



On a long enough timeline
the survival rate for
everyone drops to zero.

Marfrig Alimentos SA (Brazil)

CREDIT SNAPSHOT

12/15/09

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MRFG3 BZ Equity

equity ticker:	MRFG3 BZ	capitalisation (BRL in millions):	
bond ticker:	MARFRI	stock price	BRL 19.26
sector:	Consumer, Non-cyclical	shares outstanding (million)	<u>346.98</u>
subgroup:	Food-Meat Products	market capitalisation (BRL mm)	6.683
company description:	Marfrig Alimentos SA processes food. The Company processes beef, pork, lamb, and poultry, and produces frozen vegetables, canned meats, fish, ready meals, and pasta. Marfrig operates in South American, the United States, and Europe.	total debt	4,595
		cash + marketable securities	1,277
		other capital	<u>15</u>
		enterprise value (excl. cash)	10,016
		current EV / TTM EBITDA	8.1x

The company's next report is expected for 3/4/2010 (type: Estimated).

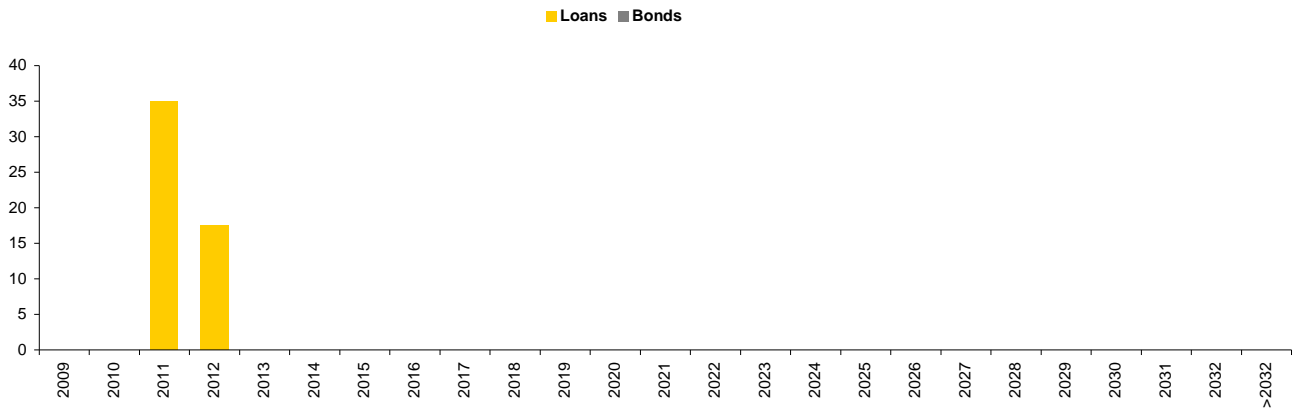
Marfrig Alimentos SA has 40,000 employees.

www.marfrig.com.br

issuer	Rtg	debt type & details	coupon	mat	crncy	amount out (mm)	facility amount (mm)	issue date
MARFRIG ALIMENTOS SA	NA	Loan, unsecured, term, floater		2/22/2011	USD	20	20	3/13/2008
MARFRIG ALIMENTOS SA	NA	Loan, unsecured, term, floater		2/22/2012	USD	10	10	3/13/2008
MARFRIG ALIMENTOS SA	NA	Loan, unsecured, rev, floater		8/11/2014	BRL		200	8/11/2009
MARFRIG ALIMENTOS SA	NA	Loan, secured, term, floater		9/2/2014	USD		100	9/2/2009
MARFRIG ALIMENTOS SA	NA	Loan, secured, term, floater		9/8/2014	USD		160	9/8/2009

DEBT DISTRIBUTION

Total amount out of instruments listed above (BRL in MM)	52	Cash (MM)	1,277
Total debt (MM)	4,595	Total Number of Debt Instruments (for the issuer and its subs)	7



Moody's Ratings		
Outlook	STABLE	12/10/09
Issuer	N/A	
Senior Secured Debt	N/A	
LT Corp Family	B1	10/26/06
Bank Loan Debt	N/A	
Senior Unsecured Debt	N/A	
Subordinated Debt	N/A	
Short Term	N/A	

Standard & Poor's Ratings		
Outlook	STABLE	11/25/09
LT Foreign Currency Issuer	B+	10/09/08
LT Local Currency Issuer	N/A	
ST Foreign Currency Issuer	N/A	
ST Local Currency Issuer	N/A	

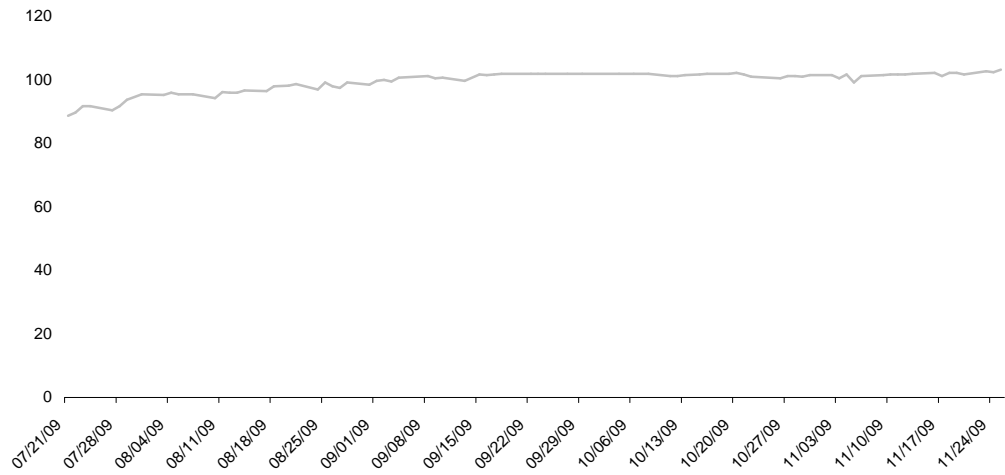
id	issuer	coupon	mat	outstanding	S&P	MDY	ask px	yield	spread*	px date	
EF843673	MARFRIG OVERSEAS LTD	9.625	11/16/16	USD	375,000,000	B+	B1	103.25	9.0	608	11/25/09

*interpol. swap spread

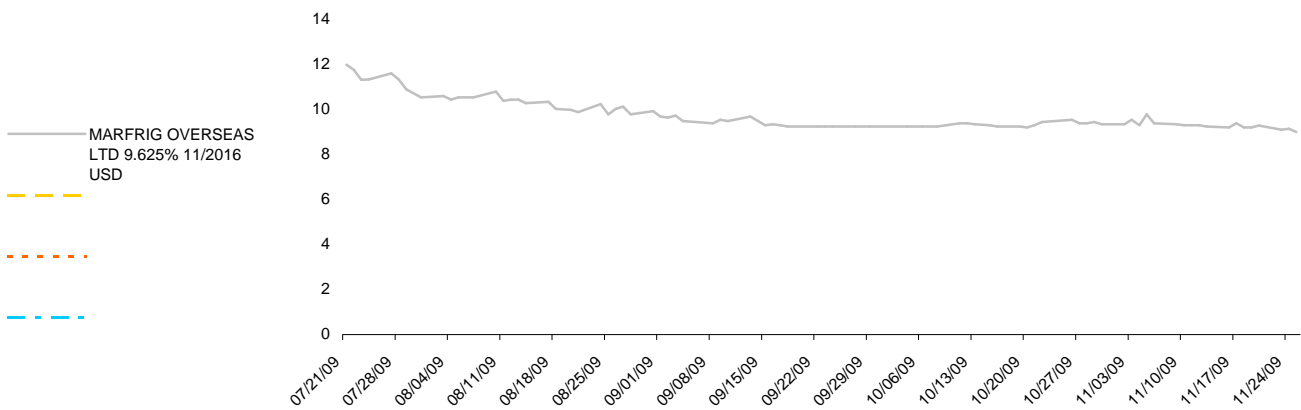
BONDS

Total Debt for the company currently stands at BRL 4,594mm.

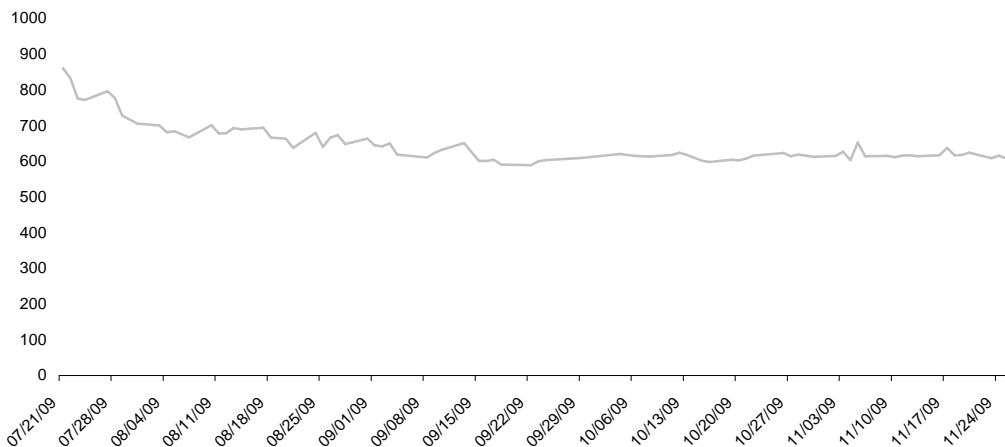
bond price



yield



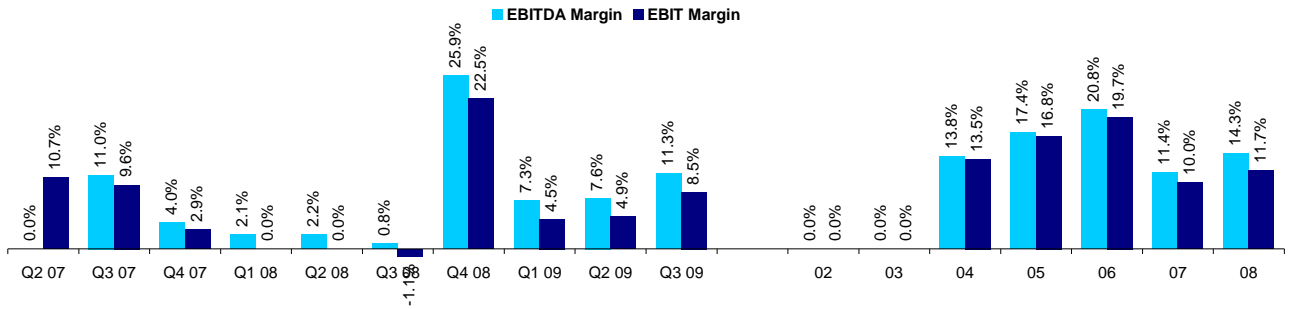
interpolated swap spread



Prices & yields bid side to 28/7/08 and ask side thereafter. Spread is Govt Bid Sprd to 28/7/08 and Interpol. Swap Ask Sprd then.

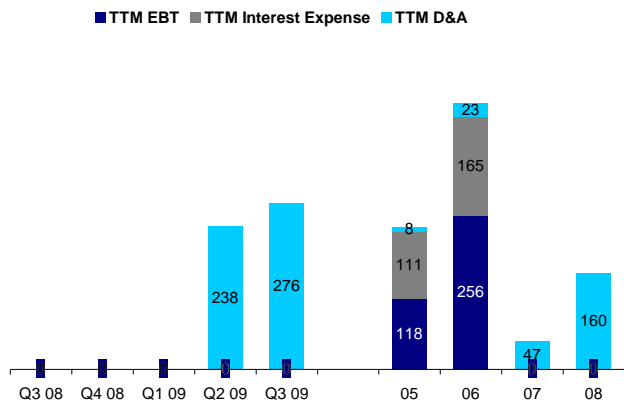
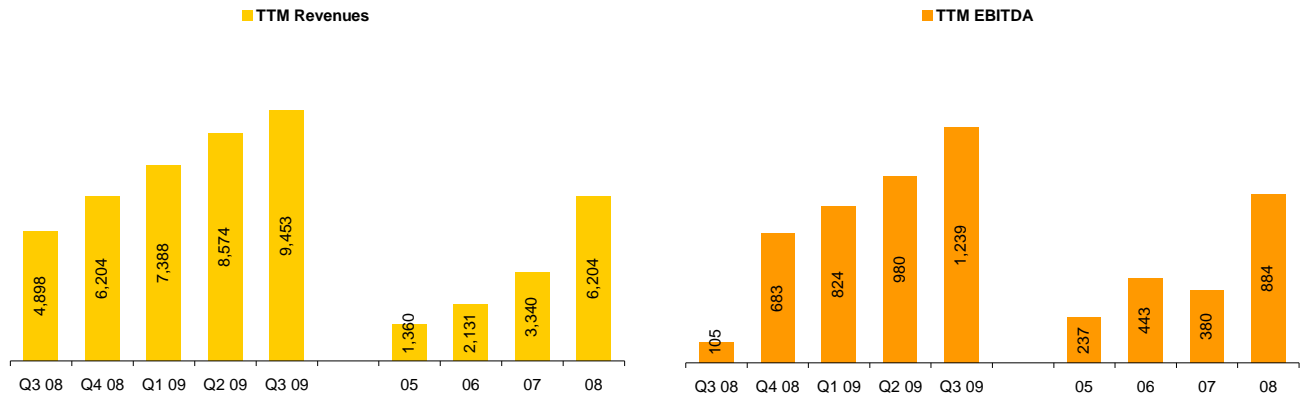
BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Revenues	1,524	2,396	2,251	2,404	2,403	1,360	2,131	3,340	6,204
COGS	1,239	1,816	1,937	2,080	2,035	1,131	1,710	2,673	4,877
COGS % of Revenues	81.3%	75.8%	86.1%	86.5%	84.7%	83.2%	80.3%	80.0%	78.6%
SG&A	524	41	223	226	238			334	610
SG&A % of Revenues	34.4%	1.7%	9.9%	9.4%	9.9%			10.0%	9.8%
EBITDA	12	621	164	183	271	237	443	380	884
Interest Expense						111	165		
EBT						118	256		
Net Income	-53	-74	-38	405	200	34	68	85	-36
EBITDA Margin	0.8%	25.9%	7.3%	7.6%	11.3%	17.4%	20.8%	11.4%	14.3%
EBIT Margin	-1.1%	22.5%	4.5%	4.9%	8.5%	16.8%	19.7%	10.0%	11.7%

INCOME STATEMENT

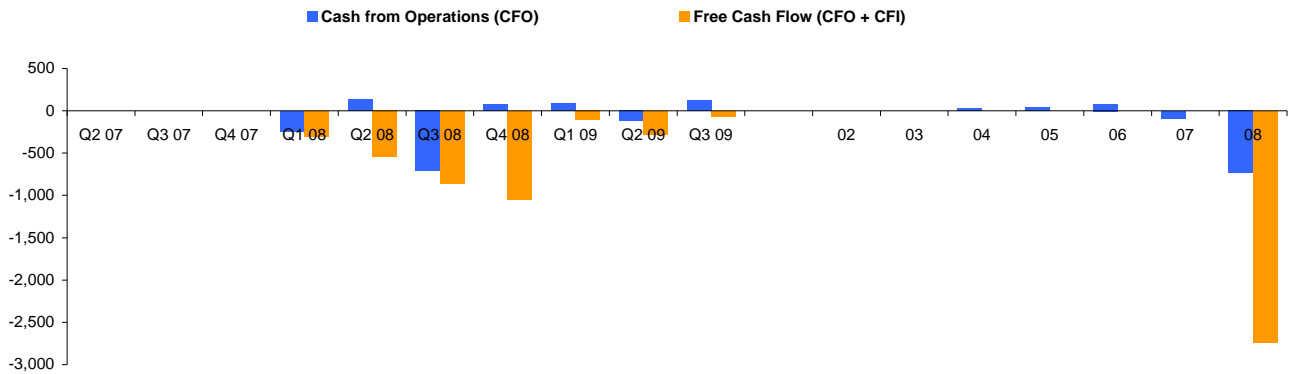


BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
TTM Revenues	4,898	6,204	7,388	8,574	9,453	1,360	2,131	3,340	6,204
TTM EBITDA	105	683	824	980	1,239	237	443	380	884
TTM D&A				238	276	8	23	47	160
TTM EBIT				742	962	229	420	333	725
TTM Interest Expense						111	165		
TTM EBT						118	256		
TTM Net Income	65	-36	-99	240	493	34	68	85	-36

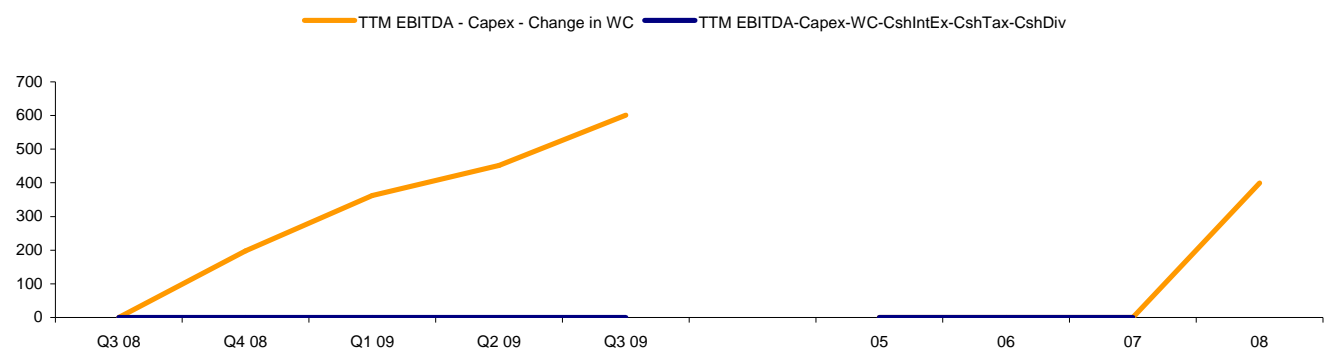
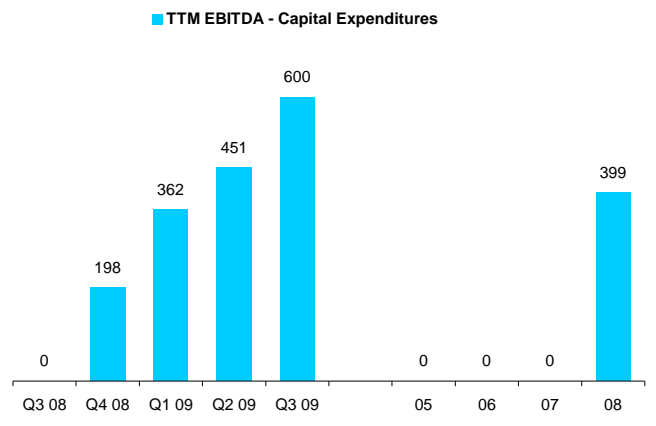
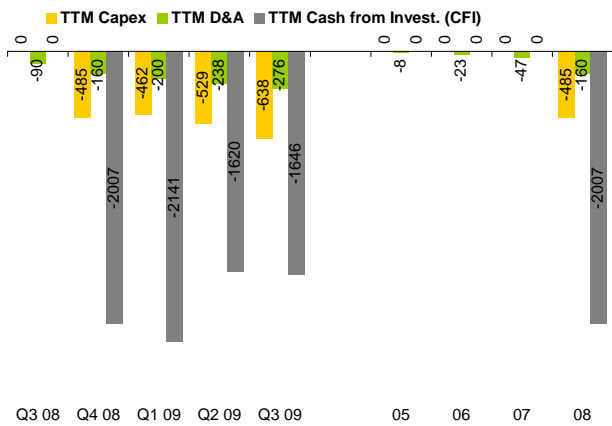
TTM INCOME STATEMENT



BRL in millions		Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
CASH FLOW						09/30/09				12/31/08
	Cash from Operations (CFO)	-707	74	86	-115	119	42	80	-88	-728
	Cash from Investing (CFI)	-151	-1,117	-193	-159	-178				-2,007
	Free Cash Flow (CFO + CFI)	-859	-1,042	-107	-274	-59				-2,735
	Cash from Financing Activities	1,290	942	160	434	141				2,757



BRL in millions		Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08	
TTM CASH FLOW						09/30/09				12/31/08	
	TTM Cash from Operations (CFO)		-737	-409	-662	164	42	80	-88	-728	
	TTM Cash from Invest. (CFI)		-2,007	-2,141	-1,620	-1,646				-2,007	
	TTM Capex		-485	-462	-529	-638				-485	
	TTM D&A		-90	-160	-200	-238	-276	-8	-23	-47	-160
	TTM Free Cash Flow (CFO + CFI)		-2,744	-2,550	-2,282	-1,482					-2,735
	TTM Cash from Financing Activities		2,766	2,490	2,826	1,676					2,757
	TTM CFO - Capital Expenditures		-1,223	-871	-1,192	-474					-1,214
	TTM EBITDA - Capital Expenditures		198	362	451	600					399
	TTM EBITDA - Capex - Change in WC		198	362	452	601					400
	TTM EBITDA-Capex-WC-CshIntEx-CshTax-CshDiv										
TTM CFO/Total Debt		-17.1%	-8.9%	-14.6%	3.6%		13.5%	7.1%	-3.9%	-16.9%	
TTM FCF/Total Debt		-63.6%	-55.5%	-50.4%	-32.3%					-63.4%	



BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Cash	178	396	163	364	311	39	292	212	396
Marketable Securities / ST Investments	994	676	962	921	966			838	676
Accounts & Notes Receivable	1,036	1,002	872	987	967	180	364	737	1,002
Inventories & Unbilled Receivables	997	1,582	1,627	1,680	1,673	91	347	595	1,582
Net Fixed Assets	1,395	2,236	2,224	2,176	2,283	262	523	948	2,236
75% of Accounts Receivable	777	751	654	741	725	135	273	553	751
30% of Inventories & Unbill. Rec.	299	475	488	504	502	27	104	178	475
10% of Net Fixed Assets	140	224	222	218	228	26	52	95	224
Collateral (Liquidation) Asset Value	2,388	2,521	2,490	2,746	2,732	227	721	1,876	2,521
Working Capital	1,970	1,571	1,680	2,018	2,387	91	757	1,474	1,571
Cash Conversion Cycle	103.0	99.2	84.2	76.6	77.3	29.0	63.2	90.2	99.2
Total Borrowings (includes ST Borrowings)	3,298	4,313	4,591	4,525	4,595	311	1,123	2,246	4,313
Net Debt	2,126	3,242	3,466	3,240	3,318	272	831	1,196	3,242
Collateral Asset Value / Total Borrowings	72.4%	58.5%	54.2%	60.7%	59.5%	73.1%	64.3%	83.5%	58.5%

BALANCE SHEET

explanations and definitions:

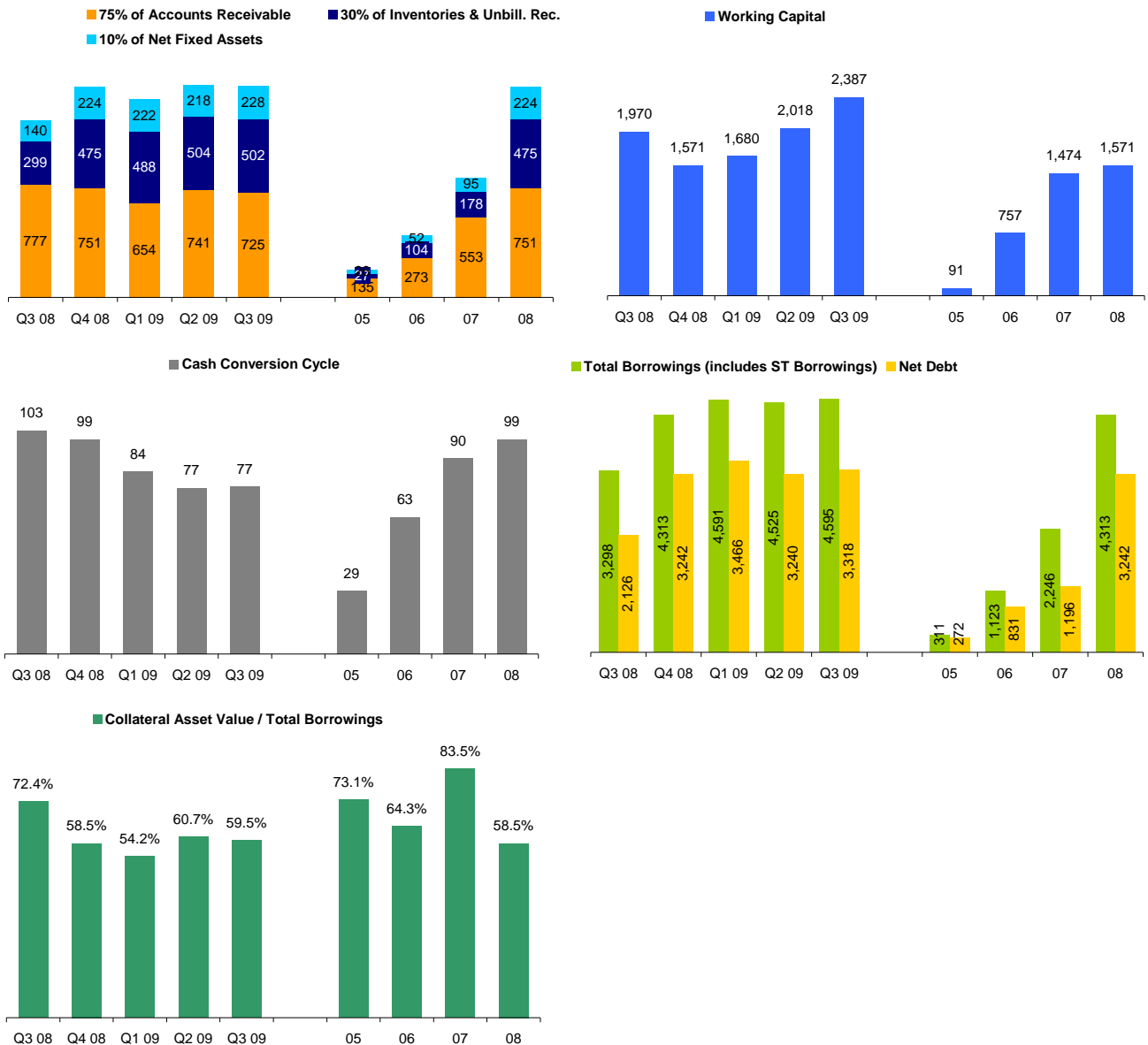
The approximation we use to calculate a company's total **Collateral (Liquidation) Asset Value** (for an asset based liquidation scenario) is calculated as the sum of Cash plus Marketable Securities / Short-Term Investments plus assets with the following valuation rates applied:

75% of stated Accounts Receivable

30% of stated Inventory

10% of stated Net Fixed Assets.

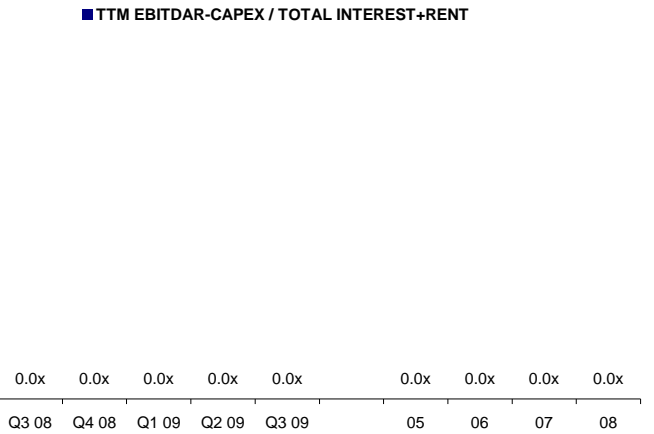
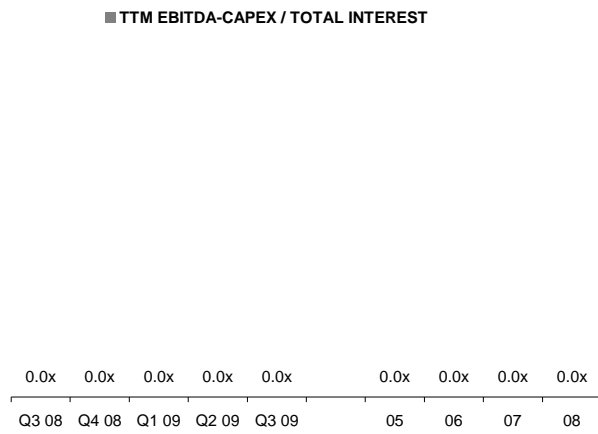
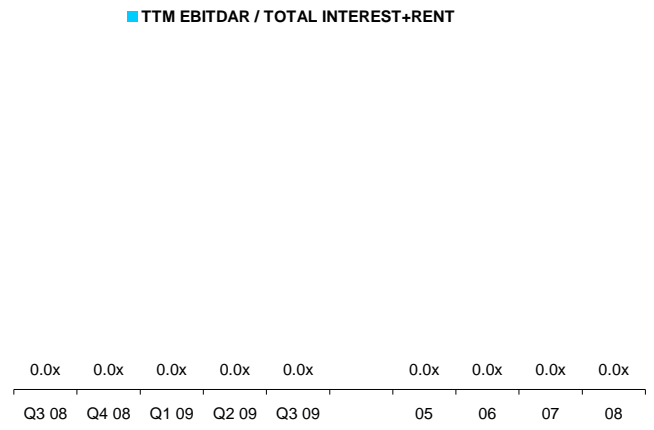
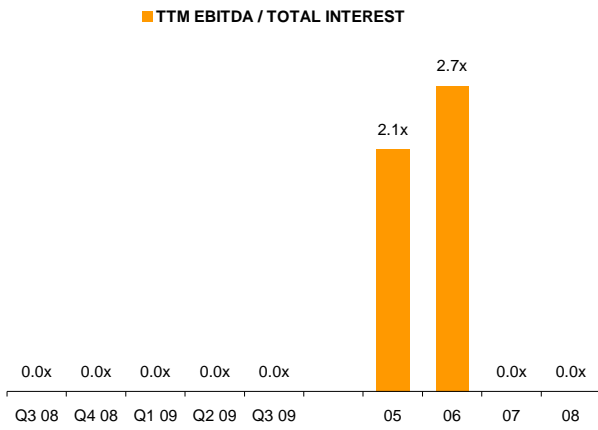
Although we acknowledge that some industries and individual situations demand clearly different assumptions we nevertheless think this is a useful approximation across all industries covered, if only as a starting point for further individual in-depth analysis.



COVERAGE RATIOS	BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
						09/30/09				12/31/08
TTM EBITDA / TOTAL INTEREST		-	-	-	-	-	2.1x	2.7x	-	-
TTM EBITDAR / TOTAL INTEREST+RENT		-	-	-	-	-	-	-	-	-
TTM EBITDA-CAPEX / TOTAL INTEREST		-	-	-	-	-	-	-	-	-
TTM EBITDAR-CAPEX / TOTAL INTEREST+RENT		-	-	-	-	-	-	-	-	-

explanations and definitions:

TTM TOTAL INTEREST: For all coverage ratio calculations we use the Total Interest figure which in addition to Interest Expense also includes Capitalized Interest Expenses. We think this gives a better view of the economic reality than the simple Interest Expense figure.

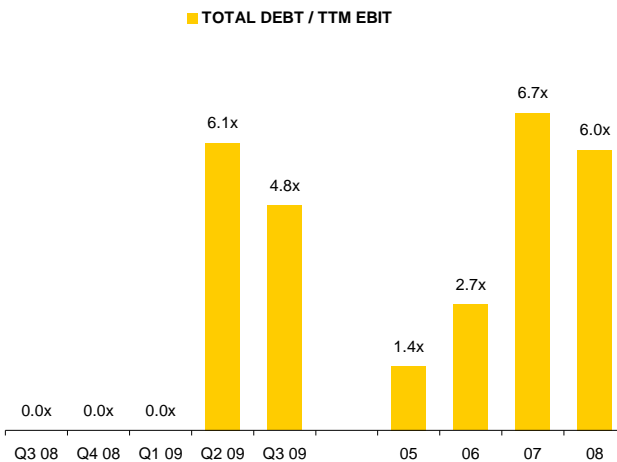
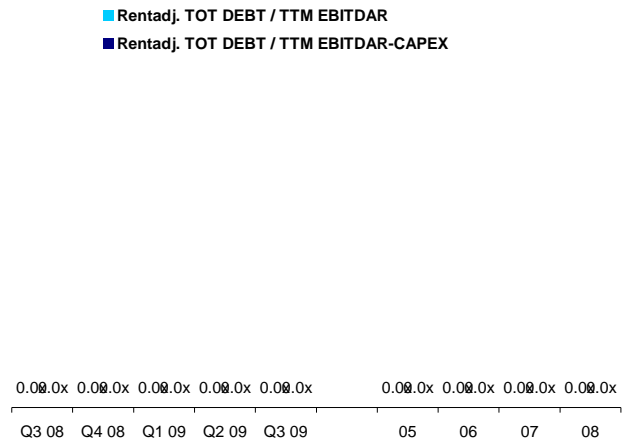
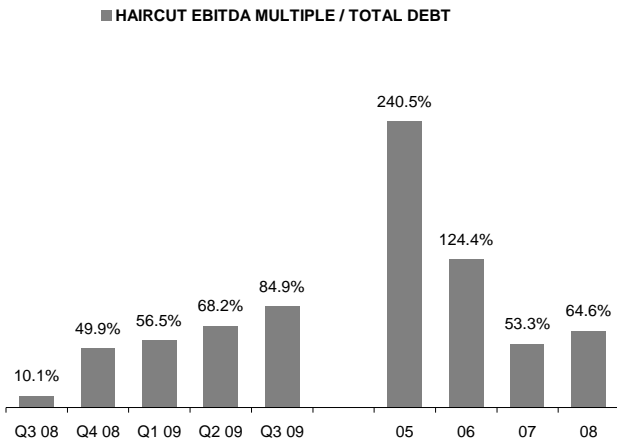
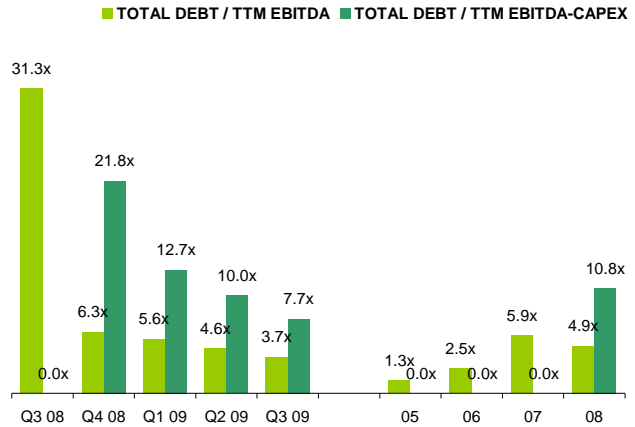
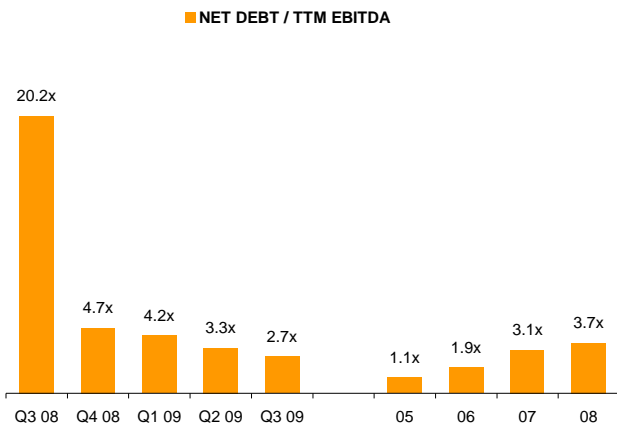


BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
NET DEBT / TTM EBITDA	20.2x	4.7x	4.2x	3.3x	2.7x	1.1x	1.9x	3.1x	3.7x
TOTAL DEBT / TTM EBITDA	31.3x	6.3x	5.6x	4.6x	3.7x	1.3x	2.5x	5.9x	4.9x
TOTAL DEBT / TTM EBITDA-CAPEX		21.8x	12.7x	10.0x	7.7x				10.8x
Rentadj. TOT DEBT / TTM EBITDAR									
Rentadj. TOT DEBT / TTM EBITDAR-CAPEX									
HAIRCUT EBITDA MULTIPLE / TOTAL DEBT	10.1%	49.9%	56.5%	68.2%	84.9%	240.5%	124.4%	53.3%	64.6%
TOTAL DEBT / TTM EBIT				6.1x	4.8x	1.4x	2.7x	6.7x	6.0x

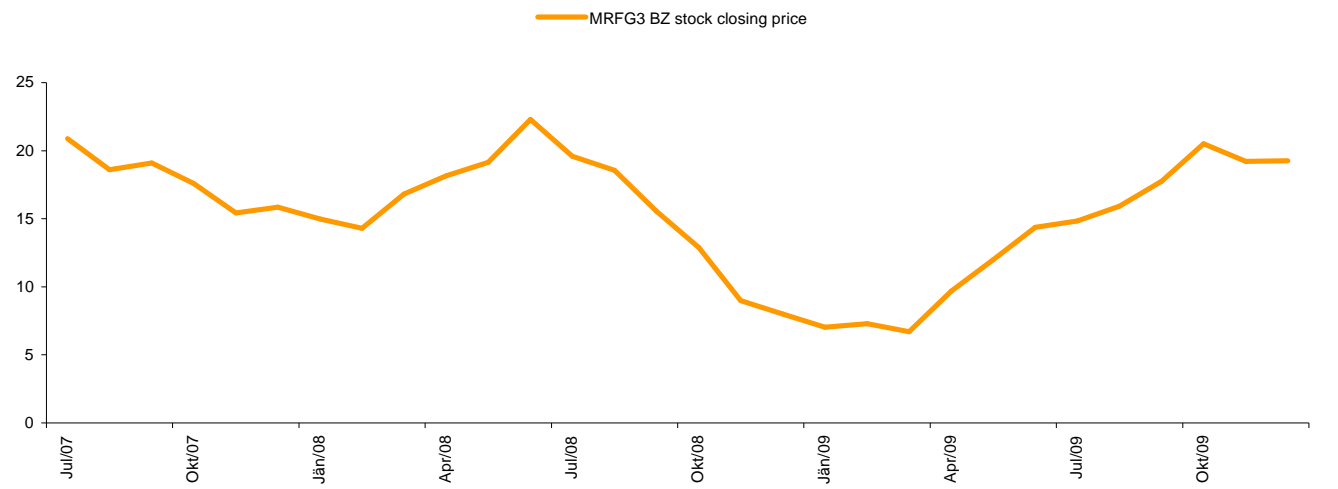
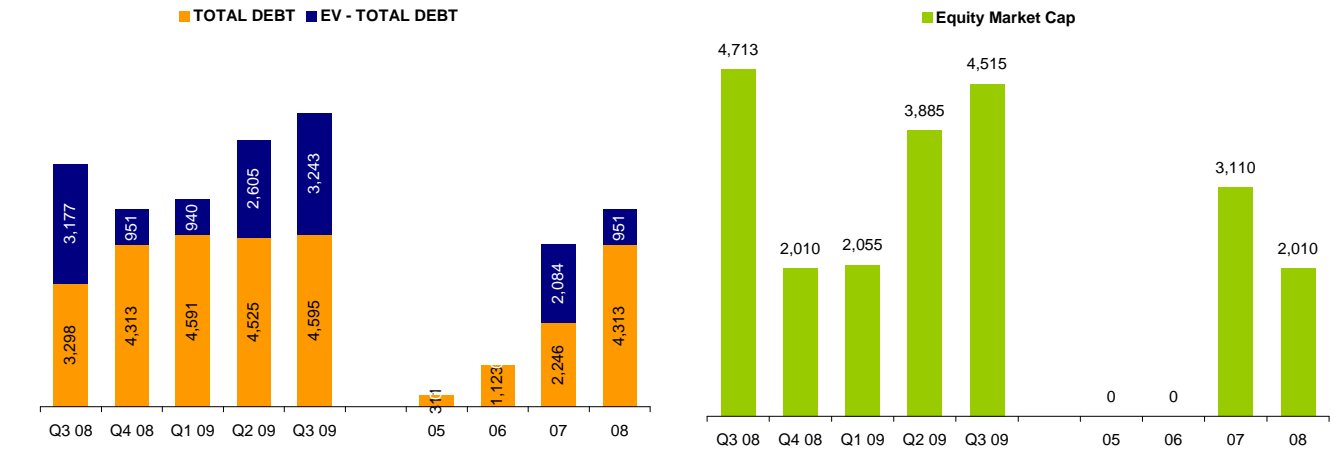
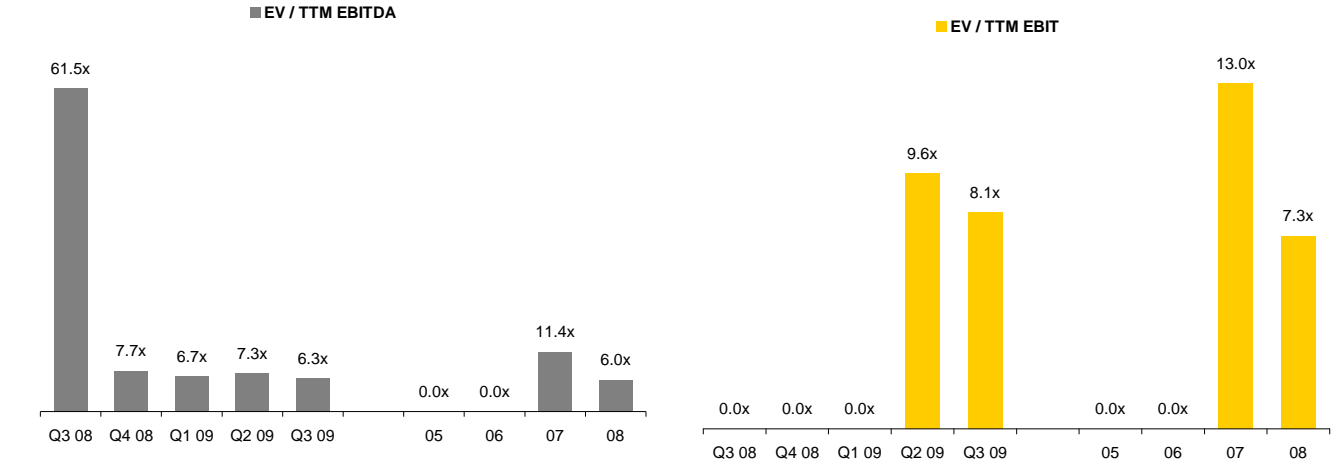
explanations and definitions:

Rent adj. Total Debt/TTM EBITDAR: This ratio is calculated by dividing the Rent Adjusted Total Debt figure (Total Debt plus 8 times TTM Rental Expenses) by EBITDAR (TTM EBITDA plus TTM Rental Expenses).

HAIRCUT EBITDA MULTIPLE / TOTAL DEBT: We adjust TTM EBITDA to 70% of its stated value, multiply the result with 4.5 as an assumed exit multiple and relate the resulting figure (the haircut EBITDA multiple) to the TOTAL DEBT number. This ratio should reflect the situation of an issuer's liquidation, whereby the assets can be sold at a reduced EBITDA multiple.



BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
EV / TTM EBITDA	61.5x	7.7x	6.7x	7.3x	6.3x			11.4x	6.0x
EV / TTM EBIT				9.6x	8.1x			13.0x	7.3x
Enterprise Value	6,475	5,264	5,531	7,130	7,838			4,330	5,264
TOTAL DEBT	3,298	4,313	4,591	4,525	4,595	311	1,123	2,246	4,313
Equity Market Cap	4,713	2,010	2,055	3,885	4,515			3,110	2,010



BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Adjusted Cap Rate				4.83%	6.22%			-1.41%	3.67%
Tangible Capital	4,367	3,845	4,012	4,085	4,264	412	1,077	2,502	3,845
Total Intangibles	0	2,144	2,133	1,962	1,891			0	2,144
Pre-tax ROIC				18.2%	22.6%	55.6%	39.0%	13.3%	18.8%
After-tax ROIC (effective tax rate)				15.2%	16.6%			10.1%	
After-tax ROIC (assumed tax rate)				11.8%	14.7%	36.1%	25.4%	8.7%	12.2%
WACD (Pre-tax)						35.8%	14.7%		

explanations and definitions:

Adjusted Cap Rate: This ratio shows EBIT reduced by an assumed tax rate of 35% and adjusted for Net Non-Operating and Extraordinary Losses (Gains) - averaged over the last 5 years - divided by the Enterprise Value.

Tangible Capital: Starting with the Total Book Capital the Tangible Capital figure is calculated by subtracting Intangibles, Cash and Marketable Securities as well as Short Term Investments.

We calculate three different ROIC (Return on Invested Capital) figures:

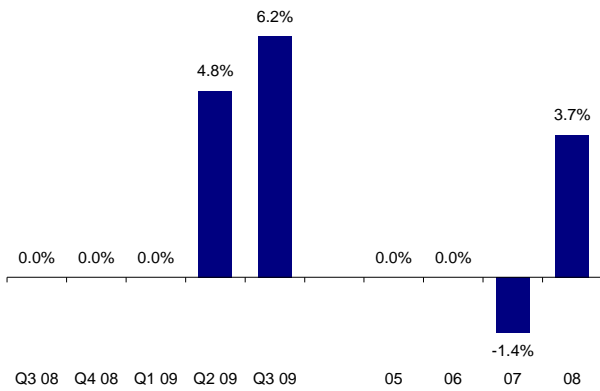
Pre-Tax ROIC: this ratio relates the trailing twelve months (TTM) EBIT to Tangible Capital as defined above.

After-tax ROIC (effective tax rate): here EBIT is corrected by the company's effective tax rate as stated in it's latest financials, giving an after-tax ROIC rate.

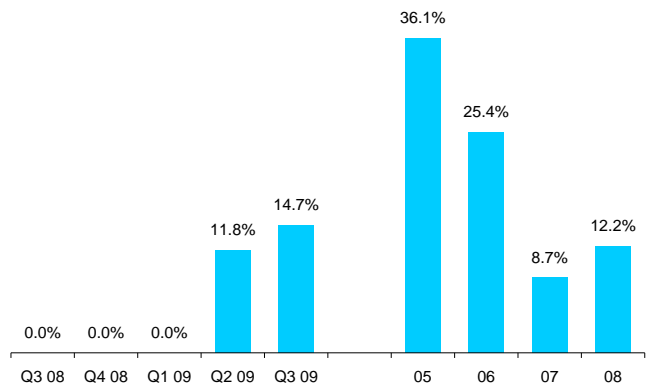
After-tax ROIC (assumed tax rate): here EBIT is corrected by an assumed tax rate of 35%, giving a modified after-tax ROIC rate.

WACD (Pre-Tax): This rate is defined as trailing twelve months (TTM) TOTAL INTEREST EXPENSE divided by Total Borrowings.

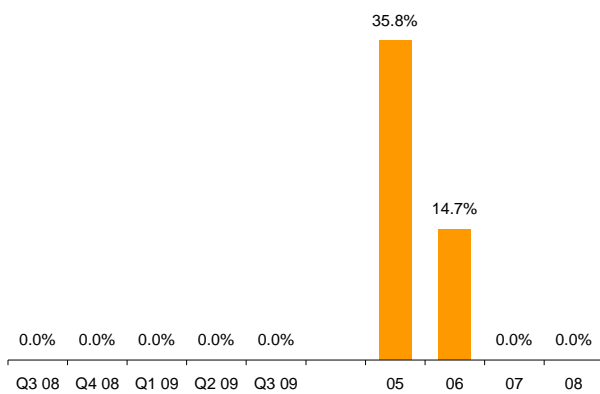
■ Adjusted Cap Rate



■ After-tax ROIC (assumed tax rate)



■ WACD (Pre-tax)



Average Bond Spread (in BPoints (1))	608
Estimated Bond Recovery Rate (2)	0.0%
Resulting Tolerable Default Rate (3)	6.1%

explanations and definitions:

We calculate estimated default and recovery rates to be used in other credit models (f.i. for the valuation of CDOs or similar structures) as follows:

(1) **Average Bond Spread:** Average Spread of all bonds listed on page 2 of this report.

(2) **Estimated Bond Recovery Rate:** To calculate this rate we first divide the total debt amount into bond debt and loan debt that is senior to bond debt. As an approximation for the total amount of bond debt we use the sum of the amounts outstanding of all bonds listed on page 1 of this report. The total debt figure is reduced by this sum, giving us an approximate figure for debt that is senior to bond debt. We then calculate a collateral asset coverage figure for the bond debt by starting with the Collateral Asset Value (as defined on page 5 of this report) which we reduce by the amount of senior debt ahead of the bonds. The remaining Collateral Asset Value is then divided by the approximate bond debt amount as defined above, giving an estimated recovery value on a collateral asset basis. We apply the same logic to an EBITDA multiple ratio (as on page 7 of this report) and get a second recovery estimate based on the EBITDA multiple. The higher of the 2 estimates is used as the "Estimated Bond Recovery Rate".

(3) **Resulting Tolerable Default Rate:** The implied default rate calculated using the Market Spread (1) and the Estimated Recovery Rate (2). With the given Market Spread and Estimated Recovery Rate it defines the maximum tolerable default probability for the risk premium paid in the form of Spread. Please note: This rate will only be displayed when it is greater than 0% and lower than 30% as we believe it is not meaningful ('NM') out of this range.

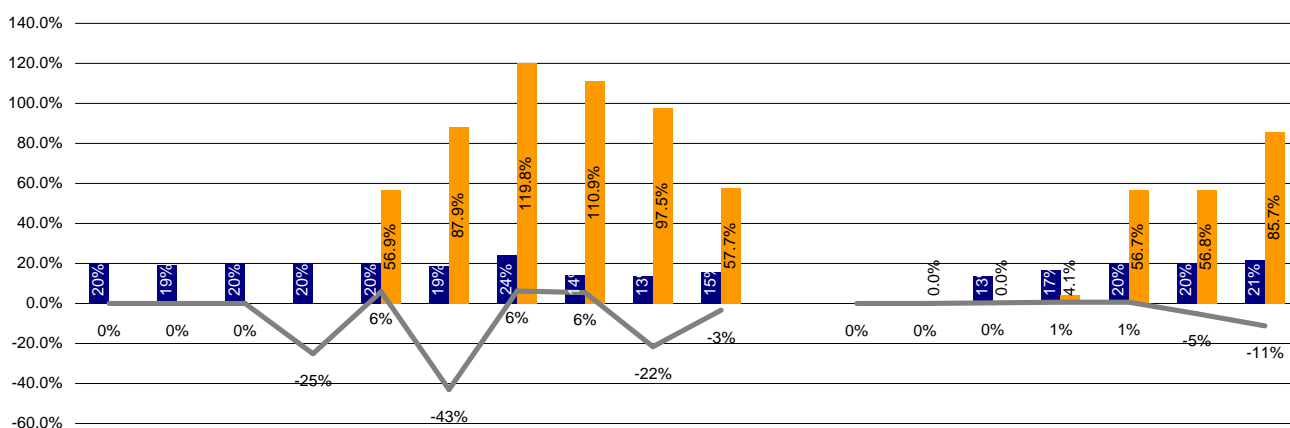
Although we acknowledge that the calculated results are by no means exact, we think they make for a good estimate in the valuation of credit structures when individual default and recovery rates for single issuers are to be used.

BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Total Assets	6,880	9,155	9,239	9,336	9,381	672	1,718	4,331	9,155
Total Liabilities	4,639	6,407	6,561	6,529	6,544	532	1,472	3,025	6,407
Total Intangibles		2,144	2,133	1,962	1,891				2,144
Tangible Net Worth	2,241	604	546	845	946	140	246	1,306	604
Rent Debt (8x Annual Rental Expense)									
Underfunded Pension & Post Ret. Liab.									
Discount on Hard Assets	2,212	3,370	3,358	3,381	3,467	345	805	1,454	3,370
Adjusted Tangible Net Worth	29	-2,766	-2,812	-2,536	-2,521	-205	-559	-148	-2,766

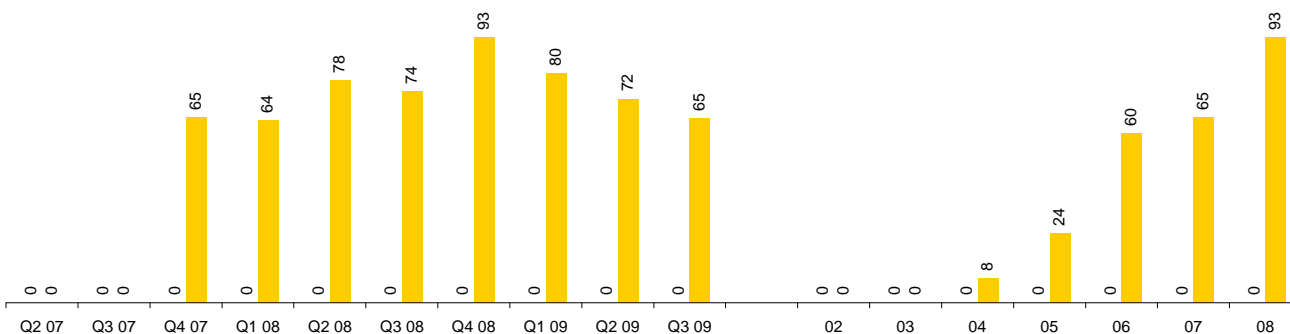
BRL in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
(CFO-Net Income)/Revenues	-43.0%	6.2%	5.5%	-21.6%	-3.4%	0.6%	0.6%	-5.2%	-11.2%
yoy Revenue Growth	87.9%	119.8%	110.9%	97.5%	57.7%	4.1%	56.7%	56.8%	85.7%
Gross Margin	18.7%	24.2%	13.9%	13.5%	15.3%	16.8%	19.7%	20.0%	21.4%
Days Sales Outstanding	77	59	43	42	37	48	62	81	59
Days Sales of Inventory	74	93	80	72	65	24	60	65	93
Soft Assets	599	3,235	3,363	3,180	3,153	98	174	343	3,235
Unbilled Receivables	-	-	-	-	-	-	-	-	-
Deferred / Unearned Revenue	15.0	-	13.3	12.6	12.0	-	-	11.1	18.3
Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-	-
TTM Dividends Paid	-	-	-	-	-	-	-	-	0
TTM Preferred Dividends	0	0	0	0	0	-	-	0	0
Net Change in Capital Stock	928	445	0	0	0	0	0	0	1,359
Non-Capex CFI (CFI less Capex)	-88	-815	-118	-69	-5				-1,522

ACCOUNTING RED FLAGS

Gross Margin yoy Revenue Growth (CFO-Net Income)/Revenues



Days Sales Outstanding Days Sales of Inventory



Auditor Information:

Current auditor	BDO TREVISAN AUDITORES INDEPEN (as of 26.2.2009)
Auditor's opinion	Unqualified
Auditor's opinion - Definitions	
Not Audited / Unaudited	No tests were performed to verify amounts in financial statements. Typically applied to interim statement.
Partially audited	Not all statements were audited. Auditor may specifically give opinion on one or two statements.
Unqualified	Auditor declares, without reservation, that the financial statements fairly represent the company's financial position at a point in time and that the statements conform in all material respects to GAAP.
Qualified: Limited Scope	An aspect of the company's financial statements could not be verified, such as a portion of inventory not counted.
Qualified: Inconsistent Standards	Accounting standards were not applied consistently between periods.
Qualified: not GAAP	Standard accounting principles for the country were not followed. Typically related to a unique line item and uses the phrase 'except for.'
Qualified: uncertainty	Doubt exists related to a material balance sheet item, such as value of investment or collectability of major receivable; or auditor doubts going concern ability of company. This opinion usually employs the phrase 'subject to.'
Disclaimer	Auditor refuses to state opinion on financial statements, typically due to lack of sufficient documentation provided by company and/or subsidiaries.

Quarterly Report (Form Type 10-Q)

end of period

Annual Report (Form Type 10-K)

end of period

Special Events & Material News (Form Type 8-K)

filing date

Prospectus (Form Type 42..)

filing date



On a long enough timeline
the survival rate for
everyone drops to zero.

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