Y 2020 Earnings Call

Company Participants

- Carlos Alberto Bezerra De Moura, Chief Financial and Investor Relations Officer
- Leonardo Campo Dallorto, Vice President, Integrated Planning and Logistics
- Lorival Nogueira Luz, Global Chief Executive Officer
- Patricio Santiago Rohner, Vice President of International Operations and Member of Executive Board
- Sidney Rogerio Manzaro, Vice President - Commercial Brazil Market
- Unidentified Speaker

Other Participants

- Andre Hachem, Analyst
- Isabella Simonato, Analyst
- Leandro Fontanesi, Analyst
- Ricardo Alves, Analyst
- Thiago Duarte, Analyst
- Victor Saragiotto, Analyst

Presentation

Unidentified Speaker

(Abrupt start) (Technical Difficulty) for many of us, because of the COVID pandemic, and this was a year in which we had to take care of people, do everything that we had to and still maintain our responsibility of producing food, so that we could supply our consumers. Even with all of the effects and challenges, the company continued to deliver its results, which were very robust. And this was the fruit of a very good execution focused on financial discipline, operational efficiency, commercial services. And this year as you'll see, our mix of products has been changed.

In 2020, we reached nearly BRL40 billion in net revenue, a margin of 18% year-on-year or 23% in the fourth quarter. Our adjusted EBITDA was also robust at BRL5.2 billion. Even despite such a challenging year in which the company had to do so much, our net income was also up to BRL902 million in the fourth quarter and nearly BRL1.4 billion in 2020 total. And this continues our successful pathway in managing our leverage. Our leverage is now at 2.73 times, but it's -- our debt has been managed very well.

Our debt maturity profile is nearly 10 years. So this is due to very good management that was executed throughout 2020. These results, as we've been seeing show the consistency of everything that we've done in operational execution and commercial execution, logistics and all of the initiatives that we have started and carried out over the last years. A strong effort in culture, people management and over the last seven quarters, we have posted stable and positive results. Obviously, even despite the challenges that appeared over 2020. This can be seen very clearly in our slides.

So how have we done it? You have heard about our strategy and how we're focused on launching more products, especially higher added value products. Whether they are processed, industrialized products or high added value products in Natura. So if you look at Brazil, this has happened year-on-year on processed goods and this growth was over 10%, which shows that we are focused in management. And as you can see in our graphs, in Brazil 84% of everything we've sold so far has a high added value and carries the strength of our brands. These are brands that are leaders and are preferred by our customers.

So we are expanding the revenue percentage from innovation and from the launch of new products. And we focused a lot on this over 2020. We launched over 280 SKUs. In Brazil, we have launched 140 and in the international market we've launched a 150 new SKUs, which shows the direction we took on our expansion. And this of course represents the strength of our brands.

(technical difficulty). Okay. Let's continue. I apologize for this technical issue that we've just had. But to continue, BRF is a company that has a leading brand portfolio. These are brands that are preferred by our consumers. We have brands that are at the top of mind and are desired by our consumers. And this is in Brazil with Sadia and Perdigao and Qualy, but also in the international market with Sadia, Banvit and others which also lead this market internationally.

And now, in Brazil we also have the Mercato em Casa, which we've just started and which has been very successful since 2020. This is very important, because we've expanded our focus. We're expanding our client space. So in Brazil we have 278,000 clients, which are now being serviced directly. This also improves our services, when we talk about deliveries and our commercial services.

So with all of this together, the last quarter has showed that the company has expanded its client base and recovered its brands in terms of market share and market share growth in different categories.

Now, we're going to change gears for a bit. Instead of talking about our brands, we're going to be talking about our competitiveness and how we've managed our assets. How we've managed our inputs and what we've been doing. Many of you have seen our results and noticed how we've increased our inventories, how it impacted our cash flow and our working capital in the last quarter. This was the right decision to make and we did it, because it provided as you can see very efficient cost management. Although it's still far below from the official indicators when we look at Embrapa production costs.

As you can see on this graph, we see the average consolidated price for the company. We can also see that our producer margins are at their lowest level when we look at the average for the last years. What's important to see here is that, these costs went up over the second quarter of 2020. This goes for corn which basically doubled in price or other inputs which went up by 10% to 20%, some of them even went up by 40%. So these costs have already affected many of these producers.

This will probably continue to happen still in this first quarter and this will make growers overall to have to adapt this equation between cost and prices. And as a consequence, so we will be. This is based of course on all of the information we have available. The company has created its strategy, we've tried to be preventive in the way we work and this led to good results in the fourth quarter of 2020. It also ensures that we will remain competitive for the first and second quarter of 2021, when it comes to inputs.

Another important point is this. And this can also have an impact on the demand for our products over the first quarter. There's an impact from the so called Corona voucher or any government aids that we might receive during the first quarter. Our products, the BRF product portfolio, whether they are natural products or higher added value products present some resilience and price competitiveness. You can see on the data in this graph that the proportion between beef fore rib prices versus whole chicken are at their highest historical levels since 2016. It's now at 11.66 times the price of chicken. When we compare to pork carcasses, the same can be seen. This is the highest spread from this historical series, which is at 7.26. It shows how competitive that BRF will be over 2021. And this of course is connected to the decisions we've made and our management of our cost basis. So both of them together and the strength of our brands and the expansion that we've had gives us a very good position. So we're very confident about 2021.

Another important aspect is reinforcing African swine fever and the impact on the Chinese market. So the company has been able to increase its results by 20% by exporting to China. China has been recovering its own production as you can see on this graph. So the number of female hogs has been on the rise, but this is still very low. So that means that their productivity is lower.

The takeaway message here from our point of view is that 2021 and probably 2022 as well, will not be years in which China will recover completely. They won't go back to the same production level that you see -- in 2018 on this graph. This is not going to happen in the short run. So the demand from China will continue to be high and robust. So we are going to remain competitive in supplying Brazil and will also have opportunities in the international market.

Looking at a different topic which is also very important, the company's capital structure. This shows how focused we've been in reducing our financial leverage, even despite the increase in foreign exchange, which obviously has an impact on our debt. So even going from 4 to over 5.2 in the US dollar exchange rate, we have reinforced the guidance that we provided -- we had provided last year, which was to reduce our leverage to under 2.75. And at the time, the dollar exchange was still under 5 and we had a high level of uncertainty.

So even despite that adverse factor, we've reached our guidance and the operational cash flow has been over 5 billion. And the company's net debt went up by 883 million, but this was mostly due to our foreign exchange variation of over EUR3 billion [ph].

But this also stresses the strength of our company and this certainly consolidates our trust in this growth journey with a robust cash of more than BRL8 billion, an over credit facility of BRL3 billion and a maturation term, which is very long over 10 years. And if you look at 2021, this is totally manageable with about BRL1 billion. This demonstrates our trust, our confidence that we can advance in this growth trajectory.

So now looking at the cash flow management. Free cash generation reached BRL3 billion over the year, with a CapEx of BRL2.5 billion. Regarding ESG, there are some key points here. The company is still listed in B3 index, also in the Carbon Efficient Index of B3. We also reinforced our anti-bribery system. We received certifications in other countries such as Turkey with a zero waste certification. So these are a few of the recognitions that we got last year.

In this quarter, we must also highlight that we created our Vice Presidency of Institutional Relations Reputation and Sustainability, which is already operational, focusing on all the topics that I mentioned. And also, throughout 2020, we kept striving to implement and maintain our COVID-19 related initiatives. And as an example, we had -- we performed more than 160,000 tests on our employees to ensure their best health, the best workplace conditions in terms of safety and health.

And these commitments are all in the public domain and you can access this link that we have here on our presentation for more information. And even more important than disclosing them to the public, it is to include them in the company's management metrics and link them to the variable compensation of our executives. We are all 100% committed to these initiatives.

Now, moving on to our final considerations. I would like to proudly recap, what our team has been doing over the years and the results of this management. And I am very proud and happy to call your attentions to the results that we have achieved. We increased our innovation revenue, we reduced our losses and this was due to good operational management, very robust management also a huge reduction of the leadership turnover of the company from nearly 30% to 8% with a record level of engagement. I would say, 86% engagement, even in the very difficult times that we went through in 2020.

Reduction of our leverage, with an average term of nine years and returns of 11%. Also, regarding the gross profit and our gross margin, we nearly doubled our gross profit during this period. And we increased our gross margin to sustainable levels of about 24%, with an EBITDA margin that also went from 8% to 13% and reaching an EBITDA of BRL5.2 billion, which is more than double the numbers of 2018.

Even considering the impact of the pandemic of about BRL500 million and the income of the company, considering the losses of more than BRL4 billion. But today, I'm very happy to announce, that our consolidated net results reached nearly BRL1.4 billion in 2020, which is changing the recent history of the company. So we're going back to see positive results. These results and everything we have been building over the years give us the confidence to look forward to trust our future. We have a very strong team, we have strong products, we have strong brands and we have built a solid history over the years.

So looking at the numbers that we announced in December, I can tell you that we have the ambition of reaching more than BRL100 billion in revenue, with margins over 15% and investing about BRL55 billion, as well as maintaining our financial discipline and managing our leverage under 3 times.

Now I would like to close this presentation by thanking all of you. I'm also very proud to announce that today, we announced the letter that we received from the SEC yesterday announcing that they've closed their works related with Trapaca operation and the Fraca's weak operation and stating that the case is closed and there were no consequences for the company. So we are turning this page now. It is a true turnaround for the company. We are on the right track now for our growth that we have planned for the future.

Thank you very much, and now we can open for questions.

Questions And Answers

Operator

Ladies and gentlemen, we are now opening for questions. (Operator Instructions) The first question is from Victor Saragiotto of Credit Suisse. Victor, you ask your question.

Q - Victor Saragiotto {BIO 19504427 <GO>}

Good morning. Congratulations for the results. Lorival, one thing that caught our attention was the increase in prices in the domestic market. If I'm not mistaken, it was one of the highest of the company's history. So how do you see the dynamics of this price increase for 2021? We know that these prices are made up by many factors, but could you comment more on that?

A - Lorival Nogueira Luz {BIO 16180455 <GO>}

Yes. Thank you, Victor for your question. Well I would call it a price adjustment due to the events, particularly in the second half of the year. Sorry. Can I continue?

Victor, I don't know if you can hear me. I'm going to repeat the beginning of my answer. But I think this is better called a price adjustment, because over the course of the second half of last year, we had increases in many of our inputs. For example corn went from BRL40 to nearly BRL80. Also the price of some packagings also increased. So what's happening now is a natural adjustment in our prices.

I'm going to put it in simple terms just try to facilitate your understanding. Our chicken is fed with this corn and the price of the corn increase. So it's natural that the company will have to adjust its prices and the sales prices and that's what we did. That's why the price has changed. Another relevant factor that increases the pressure is the product mix. We are selling more high added value products and this was also another booster last year. And now, I hand it over to Sidney. Sidney, would you like to add something?

A - Sidney Rogerio Manzaro {BIO 17678250 <GO>}

No. I totally agree, Lorival. And you know that our price formation, 70% of our prices is cost. And in this equation, when the price of cereals, the price of cereals will directly affect our price equation. But it's important to understand that we are in a context where the impact is valid for the entire scenario. And the ratio that we have between chicken and pork compared with beef, for example, is very advantageous to us. Perhaps, we have one of the highest spreads between beef and the other types of proteins.

But what Lorival said is exactly this, that our company has been really resilient throughout this process due to our strong brands where 85% of our business in Brazil virtually comes from a high added value portfolio, which can resist, withstand this impact of the price of cereals really well.

So last year, it went from BRL80 to BRL84 and we are becoming more and more a food company and a food company that integrates all the values that are perceived by consumers through our brand. Practicality, convenience and the eating at home is what's making us have increasing demand for this high added value portfolio. So we have this price equation, but we have another lever which is our brands and services, which also add value to what consumers are looking for.

Q - Victor Saragiotto {BIO 19504427 <GO>}

Thank you, Lorival and Sidney, and congratulations on your results.

A - Sidney Rogerio Manzaro {BIO 17678250 <GO>}

Thank you.

Operator

The next question is from Isabella Simonato of Bank of America. Isabella, you may ask your question.

Q - Isabella Simonato {BIO 16693071 <GO>}

Thank you. Good morning, Lorival. Good morning, everyone. I would like to know more about the external market. We know that the situation is still very difficult in most of the markets except for China. So what should we expect for 2021? Do you think that Halal will improve? Well, but still we have the restrictions in some of your plants abroad. In Japan, you have a high level of stock. So what will this recovery in volume and profitability look like, particularly in terms of direct exports in Halal in 2021?

A - Lorival Nogueira Luz {BIO 16180455 <GO>}

Thank you, Isabella. Patricio will answer your question.

A - Patricio Santiago Rohner {BIO 19686996 <GO>}

Good morning, Isabella. 2020 was a very challenging year as you said yourself. But we had results similar to 2019 and similar to 2015, which was our historical record. Of course, we suffered in some specific markets with the closing of food services, the shutting down of tourism services and religious tourism is very important for consumption. So in some places we had a huge impact. The economic crisis in Turkey was also very strong, not just because of the pandemic. And this impacted their currency, their tourism and all the industry sectors that are very relevant for their economy.

But still in the direct export market such as Africa and also oil dependent countries such as Angola, there was also an impact in the imports of foods. And I don't mean to take too long, but I want to be very specific in my answer. We also had logistic problems that started back in February last year and continued throughout the year, due to social distancing and everything related with the pandemic, which ended up delaying the ships and planes throughout the year. So whatever we shipped last year had to withstand this pressure. This logistic pressure due to social isolation. And whenever you have this type of reduction, this also impacts your mix.

For example, the mix for Japan which is a more premium mix, you end up losing some of that. So when we look at the entire scenario including the shutdown of our plants, also in China we had some suspensions, but they recovered quickly, it was a very challenging year. And what we did was that in addition to going through the crisis, we accelerated our strategic plans regarding what we expect in 2021 and looking forward. We launched many products. Many of these products were very high added value.

And in many markets including Latin America, Africa with industrialized products, South Africa, Angola, also the Middle East with frozen foods, many new products. We also accelerated our plan to become more local in Saudi Arabia, with the acquisition and expansion that we're working on right now in the country. And we're selling products manufactured in Saudi Arabia. So this was really good for us to prepare during this very challenging year and accelerate our strategic directioning and not just solving our everyday problems and doing housekeeping. So what we have today is much more flexibility in Food Services.

The countries are reopening for consumers to frequent restaurants, not so much for tourism at least not for now. And there is an important barrier, which is the balancing between offer and the demand and supply. And this was a problem in many countries, but now this is changing rapidly and this is also boosted by the price of cereals.

And in the case of Turkey, for example, Turkey for us in terms of volume is larger than Saudi Arabia. So when you look at the Halal market, it was Turkey that was boosting our results not so much Saudi Arabia. Their currency is recovering. They're reopening local production to balance demand and supply. And we had a very good work in terms of our product launches, increasing our market share, strengthening our brands, improving brand reception in Turkey.

So what we expect for this year, I think that last yearf, the month of October was the worst month of the year. November, it was much better. December was even better. So for the future, what we expect is more flexibility in terms of consumption, more consumer confidence at least for food products. And we are already seeing the reflexes on our results.

And what are the problems this year? We have the growth of China, very positive growth in China. So they end up consuming some of the containers that we would use. So we're treating January, February and March skeptically because of -- but this is a positive problem actually. The increase in China's GDP, they are recovering faster and the GDP is increasing faster than they're recovering their production.

The government has also been implementing a lot of initiatives for people to resume consumption in Food Services, going out to eat, not so much for tourism, but for the local population right now. So we're very optimistic. I think the worst is past behind us and it happened last year. Thank you.

Operator

Thank you. Mr. Ricardo Alves will ask the next question.

Q - Ricardo Alves {BIO 16840901 <GO>}

Thank you, everyone. Good morning, Lorival. So looking at processed goods, there was a strong performance this quarter. So it -- but it still seems that BRF had a problem with its prices in December and November according to our information. So can you tell us a bit more about competitiveness in your environment? Especially in terms of competing with smaller companies, if you can tell us a bit more about that. And what the last quarter has been like?

A - Lorival Nogueira Luz {BIO 16180455 <GO>}

Good morning. I'm sorry. I don't know if it's me, but I couldn't hear your question very well. What I understood was that you had asked about the competitive environment in Brazil at the last few months of the year. So, I'll pass it on to Sidney, who can tell you a bit more about that. And then I'll take it back.

A - Sidney Rogerio Manzaro {BIO 17678250 <GO>}

Okay. Thank you, Ricardo. I also could not hear very well. So, if I don't answer your question -- as you asked it, please let me know. So, about prices in the first quarter, we're still seeing some pressure because of costs. But once again, I think all of the intelligence that we have and that we've been used for -- for example purchasing grains has provided a very positive equation for us. So, this seems to have been a winning bet. This is an impact for the market, right. For all of our main competitors.

So from what I understood of your question, you're asking about our competitive environment. And I see everyone doing the same in the same intensity, because of how pressured we are by cost. I believe that in the first quarter, we will be able to adapt. And for the rest of the year, it will depend of course on grain price variations. We still don't have enough information to design a complete scenario. So, we do believe that the first quarter will have some price variation and this is still due to our cost pressure.

I don't know if that answers your question. So please let me know, if I haven't answered it well.

Q - Ricardo Alves {BIO 16840901 <GO>}

No, that does answer my question. Thank you.

A - Lorival Nogueira Luz {BIO 16180455 <GO>}

Thank you.

Operator

Thiago Duarte from BTG Pactual will ask the next question.

Q - Thiago Duarte {BIO 16541921 <GO>}

Good morning, everyone. Thank you for taking my question. I actually have two and a follow-up. So you usually don't provide this information. But if you can help us to navigate this information, I think it would be very good. First about your inventory. Lorival, you mentioned during the presentation that your raw material inventory has gone up significantly. And that seems to have been a very good decision. I'd just like to understand if you can break it down for us. If you could tell us about your inventory in real terms, what does this mean in terms of volume? How many months of grains do you have stored?

My second question is more for Sidney, I believe. You mentioned during your presentation that your market share has been consistently high in the last few quarters and across all categories. So, how do you look at price changes in the entire industry? You mentioned that in the past few months, they have been going up. So, when we look at the volume share not only your price share, is it a similar development? So did BRF get a higher volume share in the last few years?

And a follow-up question. You mentioned that your mix effect was also very important when you look at the average price of processed foods in Brazil. So I'd just like to ask if your mix effect was more important than your price effect? If we separate your average price from the company's mix, how does that affect it? Thank you.

A - Lorival Nogueira Luz {BIO 16180455 <GO>}

Okay. Thank you, Thiago. I'll answer a part of your question and then Leo will answer the rest and maybe Sid can also say something. So about competitiveness, it's important to make this very clear. BRF has shown its competitiveness on that graph -- when we compare ourselves to others. This is due to the strategy that we've had. Of course, that's very important. Because it's this strategy that allows us to have a very important cost competitiveness.

You saw the difference and the gap that exists between other companies and ours. Another important thing is remember that we've been talking about implementing a number of initiatives on operational system, logistics system, services system that will expand and affect the company's maturity. This will also make us more competitive.

When we look at innovations and everything that we've done and what is still to come in the first half of this year, this makes us very confident about the company's margins in the first and second quarters. And we believe they will continue along the same lines as we're planning. All of these initiatives will remain robust commercially. And this is of course supported by the strength of our brands.

So with that being said, I'll pass it on to Leo. So he can add some information on inventories. And then Sidney will answer your last question.

A - Leonardo Campo Dallorto {BIO 21111909 <GO>}

Hi. Good morning. As Lorival said and as we've been saying in the last earnings calls, this entire topic of commodities is very strategical to us. We've had a very consistent strategy which has been assertive for the last years. You can see from our inventory position that we started 2021 with the highest inventory in the last years. I can't tell you strategically because of strategical reasons, the exact level of inventory that we have, but it is of course higher than we had in the past. And besides that we have future orders.

Already had future orders placed since last year. So this has made a big difference for us getting ahead of the market. We can look at consumption around the world for our kind of protein and this is what directs our production in Brazil and in other players that produce grains. So we have the US, China, Brazil, Argentina and Ukraine and we see how the production is going there. We see how the production is going in Brazil. We have a field team that monitors it, that drives around fields, seeing how they're doing. And based on that we have our own models which help us in taking these decisions.

So we've been doing this for the last quarters. So we've had a very good level of inventory, which will allow us to continue to be competitive and which has allowed us to remain at the prices we are right now. So we're very confident with this strategy.

A - Sidney Rogerio Manzaro {BIO 17678250 <GO>}

Thiago, you had asked some questions about the Brazilian market. So I just want to understand what you're asking. Our main measurement is value and it's remained constant for the last years. But it's also important to underscore what we've been saying frequently in the last calls. Of course, market share is important for us, but it only represents a part of our results about 50%.

For example, food service. We're the biggest food service company in Brazil. This is not captured by our market share figures, small retailers. In some regions this is very partially captured. So our top line represents all of the efforts that we've made in growth. And when it seems like we're growing in processed goods by over 10%, that is a double digit growth. There is no doubt that we are seeing some contributions from the mix. So our mix is boosting our average price. And of course in the last quarter we have holidays, which always have a significant impact on our quarterly results.

On the other hand though, we've mentioned this before. We're also passing on some of the costs that we've had to our prices. So it's important to look at the figures we presented, because they of course don't show a clear picture of the advances we've made in our portfolio. The added value that we had that went from 80% to 85%. So there is a big effort that we're making in added value products. And there is a portfolio that's not measured here, which also influences us with new categories that are not even included in our market share figures. For example, holiday products. This is not included.

So, it doesn't really match when you look at prices and market share. It's important to look at our market share as a trend. So this is just what I wanted to let you know. Behind it we also have a strong effort in innovation. We left a 1.1% share to -- we went up to about 5% to 6%. So of course, this adds value to our equation, which is based on our strategy. This is what we've committed ourselves to doing strategically.

Q - Thiago Duarte {BIO 16541921 <GO>}

Okay. Thank you.

Operator

Andre Hachem from Itau will ask the next question.

Q - Andre Hachem {BIO 20209966 <GO>}

Thank you for taking my question. Hi, Ricardo [ph] and Lorival. My question is about your cash. We know that you had many suppliers and I'd just like to know if this will continue in 2021 when it comes to your cash? And what will your CapEx be for the next quarters? If you could give us some more information on that? Thank you.

A - Lorival Nogueira Luz {BIO 16180455 <GO>}

Okay. Thank you. I'll pass it on to Carlos, our CFO who will give us some more information.

A - Carlos Alberto Bezerra De Moura {BIO 16675187 <GO>}

Thank you, Lorival. Good morning, everyone. Thank you for your question, Andre. You're giving us an opportunity to clarify this point very well. First, when we look at our net debt variation, you see that it's reduced. So cash generation is being used to reduce our net debt and as you can see that generated a proportion of capture and amortization. So we're amortizing high level of our debt and we're putting our balance to the company's strategy. And what is our strategy?

As Andre and Lorival said, we're getting prepared to sustain a high level of grain storage, so that we can continue at the same level of value generation in our feed mills. We also want to stay at the same level of client credit, both in Brazil and abroad. I'd just like to remind you that over 2020 even despite the pandemic, we had very low default levels.

And we managed to have a very good relationship with our clients in Brazil and with other direct initiatives that we had and this also was true for our foreign clients even with our Food Service clients. So the company's cash generation was very healthy. You can see that our financial cycle is between 17 days to 20 days.

We've reached 13 days in the last quarter. But as we said, this will probably remain between 17 and 20 on the long term. The company's capital structure is more comfortable. And when you look at the effects of our foreign exchange variation over debt in the last quarter, we're reaching our leverage guidance very well. It's 2.73 times as Lorival said. And this is below our guidance, which was 2.75. So we need to look at cash flow and our balance together. We're not sacrificing one for the other. But we're trying to step into 2021 on the right foot to generate more business for the company.

Q - Andre Hachem {BIO 20209966 <GO>}

Okay. Thank you. So if I could just ask a follow-on question. When we think about your CapEx for 2021, how are you financing that CapEx? If you could tell us a little bit more about that?

A - Carlos Alberto Bezerra De Moura {BIO 16675187 <GO>}

Andre, our capital for next year, which we'll invest about BRL5.2 billion, this year actually BRL5.2 billion in biological assets and IFRS. 1.9 [ph], BRL1.2 billion in support initiatives and efficiency. So that we can increase our operational leverage and BRL2.2 billion in growth to expand our lines and to continue our strategy of advancing in higher added-value products to stabilize our margins. This will all come from the company's cash generation.

As a reminder, we're going to continue to be financially disciplined. Our limit is 3 times net debt-to-EBITDA in the last 12-months. So this is very important to keep in mind so that we don't risk our balance. If we need to dose out these investments, the company can do that due to the integration between our companies or our team's and our CapEx control.

So we are moving forward with this plan. If you look at the fourth quarter, we're already seeing that our growth initiatives are advancing. At the end of 2020, we had invested BRL2.5 billion. So we are confident that these investments will generate cash. And, of course, this will retrofeed our growth and financing structure.

Q - Andre Hachem {BIO 20209966 <GO>}

Great. Thank you.

Operator

Leandro Fontanesi from Bradesco will ask the next question.

Q - Leandro Fontanesi {BIO 20270610 <GO>}

I have a couple of questions. You announced a 10 year plan last year and you mentioned investments. But can you just give us some color on how you're doing in each line? What sorts of investments have you already made? And if you could tell us a bit about the results you've been seeing from these new initiatives, considering your revenue and EBITDA?

My second point is you've been talking about your strategy and how successful it's been to provide stable margins especially in Brazil around 20%. So if you could tell us a bit about your growth plan and your competitor's growth plan. And how you're planning to invest on processed foods? When we look at processed food prices, especially because of inflation, it's still on the rise. So what is -- do you have any concerns about reaching the guidance you provided on the processed foods market? Thank you.

A - Lorival Nogueira Luz {BIO 16180455 <GO>}

Thank you, Leandro. So I'm going to answer your first question and then I'll let others answer your second one. Regarding the 2030 initiatives starting on January 1 that's when we started working on them. And we have a mix of initiatives, a mix of priorities including domestic market, international market and organic growth related initiatives. Also initiatives for inorganic growth and we are already working on them. We have a team that was launched and a management model to ensure that all these initiatives are implemented successfully. And, you asked us about when you'll start seeing the results. I can't really anticipate anything.

But regarding the results in our balance sheet itself, of course in the first quarter of 2021, we won't be seeing the impacts of these initiatives. Because they are too insipient, but we expect to start seeing the results of these initiatives in the first half of this year. And also, we will communicate to you the results of all the initiatives that we have implemented and completed. So we expect to have good news for you in the first quarter of this year.

Now, in respect to the risk of oversupply, I don't really see a risk of oversupply in this sector. And it's important to stress that the population in general, not just in Brazil, but in the external market as well has been -- is growing -- will continue to grow also people's habits are changing. And when you have a projection of population growth and also a change in people's habits and lifestyle, this all leads to an increase in demand, demand for more practical products, processed products and this is to meet this increasing demand.

And we are already paying attention and investing and expanding the production of these high added value products to meet this demand. We have our foots on the ground, everything we do is well grounded by data and in-depth analysis. I don't know, if anyone wants to add anything.

A - Sidney Rogerio Manzaro {BIO 17678250 <GO>}

Yes, Lorival. So just to add to what you just said. If we extrapolate the 2030 goals, we understand that the categories that never fit with our business, if we could calculate the market share we are at 20% of what where we could be. So there's a lot of room for new categories, for new markets, for BRF to advance, particularly in Brazil and also in international markets.

And if we look at the macro trends and how consumers are behaving today, we see that most people do not want to cook at home and another large portion of consumers that the foods that we are delivering to these consumers does not really meet their taste standards. So there's a huge opportunity in the market and BRF will be leading this transformation. The transformation of the food industry in Brazil.

And then also looking at newer generations that are becoming more and more demanding, they want specific products and also looking at all consumption occasions. We still see a macro trend towards people living in smaller spaces, people living alone that these people will want practical products, easy to prepare, off the shelf and tasteful foods. And this combination of factors shows the size of the opportunity that we have. So yes, we do have a lot of space to advance to grow at a very fast pace and in line with the 2020 -- 2030 goals.

With processed products, today for example, pork consumption in Brazil is half of what we see in other places in the world. So this leads to many innovations, new categories that will all contribute to the growth level that we forecast for 2030.

Q - Leandro Fontanesi {BIO 20270610 <GO>}

Thank you. And just one follow-up. When we look at the Brazil segment, you had a significant increase in processed products, but a reduction in pork and chicken. Is that part of your strategy to adjust your mix to preserve your margins? Or is there any other element here that is worth mentioning?

A - Sidney Rogerio Manzaro {BIO 17678250 <GO>}

It is actually a combination of factors. This is actually the secret of our company. We have a -- an inter market demand and we have an adjustment between domestic and international markets, which leads to us deciding what the product mix will be.

On the other hand, we are also advancing in terms of added value. And with all the innovations that we mentioned here today, we have a combination of value. So we're looking at the market as a whole to try to understand how markets interact. And, yes, we are advancing our high added value portfolio. So the two things are happening at the same time.

A - Patricio Santiago Rohner {BIO 19686996 <GO>}

Sidney, I'd like to add something or reinforce what you said. Processed foods they consume our own in-natura product. So when we increase our added value, we are doing a value up of our in-natura product. So we have this positive cannibalization, which is natural. I just wanted to reinforce what you said.

A - Sidney Rogerio Manzaro {BIO 17678250 <GO>}

Yes. Well done, Patricio. Thank you.

Operator

(Operator Instructions) This question-and-answer session is now closed. Now, I hand it over to Mr. Lorival Luz for his final remarks.

A - Lorival Nogueira Luz {BIO 16180455 <GO>}

Thank you all for participating today. Thank you for taking the time to listen to us. I would like to once again stress the high level of competitiveness of the company and how we are delivering our result and also the high level of trust.

Now trust that we have from you for 2021 which we know is a result of the very effective management of what we're doing in terms of our costs, our supplies, the management of our brands and the motivation that is being invested in all the initiatives that we're putting in place to reach our 2030 vision and everything that we communicated to you in December.

So, once again, thank you all for attending and have a great afternoon.

Operator

BRF SA's video conference is now closed. Thank you all for attending and have a great day.