

MBRF

4Q25 Review: A patch with silver lining

LatAm Meatpackers

(i) BRF Domestic: Sales of **818Kt** (+4.8% vs. Est.; +5.9% q/q; +4.8% y/y), driven by festive season demand and record processed food sales; realized price at **R\$12.2/kg** (flat vs. Est.; +4.5% q/q; +3.1% y/y), reflecting firmer DM pricing and Chinese market reopening normalizing the export mix; **(ii) BRF External:** Shipments of **586Kt** (-4.1% vs. Est.; +4.5% q/q; +8.3% y/y), below estimate, dragged by Türkiye oversupply; realized price at **R\$13.2/kg** (-1.6% vs. Est.; +1.4% q/q; -13.6% y/y), pressured by FX and Turkish market challenges; **(iii) BRF Consolidated:** COGS/kg at **R\$9.6/kg** (-0.7% vs. Est.; +4.2% q/q; -2.6% y/y), slightly better than projected; EBITDA of **R\$2.6bn** (+1.8% vs. Est.; +4.5% q/q; -5.9% y/y) and margin of **14.9%** (+0.3p.p. vs. Est.; -0.6p.p. q/q; -1.1p.p. y/y), still above the ~12% historical 5Y average; **(iv) North America:** Realized price at **US\$7.5/kg** (-0.1% vs. Est.; -2.1% q/q; +16.9% y/y), in line; volume at **490Kt** (+6.3% vs. Est.; +2.8% q/q; -2.1% y/y), above our model despite historically low herd levels; EBITDA of **US\$28mn** (-9.9% vs. Est.; -62.7% q/q; -55.2% y/y) and margin of **0.8%** (-0.1p.p. vs. Est.; -1.3p.p. q/q; -1.2p.p. y/y), pressured by cattle costs, with spreads expected to persist through 26E before inflecting in 28E; **(v) South America:** Shipments of **298Kt** (-0.4% vs. Est.; +2.2% q/q; +9.9% y/y), in line; realized price at **R\$21.8/kg** (+5.8% vs. Est.; +12.1% q/q; +2.4% y/y), meaningfully above our projection; EBITDA of **R\$682mn** (+4.9% vs. Est.; +8.5% q/q; +2.8% y/y) and margin of **10.5%** (flat vs. Est.; -0.6p.p. q/q; -1.0p.p. y/y), at a healthy double-digit level despite cattle cost pressures; **(vi) Consolidated EBITDA** of **R\$3.4bn** (+1.8% vs. Est.; -2.6% q/q; -9.0% y/y), margin of **7.8%** (-0.1p.p. vs. Est.; -0.6p.p. q/q; -1.2p.p. y/y), driven by Marfrig's seasonal compression in North America, partially offset by BRF's resilient performance; **(vii)** Even acknowledging the cyclical risks associated with the poultry and processed food segments, we believe the **value drivers from the merger remain underappreciated**, keeping the case coherent and still undervalued. We therefore maintain our **BUY** rating, with a **12M Target Price** of **R\$23.00**, implying an **upside** of **+33.9%**.

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Company

MBRF3 BZ Equity
Buy

Price: R\$ 17.03 (18-Mar-2026)
Target Price 12M: R\$ 23.00

Table 1. Shipments Summary (4Q25 vs. Genial Est.)

(Thousand Tonnes - kt)	Reported	Genial Est.		Reported		Reported	
Summary (Sales)	4Q25	4Q25E	% Diff.	3Q25	% q/q	4Q24	% y/y
North America	490	461	6.3%	476	2.8%	500	-2.1%
South America	298	299	-0.4%	291	2.2%	271	9.9%
BRF	1,404	1,392	0.9%	1,333	5.3%	1,322	6.2%

Source: MBRF, Genial Investimentos

Table 2. Income Statement Summary (4Q25 vs. Genial Est.)

(R\$ millions)	Reported	Genial Est.		Reported		Reported	
Income Statement	4Q25	4Q25E	% Diff.	3Q25	% q/q	4Q24	% y/y
Net Revenue	43,915	42,595	3.1%	41,766	5.1%	41,913	4.8%
Adjusted EBITDA	3,410	3,351	1.8%	3,503	-2.7%	3,746	-9.0%
Net Income	(43)	(83)	-48.5%	183	-	2,729	-

Source: MBRF, Genial Investimentos

MBRF reported its results for **4Q25** today (**Mar. 18**) after the market closed. The company posted a **Net Revenue** of **R\$43.9bn** (+3.1% vs. Est.), up **+5.1% q/q** and **+4.8% y/y**, above predictions, reflecting a **stronger-than-expected** performance at **Marfrig**, which came in at **R\$26.2bn** (+5.9% vs. Est.; +2.9% q/q; +7.3% y/y), driven by a meaningful price upsurge in South America at R\$21.8/kg (+5.8% vs. Est. ; +12.1% q/q; +2.4% y/y) and a volume beat in North America of 490Kt (+6.3% vs. Est. ; +2.8% q/q; -2.1% y/y). On the **BRF** side, net revenue came in flat vs. our forecast at **R\$17.7bn** (+8.6% q/q; +1.2% y/y), as the domestic beat was fully offset by the external shortfall. The consolidated **Adjusted EBITDA** reached **R\$3.4bn** (+1.8% vs. Est.), declining **-2.6% q/q** and **-9.0% y/y**, with a margin of **7.8%** (-0.1p.p. vs. Est.), compressing **-0.6p.p. q/q** and **-1.2p.p. y/y**, driven by the Marfrig division, particularly North America, where the typical 4Q seasonal pattern weighed on spreads. We assessed this was partially offset by BRF's performance, slightly above projected.

By segment, the **BRF** division reported **Net Revenue** of **R\$17.7bn** (flat vs. Est.; +8.6% q/q; +1.2% y/y), with DM resulting in R\$10.0bn (+4.9% vs. Est.; +10.7% q/q; +8.0% y/y), mainly due to the greater sales at 818Kt (+4.8% vs. Est.; +5.9% q/q; +4.8% y/y), more than compensating the shortfall in FM of R\$7.7bn (-5.7% vs. Est.; +6.0% q/q; -6.4% y/y), the latter dragged by Türkiye headwinds and FX effects. The cost structure came slightly better than projected, with **COGS/kg** of **R\$9.6/kg** (-0.7% vs. Est.; +4.2% q/q; -2.6% y/y), established by grain cost relief and the BRF+ efficiency program. The **EBITDA** clocked in at **R\$2.6bn** (+1.8% vs. Est.; +4.5% q/q; -5.9% y/y), with **margin** at **14.9%** (+0.3p.p. vs. Est.; -0.6p.p. q/q; -1.1p.p. y/y), consistent with the gradual leading process after the peak observed in 3Q24-4Q24, yet still comfortably above the ~12% historical 5Y average.

The **Marfrig** division reported **Net Revenue** of **R\$26.2bn** (+5.9% vs. Est.; +2.9% q/q; +7.3% y/y), with North America contributing R\$19.8bn (+6.1% vs. Est.; -0.4% q/q; +5.7% y/y), driven by the volume beat of 490Kt (+6.3% vs. Est.; +2.8% q/q; -2.1% y/y); and South America delivering R\$6.5bn (+5.4% vs. Est.; +14.5% q/q; +12.6% y/y) based on the price surprise (+5.8% vs. Est.; +12.1% q/q; +2.4% y/y). Therefore, **EBITDA** reached **R\$830mn** (+1.9% vs. Est.; -19.5% q/q; -18.9% y/y), with a **margin** of **3.2%** (-0.1p.p. vs. Est.; -0.9p.p. q/q; -1.0p.p. y/y). Finally, the company reported a **Loss** at the bottom line of **-R\$43mn** (+48.5% better vs. Est.), swinging from **R\$183mn** in 3Q25 and **R\$2.7bn** in 4Q24, impacted by higher financial expenses, mainly reflected the growth in average gross debt y/y, in a context of high benchmark interest rates (14.43% in 2025 vs. 10.93% in 2024), which raised the cost of debt; and a higher proportion of debt denominated in BRL.

4Q25 Review: In detail!

BRF Domestic – Festive season drives volume above estimates; price in line.

Domestic volumes (DM) reached 818Kt (+4.8% vs. Genial Est.), rising +5.9% q/q and +4.8% y/y, above our outlook, reflecting solid demand during the year-end festive season (Christmas and New Year), which sustained processed foods and poultry consumption. The performance was underpinned by: **(i)** strength of the main brands, with Sadia and Perdigão consolidating leadership in the Brazilian Christmas market with a 59.9% market share; **(ii)** improved commercial execution indicators, with an +8% y/y increase in the client base, a -1.6p.p. y/y reduction in product unavailability in stores; **(iii)** a +1.1p.p. y/y upshift in adherence to the suggested price; and **(iii)** record sales volume of processed products for the full year, translating into significant market share gains.

The realized price clocked in at R\$12.2/kg (flat vs. Genial Est.), advancing +4.5% q/q and +3.1% y/y, exactly in line with our model, reflecting the firmer pricing environment in the DM alongside the reopening of the Chinese market from Nov onward, which allowed the export-oriented mix to normalize, reducing the need to redirect lower-value cuts domestically and thereby supporting better average realizations.

BRF External – Volume misses on Türkiye drag; price below projections.

External shipments were reported at 586Kt (-4.1% vs. Genial Est.), up +4.5% q/q and +8.3% y/y, below our estimate, despite the reopening of the Chinese market. We assess the resumption of export flows was nonetheless meaningful, with the company securing new authorizations to export to the European Union, Japan, and Cuba during the quarter – a notable milestone being the reopening, after a 7Y ban of chicken meat exports to EU countries through the specifically pre-listing system in Oct/25. The strategy of geographic diversification supported volume growth, with record pork and processed product exports shipped to 102 countries in 2025. In addition, the realized price clocked in at R\$13.2/kg (-1.6% vs. Genial Est.), up +1.4% q/q but way down at -13.6% y/y, below our projection, reflecting **(i)** the currency effect on external market revenue, with the average USD/BRL FX rate at R\$5.40 in 4Q25 vs. R\$5.85 in 4Q24; and **(ii)** persistent challenges in the Türkiye market, where a sharp increase in local supply continued to pressure in natura category prices, a headwind partially mitigated by the growing share of processed products in the country's sales mix.

BRF Consolidated – Costs surprise positively; margin lands above estimates.

The COGS/kg came in at R\$9.6/kg (-0.7% vs. Genial Est.), rising +4.2% q/q, but slowing down -2.6% y/y, slightly better than our prediction, driven by **(i)** higher sales volume; **(ii)** advanced freight expenses reflecting inflation and excess demand to accommodate year-end operations; **(iii)** the seasonally heavier commemorative product mix; and **(iv)** the FX rate effect on external market inventory (R\$5.50 in 4Q25 vs. R\$5.32 in 3Q25). We assess that, these pressures were partially offset by the decline in grain consumption costs, reflecting the company's assertive purchasing planning and the gains from the BRF+ efficiency program, which captured +R\$155mn in the quarter and +R\$1.0bn in the full year, and considering that last year's base was much higher due to hyperinflation in Türkiye.

As a result, EBITDA reached R\$2.6bn (+1.8% vs. Genial Est.), advancing +4.5% q/q and down -5.9% y/y, slightly above our value, with margin at 14.9% (+0.3p.p. vs. Est.), contracting -0.6p.p. q/q and -1.1p.p. y/y, consistent with the expectation of a gradual leading process of margins after the peak observed in 3Q24-4Q24, yet still comfortably above the historical 5Y average (~12%), reinforcing the organizational improvement in BRF's profitability profile.

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

BRF (R\$ millions)	4Q25		% R/E	3Q25		4Q24	
	Reported	Genial Est.		Reported	% q/q	Reported	% y/y
Net Revenue	17,683	17,684	0.0%	16,283	8.6%	17,469	1.2%
Domestic	9,973	9,508	4.9%	9,009	10.7%	9,234	8.0%
External	7,710	8,176	-5.7%	7,274	6.0%	8,235	-6.4%
Adjusted EBITDA	2,639	2,591	1.8%	2,525	4.5%	2,804	-5.9%
Margin (%)	14.9%	14.7%	0.3p.p	15.5%	-0.6p.p	16.1%	-1.1p.p

Source: MBRF, Genial Investimentos

Marfrig – North America: Margins compressed by seasonal pattern. The division reported a realized price of US\$7.5/kg (-0.1% vs. Genial Est.), declining -2.1% q/q but accelerating +16.9% y/y, precisely in line with our estimate, reflecting the typical seasonal softening of U.S. beef demand in 4Q, consistent with the decline observed in the USDA Comprehensive average price indicator, which stood at US\$368.4/cwt (-5% y/y) – that limited the company's ability to fully pass through higher input costs. In terms of sales, volume totaled 490Kt (+6.3% vs. Genial Est.), up +2.8% q/q and down -2.1% y/y, above our evaluation, given that we had model a q/q decrease reflecting typical year-end seasonality in U.S. beef demand and the fact that the North American cattle herd remains at historically low levels, with USDA data pointing to a -1% y/y decline in slaughter.

On the cost structure side, COGS/kg clocked in at US\$7.2/kg (-1.8% vs. Genial Est.), down -2.7% q/q and rising +16.6% y/y, cooler than we estimated, as the slight back trend in cattle acquisition costs materialized as expected. The USDA KS Steer benchmark reached US\$230.4/cwt (-2% q/q), reflecting modestly higher cattle availability. Even so, raw material costs remain highly elevated in annual terms, keeping the spread structurally compressed as the benchmark increased +22% y/y. As a result, EBITDA was reported at US\$28mn (-9.9% vs. Genial Est.), falling sharply -62.7% q/q and -55.2% y/y, below our estimate, with a margin of 0.8% (-0.1p.p. vs. Genial Est.), contracting -1.3p.p. q/q and -1.2p.p. y/y, resulted by higher cattle purchase prices due to low availability, despite higher selling prices, not enough to offset the impact of rising cattle costs during the same period. We emphasize that these signals that spread are expected to persist through most of 26E before a more meaningful inflection in 28E.

Marfrig – South America: Price surprise drives revenue beat. The division reported a realized price of R\$21.8/kg (+5.8% vs. Genial Est.), advancing +12.1% q/q and +2.4% y/y, meaningfully above our forecast, reflecting firmer export realizations, with exports accounting for 58% (+5p.p y/y) of segment revenue, supported by resilient beef demand across key destinations, with China and Hong Kong absorbing 46% of total exports, the USA at 22% (+8p.p q/q, even in the face of tariffs imposed by the Trump administration), and European countries at 19%. Volume came in practically in line at 298Kt (-0.4% vs. Genial Est.), rising +2.2% q/q and +9.9% y/y, consistent with **(i)** the continued ramp-up of Brazilian plants at facilities in Várzea Grande (MT) and Promissão (SP); **(ii)** consolidation of higher utilization rates across the region; and **(iii)** strong export levels despite tariff headwinds from the Trump administration, with the South America operation exporting to 100 countries in 2025.

On the cost side, COGS/kg clocked in at R\$18.3/kg (+6.6% vs. Genial Est.), rising +12.6% q/q and +4.9% y/y, worse than expected, reflecting continued pressure from cattle prices across the main geographies: **(i)** Brazil at R\$317/arroba (+4% q/q); **(ii)** Uruguay at US\$5.3/kg (+3% q/q); and **(iii)** Argentina at US\$4.5/kg (+7% q/q). The cost beat vs. our estimate was therefore driven by a more adverse cattle cost environment than modeled, particularly in Uruguay and Argentina. Even so, the cattle price surprise was more than compensated, with the dilution of fixed costs at higher shipment levels providing an additional partial offset. As a result, EBITDA reached R\$682mn (+4.9% vs. Genial Est.), accelerating +8.5% q/q and +2.8% y/y, above our estimate, with a margin of 10.5% (flat vs. Genial Est.), contracting -0.6p.p. q/q and -1.0p.p. y/y. Despite the margin compression, reflecting the structural increase in cattle costs across all three geographies, profitability remained at a healthy double-digit level.

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

Marfrig (R\$ millions)	4Q25		% R/E	3Q25		4Q24	
	Reported	Genial Est.		Reported	% q/q	Reported	% y/y
Net Revenue	26,232	24,766	5.9%	25,482	2.9%	24,444	7.3%
North America	19,752	18,619	6.1%	19,824	-0.4%	18,689	5.7%
South America	6,480	6,148	5.4%	5,659	14.5%	5,755	12.6%
Adjusted EBITDA	830	815	1.9%	1,032	-19.5%	1,024	-18.9%
Margin (%)	3.2%	3.3%	-0.1p.p	4.0%	-0.9p.p	4.2%	-1.0p.p

Source: MBRF, Genial Investimentos

Our Take on MBRF

FCF slightly burn and leverage up a bit, as we expected. The company reported **FCF** at **-R\$63mn Est.** (vs. R\$9mn Est.), reversing the generation of R\$142mn in 3Q25 and R\$1.6bn in 4Q24, mainly driven by a **(i)** higher **CAPEX** disbursements at **R\$2.2bn** (+16% vs. Est.; +20% q/q; +58% y/y), given the closing of the acquisition of Gelprime and the ramp-up of the greenfield project in Jeddah - Saudi Arabia, in BRF; the seasonal consequence of the higher concentration of investments in the last quarter of the year due to lower activity levels in National Beef; and due to the conclusion of projects in the South American; **(ii)** greater interest expenses at R\$1.5bn (+6% vs. Est.; +12% q/q; +9% y/y); despite **(iii)** the higher **FCO**, that reached **R\$3.6bn** (+10% vs. Est.; +9% q/q; -17% y/y).

In terms of **leverage**, the company reported an **increase** in **Net Debt/ EBITDA** ratio to **3.3x**, in **BRL** (flat vs. Est.; +0.2x q/q; +0.5x y/y), fully in line with what we discussed in our preview report, rising sequentially because of an expected increase in net debt driven by USD/BRL FX EoP appreciation to R\$5.50 (vs. R\$5.32 in 3Q25) that elevated the foreign currency debt in BRL; and a decrease in LTM Adjusted EBITDA to R\$13bn (flat vs. Est.; -3% q/q).

Leverage: Deleveraging at slow pace in the near term. We assess that leverage remains a recurring concern for investors, reflecting the consolidated balance sheet following the integration of Marfrig and BRF, combined with higher CAPEX and dividend distributions during the merger process. In the near term, we expect **leverage** to remain **relatively stable through 2026** (3.3-3.5x), as EBITDA generation should remain broadly similar vs. 2025 levels, adjusting for the smoothing of protein cycles vs. EBITDA gains from synergies, limiting the scope for a more meaningful reduction through operational performance alone.

As a result, our thought is that management's focus over the next year should remain on **liability management initiatives**, seeking opportunities to **optimize the debt profile and reduce financial costs where possible**. However, we emphasized that the main structural **driver for deleveraging** will be the **recovery of the North American beef cycle**, particularly through the National Beef operation. As industry margins improve further ahead (2027-2028), the business should return to a stronger FCF generation profile. At that point, stronger EBITDA generation from the U.S. beef platform could materially accelerate debt reduction, potentially bringing leverage closer to **2x Net Debt/EBITDA** (28E), exiting the current 3x range.

Middle East conflicts: Positive impact on prices vs. logistics costs. It is possible that the conflict involving Iran may bring short-term benefits for MBRF, potentially supporting higher prices and volumes, although logistical risks remain if disruptions persist. The **Middle East** represents ~5% of the company's net revenue but could reach **8–10% of EBITDA 26E**, reflecting its growing strategic relevance. The company relies heavily on the **Strait of Hormuz as a logistics route to the region**, although impacts so far have been limited. If disruptions prove temporary, **(i)** firmer domestic prices; and **(ii)** the company's higher inventory levels could support operational performance. On the other hand, a **(iii)** prolonged conflict could raise freight costs and require alternative routes, pressuring margins in the medium term.

BRF: Still strong momentum despite pressure in Türkiye. Within the international portfolio, Türkiye remained the main negative highlight, reflecting a significantly more challenging operating environment in 2025 vs. strong performance seen in 2024. The Turkish poultry market experienced a meaningful increase in local supply (~+11% y/y), leading to excess domestic availability and downward pressure on prices. Because most production in the country is consumed locally—with only ~25–30% exported—the oversupply translated directly into weaker profitability, particularly toward the end of the year, when the 4Q25E probably became especially challenging for the operation.

Looking ahead, however, we see a still constructive outlook for BRF entering 2026. Key catalysts include **(i)** the resumption of exports to China from Rio Grande do Sul, which should boost the shipment of higher-value cuts such as wings and paws, as well as **(ii)** the reopening of the European market in pre-approval listing, allowing the company to once again sell breast meat into a premium destination after several years of absence. These elements will come along with **(iii)** strong demand across key markets (including Japan, Europe, and China) and the widening price spread between chicken vs. beef, favoring consumption trade-down (red meat for chicken).

Within Türkiye specifically, the company will continue to pursue greater export diversification and a higher share of processed products, which have shown more stable margins and should help mitigate the impact of local oversupply over time.

North America: Cycle stabilizing in 2026, recovery expected from 2027 onward. We expect 2026 to remain similar to 2025 for the North American beef operation, with the cycle still in its late negative phase. While margins may see marginal improvement, the overall profitability profile should remain close to current levels, reflecting the ongoing tight cattle supply environment in the U.S. We assess that **margins could move closer to ~2%**, slightly above the ~1.5% level discussed previously, although the **1Q26E is likely to remain softer** due to a weaker cut-out at the start of the year.

Additionally, it is worth noting that competitors such as Tyson reported more pressured results, underscoring the difficult operating environment across the sector. At the same time, **capacity adjustments across the industry**, particularly from Tyson, but also from players such as Cargill and JBS, are expected to gradually reduce supply pressure and support beef spreads over time. Combined with still resilient demand for beef in the U.S. market, these adjustments could allow for a modest improvement through 2026, even though the year should still resemble 2025 in terms of profitability.

Looking further ahead, we continue to see a more meaningful inflection beginning in 2027, when the U.S. cattle cycle should begin to normalize. At that stage, industry margins are expected to move back toward historical mid-cycle levels, **potentially around 6–7%**, with a stronger recovery more likely approaching 2028.

South America: Export volumes expected to remain strong. It is important to emphasize the **(i)** improved plant utilization in South America, with scale gains, and the **(ii)** continued optimization of operations as key drivers. In parallel, the portfolio mix continued to evolve, with a higher participation of processed products vs. with previous years, reinforcing the strategy of increasing value-added exposure within the division. Export performance also surprised to the upside, with Dec posting a particularly strong y/y result despite concerns around tariffs imposed by Trump administration, extending the recent trend of record export volumes for Brazilian beef.

Looking ahead, we are expecting exports to continue expanding in 2026, supported primarily by tighter cattle supply in Brazil. Our estimates for the **Brazilian herd** suggest a **potential decline of -7% y/y 26E** which should tighten domestic supply availability. In this context, processors with export licenses are expected to prioritize external markets, where price realization in USD tends to be more attractive.

As a result, we see a **natural allocation shift toward exports**, particularly if international beef prices continue to rise throughout the year. Another factor supporting this view is the expected price ceiling in the domestic market, which could limit the ability to fully pass through higher cattle costs in Brazil. In contrast, international markets may offer better price dynamics, encouraging producers to allocate a greater share of production to exports.

Sadia Halal JV: Strategic platform and IPO optionality. In our last conversation with the company, it stated that the closing of the Sadia Halal JV remains pending final regulatory approvals, with completion expected by early 2026. The transaction expands the partnership with Saudi Arabia's Public Investment Fund (PIF) through its subsidiary Halal Products Development Company (HPDC), consolidating all of MBRF's halal operations across the Middle East and North Africa (MENA) into a single platform.

Strategically, 2025 was a pivotal year in **strengthening its leadership** in the **Middle East**, highlighted by several initiatives across the region: **(i)** the launch of the Addoha JV for local fresh chicken production, the **(ii)** expansion of the partnership with HPDC through the Sadia Halal platform, and **(iii)** ongoing investments such as the greenfield processed foods facility in the region. The assets transferred to the JV generated ~US\$2.1bn in revenue and US\$230mn in EBITDA (LTM Jun/25), implying an entry multiple of roughly **9x EV/EBITDA**. Once the structure is finalized, MBRF will retain a 70% controlling stake, while HPDC will reinvest capital to restore its 30% participation.

Operationally, the structure includes a **10Y renewable supply agreement**, under which Brazilian plants will sell poultry and processed products to Sadia Halal at cost plus ~5%, ensuring margin stability on export flows and reinforcing the platform's role as a gateway to the halal market. From a strategic perspective, the JV is also seen as a potential capital markets platform, with the possibility of an IPO around 2027 frequently discussed by investors.

While official communication has suggested potential exit multiples above current entry levels, the key investment case lies less in near-term financial arbitrage and more in the ability to scale the halal platform.

A patch with silver lining. In our preview, **we updated our model** to incorporate the **operational synergies** expected from the merger between Marfrig and BRF, which we now estimate should total **~R\$1bn** cumulatively over the **next 3Y** (R\$608mn 26E, R\$313mn 27E, and R\$83mn 28E), according to the efficiency initiatives announced by the company. These gains should come mainly from **(i)** supply optimization (R\$470mn); **(ii)** organizational restructuring (R\$231mn); and **(iii)** commercial and logistics efficiency (R\$230mn), with the largest portion expected to impact gross profit (~63%) and the remainder SG&A (~37%).

In practical terms, the incorporation of these synergies in our estimates **helps mitigate the margin compression** expected for this year (-0.5% y/y 26E vs. -2.5% without synergies), especially in a context where most of the company's business units are entering a softer phase of their respective protein cycles. BRF's margin compression following the peak observed in 2024 (14.9% in 4Q25; -1.2p.p. y/y) remains a point of concern, since MBRF remains highly dependent on poultry cycle (77% of consolidated EBITDA in 4Q25 came from BRF).

In our view, the market still appears to be pricing a **sharper margin deterioration vs. what our model indicates**, likely overlooking the potential gains from the operational integration between the two companies (Marfrig + BRF). Therefore, even acknowledging the cyclical risks associated with the poultry and processed food segments, we believe the **value drivers from the merger remain underappreciated**, keeping the case coherent and still undervalued. We therefore maintain our **BUY rating**, with a **12M Target Price** of **R\$23.00**, implying an **upside** of **+33.9%**.

Appendix: BRF

Figure 1. MBRF – Income Statement in R\$ Millions (Genial Est. 2026-2029)

Income Statement	2026E	2027E	2028E	2029E
Net Revenue	165,895	173,361	178,561	182,133
(-) COGS	(144,860)	(150,512)	(154,134)	(156,306)
Gross Profit	21,036	22,849	24,427	25,827
(-) Expenses	(15,361)	(16,628)	(17,716)	(18,666)
Adjusted EBITDA	14,065	15,564	16,924	18,173
(-) D&A	(7,626)	(7,969)	(8,208)	(8,372)
EBIT	5,675	6,221	6,712	7,161
(+/-) Financial Result	(5,089)	(4,884)	(4,138)	(3,310)
(-) Taxes	409	(37)	(788)	(2,029)
Net Income	995	1,300	1,786	1,821
Profitability				
Net margin (%)	0.6%	0.8%	1.0%	1.0%

Figure 2. MBRF – Cash Flow in R\$ Millions (Genial Est. 2026-2029)

Cash Flow (FCFF)	2026E	2027E	2028E	2029E
Net Revenue	165,895	173,361	178,561	182,133
(-) COGS	(144,860)	(150,512)	(154,134)	(156,306)
Adjusted EBITDA	14,065	15,564	16,924	18,173
EBIT	5,675	6,221	6,712	7,161
(-) Taxes	409	(37)	(788)	(2,029)
(+) D&A	7,626	7,969	8,208	8,372
(+/-) Δ WK	(1,573)	(1,387)	(893)	(729)
(-) Capex	(6,888)	(6,000)	(5,500)	(5,000)
FCFF	6,013	8,141	9,743	10,415

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