Marfrig announces acquisition of controlling interest in National Beef, and the decision to sell Keystone Foods

São Paulo, May 14, 2018 – *Marfrig Global Foods S.A. – Marfrig (B3 Novo Mercado: MRFG3 and Level 1 ADR: MRTTY) announces today its results for the first quarter of 2018 (1Q18). 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 income statement and notes to the financial statements for the period ended March 31, 2018 filed at the Securities and Exchange Commission of Brazil (CVM).*

HIGHLIGHTS

Due to the Company's decision to divest the Keystone Foods, the business was discontinued in 1Q18. For the purposes of this document, the results when identified are presented on a combined basis (includes Keystone).

- Marfrig's combined net revenue[1] came to R$5.1 billion in 1Q18, growing 24% on 1Q17.
- In 1Q18, combined Adj. EBITDA was R$351 million, up 5% on the prior-year period.
- Cattle slaughtering amounted to 887,000 head, increasing 42% on 1Q17.
- Beef division's net revenue amounted to R$2.9 billion, with exports accounting for 54% of its net revenue.
- Fresh beef export volume grew 67% compared to 1Q17.
- Adj. EBITDA of the Beef Division amounted to R$191 million, 30% higher than in 1Q17.
- In January 2018, Marfrig issued US$1 billion in 2025-bonds at a coupon of 6.875% p.a..
- Leverage, measured by the ratio of net Debt to Adj EBITDA LTM stood at 3.67x.
- In April, the rating agency S&P placed the Company's corporate rating on "positive credit watch".

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[1] Includes Keystone Foods for comparison purposes, unaudited.
Marfrig's Management opted to sell Keystone Foods. Results from this operation, together with the meatpacking unit in Villa Mercedes, located in San Luis Province, Argentina, are presented in the line "Net Income 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

2018 began favorably from the standpoint of economic activity, with the global economy confirming the growth prospects for the year. In Brazil, despite projections of positive GDP growth this year, the first quarter was a challenging one. The country's recovery lost steam, with high formal unemployment, uncertainties regarding this year's presidential elections and the postponement of reforms affecting investment and consumer confidence, with GDP growth expected to close the year below expectations, influencing domestic demand. Compounding this scenario is the higher supply of proteins which, specifically in the case of chicken, was heightened by the temporary ban on exports from certain plants.

In this context, the prices for beef and its byproducts declined, resulting in lower margins in the Brazilian market compared to 1Q17. In the export market, the stability of sales prices in U.S. dollar and the weaker Brazilian real supported higher profitability.

In light of this scenario, the strategy of the Brazilian operation of Beef division was to leverage exports, whose volume in 1Q18 grew by more than 60% compared to the first quarter last year.

In the Keystone Division, the long lasting winter in the United States and the continued ramp-up of the new processed products unit in Thailand influenced its quarterly results.

In 1Q18, combined Adj. EBITDA[2] was R$351 million, up 5% from 1Q17.

Marfrig is undergoing a transition, which started with its strategic decision to adjust its capacity to the beef cycle in Brazil. The Company has been preparing itself to maximize its asset utilization and to ensure that it is well positioned to capture opportunities in the global beef market. Consistent with this vision, on April 9, 2018, the Company announced the acquisition of a 51% interest in National Beef for US$969 million, making it the world's second-largest beef producer.

National Beef is the fourth-largest beef processor in the United States and the country's most profitable and efficient. With processing capacity of over 3 million head per year (13% of U.S. processing capacity), the company's assets are located in one of the country's main producing regions, in Kansas State.

With the repositioning of its growth strategy to focus on cattle, Marfrig also announced its decision to divest Keystone Foods; which should accelerate its deleveraging process and leverage improvements in its capital structure, which is a fundamental element for supporting its business model.

In regards to capital structure improvement, In January 2018, Marfrig once again accessed the global debt markets and concluded successfully a US$1 billion bond issue. With demand exceeding the initial offering by four times, the bonds were placed at an interest rate of 6.875% p.a., with maturity in 2025, extending the Company´s long term debt terms. The proceeds were intended for a tender offer to repurchase the senior notes due in 2018 and 2019.

[2] Includes Keystone Foods for comparison purposes, unaudited.

GUIDANCE

In October 2013, the Company announced its long-term strategic plan "Focus to Win", which set targets for 2018.

Guidance	2018
Marfrig	
Net Revenue (R$ billion)	7.5% - 9.5% **CAGR 13-18**
Margin Adj. EBITDA	8.5% - 9.5%
Total Free Cash Flow (R$ million)	R$ 650 - 850 million

At the time, the Company revealed its ambition to reach a financial leverage ratio (by end-2018) of 2.5x (Net Debt/EBITDA LTM).

Given the strategic planning currently being executed, which includes the acquisition of a controlling interest in National Beef and the divestment of Keystone Foods, Marfrig is maintaining its guidance unchanged until the plan is fully implemented.

BEEF | Continuing Operation

Beef market

In Brazil, beef slaughtering came to around 5.8 million head in 1Q18, advancing 4.5% on the same period last year (source: Ministry of Agriculture, Livestock and Supply). Meanwhile, cattle prices (ESALQ) stood at R$145/@, virtually stable in relation to 1Q17, confirming the positive phase of the cattle cycle.

The higher supply of proteins (especially poultry) pressured beef prices in the Brazilian market, mainly forequarter cuts. As a result, the local spread (average price based on whole steer less average cattle cost) ended the quarter 55% down compared to 1Q17. Adding to this scenario, there was a decline in the prices of byproducts, such as leather, which fell by over 40% between the periods.

In the export market, the lower price in U.S. dollar was offset by the weaker Brazilian real, with the spread (average price based on SECEX less average cattle cost) in 1Q18 stable compared to a year earlier.

In 1Q18, slaughtering in Uruguay reached 654 thousand head (Inac), increasing 8% on the first quarter of 2017. This growth was influenced by the drier summer, which affected pastures in the period and stimulated the availability of finished cattle. Export spread (Inac) fell slightly, by 1%, influenced by the higher cattle costs, even with the increase in the average export price.

Slaughtering

In 1Q18, slaughtering in the Beef division amounted to 887 thousand head (effective capacity utilization rate of 82% in Brazil), advancing 42%. The division's result was supported by the growth in slaughtering in both Brazil and Uruguay, of 50% and 12%, respectively.

Net revenue

Net revenue from the Beef division was R$2.9 billion in the quarter, 44% higher than in 1Q17. This performance reflects (i) the stronger sales volume, led by the 67% growth in fresh beef export volumes and (ii) the effect from the weaker local currency on the international operations; with these factors offsetting (iii) the lower average sales price.

Marfrig's strategy continued to be based on optimizing its sales mix, with higher shares allocated to the most profitable channels.

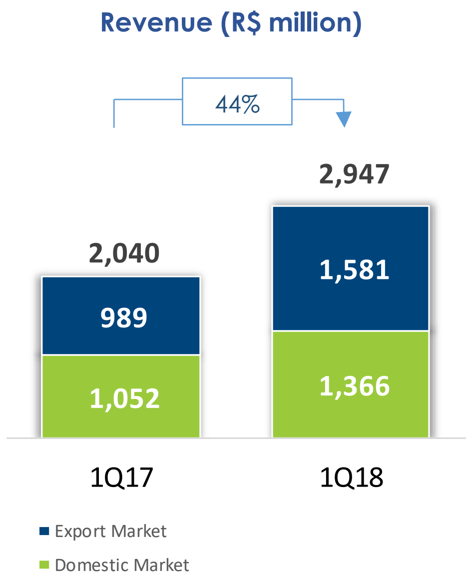
In regards to the **fresh beef**, the Company increased its participation in the Brazilian exports, increasing its market share to 23%. Note that exports posted robust growth in sales of forequarter cuts, the ones that faced the most competitive environment in the domestic market, to destinations such as Egypt. The total exports accounted for 54% of the 1Q18 division´s total revenues.

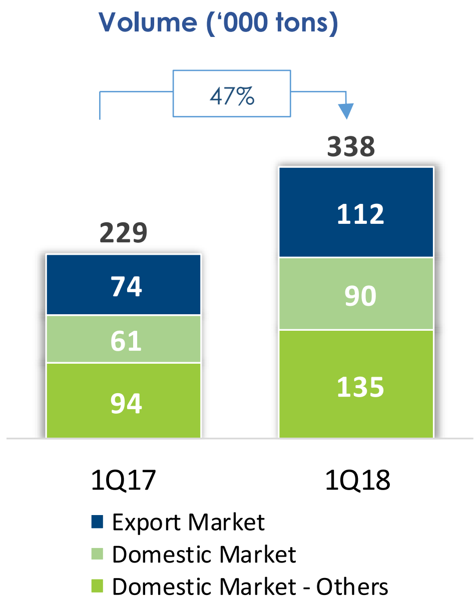
Note that this dynamic could be strengthened by obtaining new export certifications. Regarding the plants reopened in 2017, besides already being able to export to the general list, they are in the process of obtaining authorizations for selling to the most important countries on the national agenda. The potential reopening of the Russian and U.S. markets and the new missions coming to Brazil (e.g., China, Indonesia, Chile) could expand access to the international market.

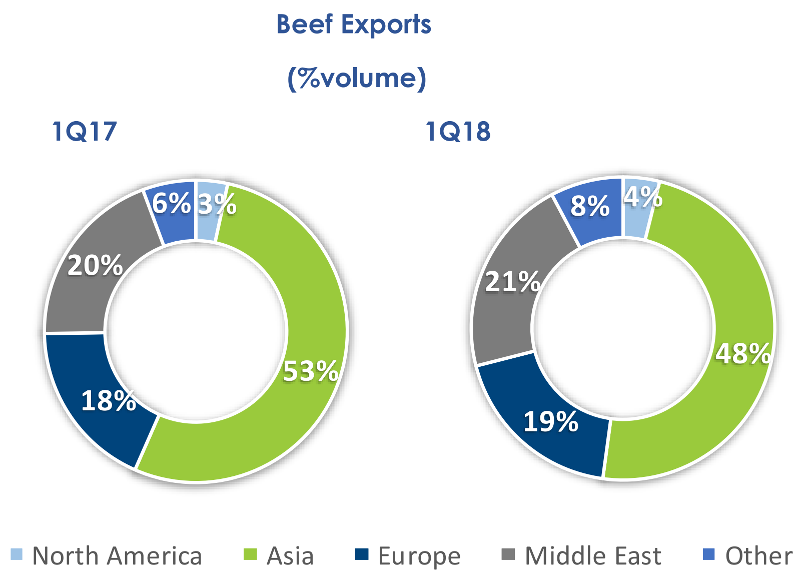
In the domestic market, fresh beef sales volume grew 49%. As a consequence of the stronger supply and competition among proteins, Marfrig aimed to maximize the foodservice and retail channels, and increased by 5% its participation on the Brazilian local market volumes, influenced by the Montana and Bassi brands good performance (which responded in the 1Q18 for 54% from the division´s total sales volume).

In regards to the **further processed** products (7% of the division's revenue), in addition to volume growth, both average prices and the client base increased.

Finally, the **byproducts** – leather and rendering products – sales volumes grew 37%, while the average prices followed the market trend and were reduced, reflecting the higher supply and competition with other materials.







Gross Profit & Gross Margin

Gross profit in 1Q18 was R$358 million, increasing R$97 million compared to the same period last year. Gross margin stood at 12.1% (12.8% in 1Q17), reflecting the growth in slaughtering volumes at both operations. Gross margin stood at 12.1% (12.8% in 1Q17), down 70 bps, influenced by market dynamics in Brazil, with this factor partially offset by higher productivity and better margins at the international operations.

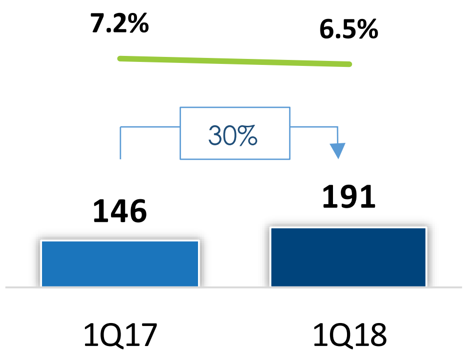
Selling, General and Administrative Expenses

SG&A expenses came to R$229 million in 1Q18, advancing R$55 million on 1Q17, mainly reflecting higher logistics expenses, which accompanied the growth in sales volume, especially export volumes. As a ratio of net revenue (SG&A/NOR), SG&A expenses were 7.8%, increasing 70 bps from 1Q17.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA amounted to R$191 million in 1Q18, an increase of R$44 million, or 30%, from 1Q17. This result is explained by the same factors that affected the division's gross profit, which were partially offset by the increase in SG&A expenses described above.

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



Financial Result | Continuing Operation

The net financial result in 1Q18 was an expense of R$468 million, in line with 4Q17.

The financial result, excluding the effects from currency translation, was an expense of R$415 million, up R$23 million from 4Q17. The main factors were (i) the one-off increase in interest expenses on the new issue of Senior Notes in the period; and (ii) the non-recurring issue expenses of around R$42 million, with these factors partially offset by the lower cost of working capital operations in the other expenses line and (iii) by the net result from market operations.

	1Q18	4Q17	Chg.	
	R$	R$	R$	%
Net Interest Provisioned	(179.6)	(159.5)	(20.2)	-
Market Transactions Net Result	(3.0)	(11.6)	8.5	-
Other Financial Revenues and Expenses	(232.4)	(221.2)	(11.2)	-
FINANCIAL RESULT EX-EXCHANGE VAR.	**(415.1)**	**(392.2)**	**(22.9)**	**5.8%**
Exchange Variation	**(52.6)**	**(82.4)**	**29.8**	**-**
NET FINANCIAL RESULT	**(467.7)**	**(474.6)**	**6.9**	**-1.5%**

Note: the effects from currency translation on debt contracted by subsidiaries abroad, whose functional currency differs from that of the parent company, is recorded under shareholders' equity.

Net Income (Loss)

In 1Q18, Marfrig posted a net loss of R$201 million, an improvement of R$20 million from the same period last year. The results were influenced by the still high level of financial expenses.

Debt | Continuing Operation

Because 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 95% of total debt), the variations discussed in this section are based on the amounts in U.S. dollar.

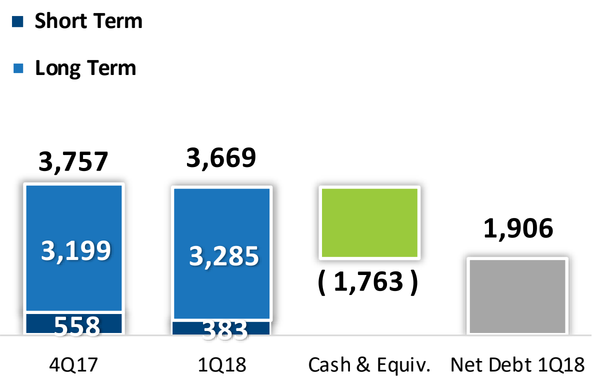
On March 31, 2018, Marfrig registered gross debt of US$3,669 million, down 2% on the prior quarter (US$ 3,757 million in 4Q17).

In January, the Company once again accessed the international market and successfully raised US$1 billion through the issue of 2025 Senior Notes, the proceeds from which were intended to repay the notes maturing in 2018 and 2019. In Brazilian real, gross debt ended the quarter at R$12,194 million.

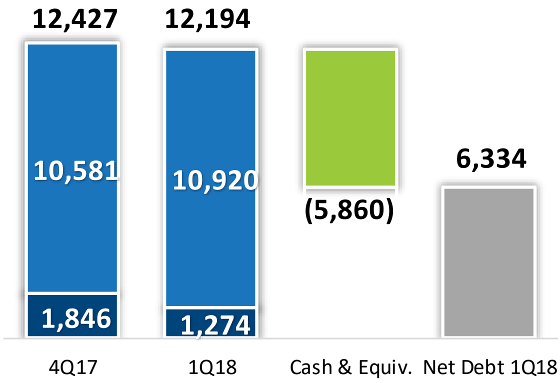
The balance of cash and marketable securities stood at US$1,763 million (R$5,860 million), increasing US$432 million from 4Q17, influenced by the balance of the tender offer to repurchase the 2018 and 2019 Notes, given the partial adherence by holders, and by the repayment of short-term debt.

Consequently, Marfrig's net debt ended the quarter at US$1,906 million. In Brazilian real, net debt was R$6,334 million.

Debt in US$ million

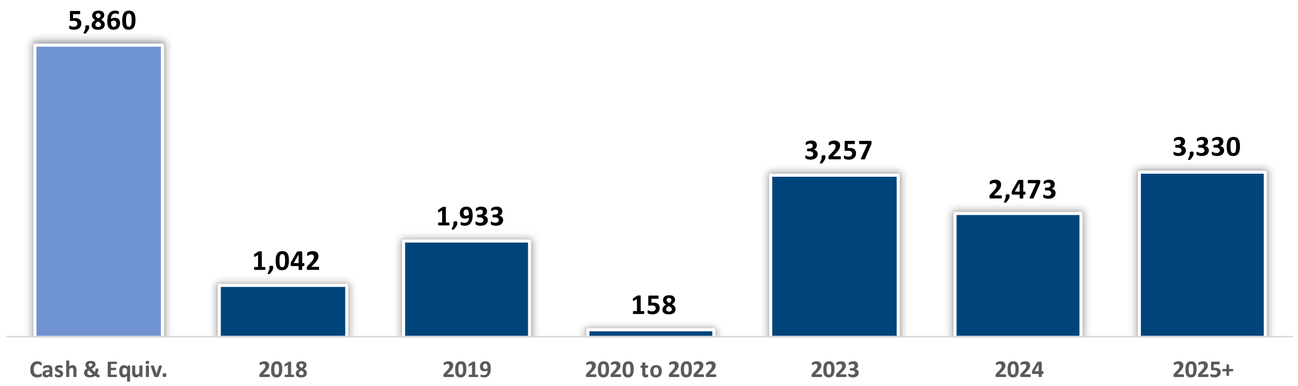


Debt in R$ million



On March 31, 2018, the average debt term was 4.76 years, and only 10% of total debt matured in the short term. The average annual cost was 7.20%.

Debt Maturity Schedule | Continuing Operation
(R$ million)



1Q18 Indicators

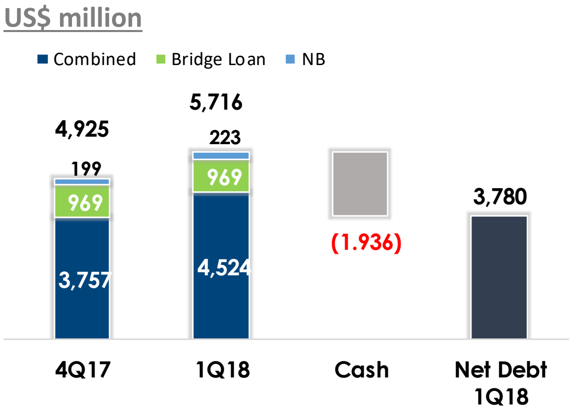
Average Cost (% p.a.)	Average Term (years)	Current liquidity	Net Debt / Adj. LTM EBITDA
7.20%	4.76	1.80	3.67

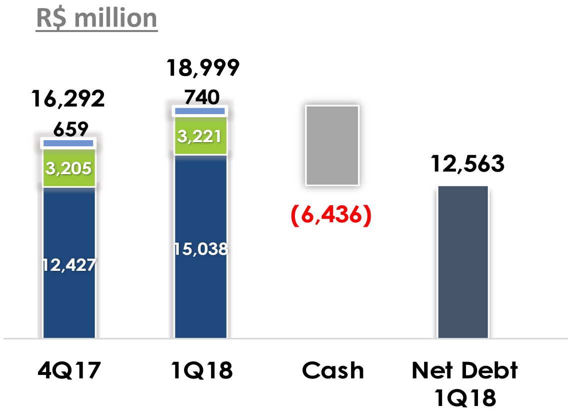
As a consequence of the Keystone Foods sale´s announcement and the reclassification as discontinuing operation, the leverage calculation disregard its debt. Thus, the leverage ratio of net debt to Adjusted EBITDA LTM (last 12 months) stood at 3,67x.

The calculation of the leverage ratio for covenants of the bank and capital market funding transactions includes provisions that allow for excluding exchange-variation effects. Accordingly, the ratio for this purpose ended 1Q18 at 3.46x (for more information, see Note 20.3 to the financial statements).

Pro-forma Debt | Combined + National Beef

Due to the announcement of the acquisition of a controlling interest in National Beef, we are providing with the proforma debt and leverage as per below. This analysis includes the transaction's bridge loan and its proforma data, as well as data from the Keystone Division. Thus, the figures reflect Marfrig´s picture after the National Beef acquisition and before the Keystone sale.





In 1Q18, pro-forma leverage, measured by the ratio of net debt to Adj. EBITDA LTM (last 12 months) was 3.62x.

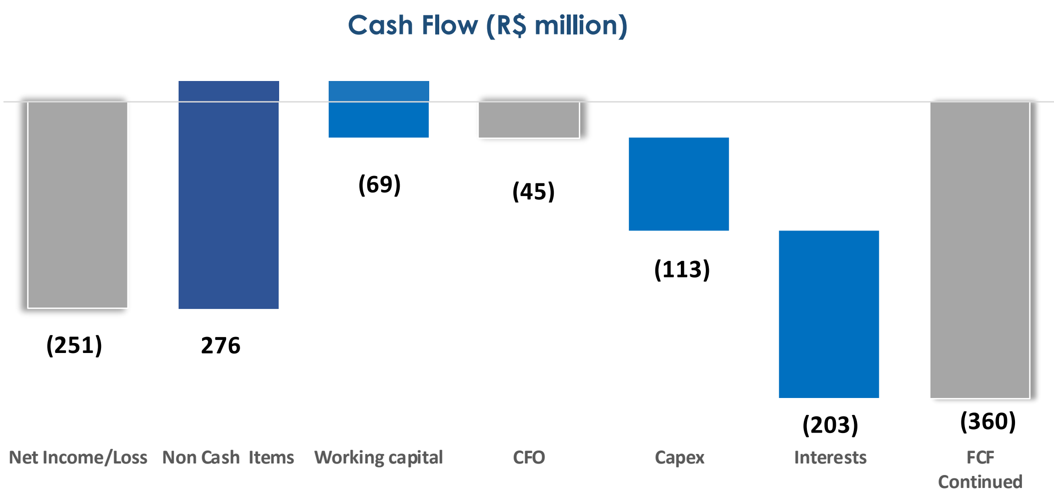
Cash Flow | Continuing Operation

In the quarter, Marfrig's operating cash flow was negative R$45 million, due to seasonality. Cash burn was R$69 million, influenced by: (i) the normalization of trade payables; which was partially offset by (ii) lower inventories and (iii) the positive variation of accounts receivable due to the lower activity in the period.

The Company invested R$113 million in 1Q18, with this figure still reflecting the payments associated with the reopening of plants in Brazil.

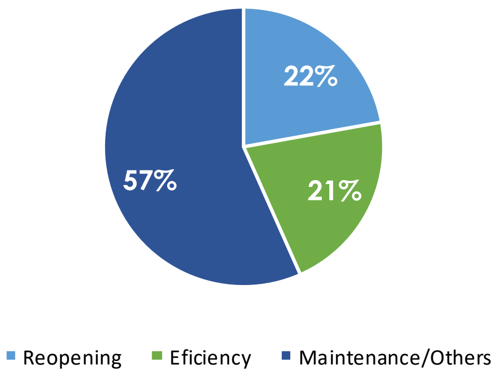
In the quarter, interest expenses came to R$203 million. The main factors in this performance were the depreciation in the Brazilian real and the one-off increase in debt, due to the issue whose proceeds were used to repurchase the 2018 and 2019 bonds, as already explained.

The combination of these factors led to negative free cash flow of R$360 million in the quarter.



Investments (Capex) | Continuing Operation

Marfrig's capital expenditure amounted to R$113 million in 1Q18. The final payments related to the investments in reopening plants continued to influence the amount reported in 1Q18.



KEYSTONE

Sale - Strategic divestment

Keystone, ever since its acquisition in 2010, was an asset that has reported consecutive margin gains accompanied by solid cash generation. However, the Company´s strategic repositioning, focused on beef expansion, led to the decision to divest Keystone. As a result of the sale´s ongoing process and its reclassification to "Discontinuing Operation", the results will be summarized (for more details, please refer to appendix V and VI).

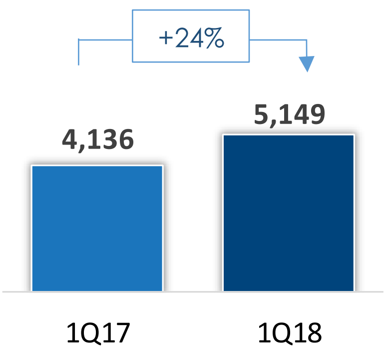
1Q18 Results

The demand continued to be strong during the quarter in the foodservice and retail & convenience channels in both the U.S. and APMEA. In the U.S. demand persisted in spite of headwinds faced by the restaurant category due to extreme weather conditions. Leading QSR brands continue to outpace the restaurant peer group as reimaging, technology innovation, and promotional activity drive both foot traffic and higher value tickets. In some cases, the expectation of promotional success required Keystone to build product inventory to meet high future demand, and to engage manufacturing partners when demand for certain products exceeded Keystone's available capacity. Keystone faced some operational headwinds as a result of higher costs associated with hiring of third parties as well as startup costs associated with recent capacity expansions. As these new production facilities achieve greater scale and higher utilization, it is expected that more capacity will be brought in house, and production will achieve greater operational efficiency. As a significant milestone, Keystone also commenced production of fresh beef as part of a successful transition to meet the dynamic needs of our customers. This is another example of Keystone investing in the future of the business as part of the Strategy 2021 initiative.

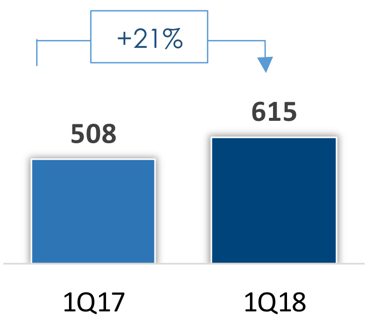
Net Revenue | Combined (includes Keystone)

Marfrig's combined net revenue in 1Q18 was R$5.1 billion, increasing 24% on the same period last year, which is explained by the higher processing volume in the Beef Division and the effects from the Brazilian real depreciation against the U.S. dollar on its international operations. In the quarter, the Beef division accounted for 57% of the Company's consolidated revenue.

Net Revenue (R$ million)

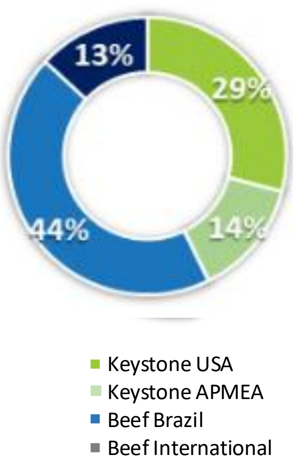


Volume (thousand ton)

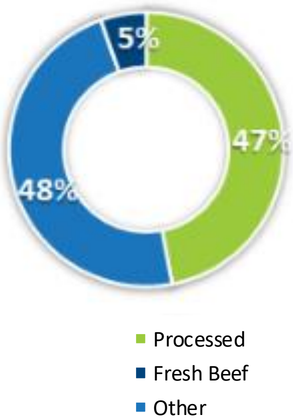


Revenue Breakdown 1Q18

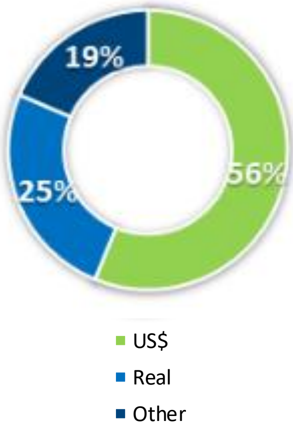
By Operation



By Product



By currency



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**;
- **56%** of net revenue came from the **international operations** (Keystone USA and APMEA, and Beef International).

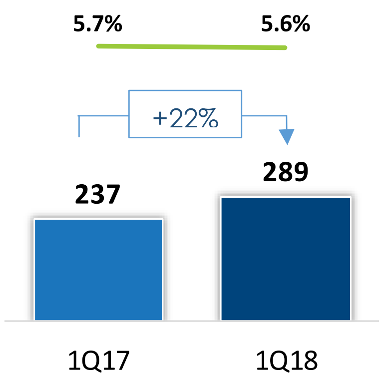
Gross Profit & Gross Margin | Combined

Gross profit in 1Q18 was R$525 million, increasing 14% compared to the same period last year. A highlight was the 37% increase in gross profit at the Beef Division, supported by stronger beef sales. Gross margin stood at 10.2%, declining 90 bps, which is basically explained by the lower margins at the Keystone Division.

Selling, General and Administrative Expenses | Combined

In the quarter, SG&A expenses amounted to R$289 million, increasing R$52 million on 1Q17, which is explained by the higher expenses at the Beef Division in line with the higher sales volume and by the effects from the translation into Brazilian real of amounts from the international units; partially offset by lower expenses from the keystone division. As a ratio of net revenue (SG&A/NOR), SG&A expenses stood at 5.6%, in line with the level a year earlier.

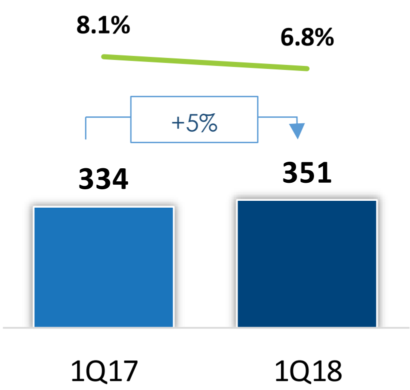
DVGA e DVGA/ROL (R$ milhões e %)



Adjusted EBITDA and Adjusted EBITDA Margin | Combined

Adjusted EBITDA came to R$351 million in 1Q18, up R$17 million from 1Q17. The highlight was the 30% growth at the Beef Division, reflecting the strategic decision to adjust its production footprint in Brazil and the growth in slaughtering in Uruguay.

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



OUTLOOK AND FINAL CONSIDERATIONS

The outlook for global economic activity remains favorable, with indicators forecasting world GDP growth of 3.9%, reflecting better macroeconomic conditions in both advanced and developing economies, influenced by global trade, which should drive higher investment, especially in exporting economies.

In the United States, stronger economic activity is sustaining expectations of GDP growth of 2.9% (up from the previous estimate of 2.7%), based on the latest report from the IMF. Also according to the IMF, the region comprising Asia's emerging and developing economies (including China) will continue be the most important driver of global growth, with an average GDP growth rate of 6.5%.

In Brazil, expectations continue to indicate a recovery, with GDP growth of 2.3%, with this figure converging to the central bank's GDP growth forecast for 2018 of 2.5% (based on *Market Readout* of May 11).The variables that influence consumption, therefore, remain positive, and demand for animal protein worldwide should strengthen.

For the Brazilian beef market, we expect the positive phase of the cycle to persist. According to the USDA, in 2018, Brazil's domestic beef consumption and exports should grow 2.5% and 3.7%, respectively. This level of demand, which is aligned with the good supply of cattle, should keep margins at healthy levels. Still on exports, some drivers could influence the industry's margins, including: (i) the reopening of markets currently closed to Brazil and Uruguay, such as the United States and Japan, respectively; and (ii) new authorizations, such as China.

The point of caution in this scenario is if there is a prolonged imbalance in supply and demand for competing proteins. In this regard, the higher corn cost in the first 4 months of the year (up ~20% in the year-to-date) could help balance chicken supply with demand.

For the U.S. industry, expectations are for production growth of 2.8%, which should be followed by domestic demand growth of 2.7%. Australia, which usually meets the growing demand from countries such as Japan and South Korea, continues to export less than in 2014/2015. In China, the continuous growth in domestic consumption should support growth of 11% in imports.

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 will remain 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. Better footprint to capture opportunities in the global beef market.
2. Operational improvements, productivity and consequent margin expansion.
3. Focus on profitability by maximizing the use of assets and prioritizing the most resilient sales channels.
4. Financial discipline with a focus on deleveraging and free cash flow generation.

UPCOMING EVENTS

Earnings Conference Call

Date: May 15, 2018

Portuguese	English
1:00 p.m. (Brasília)	12:00 p.m. (Brasília)
12:00 p.m. (US EST)	**11:00 a.m. (US EST)**
5:00 p.m. (London)	4:00 p.m. (London)
Tel. Brazil: + 55 (11) 3193-1001 Or 2820-4001	Tel. 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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APPENDIX LIST

APPENDIX I

Income Statement – Continuing Op.

Quarterly
(R$ million)

	1Q18 (a)		1Q17 (b)		4Q17 (c)		(a/b) Chg.		(a/c) Chg.	
	R$	%NOR	R$	%NOR	R$	%NOR	R$	%	R$	%
Net Revenues	**2,947.1**	**100.0%**	**2,045.5**	**100.0%**	**2,997.5**	**100.0%**	**901.6**	**44.1%**	**(50.4)**	**-1.7%**
COGS	(2,589.0)	-87.9%	(1,784.5)	-87.2%	(2,559.5)	-85.4%	(804.5)	45.1%	(29.5)	1.2%
Gross Profit	**358.1**	**12.1%**	**261.0**	**12.8%**	**438.0**	**14.6%**	**97.0**	**37.2%**	**(80.0)**	**-18.3%**
SG&A	**(243.6)**	**-8.3%**	**(189.6)**	**-9.3%**	**(223.5)**	**-7.5%**	**(53.9)**	**28.4%**	**(20.1)**	**9.0%**
Commercial	(182.7)	-6.2%	(133.9)	-6.5%	(177.2)	-5.9%	(48.9)	36.5%	(5.6)	3.1%
Administratives	(60.8)	-2.1%	(55.8)	-2.7%	(46.3)	-1.5%	(5.1)	9.1%	(14.5)	31.4%
Adj. EBTIDA*	**175.6**	**6.0%**	**129.9**	**6.3%**	**278.1**	**9.3%**	**45.7**	**35.2%**	**(102.4)**	**-36.8%**
Others revenues/expenses	(27.8)	-0.9%	(37.7)	-1.8%	6.6	0.2%	9.9	-26.3%	(34.4)	-521.6%
EBITDA	**147.9**	**5.0%**	**92.2**	**4.5%**	**284.6**	**9.5%**	**55.7**	**60.4%**	**(136.8)**	**-48.1%**
Equity Account	-	0.0%	0.0	0.0%	0.0	0.0%	(0.0)	-100.0%	(0.0)	-100.0%
D&A	(61.2)	-2.1%	(58.5)	-2.9%	(63.5)	-2.1%	(2.7)	4.5%	2.3	-3.7%
EBIT	**86.7**	**2.9%**	**33.7**	**1.6%**	**221.1**	**7.4%**	**53.0**	**157.4%**	**(134.5)**	**-60.8%**
Financial Results	**(467.7)**	**-15.9%**	**(508.8)**	**-24.9%**	**(474.6)**	**-15.8%**	**41.1**	**-8.1%**	**6.9**	**-1.5%**
Financial revenues/expenses	**(415.1)**	**-14.1%**	**(494.2)**	**-24.2%**	**(392.2)**	**-13.1%**	**79.1**	**-16.0%**	**(22.9)**	**5.8%**
Exchange rate variation	**(52.6)**	**-1.8%**	**(14.6)**	**-0.7%**	**(82.4)**	**-2.7%**	**(38.0)**	**260.0%**	**29.8**	**-36.1%**
Minority Stake	**(0.0)**	**0.0%**	**(0.0)**	**0.0%**	**(0.0)**	**0.0%**	**(0.0)**	**18.4%**	**(0.0)**	**92.9%**
EBT	**(381.0)**	**-12.9%**	**(475.1)**	**-23.2%**	**(253.5)**	**-8.5%**	**94.1**	**-19.8%**	**(127.6)**	**50.3%**
Taxes	**129.7**	**4.4%**	**147.2**	**7.2%**	**50.2**	**1.7%**	**(17.5)**	**-11.9%**	**79.5**	**158.5%**
Continued Op. - Controller Shareholder Net Profit	**(251.3)**	**-8.5%**	**(327.9)**	**-16.0%**	**(203.3)**	**-6.8%**	**76.5**	**-23.3%**	**(48.0)**	**23.6%**
Descontinued Ops. + Capital Gain	**50.3**	**1.7%**	**106.5**	**5.2%**	**-**	**0.0%**	**(56.1)**	**-52.7%**	**50.3**	**0.0%**
Controller Shareholder Net Profit	**(201.0)**	**-6.8%**	**(221.4)**	**-10.8%**	**(203.3)**	**-6.8%**	**20.4**	**-9.2%**	**2.3**	**-1.1%**
P&L - USD x BRL	**R$ 3.24**		**R$ 3.14**		**R$ 3.25**		**0.10**	**3.2%**	**0.00**	**-0.1%**
BS - USD x BRL	**R$ 3.32**		**R$ 3.17**		**R$ 3.31**		**0.16**	**4.9%**	**0.02**	**0.5%**
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 II

EBITDA Calculation – Continuing Op.

Quarterly

(R$ million)

RECONCILIATION OF ADJUSTED EBITDA (R$ million)	1Q18	1Q17	4Q17
Net Profit / Loss	**(251.3)**	**(327.9)**	**(203.3)**
(+) Provision for income and social contribution taxes	(129.7)	(147.2)	(50.2)
(+) Non-controlling Interest	0.0	0.0	0.0
(+) Net Exchange Variation	52.6	14.6	82.4
(+) Net Financial Charges	415.1	494.2	392.2
(+) Depreciation & Amortization	61.2	58.5	63.5
(+) Equity Income	-	(0.0)	(0.0)
EBITDA*	**147.9**	**92.2**	**284.6**
(+) Other Operacional Revenues/Expenses	27.8	37.7	(6.6)
Adj. EBITDA	**175.6**	**129.9**	**278.1**

*** EBITDA RECONCILIATION**	**147.9**	**92.2**	**284.6**
Beef division	164.6	108.5	268.5
Corporate	-16.7	-16.3	16.1

APPENDIX III
Income Statement – Combined

Quarterly
(R$ million)

	1Q18 (a)		1Q17 (b)		4Q17 (c)		(a/b) Chg.		(a/c) Chg.	
	R$	%NOR	R$	%NOR	R$	%NOR	R$	%	R$	%
Net Revenues	**5,148.7**	**100.0%**	**4,136.2**	**100.0%**	**5,297.6**	**100.0%**	**1,012.6**	**24.5%**	**(148.9)**	**-2.8%**
COGS	(4,623.8)	-89.8%	(3,675.7)	-88.9%	(4,659.6)	-88.0%	(948.1)	25.8%	35.8	-0.8%
Gross Profit	**524.9**	**10.2%**	**460.4**	**11.1%**	**638.0**	**12.0%**	**64.5**	**14.0%**	**(113.1)**	**-17.7%**
SG&A	**(288.7)**	**-5.6%**	**(236.9)**	**-5.7%**	**(260.5)**	**-4.9%**	**(51.7)**	**21.8%**	**(28.2)**	**10.8%**
Commercial	(188.1)	-3.7%	(139.1)	-3.4%	(183.2)	-3.5%	(49.0)	35.2%	(5.0)	2.7%
Administratives	(100.5)	-2.0%	(97.8)	-2.4%	(77.3)	-1.5%	(2.7)	2.8%	(23.2)	30.1%
Adj. EBTIDA*	**350.9**	**6.8%**	**333.7**	**8.1%**	**492.9**	**9.3%**	**17.2**	**5.1%**	**(142.1)**	**-28.8%**
Others revenues/expenses	(49.3)	-1.0%	(37.7)	-0.9%	(0.2)	0.0%	(11.6)	30.8%	(49.1)	20913.1%
EBITDA	**301.5**	**5.9%**	**296.0**	**7.2%**	**492.7**	**9.3%**	**5.5**	**1.9%**	**(191.2)**	**-38.8%**

Includes Keystone Foods for comparison purposes, unaudited.

APPENDIX IV
Income Statement – Beef

Quarterly
(R$ million)

	1Q18 (a)		1Q17 (b)		4Q17 (c)		(a/b) Chg.		(a/c) Chg.	
	R$	%NOR	R$	%NOR	R$	%NOR	R$	%	R$	%
Net Revenues	**2,947.1**	**100.0%**	**2,040.5**	**100.0%**	**3,006.1**	**100.0%**	**906.6**	**44.4%**	**(59.0)**	**-2.0%**
COGS	(2,589.0)	-87.9%	(1,779.4)	-87.2%	(2,584.5)	-86.0%	(809.6)	45.5%	(4.5)	0.2%
Gross Profit	**358.1**	**12.1%**	**261.0**	**12.8%**	**421.6**	**14.0%**	**97.0**	**37.2%**	**(63.5)**	**-15.1%**
SG&A	**(228.6)**	**-7.8%**	**(173.3)**	**-8.5%**	**(223.1)**	**-7.4%**	**(55.3)**	**31.9%**	**(5.4)**	**2.4%**
Commercial	(182.7)	-6.2%	(133.9)	-6.6%	(177.2)	-5.9%	(48.9)	36.5%	(5.6)	3.1%
Administratives	(45.8)	-1.6%	(39.5)	-1.9%	(46.0)	-1.5%	(6.4)	16.2%	0.1	-0.3%
Adj. EBITDA*	**190.6**	**6.5%**	**146.2**	**7.2%**	**261.9**	**8.7%**	**44.4**	**30.4%**	**(71.3)**	**-27.2%**
Others revenues/expenses	(26.1)	-0.9%	(37.7)	-1.8%	6.6	0.2%	11.6	-30.8%	(32.7)	-495.7%
EBITDA	**164.6**	**5.6%**	**108.5**	**5.3%**	**268.5**	**8.9%**	**56.1**	**51.7%**	**(104.0)**	**-38.7%**
P&L - USD x BRL	**R$ 3.25**		**R$ 3.14**		**R$ 3.25**		**0.10**	**3.3%**	**0.00**	**0.0%**

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

APPENDIX V

Operating Indicators – Beef

Volume (000 Tons)	1Q18 (a)	1Q17 (b)	4Q17 (c)	(a/b) Chg.	(a/c) Chg.
Fresh Beef	**186.5**	**118.3**	**186.9**	**57.7%**	**-0.2%**
Local Market	90.5	60.7	103.2	49.0%	-12.3%
Export Market	96.0	57.5	83.7	66.9%	14.7%
Further Processed	**12.0**	**8.8**	**12.4**	**36.5%**	**-3.4%**
Other	**139.7**	**102.3**	**152.3**	**36.6%**	**-8.3%**
TOTAL BEEF	**338.2**	**229.4**	**351.6**	**47.4%**	**-3.8%**

Revenues (R$ Millions)	1Q18 (a)	1Q17 (b)	4Q17 (c)	(a/b) Chg.	(a/c) Chg.
Fresh Beef	**2,453.7**	**1,610.8**	**2,498.8**	**52.3%**	**-1.8%**
Local Market	1,110.5	765.1	1,297.2	45.1%	-14.4%
Export Market	1,343.3	845.7	1,201.6	58.8%	11.8%
Further Processed	**216.7**	**158.1**	**203.4**	**37.0%**	**6.5%**
Other	**276.6**	**271.5**	**303.9**	**1.9%**	**-9.0%**
TOTAL BEEF	**2,947.0**	**2,040.5**	**3,006.1**	**44.4%**	**-2.0%**

Average Price (R$/Kg)	1Q18 (a)	1Q17 (b)	4Q17 (c)	(a/b) Chg.	(a/c) Chg.
Fresh Beef	**13.16**	**13.62**	**13.37**	**-3.4%**	**-1.6%**
Local Market	12.27	12.60	12.57	-2.6%	-2.4%
Export Market	13.99	14.70	14.36	-4.8%	-2.6%
Export Market (US$)	4.31	4.67	4.42	-7.7%	-2.5%
Further Processed	**18.1**	**18.0**	**16.4**	**0.4%**	**10.3%**
Other	**1.98**	**2.65**	**2.00**	**-25.4%**	**-0.8%**
TOTAL BEEF	**8.71**	**8.90**	**8.55**	**-2.0%**	**1.9%**

APPENDIX VI

Income Statement – KEYSTONE

Quarterly
(US$ million)

	1Q18 (a)		1Q17 (b)		4Q17 (c)		(a/b) Chg.		(a/c) Chg.	
	$	%NOR	$	%NOR	$	%NOR	$	%	$	%
Net Revenues	**678.7**	**100.0%**	**667.2**	**100.0%**	**705.0**	**100.0%**	**11.5**	**1.7%**	**(26.3)**	**-3.7%**
COGS	(627.3)	-92.4%	(603.7)	-90.5%	(643.5)	-91.3%	(23.6)	3.9%	16.2	-2.5%
Gross Profit	**51,4**	**7.6%**	**63.5**	**9.5%**	**61.5**	**8.7%**	**-12.1**	**-19.0%**	**(10.1)**	**-16.4%**
SG&A	**(13.9)**	**-2.0%**	**(15.1)**	**-2.3%**	**(11.4)**	**-1.6%**	**1.2**	**-7.7%**	**(2.5)**	**21.7%**
Commercial	1.7	0.3%	(1.7)	-0.2%	(1.8)	-0.3%	3.4	-202.0%	3.5	-9.9%
Administratives	(12.2)	-1.8%	(13.4)	-2.0%	(9.6)	-1.4%	1.2	-8.9%	(2.6)	27.9%
Adj. EBITDA*	**54.0**	**8.0%**	**64.9**	**9.7%**	**66.0**	**9.4%**	**(10.9)**	**-16.8%**	**(12.0)**	**-18.2%**
Others revenues/expenses	(6.6)	-1.0%	0.0	0.0%	(2.1)	-0.3%	(6.6)	-	(4.5)	-
EBITDA	**47,4**	**7.0%**	**64.9**	**9.7%**	**63.9**	**9.1%**	**(17.5)**	**-27.0%**	**(16.5)**	**-25.9%**
P&L - USD x BRL	**R$ 3,25**		**R$ 3.14**		**R$ 3.25**		**0.10**	**3,3%**	**0.00**	**0.0%**

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

Quarterly
(R$ million)

	1Q18 (a)		1Q17 (b)		4Q17 (c)		(a/b) Chg.		(a/c) Chg.	
	R$	%NOR	R$	%NOR	R$	%NOR	R$	%	R$	%
Net Revenues	**2,201.7**	**100.0%**	**2,095.7**	**100.0%**	**2,291.5**	**100.0%**	**106.0**	**5.1%**	**(89.9)**	**-3.9%**
COGS	(2,034.8)	-92.4%	(1,896.3)	-90.5%	(2,091.5)	-91.3%	(138.5)	7.3%	56.7	-2.7%
Gross Profit	**166.9**	**7.6%**	**199.4**	**9.5%**	**200.0**	**8.7%**	**(32.5)**	**-16.3%**	**(33.1)**	**-16.6%**
SG&A	**(45.1)**	**-2.0%**	**(47.3)**	**-2.3%**	**(37.0)**	**-1.6%**	**2.2**	**-4.7%**	**(8.1)**	**21.9%**
Commercial	(5.4)	-0.2%	(5.2)	-0.2%	(6.0)	-0.3%	(0.2)	3.1%	0.6	-10.1%
Administratives	(39.7)	-1.8%	(42.1)	-2.0%	(31.0)	-1.4%	2.4	-5.7%	(8.7)	28.1%
Adj. EBITDA*	**175.2**	**8.0%**	**203.8**	**9.7%**	**214.9**	**9.3%**	**(28.6)**	**-14.0%**	**(39.6)**	**-18.4%**
Others revenues/expenses	(21.6)	-1.0%	0.0	0.0%	(6.8)	-0.3%	(21.6)	-	(14.7)	-
EBITDA	**153.7**	**7.0%**	**203.8**	**9.7%**	**208.1**	**9.1%**	**(50.1)**	**-24.6%**	**(54.4)**	**-26.1%**
P&L - USD x BRL	**R$ 3.25**		**R$ 3.14**		**R$ 3.25**		**0.10**	**3.3%**	**0.00**	**0.0%**

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

APPENDIX VII

Operating Indicators – KEYSTONE

Volume (000 Tons)	1Q18 (a)	1Q17 (b)	4Q17 (c)	(a/b) Chg.	(a/c) Chg.	2017 (a)	2016 (b)	(a/b) Chg.
USA	221.6	227.2	232.1	-2.5%	-4.6%	913.7	924.0	-1.1%
APMEA	54.8	51.2	57.1	6.9%	-4.1%	220.5	201.9	9.2%
TOTAL KEYSTONE	276.3	278.4	289.2	-0.8%	-4.5%	1,134.2	1,125.8	0.7%

Revenues (US$ Million)	1Q18 (a)	1Q17 (b)	4Q17 (c)	(a/b) Chg.	(a/c) Chg.	2017 (a)	2016 (b)	(a/b) Chg.
USA	461.7	470.5	479.9	-1.9%	-3.8%	1,916.0	1,915.9	0.0%
APMEA	216.0	196.7	225.1	9.8%	-4.0%	866.6	781.0	11.0%
TOTAL KEYSTONE	677.7	667.2	705.0	1.6%	-3.9%	2,782.6	2,696.9	3.2%

Average Price (US$/Kg)	1Q18 (a)	1Q17 (b)	4Q17 (c)	(a/b) Chg.	(a/c) Chg.	2017 (a)	2016 (b)	(a/b) Chg.
USA	2.08	2.07	2.07	0.6%	0.8%	2.10	2.07	1.1%
APMEA	3.95	3.84	3.94	2.7%	0.1%	3.93	3.87	1.6%
TOTAL KEYSTONE	2.45	2.40	2.44	2.4%	0.6%	2.45	2.40	2.4%

Revenues (R$ Million)	1Q18 (a)	1Q17 (b)	4Q17 (c)	(a/b) Chg.	(a/c) Chg.	2017 (a)	2016 (b)	(a/b) Chg.
USA	1,500.4	1,477.7	1,559.5	1.5%	-3.8%	6,117.8	6,664.9	-8.2%
APMEA	701.3	618.1	732.1	13.5%	-4.2%	2,769.3	2,715.9	2.0%
TOTAL KEYSTONE	2,201.7	2,095.7	2,291.5	5.1%	-3.9%	8,887.1	9,380.8	-5.3%

Average Price (R$/Kg)	1Q18 (a)	1Q17 (b)	4Q17 (c)	(a/b) Chg.	(a/c) Chg.	2017 (a)	2016 (b)	(a/b) Chg.
USA	6.77	6.50	6.72	4.1%	0.8%	6.70	7.21	-7.2%
APMEA	12.81	12.07	12.82	6.1%	-0.1%	12.56	13.45	-6.6%
TOTAL KEYSTONE	7.97	7.53	7.92	5.9%	0.6%	7.84	8.33	-6.0%

APPENDIX VIII

Balance Sheet

(R$ '000)

ASSETS	1Q18	4Q17
CURRENT ASSETS		
Cash and Marketable Securities	5,859,951	4,402,353
Trade accounts receivable	507,519	924,998
Inventories of goods and merchandise	1,058,660	1,759,871
Biological assets	4,429	119,621
Recoverable taxes	2,045,356	2,089,129
Prepaid expenses	18,924	111,913
Notes receivable	4,865	24,108
Advances to suppliers	52,640	50,012
Held-for-sale assets	5,490,432	161,860
Other receivables	73,945	94,783
	15,116,721	**9,738,648**
NON CURRENT ASSETS		
Court deposits	47,365	72,922
Notes receivable	440	93,899
Deferred income and social contributi	2,361,358	2,227,316
Recoverable taxes	1,763,185	1,763,641
Other receivables	73,720	50,968
	4,246,068	**4,208,746**
Investments	10	21,064
Property, plant and equipment	3,215,246	4,435,194
Biological assets	0	54,758
Intangible assets	876,294	2,843,389
	4,091,550	**7,354,405**
TOTAL ASSETS	**23,454,339**	**21,301,799**

LIABILITIES	1Q18	4Q17
CURRENT LIABILITIES		
Trade accounts payable	1,058,278	2,159,031
Supply chain finance	190,118	195,041
Accrued payroll and related charges	141,775	251,071
Taxes payable	305,664	312,131
Loans and financing	1,274,044	1,846,164
Notes payable	130,707	165,550
Lease payable	3,011	11,963
Advances from customers	762,900	795,783
Liabilities related to held-for-sale assets	4,427,023	82,232
Other payables	112,877	202,203
	8,406,397	**6,021,169**
NON CURRENT LIABILITIES		
Loans and financing	10,919,610	10,581,034
Taxes payable	895,705	948,442
Deferred income and social contributior	13,571	251,088
Provisions for contingencies	89,604	88,828
Lease payable	3,252	19,819
Notes payable	359,465	378,085
Advances from customers	332,380	330,800
Other	0	47,824
	12,613,587	**12,645,920**
Non-controlling interest	**254,112**	**242,178**
CONTROLLING SHAREHOLDER´S EQUITY		
Share Capital	7,319,467	7,319,467
Capital reserve	181,022	181,224
Profit reserves	35,237	38,362
Other comprehensive income	-433,519	-425,222
Accumulated losses	-4,921,964	-4,721,299
	2,180,243	**2,392,532**
TOTAL LIABILITIES	**23,454,339**	**21,301,799**

APPENDIX IX
Cash Flow
(R$ million)

	1Q18
Net Income/Loss	(251.3)
(+/-) Non cash items	275.9
(+/-) Account Receivable	72.7
(+/-) Inventories	63.5
(+/-) Suppliers	(183.1)
(+/-) Other	(22.4)
(=) Operational Cash Flow	(44.6)
(-) Capex	(112.7)
(-) Interest expenses	(203.0)
Continued Free Cash Flow	**(360.3)**