International Conference Call
JBS S/A (JBSS3)
1Q26 Earnings Results Transcription
May 12th, 2026

Operator: Good morning and welcome to JBS's **1Q26** results conference call.

At this time, all participants are in listen-only mode. Later, we will conduct a Questions-and-Answer session, and instructions will be given at that time. 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 forecasts 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, Global CEO of JBS.

Mr. Tomazoni, you may begin your presentation.

Gilberto Tomazoni – JBS Global CEO:

Good morning, everyone. Thank you for joining us today.

The 1Q26 was a challenging period for JBS, shaped by market volatility, seasonality, operational disruption, and change in a global trading flow.

This is consistent with what we have been saying. We understand the nature of our business and the cycles we operate in, and we manage the Company with that in mind. In the environment, we remain focused on what we can control: operational excellence, cost, discipline, agility, and long-term value creation.

JBS delivered net sales growth of 11%, reaching US$21 billion; it is a record for the 1Q. Net income was US$221 million, and EBITDA totaled approximately US$1.1 billion, with a margin of 5.2%. Leverage increased to 2.77x, reflecting pressure on earnings and cash generation while we continue to strengthen our liability profile extending average debt maturity to approximately 15.6 years.

From an operation perspective, the quarter reflected both the challenge of the cycle and the resilience of our platform.

In Beef North America, The environment remained very difficult. EBITDA was negative to US$230 million, with margin at 2.3% negative, impacted by constrained cattle supply and higher costs.

During the quarter, we advanced organizational and operational adjustment across our US Beef platform, focused on rationing, researching, and simplifying our structure in more challenging phase of the cattle cycle.

As the business has evolved, several areas were already operating in an increasingly integrated way. Building on that, we brought together Fed Beef (it is a three-businesses unit, Fed Beef, Regional Beef, and Case Ready) into a more unified structure. This is a natural step; it reduces duplication, improves coordination, and allows us to leverage our skills and talent more efficiently, while strengthening decision-making and positioning the business to improve performance over time.

These actions are part of a broader effort driving efficiency across the Company. Our focus is to extract more value from existing assets, improve productivity, and enhance execution through technology, automation, and data.

At Friboi and Pilgrim's, we have been developing and piloting artificial intelligence initiatives for over a year to support better decision-making, commercial execution, and operational efficacy. And we are now scaling this capability globally.

At Seara, we continue to advance automation and process improvement to increase productivity, improve product quality, and support the expansion of higher value-added categories.

These reflect our approach to the cycle. We act early, focus on what we control, and position the business for a stronger performance ahead. This quarter, once again, highlighted the importance of our diversified platform. Despite the headwinds, our business helped balance the consolidation performance.

Seara delivered an EBITDA margin of 15.5%, supported by strong export demand, innovation, and growth in value-added products, despite currency pressure and cost inflation. The outlook for poultry in Brazil remained positive, supported by balancing supply-demand, including adjustment in breeder placement and continuous demand growth.

JBS Brazil reported EBITDA margin of 4.5%, second-to-higher 1Q margin in its history, supported by a disciplined commercial execution and favorable demand.

Friboi also delivered a strong top-line performance, with a solid demand, both domestic and in exports. The China safeguard created an adjustment in the global trade flow during the quarter, but our team responded quickly managed the volume within the quota structure and developed alternative as markets, such as United States, Mexico, Indonesia, preserving value and expanding our commercial footprint.

In Australia, margin reached 7.1% and operational fundamentals remained positive. In Queensland, cattle conditions are the best we have seen in the last three years, reinforcing our positive outlook for the business. In the United States, Pilgrim's had a softer quarter impacted by seasonality and planned plant adjustment. These actions were necessary to improve efficiency, enhance productivity mix, and better align our footprint with demand. The adjustments have been completed, and we have already seen improvement trends.

US Pork remained stable, with a sign of gradual improvement supported by more balanced supply and demand dynamics.

Cash flow in the quarter was also impacted for growth CAPEX, with investment focused on efficiency, expansion in value-added products, and strengthening our global footprint, fully aligned with our long-term value creation.

Looking ahead, the fundamentals of a global protein remains strong. Beef supply continues to be constrained in key markets, poultry demand remains solid, and our brands continue to gain relevance with the consumers. Seasonality, will also play an important role. The start of barbecue season in the United States typically supports stronger consumption across protein and improved industrial conditions to coming quarters.

At the same time, we remain disciplined. Our priorities are clear: operational excellence, extreme control on cash generation, we also remain focused on strengthening the Company's long-term position in a global capital market, including creating the conditions for further expanding our participation in relevant equity indices over time.

We continue to review costs, optimize research, and improve productivity across the business. We understand the cycle, we operate with discipline, and we are taking the right actions to navigate the current environment while strengthening the Company for the future.

Thank you. I will now turn the call over to Guilherme, who will be through the financial results in more details.

Guilherme, please.

Guilherme Cavalcanti – JBS Global CFO:

Thank you, Tomazoni. Let's now move on to the operational and financial highlights of the 1Q26.

Net sales reached a record of US$22 billion for a first quarter. Adjusted EBITDA in IFRS totaled US$1.1 billion, which represents a margin of 5.2% in the quarter. Adjusted EBITDA in US-GAAP totaled US$916 million, which represents a margin of 4.2% in the quarter.

Adjusted operating income was US$516 million, with a margin of 2.4% in IFRS, and US$544 million in US-GAAP, with a margin of 2.5%. Net income was US$221 million in the quarter, and an earnings per share of US$0,21 cents. Excluding the non-recurring items adjusted net income would be US$241 million and earnings per share of US$0.23 per share in the quarter. Finally, the return on equity was 22% and return on invested capital was 15%.

Free-cash flow in the 1Q26 was negative at US$1.5 billion compared to a cash consumption of US$917 million in the 1Q25. In addition to the seasonal cash consumption that typically occurs in the 1Q, the main drivers of a higher cash burn compared to the same period last year were: a decline in adjusted EBITDA of approximately US$400 million, reflecting the weaker operating results; an increase in capital expenditures, which more than doubled compared to the 1Q25, totaling US$566 million, driven primarily by expansion CAPEX of US$319 million, compared to a US$79 million in the 1Q25; an additional of US$252 million working capital impact resulting from the higher livestock suppliers payment deferral, as previously flagged in our last earnings call.

It is worth noting that if we execute the same level of livestock deferral in the 4Q26, this impact will be offset on the free cash flow for the full year.

Notably, working capital consumption was already below the same period last year, and excluding the additional US$252 million in deferred livestock payments, working capital would have been approximately 23% better compared to the 1Q25.

In the 1Q, we also strengthened our balance sheet with the issuance of US$2.5 billion in bonds in the market and the tender offer of US$1.45 billion. This allowed us to extend our debt maturity profile, reaching an average debt term of 15.6 years and an average cost of 5.7%.

We have no significant debt maturities until 2031. Our leverage ended the quarter at 2.77x; in line with our long-term target of keeping net debt to EBITDA between 2x and 3x.

Our US$3.4 billion in revolving credit lines and US$3.5 billion in available cash provide us with the flexibility to continue executing our expansion CAPEX, value creation projects, and shareholder returns while maintaining a health and robust balance sheet.

Last night, we also announced that, beginning next quarter, we will voluntarily file forms 10-K, 10-Q, and 8-K with the SEC, prepared under IFRS and supplemented on the earnings released by certain indicators reported under US-GAAP. This initiative is expected to broaden our eligibility for key benchmark indexes, such as S&P Composite 1500 family.

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.

If you have a question, please click the Raise Hand at this time. If at any point your question is answered, you can remove yourself from the queue by clicking the Lower Hand and questions will be answered in the order they are received. L

Isabella Simonato, Bank of America. Thank you. Good morning, Tomazoni, Guilherme, Chris. Thank you for the time.

I have a couple of questions. First, Guilherme, if I may ask you for that break-even EBITDA exercise you do every quarter; that's really helpful. If you could just walk through that, we'd really appreciate it.

And also, to the point of cash, right? Your leverage is pretty close to 3x, right? I know that's not how rating agencies look at that, but if you look at the EBITDA US-GAAP is even higher than that, so I was wondering, you mentioned before, right, a CAPEX of US$2.4 billion for this year and 1.3 of expansion, if that continues to be the goal or if you are reviewing that, not only for this year but going forward.

What type of leverage do you have to bring leverage down, assuming you don't have a big jump in your EBITDA for the next 18 to 24 months? So that will be my first point.

And now also, about the US Beef business, I think we have been discussing that for a while now about how the cycle apparently has changed, right, or has been different than the previous down cycles, and there's a matter of really how the cattle herd can be rebuilt at this point as the sector goes through generational transitions and issues.

I mean, do you see the business model changing going forward? I mean, any type of vertical integration that would make sense on the cattle part for you to be supportive of the cattle herd growth over time? That would be my second point. Thank you.

Guilherme Cavalcanti: Hi, Isabella. So on the first question, I think it's early. We're still reviewing our estimates, and again, there's a lot of variables that's not in our control, but I would say that for this year the cash flow break even an EBITDA will be anything between US$5.7 and 6 billion. That's our better estimation.

In terms of cash usage, you're right, the leverage reached 2.77x. Bear in mind that our long-term target is to be between 2 and 3x. Being in this range, we think we keep investment grades. Above 3x, we enter on the attention zone, when we start reviewing things like you mentioned, capital expenditures, dividends, and so on. Our dividend limit is at 3,75x.

And I think it's worth mentioning that in 2023, our leverage reached 4.84x in the 3Q and we kept the investment grade because of the cyclicality nature of our business. Because in 2024, the leverage came down without any effort to 1.89x. In fact, in 2024, I even unwind discount receivables. So in 2024, we would be printing a US$2.8 billion free cash flow, but I used US$500 million to unwind discount receivable, so I printed US$2.3 billion free cash flow. So that's the kind of leverage that we have to use, because we don't use these levers recurrently. Exactly to be able to use whenever we need.

So, for example, I could increase my discount receivables again for anything from US$ 500 million to 1 billion in discount receivables that I unwind in 2024 when the cash flow was robust. I can also increase my supplier vendor finance, because we have space for that. But these all have costs, so we use them only if needed. So that's how we will be managing leverage.

So 2Q, we may be closer to our up-range limit on the long-term target. But bear in mind that the 2S there's always a strong free cash flow generation, so we expect to end up the year in our target zone, of between 2 and 3x net debt/EBITDA. And as long as we keep within this range, we've been managing to keep the billion-dollar dividends that we have already announced, and around the one more than a billion dollars in growth CAPEX.

If you look, since 2019 we did an average of expansion CAPEX of almost US$1 billion with an almost US$1-billion-average dividends as well. So I think being in this range, I think we can keep this pace of growth CAPEX and dividends, but we will always be monitoring according to our leverage, which is our main variable for capital allocation decisions.

Wesley Batista: Isabella, good morning. So, obviously, this herd rebuild in the cycle of the US business is taking longer than we all wish for, but for the industry to have any integration, especially on the cow-calf side of the business, is just not realistic for a few reasons: it's very, very specialized and the people that do it have very special knowledge that's very different than what we do; and other than that, especially on the cow-calf side of this supply chain, it's very expensive, right? Expensive not as in price, I mean, it's expansive, it needs a lot of land and you need to manage a lot of land to be able to have a significant number of livestock, and that's not our business. So we're not looking into that.

Isabella Simonato: Super helpful, thank you.

Henrique Brustolin, Bradesco: Hello, good morning, everyone. Thank you for taking my questions. I have two also on US Beef. The first one is if there was anything extraordinary in Q1 US Beef margins, such as hedges or even the impact from the Greeley strike.

And the second is how you see margins evolving into the barbecue season. Spreads appear to be pressured back to the levels they were in the beginning of the year. So how do you see this favorable seasonality playing out under the current environment?

Wesley Batista: No, there wasn't anything extraordinary from a hedge perspective, or even the whole strike situation didn't have a meaningful impact on our quarterly results. So nothing to do with that. It was simply margins, especially in January and February, were for sure very, very challenging and probably one of the most challenging periods we've ever seen in history.

So, talking about the next quarters, you know, we expect, obviously, to be better than what we had in Q1. But for sure, 2026 will be a more challenging year than 2025.

Henrique Brustolin: That's clear, Wesley. Thank you very much.

Benjamin Theurer, Barclays. Hey, good morning, Tomazoni and Gui. Just two very quick ones. So first, can we talk a little bit about Australia and some of the cost headwinds? What you're seeing on the Australian cattle cycle maybe, and if there was something in particular in the 1Q that drove a little over 300 basis points margin contraction.

And then second, if you could share a few thoughts as it relates to the cattle price in Brazil. It's been very erratic and volatile. Any background, any interpretation as what we should think about going forward for the Brazilian capital price, that would be helpful. Thank you very much.

Gilberto Tomazoni: Hi Ben. Thank you for your question. Related to Australia, the operation was very strong, we had a good quarter in terms of volume and sales. And the impact when you compare it to the 1Q25 was FX, it was around 15% the valuation of the AUS. And this is the only impact of the business.

The business remains strong in Queensland, where we have 40% of the cattle herds. The environment conditions for pasture is the best we have seen in the last three years. And we remain very positive with the Australia business.

About the volatility in Brazil, it's normal because, as you know, Brazil is focusing to accomplish the quota in China quota, and all of the players in the market try to produce as much as they can in order to able to reach a share of the quota. It is normal. The price of the cattle increased, but you saw in the last two weeks, the price started to go down.

And we see that if the quota will be achieved – we believe that at the end of June –, the volume should go down and the price of the cattle should be down as well, in a way to accommodate where Brazil will be put in an additional 100,000 tons per month.

This is normal what we see in the situation that less cattle will be harvested, and the price of the cattle will be down. We are seeing it as normal.

Benjamin Theurer: Perfect. Thank you very much.

Guilherme Guttilla, BTG: Hi Tomazoni, Guilherme and Wesley. Good morning. So we have two questions here also. The first one is regarding Seara. So I just want to discuss a little bit more about the margin of the Company. So margins stay at quite strong levels, but they decline sequentially.

So if you could provide us a bit more information on what drove the sequential decline, if it was more related to the pork business, to the chicken, or maybe something else. Any color you can provide us would be very helpful.

And if I may just do a quick follow-up also in the US Beef. There was some new reports pointing to the postponing of the measure, but there was also the possibility of lower US Beef import tariffs. So, how are you guys seeing this for the US Beef segment and also for JBS Brazil and Australia, that should also benefit kind of from this? Thank you.

Gilberto Tomazoni: Guilherme, related to Seara, Seara increased its sales volume, both domestic and export. Demand for all of the products remains very strong. The only explanation is the FX. If you take the FX compared to the last quarters, you see the FX impact will be around 10%. And this more than justifies all of this. The business is very strong; we are very confident with the results of Seara in the coming quarters.

Wesley Batista: And on the US Beef, Guilherme, so, you know, if tariffs are lowered and there is a bigger income of Australian and Brazilian beef (and from other geographies as well), I see this as, in a big sense, very complimentary. The US has really gone into a production system that prioritizes prime, choice, and heavier cattle.

And today, just a percentage of select cattle that we see is a lot smaller than what we used to have, it is basically, a very, very small minority of cattle nowadays is ungraded or low-graded cattle. So I think that a potential increase in imports could complement that production that we're doing a lot less of.

And I actually think that the byproduct of having this priority of higher marbled, more premium beef production system that we have in the US is that we have a lot of fat trim as part of our production. Actually, you could almost argue it's one of the main products that comes out of cattle is fat trim. And the only reason why our fat trim is valued so highly, and it has such good value, is because we have available lean. And if we don't have that available lean, we actually could see our fed cutout actually reduced and the price of that well-marbled beef actually have to be higher, because we don't have the credit for that fat trim.

So my point is, in some cuts, yes, you would probably be, in a way, competitive with domestic production, but I would say that the majority of what potentially would come in would actually be pretty complimentary and not what we're targeting to produce in the US right now.

Guilherme Guttilla: Very clear. Thank you.

John Baumgartner, Mizuho: Hi, this is Isabella on for John. Thank you for taking our question. So, could you please discuss the next step that JBS plans to take in terms of increasing its presence in value-added meat? Is there still more to do on the M&A front to secure assets? And does JBS have the necessary brands and assets right now for the next steps in its growth?

And in terms of going to market, should we expect a strategy similar with the partnership between Seara and Netflix in Brazil? Or is there a different approach that you plan to take? Thank you.

Gilberto Tomazoni: Isabela, in terms of M&A, it's part of our routine to look all the time the at opportunities for M&A, for growth. But at this moment, we are focused on cash generation and operational excellence. This is the focus of the Company now.

John Baumgartner: Okay, thanks. Thank you.

Laura Hirata, Santander: Hi, good morning. Thanks for taking my question. Actually, I have two for my end. First, on Seara. The export scenario appears to have become somewhat more challenging in key markets as a result of disruptions in the Middle East, while we also saw the European Union considering banning protein exports from Brazil.

So, it would be very helpful to understand how Seara adjusted its commercial strategy in response to that environment, both in terms of logistics and also in terms of pricing.

And if I may add, you announced you're going to start publishing 10Q and 10K fillings, which we see as positive in terms of eligibility for US indexes. In this sense, what are your expectations for JBS' next steps towards being included in those indexes?

And I was wondering if you could share with us some thoughts on the accounting standards that this broader discussion could potentially bring. That's all from my end. Thank you.

Gilberto Tomazoni: Hi Laura. I will start to answer the question about Seara that you have made, and Guilherme will be answering you about the 10Q, 10K we are publish.

First, you asked about the Middle East war and how this impacted business. I will tell you this is a neutral impact, because we have an input of additional cost because you need to skip some parts, and you need to use the trucks for internal transportation to reach the customers. But demand in terms of volume remains the same, remains strong, as it was before, and the extra cost is being by the market, which means that we can say is neutral this war in the business so far.

Related to the European that you mentioned, it's very new. I know that Brazil will provide the necessary clarification to the European Union regarding the technical guidance related to the subject. But for our side, we see Brazil is fully compliant with European Union requirements.

And the other thing is important to clarify, import point that is part, have not been suspended. I think we have a period of clarifications, and this has not impacted the business so far, and we are very confident Brazil will be fine and will reach an agreement with the European Union. And from our side, we continue to monitor the matter.

Guilherme Cavalcanti: Regarding indices, it's worth mentioning that today only around 40% of our free float comes from passive funds, which in this sector, generally, this number is 60%. And the reason is because we are not on the main indexes yet. However, we think we already have the necessary criteria for the Russell. We entered last year, last September, in the FUTSE US as US Company. So now in May or June, we have rebalancing of Russell. It's not in our control, but there's chances that we enter in the Russell, creating a demand for the shares.

And now, having more than 50% of our sales in the US, and if we do 10Ks and 10Qs, and in June we'll complete one year of having our primary listing in the US, this makes us eligible to the S&P family. That's the perspectives in terms of the index.

In terms of accounting standards, we are Netherlands Incorporated, so the IFRS is the accounting standard for that. But in our press release, we put all the relevant information in US-GAAP, so you can compare and also the bridge from IFRS to US-GAAP. So with that, we think we can reach US investors that are used to US-GAAP and have the comparability and reach also European investors and Latin American investors that are used to IFRS.

Laura Hirata: That's super clear. Thank you, guys.

Leonardo Alencar, XP Investimentos: Good morning Tomazoni, Gui Cavalcanti, Wesley. Thank you for taking my questions. I would like to discuss a little bit more about US Beef. Wesley, you mentioned that the strike in the 1Q wasn't really impactful for the results. Would you say that without the strikes the situation would be a little worse for the 1Q, or not? Or even if there's any lingering effects for the Q2 from this strike?

Another thing that I would like to understand from your side that we've been discussing this for the last few quarters, but just to get an update, regarding the Mexican border, if you're expecting that to open anytime soon, if you think that would change the supply side in the short-term could be a tailwind for this 2Q, maybe for the 2S? So two questions for US Beef.

And just one thing about Seara, you mentioned, Tomazoni, regarding the export, Middle East, and I agree with that. But then looking on the domestic side, we've been seeing some erratic performance from the prices between in-natura or fresh and processed goods, and it looks like in the beginning of the year, we saw some strength from the processed side and now we're seeing some transition into more in-natura.

So, just to get an understanding here what are you're seeing, if is a demand is softening or if it's just a short-term pick up, let's say. So just to get a better view from Seara on the domestic market as well. Thank you.

Wesley Batista: Leonardo, good morning. Just on the strike situation, you know, we were able to redirect volumes in other plants, so we didn't lose volumes because of this strike. There were maybe, you know, costs here and there that were extraordinary, but nothing significant enough to justify doing any adjustment or anything like that that's relevant to the market. So, we decided to just leave it as it is with the result, because it wasn't significant.

Mexico border opening for feeder cattle, absolutely no question, is the most important thing that could ever happen in the short-term to get some sort of relief on the supply side on beef in the US.

Obviously, the USDA has been super (as always) very responsible in making sure that that's done whenever they feel the situation (or they have) assurance that the situation from the Mexico side is exactly how they want, so that they keep screwworms outside of the US.

But having said that, whenever (and if) that ever happens with the US government feeling that that is the right time, absolutely, it would be the most significant thing that could happen to normalize supply in this industry in the short-term.

Gilberto Tomazoni: And Leonardo, related to your question about chicken in Brazil, chicken in Brazil we started the year, beginning of the year, I think January was a little bit soft, but then February and March a recovery, I think the market demand in Brazil is very strong and the demand in export is strong.

With that time, last quarter we discussed that the statistics show that Brazil will grow high-volume because the genetic will be higher. And the moment I saw that I said: "we're not seeing in the market". I don't know the statistics, but in reality, the statistic was some mistake, the Association republished the numbers and corrected the information that the market would grow around 10%.

You're talking more about 4%. But 4% I think it's balanced with the demand. We have external demand and a normal growth in domestic market.

Leonardo Alencar: Okay. And thank you. Tomazoni, just to be clear, you said this improvement, but then it's mostly in-natura or processed, or both?

Gilberto Tomazoni: No, processed, the market is stable. The market is not growing, but we are, let's say, flat, but we sell more value-added, more premium products than the more commodity products.

But the demand, if you saw, the demand in January was weak, but they recovered, and in March, we made a very good sales, and we are confident that the this is a combination of our strategy to distribute in domestic market different chain, different category of products, we are able to manage this situation.

But for chicken, it's very strong the demand for processed products. It is strong in the premium and soft in the more commodity.

Leonardo Alencar: That's clear. Thank you. Thank you.

Heather Jones, Heather Jones Research: Thank you. My question is on North American Beef. And just due to a variety of factors, including drought, it just seems like the herd rebuild is getting pushed out and is likely to be much slower and meager than expected, and then, like you mentioned, the border reopening.

So, it just seems like even if everything goes right from here, we're looking at like late-28 before any significant increase in cattle availability. So, it would seem additional industry rationalizations required, and so I was just wondering when do you see that happening and/or if JBS is considered rationalizing some capacity, maybe one of your smaller facilities? So I'm just hoping you could help me how to think through that. Thank you.

Wesley Batista: So, Heather, you're right, especially with this drought, it's going to delay the herd rebuild. I don't think we further liquidate, but it's probably going to delay the herd rebuild here.

Look, we're not really focused on that right now with this, you know, talking about plant rationalization and all of that. So we're focused just on making our business better with the things that we can control given the footprint we have. So that's not something that we're looking at the moment.

And it's very difficult for me to speculate on anything else, right? Because anyway, it wouldn't be appropriate for me to speculate on other players in the market. But we're not looking at that right now.

Heather Jones: Thank you.

Ricardo Alves, Morgan Stanley: Thanks, everybody. Good morning. Thanks for the call. One question for Wesley, one for Guilherme. First on US Beef, Wesley, please, as we think about the grilling season, protein inventories are down big time in the US; red meat is down, chicken is down, and when you look at beef purchases to be delivered in June, July, also down big time, 15% or so. How do you feel about channel inventory today when you're thinking about retailers and food service as we head into the grilling season?

These data points – I think that my point is that – would indicate to us that there's a lot of upside to cutout prices in the very near term. I wanted to see if you have that view, or on the flip side, maybe it could also indicate that demand is expected to be softer, I guess. I don't know. I don't think that that's the case, but it is a possibility.

So, I just wanted to hear from you, what do you get from retailers and food service, you know, in your conversations on the ground? I think that that would be helpful for the very short-term on the cutouts. That's my first question.

The second question, a really quick one to Guilherme, the pretty significant CAPEX expansion that we've been discussing for the past couple of months – and we saw that taking place in the 1Q –, could you detail a little bit more? I know that maybe you cannot quantify by division, but at least the main projects that you're working on for the rest of this year, just so that we have a better idea of what's going on in your US Pork division, even projects that you're doing on US Beef, PPC and so forth. I think that that would be helpful as well, just a reminder of the CAPEX expansion. Thanks, everybody.

Wesley Batista: Ricardo, on beef, cutouts started the year already – compared to the same time last year – much higher, 15% higher compared to the same period of time. And the reason is, you know, lower volume and demand continues to be strong, so you have a constant demand and a shorter supply. Price tends to go up when that happens.

So, looking forward, I would expect… it's difficult, we have to wait and see and see how that's going to impact demand in this this potentially higher prices, but supply is tighter. So, we'll see what happens there, but we'll probably see demand continuing to stay strong, and we know the supply is kind of short, so there is a potential for. But we have to wait and see.

Guilherme Cavalcanti: Hi Ricardo. So, the main projects continue to be the one announced. So the Pilgrim's Prepared Foods Facility in Walker County, the Ankeny (Iowa) Fully Cooked Bacon and Sausage Facility, the Perry (Iowa) Fresh Sausage Plants, Cactus (Texas) and Greely (Colorado) Modernization of the beef processing plants. Then, we have investments in Brazil in biodiesel, in the Paraguay Chicken Plant, and also the Oman acquisition.

Bear in mind that the Oman acquisition will not be a cash effort, given that it will all be financed with the local banks there.

Lucas Ferreira, JP Morgan: Hi, everyone. Thanks for taking my questions. Two follow-ups. One is on Australia. It seems like you guys have a sort of a constructive view there on the quality of pastures in the business. I just wanted to understand, you know, potentially the trend for margins there.

At least if you look at the Australian dollar, remains even a bit stronger than the levels we've been seeing in the 1Q, and in cattle prices, seems to be sort of stable, but with the MLA outlook of some reduction in slaughtering this year with the change in cycle, so, I don't know, in the regions you guys operate and all the other businesses in Australia, how to think about margins going from here? Is it also some seasonal effects that should help lift the margins going forward?

And number two, still on the US Beef, Wesley, just so I understand your comment, you mentioned that you expect 2026 to be more challenging than 2025. Last year, you had a 1.5% negative margin. Should we expect a weaker margin this year given your comments?

And then, 2Q was particularly weak last year, with a minus 3.9 margin. I remember the issues with the hedging, and etc. So should this sort of a weakness more skewed to towards the 2H, or how to think about also the evolution of the business from here? Thank you.

Gilberto Tomazoni: Lucas, thank you for your question. Related to Australia, I think where we operate, we are very positive in terms of the volume that will be harvested this year. I think it will not be different from last year. Some periods of the year, I think will be higher.

I mentioned in the beginning in one of the answers, that Queensland, where we have our main operation, that the climate condition is very positive. I think it's the best in the last three years, and this shows us that the coming months will be good when we talk about supplier. Then you talk about demand; demand is very, very strong, and I think not just in the US, but all of the premium markets that Australia sells to, Japan, Korea, and other ones. Australia is very well-positioned for catching this benefit from this demand, this growing demand, global protein growth demand.

So, we are positive where we operate that will be a great year for JBS Australia.

Wesley Batista: Lucas, I'm going to say this without giving any guidance, but you could expect this year versus last year – I'm talking market in general – to be 1-1,5 p.p. worse than last year. About 1% I think it's fair.

Obviously, then we have our internal dynamics, how our operations are. And like you said, last year we had some hedging impact in a specific quarter, but overall, you could expect the market to be one to 1 to 1,5 p.p. worse than the last year.

Lucas Ferreira: Perfect. Thank you very much, everyone.

Jack Harding, Stephens: Hi, this is Jack Harden on for Pooran Sharma. Thanks for the question. For US Chicken, consumer demand remains strong, partly supported by tight beef supplies, but broiler processing margins remain below mid-cycle levels. How do you assess the current supply-demand balance in chicken? And today's margin levels suggest the industry needs to moderate production growth. Thanks.

Gilberto Tomazoni: We see very balanced the chicken demand in the US, We had in the beginning of the year that the big bird was a little bit challenging, but this the price of breast recovered during the quarter.

We see that demand is strong in the value-added and prepared. We have strong demand in all of the businesses, all of the other category that Pilgrim's sell in domestic market in the US. All of them are positive.

And when you look at the supply side, we see better balance supply demand. We are positive with our business in Pilgrim's business.

Tiago Bortoluci, Goldman Sachs: Hey, guys. Good morning, everyone. It's always a pleasure to talk to you. Thanks for the Q&A. I think the question goes to Tomazoni, and this is just to try to gain perspective beyond the quarter on the benefits from diversification and portfolio.

Tomazoni, this was a very rare quarter where we saw very strong demand. Actually, you mentioned in three business units record-high sales for a 1Q, but at the same time, virtually all the business units delivered lower margins versus last year. I think the exception was Brazil beef, which, you know, one could argue that this quarter, particularly diversification, didn't quite help you.

I think my question for you is, once you think about the year and the buildup you mentioned in the grilling season in the US – obviously, the year-end brings seasonality also to Brazil –, where are the opportunities where you think margins could show some clearer sequential improvements? Where are the main risks and how would you expect diversification to help you going forward? Thank you very much.

Gilberto Tomazoni: Okay, Tiago, good question, Thiago. I'm very positive with the diversification, because when you look at our results this quarter, if you compare it to the last quarter, the difference is around US$400 million, and we can explain this difference with two business units: First, Beef US. I think the results of Beef US was impacted by around 50% of the difference of our EBITDA. And Wesley Filho has explained about that. And I think we reached the bottom of the results. I think we see the coming quarter, we cannot say that it will improve a lot, but I think it will be better than it was this quarter.

The market condition didn't change, but I think we are more balanced and we have made some adjustments in our structure that I think will help us to navigate, even inside of the Company, with low cost of operation, more synergy, and outside synergy in terms of commercial.

I think this is one of the things that give us more confidence that the results will be better than this quarter was.

If you can add anything, Wesley.

Wesley Batista: Well, I was just going to add, Tiago, that I think a good way to think about diversification is always more so than comparing every time to always on the comp versus last year, it is to look just at the absolute number, right? You have Pork USA and Seara with double-digit margins, you have Australia even though this quarter was a lower quarter than the one it has been, it's still in a very positive high single-digit, right when you have the Beef US at the low cycle. If you went back five years ago, you would probably see all of the other businesses at a lower margin and beef higher.

And I think the other way to look at this diversification, working even in this quarter, is when you compare our portfolio of businesses with any one of our peers', and in each one of them could be that they are in a singularly in a market and that market is really good or really bad, but our portfolio of businesses is always going to give a more stable kind of result versus our peers' just based on the uniqueness of our diversification.

So I would say that, even in this quarter, that was a weaker quarter, the diversification thesis that we have is actually pretty evident, in my opinion.

Gilberto Tomazoni: And just to finish my point of view, that 50% was Beef US, the other 50% was Pilgrim's. Pilgrim's needed to adapt its portfolio to the market demand.

Before, US was just focused to export. They used the breast, the white meat and exported the dark meat, and exported leg quarters. But the market changes. There is a demand in domestic market now in US for dark meat, and Pilgrim's need to adapt its layout of the three factories in order to be able to supply the demand of the market. Then we stop for two weeks three plants, then this affected the results. And the climate conditions affect as well.

Then these two things explain the difference in terms of the results compared to the last year, the 400 million: 200 million in the Pilgrim's, and around 200 million in the beef us. That is one thing.

The other thing is, you mentioned that the other business didn't deliver the result. But that was the FX. FX affected Seara, and FX affected Australia. If you want to explain the business, it is that: FX Seara and Australia, and the Pilgrim's, that I explained, and Beef US. Well, this is one thing about the results.

The other thing, if you talk about diversification, of course, if you have just the beef in US, we have a really tough situation. But as we have managed different businesses in different geographies, we are able to compensate. If you compare just a single Company with one business, that will be a huge difference.

Of course, the diversification is working, and I believe that this difference in terms of cycle is normal in our business. We need to be able to focus and manage the business. When we have low levels, we need to be better than our competition. When we have high levels, we need to be better than the competition. This is the game.

Tiago Bortoluci: Fair and true. Thank you very much, Tomazoni and Wesley.

Renata Cabral, Citi: All right, thank you so much for this space for questions. My first one is a follow-up related to the last one, diversification but in the angle of GLP-1 adoption. It was already mentioned by companies' management that the adoption of GLP-1 is a structural shift towards high-protein diet – of course, particularly in the US, as the adoption is higher right now due to costs.

So could you please calibrate to us how tangible this trend is already in your day-to-day business? Are you seeing measurable change in the consumer behavior already?

For instance, it was stated the different perceptions of the consumers for PPC. So in terms of innovation, GLP-1 is something that you think about when you are elaborating new products and mix in terms of smaller portion or anything different?

And this focused in the US, but even for Brazil, are you seeing already this trend or you think the contribution can come in the future? And since you are investing in expansion for Seara, do you have this in mind in terms of the future products that you are going to release on those investments? This is my first question.

The second one is related to grain prices that has been positive for the Company for a while. Right now, there's discussions on the potential risks on the El Nino and the fertilizers' costs. So if you can share your outlook for 2026 and 27, it would be great as well. Thank you so much.

Gilberto Tomazoni: Thank you for your question. When you talk about GLP-1, I think GLP-1 is one of the factors that is affecting the global consumption of protein. When we say here "strong demand for protein" is globally, in all of the markets. And this is affected by, of course, as you mentioned, GLP-1, but GLP-1 I think is not the most important issue, I think this is the perception, and not just perception, but the knowledge that protein is very important, even in the new generation or the older generations. Because if you want to have longer life, you need to eat more protein. If you want to have muscle, you need to eat protein. So protein has become very important for all of the generations.

The second, the regulatory, you saw that the USDA changed the parameter. They inverted the pyramid, because they put that you need to have more protein in order to have more health. Then, eating more protein is healthier, and this is globally.

And then, there is this new technology about medicine, that because you want to lose weight, and if you lose weight, you need to eat more protein in order not to lose muscle, just lose fat. And this is not in one country, I think this is globally. We see it will be continuous, high protein consumption. And it's not new what we see in the news now; all the companies try to adapt the portfolio to have more protein. Even the companies that work in high-carbohydrate products, now they want to adapt for more protein.

But if you look at our core, our core is focused on protein, then we don't need to adapt our core. We need to accelerate what we have done so far.

For example, we have launched high-protein line of products in the Seara and other parts of the world, and we are working in innovation in order to facilitate how the people eat protein. For example, use Airfryer to simplify the lives if you want to cook at home, and we see that the people cook more at home.

If I say to you: “we have the right portfolio for the right trend”, and we don't see this is a tendency; we see this as structural to eat more protein. And we are investing in all of the innovation in order to facilitate that.

And the second question, I understood that you asked about grain, about the cost of the nutrition of the animals. Look, despite the global inventories being at a comfortable level, there is significant volatility in the market. And I think it's a lot uncertainty regarding to the weather conditions and the fertilizer costs.

If you look at corn, global demand remains very strong, and we are supporting the market even with the recent pressure in the grain price. I think the tendency is to increase the price because of the weather, because of the of the fertilizers. But in terms of what is the impact in our Company, I can tell you that we believe that we are well-positioned from a risk management perspective. While the crop conditions are improving, we remain prepared for the potential volatility, including the possible reduction in the Brazilian *safrinha* crops.

Renata Cabral: Thank you so much, Tomazoni. Super clear. Thanks for sharing your thoughts on GLP-1 as well. Very complete answer. Thank you.

Ricardo Boiati, Safra: Hi, good morning everyone. Wesley, a couple of follow-ups here regarding North America. The first one, besides the tariffs discussions this week, there were some reports about the potential deregulation in the cattle industry. So, in your view, what can be really done to incentivize ranchers to raise more cattle sustainably in the longer term? And what is the likelihood of any potential policy change happening this year in that regard?

The second point here, on the overall protein demand in North America, this summer, we have the FIFA World Cup happening in North America, right? So can we expect here any meaningful impact coming from that event, specifically in North America? Maybe a stronger-than-usual barbecue season, or something like that?

And lastly, on prepared foods – this is a broader question for the Company –, we see many CAPEX initiatives to build or expand capacity in prepared foods. So my question is if you can quantify a little more how fast prepared foods are growing within JBS' portfolio. And do you have any particular long-term target for this category to represent in your overall portfolio in the long-term? Thank you, guys.

Wesley Batista: Good morning. So on the deregulation, for sure. I mean, as we see cow-calf producers and ranchers in general trying to rebuild herd and deciding to rebuild herd, regulation and over-regulation can be an obstacle. And anything the government does to help the ranchers is very helpful. And for sure, it's important.

On the protein side, demand is pretty strong overall. How impactful will the FIFA World Cup be? I don't know. I think it's helpful. It's not negative, but I think it might be relevant in a few days of the next few months. But I don't think it moves the needle enough to say that this substantially, structurally changes how we're going to see the overall summer and spring here for beef demand.

Gilberto Tomazoni: And about our strategy for value-added, we don't have a specific target for value-added. We want to increase the share of prepared food in our portfolio. And why do we want to do that? Because we talk now a lot about cycle, where is the low part of the cycle, or high part of the cycle. Prepared there is practically no cycle. The demand normally is very stable and with higher margins, and because of that, we are prioritizing our investments in prepared food and brands. We are investing in brands, and we are investing in the line of prepared foods.

And if you saw the investment we have, Guilherme just mentioned before, the investment in US about sausages, breakfast sausages, is a value-added. Pilgrim's value-added for breaded plant, and you saw in Brazil some investment on Seara, it was a focus on that. We are prioritizing investments in value-added. This is the fact. We do not have a specific target on that.

Ricardo Boiati: That's clear. Thank you very much, guys.

Priya Ohri-Gupta, Barclays: Great, thank you so much for taking the questions. Guilherme, can we talk a little bit about how we should think about net leverage trending through the end of the year? I think earlier, you know, a couple months ago, at CAGNY in particular, we had talked about scope 4 net leverage to be below 2,5x this year, and it sounds like it could be ending the year sort of in the upper range of that 2,5 to 3x area. I just want to make sure that we're thinking about that correctly.

And as part of that, you highlighted new issuance and tender that you did recently. However, it does look like you tendered less than you issued. Should we expect some of that incremental amount to get deployed to debt reduction later this year or just kept on the balance sheet?

And then, the second question I had was just on the free cash flow break-even. You talked about it being 5.7 to 6 billion now. Last quarter, you had said it would be 5.7. So if you could just walk us through what's driving the higher-end of that range now, that would be helpful. Thank you.

Guilherme Cavalcanti: Hi Pryia. So from a net leverage perspective, you're right. I think the perspective to end this year is more likely to be between 2,5 and 3x given the weaker results we had in the 1Q.

In terms of the tender we did, bear in mind we have US$1 billion in dividends to be paid in June, but our cash position is still at US$3,5 billion, which is around US$500 to US$600 million above our minimum cash given our cash conversion cycle and the different geographies that we are at around the world. So we have space to buy bonds with this excess cash, but this decision will probably be done in the 2S, when is the period our cash generation is stronger.

In terms of the free cash flow break-even, it's just an estimate, I think the accounts that we have continue to be on a US$5.7 billion. Working capital in the 1Q was better than the 1Q last year. But going forward, I just gave this range because there's a lot of moving things, like energy prices that could impact grains, how much this impact will be basically on fertilizers and energy in the grain prices. That could move working capital if prices go up. So that's why I gave the range from 5.7 to 6; because of all the uncertainties that we have given all the volatility in the markets.

Priya Ohri-Gupta: Great, thank you. And just a quick follow-up, if you do think about looking at further debt paydown, should we expect you to use a similar approach to what you did in the beginning of the year, or could you take other considerations into accounts, sort of thinking through interest expense reduction versus maturity management and absolute debt reduction? Thank you.

Guilherme Cavalcanti: Yes, the approach will be absolutely the same given that all my debt, including the US$2.9 billion maturing in 2032, all the coupons are below treasury. So it's not worth it to pay any of those debts. So any repurchase would be on 34, 33, 35 spots. The 34, for example, is the highest coupon, which we still have US$300 million outstanding that could be a possible target.

Priya Ohri-Gupta: Thank you. Very clear.

Matheus Enfeldt, UBS: Hi all. Morning. Thank you for your time. My first question on the beef demand in Brazil. We're still seeing it quite resilient in spite of prices. So, I'm just trying to get a sense if you're getting pushback from retailers or pushback on the margin on demand growth or demand reduction.

And what's the size or scale that we could expect for demand down in Brazil in US Beef as a result of higher prices?

And then lastly, mu second question is on sort of a longer-term view around production. We're seeing quite a lot of restrictions due to trade flows, be it quotas or sanitary barriers for exports. I know the Company's planning to diversify, but whether there are some additional regions that could become focus for investments in the midterm, such as rest of LATAM or more investments in Europe, that could help circumvent those sanitary and trade flow restrictions in general, and how you're incorporating that into the longer term investment decisions that the Company is taking.

Those are the two questions. Thank you.

Gilberto Tomazoni: If understood well, you asked about the demand for beef in Brazil and beef in US?

Matheus Enfeldt: Yeah, yeah, about that.

Gilberto Tomazoni: Look, in Brazil, even though we have the higher price of cattle and the higher price of meat, the demand in Brazil remains stronger for beef and for all of the proteins.

And we talk about JBS. Now, with the end of the quotas of China, maybe the price of cattle will be decrease, and I think it will be more favorable to sell in domestic market. It is important that we have developed a category management 2.0 (we call is Açougue Reserva) in Brazil, that we manage inside of the store of our customers the butcher area, and this shows that the store they have this model, they sell not just more meat, but they sell more for all of the products in the stores.

And this project has got strong reception from our customers. And because of that, I see that, even now with this situation that after the quota of China, I think is we are very well-structured, even in Brazil and in the US to manage the volume for our business Friboi (beef in Brazil).

I think in the US, Wesley, do you want to comment a little bit about the demand?

Wesley Batista: The demand continues strong, Matheus. We think all the things already mentioned before on just the overall protein trend, and people understanding more about nutrition, prioritizing protein, and just the overall preference also for protein, and especially beef has been pretty strong. So that's how we see the demand in the US.

Gilberto Tomazoni: I think this relates to the question that we answered about the demand of protein, GLP-1 and the other factor that is a booster for all of the protein consumption globally.

Matheus, if I'm right, your question about the investment, is the future expansion of our investment, is it correct?

Matheus Enfeldt: Yeah, how you're considering restrictions to trade flows with quotas and sanitary barriers into your investment process and investment decision for the mid to long-term. Thank you.

Gilberto Tomazoni: I think we are very well-positioned in where we produce and where we sell our products. I think we built this global platform and we produce where is the most competitive way to produce. And we are present to sell where the market demand is.

Then, in terms of balance, I think we are very balanced. Of course, now our focus now for this year is to cash generation. We are not looking for a new project in our portfolio. We just started the project in Paraguay, and we started the project in Oman; I think now we need to develop these projects and the greenfield that we are working on. No new projects in our pipeline now.

Matheus Enfeldt: Awesome. Super clear. Thank you.

Igor Guedes, Genial: OK. Thank you very much for the opportunity. The first question is about CAPEX. We observed CAPEX essentially doubling year over year, and it came slightly higher than we expected reflecting an acceleration across the platform but mainly related to renovation project stemming from the downtime at PPC with capacity expansion initiatives.

It would be interesting to understand if you can share with us how the capacity expansion is progressing from a numerical standpoint, how much of increase you expect to achieve based on what production levels and whether we can expect CAPEX to normalize as early as 2Q.

And my second question, I would like to get your perspective on what might happen in the 2H of the year regarding the filling of China's quotas. As you have already mentioned, it's possible that cattle prices will fall in Brazil given the quota is being front-loaded faster than initially expected, which could reduce the number of slaughters in the 2H of the year, leaving more cattle on hand and lowering price per arroba.

But my question is more focused on the cut-out side of the domestic market. Do you think it's possible that, with the reduction in exports, part of the volume will be directed to the domestic market, and with more meat supply here, the cutout price might face downward pressure? I would like to take your view on this variable going forward. Thank you very much.

Gilberto Tomazoni: Look, when you talk about the CAPEX, We put US$1 billion in CAPEX for expansions (the growth CAPEX, as we call), and we are not disclosing one by one because there are many business units and different types of the CAPEX. It will be difficult to explain volume because one thing is the number of chicken, the other is a volume of well-prepared food, and to put it all together will be difficult to explain. Then, we are not disclosing that.

But the CAPEX, as you mentioned, if you compare it with last year's, is higher because we are seeing the strong demand. But we are not seeing now, at any moment, that we need to review the CAPEX because we are seeing the cash generation for the 2S of the year will be strong. But this is something we can see in the future, because it's capital expansion, we can postpone, we can give more time to do, but we are not looking at it now because we are not seeing that it is necessary for now. But it could be in the future. It is something that we can take a look.

The other thing about the Brazilian situation, about the market situation about beef, we say that the end of quota of China, the number of cattle that will be harvested for the industry will be down. It should be down because we need to accommodate this, I mentioned, 120,000 tons per month for beef. We need to find a market for that, then the industry will reduce the number of cattle that will be harvested.

And if you reduce the number of cattle to be harvested, combined with more availability of current feedlot, we believe that the price of cattle will be down as well. It means that cutout could be down because of more volume in domestic, but the price of beef will be down as well.

Then, I see that the spread between both the cutout and the live cattle will remain, or depends, in our case, it could be enhanced, that we have value-added product. When you talk about-added products, it doesn't mean processed products, it's value-added raw products, that I mentioned better representation, better way to serve the customer and different cuts of beef.

If you look at our side, I think is we are very well-structured in Brazil and outside of Brazil to take advantage of the impact of this end of the quotas of China.

Igor Guedes: Okay, super clear. Thank you very much.

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

Gilberto Tomazoni: I would like to thank everyone for joining us today, and all JBS team members for their dedication.

And if you look ahead, we have not changed our focus, execution, efficiency, and discipline in capital allocation and cash generation. That is what allowed us to deliver a consistent result and build a long-term value creation. 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.