



International Conference Call

Marfrig

1Q18 Earnings Results

May 15, 2018

Operator: Good morning and good afternoon ladies and gentlemen. At this time we would like to welcome everyone to Marfrig Global Foods S.A. conference call to present and discuss its results for the first quarter of 2018.

The audio for this conference is being broadcast simultaneously through the Internet in the website marfrig.com.br/ir. In that address you can also find the slideshow presentation available for download.

We inform that all participants will only be able to listen to the conference call during the Company's presentation. After the Company's remarks are over there will be a Q&A period. At that time further instructions will be given. Should any participant need assistance during this conference please press star zero for an operator.

Before proceeding, let me mention that forward-looking statements are being made under the Safe Harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of Marfrig's management, and on information currently available to the Company.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

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

Now I will turn the conference over to Mr. Martin Secco, Marfrig Global Foods CEO.

Please Mr. Secco you may begin the conference.



Mr. Martin Secco: Thank you, good morning everybody. I want to start by thanking everyone for participating in another earnings conference call of Marfrig Global Foods. Today we will comment on the results for 1Q and also provide an update about the company's strategy.

With me today is Eduardo Miron, our global IRO and CFO and Tim Klein, the CEO of National Beef.

Please go to slide number three. On the strategic front the highlight was the decision followed by the announcement in early April of the acquisition of the controlling interest in National Beef, the fourth largest beef processor in the US. With this transaction we are directing Marfrig to the focus into the core beef business.

With this strategy redirection we understand that we should accelerate even more our deleveraging process. For this we decided and announced with the acquisition the commitment to selling Keystone Foods.

On our operational front the highlight in 1Q18 was Marfrig's net revenue, of 24% on the same quarter last year. This performance is explained primarily by the 42% growth in the processing volume of beef division which reached it hundred 87,000 head in the quarter.

I also would like to highlight the increase in exports volumes, and in the case of fresh beef exports advanced 67% YoY. This strong expansion reflects the company's efforts to maximize its sales in the international market given the complex environment in the Brazilian domestic market, which I will comment on in more detail later on.

Finally as a final remark the beef division posted adjusted Ebitda growth of 30% YoY.

Please go to slide number four. In this slide I will comment briefly on where we are in the strategic front. In regards to Keystone sale despite being a public fact it is a confidential process, which prevents us from giving so many detail at this stage. What I can share with you is that we have a strong interest from the investors, within our expectation for an asset of such quality. We continue to work on and remain confident that we can finalize the deal in the short term.

With regards to National Beef once the transaction is concluded the goal is to implement the integration plan which will focus on different fronts, including the operational; accounting; financial; planning and communication areas. We would like to emphasize the complementary nature of this acquisition, which means we are not expecting any change of National Beef structure. Integration for us is related to the capture of opportunities and how we will be reporting the company together with Marfrig as of 2Q.



On the financial discipline front I just want to reinforce once again our nonnegotiable commitment of reducing company leverage. When this transaction is complete we should start a new liability management process. Additionally once the stages are concluded we will mainly focus on updating our restructuring of the long-term strategic plan, which we hope to share with you on the medium-term.

On slide number five I will comment on the beef industry in 1Q TY. As you can see in the chart on the top left beef processing volume Brazil and Uruguay, the two countries where Marfrig has production, reached 6.4 million heads, growing by 12.5 YoY. This increase was supported by the positive cattle cycle in Brazil and by the dry summer in Uruguay, which affected the pasture conditions accentuating the supply of finished cattle.

The operation in the cattle price in both countries, which you can see on the chart on the bottom left, reflects this growth in supply.

Meanwhile exports grew by 20% YoY. In Brazil exported volume grew 21% YoY while the average sales price remained practically stable. This focus on the export market as well... Growing scenario is also explained by the more intensive competition between proteins in Brazil, in the domestic market, especially with chicken given the temporary suspension of export sales at certain plants.

As you can see on the chart on the lower right beef sales price, which had been following the dynamics of the cattle price suffered higher downward pressure during the quarter, especially for the quarter cuts, forward-quarter cuts.

On slide six I will comment on the results of the beef division. Processing volume was 887,000 heads increasing 40% on the same quarter last year. The main factor was the 50% growth in the processing volume from Brazil reflecting the strategy such as to adjust production capacity to capture the positive cattle cycle and to meet the growing demand from the global market.

The 12th percent growing processing volume in Uruguay took advantage of the higher supply of finished cattle among the periods. The division's higher sales volume offsets this lower average price leading to a strong growth in the net revenue which reached 2.9 billion in 1Q 18, 44% up YoY.

Both markets registered significant growth with exports revenues expanding 60%, while in the domestic market we registered growth of about 30% in comparison with 1Q 17.

The domestic average was affected by the higher supply and competition between proteins and also by the contraction of byproducts price just as leather, meals and...



In 1Q 18 gross profit was 358 million advancing 37% YoY. The higher sales volume and the better prices for exports were partially offset by the lower margin in the Brazilian domestic market. Adjusted Ebitda was 191 million advancing 30% YoY influenced by the factor that I just mentioned.

Please go to slide number seven. On this slide I will comment briefly about the division's sales profile especially regarding fresh beef. Fresh beef presented a strong growth in both markets, especially in the external market, 67% YoY. This performance was materially above the average record in both countries, which was 20%. This performance followed the world success increase of the processing capacity of the Brazilian operation.

Worth mentioning that in a period where Brazil has been challenged by the international market regarding sanitary conditions, the maintenance and achievement of the new certification for exports is even more remarkable, and we continue working hard on this front in both Brazil and Uruguay. Expectations remain positive. We also already in the process of getting additional approval for reopening plants for the Middle East, China, Europe and similarly Uruguay to Japan.

Not less relevant the domestic market volume also grew 49% and in this 1Q we had an additional component on the top of the recurring challenges such as the slowdown and consumption due to the seasonal factor. On the household budget there was a higher supply of proteins, especially poultry. The price relation between beef and poultry was considerably different and consequently it generated more competition.

In order to mitigate the effects of this challenging scenario we focused to maximize the food service and retail channels through Montana and Bassi brands, which in 1Q 18 represented 54% of the total domestic volume.

I will pass the call to Eduardo Miron.

Mr. Eduardo Miron: thank you Martin. As you know Keystone Foods is now a discontinued business and given that we will try to provide a general comment on the results; but having this situation in consideration. Frank Ravndal is not in the call as you could notice and everything is based on current situation of this sale process.

I would start saying that Keystone started 2018 with a solid quarter from sales volume and net revenue perspective; but faced some operational headwinds in the quarter, which affected its profitability. These impacts are viewed as temporary and we have already seen a normalization trend during the back half of the quarter.



Beginning on the left side of the page we have our sales volume. For 1Q 18 sales was 276,000 metric tons represented a decrease of just under 1% on a consolidated basis when compared to 1Q 17.

In the US we continue to see volume growth in food service and retail and convenient channels. Keystone food service volume increased 1% in retail and combinations volumes increased 1%.

The increase in food service was driven by the strength of our QSR global customers as they outpace both the restaurants and food service pure groups as in imaging, technology innovation and promotional activities which drove both food traffic and adding to increasing check sites. The increase in retail and convenience was due to new product launch with an existing customer and the addition of a new customer.

The decreasing the industrial channel was a result of our ongoing rotation from one large industrial customer to new industrial customers. We had mentioned this transition in previous earnings calls. Volume with these new customers is still ramping and increasingly stable between January and March. The volume from other channels, which represents about products from Keystone primary activities, decreased during the quarter as more of that volume was used internally, which is a positive move.

In Asia-Pacific overall volume increased 7% driven by strength in all channels. The increase in food service was driven by many of the same dynamics we see in our QSR customers in the US market. Our Asia/Pacific food service channel so volume growth in China, Thailand, Malaysia and Australia.

The increase in retail in convenience was primarily due to growth in our poultry business in Thailand, both from existing export oriented customers as well as for new customers, customer relationship in Thailand.

With respect to revenue now looking at the chart in the middle of the slide consolidated net revenue was 678 million USD during the quarter, which is an increase of 2% over 1Q 17. The strong revenue growth in Asia/Pacific of 10% was offset by a modest decrease of 2% in the US.

On the right side of the page adjusted Ebitda was 54 million USD and the adjusted Ebitda margin was 8%, representing a decrease of 17% and 178 bps respectively from 1Q 17. Specifically there was a downtime and startup costs associated with the production modifications in the US and the ramping of the new production capacity in Malaysia and Thailand.



In spite of the shorter impact Keystone's operational flexibility will improve and we will see greater operating efficiency in the future.

To conclude although we faced some operational headwinds during in the quarter we continue to deliver on the core objectives of our strategy including: first, volume growth with existing customers; two, establishing Keystone as a partner choice with customers across multiple channels; and three, driving towards of overall higher product mix.

As our new production capacity in Malaysia and Thailand achieves its full potential we will be in a better position to meet the needs of our customers and to achieve a higher degree of operational efficiency in our business. We expect to see improvements in profitability in the US as more volume from manufacturing partners is migrated to Keystone's internal processing facilities.

Moving to the next slide, on slide nine I will comment briefly on Marfrig's combine results, which include the results of the continuing operation, in other words the beef division, and also Keystone's results.

In 1Q TY sales volume came to 615,000 tons, advancing 21% YoY supported primarily by the beef division. At Keystone the highlight was the 6.9% growth in revenue from the Asia/Pacific region led by China, Thailand and Malaysia.

Combine net revenue grew by 24% to 5.1 billion BRL, once again driven by the beef division which accounted for 57% of total net revenue, up from 49% in 1Q 17.

Marfrig's combine the adjusted Ebitda grew by 5% to 351 million BRL. The high result from the beef division offsets the Lord contribution from Keystone as explained earlier.

Let us move to slide number 10. On slide 10 I will comment on the new issuance we did last January, which was part of our ongoing liability management process. And once again we have succeeded in achieving our goal of reducing costs while extending terms of the company's debt. Despite the uncertainties regarding the Brazilian political and economic scenario we were able to take advantage of the window of opportunity in the debt market to conclude in January the issuance of 1 billion USD in bonds due in 2025, with demand exceeding the initial offering by fourfold. The bonds were placed at an interest rate of 6.87% per year.

The proceeds for the new bond were issued... Were used in a tender offer for the 2018 and 2019 bonds with our repurchase of approximately 280 million USD in principle. The remaining balance of the 2018 bonds of around 89 million USD was settled last week on May 9 and with the, reduction in Price of the call option on the 2019 bond in June we should

announce its repurchase as well, in line with this strategy mentioned during the new issuance.

If you look at the chart you can see the curve of the new maturity schedule for the bond, which shows an increase in the average term to 5.1 years.

Moving to slide 11 it shows Marfrig debt profile as well as some financial indicators. Before going to the chart I should mention the assumptions we adopt in this calculation. With the announcement of the acquisition of 51% interest in National Beef Marfrig becomes its controlling shareholder, which means that 100% of the results and debt of National Beef will be consolidated into Marfrig balance sheet.

As such this analysis considers the pro forma figures with National Beef plus the bridge loan, which better reflects the company's current situation. Furthermore, although Keystone is already deconsolidated from the financial statements due to the ongoing sale prices we have maintained its Ebitda and debt numbers for further analysis and for comparison purposes. This will obviously be changed once we have the Keystone sale's proceeds.

So returning now to the presentation if you turn to the charts at the upper left on this slide I will comment on Marfrig's pro forma debt. Gross debt ended the quarter at 5.7 billion USD, increasing around 2 billion on the prior quarter, reflecting 1 billion from the new bond issuance and the 1 billion from funding for the National Beef acquisition, the bridge loan. In BRL gross debt stood at 19 billion BRL.

A highlight however is the long-term profile of our debt with only 25% coming due in the short term, even when including the acquisition's funding or the bridge loan.

Important to mention that the terms and average cost metrics are temporary, since the liability management process proposed in January has not yet been completed and because the existing bridge loan for the acquisition will be repaid with Keystone sale's proceeds. Meanwhile, the cash position and adapt the quarter higher at 1.9 billion USD due to the new issuance remaining balance as previously mentioned. As a result net debt stood at 3.8 billion USD. In BRL net debt was 12.6 billion.

As you can see at the chart at the bottom of the slide pro forma financial leverage measured by the ratio of net debt/adjusted Ebitda last 12 months ended 1Q at 3.62x. This slide increase in relation to the figure given during the announcement of the acquisition of National Beef is explained by the negative cash flow in 1Q as we will go through in the next slide.



For 2018 we expect to get the rewards from the company's strategic decisions reaching a leverage ratio of 2.5x. Marfrig's executive team is 100% committed at executing the strategy, the strategic plan to achieve this goal.

Let us go to the next slide. This slide shows the cash flow for continuing operations in the quarter, in other words the beef division. Marfrig registered negative operating cash flow of 45 million BRL, which was influenced by the quarter seasonality; working capital consumption was 69 million BRL reflecting the normalization of the suppliers account in relation to the prior quarter, which was partially offset by the declining inventories and the increase in accounts receivable due to the lower activity in the period.

In terms of Capex investments amounted 113 million BRL, being 57% related to maintenance; 21% for efficiency; and 22% still related to the completion of the capacity reopening process.

Meanwhile interest expenses amounted to 203 million BRL with a one-off increase of 23 million explained by the new issuance, whose proceeds were used to repurchase the 2018 and 2019 bonds as we already mentioned. With that I will turn the call back to Martin Secco.

Thank you Eduardo. I will now comment on the sector outlook for South America. Slide 13 presents the estimated data for Brazil according to the USDA statistics. The positive cattle cycle associated we the improve productivity such as greater integration between farming and livestock should lead to an increase in production compared to 2017 and it is expected that this higher supply will be absorbed by the demand growth, both in the domestic and international markets, reflecting a recovery of the macroeconomic scenario compared to the previous year. The point of attention to this scenario is the one-off unbalance between proteins has happened in 1Q TY.

On slide 14 I will comment on this sector in Uruguay. First weather conditions in Uruguay has affected... Should lead to a reduction of finished cattle available in 2018 when compared to 2017. However, margins are expected to remain healthy as exports are still expected to remain high in increasingly regions with better profitability.

Uruguay is in the process to approve in fresh beef into Japan, one of the main beef imports us worldwide with attractive prices. Approval is expected to 2H 18.

Regarding Marfrig we believe we have a differentiation position taking advantage of National Beef knowledge of these market.

Now I would like to ask Tim to comment about the US beef sector.



Mr. Tim Klein: thank you Martin good morning everyone. I will comment on slide 15 showing the cattle scenario in the US. The first graph shows the evolution of the US cattle inventory. After a negative cattle cycle reaches bottom in 2014 the US has been rebuilding its cattle herd and it is not expected to peak until at least May 20. This increase should also improve the availability of cattle available for slaughtering as can be seen in the graph at the bottom of the slide.

This cycle is different than previous cycles and the margins have been and are expected to be healthier. The most recent downcycle led to the closure of several beef plants, which has allowed beef factories to operate more efficiently at higher utilization rates. Also there is no new capacity being added.

Given this scenario a longer, positive cycle is expected and this will result in continued, strong margins for beef packers in the US.

Moving on to slide 16 on this slide I will comment about the quality of the US beef. Quality grading in the US is based on the amount of fat marbling in the beef as determined by USDA government graders. More marbling means better flavor and therefore a higher value products in the marketplace.

USDA Prime is the most marbled beef grading the US and account for only 4% of the slaughter, followed by USDA Choice grade. As demand for higher quality products has grown globally over the years US ranchers and farmers have responded by investing in better genetics and improved feeding to produce a product with more marbling to meet this demand.

Today as you can see these two highest-quality rates account for almost 80% of US slaughter. This commitment to quality improvement is what differentiates our beef and makes the US the leading provider of high-quality beef in the global marketplace.

I and my presentation and would like to pass it back to Martin.

Mr. Secco: thank you Tim. Despite the challenges beyond company controls 2017 was a year in which we took an important decision, one of which was to resume growth in beef operations. In early 2018 we identify the opportunity to accelerate this expansion through National Beef acquisition and to improve the company's balance sheet with the decision to divest Keystone Foods. Until we have finalized this ongoing process we expect to be undergoing a transition period, which prospects to a promising future.

The acquisition of National Beef will leave is well-positioned in the United States, which is one of the largest beef producing and consumer markets. With this combination we will

expand Marfrig brought portfolio and will leave it better positioned to meet the world's growing demand for this product.

With the proceeds from the sale of Keystone we will embark on a new liability management process through which we expect will only to reduce our gross debt but also to restructure our debt profile at a more competitive cost. Finally we hope we will be able to achieve our goal of becoming the company with the help this financial position in the industry.

We are concluding our presentation and we opened the time for questions and answers.

Q&A Session

Operator: thank you. Ladies and gentlemen we will now begin the question-and-answer session. To pose a question please press the star key followed by the one key on your touchtone phone and to remove yourself from the questioning queue press star two.

Our first question comes from Isabela Simonato, Bank of America Merrill Lynch.

Ms. Isabela Simonato: good morning Martin, good morning Miron. I have two questions, first of all, on the working capital and the cash flow generation. In spite most of the capacity ramp up in 4Q we still saw some working capital pressure this quarter. So I was wondering how should that evolve in the coming quarters?

And also, on the Keystone sale you mentioned that there are investors, many investors interested in the assets. Can you describe a little bit the profile of them? Those are more strategic or players from the sector? If you could give us a little bit more color on that, thank you.

Mr. Miron: hi Isabela. Yes starting from the cash flow and then Martin will take your other question regarding Keystone. I think we try to convey the key message or the key drivers for the cash flow. Again I think it is important, we are in what we call a transition period because as you see this cash flow is only beef.

So it is important to highlight, and for beef 1Q normally we have a couple of specific factors, for example in working capital we tend to have a pressure in 1Q in order to pay some of the farmers that normally at the end of the year they postpone some of the process and so that is one of the main drivers for the operational cash flow.



I think we tried to comment and to bring to life a couple of comments related to one-off situations either in Capex or in the interest line. As you see in Capex we still have some lingering effects from the reopening; but we provided some additional information that would help you guys to project the cash flow, including how much is maintenance.

And lastly I think interest is our big point. So we have all these operations, all the strategy moving in a direction that would reduce this line material. So it is up to you guys to calculate how much would that be. Specifically this quarter we mentioned that impact of the insurance of this new bond that created an additional pressure on this interest line. As we mentioned we brought home 1 billion and we are paying 2018 and 19 and so in the meantime we have to accrue interest for this and that is one of the main drivers for the interest line. That is pretty much my key comment on the cash flow.

Mr. Secco: can you repeat the second part of the question?

Ms. Simonato: I was wondering you mentioned there are many people or may investors interested on Keystone. If you could give us a little bit more color about the profile, those are more industry, sector participants or other strategic investors?

Mr. Secco: okay thank you. As you understand I cannot give you details about that. We have extremely good quality regarding the investors and also a good number of investors that are presenting in the phases that we already passed our plan that we decide with the banks that are conducting the process; but we are very comfortable about the process - but we cannot give you these details.

Mr. Miron: Isabela I guess I would like to make a quick comment. I think no surprises probably the way we will define this and I would like just to make this comment because Keystone is such an outstanding business and it is such an outstanding combination of people, business, and the combination of these two, the business model makes this a very attractive business for a number of potential buyers. I would just like to make this point because I think the non-surprise factor of this is what we are leading right now.

Ms. Simonato: right thank you.

Mr. Miron: you are welcome.

Operator: the next question comes from Henrique Morato, Aberdeen.

Mr. Henrique Morato: hi thanks for the call. Just one quick question you mentioned I was expecting gross debt to grow up this quarter compared to 4Q because of what you mentioned of this impact tagging 1 billion USD of debt repaying some of the tender and I



know now in May and June you will repay the rest; but on your earnings release you did say that gross debt was flat at 2.7 billion. So I just wanted to clarify what was the change in gross debt from QoQ.

Mr. Miron: I think what I mentioned is that the variation was because it is a pro forma calculation. We have two main factors: one was the new issuance and the second one is that we added the bridge loan to be utilized for the acquisition of National Beef. So those are the two main factors that increased gross debt. So it is a pro forma calculation.

Mr. Morato: I know that; but I am referring to the debt calculation that you do for the continuing operations on your earnings release and that debt figure is flat at 3.7 billion; and I was expecting that figure to go up because of the new deal proceeds. So that... But maybe we can take, we can clarify this. Maybe... you can clarify this off-line. I just wanted to understand. But the dynamics all right, if you exclude that from the calculation, the gross debt should have gone up temporarily; that is correct right?

Mr. Miron: yes and we can absolutely address this off-line with the team.

Mr. Morato: sure perfect, thanks.

Mr. Miron: thank you.

Operator: the next question comes from Teo Lasarte, Insight Investments.

Mr. Teo Lasarte: I was wondering if you could comment on the Brazilian beef margins going forward. Obviously there are some issues with capacity, with competition; but obviously exports add back to your favor. Could you give us some idea where we should see margins for Brazilian beef over the next couple of quarters?

Mr. Secco: thank you for the question. We are very confident about our strategy. The new factories that we opened, at the end of the last year was in a very, very good performance regarding the activity. They already obtained some approval for exports, the approval that the Brazilian government can give them from his own decision - of course in accordance with the external market.

But we are trying to obtain some ones that we have... We need more time to give more time to the Brazilian government like Europe that will happen a very important event next week in Paris that Brazil will be declared free of foot-and-mouth disease with vaccination in a very important meeting that are present all the countries around the world regarding the sanitary authority of all the countries around the world.



The competition are very hard because these factories is coming to... To our place on the market. They are very well located in different regions for our footprint; but of course they are fighting with other competitors regarding the raw material.

But we are expecting regarding the margin the margin will increase for the next quarters. 1Q is always more difficult in this business in Brazil. For us regarding the new dollar, regarding the new habilitation and regarding better performance of the factories we are expecting a much better margin for the next quarters.

Mr. Lasarte: okay and I guess I have a follow-up question. If you look at your margins for Brazilian beef given where we are right now and if I look at 2018 overall should we expect an improvement in margins compared to 2017?

Mr. Secco: I am telling that we are going to improve regarding the margin that we informed in 1Q.

Mr. Lasarte: okay thank you.

Operator: the next question comes from Alex Robarts, Citigroup.

Mr. Alex Robarts: hi everybody thanks for taking the question. I had two actually, first on the Brazilian beef exports and secondly on National integration. So I am interesting to hear if you could give us more color around the current environment for Brazilian fresh beef exported. It seems like you have gained market share up to that 23% level. Could you help us understand perhaps the dynamics behind that? Who do you think you are gaining share from? Where do you see the most robust growth in the export market? And what was the magnitude of the market share gained?

And finally this one the timing or, maybe is it short term or medium-term, that you think we could see the opening of the US market for Brazilian and Uruguayan beef? That is the first question and then I want to come back and National integration thanks.

Mr. Secco: first of all just go to start with the last part of the question. Uruguay is already approved for the US. We are having a good performance during 2017 and of course during 18. Uruguay has a newer challenge now to be approved for Japan and we are expecting to achieve in the middle of the year.

Secondly Brazil we expect to have the reopening of the market in 2H TY. We know that last week there was a very important meeting regarding the sanitary authorities of both countries. We do not have too much information; but they are working very hard to open Brazil again for that this is one of the challenges.



Regarding the first part of the question it is very difficult but at the end it is very simple. When you have a factory like a slaughterhouse you buy one product but at the end you are sending many products, and the best combination on that is the key of our business, because the price of the market regarding the raw material is one price and you need to have the better combination - and a better combination is between local and export market. For that we are continuing working in approving our factories, the old ones and the new ones, to have the much number of countries approved in order to have the better alternative for our products and to attain the better combination and for that is a better margin. I dont know if I have answered your question or not?

Mr. Robarts: that is helpful. You talked about market share gain; what was the magnitude of the market share gain? Is that possible to share with us?

Mr. Secco: really I do not know which is the part of the market share that we have from other competitors or from the markets are growing in the last month. As you know we expect a much better offer of the animals and Marfrig decided to open this factory regarding this feeling of the market and the positive cycle of the beef here in Brazil. But we do have the information how much we increased from our competitors or from the market.

Mr. Robarts: okay that is fair enough and just secondly on the integration in this 2Q with National Beef. You made the case in the prior call that this is an ongoing business, with as you say no need for structural changes. Could you comment a little bit on what might be the requirements that you see in 2Q in terms of incremental working capital? Is it fear to think about the National Beef business as leaning more on less working capital compared to the Brazilian business? And then any indication of what might be the annual Capex needs for that National Beef business, thanks very much.

Mr. Secco: thanks for the question but I need to answer in another moment, because we do not have already the final approval of the transition and for that we cannot share this information with you.

Mr. Robarts: all right thanks.

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

Mr. Secco: Thank you all for joining us. Thanks Tim to join this call with us here in Brazil and if you have more questions or more comments Roberta and her team will be available for you. Thank you.



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