



BRF'S NET REVENUE REACHES BRL R\$ 8.9 BILLION IN THE 4th QUARTER

Effects of the Weak Meat Operation impacted the results of the company, which registered in the accumulated of 2017 net revenue of BRL R\$ 33.5 billion and Adjusted EBITDA of BRL R\$ 2.9 billion

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BRF's net operating revenue reached BRL R\$ 8.9 billion in the fourth quarter of 2017, an increase of 3.6% over the previous year quarter. The result reflects the higher volume of sales in the period, which totaled 1.3 million tons of food - especially sales of Christmas products in Brazil and Southern Cone. In the period, the Company's gross profit reached BRL R\$ 1.9 billion, Adjusted EBITDA totaled BRL R\$ 645 million and Capex reached BRL R\$ 310 million.

In the year to date, net operating revenue totaled BRL R\$ 33.5 billion, a decrease of 0.8% when compared to the previous year. Gross profit reached BRL R\$ 6.9 billion, while Adjusted EBITDA totaled BRL R\$ 2.9 billion and Capex BRL R\$ 1.6 billion. In the period, net loss of BRL R\$ 1.1 billion was reported, reflecting adverse operational and financial impacts in 2017, which totaled BRL R\$ 772 million.

A significant part of these adverse results recorded in 2017, approximately 50% comes from the direct effects of the Weak Meat Operation. The operation led to the closing of many markets, generated discounts in export prices and caused significant disruptions in the production chain, which had a significant impact on the company's results.

Volumes and Markets

Throughout 2017, BRF commercialized approximately 5 million tons of food around the world, highlighting the line of processed products, which reached more than 43% of the Company's sales. Respectively, the divisions that contributed most to this amount were: Brazil, International (which includes sales in Africa, Asia, the Americas and Europe), OneFoods (which includes business in the Muslim market) and the Southern Cone (covering activities carried out in Argentina, Paraguay and Uruguay).

In Brazil, the highlight was the recovery of *market share* categories. In the 4th quarter of 2017, the company advanced in ready-to-serve, margarine and sausage segments. For the third consecutive quarter, BRF's total market share also grew. According to the latest Nielsen reading, the company accounted for 55.3% of *market share*, a gain of 0.7% compared to the previous quarter. The net revenue obtained in this market reached BRL R\$ 4.2 billion in the quarter and totaled BRL R\$ 15.2 billion in the accumulated of 2017.

OneFoods also recorded an increase of *market share* in 2017, with more than 1 million tons of food marketed in the year. The company's total market share in the Gulf countries was 41.6%, a gain of 1.1 pp over the same period last year. The division's net operating revenue totaled BRL R\$ 1.9 billion in the quarter, reaching BRL R\$ 6.7 billion in the year.

In the International division, net operating revenue totaled BRL R\$ 2.0 billion in the fourth quarter of 2017 and BRL R\$ 8.5 billion in the consolidated segment of the year. More than 1.2 million tons of food were marketed by the division in 2017, with more than 85% of these sales being made in Asia and Europe, most notably fresh poultry.

In the Southern Cone division, the division's net operating revenue totaled BRL R\$ 517 million in the fourth quarter of 2017 and BRL R\$ 1.9 billion in consolidated net income for the year. More than 200 thousand tons of food were marketed by the division in 2017, highlighting processed foods.

Investments

BRF invested BRL R\$ 310 million in the fourth quarter of 2017. Of this amount, BRL R\$ 130 million was allocated to growth, efficiency and support; BRL R\$ 177 million for biological assets; and BRL R\$ 3 million for leasing and others. The reduction in the company's investment level, compared to the same quarter of the previous year, reflects the company's commitment to a more prudent capital allocation, as well as a trajectory of reduction of the level of leverage.

About BRF

BRF is one of the largest food companies in the world, with more than 30 brands in its portfolio, including Sadia, Perdigão, Qualy, Paty, Dánica, Bocatti and Vieníssima. Its products are marketed in more than 150 countries, on five continents. More than 100,000 employees work in the company, which maintains more than 50 factories in eight countries (Argentina, Brazil, United Arab Emirates, Netherlands, Malaysia, UK, Thailand and Turkey).

