

## CONTINUED GROWTH IN BRAZILIAN LIVE CATTLE EXPORTS

*The segment recorded the highest export growth rate of the bovine sector in 2007. Growth continued in the first quarter of the year.*

The number of animals shipped from Brazil for slaughter abroad increased by 76.3% last year. 2008 also got off to a good start, with cattle shipments moving up 31% year-on-year in the first quarter. The upturn in export revenues was equally impressive: US\$ 68.2 million, versus US\$ 22.5 million in the first three months of 2007.

Minerva is currently the biggest live cattle exporter in Brazil, in turn fourth in the global cattle trade rankings. In 2007, the Company's annual live cattle exports jumped by 305% to R\$ 215.6 million, accounting for 42% of the national total. In 2008, the Company's market share had already reached 67%.

Ronald Aitken, Minerva's Investor Relations Officer, explains that this growth has been important for the Company. "Live cattle exports accounted for only 4% of our revenues in 2006. Last year, they accounted for 13% and we believe the expansion will continue this year, albeit at a more moderate 30 to 40%." Cattle are shipped from ports in the state of Pará and their main destination is Lebanon, one of the world's biggest cattle importers.

The increase in Brazilian average prices for live cattle shipments was considerable: average traded cattle price reached US\$ 1,608 per ton in the first quarter, 100% higher than the US\$ 804 recorded in the first three months of 2007.



### SECTOR CREATES MORE POSSIBILITIES FOR CATTLE-RAISING

The consolidation of Brazil as a live cattle exporter can only benefit the national cattle-raising sector as it opens up yet another sales channel. According to Frederico A. Queiroz, head of Minerva's Live Cattle division, it will create a further source of wealth for the country, especially in the state of Pará, where most animals for export are bred and shipped from.

Queiroz also explains that cattle do not compete with chilled and frozen beef. "The shipment of live cattle is a highly specialized market, where the importing countries have specific cultural, religious or political reasons for acquiring the animals. So exports complement the country's cattle-raising sector and do not compete against it, as some people believe," he declares. "In fact, Brazil is entering a new market that will benefit both cattle-raisers and the country's GDP, as this is new money injected in the economy."

In 2007, live cattle exports generated revenues of US\$ 260 million for the sector. Although this is a substantial

sum, the number of animals shipped abroad is still tiny in comparison with the number slaughtered in the country: 432,000, versus a massive 46 million.

According to Scot Consultoria, live cattle exports accounted for only 1.4% of officially registered slaughtering and less than 1% of the total number of animals slaughtered in Brazil, contradicting the idea suggested by certain sectors that exports would lead to a lack of cattle at home, pushing domestic prices up. "Current prices are being driven by cattle-breeding's own cycle," he explains.

"We are in the midst of an upswing in cattle prices, which should have occurred years back, but was delayed by the FMD outbreak in 2005," continues Queiroz.

For him, the cattle shortage has nothing to do with live cattle exports. "The number of animals shipped abroad is equivalent to the output from, say, two meatpacking plants with a daily slaughtering capacity of 800 heads/day. It is irrelevant and has no impact on cattle supply," he maintains.

#### Indicators

<b>BOVESPA</b> 62,618 (+0.75%)
<b>NASDAQ</b> 2286.04 (+0.44%)
<b>MINERVA (BEEF3)</b> R\$ 7.39 (+0.68%)
<b>SAVINGS</b> 0.60370%
<b>C-BOND</b> 113.375% (+0.05%)
<b>SOVEREIGN RISK</b> 252 Base Rate
<b>EXCHANGE RATIO (USD)</b> R\$ 1.6840 (-0.17%)
<b>OIL</b> Brent: US\$ 109.84 (+1.09%)
<b>FATTENED CATTLE</b> SP - R\$ 78.00 MS - R\$ 73.00 RO - R\$ 68.00 PA - R\$ 68.00 GO - R\$ 69.00 MT - R\$ 70.00
<b>LEAN CATTLE</b> R\$ 830.00
<b>CALF 12m</b> R\$ 620.00
<b>COW</b> R\$ 700.00



# MINERVA S/A

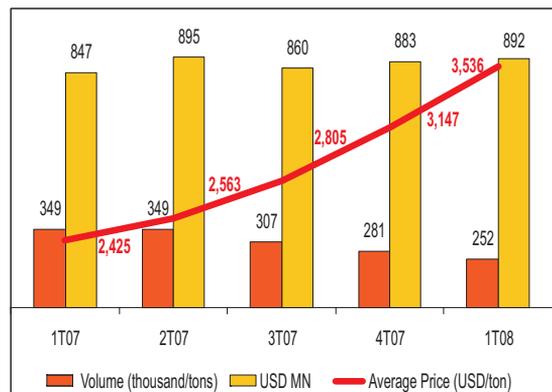
## BRAZILIAN FRESH BEEF EXPORTS

**Reduced volume offset by higher prices**

According to ABIEC (Brazil's beef exporters' association), fresh beef shipments totaled 252,000 tons in the first quarter, generating R\$ 892 million.

Although volume recorded a decline over both the previous quarter and the first three months of 2007, US\$/t prices moved up substantially, resulting in increased revenues.

Whereas in the first quarter of 2007, Brazil exported 349,000 tons at an average price of US\$ 2,425/t, in the first quarter of this year prices averaged US\$ 3,536 (+45.8%). This figure was also 12.4% up on the US\$ 3,147 recorded in the previous three months, despite the EU restrictions introduced in February.



## RUSSIAN ACCREDITATION

The Russian Veterinary Service has authorized new Brazilian establishments to sell fresh beef to Russia.

These include Frigorífico Minerva's plant in Baytaporã (MS) and its distribution center in Olímpia (SP).

Russia currently buys more Brazilian beef than any other country. In 2007, it imported 461,900 tons, generating revenues of US\$ 1 billion – equivalent to 28.8% and 22.6%, respectively, of Brazil's total beef export volume and revenue.

## BRAZILIAN BEEF IN THE UKRAINE

One of the most promising countries vis-à-vis beef consumption, the Ukraine has begun to import fresh beef from Brazil and Minerva is the only meatpacking firm authorized to export the product. According to Management, exports to the country have been increasing and the choice of Minerva as its sole local supplier is a measure of the Company's international credibility, underlining its strategy of opening and consolidating new markets.

### WHOLESALE CUTS TABLE

WHOLESALE - CUTS*	9/April	7d-R\$
Full Chuck	6.10	11.93%
Heart of Rump	8.13	7.97%
Full Rump	7.73	7.67%
Striploin	7.78	8.36%
Silverside	7.33	10.57%
Topside	7.28	5.05%
Hump	6.63	0.76%
Tenderloin	15.13	6.07%
Trin skirts	5.73	0.88%
Eyround	6.98	4.49%
Rump tail	8.03	0.00%
Knuckle	6.98	2.95%
Rump Cap	18.75	2.04%

Fonte: Scot Consultoria (mercado de São Paulo)

## MINERVA UNAFFECTED BY SECTOR IDLE CAPACITY RISKS



Frigorífico Minerva plant in Palmeiras de Goiás

Minerva S.A. was working at 77% capacity throughout the first quarter of 2008. i.e. at normal levels. While some segments of the industry suffered difficulties at the beginning of the year, the Company consolidated its market position despite the economic uncertainties.

The idle capacity problems detected by a number of companies was mainly attributed to the difficulty in acquiring cattle, which meant that many firms were working at between 50 and 60% of total capacity, triggering a series of layoffs. "Minerva does not run this risk as cattle farmers tend to give priority to the bigger and better-capitalized companies in this tight cattle supply market", explains Ronald Aitken, the Company's IRO.

"The fact that we have emerged unscathed from this supposed crisis underlines the correctness of Minerva's cautious expansion strategy and will certainly result in excellent opportunities for consolidation in the near future," says Aitken.