

# JBS

## 1Q26 Preview: Rerating clock is ticking

LatAm Meatpackers

**(i) Seara:** Adj. EBITDA of **US\$350mn Est.** (-15% q/q; -18% y/y), with a margin of **15.7%** (-0.9p.p. q/q; -4.1p.p. y/y), pressured by domestic poultry prices declining -14% y/y as HPAI-driven export restrictions redirected volumes inward, generating an oversupply in the SP wholesale market, partly offset by export volumes growing +5% y/y and prices +3% y/y on EU market reopening and the EU-Mercosur tariff-exempt quota; **(ii) JBS Brazil:** Adj. EBITDA of **US\$168mn Est.** (-42% q/q; +28% y/y), with a margin of **4.6%** (-2.0p.p. q/q; +0.5p.p. y/y), the highest 1Q margin in the company's history, supported by export volumes surging +21% y/y and domestic prices +5% y/y, partially offset by cattle costs at R\$338/arroba (+6% y/y) as total slaughter declined -2% y/y on ongoing supply contraction; **(iii) Beef North America:** Adj. EBITDA of **-US\$177mn Est.** (vs. US\$6mn in 4Q25; vs. -US\$113mn in 1Q25), with margin at **-2.5%** (-2.6p.p. q/q; -0.7p.p. y/y), as historically weak Jan-Feb spreads, winter storm disruptions and the Mexican border closure — removing ~1.2mn head of potential feeder supply — compounded structural cattle scarcity, with Live Steer +16% y/y and slaughter -4% y/y; **(iv) JBS Australia:** Adj. EBITDA of **US\$166mn Est.** (-16% q/q; -1% y/y), with a margin of **9.0%** (+0.3p.p. q/q; -1.4p.p. y/y), as export volumes surged +30% y/y and cutout +21% y/y on U.S. import pull, nearly fully offset by National Heavy Steer costs advancing +29% y/y; **(v) USA Pork:** Adj. EBITDA of **US\$216mn Est.** (-6% q/q; -3% y/y), with a margin of **10.6%** (-0.2p.p. q/q; -0.6p.p. y/y), as lean hog costs rose +4% q/q while cutout retreated -3% q/q, creating a classic two-sided spread compression, with the y/y comparison more contained as hog costs eased -1% y/y; **(vi) PPC:** Adj. EBITDA of **US\$308mn** (-3% vs. Genial Est.; -26% q/q; -42% y/y), with a margin of **6.8%** (-0.1p.p. vs. Genial Est.; -2.4p.p. q/q; -5.1p.p. y/y), below our estimates, driven by broad-based U.S. commodity chicken pricing normalization, Jumbo Cutout, BSB, Tenders and Wings all below 5Y average, compounded by winter storm disruptions and CAPEX downtime; **(vii)** We are maintaining our **BUY rating** with a **12M Target Price at R\$98.00** for BDRs (B3) and **US\$18.50** for JBS (NYSE), implying an **upside of +19%**.

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### Company

**JBS US Equity**  
**Buy**

**Price:** US\$ 15.59 (11-May-2026)  
**Target Price 12M:** US\$ 18.50 (NYSE)

**JBSS32 BZ Equity**  
**Target Price 12M:** R\$ 98.00 (B3)

**Table 1. Income Statement JBS (1Q26 Genial Est.)**

(US\$ millions)	1Q26E Genial Est.	4Q25 Reported	% q/q	1Q25 Reported	% y/y
<b>Net Revenue</b>	<b>21,018</b>	<b>23,063</b>	<b>-8.9%</b>	<b>19,527</b>	<b>7.6%</b>
COGS	(18,713)	(20,193)	-7.3%	(16,902)	10.7%
<b>Adjusted EBITDA</b>	<b>1,233</b>	<b>1,715</b>	<b>-28.1%</b>	<b>1,528</b>	<b>-19.3%</b>
EBITDA Margin (%)	5.9%	7.4%	-1.6p.p	7.8%	-2.0p.p
<b>EBIT</b>	<b>601</b>	<b>953</b>	<b>-36.9%</b>	<b>883</b>	<b>-31.9%</b>
EBIT Margin (%)	2.9%	4.1%	-1.3p.p	4.5%	-1.7p.p
D&A	(611)	(624)	-2.0%	(536)	14.1%
Financial Result	(315)	(580)	-45.8%	(192)	64.3%
<b>Net Income</b>	<b>267</b>	<b>435</b>	<b>-38.5%</b>	<b>556</b>	<b>-51.9%</b>
Net Margin (%)	1.3%	1.9%	-0.6p.p	2.8%	-1.6p.p

Source: JBS, Genial Investimentos

JBS is scheduled to release its **1Q26** results in **May. 12**, after market close. The quarter should tell a story of **cycle standardization** across the different proteins and regions, with Consolidated **Adj. EBITDA** projected at **US\$1.2bn Genial Est.** (-28.1% q/q; -19.3% y/y), and **margin contracting to 5.9% Est.** (-1.6p.p. q/q; -2.0p.p. y/y). The y/y compression should not be just a single-division phenomenon, it should reflect the **simultaneous unwinding** of what were, in 1Q25, exceptionally favorable spread environments across both poultry and beef, now **reverting toward cycle-average levels** with almost no counterparts to offset margin compression in the near term.

On the top line, Consolidated **Net Revenue** is projected at **US\$21bn Est.** (-8.9% q/q; +7.6% y/y), with the annual expansion primarily driven by **(i)** Beef North America (+10% Est. y/y); **(ii)** JBS Brazil (+15% Est. y/y); and **(iii)** JBS Australia (+14% Est. y/y) on firm global beef prices, while the q/q contraction should reflect typical 1Q seasonal processing patterns across most divisions. However, going back to the EBITDA trajectory as said before, the most acute y/y deterioration should come from **PPC**, where margin (IFRS) is projected to contract to **6.8% Est.** (-5.1p.p. y/y), as U.S. commodity chicken pricing, which ran well above historical norms in 1Q25, back trend sharply across virtually every cut, from Jumbo to Boneless/Skinless Breast to Wings, with cold storage inventories still -3.1% y/y providing insufficient tightness to arrest the repricing.

**Seara** should follow with a margin compression to **15.7% Est.** (-4.1p.p. y/y), as the domestic poultry market absorbed the supply overhang generated by the HPAI-driven (avian flu) export restrictions of mid-2025, depressing SP wholesale prices -14% y/y even as the export channel progressively reopened. Together, we believe these **two poultry divisions** should **account for the bulk of the consolidated y/y EBITDA erosion**, reflecting how much of company's 1Q25 profitability was underpinned by a poultry cycle that has since normalized.

On the beef side, **Beef North America** should remain the most essentially challenged division, with margin projected at **-2.5% Est.** (0.7p.p. worse y/y), as the combination of **(i)** historically low cattle supply, the **(ii)** ongoing Mexican border closure and **(iii)** severe winter weather in Jan-Feb sustained negative spreads for the third consecutive quarter. **JBS Australia** should post a margin contraction to **9.0% Est.** (-1.4p.p. y/y), as National Heavy Steer costs advanced +29% y/y nearly in lockstep with cutout appreciation, leaving profitability essentially unchanged despite a materially stronger revenue base (+14% Est. y/y). The **sole y/y bright spot** is **JBS Brazil**, which is set in our model to deliver **best-ever 1Q margin** at **4.6% Est.** (+0.5p.p. y/y), supported by record export volumes and firm pricing across both domestic and international channels. Finally, **Net Income** is projected at **US\$267mn Est.** (-38.5% q/q; -51.9% y/y), with margin at **1.3% Est.** (-0.6p.p. q/q; -1.5p.p. y/y).

## 1Q26 Preview: In detail!

**Beef North America: Margin still negative.** We estimate Net Revenue of US\$7.1bn Genial Est. (-8% q/q; +10% y/y), reflecting an increase driven by USDA Boxed Beef Cutout advancing +17% y/y more than offsetting a lower slaughter volume as commercial cattle slaughter declined -4% y/y, consistent with the ongoing depletion of an already historically constrained herd. On costs, it's important to note that, not just the cattle scarcity remains the dominant setback with USDA 5 Area Live Steer averaging +16% y/y, underscoring the sustained elevation acquisition costs, but also the continued closure of the Mexican border due to the screwworm infestation has removed a meaningful source of feeder cattle supply.

We believe this eliminates an important opportunity for additional supply, which, if restored, could add back ~1.2 million head upon reopening, arriving semi-finished and that could move quickly to slaughter. Until that channel reopens, the industry probably will continue to operate against a tightening procurement backdrop with no near-term offset.

As a result, added to the fact that an operational disruption caused by severe winter weather in Jan-Feb, generating quite low spreads during those months, hampering workforce mobility and processing throughput at a critical point in the quarter, we estimate an Adj. EBITDA clocking in at -US\$177mn Genial Est. (vs. US\$6mn in 4Q25; vs. -US\$113mn in 1Q25), with margin deteriorating to -2.5% (-2.6p.p. q/q; -0.7p.p. y/y).

**PPC: Results below expected; pricing down.** Pilgrim's Pride (PPC), JBS's chicken subsidiary with operations across the U.S., Europe, and Mexico, already released its 1Q26 results. Net Revenue totaled US\$4.5bn (-2% vs. Genial Est.), essentially flat q/q and up +2% y/y, coming slightly below our prospects, reflecting a broad-based deterioration in U.S. commodity chicken pricing relative to the strong year-ago comparable. Industry indicators confirm the pricing weakness: the Jumbo Cutout, Boneless/Skinless Breast, Tenders, and Wings all traded below year-ago and 5Y average levels during the quarter, pressuring spreads across the portfolio. At the same time, broiler placements increased by +2.1% y/y, with cold storage total inventories ending the quarter down -3.1% y/y and -3.4% vs. 5Y historical, which supported volume but limited any meaningful price recovery.

As we have already mentioned, operations across US. were disrupted by severe winter storms, but in the case of PPC, in addition to that, we note a downtime associated with the installation of multiple large CAPEX projects during the period. Another factor that reduced the margin was the SG&A line further inflated by US\$23mn in litigation settlement costs. All in all, Adj. EBITDA totaled US\$308mn (-3% vs. Genial Est.), contracting -26% q/q and -42% y/y, with margin reaching 6.8% (-0.1p.p. vs. Genial Est.), squeezing -2.4p.p. q/q and -5.1p.p. y/y, coming slightly below what we expected, driven by the full normalization of U.S. chicken spreads relative to the exceptionally strong 1Q25 comparable, when prices were running well above cycle-average levels.

**JBS Brazil: Historical margin for 1Q is expected.** We estimate Net Revenue of US\$3.7bn Genial Est. (-17% q/q; +15% y/y), supported mainly by still robust export dynamics. Based on the market data we have gathered, export beef prices advanced +14% y/y, reflecting sustained international demand for Brazilian beef, while export sales volumes surged +21% y/y (SECEX data), reinforcing Brazil's position as the preferred supplier across key destinations, particularly in China and other Asian markets.

We note that domestic market prices also moved higher (+5% y/y), contributing to a favorable revenue environment across both channels. Even so, total slaughter declined by -2% y/y, which seems to us to be consistent with the ongoing supply contraction pipeline. On the other hand, the female's retention has softened, with the ratio of females to total slaughter rising again to 42% (+10p.p. q/q), which we believe is linked to continued strong demand for exports and a decline in the cattle availability that already reached processing weight, causing the retention process to be extended, and returning with more females for the slaughter sequence. Nevertheless, we expect retention to pick up again in 2H26.

Given the continuing shortage of cattle available for slaughter, prices were pushed up to R\$338/arroba (+6% y/y). We believe this level of acquisition cost should partially neutralize the strong revenue growth generated by export and domestic price appreciation. As a result, Adj. EBITDA is projected at US\$168mn Genial Est. (-42% q/q; +28% y/y), with margin settle at 4.6% (-2.0p.p. q/q; +0.5p.p. y/y), the higher for a 1Q in the historical series of the company.

**Seara: Domestic poultry price weakness pressures margins.** For the top line, we project the Net Revenue clocking in at US\$2.2bn Genial Est. (-11% q/q; +4% y/y), reflecting a modest annual increase supported by solid export dynamics. Export sales volumes grew +5% y/y at prices +3% y/y higher, benefiting from the progressive reopening of key markets following the HPAI outbreak (avian flu) in Rio Grande do Sul (RS) in May last year, as well as the resumption of EU pre-listing for Brazilian poultry facilities and the EU-Mercosur agreement signed in Jan, which introduced a new annual tariff-exempt quota phased in over 6Y.

We found out that total slaughter expanded +4% y/y (MAPA data), providing the volume base to sustain that growth. Domestically, however, pricing deteriorated meaningfully, with DM poultry prices declining -14% y/y, as the volume originally destined for export during the HPAI-driven restrictions was redirected inward, generating an oversupply that continued to weigh on the São Paulo (SP) wholesale reference market into 1Q26.

On the cost side, live chicken input costs (corn + soybeans) eased -3% y/y, but apparently the relief was insufficient to offset the sharp margins compression, which declined -30% y/y as the selling price-to-input cost spread narrowed substantially in the domestic channel. As a result, Adj. EBITDA is projected at US\$350mn Genial Est. (-15% q/q; -18% y/y), with margin contracting to 15.7% (-0.9p.p. q/q; -4.1p.p. y/y), confirming a cycle slowdown even as exports return to more profitable markets with higher average ticket values, such as through the sale of chicken feet to China, for example.

**USA Pork: Spread compression from both sides.** The division should present the combination of lower slaughter volumes and softer pork price realizations, as we forecast the Net Revenue at US\$2.0bn Genial Est. (-5% q/q; +2% y/y), reflecting weaker q/q dynamics driven. Total slaughter declined -4% q/q, consistent with typical seasonal patterns for 1Qs, while the lean hogs cut out price retreated -3% q/q (USDA data), limiting the division's ability to sustain the revenue pace set in 4Q25. However, on an annual basis, the picture should be more constructive, with both cutout prices and slaughter volumes tickle up a bit (+1% y/y), providing a modest top-line improvement relative to the prior-year period.

Even so, we note that **(i)** limited breeding inventory expansion and **(ii)** persistent winter disease risk kept hog supplies tight and procurement costs elevated in 1H26E. That's not good news from a cost perspective. Therefore, we believe that margins will be squeezed by a +4% q/q increase in lean hog procurement costs. We believe the combination of rising input costs and a retreating cutout created a classic two-sided spread compression, with USDA data confirming that gross processor spreads declined each week through Feb and ran below year-ago levels. Nevertheless, on an annual basis, hog input costs eased by -1% y/y, limiting the y/y margin deterioration. As a result, Adj. EBITDA is projected at US\$216mn Genial Est. (-6% q/q; -3% y/y), with margin declining to 10.6% (-0.2p.p. q/q; -0.6p.p. y/y).

**JBS Australia: Export momentum offset by surging cattle costs.** With exceptionally strong export dynamics, but still affected by contractionary seasonal trends, we estimate Net Revenue of US\$1.9bn Genial Est. (-19% q/q; +14% y/y). Meat export volumes surged +30% y/y, supported by firm international demand for Australian beef, particularly from the U.S., where slaughter rates slumped to a multi-decade low in 1Q26, tightening domestic lean beef supply and intensifying import pull, while cutout prices advanced +21% y/y, reflecting the favorable pricing environment across key export destinations. In Australia, total slaughter also expanded +6% y/y, consistent with MLA's record production outlook for 26E, as elevated turnoff rates and broad seasonal support across northern region provided the volume base to sustain export growth.

On the other hand, environment remains acutely pressured by cattle acquisition costs. The National Heavy Steer price rose +29% y/y, advancing nearly in lockstep with the cutout price appreciation, a dynamic consistent with the Eastern Young Cattle Indicator holding well above pre-2020 levels through 2025 and into 1Q26, as strong export-driven processing demand kept competition for cattle intense even at elevated throughput. As a result, Adj. EBITDA is projected at US\$166mn Genial Est. (-16% q/q; -1% y/y), with margin reaching 9.0% (+0.3p.p. q/q; -1.4p.p. y/y).

### Our take on JBS

**Rerating clock is ticking.** 1Q26E should reflect the **simultaneous unwinding** of exceptionally favorable spread environments across both poultry and beef that defined 1Q25, reverting **toward cycle-average levels** with virtually no divisional offset in the near term. The cattle cycle across both key beef geographies remains a consolidated profitability headwind, and poultry margins are compressing as U.S. commodity chicken pricing normalizes and the Brazilian domestic market absorbs last year's HPAI-driven (avian flu) supply overhang. We believe that all of this suggests that 26E is a year where the operational picture remains challenged, but where the **investment case was never primarily** about near-term earnings, as we already quoted in other reports.

So, we remain with the central idea that the invent thesis maturing over **11M of NYSE trading history** and progressively building the liquidity track record required for **index eligibility** (Russell 1000 and S&P 500), currently trading at **5.7x EV/EBITDA 26E**, a **-24% discount** vs. international peers (**~7.5x**), meaningfully narrower than the 2Y historical average (**-30%**), confirming that the NYSE listing is gradually doing its work even as the shares have been broadly flat YTD (-1%). Hence, we continue to see this **discount at -15%** (assuming that Tyson and other peers are still going to trade with some premium), converging to a conservative assumption that nonetheless implies a re-rating from current levels.

The **Russell 1000 inclusion** window remains the **most concrete near-term catalyst**, with the Jun/26 reconstitution and the newly **introduced Nov/26** semi-annual reconstitution representing two sequential **passive fund buying events** that global index rebalancing mechanics cannot ignore. Therefore, we are maintaining our **BUY rating** with a **12M Target Price** at **R\$98.00** for BDRs (B3) and **US\$18.50** for JBS (NYSE), implying an **upside** of **+19%**.

## Appendix: JBS

**Figure 1. JBS – Income Statement in R\$ Millions (Genial Est. 2026-29)**

Income Statement	2026E	2027E	2028E	2029E
<b>Net Revenue</b>	<b>89,150</b>	<b>91,825</b>	<b>94,120</b>	<b>96,238</b>
(-) COGS	(78,006)	(79,887)	(80,943)	(81,321)
<b>Gross Profit</b>	<b>11,144</b>	<b>11,937</b>	<b>13,177</b>	<b>14,917</b>
(-) Expenses	(7,310)	(7,759)	(8,188)	(8,613)
<b>Adjusted EBITDA</b>	<b>6,330</b>	<b>6,749</b>	<b>7,624</b>	<b>8,517</b>
(-) D&A	(2,496)	(2,571)	(2,635)	(2,213)
<b>EBIT</b>	<b>3,833</b>	<b>4,178</b>	<b>4,988</b>	<b>6,304</b>
(+/-) Financial Result	(1,783)	(1,745)	(1,694)	(1,636)
(-) Taxes	(410)	(422)	(433)	(443)
<b>Net income</b>	<b>2,050</b>	<b>2,342</b>	<b>3,106</b>	<b>4,379</b>
<b>Profitability</b>				
Net margin (%)	2.3%	2.6%	3.3%	4.6%

**Figure 2. JBS– Cash Flow in R\$ Millions (Genial Est. 2026-29)**

Cash Flow (FCFF)	2026E	2027E	2028E	2029E
<b>Net Revenue</b>	<b>89,150</b>	<b>91,825</b>	<b>94,120</b>	<b>96,238</b>
(-) COGS	(78,006)	(79,887)	(80,943)	(81,321)
<b>Adjusted EBITDA</b>	<b>6,330</b>	<b>6,749</b>	<b>7,624</b>	<b>8,517</b>
<b>EBIT</b>	<b>3,833</b>	<b>4,178</b>	<b>4,988</b>	<b>6,304</b>
(-) Taxes	(410)	(422)	(433)	(443)
(+) D&A	2,496	2,571	2,635	2,213
(+/-) Δ WK	(1,783)	(1,745)	(1,694)	(1,636)
(-) Capex	(2,200)	(2,000)	(1,950)	(1,900)
<b>FCFF</b>	<b>1,937</b>	<b>2,582</b>	<b>3,547</b>	<b>4,538</b>

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under Review	Under review	5%

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