Q2 2017 Earnings Call

Company Participants

- Eduardo Miron, Chief Financial and Adm. Officer and IRO
- Frank Ravndal, President & Chief Executive Officer
- Marcos Antonio Molina dos Santos, Chairman
- Martin Secco Arias, Chief Executive Officer

Other Participants

- Lauren Torres, Analyst
- Pedro Leduc, Analyst
- Thiago Duarte, Analyst

MANAGEMENT DISCUSSION SECTION

Operator

Good afternoon, ladies and gentlemen. At this time, we would like to welcome everyone to Marfrig Global Foods SA Conference Call, to present and discuss its results for the Second Quarter of 2017.

The audio for this conference is being broadcast simultaneously through the Internet in the website, www.marfrig.com.br/ir. In that address, you can also find the slide show presentation available for download. We inform that all participants will only be able to listen to the conference call during the company's presentation. After the company's remarks are over, there will be a Q&A session. At that time, further instructions will be given.

Before proceeding, let me mention that forward-looking statements are being made under the Safe Harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of Marfrig's management and on information currently available to the company. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions, because they're related to future events, and therefore, depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Marfrig, and could cause results to differ materially from those expressed in such forward-looking statements.

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Now, I'll turn the conference over to Mr. Marcos Molina, Marfrig Global Foods' Chairman. Please, Mr. Molina, you may now begin the conference.

Marcos Antonio Molina dos Santos {BIO 15363967 <GO>}

Good afternoon, everyone. I'd like to start thanking both of our divisions (02:17) systems for delivering another quarter of excellent results which included setting a new record for EBITDA, and the big decision, or the fast decision to expand its processing capacity in Brazil.

We are opening plants that had been temporarily shut down due to negative cattle cycle. Now with a higher supply of cattle than initially expected, it's adjusting (03:12) its production to this new scenario. And there are more efficiency structure than in 2014 as Martin Secco will explain to all of you later.

I also want to take this opportunity to emphasize that Marfrig's strategy remains unchanged; guided by the pursuit of sustainable growth in all divisions, and that the teams also remain focused on carrying out the IPO of Keystone until the end of this year.

So now, I'll turn the call over to our CEO, Martin.

Martin Secco Arias {BIO 18098476 <GO>}

Thank you, Marcos. Good afternoon, ladies and gentlemen. I want to start by thanking everyone for participating in another earnings conference call of Marfrig Global Foods. Today, we will comment on the result for the second quarter of 2017, and also on our strategy for the second half of this year given the new scenario that emerged following on our typical first half. With me today are Eduardo Miron, our Global IRO and CFO, and Frank Ravndal, CEO of Keystone Division.

Please go to slide number 3.

On this slide, I will go over the highlights of the second quarter of the year. In terms of the global scenario despite the still volatile political and economic environment, the market in which we operated posted good performance. The Brazilian market was not an exception. In the specific case of Beef segment, the quarter was once again atypical with significant events during the period.

This atypical scenario led to a sharp drop in cattle prices to a higher supply of finished cattle which left us even more optimistic on the cattle cycle in Brazil in 2017. And to capitalize on this opportunity, we announced the Beef Division's decision to expand its existing capacity by reopening plants that had been temporarily shut down. I will comment in more detail about this capacity readjustment further on.

In Keystone Division, adjusted EBITDA in the quarter was $69 million, which is an all-time high for the company. The successful strategy of the Key Accounts Program, combined with our history of lasting partnership with major company in the global foodservice industry have been the pillar for our success.

In term of investment, we remain committed to maintain and improve our assets. In term of growth projects, our focus remain on organic growth project at Keystone, especially in APMEA region which Frank will comment later on.

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Please go to slide number 4. On this slide, I will comment on the performance of Beef Division in the second quarter. As I note on the previous slide, the scenario was marked by volatility. After a weak April, which continue to reflect the effects from Operation Weak Flesh, we observed a robust recovery in cattle supply, which enabled us to increase our slaughter volume sequentially. In June, the Beef Division in Brazil operated with an effective capacity utilization rate of over 90%.

As you can see in the chart, on the lower left of the slide, the Beef Division posted net revenue BRL 2.1 billion, down 10% year-over-year. The result is explained by 9% Brazilian real appreciation, 5% drop in total sales volume influenced by the lower volume of sub-product which this factor partially offset by the positive effect from the higher average export price.

The still challenged macroeconomic scenario in Brazil also weighed on (08:31) consumers. However, the highlight was the 4% growth in the fresh beef sales volume in the domestic market to 69,000 tons as you can see in the volume chart.

The higher volume in the local market offset the lower volume in the export market which was affected by the many different factors weighing on Brazilian animal protein industry in the first half of the year. Also, with regard to export, I should note the company presence in the markets such as China, Hong Kong, Europe which, combined, account for nearly 70% of export revenue which reflect our strategy to serve channels with solid prospect for growth and profitability.

As you can see on the chart on the upper right, adjusted EBITDA was BRL 170 million, with margin in line with the second quarter of the last year. In relation to the first quarter of this year, EBITDA margin expanded 150 basis points. The main factors were the higher spreads in Brazil sequentially mainly due to the lower cattle price which reached the base levels in June, the stability in spread in Uruguay and the reduction in selling and administrative expenses resulting from the action to streamline the structure such as the productivity gain from adjusting the sales team and the reduction in variable expenses associated with the export.

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I will ask now to Frank to continue with the presentation especially with the Keystone division.

Frank Ravndal {BIO 19230519 <GO>}

Thank you, Martin. Good afternoon, everyone. Thanks for joining us today on a busy release day. Keystone had another excellent quarter. We're proud to announce that we've

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set a new record for adjusted EBITDA of $69 million in the second quarter. We had strong momentum exiting the first quarter and that momentum has been sustained throughout the first part of the year.

The strong performance resulted from our ongoing strategy to increase volume and migrate our sales mix toward higher value products. Growth in our APMEA segment was particularly strong. We saw a favorable demand in key regional domestic markets where we operate as well as in international export markets served by several of our APMEA production facilities.

Due to strong demand and growth in our customer base over the past few years, we're very tight on capacity in many of our plants in the U.S. and in several facilities in APMEA. Consistent with the priorities we established during the longer-term strategy work we concluded at the end of last year, our Strategy 2021 plan, we're actively investing in strategic projects that will expand both our capabilities and our capacity including fresh beef lines, additional par-fried and fully cooked chicken capacity and additional grow-out capacity in the U.S. to support the growth in our further process value-added businesses.

As a result, we saw increased CapEx during the second quarter relative to the same period last year. We will begin seeing some additional capacity come online in early 2018. Other projects will be completed later in 2018 and into the next few years as part of the CapEx plan developed to support our Strategy 2021 growth plan. These capability enhancements and capacity expansions will allow us to better meet the growing needs of our expanding base of customers.

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Now, let's turn to the slide and review the results in greater detail. And again, as a reminder, please remember that all financial data presented by Keystone Foods is presented in U.S. dollars.

On page 5 in the upper-left quadrant, you can see that our consolidated volume reached 280,000 metric tons in the second quarter. This represents a 2% increase when compared to the same period last year.

In the U.S., we realized a net positive volume increase which was driven by strong growth of 5% in the foodservice channel and was offset by a smaller decrease in our retail and convenience and industrial channels. Our U.S. segment continues to see strong customer demand for our No Antibiotics Ever products.

In APMEA, we realized volume growth in our value-added business of 8% compared to the same period last year. Korea experienced particularly strong domestic volume growth which was the result of new product introductions by multiple customers. In our export markets in APMEA, we experienced increased demand for value-added products destined for the UK and the Middle East markets out of both of our facilities in Thailand and Malaysia.

Now, moving to the lower-left quadrant, our consolidated net revenue increased to $697 million in the second quarter which is a 4% increase over the same period last year. In addition to the 2% increase in volume, our net revenue was positively impacted by an overall more favorable sales mix.

Our U.S. segment has continued to operate efficiently, and we have successfully directed our available capacity toward higher-value products. Additionally, our U.S. segment has continued to benefit from favorable pricing of dark meat by-product sales.

Now, moving to the right side of the page, you can see the adjusted EBITDA and adjusted EBITDA margin for the quarter. The adjusted EBITDA grew to $69 million, again, a record and representing a 3% increase over the same period last year. The improvement was driven primarily by volume growth and improving product mix.

On the cost side, our SG&A has been managed at a level consistent with our historical range of 2.5% of net revenue. As a result, we have achieved a very strong adjusted EBITDA margin of 9.8%, just below our record margin of 9.9%.

In summary, Keystone had another positive quarter and a successful first half of 2017.

And now, I pass the call to Eduardo Miron.

Eduardo Miron

Thanks, Frank, and thanks, Martin, for providing the main drivers for the results of each division. Let's move to slide number 6, please.

In a consolidated basis, Marfrig posted net revenue of BRL 4.3 billion in the quarter, down 8% year-over-year. Keystone division accounted for 52% of the total, and 62% of Marfrig's total revenue came from operations located outside of Brazil when we add our Beef international operation.

In terms of currency exposure, 79% of the revenue in the second quarter was tagged (15:39) to currencies other than the Brazilian real, showing the company's high level of internationalization.

On the upper right of slide, you can see adjusted EBITDA in the quarter which was $391 million, down 8% year-over-year. Meanwhile, the adjusted EBITDA margin stood at 9.1% in line with year earlier.

This performance is explained by the negative effect from the average Brazilian real appreciation of 9% in comparison period. The result of the Beef Division which was affected by many different factors weighing on the Brazilian animal protein industry in the first half of the year. With these factors partially offset by the reduction in selling general and administrative expenses at the Beef Division and the solid result of Keystone Division proposed at the record EBITDA of $69 million.

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In relation to the first quarter of 2017, adjusted EBITDA grew by 17% with EBITDA margin expanding 100 basis points. I want to note that Marfrig as a group kept its volume and margin relatively stable year-over-year.

Slide 7 shows Marfrig liquidity and debt profile. This (17:09) 97% of our debt is tagged (17:12) to the dollar. Let's look at it from that perspective.

Gross debt stood at $3.7 billion, decreasing $55 million from the previous quarter. The balance of cash and cash equivalent ended the quarter at $1.7 billion and as a result, net debt in dollar stood at approximately $2 billion growing in comparison to the previous quarter due to the negative cash flow and the concentration of interest payment in the period. The leverage ratio, measured by net debt-to-adjusted EBITDA in the last 12 months, ended the quarter at 4.55 times.

And here, I want to comment briefly on our leverage. As you can see, we added a calculation of the leverage using our annualized EBITDA and fixing the FX rate for the net debt. We did this because in our view, it reflects better our current trends given the growth in this Beef EBITDA not reflected in the previous quarters and (18:26) in the average versus final FX impacting this quarter. Using this normalized calculation, our leverage would be 4.17 times.

Finally, I want to highlight that our average debt cost in the quarter improved from 6.97% in the previous quarter to 6.47% due to our ongoing liability management process which, this quarter, included exercising the option to fully redeem the outstanding balance of the 2020 bond whose cost was 9.5% per annum, as well as securing more competitive credit facilities to settle other higher cost liabilities.

Let's go now to slide number 8. On this slide, I will comment on cash flow in the second quarter. As you can see on the chart, operating cash flow before interest and CapEx was BRL 205 million. With this number including the negative effect of BRL 105 million from working capital, which is explained by the growing inventories due to the higher slaughter volume in the Beef Division in the quarter, which reached 200 heads per – in June in the Brazilian operation, and the higher balance of accounts receivable, influenced by the higher level of activity of both divisions, especially the increasing summer promotions in the Foodservice segment in Keystone and the payment of taxes in Brazil and income tax in international operations.

Regarding CapEx, we have maintained a robust level of investment in line with our 2021 vision and the strategy to grow our value-added product platform. Of the total BRL 162 million invested in the second quarter, Keystone accounted for 65%. This includes the expenditure of the new plant in Thailand and the expansion and improvement projects on production lines in Malaysia, as well as the growth project in the United States.

Interest expenses amounted to BRL 207 million or BRL 6 million lower than in the first quarter, reflecting our ongoing (21:03) process. As a result, free cash flow ended the quarter negative in BRL 107 million.

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I'm going to now pass the word back to Martin Secco.

Martin Secco Arias {BIO 18098476 <GO>}

Thank you, Eduardo. I want to talk now about the future and to share with you a little of our vision for the coming quarters. As I mentioned during our first-quarter call in 2017, our idea for this year was to hold another Marfrig Day to share with you our strategic plan for the next five years, our 2021 Vision. However, as you know, due to the regulatory issues involving Keystone IPO process, we have been under limitation on what we can say about our growth strategy for that division. So, I will today focus more on Beef Division and less on Keystone.

Regarding Keystone, I can say that we have begun the IPO process in the U.S. market, and the teams continue to work on updating all of the documents required so that we can conclude the process during the second semester, of course, depending on market conditions.

On Beef Division, they changed the way of serving (22:32) Brazil during the first half of the year, ended up creating a scenario that further improved the positive phase of the cattle cycle. And given this new scenario, we believe it was time to review not Marfrig strategy, but rather the action to adopt so that we could capture this opportunity trade.

So, we decided to accelerate the Beef Division growth strategy and to ramp up our production by reopening part of our production base that had been temporary shutdown in the second quarter of 2015 due to the negative phase of the cattle cycle.

We end the second quarter with a slaughter volume of 200,000 heads per month and along with the expansion on capacity announced in early July, we should end the third quarter with monthly production of 250,000 heads. This growth of 25% will put us at a production level we already attained in the past. So, the execution risk is very low.

Following the new announcement made yesterday, we shall end 2017 with an installed capacity in Brazil of 377,000 heads per month, but we expect to slaughter more than 300,000 heads per month before the end of the year. In other words, we are hoping to be back the same number of facility as in 2014, meaning 15 slaughterhouses in Brazil. However, at higher level of term (24:27) slaughterhouse in capacity, considering we keep relatively same number of employee, we should record improvement in operation facilities efficiency about 40%. This reflects our investment in productivity made in recent years.

I would like also to remember that we have other processing plants are currently idle, waiting for the appropriate time for its reopening, with additional slaughtering capacity of 120,000 heads. And this without taking into account, our capacity in Uruguay. And here, I should clarify that this acceleration does not change in any way our commitment to operational and financial discipline.

Eduardo, I think it will be interesting if you could comment briefly our financial structure.

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Eduardo Miron

Of course, Martin, it will be a pleasure. As you all know, we have been working hard to continually improve Marfrig's balance sheet. Liquidity is a key factor and today, we have a comfortable cash position, and that guarantees the payment of our gross debt over the next four years.

We reduce our debt cost for over 8% per annum in the second quarter of 2015 to 6.5% today. We still have a lot of work to do, but today, we're in a position that allows us to capture the opportunity mentioned by Martin.

The reopening of plants will require working capital and investment. Additionally, there will be a natural mismatch between this investment and the cash contribution of this reopening in the short term. So, we should expect our free cash flow to remain negative for 2017. I should reinforce that with regards to the leverage ratio, the long-term guidance that we gave on Marfrig Day 2013 has not changed. We remain firmly committed to reaching 2.5 times by the end of 2018.

I will pass the call back to Martin.

Martin Secco Arias {BIO 18098476 <GO>}

Thanks for your help, Eduardo. So, in summary, I will say that we are prepared to capture this growth opportunity in Beef Division. On the operational front, we have a leaner and more efficient structure and we have not lost sight of the financial front, maintain the same discipline of recent years. In Keystone division, we remain focused on successfully IPO before the end of this year. We understand that we have an important role to play as one of the world's large protein companies, and we are highly motivated to capturing this opportunity. And I reinforce once again that we remain committed to sustainable growth and to make Marfrig a more solid and profitable company.

I would like to invite you to the Q&A session.

Q&A

Operator

Ladies and gentlemen, we will now begin the question-and-answer session. Our first comes from Lauren Torres with UBS.

Q - Lauren Torres {BIO 7323680 <GO>}

Yes, everyone. Quick question, and I appreciate the color you gave on your free cash generation and your debt or your leverage target for the end of next year, but curious to get your perspective just on the short-term impacts of this. Seeing the investments that you have to make, the reopening of the facilities, how much of a drag if you could help us

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better understand the investment that you'll have to make in the second half of this year and what the impact that will be on your cash flow?

And then I don't know, with that said, if there's any target that you'd give for this year with respect to leverage, that would be helpful. Thank you.

A - Eduardo Miron

Thank you, Lauren. As you know, we are in a moment where we are trying to capture the opportunity, and this opportunity is now. As you know, we have not provided guidance, so I probably will frustrate you in terms of providing a guidance for the end of the year. Our guidance continues to be more on the 2018 as I mentioned before.

We, as I mentioned before, our cash flow will continue to be pressured because of the growth opportunities and the CapEx that we'll continue to invest.

At the same time, and I think we have to consider this as well, we are going to grow in volume and therefore our operational cash flow shall increase. So, the combination of this, in addition to the continued reduction in our interest, shall provide an overall situation that we feel that is still under full control.

Q - Lauren Torres {BIO 7323680 <GO>}

Can I just ask that as well, but I'm not sure if you'll give this level of detail, but the investment next quarter, will it be higher than what we've seen I assume in the second quarter?

A - Eduardo Miron

Yeah. Again, Lauren, as Martin started the call or this last phase, we would love to have the Marfrig Day and providing guidance for the end of the year. But because of several different circumstances including the IPO project, we were unable to do that. So, we absolutely understand the question, absolute totally pertinent, but we are unable to give you any guidance at this point.

Q - Lauren Torres {BIO 7323680 <GO>}

That's okay. Thank you.

A - Eduardo Miron

You're welcome.

Operator

The next question comes from Pedro Leduc with JPMorgan.

Q - Pedro Leduc {BIO 16665775 <GO>}

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Thank you very much for the call and taking my question. Still on the turning on of these plants, I do sense a change of strategy. Now, you're talking about capturing growth opportunity in Beef before, there was a lot of talk on – bigger focus on deleveraging. So, just to make sure I understand the rationale before turning it on, what is the cash payback period of any plant that you're turning on today, in other words, when will it be cash-positive versus the money that you're employing to turn it back on.

And then second, at what price of cattle does it not make sense for you to have these plants back operational? And then last but not least, another way for you to capture the good momentum in the industry would be perhaps to monetize some of these plants now that we have other players looking to consolidate. Did you consider this alternative as well? Thank you.

A - Martin Secco Arias {BIO 18098476 <GO>}

Pedro, it's Martin. How are you? Really we took the decision in 2015 because we have the information, the feeling that we need to gross a couple of years with our small capacity because we have the information that the cattle available for the slaughter will be less than in the past.

As we shared with you and with the rest of the market, we have the opposite feel in the information that this year will be more animals available for slaughter and start a new cycle of beef for the next two years, 2018 and 2019. But a lot of events happened in this first half of the year makes Marfrig to take the decision to accelerate this process. As you know, we keep this factory ready to work. We mentioned in many call that we maintain the factory, we take care of all the issues of our slaughter plants to have the factory ready. And with our high performance and very high professionality, the Beef team opened this factory very quick. It's one factory per month with the same team that we are handle the Beef business.

For that, we have opened these five factories in strategic places around Brazil because – and we decided also to have some number of factories in the same position that we have during 2015 and 2016, because as I mentioned on the call, we have more than 100,000 animal more on capacity if we can open. But these factories are strategically located in different region of Brazil and have a – we have expectation – a big performer.

What about the price of the animal? Nobody know which will be – I can say that the spread that we have this quarter was very, very good as of June. Of course, we know that the price of the animal are cheaper than we expect, but also the markets, our performance is pretty well. For that, if the animals or the cattle go up a little bit on the price, the markets are – the reaction of the markets are very good, Brazil and export. And also you need to know that during this month, July-August, we are in the lowest part of the season of Brazil and we have a lot of expectation for the last quarter. I will ask Eduardo if he can comment something else.

A - Eduardo Miron

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I think Martin, you have to add the most important aspect of this. As we mentioned, those plants they will operate immediately and they will start generating results.

Q - Pedro Leduc {BIO 16665775 <GO>}

Okay. And Miron, still on the payback. You're putting, let's say, 100,000 more heads capacity and it's going to require maybe BRL 100 million, BRL 200 million additional working capital here at first. How much EBITDA do you expect this additional five plants to generate and in the first year or once it's fully operational, what's the payback in terms of cash flow vis-à-vis the initial ramp up?

A - Eduardo Miron

I'm afraid that I will frustrate you on this one, but our guidance for the business is still the same between 8% to 10% and this guidance we have not changed. As Martin mentioned, we see that the market is improving and the acceleration is necessary. So, there is opportunity in the market, we see markings very robust and we feel prepare to capture these opportunities. So, the teams are focused on getting the best results out of those plants.

Q - Pedro Leduc {BIO 16665775 <GO>}

All right. I'll follow-up later then. Thank you.

A - Eduardo Miron

Thank you.

Operator

The next question comes from Thiago Duarte with BTG Pactual.

Q - Thiago Duarte {BIO 16541921 <GO>}

Hi. Thank you. I have a question on volumes in the Beef Division. I mean, we saw an acceleration on slaughtering volumes as you guys mentioned in the release. I think you're talking about a 4% increase year-over-year. But still, we saw almost a 5% decline in the overall volumes for the Beef Division. So, just wanted to understand whether this was, for some reason, maybe concentrated in the beginning of the quarter after the Weak Flesh Operation and whether these volumes recovered so that we could see some improving volumes in the end of the quarter. And, of course, the outlook for the next quarter in particular, again, you guys are restarting another three plants. So, just wanted to get a sense why the volumes were so weaker compared to the slaughtering volumes that you guys mentioned. I guess that would be interesting to understand if there's a demand impact, if there was a (38:27) impact. I guess some light on that would be helpful. Thank you.

A - Martin Secco Arias {BIO 18098476 <GO>}

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Thiago, it's Martin. Maybe the picture at the end of the three (38:45) is not the best, but also I try to explain also on the speech, some reason about that. We have a ramp-up on the factories that we opened and also, we have in the middle of this period also some problems with U.S. market, as you know, that we keep with some products on the stock. That also it doesn't make a good picture on (39:25) related volume. Sales volume was slaughter, sales and stock. This is the reason.

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Q - Thiago Duarte {BIO 16541921 <GO>}

I think that explains and helps a lot. Thank you. And I know you guys cannot talk so much about it, but just to make sure that on the IPO of Keystone, you guys are reiterating the guidance for having it done before the end of the year. I don't know if you can give us anymore color on that or if the process is going on as expected or any more color would be very helpful.

A - Martin Secco Arias {BIO 18098476 <GO>}

Yes, of course. Frank, can you answer Thiago, this question?

A - Frank Ravndal {BIO 19230519 <GO>}

Sure. Hi, Thiago. Yeah. There really isn't anything else we can add other than the teams are working on completing everything we can to complete the process. And as you know, it's a big and complicated process and we continue to work towards the second-half 2017 transaction. And that's really the same general timing that we pointed to when we first made the announcement about initiating the (40:36) process. So, we're continuing to work at it.

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Q - Thiago Duarte {BIO 16541921 <GO>}

But it's not any different or nothing has changed vis-à-vis the scenario that we had like three months ago when we spoke last time on the call, right?

A - Frank Ravndal {BIO 19230519 <GO>}

We're still looking and optimistic about completing the transaction in the second half of 2017.

Q - Thiago Duarte {BIO 16541921 <GO>}

Perfect. Thank you.

A - Frank Ravndal {BIO 19230519 <GO>}

Sure.

Operator

The next question comes from (41:08) with Insight Investments.

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Good afternoon. Regarding your comments on the Beef Division, I mean, given the decline in cattle prices in Brazil, would you expect an improvement at all in margins in Q3 and Q4, or is the effect of the decline in cattle prices pretty much already reflected in your Q2 results?

A - Martin Secco Arias {BIO 18098476 <GO>}

We don't have expectation to increase the margin if we can see the margin that we have at the end of the second trimester. I mean in about June. During this semester, the margins are very good and we have expectation to have a good margin also on the four quarter, with the animal that is on production on the feedlot today that will increase the offer of the cattle ready to slaughter at the end of the year.

Q - Operator

Okay. But, in terms of thinking about your EBITDA margins for the Beef Division, just over 8%, that is a realistic level to expect then for H2?

A - Martin Secco Arias {BIO 18098476 <GO>}

For us, as Miron mentioned a couple of minutes ago, we expect the range between 8% to 10%.

Q - Operator

Okay. Understood. Thank you.

This concludes today's question-and-answer session. I'd like to invite Mr. Martin Secco to proceed with his closing statement. Please go ahead, sir.

A - Martin Secco Arias {BIO 18098476 <GO>}

Thank you. I would like to thank you again, all of you to join us. We'll keep in touch through our IR Department if you have more question about the call. Thank you.

Operator

Thank you. That does conclude our Marfrig's conference call for today. Thank you very much for your participation. Have a nice day.

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