Marfrig reported Adj EBITDA of R$493 million, with margin of 9.3%

Resuming strategy at Beef and solid results from Keystone

São Paulo, March 27, 2018 *– Marfrig Global Foods S.A. – Marfrig (B3 Novo Mercado: MRFG3 and Level 1 ADR : MRRTY) announces today its results for the fourth quarter and fiscal year of 2017 (4Q17 and 2017). 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 financial statements and respective notes for the period ended December 31, 2017 filed at the Securities and Exchange Commission of Brazil (CVM).*

HIGHLIGHTS

- Net Revenue[1] amounted to R$5.3 billion in 4Q17.
- In 4Q17, consolidated Adjusted EBITDA ("Adj EBITDA") reached R$493 million, with margin of 9.3%.
- The Beef division posted Adj EBITDA of R$262 million, with margin of 8.7%. This result was mainly supported by higher sales volume following the solid execution plan of reopen slaughterhouses in Brazil, as of the second half of 2017.
- In line with its solid performance, the Keystone division recorded Adj EBITDA of US$66 million in 4Q17, with margin of 9.4%.
- The net loss in 4Q17 was R$7.5 million, the lowest since 2015.
- In November, Marfrig announced that it adhered to the Special Tax Amnesty Program ("PERT"), which settled pending tax disputes and paved the way for the use of its federal tax credits.
- Financial leverage, measured by the ratio of net debt to annualized Adj EBITDA, which best reflects current production levels, stood at 3.94x in the quarter (excludes the non-recurring payment under PERT).
- The tax reform approved in the United States at the end of the fourth quarter already boosted Keystone's cash flow, by around US$6 million.
- In December, the credit rating agency Moody's reaffirmed the Company's corporate rating at B2 and reduced the outlook from positive to stable.

[1] In the first quarter of 2017, Marfrig's Management opted to sell the meatpacking unit in Villa Mercedes, located in San Luis Province, Argentina. The results for 2016 and 2017 from this operation are presented in the line "Profit or loss from discontinued operations." The assets and liabilities of this company are presented in the lines "Held-for-sale assets" and "Liabilities related to held-for-sale assets," respectively.

SUMMARY

In a year marked by high volatility on the political and macroeconomic fronts, the last quarter brought a host of good news for Brazil and the rest of the world.

In Brazil, the economic recovery continued to strengthen, with improvements in industrial indicators. GDP closed 2017 with moderate growth of 1%, bringing two years of recession to an end.

The beef industry enjoyed a fourth quarter of seasonally typical behavior and healthy margins. Fresh beef prices in the Brazilian market rose during the quarter, supported by the period's stronger demand, which was accompanied by higher cattle prices. The positive highlight was the price increase of hindquarter cuts, which are more premium and more sensitive to available household income. In the international market, spreads widened by 6.9% in relation to 4Q16, reflecting the improvement in the cattle cycle in Brazil.

The Beef division, supported by its continuously implementation strategic growth plan, ended the quarter slaughtering 300,000 head/month. With nominal capacity similar to the level in 2014 (before the temporary capacity shutdown), the highlight was the utilization rate of 96% in the quarter, reflecting operating efficiency gains. Sales volume came to 352 kton, increasing 28% and 17% from 4Q16 and 3Q17, respectively.

In the international scenario, GDP growth in 2017 is expected to exceed initial forecasts in the main regions where Company operates, such as the United States (2.3%) and Asia (6.5%). In the U.S., the highlight was the approval of the tax reform, whose main feature is a reduction in corporate tax rates for all sectors of the economy, which has the potential to encourage new investments, create jobs and expand domestic demand.

The Keystone division, despite the more rigorous winter in the U.S. and the ramp up phase of the new further processing plant in Thailand, was able to deliver solid results in the last quarter of the year. The ongoing pursuit of a portfolio with higher-value products combined with the vision to become the preferred partner of its clients by prioritizing strategic long-term relationships are factors that set the company apart in the industry.

In this context, Marfrig reported consolidated Adjusted EBITDA ("Adj EBITDA") of R$493 million in 4Q17. The Keystone division posted Adj EBITDA of US$66 million (or R$215 million) and margin of 9.4%. Meanwhile, the Beef division posted Adj EBITDA of R$262 million with margin of 8.7%, expanding 120 bps on 4Q16.

NON-RECURRING EVENTS

On November 16, 2017, Marfrig announced its decision to adhere to PERT, which involved renegotiating federal tax liabilities in litigation with the federal tax authority. The Company included in the program liabilities of approximately R$1.3 billion, which, after the applicable discounts and permissions, amounted to R$741 million. Of this amount, R$252 million was paid in 2017, with the remaining balance of R$490 million to be paid in 145 monthly installments, the first of which was paid in January 2018. As a result of its adherence to the program, the Company now expects to be able to monetize its fax credits.

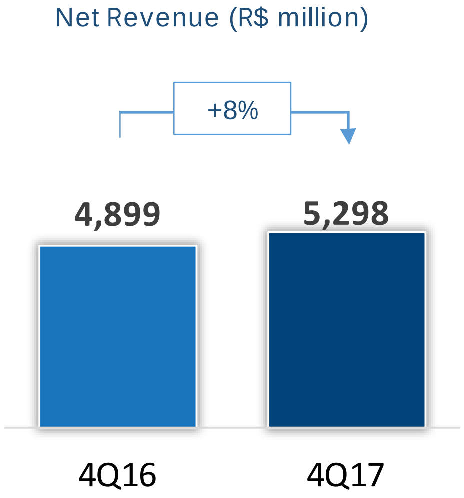
The main feature of the U.S. tax reform ("Tax Cuts and Jobs Act"), which was passed and sanctioned in late 2017, as highlighted above, is a reduction in the corporate tax rate from 35%

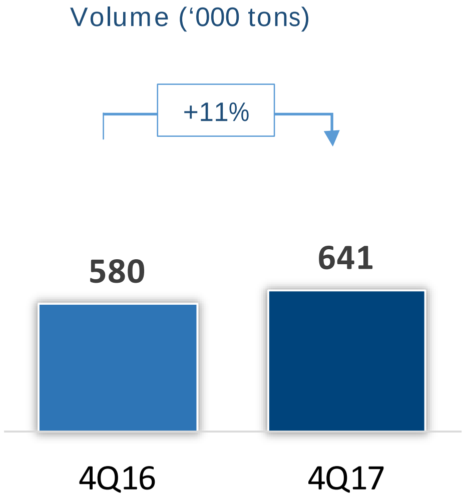
to 21%. Other important measures in the act include a) the taxation method for multinational companies and overseas affiliates; b) the accelerated depreciation of investments; and c) the limit on the deductibility of interest expenses should lead to significant changes in the results of U.S. companies.

At Keystone, the tax reform already has had a positive impact on its cash flow in 4Q17. In response to the provision that involves the accelerated depreciation of investments made and concluded by September 27, 2017; the company recorded savings of around US$6 million.

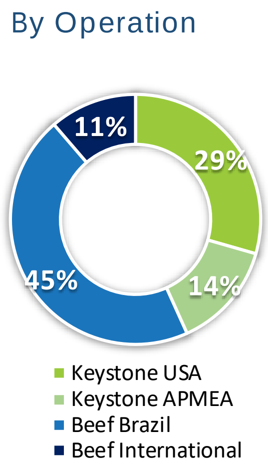
Net Revenue

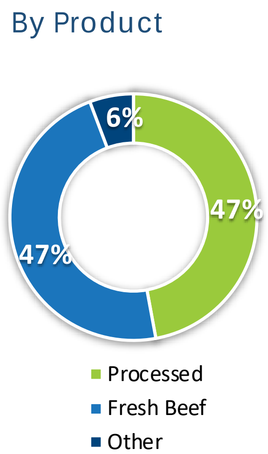
Marfrig's consolidated net revenue came to R$5.3 billion in 4Q17, up 8% from the same period a year ago. The better performance of the Beef division, supported by higher production volume, was partially offset by the appreciation in the Brazilian real against the U.S. dollar and the lower sales volume at Keystone. In the quarter, the Beef Division accounted for 57% of the Company's consolidated revenue.

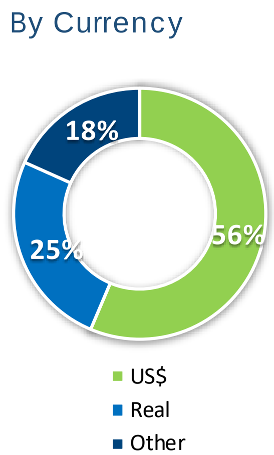




Revenue Breakdown 4Q17







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

- 75% of sales was linked to currencies other than the Brazilian real;
- 55% of net revenue came from the international operations (Keystone USA and Keystone APMEA, and Beef International).

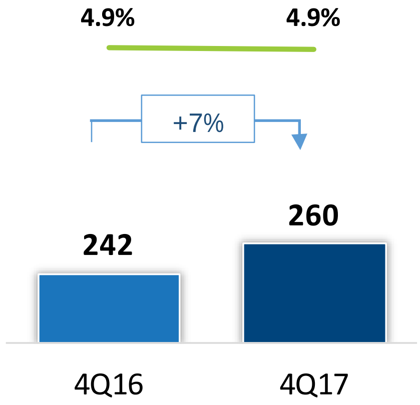
Gross Profit & Gross Margin

Consolidated gross profit in 4Q17 was R$638 million, expanding 21% compared to the same period of last year, driven by stronger beef sales. Gross margin was 12.0%. A highlight was the margin expansion of 220 bps at the Beef division, which followed the industry trend of margin recovery.

Selling, General and Administrative Expenses (SG&A)

In the quarter, SG&A expenses were R$260 million, up R$18 million on 4Q16, explained by the higher SG&A expenses at the Beef division, which accompanied sales volume growth, was partially offset by the lower administrative expenses at the Keystone division. As a ratio of net revenue (SG&A/NOR), SG&A expenses stood at 4.9%, in line with the previous year.

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

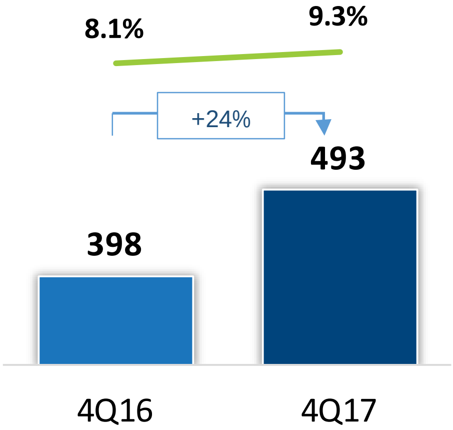


Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA in 4Q17 stood at R$493 million, with margin of 9.3%, expanding 120 bps on a year earlier.

The highlight was the 37% growth in the Beef division's result, explained by the continuity of the strategy to readjust its production footprint in Brazil.

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



Financial Result

The net financial result in 4Q17 was an expense of R$501 million, up 17% from the expense of R$427 million in 3Q17.

The financial result, excluding the effects from currency translation, was an expense of R$417 million, up R$33 million from 3Q17. The main factors were (i) the net loss of R$22 million from market operations; and (ii) the effects from exchange variation on the translation of interest expenses from USD to BRL.

	4Q17	3Q17	Chg.	
	R$	R$	R$	%
FINANCIALS REVENUES	51.4	69.2	(17.8)	-25.7%
Interest income, income from marketable securities	19.9	25.6	(5.8)	-
Market transactions	30.2	41.0	(10.8)	-
Other revenues	1.3	2.6	(1.2)	-
FINANCIALS EXPENSES	(468.0)	(452.9)	(15.2)	3.3%
Interests provisioned, debentures and lease	(197.8)	(190.4)	(7.4)	-
Market transactions	(41.7)	(30.3)	(11.4)	-
Bank fees, commissions, finance. disc. and other	(228.5)	(232.2)	3.7	-
FINANCIAL RESULT EX-EXCHANGE VAR.	(416.7)	(383.7)	(32.9)	8.6%
Exchange Variation	(84.7)	(43.5)	(41.2)	-
NET FINANCIAL RESULT	(501.4)	(427.3)	(74.1)	17.4%

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 continuing operations.

In 4Q17, the Company posted a net loss of R$7.5 million, which represents a significant improvement of R$223 million (or 97%) from the prior-year period. Note that this is the lowest net loss since 2015.

Debt

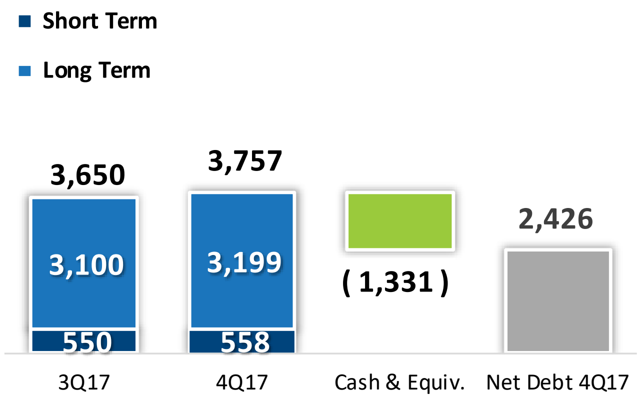
As a large portion of Marfrig's debt is denominated in U.S. dollar (debt denominated in USD or currencies other than the BRL ended 4Q17 at 97.9% of total debt), the variations discussed in this section are based on the amounts in U.S. dollar.

On December 31, 2017, Marfrig registered gross debt stood at US$3,757 million, increasing 3% from the previous quarter. In Brazilian real, gross debt was R$12,427 million, up 7%.

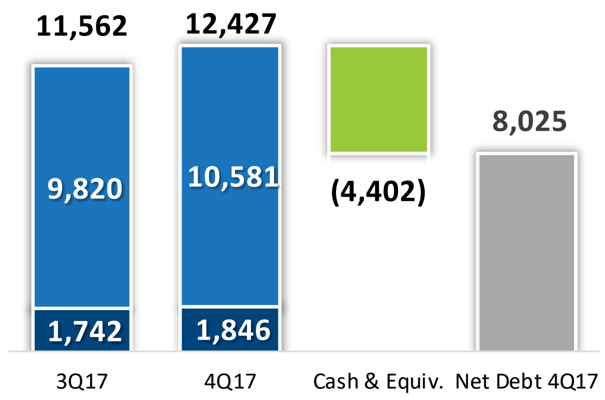
The balance of cash and marketable securities stood at US$1,331 million (R$4,402 million), down US$97 million from 3Q17, which is explained by the ongoing investments in organic expansion at both divisions and by the non-recurring payment to adhere to PERT.

Consequently, Marfrig's net debt ended the quarter at US$2,426 million, increasing 9% from 3Q17. In Brazilian real, net debt was R$8,025 million.

Debt in US$ million

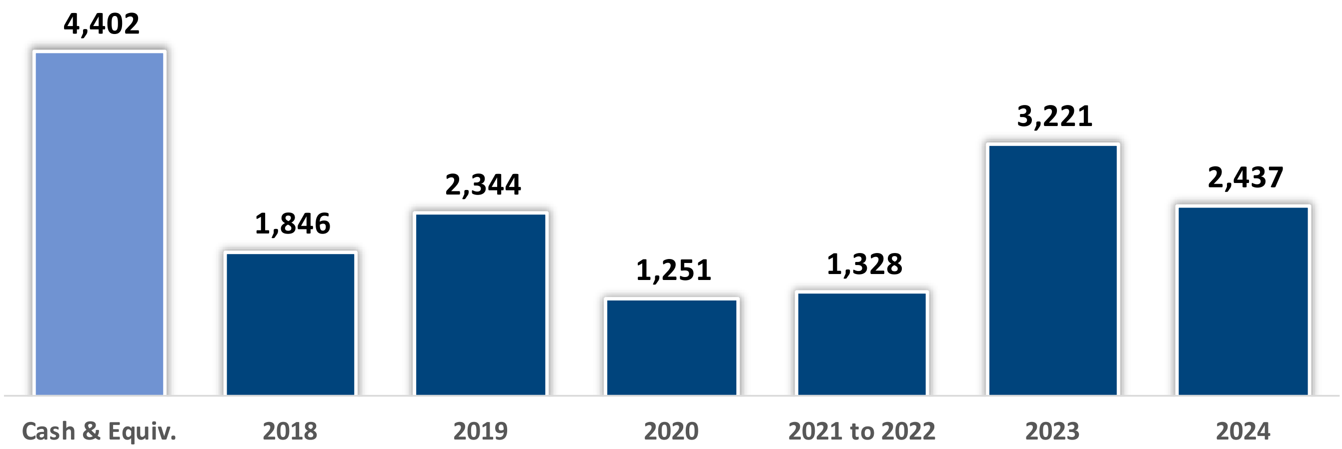


Debt in R$ million



On December 31, 2017, the average debt term was 3.81 years, and only 15% of the total debt matured in the short term. The average annual debt cost was 6.38%, compared to 6.47% in the previous quarter.

Debt Maturity Schedule
(R$ million)



4Q17 Indicators

Avg. Cost (% p.a.)	Avg. Term (years)	Current Liquidity	Net Debt/ Total Assets	Net Debt / Adj. LTM EBITDA[1]	Net Debt / Adj. Annualized EBITDA[2]
6.38%	3.81	1.57x	0.38x	4.55x	3.94x

1. Adj. LTM EBITDA from continuing operations and excluding the non-recurring effects from the PERT payment.

2. Adj. Annualized EBITDA from continuing operations and excluding the non-recurring effects from the PERT payment.

Company's leverage measured by the ratio of net debt to Adjusted[1] EBITDA LTM from continuing operations stood at 4.55x at the end of 2017, increasing 0.19x from the end of the prior quarter.

Management believes that the ratio that best reflects Marfrig's current leverage is the ratio of net debt to annualized Adjusted EBITDA from continuing operations in 4Q17[2]. This ratio ended the quarter at 3.94x. However, the figure still does not fully reflect the effects from exchange variation on the operations, given the difference between the end-of-period exchange rate in 4Q17 (R$3.31/US$1.00), which is used to translate net debt, and the average exchange rate in the period (R$3.25/US$1.00).

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 4Q17 at 4.50x (for more information, see Note 20.3 to the financial statements).

Cash Flow

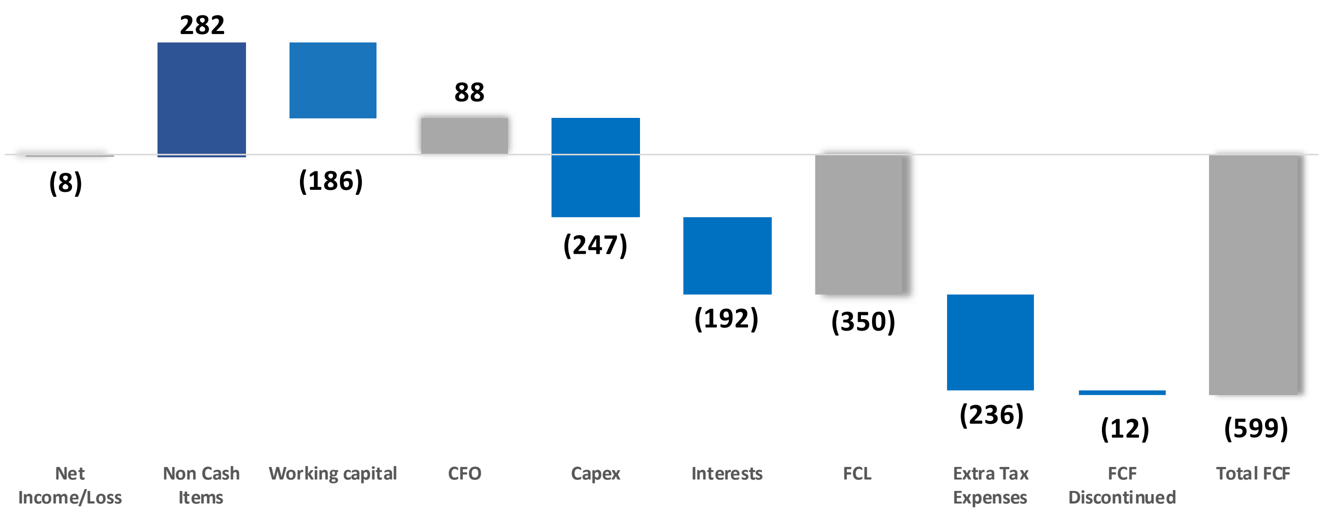
In the quarter, Marfrig's operating cash flow was positive in R$88 million. Working capital requirement was R$186 million (a reduction of R$200 million from 3Q17). The result is mainly explained (i) by the continued ramp-up in production at the Beef division, which led to an adjustment in inventories and to higher receivable accounts; and (ii) by the payment of social security expenses (previously offset by PIS/COFINS tax credits); partially offset (iii) by the positive variation in trade payables due to the seasonal lengthening of payment terms.

The Company maintained its investment commitment, with capital expenditures in the quarter amounting to R$247 million. The highlights were the investments made to reopen primary processing plants in Brazil and the ongoing investments to expand capacity at the Keystone division, in line with its 2021 Strategy, which included improvements to increase flexibility for processing birds of different sizes (small and big birds), operating efficiency gains and expanding processing capacity in Malaysia by adding a new production line.

In the quarter, interest expenses came to R$192 million.

The combination of these factors led to negative free cash flow of R$350 million in the quarter. Considering the extraordinary effect of adhering to PERT and the discontinued operations, cash flow was negative in R$599 million.

Cash Flow (R$ million)

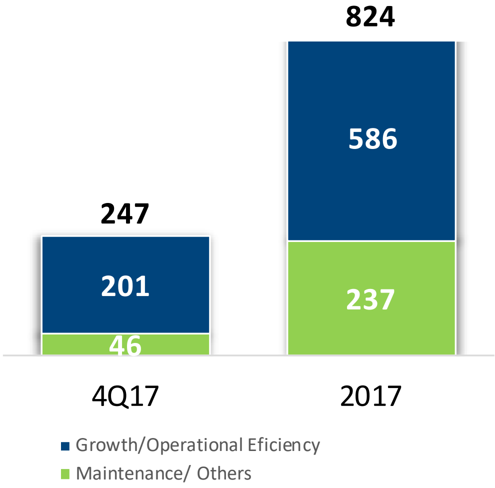


Capital Expenditure

Marfrig's capital expenditure amounted to R$247 million in 4Q17. In the year, CAPEX came to R$824 million, reflecting investments made in reopening plants in the Beef division and the ongoing strategic investments in the Keystone division. The highlight was the startup of the plant in Thailand, which began operations in the last quarter of 2017 and is currently in the ramp-up phase.

Investments

(R$ million)



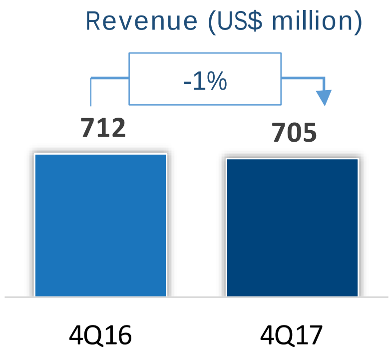
KEYSTONE DIVISION

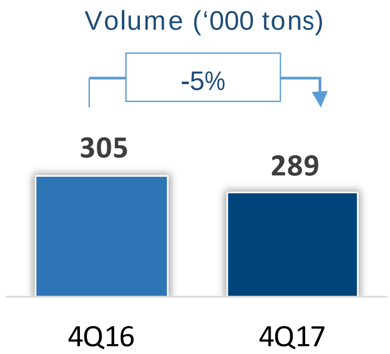
Keystone posted solid results in 4Q17. Adj. EBITDA came to US$66 million, for Adj EBITDA margin of 9.4%, down slightly from 4Q16. However, it is important to consider that (i) 4Q16 included one additional week of results, due to Keystone's accounting procedures for the fiscal year in the United States; and (ii) Keystone delivered an exceptional result in 4Q16, which is explained by the recovery in poultry markets following the outbreak of avian influenza in early 2016. On the operational front, the extreme weather, with hurricanes and freezing temperatures in the U.S. South, led to lower production and distribution interruptions across the industry. The division posted a strong performance in the foodservice channel, led by strong growth in the APMEA region. The foodservice channel continued to benefit from the global growth of QSRs, which have outperformed other restaurant and food service groups. Given the stronger foodservice channel and growing customer demand, Keystone continued to invest in the future of its business. As part of its 2021 Strategy, Keystone increased its production flexibility in the quarter, captured operating efficiency gains and expanding its capacity by adding a new line of further-processed products in Malaysia and a new plant in Thailand.

Net Revenue

Keystone net revenue was US$705 million in 4Q17, which is down 1% from the same quarter of 2016. In Brazilian real, net revenue was R$2.3 billion.

Although consolidated volume was down 5% in 4Q17, it is important to consider that 4Q16 was the highest quarterly volume recorded in the past 8 quarters. US foodservice volume was up over 4% compared to same period last year as the major global QSR brands are increasing both store traffic and check size through promotions, technology innovations including kiosk and online ordering, and improved utilization through home delivery. This increase was offset by decreases in the retail&convenience and Industrial channels in the U.S. which were largely initiated by Keystone's management as part of a rotation to a higher value portfolio and more favorable product mix. In APMEA, volume increased 3% led by global QSR demand in Foodservice. The consolidated volume decrease was partially offset by favorable pricing and improving product mix resulting in a net revenue decrease of1%.





Gross Profit & Gross Margin

In 4Q17, gross profit decreased 11% to US$62 million. Gross margin was 8.7%, which is a decrease of 100 bps relative to the same period last year. 4Q16 gross profit was US$69 million and gross margin was 9.7%.

In Brazilian real, gross profit amounted to R$200 million, 12% lower than in 4Q16 due to effects from exchange variation on the translation of U.S. dollar amounts to Brazilian real.

Selling, General and Administrative Expenses

In 4Q17, SG&A expenses were US$11 million. As a ratio of NOR, SG&A stood at 1.6%, which is an improvement of approximately 90 bps over the same period last year and below the historical quarterly trend of approximately 2.2%. The improvement is explained by the non-recurring adjustment of certain corporate expenses in the quarter.

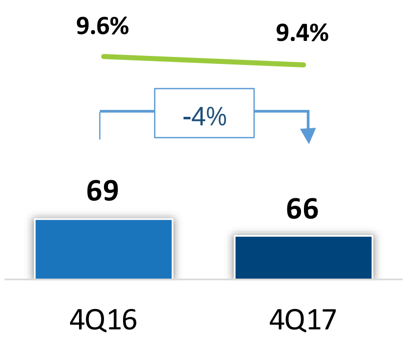
Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA was US$66 million in 4Q17, down 4% from 4Q16. Adjusted EBITDA margin was 9.4% for the quarter representing a decrease of 20 bps compared to the same period last year.

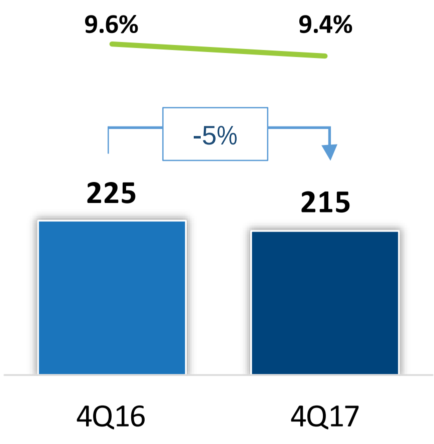
The reduction in Adj EBITDA was due to operating factors, including (i) a scheduled shutdown to modify production lines to increase flexibility and operating efficiency; (ii) the ramp-up of recently added capacities, including the new line in Malaysia and the new unit in Thailand; (iii) an increase in pricing for outside meat purchases; and (iv) a higher costs associated with outsourced manufacturing leveraged to meet customer demand for certain products. Compared to 4Q16, the result was also impacted by (i) the additional week in the US fiscal quarter 4Q16 which impacts the basis for comparison, and (ii) the impact of weather including hurricanes and unseasonably cold temperatures which impacted both customer demand as well as production due to temporary plant closures.

Considering the impact from exchange variation, Keystone's Adjusted EBITDA was R$215 million in 4Q17, down 5% from 4Q16.

Adjusted EBITDA & Margin
(US$ million and %)



Adjusted EBITDA & Margin
(R$ million and %)



BEEF DIVISION

The fourth quarter was seasonally positive for the industry. Export spreads (average fed cattle price less cattle cost) improved 6.9% from the same quarter last year, reflecting the positive phase of the cattle cycle in Brazil. Meanwhile, in the domestic market, spreads (based on whole steer prices) ended the period above the average of the last five years, with an increase of 111%. In Uruguay, the improvement was even more significant and, according to data by INAC, spreads increased 34% from 4Q16.

After the strategic decision to expand production volume to capture the improvement in the beef cycle in Brazil, the Company reached by December its cattle processing target of 15,000 head/day. By reaching this production level, the Beef division reached high levels of operating efficiency and was able to produce and sell higher volumes than in 2014 (period prior to the shutdown of plants when nominal capacity was similar to the current level). As a result, the effective capacity utilization rate in the last quarter of the year was 96%.

Net Revenue

Net revenue from the Beef division came to R$3.0 billion in the quarter, advancing 18% on 4Q16. This performance is explained by (i) the growth in sales volume, which was mainly due to the adjustment of production capacity in the Brazil operation; and (ii) the higher prices in USD; which offset (iii) the lower domestic prices, influenced by lower cattle prices; and (iv) the stronger Brazilian real.

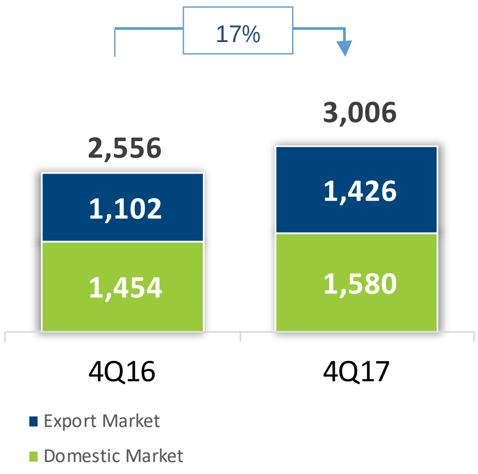
The Beef division was able to optimize its production footprint and once again showed that it has the flexibility to manage its sales to the most profitable markets. Fresh beef export volumes grew by 34%. Exports in the quarter accounted for 47% of the division’s total revenue (43% in 4Q16). The main destination was Asia, which accounted for 51% of total export sales volume.

The domestic market also posted an excellent performance, with fresh beef sales expanding 27% on 4Q16, influenced by the good positioning of the Company’s brands and the stronger domestic demand in Brazil. The highlight was the higher share of sales of the Montana brand, which ended 4Q17 with 53% of all sales to the domestic market (49% in 4Q16).

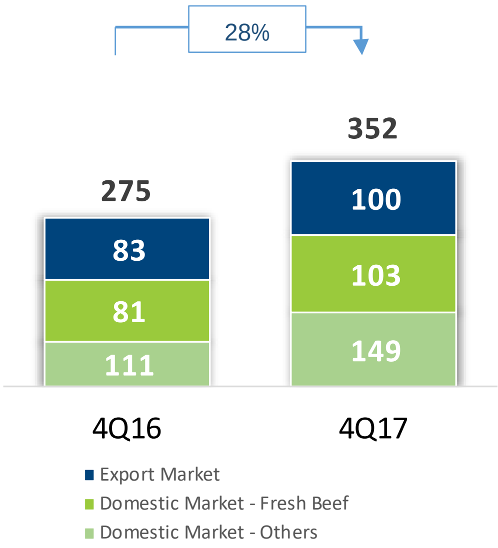
In the foodservice segment, in addition to the higher production, the highlight was the stronger sales of other categories (one-stop-shop), such as vegetables, fish and lamb. Although the volumes represent a small portion of the division’s sales, it demonstrates the Company’s strategy to expand its sales mix to better serve its clients.

In the processed foods segment, the highlight was the higher sales to the United States and the new clients added in regions such as Europe and Oceania.

Revenue (R$ million)

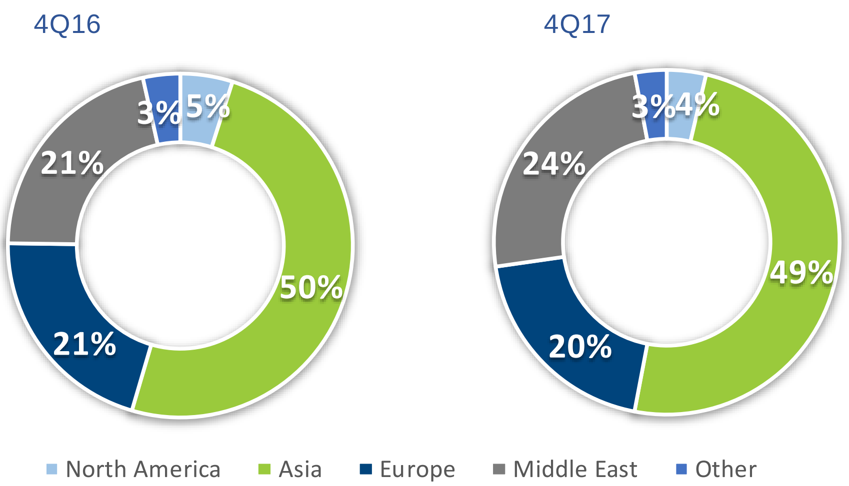


Volume ('000 tons)



Beef Exports

(% of volume)



Gross Profit & Gross Margin

Gross profit in 4Q17 was R$422 million, increasing R$120 million compared to the same period last year. Gross margin stood at 14.0%, expanding 220 bps.

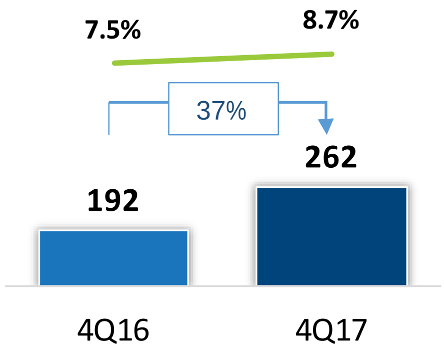
Selling, General and Administrative Expenses (SG&A)

SG&A expenses were R$223 million in 4Q17, increasing R$57 million from 4Q16. The main factors were (i) higher logistics expenses, which accompanied the growth in sales volume; and (ii) the one-off increase in marketing expenses due to the repositioning of the Montana brand. As a ratio of net revenue (SG&A/NOR), SG&A expenses were 7.4%, increasing 90 bps from 4Q16 and 20 bps from 3Q17.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA amounted to R$262 million in 4Q17, advancing R$70 million, or 37%, from 4Q16. Adj EBITDA margin stood at 8.7%, expanding 120 bps. The result is explained both by the better spreads in the domestic and export markets and by the operating efficiency gain obtained from increasing its capacity utilization, with these factors partially offset by the higher selling expenses, as discussed above.

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



OUTLOOK AND CLOSING REMARKS

For 2018, the expectation is for global economic activity to continue strengthening. According to the World Bank, the stronger growth in 2017 in both mature and emerging markets should sustain a new positive cycle. The IMF (International Monetary Fund) is signaling world GDP expansion of 3.9%, which reflects the more favorable macroeconomic conditions and the ongoing improvement in consumer confidence, which should leverage demand and encourage higher investments, especially in exporting economies.

In the United States, the approval of the tax reform package and stronger economic activity are sustaining expectations of GDP growth of 2.7% (up from the previous estimate of 2.3%), according to the latest report from the IMF. According to the IMF, the region comprising Asia's emerging and developing economies (including China) will continue to account for half of global growth and GDP is expected to grow at an average growth rate of 6.5%, positively influenced by stronger external demand.

In Brazil, the expectation is for a stronger recovery, with GDP growth in 2018 of 1.9%, which is a more conservative figure than that of the Brazilian central bank, which is projecting GDP growth of 2.89% for 2018 (Focus report of March 23, 2018).

Therefore, the variables that influence consumption remain favorable and the expectation is an increase in the demand for fresh and processed animal protein worldwide. According to recent USDA forecast, global protein consumption should grow by 14% over the next decade (2017-2027).

For the Brazilian beef market, we expect the positive cattle cycle to persist. The larger cattle supply, combined with the good prospects for demand, should keep margins at healthy levels. The USDA projects both domestic consumption (+2.5%) and exports (+4%) growth in the country, with the latter being potentially boosted by a) the resumption of markets that are currently closed to Brazil, such as the case of United States; b) new authorizations, as in the case of China; c) and the signing of bilateral agreements, such as the one being proposed by Mercosur and Europe, which could establish a new quota with a lower tariff.

For the global industry, the expectation is for firmer demand for beef. In the US, production growth should be followed by stronger demand, with the country remaining a net importer. Meanwhile, Australia, which should meet the growing demand from countries such as Japan and South Korea, continues to export approximately 80% of its 2014/2015 sales level. Based on this situation, Indonesia informed that it expects to open its market for Brazilian beef. And lastly, in China, the lower production due to the decline in the cattle herd and the scenario of growth in consumption (China today consumes 5.6 kg per capita, according to ABIEC) should result in higher imports, completing the more robust scenario for world trade in beef.

In the chicken market, which is the fastest growing protein given its lower relative price (+2% p.a. according to the USDA), the outlook for 2018 is promising, with the positive fundamentals for commodity prices remaining in place, which could sustain sector margins. At the global level, production should grow in leading producer countries, such as US and Brazil. In Thailand, a significant exporter of chicken-based processed products, exports should increase by 4% in 2018. On the demand side, growth should occur especially in emerging markets in regions such as Africa, Middle East, Latin America and Asia. China in particularly, imports are expected to increase by around 6% in 2018, which is consistent with rising income.

In the foodservice industry in the United States, country that accounts for 70% of Keystone's sales, the trend is for customer's traffic in restaurants to continue being influenced by menu's level of value and innovation, as well as the use of digital tools, such as kiosks and online orders. Regarding demand, the RPIe index – which measures expectations of U.S. restaurant performance in the next six months – reached 102.9, marking the fourth successive increase and the highest level of the last three years.

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

Marfrig's strategy remains focused on capturing potential growth in the global protein industry and on creating value for shareholders by maintaining its commitment to strengthening its business through:

1. Operational improvements, productivity and margin expansion.
2. Capacity expansion, with a focus on growing the key accounts base through organic growth projects at Keystone Division.
3. Focus on profitability, by maximizing the use of assets and prioritizing service through channels and value-added markets.
4. Greater diversification of the value-added products portfolio at Keystone.
5. Financial discipline, with a permanent focus on deleveraging and increasing free cash flow.

UPCOMING EVENTS

Earnings Conference Call

Date: March 28, 2018

Portuguese	English
9:30 a.m. (Brasília) 8:30 a.m. (US EST) 1:30 p.m. (London)	11:00 a.m. (Brasília) 10:00 a.m. (US EST) 3:00 p.m. (London)
Dial-in: Brazil: + 55 (11) 3193-1001 or 2820-4001	Dial-in: Other countries: +1 (646) 828-8246
Code: Marfrig	Code: Marfrig

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

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LIST OF APPENDICES

APPENDIX I

Income Statement

Consolidated Quarterly

(R$ million)

	4Q17 (a)		4Q16 (b)		3Q17 (c)		(a/b) Chg.		(a/c) Chg.	
	R$	%NOR	R$	%NOR	R$	%NOR	R$	%	R$	%
Net Revenues	**5,297.6**	**100.0%**	**4,899.1**	**100.0%**	**4,831.1**	**100.0%**	**398.5**	**8.1%**	**466.5**	**9.7%**
COGS	(4,659.6)	-88.0%	(4,370.6)	-89.2%	(4,202.9)	-87.0%	(289.0)	6.6%	(456.7)	10.9%
Gross Profit	**638.0**	**12.0%**	**528.5**	**10.8%**	**628.2**	**13.0%**	**109.5**	**20.7%**	**9.8**	**1.6%**
SG&A	**(260.5)**	**-4.9%**	**(242.4)**	**-4.9%**	**(252.4)**	**-5.2%**	**(18.0)**	**7.4%**	**(8.1)**	**3.2%**
Commercial	(183.2)	-3.5%	(130.5)	-2.7%	(149.1)	-3.1%	(52.6)	40.3%	(34.1)	22.8%
Administratives	(77.3)	-1.5%	(111.9)	-2.3%	(103.3)	-2.1%	34.6	-30.9%	26.0	-25.2%
Adj. EBTIDA*	**492.9**	**9.3%**	**398.4**	**8.1%**	**490.1**	**10.1%**	**94.5**	**23.7%**	**2.8**	**0.6%**
Others revenues/expenses	(0.2)	0.0%	(37.9)	-0.8%	(28.5)	-0.6%	37.6	-99.4%	28.2	-99.2%
EBITDA	**492.7**	**9.3%**	**360.5**	**7.4%**	**461.7**	**9.6%**	**132.2**	**36.7%**	**31.0**	**6.7%**
Equity Account	(3.4)	-0.1%	(0.4)	0.0%	(0.8)	0.0%	(3.0)	785.6%	(2.6)	312.2%
D&A	(115.3)	-2.2%	(112.3)	-2.3%	(114.3)	-2.4%	(3.0)	2.7%	(1.1)	0.9%
EBIT	**374.0**	**7.1%**	**247.8**	**5.1%**	**346.6**	**7.2%**	**126.1**	**50.9%**	**27.4**	**7.9%**
Financial Results	**(501.4)**	**-9.5%**	**(607.7)**	**-12.4%**	**(427.3)**	**-8.8%**	**106.3**	**-17.5%**	**(74.1)**	**17.4%**
Financial revenues/expenses	**(416.7)**	**-7.9%**	**(509.9)**	**-10.4%**	**(383.7)**	**-7.9%**	**93.3**	**-18.3%**	**(32.9)**	**8.6%**
Exchange rate variation	**(84.7)**	**-1.6%**	**(97.7)**	**-2.0%**	**(43.5)**	**-0.9%**	**13.0**	**-13.3%**	**(41.2)**	**94.7%**
Minority Stake	**(4.6)**	**-0.1%**	**(8.6)**	**-0.2%**	**(9.5)**	**-0.2%**	**4.0**	**-46.4%**	**4.9**	**-51.6%**
EBT	**(132.0)**	**-2.5%**	**(368.4)**	**-7.5%**	**(90.2)**	**-1.9%**	**236.4**	**-64.2%**	**(41.8)**	**46.4%**
Taxes	**124.5**	**2.3%**	**138.1**	**2.8%**	**31.8**	**0.7%**	**(13.6)**	**-9.9%**	**92.7**	**291.8%**
Controller Shareholder Net Profit	**(7.5)**	**-0.1%**	**(230.3)**	**-4.7%**	**(58.4)**	**-1.2%**	**222.8**	**-96.7%**	**50.9**	**-87.1%**
Descontinued Ops. + Capital Gain	**(14.0)**	**-0.3%**	**(40.3)**	**-0.8%**	**(3.3)**	**-0.1%**	**26.3**	**-65.3%**	**(10.7)**	**325.9%**
Controller Shareholder Net Profit	**(21.5)**	**-0.4%**	**(270.7)**	**-5.5%**	**(61.7)**	**-1.3%**	**249.1**	**-92.0%**	**40.2**	**-65.1%**
P&L - USD x BRL	**R$ 3.25**		**R$ 3.29**		**R$ 3.16**		**-0.05**	**-1.4%**	**0.08**	**2.6%**
BS - USD x BRL	**R$ 3.31**		**R$ 3.26**		**R$ 3.17**		**0.05**	**1.5%**	**0.14**	**4.4%**
P&L - BRL x USD	**R$ 0.31**		**R$ 0.30**		**R$ 0.32**		**0.00**	**1.4%**	**-0.01**	**-2.6%**

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

APPENDIX I

Income Statement

Full year Consolidated

(R$ million)

	2017 (a)		2016 (b)		(a/b) Chg.	
	R$	%NOR	R$	%NOR	R$	%
Net Revenues	**18,577.9**	**100.0%**	**18,828.4**	**100.0%**	**(250.5)**	**-1.3%**
COGS	(16,355.4)	-88.0%	(16,661.5)	-88.5%	306.2	-1.8%
Gross Profit	**2,222.5**	**12.0%**	**2,166.8**	**11.5%**	**55.7**	**2.6%**
SG&A	**(968.4)**	**-5.2%**	**(1,017.3)**	**-5.4%**	**48.9**	**-4.8%**
Commercial	(586.5)	-3.2%	(577.6)	-3.1%	(8.9)	1.5%
Administratives	(382.0)	-2.1%	(439.7)	-2.3%	57.7	-13.1%
Adj. EBTIDA*	**1,707.8**	**9.2%**	**1,613.7**	**8.6%**	**94.1**	**5.8%**
Others revenues/expenses	(138.5)	-0.7%	(105.6)	-0.6%	(32.9)	31.1%
EBITDA	**1,569.3**	**8.4%**	**1,508.0**	**8.0%**	**61.3**	**4.1%**
Equity Account	(3.2)	0.0%	(6.4)	0.0%	3.2	-49.8%
D&A	(453.7)	-2.4%	(464.2)	-2.5%	10.5	-2.3%
EBIT	**1,112.4**	**6.0%**	**1,037.4**	**5.5%**	**74.9**	**7.2%**
Financial Results	**(1,931.9)**	**-10.4%**	**(2,014.7)**	**-10.7%**	**82.8**	**-4.1%**
Financial revenues/expenses	**(1,718.0)**	**-9.2%**	**(1,932.0)**	**-10.3%**	**214.0**	**-11.1%**
Exchange rate variation	**(213.9)**	**-1.2%**	**(82.7)**	**-0.4%**	**(131.2)**	**158.7%**
Minority Stake	**(38.2)**	**-0.2%**	**(46.4)**	**-0.2%**	**8.2**	**-17.6%**
EBT	**(857.8)**	**-4.6%**	**(1,023.7)**	**-5.4%**	**165.9**	**-16.2%**
Taxes	**397.1**	**2.1%**	**335.1**	**1.8%**	**62.0**	**18.5%**
Controller Shareholder Net Profit	**(460.7)**	**-2.5%**	**(688.6)**	**-3.7%**	**227.8**	**-33.1%**
Descontinued Ops. + Capital Gain	**(22.7)**	**-0.1%**	**9.4**	**0.0%**	**(32.1)**	**-342.8%**
Controller Shareholder Net Profit	**(483.5)**	**-2.6%**	**(679.2)**	**-3.6%**	**195.7**	**-28.8%**
P&L - USD x BRL	**R$ 3.19**		**R$ 3.49**		**-0.30**	**-8.5%**
BS - USD x BRL	**R$ 3.31**		**R$ 3.26**		**0.05**	**1.5%**

APPENDIX II

EBITDA Calculation - Quarterly
(R$ million)

RECONCILIATION OF ADJUSTED EBITDA (R$ million)	4Q17	4Q16	3Q17
Net Profit / Loss	**(7.5)**	**(230.3)**	**(58.4)**
(+) Provision for income and social contribution taxes	(124.5)	(138.1)	(31.8)
(+) Non-controlling Interest	4.6	8.6	9.5
(+) Net Exchange Variation	84.7	97.7	43.5
(+) Net Financial Charges	416.7	509.9	383.7
(+) Depreciation & Amortization	115.3	112.3	114.3
(+) Equity Income	3.4	0.4	0.8
EBITDA*	**492.7**	**360.5**	**461.7**
(+) Other Operacional Revenues/Expenses	0.2	37.9	28.5
Adj. EBITDA	**492.9**	**398.4**	**490.1**

*** EBITDA RECONCILIATION**	**492.7**	**360.5**	**461.7**
Beef division	268.5	155.2	232.9
Keystone division	208.1	225.4	245.1
Corporate	16.1	(20.1)	(16.4)

EBITDA Calculation – Full Year
(R$ million)

RECONCILIATION OF ADJUSTED EBITDA (R$ million)	2017	2016
Net Profit / Loss	**(460.7)**	**(688.6)**
(+) Provision for income and social contribution taxes	(397.1)	(335.1)
(+) Non-controlling Interest	38.2	46.4
(+) Net Exchange Variation	213.9	82.7
(+) Net Financial Charges	1,718.0	1,932.0
(+) Depreciation & Amortization	453.7	464.2
(+) Equity Income	3.2	6.4
EBITDA*	**1,569.3**	**1,508.0**
(+) Other Operacional Revenues/Expenses	138.5	105.6
Adj. EBITDA	**1,707.8**	**1,613.7**

*** EBITDA RECONCILIATION**	**1,569.3**	**1,508.0**
Beef division	719.3	685.4
Keystone division	883.3	907.2
Corporate	(33.3)	(84.5)

In 4Q17, Marfrig's Management decided to segment corporate expenses and eliminate their effects on the results of the divisions, according to note 34). As a result, the results of the 2016 and 2017 divisions were reclassified, according to the historical statements of annexes III and V of this document.

APPENDIX III

Income Statement – Keystone

Quarterly

(US$ million)

	4Q17 (a)		4Q16 (b)		3Q17 (c)		(a/b) Chg.		(a/c) Chg.	
	$	%NOR	$	%NOR	$	%NOR	$	%	$	%
Net Revenues	**705.0**	**100.0%**	**712.1**	**100.0%**	**713.3**	**100.0%**	**(7.1)**	**-1.0%**	**(8.3)**	**-1.2%**
COGS	(643.5)	-91.3%	(643.0)	-90.3%	(634.7)	-89.0%	(0.5)	0.1%	(8.8)	1.4%
Gross Profit	**61.5**	**8.7%**	**69.1**	**9.7%**	**78.6**	**11.0%**	**(7.6)**	**-11.0%**	**(17.1)**	**-21.8%**
SG&A	**(11.4)**	**-1.6%**	**(17.7)**	**-2.5%**	**(15.6)**	**-2.2%**	**6.2**	**-35.3%**	**4.2**	**-26.8%**
Commercial	(1.8)	-0.3%	(1.8)	-0.3%	(1.7)	-0.2%	(0.0)	1.5%	(0.2)	11.5%
Administratives	(9.6)	-1.4%	(15.8)	-2.2%	(13.9)	-2.0%	6.3	-39.6%	4.4	-31.4%
Adj. EBITDA*	**66.0**	**9.4%**	**68.6**	**9.6%**	**79.7**	**11.2%**	**(2.6)**	**-3.7%**	**(13.7)**	**-17.2%**
Others revenues/expenses	(2.1)	-0.3%	-	0.0%	(2.2)	-0.3%	(2.1)	-	0.1	-
EBITDA	**63.9**	**9.1%**	**68.6**	**9.6%**	**77.6**	**10.9%**	**(4.7)**	**-6.8%**	**(13.6)**	**-17.6%**
P&L - USD x BRL	**R$ 3.25**		**R$ 3.29**		**R$ 3.16**		**-0.05**	**-1.4%**	**0.08**	**2.6%**

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

Quarterly

(R$ million)

	4Q17 (a)		4Q16 (b)		3Q17 (c)		(a/b) Chg.		(a/c) Chg.	
	R$	%NOR	R$	%NOR	R$	%NOR	R$	%	R$	%
Net Revenues	**2,291.5**	**100.0%**	**2,342.6**	**100.0%**	**2,255.0**	**100.0%**	**(51.1)**	**-2.2%**	**36.5**	**1.6%**
COGS	(2,091.5)	-91.3%	(2,115.5)	-90.3%	(2,006.6)	-89.0%	23.9	-1.1%	(85.0)	4.2%
Gross Profit	**200.0**	**8.7%**	**227.2**	**9.7%**	**248.5**	**11.0%**	**(27.2)**	**-12.0%**	**(48.5)**	**-19.5%**
SG&A	**(37.0)**	**-1.6%**	**(58.2)**	**-2.5%**	**(49.3)**	**-2.2%**	**21.3**	**-36.5%**	**12.4**	**-25.1%**
Commercial	(6.0)	-0.3%	(6.0)	-0.3%	(5.2)	-0.2%	(0.0)	0.0%	(0.8)	14.6%
Administratives	(31.0)	-1.4%	(52.2)	-2.2%	(44.1)	-2.0%	21.3	-40.7%	13.1	-29.8%
Adj. EBITDA*	**214.9**	**9.4%**	**225.4**	**9.6%**	**252.0**	**11.1%**	**(10.5)**	**-4.7%**	**(37.1)**	**-14.7%**
Others revenues/expenses	(6.8)	-0.3%	-	0.0%	(6.8)	-0.3%	(6.8)	-	0.0	-
EBITDA	**208.1**	**9.1%**	**225.4**	**9.6%**	**245.1**	**10.9%**	**(17.4)**	**-7.7%**	**(37.1)**	**-15.1%**
P&L - USD x BRL	**R$ 3.25**		**R$ 3.29**		**R$ 3.16**		**-0.05**	**-1.4%**	**0.08**	**2.6%**

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

APPENDIX III

Income Statement – Keystone

Full Year

(US$ million)

	2017 (a)		2016 (b)		(a/b) Chg.	
	$	%NOR	$	%NOR	$	%
Net Revenues	**2,782.6**	**100.0%**	**2,696.8**	**100.0%**	**85.8**	**3.2%**
COGS	(2,509.3)	-90.2%	(2,445.4)	-90.7%	(63.9)	2.6%
Gross Profit	**273.3**	**9.8%**	**251.4**	**9.3%**	**21.9**	**8.7%**
SG&A	**(57.3)**	**-2.1%**	**(59.8)**	**-2.2%**	**2.5**	**-4.2%**
Commercial	(6.9)	-0.2%	(6.8)	-0.3%	(0.1)	1.1%
Administratives	(50.4)	-1.8%	(53.0)	-2.0%	2.6	-4.9%
Adj. EBITDA*	**281.8**	**10.1%**	**261.0**	**9.7%**	**20.8**	**8.0%**
Others revenues/expenses	(5.2)	-0.2%	0.0	-	(5.2)	-
EBITDA	**276.6**	**9.9%**	**261.0**	**9.7%**	**15.6**	**6.0%**
	R$ 3.17		R$ 3.56			

Full Year

(R$ million)

	2017 (a)		2016 (b)		(a/b) Chg.	
	R$	%NOR	R$	%NOR	R$	%
Net Revenues	**8,887.1**	**100.0%**	**9,380.9**	**100.0%**	**(493.7)**	**-5.3%**
COGS	(8,014.8)	-90.2%	(8,507.4)	-90.7%	492.6	-5.8%
Gross Profit	**872.3**	**9.8%**	**873.4**	**9.3%**	**(1.1)**	**-0.1%**
SG&A	**(182.4)**	**-2.1%**	**(208.5)**	**-2.2%**	**26.1**	**-12.5%**
Commercial	(22.0)	-0.2%	(23.8)	-0.3%	1.8	-7.7%
Administratives	(160.4)	-1.8%	(184.7)	-2.0%	24.2	-13.1%
Adj. EBITDA*	**900.0**	**10.1%**	**907.2**	**9.7%**	**(7.1)**	**-0.8%**
Others revenues/expenses	(16.7)	-0.2%	0.0	0.0%	(16.7)	-
EBITDA	**883.3**	**9.9%**	**907.2**	**9.7%**	**(23.9)**	**-2.6%**
	R$ 3.17		R$ 3.56		-0.38	-10.7%

APPENDIX III

Income Statement – Keystone

History
(US$ million)

	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	2016	2017
	$	$	$	$	$	$	$	$	$	$
Net Revenues	**623.3**	**673.0**	**688.5**	**712.1**	**667.2**	**697.1**	**713.3**	**705.0**	**2,696.8**	**2,782.6**
COGS	(567.4)	(606.2)	(628.9)	(643.0)	(603.7)	(627.5)	(634.7)	(643.5)	(2,445.4)	(2,509.3)
Gross Profit	**55.9**	**66.8**	**59.6**	**69.1**	**63.5**	**69.6**	**78.6**	**61.5**	**251.4**	**273.3**
SG&A	**(14.0)**	**(15.3)**	**(12.9)**	**(17.7)**	**(15.1)**	**(15.2)**	**(15.6)**	**(11.4)**	**(59.8)**	**(57.3)**
Commercial	(1.7)	(1.7)	(1.6)	(1.8)	(1.7)	(1.7)	(1.7)	(1.8)	(6.8)	(6.9)
Administratives	(12.3)	(13.6)	(11.3)	(15.8)	(13.4)	(13.5)	(13.9)	(9.6)	(53.0)	(50.4)
Adj. EBITDA*	**59.2**	**68.8**	**64.4**	**68.6**	**64.9**	**71.1**	**79.7**	**66.0**	**261.0**	**281.8**
Others revenues/expenses	(0.0)	0.0	-	-	0.0	(0.9)	(2.2)	(2.1)	0.0	(5.2)
EBITDA	**59.2**	**68.8**	**64.4**	**68.6**	**64.9**	**70.2**	**77.6**	**63.9**	**261.0**	**276.6**
P&L - USD x BRL	**R$ 3.91**	**R$ 3.51**	**R$ 3.25**	**R$ 3.29**	**R$ 3.14**	**R$ 3.21**	**R$ 3.16**	**R$ 3.25**	**R$ 3.49**	**R$ 3.19**

History
(R$ million)

	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	2016	2017
	R$	R$	R$	R$	R$	R$	R$	R$	R$	R$
Net Revenues	**2,437.7**	**2,364.1**	**2,236.4**	**2,342.6**	**2,095.7**	**2,244.9**	**2,255.0**	**2,291.5**	**9,380.9**	**8,887.1**
COGS	(2,219.9)	(2,129.3)	(2,042.7)	(2,115.5)	(1,896.3)	(2,020.4)	(2,006.6)	(2,091.5)	(8,507.4)	(8,014.8)
Gross Profit	**217.7**	**234.8**	**193.7**	**227.2**	**199.4**	**224.4**	**248.5**	**200.0**	**873.4**	**872.3**
SG&A	**(54.7)**	**(53.8)**	**(41.8)**	**(58.2)**	**(47.3)**	**(48.8)**	**(49.3)**	**(37.0)**	**(208.5)**	**(182.4)**
Commercial	(6.8)	(5.9)	(5.2)	(6.0)	(5.2)	(5.5)	(5.2)	(6.0)	(23.8)	(22.0)
Administratives	(47.9)	(47.9)	(36.6)	(52.2)	(42.1)	(43.3)	(44.1)	(31.0)	(184.7)	(160.4)
Adj. EBITDA*	**230.6**	**241.8**	**209.3**	**225.4**	**203.8**	**229.4**	**252.0**	**214.9**	**907.2**	**900.0**
Others revenues/expenses	(0.0)	0.0	-	-	0.0	(3.1)	(6.8)	(6.8)	0.0	(16.7)
EBITDA	**230.6**	**241.8**	**209.3**	**225.4**	**203.8**	**226.3**	**245.1**	**208.1**	**907.2**	**883.3**
P&L - USD x BRL	**R$ 3.91**	**R$ 3.51**	**R$ 3.25**	**R$ 3.29**	**R$ 3.14**	**R$ 3.21**	**R$ 3.16**	**R$ 3.25**	**R$ 3.49**	**R$ 3.19**

In 4Q17, the Management of Marfrig decided to segment corporate expenses and eliminate the effects of the results of the divisions, in accordance with Note 34. Accordingly, the results of the divisions in 2016 and 2017 were reclassified as shown above.

APPENDIX IV

Operating Indicators – KEYSTONE

Volume (000 Tons)	4Q17 (a)	4Q16 (b)	3Q17 (c)	(a/b) Chg.	(a/c) Chg.	2017 (a)	2016 (b)	(a/b) Chg.
USA	232.1	249.0	228.8	-6.8%	1.5%	913.7	924.0	-1.1%
APMEA	57.1	55.7	57.5	2.5%	-0.7%	220.5	201.9	9.2%
TOTAL KEYSTONE	289.2	304.7	286.3	-5.1%	1.0%	1,134.2	1,125.8	0.7%

Revenues (US$ Million)	4Q17 (a)	4Q16 (b)	3Q17 (c)	(a/b) Chg.	(a/c) Chg.	2017 (a)	2016 (b)	(a/b) Chg.
USA	479.9	500.2	485.6	-4.1%	-1.2%	1,916.0	1,915.9	0.0%
APMEA	225.1	211.9	227.7	6.3%	-1.1%	866.6	781.0	11.0%
TOTAL KEYSTONE	705.0	712.1	713.3	-1.0%	-1.2%	2,782.6	2,696.9	3.2%

Average Price (US$/Kg)	4Q17 (a)	4Q16 (b)	3Q17 (c)	(a/b) Chg.	(a/c) Chg.	2017 (a)	2016 (b)	(a/b) Chg.
USA	2.07	2.01	2.12	2.9%	-2.6%	2.10	2.07	1.1%
APMEA	3.94	3.80	3.96	3.6%	-0.4%	3.93	3.87	1.6%
TOTAL KEYSTONE	2.44	2.34	2.49	4.3%	-2.2%	2.45	2.40	2.4%

Revenues (R$ Million)	4Q17 (a)	4Q16 (b)	3Q17 (c)	(a/b) Chg.	(a/c) Chg.	2017 (a)	2016 (b)	(a/b) Chg.
USA	1,559.5	1,645.1	1,535.3	-5.2%	1.6%	6,117.8	6,664.9	-8.2%
APMEA	732.1	697.7	719.8	4.9%	1.7%	2,769.3	2,715.9	2.0%
TOTAL KEYSTONE	2,291.5	2,342.6	2,255.0	-2.2%	1.6%	8,887.1	9,380.8	-5.3%

Average Price (R$/Kg)	4Q17 (a)	4Q16 (b)	3Q17 (c)	(a/b) Chg.	(a/c) Chg.	2017 (a)	2016 (b)	(a/b) Chg.
USA	6.72	6.61	6.71	1.7%	0.1%	6.70	7.21	-7.2%
APMEA	12.82	12.53	12.52	2.4%	2.4%	12.56	13.45	-6.6%
TOTAL KEYSTONE	7.92	7.69	7.88	3.1%	0.6%	7.84	8.33	-6.0%

APPENDIX V
Income Statement – Beef

Quarterly
(R$ million)

	4Q17 (a)		4Q16 (b)		3Q17 (c)		(a/b) Chg.		(a/c) Chg.	
	R$	%NOR	R$	%NOR	R$	%NOR	R$	%	R$	%
Net Revenues	**3,006.1**	**100.0%**	**2,556.5**	**100.0%**	**2,576.1**	**100.0%**	**449.7**	**17.6%**	**430.1**	**16.7%**
COGS	(2,584.5)	-86.0%	(2,255.1)	-88.2%	(2,196.3)	-85.3%	(329.4)	14.6%	(388.2)	17.7%
Gross Profit	**421.6**	**14.0%**	**301.3**	**11.8%**	**379.7**	**14.7%**	**120.2**	**39.9%**	**41.8**	**11.0%**
SG&A	**(223.1)**	**-7.4%**	**(165.7)**	**-6.5%**	**(186.6)**	**-7.2%**	**(57.5)**	**34.7%**	**(36.6)**	**19.6%**
Commercial	(177.2)	-5.9%	(124.5)	-4.9%	(143.9)	-5.6%	(52.6)	42.3%	(33.3)	23.1%
Administratives	(46.0)	-1.5%	(41.1)	-1.6%	(42.7)	-1.7%	(4.8)	11.8%	(3.3)	7.6%
Adj. EBITDA*	**261.9**	**8.7%**	**191.5**	**7.5%**	**254.6**	**9.9%**	**70.4**	**36.8%**	**7.4**	**2.9%**
Others revenues/expenses	6.6	0.2%	(36.3)	-1.4%	(21.6)	-0.8%	42.9	-118.2%	28.2	-130.5%
EBITDA	**268.5**	**8.9%**	**155.2**	**6.1%**	**232.9**	**9.0%**	**113.3**	**73.0%**	**35.6**	**15.3%**
P&L - USD x BRL	**R$ 3.25**		**R$ 3.29**		**R$ 3.16**		**-0.05**	**-1.4%**	**0.08**	**2.6%**

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

Full Year
(R$ million)

	2017 (a)		2016 (b)		(a/b) Chg.	
	R$	%NOR	R$	%NOR	R$	%
Net Revenues	**9,690.7**	**100.0%**	**9,447.5**	**100.0%**	**243.3**	**2.6%**
COGS	(8,357.0)	-86.2%	(8,154.1)	-86.3%	(202.9)	2.5%
Gross Profit	**1,333.8**	**13.8%**	**1,293.4**	**13.7%**	**40.4**	**3.1%**
SG&A	**(736.3)**	**-7.6%**	**(725.9)**	**-7.7%**	**(10.3)**	**1.4%**
Commercial	(564.5)	-5.8%	(553.8)	-5.9%	(10.7)	1.9%
Administratives	(171.8)	-1.8%	(172.1)	-1.8%	0.4	-0.2%
Adj. EBITDA*	**841.0**	**8.7%**	**789**	**8.4%**	**51.7**	**7%**
Others revenues/expenses	(121.8)	-1.3%	(104.0)	-1.1%	(17.7)	17.0%
EBITDA	**719.3**	**7.4%**	**685.4**	**7.3%**	**33.9**	**5.0%**
P&L - USD x BRL	**R$ 3.17**		**R$ 3.56**		**-0.38**	**-10.7%**

APPENDIX V
Income Statement – Beef

History
(R$ million)

	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	2016	2017
	R$	R$	R$	R$	R$	R$	R$	R$	R$	R$
Net Revenues	**2,468.7**	**2,311.5**	**2,110.8**	**2,556.5**	**2,040.5**	**2,068.1**	**2,576.1**	**3,006.1**	**9,447.5**	**9,690.7**
COGS	(2,110.8)	(1,972.4)	(1,815.8)	(2,255.1)	(1,779.4)	(1,796.7)	(2,196.3)	(2,584.5)	(8,154.1)	(8,357.0)
Gross Profit	**358.0**	**339.2**	**294.9**	**301.3**	**261.0**	**271.4**	**379.7**	**421.6**	**1,293.4**	**1,333.8**
SG&A	**(180.9)**	**(189.4)**	**(190.0)**	**(165.7)**	**(173.3)**	**(153.2)**	**(186.6)**	**(223.1)**	**(725.9)**	**(736.3)**
Commercial	(138.3)	(144.5)	(146.5)	(124.5)	(133.9)	(109.6)	(143.9)	(177.2)	(553.8)	(564.5)
Administratives	(42.6)	(44.9)	(43.5)	(41.1)	(39.5)	(43.6)	(42.7)	(46.0)	(172.1)	(171.8)
Adj. EBITDA*	**232.5**	**205.9**	**159.4**	**191.5**	**146.2**	**178.3**	**254.6**	**261.9**	**789.4**	**841.0**
Others revenues/expenses	(19.0)	(31.6)	(17.2)	(36.3)	(37.7)	(69.0)	(21.6)	6.6	(104.0)	(121.8)
EBITDA	**213.5**	**174.3**	**142.3**	**155.2**	**108.5**	**109.3**	**232.9**	**268.5**	**685.4**	**719.3**
P&L - USD x BRL	**R$ 3.91**	**R$ 3.51**	**R$ 3.25**	**R$ 3.29**	**R$ 3.14**	**R$ 3.21**	**R$ 3.16**	**R$ 3.25**	**R$ 3.49**	**R$ 3.19**

In 4Q17, the Management of Marfrig decided to segment corporate expenses and eliminate the effects of the results of the divisions, in accordance with Note 34. Accordingly, the results of the divisions in 2016 and 2017 were reclassified as shown above.

APPENDIX VI

Operating Indicators – Beef

Volume (000 Tons)	4Q17 (a)	4Q16 (b)	3Q17 (c)	(a/b) Chg.	(a/c) Chg.	2017 (a)	2016 (a)	(a/b) Chg.
Fresh Beef	**186.9**	**143.6**	**161.1**	**30.1%**	**16.0%**	**588.4**	**511.6**	**15.0%**
Local Market	103.2	81.4	89.0	26.8%	15.9%	322.0	287.7	11.9%
Export Market	83.7	62.3	72.1	34.4%	16.1%	266.3	223.9	18.9%
Further Processed	**12.4**	**15.0**	**12.1**	**-17.3%**	**3.1%**	**40.7**	**54.8**	**-25.8%**
Other	**152.3**	**116.5**	**127.7**	**30.7%**	**19.3%**	**490.3**	**445.4**	**10.1%**
TOTAL BEEF	351.6	275.2	300.8	27.8%	16.9%	1,119.3	1,011.9	10.6%

Revenues (R$ Millions)	4Q17 (a)	4Q16 (b)	3Q17 (c)	(a/b) Chg.	(a/c) Chg.	2017 (a)	2016 (a)	(a/b) Chg.
Fresh Beef	**2,498.8**	**1,964.3**	**2,111.4**	**27.2%**	**18.3%**	**7,860.2**	**7,168.7**	**9.6%**
Local Market	1,297.2	1,045.9	1,035.9	24.0%	25.2%	3,918.9	3,591.4	9.1%
Export Market	1,201.6	918.4	1,075.5	30.8%	11.7%	3,941.3	3,577.3	10.2%
Further Processed	**203.4**	**274.5**	**185.9**	**-25.9%**	**9.4%**	**691.1**	**1,031.1**	**-33.0%**
Other	**303.9**	**317.7**	**278.7**	**-4.3%**	**9.0%**	**1,139.4**	**1,247.7**	**-8.7%**
TOTAL BEEF	3,006.1	2,556.5	2,576.1	17.6%	16.7%	9,690.7	9,447.5	2.6%

Average Price (R$/Kg)	4Q17 (a)	4Q16 (b)	3Q17 (c)	(a/b) Chg.	(a/c) Chg.	2017 (a)	2016 (a)	(a/b) Chg.
Fresh Beef	**13.37**	**13.68**	**13.11**	**-2.2%**	**2.0%**	**13.36**	**14.01**	**-4.6%**
Local Market	12.57	12.85	11.63	-2.2%	8.0%	12.17	12.48	-2.5%
Export Market	14.36	14.75	14.92	-2.6%	-3.8%	14.80	15.97	-7.4%
Export Market (US$)	4.67	4.61	4.48	1.5%	4.4%			
Further Processed	**16.4**	**18.3**	**15.4**	**-10.4%**	**6.1%**	**17.0**	**18.8**	**-9.7%**
Other	**2.00**	**2.73**	**2.18**	**-26.8%**	**-8.6%**	**2.32**	**2.80**	**-17.0%**
TOTAL BEEF	8.55	9.29	8.56	-8.0%	-0.2%	8.66	9.34	-7.3%

APPENDIX VII

Balance Sheet

(R$ '000)

ASSETS	4Q17	4Q16
CURRENT ASSETS		
Cash and cash equivalents	1,213,572	3,291,705
Marketable securities	3,188,781	1,986,936
Trade accounts receivable - domestic	600,556	396,887
Trade accounts receivable - foreign	324,442	393,581
Inventories of goods and merchandise	1,759,871	1,257,616
Biological assets	119,621	112,454
Recoverable taxes	2,089,129	1,240,328
Prepaid expenses	111,913	132,242
Notes receivable	24,108	353,548
Advances to suppliers	50,012	23,988
Held-for-sale assets	161,860	0
Other receivables	94,783	113,893
	9,738,648	9,303,178
NON CURRENT ASSETS		
Marketable securities	0	851
Court deposits	72,922	65,427
Notes receivable	93,899	96,768
Deferred income and social contributio	2,227,316	2,135,395
Recoverable taxes	1,763,641	1,723,660
Other receivables	50,968	41,493
	4,208,746	4,063,594
Investments	21,064	16,268
Property, plant and equipment	4,435,194	4,009,397
Biological assets	54,758	51,236
Intangible assets	2,843,389	2,815,130
	7,354,405	6,892,031
TOTAL ASSETS	21,301,799	20,258,803

LIABILITIES	4Q17	4Q16
CURRENT LIABILITIES		
Trade accounts payable	2,159,031	1,853,426
Supply chain finance	195,041	149,331
Accrued payroll and related charges	251,071	346,837
Taxes payable	312,131	175,801
Loans and financing	1,846,164	1,454,602
Notes payable	165,550	372,607
Lease payable	11,963	11,936
Advances from customers	795,783	695,046
Mandatory deed convertible into shares	0	2,147,392
Liabilities related to held-for-sale assets	82,232	0
Other payables	202,203	175,991
	6,021,169	7,382,969
NON CURRENT LIABILITIES		
Loans and financing	10,581,034	9,695,799
Taxes payable	948,442	723,435
Deferred income and social contribution t	251,088	269,616
Provisions for contingencies	88,828	87,739
Lease payable	19,819	26,560
Notes payable	378,085	488,261
Advances from customers	330,800	375,448
Other	47,824	108,174
	12,645,920	11,775,032
Non-controlling interest	242,178	194,186
CONTROLLING SHAREHOLDER´S EQUITY		
Share Capital	7,319,467	5,169,917
Capital reserve	181,224	184,642
Profit reserves	38,362	40,122
Other comprehensive income	-425,222	-241,972
Accumulated losses	-4,721,299	-4,246,093
	2,392,532	906,616
TOTAL LIABILITIES	21,301,799	20,258,803

APPENDIX VIII
Cash Flow

(R$ million)

	1Q17	2Q17	3Q17	4Q17	2017
Net Income/Loss	(237.9)	(156.9)	(58.4)	(7.5)	(460.7)
(+/-) Non cash items	328.5	467.2	300.6	281.9	1,378.2
(+/-) Account Receivable	256.4	(172.7)	(184.1)	(226.9)	(327.2)
(+/-) Inventories	(1.4)	(82.7)	(264.6)	(160.4)	(509.1)
(+/-) Suppliers	(318.1)	205.1	103.3	348.8	339.1
(+/-) Other	52.0	(55.2)	(24.5)	(147.5)	(175.2)
(=) Operational Cash Flow	79.5	204.8	(127.6)	88.4	245.1
(-) Capex	(133.7)	(161.7)	(281.5)	(247.0)	(823.9)
(-) Interest expenses	(213.2)	(206.8)	(189.5)	(191.8)	(801.3)
Continued Free Cash Flow	**(267.3)**	**(163.7)**	**(598.6)**	**(350.5)**	**(1,380.1)**
Extraordinary tax expenses*			**(16.1)**	**(236.0)**	**(252.1)**
Discontinued Free Cash Flow	**13.9**	**(6.0)**	**(6.3)**	**(12.2)**	**(10.7)**
Total Free Cash Flow	**(253.4)**	**(169.8)**	**(621.0)**	**(598.7)**	**(1,642.9)**

* PERT