

**Santiago, July 25, 2019** – Athena Foods, the leading natura beef and beef derivatives exporter in South American, also operating in the processed meat segment, announces today its results for the second quarter of 2019.

## MANAGEMENT REPORT

### HIGHLIGHTS 2Q19

- » Athena Foods recorded a Gross Revenue of US\$ 486 milhões in 2Q19, up 18.3% over 1Q19. Of this total, the exports revenue accounted for 77%. The exports results allowed Athena to reach a market share of 12% in the total exported by South America, consolidating Athena's position as the largest beef exporter in the region.
- » Net revenue totaled US\$467.3 million in 2Q19, and the gross profit totaled US\$65.2 million (+ 27% QoQ), reflecting a gross margin of 14%.
- » In 2Q19 the EBITDA totaled US\$ 38.1 million before conversion adjustments, with EBITDA margin of 8.2%. The first half of 2019, the EBITDA totaled US\$ 65.6 million, with a 7.6% EBITDA margin. After the conversion adjustments, the EBITDA of 1H19 totaled US\$ 73.7 milhões with EBITDA margin of 8,5%
- » Athena Foods Net Income reached US\$ 14.9 million, with a net margin of 3.2%. In 1H19, Athena's Net Income totaled US\$ 30 million, with net margin of 3.5%.
- » In June 2019, Athena Foods resumed its deboning activities at Venado Tuerto plant in Argentina, with the start of slaughter operations scheduled for August.

KEY INDICATORS (US\$ million)	2Q19	1Q19	Var.%	1S19
Slaughter Volume (Thousand heads)	446.2	426.6	4.6%	872.8
Capacity Utilization Rate	75.4%	71.5%	3.8 p.p.	73.4%
<b>Gross Revenue</b>	<b>485.6</b>	<b>410.5</b>	<b>18.3%</b>	<b>896.1</b>
Export Market	372.0	295.7	25.8%	667.7
Domestic Market	113,6	114,8	-1.0%	228.4
Slaughter Volume ('000 heads)	<b>467.3</b>	<b>395.8</b>	<b>18.1%</b>	<b>863.1</b>
<b>EBITDA</b>	<b>38.1</b>	<b>27.5</b>	<b>38.5%</b>	<b>65.6</b>
<i>EBITDA Margin (%)</i>	8.2%	7.0%	1.2 p.p.	7.6%
<i>Conversion Adjustments</i>	-0.3	8.4	-103.0%	8.1
<b>Adjusted EBITDA</b>	<b>37.9</b>	<b>35.9</b>	<b>5.5%</b>	<b>73.7</b>
<i>Ajusted EBITDA Margin (%)</i>	8.1%	9.1%	-1.0 p.p.	8.5%
<b>Net Income</b>	<b>14.4</b>	<b>15.6</b>	<b>-7.9%</b>	<b>30.0</b>

Net Margin (%)	3.1%	3.9%	-0.9 p.p.	3.5%
Cash and Cash Equivalents	34.1	47.5	-28.2%	81.5
Net Debt	55.0	42.9	28.1%	97.9

## INDUSTRY OVERVIEW

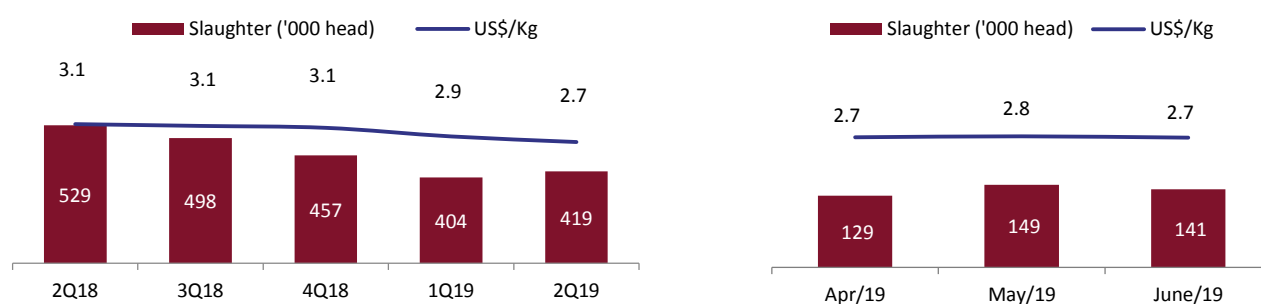
### PARAGUAY

#### Cattle Supply

Slaughter volume totaled 419,000 head of cattle in the second quarter of 2019, up 4% over 1Q19 and down 21% from 2Q18. The year-on-year decline in slaughter volume was due to the continuation of a more intense rainy season, especially in April and May and (ii) adjustments to slaughter volume made by the industry as a result of the herd vaccination period, which reduced the availability of animals.

Despite this scenario, cattle prices averaged US\$2.7/kg in 2Q19, a decline of 5% from 1Q19 and 13% from 2Q18.

Figures 1 and 2 – Cattle Slaughter and Average Cattle Price



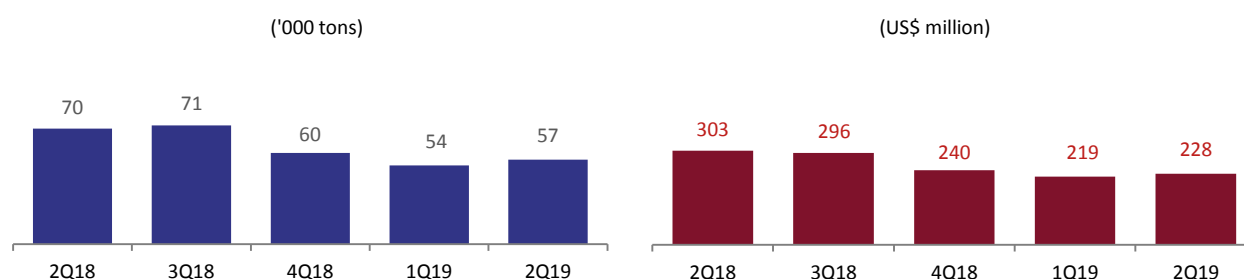
Source: OCIT – Oficina Consultiva y de Investigación Técnica | 2Q19 Preliminary Data

#### Export Market

Paraguay exported around 57,000 tons in 2Q19, 5% higher than in 1Q19. From April to June, export revenue reached US\$228 million in Paraguay, 4% more than in the previous quarter, but 25% less than in the same period last year, in line with the decline in slaughter volume, as explained earlier.

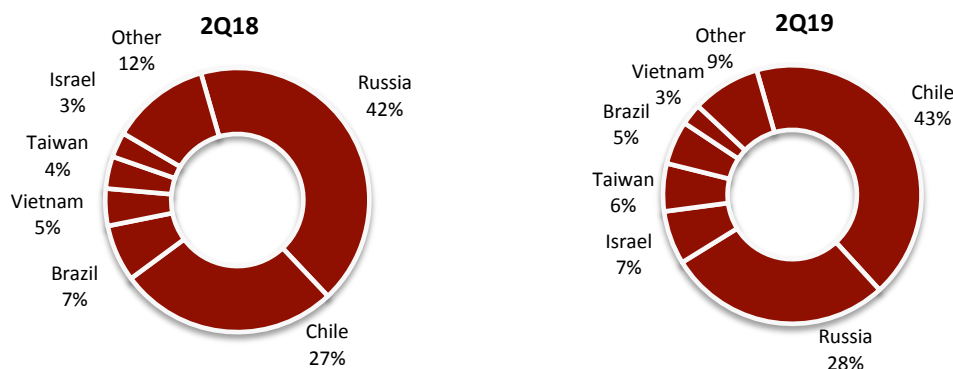
Chile resumed its position as the main destination of Paraguayan exports, with 43% of the total, 16 p.p. more than in 2Q18, while Russia was the second main destination, with 28% of the total, followed by Israel and Taiwan.

Figures 3 and 4 – Fresh Beef Exports



Source: OCIT – Oficina Consultiva y de Investigación Técnica

Figures 5 and 6 – Export Destinations (% of Revenue)



Source: OCIT – Oficina Consultiva y de Investigación Técnica

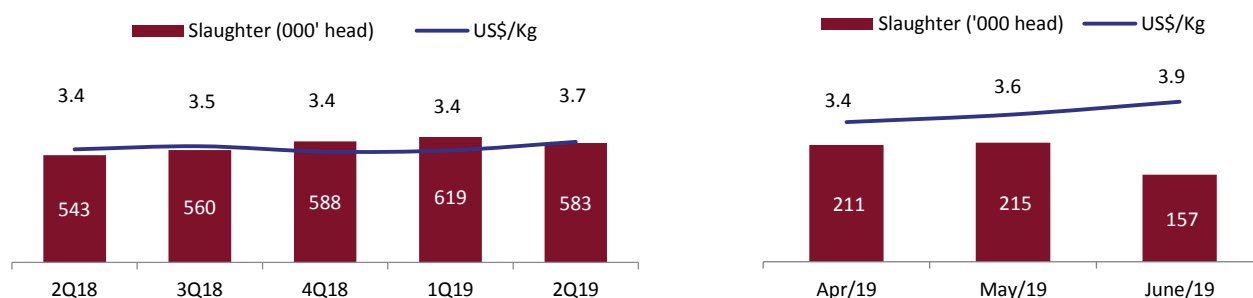
## URUGUAY

### Cattle Supply

Slaughter volume totaled 583,000 head of cattle in Uruguay in the second quarter of 2019, up 7% on 2Q18, but 6% lower than in 1Q19. The quarter was marked by a reduction in slaughter volume in several plants, due to an increase in cattle prices, which reached US\$4.0/kg at the end of June, the highest price among South American exporters. This effect can be seen in slaughter volume in June, which was 27% lower than in the previous month.

In 2Q19, cattle prices averaged US\$3.7/kg, 8% higher than in 1Q19 and up 7% over 2Q18.

Figures 07 and 08 – Cattle Slaughter and Average Cattle Price



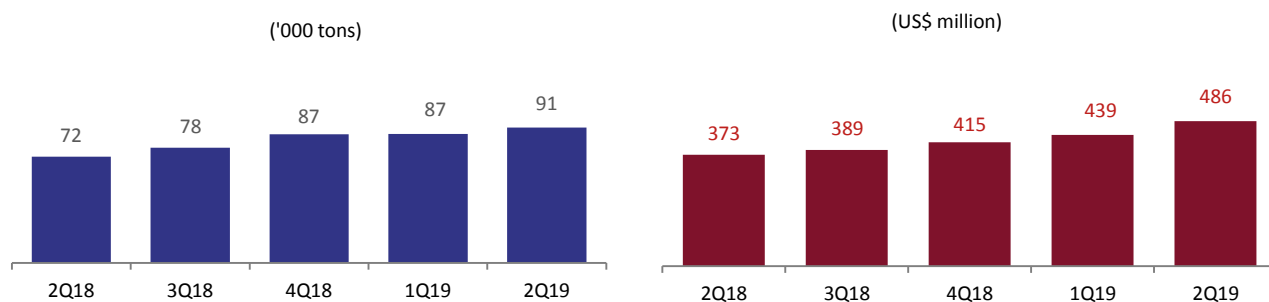
Source: INAC

### Export Market

Uruguayan exports totaled 91,000 tons in 2Q19, moving up 5% over 1Q19 and 27% over 2Q18. Export revenue reached US\$486 million in 2Q19, 11% higher than in 1Q19 and up 30% over 2Q18.

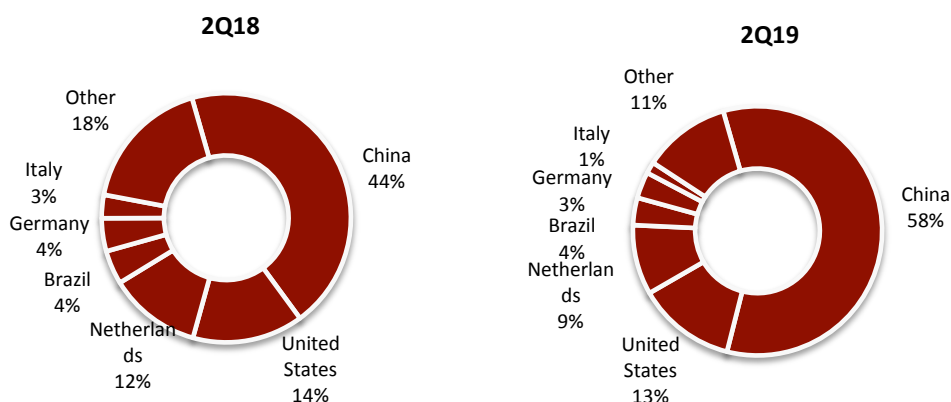
China increased its volume of imports from Uruguay by 54% compared to 2Q18, remaining as the main destination of the country's exports in 2Q19, with 58% of the total (a significant increase of 14 p.p. over 2Q18), followed by the United States and the Netherlands, which accounted for 13% and 9% of the total, respectively.

**Figures 9 and 10 – Fresh Beef Exports**



Source: Penta-transaction

**Figures 11 and 12 – Export Destinations (% of Revenue)**



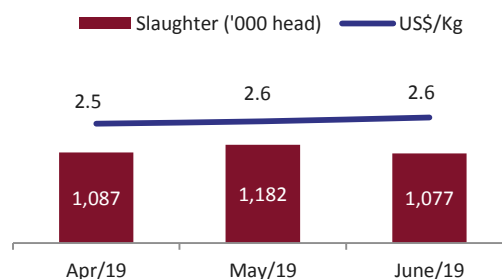
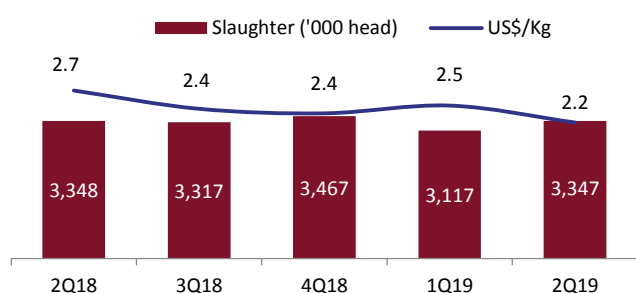
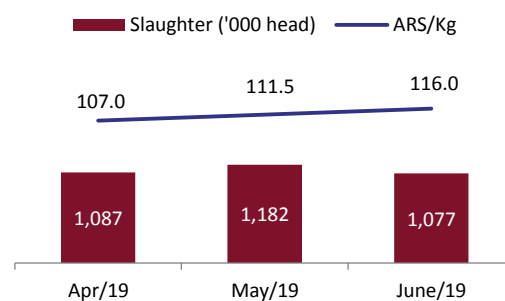
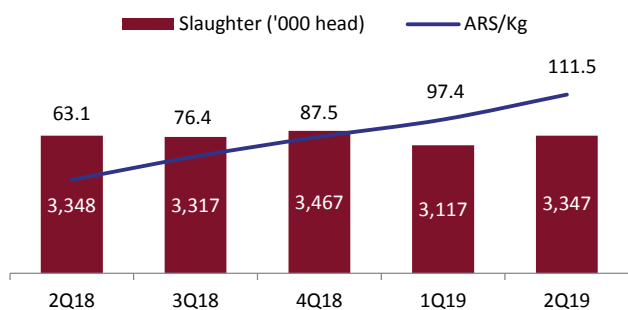
Source: Penta-transaction

**ARGENTINA**

**Cattle Supply**

In 2Q19, slaughter volume reached 3.3 million head in Argentina, 7% more than in 1Q19 and in line with 2Q18. The average price of cattle in Argentina reached ARS111.5/kg, 15% more than in 1Q19 and 75% more than in 2Q18, mainly impacted by inflation. On the other hand, the average dollar price of cattle stood at US\$2.6/kg in 2Q19, falling 6% from 2Q18, but increasing 3% over 1Q19.

**Figures 13,14,15 and 16 – Cattle Slaughter and Average Cattle Price – ARS/kg and US\$/kg**



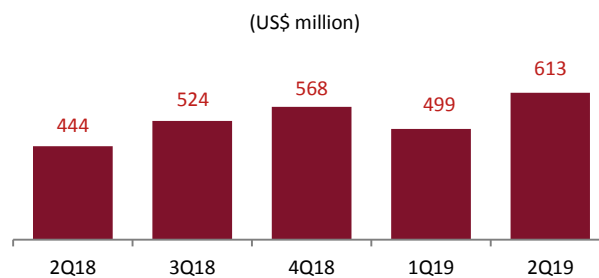
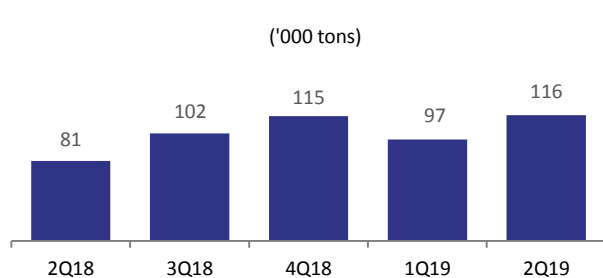
Source: ABC Consortium | 2Q19 Preliminary Data

## Export Market

Argentinian exports reached 116,000 tons in 2Q19, up 19% over 1Q19 and 43% higher than in 2Q18. Export revenue totaled US\$612 million in 2Q19, 23% more than in 1Q19 and up 38% over 2Q18. Argentinean exports were mainly boosted by strong demand from China, whose import volume jumped 96% in the annual comparison.

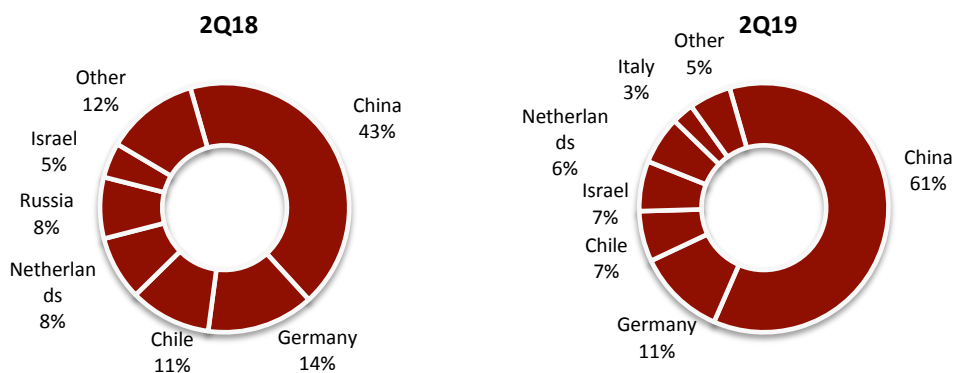
China was once again the main destination of Argentinean exports, accounting for 61% of the total (+18 p.p. vs. 2Q18), followed by Germany and Chile, with 11% and 7% of total export revenue, respectively.

Figures 17 and 18 – Fresh Beef Exports



Source: IPCVA – Instituto de Promoción de La Carne Vacuna Argentina | 2Q19 Preliminary Data

Figures 19 and 20 – Export Destinations (% of Revenue)



Source: IPCVA – Instituto de Promoción de La Carne Vacuna Argentina | 2Q19 Preliminary Data

### Domestic market

Due to the macroeconomic crisis, beef consumption in Argentina has been negatively affected in recent years. Given high prices and a reduced purchasing power, the population is replacing beef with other proteins, such as chicken, pork and other processed foods.

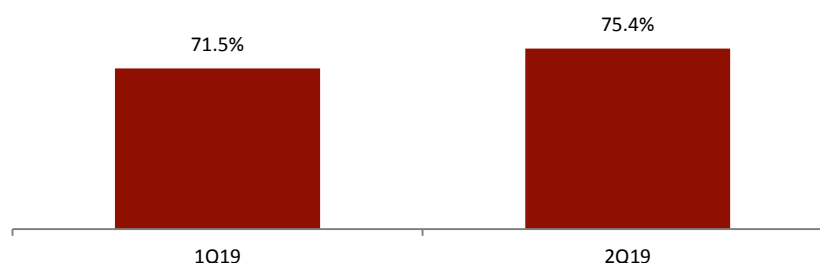
In this scenario, per capita consumption of beef in Argentina, which has historically remained close to 55 kilos, reached approximately 50 kilos in May 2019 (according to the latest data of *Instituto de la Promoción de la Carne Vacuna Argentina* – IPCVA and the Argentinean Ministry of Agroindustry), while per capita consumption of chicken, which stood at 38 kilos until February 2018, reached 45 kilos in May 2019.

## RESULTS ANALYSIS

### Slaughter

In 2Q19, slaughter volume totaled 446.2 thousand heads, up 5% when compared to 1Q19. Utilization rate was 75.4%, an increase of 3.9 percentage points over 1Q19.

Figure 21 - Capacity Utilization Rate



### Gross Revenue

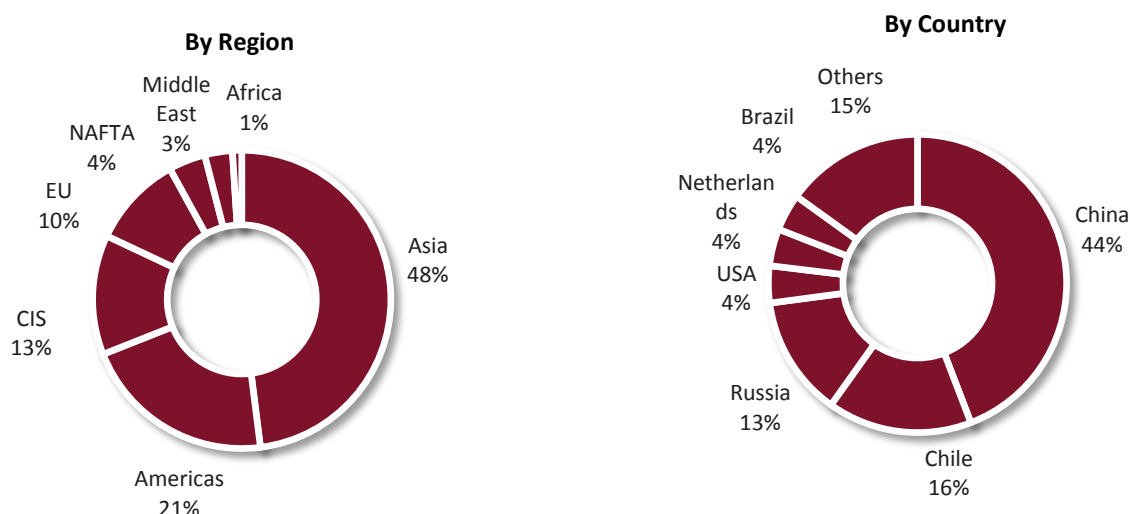
Gross revenues from the Athena Foods operations amounted to US\$ 485.6 million in 2Q19. Of this amount, US\$ 372.0 million derived from exports while US\$ 113.6 million came from sales in the domestic market.

### **Export Market – 77% of Athena Foods' Gross Revenue in 2Q19**

The result of exports in 2Q19 was a reflection of Athena Foods' strong sales volume to Asia, mainly to China, through operations in Argentina and Uruguay. Another highlight was the good performance of Paraguay's exports to Chile and Russia.

Below is the evolution of revenue from Athena's exports in 2Q19

Figures 22 and 23 - Breakdown of Export Revenue (% of Gross Revenue)

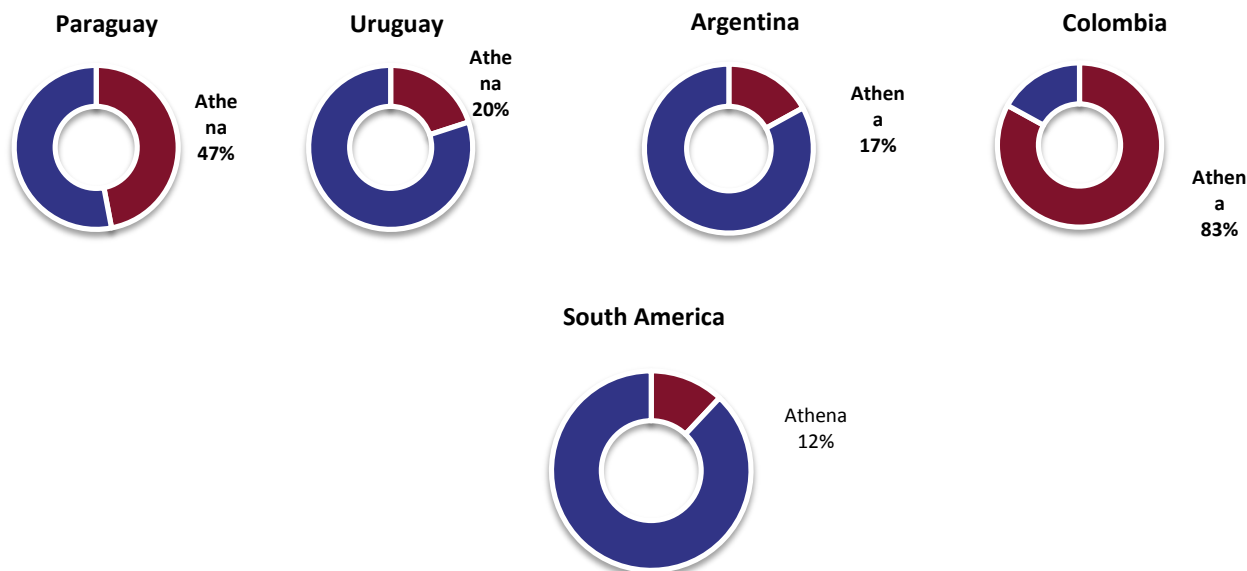


Source: Minerva

### Market Share – South America

In 2Q19, the Company's market share in South American exports totaled 12%, consolidating Athena Foods as the leader in beef exports in the continent.

Figure 24 – Market Share 2Q19 (% of Revenue)



Sources: Minerva, INAC, SENACSA, IPCVA and DANE

### Domestic Market – 23% of Athena Foods' Gross Revenue in 2Q19

Sales from domestic markets where Athena Foods operates totaled 49.0 thousand tons in 2Q19, down 18.0% from 1Q19. This was due to the reduction of by-products in the domestic market, as a result of the reroute of these products to the exports, especially to Asian countries.

Follow below the breakdown of the sales volume in the export and domestic market:

Volume ('000 tons)	2Q19	1Q19	Var.%	1H19
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Fresh beef – EM	90.6	64.5	40.4%	155.1
Byproducts – EM	28.4	20.3	40.2%	48.7
Processed foods – EM	0.1	0.2	-40.0%	0.4
<b>Subtotal – EM</b>	<b>119.2</b>	<b>85.0</b>	<b>40.1%</b>	<b>204.2</b>
Fresh beef – DM	19.0	19.0	0.0%	38.0
Byproducts – DM	20.6	29.6	-30.4%	50.1
Processed foods – DM	9.4	11.1	-15.8%	20.5
<b>Subtotal – DM</b>	<b>49.0</b>	<b>59.7</b>	<b>-18.0%</b>	<b>108.7</b>
<b>Total</b>	<b>168.1</b>	<b>144.8</b>	<b>16.2%</b>	<b>312.9</b>

## Income Statement

<b>Income Statement (US\$ million)</b>	<b>2Q19</b>	<b>1Q19</b>	<b>Var.%</b>	<b>1H19</b>
<b>Gross Revenue</b>	<b>485.6</b>	<b>410.5</b>	<b>18.3%</b>	<b>896.1</b>
<i>Export Market</i>	<i>372.0</i>	<i>295.7</i>	<i>25.8%</i>	<i>667.7</i>
<i>Domestic Market</i>	<i>113.6</i>	<i>114.8</i>	<i>-1.0%</i>	<i>228.4</i>
<i>Deductions from Revenues</i>	<i>-18.3</i>	<i>-14.6</i>	<i>25.1%</i>	<i>-32.9</i>
<b>Net Revenue</b>	<b>467.3</b>	<b>395.8</b>	<b>18.1%</b>	<b>863.1</b>
<i>Cost of Goods Sold (COGS)</i>	<i>-394.4</i>	<i>-344.4</i>	<i>14.5%</i>	<i>-738.8</i>
<b>Gross Profit</b>	<b>72.9</b>	<b>51.5</b>	<b>41.7%</b>	<b>124.4</b>
<i>Selling, General and Administrative Expenses and Other Operating Income/Expenses</i>	<i>-40.4</i>	<i>-35.5</i>	<i>14.0%</i>	<i>-75.9</i>
<i>Financial Expenses</i>	<i>-4.7</i>	<i>-3.0</i>	<i>55.7%</i>	<i>-7.8</i>
<i>Financial Income</i>	<i>0.19</i>	<i>0.23</i>	<i>-18.1%</i>	<i>0.4</i>
<i>Exchange Rates and Monetary Variation</i>	<i>-12.9</i>	<i>6.2</i>	<i>-306.0%</i>	<i>-6.6</i>
<b>Financial Result</b>	<b>-17.4</b>	<b>3.4</b>	<b>-607.4%</b>	<b>-14.0</b>
<i>Income Tax and Other Taxes</i>	<i>-0.7</i>	<i>-3.8</i>	<i>-81.4%</i>	<i>-4.6</i>
<b>Net Income</b>	<b>14.4</b>	<b>15.6</b>	<b>-7.9%</b>	<b>30.0</b>

## EBITDA

<b>EBITDA (US\$ million)</b>	<b>2Q19</b>	<b>1Q19</b>	<b>Var.%</b>	<b>1H19</b>
<b>Net Income</b>	<b>14.4</b>	<b>15.6</b>	<b>-7.9%</b>	<b>30.0</b>
<i>Financial Result</i>	<i>17.4</i>	<i>-3.4</i>	<i>-607.4%</i>	<i>14.0</i>
<i>Income Tax and Other Taxes</i>	<i>0.7</i>	<i>3.8</i>	<i>-81.4%</i>	<i>4.6</i>
<i>Depreciation and Amortization</i>	<i>5.6</i>	<i>11.5</i>	<i>-51.3%</i>	<i>17.1</i>
<b>EBITDA</b>	<b>38.1</b>	<b>27.5</b>	<b>38.5%</b>	<b>65.6</b>
<i>EBITDA Margin (%)</i>	<i>8.2%</i>	<i>7.0%</i>	<i>1.2 p.p.</i>	<i>7.6%</i>
<i>Conversion Adjustments</i>	<i>-0.3</i>	<i>8.4</i>	<i>-103.0%</i>	<i>8.1</i>
<b>Adjusted EBITDA</b>	<b>37.9</b>	<b>35.9</b>	<b>5.5%</b>	<b>73.7</b>

Adjusted EBITDA Margin (%)	8.1%	9.1%	-1.0 p.p.	8.5%
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### Sales, General & Administrative Expenses

Expenses (US\$ milhões)	2Q19	1Q19	Var.%	1H19
Sales Expenses	-29.8	-24.8	20.3%	-54.6
% of Net Revenues	6.4%	6.3%	0.1 p.p.	6.3%
General & Administrative Expenses	-10.9	-10.6	2.8%	-21.4
% of Net Revenues	2.3%	2.7%	-0.3 p.p.	2.5%

### Indebtedness

Indebtness (US\$ million)	jun/19	mar/19	Var.%
Gross Debt	89.0	90.4	-1.5%
Short-term Debt	73.6	69.2	6.4%
Long-term Debt	15.4	21.2	-27.2%
Cash and Cash-Equivalents	34.1	47.5	-28.2%
Net Debt	55.0	43.0	28.1%

### Net Result

Company's net result accounted for US\$ 14.4 million by 2Q19, with a net margin of 3.1%.

Net Result (US\$ million)	2Q19	1Q19	Var.%	1H19
Net Result before income taxes	15.1	19.4	-22.4%	34.5
Income Taxes	-0.7	-3.8	-81.4%	-4.6
Net Result	14.4	15.6	-7.9%	30.0
Net Margin	3.1%	3.9%	-0.9 p.p.	3.5%

### Free Cash Flow

In 2Q19 Athena's Free Cash Flow was mainly impacted by the following factors: (i) US\$29.2 million working capital consumption, due to the higher slaughter volume compared to the previously quarter, the beginning of deboning in Venado Tuerto and higher exposure to Asia (in particular, China), which requires longer payment terms, extending the cash conversion cycle, and; (ii) investment totaling US \$ 7.8 million, especially due to the start of deboning operations at the Venado Tuerno unit in Argentina last June.

FCL (US\$ million)	2Q19	1Q19	Var.%	1H19
Adjusted EBITDA	37.9	35.9	5.5%	73.7

<i>Capex</i>	-7.8	-2.6	198.8%	-10.4
<i>Interest payment</i>	-4.6	-2.8	61.7%	-7.4
<i>Working Capital</i>	-29.2	-1.6	1725.0%	-30.8
<b>Free Cash Flow</b>	<b>-3.7</b>	<b>28.9</b>	<b>-112.7%</b>	<b>25.2</b>