

3Q19 Earnings

November 8, 2019

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protein and related markets; (iv) increasing competition from new entrants to the Brazilian and international markets; (v) ability to keep up with rapid changes in the regulatory and technological environments; (vi) ability to maintain an ongoing process for introducing competitive new products and services while maintaining the competitiveness of existing ones; (vii) ability to attract customers in domestic and foreign jurisdictions. Other factors that could materially affect results can be found in BRF’s Reference Form and in the annual report on Form 20-F, as filed with the U.S. Securities and Exchange Commission, particularly under the “Risk Factors” session.

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OPENING REMARKS

LORIVAL LUZ
GLOBAL CEO

Consolidated results (Continuing operations)

3Q19 results reflect the evolution of our business fundamentals

» **Net Revenue of R\$8.5 billion** with **gross margin of 24.8%**

» **Adjusted EBITDA of R\$1,609 million** and **Adjusted EBITDA margin of 19.0%**

» Excluding tax-related events¹, **Adjusted EBITDA of R\$1.142 million** and **Adjusted EBITDA margin of 13.5%**

» **Net income of R\$446 million in 3Q19** and **accumulated R\$523 million in 2019**

» **Free cash generation of R\$1.4 billion in 3Q19** and **R\$3.0 billion in 2019**

Consolidated results (Continuing operations)

3Q19 results reflect the evolution of our business fundamentals

» **Cash position of R\$7.7 billion** with **net debt of 13.8 billion** and an **average maturity of 4.4 years**

» Drop in **net leverage to 2.90x¹** (3.21x excluding IFRS16 effects)

» **Revision¹ of net leverage guidance to 2.75x at the end of 2019**

» **3 plants licensed** to export to the Chinese market

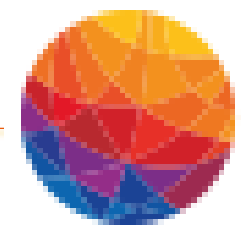
- **Pork:** Lucas do Rio Verde (MT) - incremental potential of 40% vs. current volume²
- **Poultry:** Lucas do Rio Verde (MT) - incremental potential of 20% vs. current volume²
- **Offals:** Campos Novos (SC) – incremental volume of approximately 5,000 tons/year²

¹ According to Material Fact released on November 8, 2019;

² Compared to current volumes exported to China.

Memorandum of Understanding (MOU) – SAGIA

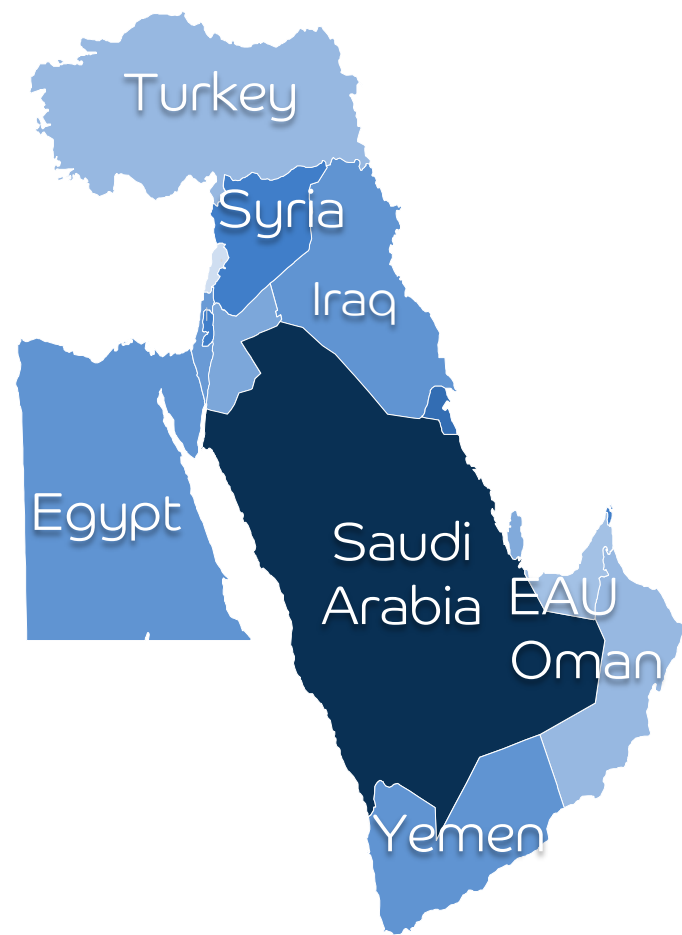
Expand and consolidate our presence in the Saudi market



brf



Saudi Arabia



- » **Represent ~1/4** of total volume the Halal market
- » **#1 Market Share** with approx. 35%
- » **#1 Top of Mind** with Sadia brand
- » **Own distribution**

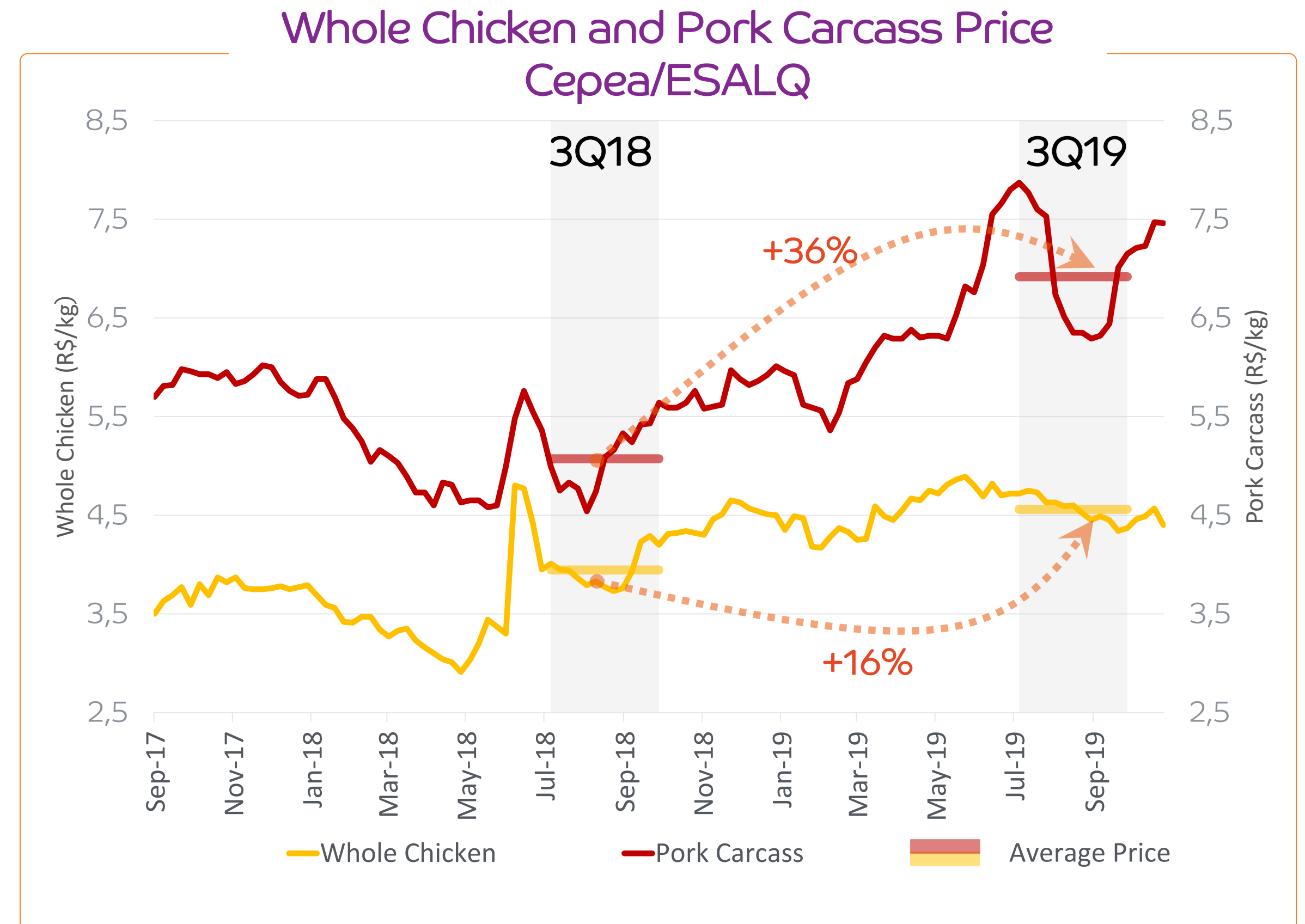
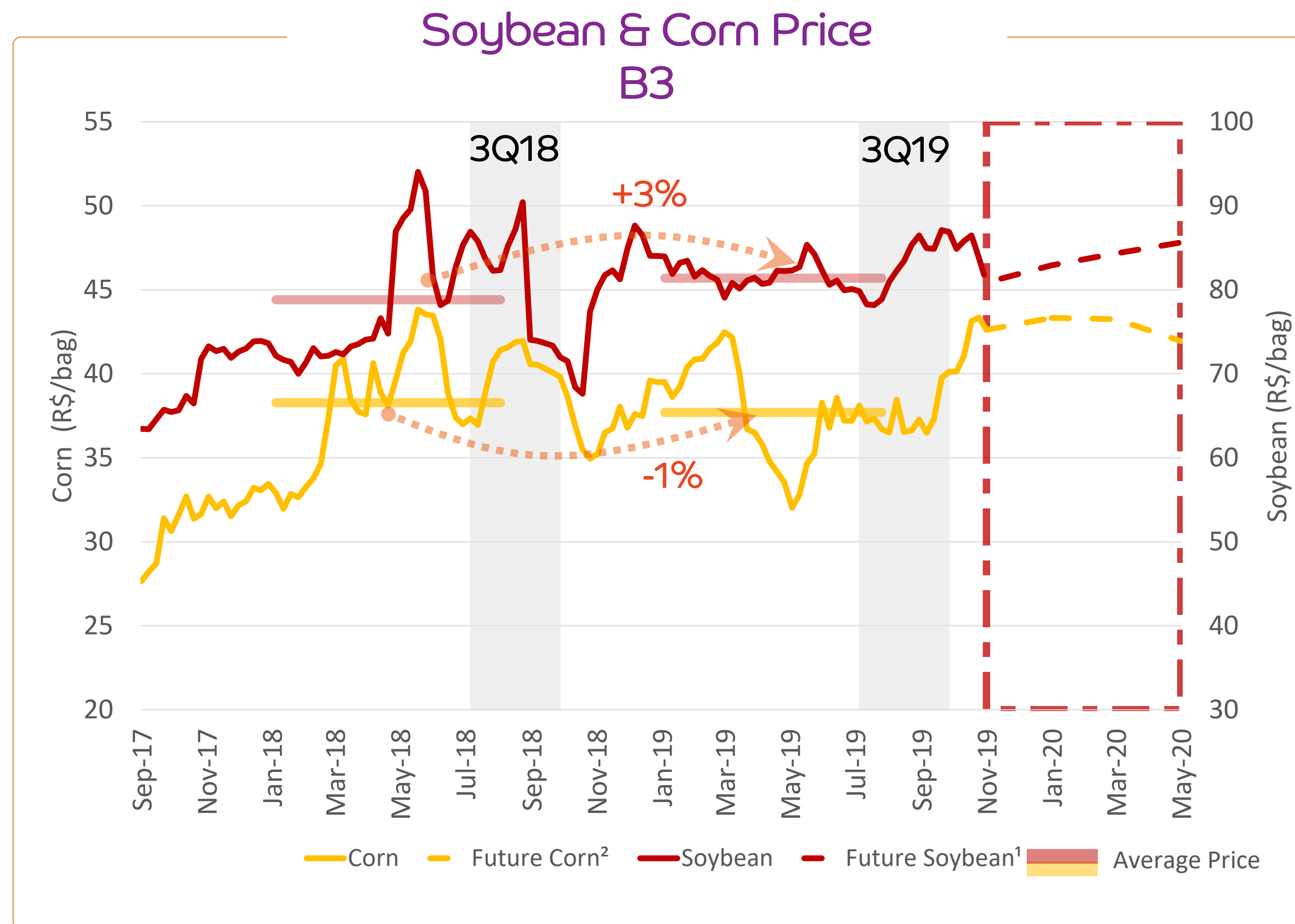
» **CAPEX** of around US\$120 million

» Estimated installed capacity of 50,000 tons/years for the production of **breaded and marinated products, hamburgers,** among others

» **Products will be mostly destined to the Saudi market,** which can also be an exportation hub in the region

Grains environment and protein performance

Higher protein prices boosted producer's margin



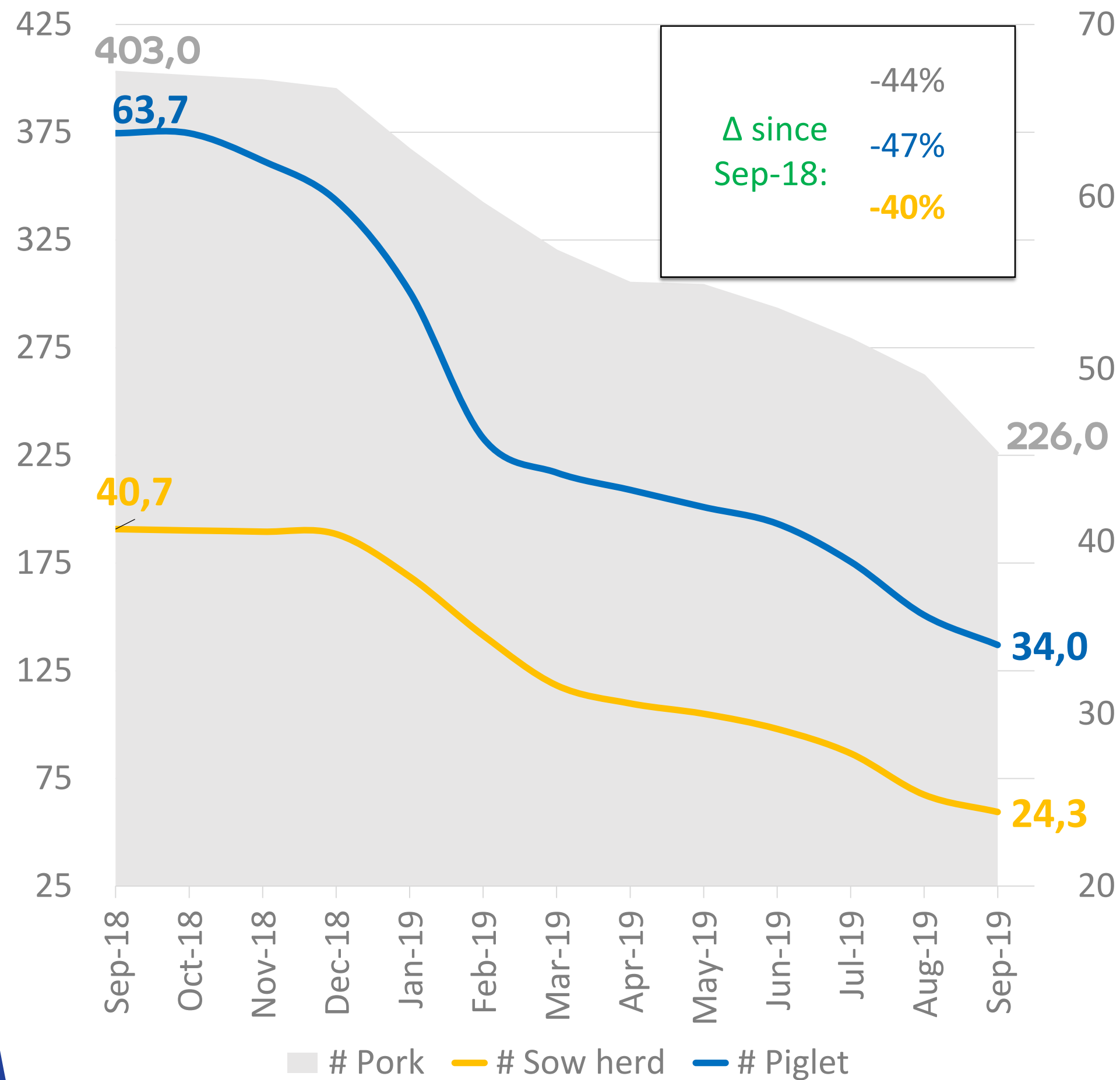
- » **Corn:** significant supply in Brazil, but with currency volatility and uncertainties related to the US harvest
- » **Soybean:** Unstable scenario due to China-US trade war and smaller US crop

- » **Better balance between supply/demand** in local market benefitted price recovery
- » **African Swine Fever impacts** on demand reflect on protein prices in the international market

African Swine Fever (ASF) impacts

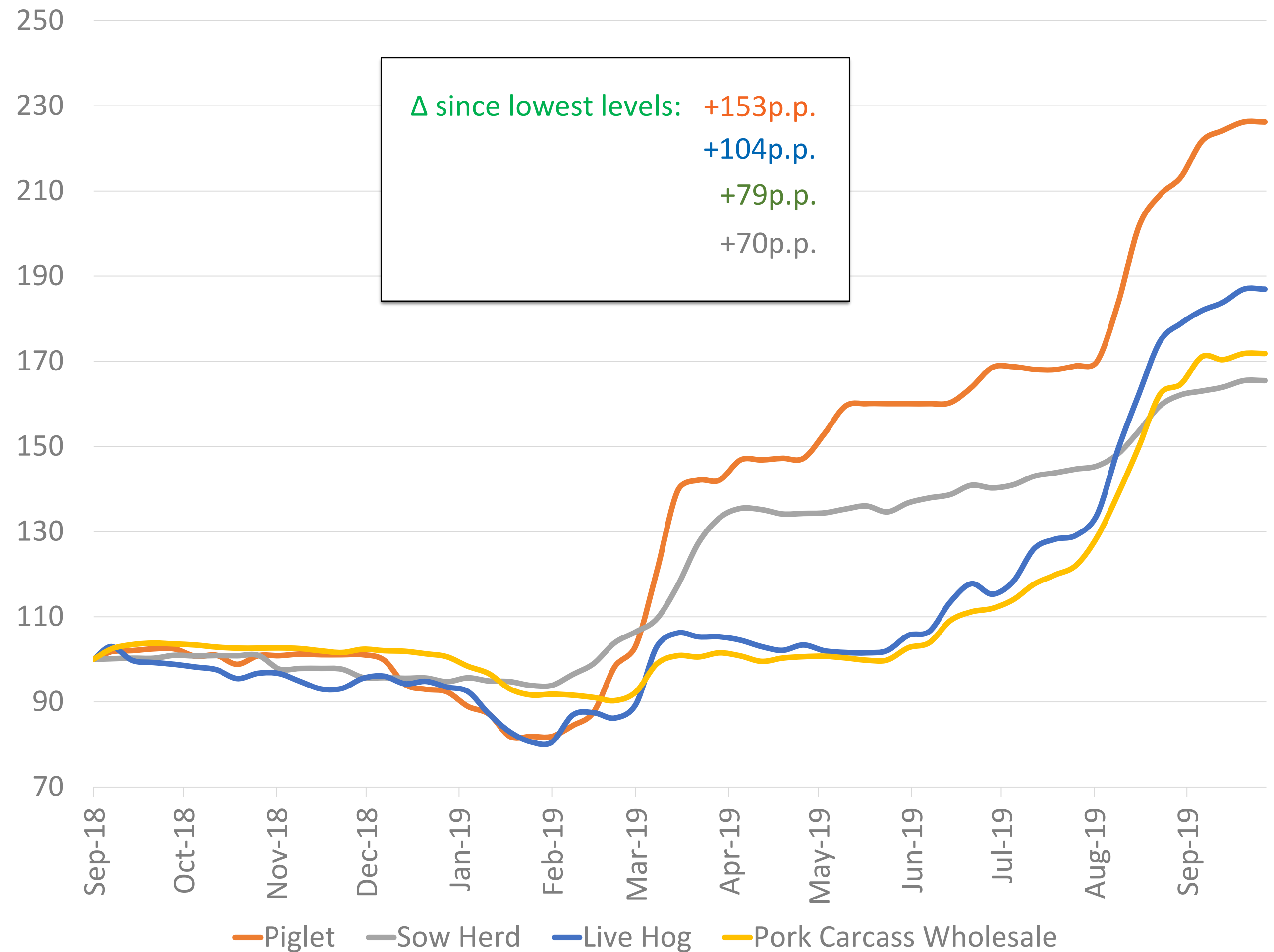
Reduction in the Chinese herd size has affected international pork market prices

China's Inventory
(in million heads)



Source: Ministry of Agriculture of the People's Republic of China (MOA)

China's Reference Price
(100 Base = Sep-18)



Source: Bloomberg and Boyar (Sow herd)



São Paulo

12 de novembro
Horário: 8h às 12h
Local: Casa Charlô
Rua Tabapuã, 1353



Nova York

November 14th
From 8:30 am to 12:00 pm
Venue: NYSE
11 Wall Street, NY



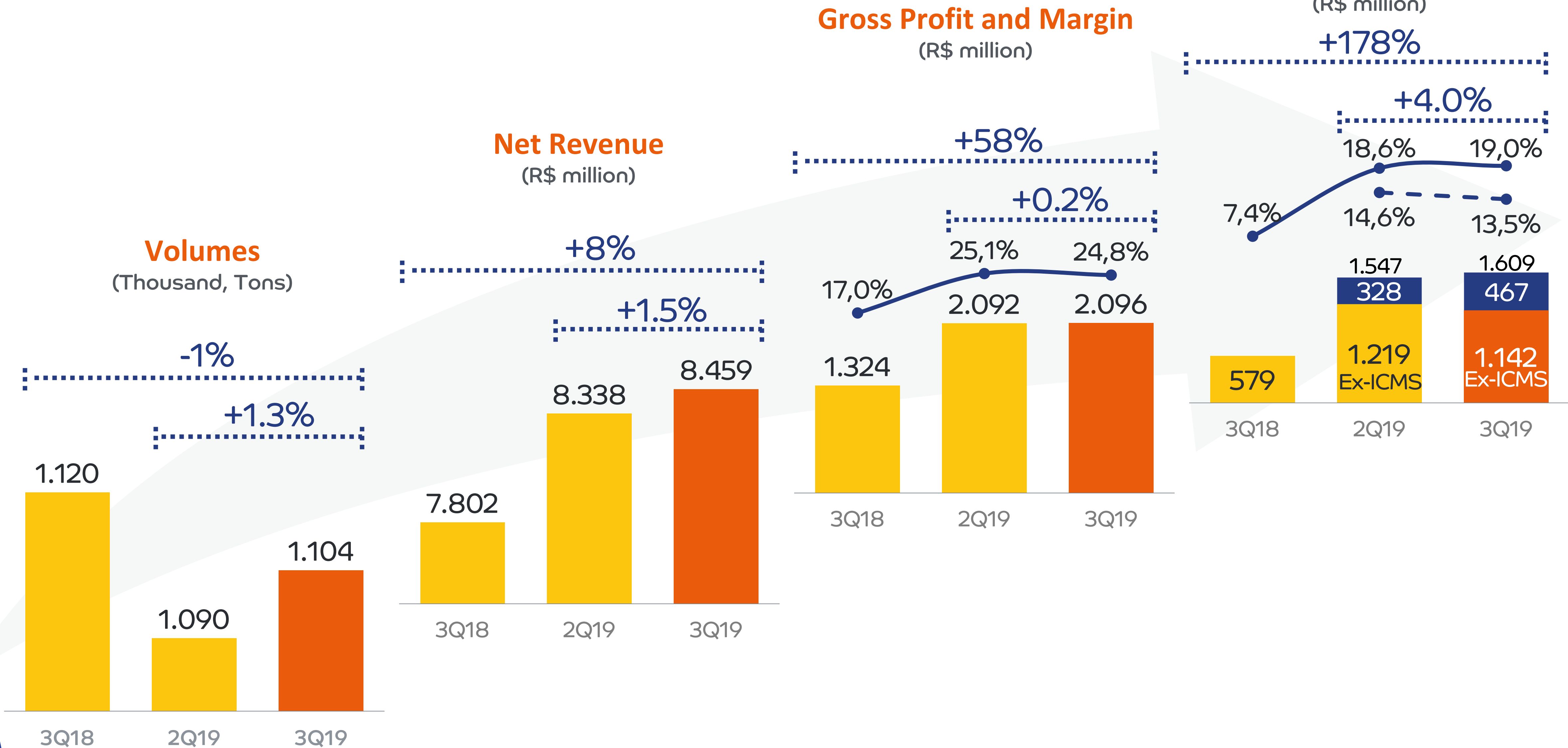
FINANCIAL PERFORMANCE

3Q19

CARLOS MOURA
CHIEF FINANCIAL AND
INVESTOR RELATIONS OFFICER

Disciplined execution of the Strategic Plan

Continued recovery path

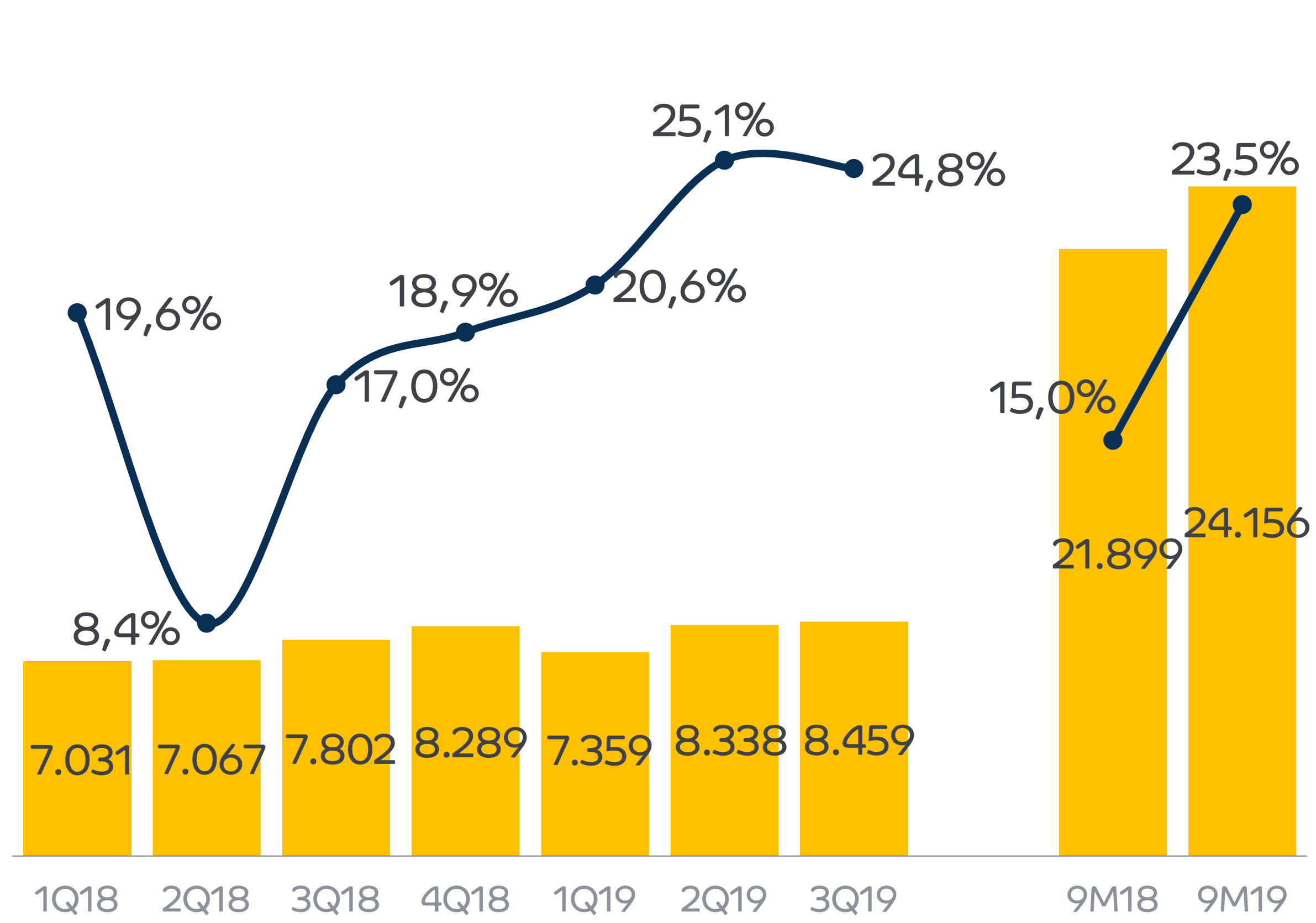


*Includes net effect of R\$328 million in 2Q19 due to the payment of ICMS for staple basket products provision and the excluding ICMS from PIS/COFINS calculation basis, and net effect of R\$467 million in 3Q19 due to the exclusion of ICMS from PIS/COFINS calculation basis.

On a positive track to recover margins

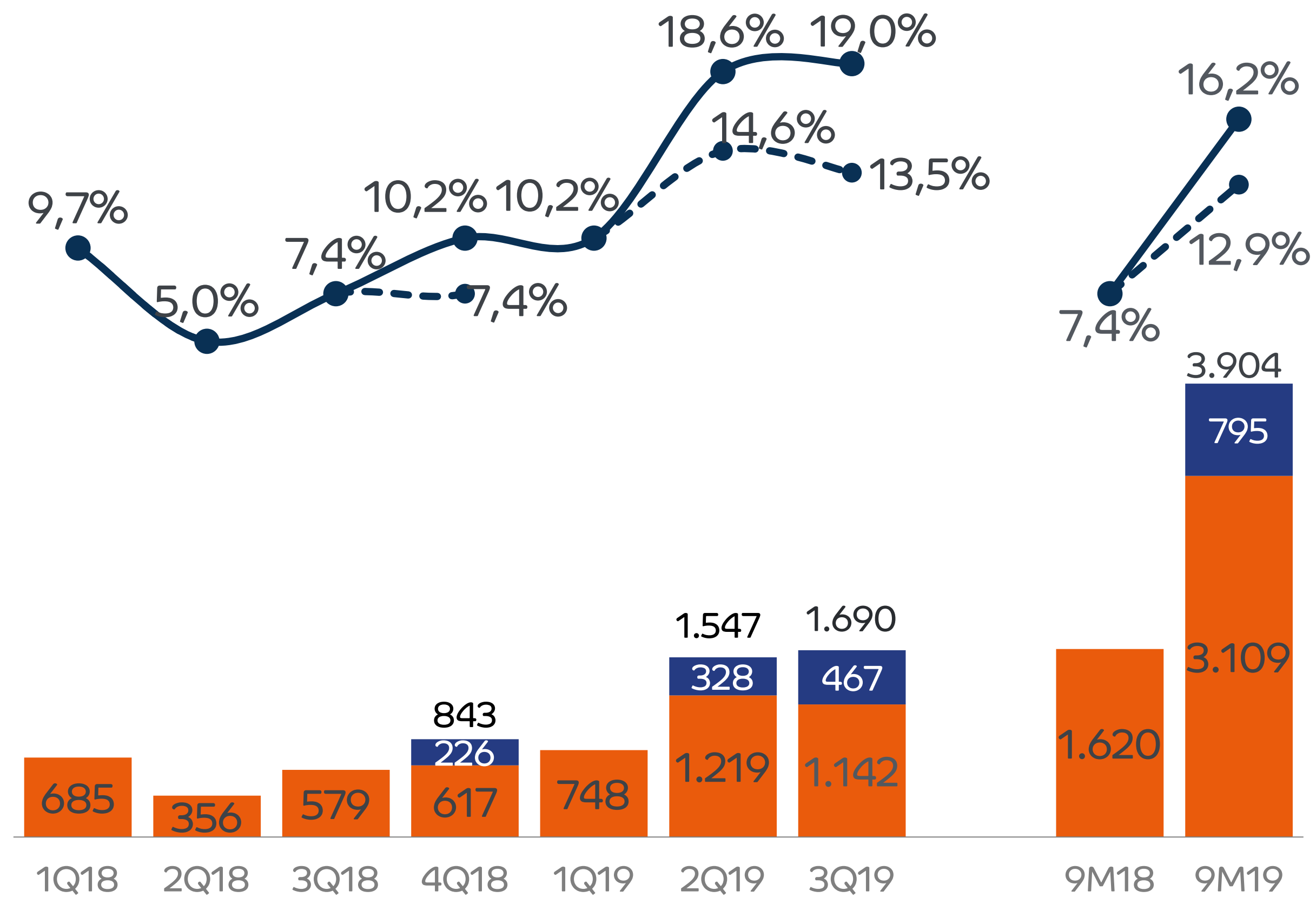
Improved operational performance reflects our new momentum

Gross Margin



■ Net Revenue ● Gross Margin

Adjusted EBITDA & Adjusted EBITDA Margin

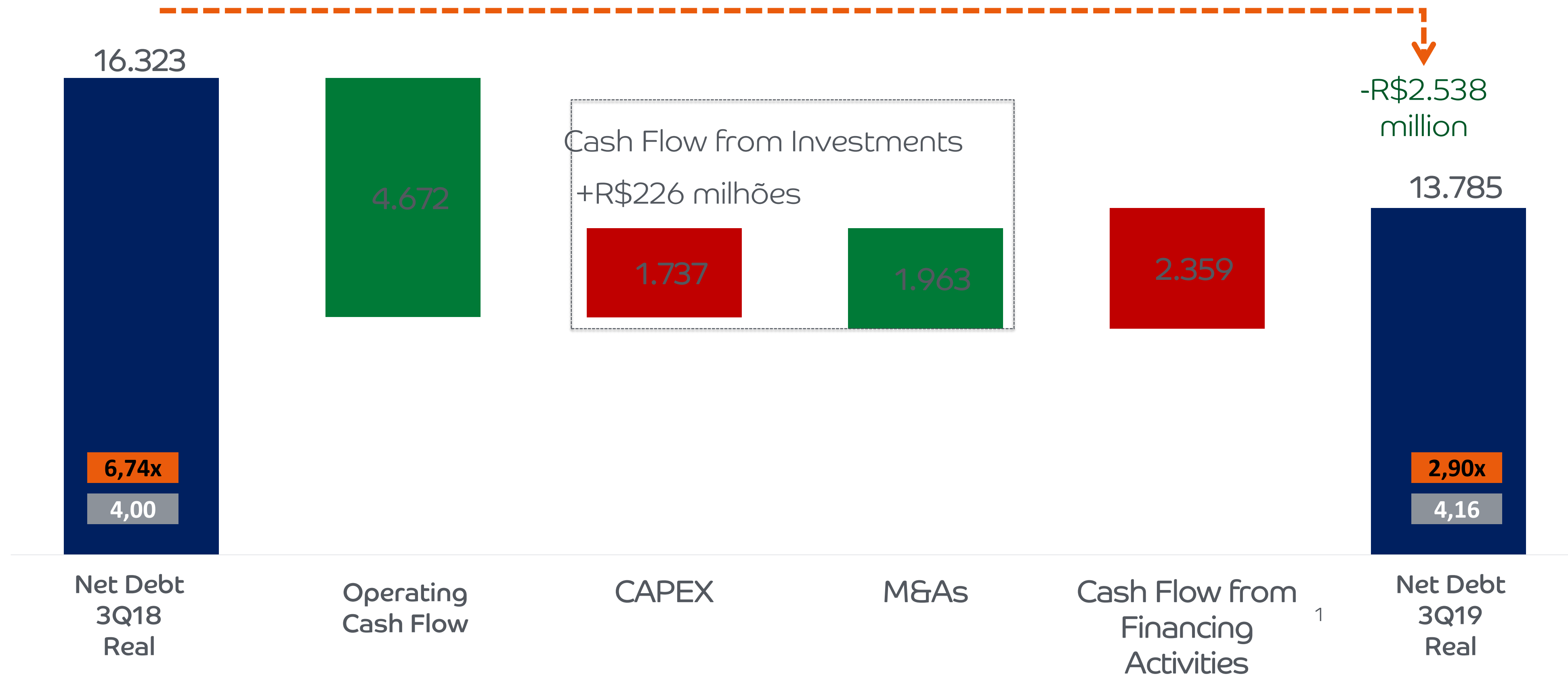


■ Adj. EBITDA ■ ICMS ● Adj. EBITDA Margin ● Adj. EBITDA Margin ex-ICMS

Net Debt Evolution: 3Q19 vs. 3Q18

Overcoming 2019 proposed goal

BRL million



 Net leverage (Net Debt/Adjusted EBITDA)

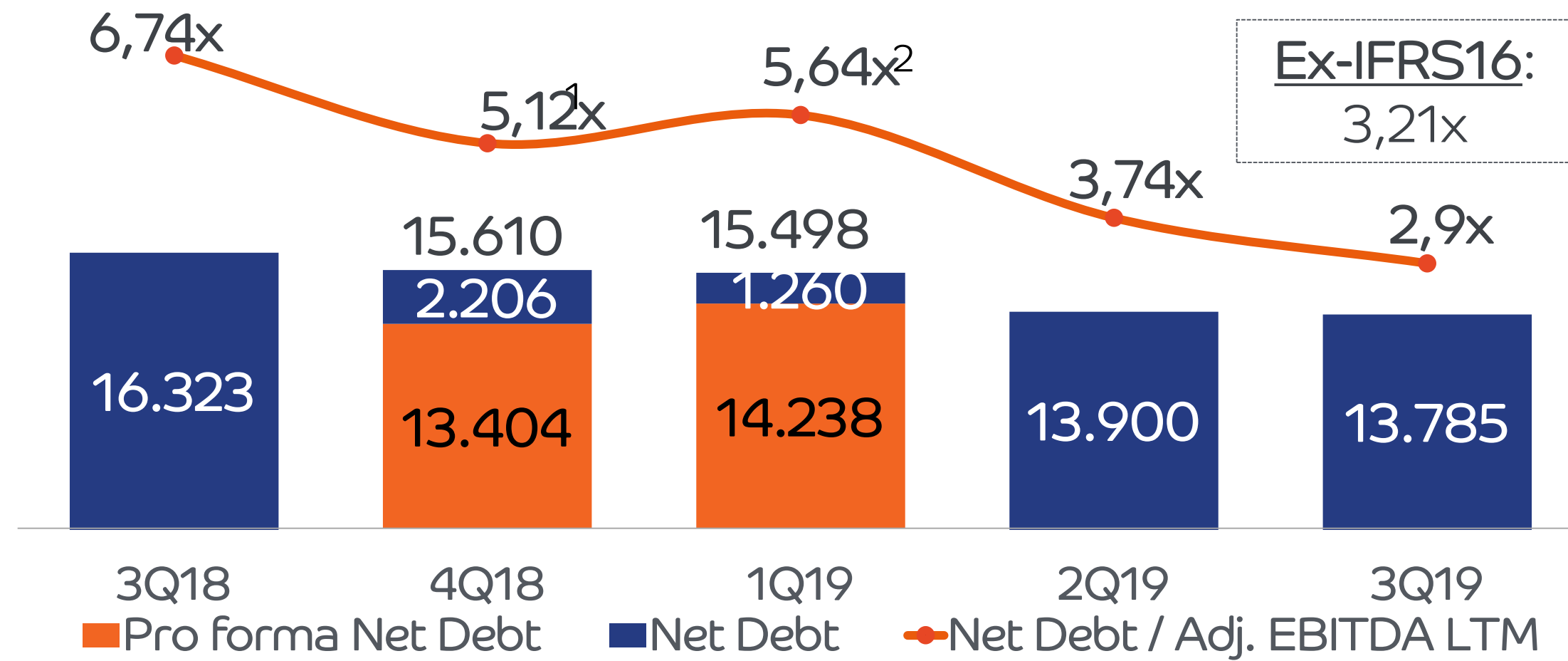
 USD/BRL (PTAX)

¹ Including R\$79 million effect from discontinued operations

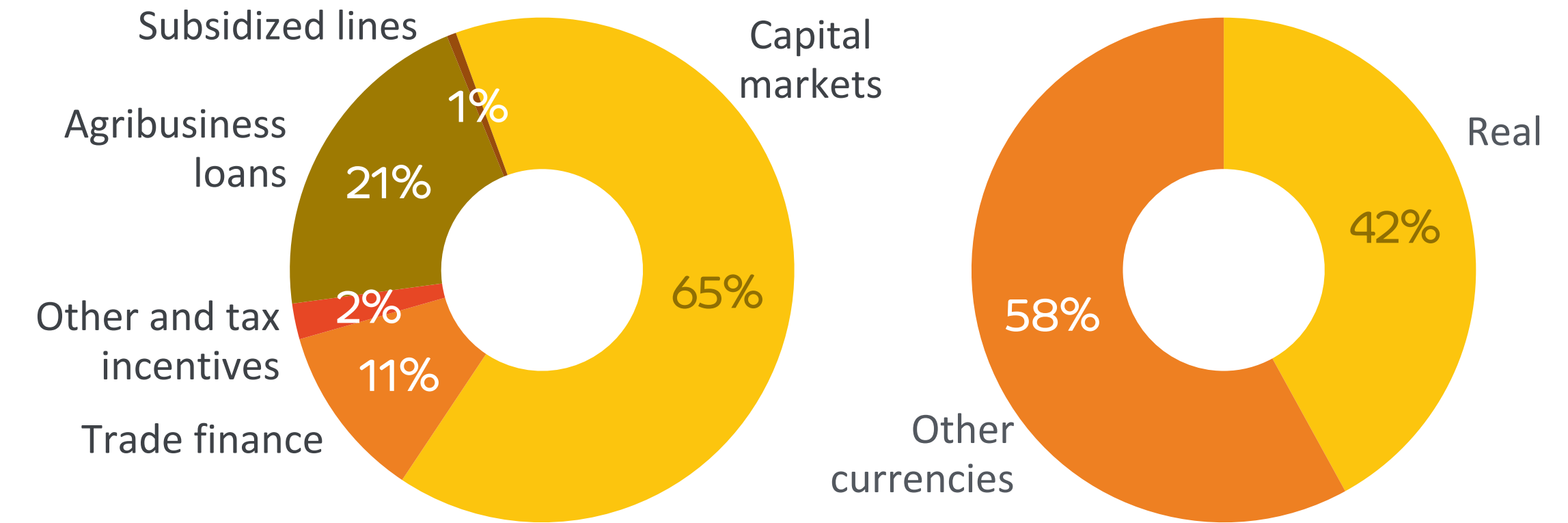
Leverage & Debt Profile

Reduction in net leverage and debt reprofiling

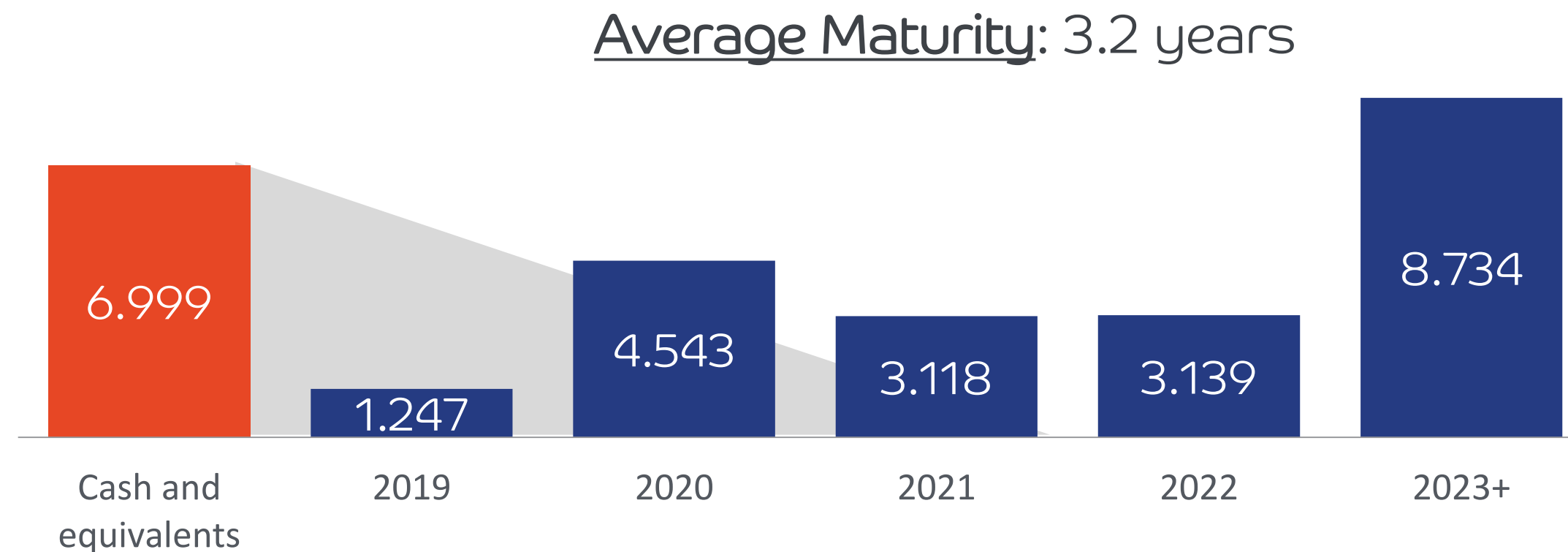
Financial Leverage 3Q19 (R\$ million)



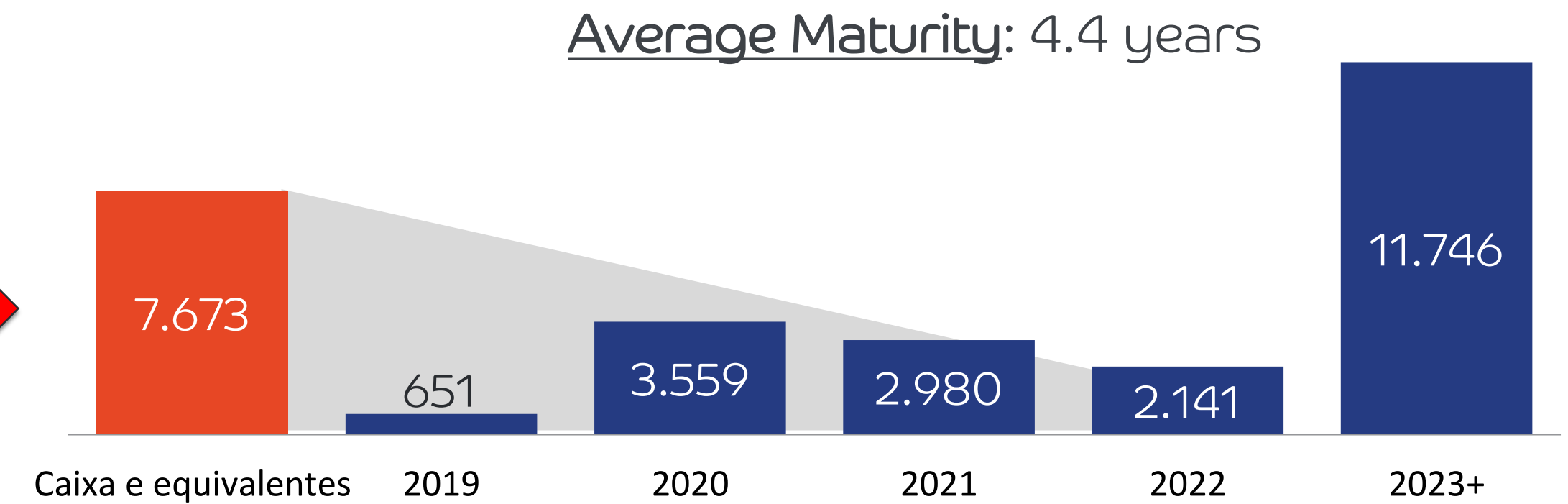
Gross Debt 3Q19 | R\$21.5 billion



Debt Schedule 2Q19 | (R\$ million)




Debt Schedule 3Q19 | (R\$ million)



1 Including pro forma adjustments from incoming funds related to the sale of assets in Argentina, Europe, and Thailand, the non-transferred portion to FIDC and FX=R\$3.80/US\$. Taking into consideration the accounting numbers, leverage is 5.97x in 4Q18.

2 Including pro forma adjustments from incoming funds remaining from the sale of assets in Argentina, Europe, and Thailand. Taking into consideration the accounting numbers, leverage is 6.14x in 1Q19.

3 Excludes R\$118 million in 2Q19 and R\$381 million in 3Q19 related to Derivative Financial Instruments Liabilities.



**OPERATING
AND FINANCIAL
PERFORMANCE
3Q19**

SIDNEY MANZARO
VICE-PRESIDENT
BRAZIL MARKET

Brazil Segment

Profitable growth, aligned to the strategic planning

» **Net Revenue** up **+6.3% y-o-y**

» Continued increase in **gross margin, reaching 24.6% in 3Q19**, due to prices, better mix and operating efficiency

» Excluding ICMS effects, **Adjusted EBITDA of R\$541 million with 12.3% margin**, up +35.8% y-o-y

» **Continued focus on Innovation:** 4 new cuts of seasoned pork ready for cooking, under Perdigão's "Na Brasa" line were launched in the quarter

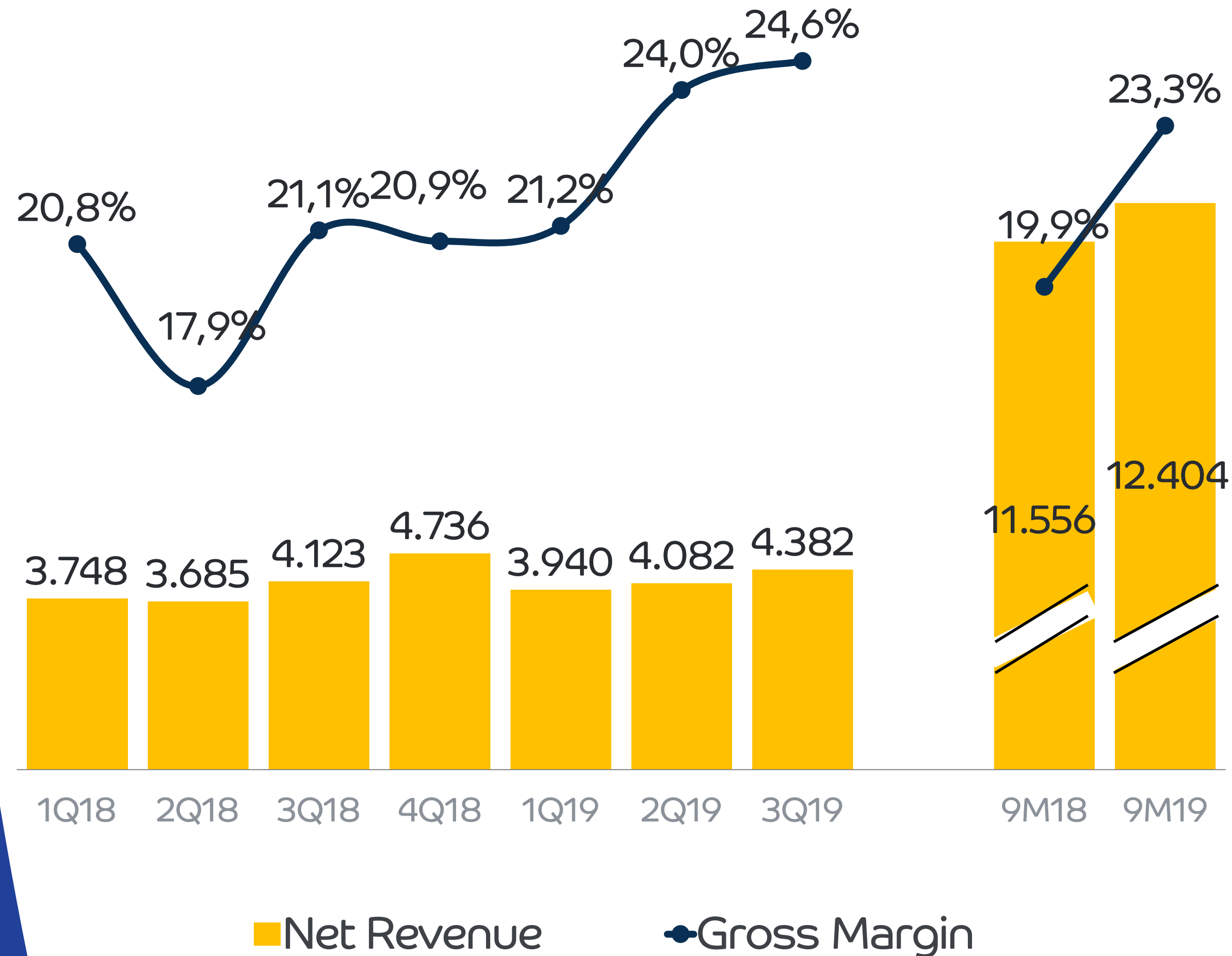
» **Brands recognized in the Top of Mind Award**

- **Sadia:** frozen meals category
- **Qualy:** Top Margarine category
- **Deline:** North region Top of Mind category

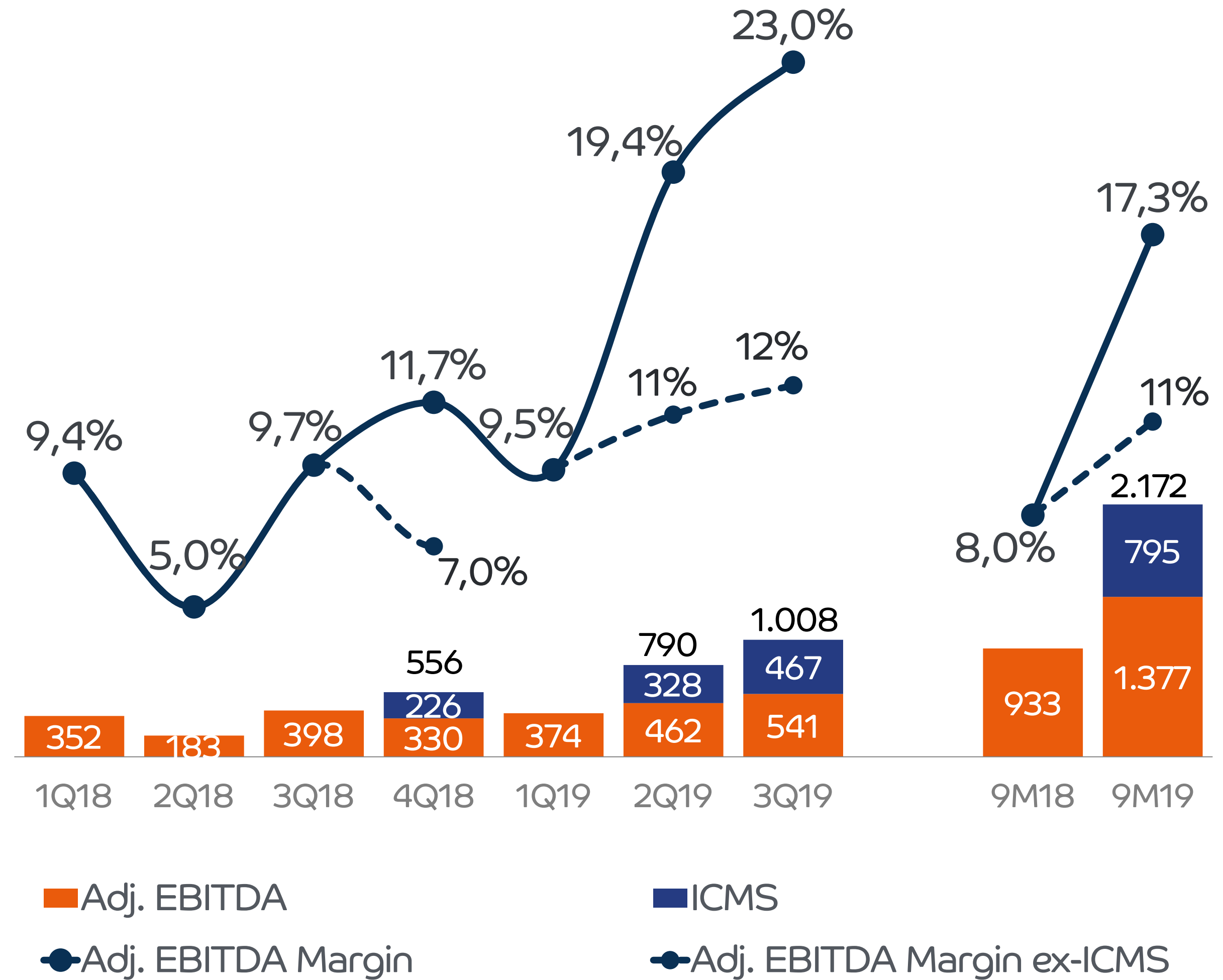
Brazil Segment

Rising profitability

Gross Margin

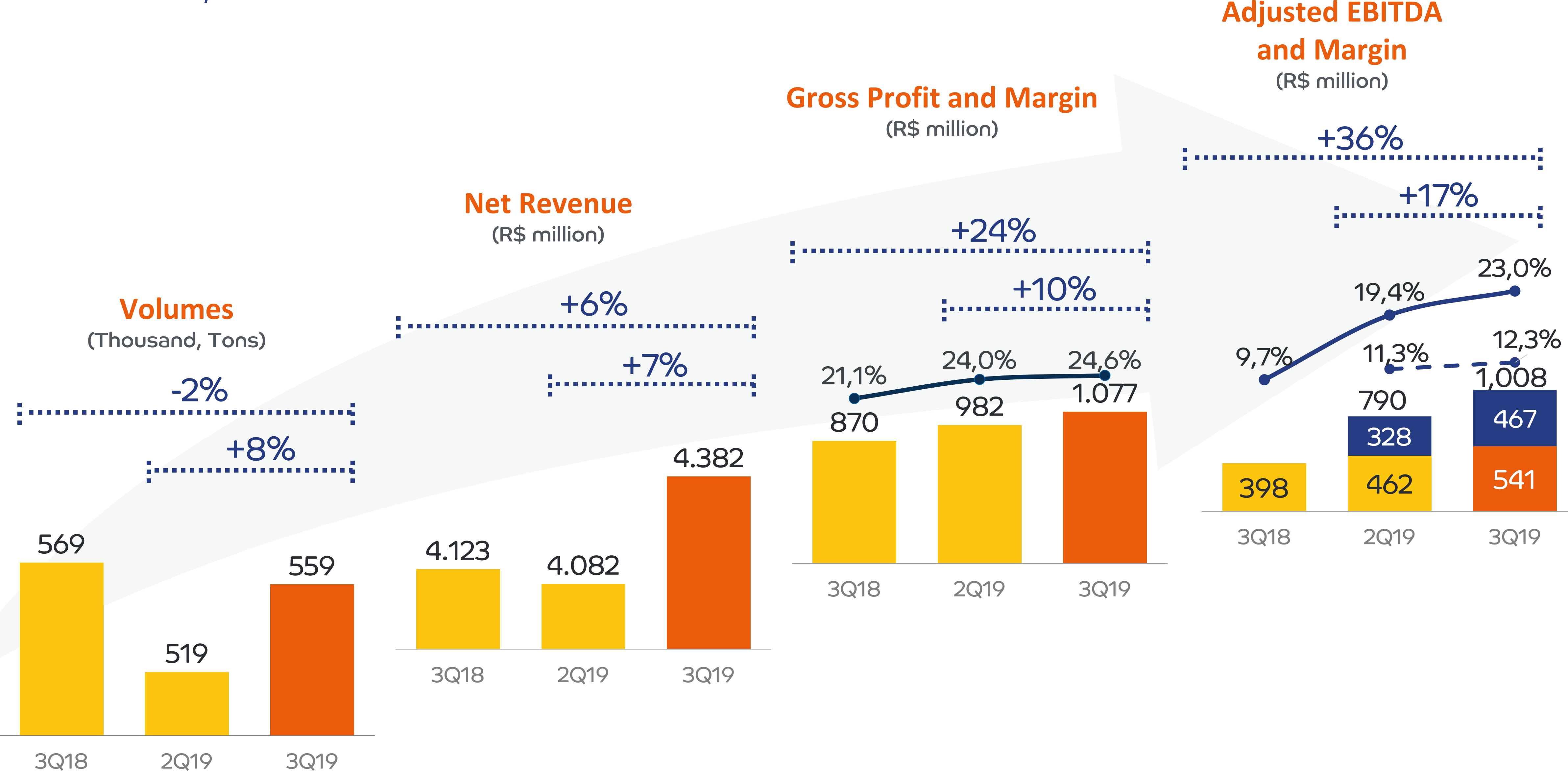



Adjusted EBITDA & Adjusted EBITDA Margin



Brazil Segment

Consistent improvement in results



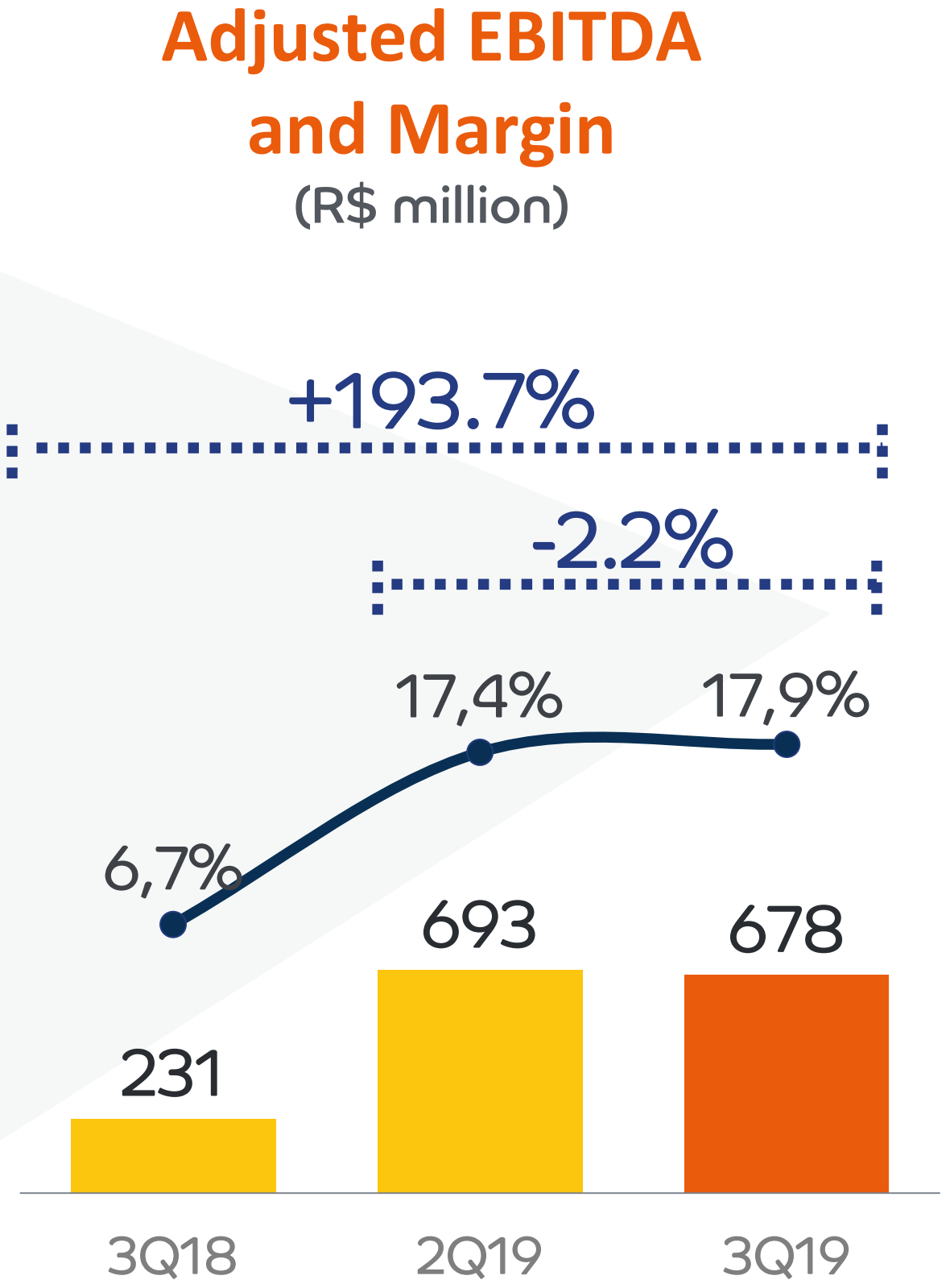
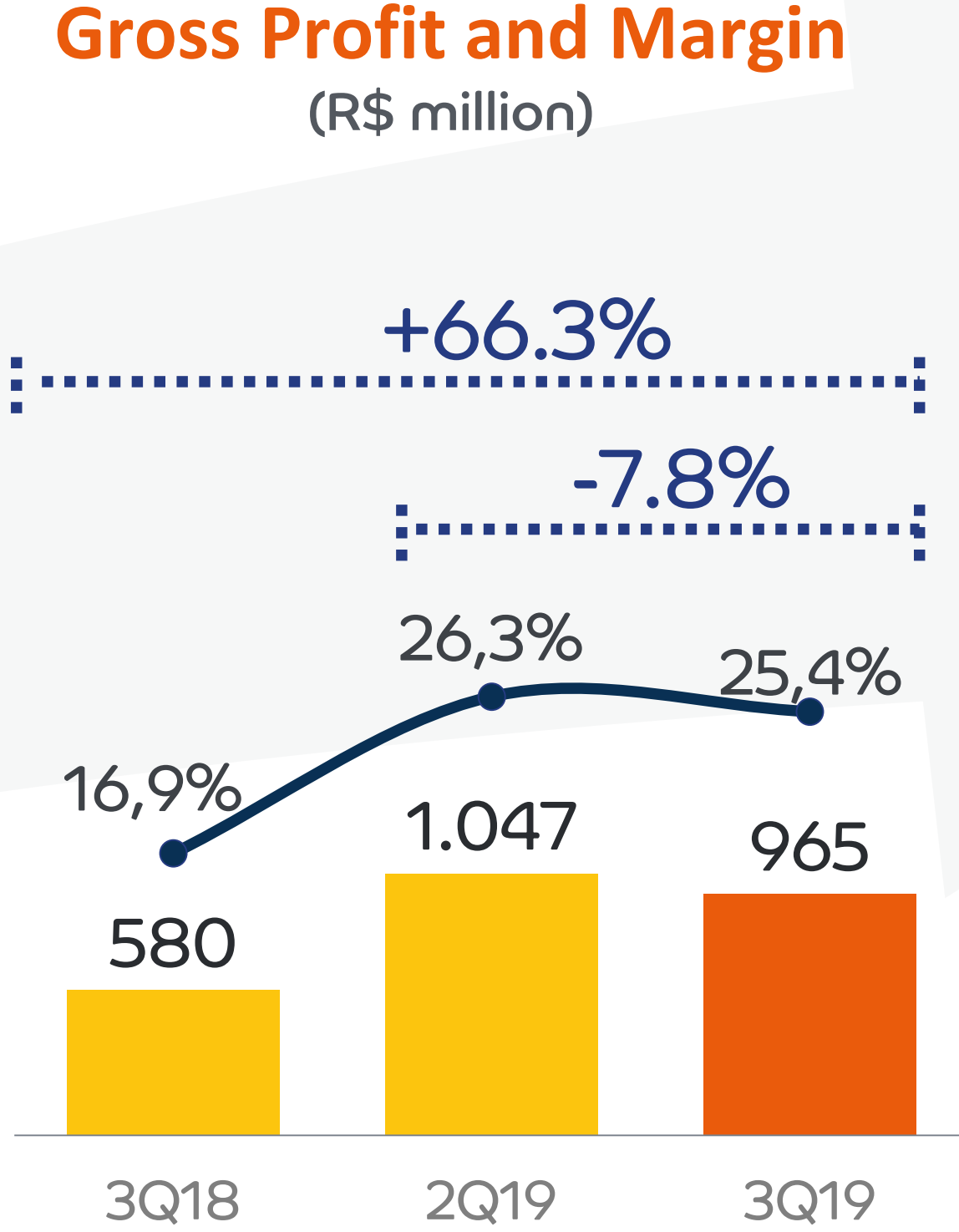
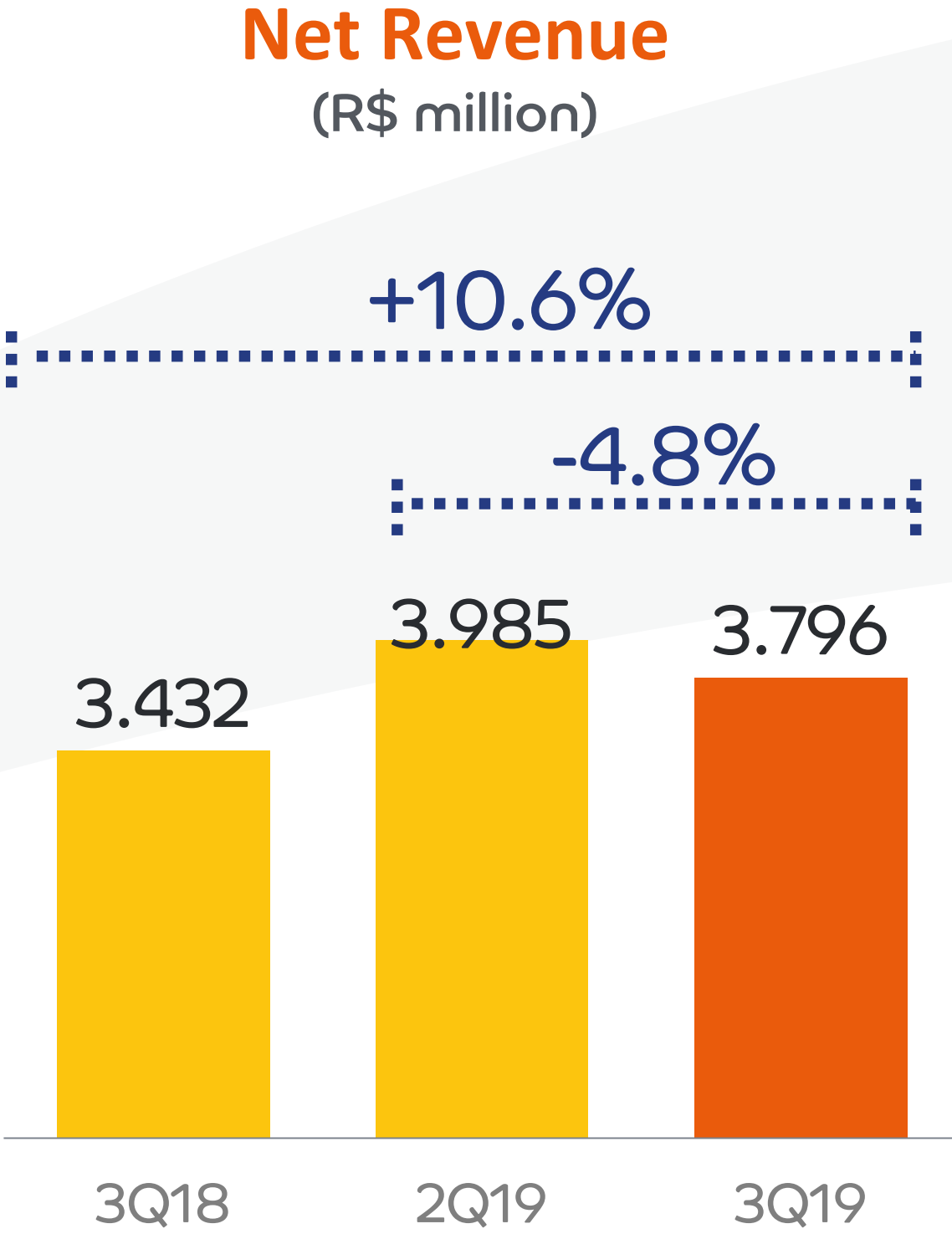
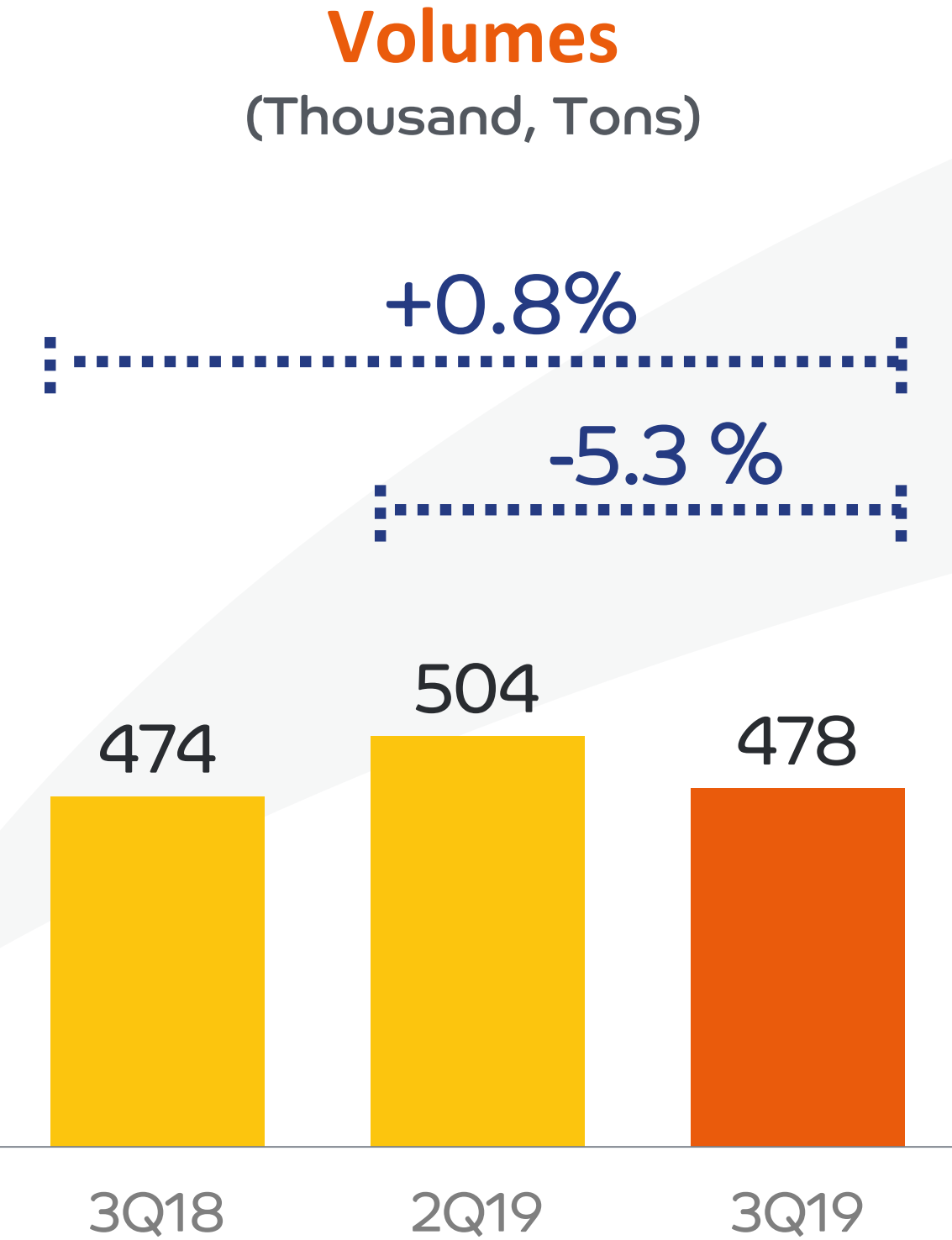


**OPERATING
AND FINANCIAL
PERFORMANCE
3Q19**

PATRICIO ROHNER
VICE-PRESIDENT
INTERNATIONAL MARKET

International Segment – Consolidated

EBITDA margin improvement despite seasonality

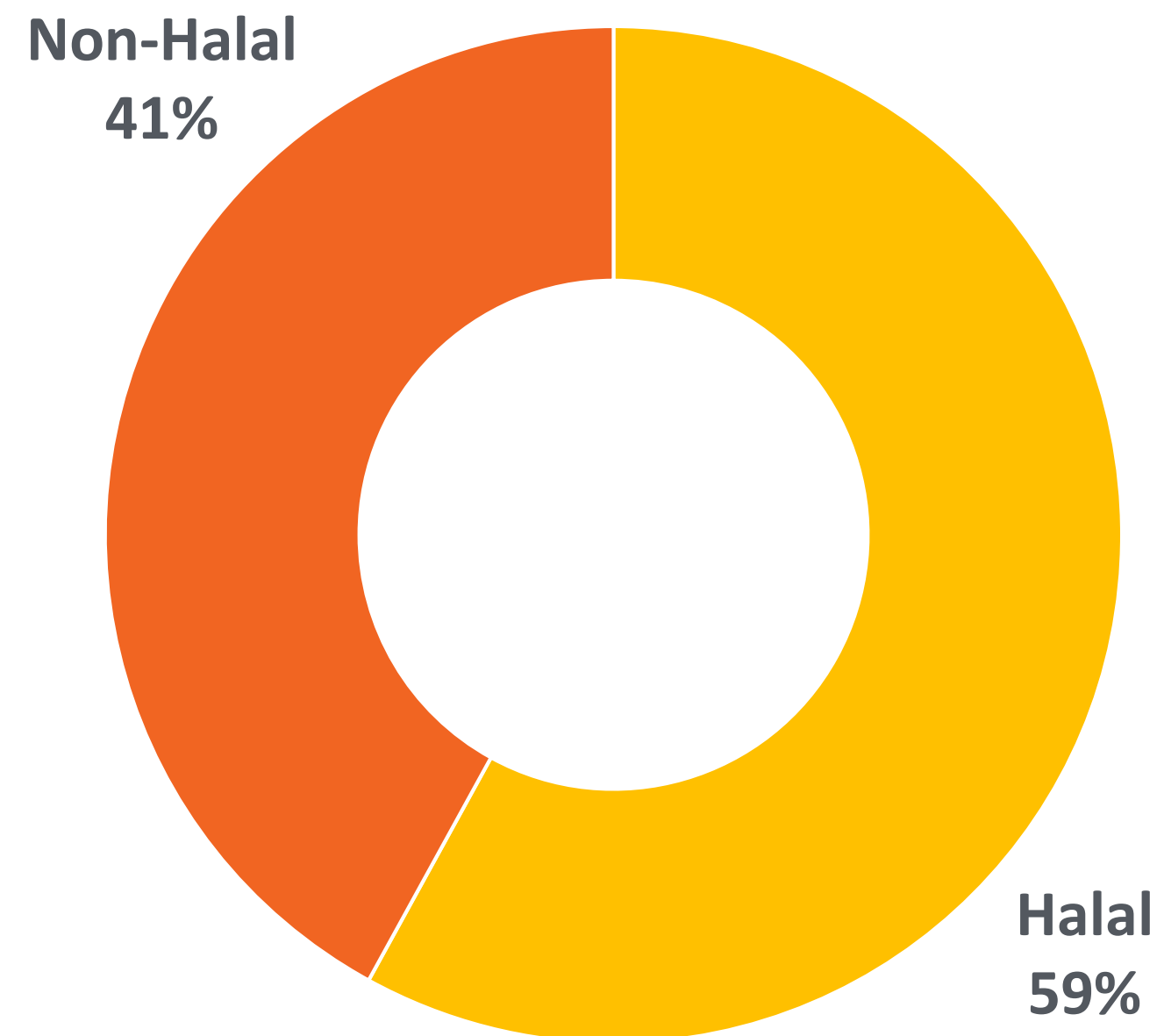


International Segment – Consolidated

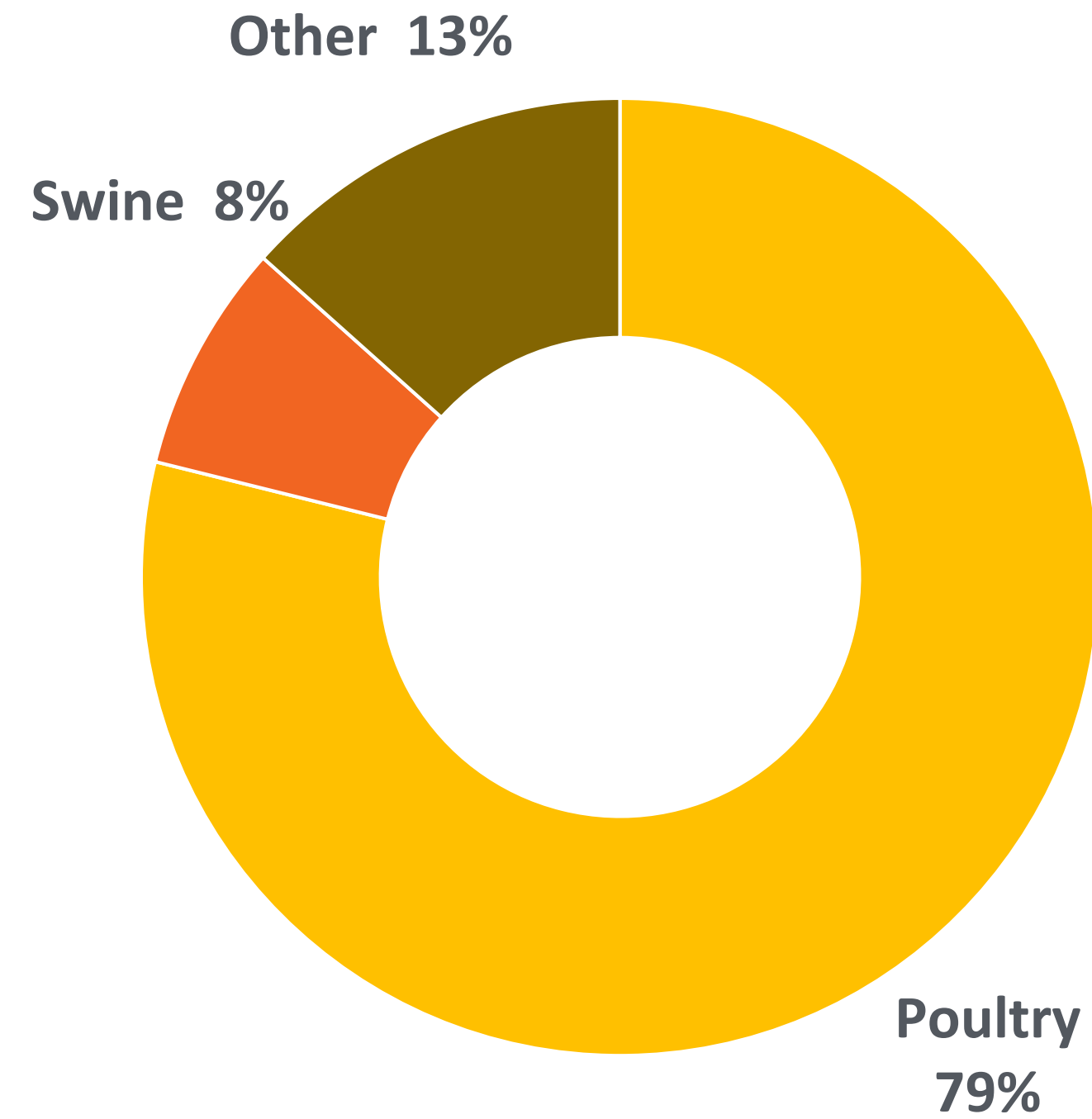
Sales breakdown

Volume 3Q19 | 478 Thousand Tons
(Volume 3Q18 | 474 Thousand Tons)

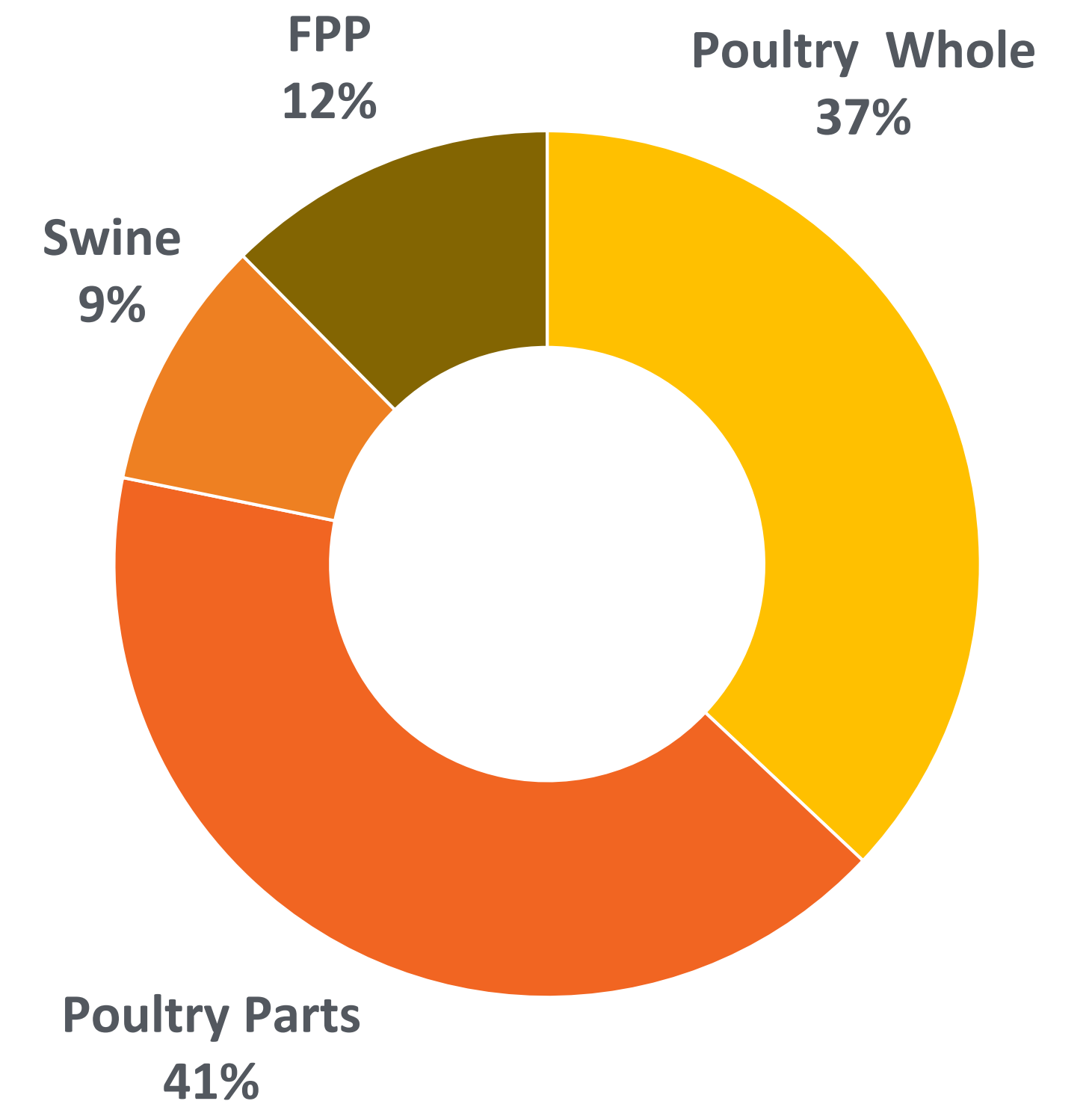
Per Geography



Per Protein



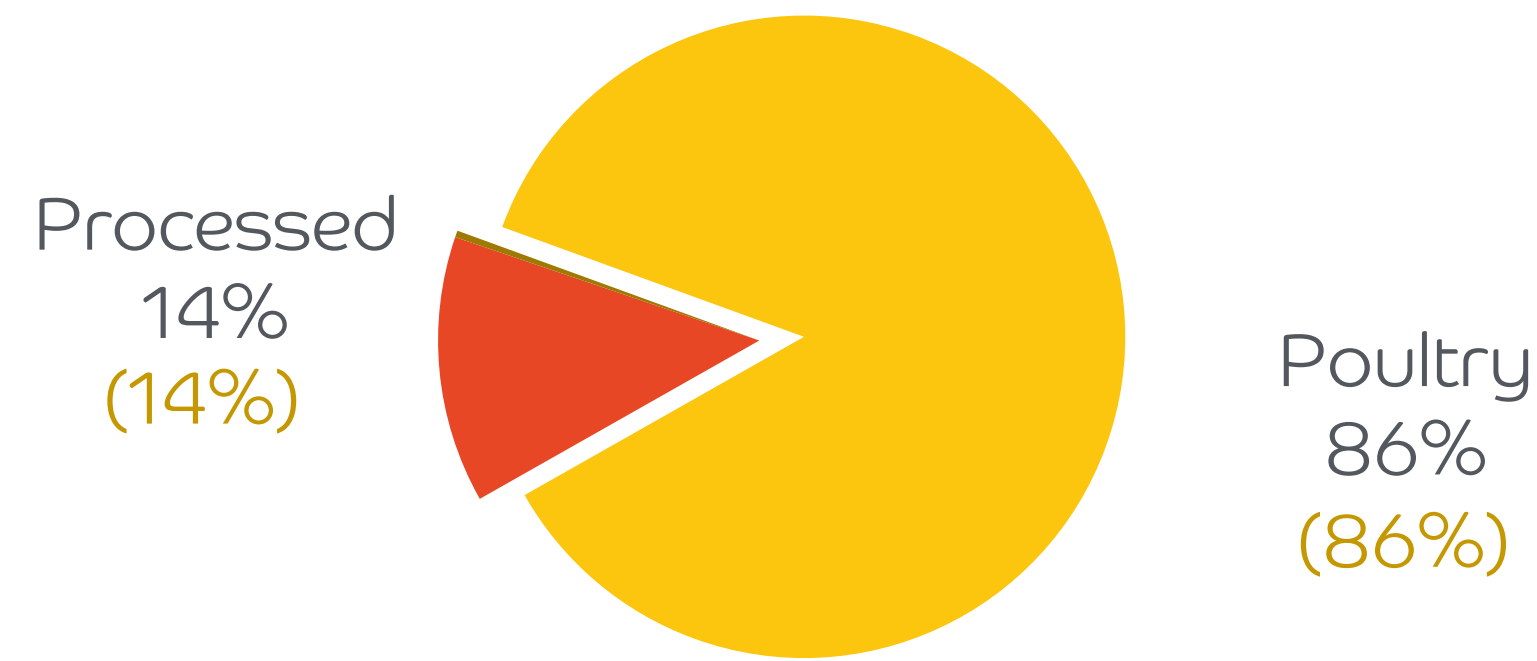
Per Product



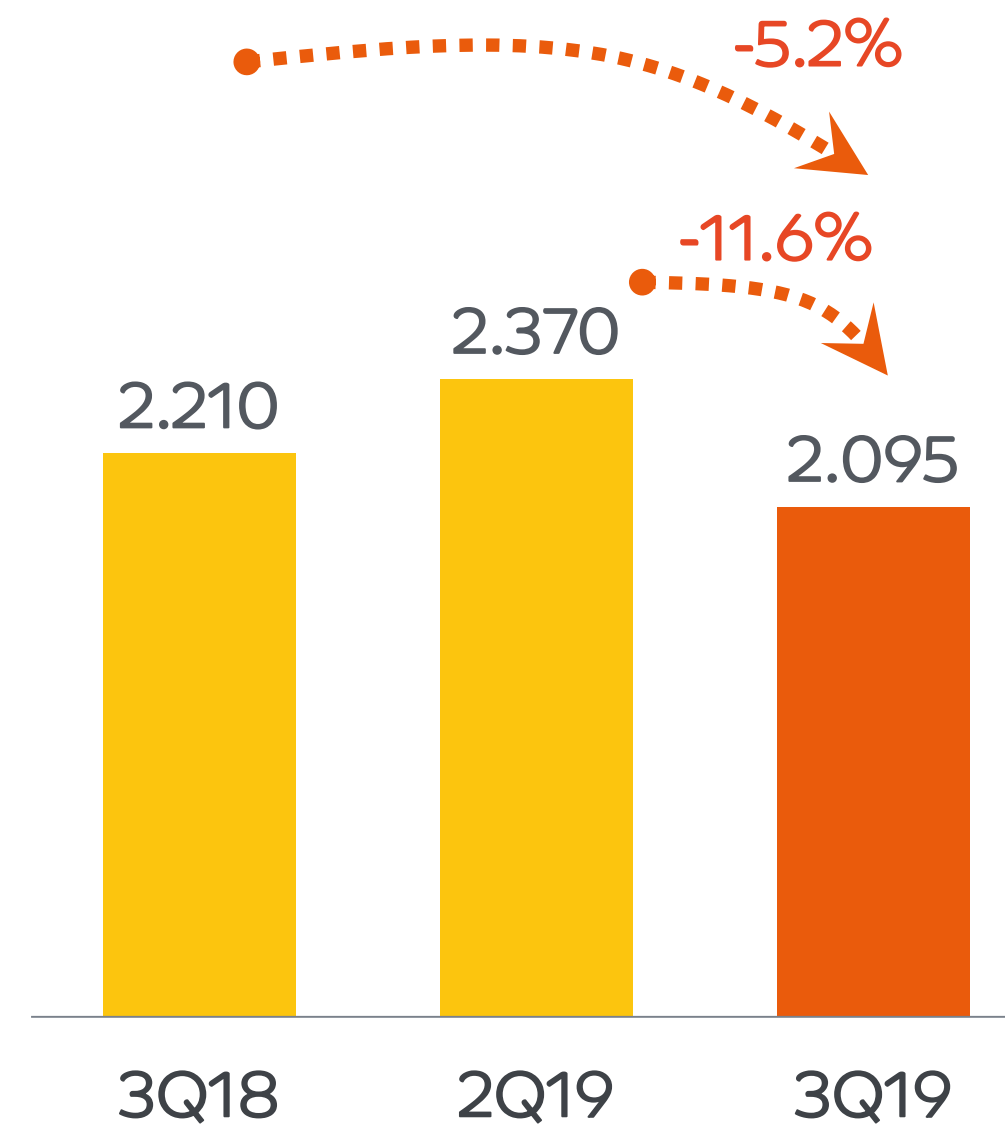
Halal Market

High profitability in the region despite restriction in some markets

Volume 3Q19 | 275 Thousand Tons
(Volume 3Q18 | 281 Thousand Ton)

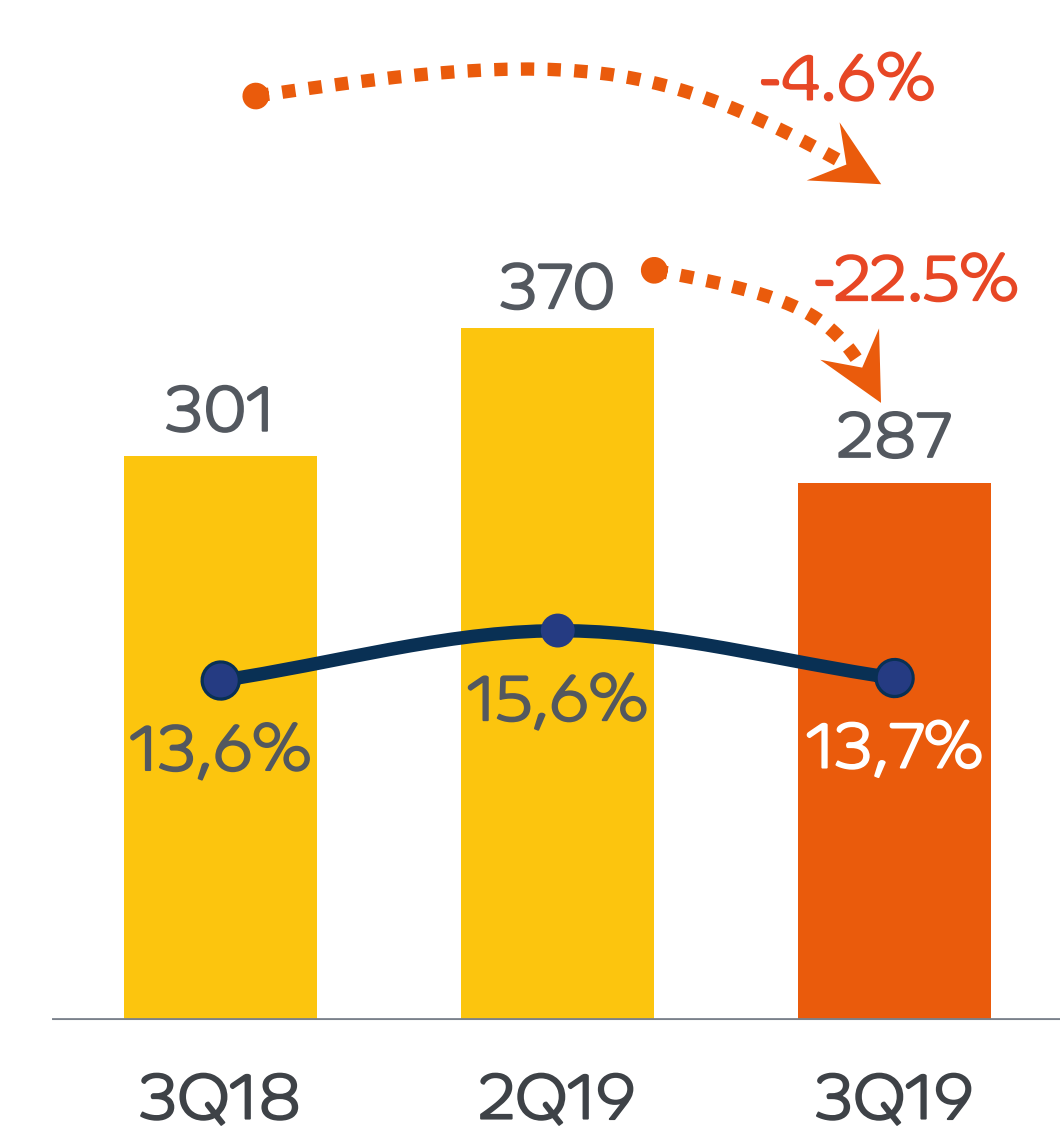


Net Revenue
(R\$ MM)



Adjusted EBITDA (R\$ MM)

Adj. EBITDA Margin (%)

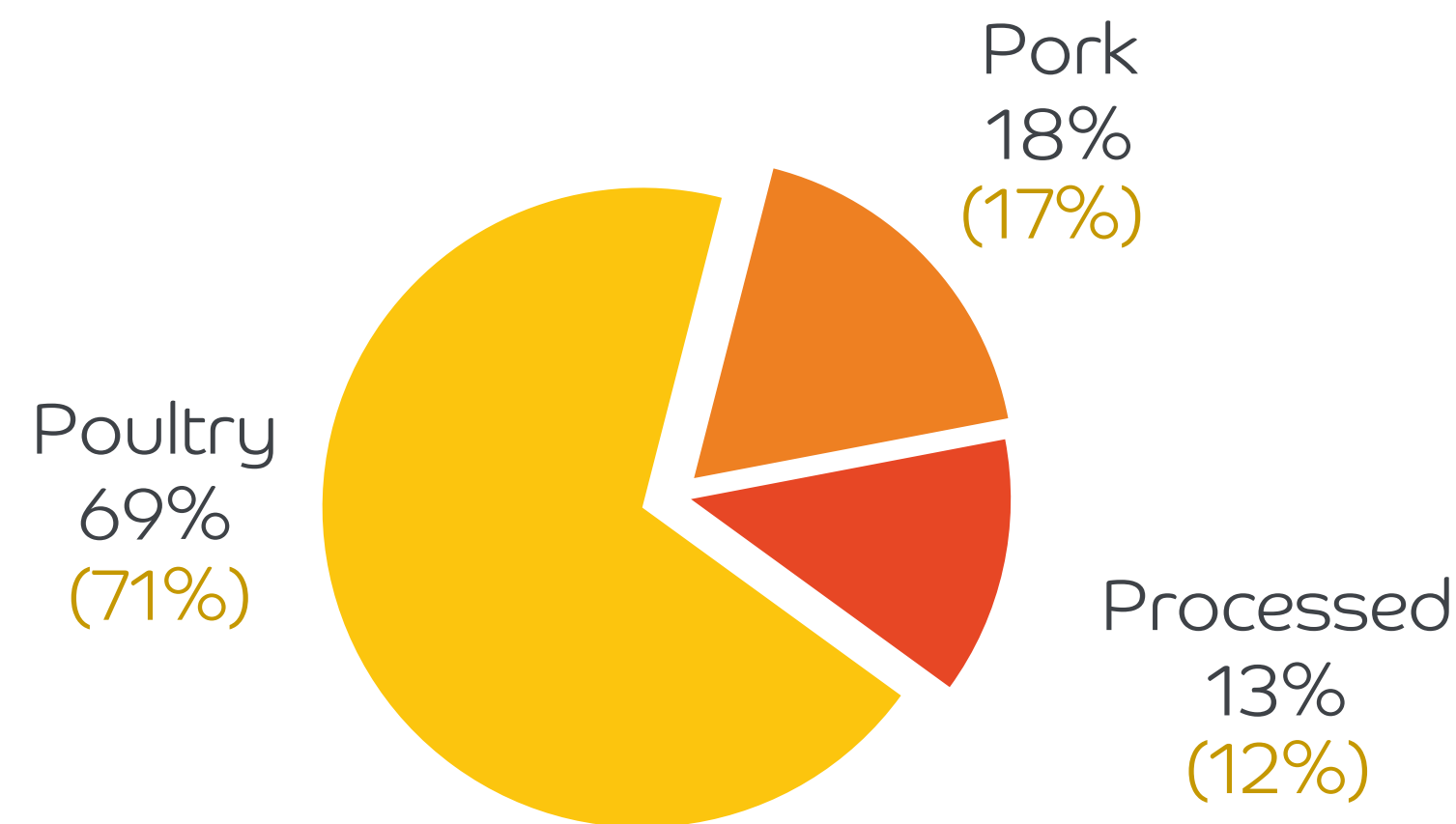


- » Iraqi was partially restricted to import products from Turkey
- » Lower operating leverage, offset by strict expense control
- » **Prioritization of market's most profitable countries and channels**

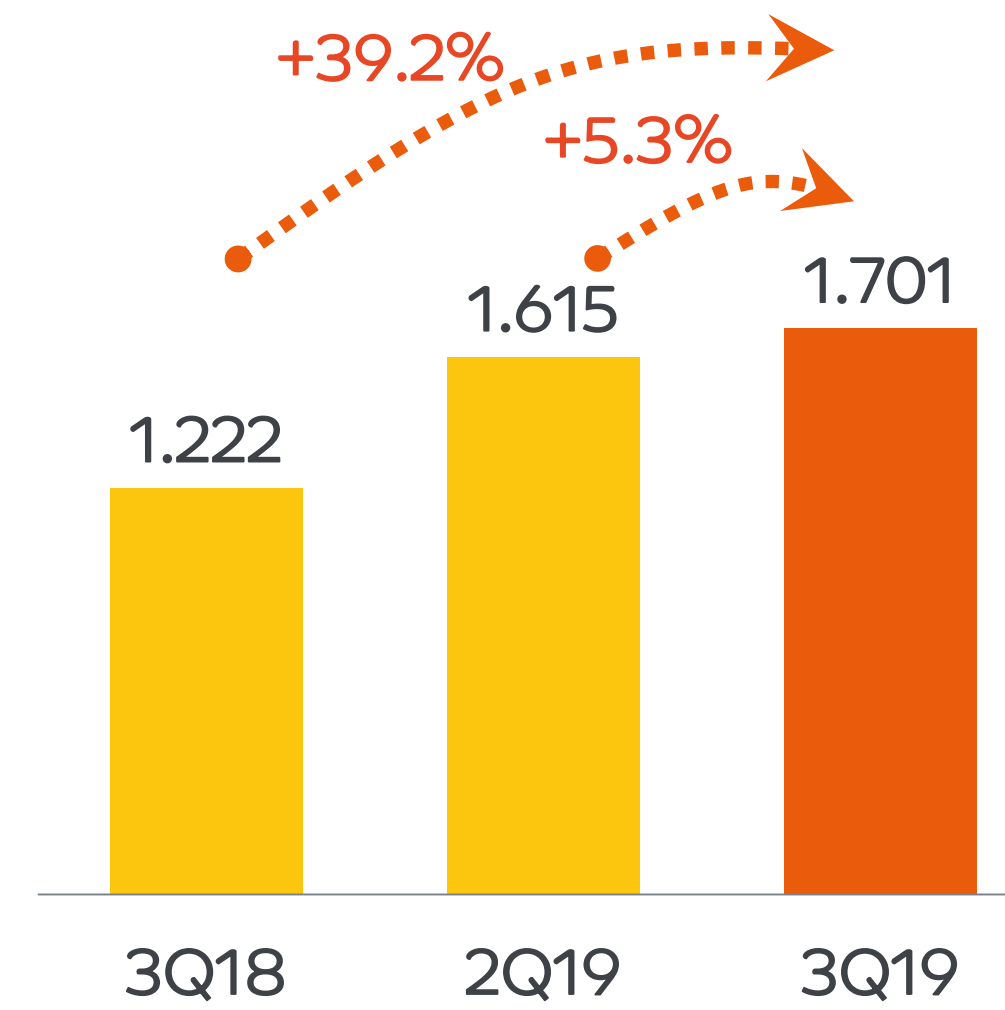
Other International Markets (Asia, Africa, Americas and Europe)

African Swine Fever has favored price dynamics in Asia

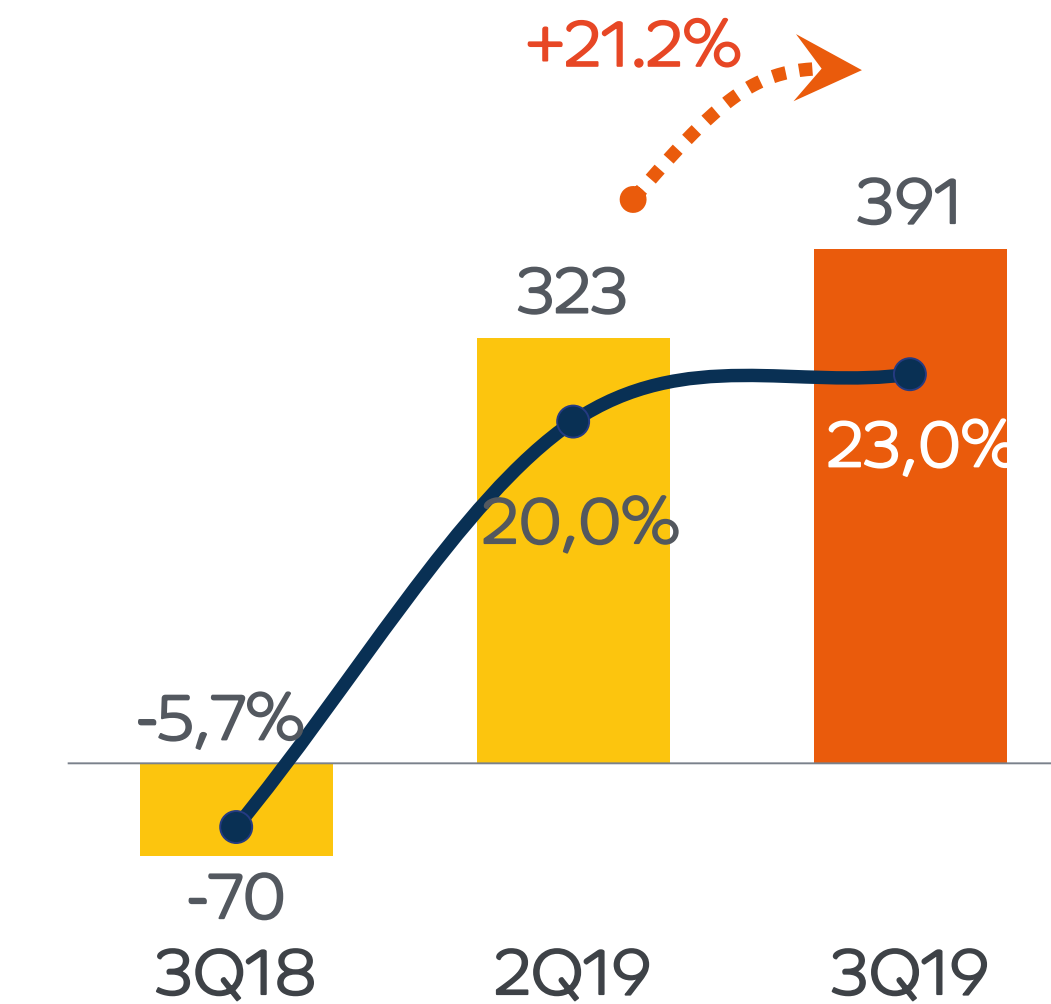
Volume 3Q19 | 203 Thousand Tons
(Volume 3Q18 | 193 Thousand Tons)



Net Revenue
(R\$ MM)



Adjusted EBITDA (R\$ MM)
Adj. EBITDA Margin (%)



- » Average sale price: **+32.3%**
- » Higher shipped volumes: **+5.2%**
- » **EBITDA Margin** of 23.0% (+28.7 p.p. y-o-y), highest margin in recent years
- » **Best profitability of the last 3 years**

Q&A

Sadia



Quality



ساديا
Sadia

Confidence



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