

Q3 2020 Earnings Call

Company Participants

- Andre Nogueira, Chief Executive Officer, USA
- Gilberto Tomazoni, Chief Executive Officer
- Guilherme Perboyre Cavalcanti, Chief Financial Officer and Investor Relations Officer
- Wesley Mendonca Batista Filho, Director without a specific designation

Other Participants

- Analyst
- Benjamin Theurer
- Carla Casella

Presentation

Operator

Good morning, everyone, and thank you for waiting. Welcome to JBS Third Quarter of 2020 Results Conference Call. With us here today, we have Gilberto Tomazoni, Global CEO of JBS; Guilherme Cavalcanti, Global CFO of JBS; Andre Nogueira, CEO of JBS USA; Wesley Batista Filho, CEO of JBS South America and Christiane Assis, Investor Relations Director. This event is being recorded. (Operator Instructions).

Before proceeding, let me mention that forward statements are based on the beliefs and assumptions of JBS management. They involve risks and uncertainties because they relate to future events, and therefore depend on circumstances that may or may not occur. Now I will turn the conference over to Gilberto Tomazoni, Global CEO of JBS.

Mr. Tomazoni, you may begin your presentation.

Gilberto Tomazoni {BIO 2090061 <GO>}

Good morning, everyone. Before we start, I want to thank everyone for being here today. The third quarter of 2020 is a new milestone for GBS. Our net revenue reached BRL70 billion, and our net income reached BRL3.1 billion, a performance that we attribute above all to two factors: a strong operating result in all our business unit and a lower financial cost with the reduction of the company debt.

The operating result was only because of the commitment of our 250,000 team members around the world. Our people are our greatest asset. And taking care of the health of this team and the communities where we operate has been our top priority.

In face of the COVID-19 pandemic, we have adopted a strict protocols in our facility, and made important investment in the infrastructure to ensure the continuity of our activity was safe. After all, food production is an essential activity. We have committed around BRL2.7 billion in health and safety for our team members and community during this pandemic.

We also pay attention to consumers innovating to meet their changing needs. We are also quick in managing our product mix and sales channels to adapt our production to new demands. But, our advances in this period go far beyond financial performance. Our Fazer o Bem Faz Bem project has established a true legacy healthcare in Brazil.

We have constructed two permanent hospitals, expanded 15 public health clinics, distributed 15,000 items of medical equipment, provided 89 ambulances and contributed more than 550,000 food baskets to those in need. In United States and Canada, we mitigate the impact of the COVID-19 pandemic in the lives of thousands of families through the donation of our Hometown Strong program.

With the launch of the Together for the Amazon program, JBS renewed its commitment to environment preservation. Through JBS Green Platform, we will expand our system for monitoring, livestock supplier which today cover 45 million acres to the supplier of our supplier. This program will supported by blockchain technology.

Another pillar of this program is the JBS Fund For The Amazon, which aim to promote product conservation and the sustainable development of the communities living in the biome. The fund was created with a bold goal to raise BRL1 billion in 5-years, and the initial investment of BRL250 millions from JBS.

Additionally, we are building our robust and transparent governance system. The Company was classified by Transparency International, one of the most transparent company in Brazil. We are enhancing our ethic and compliance program across our global platform with the same level of commitment.

The focus on innovation allow JBS to offer an increased broad portfolio to reach customers, and this is reflected to the preference for our products. We continue to invest in value-added products and branding. In the United States, Plumrose has invested \$207 million in the construction of a new bacon factory and another one of the Italian specialties.

We also created the manufacturing capacity for Planterra, a plant based product company that market, the OZO brand. JBS is accelerated its BRL13 million investment program in Brazil that was announced in 2019. The Company will invest a total of over BRL8 billion through 2000 -- 2024. The rest will be invested by our contract growers.

These investments are mainly focused on increasing Seara production capacity. At the end of this plan, the company will be have the production capacity for value added product, chicken and pork doubled. 12 facilities already have projects in progress. We are also waiting for Cade's decision to complete the purchase of Bunge's merger in the

mayonnaise business in Brazil. This acquisition will be at BRL1 billion to Seara revenue. We are very excited about what the future we are building.

Once again, thank you for your attention. I would like to ask our CFO, Guilherme Cavalcanti to continue our presentation.

Guilherme Perboyre Cavalcanti {BIO 2181205 <GO>}

Thank you, Tomazoni. Please let's begin on Page 4 on the third quarter consolidated results. So net revenues grew 34% and reached the record for the Company of BRL70 billion in the quarter. Our adjusted EBITDA reached BRL8 billion with an EBITDA margin of 11.4%, an increase of 35% quarter-over-quarter. And our net profit reached BRL3.1 billion and a BRL1.17 earnings per share.

Now moving to Page 5. We show our decrease in net financial expenses in \$13 million quarter-over-quarter, in line what we are expecting in reducing interest expenses this year in \$100 million compared to last year. Our free cash flow reached BRL5.2 billion, an increase in 37%.

Please, now on Page 6. We show first our net leverage, which reached also record low levels for the company of 1.60 times in dollars and 1.83 times in reais. Our net debt decreased quarter-over-quarter, \$1.7 billion. From the second quarter to the third quarter, the reduction was \$950 million, which was the free cash flow that we generated in the quarter.

On the chart on the right, we showed that our total liquidity increased from \$4.8 billion. And here, we are showing liquidity of \$5.1 billion because this is a pro-forma, and we are considering subsequent events like the payment of the JBS USA 34 bonds that will mature -- that was maturing in 2024 on an amount of \$150 million. This payment represents a savings of \$25 million per year.

We are also considering \$100 million of a PPC payment of the \$350 million of credit lines that was withdrawn. So the \$450 million plus the \$100 million of PPC plus the \$300 million increase in liquidity matches the \$950 million generated in the third quarter.

So now this new amortization schedule that we present here has an average period of six years. And the total liquidity presented here, it's enough to take us in terms of debt amortization up to 2026 without considering any free cash flow generation. And this is divided in \$3.4 billion in cash-on-hands, which is much more that we need considering our cash conversion cycle, and \$1.7 billion in revolving credit lines.

On the charts below, you see that our short term debt is only 6.6% of the total. Our commercial bank exposure is only 12.7%, which gives comfort for the company that in any crisis event where capital markets could be shut down, we have enough limit to have supported from commercial banks. The entity breakdown, you see that most part of our debt is at JBS USA level, which we have lower costs. And our average cost of debt in dollars is 5.14% compared to the 5.15% of the second quarter.

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Bloomberg Transcript

This should give you an idea of the space that we still have in terms of interest expense reduction. Our 10-year bond that matures in 2030, today is trading at record levels of 113% of the face value, which is a yield of 3.8%. So we have an average cost of 5.14% for a six-year average period compared to our 10 year bond that's trading at 3.8%.

Another potential source of interest reduction is our credit perception from Standard & Poor's and Fitch. We are one notch from investment grade, which would represent another interest savings as we continue with liability management process. To give you an idea of this potential as well, Tyson, which is our most comparable peer in US, has a leverage of around 2.7 times and its 10-year bond -- Tyson is BBB Plus, and its 10-year bond is traded at 2.3%.

Now let's start on the business unit segments and we'll begin with Seara highlights. Net revenue totaled BRL7 billion, an increase of 30% over the third quarter 2019 boosted by a 22% increase in the average sales price and 6.4% in volumes sold. EBITDA totaling BRL1.1 billion in the third quarter, which represents a growth of 55% when compared to the BRL705 million in last year. The EBITDA margin expanded from 13.2% to 15.7%. This performance is due to the significant increase in sales volume, a better mix of markets channels and products as well as the continued growth in sales coming from innovations introduced since 2019.

In the domestic market, net revenues totaled BRL3.4 billion, 25% higher driven by an increase in 4.4% in volumes sold and 20% in the average sales price. The highlight once again was the prepared products category, which registered a growth in volume and average prices of 11% and 18%, respectively. In the export market, net revenues was BRL3.5 billion, an increase of 35% in the annual comparison as a result of an increase of 24% in the average price and 8.6% in volumes sold.

The Seara brand for the first time in its history entered to the Top 20 Ranking among the Most Chosen by Brazilian according to Kantar's Brand Footprint Brasil Panel, the result of a solid effort in quality, innovation and branding. Seara has consistently innovated and recently strengthening its festive product portfolio by introducing unique products in the market such as Fiesta Organico, the first organic Christmas chicken in Brazil, and the Incrivel shredded Cod, the first plant-based festive product of the market.

Now let's move to next page where we talk about JBS Brazil highlights. Net revenue totaled BRL11 billion, which corresponds to a 35% increase over the last year as a result of a 50% increase in the average sales price that more than offset the 9.6% reduction in the volumes sold. Adjusted EBITDA, which excludes donations was BRL857 million with an EBITDA margin of 7.5%.

Given the low availability of cattle, the level of beef production was affected during this quarter, which impacted the cost of the raw material, which the average arroba price increasing over 50% according ESALQ-Sao Paulo in relation to the last year. This impact was partially compensated by an increase of beef prices in the domestic and export markets.

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In the domestic market, net revenue totaled BRL6.5 billion, which corresponds to a significant increase of 50% in the annual comparison mainly due to the 60% increase in average sales price despite the 5.7% reduction in volumes sold. In the export market which represented 43% of the business unit sales in the quarter, net revenue reached BRL5 billion, an increase of 20% compared to the last year due to the 48% increase in average sales price, which more than compensated the 19% reduction in volumes sold.

Friboi continues to consolidate its position as the main beef brand in the Brazilian market through the expansion of its partnerships with key customers through initiatives such as Acougue Nota program as well as through the growth of its Maturatta, Friboi brands Reserva and 1953.

Now please, let's move to the next page where we'll talk about JBS USA beef highlights in US GAAP. Net revenues totaled \$5.3 billion in the quarter, a 5% reduction compared to last year. EBITDA was \$503 million with an EBITDA margin of 9.4% for the period. In the US and Canada, production increased in relation to the second quarter and volumes returning to pre-COVID levels. The continuity of a favorable demand contributed to an increase in beef prices over the third quarter 2019.

Cattle supply remained ample, however, and increase in the number of animals processed drove finished cattles to a higher level when compared to the same period last year. Additionally, North America exports grew over the second quarter not only in volume, but also in quality and product diversity increasing their contribution to the business results.

In Australia, the lack of cattle availability continues to impact beef production. The lack of finished cattle in the main producing regions caused a temporary halt and reduction of shifts in processing facilities during the quarter, affecting the business unit performance. On the other hand, Primo Foods, a processing food and branded products operation in America -- in Australia continues posting strong results growing in volume, quality and innovation. Recently, Primo successfully launched several products in the segments of gourmet sausage, duos animal protein and cheese, microwavable bacon and its snacks product line focused on children.

Now please let's move to JBS USA Pork highlights in U.S. GAAP. Net revenues totaling \$1.4 billion, a decrease of 5.5% over the last year. EBITDA totaling \$136 million in the third quarter 2020, which corresponds to a 13% increase over the third quarter 2019. EBITDA margin was 9.5%. Pork production returned to pre-COVID levels, offsetting the lower volumes produced in the second quarter 2020, which was impacted by a temporary suspension of the pork facility and the lower production pace due to the pandemic. The increase in pork supply in the period was absorbed by the domestic and export market demand, maintaining low park inventory levels.

Cutout increased in each month of the quarter surpassing at the end of the quarter, prices practiced during the third quarter 2019. Additionally, the price of live hogs, which in June were at lowest level of the year recovered since then at the sequential increases however, is still below the levels of the same period last year. Exports in the period continued to

grow above the levels of last year with China as the main destination followed by Mexico and Canada.

Plumrose continues focus on the organic growth of its operation, investing the increase of its production line and in the greenfield projects. The construction of a new precooked and cooked bacon facility in Missouri that started in April are advancing as expected. This new facility should start in 2021, and we will have the capacity to produce 24 million pounds per year. Additionally Plumrose is also working on the announced plan to build a new state-of-the-art Italian meats and charcuterie ready-to-eat facility with investments estimated at \$200 million.

Now let's move to Pilgrim's Pride highlights in U.S. GAAP. Net revenues totaled \$3.1 billion, 10.7% higher than the third quarter '19. EBITDA was \$305 million, an increase in 18% over the last year with an EBITDA margin of 9.9%. In the U.S., demand continues to recover mainly in the retail and QSR business with volumes stronger than a year ago, though, volatility and challenging conditions in commodity segment is still remaining.

After a very difficult first half of 2020, Mexico operations delivered great results in the Q3 and generated one of the strongest Q3 in the Company's history in Mexico, despite the unfavorable mix impact and added operating costs relative to the same period last year. PPC continues to invest in premium brands as well as seeking more market in the modern channels, which will bring more stable margins to its operations.

In Europe, chicken operations are continuing to improve driven by the exposure to retail as well as the recovery in QSR segment, despite the significant impact of COVID-19 on the operations. In addition, PPC strong internal operating performance and commitment to innovation have helped in mitigating the difficult environment. The improvement in results from the newly acquired European pork assets has been maintained with positive EBITDA and margins continue to increase.

The performance was driven by strong demand at the retail partially offset by a reduction in food service, continued strength in the pork exports, especially to China as well as the implementation of operational improvements and synergies captured.

Now let's move to the ESG highlights. On social responsibility, we present here some of the actions taken by JBS on the donations to fight COVID-19 in Brazil, which already have benefited around 77 million people in the country. So several initiatives examples in this page, like the two permanent hospitals that we build, 556,000 basic baskets, 40 pulmonar physiotherapists, 30 -- 365 respirators, so on and so forth in 280 cities.

Now please, let's move to the next page where we show our global priorities for sustainability. Our pillars are integrity of product, animal welfare, employee health and safety, water and climate change. All those pillars related and in connection to the United Nations Sustainability of Objectives as presented here on the bottom of the page.

Now moving to the next page. We just have more examples, for example, of the water consumption, waste where we use it to generate energy. We have a plastic recycling

plant. We have biodiesel plants and we are building a fertilizer factory. Also on the animal welfare initiatives presented here, which granted JBS the World Finance Sustainability Awards in 2020. The company was the winner in the food processing industry category, and it's the only Brazilian company to be included in the British Publication Ranking.

Now let's move to the next page where we show our JBS commitment to the sustainability of the Amazon. We have four strategic pillars. First is the sustainability of our value chain, which we'll talk on the next page. And here we also show our Fund for the Amazon, which the three pillars are the forest conservation and restoration, socioeconomic development of the communities and scientific and technological development.

In the next page, as I mentioned, the sustainability of our value chain has three pillars. The first one is our Green Platform, the JBS Green Platform, that we launched, which by 2025 we will be able to monitor not only our suppliers, but also the suppliers of our suppliers. Second pillar is sharing the intelligence of the monitoring system.

As you know we monitor on a real-time through satellite images more than 450,000 square kilometers. And we intend to share this technology for other players within and outside our sector. And the third pillar is to support and inclusion of the producers. We -- of the 50,000 suppliers that we have in the Amazon region, we already blocked 9,000. And we launched a program to support on a legal basis, on a technological basis for them to come back to be in compliance to the forestation regulation.

So the next page is the pillars of the Fund for Amazon that I already mentioned. And in the last page we have our several compliance initiatives that we will continue to develop, train people, refresh our systems, improve our systems and refresh our code of conduct not only for the company but also for any third-party that wants to work with JBS.

With that, I would like to open for the question-and-answer session. Thank you.

Questions And Answers

Operator

(Question And Answer)

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

Q - Benjamin Theurer

Hey, good morning to (inaudible) congrats on the results. I have a question in regards to cattle in the different regions. And clearly you've highlighted that in Brazil there was a little bit of a headwind because of cattle availability impacting beef production. The same time within USA beef you've highlighted, the Australian restrictions because of the lack of cattle here. So the question is with that more limited supply out of South America, a more limited supply out of Australia, on a standalone basis if you would have to look at your

operations in the U.S., where would profitability come -- what profitability would we have seen for U.S. beef if we would have to adjust the Australian piece out. Just to understand a little bit how strong the demand is for U.S. beef right now.

A - Gilberto Tomazoni {BIO 2090061 <GO>}

Andre, could you answer Ben about the cattle in U.S.? And Wesley, you can answer about Brazil after.

A - Andre Nogueira {BIO 19941317 <GO>}

Ben. More than thanks for the question. Ben, in the quarter, Australia was a very important impact for two main reasons. The most important one is the cattle availability. Australia has been in a strong moment of rebuilding the herd, Australia overall production of beef in Q3 was 30% below last year. Just to give you a perspective 30% is a big, big reduction because the herds have been very, very strong. Again, we came from a very important drought one of the strongest in several decades to since the start -- since last year and even more this year probably the best condition for grass in Australia and overall Australia, again, in many, many decades. So it came from extreme to another extreme now so that's why the retention has been so strong in Australia.

And this probably stay with us for the remainder of this year and next year. Probably going to see more availability in Australia in 2022. Of course, this depends of the grass condition and the weather. If you see some reduction in grass, you can see a little bit more numbers early. The other point was in Q3, you had some impact in the south in the Melbourne area because of COVID. The plants need to work in a reduced capacity and even closed the plants for two weeks in Melbourne. So we have a specific impact related to COVID in operations in the South. The third one is Australia government creates some benefits to try to help some companies that have reduced production related to COVID and that creates some distortion in the industry. For small companies, and they have competitive advantage because they have their label covered by the government during the quarter. This is not the same. They reduced that benefit and this benefit will not be there in the first quarter. So that was another relatively more impact. But also was relevant, we never published the Australia numbers separately. But there's no question that the North America operation, so U.S. and Canada present a much better margin than what we published in the quarter because of the Australia impact.

Q - Benjamin Theurer

Okay. So fair to say it would have been maybe even better than last year, just U.S.-Canada on a standalone basis?

A - Andre Nogueira {BIO 19941317 <GO>}

Now you want too much information.

Q - Benjamin Theurer

That's okay, Andre. And then actually one other question for you on the pork business. And clearly just talking a little bit of what you're seeing more recently on the export

markets, because last year, clearly, we've had a very strong demand towards November, December for pork out of China. So just to understand what you're seeing in terms of orders coming in and how you feel about exports to China for the current months and within the next call it, two to three months, just to understand a little bit the year-over-year comparison.

A - Andre Nogueira {BIO 19941317 <GO>}

Ben, I would say that overall for the year, China import of pork and the volume that U.S. export was higher than our expectation. If you look at amount that China imported during the full year, I think that is higher than we anticipate last year, higher than the market anticipated for last year and the amount that we export from U.S., it's higher than we anticipate. I think that for a moment China has enough. I think that they look like they slowed down a little bit the import, but the perspective continue to be very positive.

U.S. is gaining market share. U.S. is extremely competitive. Demand overall for U.S. pork have been pretty good. And you can see the level of inventory, it's pretty low. That's at the time of the year that normally we would put some ribs and bellies in the freezer and we are not doing that. We're not doing that. So the freeze is still very low. And we need to put some because again, when it comes summertime, the demand for these items is very strong. So we should be putting now more meat in the freezer that's normal and we're not. We're still with our freezer, inventory is, very, very low. So demand is pretty good. There's a little bit of slowdown export for China, now I think that this is normal for this time of the year. They bought what they need until the new year for China. But I don't think that changed anything the perspective for next year. I think that the import of this year was higher than we expect. I think that will slow down a little bit next year. But still, US will continue to gain market share and continue to gain volume.

I strongly believe that U.S. Export next year to China will be higher than it was this year. Despite of I believe that China will import a little bit less, I think we actually continue to gain market share. And I think that, again, the other markets have been pretty strong. And that's -- the best sign for that is the level of inventory that is very, very low. And still, we are now November and we still not put meat out in the freezer. That's very, very unusual.

Q - Benjamin Theurer

Okay. Perfect, Andre, thank you very much for the color and congrats on the results.

A - Gilberto Tomazoni {BIO 2090061 <GO>}

Ben, all of the questions was answered?

Q - Benjamin Theurer

Yes, yes. I'm all good. Yes, Tomazoni. Thank you very much.

A - Gilberto Tomazoni {BIO 2090061 <GO>}

Okay. Thank you.

Operator

The next question comes from Carla Casella with JP Morgan.

Q - Carla Casella {BIO 2215113 <GO>}

Hi. You have done a lot of work on the JBS SA ESG policy and we've seen a lot more details on that. I really appreciate that. How are you approaching that for the U.S. Business? And will there be a fully separate ESG policy for the U.S. business?

A - Gilberto Tomazoni {BIO 2090061 <GO>}

Andre, do you understand the question?

A - Andre Nogueira {BIO 19941317 <GO>}

Yes, I understood Tomazoni. It's related to ESG. No, Carla. It's absolutely the same. The company has a global policy related to ESG and the company has published this in a global base. The company has a sustainability program. So it's absolutely the same, and we all follow the same guidance on it. We publish the same information.

Q - Carla Casella {BIO 2215113 <GO>}

Okay. Great. And then are you on track for the U.S. listing as you had hoped for potential 2021?

A - Gilberto Tomazoni {BIO 2090061 <GO>}

Guilherme, do you want to answer that?

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

Could you repeat, please, the question?

Q - Carla Casella {BIO 2215113 <GO>}

I'm wondering if you're still on track to do a U.S. listing for the U.S. business in 2021. So I guess the U.S. Business plus Seara?

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

This project was impacted of course by the pandemic, which the company made all -- put all of our efforts and focus in keeping our employees safe and keeping our lines operating. And we don't know how long this pandemic will continue. It's very difficult to do a project like that which we can even travel to United States anyway, and now we are probably facing a second wave. So it's difficult to put a timeline on that. But it's a priority project for us. We're taking some steps in this front. Some steps that we would take only after the listing, we anticipated the steps.

As you can see on our financial statement on Page 24, note 12, there are some real societary reorganizations that we are implementing which is part of this strategy, which is

also we are capitalizing intercompany loans. So it's a way to pave the way for the listing in the future. But again, it's difficult to say. It's a priority project for the company. We will resume it at some point for sure. But it's difficult to give a date, because we don't know how long this pandemic will take, if the second wave will be stronger or weaker, when we will have the vaccine. But again, as soon as we can we will resume the project. Hopefully we can get it next year. But in the meantime, again, we are taking other steps related to it that whatever we can do to anticipate and continue this project.

Q - Carla Casella {BIO 2215113 <GO>}

Okay. Great. And then just one question on Australia, Tom. Can you talk about the trends in that market from a supply and demand perspective and the impact on -- any impact if it had any significant impact on your margins?

A - Gilberto Tomazoni {BIO 2090061 <GO>}

I'm assume that you talk about beef in Australia, correct?

Q - Carla Casella {BIO 2215113 <GO>}

Correct.

A - Gilberto Tomazoni {BIO 2090061 <GO>}

Yes. Because again, we have the lamb business, we have the prepared food. The prepared foods business doing very well. Production is up. The brands continued to grow and being very strong. So the prepared food side is doing well. Despite of lose some volume in food service, the retail more than offset that. In the beef side, we are in the retention mode, the full retention mode, as I commented in the previous question from Ben. And the production of Australia was down, not for our company but for the industry during the quarter, almost 30%, 28% during the quarter. So it came from a drought. They have a liquidation of the herd. Now the grass condition since last year in the whole country is very, very good and they're in fully retention mode to rebuild the herd. And this will stay with us for the remainder of this year and probably for the next year or two.

So we should see a better cattle availability, stronger cattle availability in 2022. So our quarter in Australia was a tough quarter for us. Was not only the cattle availability. We have close of some plants in the South during the COVID, but the cattle availability will be tough. Again, demand is very strong for beef. So beef price and export and price of exports from Australia have been pretty good. But with this amount of retention that's going on to rebuild the herd, cattle price in Australia now is in the highest point historically. And as long as this retention will continue, we will need to adjust operation. We have done that during this quarter. We changed some shift in some operation of the plants to adjust for the new reality that we are going to have less cattle.

I think that next year will be a little bit better than what we saw during this quarter, but to really see a big improvement in cattle availability in Australia will be 2022. Again price is going up in the beef side, but not enough to offset the record level that we're seeing cattle price.

Operator

Our next question comes from (Gillian Pulyidis) with Bank of America.

Q - Analyst

Hey, there. Thank you for taking my question. So I was just wondering how the company is preparing for a second wave of the virus and how that should impact the market, mainly in the U.S. Where we have their pricing cost dynamics before. If we should see a scenario what that same movement could actually take place again? Or if not why would that be? Thank you.

A - Gilberto Tomazoni {BIO 2090061 <GO>}

Andre.

A - Andre Nogueira {BIO 19941317 <GO>}

More than thanks for the question. U.S. has seen the number of case overall increase. I think that yesterday was a new record level for positive case in U.S. So this is a big concern and a big focus for the company. The company since February put very clear what's the priority. We have not changed anything the priorities. The safety of our team members, the protect of our team members and continue to produce food, during this pandemic and keep the jobs and benefits. And I can tell you that we are in the maximal alert right now. All the actions that we implement and all the safe actions that we implement, we continue to follow.

On top of all the actions of screening the workers, when they arrive in the plant, with temperature test, five questions in terms of COVID communication to the team members about symptoms. If they are sick, they should not come to work. Free healthcare cover related to COVID and free access to doctors that they can call. And in the last several months, we implement a very strong program of surveillance test that are testing most of the plants every week, a percentage of the workers. We have done more than 12,000 tests at this point of surveillance tests. So everything to protect the worker. But the reality -- and you are right. We are in the, I don't know if the middle or the start of a second wave that's impacting a lot of people.

Again, I think that yesterday the numbers in U.S. was 142,000 new case in one day. So we're doing everything that we can to protect our workers, doing everything that we can to protect the plants, but we are part of a society and we live in communities. Do I expect that they're going to have the same level of impact that you have in the first wave? No, I don't think so. But it's possible some impact. I mean, it's possible some disruption of production. It is. It is. We're doing everything that we can to avoid that, including the surveillance tests and all the other actions that we put in place. We implement just for each alone April and May a filtration system with plasma and the UV light in every plant in U.S. So we have done a lot to protect everyone. But the number of the cases in U.S. And the communities that we operate is very concerned. Colorado, again, the place that you have are off here in one of our plants. Yesterday was again a new record for Colorado. So the cases are growing, and we are doing everything that we can to protect our plants.

Q - Analyst

Okay. Thank you, Andre. Very clear.

Operator

The next question comes from the webcast platform. I'd like to pass the floor to Mr.Guilherme Cavalcanti to address it.

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

Thank you. So I'm going to read the two questions that we receive on our webcast. The first is for Wesley and the second is for Tomazoni. First question is that regarding the BRL13 billion CapEx announced for the next five years, BRL8 billion from JBS and BRL5 billion coming from our growers to support our -- the growth of JBS. So the question is will it be more than 50% to Seara? And will you build 12 units? So those are of the questions related to it. And for Tomazoni is if you could talk about our acquisition strategy. Thank you.

A - Wesley Mendonca Batista Filho {BIO 18300583 <GO>}

Thank you, Guilherme. So we announced last year this investment plan BRL13 billion. BRL8 billion, like you said, BRL8 billion came from direct investment from us and BRL5 billion are investments with our partners, our grower partners. Most of the biggest part of this investment is in Seara, more than 50% for sure. And regarding the 12 plants, that's just an update that we announced it previous year. And it's already under -- it's already been -- there is already progress in this project. And these are projects, the 12 projects that we announced that are part of this BRL13 billion are going to be delivered within the next year. So just an update of when and how that will be done and completed. So Tomazoni, if you want to answer the other one or add to what I just said.

A - Gilberto Tomazoni {BIO 2090061 <GO>}

Okay, Wesley. About our strategy of acquisition, everybody knows that our G&A, the growth in part of the G&A and acquisition is in the companies are growing with the acquisition. And we are active in the market and looking for opportunities. But for to it should be at the right price -- at the right price. We are looking to grow in our existing platforms, and the business that we have that created synergy and increase our participation in the value-added and branded product. We are looking, and still when you not find the right target for M&A, we are doing our investment in Greenfield, like we have mentioned, in the U.S. with Plumrose and Brazil with Seara in other parts of the world we'll do the same.

Operator

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

A - Gilberto Tomazoni {BIO 2090061 <GO>}

FINAL

Okay. To finish this call, I would like to add that the world continues to confront our global pandemic and we must all remain focused in protecting our team members, our communities and our families during this challenged time. Our team has demonstrated once again that we have a talent, commitment and patience to play an important role in the society, and positively impact the lives of millions of people every day with healthy and nutritious foods. I'm proud that we have accomplished and I am excited about the journey ahead for our company and the good we do for this society. Thank you for your attention.

Operator

That does conclude the JBS audio conference for today. Thank you very much for your participation. Have a good day, and thank you for using Chorus Call.

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