



OPERATOR:

Good morning, everyone. Welcome to Frigorífico Concepción's first quarter 2021 Earnings Call.

Joining us today are;

Jair Antonio de Lima – President of the Board

Pedro Pascutti – Vice President

Joaquin Lagos – Chief Financial Officer

Today's call is being recorded and all participants will be in a listen-only mode during the Company's presentation.

At the end of the presentation there will be a question-and-answer session.

Should any participant need assistance during this call, please press (*0) to reach the operator.

Please remember that forward-looking statements regarding the company's business outlook, projections, and the company's growth potential are merely assumptions based on management's expectations regarding the company's future operations. They involve risks and uncertainties because they relate to future events and therefore depend on circumstances that may or may not occur.

The presentation of this call is available at www.ri.frigorificoconcepcion.com.py

Now I would like to turn the conference over to Jair Lima, CEO and Chairman, who will be doing the presentation in Spanish with the help of a translator.

Please go ahead, Sir.

Mr. Jair Lima: Good morning everyone, welcome to our release of FRIGORIFICO CONCEPCION S.A.'s 2021 and first quarter results.

We start on page 4 where we have the highlights of the first quarter 21.

We have accumulated revenues of US\$ 147.3 million, which is 20.9% higher than 1Q2020.

Our gross profit was 24.8 million, 37.6% higher than 1Q2020 with a gross margin of 16.8%.

We closed 1Q2021 with EBITDA of US\$ 19.2 million and with a net income of US\$ 12.1 million.

And with the leverage of 2.6 times in compliance with our governance.



On page 5, we can see the graphs of our annual (considering the last twelve months) and quarterly consolidated revenues for the quarter and the detail by Business Unit.

Revenues in the first quarter were 20.9% higher than in the same period of 2020 and a 46% increase over the last twelve months' revenues.

Of total revenues in the first quarter, 13.9% of revenues came from BFC, our Bolivian operation.

Please turn to page 6, on the left side of the page we have the graphs concerning our installed capacity utilization for the first quarter of 2020, the last quarter of 2020 and the first quarter of 2021.

You can also see the detail of the main export destinations of our products this quarter, Russia 25%, Brazil 18.5%, Chile 18.2%, China 12.5%, Israel 7.1% and Taiwan 4.5%.

EBITDA for 1Q2021, as you can see on page 7, was US\$ 19.2 million with a margin of 13.1%, this was a 40.7% increase from 1Q2020.

The increase in EBITDA at Frigorífico Concepción S. A. was 46%, while at BFC, our Bolivian operation, was 16.6%.

EBITDA FOR THE LAST TWELVE MONTHS was 70 million, an increase of 74.5% compared to the same period last year.

On page 8, you can see that our net income for 1Q21 was US\$ 12 million with a net margin of 8.2%, this is a 25.2% higher than in 1Q2020.

Net income for the last 12 months to March 31, 2021, was 61.9% higher than in the same period of 2020.

On page 9, it is a description of our debt profile for the period 2021 to 2025 and our level of indebtedness of 2.6 times, at quarterly.

Our debt composition by currency is 99% in Dollars and 1% in Guaranís.

The graph below, by source of funds, shows that 80% of our financing corresponds to the bonds issued in January and October and December of 2020.

Our payment schedule for the next few years shows that 92% of our debt is in the long end of the curve.

Before moving on to the questions and answers section we would like to mention as a relevant fact the following, which will be read directly in English:

On June 21, 2021, we offered to purchase any and all of our 10.25% Secured Notes due 2025 for cash. We also requested bondholders to consent to the amendment of any



Notes that are note tendered. The purpose of the combined transaction is to repurchase any and all of the Notes and thereby reduce or fully refinance the Company's outstanding indebtedness under the Notes, and to obtain a permanent and unconditional relinquishment of all rights of the holders of Existing Notes to the collateral securing those Notes, and to introduce some additional amendments. The Company intends to dedicate part of the collateral released to secure new notes the Company proposes to issue to finance the offer to purchase, which is subject to various conditions.

The cash tender offer will expire at 11:59 p.m., New York City time, on July 19, 2021, unless extended.

In order for the proposed amendments to be approved and the collateral to be released, consents must be received in respect of at least 90% in aggregate principal amount of the Notes outstanding.

Global Bondholder Services Corporation will act as the Information Agent and Depositary for the Offer to Purchase and the Consent Solicitation.

Bank of America Securities is acting as dealer manager (the "Dealer Manager") for the Offer to Purchase and Consent Solicitation.

Now we can proceed to the question-and-answer section.

Operator: Thank you, the line is now open for questions.

Please note that a translator is in the room translating all questions and answers. There will be brief moments of silence to translate the questions.

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Our first question comes from Omar Ziolla, from Oppenheimer. Please, you may proceed.

Mr. Omar Ziolla: Hi, good morning. Can you give us the number of total heads slaughtered in the quarter and also if you could talk about exporting cattle prices for the quarter and how they compare to the previous quarter? Thank you.

Translator: Omar, to your first part of the question, in the first quartered it has been slaughtered 160,633 heads and a consolidated average export prices are 4.47 for the meat cuts.

Mr. Omar Ziolla: Thank you. And cattle prices, are they kind of stable quarter-over-quarter or have they changed much in either Paraguay or Bolivia?



Translator: Omar, first quarter 2021 the purchase price was US\$3.10, second quarter, and this is an estimate because we are still closing, US\$2.01.

Mr. Omar Ziolla: Great, thank you.

Operator: We have one question. Jair, can you please comment on how much of your revenue growth was due to volume growth versus pricing? What are the current prices paying for cattle?

Translator: I want to translate the question. It's a two-tier question. First is regarding the volume. Part of the increasing revenue has to do with the increase in volume of slaughter. First quarter 2000 it was 99 thousand heads, in first quarter of 2021 was 160.6 thousand heads. That is an increase of 40% in volume. At the same time, Frigorífico Concepción has achieved significant economies of scale that also helped the revenue line.

With respect to the second part of the question, the price of cattle, there are several elements that bring the prices up. One element is the price of cattle in Brazil, that somehow influences Paraguay. In Brazil, with the increasing value of the local currency, the Real, it has brought an increase in pricing in US dollars for the price of beef and that has an influence in Paraguay.

The second driver of increased prices is the increases in corn prices used for feedlot that is bringing the price of beef up. And the third element is that, in the world, China, Israel, Chile for several reasons mostly demand the price of beef is up. So those three elements, influence of Brazil, price of corn and world prices are bringing up the prices and at the same time Paraguay maintains its competitive position. Labor cost, energy cost in Paraguay remain low and price of cattle remain somewhat depressed compared to Brazil. So that is driving the margin.

Operator: So, we have more questions on the webcast. After the cash tender, will there be any additional issuance of New Notes? If there will be, is there any idea of duration and coupon of the New Notes? And another question is what is the size of the New Notes you are complaining? What will be the use of proceeds if the amount issued is higher than existing bonds outstanding? And another one is what is the timing of the new issue?

Translator: We appreciate the questions regarding the new issue. All we can say, we are in the middle of the process of the tender offer that has been announced and we would like to announce the new issue next week, but we ask kindly to refer all your questions regarding the new bonds to Bank of America. What you can do is send us an email to investor relations at Concepción, the email that is listed on our website, and we will direct you to the proper executives at Bank of America, it's going to be, Carlos-Ivan Lopez on the debt capital market side, Matt Radley on the liability management side. Thank you.

Operator: This concludes today's question and answer session. I would like to invite Mr. Jair Antonio de Lima to proceed with his closing statements. Please go ahead, sir.

Translator: Mr. Jair says thank you very much to everybody attending the conference, we are going to continue working at Frigorífico Concepción to make this company great and we really appreciate those that are going to accompany us in the future financing that is envisioned.



Closing

Operator: This concludes Frigorífico Concepción's conference call. Thank you very much for your participation, have a good day and thank you for using Chorus Call.