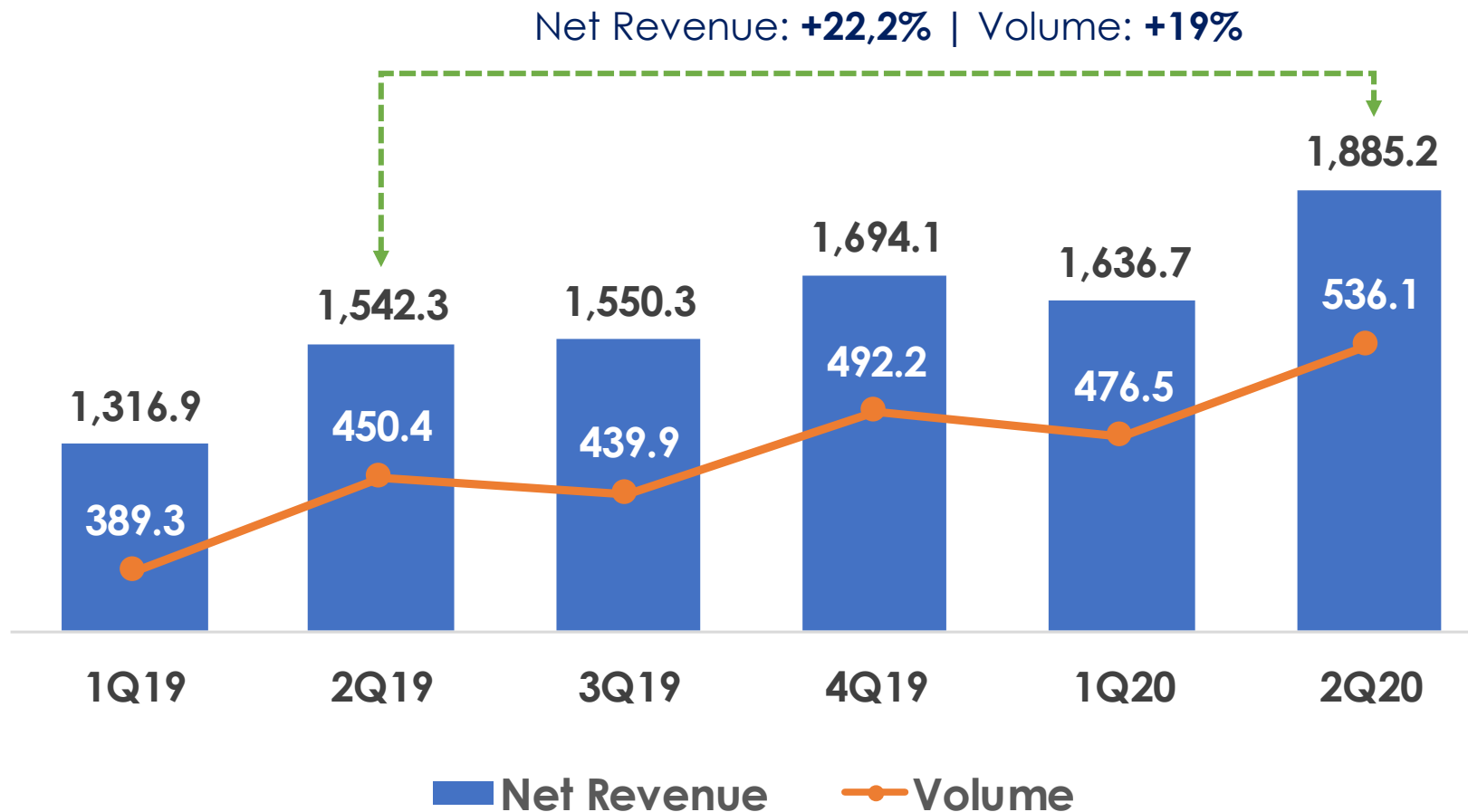
A watercolor illustration of a business meeting. A man with glasses and a light blue shirt stands in the center, smiling and holding a green marker, pointing towards a whiteboard. To his left, a woman with long dark hair and a blue shirt sits at a table, looking towards the whiteboard. Next to her, a man with a beard and a blue shirt also sits at the table, looking towards the whiteboard. To the right of the whiteboard, a woman with long dark hair tied back in a ponytail, wearing a white shirt, stands and looks towards the whiteboard. The background is a soft, light green and yellow wash. The overall style is artistic and professional.

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Net Revenue, Volume and Market Share

Continued accelerated growth. Record net revenue for a quarter.

Net Revenue (R\$ million) | Volume (thousand ton.)



Growth fully aligned with our strategy!!!

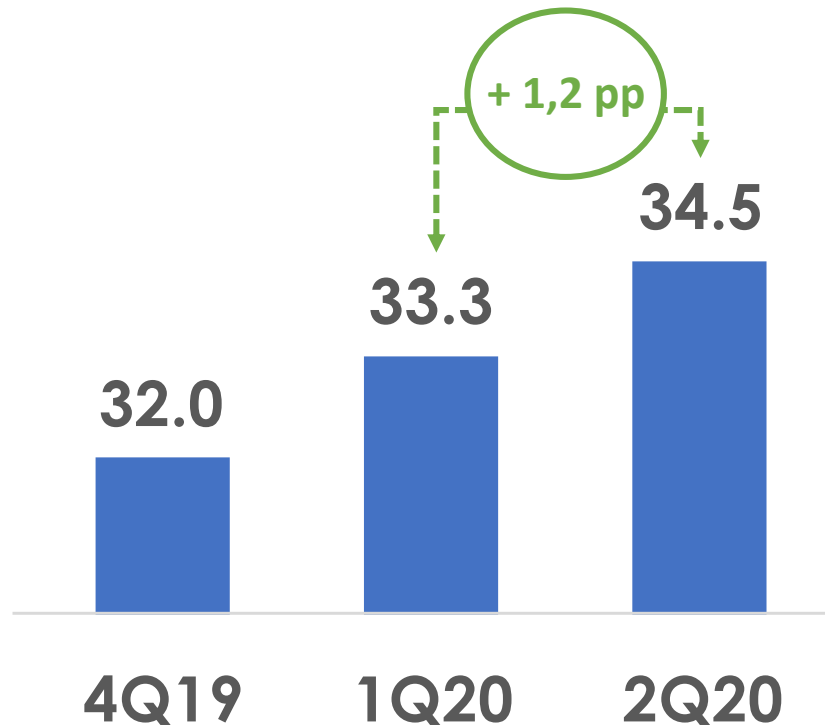
Variation in Net Revenue by Regions - 2Q20 vs. 2Q19 (R\$ million)



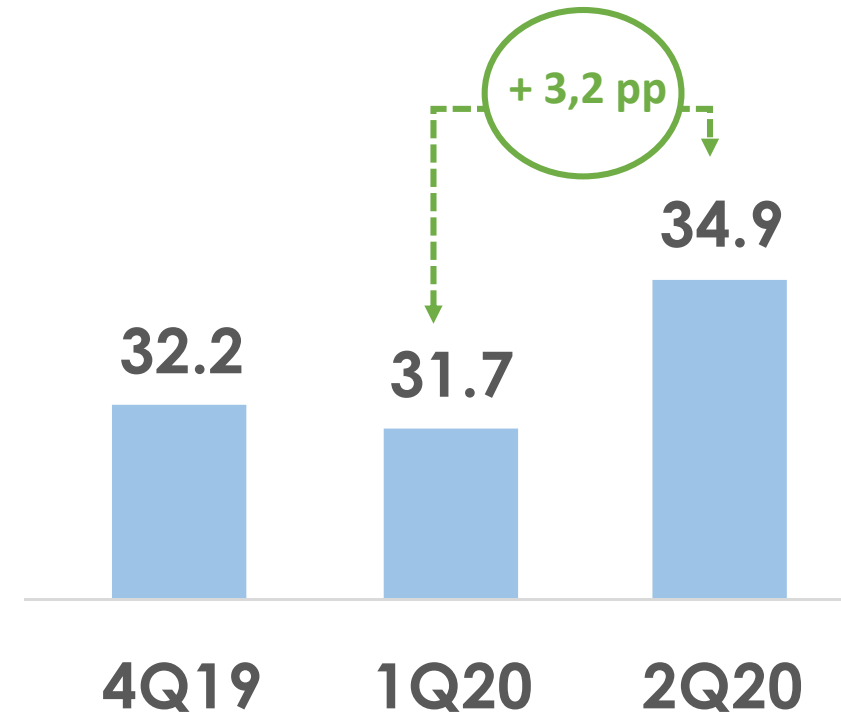
- Defense Area (Northeast and North)
- Attack Area (Southeast, Midwest, South)

We increased our market share in cookies and pasta. Expansion in both Attack (South, Southeast and Midwest) and Defense (North of Northeast) areas.

Cookies & Crackers Volume Brazil (Source: Nielsen)



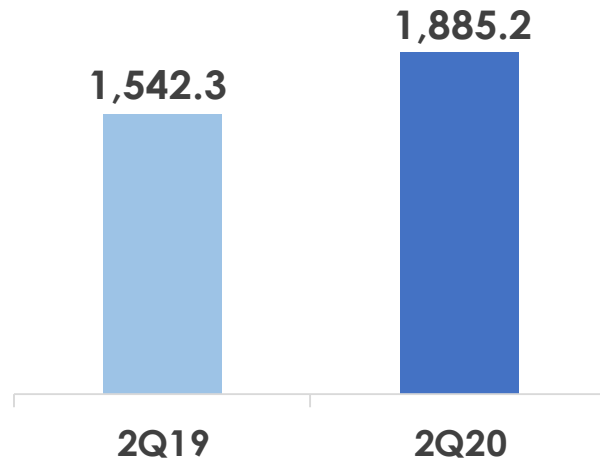
Pasta Volume Brazil (Source: Nielsen)



Compared to 2Q19, volumes increased by double digits and average prices increased in all product categories.

Net Revenue (R\$ million)

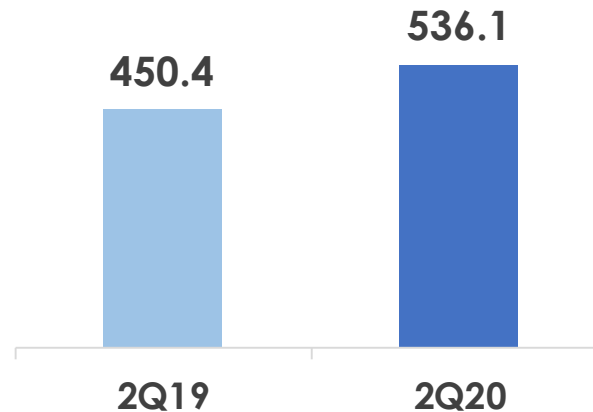
Var. +22.2%



- Cookies & Crackers **+15.0%**
- Pasta **+42.4%**
- Wheat Flour and Bran **+31.0%**
- Margarine/Vegetable Shortening **+5.5%**

Sales Volume (ton. Thousand)

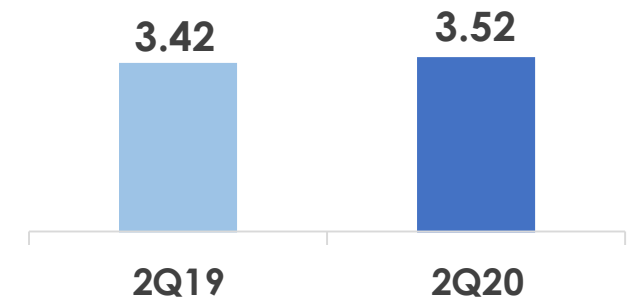
Var. +19.0%



- Cookies & Crackers **+14.2%**
- Pasta **+37.4%**
- Wheat Flour and Bran **+17.5%**
- Margarine/Vegetable Shortening **-11.4%**

Average Price (R\$/Kg)

Var. +2.9%



- Cookies & Crackers **+0.6%**
- Pasta **+3.7%**
- Wheat Flour and Bran **+11.2%**
- Margarine/Vegetable Shortening **+18.8%**

Record revenue and export growth, R\$ 93.3 millions and 526%.



Regions

- ✓ **Central America**, highlight for pasta sale.
- ✓ **North America**, continues to expand, driven by the entry into new regions in the USA, new clients with Vitarella brand, private label and consolidation of Piraquê as an increasingly relevant brand in the Brazilian ethnic channel.

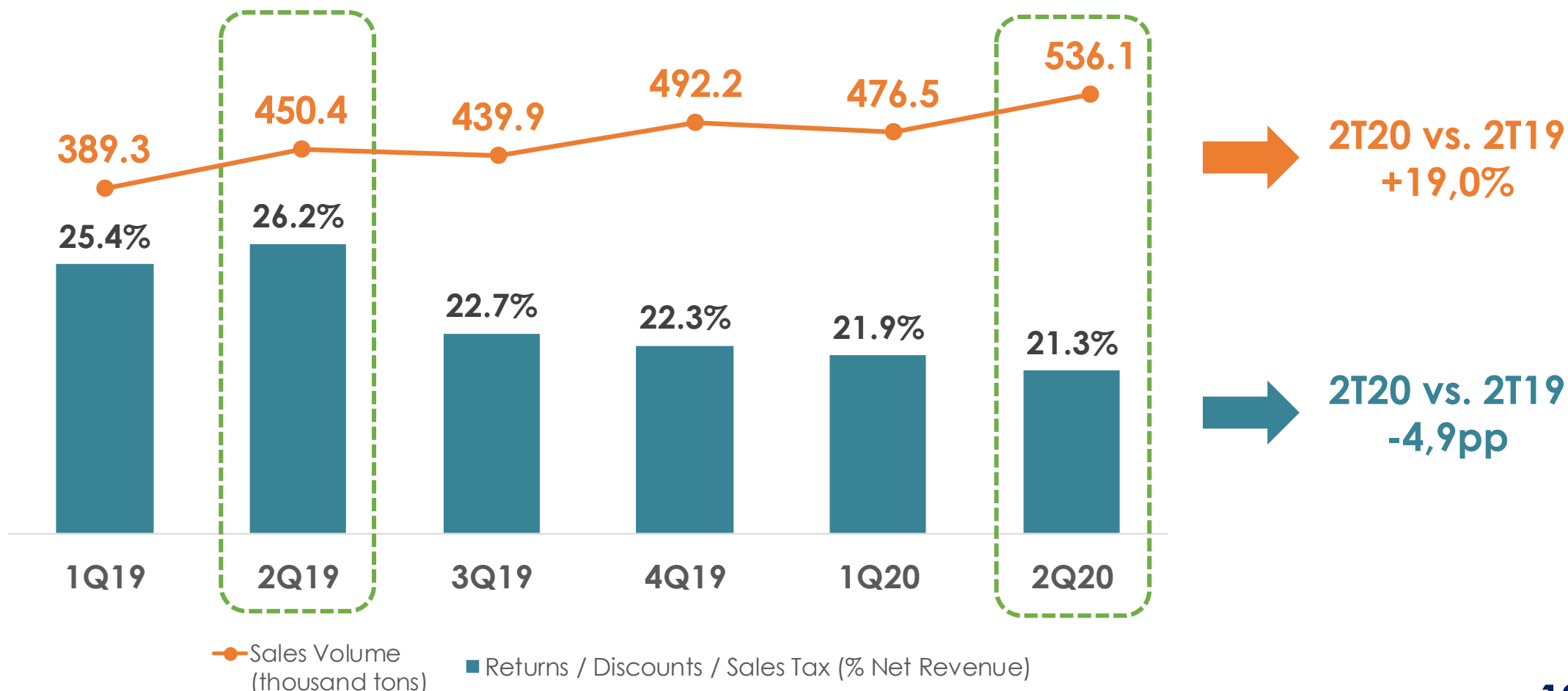


Category

- ✓ **Pasta**: sales growth to Central America.
- ✓ **Flour**: follow the trajectory of 1Q20
- ✓ **Margarine**: continue to show strong growth, with thermo-resistant vegetable creams.

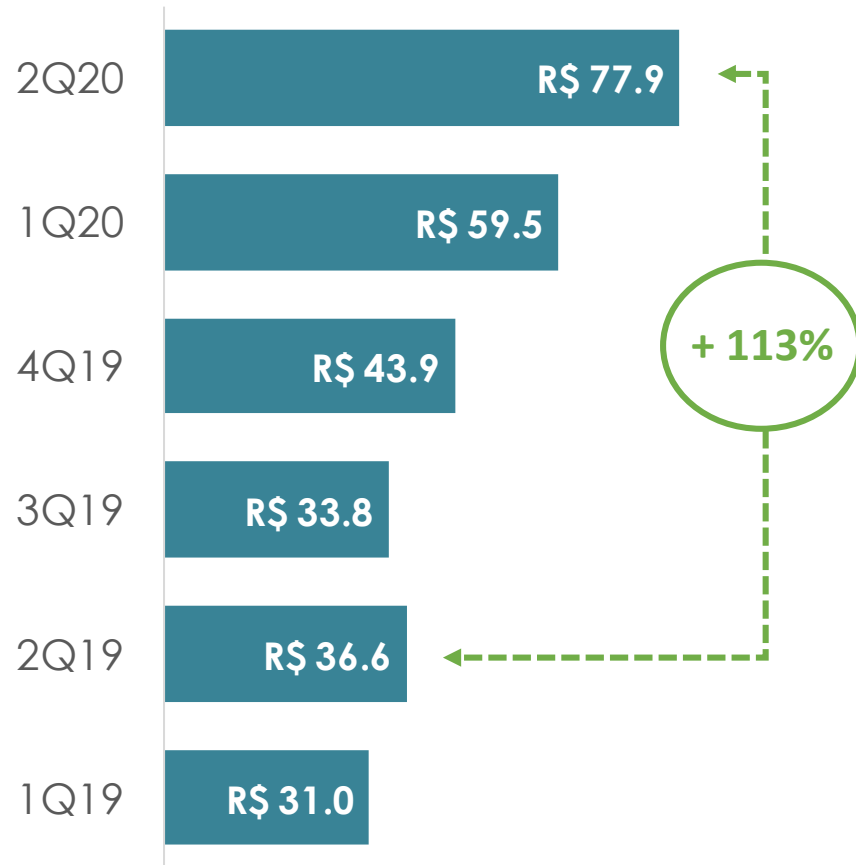
The volumes grew two digits, with adequate levels of discounts, as a result of discipline in execution, the improvement of pricing modeling and a broader go-to-market approach.

Returns / Discounts / Sales Tax (% Net Revenue)



Our brands are among the favorites and launches are contributing to sales growth.

Gross Revenue (R\$ million) Cookie Launch*



*New products / flavors launched in the last 24 months

** Fast Moving Consumer Goods

Highlights



Number 1 brand in Brazil in the category of cookies and advancing consumer preference in FMCG ** according to Kantar's Brand Footprint survey, positioned among the Top 10 in Brazil



*Chegon Delicita Cristal.
O Delicita de lambar os dedos*



We are structuring and expanding our performance in e-commerce, with emphasis on the brands Piraquê and Adria!!!



Platforms where we are available

- 📶 Lojas Americanas
- 📶 Submarino
- 📶 Shoptime
- 📶 Magalu
- 📶 Sou Barato
- 📶 Rappi



Piraquê presented significant improvements, with capture of synergies, national expansion and evolution of profitability.



46.8%

Gross Mg. 2T20

23.7%

Ebitda Mg. 2T20

Highlights

✓ **42%**

Increase in points of sale in all Brazil from Jan / 20 to Jun / 20; 950

✓ **98.7%**

Verticalization in 2Q20 (0% in 2Q18 and 23.3% in 2Q19);

✓ **0.5%**

Expansion of Market Share volume (Biscuits) in 2Q20 compared to 2Q19.

A watercolor illustration of a business meeting. A man with glasses and a light blue shirt stands in the center, holding a green marker and pointing towards a whiteboard. He is smiling. To his left, a woman with long dark hair and a blue shirt sits at a table, looking at a tablet. Next to her, a man with a beard and a blue shirt also sits at the table, looking towards the whiteboard. To the right of the whiteboard, a woman with long brown hair tied back in a ponytail stands, holding a folder and looking at the whiteboard. The background is a soft, light green and yellow wash. The overall style is artistic and professional.

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EBITDA and Net Income

Highest historical level of verticalization of wheat flour (99%) and Vegetable Shortening (100%).

Verticalization



Flour
99,1%



Vegetable
Shortening
100,0%

New Mill of Bento Gonçalves (RS)

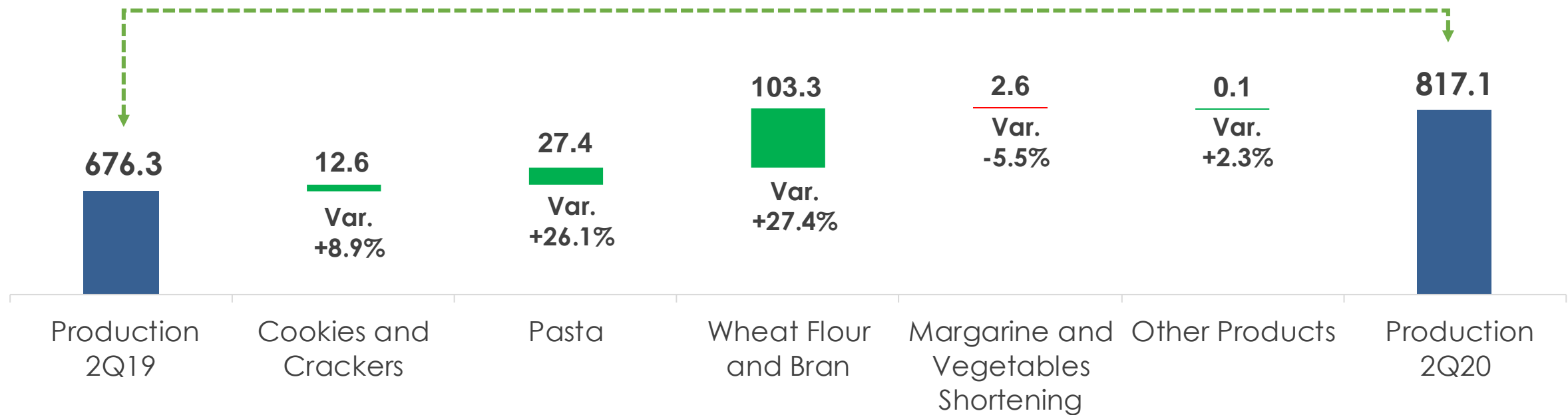


- **R\$ 300** millions of investments
- **408** thousand ton. production capacity year

Historical production record (817 thousand tons, + 20.8% vs. 2Q19).

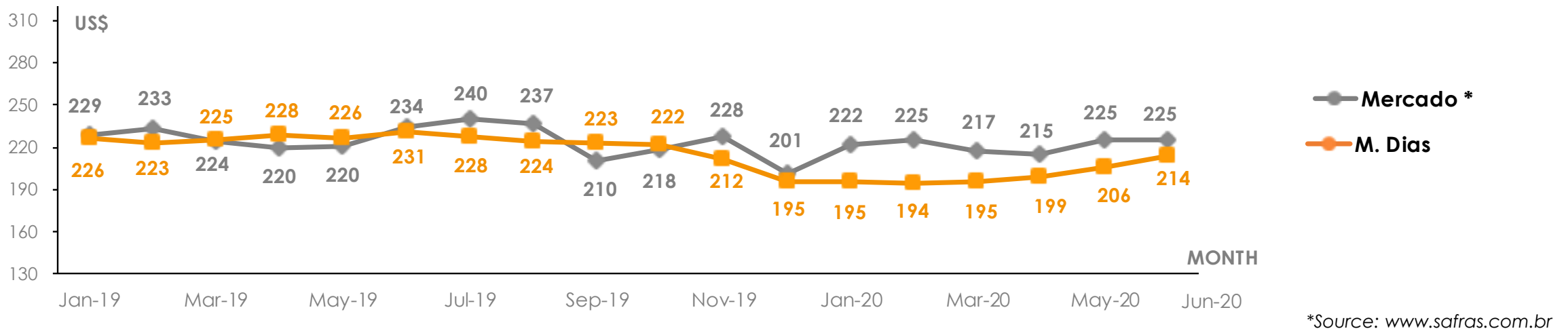
Variation in Production volumes - 2Q20 vs 2Q19 (thousand tons)

Var. of volumes **+20.8%**

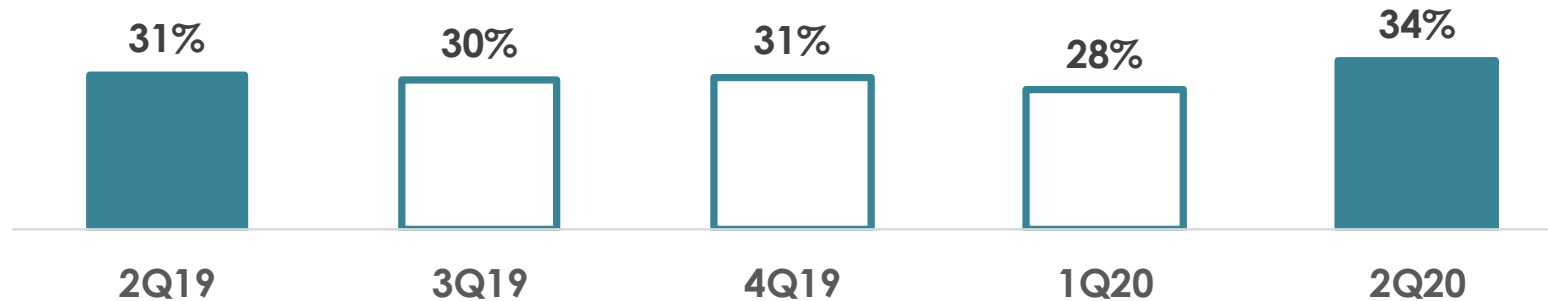


Negative impact on gross margin due to the devaluation of the BRL.

WHEAT
Average price M. Dias Branco Inventory X Market price
US\$ / TON - 2019 and 2020



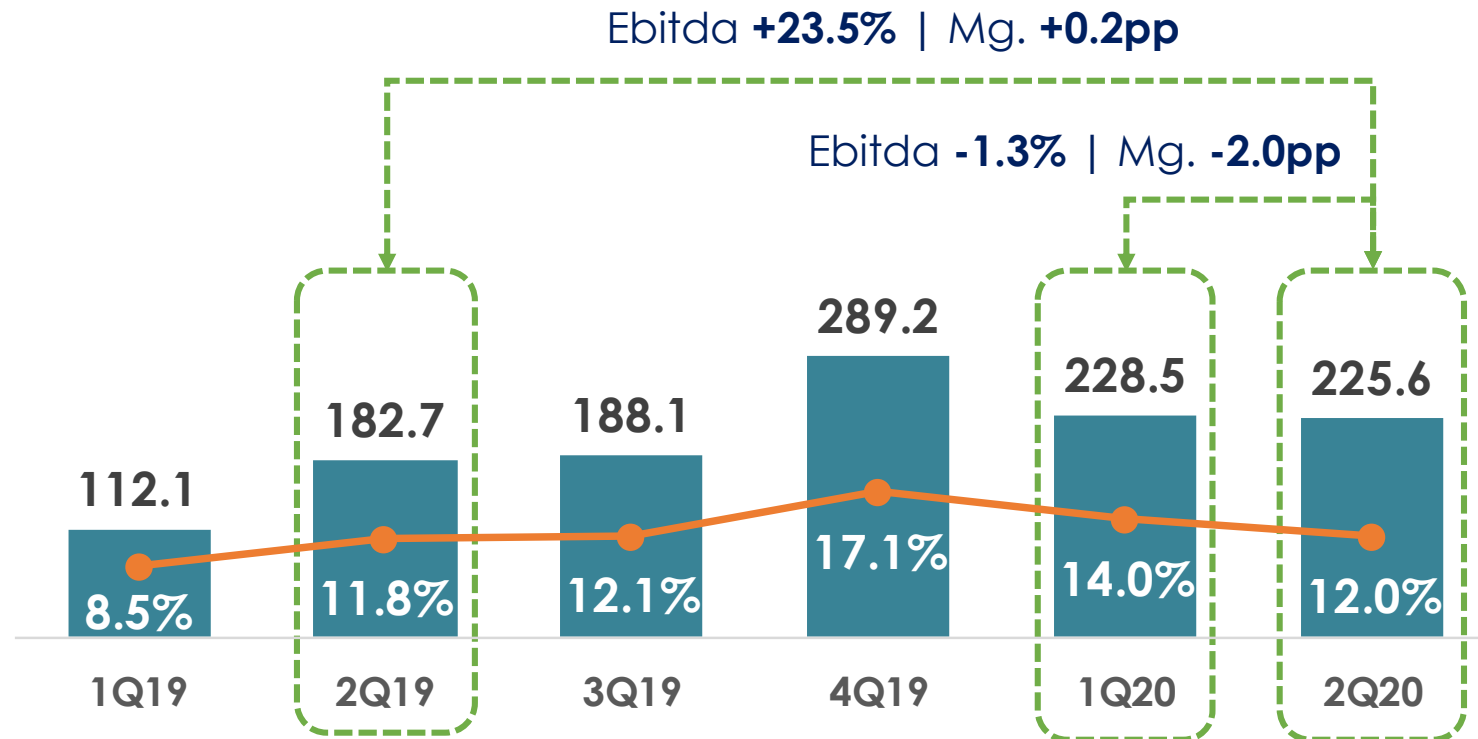
Wheat (% Net Revenue)**



** Internally produced wheat flour + purchased from third parties

R\$ 225.6 million in EBITDA in 2Q20, due to the increase in volumes and strict management of expenses.

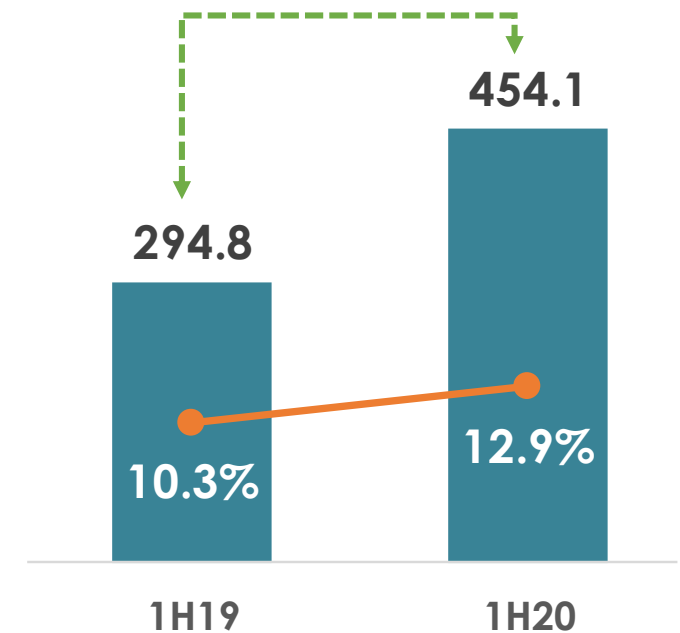
EBITDA Quarter



■ Ebitda ● Ebitda Margin

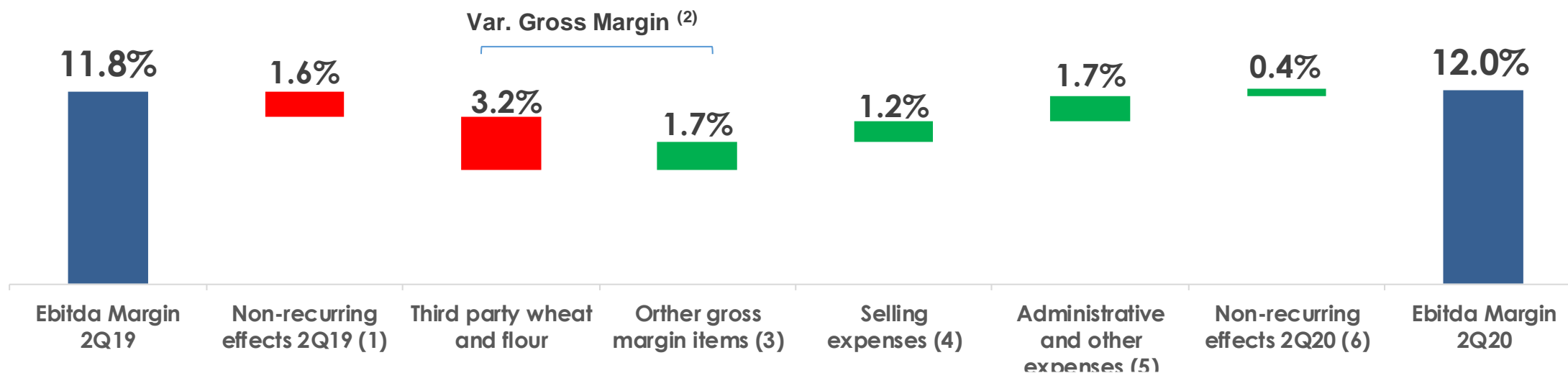
EBITDA Half

Ebitda +54.0% | Mg. +2.6pp



The dilution of fixed costs and the strict management of expenses compensated the negative impact on costs by the BRL devaluation.

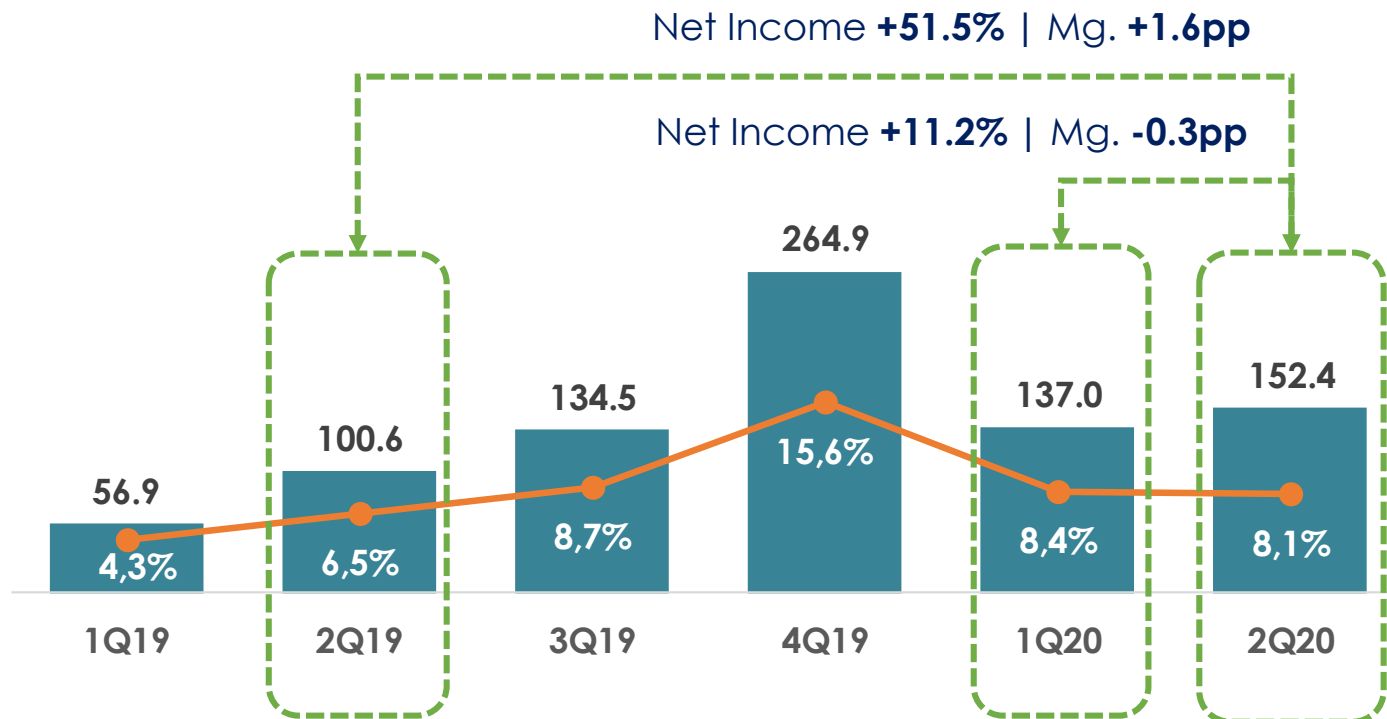
EBITDA Margin Variation (% NR) 2Q20 vs. 2Q19



- Increased verticalization of wheat flour in 2Q20 vs 2Q19 (**99.1% vs. 84.3%**).
- Dilution of fixed sales and administrative expenses.
- Dilution of fixed costs.
- Non-recurring effects in 2Q20: positive (extemporaneous tax credit) and negative, expenses related to the pandemic, restructuring and integration of Piraquê.

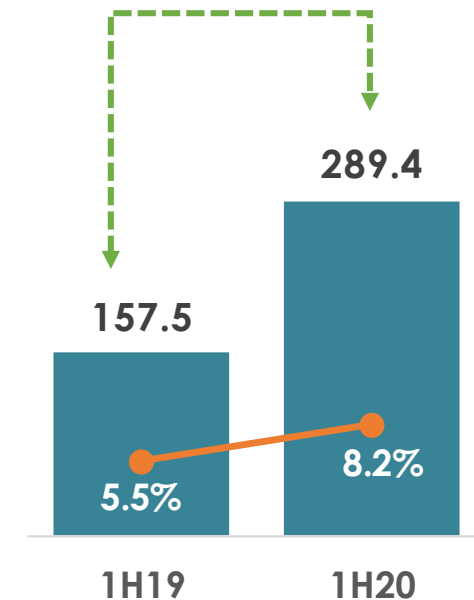
R\$ 152.4 million in Net Income in 2Q20, 51.5% higher than 2Q19, due to the growth in sales and EBITDA.

Net Income Quarter



Net Income Half

Net Income +83.7% | Mg. +2.7pp



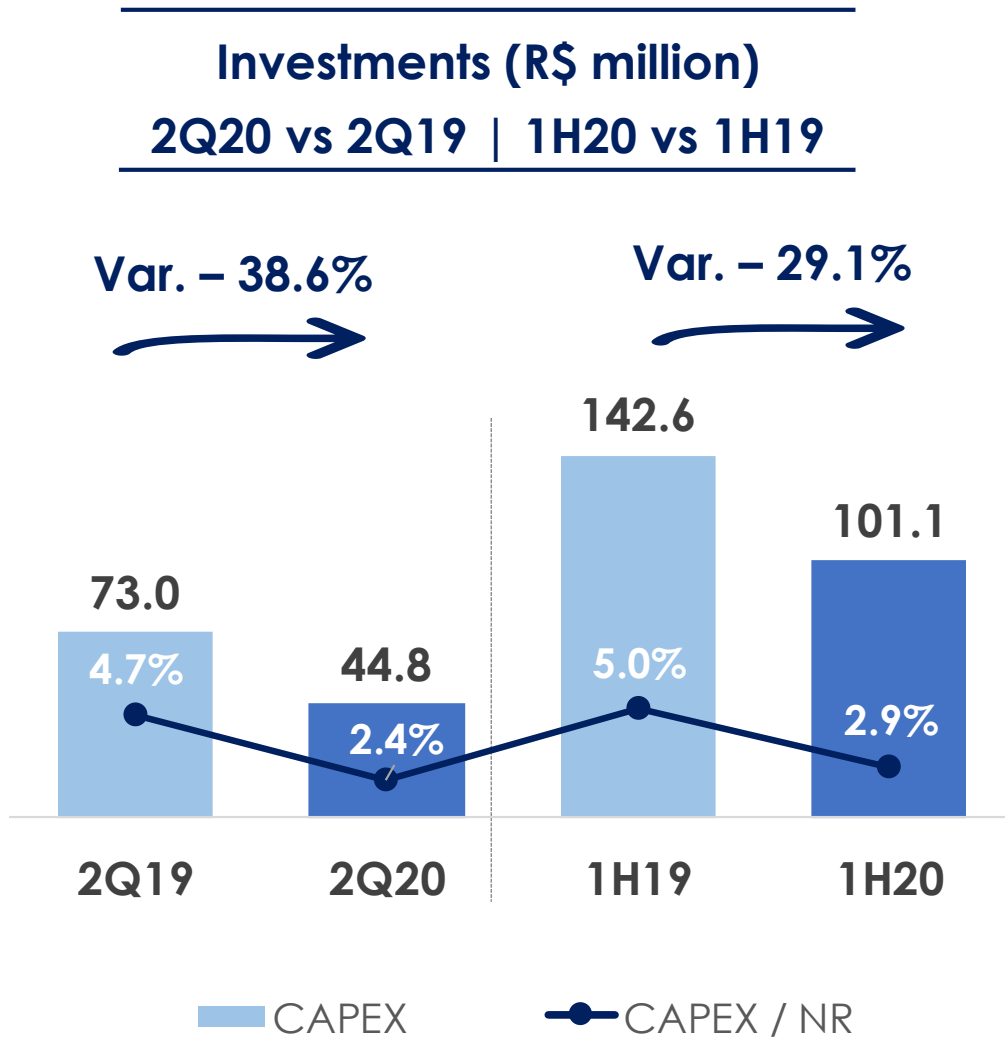
Net Income

Net Income Margin

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Investments

Despite the restrictions imposed by the COVID-19 pandemic, we invested R\$ 44.8 million (-38.6% vs. 2Q19).



Highlights

- Acquisition of equipment for the wheat mill in Bento Gonçalves (RS);
- Adequacy of the CD of the Rio de Janeiro unit;
- Automatic packaging equipment for Fábrica Fortaleza;
- Pasta line for the Piraquê unit;
- Effluent treatment station for the Maracanaú unit; and
- Software deployment.

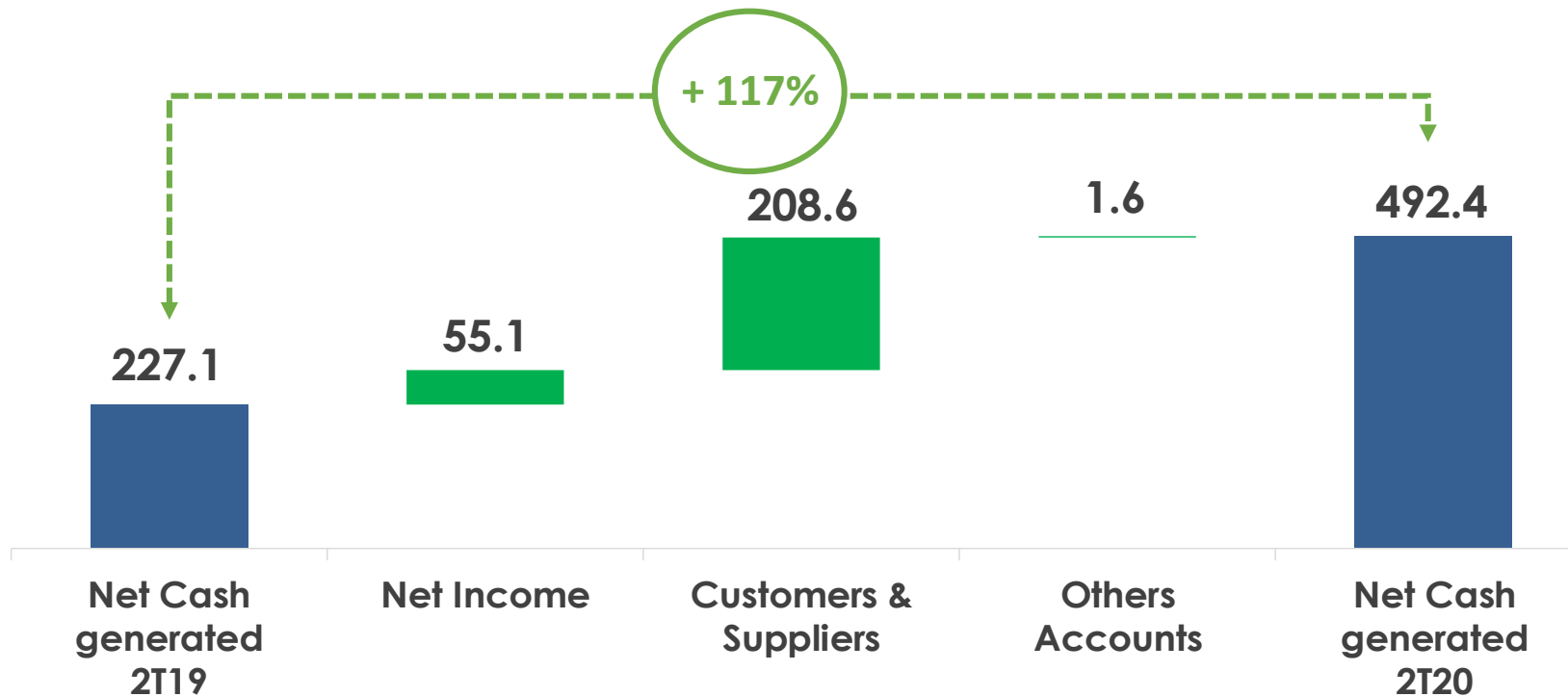
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Net Debt and Net Cash

Historical record of cash generation, with R\$ 492.4 million, due to the growth in results and the improvement in working capital.

Change in Net Cash Generated in Operating Activities (R\$ million)



Highlights

✓ **+7 days**

Increase in the average payment of Suppliers
(25 days 2Q20 vs 19 days 2Q19)

✓ **-6 days**

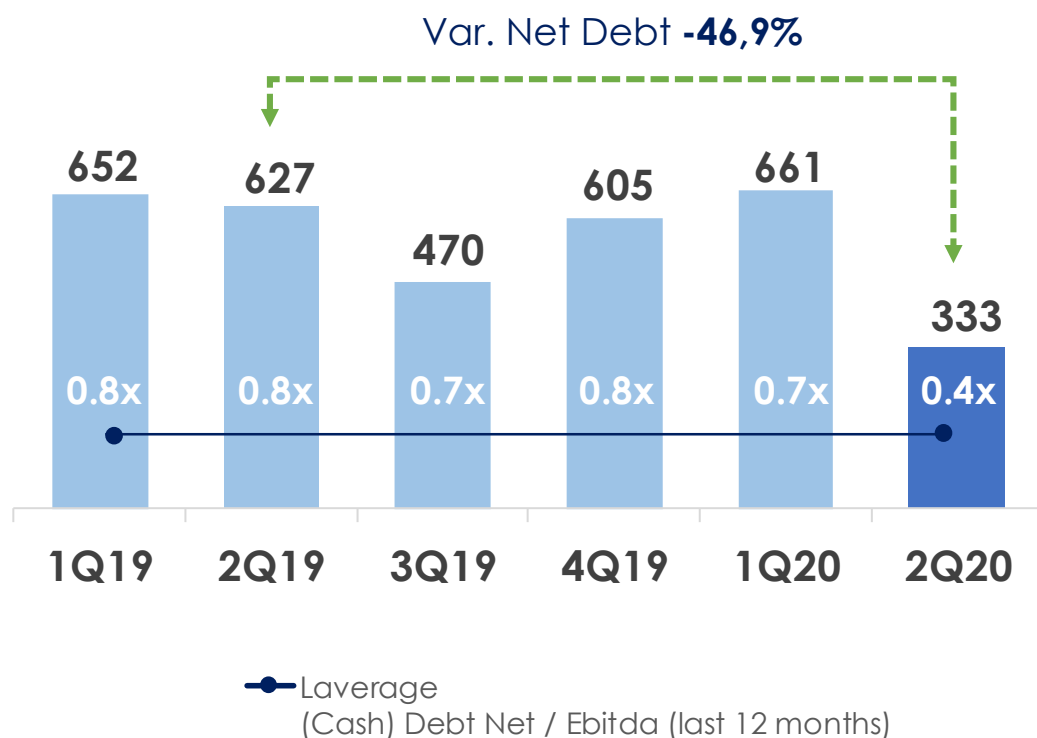
Reduction in the average receipt of Clients
(41 days 2Q20 vs 47 days 2Q19)

✓ **51.5%**

Net Income Growth

In a quarter impacted by the Covid-19 crisis, we continue to demonstrate resilience, with strong cash generation and reduced leverage, reinforcing our solid financial structure.

Net Debt (R\$ million)



Highlights

- ✓ Strong **cash** position of **R\$ 1.4 billion**
- ✓ **R\$ 492.4 million** of net cash generated by operating activities;





Highlights Social and environmentals

Another quarter of advances in our sustainability indicators. On 08/07/2020, the Board of Directors approved our sustainability policy.

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Sustainability Indicators

- ✓ Lower water consumption (m³/ton): **-5,6%**
- ✓ Lower generation of solid waste (kg/ton): **-12.0%**
- ✓ Lower frequency of accidents at work: **-0.1pp**
- ✓ Lower waste recycling index: **-7.2pp**



Rede Brasil

Initiatives and realization

- Adoption of measures to prevent the spread of COVID-19;
- Campaign (**#vocadoaagentedoaa**) created to make the population aware of the importance of blood donation in this period of global health crisis;
- Provision of online courses for employees in the home office regime;
- Since the beginning of the Covid-19 pandemic, we have donated 413.4 tons of food and R\$ 2.4 million to support blood centers.

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Thanks

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