

Brazil's Perdigão Grows 310%

Contributed by Newsroom
Friday, 12 November 2004

Brazil's meat processor Perdigão posted a year-to-date growth of 49.4% in export revenues amounting to US\$ 670 million (2.006 billion reais). This value represents approximately 57% of total company net sales of US\$ 1.20 billion (3.5 billion reais), a year on year increase of 28.6%.

Export performance made an important contribution to this year's net income of US\$ 70.5 million (211.3 million reais) in the first nine months, equivalent to an increase of 310.6% compared to the same period in 2003.

Third quarter net sales reached US\$ 400 million (1.2 billion reais), a 20% increase. Gross profit for the quarter grew 12%, amounting to US\$ 104 million (310.9 million reais), equivalent to a gross margin of 25.6%.

Net income was US\$ 14 million (40.3 million reais), 5.4% more than the previous year and representing a margin of 3.3% against 3.8%.

The Company is forecasting a growth of 20% in export volume of meats for 2004, says Perdigão's CFO, Wang Wei Chang.

The increase in the principal raw material costs (industrial meats) and labor in the quarter, resulted in selling costs 23% higher.

This impacted cash generation with EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) totaling US\$ 38 million (113.6 million reais), 4.2% down on the same period for the preceding year.

EBITDA for this year totaled US\$ 147 million (438.6 million reais), a year on year increase of 107%.

Processed pork products for the Eurasian, Hong Kong and Singapore markets continued to report significant growth with an increase of 40.8% by volume and 93.4% in sales, and for the YTD, by 39.3% and 87% respectively.

Elaborated/processed products increased YTD by 8.3% in volume and 13% in domestic market sales. Third quarter growth in higher value-added items reflects Perdigão's priority of improving the domestic market product mix.

Perdigão S.A. is one of the largest food companies of Latin America and one of the largest meat processors in the world, exporting to over 100 countries.

Season Sales

Perdigão expects its retail sales of Chester to be 6% higher than 2003.

Starting prices for the consumer at the point of sale will be (US\$ 2.20) 6.60 reais per kilo, depending on purchase conditions negotiated by each retailer. This retail price is about 10% higher than last year, due to the increase in production and selling costs.

Perdigão has invested US\$ 1 million in marketing and an intense publicity campaign as a prelude to the arrival of the Chester poultry brand on the supermarket shelves for the year-end holiday period - responsible for 90% of the brand's sales volume - as part of a campaign to enhance market penetration during this period.

The theme of this year's campaign is "Perdigão Chester: the secret of an unforgettable Christmas dinner" and part of the Company's main Secrets advertising campaign, which was launched at the beginning of last year.

Perdigão's year-end product mix also brings the Seasonal Greetings Lines, which includes Perdigão and Batavo Frozen Turkey brands. The forecasted price increase for these items is about 15% compared with last year.

Perdigão is forecasting sales of approximately six million birds (Chester and turkey, combined), thus ensuring that it maintains the Company's leadership for special year-end poultry sales.

A special scheme has been implemented to meet demand for growth in sales and ensure the supply of Chester, the Seasonal Greetings Line, the Perdigão Frozen Turkey and Batavo Turkey throughout the country during the year-end holiday period.

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