Q4 2008 Earnings Call

Company Participants

- Leopoldo Saboya, CFO, Financial and Investor Relations Director

Other Participants

- Alex Robarts, Analyst
- Joao Carlos Santos, Analyst
- Luiz Cesta, Analyst
- Marcel Moraes, Analyst
- Pedro Herrera, Analyst

Presentation

Operator

Good morning. Welcome to Perdigao S.A.'s Fourth Quarter conference call. This conference call, and the presentation, are simultaneously transmitted via webcast in our website, www.perdigao.com.br/ir. At this time, all participants are in a listen-only mode, and later, we will conduct a question and answer session. Instructions will be given at that time. (Operator Instructions)

Forward-looking statements relate to the Company's business, perspectives, projections, results, and the Company's growth intentions are provisions based on the expectations of the management as to the future of the Company. Expectations are highly dependent on market changes, economic conditions of the country and the sector, and international markets, thus, are subject to changes.

As a reminder, this conference is being recorded. I would now like to turn the call over to Mr. Leopoldo Saboya, CFO. Please, Mr. Saboya, you may proceed.

Leopoldo Saboya {BIO 16137418 <GO>}

Good morning, everyone. Thank you very much for being present at our presentation of results of 2008 and the Fourth Quarter '08.

All that aside, we have simultaneously a web presentation, so I'll go very fast through that. And after that, we will be open to the Q&A session.

So on page 3, this is just to start that, and giving the message that we are very, very happy with the results of '08. It was record, in terms of gross sales, BRL13 billion, more than

BRL13 billion of revenues. The EBITDA reached BRL1.16 billion. It is a record. That gives us a consolidated growth during the former six years of 25% per year, which is pretty good.

Now, just giving some highlights of the Fourth Quarter, and the Fourth Quarter was a very important quarter for the Company, where we achieved the best results in terms of margin, and even having all the difficulties faced after the crisis. So just big figures, gross sales, which is BRL3.6 billion -- it was a 57% increase. And the growth in volumes was 57% in sales volumes, and you can see the breakdown. I'd like here to highlight the growth we had in the domestic market. So it was 17% in meats domestic, and revenues growing 31%.

Export volumes, 11% growth. But when we compare to the Third Quarter, so the former quarter, it was a reduction of 20% in fact. As you remember, we had some problems in the Itajai port, due to the flood. Then we couldn't reach the volume expected. But prices, much higher than a year ago, because the effect of the foreign exchange, basically. The average prices in dollar terms during the quarter in the export were 15% lower in dollar compared to the Third Quarter, showing that during the quarter, we faced quite the declining scenario for meat prices in the international market. I will comment more about that later on.

We -- another important category is in the domestic market, which is not here in this table, is the (elaborated) and processed meat in the domestic market. This is a very traditional segment of Perdigao that we can compare with last year, because the acquisition of Eleva didn't affect this line. So the growth in volumes was organic growth, in the range of 6%, but growth in revenues 24%, showing prices going up 18%.

It was -- it's important to say that our Christmastime products and all the year ending campaign was totally focused on profitability. We were expecting an extraordinary ending of the year, and we had a good seasonal (inaudible). That is -- it helped us to achieve this record EBITDA during the Fourth Quarter, which was 92% higher than last year, reaching BRL465 million, which gives us a margin of 15.2.

On page 5, you can follow the summary of our results. So the Fourth Quarter was pretty good. We ended with net income losses of BRL20 million because of the financial expenses of BRL384 million, which BRL320 million was due to non-cash effects expenses. And we consider adjusted net income of BRL8 million positive if we do not consider the portion relative to the amortized goodwill due to the Fourth Quarter.

So now shifting to the year, just putting some highlights of how was the full year of '08? The Company ended with an increasing 69% of gross sales, and a 74.5% increase in sales volumes. And these very impressive figures are due to the organic growth, big effort to pass through prices during all the year, and also, it was impacted positively by the absorption of new businesses, especially Eleva, which was the biggest one.

And here, you can follow the breakdown of the main categories here. We are pretty satisfied with the EBITDA. We got (off) BRL1.2 billion, which is the record ever of the Company. It's 44% higher than last year, and reaching 10.2% of net sales.

Moving forward, on slide 7, the breakdown of the results. I would comment on the gross profit and the gross margin -- lower than last year. Basically, two issues here. First of all, the pressure of costs is that was the (point) of the majority of the year, especially up to September, we were facing a very big pressure of costs, not only corn and soy meal, but the majority of our other raw materials were being affected by a skyrocketing scenario of costs. And that's why we were -- we had a squeeze in our margins.

And we also had to consider a different mix of products, comparing '07 to '08. In '08, we have much more -- we have all the consolidation of Eleva, that brings -- and meats brings more raw products in the domestic market, and also much more milk inside the Company. And milk, as you probably know, has a structurally lower margin. Although it gives us a very good profitability, but the margin is lower, because it requires much lower capital in the process. So that's why we reached -- the EBIT was BRL709 million, and net income of BRL54 million affected by, again, the financial expenses of BRL(630 million) and BRL416 million out of that is FX. Again, it was a non-cash, basically all related to the long-term debt in dollar terms.

And you remember that we started the year with FX of 1.77, and ended the year with the US dollar at 2.34. So that's the impact we faced. And we consider the adjusted net income as our administrators and the (count) and the Board consider these to be the real income, net income of the Company, because we -- if we don't take into consideration the portion of the goodwill amortized in the year.

One final point here on the result is that we are very pleased to present profits in the year, whereas, you compare in the world that very few companies presented, or will present, profits during last year. It's to compare not only in Brazil, but outside Brazil, especially the public American (processing) companies. You know that the majority presented losses last year.

So on page 8, you can see what we call Trust and Performance, that Perdigao shares were less affected by the crisis and by the negative scenario that we have been facing since September last year.

On page 9, this is more the same, that we comment about the whole scenario of '08. A very challenging one, of big volatility of prices. We faced a significant gap between prices and costs, especially until September, where we could close the gap. But after that, we were facing a totally different scenario. It was basically the market was upside down, the FX volatility, and all the incorporation of new businesses, the need for integration of teams, systems, profits -- everything was done during '08.

You remember that we had a very difficult scenario of dairy in Brazil. And we were affected during the -- especially during the Third Quarter, when we need to make a big adjustment of inventories, and after September, big difficulties of international clients in terms of credit, and the need for destocking in the world. Not only in our Company, but in all the chain. So against all of these odds, we -- that's why we are pleased with the results last year.

The next page is basically to put some color on what we have just presented, the volatility and the complete change in the scenario. So on the top left, you can see in the chart, they totally complete the inversion of the trend, and export prices in Brazil started to come down. The adjustment has been done, in terms of production in Brazil and in the world, and we are seeing now stocks much more adjusted, reaching the bottom. And we think that prices have reached the bottom as well.

Grains, also, changed completely the trends, and they are now trading in the level that we consider more adequate. So around USD $10.00 per bushel for soybean, and between USD $3.50 and USD $4.00 per bushel for corn. The milk, on the top right, you can see the volatility of the milk -- the volatility of the price paid to producers in Brazil. And you can see here the start of a small bump in the Brazilian market, when we had historical high levels of international prices of powdered milks, and after that, a distortion of relative prices in Brazil that were in place during '08. And now, from the (inaudible) last year, through now, a big adjustment, bringing the market to a more balanced scenario, and prices more feasible. So you can see the (inaudible) of prices paid around BRL0.60 per liter, which we consider will move a little higher now during the wintertime, but won't move so much as we saw last year. And the dollar, I think I don't need to comment, the complete change in the perspective.

Now it's to -- on page 11, it's to reinforce our good performance in terms of cash generation and operating results during the year. You can see on the first chart on the left that we had basically two moments of the year. So the first half of the year, we were facing skyrocketing raw material prices, and the need for more stocks, more inventories. So that's why our working capital changes were so high, and the operating results didn't come.

And the second half of the year was a totally different story. We were investing less on the working capital, and we could gather more operating results, which give to us a much better cash generation in the year, and it was -- and we can see here in the EBITDA performance during year that the margin in the Fourth Quarter showed that performance.

General ratios of the Company -- it's nowadays, in this very -- during this turmoil, the financial crisis, more than ever, people, investors, banks, everyone is looking to more details, the liquidity and the balance sheet of the companies. And that's why we want to present to you the main ratios, which we -- in which we think we are pretty good.

So in terms of current liquidity, we went up during the year, reaching 2.8. And if we consider the general liquidity, even in that more strict concept, you can see that we had a very stable ratio during the year. The leverage named by net debt to EBITDA was presenting a growing trend, and after the Third Quarter, we were able to reduce to 2.9 in the fourth.

And the debt profile, the Company was able to have more debt in the long term during the crisis, reaching the year with 70% of the gross debt in the long term. And on the bottom, you can see that in the short term, the net debt -- so the debt less the cash position. We would reach the Fourth Quarter in a position where we have more cash than debt in the short run, which we think is very positive for the current environment.

Moving forward, business performance. Here, the idea is to get more color of the main businesses of the Company. And I will start to give some perspectives of the current situation of the market, and we will end with the perspectives for the year.

On page 14, we have the -- in the domestic market, meat business. We already commented that we had an increase of 26% in sales volume, and the year, we spent the majority of the year passing through prices necessary to bridge the gap with costs. And the cost pressures, as I mentioned before, was not only in grains, but also in several other raw materials.

The focus on the processed products gave us -- added BRL733 million additional gross sales, which would be (inaudible) by 11% volumes and 13% average prices compared to last year. We had also to consider the change in product due to Eleva's acquisition, especially in the so-called raw meat, raw (inaudible) products, so it's basically chicken cuts and whole chicken.

But we -- during the year, we made adjustments to (reallocate) the mix, putting -- shifting some product lines to the export market, instead of selling in the domestic market. And on top of that, of the Fourth Quarter (inaudible), we started to see more pressure of volumes in the domestic market, basically because we saw export volume shifting towards the domestic market. So with a much tougher situation in the export market, domestic players is starting to shift production to the domestic market.

The domestic market, as it's now performing, it's quite good. We are being able to defend prices and volumes. We don't expect growth, big growth in volumes, and we are working hard to keep profitability, and that will be the strength for the meat business in the domestic market during the year, and also consolidate all the initiatives in terms of the new commercial model, integrating in all the recent acquisitions that the Company did last year, and the years before.

The dairy market in the domestic market -- so here, big highlights of what was the year. But I'd like especially to emphasize some points here.

First of all, all of you know that after Eleva's acquisition, we started to have much more participation of raw milk in our portfolio, which accounting roughly for 40% of the total dairy business. That accounts for 21% of the total Company sales, right? But we have to emphasize also the growth in the processed products, which was 60% higher if you consider all the lines -- powdered milk, cheese, butter, yogurt, fermented milk, and so on.

So it's very important, having this very complete mix of products in the dairy. We're considered to be the only one company in Brazil that has this very wide range of products, and we have all the alternatives to use the milk.

And if we look to the year '08, that started very difficult. And we also had the big adjustment of inventories in the Third Quarter. We ended this segment with a very positive operating result against all odds, with an average -- a very reasonable operating result in terms of EBITDA. Although we don't calculate the accurate EBITDA for this business isolated, we have (approximated) that it had reached last year a figure closer to what we call a normal. You know that we call normal for this segment around 8% to 9%. It was below this, but it was very positive.

And during the Fourth Quarter, it was very good. And for '09, we also expect a good performance in this segment. So that's to say that we are very optimistic and happy with the dairy segment. That was the main aspect of the Eleva acquisition.

So now, moving forward to the exports -- so the exports, you have been following that this was a segment where we are facing the more adjustments because the crisis and the momentum of the market. Now, what we are -- so, just to give some -- just to comment, especially the Fourth Quarter on, what is going on. After the crisis -- so in September and October, two main movements started to be seen in the market.

First of all, clients in the world were very -- with big inventories. And they were facing also a credit crunch. So that's why in some regions of the world, they simply stopped buying, and made the adjustment to come back to the industry. So that -- so this is to explain why Perdigao and several other players in Brazil needed to adjust production, in order not to do the higher inventories. And that made the prices collapse, in dollar terms.

So if you compare the fourth -- I think that I already mentioned that. But if you compare the Fourth Quarter average dollar prices with the Third Quarter, it was 15% lower, although it -- in dollar terms. Although it was 6% higher than last year Fourth Quarter, it was 15% lower than the Third Quarter. That's to say that we started to see declining in the fourth, but much more to see in the First Quarter, because we have a lag between the negotiations and all the booked sales with the real accounting of those new price levels.

Now on page 17, the breakdown of our international sales. The idea now is to give to you some highlights of what is going on right now in our major markets. So let's start with the Far East, especially Japan here. Japan was the market that it was holding very high inventories, and they reduced a lot their imports from November to February.

Now, the news we have from there, if we compare their -- the traders' behavior makes us to believe that their inventories reached a very low level, and it's -- and they're back to that position, so they are now demanding volumes for March, April and May. They are already opening negotiations to April and May, and prices are reacting steadily. So we think this market will react and will be good.

Europe is a region where the situation is still complicated. The region will face a big contraction in terms of GDP. You -- we see economies projecting some 3% low reduction in the GDP, and the possibility of downtrading is there. It's something that we will believe it will take place. And we don't see signs that the local production is being reduced. So that's why the recovery of these markets will come only in the mid; to long run. I'm talking about the second half and the first half next year.

Eurasia market is basically for pork meat, where we expect the reaction the market will come only in the second half. We are very cautious to sell to this market -- I'm talking about Russia, right? So far, we didn't face any default, but we are very cautious, analyzing case by case, client by client, and just going -- and just accepting risk that we can handle.

And in the -- Middle East is the region that is really returning to a more normal performance, both in terms of volume and prices. Prices have started to pick up in March, and is indicating a new increase in April, and volumes also reacting very good. It is the region where Perdigao is leading -- is a leader, and we are quite positive of the recovery of the Middle East market.

So by saying this, I end the presentation, just summarizing the outlook for '09, which I think the majority of the points were already said.

In the export, it will be the (inaudible) adjustment in production in inventory that took place during the First Quarter, and we believe that it will still see some adjustment in Brazilian production during the Second Quarter, not only because the market is not performing well, but also because several companies are facing financial problems.

We foresee a stable world meat consumption, and probably a growth in chicken, especially due to (substitution) effects. And because of the weaker financial situation of our global peers, we intend to be ready to capture market share gains in the world.

Declining international grain prices is something that I've already mentioned. The good thing here is that we foresee a much more stable scenario for costs this year compared to last year. Basically, we are working with a flat scenario for costs. We have considered a perspective of a little decline of corn and a little increase of soybean complex, we have an average flat scenario for live animals. If we consider the other raw materials also, they tend to be lower. That's why we are working with a pretty flat scenario for costs in general.

In the domestic market, the defensive scenario for our -- for food, the credit crunch is affecting the durable goods, and we don't believe that we will face a big change in the consumer pattern in terms of meat consumption in Brazil. If there is so, it will be a downtrading across the categories we have. And also, we may face positive impacts on this (substitution) effect, considering that people tend to shift beef to chicken and chicken processed products, that they are much cheaper.

I mentioned before the much more balanced milk market, and players acting more -- much more rational. It will be good for us, and we are quite positive for the milk market this year, especially during the second and the Third Quarter, which are the best ones for this segment. The First Quarter historically tends to be the weaker one.

So that's to say, I finalize here the presentation. The idea was just to give you a broad idea of the year and the perspectives for '09. And now, we are here with other management people of the Company, open to Q&A. Thank you very much.

Questions And Answers

Operator

Excuse me. Ladies and gentlemen. we will now begin the question and answer session. (Operator Instructions) Excuse me, our first question comes from Mr. Pedro Herrera of HSBC.

Q - Pedro Herrera {BIO 15159561 <GO>}

Good morning, gentlemen. and congratulations on the result. I have one question regarding your CapEx. CapEx in 2008 was significant. Can you give us some guidance on going forward, 2009, 2010 maybe, what you expect for CapEx?

A - Leopoldo Saboya {BIO 16137418 <GO>}

Sure, Pedro, thank you very much. So the CapEx in '08 in fact is including the acquisition, so back into the slide number 3, this BRL2.4 billion, you can split in Eleva acquisition, which was BRL1.7 billion. You have other acquisition of BRL80 million, and the CapEx, the concept of CapEx was BRL630 million.

Q - Pedro Herrera {BIO 15159561 <GO>}

Okay.

A - Leopoldo Saboya {BIO 16137418 <GO>}

Okay, so this was last year. For '09, we are considering a much lower CapEx. The idea is to optimize as much as we can. In our budget, we are considering around BRL450 million. And you need to add some more -- BRL180 million, BRL190 million of parent stock.

Q - Pedro Herrera {BIO 15159561 <GO>}

Okay.

A - Leopoldo Saboya {BIO 16137418 <GO>}

In this figure of '08, it is not considered parent stock. But you consider another BRL200 million invested in parent stock last year.

Q - Pedro Herrera {BIO 15159561 <GO>}

Okay.

A - Leopoldo Saboya {BIO 16137418 <GO>}

Okay? So CapEx -- just to summarize, CapEx last year was BRL630 million, plus BRL200 million of parent stock. This year, '09, will be around BRL450 million or lower than that, plus BRL190 million parent stock. You may consider the same figures for 2010, at below BRL0.5 billion of CapEx.

Q - Pedro Herrera {BIO 15159561 <GO>}

Okay. Thank you.

Operator

Excuse me, our next question comes from Mr. Alex Robarts with Santander.

Q - Alex Robarts {BIO 1499637 <GO>}

Hi. Good morning, everybody. I guess my one question is on the dairy assets. You know, the Fourth Quarter, as you've described, has seen a recovery in the long-life milk segment -- I guess it was about 10% of total sales. And I guess, if you could give us a sense of the outlook for '09, you've talked a little bit about that. But can we assume that the outlook suggests that EBITDA will be positive in that long-life milk business for this year? What do you see as the risks to that assumption?

Then, on a related basis, do you see a potential actually for margin expansion through, perhaps, bringing some of the milk products into some of the other distribution channels that you have on the dairy process side, or even in the meat networks? If you could comment on that, that would be great. Thank you very much.

A - Leopoldo Saboya {BIO 16137418 <GO>}

Thank you, Alex, for the question. It is a very good point.

Yes. We consider to have a positive EBITDA in the UHT milk during '09. We are already achieving that, and that's the turning point of this segment. And why we are confident on that? Because the market is playing much more rational, as I mentioned before. We don't have the pressures in volumes. The price paid to producers, they are in the level of much more adequate, so we don't see risks of oversupply. And you need to consider also that several of our competitors in this segment of UHT milk, and the majority, they are only focused on the UHT milk, they faced and they are still facing financial problems. So we don't see space for them to play volume game, right?

So that's why we are quite confident of this scenario. Just to remember that the First Quarter is always the weaker one, because of recovery of prices -- historical, it's the weaker moment of the dairy. But on the other hand, the processed products that you asked before, we are not only working on these campaigns, marketing campaigns, to give more visibility of Batavo brand in national-wide Brazil, but also putting these chains into our meat distribution network that you comment.

You were right -- the idea here is to make the dairy, especially the chilled dairy products, present in the retailers, especially the small retailers, using and taking advantage of our (inaudible). It's not going to happen exactly now. It's a movement process, where we are adding this new concept, this new commercial model, step by step.

So the main result of these strategies will be seen much more -- will be seen more in 2010, fully seen in 2010. But this is the strategy -- to put especially the dairy products inside our meat network.

Q - Alex Robarts {BIO 1499637 <GO>}

Great. Thank you.

Operator

(Operator Instructions) Our next question comes from Mr. Marcel Moraes of Credit Suisse.

Q - Marcel Moraes {BIO 6696122 <GO>}

Hello, Poldo. Just a quick question about your previous comment on the CapEx for parent stock. You've mentioned that in 2008, you -- Perdigao would have invested BRL200 million, and in '09, BRL180 million in parent stock, which means a 10% decrease. Is it right to assume -- I mean, we are going to have flat volumes for, especially on the export side, I mean poultry exports?

A - Leopoldo Saboya {BIO 16137418 <GO>}

Basically, Marcel, this is because the production adjustment that we are doing during this First Quarter. Basically that. We are not changing the capacity, the future capacity to grow in the meat for 2010 and going forward. That's basically due to this adjustment that is taking place right now.

Q - Marcel Moraes {BIO 6696122 <GO>}

Yes, okay. Thank you.

A - Leopoldo Saboya {BIO 16137418 <GO>}

Okay.

Operator

Excuse me, our next question comes from Mr. Joao Carlos Santos with Banco Merrill Lynch.

Q - Joao Carlos Santos {BIO 15122452 <GO>}

Thank you very much. Good morning. Just a quick question on the outlook for 2009. I know that you haven't disclosed any specific guidance for this year with regards to volume growth or for exports and domestic. But if you could just -- the first, in the

Portuguese conference call, you were discussing the flattish view for grains as well. So if you could give us a little bit of your thoughts on the EBITDA margin for 2009 as a whole, if we assume the scenario that the Poultry Export Association is talking about, 5% of low single digits volume growth for exports is stronger but still, maybe high single digits for domestic markets and volumes.

And the price dynamics that you are forecasting for the year, would it be reasonable to assume maybe flat EBITDA margins, or maybe some kind of an increase, considering the weaker first half of 2007 -- sorry, 2008 -- that we could compare some data that we have. If you could just talk a little bit about your views on the EBITDA margin for 2009? Thank you.

A - Leopoldo Saboya {BIO 16137418 <GO>}

Okay. We intend to, as soon as possible, give to you and all the market a more accurate guidance in terms of volumes and results. We are eager to that. In the right moment, where we are seeing the markets, the main markets of exports starting to recover, as it's very difficult to (precise) how it's going to end the year.

The outlook is the same. The fundamentals of the market, we still consider a positive scenario for the Company going forward. We just need to consider the two different moments. So the moment of adjustment, and the rebound of the market, will it tend to take place now during the Second Quarter of the year.

In terms of volumes, as I said, the Company won't focus primarily on volumes and market share, again. The focus of the Company will be on profitability. That's to say that we don't expect big increases in volumes, consider '09 compared to '08. But we are quite positive of having gains in terms of revenues.

You were mentioning the comparison between '09 and '08. If we would have to address the possibility of being higher or lower, I would say that today, lower considering -- a lower margin than last year would be the more feasible scenario. But it's very early to assure that, Joao Carlos. So that's why we don't want to give you a guidance of what is going on.

But we just needed to consider that everything will depend on how we recover in the second half to compensate the adjustment we will have during the First Quarter.

But again, in the domestic market, defensive, very consistent sales and prices, very. We'll keep a good track. And everything is related to the recovery of the international market.

Q - Joao Carlos Santos {BIO 15122452 <GO>}

Excellent. Thank you very much, Leopoldo.

Operator

(Operator Instructions) Excuse me, our next question comes from Luiz Cesta from (inaudible).

Q - Luiz Cesta {BIO 15223262 <GO>}

Good morning, everyone. I have a question regarding the beef structure for the Company. As you know, we are now facing a very tough environment in Brazil. So -- well, all of the slaughterhouses going out of business. What is the Company's strategy for beef in the short and medium term, is my question?

A - Leopoldo Saboya {BIO 16137418 <GO>}

Thank you, Luiz. The short-term strategy is to keep the business as it is, in terms of size. And looking for a more -- looking for this business to be really absorbed by the Company, in terms of product line development, distribution, and making this business as usual of the Company.

We are, as you mentioned, and everyone knows, that the market conditions for the beef is very challenging in the world, not only Brazil. And this is not a moment for us to move forward in our strategy. That's to have a good presence in that market, we don't want to be a huge beef company, as you know. But our future plan of having around (60 -- 6,000) heads per day of slaughtering capacity is still there. But we are moving very cautious in the short run. We don't want to grow our current capacity and (inaudible) slaughtering is around 900 heads per day. We are pretty ready to jump to 2,000 in that factory, and we are still waiting for the European authorization to start to export to that market.

After that, we'll be able to analyze more precisely the results of the beef, and to think and to decide moving forward. So in the short run, in meanwhile, you won't see Perdigao's moving forward any beef acquisitions or new deals.

Q - Luiz Cesta {BIO 15223262 <GO>}

Okay. Thank you very much.

Operator

This concludes today's question and answer session. I would like to pass the floor to Mr. Saboya for his final statements.

A - Leopoldo Saboya {BIO 16137418 <GO>}

First of all, I would like to thank you for the massive presence on our English conference call. After having a big number in the Portuguese conference call, we are very pleased to have this massive presence. Thank you very much.

Just a final quote here, about Rio Verde. All of you saw what happened there. A fire broke out in our Company, and we controlled that situation. The Company released to the market a very comprehensive communication, which is clear what is the situation there and what's going on. As soon as we have more news and more details in terms of impacts, we will give to you accordingly.

Now I would like to say that we are quite happy that today, this slaughter of pork and the majority of the slaughter of chicken has resumed, and that's a sign that things will come to a normal situation very soon. And we would like to thank all the people involved, not only the local authorities, but also all of our people that worked in that plant. It's amazing to see how people get involved, and is passioned by the Company, and this is a pretty young force to recover from all damages that we can face.

So we are very pleased, and proud of this Company asset that's called people. Thank you very much.

Operator

That does conclude our Perdigao S.A.'s conference call. Thank you very much for your participation. Have a good day, and thank you for using Chorus Call.