Q2 2011 Earnings Call

Company Participants

- Andre Nogueira, CFO
- Jeremiah O'Callaghan, IR
- Wesley Batista, President and CEO

Other Participants

- Farha Aslam, Analyst
- Reza Vahabzadeh, Analyst

Presentation

Operator

Good morning, everyone. Welcome to JBS SA's Conference Call. In today's call, we will analyze the results of the first semester and the Second Quarter of 2011. As requested by JBS, this event is being recorded and the recording will be made available to listeners this afternoon on the Company's website at www.jbs.com.br/ir.

With us today are Mr. Wesley Batista, President and CEO; Mr. Jeremiah O'Callaghan, Director of Investor Relations; Mr. Andre Nogueira, CFO of JBS USA; Mr. (inaudible), Director of Management and Control; and Mr. Don Jackson, CEO of JBS USA.

Now, I will turn the conference over to Mr. Jeremiah O'Callaghan. Please, sir, you may now begin.

Jeremiah O'Callaghan

Thank you. Thank you. Good morning. Good morning, everyone, and thank you for being with us today to review our performance during this year's first semester and Second Quarter, which ended in June.

Last night, we filed a document with the CVM, the Brazilian version of the Securities and Exchange Commission, in which we summarized the highlights for the period. This document is available on our website, where you will also find our presentation slides, which includes the results being presented today and which -- we will make reference to these slides during our conference call today.

Today, we will not only analyze the results for the semester and the quarter, but we will also analyze the main drivers for our business in the second half of 2011. After our presentation, we will open the call for questions and answers, in which we will be happy to answer questions from analysts and investors.

Before we begin, I would like to remind you that during this call we will refer to expectations for future results, sales, costs, and we will analyze what we believe to be the future perspectives for our business. Please read the disclaimer on our website which further explains the risk factors involved.

I would now like to pass on to Mr. Wesley Batista to proceed with the presentation. Wesley?

Wesley Batista {BIO 15243148 <GO>}

Thank you, Jerry. Good morning, everyone. Welcome to our call. As usual, I would like to begin by thanking our team for its great dedication, effort, and commitment to our Company. We continue to count on all of you in our search for excellency, and for generating value for our shareholders.

(Some) numbers stand out in this first semester of 2011. Our net revenues reached nearly BRL30 billion in the semester, an increase of 11.4% over the same period last year when our revenues were BRL26 billion. We achieved these results despite the depreciation of the real. After a period of (acquisition) which enabled us to enlarge our production platform, we continue to present substantial organic growth with an efficient utilization of our factories.

Since 2009, our beef and pork units in the US have been growing organically over 50% and our chicken unit in our Mercosul operation have grown over 20% since the beginning of 2010. Our exports in the semester surpassed $4.8 billion against $4.1 billion in the same period last year, an increase of 17% year-on-year.

Today, we are responsible for a substantial portion of the global trade of meat products and (inaudible) products in the region with the most competitive cost base and taking these products to new consumption regions in the emerging markets.

The EBITDA in the semester was BRL1.4 billion against BRL1.7 billion in the same period of 2010, a reduction of BRL300 million or 19% decrease. This reduction is explained by Pilgrim's Pride weak performance during this period.

With an EBITDA that fell from a positive BRL300 million during the first half of 2010 to a negative EBITDA of BRL163 million in 2011, BRL463 million reduction in the consolidated EBITDA for JBS SA in the semester. This shows that JBS (other) operations had a better performance in the period when compared to the previous year.

Our net income in semester was a negative BRL33.8 million, while in 2010 we had a net profit of BRL103 million. As before, I mentioned this result is due to our American chicken unit's weak performance in the period, which represents a negative net result of approximately BRL380 million. Our net profit in the semester would have been approximately BRL345 million if we exclude Pilgrim's Pride.

Despite the Pilgrim's Pride impact on our results in the semester, we are taking the necessary measures to revert the numbers in Pilgrim's Pride such as reducing production. We already announced that we are closing a plant in Dallas, Texas, and we will redistribute this production amongst two other plants to run these other plants more efficient.

We are implementing more cost savings in Pilgrim's. As we announced in the beginning of 2011, our plan was a $400 million improvement in cost reduction and in sales mix in Pilgrim's Pride, and we believe we are on track to close this year getting this $400 million improvement.

So we are taking a lot of different actions in Pilgrim's Pride to put Pilgrim's Pride back in generating positive results. We are very confident that we have the right structure, the right management team that is very focused to (inaudible) where we want to see Pilgrim's Pride.

The whole industry in the US -- the whole chicken industry in the US is facing a challenging year. The industry -- in the end of 2010 and in the beginning of 2011, the industry increased production, and this increase in production was bigger than the market has been able to absorb and to consume all these chicken products that the industry has put in the market. So again, we are very confident that we will see Pilgrim's Pride back in a profitable (mode) in this coming year.

Before I pass back to Jerry, I will comment about each business unit -- before he will comment about each business unit in more detail, I would like to recall some of the financial highlights of the past semester. We conclude the issue of $2 billion in long-term debt through our American subsidiary, JBS USA, which on average costs below 4.5% per annum.

As already announced to the market, the purpose of this transaction was to balance our debt according to each country's cash flow generation. By doing so, we are paying debts in Brazil that is more expensive (debt) that we issued in the US. We will reduce our financial costs and we will improve our tax structure. As we already mentioned before, this operation will give JBS a return -- an estimated return around $150 million in annualized (base).

The debt profile continued to improve. The short-term debt in JBS SA reduced from 30% to 27% in the period. Due to this new debt (inaudible) long-term, this percentage should reduce even more as we pay short-term debt in Brazil.

We have already paid around $1 billion in short-term debt that will appear in our financial reports in the Third Quarter. We ended the period with BRL5 billion in cash on our balance sheet, and this $5 billion represents more -- BRL5 billion, I'm sorry -- represents more than our total short-term debt.

Now, I will pass back to Jerry to comment more in detail about each business unit. Jerry?

Jeremiah O'Callaghan

Okay, Wesley, thank you. Thank you. Now, we will talk a little bit about each business unit during the Second Quarter. As I mentioned earlier, I will refer to slides in our presentation, which is available on our website.

Starting with our beef business unit in the US, net revenues were just under $4 billion in the period, $3.96 billion. That's 19% higher than the same quarter in 2010 and 4.5% higher than the previous quarter. We can observe on slide 14 the constant revenue growth of this business unit, which went from $3.3 billion in the Second Quarter of last year to, as I mentioned, $3.96 billion in the Second Quarter of 2011.

Our exports continued to grow, both in volume and in value. I would like to highlight the American beef exports, which can be seen on the graph in slide seven in our presentation, which have grown over two digits in value and volume this year. Volume has been up, actually, 25% in the first half of this year when we compare with the same period last year.

This tendency reaffirms the importance of the US in the global market and the ability to supply not only traditional markets such as Japan and Korea, but also new markets in the Middle East and Eurasia.

The EBITDA for this business unit was $44.7 million in the quarter with an EBITDA margin of 1.1%, which is below our expectations. The drought that is hitting the south of the US caused cattle to be removed from pasture and increased the offer of animals for slaughter, which incurred in the depreciation of cattle prices between the first and the Second Quarters and a negative result from the mark-to-market long position on cattle, which was compatible with our position on beef sales.

Moreover, the 20% appreciation of the Australian dollar in comparison with the Second Quarter of 2010 negatively affected our results since Australia exports about 80% of its production, and the pass-through to the sales prices of the appreciation of the dollar is not a dynamic.

Although the American beef unit results in the quarter were lower than expected, our results over the first six months totaled $314 million compared to $365 million in the same period in 2010.

Now, moving on to pork -- our pork business unit in the US. This unit continues to show an exceptional performance. Similar to beef, pork also represents constant revenue growth, as can be seen on slide 14 of our presentation.

Net revenue amounted to $846 million in the quarter, 14% higher than the same period in 2010, with an increase both in domestic and export prices. The EBITDA for this business unit was $83 million, 72% higher than that of the Second Quarter of 2010 and the EBITDA margin was just south of 10%.

When we analyze the first semester of this year, the result is even better. Net revenues for the pork business reached $1.7 billion in the first half of 2011, a growth of 21% compared with the first half of 2010. And the EBITDA was $189 million, more than double the results of the same semester in 2010, which was $83 million. The EBITDA margin was 11.2% in the semester.

This result gives us pride and demonstrates that our team's effort in its constant pursuit to reduce production costs, enhance the production mix, and attract new customers is working well.

Moving on now to our chicken business in the US. Results have already been announced by Pilgrim's Pride a couple of weeks ago. Net revenue was $2 billion in the quarter, 17% higher than in the same quarter last year, mainly because of the increase in capacity utilization in our factories plus the opening of the new plant in Douglas, Georgia, which was opened at the beginning of this year.

PPC's EBITDA continued negative and was minus $47 million in the Second Quarter. The negative EBITDA reflects the increase in grain prices, the weak demand in the period, and the reduction of prices of certain products, mainly those sold domestically in the US.

To confront these difficulties, we are taking measures to adjust volume, one of which is the closure of the Dallas plant in this coming month of September. Production will be redistributed among the other plants in Texas, increasing their efficiency and their capacity utilization and thus reducing their production costs there.

PPC is committed to enhance its credit mix and increase its sales prices in order to reflect the current market conditions. Moreover, the Company continues focus on reducing costs, extracting synergies, and obtaining operational efficiencies in order to lead PPC back to operating in positive territory.

Summarizing our US and Australian operations, and excluding Pilgrim's Pride, our result in the quarter totaled; sorry, in the semester totaled $503 million of EBITDA, compared with $449 million during the first half of 2010. And that represents a growth of 12% in our US and Australian operations, excluding Pilgrim's Pride.

Now, moving on to Mercosul. JBS Mercosul had a net revenue of BRL3.6 billion in the Second Quarter of 2011, which is 3% higher than the Second Quarter of 2010. And when we consider that the region exports about a third of its production, the revenue increase would have been much greater if it were not for the appreciation of the Brazilian real. This can be observed when analyzing domestic market data, which shows a 15% increase in revenue over the Second Quarter of 2010.

As a result of the sales price increase -- going back to slide seven in our presentation, which shows beef exports out of Brazil in detail -- Brazil as a whole -- we observe that in Brazil the domestic market has been absorbing larger volumes and that export volumes have been decreasing while export prices continue to grow.

Part of our strategy is to continue maximizing the results of our operations in the Mercosul by focusing on increasing and diversifying our domestic market sales. EBITDA for the JBS Mercosul business unit was BRL428 million, which is 28% higher than in the same period in 2010, with an EBITDA margin close to 12%. This exceptional result reflects significant reduction in production costs in Brazil arising from improved synergy and scale.

We are very optimistic about our Mercosul operation, seeing the demand in the domestic market continue strong. We believe that we still have more operational synergies to capture and we foresee a gradual increase in capital availability, particularly in Brazil, which will favor the region to supply the growing demand for domestic, EMEA and in the emerging countries.

Moving on to slide 16 in our presentation and referring to organic growth, we analyze each business unit in the period after the acquisitions and excluding the effect of the exchange rate variation, basically in the local currency of each of the business units.

And we observed that all business units represent double-digit growth. As mentioned by Wesley at the beginning of the conference call, beef and pork businesses in the US represented 50% and 60% growth rates, respectively, since 2009, while chicken in the US and the JBS Mercosul business represent over 20% and 28% growth rates, respectively, since the beginning of last year when we merged with Bertin and acquired Pilgrim's Pride in the US.

On slide 17, we have our consolidated exports for the quarter, which reached $2.36 billion, reaching close to $5 billion in the semester. The main destinations were -- as can be observed on the slide -- Japan, Africa, the Middle East, Mexico, Russia, and South Korea.

Moving on to our debt structure on slide 18, we concluded the issuance of $2 billion at our American subsidiary, JBS USA, with an average cost below 4.5% in the Second Quarter of 2011. To analyze our net debt to EBITDA leverage, we show two different scenarios. In the first one, we exclude Pilgrim's Pride, which is a subsidiary controlled by JBS, but whose debt is non-recourse.

Leverage went up -- when we look at this scenario, leverage went up from 2.9 times to 3.2 times in the quarter, due to the investment in fixed assets and the increased need for working capital caused by higher raw materials costs and production (inaudible) in general.

In the second scenario, which includes Pilgrim's Pride, the net debt to EBITDA grew from 3.1 times to 3.6 times, due to the fact that Pilgrim's presented a negative EBITDA of $102 million in the first half of this year, while having presented a positive EBITDA in the same period of last year of $187 million. And this can be observed on slide 13. We ended this quarter with BRL5 million in cash, which is more than the totality of our short-term debt.

I would like now to pass you back to Wesley for his final considerations before we open the Q&A session. Wesley?

Wesley Batista {BIO 15243148 <GO>}

Thank you, Jerry. I'd like to give you a quick summary in what we are seeing in each business unit for the second half of 2011. So as you can see, our pork business in the US is performing extremely well. We are running our business in a double-digit margin EBITDA. And for the second half of 2011, we believe we will be able to keep running this pork business unit in a double-digit (type of) margin.

We are very confident that our team is making progress every quarter, and we are seeing export growing in our pork business. And the fundamental of the pork industry in the US is very solid, and we believe in a very solid result in this coming quarters. So we are very confident that we will have a (inaudible) year in the pork segment. As you saw, as Jerry mentioned, we are more than double -- we have more than doubled results in this first half of 2011, and we believe the second half of 2011 will be in this kind of level results.

Moving to our beef segment, even we have a weak quarter impacted by mark-to-market. We had an impact in mark-to-market in the beef segment that reduced our results in the beef segment at around $100 million.

We had a forward sales position, and we sell forward sales beef all the time. And when we sell these products we buy cattle in the futures market to hedge our forward sales position. And the cattle price declined quite substantially from the First Quarter to the Second Quarter, and this impacted our results. This mark-to-market impacted our results in the beef segment.

But as Jerry mentioned, when you analyzed our semester in the beef segment, we had a semester with ($360 million) EBITDA, compared to $360 million EBITDA last year. So we still very confident that we will be able to deliver better results in 2011 in our beef segment compared to 2010.

Now, I'd like to move back, talking a little bit more about Pilgrim's Pride. As I mentioned before, the whole chicken industry in the US is facing a challenging year. The grain price went up quite substantially. The industry increased quite a lot production in the end of 2010 and the beginning of 2011, and the market was not able to absorb and the industry was not able to pass these grain price increase through their products.

We are seeing -- the whole industry and we are improved on this, of course, taking production -- reducing production (through) balanced supply and demand. On top of this, our management and our whole team in Pilgrim's is working very hard and is working every day to improve our business internally, reducing costs, improving sales mix. And we are very confident that the chicken industry and ourselves, we will have much better 2012 due to the much better balance in terms of supply and demand.

Now, I'd like to comment about our Mercosul operation. We are making very strong progress in our Mercosul operation. Our dairy business in Brazil is performing extremely well, is growing -- we are seeing a very strong top-line sales growth in our dairy segment. We are launching new products, very high margin products, high value-added type of products in our dairy segment, and we are very, very optimistic about our dairy business and we are in the right track to keep improving this segment.

In our leather business, we are making some adjustments, restructuring our operation in the leather segment to be more efficient. We already announced a couple of weeks ago that we are closing two leather plants to move the production of these two leather plants to another plant that we already have capacity to run these products in these other plants.

So in the end, we will run the same volume with less costs. We have a an estimation of a $30 million saving -- annualized (day) saving on this restructure in our leather business.

About our beef business in Mercosul, we are making a lot of progress. We strongly believe that we are having a much better sales mix. We are participating in the local market more. We are selling more bone-in products in the local market, and this is giving us a much better return on our business.

We still have a lot to do in our Mercosul beef segment. We still have a lot of costs to take out of our business and a lot of improvements in terms of (feuds). In terms of capacity utilization, we are adjusting some facilities to consolidate volume more in other plants. So we are doing a lot of things in our beef segment to keep improving our results.

We are (optimists) about the beef business in South America, as we can see the weakness of the US dollar is helping quite a lot export from US. In the beef segment, the industry is growing this year compared to the same period last year, 25% in terms of volume, and pork is growing around 15%. So more volume is moving outside from the US. And we also believe that this will help the chicken industry in the US to reduce the amount of (inaudible) that is available in the US.

In the Mercosul, we are very focused to grow our sales in the domestic market. The real is not helping export in Brazil due to the -- so strong the real it is to today. So because this, our (strategy), is to grow more in the domestic market and to sell every day more and more products in Brazil.

Now, to finalize, I'd like to mention that we are very focused. We are very happy with all of our management team. We are making very, very strong progress in JBS overall. We are very focused for the rest of this year to improve our working capital and our cash flow. We have a lot of opportunity to reduce the level of inventory, that we are running our business to reduce DSOs, to improve our cash flow generation.

We are looking every project to see where we can maximize capital investment. We will see our CapEx expenditure declining in these coming quarters and more substantially in 2012. And the combination of all these points will definitely give us the opportunity to leverage our balance sheet and to reduce debt and to generate a free cash flow.

So now, I'd like to open the call to Q&A. Thank you.

Questions And Answers

Operator

Thank you.

(Operator Instructions)

Our first question comes from Ms. (Sarah) Aslam from Stephens Investments.

Q - Farha Aslam {BIO 6151888 <GO>}

Hi. Good morning.

A - Jeremiah O'Callaghan

Hi, Farha. Good morning.

A - Wesley Batista {BIO 15243148 <GO>}

Hi, Farha. It's Farha.

Q - Farha Aslam {BIO 6151888 <GO>}

A quick question for you. Wesley, the Russian embargo on Brazilian protein, is that impacting your Brazilian operations? And is that benefiting at all your US operations?

A - Wesley Batista {BIO 15243148 <GO>}

It is not hurting our Brazilian operation, Farha. We have a lot of plants -- we still have a lot of plants (approved) to Russia, so they (banned) one state in Brazil, but we still have a lot of plants and we are able to ship a lot of products to Russia.

Q - Farha Aslam {BIO 6151888 <GO>}

And in terms of the US, is the US operations benefiting from exports to Russia because --?

A - Wesley Batista {BIO 15243148 <GO>}

Yes. But is not because this restriction in Brazil, it is more because the competitiveness of the US beef business. As we have been talking in our previous calls, the weakness of the US dollar is putting the US beef prices very, very competitive.

Believe it or not, some (inaudible) US can sell cheaper than Brazil today in Russia or in the Middle East or even in other markets. So the increase in US exports to Russia or to other markets is more due to the competitiveness of the US beef price.

Q - Farha Aslam {BIO 6151888 <GO>}

Okay. Then just one follow-up would be that we're pulling cattle forward in the US, and how do you plan for volumes in the Fourth Quarter and early part of next year with reduced cattle availability? Are you going to adjust production at all? And how do you think your profits will be affected?

A - Wesley Batista {BIO 15243148 <GO>}

Farha, we, for the Third Quarter and the Fourth Quarter and even in the First Quarter of 2012, we believe we will see enough cattle to run the plants in the same level that we are running today. Actually, we saw a bigger placement in the last report than compared to 2010, so we believe we will see enough cattle to run the business in the same level.

Q - Farha Aslam {BIO 6151888 <GO>}

Great. Thank you very much.

A - Jeremiah O'Callaghan

Thank you, Farha.

A - Wesley Batista {BIO 15243148 <GO>}

Thank you, Farha.

Operator

Excuse me. Our next question comes from (Ms.) Reza Vahabzadeh from Barclays Capital.

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

Good morning.

A - Jeremiah O'Callaghan

Good morning.

A - Wesley Batista {BIO 15243148 <GO>}

Good morning.

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

Good morning. So as far as the JBS USA -- just the US part of the business, would you think that US beef processing margins in the second half of the year will be comparable to the prior year, as opposed to the volatility that we saw in the first half when Second Quarter was lower but the First Quarter was higher?

A - Wesley Batista {BIO 15243148 <GO>}

We believe so. If you look, our number in the First Quarter -- like I mentioned, even our Second Quarter was below our expectations. But when you put both quarters together, the First Quarter and the Second Quarter, our margin is close to 5% margin EBITDA. And we believe that we will be able to deliver the same kind of margin in the second half of this year.

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

I see. And would it be as volatile as it was in the first half, or is it going to be more evenly distributed?

A - Wesley Batista {BIO 15243148 <GO>}

We believe we will be more stable in the second half of this year. We saw a big price increase in cattle in the First Quarter this year. And the other way around, we saw a big decline in price in the second half of this year. But we believe we will see a more stable price environment for the second half of this year.

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

Got it. Then, you talk about the impact of the mark-to-market on your hedging of cattle in the US. What was that impact in the Second Quarter? What was the dollar amount?

A - Wesley Batista {BIO 15243148 <GO>}

It was around $100 million.

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

And was it positive in the First Quarter or the same amount or similar amount?

A - Wesley Batista {BIO 15243148 <GO>}

Yes. It was positive in the First Quarter. Not a similar amount, but was positive.

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

Okay. Then, for the Australian business, what was the degree of decline in Australia EBITDA year-over-year?

A - Wesley Batista {BIO 15243148 <GO>}

Look, we don't disclose the Australian results, but is running behind last year due to the strengthen of the Australian dollar. As you know, when the currency is this strong you have some delay to pass price increase to offset the difference. So the Australian business is running behind. But remember that the Australian operation represents around 20% of our US beef segment, so we are seeing some impact in our numbers, but it is proportional to around 20%.

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

Right. Then, do you have the net debt for the JBS USA business as of the end of Second Quarter?

A - Wesley Batista {BIO 15243148 <GO>}

Andre, can you comment?

A - Andre Nogueira {BIO 19941317 <GO>}

It's below two; it's (1.85).

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

1.85. Thank you.

A - Andre Nogueira {BIO 19941317 <GO>}

The JBS USA, LLC, that's (inaudible) for the bondholders, okay? So it's 1.8.

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

So for JBS USA, the bondholders, at $1.85 billion.

A - Andre Nogueira {BIO 19941317 <GO>}

No, no, no, 1.8, the leverage.

A - Jeremiah O'Callaghan

Times.

A - Andre Nogueira {BIO 19941317 <GO>}

1.85.

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

(1.85 times), I see.

A - Andre Nogueira {BIO 19941317 <GO>}

Okay?

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

And that's on a net basis?

A - Andre Nogueira {BIO 19941317 <GO>}

That's the net basis.

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

Got it. Thank you.

Operator

(Operator Instructions)

Excuse me. Our next question comes from Mr. Reza Vahabzadeh from Barclays Capital.

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

Yes. Just as a follow-up, you talk about your outlook for US beef in the second half. Can you also talk about the US pork business? You've had significant improvements here in the first half of the year; margins are higher and obviously EBITDA is higher. Is that piece of improvement and is that margin level sustainable in the second half?

A - Wesley Batista {BIO 15243148 <GO>}

We believe so. We are very confident that we will see double-digit margin in the second half of this year in the pork business. So we are -- of course, we are making a lot of progress in our business. But the fundamental of the industry is very strong, and no reason for us to believe that we cannot achieve double-digit margin in this second half of this year.

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

Got it. Fair enough. And so exports, you would think, on the pork side will remain as strong as they have been, relatively speaking?

A - Wesley Batista {BIO 15243148 <GO>}

Sorry, can you repeat the question?

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

Exports -- US pork exports, will remain as strong as they have been in the first half?

A - Wesley Batista {BIO 15243148 <GO>}

Yes. We saw a growth of 15% in this first half of this year and we believe pork and beef also will keep being very strong for export in the second half of this year. Even, we believe we can see a higher growth in the second half of this year than the growth that we are seeing in the first half of this year.

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

Got it. Then, could you discuss your interest in acquisitions and what is maybe available out there, and just your thoughts on the acquisition opportunities out there and how you would finance such acquisitions if they came about?

A - Wesley Batista {BIO 15243148 <GO>}

Look, Reza, we are not focused on acquisition now. We are very focused on our business to finalize and get all the synergies that we still have to be captured, and we are not active in acquisitions at this point.

Q - Reza Vahabzadeh {BIO 5842551 <GO>}

Got it. Appreciate it.

A - Wesley Batista {BIO 15243148 <GO>}

Thank you.

Operator

(Operator Instructions)

This concludes today's question-and-answer session. I would like to invite Mr. Wesley Batista to proceed with his closing statements. Please, sir, go ahead.

A - Wesley Batista {BIO 15243148 <GO>}

Thank you, everyone, for being on our call and we look forward to get together again in the Third Quarter. Thank you. And have a good day, everyone.

Operator

That does conclude our JBS SA audio conference for today. Thank you very much for your participation, and have a good day.