Q4 2017 Earnings Call

Company Participants

- Eduardo de Oliveira Miron, Chief Financial and Admin Officer & Investor Relations Officer
- Frank Ravndal, President & Chief Executive Officer
- Marcos Antonio Molina dos Santos, Chairman
- Martin Secco Arias, Chief Executive Officer

MANAGEMENT DISCUSSION SECTION

Operator

Good morning and good afternoon, ladies and gentlemen. At this time we'd like to welcome everyone to Marfrig Global Foods SA Conference Call to present and discuss its results for the fourth quarter and full year 2017. The audio for this conference is being broadcast simultaneously through the Internet in the website www.marfrig.com.br/ir. In that address you can also find the slideshow presentation available for download.

We inform that all participants will be able to listen to the conference call during the company's presentation. After the company's remarks are over there will be a Q&A period. At that time, further instructions will be given. .

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

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

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

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

Good morning, everyone. First of all, I'd like to thank the Marfrig team for the 2017 results and achievement. 2017 was a challenging year to this sector in Brazil, but we were able to demonstrate our profitability, agility, and quality while growing quickly with operational efficiency. Following the growth in supply as well as the growing demand for our products by our customers, consolidating our position and brands in the market. In the fourth quarter, we were able to prove (03:27) and teams and both are reflected in our results. Based on that, this demand and supply we have invested in organic growth, adding capacity to our production globally. For 2018, we are committed to a leverage target of 2.5 times net debt EBITDA, which is non-negotiable and crucial for our business. Our view is that 2018 will be again another challenging year, but with significant opportunities. So, we are pretty sure that we are all prepared for the year which is in front of us.

Thank you again. I'd like to pass the word to Mr. Martin.

Martin Secco Arias {BIO 18098476 <GO>}

Thank you, Marcos. Good morning. I want to start by thanking everyone for participating in another earnings conference call of Marfrig Global Foods. Today, we will be commenting on the results for the fourth quarter and fiscal year 2017. I would like to apologize that I am not actually present in the same locale that the rest of the team. I need to leave São Paulo yesterday for personal reason and I would like to apologize if you have some technical problems on the line.

With me on the call, to share with you the – all the reports and the information, will be Frank Ravndal, the CEO of Keystone division; Eduardo Miron, our Global IRO and CFO.

Before commenting on the fourth quarter results, I want to give a brief retrospective of 2017. We began the year with an important mark in January. We carried out our mandatory conversion of the debentures, which is an important step in our liability management process.

With the global – with the global economic still recovering, we face a turbulent political and economic scenario in Brazil. And specifically in the beef industry, we were affected by the (06:53) factors and related to the market fundamental in the first half of the year, however, the challenging scenario also highlight the opportunity arising from the (07:00) positive phase of the cattle cycle in Brazil, which is one of the catalysts of our strategy to adjust our production footprint in the Beef Division, which states our recovery in growth in the second half.

And the Keystone division was the first year of the 2021 strategic plan, and we were delighted with another record result. In anticipation to a possible question about Keystone sale participation as you know, we cannot give in too much detail, but it remained an alternative for us. The sales of Keystone stake is crucial to our deleveraging brand, and reaching the 2.5 times target in the end of 2018. Again, our commitment to the deleveraging is non-negotiable and we are focused on it.

Let's go to slide number 3. The last quarter of the year was marked by the good performer of the global economy. In beef industry, we observed firm demand and better margin in relation to the same quarter of 2016. The Beef division continues its plan to reopen plants, which gradually increase the Brazilian operations slaughtering capacity to around 300,000 heads a month volume reached in December. This supports growth in the division total sales volume of 28%, while fresh beef export grew by 34%.

In regards to the Keystone division despite the more rigorous winter in North America, which end up weighing (09:07) on store traffic and demand in the quarter continued to deliver solid results. These results were also influenced by the startup of the new plant in Thailand which is in the ramp-up phase. In other words, we have incurred all the associated (09:25), but having yet to reach full cash generation capacity. Another highlight was the company decision to participate in the tax amnesty program known as PERT. This finally allowed us to resolve all pending federal tax claim.

Please, let's go to page number 4. The last quarter of the year was marked by the volume increase due to the continued ramp-up of the plant we opened on the third quarter with nominal capacity returning to the level of 2014, which is before the capacity closure due to the negative phase (10:13) of cattle cycle. The average of the capacity utilization rates of the Brazil operation reached 96%, demonstrating the improvement in operating efficiency between periods. Net revenue accompanied the expansion in capacity to BRL 3 billion, growing 18% from the fourth quarter of 2016. The highlights were the higher volume due to a plant we opened, higher prices in U.S. dollar, which offset the lower domestic prices and by the stronger Brazilian real. In the fourth quarter, fresh beef sale volume in the domestic market grew 27% year-over-year, with this performance explained by the higher production and strong demand even if below the initial expectation for the quarter. The highlight was the higher share of the Montana brand in total domestic sales, 53% compared to 49% on the four quarters. Just remember that in the local market, we have a lot of product that is unbrand like leather and subproducts. For that, this increased – we have very good performance for (11:35).

Meanwhile, fresh beef export grew 34% with Asia remained the main destination accounting 51% of the total export. Know that even during the ramp-up process, export registered a strong growth, reflecting the company capacity to optimize the production footprint, directing sales from each plants already in operation to the export market, while the recently opened plants, which lacked the necessary certification, direct the production to the Brazilian market.

The export revenue were 47% of the total division sales versus 43% in the previous year. The Beef division ended the quarter with adjusted EBITDA of BRL 262 million, increasing 67% on the fourth quarter of 2016. The result is explained by the better spread in both local and export market and by the higher volume with consequent operation and efficiency gains due to the increase in the capacity utilization.

I will pass now the call to Frank who will comment on the result of Keystone division.

Frank Ravndal {BIO 19230519 <GO>}

Thank you, Martin. Good morning, everyone. Keystone had a solid finish to what ended up being a record year in 2017. Adjusted EBITDA for the fourth quarter was $66 million and the adjusted EBITDA margin was 9.4%. On a year-over-year basis, adjusted EBITDA was down 4% and the adjusted EBITDA margin decreased 27 basis points. It's important to note that the fourth quarter of 2016 as a basis for comparison was an exceptional quarter for several reasons. One factor was an extra week of results in the U.S. segment due to U.S. accounting procedures. And another factor was strong results as the poultry markets recovered from avian influenza outbreaks earlier in 2016.

During the past quarter, we continued to experience strong customer demand and to operate at high levels of capacity utilization. In fact, we leverage manufacturing partners to meet demand that exceeded our capacity for certain products. In parallel, we began to ramp new capabilities and expanded capacity, which will allow us to better meet the dynamic needs of our customers.

The foodservice channel was particularly strong during the quarter as some of the leading QSR brands which are Keystone's biggest customers are significantly outperforming their peer group. These QSRs are increasing both store traffic and average check size through value promotions and by adapting new technologies and approaches like home delivery.

Let's turn to the slide and take a look at the numbers. Please remember that all financial information that is presented by Keystone foods is presented in U.S. dollars. First in the lower left corner of the slide let's take a look at sales volume. Volume reached 289,000 metric tons in the fourth quarter, a 5% decrease on a consolidated basis when compared to the same period last year.

However, if we look at the historical quarterly volume, the fourth quarter of 2017 was the second highest quarterly volume in Keystone's history.

In the U.S., we saw a strong volume growth of 4% in the food service channel which was more than offset by decreases in the retail, and convenience, and industrial channels.

The increase in food service was driven by the value, technology, and innovation initiatives launched by several of the leading QSR brands. The decreases in retail, and convenience, and industrial were for the most parts strategic decisions made by Keystone to focus limited available capacity on higher value products, and prioritize a more favorable product mix.

In the case of the industrial channel, the decrease was the result of the final period of transition from one margin industrial customer to newer customer. During the quarter, one of these newer customers experienced operational disruptions, which dampened demand in the quarter.

The shift to newer customers in this channel represents a higher overall value opportunity for us with less seasonality. In APMEA volume increase 3% driven by strong food service growth partially offset by a modest volume decrease in retail and convenience.

The increase in food service food service was driven by the ongoing success of the large QSR brands and expanding their business in the high growth global markets where

Keystone operates. With respect to revenue, now on the upper-left corner of the slide, the consolidation net revenue for the quarter was BRL 705 million, a decrease of 1% over the same period in 2016.

Revenue decreased 4% in the U.S. driven by the volume decrease but partly offset by higher pricing associated with higher value products, as well as the pass through of higher raw material input costs. In APMEA, revenue grew by over 6% driven by volume increases, price improvements, and foreign exchange gains.

Now moving to the right side of the page, adjusted EBITDA was BRL 66 million and the adjusted EBITDA margin was 9.4%, down 4% and 27 basis points, respectively, from the fourth quarter 2016. Beyond the basis for comparison issue, which I've already mentioned, there were some operational disruptions that impacted profitability during the quarter. In the U.S., there were industry-wide disruptions throughout the supply chain caused by hurricanes and unseasonably cold weather.

Additionally, Keystone had some downtime associated with certain production modifications which will improve operational flexibility and drive greater efficiency in the future. In APMEA, there was downtime associated with the ramp up of a new production line in Malaysia as well as a new production facility in Thailand.

Commodity pricing also had an impact during the quarter. In both the U.S. and APMEA, an increase in raw meat pricing impacted profitability, so in many cases, we were able to pass through these higher input costs. Feed pricing continues to be favorable in - continued to be favorable in the quarter.

Turning to SG&A, it has historically been trending around 2.2% of sales. During the fourth quarter of 2017, SG&A was approximately 1.6% of sales as a result of certain corporate adjustments. SG&A for the full year 2017 was in line with historical levels and we would anticipate that being the case in 2018 as well. Reflecting on a record full year in 2017, adjusted EBITDA increased BRL 21 million or 8% to BRL 282 million. And the adjusted EBITDA margin increased 44 basis points to 10.1%. We continue to deliver on the core objectives of our Strategy 2021 plan including growing volume with existing core customers, establishing Keystone as the partner of choice with new customers across multiple channels, and driving towards a higher value product mix.

2017 was the first year of our longer-term Strategy 2021 initiative, and we executed well during the year and continued to build a solid foundation for future performance. We have invested a considerable amount of CapEx into the growth of the business including new capacity in Malaysia and a new plant in Thailand, and the new capabilities including fresh beef in the U.S. And we will continue to invest in additional capacity and capabilities over the next few years to capitalize on the significant commercial opportunities we have in front of us.

Now, I'll pass the call to Eduardo.

Eduardo de Oliveira Miron {BIO 15427272 <GO>}

Thank you, Frank. Going to slide number 6, I'll comment on Marfrig's consolidated results. For 2018, we – in the fourth quarter of 2017, Marfrig's consolidated net revenue was BRL 5.3 billion, growing 8% on the prior-year quarter. This division supported by higher production volume was the main responsible for the results.

At the Keystone division, the highlight was the 6% growth in revenue from the APMEA region namely Malaysia, Australia and China. Sales volume came to 641,000 tons, 11% higher than in the fourth quarter of 2016, once again driven by the Beef division which accounted for 55% of this total, up from 45% in the previous year. Consolidated adjusted EBITDA grew by 24% to BRL 493 million, while EBITDA margin stood at 9.3%, expanding 120 basis points on the fourth quarter of 2016, basically reflecting the margin gains at this division, which exceeded 120 basis points as well.

Let's turn to slide number 7. This slide shows Marfrig's key financial indicators. As you can see at the top of the chart, Marfrig excluding the non-recurring effect from the tax plan called PERT, ended the year with a leverage ratio of 4.55 times. If we take annualized adjusted EBITDA, which we believe is the indicator that best reflects the current footprint of this division, the leverage ratio was 3.94 times. On the semi basis, the leverage ratio increased from the third quarter when it stood at 3.59 times.

As I mentioned last quarter, our projection for the fourth quarter was for the leverage ratio to remain stable. Despite the fact that the results delivered in the last quarter of the year were good, they fell short of our initial expectation. As I already mentioned, the results of the Keystone division were affected by the weather in North America and by the ramp-up in capacity. At this division, despite the improvement, the expectation was for a better Brazilian economic growth and a better year-end (22:38).

And before I continue the presentation, I want to take a little time to go a little bit further or deeper on the leverage ratio. 2017 was a typical year and we had to make some tough choices about cash and leverage. We believe that these decisions would have a one-off impact in our indicators but that in the long term, it would help to support and ensure our future profitability. In the Beef division, scale is fundamental for a more commodity oriented business. Meanwhile at Keystone, the ongoing investments made were crucial to maintaining and growing our business, as per the strategic plan 2021.

For 2018, we should continue to see the rewards from (23:38) this investment, which we'll help to support the company's deleveraging process. And to accelerate this process and reach our target leverage ratio of 2.5 times, I and everyone else on the Marfrig executive team are 100% committed to executing our strategic plan to achieve this goal. And among the many alternatives, the Keystone participation sale was the path that we decided to pursue during 2017. And we remain focused on concluding this process in 2018.

It is important to note that even with this process already ongoing from the listing, the company continues to assess all its strategic options and is closely monitoring opportunity in the market that could help us to achieve this deleveraging commitment.

Going back to the presentation, now on the chart at the bottom of the slide, I will comment on the company's debt. Since 98% of our debt is in U.S. dollar as well as most of our cash, the following analysis is in same currency. As you can see, gross debt ended the year at $3.8 billion, while our cash position stood at $1.3 billion, down 7% from the previous quarter. As a result, net debt ended the year at $2.4 billion.

In line with what we already anticipated, our expectation was for our net debt to increase due to the investments made to implement the capacity adjustments and the expansion plan carried out during the second half of 2017. A highlight, however, in the long-term profile of our debt were only 50% (25:44) coming due in the short term. And our debt cost had a small (25:51) declined to 6.38% per annum in this quarter.

Let's go to the next slide. So in this slide, we are going to be talking about the cash flow. The Marfrig's registered positive operating cash flow of BRL 88 million, influenced by the results delivered by divisions and by the lower use of working capital. As expected, the continued production ramp-up at the Beef division and the preparation of promotional activities for the Food Service Channel at Houston division led to higher inventories. On the other hand, most of the negative effect was offset by seasonal increase in payment terms to suppliers. As a result, working capital consumption in the quarter was BRL 200 million lower than in the third quarter.

In CapEx, despite the reduction, we maintained a robust level of investment of BRL 247 million in the last quarter of the year. The main investments continue to be related to the reopening of - continued to be related to the reopening of the plants at the Beef division and the growth projects at the Keystone division, which are aligned to its 2021 strategic plan. Meanwhile, the interest expenses came to BRL 192 million, in line with the third quarter. The combination of these factors led to a negative cash flow of BRL 350 million in this quarter.

Considering the non-recurring expenditures related to the company's decision to participate in this tax program together with the discontinued operations, in this case is our Argentina plant, cash flow was negative BRL 599 million.

Important to highlight, the company has been delivering positive free cash flow since 2014. And in 2017, as I previously explained to all of you, we end up with this negative cash flow. Our commitment did not change and for 2018, we shall deliver positive cash flow again.

Let's move to slide number 9 please. In the slide, as you can see, Marfrig posted this quarter its lower, I would say, lowest net loss since 2015 of BRL 8 million, which represents important improvement over BRL 200 million from the same period the quarter before. The results reflect all the company's effort towards the main drivers meaning better gross margin, very well-controlled and disciplined on fixed costs. And finally, cost reduction is on the interest line.

Moving to slide number 10, here, I will briefly go over our key indicators in the year. Net revenue was BRL 19 billion, down slightly from 2016. The highlight was the stronger local currency and the lower price in Brazilian domestic market which accompanied the downward trend in the cattle price. The positive highlight was the growth in sales volume especially these products.

The recovery in the growth of the Brazilian operation at the Beef division during the second half of the year offset the negative impact that the industry has suffered in the first half of the year. Consolidated adjusted EBITDA in the year was BRL 1.7 billion, up 6% on 2016 with margin expanding 60 basis points to 9.2%. This performance was due to the recovery in the results of the Beef division and by the delivery of another record-breaking result at the Keystone division.

With that, I conclude my part in this presentation. I'd like to move this back to Martin for his closing remarks.

Martin Secco Arias {BIO 18098476 <GO>}

Thank you, Miron. On the slide 11, I move over to outlook the first quarter and whole of 2018. I should remind you that the first quarter is seasonally the weakest of the year especially in the Beef division. Therefore, in comparison with the last quarter of 2017, we should expect some margin contraction following the market trend.

The perspective for the year remained positive. The growth in both global and Brazilian economy (31:21) are expected, so the demand is expected to follow. Also the opening of the new markets such as Japan that is expected to open worldwide in the near-term and the U.S. for the Brazilian beef should positively contribute for the global pricing dynamics. Once the scenario is confirmed, the margin for the year should remain in healthy level and within the spread range for the Beef business with EBITDA margin between 8% to 10%. And Keystone division, the first quarter of the year should continue to show some impact from the store traffic due to the bad weather in the United States. While the new plant in Thailand should continue to advance in one part (32:13) for 2018, we expect the market to normalize and the prospects are for the result to remain robust.

In other context, we expect improvement in the company operation (32:27) as well in the free cash flow which should benefit from the great stability working capital and from CapEx returning to its historical level of 2015 and 2016 in the range of BRL 550 million to BRL 600 million. In terms of leverage, as Eduardo mentioned, we remain commitment to the financial discipline and to our deleveraging target. As I mentioned, the sale of Keystone is crucial (32:59:) to our deleveraging plan and reaching their 2.5 target till the end of the year.

We conclude with this our presentation. And now, I would like to open this place for question for you.

Q&A

Operator

Thank you. Our first question comes from (33:49).

Good afternoon. I was wondering, first of all, can you comment on the adjustment you made to EBITDA specifically referring to the leverage slide, I think, it's slide 7 where I think a part - in terms of the 4.55 leverage target leverage, the leverage number you gave relative adjustment to EBITDA. But I think you also account for this impact of the tax settlement with the Brazilian authorities. Exactly how much are you adjusting for this tax settlement in your EBITDA calculation?

A - Eduardo de Oliveira Miron {BIO 15427272 <GO>}

Hi, (34:29). The adjustment was not in the EBITDA. The adjustment was in the netback is around BRL 230 million.

Q - Operator

Okay. So, for the exact amount, the cash outflow is - that's what you're adjusting for in the net debt?

A - Eduardo de Oliveira Miron {BIO 15427272 <GO>}

Yeah. And this number, the number that you - you can see this number in the free cash flow. So then you can see in the next page.

Q - Operator

Okay. Understood. And in terms of going forward after this settlement, how much should we get back in terms of cash payments for tax in 2018 and 2019?

A - Eduardo de Oliveira Miron {BIO 15427272 <GO>}

Yeah. The remaining payment is a small amount, around BRL 3 million, and it's going to be done for the next 145 months.

Q - Operator

Okay. And after that, should we expect any further cash outflows due to tax?

A - Eduardo de Oliveira Miron {BIO 15427272 <GO>}

I'm sorry?

Q - Operator

Will there be any more cash outflows due to tax payments in 2018 plus this BRL 3 million that you mentioned?

A - Eduardo de Oliveira Miron {BIO 15427272 <GO>}

In fact, we are expecting a better positive flow coming our direction from the (35:42) that we have. I think that's one of the most important thing and that's the reason why we made that decision because it's kind of, I would say, it normalized our relationship with the tax authorities. So, then, we should expect to have some inflow.

Q - Operator

Okay. And for 2019, should we expect any cash outflow due to taxes?

A - Eduardo de Oliveira Miron {BIO 15427272 <GO>}

2019?

Q - Operator

Yes.

A - Eduardo de Oliveira Miron {BIO 15427272 <GO>}

I don't know exactly if I understand your question. So, you are talking about the program?

Q - Operator

No. No. No. Just the general tax payment through 2019, I mean, should we assume that...

A - Eduardo de Oliveira Miron {BIO 15427272 <GO>}

Yeah. I mean, we normally pay taxes...

Q - Operator

...things will normalize or?

A - Eduardo de Oliveira Miron {BIO 15427272 <GO>}

Yeah. We pay taxes, In Keystone we pay taxes. And in Brazil, we have a robust tax credit. So then we normally have a reduced tax payment because of the negative - the losses that we carry.

Q - Operator

Okay. And my other question was regarding Keystone. Can you give us any sense of what your volume targets are for 2018?

A - Frank Ravndal {BIO 19230519 <GO>}

Yeah. We don't really talk about sort of guidance and what we're looking for. But I would say that we don't - I mean, we don't see any kind of structural headwinds from the market. We see continued strong demand really almost everywhere in the world around our main customer bases. So we feel pretty good about the year but we don't give volume guidance or any other (37:30)

Q - Operator

Okay. And is that because of the (37:38) to IPO part of the group that you won't any guidance?

A - Frank Ravndal {BIO 19230519 <GO>}

No. I think that's just on our general practice.

Q - Operator

Okay. And can you at least comment on a sort of normalized margin for this business for Keystone going forward?

A - Frank Ravndal {BIO 19230519 <GO>}

I would say that longer targets that we had issued a number of years ago in (37:59) continue to be valid, and we're currently performing well above those. But I don't think we've set new longer range targets, and I think the ones that (38:07)

Q - Operator

Okay. If can you just remind us what it was?

A - Frank Ravndal {BIO 19230519 <GO>}

Those were 8% to 9% longer term.

Q - Operator

8% to 9%. Okay. Got it. And just one last one, in terms of the BRF investigation (38:23) different protein, different company, but have you seen any impact at all from the BRF investigation?

A - Frank Ravndal {BIO 19230519 <GO>}

Are you talking now about beef or are you talking about other global proteins?

Q - Operator

Beef. Beef.

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

Okay. Just to remind you that Marfrig doesn't have any participation on the episode of the last year of the Weak Flesh. And also, we don't have any participation or any movement regarding this last episode of BRF. Of course, it's a very bad situation for the chicken sector and we are so attentive to the movement of - on the market. I hope to understand what is your question because the line was not good.

Q - Operator

Okay. Thank you.

The next question comes from (39:45) HSBC.

Hi. Thank you. Just a follow up on that last call. BRF is pressuring chicken prices. I know Marfrig just got to chicken, but we are understanding that it pressured the beef prices. And so, want to know how the first quarter is looking. Is it stable or you're getting pressure from beef prices or are you able to export more? Thank you.

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

No. Thank you for your question. Of course, if they have some relation internally in Brazil regarding the movement between different proteins. The chicken protein is very cheap this day on the market. Of course, the situation of BRF (40:44) too much for this situation because I imagine that most of the volume they attend for Europe for example stay in Brazil, some part and other parts go to other markets. And of course, it doesn't help for the price in general for the chicken.

But as you know, even the consumer is making a more reasonable consumption, we have very good alternative to go to the export. As we mentioned on the call, we grow very, very much on the export. For that, we are trying to be out of the situation. And internally, we continue working in our quality. As you know, Marfrig is the most well-known brand regarding quality in Brazil. And we have the alternative to go to local market or to export while the situation on the better price. For that, we are looking carefully this situation. These days, also, the Eastern period, is not a very good time to make any conclusion because it's not a typical time to eat beef. But we are not seeing too much problem regarding the situation on chicken.

Q - Operator

You mean, on beef?

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

Sorry?

Q - Operator

In your last comment, you don't expect – you're not seeing much pressure on your beef business in the first quarter. I know first quarter is normally weaker than the other quarters. So, we should not be surprised by additional beyond reasonable softness in first quarter 2018. Is that okay?

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

But when we say that this is the weak quarter, we're always referring to the amount of animals ready to slaughter. This is the most important part of our business when we talk about seasonable on our business. Regarding the sales, we have different episodes during the year that we must manage between export or local brands, and other things.

But our – always our attention regarding the margins are more focused on the volume of the animals available and the price that we need to practice regarding this.

Q - Operator

Okay. So, sorry, one more time, to summarize, there shouldn't be any more than usual – so, first quarter 2018 is stable. BRF is not impacting you too much because you're able to export more?

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

Yes.

Q - Operator

Okay. Thank you.

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

(44:01)

Operator

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

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

Thank you. I would like to thanks all of you to follow our presentation and to participate in our Q&A session. And Eduardo, Roberto, of course, me will be waiting if you have more questions in the next day or today. We'll keep in touch. Thank you, all.

Operator

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