



## MARFRIG GLOBAL FOODS ACQUIRES CONTROL OF U.S.-BASED NATIONAL BEEF

- *The acquisition of 51% interest in National Beef will make Marfrig the world's second-largest beef producer and reduce its leverage*
- *The combined Marfrig will have annual sales of over R\$43 billion (US\$ 13 billion)*
- *Marfrig will also gain access to markets such as Japan and South Korea*

**São Paulo, April 09, 2018** - Marfrig Global Foods, one of the world's largest animal protein producers, announces that today it reached an agreement for the acquisition of 51% of the membership interests in National Beef Packing Company, LLC, the fourth-largest beef processor in the United States. Marfrig has agreed to pay US\$ 969 million for the equity interest and, once the transaction is concluded, will become the world's second-largest beef processor, with consolidated sales of R\$ 43 billion (US\$ 13 billion).

Founded in 1992, National Beef reported sales of US\$ 7.3 billion (R\$ 24.3 billion) in 2017 and, since 2011, has been controlled by Leucadia National Corporation, which currently holds a 79% interest. National Beef has a slaughtering capacity of 12,000 heads of cattle per day and is headquartered in Kansas City. It has 2 slaughterhouses located in Dodge City and Liberal, Kansas and accounts for approximately 13% of total U.S. cattle slaughtering capacity. National Beef is one of the most profitable beef companies in the United States. Once the transaction closes, Leucadia will transfer control to Marfrig and remain a minority shareholder in National Beef, with a 31% interest. The US Premium Beef, an association of American producers, will hold 15% and other shareholders with the remaining 3%.

Leucadia and the other investors have agreed not to sell their shares in National Beef for at least five years.

The transaction imputes an enterprise value to National Beef of US\$ 2.3 billion, including debt, which results in an EV/LTM EBITDA multiple of 4.4 times.

With the acquisition of National Beef, Marfrig achieves two key objectives outlined in its strategic plan. First, it consolidates its strong position in the beef industry, which is the Marfrig's original core business. A leader in the U.S. beef industry, National Beef exports to 40 countries, including Japan, which is a market currently closed to beef exports from Brazil. In 2017, Marfrig reported adjusted EBITDA of R\$ 1.7 billion (US\$ 516 billion). With National Beef, its pro-forma EBITDA will increase to R\$ 3.4 billion (US\$ 1.0 billion).

"The acquisition of National Beef represents the realization of a unique opportunity," said Martín Secco, CEO of Marfrig. "With the transaction, we will have operations in the





world's two largest beef markets, will gain access to extremely sophisticated consumer countries and will be able to grow while maintaining rigorous financial discipline."

The second key objective the transaction achieves is improving Marfrig's leverage ratio. Upon closing, Marfrig will consolidate 100% of the results of National Beef. Last year, Marfrig's total debt corresponded to 4.55 times its Ebitda. With the acquisition, this ratio decreases to 3.35 times. The transaction will be financed by a loan from Rabobank.

Other measures to deleverage Marfrig are in place including the decision of selling Keystone Foods, a leading supplier of high-quality, value-added food products to the world's leading foodservice, retail and convenience, and industrial brands. This sale together with the National Beef transaction, should help Marfrig to achieve its goal of reaching a leverage ratio of 2.5 times by the end of 2018. "The acquisition of National Beef reflects our sustainable growth strategy," says Marcos Molina, chairman of the Board of Directors of Marfrig Global Foods. "From now on, we have become the Brazilian company of the sector with the best financial health, proved into the lowest rates of leverage."

The key executives of National Beef, including its CEO Tim Klein, will continue to manage and remain at the company. The Board of Managers of National Beef will consist of nine members, of which five will be nominated by Marfrig, two by Leucadia and two by the other minority members. "We are pleased to remain a significant shareholder in National Beef and to partner with Marfrig and the company's management team in its continued development", said Rich Handler, CEO at Leucadia and Brian Friedman, President of Leucadia.

Rabo Securities USA acted as Marfrig's financial advisor in the acquisition transaction of the National Beef stock control. Linklaters LLP acted as international counsel and Lefosse Advogados acted as Brazilian counsel to Marfrig.

### **About Marfrig Global Foods**

Marfrig Global Foods, one of the world's leading producers of animal protein, is comprised of two businesses, Marfrig Beef and Keystone Foods. Marfrig has 50 production, sales and distribution units in 12 countries. The Beef Division is one of world's largest beef producers, Brazil's second-largest beef operation, Uruguay's leading beef processor and Chile's largest beef importer, where it also processes lamb. With 31 plants in Brazil, Uruguay and Chile, the Marfrig Beef has the capacity to process 5.8 million head of cattle annually. Keystone Foods is one of the world's leading producers of processed animal protein products. Keystone operates 19 production units in the United States, China,





Malaysia, Thailand, South Korea and Australia. Together, the two units sell around one million tons of food annually.

### **About National Beef**

National Beef Packing Company, LLC, based in Kansas City, Missouri has operations in Liberal, Dodge City, and Kansas City, Kansas; Hummels Wharf, Pennsylvania; Moultrie, Georgia; and St. Joseph, Missouri. National Beef, with approximately 8,200 employees, processes and markets fresh beef, case-ready beef & pork, beef by-products and wet-blue leather for domestic and international markets. In calendar year 2017, National Beef generated sales of \$7.4 billion. More information about National Beef is available at [www.nationalbeef.com](http://www.nationalbeef.com)

### **MEDIA INFORMATION**

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