International Conference Call
JBS S/A
Fourth Quarter 2017 Results
March 29th, 2018

Operator: Good morning everyone and welcome to JBS conference call. During this call, we will present and analyze the results of 2017.

As requested by JBS, this event is being recorded. The recording will be available 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. Gilberto Tomazoni, Global COO 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. Jerry O'Callaghan. Please, go ahead Sir.

Mr. Jerry O'Callaghan: Thank you. Thank you, good morning everybody and welcome to the JBS 2017 earnings call.

Before I hand you over to Mr. Tomazoni to talk about the highlights for the year, I just wanted to remind you that we have a presentation, which is available on our website, and right on page 2 of our presentation we've got our disclaimer, so I request that you please make reference to the disclaimer and read the disclaimer when analyzing the presentation.

I'll hand you over to Mr. Tomazoni now before we discuss the details of the results per business unit. Tomazoni?

Mr. Gilberto Tomazoni: Thank you Jerry. Good morning everyone, thank you for joining this call today.

In 2017 we recorded the net revenue of R$163.2 billion, equivalent to US$51.5 billion, and a consolidated gross profit of R$23.8 billion; an increase of 11.5% compared to last year.

Consolidated Ebitda was 13.4 billion; an increase of 18.9 compared to 2016. Consolidated Ebitda margin was 8.2%. Adjusted net income, which reflects 1-time tax payment, was R$2.1 billion; 800 higher than 2016. Operational cash flow was 5.2 billion and free cash flow was 2.10 billion. Leverage was reduced to 3.38 times for 4.16 times at the beginning of the year and short-term debt was reduced by 25%.

I'll ask Jerry now to provide more detailed analysis for our performance in 2017… 2016…

Mr. O’Callaghan: 17.

Mr. Tomazoni: 17!

Mr. O’Callaghan: Thank you. Thank you Tomazoni. So, I will go through the presentation here, some slides in our presentation. I will make references to page numbers to facilitate people accompanying our call online.

So, starting on page 4, some of the focuses of the company we just wanted to remind everybody on the call of our relentless pursuit of operational excellence to drive results (we will talk about that when we talk about business units and in Q&A session later on), a strong culture and a team of proven leaders, we are very proud of our team that did a great job in 2017 and we’ve been able to enhance that team through the last 12 months, and we will talk about that as well later on.

Tomazoni already mentioned a reduction in leverage, we had a very relevant reduction in leverage when we compare to 2017 to 2016, we went from above 4 times leverage at the end of 2016 to under 3.4 times leverage at the end of 2017, and we continue to pursue that deleveraging process into 2018.

We also increased our liquidity, if you look at our liquidity (I will show the numbers in a little while), but our liquidity today's greater than our short-term debt with extended maturities, particularly at JBS USA we’ve had the opportunity to extend maturities well beyond the coming years and we will also talk about maturities in Brazil.

Also, over the last 12 months, we've spent a lot of time reinforcing and strengthening our compliance team and we’ve taken a number of major steps, which we can talk about in greater detail later on also, with regards to our compliance program.

On page 5 of our presentation, a little bit about our global diverse footprint. We think this is definitely a competitive advantage to have operations and sales in such diverse geographies and to have the opportunity basically to service every single market in the world.

So attention to the fact that a good portion of our sales are, for instance, in Asia, 13% of our global revenue comes from Asia, where we have distribution and sales capabilities and only one small leather operation there, while, for instance, in Brazil 14% of our revenues are derived from sales domestically in Brazil, because in Brazil it is a major export platform besides our presence of domestic market.

Page 6 of our presentation, just a little bit about where we stand in terms of our global position. We’re the number 1 beef producer globally with the operations in Brazil, in North America, the US and Canada, and in Australia as well. We’re also the world's largest leather processor, most of that is done in Brazil, the world's largest chicken producer, with operations again in Brazil, in Mexico, in the US and in Europe. We're the 2nd largest pork producer in North America and also the 2nd largest lamb producer globally, and we have the leadership position in prepared foods globally. Remembering our operation of Primo in Australia, Plumrose, just some examples in the US and Seara in Brazil.

On page 7, we have our leadership team across each one of our business units, all of them very, very experienced. I will not go through all the names, but we are very proud of all those people on that slide on page 7.

A little bit more about our compliance program. As I mentioned, we've strengthened our compliance program. During 2017 and into 2018, we appointed respected lawyer and academic Marcelo Proença as our Global Head of Compliance in the middle of last year, we hired external counsel White & Case to support the implementation of our compliance program globally, we've also used the services of Deloitte to conduct the thorough review all of our third-party contracts, we've established a new ethics line or whistleblower line, which is in operation since 1 December last year, and we've also launched an always-do-it-right compliance program, this has been very visible in Brazil, but it is a global program and we are building a strong compliance department, we've brought in a number of senior people, not only in Brazil, but outside of Brazil as well.

We've been working with Transparency International to demonstrate the improvements that we've implemented with regard to compliance, with regard to governance as well, and we've been given a ranking well above the Brazilian average by Transparency International more recently.

We announced our divestment program in the middle of last year and we have now fully implemented that divestment program, which has resulted in JBS raising about R$6 billion. Just to remind everybody, we sold our operations in Argentina, Paraguay and Uruguay July of last year, we then sold Moy Park onto Pilgrim's Pride in October of last year, we also divested our stake in a Brazilian value-added dairy business called Vigor also in October of last year, we also divested a feedlot and farm operation in Canada the same month, and then we finalized our divestment program in March, just this month, through the sale of Five Rivers in the US.

The sale of the maturity of these assets include, as I mentioned, the proceeds of R$6 billion. A substantial portion of those proceeds were received by Brazil and were used to pay down short-term debt, and we will talk about short-term that in a minute.

In our consolidated results, Tomazoni already talked about revenue of R$163+ billion, US$51.1 billion. In terms of gross profit, we had gross profit of R$23.77 billion, up from R$21.3 billion in 2016, and gross margin went from 12.5% to 14.6%. So not only an increase in gross profit, but an increase in gross profit margins as well.

In terms of Ebitda, Ebitda came in at R$13.41 billion in 2017 against R$11.28 million the previous year, and again Ebitda margin going from 6.6% to 8.2%. Net income was influenced by the one-off tax negotiation we did in Brazil last year, but it would have been R$2.1 billion were it not for the tax adjustments. We reported R$534 million or R$.19 per share after contemplating the tax agreement that we reached in Brazil in 2017.

In terms of cash flow, operational cash flow, was R$5.2 billion; up 42% from R$3.66 billion in 2016, and free cash flow was up more than 2000% at R$2.78 billion last year against R$128 million in 2016.

For the 4th quarter (I am on page 14 of our presentation for those of you who are following the presentation), for the 4th quarter of 2017 we had R$42.7 billion against R$41.6 billion the corresponding quarter in 2016; an increase of 2.7%. Gross profit again in the quarter was up to 14.8% the margin from 14.3%, going from R$5.9 billion to R$6.34 billion in the 4th quarter of 2017.

Ebitda came in at R$3.2 billion; up again 2.7%. Ebitda margin what stable at 7.5% when compared with 4th quarter of 2016. Net income came in negative R$451 million, basically completely accounted for by the FX of the Brazilian real against the US dollar, we had a relevant depreciation of the real in the 4th quarter of 2017, which affected net income about R$.15 of real against each dollar from the end of the 3rd quarter 17 to the end of the year.

Page 15 of our presentation, we already mentioned net debt came down to R$45.28 billion from R$46.9 billion at the end of 2016, and leverage declined quite substantially from 4.16 times at the end of 16 to 3.38 times at the end of 17. That is a reduction of R$1.6 billion or US$700 million in the period. Our cash position at the end of the year was R$11.7 billion.

Moving on to page 16 in our presentation, a little bit more about our debt. 95% of our total debt is in US dollars and 5% in Brazilian reais, and the cost of the US dollar, the average cost, is t 5.4% while the average cost of the real-denominated debt is at 9.13%.

Important when we compare the end of 16 to the end of 17 is the reduction in short-term debt. Short-term debt at the end of 16 was 32% of net debt, it was down to 24% at the end of 2017, that's the reduction of 25% in short-term debt year on year, and basically, I've mentioned this in the past, the majority of the short-term debt are the rolling export credit facilities in Brazil, so they are short term by nature, but they are rolled on a regular basis. Total liquidity at the end of the year was R$15.2 billion against a net debt of $1.7 billion above the net debt at the end of the period.

To get into the business units here briefly, before I hand you over to André Nogueira to speak about our US business, 1st on Seara. Seara's revenue declined year on year from R$18.15 billion to R$17.47 billion; a decline of just under 4%. Ebitda was flat or down marginally year on year. Ebitda margin was up from 8.8% in 2016 to 9% in 2017, we saw an increase in exports, particularly to 2 or 3 markets, highlights always for Asia, the Middle East and particularly North Africa.

We launched a number of new items, particularly under the Seara Gourmet brand in Brazil; 94 new products were launched by Seara in Brazil last year. We experience the leadership position in a number of relevant regions in Brazil also last year, we had the best holiday campaign at the end of 2017, there was a big number of Christians items, holiday items in the Seara portfolio. We had our best holiday campaign in the last 3 years as a holiday period in 2017.

Obviously, there is a continuous focus on the reduction of cost and expenses at Seara, that is a constant issue that we look at on a regular basis. And we've seen an increase by consumers in Brazil in having preferred stores towards the Seara portfolio of brands.

Moving on to page 19 in our presentation, JBS Brazil, which is basically our beef business, our leather business and other related business in Brazil. We had a decline in revenues from 28.2 to R$23.4 billion in 2017 against 2017, we also had a decline in Ebitda and Ebitda margin, Ebitda went from R$1.7 billion in 16 to R$84 billion in 17, Ebitda margin from 6% down to 0.4%.

What was the major drivers? We had a decline of 14% decline in volume of livestock which were processed in Brazil, we also, as I mentioned earlier, we divested our operations outside of Brazil which were part of this business unit in 2016, we divested Argentina, Paraguay and Uruguay, our beef slaughter operations in those countries.

Also, the leather business was hit by an increase in global slaughter in 2017, so we had a relevant decline in the performance of that business, which is part of this business unit in 2017. We are beginning to see that peaking up in 2018, but we saw a relevant decline through 2017, and also, we had some nonrecurring expenses related with issues in this business unit in Brazil in 2017.

Now, to speak about our business outside of Brazil, I will hand you on to André Nogueira. André?

Mr. André Nogueira: Thank you Jerry. Good morning everyone. Let's start talking about JBS USA beef, the units that include our operation in beef in the US, Canada, Australia, our land business in Australia and our prepared foods business in Australia and New Zealand.

Net revenue for that business achieved US$21.6 billion for 2016; a growth of 5.4%, organic growth that was part in volume and part in price. Ebitda achieved US$1.3 billion for the period, 6% margin; a growth of 177%.

The highlights for 2017 in the beef unit was the growth in the Ebitda of 477%, increase in demand, in the domestic and international markets and increase in beef price, growing availability of cattle in the US and Canada, in Australia industry-wide limit availability of cattle throughout the year affected the company's performance, so Australia business continues to recover, the herd in Australia continues to recover, we expect that we are going to have a better 2018 compared to 17, we will not be in the full potential of Australia yet.

Primo Small Goods, which operates the prepared food segments, continues to improve. The Primo brands continue to gain market share in Australia and New Zealand.

To talk about our JBS USA pork, that's the fresh pork business in the US and the prepared foods with the Plumrose acquisition, net revenue for that unit achieved 6.2 billion for 2017; a growth of 16.2%, again, part of this organic growth and part of this was acquisition in that period of Plumrose.

Ebitda achieved 12.6%, US$779 million in 2017. Our highlight for that business unit was increase in revenue was driven by growth and the demand for pork in domestic and international market and by the Plumrose acquisition.

Despite of increasing domestic market competitiveness with the 2 new plants that open, Ebitda margin increased from 11.5% in 2016 to 12.6% in 2017. Our relentless focus in operation efficiency, as well as decision to diversify into a higher value-added product, was reflected in the excellent results. We fully implemented our operational model in the 2 new plants that we acquired and improved the margins by 500 basis points since the acquisition.

January, we announced a new management team that will lead our Plumrose and our prepared foods business in the US. We hired Tom Lopez, that was previously the president of 2 businesses inside of Kraft-Heinz.

Pilgrim's Pride net revenue was 10.7 billion for 2017; a growth of 9%. Ebitda US$1.38 billion for 2017 with 12.9% margins. The highlights in the page 22, net revenue increased in all regions, Mexico, US and Europe, growth was 34.8% in Ebitda with Ebitda margin increasing from 10.4% in 2016 to 12.9% in 2017.

PPC completed several strategic investments during the year, that contributed to position the company as a leader in the production of organic chicken, focus in operation on the enhancement of its relationship with key customers, differentiate its brand and product portfolio and improve its margin profile.

The integration of GNP's going very well, margins have improved by over 600 basis points as we applied our operation methods.

With that, I turn back to Tomazoni.

Mr. Tomazoni: Well, thank you André. As we look to the future, we view global protein demands predicted to steadily increase through 2030. The company’s global diversified production platform and product portfolios are perfectly aligned to meet the growth demand. Projected growth in beef, pork, poultry and lamb demand over the next decades should bring significant growth opportunity for the company.

Importantly, in 2017 JBS appointed Almanza, a former US undersecretary for food safety as our Global Head of Food Safety and Quality Assurance. Almanza spent nearly 40 years with the USDA and it is a global recognized expert on food safety and international markets assess for meat and poultry. Under Almanza's leadership the company is establishing JBS as a global reference for food safety and quality.

Innovation is part of our culture. JBS constantly strives to anticipate customer needs and meet the involved expectations and preference of consumers. We will continue to integrate recent investments that have expanded our prepared foods capabilities and leveraged our major stake in its core technology, which provide to the company direct access to state-of-the-art robotics, focus on improving efficiency and reduce costs.

This next slide we talk about our long-term strategy. We never change our long-term strategy. Our main strategy is to build a global diversified production and distribution platform while increasing our focus on value-added product with recognized consumer brands.

Our priorities, the company's priorities, we have 5 priorities: 1st, continues focus on operational efficiency; organic growth; investment in innovation; deleverage the company, we have a target for 2018 lower than 3 times and 2019 around 2 times; and implementation of the world-class compliance program.

I think now we can ask for the operator, we are ready to begin the question-and-answer session.

Mr. O'Callaghan: Yes Tomazoni, thank you. Operator?

Question-and-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 2.

Our first question comes from Brian Hunt, with Wells Fargo.

Mr. O'Callaghan: Hi Brian! I don't think Brian is on the line.

Operator: Brian is not on the line. If anyone has a question, please press star one.

Mr. O'Callaghan: I think Brian is back on the line.

Mr. Hunt: Can you hear me, Jerry?

Mr. O'Callaghan: Now we can hear you, Brian.

Mr. Hunt: Okay, very good. So, thank you for your time. And when you look at your leverage target for 2018 below 3 times, you know, can you talk about the process of getting there? Is it a combination of Ebitda growth and actual their reduction on a gross basis, or will you all continue to build cash on the balance sheet?

Mr. Nogueira: Brian, it will be a combination of Ebitda growth and payments of the debt. We are very confident in our free cash flow generation for 2018, especially in the operations outside of Brazil, and with that we believe that we can pay down the debt in a more aggressive way to achieve this leverage that we talk about.

I think that we have enough cash in our balance sheet, the way that we finish the year in a comfortable level, so I do not assume that we are going to continue to build up cash, we already have a very comfortable level in the cash, so I think that the free cash flow will be used to pay down the short-term debt and the more expensive debt.

Mr. Hunt: Thank you. My next question is understanding the debt. When you look at your debt balance, only 5% of it is in reais now. I mean, what is the optimum balance? It seems like, you know, when I want to balance that between reais and US dollars, it is extremely low. Again, do you foresee more reais debt rather than US dollar going forward?

Mr. Nogueira: Brian, sorry, this is André. I think that the balance between reais and dollar is okay considering where the company generates its revenues in reais and dollar. But remember that Brazil has a lot of debt that is in dollar because Brazil has a lot of exports.

So I think that the balance between reais and dollar is okay. We will continue to pay down debt in Brazil because we continue to have more debt in Brazil in a proportional way than what we have outside.

We don’t have any maturity, relevant maturity outside of Brazil, so we anticipate that the free cash flow, a relevant part of the free cash flow, that will be generated will pay down debts in Brazil. Not necessarily debts in reais, because in Brazil we have a lot of other debts that are dollar-based, like the operation like ACC in Brazil and pre-export finance are all dollar-based.

Mr. O’Callaghan: Remember Brian, just to add to André's comments, we are probably the largest exporter out of Brazil, we export more than US$7 billion per annum out of Brazil, and particularly with interest rates were in Brazil until recently by far the most efficient manner of financing our working capital was by using these dollar-denominated lines against exports.

So, although the debt is queued in dollars, to a great extend the portion of it in Brazil it's because we are such relevant exporters and it was the most efficient manner to finance our working capital in Brazil.

Mr. Hunt: And then, my last question and I'll handed off and again I appreciate your time, when you look at the recent wildfires and other weather issues in Australia, did you all experience indirect impact from that? And if so, is there any way you can put some numbers around it for Q1?

Mr. Nogueira: No Brian, that is zero impact of that fires in all operations, it was not in any area that is relevant for production. It's kind of the other way around, the big area that produce cattle in Australia had a lot of rain, the grass is in great shape, so the farmers, the ranchers there continue to retain cattle and grow their herd.

So the areas in Australia that are relevant for cattle production, most of that are in pretty good shape. We have one a specific event that will impact the industry in Australia a little bit, that is one big plant of a big competitor that was destroyed by wildfires, so this probably caused some unbalance for a period of time. But for the industry overall, the force for that competitor is negative, for the industry overall is getting some benefits from that.

Mr. Hunt: Very good. I'll handed off and best of luck.

Mr. O'Callaghan: Thank you, Brian.

Operator: Our next question comes from Philip Kendall, with BNP.

Mr. O'Callaghan: Hey Philip!

Mr. Kendall: Hi, good morning. Hi Jerry, it's Decklan! I have a couple of questions for you. First off, can you update us on the process to have your other [0:32:22 unintelligible] done on schedule with or without qualifications?

And secondly, can you talk a little bit about some of the information we are receiving that you're close to refinancing your working capital lines? If you can map out what you are expecting in terms of structure there, will it be similar to last, where you had amortization triggers embedded? That would be helpful. Just those 2 questions for now.

Mr. O'Callaghan: Okay. Well, it's Jerry here, Decklan. The 1st question with regard to the audited financials, we published yesterday our financials with the qualified opinion from the auditors, the qualified opinion which is public, you can read it, it's basically with regard to the termination of the investigation, which is well advanced in Brazil. So our expirations are with completion of the investigations we would have an unqualified opinion.

I do want to put a timeline to, but it's on the horizon, we don't think it's far away, although I don't want to be precise because it depends on 3rd parties.

With regard to question 2, which is with regard to the continued conversation with the banks, I'm going to hand you over to André Nogueira to talk about that, he's been directly involved in the conversations.

Mr. Nogueira: So, what we can say up to this point that we have been having conversations and the conversations have been very positive. The banks, the 4 groups of banks have been very supportive, and I think that we are very close to having a final position on that.

I don't want to comment yet about the structure, but I think that we are very close to having a final position on that.

Mr. Decklan: I'm sorry, but it seems we've lost line.

Mr. O'Callaghan: Did you get all of that, Decklan?

Mr. Decklan: Actually, the line dropped, Jerry, shortly after you started speaking. So we didn't hear anything.

Mr. O'Callaghan: We will repeat it.

Mr. Nogueira: I was telling that we had a very positive conversation, we are having very positive conversations with the 4 groups of banks. The banks have been very supportive, we are well advanced in the discussions and I think that we are going to be in a position to announce something soon.

I don't want to anticipate any of the terms because we are still discussing, I want to be respectful, but the conversations have been extremely positive.

It's what I could say at this point.

Mr. Decklan: Okay, thank you. I got that.

Mr. O'Callaghan: Thank you, Decklan.

Operator: Our next question comes from Isidro Arrieta, with Neuberger Bermann.

Mr. O'Callaghan: Hi Isidro!

Mr. Arrieta: Hi everyone, thank you very much. Hi Jerry, how are you? Thank you very much for the call.

I wanted to ask a quick question on the chicken business in Brazil, what are you guys seeing after obviously the scandals we're seeing in one of the biggest competitors out there, and is it going to be or what are you seeing the impact in Brazil as probably some of the competitors' exports are jeopardy here. Thank you.

Mr. O'Callaghan: Tomazoni?

Mr. Tomazoni: The impact in Brazil is in the domestic market, because in the short term we will be having oversupply that will be adjusted in the medium term, but on the other side, we see the opportunity for the exporting market.

Mr. O'Callaghan: So basically, I think, Isidro, almost half of what is produced by Seara is export, about half of what is produced is exported, so if there is a disadvantage associated with an oversupply in the domestic market that implies a short supply in the financial market, and we have quite a lot of flexibility, we've had an increased number of our operations in Brazil which have been exported, credited.

So basically, it a question of adjusting our production to that market, which is an opportunity which offsets the oversupply in the domestic market.

Mr. Tomazoni: And in the medium term, the domestic market will be, I think, adjusted by itself.

Mr. Arrieta: Okay. Sorry, Jerry, I think I lost you in the middle of your answer. So if I understood correctly (maybe I missed an important part), the impact that you are seeing on the domestic side might be some oversupply, but you can counter that with a better gain in the export in chicken in Brazil?

Mr. O'Callaghan: Yes, that's it. We seem to have a problem with the line, but that is true. I mentioned that it's about half and half domestic and export. So a very relevant portion of the Seara business is in the export market, an increased number of the Seara facilities have been accredited for exports to various markets. And so, with the oversupply situation, as you mentioned, on the domestic market, that creates an opportunity whereby Seara can direct more products onto the international market.

Mr. Arrieta: Okay perfect. Thank you very much.

Mr. O'Callaghan: Thank you, Isidro!

Operator: Our next question comes from Carla Casella, JP Morgan.

Ms. Casella: Hi, I got a question on trade. Given all the press and the comments around trade with China and then also around NAFTA, are there any updates or thoughts that you have regarding particular trade restrictions?

Mr. Nogueira: So Carla, I would call the attention for our page 6 where you see the footprint of JBS and where we sell products, you see that Asia represents 13% of the total sales (in page 5, sorry). So we have a footprint for the company that allowed us to take advantages or mitigate any risks with any trade disruption.

The most recent discussion around China, is important to remind that if there is a tariff, if that is implemented in 25% in pork, China represents 6% of the US export/import and this export represents around 1%, a little bit more than 1% of the US production in pork.

So if there will be impact, I think that this impact will not be meaningful for the US and there is a high potential for Brazil to get some benefits off that. NAFTA, we don't see any disruption, we don't expect at the end any disruption, both Mexico and Canada are very important partners, if in the limit something happens there, probably Canada will take advantage, Australia will take advantage and Brazil will take some advantage.

So, even in the worst-case scenario that we have some impact, we have other parts of JBS that will get benefits from that. Again, our base case scenario is that NAFTA, for the type of business that we do, will continue in the same level that it is today, so we don't work if the scenario for any disruption in that market.

Ms. Casella: Okay, great. And do you have normalized margin ranges that you would look to for the US beef and pork businesses now that they've changed somewhat over the years and in terms of… from M&A, and also this year your focus is more on the value-added?

Mr. Nogueira: Yes, I think that we are in a transition model in each one of these businesses. No question that any normalizes that you look for the future is higher than what was before because of the diversification, because of the value-added that we put inside of the business, because of the investment, because of the moment in the market. So all that impact that the expectation for this year, for next year, would be much higher than the original expectation.

What I can say you is that we finished 2017, in each part of the international part of JBS, so all the businesses outside of JBS, you saw that we grew Ebitda in each one of the businesses, beef, pork and chicken, we grew sales in each one of the businesses, we had a fantastic year in terms of total performance, we outperformed each competitor in each market that we operate, that I am really proud about what the team was able to deliver, it is not that the market is giving us margin, but the way that we performed, the structure that we put in place, the team that we put in place, the operational system that we put in place allowed JBS to outperform each competitor in each market.

So, having said that, I will tell you that 2018 we expect that it will be even better than it was in 2017, not only because we believe that the market fundamentals are very strong, but with all the improvements that we are continuing to look to continue to implement inside of companies.

Ms. Casella: Great, thank you.

Mr. O'Callaghan: Thank you, Carla.

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

Mr. Tomazoni: The expectations for 2018 are very positive, even though we are facing challenges in Brazil, we are expecting performance in other business, mainly in the US, to more than compensate it. We have very positive outlook for 2018 and the coming years.

Thank you everyone for participating on this call today.

Mr. O'Callaghan: Thank you. Thank you, Tomazoni.

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