

Keystone posts EBITDA of US\$ 62 million, up 10%

São Paulo, May 11, 2017 – Marfrig Global Foods S.A. – Marfrig (BM&FBovespa Novo Mercado: MRFG3 and Level 1 ADR: MRRTY) announces today its results for the first quarter of 2017 (1Q17). Except where stated otherwise, the following operating and financial information is presented in nominal Brazilian real, in accordance with International Financial Reporting Standards (IFRS), and should be read together with the income statement and notes to the financial statements for the period ended March 31, 2017 filed at the Securities and Exchange Commission of Brazil (CVM).

HIGHLIGHTS

- Marfrig has started the process of listing Keystone in the United States.
- Net Revenue¹ came to R\$4.1 billion in 1Q17.
- Consolidated Adjusted EBITDA was R\$334 million, with margin of 8.1%.
- Keystone posted Adjusted EBITDA of US\$62 million, with margin of 9.4%, a record for a first quarter. Period highlights include volume growth and the favorable sales mix.
- The Beef Division posted Adjusted EBITDA of R\$138 million, with margin of 6.7%. This result reflected the industry's lower margins, led by the 20% drop in the U.S. dollar compared to a year earlier.
- In March 2017, Marfrig issued US\$750 million in 2024-bonds at a coupon of 7% p.a., which is 100 bps lower than the May 2016 issue.
- The Company, in January 2017, made the final interest payment of the debenture mandatorily convertible into shares in the amount of R\$327 million.

¹ In the first quarter of 2017, Marfrig's Management decided to hold for sale the Villa Mercedes processing unit located in Provincia de San Luis, Argentina. The results for 2016 and 2017 of these operations are presented under "Net Income (Loss) from Discontinued Operations." The assets and liabilities of this company are presented under "Assets Held for Sale" and "Liabilities Related to Assets Held for Sale."

SUMMARY

The first quarter of 2017 was marked by political and economic uncertainty in Brazil and abroad. In the case of Brazil, although indicators were suggesting a better economy in the quarter, supported by the strong performance of the agriculture sector - especially soybean, a key Brazilian export product, the scenario remained highly challenging.

In the beef industry, in addition to the seasonally weaker demand, the Weak Flesh Operation, triggered in the second week of March, adversely affected the operations of animal protein companies (poultry, beef, pork and processed foods). Despite the immediate actions taken by the Ministry of Agriculture, consumer confidence was shaken and some important export destinations, such as Chile and China, temporarily suspended imports from Brazil.

Because of its solid experience and reputation in the domestic and international markets where it operates, Marfrig's Beef Division was able to partially mitigate the impacts from this operation.

In the United States, initial estimates point to a modest growth of 0.7% year-over-year in 1Q17, reflecting weak consumer spending due to the mild winter, which affected demand for heating and services. However, the U.S. consumer confidence remains high, which suggests that this scenario may have been temporary.

In the food service industry, despite lower customer traffic at stores, the Upscale Casual, Fine Dining and Quick Service segments continued to post good performances.

Asia economies, in general, continued presenting good performance. China, according to the National Bureau of Statistics, enjoyed a 6,9% expansion in the first quarter, exceeding initial expectations.

Within this context, Keystone Division continue to present strong results and reported an adjusted EBITDA of US\$62 million (or R\$196 million) in 1Q17.

Meanwhile, the Beef Division posted Adjusted EBITDA of R\$138 million. As a result, Marfrig reported Adjusted EBITDA of R\$334 million. The result was also affected by the U.S. dollar devaluation of 20% in the period.

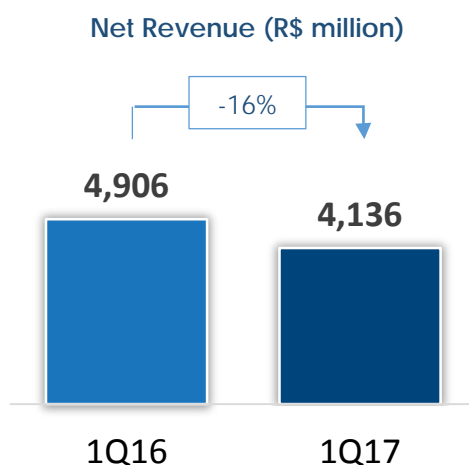
As part of its Liability Management process, Marfrig announced, in March, a tender offer for its 2018 and 2020 Senior Notes with coupons of 8.375% and 9.5% p.a., respectively. The repurchase amounted to US\$346 million, with US\$66 million for the 2018 Bonds and US\$280 million for the 2020 Bonds. Marfrig also announced, in April, that it was exercising its option to repurchase the outstanding balance of its 2020 Bonds in the amount of US\$204 million.

Marfrig also successfully raised US\$750 million through a new bond issue in March. Demand for the issue exceeded the amount offered by three times, and the bonds due in March 2024 were issued with interest of 7.0% p.a., or 100 bps lower than the May 2016 issue, and were assigned a foreign currency credit rating of "B+" with a positive outlook by Standard & Poor's ("S&P") and of "BB-" with a stable outlook by Fitch Ratings.

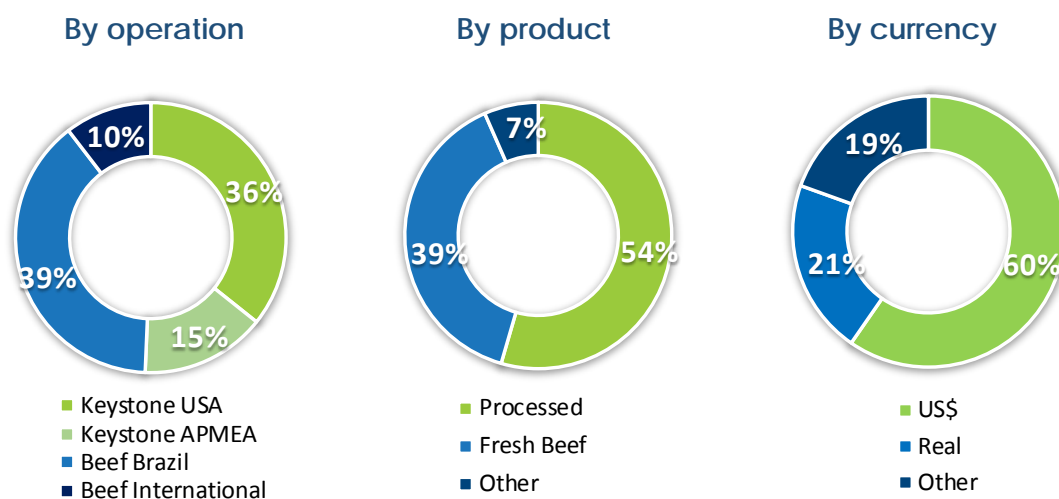
Considering the aforementioned repurchase and new issue, the Company expects annual savings with interest expenses of around US\$13 million.

Net Revenue

Marfrig's consolidated net revenue in 1Q17 amounted to R\$4.1 billion. The excellent result posted by the Keystone Division, which was supported by sales volume growth, was offset by the effects from the 20% depreciation of the U.S. dollar against the Brazilian real on the translation of revenues from the international operations and from Brazilian exports, and by the performance of the Beef Division.



Revenue Breakdown 1Q17



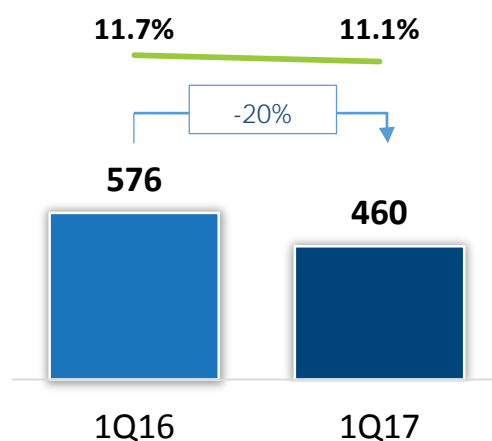
Marfrig is a global company, with a large part of its revenue generated in currencies other than the Brazilian real:

- **61%** of net revenue came from the **international operations** (Keystone USA, Keystone APMEA, and Beef International);
- **79%** of sales was linked to currencies **other than the Brazilian real**.

Gross Profit & Gross Margin

Consolidated gross profit in 1Q17 was R\$ 460 million, down 20% from the year-ago period, reflecting the Brazilian Real appreciation and the performance of the Beef Division, with these factors partially offset by the results of the Keystone Division. Gross margin came to 11.1%, 60 bps lower than in 1Q16.

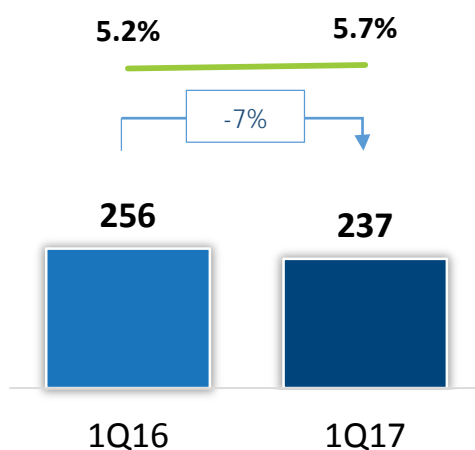
Gross Profit and Gross Margin (R\$ million and %)



Selling, General and Administrative Expenses

SG&A expenses in 1Q17 came to R\$237 million, improving R\$19 million on the year-ago period, explained by the effects from exchange variation on the translation of amounts from the international units. SG&A expenses as a ratio of net revenue (SG&A/NOR) stood at 5.7%, within historical levels.

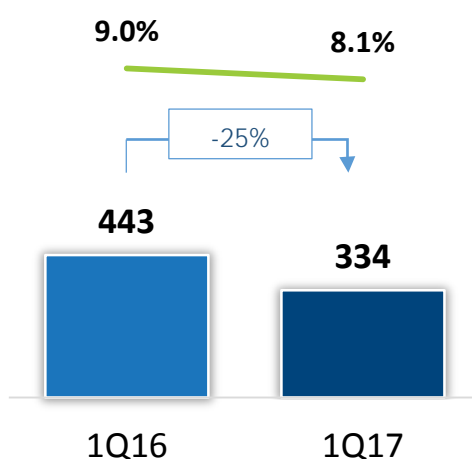
SG&A Expenses and SG&A/NOR (R\$ million and %)



Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA in 1Q17 was R\$ 334 million, with Adjusted EBITDA margin of 8.1%. The performance of the Beef Division was partially offset by the solid results of Keystone, which accounted for 59% of the Company's consolidated EBITDA in the quarter.

Adjusted EBITDA and Adjusted EBITDA Margin (R\$ million and %)



Financial Result

The net financial result in 1Q17 was an expense of R\$516 million, which represents a decrease of 15% from the expense of R\$608 million in 4Q16.

Excluding the effects from exchange variation, the financial result was an expense of R\$502 million, down 2% from 4Q16. The main factors were (i) the R\$77 million decrease in the "interest expenses" line, given the savings from the debentures conversion (despite the accrual of R\$ 25 million in January) and the settlement of short-term liabilities; which was partially offset by (ii) the non-recurring expense of around R\$45 million with the repurchase premium and the write-off of issuance costs for the repurchased notes; and (iii) the R\$22 million increase in financial expenses due to working capital operations.

	1Q17	4Q16	Chg.	
	R\$	R\$	R\$	%
FINANCIALS REVENUES	82.3	63.0	19.3	30.6%
Interest income, income from marketable securities	37.0	27.8	9.3	-
Market transactions	43.7	31.1	12.6	-
Other revenues	1.6	4.2	(2.6)	-
FINANCIALS EXPENSES	(584.0)	(572.9)	(11.1)	1.9%
Interests provisioned, debentures and lease	(217.0)	(293.7)	76.7	-
Market transactions	(37.1)	(46.3)	9.2	-
Bank fees, commissions, finance. disc. and other	(330.0)	(233.0)	(97.0)	-
FINANCIAL RESULT EX-EXCHANGE VAR.	(501.7)	(509.9)	8.2	-1.6%
Exchange Variation	(13.7)	(97.7)	84.0	-
NET FINANCIAL RESULT	(515.5)	(607.7)	92.2	-15.2%

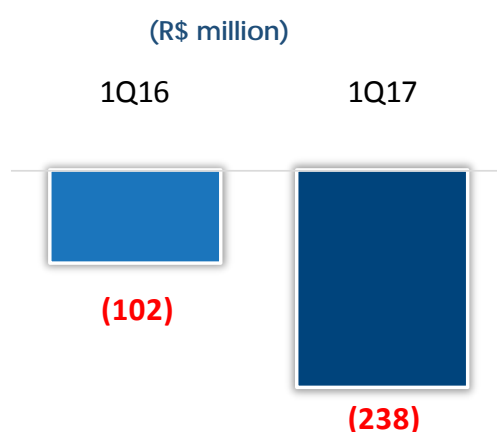
Note: the exchange variation on debt contracted by subsidiaries abroad, whose functional currency differs from that of the parent company, is recorded under shareholders' equity.

Net Income (Loss)

For comparison purposes and due to the asset divestment process, the following analysis considers only the net result from **continued operations***.

On this basis, Marfrig posted a net loss of R\$238 million in 1Q17, which represents deterioration of R\$136 million from the same quarter last year. The result reflected the operating performance in the quarter, influenced by the 20% depreciation of the U.S. dollar, and the non-recurring expenses with the repurchase of bonds, which affected the financial result in the period.

Net Income from Continued Operations



* Results from Continued Operations exclude any gain from asset and equity divestments as well as their operating results.

Debt

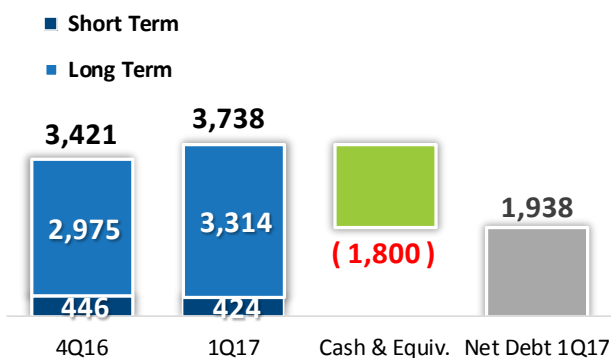
Because a large portion of Marfrig's debt is denominated in U.S. dollar (BRL-denominated debt ended 1Q17 at 3% of total debt), for analysis purposes, the variations discussed in this section are based on the amounts in U.S. dollar.

As of March 31, 2017, Marfrig held gross debt of US\$3.7 billion, or 9% higher than in 4Q16, given the net balance of the new international issue of Bonds in the amount of US\$750 million, due in March 2024, and the repurchase of the 2018 and 2020 Senior Notes in the amount of US\$346 million.

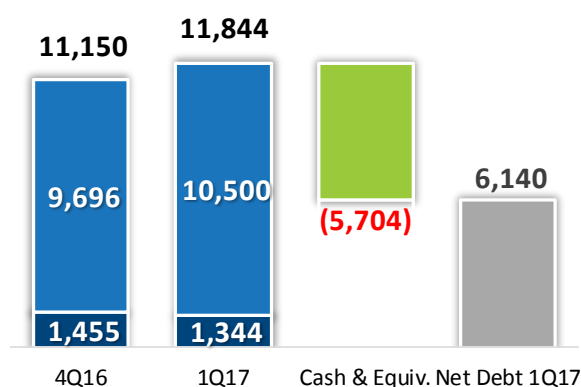
The balance of cash and marketable securities stood at US\$1.8 billion, higher than in 4Q16, which also was due to the proceeds from the new issue, which were not fully used in the quarter.

Marfrig's net debt ended 1Q17 at US\$1.9 billion, or US\$136 million higher than at the end of the previous quarter. On March 31, 2017, the average debt term was 4.42 years, and only 11% of total debt matured in the short term, while the average annual debt cost was 6.97% p.a., compared to 7.26% p.a. in the previous quarter.

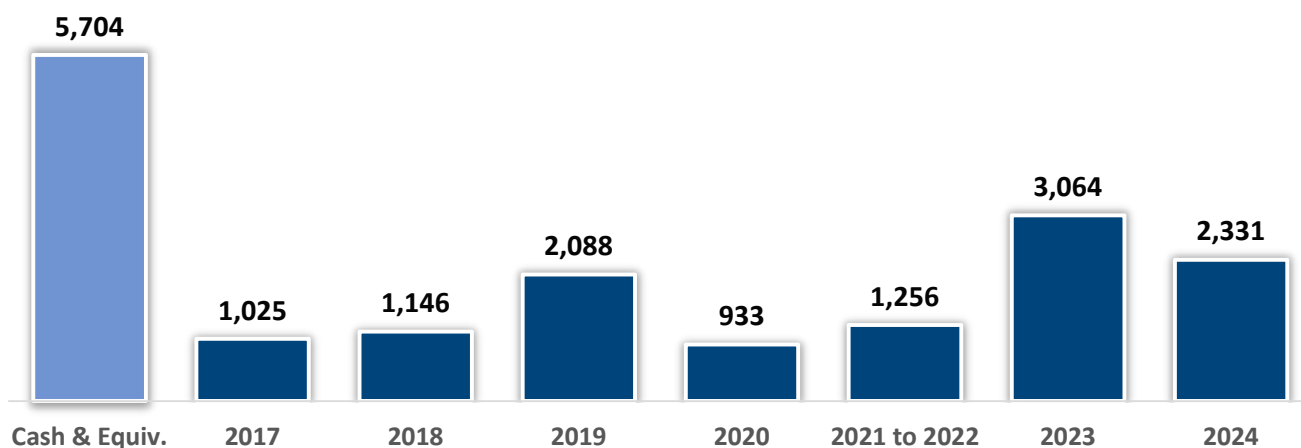
Debt in US\$ million



Debt in R\$ million



Debt Maturity Schedule (R\$ million)



1Q17 Indicators

Avg. Cost (% p.a.)	Avg. Term (years)	Current Liquidity	Net Debt/ Total Assets	Cash and Equiv. / Short-Term Debt
6.97%	4.42	1.97x	0.30x	4.24x

Management believes that the ratio that best reflects the current leverage is the ratio of net debt to annualized Adjusted EBITDA from continued operations. This ratio in 1Q17 was 4.08x, increasing 44 bps from 4Q16, reflecting the lower EBITDA in the period, as explained above.

The calculation of the leverage ratio of bank and capital market funding transactions includes provisions that allow for excluding exchange-variation effects. Accordingly, the ratio for this purpose ended 1Q17 at 3.66x (for more information, see Note 35.6 to the financial statements).

1Q17 Leverage Ratios

Net Debt / LTM Adj. EBITDA* 4.08x	Net Debt / LTM EBITDA – Ex-FX 3.66x
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*Adjusted EBITDA LTM from continued operations.

Cash Flow

The free cash flow in the 1Q17 was negative R\$253 million, impacted by the seasonal factors of the period.

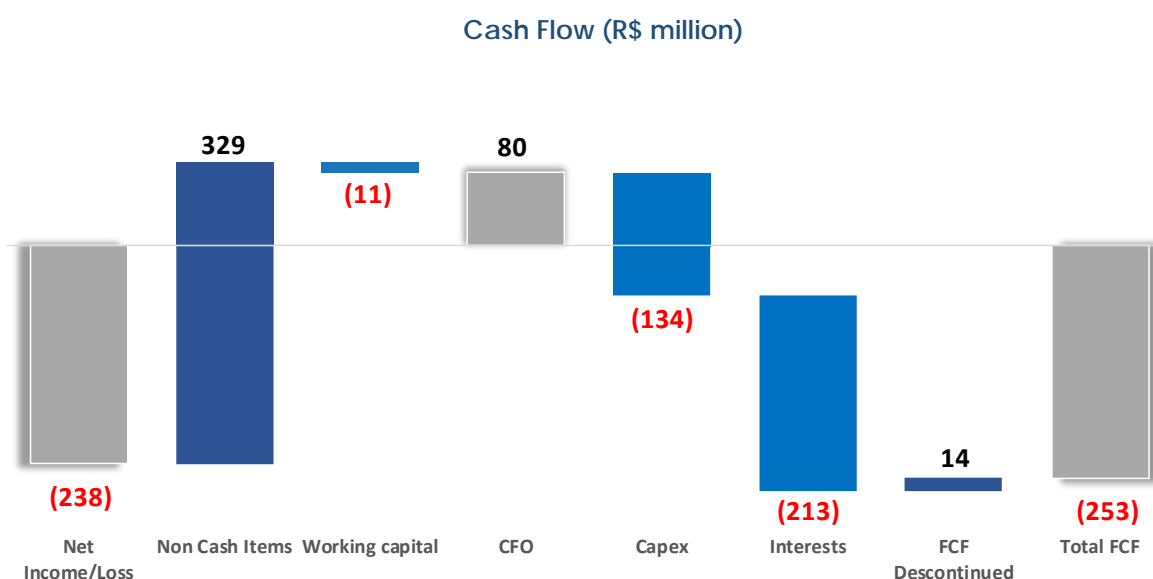
Operating cash flow generation in 1Q17 came to R\$80 million, influenced by the appreciation of the Brazilian real that impacted Marfrig results. In case of the Beef division, the exchange variation impacted the export spreads in Brazil, while in the international operations the impact came due to the conversion of its results into Brazilian real.

Working capital in the quarter had a negative impact of R\$11 million. The variation was due to the payment acceleration in raw-material purchasing in the period.

Despite this challenging scenario, Marfrig maintained its commitments and invested R\$134 million in the quarter.

In regards to the R\$ 214 million in interests that affected the free cash flow in the period, it reflects a reduction close to R\$100 million, as a result of the debentures' conversion, the ongoing *liability management* efforts and the exchange variation on interest.

The cash flow from discontinued operations contributed with R\$14 million due to the proceeds from asset sales.



Capital Expenditure

Marfrig invested R\$ 134 million in the quarter. The amount was mainly in expanding capacity and efficiency at Keystone, in projects such as the construction of a plant in Thailand and increase in production line in Malaysia.

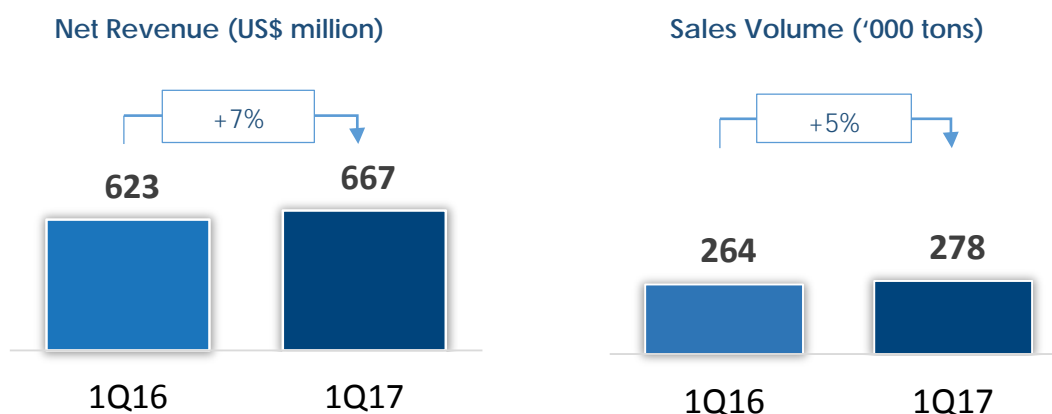
(R\$ Millions)	1Q16	1Q17
	R\$	R\$
Investments	15.2	16.4
Investments in Fixed Assets	89.8	115.1
Fixed Assets	68.0	97.7
Breeding Stock	21.8	17.4
Investment in Intangible Assets	2.9	2.2
TOTAL	107.9	133.7

KEYSTONE

Keystone had a strong first quarter and a great start to the year. The current performance sets a new record for a first quarter Adjusted EBITDA margin. We believe our commitment to excellence in food safety and quality and in supply assurance, combined with our long history of developing and growing deep, strategic customer relationships with the world's leading and most demanding brands, is what defines our culture and differentiates us from our competitors.

Net Revenue

Keystone net revenue reached US\$667 million in 1Q17, which is up 7% from the same quarter of 2016. This increase was driven by (i) an increase in volume in the U.S. of approximately 4% and APMEA of 11% , led by Thailand, Malaysia and Australia.; (ii) continued favorable sales mix with solid contribution of No Antibiotic Ever (NAE) products; and (iii) positively affected by higher prices for dark meat by-product exports out of the U.S. In Brazilian real, net revenue was R\$ 2.1 billion.

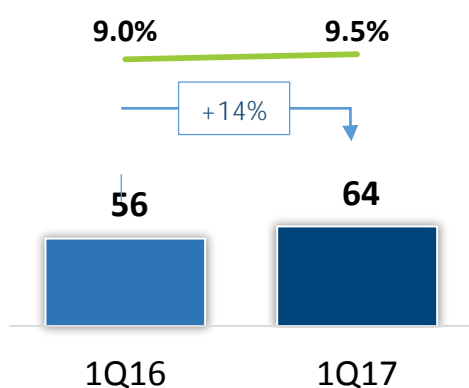


Gross Profit & Gross Margin

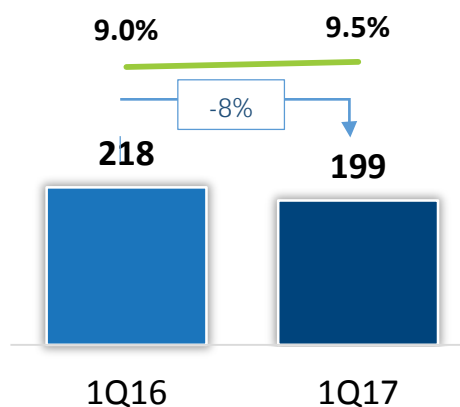
In 1Q17, gross profit reached US\$64 million and gross margin 9.5%, an increase of 14% and 50bps year-over-year (1Q16 gross profit was US\$56 million and margin 9.0%). In Brazilian real, gross profit amounted to R\$199 million, 8% lower than in 1Q16 due to effects from exchange variation on the translation of U.S. dollar amounts to Brazilian real.

The expansion in gross profit was attributed to (i) the volume growth in both the US and APMEA in the Food Service and Retail/Convenience channels. In the APMEA region we experienced a strong quarter with a healthy combination of promotional activity, share increases and incremental demand from important export destinations like Japan; (ii) higher prices on by-product exports, mainly leg quarters, as the market for U.S. poultry continued to improve; (iii) favorable sales mix with substantial input of NAE products in the U.S.; and (iv) lower feed costs in our U.S. poultry operations.

Gross Profit & Gross Margin
(US\$ million and %)



Gross Profit & Gross Margin
(R\$ million and %)



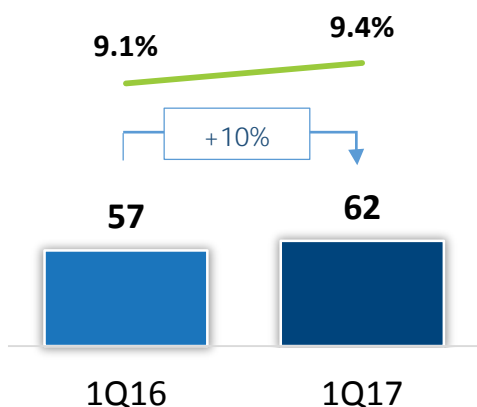
Selling, General and Administrative Expenses

In 1Q17, SG&A expenses reached US\$17 million. As a ratio of NOR, SG&A stood at 2.6%, which is within the historical range.

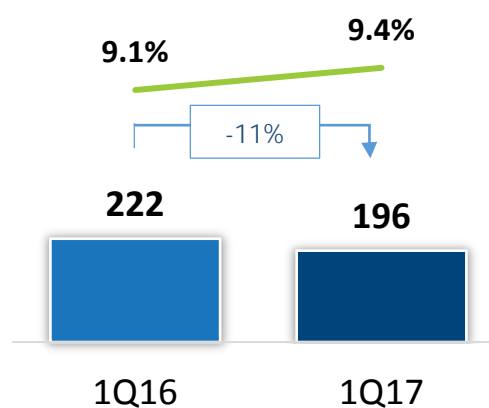
Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA amounted to US\$62 million in 1Q17, up 10% from 1Q16, a record for a first quarter. Adjusted EBITDA margin reached 9.4%, an increase of 30 bps. These improvements reflect the same drivers described for the increase in Gross Profit. Considering the impact from exchange variation, Keystone's Adjusted EBITDA was R\$196 million in 1Q17, down 11% from 1Q16.

Adjusted EBITDA & Margin
(US\$ million and %)



Adjusted EBITDA & Margin
(R\$ million and %)



BEEF

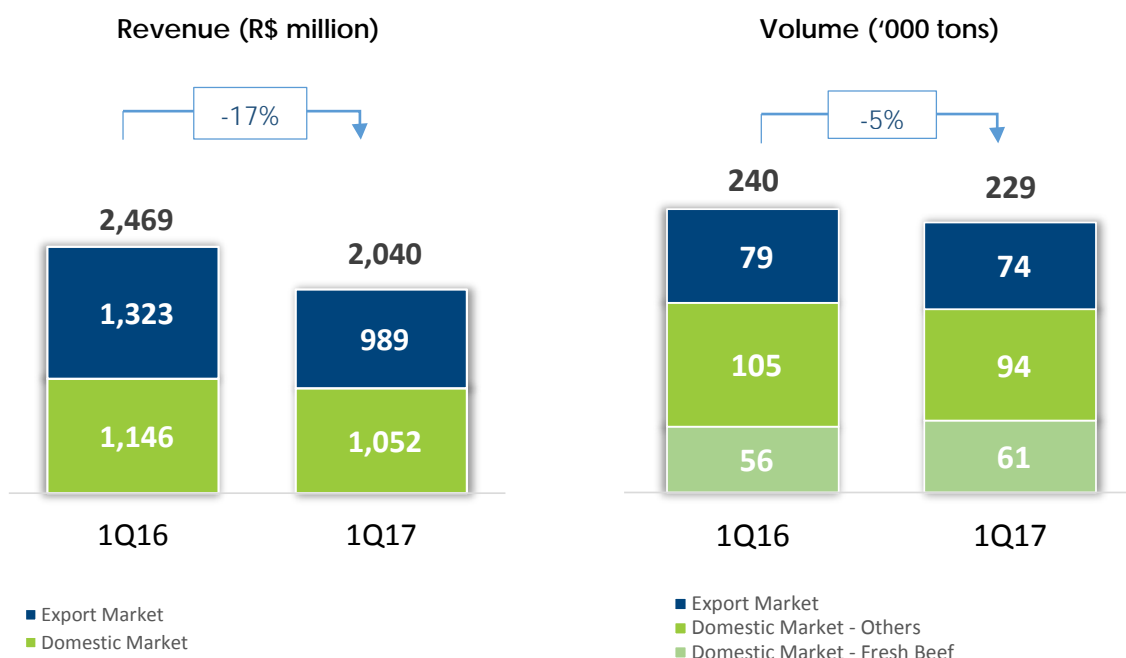
In a seasonally challenging quarter that was further aggravated by Operation Weak Flesh, whose investigations affected Brazil's animal proteins industry, Marfrig maintained its focus on capturing operating efficiency gains and adjusting its production to consumer demand. The recognition and solid reputation that Marfrig enjoys in the Brazilian and international markets enabled it to partially mitigate the impacts from the investigations.

However, margins in the industry remained under downward pressure. In Brazil, the export spread (average sales price less cattle cost) fell 18% in relation to 1Q16. The 5% drop in the average fed cattle price (ESALQ index) and higher international prices were insufficient to offset the 20% dollar devaluation in the comparison period. In Uruguay, the lower cattle price was offset by the lower sales price, with spreads narrowing 2% (INAC).

Net Revenue

Net revenue from the Beef Division was R\$2.0 billion in the quarter, down 17% from 1Q16. The 20% U.S. dollar devaluation, the lower sales volume due to the temporary restrictions imposed by the Weak Flesh Operation at the end of the quarter, and 5% lower domestic price were partially offset by the recovery in the fresh beef export price of about 2%.

Slaughter volume in the beef operations fell 2% compared to 1Q16. As a result, the effective capacity utilization rate of the Brazilian operation stood at 79%. This utilization rate reflects the lower supply of fed cattle, which is typical during the rainy season and for the type of negotiations made with cattle producers during this time of year.



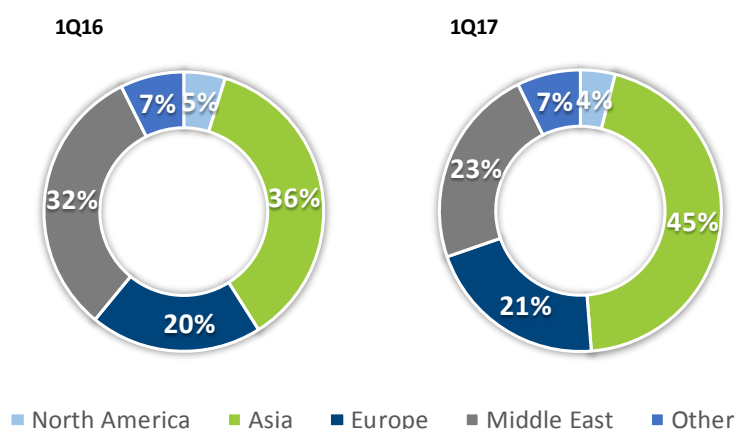
Despite the adverse market scenario, the Beef Division maintained its strategy of focusing on value-added channels and optimizing the sales mix.

In this regard, we highlight (i) the focus on sales to the food service and small retailer channels, which increased their share of revenue in the Brazilian local market to 42,5%, a 240 bps increase

against 1T16 and (ii) the change in the fresh beef *mix* sales, which increased 9% in volume in the domestic market year-over-year.

In the export market, Marfrig focused on keeping its presence in the most profitable destinations and the ones that had not participated in the bans or temporary suspensions on Brazilian beef imports, such as the United States and Europe.

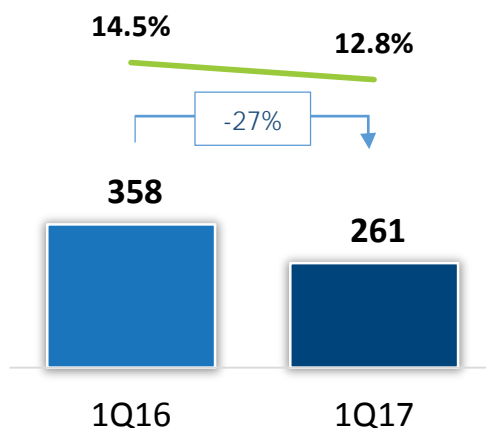
Beef Exports (% of Volume)



Gross Profit & Gross Margin

Gross profit in 1Q17 was R\$ 261 million, down R\$97 million on the year-ago period. Gross margin ended the quarter at 12.8%, down 170 bps, due to the Brazilian real appreciation, lower sales volumes and lower domestic prices, which were partially offset by the recovery in average fresh beef export prices and lower cattle costs, following the market trend (Esalq Index was 5% down).

Gross Profit and Gross Margin (R\$ million and %)



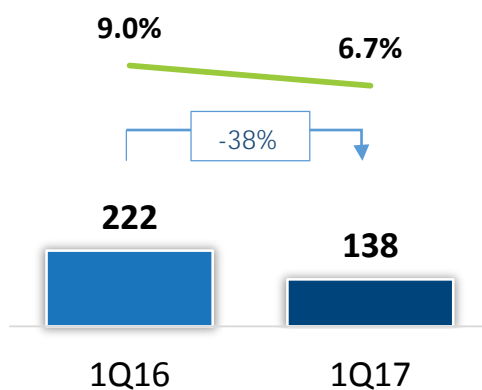
Selling, General and Administrative Expenses

SG&A expenses came to R\$182 million in 1Q17, down R\$10 million from 1Q16, reflecting: (i) the actions to capture productivity gains in the administrative and sales departments; and (ii) the effects from exchange variation on the translation of expenses from international operations.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA amounted to R\$138 million in 1Q17, with margin of 6.7%, down from R\$222 million in 1Q16, which is explained by the aforementioned factors.

Adjusted EBITDA and Adjusted EBITDA Margin (R\$ million and %)



OUTLOOK AND CLOSING REMARKS

The outlook for 2017 remains positive. The IMF reaffirmed in its April report the expected global GDP growth of 3.5%, driven by the improved outlook in the U.S., China, Europe and Japan.

In the United States, the prospects of fiscal stimulus measures and growing consumption maintained the GDP growth projection of 2.3% p.a. In the case of China, the continuation of the economic policy led to a revision of GDP growth to 6.6% p.a. In Brazil, projections still point to a reversal of the recession scenario of the last two years, with growth expected to reach 0.2% this year.

A positive cycle is expected in the global trade scenario, together with an increase in per capita income, which are positive drivers of global animal protein consumption.

In the long term, higher growth rates among products based on animal proteins are expected in higher value-added channels, such as the global fast food market (CAGR of 5.3% 2015-2020), especially in Asia, which should match the United States in size in 2018.

A favorable cycle is expected in the global beef market. In the United States, the expectations continue to be of increasing production to match the growing domestic demand. Meanwhile, Australia should continue to scale down its presence in the global market, due to the negative cattle supply cycle. In China, the growing demand should lead to higher beef imports. Corroborating this expectation are news reports in April indicating that China would suspend the embargo on U.S. meat after 13 years.

In Brazil's beef industry, the expectation of a higher supply of fed cattle should meet the recovery in domestic beef consumption and also help to boost exports, which, according to the Brazilian Association of Meat Exporters (ABIEC), should grow 11% in 2017.

In the poultry market, an increase in supply is expected from leading producers such as the United States and Brazil, which should be sufficient to offset the decline in Chinese supply.

The risk factors to this scenario are associated with a slowdown in world economic growth and sharp depreciations in the currencies of emerging countries, which could lead to contraction in household consumption. Specifically in relation to the protein industry, animal disease remains a key risk factor for the business.

Marfrig remains focused on creating value for shareholders and on its commitment to strengthening its business through sustainable growth:

1. Operational improvements, productivity and margin expansion.
2. Diversifying the client base and organic growth projects at the Keystone Division.
3. Capturing market share gains in value-added channels in the Beef Division.
4. Accelerating growth in the Asian market by expanding Keystone's operations in the food service channel and growing exports from the Beef Division.
5. Financial discipline, with a permanent focus on deleveraging and increasing free cash flow.

UPCOMING EVENTS

Earnings Conference Call

Date: May 12, 2017

Portuguese

2:30 p.m. (Brasília)
1:30 p.m. (US EST)
6:30 p.m. (London)

Dial-in: Brazil: + 55 (11) 3193-1001
or 2820-4001

Code: Marfrig

English

1:00 p.m. (Brasília)
12:00 p.m. (US EST)
5:00 p.m. (London)

Dial-in: Other countries: + 1 (786) 924-
6977

Code: Marfrig

Live audio webcast with slide presentation.
Replay available for download: www.marfrig.com.br/ir

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APPENDIX I Income Statement

Consolidated Quarterly (R\$ million)

	1Q17 (a)		1Q16 (b)		4Q16 (c)		(a/b) Chg.		(a/c) Chg.	
	R\$	%NOR	R\$	%NOR	R\$	%NOR	R\$	%	R\$	%
Net Revenues	4,136.2	100.0%	4,906.4	100.0%	4,899.1	100.0%	(770.2)	-15.7%	(762.9)	-15.6%
COGS	(3,675.7)	-88.9%	(4,330.7)	-88.3%	(4,370.6)	-89.2%	655.0	-15.1%	694.8	-15.9%
Gross Profit	460.4	11.1%	575.7	11.7%	528.5	10.8%	(115.3)	-20.0%	(68.1)	-12.9%
SG&A	(236.9)	-5.7%	(255.6)	-5.2%	(242.4)	-4.9%	18.7	-7.3%	5.5	-2.3%
Commercial	(139.1)	-3.4%	(145.0)	-3.0%	(130.5)	-2.7%	5.9	-4.1%	(8.6)	6.6%
Administratives	(97.8)	-2.4%	(110.6)	-2.3%	(111.9)	-2.3%	12.7	-11.5%	14.1	-12.6%
Adj. EBTIDA*	333.7	8.1%	443.1	9.0%	398.4	8.1%	(109.4)	-24.7%	(64.7)	-16.2%
Others revenues/expenses	(37.7)	-0.9%	(19.0)	-0.4%	(37.9)	-0.8%	(18.7)	98.7%	0.2	-0.5%
EBITDA	296.0	7.2%	424.1	8.6%	360.5	7.4%	(128.1)	-30.2%	(64.6)	-17.9%
Equity Account	1.7	0.0%	(2.0)	0.0%	(0.4)	0.0%	3.7	-187.0%	2.1	-555.7%
D&A	(110.2)	-2.7%	(123.0)	-2.5%	(112.3)	-2.3%	12.8	-10.4%	2.1	-1.9%
EBIT	187.5	4.5%	299.1	6.1%	247.8	5.1%	(111.6)	-37.3%	(60.3)	-24.3%
Financial Results	(515.5)	-12.5%	(423.2)	-8.6%	(607.7)	-12.4%	(92.3)	21.8%	92.2	-15.2%
Financial revenues/expenses	(501.7)	-12.1%	(460.0)	-9.4%	(509.9)	-10.4%	(41.7)	9.1%	8.2	-1.6%
Exchange rate variation	(13.7)	-0.3%	36.8	0.8%	(97.7)	-2.0%	(50.6)	-137.3%	84.0	-85.9%
Minority Stake	(11.8)	-0.3%	(13.9)	-0.3%	(8.6)	-0.2%	2.0	-14.7%	(3.3)	38.2%
EBT	(339.8)	-8.2%	(137.9)	-2.8%	(368.4)	-7.5%	(201.9)	146.4%	28.6	-7.8%
Taxes	101.8	2.5%	36.0	0.7%	138.1	2.8%	65.8	182.9%	(36.2)	-26.2%
Controller Shareholder Net Profit	(237.9)	-5.8%	(101.9)	-2.1%	(230.3)	-4.7%	(136.0)	133.5%	(7.6)	3.3%
Discontinued Ops. + Capital Gain	4.7	0.1%	(4.3)	-0.1%	(40.4)	-0.8%	9.0	-210.6%	45.1	-111.7%
Controller Shareholder Net Profit	(233.2)	-5.6%	(106.2)	-2.2%	(270.7)	-5.5%	(127.0)	119.6%	37.5	-13.8%
P&L - USD x BRL	R\$ 3.14		R\$ 3.91		R\$ 3.29		-0.77	-19.6%	-0.15	-4.6%
BS - USD x BRL	R\$ 3.17		R\$ 3.56		R\$ 3.26		-0.39	-11.0%	-0.09	-2.8%
P&L - BRL x USD	R\$ 0.32		R\$ 0.26		R\$ 0.30		0.06	24.4%	0.01	4.8%

(*) Excludes the effects from other operating income/expenses.

APPENDIX II

EBITDA Calculation - Quarterly (R\$ million)

RECONCILIATION OF ADJUSTED EBITDA (R\$ million)	1Q17	1Q16	4Q16
Net Profit / Loss	(237.9)	(101.9)	(230.3)
(+) Provision for income and social contribution taxes	(101.8)	(36.0)	(138.1)
(+) Non-controlling Interest	11.8	13.9	8.6
(+) Net Exchange Variation	13.7	(36.8)	97.7
(+) Net Financial Charges	501.7	460.0	509.9
(+) Depreciation & Amortization	110.2	123.0	112.3
(+) Equity Income	(1.7)	2.0	0.4
EBITDA	296.0	424.1	360.5
(+) Other Operacional Revenues/Expenses	37.7	19.0	37.9
Adj. EBITDA	333.7	443.1	398.4

APPENDIX III

Income Statement – Keystone

Quarterly (US\$ million)

	1Q17 (a)		1Q16 (b)		4Q16 (c)		(a/b) Chg.		(a/c) Chg.	
	\$	%NOR	\$	%NOR	\$	%NOR	\$	%	\$	%
Net Revenues	667.2	100.0%	623.3	100.0%	712.1	100.0%	43.9	7.0%	(44.9)	-6.3%
COGS	(603.7)	-90.5%	(567.4)	-91.0%	(643.0)	-90.3%	(36.3)	6.4%	39.3	-6.1%
Gross Profit	63.5	9.5%	55.9	9.0%	69.1	9.7%	7.6	13.6%	(5.6)	-8.1%
SG&A	(17.5)	-2.6%	(16.3)	-2.6%	(20.0)	-2.8%	(1.2)	7.2%	2.5	-12.5%
Commercial	(1.7)	-0.2%	(1.7)	-0.3%	(1.8)	-0.3%	0.1	-3.7%	0.2	-8.4%
Administratives	(15.8)	-2.4%	(14.6)	-2.3%	(18.2)	-2.6%	(1.2)	8.5%	2.3	-12.9%
Adj. EBTIDA*	62.5	9.4%	56.8	9.1%	66.3	9.3%	5.6	9.9%	(3.8)	-5.7%
Others revenues/expenses	0.0	0.0%	(0.0)	0.0%	-	0.0%	0.0	-503.6%	0.0	0.0%
EBITDA	62.5	9.4%	56.8	9.1%	66.3	9.3%	5.6	9.9%	(3.8)	-5.7%
P&L - USD x BRL	R\$ 3.14		R\$ 3.91		R\$ 3.29		-0.77	-19.6%	-0.15	-4.6%

(*) Excludes the effects from other operating income/expenses.

Quarterly (R\$ million)

	1Q17 (a)		1Q16 (b)		4Q16 (c)		(a/b) Chg.		(a/c) Chg.	
	R\$	%NOR	R\$	%NOR	R\$	%NOR	R\$	%	R\$	%
Net Revenues	2,095.7	100.0%	2,437.7	100.0%	2,342.6	100.0%	(342.0)	-14.0%	(246.9)	-10.5%
COGS	(1,896.3)	-90.5%	(2,219.9)	-91.1%	(2,115.5)	-90.3%	323.6	-14.6%	219.2	-10.4%
Gross Profit	199.4	9.5%	217.7	9.0%	227.2	9.7%	(18.3)	-8.4%	(27.8)	-12.2%
SG&A	(55.0)	-2.6%	(63.8)	-2.6%	(65.9)	-2.8%	8.8	-13.8%	11.0	-16.7%
Commercial	(5.2)	-0.2%	(6.8)	-0.3%	(6.0)	-0.3%	1.5	-22.7%	0.8	-12.8%
Administratives	(49.7)	-2.4%	(57.0)	-2.3%	(59.9)	-2.6%	7.3	-12.8%	10.2	-17.1%
Adj. EBTIDA*	196.1	9.4%	221.5	9.1%	217.7	9.3%	(25.4)	-11.5%	(21.6)	-9.9%
Others revenues/expenses	0.0	0.0%	(0.0)	0.0%	-	0.0%	0.0	-362.9%	0.0	0.0%
EBITDA	196.1	9.4%	221.5	9.1%	217.7	9.3%	(25.4)	-11.5%	(21.6)	-9.9%
P&L - USD x BRL	R\$ 3.14		R\$ 3.91		R\$ 3.29		-0.77	-19.6%	-0.15	-4.6%

(*) Excludes the effects from other operating income/expenses.

APPENDIX IV

Operating Indicators – Keystone

Volume (000 Tons)	1Q17 (a)	1Q16 (b)	4Q16 (c)	(a/b) Chg.	(a/c) Chg.
USA	227.2	218.2	249.0	4.1%	-8.8%
ASIA	51.2	46.3	55.7	10.6%	-8.0%
TOTAL KEYSTONE	278.4	264.5	304.7	5.3%	-8.6%

Revenues (US\$ Million)	1Q17 (a)	1Q16 (b)	4Q16 (c)	(a/b) Chg.	(a/c) Chg.
USA	470.5	443.4	500.2	6.1%	-5.9%
ASIA	196.7	179.9	211.9	9.4%	-7.2%
TOTAL KEYSTONE	667.2	623.3	712.1	7.0%	-6.3%

Average Price (US\$/Kg)	1Q17 (a)	1Q16 (b)	4Q16 (c)	(a/b) Chg.	(a/c) Chg.
USA	2.07	2.03	2.01	1.9%	3.1%
ASIA	3.84	3.89	3.80	-1.2%	1.0%
TOTAL KEYSTONE	2.40	2.36	2.34	1.7%	2.6%

Revenues (R\$ Million)	1Q17 (a)	1Q16 (b)	4Q16 (c)	(a/b) Chg.	(a/c) Chg.
USA	1,477.6	1,734.7	1,645.0	-14.8%	-10.2%
ASIA	618.1	703.0	697.7	-12.1%	-11.4%
TOTAL KEYSTONE	2,095.7	2,437.7	2,342.6	-14.0%	-10.5%

Average Price (R\$/Kg)	1Q17 (a)	1Q16 (b)	4Q16 (c)	(a/b) Chg.	(a/c) Chg.
USA	6.50	7.95	6.61	-18.2%	-1.5%
ASIA	12.07	15.19	12.53	-20.5%	-3.7%
TOTAL KEYSTONE	7.53	9.22	7.69	-18.3%	-2.1%

APPENDIX V Income Statement – Beef

Quarterly (R\$ million)

	1Q17 (a)		1Q16 (b)		4Q16 (c)		(a/b) Chg.		(a/c) Chg.	
	R\$	%NOR	R\$	%NOR	R\$	%NOR	R\$	%	R\$	%
Net Revenues	2,040.5	100.0%	2,468.7	100.0%	2,556.5	100.0%	(428.3)	-17.3%	(516.0)	-20.2%
COGS	(1,779.4)	-87.2%	(2,110.8)	-85.5%	(2,255.1)	-88.2%	331.3	-15.7%	475.7	-21.1%
Gross Profit	261.0	12.8%	358.0	14.5%	301.3	11.8%	(96.9)	-27.1%	(40.3)	-13.4%
SG&A	(182.0)	-8.9%	(191.8)	-7.8%	(176.5)	-6.9%	9.8	-5.1%	(5.5)	3.1%
Commercial	(133.9)	-6.6%	(138.3)	-5.6%	(124.5)	-4.9%	4.4	-3.2%	(9.4)	7.5%
Administratives	(48.1)	-2.4%	(53.6)	-2.2%	(52.0)	-2.0%	5.5	-10.2%	3.8	-7.4%
Adj. EBTIDA*	137.5	6.7%	221.5	9.0%	180.7	7.1%	(84.0)	-37.9%	(43.2)	-23.9%
Others revenues/expenses	(37.7)	-1.8%	(19.0)	-0.8%	(37.9)	-1.5%	(18.7)	98.7%	0.2	-0.5%
EBITDA	99.8	4.9%	202.6	8.2%	142.8	5.6%	(102.7)	-50.7%	(43.0)	-30.1%
P&L - USD x BRL	R\$ 3.14		R\$ 3.91		R\$ 3.29		-0.77	-19.6%	-0.15	-4.6%

(*) Excludes the effects from other operating income/expenses.

APPENDIX VI
Operating Indicators – BEEF

Volume (000 Tons)	1Q17 (a)	1Q16 (b)	4Q16 (c)	(a/b) Chg.	(a/c) Chg.
Fresh Beef	118.3	120.0	143.6	-1.4%	-17.7%
Local Market	60.7	55.7	81.4	9.0%	-25.4%
Export Market	57.5	64.3	62.3	-10.5%	-7.6%
Further Processed	8.1	13.0	15.0	-38.2%	-46.4%
Other	102.3	106.9	116.5	-4.3%	-12.2%
TOTAL BEEF	228.6	239.9	275.2	-4.7%	-16.9%

Revenues (R\$ Millions)	1Q17 (a)	1Q16 (b)	4Q16 (c)	(a/b) Chg.	(a/c) Chg.
Fresh Beef	1,610.8	1,899.9	1,964.3	-15.2%	-18.0%
Local Market	765.1	742.7	1,045.9	3.0%	-26.9%
Export Market	845.7	1,157.2	918.4	-26.9%	-7.9%
Further Processed	158.1	243.3	274.5	-35.0%	-42.4%
Other	271.5	325.6	317.7	-16.6%	-14.5%
TOTAL BEEF	2,040.5	2,468.7	2,556.5	-17.3%	-20.2%

Average Price (R\$/Kg)	1Q17 (a)	1Q16 (b)	4Q16 (c)	(a/b) Chg.	(a/c) Chg.
Fresh Beef	13.62	15.83	13.68	-14.0%	-0.4%
Local Market	12.60	13.33	12.85	-5.5%	-2.0%
Export Market	14.70	18.00	14.75	-18.3%	-0.3%
Export Market (US\$)	4.67	4.61	4.48	1.5%	4.4%
Further Processed	19.6	18.7	18.3	5.1%	7.4%
Other	2.65	3.05	2.73	-12.9%	-2.7%
TOTAL BEEF	8.92	10.29	9.29	-13.3%	-3.9%

APPENDIX VII
Balance Sheet
(R\$ '000)

ASSETS	1Q17	4Q16	LIABILITIES	1Q17	4Q16
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	3,382,278	3,291,705	Trade accounts payable	1,521,470	1,853,426
Marketable securities	2,322,213	1,986,936	Supply chain finance	110,851	149,331
Trade accounts receivable - domestic	239,430	396,887	Accrued payroll and related charges	369,484	346,837
Trade accounts receivable - foreign	148,700	393,581	Taxes payable	191,339	175,801
Inventories of goods and merchandise	1,211,746	1,257,616	Loans and financing	1,344,191	1,198,039
Biological assets	114,792	112,454	Notes payable	309,858	372,607
Recoverable taxes	1,223,954	1,240,328	Lease payable	10,746	11,936
Prepaid expenses	107,439	132,242	Interest on debentures	0	256,563
Notes receivable	288,873	353,548	Advances from customers	645,068	695,046
Advances to suppliers	15,687	23,988	Mandatory deed convertible into shares	0	2,147,392
Held-for-sale assets	213,120	0	Liabilities related to held-for-sale assets	80,660	0
Other receivables	57,953	113,893	Other payables	158,498	175,991
	9,326,185	9,303,178		4,742,165	7,382,969
NON CURRENT ASSETS			NON CURRENT LIABILITIES		
Marketable securities	786	851	Loans and financing	10,499,807	9,695,799
Court deposits	46,707	65,427	Taxes payable	718,869	723,435
Notes receivable	79,955	96,768	Deferred income and social contribution	386,039	269,616
Deferred income and social contribution	2,336,562	2,135,395	Provisions for contingencies	87,477	87,739
Recoverable taxes	1,696,024	1,723,660	Lease payable	23,383	26,560
Other receivables	43,104	41,493	Debentures payable	0	0
	4,203,138	4,063,594	Notes payable	478,820	488,261
Investments	19,280	16,268	Advances from customers	316,840	375,448
Property, plant and equipment	3,988,559	4,009,397	Other	69,523	108,174
Biological assets	49,766	51,236		12,580,758	11,775,032
Intangible assets	2,735,481	2,815,130			
	6,793,086	6,892,031	Non-controlling interest	206,074	194,186
			CONTROLLING SHAREHOLDER'S EQUITY		
			Share Capital	7,319,467	5,169,917
			Capital reserve	184,642	184,642
			Profit reserves	34,573	40,122
			Other comprehensive income	-145,238	-241,972
			Equity amounts related to held-for-sale	-122,796	0
			Accumulated losses	-4,477,236	-4,246,093
				2,793,412	906,616
TOTAL ASSETS	20,322,409	20,258,803	TOTAL LIABILITIES	20,322,409	20,258,803

APPENDIX VIII
Cash Flow
(R\$ million)

	1Q16	1Q17
Net Income/Loss	(101.9)	(237.9)
(+/-) Non cash items	448.1	328.5
(+/-) Account Receivable	(43.7)	256.4
(+/-) Inventories	167.3	(1.4)
(+/-) Suppliers	(132.3)	(318.1)
(+/-) Other	(39.5)	52.0
(=) Operational Cash Flow	298.0	79.5
(-) Capex	(107.9)	(133.7)
(-) Interest expenses	(312.2)	(213.2)
Continued Free Cash Flow	(122.1)	(267.3)
Discontinued Free Cash Flow	(15.5)	13.9
Total Free Cash Flow	(137.6)	(253.4)