# Q1 2021 Earnings Call

## Company Participants

- Andre Nogueira, Chief Executive Officer of JBS USA
- Gilberto Tomazoni, Chief Executive Officer
- Guilherme Perboyre Cavalcanti, Chief Financial Officer and Investor Relations Officer

## Other Participants

- Benjamin Theurer
- Carla Casella

## Presentation

### Operator

Good morning everyone, and thank you for waiting. Welcome to JBS First Quarter of 2021 Results Conference Call. With us here today, we have Gilberto Tomazoni, Global CEO of JBS; Guilherme Cavalcanti, Global CFO of JBS; Andre Nogueira, CEO of JBS USA; Wesley Batista Filho, CEO of JBS South America; and Christiane Assis, Investor Relations Director. This event is being recorded. And now participants will be in a listen-only mode during the company's presentation. After JBS' remarks, there will be a question-and-answer session, at that time further instructions will be given. (Operator Instructions)

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of JBS management. They involve risks and uncertainties because they relate to future events, and therefore, depend on circumstances that may or may not occur.

Now, I will turn the conference over to Gilberto Tomazoni, Global CEO of JBS. Mr.Tomazoni, you may begin your presentation.

### Gilberto Tomazoni {BIO 2090061 <GO>}

Good morning everyone. Thank you very much to our presence in this first quarter 2021 result presentation call. We -- as we all demonstrate during this presentation, the company had an excellent operation result in this quarter. Net income in this quarter reached BRL2 billion net revenue reached BRL75 billion in the quarter. Debt net revenue for this first quarter in 2021 was the same of the net revenue for the whole year of 2012 and only eight years at facet.

To be successful, our company must deliver short, medium and long-term sustainable results on behalf all stakeholders, team members, shareholders, customers, consumers, society as a whole. We believe that these are agent of transformation and our focus is on being healthy company, comprises a healthy people on a healthy planet. This is why we put sustainability at the earth of our strategy, and you have assumed that the most significant committee in history of JBS to become a net zero company by 2020. That's why the company joined the business ambition for 1.5 degrees from the United Nations Global Compact, by which we committed to define size based goals to reach net zero across our value chain until at most in 2050, an objective that JBS proposed it to achieve 10 years early.

That's why we created the fund of Amazon to invest in social development of the people that live in the Biome, invested in by technology and reforestation. Our diversified platform and geographical and type of protein as demonstrated part and resonance in our results, regardless of the challenge we face our business unit ever responded well and made progress in every important financial indicators, including net revenue, EBITDA, and net income. JBS operation in U.S. done an exceptional performance with record numbers in comparison with all previous first quarter driven by a strong domestic demand in a gradual resurgence of food service sector and by growth in export demand, led by the Asian market.

Pilgrim's Pride also had a sound quarter, following the recovery in demand in United States. And foodservice business is improving and we have maintained our pace in the retail sector. The diversified portfolio and global consolidated operation have enabled us to weather the market challenges that the pandemic has present.

Seara continues its rise through our focus on high value-added products supported by well-established brands and innovation. The business recently rollout a new category of products within the cold cuts segment, Levissimo Seara, produced 100% from pork loin, resulting a significant lower fat and sodium content. Seara has also venture in the fish and seafood segment.

In Brazil, outstanding of challenge scenario our cattle business has focused on strengthening the brand, building a close relationship with our clients and getting better understand our consuming. In addition, we have managed to implement an efficient strategy taking the advantage of geographical location of our manufacturing facility to absorb production and preserve our processing capacity. The company as has been it history remain active in evaluation M&A opportunities that are aligned with our business strategy and that makes sense in terms of economic value. At the same time, we maintained our focus on the company organic growth. In U.S. our new Italian specialty plan already has found a name in Columbia, Missouri, investment announcement for grow -- investment announcement for organic growth at Seara, in other businesses around the world are ahead of schedule.

In line with our strategies of being important global player in the plant-based segment, we are announcing a proposed acquisition of Vivera in Europe. With sales of EUR85 million, Vivera is the third leading plant-based company in terms of market share in Europe, with a presence of 25 countries. In additional, Vivera brings technological knowledge that will accelerate our innovation in this strategic segment, which include our Incrivel brand by Seara in Brazil, and our OZO brand by Planterra in the United States.

Our low financial leverage and our comfortable debt maturity scheduled have enabled us to continue generate a significant shareholder returns, repurchasing BRL3.9 billion in shares between January and April of this year, as well as a record dividend payment of BRL2.5 billion, representing a yield of 7.9%.

We also made a significant sustainable advancement. During the quarter, Pilgrim's Pride became the first global meat and poultry company to offer Sustainability-Linked Bond. The $1 billion bond is tied to the company greenhouse gas emission reduction targets. JBS also investing in the circular economy, by using ensuring that waste and byproducts are used as raw a material to create sustainable value. In Brazil, we are building a fertilizer factory, a biodiesel plant and an extension to our plastic packaging recycling plant.

Another significant advancement made during the quarter was bringing online our Transparent Livestock Farming Platform in the Amazon Biome region. This tool, which employs blockchain technology, enables us to extend our socio-environment monitoring system to the suppliers of our cattle suppliers. We also opened 13 Green Offices in our processing units across Brazil. These offices will be used to help farmers improve the environments performance in their farms. We believe this inclusive collaboration approach will contribute to advance the livestock farms in Brazil.

The company continued commitment that tangible initiative that must -- demonstrate that sustainability is not longer merely a pillar underpinning our business strategy, but the criterion by which all other initiatives are guided. We are confident that this is the best approach to create value and contribute to the society. Our size and global scale give us the opportunity to have a tremendous positive impact on our supply chain in our sector. We know that trust is vital in this process of transformation will build it through dialogue, listening it and transparency. We believe this is not only the right thing to do, but the only option for the future of our shared society. With all this, we will maintain our economic growth, while being more sustainable, more equitable and more inclusive, creating job in living in harmony with the planet earth.

Thank you. Now, I will pass to Guilherme that will give the details about the financial results. Guilherme, please.

## Guilherme Perboyre Cavalcanti {BIO 2181205 <GO>}

Thank you, Tomazoni. Please let's move to Slide 13 with the financial and operational highlights of the first quarter 2021, and where I would like to highlight that we continue to advance in our long-term strategy, delivering growth combined with financial discipline and our focus on operational efficiency. In the first quarter of 2021, we achieved a net revenue of $14 billion or equivalent to BRL75 billion, which is 33% higher than the first quarter 2020. JBS adjusted EBITDA was $1.3 billion or equivalent to BRL6.9 billion, which represents an EBITDA margin of 9.1%, a record margin for the first quarter. In the last 12 months adjusted EBITDA was also a record, totaling $6 billion or equivalent to BRL32.5 billion.

Net income was BRL2 billion in the quarter, reverting the loss in the first quarter 2020, which was impacted by a negative result of the exchange rate variation of the period. In the last 12 months, net income was BRL12.6 billion.

It's worth remembering that the net income of the first quarter of 2020 had an impact of BRL8 billion of exchange rate variation. With the reduction in our balance sheet exposure to foreign exchange -- with foreign exchange rate, both in regard of that with third parties as well as intercompany debt, the impact in the first quarter 2021 was only BRL100 million. In the second quarter 2020 this impact was BRL2 billion. With the current exposure even with a more depreciated exchange rate scenario at the end of the second quarter, we won't have a significant exchange rate impact, and therefore, the accumulated net profit in the last 12 months tends to increase indicating a good profit for the year of 2021 and consequently a good dividend to be paid in 2022.

Free cash flow for the quarter was negative by $636 million or equivalent to BRL3.5 million. In the last 12 months, free cash flow totaled $2.8 billion or BRL15 billion. Despite the 75% growth in EBITDA compared to the first quarter of 2020, the company's net debt increased by $1.1 billion due to the season of cash consumption of the first quarter in addition to other non-recurring factors with emphasis to the negative variation in the line of trade accounts payables and supply chain finance in approximately $271 million or BRL1.5 billion mainly due to the concentration of payment at the beginning of the year, according to the usual seasonality, the payment of $207 million or BRL1.1 billion of settlements in the quarter. $217 million or BRL1.2 billion of interest paid in premium for prepayment of bonds, approximately $430 million or BRL2.9 billion in share repurchase in the first quarter of the year.

As a result, net leverage was 1.67 times in dollars and 1.76 times in reais. Excluding the settlement as well as the share repurchase, the leverage would have been 1.6 in reais and 1.5 in dollars. Given that the long-term leverage to pursue by our adeptness policy is to stay between 2 and 3 times in net-debt-to-EBITDA, we were able to return capital to our shareholders via share buyback in a more significant way as disclosed in the ICVM 358 forms. Thus the carry of JBS shares remains extremely positive to the shareholders. The dividend paid now in 2021 in the amount of BRL2.5 billion represented as 3.1% yield, and adding the repurchase of the shares in 2021 until April in the total of BRL3.8 billion, we already deliver a total yield of 8% year-to-date. In addition, it is worth mentioning that the JBS share price appreciated 40% this year while (inaudible) appreciated 3.5%.



Given our robust balance sheet, which is the result of our operational performance along with our financial discipline, we were able to return to the shareholders at the same time that we invested in the growth of the company. Accordingly, our capital expenditures for the quarter, totally BRL1.7 billion of which BRL1 billion were investments in modernization and expansion. For another constructive quarter we reduced net interest expenses. In this quarter, the reduction totaled $18 billion compared to the interest expenses in the first part of 2020. All other things being equal, we project an interest expenses of approximately $600 million for the year 2021, which represents a savings around $140 million compared to the 2020.

In relation to the new issues, on May 5, we issued an order successful craft a local bond in Brazil in the amount of BRL1.65 billion. I also highlight that once again we demonstrate our role and the commitment in ESG issues to the issuance of a Sustainability-Linked Bond by TPC in the amount of $1 billion linked to our efforts to reduce the greenhouse gases emissions. It is worth mentioning that this bond is the first of its kind issued by a global poultry company.

The concluding slide, I would like to highlight the announcement of the agreement we made for the acquisition of Vivera, for the value of EUR341 million, which is the third largest plant-based products company in Europe, with a relevant presence in the New Zealand, United Kingdom and German among other 22 countries. This demonstrates that despite all the challenges faced in a year of pandemic, we continue to advance in our long-term strategy of having a global and diversified production and distribution platform evolving towards our value-added products and brands.

Now please, let's move to Page 16, where we have our debt profile. As I mentioned earlier, net debt in the first quarter was $10 billion, which represents a net leverage of 1.76 times in reais and 1.67 times in dollars. The cash position of BRL10.3 billion or equivalent to $2.1 billion together with the revolving of BRL10.5 million equivalent to $1.8 billion allow JBS to end the quarter with a total availability of BRL21 billion, which is more than 3 times higher than the short-term debt and enough to pay the debt until mid 2026.

Moving to the pie chart at the bottom of the slide that highlights that our average cost of debt in dollars of 4.9% per year is the lowest ever recorded by the company. However, it is still 1.2% above the interests on our bonds for the same average term of 6.3 years. Therefore, it means that we still have a potential opportunity to reduce around $140 million in financial expenses. In addition, it's important to note that only 9% of our indebtedness is in the short-term, that is very common -- that's a very comfortable position. Also the U.S. entity has 82% of the total debt, which is in line with our free cash flow generation and thus, it generates greater cash efficiency and less exchange rate exposure of the company's balance sheet.

Let's move to the business units performance. Starting with Seara on Page 17, we have first -- on the first part 2011, our net revenue growing 34.4% in the end of comparison in reaching BRL7.8 billion. In the domestic market, net revenue totaled BRL3.9 billion which is 33% higher year-over-year. Once again, the prepared foods category was the highlight with growth of 3.2% in volume sold and 22% in average sales price o the period. This performance is a result of the investments in quality and innovation made by Seara in the recent years.

Also important mentioning that through the consumer preference, Seara brand has been consolidating its leadership in several categories. In frozen food, Seara increased its advantage to 3.9 percentage points in market share value compared to the second brand, completing 22 consecutive months in the leadership coupled with a reduction of 8.7 percentage points year-over-year in the price gap in relation to the competitors.

In the export market, net revenue was BRL3.9 billion, an increase of 35.4% year-over-year due to an increase of 14.6% in the volume sold and 18.2% in the average sales price. Adjusted EBITDA for the quarter totaled BRL933 million which represents a 5.2% reduction year-over-year with an EBITDA margin of 12% compared to 17% in the first quarter 2020. This contraction is mainly due to the challenging scenario in terms of production costs, notably grains, which according to Esalq data, posted increases of 93% and 61% in soybean meal and corn, respectively. These increases have been partially mitigated thanks to the company's focus on operational efficiency, combined with an increase in sales price, as well as a better mix of markets, channels and products.

Now moving to JBS Brazil on Page 18, we see revenues for the quarter growing 41.3% year-over-year, reaching BRL11.5 billion in the quarter. In the domestic market, which accounted for 61.5% of the business unit's revenue, net revenues totaled BRL7.1 billion, an increase of 41% year-over-year with a highlight for the fresh beef segment, which posted an increase of 22.3% in the average sales price and 6.4% in the volume sold. In the export market, net revenue registered an increase of 41.2% year-over-year, reaching the amount of BRL4.4 billion the highlight were the fresh -- were the sales of fresh beef mainly to China and Hong Kong. The EBITDA totaled BRL236 million in the quarter with an EBITDA margin of 2%, a contraction of 2 percentage points compared to the first quarter last year. The business margin was impacted by the increase in the average price of cattle, which according to CEPEA ESALQ data, grew about 51% in the period.

Finally, in line with our commitment to the sustainability and positive impact of our business on society and launched through JBS Leather unit, a product with nanotechnology that inactivates the COVID-19 virus ensuring antiviral action on coating for furniture accessories in vehicles. Also through JBS new business unit we developed an innovative product for ceiling construction, the green flooring made from recycling of a type of plastics from our operation that was previously destinated to landfills.

Now moving to Slide 19, JBS USA Beef. And now we're speaking in dollars and in U.S. GAAP. JBS USA Beef revenues reached $5.6 billion in the first quarter 2021, an increase of 7.7% year-over-year with EBITDA margin of 9.6% the highest ever recorded by the unit in the first quarter. In North America, the business performance continues to be driven by a widely availability of cattle ready for slaughter, therefore, despite impact on the increase in the cost of feed, the price of live animal remains lower than in the first quarter 2020.

Besides that, the domestic market remains with strong -- remains strong, thanks to the performance of the retail segment in the beginning -- and the beginning of the recovery of the food services segment. In international market industry exports has benefited from the reduction in beef production in other global regions and registered an exceptional performance in the period notably to China. It's worth noting that the company's sales grew at a faster pace than the other of the industry, contributing to a gain in market share in the international market.

In the plant-based segment, the OZO brand launched new products and is already available in more than 3,000 stores in the United States and exporting to Canada and Mexico. In the near future the OZO brand will also be available in Europe and Australia.

Now talking about Australia, New Zealand. The performance of the beef unit in division continues to be impacted by the low availability of animals for slaughter. On the other hand, Primo Food remains focused on innovative products, increasing its market share in the category, in which it operates and generating part of the growth in margins.

Now moving to JBS USA Pork. Net revenues was $1.6 billion an increase of 8.1% year-over-year mainly due to the increase of 11% in sales price. The EBITDA was $128 million with 7.9% of EBITDA margin. The margin of the pork business in the United States began the year under pressure mainly due to the increase in the price of hogs, which was affected in the period by a challenging weather of the winter condition, which causes logistics disruption and affected the health of the animals. In addition, the cost of the producing hogs has increased with the rise of the price of grains, which are raw material for feeds.

On the other hand, the reduction in volume of pork produced in the period, given the impact of the weather conditions and the shortage of labor, combined with the higher than expected demand growth, boosted the price of domestic pork meat, which minimizes the impact of the increase in the cost of live hogs. Due to the reduced production, the volume of American pork exported for the period was also below for end -- on the annual comparison. The reduction in exports from JBS USA to the other markets was partially offset by the increase in exports to China during the period.

Now moving to Slide 21, Pilgrim's Pride presented net revenue $3.3 billion in the quarter, an increase of 6.5% year-over-year. The EBITDA was $254 million with a margin of 7.8%. In the U.S. the market environment improved throughout the quarter, including a challenging February in part due to the weather event in the southeast of the country, before a very strong recovery in the end of the quarter.

Additionally, given the increase in vaccination and loosening of restrictions, demand has been incrementally improving especially in food service channel, while demand in the retail and QSR channels remained strong due to PPC strategic partnership. The market for commodity large bird deboning experienced the largest improvement with increase in the prices throughout the quarter.

In Europe, despite the significant impact of COVID-19 and the increase in the cost of feed ingredients, Moy Park operations continue to show improvement in the results, and to (inaudible) continues to positively contribute for the results. Mexico had another strong quarter following a robust performance during the second half of 2020, driven by a balanced supply and demand and continuous improvements in the operational performance. The prepared food operation also performed as well with improved demand.

To conclude, I would like to move to Page 23, that shows that our exports amounted to $3.4 billion in the first quarter with greater China represented 30% in Asia as a whole representing 52% of the this total.

With that, I would like to open for our question-and-answer session.

# Questions And Answers

## Operator

(Question And Answer)

Ladies and gentlemen, we now begin the question-and-answer session. (Operator Instructions) Our first question comes from Ben Theurer, Barclays.

## Q - Benjamin Theurer

Hey, good morning from (inaudible) team. First of all, congratulations on those strong results for the first quarter. I have two questions if I may. So first, question number one, just a little bit on what you're seeing on the industry dynamics in the different markets, and I think you've nicely alluded to it that obviously in Brazil, you're seeing a lot more input cost pressure as different, grain costs are going higher. You're still working on offsetting that a lot and price increases. We're also seeing a similar situation happening to a degree in the pork business in the U.S., we're having some headwinds on PPC as well on the cost side that's coming through. So just in general with this old grain inflation cost inflation, how confident are you within the different in different regions to bring pricing through and to ultimately maintain the strong level of profitability which you still have in the first quarter, that will be my first question. Thank you.

## A - Guilherme Perboyre Cavalcanti {BIO 2181205 <GO>}

Hi, Ben, good morning. So to start with Brazil, no we had a quite sudden (inaudible) increase in price, very sharp increase in costs, sorry that has -- price has taken a while to follow the grain price. But we do this grain cost introduced in the structural condition for to stay here for a while, and we're going to adapt our brightening, and obviously, we need to work on efficiencies as well to mitigate this risk articles. So we are very confident for two reasons. One, we will -- because of the work we've done in the past few months, we've been able to pass part of that cost increase onto price, we feel there is more space going forward. But on top of that, also because of the work we've been doing, we've been improving mix obviously, when we have big sharp got increased slightly as we've had.

You have to increase price to return to normal margin, but also we need to do a very, very strong vertical, selling more value added items to be able to offset some of this development to have a long-term better margin. So we're confident. Same think would be if you know we obviously again cough went higher very fast and this now is following and we think we'll be able to normalize in the short term. But this cost will most probably be (inaudible) going forward and we're going to have to adjust our business model to that.

## Q - Benjamin Theurer

Just to stay quickly within Brazil, would you consider cutting some of the production levels in Brazil to also kind of cost causing lower levels of production and just to help support price as well, just to stay in Brazil quickly before we go to the U.S.?

## A - Guilherme Perboyre Cavalcanti {BIO 2181205 <GO>}

That's not in our plans for now. We don't feel that's necessary to look at, especially because of the consistency of the work we're doing, we've been doing -- same goes for (inaudible) that we've been building partnerships and bringing a strong value added work and we wouldn't feel that we need right now to cut back on production.

## Q - Benjamin Theurer

Okay. Perfect. And then -- and the U.S., what were you seeing there?

## A - Guilherme Perboyre Cavalcanti {BIO 2181205 <GO>}

Hi, Ben. Thanks for the question. Let's break this down in a few areas. First, the grain price. The grain price, of course that's more directly chicken production in U.S. and Mexico, in Europe. With the market condition that we have today, Ben, we have been able and strongly believe that we'll be able to continue to pass to this cost, okay? Because if you look the more commodity side of the market, that's the big bird, the price of the cattle, of the big bird is now is 54% higher than it was in the same time of last year and this is the main reason. And in other parts like Europe, we have more a formula base that there is a pass through, take a little bit more time, few months, but when you have formula [ph] base, you are going to pass the cost of the grain to the final price. The other pressure that we have is in -- that's more specific in U.S. is the labor, and labor cost is going up, we just did another round of increasing compensation in several of our plants. And again, seeing the condition of the market in beef, pork and chicken, we have been able to pass through this incremental cost.

The cattle in Australia is another source of increasing cost for us by carrying the market, it carries a very high in Australia right now. Australian beef price -- selling price is very, very high, but not enough to offset. So we are not making money in Australia, beef or lamb right now, we're making money in all the other small business, we're making good money and good margin in (inaudible) is growing, but the beef and lamb in Australia are not. But we have no plans to reduce our production there. We think that we have a very efficient operation, we have very good customers in the global market. We continue to supply this to customers, and the market we need to adjust for the new reality of the current price until the cycle change, and I don't think that's going to happen before next year.

## Q - Benjamin Theurer

Okay, perfect. Thank you very much. And then my second question was around your bid you've put out for the plant based business in Europe. Could you give a little more updates on what you think how this is going to turn out and how you think this can be combined with the efforts you've had on plant-based within Brazil, but also within the U.S.? I was thinking Brazil was with Seara and then with OZO in the U.S. just give us a little bit of an update a few bites to chew on so to understand where you're heading with the different initiatives in the three major markets?

## A - Gilberto Tomazoni {BIO 2090061 <GO>}

Hi Ben, thank you for your question. We -- as you know, we -- plant based is on a segment that we want to be important player. We don't know how it would be the size of the segment, but we'll be -- for sure, we'll be an important player in this segment. Vivera was an opportunity for us to grow faster in Europe, and anyway -- and we have. We believe that we have a lot of synergy in terms of other business we have today Brazil and U.S. in terms of technology, in terms of market technology, in terms of new product development. This is I think will be faster all of the other operation, and as well, the opportunity for grow Vivera volume with the synergy we have in other markets. And from -- at the moment, we are keep business as is all of independent, but maybe in the future, depends on the conditions we are creating a global plant-based organization.

## Q - Benjamin Theurer

Perfect. Thank you very much. And congrats, again.

## Operator

Our next question comes from Carla Casella, JP Morgan.

## Q - Carla Casella {BIO 2215113 <GO>}

Hi. On that acquisition of that business, is that going to be included -- which sub segment will that be included in?

## A - Gilberto Tomazoni {BIO 2090061 <GO>}

Sorry Carla. You are asking for other acquisitions? Could you repeat the question I think is, I not understood well your question.

## Q - Carla Casella {BIO 2215113 <GO>}

Okay. No, the European plant-based business that you were just referring to is that going to be included in -- which division will you include that in your financial results?

## A - Andre Nogueira {BIO 19941317 <GO>}

Hi, Carla. This is Andre. Hi, Carla. It will be under the JBS USA overall. We did not define yet if it would be a standalone or it would be part of another division. So we would -- after the acquisition, we'll define that.

## Q - Carla Casella {BIO 2215113 <GO>}

Okay. And then you've mentioned a few times that foodservice is starting to grow again. Can you just update us of when you look at each category, what percentage of the business is food service and where you see that longer term? Because I think it's moved around a bit, you've grown so much your value added that foodservice, I'm assuming is a lower percentage than it used to be, if you could get an update?

## A - Andre Nogueira {BIO 19941317 <GO>}

So let's talk about U.S., Carla. I think foodservice is recovering, I think that when this is finished and then if it does recover a bit in U.S. in foodservice and retail, I think that will go back to what was before or very similar what was before. I don't think that they're going to see any relevant change compared to how it was before. The difference that we see in U.S. and this apply for all the three proteins that export is taking more and more market share. And these are trends that I don't see changing consider the growth in Asia and how Asia overall is solving more and more protein from the (inaudible) and I commented this last time and like to put our answers on that. If you look very much through markets like Japan and Korea, they import between 50% and 60% of the total protein that they use, beef, pork and chicken the combined base. And I think that the other countries should go in that direction, they would take many, many decades to arrive there, but that's the direction while they are going consumption in a much faster pace than what they can grow protein production.

So if you look at China today, China came from 5% in the past and now they're relying 14%. They're still far away from what's the market share that the importance in represent for Japan and Korea that's a more mature market. So I think that -- at the end of the day in U.S. foodservice will represent (inaudible) and a very similar percentage that in was before. Our value add will continue to grow, but value add will go foodservice too. It's service serves a big -- the plant that we start to run now fully cooked bacon.

In foodservice, we represent a higher market share than retail. We just started to run this plant -- we started to this plant this month in May, at the end of May and foodservice to be a big part of that. One thing that I think that's worth to call the attention, Carla, is -- and I think that we underestimate that a little bit when foodservice closed in March and April last year, foodservice had a long pipeline. For you to have a steak or a breast meat in a restaurant to serve you a lot of process and even to our new (inaudible) between our production and a final use, a much longer pipeline that there is for example.

We did not suffer last year when foodservice closed lots of too much, but then demand in retail was so high that the foodservice was able to sell that product to the retail and our production U.S. drop in the U.S. and Canada drop in April. But now that foodservice is coming back, we can see that that they need a long pipeline. So there's a lot of things that are that need to be built between us and the final user. So in real finish along the menu, I think that's part of the color of that, just project that when European foodservice and the Asia reopen foodservice in full. So I think that we are going to say, yes, a very strong demand for foodservice, because we need to feel all despite the line of products should be able to serve the final consumer at the end.

## Q - Carla Casella {BIO 2215113 <GO>}

Okay, great. And can you give us a percentage of foodservice by protein like chicken versus beef versus pork in a normal market and not right at this moment?

## A - Andre Nogueira {BIO 19941317 <GO>}

I'll come back to you on that element for sure. Chicken is the highest one in terms of foodservice, followed by beef and pork in the fresh is the smallest one, but then you need to put all the processing pork. But you can be the highest one following beef and then pork.

## Q - Carla Casella {BIO 2215113 <GO>}

Okay, great. Thank you.

## Operator

This concludes today's question-and-answer session. I would like to invite you Mr.Tomazoni to proceed with his closing statement. Please go ahead sir.

## A - Gilberto Tomazoni {BIO 2090061 <GO>}

I'd like to thank you all of our team for the great work, and say for all of you that we at JBS remain committed to our propose to feed people around the world with the best and in an increasingly sustainable manner. Thank you.

## Operator

That does concludes the JBS audio conference for today. Thank you very much for our participation. Have a good day, and thank you for using Corus Call.