



**International Conference Call**  
**Marfrig**  
**1<sup>st</sup> Quarter 2017 Earnings Results**  
**May 12, 2017**

22:55

**Q&A Session**

**Operator:** Excuse me. Ladies and gentlemen we will now begin the question-and-answer session. To pose a question please press the star key followed by the one key on your touchtone phone now. To remove yourself from the questioning queue press star two.

Our first question comes from Isabela Simonato with Bank of America Merrill Lynch.

**Ms. Isabela Simonato:** Good afternoon everyone, thank you for the call. My question is on the beef operations. I understand this was a tough quarter especially because of the Carne Fraca investigation; how can we think about Q2? What sort of impact we should continue to see because of this investigation and how are you looking for beef prices in the international market going forward? I mean, beyond Q2 and more looking into 2H of the year, in broader terms? Thank you.

**Mr. Martin Secco:** thank you Isabela for the question. What we can share with you today, the situation of the Carne Fraca was absolutely normal today in the beef sector. All the markets are already open and normal. The market for cattle purchase is absolutely normal; we are in a full May and June of slaughter plants.

It was a huge problem at the end of March and at the beginning of April. We are also receiving, during this month, two important visits from the external sanitary authorities, like US and the European Community that they are checking all the Brazilian system; but for the comment I will receive because also we will receive some visits in our factories the situation is absolutely normal and under control.

**Ms. Simonato:** great thank you very much.

**Operator:** our next question comes from Pedro Leduc with J.P. Morgan.



**Mr. Pedro Leduc:** hi everybody thank you for taking the question. More on the result itself, from what I am seeing this quarter had a bit of abnormally high net financial expenses, if you could tell us what is recurring or not, and still on this line, how much deleveraging do you think you need to achieve, in order to be returning to a net profit basis.

I am just trying to understand if lower rates would do the job, or how much cash you are looking to need for that. Thank you.

**Mr. Eduardo Miron:** hi Pedro thanks for the question. As you know our target is to continue to reduce our cost and I just mentioned previously all the activities that we had during 1Q. So it shows whole focused we are on this.

Obviously the current level of interest, the way we see is supposed to be reduced. We expect this number to be in the range of 350 overall to 400 and that is just part of the equation; so I think the most important thing is that we need to have the business performance improving and with that I think we will have positive cash flow at the end of the year.

**Mr. Leduc:** ok thank you.

**Operator:** This concludes today's question-and-answer session. I would like to invite Mr. Martin Secco to proceed with his closing statements. Please go ahead Sir.

**Mr. Secco:** Okay I would like to thank everyone once again for joining us on the call and we are going to keep in touch with you in the next days, if you have other questions than today, thank you.

**Operator:** Thank you. That does conclude our Marfrig conference call for today. Thank you very much for your participation, you may have a nice day.

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