Marfrig reports 2Q19 net income of R$86.5 million

***São Paulo, August 14, 2019** – Marfrig Global Foods S.A. – Marfrig (B3 Novo Mercado: MRFG3 and Level 1 ADR: MRRTY) announces today its results for the second quarter of 2019 (2Q19). 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 June 30, 2019 filed at the Securities and Exchange Commission of Brazil (CVM).*
To improve comparisons, the results herein are identified as "proforma," i.e., including 100% of the results of National Beef, Quickfood and Iowa Premium in 2Q18.

Results described as "Continuing Operation" consider only the results of National Beef as of its acquisition, i.e. as of June 2018, the results of the Ohio beef patty business as of the sale of Keystone, i.e., as of December 2018, the results of Quickfood as of January 2019, the results of Várzea Grande as of April 2019 and, lastly, the results of Iowa as of its approval in June 2019.

HIGHLIGHTS

- **Financial**
  - Net income was R$86.5 million in 2Q19, compared to a net loss of R$582 million in 2Q18;
  - Consolidated Net Revenue was R$12.2 billion in 2Q19, growing 9.8% from 2Q18;
  - Adjusted EBITDA ("Adj. EBITDA") was R$1.1 billion with margin of 9.1%, increasing 13.3% and 30 bps from 2Q18;
  - Operating Cash Flow was R$876 million and Free Cash Flow[1] was R$408 million.
- **Investments**

The acquisition of Iowa Premium was concluded in June, adding 1,100 head/day to the primary processing capacity of our operation in North America, which now stands at 13,100 head/day. With an acquisition price of around US$150 million, the transaction will strengthen our portfolio of higher value products, consistent with our strategic growth plan.

- **Liability Management**

We successfully concluded another Liability Management exercise to reduce the cost of our debt by raising US$ 1 billion in bonds due in 2026 with coupon of 7% p.a., combined with repurchasing part of the 2021 and 2023 bonds with coupons of 11.25% and 8.0% p.a., respectively.

- **Sustainability**

In June, for the seventh straight year, our compliance with the Public Commitment on Amazon Cattle Ranching was confirmed by the independent international consulting firm DNV-GL, which specializes in business and environmental risk assessment.

[1] Cash Flow before M&A and payment of dividends to third parties.

Events After the Reporting Period:

- **Commitment to sustainable value creation**

In July, we raised US$500 million through the issue of Sustainable Transition Bonds maturing in 2029 with coupon of 6.625% p.a. In a pioneering move, Marfrig became the first Brazilian company to issue these kinds of bonds in the country. The proceeds from the issue must be used exclusively to purchase cattle from the Amazon biome from producers that comply with specific environmental, social and economic criteria.

Moreover, this was the first 10-year bond issued by the Company and was placed with the lowest interest coupon ever. With over 60% allocated to dedicated funds, i.e., which invest exclusively in sustainability-related bonds, the issue represents the market's recognition of the Company's sustainable actions and financial discipline.

- **Plant-based products**

In August, we announced an agreement with U.S.-based Archer Daniels Midland Company (ADM) to jointly develop plant-based products. ADM operates an advanced research and development structure, using natural ingredients and technological solutions, with the benefits of producing locally, to anticipate industry trends. It will be responsible for supplying the raw material for the process, while Marfrig will be responsible for producing, marketing and distributing the products to food service and retail clients.

The production of plant-based burgers in Brazil, for example, will be launched at Marfrig's unit in Várzea Grande, Mato Grosso. The first plant-based burgers will reach the Brazilian market by the end of this year and later reach retail channels.

Under a contract with Burger King, sales will start already in the third quarter.

SUMMARY

MACROECONOMIC SCENARIO

The **United States** continued to post solid economic results and excellent data for job creation, purchasing power and wage growth, demonstrating that the country is currently the main driver of global growth. At end-May, the U.S. government announced GDP growth for 1Q19 of 3.1% at an annualized rate, and despite another strong quarter of economic growth. Despite the trade war with China, the U.S. economy shows no signs of slowing, with projected GDP growth for 2019 of 2.4%, according to the IMF.

Meanwhile, **Brazilian** GDP should contract slightly in 2Q19. Consensus estimates compiled by the Brazilian Central Bank in its *Market Readout* indicating economic contraction of 0.13% in the period from April to June, after also contracting in 1Q19 (-0.2%,). The same consensus estimates call for Brazil GDP growth of 0.81% in 2019.

Given the performance of the Brazilian economy, the IMF revised its GDP growth forecast for all of South America in its latest report, released in early August, to 1.1% in 2019, down from 2.5% in its April report.

INDUSTRY SCENARIO

In the **United States**, although USDA data showed that primary processing grew by 1.6% (6.8 million head in 2Q19 vs. 6.7 million in 2Q18), carcass yield declined (lower average weight of animals), reflecting the wetter and longer than usual winter.

In **Brazil**, primary processing volume in 2Q19 stood at 5.8 million head, 1.5% lower than in the same period of 2018 and 2.2% lower than in 1Q19 (source: Ministry of Agriculture). The quarter was adversely affected by the 10-day suspension of exports to China due to an atypical case of bovine spongiform encephalopathy (BSE) in the state of Mato Grosso. The ESALQ price reference for cattle was R$153.3, virtually stable in relation to 1Q19, although 8.9% higher than in 2Q18, a period that was affected by the truck drivers' strike.

In **Uruguay**, data from Inac show an increase of 7.4% in total primary processing compared to 2Q18, although the number of 584,000 head is 5.7% lower than in 1Q19. The high cattle cost in the country led companies to reduce their primary processing volumes.

Argentina, according to the Ministry of Agriculture, processed 3.3 million animals, which is in line with 2Q18 and 5.9% more than in 2Q19, supported primarily by the local currency depreciation, strong demand from China, and resumption of exports to the United States.

MARFRIG SCENARIO

In this scenario, Marfrig's results in 2Q19 improved compared to 2Q18, reinforcing our positive outlook for 2019. Consolidated net revenue was R$12.2 billion, increasing 9.8% from 2Q18. Gross income also grew on the same period last year, to R$1.5 billion, with gross margin of 12.4%.

Consolidated Adj. EBITDA was R$1,111 million, advancing 13.3% on the same period last year. Adj. EBITDA margin stood at 9.1%, expanding 30 bps from a year earlier. Financial leverage measured by the ratio of net debt to Adj. EBITDA in the last 12 months stood at 2.65x, improving 0.11x from the prior quarter.

MARFRIG

PRODUCTION

In the second quarter of 2019, the Company concluded the acquisition of Iowa Premium, which is based in Tama, Iowa and has primary processing capacity of 1,100 head/day. Iowa Premium works exclusively with superior-quality animals (Black Angus) and specializes in USDA Choice and Prime grade beef.

With the incorporation of this transaction into the portfolio of the North America Operation, Marfrig now has total primary processing capacity of roughly 33,000 head/day, as follows:

Country	Beef Primary Processing Units	Effective Processing Capacity (head/day)
USA	3	13,100
BRAZIL	14	14,800
URUGUAY	4	3,700
ARGENTINA	2	1,200
Total	**23**	**32,800**

Marfrig also is one of the world's leading beef patty producers, with a production platform in all countries where it maintains primary processing units. The Company has 12 further processed food units producing hamburgers, canned beef, kibbeh, meatballs, sauces and other products, in line with its strategy to focus on higher-value products.

Country	Beef Primary Processing Units	Hamburger Production Capacity (ton/year)
USA	5	106,000
BRAZIL	3	69,000
URUGUAY	1	18,000
ARGENTINA	3	39,000
Total	**12**	**232,000**

Marfrig also has 10 distribution centers and sales offices in South America, Europe and Asia.

In Chile, Marfrig is the country's leading beef importer and distributor.

In Uruguay and Chile, Marfrig also has lamb primary processing lines with capacity of 6,500 head/day.

OPERATIONS:

NORTH AMERICA OPERATION

The **fourth-largest beef processor** in the United States and the **industry's most profitable and efficient company in the country**, the operation has three primary processing plants with **capacity of 13,100 head/day**, which corresponds to over 3.3 million head/year, or roughly **14% of U.S. primary processing capacity**. Its products are sold domestically in the retail, wholesale and food service channels, as well as exported to various markets. Marfrig is the **leading U.S. exporter** of chilled beef, with a focus on the **Japanese and South Korean markets**. The operation also has annual production capacity of **106,000 tons of beef patties**, markets complementary products and subproducts, has **tannery and logistics operations and sells products online** directly to consumers.

REVENUE AND VOLUME

NORTH AMERICA OPERATION	2Q19	2Q18	Chg.	
Tons (thousand)			**Tons**	**%**
Total Volume	485	473	12	2.6%
Domestic	415	404	11	2.7%
Exports	70	69	1	1.1%
US $ Million			**US$**	**%**
Net Revenue	2,247	2,200	47	2.1%
Domestic	1,957	1,901	55	2.9%
Exports	290	299	(10)	-3.2%
COGS	(1,958)	(1,911)	(47)	2.5%
Gross profit	289	290	(1)	-0.2%
Gross Margin (%)	12.9%	13.2%		- 30 bps

Consolidated net revenue from the North America Operation was US$2.246 billion in 2Q19, advancing 2.1% on 2Q18. In Brazilian real, consolidated net revenue was R$8.794 billion, this increase was 10.2%.

Net revenue from domestic sales, which advanced 2.9% on the same period last year, was the main driver of the Operation's growth. The increase is explained by the increase in domestic prices and volumes fueled by stronger demand for beef protein, and the expansion of the Moultrie unit, which enabled higher sales to an important supermarket chain.

GROSS INCOME & GROSS MARGIN

In 2Q19, gross income from the North America Operation was US$288.1 million (vs. US$290 million in 2Q18). This quarter, carcass yield was affected by weather conditions in key cattle supplier regions, which offset the increase in the cutout ratio[2] (average beef price divided by average cattle cost) to 1.86 in 2Q19, compared to 1.85 in 2Q18.

Gross margin in the quarter was 12.8%, down from 13.2% in 2Q18.

[2] Source: USDA - USDA KS Steer $ cwt / USDA Comp Cutout $ cwt

In Brazilian real, gross income was R$1,124.9 million, representing approximately 74% of the Company's consolidated gross income.

SOUTH AMERICA OPERATION

One of the region's leading beef producers, with primary processing capacity of roughly 20,000 head/day, Marfrig, as a key exporter, is recognized for the quality of its products in both local and international markets. It also is the company with the **most plants (9) in South America authorized to export to China.** Marfrig is the second largest beef processor in **Brazil, with primary processing capacity of 14,800 head/day and capacity to produce 69,000 tons of beef patties per year.** Focusing on the retail and foodservice channels in the local market, its clients include major restaurant and steakhouse chains. **In Uruguay, it is the industry's largest company** and the only one to produce and sell **organic beef**, especially for export. **In Argentina**, in addition to having two primary processing plants, the Company is **the leading producer and seller of beef patties** and owns two of the region's most valuable and recognized brands (Paty and Vienissima!). **In Chile**, Marfrig is **the leading beef importer** and has a lamb primary processing plant in the Patagonia region.

Marfrig is the South American company with the most plants (9) authorized to export beef to China. In the quarter, with approximately 46% of the total export revenue of Argentina and 62% of Uruguay came from sales to the Asian country. In Brazil, which is limited to authorization on a by-plant basis, approximately 31% of exports are shipped to China.

REVENUE AND VOLUME

SOUTH AMERICA OPERATION	2Q19	2Q18	Chg.	
Tons (thousand)			**Tons**	**%**
Total Volume	348	355	(7)	-1.9%
Domestic	238	260	(23)	-8.6%
Exports	110	95	15	15.7%
R$ million			**R$**	**%**
Net Revenue	3,448	3,169	279	8.8%
Domestic	1,652	1,648	4	0.3%
Exports	1,795	1,520	275	18.1%
COGS	(3,052)	(2,764)	(288)	10.4%
Gross profit	395	405	(9)	-2.3%
Gross Margin (%)	11.5%	12.8%	- 130 bps	

Consolidated net revenue from the South America Operation was R$3.448 billion in 2Q19, 8.8% higher than in 2Q18, which is explained mainly: (i) by the growth in export sales volume, led by stronger demand from China and the Middle East; and (ii) by the positive effect from the exchange rate (the average U.S. dollar exchange rate in 2Q19 was 8.7% higher than in the same period of 2018) on exports.

GROSS INCOME & GROSS MARGIN

In 2Q19, gross income from the South America operation was R$395 million, down 2.3% from 2Q18, due to the lower sales volume.

Gross margin stood at 11.4% in 2Q19, down 80 bps from 2Q18, explained by the higher cattle cost in Brazil and Uruguay. In Brazil, cattle price was pressured by exchange variation and stronger demand from the export market. In Uruguay, cattle cost is explained by a historically low inventory level, due to exports of live cattle and growing Chinese demand.

A highlight was the continued recovery of the operation in Argentina, especially Quickfood, following the operational improvements and adjustments made to the business.

CONSOLIDATED RESULTS

CONSOLIDATED RESULTS	2Q19	2Q18	Chg.	
Tons (thousand)			**Tons**	**%**
Total Volume	833	828	5	0.5%
Domestic	653	664	(11)	-1.7%
Exports	180	164	16	9.6%
R$ Million			**R$**	**%**
Net Revenue	12,241	11,147	1,094	9.8%
COGS	(10,722)	(9,703)	(1,019)	10.5%
Gross profit	1,519	1,445	75	5.2%
Gross Margin - (%)	12.4%	13.0%		- 60 bps
SG&A	(717)	(636)	(80)	12.6%
Commercial expenses	(502)	(456)	(46)	10.1%
Administratives expenses	(215)	(181)	(34)	18.9%
(+) Depreciation & Amortization	308	172	136	78.9%
Adj. EBITDA	1,111	980	130	13.3%
Adj. EBITDA Margin - %	9.1%	8.8%		30 bps

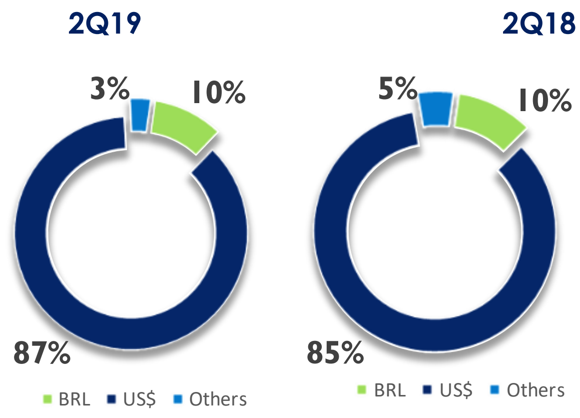
** Depreciation and amortization expenses allocated to Cost (COGS) stood at R$233 million in 2Q19 and R$160 million in 2Q18 (proforma basis). Meanwhile, depreciation and amortization expenses allocated to Selling, General and Administrative (SG&A) expenses stood at R$75 million in 2Q19 and R$13 million in 2Q18 (proforma basis). The increase in depreciation and amortization expenses is mainly linked to the recognition of the opening balance sheet of National Beef as of 4Q18, as well as the adoption of IFRS 16. For more details on the breakdown of costs and expenses, see Note 23 of the Quarterly Information (ITR) for 2Q19.*

CONSOLIDATED NET REVENUE

Marfrig's Net Revenue in 2Q19 was R$12.2 billion, up 9.8% from 2Q18. The improvement is mainly explained by the higher revenue from the North America Operation and by the higher export revenue in the South America Operation, both of which benefited from the 8.7% Brazilian real depreciation against the U.S. dollar.

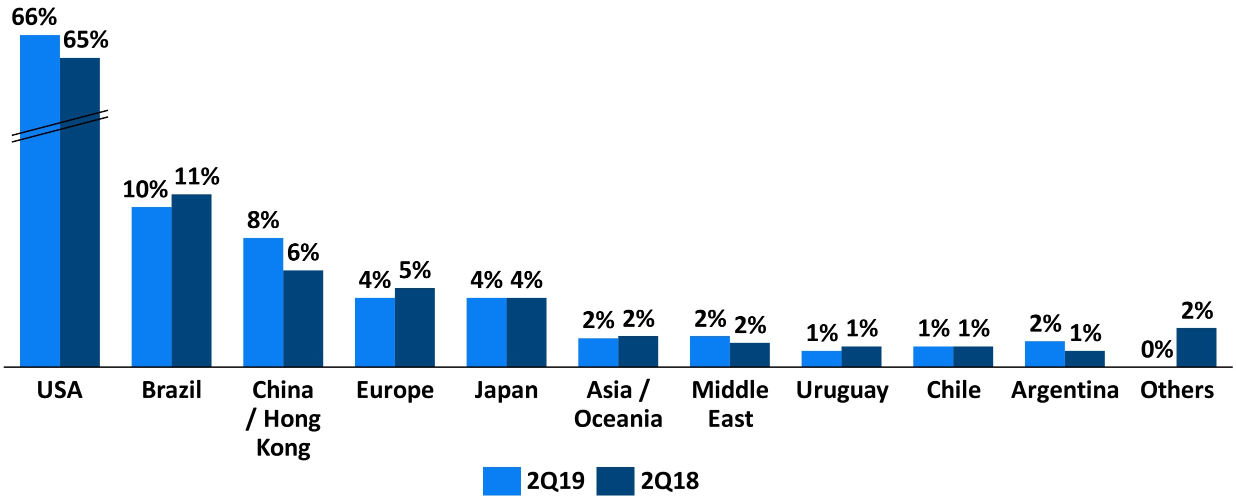
In 2Q19, net revenue denominated in foreign currency continued to account for 90% of total revenue.

Revenue by currency (%)



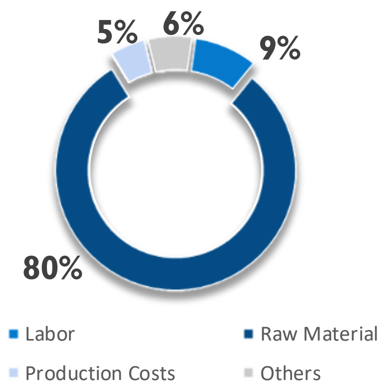
Consumer Markets (% of Consolidated Net Revenue)

Sales were highly concentrated in excellent and promising markets. The United States accounted for 66% of our sales and Brazil for around 10%. China, Japan and Europe came next, accounting for 8%, 4% and 4%, respectively.



COST OF GOODS SOLD ("COGS")

In 2Q19, Marfrig's cost of goods sold was R$10,722 million, up 10.5% from the year-ago period, mainly explained by (i) the higher cattle cost:



In the United States, the USDA KS Steer[3] price reference averaged US$118/cwt[4], up 1.8% from 2Q18.

In Brazil, the ESALQ São Paulo price reference for fed cattle averaged R$153.3/arroba (US$2.61/kg) in 2Q19, up 8.9% from the same period of 2018, reflecting the pressure from exchange variation and higher export demand.

In Uruguay, the INAC price reference increased 6.8% compared to 2Q18, with an average price of US$3.68 (INAC data). The increase is explained by lower cattle stocks in recent years, due to exports of live cattle and growing Chinese demand.

In Argentina, the cattle price reference stood at US$1.43/kg (MAG data – Argentina), down 7.1% compared to the same period of 2018, which maintains Argentina as the country with one of the world's lowest cattle costs.

(ii) by the average Brazilian real depreciation between periods, of 8.7%, which had an impact on the quarter of R$363 million; and (iii) the increase in depreciation and amortization expenses, mainly linked to the recognition of the opening balance sheet of National Beef as of 4Q18.

SELLING, GENERAL & ADMINISTRATIVE EXPENSES

Selling, general & administrative (SG&A) expenses amounted to R$717 million. SG&A expenses as a ratio of net revenue (SG&A/NOR) in the quarter stood at 5.9%, compared to 5.7% in 2Q18.

Selling expenses in the quarter were R$502 million, corresponding to 4.1% of Net Revenue and in line with the same period last year. In nominal terms, the increase is explained mainly by the effects on the translation of amounts from the international units into local currency, due to the higher export volume at the South America Operation.

General and Administrative Expenses reached R$215 million. Excluding the impact of R$62 million from the recognition in the opening balance sheet of National Beef as of 4Q18, G&A expenses were R$153 million, corresponding to 1.25% of net revenue, compared to 1.62% in 2Q18.

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[3] "USDA KS Steer": cattle price reference in the U.S. state of Kansas.

[4] A "hundredweight," or Cwt, is a weight-measuring unit used in certain commodity contracts. In North America, a hundredweight equals 100 pounds.

ADJ. EBITDA

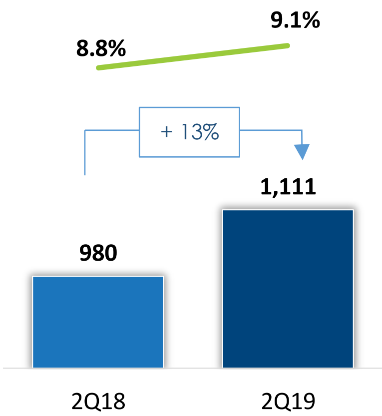
Adj. EBITDA margin was 9.1%, expanding 30 bps from 2Q18.

Marfrig posted Adj. EBITDA of R$1,110.7 million, representing growth of 13.3% compared to 2Q18. EBITDA growth is explained by the effects from the weaker real and the translation of results from the North America Operation, coupled with the continued good economic performance.

in South America, the main factor was the 18.1% growth in net revenue from exports, influenced by the Brazilian real depreciation, the new global scenario for proteins and stronger demand, especially from China. Another highlight was the turnaround of the operation in Argentina.

Adj. EBITDA & Margin

(R$ million)



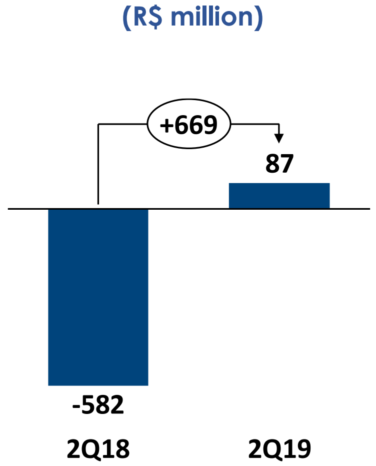
FINANCIAL RESULT

FINANCIAL RESULT	2Q19	1Q19	Chg.	
			R$	%
Net Interest Provisioned	(242)	(224)	(18)	8%
Market Transactions Net Result	0	2	(2)	-88%
Other Financial Revenues and Expenses	(147)	(184)	37	-20%
FINANCIAL RESULT EX-EXCHANGE VAR.	**(389)**	**(406)**	**17**	**-4%**
Exchange Variation	(15)	26	(40)	-157%
NET FINANCIAL RESULT	**(404)**	**(380)**	**(23)**	**6%**

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

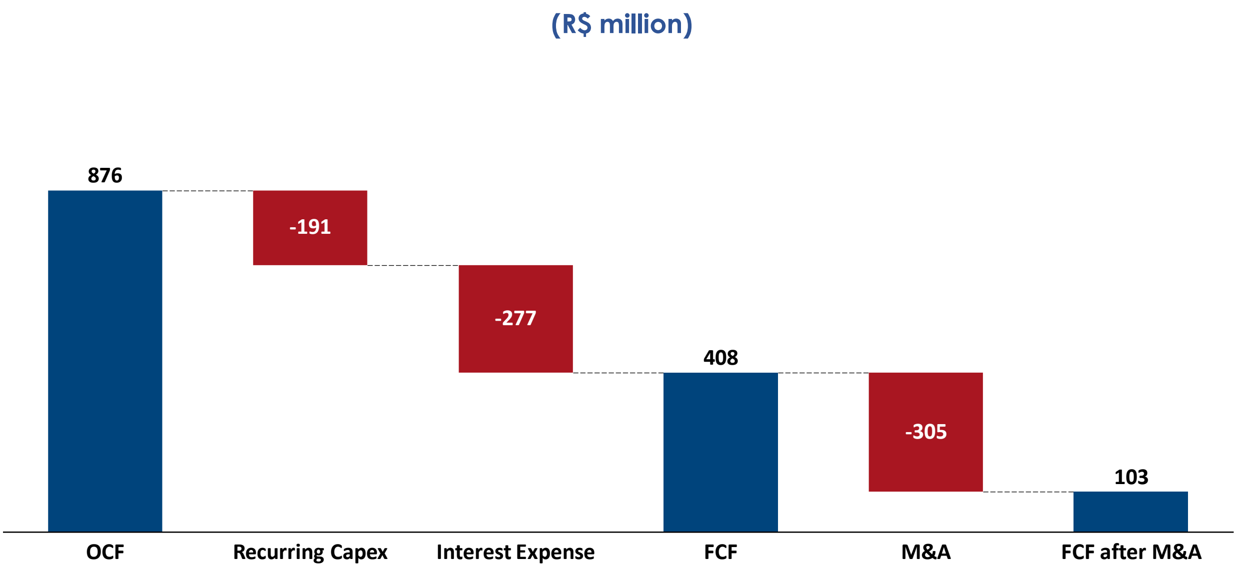
The net financial result in 2Q19 was R$404 million. Excluding exchange variation, the net financial result was R$ 389 million, down 4% from 1Q19, driven by the continued improvements in the management of working capital and liabilities.

NET INCOME (LOSS) (Continuing Operation)



The net financial result was positive for the third consecutive quarter, amounting to R$ 86.5 million in 2Q19, compared to a net loss of R$582 million in 2Q18.

CASH FLOW (Continuing Operation)



Marfrig's operating cash flow (OCF) was positive R$876 million.

In 2Q19, recurring capex amounted to R$191 million.

Interest expenses came to R$277 million, impacted this quarter by the additional cost from the issue carried out in May.

As a result, free operating cash generation was R$407 million, compared to free operating cash burn of R$1,134 million in 1Q19.

This cash generation was used in the distribution of dividends to third parties and in investing activities.

Investing activities in the acquisition of new assets amounted to R$305 million in the quarter, as described in the item below.

In addition, the following payments of dividends to third parties by National Beef were made in the quarter:

- US$22 million related to the results of 1Q19
- US$24 million related to the results of 2Q19
- US$28 million related to the cash surplus of 2018
- US$77 million as special dividends for the acquisition of Iowa Premium

In all, the dividend payments to third parties amounted to US$151 million, or R$589 million.

CAPITAL EXPENDITURE AND INVESTMENTS

Marfrig **invested** R$305 million, of which R$280 million was allocated to the payment of Marfrig's interest in the acquisition of Iowa Premium and R$25 million to payment of the second, and last, installment related to the Várzea Grande primary processing plant.

Recurring capex was R$191 million allocated to projects for maintaining its assets and operational improvements.

DEBT

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 the quarter at roughly 98.7% of total debt), the variations discussed in this section are based on the amounts in U.S. dollar.

At June 30, 2019, the balance of gross debt stood at US$4,319 million and the balance of cash and marketable securities stood at US$ 1,680 million.

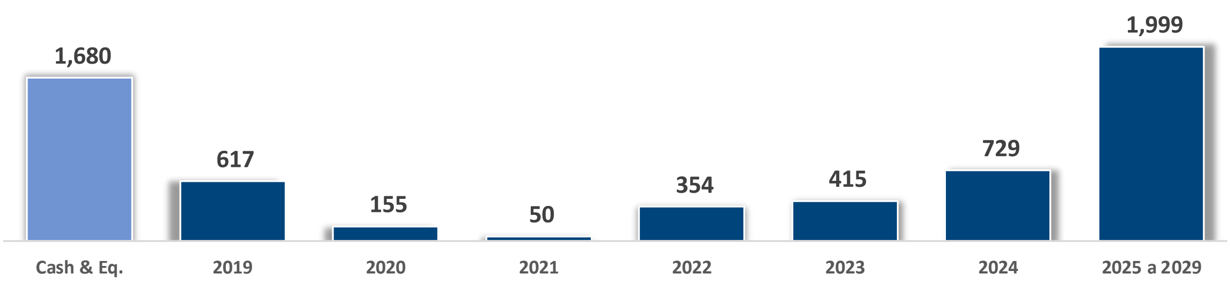
Marfrig's net debt was US$ 2,639 million, up 6% from the previous quarter, which is mainly explained by the payment of dividends to third parties and the investment in the acquisition of Iowa Premium, partially offset by free cash flow.

In Brazilian real, net debt stood at R$10,113 million.

In May, the Company raised US$1 billion with a coupon of 7% p.a. and maturity in 2026 to roll over our 2021 and 2023 bonds with coupons of 11.25% and 8.0% p.a., respectively.

Debt Maturity Schedule

(US$ million)



Average Cost (% p.a.)	Average Term (years)
6.73%	4.49

Financial leverage, calculated by the ratio of net debt to proforma Adj. EBITDA LTM (last 12 months), was 2.65x in Brazilian real, down 0.11x in relation to 1Q19. In U.S. dollar, the leverage ratio was 2.69x.

Net Debt / LTM Adj. EBITDA in BRL	Net Debt / LTM Adj. EBITDA in USD
2.65x	2.69x

Note: The calculation of the leverage ratio for complying with the financial covenants of bank and capital market funding transactions, which establish a limit of 4.75x, includes provisions that allow for excluding exchange-variation effects. Accordingly, the ratio for this purpose ended 2Q19 at 1.04x (for more information, see Note 17.3 to the financial statements).

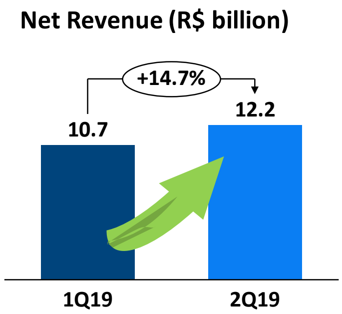
GUIDANCE

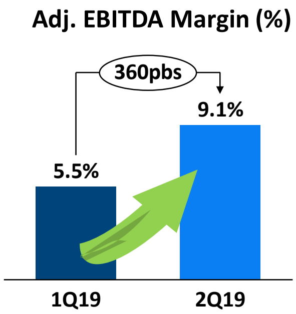
In view of the results of the first six months of 2019 and the positive trend for the next six months, we reaffirm our guidance given in the first quarter:

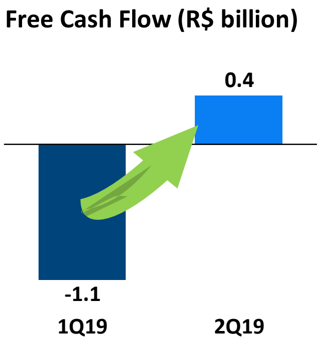
GUIDANCE 2019	Range	
	from	to:
Consolidated Net Revenue	R$ 47 billion	R$ 49 billion
Adj. EBITDA Margin	8.7%	9.5%
Free Cash Flow[1]	R$ 1 billion	R$ 1.5 billion

The guidance is based on an exchange rate of R$3.90/US$1.00.

Actual results:







SUSTAINABILITY

On the sustainability front, which is a strategic pillar of the Company, in June, for the seventh straight year, the independent international consulting firm DNV-GL, which specializes in business and environmental risk assessment, attested to Marfrig's compliance with the Public Commitment on Amazon Cattle Ranching.

The audit assessed the animal purchases made from Jan 1. To Dec. 31, 2018. For the seventh straight year, Marfrig was certified in compliance with the commitment first undertaken in 2009. DNV-GL verified that Marfrig's cattle procurement team, aligned with the Sustainable Cattle Farming team, systematically has knowledge of all instructions of the social and environmental procedures for cattle purchasing and that it maintains across its units a system that automatically identifies and prevents any attempt to purchase cattle from producers that violate the commitment, i.e. (i) that appear on the Ibama list and/or the slave labor list, (ii) that have engaged in new deforestation activities since 2009, and (iii) that encroach on indigenous lands and/or conservation units. Additionally, it was attested that Marfrig conducts geospatial analysis of the properties located in the biome, which allows it to cross information and identify whether the properties operate in deforestation areas, conservation units and/or indigenous lands.

As previously mentioned as a subsequent event, we also issued Sustainable Transition Bonds, whose proceeds will be used to source cattle in the Amazon Biome region from suppliers that strictly comply with certain social and environmental criteria. The US$500 million bonds will have coupon of 6.625% p.a. and be due in 2029.

The Company informs that its Annual Sustainability Report is available on its website at: http://ir.marfrig.com.br/en/financial-information/annual-reports

CLOSING REMARKS

Marfrig's strategy will continue to be guided by the generation of sustainable value, based on five pillars, for which we highlight key achievements:

- **Financial Solidity:**
  - 3rd straight quarter of profitability;
  - Significant improvement in cash flow;
  - Low leverage.
- **Operational Excellence:**
  - Optimization of sales teams across operations;
  - Turnaround of Argentina assets – Quickfood;
  - Restructuring of the Várzea Grande Complex, with expansion in primary processing capacity and higher utilization of the processed foods plant.
- **Products and Clients:**
  - Launch of plant-based burger line;
  - Supply agreement with Burger King.
- **Sustainability:**
  - DNV-GL seal for the seventh straight year without qualifications in audit of cattle purchases;
  - Brazil's first issue of sustainable bonds;
  - Partnership with Embrapa.
- **Corporate Governance:**

- Revision and approval of new corporate governance policies;
- Creation of Sustainability Committee.

Marfrig is optimistic on the outlook for the next six months and will continue to make its best efforts to deliver the targets set for 2019.

UPCOMING EVENTS

Earnings Conference Call

Date: August 15, 2019

Portuguese	English
1 p.m. (Brasília)	**2 p.m. (Brasília)**
Dial in Brazil: + 55 (11) 3181-8565 Or +55(11) 4118-4632	Dial in other countries: + 1 (412) 717-9627 Or + 1 (844) 204-8942
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

Proforma Income Statement

(R$ million)

	2Q19 (a)		2Q18 (b)		(a/b) Chg.	
	R$	%NOR	R$	%NOR	R$	%
Net Revenues	**12,241**	**100.0%**	**11,147**	**100.0%**	**1,094**	**9.8%**
COGS	(10,722)	-87.6%	(9,703)	-87.0%	(1,019)	10.5%
Gross Profit	**1,519**	**12.4%**	**1,445**	**13.0%**	**75**	**5.2%**
SG&A	**(717)**	**-5.9%**	**(636)**	**-5.7%**	**(80)**	**12.6%**
Commercial	(502)	-4.1%	(456)	-4.1%	(46)	10.1%
Administratives	(215)	-1.8%	(181)	-1.6%	(34)	18.9%
Adj. EBITDA	**1,111**	**9.1%**	**980**	**8.8%**	**130**	**13.3%**
Others revenues/expenses	(27)	-0.2%	(645)	-5.8%	619	-95.9%
EBITDA	**1,084**	**8.9%**	**335**	**3.0%**	**749**	**223.5%**
P&L - US$ x BRL	**R$ 3.92**		**R$ 3.61**		**0.31**	**8.7%**
BS - US$ x BRL	**R$ 3.83**		**R$ 3.86**		**-0.02**	**-0.6%**

APPENDIX II

Income Statement and EBITDA Reconciliation | Continuing Operation

(R$ million)

	2Q19 (a)		2Q18 (b)		(a/b) Chg.	
	R$	%NOR	R$	%NOR	R$	%
Net Revenues	**11,719**	**100.0%**	**5,115**	**100.0%**	**6,604**	**129.1%**
COGS	(10,239)	-87.4%	(4,360)	-85.2%	(5,878)	134.8%
Gross Profit	**1,481**	**12.6%**	**755**	**14.8%**	**726**	**96.2%**
SG&A	**(704)**	**-6.0%**	**(393)**	**-7.7%**	**(312)**	**79.4%**
Commercial	(496)	-4.2%	(262)	-5.1%	(235)	89.8%
Administratives	(208)	-1.8%	(131)	-2.6%	(77)	58.7%
Adj. EBITDA	**1,082**	**9.2%**	**461**	**9.0%**	**621**	**134.6%**
Others revenues/expenses	(26)	-0.2%	(646)	-12.6%	620	-96.0%
EBITDA	**1,057**	**9.0%**	**(185)**	**-3.6%**	**1,241**	**-672.7%**
Equity Account	0	0.0%	0	0.0%	0	144.6%
D&A	(306)	-2.6%	(99)	-1.9%	(207)	208.0%
EBIT	**751**	**6.4%**	**(284)**	**-5.5%**	**1,035**	**-364.5%**
Financial Results	**(404)**	**-3.4%**	**(517)**	**-10.1%**	**114**	**-22.0%**
Financial revenues/expenses	**(389)**	**-3.3%**	**(442)**	**-8.7%**	**53**	**-12.1%**
Exchange rate variation	**(15)**	**-0.1%**	**(75)**	**-1.5%**	**60**	**-80.6%**
EBT	**347**	**3.0%**	**(801)**	**-15.7%**	**1,148**	**-143.3%**
Taxes	**53**	**0.5%**	**367**	**7.2%**	**(314)**	**-85.5%**
Continued Operation - Net Profit	**400**	**3.4%**	**(434)**	**-8.5%**	**835**	**-192.2%**
Discontinued Operation - Net Profit	**-**	**0.0%**	**45**	**0.9%**	**(45)**	**-100.0%**
Total Net Profit	**400**	**3.4%**	**(390)**	**-7.6%**	**790**	**-202.7%**
Minority Stake	**(314)**	**-2.7%**	**(148)**	**-2.9%**	**(166)**	**111.9%**
Continued Operation - Net Profit	**87**	**0.7%**	**(582)**	**-11.4%**	**669**	**-114.9%**
Discontinued Operation - Net Profit	**-**	**0.0%**	**45**	**0.9%**	**(45)**	**-100.0%**
Total Net Profit	**87**	**0.7%**	**(538)**	**-10.5%**	**624**	**-116.1%**
P&L - US$ x BRL	**R$ 3.92**		**R$ 3.18**		**-R$ 3.92**	
BS - US$ x BRL	**R$ 3.83**		**R$ 3.31**		**-R$ 3.83**	

RECONCILIATION OF ADJUSTED EBITDA (R$ million)	2Q19	2Q18
Net Profit / Loss	**87**	**(582)**
(+) Provision for income and social contribution	(53)	(367)
(+) Non-controlling Interest	314	148
(+) Net Exchange Variation	15	75
(+) Net Financial Charges	389	442
(+) Depreciation & Amortization	306	99
(+) Equity Income	(0)	(0)
EBITDA	**1,057**	**(185)**
(+) Other Operacional Revenues/Expenses	26	646
Adj. EBITDA	**1,082**	**461**

APPENDIX III

Cash Flow | Continuing Operation

(R$ million)

Continued Free Cash Flow	2Q19	1Q19
Net Income/Loss	87	4
(+/-) Non cash items	758	411
(+/-) Account Receivable	(225)	70
(+/-) Inventories	(39)	(393)
(+/-) Suppliers	193	(175)
(+/-) Others	102	(629)
(=) Operational Cash Flow	876	(712)
(-) Total Capex and Investments	(497)	(441)
(-) Interest expenses	(277)	(247)
Cash Flow Before Third Party Dividends	**103**	**(1,400)**

EXHIBIT IV

Balance Sheet

(R$ '000)

ASSETS	2Q19	4Q18
CURRENT ASSETS		
Cash and Marketable Securities	6,437,813	7,191,706
Trade accounts receivable	1,677,160	1,243,840
Inventories of goods and merchandise	2,381,786	1,822,280
Biological assets	23,606	16,570
Recoverable taxes	1,290,239	1,144,888
Prepaid expenses	50,092	53,833
Notes receivable	25,609	118,307
Advances to suppliers	89,244	58,628
Other receivables	300,437	112,905
	12,275,986	**11,762,957**
NON CURRENT ASSETS		
Court deposits	51,605	47,526
Notes receivable	100	220
Deferred income and social contribution taxes	1,365,845	999,844
Recoverable taxes	1,787,477	1,780,342
Other receivables	143,109	82,567
	3,348,136	**2,910,499**
Investments	43,444	42,545
Property, plant and equipment	6,301,747	5,231,216
Intangible assets	6,660,671	6,557,055
	13,005,862	**11,830,816**
TOTAL ASSETS	**28,629,984**	**26,504,272**

LIABILITIES	2Q19	4Q18
CURRENT LIABILITIES		
Trade accounts payable	2,342,039	2,148,983
Supply chain finance	177,100	182,635
Accrued payroll and related charges	430,409	564,391
Taxes payable	433,733	345,438
Loans and financing	2,899,372	3,665,455
Notes payable	94,649	185,522
Lease payable	113,758	3,209
Advances from customers	1,236,794	1,093,168
Other payables	466,313	457,589
	8,194,167	**8,646,390**
NON CURRENT LIABILITIES		
Loans and financing	13,651,020	11,567,895
Taxes payable	802,161	833,591
Deferred income and social contribution taxes	183,731	118,911
Provisions for contingencies	358,580	301,667
Lease payable	397,876	2,102
Notes payable	265,099	301,945
Advances from customers	383,220	387,480
Other	184,853	332,734
	16,226,540	**13,846,325**
CONTROLLING SHAREHOLDER´S EQUITY		
Share Capital	7,427,677	7,427,677
Capital reserve	47,861	47,614
Profit reserves	51,824	51,824
Other comprehensive income	(3,463,368)	(3,535,777)
Accumulated losses	(3,223,660)	(3,317,874)
Controlling Shareholder's Equity	**840,334**	**673,464**
Non-controlling interest	3,368,943	3,338,093
Total Controlling Shareholder's Equity	**4,209,277**	**4,011,557**
TOTAL LIABILITIES	**28,629,984**	**26,504,272**