

M. Dias Branco

Results Presentation 1Q20

THE ART OF FEEDING TO PROVIDING WELL BEING AND HAPPINESS TO PEOPLE

May 11th, 2020

The statements contained in this document related to the management's views on the business of M. Dias Branco are merely trends and, as such, are based exclusively on management's perspective on the continuity of past and present actions, based on facts that have already occurred. These trends do not constitute projections or estimates, and may be substantially altered by changes in market conditions, the performance of the Brazilian economy, the sector and international markets.

Driven by strong growth in cookies & crackers and pasta, M. Dias Branco reports an increase of 140.8% in net income and 24.3% in net revenue in 1Q20

1Q20 HIGHLIGHTS

- Sales volume **22.4% higher** than in 1Q19 (**cookies & crackers: +25.1% and pasta: +27.3%**);
- Sustained leadership in the national cookies & crackers and pasta markers;
- EBITDA **103.8% higher** than in 1Q19;
- Production capacity utilization rate at **71%**, up from 66.5% in 1Q19;
- Wheat flour vertical integration at **96.7%**, up from 84.2% in 1Q19;
- **R$ 56.3 million invested** in our infrastructure;
- **103.2% growth in exports**;
- **Reduction of 15% in water consumption** by produced ton compared to 1Q19.

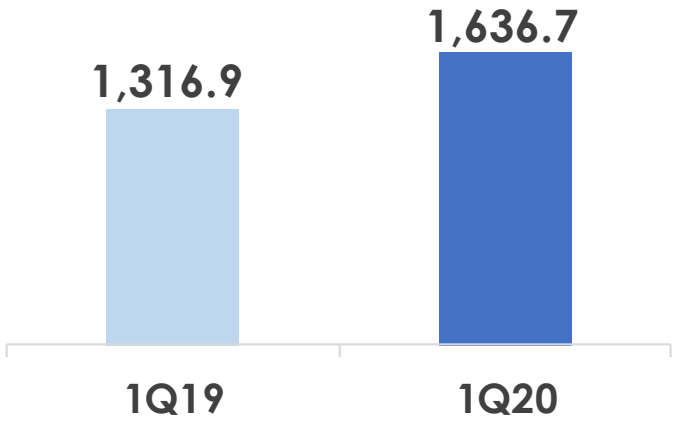


Net Revenue, Volume and Market Share

Net revenue of R$ 1.6 billion in 1Q20, 24.3% higher than 1Q19, reflecting the initiatives implemented since the second half of last year, such as the improvement of the pricing model and a go-to-market approach wider

Net Revenue (R$ million)

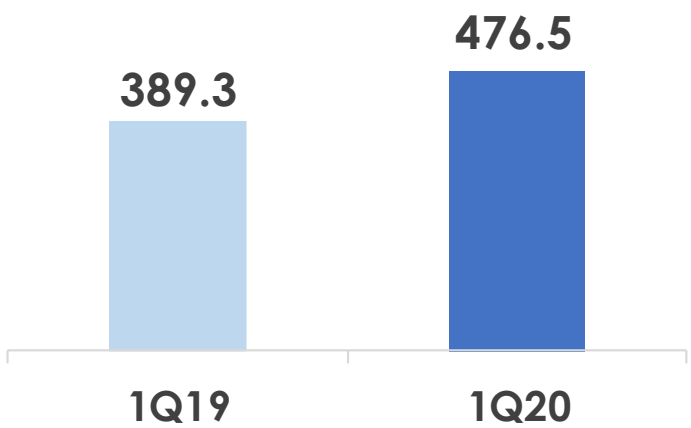
Var. +24.3%



- Cookies & Crackers **+23.3%**
- Pasta **+28.9%**
- Wheat Flour and Bran **+22.5%**
- Margarine/Vegetable Shortening **+26.9%**

Sales Volume (Thousand tons)

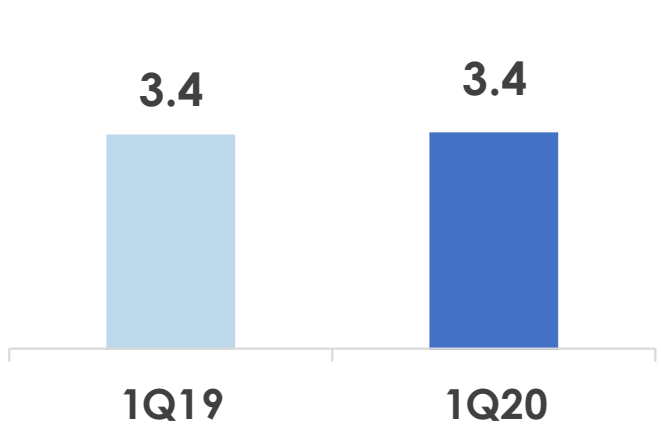
Var. +22.4%



- Cookies & Crackers **+25.1%**
- Pasta **+27.3%**
- Wheat Flour and Bran **+19.3%**
- Margarine/Vegetable Shortening **+17.3%**

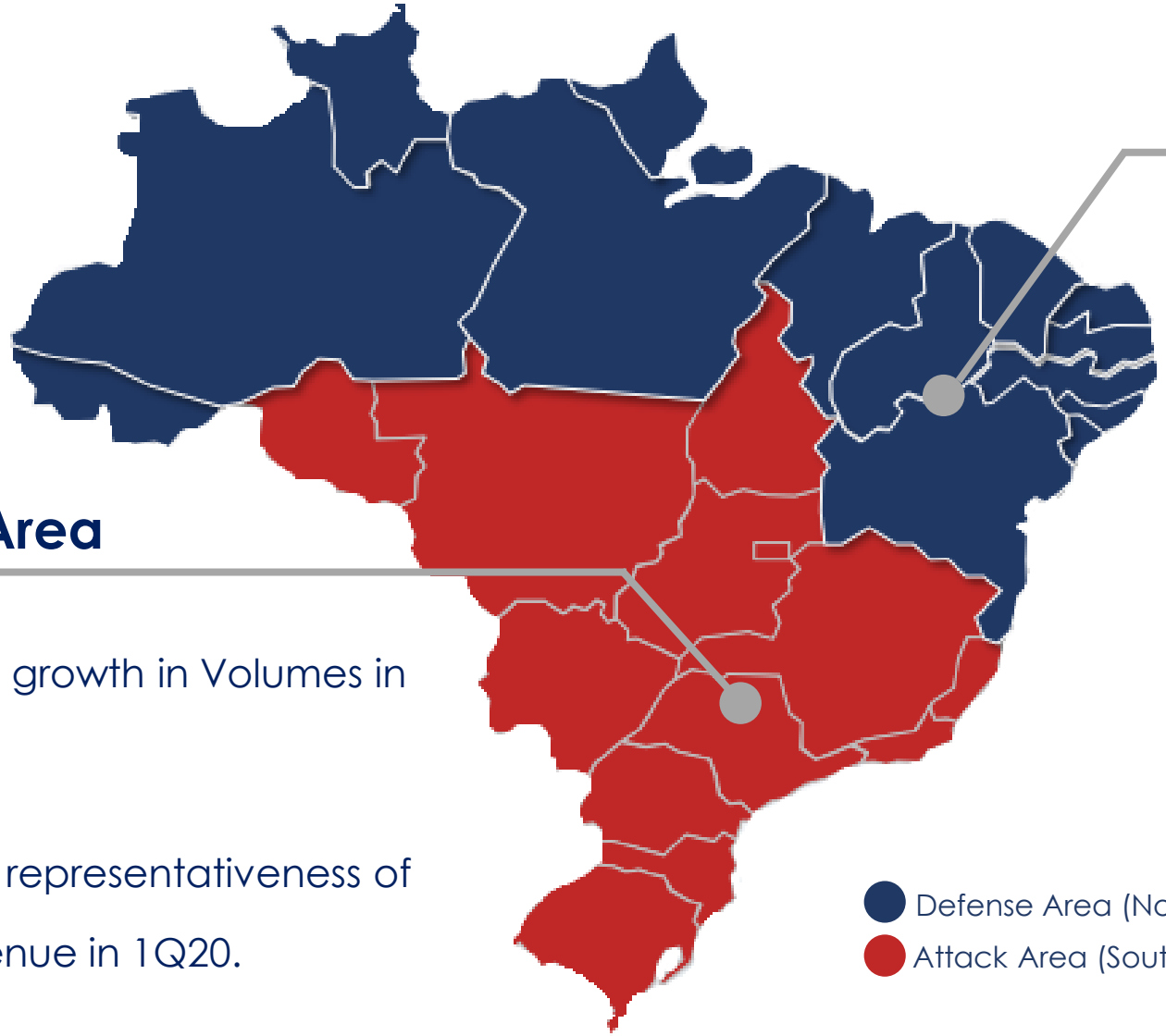
Average Price (R$/Kg)

Var. +1.5%



- Cookies & Crackers **-1.4%**
- Pasta **+1.1%**
- Wheat Flour and Bran **+2.3%**
- Margarine/Vegetable Shortening **+8.1%**

The volumes grew double digits in the areas of attack and defense. In line with our strategy, the attack area gained share in our total sales



Defense Area

17.7% growth in Volumes in 1Q20.

62.9% representativeness of Net Revenue in 1Q20.

Attack Area

34.5% growth in Volumes in 1Q20.

35.9% representativeness of Net Revenue in 1Q20.

- Defense Area (Northeast and North)
- Attack Area (Southeast, Midwest, South)

We exported R$ 25.1 million in 1Q20 to 23 countries, with a 103% growth compared to 1Q19, including products dedicated to the foreign market



Sales volume (tons.) Growth

Regions

- ✓ South America: **+183%**
- ✓ North America: **+79%**

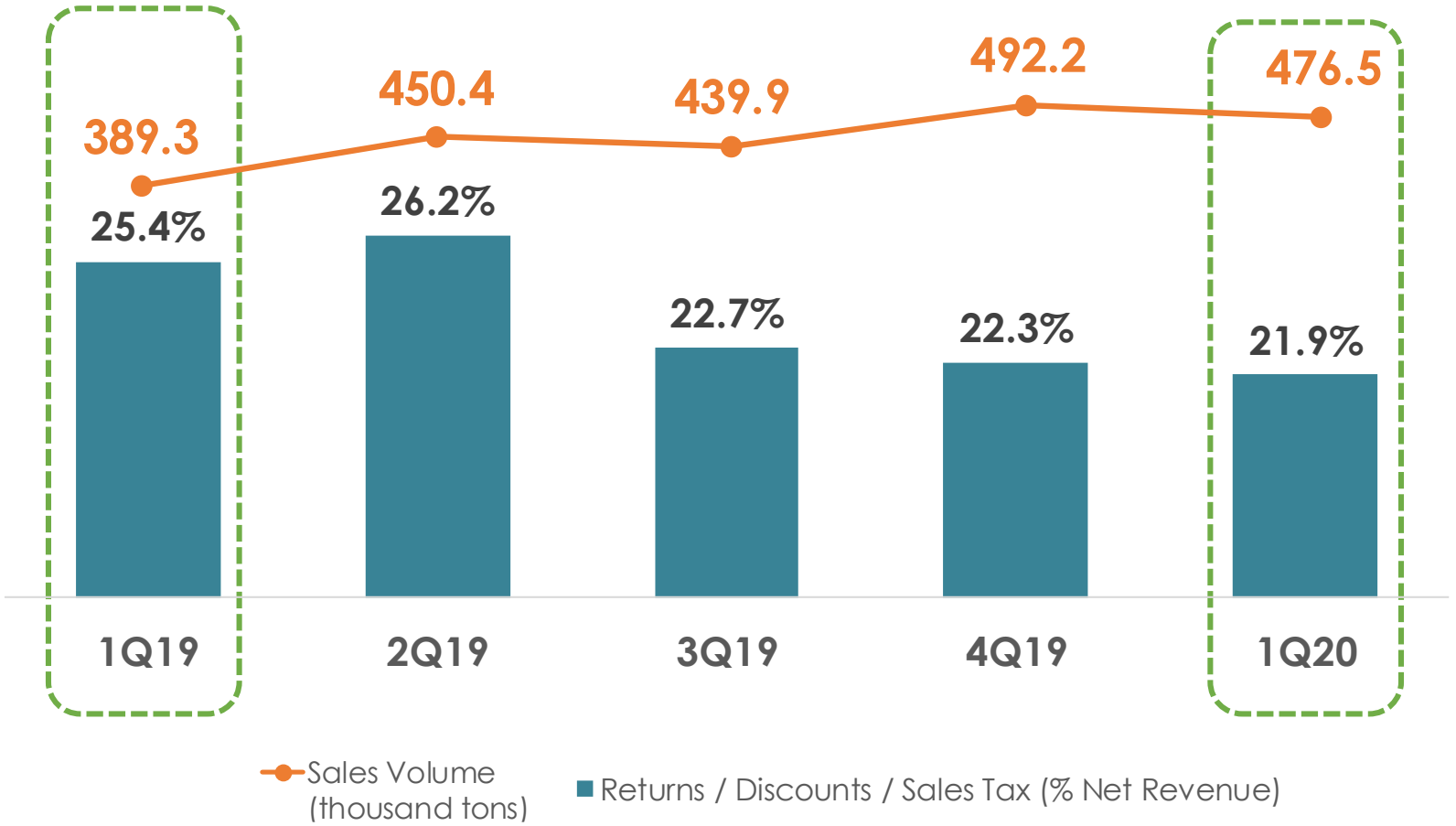
Category

- ✓ **Margarine and vegetable cream: 122%** highlight to the Adorita thermo-resistant vegetable creams and the new BelCampo, both exclusive for export.



The volumes grew by double digits, with adequate levels of discounts, as a result of discipline in execution, the improvement of pricing modeling and a wider go-to-market approach

Returns / Discounts / Sales Tax (% Net Revenue)

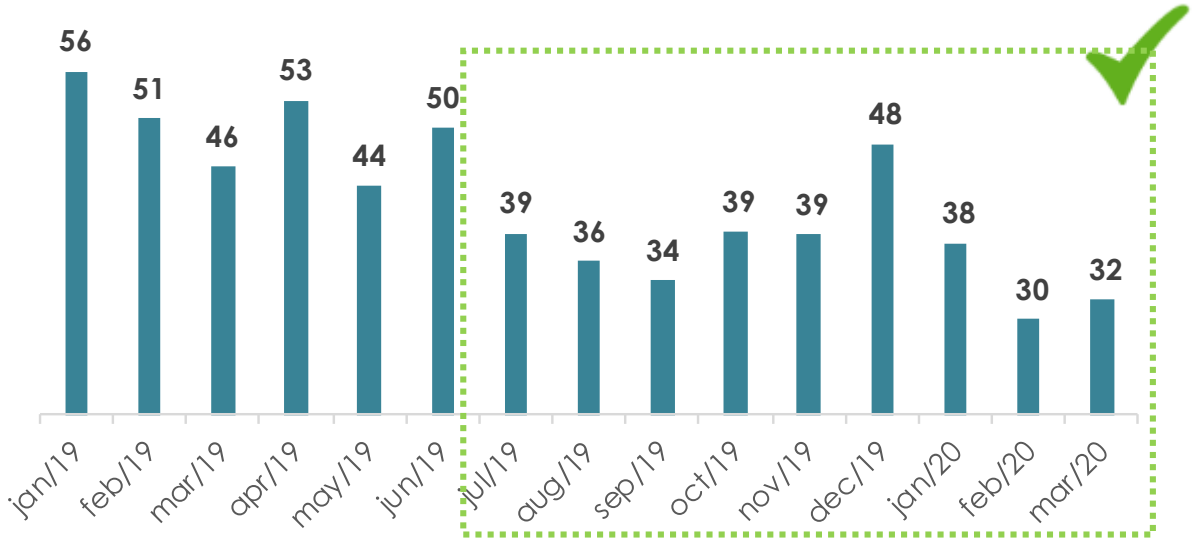


1Q20 vs. 1Q19
+22.4%

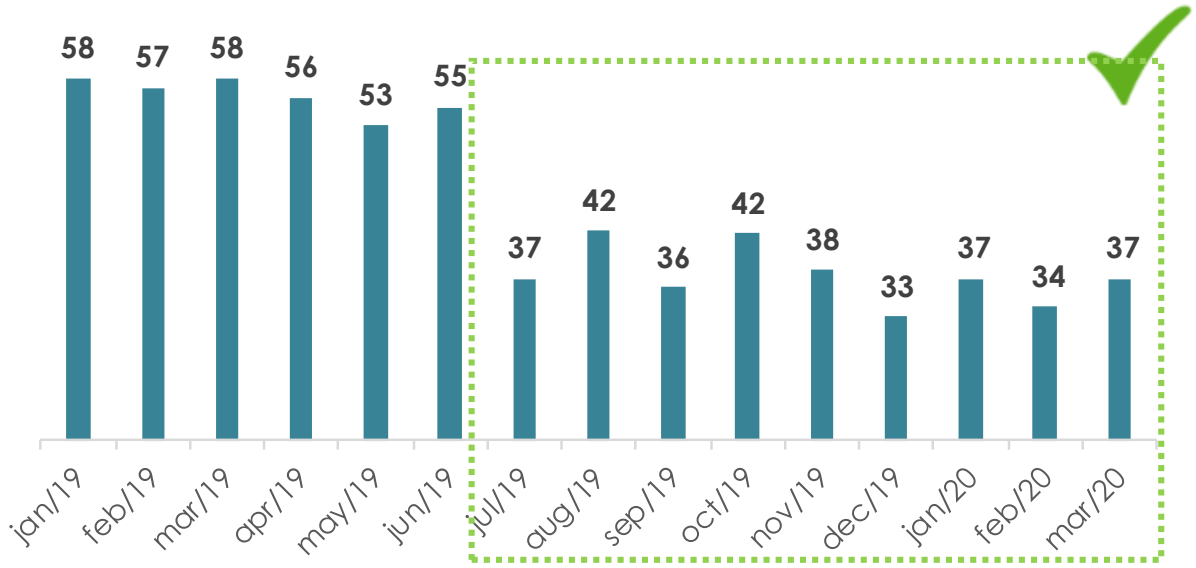
1Q20 vs. 1Q19
-3.5pp

Inventory levels of M. Dias Branco's items at our clients remain stable and adequate

Cookies & Crackers
Retail* Stock Days



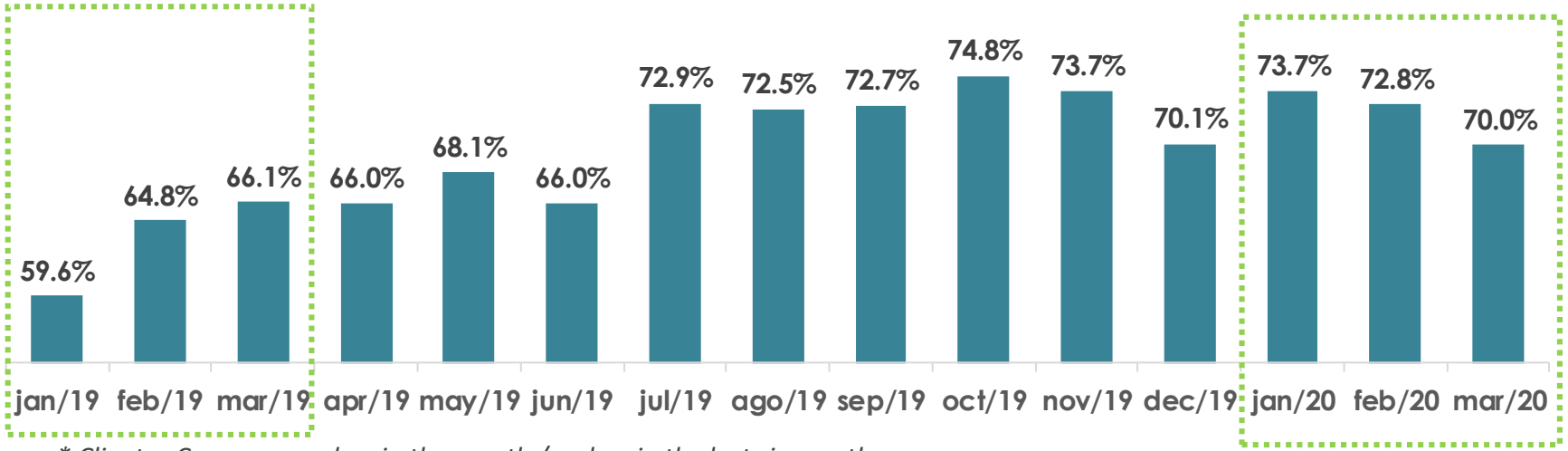
Pasta
Retail* Stock Days



** Source Neogrid*

Also as a result of the broader go-to-market approach and discipline in execution, clients coverage in 1Q20 was 8.7pp higher than in 1Q19

Clients Coverage M. Dias Branco * (without Piraquê)



** Clientes Coverage: orders in the month / orders in the last six months*

Average Coverage

1Q20: 72.2%

4Q19: 72.9%

1Q19: 63.5%

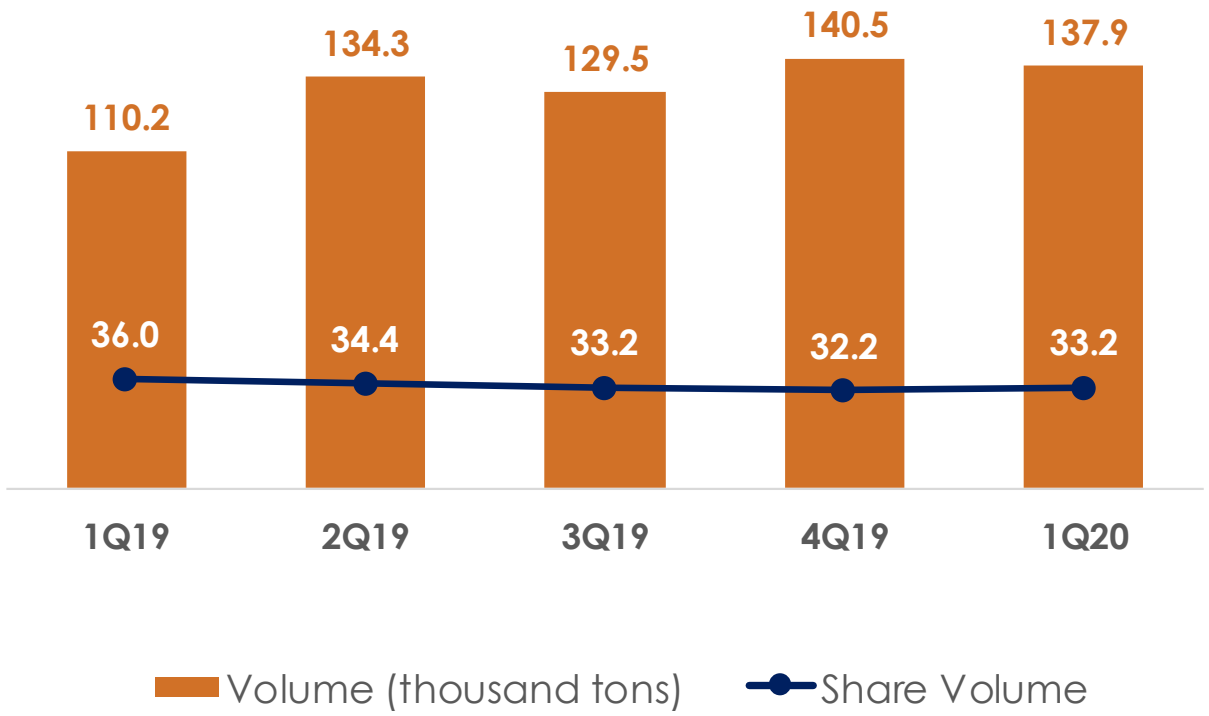
Participation* in Revenue excluding Discount Sales (%)

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
Major Client	11.1%	10.9%	11.1%	10.9%	12.4%	10.5%	11,0%	9.7%	11.4%
50 Subsequent*	37.2%	39,0%	39.1%	38.3%	37.8%	39.5%	36.8%	36.8%	38.8%
100 Subsequent*	44.5%	46.6%	46.1%	45.8%	44.7%	46.7%	44.1%	44.3%	46.3%

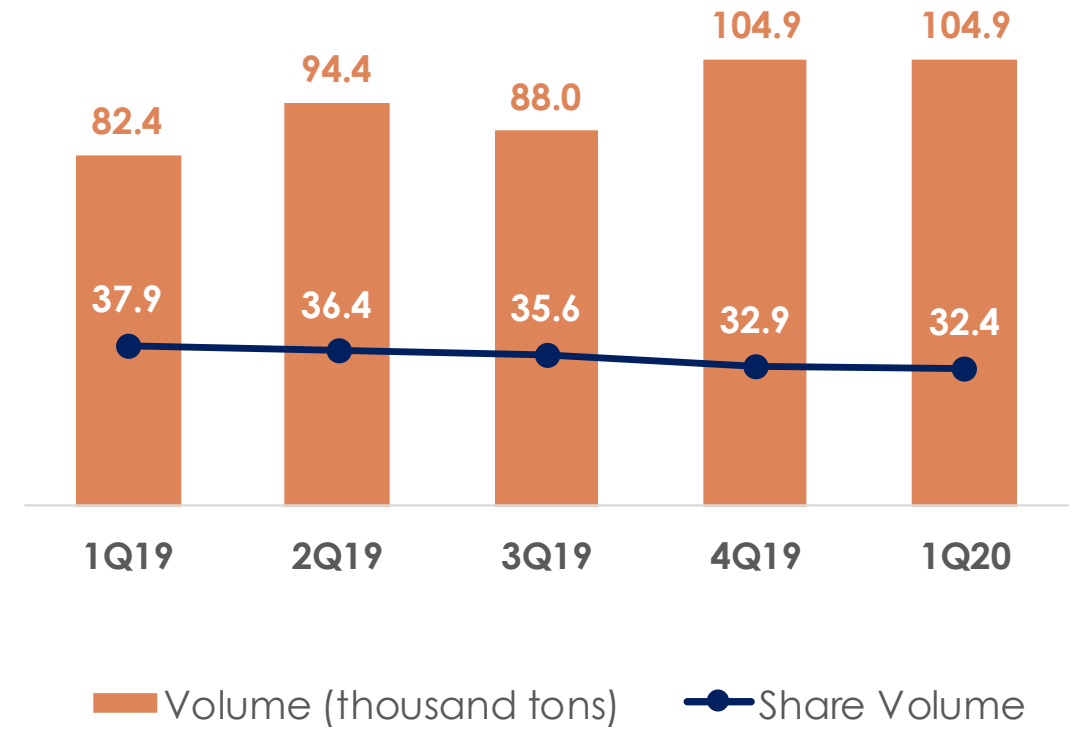
** Accumulated*

The most recent readings of market share demonstrate the recovery of market share in the Cookies market, with expansion of 1pp vs. the 4Q19. In Pasta, we registered a slight decrease of 0.5 pp

Cookies & Crackers



Pasta

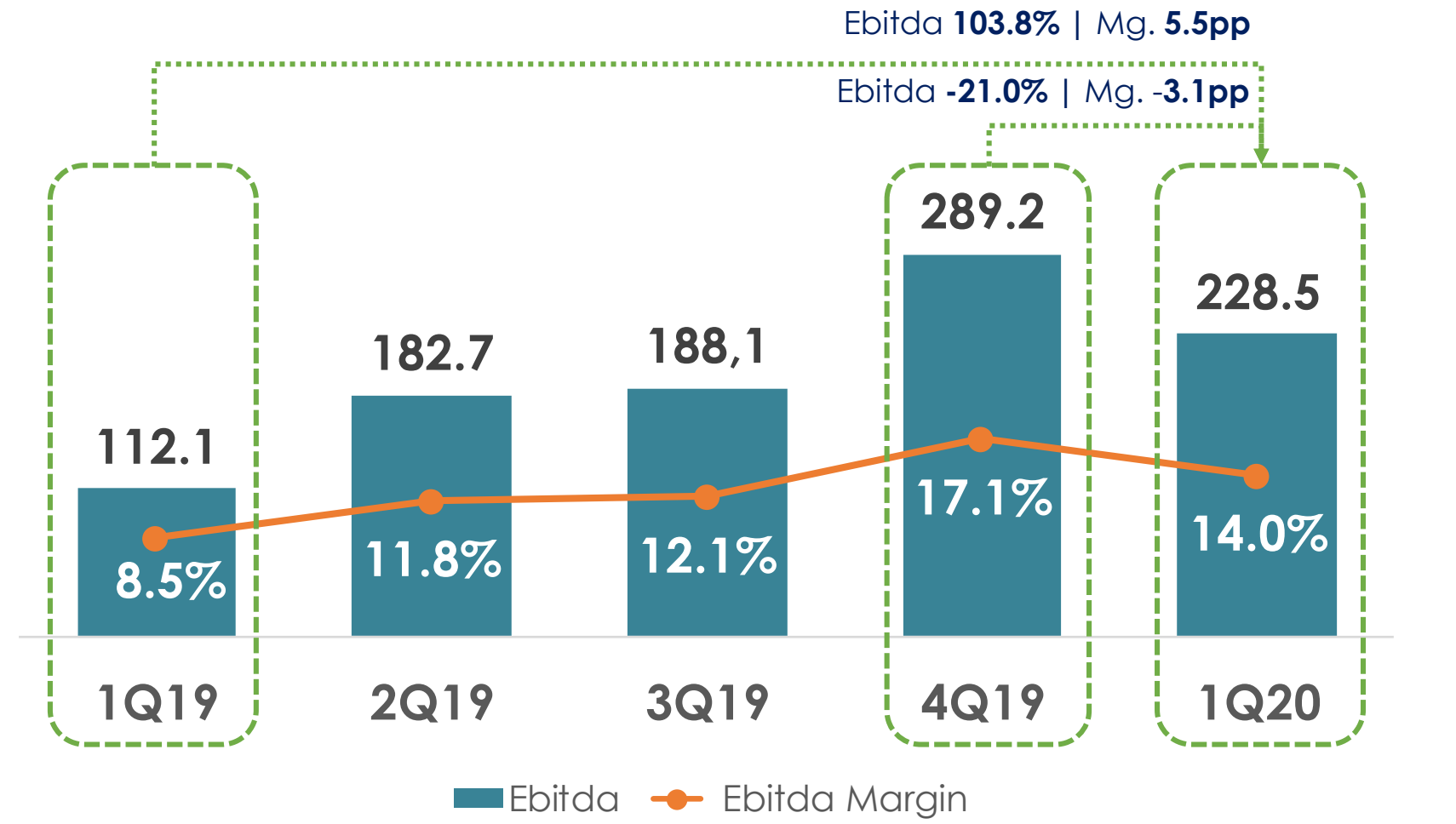




EBITDA and Net Income

R$ 228.5 million in EBITDA in 1Q20, more than double of 1Q19, as a result of increased volumes, successful purchases of wheat and strict management of expenses. EBITDA margin increased from 8.5% to 14%

EBITDA



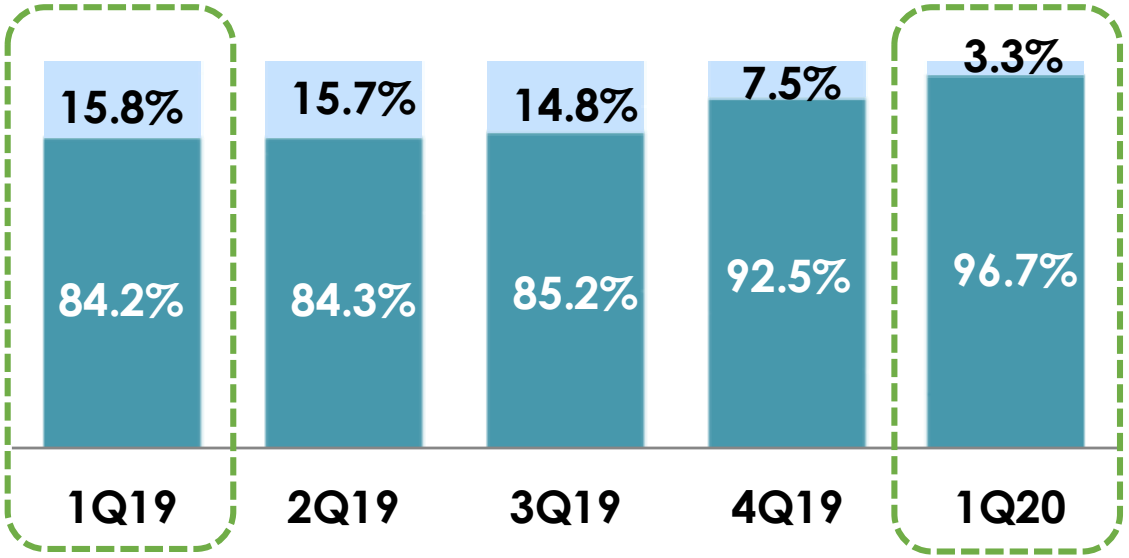
The wheat mill in Bento Gonçalves (RS), inaugurated in the second half of 2019, contributed to the increase in the verticalization of wheat flour, from 84.2% in 1Q19 to 96.7% in 1Q20

New Mill of Bento Gonçalves (RS)



- **Grinding capacity of 1,300 tons** of wheat per day.
- Storage capacity of **3,400 tons** for intermediate flour and **430 tons** of bran storage.

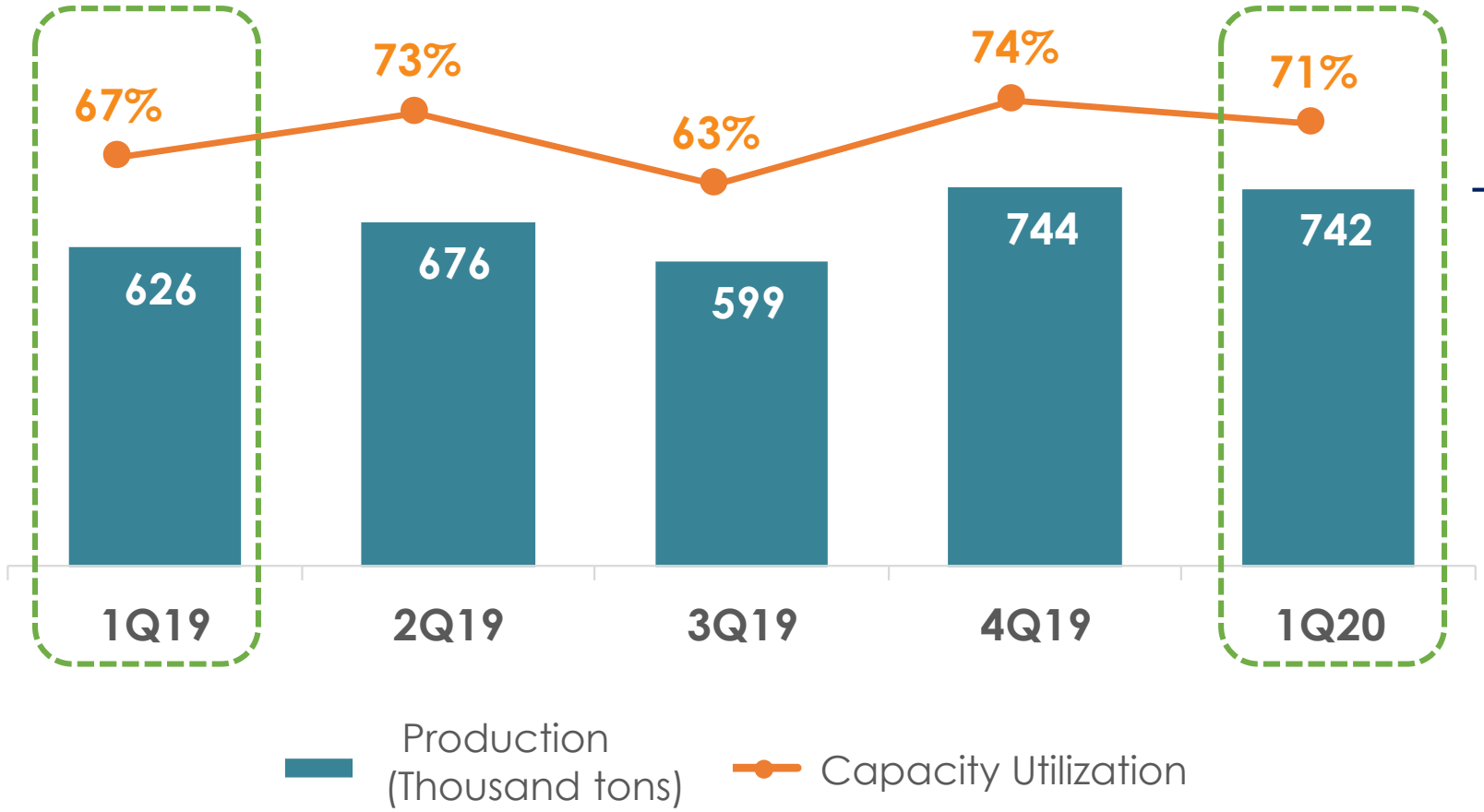
Company Consumption





We produced 742 thousand tons in our 19 industrial units in 1Q20, 18.5% higher than the volume produced in 1Q19

Production in thousand tons | Capacity Utilization Level



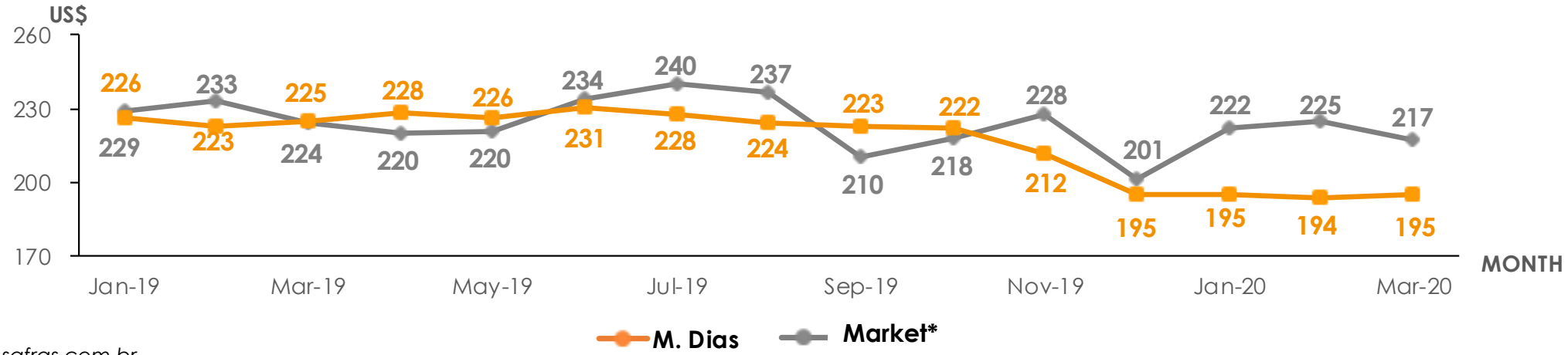
Var. % Production

+ 18.5% 1Q20 vs 1Q19

- 0.3% 1Q20 vs 4Q19

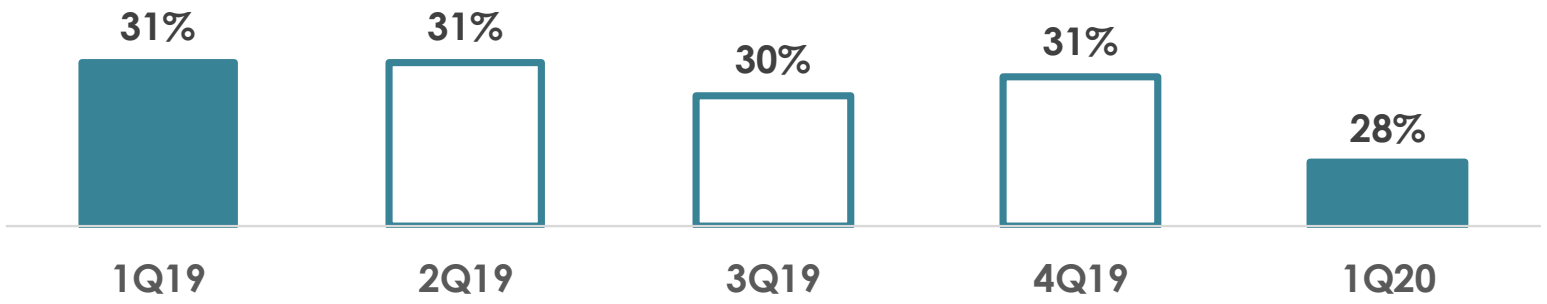
Appropriate purchases at the end of 2019 and early 2020 contributed to the lower average cost of wheat in inventories and results

WHEAT
Average price M. Dias Branco Inventory X Market price
US$ / TON - 2019 and 2020



Source: www.safras.com.br

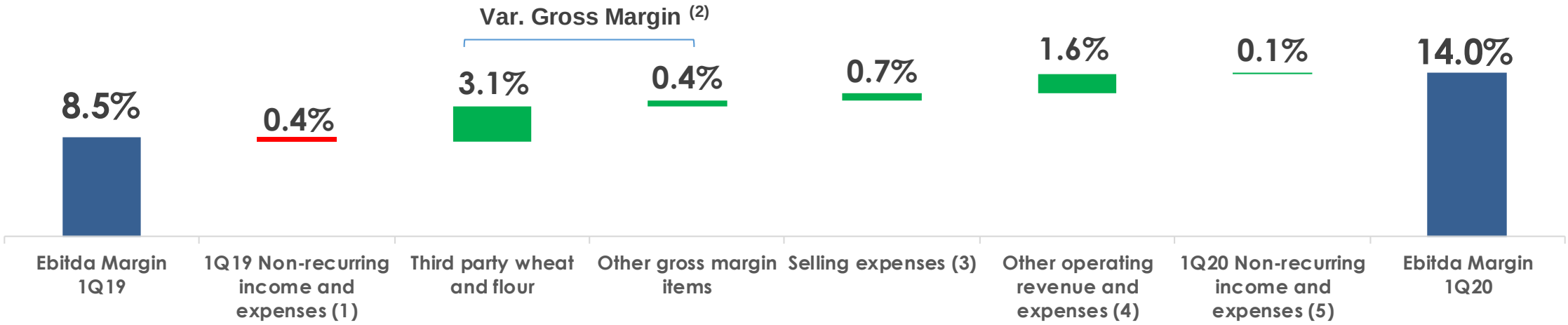
Wheat (% Net Revenue)**



** Internally produced wheat flour + purchased from third parties*

Expansion of the EBITDA margin, from 8.5% to 14.0%, due to the greater dilution of fixed costs and expenses, the appropriate purchases of wheat, the strong growth in cookies and pasta and the higher level of utilization of production capacity

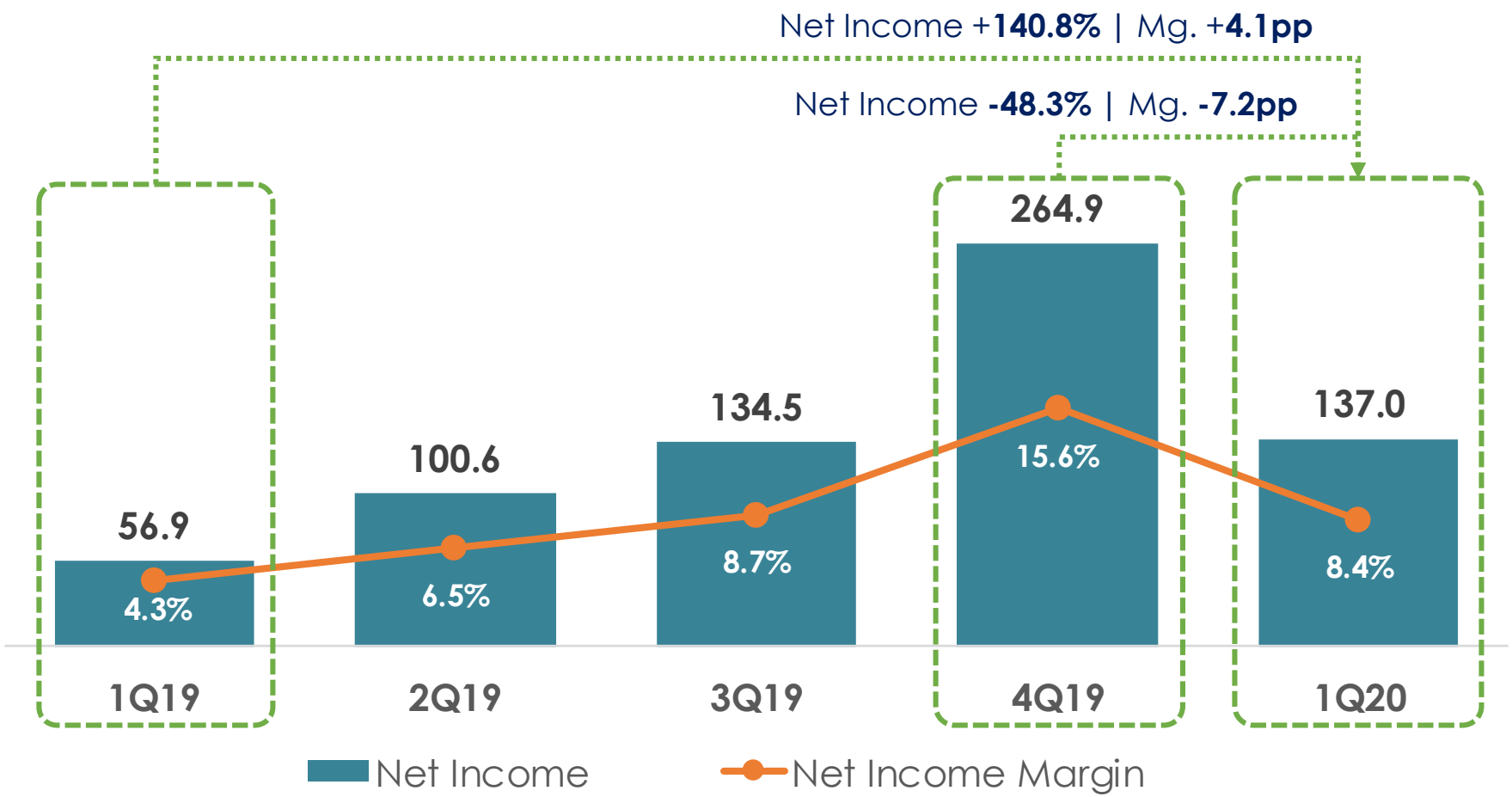
Variation EBITDA Margin (% Net Revenue) 1Q20 vs. 1Q19



- Increase in sales volumes of product lines with a lower share of wheat flour in costs (**cookies 25.1% and pasta 27.3%**);
- Lower average cost of wheat in 1Q20 vs 1Q19 **(-6.9%)**;
- Increase in the verticalization of wheat flour in 1Q20 vs 1Q19 **(96.7% vs. 84.2%)**;
- Greater dilution of fixed sales and administrative expenses.

R$ 137 million in Net Income in 1Q20, 140.8% higher than 1Q19, due to the growth in sales and EBITDA

Net Income

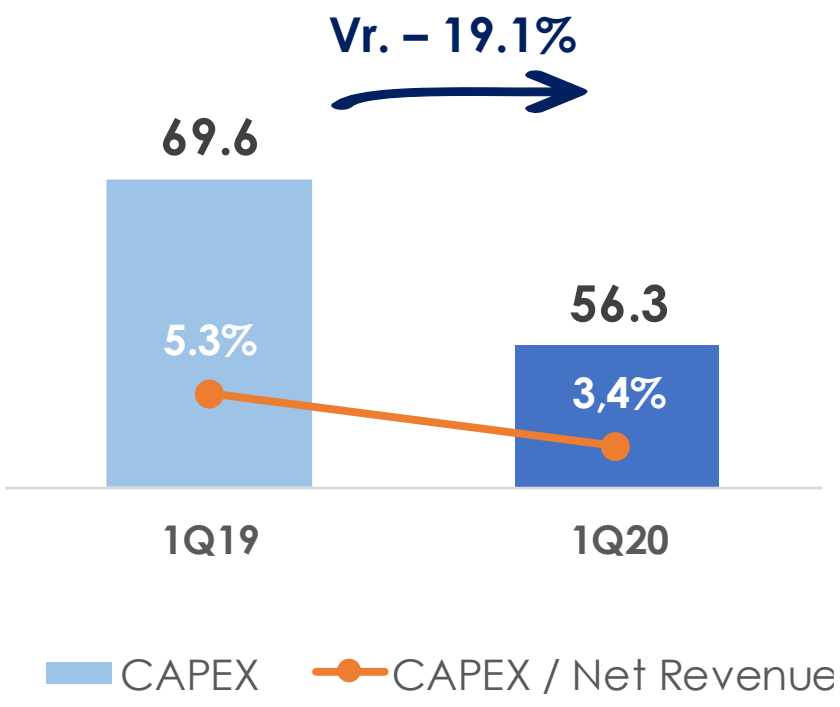




Investments

Investments totaled R$ 69.6 million in 1Q20, a reduction of 19.1%, distributed between expansions and maintenance

1Q20 vs 1Q19



Highlights

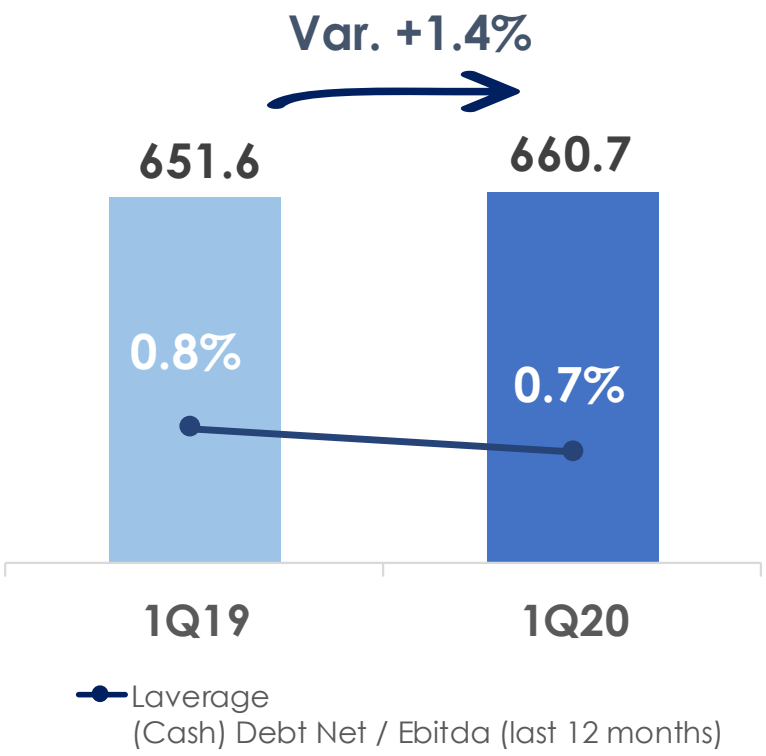
- Acquisition of equipment and construction of a parking - Bento Gonçalves unit;
- logistics redesign, comprising new distribution center;
- Acquisition and installation of silos for storage of wheat flour - Maracanaú unit.



Net Debt and Net Cash

In a beginning of year impacted by the Covid-19 crisis, we demonstrated resilience, met demand, managed expenses strictly, generated cash and reduced leverage

Net Debt



1Q20 Highlights

- **R$ 77.4 million** of net cash generated by operating activities;
- **33.3% increase** in cash and cash equivalents versus 12/31/19;
- **R$ 678.7 million** in capitation;
- **AAA Fitch Rating**;
- **0.7 leverage** (Net Debt / Ebitda).

FitchRatings
AAA
Rating Nacional de Longo Prazo, Perspectiva Estável



Product Launch and Donations

We continue to invest in innovation, with relevant launches in 1Q20



Focused on expanding the South and Southeast regions, the Isabela brand enriches its portfolio with the launch of Type 1 Wheat Flour, in packages of 1 Kg and 5 Kg.

In line with the strategy of growth and the introduction of items with greater added value, the Company launches the line of tartlets for the Piraquê brand, and also launches the Chocks Vitarella (chocolate covered wafer cookies).





Donation of R$ 2.4 million for blood donation and hematology research



Through its brands, the Company will donate 500 products for each blood bag collected by blood centers in six states in the country, through the brands Adria, Fortaleza, Isabela, Piraquê and Vitarella.

The action is part of a national campaign, that will allocate a total of R$ 2.4 million in favor of blood donation and hematology research in six Brazilian states.

"With just one donation, you support two causes“

Donation of 5 tons of Richester brand products



During humorist Tirullipa's live, on April 2nd, the Company contributed with the donation of food to the Brazilian circus community.

- **5 tons donated** of Richester products;
- **1,6 million viewers** during the live (4h duration);
- **233 post** on Richester's Instagram profile.

Partnership with Rappi to increase access to our products through digital platforms





In order to stimulate new channels and help society to overcome the difficulties imposed by COVID-19, we launched a partnership with Rappi. The action aims to:

- Beginning of the plan to strengthen the presence of brands in the e-commerce;
- Activation with the brands Piraquê, Adria, Vitarella, Fortaleza, Treloso, Richester, Finna and Isabela;
- Investment in the brands' social networks;
- Strengthening of the relationship with retailers and consumers at this time.



Highlights
Social and environmentals

Highlights Social and Environmentals

Sustainability Indicators

- Lower water consumption (m^3/ton): **-15%**
- Lower waste recycling index: **-1.7pp**
- Lower generation of solid waste (kg/ton): **-7.8%**
- Lower frequency of accidents at work: **-0.5pp**

UN GLOBAL COMPACT
Rede Brasil

Initiatives and realization

- Donation of two new ambulances to the Santa Casa da Misericórdia in Fortaleza;
- Expansion of inclusion actions, with the availability of an accessibility tool in Brazilian Sign Language (Libras) on the official website of M. Dias Branco

OBJETIVOS DE DESENVOLVIMENTO SUSTENTÁVEL



Thanks you

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