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# Q3 2011 Earnings Call

## Company Participants

- Cristiana Pereira, Director of Relationship with Institutions
- Jose Antonio Fay, CEO
- Leopoldo Viriato Saboya, Chief Financial, Administrative and IR Officer
- Unidentified Speaker, Unknown

## Other Participants

- Carlos Albano, Analyst
- Daniela Bretthauer, Analyst
- Isabella Simonato, Analyst
- Paolo Jeso, Analyst
- Pedro Leduc, Analyst
- Ricardo Boiati, Analyst
- Unidentified Participant, Analyst

## Presentation

### Unidentified Speaker

I would like to ask those who are not yet seated to please take your seats and the receptionists will help you find a place. Good morning, everybody. Welcome and I would also like to greet our audience on the Internet and reminding you that our material can be downloaded on our site and you can be following it more closely.

I have the honor of chairing this meeting and this institution has already been with us for 29 years and there are very few companies that have this relationship with APIMEC Sao Paulo. And for 29 years now we have had this commitment with the analysts of Sao Paulo and investors. And I think that this is so important.

I would like to greet Sadia and Perdigao executives; BR Foods, as well. And remind you that it is also very important to have this interaction to disclose the results with APIMEC Sao Paulo. And it's very important also for everybody to have access to information directly, dynamically and quickly.

So for those who do not yet know, we have Brasil Foods being presented at APIMEC today. We have our Directors, Presidents and Vice Presidents which -- a company which is part of the Novo Mercado. And we have with us Jose Antonio do Prado Fay, CEO. And CFO and IRO Leopoldo Viriato Saboya. I would also like to remind you all that please put your mobile on the silent mode; that is very important.

I'd like now to ask Mr. Fay to take the floor.

## Jose Antonio Fay {BIO 15337837 <GO>}

Good morning. And thank you all for coming. We have a very interesting audience here today. Sometimes we talk to you and directly my colleagues are here. We are happy to be here at APIMEC so with all these privileges that Brasil Foods has, we were founded in May of '99 and we have been with APIMEC for 29 years. So it's an interesting relationship. But this is the result of the heritage of the Company, which is a really good heritage. It is a heritage of two companies with a very interesting story.

And today, as time is always of the essence and difficult sometimes to get everything done, we will use this APIMEC not only to talk about the quarter's results. But to talk a little bit about our merger because sometimes, after the approval which happened at this quarter, we have completed a very important phase of the process, which was the approval at the CADE of our merger. That's the Economic Council for Economic Defense. So we will present you with our earnings.

We are carrying out a merger and during this merger process, I am delighted with the Brasil Foods' team because we are carrying out a very complex merger process involving 110,000 people; a huge structure. We have not lost focus on the result and we are also preparing the future.

So in this period, we have had very interesting results indeed in very complex environment. 2009, 2010 were difficult years and we have had many of our investments in this phase in things that are less sensitive and less objective. We have not had so many cements or screws in our merger but we have put in a lot of effort for systems and people training, communication. And we continue to advance according to our principles of building a company which is a world champion and has a global role in the food sector in Brazil.

So we will start speaking (technical difficulty) I hear -- I feel like a professor and I never really got on all that well with my professors. Here I am up at the pulpit and our relationship was not all that easy. So I will tell you a little bit about the Company profile and then we will get into strategic questions, then the domestic and international markets and then the quarter results.

The Company profile. I always start with a mission and vision because it is important that this just not be on the wall in the Company. But it really has to be a belief and some words I think are more important here and should be highlighted in the mission; saying, well, there is one sentence which I like a lot which summarizes the Company's positions which says affordable prices; affordable prices are not necessarily low prices.

So affordable prices are not necessarily low prices; they are the correct price and which, as we see it, as we produce foods that are present in people's lives all day long, it is to have presence in prices and brands and foods which are present in people's lives all day for people of all different income brackets, for all kinds of consumers.



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And in the vision, the Company really has the intention -- more than the intention, the possibility of having a role -- a more relevant role in the global food market, or the food industry.

So here we have the main numbers. Many of you are familiar. We have good net sales and we have 7 million tons of food produced every year. And of these 7 million tons, 100% of what is produced in Brazil is with a brand. They are packaged consumer goods and abroad, 70% of what we sell is also with a brand. There are few markets of ours which are accessed as just bare commodities.

Basically, Europe, with turkey and chicken breast and some things in China and some things in Russia, when Russia was an available market where carcasses were sold. But otherwise, in all our exports, we always seek a market with branded products as here in Brazil.

By the end of my presentation I will have got the knack of using the slides.

We are not a commodity company. We are not a protein company. We are a food company and we have two main pillars of our business; brand and distribution. This then is part of our strategy always. We have very relevant brands in Brazil, some which are also very important in other countries. And we are now building this phase of internationalization of the Company using these brands. And using, also, local brands because the building of the brands today is a very much more lengthy process outside of Brazil and we have a local brand and our own brand.

And here, when we put the two things together, this is what we have -- this is one of the pillars, one of the strengths of the Company which spreads out throughout Brazil and some places in the world. We have a brand plus fragmented distribution, which gives us an -- in Brazil a relevant position. And no client of ours accounts for more than 4% of our net sales. And this then gives us a very -- room for maneuver among the different kinds of distributions and sales which we render to the market.

I'm left-handed so it's a little difficult to work the mouse here.

And this, too, is very interesting. We have a footprint. As before the merger, the two companies competed for leadership, this led to a very interesting industrial footprint. This business was born in the south of Brazil, Santa Catarina, Rio Grande do Sul and Parana with grains. And then it came on up Uberlandia, then Perdigao had Rio Verde. And so on.

So our factory distribution follows a very interesting pattern regarding grain production and consumption. We managed to maintain an interesting distance, like being close to the grain but not too far from the consumer market, which is very important for perishables and with this distribution network. So this is one of the strengths of the Company, this geographic distribution which we have in Brazil.

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And together with that, we have a distribution center network as well. This is still not optimized yet. There is still a lot to be done because, particularly in the distribution network, we do not have so much flexibility as in other mergers regarding factories, because we must remember that around every factory there is a system of integration. As we are completely verticalized, you cannot move factories here and there. But you can rearrange the distribution network and this is something which is still ongoing.

Now in the foreign market, we have an interesting position as well regarding -- well, it's still incipient as far as production goes and recently we had a movement, although recently it is still fairly small notwithstanding its value. In Argentina, we acquired a slaughter plant, which is very well located in the grain field 700 kilometers from Buenos Aires and Valparaiso.

The exit is in the airport on the Plate River. And there are many ways to go and Argentina has a possibility of playing the game of producing protein much more than it plays today. It has already begun to appear in the foreign markets. But this is only incipient and basically because Argentina has no technology in the production of pork and poultry. They have the basic elements. They have grain at a very competitive price. They have a reasonable network for transportation for what we need. So the possibility of Brasil Foods transferring knowledge which was acquired in Brazil throughout the 70 years in the process of integration and of production.

In the use of all the available raw material for the animals, is very interesting and the Argentine potential must not be ignored and much less the future of the country. The country has a huge capacity and potential to be a very important player in this game, which is dominated by Brazil.

And now let's talk a little about a tool which I think is very important because, when we have a company which is in the middle of a merger process, I would say that we are already quite advanced beyond the middle but the question of having a tool -- an alignment tool is very important. People must be aligned around an objective and when this objective is still part of the way we operate, let's say long-term planning, five year planning for example, we join two interesting things together which make up a good point for the business.

We align the Company around a project which is the BF 15 (sic; see presentation). This is the internal name for this product, which using the advantages of the Company, we are a food company, processed foods. We are familiar with distribution. We manage to -- we can manage a long chain, which is very complicated. We are complex. But it should not be complicated. We manage a truly complex chain and this brings us advantages.

You have -- but to know how to manage that is a competitive advantage because we can master the cost and quality of our raw material and at the same time, we reach the consumer with strong brands. So this is a great strength of the Company and can be replicated in many places, or at least using the Brazilian raw material processed locally. So based on these central ideas, we have built the project which we call BRF 15, which will allow us to double the Company until 2015.



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And as we drafted this project during 2010, it's a long project and we will build it -- we have been building it for months in the Company. And we must prepare -- we'll draft the project, which is compatible and consistent with the stage of the capacity of the Company being prepared to deliver it. So the drafting of the business is very important because there is a preparation which has to come well before our cycles -- our long cycles.

So we have had the merger and national consolidation and we're doing well here considering the size of this merger and the noise level that we have. And the joining of these two cultures, very competitive cultures. They were more than competitors; practically adversaries or perhaps even enemies. Two companies which had a very aggressive position. So the first challenge of bringing these two cultures together was overcome and overcome with much success because of a lot of communication effort and a lot of work based on that which is essential in all of this, which is people.

And here also we have a very internationalized culture. We export to 100 countries. We have offices everywhere; 19 international offices. In other words, in fact, we know the world and we know how to operate in the world. But now we must transfer this to a very much more procedure minded company and a much more located one.

So to give you an example, the world produces about 78 million tons of poultry. Forget the processed meat at the moment and of these 78 million tons, only 12 million are traded globally. In other words, are exported or imported.

So food is a very sensitive and strategic good or asset for countries. So all countries, even with high costs, subsidize and produce food. It's a question of national security. So the fact that we will always have export flows, this is very important to us and it is part of our business.

But as we export to ourselves and we process locally, we will be adding much more value to our business. And besides processing locally, we create local distribution conditions. So this then is the background of the BRF 15 and then Leopoldo will say a little bit more and go into further detail. But basically, this then is the strategic idea behind this plan in such a way that this Company between 2015 and 2020 will become a global company and a global player in processed foods. This is what we are thinking. This is what is behind our planning.

And here we look at what the conditions are, where we think we can execute a plan such as this, an aggressive and daring plan. But the Company can do. There are some foundations. This model that Brazil has developed is very important because of the mastery of the cost and the quality of the chain. We are low-cost producers which allow us to play this game in other countries with competitive advantages almost always. And if it is not with competitive, at least on the same footing, we have good know-how in the production of processed food and the use of raw materials.

And another very important thing in our business is scale and scope. We are one of the largest companies in the world with what we do and we have a very, very broad portfolio which transcends basic animal protein like poultry and pork and beef. But we have dairy

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products and margarines. So the Company really has a frozen and refrigerated production which has no rival.

And based on this, we use competitive advantages to push forward our growth both in Brazil using our leadership, maintaining this leadership through innovation, through new launches, through service to the consumer, to the client and also diversifying our portfolio, having organic growth and also through acquisitions. So we will achieve this target that we have for 2015. But the premises which support this strategy are being delivered.

This is a slide that views -- when we did the follow on and the funding in 2009 -- July of 2009 to financially restructure the merger as from the integration of Sadia. At that moment the strategy was no different from this one. But we did not have yet to find all the premises of how to get there. The Company believes truly that we are not and we do not want to be a commodities company. Nothing against commodities; you could make a lot of money with commodities. But our business, it is not what we are seeking. We are really seeking a brand business as we have in Brazil.

If anybody looked at Sadia and Perdigao and said that Sadia Perdigao are commodities companies, everybody would say, no, of course they are not, they are food companies with a very strong presence on the supermarket shelves and all multinationals -- like all other multinationals in the country and with strong brands such as they.

So we can see that these two years we have been going in the direction that we wanted to go in. Obviously, it'll always be more challenging because you have cultural challenges, operating challenges. Now we are beginning to build in Abu Dhabi. To build a factory there is a challenge for the Company. But it is the first of many because this idea of acquisition is always compared to greenfield. And sometimes, when you do not find a company with the characteristics that you believe will bring results for the shareholders and that you can make grow, you go to the greenfield option and this is what we did in the Middle East and what we are doing now.

And now with the process of the integration of Argentina, next week we will have the first meetings. We will merge the two operations which we bought there with the other operation which Sadia already had and have one sole food company, which will be the BRF Argentina.

We have the Plusfood in Europe, which has been with us now four or five years. And these challenges will continue to grow. And it is very important that we do not lose our focus and the order of doing things; that we do not choke on the whole piece but do things bit by bit and well. So far so good.

So I'll talk a little bit about the domestic market and then let Leopoldo work a little bit. And he'll talk about the domestic market -- the international market.

The domestic market, the first question is the maintenance of leadership and growth and consolidation of this leadership through products, services and consumer products and using our brands, which are very strong. And here we have some advantages.

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To be in Brazil is an advantage -- competitive advantage. Here in Brazil we have a consolidated leadership which had an increase -- income increase of 14% in three years. This increased income does not only go to food, it goes to vehicles, etc. But a lot comes to food because we have a large population entering the consumer market very quickly. So besides coming in with wishes to buy TVs and motorcycles, they also have the need and the possibility of eating better and feed the family better, which is something which a housewife always has in mind. Good food and safe food, these are two very important qualities that the brands bring with them and so -- and this is an advantage to us.

And here we have some categories that we have which are still immature in the market with low penetration. Frozen foods, for example, which were created by these two companies which BRF is leader in today, were practically created by these companies and they have a lot to do, first of all, with the quality of the development of these products.

The first attempt was made in '70 without any success because the products were not good and, now, in the last 15 years perhaps the quality of the frozen products has reached a level that the consumer -- the urban consumer who does not have much time to cook believe which easily and much convenience because we see convenience in these products, can eat well with quality and health.

So this also has to do with the way of thawing the food. Today, you have electric ovens, you have microwaves; there are many ways to thaw the frozen food, which helps. So there is still very little penetration in these particular categories and this, then, is the basis for the development of our business in the domestic market.

But also there is always a challenge, as always. And I just would like to show you a little bit about how we are going to carry out the performance agreement that we have signed with the CADE, which is the Administrative Council for Economic Defense. And we are going to withdraw from some specific categories. The Batavo, for example, will be just restricted to the dairy products and that strategically is correct. That is where it should be. But it has an extension, it can be extended to the frozen sector and we will give that up. And also the categories of the Perdigao which --- and that is all in the material information sector.

But I just wanted to mention to you I think that the main point, the most complex question here of dealing with this, besides the operating issues, is the brand. How do you manage this? Because, we have a brand strategy post merger. It doesn't seem to be going back. There we go. So when we made the performance or the merger, there was a time when the Perdigao brand came very close to the Sadia. Even intentionally -- it was the intention of Perdigao to make the most of some of the Sadia characteristics which they could use more easily.

Since 2007, even before the merger, in Perdigao we began work and also in Sadia. This wasn't good for anyone but less bad for Sadia. We began to open and differentiate things where Sadia went to the more urban side, the more modern side and the S brand. And Perdigao was more on the heart side coming closer to the consumer. And Sadia using

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more the image of modernity and of urban living. So these brands had a lot to do with sociability and vitality.

But this segment is very much more than that. This is just so that we could understand the idea. As we are losing the basic brands that are used first to enter the category, what happens is that the brand style have to stretch a little further. We, at the end of the day, become less purists for our brand for a certain period without losing the center of the brands' attributes what we pulled Perdigao a little bit maybe working on the symbol of the heart, etc. So we pulled Perdigao over more to the closeness to the consumer and Sadia more to the side of vitality and pleasure to fill that space up with two brands which, at the end of the day, are the brands that we have to work with for the last -- next five years. And this is the way we will go and this is how it will go.

Sadia has been connecting its image to vitality; judo and water sports. And today we have the athlete, the Olympic champion -- swimming champion. This is a very interesting project with underprivileged children but with high performance sports, which we have been sponsoring since 2009 which occurs in (Jacupara) in Rio de Janeiro. It's a project -- if you have a chance to see it, it's a great project and it's called to Launch Yourself for the Future.

It's a professor in Rio de Janeiro that's doing it. He has 600 children and they have a champion athletics team in Rio de Janeiro and six Pan American athletes. And all these people are people who come from poor communities in Rio de Janeiro, or near Rio de Janeiro. So it's a very interesting project. And BRF as the sponsor and Sadia as a brand with its progression of vitality and pleasure and Perdigao follows its direction of this symbol and the heart symbol. So we will be launching products that have to complete the portfolio faster so as to encompass the market as a whole and meet the needs of the consumers according to their consumer needs.

This is basically our brand strategy for the next five years because we no longer have an entry brand as we no longer have (Confianza) and (Hezende) which were our entry level brands. So for us to comply with the performance agreement, this merger was quite complex but we are now ready to comply with the performance agreement.

Now, talking about our dairy business, at that time we started with Perdigao when Perdigao acquired Batavo and Elege. So our dairy strategy is present in all categories. We are the only dairy product producer which has the complete line of products. That's very interesting because we can position our brands in different portfolios.

Batavo alone holds 12% of the market of cold products and also important participation in UHT.

Elege is our milk brand. So we have been through a period of learning. We learned how to work in this very different line of business, which has a high level of complexity. And so, based on our strategy and with these strong brands, we have been able to develop this market.

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We certainly have synergies with sales and distribution. We also -- we are quite advanced in capturing our synergies in distribution. But in sales we are still correcting some actions because sales people dynamics are very different from the dynamics in other areas of our business and this, the dairy business is different from the other businesses we operate in. It's less capital intensive compared to meat because we basically buy milk from market producers.

Our portfolio is one of our major strengths and we can set up production clusters. At least cheese, the dry line and fluid milk will be in areas close to milk production so we can focus on profitability, not so much on market share, except for cold products where you must be more marketing oriented. You must look at the market in a consistent manner. But with this market, you can actually look at profitability more provided that you have the correct structure, which is what we are setting up. So this is basically our strategy.

Cheese represents a good opportunity because it is a fragmented market in Brazil and this is one of the main channels we will use, which is the food service channel.

For BRF, food service is not a segment; it is a whole business. It has its own Vice President so it is not just a business unit and we believe in this business. We believe in its opportunities.

To me, food service will be led by those who have control over the protein. And we do and also those who have a good distribution network. And this is something we have. And if you look at our scale, it gives us competitive advantages. Now when we look at the penetration of these categories in food service, everything you see here we already have. So this was basically after we acquired Danica. They have mayonnaise and other sauces, which we didn't have in the past. So today we can have the one-stop shop strategy. We can talk to our suppliers or to our customers and we are able to provide the full line of products.

Actually, the food service market is very similar to the consumer market. The food service customer also needs convenience. They also need a high level of service. They want us to provide the level of service that was agreed upon with the least possible obstacles so they can focus on their business. Now the fact that we can provide such a broad portfolio translates into an advantage for us. So when we talk about an integrated solution, we have an integrated solution which is segmented by customer category.

We are now conducting a process to segment customers because they have different needs. Food service customers have their own particular needs for different services. Sometimes the product is the same. Well actually, quite often, the product is the same. But services have to be delivered at different levels and in different manners and this is part of the integrated solution we can provide.

Now, talking about our global presence, all of these brands are our customers. So this is one of the segments we serve in food service. Some of our global accounts, we sell product for them in Brazil and outside. KFC China is a major customer of ours. McDonald's all over the world.

But always following that rule I mentioned in the beginning, no single customer accounts for more than 4% of our net sales. But they are all important. So as we build new plants in different regions of the world, we will be closer to these customers. We will provide better service and we will also improve our profitability. So together with our food service strategy for the domestic market, we also have global accounts, which help us expand our service line.

I'm still challenged by this remote control.

Let me now give the floor to Leopoldo. He usually does most of the talking and not today. But he will now talk about international markets, our strategies. And how we are positioning our brands in different geographies and then we will talk about the third Q earnings. Thank you.

## Leopoldo Viriato Saboya {BIO 16137418 <GO>}

Good morning, everyone. Let us now continue our presentation talking about international markets. This is my first slide. We've already spoken about our strategy for international markets where we see lots of opportunities for growth. We have identified opportunities. And we have also designed a path for us to become a world-class company. Necessarily, we will undergo change and we will adopt new business models outside Brazil.

When we look at these strategies, we are not here to tell you anything new. You already know these strategies. Indeed, for us to grow outside Brazil, we will have to do this. So we need organic growth, greenfield operations and also selective acquisitions to complete our strategy.

If we wanted to breakdown the international markets, we have a strategy for current operations. So we want to further qualify our exports business. And the other lever would be for us to be able to localize our operations more and more on international markets. This is going to bring advantages in processing, branding. And distribution.

However, this process of localization will not be linear. For each market, we have a specific strategy, a specific timing because markets have their own particularities. And it is important to understand the beauty of this business, which is for us to use our best competences and our competitive edge in each region. So this is the essence of our growth on international markets.

At the end of the day, we want to do as planned. We want to execute on our plan and we tend to diminish volatility and increase our margins on the international market. This is our ultimate goal.

Talking about Europe and Asia or Eurasia, here in this geography, our business, or our strategy, would be to improve what we already have in Europe and make Plusfood a solution provider.

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We want to provide solutions to customers. And these customers are basically food service customers and specialized transforming industries. So in Europe, the main markets such as France, Italy, even the UK, as you know, these are markets where processing industry brands do not easily reach supermarket shelves because they have a very strong market of domestic brands.

We have to adapt to this reality. So our goal is to add value to the product and meet the needs of our customers. First, to add value, this is not only through brand. Branding is one of the ways for you to add value. But you can also add value by having a differentiated product or by adding service. Actually, we have a preferred supplier project, which is doing precisely this.

Plusfood is doubling its capacity for processed products. We are closer to end customers for us to adjust our production to their needs faster. So we want to advance in this value chain in Europe. 27% of our international business comes from this geography Europe and Asia.

As we talk about each market, we want to bring you some examples of products we have in these geographies. So here, you have products for the processing industry, products which are used not only for -- by food service chains. But also by processing industries. They also buy our products. And we have specific strategies for each European country. Sometimes we look at Europe as if it were a single geography. But we know that sometimes European countries can be very different from one another.

The Middle East, it is always important to highlight it is the major region. I believe perhaps this is the place where we are more mature in terms of similarity to our operations in Brazil. We have a very strong brand in supermarkets. It is a top of the mind. Actually, we use Sadia brand in the Arabian market.

And now our goal is to consolidate this leadership position, strengthening our brands of processed products. And for that, in the last quarter, we announced a greenfield project for a processing plant there, which, at the end of the day, will help the Company have products which are more adapted to the local culture and a shorter time to market. We will produce these products faster. And they will be more consistent to the local culture and we will also have access to customers we currently have no access from Brazil.

So the Middle East market was important for both companies in the past. Both had a long time experience in this market and no doubt, we have to strengthen our brands in the Middle East. It is one of our priorities, one of the pillars for growth and for value creation, as looking at international markets.

Now, here, you have some of our products. This picture, on the left-hand side at the low corner you have a Ramadan promotion. Those of you who know the Middle East market, you know that Sadia is one of the prevailing brands there and this is a fact. I am not talking about a project or a plan for the future. This has actually happened as we speak.

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Talking about Latin America, until a short time ago, we didn't even talk about Latin America as a market on its own. Both Perdigao and Sadia enjoyed a greater growth in further away countries like in the Middle East, in Russia, in Europe. These three geographies have always been very important for the two companies for different reasons; for the demand and competition reasons.

But now, we want to talk about Latin America as an independent market because Argentina has become extremely competitive in the production and transformation of vegetable and animal protein. Argentina will become a new exports platform for us. So our strategy is to increase our presence in these regions. We have recently announced our plans for the region.

We also want to expand our distribution chain and brands in Latin America. We believe Latin America will be a great growth driver and Latin America can actually become an exports platform for us.

Let me go back so you can see these pictures. These are some promotions. This one was in Chile, then in Argentina, Uruguay.

Talking about Latin America, we have an important market in Venezuela. We export food products to the Venezuelan people.

And here in Argentina, we have two new projects. Avex, which is a poultry slaughter company, it's actually a recent project in Argentina. We will actually be able to leverage the experience of this company. Actually, these two companies have different characteristics. One of them we know quite well, which is the slaughter and processing of chicken.

The other company has products and categories we don't have such a large market share. So this company will actually add market share to us and also new products, which may even come to Brazil or to other markets.

Avex also has opportunities of organic growth as we are able to integrate our know-how. They have 150,000 poultry being slaughtered per day. So, it's a small plant compared to Brazilian standards. But, we believe we have a lot of opportunities for growth. The investment was approximately $150 million to acquire both companies with BRL22 million net debt. So the overall disbursement was $85m, not including the participation of the local partner.

Talking about Danica, as soon as I can change the slides, Danica is a well-established company. You could actually call it a traditional Argentine company focused on products for end consumers but also B2B to the processing industries. So margarine, mayonnaise. And other products, such as empanadas, which is a traditional Argentine product, a recent investment. This brand is a leader in the market of margarine.

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Down here, you have a pie chart. You see our margarine brand, which is a leader in Argentina and we rank as fifth in pasta and third in mayonnaise. But they have a big presence, quite well spread in terms of the distribution channel. So Danica, in terms of the distribution network, is very similar to what we have in Brazil. So we will be able to use this structure, not only for Avex. But also for Sadia Argentina so that we will capture these synergies. The new Sadia Argentina will be a mix of Sadia, Danica, Avex. And well everything we already had in Argentina.

Now, talking about the Far East, I'd like to talk about Japan and China. But Japan has always been and still is the number one market. It is actually comparable to the Middle East in terms of maturity level, a traditional market for Brazilian exports. They are a traditional buyer. Brasil Foods is the number one supplier of frozen products to the Japanese market. And here, it is important to understand that each market has its own particular characteristics.

In Japan, we have very good results, very good earnings based on high value added frozen products where the brand becomes a key factor. The high quality, the level of services we deliver, this is a brand which is very close to consumers. The Japanese market, the Japanese retail is very different from what we have in Brazil or even the Western retail as you find in the US or in Latin American countries.

But Sadia is a very important brand in Japan. We wanted to become a premium brand and our other brands will have a different action. But Sadia adds a lot of value because these are considered differentiated products. But we want to grow in the Japanese market. We want to have less volatility. We want to have a more long lasting relationship so that we will no longer have so much of this trading profile with ups and downs.

Now, talking about China, we all know the whole world has its eyes oriented to China. The Chinese market is very much under the limelight because there are other mature markets which will hardly grow, or will not grow at all. So China and Brazil receive a lot of attention because these are consumer markets that continue to buy and grow.

We are very optimistic about China, looking at the near future or even the mid-term future. We believe -- we are convinced that China will need a lot of food and they will have to import food, especially protein food. They will need raw materials, corn meal. Water will be a key factor in this business and China does not have enough water to be able to process and to produce livestock.

I mean, if you look at the water consumption in the whole chain of protein food, it's huge. And Brazil has abundant fresh water as opposed to China, not talking about environmental issues and pollution, etc. So China will continue to be an importer of food products. But, of course, this is not something you can take for granted. We will certainly face obstacles until we can consolidate our position in the Chinese market.

For that, we're looking for a local partner. We have already found a local partner. We are negotiating a joint venture. The company name is Dah Chong Hong, based in Hong Kong. But they already have a penetration in Mainland China. They are already buying from us.

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They have been our customers for quite a few years now. And we now have a closer relationship. In the first phase we will have a partnership for distribution and in the future, we may even have processing plants. And we also envisage a third phase where we may actually have our own plant in China.

I just wanted to give you some details of this company DCH. It's a Hong Kong-Chinese mixed capital company. They work with food products, processing, distribution and they also have retail stores. We believe it is the right partner for us. They are actually listed. They are a public company. So you can look for more information on the Internet.

Africa. Africa is also a very interesting market, which already accounts for 8% of our international business. Africa is the country where you have the highest populational growth and also income. Yes. It is true that they come from a very low level. But we see great opportunities in the African market. The per capita consumption of meat, the three types of meat in Africa is 15 kilograms per inhabitant per year compared to 35, which is the world average and over 90 kilograms here in Brazil.

Of course, we have to look at these numbers in relative terms. But if Africa comes closer to the average of 35 kilograms per inhabitant per year or even half of that, that will represent a huge increase in demand. And we want to be ready to capture these opportunities.

We set up an office in South Africa and we will have distribution in Sub-Saharan Africa because the Muslim countries are served through Dubai. And we believe Africa will become an important market for meat in the next few years.

Now very briefly I'd like to talk about the merger process, remind you of a few points. We believe this is a very important moment for us to think about this. This is the first APIMEC meeting after the official merger. That is after the merger was officially approved by Brazilian authorities and we'd like to talk a little bit about the process and the synergies themselves.

We started in May 19 as we announced the merger. And in the last few months, we had this long process until we come to the situation we have today. I mean, if you look at the Brazilian antitrust system, we started the process in 1909 (sic) with APRO and we ended with the authority's approval.

Now, the third line here is the follow on. It's a small detail but extremely relevant because it showed the trust the market had in our story and at that time, it was just a story. It was just a plan for the future. We talked about an investment case and we presented that to the market. Those of you who remember that personally or as history, at that time, at that time we were still living through an international crisis, the world financial crisis. There was a lot of uncertainty in terms of capital flows.

And for us, as we saw this great trust of the market, we felt highly motivated. And we felt the huge responsibility of providing the right response to the market. And I believe that



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we have been able to respond, not only looking at the share price, the share value. But also all the things we delivered in this period of time, which is beyond earnings.

Of course, it's important to have earnings in the short-term. But, we are building the future of this organization, which is bigger than the sum of the two previous companies. We had help of outside consulting to map the processes so that this was a true merger process and we're happy to announce we were successful in these efforts.

Of course, it was a lot of hard work. It was really difficult to conduct a true merger process. But the results we have planted will certainly be long lasting and they will transform the Company into what it wants to be, which is a world class corporation.

And I'd like to talk about a bit synergies. I know that nobody's particularly interested. But I would like to say a few words about that. And from the purely economic point of view, we -- mergers only make sense if it brings an economic benefit which can be perceived, calculated, identified, which is a synergy.

So we did a lot of hard work and we could improve it now after the CADE approval and after learning all the numbers. So these are the gained leverages in terms of synergies, of costs, of expenses, grains, manufacturing, agribusiness. I'm not going to read all of this. But in a summary, there are best practices and all these boxes and all these spaces, there are things for us through application, things which take longer to be applied.

There are projects which necessarily to access synergies we have to make investments, CapEx investments. Others are expenses or expenditures. And we have been presenting to you all these synergies which have been made. And for this year, 2011, our estimate is to close with gross synergies of BRL205 million and direct and indirect expenses of BRL45m.

In the nine months, we have done BRL400m. These BRL516 million are compared to an initial study and an estimate which goes back in time of the follow on of the beginnings of the studies, which was BRL250 million for 2011.

And our objective, as from 2012 and '13, is to have a BRL1 million (sic -- see presentation) synergies, which compares to previous idea of BRL500 million of synergies and which, as I have said. And reinforces, again, they will only be achieved when we complete all the projects mapped and if we make a total investment during the years of 2011, '12. And '13 in the amount of BRL700m.

Here, we have the disclaimer below because this, of course, is the objective of our Company but obviously is subject to changes and variations. It depends also on market circumstances and management decisions and possibility of obtaining funding.

Having said this, we would like to talk about the quarter results. We have not left it last because it is least important. But we have decided to invest a little bit more time to talk about the organization, the future of the organization and the important quarter that this

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has been for the Company because all quarters are important, we have no doubt about that. But it's always good to keep this medium/long-term look at where the Company is going because I think this is where the Company's value lies.

So talking about the highlights of the Third Quarter, we have a growth of revenue of more than 10%. We have said that we have a good operating margin and there are always circumstances between quarters which make the margins slightly higher or lower.

But for the year to date, the margin has been favorable, particularly with the environment that we are producing these results; the merger, the uncertainty. And the regulating agency, all the question of the cost pressure, which has been huge, which all the food sector has suffered in the world. And the exchange rate. We are very satisfied with the result that we are presenting, not only because of value as such, because of the circumstances and the environment which we had to do it in.

Capture of synergies and the net profit, which is record for the Company for everything to be distributed to the shareholders, to the employees and record EPS and acquisitions in Latin America, which I have given you. So let's go through all of this quickly and then we can go in further detail during the Q&A.

Net sales growth of 10% and year to date a growth of 14.3%; good strong growth. Above all, when we look at the absolute dealt, BRL2.3 million more in growth. This means many large companies, food companies in Brazil and the world, just this alone. So Brasil Foods has become a pioneer in its size and sometimes we ourselves are impressed.

Now, a breakdown of these results; the different gross profit, operating profit, EBITDA and net income, I would say that this again is the third consecutive quarter where all these metrics are better than they were last year and we can translate or preserve the value in a very important way. Ever since -- well, right from the revenue to -- we always for net income. We have an improved performance of all and a significant leap.

Now, talking about the EBITDA in the last five quarters, we are maintaining this above 10%; between 10% and 15% with a peak, a very important peak. But the average is showing us in fact that the Company -- what the Company can do.

Breakdown by markets, the domestic market, accounting for all operations in Brazil. W have had a growth of the profitability, both on absolute and relative terms and also the export market, a growth of profitability regarding the former quarter and reminding you that a lot of this quarter was spent facing different difficult export factors.

The exchange appreciated until August when there was a devaluation, which affected -- slightly positively affected the margins of the Company and will bring better prospects in the Fourth Quarter and so on. Yesterday, we had another change in the exchange rate. But I just would like to mention the question of the exchange rate obviously is very, very important. So we follow this. Sometimes, we benefit, sometimes, we don't. But, short-term, it is relevant. Medium and long-term, it is not the most or the overriding point in our competitiveness and growth. We have shown solid growth in many, many quarters, notwithstanding the exchange rate and grown continuously regardless of the exchange rate.

So to close, the earnings per share is also record; a growth of 180% of earnings per share of the nine months to date, which in nine months is much more than the whole year of 2010.

Here, we have a very good leverage, a low level, therefore, in spite of this increase of 0.4 points in the quarter, due to the question of the exchange debt.

With a new exchange, the debt goes up. So the debt goes up but does not generate the proportional financial debt. Our financial debt because of the exchange rate, in fact, was marginal compared to the size of our exchange debt since our balance sheet is very protected regarding exchange assets and liabilities.

And we manage our cash flow, which -- and this does not impact things every month and matches completely the revenues which are occurring. So we go back to -- we have once again presented a very solid and sound balance sheet to be able to present the BRF 15.

And finally here, we have two photos where we show data and facts and thank the capital markets for their trust; something which was an investment case at the end of 2008 and with an appreciation of 166% in this period with all the uncertainties and difficulties, the markets going up and down. So I think that we are very pleased with the -- and with this, we are quite sure now we're going in the right direction.

And finally, this was the picture in 2008 before the creation of this giant, which is Brasil Foods. The market cap of the two companies, independent companies, was the ninth and tenth company in terms of market cap among all food companies in the world. And when we added them together and created the Brasil Foods, it is worth about $6.3 billion market cap and had an average value of those first six companies which we considered as truly world-class companies, it had 13% of the average value of these organizations. And now, after these two and a half years, we see Brasil Foods doubling its relative share vis-a-vis these giant companies. And this -- and we are going to come closer and closer.

So thank you very much. And we are now at your disposal for Q&A. Thank you very much.

Thank you very much. And as you have said, Leopoldo, we reply to all our actions and strategies are there in the market and are there on our chart. For us, what is important is transparency and integration in the market and so, thank you also for this opportunity. I think you are all very pleased. So there's a chart which does not allow us to lie.

As we do regularly after the presentation, we open the floor to the management. And we would also like to give the seal, the APIMEC seal to this Company; a company which was already born awarded with many prizes. So we are very proud of this relationship. And we hope that this will continue for the next 29 years.

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Before we start our Q&A, I'd like to call Cristiana Pereira, who is our Director of Institutions or Relationship with Institutions at the BOVESPA.

## Cristiana Pereira

Good morning. I don't want to take up too much of your time. But I would just like to say that I am pleased to announce that Brasil Foods is joining the campaign of our want to be a member of the stock exchange. The stock exchange has a tradition of educating investors and Brasil Foods is now joining this effort. And I think this is yet another show of the commitment of Brasil Foods to the market now with individual investors and the effort in educating them, engaging them. And bringing them in.

The moment of the market is not the most favorable. But we have seen that the Company's results have been very positive and I think this is very important for the market and for the investors. Thank you. And congratulations.

## Unidentified Speaker

So now, we'll go onto our Q&A. We will try and interact with the Internet as well. And we will take question from the Internet. So those investors who do have a question, please be objective so that many people can ask their questions. Use the microphone and tell us your name and the company you work for. We have a question up here in the front.

# Questions And Answers

## Q - Pedro Leduc {BIO 20979981 <GO>}

My name is Pedro Leduc. I work for the -- I have worked for JPMorgan. My question has to do with the expansion plan. Pedro Leduc from JPMorgan. My question is about the expansion program until 2015. You wish to double your revenue and what about your financing sources for this expansion? What about CapEx and will there be any leverage level that you will -- will be the limit or you will keep within?

## A - Unidentified Speaker

Thank you for your question. Well the financing source plan is based on the premise that we will use the Company's own cash generation. When we say cash generation, we will not in principle need to call capital. The primary financing sources are those traditional ones; capital market, bonds market, BNDES, credit lines. So there will be no change in the financing sources as such. But it's basically cash.

And CapEx for the next few years, we do not yet have a special measure for the next few years or 2012. We will talk about that at the end of the year when we have the results for 2011. But about BRL2 million in investments is more or less the number that we think will be -- will suffice to cover this growth. This is just CapEx. But organic growth and so -- this is organic growth. We're not talking about any inorganic growth as such in that number.

## Q - Daniela Bretthauer {BIO 13380169 <GO>}

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Good morning. Daniela from Raymond James. Congratulations on your presentations. I have two points. First of all, profitability of EBIT in the international market, it dropped. You were around 8%, basically at the same level of the domestic market and this quarter it has dropped. So I would like you to tell us what about the Fourth Quarter. Has it come back to the level that it was at before, 8%? And what can we expect of the profitability in the international market from now on? That's my first question.

## A - Unidentified Speaker

Well about the Fourth Quarter, we will not comment yet, Daniela. Thank you for your question. But I will only talk about the conditions under which this happened in the Third Quarter. And try and understand the quarter from the scenario point of view and factors which have influenced the up and down of the operating profit quarter after quarter.

Cost dynamic -- dynamic costs of our feedstock, well, with what to begin with, the peak of the effect of these costs on our cost of sold products will be in the second half of the year. Then we said, no it would possibly be in the Third Quarter because the costs continued to go up, at least until March of this year. Therefore, this first factor, which is the cost, the cost to reach a peak. And this impacts us because the commodity price stopped going up in March or April. But in the cost of our products and this only was felt in the Third Quarter.

Another question also is the exchange rate, which affected the international market. So this reduction between the Second Quarter and the Third Quarter in the international market. In the domestic market, the variations are smaller and I don't think there has been such a difference.

Looking to the Fourth Quarter -- and here, it would depend a lot on -- and to where this exchange rate will stabilize. If it's above 1.70 or around 1.70, the average dollar that we had in June and August of 1.57 certainly it would be favorable. And it will help to recover the profitability of the foreign market and reminding you that the domestic market has all the seasonal question positive of the Christmas period too and we trust we're going to have a very good Christmas. So I think that this is the opinion of the Company to recover in the Fourth Quarter.

## Q - Daniela Bretthauer {BIO 13380169 <GO>}

The second question has to do with the synergies. For example, if I use as a basis the slide 43 of your presentation, where you break down in four sub-categories from which you expect to extract synergies, how would you do this division between from where synergies could come, say, suppliers and grains, how much percentage? Manufacture, what percentage?

## A - Unidentified Speaker

Well Daniela, you ask me all the questions that I can't answer. Maybe I'll give you a chance to ask a third question which I can answer. Well I don't think we can break this down per category for several reasons because, in fact, it's very complex the way we map each one of these projects and how we identify things. There are a lot of ongoing discussions



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regarding which project each one of them belongs to. So we do not even see what is going to be done or the disclosure of what is being done in each one of these sources. But, I'll give you an idea of the importance.

Those four pillars are equally important. The first pillar of grains and suppliers is little bit behind because these areas the Company started doing first. And the idea is that we must be very careful about what we consider again, because there is also the question of the avoided cost. I say that synergies is something that we have to look at very carefully and very parsimoniously.

We work like that and you work like that because it depends very much on the point of reference, the benchmark which you had in the past and to say effectively what is it that these two companies -- what can they do together now, which is different from that which they would do alone. This is the part of -- question you have to ask at the end of the day.

So looking to the other three leverages, manufacture, agribusiness and logistics is where they need more investment as well. But they are the areas which can bring a greater leverage from the marginal point of view of adding synergy to the moment where we are today.

Well just to add a little something here, in fact. But -- well, synergy is always a gain in competitiveness. At certain moments, synergy, particularly at the beginning of a merger, synergy is reflected in productivity and competitiveness because, for example, the structure of purchasing. So you take the best price for both. And you gain scale etc and that comes down into the results. Many things. And it is always this. And I think it is -- synergy is always a gain in competitiveness.

We, for example, follow the efficiency of our grain procurement people because of the price of -- for example, how much I'm consuming today a grain of corn compared to what is the price in the market today. So how -- what do I measure if I have taken a short or long position? And has it been adequate.

When I joined Sadia Perdigao, I gain more scale. And I can increase the spread. In other words, I begin to charge from the team a greater spread because now we have greater possibilities of working in this fashion. So certainly this is reflected in a gain of productivity or competitivity of the Company. But it does not avoid the fact that corn is 100% more expensive than it was last year and as shown on this -- our results like that. So we have to look at synergy as being an effective gain in results and the most -- the success of a synergy project long-term is the gain of competitiveness that the Company has when it joins the two systems together.

## Q - Ricardo Boiati {BIO 16528742 <GO>}

Ricardo Boiati from Bradesco. My question has to do with the BRF 15, which is a very aggressive program since the growth rate is very high and it seems to be a very good thing. But I would like to understand, if possible, what is the weight of the potential acquisition for this plan and what is the representativeness of the internationalization? So let's say, 2015, the international part of Brasil Foods, what would approximately be -- what would it be accounting for?

## A - Unidentified Speaker

Well looking at 2015, I'm not sure that I have understood your point. But, what I will try and say is the following. Today, the foreign market accounts for 40% of the Company. And it is practically all exports. Perhaps 2% or 3%, a little bit more is local sales. But, let's say all of its exports from Brazil without local sales. What we hope is that, in 2015, this amount to be 50%. But 50% domestic market and 50% development outside Brazil.

Of these 50%, approximately 30 odd % will continue to be exports from Brazilian origin and this difference 15% or 20% will stem from localized business abroad. So it's difficult to say how much because it would depend on opportunities case by case. But about 15% more or less will be possible, or we plan to have it. But it would depend on every inorganic movement the Company makes and greenfield and purchases, etc.

Then this closes with the growth understood as being aggressive. But part of it is not organic. In fact, with a localization strategy, this allows us to add more value outside of Brazil and this strategy well applied and successful maintains its flows but begins to have more results in the foreign market.

In fact, what has happened in the last few years is that Brazil grows more than the rest of the world. So the domestic market, due to our strength grows more than the foreign market. But the localization effort and less volatility increases profitability, increasing value Brazil abroad and the international markets then recover some of its positions regarding the domestic market.

## Q - Carlos Albano {BIO 3757334 <GO>}

Carlos Albano from Citibank. Leopoldo, a question about the results, about large numbers. I don't want the details, just to know the dynamics. The net debt was BRL4.8b. It increased BRL1.3 billion vis-a-vis the Second Quarter. And according to my calculations, the exchange rate effect was BRL400m. So BRL900 million would be the variation of the debt without the exchange rate. And I know you paid dividends about BRL300m. But I'd just like to know, these numbers, have you had a negative cash generation? And if you want to conciliate this, what would they (need) to be?

## A - Leopoldo Viriato Saboya {BIO 16137418 <GO>}

In fact, the value, the more exact value, the variation of the net debt, BRL1.360b. That's right. Of this BRL1.360b, which was the exchange was BRL850m. So, it's a little bit more than your number because of the size of the exchange debt and it's important to say it should be BRL850m. But in our result, it only became a result -- only BRL100 million because the rest was all locked into the balance and I do not put this into profit and loss. Although it is non-cash, this BRL100 million is very little compared to the BRL850 million of the debt exchange variation.



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Secondly, the rest, to explain to you, was not a lack of generation of -- cash generation. You identified BRL300 million in dividends. So this was accounted for in accounts payable in June and the outlay of cash and so this is how our BRL300 million is explained. And the rest has to do with the investment cycle of the Company and all -- some projects, like Copercampos and the development of other businesses of the Company, which explains the difference in the cash generation.

And there was also question of investment in working capital because we had a position short in grain. So cash was disbursed for this quarter and investment in working capital and now also a strategic end of year stock increases. So it is investment of the Company in working capital which happens naturally in this phase.

## Q - Carlos Albano {BIO 3757334 <GO>}

Now, Leopoldo, regarding synergies, looking at net sales, adding this BRL1m, I came to an EBITDA margin of 16%. Is that approximately right what could be you're overall run for the near future?

## A - Leopoldo Viriato Saboya {BIO 16137418 <GO>}

16%, too ambitious too -- well, I will not answer yes or no. But remember that this BRL1 million is between 2012 and 2013 and only later on, it will stabilize at this level. But if you have 23 revenues and you go as high as 50, you need a mid-point, which would be the net revenue. I think it would be closer to 3percentage points and that's based on historic levels.

When you say 16%, you're probably considering this year's projection. But if you look at our historic values, it would be 11%, 11.5%. So your delta is based on this 11%, 11.5%, not the current value, which is 12.5% or the projections we may have for this fiscal year. Okay?

## Q - Carlos Albano {BIO 3757334 <GO>}

So my 16% seems a little ambitious, too high? That's what I can understand.

## A - Leopoldo Viriato Saboya {BIO 16137418 <GO>}

Well I will leave the objectives up to you.

## Q - Carlos Albano {BIO 3757334 <GO>}

Now, about BRF 15, in my calculations, only with organic growth, you would have net revenues in my numbers growing 9%. So we would have (BRL55b) in 2015. You will still need another BRL15 billion to get to BRL50b. So of course, these are my own calculations. But I believe you will need some new acquisitions, one or more, for net sales of BRL15 billion to reach BRL50b. Am I approximately right? Do I make sense?

## A - Unidentified Speaker

I told you that we cannot talk about new acquisitions. But I'll go back to what I said before, approximately 15% of the international market, which is 50%, will represent -- so, I guess

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I'm not sure if it is BRL15m. It's not only acquisitions. We also have growth from greenfield projects. Thank you.

## Q - Isabella Simonato {BIO 16693071 <GO>}

Good morning. Isabella Simonato from Merrill Lynch. My question is about the domestic market. Now, this year you've increased prices quite significantly. Now, looking at 2012, as Perdix may be suspended in some categories and a few other brands were also discontinued products, then I guess the Sadia mix is more relevant because the average price is higher. Now, how do you plan to grow volume in this scenario?

## A - Unidentified Speaker

Well in the first half of next year, we will face this challenge of complying with the performance agreement with that strategy of brands I showed before. Sadia will grow, yes, because Perdigao will have to withdraw from certain categories, some for three years, some for five and so, Sadia will take over a large portion of this volume.

Then we will have to think about repositioning. We have not yet calculated the net effect or the net impact of this because Sadia is actually a more premium brand. So it will grow volume. But you won't need some displacement of Perdigao downwards to open a strategy of affordable pricings or prices aligned with the brand strategy. So these are the variables for next year.

## Q - Unidentified Participant

Good morning. I have a question about -- I could see you doubled investment in matrix. You have doubled your investment in breeders. So --

## A - Unidentified Speaker

We doubled the investment in breeders? No.

## Q - Unidentified Participant

Well as far as I can see here, BRL117m, an increase of 98%, it's almost doubled.

## A - Unidentified Speaker

From what quarter? There's a cost increase there also. Perhaps this is related to the value of breeders. Breeders are now more expensive. However, the total investment this year compared to last year is not significantly higher. It's about BRL400m, BRL450 million overall invested in breeders, which is what we had in previous years.

Sometimes you have acquisition of breeding stocks and so, part of the difference is that. But basically, it is the value of these breeding stocks, which is higher now. But it's not the number of animals or the number of female animals which would point to a bigger growth, no.

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## Q - Unidentified Participant

Yes. And what is your capacity utilization level today?

## A - Unidentified Speaker

Oh this number, now, after the reorganization, to comply with the performance agreement, I don't know the capacity utilization level. Actually, it depends on the production line. In some lines, we are closer to full capacity. In other lines, we're not so much. But if you look at our performance agreement, we are selling off idle capacity. So next year, we will have certainly less idle capacity.

## Q - Unidentified Participant

And the BRL700 million you spoke about, BRL700 million investment to capture synergies, is that included in the CapEx, or is that additional? So what's the CapEx?

## A - Unidentified Speaker

It's included. It's not incremental.

## Q - Unidentified Participant

So can we expect BRL1.6b, BRL1.7 billion CapEx for the next two years?

## A - Unidentified Speaker

Yes, for growth, for the next 12, 13 months, yes. After that, you don't because BRL700 million will be for 2012 and 2013.

Well then I'd like to thank -- we have time for one more question. It's the last question. Yes, I apologize. But we will have to close the meeting. So this is going to be our last question now.

Jeso [ph], can you raise your hand, please?

## Q - Paolo Jeso

My question -- my name is Paolo Jeso from Interassa [ph]. My question is about strategic planning. Talking about acquisitions of businesses abroad, do you have plans to produce protein abroad?

## A - Unidentified Speaker

Well in fact, the only region we believe can be very competitive is Argentina. Strategically, Argentina would be the first place and this recent acquisition aims towards this. And additionally, perhaps if we identify an opportunity, not really part of our strategy, we believe the South Cone, the Latin American South Cone is competitive, specifically Argentina.

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Well let me remind you that if you have further questions, you can send them to the IR team. On behalf of my team in Sao Paulo, I'd like to thank Beraf [ph] for the presentation. I would like to thank Fay, Leopoldo, Executive Directors. And Vice Presidents for their presence and availability at the Maxim Palace. I'll be at your service for new contacts. Thank you very much. Let me now give the floor to Fay for his final address.

On behalf of Brasil Foods I want to thank you all for being with us this morning. I'd like to thank the market support for their company, your understanding of our strategies. And your trust in what we have been doing with the deliverables we have forwarded. Like to thank our colleagues here and see you next time. Thank you very much everyone.

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