



Operator:

Good afternoon ladies and gentlemen, and thank you for waiting. At this time, we would like to welcome everyone to JBS' 1Q07 earnings conference call. Today we have with us Mr. Sérgio Longo, Director of Finance and Investor Relations, Mr. André Menezes, Investor Relations Manager, and Mr. Wesley Batista, COO.

We would like to inform you that this call and the slides are being broadcast in the internet at the Company's website www.jbs.com.br, and that a presentation is available to download at the investor information section.

Also, this event is being recorded and all participants will be in a listen-only mode during the Company's presentation. After the Company's remarks are completed, there will be a Q&A session. At that time further instructions will be given. Should any participant need assistance during this call, please press *0 to reach the operator.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of JBS management and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of JBS and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to André Menezes, Investor Relations Manager. Mr. Menezes, you may begin your conference.

André Menezes:

Good morning everyone, and thank you for your interest in JBS. I would like to thank you for your participation in our first conference call, and for your support so that we can continuously improve our presentations and level of disclosure, in a constant mutual learning process.

We would like to add that we are still in the quiet period and, therefore, we will not be able to make comments on the Company's future perspectives.

I would like to begin by giving you an overview of JBS. Currently, we are the world's third largest beef producer, in terms of slaughtering capacity, we are the largest beef producer and exporter in Latin America, we are the second largest exporter of fresh beef in the world, in terms of revenues; we are also the largest exporter of processed beef in the world, and we have a leading beef selling market share in the domestic Brazilian market.



Our products include fresh and chilled beef, processed beef and other beef by-products. In 2006, we posted net revenues of R\$4 billion, of which 51% were exports.

In the next slide, we give you an overview of our modern facilities, which are strategically located to provide flexibility, geographic diversification, and extra cattle supplies, throughout seven states in Brazil and three provinces in Argentina. Today, JBS owns a total of 31 units, with 24 slaughterhouses, out of which nine are processing plants, processed beef, slaughter, deboning and processing, one vegetable canning plant, one beef canning plant, four distribution centers, one container area, located in the port of Santos, which is Brazil's largest port.

And this geographic diversification is very important to us, because it provides additional operational flexibility to source from and produce in different locations; it lowers transportation costs, and it also acts as a natural hedge to disease risk.

In the next slide, we begin with an overview of our results for the 1Q. In the 1Q07, JBS posted a net revenues increase of 22.6%, with total net revenues of R\$1.1 billion. Our EBITDA grew by 28.4%, with an EBITDA margin of 14.4%.

Net income decreased by 67%, to R\$10.6 million in the 1Q07, mainly due to non-recurrent expenses related to the Company's Initial Public Offering. Those expenses, which are non-recurrent, totaled R\$50.6 million in the quarter. If the Company had not incurred these non-recurring expenses, our net income for the quarter would be in the order of R\$60 million.

In the next slide, we highlight the domestic market results. In the domestic market, for the quarter, net revenues grew by 19.6%. Following, we highlight our results for exports for the quarter. We would like to highlight the growth in exports, which grew by 24.8% compared to the same period of last year.

The following slide summarizes our operational results. The Company posted a growth profit for the quarter of R\$257.6 million, which represents a 26% growth over the R\$204.4 million posted in the same period of last year. Recurring expenses for the quarter totaled R\$177.5 million, which are 24% higher than in the 1Q06. We would like to highlight again that, excluding non-recurring expenses related to the IPO, our net income for the quarter would be in the order R\$60 million.

The next slide summarizes CAPEX for the quarter. In the 1Q07, JBS invested a total of R\$213.3 million, mainly in the following projects: increase of the production capacity of our Andradina plant, with processed beef, from 30 tons to 100 tons per day; increase of production capacity to our plant in Barra do Garça, Mato Grosso, from 1,300 to 2,500 heads of cattle slaughtered and deboned per day.



Also, an increase in production capacity of our plant in Campo Grande, Mato Grosso do Sul, from 1,300 to 3,000 heads of cattle slaughtered and deboned per day; increased production of our plant located in Vilhena, North of Brazil, in Rondônia, from 900 to 2,200 heads of cattle slaughtered and deboned per day.

We also invested in the construction of a beef jerky production plant, which is located in Santo Antônio da Posse, in São Paulo. That plant is currently in its final phase of construction, and operations are expected to begin in the second half of May.

We also invested in the increase of production capacity of our plant located in Barretos, São Paulo, which is a full-cycle plant – processing, deboning and slaughtering – from 1,600 to 2,500 heads of cattle slaughtered and deboned per day. The acquisition of new trucks was also a part of our CAPEX for the quarter; the trucks are to be used for product transportation. And other investments, such as the acquisition of new equipments and maintenance of the Company's facilities.

In the 1Q, we also made acquisitions in Argentina and the United States. In Argentina, JBS acquired a slaughtering plant in Berazategui, Buenos Aires. That plant, which has a slaughtering capacity of 1,000 heads of cattle per day, is still in the process of approval by the Argentine authorities.

We also acquired 100% of the shares of a North American Company called SB Holdings and its subsidiaries. SB Holdings is one of the largest processed beef distributors in the United States market today. The investments for that acquisition totaled US\$11.9 million, and consolidated revenues for SB Holdings in 2006 totaled US\$55.7 million.

In addition, the Company entered into a joint venture to produce, market and distribute beef jerky, and through this joint venture, a total of US\$30 million has been invested towards: the acquisition of a Company in the United States, called Pioneer, to produce, market and distribute beef jerky; sales for Pioneer in 2006 totaled approximately US\$22 million. The acquisition of another United States Company, called Double B, which produces, markets and distributes beef-based products, with sales of approximately US\$18 million.

In addition, as I have mentioned before, the Company is in its final phase of construction of a beef jerky production plant in Santo Antônio da Posse, in the state of São Paulo, and operations are expected to begin in the first half of May.

As you are all aware, in March JBS successfully initiated its public offering, which characteristics can be seen on the slide, they are summarized on this slide: a total of R\$1.6 billion of gross resources income, of which 70% is to be used for capacity expansions and acquisitions and 30% to be used for working capital.



In an objective way, in a summarized way, we are showing you our results for the quarter expansion plans and our acquisitions. I would like to thank you for your participation; today with me I have Wesley and I have Sérgio. We thank you again for your participation, and count on your support in this learning process in each quarter, so we can learn how to disclose more information, how to properly show our results. Thank you again, and I would like to open for questions.

Guilherme Arruda, UBS Pactual:

Hello, everyone. The first question, I would like you to comment a little bit on the volume growth that you posted in the 1Q, of around 20%, and how you expect that to evolve along the year. You just said that you have several plants that should be added along the year, so would that imply that volume growth should improve over the year? Did you have anything specific in the 1Q that (inaudible) a better performance on this front? Can you elaborate a little bit on that, please?

JBS:

Hi, Guilherme. With regards to your question, we would like to comment that there are several investments and expansions that are still in progress and, therefore, are not yet producing at their full capacity. In addition, some of the acquisitions – for instance, in Argentina – and also some expansions, have not began to operate yet. Again, during construction, some of the plants do not operate at full capacity, and that is one of the reasons for the unexpected volume growth.

Guilherme Arruda:

OK. The second question would be related to margins. I know you cannot speak much about your expectations, you said you are still in the quiet period, but is there anything unusual in this 1Q that margins were so high? Are you comfortable with this level of margins going forward?

JBS:

As you mentioned, we are still in the silent period, so we cannot make forward-looking statements. However, we do feel comfortable with the margin that was posted for the 1Q07, which is in the level of 14%.

Guilherme Arruda:

OK. Thank you very much.

Dennis Parisien, Santander:

Congratulations, gentlemen, on the 1Q performance and on your IPO. Again, I suppose you may run into the obstacle with respect to forward-looking



statements, but I am wondering if the recent investments in beef jerkey in North American distribution are foreshadowing further investments in other variety of value added products and in the bovine chain, going forward, and more investments in North America. If you can provide us with any comment that would be much appreciated. Thanks.

JBS:

On the contrary, we see the investments in beef jerkey as a very high value-added product, and that is why we invested in the beef jerkey producers. We do not see it as foreshadowing other investments that we may make in the United States, with regards to processed beef and value-added products, so diversification is part of the strategy for value-added products.

Dennis Parisien:

Sorry, by 'foreshadowing' I did not mean foreclose or prevent, I meant it suggesting the contrary, that it is a move into further value-adding products that we have seen in other areas of the value-added chain, not just beef jerkey, but other kinds of value-added products.

JBS:

Definitely, Dennis. There is definitely a possibility that we may produce other products rather than beef jerkey. It is a value-added market into the United States. Obviously, we cannot precise when or which products, but this is definitely a possibility.

Dennis Parisien:

Thank you very much.

Eric Ollon, ING:

Good afternoon, gentlemen, and congratulations on the very fine results. Basically, my question has to do with volumes. Where is your current capacity? You mentioned volume additions; could you just give us what is the current capacity and what is the plan for the end of this year?

And also, in terms of... From the debt side, given that you have all this cash – although it is all for many things – where to do conversations stand with the rating agencies, regarding your B1B+ credit rating? Thank you.

JBS:

With regards to the current capacity, we still remain at the level of 22,600 heads of cattle per day, which is what we stated in the IPO prospective. For the year-end, we expect an increase of approximately 20% in slaughtering capacity,



mainly due to the expansions that we have mentioned before. And with regards to the rating agencies, we would like to comment that we have been talking to Moody's, and they are revising upwards the rating of JBS.

Eric Ollon:

OK. They are revising the outlook, OK. No commentary from S&P at this moment?

JBS:

We have also been in conversation with S&P, but they have not yet published anything. They are still in the process of analyzing.

Eric Ollon:

OK. Thank you.

José Bernal, Standard New York Securities:

Hello, everybody. Congratulations on your results. I have four questions. The first one is related to the IPO. You mentioned that you intend to use 30% of the IPO proceeds for working capital; are you going to pay down any debt relating to working capital? If so, how much?

My second question is regarding CAPEX and investment guidance for 2007. I have two other, but let us start with those questions first.

JBS:

With regards to the first question, the 30% for working capital, that includes debt reduction, and also includes working capital necessary for the usual operations of the Company.

With regards to the CAPEX for 2007, as we have mentioned in the prospective, our CAPEX for the two years – 2007 and 2008 – amounts to R\$1.1 billion; and that is detailed in the prospective, with regards to each project.

José Bernal:

OK, but do you know how much you are going to pay down for that? You know, with the IPO proceeds?

JBS:

I do not have the precise figure of how much debt we are going to pay form the 30% allocated to working capital, but I can comment that we are, obviously,



absolutely within every covenant of the bonds, and you should expect some good surprises in the future.

José Bernal:

OK. And I have two questions related to average export prices. JBS' average prices decline, because of the product mix, according to the press release. Could you give us more color on this?

And my second question is regarding the JBS mainly export premium cuts, and also sales non-premium cuts, domestically.

JBS:

I am sorry, could you repeat the second question?

José Bernal:

My second question is: I would like to know if JBS mainly exports premium cuts and sells non-premium cuts in the domestic market.

JBS:

Regarding the first question, average export prices have decreased due to product mix. For instance, in the 1Q06, as you saw in the press release, we exported 8% of our revenues to Russia. In the 1Q07, that number increased to 15%. Russia is a country that consumes mainly not just the noble cuts, but also some second (unaudible) types of cuts. So it is basically related to the product mix exported during the quarter.

Regarding your second question about only exporting premium cuts, the answer is no. I mean, we export premium and non-premium cuts – Russia is a good example of that. And also, we sell premium and non-premium cuts in Brazil as well; a good example of that is the famous Brazilian *picanha*. So the share is always to sell the cuts where you can get the most profitability from.

José Bernal:

OK. And could you export mainly fresh beef to Russia or is it mostly processed beef?

JBS:

Mostly fresh and frozen.

José Bernal:

And do you have a percentage?



JBS:

Mostly it is frozen beef, and there is no exports to Russia of processed beef.

José Bernal:

No processed beef?

JBS:

No processed beef.

José Bernal:

OK. Thank you.

Alexander Robarts, Santander:

Hi. I just had a follow-up question on the acquisitions. If you look at the SB, Pioneer and Double B (unaudible), is it safe to assume that these three US Companies have net incomes – in other words, that they are generating net profits – and do you guys expect, or can you give us a sense of how much investments are going to be needed, or do you plan to make in these companies during the year?

JBS:

Regarding the profitability of the companies, they are profitable at the moment, all three of them – SB, Double B and Pioneer. However, we do believe that some improvements will be made, so that is what we expect to have in the future.

With regards to the investment in the joint venture, the total investment, the fully, all plans related to the joint venture is at US\$30 million.

Alexander Robarts:

OK. But as far as the other three companies, do you guys plan to invest during the year?

JBS:

You mean additional investments?

Alexander Robarts:



Yes.

JBS:

All investments are included in the US\$30 million.

Alexander Robarts:

OK, good. Thank you.

Margaret Kalvar, Harding Loevner Management:

Good afternoon. I had a question about working capital. Basically, at the time of the IPO it looked as though your working capital needs were quite high, and I was wondering what was the cause of that – was it the structural change in enhancing receivables, due to more exports? And what is your outlook for working capital, going forward?

And then I have another question as well, but let us handle that one first.

JBS:

Accounts receivable should remain in the current levels for the future. Of course this is a very working capital impressive industry, so as we grow, working capital will tend to grow. In other words, for the net debt over EBITDA, we do expect also to maintain within the 3x net debt over EBITDA ratio.

Margaret Kalvar:

OK.

And the second question, on trade: recently, there was another report that Europe was seeking to increase trade restrictions for Brazilian beef, and I know that beef comes out frequently, and I am not sure how much kept acted upon. What is your view on the current outlook for trade restrictions in Europe?

JBS:

We did hear the news; we do not think it is very sustainable at this point, we do not know how it came about. On the contrary, the last month we had a visit from an European commission, and they were very satisfied with the level of sanitary control that we have.

Recently there was some news published in Brazil, around the same time of the embargo article that was published, saying that São Paulo is expecting that Europe is going to lift the band for the exporting of beef.



So we hear both sides of the story but I concrete the fact that we received the visit last month from the European commission, and they were very pleased with what they saw.

Margaret Kalvar:

OK.

JBS:

In addition, I mean, Europe is totally very dependent of Brazilian beef, so they will need to purchase beef from us. That is how we see it.

Margaret Kalvar:

OK. And I would like to chat with you offline about the working capital a little bit more intensely, but we can do that at another time. Thank you very much.

JBS:

You are welcome. No problem, you can call us to talk further.

Margaret Kalvar:

OK. Thank you.

Ruth Mazzoni, Standard New York Securities:

Hello gentlemen. I have three questions. The first, I would like just to clarify, just be sure that I understand, that you are comfortable with a net debt over EBITDA of 3x on a ongoing bases. In another words, as growth perhaps stabilizes and expansions in slaughtering capacity diminish, you still think that net leverage of 3x the EBITDA is a level that you are comfortable with?

The second question is in terms of expansion and growth in slaughtering capacity, what percentage of that will be in Brazil, or do you expect it to be outside of Brazil?

The third question is the impact of a potential further appreciation of the Real; say that the real goes to US\$1.80... if you could please comment on what you expect the impact to be on EBITDA? Thank you.

JBS:

With regards to the impact of the Real valuation, a possible Real valuation, we still see that as Brazilian beef still has some margin that we can operate to compensate a possible valuation of the Real. So we are still pretty comfortable with that. We do see an impact on the producers, if that occurs.



Ruth Mazzoni:

So you do see an impact on EBITDA? A reduction in EBITDA margin if the Real appreciates?

JBS:

Not exactly, because we do not see a significance, because we still have room to work on, in terms of prices.

Ruth Mazzoni:

OK.

JBS:

With Brazilian beef.

Ruth Mazzoni:

Do you think you could pass it all through?

JBS:

We will obviously depend on how low it gets, but...

Ruth Mazzoni:

Yes, because actually prices domestically were better. Prices were better domestically in the 1Q than for exports, right? So that would suggest that probably there would be an impact, all will be perhaps containable or manageable?

JBS:

Yes, we think that, at this point, it is manageable.

Ruth Mazzoni:

OK.

JBS:

Your second question, we cannot really precise how much expansion there will be in Brazil or outside Brazil. We can comment that we look at every opportunity



to see whether it falls within the 'ompany's strategy, whether it is in Brazil or outside of it. But at this point we cannot precise how much he percentage of expansion will be in the country.

Ruth Mazzoni:

OK.

JBS:

For the third question, our maximum net debt over EBITDA raito, as we see, during our growth period is at 3x. However, we plan to continuing growing. We do not see a stopped growth withing the coming year, so we do not see the stabilization during this growth period we want to maintain 3x net debt over EBITDA.

Ruth Mazzoni:

OK. So no deleverage with rapid growth on the horizon?

JBS:

Not so far.

Ruth Mazzoni:

OK. Thank you. And no additional deleverage coming from the IPO proceeds?

JBS:

Obviously the IPO proceeds, with the ratio decreased to 2.5, but we do see the 3 as a target. So part in the coming future, we do not see a deleverage.

Ruth Mazzoni:

OK. Thank you very much.

Shamaila Khan, TIAA Investment Management:

Hi. My question relates to your operations in Argentina; if your new acquisition is approved by the Argentine authorities, could you comment on how significant Argentina' will be as a percentage of your EBITDA?

And also, could you comment on are there any export restricitons on beef in Argentina currently?

JBS:



Currently, the Company in Argentina represents approximately 7% of our total sales. If the acquisitions are approved, we do not see a significant impact, an additional impact on EBITDA, do you see as market share gain in Argentina, OK?

With regards to the export restrictions, they are still imposed by the government currently; however, in the medium term we do see as if they are lifting their restrictions for the future.

Shamaila Khan:

Are there export restrictions on processed as well fresh beef?

JBS:

Just fresh beef. It does not apply to processed beef.

Shamaila Khan:

And are some of your operations involved in processed beef as well?

JBS:

Yes.

Shamaila Khan:

Do you know what is the split is between processed and fresh?

JBS:

To give you the precise number, last year it was approximately 70% processed beef and 30% fresh beef.

Shamaila Khan:

OK. And, domestically, the outside price control is on your beef production there?

JBS:

Do you mean in Argentina?

Shamaila Khan:

Yes.



JBS:

The government has attempted to restrict price controls. However, the majority of our sales from Argentina are exports sales. So that is not a significant impact for us.

Shamaila Khan:

OK. Thank you.

Operator:

Thank you. There appear to be no further questions, I will now turn the floor back to Management for any closing comments.

JBS:

Again on behalf of JBS, we would like to thank you for your participation. This is our first conference call of JBS; we count on your support will improve and make continuous improvement within the market.

Operator:

Thank you. This thus concludes today's JBS 1Q07 earnings conference call. You may now disconnect your lines, and have a wonderful day.