

# *Minerva Foods*

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## **CONFERENCE CALL 4Q18 & 2018**

**March 13<sup>th</sup>, 2019**

# Minerva

## 4Q18 and 2018 Highlights

### OPERATING AND FINANCIAL HIGHLIGHTS

- **Operational Cash Flow 4Q18:** R\$ 340.1 million | **2018:** R\$ 1,329.9 million
- **Free Cash Flow 4Q18:** R\$ 363.3 million | **2018:** R\$ 752.0 million
- **Gross Revenue 4Q18:** R\$ 4.9 billion | **2018:** R\$ 17.2 billion
  - **Division 4Q18:**
    - **Brazilian Industry:** 41% of gross revenue | **Athena Foods:** 41% of gross revenue | **Trading:** 18% of gross revenue
  - **Exports 4Q18:** 60% of gross revenue (+24% yoy) | **2018:** 62% of gross revenue (+40% yoy)
  - **Net Revenue 4Q18:** R\$ 4.6 billion | **2018:** R\$ 16.2 billion
  - **EBITDA:**
    - **4Q18:** R\$ 462.8 million | **EBITDA Margin:** 10.0%
    - **2018:** R\$ 1.6 billion | **Adjusted EBITDA Margin:** 9.6%
  - **Net (Loss) Income 4Q18:** R\$ -92.1 million

### CAPITAL STRUCTURE

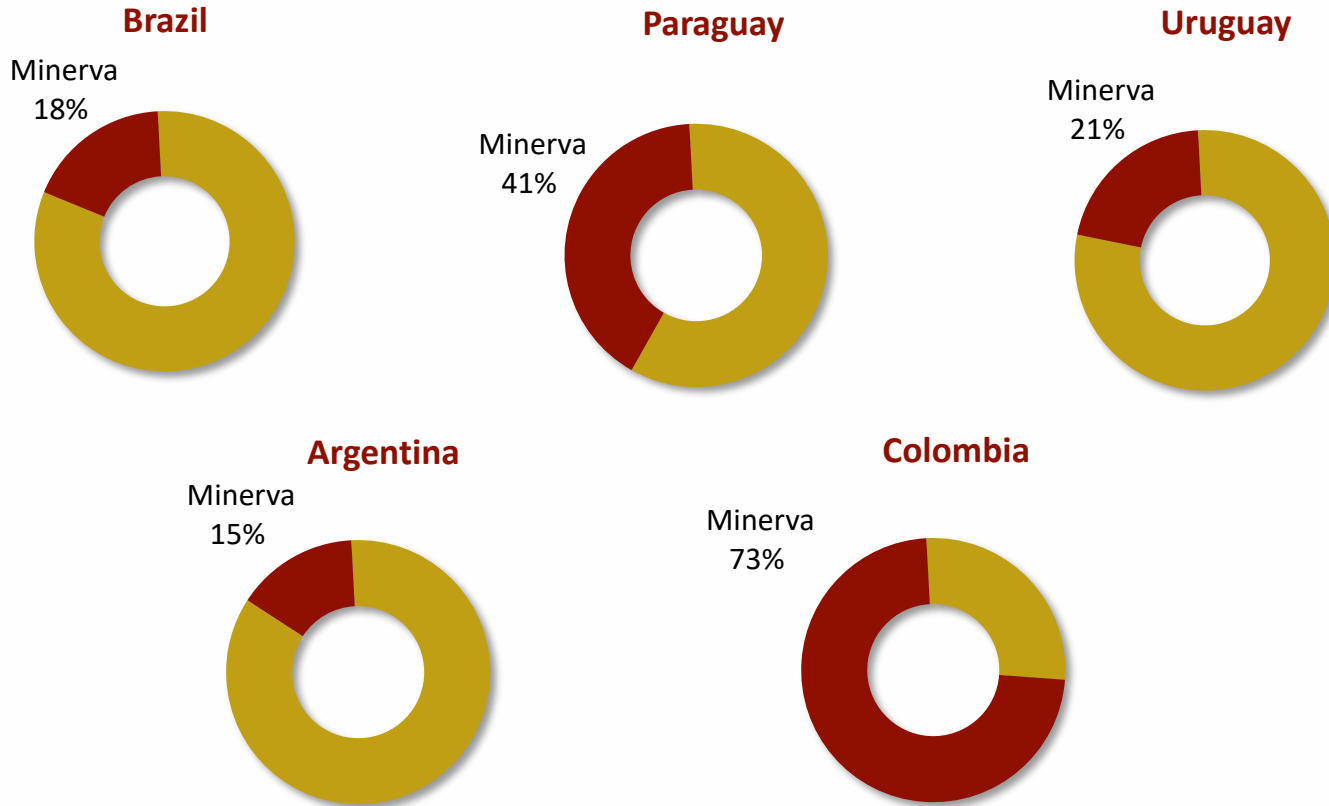
- **Leverage measured by the net debt/LTM EBITDA ratio:** 3.9x
- **Cash Position:** R\$ 4.4 billion
- **Duration:** ~5 years
- Perpetual Bonds tender offering of ~75% was concluded

### OTHER HIGHLIGHTS

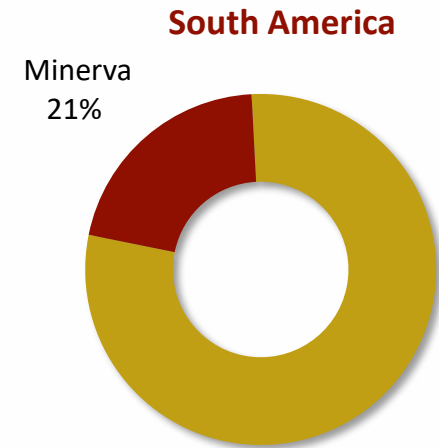
- The private capital increase was concluded, reaching R\$ 965 million
- Minerva remains as beef exporter leader in South America, with 21% of market share in 2018
- Guidance 2018: Achieved | New guidance for Net Revenue for 2019: between R\$16.5 billion and R\$17.5 billion

# Share of Exports

## MARKET SHARE (% OF REVENUE PER COUNTRY) – 2018

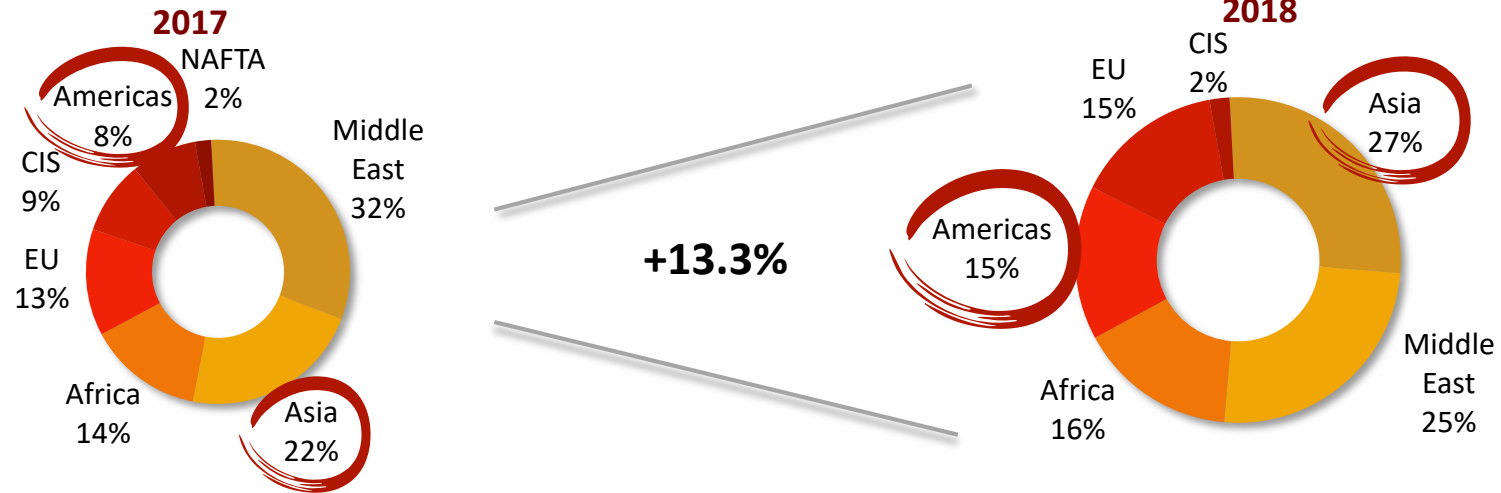


## MARKET SHARE LTM (% OF REVENUE) – 2018

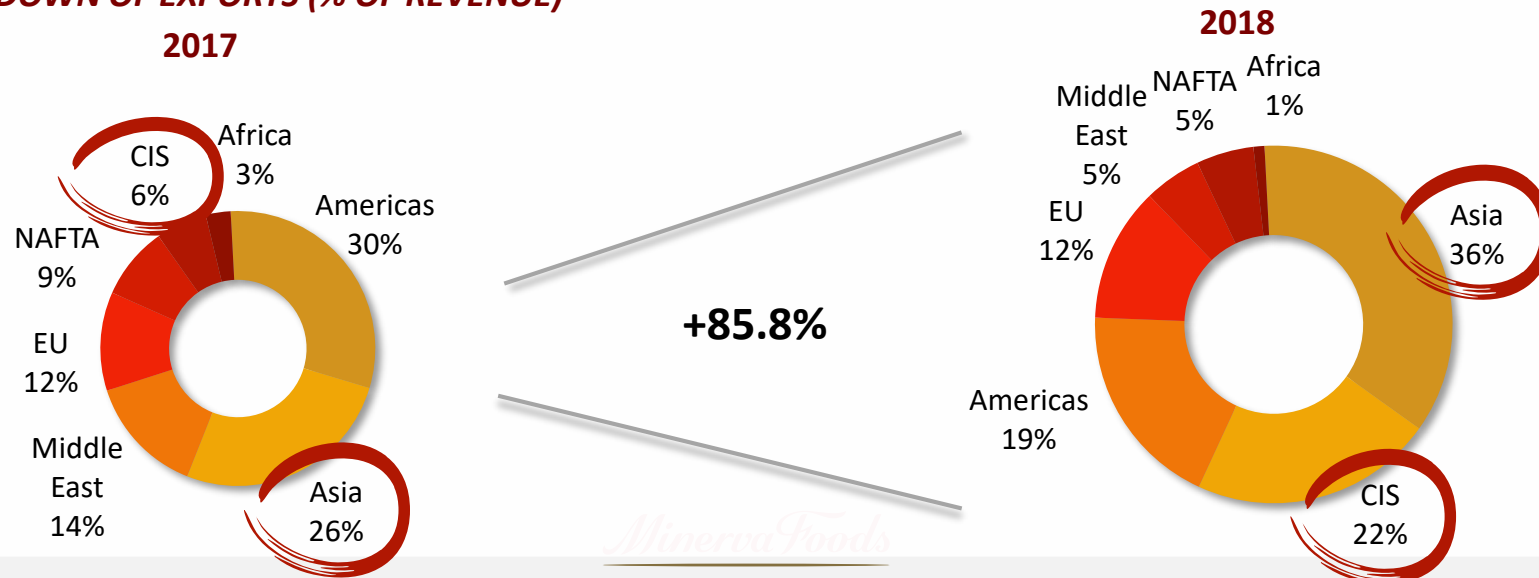


# Breakdown Of Exports

## BRAZILIAN DIVISION BREAKDOWN OF EXPORTS (% OF REVENUE)



## ATHENA FOODS BREAKDOWN OF EXPORTS (% OF REVENUE)

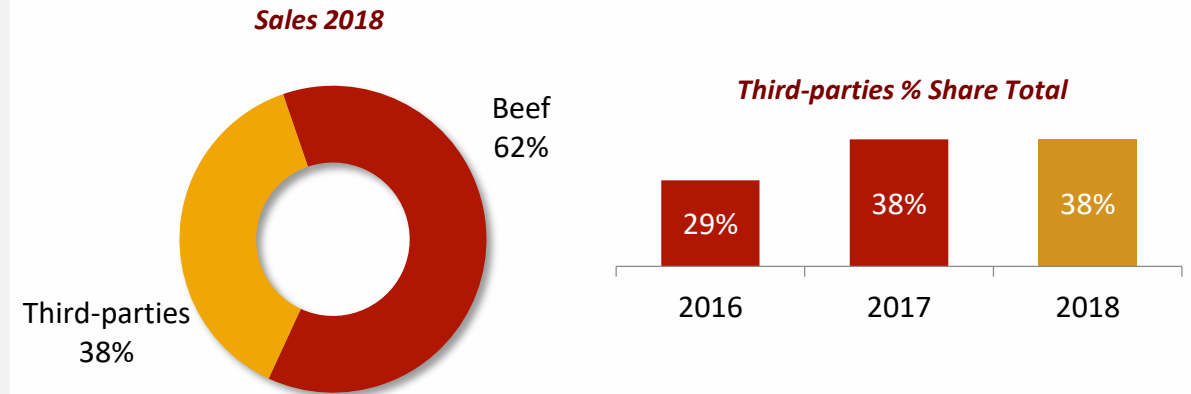


# Domestic Market

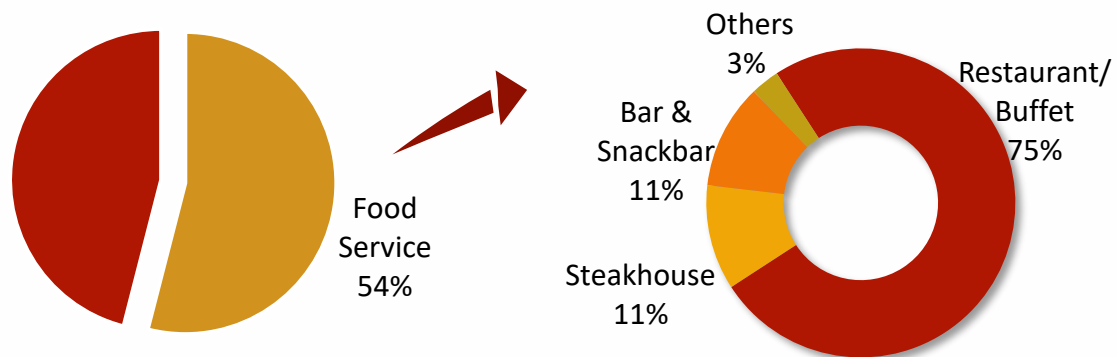
## HIGHLIGHTS:

- Growth in the food service segment
  - Increase of the number of food service clients
- Gain of market share and profitability
- Growth in premium brands
- Growth in niche markets

## SALES'S BREAKDOWN (% SHARE)



## CHANNELS / TYPE

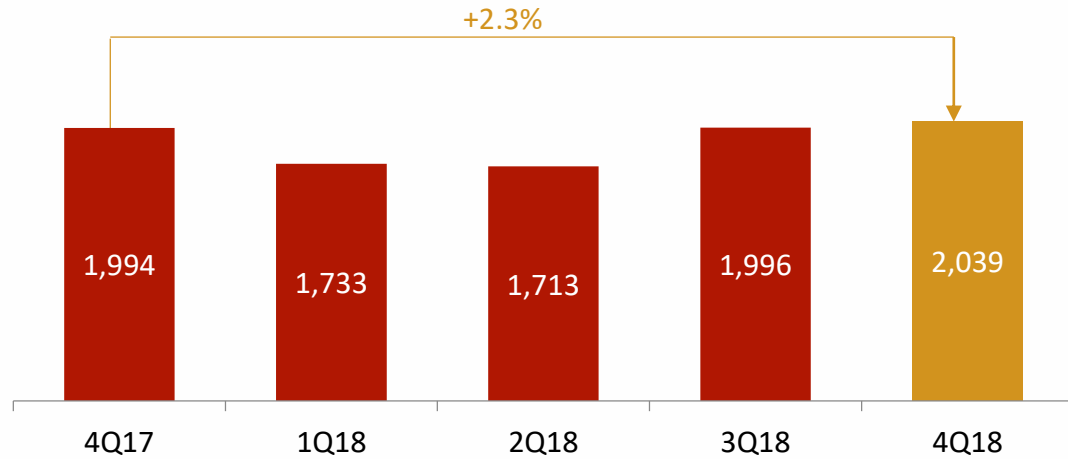


## GROWTH OF SALES CHANNELS

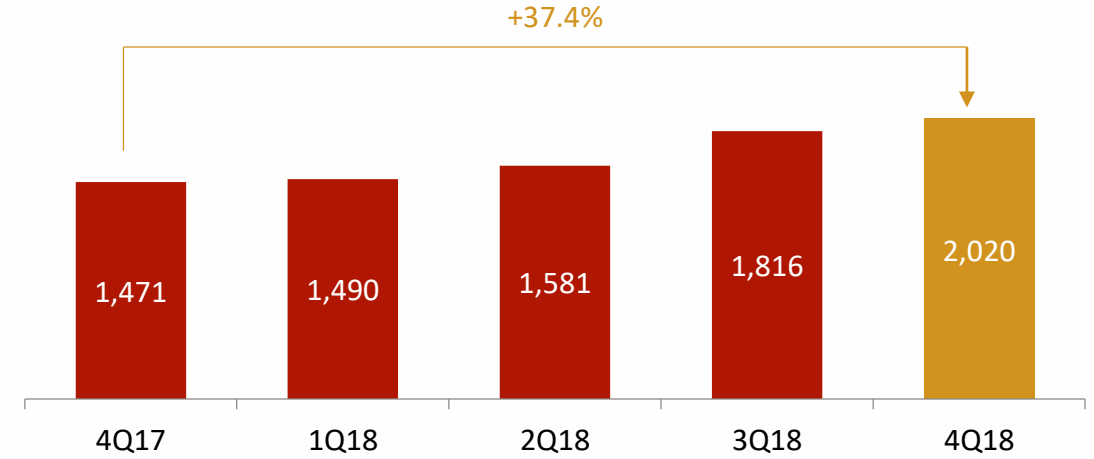


# Operating and Financial Results

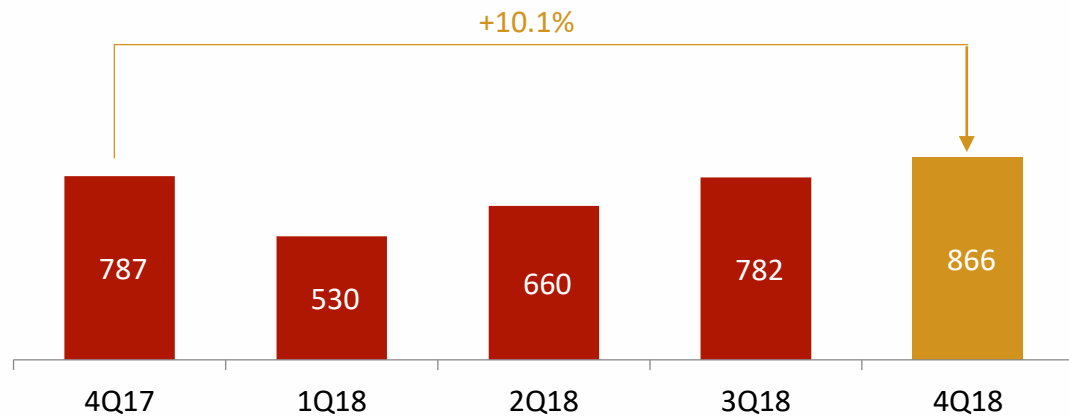
**GROSS REVENUE - BRAZILIAN INDUSTRY DIVISION (R\$ MILLION)**



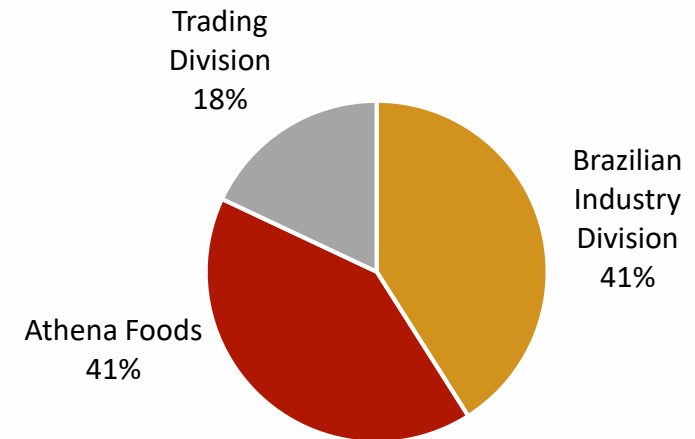
**GROSS REVENUE - ATHENA FOODS (R\$ MILLION)**



**GROSS REVENUE - TRADING DIVISION (R\$ MILLION)**

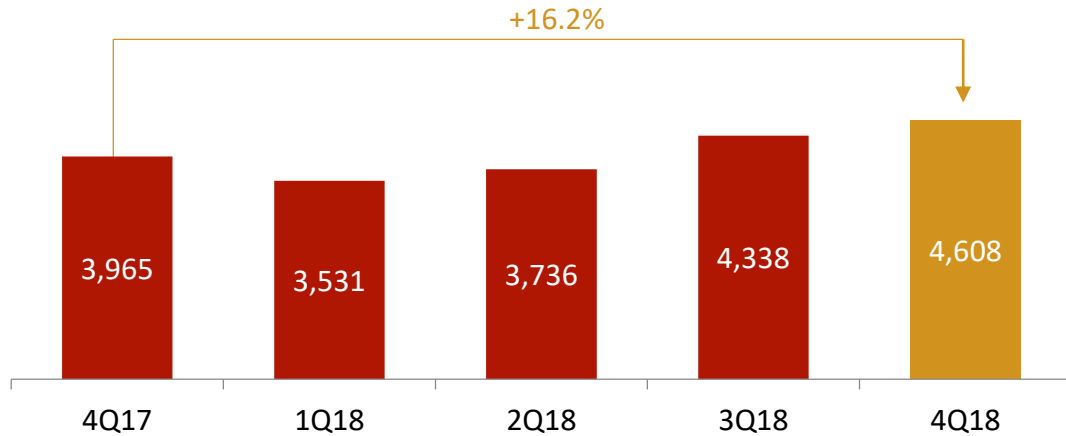


**DIVISIONS BREAKDOWN (% OF GROSS REVENUE) - 4Q18**

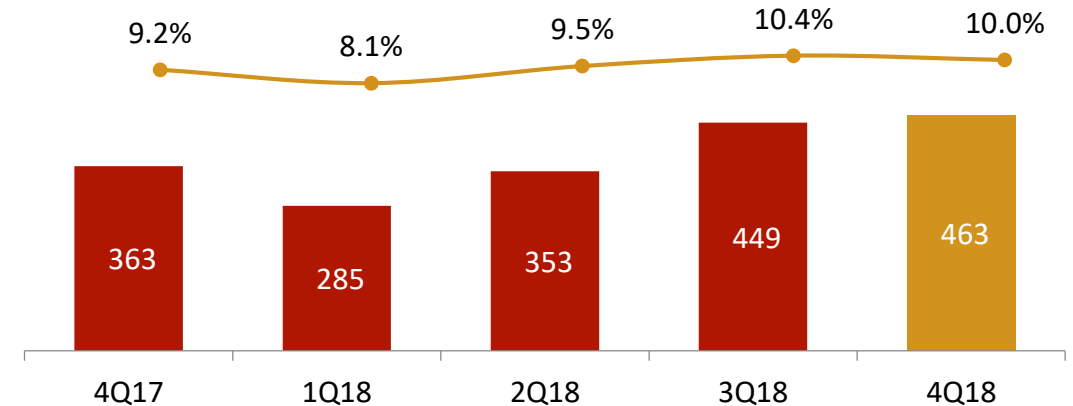


# Operating and Financial Results (cont'd)

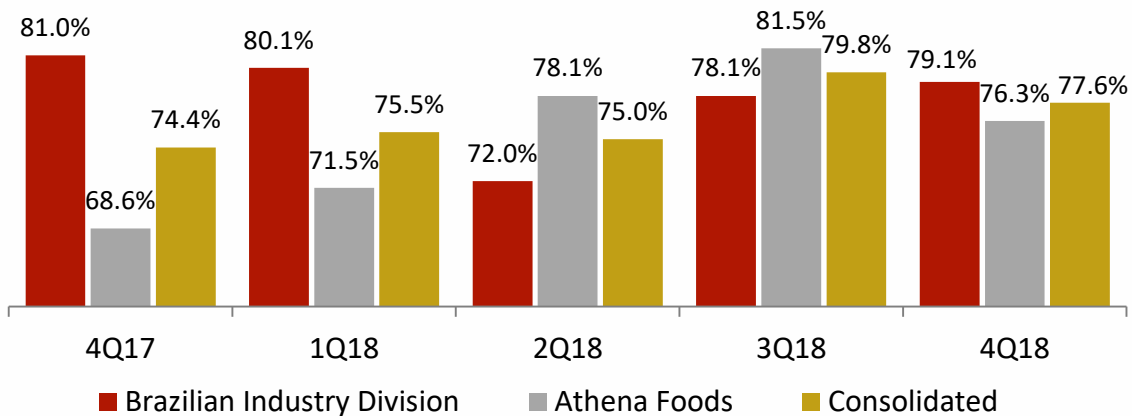
## NET REVENUE (R\$ MILLION)



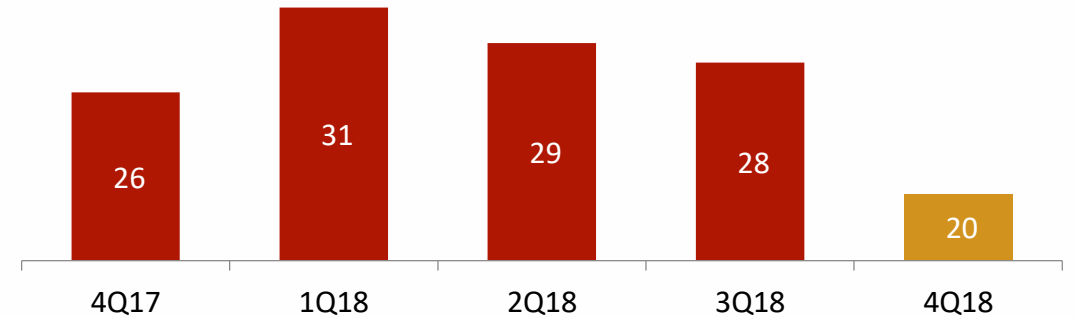
## EBITDA (R\$ MILLION) AND EBITDA MARGIN (%)



## CAPACITY UTILIZATION

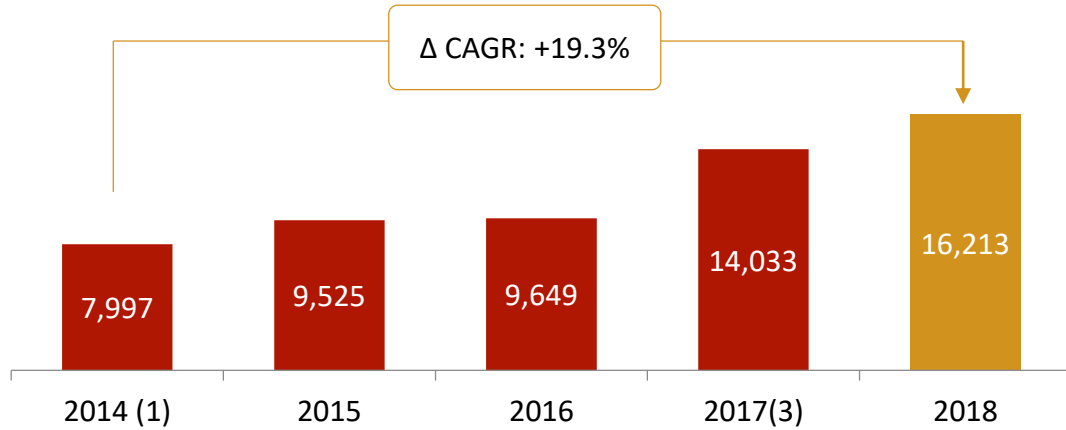


## INVENTORIES (DAYS)

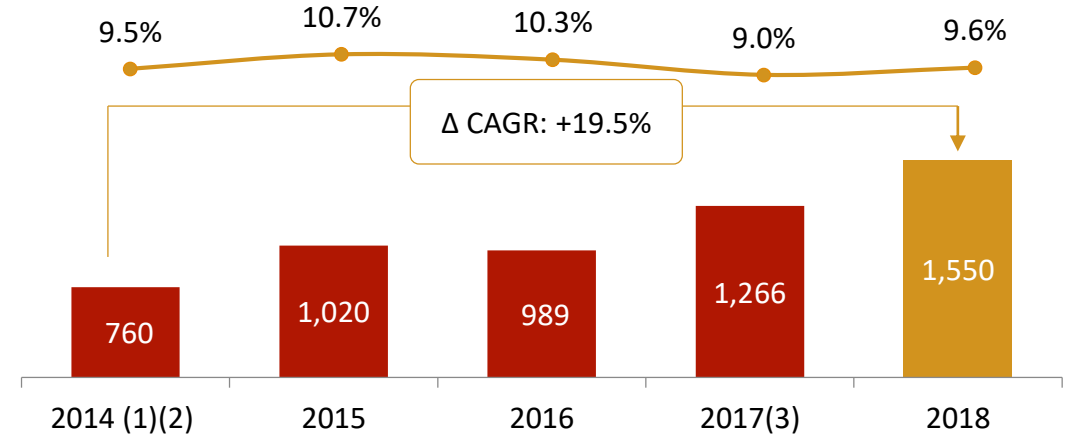


# Operating and Financial Results (cont'd)

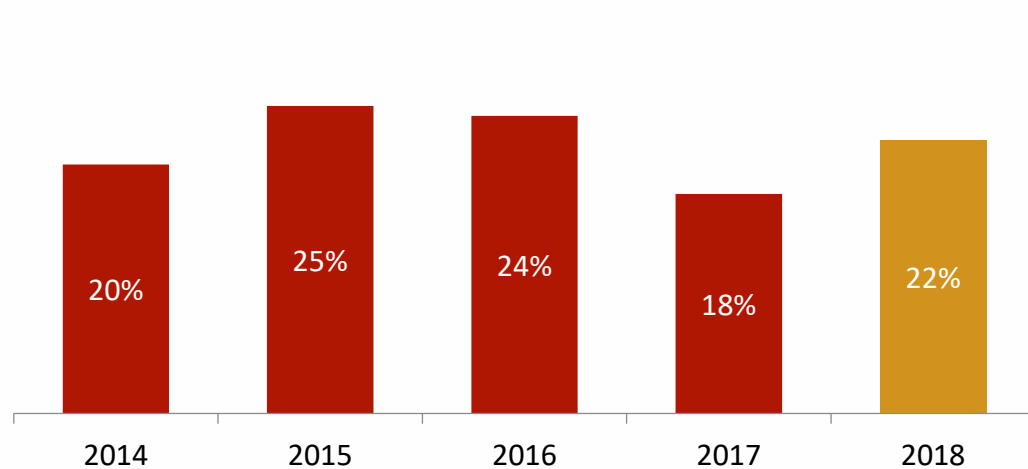
## NET REVENUE (R\$ MILLION)



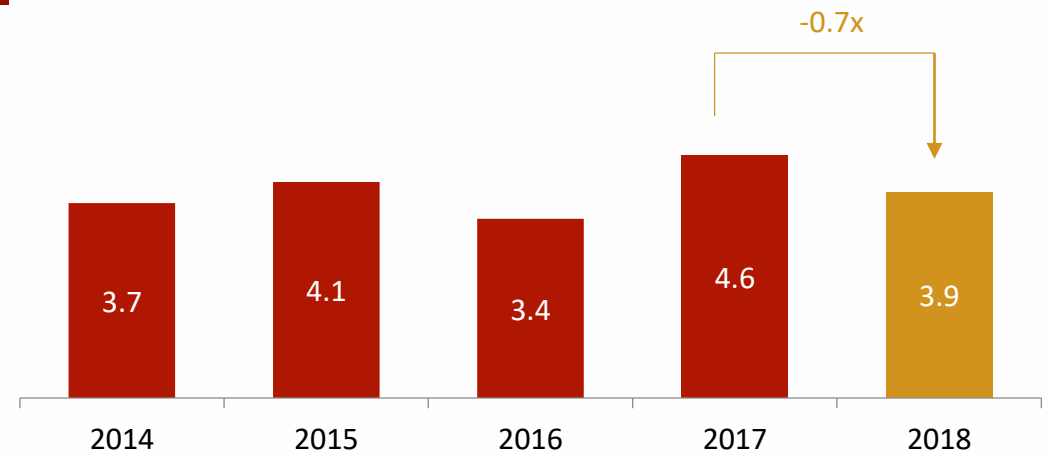
## ADJUSTED EBITDA (R\$ MILLION) AND EBITDA MARGIN (%)



## ROIC



## NET DEBT/EBITDA LTM



(1) 2014 includes pro-forma net revenue and EBITDA for the BRF and Carrasco plants.

(2) 2014 EBITDA adjusted by the reversal of the tax contingency provision in 2Q14 and by REFIS adherence in 4Q14

(3) 2017 includes pro-forma net revenue and EBITDA for the plants of the Mercosur assets acquired on August 1, 2017.



# Net Result & Adjusted Net Result

| R\$ Million | 4Q18 |
|-------------|------|
|-------------|------|

|                         |       |
|-------------------------|-------|
| Net Result Before Taxes | -75.1 |
|-------------------------|-------|

|  |       |
|--|-------|
| (+) Income and Social Contribution Taxes | -17.0 |
|--|-------|

|                   |              |
|-------------------|--------------|
| <b>Net result</b> | <b>-92.1</b> |
|-------------------|--------------|

|              |       |
|--------------|-------|
| % Net Margin | -2.0% |
|--------------|-------|

| R\$ Million | 4Q18 |
|-------------|------|
|-------------|------|

|                         |       |
|-------------------------|-------|
| Net Result Before Taxes | -75.1 |
|-------------------------|-------|

|                  |      |
|------------------|------|
| Asset impairment | 18.8 |
|------------------|------|

|                     |      |
|---------------------|------|
| Monetary Correction | 24.7 |
|---------------------|------|

|                |      |
|----------------|------|
| Other expenses | 59.0 |
|----------------|------|

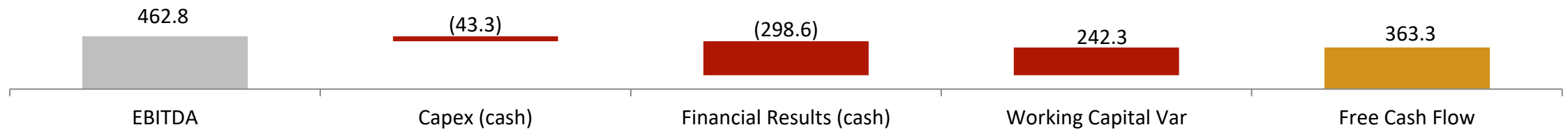
|   |             |
|---|-------------|
| <b>Adjusted Net Result Before Taxes</b> | <b>27.4</b> |
|---|-------------|

# Operating Cash Flow

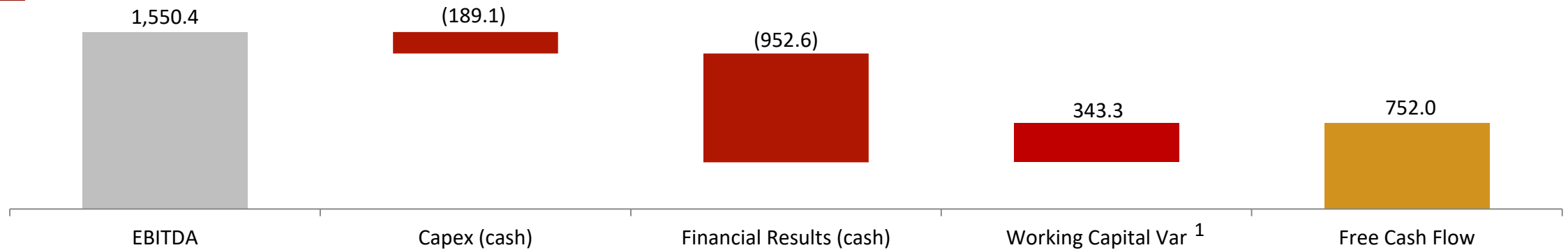
| R\$ Million                                 | 4Q18         | 2018            |
|---|--------------|-----------------|
| <b>Net result</b>                           | <b>-92.1</b> | <b>-1,264.8</b> |
| (+) Net result adjustments                  | 189.8        | 1,781.1         |
| (+) Changes in working capital requirements | 242.3        | 813.6           |
| <b>Operating cash flow</b>                  | <b>340.1</b> | <b>1,329.9</b>  |

# Free Cash Flow

## 4Q18 (R\$ MILLION)



## 2018 (R\$ MILLION)

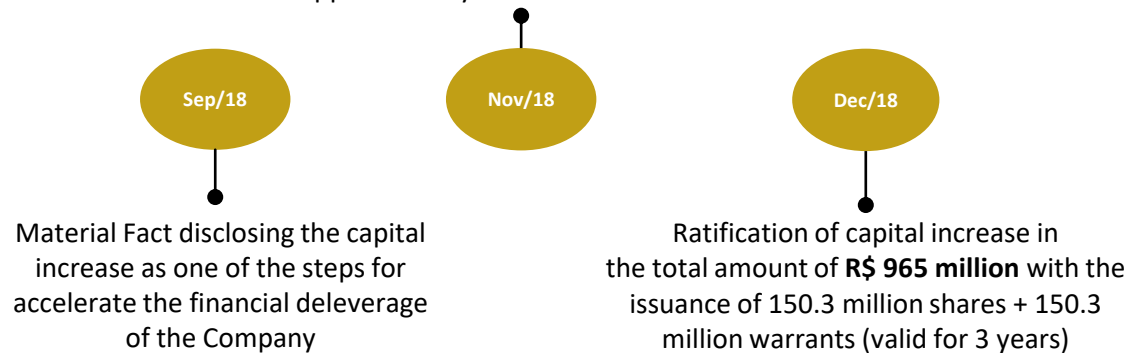


<sup>1</sup> Working capital excludes equity valuation adjustments and accumulated conversion amounts in 3Q18.

# Capital Increase and Warrants

## CAPITAL INCREASE PROCESS

Closing of the period for shares' subscription and beginning of subscription of left-overs (closed on Dec, 06) with adhesion of approximately **91%** shareholder base



## USE OF PROCEEDS

Tender offer for Perpetual Notes:

- US\$225 million tender settlement
- Approximately 75.5% of outstanding amount
- Call option exercise of the outstanding balance on April/2019 (face value)

## EXERCISED WARRANTS

- January 2019
  - 5 warrants were exercised – R\$32.10
- February 2019
  - 248 warrants were exercised – R\$1,592.16

## CAPITAL STOCK CHANGING

| Date                      | Capital Stock       | # of Shares | # Warrants  |
|---------------------------|---------------------|-------------|-------------|
| 12/20/2018                | R\$1,115,156,864.53 | 376,687,157 | 150,268,698 |
| 01/11/2019                | R\$1,115,156,896.63 | 376,687,162 | 150,268,693 |
| 02/11/2019<br>(Currently) | R\$1,115,158,488.79 | 376,687,410 | 150,268,445 |

# Athena Foods Income Statement

## FINANCIAL STATEMENT

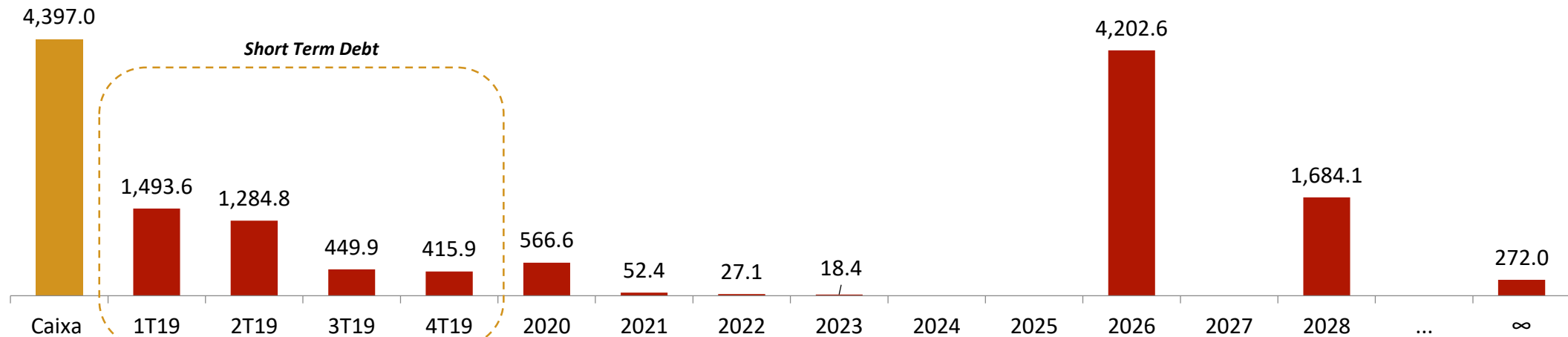
| '000 BRL   | 4Q18               | 2018               |
|--|--------------------|--------------------|
| Domestic Market                                    | 551,152            | 2,016,235          |
| Export Market                                      | 1,524,363          | 5,061,138          |
| Revenues Deduction                                 | (81,892)           | (194,889)          |
| <b>Net Revenues</b>                                | <b>1,993,623</b>   | <b>6,882,484</b>   |
| <b>COGS</b>  | <b>(1,727,600)</b> | <b>(6,040,268)</b> |
| <b>Net Profit</b>                                  | <b>266,023</b>     | <b>842,216</b>     |
| <b>Administratives, Sales and General Expenses</b> | <b>(140,362)</b>   | <b>(464,410)</b>   |
| <b>Financial Results</b>                           | <b>(80,629)</b>    | <b>(103,674)</b>   |
| <b>Income Taxes</b>                                | <b>4,426</b>       | <b>15,577</b>      |
| <b>Net Result</b>                                  | <b>49,458</b>      | <b>289,709</b>     |
| <b>Net Margin</b>                                  | <b>2.48%</b>       | <b>4.21%</b>       |
| <b>EBITDA</b>                                      | <b>163,778</b>     | <b>490,447</b>     |
| <b>EBITDA Margin</b>                               | <b>8.22%</b>       | <b>7.13%</b>       |

# Capital Structure

## HIGHLIGHTS

- Net Debt/LTM Adjusted EBITDA ratio: 3.9x
- Cash Position: R\$4.4 billion
- At the end of December, approximately 78% of total debt was exposed to the dollar variation
- Debt Duration: 4.9 years

## DEBT AMORTIZATION SCHEDULE (R\$ MILLION) – DEC/18



# Guidance

## FROM JANUARY 2018 TO DECEMBER 2018 - ACHIEVED

| R\$ Million | Minimum | Maximum |
|-------------|---------|---------|
| Net Revenue | 15,000  | 16,000  |



**2018 Net Revenue:  
R\$ 16.2 billion**

Considering average dollar in the period of R\$3.70 and ARS\$ 27.

## FROM JANUARY 2019 TO DECEMBER 2019

| R\$ Million | Minimum | Maximum |
|-------------|---------|---------|
| Net Revenue | 16,500  | 17,500  |

Considering average dollar in the period of R\$3.80.

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