



BRF

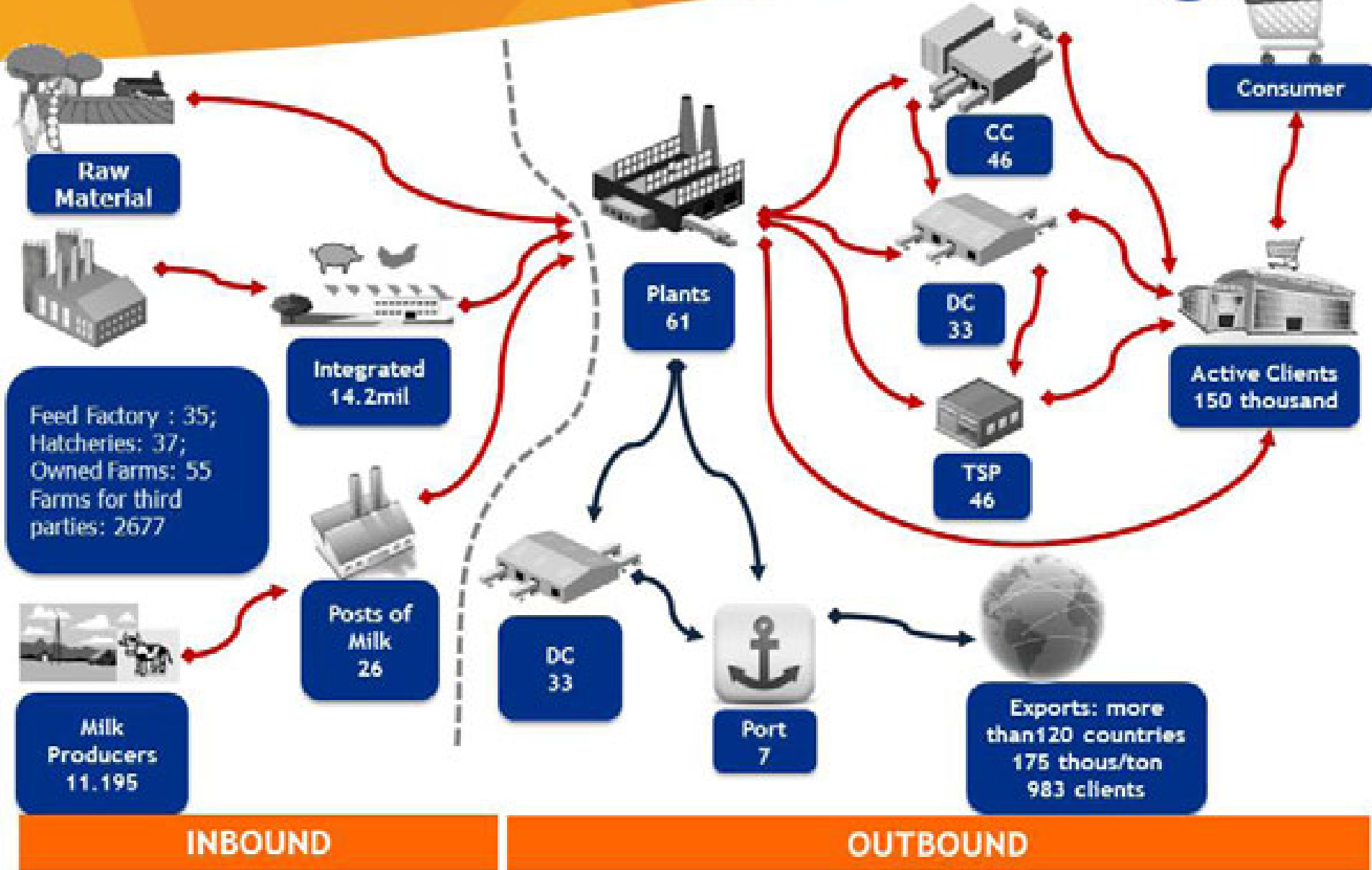
**Santander Conference
January 2014**

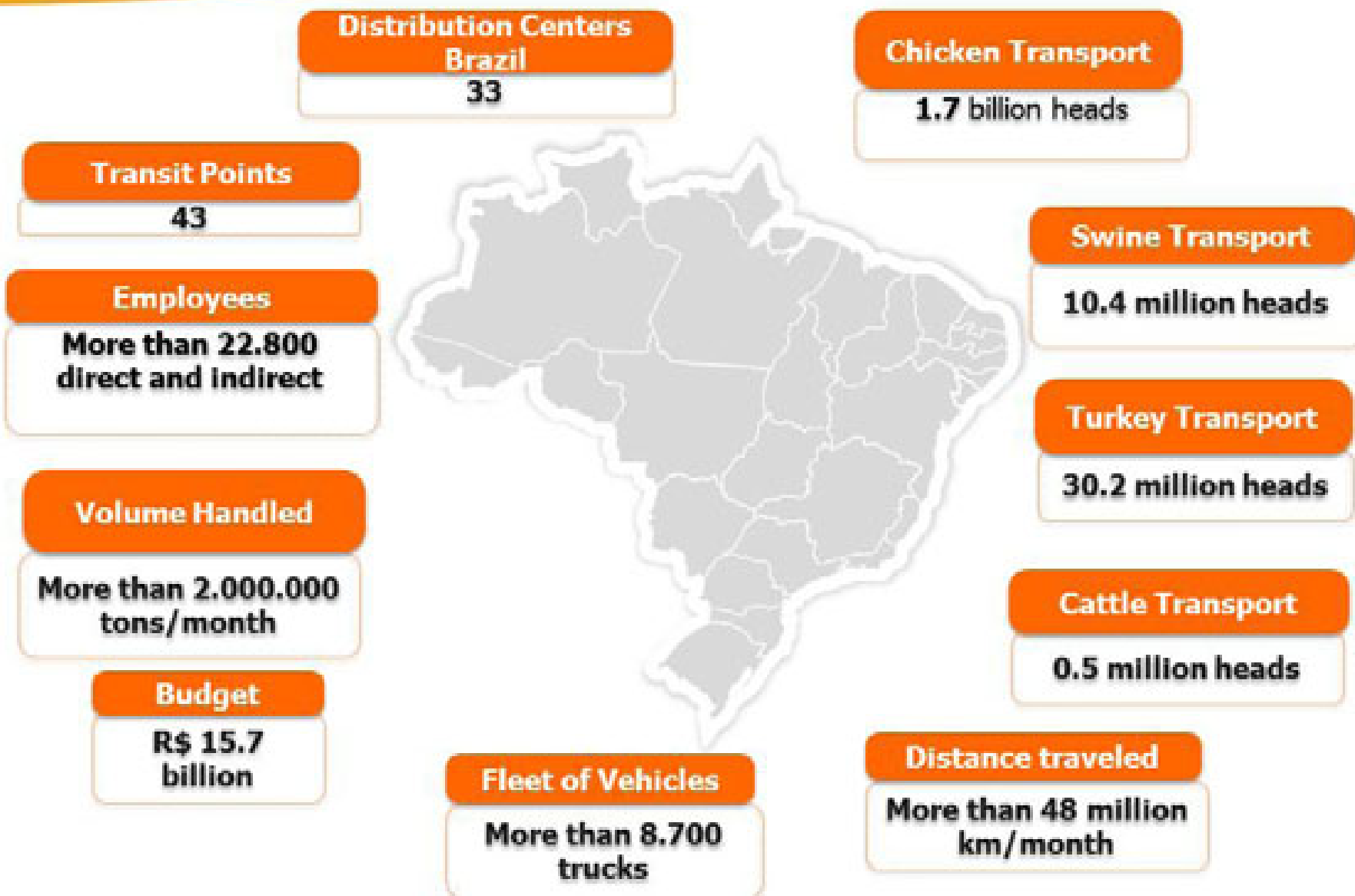
The results of the third quarter and the first nine months of 2013 consolidate the Companies of BRF S.A..

All statements contained herein with regard to the Company's business prospects, projected results and the potential growth of its business are mere forecasts, based on local management expectations in relation to the Company's future performance. Dependent as they are on market shifts and on the overall performance of the Brazilian economy and the sector and international markets, such estimates are subject to changes.

On July 13 2011, the Administrative Council for Economic Defense – CADE approved the Association between BRF and Sadia S.A., conditional on compliance with the provisions contained in the Performance Agreement – TCD, which was also signed on the same date. The document with respect to this agreement is available in the website: www.brf-br.com/ir

OPERATIONS OVERVIEW







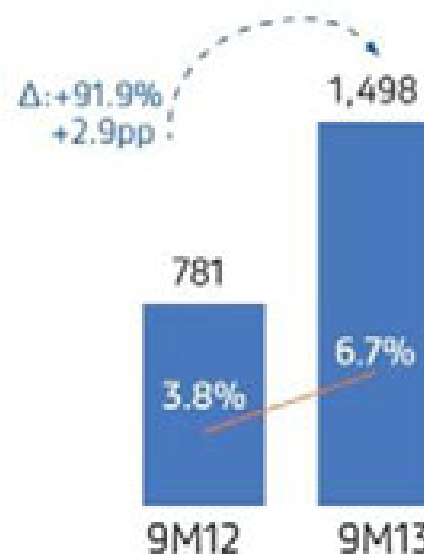
3Q13 RESULTS

3Q13 RESULTS

R\$ million



EBIT

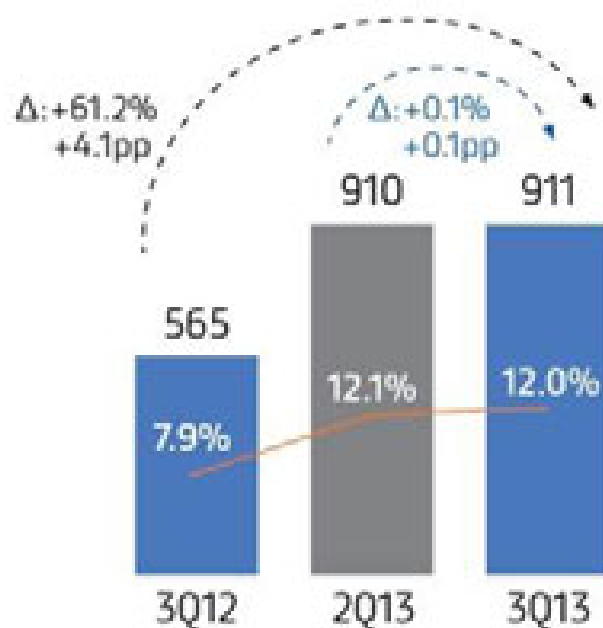


3Q13 RESULTS

R\$ million



ADJUSTED EBITDA

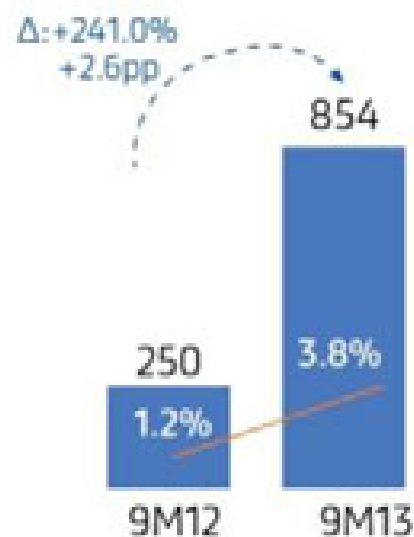


3Q13 RESULTS

R\$ million

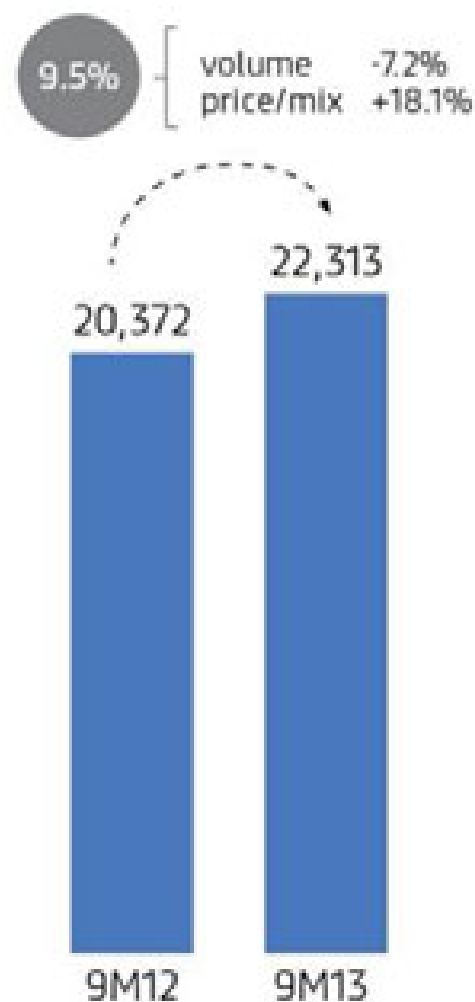
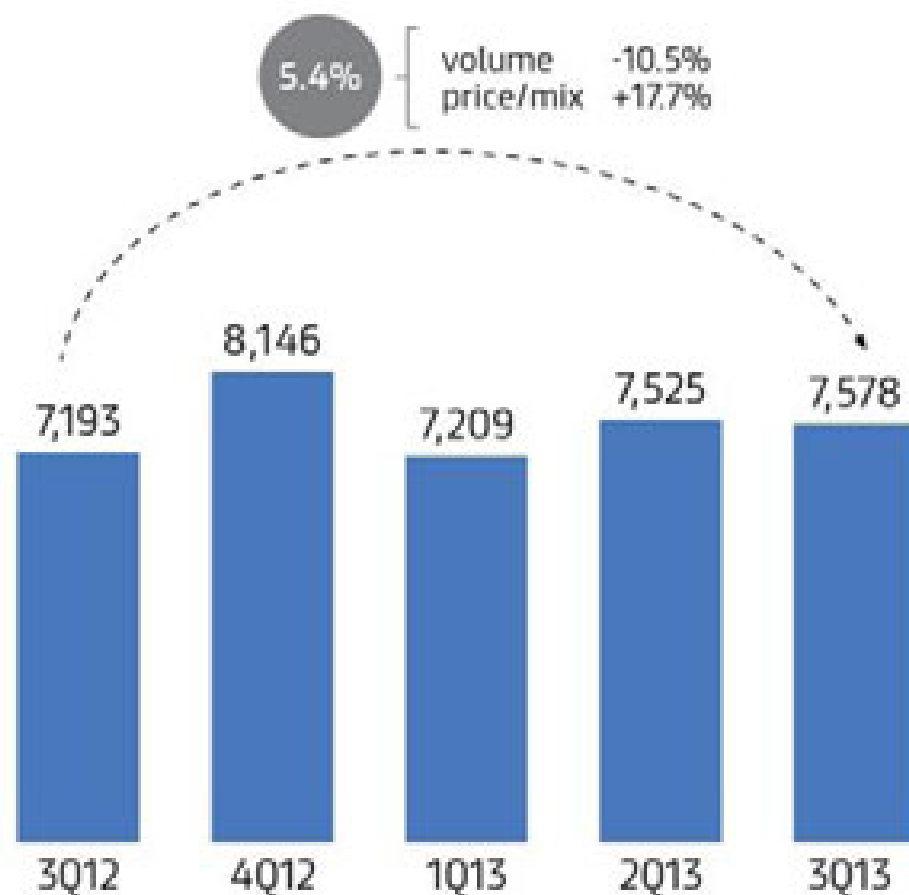


NET INCOME



NET SALES EVOLUTION

R\$ million

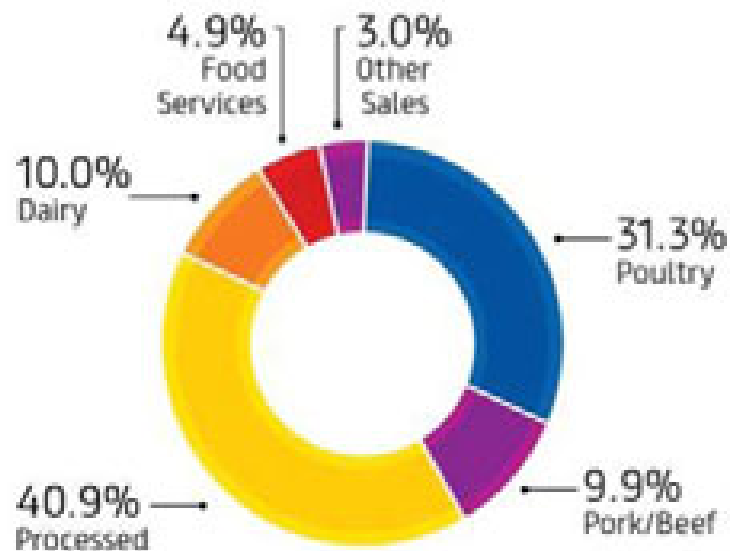


NET SALES BREAKDOWN (%)

3Q13



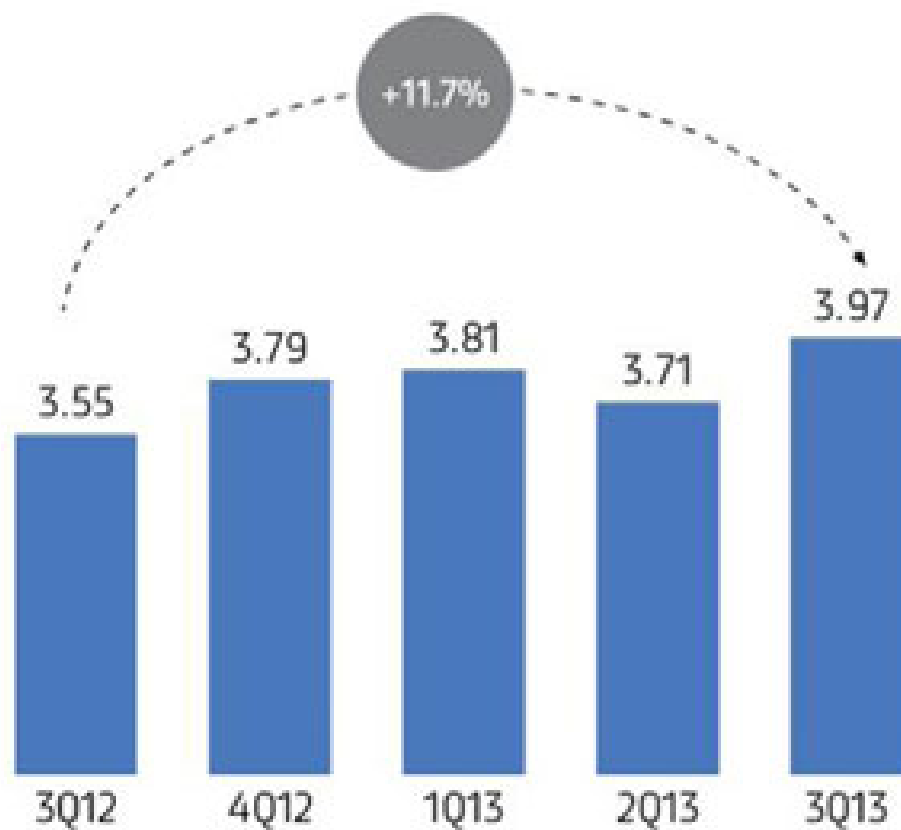
BY PRODUCT – 3Q13



BY MARKET – 3Q13

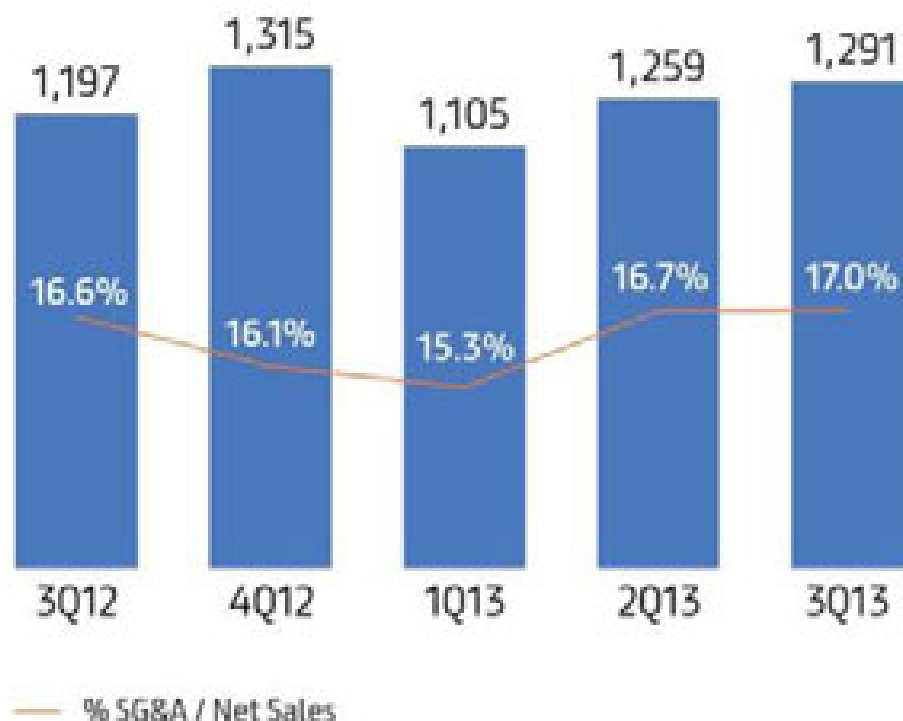


COGS/sales VOLUME (R\$/kg)



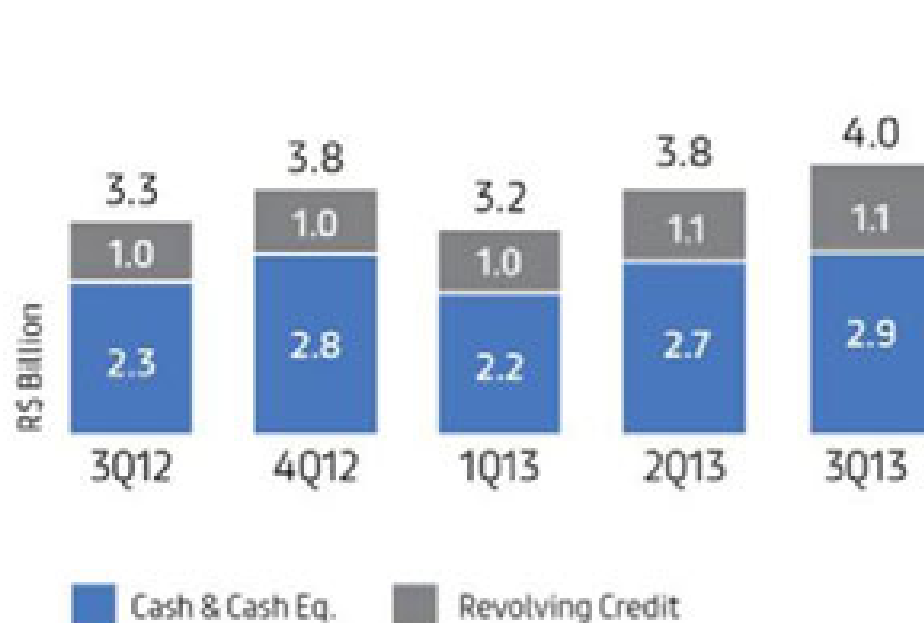
SALES, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

R\$ million

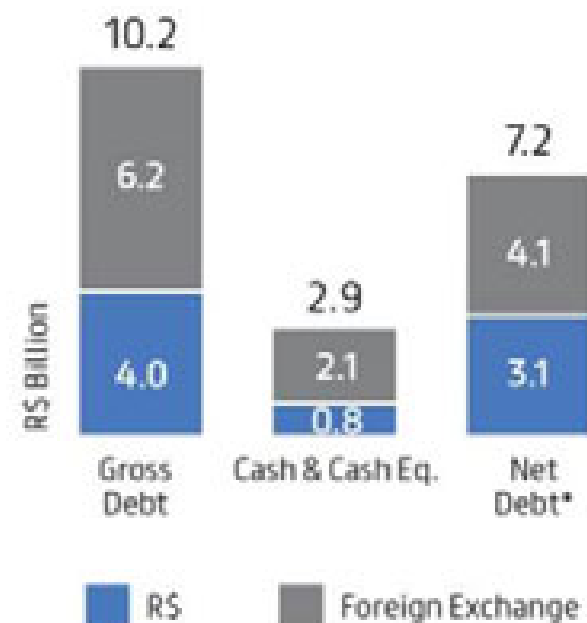


LIQUIDITY

(Cash & Cash Equivalents)



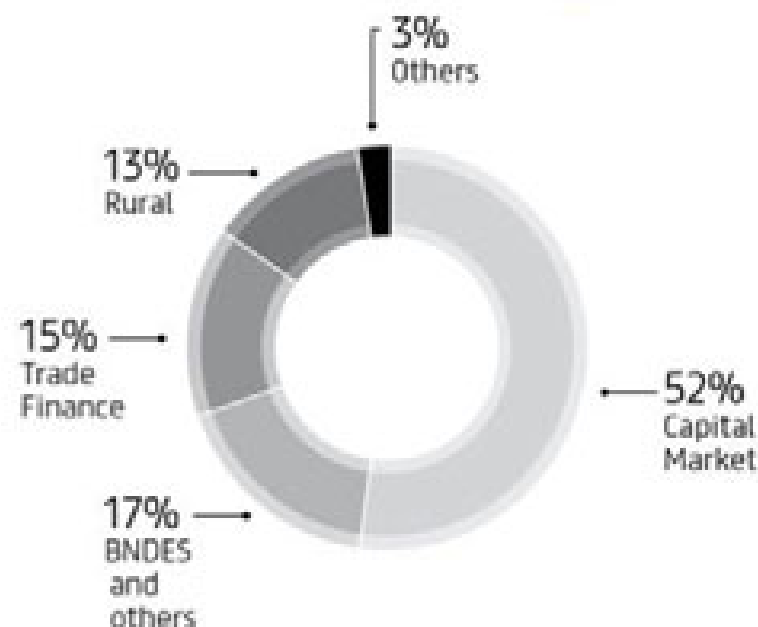
NET DEBT



* Including hedge positions

COSTS, TERMS AND PROFILE

	R\$	US\$	TOTAL
Average Cost (Annual)	6.19%	5.29%	
Average Term (Years)	2.2	6.8	4.9



DEBT MATURITY SCHEDULE

R\$ million

2013	2014	2015	2016	2017 on	TOTAL
700	1,959	341	251	6,561	9,813

↳ 302 (rural credit)

FINANCIAL LEVERAGE

R\$ million



- Reduction in leverage given the improvement in both operating performance and also capex/working capital discipline in spite of currency devaluation

* Exchange Rate of the last day of each quarter

INVESTMENTS 9M13

R\$ million



TOTAL INVESTMENTS 9M13

Biological Assets
Leasing* ("L")
Acquisitions/others
CAPEX (excl. "L")

R\$ 382
R\$ 127
R\$ 135
R\$ 746

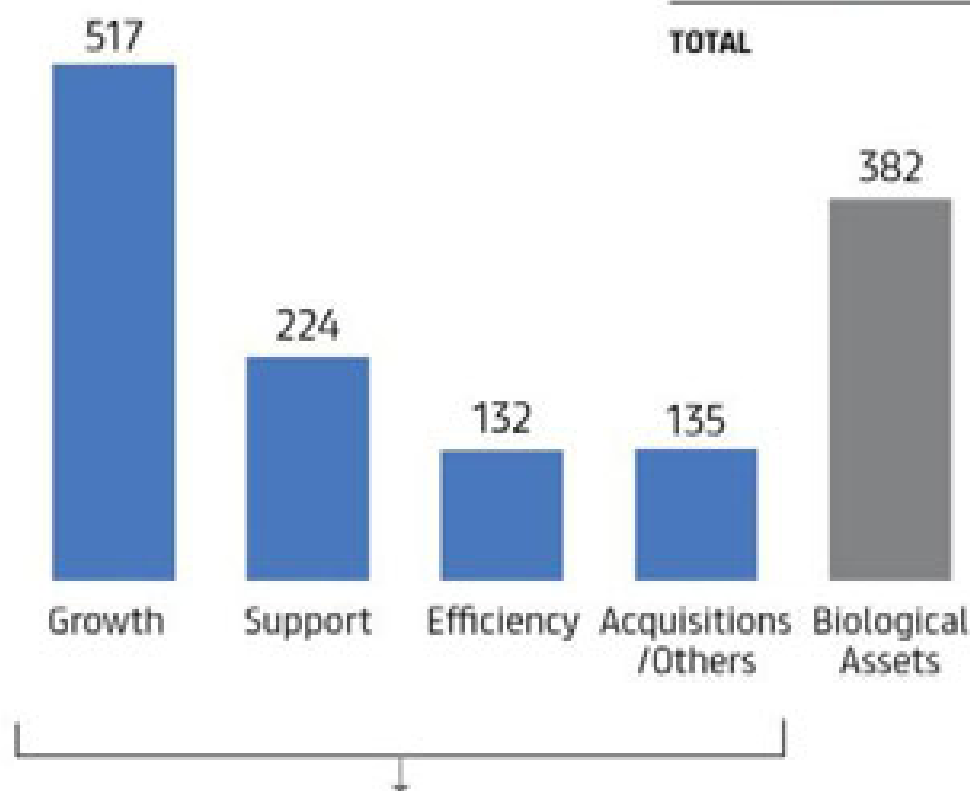
TOTAL

R\$ 1,390

R\$ 500
GUIDANCE
2013
R\$ 1,500

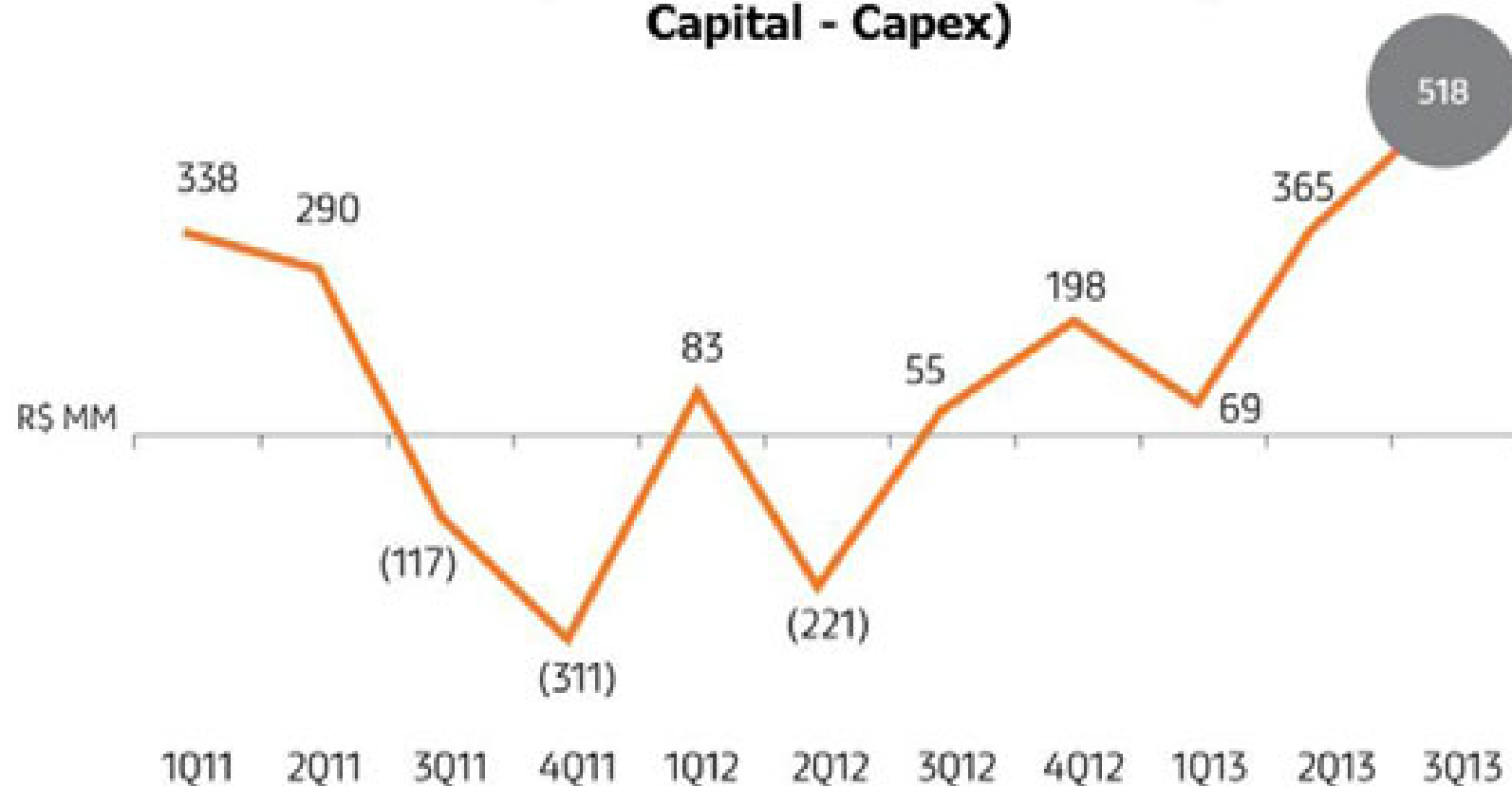
R\$ 2,000

* L = related to "built to suit" projects of the Distribution Center (DC) of Salvador and the administrative office of Curitiba



CAPEX: R\$ 1,008 million

FCF (EBITDA – Change in Working Capital - Capex)



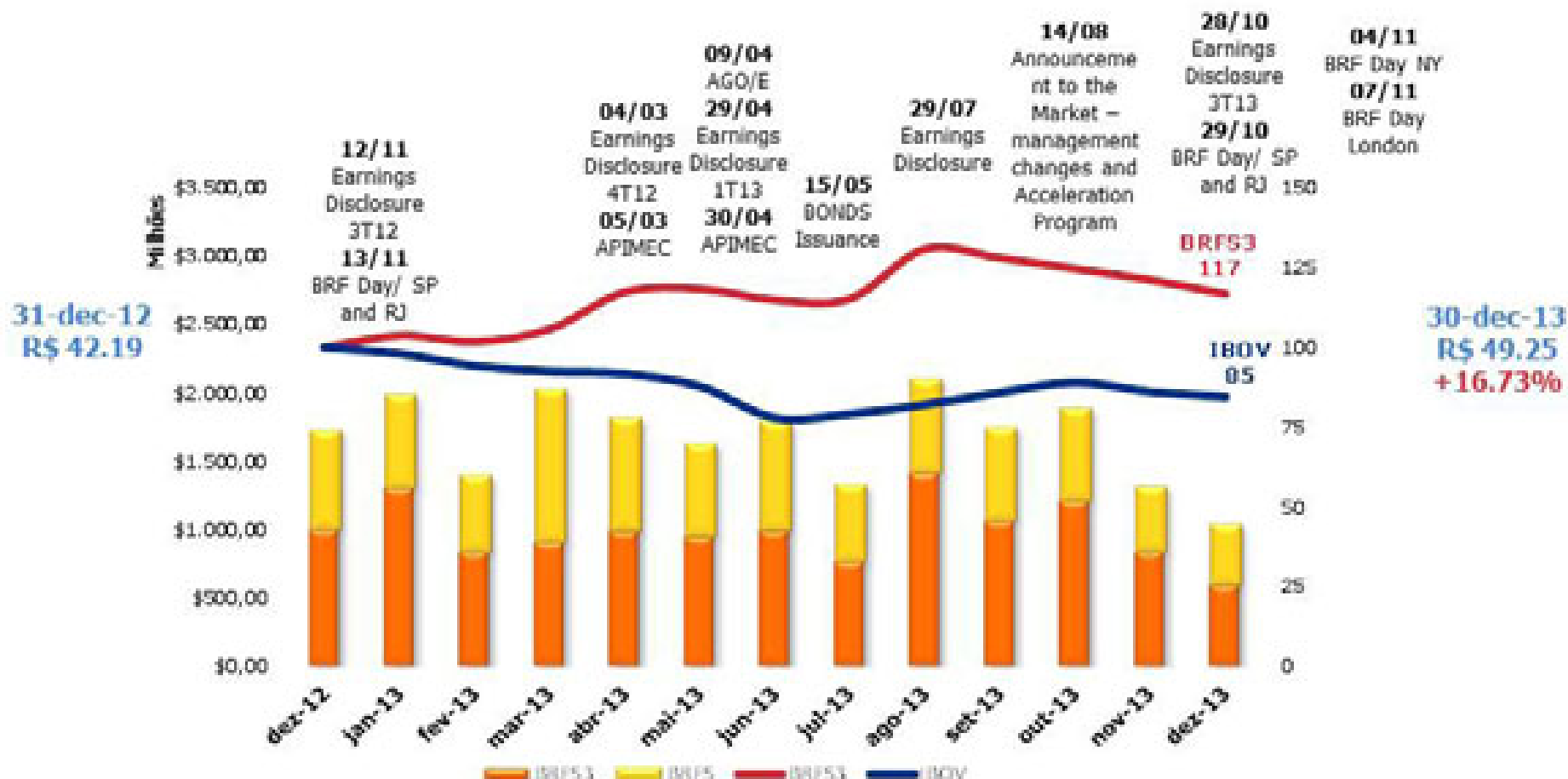
CAPITAL MARKETS PERFORMANCE



Volume in USD MM x Profitability

Evolution Base in LTM 100 Average U\$ 83.4 million/day LTM

(11.8% higher than the previous LTM period-based December/13)



TOTAL 9M13: 169 LAUNCHES

**DOMESTIC
MARKET**

54 New
SKUs

**FOOD
SERVICE**

21 New
SKUs

**EXPORT
MARKET**

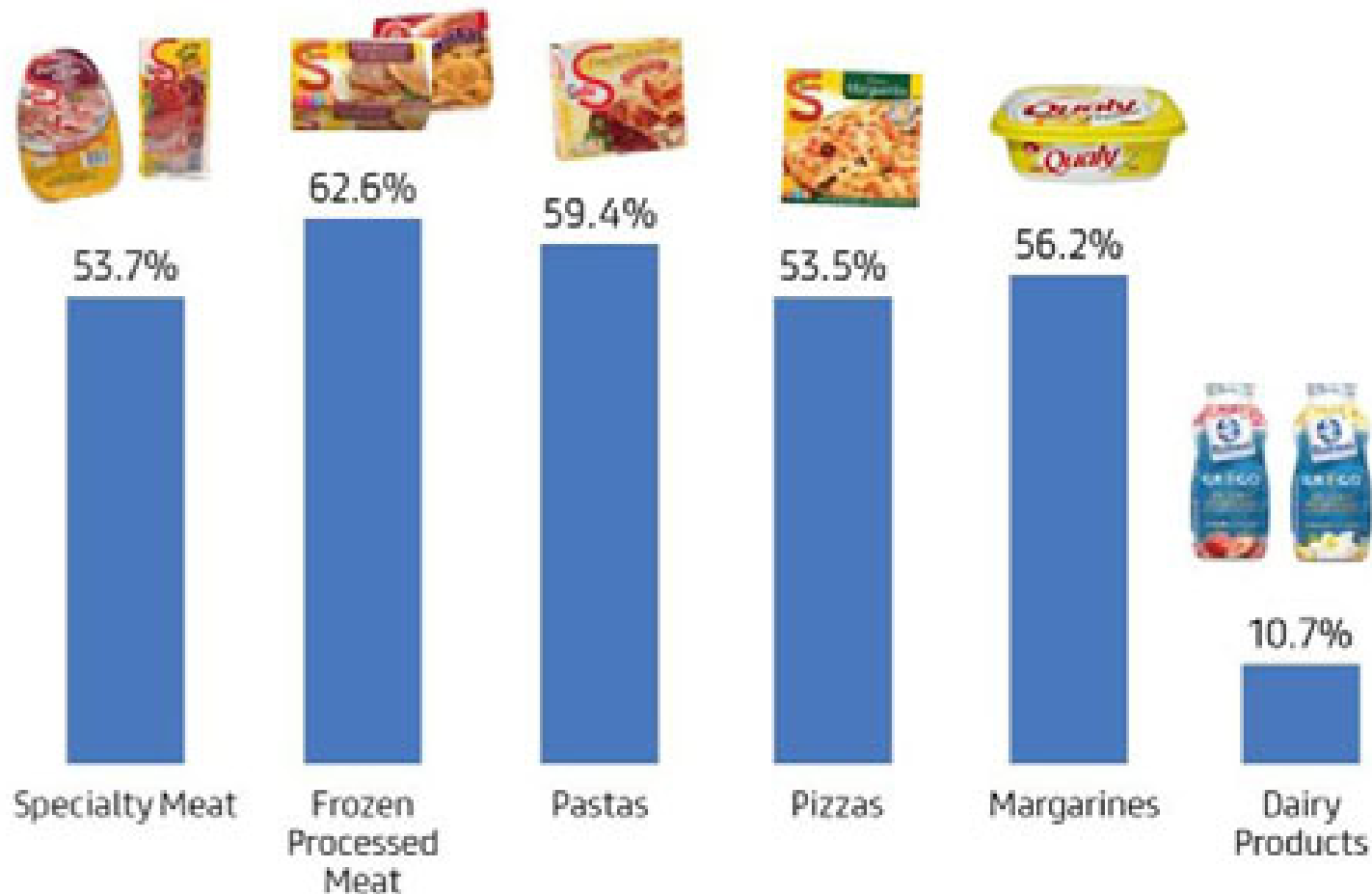
74 New
SKUs

DAIRY

20 New
SKUs



MARKET SHARE (VALUE)



*Pizzas and Margarines: basis jul/aug
Other categories: basis jun/jul
Source: AC Nielsen*

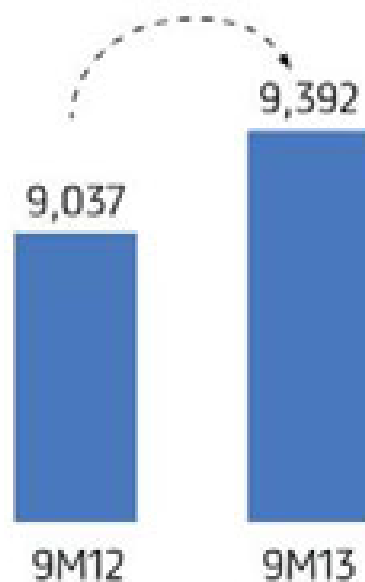
**DOMESTIC
MARKET**

DOMESTIC MARKET NET SALES 9M

R\$ million

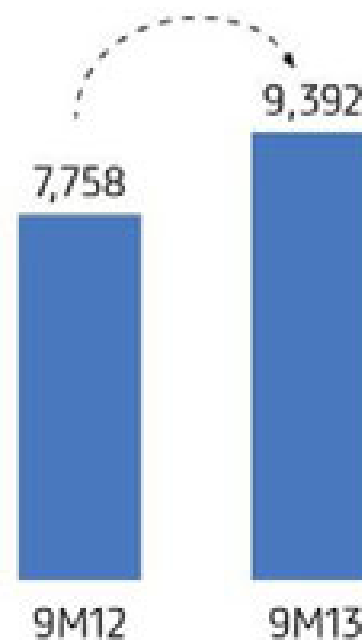


DOMESTIC MARKET NET SALES 9M13

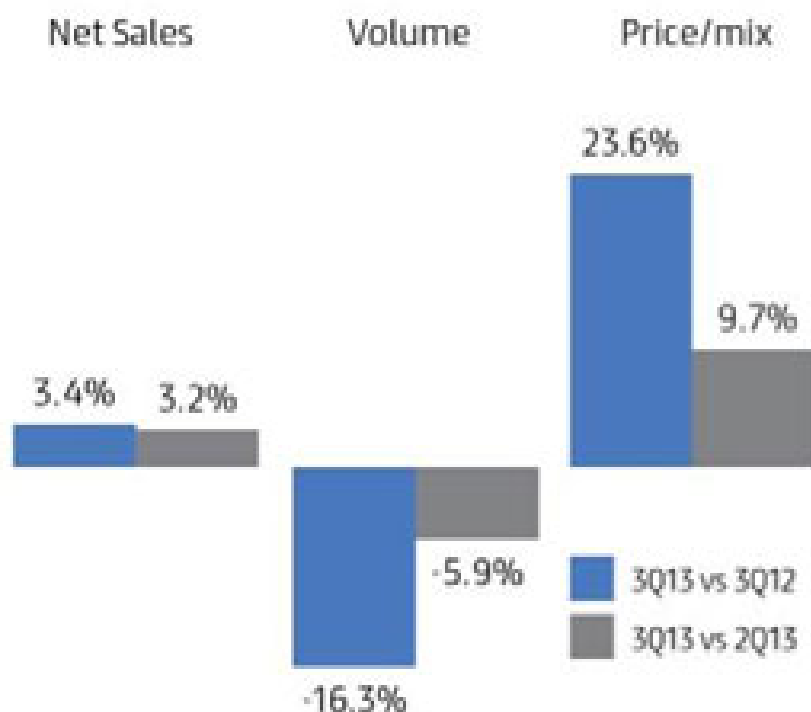


TCD ADJUSTED DOMESTIC MARKET NET SALES

Excluding net sales of divested assets and suspended categories in 9M12

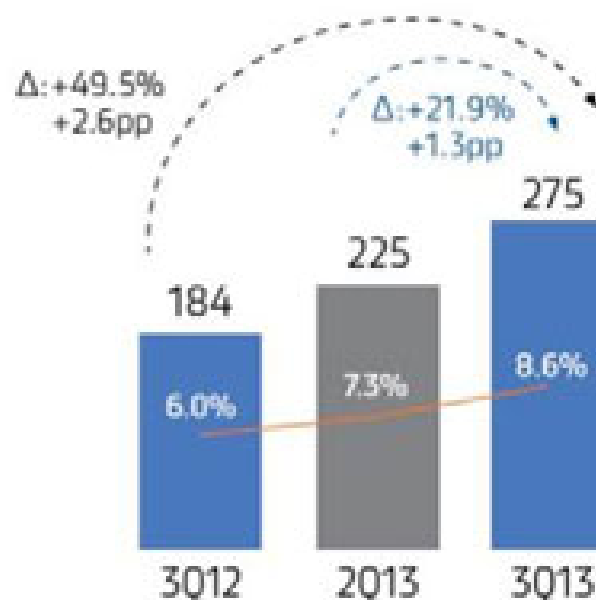


GROWTH



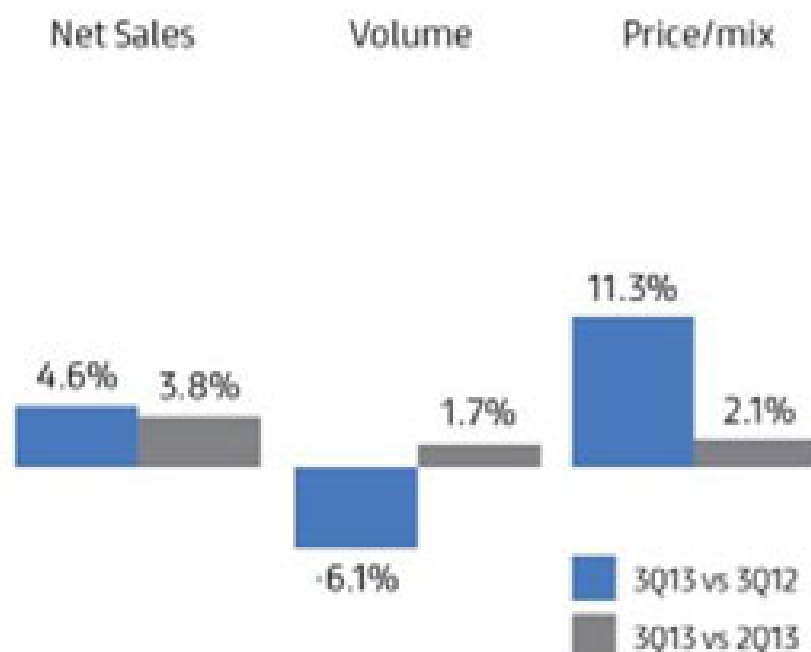
- Improvement in portfolio with greater value added and the passing on of inflation
- Volumes impacted by weaker consumption

EBIT (R\$ million)

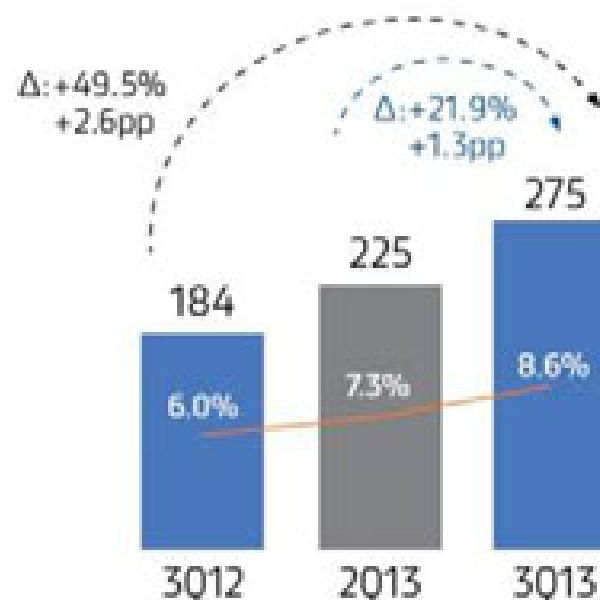


SHARE OF TOTAL
NET SALES 9M13
42.0%

GROWTH



EBIT (R\$ million)



- Improvement in portfolio with greater value added and the passing on of inflation
- Volumes impacted by weaker consumption

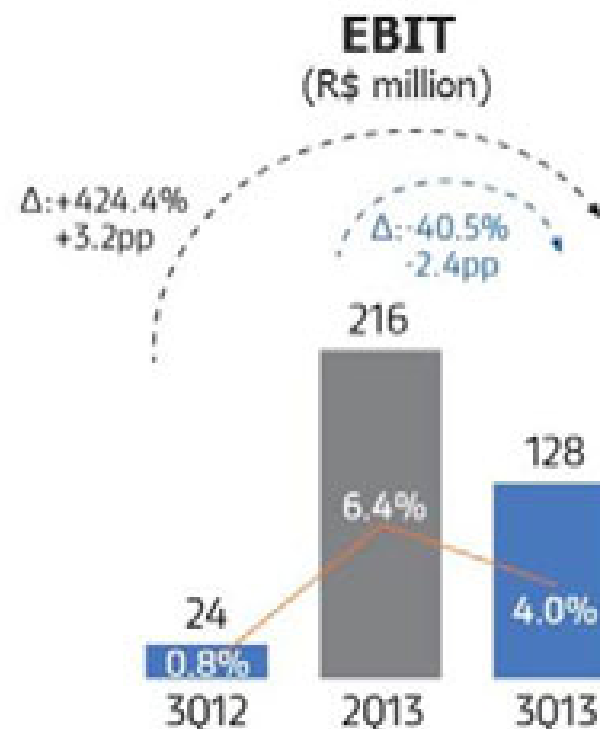
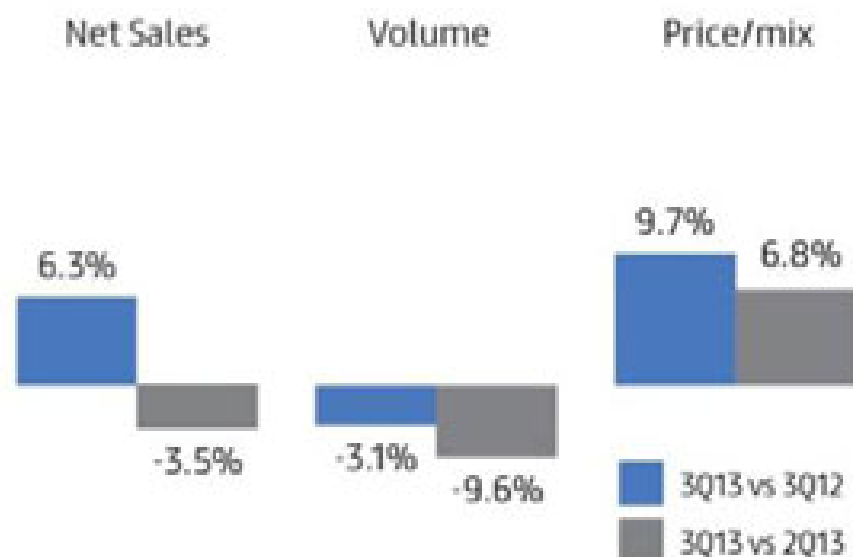


SHARE OF TOTAL
NET SALES 9M13
42.0%



**EXPORT
MARKET**

GROWTH



- Prices benefited from currency devaluation in the period
- Recovery in margins due to the gradual improvement in the markets and decline in grain prices
- Operations interrupted at the ports of Santa Catarina in the final week of September delaying shipments and affecting volumes

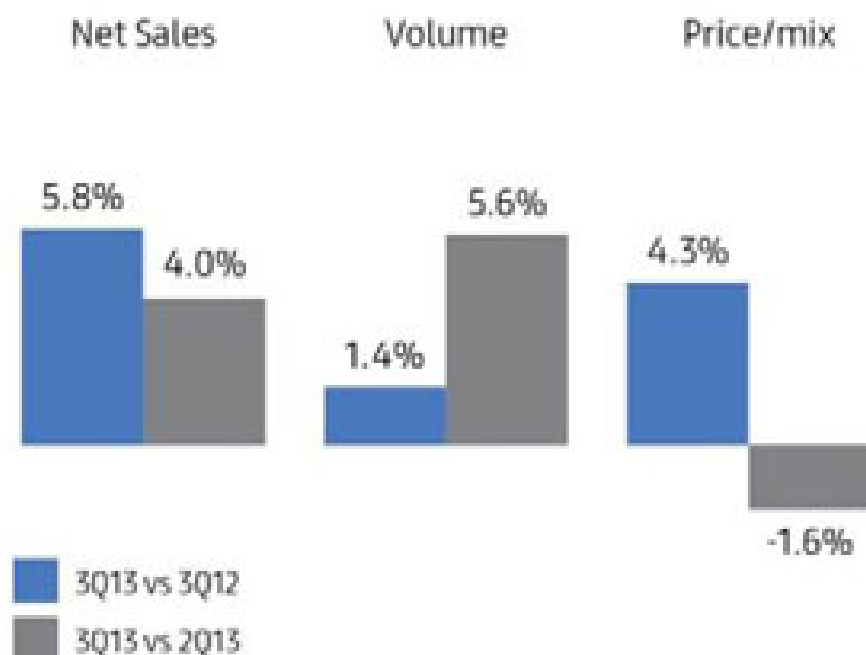


SHARE OF TOTAL
NET SALES 9M13
43.5%

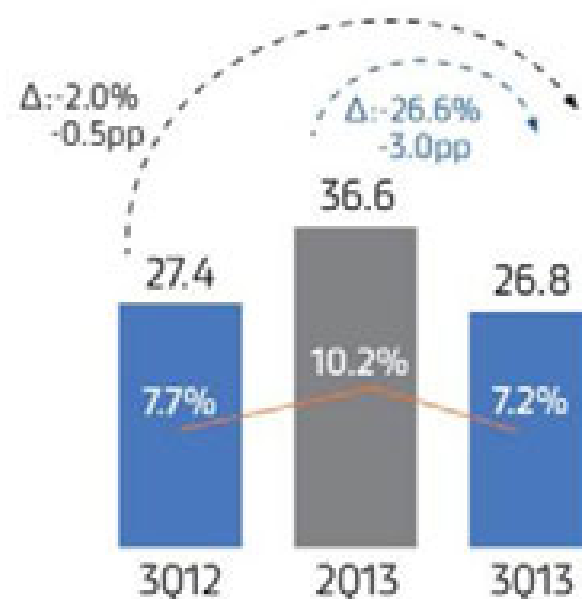


**FOOD
SERVICES**

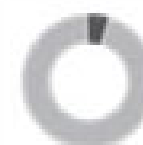
GROWTH



EBIT (R\$ million)



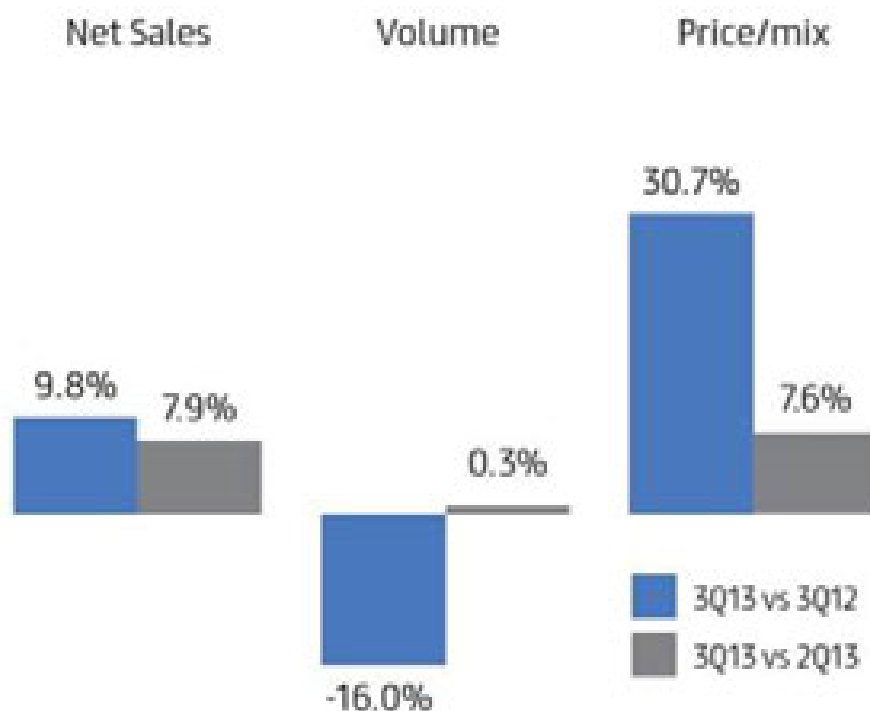
- Slight deceleration in away-from-home eating
- Improvement in the Consumer Confidence Index at the quarter-end although Brazilian consumer continues cautious regarding consumption



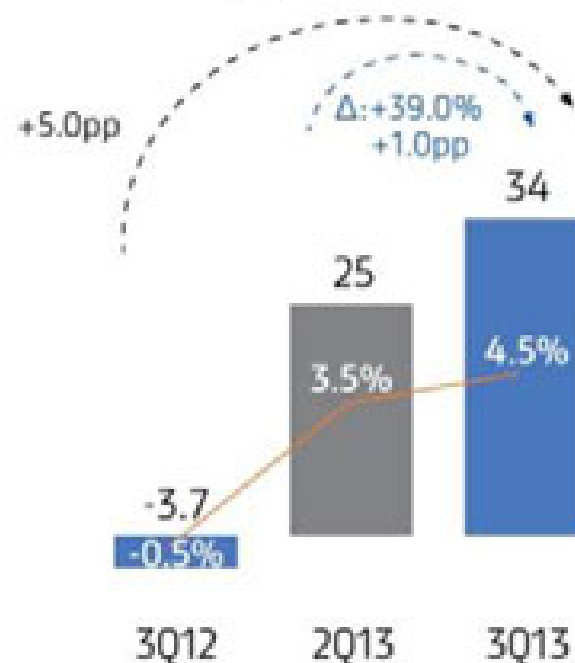
SHARE OF TOTAL
NET SALES 9M13
5.0%

DAIRY

GROWTH



- UHT milk – pricing and adjustment in volume has contributed positively to margins
- Cost of milk collection at the farm has hit its historical maximum

EBIT
(R\$ million)

SHARE OF TOTAL
NET SALES 9M13
9.5%

A woman with long, dark brown hair is smiling and looking towards the camera. She is wearing a black top under a cardigan that is orange on the sleeves and beige on the body. She is holding a large, solid orange triangle that points towards the top right corner of the frame. The background is a blue sky with white clouds, and there are large, abstract geometric shapes in orange and blue that frame the woman and the triangle.

BRF 17 Strategic Opportunities



Focus on the *core* business, revitalizing core categories through Innovation and emphasizing the "*big rocks*"

Develop value added *in-natura* consistent business

GTM Execution: close the gaps in channels and geographies

Food services: Improve current model and expand presence



**New unique
and strong
BRF culture**

**Consumer and
market
orientation**

**Focus,
accountability and
execution discipline**

**Value creation
and Meritocracy**

**Talents as competitive
advantage**

**Vision and action
oriented for each
business in
segregated manner**

**World-class
service level**

**Controlled asset
expansion and
optimized utilization**

**Efficiency
and cost
competitiveness**

BRF Momentum

1 Third quarter marked by the new structure implementation

2 Redundancies elimination in Backoffice

✓ Process redesign and employees reallocation

3 Change of mindset, swap from industrial model to market-driven model

✓ Alignment of sales and production

4 ZBB (Zero-Based Budgeting), nov-13 until mar-14

5 New Cycle Acceleration Program initiatives tracking

6 Commercial actions in the domestic market

- ✓ Review of Pricing Model, considering channels and categories
- ✓ Redefine Client Clustering per region
- ✓ Consolidation of sales Teams according to the new GTM

7 Inventory reduction in Foreign Market

- ✓ Adequacy of the volumes to reduce exposure to commodities

8 Sadia and Perdigão brands repositioning (Domestic Market and International Market)



Summary Great Lines

- 1 Develop a strong BRF culture, talent and meritocracy**
- 2 Change in mind set from industry driven to commercially driven company**
 - Focus on our final targets - clients and consumers - demand driven
 - Focus on our core businesses, branding, pricing and distribution
- 3 Open to international investments where there are synergic and complementary opportunities**
 - Presence, processing, distribution and brands in chosen regions
- 4 Internally we will divest and/or demobilize assets that do not bring added value – ROIC (Return on Invested Capital)**
- 5 Capex will be redirected to automatization, modernization, IT and logistics**



Thank you