

EARNINGS CONFERENCE CALL 1Q17



MAY 12, 2017

INVESTOR RELATIONS





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Highlights

- Start of Keystone's IPO process
 - Initial confidential submission to the SEC already executed
- BRL appreciation
- Beef: Challenging scenario, weak flesh operation and new structure
- Keystone: Record EBITDA for a first quarter
- New issuance of US\$ 750 million
- Last mandatory convert 's interest installment of R\$ 327 million, paid in January



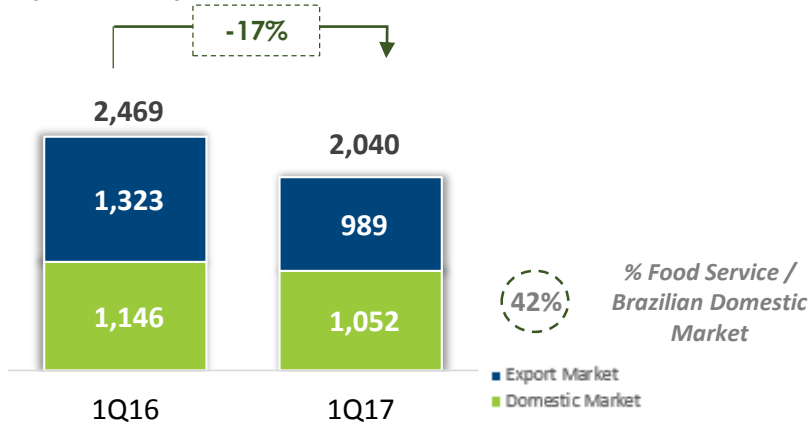
Beef's new structure

- Simplification of structure, with direct reporting to global CEO
- Greater agility for decision making
- Better visibility of results
- Focus and independence in management

Beef Highlights | 1Q17

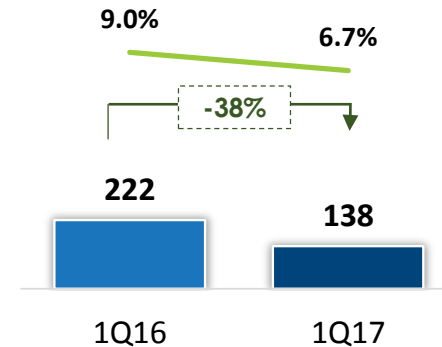
Net Revenue

(R\$ million)



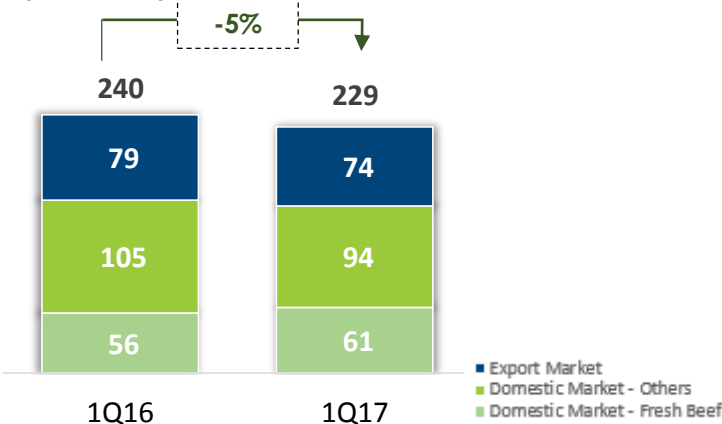
Adjusted EBITDA & Margin

(R\$ million and %)



Total Volume

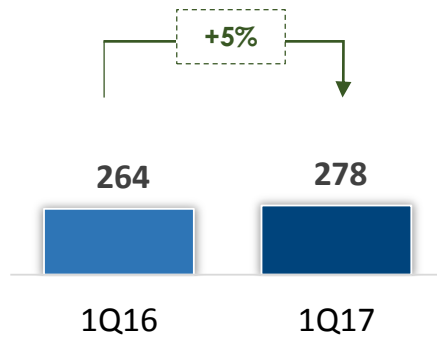
('000 tons)



- Result of the quarter impacted, mainly, by BRL appreciation and lower sales volume.
- Increase in the volume of fresh meat in the domestic market offset by the retraction of exports.
- EBITDA affected by lower sales volume and lower spreads, in line with the industry trend.

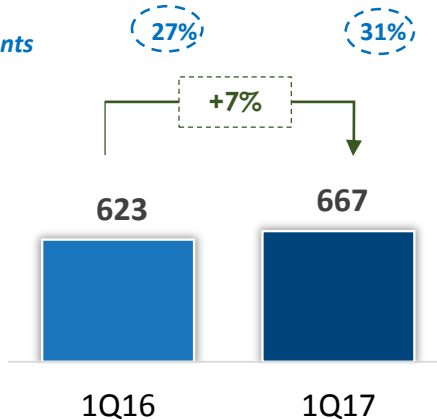
Keystone Highlights | 1Q17

Total Volume (Thousand Tons)

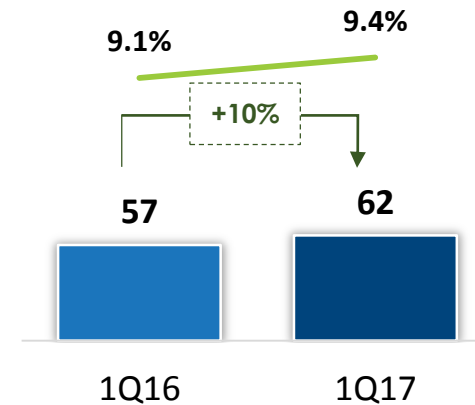


Net Revenue (US\$ million)

% Key Accounts



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



Quarter result driven by volume increase

- +4.1% in U.S. led by good performance in foodservice and industrial channels
- + 10.6% in APMEA led by Thailand, Malaysia and Australia

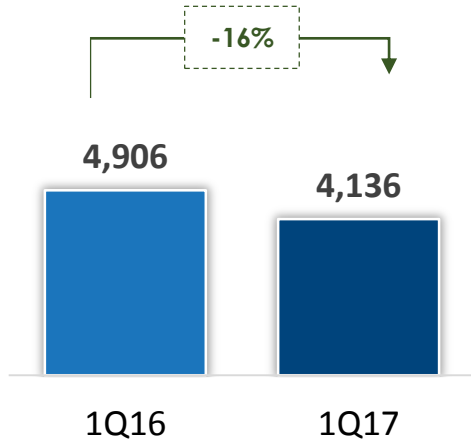
First quarter EBITDA record

- Market share increase and higher promotion activity in APMEA
- Continued solid contribution of NAE products in U.S.
- Lower input costs and better by-product export prices in U.S.



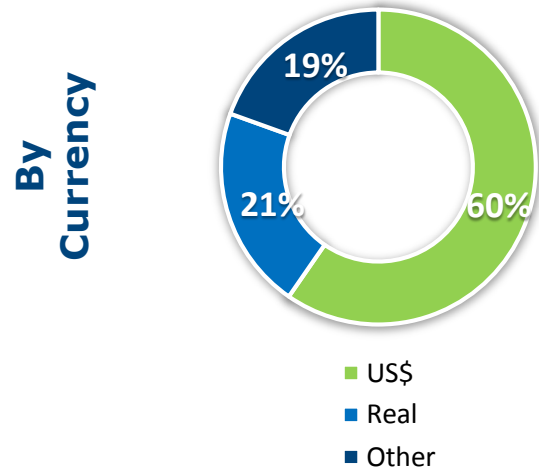
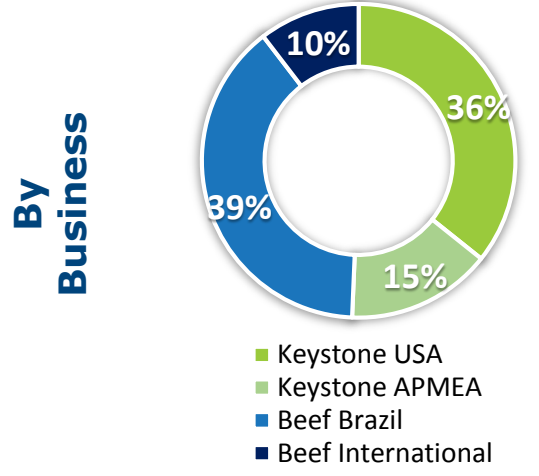
Financial Performance | Consolidated 1Q17

Net Revenue (R\$ million)



Keystone's excellent performance, driven by its higher sales volume, was offset by dollar devaluation (20%) and Beef Division's lower sales volume.

Revenue Breakdown

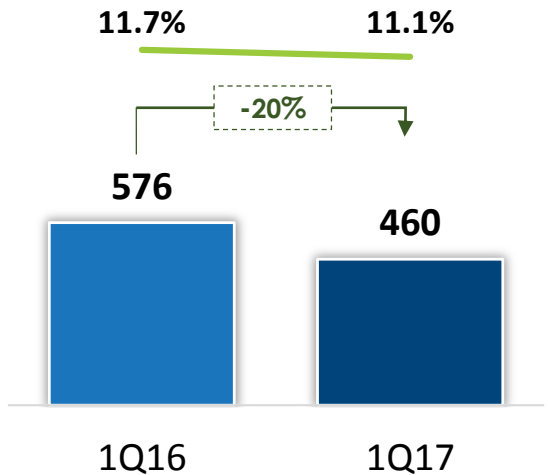




Financial Performance | Consolidated 1Q17

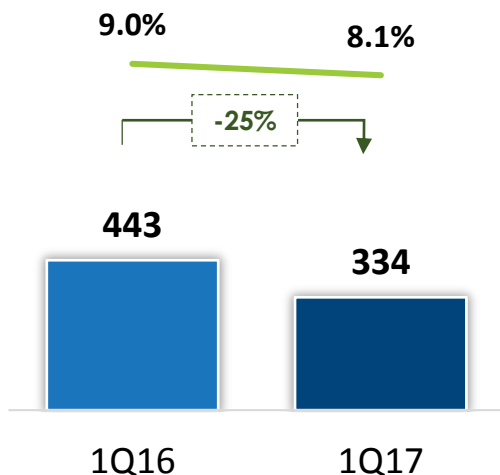
Gross Profit & Gross Margin

(R\$ million and %)



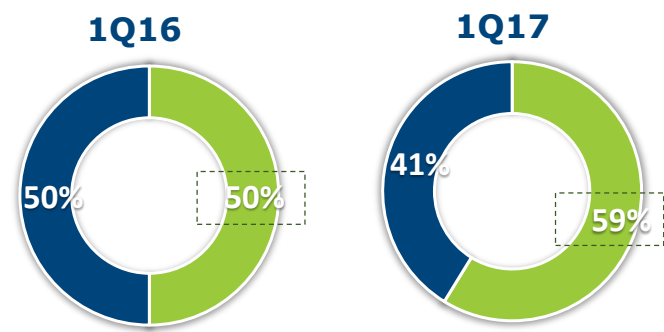
Adjusted EBITDA & Margin

(R\$ million and %)



EBITDA affected by the retraction of cattle margins, partially offset by the expansion of Keystone's margins and volumes.

EBITDA Breakdown





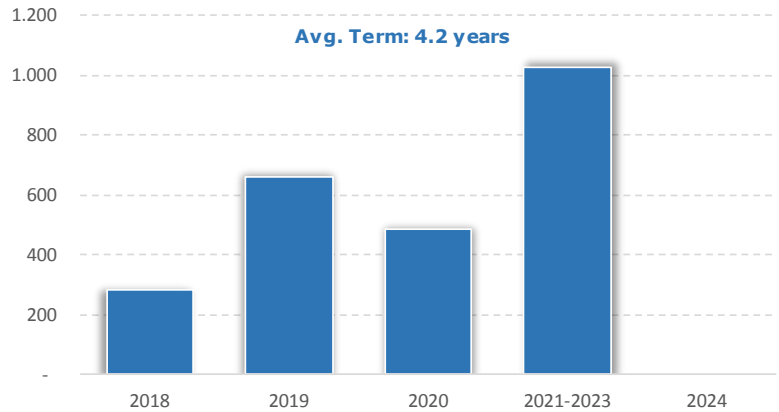
Liability Management Process

In USD

Bonds Maturity Schedule (pro forma)

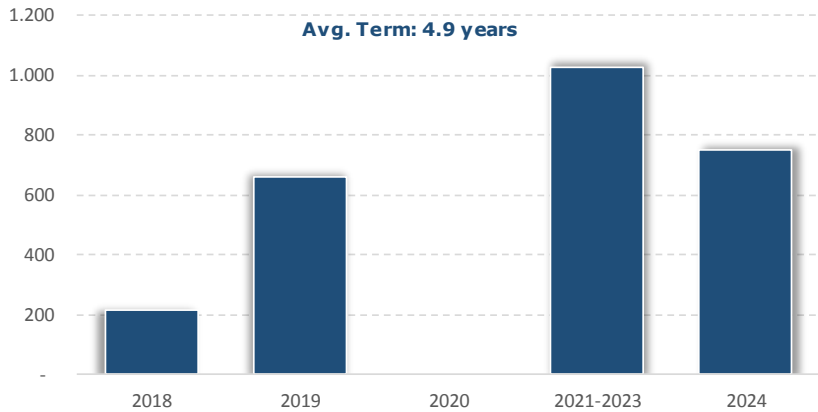
Before*

Avg. Term: 4.2 years



After

Avg. Term: 4.9 years



*4Q16

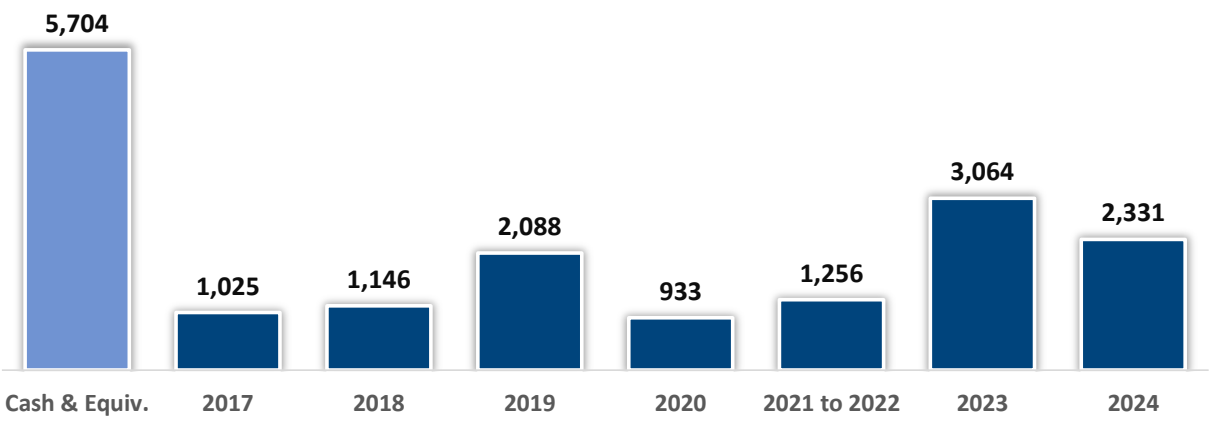
	2018	2019	2020	2021	2023	2024
Dec, 2016 Balance	282 m	660 m	485 m	28 m	1 bn	
Issuance						750 m
Repurchase	65 m		485 m			
Pro-forma Balance	217 m	660 m		28 m	1 bn	750 m

*Proforma May,17



Debt Amortization Schedule & Indicators

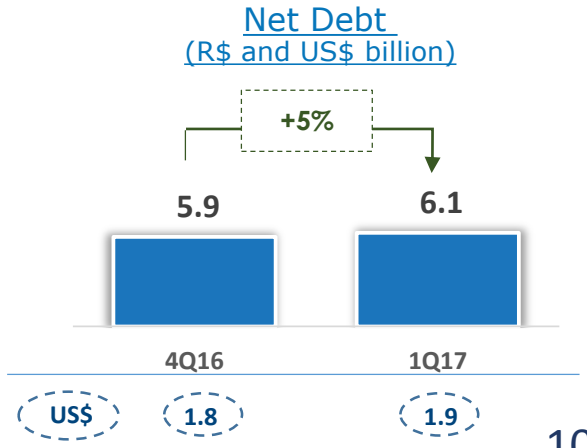
R\$ million



Avg. Cost (% p.a.)
6.97% vs. 7.64% in 1Q16

Avg. Term
4.4 vs. 3.2 years in 1Q16

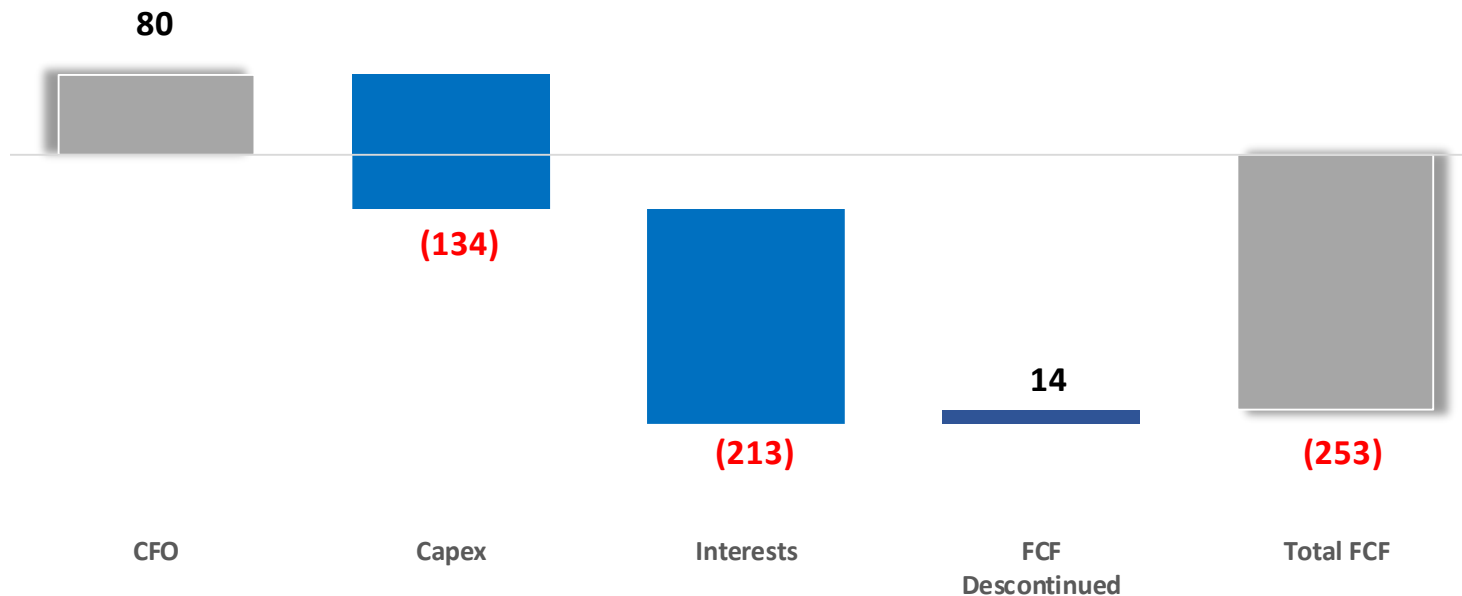
	1Q16	1Q17
Gross Debt	11,150	11,844
Cash	5,279	5,704
Net Debt	5,872	6,140
Adjusted EBITDA LTM from continuing operations	1,614	1,504
Net Debt / Adj. EBITDA LTM from cont. operations	3.64x	4.08x





Cash Flow | Consolidated 1Q17

1Q17 R\$ million



- Lower interest and maintenance of investments aligned with the Company's growth plans.

INVESTOR RELATIONS

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