



# 3Q16 and 9M16 Earnings Call



This presentation brings statements about future events that are subject to risks and uncertainties. Such statements are based on our Management's beliefs and assumptions and on information that the Company currently has access to. Statements about future events include information regarding our intentions, beliefs or current expectations, as well as those of the members of the Management Board and Company Directors.

Disclaimers according to the statements and the information about the future also include information about possible or presumed operating results, as well as statements preceded by, followed by or that include the words "believes", "may", "will", "continue", "expects", "anticipates", "intends", "plans", "estimates" or similar expressions.

The statements and information are not guarantees of future performance. They involve risks, uncertainties and assumptions because they are related to future events and, therefore, depending on circumstances that may or may not occur. Future results and value creation for our shareholders may differ materially from those expressed or implied by the statements made about the future. Many of the factors that will determine these results and values are beyond our ability to control or predict.



A challenging year due to a combination of economic and market factors

## Cattle

- Low prices of vaccines against foot-and-mouth disease due to oversupply and aggressive price policies
- Resellers of agricultural products impacted by macro scenario, which affected their working capital and purchasing condition

## Poultry and Pig

- Pressure of the cost of grains affects the chain greatly

## Companion

- Adverse macroeconomic condition reduces demand

## International Operation

- Appreciation of the Brazilian real reduces the margins of exports

**2016 is a year of adjustments, laying the groundwork for 2017**



Founder, Mr. Jardel Massari, returns as CEO

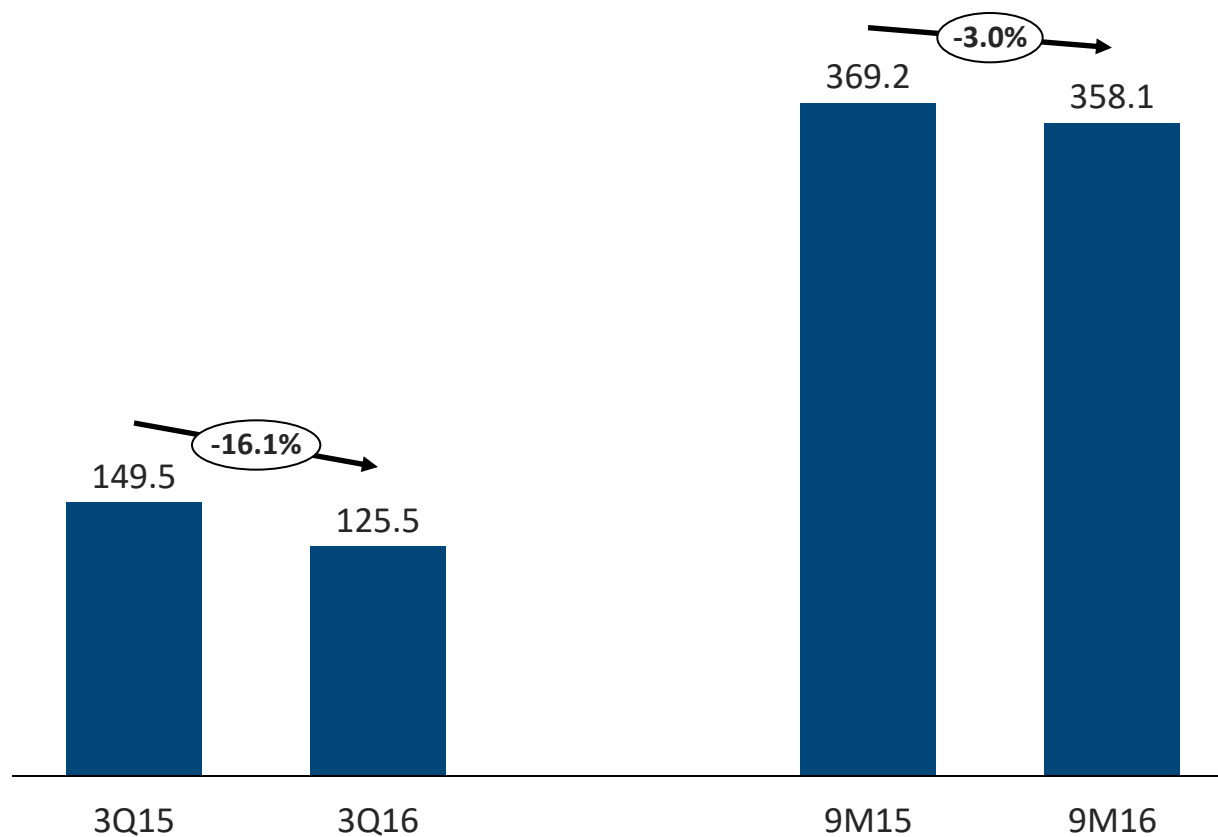
- Restructuring process focused on profits
- Commitment to quality, high level of service and innovation

Actions in place

- Reestablishment in sales terms as of 2016 and progressive adjustment of lower levels of inventory
- Branding - more competitive difference in the markets in which we operate
- Hiring of a performance/process consulting firm has been considered, to seek efficiencies and reduction of costs/expenses
- Poultry and pig segment – a volume reduction in 2017 and a progressive change in the current portfolio by including higher added value products, especially vaccines, in 2018
- Rationalization of the cattle portfolio



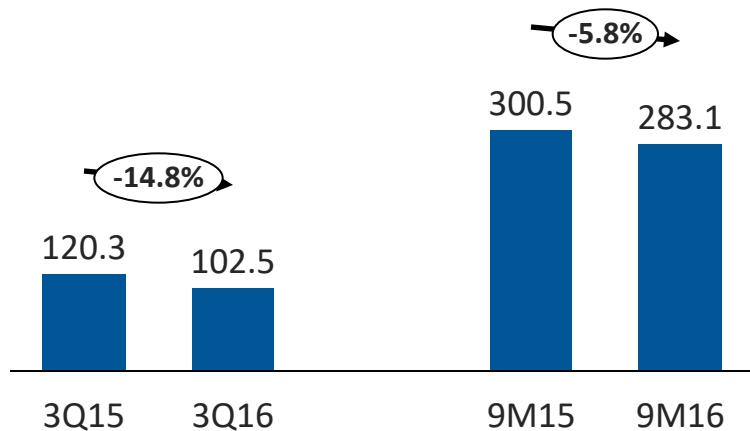
## Ourofino Saúde Animal (R\$ million)



# Net Revenue By Segment

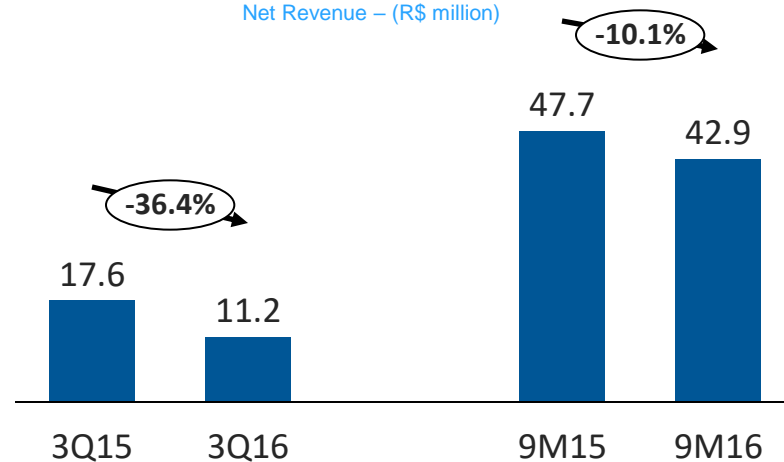
## Production Animals

Net Revenue – (R\$ million)



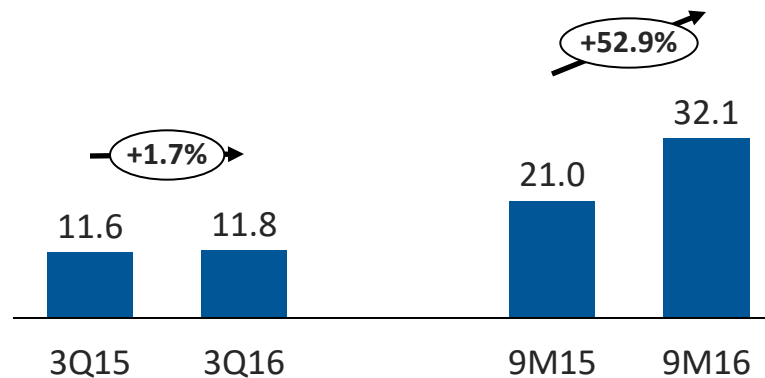
## Companion Animals

Net Revenue – (R\$ million)



## International Operations

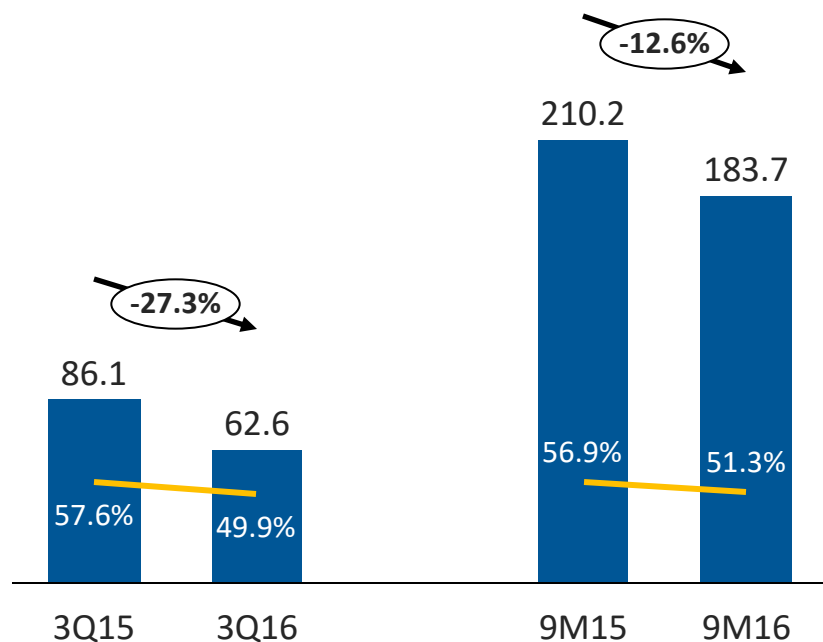
Net Revenue – (R\$ million)



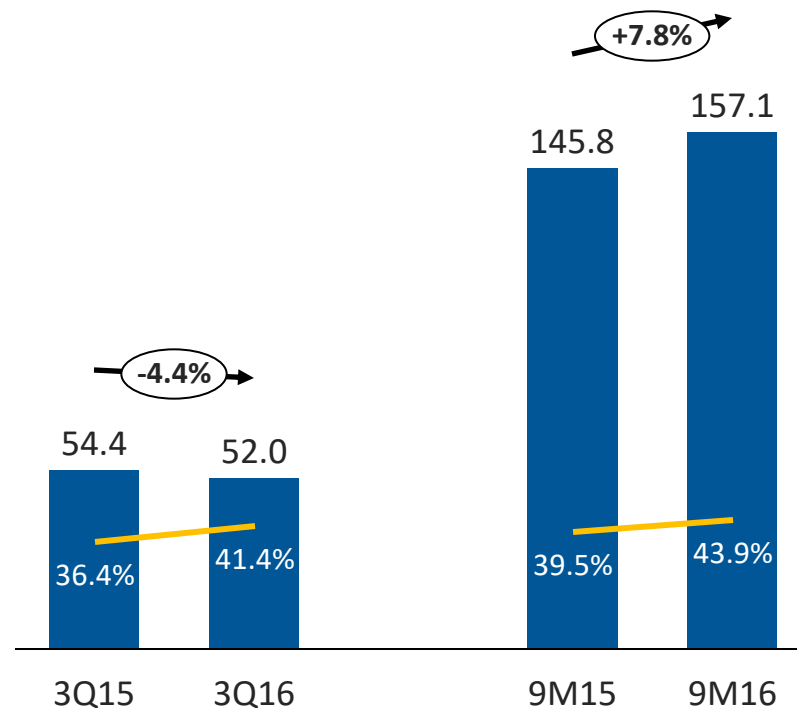
# Financial Performance



## Gross Profit (R\$ million)



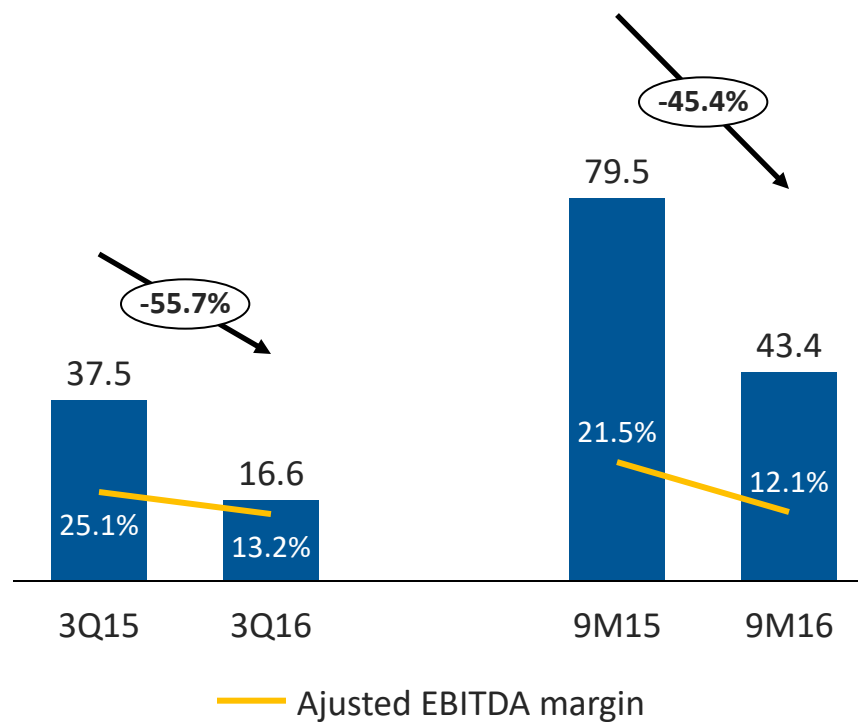
## SG&A (R\$ million)



— Percentage over net revenue



## Adjusted EBITDA (R\$ million)

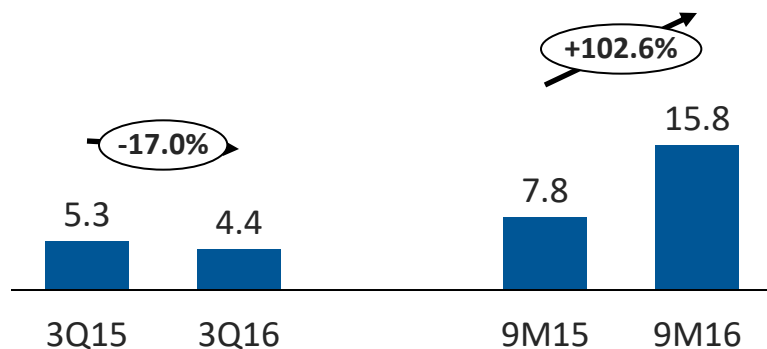






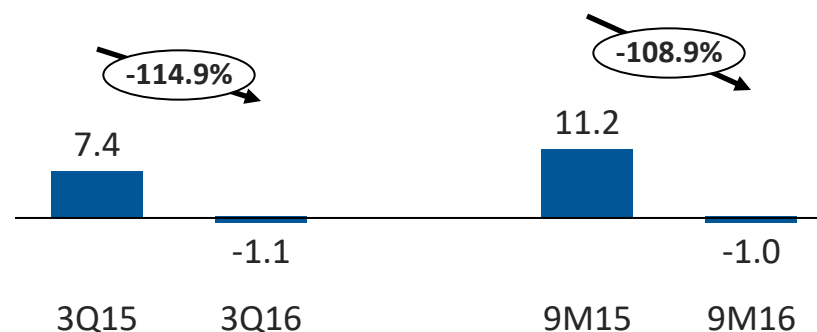
## Net Financial Expense

(R\$ million)



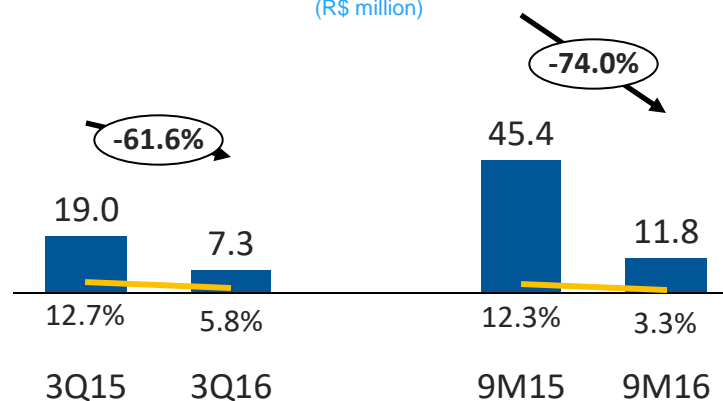
## Tax Expenses

(R\$ million)



## Net Profit

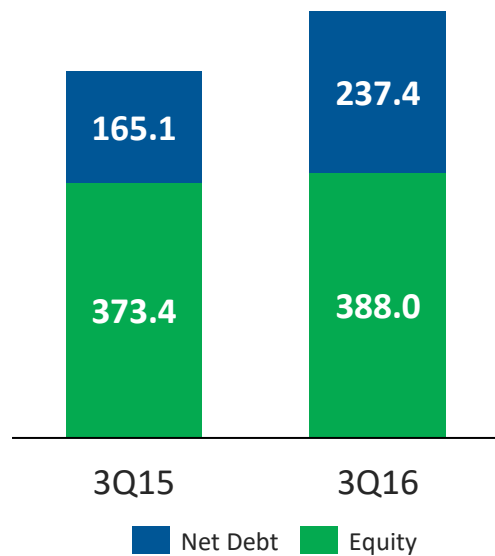
(R\$ million)



— Profit margin



## Net Debt and Equity (R\$ million)



Net Debt.<sup>1</sup> / Adjusted EBITDA

1.48x

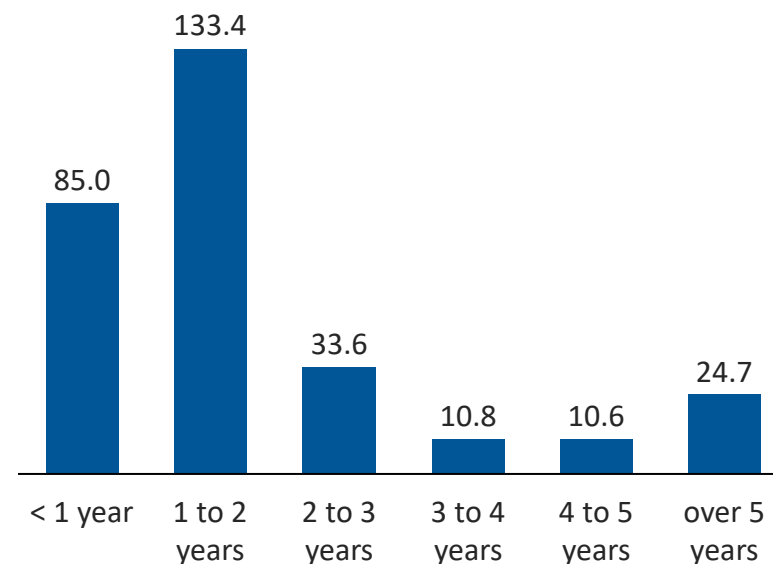
2.95x

Average interest on debt in sep 30<sup>1</sup>

6.75%

9.61%

## Debt Aging<sup>2</sup> (R\$ million)



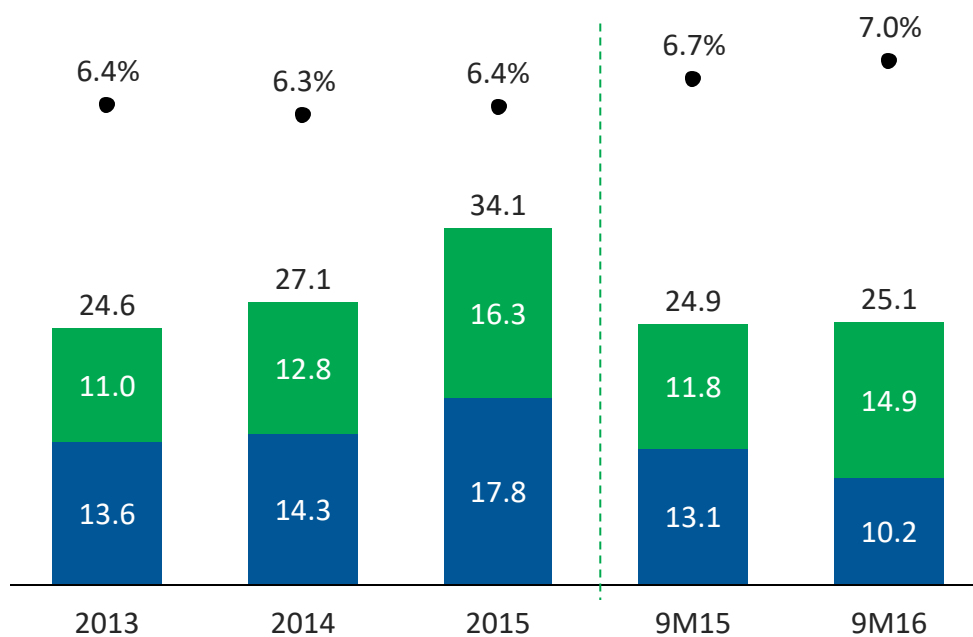
- Cash and equivalents of R\$ 60.8 million.
- Funds from transactions already contracted are expected to be received, especially those related to FINEP and BNDES-Exim, in the total amount of R\$ 52 million

Note 1: Average cost calculated on the debt considering linked derivatives.

Note 2: Aging is for debt considering linked derivatives.



## R&D Investment (R\$ million)



Launched products



■ Intangible   
 ■ Expenses   
 ● % Net Revenue



## 9M16 Launches

### 3rd quarter



#### Mgold 20

20% of monensin, safely and effectively prevents coccidiosis in broilers and replacement pullets, with zero-day withdrawal time.

#### Categoria

Antimicrobial  
(Production animals)



#### Mgold 40

Prevents coccidiosis in broilers and replacement pullets and maximizes the zootechnical performance of poultry and zero-day withdrawal time.

#### Categoria

Antimicrobial  
(Production animals)

### 2nd quarter



#### Evol

Broad-spectrum endectocide for cattle; its formulation is based on ivermectin and albendazole sulfoxide

#### Category

Endectocide  
(Production animals)



#### Nulli

Tramadol-based oral analgesic for dogs and cats

#### Category

Therapeutic product  
(Companion Animals)

### 1st quarter



#### Resolutor

Antibiotic prescribed for the quick treatment of respiratory diseases in animals

#### Category

Antimicrobial  
(Production animals)



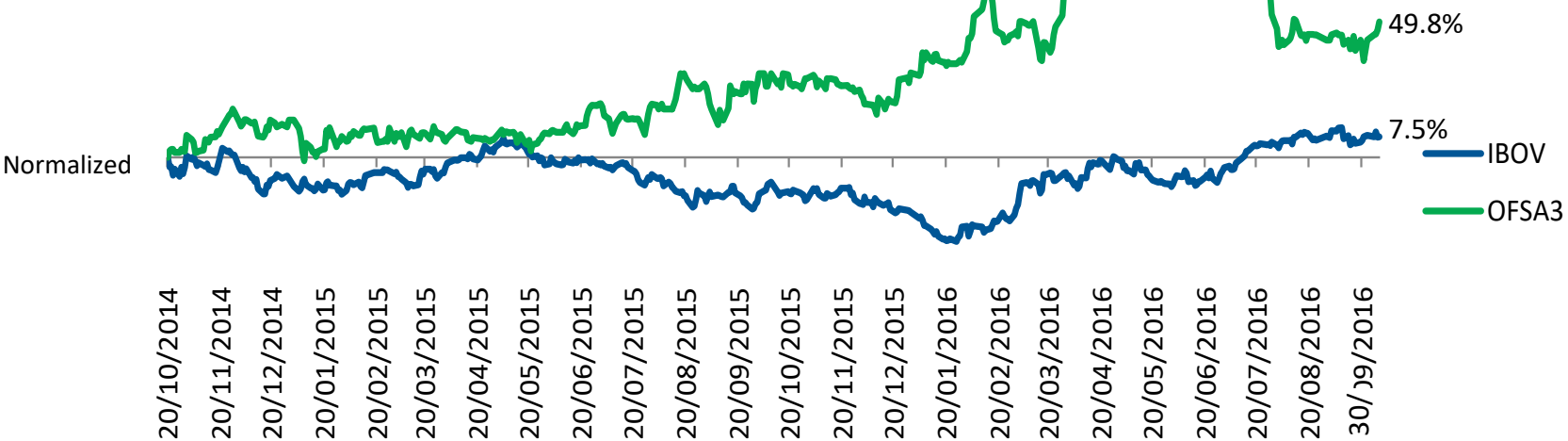
#### Ourovac Raiva

Vaccine against rabies in cattle

#### Category

Biological  
(Production animals)

# OFSA3 Return vs Ibovespa\*



\*Dividends are included in the return