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JBS

2Q25 Review: Margins shine, but FCF overshadowed

LatAm Meatpackers

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Company

JBS US Equity
Buy

Price: US$ 14.55 (13-Aug-2025)
Target Price 12M: US$ 20.00 (NYSE)

JBSS32 BZ Equity
Target Price 12M: R$ 109.00 (B3)

Main takeaways:

(i) Beef North America: EBITDA of **-R$1.3bn** (vs. -76% vs. Genial Est.), margin of **-3.4%** (-1.5p.p. vs. Genial Est.; -1.3p.p. q/q; -2.4p.p. y/y), impacted by the challenging livestock cycle in the US, with restricted cattle supply; **(ii) USA Pork: EBITDA** of **R$1.4bn** (+35.7% vs. Genial Est.; -0.6% q/q; +14.6% y/y), margin of **12.3%** (+2.9p.p. vs. Genial Est.; -0.1p.p. q/q; +1.2p.p. y/y), sustained by the resilience of domestic pork consumption offsetting price pressures on offal; **(iii) PPC: EBITDA** of **R$4.6bn** (+20.1% q/q; +13.5% y/y), margin of **17.2%** (+2.5p.p. q/q; flat y/y), reflecting still high chicken spreads in the US; **(iv) JBS Australia: EBITDA** of **R$1.6bn** (+59% vs. Genial Est.; +75.4% q/q; +39.6% y/y), margin of **14.7%** (+4.8p.p. vs. Genial Est.; +5.0p.p. q/q; +1.1p.p. y/y), resulting from record beef exports, competitiveness vis-à-vis expensive US cattle, gradual recovery of salmon operations; **(v) Seara: EBITDA** of **R$2.2bn** (+13.3% vs. Genial Est.; -10.8% q/q; +9.9% y/y), margin of **18.1%** (+1.6p.p. vs. Genial Est.; -1.6p.p. q/q; +0.7p.p. y/y), with agile reallocation of volumes in the domestic market, price adjustments while abroad the decline in chicken was partially offset by advances in pork; **(vi) JBS Brazil: EBITDA** of **R$1.3bn** (+7.3% vs. Genial Est.; -6.0% q/q; +4.1% y/y), margin of **6.4%** (-1.0p.p. q/q; -1.6p.p. y/y), favored by higher volumes and prices, although still limited by the high cost of cattle; **(vii) FCF** at **-R$311mn**, with burn **slightly above our projection**, with CAPEX expenditure of R$2.5bn (+8.3% vs. Genial Est.) and increase in inventories more than offsetting EBITDA; **(viii) Leverage** in **USD**, **2.27x** (+0.08x vs. Genial Est.; +0.28x q/q), reflecting **higher FCF consumption**; **(ix)** Although the result exceeded our expectations, **we maintained** our view that there is a **lack of fundamental catalysts** in the short term, given the scenario of **consolidated margin compression in 25E vs. 24A** since the **consolidated margin** fell **-1.5p.p. y/y**; we continue to see the **main driver as the repricing derived from the dual listing** (NYSE and B3); We maintain our **BUY** rating, with a **12M Target Price** of **R$109.00** (BDRs-B3) and **USD20.00** (JBS-NYSE), **upside** of **+38.9%.**

Table 1. Income Statement JBS (2Q25 vs. Genial Est.)

(R$ millions)	2Q25 Reported	2Q25E Genial Est.	% R/E	1Q25 Reported	% q/q	2Q24 Reported	% y/y
Net Revenue	**118.974**	**117.249**	**1,5%**	**114.127**	**4,2%**	**100.606**	**18,3%**
COGS	(102.924)	(101.480)	1,4%	(98.788)	4,2%	(85.094)	21,0%
Adjusted EBITDA	**9.936**	**9.188**	**8,1%**	**8.929**	**11,3%**	**9.882**	**0,5%**
EBITDA Margin (%)	8,4%	7,8%	0,5p.p	7,8%	52,8%	9,8%	-1,5p.p
EBIT	**6.261**	**5.869**	**6,7%**	**5.160**	**21,3%**	**5.917**	**5,8%**
EBIT Margin (%)	5,3%	5,0%	0,3p.p	4,5%	74,1%	5,9%	-0,6p.p
D&A	(3.202)	(3.320)	-3,5%	(3.131)	2,3%	(2.850)	12,4%
Financial Result	(2.133)	(1.282)	66,3%	(1.120)	90,5%	(3.128)	-31,8%
Net Income	**3.367**	**3.051**	**10,4%**	**2.924**	**15,2%**	**1.715**	**96,3%**
Net Margin (%)	2,8%	2,6%	0,2p.p	2,6%	26,9%	1,7%	1,1p.p

Source: JBS, Genial Investimentos

JBS released its results yesterday, **August 13**, after the market closed. At first glance, the results were **above our expectations**, with a **consolidated EBITDA margin of 8.4%** (+0.5p.p. vs. Genial Est.), representing **expansion** of **+0.5p.p. q/q**, but declining **-1.5p.p. y/y**. It is worth noting that we were +0.5p.p. above the BBG consensus, meaning that the margin (the main indicator of results for the meatpacking sector) exceeded **+1.1p.p. the market**.

In **2Q25**, JBS recorded **consolidated net revenue** of **R$119bn** (+1.5% vs. Genial Est.), advancing **+4.2% q/q** and **+18.3% y/y**. **Adjusted EBITDA** totaled **R$9.9bn** (+8.1% vs. Genial Est.), up **+11.3% q/q** and slightly up **+0.5% y/y**, resulting in a margin of **8.4%** (+0.5p.p. vs. Genial Est.), up **+0.5p.p. q/q**, but showing a compression of **-1.5p.p. y/y.** Reported **FCF** indicated a **slight burn** of **-R$310mn** (vs. generation of +R$5.5bn in 2Q24), **slightly higher** than our model had predicted, due to **higher CAPEX** and **additional pressure on working capital** (WC), offsetting EBITDA gains compared to our estimates.

We believe that the **better-than-expected performance** was driven by the **JBS Australia** segment, which reported EBITDA of R$1.7bn, with a margin of **14.7%** (+4.8p.p. vs. Genial Est.; +4.8p.p. q/q; +1p.p. y/y), which surprised with **margins well above historical levels**, benefiting from record beef and lamb exports, higher prices, and operational efficiency gains; **Seara,** which achieved EBITDA of R$2.2bn and **maintained high margins** at **18.1%** (+1.6p.p. vs. Genial Est.; -1.7p.p. q/q; +0.7p.p. y/y), by quickly reallocating volumes in the face of temporary export restrictions and strengthening its portfolio of higher value-added products.

USA Pork, meanwhile, posted EBITDA of R$1.4bn and a margin of **12.3%** (+2.9p.p. vs. Genial Est.; flat q/q; +1.2p.p. y/y), with deliveries significantly above estimates thanks to resilient domestic demand and adjustments to the mix, offsetting pressure on by-products. These positive highlights more than offset the **weak performance** of **Beef North America,** which recorded EBITDA of -R$1.3bn and a margin of **-3.4%** (-1.5p.p. vs. Genial Est.; -1.9p.p. q/q), due to **restricted cattle supply in the US** at the **peak of the negative phase of the cycle**, a scenario aggravated by temporary import restrictions from Mexico, which limited the passing on of costs and kept spreads under pressure, even with high cut-out rates.

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2Q25 Review: In detail!

Beef North America: Peak of the negative cycle keeps EBITDA in the red. For the Beef North America unit, net revenue totaled R$38.6bn (+0.8% vs. Genial Est.), up +2.7% q/q and +23.3% y/y, in line with our top-line projection. Adjusted EBITDA was -R$1.3 billion (vs. -R$750mn Genial Est.), resulting in a significant negative deviation and a margin of -3.4% (-1.5p.p. vs. Genial Est.), below our forecast, with a contraction of -1.9p.p. q/q and a reversal to negative on an annual basis. The deviation mainly reflected the continuation of the most challenging moment in the US cattle cycle, marked by a restricted supply of cattle for slaughter and historically high live cattle prices — a movement aggravated by the temporary suspension of cattle imports from Mexico. Although cutout prices reached record highs, we believe that the increase in cattle costs exceeded the ability to pass on the increase, compressing the spread and deteriorating profitability.

According to the USDA, the US herd base remains at its lowest level since 1951 (~86.7 million head), reflecting the retention of breeding stock, the prolonged effects of drought, and high feed costs. This combination kept pressure on operating margins, reversing the stabilization trend observed in previous quarters. Although the company sought to partially mitigate the scenario through internal initiatives — such as carcass efficiency gains, portfolio optimization, and greater industrial utilization of plants — these actions proved insufficient in the face of the deteriorating cost environment, leading to another quarter of negative operating results.

USA Pork: Positive margin surprise with resilient domestic demand. In the USA Pork business, net revenue was R$11.7bn (+3.4% vs. Genial Est.), practically stable at -0.3% q/q and accelerating +3.4% y/y. Adjusted EBITDA totaled R$1.4bn (+35.7% vs. Genial Est.), in line with the figure recorded in 1Q25 (-0.6% q/q) and 14.6% above 2Q24, with a margin of 12.3% (+2.9p.p. vs. Genial Est.), well above projections, flat sequentially and up +1.2p.p. y/y. The performance exceeded expectations mainly due to the resilience of domestic pork consumption in the US, which remained solid even in the face of record retail beef prices, sustaining the trade down movement towards more affordable proteins. The operation also benefited from adjustments in the mix and the expansion of higher value-added products, which partially offset the negative pressure on prices of pork offal, redirected to the pet food and animal feed industry due to trade restrictions with China.

Despite the annual decline in prices for some by-products and the drop in domestic market volumes (-6% y/y), profitability remained high compared to the segment's historical average of 8-10%. In our view, the trend is for attractive margins to remain in the rest of 25E, supported by the continued scenario of consumption substitution and the operational efficiency strategy.

PPC: in line, but signs of accommodation ahead. Pilgrim’s Pride Corporation (PPC) reported net revenue of R$26.9bn (fully in line with Genial Est.), up +3.4% q/q and +13.3% y/y. Adjusted EBITDA was R$4.6bn (-0.5% vs. Genial Est.), with sequential growth of +20.1% q/q and +13.5% y/y, resulting in a margin of 17.2% (-0.1p.p. vs. Genial Est.), in line with projections, rising +2.4p.p. q/q and flat y/y. We believe that the performance reflected still high chicken spreads in the US, sustained by the appreciation of cuts such as chicken breast and the strengthening of private labels in retail and foodservice channels, ensuring a margin of 17.1% in the local operation.

In Mexico, the company achieved its second-best quarter ever, with a margin of 16.3%, driven by volume growth (+5% y/y) and greater diversification of the sales mix. In Europe, profitability advanced to 8.2%, benefiting from efficiency gains, a more profitable portfolio, and the expansion of strategic partnerships. Despite robust operations and high profitability, we see signs of accommodation ahead: chicken spreads in the US have started to ease slightly from their 3Q24 peaks, reinforcing our previous forecast of a gradual deterioration in margins in 2025E. Even so, the current level remains significantly above the historical average and maintains PPC as one of the pillars of FCF and dividend generation for the holding company.

JBS Australia: Positive surprise with margins above historical levels. The Australian unit reported net revenue of R$11.2bn (+6.8% vs. Genial Est.), advancing +17.9% q/q and +29.7% y/y. Adjusted EBITDA was R$1.6bn (+59% vs. Genial Est.), with a strong sequential increase of +75.4% q/q and expansion of +39.6% y/y, resulting in a margin of 14.7% (+4.8p.p. vs. Genial Est.), above expectations, expanding +4.8p.p. q/q and +1.0p.p. y/y. The better-than-expected performance mainly reflected the strong pace of beef exports to key markets—the US, Japan, South Korea, and China—supported by greater availability of animals for slaughter and the competitiveness of Australian beef amid high US cattle prices. According to market data, shipments reached record volumes in 2Q25, with June registering 135Kt, the highest monthly figure in the historical series.

In addition to growth in cattle, we believe that the lamb segment also contributed positively, benefiting from higher volume and operational efficiency. The result was further boosted by the gradual recovery of salmon operations and the stable performance of the prepared foods division (Primo brand), which maintained positive volumes despite inflationary pressure on consumption. The combination of higher realized prices, efficiency gains, and higher export volumes ensured margins significantly above our estimate and above the division's historical average, consolidating 2Q25 as a quarter of strong operating performance for the Australian unit.

Seara: Less affected than expected by avian flu. For Seara, we observed net revenue reaching R$12.3bn (+3.3% vs. Genial Est.), representing a decline of -2.4% q/q and an increase of +5.9% y/y, while Adjusted EBITDA reached R$2.2bn (+13.3% vs. Genial Est.), down -10.8% q/q and up +9.9% y/y, resulting in a margin of 18.1% (+1.6p.p. vs. Genial Est.), exceeding our estimate, but contracting -1.7p.p. q/q, despite an increase of +0.7p.p. y/y. The better-than-expected performance largely reflects the rapid reallocation of volumes considering the temporary suspension of shipments to key markets, such as China and the European Union, due to avian flu.

The company directed part of its fresh chicken to the domestic market, where revenue grew +11% y/y, supported by price adjustments and the strengthening of the processed and prepared products portfolio, which has higher margins than fresh chicken. In the foreign market, the drop in chicken exports was partially offset by higher pork sales, which benefited from solid international demand and higher prices. We believe that this combination of factors—partially anticipated in the preliminary results, but with execution above projections—allowed us to maintain attractive spreads and deliver superior profitability, even in the face of higher input costs, mainly corn.

JBS Brazil: Margin slightly above estimate; higher volumes and prices. JBS Brazil reported net revenue of R$20.3bn (+0.8% vs. Genial Est.), up +8.7% q/q and +29.9% y/y, driven by higher volumes and prices in both the domestic market and exports. On the external front, revenue from fresh beef rose +45% y/y, sustained by higher average prices in USD and solid demand in strategic markets, contributing to the above-projected result. In the domestic market, the +15% y/y acceleration was explained by price adjustments and increased shipments, reinforcing the dynamism of demand in the period.
Adjusted EBITDA totaled R$1.3bn (+7.3% vs. Genial Est.), declining -6.0% q/q and growing +4.1% y/y, with a margin of 6.4% (+0.4 p.p. vs. Genial Est.), expanding +2.2p.p. q/q, but declining -1.2p.p. y/y. We believe that, despite stronger revenue performance, profitability remains limited by cattle acquisition costs, which, according to CEPEA-ESALQ, remained at historically high levels (~R$315/arroba), restricting more significant margin expansion.

Our take on JBS

FCF burn and leverage ratio slightly above expectations. Reported **FCF** indicated a **slight burn** of **-R$311mn** (vs. generation of +R$5.5bn in 2Q24), resulting from operating cash flow of R$4.4bn, partially consumed by **CAPEX** of **R$2.5bn** (+8.3% vs. Genial Est.), up **+65% q/q** and **+41% y/y**, linked to the expansion of production capacity, in addition to pressure from interest and lease payments. We note that the **burn was slightly above our projection**, as the higher volume of investments more than offset the positive effect of higher-than-expected EBITDA.

In addition, among the factors mainly linked to the **much tighter working capital** (WC) dynamics, which should consume resources of -R$5bn (vs. -R$125mn in 2Q24), also contributed to a burn in FCF, considering **(i)** the increase in inventories in the US, driven by higher prices, and in Seara, due to the effects of avian flu; **(ii)** the impact of hedging operations on cattle and pork purchases; **(iii)** disbursements related to antitrust agreements; **(iv)** higher level of investments in the period; and **(v)** increase in tax payments, in line with the stronger performance in recent quarters, especially in PPC and in Australian operations.

The leverage ratio, in **BRL**, ended the quarter at **2.17x Net Debt/EBITDA** (+0.13x vs. Genial Est.), accelerating +0.13x q/q, above projections, even with the decline in gross debt in the period — an effect of the softening USD/BRL FX rate (R$5.46 vs. R$5.74 in 1Q25), which reduced the BRL value of the USD-denominated portion of the debt (89%). We expected this FX rate effect to keep the ratio virtually flat vs. 1Q25, but **more intense FCF consumption** more than offset the gain, pushing up the indicator. In **USD**, where there is no impact from currency repricing, **leverage** stood at **2.27x** (+0.08x vs. Genial Est.), up +0.28x q/q, slightly above our forecast, reflecting **higher FCF expenditure** in the quarter, which offsets the effect of EBITDA coming above our estimate.

Accelerating the pace of share buybacks with new programs. The company approved a **specific repurchase plan for BDRs** issued by itself. Currently, there are 193.4 million BDRs outstanding, and the company is authorized to purchase up to 19.34 million units — equivalent to **10%** of the total — over a maximum period of 18 months, starting on August 18.

At the same time, the company also approved a global repurchase program for **Class A common shares on the NYSE** with an aggregate value of up to **US$400mn** (~R$2.2bn or ~2.5% of the market cap), which may be carried out through open market transactions, private negotiations, or other mechanisms provided for in US and Brazilian law. The transactions will be funded with cash from the company's own resources, with no impact on its control structure, management, or ability to pay mandatory dividends.

In addition, the company also announced an agreement to acquire a production facility in Ankeny (IA) for US$100mn (~R$540mn), with the goal of transforming it into the company's largest bacon and ready-to-eat sausage plant in the US. The plant is expected to start operating in mid-2026, after investments and expansion works. The operation is part of a broader cycle of strategic investments by JBS in the US market, totaling US$835mn in the first half of 2025 alone. Among these, the following stand out: the construction of another sausage plant in Iowa (US$135mn), the modernization of beef plants in Cactus (TX) and Greeley (CO), which should total US$200mn, and the construction of a PPC chicken prepared foods plant in Walker County (GA) for US$400mn. We believe these investments reinforce the strategy of expanding the portfolio of **higher value-added and prepared foods**, in line with growing consumer demand.

Post-dual listing: Why has repricing not yet occurred? Although JBS's repricing thesis based on global multiple convergence remains intact — with theoretical upside potential of **+30%** vs. current **EV/EBITDA** of **5.0x** — we believe that the market has not yet fully **priced in this rerating**. The **implicit price** of JBSS3 via JBSS32 receipts (BDRs) listed on B3 indicates a **value of R$38.74**, representing a **decline of -6.2% vs. the closing price on the day of the EGM** (May 23) — precisely when minority shareholders approved the dual listing structure. This disconnect reinforces the thesis that repricing is still underway and **is hampered by a technical phenomenon** of flow reallocation.

In practice, we believe that the transition from primary listing on B3 to the NYSE creates a disruption in the composition of institutional shareholders, especially about passive funds. With the company's **departure from the main Brazilian** indices (such as Ibovespa and IBrX), many ETFs and local index funds are now systematically divesting, increasing the selling flow of the stock in the short term. On the other hand, **passive funds in the US** — such as Russell 1000 replicators and, in the future, S&P 500 replicators — **have not yet established long positions**, since the company's eligibility for these indices depends on factors such as liquidity history, free float, and listing time. The next window for entry into the indices will not be until 2026.

This interval between the exit of Brazilian funds and the entry of global vehicles creates a delay in the buying flow, postponing the expected compression of the multiple gap vs. peers. In addition, the dual class share model adopted in the listing may have caused some discomfort among active funds, especially those most aligned with strict corporate governance practices, an argument reinforced by Institutional Shareholder Services (ISS) in the run-up to the shareholders' meeting. However, we believe that this discomfort tends to be diluted as the potential gain in value exceeds the perceived governance cost in the short term.

The wait is technical, not structural. Given this context, we interpret the failure of the immediate repricing to materialize as **not reflecting a rejection re-rating thesis via multiples**, but rather a **timing misalignment** between the structural change in the listing and the rebalancing mechanics of global institutional funds. Following confirmation of the NYSE listing (which occurred in June), we expect that: **(i)** passive funds focused on the US will begin to gradually add JBS as eligibility criteria are met (such as liquidity and trading history); and **(ii)** active funds will reassess their position based on the still attractive valuation and potential upside vs. peers (trading at ~7x EV/EBITDA, much more stretched). As a result, we believe the base case scenario for share repricing remains credible: there is room for multiples to converge, but **the timing is influenced by technical and regulatory factors**. The market appears to be in a transition phase, with local investors reducing or eliminating positions, while global investors have not yet generated sufficient buying momentum.

US-Brazil tariffs: Symbolic direct impact, but with significant indirect effects. The imposition of **50% tariffs** by the US **on Brazilian beef** (and all other goods) has set off alarms in the market, but the direct impact on JBS Brazil, in absolute terms, is likely to be limited. In the 1H25, shipments to the US totaled ~185Kt — a volume that, although representing a significant share of bilateral trade, is equivalent to about 1M of the company's production in Brazil. Within the context of the JBS group, these exports **correspond to only ~1%** of **consolidated revenue**, which makes the effect quantitatively immaterial.

However, the concern is not limited to the volume itself, but to the **regulatory ambiguity of the measure**. It is still unclear whether the tariffs apply **(i)** only to products produced after Aug. 1 or **(ii)** also affect shipments already in transit. The overlap with previous quotas — 10% new tariff on liberation day or 26% of regular quota system, depending on interpretation — exacerbates the uncertainty, hampering the industry's logistical and commercial planning. In addition, if **(iii)** more meatpackers redirect supply to the domestic market instead of exporting, the effect could lead to a drop in cut out prices for domestic consumption in Brazil. Even if companies are forced to **soften prices in the domestic market**, we believe that the cattle cycle reversal process in Brazil is already underway, with a **higher number of female cattle expected to be retained for 2H25**, which should help to **further compress margins** in Brazilian operations.

Despite this, the company's view is that even if the tariff makes part of exports to the US economically unviable, the impact will be mitigated by a coordinated process of redirecting cargo. Strong global demand for protein — especially in Asian and Arab countries — continues to offer viable commercial alternatives with the potential to preserve volumes.

Brazil: A more subdued cycle turnaround than anticipated. We have anticipated the **turnaround in the cattle cycle** in Brazil **since 3Q24**, with the price per arroba of cattle rising +50% in 5M (Jul-Nov), which led us to downgrade the company to Neutral. However, due to events that we were unable to map at the time, the cycle transition is occurring gradually and in a more balanced manner than previously anticipated. Despite the forecast reduction in total market slaughter volume of -5% y/y in 25E, we believe that availability is still sufficient to sustain the ramp-up of the new MSA plants.

The price of cattle for slaughter should move to the range of **R$340–350/arroba** in **2H25** – currently trading at **~R$300/arroba** due to the one-off effects of the **50% tariff imposed by the US** on Brazilian products.

But cattle prices will rise in 2H25... At this point, we expected a curve closer to R$320/arroba, showing that the catalyst for the reduction in cattle prices – after peaking at R$352/arroba in Nov. – was in fact the imposition of tariffs by the Trump administration, which created uncertainty about future shipments and abruptly slowed exports to the US market. We emphasize that the US is a major destination for Brazilian meat shipments, being the 2nd most important (12% of total exports). The uncertainty generated by the tariffs, in turn, slowed down the slaughter sequence and ended up expanding the supply of cattle, **causing price drops**. This move led large meat packers to suspend purchases, reallocate destinations and, in some cases, place plants on collective vacation. In the domestic market, the combination of higher supply of feedlot and **longer slaughter schedules** (which now exceed 9 business days on average) has allowed meatpackers to renegotiate lower prices paid to producers.

At this point, we are still seeing a considerable level of slaughter of reproductive females, which in turn have lower carcass yields. However, the tide should turn. In 1Q25, female slaughter reached a record high, accounting for 47% of the total herd. However, we believe that this trend will reverse in 2H25, with the **percentage of females slaughtered** cooling down to **43% Genial Est.** (vs. 45% in 2H24), and then falling **more sharply from 26E onwards**, given the withdrawal for breeding to ensure the replacement of calves. With fewer females on the slaughter scale in the coming months, the supply available to meatpackers will shrink and the price per arroba will tend to rise again. So, although the cycle turnaround is indeed slower, it is still structural and part of the nature of the business. Tariffs may have slowed the pace of the increase, but the turnaround in the Brazilian cattle cycle is evident given the combination of structural factors that limit the supply of animals for slaughter and **put pressure on costs** throughout the chain.

Bright spots, but FCF overshadowed. In line with what we had already indicated in our preliminary report, despite the **positive surprise in the result** — with an **EBITDA margin** of **8.4%** (+0.5p.p. vs. Genial Est.) — we continue to **see no relevant catalysts** from a fundamental standpoint, given the **margin compression scenario** projected for **25E vs. 24A**. This expectation reflects the deterioration in household spending, tighter spreads, avian flu, and tariffs, as well as their indirect effects. In addition, reported **FCF** pointed to a **slight burn of -R$310mn** (vs. generation of +R$5.5bn in 2Q24), slightly **worse than our model estimate**, influenced by higher CAPEX and additional pressure on working capital (WC).

We believe this report reinforces this, as we report an annual contraction in the company's consolidated margin (-1.5p.p. y/y), even with, for example, **(i)** significant distortions in the USD/BRL FX rate vs. 2Q24 – with a positive impact on y/y results justified by the sharp appreciation of the USD vs. BRL (+8.5% y/y) –, despite **(ii)** robust y/y growth in the price of beef in Brazil (+39% y/y) – even with the one-off negative impact of pressure from the indirect effect of the +50% tariff imposed by the US on Brazilian products.

We therefore reiterate that the clear **driver of value for the coming months** continues to be the eventual **effect of the repricing** resulting from the **dual listing** (NYSE with shares and B3 with BDRs), even though there is an inherent delay in this becoming credible (as explained earlier in this report), combining a **(i)** dual-class share structure; **(ii)** access to global capital (passive funds and listing on indices such as the Russell 1000 and S&P 500); **(iii)** and an immediate extraordinary dividend (R$1.00/share), the company should position itself for a **rerating of valuation**, reducing the **gap in trading vs. peers**.

We maintain our **BUY** rating, with a **12M Target Price of R$109.00** for **BDRs-B3 and US$20.00** for **JBS-NYSE,** implying an **upside** of **+38.9%**. It is worth noting, however, that despite the high upside potential implied for the company, our valuation is attributed both to **(a)** our DCF model and **(b)** the value gain we see from repricing via multiples – which has not yet materialized, as was to be expected in this very short time horizon.

Appendix: JBS

Figure 1. JBS – Income Statement in R$ Millions (Genial Est. 25-28)

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**449.409**	**479.849**	**490.099**	**497.450**
(-) COGS	(387.531)	(419.032)	(422.696)	(429.037)
Gross Profit	**61.879**	**60.817**	**67.403**	**68.414**
(-) Expenses	(26.769)	(29.836)	(30.564)	(31.023)
Adjusted EBITDA	**35.109**	**30.981**	**36.838**	**37.391**
(-) D&A	(12.724)	(13.586)	(13.876)	(14.084)
EBIT	**21.816**	**17.464**	**23.031**	**23.376**
(+/-) Financial Result	(9.332)	(9.733)	(4.791)	(4.863)
(-) Taxes	(2.912)	(1.933)	(4.560)	(4.628)
Net income	**9.572**	**5.799**	**13.680**	**14.022**
Profitability				
Net margin (%)	2,1%	1,2%	2,8%	2,8%

Figure 2. JBS– Cash Flow in R$ Millions (Genial Est. 25-28)

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**449.409**	**479.849**	**490.099**	**497.450**
(-) COGS	(387.531)	(419.032)	(422.696)	(429.037)
Adjusted EBITDA	**35.109**	**30.981**	**36.838**	**37.391**
EBIT	**21.816**	**17.464**	**23.031**	**23.376**
(-) Taxes	(2.912)	(1.933)	(4.560)	(4.628)
(+) D&A	12.724	13.586	13.876	14.084
(+/-) Δ WK	(1.114)	(1.040)	(493)	(1.045)
(-) Capex	(8.988)	(9.597)	(9.802)	(9.949)
FCFF	**21.527**	**18.481**	**22.052**	**21.838**

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under Review	Under review	**5%**

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