



JBS S.A. – A GLOBAL FOOD COMPANY

## Institutional Presentation

Including 2Q19 Results

# A **UNIQUE** GLOBAL LEADER

Global platform present in over **15 countries** and with over **400 facilities<sup>1</sup>** and offices

## #1

in global **beef** production

in global **chicken** production

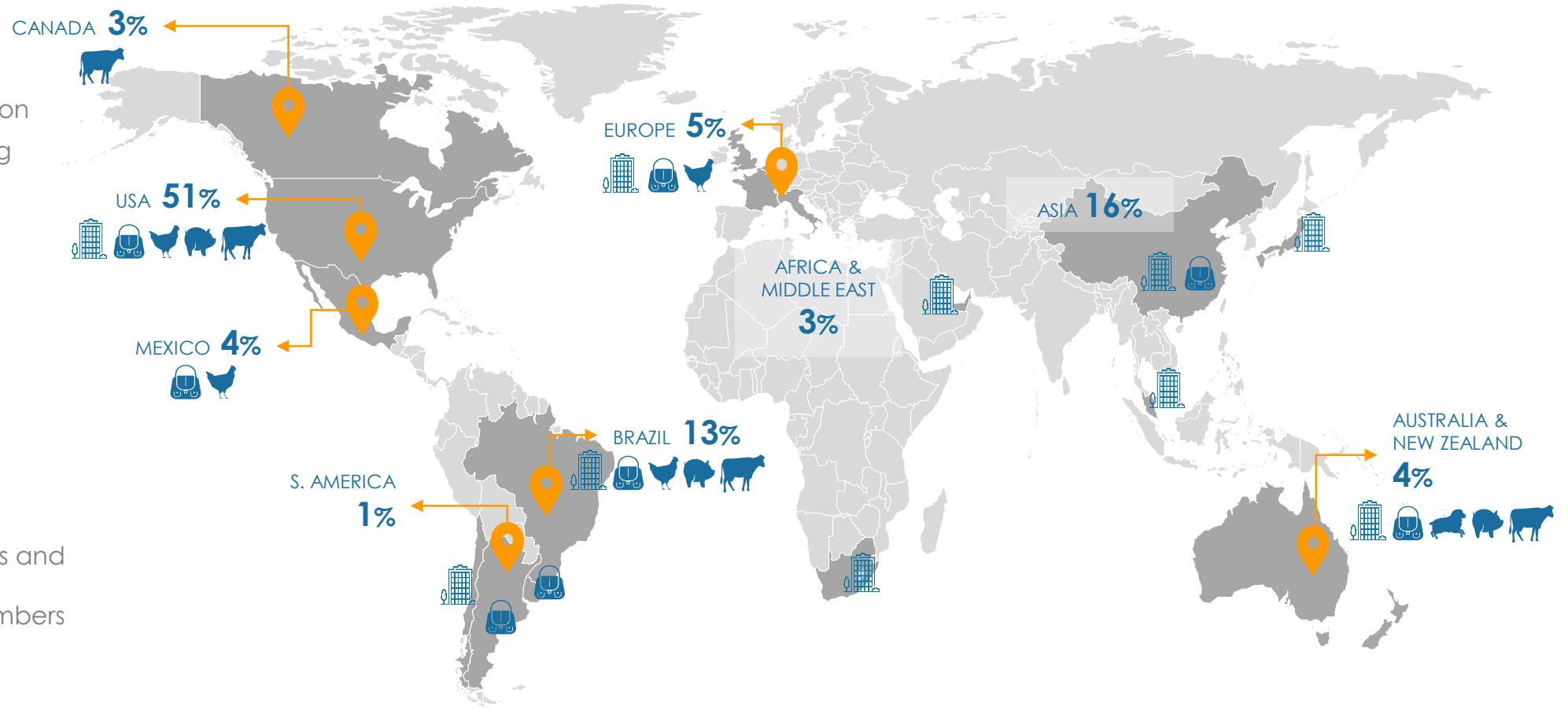
in global **leather** processing

## #2

in global **pork** production

In global **lamb** production

**+275,000** customers and  
**+230,000** team members

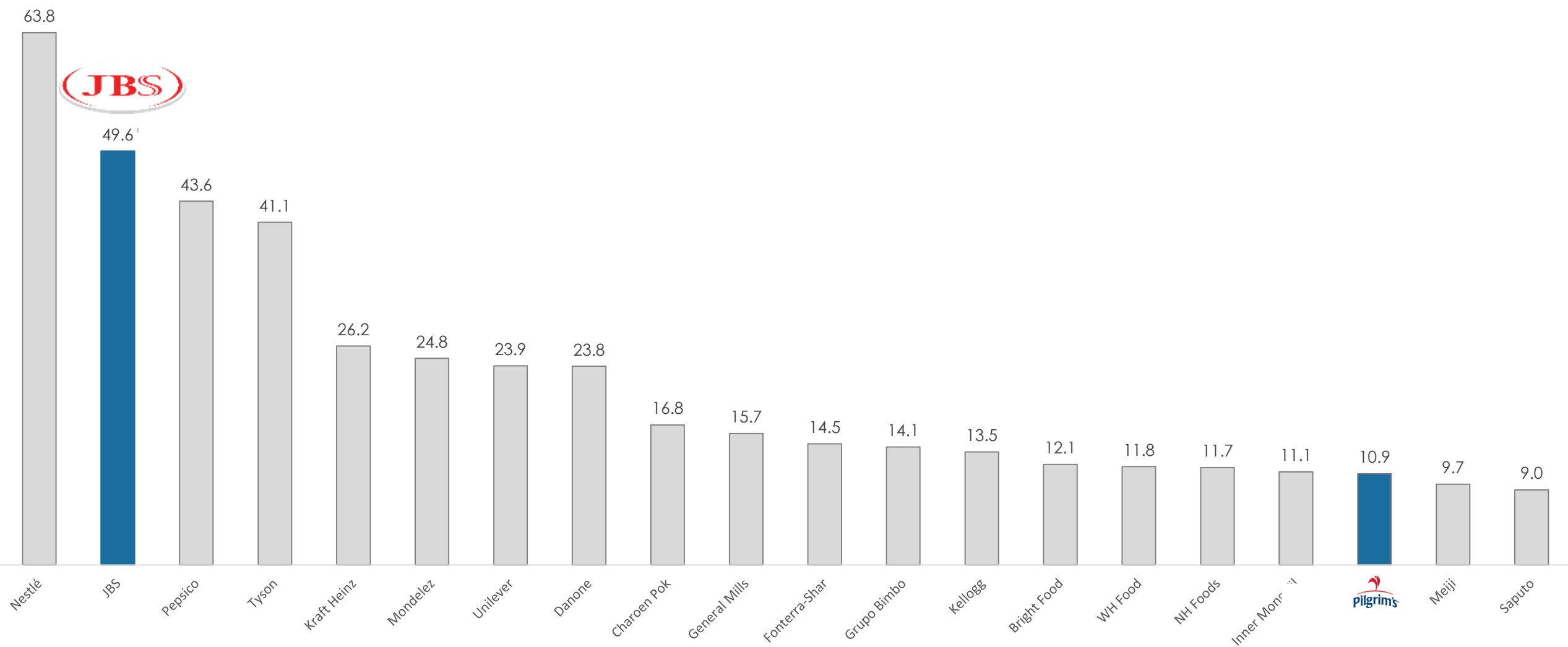


Note: % of Consolidated Net Revenue – domestic sales and imports.

<sup>1</sup> Includes production units, feed mills, hatcheries, feed lots and others.

# GLOBAL RANKING

2nd largest food company of the world in revenue

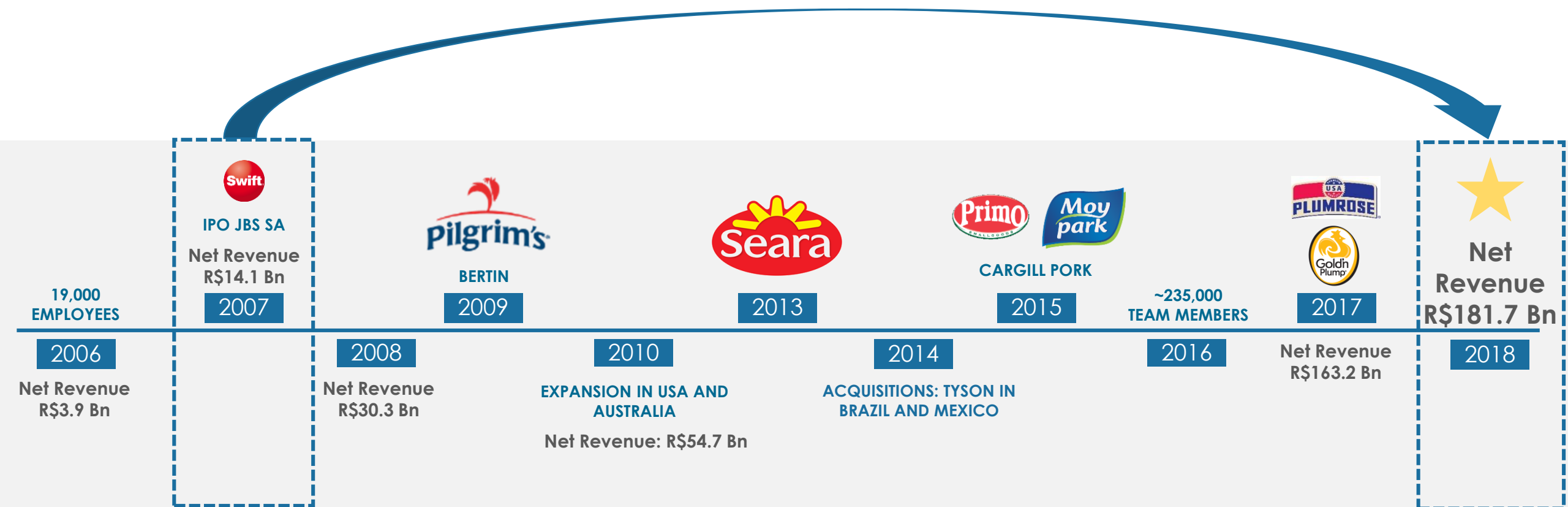


Source: JBS; Bloomberg, based on net revenue in US\$ billion  
Note1: LTM 2Q19 Net Revenue, including PPC



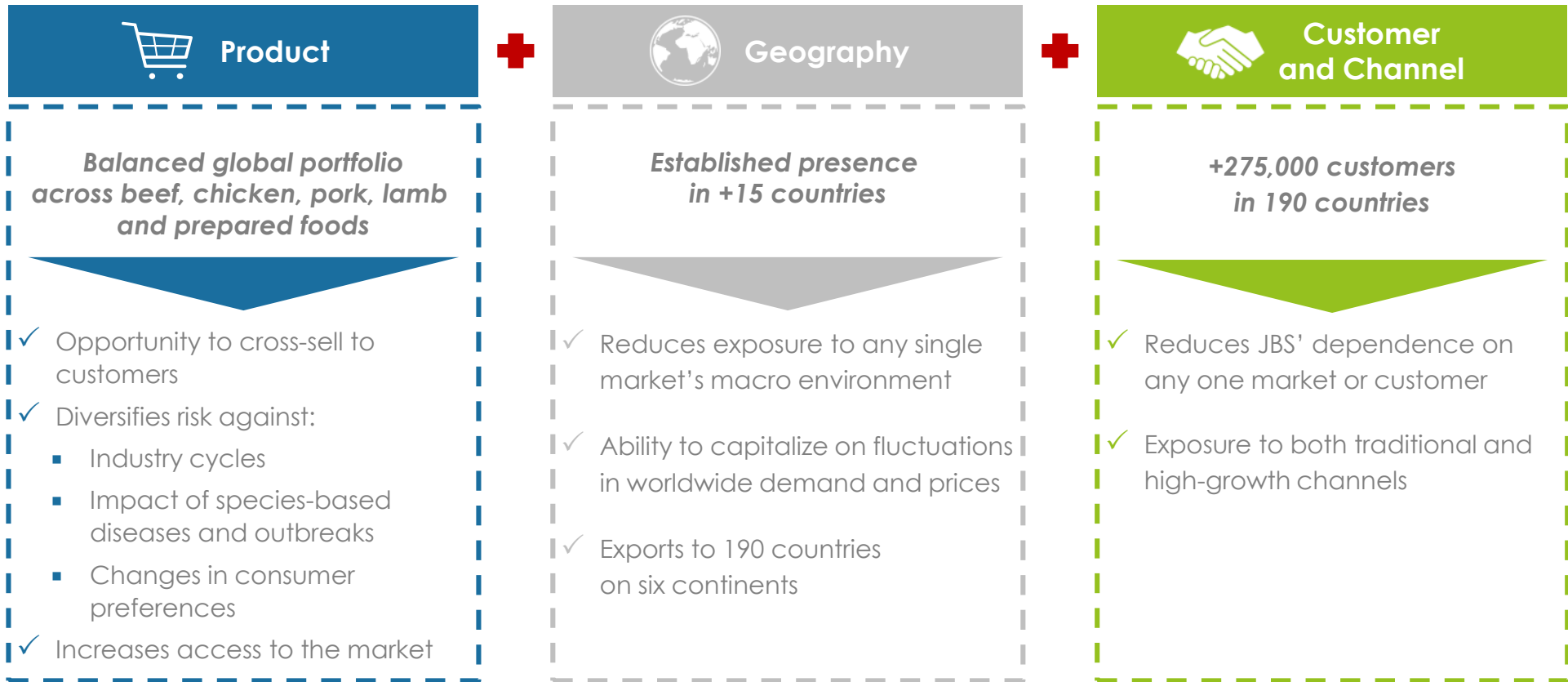
# EVOLUTION

From a Brazilian beef company in 2006 to a **GLOBAL FOOD COMPANY**



# DIVERSIFIED BUSINESS MODEL

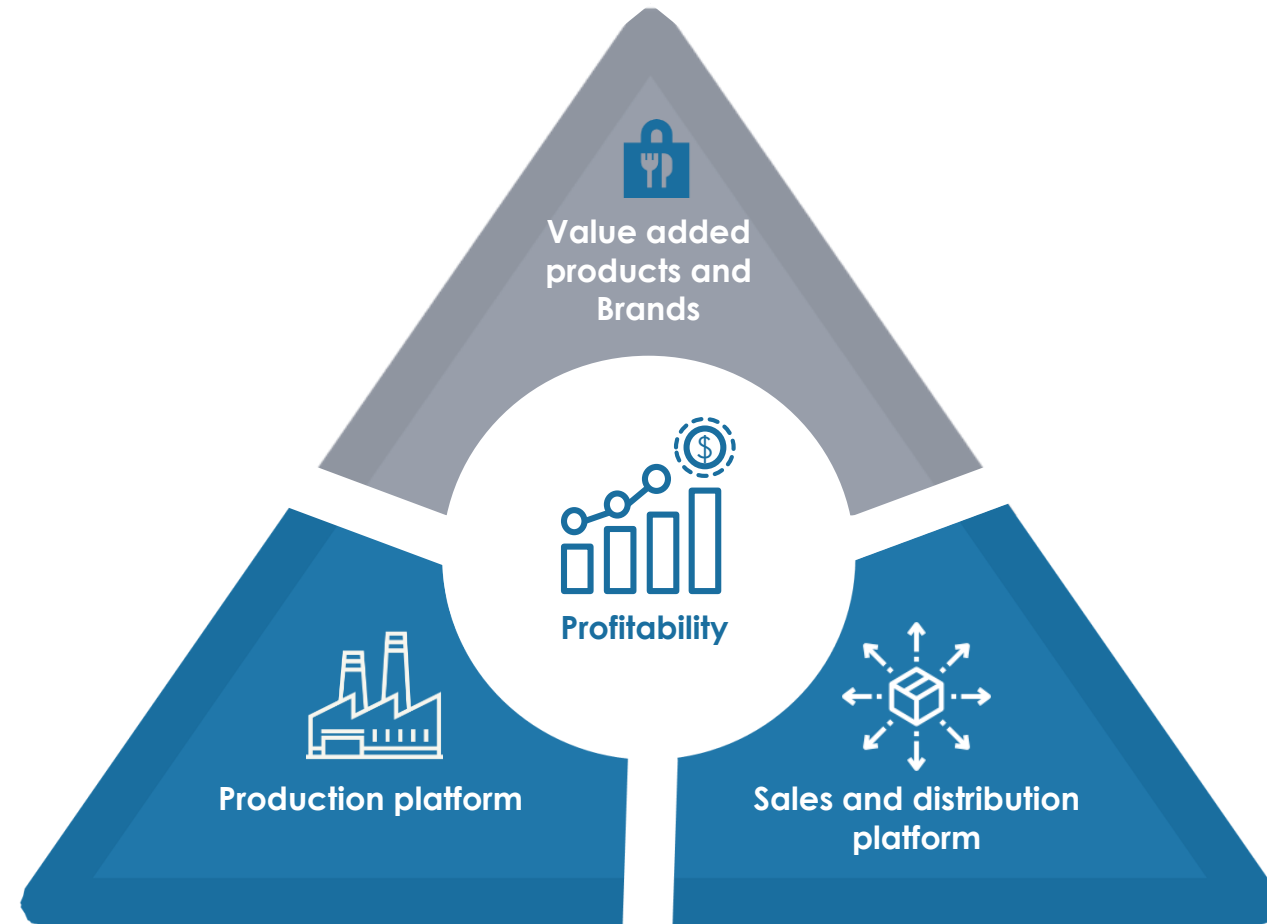
Diversified business model eliminates volatility that comes from single protein or single geography



**Diversification Delivers Long-Term Growth and Reduces Volatility**

# OPERATIONAL STRATEGY

Global and diversified production and distribution platform evolving towards **value added products with brands**



**Recognized Brand** portfolio, with **high value added** products and **convenience**



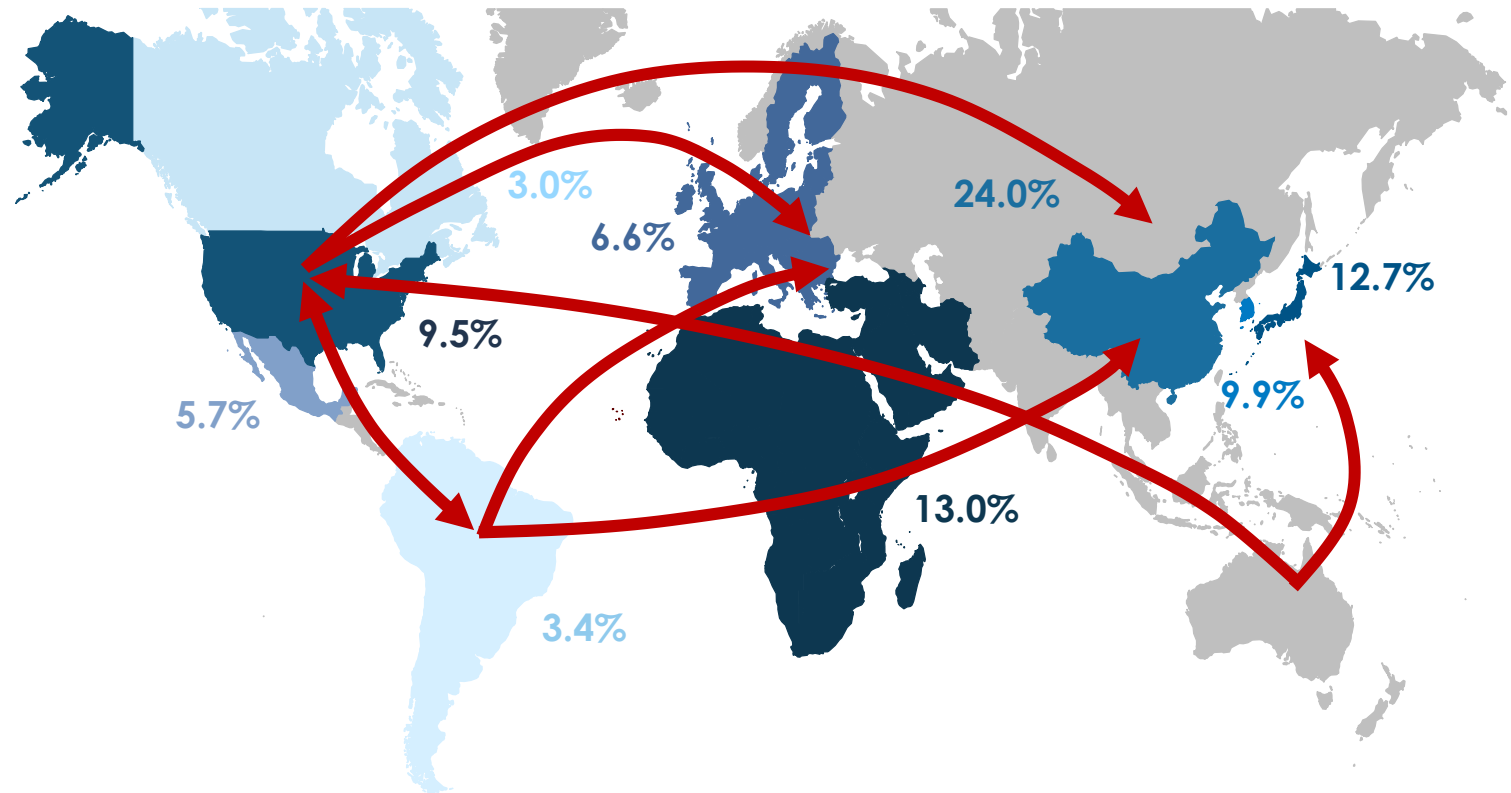
**+275,000 customers** and sales to **+ 190 countries**



**+400 units** in **+15 countries**

# CONSOLIDATED EXPORTS

JBS exports destinations



▲ Greater China <sup>1</sup>	24.0%
▲ Africa & Middle East	13.0%
▲ Japan	12.7%
▲ South Korea	9.9%
▲ USA	9.5%
▲ E.U.	6.6%
▲ Mexico	5.7%
▲ South America	3.4%
▲ Canada	3.0%
Others	12.2%

Asia corresponded to  
**46.6%**  
of total exports

LTM 2Q19 total exports: **US\$12.9Bn**

Note 1: Consider China and Hong Kong

# Business Units





# JBS USA BEEF

Beef production in the United States, Canada and Australia  
Lamb production in Australia

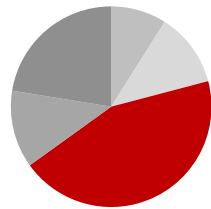
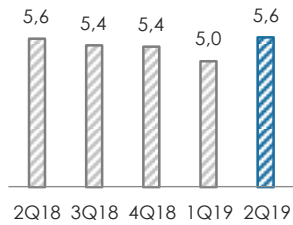


## Strategic Initiatives

- Strengthen and expand business with key customers
- Increase production of higher value-added products
- Continued expansion of more profitable product mix in domestic markets and exports
- Increase operating efficiency
- In Australia and New Zealand, investments in innovation and in the Primo and Hans brands

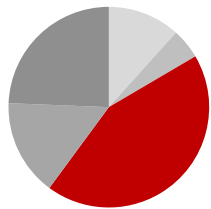
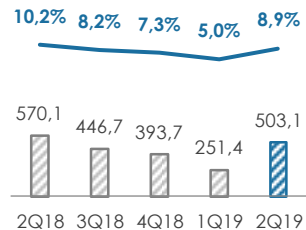
## Recent Performance

Net Revenue (billion)

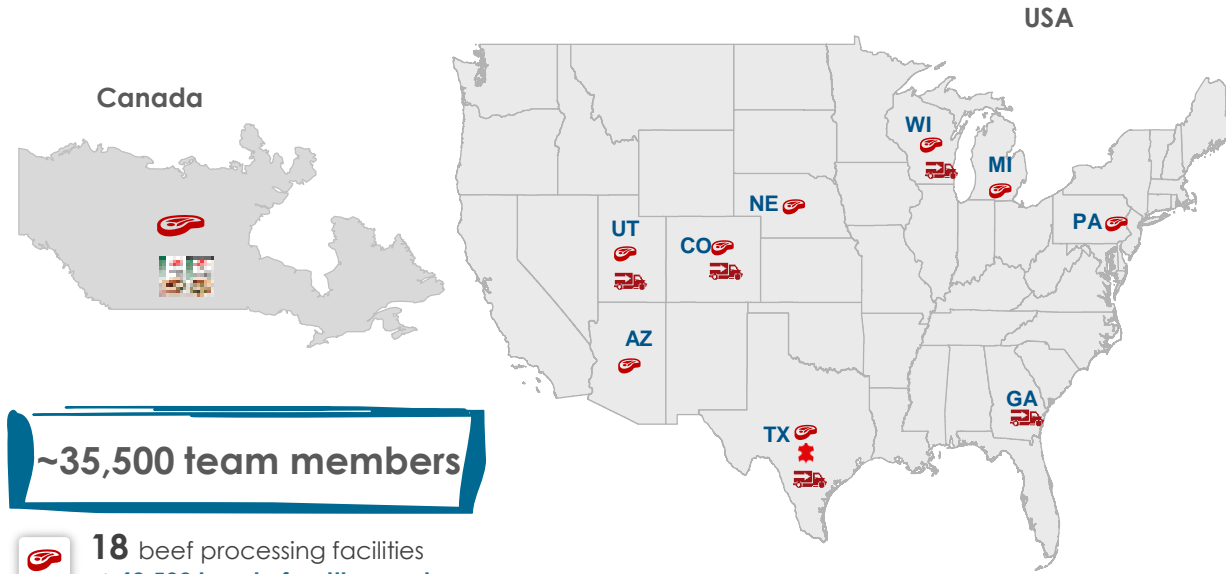


**US\$21.5Bn**  
43% of LTM 2Q19  
Revenue

EBITDA (million) and %



**US\$1.6Bn | 7.4%**  
39% of LTM 2Q19  
EBITDA



**~35,500 team members**

- 18** beef processing facilities  
✓ **42,500 head of cattle per day**
- 06** feedlots  
✓ **06 in Australia**
- 02** leather/hides facilities  
✓ **12,900 hides per day**
- 08** carrier units  
✓ **08 in the US**
- 09** PFP facilities
- 08** distribution centers  
✓ **07 DCs in Australia and 01 in New Zealand**
- 02** lamb facilities
- 01** hog processing facility (Primo)



# JBS USA PORK

Pork and value added production in the United States

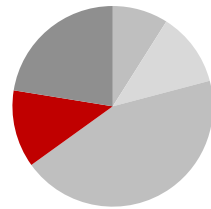
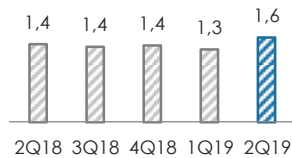


## Strategic Initiatives

- Increase domestic and international commercial partnerships
- Expansion of value-added volume and product mix
- Investments in R&D, prepared products and bacon
- Continued focus on operational excellence
- Acquisition of Plumrose in 2017, further enhancing participation in value-added products

## Recent Performance

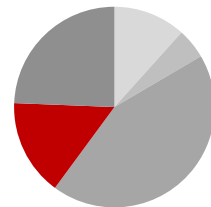
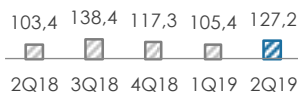
Net Revenue (billion)



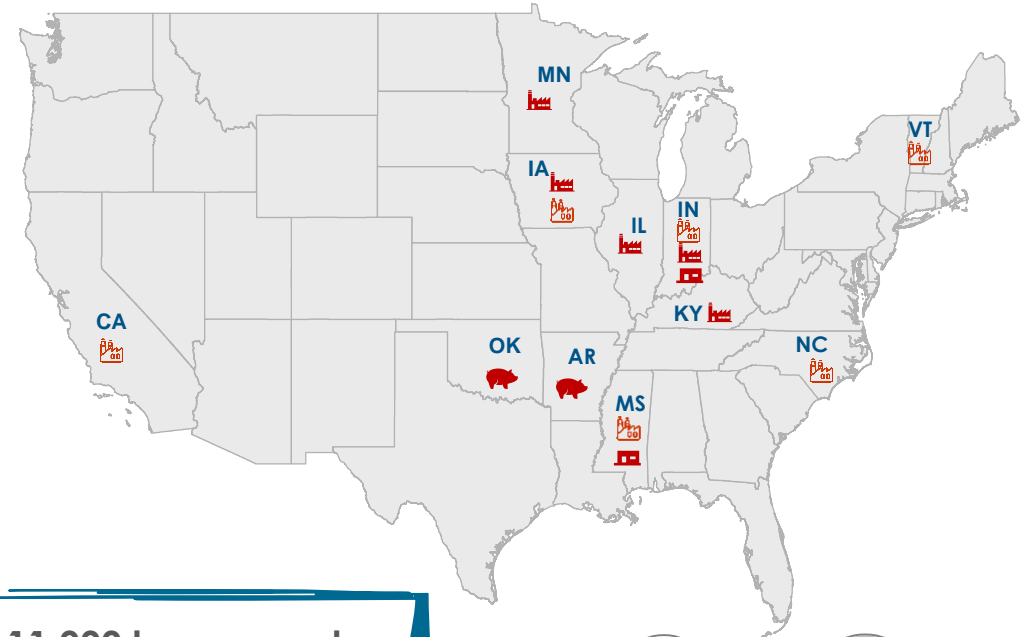
**US\$5.7Bn**  
11% of LTM 2Q19  
Revenue

EBITDA (million) and %

7.2% 9.9% 8.4% 7.9% 8.2%



**US\$488Mn | 8.6%**  
13% of LTM 2Q19  
EBITDA



**~11,000 team members**

**05** hog processing facilities  
✓ **92,200 hogs per day**

**02** genetic units

**02** distribution centers

**07** PFP facilities  
**Example of products:**



**Swift Premium**  
Rubbed Loin  
Fillet



**Swift Premium**  
Pork Chops



**Plumrose**  
Ham



**Plumrose**  
Bacon

# PILGRIM'S PRIDE

Poultry production in the United States, Mexico, Puerto Rico and Europe

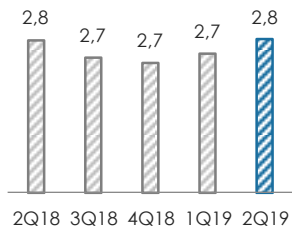


## Strategic Initiatives

- Relentless pursuit of operational excellence
- Tailored products to help key customers grow
- Develop online channel
- Growing in Mexico through acquisitions, Greenfields and brands
- Leveraging Moy Park prepared foods platform
- Investments in value-added and branded products

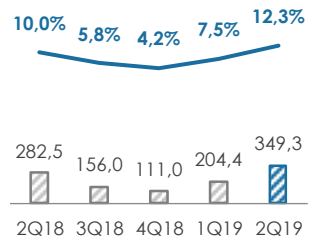
## Recent Performance

Net Revenue<sup>1</sup> (billion)



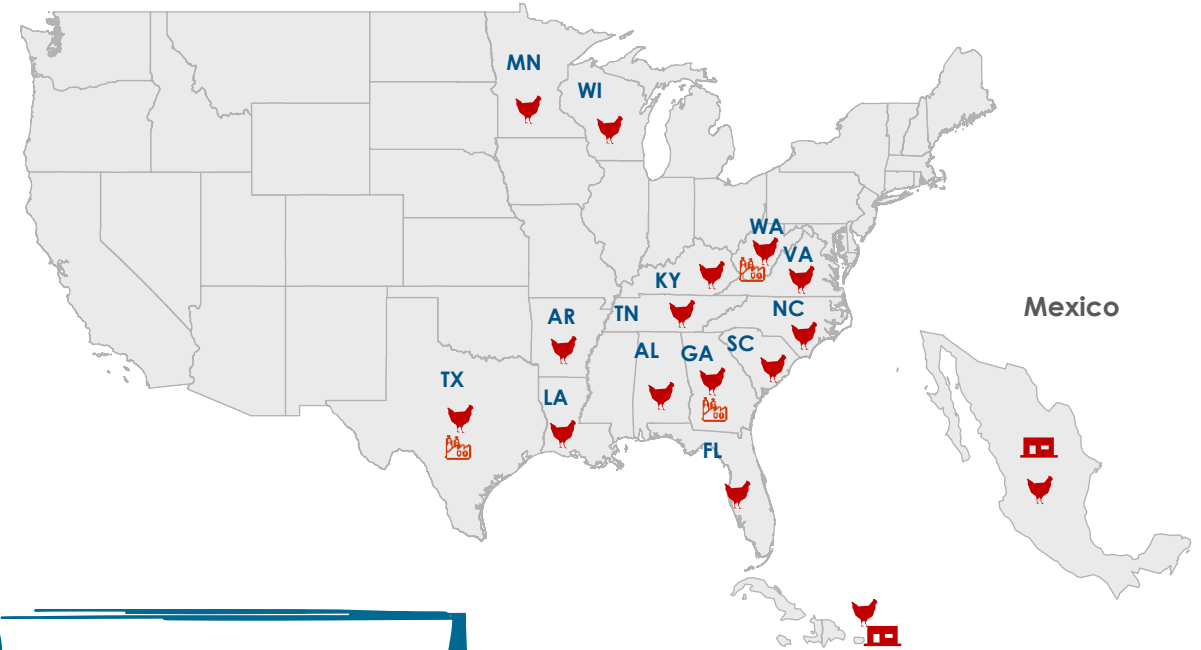
**US\$10.9Bn**  
22% of LTM 2Q19  
Revenue

EBITDA<sup>2</sup> (million) and %



**US\$821Mn | 7.5%**  
27% of LTM 2Q19  
EBITDA

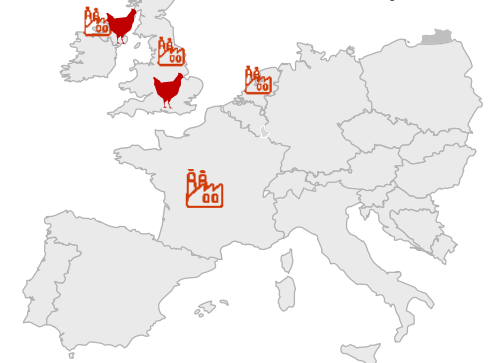
US and Puerto Rico



**~55,000 team members**

- 36** poultry processing facilities  
✓ **8.7 million birds per day**
- 16** PFP facilities  
✓ **40,000 tons per month**
- 22** distribution centers  
✓ **21 in Mexico and 01 in Puerto Rico**

Europe

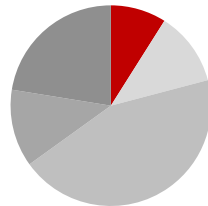
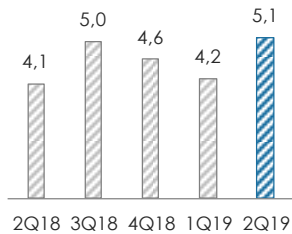


## Strategic Initiatives

- Increase value-added product mix
- Focus on small retail and increase sales through distributors to broaden presence
- Develop Seara Gourmet as a premium brand
- Expand export market opportunity with an enhanced go-to market strategy through partnerships with importers / distributors in key destination markets
- Increase distribution in the Middle East and China

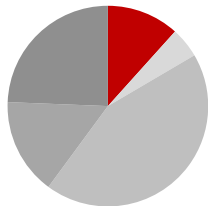
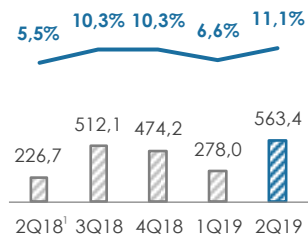
## Recent Performance

Net Revenue (billion)

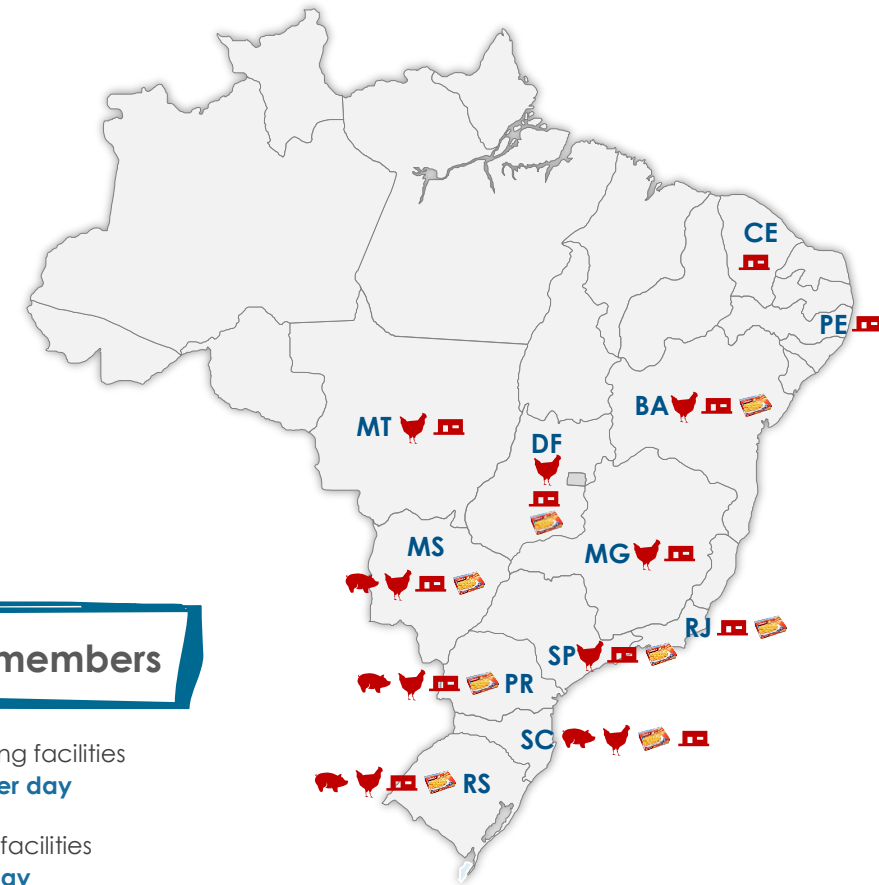


**R\$18.9Bn**  
9% of LTM 2Q19  
Revenue

EBITDA (million) and %



**R\$1.8Bn | 9.7%**  
11% of LTM 2Q19  
EBITDA



**~73,000 team members**

**30** poultry processing facilities  
✓ **5.2 million birds per day**

**08** hog processing facilities  
✓ **26,450 hogs per day**

**19** PFP facilities  
✓ **115,000 tons per month**

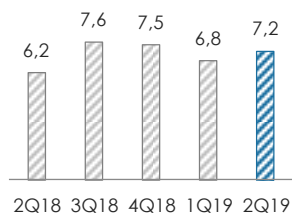
**18** distribution centers

## Strategic Initiatives

- Diversified production base across 15 Brazilian states
- Continued diversification of products and brands
- Further strengthen strategic partnerships with key customers in domestic and export markets to improve product mix
- Relentless pursuit of operational excellence

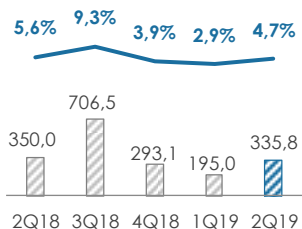
## Recent Performance

Net Revenue (billion)



**R\$29Bn**  
15% of LTM 2Q19  
Revenue

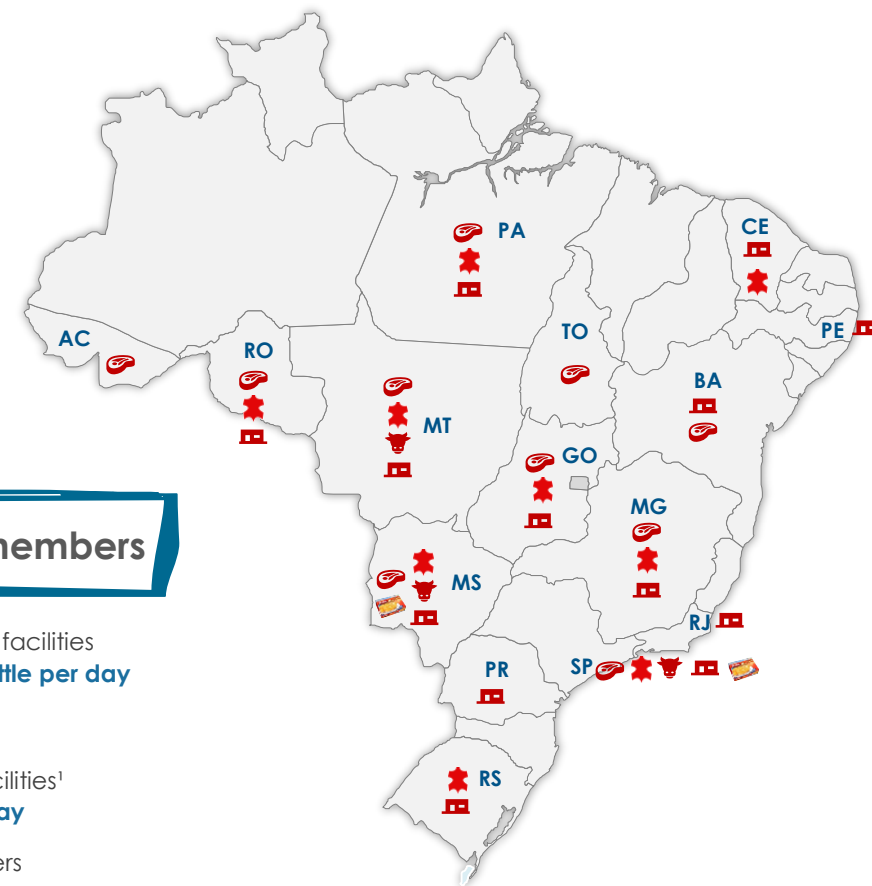
EBITDA (million) and %



**R\$1.5Bn | 5.3%**  
10% of LTM 2Q19  
EBITDA

**~50,900 team members**

- 35** beef processing facilities  
✓ **34,200 head of cattle per day**
- 03** feedlots
- 16** leather/hides facilities<sup>1</sup>  
✓ **49,000 hides per day**
- 26** distribution centers
- 07** PFP facilities  
✓ **19,000 tons per month**
- 11** Related businesses





# 2Q19 Consolidated Results

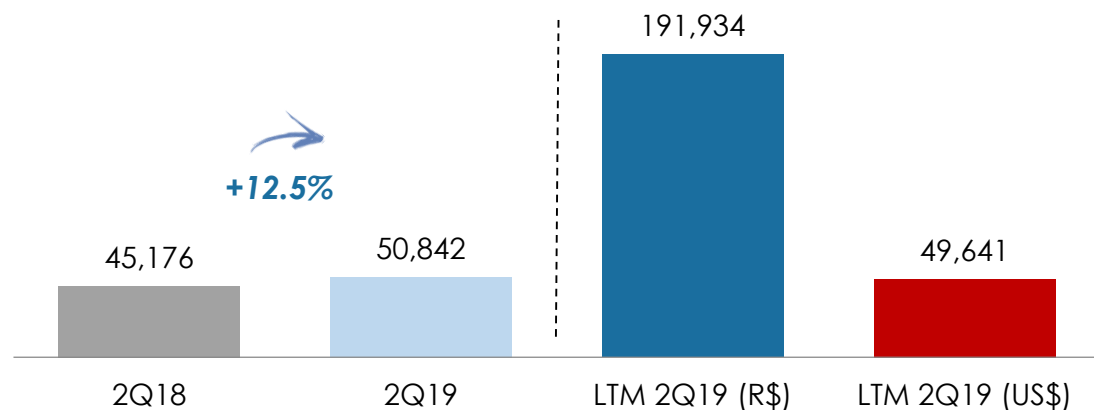


# 2Q19 HIGHLIGHTS

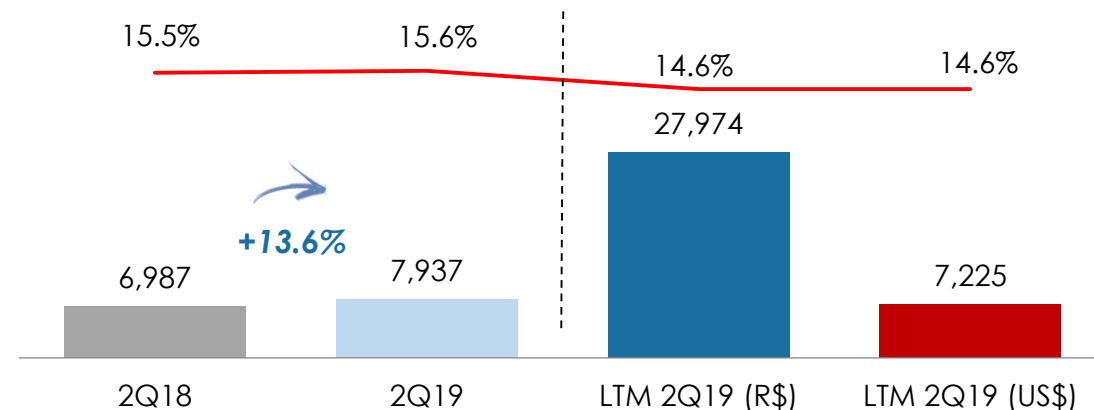
- Record EBITDA of **R\$5.1Bn**, with a **10.0%** EBITDA margin
- Net revenue increased by **12.5%**, from **R\$45.2Bn** to **R\$50.8Bn**
- Consolidated gross profit grew by **13.6%** to **R\$7.9Bn**, with a **15.6%** gross margin
- Net income was **R\$2.2Bn**, an EPS of **R\$0.82**
- Operational cash flow of **R\$5.2Bn** and free cash flow of **R\$3.7Bn**
- Leverage in Reais reduced to **2.78x** from **3.47x** in **2Q18**

# 2Q19 CONSOLIDATED RESULTS

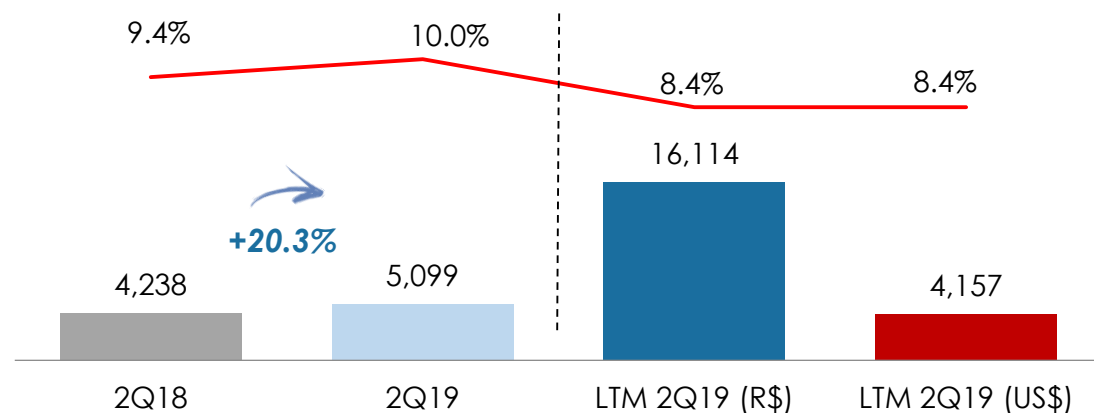
Net Revenue (R\$ million)



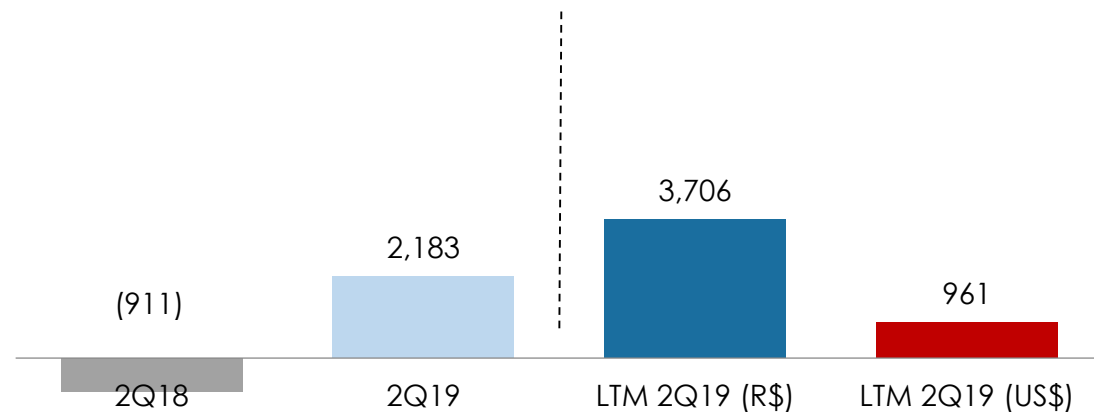
Gross Profit (R\$ million) / Gross Margin (%)



EBITDA (R\$ million) / EBITDA Margin (%)

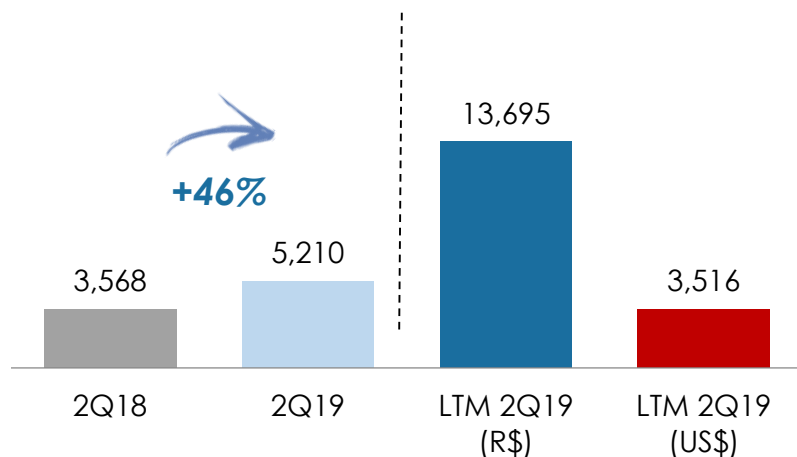


Net Income/Loss (R\$ million)



# 2Q19 CONSOLIDATED RESULTS

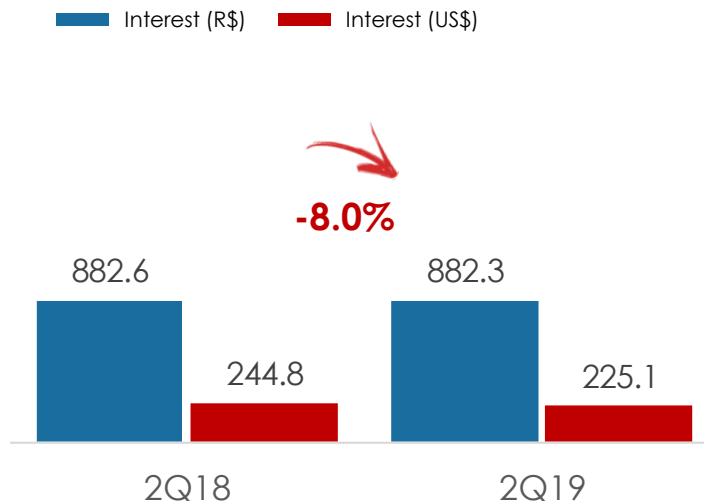
## Operational Cash Flow (R\$ million)



Cash flow generated by operational activities increased by 46% in 2Q19, reaching

**R\$5.2Bn**

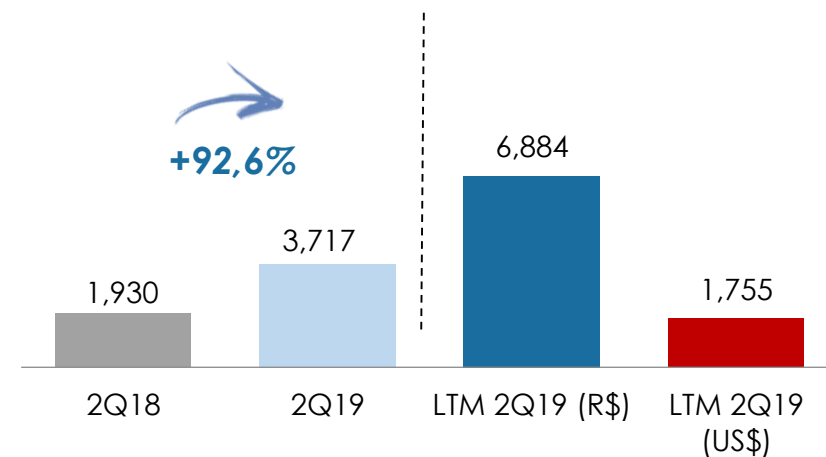
## Net Debt Financial Expense



In 2Q19, interest in US\$ from net debt reduced by

**U\$19.7Mn**

## Free Cash Flow (R\$ million)



Free cash flow in 2Q19 was

**R\$3.7Bn**

An increase of 92.6% compared to 2Q18

<sup>1</sup> Cash Flow from Operational Activities net of interest

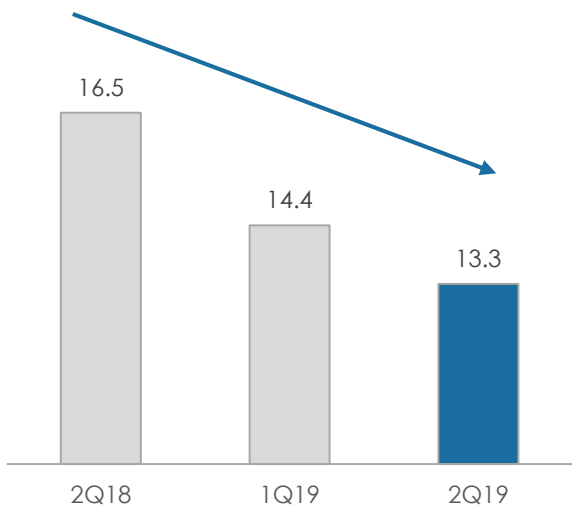
<sup>2</sup> Free Cash Flow represents Free Cash Flow after Investments

# DEBT PROFILE

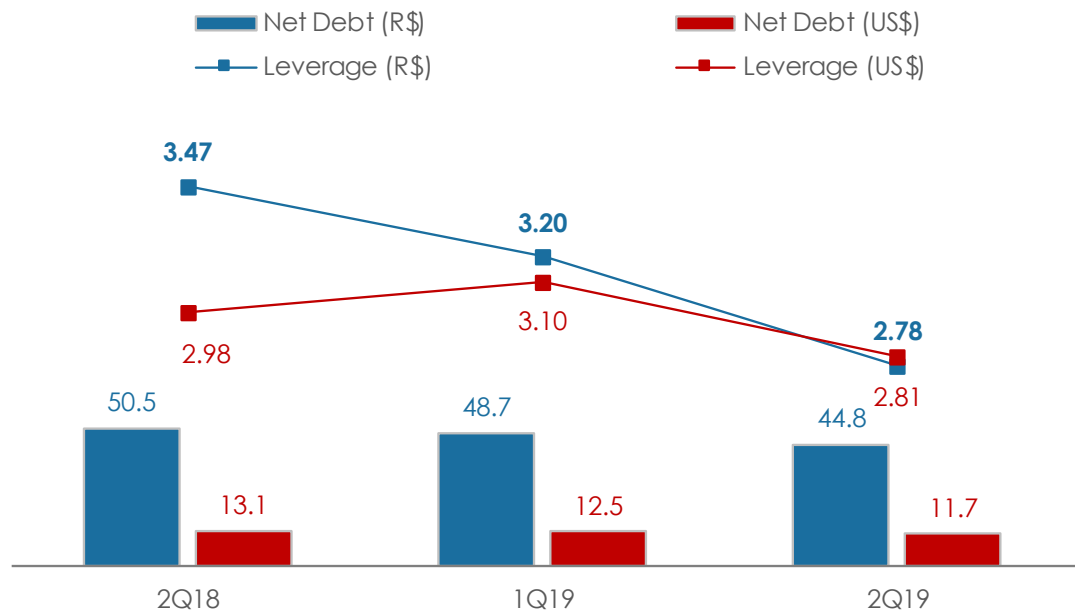
- 2Q19 ending cash balance was **R\$6.3Bn**
- Additionally, JBS USA has **US\$1,919.4 million (R\$7.355,5 million)<sup>1</sup>** in fully available unencumbered line under revolving credit facilities
- Total liquidity in 2Q19 was **R\$13.6Bn**  
**Almost 4.5x higher** than short-term debt

Gross Debt Reduction (US\$ Bn)

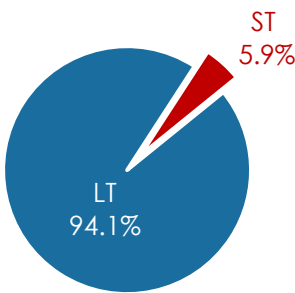
**US\$3.16 billion/(R\$12.1 billion<sup>1</sup>)**



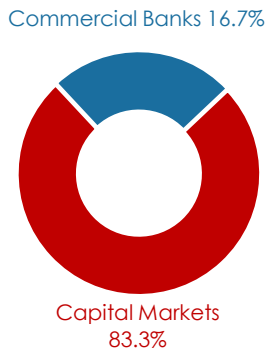
Net Debt (Bn)/Leverage



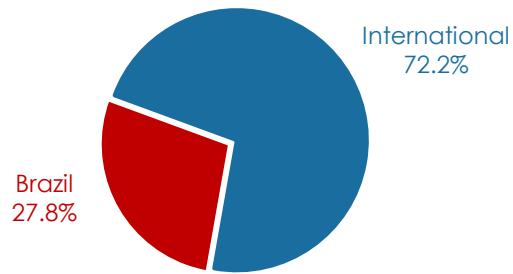
Debt profile ST/LT



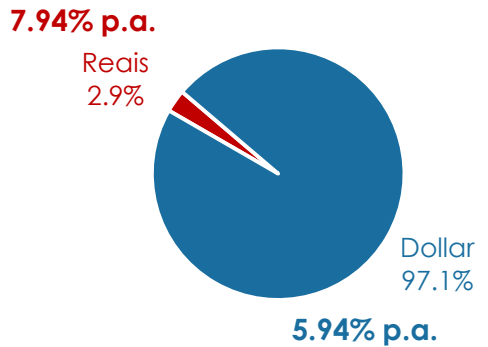
Source breakdown



Region breakdown



Currency and cost breakdown

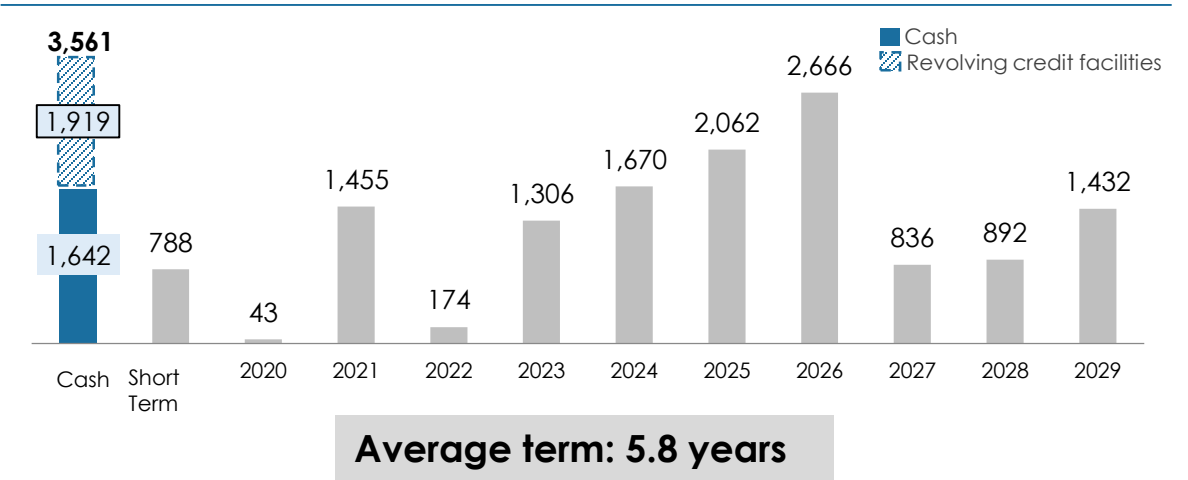


<sup>1</sup> Converted using the prevailing FX rate at the end of the 2Q19 (R\$3.8322)

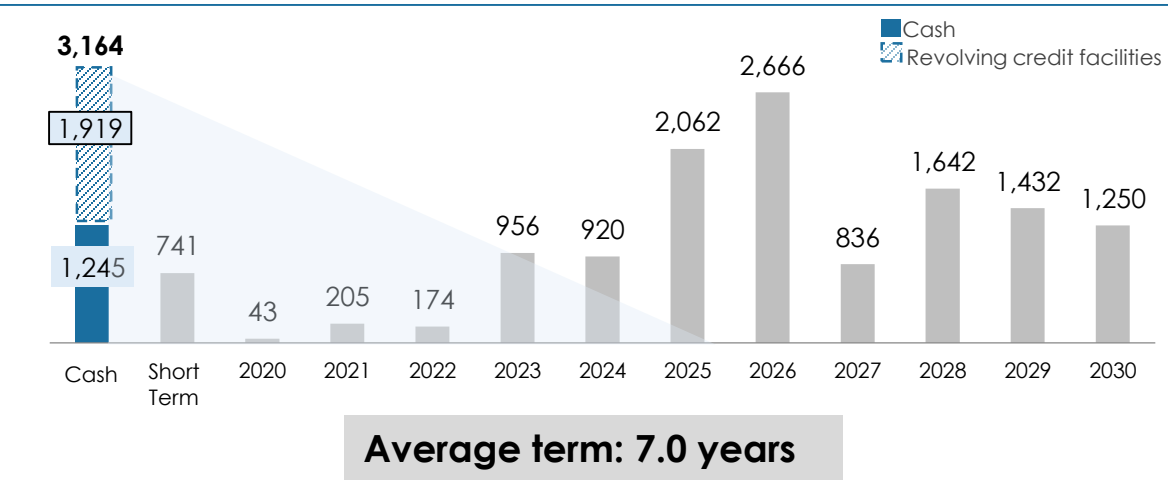


# LIABILITY MANAGEMENT

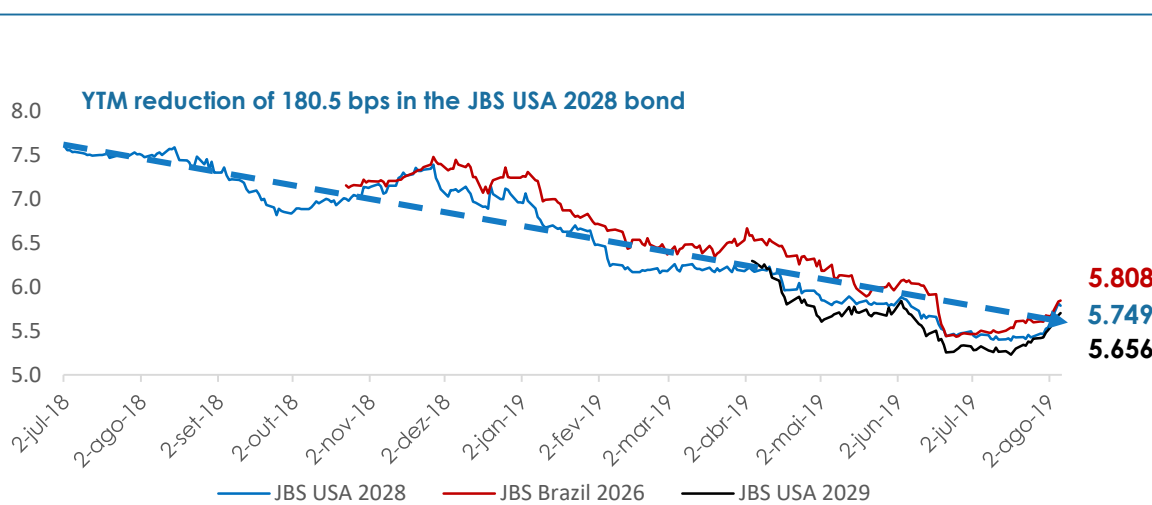
Debt Amortization Schedule as of June 30<sup>th</sup> (in US\$ million)



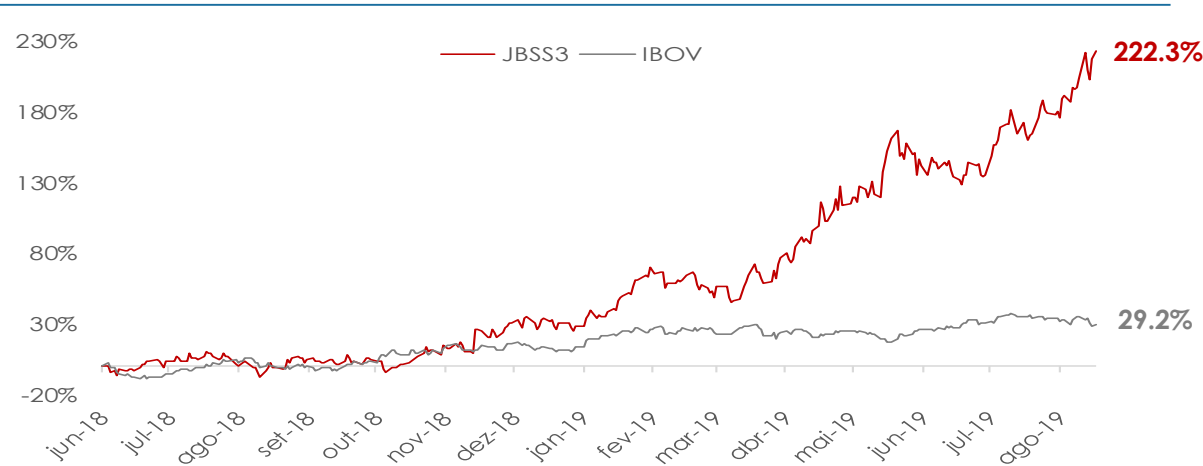
Debt Amortization Schedule after LM (US\$ million)



JBS Bond Yield-To-Maturity Evolution (%)



Stock Performance JBSS3 (Base 100)



# Other Relevant Topics



# SUSTAINABILITY HIGHLIGHTS



TEAM MEMBER  
HEALTH AND SAFETY

The Company invested around **R\$300Mn** in the safety of its Team Members worldwide.

More than **135,000 team members** received Occupational Health & Safety training worldwide.

There was a **29%** reduction in the number of accidents resulting in lost time and **55%** reduction in the number of lost days JBS worldwide.



ANIMAL  
WELFARE

JBS invested **R\$88.2Mn** to improve animal welfare practices across all its global operations.

Over **13.3 Thousand** Team Members and producers worldwide received animal welfare training.

JBS is the world's **Largest Organic Chicken Producer**



PRODUCT  
INTEGRITY

Around **80 thousand** registered Brazilian cattle suppliers are assessed daily using **satellite imagery**, farm geo-referencing data and information from government agencies.

This exclusive JBS monitoring system **covers over 59 million ha** in the Amazon region

In its most recent audit, in 2017, the Company obtained the **best result since auditing began** in 2014, with 99.99% of purchases in compliance



WATER  
MANAGEMENT

JBS invested more than **R\$27Mn** on management and measurement and initiatives to reduce water usage and reuse water worldwide.

**81%** of the **water** captured and used in JBS's industrial processes **is treated and safely** returned to the environment.

Worldwide, the Company currently **reuses 3.36%** of its **water**, equivalent to **more than 6 billion liters**



CLIMATE  
CHANGE

JBS has produced an **annual inventory of greenhouse gas emissions** in Brazil **since 2009**, based on the international GHG Protocol methodology. It is also published an annual inventory since 2012, which can be viewed on the Public Emissions Records Platform maintained by the Brazil GHG Protocol Program.

Globally, more than **R\$160Mn** has been invested in energy efficiency projects.

The Company **reused 1.2Mn tons of waste in 2018** for composting, recycling, energy reuse and energy cogeneration, equivalent to 53.58% of all waste generated

# COMPLIANCE



JBS has implemented a number of initiatives to strengthen its compliance culture, such as the **ALWAYS DO IT RIGHT** program, where each employee serves as a multiplier of best practices.



JBS received an 8.1 grade on the **Transparency International ranking** – the average grade in Brazil is 5.7.



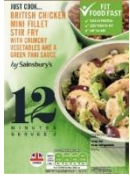
The company is a **signatory of the Business Integrity and Anticorruption Compact from the Ethos Institute**, and has implemented a Global Code of Ethics & Integrity.

## JBS Compliance Pillars



# INNOVATION

Globally, JBS innovates across four main food product platforms



## Healthy and Natural Choices

Functional products with high standards of traceability and low social and environmental impact



## Cook, Prepare and Eating

Products that are quick and easy to make and offer high nutritional performance



## Family and Connections pleasers

Easy to cook food for eating with family and friends



## Indulgence and Sensory

High-quality foods that enchant the senses and provide unique experiences



As part of a **strategic partnership** that began in 2017, JBS USA contributed US\$ 12.5 million (R\$ 45.6 million) to the **Colorado State University** (CSU) to support education and research. US\$ 7.5 million was used to build the **JBS Global Food Innovation Center** which was unveiled on the University campus on April 9, 2019.



# INNOVATION

Breakthrough Ideas From the Global Leader in Protein



Seara Gourmet launched **The Incredible Burger**, an option for **vegans** with an unmistakable beef flavor, but with **100% vegetable ingredients**



Pilgrim's Mexico launched **True Meals**, to deliver **authentic** meals with great flavor and **convenience**



Plumrose USA launched **Knock Out Meats**, a line of fully cooked **ribs** with high quality meat and **unique twists on flavors** consumers love



Primo launched **Balanced Blend**, a line of **fresh sausages** with **25% vegetable** content for consumers looking to add more veggies in their diets

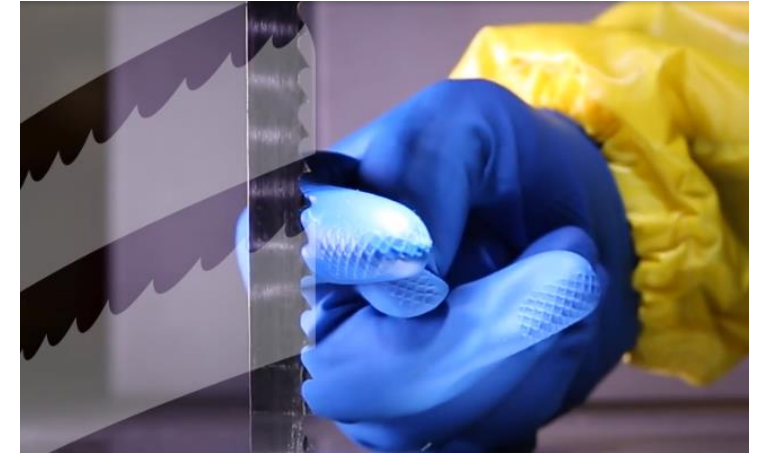
# TECHNOLOGY



**Scott** is an **innovative** company with capability and proprietary manufacturing and production **technology** servicing key international customers across a range of sectors including **meat** and **food processing**. In the food and meat sectors, Scott is the proven **global leader** in robotic and x-ray manufacturing technology



Has been a **public company** since 1997 and its shares are traded on **New Zealand Stock Exchange**



Provide **accuracy** required to **maximize yield** and **remove** the **risks and loss** of yield associated with the use of unskilled labor



improve **safety** to the labor and **reduce** the **risk** of serious injuries caused by the handling of the equipment





## OUR MISSION

*“To be the **best** in all that we do, completely **focused** on our business, ensuring the **best products** and services to our **customers**, a relationship of **trust** with our suppliers, **profitability** for our shareholders and the opportunity of a **better future** for all of our **team members**.”*