

# MBRF

## 3Q25 Review: Mispriced opportunity window

LatAm Meatpackers

### Main takeaways:

(i) **BRF Brazil:** Sales of **773Kt** (+5% vs. Est.; +6% q/q; +7% y/y), driven by high plant utilization, better commercial execution, and resilient domestic demand, sustained by protein trade down; the **realized price** was **R\$11.7/kg** (-1.1% vs. Genial Est.; -2.6% q/q; +2.5% y/y), reflecting a mix adjustment and redirection of premium cuts to the domestic market due to avian flu; (ii) **BRF International:** Shipments of **561Kt** (+1.1% vs. Genial Est.; +14.1% q/q; +2.6% y/y), confirming recovery after health restrictions; the **price realized** reached **R\$13.0/kg** (+2.1% vs. Est.; -4% q/q; -3% y/y), pressured by mix and USD depreciation vs. BRL (-4% q/q), partially offset by positive seasonality and +16 new licenses; (iii) **BRF Consolidated: COGS/kg** stood at **R\$9.2/kg** (+0.4% vs. Est.; +0.2% q/q; +4% y/y), stable, with relief in grains (-15% q/q) offsetting inflationary pressures; **EBITDA** was **R\$2.5bn** (+2% vs. Genial Est.; +0.9% q/q; -15% y/y) and margin of **15.5%** (-0.2p.p. vs. Est.; -0.8p.p. q/q; -3.7p.p. y/y), consistent with gradual landing after the 3Q24 peak; (iv) **North America:** The **realized price** was **US\$7.6/kg** (+6% vs. Est.; +9.5% q/q), with full pass-through of the cut-out and improvement in drop credits; **volume** totaled **476Kt** (+0.7% vs. Genial Est.; +1.8% q/q; -6.3% y/y), consistent with a slower slaughter pace (-8% y/y); **EBITDA** reached **US\$74mn** (+35% vs. Est.; +1.9x q/q; -6.5% y/y), with a margin of **2.0%** (+0.5p.p. vs. Est.), signaling a gradual recovery in spreads; (v) **South America:** Shipments of **291Kt** (+10% vs. Est.; +42% q/q; +33% y/y), sustained by the return of operations in Uruguay; the **realized price** was **R\$19.4/kg** (-4% vs. Est.; -1.1% q/q); **EBITDA** was **R\$628mn** (+7% vs. Est.; +43% q/q; +22% y/y), with a margin of **11.1%** (+0.3p.p. vs. Est.); (vi) Consolidated **EBITDA** reached **R\$3.5bn** (+5% vs. Genial Est.; +15.3% q/q; -9.5% y/y), with a margin of **8.4%** (flat vs. Est.); (vii) The case still seems coherent and undervalued to us, and therefore we maintain our **BUY** rating, with a **12M Target Price** of **R\$23.00**, implying an **upside** of **+22.9%**.

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### Company

#### MBRF3 BZ Equity Buy

**Price:** R\$ 18.77 (10-Nov-2025)  
**Target Price 12M:** R\$ 23.00

**Table 1. Shipments Summary (3Q25 vs. Genial Est.)**

| (Thousand Tonnes - kt) | Reported | Genial Est. |         | Reported |       | Reported |       |
|------------------------|----------|-------------|---------|----------|-------|----------|-------|
| Summary (Sales)        | 3Q25     | 3Q25E       | % Diff. | 2Q25     | % q/q | 3Q24     | % y/y |
| North America          | 476      | 473         | 0,7%    | 468      | 1,8%  | 508      | -6,3% |
| South America          | 291      | 261         | 11,6%   | 205      | 42,0% | 219      | 33,1% |
| BRF                    | 1.333    | 1.292       | 3,2%    | 1.228    | 8,6%  | 1.273    | 4,7%  |

Source: MBRF, Genial Investimentos

**Table 2. Income Statement Summary (3Q25 vs. Genial Est.)**

| (R\$ millions)   | Reported | Genial Est. |         | Reported |       | Reported |       |
|------------------|----------|-------------|---------|----------|-------|----------|-------|
| Income Statement | 3Q25     | 3Q25E       | % Diff. | 2Q25     | % q/q | 3Q24     | % y/y |
| Net Revenue      | 41.766   | 39.695      | 5,2%    | 38.692   | 7,9%  | 39.060   | 6,9%  |
| Adjusted EBITDA  | 3.503    | 3.325       | 5,3%    | 3.039    | 15,3% | 3.872    | -9,5% |
| Net Income       | 94       | 52          | 81,1%   | 85       | 10,3% | 79       | 18,8% |

Source: MBRF, Genial Investimentos

MBRF reported its **results** for **3Q25 yesterday (Nov. 10)** after the market closed. The company reported **Net Revenue of R\$41.8bn** (+5.2% vs. Genial Est.), up **+7.9% q/q** and **+6.9% y/y**, above projections, reflecting the solid performance of its two divisions. On the **BRF** side, growth was sustained by record volumes, both in the domestic market (DM), which reached 340 thousand clients served, and in the foreign market (FM), with volume driven by partial **shipments return after avian flu**, with diversification of export destinations and 16 new licenses. At **Marfrig**, the increase was driven by prices recovery in North America, with almost full pass-through in cut-out and improvement in drop credits, in addition to the ramp-up of plants in Brazil and the return of operations in Uruguay to the consolidated scope in South America.

The **consolidated EBITDA** reached **R\$3.5bn** (+5.3% vs. Genial Est.), with a prominent increase of **+15.3% q/q**, although it fell **-9.5% y/y**, with a margin of **8.4%** (flat vs. Genial Est.), rising **+0.5p.p. q/q**, but compressing **-1.5 p.p. y/y**. Finally, the company reported **Net Income of R\$94mn** (+81% vs. Genial Est.), growing **+10% q/q** and **+19% y/y**, above expectations, due to both the company's improved operational (BRF consolidated earnings) and financial performance.

By segment, the **BRF** division reported **Net Revenue of R\$16.3bn** (+3.5% vs. Est.), accelerating **+6.0% q/q** and **+5.4% y/y**, above expectations, reflecting the strong expansion in volumes driven by record sales (DM+FM) of **1.3Mt** (+3.2% vs. Est.), rising **+11.6% q/q** and **+33.1% y/y**, with DM driven by 340 thousand clients and FM by the recovery of international shipments vis-à-vis the strategy of diversifying destination markets (+16 new approvals). The cost structure was exactly as expected, with COGS/kg of R\$9.2/kg (+0.4% vs. Est.; +0.2% q/q; +4.1% y/y), reflecting the sequential offset between the relief in corn prices (-15% q/q) and specific cost pressures (high poultry mortality rate due to the harsh winter).

As a result, **EBITDA** reached **R\$2.5bn** (+2% vs. Est.), practically flat at **+0.9% q/q**, but down **-14.9% y/y**, resulting in a **margin of 15.5%** (-0.2p.p. vs. Est.; -0.8p.p. q/q; -3.7p.p. y/y) —, still above the historical average (~12%) and consistent with the assumption of a soft landing of margins after the peak observed in 3Q24.

The **Marfrig** division reported **Net Revenue of R\$25.5bn** (+6.3% vs. Est.), growing **+13.2% q/q** and **+7.9% y/y**, above expectations, reflecting **(i)** higher prices in North America, reported at US\$7.6/kg (+6% vs. Est.; +9.5% q/q; +19.8% y/y) with almost full pass-through of the cut-out and drop credits on the rise and **(ii)** strong volume expansion in South America, reaching **291Kt** (+11% vs. Est.; +42% q/q; +33% y/y) with ramp-up of the Brazilian plants that underwent renovation and Uruguay's return to the scope of continuing operations. However, the cost structure remained under pressure from higher cattle prices in the main geographies — Brazil R\$305/arroba (+27% y/y); Uruguay US\$5.1/kg (+32% y/y); and Argentina US\$4.2/kg (+9% y/y) — partially diluted by efficiency and scale.

That said, **EBITDA** totaled **R\$1.0bn** (+19.6% vs. Est.), accelerating **+77.1% q/q** and **+8.0% y/y**, above our forecast, reaching a **margin of 4.0%** (+0.4p.p. vs. Est.; +1.5p.p. q/q; flat y/y) —, consistent with the assumption of a gradual spread recovery after the low point in 2Q25.

### 3Q25 Review: In detail!

**BRF Brazil—Historic scale offsets pressure on realized prices.** Domestic volumes, which now consolidate the Brazil division + the other category, reached 773Kt (+5.0% vs. Genial Est.), rising +6.0% q/q and +7.0% y/y, above our expectations, due to considerable traction in processed foods and an increase in the customer base, which reached 340 thousand (+10 thousand vs. 2Q25). We highlight that the company reported one of the highest historical sales and processed volumes, with **(i)** high plant utilization rates, **(ii)** improved commercial execution, and **(iii)** resilient domestic demand — sustained by the trade-down movement, with consumers gradually migrating toward cheaper proteins, switching from red meat consumption (+21% y/y in the IPCA) to chicken and processed products.

The realized price clocked in at R\$11.7/kg (-1.1% vs. Genial Est.), slightly below expectations, but with an anticipated downward trend, down -2.6% q/q, but up +2.5% y/y, reflecting the effect of the mix, in which part of the chicken wings, breasts, and feet previously destined for the foreign market—mainly China, which pays a premium for these parts—was redirected to the domestic market due to avian flu (China remained under restrictions during 3Q25), reducing the average price of the portfolio.

**BRF International—Shipments rise after avian flu; price reflecting lower premiums.** International shipments were reported at 561Kt (+1.1% vs. Genial Est.), accelerating +14.1% q/q and +2.6% y/y, confirming the expected sequential recovery after the impact of avian flu in 2Q25. The resumption of export flows was made possible by market diversification and the acquisition of 16 new licenses in the quarter, including Argentina, Chile, South Korea, and the United Kingdom. The strategy mitigated the effects of temporary blockages imposed by relevant destinations such as China (which was suspended during 3Q) and the EU — which only reauthorized Brazilian exports in the middle of the quarter — allowing the company to gradually increase volumes and maintain robust plant utilization rates.

The realized price was set at R\$13.0/kg (+2.1% vs. Genial Est.), down -4.0% q/q and -2.9% y/y, reflecting mix pressure amid the reallocation of higher value-added products (chicken breast, wings, and feet) to destinations with lower premiums, in addition to the effect of the USD/BRL FX rate softening (-4% q/q). Even so, we note that the company maintained healthy profitability, benefiting from **(i)** positive seasonality from Back-to-School in the GCC, **(ii)** strong performance from local plants in Dammam (AS) and Kezad (UAE), and **(iii)** greater penetration of processed products in Turkey and the UK.

**BRF Consolidated—Margin declined in line with expectations** We found that COGS/kg stood at R\$9.2/kg (+0.4% vs. Genial Est.), flat at +0.2% q/q, but up +4.1% y/y, in line with our expectations, reflecting the balance between the one-off relief in grain costs and the pressure from operational and inflationary factors. The sequential stability came from the compensatory effect, with contraction in corn prices (-15% q/q) on one side and the increase in poultry mortality caused by a harsh winter on the other. Looking on annual basis, cost pressure resulted from **(i)** increases in corn (+17% y/y) and soybean oil (+17% y/y) prices; **(ii)** inflation on supplies and services (IPCA +5% y/y); **(iii)** higher costs at the Turkey platform, impacted by local inflation and union wage adjustments; and **(iv)** greater share of products purchased from third parties to meet growing demand for processed food.

As a result, consolidated EBITDA clocked in at R\$2.5bn (+2% vs. Genial Est.), basically stable sequentially (+0.9% q/q), but down -14.9% y/y. Even so, the nominal value was slightly above projections, with a margin of 15.5% (-0.2p.p. vs. Genial Est.), retracting -0.8p.p. q/q and -3.7p.p. y/y, corroborating the expectation of a gradual landing margins after the peak observed in 3Q24, but maintaining the current level still above the historical average of the last 5Y (~12%).

**Table 3. Net Revenue & EBITDA BRF (3Q25 vs. Genial Est.)**

| BRF<br>(R\$ millions)  | 3Q25<br>Reported | 3Q25E<br>Genial Est. | % R/E   | 2Q25<br>Reported | % q/q   | 3Q24<br>Reported | % y/y   |
|------------------------|------------------|----------------------|---------|------------------|---------|------------------|---------|
| <b>Net Revenue</b>     | <b>16.283</b>    | <b>15.733</b>        | 3,5%    | <b>15.365</b>    | 6,0%    | <b>15.448</b>    | 5,4%    |
| Brazil                 | 9.009            | 8.683                | 3,8%    | 8.722            | 3,3%    | 8.216            | 9,7%    |
| International          | 7.274            | 7.050                | 3,2%    | 6.642            | 9,5%    | 7.307            | -0,4%   |
| <b>Adjusted EBITDA</b> | <b>2.525</b>     | <b>2.477</b>         | 2,0%    | <b>2.502</b>     | 0,9%    | <b>2.968</b>     | -14,9%  |
| Margin (%)             | 15,5%            | 15,7%                | -0,2p.p | 16,3%            | -0,8p.p | 19,2%            | -3,7p.p |

Source: MBRF, Genial Investimentos

**North America—Margins improve, but cattle costs remain high.** We note that the division reported a realized price of US\$7.6/kg (+6% vs. Genial Est.), advancing +9.5% q/q and +19.8% y/y, exceeding estimates, reflecting the almost full pass-through of the general market indicator (USDA), which reached US\$386/cwt (+23% y/y), in addition to the improvement in by-product prices, with drop credits reaching US\$11.8/cwt (+3% y/y). Volume totaled 476Kt (+0.7% vs. Genial Est.), up +1.8% q/q, but down -6.3% y/y, in line with the -8% y/y reduction in domestic cattle slaughter (USDA data) due to the smallest herd available since 1952.

On the cost structure side, COGS/kg reached US\$7.4/kg (+5.8% vs. Genial Est.), up +8.4% q/q and +20.9% y/y, pressured by the increase in the price of the benchmark fat cattle (USDA KS Steer), which reached US\$235.6/cwt (+27% y/y), keeping the spread compressed at 1.64 (-3% y/y). As a result, EBITDA was reported at US\$74mn (+35% vs. Genial Est.), with significant growth of +1.9x q/q, but still decreasing -6.5% y/y, reaching a margin of 2.0% (+0.5p.p. vs. Genial Est.), expanding +1.3p.p. q/q, but with a slight tightening of -0.4p.p. y/y. As expected, the performance signals a gradual recovery in margins after the historic low in 2Q25, although we note that the scenario is likely to remain challenging, with limited cattle supply and historically narrow spreads expected to persist until the end of 26E.

**South America—Capacity ramp-up and Uruguay's return drive volumes.** The division reported a realized price of R\$19.4/kg (-4% vs. Genial Est.), down -1.1% q/q and -0.4% y/y, below our projection, reflecting an even less favorable geographic mix with the resumption of operations in Uruguay, which has a lower value mix, in addition to the USD/BRL FX rate softening (-4% q/q), mitigating the price point of exports. While the average price was driven down, volumes reached 291Kt (+10% vs. Genial Est.), growing +42% q/q and +33% y/y, above our expectations, pushed by the ramp-up of Brazilian plants and the return of Uruguayan assets to ongoing operations after unsuccessful negotiations with Minerva — with Coprodec (antitrust agency) blocking the transaction. We believe that these plants offered greater slaughter and deboning capacity than assumed when they were reincorporated into the figures.

The COGS/t was recorded at R\$16.3/kg (-5% vs. Genial Est.), below our projection and practically stable sequentially (+0.3% q/q), although it rose +3.2% y/y, reflecting still high cattle costs in the main geographies: **(i)** Brazil at R\$305/arroba (+27% y/y); **(ii)** Uruguay at US\$5.1/kg (+32% y/y); and **(iii)** Argentina at US\$4.2/kg (+9% y/y). Even so, the dilution of fixed costs in view of the high shipments level partially offset the effect. As a result, EBITDA reached R\$628mn (+7% vs. Genial Est.), accelerating strongly by +43% q/q and +22% y/y, and reaching a margin of 11.1% (+0.3p.p. vs. Genial Est.), expanding slightly by +0.2p.p. q/q, but contracting -1.0p.p. y/y.

**Table 4. Net Revenue & EBITDA Marfrig (3Q25 vs. Genial Est.)**

| Marfrig<br>(R\$ millions) | 3Q25<br>Reported | 3Q25E<br>Genial Est. | % R/E  | 2Q25<br>Reported | % q/q  | 3Q24<br>Reported | % y/y  |
|---------------------------|------------------|----------------------|--------|------------------|--------|------------------|--------|
| <b>Net Revenue</b>        | <b>25.483</b>    | <b>23.962</b>        | 6,3%   | <b>22.509</b>    | 13,2%  | <b>23.612</b>    | 7,9%   |
| North America             | 19.824           | 18.550               | 6,9%   | 18.481           | 7,3%   | 17.993           | 10,2%  |
| South America             | 5.659            | 5.413                | 4,6%   | 4.028            | 40,5%  | 5.620            | 0,7%   |
| <b>Adjusted EBITDA</b>    | <b>1.032</b>     | <b>863</b>           | 19,6%  | <b>583</b>       | 77,1%  | <b>956</b>       | 8,0%   |
| Margin (%)                | 4,0%             | 3,6%                 | 0,4p.p | 2,6%             | 1,5p.p | 4,0%             | 0,0p.p |

Source: MBRF, Genial Investimentos

## Our Take on MBRF

**FCF above expectations; leverage rises due to one-off effects.** The company reported **FCF** of **R\$555mn** (+18% vs. Genial Est.), up +1.4x q/q and down -61% y/y, but still above expectations. We believe that the sequential increase was due to **(i)** higher **FCO**, which reached **R\$3.3bn** (+9% q/q), driven by EBITDA growth of +15.3% q/q, and **(ii)** improved working capital (**WC**) management efficiency. **CAPEX** stood at **R\$1.4bn** (flat q/q; +56% y/y), given the additional allocation of +R\$378mn for maintenance in North and South American cattle operations. This CAPEX level, combined with lower FCO on an annual basis (-11% y/y) — consistent with a -9.5% y/y decline in EBITDA — explains the -61% y/y compression in FCF.

The company reported rising leverage, with the **Net Debt/ EBITDA** ratio of **3.1x**, in **BRL** (+0.1x vs. Est.; +0.4x q/q; flat y/y), rising sequentially as a result of **(i)** an increase in net debt, which reached **R\$41.3bn** (+10% q/q), driven by the distribution of dividends (R\$3.8bn) and one-off share buybacks (R\$731mn) via the dissenting rights of BRF minority shareholders after the merger, generating a reductionist effect on the cash position, which in turn was partially offset by FCF generation (+R\$555mn) and FX rate variation (+R\$451mn).

In addition, we observed **(ii)** a decline in EBITDA of -9.5% y/y within the LTM base composition. It is worth noting, however, that when non-recurring effects are excluded, net debt would close at **R\$36.8bn** (-2% q/q), which would result in a ratio of **2.8x**, in **BRL**, more in line with the deleveraging trajectory designed after the incorporation of BRF.

**The antitrust investigation in the US should be immaterial.** The new antitrust investigation announced by the Trump administration yesterday (Nov. 10) **against US meatpackers** — including Beef North America (part of the JBS group) and National Beef (part of the MBRF group) — has reignited the debate on market concentration and **beef pricing in the US**. The Department of Justice (DOJ) issued a statement saying it will investigate possible price coordination and supply limitation practices, in line with the Sherman Antitrust Act. At first glance, the announcement may raise the perception of regulatory risk.

However, in our view, the material risk of sanctions should be considered low, given the current economic fundamentals, notably **(i)** cattle herds at their lowest level in 75Y; **(ii)** record cattle costs at US\$235/cwt (+23% y/y); and **(iii)** industry compressed spreads at 1.64 (-3% y/y), **stem from the imbalance between supply and demand, and not price manipulation**. Highly regulated by the USDA and with margins bordering the negative territory for over a year, the episode may therefore generate short-term volatility in JBS and MBRF shares, but we do not see the possibility of changing the regulatory environment as material.

**New JV: Well received by the market.** The company announced a **US\$2.1bn** (~R\$11.3bn) expansion of its joint venture (**JV**) with Saudi Arabia's Public Investment Fund (PIF) through its subsidiary Halal Products Development Co. (**HPDC**). The JV, previously focused on chicken distribution, will be renamed **Sadia Halal** (NewJV) and will consolidate all of MBRF's halal operations in the Middle East and North Africa (MENA). The transferred assets generated **US\$2.1bn** in **net revenue** and **US\$230mn** in **EBITDA** (LTM Jun/25), implying a multiple of **9x EV/EBITDA**. Upon closing (expected in 1Q26E), HPDC's stake will temporarily fall to **4%**, but the fund will then **invest US\$642mn** (US\$112mn + US\$530mn) to restore its **30%** stake — leaving MBRF in control with a 70% stake.

As assumed, considering the merger-related income, MBRF's leverage has, in fact, increased to **3.1x Net Debt/EBITDA** (from 2.7x 25E pre-merger), and the inflow of **US\$112mn** (more on this further down) should reduce leverage to **~3x**. (only -0.1x from the previous figure). Supply agreement (10Y renewable): Brazilian factories sell to Sadia Halal at cost + 5%, ensuring stable income and export margins.

**IPO 27E: Too costly to remain private.** Although official data from the NewJV announcement suggests **exit multiples of 13-15x EV/EBITDA**, we consider these levels **way too bullish** compared to its global peers in the poultry and processed protein sector, which typically trade at **6-8x** across Brazil, the US, and Europe. We believe that, a priori, from a purely financial perspective, the transaction appears to be soft value vs. domestic “risk-free” benchmarks. With the **IPO scenario in 2027** (exit multiple of 13x) and following our calculated logic (based on a sideways EBITDA of 26-27E), the deal would generate an **IRR of ~14%** (vs. 15% of the SELIC rate). Therefore, we believe that, considering the entry cost of **9x EV/EBITDA** and exit at **13x** for a 70% stake, it would not justify the sale of 100% of the operation in the IPO.

However, we believe there is another way to approach this. The company would effectively **give up an annual EBITDA** flow of **~R\$1.6bn** (US\$230mn, as stated). Thus, the **operation itself could**, theoretically, generate the **value to be to be lifted in the IPO in ~7Y**.

This promptly exercise serves to show that it would take some time for the operation itself to offset the trade-off of maintaining assets without EBITDA growth – the trend is to be higher than in 27E, so... we are **being conservative** here. That said, the **IPO** (100% of MBRF's stake) becomes **more defensible**, also implying a lower leverage ratio – **2x Net Debt/EBITDA** vs. **2.8x**. In summary: our perception is that it seems too costly for the JV to remain private.

**From a sharp decline to a sharp rise, what happened to MBRF?** We note that the company's shares **decoupled from their fundamentals** vis-à-vis the **sharp decline** of **-43% between Sep. 18-Oct. 24**. We believe that, during this period, there was no new element that would justify correction of this magnitude from a logical point of view. However, an important fact to consider is that Marfrig, before merging with BRF, paid R\$2.43bn in extraordinary dividends. This amount corresponded to R\$2.81/share (**~11% Dividend Yield**), a very robust figure. We consider it normal to be some level of compression in the shares shortly after the **ex-dividend date**, which in this case was Sep. 19. However, the decline intensity is usually close to the amount paid, which did not occur. In this situation, the **share price fell almost 4x more** than would be the conventional dividend-adjusted correction.

Based on our perception from **conversations with investors**, the atypical movement reflected **excessive skepticism** linked to **(i)** MBRF's leverage level as a NewCo of ~3x Net Debt/EBITDA (vs. 2.2x for JBS and 3.2x for Minerva, using Proforma EBITDA), **(ii)** the landing process of the chicken cycle margins – which the market had already been aware of since the transition between 3Q-4Q24 –, and **(iii)** the shareholder base that came from BRF, dissatisfied with the measures taken by the company regarding the exchange ratio of 0.85, an indicator that had also been public since the merger announcement (May 15).

The combined effect of these factors led to an increase in short positions on the stock, shortly after the ex-dividend date, which later became evident due to the short squeeze effect triggered **after the announcement** – last week – **of the deal** with HPDC to form **NewJV Sadia Halal**. The market reacted immediately to the news, recognizing the deal's strength, both in terms of the expansion of the scope of halal operations and the potential deleveraging/IPO. In this context, investors who were short had to repurchase positions, considering that the supply of free float shares is very low due to the significant portion retained by the controlling shareholder (~46%). The **short squeeze** phenomenon caused **shares to rise rapidly**, adding **+23% in 2 trading sessions**. After that, the shares seem to have stabilized at ~R\$18.70, where they are currently trading, but only returning part of the loss (-29% vs. -43% previously). However, even with this recent rise, the company is still trading well below the level of Sept. 18 (~R\$18.70 vs. ~R\$26.50), indicating a persistent relative discount.

**Mispriced opportunity window.** Although the shares have faced strong volatility (both downward and upward), **in the fundamental** field, however, the **investment thesis** remains **basically intact**. For us, the merger of Marfrig with BRF remains a transformational event, which **delivers direct value to shareholders** via **(i)** a sharp increase in earnings per share (EPS) (at least 2x as high as previous estimates); **(ii)** projected economies of scale of +R\$805mn/year (potentially reaching ~R\$1bn) in operational synergies; and **(iii)** tax opportunities unlocking ~R\$3bn (measured by NPV).

Although MBRF remains dependent on BRF's operations (~72% of consolidated EBITDA) – which, as we previously stated, is on a margin landing trajectory (15.5% in 3Q25 vs. a peak of 19% in 3Q24) – we believe that the **benefits of the merger have not yet been incorporated** into the current market valuation.

Therefore, although we recognize the risks associated with the thesis, such as concentration in cyclical poultry and processed businesses, we believe that the value drivers to be added to investors outweigh them, and that the recent decoupling of the price from fundamentals (discussed during the report) opens a **mispriced opportunity window**. In other words, the case still seems coherent and undervalued to us, and we therefore maintain our **BUY rating**, with a **12M Target Price of R\$23.00**, implying an **upside of +22.9%**.

## Appendix: BRF

**Figure 1. MBRF – Income Statement in R\$ Millions (Genial Est. 2025-2028)**

| Income Statement       | 2025E          | 2026E          | 2027E          | 2028E          |
|------------------------|----------------|----------------|----------------|----------------|
| <b>Net Revenue</b>     | <b>160.230</b> | <b>166.445</b> | <b>174.145</b> | <b>182.201</b> |
| (-) COGS               | (140.522)      | (147.470)      | (155.337)      | (163.981)      |
| <b>Gross Profit</b>    | <b>19.708</b>  | <b>18.975</b>  | <b>18.808</b>  | <b>18.220</b>  |
| (-) Expenses           | (13.854)       | (14.070)       | (14.072)       | (13.265)       |
| <b>Adjusted EBITDA</b> | <b>13.459</b>  | <b>11.485</b>  | <b>10.971</b>  | <b>10.932</b>  |
| (-) D&A                | (7.605)        | (6.580)        | (6.235)        | (5.977)        |
| <b>EBIT</b>            | <b>5.854</b>   | <b>4.905</b>   | <b>4.736</b>   | <b>4.955</b>   |
| (+/-) Financial Result | (4.220)        | (3.876)        | (3.094)        | (3.237)        |
| (-) Taxes              | (1.509)        | (846)          | (1.210)        | (1.264)        |
| <b>Net Income</b>      | <b>125</b>     | <b>183</b>     | <b>432</b>     | <b>454</b>     |
| <b>Profitability</b>   |                |                |                |                |
| Net margin (%)         | 0,1%           | 0,1%           | 0,2%           | 0,2%           |

**Figure 2. MBRF – Cash Flow in R\$ Millions (Genial Est. 2025-2028)**

| Cash Flow (FCFF)       | 2025E          | 2026E          | 2027E          | 2028E          |
|------------------------|----------------|----------------|----------------|----------------|
| <b>Net Revenue</b>     | <b>160.230</b> | <b>166.445</b> | <b>174.145</b> | <b>182.201</b> |
| (-) COGS               | (140.522)      | (147.470)      | (155.337)      | (163.981)      |
| <b>Adjusted EBITDA</b> | <b>13.459</b>  | <b>11.485</b>  | <b>10.971</b>  | <b>10.932</b>  |
| <b>EBIT</b>            | <b>5.854</b>   | <b>4.905</b>   | <b>4.736</b>   | <b>4.955</b>   |
| (-) Taxes              | (1.509)        | (846)          | (1.210)        | (1.264)        |
| (+) D&A                | 7.605          | 6.580          | 6.235          | 5.977          |
| (+/-) Δ WK             | (315)          | (327)          | (342)          | (358)          |
| (-) Capex              | (5.728)        | (4.956)        | (4.696)        | (4.502)        |
| <b>FCFF</b>            | <b>5.907</b>   | <b>5.356</b>   | <b>4.723</b>   | <b>4.808</b>   |

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|--------------|----------------------------------------------------------------------------------|----------|
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