MANAGEMENT REPORT
FOURTH QUARTER AND 2019 RESULTS

São Paulo, March 3, 2020 – BRF S.A. (B3: BRFS3; NYSE: BRF) – "BRF" or the "Company" today announced its fourth quarter (4Q19) and 2019 results. This report includes results recorded in Brazilian reais, pursuant to the Brazilian corporation laws and the accounting practices adopted in Brazil, and in compliance with the International Financial Reporting Standards (IFRS), and are compared to the same period in 2018, where indicated. The report also reflects the adoption of IFRS 16, which altered the accounting treatment for leasing. Additionally, the Company opted for a modified retrospective approach without reinstatement of comparative periods.

Market Capitalization
R$22.9 bi -US$5.1 bi

Stock Prices
BRFS3 R$28.20
BRFS US$6.28

Base: 03/02/2020

Shares outstanding:
812,473,246 ordinary shares
713,446 treasury shares
Base: 12/31/2019

Conference Call
Tuesday
03/03/2019
10:00 a.m. BRT

8:00 a.m. ET

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OPERATING HIGHLIGHTS (Continuing Operations)

CONSOLIDATED

- Net revenue of R$9,290 million in 4Q19 (+12.1% y-o-y) and **R$33,447 million in 2019** (+10.8% y-o-y)
- Adjusted EBITDA of R$1,413 million in 4Q19 (+67.7% y-o-y); includes a net gain of R$89 million relating to tax proceedings (exclusion of ICMS from calculation basis of PIS/COFINS and provision for ICMS on Staple Food Basket) and **R$5,317 million in 2019 (+115.9% y-o-y)**, including net gain of R$884 million referring to PIS/COFINS and ICMS over Staple Food Basket recorded in 2019
- Adjusted EBITDA margin of 15.2% in 4Q19 (+5.0 p.p.) and **15.9% in 2019** (+7.7 p.p. y-o-y); excluding net gain from tax proceedings recorded in 2019, Adjusted EBITDA margin would total 14.3% in 4Q19 and 13.3% in 2019
- Net income of R$690 million in 4Q19 and **R$1,213 million in 2019** in continuing operations; total corporate net income of R$680 million in 4Q19 and R$297 million in 2019

BRAZIL SEGMENT

- Net revenue of R$5,085 million in 4Q19 (+7.4% y-o-y) and R$17,489 million in 2019 (+7.3% y-o-y)
- Adjusted EBITDA of R$841 million in 4Q19 (+51.3% y-o-y), including net gain of R$89 million from tax proceedings and **R$3,014 million in 2019** (+102.4%), including net gain of R$884 million from tax proceedings recorded in 2019
- Adjusted EBITDA margin of 16.5% in 4Q19 (+4.8 p.p. y-o-y) and 17.2% in 2019 (+8.1 p.p. y-o-y); excluding net gain from tax proceedings, Adjusted EBITDA margin would total 14.8% in 4Q19 and 12.2% in 2019

INTERNATIONAL SEGMENT

- Net revenue of R$3,924 million in 4Q19 (+17.4% y-o-y) and R$14,899 million in 2019 (+14.0% y-o-y)
- Adjusted EBITDA of R$571 million in 4Q19 (+185.4% y-o-y) and **R$2,316 million in 2019** (+158.5% y-o-y)
- Adjusted EBITDA margin of 14.5% in 4Q19 (+8.6 p.p. y-o-y) and 15.5% in 2019 (8.7 p.p. y-o-y)

FINANCIAL HIGHLIGHTS

- Operating cash generation of R$1,068 million in 4Q19 and **R$4,672 million in 2019**
- Net leverage (Net Debt/Adjusted EBITDA) of **2.50x in 2019**
- Cash position of R$5.5 billion at the end of 4Q19
- Extension of debt average term from 3.0 to 4.6 years

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Disclaimer

The statements included in this report concerning the Company's prospective business, projections, and potential growth are merely forecasts based on management's expectations with regards to the future of the Company. These expectations are highly dependent on market changes and the general economic performance of the country, the industry, and the international markets, and are therefore subject to change.

MESSAGE FROM MANAGEMENT

Dear Shareholders,

With solid financial results and record profitability, BRF ended 2019 poised to face the challenges and opportunities ahead. A strong management and excellent execution were essential to achieve these results. In 2019, BRF reviewed its fundamentals, improved its strategy, heightened the value of its brands, enhanced its operating capacity, invested in new product launches, and diligently executed the divestment and strategic plans it laid out in 2018. The indicators below evidence the consistency of our business evolution:

Continued Op. - R$MM	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Volume (Thousand Tons)	1,085	1,083	1,120	1,153	4,441	1,006	1,090	1,104	1,173	4,373
Net Revenues	7,031	7,067	7,802	8,289	30,188	7,359	8,338	8,459	9,290	33,447
Gross Margin	19.6%	8.4%	17.0%	18.9%	16.1%	20.6%	25.1%	24.8%	25.5%	24.1%
Adjusted EBITDA	685	356	579	843	2,462	748	1,547	1,609	1,413	5,317
EBITDA Adjusted Margin (%)	9.7%	5.0%	7.4%	10.2%	8.2%	10.2%	18.6%	19.0%	15.2%	15.9%
Tributary Impacts (ICMS and Staple Food Basket)	-	-	-	226	226	-	328	467	89	884
EBITDA Adjusted Ex-Tributary Effects	685	356	579	617	2,237	748	1,219	1,142	1,324	4,433
EBITDA Adjusted Margin Ex-Tributary Effects (%)	9.7%	5.0%	7.4%	7.4%	7.4%	10.2%	14.6%	13.5%	14.3%	13.3%
Net Results	(133)	(1,435)	(860)	313	(2,115)	(113)	191	446	690	1,213
Net Debt/Adj.EBITDA LTM	4.44x	5.69x	6.74x	5.12x	5.12x	5.64x	3.74x	2.90x	2.50x	2.50x

* According to adjustments disclosed each quarter

Our long-term strategy for 2019 envisaged reversing the downward trend in our profitability. This objective was achieved by means of a robust advance of our gross margin, from 16.1% in 2018 to 24.1% in 2019, a result of our net revenue growth, which surpassed R$3.2 billion, or 10.8%, for the period.

Despite higher grain costs compared to 4Q18, we managed to mitigate this effect through our commodities procurement processes, replacement with alternative inputs, efficiency gains, operating leverage, and expenditure matrix management. Thus, gross margin reached 25.5% in 4Q19, the highest level seen since the end of 2015. Adjusted EBITDA totaled R$1,413 million, with an Adjusted EBITDA margin of 15.2% in 4Q19. In 2019, Adjusted EBITDA more than doubled to R$5.3 billion, with a margin of 15.9%. As a result, the net income of our continuing operations reached R$690 million in 4Q19, totaling over R$1.2 billion in 2019. With diligent execution of our strategy, we were able to reverse the loss posted in 2018 and prepare BRF for the future.

Our Brazil segment's performance has evolved since early 2019 and in 4Q19 on the back of successful commercial execution, a reduction in out-of-stock levels due to improved logistics efficiency, strict control of inventory levels, product mix optimization, and the profitability of sales channels. In 2019, we implemented the +Excellence Program as a competitive advantage, aiming at improving VP Brazil's results by structuring indicators, business and logistics processes that streamline and assure efficient operations. We applied the Lean methodology in our distribution centers, and productivity grew by 26%, thus, optimizing processes focused on BRF's asset management. The commemorative season campaign posted its best performance since 2015, hitting record sales of kits, customer traffic and a significant advance of our brands NPS[1]. As a result, net revenue grew by 7.4%. Costs and expenses management provided stability to unit cost per ton, boosting gross margin to increase by 27.2%, the highest level reached since the first quarter of 2016.

In the Halal market, we continue to face hurdles that have affected us since 3Q19: shipping restrictions from Turkey to Iraq, impacting our Banvit subsidiary, and halted operations at the Abu Dhabi food processing plant that serves the Saudi market. We promptly redirected volumes to adjacent markets, sustaining the added volume sold in the Halal market at the same levels as in 4Q18, but with lower price and profitability. Therefore,

[1] NPS – Net Promoter Score, customer satisfaction index measured by the probability of clients recommending product or service

our Adjusted EBITDA totaled R$169 million in 4Q19, reaching an Adjusted EBITDA margin of 7.7%. In 2019, Adjusted EBITDA rose 34.3% y-o-y to R$1.1 billion, with a margin of 12.7%. Recently, we received news that Saudi Arabia's sanitary authority temporarily halted operations at our plants in the State of Paraná, Dois Vizinhos and Francisco Beltrão. We promptly began our protocol to redirect production to five other licensed plants to serve Saudi Arabia; at the same time, we conducted negotiations with Saudi representatives to clarify any questions and reverse this decision. We remain committed to pursuing growth and leadership in this market, as evidenced by another food processing plant (as announced in October 2019), which is set to receive an investment totaling approximately US$120 million. These measures will help us consolidate our footprint and create value in the region.

In Other International Markets, we sustain the favorable dynamics from the 3Q19, mainly deriving from Asian demand. Volume sold in 4Q19 continues to exceed 200,000 tons, with an increment of 17.4% over the year-ago period. A strict restriction on protein supply in Asia due to the advance of African swine fever has been severely pressuring prices. Therefore, our average sales price increased by 23.6% in 4Q19, bolstering net revenue growth by R$1.5 billion, or 40.6%, in the period. Thus, Adjusted EBITDA totaled R$401 million in 4Q19, and an Adjusted EBITDA margin of 23.2%, a record for the year. In 2019, we advanced our initiatives to expand to other markets. We have received 25 permits, with a highlight to the plants approved to serve China – Lucas do Rio Verde/MT (poultry and swine), Lajeado/RS (swine) and Campos Novos/SC (piglet).

Our financial performance in 2019 consolidated a reduction in net financial leverage, measured by the net debt/Adjusted EBITDA ratio. Free cash generation in 2019, coupled with proceeds deriving from divestments in Argentina, Europe, and Thailand, reduced net debt from R$15.6 billion in 2018 to R$13.3 billion in 2019, and average term was extended to 4.6 years. In turn, Adjusted EBITDA grew by an exceptional R$2.5 billion[2] to R$5.3 billion in the period, an 116.0% evolution. Accordingly, our net financial leverage ratio plummeted sharply to 2.50x, well below the 5.12x reported at the end of 2018 and closer to the long-term target between 1.5x and 2.0x. Even if we exclude the effects of IFRS 16 adoption on the adjusted EBITDA for the last 12 months, our net financial leverage would have reached 2.83x. Such performance allowed S&P and Moody's to upgrade the outlook for the Company's credit ratings.

To summarize 2019, we reported a net income of R$1,213 million in continuing operations and R$297 million in total corporate, which includes continuing operations and the discontinued operations' impact.

With regards to the grains scenario, we have seen high volatility over the past months. In addition to the enormous success of the Brazilian crop in 2019, depreciated exchange rates, uncertainty about U.S.-China trade negotiations, and improvement in the shipment infrastructure greatly favored these commodities exports. According to Brazil's National Food Supply Company – CONAB[3], corn exports reached 41.2 million tons in 2019, a substantial increase of 23.7 million tons compared to the previous year. Carryover inventories from 2019 to 2020 at lower levels, nearly 11.4 million tons, influenced prices in early 2020 given the tighter supply in relation to the foreseen demand for the first half of 2020.

We have been endeavoring great efforts to develop and adopt market intelligence and technology while maintaining great proximity with agricultural producers to improve our relationships with them and monitor crop evolution. By adopting strategies to diversify suppliers and regions, increasing inventory capacity, developing alternative inputs, besides increasing efficiency in logistics grain handling, we amplify our procurement scope in relation to the historical average, consistent with our risk management policy thresholds. Even considering the evolution of theoretical production costs in 2019, a 6.0% increase for poultry and 8.6% increase for swine[4], prices of these proteins outperformed in the period, with an increment of 18.7% and 54.1%[5], respectively, thereby bolstering our margins growth.

Our innovation journey is underway: in 2019, we launched over 120 SKUs and we have been pursuing a customer-centric approach to meet new market trends. We launched the BRF Hub, an initiative that connects BRF to startups ecosystem, and the "Olheiros da Inovação," an in-house program that foments collaborative

[2] Only continuing operations
[3] Brazil's Grain Crop Monitoring – 5th Survey (Feb-20) – CONAB
[4] Poultry and Swine Intelligence Center – EMBRAPA: ICPPoultry/Embrapa and ICPSwine/Embrapa – Dec/19
[5]CEPEA/Esalq Indicators for frozen whole chicken – State of SP special pork carcass

innovation among employees. Our plan is to reach over 10% of our net revenue deriving from innovative products in 2023.

In marketing, we successfully implemented a new positioning for the Sadia ("*Quanto mais você sabe, melhor a Sadia fica*" – The more you know, the better Sadia is) and the Perdigão ("*Comer junto tem sabor de Perdigão*" – Eating together has Perdigão's flavor) brands. We also launched a Performance LAB, which is designed to evaluate brand performance in the digital environment; and we reorganized customer knowledge management by devising a new agenda of consumer insights. According to Kantar Institute, BRF ended 2H19 with a preference of 48.4%, considering the sum of the Sadia, Perdigão and Qualy brands, an increase of 10.5 p.p. from the average of 1H19. Our performance in the digital environment resulted in improved brand evaluation, reaching a NPS 39% higher than in 2018, besides a 56% increase in the number of visits to our websites, and 80% growth in the volume of interactions at our digital channels.

People management has also evolved: the succession plan of the Global CEO was successfully concluded, the stability of our leadership has been maintained, and we moved forward with talent development and retention. We promoted over 1.4 million hours of training; granted educational incentives; invested in mentoring programs to develop our successors and carried out career acceleration programs and to attract high-potential professionals, such as the Fast Track, Operations Trainee, "Doutores no Agro" (Ph.D. professionals in the agribusiness), and the Internship Program. These programs have attracted over 30,000 applicants.

Regarding our cultural initiatives, approximately 400 people participated in the BRF Essence, which resulted in the definition of our purpose (A better life: offer increasingly tasty quality food that is accessible to people around the globe through the sustainable management of a live, long-lived, and complex chain to build a better life for everyone—from field to table); we reinforced our commitment to the values of Safety, Quality, and Integrity and to our principles of conduct (Interdependence, People and Result); and also renewed our belief (A better future for all demands for increasingly higher quality food) and our passion for working with food. Our engagement survey pointed to a significant evolution — largely on account of our greater transparency and customer confidence in the company's executive decisions. The Company grew by 8 p.p. over the year-ago period and stood 6 p.p. above the consumer goods industry average. Our engagement level exceeds 90%. As a result, during 2019, we reduced the Company's general turnover and leadership turnover by 7% and 50%, respectively.

BRF's return to B3's Corporate Sustainability Index – ISE - boosted our confidence even further. We are the only company in the food industry to be part of the ISE, which evidences our diligent, sustainable management, built into our foundation and manifested in the improved indicators of environment, sustainability, and corporate governance in 2019. This recognition only increases our responsibility. We concluded a materiality study with our key stakeholders in which we listed themes that most impact our business, selecting the 11 top issues related to the Sustainable Development Goals (SDG) and the Global Compact in order to prioritize our efforts.

We dramatically advanced in our essential commitments to Safety, Quality, and Integrity by reducing the global frequency rate of accidents by 58% and the exported product complaints by 22% and training over 99.9% of our employees in the Transparency Manual. In order to build up integrity at BRF, an Integrity Ambassadors Program was also created, along with over 140 multiplying agents.

The results achieved so far have filled us with energy as we move forward with our strategic plan, which we will continue to execute with discipline and consistency. These results continue to prove our resilience as a company and our ability to overcome challenges. We remain committed to creating value and growth by means of sustainable management, while respecting our commitment to Safety, Integrity, and Quality, and to our relentless mission of promoting a better life for everyone that is a part of our chain. We celebrate our 85 years of history by tirelessly pursuing our core mission and values, working independently with all our stakeholders, and ensuring that our company endures long into the future. With great enthusiasm, we thank our 237 thousand clients in Brazil and millions of consumers, our more than 90,000 employees, 14,000 suppliers, 12,000 partners, the 39 communities in which we operate in Brazil, and our board of directors and shareholders, for their invaluable support and continued confidence in the future of BRF.

Lorival Nogueira Luz Jr.
Global CEO

HIGHLIGHTS

Key Financial Indicators

The Company notes that it adopted CPC 06 (R2) / **IFRS 16** as of 01/01/19, which had an impact of **R$178 million on 4Q19 EBITDA and R$636 million in 2019**. The IFRS16 accounting standard changes the treatment of leasing, and the Company opted for a modified retrospective approach without reinstatement of comparative periods. Further details can be found in Note 3.14 of the Standardized Financial Statements (DFP).

Exclusion of ICMS (State VAT) from the calculation basis of PIS/COFINS (Federal Revenue Taxes): During 4Q19, the Company recorded **gains totaling R$22 million under Other Operating Income and R$12 million under Financial Income. In 2019, the amount totaled R$1,176 million recorded under Other Operating Income and R$846 million under Financial Income.** These gains in the period mainly resulted from a favorable court ruling on a lawsuit filed by Sadia S.A., which recognized the right to exclude ICMS from the calculation basis of PIS/COFINS, as evidenced in Note 9.2 of the Standardized Financial Statements (DFP).

Provision for ICMS on Staple Food Basket: In June 2019, the motion for clarification was recognized by the Supreme Federal Court (STF) as general repercussion, discussing the right to the tax benefit of ICMS over Staple Food Basket products. Referred appeal aimed at restraining the effects of the court decision. As a result of this judgment and analyzing the technical and legal aspects, the Company understands that the chances of losses are probable. **Therefore, the Company recorded in 2Q19 a negative impact of R$359 million under Other Operating Income and R$390 million under Financial Expenses**, as evidenced in Note 22.1 of the Standardized Financial Statements (DFP). **However, a provision of R$40 million was reversed in 4Q19, which is recorded under Other Operating Income and R$16 million provision under Financial Income.** Lastly, the Company, in negotiations with the States of São Paulo and Rio Grande do Sul, obtained tax amnesty relating to this lawsuit, totaling R$51 million, of which **R$27 million is recorded under Other Operating Income and R$24 million under Financial Income.**

Highlights	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Volume (Thousand Tons)	1,173	1,153	1.7%	4,373	4,441	(1.5%)
Net Revenues	**9,290**	**8,289**	**12.1%**	**33,447**	**30,188**	**10.8%**
Average Price (R$/kg)	7.92	7.19	10.2%	7.65	6.80	12.5%
COGS	(6,918)	(6,719)	3.0%	(25,370)	(25,321)	0.2%
Gross Profit	**2,373**	**1,570**	**51.1%**	**8,077**	**4,868**	**65.9%**
Gross Margin	25.5%	18.9%	6.6 p.p.	24.1%	16.1%	8.0 p.p.
Net (Loss) Income Continued Operations	**690**	**313**	**120.6%**	**1,213**	**(2,115)**	**n.m.**
Net Margin - Continued Op. (%)	7.4%	3.8%	3.7 p.p.	3.6%	(7.0%)	10.6 p.p.
Net (Loss) Income Total Consolidated	**680**	**(2,125)**	**n.m.**	**297**	**(4,466)**	**n.m.**
Net Margin - Total Consolidated (%)	7.3%	(22.3%)	n.m.	0.9%	(14.8%)	n.m.
Adjusted EBITDA	**1,413**	**843**	**67.7%**	**5,317**	**2,462**	**115.9%**
EBITDA Adjusted Margin (%)	15.2%	10.2%	5.0 p.p.	15.9%	8.2%	7.7 p.p.
Tributary Impacts (ICMS and Staple Food Basket)	89	226	(60.5%)	884	226	292.0%
EBITDA Adjusted Ex-Tributary Effects	**1,324**	**617**	**114.5%**	**4,433**	**2,237**	**98.2%**
EBITDA Adjusted Margin Ex-Tributary Effects (%)	14.3%	7.4%	6.8 p.p.	13.3%	7.4%	5.8 p.p.
Cash Generation (Consumption)	**(114)**	**(46)**	**148.7%**	**2,875**	**(664)**	**(532.9%)**
Net Debt	(13,269)	(15,610)	(15.0%)	(13,269)	(15,610)	(15.0%)
Leverage (Net Debt/Adj.EBITDA LTM)	**2.50**	**5.12**	**(51.3%)**	**2.50**	**5.12**	**(51.3%)**

* According to adjustments disclosed each quarter.

Quarter Highlights and Subsequent Events

- The highest results seen from commemorative season campaign since 2015, hitting record sales of kits, customer traffic and solid NPS growth of BRF's brands;
- The commemorative season campaigns - *Natal Sadia* and *Chester Perdigão* – were crucial to bolstering consumers' preference for BRF brands, resulting in this indicator's increase between the first and second half of 2019 (Sadia +2 p.p. and Perdigão +1.9 p.p. in brand preference amongst food brands);
- BRF's return to B3's Corporate Sustainability Index – ISE, the only company in Brazil's food industry included in this index;

- Prepayment of loans with local banks totaling R$2,187 million, with maturities between January 2020 and August 2021;
- A revolving credit facility contracted with Banco do Brasil of up to R$1.5 billion and a three-year duration;
- Outlook for the Company's credit rating was upgraded from stable to positive by S&P (rating BB-) and from negative to stable by Moody's (rating Ba2);
- Net leverage guidance was revised to a level between 2.35 and 2.75x at the end of 2020, as announced in the Material Fact of March 3, 2020.

OPERATING PERFORMANCE

BRAZIL SEGMENT

Brazil Segment	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Volume (Thousand Tons)	608	621	(2.0%)	2,195	2,274	(3.5%)
Poultry (In Natura)	128	131	(2.3%)	504	533	(5.4%)
Pork and Others (In Natura)	31	30	2.6%	117	117	(0.2%)
Processed foods	450	460	(2.2%)	1,574	1,623	(3.0%)
Net Operating Revenues (R$, Million)	5,085	4,736	7.4%	17,489	16,293	7.3%
Average price (R$/Kg)	8.36	7.63	9.6%	7.97	7.17	11.2%
COGS	(3,702)	(3,747)	(1.2%)	(13,212)	(12,992)	1.7%
Gross Profit (R$, Million)	1,383	989	39.8%	4,278	3,301	29.6%
Gross Margin (%)	27.2%	20.9%	6.3 p.p.	24.5%	20.3%	4.2 p.p.
Adjusted EBITDA (R$, Million)	841	556	51.3%	3,014	1,489	102.4%
Adjusted EBITDAMargin (%)	16.5%	11.7%	4.8 p.p.	17.2%	9.1%	8.1 p.p.
EBITDA Adjusted Ex-Tributary Effects	752	330	127.6%	2,129	1,263	68.6%
EBITDA Adjusted Margin Ex-Tributary Effects (%)	14.8%	7.0%	7.8 p.p.	12.2%	7.8%	4.4 p.p.

4Q19 x 4Q18

Net revenue from the Brazil segment grew by 7.4% y-o-y in 4Q19, reflecting (i) the best and most successful commemorative season campaign since 2015; (ii) lower inventory levels, which supported an outstanding commercial execution; and (iii) the prioritization of more profitable channels. Net revenue from commemorative products rose by 10.1% y-o-y, a result of price adjustments (+15.0% y-o-y), record sales of kits, an improved mix of channels, and a significant reduction in leftover inventory.

In 4Q19, average prices rose by 9.6% y-o-y. In addition to price increases since early 2019 across all product portfolios, the Company at the end of quarter anticipated a price adjustment in the *in natura* segment estimated for 2020, on the back of a more restricted supply of proteins and higher pressure on grain costs. As a result, volume sold in the quarter fell by 2.0% y-o-y, reminding that the comparative basis of the previous year was intensified by stronger sales that drove 2018 inventory levels back to normal.

This favorable performance in average sales prices coupled with a better mix of channels and products more than offset the slight 0.8% y-o-y increase in the average unit cost that resulted from an increase in personnel, maintenance, and electricity expenses. Hence, gross margin increased by 6.3 p.p. y-o-y, reaching 27.2% in 4Q19, the best result seen over the last four years.

Sales, general and administrative expenses increased by 11.1% y-o-y, due to higher legal expenses that totaled R$33 million for the period, deriving from the conclusion of labor lawsuits filed until 2017, and higher freight expenses. It is worth noting that the Company recorded gains of (i) R$22 million related to the exclusion of ICMS from the calculation basis of PIS/COFINS; (ii) R$40 million referring to a provision reversal, and R$27 million tax amnesty in the States of São Paulo and Rio Grande do Sul, the latter relating to the ICMS tax benefit over the Staple Food Basket. If we exclude these effects, Adjusted EBITDA would total R$752 million (+128% y-o-y) in 4Q19, with an Adjusted EBITDA margin of 14.8% (+7.8 p.p. y-o-y). In addition, the adoption of IFRS 16 represented an amount of R$96 million on Adjusted EBITDA in 4Q19.

2019 x 2018

Our strategic plan is underway to recover profitability. As a result, net revenue grew by 7.3% y-o-y in 2019, positively impacted by higher prices (+11.2% y-o-y), but partially pressured by lower volumes (-3.5% y-o-y), especially in 1Q19, when we adjusted average prices and rearranged investments in retail bonuses.

This positive net revenue performance was sufficient to offset the 5.3% increase in average unit cost resulting from lower production volumes in 2019, which impacted dilution of fixed cost and higher personnel, maintenance, and electricity expenses. Hence, gross margin advanced 4.2 p.p. y-o-y, reaching 24.5% in 2019. In addition, sales, general and administrative expenses rose by 9.6% y-o-y due to (i) higher marketing investments; (ii) increased freight expenses; (iii) and increased legal provisions expenses totaling R$100 million in the period that resulted from the conclusion of labor lawsuits filed until 2017.

It is worth noting that the effects of excluding the ICMS from the calculation basis of PIS/COFINS and provision for payment of ICMS over Staple Food Basket products had a positive impact of R$1,176 million and negative R$292 million, respectively, on the Brazil segment's Adjusted EBITDA. If we exclude these effects, Adjusted EBITDA would total R$2,130 million in 2019 (+68.7% y-o-y), with an Adjusted EBITDA margin of 12.2% (+4.4 p.p. y-o-y). In addition, the adoption of IFRS16 had a positive accounting effect on Adjusted EBITDA of R$335 million in 2019.

Market Share

At the end of 4Q19, the Company's consolidated market share reached 43.2%, down 2.2 p.p. y-o-y, a result of its strategy to stimulate the operation's profitability by repositioning prices and reducing direct investments in the retail channel.

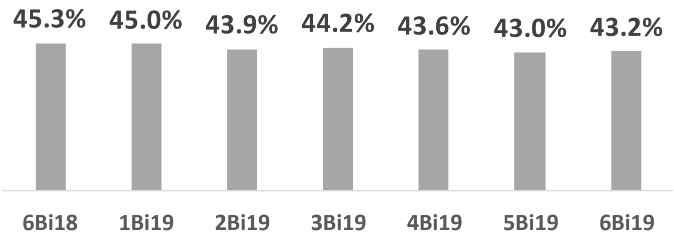
In the Margarines category, Qualy was the positive highlight, growing 0.4 p.p. y-o-y, with the successful launch of *Qualy Vita* and *Qualy 0% Lactose*. We maintained our leadership position across all channels, even when compared to the same period last year, reflecting the power of the brand and the assertiveness of our marketing campaigns in 2019.

The Cold Cuts, Processed Foods, and Frozen Meals categories were the most pressured by price repositioning, contracting 1.1 p.p. y-o-y, 1.8 p.p. y-o-y and 4.8 p.p. y-o-y, respectively. Compared to Dec/Jan reading, we gained 0.4 p.p. in Margarines, reaching a market share of 55.1% and 44.4% in Frozen Meals.

It is worth highlighting the Company's repositioning in relation to sales channel, increasing focus on Route and Foodservice Route channels, segments with higher profitability levels, but with greater difficulty of market share reading due to their fragmented customer base.

Distribution Channels - Volume	2018	2019	Chg. y/y
Small Retailers	45.0%	47.0%	200 p.p.
Large Retailers	44.6%	41.8%	(280) p.p.
Food Service Total	10.4%	11.2%	80 p.p.

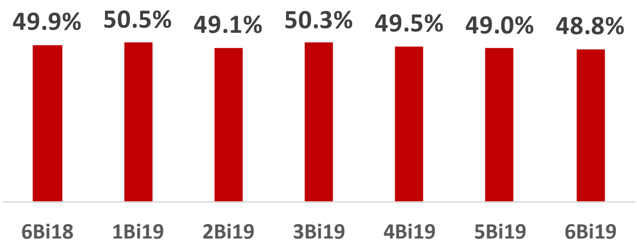
Total BRF*



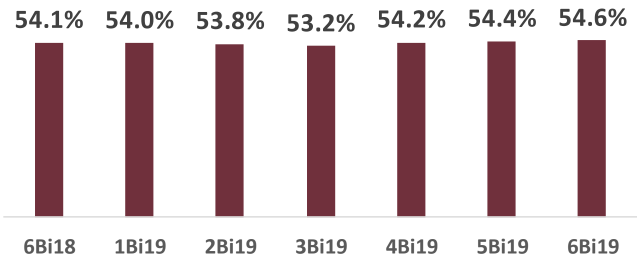
Source: Nielsen

* As of 4Q18, the Becel brand was removed from the Company's market share reading due to the end of the joint venture between Unilever Brasil and BRF.

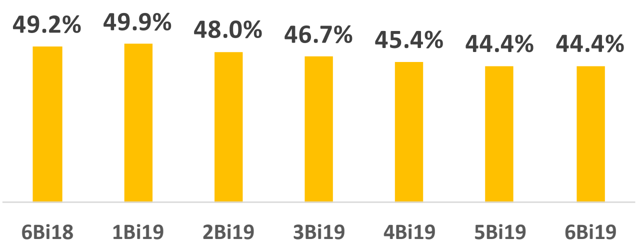
Cold Cuts



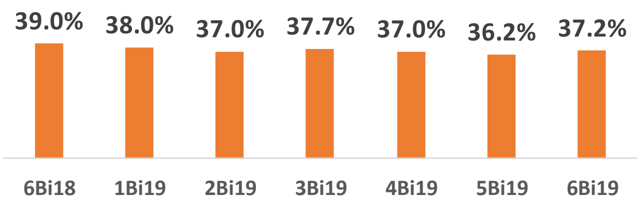
Margarines



Frozen Meals



Sausages/Franks



Source: Nielsen Bimonthly Retail – Margarines and Frozen Meals (Oct/Nov reading); Processed and Cold Cuts (Nov/Dec reading)

INTERNATIONAL SEGMENT

Following the consolidation of international operations under a single International Markets Vice Presidency, we present the aggregate information from the Halal Market and Other International Markets as detailed below.

International Segment	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Volume (Thousand Tons)	497	468	6.3%	1,909	1,900	0.5%
Poultry (In Natura)	386	374	3.3%	1,507	1,531	(1.5%)
Pork and Others (In Natura)	44	30	47.4%	149	129	15.1%
Processed foods	67	65	3.8%	252	239	5.2%
Net Operating Revenues (R$, Million)	3,924	3,342	17.4%	14,899	13,069	14.0%
Average price (R$/Kg)	7.89	7.14	10.5%	7.81	6.88	13.5%
COGS	(3,003)	(2,741)	9.5%	(11,303)	(11,001)	2.7%
Gross Profit (R$, Million)	921	601	53.4%	3,596	2,068	73.9%
Gross Margin (%)	23.5%	18.0%	5.5 p.p.	24.1%	15.8%	8.3 p.p.
Adjusted EBITDA (R$, Million)	571	200	185.4%	2,316	896	158.5%
Adjusted EBITDA Margin (%)	14.5%	6.0%	8.6 p.p.	15.5%	6.9%	8.7 p.p.
Volume CFR* (Thousand Tons)	308	281	9.4%	1,170	1,140	2.6%
% total in volume	61.9%	60.1%	1.8 p.p.	61.3%	60.0%	1.3 p.p.

**Direct Export*

HALAL MARKET

Halal market	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Volume (Thousand Tons)	290	292	(0.6%)	1,132	1,145	(1.1%)
Poultry (In Natura)	252	252	0.3%	977	995	(1.9%)
Processed foods	37	40	(6.4%)	155	150	3.8%
Net Operating Revenues (R$, Million)	2,195	2,144	2.4%	8,719	8,302	5.0%
Average price (R$/Kg)	7.58	7.35	3.0%	7.70	7.25	6.2%
COGS	(1,738)	(1,667)	4.3%	(6,550)	(6,539)	0.2%
Gross Profit (R$, Million)	457	477	(4.2%)	2,169	1,763	23.0%
Gross Margin (%)	20.8%	22.3%	(1.4) p.p.	24.9%	21.2%	3.6 p.p.
Adjusted EBITDA (R$, Million)	169	196	(13.7%)	1,111	828	34.3%
Adjusted EBITDA Margin (%)	7.7%	9.1%	(1.4) p.p.	12.7%	10.0%	2.8 p.p.
Volume CFR* (Thousand Tons)	105	114	(7.3%)	416	434	(4.1%)
% in total volume	36.4%	39.0%	(2.6) p.p.	36.7%	37.9%	(1.2) p.p.

**Direct Export*

4Q19 x 4Q18

Net revenue in the Halal Market grew by 2.4% y-o-y to R$2.2 billion in 4Q19, favored by the depreciated exchange rate of 8.1% y-o-y. Despite volumes practically in line with the previous year, the average USD prices were pressured by (i) lower volumes shipped from Banvit to Iraq, as this market partially restricted products imported from Turkey, which negatively impacted prices both in the Turkish market and in neighboring countries and (ii) the temporary halt by Saudi's authority of the operations at our food processing plant in Abu Dhabi and shipments to Saudi Arabia.

Gross margin shrank 1.4 p.p. y-o-y due to the mix of products and countries and higher freight expenses. However, stricter control of expenses was offset by depreciated exchange rates. Thus, the Halal Market's Adjusted EBITDA totaled R$169 million in 4Q19, reaching an Adjusted EBITDA margin of 7.7% (-1.4 p.p. y-o-y). In addition, the adoption of IFRS 16 represented nearly R$53 million on Adjusted EBITDA of the Halal Market in 4Q19.

2019 x 2018

The business dynamics seen in early 2019 were positive for the Company, with net revenue advancing by 12.2% in the first half of the year, mainly boosted by (i) a price increase in Saudi Arabia on the back of restricted product offering ; (ii) a price increase in Turkey, after introducing mechanisms to control prices during pre-electoral period; and (iii) a positive impact of depreciated exchange rates. On the other hand, the second half of the year was very challenging due to Turkey's export restrictions to Iraq and a temporary halt of the Abu Dhabi plant's operations, which serves the Saudi market, as previously mentioned. These factors partially pressured 2019 results. Nevertheless, the Company's net revenue grew by 5.0% y-o-y in the period.

Gross margin advanced 3.6 p.p. y-o-y as a result of an improved product mix, with a greater contribution from the processed food category. However, stricter control of expenses was offset by depreciated exchange rates. Notwithstanding, the Halal Market's Adjusted EBITDA totaled R$1.1 billion in 2019, reaching an Adjusted EBITDA margin of 12.7% (+2.7 p.p. y-o-y). In addition, the adoption of IFRS16 had a positive accounting effect of R$189 million on the Halal Market's EBITDA in 2019.

Market Share

We ended 2019 with a market share of 39.4%, in line with the previous year, and maintaining a broad market leadership position. Below is BRF's market share in all categories, according to the latest Nielsen reading:

(i) griller with 46.0% (+2.0 p.p. y-o-y);

(ii) chicken cuts with 54.9% (-2.9 p.p. y-o-y);

(iii) processed foods with 20.2% (-0.2 p.p. y-o-y).

In Turkey, our market share grew by 3.5 p.p. y-o-y to 19.5% in 4Q19, a result of our effective strategy to strengthen the Banvit brand to the detriment of retailers' private label brands. We were able to maintain our leadership position in virtually every category in which we operate in the Turkish market.

OTHER INTERNATIONAL MARKETS (Asia, Africa, the Americas, and Europe)

Other International Markets	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Volume (Thousand Tons)	208	177	17.5%	777	755	2.9%
Poultry (In Natura)	134	122	9.5%	531	536	(0.96%)
Pork and Others (In Natura)	44	30	47.4%	149	129	15.05%
Processed foods	30	25	20.4%	96	90	7.51%
Net Operating Revenues (R$, Million)	1,729	1,198	44.2%	6,181	4,767	29.7%
Average price (R$/Kg)	8.33	6.79	22.7%	7.96	6.32	25.98%
COGS	(1,264)	(1,075)	17.7%	(4,753)	(4,462)	6.53%
Gross Profit (R$, Million)	464	124	275.1%	1,427	305	367.8%
Gross Margin (%)	26.9%	10.3%	16.5 p.p.	23.1%	6.4%	16.7 p.p.
Adjusted EBITDA (R$, Million)	401	4	n.m.	1,204	68	1664.4%
Adjusted EBITDA Margin (%)	23.2%	0.3%	22.9 p.p.	19.5%	1.4%	18.1 p.p.
Volume CFR* (Thousand Tons)	202	168	20.8%	754	706	6.7%
% in total volume	97.5%	94.9%	2.6 p.p.	97.1%	93.6%	3.5 p.p.

**Direct Export*

4Q9 x 4Q8

In 4Q19, net revenue totaled R$1.7 billion, up 44.2% y-o-y due to higher volumes (+17.4% y-o-y) and higher average prices in Brazilian reais (+22.8% y-o-y). The outbreak of African swine fever is still impacting supply in several Asian countries, resulting in higher demand for imported products. In China, our volumes stepped up 92.3%, also impacted by a higher number of licensed plants during the second half of 2019, and U.S. prices climbing 51.5% y-o-y. Japan and Korea also saw improved commercial dynamics, with importers fearing an eventual chicken shortage in the market due to higher demand from China.

In addition to changes in the Asian countries that favored results, we reported a positive performance in Africa, with net revenue growing by 13.6% y-o-y, highlighting volume increase (+16.8% y-o-y) resulting from the higher volume of sausage and chicken sold in the region.

Our gross profit reached R$464 million in 4Q19, with a gross margin of 26.9% (+16.5 p.p. y-o-y). After corporate restructuring in 2019, our general and administrative expenses decreased by 3.2 p.p. y-o-y, positively contributing to this region's profitability. Thus, Adjusted EBITDA totaled R$401 million in 4Q19, with a margin of 23.2% (+22.9 p.p. y-o-y). The adoption of IFRS16 represented an amount of R$28 million on Adjusted EBITDA of the Other International Markets in 4Q19.

2019 x 2018

In 2019, net revenue grew by 29.7% y-o-y, fueled by price increase (+26.0% y-o-y) and volume growth (+2.9% y-o-y) increases. Key highlights in 2019 were (i) higher demand from the Asian market on account of African swine fever, especially from China as of 2H19; (ii) higher volume exported due to an increased number of licensed plants; (iii) recovery of chicken leg production volume after a more challenging 2018; and (iv) sales expanded to other countries, such as the Philippines and Vietnam, besides different channels.

Successful commercial execution coupled with good expense management and the international market restructuring resulted in an EBITDA margin increase of 18.1 p.p. y-o-y, reaching an Adjusted EBITDA of R$1.2 billion, compared to R$68 million in 2018. The adoption of IFRS 16 represented R$111 million on Adjusted EBITDA of the Other International Markets in 2019.

OTHER SEGMENTS

Other Segments + Ingredients	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Volume (Thousand Tons)	67	64	4.7%	269	268	0.6%
Poultry (In Natura)	3	2	57.0%	10	3	182.77%
Pork and Others (In Natura)	1	1	(44.2%)	2	3	(46.08%)
Processed foods	1	1	(34.3%)	5	7	(34.09%)
Others Sales	63	60	5.0%	253	254	(0.38%)
Net Operating Revenues (R$, Million)	281	211	33.5%	1,058	838	26.3%
COGS	(215)	(148)	45.5%	(854)	(671)	27.31%
Gross Profit (R$, Million)	66	63	5.2%	204	167	22.1%
Gross Margin (%)	23.5%	29.9%	(6.3) p.p.	19.3%	20.0%	(0.7) p.p.
Adjusted EBITDA (R$, Million)	45	47	(3.9%)	132	109	20.9%
Adjusted EBITDA Margin (%)	16.0%	22.3%	(6.2) p.p.	12.5%	13.0%	(0.6) p.p.

Adjusted EBITDA for Other Segments totaled R$45 million in 4Q19, with an adjusted EBITDA margin of 16.0%. This is explained by higher raw material expenses at BRF Ingredients. On the other hand, in 2019, Adjusted EBITDA surged 20.9% y-o-y due to lower raw material liquidation.

Corporate

Corporate - R$ Million	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Net Operating Revenues	-	-	n.m.	0	(11)	n.m.
Gross Profit	2	(83)	n.m.	(2)	(668)	(99.77%)
Adjusted EBITDA	(44)	40	n.m.	(144)	(31)	357.1%

Adjusted EBITDA amounted to negative R$44 million in 4Q19, mainly impacted by (i) R$23 million of provisions for civil and tax contingencies and (ii) asset retirement expenses totaling R$18 million. In 2019, Adjusted EBITDA amounted to negative R$144 million mainly impacted by (i) R$64 million in provisions for tax and civil contingencies; (ii) asset retirement expenses totaling R$51 million; and (iii) R$19 million in provisions favoring the municipality of Lucas do Rio Verde (Mato Grosso state), relating to the Housing Program (PROHAB) for our employees.

FINANCIAL PERFORMANCE

Net Operating Revenue (NOR)

Volumes - Thousand Tons	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Poultry (In Natura)	516	506	2.2%	2,018	2,064	(2.25%)
Pork and Others (In Natura)	75	62	21.8%	270	252	7.16%
Processed foods	518	526	(1.6%)	1,830	1,869	(2.11%)
Others Sales	63	60	5.7%	255	255	(0.10%)
Total	1,173	1,153	1.7%	4,373	4,441	(1.53%)
NOR (R$ Million)	9,290	8,289	12.1%	33,447	30,188	10.8%
Average Price (NOR)	7.92	7.19	10.2%	7.65	6.80	12.5%

In 4Q19, net revenue totaled R$9.3 billion, up 12.1% y-o-y, reflecting (i) 44.2% y-o-y increase in net revenue from Other International Markets, fueled by better prices (+22.8% y-o-y) and volume (+17.4% y-o-y), especially in the Asian markets and (ii) an improved business performance in the Brazil Segment, which recorded an average price increase of 9.6% y-o-y.

In 2019, Net Revenue rose by 10.8% y-o-y to R$33.5 billion on the back of an improved business performance in virtually all regions. Key highlights were (i) 29.7% y-o-y increase in net revenue from Other International Markets, fueled by better price (+26.0% y-o-y) and volume (+2.9% y-o-y), especially in the Asian markets; (ii) average price increase of 11.2% y-o-y in the Brazil Segment, in line with the Company's strategy of increasing profitability; and (iii) a more favorable exchange rate scenario.

Cost of Sales (COGS)

COGS - R$ Million	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Cost of Goods Sold	(6,918)	(6,719)	3.0%	(25,370)	(25,321)	0.2%
R$/Kg	5.90	5.83	1.2%	5.80	5.70	1.8%

COGS per kg increased by 1.2% y-o-y in 4Q19 and 1.8% in 2019 due to higher personnel, electricity, maintenance, and freight expenses, but partially offset by gains deriving from our management by means of the Zero-Based Cost program.

Gross Profit

Gross Profit - R$ Million	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Gross Profit	2,373	1,570	51.1%	8,077	4,868	65.9%
Gross Margin (%)	25.5%	18.9%	6.6 p.p.	24.1%	16.1%	8.0 p.p.

Gross margin stood at 25.5% (+6.6 p.p. y-o-y) in 4Q19 and 24.1% (+8,0 p.p. y-o-y) in 2019, fueled by improved operating results in both Brazil and in the International segments. In 2019, we moved forward with our strategy to stimulate the operation's profitability through sustainable price management, improved commercial execution, and an optimization of mix of channels, products and countries.

Operating Expenses

Operating Expenses - R$ Million	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Selling Expenses	(1,363)	(1,260)	8.1%	(4,936)	(4,560)	8.2%
% of the NOR	(14.7%)	(15.2%)	0.5 p.p.	(14.8%)	(15.1%)	0.3 p.p.
General and Administrative Expenses	(197)	(170)	15.9%	(616)	(551)	11.7%
% of the NOR	(2.1%)	(2.0%)	(0.1) p.p.	(1.8%)	(1.8%)	(0.0) p.p.
Operating Expenses	(1,560)	(1,430)	9.1%	(5,551)	(5,111)	8.6%
% of the NOR	(16.8%)	(17.3%)	0.5 p.p.	(16.6%)	(16.9%)	0.3 p.p.

Operating expenses rose by 9.1% y-o-y in 4Q19 and 8.6% y-o-y in 2019 on account of (i) greater marketing investments to strengthen our brands; (ii) higher freight expenses in the international market due to depreciated exchange rates; and (iii) legal provision expenses relating to labor lawsuits filed until 2017 in the Brazil Segment. However, total expenses, as a percentage of net revenue, improved 0.5 p.p. y-o-y in 4Q19 and 0.3 p.p. y-o-y in 2019, reflecting higher operating leverage.

Other Operating Results

Other Operating Results - R$ Million	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Other Operating Results	(14)	137	n.m.	429	19	2120.6%
% of the NOR	(0.2%)	1.7%	n.m.	1.3%	0.1%	1.2 p.p.

In 4Q19, we recorded a net expense of R$14 million under "Other Operating Results," a negative variation of R$151 million from 4Q18. It is worth noting that a gain of R$226 million was recorded in 4Q18 relating to the exclusion of ICMS from the calculation basis of PIS/COFINS.

In 2019, we posted a net gain of R$429 million under Other Operating Results, a variation of R$410 million from 2018, reflecting the exclusion of ICMS from the calculation basis of PIS/COFINS recorded in 2019. This gain was partially offset by charges relating to provision for ICMS over Staple Food Basket and higher expenses and provisions under the Corporate Segment, as previously mentioned.

Financial Result

Financial Results - R$ Million	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Net Interest	(267)	(268)	(0.3%)	(1,433)	(1,146)	25.0%
Interest over assets and Net Liabilities	(267)	(268)	(0.3%)	(1,273)	(1,146)	11.1%
Costs over Debt Anticipation	-	-	n.m.	(160)	-	n.m.
Adjusted Present Value	(80)	(64)	24.8%	(305)	(277)	10.0%
Net Charges on Rights and Obligations	(132)	353	n.m.	40	288	(85.9%)
Interest on Rights	50	383	(86.9%)	1,050	518	102.6%
Interest over ICMS based on PIS/COFINS	12	331	(96.3%)	893	331	169.8%
Other Rights	38	52	(26.1%)	156	187	(16.4%)
Charges on Obligations	(182)	(30)	509.9%	(1,009)	(230)	338.5%
Charges on ICMS over Staple Food Basket	40	-	n.m.	(350)	-	n.m.
Actuarial Liabilities	(50)	-	n.m.	(50)	-	n.m.
Contigent Liabilities	(88)	13	n.m.	(224)	28	n.m.
IFRS 16	(41)	-	n.m.	(160)	-	n.m.
Commission and other charges	(43)	(43)	(0.4%)	(225)	(258)	(12.6%)
Exchange Rate Variation and Fair Value (MtM)	39	(307)	n.m.	80	(876)	n.m.
Exchange Rate Variation (Assets and Liabilities)	42	(164)	n.m.	171	(318)	n.m.
Hedge Accounting Effectivity Test	-	(92)	n.m.	(55)	(316)	(82.5%)
Fair Value *Total Return Swap*	-	(6)	n.m.	5	(214)	n.m.
Fair Value of other Derivatives	(3)	(45)	(94.4%)	(40)	(28)	40.6%
Other Financial Results	(101)	(70)	43.5%	(248)	(230)	7.7%
Argentinian Hyperinflation	(17)	-	n.m.	(44)	-	n.m.
Liabilities with Minorities	(90)	(24)	280.7%	(169)	(109)	54.4%
IOF and PIS/COFINS over Financial Results	3	5	(38.3%)	17	14	17.4%
Other Effects	3	(51)	n.m.	(52)	(135)	(61.3%)
Net Financial Results	(541)	(357)	51.6%	(1,865)	(2,241)	(16.8%)

Net financial result was an expense of R$541 million in 4Q19 and R$1,865 million in 2019. The main components were grouped into the following categories:

(i) Net Interest on gross debt and cash amounted to a net expense of R$267 million in 4Q19, in line with expenses recorded during the same period last year of R$268 million. In 2019, expenses totaled R$1,433 million, mainly impacted by exchange rate variation of foreign currency-denominated financial charges, prepayments of some debt, and buyback of senior notes announced to the market in September 2019.

(ii) Adjusted Present Value (APV) totaled expenses of R$80 million in 4Q19, R$16 million higher than in 4Q18. Year-over-year, expenses came to R$305 million in 2019, a R$28 million increase from 2018. The APV refers to the financial income (expense) component linked to clients/suppliers accounts. This amount is offset in the gross profit.

(iii) **Net Charges on Rights and Obligations** amounted to an expense of R$132 million in 4Q19 compared to an income of R$353 million in 4Q18 of which R$331 million derive from accounting for the first lawsuit to exclude ICMS from the calculation basis of PIS/COFINS. The 2019 result was an income of R$40 million, impacted by (i) expenses to restate actuarial liabilities at R$50 million, as evidenced in Note 21 of the financial statements; (ii) contingent liabilities expenses of R$224 million; (iii) the adoption of IFRS 16, which increased leasing expenses by R$160 million; and (iv) accounting for gains referring to proceedings to exclude ICMS from the calculation basis of PIS/COFINS and charge of provision for ICMS over Staple Food Basket, which together total R$543 million, as evidenced in Notes 9.2 and NE 22.1 of the financial statements.

(iv) **Exchange Rate Variation and Fair Value (MtM)** totaled an income of R$39 million in 4Q19. In 2019, exchange rate variation and others totaled an income of R$80 million, mainly fueled by exchange rate variation gains of R$171 million in the period. In 2018, this item totaled an expense of R$876 million, impacted by (i) a foreign exchange loss of R$318 million; (ii) mark-to-market of Total Return Swap resulting in an expense of R$214 million; (iii) an expense deriving from effectiveness test of debt designated as hedge accounting in the amount of R$316 million; and (iv) an expense deriving from adjustments to the market value of derivative financial instruments totaling -R$28 million.

(v) **Other Financial Results** totaled an expense of R$101 million in 4Q19 versus an expense of R$70 million in 4Q18. In 2019, this result came to an expense of R$248 million compared to an expense of R$230 million in the previous year.

Net Income (Loss)

Net Income / (Loss) - R$ Million	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Consolidated Net / (Loss) Income - Continued Op.	690	313	120.6%	1,213	(2,115)	n.m.
Net Margin (%)	7.4%	3.8%	3.7 p.p.	3.6%	(7.0%)	n.m.
Consolidated Net / (Loss) Income - Total Consolidated	680	(2,125)	n.m.	297	(4,466)	n.m.

In 4Q19, the Company posted net income for continuing operations of R$690 million and corporate net income of R$680 million, reflecting operational improvement in the period. In 2019, the Company posted net income for continuing operations of R$1,213 million and a corporate net income of R$297 million. In addition to operational improvements that bolstered the Company's profitability, non-recurring positive impacts were seen relating to the exclusion of ICMS from the calculation basis of PIS/COFINS, net of effects of charges of provision for ICMS over Staple Food Basket.

Adjusted EBITDA

EBITDA - R$ Million	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Consolidated Net (Loss)	690	313	n.m.	1,213	(2,115)	n.m.
Income Tax and Social Contribution	(432)	(389)	11.3%	(126)	(333)	(62.2%)
Net Financial	541	357	51.6%	1,865	2,241	(16.8%)
Depreciation and Amortization	584	440	32.6%	2,301	1,747	31.7%
EBITDA	1,382	721	91.7%	5,254	1,541	241.0%
EBITDA Margin (%)	14.9%	8.7%	6.2 p.p.	15.7%	5.1%	10.6 p.p.
Impacts of Carne Fraca/Trapaça operations	21	90	(76.9%)	79	493	(83.9%)
Debt designed as Hedge Accounting	-	-	n.m.	-	184	n.m.
Forest Fair Value	28	(94)	n.m.	28	(107)	n.m.
Corporate Restructuring	(1)	22	n.m.	14	206	(93.0%)
Impacts of Trucker Strike	-	(0)	(100.0%)	-	85	(100.0%)
Tax recoveries	(24)	(8)	208.3%	(54)	(52)	2.6%
Non controlling shareholders	1	25	(94.5%)	(11)	(0)	2285.5%
Costs on business diposed (Impairment)	7	86	n.m.	19	113	n.m.
Others	(2)	-	n.m.	(13)	-	n.m.
Adjusted EBITDA	1,413	843	67.7%	5,317	2,462	115.9%
Adjusted EBITDA Margin (%)	15.2%	10.2%	5.0 p.p.	15.9%	8.2%	7.7 p.p.
ICMS PIS/COFINS Impact	22	226	(90.2%)	1,176	226	421.3%
ICMS Staple Food Basket Impact	67	-	n.m.	(292)	-	n.m.
EBITDA Adjusted Ex-Tributary Effects	1,324	617	114.5%	4,433	2,237	98.2%
EBITDA Adjusted Margin Ex-Tributary Effects (%)	14.3%	7.4%	6.8 p.p.	13.3%	7.4%	5.8 p.p.

Adjusted EBITDA in 4Q19 amounted to R$1,413 million, up 67.7% y-o-y. Adjusted EBITDA margin was 15.2%, an increase of 5.0 p.p. y-o-y. We highlight an approximate R$22 million gain in 4Q19's operating results that stemmed from a favorable court ruling on the exclusion of ICMS from the calculation basis of PIS/COFINS and R$67 million referring to provisions reversal and tax amnesty with the States of São Paulo and Rio Grande do Sul, both relating to the lawsuit of ICMS over Staple Food Basket. If we exclude these impacts, Adjusted EBITDA would total R$1,324 million in 4Q19, with a margin of 14.3%. In 2019, Adjusted EBITDA totaled R$5.3 billion, a 241.0% y-o-y growth. If we exclude the tax gains referring to ICMS in the calculation basis of PIS/COFINS, net of charges of provision for ICMS over Staple Food Basket products, the Adjusted EBITDA would total R$4.4 billion (+98.3% y-o-y), reaching a margin of 13.3% in 2019.

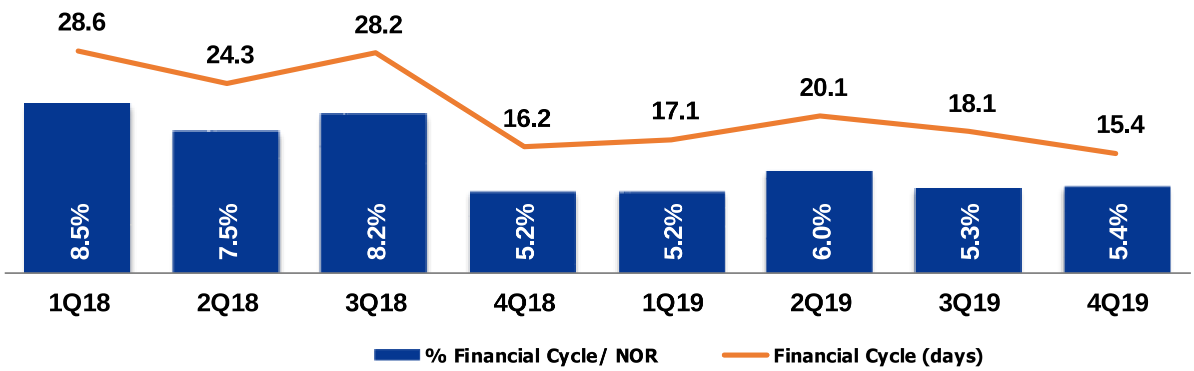
This clearly evidences a significant improvement in the Company's operational performance in 2019, a result of successful commercial execution and focus on increasing profitability. It is worth noting that the adoption of IFRS 16 represented an amount of R$178 million on Adjusted EBITDA in 4Q19 and R$636 million in 2019, as evidenced in Note 3.14 of the Standardized Financial Statements (DFP).

WORKING CAPITAL AND FINANCIAL CYCLE

With the adoption of IFRS16 as of 2019, as described in Note 3.14, some effects have been adjusted by the Company to calculate the Accounts Payable Turnover. To maintain a comparative basis and to better reflect the index, all additions and reversals associated with the adoption of the new accounting practices have been adjusted in the calculation.

The Company's financial cycle totaled 15.4 days in 2019, a decrease of 0.8 days compared to 4Q18, only considering continuing operations. Likewise, the average financial cycle ended 2019 totaling 18.9 days, an improvement of 9.3 days compared to 2018. Such substantial improvement comes from maintenance of working capital gains mostly stemming from (i) reduced levels of frozen raw materials inventory and finished products within the scope of the Operating and Financial Restructuring Plan announced on June 29, 2018, and executed during the second half of 2018 and (ii) the structuring of a Receivables Investment Fund – BRF Clients in December 2018, also within the scope of the Plan.

Financial Cycle (end of period– Continuing Operations): Clients + Inventories[1] – Suppliers



[1]Includes short-term biological assets

MANAGERIAL CASH FLOW

Operating cash flow from continuing operations in 4Q19 amounted to R$1,068 million versus R$1,067 million of consolidated operations during the same period last year. In 2019, operating cash generation totaled R$4,672 million, R$3,139 million above consolidated operations in 2018. Such improvement is a result of the Company's operational recovery coupled with revenue growth and an upturn in the profitability of virtually all business markets. The working capital optimizations seen at the end of 2018 were sustained in 2019, which contributed to improving operational results conversion into cash.

The cash flow of investments from continuing operations totaled a consumption of R$100 million in 2019 compared to a consumption of R$1,373 million from consolidated operations in 2018. This improvement mainly derives from the Company's Divestment Plan, announced and initiated in 2018, which amounted to R$1,778 million in 2019 versus R$259 million in 2018.

Lastly, free cash flow totaled R$2,875 million in 2019, playing a key role in reducing the Company's net indebtedness, even taking into account the USD appreciation versus Brazilian real, which went from R$3.87/US$ in December 2018 vs. R$4.03/US$ in December 2019).

Million BRL	4Q19	2019	4Q18[1]	2018
Adjusted EBITDA	1,413	5,317	841	2,616
Impacts of Carne Fraca/Trapaça operations	(21)	(79)	(90)	(493)
Debt designed as Hedge Accounting	-	-	-	(208)
Forest Fair Value	(28)	(28)	94	107
Corporate Restructuring	1	(14)	(22)	(214)
Impacts of Trucker Strike	-	-	0.2	(85)
Tax recoveries	24	54	8	52
Non controlling shareholders	(1)	11	(29)	(18)
Costs on business diposed (Impairment)	(7)	(22)	(2,476)	(2,476)
Discontinued Operations	-	-	(31)	(63)
Others	3	16	(95)	(130)
EBITDA	1,382	5,254	(1,802)	(911)
Working Capital	(102)	(257)	763	341
Δ Accounts Receivable	(965)	(283)	348	931
Δ Inventories	549	(91)	676	147
Δ Suppliers	315	117	(261)	(738)
Others	(213)	(325)	2,106	2,104
Δ Taxes	304	452	(279)	(627)
Δ Provisions	(269)	(55)	(92)	(208)
Δ Salaries/Benefits	(77)	284	(156)	33
Δ Others	(171)	(1,007)	2,633	2,905
Cash Flow from Operating Activities	1,068	4,672	1,067	1,533
CAPEX	(420)	(1,429)	(406)	(1,632)
Leasing IFRS 16	(126)	(448)	-	-
Cash Flow from Operations with Capex	521	2,795	661	(99)
M&A and Sale of Assets	28	1,778	213	259
Cash Flow from Investments	(518)	(100)	(193)	(1,373)
Cash - Financial Results	(164)	(657)	(638)	(17)
Interest Income	26	134	41	257
Interest Expenses	(381)	(1,291)	(299)	(1,140)
FX Variation on Cash and Cash Equivalents	(144)	117	(25)	75
Cash Flow from Financing Activities	(663)	(1,697)	(920)	(824)
Free Cash Flow	(114)	2,875	(46)	(664)
New Debt Amortizantions	(2,054)	(4,082)	624	176
Cash Variations	(2,168)	(1,207)	578	(488)

Million BRL	3Q19	2019	3Q18[1]	2018
Cash and Cash Equivalents - Initial	7,673	6,711	6,368	7,434
Cash Variation	(2,168)	(1,207)	578	(488)
Cash and Cash Equivalents - Final	5,505	5,505	6,946	6,946
Total Debt - Initial	21,458	22,400	22,691	20,744
New Debt/Amortization	(2,054)	(4,082)	624	176
FX Variation on Total Debt	(336)	321	(408)	1,443
Debt Interest and Derivatives	(294)	134	(351)	193
Total Debt - Final	18,774	18,774	22,556	22,556
Net Debt	13,269	13,269	15,610	15,610

[1] *Including continuing + discontinued operations*

INDEBTEDNESS

R$ Million	In 12.31.2019			In 12.31.2018[1]	
Debt	Current	Non-current	Total	Total	Δ %
Local Currency	(2,835)	(4,779)	(7,614)	(10,627)	(28.4%)
Foreign Currency	(450)	(10,710)	(11,160)	(11,929)	(6.4%)
Gross Debt	(3,286)	(15,488)	(18,774)	(22,556)	(16.8%)
Cash Investments*					
Local Currency	2,005	46	2,051	5,341	(61.6%)
Foreign Currency	3,143	311	3,454	1,605	115.2%
Total Cash Investments	5,148	357	5,505	6,946	(20.7%)
Net Debt	1,862	(15,131)	(13,269)	(15,610)	(15.0%)

[1] Indebtedness and financial investments include continuing and discontinued operations.
** Cash considered is comprised of Cash and Cash Equivalents, Financial Investments, Restricted Cash, and Derivative Financial Assets.*

Total gross indebtedness of continuing operations in the amount of R$18,774 million, as reported above, accounts for financial indebtedness plus liabilities from derivative financial instruments, in the amount of R$154 million, according to Note 25.3 of the Standardized Financial Statements (DFP). In 2019, amortizations net of funding totaled R$4,082 million. Adjusted gross leverage ended 2019 at 3.53x (continuing operations) versus 8.62x (continuing operations + discontinued operations) in 2018. In addition, the average term of indebtedness was extended to 4.6 years, an increment of 1.6 years from 2018.

In 2019, net debt from continuing operations totaled R$13,269 million, a R$2,341 million decrease compared to the R$15,610 million from continuing + discontinued operations in 2018. The following factors contributed to this decrease: (i) free cash flow generation of R$2,875 million in 2019, partially offset by; (ii) non-cash effects, especially the exchange rate variation of R$455 million; and (iii) R$79 million relating to the discontinuance of divested assets. As a result, net leverage, measured by the ratio between the net debt and LTM Adjusted EBITDA, reached 2.50x (continued operations) in 2019, a slump of 3.47x from the same period last year (continuing + discontinued operations). Excluding the effects of IFRS16 on Adjusted EBITDA of continuing operations, net leverage reached2.83x in 2019.

Finally, the Company reaffirms that it does not have financial leverage covenants.

INVESTMENTS (CAPEX)

Investments made in the quarter amounted to R$420 million, excluding accounting effects from the adoption of IFRS 16, representing an increase of 4% from 4Q18, of which R$129 million was allocated to growth, efficiency, and support; R$230 million to biological assets; and R$61 million to leasing and others. Including the accounting effect from the adoption of IFRS 16, CAPEX totaled R$546 million. In 2019, investments amounted to R$1,429 million, ex-effect of IFRS 16, representing a 12% decrease from 2018.

CAPEX - R$ Million	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Growth	47	13	261.5%	94	62	52.3%
Efficieny	12	20	(40.0%)	39	92	(57.1%)
Support	70	101	(30.7%)	278	380	(26.9%)
Biological Assets	230	214	7.5%	809	877	(7.8%)
Commercial Lease and Others	61	57	7.0%	208	221	(5.8%)
Total w/o IFRS 16	420	405	3.7%	1,429	1,632	(12.4%)
Leasing IFRS16 Impact	126	-	n.m.	448	-	n.m.
Total	546	405	34.8%	1,877	1,632	15.0%

The main projects in 4Q19 included:

- Market Demand:

(i) Projects to manufacture industrialized products to meet the demand of the domestic market, highlighting the Seropédica Plant (RJ); investments to increase capacity in sliced food product offerings, consolidating the merchandising position of this category;
(ii) Measures to increase the production of *in natura* items to meet the demand of the foreign market, highlighting investments to meet the markets of China and the Middle East;
(iii) Opening of a Distribution Center in Londrina (PR).

- Efficiency:

(i) Projects to implement the concepts of the 4.0 Industry in chicken slaughtering units;
(ii) Projects to reduce costs through greater operating efficiency (e.g. higher yield in the production process);
(iii) Energy efficiency projects for production units.

- Support/IT:

(i) Projects to replace industrial assets;
(ii) Improvements in working conditions for employees in the production process;
(iii) Updates in technological systems;
(iv) Optimization projects and control of processes related to the commercial and supply chain areas;
(v) IT projects to meet the Compliance and Corporate Governance requirements.

- Support/Quality:

(i) Projects to improve control and quality processes in meatpacking units, factories and farms.

RELATIONSHIP WITH INDEPENDENT AUDITORS

Pursuant to CVM Instruction No. 381, dated January 14, 2003, the Company reports that its policy of engagement of services unrelated to the external audit is based on principles that protect auditor independence.

Pursuant to CVM Instruction No. 381/03, in the period ended December 31, 2019, KPMG Auditores Independentes was not engaged in providing services unrelated to external audits.

Pursuant to CVM Instruction No. 480/09, the Company's management states that at a meeting held on March 2, 2020, it discussed, reviewed, and agreed with the information included in the independent auditor's review of the 2019 financial information.

CONSOLIDATED INCOME STATEMENT

Financial Statement - R$ Million	4Q19	4Q18	Chg. % y/y	2019	2018	Chg. % y/y
Net Operating Revenues	9,290	8,289	12.1%	33,447	30,188	10.8%
Cost of Sales	(6,918)	(6,719)	3.0%	(25,370)	(25,321)	0.2%
% of the NOR	(74.5%)	(81.1%)	6.6 p.p.	(75.9%)	(83.9%)	8.0 p.p.
Gross Profit	2,373	1,570	51.1%	8,077	4,868	65.9%
% of the NOR	25.5%	18.9%	6.6 p.p.	24.1%	16.1%	8.0 p.p.
Operating Expenses	(1,560)	(1,430)	9.1%	(5,551)	(5,111)	8.6%
% of the NOR	(16.8%)	(17.3%)	0.5 p.p.	(16.6%)	(16.9%)	0.3 p.p.
Selling Expenses	(1,363)	(1,260)	8.1%	(4,936)	(4,560)	8.2%
% of the NOR	(14.7%)	(15.2%)	0.5 p.p.	(14.8%)	(15.1%)	0.3 p.p.
Fixed	(858)	(818)	4.9%	(3,142)	(2,929)	7.3%
Variable	(505)	(442)	14.2%	(1,793)	(1,631)	9.9%
General and Administrative Expenses	(197)	(170)	15.9%	(616)	(551)	11.7%
% of the NOR	(2.1%)	(2.0%)	(0.1) p.p.	(1.8%)	(1.8%)	(0.0) p.p.
Honorary of our Administrators	(26)	(9)	180.0%	(50)	(29)	75.9%
% of the NOR	(0.3%)	(0.1%)	(0.2) p.p.	(0.2%)	(0.1%)	(0.1) p.p.
General and Administrative	(171)	(160)	6.4%	(565)	(523)	8.2%
% of the NOR	(1.8%)	(1.9%)	0.1 p.p.	(1.7%)	(1.7%)	0.0 p.p.
Operating Income	813	140	479.2%	2,526	(243)	n.m.
% of the NOR	8.8%	1.7%	7.1 p.p.	7.6%	(0.8%)	n.m.
Other Operating Results	(14)	137	n.m.	429	19	2120.6%
Equity Income	-	3	(100.0%)	(2)	18	n.m.
EBIT	799	281	184.2%	2,953	(206)	n.m.
% of the NOR	8.6%	3.4%	5.2 p.p.	8.8%	(0.7%)	n.m.
Net Financial Income	(541)	(357)	51.6%	(1,865)	(2,241)	(16.8%)
Income before Taxes	257	(76)	n.m.	1,087	(2,448)	n.m.
% of the NOR	2.8%	(0.9%)	n.m.	3.3%	(8.1%)	n.m.
Income Tax and Social Contribution	432	389	11.3%	126	333	(62.2%)
% of Income before Taxes	168.0%	(511.6%)	n.m.	11.6%	(13.6%)	n.m.
Consolidated Net Income (Loss) - Continued Operations	690	313	120.6%	1,213	(2,115)	n.m.
% of the NOR	7.4%	3.8%	3.7 p.p.	3.6%	(7.0%)	n.m.
Consolidated Net Income (Loss) - Total Consolidated	680	(2,125)	n.m.	297	(4,466)	n.m.
% of the NOR	7.3%	(22.3%)	n.m.	0.9%	(14.8%)	n.m.
EBITDA	1,382	721	91.7%	5,254	1,541	241.0%
% of the NOR	14.9%	8.7%	6.2 p.p.	15.7%	5.1%	10.6 p.p.
Adjusted EBITDA	1,413	843	67.7%	5,317	2,462	115.9%
% of the NOR	15.2%	10.2%	5.0 p.p.	15.9%	8.2%	7.7 p.p.

BALANCE SHEET

Balance Sheet - R$ Million	12.31.19	09.30.19	12.31.18
Assets			
Current Assets			
Cash and Cash Equivalents	4,238	6,206	4,870
Financial Investments	418	414	507
Accounts and other Receivables	3,091	2,182	2,720
Recoverable Taxes	626	757	1,067
Inventories	3,888	4,492	3,877
Biological Assets	1,603	1,559	1,513
Other Financial Assets	195	104	182
Other Receivables	366	444	459
Anticipated expenses	224	150	232
Restricted Cash	296	629	277
Current Assets held to sale	99	75	3,326
Total Current Assets	15,045	17,014	19,031
Non-Current Assets			
Long-term assets	9,455	9,018	7,549
Cash Investments	307	319	291
Accounts Receivable	71	77	97
Judicial Deposits	576	588	669
Biological Assets	1,081	1,073	1,061
Recoverable Taxes	5,439	5,410	3,150
Deferred Taxes	1,846	1,459	1,520
Restricted Cash	-	-	584
Other Receivables	86	92	177
Other Financial Assets	50	0.2	-
Permanent Assets	17,200	17,319	15,802
Investments	15	15	86
Property, Plant and Equipment	12,277	12,259	10,697
Intangible	4,908	5,046	5,019
Total Non-Current Assets	26,655	26,338	23,351
Total Assets	41,701	43,351	42,382

Balance Sheet - R$ Million	12.31.19	06.30.19	06.30.2018
Liabilities and Equity			
Current Liabilities			
Loans and Financing	3,132	3,243	4,547
Suppliers	6,161	6,085	5,563
Supply Chain Risk	842	619	875
Payroll, Mandatory Social Charges and Profit Sharing	825	905	619
Taxes Payable	517	458	403
Other Financial Liabilities	154	340	235
Provisions	1,084	1,207	496
Employee Pension Plan	96	95	95
Other Liabilities	513	682	525
Current Liabilities held to sale and discontinued operation	-	-	1,132
Total Current Liabilities	13,324	13,634	14,489
Non-Current Liabilities			
Loans and Financing	15,488	17,834	17,618
Suppliers	2,067	1,853	180
Taxes and Social Charges Payable	190	196	162
Provision for Tax, Civil and Labor Contingencies	710	833	855
Deferred Taxes	85	89	66
Employee Pension Plan	594	424	373
Other Liabilities	1,094	1,069	1,108
Total Non-Current Liabilities	20,228	22,298	20,362
Total Liabilities	33,552	35,932	34,851
Shareholders' Equity			
Capital Stock	12,460	12,460	12,460
Capital Reserves	193	207	115
Other Related Results	(722)	(764)	(1,276)
Retained Profits	(3,997)	(4,716)	(4,279)
Treasury Shares	(38)	(38)	(57)
Non-Controling Shareholders	253	270	567
Total Shareholders' Equity	8,148	7,420	7,532
Total Liabilities and Shareholders	41,701	43,351	42,382

Balance Sheet - R$ Million	12.31.19	06.30.19	06.30.2018
Liabilities and Equity			
Current Liabilities			
Loans and Financing	3.132	3.243	4.547
Suppliers	6.161	6.085	5.563
Supply Chain Risk	842	619	875
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Other Liabilities	513	682	525
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Total Current Liabilities	13.324	13.634	14.489
Non-Current Liabilities			
Loans and Financing	15.488	17.834	17.618
Suppliers	2.067	1.853	180
Taxes and Social Charges Payable	190	196	162
Provision for Tax, Civil and Labor Contingencies	710	833	855
Deferred Taxes	85	89	66
Employee Pension Plan	594	424	373
Other Liabilities	1.094	1.069	1.108
Total Non-Current Liabilities	20.228	22.298	20.362
Total Liabilities	33.552	35.932	34.851
Shareholders' Equity			
Capital Stock	12.460	12.460	12.460
Capital Reserves	193	207	115
Other Related Results	(722)	(764)	(1.276)
Retained Profits	(3.997)	(4.716)	(4.279)
Treasury Shares	(38)	(38)	(57)
Non-Controling Shareholders	253	270	567
Total Shareholders' Equity	8.148	7.420	7.532
Total Liabilities and Shareholders	41.701	43.351	42.382