International Conference Call
JBS S/A
Extraordinary Call
July 2nd, 2015

Operator: Good morning everyone and welcome to JBS conference.

As requested by JBS, this event is being recorded. The recording will be available to listeners this afternoon and can be accessed by following the instructions posted on company's website at: www.JBS.com.br/ir

Taking part on this call we have Mr. Wesley Batista, global CEO of JBS, Mr. André Nogueira, CEO of JBS USA, and Mr. Jerry O'Callaghan, Investor Relations Officer.

Now, I'll turn the conference over to Mr. O'Callaghan. Please, go ahead Sir.

Mr. O'Callaghan: Thank you ma'am. Thank you everybody for being on the call. It's a pleasure to be with you here today.

We posted a presentation on our website, which is now available, and we are going to use that presentation as we go through our conversation with you this morning.

So I will is start making reference to the presentation and in a little while I will pass you over to Andre Nogueira to talk about the transaction in se and Mr. Batista will give us some comments before we open for Q&A.

So starting on page 3 of our presentation, we've got an agenda today, I'm going to talk a little bit about the industry fundamentals and then Mr. Nogueira will take us through the agenda talking about the acquired business, about our present footprint in the US today, the JBS USA pork business, then about the combined businesses, and we are going to talk about the rationale behind the transaction, about synergies, about the structure – the transaction structure – and finally we are going to talk about multiples and about leverage post-acquisition.

So, moving to page 4 in the presentation, just to guide ourselves regarding pork production and consumption globally we put up numbers from 2000 to 2021; there has been consistent growth, 40% growth over the two decades in pork production and in pork consumption, very consistent growth.

If we go to page 5 in our presentation then we look at the competitive environment around the cost of producing pork meat and the US is uniquely positioned as the most competitive producer of pork meat and has been for quite some time, when we look at the US against the other major competitinng countries and particularly when we look at the cost of producing pork in the US and the cost of producing pork in the countries to which the US exports, particularly the Asian countries, we see quite a substantial gap and obviously an opportunity for the US to continue to be extremely competitive in the global environment.

Moving on to page 6 and to a certain extend a follow-on from the previous page we see very strong growth in pork exports out of the US, particularly in the last decade and particularly since there was a change in the subsidy policy in Europe and the environment became more competitive from a cost point of view the US stands out as the region in the world that has increased its exports more than anybody else, and today the US is the number one pork exporter globally and pork is the number one protein consumed globally as well.

So if we book at page 7, briefly on page 7 we see that the US has surpassed the European Union in the last couple of years in terms of who is the number one exporter. European number is number two and then behind Canada we' got Brazil, which is also becoming very competitive in this environment.

So having spoken a little bit about the market, I'll pass you on to Mr. Andre Nogueira to give us the overview of the acquired business and to talk about the transaction in se.

Andre.

Mr. Nogueira: Thank you Jerry. Good morning everyone, thank you for your time this morning. This morning that is a very special day for us here at JBS USA, exciting date that we can announce this transaction.

Talking about the business that we are buying, the company highlight, we are buying a business that has an annual revenue of 2.5 billion; Cargill is a private company that do not release specific individual business performance, so we just did the exercise here using Cargill pork business revenue and our historical Ebitda, last five years on JBS USA pork to arrive in this guidance for the market, the Ebitda of $5 million.

So we use our average five years Ebitda applied on the revenue of the business that we are buying to project these $212 million Ebitda, and I think that's very conservative.

The business today is 81% of revenue in the US domestic market and 19% exports, two well-invested pork processing facilities with the capacity to process 30,000 hogs a day and a very relevant bacon production that they just invested to expand and to expand the capacity and improve the production that has the capacity of £2,000,000 per week.

As part of the transaction, as part of the acquisition we are buying the genetic units; four genetic units with 160,000 sows that has the capacity to supply 33% of all the hogs that the business process today. One of these units, for example, is (0:06:22 unintelligible) Texas with 22,000 acres and capacity for 68,000 sows with very well invested, with advanced life hog production for group housing and antibiotic free systems that we will comment later that gives us capabilities that we don't have today and expand our product offering.

To support this and part of the deal has 5 feed mills and 1.1 million tons of annual feed capacity.

On page 9 we show the footprint and the capacity of each one of these units that is part of the transaction, and my comment here is that is very well located all the units, especially the processing capacity in the heart of the US hog production, in the best place to grow hogs and to process hogs in the US and probably globally.

Page 10 just to give you an overview of our US pork business today: 3 plants very well located too; $3.7 billion in revenues in the last 12 months, finished first quarter of 15 with Ebitda of $450 million and 11.3 margin in the last 12 months with the capacity to process 51,000 hogs a day.

As part of these units have convenient products or case ready or consumer ready facilities, three years ago we just had one of these facilities to expand this for 3 facilities now, 3 plants now and we more than… multiplied by five our capacity on this segment that is absolutely aligned with JBS view to have more consumer ready value added products.

Page 11 an overview about our last five years. Our revenue we had an organic growth of more than 25% in this last five years – that I think that's very relevant – our Ebitda margin shown here; even with two very tough years for the industry, 2012 and 2013, our team was able to deliver an average of 8.3% margin Ebitda; that's exactly the historical margins for us that was the one that we used to project the margin Ebitda of the business that we are buying here.

Page 12 and probably the most relevant is the combination of this business and why with think that makes a lot of strategic sense. A combined business has a pro forma revenue of $6.3 billion; a pro forma Ebitda of $565 million, this Ebitda again is a combination of our last 12 months Ebitda and 11% margins of the last 12 months and our average of 8.3 that we applied for the business that we are buying here. That's what we are calling this $565 million.

Production capacity pork processing in US will be 89,300 heads a day, prepared products of £5,000,000 per week and bacon production of £2,000,000 per week.

Page 13 the combined footprint of the business after the acquisition and again I'd like to highlight here how strategic and how great is the combination of these assets without any overlap in the hog procurement side, you can see here the plants, all the plants will be located in the grain belt… in corn belt in the US, where is the best place to grow hogs. So great location and without any overlapping.

Page 14 the transaction rationale. The first point is the full alignment with JBS strategy; everything that we have been saying that is our view about how to grow our business in the areas that we are today, in the pork production areas that have the low cost produced protein. That's exactly what we are doing here; growing pork, that's a strategic area for us, we are growing where we are today, we have a very strong presence in the US and how competitive is US to produce pork, and growing value added and processed food; that's clearly our strategy and what we are delivering here.

We think that this acquisition is for the improvement and balance our diversification, if you look the JBS production in terms of beef, chicken, we grew a lot in chicken in the last three years, pork probably was the one that was below the expectation or below what would like to be, and this will help us to balance much better this diversification in proteins and product portfolio.

Again, with this acquisition we have access of products lines that are growing a lot in the US, and for us today because we do not have the integration was difficult to be fast and to grow our production the same pace that demand is growing in some of these products, like antibiotic free and like group housing.

I commented about that, well located and very well invested assets, I'd say that this is the Cargill standard; they invest very well in the business and we are buying an asset that is in great shape.

The expansion of pork product mix, again, group housing and ABF and bacon that is relevant for this acquisition.

Another point on page 15 is that the USA is the lowest cost producer and export leader, so we are growing exactly in the country that is the most competitive to produce. Diversified hog procurement with no geographical overlap, a comment about that when I showed the map; it's almost perfect the location of this plant that we acquired with the location of our plants.

Relevant synergies because we have already a strong presence in US, the synergies I think have been here very very conservative on this $75 million, I think that our team will be able to deliver more than that as we have been delivering pretty much all the acquisitions.

And leverage the best in class operation. I think that we operate today our business very well and in a very high level, as our performance proved that, as you compare our performance with the public companies that you can compare. It's easy to see that JBS today is the leader compared with the public information and we know that Cargill has a great team that will be very welcome at JBS and I think that this combination of our team and the Cargill team that is very strong we will have after we finish this we will have the best team in the industry.

Page 16 synergies of $75 million, the areas that we think the synergies will come from of course in the non-core material, in the purchase of non-core material, packaging in general, all the non-core materials, optimization of the administrative structure, best practice in operation, we will be able to leverage our best practice operation with Cargill best practice and with the operation outside of the US, the operation that we now have in Brazil; I think that this will be really powerful.

The logistic optimization with all this plant location we can save a lot of money in logistic on that to serve our customers in a more effective way. The prepared and value added products portfolio expansion – that I already commented about that – and maximize JBS export knowledge and capabilities with the production that we have, with our presence globally, with the diversification in proteins, we have strong customer relation, presence in the most important market that we export pork and we for sure can give more value on that.

Page 17 the transaction structure. The transaction value is $1.45 billion on a debt-free and cash freebase with adjust of working capital when we close the acquisition. We (0:16:18 unintelligible), we are buying the asset not the company; we are buying the assets of Cargill pork business plus its respective working capital of $225 million.

Who will buy this will be JBS USA LLC and we estimate tax benefit of $250 million. I think it makes sense to explain how we calculate this benefit of $250 million: This is a comparison that we are doing here, the benefit is the net benefit compared the asset, purchase deal that we're doing with if was a normal company purchase, if you are buying a company not the asset in the US when you buy a company you take the company and you cannot step up the assets for the value of the acquisition; you take the company with the depreciation, the tax perspective with the depreciation that the business already has.

When you buy an asset you can step up, you can reevaluate the value of all the assets and step up this for the depreciation. So I am comparing the asset purchase if was a company purchase my net benefit I will be able to step up $1 billion in assets that will be depreciated in the next several years.

$1 billion in step up will generate – a tax base in the US of 38% average – will generate a $380 million tax benefit over the next several years.

Bring these $380 million tax benefit over the several years to the present value to date that's the $250 million that we calculate, we use 6% a discount rate here to calculate that; that's the $250 million.

In a very simple way this is a way to compare: We are buying assets, we pay 1.45. If we are buying the company we should pay 1.2 plus $250 million of tax benefit, additional tax benefit that I'm having to buy the asset here.

Page 18 transaction multiple and average. Again, we are using the annual sales of 2.5 and we are doing here three exercises: One, the most conservative one that we did, use our last five years average of 8.3. If you do that you arrive in a multiple that is 6.8 without synergies and without tax benefit.

If you apply the tax benefit of $250 million and if you apply the synergies, this multiple comes to 4 times.

We did the exercise with the last two years of 8.5 and we did the exercise with our last 12 months margins in that case it without synergies and without tax benefit the multiple would be 5 if you use our last 12 months, and with synergies and with a tax benefit to the multiple would be 3 times.

We did the exercise here in terms of leverage what would be impact in our leverage, we use our Q1 numbers and we include the leverage and the historical Ebitda for Moy Park and we include the new acquisition of the Cargill pork business that we added 0.2, around 0.2 in our leverage. So if we you consider all the acquisitions that we did at the end of Q1 our leverage would be around 2.74. That's the exercise to give you to view about how it would be the leverage at the end of Q1 considering… this is related to the total JBS USA.

So with that out heard to Wesley for his comments.

Mr. O'Callaghan: Thank you Andre.

Mr. Batista: Thank you Andre. Good morning everyone. Like Andre said, this is a special day for JBS announcing the transaction with Cargill.

For many years we have been demonstrating to Cargill our interest in putting our pork business together with Cargill's pork business. So this is a transaction that has a quite long history that we approach Cargill for a long time ago demonstrating to them our interest, and our interest is straight to the point that Andre mention is about the complementary between our pork business and Cargill's pork business; Cargill has a great pork business, a great team that runs Cargill's pork business.

So putting the two business together fits 100% with our strategy where we want to expand our business and where we are going in JBS overall and globally. So I have been saying clearly that we want to expand our business where we already operate and as well to improve our portfolio in terms of more value added products and more branded products. So this acquisition fits 100% with our strategy.

The synergy that we have, the synergies that we have in this business put the transaction possible to happen, we already have a well-run pork business in the US and Cargill as well has a well-run pork business, so they can putting the two business together we see a very strong amount of synergies and opportunities to value creation.

So the transaction was possible and we strongly believe that is a win-win transaction that was possible due to the complementary and as well the amount of synergies that we can capture putting the two companies together.

So we really look forward to work with Cargill's team with our team, like André said, we are confident that the two teams together we are going to have the best in class team to run this business together going forward.

So with that I will stop here and, please, operator open to Q&A.

Question & Answer Session

Operator: Ladies and gentlemen we will now begin the question-and-answer session. If you have a question please press the star key followed by the one key on your touchtone phone now. If at any time you would like to remove yourself from the questioning queue press star two.

Our first question comes from Alessandro Arlant, Bank of America.

Mr. Arlant: Hello, good morning everyone.

Mr. Batista: Good morning.

Mr. O'Callaghan: Hi Alessandro.

Mr. Arlant: Hi Jerry, hi Wesley, hi Andre. Two questions if I may. The first one I did not participate on the Portuguese conference call, so if you could just explain the founding strategy for the Cargill pork acquisition that would be great.

Mr. Batista: Alessandro, we have enough cash available in our balance sheet as well as committed credit lines that can support the acquisition and we are also going to be looking to other alternatives in terms of other possible deals that we can do to funding the acquisition, but we already have amount of cash and cash availability that is enough to fund the acquisition.

Mr. Arlant: Okay Wesley, so it would be primarily cash funded and if there is a need you could partly finance that through committed credit facilities?

Mr. Batista: Yes, we are going to be looking, you know, possible transactions. Andre commented in the Portuguese call, so we are going to be looking JBS USA options in terms of may analyze a term loan type of transaction that can be attractive for us to do at this point.

Mr. Arlant: Okay, then if you could just remind us for the Moy Park acquisition and for the Tyson Mexico acquisition if you would also use cash or you would also have to use committed credit facilities?

And when I look at your cash position I'm looking at the JBS S/A consolidated cash position.

Mr. Batista: Yes, this is the right way to look. So the acquisition on Mexico is already done, so it's already closed. PPC used 100% cash that was in PPC balance sheet, so the deal is already funded and closed. So PPC's not going to do anything because of the Tyson Mexican acquisition.

So between Moy Park and the Cargill acquisition these two acquisitions together in a consolidated base we have access cash and as well committed credit lines, but again we are going to see one or other what makes more sense than what is more attractive for JBS in terms of may raising that in the US, like I mentioned, doing a term loan kind of transactional or the other way around, we are going to analyze between these two to see what is more attractive.

But both deals are not contingent on finance and we have cash to support both.

Mr. Arlant: Okay, great. Thank you Wesley. And then my second question maybe to Andre. If on a consolidated basis do you have a minimum cash policy when we look at your total debt or your total adjusted debt and then we look at your cash position if there is a minimum cash policy, or to put it another way, if you have a policy in terms of the percentage of short-term debt to total debt?

Mr. Nogueira: Alessandro, if you are talking about JBS USA, first; we don't have any short-term debt, all the debts that we have here are long-term debts. We, no, we don't carry a lot of cash unless we accumulate cash that we cannot move in an effective way because you have lines of credit available for us committed, like the ABL of that today we are not using anything and ABL is $900 million.

So normally we don't carry… we try not to hold cash in our hands because it is not efficient. We have the ABL availability and we have always the desire to keep over $500 million of availability in JBS USA, but what really matters is the combined company.

We have the ability to move and move cash between us and JBS Brazil, as make sense for the tax perspective, for the finance perspective, for the cost of raising that perspective. So what really matters is the combination of JBS here and Brazil.

And we have our liquidity here, what we use as liquidity is the ideal availability that today we have cash and we some cash and you have the whole availability in the ABL.

Mr. Batista: To answer the other part of your question in terms of short-term and long-term, we have been holding around 30% short-term and 70% long-term debts and we feel that this is a good combination, we have attractive credit lines in Brazil that follows in a short-term type of transaction that is credit lines to support exports in Brazil and the cost is attractive.

So we have been holding this 30% short and 70% long and we feel that this is appropriate to us.

Mr. Arlant: Okay. Just as a quick follow-up, if I look at JBS consolidated how much in availability do you have been committed credit facilities? Is it only the 500 million of the ABL or do you have other committed facilities in other countries, in other subsidiaries?

Mr. Batista: No, we have, we have in other subs committed credit lines and as well you can see in our balance sheet in the 1Q how much we have in cash and cash availability.

Mr. Arlant: Okay.

Mr. Nogueira: The combination all the comedic credit lines is over $2 billion and the ABL is not 500, Alessandro, is $900 million ABL here in US and we have all the credit lines and the total outside of the cash position of JBS the total availability is over $2 billion.

Mr. Arlant: Undrawn committed credit lines is $2 billion?

Mr. O'Callaghan: It's undrawn $2 billion undrawn, yes.

Mr. Arlant: Okay, great. Thank you so much.

Mr. Batista: Thank you.

Operator: Our next question comes from Rick Waddell.

Mr. O'Callaghan: Hi Rick.

I don't think Rick is on the line. Perhaps we could pass on to the next question if you don't mind, operator.

Mr. Waddell: Yes, I'm here, sorry.

Mr. O'Callaghan: Oh, I'm sorry!

Mr. Waddell: Can you hear me now?

Mr. O'Callaghan: Yes, we can hear you.

Mr. Waddell: All right, perfect. Guys, thank you for taking the question, I appreciate it. Our pro forma basis if you funded the acquisition entirely out of the US entity using undrawn revolver and available cash could you just tell us what may be a pro forma leverage secured and unsecured would look like at the US entity?

Mr. Nogueira: If you funded everything from US the pork acquisition here the pro forma basis would be without synergies – if you don't consider synergies –

would be 3.2, and with synergies 3 times leverage. So that would be the pro forma for the acquisition.

Mr. Batista: In the LLC level, Andre.

Mr. Nogueira: In the LLC level of course, and not in the Holding's level.

Mr. Waddell: Okay, just at the US level.

Mr. Nogueira: No, no…

Mr. Batista: US LLC. Not the US Holding that Pilgrims start.

Mr. Waddell: Okay. Thank you guys.

Operator: The next question comes from the Eleanor Price, insight investments.

Eleanor Price, you can go on.

Ms. Price: … (0:33:24 through 29 unintelligible – voice breaking) that leverage go up 0.4 of a turn in the space of a couple weeks, what sort of assurance can you give me as a bondholder that leverage is not going any further potentially more acquisitions this year?

And also could you sort of talk about how you are going to manage the impact on senior management time by taking on all these quite sizable projects at the same time?

Mr. Batista: So, about leverage you said exactly right; with the two acquisitions Moy Park and Cargill this will increase our leverage based on the purchasing price 0.4 times leverage and we are very committed to keep our leverage going down.

These two acquisitions were very strategic, like I mentioned before, I did in a statement in the beginning of this year that we were going to be very focused on growth, organic growth and we are still very focused on organic growth, but like I mentioned, the Cargill pork business is a very long time we have been, you know, looking this opportunity and likely mentioned is a great combination.

So we decided to do this acquisition, but this does not change anything in our strategy to keep deleveraging our balance sheet, to keep looking for improving our ratings. So we are not going to jeopardize this and put in jeopardize our commitment to the market to keep doing what we are co committed to do.

So we are not going to do anything…

Ms. Price: Have you spoken…

Mr. Batista: … but I can tell you we are not going to do anything that is going to jeopardize our commitment.

So to finalize here, about management, we feel very good that we are going to be able to integrate these two acquisitions inside of JBS and the management that we already have is… we have capability to put this business together and both companies have great teams that will be very very complementary to our current management team.

So we don't see any problem or any risk on integrating this business is in terms of management.

Ms. Price: Okay. So going back to the leverage, do you see that the leverage post-closing of this transaction could be the peak for the time being then? And have you spoken to either of the Moody’s or S&P about the impact that these two transactions are doing to potentially have on your current ratings?

Mr. Batista: No, we've spoken to all three; Moody’s, S&P and Fitch. So we spoke with them and the leverage, the increase we cannot speak to the rating agency, but in our view this does not jeopardize anything in our view in terms of our ratings.

Again, this is going to put 0.4 times leverage and we are very confident in the way that our business is going, is going very strong and, you know, we are going to end up this year in a very good shape in terms of leverage and we are going to deleverage this acquisition, we are very confident that we are doing to put the leverage back quite quickly.

Ms. Price: Okay, so this is definitely probably the peak of this year then?

Mr. Batista: We don't see the leverage going higher from this 0.4 times leverage that is going to add and, again, we are very confident that we are going to generate strong amount of cash in this year, from here until the end of the year.

We really see our leverage closing 2015 even below where we were before the acquisition.

Ms. Price: Okay, thank you very much.

Mr. Batista: Thank you.

Operator: The next question comes from Lori Torres, UBS.

Ms. Torres: Hi everyone.

Mr. O’Callaghan: Hi Lori.

Ms. Torres: Wesley, I was hoping that you could just talk a little bit about more the rationale. From what I understand, you approached Cargill; it wasn't an asset for sale.

So I'm just curious about how you think about expansion, you know, what brought you to Cargill and I guess I'm asking this question more about your future plans because is it more from a category or country or just where you see there is margin or synergy potential that you were going to continue explore opportunities like this?

Some just trying to get your thought process going forward for further expansion.

Mr. Batista: Yes, you said exactly right; we approached Cargill, the business was definitely not for sale, Cargill never put this business for sale. We definitely approached them and 100% open we approached Cargill many years ago talking with them that we, in our view, we see a very good combination putting the two businesses together and, look, we really like our business in US, we have a strong business in US, a very strong platform, we were looking to expand our pork business for a long time and we analyzed a lot of different alternatives to grow our pork business, even we did a very deep analysis on our organic growth doing a greenfield project in our pork business, we were really looking to expand our pork business in the US.

And why? US is very simple, US is very competitive, is the most competitive country to produce pork. Second, we already have a very strong pork business and also Cargill has a very strong pork business and both sides have very strong management teams, so putting the two businesses together is hard to say perfection, but is the perfect combination these two businesses being together.

So for all these reasons we approached Cargill. Like I said, I definitely see in this deal a win-win deal and the possibility to make this deal happen was the amount of synergies. If it wasn't for the amount of synergy and the amount of opportunities the deal was not going to be attractive in terms of valuation for us if was not the amount of synergy and the amount of opportunities that we clearly see here.

So all this together is put as to be able to agree on this deal and both sides.

Ms. Torres: Can I just ask as a follow-up then; you know, not to ask you to give away your strategy, but when you talk about looking for targets versus greenfield, you know, when you think about the remaining businesses, are there gaps? Is it something that to acquire versus build is better for you or kind of getting to the point where you need to be to not hear more about these types of deals?

And just trying to get an idea of where we are in the process.

Mr. Batista: No, we did all the analysis and the best deal is the deal for us to be where we were looking to be in our pork business.

So we were looking to expand our pork business, to expand in value-added product and this opportunity, in our analysis and in our view, was more attractive than any other opportunity.

Even if you do an analysis on a greenfield this combination was more attractive to us and, again, because of the amount of opportunities and synergies.

Ms. Torres: Okay, thank you.

Mr. O'Callaghan: Thank you.

Operator: Our next question comes from Filippe Goossens, MUFJ.

Mr. Goossens: Yes, good morning gentlemen and thank you for taking my call.

Mr. Batista: Good morning.

Mr. Goossens: Good morning and congrats also obviously on the projection this morning. Just first a couple of clarifications questions for Jerry and then I have a couple for Wesley if I may.

Jerry, the Moy Park and the Cargill transaction this morning and the Primo transaction in Australia these were all under JBS USA, is that the entity under which those acquisitions are taking place or have taken place?

Mr. O'Callaghan: No Filippe, the Primo acquisition is through the USA and directly in Australia and also this most recent acquisition is under JBS USA.

But the Moy Park acquisition would be under JBS S/A.

Mr. Goossens: Okay, good. I just wanted to make sure I had that correct. Then the second question: The ABL line that you just talked about, the 900 million, is that on top of the other $2 billion in committed credit lines that you refer to, or is that already included in the 2 billion?

Mr. O'Callaghan: That is included. Go ahead Andre.

Mr. Nogueira: it is part of the 2 billion, it's one of the lines, but it's part of this 2 billion.

Mr. Goossens: Okay, all right. Then the final question for Jerry before I move on to question four: Wesley, if I recall correctly, on one of the last calls, but I forgot which one it was, you had spoken about what the optimal place was, I thought it was from a tax perspective to add any new debt if you had to.

Was that at the Hold Co level or that was at the operating company levels?

Can you just clarify that because I don't recall correctly anymore.

Mr. O'Callaghan: No, we had a degree of imbalance between debt in Brazil and in the US, and we addressed that in putting some debt in the US in order to firstly be in a market which is more cost-effective than in Brazil and to improve our tax balance.

Basically we've done a lot of that, we issued a bond at JBS USA quite recently and paid down an aid-in that was expiring at JBS S/A. So we've done that rebalancing.

We talked about that in a number of calls and we've addressed that as much as we possibly could.

Mr. Goossens: Okay, great. Then the two questions I had for Wesley, if I may. My first one, Wesley, just as a follow-up on an earlier question with regards to span of control of management given the acquisitions in Europe and Australia and Mexico right now.

But maybe even more important, so how can you make sure that all these operations that you have acquired – which I think are all very great assets – how can you make sure that you can on a timely basis install the JBS corporate culture?

Because I think that's very important if you want to make a successful operation globally to make sure that everybody thinks, acts the way JBS does, and it's just not a portfolio of attractive assets that are kind of all run on an individual basis.

Mr. Batista: Great question, and thank you for the question. Like I mentioned in one of my comments on this call, we are very confident that we have a team that can absorb and can handle with the team that is coming together being part of the company that we are going to acquire.

If I can say that one thing that I feel pretty good and I think JBS is doing a very good job is about our management and about our culture; we have a very strong culture and we have been able to implement and to set that our culture quite quickly.

And why we have been able to implement and set our culture quite quickly? Is because it is a simple culture; we believe in simple things, we believe in working hard, being very focused on details, very focused on execution, being simple and having a company that is run by a team and not by individuals.

So again, if I can say that one thing that JBS is doing a pretty good job is about the integration, it's about management and about culture. I feel very good.

Even in Australia with the Primo acquisition the guy that is the head of Primo today, he was… he is Irish, but he was in Brazil here with us for a long period of time, so he knows our culture very well and on top of the team that is already there that knows our culture very well.

The same thing in Mexico, and I'm sure that the same thing will happen in this pork acquisition. We have a very well-established teaming our current business and Cargill has a great team, like I mentioned before.

I am 100% confident that the combination of these two teams we are going to have top note team and cultural wise I don't see any problem for us to have a great fit.

Mr. Goossens: Great, that's very helpful Wesley. And in the final question if I may. With the acquisitions Moy Park, Cargill, Mexico and Primo other earlier, are there is still any particular spots in the portfolio where you feel you need to do something over the near term?

Mr. Batista: No, look, we… the answer is no, and we are very satisfied with our portfolio and with our diversification in the two fronts in terms of the region and as well as in terms of product mix and portfolio.

You know, we operate today in the countries that are the most competitive countries to produce protein. Fortunately, we were able to build a global player in the most competitive country and as well a well-diversified in terms of beef, pork, chicken and lamb and package food products.

So we don't have a need to do anything to put our portfolio or our diversification better, so we are very satisfied where we are and in terms of our portfolio.

Mr. Goossens: Thank you, thank you very much Wesley. That's very helpful. Thank you so much.

Mr. Batista: Thank you.

Mr. O'Callaghan: Thank you Felipe.

Operator: This concludes our today's question-and-answer session. I'd like to invite Mr. Wesley Batista to proceed with his closing statements. Please, go ahead Sir.

Mr. Batista: Thank you. So I'd like to thank you all to be part of this call with us this morning.

So I can mention in the beginning, it is a very special moment for JBS and for our team and we really are looking forward to working with the Cargill's team to having these two teams together working together and creating a best in class pork business in the US.

So again thank you all for being in the call with us.

Operator: This concludes JBS audio conference for today. Thank you very much for your participation and have a good day.