

# MINERVA

## 4Q25 Review: From Feast to Fatigue

LatAm Meatpackers

### Main takeaways:

**(i) Net Revenue of R\$14.2bn** (-2.5% vs. Est.; -8.4% q/q; +32.6% y/y), missing our forecast on volumes while price came in above expectations; shipments of **498Kt** (-7.3% vs. Est.; -10.6% q/q; +21.5% y/y) reflected a more pronounced seasonal normalization than we had modeled following 3Q25's peak quarter, consistent with the industry trend of sequential slaughter cooling across Brazil (-6% q/q), Paraguay (-14% q/q), and Argentina (-5% q/q); the realized price was **R\$28.5/kg** (+5.2% vs. Est.; +2.4% q/q; +9.1% y/y), supported by a firm industry pricing environment, with Brazilian fresh beef export prices averaging **US\$5.6/kg** (+15% y/y); **(ii) COGS/kg of R\$23.6/kg** (+5.0% vs. Est.; +1.6% q/q; +12.9% y/y), above expectations, reflecting broad-based cattle price appreciation across all geographies — Brazil (R\$317.8/arroba; +4% q/q), Uruguay (US\$5.4/kg; +32% y/y), Paraguay (US\$4.3/kg; +27% y/y), Argentina (US\$4.7/kg), and Colombia (US\$5.4/kg; +44% y/y); compounding this, SG&A also disappointed at 10.7% of net revenue (+1.0p.p. vs. Genial Est.; +1.4p.p. q/q), as the lower revenue base limited fixed cost dilution; **(iii) EBITDA of R\$1.2bn** (-11.9% vs. Est.; -15.6% q/q; +24.1% y/y), with a margin of **8.2%** (-0.9p.p. vs. Est.; -0.7p.p. q/q; -0.6p.p. y/y), pressured by the combined effect of input cost inflation and SG&A deleverage on a seasonally weaker revenue base; **(iv)** We therefore decided to **downgrade to NEUTRAL** (vs. BUY previously), with a revised **12M Target Price of R\$4.75** (vs. R\$8.75 previously), implying an **upside of +10.5%**. We acknowledge this downgrade comes late, but we've reiterated that it is improbable to see potential drivers emerge in the short term, given the current macro backdrop that we have.

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### Company

**BEEF3 BZ Equity**  
**Neutral**

**Price:** R\$ 4.30 (18-Mar-2026)  
**Target Price 12M:** R\$ 4.75

**Table 1. Income Statement Minerva (4Q25 vs. Genial Est.)**

(R\$ millions)	4Q25			4Q25E		3Q25		4Q24	
	Reported	Genial Est.	% R/E	Reported	% q/q	Reported	% y/y	Reported	% y/y
<b>Net Revenue</b>	<b>14,204</b>	<b>14,567</b>	<b>-2.5%</b>	<b>15,512</b>	<b>-8.4%</b>	<b>10,714</b>	<b>32.6%</b>		
COGS	(11,768)	(12,091)	-2.7%	(12,956)	-9.2%	(8,580)	37.2%		
<b>Adjusted EBITDA</b>	<b>1,172</b>	<b>1,330</b>	<b>-11.9%</b>	<b>1,388</b>	<b>-15.6%</b>	<b>944</b>	<b>24.1%</b>		
EBITDA Margin (%)	8.2%	9.1%	-0.9p.p	8.9%	-0.7p.p	8.8%	-0.6p.p		
<b>EBIT</b>	<b>923</b>	<b>1,089</b>	<b>-15.3%</b>	<b>1,147</b>	<b>-19.5%</b>	<b>708</b>	<b>30.3%</b>		
EBIT Margin (%)	6.5%	7.5%	-1p.p	7.4%	-0.9p.p	6.6%	-0.1p.p		
D&A	(247)	(241)	2.4%	(242)	2.1%	(202)	22.2%		
Financial Result	(953)	(865)	10.3%	(1,090)	-12.6%	(2,248)	-57.6%		
<b>Net Income</b>	<b>85</b>	<b>148</b>	<b>-42.6%</b>	<b>120</b>	<b>-29.2%</b>	<b>(1,567)</b>	<b>-</b>		
Net Margin (%)	0.6%	1.0%	-0.4p.p	0.8%	-0.2p.p	-14.6%	-		

Source: Minerva, Genial Investimentos

Minerva released its **4Q25** results yesterday, **Mar. 18**, after the market closed. The figures came in slightly worse than expected, with **(i)** higher costs and **(ii)** lower volume compared to our estimates, resulting in **EBITDA of R\$1.2bn** (-11% vs. Est.; -10% vs. BBG Consensus), and a **margin of 8.2%** (-0.9p.p. vs. Est.; -0.7p.p q/q; -0.6p.p y/y). In the absence of a near-term catalyst — whether **(i)** cattle price stabilization; **(ii)** USD/BRL FX rate reversal; or **(iii)** a surprise in FCF generation — we see limited upside from current market valuation levels. We therefore decided to **downgrade to NEUTRAL** (vs. BUY previously), with a revised **12M Target Price of R\$4.75** (vs. R\$8.75 previously). More about the downgrade in the “Our Take” section.

Returning to the trends of 4Q25, the **Net revenue** totaled **R\$14.2bn** (-2.5% vs. Est.), missing our forecast and declining **-8.4% q/q** and growing **+32.6% y/y**, sustained by a price beat that partially offset a volume miss. **Shipments** reached **498Kt** (-7.3% vs. Est.), declining **-10.6% q/q** and growing **+21.5% y/y**, reflecting a more pronounced seasonal normalization than we had modeled following 3Q25's peak quarter, but consistent with the industry trend, as Brazilian national slaughter declined to 7.6mn head (-6% q/q), with similar sequential cooling observed across Paraguay (478K head; -14% q/q) and Argentina (3.4 million head; -5% q/q). The **realized price** was **R\$28.5/kg** (+5.2% vs. Est.), advancing +2.4% q/q and +9.1% y/y, supported by a firm industry pricing environment, with Brazilian fresh beef export prices averaging US\$5.6/kg (+15% y/y), even with the USD/BRL FX rate softening (-7.6% y/y).

The **COGS/kg** came in at **R\$23.6/kg** (+5.0% vs. Est.), rising **+1.6% q/q** and **+12.9% y/y**, reflecting broad-based cattle price appreciation across all geographies. Compounding this, SG&A also came above expectations at 10.7% of net revenue (+1.4p.p. q/q), as the lower revenue base limited fixed cost dilution. As a result, **Adjusted EBITDA** reached **R\$1.2bn** (-11.9% vs. Est.), declining **-15.6% q/q** and growing **+24.1% y/y**, with a margin of **8.2%** (-0.9p.p. vs. Est.; -0.7p.p. q/q; -0.6p.p. y/y).

#### 4Q25 Review: In detail!

**Net Revenue: Greater seasonal volume pullback.** The company reported total net revenue of R\$14.2bn (-2.5% vs. Genial Est.), declining -8.4% q/q and growing +32.6% y/y. The miss vs. our estimates was driven entirely by volumes, with shipments of 498Kt (-7.3% vs. Genial Est.; -10.6% q/q; +21.5% y/y), reflecting a more pronounced seasonal normalization than we had modeled following 3Q25's peak quarter, but consistent with the industry trend, as Brazilian national slaughter declined to 7.6mn head in 4Q25 (-6% q/q), with similar sequential cooling observed across Paraguay (478K head; -14% q/q) and Argentina (3.4mn head; -5% q/q). Partially offsetting this, the realized price of R\$28.5/kg clocked above expectations (+5.2% vs. Genial Est.; +2.4% q/q; +9.1% y/y), supported by a firm industry pricing environment. Brazilian fresh beef export prices averaged US\$5.6/kg in 4Q25 (+15% y/y), underpinned by record national export volumes of 944Kt (+35% y/y; +10% q/q). Looking at the company, total export shipments were 296Kt (-11% q/q; +32% y/y), though they came from different regions.

By origin, Brazil accounted for R\$8.6bn (-13.8% q/q; +59.9% y/y), or 57% of the consolidated pool, followed by Uruguay at R\$1.5bn (+34.4% y/y), Paraguay at R\$1.5bn (+3.4% y/y), and Argentina at R\$1.5bn (-10.7% y/y), the latter reflecting the volume decline despite stronger pricing. On the export side, the Americas (35%), Asia (23%), and Middle East (14%) were the top consolidated destinations, with FM reaching R\$9.1bn (+49.2% y/y) and representing 60% of gross revenue.

**EBITDA: Margin pressure from input costs and SG&A.** The COGS/kg clocked in at R\$23.6/kg (+5.0% vs. Genial Est.; +1.6% q/q; +12.9% y/y), above expectations, reflecting broad-based cattle price appreciation across company's operating geographies. In Brazil, the cattle price averaged R\$317.8/arroba (+4% q/q; +23% y/y), reversing the temporary relief seen in 3Q25 that had been triggered by tariff-related uncertainty. The cost pressure was even more acute in South American ex-Brazil operations: Uruguay saw cattle prices reach US\$5.4/kg (+4% q/q; +32% y/y), Paraguay US\$4.3/kg (+2% q/q; +27% y/y), Argentina US\$4.7/kg, and Colombia US\$5.4/kg (+15% q/q; +44% y/y), all in more advanced stages of their respective cattle cycle tightening.

Compounding the COGS pressure, SG&A also came in above our expectations at 10.7% of net revenue (+1.0p.p. vs. Est.; +1.4p.p. q/q), as we had modeled a ratio line with 3Q25 levels. The sequential increase reflects the lower revenue base in a seasonally weaker quarter, which limited the fixed cost dilution effect that had driven the strong SG&A performance in prior quarters. As a result, the net effect of COGS + SG&A was detrimental to the margin. Adjusted EBITDA reached R\$1.2bn (-11.9% vs. Genial Est.; -15.6% q/q; +24.1% y/y), with a margin of 8.2% (-0.9p.p. vs. Genial Est.; -0.7p.p. q/q; -0.6p.p. y/y).

**Net Income: Financial result drives miss.** On the bottom line, the company's net income was R\$85mn (-42% vs. Genial Est.; -29.2% q/q), with a margin of 0.6% (-0.4p.p. vs. Genial Est.; -0.2p.p. q/q). The miss vs. our estimates was driven by two compounding factors. First, EBIT came in at R\$923mn (-15.3% vs. Genial Est.; -19.5% q/q; +30.3% y/y), with a margin of 6.5% (-1.0p.p. vs. Genial Est.), a direct consequence of the COGS and SG&A pressures discussed above. Second, and more severely, the financial result totaled -R\$953mn (+10.3% vs. Genial Est.; -12.6% q/q; -57.6% y/y), coming in worse than expected and pressured by the negative effects of currency hedging derivatives, in line with the company's risk management policy of hedging at least 50% of its long-term USD debt, added to the negative effect from USD/BRL FX rate ended at R\$5.50 (vs. R\$5.32 in 3Q25) in the foreign currency debt denominated in BRL.

## Our Take on Minerva

**FCF: Seasonal WC consumption; quarterly burn.** The **FCF** came in at **-R\$408mn** (vs. R\$31mn Est.; reversing +R\$2.5bn in 3Q25 and +R\$990mn in 4Q24), well below prospects, reflecting the confluence of three headwinds. **(i)** The **EBITDA** of **R\$1.2bn** (-12% vs. Est.; -16% q/q; +24% y/y) missed our projections and the street; **(ii)** working capital (**WC**) swung to a **consumption** of **-R\$598mn** (+6% vs. Est.; reversing +R\$2.5bn in 3Q25 and +R\$692mn in 4Q24), reflecting the typical seasonal inventory rebuild in 4Q, a natural counterpart to the aggressive destocking from the meat inventory that had been stockpiled in the U.S. in anticipation of the tariffs imposed by the Trump administration, that had driven 3Q25's exceptional FCF generation.

Also, **(iii)** cash **financial expenses** of **-R\$591mn** (+67% vs. Est.; -48% q/q; +39% y/y) came in significantly worse than modeled, consistent with the financial result dynamics discussed in the net income section. Finally, **CAPEX** also came in slightly above forecasts at **R\$391mn** (+3% vs. Est.; +15% q/q; +77% y/y), reflecting asset base's maintenance and continued organic expansion investments, particularly in Brazil.

**Deleveraging path shows first signs of fatigue.** The company closed 4Q25 with **net debt** of **R\$12.8bn** (+8.1% q/q; -18.3% y/y), with the sequential increase reflecting the **FCF burn** of **-R\$408mn** and the R\$162mn interim dividend payment in Dec/25, the first q/q deterioration in net debt after three consecutive quarters of improvement. In term of leverage, measured by **Net Debt/EBITDA**, it ticked up to **2.6x** (+0.1x q/q), a modest but notable reversal in delivering path that, in our view, reinforces the importance of monitoring FCF conversion in coming quarters in 2026, particularly as cattle cost pressures persist and the easy WC release tailwind from 3Q25 is now behind us. Total gross debt stood at R\$27.8bn (-7.6% y/y), with 68% denominated in USD and duration of ~4.0Y, with cash of R\$15.0bn sufficient to cover the amortization schedule through 2029.

On the positive side, the company made significant progress in its active liability management strategy throughout 2025, **repurchasing** and cancelling a total of **US\$586.3mn** (~R\$3.2bn) across its 2028 and 2031 Bonds — including US\$35.5mn (~R\$120mn) of the 2031 Bond as recently as Mar/26. Additionally, **187mn** subscription warrants remain outstanding, representing R\$936mn in potential future cash inflows by mid-2028, providing a possible further tailwind to the capital structure.

**Middle East Conflict: Minimal operational risk, routes preserved.** The Middle East represents ~10% of **company's LTM export revenue**, or ~6% of consolidated LTM revenue. Crucially, the company's main destinations in the region — Israel, Jordan, Lebanon, and Saudi Arabia — account for **85% of its Middle East exports**, and their logistics routes remain fully preserved, as they are located away from the epicenter of the conflict (Iran and the Strait of Hormuz). This structurally tends to differentiate Minerva vs. peers more dependent on the strait as a transit route, limiting both near-term operational and margin risk. The company continues to closely monitor developments and proactively assess potential impacts — a posture we view as appropriate given the fluid nature of the conflict, though current exposure levels suggest limited downside to our estimates.

**South America: Export volumes expected to remain strong.** 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.

**From Feast to Fatigue.** With a net revenue ended 2025 at R\$54.8bn (+60.9% y/y), a EBITDA at R\$4.8bn (+54.1% y/y), and the deleveraging trajectory with a faster pace than expected, we can obviously say the full year demonstrated great solidity. That said, we think that 4Q25 already showed the first signs of fatigue. We believe the **market has largely priced in the 2025 achievements** (+50% upshift in share prices between Ago-Nov/25). However, in addition to the arbitrage opportunities between BEEF3 and BEEF11—with the subscription bonus tracking the follow-on offering at a strike price of R\$5.17 — having essentially dried up, the **protein market** also **took a turn for the worse**.

Brazilian cattle prices are rising along with the cycle, already reaching R\$348/arroba in spot market (+10% vs. 4Q25; +15% vs. 3Q25) in early Mar/26, with female retention accelerating. We have found that the **female/total slaughter ratio** has already dropped to **30% nowadays vs. 38% 6M ago** and the herd rebuild cycle is just beginning, pointing to potential further input **cost inflation throughout 26E** for beef focused companies. As supply tightens, meatpackers tend to face a structurally higher cost base with limited ability to fully pass through domestically **domestic consumption** is already demonstrating signs of **losing momentum**. Compounding this, the current **BRL appreciation vs. USD** (R\$5.25 vs. R\$5.40 in 4Q25) is eroding the export arbitrage that was a key revenue driver in 2025, while importers will likely continue sourcing South American beef given the still-existing price differential, their bargaining power weakens as the USD loses ground, reducing the volume and pricing momentum the company captured so effectively last year.

The stock has already depreciated **-24% over the past 30 days**, reflecting the market's growing recognition of these dynamics. In the absence of a near-term catalyst — whether **(i)** cattle price stabilization; **(ii)** USD/BRL FX rate reversal; or **(iii)** a surprise in FCF creation — we see limited upside from current levels. We therefore decided to **downgrade to NEUTRAL** (vs. BUY previously), with a revised **12M Target Price** of **R\$4.75** (vs. R\$8.75 previously), implying an **upside of +10.5%**. We acknowledge this downgrade comes late, but we've reiterated that it is improbable to see potential drivers emerge in the short term, given the current macro backdrop that we have.

## Appendix: Minerva

**Figure 1. Minerva – Income Statement in R\$ Millions (Genial Est. 26-29)**

<b>Income Statement</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
<b>Net Revenue</b>	<b>58,050</b>	<b>59,501</b>	<b>60,245</b>	<b>60,847</b>
(-) COGS	(48,298)	(49,386)	(50,003)	(50,199)
<b>Gross Profit</b>	<b>9,752</b>	<b>10,115</b>	<b>10,242</b>	<b>10,648</b>
(-) Expenses	(5,399)	(5,504)	(5,422)	(5,689)
<b>Adjusted EBITDA</b>	<b>4,934</b>	<b>5,206</b>	<b>5,633</b>	<b>6,085</b>
(-) D&A	(1,161)	(1,190)	(1,205)	(1,217)
<b>EBIT</b>	<b>4,354</b>	<b>4,611</b>	<b>4,820</b>	<b>4,959</b>
(+/-) Financial Result	(3,193)	(3,540)	(3,193)	(2,829)
(-) Taxes	(290)	(357)	(422)	(608)
<b>Net income</b>	<b>871</b>	<b>714</b>	<b>1,205</b>	<b>1,521</b>
<b>Profitability</b>				
Net margin (%)	1.5%	1.2%	2.0%	2.5%

**Figure 2. Minerva– Cash Flow in R\$ Millions (Genial Est. 26-29)**

<b>Cash Flow (FCFF)</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
<b>Net Revenue</b>	<b>58,050</b>	<b>59,501</b>	<b>60,245</b>	<b>60,847</b>
(-) COGS	(48,298)	(49,386)	(50,003)	(50,199)
<b>Adjusted EBITDA</b>	<b>4,934</b>	<b>5,206</b>	<b>5,633</b>	<b>6,085</b>
<b>EBIT</b>	<b>4,354</b>	<b>4,611</b>	<b>4,820</b>	<b>4,959</b>
(-) Taxes	(290)	(357)	(422)	(608)
(+) D&A	1,161	1,190	1,205	1,217
(+/-) Δ WK	871	893	904	913
(-) Capex	(1,277)	(1,250)	(1,205)	(1,217)
<b>FCFF</b>	<b>4,238</b>	<b>4,492</b>	<b>4,910</b>	<b>5,172</b>

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	Definition	Coverage
Buy	Expected return above +10% in relation to the Company's sector average	49%
Neutral	Expected return between +10% and -10% relative to the Company's industry average	41%
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under Review	Under review	5%

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