International Conference Call
JBS S/A (JBSS3)
2Q26 Earnings Results Transcription
August 12th, 2026

Operator: Good morning and welcome to JBS **2Q26** results conference call.

At this time, all participants are in listen-only mode. Following management's remarks, we will open the floor to a question-and-answer session, and instructions on how to participate will be provided at that time.

Please note that to ensure all analysts have an opportunity to ask a question. We kindly request that each analyst limit themselves to just one question. As a reminder, this conference is being recorded.

Any statements eventually made during this conference call in connection with the Company business outlook, projections, operating and financial targets, and potential growth should be understood as merely forecast based on the Company's management expectations in relation to the future of JBS. Such expectations are highly dependent on the industry and market conditions and therefore are subject to change.

Are present with us today, Gilberto Tomazoni, Global CEO of JBS; Guilherme Cavalcanti, Global CFO of JBS; Wesley Batista Filho, CEO of JBS USA; and Christiane Assis, Investor Relations Director.

Now I'll turn the conference over to Gilberto Tomazoni.

Mr. Tomazoni, you may begin your presentation.

Gilberto Tomazoni:

Good morning, everyone, and thank you for joining us.

Before we discuss our quarterly results, I'd like to briefly acknowledge the leadership transition we announced yesterday. Effective January 2027, Wesley Batista Filho will become Global CEO of JBS, and I will continue serving the Company as Vice Chairman and Senior Advisor.

Until then, my full attention is on leading the business and ensuring a smooth transition. We have been planning this succession carefully from a position of stress and nothing changed in our strategy, our priorities, or the way we operate. This decision reflects the strength of the Company we have built.

Over the past several years, we have transformed JBS in many ways, building a more diversified, more global, and more resilient business. Our dual listing was a defining milestone in that journey, positioning the Company for its next phase on value creation.

With a clear strategy and a strong leadership team in place, I believe this is the right moment for JBS to begin the next chapter under Wesley leadership.

Turning to our results, the 2Q once again demonstrated resilience of our global operating model in an environment that remains complex and volatile. Supply & Demand dynamics vary across geographies and proteins, while currency movements, trade disruption, and geopolitical events under far more complexity.

Against this backdrop, our priorities are clear: improving efficiency; protecting margin and strengthening commercial performance; allocation production to the markets where we create the most value.

Adjusted net income was US$218 million. Adjusted EBITDA totaled US$1.43 billion under IFRS, with a margin of 6%, and US$1.3 billion under US-GAAP, with a 5.3% margin. Compared to the 1Q, profitability already showed an improvement in the majority of our business units. Net income was significantly affected by nonrecurring items, while, important to understand, these items do not change how we assess the business.

Our focus is on operating performance, cash generation, and balance sheet discipline. Performance improved across several businesses during the quarter, although an important part of our portfolio is still operating in a challenging environment.

While US Beef continues to operate in a challenging environment, we have reorganized our operating structure and are very confident at the results of those changes.

I will leave the discussion of the business to Wesley, who will be providing more details on the quarter and our outlook for Beef and Pork in North America. In Australia, results improved further, supported by robust global demand for beef and attractive export opportunities.

Before moving on, I would like to comment briefly on the strategic partnership we announced last Friday with Danantara Investment Management. The transaction includes a US$2.5-billion equity investment by Danantara in exchange for a 25% stake in our Australia and New Zealand operation. Together, the additional funding capacity expected through the joint venture gives us access to up to US$5 billion to fund acquisitions in greenfield projects, and other growth opportunities across Indonesia and Southeast Asia.

This creates a well-capitalized platform to accelerate our expansion in one of the fastest-growing protein consumption regions in the world, while preserving the strength of JBS balance sheet and reinforcing Australia as a strategic hub within our global operation. Importantly, it does not change how we manage the business.

Our Australia and New Zealand operation remain fully consolidated under the same leadership and operating model.

With that, let's turn to our operating performance. Global beef fundamentally remains constructive, although conditions vary considerably across markets. Supply is limited in several regions. Demand remains resilient, and our global footprint allows us to direct products to the market where returns are the strongest.

JBS Brazil delivers a strong quarter driven by export demand and disciplined commercial execution. Under IFRS, adjusted EBITDA totaled US$269 million, with a margin of 5.9%. Even with elevated cattle price, JBS reported its highest EBITDA for a 2Q.

Cattle availability has improved in Brazil. Our focus has been on maximizing the value of every animal through our integrated commercial network. China remains an important destination, and recent shifts in trade flow reinforce the importance of maintaining balanced exposure across export and domestic markets. By balancing volumes across China, other markets, export markets, and the domestic market, we protect margins and maximize value per animal.

Our domestic business is another important competitive advantage. Through the Friboi brand and a longstanding customer relationship, we work alongside retailers and categories partners, helping them to grow value across the beef category.

During the quarter, our barbecue portfolio performed particularly well. We have expanded commercial initiatives with major retailers across Brazil. In chicken, both Pilgrim’s Pride and Seara delivered solid results, although market dynamics involved differences across regions.

At PPC, demand remained healthy across retail and food service, although industry supply expanded faster than demand. Even so, results improved from the 1Q as operating conditions normalized, plant upgrades were completed, and expanding assets continued to mature.

At Seara, margins remained strong despite a tougher year-over-year comparison, a less favorable currency environment, and change in its export market dynamics. The business grew volumes, reflecting improvements in operating, quality, and commercial execution. We see further opportunities to improve mix, distribution, and execution in domestic markets, while converting volume and growth into a sustainable profitability.

Our priorities for the 2H are clear: execution and cash generation. We expect leverage increase during the quarter and reduce the remainder priority. We are focused on strong cash generation, disciplined work in capital management, and a prudent capital allocation. The environment remains dynamic, but our priorities are unchanged. We are focused on execution, cash generation, and disciplined capital allocation.

With a diversified portfolio, a strong market position, and experienced teams around the world, we believe we are well-positioned to create value through this cycle. Thank you, and I will turn now the call over to Wesley.

Wesley Batista:

Tomazoni, thank you for everything you've done for JBS over the past 15 years, and congratulations on the leadership you have shown. You have lived our values every day, challenged our teams to keep raising the bar, and helped us deliver stronger results. We've worked together for more than a decade, and I've learned a lot from working alongside you, and I'm very grateful for the trust and partnership we've built over the past years, which will help ensure a smooth transition and continuity in our strategy and priorities.

I'm incredibly proud and excited to have the opportunity to lead JBS starting in January 2027. This is a Company where I've spent my entire professional life, and it means a great deal to me. We're fortunate to have an exceptionally strong leadership team and an extraordinary group of 280,000 team members around the world. I'm very excited about what we can accomplish together.

As we look forward, my focus remains the same: operational excellence, disciplined capital location, customer service, and creating long-term value across our diversified global platform.

We'll continue to live our values, strengthen our culture, and build on the tremendous work you've done over the past eight years. We'll keep evolving, growing, and making JBS an even stronger Company for the future.

With that, let me turn to our US operations. The 2Q reflected resilient protein consumption in the United States, despite a challenging environment for the beef industry, where tight cattle supplies and historically high cattle costs continue to pressure margins. Even so, US Beef delivered a quarter of solid improvement.

Our EBITDA margin improved from a negative 3.9 in the second quarter of last year to negative 1.3% this year, reflecting an important step forward despite the ongoing challenges of the cattle cycle. Over the past several quarters, we have improved plant performance, optimized our operating footprint, strengthened our commercial capabilities, and increased productivity across our plants.

Many of the operational initiatives we've been working on are already translating into better results, and the announced capacity optimization will contribute progressively as they are fully implemented. At the same time, we're beginning to see early signs that industry fundamentals are moving in the right direction.

The gradual reopening of the Mexican border and the first indications of herd rebuilding reinforce our confidence that supply and demand are heading towards a healthier balance over time. The reopening of the Mexican border is particularly important. The expected reopening of the three ports of entry should restore most of the historical flow of cattle from Mexico into the United States. Cattle from Mexico have represented about 5% of US slaughter, so restoring that flow is very meaningful for the industry.

We also expect many of the first cattle crossing the border to be heavier than what they used it to be prior to the border closure. That should allow them to reach slaughter weight much sooner than normal.

Assuming the ports reopen as expected, we believe we'll continue to see an increase in cattle available for slaughter during the 1Q27, with slaughter volumes returning to a more normal level by the 2Q.

Turning to Pork, market fundamentals proved more challenging during this quarter. Even so, our pork business delivered another quarter of solid performance. EBITDA margin reached 8.9% compared to 6.5 a year ago. Our pork business once again demonstrated its ability to compete at the highest level.

We'll continue focusing on operational excellence, customer service, disciplined capital allocation, and continuous improvement. Those are the levers we control, and they position us to create greater value over the long-term as cattle supplies recover.

I'll now turn the call over to Guilherme.

Guilherme Cavalcanti:

Thank you, Tomazoni and Wesley.

Before we move on to the quarter's operating results, I would like to highlight that starting in the 2Q, we voluntarily began reporting results as a US domestic Company and therefore reporting forms 10-Q and 10-K in IFRS for the time being. We believe this initiative represents a significant step in our strategy of alignment with the US capital markets and may expand our eligibility for inclusion in a more ample group of stock indexes.

In this regard, I would like to highlight JBS inclusion in the Russell 1000 and Russell 3000 indexes in June. This inclusion, as well as the potential for inclusion in additional indexes going forward, is key to expanding our investor base, increasing liquidity, enhancing global feasibility, and unlocking value to shareholders.

Let's now move on to the operational and financial highlights of the 2Q26. Net sales reached a record of US$24 billion for the 2Q. Adjusted EBITDA in IFRS totaled US$1.4 billion, which represents a margin of 6% for the quarter. Adjusted EBITDA in US-GAAP totaled US$1.3 billion, which represents a margin of 5.3% for the quarter. Adjusted operating income was US$790 million, with a margin of 3.3% in IFRS, and UU$866 million in US-GAAP, with a margin of 3.6%.

The quarter's net loss was US$102 million, with a negative EPS of 10 cents. In addition to the year-over-year decline in operating results, we also reported US$319 million increasing in net financial expenses. The main drivers were: US$172 million in premiums, interest, and costs related to the tender offer for the bond and the CRA (Brazilian local debenture), of which US$147 million had a cash impact – it's worth remembering that this reflects the liability management we carried out in the 1Q, in which we issued US$2.5 billion in bonds at more attractive rates and longer tenders; mark-to-mark of derivatives, net of exchange rate variation of US$53 million; monetary restatements and high interest expenses relate to increasing that, which together amounted to approximately US$120 million.

Additionally, the net loss was also impacted by the final calculation of the bargaining price gain of the acquisition of Mantiqueira Alimentos, with no cash impact, totaling US$81 million, and antitrust settlements, totaling US$133 million. Excluding the non-recurring items, adjusted net income was US$218 million, and the earnings per share were worth 20 cents for the quarter.

Free-cash flow. Free-cash flow in the 2Q26 improved by US$145 million year over year, reaching a positive of US$130 million, compared to a cash consumption of US$55 million in the 2Q25. This improvement was mainly driven by working capital, particularly the accounts receivable line, reflecting high receivables discounts and larger advance payments from Chinese customers related to JBS Brazil's exports.

The accounts payable line also increased, mainly driven by higher cattle prices and increased slaughter volumes, particularly in Brazil. This improvement was partially offset by a decline in adjusted EBITDA of US$324 million, high net cash interest expenses of US$129 million due to a higher concentration in the 2Q of interest related to the bonds issued in 2025, real appreciation that increased interest expenses in US dollars of the Brazilian local debentures and increasing total debt.

Moreover, total capital expenditures increased by US$163 million, of which US$159 million was expansion CAPEX. Finally, we had lower tax payments year over year of US$135 million.

Not considering guidance but simply updating the cash flow break EBITDA exercise for this year, we expect US$5.1 billion in 2026 driven by: Capital expenditure of US$2 billion in 2026; US$400 million reduction versus the initial estimate; working capital expectation of negative US$350 million of working capital in 2026; a US$500 million improvement versus last year, driven by higher receivables discounts, as mentioned previously; legal settlements of US$100 million already realized in 2026; biological assets of US$850 million, flat versus 2025; interest expenses of US$1.3 billion and increase of US$150 million versus the initial estimates due to higher net debt; leasing expenses flat at US$500 million in 2026 and effective tax rate estimated at 25%.

We continue to strengthen our liquidity position. In August, we announced an increase in our revolving credit line from US$3.5 billion to US$4.2 billion, while reducing the all-in cost of this line. Our cash liquidity combined with the revolving credit facility totaled approximately US$7.7 billion. Our average debt term reached 15.3 years and an average cost of 5.7%.

As we anticipated in our last conference call, due to the US$1 billion dividend payment in June and the typical cash consumption in the 1H of the year, our net leverage ended up the quarter at 3.1x, slightly above our long-term target of keeping net debt at the top between 2 and 3x.

It's important to highlight that we have no significant debt maturities for the next 5 years until 2031. And up to 2032, all the coupons are below the current treasury rates and 35% of our gross debt is beyond 2050.

With that in mind, I would like to open up for the question-and-answer session.

Question and Answer Session

Operator: Thank you. The floor is now open for questions from investors and analysts. As previously mentioned, we kindly request that each analyst limit themselves to just one question.

With your excuse, if you have any questions, please press the Raise Hand button. Thank you.

Ladies and gentlemen, our first question comes from Thiago Bortoluci with Goldman Sachs. Mr. Bortoluci, you may go ahead.

Thiago Bortoluci, Goldman Sachs: Yes, hi. Thank you. Good morning, everyone.

Wesley Batista: Good morning, Thiago.

Thiago Bortoluci: My question, thank you, Wesley. I can't start this call other than say congrats to Tomazoni on what has been a remarkable job, not just in JBS, but also in the animal protein industry. And also wishing you, Wesley, continued success on your extended responsibilities in a chair that I think is sensitive not only to your investors, but also for the country. We'll be looking forward to keeping up with the conversation.

Wesley Batista: Thanks, Thiago!

Thiago Bortoluci: My question is on how you're seeing, Wesley, the state of the US demand. Throughout your press release, I see comments of a sticky demand on beef and poultry. But then, on the other hand, I also see you mentioned that inflation is waiting down on pork, you had negative chicken sales growth on food service and retail, and some of your peers, like Tyson, Smithfield and even Grumman, are cutting their guidance.

When I looked at the beef cutout, it seems it has reached somehow of a ceiling, not necessarily following the seasonality, and this is the reason for my question, right; what gives you comfort that demand remains healthy? And why should we think that spreads can't erode more prominently going forward? This is the question. Thank you.

Wesley Batista: Thiago, good morning. So we still think that demand is very strong. What we have seen – and we can tell this by everything we look on protein trends in general, there is plenty of data in the market about that and we can see that when we talk to our customers and what we see in the marketplace – is we have found out actually and we used to think that proteins had more of a substitution effect depending on prices, and that was a big surprise of the inelasticity of protein demand when it comes to demand for beef, demand for pork and demand for chicken not being so substituted to each other. And we see that in demand a little bit.

We see pork demand a little bit weaker than chicken and beef. Beef demand is very strong, and I actually think that, again, I keep on saying, a few years ago, a cutout about US$300, I would have thought it was going to be a very tough, we would have a tough time achieving that; and we've reached way above that, almost into the US$400. So, look, I think demand is still pretty strong. What we are seeing is where the consumer is consuming that protein changing, and going more into retail, eating more at home than away from home and food service.

That's something we've seen. But again, for the time being, as we see the marketplace right now, we think the protein demand will continue to be strong.

Thiago Bortoluci: That's helpful, Wesley. Thanks.

Operator: Our next question comes from Ricardo Alves, with Morgan Stanley. You may go ahead, Mr. Alves.

Ricardo Alves, Morgan Stanley: Hello, everybody. Tomazoni, Guilherme, Wesley. Congrats to both of you. Tomazoni on the great tenure for sure and Wesley on the CEO appointment. Looking forward to continuing the interaction. This is great news for everybody.

I have another one on the US, but specifically on the beef side, the question that we asked the last time. The spreads indicated much tougher 2Q versus the 1Q, but your numbers obviously showed actually a pretty significant improvement. So I wanted to explore more of that.

I remember, Wesley, during the JBS Day, you spent quite some time talking about the in-house initiatives that you guys were looking at to improve the beef margin. So I'm just wondering if there are more details that you can provide there, some of the initiatives that may have already kicked in and helped the quarter. And if you can specifically say what you're doing differently, that would be helpful.

Or even if there are a couple of issues in the 1Q that were not present, if you're able to quantify that, that would be helpful. Just so that we have a better base now to model the US Beef going forward. But it does seem like there has been a significant de-risking of a division that some people were really concerned about. Thank you very much.

Wesley Batista: Ricardo, good morning. So first, when we look at the comp, obviously last year, the same quarter we are comparing last year, was a quarter where we had some extraordinaries. It was a tough quarter and had some other impacts, like hedging that kind of mixed the number a little bit. And the 2Q26, does not have anything that's very material. There's only minor things. And so, nothing related to hedging or anything like that, so the comparison is something to keep in mind. But even when you just compare the 2Q to the 1Q and just the business in general, it was relatively solid performance given the market condition.

So look, we use it to run our business in two different business units, and the reason for that is when we acquired Swift and afterwards the Packerland acquisition, Packerland focused on a completely different type of cattle, different types of size of plants, different kind of cattle procurement. So we used to run those two business units very separately. And the market has changed and has changed quite a lot. And actually, that separation didn't make sense anymore. So we went ahead and put those two business units together and run nowadays the business unit is one.

And look, on both sides of the business, there is strength, the strengths that one had, and the other one didn't have. And we think that there is going to be a lot of synergies there, and a lot of them are on the sales side. We've done a lot of work over the past three or four years in terms of yields. There is always a little bit more, but most of the plan that I presented in New York was not related to yields, it was related to being able to sell more ground beef, sell more value-added ground beef, sell more value-added items.

You might have seen that we actually had announced the plant closure of Sotherton, but now we have reversed and decided to run that as a value-added facility. Just shows the size of the demand that we have actually for value-added items and that we can continue to supply.

So a lot of that is going to be on in terms of sales that we're going to get most of that difference. I actually had the breakdown there on the presentation that talked about that, but we are seeing that and we are very confident. Actually, after we've done this integration, we're even more confident.

The last thing I'd say is most of that capture has not been seen yet and we are just beginning. So we've performed this result that we have here, but we are just getting started on that 3% improvement plan that we think we have.

Ricardo Alves: That's very clear. Thanks, Wesley.

Operator: Our next question comes from Leonardo Alencar, with XP Investimentos. You may go ahead, Mr. Alencar.

Leonardo Alencar, XP Investimentos: Good morning, everyone. Thanks for taking my question. Tomazoni, congrats for your move, and also for you, Wesley. I'll be enjoying discussing US Beef with you a lot.

And sticking with the point, Wesley, just to understand it better. So Mexican border is open now. Well, it's expected the first few cattle to arrive by the end of the month, right? And it's just one port open. I wanted to hear from you both from the volume that is expected, the pace of this volume growing. You said already that you're expecting even heavier cattle to come from Mexico.

But if we talk about this pace of imports and connect that information with capacity utilization, would you say this opening is already relevant for any changes in strategies? Would you say, talking about the historical level of 1.5, 2 million heads per year, would you expect that number to happen by the end of this year, only in 2027, or at least the volume would be enough for us to expect a higher capacity utilization?

Just understand how you're seeing the pace of impact from the Mexican border opening that just happened. Or if it's more like, since it opened, there's a ceiling for the cattle prices and that is already helping margins, but then no real impact yet? Just to get your ideas on that. Thank you.

Wesley Batista: Leonardo, good morning. So, yeah, obviously we're forecasting the market and there's a lot of things that we don't know. But what we know is the first port is going to open here on the 24th, that's the port of Douglas, Arizona. You know that port by itself could probably handle 300,000, 400,000 heads – that's just an estimate, it's difficult to predict –, something around 300,000, 400,000, so a third of what the usual amount that used to come from Mexico can come from that port.

But then in the announcement that the US made is, you know, they're going to analyze how that port opening in Douglas looks like and open two more ports in New Mexico. So Santa Teresa and Columbus. So with those three ports open, we are going to have right around one or over a million head capacity of flow capacity.

So those three ports should be able to handle a big part, if not 100% of the normalization of the border. Again, these are all estimates that we have, right? We're looking at historical numbers and looking at numbers provided for the public. So, you know, it's, I think it's, it's going to be possible within those three ports.

If those three ports opening to have a big part of what Mexico uses to trade flow to the US, only two states, Mexican states, got approval to export to the US, so Chihuahua and Sonora. Those two states are the biggest states. Both of them are over two-thirds of Mexican flow of cattle to the US.

The other thing that I would mention is, yes, we have information from the market that, obviously, that cattle used to come very young to the US and get backgrounded in the US. Once the borders shut, and especially after two years of the border shutdown, that cattle had to be backgrounded somewhere else. And it was backgrounded in Mexico. So there is cattle that's in the process of being backgrounded, or cattle that's backgrounded and just waiting to go to feedlot and to get finished in Mexico.

So obviously, there will be a part of feedlots in the US actually buying that cattle and actually having that flow happen. But we don't see any reason why that wouldn't happen.

We also think that there is, you know, because the 1.2 million head of cattle that came were just the calf crop that was destined to the US. On top of that, there is the cattle that's being fed. So we think that the cattle that's available is bigger than the traditional 1.2.

So on one hand, you only have two states, so about two thirds of the cattle being able to come to the US. On the other hand, you probably have a little bit of a bigger number of cattle in further phases of the cattle feeding and cattle raising process.

So bottom line is, we think that because there is a lot of cattle that's already in further, you know, stages of cattle production and are heavier, that we're going to start seeing flows – obviously end of this, this month and into the end of the year – expecting that the two next ports of New Mexico open, we think beginning, somewhere in the 1Q, we should start seeing cattle ready for slaughter that were born in Mexico.

And if all goes according to plan, we should go back to a much more normalized, if not all, most of the volume or a big part of the volume that we had coming from Mexico and ready for slaughter in the 2Q.

Leonardo Alencar: Okay. That's great information. Thank you, Wesley.

Operator: Our next question comes from Pooran Sharma, with Stephens. You may go ahead, Mr. Sharma.

Pooran Sharma, Stephens: Hey, good, good morning. Thanks for the question. And Tomazoni, congrats on a successful tenure here. And Wesley, congrats to you on the new role and I'm really looking forward to continuing to work together here.

I really wanted to get your thoughts on US Beef. And I know everybody's asking about Mexican border flow, so maybe I'll ask, just updated thoughts on heifer retention. Can you maybe give us your thoughts, any updated thoughts on the timeline for fed cattle supplies to be rebuilt? What you saw in the report was that a surprise just given all the commentary with drought concerns regarding heifer retention in the US?

Wesley Batista: Pooran, good morning. So, yeah, we obviously think that heifer retention and US cattle herd rebuild is more timid than we expected and obviously than we wished for to get back to a more balanced stage in this situation in cattle supply. But at the end of the day, what really matters is: Number one, it seems like it has, or now it has stopped dropping, and that's a big deal; and I think we're going to start seeing, and we see signals that we might start going up.

One thing that I'll just mention – and not to keep on going back to Mexico, but again, I think it's super relevant – is that for us to wait for cattle herd rebuild that takes a little bit longer with another one, you know, 1 million head, 1.5 million heads, whatever that, you know, ends up coming from Mexico, is a much more different situation than without that.

So it gives us a lot more, you know, a lot more balance and a lot more, you know, structure for us to see and wait this cattle rebuild without the margins that we have seen in 2025, 2026. I think it probably brings us more to a little bit – if all goes according to plan, right, and all the ports open – we should go back to an equilibrium more like what we saw in 2024, maybe 2023, depending on the amount of cattle that comes.

So I think it gives us more patience to see what's going to happen. Whether it's a big deal? For sure, and we will have to see what comes out of that.

One part of the number that doesn't get shown per run that I think it's relevant and we haven't totally heard of and it seems pretty promising is the heifer retention and just cattle rebuild that we're seeing in Canada. We don't see obviously in those reports, but it's very relevant because it's a market that US cattle goes to Canada, Canadian cattle goes to the US. So that's a big deal.

And look, I think we should see over the next years, a couple of years, three years, starting to see much stronger rebuild. But again, it's a very different situation having the Mexican cattle and waiting for a more longer-term herd rebuild in the US.

The other thing that I would just mention – not to take this too long here, but – there's two things that you need to look at, right? Heifer retention, but also the amount of cows that get processed to slaughter, and that number has been going down very fast as well. So, if you look at the number compared to 2022, we're processing half of the beef cows that we were processing in 2022. So I think that's relevant as well.

Pooran Sharma: Great. Thank you for the color.

Operator: Our next question comes from Henrique Brustolin, with Bradesco BBI. Mr. Brustolin, you may go ahead.

Henrique Brustolin, with Bradesco BBI: Hello everyone. Thank you for taking my questions. And Tomazoni and Wesley, congratulations on the transition and wishing you both all the best.

My question is on Seara. We see another strong quarter, but margins weakening relative to Q1. So I'd just like to hear a little more, if you could qualify where the sequential margin drop came from, if we're mostly talking about export markets or the domestic market and what are the main trends you are seeing for both of these going into the 2H of the year? Thank you very much.

Gilberto Tomazoni: Thank you, Ricardo, for your question. Thank you for the words. Seara, let's say, if you compare the quarter it will be a little bit below, but it's still a healthy margin. 14%, 15% is really a healthy margin for this business, is what we look for this business.

When you compare quarter to quarter, there is some difference; the main difference is pork. Pork price in domestic market was below, some of the market ticket was below, the other will be higher. But look, in reality, there was many changes across one category to the other category. But if I make a summary, was weaker in the domestic market.

Henrique Brustolin: Thank you very much, Tomazoni.

Operator: Our next question comes from Mr. Benjamin Theurer, with Barclays. Mr. Theurer, you may go ahead.

Benjamin Theurer, with Barclays: Hi, good morning. And I'll follow suit with those wishes to you, Tomazoni and Wesley. Looking forward to working with you two together.

Just coming back to the US, and we haven't talked much about the pork business, so if you could maybe explain us a little bit more what you're seeing within the pork. You've highlighted that you expected it to kind of like gain a little bit of these like replacement dynamics, but it hasn't turned out to be the case.

So the demand picture for pork, so maybe just talk a little bit what you're seeing, what are the differences across the different cutouts and what's been a little bit of a headwind, if you want to call it this way. Not major, just a little bit, obviously, in terms of profitability in pork as we look into where it is, where it stands right now, slightly below what usually the target is for you guys, closer to the very high-end of the high single-digit. Thank you.

Wesley Batista: Ben, good morning. So pork had a weaker demand than chicken and beef for sure. And look, I think the biggest thing is, you know, first of all, if you look at just the volume processed by the industry, it is kind of stable and the cutout is lower. So that just tells you that demand seems weaker because it's the same amount of supply and lower price. And we think that part of that comes from a little bit of a weakness in the prepared, not necessarily our prepared foods, but just in general, the market of prepared foods, just the demand that we're seeing from customers and internal as well, being a little bit more pressure, and consumers deciding to cut back maybe a little bit on those options.

You know, it's a quarter. So I wouldn't say that that's a long-term trend that we should expect for the coming quarters and years, but that's something just to keep in mind that we've seen a little bit more weakness coming from processors that we sell to and just in our prepared foods business in general, a little bit weaker demand than usual.

Benjamin Theurer: All right. Thank you very much.

Operator: And our next question comes from Mr. Lucas Ferreira, from JP Morgan. Mr. Ferreira, you may go ahead.

Lucas Ferreira, JP Morgan: Hi, good morning, everybody.

So first of all, congrats Tomazoni on the tenure, and Wesley for the new position, very well deserved. My question is on the US poultry industry, which clearly is suffering from lower spreads, especially on the commodity part of the business on the big birds.

So my question to you guys is: where do you guys think we are in this cycle? So if you already see some sort of a capacity reduction and production cuts in the industry, or when do you guys think we should see that happening, especially on, like I said, on the most commoditized part of the business, especially in the big bird? So that's my question. Thank you very much.

Gilberto Tomazoni: Thank you, Lucas. In Q2, chicken supply grew 4.5% in US, it was above expectation, above expectation of the industry, because the growth was driven by the higher egg sets and chicken placement, but the most significant was the better bird survival rates compared with the last year, when the respiratory disease and avian influenza increased the mortality. It means that the industry has taken historical rates of the survival rates and based on that placed the chicken for this year. And how the rate was better? We had more chicken.

What do we expect from it? We expect the industry will adjust in the common months. If you look at the historical, industry is very disciplined in terms of managing the supply and demanded in this business.

Lucas Ferreira: Thanks, Tomazoni.

Operator: And our next question comes from Mr. Thiago Duarte, with BTG. Mr. Duarte, you may go ahead.

Thiago Duarte, BTG: Yeah. Hello guys. Good morning, everybody. Tomazoni, Wesley, same for me. Congrats on the transition and good luck to you both.

So, I'll stick to the chicken business, but in a different way. It's interesting to see how Pilgrim’s has been suffering from this higher supply of chicken and translating into lower chicken prices and enhancing to lower margins while Seara doesn't seem to be suffering from the same phenomenon, and you guys mentioned in the press release, strong export markets, and the Middle Eastern market in particular, sustaining good profitability in the chicken exports out of Brazil.

So, my question to you is: How do you see those two moving parts unfolding in the coming months and quarters? Whether you see this chicken price pressure at some point spilling over into Seara's export business, or you expect the other way, you expect Pilgrim's margins to eventually improve before any erosion on the Seara business? So, how do you expect this global chicken price environment to unfold into the two subsidiaries? That would be my question. Thank you.

Gilberto Tomazoni: Thiago, thank you for the question. And I think you mentioned that as compared to Pilgrim’s and Seara, they are really different. Even though both of them export, they export different types of products. They compete in very few markets, mainly in Africa, with the same markets. Otherwise, there is no competition on that. And for Seara, exports are very important. For Pilgrim’s, it is less important. This comes from this a little bit the explanation about what's the difference.

In the US, Pilgrim’s has a diversified portfolio. I think you had the opportunity to hear from Fabio. But what is suffering in the US is the category of big bird. This is a commodity; that is the product that we sell for processors. We increased too much the volume, and the demand is not enough to meet the supply. And Pilgrim’s has a part, 25% of the business, around 25% of the business is commodity. And this part of the business suffered. Even before we transformed two factories from big bird to case-ready, because case-ready demand is strong.

As Wesley mentioned when he talked about the US market for beef, consumers eat more at home, and then because of that, the demand in retail for chicken increased. But of course, as we have a balanced portfolio, we suffer with the commodity. And we see that this – I mentioned that in the question that I answered before – if you look at the historical, normally the industry, they have a very disciplined in terms of supply and demand in the US for these last many years.

And this we are expecting because the additional supply we have in the market was mainly because of the historical. We planned it before, the survival rates for chicken lower than it was in the fact in the quarter, because of this oversupply.

When you go to Brazil, we see now that the last numbers of the Brazilian association, that the production grew 5.6%, but export increased 20%. That means that because of that, the availability in domestic market was 3.1%. In export market, demand remained healthy, even at price below previous level. And we believe that when you look ahead, it's difficult to predict or forecast what we have. I think just the number of the association means that they forecast for 2027 the production will grow 2.8%, and the export will grow too, the availability will be 2.7%.

If that numbers is the normal numbers, than the market could be accepted, because it's normal growth of the market. Means that we see that today, we have the level of placement of chicken is higher, but we see that the demand for export in Brazil is high, and I believe that it will be possible to compensate not all of them, but industry should be normally to look for the price. Again, historic, you see that industry normally rebalance when we have this disbalance in the market.

We see that this coming quarter, I think we are confident in terms of what market will be able to do with Seara, and something that we do not manage, something that we do not control, we focus on what we control, we control the mix, we control the price, we control the diversification of chains and what we are doing.

Thiago Duarte: Thank you so much, Tomazoni.

Operator: And our next question comes from Mrs. Isabella Simonato, with Bank of America. Mrs. Simonato, you may go ahead.

Isabella Simonato, with Bank of America: Thank you. Good morning, everyone. So echoing my colleagues, congratulations to Tomazoni. It's been a pleasure interacting with you in the last years. And Wesley, congratulations as well. We wish you all the best in the years ahead.

And my question is on Australia. I think we saw a very important growth in top line, right? Which you mentioned about JBS Brazil, how China quota impacted exports. But I wanted to understand if we can assume this is the same reason why Australia's top line has been so strong this quarter. And on top of that, how can we think performance ahead, not only in terms of revenues, but in terms of maybe the impact on the profitability of this division? Thank you.

Gilberto Tomazoni: Isabella, we are very excited with the business in Australia. We are in middle of the cycle. We see two, three years very positive for our Australia business. And all of the businesses in Australia are performing well. When you look at the Australia results below the comparison of the same period of the last year, mainly because of the currency. But this, and because of the climate, we had a very… we dry a lot in Australia, and we are not able to bring the cattle to the plants. And because of a little bit of volume, we are able to produce more. And this is what we are seeing in the next quarter.

And as you saw with the joint venture we have done with Danantara, we recreated a platform for growth in Australia, in Indonesia and South Africa… in Asia, sorry, Asia. And Australia is very well-positioned, is close to this market. And we have a strong team. So look, we are bullish in Australia.

Isabella Simonato: Thank you, Tomazoni.

Operator: And our next question comes from Mr. Gustavo Troiano, with Itaú. Mr. Troiano, you may go ahead.

Gustavo Troiano, Itaú: Hello everyone. Thanks for taking my question and congrats Wesley on your new position at the Company and best of luck to you both and Tomazoni in your new role starting next year.

And my question actually relates to free cash flow going forward. A couple of months ago in the JBS Day presentation, it was mentioned that CAPEX for 2026 should be slightly lower than previously stated in other conference calls, reaching something close to US$2 billion. But my question is: What to expect for 2027, and if you understand that the current cycle conditions at this point, especially with the Mexican border reopening, enables a re-acceleration of the expansion CAPEX agenda for next year, and if the JV in Australia changes your appetites towards accelerating the consolidated investment level going forward since this new variable was added into the equation last week. Thank you very much.

Guilherme Cavalcanti: Thank you, Gustavo. So beginning with the joint venture, that's a way for us to continue with the agenda of growth and accelerate this agenda in that region of the world without putting more pressure on the balance sheet. So bear in mind that Danantara is to put US$800 million in first place and then add up to US$2.5 billion in equity. And then after that, we start to raise debt. So basically, there will be no pressure in terms of free cash flow from the investments in that region, given this capital structure that was designed.

Now coming back to JBS consolidated free cash flow, remember that last year we had a working capital consumption of US$850 million, mainly due to increase in prices, which continue to happen this year. We see that this 2Q we had record revenues of US$24 billion, so increase in prices, and an increase in revenues threats working capital. However, we had anticipation of Chinese and we had receivables discounts. So that's why we are forecasting that this year the working capital consumption will be US$500 million better.

For next year, again, we should, because of the US Beef and if we don't have any inflationary pressure, it should be a good year for in terms of releasing working capital. But of course, that all depends on grain prices, cattle prices, and cutout prices.

All the other lines are in line; I think just interest expenses also in line with what we've been presenting. So this all depends now on each one’s estimates of EBITDA to plug into this equation.

Gustavo Troiano: Thanks, that was clear.

Operator: And our next question comes from Heather Jones, with Heather Jones. Mrs. Jones, you may go ahead.

Heather Jones, Heather Jones: Good morning. Thank you for the questions and my congratulations to Tomazoni and Wesley as well. My question is for Wesley on US Beef. So in 24, Douglas represented about 15% of imports from Mexico. So I was just wondering if there's been some expansion there that would allow for greater flows to that port. And if Mexico cattle flows returned to levels approximately two-thirds of where they were prior to the closing, is that factor alone enough to return JBS's US Beef EBITDA levels to break even? Thank you.

Wesley Batista: Heather, good morning. So, yeah, for sure, it wasn't as much as what I'm predicting, but obviously there were many options, right? There were options all over Texas, all of the options were open. So obviously, if you have just Douglas opening, it's going to be more than if you have Douglas and plus five more ports, or I don't know how many there were back then.

So we expect obviously, especially for a while, it's going to be the only port that's going to be more than usual. And the way that we are looking at the volume, it's pretty simple: we look at the volume, how we estimate, we're basically looking at what was a high-volume day back then before, what was a very high day for Douglas? How much could Douglas handle? And we're just multiplying that and trying to estimate how much that means in a year. So that's how we're getting that number.

Obviously, we're dealing with a lot of assumptions here and things that we're going to know pretty soon if they're going to come up, turn out to be as expected or not. And we're going to know pretty soon actually, how this all is going to look like. But we think that with another, let's say just another meat and head of cattle in the balance here, if we're right now, at around 1%, between 2% and 1% negative, we should be closer to a break-even.

I don't know if it's going to be enough for us to be at a break-even or above break-even. I'm pretty sure that a million head makes a big difference. It's the size of a two-shift plant. So it's a big deal. So we think that it's going to be much better. How much, if it's going to be above or right below the break-even, I'm not quite sure yet. It's going to be much better than where we are right now. That's what I mean. That's what I think.

Heather Jones: Wonderful. Thank you so much.

Wesley Batista: Thank you.

Operator: And our next question comes from Matheus Enfeldt, with UBS. Mr. Enfeldt, you may go ahead.

Matheus Enfeldt, UBS: Hi, good morning. Thank you for the time and also wish both Tomazoni and Wesley's success in the new positions. On my question, I know you touched a bit on this for Seara, but when I get a sense of the demand landscape in Brazil, retailers are quite negative on the outlook for the 2H26 and early 2027. So my question is: how are you seeing that, if you're already seeing some impact on demand weakness throughout the operations there, some shift from beef to pork, to chicken, to eggs? And what's your perception around that and the risk on margins, if we do see the consumer sort of downgrading their protein consumption? That's it. Thank you.

Gilberto Tomazoni: Thank you for the question, Matheus. I think we are not seeing so far weak demand for our products. We see strong demand for all of the proteins. The price of pork is a little bit depressing because the supply is higher than the demand. But for chicken, the chicken and the value-added, our value-added business, the demand is strong. It's normal. We are not seeing depression.

We don't see that people would downgrade in terms of one product to the other. We see that protein now is on the top of the priority for all of the population. Many reasons, you know, that many reasons why the protein becomes very strong globally, in Brazil even. And this GLP-1 in Brazil spent a lot now with the new brands coming into the market of this GLP-1. I believe the accessibility of them will be higher, and we are so positive on that.

And of course, we see that we have, today, when you look for the market, as I mentioned, I answered Thiago before, there's a higher production of volume of chicken, and I think the industry should rebalance that, even the domestic export of chicken is very high and the global demand is high for chicken. But I think will be revealed the level of the chicken placed in Brazil.

And about the margins, look, we're not giving forecast of that, but we can see that we have a strong gain of efficiency inside of the Company, innovations and new mix, and we are confident that Seara will keep delivering good margins.

Matheus Enfeldt: Very clear. Thank you.

Operator: And our next question comes from Renata Cabral with Citi. Mrs. Cabral, you may go ahead.

Renata Cabral, Citi: Thanks for taking my question. Good morning, everyone. Congratulations to Wesley for the appointment. Wishing you every success in the role. And Tomazoni, congratulations on the extraordinary run as a global CEO.

So my question is, I'm going to shift to Brazil Beef. The Company had a strong quarter, with record 2Q in EBITDA growth, and exports were clearly an important part of that performance, particularly because of the purchase of China. And now, we have a July export data for the industry that gives us a first indication of post-quarter environment.

So my question for you is if you could help us to understand what you have seen so far in terms of exports volumes for the Company and pricing is broadly in line with your expectations for this environment. And looking through the remainder of the year, the 2H, how should we think about China demand and their ability to redirect the volumes to other markets?

Gilberto Tomazoni: Thank you, Renata. I'll give you an overview about the beef in Brazil, because it's a very complex environment now with the China quotas. Because, based on the current expectation, Brazil should resume production for China in October with shipment restarting in November. And given the normal transit times, that commercial impact of those shipments will be reflected primarily in 2027.

As always, we continue to measure our commercial strategy, and the dynamic optimization, production allocation across the export markets to maximize the value. But there is a market that can accommodate the volume of 150,000 tons that China was exporting this period that will be restarted in China. And now we have this volume.

The harvest of the animal has fallen 20% in the first month. But the price of the live animal did not fall. And it should fall because the animal is in the field. And I believe that the farmers have prepared for the end of the quota. And the cattle, as I mentioned before, are there and the price should fall, and then we recalibrate the cutout and the margin in this business. Because, of course, Brazil without the quota of China and probably with the European restriction that we have, I believe that we need to reduce the number of cattle harvests in Brazil.

For this period, we don't have the quota of China. When the quota of China restart again in October, that will be different. But so far, until October, we see that the price of cattle should fall, because the number of cattle will fall, the harvest will fall.

And I think Friboi has a unique condition, because we have brand, we have category management with the retailers. I think when you combine this category management and the brand that we have, it provides for us a very competitive advantage in the sector.

So look, we see a tougher market for this period of the time, but we believe that market will be back on a healthy situation very soon, in the coming months.

Renata Cabral: That's helpful context, Tomazoni. Thank you so much.

Operator: Our next question comes from Guilherme Palhares, with Santander. Mr. Palhares, you may go ahead with your question.

Guilherme Palhares, Santander: Good morning, Wesley, Tomazoni, Guilherme. Thank you for taking my question. Again, as everyone mentioned, congrats on the move, Wesley and Tomazoni, you'll be truly missed as one of the key executives on the protein space, and not only for JBS, but for the entire sector as a great voice defending the sector globally.

Wesley, I know that you have not taken office yet, but you have been with JBS in any part of the organization now, so you have been all over the place in any divisions, and you get a Company now that it's a Company listed in the US, a global player, which in the last couple of years changed a bit the strategy from M&A and integration, as it was in the past, towards more of an organic growth value-added.

So I want to take your thoughts, having experience in all divisions so far, seeing every operation, what do you think lies ahead for the organization? What is the agenda that you will try to pursue? What will be the JBS of Wesley Filho from now on?

Wesley Batista: Guilherme, thanks for the question. The good thing about a transition that's internal, like what we're doing, is that there is a lot of continuity, right? So when you get a new CEO that comes from the market, or that's not on the day-to-day of the operations, and the guy's new, and they have to come up with something completely new, and something completely different sometimes just to maybe mark kind of what direction that they think is relevant. And that's exactly not the case, right?

I mean, Tomazoni and I have been working together for the past 10 years, so a lot of what has been done within JBS for the past decade here in a lot of ways, I've had the privilege to be part of that team that was doing that, and it was alongside Tomazoni all the time here doing that.

So you should not, at all, see JBS have a big change in the strategy in the way we do things. Again, because we are just one team, and we've been working together for all of that time. So there is a lot of alignment in terms of leadership and in this transition here.

The other thing, too, I would not at all consider a JBS of Wesley, or JBS, you know, JBS has 280,000 team members and a very, very strong leadership team that I think is (maybe I'm biased, but) the best in the industry. So I think that that's something else that I will just mention.

Now, in terms of where we're going to go, Guilherme, for sure, we have a lot of new avenues of growth that have been opened in the last few years that need, you know, to continue to mature and to continue to evolve. And we just announced, you know, really just last week, about this road Danantara deal and all of the potential that we have in Southeast Asia. That's a market population of 700. If you consider the Asian block plus Oceania, Australia and New Zealand, as well, you're talking about 750 million people.

So it's a huge market that we trade a little bit, but not very, very much that opens a whole new avenue of growth for us. Australia is a huge platform for us to get started in that huge competitive advantage for us to grow in that area of the world. We have the project in Oman that continues to grow our business in the Middle East. And obviously, I'm talking about new geographies, but even in our traditional geographies, like the US, continue to evolve our agenda on brands, like what we're doing with Just Bare.

In Brazil, a lot of the growth that we've done in Seara has been matured, but there's still some to go and there's a lot for us to get done there. Our business in the UK is a business that gets talked relatively little about, but it's a great business, of about 5 billion business within Pilgrim’s that, you know, US$5 billion that we don't talk quite as often.

But anyway, we're going to continue to grow on the avenues that we have been growing, and you'll see a lot of continuity and alignment going forward. But thank you for your question, Guilherme.

Guilherme Palhares: Thank you, Wesley.

Operator: Thank you. And our next question comes from Ricardo Boiati with Safra. You may go ahead, Mr. Boiati.

Mr. Boiati, it's possible you may be on mute if you're trying to speak.

Ricardo Boiati, Safra: Hi, good morning, everyone. I'd like to join the crowd here on the compliments. So Tomazoni, congrats on a job well done. Thank you for the interactions during these years. It's been a pleasure and I hope to keep in touch. And Wesley, congrats on the new role, truly a well-deserved step and wish you all the best on the new position.

My question is on Australia. I'd like to continue this conversation, Wesley, about the potential of Australia as a production platform. Obviously, you are relevant there, but in terms of JBS's global platform, it's not that relevant.

So in the scope of the partnership with Danantara and when you look at the country's potential there in terms of grain production, land availability and so on, how big an opportunity Australia could be, especially for the production of chicken in the future? I mean, logistics wise, it seems to be very competitive to have Australia as a production platform in chicken. So how do you think about this and how is this being considered in the scope of the deal with Danantara? Thank you.

Gilberto Tomazoni: Thank you, Ricardo, for the question. I think it's important to discuss it a bit. What is the long-term strategy of this partnership? It's to expand our investment capacity in Southeast Asia, and when we preserve our operating model and give us a financial discipline and full operating control. The priority in these first two years is to invest in the regions for Indonesia. Indonesia is the focus and is the main focus of us with this partnership is these first two years in Indonesia, then after that, we can invest in Australia or other places in South Asia.

But you mentioned that in Australia, we are a very diversified platform, we just missed the chicken. Of course, chicken is something that we have all the time considered the opportunity to enter this sector. But we didn't find the right conditions that we believe is accretive for us to go in. But it's still open as an opportunity.

We don't have a pipeline of investment or acquisition to announce. But in reality, we are looking for good opportunity that could be M&A or Greenfield with a focus in Indonesia now. And why are we so confident? Because of the size of the market. We're talking about 640 million population in this area. And we cannot go alone in this. This is something that is safe and the way that we have organized this deal with creating conditions that we have, we do not stress our balance sheet, and I think we have assessed additional… capital is not changing our investment discipline, and the same time, you can catch the opportunity.

This is a growing market and then growth consumption of protein, and we have a strong team there. We didn't change the business and JBS remain fully responsible for the managing of the platform, and we will retain full operational control. I think this was a perfect movement in strategic area to increase the consumption of protein.

Ricardo Boiati: Great, Tomazoni. Thank you very much.

Operator: Our next question comes from Carla Casella with JP Morgan. You may go ahead, Mrs. Casella.

Mrs. Casella, if you are speaking, you may be on mute.

Moving to our next question comes from Priya Origupta with Barclays. Mrs. Origupta, you may go ahead with your question.

Teresa, Barclays: Hi, good morning. This is Teresa on for Priya. Thank you for taking our questions, and congrats Tomazoni and Wesley on the transition to our new roles. We're really looking forward to working with you and wish you both the best.

So our question is, will we continue to expect that net leverage will end the year at or below 3x? And in support of this, how should we think about the potential for any debt repayment over the rest of the year? Thank you.

Guilherme Cavalcanti: Hi, thank you Teresa. Bear in mind that on a last-12-month trail, we are replacing it very strong, especially from the chicken US EBITDA of last year to a more normalized margin for chicken US this year. So this statistical affect tends to pressure the leverage. However, 2H of the year is where we generate the bulk of our free cash flow. So one thing probably tends to balance the other. So we're thinking that we'll be finishing the year in the levels more or less the same as we got in the 2Q; slightly above 3x.

And as we generate free cash flow, and given we have no a debt maturities in the short-term and because all of the coupons up to 2032 are below treasury, the efficient debt to be repurchased, I would say probably the 34s, which have a 6.75 coupon, we should have still US$300 million outstanding there, and some 33s or 35s.

But let's see how the 2H behaves and then we can make a decision of repaying or not those more expensive debt.

Teresa: Great, that's helpful. Thank you.

Operator: Ladies and gentlemen, there being no further questions, I would like to pass the floor to Mr. Gilberto Tomazoni.

Gilberto Tomazoni: Before we close, I want to just to thank all of you for your kind words and congratulations today for me and behalf of Wesley. I also thank you for the attention, respect and support you have shown me. And over these past eight years, our interaction has always been very productive. Your question, your perspective, even your challenge have helped us improve the way we communicate, sharpen our focus and become a better Company.

I have learned a great deal from all of you. And of course, I want to thank our entire team around the world, everything we have accomplished over these years as a team effort, and I'm very proud of what we have built together.

We still have a few important goals ahead of us. And my focus remains fully on leading JBS to deliver strong results and working closely with Wesley to ensure a smooth transition, successful transition.

Thank you again for your trust, for your engagement, and your partnership over all these years. Thank you!

Operator: This is the end of the conference call held by JBS. Thank you very much for your participation and have a nice day.