

Sector Report

Affordability? Innovation? Or both?

May 2025

BRAZILIAN PACKAGED FOOD INDUSTRY



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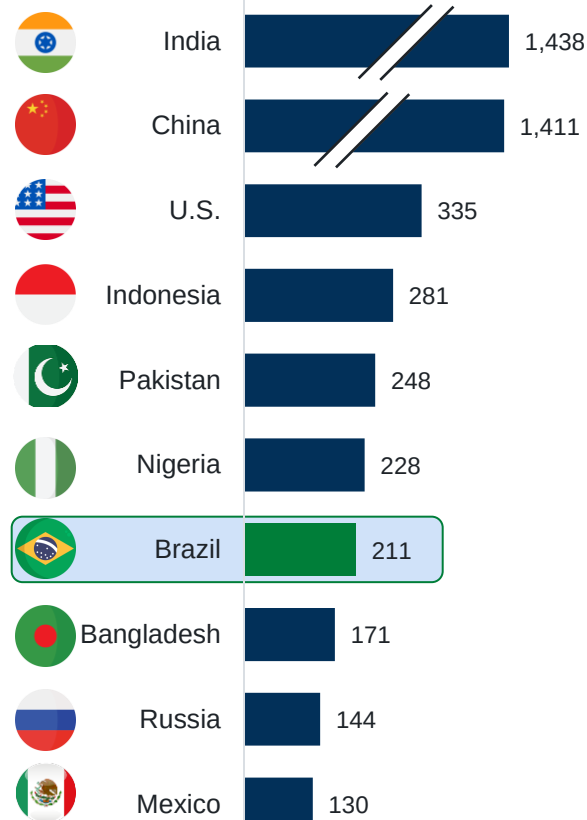
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Brazil is the world's 7th most populous country and the 10th largest economy

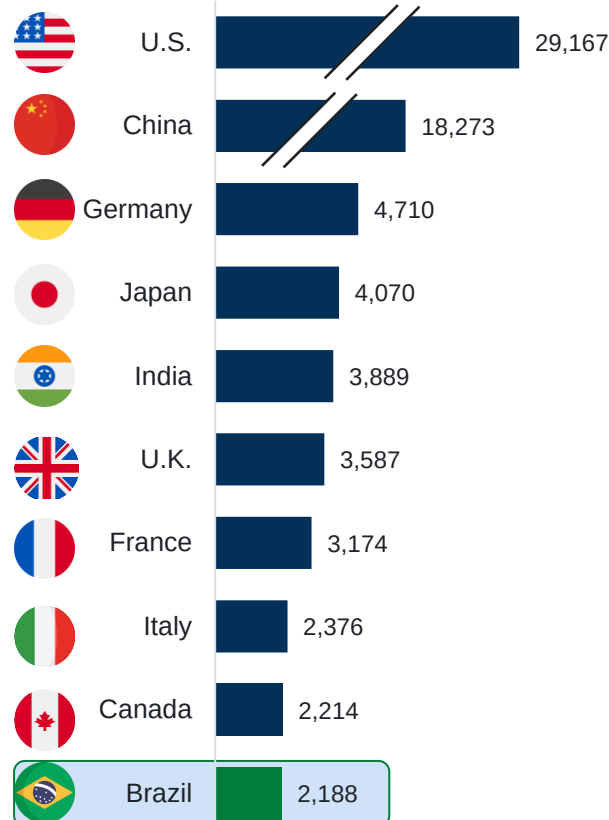
Top 10 countries by population in 2023

million, except as otherwise indicated



Top 10 countries by GDP in 2024

US\$ billion, except as otherwise indicated



Largest urbanized countries in Latin American in 2023

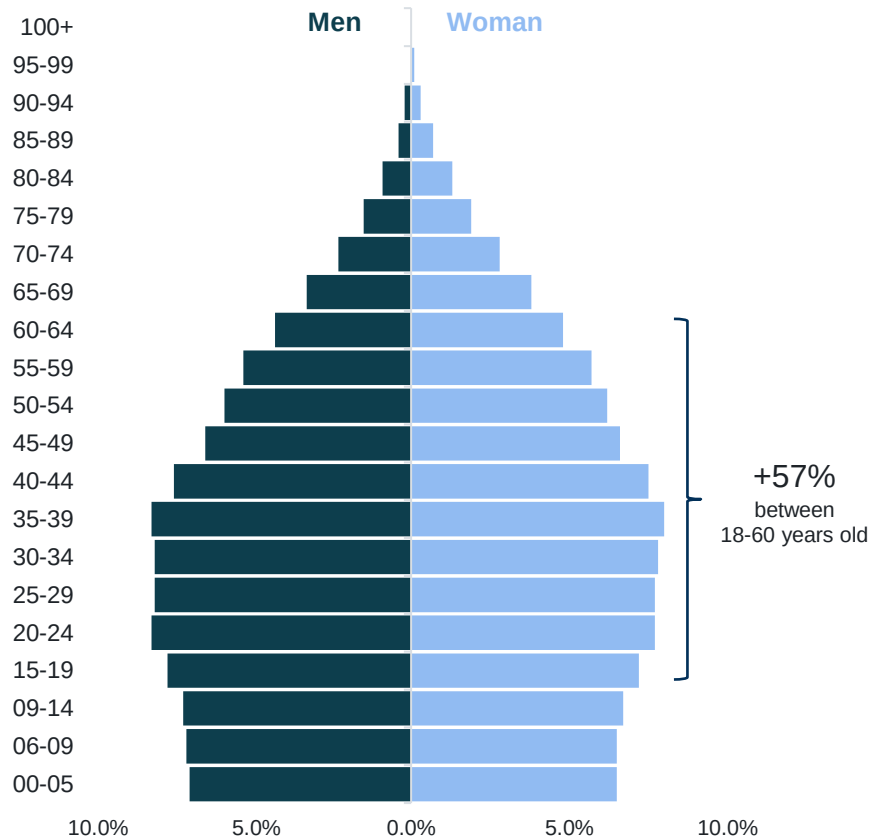
% of total population, except as otherwise indicated



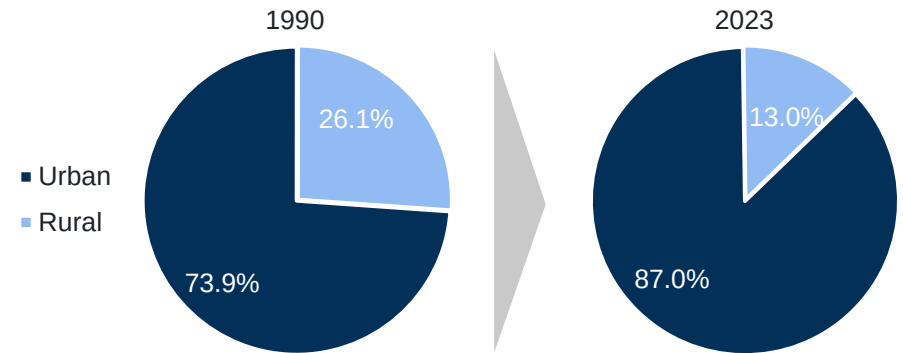
Source: Worldbank, and Statista

Brazil combines demographic strength, urbanization and an expanding middle class – however, affordability is an issue

Brazil's demographic profile

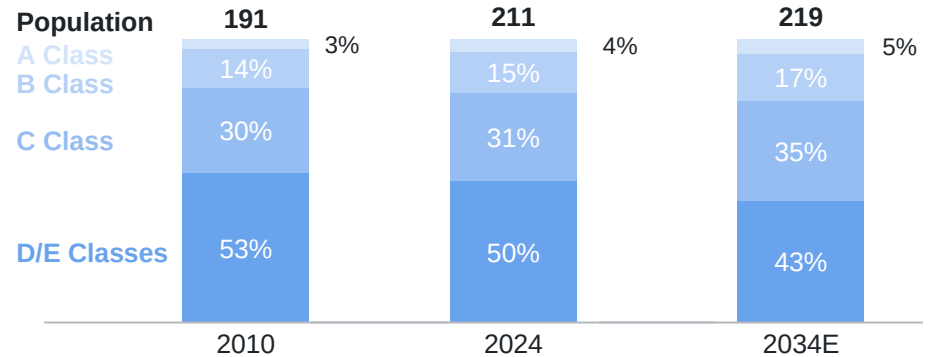


Urban population in Brazil



Socioeconomic segmentation⁽¹⁾

Million, except as otherwise indicated



Source: IBGE, Tendências Consultoria, Estadão, and Statista

(1) Classes are divided according to monthly family income of: A Class – above US\$5,200; B Class – US\$2,400-5,200; C Class – US\$700-2,400 ; D-E Classes – below US\$700 – converted at 2024 average FX rate of US\$/R\$ 5.39

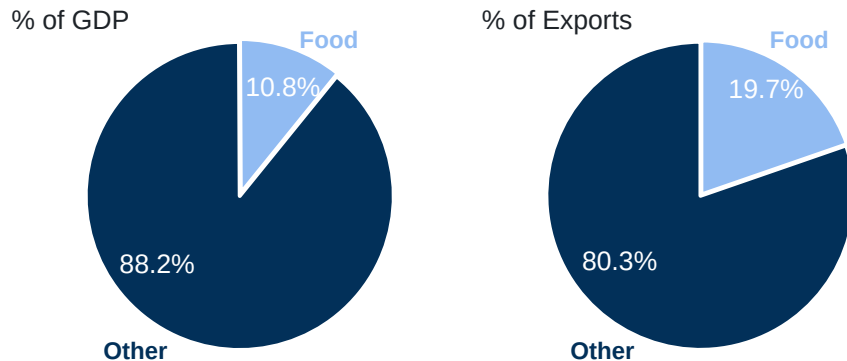
The food industry in Brazil

Brazil is a global food power in commodity type food products such as soybeans, meat, sugar, and orange juice

Food industry overview

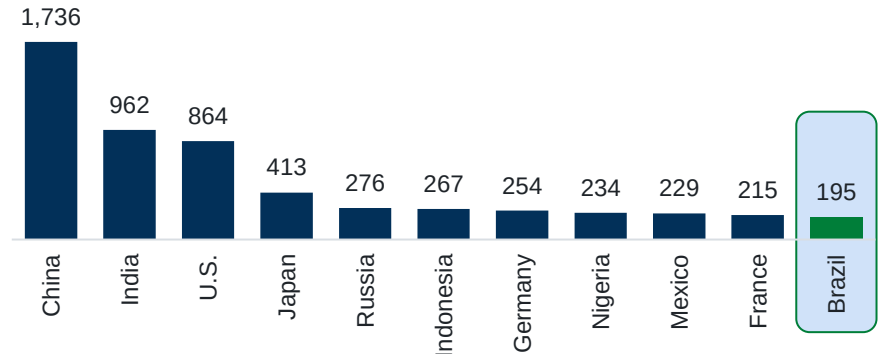
- 283 million tons of food were produced in 2024
- 72% of total food produced is destined for the domestic market
- Sector comprised of 41,000 companies, 94% of which are micro, small, or medium-sized
- Directly employs approximately 2.1 million people in formal jobs
- Generates approximately 8.3 million indirect jobs

Food industry contribution to Brazil

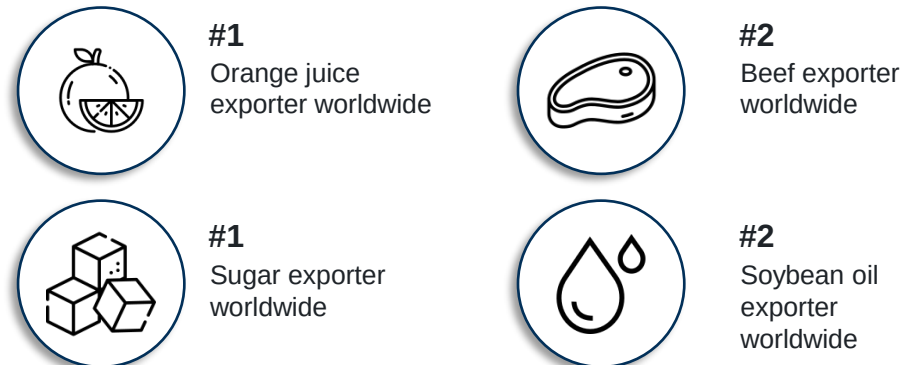


Top countries in food industry revenues in 2024

US\$ billion, except as otherwise indicated



Brazil global leadership in key food categories

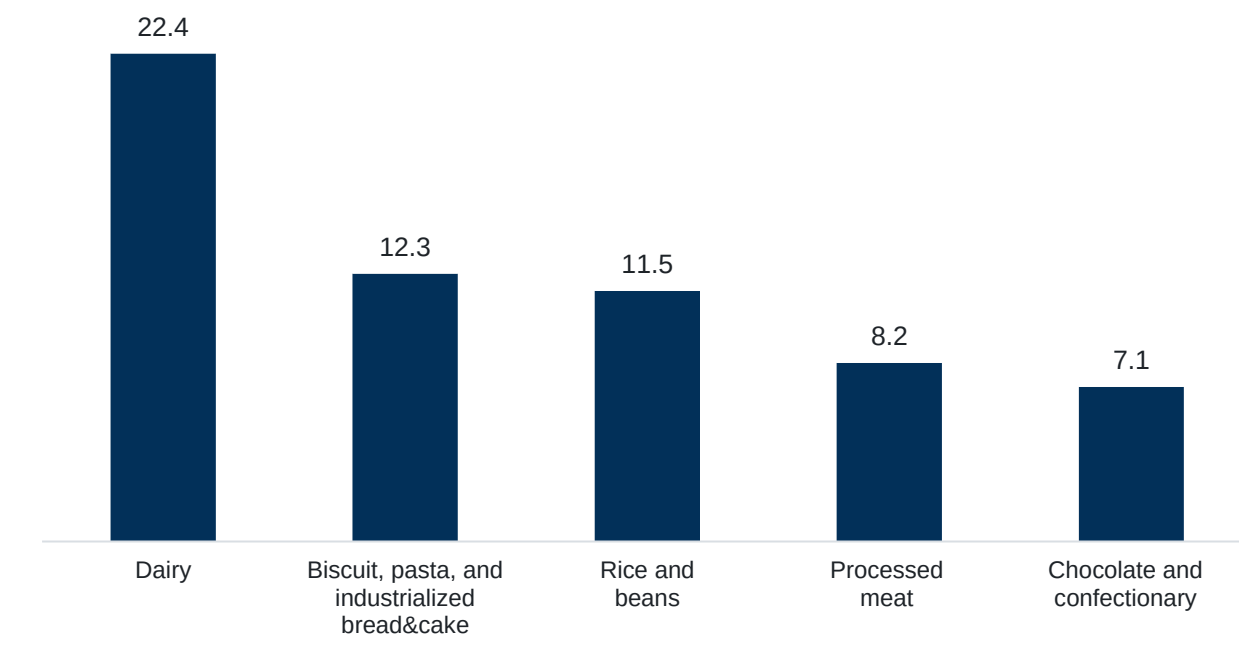


Source: IBGE, and Tendências Consultoria

In this report, we focus on packaged food which is mostly branded and for domestic consumption

Consumer spending in selected packaged food segments in Brazil

US\$ billion, except as otherwise indicated



Source: Marketline, Brazilian association of cookie, pasta, and industrialized bread & cake industries, Statista, and Brasilpar analysis

The food industry in Brazil

The dairy segment has seen relevant consolidation over the past decade, but still has important Brazilian companies

- Consumer spending on dairy totaled US\$22.4 billion in 2023
 - Milk - US\$8.1 billion
 - Cheese - US\$7.5 billion
 - Yogurt - US\$3.8 billion
 - Butter & spreads - US\$1.1 billion
 - Other - US\$ 1.8
- Dairy consumer volume totaled 9.1 million ton in 2023

Relevant players in Brazil (not ranked by market share in Brazil)

Company	Revenues (US\$ million)	HQ	Company	Revenues (US\$ million)	HQ
 Nestlé	114,612 Global		 Piracanjuba	1,659	
 DANONE	30,104 Global		 Unim	1,304	
 LALA	5,528 Global		 alvoar lácteos	776	
 AURORA COOP	4,639		 CCPR UNIÃO QUE DESENVOLVE	600	
 GROUPE LACTALIS	3,167 Global		 JUSSARA	321	

Source: Capital IQ, Exame, Econodata, and Marketline

The food industry in Brazil

The biscuit, pasta, and industrialized bread&cake segment is more balanced between Brazilian and multinational companies

- Consumer spending on biscuit, industrialized bread and cake, and pasta totaled US\$12.3 billion in 2024
 - Biscuit US\$6.1 billion
 - Industrialized bread and cake US\$3.4 billion
 - Pasta US\$2.8 billion
- Biscuit, industrialized bread and cake, and pasta consumer volume totaled 3.7 million ton in 2024
 - Biscuit 1.6 million ton
 - Pasta 1.3 million ton
 - Industrialized bread and cake 0.9 million ton

Relevant players in Brazil (not ranked by market share in Brazil)

Company	Revenues (US\$ million)	HQ	Company	Revenues (US\$ million)	HQ
 Nestlé	114,612 Global		 M. Dias Branco	1,800	
 PEPSICO	91,854 Global		 Bauducco	970	
 Mondelēz International	36,441 Global		 J. Macêdo O sabor de fazer bem feito	529	
 GRUPO BIMBO	22,412 Global		 Selmi Desde 1981	380	
 Camil	2,261		 Marilan	366	

Source: Capital IQ, Exame, Econodata, and Brazilian association of biscuits, pasta, and industrialized bread&cake industries (Abimapi)

The food industry in Brazil

Rice and beans are a completely Brazilian thing

- Primary rice and beans totaled US\$7.5 billion in 2023
 - Rice US\$4.3 billion
 - Beans US\$3.2 billion
- Estimated⁽¹⁾ consumer spending on rice and beans totaled US\$11.5 billion in 2023
 - Rice - US\$6.6 billion
 - Beans - US\$4.9 billion

Relevant players in Brazil (not ranked by market share in Brazil)

Company	Revenues (US\$ million)	HQ	Company	Revenues (US\$ million)	HQ
 Camil	2,261		 Arroz Pelotas	>50	
 Josapar	378		 PIRAHY	>50	
 URBANO	316		 PILECCO NOBRE	15 - 56	
 Cotrisel	245		 ENGENHO	15 - 56	
 COOPERJA	194		 DICKOW	15 - 56	

Source: Capital IQ, Serasa, Econodata, Confederation of agriculture and livestock of Brazil (gross agricultural production value), and Brasilpar analysis

(1) Estimated consumer spending was derived by applying average mark-ups observed in the food processing and grocery retail sectors to the primary value of rice and beans, based on publicly available financials from companies such as Camil, Josapar, Pão de Açúcar, Assaí, and Atacadão

The processed meat segment is entirely dominated by Brazilian players

- Consumer spending on processed meat totaled US\$8.2 billion in 2023
- Processed meat consumer volume totaled 1.4 million ton in 2023

Relevant players in Brazil (not ranked by market share in Brazil)

Company	Revenues (US\$ million)	HQ	Company	Revenues (US\$ million)	HQ
	77,687			745	
	27,736		 São Salvador Alimentos	733	
	11,428			689	
	6,348			601	
	4,639			541	

Source: Capital IQ, and Statista

The food industry in Brazil

The chocolate and confectionery segment is almost completely in the hands of multinational companies

- Consumer spending on chocolate and confectionery totaled US\$7.1 billion in 2023
 - Chocolate US\$4.9 billion
 - Confectionery US\$2.2 billion
- Chocolate and confectionery consumer volume totaled 0.6 million ton in 2023

Relevant players in Brazil (not ranked by market share in Brazil)

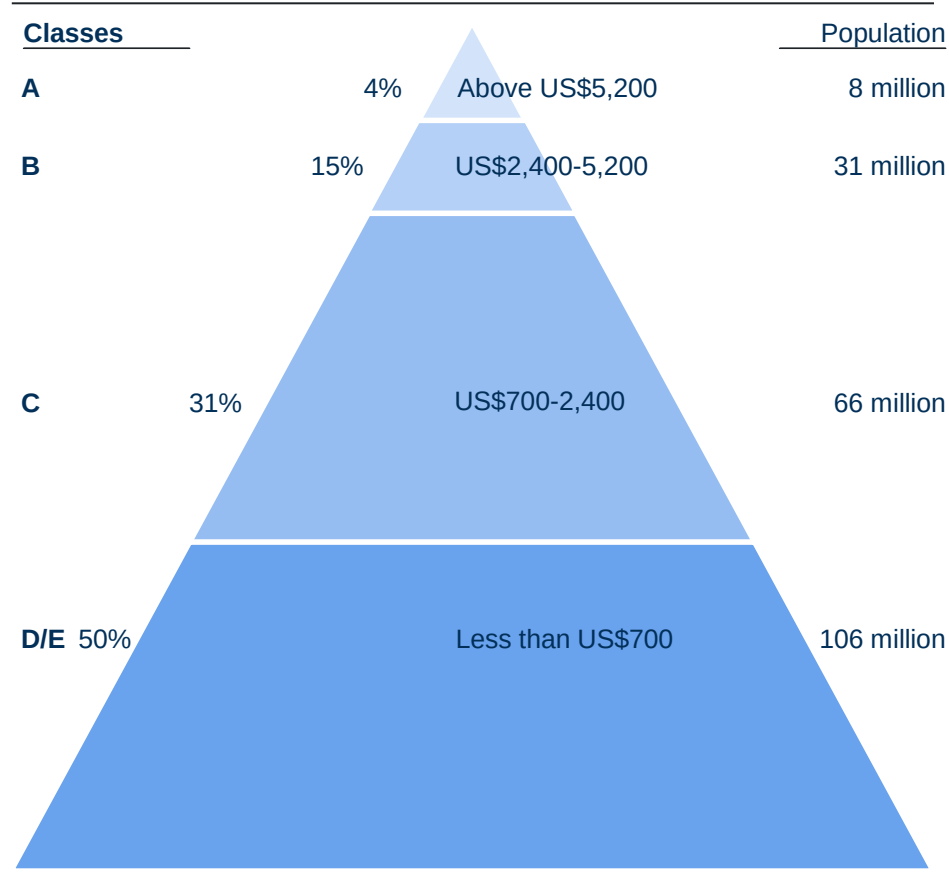
Company	Revenues (US\$ million)	HQ	Company	Revenues (US\$ million)	HQ
 Nestlé	114,612 Global		 Lindt	6,812 Global	
 MARS	36,575 Global		 ARCOR	4,324 Global	
 Mondelez International	36,441 Global		 CacauShow *****	1,022	
 FERRERO	19,870 Global		 peccin	140	
 HERSHEY THE HERSHEY COMPANY	11,202 Global		 Neugebauer	106	

Source: Capital IQ, Reuters, Econodata, IBGE, and Marketline

Affordability is a key theme

Affordability is an issue

Monthly family income by socioeconomic class

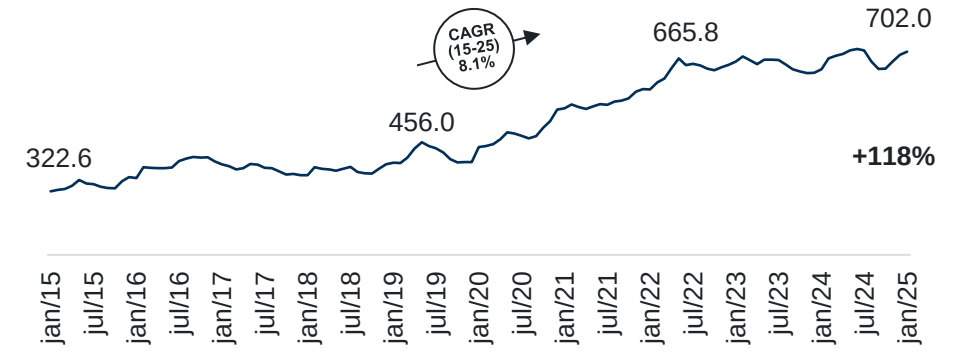


Market size and consumer profile

- 171 million people belong to Brazil's lower-income segments (Classes C/D/E), representing 81% of the population
- Consumers in these segments typically allocate up to 23% of their monthly income to food and essential goods. In 2018 it was around 18%
- Affordable products in small pack sizes account for over 60% of everyday consumer goods sales by volume

Inflation in basic consumer basket

R\$, except as otherwise indicated



Source: IBGE, Tendências Consultoria, Estadão, FGV, and Dieese "Pesquisa Nacional da Cesta Básica de Alimentos"

Affordability is a key theme

Fuji Oil acquisition of Harald, a leading B2B chocolate and compounds producer illustrates the theme of affordability

Main competitors in B2B chocolate and compound



Tapping the opportunity

- Harald is the leading producer and seller of compound chocolate, widely used by industries, bakery shops, pastry shops, and home bakers (micro entrepreneurs) across Brazil
- Harald enjoys strong recognition among professional users, particularly price-sensitive clients
- Fuji Oil's acquisition of Harald strengthened its footprint in the affordable B2B chocolate segment

Brasilpar case

FUJI OIL

Acquisition of



Harald products

Confectionery bases



Compounds

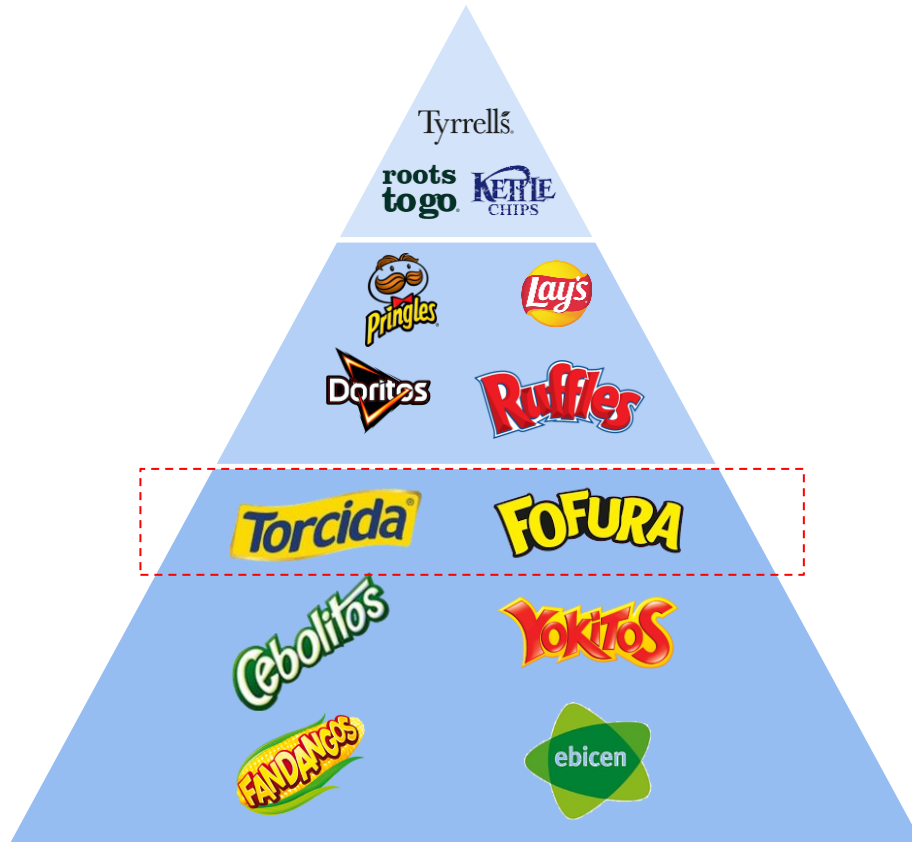


Source: Companies website, and Brasilpar analysis

Affordability is a key theme

PepsiCo acquisition of Lucky, a leading low-price salty snacks producer, further illustrates the theme of affordability

Main competitors in salty snacks

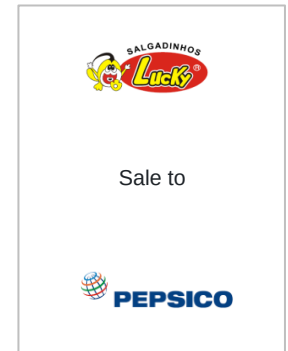


Source: Companies website, and Brasilpar analysis

Tapping the opportunity

- Lucky's main brands Fofura and Torcida are well established among Brazil's Class C and D consumers, the largest consumer base
- These products have strong distribution in small retailers, neighborhood shops, and even bus stops
- PepsiCo's acquisition of Lucky expanded its reach in the affordable snacks segment

Brasilpar case



Lucky products

Torcida



Fofura



Emerging trends in the Brazilian food industry

Brazilian food brands adopt plant-based, functional, and clean label solutions to meet evolving consumer preferences

Plant-based

- Food products made with plant-origin ingredients replacing animal proteins (e.g. burgers, dairy alternatives)
- According to Global Food Institute, Brazil is among Latin America's leaders, with sales growing +30% per year
- Local players such as Fazenda Futuro and The New Butchers are gaining traction, while traditional meat companies are also launching plant-based lines

Functional food

- Products offering additional health benefits (e.g. gut health, immunity, energy)
- Category is growing fast post-pandemic, with probiotic yogurts, kombuchas, and high-protein snacks

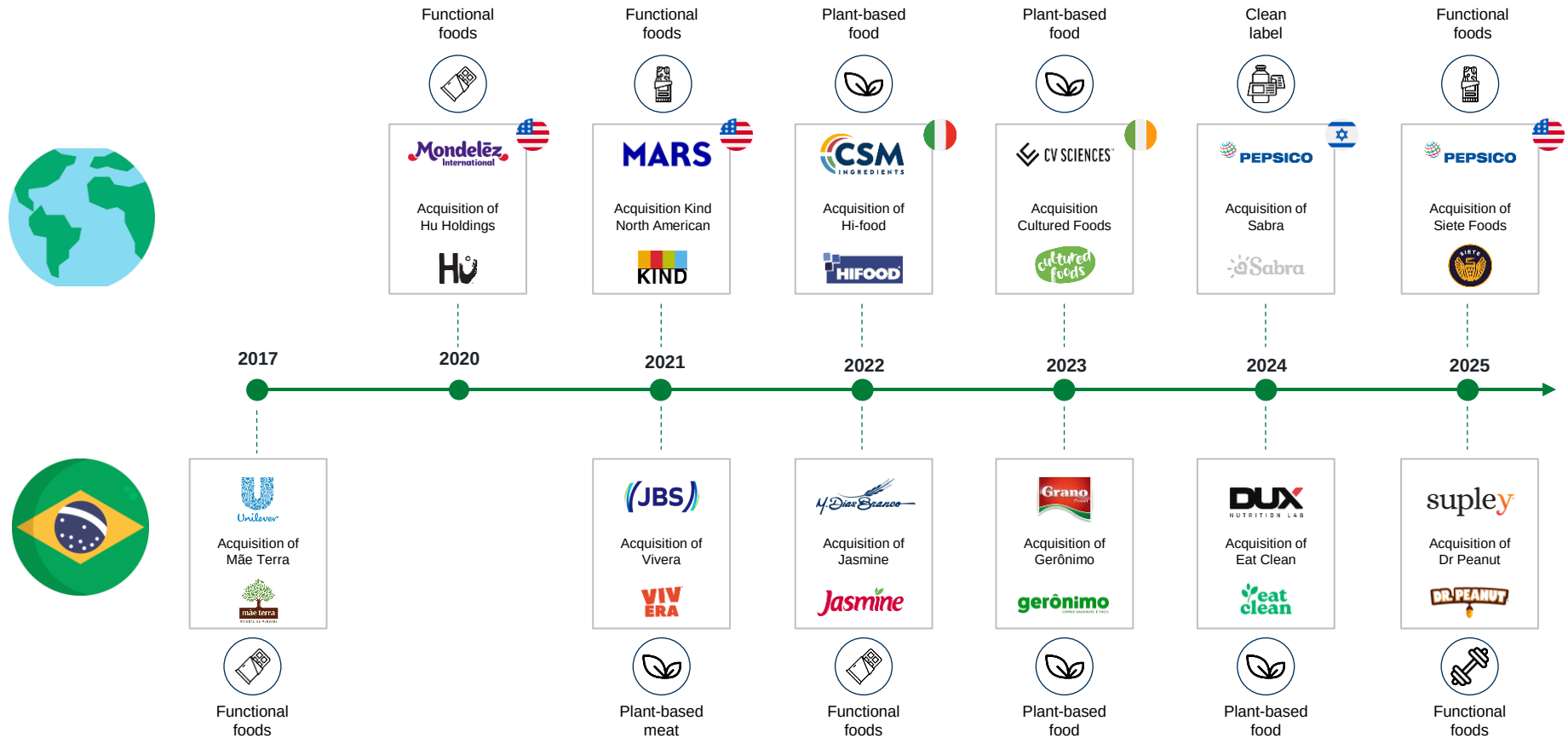
Clean label

- Simpler recipes with natural, recognizable ingredients and no artificial additives
- According to Nielsen research, 65% of Brazilian consumers are willing to pay more for clean label products

Source: Reuters and Nielsen

Emerging trends in the Brazilian food industry

Brazil is following global trends in food innovation through increasing M&A activity



Source: Capital IQ, digital press clippings, and Brasilpar analysis

Plant-based meat is becoming part of product portfolios in Brazil and globally

Main trends

- Multinational food giants like Nestlé, Unilever, and Pepsico are entering the plant-based space with dedicated vegan and vegetarian product lines
- Traditional meat producers such as JBS, Marfrig, and Aurora Coop are launching their own plant-based lines to stay competitive in a rapidly evolving protein landscape
- Specialist brands such as Fazenda Futuro, NotCo, and The Now are innovating with fully vegan portfolios

Brazilian meat producers with plant-based products



Multinationals with plant-based products



Specialized plant-based players in Brazil



Food companies are integrating functionality into everyday products in Brazil

Main trends

- Large food groups traditionally focused on processed foods are adding functional attributes to everyday products
- Dairy-based companies are pioneers in gut health and protein-focused functional nutrition

Multinationals with functional products



Brazilian dairy players with functional products

VIGOR



YORGUS®
100% yogurte



Specialized functional food players in Brazil



Jasmine



Verde Campo



From chocolate to condiments, brands are adopting cleaner formulations

Main trends

- Traditional chocolate companies are simplifying ingredient lists and removing artificial additives, highlighting cocoa content, natural sweeteners or certifications
- Industrialized bread companies such as Bauducco, Nutrella, and Wickbold are launching wholegrain, fiber-rich, and preservative-free products to meet daily health demands
- Even seasoning brands, long associated with sodium and additives, are introducing low-salt and natural versions aligned with clean label trends

Bread players with clean-label products



Chocolate players with clean-label products



Seasoning players with clean-label products



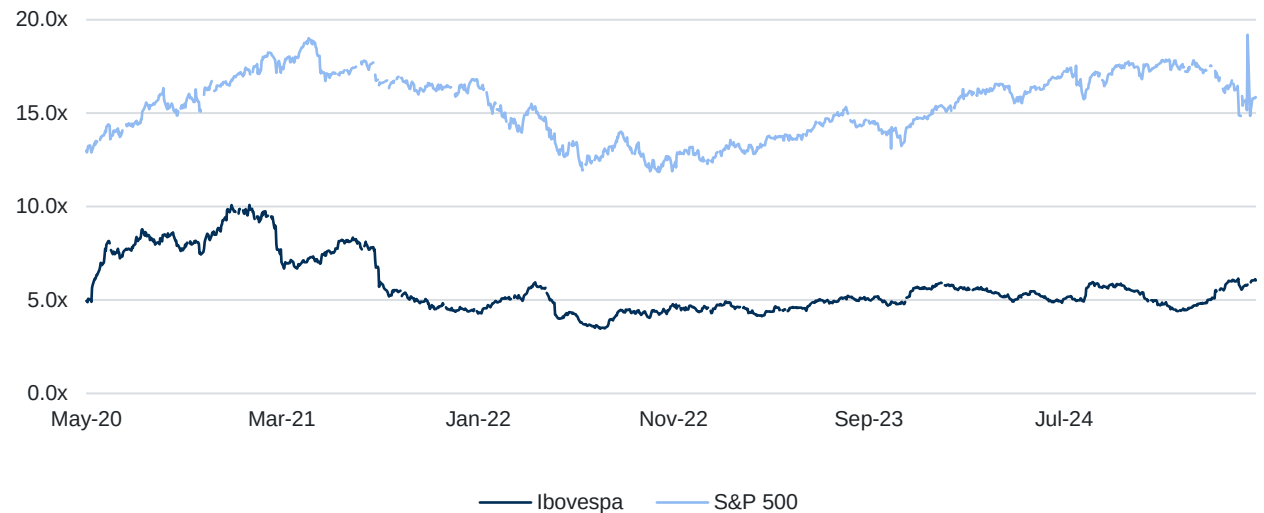
Source: Companies websites

Brazilian valuations compared to the U.S.

Brazilian equities have been trading at a very high EV/EBITDA discount compared to U.S. equities

- The Brazilian Ibovespa index currently trades at a 62% EV/EBITDA discount in comparison to the S&P 500

EV/EBITDA: Ibovespa vs. S&P 500



Source: Capital IQ as of April 30, 2025

Brazilian valuations compared to the U.S.

Brazilian food companies trade at a significant discount in comparison to U.S. peers

- Brazilian food companies trade at a 78% EV/Revenue discount in comparison to U.S. peers
- And a 54% EV/EBITDA discount

U.S. Companies	Country	Enterprise Value	Revenues	EBITDA	EV/Revenues	EV/EBITDA
<i>US\$ million, except as otherwise indicated</i>		Actual	LTM	LTM	LTM	LTM
PepsiCo, Inc.	USA	219,488	91,523	17,303	2.4x	12.7x
Mondelez International, Inc.	USA	104,969	36,464	5,601	2.9x	18.7x
The Kraft Heinz Company	USA	52,930	25,434	6,369	2.1x	8.3x
General Mills, Inc.	USA	43,040	19,644	4,206	2.2x	10.2x
The Hershey Company	USA	38,388	10,755	2,772	3.6x	13.9x
Tyson Foods, Inc.	USA	28,673	53,672	3,398	0.5x	8.4x
Average					2.3x	12.0x
Median					2.3x	11.5x

Brazilian Companies	Country	Enterprise Value	Revenues	EBITDA	EV/Revenues	EV/EBITDA
<i>US\$ million, except as otherwise indicated</i>		Actual	LTM	LTM	LTM	LTM
JBS S.A.	Brazil	32,690	77,687	6,593	0.4x	5.0x
Marfrig Global Foods S.A.	Brazil	10,195	27,736	2,209	0.4x	4.6x
Minerva S.A.	Brazil	3,136	6,348	577	0.5x	5.4x
M. Dias Branco S.A.	Brazil	1,492	1,800	220	0.8x	6.8x
Camil Alimentos S.A.	Brazil	859	2,266	167	0.4x	5.1x
Excelsior Alimentos S.A.	Brazil	70	46	4	1.5x	16.4x
Average					0.7x	7.2x
Median					0.5x	5.3x

Source: Capital IQ as of April 30, 2025

Brazilian valuations compared to the U.S.

Global and local players are investing in food in Brazil

Global players reinforce commitment to the Brazilian market

Nestle to invest \$1.2 bln in Brazil by 2025

By Reuters

November 29, 2023 11:49 AM GMT-3 · Updated a year ago



Pringles and Corn Flakes owner boosts investments in Brazil

Kellanova to invest R\$600 million in expansion, technology, and innovation by 2026

By Helena Benfica — São Paulo

01/28/2025 06:20 PM · Updated um one month ago



General Mills invests R\$50 million in factory expansion in Minas Gerais

The objective is to increase the production of farofas and cassava derivatives

Local players accelerate growth via expansion and M&A

Supley buys 100% of Dr. Peanut and will invest R\$30 million in expansion

Owner of Probiótica and Max Titanium already owned half of the peanut butter manufacturer

With XP fund investment, Dux projects R\$1 billion in whey protein this year

Private equity vehicle invests R\$250 million for minority stake

NEWSLETTERS

With R\$499 million, BNDES supports whey protein production by the Piracanjuba Group

Financing via Mais Inovação and Finem will allow the national production of whey protein and lactose powder, products that are mostly imported, from whey

🕒 3 min 📅 14/01/2025 **SHARE**

Source: Digital press clippings

Conclusions

Brazil has a large and vibrant food industry with attractive consolidation opportunities

Brazil offers scale, demographic strength, and rising demand

- 7th most populous country globally, with 211 million people and a growing middle class
- 10th largest economy, with 57% of population in working-age and 87% urbanization

The food industry in Brazil is large, strategic, and domestically driven

- Brazil is the 11th largest global food market (US\$195 billion)
- 72% of total food production is consumed domestically
- Active participation from local and global players

Affordability is essential to unlocking scale in Brazil's food market

- 81% of Brazil's population belongs to lower-income classes (C/D/E), with limited purchasing power
- 60% of food and consumer product sales come from small, low-cost packaging formats
- Food and essential goods represent up to 23% of monthly income for this segment

The food industry in Brazil aligns with global trends and is attracting both international and domestic capital

- Global and domestic players are actively acquiring or expanding operations in Brazil
- Brazilian players are adopting plant-based, functional, and clean-label products

Valuation multiples in Brazil are significantly discounted

- Brazilian equities trade at 62% EV/EBITDA discount to U.S. peers
- Brazilian food companies trade at a 54% EV/EBITDA discount in comparison to U.S. peers

A trusted M&A partner with a proven track record in food industry transactions - both locally and globally

Selected IMAP and Brasilpar transactions in the food industry

 Acquisition of 100.00% of capital from 	 Acquisition of a majority stake from 	 Acquisition of 100.00% of capital from 	 Acquisition of a majority stake from 	 Sale of 100.00% of PTLA mango farm to 	 Acquisition of 83.00% of capital from 
 Acquisition of 100.00% of capital from 	 Acquisition of a majority stake from 	 Acquired investment interest from 	 Acquisition of 100.00% of capital from 	 Sale of 100.00% of capital to 	 Sale of 100.00% of capital to 

IMAP | **brasilpar**