Rabobank's Global Cattle Price Index dropped 7% from Q1 levels, driven mainly by generally weaker demand together with a stronger US dollar (see Figures 1 and 2). On the supply side, the world continued to be relatively short of beef as Brazil was the only major producer to deliver significant production growth. In a year-over-year comparison the Index is beginning Q3 down 9% from where it began in Q3 2011.

### Figure 1: Global average live cattle prices

<table>
<thead>
<tr>
<th>Country</th>
<th>Q2 2012</th>
<th>Q1 2012</th>
<th>Q2 2011</th>
<th>% Q2 2012 x Q1 2012</th>
<th>% Q2 2012 x Q2 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uruguay</td>
<td>1.91</td>
<td>1.95</td>
<td>2.12</td>
<td>-2%</td>
<td>-10%</td>
</tr>
<tr>
<td>Australia</td>
<td>1.95</td>
<td>2.16</td>
<td>2.21</td>
<td>-10%</td>
<td>-12%</td>
</tr>
<tr>
<td>Brazil</td>
<td>1.64</td>
<td>1.90</td>
<td>2.19</td>
<td>-14%</td>
<td>-25%</td>
</tr>
<tr>
<td>US</td>
<td>2.64</td>
<td>2.76</td>
<td>2.47</td>
<td>-4%</td>
<td>7%</td>
</tr>
<tr>
<td>Argentina</td>
<td>2.05</td>
<td>1.98</td>
<td>1.90</td>
<td>3%</td>
<td>7%</td>
</tr>
<tr>
<td>Canada</td>
<td>2.86</td>
<td>2.84</td>
<td>2.54</td>
<td>1%</td>
<td>12%</td>
</tr>
<tr>
<td>NZ</td>
<td>1.84</td>
<td>2.04</td>
<td>1.70</td>
<td>-10%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: Bloomberg, USDA, MLA, CEPEA, INAC, IPCVA, OCA, 2012

A small but bearish factor is recent strength of the US dollar. The Rabobank Beef Forex Index average for Q2 2012 was 3% above Q1 levels.
levels, reflecting the strength of the US dollar against mainly the currencies of Australia and Brazil (two of the most important beef exporters), whose values fell below Q1 levels by 4% and 12%, respectively, and also contributed to the downward trend in international beef/cattle prices (see Figure 3). The Index is starting Q3 9% higher than during the same period last year, which may add additional downward pressure on international beef prices. This index reflects the value of the US dollar against the currency of the other most important exporter countries. It has an inverse relationship with international beef prices (see Figure 4).

Figure 3: Rabobank Beef Forex Index against the US dollar
Jan 2006=100

![Graph showing Rabobank Beef Forex Index against the US dollar from January 2006 to June 2012. The index started at 100 and fell to below 80 in June, indicating a strong US dollar.](source: Rabobank, 2012)

Figure 4: Relationship between international beef prices and Rabobank Beef Forex Index
Jan 2006 = 100

![Graph showing the relationship between international beef prices and the Rabobank Beef Forex Index from January 2006 to June 2012. The graph indicates a negative correlation, with beef prices rising when the Forex Index falls.](source: Rabobank estimates, 2012)

Global economic conditions may also temper price strength. Demand in the western markets, which accounts for around 70% of total beef consumption worldwide, continued to grow at a sluggish pace as a result of slow employment growth and constrained real disposable income. This gloomy scenario is not likely to improve anytime soon as some of the latest macroeconomic indicators have shown signs of further weakness in both the US and Euro area. In July, the International Monetary Fund revised its global economic growth projection for 2012 down to 3.5% from 3.6%.

The Southern Hemisphere will relieve some upward pressure on prices. Record grain prices will shift importers’ focus to the Southern Hemisphere as grain-based beef production in the Northern Hemisphere becomes less competitive as a result of skyrocketing grain prices. Countries whose beef production systems are mostly based on pasture will be better positioned to supply the world at lower prices. Given their present trend towards increased beef output, Brazil, Australia and Argentina may already be benefiting from this situation.

Grain and soymeal based diets for poultry and pork production may provide a cost advantage for global beef producers in the medium term. Poultry production cuts are likely, driven by negative margins in the wake of severe feed cost increases. To the extent that this increases poultry prices, it may also benefit the beef industry as the gap between beef and chicken prices narrows and possibly shifts demand towards beef.

**Regional Updates**

**Brazil**

- Cattle prices in Brazil continued the declining trend seen during Q1 2012, with live prices reaching the lowest level in 17 months. Prices fell 2% from the end of Q1 and are now 3% below the same period last year. The main driver for the price decline was seasonal supply increase (proximity to the drought period), which was exacerbated by the ongoing arrival to the market of the large calf crops from 2009 and 2010. Additional pressure came from the decrease in domestic beef prices, which fell 4% from the end of Q1.

- However, tailwinds for the industry were blowing from the international side, with export volume rising by 20% in Q2 over Q1—boosted by the increase in sales to Chile and Egypt, and by the depreciation of the Brazilian real, which enhanced the attractiveness of the product exported. Indeed, although the average price realised in US dollars fell 3% from the previous quarter, the 10% devaluation of the Brazilian currency made prices converted into BRL increase by 5% over the same period.

- Although lower than Q1, margins for beef packers in Q2 were still well above the figures seen during the same period last year (see Figure 5). Rabobank estimates point to a gross margin increase of 20% in Q2 2012 over Q2 2011. The scenario is even better for those companies that have managed to maximise the participation of exports in their total sales. It is worth mentioning that the three largest beef companies account for more than three quarters of total Brazilian exports.

- For Q3 and Q4, cattle prices should reflect a seasonal period (dry period) of supply decline in Brazil and recover from Q2 levels. The extent of such a recovery will largely depend on the availability of animals from feedlots as they account for around 35% to 40% of the total number of bovines slaughtered under the formal inspection system between September and November as registered by the official records. This year, the supply from feedlots may not grow as much as expected in the beginning of the year due to the increase in soymeal and corn prices combined with currently low cattle futures prices.

- Additional support for beef prices will come from an acceleration of the Brazilian economy (even if only slight) after a sluggish first half of 2012 and the reduction of poultry supply following the recent decline in day-old-chick production. Exports are also anticipated to hold up well driven by the devalued Brazilian real and the return of sales to Iran, which rose 242% from May to June.
• On the industry side, JBS took a further step towards its protein diversification strategy and signed an agreement to lease Frangosul (a poultry company controlled by Doux) plants in Brazil. This will make JBS the third largest Brazilian poultry player.

**United States**

• Volatility is the key descriptor in explaining the US cattle market. Q2 opened with major disruptions in business because of the lean finely textured beef (LFTB) crisis, which was followed by a second shock wave due to the announcement in late April of the fourth case of bovine spongiform encephalopathy (BSE) in the US. Fortunately, the BSE case was only one isolated cow, determined to be an atypical case with no lasting market interruption. The monumental market development for Q2 and the beginning of Q3 has been the rapidly compounding drought conditions over the core livestock and grain production regions of the US. The drought is disrupting production schedules in all phases of the beef production cycle, which will drive market performance for the remainder of the year.

• After posting the record high price of USD 130/cwt during the first week of March, fed cattle prices have declined by 11% or USD 16/cwt to what appears to be a seasonal low at USD 114/cwt. Feeder cattle values as determined by the Chicago Mercantile Exchange Feeder Index have been whipsawed in a broad USD 9 trading range. In reaction to the LFTB story, feeder prices peaked in early March at USD 157/cwt and fell to a bottom in mid-May at USD 147/cwt. Feeder prices subsequently attempted to return to the seasonal pattern before suffering a price decline back to the USD 148/cwt level in reaction to the surge in feed grain and hay prices due to deteriorating growing conditions. Drought and eroding pasture conditions have caused a resumption of cow liquidation. However, because of the lost LFTB supplies supporting demand for lean beef trimmings, slaughter cow prices have not suffered any meaningful declines.

• Beef production for Q2 was greater than anticipated due to heavier than expected carcass weights partially offsetting the decline in slaughter. Federally inspected slaughter for Q2 is estimated to be down 4% from year-ago levels. At the end of Q2 the average steer carcass weight was 853 pounds. That is up 20 pounds over the same period a year ago. Beef production for Q2 is estimated to be down 2% from the previous year.

• Cattle on feed as of 1 June were 111.08 million head, up 1.7% over year-ago levels. That increase was marginally higher than anticipated due to the continuation of larger-than-expected placements as a result of drought conditions.

• While drought conditions are forcing some cattle movement, it should be noted that actual drought conditions are very different than a year ago. The 2011 drought was primarily centred on Texas, Oklahoma, New Mexico and the southeastern states. The severity of conditions in that area was substantially worse than this summer’s conditions. In contrast, this year’s drought conditions are covering a substantially larger geographical area, but at least at this time conditions are not as severe as they were in the affected area a year ago.

• Given the seasonal considerations and intensifying conditions of this year’s drought, it is impossible to determine just how severe conditions will become. At this time, it is fair to say that cattle are moving off native pasture earlier than normal. It is known that producers in many areas have resorted to haying and supplemental feeding in an attempt to extend pasture conditions. It is also known that feedyard placements are running ahead of schedule but are expected to decline sharply during the second half of the year. As a result of altered cattle movement, fed cattle supplies for Q4 may be slightly larger than originally expected. It is also anticipated that fed cattle supplies for 2013 will be smaller than expected.

• The continuation and escalation of the 2012 drought has thwarted the prospects of any beef herd expansion in 2012, and will even leave uncertainty for the prospects of any meaningful expansion in 2013.

**EU**

• EU beef prices have risen for 21 consecutive months to a level securely over EUR 4/kg on a carcass weight equivalent basis (CWE) (see Figure 6).

• The continued increase in prices is completely attributable to very tight availability of cattle ready for slaughter in the EU at the moment. Total head slaughtered fell 5.0% from January to April causing a volume decline of 4.7%. The decline in imports, down 7.8% from January to April, also contributed to lower availability of beef, which resulted in a drop in both consumption (-2.7%) and exports (-28.4%), with sales to Turkey (-55.3%) and Russia (-41.3%) decreasing rapidly. Under this scenario, many slaughterhouses across Europe reduced the number of slaughtering days to limit margin pressure.

• The large drop in the number of bullocks and bulls slaughtered (-9.7% from January to April 2012) indicates that cattle were brought forward last year. However, retention has started, as suggested by the modest decline in the number of slaughtered calves and young cattle (-1.4%) and cows (-1.1%) from January to April 2012 (see Figure 7). However, the increase in the slaughter numbers of cows and calves and young cattle in 2011 implies that the supply of cattle ready for slaughter will remain tight in the coming 12 months.

• For Q3 2012, the rise in prices is forecast to slowly level off with the expectation of a slight recovery in supply and pressure on exports due to growing competition from Brazil in the global market. However, with herd retention starting slowly and the impending impact of CAP reforms for 2014-2020, which
reduce farmer incomes, we expect a continuing battle for cattle and elevated price levels.

**Figure 6: EU beef prices**

EUR/kg/CWE

- Prices across all categories ended the financial year, 30 June, above five-year averages although producers would suggest that they are not feeling this in their hip pocket due to rising input costs. The Eastern Young Cattle Indicator index (EYCI) has seen an increase, rising from a low of AUc 365/kg in June to AUc 381.25/kg in mid-July.

- Placements have been down as a result of producers taking advantage of good seasonal conditions to rebuild herds as well as interruptions due to weather. Slaughter rates for the first six months of 2012 were also down 2% relative to the same time for 2011.

- Even with this reduction in slaughter rates, overall beef and veal production has been on par with 2011 as a result of increased average carcass weights, now at 288 kg up from 286 kg last year. The expectation is that 2H will see increased supply with the potential for a price adjustment as a result. However, it should be noted that increased supply in the most recent weeks has been met by equal demand so prices have been supported.

- For the first six months of 2012, exports to the US were up 46% on 2011 as a result of increased demand for manufactured beef following the LFTB crisis. However, exports to the US have slowed more recently, in part due to a relative strengthening of the Australian currency versus the US dollar in June.

- Exports to Japan and Korea remain a challenge, decreasing 10% and 32%, respectively, relative to the first six months of 2011. These reductions are a result of a combination of factors including growing local production in both countries, strong competition from the US, a strong Australian dollar and slowing consumer demand.

**Argentina**

- Slaughter in Argentina continues to improve year on year, with May slaughter up 11.5%. In total, slaughter for the first five months of the year was 8% above 2011.

- During the same period, local beef consumption absorbed the entire increase in production while exports continued to contract in absolute and relative terms. With a 57.8 kg per capita annual consumption, local participation in total supply climbed to 92.6%, in comparison to 89.5% at the same time last year.

- Exports fell 31% for the first five months of 2012 due mainly to high prices and an unfavourable exchange rate, which, in addition to a 15% export tax, makes the domestic market relatively more attractive.

- Out of the 29,300 tonnes from the Hilton Quota granted to Argentina in 2011/12, only 18,500 tonnes (63%) were actually shipped during the period, marking the biggest non-completion since the quota existed.

- Packing margins continued to be extremely tight due to ongoing high cattle prices. In addition, high domestic inflation has increased the costs of local inputs (in particular, energy and labour costs have increased substantially). Although some of these higher costs have been translated into higher wholesale/retail prices, industry margins continue to be negative.

- The meatpacker Carnes Pampeanas reopened in July after obtaining an ARS 20 million loan from the provincial government of La Pampa and further support from the national government. The plant had been idle since December and had formally closed in June, dismissing all of its employees. Government support was granted in order to avoid job destruction in the province’s biggest meatpacking plant.

- For the second half of the year, we expect supply to increase seasonally while domestic demand will likely contract. So far, domestic consumption has been resilient to the high consumer price inflation. However, the current slowdown in economic activity will become more evident in the second half of the year, with reduced public spending and lower overall employment. With no evidence of a slowdown in inflation, demand will surely contract at the same time as spring production increases. On the other hand, given the need for foreign currency earnings, the Argentine government has now sped up the process for allocating the Hilton Quota for the coming year, which could increase exports in 2H as a result.

**New Zealand**

- Year-on-year results show that prices across all beef categories in New Zealand have been below 2011 levels since February, and have been slowly firming to within 5% to 7%, or in the...
China

Retail beef prices continued the upward trend in Q2 2012, driven by the ongoing tight supply that has been a feature of the Chinese market (see Figure 8). During the same period, pork and poultry prices remained weak, due to the fact that supplies of pork and poultry are relatively sufficient, but beef supply has been in shortage for years. Such price contrast also indicates that the beef market is different from that of pork and poultry. While the latter two are the major meats consumed in China, accounting for 65% and 21% of total meat consumption, respectively, beef represents the high-end and premium market, and is mainly consumed by foodservice and through supermarkets. Therefore, while pork and poultry consumption by institutional buyers has been impacted by the economic slowdown, beef consumption is relatively stable.

The steady increase in retail values has enabled the beef sector to maintain margins in the black, fluctuating around USD 350 per head. Moving downstream in the chain, slaughtering margins improved in Q2 as carcass prices increased faster than livestock values, which made margins jump to USD 70 per head from less than USD 50 per head in Q1. On the farm side, profitability has been stable, with gross margins hovering around USD 160 per head. As supply is not expected to catch up with demand in the short term, beef prices are expected to remain at high levels for the rest of 2012.

Despite growing at a slower pace than the pork and poultry sectors, beef cattle production has witnessed a gradual expansion. New investment has flowed into the sector and has tended to focus on the vertically integrated model, which in most cases covers breeding, fattening, feed production, slaughtering and even foodservice. Foreign breeds and farm management are being introduced from overseas to improve the local production. Instead of supplying mass markets, newly established farms mainly aim to produce higher quality and premium beef meat for the high-end market. For example, a new greenfield project in the Northeast region will specialise in the supply of Wagyu, for which the breeding cattle and farm management will be imported and introduced from Australia.

Considering the rising demand for quality beef meat that has accompanied economic growth, this trend will continue in the short term.

On the trade front, in the first five months of 2012, imported frozen beef increased slightly compared to the same period in 2011. The major suppliers include Australia, Uruguay and New Zealand. Australia remains the sole supplier for fresh and chilled beef meat. The imported meats are mainly distributed via traders and wholesalers and end up flowing into high-end restaurants and hotels in Beijing and Shanghai.

Due to the rising costs of corn and other feed inputs, most individual beef cattle farmers still have little enthusiasm for building up stock. This is against the trend of slow expansion of large-sized cattle farms. Due to the departure of individual farmers, the tight supply situation will not change in the foreseeable future.

Mexico

The Mexican beef sector has been under severe pressure as a result of a cattle herd reduction. From the beginning of 2011 to the end of 2012 we expect a herd decline of around 2.5 million head to 19 million head, down 11.6% YOY. The decline is primarily due to the severe drought that hit the country early in 2011 and remained throughout the year. In mid-2012, weather conditions have improved, but there is a damage lag expected for the rest of this year. During the first five months of 2012, year-on-year beef production estimates have remained stable, a situation that should continue through the year (see Figure 9). Total beef output is expected to reach 1.8 million tonnes in 2012.

Despite tight supplies, exports have performed well, driven by increased sales to the US and Russia. From January to April 2012, exports grew around 40% YOY. On the other hand, as previously expected, Mexican beef imports have decreased 11% YOY, largely discouraged by high international prices.

All these facts have given a lot of support to domestic prices. In the first half of this year, cattle and beef prices increased by around 15%.

At the consumer level, we expect that per capita beef consumption will continue to suffer from high prices. If this occurs, it will be the fourth consecutive year that per capita consumption falls. However, beef consumption may pick up as...
consumers shift protein preferences after the avian influenza outbreak in Jalisco in mid-June.

**Uruguay**
- Beef supply in Uruguay increased slightly during Q2 2012 due to a combination of rising slaughter numbers and heavier carcass weights. Year to date, the number of animals slaughtered totalled 1,049 thousand head (up 1% YOY) and carcass weight averaged 241.6 (up 0.5% YOY).
- On the export side, a decline in sales to Russia and the EU has been more than offset by an increase in exports to NAFTA countries—notably the US. Year-to-June beef exports reached 125.6 thousand tonnes, up 13% YOY. However, prices denominated in US dollars are down 3% in comparison to the same period last year.
- Following export prices, cattle values also lost ground and closed Q2 at market levels down 8% from the end of Q1 and 13% below the same period last year.
- For the rest of the year, Rabobank expects Uruguay beef production to remain relatively constrained but probably slightly above last year’s levels. The good news for the Uruguayan beef sector is the possible reopening of the South Korean market, after being shut since 2001 when Uruguay faced a foot-and-mouth disease (FMD) outbreak. According to the Ministry of Agriculture, the negotiations with South Korea are close to reaching an agreement.

**Japan**
- Japanese beef imports during the first four months of the year declined by 8% YOY to 152,000 tonnes. The decline was on the back of weakening demand combined with growing local production and relatively high ending stock levels of imported beef (see Figure 10). Additional headwinds for imports came from the stronger Australian dollar and US dollar against Japanese yen coupled with firm prices from both origins.
- Beef consumption growth is cooling down, largely influenced by the slowing economic growth: year-to-April it increased by a mere 0.7% YOY to 288,000 tonnes. During the same period last year, domestic demand jumped 3.3% over 2010. On the other hand, production is picking up again and totalled 116,000 tonnes during the first four months of the year, up 4% YOY after decreasing 2% in 2011. The number of head slaughtered increased by 1% to 381,000 compared to the same period last year.
- January to April beef imports declined 8% YOY, down to 151,000 tonnes. The high ending stock levels of imported beef have helped to diminish the appetite for imports and set the stage for the destocking seen in the market since the beginning of the year. Reserves decreased from 80,000 tonnes in January of this year (the highest level since 2003) to 66,000 tonnes in April, 7% below April 2011.
- Weak consumption, higher local production and stock clearing have set the stage for a fall in retail prices for both domestic and imported beef. Domestic and imported sirloin beef prices have decreased by 6% and 5%, respectively, since the beginning of the year.
- For Q3-Q4, beef consumption in Japan is expected to be less volatile compared to last year as the large drop in June 2011 due to the March tsunami is unlikely to be seen again this year. Imports will remain low given the cautious approach from Japanese importers and the strong Australian dollar. However, a possible opening of the Japanese market to cattle from the US up to 30 months in age (up from 20 months) by the end of the year may add fuel to imports.

**South Korea**
- The impressive 45% YOY growth in slaughtering activity during Q1 2012 was not enough to bring domestic cattle inventories to reasonable levels (currently stocks are at 3 million head), which made the Korean government continue stimulating producers to cull less productive cows. As a result, cattle slaughtering remained high in April and May, up 11% YOY (see Figure 11).
- Increased supply of domestic beef from intensive culling has pulled down beef prices and squeezed retailer margins. In May 2012, retail prices fell by 49% YOY. A key indicator of depressed demand is shown by the sharp drop in retailer mark-up, down from 200%-250% in 1H 2011 to 50%-80% since the beginning of this year.
- Higher domestic production levels coupled with relatively weak consumer demand have driven South Korean imports down from last year. Indeed, total beef imports declined by 22% in the first five months of 2012 compared to the same period last year. However, imported beef may still maintain market share in the low end of the market given its price advantage.
• The issue of BSE in the US posed uncertainty regarding beef imports to Korea. Major Korean retailers temporarily halted sales of US beef in May after the discovery of BSE in California. However, by late June, Korea ended the two-month special inspections of US beef imports, resuming the normal practice of conducting sample checks on 3% of imports.

• Rabobank believes the landscape for exports to South Korea will remain tricky for the rest of the year as the ongoing herd liquidation—and the consequent increase in domestic beef supply—is set to continue throughout 2H 2012, pushed by the excess quantity of animals over two years of age and the rising feed costs. Total slaughter in 2012 is expected to be 20% to 30% higher than in 2011.

Indonesia

• Indonesia further reduced the import quota of live cattle to 283,000 head in 2012 from 520,000 head in 2011. The boxed beef quota has been reduced to 34,000 tonnes in 2012 from 50,000 tonnes in 2011. According to Meat and Livestock Australia (MLA) Indonesian beef imports declined by 17% in Q1 2012 against the previous year due to restrictions on import licenses.

• The reduced import and supply constraints from domestic sources have resulted in price escalation in Indonesia. Indonesian domestic beef prices increased by 7.6% YOY in Q2 2012 and 1.7% on a quarter-on-quarter basis. With Ramadan month starting 20 July, a price spike can be expected until the end of the period as demand picks up. Farmers will look to monetise the herd during this period, but supplies may not be enough to contain prices. Irrespective of Ramadan, beef prices in Indonesia have moved up consistently since July 2011, rising by 8% over the last year. The upward price movement also indicates the structural challenges the domestic beef industry is facing to meet demand. Tight cattle supplies coupled with increased feed prices could put feedlot players under margin pressure.

• With demand growing in conjunction with economic growth and supply being relatively constrained, prices will continue to remain elevated.

• Indonesia continues to pursue its ambition of self-sufficiency in beef by 2014. The country hopes to reduce its dependency on cattle imports from Australia. Indonesia is seeking greater Australian investment in breeding, processing and marketing against the current participation of Australia through the export of live cattle and boxed meat.

With production growth unable to keep pace with demand, the demand/supply gap continues to widen, maintaining prices at elevated levels. With current consumption growth, there are significant challenges in achieving self-sufficiency and a more focused effort, especially on the breeding part of the supply chain, is needed.

### Figure 12: Beef comps

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tyson</td>
<td>TSN</td>
<td>14.98</td>
<td>1.89</td>
<td>1.93</td>
<td>1.91</td>
<td>7.8</td>
<td>7.9</td>
<td>7.9</td>
<td>7,002</td>
<td>1,798</td>
<td>1,703</td>
<td>3.9</td>
<td>4.1</td>
</tr>
<tr>
<td>JBS</td>
<td>JBS</td>
<td>5.44</td>
<td>-0.09</td>
<td>-0.02</td>
<td>0.05</td>
<td>12.9</td>
<td>9.8</td>
<td>14,595</td>
<td>2,115</td>
<td>2,437</td>
<td>6.9</td>
<td>6.0</td>
<td>4.4</td>
</tr>
<tr>
<td>Marfrig</td>
<td>MRFG</td>
<td>9.57</td>
<td>-1.56</td>
<td>-0.21</td>
<td>0.20</td>
<td>-45.06</td>
<td>48.8</td>
<td>6,108</td>
<td>957</td>
<td>1,073</td>
<td>3.4</td>
<td>5.7</td>
<td>4.8</td>
</tr>
<tr>
<td>Minerva</td>
<td>BEEF</td>
<td>9.25</td>
<td>0.45</td>
<td>0.45</td>
<td>0.84</td>
<td>20.7</td>
<td>11.1</td>
<td>1,213</td>
<td>208</td>
<td>232</td>
<td>5.8</td>
<td>5.2</td>
<td>3.9</td>
</tr>
<tr>
<td>Zambeef</td>
<td>ZMBF</td>
<td>2700 BRL</td>
<td>242.60</td>
<td>311.94</td>
<td>362.99</td>
<td>8.7</td>
<td>7.4</td>
<td>233</td>
<td>27</td>
<td>33</td>
<td>8.5</td>
<td>7.1</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Note: Share price and EPS in noted currency; EV, EBITDA and Net Debt in USD

Source: Bloomberg, 31 July, 2012