INDUSTRY OVERVIEW
3Q20

Barretos, October 27, 2020 – 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. Currently, the Company has a daily slaughtering capacity of 26,180 head of cattle and a daily beef deboning capacity equivalent to 27,800 head of cattle. Present in Brazil, Paraguay, Argentina, Uruguay and Colombia, Minerva operates 25 slaughter and deboning plants and 3 processing plants.

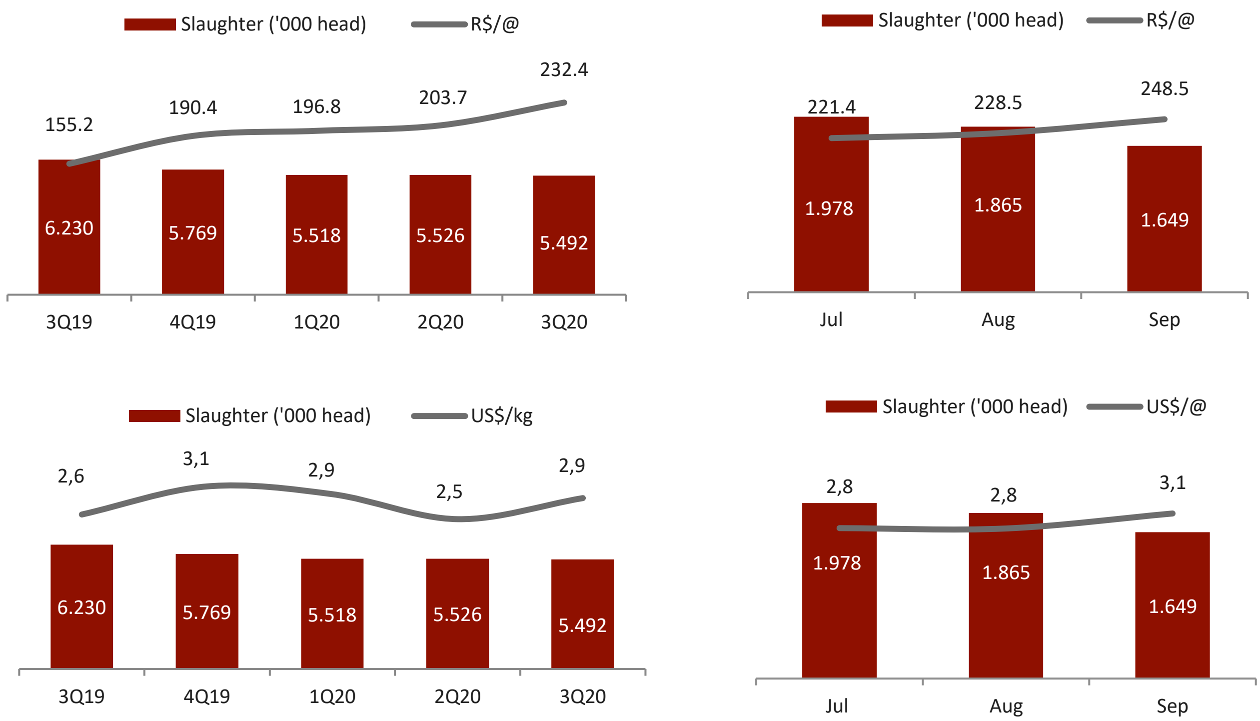
HIGHLIGHTS BY COUNTRY

Brazil

Cattle Supply

Slaughter volume totaled approximately 5.5 million head of cattle in Brazil in 3Q20, dropping 12% YoY and flat QoQ. The *arroba* price (indicator: finished cattle Esalq/BM&F - state of São Paulo) averaged R$232.4/@ in 3Q20, impacted by lower availability of animals ready for slaughter, especially due to the off-season period. Cattle prices in dollars reached US$2.9/kg in 3Q20.

Figures 1, 2, 3 and 4 – Cattle Slaughter and Average Cattle Price – R$/@ and US$/kg



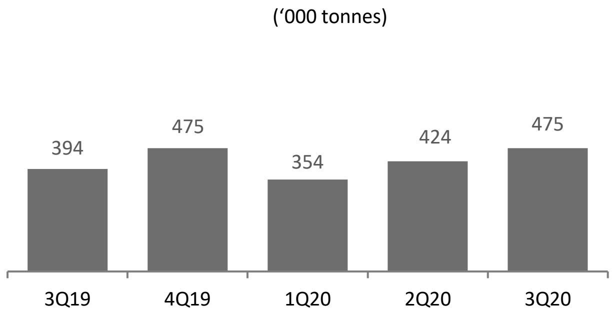
Source: Ministry of Agriculture, Livestock and Supply, CEPEA/ESALQ | 3Q20 Preliminary Slaughter Data

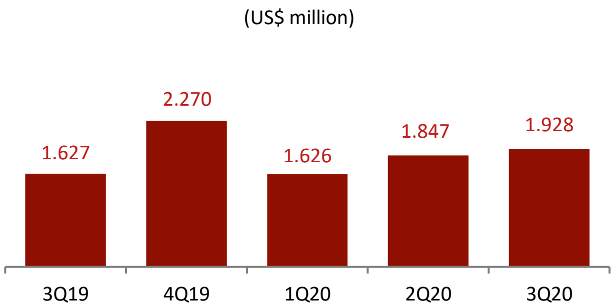
Export market

Brazilian beef exports reached 475,000 tons in 3Q20, an increase of 12% over 2Q20 and 21% over 3Q19. Beef export revenue reached US$1.9 billion in 3Q20, climbing 4% over 2Q20 and 18% over 3Q19. Beef export revenue in reais increased 4% over 2Q20 and 60% over 3Q19.

The good export performance in the period reflects the growing beef's demand from Asia, especially China, which has been the main destination of Brazilian beef export in 2020.

Figures 5 and 6 – Fresh Beef Exports





Source: Ministry of Development, Industry and Foreign Trade | Preliminary Export Data

Beef prices in dollars averaged US$4.1/kg in 3Q20, flat over 3Q19. Average beef prices in reais stood at R$21.8/kg in 3Q20, an increase of 33% over 3Q19, as a result of increased global demand and currency depreciation.

Figures 7 – Average Fresh Beef Price

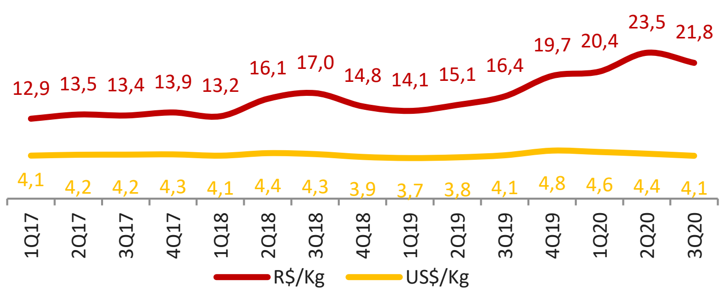
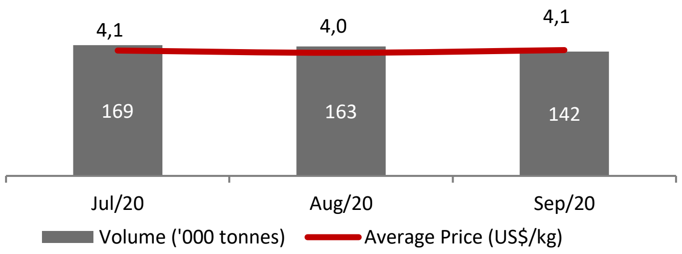


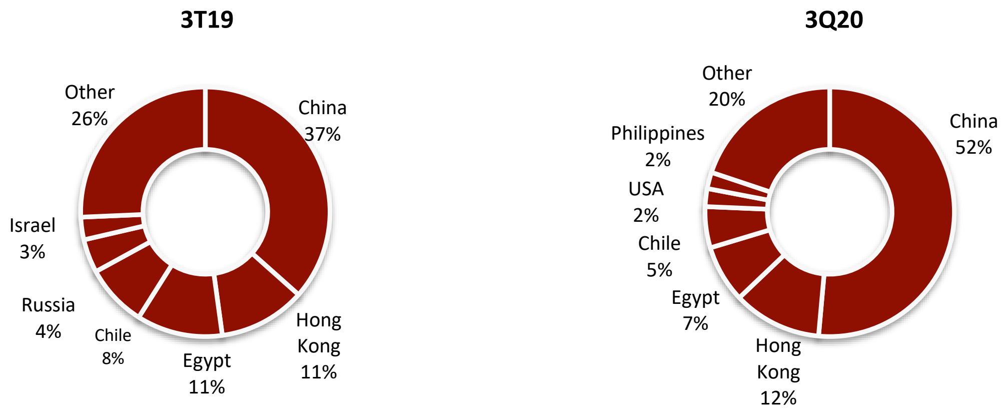
Figure 8 – Brazilian Fresh Beef Exports



Source: Ministry of Development, Industry and Foreign Trade

China and Hong Kong continue to be the main destinations of Brazilian beef exports, jointly accounting for 64% of the total (+16 p.p. 3Q20 vs. 3Q19). In the last 12 months, China was the destination of 55% of the total beef exported by the country

Figures 9 and 10 – Export Destinations (% of Revenue)

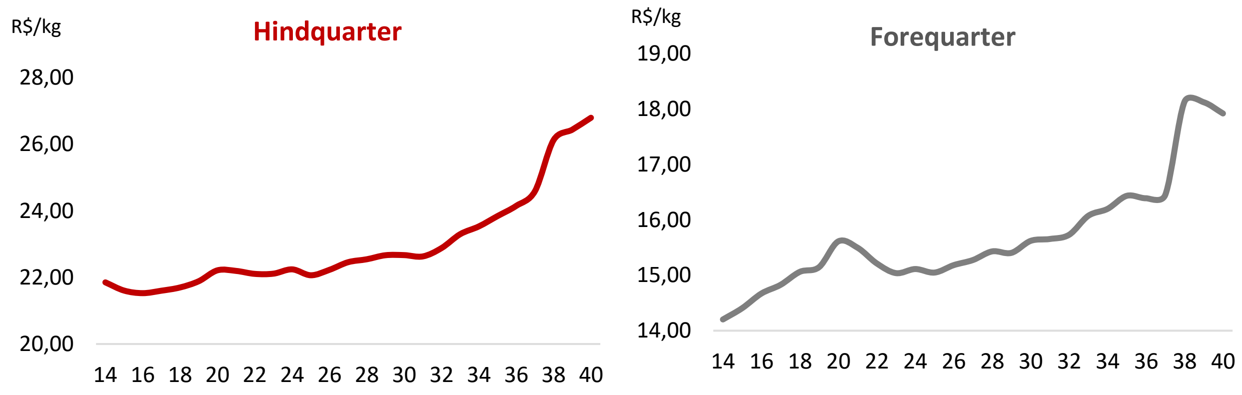


Source: Ministry of Development, Industry and Foreign Trade

Domestic market

The Brazilian domestic market improved from the last few quarters, impacted by the emergency aid and the consequent increase in the population’s purchasing power, in addition to third-quarter seasonal demand increase. With rising demand, both forequarter and hindquarter cut prices increased, as shown in figures 11 and 12.

Figures 11 and 12 – Forequarter and Hindquarter Cut Prices*



Source: Scot Consultoria

***Prices measured at a weekly basis: Weeks 14 to 27 - 2Q20 | 27 to 40 - 3Q20.**

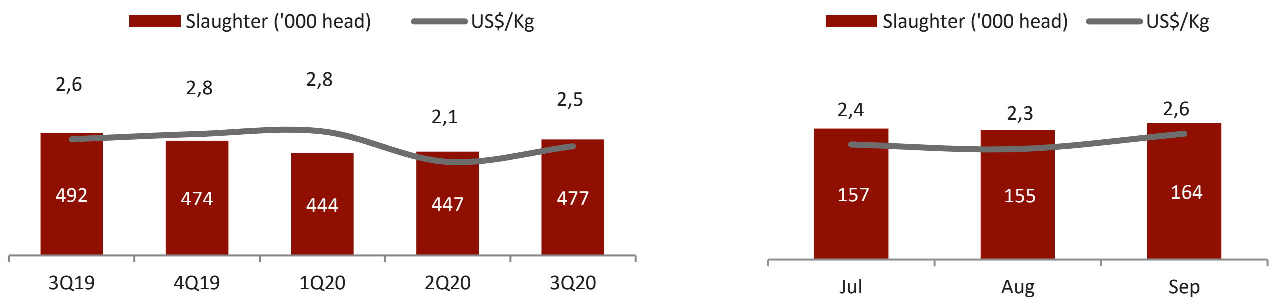
Paraguay

Cattle Supply

In 3Q20, 477,000 head of cattle were slaughtered in Paraguay, approximately 7% more than in 2Q20.

Cattle prices averaged US$2.5/kg in 3Q20, up 17% over 2Q20 and down 6% from 3Q19.

Figures 13 and 14 – Cattle Slaughter and Average Cattle Price



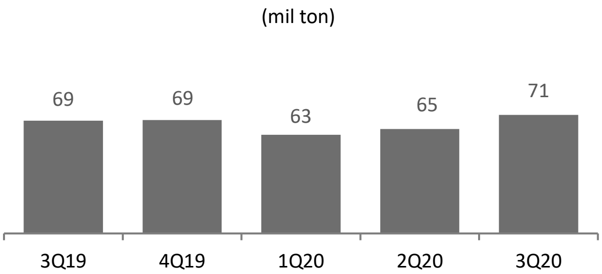
Source: OCIT – Oficina Consultiva y de Investigación Técnica | 3Q20 Preliminary Data

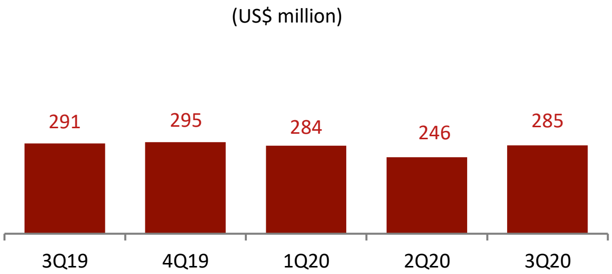
Export market

Paraguayan beef exports totaled 71,000 tonnes in 3Q20, an increase of 3% over 3Q19 and up 9% over 2Q20. Beef export revenue reached US$285 million in 3Q20, 16% higher than in 2Q20 and flat from 3Q19.

Chile accounted for 42% of the Paraguayan exports, followed by Russia, which accounted for 17%, while Taiwan was the third main destination of the country exports, with 11% of the total.

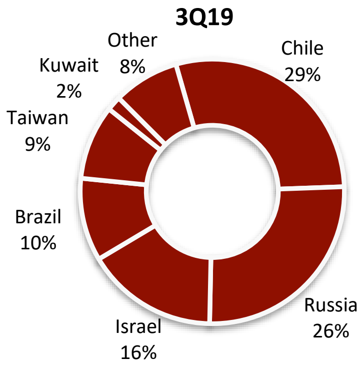
Figures 15 and 16 – Fresh Beef Exports

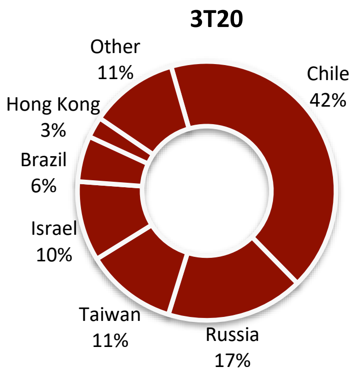




Source: OCIT – Oficina Consultiva y de Investigación Técnica

Figures 17 and 18 – Export Destinations (% of Revenue)





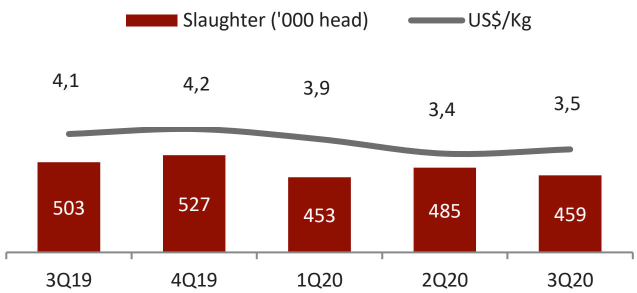
Source: OCIT – Oficina Consultiva y de Investigación Técnica

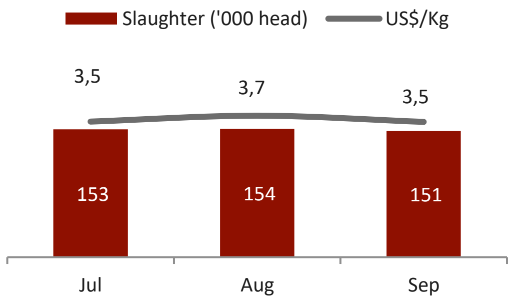
Uruguay

Cattle Supply

In 3Q20, 459,000 head of cattle were slaughtered in Uruguay; with cattle prices averaging US$3.5/kg in the quarter, dropping 13% from 3Q19 and increasing 4% over 2Q20.

Figures 19 and 20 – Cattle Slaughter and Average Cattle Price





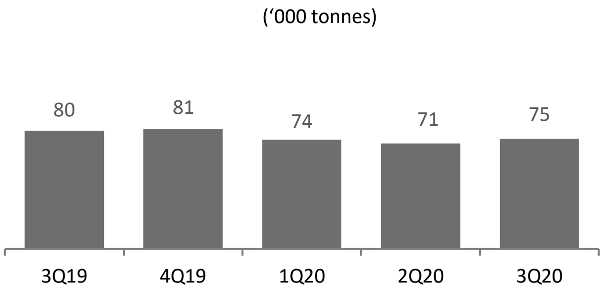
Source: INAC

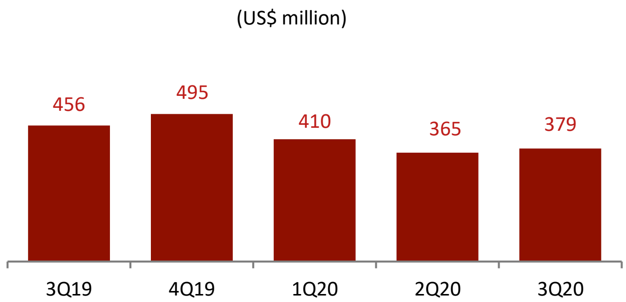
Export market

Uruguayan beef export volume totaled 75,000 tonnes in 3Q20, up 5% over 2Q20. Export revenue totaled US$379 million in the period, up 4% over 2Q20.

China remained the main destination of Uruguayan exports, with 44% of the total. It is also worth noting the USA's growth, the second main destination in the period, with 20% of the total volume, an increase of +11 percentage points YoY.

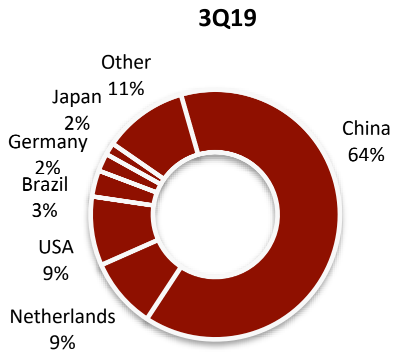
Figures 21 and 22 – Fresh Beef Exports

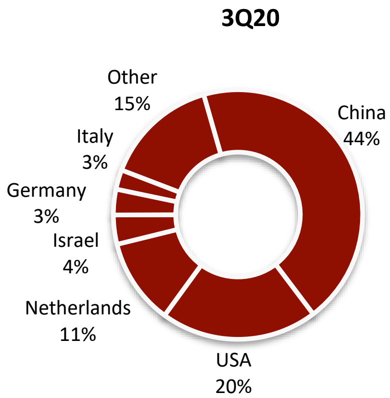




Source: Penta-transaction

Figures 23 and 24 – Export Destinations (% of Revenue)





Source: Penta-transaction

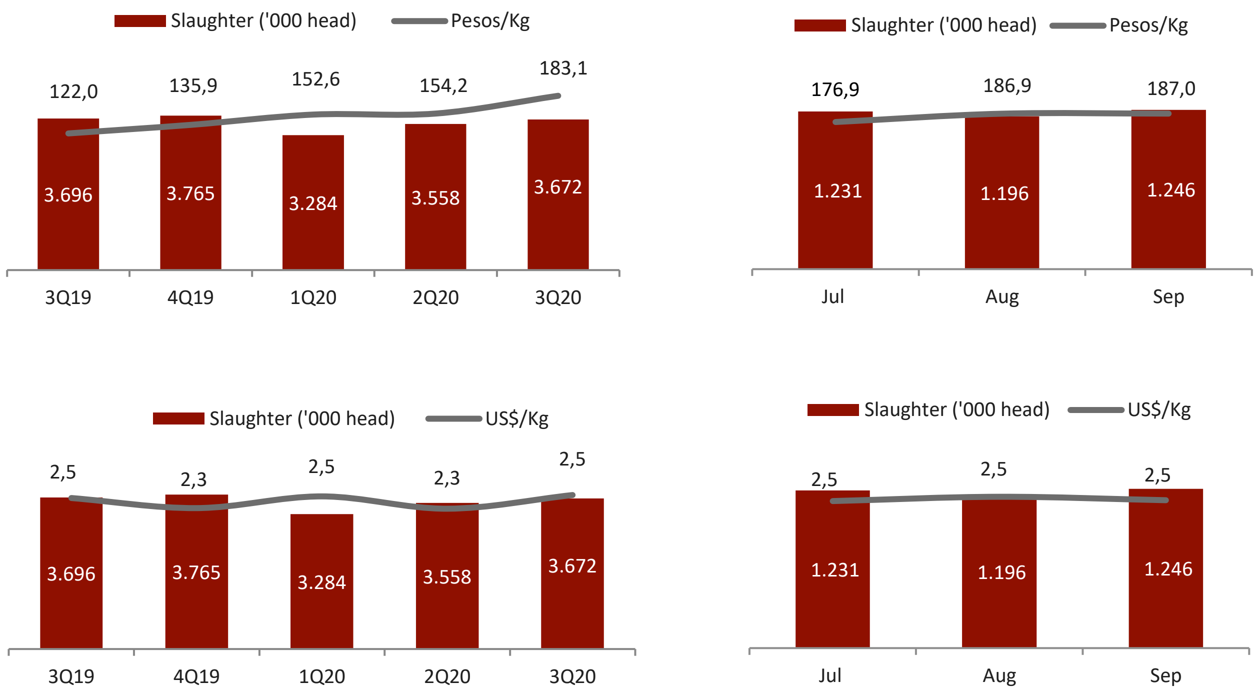
Argentina

Cattle Supply

Argentina slaughtered 3.7 million head of cattle in 3Q20, an increase of 3% over 2Q20 and flat from 3Q19.

The average price of cattle in Argentina reached ARS183.1/kg in 3Q20, 19% higher than in 2Q20 and 50% more than in 3Q19. It is worth noting that the significant price increase in the annual comparison was due to the country's constant high inflation. Average cattle prices in dollars rose 10% over 2Q20 and remained flat from 3Q19.

Figures 25, 26, 27 and 28 – Cattle Slaughter and Average Cattle Price – ARS/kg and US$/kg

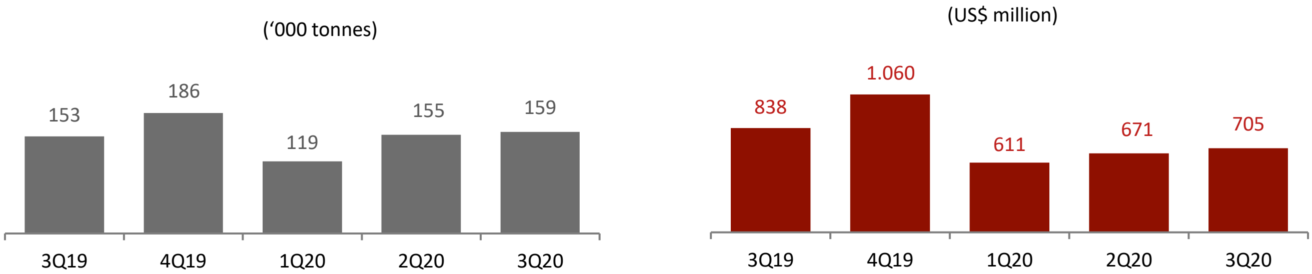


Source: ABC Consortium | 3Q20 Preliminary Data

Export market

Argentina exported 159,000 tonnes of beef in 3Q20, an increase of 3% over 2Q20 and 4% over 3Q19. Export revenue totaled US$705 million, up 5% over 2Q20.

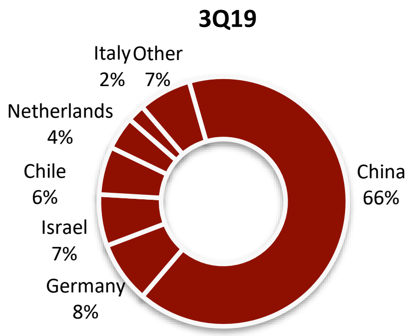
Figures 29 and 30 – Fresh Beef Exports

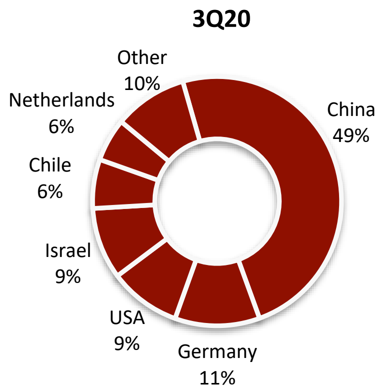


Source: IPCVA – Instituto de Promoción de La Carne Vacuna Argentina | 3Q20 Preliminary Data

China accounted for 49% of exports and remained the main destination of country exports. Germany accounted for 11%, followed by the United States, the third main destination, with 9% of the total.

Figures 31 and 32 – Export Destinations (% of Revenue)





Source: *INDEC - Instituto Nacional de Estadística y Censos | 3Q20 Preliminary Data*

Domestic market

The Argentine domestic market is still affected by the serious economic crisis it has been facing in the last few years, which was worsened by the effects of the Coronavirus pandemic. In this scenario, it is possible to see a strong migration from fresh beef cuts to processed foods, cheaper, such as pâtés, sausages and breaded products.