JBS USA LLC
“JBS Day”

Tuesday, March 25, 2014, 9:30 AM ET
Wesley Batista
André Nogueira
Denilson Molina
Bill Rupp
Bill Lovette
Martin Dooley
Miguel Gularte
Gilberto Tomazoni
Eliseo Fernandez
Eduardo Maciel
Jerry O’Callaghan

JBS USA LLC
"JBS Day"

Tuesday, March 25, 2014, 9:30 AM ET
Wesley Batista
André Nogueira
Denilson Molina
Bill Rupp
Bill Lovette
Martin Dooley
Miguel Gularte
Gilberto Tomazoni
Eliseo Fernandez
Eduardo Maciel
Jerry O'Callaghan

JERRY O'CALLAGHAN: It's great to see a full house. Thank you all for coming, thank you very much. I've been advised by the club to mention that cell phones can be used in the room, but outside of the room, it's an issue. So there is a request from the ladies in the corner, please do not use cell phones outside of this room, but…and keep them on silent if you possibly can during the presentation, but do not use them outside the room, please. And we are webcasting this as well, so we've got a lot of people listening in who are not here today. They will be following the slides; the slides are available as well, so we will have all that coordination. Regrettably, we will not be able to take questions from people who are not here present today, so for those of you who are listening to us, who are not here, please email questions to ir@jbs.com.br, we will get back to you today if possible with any doubts or any questions at the latest tomorrow. And for those of you, who are here today, we will have some time towards the end of the presentation where we will take questions and we will be able to hang around here and have a chat at the end of the presentation as well with all our management here.

So we are really happy to be here in New York today, and we've got all our top management here, so it's really a good opportunity to showcase our company and to talk with you guys. And to open the conversation, I'd like to invite our Global President and CEO, Mr. Wesley Batista, to say some opening words here. Wesley.

WESLEY BATISTA: So I would like to thank you all to being here with us today. It's a great pleasure to [technical difficulty]. He also works with Jerry in the IR department and he is the Manager of our Investor Relation department; and Alexandre Inacio (Ph) he is based in Brazil, he is responsible for communication…Internal communication. Great pleasure to be here, thank you all. We have a huge amount of [indiscernible] we have 185,000 people working in JBS and that we really are proud of how hard everybody works everyday and the only reason that we have been able to grow our business to acquire these [technical difficulty] other team members that are not present here today. I thank you them a lot for everything that we have been doing at JBS.

So we finalized 2013 with a lot of good things, [technical difficulty] we will hear some highlights and Jerry and his team will go through in more detail about each business unit and each part of our business. So starting here, only a quick background, we were founded in 1950, in west of Brazil, so my father started this company from nothing, so started running the company, myself and my brothers, when we were very young, so we have been [inaudible] right here in the company in JBS. So we worked [technical difficulty]. We did an IPO in 2007. We became a publically traded company in 2007, so we became the largest [technical difficulty]. For 2014, that we will do around or over $50 billion in revenue, that is around 120 billion reais, we did, I will mention here, we did 92 billion reais in revenue in 2013. And our projection is for us to be doing around 120 billion reais in sales in 2014. So we are present in five continents. We sell our products to more than 150 different countries around the world. Our platform, we strongly believe that we built a very, very competitive and a very, very strong production platform in US, Mexico, Canada, Australia, Brazil, Argentina, Uruguay and Paraguay. If you look where are the most competitive place to produce protein, you will find out that it is North America, South America and in Australia. And this is exactly where we are and exactly where we have a strong presence.

So I already mentioned we have 185,000 employees. Our beef, globally we are the largest beef player globally. We have capacity too; it's large, around 100,000 head per day globally between US, Australia, Brazil, Argentina and Uruguay. So you have idea, the second largest beef player globally, do around 30,000 heads per day, so we have three times more capacity than the second player.

So in chicken, probably a majority of you and all of you know, we got in the chicken business in the end of 2009 when we acquired majority interest in Pilgrims Pride; it was our first experience on the chicken business. So now we became the largest chicken player, with operation in US, Mexico, Puerto Rico and Brazil. So we have…we are running around 12 million birds per day in all of our operations.

So, in pork, we have a strong pork operation in US, we have three plants, we do 50,000 hogs per day here in the US and we do around 20,000 hogs per day in Brazil. So we are also a strong player in the pork segment…in the pork sector.

So leather is a pretty big business in our company. So we process hides from raw hides to finished leather, to the automobile industry, to a lot of different type of leather. So we have plants in Brazil, in US, in China, it's a very, very strong business inside of JBS.

And also we are in the lamb business here in the US. We have one plant and we have some plants in Australia. So we do around 25,000 lambs per day. So some…some of our numbers…here we go. So some highlights on the quarter. So the fourth quarter we did 27 billion reais in sales, that is an increase of 5 billion reais compared to the same quarter in 2012. So this is 24% growth comparing quarter by quarter. And all this growth, around 50% of this growth coming from organic growth and the other half of this growth is acquisition. So we did 1.8 billion reais in EBITDA, in the fourth quarter that is a big increase comparing to the same quarter last year. So 6.9% margin EBITDA in a consolidated base.

Annualizing, this is an important number, annualizing our fourth quarter EBITDA, our leverage is below 3.2 times leverage, and remember that we acquired Seara and we closed the deal in the end of the third quarter, so we only have Seara numbers in this fourth quarter. And we assume all the Seara debt when we acquired the company; it's around 6 billion reais. So we put out this debt in our balance sheet, but the result that is coming from Seara is only one quarter that is inside of our number. So I think the fair way to look our leverage is to look the fourth quarter that we have the Seara number included in our number and annualizing this and doing this we are already below 3.2 times leverage. And our target is clear, we strongly believe that in the end of the year, we will be below three times or around three times leverage. And Seara is ramping up and is improving the results, the fourth quarter results in Seara is not in a level that we believe we do this in 2014. It's much better than it was already in the fourth quarter, but for the full year in 2014, we believe that we will be even better than the fourth quarter. So this gives us a lot of confidence that leverages going to the right direction and it will allow us to put the leverage in the level that we want.

So moving forward here in the presentation; if we can…so annualizing, now looking the numbers in an annual basis. So we…again, we did 92.9 billion reais in sales that is 22% over 2012, so a huge growth. EBITDA we did 6.1 billion real in 2013, again 39% higher than 2012. EBITDA margin for the year is 6.6%, and I think it is important here, if you look our growth…revenue growth 22%, if you look at our EBITDA 39% better than 2012. So this clearly demonstrates that we are not only growing top-line, but we are improving our results and improving our margin.

So net income…adjusted net income, because we have NOLs or goodwill in Brazil, so that in the way that we book these numbers is only…I don't know exactly how to explain, Jerry can explain better, my English, I don't know if it's good enough to explain these rules in Brazil. But again, adjusting the net income, we did almost 1.2 billion reais with everything that we did after the Seara acquisition we believe that is a reasonable number.

So cash flow, we generated 2.5 billion reais in operating cash flow, and 600 million reais in free cash flow, and again after the Seara acquisition after all these things we feel that is reasonable numbers. So Jerry will go more here in detail, and we will be here, we would like to have an interactive presentation with all of you. But again, to finalize my remarks here; I am very satisfied where we are going, and we strongly believe that we have been doing strategic acquisitions, and we have been doing…acquiring business, in the right moments, in the right places. If you remember, we came to US in 2007; 2007, 2008, 2009 and 2010, we did a lot of acquisition outside of Brazil, and the moment was very, very good the real was very strong. So the moment was great, the US market was…the economy in US was not so strong. So assets that were available for us to acquire like Pilgrims Pride, like the Swift acquisition…so was very, very good, the moment was great. And now we are seeing the other way around, right. So the dollar is getting stronger, we have a very, very strong view about the dollar, about the US economy, how this market is growing, and this is very beneficial for our company and for our business.

So overall…and everybody here will go in more detail Tomazoni and André, and all the team here will go…Bill and Marty, Bill Lovette and Bill Rupp, Denilson everybody Jim and Miguel, will go through more detail in each business unit and here you will see clear that we are confident and we strongly believe that we will do better this year in each business comparing to last year.

So with that, I will pass to Jerry to continue and we will be here interacting with Jerry and the team here.

JERRY O'CALLAGHAN: Thank you, Wesley. We have a brief market analysis…a sort of a global market analysis here. I will be short in this portion because we will analyze the markets, each of the markets we operate in with the CEO of each of these businesses. So just briefly, for us that contemplate on, why we are where we are? I put up a couple of slides here. The first slide is, it's not only for beef, its food generally, where the surpluses are and where the deficits are globally. We like to show this because we are strong in North America, in South America, and in Australia. And as we see on this chart, these are the regions that…they are the most competitive regions obviously, they are the regions that have the most surplus. And then when we look at the other end of the chart, we see where there is big deficit and a lot of potential for us to bridge this gap between the surplus in one region and the deficit in the other region. We're going to talk about exports in a little while, and it's really important for us to think about this, sort of in global terms, how these competitive regions are going to be the bread basket of all these other countries, where income is improving, where there is a much bigger middle class, a lot more urbanization of the population. So that's the flow of food from these surplus regions; to the other regions is something that we feel will be growing and growing quite substantially.

So thinking about that, and looking at the major exporters in each one of the meat categories where we are, and the beef business, if we look at the biggest exporters, who are they? Brazil is the largest exporter; India is in there, because it does a regional business in the buffalo meat business, but it's not really relevant to our business…to the dynamics of our business. So the most important exporting countries; Brazil, Australia, the US, the other South American countries where we are very active as well, and there is Canada with New Zealand in the middle, these are the major exporting countries. And these countries have been increasing their share of exports, and increasing their volumes quite substantially. If we take any one of those countries, and if we go back five years; US exports have grown, three, four times in the last five years; Brazilian exports are growing every single year, Australian exports are growing as well. So that…remembering the last chart, this is a trend in our view which will continue.

If you look at the pork business; the US stands out. It used to be Europe, the major exporter of pork products. Europe has become quite a bit less competitive price wise globally. And so, we see the US taking over that number one position, and the US potentially, there was an acquisition last year in the US by an Asian company, which is a clear indication that the US is a very competitive environment, and as US pork exports will continue to expand as we see that demand growing in all those regions.

And then when it comes to poultry; two countries representing almost 70% of all chicken exports, this is the cheapest of the proteins, this is the protein that actually grows more than anyone of the other proteins. And all those exports are coming out of two countries, Brazil and the US, completely dominated by those two countries. And that's basically because, they've got plenty of natural resources, they've got very competitive feed prices, and that's not going to change in any time in the near future.

Moving on to the next slide here; just to demonstrate that…all that growth we are talking about and we are projecting forward to 2020 here. More than 80% of that is expected out of those emerging economies for those…the new middle class, the new urbanized populations in all those regions. So those are regions where we've got a foothold for quite a long time, because we've been exporting particularly out of Brazil now for more than two decades. And so, we have good knowledge, regular customers, and the export business in the minds of some might be thought of as a commodity type business. But when you are in the market all the time, when there is strong demand, when you've got customized products for certain regions, it is anything, but a commodity type product. It's as if we were servicing customers in any one of our domestic markets. So we've got to think about…in my view, we've got to think about the export business as a business that deserves the credit as if it were selling products domestically in anyone of those markets, further processed, customized, branded products. This…I think this is the last slide we have on the…just one more slide on market analysis.

Look how consumption of each of the three major proteins has been growing. We've got the numbers projected up to 2021 here. What we've seen is the poultry industry particularly has gained more market share, has gained more volume than any other market. By 2022, we are projecting that we are going to have more poultry consumption than pork consumption for the first time ever. Today, pork is the largest protein by consumption, poultry is the second largest, and beef is the third largest. There is going to be an inversion of…because of the efficiency of the poultry industry, and our colleagues from Brazil and from the US will talk about that — we are going to have more poultry production and more poultry consumption a decade from now inverting that decade-old balance that we've had between pork and poultry.

And finally here, just we look at the slide, I think it's really interesting to see per capita consumption over quite a long period of time going back to the 60s and projecting forward to 2030. We are going to see the average global per capita consumption doubling over this period of time. So this is something which is really consistent, it's not a short-term trend or anything, it's been going on for a long time, and everything that we look at in terms of projections indicate that it will continue to go on for quite some time. And this is one of the pillars of, where we are, what our footprint is, our global reach with customers, the numbers of countries we export to. We feel that there is a long-term competitive advantage in that positioning.

Now, moving on to these results, Wesley has mentioned most of the major numbers here. So I don't want to spend too much time at this. I think it's important that we listen to management more than analyze the numbers here today. Very briefly, the fourth quarter, we have had a 25% increase in revenue in relation to the same quarter of the previous year. EBITDA, 60% increase in EBITDA year-on-year, EBITDA margin going from 5.4% to 6.9%, and then the leverage question, which I think, it's really an important question, and I know there were many people listening to us, and many people here today who are in the fixed income category. I really think that the most equitable manner of analyzing our leverage today is to multiply that fourth quarter EBITDA by four because it's the most realistic manner of expressing how we've performed in the recent past, seeing as we didn't inherit any numbers in relation to the acquisition we made at the end of the third quarter.

Moving on to the annual numbers here. Again, I think it's interesting here to look at how there's been consistent growth in every quarter. So there is no seasonality, this is consistent growth every single quarter…double-digit growth every single quarter in terms of revenue, and then when we look at the annual revenue growth 23% year-on-year, 93 billion reais at the end in 2013. Again, the EBITDA and the EBITDA margin we see very consistent as well, we are settling…and this is something which I think is really important. As a consolidated business, we are producing EBITDA margins close to 7% a lot more consistently in the last number of quarters. So we are taking the seasonality out of our business, this is because of our footprint because of the geographies we are in, and because of the variety of proteins we are in. So there is a lot more consistency in our numbers, and I hear people mentioning words like, seasonality and cyclicality in relation to our business. But when we look at demand, and supply; demand and supply are outpacing any of the cyclical issues. And we may have some cyclical issues or seasonal issues with one protein but it's always compensated by another because that demand is always pushing up the business, pushing up the prices, making the margins more consistent. So I think it's, when we look at this chart here, and we look at 7 plus or around 7% EBITDA margin, that's something we look to produce consistently going forward.

And then net income, Wesley mentioned the question of adjusted net income, and that's basically because we have got goodwill in Brazil, that we can use to offset income tax, but we have got to report it as a pending matter, although we have consolidated the company that brought us the goodwill in Brazil, we still have to report it. In practical terms, our adjusted net income is the correct number because what we are provisioning for, and Elisio (ph) can talk about this. It's an event which we do not anticipate will happen in the future. And so, I don't think we need to go through the slide on page 16, we need to remember to use the name, the numbers of the pages for those who are listening to us.

So going to page 17 and talking about our exports; and this is an area which I am always very enthusiastic about because we see so much growth in our export business. We have 20% growth year-on-year, almost $1 billion per month in exports on a consolidated basis, that's really a lot of revenue, a lot of business, $1 billion per month, and we are projecting substantial growth again in 2014. Particularly because of our expanded poultry and pork business in Brazil, we should see further relevant growth in 2014. And I think it's important just to stop for a minute and to look at the regions where our business is growing. And it just goes back to that argument, countries where the economies are improving, where per capita income is improving, middle classes are increasing, urbanization is happening more and more and so we Greater China as the number one destination, then Mexico, then Africa and the Middle East, and Japan perhaps stands out a little bit there because it lifted restrictions on US beef at the beginning of last year. So we saw some growth in Japan in 2013. But the majority of these countries are the countries that we referred to in the previous slides, emerging economies, new consumers spending the disposal income for the first time on a better diet. And this is a very consistent type of consumer that we expect to have for many years to come.

WESLEY BATISTA: Only to add a comment here on export, it's amazing, for example, you are seeing Greater China that is China, Hong Kong, how the market is changing. For you to have an idea, China three years ago in 2011 was importing around 300,000 metric tons in beef, and last year, a million metric tons. So three times more volume in beef in three years, it's amazing. So we have been hearing about China, that China needs to move their engines of their growth and that should be investments, should be…demand should be increasing, demand inside of China, and we are really seeing this happening in our business now. And it's amazing, how these emerging markets urbanization is changing the dynamic of the protein business globally. And we are seeing more and more volumes going to Asia, to China and the Middle East is growing demand. So it's very important to watch these numbers going forward, because in the past that China is growing, they will keep growing in import a lot and this is very beneficial for beef, pork and chicken, all three. They don't have an religion barrier. So it's an important number to watch.

JERRY O'CALLAGHAN: Okay, Wesley. Thank you. We have talked about leverage just wanted on this slide page 19, for those who are listening in, the breakdown of our debt by parent company and by subsidiary approximately two thirds with the parent, one third outside. The breakdown by currency, three quarters of it is in US dollars, one quarter of it is in Brazilian reais. And then the cost of debt there, which we did a lot of liability management last year, as many of you will know, we issued a bond at JBS USA, we issued two bonds at the parent company last year. We improved our debt profile quite substantially. We reduced the cost of our debt in US dollars, and the 24% of debt in Brazil obviously is influenced by the interbank interest rate in Brazil at 10.8% at the end of the fourth quarter.

On the next slide here just a little bit about short-term and long-term, under 30% is in the short-term, and I always like to say here that short-term debt for companies that operate out of Brazil, particularly export companies, it's the cheapest source of finance…trade finance is by far the most competitive type of financing for working capital in Brazil, and necessarily it's short-term. So don't be fooled by the fact that there is 29% of our debt in the short-term. These are rolling credit facilities that we have had for years and years and as our exports increase we actually have more lines available. So we will always have a percentage of our debt in the short-term, just because it's so much cheaper to finance our business in Brazil through these credit facilities. And then at the bottom of the page here, we have got a little bit about our maturity, and here we can see that we have pushed forward quite a lot of debt. We have got 5 billion reais maturing in 2018, another 5 billion reais maturing in 2020, and then '21, and '23 was the bond we issued last year.

I will talk a little bit about how the IR team has been working. We always like to talk about stock performance when they go up, because it indicates we have done a good job as an IR team. So excuse us for putting this chart up here. JBS in Brazil had a good year last year, we substantially outperformed the Bovespa index and even if dollarrized…if we put our stock into dollars, we still had 27% valuation of our stock in US dollars last year in Brazil. And so we are quite satisfied with that. We think there is a way to go still. We can talk about that individually about valuation and about stock value, but it's interesting to see that the consistency of our results are translated into an improved perception of our stock from an equity point of view. And then Pilgrim's dispenses any comment. Pilgrim's had a very good year last year as well. If we look at Pilgrim's since we bought the company at the end of 2009, the stock was trading around $5, Bill, if I am not mistaken. Today, it's just touching $20 at stock, so it's up there more than four times in four years, so that's credit to the management and to the guys at Pilgrim's in Brazil.

Now, we are going to start talking…in the US, sorry Bill. So we are going to start talking a little bit now about each one of the businesses and I am going to invite the CEO of each of the businesses to be here with us. I will stand in and ask some questions that you might like to ask as they make presentations and we are going to start with JBS Mercosul, Miguel Gularte, Miguel, please.

WESLEY BATISTA: Only before Jerry you started to talk about JBS Mercosul. Some horizon here, if you look our results in the last three quarters, but for the year we did 6.6% margin EBITDA, but in the last three quarters we are over 7% margin EBITDA. So you can do the math, so we are projecting around 120 billion reais in sales for 2014 and we believe we will do over 7% in a consolidated base for 2014. So you can do the math, how much results we are looking to generate in 2014. So it is a strong number that we are projecting for 2014. So go ahead, Jerry.

JERRY
O'CALLAGHAN: Thank you. Miguel.

MIGUEL GULARTE: Good morning, ladies and gentlemen. It's a pleasure to be here today. As Mercosul President, I am in charge of the beef business in Brazil, Argentina, Uruguay, Paraguay, leather business and nine related business. Let's start, Jerry.

JERRY
O'CALLAGHAN: Yes. I'll just talk briefly Miguel about these results and then we will move into the slides. As you probably know, most of you, we break our business into four business units. From 2014 onwards, we are going to have five business units, but for the moment we have four business units. So this is one of the four business units that we report and that we've been reporting since 2007 basically for quite a number of years.

Just to have a quick look at these numbers before Miguel talks with us. We had quite substantial revenue increase in this business. We went from 18 to almost 26 billion reais in revenue year-on-year and we've seen double-digit margins in this business every single quarter. I think it's important to remember that in the last quarter of last year, the recent acquisition we made is part of this result for this quarter and for this quarter only. It's going to be a separate unit from 2014 onwards. And so, regardless of the fact that we were taking on a business that had a negative…that was underperforming as the market knows, we were still able to come up with double-digit EBITDA margin in this business having consolidated that acquisition in the fourth quarter of 2013. And I think that is credit to the management.

If we look at it on an EBITDA…on an annual basis, we went from 2.5 billion reais to 2.7 billion reais year-on-year consolidated EBITDA for this business. So Miguel, tell us why these results are so good. Okay, so Miguel will talk a little bit about each one of the countries that we operate in. Miguel, if you can flip to the first chart, so this is the geographic footprint in South America and then we will talk about Paraguay, Uruguay, Argentina and Brazil, in that order.

MIGUEL GULARTE: Sure. Let's start with Uruguay. There are two main breeds in this country Hereford and Angus. This allows to Uruguay entering the beef niche segment, very high quality beef. So JBS has in this country one plant and the capacity to slaughter there is around 900 animals a day, Uruguay is a special country because now the animal has a lot of space, more than 135,000 square feet, 15,000 square meters are…having the space in the farm most of it in Uruguay. Uruguay is a country that has access in all kinds of markets that allow to export the fresh beef to United States, Japan, Korea and many others. The weather in Uruguay was excellent in the last two years. So this allows to predict that it will be very high in the quality and the quantity (Ph) of the beef in this country. As you see in the chart, the exporting rate Uruguay growing at the average of 16% a year and we predict that it will keep pace until 2022.

JERRY
O'CALLAGHAN: Okay, so Miguel about Paraguay. Paraguay, the herd is growing and exports are growing quite a lot out of Paraguay as well.

MIGUEL GULARTE: Yes, Paraguay has the highest growth rate in South America, to be more specific, the export in Paraguay they grew from $67 million to almost $1 billion in only 12 years, so 1,200% increases in this spirit. Paraguay is a very competitive country, we have very good costs (Ph) in this country and we expect that the operation in Paraguay will be excellent in 2014. JBS has two plants in this country with capacity to processing 1,300 animals per day.

JERRY O'CALLAGHAN: And we saw the herd growing 8% last year which is quite a substantial number year-on-year, 8% more cattle in Paraguay and now maybe a word about Argentina.

MIGUEL GULARTE: Yes. JBS has five units in this country. We, at the moment we operate in only unit as everybody knows, the recent economic crisis in this country allowed us to concentrate our business in one unit. This concentration was excellent in order to lower costs and working with full capacity.

WESLEY BATISTA: I'd like to add a comment about Argentina, I think as you all know, so we shrink our business a lot in Argentina in the last four or five years. So we were running five, six plants; today we are running just one plant in Argentina only to be there and to wait. Argentina is a great beef producer, to wait if something improve in this coming years, we are there, but our target there is to breakeven our business there we are happy. So it's a difficult place to operate today, but again, we shrink our business, this represent less than 1% of our business. And Miguel mentioned one market that is amazing, it's a small country, but Paraguay, we all need to keep watching Paraguay. Paraguay is doing really, really well, cost to produce in Paraguay is really, really cheap, electricity cost, energy cost, and labor cost is very cheap in Paraguay. The herd is growing substantially in Paraguay, even if it's not a big number, but it's a very, very good place. We have two beef plants there; we are making a good amount of money there and a very, very good operation that we have today.

MIGUEL GULARTE: Back to Argentina. We have adjusted our business to the local markets, and we are in this plant we work with customized products and we are…we focus our business in products for the local market. Argentina have highest consumption rate per capita a year, more than 62 kilos per resident a year. And this is an interesting country because in Argentina we see the chart as you see, we expect to recover the business in the next year, and we will be in very good position in 2022. We are confident that we are doing our best in this country in order to improve our results.

JERRY O'CALLAGHAN: Miguel, so let's talk about Brazil.

MIGUEL GULARTE: Let's move to Brazil Jerry. As you see in the map, Brazil has the largest herds in the world. We are the main export (Ph) country ahead of the United States and Australia. The platform for JBS in Brazil was present in 17 of its 26 states, with 42 plants, processing capacity around 45,000 animals a day, 6 feedlots and 19 hide plants.

We have as well 35 distribution centers and we are present as well in capitals and small cities. JBS has in this country nine related business and these business are concentrated not only in Brazil, but in Uruguay, Paraguay and Argentina.

WESLEY BATISTA: I want to add a comment here on Brazil is important. If you look where we are today, in what's…in each state that we operate our business today, you will find out that we concentrate our business in the states that have the biggest cattle herd and the most competitive states in Brazil like Mato Grosso, we are running

15 beef plants in Mato Grosso. It's the largest cattle herd state in Brazil. And we have seven beef plants in Mato Grosso, do Sul in Goias, so in the Midwest of Brazil, between Mato Grosso do Sul, Goias, Para, Rondonia is the best place to be and this is exactly where we are. So our footprint in Brazil is quite unique. So if you compare ourselves with our competitors, we have the best, I can say this for sure, that we have the best footprint for the beef business in Brazil and very strong plants, the hides and the leather plants is also located very close to the slaughtering plants, that is very good to be close to the slaughtering plants. So our operation in Brazil is very, very competitive. For you to have an idea, we did last year almost 9 million head, we processed, JBS we processed almost 9 million head of cattle. This year, we are going to process over 10 million head of cattle in Brazil that this is around 40 some percent of the cattle that is slaughtered under federal inspection in Brazil.

So we have a very strong presence in Brazil, very good team, a very strong group of people that is running this business. And we are very confident that this business will keep delivering strong results this coming year. A lot of people are talking about cycle in Brazil, cattle cycle in Brazil, where is the cattle cycle in Brazil, but the numbers that we have been looking is the amount of cattle that is born in (Ph) or is calving rates in Brazil. And for you to have an idea last year, the calving rate was the highest ever in Brazil. So cyclicality, I am sure that we will see enough cattle available in this coming year. So I am very confident and very happy to see how we are running our beef business in Brazil, and how our business is performing.

MIGUEL GULARTE: If you look at the map then we are…JBS is around other country, we have plants in many states. Let's go to the local markets. JBS is serving these markets around 60%. We increased this market each year. We are in 12 main capitals and 23 distribution centers in middle sized cities. If you see the map, we have a very good platform and we increased our platform base in more than 10,000 clients this year. We sold to 75,000 establishments in Brazil. And we expect to still grow in 2014. JBS made a very important marketing and advertising campaign; maybe you could talk about…

WESLEY BATISTA: This is another important point. Brazil is different than anywhere else. When you see our customer base in Brazil, it's far larger than our customer base in the US. And why, we do the job in Brazil that the food service distributors, what they do here, we do there directly. So in Brazil, you don't have like you have here in the US, the big broad lined food service distributors and we go straight to restaurants, to hotels, so is small mom and pop restaurants, and it's more retailers, independent retailers; so our customer base like Miguel mentioned, so we serve 75,000 customers in Brazil. So our customer base is much bigger. And this of course, allow us to price our product with better margins, selling products to more customers. So this is key in Brazil and it's a bit different than here. And not only for beef, for chicken also, Tomazoni will mention our customer base in Brazil, but for beef and chicken and for the processed and packaged food part of our business, so we serve huge amount of customers.

MIGUEL GULARTE: Okay. Let's go to export. Export base is expected to grow more than 25%; we grew 25% last year, and not only in volume but in prices as well. Brazilian reais stayed…the currency of the Brazilian reais against the dollar increased 10%...we expect to be in the space in 2014. We have a very high demand in this country because we have two events, important events in this country, the World Cup and election later this year. If you look at the forecast from Brazil, we go into emerging markets as Greater China, Middle East and South America. I think it will be a very important year 2014, as we did in 2013.

JERRY
O'CALLAGHAN: So strong exports and a strong domestic market.

MIGUEL GULARTE: Let's talk about the…as an upfront, fresh beef in United States, Brazilian fresh beef.

JERRY
O'CALLAGHAN: Oh yes. Okay, let's talk about that. Yes, there's been a lot of news flow regarding the potential for Brazil and the US to open up trade between these two countries, and Miguel would like to make a comment regarding that.

MIGUEL GULARTE: Yes, we expect in the middle of this year news about this. As you know, it's an important step for the Brazilian beef if they open or they receive the stamp for the USDA not for only to be in an important market, but that will allow us to go to the other markets like Japan and Korea and it will be important for JBS, more than everybody because JBS could combine the operations in Brazil and United States.

WESLEY BATISTA: It's good for Brazil, but Bill is looking to you…he is happy. So I don't know if Bill here in the US have to…for you to sell beef here. So, the leather business…

JERRY
O'CALLAGHAN: Oh yes, Miguel has dual nationality, he is Uruguyan and Brazilian, so we always have this question particularly when we speak of consumption in Brazil this year, we think that World Cup will push consumption a lot but the question is, who is going to win the World Cup again?

MIGUEL GULARTE: I said to you Jerry, I hope that Brazil wins, but if not Brazil, may be the United States. Let's move to the leather business, JBS is the largest export in hides in the world. We go into the external market with more than 95% of our producer. We are in nine countries; Argentina, Brazil, Uruguay, South Africa, Germany, Italy, Vietnam, China. These are very different situations across the firm. JBS is the main supplier for the automotive business, for the leather…for the furniture business and the apparel business. As well, JBS directs the business to the finished or semi-finished products. We move it from the wet blue that we are at first stage and we are going to the [indiscernible] space that is the final leather. We project to work with 50 million hides this year, and the revenue around 1.5 billion.

WESLEY BATISTA: Yes, well I mentioned that the leather business is a strong business, we have been running this business double-digit to margin, very consistent business, around 9% of this…the products that we sell in this division is finished leather is not wet blue or raw hides, so it's a value-added business for us, it's a strong business.

JERRY
O'CALLAGHAN: So these are some of the related businesses, where basically we are taking by-products from our beef industry in Brazil and we are further processing them to produce a variety of products from energy to recycling and very interesting….

MIGUEL GULARTE: This is an important thing, because as you see everything is connected with the main business, the beef business. JBS has a biodiesel platform that we have two plants, one in [indiscernible]. We are working with beef tallow as a raw material this is unique, and this is combined with a business with JBS. We have as well a can platform that work cans for our self more or less 51 million cans per month, direct to the local market, and 100% recycle. So we have a trading, this trading bring to us opportunity to make several kind of business. We import some products and we will use this platform to make some business. JBS is a pioneer as well in a collagen plant; we have a collagen plant [indiscernible] San Paulo. This plant is a plant that is capable to work 48,000 (Ph) tons a year; and they are using not only for the food industry but as well for the beauty and the pharmaceutical industry. I think it is a pioneer and JBS if I am not wrong, only two factories in this collagen in the world.

WESLEY BATISTA: Yes, we have one and just another…company has one collagen plant. So all this business, we call related business that is the biodiesel business, the casing operation, we get all of our case and we calibrate the case, and we sell this case into a lot of markets in Russia and China. So the biodiesel plant we use tallow to produce biodiesel. So we have all these divisions that we call related business, that produce and add value to our business and to our results. So you can see in the chart, each different unit and we have…in each unit we have a person that runs this unit accountable for the results, so this has been adding value to our results.

MIGUEL GULARTE: We have the…the carriers and the recycling company as well, that is reducing the footprint. And I think this business is connected, we have a fleet with more than 1,200 trucks, and this lower our costs and make very good position for JBS in strategic and logistics. Let's move to the end.

JERRY O'CALLAGHAN: Yes, so maybe a little bit about the opportunities and the challenges, Miguel for this year for 2014 in South America.

MIGUEL GULARTE: Yes, I would like to say that in my opinion the main important opportunity is to be that [indiscernible] is to be in the right place at the right moment. We have sunshine, land and water, in South America.

JERRY O'CALLAGHAN: Abundant.

MIGUEL GULARTE: Abundant, it's true. But the challenge Jerry is, I say to you that we should keep our focus in excellence. We maintain our investments and take advantage not only the synergy globally and the synergy locally. And if you look at the picture, I think this picture is an important picture, because we finally we should make and maintain our investment in human research. In JBS we hear and you know that our most important value are the people. So I think for JBS, catch the result we need this people in this picture.

JERRY O'CALLAGHAN: All those good people. Thank you Miguel. Thank you. So I think that covers our South American business, excluding JBS Foods, about which we will talk in just a little while. And so, now we will move to the US, André Nogueira and his team will present regarding the US business. André. Thank you.

ANDRÉ NOGUEIRA: Thank you Jerry. Good morning, thanks for your time. Good morning thanks for investors, good morning for JBS. How if…the guys…Jerry to move this for me.

JERRY O'CALLAGHAN: I can do that, yes, no problem. I will do for you.

ANDRÉ NOGUEIRA: So as you can see, we believe that we are good in the protein business, but we are not very good at names. We call JBS USA that's a beautiful name, but does not represent what we are. We have operation in Australia, Mexico, Canada and Puerto Rico [indiscernible]. What I will talk about, I am not part of the JBS let's say, therefore, yes the name is not good. Tomazoni very good in marketing, I think that he has the best name JBS Foods. Miguel, you have a wonderful business, the most competitive beef business with Brazil, Argentina, Paraguay and Uruguay. Huge potential for growth, very nice margin, and you call that JBS Mercosul. So we need to improve the names, we've put Tomazoni in charge of this, he is good in marketing he will help us. But JBS, let's say we have operation in Australia, Mexico, US, Canada and Puerto Rico. We report three business units, the pork business, the chicken business and the beef business.

Jerry comments about, but that I'd like to highlight this, why JBS is investing in these countries. There is five things that are very relevant and produce protein globally. And you should have the natural resource of the land, the water, and you need to have the infrastructure to move these goods, you need to have a workforce that's available and qualify workforce, it's very important and very people intensive you have 185,000 people. When you have a strong domestic market that help a lot or just balance between domestic and export, help you to maximize the value of the protein that we are processing; and of course, the quality of the producers, the farm, the ranchers that produce the livestock that we process. So, in any country that we are, we have just five things, unless on top of that, you have the low cost energy that have really helped us to be even more competitive. So that's why we are…that's the things that we look anytime that we are…if you think that makes sense to invest in any new area, need to be competitive, need to be low cost, need to have just five main items that make a protein producer to be competitive.

A few other competitors, if you are really competitive; you are going to have an important mark shed in the total global trade. So and if you look here, Jerry have already showed that before. But if you look, the operation of JBS say that the Australia, US and Canada if you combine this three its 34% of the total global export in beef if you combine that on top of Brazil, America so have 64% of the total global export of beef coming from the area that JBS operates. If you look in pork, just as I said [indiscernible] business, 32% of the total global export in growing, 20 years ago this was close to zero. So that came from zero of the total global export/import, but 33% and growing. The second player here is reducing and we continue to reduce. If you put that on top, Brazil we have 42% of the total global export in pork. Chicken, just you asked 32% of the total global export in Chicken, Brazil and US combined 6% to 7% of the total global export, and again just to continue to grow the market share and we will continue to dominate the Chicken, global production and export.

If you look how is this improving over the years, before ten years ago US was pretty much a domestic producer. I think that producers use [Indiscernible] that's why we always…yes you are right, since 2007, we talk about export, and the people and the analysts are looking for us, what I will talk about, everything was about domestic market, and that is changed and continue to change, and we will continue to improve. So it came from zero ten year ago…close to zero to 10%, 10 years ago, and now close to 20% of everything that we produce here in the US, we export. So one pound in every five pound was produced here [inaudible].

And where this is going, Jerry will comment about that, it's emerging markets, that the growth in the protein consumption. I just could highlight some terms (Ph) here just to emphasize and give a good example about this, whether to comment about China the incredible growth of consumption and imports of China beef and why this has happened? Again, it's the growth in consumption, and the domestic production going down in China, that's the dynamic there. They are not competitive to produce beef, they will not try to produce beef and lamb, and they are importing today more. More than 100% growth in one year from 2012 to 2013, more than 100% growth, 1 million metric tons, I'm not very good in numbers, so if you talk of 1 million metric tons, what the hell is this, this is 10% of everything we that we have produced here. So 10% of everything that was produced is 1 million metric tons, that's 20% of the Chinese production. So they are already import 20% of everything that they produce…they need to import and this will continue to grow.

Of course this is good for everyone, Brazil, Uruguay, US, but at this point the big beneficiary of this is Australia because of the location, because of…probably they can sell direct to China. So the growth from Australia was last year's 200%, starting (Ph) from nothing to be the third largest march (Ph) for the Australian beef and the most profitable one.

Japan that's reopened, full access for US beef, so from [indiscernible] that was 20 months younger, and now to 30 months, so one year the growth is close to 50% in the largest market for the US beef. That's not only in the emerging markets, every time that we reduce trade barriers, than you improve consumption, then you improve export for who is competitive.

In the pork side, I've put Columbia here, there is no…we have signed a trade agreement…free trade agreement with Columbia As a consequence of that 2013 85% growth compared to 2012. The number is not huge, but very important. And show how competitive US is, and how…and every time that we reduce trade barrier we took advantage of this and we grew export. Again, Chile 41%, another trade agreement that was signed and Taiwan 24% much more related to the consumption in Southeast Asia.

For chicken, I think that Bill will comment about that later. But Angola today is the third largest market for the chicken from US…third largest, think about that, it's really impressive. And the growth in Iraq and China.

Well, I have a comment here, and Miguel did the same comment about the people and people inside of JBS. We focus this a lot all the time, we believe that, that was…make JBS different, that's why we will continue to grow, that's why we continue to improve and that's why we will be the best company in our business. The leaders in JBS that I have introduced, Bill Lovette, Bill Rupp, Denilson, and Marty, these guys are responsible for 71,000 people in US again, Canada, Mexico, Puerto Rico and Australia.

Some points that I will talk about the whole company and looking few years ago just to highlight the focus and what we are doing in US since we bought the company in 2007. We are in the people business, so if the people inside of the company keeping them productive is very relevant. We reduce the turnover of people in the company more than 50% in these years. And with that came more quality of what we do, came more yields and low costs. But we need to keep the people. And I think that's something that's [indiscernible], the first day that they arrive here, and the consequence of that, I think that we have one of the lowest turnover in the industry and we reduce that by 50% in these years.

Now, a little bit of a consequence of reduced turnover, keep the people, and focus in the team is the safety records in JBS. As you can see, we outperformed the industry, but more than outperformed the industry; we have been improving year-over-year. So we are not showing year 2013 because it doesn't have the industry number but our number was 3.5. So in three, four years we went from 6.2 to 3.5, and here because it's safe, low and it's good. So we are going in the right direction, and we already are in a very good position, but we continue to put focus on that. Of course, the right thing to do on financial side because this represents low awards (Ph) compensation and low costs but more than that it's the right thing to do and that's what we talk with our team every day.

We have a fantastic team today, but we have to think about how we are doing (Ph) in five, ten years, and we are really focusing to create this next generation. Last year, only last year we…in only JBS let's say we put 200 kids from college…direct from college inside our team at the plant level, at the office level, and we are very excited about what would to be this team and what would be JBS in five, ten years from now.

The number of years, since 2007, remember that the big discussion, the first time that I talked with the analysts in 2007, the guys asked why did you invest in US. Well at that point make no sense for the analyst, and a lot you guys were there and remember that and the guys said this is a matured market that market does not grow. We bought a business here that was $10 billion business in 2007; last year that business is $30 billion. We grew through acquisition, we grew through organic growth, and we grew more than 20% every year since the acquisition in a very mature market.

We transformed that business that we bought that was $63 million at that point adjusted to that [indiscernible] dollar was negative in the business that last year produced $1.4 billion, we don't think that $1.4 billion is good, we want much more than that. But for sure, it's a good improvement, and of course, the consequent of several acquisitions. But if you put all these acquisitions together, all of the enterprise value of the acquisition that was done since 2007 including the Swift acquisitions, the total enterprise value was $4.8 [technical difficulty] at the date that we did the acquisitions. And if you divide that by the EBITDA last year, you have 3.4 times enterprise value, EBITDA, and I think that is the value creation.

During the right acquisition, put the right thing in place, turnaround that, hope the growth does delivery the result that we expect. And I think that [indiscernible] are more convinced that we did that in the right time, and we did that in a right way. So, with that, I would like to invite Marty Dooley to talk about our pork business.

MARTIN DOOLEY: Thank you, André, good morning. My name is Marty Dooley, I have been within the business for 30 years, and I am happy to say the last seven has been with JBS. A little bit here about our pork business, we are a fresh pork business only. We are not integrated backward in the production or forward into further processing. We operate about 12% of the US market share. Our plants, we have three pork plants, Wesley mentioned 51,000 to 52,000 head per day, a lamb plant and a case ready plant located in California. We do sell a fairly significant amount of our product, our box pork product under these brands, and we believe that that percentage is disproportionate relative to the competition.

The locations of our plants, we have one in eastern Corn Belt, it's a single shift operation about 10,000 head per day, and then two plants in the west and central Iowa and southwest Minnesota, those plants operate just under 21,000 heads per day. Our case ready plant is in Santa Fe Springs, California, running about 35 million pounds of capacity there per year. And then our Lamb plant is located in Greeley, and we operate around 2,800 head per day.

ANDRÉ NOGUEIRA: So, Martin next page I will talk about the results here. So last year was $3.5 billion revenue in our business. Just for the comparison, remember that 2012 we have a year of 52 weeks, so if you normalize that for 52 weeks, in reality our growth was 2.5% compared to last year. You have a strong EBITDA for $227 million for the year a growth or increase of 21% over 2012, have a very strong last quarter, the fourth quarter, what's our view, what's the highlights for 2013?

MARTIN DOOLEY: Well, André, I think that the spread between the hog cost and our product prices definitely matters. But I think what we did an outstanding job of last year with controlling everything we can control. We don't have a lot of control of the spread, but we do control many other aspects of the business, and I think when we look back and reflect on the year, our safety performance was very strong; we reduced our turnover at the plants. We improved our yields. We lowered our expenses and on a per head basis an environment of less volume which is remarkable, particularly when contracts are advancing. And then, we did a very good job on our labor efficiency. On the sell side, we doubled our business in Japan on chilled pork. And we are able to take five of the six primals (Ph) and advance those margins, better than the previous year. So we did that by working with the product mix and the customer mix and improving in all those areas.

ANDRÉ NOGUEIRA: So you are part of the agri stats, correct?

MARTIN DOOLEY: Yes.

ANDRÉ NOGUEIRA: How was your performance?

MARTIN DOOLEY: So last year a little bit about agri stats. First, agri stats is an industry benchmarking program. We subscribed to it, our three plants are involved, we estimate that about 80% of the industry is involved in the agri stats program, last year we were happy to report that we were ranked consistently #1 as a composite of our three plants in the agri stats benchmarking.

ANDRÉ NOGUEIRA: So 2013 was a good year, but you know, that we expect more, what's next Marty?

MARTIN DOOLEY: Well, a little bit about next year. We will work on our…starting with procurement. Let's go back one slide, thank you. Starting with procurement, we plan to maintain our contracted supply, not being integrated very critical to our business. We are going to tweak that a little bit, we are going to work with some smaller and medium sized producers in an effort to increase our program business, so if there are certain attributes that we can sell at a premium. We are going to work with some of these smaller and medium sized producers to advance those programs. In the plants, we are going to continue to work on all the things we just talked about, that we can control. So everything from safety, yield, turnover, expenses et cetera, we have invested quite a bit of money into automation, and we are seeing the benefits of that and labor efficiency and expenses will continue. In fact, we have two robots that are starting into use this week in Louisville.

And then, on the sell side, we are going to continue to work to increase our chilled business in Japan. We are going to continue to improve the percentage of products that we are converting. So what I am talking about here is all of our deboning of loins, hams, the converting of bellies in to dimensional graded product, and the converting of commodity ribs to a premium type of rib. We have a very high percentage that we convert. Now, we want to continue to hone the margins and work with the customers to improve our overall margin on those products.

And then we want to expand our case ready; and lastly our value-added. This is a very important aspect of the business going forward for us. We have, again as I said, our definition of value-added is changing slightly we…these converted products…we have a very high percentage. We now are moving to create more value into these value-added products. And so, what we are talking about here is, a product that is…that has some type of applications, that maybe dry rubbed, it could be a sauce or a marinade, we are talking about products that will be sliced, diced, cubed, maybe scored, packaged into a single pack for a single meal event.

I can tell you that, this product that's in the upper left hand corner here; the dry rubbed ribs, we have doubled the volume in each of the last two years on that product. And these are products that are more convenient, they provide an increased shelf life to the retailer and they are providing nice margins for the retailer. So we are very excited about a number of these products, we just illustrated a few here; we do have a space available in our Marshalltown facility, as a result of the investment several years ago on our DC that has opened up. And we intend to move this product in a production into that area; it will be set-up, so that we will be the most efficient that's producing it. It will not be off-site, it will be onsite, it's going to improve our shelf life, we will make that product efficiently, we will take it into the distribution center, chill it within 15 minutes. And we believe we are going to have exciting times going forward on these products; we are really excited about it.

ANDRÉ NOGUEIRA: And a comments thereafter. Can I ask you, why more of this now, why not three or four years ago. Just again, to give a historical perspective on that, when we bought the company in 2007, the focus was cost, put the costs in other operation be competitive that was the first step. One and half year later the main focus was a yield, now that's put the costs in the right level, that's put the yields in the right level. After that was sales, now we have the cost, we have the yields, we have the costs, so we need to improve the sales and the sales margin, and this was done. And during that time, we put a lot of money CAPEX investments in the distribution centers with the plant. So we built one $50 million large distribution center in Marshalltown, we built in Plainwell, we built in Tolleson, we built in Cactus, we are just finished Grand Island. So now we have rib distribution center that we built, to have the quality, have the yields in the right level, and now we have the space inside of the plant that's the best place to produce this type of product that we are doing now. So that it will be the same dynamic for beef and Bill will comment that…

BILL RUPP: I'll just summarize, and I would like to add a comment about our pork business. Since we acquired Swift here, this business has been performing very strong, very solid results, it's improving every year, Martin and his team is doing a great job, lowering cost, improving yields, getting more value-added sales. So this business is going really well, we are getting the year…the start of this year is starting stronger than last year. So we are confident that we can generate more than $220 million that we generated last year. This year we are confident that we can generate more. So we are seeing the beginning of this year far stronger than last year, so a stable business. We have a lot of confidence in our ability to deliver strong results this year and Marty and his team is doing a fantastic job over there. Let's move to beef.

ANDRÉ NOGUEIRA: Thank you Martin.

COMPANY REPRESENTATIVE: Thank you, Martin.

COMPANY REPRESENTATIVE: Sure, I will go fast. You're not going to introduce me? So good morning and thanks for being here. Just quickly on the US beef business, you can see we have a footprint in the US; we do slightly less than 7 million cattle a year. In Canada, we do about a million cattle a year which is a new operation for us in 2-013 and then in Australia, just over 2 million cattle a year. You can see our market share is very competitive in all three markets. A few comments on brands, Brands is an area where we put a lot of effort in the past several years, La Herencia is a new brand, it's a brand that essentially is taken lean beef out of Canada and selling it into the Hispanic markets in the US. About 40% of our beef in Canada comes down to the US because there's just not the population to consume it in Canada. And so to be able to target a population like the Hispanic population in the US has been a real boost to our margin on that beef.

The other one I'd make note of is our Cedar River Farms. Cedar River Farms is a natural program that we do out of our plants in Arizona. We just recently had sprouts which is a natural retailer convert their whole meat beef offering to Cedar River Farms, so getting some really good traction on brands.

Again, you can see where we are located; our US footprint of note is really what we call a central strategy where we've got our bigger plants located in the Mid-West where the cattle are. And then you can see a number of plants where they kind of what we call regionally located, they are out on the edge of cattle country; they deal with a local supply. We are really focused on dealing with local markets too, within those areas and starting to get some real traction there, so a dual strategy where we can take a local cattle supply and market it to local retailers as grown in a local area such as Arizona proud or Colorado proud things like that which again, some good traction in aligning with what consumers are looking for.

Australia kind of a similar footprint, we have a northern and a southern division, the southern division is beef and lamb, northern division primarily just beef and really focuses hard on export and has lot of that growth that Andre talked about and then China is coming out of our northern Australian operation.

ANDRÉ NOGUEIRA: So Bill, last year $18.6 billion, this again, if you normalize the previous year for 52 weeks, it's 8.7% growth in sales, the EBITDA $375 million, a growth of 6, 7% over the previous year. What's your highlight?

COMPANY REPRESENTATIVE: Yes, 2013 was kind of a learning year for our business. Real strong here in Australia and just a super job by the team over there. The Canada business was a tough implementation for us after the acquisition. I think we had a lot more damage to that brand or the aura of that plant coming off the recall which is where we purchased that plant, we had a lot of difficulty getting our foot back in the doors, with some customers really struggled to get retailers and food service operators in the US interested in bringing that product in. So we struggled there a lot more than we thought we would. It probably put a drain on our US plan to some degree as we focused a lot of resources up there. But I think you know coming through that and then adding the tight supplies on to it, I think we've got our focus back, it's a focus that's basically on revenue looking forward.

ANDRÉ NOGUEIRA: What's your view of both markets where you are now?

COMPANY REPRESENTATIVE: The North American beef business continues to be tough from a supply standpoint. Again, we are really focused on a local or a regional approach to our procurement. We've kind of realigned our procurement staff to have strong people physically located in each geography broke up from a central focus to that regional focus, it's paying dividends for us. We've kind of drawn a radius around each of our plants and said we are going to own the supply within this radiuses and then we are having good traction in getting that done.

The Australian model continues to be strong, lots of supply in Australia, they have been going through a bit of a drought here recently which is in the short-term good with the numbers coming to market, but we have some concerns as we get into the latter part of the year that supplies could dry up a little.

As we look forward, our capital investments just like Marty's and we learned a lot from the pork business. It's a very well run business, but as Andre said, I think you know, we put in our foundation of expense and our focus going forward, is on value-added and lots of investment in ground beef, investment in what we call muscle profiling where we consumer package muscles right to the retail counter and then move forward. We've really built a strong customer profile and will continue to add to that. In 2014, we feel really strong about the support we are getting from some very key customers in this marketplace. So I think we are in a good position to take advantage of that, and as the herd rebuilds here in 2014 and 2015, we should be in a good position to reap the benefit of that.

ANDRÉ NOGUEIRA: Talk a little bit more about value-added for the [indiscernible], Bill, side of the plant.

COMPANY REPRESENTATIVE: Sure. So specifically we've added ground beef operations into our Tolleson plant. We've expanded the size of our Plainwell plant, our theory is really to focus on those investments in our regional plants which are a day or two closer to the population. We believe we can respond to the customer and consumer needs in a quicker manner by being out there, so we will flow our raw materials from the center of the US out to our regional facilities, and then we will distribute those products along with our box beef offerings that come out of those plants. So we think it's an advantageous model relative to our competition. We really don't have that regional footprint that we have. And so, our growth will be to focus on ground beef primarily, but also muscle beef in a case ready or in a vacuum packaged format.

COMPANY REPRESENTATIVE: I wanted to add some comments on our beef business here. You'll remember that our beef is US, Australia and Canada, and this for sure helps us to balance, and Australia is doing really well. So Canada like Bill said, we struggled in Canada last year, so the integration was more difficult than we thought in the beginning. But now, we have a more stable business in Canada. So a year passed that we are running there, our Canadian business. So I think it's important to remember even though for sure the US beef market is a challenging market in terms of cattle supply has been performing less than we all would like to see this business performing. But I think it's important to remember that our Australian, Canadian and US business balance each other and helps us. And one other thing that is important, we are the largest cattle feeding player in the US. So we have around 1 million head of cattle that support our plants and this is key and differentiates us a lot from our competitors going forward with this shortage in supply. So Bill and the team is doing a fantastic job in our beef business. So we are confident even though the result is below where we want it to be, and where we believe we can be, but we strongly believe that with the combination of our portfolio, Australia and Canada and US, we can deliver good numbers this year. We can outperform last year, with all the challenge that we are not underestimating the challenge that we have in front of us. But we have a strong team, and we believe we can do better than we did last year. So let's go through, Bill Lovette.

BILL LOVETTE: Okay, Bill Lovette, Head of Pilgrim's. We did an Investor Day here about 11 days ago, so some of you have seen this material recently. We are the second largest producer and marketer of chicken in the US. We have a 19% share, we have 31 plants, and we do of the I think 12 million birds per day that Wesley mentioned, at first, we do about 7.5 million of those per day, in Mexico, in US, in Puerto Rico. So we have 31 plants in the US, 3 in Mexico and 1 in Puerto Rico.

From our branding perspective, you see the brands on the top, those three, that's our go-to-market brands for retail. Pilgrim's, Country Pride and Gold Kist. We also are a large participant in the store owned brands category as well. And then the two brands on the bottom are go-to-market brands and food service, very strong brand with Pierce (Ph), very proud to have that brand in our portfolio.

Now, if you look at where we are located, not too surprising if you're in the US chicken business. We are going to be primarily in the Southeast, only because, that's really much like Brazil in the Southeast of Brazil that's where the industry was founded back in the '50s and the '60s, and that's where we remain from Texas all the way up to the Atlantic seaboard there. We have three plants in Mexico, in the Central part of Mexico, serving the largest population center of Mexico. We are in the process of expanding, and I will talk about that later geographically in Mexico to reach another urban population center, okay?

ANDRÉ NOGUEIRA: Just, Bill, the results last year. Revenue again, 8.4 billion, if you adjust the previous year for 52 weeks, its 5.7% growth, and over $800 million EBITDA, 100% growth compared to the previous years. So very strong year, what's your view about the main point.

BILL LOVETTE: Well, certainly André, we are proud of the progress. I am not sure where we want to be yet, and I will address that in a few minutes. But we've made a great deal of progress, we've done a lot of consolidation actually with our operations, and we've closed some facilities. But I think it's impressive, that our team at the same time we've closed facilities, we've actually over a three year period grown our business in total by 22%. And then on the margin side, we've taken a lot of costs out, you heard that theme today with all the JBS operating units, that's part of our culture, that's part of who we are is increasing efficiency overtime and being the best operator in terms of taking costs out. The last two years, we've enjoyed a relatively strong pricing environment. But at the same time, we've done some things also with our business, such as, improving yields, lowering processing costs and improving our sales mix that has taken us from, really not so competitive operator to one of the better operators in the industry, and I will give you a few more details about that in a second.

So, let me part just one second on this slide. This is maybe in my mind at least the most important slide that we present going forward. This is our strategy slide, in the center you will see our vision and we brought this to the company on January the 04, 2011 a day after I joined JBS and Pilgrim's, and that's to be the best managed and most respected company in the industry, and I will show you in a second, how we know when we will get there? We…by April then, following January of 2011, our team put together this strategy, basically based on four pillars. The first one there, if you start on the left side…my left side, and go clockwise, one of the things we noticed was, we thought it was a top/down driven organization. And we wanted to drive ownership for decision-making and accountability deep into the organization. And so, we carved the company up in to business units in order to do that.

And then we said, we are a big company, and I think historically we've tried to do, be everything to every customer. We are going to focus on a few key customers that we know are going to grow. And we are going to apply our resources and our core competencies to those customers' needs, and we are really going to put a lot of focus on that and it's paid off handsomely. And then we said, we are going to relentlessly pursue operational excellence.

Over the last three years, we've taken about or created about $642 million in value from lowering our plant costs, improving yields, improving sales mix, creating a new pricing strategy that has never existed at Pilgrim's before. So we've really created a lot of value with this part of the strategy.

And then finally, you've seen consumption of protein, and particularly chicken it's going to grow globally. I think in the next ten-years, 81% of chicken consumption growth is going to come from emerging economies, and we are going to participate in that. And we are not necessarily interested in just growing our commodity volume. We are interested in growing value-added products to other parts of the world, capturing a more consistent and higher margin. So that's our vision of strategy.

And this is where it's paid off. In 2011, when we introduced division and strategy, we were a bottom third operator when it comes to Agri Stats. We told ourselves, when we set a goal in 2012, we want to be an average company. We want to consistently hang in there, with either the Agri Stat bottom line report or Bank of America profitability survey. We want to be in the middle of the pack, and we achieved that. And then we set another goal for 2013, where we said we want to be a top third company. So if there are 15 companies in the survey, we want to be number five or better, and I can tell you consistently, we achieved that in 2013. So what's ahead, 2014 and beyond, we want to be the best, it's just simple as that. I can't you know, I could stand up here for an hour and talk about it, but we want to be the best and we want to grow, okay.

So, let's talk about how we are going to do that? We've created perpetual improvement business model where as we continually improve our results and increase the free cash flow that we get, it helps us to become a stronger company financially, and then that allows us to take that financial strength, go to the market and understand what's available for potentially an acquisition, and I'll get into a little bit more detail about that in a second. Also it allows us to think about organic growth. What can we do both in the US and Mexico to grow organically as chicken consumption, particularly in Mexico increases. And that allows us to capture those growth opportunities, which then allows us to have a higher, but as important and sometimes more important less volatile earnings in this commodity cycle.

So finally, to put some meat on the bone; I'll start here with leveraging existing assets. So we do have the opportunity to spend capital in our existing facilities, where as an example we can take up another line where we produce fully cooked chicken that maybe that line was purchased in the late ‘80s or early ‘90s, and it produces 4,000 pounds an hour. When the same footprint, new technology means we can double in some case triple that throughput in that same footprint also at the same time increasing yields. So, we have a lot of projects identified from a CAPEX standpoint that we can take the same asset base and work it harder and produce more asset turns and more sales per asset dollar and we are going to do that.

If you go down the box, Mexico as I mentioned is a great opportunity to grow, because we have an emerging middle class, a growing middle class, and we know the first thing that a growing middle class does is eat more protein, and that’s exactly happening in Mexico, Mexico is consuming more chicken than can be produced. And as a result, has become the US largest export market for chicken. So as we look at our model in Mexico, we are centered right there, and if you remember the math, in the center of the country. Yes, there is a lot of population there, but that gives us somewhat of a geographical risk because as we know disease is somewhat rampant in the country, and we have great biosecurity measures, but we want to spread out our risks some and so we have announced recently that we are going to build a new complex in the State of Veracruz, and capture another population center and spread out our geographic risk.

If you look at our acquisition opportunities, I see acquisitions for us sort of on two tracks. So a chicken track might look like a geography or a brand offering that would be complementary to our existing company. And I think there is a couple of…at least a couple of opportunities out there that are very interesting. And if I look at our process meat track, we’ve proven to be good operators with value-added products. We are going to get better at operating with value-added products. And one of the things that I think we need to become better and add more shareholder value is valuable brands. So there are some brands that, I would tell you that we are looking at considering they are in the process meats category too. So I think the bottom line is we are setup well financially to look at growth, both on a chicken track and a process meat track.

And then, finally, I mentioned value-added exports, that’s been a key part of our strategy in the past we will continue to be. One of the great things about being a part of JBS is, JBS has sales offices all over the globe, it gives us better access to markets that we otherwise would not have as easily available. And so, that’s worked out very well for us. So that’s sort of our strategy looking forward, very proud of the progress we have made, we are not where we want to be. And so, we are going to continually be better. André.

COMPANY REPRESENTATIVE: Only to add a few comments here, what Bill mentioned. So Pilgrim’s, you all know, we acquired Pilgrim’s in the end of 2009, the company was in bankruptcy. So the company…and we put the company out of bankruptcy. So we are running Pilgrim’s the fourth year, last year, so ‘10, ‘11, ‘12 and ‘13. So we did great last year, we delivered great results, I’m confident that we will do better this year and the team is doing a fantastic job there. So we are going to deliver better results this year compared to last year. But one thing that for us accounts a lot, good result is great, everybody loves, we like, we love great results. But not less important and…it’s important like good results is the evolution that we have been doing in Pilgrim’s.

I have been saying JBS, for many, many years that things that we don’t control, we should spend less time with things that we don’t control, than with things that we control. So we are a company that we spend a huge amount of time in things that we control. So we don't control if the US dollars will be stronger or weaker, grain price, weather, so no one controls. But what we do inside of our business we control, and it's great, every month when I see where we are in the Bank of America survey or in the agri stats, this number for me accounts a lot. And evolution from 2010 to now, and Bill mentioned we were not average company back in 2010, we were behind average company.

Now, we are top third, in some months we are at number one. And we are confident that we are going to be the best and this is what we do every day. Bill and the team, they work really hard to be the best because market condition will be for everybody, if grain price is $3, corn price is $3 or $8, this is not only for us, this will be for us and for everybody. So…but what are we doing inside of our business, we can control. So here is…is doing very, very good, and we have a lot of confidence on our ability to show, deliver strong results to enhance shareholder value, and to create more value in Pilgrim's Pride. So Bill is doing a fantastic job with the team over there. So I think now…

ANDRÉ NOGUEIRA: Sorry, one more comment.

COMPANY REPRESENTATIVE: Can I do one more comment?

ANDRÉ NOGUEIRA: Yes, sure.

COMPANY REPRESENTATIVE: Thank you. You said that you should be here to control the time, but I need to control the time. So just a comment, I think that, I will try to give the perspective since, 2007-2013, that's very relevant. So I think that Wesley set up a fantastic team here. He does not only choose the best one to manage each segment of JBS, but the diversity of these guys. So we have people that was…came from the strongest company in our industry and that's pretty unique about JBS. We have not only the best one, but the diverse of the experience that transforms us into a pretty unique company. Another thing that's pretty unique about JBS is this passion to be the best, doesn't matter which counter operates, doesn't matter, each business [indiscernible] we want to be the best. So good to look last year and see that we grew 100% in one business, 68% in another business, and 21% in another business results it's not enough. We want more, and it's great to be here, we tell that '14 will be better in each one of this business. Thank you.

COMPANY REPRESENTATIVE: Jerry.

JERRY O'CALLAGHAN: Now, to the final business unit, the new business unit which we talked about earlier JBS Foods. So Mr. Tomazoni, who is the President and Jim Cleary who runs the international portion of that business, I know we are running a little bit short with time; we'll try to keep this if possible 20 minutes. So that we have some time for Q&A, because I'm sure a lot of you wanted to ask some questions.

GILBERTO TOMAZONI: Good morning everybody, I am…pleasure to be here today to talk about JBS Foods, me and Jim, Jim is our President of International Operations for JBS Foods. We have shared the presentations here. What is JBS foods? JBS

Foods is the unification of a Group of corporates based (Ph) in Brazil, Seara, Penasul, Agrovêneto, Tramonto, Massaleve, we joined all the company; recreated company is called JBS Foods. We are a fully integrated body in pork business with a significant further processed products or packaged foods. This is a strong brand. We have a balanced business between domestic and export and between further processed products and fresh frozen products. We are the second largest meat-based packaged food company in Latin America. Our product footprint is spread over 10 states and we have a national-wide sales and distribution network. Today, we reach 68,000 point of sales directly, with a potential to reach over 130,000 point of sales. We currently sell about 107,000 tons per month of products. And our footprint allows us to deliver our products competitively in the main point of consumption around Brazil and for export.

This is my favorite slide because they show how JBS is a crucial part of work, the power of transformation, weak business and a strong business. Our turnaround of Seara is based in five pillars. The first, the most important is the center, is the culture of excellence, not accept anything, but the best. The second pillar is management, it's related to people. The third is marketing orientation. The fourth is operational excellence and sustainable in profitable growth. We are talking a little bit more for each pillar.

Let's say our team and our culture makes the difference. We are very proud that JBS has built an exceptional team with a deep knowledge in the industry. A small team and dedicated with a flat organization, structure to allow us and on…and dynamic decision making. So you can see the name of the peoples who have a deep knowledge in the industry. When you combine knowledge, people with the behavior, attitude, culture, like that JBS culture of excellence, we have a very stronger power. Our culture of course, is based on values, determination, simplicity, discipline, sincerity and meritocracy. And what we believe, best people in the right place, ownership, and attitude, leadership by example, team work, and focus on detail. It's more than desiring to be the best; it's an obsession to be the best. Our team and our values allow us to implement successfully the turnaround plan we have with Seara.

COMPANY REPRESENTATIVE: Good morning, everyone. It's a pleasure to be here. We are getting a small change of act from Brazilian to Irish, what Tomazoni didn't mention is that while JBS Foods is a turnaround story, it's also a growth story as we had to go through the process of turning the business around and I'll talk about some of the pillars that are the basis for that turnaround. We also continue to grow the business, so we continue to look at the growth opportunities. One of the changes that we've been bringing into JBS Foods is making it a market oriented business, what do we mean by that? We are looking to very much towards what our customers require. We are looking at service levels that we can bring to our customers to improve that. We've also looked at brands. JBS Foods is a company that has a number of brands and we have over the last number of months been repositioning these brands. And of course, Seara is our principal brand, both on the domestic and international markets. We also have a number of very important regional brands that are market leaders in their own markets like Excelsior, or if we take a look at LeBon brands, it's actually a market leader for Brazilian Chicken in retail level in Singapore.

We are looking as part of this of our market orientation of customers, how can we prove our service levels to our customers. We understand it's been fundamental to improving our underlying profitability and what do we mean by service levels. We are talking about consistent quality and we have done in Brazil a number of quality surveys and consumer surveys over the last number of months. We don't have an issue with the quality of our products in Brazil, what we have is a perception of the consumer in relation to our products. To overcome that, we have recently launched a national advertising campaign in Brazil, a very simple message, buy our product and it's been very, very, very successful. People are trying our product and going back and buying it again. We are also looking to improve and working hard pretty much to improve our delivery services again, both domestically and internationally. And we are putting a mentality, a new mentality into our sales teams, which is partnership. We are looking to partner with our principal customers…

Pricing, again this is a focus. We have a very strong focus on proper pricing for our products. We have put together a pricing strategy that allows us to have effective control over selling prices and maximizing our possibilities. We look at pricing on a product level, by brand, by region and by sales channel. We have a number of different tools that we use, but the most important one we have is market intelligence. We work to make sure that we have access to the best market intelligence, so that we can make the right pricing decisions.

A little about our international growth strategy; today, we represent about 27% of Brazilian chicken exports. We do have and this is part of our strategy to get close to our customers, we have offices in Europe, Dubai, Japan and Singapore. And we will be opening an office; it's actually in the same address as JBS Corporate office in Shanghai this May.

We have taken a different strategy to international growth to what existed before. We're taking a strategic approach to international trade as opposed to transactional**.** We do not trade our products. We sell and market them. We have strategic partnerships developed and others under development in our key markets, so we get involved in setting the marketing plans. We get involved in pricing, in market positioning of our brands. We are looking to develop Seara into a recognized global brand for quality poultry products as well as pork and [indiscernible] process.

We are increasing our exports of [indiscernible] and looking to supply more and more to global QSR (Ph) customers. We have specific strategies; an example is Brazil import into Japan where we have been…Brazil has been allowed to…since last year to export pork products to Japan. And we have been working with JBS USA pork division to leverage that. JBS USA pork will be [indiscernible] in chilled product; will be shipping in frozen product.

When we talk about how we improve performance, we have a plan in place, turnaround plan which has got more than 300 action plans underlying it. It starts at our grandparent farms, on improving efficiencies, improving the number of; let's call it [indiscernible], the number of eggs per hen et cetera, all the way down to customer service levels.

Basically we are putting in to all levels of our business best practices. We look and we accompany these KPIs that we put in place on a weekly basis to see how we are performing. I am rushing through this pretty fast because of the time, and to make sure you have some time for questions.

COMPANY REPRESENTATIVE: This is a very…this chart show us…we have this six month we are running Seara. We are able to create a turnaround plan, and to…in terms of saving cost and creating the additional revenue, then you can see price and sales strategy.

We have…these are 287 million reais in terms of…grow revenue and price as James explained our changed strategy of price, that's able to harvest…to capture this value from the market. [Indiscernible] was in that 200, and industrial in terms of what I explained in terms of yield in productivity was four and 170,000 million reais, domestic and international logistic, it is a saving in terms of cost, in terms of rationalization of the logistical network was 118 million and financial administration's overhead was 30 million and non core supplies about…is about 87 million. When you have all of them together, we have a 1.2 billions reais from 2014. And what we can say we are currently ahead of our targets to capture this gain.

Then there is an opportunity to grow, now we talk about saving and growing revenue, but I think we have…we have a two roads for sustainable and profitable growth. Let's say organic and inorganic, on organic we have idle capacity, we have 40% of idle capacity for further processed products. We know this to invest of course, for a small investment to adjust, but we have a huge idle capacity allows us to grow organic. To combine this idle capacity with numerical distribution, we now…we are serving direct 58 customers, but the potential is to go over 540,000.

COMPANY REPRESENTATIVE: No, 140,000.

COMPANY REPRESENTATIVE: Yes 140,000. Then look, when you combine idle capacity with this region that you are not present, medium and a small city, many of them we are not present now. When you combine these two, there is a huge potential to grow. And of course, when you see in the…our share in terms of chicken, it's 17% and the third player is less than 30%...3% sorry, it's less than 3%, that means there is a huge opportunity to grow by acquisition. And these opportunities allows us to say, you can increase processing capacity with geographical diversification, we can enter in local and that we have in terms of good place for grain or labor available for growth. One example is that we are [indiscernible] in the north of Parana, we are not present in Parana, with more presence in Parana, we go to the north of Parana, it's close to Mato Grosso do Sul, it's a nice place in order to have…in terms of cost of grain.

And the other thing…other opportunity is the mix diversification. We increased diversification. We made an acquisition of Massa Leve, it's not yet approved by the [indiscernible] department, but it's in way for that. We acquisitioned Massa Leve, Massa Leve is a ready meal; it's a ready-to-eat meals, pizza and pasta.

There is I'd say, there is two roads of growth, which is organic, the other is inorganic growth. And say, when we put this chart say we are very…we are confident that we will continue to deliver value to our stakeholders, as our track record show. I don't know if Mr. Wesley wants to comment this chart, but…

WESLEY BATISTA: Now, the chart speak by itself, so I think when you look…when we are quite swift here in US, so…and after that, Pilgrim's Pride acquisition, so we have been able to turn this business around and creating value. So the chart speak by itself, so only using PPC as example, so we created almost $3 billion, the value that is created in JBS, so the company…so they are worth over $5 billion of equity value, but the value creation for JBS shareholders was around almost $3 billion. So this…I would say we are using this to talk about Seara. I…when we acquired Seara, so Seara you all know, we were already in the chicken business in Brazil running a chicken operation in the South of Brazil, Jimmy is the President of this division. So when we acquired Seara, I thought and we spoke with the team, we said look, we feel confident about this acquisition. We feel that we are good at turning business around. We acquired a lot of business and we have been able to turn these businesses around. But I need to tell you all that Seara is outperforming our forecast. This business is; we are turning this business around faster than we thought, and the result that we are seeking in Seara is far better than actually we thought and much sooner than we thought. So I mentioned in the Portuguese call, someone asked me about, so we didn't disclose the number in the fourth quarter, we are going to disclose in this first quarter this year, but the number in the fourth quarter was far better than Seara used to be, and in this first quarter I think you all…and the whole market will be surprised how strong we are going to deliver the results just in the first…not just…already in the first quarter. So Seara is a great…we are more confident than ever, that we did the right thing we acquired the right business, it's the only company…not the only like Tomazoni mentioned, so the leader in the Brazilian poultry pork and package food business you all know who is the leader, they have around 30% market share, we have around 70% market share. And we have opportunity to grow this business a lot in Brazil in this coming year. So the third largest player they have 3% market share. So huge opportunity for growth, a lot of opportunities for organic growth, huge opportunities for value creation in Seara, and we are confident that you are going…you are already going to see how the numbers will come in the first quarter in Seara. And Tomazoni, Jim and the whole team, another what we built a team in Seara in JBS Foods that we are calling now, that is a very, very strong team that we are very confident that we will do really, really well on this acquisition, and we are very happy where we are going. So, I don't know Tomazoni if you want to add more.

GILBERTO TOMAZONI: I strongly believe that you will surprise everybody with the result of first quarter.

COMPANY REPRESENTATIVE: Yes.

GILBERTO TOMAZONI: And we ask possible to do some very short time, because we have a really a great, great team.

COMPANY REPRESENTATIVE: I can mention some things here look. People ask me, what we are doing. So we took huge amount of cost out of the business, over 30 million reais per month less costs already comparing to prior we acquired a business; just in cost. Sales price almost 15%…14.5% sales price increase in the package food side of the business keeping volume. So we were able to increase almost 15% price and not lose volume. So 15%, 30 million reais in cost that is already out of the business, distribution and logistics cost is far less. We are consolidating distribution centers; service…customer service is improving, not a lot. So [indiscernible] is far better, I can go through each part of the business. But each box that Tomazoni showed here that shows 1.2 billion reais in opportunity or synergies. We are ahead of this number, and we are going to see bigger number than this number, and this number we will show in our results in 2014. So very good, we are very, very happy where we are, only to finish here to open to Q&A, Tomazoni can you move on more, only for me to finish here, I mentioned about Pilgrims Pride, I mentioned about Seara.

So our…we say this in JBS a lot our mission to be the best in what we do. So we are…we have obsession to be the best in things that we control. This is huge for us. So…we…I strongly believe that we have been able to build a very strong culture, we are still running…we have a sizable organization today. So but we still run this business in a simple way without allowing the size of the business to push us to a place that we don't want to be in terms of being bureaucrat or creating a lot of complexity in our business. We have been able to keep our business simple, and people makes decision and we believe more in people than anything else. So we believe that when you have the right person in the right position is enough. So you can create anything you want to try to improve or to do better, but if you don't have the right people in the right position, so you can create everything you want to create you will not get there. So I have been saying all the time to our team members that a lot of times we act in the effect not in the cause. So when you have something that is not going well, the cause is that you don't have the right people. So and this is where you…we look to act a lot is to have the right people in the right position. So I am glad to see where we are going, we are more confident than ever that we are going in the right direction, and we will create a lot of value for our shareholders, and we will create value for all these stakeholders. So, again thank you very much for you all being here and now we will open to Q&A.

Q&A

COMPANY REPRESENTATIVE: Before the first question, if there are any journalists here, we are going to speak with journalists at noon in just a little while. So please, spare your questions, and we would like just to attend investors and analysts during this Q&A session here. Thank you.

ANALYST: Hey guys.

COMPANY REPRESENTATIVE: Go ahead.

ANALYST: It's funny, you know, I got here earlier and I was looking at the table with all the name cards. And the vast majority of people invited were bankers very few equity investors. And as I looked at your results last night, and I looked at your results over the last five years, I'm a little bit concerned by your focus on EBITDA, and not on the bottom line? You also don't have a CFO for the business that can explain perhaps what happens between EBITDA and the bottom line. And I want to understand, why you are not focused on the bottom line? Equity investors don't eat EBITDA, they eat earnings and if you look over the life of the company since you've been public, you haven't generated a lot of earnings. So why not focus on EBITDA on earnings? And I mean, you had a 75 page presentation; there was one page with one graph that talked about earnings? Thanks.

COMPANY REPRESENTATIVE: Look you are saying that we don't put a lot of focus on net income or earnings. Yes, we talk a lot about EBITDA, you are right. But it is not that we don't put focus on net income, of course, we put a lot of focus on net income. And all of…each business, how we measure each business is what we generate in the bottom line, because you are right, EBITDA is the measure, but what matter is what is left in the last line. So we measure each business by net income, and if we didn't mention enough net income here today is not because we don't put a lot of attention in net income. You need to think about in the last five years, you said that we have been not able to generate enough net income. But if you look our history, we have been acquiring business, like we acquired Swift and like we acquired Pilgrim's Pride and now like we acquired Seara. We have been buying business that was not performing well, right. So it's a turnaround acquisition, and we have been putting a lot of money in this business to invest in the business, to put the business competitive to compete well. And of course, when you need to invest in the business in terms of CAPEX, and also working capital, so you sometimes you have…you don't generate enough of free cash flow that you want to generate. For example, clear Seara, when we did the due in this fourth quarter, when we did the due, we did the due with certain amount of working capital, right. So we acquired a business for 6 billion real, we've 750 million reais in working capital. When they…when we closed the deal, the company was…they delivery that the business was with 500 million reais in working capital, of course, we are just this difference in the sale…in the purchasing price. So we discount 250 million reais in the purchase price, but we incurred in working capital that we put to match these difference that they delivered the business to us. So a lot of these things have been impacting our business. And also, for example, net income last year in Brazil; if you look our business comparing to a lot of other Brazilian company, so we don't do hedge accounts, so we don't use any hedge account to exclude the FOREX impact in our results. So we have a huge exposure in terms of FOREX, because we have debt that is based in…is now made in dollar. So if you exclude the FOREX impact in our results a huge difference that is not cash impact. So but in the bottom line this impacts our business. So…but again we look a lot net income and this is how we measure every portion of our business, probably we should talk more about in the presentation about the net income but you can be sure that we look a lot about this.

ANALYST: Hi, sorry, several questions. First two quick ones, in terms of, what is your exposure to the Galveston pork has that disrupted exports at all for you. And as we look into the situation with Russia, I mean obviously your export business is thriving, I know you don't have a large export exposure to Russia; however could there be a domino effect if we see sanctions heighten with regards to Europe?

COMPANY REPRESENTATIVE: Galveston we will need somebody from the…I don't know.

COMPANY REPRESENTATIVE: Yes, Galveston is a less frequently used port for meat especially, beef and pork some chicken but not very much. So I don't think any impact…

COMPANY REPRESENTATIVE: It's in the Ukraine, right.

COMPANY REPRESENTATIVE: No, it's Texas…

COMPANY REPRESENTATIVE: Sorry, you said about Russia, I thought that it was in Ukraine.

ANALYST: And is there a concern about if things heightening with Russia that we have a domino effect with regards to supply and demand for proteins throughout the world?

COMPANY REPRESENTATIVE: Just repeat the question.

COMPANY REPRESENTATIVE: [Multiple speakers].

COMPANY REPRESENTATIVE: Let me help you. We Russia before five years ago was very relevant for the chicken, from US, it's not anymore, today it's less than 10%, 14% of the total export from US in chicks. So it's not relevant, we do not export beef from US and we do not export from US.

ANALYST: No, I recognize all that. Sorry, what I mean is in terms of Europe because Europe is large protein trading partner with them. So if Europe cut them off, could there be a domino effect?

COMPANY REPRESENTATIVE: Look I don't think that this issue between Russia and Ukraine. If this stays where it is now, I don't believe that this will create any problem for protein, overall beef, pork or chicken. Of course you never know where this can go. But where…the program it is today is not affecting our business at all.

COMPANY REPRESENTATIVE: They are important import of protein. And if they cut Europe in some way, maybe up opportunity for some of the accounts that we can export for them. That's the only…that consequence that I can see. I don't think that there will cut their consumption of protein, so if they cut imports from Europe will open more opportunity for other parts.

ANALYST: Perfect. And then, two other questions, in terms of; you guys gave a great presentation, you obviously are in a lot of markets, you are delivering a lot of products, how do you bring it altogether, in terms of what percentage of your customers are you interfacing with on both the food service and a retail side as one company versus all these different divisions?

COMPANY REPRESENTATIVE: Look it's hard to tell you how much we represent for each customer is, different regions, different markets, we represent different by region and by market. But I can tell you that, we have a big chunk of our customer business in US and in Brazil and some key markets like Japan, like Korea, like…some of these markets, we have big chunk of our customers business in terms of the protein portfolio. So but it's hard to measure exactly what is our market share with each customer or different markets.

ANALYST: Is that a focused effort for you guys to start to interface with your customers more as one company versus with the broad portfolio?

COMPANY REPRESENTATIVE: Look, we do deals, but we don't…we like more to run our business, very focused on each business unit, 100% ownership in each business unit, it's that you try. In theory when you go as just one company, in theory works better, but in reality we have been not seeing good results when you put all this together. But this doesn't mean that we go with our biggest customers and talk with them looking JBS as a whole strategically. We have a lot of customer Wal-Mart and Costco and a lot of customers here and also in Brazil that we are approach them as just one company. But daily each business unit does the daily work with their buyers and areas. So we like more to keep our business…focused on each business unit.

COMPANY REPRESENTATIVE: We leverage our logistics quite a lot, I mean if you look at our sea freight or domestic freight. We put all our businesses together to negotiate packaging when we buy packaging; corrugated or poly lining, and that' sort of packaging, so there is a lot of leverage when it comes to the let's say the services and some of the non-core raw materials.

ANALYST: Final question, I swear. How is demand in Brazil for protein right now, have you seen any changes in trends?

COMPANY REPRESENTATIVE: It's pretty stable, of course, Brazil is not growing, it's not so strong the growth in Brazil, but it's pretty stable, the protein consumption in Brazil. Overall, the market is okay, we cannot say that is very strong, but also is not weak. And of course, as we are approaching the World Cup this will for sure, be supportive for demand, a lot of barbeques and people who buy more meat overall. But I can say on our view for this year that demand in Brazil will be okay; not very strong, but not weak.

ANALYST: Hi good morning. You mentioned at the beginning that you think that consolidated margins could be 7% EBITDA margins so that means that EBITDA could go from 6 billion reais to over 8 billion reais this year. But we see that at least 1 billion could come from Seara. Where is the other billion reais is going to come from? Is it a matter of FX translation when we look at the US business, or because if you look at results and from all the presentation, it seems that in the US you are going to be flat year-over-year?

COMPANY REPRESENTATIVE: Look your…you did the calculation, I'm not giving guidance exactly on the numbers. Here you did the calculation over $8 billion and I think you are…reais and I think you are there. But if you look it's not only a billion reais that will come from Seara**,** it's over a billion reais that will come from JBS Foods, that we will add on the 6 billion reais that we did that this year. And on that top of that, our beef business in Brazil we have been ramping up our beef business in Brazil. So in the first half of last year our business was smaller than our business that is today. So this is also producing higher results on top of that PPC, beef and pork here in US in reais term, we produce more results and also in dollars term we believe we will be able to deliver greater result this year comparing to last year. So overall, it's a combination that we will put us in this 8 billion reais range in terms of results.

CARLA CASELLA: Hi, it's Carla Casella from J.P. Morgan. Just following on that question a bit; do you have a normalized margin range that you look for, for each of the businesses, and it said 7% is your overall company goal. Which ones are the ones you will see the most improvement from in the next year, or actually I'm wondering specifically if you have the ranges?

COMPANY REPRESENTATIVE: Carla, we don't give guidance in terms of margin range, but in our consolidated basis what I can tell you that our projection and our forecast is for over 7% in a consolidated base for this year. And of course, Seara we will add a big portion on the total reais in terms of EBITDA, but the other business also we are seeing better and we are projecting better results. Even I mentioned here…even in Pilgrim's Pride that we did very strong this year, we are confident that in 2014 we will do even better in terms of margin EBITDA and also in terms of total dollars. So overall, this is our projection.

CARLA CASELLA: Okay and then just one additional question, you talked about in each market the trends, but can you give us your outlook for the herds in US beef, US pork, Australian beef and Brazilian beef?

COMPANY REPRESENTATIVE: Look Carla, Brazil we…I will start with Brazil and come to US. So Brazil, we still running our business double digits to margin, we believe this will be the scenario for this year and the coming years. So we don't see any reason that the Brazilian beef business will not deliver this kind of margin and we are growing our business very stable. So we have a bullish view about our beef business in Brazil. And the herd is not decreasing in Brazil, actually it's growing, and Brazil has been growing in the last four, five years. So Brazil this is our view.

Australia, Bill mentioned and André mentioned, is doing pretty well, results is strong in Australia, and of course is helping our US in a consolidated base beef business. And we are seeing very strong numbers this year so far. And we don't see again reason to not see Australia delivering strong results this and the herd in Australia is not declining. Actually the herd grew from 2009 until last year, right, so the herd side is growing, not just growing but grew in Australia in these past years.

In US, for sure is the challenged market for the beef business. The herd side shrinked in US. Now we are seeing some retention. So we believe we will see not meaningful, but some growth in the herd in US…in the size of the herd in US. So this year, next year, we feel that we will start to see a little better numbers, but probably this year it will be the shortest supply in terms of cattle compared to the past years. So again, going forward in US, the industry has been taking capacity out to adjust, so Cargill shut down plants, now National is shutting down probably. So the industry is trying to adjust capacity with the amount of supply. I mention here that is important, we have a benefit that we have a million head of cattle in our feedlots that will back our plants, that this helps us a lot; of course to run our plants.

ANALYST: [Indiscernible] ING, the topic is beef; specifically we are waiting on USDA approval of Brazilian beef coming to the US. Could the beef team comment on what distribution of Brazilian beef in the US might look like?

COMPANY REPRESENTATIVE: Look, I think you will see trimming, more trimming coming to US than muscle (Ph). So Brazil will have a lean beef that will be a good product for the US market. So I think we will see more trimming and product coming to further process in the US then you know cuts like filet or strip. So I think this…in the beginning of course, I don't know middle term and long-term maybe we can see some more muscle coming to US, but in the beginning, I think the biggest benefit will be in lean trim.

ANALYST: Hi, as you pointed out, it seems that M&A is a real core competency for you and something you have used to help create a lot of shareholder value. I'm curious; your appetite going forward for more M&A, what do you think your debt capacity is in terms of debt to EBITDA, what geographies and product areas might be of most interest, and would you be willing to issue equity for the right deal?

COMPANY
REPRESENTATIVE: Look, we have been growing our business through M&A. So we have been buying business, digesting, and growing again through acquisition. We just did this, the Seara acquisition, large acquisition in the end of the third quarter. So we are focused to bring our leverage back to the level that we want see our leverage. So we are very happy to see where we are going. We are confident that we went up this year around three times or less than three times leverage. If you…we already mentioned about this, if you want to analyze our fourth quarter, you already can see that our leverage is below 3.2 times. So in terms of M&A going forward, markets that for us may...we can be analyzing something in the right moment is where we are. We don't want to you go where we are not present. So North America, South America, now Australia is the markets that we want to keep growing our business. So you will not see JBS go and do big acquisition in Asia or in Russia or in the Middle East. So we want to keep growing our business in the markets that we are already operating. So of course, you never know when some opportunities…the right one is available, but at this moment we want to be sure that our leverage is back to the level that we want to see our leverage before we jump in any big M&A transaction. But I am not saying that when our leverage is in the right level, for example Pilgrim's Pride has a very strong balance sheet today, so almost no debt, so PPC we will be looking something in the right moment with the right asset. So…but again, we will not jeopardize our target in terms of leverage with an acquisition.

JERRY
O'CALLAGHAN: Time for one more, if you don't mind Lauren because we are over time here.

LAUREN TORRES: Hi, it's Lauren Torres from HSBC. You know, we hear a lot of food companies talk about the opportunities be in emerging economies and also to focus more on value added products in developed markets. I was curious if you could just talk a little bit more about your competitive advantages in this realm. Is the product pool just getting bigger so everyone can kind of benefit from these trends or do you think you are doing something different relative to your peers that will enable you to capture this growth, whether it be emerging or value-added?

COMPANY
REPRESENTATIVE: Look, if you look JBS in the protein sector, we are quite unique in terms of where we are, where we have our operation. So we are in South America, we are in North America and Australia. So again, this is the most competitive markets to produce protein in beef, pork and in chicken. So I think this is something that differentiates us from our competitors. So this is our platform where we have our operation. On the other hand, emerging markets in terms of consumption, so South America, even Brazil is an emerging market, it's growing, has been growing in the last ten years demand and the Middle East and Asia and some other countries. So we feel that we have a pretty good presence in these markets. We know these emerging markets quite well to sell our products more in these markets, so I think this is the thing that differentiates us.

COMPANY
REPRESENTATIVE: For two decades we've been looking at consumers as global consumers rather than regional consumers. And I think that really serves us well when we think about the fact that a lot of the surplus protein is produced in regions, in a small number of regions exactly where we are and all that consumption is coming from regions where there isn't the possibility to leverage local production to satisfy the demand. I think we're going to have to leave it here Wesley.

COMPANY

REPRESENTATIVE: Yes. So to finalize here again, thank you very much for you all being here. It's a great pleasure for us to be with you this morning today. Thank you.