

# EARNINGS CONFERENCE CALL 2Q17



**AUGUST 15, 2017**

**INVESTOR RELATIONS**



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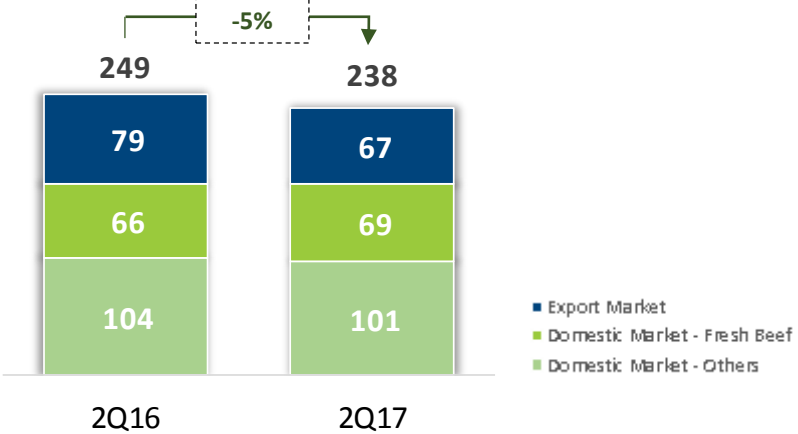


# 2Q17 Highlights

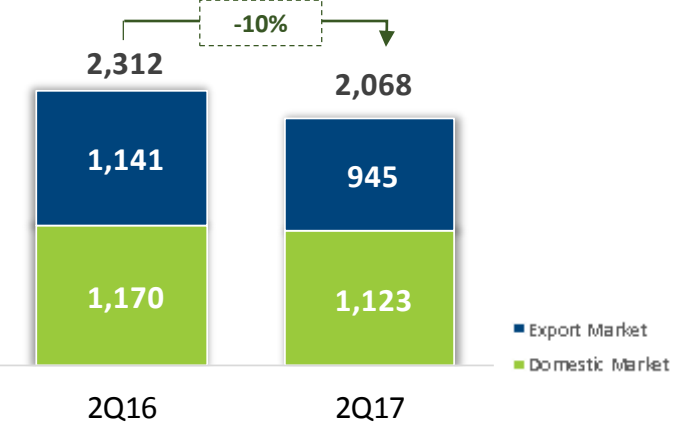
- Beef: challenging scenario, but positive outlook
  - Operation Weak Flesh
  - USA: temporary suspension of Brazilian fresh beef imports
  - Adjustment to production base
- Keystone: solid and sustainable growth
  - Record-high EBITDA
- High level of investment

# Beef Highlights | 2Q17

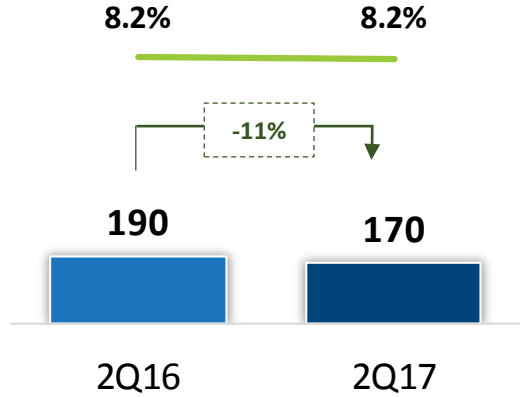
## Total Volume ('000 tons)



## Net Revenue (R\$ million)



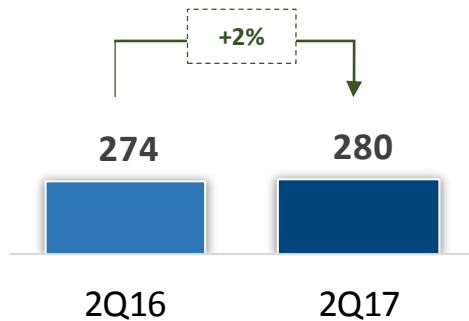
## Adjusted EBITDA & Margin (R\$ million and %)



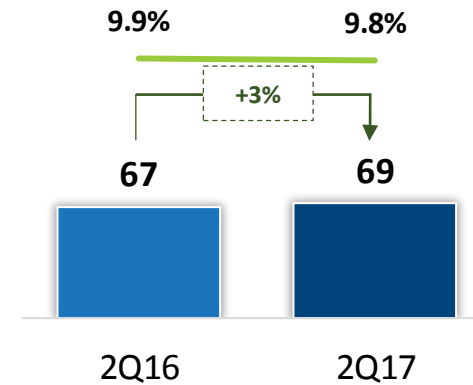
- Lower revenue due to 9% Brazilian real appreciation and lower sales volume, which offset the better export price.
- Higher fresh beef sales volume in the Brazilian market.
- EBITDA affected by lower volume and exchange variation, factors partially offset by the better margins and SG&A expenses.

# Keystone Highlights | 2Q17

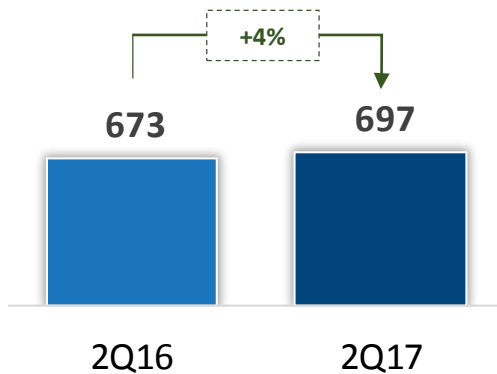
## Total Volume (‘000 tons)



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



## Net Revenue (US\$ million)



## 2Q17 results driven by sales volume growth

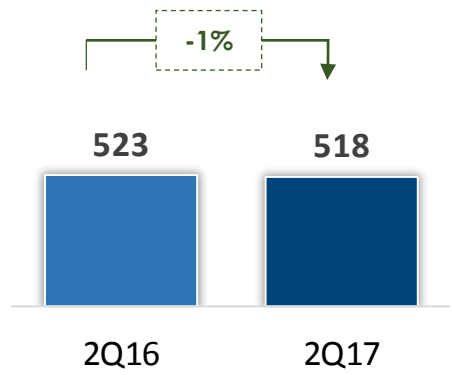
- +8% APMEA led by Thailand, Malaysia and South Korea
- Continued solid performance in USA, reflecting the good performance of the foodservice channel

## Quarterly EBITDA: record high

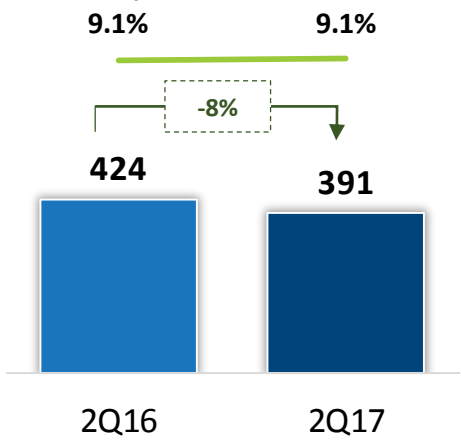
- Market share expansion, promotions and launch of new products in APMEA
- In USA, favorable product mix, with positive contribution from NAE and leg quarters

# Consolidated performance 2Q17

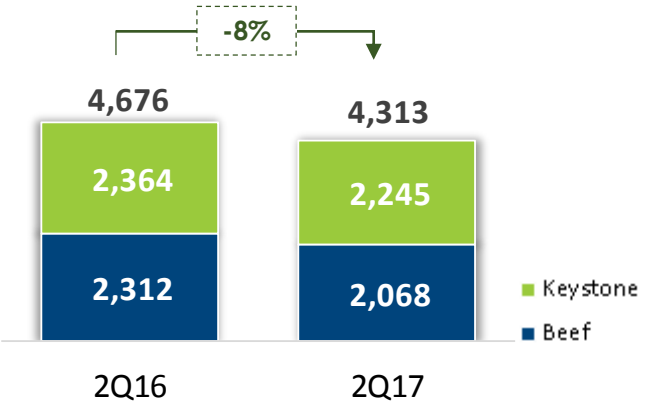
## Total Volume ('000 tons)



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



## Net Revenue (R\$ million)



The **excellent** performance of the **Keystone** Division, driven by sales volume growth, was offset by the 9% BRL appreciation and lower sales volume at the Beef Division.

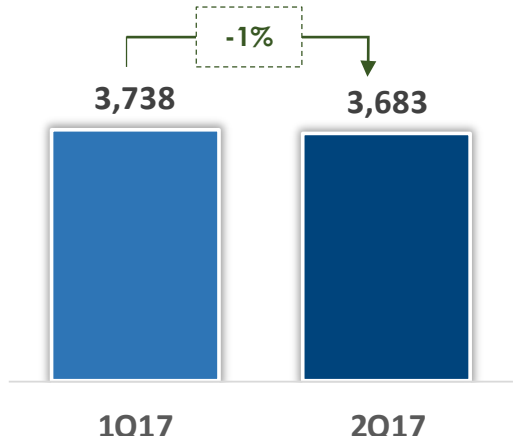
**EBITDA Margin** stable year-over-year, with the Keystone Division and SG&A expenses offsetting the lower gross margin at the Beef Division.



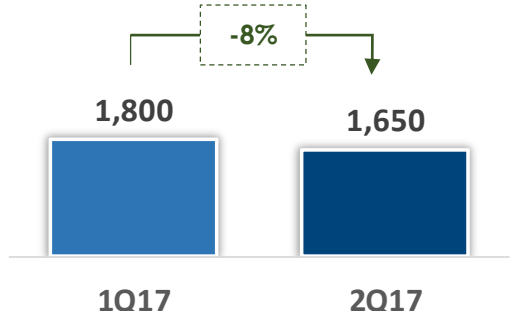
# Debt Amortization Schedule & Indicators 2Q17

US\$ million

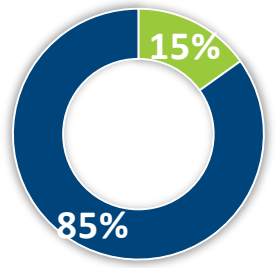
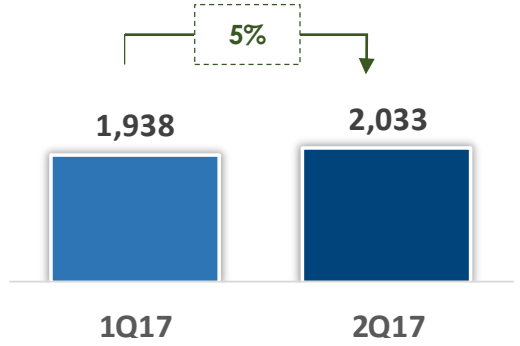
Gross Debt



Cash & Equiv.



Net Debt



- Short Term
- Long Term

**Avg. Cost (% p.a.)**  
6.47% vs. 7.31%  
in 2Q16

**Avg. Term**  
4.4 vs. 4.0 years  
in 2Q16

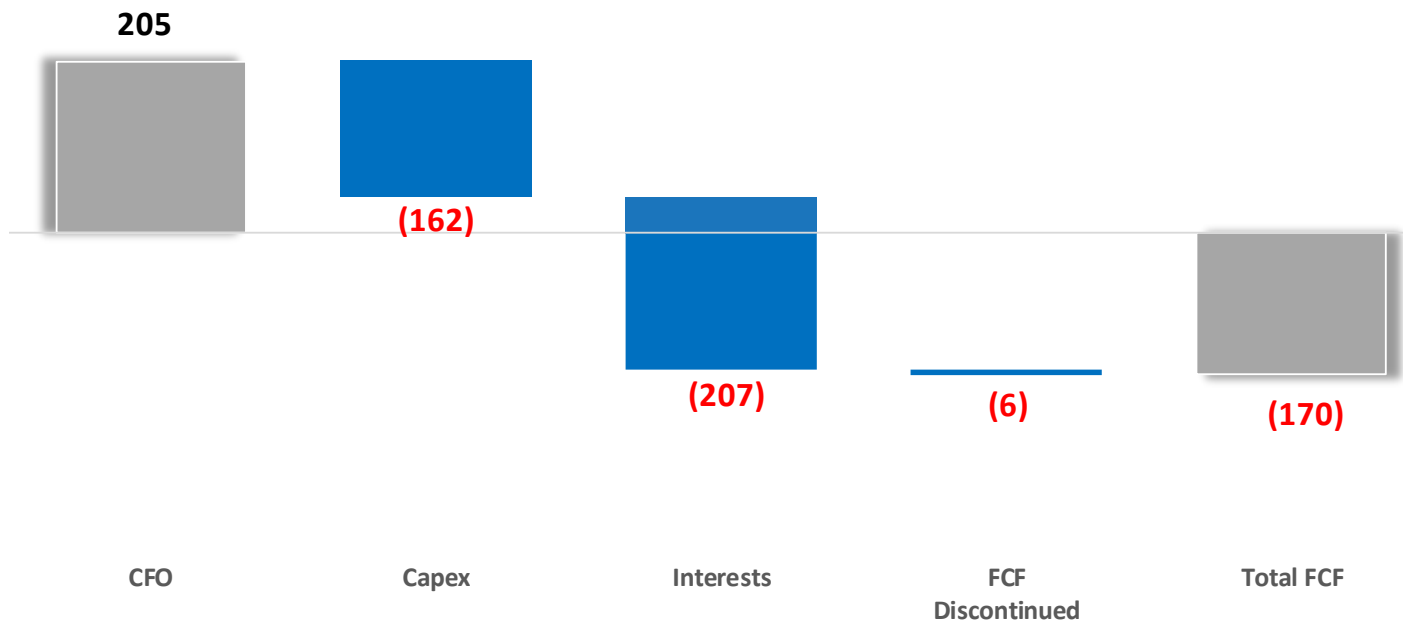
	1Q17	2Q17
<b>R\$ Million</b>		
Net Debt	6,140	6,700
Adjusted EBITDA LTM*	1,504	1,472
Net Debt / Adj. EBITDA LTM*	4.08x	4.55x
Net Debt / Adj. 2Q17 EBITDA		<b>4,17X</b>

\*Continuing Operations  
\*\*Annualized 2Q17 EBITDA and exchange rate of R\$ 3.21 / US\$



# Cash Flow | Consolidated 2Q17

2Q17 R\$ million



- High level of capex, increasing from R\$59 million in 2Q16.
- Reduction in interest expenses of approximately R\$70 million.
- Operating cash flow affected by exchange variation and higher working capital needs.





# Outlook

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- Growth Strategy/ Operational Efficiency
- Keystone Division
- Beef Division
- Financial Discipline

# INVESTOR RELATIONS

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