

# EARNINGS RELEASE

**Barretos, February 18, 2020** – Minerva S.A. (BM&FBOVESPA: BEEF3 | OTC - Nasdaq International: MRVSY), the South American leader in the export of fresh beef and cattle byproducts, which also operates in the processed foods segment, announces today its results for the fourth quarter and full year of 2019. The financial and operational information herein is presented in BRGAAP and Brazilian reais (R\$), in accordance with International Financial Reporting Standards (IFRS).

## 4Q19 AND 2019 HIGHLIGHTS

### Minerva (BEEF3)

Price on 02/17/2020:

R\$12.25

Market cap:

R\$5,948.1 million

485.558.919 shares

Free Float:

54.3%

### Conference Call

February 18, 2019

#### Portuguese

10:00 a.m. (Brasília)

8:00 a.m. (US EST)

Phone: +55 (11) 2188 0155

Code: Minerva

#### English

10:00 a.m. (Brasília)

8:00 a.m. (US EST)

Phone: +1 (646) 843-6054

Code: Minerva

#### IR Contacts:

Edison Ticle

Danilo Cabrera

Kelly Barna

Matheus Oliveira

Luiza Puoli

Phone: (11) 3074-2444

[ri@minervafoods.com](mailto:ri@minervafoods.com)

- » Free cash flow after financial expenses, Capex and working capital was positive for the eighth consecutive quarter, totaling R\$92.0 million after non-recurring expenses in 4Q19. In 2019, free cash flow adjusted for non-recurring expenses totaled R\$787.0 million.
- » Financial leverage, measured by the net debt/LTM EBITDA ratio, including the net proceeds of the share offering completed in January 2020 (R\$999.6 million), reached 2.8x, the lowest level in the past few years.
- » Minerva's consolidated gross revenue reached a record of R\$18,197.4 million in 2019, 6% higher than in 2018. In 4Q19, Minerva's gross revenue totaled R\$5,162.6 million, 5% more than in 4Q18. The Brazilian Industry Division contributed R\$2.6 billion, or 51% of total gross revenue, while the Athena Foods Division brought in R\$2.1 billion, or 41% of the total, and the Trading Division generated the remaining R\$439.6 million, or 9% of the total, in 4Q19. In 2019, exports accounted for 66% of gross revenue, maintaining Minerva's position as the leading beef exporter in South America, with a market share of approximately 20% in the continent.
- » Net revenue reached R\$4.9 billion in 4Q19, up 5% year on year. In 2019, net revenue amounted to R\$17.1 billion, 6% higher than in 2018.
- » Adjusted EBITDA was at an all-time high of R\$603.3 million in 4Q19, soaring 30% over 4Q18 and 33% over 3Q19, with an EBITDA margin of 12.4% in 4Q19, 240 bps higher than in 4Q18. In 2019, adjusted EBITDA reached an all-time high of R\$1.7 billion, with a margin of 10.2%, 70 bps higher than in 2018.
- » Net income totaled R\$243.6 million in 4Q19, with a net margin of 5.0%, reversing the loss accumulated in the year. In 2019, net income totaled R\$16.2 million.
- » On January 23, 2020, the Company successfully completed the primary and secondary follow-on offering of 95 million shares (80 million shares in the primary offering and 15 million in the secondary offering), at R\$13.00 per share. The proceeds of the primary offering, in the amount of R\$1,040 million, will be fully allocated to debt repayments and improving Minerva's capital structure.
- » On February 18, the Board of Directors approved the Company's new Income Allocation Policy, which allows for the possibility of paying additional dividends whenever leverage, measured by the net debt/EBITDA ratio, closes the fiscal year at 2.5x or less.

## MESSAGE FROM MANAGEMENT

2019 consolidates South American position as the main player on beef global market, and the 4Q19 results ratifies this prolific momentum for the continent producers. In the last quarter of 2019, Minerva's profitability reached an all-time high, with a record EBITDA margin of 12.4% and net income of R\$243.6 million. In 2019, net revenue totaled R\$17.1 billion and EBITDA reached a record of R\$1.7 billion.

Free cash flow generation, a priority for Minerva, was positive for the eighth consecutive quarter, reaching R\$787.0 million in 2019. It is worth noting that, in the 2018-2019 biennium, Minerva's free cash flow totaled R\$1.5 billion, which allowed the Company to achieve the lowest leverage level in recent years, a net debt/EBITDA ratio of 2.8x, in line with Company deleverage commitment.

Minerva's excellence in operating, financial and commercial management, gives the Company important competitive advantages. The mitigation of sanitary and commercial barriers through our operational excellence and geographic diversification, our risk management policy that seeks to reduce volatility, allied to our sustainability policy (ESG), sector benchmark and a notorious entry barrier in the industry, are important drivers which to distinguish the Company.

The expansion of opportunities to South American producers becomes evident on every opening of new market. Recently, we can highlight: the access to USA through Argentina, Japan opening its market to Uruguayan beef, Saudi Arabia certifying exports through Uruguay, Paraguay and Colombia. For Brazilian beef, recently the opening of Indonesia, one of the largest markets for *halal* cuts in the world, and also the new allowances to Chinese market, increasing our consolidated exposure by 54% (Brazilian Division and Athena): seven plants with a slaughter capacity of 9,940 head/day. This movement signals the consolidation of South America as the main beef supplier to the world, and benefits Minerva due to its geographic diversification and unique operation footprint.

Strong Chinese demand, driven by the African swine fever outbreak that decimated almost 50% of the local pig herd, played a major role in the market in 2019, especially in the fourth quarter. In 2019, 46% of Athena Foods' export revenue came from Asia, especially China, an increase of 10 percentage points over 2018. In the Brazilian Industry Division, Asia accounted for 39% of export revenue in 2019, 12 percentage points more than 2018, an immediate impact of the new authorizations to export beef to China.

In order to maximize the opportunities in the Asian continent, we announced in October a joint venture with Chinese partners designed to meet the growing demand in the region, expanding our distribution channels, developing new opportunities on brand, products and services, thus moving forward in the beef value chain. We believe that the JV, is a crucial step to position Minerva in a singular way on Asia fast-growing market.

The outlook for the coming quarters remains very positive: the effects of the African swine fever outbreak and the weather problems which have been impacting beef production in Australia, should continue to unlock opportunities and directly benefit South American beef producers. In this context, Minerva due to its geographic diversification stands out as one of the main global players and consolidate its position as the main South American beef exporter, with a 2019 market share of approximately 20%.

In face of this such promising landscape, Minerva's strategy seeks to increase our competitive advantages, investing in innovation, business intelligence and risk management, enhancing our business model and reducing Company's financial and operational risks, integrating our operations, in order to increase opportunities in markets with consistent growing perspectives, such as emerging countries and also, to take advantage of Australia's weaknesses, occupying its share in the global beef market.

Finally, I would like to thank Minerva's 18,000 employees for the results achieved in 2019, and we open 2020 confident on the industry positive outlook, reaffirming our commitment to capital discipline, ethical and sustainable practices, as we believe this is the way to create long-term value.

**Fernando Galletti de Queiroz, CEO**

## RESULTS ANALYSIS

### Key Consolidated Indicators

R\$ Million	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Total slaughter ('000 head)	901.5	869.6	3.7%	943.9	-4.5%	3,548.2	3,432.1	3.4%
Slaughter - Brazil	457.5	424.8	7.7%	485.6	-5.8%	1,773.1	1,687.6	5.1%
Slaughter - Athena Foods	444.0	444.8	-0.2%	458.3	-3.1%	1,775.1	1,744.6	1.8%
Total sales volume ('000 tons)	289.5	286.5	1.1%	312.0	-7.2%	1,158.6	1,085.1	6.8%
Volume - Brazil	155.7	152.3	2.2%	170.4	-8.7%	607.9	580.7	4.7%
Volume - Athena Foods	133.9	134.2	-0.2%	141.6	-5.5%	550.7	504.5	9.2%
Gross revenue	5,162.6	4,925.7	4.8%	4,790.7	7.8%	18,197.4	17,225.6	5.6%
Export market	3,530.2	2,975.9	18.6%	3,266.5	8.1%	12,090.2	10,658.5	13.4%
Domestic market	1,632.4	1,949.8	-16.3%	1,524.2	7.1%	6,107.3	6,567.1	-7.0%
Net revenue	4,859.7	4,610.1	5.4%	4,511.2	7.7%	17,122.8	16,214.9	5.6%
Adjusted EBITDA	603.3	462.8	30.4%	454.5	32.7%	1,750.6	1,550.4	12.9%
Adjusted EBITDA margin	12.4%	10.0%	2.4 p.p.	10.1%	2.3 p.p.	10.2%	9.6%	0.7 p.p.
Net debt/LTM EBITDA <sup>(1)</sup>	2.8	3.9	1.1	3.8	-1.0	2.8	3.9	-1.1
Net income (loss)	243.6	-92.1	n.a	-82.7	n.a	16.2	-1,264.8	-101.3%

(1) The calculation uses the net proceeds of the primary share offering completed in January 2020, totaling R\$999.6 million.

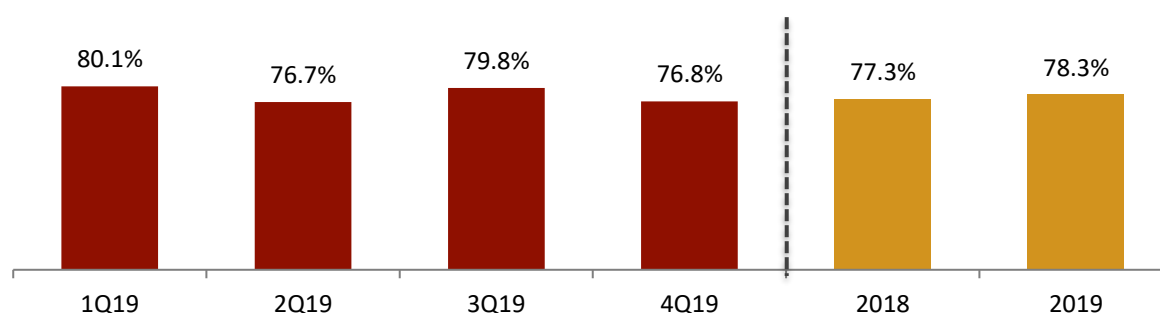
## Results by Division

### Slaughter

#### BRAZILIAN INDUSTRY DIVISION

Slaughter volume at the Brazilian Industry Division came to 1,773,100 head of cattle in 2019, up 5.1% over 2018, while the capacity utilization rate stood at 78.3%, 100 bps higher than in 2018. This result was due to strong export volume, driven by growing demand in emerging markets, especially in China. In 4Q19, slaughter volume at the Brazilian Industry Division totaled approximately 458,000 head of cattle, with a capacity utilization rate of around 77%.

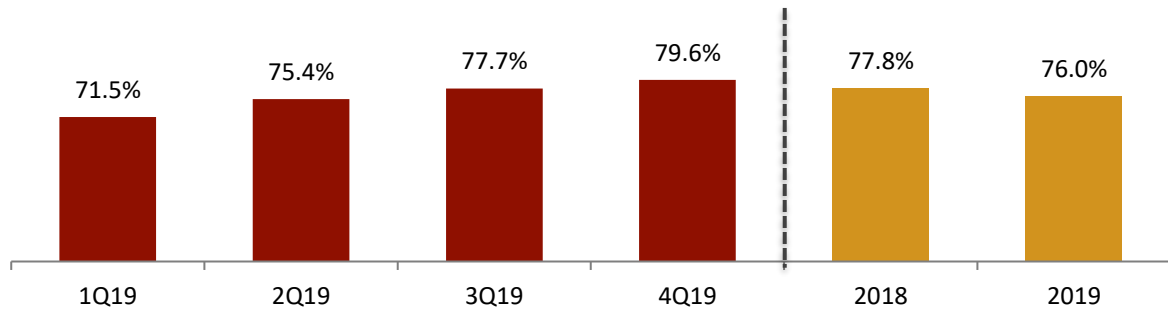
Figure 1 - Installed Capacity Utilization



Source: Minerva

**ATHENA FOODS**

Slaughter volume at the units that make up Athena Foods totaled 1,775,100 head of cattle in 2019, 2% higher than in 2018, while the capacity utilization rate reached 76.0%. In 4Q19, slaughter volume totaled 444,000 head of cattle, flat over 4Q18, with a capacity utilization rate of 79.6%. This result also reflects the strong demand from emerging countries, mainly in China, that boosted the Division's exports.

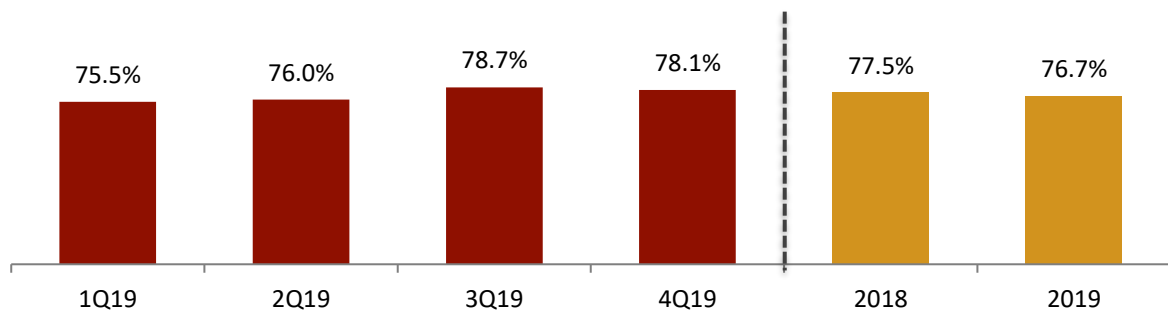


Source: Minerva

**MINERVA CONSOLIDATED**

Consolidated slaughter volume totaled 3,548,200 head of cattle in 2019, up 3.4% over 2018, while the consolidated capacity utilization rate reached 76.7%. In 4Q19, slaughter volume came to 901,500 head of cattle, 3.7% higher than in 4Q18, with a capacity utilization rate of 78.1%.

**Figure 3 - Installed Capacity Utilization - Consolidated**



Source: Minerva

**Gross Revenue by Division**

**BRAZILIAN INDUSTRY DIVISION**

Gross revenue from the Brazilian Industry Division totaled R\$8.5 billion in 2019, 13.7% higher than in 2018. Gross revenue from the Brazilian Industry Division amounted to R\$2.6 billion in 4Q19, up 27.9% over 4Q18 and 11.5% higher than in 3Q19.

**Export Market – 68.6% of Gross Revenue from the Brazilian Industry Division in 4Q19 | 66.8% in 2019**

Exports from the Brazilian Industry Division brought in revenue of R\$5,682.4 million in 2019, 15.3% more than in 2018, and R\$ 1,790.3 million in 4Q19, up 38.5% over 4Q18 and 15.5% higher than in the previous quarter.

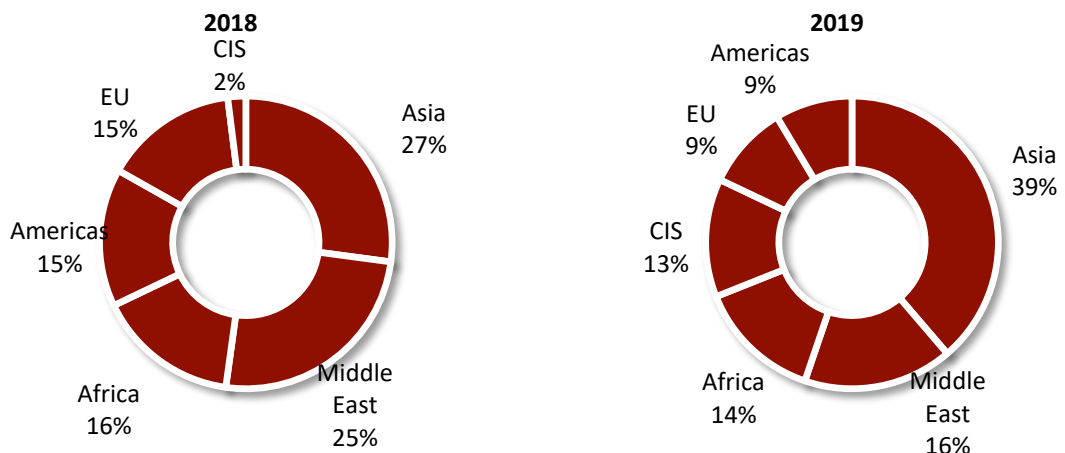
In 2019, the Company benefited from the positive momentum of Brazilian exports, mainly driven by growing demand in emerging markets, especially in China. Since the beginning of the year, China has been increasing its demand for beef, due to the progress of the African swine fever outbreak. Between September and November, 22 new Brazilian plants were authorized to export beef, as a result of growing demand. In this scenario, the Brazilian Industry Division increased its exposure to the Chinese market, operating three industrial units, with a total slaughter capacity of 4,300 head/day. On a consolidated basis, i.e. considering the Brazilian Industry Division and the Athena Foods Division, we have seven plants authorized to export to China, with a total slaughter capacity of 9,940 head/day, 54% higher than in September 2019.

In this scenario, Asia continued to be the main destination of the Brazilian Industry Division, accounting for 39% of Minerva’s total export revenue, 12 p.p. more than in 2018.

We present below the Brazilian Industry Division’s exports by region in 2018 and 2019:

- » **Africa:** Africa accounted for 14% of this division’s exports in 2019, down 2 p.p. from 2018.
- » **Americas:** The Americas was the destination of 9% of this division’s exports in 2019, down 6 p.p. from 2018.
- » **Asia:** Asia was the destination of 39% of this division’s exports in 2019, 12 p.p. more than in 2018. The substantial increase was due to strong demand in Asia, especially in China, which accounted for 26% of total exports. As a result, Asia continues to be the main market of the Brazilian Industry Division.
- » **CIS (Commonwealth of Independent States):** The Commonwealth of Independent States, represented mainly by Russia, was the destination of 13% of this division’s exports in 2019, an increase of 11 p.p. over 2018, driven by the resumption of Brazilian exports to Russia, which were restricted in 2018.
- » **Europe:** Europe accounted for 9% of this division’s exports in 2019, a decline of 6 p.p. from 2018.
- » **Middle East:** In 2019, the Middle East was the second main destination of this division’s exports, with 16% of the total, a decrease of 9 p.p. from 2018.

**Figures 4 and 5 - Breakdown of Export Revenue by Region - Brazil**



Source: Minerva

**Domestic Market – 31.4% of Gross Revenue from the Brazilian Industry Division in 4Q19 | 33.2% in 2019**

Domestic gross revenue from the Brazilian Industry Division totaled R\$2,824.2 million in 2019, up 10.6% over 2018. In 4Q19, gross revenue from the Brazilian Industry Division amounted to R\$819 million, up 9.6% over 4Q18 and 3.6% higher than in 3Q19.

We present below a complete breakdown of the Brazilian Industry Division:

Gross Revenue (R\$ Million)	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Fresh beef – EM	1,666.4	1,164.6	43.1%	1,395.5	19.4%	5,112.7	4,390.3	16.5%
Byproducts – EM	116.1	113.8	2.1%	135.6	-14.4%	502.4	494.0	1.7%
Processed foods – EM	7.8	14.0	-44.1%	18.8	-58.5%	67.3	42.8	57.2%
<b>Subtotal – EM</b>	<b>1,790.3</b>	<b>1,292.3</b>	<b>38.5%</b>	<b>1,549.9</b>	<b>15.5%</b>	<b>5,682.4</b>	<b>4,927.1</b>	<b>15.3%</b>
Fresh beef – DM	585.4	580.9	0.8%	575.4	1.7%	2,042.8	1,893.0	7.9%
Byproducts – DM	164.2	110.5	48.6%	142.4	15.3%	518.1	456.6	13.5%
Processed foods – DM	69.3	55.6	24.7%	72.7	-4.7%	263.3	204.0	29.0%
<b>Subtotal – DM</b>	<b>819.0</b>	<b>747.0</b>	<b>9.6%</b>	<b>790.6</b>	<b>3.6%</b>	<b>2,824.2</b>	<b>2,553.7</b>	<b>10.6%</b>
<b>Total</b>	<b>2,609.2</b>	<b>2,039.4</b>	<b>27.9%</b>	<b>2,340.5</b>	<b>11.5%</b>	<b>8,506.6</b>	<b>7,480.8</b>	<b>13.7%</b>

Volume ('000 tons)	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Fresh beef – EM	77.6	65.2	19.0%	75.8	2.4%	277.9	254.1	9.4%
Byproducts – EM	20.5	20.9	-1.8%	27.7	-26.0%	97.7	90.5	8.0%
Processed foods – EM	0.3	0.5	-24.6%	0.7	-51.9%	2.88	1.6	83.4%
<b>Subtotal – EM</b>	<b>98.4</b>	<b>86.6</b>	<b>13.7%</b>	<b>104.2</b>	<b>-5.5%</b>	<b>378.6</b>	<b>346.1</b>	<b>9.4%</b>
Fresh beef – DM	30.7	41.2	-25.4%	37.9	-19.1%	127.2	136.5	-6.8%
Byproducts – DM	22.3	20.3	9.8%	23.4	-4.9%	85.4	85.2	0.2%
Processed foods – DM	4.2	4.2	-0.5%	4.8	-12.1%	16.8	12.9	30.1%
<b>Subtotal – DM</b>	<b>57.2</b>	<b>65.7</b>	<b>-12.9%</b>	<b>66.2</b>	<b>-13.6%</b>	<b>229.3</b>	<b>234.6</b>	<b>-2.2%</b>
<b>Total</b>	<b>155.7</b>	<b>152.3</b>	<b>2.2%</b>	<b>170.4</b>	<b>-8.7%</b>	<b>607.9</b>	<b>580.7</b>	<b>4.7%</b>

Average Price – EM (US\$/kg)	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Fresh beef – EM	5.2	4.7	11.2%	4.6	12.5%	4.7	4.7	-1.4%
Byproducts – EM	1.4	1.4	-3.8%	1.2	11.6%	1.3	1.5	-12.8%
Processed foods – EM	5.5	8.0	-31.5%	6.6	-16.6%	5.9	7.5	-20.7%
<b>Total</b>	<b>4.4</b>	<b>3.9</b>	<b>12.7%</b>	<b>3.7</b>	<b>17.9%</b>	<b>3.8</b>	<b>3.9</b>	<b>-2.3%</b>
Average dollar (Source: BACEN)	4.11	3.81	8.1%	3.97	3.7%	3.94	3.65	8.0%

Average Price – EM (R\$/Kg)	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Fresh beef – EM	21.5	17.9	20.3%	18.4	16.6%	18.4	17.3	6.5%
Byproducts – EM	5.7	5.4	4.0%	4.9	15.8%	5.1	5.5	-5.9%
Processed foods – EM	22.6	30.5	-25.9%	26.2	-13.6%	23.4	27.3	-14.3%
<b>Total</b>	<b>18.2</b>	<b>14.9</b>	<b>21.8%</b>	<b>14.9</b>	<b>22.3%</b>	<b>15.0</b>	<b>14.2</b>	<b>5.5%</b>

Average Price – DM (R\$/Kg)	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Fresh beef – DM	19.1	14.1	35.1%	15.2	25.7%	16.1	13.9	15.8%
Byproducts – DM	7.4	5.4	35.3%	6.1	21.3%	6.1	5.4	13.2%
Processed foods – DM	16.4	13.1	25.3%	15.2	8.5%	15.7	15.8	-0.8%
<b>Total</b>	<b>14.3</b>	<b>11.4</b>	<b>25.9%</b>	<b>11.9</b>	<b>19.8%</b>	<b>12.3</b>	<b>10.9</b>	<b>13.1%</b>

EM - Export Market. DM – Domestic Market

**ATHENA FOODS**

Gross revenue from Athena Foods, which comprises the operations of the units in Paraguay, Argentina, Uruguay and Colombia, as well as distribution in Chile, totaled R\$7.3 billion (US\$ 1.9 billion) in 2019, 6.7% more than in 2018. Gross revenue from Athena Foods amounted to R\$2.1 billion (US\$ 546.0 millions), in 4Q19, up 4.6% over 4Q18 and 12.8% higher than in 3Q19. Athena Foods adjusted EBITDA reached US\$ 46.9 million in 4Q19 and US\$ 163.7 million in 2019, with an adjusted EBITDA margin of 9.0% in both periods.

**Export Market – 77.0% of Gross Revenue from Athena Foods in 4Q19 | 76.1% in 2019**

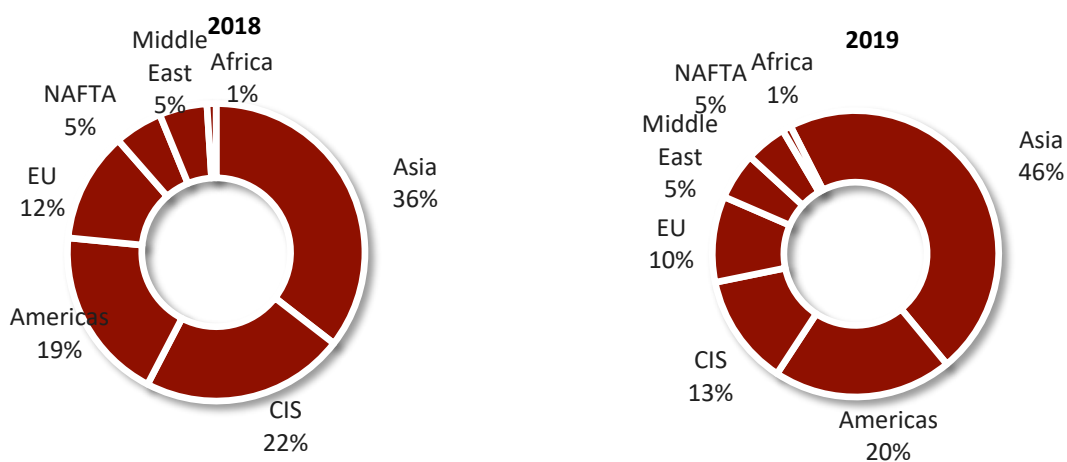
Gross export revenue from Athena Foods totaled R\$5,609.8 million in 2019, 12.3% more than in 2018. In 4Q19, export revenue from Athena Foods came to R\$1,626.6 million, up 8.5% over 4Q18 and 10.5% higher than in the previous quarter.

In 2019, Athena Foods’ exports were also boosted by strong demand in Asia, especially in China. The Chinese market was the main destination of Athena Foods’ exports, via Argentina and Uruguay. Paraguay also recorded an excellent export performance, fueled by demand in countries such as Chile, Russia and Brazil, as well as certain regions in the Middle East.

We present below Athena Foods’ export revenue by region in 2018 and 2019:

- » **Americas:** The Americas accounted for 20% of Athena Foods’ exports in 2019, in line with 2018.
- » **Asia:** Asia consolidated its position as the main export destination of Athena Foods, with 46% of the total, 10 p.p. more than in 2018. China alone accounted for 42% of this division’s exports.
- » **CIS (Commonwealth of Independent States):** The Commonwealth of Independent States, represented mainly by Russia, accounted for 13% of Athena Foods’ exports in 2019, 9 p.p. less than in 2018.
- » **Europe:** Europe was the destination of 10% of Athena Foods’ exports in 2019, down 2 p.p. from 2018.
- » **NAFTA:** NAFTA accounted for 5% of exports, in line with 2018.
- » **Middle East:** The Middle East was the destination of 5% of Athena Foods’ exports in 2019, in line with 2018.
- » **Africa:** The share of Africa in Athena Foods' exports stood at 1% in 2019, in line with 2018.

**Figures 6 and 7 - Breakdown of Exports by Region – Athena Foods**



Source: Minerva

## Domestic Market – 23.0% of Gross Revenue from Athena Foods in 4Q19 | 23.9% in 2019

Athena Foods recorded domestic gross revenue of R\$1.8 billion in 2019 and R\$487.2 million in 4Q19, 21% higher than in 3Q19.

We present below a complete breakdown of Athena Foods:

Gross Revenue (R\$ Million)	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Fresh beef – EM	1,484.7	1,337.8	11.0%	1,342.3	10.6%	5,077.3	4,428.3	14.7%
Byproducts – EM	139.2	160.3	-13.1%	127.3	9.4%	523.7	562.2	-6.8%
Processed foods – EM	2.6	1.5	80.9%	2.1	22.8%	8.7	3.1	177.3%
<b>Subtotal – EM</b>	<b>1,626.6</b>	<b>1,499.5</b>	<b>8.5%</b>	<b>1,471.8</b>	<b>10.5%</b>	<b>5,609.8</b>	<b>4,993.6</b>	<b>12.3%</b>
Fresh beef – DM	304.0	286.6	6.0%	262.7	15.7%	1,098.5	1,093.5	0.5%
Byproducts – DM	50.5	43.9	14.9%	43.2	17.0%	182.1	192.6	-5.5%
Processed foods – DM	132.8	190.3	-30.2%	96.8	37.1%	479.8	627.5	-23.5%
<b>Subtotal – DM</b>	<b>487.2</b>	<b>520.8</b>	<b>-6.5%</b>	<b>402.7</b>	<b>21.0%</b>	<b>1,760.4</b>	<b>1,913.6</b>	<b>-8.0%</b>
<b>Total</b>	<b>2,113.8</b>	<b>2,020.4</b>	<b>4.6%</b>	<b>1,874.5</b>	<b>12.8%</b>	<b>7,370.2</b>	<b>6,907.2</b>	<b>6.7%</b>

Volume ('000 tons)	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Fresh beef – EM	72.4	69.2	4.6%	79.5	-9.0%	289.0	262.9	9.9%
Byproducts – EM	18.0	19.1	-5.7%	17.3	4.4%	72.0	57.5	25.2%
Processed foods – EM	0.2	0.1	65.1%	0.2	-3.5%	0.8	0.3	212.4%
<b>Subtotal – EM</b>	<b>90.6</b>	<b>88.4</b>	<b>2.5%</b>	<b>97.0</b>	<b>-6.6%</b>	<b>361.8</b>	<b>320.6</b>	<b>12.8%</b>
Fresh beef – DM	19.4	18.4	5.4%	18.3	5.8%	74.5	79.4	-6.2%
Byproducts – DM	14.0	15.9	-11.5%	16.5	-14.7%	74.4	57.2	29.9%
Processed foods – DM	9.8	11.5	-14.8%	9.8	-0.5%	40.1	47.1	-14.9%
<b>Subtotal – DM</b>	<b>43.2</b>	<b>45.8</b>	<b>-5.5%</b>	<b>44.6</b>	<b>-3.1%</b>	<b>189.0</b>	<b>183.8</b>	<b>2.8%</b>
<b>Total</b>	<b>133.9</b>	<b>134.2</b>	<b>-0.2%</b>	<b>141.6</b>	<b>-5.5%</b>	<b>550.7</b>	<b>504.5</b>	<b>9.2%</b>

Average Price – EM (US\$/kg)	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Fresh beef – EM	5.0	5.1	-1.9%	4.3	17.2%	4.5	4.6	-3.4%
Byproducts – EM	1.9	2.2	-14.8%	1.9	1.0%	1.8	2.7	-31.1%
Processed foods – EM	3.2	3.1	1.3%	2.6	22.6%	2.8	3.4	-17.8%
<b>Total</b>	<b>4.4</b>	<b>4.5</b>	<b>-2.1%</b>	<b>3.8</b>	<b>14.1%</b>	<b>3.9</b>	<b>4.3</b>	<b>-7.8%</b>
Average dollar (Source: BACEN)	4.11	3.81	8.1%	3.97	3.7%	3.94	3.65	8.0%

Average Price – EM (R\$/Kg)	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Fresh beef – EM	20.5	19.3	6.1%	16.9	21.5%	17.6	16.8	4.3%
Byproducts – EM	7.7	8.4	-7.9%	7.4	4.8%	7.3	9.8	-25.6%
Processed foods – EM	13.0	11.9	9.5%	10.2	27.2%	11.1	12.5	-11.2%
<b>Total</b>	<b>17.9</b>	<b>17.0</b>	<b>5.8%</b>	<b>15.2</b>	<b>18.3%</b>	<b>15.5</b>	<b>15.6</b>	<b>-0.4%</b>

Average Price – DM (R\$/Kg)	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Fresh beef – DM	15.7	15.6	0.6%	14.3	9.4%	14.7	13.8	7.1%
Byproducts – DM	3.6	2.8	29.9%	2.6	37.1%	2.4	3.4	-27.2%
Processed foods – DM	13.6	16.6	-18.1%	9.9	37.8%	12.0	13.3	-10.2%
<b>Total</b>	<b>11.3</b>	<b>11.4</b>	<b>-1.0%</b>	<b>9.0</b>	<b>24.9%</b>	<b>9.3</b>	<b>10.4</b>	<b>-10.5%</b>

EM - Export Market, DM – Domestic Market



TRADING DIVISION

Gross revenue from the Trading Division, which consists of the result from the live cattle, protein trading, energy trading and resale of third-party products segments, reached R\$2,320.7 million in 2019. In 4Q19, the Trading Division recorded gross revenue of R\$439.6 million.

**Export Market – 25.8% of Gross Revenue from the Trading Division in 4Q19 | 34.4% in 2019**

Gross export revenue from the Trading Division totaled R\$798.0 million in 2019, 5.6% more than in 2018. In 4Q19, gross revenue totaled R\$113.3 million.

**Domestic Market – 74.2% of Gross Revenue from the Trading Division in 4Q19 | 65.6% in 2019**

Domestic sales from this division reached R\$1,522.7 million in 2019 and R\$326.2 million in 4Q19.

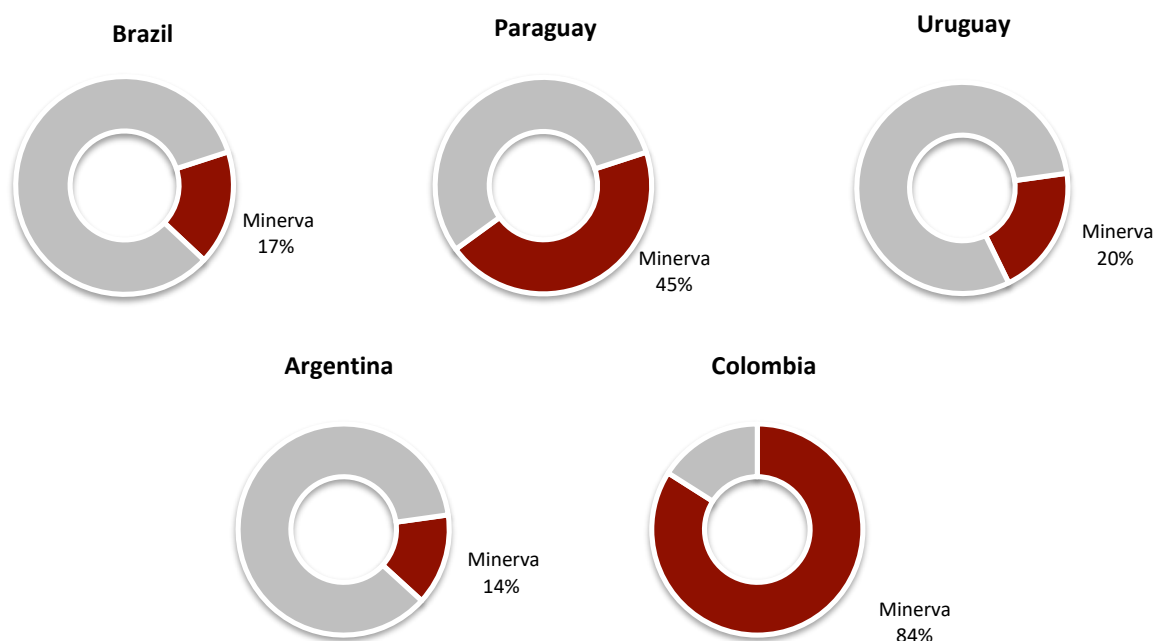
Gross Revenue (R\$ Million)	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
<b>Trading gross revenue</b>	<b>439.6</b>	<b>866.0</b>	<b>-49.2%</b>	<b>575.7</b>	<b>-23.6%</b>	<b>2,320.7</b>	<b>2,837.6</b>	<b>-18.2%</b>
Export market	113.3	201.9	-43.9%	244.8	-53.7%	798.0	755.7	5.6%
Domestic market	326.2	664.0	-50.9%	330.9	-1.4%	1,522.7	2,081.8	-26.9%

Consolidated Results Analysis

Exports - Market Share by Country

In 2019, Minerva Foods remained one of the leading exporters in the countries where it operates. Minerva accounted for 17% of beef exports in Brazil, 45% in Paraguay (remaining the leading beef exporter in the country), 20% in Uruguay, 14% in Argentina and 84% in Colombia (maintaining our leadership position in the country).

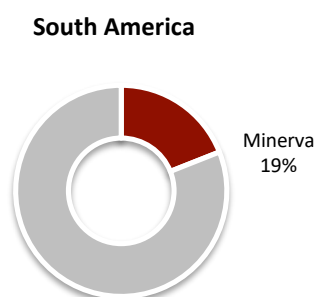
Figure 8 – 2019 Market Share (% of Revenue)



Sources: Minerva, Secex, Penta-transaction, OCIT, IPCVA and Legiscomex

Minerva accounted for 19% of South American exports in 2019, maintaining its position as the leading beef exporter in the continent.

Figure 9 – 2019 Market Share (% of Revenue)



Sources: Minerva, Secex, Penta-transaction, OCIT, IPCVA and Legiscomex

### Gross revenue

Based on the performance of its three divisions (the Brazilian Industry Division, Athena Foods and the Trading Division), the Company's consolidated gross revenue totaled R\$18.2 billion in 2019, up 5.6% over 2018. Gross revenue amounted to R\$5,162.6 million in 4Q19, up 4.8% over 4Q18 and 8% higher than in 3Q19.

R\$ Million	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
<b>Gross revenue</b>	<b>5,162.6</b>	<b>4,925.7</b>	<b>4.8%</b>	<b>4,790.7</b>	<b>7.8%</b>	<b>18,197.4</b>	<b>17,225.6</b>	<b>5.6%</b>
Brazilian Industry Division	2,609.2	2,039.4	27.9%	2,340.5	11.5%	8,506.6	7,480.8	13.7%
Athena Foods	2,113.8	2,020.4	4.6%	1,874.5	12.8%	7,370.2	6,907.2	6.7%
Trading Division	439.6	866.0	-49.2%	575.7	-23.6%	2,320.7	2,837.6	-18.2%

### Net revenue

Fourth-quarter net revenue came to R\$4.9 billion in 2019, up 5.4% over 4Q18 and 7.7% higher than in 3Q19. In 2019, consolidated net revenue came to R\$17.1 billion, up 5.6% over 2018.

R\$ Million	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Gross revenue	5,162.6	4,925.7	4.8%	4,790.7	7.8%	18,197.4	17,225.6	5.6%
Deductions and discounts	-303.0	-315.6	-4.0%	-279.5	8.4%	-1,074.6	-1,010.7	6.3%
<b>Net revenue</b>	<b>4,859.7</b>	<b>4,610.1</b>	<b>5.4%</b>	<b>4,511.2</b>	<b>7.7%</b>	<b>17,122.8</b>	<b>16,214.9</b>	<b>5.6%</b>
% Gross revenue	94.1%	93.6%	0.5 p.p.	94.2%	0.0 p.p.	94.1%	94.1%	0.0 p.p.

### Cost of Goods Sold (COGS) and Gross Margin

COGS represented 78% of net revenue in 4Q19, representing a gross margin of around 22%, 5.2 p.p. higher than in 4Q18. In 2019, COGS was equivalent to 80.8% of net revenue, representing a gross margin of 19.2%, 1.7 p.p. more than in 2018.

R\$ Million	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Net revenue	4,859.7	4,610.1	5.4%	4,511.2	7.7%	17,122.8	16,214.9	5.6%
<b>COGS</b>	<b>-3,792.6</b>	<b>-3,839.4</b>	<b>-1.2%</b>	<b>-3,674.6</b>	<b>3.2%</b>	<b>-13,830.3</b>	<b>-13,366.6</b>	<b>3.5%</b>
% Net revenue	78.0%	83.3%	-5.2 p.p.	81.5%	-3.4 p.p.	80.8%	82.4%	-1.7 p.p.
Gross profit	1,067.0	770.8	38.4%	836.5	27.6%	3,292.6	2,848.3	15.6%
<b>Gross margin</b>	<b>22.0%</b>	<b>16.7%</b>	<b>5.2 p.p.</b>	<b>18.5%</b>	<b>3.4 p.p.</b>	<b>19.2%</b>	<b>17.6%</b>	<b>1.7 p.p.</b>

## Selling, General and Administrative Expenses

Selling expenses represented 7.3% of net revenue in 4Q19, while general and administrative expenses corresponded to 3.6% of net revenue. Selling expenses represented 7.0% of net revenue in 2019, while general and administrative expenses corresponded to 3.7% of net revenue, in line with 2018.

R\$ Million	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
<b>Selling expenses</b>	<b>-354.8</b>	<b>-265.3</b>	<b>33.8%</b>	<b>-304.8</b>	<b>16.4%</b>	<b>-1,201.1</b>	<b>-1,020.5</b>	<b>17.7%</b>
% Net revenue	7.3%	5.8%	1.5 p.p.	6.8%	0.5 p.p.	7.0%	6.3%	0.7 p.p.
<b>G&amp;A expenses</b>	<b>-176.6</b>	<b>-150.1</b>	<b>17.6%</b>	<b>-146.4</b>	<b>20.6%</b>	<b>-625.1</b>	<b>-611.4</b>	<b>2.2%</b>
% Net revenue	3.6%	3.3%	0.4 p.p.	3.2%	0.4 p.p.	3.7%	3.8%	-0.1 p.p.

## EBITDA

EBITDA hit an all-time high of R\$603.3 million in 4Q19, increasing 30.4% over 4Q18 and 32.7% over 3Q19. The EBITDA margin achieved a record of 12.4% in 4Q19, up 2.4 p.p. over 4Q18 and 2.3 p.p. higher than in 3Q19.

In 2019, adjusted EBITDA totaled R\$1.8 billion, another all-time high, approximately 13% higher than in 2018, with an EBITDA margin of 10.2% (+0.6 p.p. vs. 2018).

R\$ Million	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Net income (loss)	243.6	-92.1	n.a	-82.7	n.a	16.2	-1,264.8	n.a
(+/-) Deferred income and social contribution taxes	-166.3	17.0	n.a	8.4	n.a	-148.8	-544.2	-72.7%
(+/-) Financial result	455.9	452.4	0.8%	461.6	-1.2%	1,594.7	2,483.5	-35.8%
(+/-) Asset impairment	0.0	18.8	-1.0	0.0	n.a.	0.0	18.8	-1.0
(+/-) Depreciation and amortization	65.1	66.6	-2.2%	67.3	-3.2%	264.0	221.7	19.1%
(+/-) Other expense adjustments	5.0	0.0	n.a.	0.0	n.a.	24.5	635.3	-96.1%
<b>Adjusted EBITDA</b>	<b>603.3</b>	<b>462.8</b>	<b>30.4%</b>	<b>454.5</b>	<b>32.7%</b>	<b>1,750.6</b>	<b>1,550.4</b>	<b>12.9%</b>
<b>Adjusted EBITDA margin</b>	<b>12.4%</b>	<b>10.0%</b>	<b>2.4 p.p.</b>	<b>10.1%</b>	<b>2.3 p.p.</b>	<b>10.2%</b>	<b>9.6%</b>	<b>0.7 p.p.</b>

## Financial result

The financial result was a loss of R\$455.9 million in 4Q19, impacted by a non-cash effect of R\$84.1 million related to monetary correction in the period.

The "Other Revenue/Expenses" line was also affected by the FX hedge in the amount of R\$85.0 million in 4Q19. In 2019, the FX hedge result was positive by R\$5.8 million.

R\$ Million	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Financial expenses	-245.3	-263.6	-6.9%	-249.7	-1.7%	-951.7	-1,014.7	-6.2%
Financial income	14.3	31.9	-55.1%	14.4	-0.8%	64.4	86.0	-25.1%
Monetary correction	-84.1	-24.7	2.4	-67.1	25.3%	-173.1	-24.7	6.0
FX variation	2.8	126.9	-97.8%	-265.6	-101.0%	-290.3	-1,233.3	-76.5%
Other expenses (*)	-143.6	-323.0	-55.5%	106.4	-235.5%	-244.1	-296.8	-17.8%
<b>Financial result</b>	<b>-455.9</b>	<b>-452.4</b>	<b>0.8%</b>	<b>-461.6</b>	<b>-1.3%</b>	<b>-1,594.7</b>	<b>-2,483.5</b>	<b>-35.8%</b>
Average dollar (R\$/US\$)	4.11	3.81	8.1%	3.97	3.7%	3.94	3.65	8.0%
Closing dollar (R\$/US\$)	4.03	3.87	4.0%	4.16	-3.2%	4.03	3.87	4.0%

(*) Other Expenses/Revenues (R\$ Million)	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
FX hedge	-85.0	-129.0	-34.1%	165.0	-151.5%	5.8	98.0	-94.1%
Commodities hedge	-7.0	-36.0	-80.6%	-1.4	600.0%	-16.1	-76.5	-79.0%
Fees, commissions and other financial expenses	-51.0	-158.0	-67.7%	-58.0	-12.1%	-233.5	-318.2	-26.6%
<b>Total</b>	<b>-143.0</b>	<b>-323.0</b>	<b>-55.7%</b>	<b>106.4</b>	<b>-234.9%</b>	<b>-243.8</b>	<b>-296.7</b>	<b>-17.8%</b>

## Net Result

The Company recorded net income after income and social contribution taxes of R\$243.6 million in 4Q19. In 2019, Minerva recorded net income of R\$16.2 million.

Excluding the non-cash effects of monetary correction, FX variation and the hedge result, Minerva recorded adjusted net income of R\$409.9 million in 4Q19 and R\$473.8 million in 2019.

R\$ Million	4Q19	4Q18	% Chg	3Q19	% Chg	2019	2018	% Chg
Net income (loss) before income and social contribution taxes	77.3	-75.1	n.a	-74.3	n.a	-132.6	-1,809.0	-92.7%
Income and social contribution taxes	166.3	-17.0	n.a	-8.4	n.a	148.8	544.2	-72.7%
<b>Net result</b>	<b>243.6</b>	<b>-92.1</b>	<b>n.a</b>	<b>-82.7</b>	<b>n.a</b>	<b>16.2</b>	<b>-1,264.8</b>	<b>n.a</b>
<b>% Net margin</b>	<b>5.0%</b>	<b>-2.0%</b>	<b>7.0 p.p.</b>	<b>-1.8%</b>	<b>6.8 p.p.</b>	<b>0.1%</b>	<b>-7.8%</b>	<b>7.9 p.p.</b>

R\$ Million	4Q19	2019
Net income (loss)	243.6	16.2
Monetary correction	84.1	173.1
FX variation	-2.8	290.3
FX hedge	85.0	-5.8
<b>Adjusted net income</b>	<b>409.9</b>	<b>473.8</b>
Income and social contribution taxes	-166.3	-148.8
<b>Adjusted net income (loss) after income and social contribution taxes</b>	<b>243.6</b>	<b>325.0</b>

## Cash Flow

### Operating Cash Flow

In the fourth quarter of 2019, operating cash flow was a positive R\$241.0 million. The variation in working capital requirements was negative by R\$132.1 million in the quarter, due to the “Receivables” line, which consumed R\$164.0 million of cash, as a larger share of sales was allocated to exports, which require a longer payment term. The “Suppliers” line generated R\$359.2 million in cash, as the Company acquired raw materials with a longer payment term in the quarter, but the “Other Payables” line stood at a negative R\$338.9 million, virtually offsetting this result. In 2019, operating cash flow totaled R\$1,757.9 million.

R\$ Million	4Q19	4Q18	3Q19	2019
Net result	243.6	-92.1	-82.7	16.1
(+) Net result adjustments	129.5	189.8	622.6	1,370.9
(+) Variation in working capital requirements	-132.1	242.3	415.3	370.9
<b>Operating cash flow</b>	<b>241.0</b>	<b>340.1</b>	<b>955.2</b>	<b>1,757.9</b>

R\$ Million	4Q19	3Q19	Change
Advances from clients	1,008.5	1,333.6	-325.1
Other	54.0	67.8	-13.8
<b>Other payables</b>	<b>1,062.5</b>	<b>1,401.4</b>	<b>-338.9</b>

## Free cash flow

Free cash flow after Capex, interest payments and working capital was positive by R\$87.1 million in 4Q19, and the Company recorded positive cash generation for the eighth consecutive quarter. The cash financial result totaled a negative R\$316.0 million in the quarter, while the variation in working capital requirements was negative by R\$132.1 million. In 2019, free cash flow was positive by R\$719.6 million.

Adjusted for non-recurring expenses, recurring free cash flow reached R\$92.0 million in 4Q19 and R\$787.0 million in 2019, an all-time high. It is worth noting that Minerva’s recurring free cash flow totaled R\$1.5 billion in the 2018-2019 period.

R\$ Million	4Q19	3Q19	2Q19	1Q19	2019
EBITDA	598.3	454.5	363.9	309.3	1,726.1
Capex	-63.2	-61.9	-68.5	-27.8	-221.4
Financial result (on a cash basis) <sup>(1)</sup>	-316.0	-298.0	-295.0	-246.9	-1,155.9
Variation in working capital requirements	-132.1	415.3	99.3	-11.7	370.8
<b>Free cash flow to equity</b>	<b>87.1</b>	<b>509.9</b>	<b>99.7</b>	<b>22.9</b>	<b>719.6</b>
Non-recurring Items	5.0	0.0	43.0	19.5	67.5
<b>Recurring free cash flow to equity</b>	<b>92.0</b>	<b>509.9</b>	<b>142.7</b>	<b>42.4</b>	<b>787.0</b>

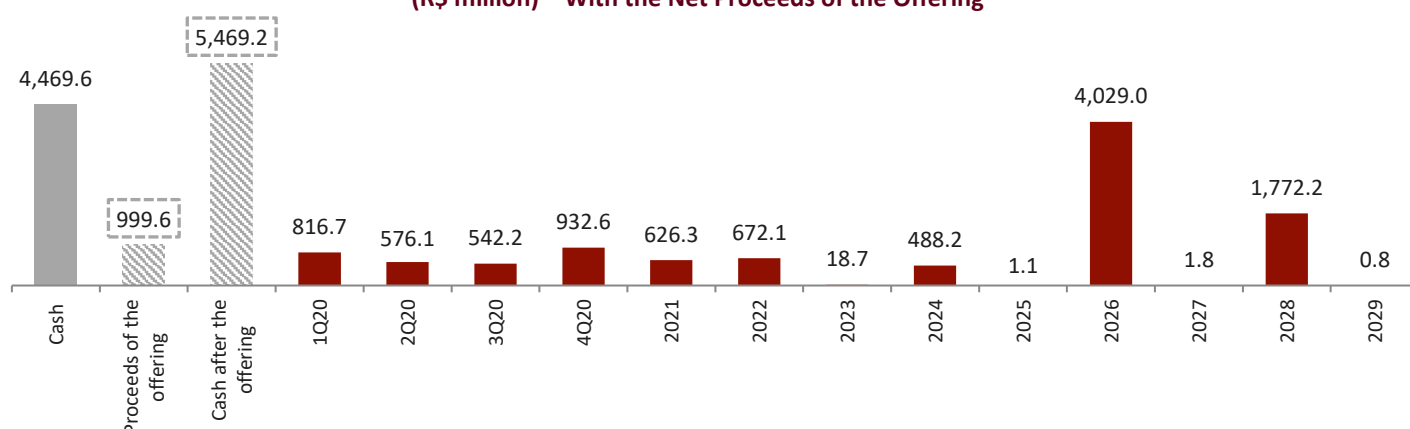
(1) Excluding the cash result of FX hedge

## Capital Structure

At the end of December 2019, Minerva had cash and cash equivalents of R\$4.5 billion, which is sufficient to amortize its debt through 2024. In accordance with our hedge policy, the Company hedges at least 50% of the long-term FX exposure.

Financial leverage, measured by the net debt/LTM EBITDA ratio, including the net proceeds of the primarying offering completed in January 2020 (R\$999.6 million), reached 2.8x, the lowest level in the past few years. The debt duration remained at around five years.

**Figure 10 – Debt Amortization Schedule on 12/31/2019 (R\$ million) – With the Net Proceeds of the Offering**



R\$ Million	4Q19	4Q18	% Chg	3Q19	% Chg
Short-term debt	2,867.6	3,644.3	-21.6%	2,026.8	41.0%
% Short-term debt	27.4%	34.8%	-7.5 p.p.	20.8%	6.5 p.p.
Local currency	1,136.4	894.7	27.0%	768.5	47.9%
Foreign currency	1,731.2	2,699.6	-35.9%	1,258.3	37.6%
Long-term debt	7,610.1	6,823.3	11.7%	7,732.3	-1.5%
% Long-term debt	72.6%	65.2%	7.5 p.p.	79.2%	-6.5 p.p.
Local currency	1,049.1	586.4	78.9%	859.4	22.1%
Foreign currency	6,561.0	6,236.9	5.2%	6,872.9	-4.5%
Total debt	10,477.7	10,467.6	0.1%	9,759.1	7.4%
Local currency	2,185.5	1,481.0	47.6%	1,627.9	34.3%
Foreign currency	8,292.2	8,936.5	-7.2%	8,131.1	2.0%
Cash and cash equivalents	4,469.7	4,397.0	1.7%	3,614.2	23.7%
Net proceeds of the offering	999.6	-	-	-	-
Net debt <sup>(1) (2)</sup>	5,008.4	6,063.0	-17.6%	6,137.4	-18.6%
<b>Net debt/LTM adjusted EBITDA (x) <sup>(1) (2)</sup></b>	<b>2.8</b>	<b>3.9</b>	<b>-1.1</b>	<b>3.8</b>	<b>-0.6</b>

(1) Net debt includes FIDC subordinated shares totaling R\$9.0 million in 4Q19, R\$7.6 million in 4Q18 and R\$7.4 million in 3Q19

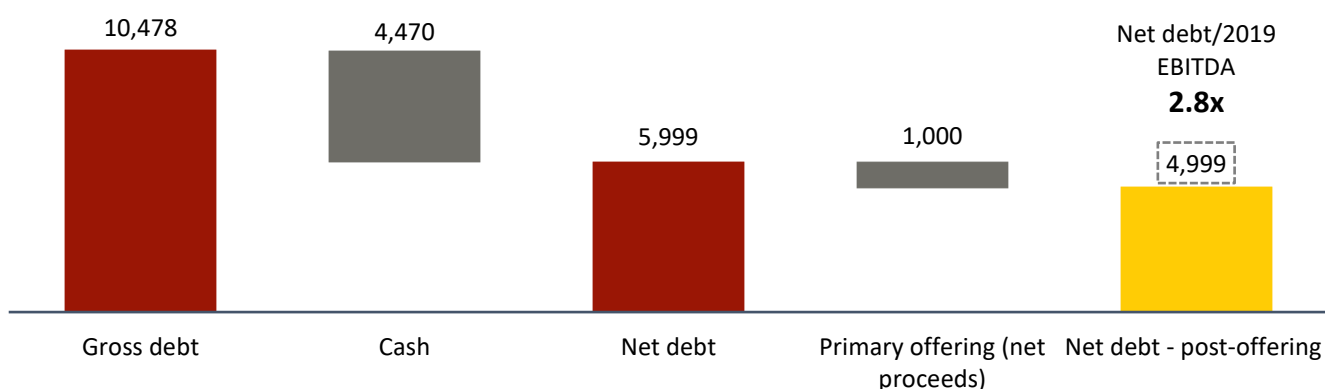
(2) Considering the net proceeds of the offering after issuance costs

## Capital Structure – Effect of the Share Offering

On January 23, 2020, the Company completed the primary and secondary follow-on share offering, with the primary issue of 80 million new shares, at R\$13.00/share, raising a gross amount of R\$1,040 million (R\$999.6 million in net proceeds after taxes and issuance costs).

As previously reported, the funds will be fully allocated to debt repayments and improving Minerva’s capital structure, in line with the management’s strategy and our accelerated deleveraging plan, announced at the end of 2018. As a result, leverage, measured by the net debt/LTM EBITDA ratio, including the net proceeds of the offering reached 2.8x, the lowest level in the past few years. For more details, please see the chart below:

Figure 11 – Leverage in 4Q19 Including Proceeds of the Share Offering



It is also important to note that, as an integral part of the private capital increase concluded in 2018, there are still approximately 121 million warrants due in December 2021, at an exercise price of R\$6.42, outstanding in the market, which implies an additional capital increase of R\$779.4 million to be paid in by the due date, with a positive effect on the Company's cash and leverage ratio, as shown in the table below:

Leverage	R\$ Million
Gross debt in 4Q19	10,478
Cash in 4Q19	4,470
Net debt in 4Q19	5,999
Net proceeds of the offering	999.6
Net debt - post-offering	4,999
<b>Net debt/EBITDA - post-offering</b>	<b>2.8x</b>
<i>Cash inflow - Capital increase - Warrants <sup>(1)</sup></i>	<i>779.4</i>

(1) Based on outstanding warrants in February 2020: 121 million, at an exercise price of R\$6.42

## Investments

Investments in fixed assets totaled R\$63.2 million in 4Q19, of which R\$49.7 million went to maintenance of current operations and R\$13.5 million to expansion. In 2019, investments totaled R\$221.4 million.

See below a breakdown of investments (cash effect) by quarter in the last twelve months:

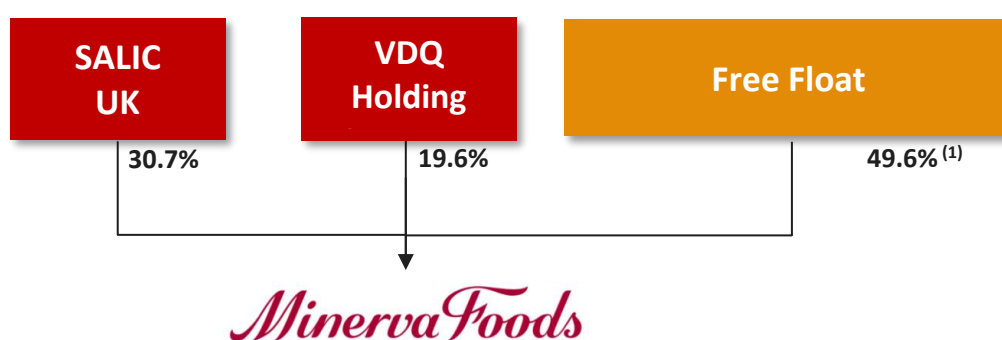
CAPEX (R\$ Million)	1Q19	2Q19	3Q19	4Q19	2019
Maintenance	15.6	40.5	47.0	49.7	152.8
Expansion	12.2	28.0	14.9	13.5	68.6
<b>Total</b>	<b>27.8</b>	<b>68.5</b>	<b>61.9</b>	<b>63.2</b>	<b>221.4</b>

## Subsequent Events

### Completion of the Primary and Secondary Follow-on Offering

On January 23, 2020, the Company successfully completed the primary and secondary follow-on offering of 95,000,000 non-pars, registered, common shares, at R\$13.00 per share. The Company issued 80,000,000 new shares, resulting in a R\$1,040,000,000.00 capital increase.

In addition, 15,000,000 shares belonging to the Company's controlling shareholder VDQ Holdings S.A. were sold, with the following effect on the Company's ownership structure:



(1) Considers treasury share

### Capital Increase as a Result of the Exercise of Subscription Warrants

	1/10/2019	2/10/2019
<b>Capital stock</b>	R\$288,492,903.39	R\$1,340,513,576.57
<b>Issued shares</b>	403,686,540	485,558,919
<b>Outstanding warrants</b>	123,269,315	121,396,936
<b>Exercise price</b>	6.42	6.42
<b>Estimated capital increase (by 2021)</b>	791,389,002.30	779,368,329.12

### Income Allocation Policy

At a Board of Directors' meeting held on February 18, 2019, Minerva changed its Income Allocation Policy ("Policy") approved on December 6, 2018, in order to, among other changes, determine that, in the fiscal year in which the Company's leverage ratio is equal to or less than 2.5x, the Board of Directors must propose to the shareholders' meeting the payment of dividends, as mandatory dividends and as additional dividends, corresponding to at least 50% of net income adjusted for deductions and additions provided for in Brazilian Corporate Law, in the Company's Bylaws and in the Policy.

Thus, in the fiscal year in which the leverage ratio is equal to or less than 2.5x, the Company will distribute 25% of its adjusted net income as mandatory dividends and, if the shareholders' meeting approves the management's proposal, additional dividends corresponding to at least another 25% of adjusted net income.

[Click here](#) to access the Income Allocation Policy.



## **About Minerva S.A.**

Minerva Foods is the South American leader in beef exports, which also operates in the processed foods segment, selling its products to over 100 countries. Present in Brazil, Paraguay, Argentina, Uruguay and Colombia, Minerva operates 24 slaughter and deboning plants and 3 processing plants. In 2019, the Company recorded gross sales revenue of R\$18.2 billion, 6% more than in 2018.

### *Relationship with Auditors*

In accordance with CVM Instruction 381/03, we announce that our auditors did not provide services other than those related to the external audit in 2017, 2018 and 2019.

### *Statement from Management*

In compliance with CVM Instructions, Management declares that it has discussed, reviewed and agreed with the individual and consolidated accounting information related to the fiscal year ended December 31, 2019 and the opinions expressed in the independent auditors' review report, hereby authorizing their disclosure.

**APPENDIX 1 - INCOME STATEMENT (CONSOLIDATED)**

(R\$ thousand)	4Q19	4Q18	3Q19	2019	2018
Revenue from domestic sales	1,632,400	1,949,833	1,524,230	6,107,269	6,567,135
Revenue from exports	3,530,239	2,975,857	3,266,478	12,090,151	10,658,504
<b>Gross sales revenue</b>	<b>5,162,639</b>	<b>4,925,690</b>	<b>4,790,708</b>	<b>18,197,420</b>	<b>17,225,639</b>
Revenue deductions – taxes and other	-302,979	-315,552	-279,525	-1,074,595	-1,010,730
<b>Net operating revenue</b>	<b>4,859,660</b>	<b>4,610,138</b>	<b>4,511,183</b>	<b>17,122,825</b>	<b>16,214,909</b>
Cost of goods sold	-3,792,618	-3,839,351	-3,674,648	13,830,264	13,366,616
<b>Gross profit</b>	<b>1,067,042</b>	<b>770,787</b>	<b>836,535</b>	<b>3,292,561</b>	<b>2,848,293</b>
Selling expenses	-354,787	-265,251	-304,843	-1,201,107	-1,020,459
General and administrative expenses	-176,559	-150,090	-146,402	-625,050	-611,366
Other operating revenues (expenses)	-2,498	40,740	1,928	-4,322	-523,118
Asset impairment	0	-18,838	0	0	-18,838
<b>Result before financial expenses</b>	<b>533,198</b>	<b>377,348</b>	<b>387,218</b>	<b>1,462,082</b>	<b>674,512</b>
Financial expenses	-388,930	-263,575	-249,685	-1,195,744	-1,014,688
Financial income	14,321	31,888	14,441	64,385	85,958
Monetary correction	-84,081	-24,701	-67,105	-173,058	-24,701
FX variation	2,783	126,943	-265,556	-290,275	-1,233,306
Other expenses	0	-323,001	106,351	0	-296,790
<b>Financial result</b>	<b>-455,907</b>	<b>-452,446</b>	<b>-461,554</b>	<b>-1,594,692</b>	<b>-2,483,527</b>
<b>Result before taxes</b>	<b>77,291</b>	<b>-75,098</b>	<b>-74,336</b>	<b>-132,610</b>	<b>-1,809,015</b>
Income and social contribution taxes - current	-64,880	-96	-58,217	-153,037	-18,490
Income and social contribution taxes - deferred	231,211	-16,865	49,816	301,804	562,723
<b>Result before non-controlling interest</b>	<b>243,622</b>	<b>-92,059</b>	<b>-82,737</b>	<b>16,157</b>	<b>-1,264,782</b>
Controlling shareholders	243,622	-92,059	-82,737	16,157	-1,264,782
<b>Net income (loss)</b>	<b>243,622</b>	<b>-92,059</b>	<b>-82,737</b>	<b>16,157</b>	<b>-1,264,782</b>

**APPENDIX 2 - BALANCE SHEET (CONSOLIDATED)**

(R\$ thousand)	4Q19	4Q18
<b>ASSETS</b>		
Cash and cash equivalents	4,469,687	4,396,985
Accounts receivable from clients	1,778,214	1,783,355
Inventories	714,565	692,459
Biological assets	235,773	156,698
Taxes recoverable	763,227	858,843
Other receivables	307,818	253,995
<b>Total current assets</b>	<b>8,269,284</b>	<b>8,142,335</b>
Taxes recoverable	179,387	183,428
Deferred tax assets	426,386	181,333
Other receivables	13,348	11,971
Judicial deposits	24,550	23,998
Fixed assets	3,632,800	3,580,563
Intangible assets	687,982	700,793
<b>Total non-current assets</b>	<b>4,64,453</b>	<b>4,682,086</b>
<b>Total assets</b>	<b>13,233,737</b>	<b>12,824,421</b>
<b>LIABILITIES</b>		
Loans and financing	2,867,602	3,644,273
Commercial leasing	6,990	0
Suppliers	1,362,369	872,508
Labor and tax liabilities	330,265	234,634
Other payables	1,060,774	1,237,204
<b>Total current liabilities</b>	<b>5,628,000</b>	<b>5,988,619</b>
Loans and financing	7,610,124	6,823,301
Commercial leasing	39,457	0
Labor and tax liabilities	64,776	72,750
Provision for contingencies	38,272	42,774
Accounts payable	1,753	732
Deferred tax liabilities	133,017	197,359
<b>Total non-current liabilities</b>	<b>7,887,399</b>	<b>7,136,916</b>
<b>Shareholders' equity</b>		
Capital stock	282,017	1,109,259
Capital reserves	118,271	120,182
Revaluation reserves	50,614	52,162
Accumulated profit (loss)	-380,210	-1,397,915
Treasury shares	-32,695	-36,846
Equity valuation adjustments	-319,659	-147,956
<b>Total shareholders' equity attributed to controlling shareholders</b>	<b>-281,662</b>	<b>-301,114</b>
<b>Total shareholders' equity</b>	<b>-281,662</b>	<b>-301,114</b>
<b>Total liabilities and shareholders' equity</b>	<b>13,233,737</b>	<b>12,824,421</b>

### APPENDIX 3 – CASH FLOW (CONSOLIDATED)

(R\$ thousand)	4Q19	4Q18	3Q19	2019	2018
<b>Cash flow from operating activities</b>					
Net income (loss)	243,622	-92,059	-82,737	16,157	-1,264,782
<b>Reconciliation of net income to net cash provided by operating activities:</b>					
Depreciation and amortization	65,149	66,643	67,303	263,994	221,732
Estimated loss on doubtful accounts	5,651	-10,101	1,083	7,935	-5,236
Proceeds from the sale of fixed assets	478	499	175	1,772	3,742
Fair value of biological assets	-36,977	11,318	5,530	-28,836	17,274
Realization of deferred taxes – temporary differences	-231,211	16,865	-49,816	-301,804	-562,723
Asset impairment	0	18,838	0	0	18,838
Financial charges	245,329	263,778	249,685	951,676	989,123
FX variation – not realized	-3,092	-169,693	282,095	307,567	1,202,879
Monetary correction	84,081	0	67,105	173,058	0
Provision for contingencies	54	-8,374	-569	-4,502	-104,569
Accounts receivable from clients and other receivables	-164,624	-250,326	2,146	-57,994	-288,703
Inventories	23,052	187,167	23,449	-22,106	30,350
Biological assets	9,097	29,827	-28,293	-50,239	40,345
Taxes recoverable	-18,186	21,341	-26,666	99,657	21,991
Deferred taxes	0	-26,878	0	0	443,466
Judicial deposits	2,869	4,152	172	-552	-2,206
Suppliers	359,268	7,604	187,979	510,014	-175,891
Labor and tax liabilities	-4,595	12,298	31,435	67,504	63,965
Other payables	-338,975	257,160	225,095	-175,409	680,288
<b>Cash flow from operating activities</b>	<b>240,990</b>	<b>340,059</b>	<b>955,171</b>	<b>1,757,892</b>	<b>1,329,883</b>
<b>Cash flow from investing activities</b>					
Acquisition of intangible assets	-12,408	-1,065	-1,134	4,797	-8,053
Acquisition of fixed assets	-50,783	-42,189	-60,797	-242,266	-181,037
<b>Cash flow from investing activities</b>	<b>-63,191</b>	<b>-43,254</b>	<b>-61,931</b>	<b>-247,063</b>	<b>-189,090</b>
<b>Cash flow from financing activities</b>					
Loans and financing raised	1,592,436	450,519	1,578,425	3,723,696	2,150,743
Loans and financing settled	-1,089,056	-1,716,233	-1,830,671	-5,145,845	-3,732,765
Commercial leasing	-10,973	0	-1,494	-21,674	0
Capital payment in cash	172,065	964,725	419	172,758	980,405
Treasury shares	0	0	2,240	2,240	-4,489
<b>Cash flow from financing activities</b>	<b>664,472</b>	<b>-300,989</b>	<b>-251,081</b>	<b>-1,268,825</b>	<b>-606,106</b>
FX variation on cash and cash equivalents	13,246	227,903	-115,901	-169,302	54,956
<b>Net increase/decrease in cash and cash equivalents</b>	<b>855,517</b>	<b>223,719</b>	<b>526,258</b>	<b>72,702</b>	<b>589,643</b>
Cash and cash equivalents					
Beginning of period	3,614,170	4,173,266	3,087,912	4,396,985	3,807,342
End of period	4,469,687	4,396,985	3,614,170	4,469,687	4,396,985
<b>Net increase/decrease in cash and cash equivalents</b>	<b>855,517</b>	<b>223,719</b>	<b>526,258</b>	<b>72,702</b>	<b>589,643</b>

## APPENDIX 4 – ATHENA FOODS' INCOME STATEMENT (US\$)

In 4Q19, Athena Foods' gross revenue totaled US\$ 546.0 million, up 19.7% compared to 3Q19. In 2019, gross revenue reached US\$ 1.9 billion.

Athena Foods' adjusted EBITDA totaled US\$ 46.9 million in 4Q19 and US\$ 163.7 million in 2019, with an adjusted EBITDA margin of 9.0% in both periods. The net result was US\$ 7.8 million in 4Q19 and \$ 47.2 million in 2019.

### Net revenue

Net Revenue (US\$ million)	4Q19	3Q19	% Chg	2019
<b>Gross revenue</b>	<b>546.0</b>	<b>456.2</b>	<b>19.7%</b>	<b>1,898.2</b>
<i>Export market</i>	421.5	363.1	16.1%	1,452.3
<i>Domestic market</i>	124.5	93.1	33.7%	446.0
<i>Revenue deductions</i>	-25.1	-14.3	76.2%	-72.3
<b>Net revenue</b>	<b>520.9</b>	<b>441.9</b>	<b>17.9%</b>	<b>1,825.9</b>

### COGS

Cost of Goods Sold - COGS (US\$ million)	4Q19	3Q19	% Chg	2019
Net revenue	520.9	441.9	17.9%	1,825.9
<b>Cost of goods sold</b>	<b>-431.9</b>	<b>-374.9</b>	<b>15.2%</b>	<b>-1,545.6</b>
<i>% Net revenue</i>	-83%	-85%	1.9 p.p.	-85%
<i>Gross profit</i>	89.0	67.0	32.8%	280.3
<b>Gross margin</b>	<b>17.1%</b>	<b>15.2%</b>	<b>1.9 p.p.</b>	<b>15.4%</b>

### Selling, General and Administrative Expenses

Expenses (US\$ million)	4Q19	3Q19	% Chg	2019
<b>Selling expenses</b>	<b>-39.0</b>	<b>-29.9</b>	<b>30.5%</b>	<b>-123.5</b>
<i>% Net revenue</i>	7.5%	6.8%	0.7 p.p.	6.8%
<b>General and administrative expenses</b>	<b>-11.8</b>	<b>-14.9</b>	<b>-20.9%</b>	<b>-48.8</b>
<i>% Net revenue</i>	2.3%	3.4%	-1.1 p.p.	2.7%

### EBITDA

EBITDA (US\$ million)	4Q19	3Q19	% Chg	2019
<b>Net result</b>	<b>7.8</b>	<b>8.6</b>	<b>-9.3%</b>	<b>46.4</b>
<i>Financial result</i>	27.4	8.0	240.2%	49.4
<i>Taxes</i>	2.7	5.0	-44.7%	12.3
<i>Depreciation and amortization</i>	7.5	7.6	-1.5%	32.2
<b>EBITDA</b>	<b>45.4</b>	<b>29.3</b>	<b>55.3%</b>	<b>140.3</b>
<b>EBITDA margin (%)</b>	<b>8.7%</b>	<b>6.6%</b>	<b>2.1 p.p.</b>	<b>7.7%</b>
<i>Translation adjustments</i>	1.5	13.8	-89.1%	23.4
<b>Adjusted EBITDA</b>	<b>46.9</b>	<b>43.1</b>	<b>9.0%</b>	<b>163.7</b>
<b>Adjusted EBITDA margin (%)</b>	<b>9.0%</b>	<b>9.7%</b>	<b>-0.7 p.p.</b>	<b>9.0%</b>

## Net Result

Income/Loss (US\$ million)	4Q19	3Q19	% Chg	2019
Net income (loss) before income and social contribution taxes	10.6	13.6	-22.3%	58.7
Income tax	-2.7	-5.0	-44.7%	-11.6
Net result	7.8	8.6	-9.3%	47.2
Net margin	1.5%	2.0%	-0.5 p.p.	2.6%

## Debt

Debt (US\$ million)	Dec/19	Sept/19	% Chg
Gross debt	49.5	74.8	-33.8%
Short-term debt	49.5	64.9	-23.7%
Long-term debt	0.001	9.9	-100.0%
Cash and cash equivalents	42.0	68.4	-38.5%
Net debt	7.5	6.4	16.7%
Net debt/LTM EBITDA (x)	0.05	-	-

## Free cash flow

FCF (US\$ million)	4Q19	3Q19	% Chg	2019
Adjusted EBITDA	46.9	43.1	8.9%	163.2
Capex	-8.8	-7.5	17.3%	-26.7
Financial result (on a cash basis)	-2.8	-2.0	40.1%	-12.1
Working capital	-2.7	39.9	-106.8%	6.4
Free cash flow	32.6	73.5	-55.6%	130.7

**APPENDIX 5 – EXCHANGE RATE**

	4Q19	4Q18	3Q19
(USD- Closing)			
<b>Brazil (BRL/USD)</b>	4.11	3.88	4.16
<b>Paraguay (PYG/USD)</b>	6,447.20	5,969.00	6,380.10
<b>Uruguay (UYU/USD)</b>	38.15	32.42	36.96
<b>Argentina (ARS/USD)</b>	59.77	37.68	57.59
<b>Colombia (COP/USD)</b>	3,386.73	3,252.08	3,478.08