International Conference Call

JBS Day

3rd Quarter 2014 Earnings Results

November 13, 2014

Operator: Good morning everyone. Again it is a pleasure and satisfaction for Apimec São Paulo to welcome JBS, a company that is listed on the Novo Mercado. I would like to greet all the executives, the attendees and those who are following us over the web and on the phone. This Apimec meeting is part of the ongoing education program of Apimec and so for the certified analysts this meeting will give them half a point in the continued education program.

Since this is a somewhat differentiated meeting I would like to remind you that Apimec is in a period of election. Elections will take place from 17 through 27 November. We remind you also the 23rd Apimec Congress "attracting and growing with sustainability". The meeting will take place on December 1 and 2 in the city of Porto Alegre in the South of Brazil.

And I would like to remind you of the valuation training program that Apimec is developing and please not forget we have a large number of meetings so please do refer to the website of Apimec São Paulo so there will not be any mistakes in terms of time and venue.

I would like to invite Mr. Wesley Batista, Global CEO of JBS and as recognition of those three years of consecutive Apimec meetings I would like to give Mr. Wesley Batista the three-year attendance seal.

As Mr. Batista is already on stage I will give him the floor to start today's meeting. Thank you very much for your attention.

Mr. Wesley Batista: Thank you good morning to all. It is a pleasure to be with you one more time to disclose JBS 3Q 14 results. Before we start giving you the numbers for the company, for the quarter, I would like to invite the founder of JBS, my father. I would like him to come forward please. Dad please join us in the head table.

My father, José Batista Sobrinho - and those are the initials of JBS: José Batista Sobrinho - my father started the business 61. It is a history of many years of struggle and hard work. In the recent years have been continuing the work started by my father.

Again before starting to give you the figures for those of you who do not know the company that well I would like to show you a quick video that will tell you a little bit of the story, the story of the funder of the company. If you do not know him and if you do not know our story you can learn about some of the story with this video.

Video

“This is a story that deserves to be told. A story with more than 60 years that started with the dream of a man in the city of Anápolis in Goiás and today continues in the hands of more than 190,000 people working in five continents and more than 20 countries. No one better to tell you what happened than he himself, my father José Batista Sobrinho.

Mr. José Batista Sobrinho: *It was in Anápolis that I started slaughtering cattle. I started in a small slaughterhouse in the city. After about two years I acquired the slaughterhouse where we are. We would start working at three, 4 a.m. and end shift at about five, 6 PM. So we would slaughter the cattle, we would sell the meat and get paid and that is how things started.*

Brasilia is the capital city and consumption is very high. In Anápolis I had a limitation: I would slaughter 20 cattle a day, I could not grow more; but there was a lot of consumption coming from the federal district and so in a matter of years we had to expand and in Brasilia I had to supply meat to the construction site and that is where we got our push to grow the business.

They were building the new capital city, Brasilia. I would slaughter cattle, I would debone cattle and I supplied to about 12 companies and I was always responsible for production going to Brasilia. I was one of the pioneers, one of the first suppliers of beef.

Mr. Batista: *It was the beginning of a lot of work, courage, willingness and little money. My father used to say every man needs credit and every man needs to believe.*

Little by little the business started to prosper. Those two, three head that we would slaughter/day started growing. The company grew and now we are who we are. Come on dad continue telling us your story.

Mr. Sobrinho: *In 1961 we came here, we bought this house and I established the office next door. It was a small office back then and it was quite tidy. We had a friend and this man said: "What about the name of your company?" And I said Mario I do not know and he said "It needs to be Friboi" and that is how the name started. I said fine, that is a good name, good enough.*

A person to be a self-made man needs to have guts. They need to have some kind of differential. I have very little schooling, so what I can offer is my guts, punctuality, *determination. I feel very gratified and I chose this business. This is what I like to do.*

I am an early riser. There are never enough hours in the day for me. We start very early, win the day, there is still a to-do list and so the next day you have to wake up early again and start over.

Mr. Batista: *And that is what we do and this is how my father grabbed this opportunity. As he says since he set himself "when you do what you like you are not working, you are having fun".*

Mr. Sobrinho: *Things did not start today; we started way back then and I want this to be an example for all."*

Mr. Batista: Dad again thank you for joining us today. It is an honor. On behalf of the 200,000 employees of JBS it is great to have you still on board and trusting to our hands the mission you started 61 years ago. You gave us this mission to carry on with this legacy and to continue this work that you started many years ago. Thank you again.

To get started I would like to introduce the executives here: Miguel Gularte is the CEO of JBS Mercosul including Argentina, Uruguay, Paraguay (meat, leather and related business); we have also André Nogueira , CEO of JBS USA and he coordinates our operations in North America and Australia (Australia is part of the North American operation); Gilberto Tomazoni, Chairman of Pilgrim's Pride Board and CEO of JBS Foods, which is JBS' division for poultry, swine, lamb; and Jerry O'Callahan, IRO.

Again thank you very much, thank you for joining us, thank you for joining us on the phone and via webcast.

To start on our numbers we disclosed in the end of yesterday the results for 3Q 14. We had some very significant numbers but I want to start saying that JBS since 2007 when we went public has been expanding internationally, a very solid and substantial expansion in our opinion. We are present in the most competitive countries worldwide to produce protein operating in very competitive marketplaces.

We are quite convinced about this globalization process. I have been saying for quite a while now that JBS would start reaping the fruits and I have no doubt that we are just at the very beginning of this process of reaping the fruit of the globalization effort over the last seven years.

Today we are company with net revenues of around US$ 50 billion; we have capacity to process 100,000 head/day in bovine in 73 units in seven countries, and again in the most competitive meat production markets.

We have a relevant operation for pork, an operation with capacity to process 72,000 hogs in Brazil and in the US per day in 11 units.

We also started our operations in poultry in 2009. I think you will remember when we acquired Pilgrim's Pride in the end of 2009. We now became a leading company in the processing of poultry, capacity to process more than 13 million birds/day in 57 production units in the US, Mexico, Puerto Rico and Brazil.

We also have division that is very important in the group which is our leather division. We produce green hide to the automobile leather industry with operations in Brazil, Argentina, Uruguay, China. We have capacity to produce more than 100,000 hides/day in 31 units worldwide.

In PFPs JBS has been expanding and I have been saying it over and over again: the company's strategy is to expand in added value products, in PSPs and I think the market has seen the branding of Seara, Friboi and other brands that we have been investing a lot in and focusing a lot on.

We currently process more than 80,000 tons of convenience and value-added products per month in the world. The company has more than 200,000 employees around the world. Our operation is broken down into bovine, swine, lamb (another attractive operation) and industrialized, prepared processed food.

Moving on with our presentation and talking about JBS global and the globalization effort if we look at JBS' revenue as we can see 51% of our revenue comes from North America and so I want to highlight to analysts that 51% of JBS' revenue is denominated in dollars and I will explain what this means us; 17% of JBS' revenue comes from South America and 32% of revenues comes from exports from Brazil and other places and this is also dollar-denominated revenue. So JBS today has about 84% of its revenues denominated in dollars and 16% of JBS' revenues denominated in BRL.

Now what does that mean? I will insist on this point. For example the net revenue of JBS in the quarter which was 30 billion BRL and if we get these 30 billion BRL how is this number broken down? It is calculated with the average FX of our international operations in the quarter and the average FX rate was 2.28 BRL/USD, and if we include the variation of the average FX rate, 2.28, and we consider the current FX rate 2.55, 2.58, 0.30 BRL difference today compared to the previous quarter on 84% of our revenue that amount to about 6 billion BRL and the same revenue of 30 billion in the quarter at the current exchange rate in the quarter would mean 36, 37 billion

BRL not to include organic growth, acquisitions and expansions.

So I am pointing this out because internally we have discussed this internally and we truly believe in this. We are just starting to reap the fruits of our internationalization, globalization effort.

We went to the US in 2007, 2008 and 2009. We had a number of acquisitions there and perhaps that was a surprise to the market: we acquired nonperforming companies in a depressed market, at the time when the US market was going through trouble and we were questioned about our strategy but we were fully convinced that it was the right timing and we did what we did when we acquired Swift, Pilgrim's Pride and all the other operations that we acquired overseas.

Moving on to slide 6 for those who are following us on the webcast, I show you on slide 6 JBS' performance starting in 2008 which was the first year after we went public and we see our net revenue and our Ebitda performance both in absolute terms and margin in percentage. In 2008 JBS had a revenue of 30 billion BRL. Since then considering the last 12 months net revenue totaled 113 billion BRL in the last 12 months. So we had a Cagr of 125%, average Cagr in the last seven years.

And more importantly: in addition to increasing our net revenue it is important to look at our margin. In 2008 we had a 3.8 consolidated Ebitda margin; in 2015 8.5% LTM, 8.5% Ebitda margin. So to us it is very clear: year after year we have been improving, expanding our margins and margins coming from internal processes, internal efficiencies.

We acquired a number of companies that were not performing that well; that needed investment and to carry the weight, the burden of acquiring nonperforming companies it means that we had to promote a turnaround in these companies and we needed to invest in these companies to turn their businesses into a competitive business - not unlike the most recent acquisition that we made exactly a year and half ago, the acquisition of Seara. We acquired the business and we have proven quarter-on-quarter an evolution of that business.

So I see it over and over again at JBS but we are very focused and we are focused on these factors that we can control; those which are not under our control well, we cannot control the economy and if the economy is doing better or worse; the FX is more appreciated, more depreciated, we have no control over there. But in our facilities that is where we control the costs, the quality of our products, the efficiency of our facilities and plants. We master our whole chain. It is in JBS' mission to control. Everything we decide to do we are obsessed to be the very best in what we set off to do.

So I guess that the growth of net revenue, Ebitda and Ebitda margin shows exactly this ongoing work at JBS. We are truly obsessed to be a top performer.

Moving to slide 8 of the presentation I will talk more specifically about 3Q 14 highlights: again we had 30.7 billion BRL net revenue, 6.2% quarter-on-quarter and 27% year on year. Gross profit 5.5 billion BRL of gross profit and 18.1% gross margin. We can see that there was an increase from 14.7 to 18% in gross margin compared to the prior quarter.

Adjusted Ebitda was at 3.6 billion with a consolidated Ebitda margin of 11.8%, again a significant expansion in growth compared to the same period of last year. Net income 1.1 billion BRL (1.092 to be more accurate), 0.38 BRL/share, EPS. We generated 3 billion BRL in operating cash and 2.1 billion BRL in free cash generation.

Our net debt/Ebitda since we acquired Seara - our most recent acquisition, which increased the debt of JBS – since then I have said and the whole team has said that our indebtedness would be continuously declining from that point on and now net debt/Ebitda continues as expected: it is 2.55x and we will end the year with an even lower ratio a lot closer to 2 than the current 2.54x.

Talking about each one of the business units JBS Foods recorded net revenue of 3.376 billion BRL, 9.5% up over 2Q 14 and Ebitda of 576 million BRL with Ebitda margin of 17.1%. JBS Mercosul posted net revenue of 6.4 billion BRL, 14.8% higher than 3Q 13; 554 million BRL Ebitda with 8.6% Ebitda margin.

JBS USA beef which includes USA, Canada and Australia posted a net revenue 24.7% higher than 3Q 13 growing in mature markets; net revenue of US$ 5.8 billion, Ebitda of US$ 504 million and Ebitda margin of 8.6%.

The net revenue of JBS USA pork totaled US$ 933 million 3.8% higher than the same quarter 2013 and Ebitda of 113 million with Ebitda margin of 12.1%.

JBS USA chicken, Pilgrim's Pride reported net revenue of US$ 2 billion, an increase of 5.8% compared to 3Q 13 and Ebitda was 435 million with a margin of 19.2%.

And here I want to point out that each one of these business units - and I will mention the specific example of PPC - the margin has been improving; but in addition to a good margin when we compare Pilgrim's Pride with our competitors in the US in the past when we acquired the business Pilgrim's Pride had one of the worst performances when compared to peers players that segment. Today we are among the top most performing businesses in the chicken business, the poultry business in the US. Every month we are among the top players in the market in terms of profitability.

So again we have a lot of focus on these factors that we do control and we are very confident about where we are, what we have achieved so far and what we can achieve in the future.

Moving on to slide 10 with JBS' consolidated exports breakdown, exports are a relevant figure: in 3Q 13 JBS had US$ 2.9 billion in revenue coming from exports. In this quarter reached US$ 4.3 billion coming from exports and we can see that the Greater China (China, Hong Kong, Vietnam) accounted for 16.8% of JBS' exports; Mexico 11%; Japan 10.9%; South America 10%; the Middle East 10; USA (beef from Australia going to the USA) 9.5; Russian 9.1%; Europe 6.5%; South Korea 4.7% and so on and so forth.

So again as for exports I would like to highlight that we have witnessed a considerable expansion in Chinese exports of beef. We have exported a substantial part of our Australian and South American operations going to the Greater China region. We believe that we will continue to witness this kind of expansion in demand and consumption in China in the coming years.

China is clearly making an effort to continue to grow significantly in terms of growing their GDP and Chinese growth has brought along a change in the world scenario. China has grown in the recent decade supported by investments and China continues to spare no effort to grow and growth now is supported by demand and that clearly has an implication our business.

I will stop here and I will invite Jerry O'Callahan, our investor relations officer, to talk about Capex, cash generation and debt profile.

Mr. Jerry O'Callahan: Wesley thank you so much, thank you for being with us, thank you. Just very briefly let us talk about Capex that shows up on the screen starting with Capex. Every quarter we report our Capex and we always say our Capex is around 2% of revenues. Net of 20% our Capex this year which is 878 million BRL we will see that we have this consistent 1.8, 1.9, 2% of revenue and in this quarter net from the expense of acquisitions we are within the standard. So for those who follow the company's numbers this is always a number that guides how we model the company business.

As to cash innovation and Wesley already talked about it, we had a very significant number this quarter, 3 billion BRL of cash generation, operating cash generation out of which 2.13 billion BRL as free cash. So this is the number and if we look at the track record it is a very significant number.

On page 13 for those of you who are following us over the webcast we have the debt profile this time in more detail, let us see the breakdown first net debt/Ebitda. Wesley mentioned before and you can see the progress quarter-on-quarter since the acquisition Seara in 3Q 13 when our net debt/Ebitda went to 4x and when we went to market showing the whole effort would be to bring under 3x within 12 months and we can see consistent results quarter-on-quarter, and this quarter more specifically improved operating performance and also free cash generation slightly above 3x and now 2.5x quarter-on-quarter and the trend as our CEO mentioned is to keep on improving the numbers.

Still on slide 13 the pie chart. First of all it would like to remind you once again the topic about our revenue and currency: we have approximately 84% dollar-denominated; 16% in local currency or BRL and when we break down our debt by currency this is very close: 80% in dollars and 20% in the BRL and now this is new information that we included in our presentation: when we break down net debt by source we can see that 40% of our debt comes from the capital markets, basically from issue of dividends abroad.

We went to the market as it is in our interest with attractive rates to what we consider to be high-yield, high-yield companies. We have greatly improved our debt profile through our investments in this quite significant market and today they account for 40% of the base of the debt and another 59.9% with commercial banks, the banks with which we have daily operations and many of which are here today: credit lines, trade finance, etc.

And we have 0.1% of our debt with BNDES and just to highlight a little bit more of these 0.1% this is a debt we inherited in the acquisition of Seara last year. This was a line that Seara had and we inherited last year. It is important to highlight this in our debt breakdown.

Now broken down by company 56% in the parent company - SA; 13% in JBS Foods and the remaining 31% in other subsidiaries.

Moving now to slide 14 and coming back to the topic about the maturity curve of our debt as I said before through the capital markets we have been managing to greatly expand our debt maturity curve: we have bonds to be due in 2021, 2023, 2024 and all with very competitive rates in the market.

70% of the debt long-term and 30% short term and I always mentioned that short term includes several lines which is precisely the trade finance lines and by nature they are short term but they are also renewable extended, so short term might not be the right time because these lines are automatically extended particularly when we check the volumes of exports that are so significant today.

As to our cash we have 12.5 billion BRL equivalent to 110% of the short term debt. In addition to 12.5 billion BRL we also have these repos in the US, these lines that have no problem for us to get into it overnight and another US$ 1.33 billion in the US. So if we add all these lines available in addition to the cash we have it accounts for more than 120% of our short-term needs.

And now let us talk a little bit about every business unit and let us get started talking to Mr. Tomazoni about JBS Foods.

Mr. Gilberto Tomazoni: Thank you good morning everyone. Before I get started and show the figures I would like to mention that quarter-on-quarter we have been faithful to our value-building strategy which is to bring more value to the brand, work on our portfolio and focus on quality, top-quality products and also services, excellence in services and the constant quest for the best price and cost.

Our growth has been happening through acquisitions mainly. We have been having acquisitions to support our growth but also through our improved distribution in numbers. In terms of point-of-sale when you place products obviously you grow; but precisely we always have our quest to be the brand of choice of our consumers, and on top of that we want to have a more and more experienced team in our business.

So let me show how happy we are with the results achieved so far. At JBS Foods we have 55,000 employees who work for us; and we also have units with geographical distribution as you can see on the map: we are present in the Midwest, Northeast, Southeast, the South of the country; and 29 poultry processing units, another for pork and 23 when we talk about added value and now we also count on 15 DCs.

JBS Foods as you can see in our history it was developed through acquisitions. They started back in 2012 and over this timeframe we developed an ability to be very fast and include and consolidate the units that had been acquired. So the latest units that had Cade's approval which were Tyson Foods in Brazil and also Céu Azul which is also in the closing process to be concluded in the coming days.

When we look at the numbers here the net revenue posted growth, significant growth in the market. If you consider quarter-on-quarter we had 9.5% higher than 2Q and just to give some highlights 16.8% was growth in the domestic market and it is important to say that we increased the average price of processed products in 2.9%.

I tend to say that we have a gap, a significant gap when it comes to our competitors in terms of our product prices in the market; however quarter-on-quarter we have been closing this gap and if we compare what happened we used to have 15%

difference in 2Q and today our price difference for processed food - I am referring to processed food in the domestic market - is 9%, and this shows our diligence when we build our market but not only for the sake of price but rather by trying to increase our value. We have been leaders in many circumstances and when necessary we have to put prices in the market, drive prices.

Another important highlight in our revenues has to do with exports. The big increase in revenue which happened in the foreign market as a whole but particularly in Russia this is… For pork we increased in volume, both for poultry, pork and also price and as a result exports also had an average price increase of 6.4%.

Consequently we can see an increase in our Ebitda: we started when we effectively started to have JBS Foods in 1Q we had 7.9. This is the quarter when we took over Seara, it was an important acquisition and we had 7.9 Ebitda and we have been building up and now in 4Q we have 17.1.

And the 17.1 obviously stem from all the actions implemented from the very beginning and they have been consolidated and now we are having benefits for actions that we had in the beginning. So when you look at our Cogs it was 71… 64.4 in 2Q and now it is 71.5. We also have benefits for grain crops but the main benefit comes from structural actions that we have been performing since the beginning of our management.

I would also like to underscore in this Ebitda our drop in SG&A. SG&A went down from 15.2 to 14.4 and if we go back to 1Q this year it was 16 and now there is another highlight, it is not broken down but our expenses based on G&A alone this is 2.4. We consider this to be hi G&A but this stems from our process to consolidate acquisitions.

Whenever you are about to make acquisitions you have redundancy in administration because you implement systems or processes eventually you have redundancy in costs and as acquisitions become consolidated there is a significant reduction in our G&A.

So just to have the breakdown between the domestic and foreign market in the domestic market if we consider 1Q this year our revenue grew by 28.7 and I highlight here growth known as SPP, which are value-added products growing by 33.5%.

And if you look at the domestic market 62% of our revenues stemmed from processed products and this is growing more than the revenue of other projects in the domestic market.

As to the foreign market it remains virtually flat, flat growth but we have a significant highlight for pork this quarter and this is due to the acquisition in Russia and prices went up significantly in latest months.

On this slide we show a table just for accountability purposes. Precisely one year ago, November 13 last year, there were 40 days after the acquisition, 40 days after the acquisition of Seara we had a meeting like this, JBS day, and on that day we shared we had a plan of capturing for the turnaround of the company of 1.2 billion. So this is nothing but accountability: I showed that I had a plan and on this slide we can see that in nine months we are delivering the plan that we had proposed for the year.

And now we also break down because at that time I also gave the same breakdown showing what are the steps along the value chain that we managed to have reductions and here is the breakdown. But we just want to highlight something specific: about agricultural and cattle raising we rebuilt nutritional values. In the past we focused on technical indicators and now we are focusing on costs, on costs of the animal arrival to the plant, changes and focus in order to provide animal health, healthcare. This is also important; rather than trying to focus on animal health by using more antibiotics and additives we decided to bet on biosafety and process control.

And when we moved to the plant, the processing plant significantly improved the yield, more than 10% of the gains we had better managed to improve our processes.

Another business has to do with yield in our processes. In some processes we managed to increase our processing yield in over 6%.

And there is also an important review in our footprint. This footprint review is that we dedicated some plans with focus on specific markets to check were products should come from or where we should better serve products and also the lines dedicated to which one of the plants, and as a result we had extraordinary gains of synergy in our footprint.

In the commercial area we had one of our big changes too: it all started by simplifying our go-to-market strategy and what do you mean by simplifying go-to-market? First of all we had a reduction in our SKUs around 30%. We reduced brands and from 29 brands we had down to 14 brands; we had two sales tasks and now we have only one; and we also improved the quality of our products; we repositioned prices like I said before, we have been working on it. And we have also increased with automated sales force and training. So this is where we managed to reap the greatest benefit individually in the scale and if we add all that we can see that 456 million came from the industrial park and if we add to logistics another 257 we can see that the bulk came in house.

As to logistics we gained in scale from the moment we can contract freight with JBS our scale allows us to gain synergies as well and we had big losses in products in terms of shelf life. So when you plan to so something and things did not necessarily match, so we have perishable products and if they do not half a fast outflow they lose value.

So we were not perfectly in sync in the process but we revisited the whole information flow, we worked very strongly so that the material flow later on could be better. So investment in software, investment with people knowledge and also planning the demand in the market this altogether allowed us to significantly lower our losses in logistics.

And another thing we also invested was in improvement of services. We improved over 20%. If we consider our level of service indicator there was a significant improvement in the level of service provided.

Another point is logistics grid. In our grid we had 23 or 24 distribution centers and today we have 14 distribution centers. Naturally it had an impact, a positive impact in our services; it simplified our operations and lowered costs.

Now as for research and development we also worked on product formulation. Here we have the formulation of the product and if we did not have a product we would switch to another one but each product takes a different formulation and so we standardized our processes just to assure costs and quality of products.

And finally packaging optimization: think of a packaging that is… Well we have the box that is left aside and the exact amount of products fits in. In the pallet for instance you have boxes and they would not necessarily match the pallet and there would be some left overs and so we worked on this.

And in the financial and administration area we also had site optimization. We used to have an office in Itajaí and we no longer have this office. In addition we also had cost reductions. It is also important to consider cultural issues: it is good to have collocation or people together on the same site so everybody can have the same energy, the same focus.

So we simplified everything and we redesigned the process, standardized, significant standardization and the level of loss… What I mean by loss this is inventory management or packaging management.

And we also had in house IT and infrastructure and also the links and now we had significant cost reductions.

So as I said before we are delivering our plan which will be even greater. We are above what we had previously planned and I also highlight this point. If we think about mix and prices there was significant improvement in the value of our products.

Like I said before our focus is not to gain market share; the market share gain it simply came out naturally and simply because in the big networks or chains we did not have our products but now we have products, we improved the mix.

In our numeric distribution we used to have 63,000 customers and now we have 69,000. We did not foresee that at the point-of-sale but that is only natural but it is not our focus; our focus is to be the brand of choice for our consumers.

And we are also highlighting the Seara branding. That is a huge effort and we are really proud of what we are doing. We are managing to improve the quality of our products. We have three pillars: quality, innovation and communication. The Seara brand holds 95% of households that have already tasted our products and 70% already are frequent users. Our top of mind simply doubled in this period and if we look at brands in Brazil Seara according to “Isto É” magazine has the greatest value over 2014 and we have more than 100 million impacts on Facebook for the Seara brand.

So we are just delighted. We are really happy with the response to our strategy for product quality, communication and new products. We are launching very innovative products in the market, unique products. No competitor has them and this is to meet the desires and needs of the market.

So just to wrap up Seara is just starting Christmas, the Christmas campaign. I do not know if you had the chance to watch the commercial that started being aired last night so let me show you at first-hand.

Interpreter: JBS now is showing a local TV spot. We will be back soon.

Mr. O’Callahan: thank you very much. Thank you. Now we will speak about JBS Mercosul, our beef business in Brazil and neighboring countries in addition to hides and related products. We would like to invite Mr. Miguel Gularte, the CEO of JBS Mercosul.

Mr. Miguel Gularte: Good morning. It is a pleasure to be in this JBS Day to present JBS Mercosul, a company that has more than 70,000 employees to whom we would like to thank. We would like to greet the CEO of Brazil beef; Nelson related business; Motta, CEO of JBS leather and hides; Ramos which is with our team in Uruguay and

Paraguay; and Gustavo in Argentina.

JBS Mercosul has and operational platform of 55,000 head/day and capacity to process 90,000 hides/day and has operations throughout Brazil.

If you look at the map on slide 23 you see that JBS Mercosul is distributed in Brazil throughout the country. This is an important competitive advantage because it allows JBS first to mitigate climate risk: we can use cattle from all over Brazil. We have tanneries, we have distribution centers which allow us to enjoy the growth of emerging regions, regions that are growing when the economy is developing. In all of these areas there is a JBS processing plant, there is a JBS tannery and there is a JBS distribution center. This perfect distribution with 48 beef processing facilities in Brazil, 6 feedlots, 29 tanneries and 43 distribution centers places us in a very good position.

Related businesses are related businesses to beef. We have nine related businesses: two biodiesel mills; two can making plants; a collagen plant; JBS carriers that allow us to collect logistics advantages in our footprint.

We have a modern hygiene and cleaning products plant that can also use tallow. We have TRP complementary to JBS carriers and recycling. JBS has sustainable growth. We have capacity to process 100% of plastics and materials used in our production. This is quite innovative and we have been awarded a number of prizes.

Let us talk about our operation Argentina: we have five beef processing facilities over there, two can-making ones and one tannery. In Paraguay we have two beef processing facilities and more than 25% of Paraguay's exports share is in the hands of JBS. In the case of Uruguay that has access to export markets they are allowed to export fresh beef to Canada and the US so they have in Uruguay one beef processing facility and two tanneries.

If we look at the highlights for this division JBS Mercosul in 2014, in the last 12 months of 2014 had net revenues amounting to 27.8 billion BRL and accumulated Ebitda of 2.477 billion, 10% Ebitda margin.

Let us go to page 24 now and talk about the many initiatives of JBS Mercosul. Operationally speaking we do intense operating benchmarking. The geographical footprint of JBS and the possibility of JBS having distribution in a number of continents and countries all of that allows JBS to have operational expertise. We can copy the best practices from our operations in the North, in the South, in Argentina and Uruguay and we can copy from my friend André Nogueira and his operations in the US, Australia and Canada.

In terms of category distribution the fact that we are present all over Brazil we can have different qualities of cattle. For each category or quality we have a specific approach.

We also have a number of trade marketing initiatives and logistics optimization. Talking about products and channels mix in 2014 we launched 32 new SKUs that increased our sales in small and medium retailers from 42% in 2013 to 49% in 2014 and we have been getting more and more loyal customers.

All of that is supported by a scientific pricing process which allows us to use scientific data for better pricing and better distribution capability. All of that in a company like ours that is a very labor-intensive business it is really important that we care for our people. At JBS we have cultural values, discipline, honesty, determination and we feel an obligation to train our employees.

We have for example our sales Academy which is a training to help our sales force sell more and increase the amount of beef kilos sold by rep. We have more than 75,000 producers of JBS in Brazil alone. We have a relationship with our ranchers with sustainable approaches and focus on relationship through the ranchers' website; a bonus for quality program and TV channel. All of that with our ultimate goal in mind: to offer top quality to our customers.

If we look at the main initiatives and Argentina, Paraguay and Uruguay as you know Argentina has been a challenging process. They have restricted imports but that actually became an opportunity for us: JBS became specialized in the local market. We had excellent growth in our burger and frankfurter products, in other words we have a company that is very lean and that is working well in the local market of Argentina. When their exports position is reversed - and it will eventually happen - we will be prepared to export with a fantastic brand, Swift.

In Paraguay we operate with two processing plants. Paraguay is a country where herds are growing the most: herd has grown more than 5% per annum and with cattle herds growing JBS grew its market share by 24% vis-à-vis 3Q 13. So very strong growth in the country, very strong growth for JBS.

As for the Uruguay operation it is Hereford Angus cattle operation, high-quality; herd that can be exported to the US and Canada.

Please go to slide 25. Here I would like to highlight the pie chart on the top left-hand corner. We see the perfect distribution and commercial balance of JBS: 52% of our sales go to the domestic market and 48% goes to exports. There are two important factors here: first one is risk mitigation. We can use fiscal revenue but it is also one way to continue to grow in a sustainable and safe fashion.

Look at the other pie chart we see that even in exports JBS has a perfect balance, in other words we are present and growing in each one of these markets we export to having perfect balance and distribution. This explains our 35.3% growth in JBS exports compared to 3Q 13 and quarter-on-quarter we grew 4.7% our exports even with FX depreciation but we will start seeing the effects of that in 4Q. The BRL depreciation will allow us to continue to grow and potentialize our exports.

I would like to draw your attention to our brand restructuring. We have been investing a lot in our flagship brand Friboi but we also growing the Grill, Maturatta, and premium Swift and Swift Black brands.

In the bottom right-hand corner of the slide we see among the 32 new SKUs launched this year we have frozen, prepared every day, beef burger, dried beef and jerk beef. I think that on your way out he will be able to try our everyday product line and I am sure that your wives and husbands will love it. It is an easy-to-prepare product and you will love it.

Please go to slide 26 and we will talk about our net revenue growing 14.8%, net revenue of 6.4 billion in the quarter, 14.8% higher than 3Q 13. Ebitda totaled 554 million with Ebitda margin of 8.6%. Ebitda was impacted a little bit by the price of the arroba but we now have a commercial structure prepared to continue to work in this market and we will continue to grow. We are quite optimistic and we expect a very solid 4Q. Jerry over to you.

Mr. O'Callahan: thank you. Now we brought André Nogueira from Colorado to speak about JBS USA which includes the operations in Canada and Australia.

Mr. André Nogueira: Thank you Jerry, good morning everyone. I am happy to be here. Where I come from it is -17 degrees C and so it is a good day to be in São Paulo with this nice temperature at around 20°.

I would like to apologize to start with; we should normally have 30 min to speak but JBS has grown so much that each one of these businesses has their own dynamics and if I wanted to give you… If I were to give you all of information, the relevant information I would need more than 30 min - but I have limited time.

So let us look at JBS USA beef: 40,000 head/day, 28,000 the US, 4000 in Canada and 8000 Australia; we process 11,000 hides/day in two plants, one in Greeley, one in Cactus in Texas and one Australia; 16 feedlots, 11 in the US, 5 in Australia Como one in Canada and feedlots have capacity of a little over 2 million head/year. Our supply comes from the feedlots and this is absolutely relevant and strategic particularly in a moment where there is scarcity of cattle in the US. Having this internal supply gives us a gigantic competitive edge.

Seven years ago the market was somewhat in doubt and now everybody agrees that we made the right move. We have 7 distribution centers in Australia and 6 carriers units in the US. LTM net revenues totaled 20.5 billion, 25 billion just one of JBS' businesses, more than 30,000 employees. Ebitda LTM US$ 705 million, 3.4% Ebitda margin.

Let me remind you that a year ago we were here and the outlook was quite negative for beef in the US and when I said that we believed that we could reach around 4% Ebitda margin many of you shook your heads and said "this guy is dreaming" but this year we are delivering very close to what we promised a year ago in this very same meeting.

I would like to bring you a slightly different approach to this business just to show the relevance of JBS in some of the markets where we operate. We mentioned JBS USA beef, 40,000 head/day in three countries. Part of this business is in the Australia business with this part of KBS USA operation and we include lamb, 22,000 lamb/day.

We have the most modern, the most automated lamb processing plant in Australia. We have two plants, each one processing 8000 head; we also have slaughtering, deboning, processing unit. If you want to visit that we have just deployed that and it has been up and running for six months and we are the major premium supplier in the US in terms of brand and quality recognition given a much differentiated quality in our plans.

Let us talk about JBS USA. When we add beef, pork and poultry operations we are a business which is the second food company in the US - not protein; we are talking about food company. This is the relevance of JBS in the US operation. We employ about 50,000 people in the US.

In Australia we are the leader, the leading food company - I am not talking about protein only - the leading food company. We have not got the results for Mexico and solid data on Canada but I am sure we rank about the top five food companies both in Canada and Mexico, even more now when we closed our deal in Canada. I think we rank 3rd in Canada and 4th in Mexico but I am not that sure. But when we close the deal of the Tyson acquisition we will practically double lower production capacity and Mexico.

Let us move ahead and talk a little about the financial performance of JBS USA: net revenue of 5.8 billion in the quarter, almost 25% higher than the same quarter last year. Again in a mature market and we produce particularly in Australia. Australia was a lot more productive than in the previous year and the US production did not grow that much but price was the main differentiator.

And Ebitda totaled in the quarter US$ 504 million, a lot better than in the previous quarter and a lot better than the same quarter of 2013.

Now what are the reasons? What are the main drivers of this margin improvement in JBS USA? There is not one single factor but a set of factors.

Some of you will remember last year we talked about acquiring an operation in Canada and again it was a turnaround story, it was a nonperforming business and it was quite hard work for us in terms of performance in 1Q after the acquisition but it is starting to bear fruit. We see Canada performing a lot better quarter-on-quarter and year-on-year.

So this was a turnaround story, we are turning the business around. We are far from getting to the level we want and to the possible profitability but it is doing a lot better than in the same quarter of last year contributing to our margin rather than eating up our margin as it used to happen.

Australia is performing fantastically. We said last year we had high expectations regarding Australia and Australia is delivering all of our expectations. It is a result of the investments made, an expert team that we have and a strong demand for Australian products both in the US and China. In the US they are slaughtering 6% less cattle than last year and they are slaughtering a lot less cows and Australia is supplying that demand with prices which are historically high. So Australia is fantastic.

A specific improvement in the US market comes from our own performance. Our performance, and Wesley mentioned that, was not as expected but performance is improving considerably. We are now close to beating our competitors in the US operation with a significant improvement.

And I mentioned it in the two previous quarters. In the two previous quarters our margin was below what expected because of the hedge policy of the company. I buy cattle cash from growers; I price that cattle; I hedge that operation in the Chicago Stock Exchange and since I do not do mark-to-market of my physical contract and I only mark-to-market my hedge operation.

When cattle prices are growing a lot I get an impact on my hedge and my cash benefit only comes when I slaughter cattle. That impacted our performance in the prior two quarters and in this quarter there was no negative impact. So all of this together drives our beef performance compared to prior quarters.

Let us talk about our pork operation: 51,000 hogs/day, we have two case ready facilities; we have about 3000 lamb/day processed; we have about 6000 employees; net revenue was US$ 3.8 billion LTM and Ebitda of 396 million, 10.5% margin. The pork is this is quite advanced and quite competitive.

Wesley as soon as he arrived in the US in 2007 and 2008 made a significant investment in the pork facilities which put us in a competitive edge in terms of cost, quality and yield. It is the best pork operation in the US and continues to be distanced from the competitors. Our margin is significantly higher than that of the competitors. Performance almost US$ 1 billion net revenue in the quarter, 3.8% higher than in 3Q 13.

And for pork you followed there was a disease in the US, there was a reduction in slaughtering of hogs. We consider that in our price. We are producing less than we did last year but still with a lower availability of hogs we continue to grow our margin. Our margin in this quarter, Ebitda margin was 12%.

Pilgrim's Pride Corporation. They have disclosed their quarterly earnings. The company is giving us clear numbers and Wesley mentioned when the business was acquired it was among the bottom companies in the industry and now quarter after quarter it has been ranked among the top two or three in the industry out of 15 companies.

And the number one company we never know, it is a niche company that is probably in that quarter had a specific reason for that niche to have higher profitability but if we compare with other diversified players Pilgrim's Pride has performed better than all the others. It is an impressive turnaround story.

Looking at the unit 7.5 million birds to be processed per day, of this capacity 6.5 million in the US, 250,000 in Puerto Rico, 800,000 in Mexico. As I mentioned with the acquisition of Tyson this is practically going to double. We are going to be a relevant player in the Mexican market which continues to grow solidly.

We work with contract growers just like we do here in Brazil. Geographical concentration is as we see in the map. This has a historical reason and it is related with time: poultry do not… the birds did not do that well where we have very cold temperatures.

We have an operation in Mexico as I said with three poultry processing facilities. Net revenue LTM of 8.5 billion, Ebitda of almost 1.2 billion, Ebitda margin 13.8% and 40,000 employees. In the quarter 2.3 billion net revenue, 435 million Ebitda, 19.2% Ebitda margin, quite an impressive quarter resulting undoubtedly from an industry dynamic which was favorable and also resulting from our homework that we did in house - and we still have room for growth and improvement.

Here I show you what we have been doing in the US in a somewhat silent way. We have done more aggressively and pork and now are more aggressive in beef, which is growing consumer-ready products, in other words products that leave our plants and go straight to consumption in the supermarket. We made three acquisitions of plants, one in Australian and two in the USA and more than that we are growing our internal production in our plants and why doing this now? Why not three, four years ago?

Well because it is all dictated by Wesley's investment strategy. He invested a lot in DCs; DCs close to the plants allowed us to improve the quality of products and to free space in the plants. Now that we have free space in the plants we are investing to manufacture these products that go straight to consumers.

We expect our production to increase by 50% at least. Production grew 50% from last year to this year and we expect to grow another 50% from this year to the next. We expect a production capacity of 30,000 tons/month and I am talking about ground meat in a tray that goes straight to the supermarket or a ready meal.

We acquired an operation that already does that in Australia and they will start preparing 500,000 ready meals/week, products that go straight from our plans to the end-user, to the end-consumer and he just needs to heat it up in the microwave and we are investing that in our plants and in our strategic direction.

My expectations for next year we are extremely positive and why? Because in addition to the opportunities that are out there opportunities to be enjoyed in the company in terms of yield, cost reduction, product mix, improved sales... Obviously they have a lot of opportunities there but also the markets are improving significantly. The US operation is clear, there is improvement in job creation in the US and that is starting to improve the household income of lower-income families.

So as we see there is a very favorable scenario. Worldwide demand is overheated. It is absolutely shocking and impressive that in the price of beef and pork, a record price this year 55% in beef, higher than last year; for pork 30%, 40% price increase compared to last year.

And still exports continue to grow. They grew a little bit continue to grow. With a much more appreciated dollar and a strong price in the US still exports did not drop and that means competitiveness of our production in the US but also a strong worldwide demand for this product and it is an outlook that we expect to remain unchanged.

There has been a discussion about the transpacific partnership - TPP. This is extremely relevant. I would like to remind you that this is an agreement signed between the US, Australia and some Asian countries such as Japan and Korea. These are totally relevant products for US production. If this agreement is signed the import tariffs of 40% will be reduced to close to zero. We do not know what the penalty agreement will be like but it means that the US will become even more competitive. Internal production of that market will be going to these countries.

Australia has just signed a free trade agreement with China and this will be totally relevant for the beef business in Australia because China… I want to explain why I am so optimistic: China is importing this year (the Greater China region) is importing around 1.3 million tons, 1.3 million tons when in the prior year it was 700,000, it more than doubled. What about four years ago? The number was zero.

So China had zero imports of beef to 1.3 million tons of beef. Chinese authorities and banks estimate that they will reach 3 million tons of beef imports in the coming years. Even if we get all the cattle in Australia and send it over to China we will not be able to supply the demand and we will need beef to come from Brazil, from the US and everyone will benefit from this gigantic demand coming from Asia and more particularly from China.

My last point: why am I so optimistic about next year? Because of the team that we have in place in the US and Australia running this operation. We have a fantastic team of experienced people in these businesses and people who share our values and culture, and our values are related to our founder's values more than 60 years ago, in other words doing things in a simple way with gigantic determination to do our best. We always compare how we are doing vis-à-vis the competitors and we are never happy until we are beating competitors by a big margin. We love what we do. Wesley said that when we do what we like we do not work, we have fun and we do have a lot of fun working there and we want to continue to have fun next year. Thank you very much.

Mr. Batista: let me summarize. As André said the presentation takes longer than our current earnings call, our quarter earnings call. JBS obviously is growing a lot and sometimes we think it is important to recap and to remind the market of the current status of the operation, how we disseminated our operations and the amount of products processed, plants, etc. So thank you very much for being with us.

Just to summarize we are delighted with our current position and we know there is more room for improvement. We do not know, we do not want to just stand on our laurels; we are happy with the quarter, we are happy with the result but we also know we can gain more and more.

I think you will recall that in 1Q and 2Q and maybe way back when we mentioned that we have been carrying weight of burden for 100% exchange hedge. We never did hedge accounts because we believe that to postpone the problem when you have just hedge account; the think the best option is to recognize what you should on the quarterly basis and with hedge accounts you just postpone something that happened today.

Our policy is to maintain 100% of our hedge position with a significant cost in the past and clearly this quarter by the way when we think about the exchange rate with the end of the quarter and today it is 100% hedged position and reaping the benefits of the strategy we believe to be successful.

And we keep on believing that we will continue with no exposure to the dollar. On a mid-to long-term basis the dollar will be stronger and not vis-à-vis the BRL but many currencies worldwide. So the policy remains the same.

We are very bullish as André said. 4Q we are very optimistic about our business and also future results, a diversified operation by country and protein. One protein can overperform, the other can underperform; but by large when it comes to the balance we feel very confident that we will keep on reaping good results, lowering our indebtedness.

I am very optimistic for 2015. We will significantly increase our revenue in 2015 naturally stemming from dollar-denominated revenues, organic growth and expanding our business where we have an existing footprint. And I keep on saying our growth will remain the same. We keep on growing where we already are and also with value-added products and margin, or higher-margin products.

We have been through several acquisitions: after Seara we been through another eight acquisitions and we will keep on expanding our business and also overseas with a lot of focus on growing where we currently are and also in value-added products and also to add brand and higher margins. We are fully convinced that the international strategy at JBS we started reaping the benefits and we are extremely happy with the size we currently are as a multinational company from Brazil.

André mentioned culture, value and mission. We are convinced in house at JBS that is what has allowed us to deliver as we have is our culture and also our values and our mission. We are a company that trusts our people. We trust that really makes the difference and the end of the day that is our people. We acquired companies and they are the same companies: the same plants, the same markets and what we managed to do is to change the attitude having the right people at the right place.

I am closing so I can open up for questions. I am very grateful to our whole team, the 200,000 people and the whole executive management of the group. It is only possible to manage such a big company, such a complex company thanks to the efforts of thousands of people who work hard with ownership, simply and humbly but we are a company that believes in being simple but we also believe that we have to do the right thing and we also have to be sophisticated and working hard day after day.

So thank you very much for attending our meeting and let us open now for questions.

Q&A Session

Operator: Ladies and gentlemen as an exception for this conference JBS will not answer phone call questions. Please send your questions via webcast and they will be answered by the IR team in a timely manner. Thank you.

Ms. Giovana Araújo, Itaú: ... So the company got into this virtuous cash generation cycle so my question is Wesley do you feel comfortable with the leverage or net debt/Ebitda level of the company? What should we expect in terms of M&A in coming years and also dividend payout?

Mr. Batista: I can clearly say that I have never hidden this: we are a company that has DNA for growth. We want to keep on growing and we will keep on paying attention in opportunities for growth. So we have been through M&A and so let us use cash in acquisitions that really generate value however with discipline. I think we have been showing the market that we are really diligent in our acquisitions.

So cash generation this is for us to build business by acquisition or organically and also to deleverage. If you ask me if we are comfortable the answer is yes. I always say that leverage 2x or 3x net debt/Ebitda ratio this is a level we are comfortable with. We already had spikes, a couple of times when we exceeded the numbers. Look at last year for instance when we had the acquisition of Seara, 4x, but 4x because that was net of any cent of the result of the acquisition. Had we normalized the result the leverage would have been different.

So we will keep on growing, we will keep on using cash generation to expand our business but acquisitions that bring more value and also organic growth and lower our net debt/Ebitda and we are comfortable with our leverage.

Ms. Giovana: thank you. My second question is about JBS Mercosul. We can see a favorable scenario for exports and dollar-denominated prices going up and depreciation in exchange rate here and if you look at Brazil more specifically. Do you see any change in the foreign market/domestic market mix down the road as a result?

Mr. Batista: from the moment the BRL is depreciated the reality is that Brazil if we consider our consecutive BRL depreciation Brazil lost competitiveness in foreign markets. Everything that belongs to us when it is dollar-denominated becomes more expensive. You can think about operations and labor for instance. Clearly with the weaker BRL there will be more competitiveness.

So we do believe this percentage of domestic market/foreign market will have some change. There will be a growth in exports and this balance will be slightly different from what it currently is. By the way we always maintain a balance, we are never over 50% between foreign and domestic market. Way back when the BRL was very appreciated, 1.50, our exports went down 20% and the total market over 50%. But we always maintained the domestic market. Brazil is a huge market and we always keep focused in the domestic market but once again Brazilian exports keep on growing due to gains of competitiveness of Brazilian products abroad.

Ms. Giovana: thank you.

Mr. Gabriel Lima, Bradesco: I am Gabriel from Bradesco. My question is about beef US and maybe later a question to Tomazoni. I think the big surprise this quarter was beef US, am I right André, Wesley? This was 3% or 4% margin and now is almost 9 this quarter. I understood what you mentioned about the hedge strategy, something you said during 2Q; but if you think about the industry as a whole I think the scenario is still challenging.

What about your opinion? André mentioned that slaughtering about is going down 6%, for cows 15 and so when you think about 2015 is it already a turnaround year or would it only happen in 2016 in which we will have normal margins from 4% to 6% in our track record? So what is the scenario for beef in the US?

Mr. Batista: Gabriel I will make some comments and then André will also make comments. The answer is yes. If you think about what has been happening over the last 12 months and the US industry many plants shut down.

So there is actually a reduction in herd availability but we had about five or six plants that shut down, am I right André? And that is for the last 12 to 18 months. So there was a significant adjustment when it comes to installed capacity and raw material availability and so clearly it does bring a balance.

In our opinion the worst for beef is over. We believe that in 2015 we will have a more positive scenario. We do not believe 2015 for instance is the year that will be just amazing for beef; but in our opinion clearly 2015 does have more favorable scenarios compared to 2014. André.

Mr. Nogueira: just to add to this please bear in mind JBS US includes Australia, Canada and also lamb in Australia and we have Australia an operation that is really overperforming. So if I were to rank the push for the year Australia is a great push.

The turnaround in Canada is another one which is also significant and what Wesley mentioned about shutting down and adjustments in the US clearly there was considerable shut down and we have a better balance now; and we will see more cattle specifically in the US next year? The answer is no. Our operation has a significant cow part in our original plans. Cow this year had two reductions and we generated 15% less slaughter there. We have the beef cows with a big reduction but also dairy cows.

In the US you process about 50% dairy and 50% beef cows. Dairy cows had a drop of 14% this year and we do not expect to see the same next year; there will be a strong recovery in cow processing due to dairy cows. Production in the US this year was much lower than expected; we expected it to be around 3%, 4% lower and it was 6.5% lower. This is great news. So cow retention is happening much faster than we anticipated due to economic incentives.

If you look at the last two years in the US or 20 years ago, 20 years ago if you check the condition of grass in the US or grazing condition in the US two years ago we had the worst grazing condition for the last two decades and this year it is the best grazing condition of the last two decades. So you have both extreme scenarios within two years which is good news. Clearly retention is much faster than we expected and it will be also much faster in the future.

For next year I believe the US will have 2% to 3% less beef compared to this year but recovery will be particularly in dairy cows. I believe the industry as of next year will be better adjusted than this year due to the shutdown of plants and also what will still happen.

There are some areas in the US that are still under a lot of pressure and thank God we are not in this area. We have the cows in Texas and they have been through a lot of pressure and another three or four plants there, we do not have room enough, some people will have to shut down.

And you also have California. They still have a historical drought, three or four cow plants and another two are expected to shut down. So there are adjustments where we are not.

And where we have our footprint we have a better outlook for next year. If we add to that our other operations we have great competitive advantage.

Mr. Gabriel: thank you now what about JBS Foods? A question to Tomazoni or to Wesley. Unlike beef in the US the industry has been with very favorable events this year. I would like to understand from Tomazoni - I know that is a tough question - but to what extent do you believe, and also you Wesley, that the surprising margins for JBS Foods are related to industry conditions like drop in grain, Russia, tax issues or supply and demand that are very tight in Brazil? To what extent was it an impact for the industry or to the changes that you made at the micro level at Seara or in your whole acquisitions?

When you talk to small, midsized and even competitors margins also improved for the majority of the players along the chain. So let me try to see what is fixed and what is temporary.

Mr. Batista: I will be making some brief comments, this is Wesley speaking. Naturally the market is more favorable: grain is more favorable, FX are also helpful because you have an integrated chain; the cost is there, it is set but clearly the market is favorable.

Now at JBS Foods more specifically I can tell you there is certainly that up to now… By the way remember that the average FX in 3Q was 2.28 and up to 3Q I would dare to say a number - correct me if I am wrong Tomazoni - but 70% of the results come from domestic things and 30% might come from the market.

But 70% came from cost reduction; SG&A reduction; improved distribution; level of service; product formulation, yield. All the numbers that Tomazoni shared before which add to 1 billion, or in addition the goal is 1.2 billion but it will be 1.5 or 1.4 billion. So the vast majority of the margin comes from in-house work and not from the market. Obviously we are not saying the market is favorable.

Russia for instance, somebody asked me about Russia. Okay obviously Russia is helping but that accounts very little. Just to give an idea we exported 110,000 tons/month JBS Foods and Russia, for all exports, Russia is 7000 tons/month. So this improved price in Russia the impact on result is very little when you think about the whole picture. Obviously it does help but it is not so significant because that is too little considering the total Russian exports. Tomazoni.

Mr. Tomazoni: I think you were accurate enough Wesley. The big changes that I made were structural changes. I have even spoken longer than I planned about it to explain because people were asking how we moved from a level that was so low and that there was such a big rise, what was the miracle.

There is no miracle; what we have is a lot of hard work and we were fortunate enough to set a highly-competent team, a very experienced team with know-how, deep know-how of the sector and we made structural changes.

Think about the transformations. The number of acquisitions that we had after Seara totaled seven and they all involve processes. Some of them have not been implemented fully. I cannot work on projections because we are in the silent period; but I would say that the majority of the changes were structural. I am not sure about the percentage mentioned but we are fully convinced these are of structural nature.

Mr. Gabriel: thank you and congratulations on the results.

Mr. Pedro Leduc, J.P. Morgan: Pedro Leduc, J.P. Morgan. Congratulations on the results.

Mr. Batista: thank you Pedro.

Mr. Leduc: my question is about Pilgrim's Pride. The share was 30% of market cap and now 50% JBS S3. So maybe there is some resilience in the market thinking whether this will still be positive at Pilgrim's Pride.

What is the outlook for the future and what about the US industry and the beef industry became more rational without benefiting from these historical margins to improve production?

Mr. Batista: Pedro we keep on being very optimistic in 2015. The market is very sensitive vis-à-vis the growth in poultry production in the US. Sometimes we have the feeling that the margin might be impaired significantly. We believe that what will be additionally produced by the industry, and that will happen and by the way we believe this percentage is more than enough or at least reasonable considering the growing demand and also the improvement in the US economy.

So we do not believe that if the industry grows by 2% or 3% there will be significant losses margin wise. Obviously there is seasonality: the quarter has almost 20% margin, there is seasonality; but we also have a 4Q that will be extremely strong again and sometimes the market believes… We believe that over 2015 Pilgrim's Pride will have great performance. I am not going to give any percentage now but two-digit margin we are confident that Pilgrim's Pride bill deliver this over 2015. So we do not believe that it is only structural.

André mentioned something important here: think about the US economy with a level of unemployment which is constantly going down quarter-on-quarter. In our operation we are beginning to feel that there is no excess labor and if you think about salaries in the US you have a problem because you have to provide actual gains in the US.

So the US economy we are saying in house and because we are so happy with our international operations not only in the US and the size of the US operation and 2% or 3% growth in poultry production we think this is not a number that might impair our margin maintenance.

Mr. Nogueira: can I give you some numbers? Think about the last projection of what they consider to be poultry production, beef and pork in the US for the next year and if we combine all these projections altogether you have the USDA saying that next year the production of all proteins in the US will grow 0.4% per capita. So there is a drop in beef, you increase poultry and pork and that will add to 0.4% per capita or less than 0.5% per capita which is totally absorbed by the market.

And still about the USDA they foresee a drop in exports and in every scenario we can envisage exports will keep on growing and will not go down. So if exports grow a little bit you will not have per capita growth but rather per capita reduction.

And the USDA forecast predicts nearly zero problems in pork - and we do not believe it will happen. We believe there will be another outbreak for PDV and that will also affect the swine production maybe not as much as this year, it is too early to say anything; but if it happens we will have some signs. But the USDA says it will be virtually zero but we do not actually agree.

But in a nutshell we will not have per capita protein in the US and the market will be more favorable and it is hard to believe it will bring any problems.

Mr. Leduc: can I have another accounting question? This quarter the tax rate went down 30% or close to 50 we had over time. We have been hearing from you the series of strategies to low down the effective tax rate. Might we assume that the level is more adjusted or anything contributed this quarter?

Mr. Batista: there was nothing so specific this quarter but however we are far from being efficient as we believe we should be, we still are off-balance. As you know Pilgrim's Pride has excess cash. We have 1 billion already in Pilgrim's Pride as positive cash even though we pay a callable now in December, callable bond. So we already have US$ 500,000.

This is not efficient so we are still analyzing what we do. There are several alternatives I mentioned little while ago but we keep on analyzing this so we still have to improve this effective tax rate on our consolidated statement.

Mr. Thiago Duarte, BTG Pactual: Good morning, Thiago Duarte from BTG Pactual. I would like to go back to margin in the US. André I would like to be more Cartesian here. I think it is very clear the impact of your cattle purchase strategy in the future and the impact on gross margin and that is precisely where the improvement quarter-on-quarter came from; but can we measure André percentagewise? Because this is very significant and it can be positive and negative.

Mr. Nogueira: I have to disagree; this is not what rises all the numbers, clearly not. If you think quarter-on-quarter there is a swing effect so we have 3.4% LTM which is very similar to what I said last year which would be around 4%. So if you take into account the consolidated statement for the year we have a similar scenario that we expected or planned last year.

Now when it comes to relevance if I were to list Australia is very significant in this improvement, Canada is another one and the domestic improvement in the US. This quarter is historically stronger, so we have seasonality for beef in the US this quarter and we also have this structure of our hedge operation in US and we do not have mark-to-market on the operation.

So there is something that impaired both previous quarters but that was not… It was not negative nor positive; cattle price goes on but in the previous quarter it performed a lot, this quarter slightly less. So I am not saying we had significant benefit but we did not have a problem.

If we had a significant drop in cattle prices we would have the opposite; we would have a special benefit this quarter. So just to make it clear this is not what drives the problem; it comes more from Australia and our better performance of US and the turnaround in Canada and also better movement in the quarter in all areas. Better margins for the quarter.

Mr. Duarte: so if I stick to your 3.4 to think about as a little longer window could you tell me if that effect is exclusively for… Or for future cattle purchase would it have a positive or negative impact? What is the magnitude for 3.4?

Mr. Nogueira: this is zero.

Mr. Batista: YTD…

Mr. Nogueira: I am sorry, I am not saying zero; it is slightly negative.

Mr. Duarte: perfect.

Mr. Batista: if we recover this effect the margin should be more than 3 points.

Mr. Nogueira: slightly more.

Mr. Batista: once again Thiago just to make it clear: we buy cattle from growers for a fixed price to deliver five or six months down the road and then we work on hedge in Chicago and we have hedge mark-to-market everyday if it goes up or down and in the contract we do not go mark-to-market.

So when cattle prices go up there is an impact in the result in hedge operations; however you only have cheaper cattle down the road and so for the whole year it comes to a balance.

Mr. Duarte: perfect. Now the second question still about the US when you showed everything about ready meals it is very easy to think about Hillshire acquisition attempt and if you look at Pilgrim's Pride on its on today this is net cash and I would like to hear from you your comments, from any of you.

Mr. Batista: you want to know if we are going through another acquisition right? Thiago let me answer: clearly Pilgrim's Pride is in a position to make an acquisition, we have cash for that and the right conditions for that. JBS globally has the right conditions for that.

However we are not engaged in any deals with Pilgrim's Pride at this point and we will only do something if it is in keeping with our strategy and what is our strategy? It is simple: we will be operating with Pilgrim's Pride in the market where we already operate, North America. We are not interested in having a Pilgrim's Pride acquisition outside of North America unless it adds value.

And Hillshire I think it made sense but it got to a price where there would not be any value creation and we stopped there. So we will only make an acquisition that we will add value, that will generate value.

Mr. Duarte: so what is plan B for Pilgrim's Pride balance sheet since you are not going to make any acquisitions?

Mr. Batista: well Thiago there are not many options, only two things to be done: either acquisitions or dividends, that is the reality and we are assessing both alternatives and if there is any acquisition that will generate more value than returning capital to shareholders. Obviously we prefer to do an acquisition than return money to shareholders but if there are no acquisition opportunities we will pay dividends.

Mr. Nogueira: And Thiago when I talked about a 50% increase in our PFPs I am not just talking about ready meals, that is just in Australia; the rest is raw products that are ready to be prepared and consumed. In the three acquisitions of plants and businesses, businesses that we acquired in the US in the last 12 months and also resulting from expansions of our existing plants and nothing related to future acquisitions. It is 50% of in-house homework.

Mr. Duarte: and finally if I may ask a question about Mercosul, in line with beef in the US we would like to break it down because there is a lot in Mercosul: there is leather, hides. And in Brazil what kind of margins do you get in Brazil currently?

Mr. Batista: I can give you a brief summary: Argentina continues doing very badly. As you know we closed down four plants in Argentina. We were able to have a break even in one plant in Argentina and that was an achievement. We were losing money for four years in a row and we grew a lot in the industrialized products. Uruguay's doing well, Paraguay's doing very well.

Brazil had deterioration in margin but price of cattle increased more than expected. We thought that the price would increase but we expected it to increase according to the BRL devaluation but it increased more and so there was a deterioration in our margin there.

Now obviously the exchange rate helps. We do not think that the margin will pick up and go back to the levels that we had previously at least not in the short term, and we believe that beef margin will remain more or less this level with little variation.

Mr. Gularte: and to add we prepared for this scenario and we are totally balanced commercially speaking to take advantage of the situation in the best way possible.

We have commercial team that adapted. We have a structure that works both in the domestic and export market and in the other countries we will do the same. In low-remuneration markets we will do our homework: we will increase our efficiency, productivity and reduce costs. Altogether we are quite optimistic for 2015.

Mr. Batista: now Thiago one thing is fundamental: FX offsets an increase in the price of cattle, but we are paying attention to international prices and if prices internationally deteriorate then we will just have to absorb the increase in the price of cattle and that might force down our margin.

Now just one thing about JBS which is extremely relevant to us: cattle had a contraction of margin. It was at around 10% and now it is around 8%. But our business more than offsets that, so at a consolidated level there is some variation but we believe that the consolidated numbers we will continue to perform well and we will continue to run our business with consolidated margins which remain solid.

Mr. Alexandre Miguel, RPS Capital: I am Alexandre Miguel and my question is related to efficiency internally. I understand this drive for acquisitions and growth which is in the company's DNA. You delivered good results after acquisitions which is the case of Pilgrim's Pride. You are growing your earnings-per-share a good pace. Despite the strong cash generation there are also some opportunities, tax, tax corresponding to 40% of the Ebitda even with a good cash generation.

Working capital you spent 800 million BRL this quarter and so I would like to understand there was a recent piece of news that you would be hiring a consulting firm in Brazil so I would like to understand as for efficiency if you lower tax from 40 to 25 it is a lot of gain in the profits of the company and not related to acquisitions, just stemming from an increase efficiency internally.

So what are you doing globally to try to optimize that? And what about this recent news of you hiring a consulting firm perhaps to use tax rates and improve the fiscal side of the business? Could you elaborate?

Mr. Batista: let me try to address parts of your question. We are working on a global project with two of the big four, on a global planning involving the whole company globally in terms of tax efficiency and so we are aware. As Pedro mentioned we have not reached the level that we can reach in terms of an effective tax rate. Obviously that would bring an increment in earnings-per-share in a significant bottom line effect.

So we are focused on that. Now that is not a simple task, it is not something you do in one or two months. JBS became a global operation with big complexity and so you do not do this kind of change overnight.

As for working capital it is a good point that you raise because we did not see any increase in the need for working capital. If we exclude FX in dollars, when you consolidate all accounts receivable in the US grew and inventory grew; but there is a gigantic FX effect and also there are the acquisitions.

So we included Massa Leve, Bella Foods, all of that in this quarter. Net of all that and net of the FX effect we actually did not see a need to increase our working capital if we disregard the FX effect in the acquisitions. So we are still working on this. We know that we can derive a significant improvement in this area.

Mr. Wesley, Banco do Brasil: Good morning I am from Banco do Brasil. A number of questions have been asked so I want to be brief. Congratulations on your results. You mentioned your turnaround ability and my question I would like Wesley to answer is regarding the competitive landscape for Seara in 2015 because I guess that the homework that you are doing is undeniable; now in terms of prices for Seara and the landscape for that brand in 2015 could you give us some color on that? Would you elaborate a little further please?

Mr. Tomazoni: competitive landscape?

Mr. Wesley: will you be changing the prices of Seara? Is there any more room for improvement?

Mr. Tomazoni: well, we invested in the brand and our investment in branding aims at increasing the value of the brand. For that we did our homework: we improved the quality of the product, we organized our distribution - and here is what I see: our growth is not based on increasing our market share; rather we are focused on improving our numerical distribution.

Like I said we have a number of points of sales that did not carry our product. We believe there are more than 120,000 points-of-sale that could be selling our product and we have 79,000 points-of-sale only and so there is room for growth. We have to be able to offer consumers an opportunity to consumer our product. In the big retailers we do not have the ideal product mix yet and we are focused on launching new categories.

We are not focused on gaining market share; the market share that we are gaining is a consequence of an increase in consumer preference for our product and this will be our focus. We will be disciplined in terms of price. We are building value and this is our focus.

There will always be competition but we have to focus on what we do that is best.

Mr. Batista: If there are no further questions to close I would like to thank the participation of all of you. It is a huge pleasure to have you. Thank you very much for your support and to always participate in our meetings and earnings calls. Thank you very much.