



# **'The Future for the Red Meat Industry'**

**Key Note Address to the Australian Meat Industry Council**

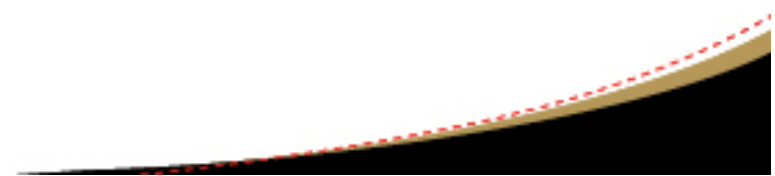
***Wesley M Batista***  
***CEO and President JBS USA***


***02 September 2010***

***Sheraton Mirage Resort Gold Coast***



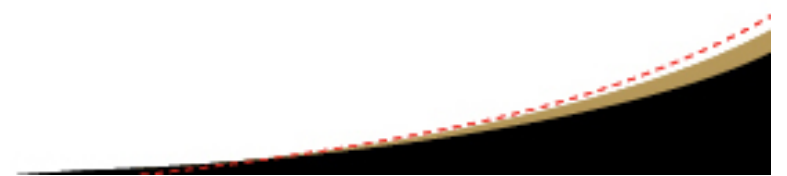
**Swift Australia**



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- Mission
  - Values
  - History of JBS
  - Who we are
  - How we operate our business
  - JBS involvement in Australia
  - Producer and Packer relationship
  - JBS outlook for the beef industry in the coming years



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# Our Mission

To be the best at what we set out to do, totally focused on our business, ensuring the best products and services for our customers, solidity for our suppliers, satisfactory profitability for our shareholders and the certainty of a better future for all our employees.



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# Our Values

## The foundation of our culture

Planning

Determination

Discipline

Availability

Openness

Simplicity



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# JBS History

- Founded in 1953 by José Batista Sobrinho (JBS) in Annapolis, Goias, Brazil
- My father still involved in cattle and farming business
- 3 brothers and 3 sisters
- 100% private until 2007 - IPO in 2007
- About our growth



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# Who we are

- Leading protein producer and one of the largest food companies in the world
- Revenues of USD \$30 billion per annum
- 125,000 employees worldwide
- Market Cap of approximately USD \$11.5 billion



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# Who we are

	Presence	Installed Capacity	Industrial Units
Beef	<ul style="list-style-type: none"> <li>Brazil / Argentina / Italy / USA / Australia / Uruguay / Paraguay</li> </ul>	<ul style="list-style-type: none"> <li>Brazil: 43,400 head/day</li> <li>Latin America: 6,700 head/day</li> <li>USA: 28,600 head/day</li> <li>Italy: 3,000 head/day</li> <li>Australia: 9,019 head/day</li> <li><b>Total: 90,719 head/day</b></li> </ul>	<ul style="list-style-type: none"> <li>Brazil: 39</li> <li>Latin America: 8</li> <li>USA: 13</li> <li>Italy: 8</li> <li>Australia: 8</li> <li><b>Total: 77</b></li> </ul>
Poultry	<ul style="list-style-type: none"> <li>USA / Mexico</li> </ul>	<ul style="list-style-type: none"> <li>USA / Mexico: 7.2mm birds/day</li> <li><b>Total: 7.2mm birds/day</b></li> </ul>	<ul style="list-style-type: none"> <li>USA: 34</li> <li>Mexico: 3</li> <li><b>Total: 37</b></li> </ul>
Pork	<ul style="list-style-type: none"> <li>USA</li> </ul>	<ul style="list-style-type: none"> <li><b>USA: 48,500 heads/day</b></li> </ul>	<ul style="list-style-type: none"> <li><b>USA: 3</b></li> </ul>
Leather	<ul style="list-style-type: none"> <li>Brazil / USA / China</li> </ul>	<ul style="list-style-type: none"> <li><b>Brazil: 148,500 m<sup>2</sup>/day</b></li> </ul>	<ul style="list-style-type: none"> <li>Brazil: 12</li> <li>USA: 1</li> <li>China: 1</li> <li><b>Total: 14</b></li> </ul>
Lamb	<ul style="list-style-type: none"> <li>Australia / USA</li> </ul>	<ul style="list-style-type: none"> <li>Australia: 20,000 head/day</li> <li>USA: 3,000 head/day</li> <li><b>Total: 23,000 head/day</b></li> </ul>	<ul style="list-style-type: none"> <li>USA: 1</li> <li>Australia: 5</li> <li><b>Total: 6</b></li> </ul>
Feedlots		<ul style="list-style-type: none"> <li>USA: 975,000</li> <li>Australia: 125,000</li> <li>Brazil: 125,000</li> <li><b>Total: 1,225,000 head on time</b></li> </ul>	<ul style="list-style-type: none"> <li>USA: 11</li> <li>Australia: 5</li> <li>Brazil: 3</li> <li><b>Total: 19</b></li> </ul>



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Other business: Dairy, Bio Diesel and Pet Foods

# How we operate

- Cost focus
- Operating improvements and increased productivity and yield
- Culture of efficiency, simplicity and discipline
- Balancing internal and external markets has been a great strength of the company
- Operating internationally and offering products tailored to different customer requirements was a key to providing value
- The best way to get value from the carcass is selling the right cuts to the right markets (every country has cuts that it values more, cuts that it recognises)
- Look inside in what we have control
- People are our most important asset - team building



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# JBS involvement in Australia

- Beef and Lamb business: 10 plants processing 8,200 beef and 20,000 lambs per day
- Feedlot business: 5 feedlots with a capacity of 112,000 beef and 45,000 lambs
- Transport business: JBS Carriers with 30 trucks
- Distribution business: 7 distribution centres
- Foodpartners Value Added
- Hide Processing: Processing 6,000 hides per day
- 8,000 people
- Turnover of AUD \$3 billion



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• Since the acquisition of AMH we have invested a further AUD \$330 million in Australia

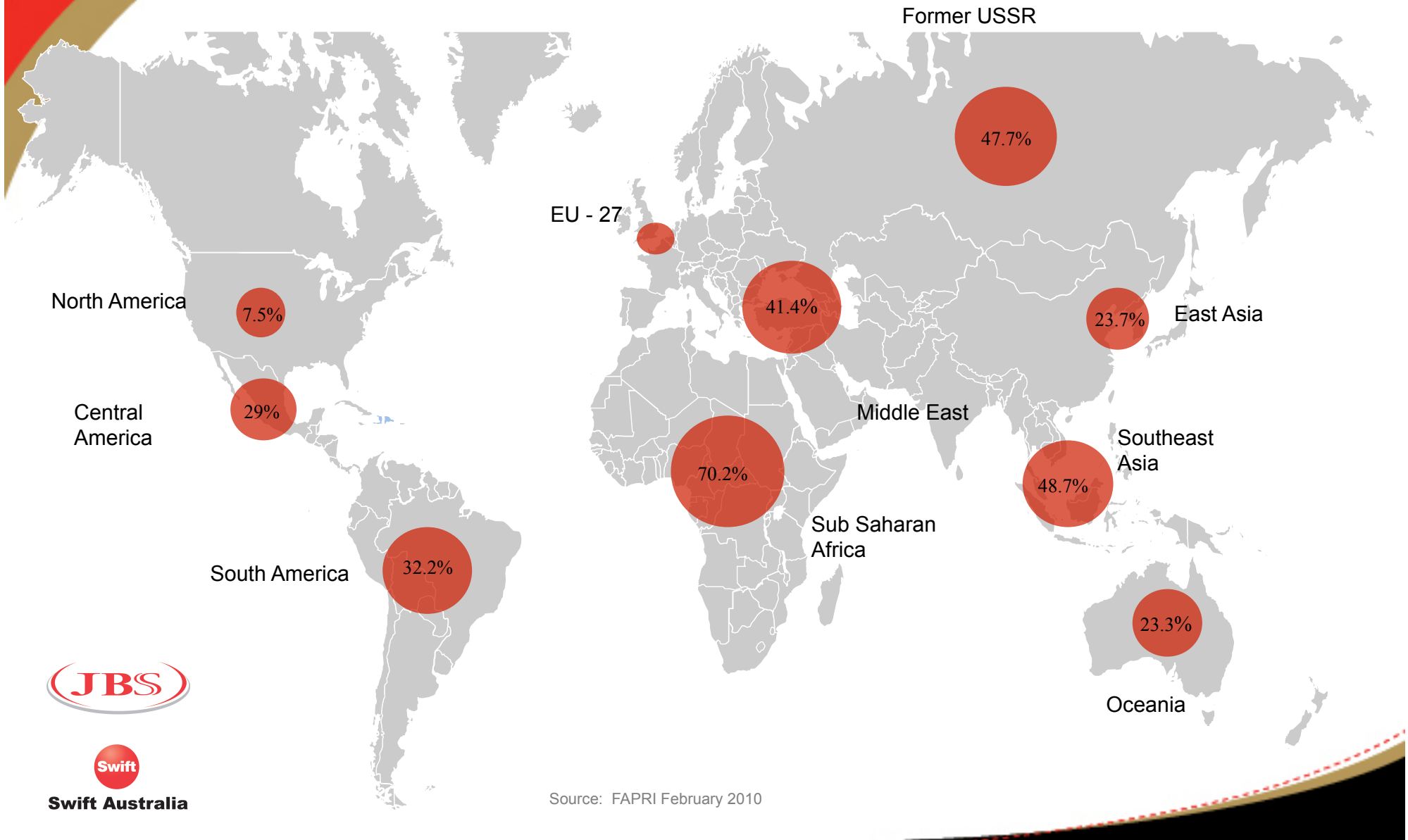
# Producer and Packer relationship

- Interdependency between producer and processor
- Both have to make money - sustainability
- “Don’t forget where we came from”
- Importance of a strong processor and producer sector
- No one alone can do anything
- Way to improve our industry is to work together to expand demand



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# JBS outlook for the beef industry



# JBS outlook for the beef industry

- Beef supply in the next 5 years will be stable or with a slight decline as the cycle is quite long
- We believe there will be more of a decline because of a reduction in beef production in Europe
- In terms of demand we are seeing strong GDP growth in “emerging countries”, which will lead to increased demand for beef
- Now is the time to invest in the beef business



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# Q & A



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