Marfrig reports record-high results for 4Q19

***São Paulo, February 19, 2019** – Marfrig Global Foods S.A. – Marfrig (B3 Novo Mercado: MRFG3 and Level 1 ADR: MRRTY) announces today its results for the fourth quarter of 2019 (4Q19). 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, 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 Quickfood, Várzea Grande and Iowa Premium in 4Q18.

Results described as "Continuing Operation" consider 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 June 2019.

HIGHLIGHTS

- **Financial**
  - Consolidated Net Revenue of R$14.2 billion, growing 23.5% compared to 4Q18 to set a new record for the Company;
  - Adjusted EBITDA ("Adj. EBITDA") of R$1.6 billion, with margin of 11.4%, representing increases of 70.5% and 310 bps from 4Q18, also a record high for the Company;
  - Free Cash Flow[1] of R$1.1 billion, which enabled the Company to discontinue R$0.5 billion in working capital transactions;
  - Net Income of R$26.9 million in 4Q19, compared to the net loss of R$1.3 billion in 4Q18.
- **Capital structure**

In November, Marfrig increased its interest in the capital of National Beef to 81.73%.

In December, Marfrig carried out a primary offering of 90.1 million shares, which generated proceeds of over R$900 million. Simultaneously, a secondary offering was carried out for all shares held by BNDES, corresponding to 33% of the total capital.

Also in December, the Company announced its intent to exercise the option for early settlement of the 2023 Senior Notes, with aggregate principal of US$446.1 million and remuneration of 8.0%.

- **Operating Highlights:**

In November, new plant authorizations in Brazil expanded export capacity to China. The South America Operation now has 70% of its installed capacity authorized to serve Chinese demand, as well as other export markets.

Marfrig obtained export authorization for its plants Pontes e Lacerda in Mato Grosso state and São Gabriel in Rio Grande do Sul state. As a result, Marfrig maintains its leadership in South America with the most plants authorized to export beef to China, with a total of 13 plants authorized, with 7 in Brazil, 4 in Uruguay and 2 in Argentina.

1 Cash Flow before settlement of working capital transactions, M&A and payment of dividends to third parties

Plant-based Products:

As part of its line of plant-based products, in December, Marfrig launched its own beef patty brand, the Revolution Burger. Once again, the new product launch was accompanied by an important partnership, this time with Outback Steakhouse, which launched in the Brazilian market an exclusive 100% vegan beef patty created in partnership with the Revolution seal.

SUMMARY

MACROECONOMIC SCENARIO

In the **United States**, the unemployment rate ended December at 3.5% (source: U.S. Bureau of Labor Statistics) and the first preliminary figures from the U.S. government indicate the country's GDP grew at an annual rate of 2.1% in the fourth quarter. The combination of continued good economic performance and consumer spending at around 70% of GDP has made the country the main driver of growth among developed nations. The signing of the first phase of the U.S.-China trade agreement has helped to reduce uncertainty in the scenario, and GDP forecasts for 2020 by specialized banks[2] were revised upwards. U.S. GDP is now expected to grow by 2% (previously 1.8%), and the country should continue to be, together with China, whose GDP is projected to grow by around 6%, a leading driver of the world economy.

In its January report, the IMF noted that economic performance in **Latin America** and the Caribbean was stagnant in 2019, making the region's growth recovery even more challenging in 2020. Even with Brazil's economic recovery, the IMF noted that the region is experiencing social conflicts and greater uncertainty in economic policy. As a result, the region's growth forecast for the year was lowered to 1.6% (compared to 1.8% in the October 2019 forecast).

In the same report, the IMF reviewed its forecast for Brazil's GDP, which should grow 2.2%, which represents an upward revision from the bank's forecast made in October last year (2%), signaling a gradual economic recovery.

INDUSTRY SCENARIO

In the **United States**, the volume of cattle processed in 4Q19 came to 6.5 million head (USDA), up 0.3% from the same period of 2018. The slight increase reflects the industry's good moment, with strong demand for beef protein, a high supply of cattle and no significant capacity expansions in the industry.

In **Brazil**, the Ministry of Agriculture reported that the 4Q19 primary processing volume of 5.8 million head was 6% lower than in the same period in 2018, with the demand generated by the higher export volume insufficient to offset the 29% increase in cattle cost (base CEPEA – São Paulo), resulting in lower industry productivity.

In **Uruguay**, data from Inac showed a decline of 10.5% (527,000 head in 4Q19 vs. 588,000 in 4Q18) in total primary processing compared to 4Q18. The country, which had been

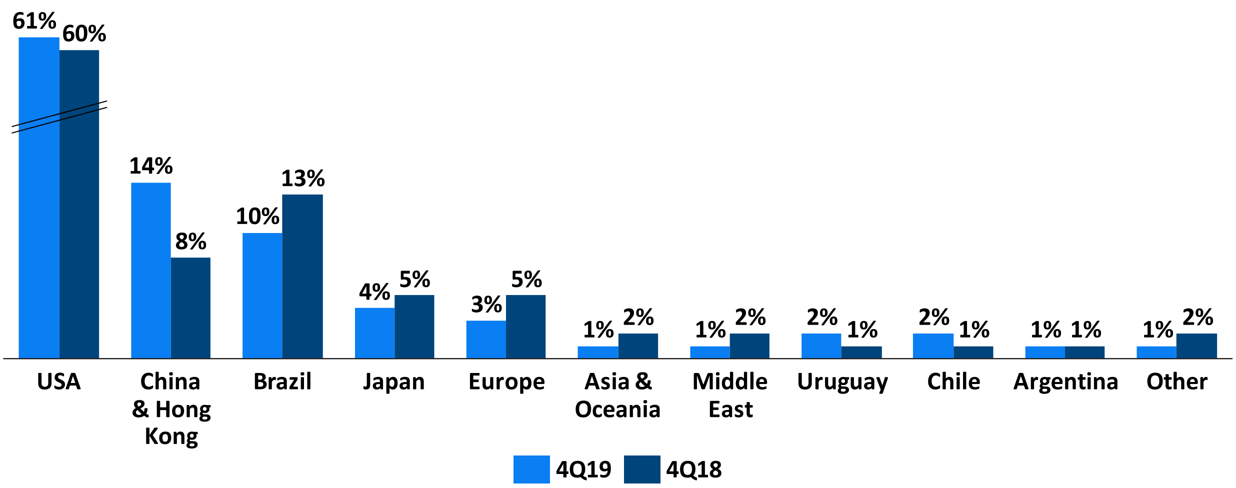
[2] Itaú BBA, Credit Suisse, JP Morgan and BTG

suffering from a low supply of fed cattle due to exports of live animals in previous years, observed a reversal of this trend in 2019, with 130,000 animals exported, down from around 400,000 in 2018. Other factors also point to a gradual recovery in the cattle supply scenario, with a higher weaning rate and an increase in the industry's capacity utilization rate.

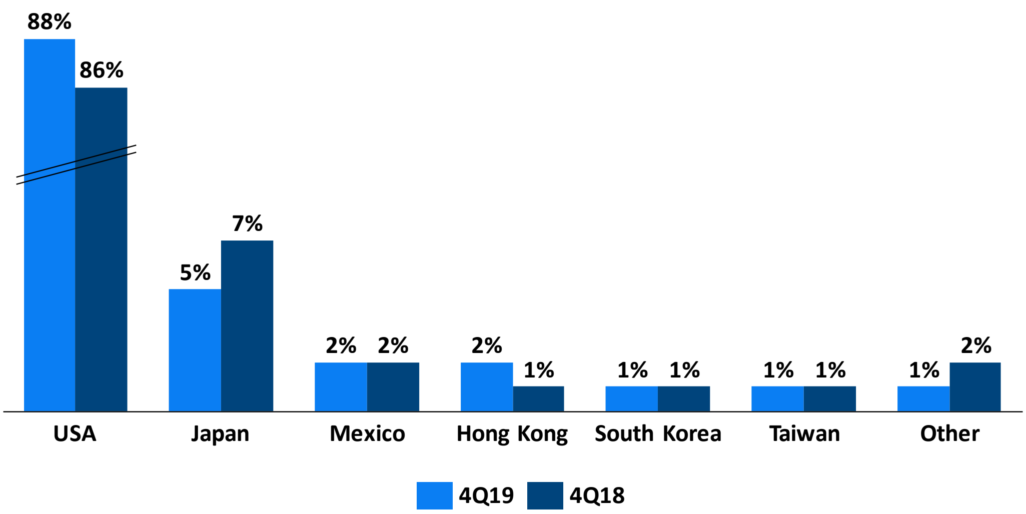
In **Argentina**, according to Instituto de Promoción de la Carne Vacuna Argentina, the number of cattle processed was 9.2% higher than in 4Q18, representing the industry's best result since 2009. This growth was driven by China's strong demand for beef, which has supported higher capacity utilization rates and even the reopening of primary processing plants in the region.

MARFRIG SCENARIO

Marfrig has a sales mix distributed among the world's main consumer markets. In 4Q19, the United States accounted for 61% of our consolidated sales, while sales to China reached 14% and sales in Brazil's domestic market fell to 10%.



The **North America Operation** concentrates it sales in the domestic market, and its largest market outside the continent is sales of chilled beef sales to Japan, where the Company is the market leader.



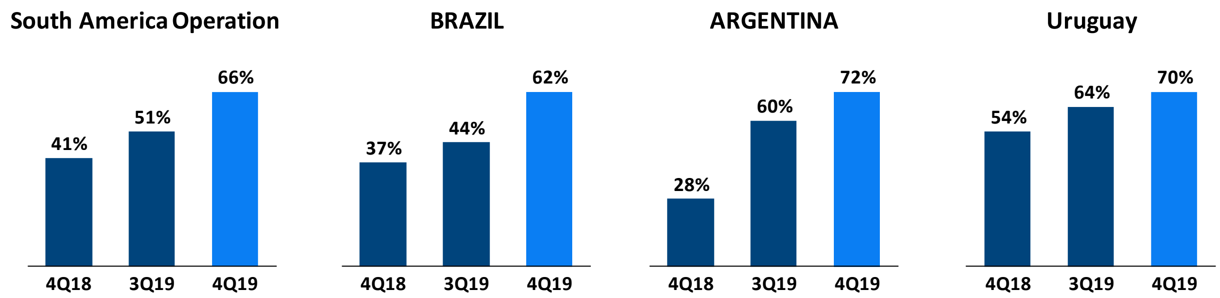
In the **South America Operation:**

The highlight was the authorizations of the plants Tangará da Serra, Várzea Grande (in September) and Pontes e Lacerda, all in the state of Mato Grosso, and of the São Gabriel plant in Rio Grande do Sul state.

The four new authorizations **expanded by about 80%** the primary processing capacity in South America certified to export to China.

There are now **13 plants authorized** for exports, with 7 in Brazil, 4 in Uruguay and 2 in Argentina, representing 70% of the region's installed capacity and placing **Marfrig in a privileged and leadership position to supply China's growing demand.**

In 4Q19, approximately 66% of the total export revenue of the South American Operation was from shipments to China and Hong Kong. For comparison purposes, this figure stood at 51% in 3Q19 and 41% in 4Q18.



To reinforce our logistics base, which allows us access to key consumer markets, in December we inaugurated in Chile a new distribution center. The DC has modern facilities for chilled and frozen products, which allows us to further optimize our sales team.

In its **plant-based line**, the Company launched its **own beef patty brand, the Revolution Burger**. The brand will be sold at retailers and in food service chains. Exports of the Revolution Burger to the Chinese market should begin in 2020.

Also in 2020, other products will be launched, such as kibbeh, meatballs and ground beef.

The launch of the Revolution Burger is yet another step in Marfrig's strategy to **expand its portfolio of innovative products** and to offer consumers options adapted to their shopping, eating and convenience habits. In August, the company innovated by taking to market Brazil's first mass-produced plant-based burger, which is made from plants, but has a meaty taste.

Regarding the **capital structure**, we took two important steps in the quarter:

In November, the **acquisition of 31.17% of the capital of National Beef** was concluded, previously held by Jefferies Financial Group Inc., the shareholders NBM US Holdings, Inc., ("NBM" – Marfrig's wholly owned subsidiary), BPI (NBPCo Holdings, LLC) and Tim Klein (TMK Holdings, LLC), for a total of US$860 million. Of this total, Marfrig paid approximately

US$849 million for an interest of 30.73%. **Marfrig now holds 81.73% of National Beef's total capital, while USPB holds 15.07% and BPI and TMK hold 3.20%.**

In December, the Company carried out a **primary offering** that raised proceeds of **R$900.1 million**. Simultaneously, BNDES carried out a secondary offering for its 209,648,427 shares, corresponding to the bank's total interest. After these transactions, Marfrig shares freely traded in the market (free-float) now correspond to 60% of its outstanding stock, an increase of over 150%.

In terms of **operating performance**, **Marfrig delivered record-high consolidated results in 4Q19**, reinforcing our positive outlook for the year and **meeting our guidance** for 2019.

Consolidated net revenue was R$14.2 billion, advancing 23.5% on 4Q18 and setting a new record for the Company.

Gross income grew 59.4% on the same period last year, to R$2.1 billion, with gross margin of 14.6%, up 329 bps from 4Q18.

Consolidated Adj. EBITDA also set a new record, of R$1.6 billion, advancing 70.5% on the same quarter last year, with Adj. EBITDA margin of 11.4%.

MARFRIG

PRODUCTION

Marfrig's strategy to create value is based on three core businesses: beef processing, further processing and plant-based products.

Beef processing: with total primary processing capacity of approximately 32,000 head/day, the company has been expanding its footprint in the North American market and reinforced its exports to key geographies. Its beef protein production base is located as follows:

COUNTRY	Beef Primary Processing Units	slaughtering capacity (heads/day)
NORTH AMERICA OPERATION	**3**	**13,100**
USA	3	13,100
SOUTH AMERICA OPERATION	**18**	**18,100**
Brazil	12	13,200
Uruguay	4	3,700
Argentina	2	1,200
TOTAL	**21**	**31,200**

In December, the Company opted to shut down its units located in Nova Xavantina, Mato Grosso state, and Pirenópolis, Goiás state. These plants had primary processing capacity of 900 and 700 head/day, respectively. The shutdowns are aligned with Marfrig's portfolio management and asset optimization strategy.

Further Processing: also distributed across the Americas, the further processing business is responsible for producing and developing products such as beef patties, canned beef, meat with sauces, cold cuts, hot dogs and other products.

COUNTRY	Processing Unit	Beef Patty Production Capacity (ton/year)	Other Processed Products Production Capacity (ton/year)	Total Processed Production Capacity (ton/year)
NORTH AMERICA OPERATION	**5**	**106,000**	**104,000**	**210,000**
USA	5	106,000	104,000	210,000
SOUTH AMERICA OPERATION	**7**	**126,000**	**105,000**	**231,000**
Brazil	3	69,000	66,000	135,000
Uruguay	1	18,000	6,000	24,000
Argentina	3	39,000	33,000	72,000
TOTAL	**12**	**232,000**	**209,000**	**441,000**

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.

Plant-based products: The production of plant-based products is currently concentrated in Brazil at the Várzea Grande plant. Marfrig is the country's first to produce these products on a commercial scale for the food service industry.

OPERATIONS:

NORTH AMERICA OPERATION

The **fourth-largest beef processor** and **one of the industry's most efficient companies** in the United States, the Operation has three primary processing plants with **capacity of 13,100 head/day**, which corresponds to over 3.7 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.

NORTH AMERICA OPERATION	4Q19	4Q18	Chg.	
Tons (thousand)			**Tons**	**%**
Total Volume	502	489	13	2.6%
Domestic	423	414	9	2.1%
Exports	79	75	4	5.4%
US $ Million			**US$**	**%**
Net Revenue	2,339	2,123	216	10.2%
Domestic	2,055	1,837	218	11.9%
Exports	284	286	(2)	-0.6%
COGS	(1,997)	(1,872)	(125)	6.7%
Gross profit	343	251	91	36.5%
Gross Margin (%)	14.6%	11.8%	-	280 bps
Adj. EBITDA	290	218	72	32.8%
Adj. EBITDA Margin (%)	12.4%	10.3%	-	210 bps

SALES REVENUE & VOLUME

Net revenue from the North American Operation was US$2,339 billion in 4Q19, growing 10.2% on 4Q18. This revenue growth is explained by (i) the increase in the average price practiced in the domestic market given the solid and continued growth in demand for beef protein in the United States; and (ii) the higher volume of case ready sales and Kansas City Steak online sales. In Brazilian real, net revenue was R$9,637 million.

GROSS INCOME & GROSS MARGIN

Gross income from the North America Operation in the quarter was US$343 million, increasing 36.5% from the same period of 2018 (US$251 million). The cutout ratio (average beef price divided by average cattle cost) stood at 1.96 in 4Q19, compared to 1.82 in 4Q18, with the significant improvement explained by the higher prices, as described above, and by the lower cattle purchase cost given the higher cattle supply and stable production capacity.

Gross margin in the quarter was 14.6%, up from 11.8% in 4Q18.

In Brazilian real, gross income was R$1.412 million.

Adj. EBITDA & MARGIN

In 4Q19, Adj. EBITDA from the North American Operation was US$290 million, with EBITDA Margin of 12.4%. In Brazilian real, Adj. EBITDA was R$1,196 million.

SOUTH AMERICA OPERATION

One of the region's leading beef patty producers, with primary processing capacity of approximately 19,000 head/day, Marfrig is recognized for the quality of its products in both local and international markets. Marfrig is one of the region's main exporters and has the **largest number (13) of plants in South America authorized to export to China**. In Brazil, Marfrig is the second largest beef processor, **with primary processing capacity of 13,200 head/day and the annual production capacity of 69,000 tons of beef patties**. With brands renowned for their quality, such as **Bassi and Montana**, the Company focuses on the retail and foodservice channels in the domestic market, with its clients including top restaurants and steakhouses. **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 sausages** and owns two of the region's most valuable and recognized brands (Paty and Vienissima!). **In Chile,** Marfrig is the **country's leading beef importer** and has a lamb primary processing plant in the Patagonia region, which supplies the largest consumer markets abroad.

On November 12, the Ministry of Agriculture, Livestock and Supply ("MAPA") notified the Company of new authorizations for its plants to export beef to the People's Republic of China.

Marfrig had two more plants authorized: Pontes e Lacerda, in Mato Grosso state, and São Gabriel, in Rio Grande do Sul state. As a result, Marfrig maintains its leadership as the South American company with the most plants authorized to export beef to China, with a total of 13 plants, with 7 in Brazil, 4 in Uruguay and 2 in Argentina.

In 4Q19, approximately 66% of the total export revenue of the South American Operation came from shipments to China and Hong Kong. For comparison purposes, this figure stood at 51% in 3Q19 and 41% in 4Q18.

SOUTH AMERICA OPERATION	4Q19	4Q18	Chg.	
Tons (thousand)			Tons	%
Total Volume	378	364	14	4.0%
Domestic	246	255	(9)	-3.6%
Exports	132	108	24	21.8%
R$ million			R$	%
Net Revenue	4,581	3,410	1,171	34.3%
Domestic	1,855	1,766	88	5.0%
Exports	2,726	1,643	1,083	65.9%
COGS	(3,916)	(3,062)	(853)	27.9%
Gross profit	665	347	318	91.5%
Gross Margin (%)	14.5%	10.2%	-	430 bps
Adj. EBITDA	458	132	326	246.3%
Adj. EBITDA Margin (%)	10.0%	3.9%	-	610 bps

SALES REVENUE & VOLUME

Net revenue from the South American Operation came to R$4,581 billion in 4Q19, up 34.3% from 4Q18, mainly explained by: (i) the 36.2% higher average export price; (iii) the 21.8% higher export sales volume; (iii) the 8.9% higher average price in the domestic market; and (iv) the 8.1% depreciation in the Brazilian real against the U.S. dollar (R$4.12 in 4Q19 vs. R$3.81 in 4Q18).

GROSS INCOME & GROSS MARGIN

In 4Q19, gross income from the South America Operation was R$665 million, up 91.5% from 4Q18. The excellent performance is explained by: (i) the higher export prices and volumes; (ii) the better prices in the domestic market supported by stronger demand stemming from an additional measure by the Brazilian government to allow withdrawals from inactive FGTS accounts (worker severance fund), resulting in extra purchasing power and consequently stronger demand for beef protein during the holiday season; and (iii) mainly by the efficiency gains and cost reductions, as detailed below:

- Optimizing the production footprint by shutting down two plants in the quarter (Pirenópolis in Goiás and Nova Xamantina in Mato Grosso), and increasing and transferring production to units with higher industrial potential, such as Várzea Grande, Bataguassú, Mineiros and Promissão. The shuttering of units is aligned with the strategy of effectively assessing and managing assets, optimizing costs and increasing profitability.
- Industrial improvements focused on raw material utilization and yield, improving food quality and safety controls and lowering utility costs (water, energy, steam, firewood and pallets).
- The acquisition of raw materials with reassessment of the bonus paid when purchasing special animals for primary processing and reassessing and renegotiating commercial agreements.

Note that the measures described above are structural and their gains, under the strict discipline of the target program set for each year, are perpetuated regardless of conditions external to the business.

Adj. EBITDA & MARGIN

In 4Q19, Adj. EBITDA from the South American Operation was R$458 million, with EBITDA Margin of 10.0%.

CONSOLIDATED RESULTS

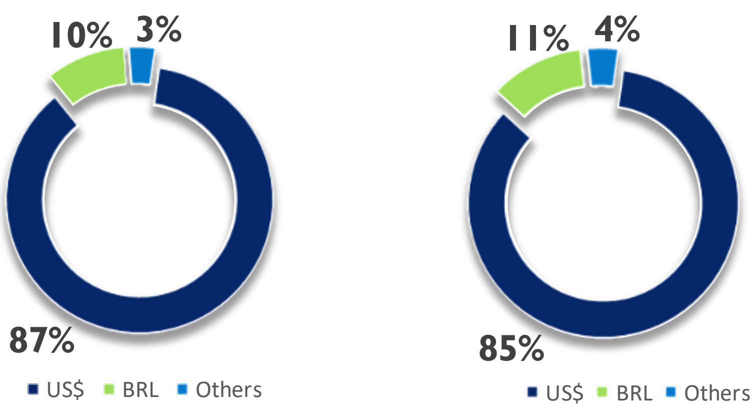
CONSOLIDATED RESULTS	4Q19	4Q18	Chg.	
Tons (thousand)			tons	%
Total Volume	880	853	27	3.2%
Domestic	669	670	(1)	-0.1%
Exports	211	183	28	15.1%
R$ Million			R$	%
Net Revenue	14,218	11,512	2,706	23.5%
Domestic	10,322	8,778	1,544	17.6%
Exports	3,896	2,734	1,162	42.5%
COGS	(12,142)	(10,210)	(1,932)	18.9%
Gross profit	2,076	1,302	774	59.4%
Gross Margin (%)	14.6%	11.3%		329 bps
SG&A	(766)	(678)	(88)	12.9%
(+) Depreciation & Amortization	(308)	(325)	17	-5.3%
Adj. EBITDA	1,618	949	669	70.5%
Adj. EBITDA Margin (%)	11.4%	8.2%	-	310 bps

CONSOLIDATED NET REVENUE

In 4Q19, Marfrig's consolidated net revenue was R$14,218 million, advancing 23.5% from 4Q18. This revenue growth is explained by the better performance of the South American Operation, which posted a 34.3% increase on higher export volume (mainly to China) vis-à-vis the domestic market, and by the solid and better performance of the North American Operation, which posted revenue growth in U.S. dollar of 10.2% (18.9% in Brazilian real).

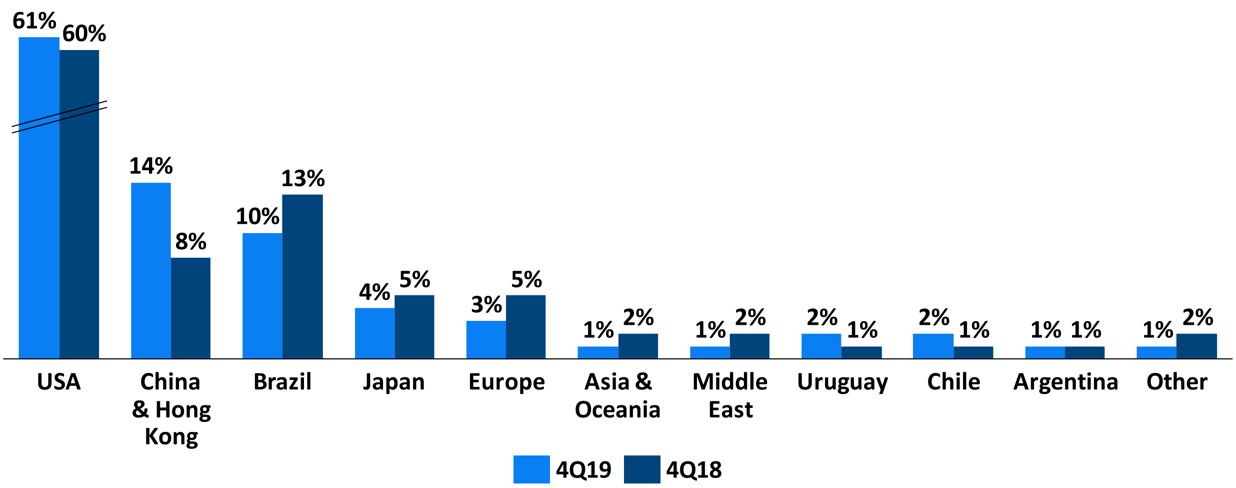
In 4Q19, net revenue denominated in foreign currency represented 90% of total revenue.

Revenue by Currency (%)

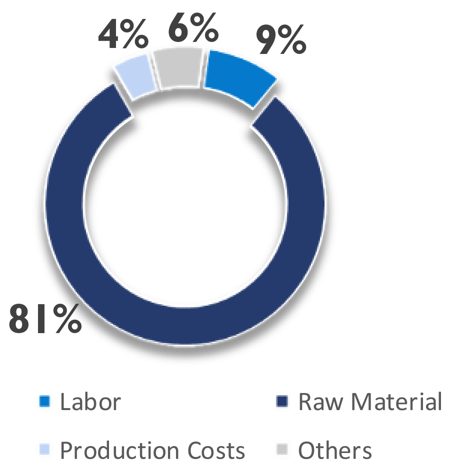


Consumer Markets (% of Consolidated Net Revenue)

Marfrig has a sales mix distributed among the world's main consumer markets. In 4Q19, the United States accounted for 61% of our consolidated sales, while sales to China reached 14% and sales in Brazil's domestic market fell to 10%.



COST OF GOODS SOLD ("COGS")



Marfrig's cost of goods sold in 4Q19 was R$12,142 million, up 18.9% from the same period last year, explained by the higher sales volume in both operations and by higher cattle cost, mainly in Brazil and Uruguay.

In the United States, the USDA KS Steer[3] price reference averaged US$114/cwt[4], down 1.1% from 4Q18, explained by the higher cattle supply in the period.

In Brazil, the ESALQ São Paulo price reference for fed cattle averaged R$192.1/arroba (US$3.11/kg) in 4Q19, up 29.4% from the average price in 4Q18. The increase is explained by stronger demand for cattle for export and by the local-currency depreciation in the period.

In Uruguay, the average cattle price stood at US$4.25/kg, up 26% from the same quarter of 2018. Price behavior was similar to that in Brazil, and the increase is explained by the growing demand from the export market, mainly China, and by the lower supply of fed cattle. According to Inac data, primary processing in 4Q19 was 10.5% lower than in 4Q18 and, despite this scenario, Marfrig captured market share to post growth in primary processing of 20% compared to 4Q18.

In Argentina, the cattle price reference stood at US$2.55/kg (MAG – Argentina), up 6.0% from 4Q18. Despite the increase, the country continues to have one of the world's lowest cattle costs in U.S. dollar.

SELLING, GENERAL & ADMINISTRATIVE EXPENSES

Selling, general & administrative (SG&A) expenses amounted to R$766 million. SG&A expenses as a ratio of net revenue (SG&A/NOR) stood at 5.4%, compared to 5.9% in 4Q18.

Selling expenses were R$557 million, or 3.9% of net revenue, down 60 bps from 4Q18. Despite the higher sales volume, the Company was able to reduce its expenses, especially freight expenses, particularly in the South America Operation, given the measures to optimize logistics and the higher concentration of sales to China.

General and Administrative expenses stood at R$208 million, or 1.5% of net revenue, in line with the same period last year.

[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 and Margin

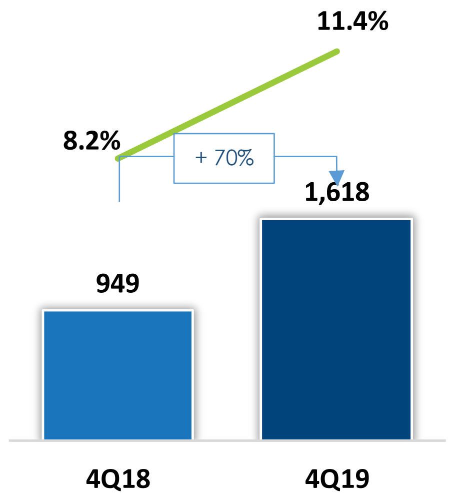
Adj. EBITDA margin was 11.4%, expanding 310 bps from 4Q18.

Adj. EBITDA came to R$1,618.2 million, setting a new record for the Company and growing by 70.5% compared to 4Q18.

The excellent performance is explained by: (i) the better spreads in the North American Operation, mainly due to higher average prices practiced in the domestic market given the solid and continued growth in beef protein demand in the United States; (ii) the increase in average price and growth in export volume, mainly to China; (iii) mainly the operating efficiency gains and cost reductions achieved in the South America Operation; and (iv) the higher local currency depreciation in the South America Operation.

Adj. EBITDA and Margin

(R$ million)



FINANCIAL RESULT

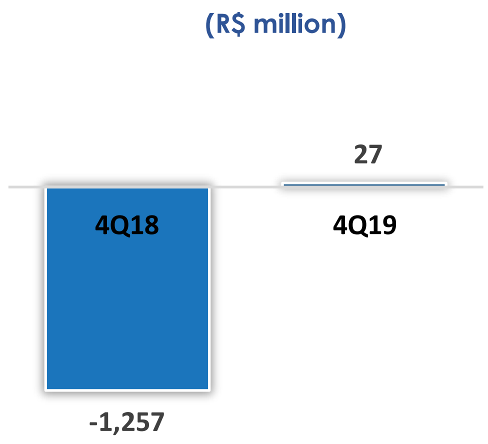
FINANCIAL RESULT	4Q19	3Q19	Chg.	
			R$	%
Net Interest Provisioned	(283)	(254)	(30)	11%
Other Financial Revenues and Expenses	(159)	(170)	11	-6%
FINANCIAL RESULT EX-EXCHANGE VAR.	**(442)**	**(424)**	**(19)**	**4%**
Exchange Variation	(167)	(242)	75	-31%
NET FINANCIAL RESULT	**(609)**	**(666)**	**56**	**-9%**

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 4Q19 was an expense of R$609 million. Excluding the effects from exchange variation on debt, the financial result was R$442 million, up 4% from 3Q19.

The higher interest expenses are explained by the higher costs with interest pegged to foreign currencies and by the higher expenses with securing a bridge loan to acquire the additional interest in the capital of National Beef. This increase was partially offset by the reduction in other financial expenses of the Company related to the settlement of working capital transactions, such as the discontinuation of prepaid accounts from clients in the South American Operation.

NET INCOME (Continuing Operations)



Net income in the quarter was R$27 million, compared to the net loss of R$1.3 billion in 4Q18.

The quarter included a non-cash effect from the write-off of the assets of the Nova Xavantina plant, of approximately R$98 million, whose operations were shut down as part of the operational efficiency and asset management program.

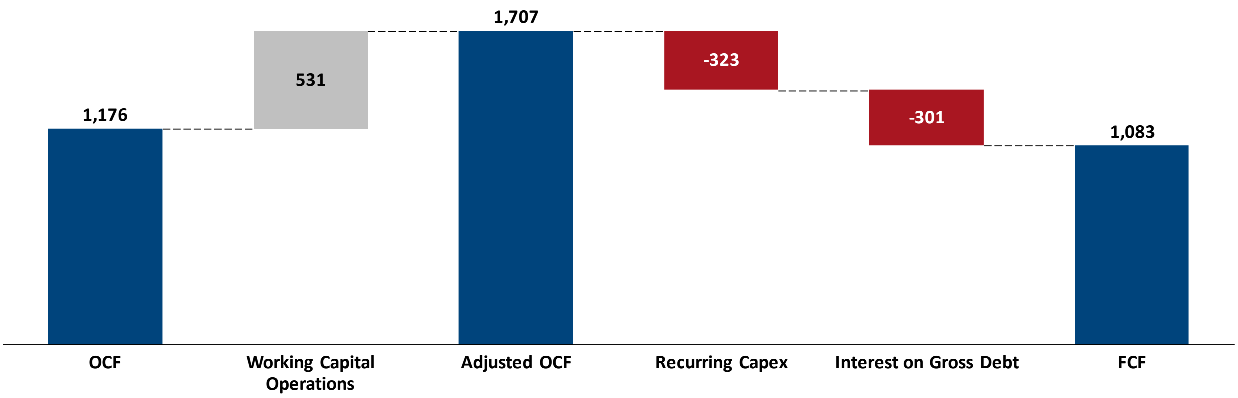
Note that the Company's posted profits in all quarters of 2019, bringing net income in the whole of the year to R$218 million.

CAPEX & INVESTMENTS

Recurring capex amounted to R$323 million in 4Q19, of which 72% was allocated to maintenance and improvements. Note that in the quarter, because of favorable weather conditions, the North American Operation accelerated its investments in projects such as the water treatment and reuse plant at the unit in Liberal, Kansas. We also took the opportunity to adjust capacity at Várzea Grande, in line with the strategy to reassess our footprint to expand capacity while closing certain units.

CASH FLOW

(R$ million)



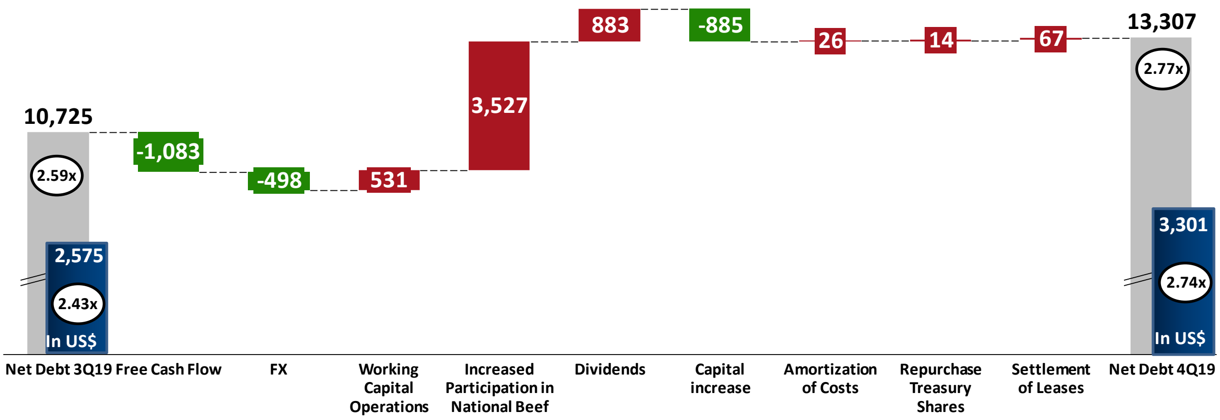
Operating cash flow was R$1.1 billion. This quarter, we used the excellent result as an opportunity to start the process of discontinuing working capital transactions, which generate a financial cost. As such, we reversed sales of receivables operations in Argentina, Uruguay and Brazil in the total amount of R$531 million. This enabled us to register a decline in the Company's financial expenses, as mentioned above.

In 4Q19, funds allocated to recurring capex amounted to R$323 million while interest expenses amounted to R$301 million.

As such, free cash flow generation before the settlement of working capital transactions stood at R$1,083 million.

NET DEBT

(R$ million)



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 96.0% of total debt), the variations discussed in this section are based on the amounts in U.S. dollar.

At December 31, 2019, net debt was US$3,301 million (R$13.4 billion), comprising gross debt of US$5,518 million and cash and marketable securities of US$2,087 million.

Net debt was 28% higher than in the prior quarter, explained by: (i) the acquisition of an additional interest in National Beef for US$849 million, or R$3,527 million; (ii) the payment of dividends of US$212 million (R$883 million), with approximately 52% related to the payment of the remaining dividends to which Jefferies was still entitled, 15% related to the quarter's recurring dividends and the remainder related to the anticipation of discretionary dividends (excess cash that would be distributed in 2020); and (iii) which were partially offset by the capital increase operation and the cash generation in the period.

In Brazilian real, net debt stood at R$13,307 million.

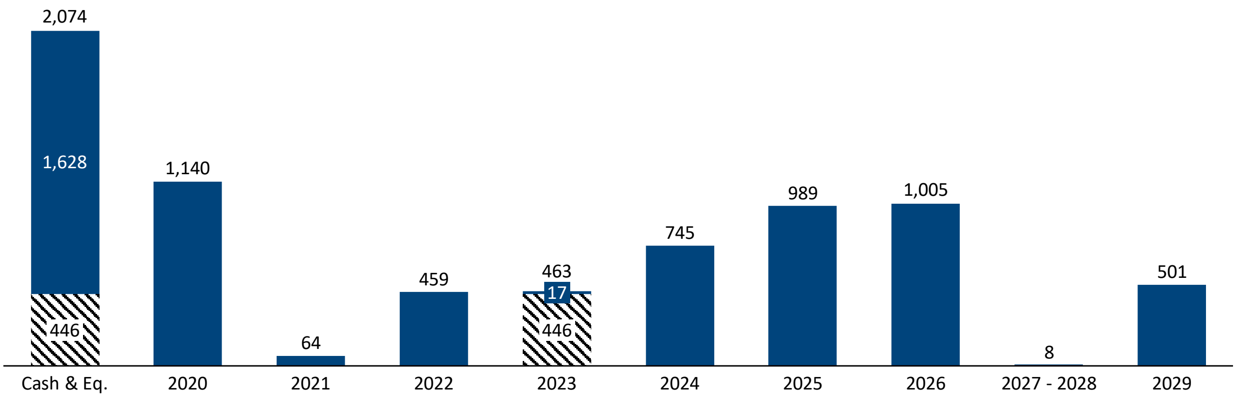
Financial leverage, calculated by the ratio of net debt (last 12 months) to proforma Adj. EBITDA LTM (last 12 months), was 2.74x in U.S. dollar, increasing 0.31x from 3Q19. In Brazilian real, the leverage ratio was 2.77x.

Net Debt / LTM Adj. EBITDA in USD	Net Debt / LTM Adj. EBITDA in BRL	Avg. Cost (% p.a.)	Avg. Term (years)
2.74x	2.77x	6.26%	4.42

Note: the calculation of the leverage ratio for the purpose of 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 4Q19 at 2.36x (for more information, see Note 17.3 to the financial statements).

Debt Maturity Schedule

(US$ million)



In December, the Company announced the early settlement, using own funds, of the senior notes with remuneration of 8.00% per year and maturity in 2023, issued on June 8, 2016 by Marfrig Holdings (Europe) B.V., with aggregate principal of US$446 million ("Senior Notes 2023"). The settlement was held on January 17. The 2023 Senior Notes were the Company's liabilities with the highest cost, and their early settlement is aligned with the strategy to reduce financial cost and improve capital allocation and with the commitment to financial discipline.

GUIDANCE - Management*

Due to the public tender offer for shares and according to the material fact disclosed on December 6, 2019, the Company's Board of Directors decided to suspend reporting on the guidance previously given, due to the need to align its guidance disclosure policy with the procedures adopted by its independent auditors and other consultants in the context of the public tender offers for the distribution of securities issued by the Company in Brazil and abroad.

In terms of operating performance, Marfrig delivered record-high consolidated results in 4Q19, reinforcing our positive outlook for the year and meeting our guidance given for 2019.

GUIDANCE 2019	Range			
	from	to	Actual	
Consolidated Net Revenue	R$ 47 billion	R$ 49 billion	R$ 49.9 billion	Surpasse
Adj. EBITDA Margin	8.7%	9.5%	9.6%	Surpasse
Free Cash Flow[1]	R$ 1 billion	R$ 1.5 billion	R$ 1.3 billion [2]	Achieved

1 - Before payment of M&A and dividends to third parties.
2- Before settlement of R$531 million of working capital transactions held in 4Q19, after confirming the guidance had been achieved.

UPCOMING EVENTS

Earnings Conference Call

Date: February 20, 2020

Portuguese	**English**
2 p.m. (Brasília)	**3 p.m. (Brasília)**
Dial in Brazil: + 55 (11) 3181-8565 Or +55(11) 4210-1803	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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This material includes forward-looking statements. Such statements do not constitute historical fact and reflect the beliefs and expectations of the Corporation's management. The words "anticipate," "hope," "expect," "estimate," "intend," "project," "plan," "predict," "aim" and other similar expressions are used to identify such statements.

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APPENDIX LIST

APPENDIX I

Proforma Income Statement

(R$ million)

	4Q19 (a)		4Q18 (b)		(a/b) Chg.	
	R$	%NOR	R$	%NOR	R$	%
Net Revenues	**14,218**	**100.0%**	**11,512**	**100.0%**	**2,706**	**23.5%**
COGS	(12,142)	-85.4%	(10,210)	-88.7%	(1,932)	18.9%
Gross Profit	**2,076**	**14.6%**	**1,302**	**11.3%**	**774**	**59.4%**
SG&A	**(766)**	**-5.4%**	**(678)**	**-5.9%**	**(88)**	**12.9%**
Commercial	(557)	-3.9%	(521)	-4.5%	(37)	7.1%
Administratives	(208)	-1.5%	(157)	-1.4%	(51)	32.3%
Adj. EBITDA	**1,618**	**11.4%**	**949**	**8.2%**	**669**	**70.5%**
Others revenues/expenses	(184)	-1.3%	(827)	-7.2%	643	-77.8%
EBITDA	**1,434**	**10.1%**	**122**	**1.1%**	**1,312**	**1076.0%**
P&L - US$ x BRL	**R$ 4.12**		**R$ 3.81**		**0.31**	**8.1%**
BS - US$ x BRL	**R$ 4.03**		**R$ 3.87**		**0.16**	**4.0%**

APPENDIX II

Income Statement and EBITDA Reconciliation | Continuing Operation

(R$ million)

	4Q19 (a)		4Q18 (b)		(a/b) Chg.	
	R$	%NOR	R$	%NOR	R$	%
Net Revenues	**14,218**	**100.0%**	**10,448**	**100.0%**	**3,770**	**36.1%**
COGS	(12,142)	-85.4%	(9,249)	-88.5%	(2,893)	31.3%
Gross Profit	**2,076**	**14.6%**	**1,199**	**11.5%**	**877**	**73.2%**
SG&A	**(766)**	**-5.4%**	**(641)**	**-6.1%**	**(125)**	**19.4%**
Commercial	(557)	-3.9%	(505)	-4.8%	(52)	10.3%
Administratives	(208)	-1.5%	(136)	-1.3%	(72)	53.2%
Adj. EBITDA	**1,618**	**11.4%**	**877**	**8.4%**	**741**	**84.5%**
Others revenues/expenses	(184)	-1.3%	(826)	-7.9%	642	-77.7%
EBITDA	**1,434**	**10.1%**	**51**	**0.5%**	**1,383**	**2694.8%**
Equity Account	0	0.0%	0	0.0%	0	-
D&A	(308)	-2.2%	(320)	-3.1%	12	-3.6%
EBIT	**1,126**	**7.9%**	**(268)**	**-2.6%**	**1,395**	**-519.7%**
Financial Results	**(610)**	**-4.3%**	**(607)**	**-5.8%**	**(4)**	**0.6%**
Financial revenues/expenses	**(443)**	**-3.1%**	**(492)**	**-4.7%**	**49**	**-9.9%**
Exchange rate variation	**(167)**	**-1.2%**	**(115)**	**-1.1%**	**(52)**	**45.5%**
EBT	**516**	**3.6%**	**(875)**	**-8.4%**	**1,391**	**-159.0%**
Taxes	**(117)**	**-0.8%**	**(187)**	**-1.8%**	**70**	**-37.4%**
Continued Operation - Net Profit	**399**	**2.8%**	**(1,062)**	**-10.2%**	**1,461**	**-137.6%**
Discontinued Operation - Net Profit	**-**	**0.0%**	**3,473**	**33.2%**	**(3,473)**	**-100.0%**
Total Net Profit	**399**	**2.8%**	**2,411**	**23.1%**	**(2,012)**	**-83.5%**
Minority Stake	**(372)**	**-2.6%**	**(195)**	**-1.9%**	**(177)**	**90.7%**
Continued Operation - Net Profit	**27**	**0.2%**	**(1,257)**	**-12.0%**	**1,284**	**-102.1%**
Discontinued Operation - Net Profit	**-**	**0.0%**	**3,473**	**33.2%**	**(3,473)**	**-100.0%**
Total Net Profit	**27**	**0.2%**	**2,216**	**21.2%**	**(2,189)**	**-98.8%**
P&L - US$ x BRL	**R$ 4.12**		**R$ 3.81**		**-R$ 3.92**	
BS - US$ x BRL	**R$ 4.03**		**R$ 3.87**		**-R$ 3.83**	

RECONCILIATION OF ADJUSTED EBITDA (R$ million)	4Q19	4Q18
Net Profit / Loss	**27**	**(1,257)**
(+) Provision for income and social contribution	117	187
(+) Non-controlling Interest	372	195
(+) Net Exchange Variation	167	115
(+) Net Financial Charges	443	492
(+) Depreciation & Amortization	308	320
EBITDA	**1,434**	**51**
(+) Other Operacional Revenues/Expenses	184	826
Adj. EBITDA	**1,618**	**877**

APPENDIX III

Cash Flow | Continuing Operation

(R$ million)

Continued Free Cash Flow	4Q19	3Q19
Net Income/Loss	27	100
(+/-) Non cash items	1,769	1,222
(+/-) Account Receivable	(906)	(74)
(+/-) Inventories	81	(68)
(+/-) Suppliers	518	(45)
(+/-) Others	(314)	125
(=) Operational Cash Flow	1,175	1,261
(-) Total Capex and Investments	(322)	(131)
(-) Interest expenses	(301)	(286)
Cash Flow Before Third Party Dividends	**552**	**844**

APPENDIX IV

Consolidated Income Statement by Operation

(R$ ‘000)

4Q19	North America		South America		Corporate	
	R$	%NOR	R$	%NOR	R$	%NOR
Net Revenues	**9,637**	**100.0%**	**4,581**	**100.0%**	**-**	**100.0%**
COGS	(8,225)	-85.4%	(3,916)	-85.5%	(1)	0.0%
Gross Profit	**1,412**	**14.6%**	**665**	**14.5%**	**(1)**	**0.0%**
SG&A	**(377)**	**-3.9%**	**(289)**	**-6.3%**	**(100)**	**0.0%**
Adj. EBITDA	**1,196**	**12.4%**	**458**	**10.0%**	**(35)**	**0.0%**

4Q18	North America		South America		Corporate	
Net Revenues	**8,103**	**100.0%**	**3,410**	**100.0%**	**-**	**100.0%**
COGS	(7,145)	-88.2%	(3,062)	-89.8%	(3)	0.0%
Gross Profit	**957**	**11.8%**	**347**	**10.2%**	**(3)**	**0.0%**
SG&A	**(231)**	**-2.9%**	**(286)**	**-8.4%**	**(161)**	**0.0%**
Adj. EBITDA	**835**	**10.3%**	**132**	**3.9%**	**(18)**	**0.0%**

APPENDIX V

Balance Sheet

(R$ ‘000)

ASSETS	4Q19	4Q18
CURRENT ASSETS		
Cash and Marketable Securities	8,410,113	7,191,706
Trade accounts receivable	2,020,516	1,243,840
Inventories of goods and merchandise	2,383,486	1,822,280
Biological assets	29,139	16,570
Recoverable taxes	1,176,530	1,144,888
Prepaid expenses	61,823	53,833
Notes receivable	82,318	118,307
Advances to suppliers	110,044	58,628
Other receivables	146,135	112,905
	14,420,104	**11,762,957**
NON CURRENT ASSETS		
Court deposits	62,055	47,526
Notes receivable	0	220
Deferred income and social contribution taxes	1,413,253	999,844
Recoverable taxes	2,321,233	1,780,342
Other receivables	134,537	82,567
	3,931,078	**2,910,499**
Investments	45,694	42,545
Property, plant and equipment	6,441,055	5,231,216
Intangible assets	6,734,090	6,557,055
	13,220,839	**11,830,816**
TOTAL ASSETS	**31,572,021**	**26,504,272**

LIABILITIES	4Q19	4Q18
CURRENT LIABILITIES		
Trade accounts payable	2,670,322	2,148,983
Supply chain finance	176,881	182,635
Accrued payroll and related charges	757,699	564,391
Taxes payable	407,817	345,438
Loans and financing	4,594,444	3,665,455
Notes payable	108,483	185,522
Lease payable	131,093	3,209
Advances from customers	1,322,910	1,093,168
Other payables	445,399	457,589
	10,615,048	**8,646,390**
NON CURRENT LIABILITIES		
Loans and financing	17,121,836	11,567,895
Taxes payable	768,129	833,591
Deferred income and social contribution taxes	136,275	118,911
Provisions for contingencies	361,884	301,667
Lease payable	392,740	2,102
Notes payable	233,094	301,945
Advances from customers	0	387,480
Other	166,674	332,734
	19,180,632	**13,846,325**
CONTROLLING SHAREHOLDER´S EQUITY		
Share Capital	8,204,391	7,319,467
Capital reserve	-1,271,370	155,824
Profit reserves	51,824	51,824
Other comprehensive income	-3,271,650	-3,535,777
Accumulated losses	-3,094,630	-3,317,874
Controlling Shareholder's Equity	**618,565**	**673,464**
Non-controlling interest	1,157,776	3,338,093
Total Controlling Shareholder's Equity	**1,776,341**	**4,011,557**
TOTAL LIABILITIES	**31,572,021**	**26,504,272**