Tyson Foods Fourth Quarter 2020 Earnings

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PARTICIPANTS

Jon Kathol - *Vice President of Investor Relations*

Dean Banks - *President, Chief Executive Officer*

Stewart Glendinning - *Chief Financial Officer*

Operator
Good morning and welcome to the Tyson Foods Fourth Quarter 2020 Earnings Conference Call. All participants will be in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star and then one. To withdraw your questions, you may press star and two. Please also note today's event is being recorded.

I would now like to turn the conference call over to Jon Kathol, Vice President of Investor Relations. Sir, please go ahead.

Jon Kathol
Good morning and welcome to the Tyson Foods, Incorporated earnings conference call for the fourth quarter and fiscal year of 2020. On today's call are Dean Banks, President and Chief Executive Officer, and Stewart Glendinning, our Chief Financial Officer.

Slides accompanying today's prepared remarks are available as a supplemental report in the Resource Center of the Tyson investor website at IR.Tyson.com. Tyson Foods issued an earnings release this morning, which has been furnished to the SEC on Form 8-K and is available on our website at IR.Tyson.com.

Our remarks today include forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements reflect current views with respect to future events, such as Tyson's outlook for future performance on sales, margin, earnings growth, and various other aspects of its business.

These statements are subject to risks and uncertainties that could cause actual results to differ materially from our expectations and projections. I encourage you to read the release issued earlier this morning and our filings with the SEC for a discussion of the risks that can affect our business, including those listed in our 10-K filed this morning.

I would like to remind everyone that this call is being recorded on Monday, November 16th, at 9:00 A.M. Eastern Time. A replay of today's call will be available on our website approximately one hour after the conclusion of this call. This broadcast is the property of Tyson Foods, and any redistribution, retransmission, or rebroadcast of this call in any form without the express written consent of Tyson Foods is strictly prohibited.

Please note that our references to earnings per share, operating income, and operating margin in today's remarks are on an adjusted basis unless otherwise noted. For reconciliations to our GAAP results, please refer to this morning's press release.

I'll now turn the call over to Dean Banks.

Dean Banks
Thank you, Jon, and many thanks to everyone listening for their interest in Tyson Foods. We hope you're all safe and healthy as we continue to navigate the pandemic. I am thankful for the efforts of every one of Tyson's nearly 140,000 team members and want you to know their health and safety remain our top priority.

The dedication of our team members and the future of our business have me excited to be in my first earnings call as CEO. We have an exceptional leadership team with tremendous experience across protein production, consumer insights, innovation, technology, and more, and I am truly excited about the growth and success we will drive as a team.

We've recently faced unprecedented and unfamiliar times, but our business is settling down and we're uniquely positioned to fulfill our long-term strategy. Our business performed well and delivered strong fourth-quarter and full-year results. Our team members, agriculture partners, and customers have shown resilience. This has enabled us to maintain and accelerate our efforts to provide global consumers with a safe and accessible food supply.

Before we talk about fourth quarter results, I'd like to cover our team's accomplishments over the last 12 months. At the onset of the pandemic, we launched an internal task force to address the virus. We made substantial investments in our personal protective equipment, social distancing safeguards, and other increased health and safety measures across our business.

We've seen a dramatic reduction in active cases involving our team members since last spring. In an effort to stay ahead of the virus, we've launched a new industry-leading monitoring strategy that involves weekly testing of a sample of team members, which has so far proven to be invaluable.

We had $540 million in direct incremental COVID-19 costs for the full year, including about $300 million of thank you bonuses, and other benefits paid directly to our team members for their efforts. We managed core expenses aggressively in an effort to partially offset the increased costs related to COVID-19.

Our beef and pork segments both delivered a strong performance on the year, while prepared foods showed positive momentum, including a continuation of share gains across many retail categories. Our core retail lines grew volume in every quarter of the fiscal year, up over 17% during the latest 52 weeks.

Our chicken business is still performing below our long-term earnings expectations. While our Tyson frozen value-added and premium air chilled products have performed strongly, other businesses have not. The biggest drivers of our underperformance are not having full staffing levels, a portion of which can be attributed to the ongoing effects of the coronavirus, operational execution, and pricing.

The majority of our improvement opportunity lies in reducing the mix and yield impacts of the three drivers I just mentioned, and most of this is centered in a handful of our plants. The inefficiencies driven by reduced staffing levels and poor execution has translated to higher cost per pound. We expect progress towards these issues to face headwinds from absenteeism and other COVID-19 related complexities during the first half of the year but remain hopeful that a vaccine and a gradual return to normalcy in the second half will result in a net improvement for the year.

We continued to demonstrate our commitment to sustainable business practices and corporate social responsibility. Our efforts included the following: enhancing our framework to promote equity, inclusion, and diversity in the workplace, including $5 million in committed donations to organizations that are advancing the cause of lasting change; our work to verify sustainable cattle production practices on more than 5 million acres of grazing land, and the largest beef transparency program in the U.S.; record protein donations across the country in the development and recently announced forest protection standard to reassert that we have virtually no deforestation risk across our global supply chain.

In the alternative protein space, we bolstered the company's offerings under the Raised & Rooted brand while extending our retail presence to 10,000 stores in less than a year, entering the quick service restaurant channel, and launching products in Europe. Over the past year, we have seen our plant-based offerings retail sales increase over 250%, and we're excited to build on this momentum alongside our customers as we meet evolving consumer demand for years to come.

Now let's discuss some high-level takeaways from our fourth quarter. In the U.S., the pandemic continued to drive higher levels of retail demand and overall lower levels of food service volume. While quick service restaurants are close to or better than pre-COVID levels, full-service restaurants continue to operate at about 80% of normal, with wide variations by geography, while schools and cafeterias are operating at levels significantly below normal.

These channel impacts, as well as higher levels of absenteeism, increased the cost and complexity of our operations. Europe has a similar operating environment as the U.S., while our Asian businesses are almost back to normal.

The continued strength of at-home consumption is driving historically high retail and e-commerce sales, and Tyson is winning. Our retail core business lines experienced their ninth straight quarter of share growth and continued to outperform the top 10 food manufacturers. Volumes in these lines were up nearly 15% during the latest 13 weeks, leading to nearly 2 percentage points in volume share growth during that period.

As consumers increasingly shifted towards little or no contact buying methods during the pandemic, we experienced e-commerce sales growth of 99% on a full-year basis and 126% in the fourth quarter compared to last year. With this growth, Tyson's online sales penetration through its e-commerce channel partners is now estimated at over $1 billion, and we expect continued relevance of this channel moving forward.

The company experienced solid results during the fourth quarter driven by strong operating income performances in our beef, pork, and prepared foods businesses. The performance of these segments offset lower results in our chicken business. In total, we delivered almost $1 billion of operating income for the fourth quarter in spite of the negative impacts of $200 million associated with COVID-19. This represents an operating income improvement of $275 million versus Q4 of 2019, an increase of almost 40%.

Our prepared foods business delivered strong Q4 results. Our brands and products continue to resonate with consumers, as demonstrated by our track record of share growth - nine quarters in a row. We have a balanced mix of distribution channels, giving us a resilient business model that's able to effectively react to external factors, including obstacles caused by COVID-19.Improved operational execution as well as lower commercial spend also helped to drive strong Q4 results. We're also pursuing SKU rationalization and optimization opportunities across our production network.

Our beef and pork businesses continue to be an important part of our company's portfolio strategy. They generated very strong returns during the quarter, enabling investments in key value-added and international growth initiatives across our business.

The beef segment delivered solid earnings, as the cutout margin remained strong while live cattle prices, driven by plentiful supplies, remained relatively low. This was set against a backdrop of continued strong consumer demand. Our operational performance recovered substantially from the early COVID-19 impacts, and volumes were up 31% versus the third quarter.

Exports have also been strong for our beef segment, which serve as a way for us to optimize all parts of the animal, including products that aren't traditionally consumed within the American diet. We expect to see continued adequate cattle supplies during fiscal 2021.

The pork segment also delivered very strong earnings during the quarter, despite a narrowing of the spread as hog costs increased and the cutout came down. The hog supply remains strong, while our plants faced less disruption and produced significantly improved volumes versus Q3.

The plentiful conditions we have seen in the hog supply are beginning to moderate as a result of the industry's ongoing recovery, but we expect adequate supplies in the near term. In an effort to support the independent hog farmers who rely on us for a consistent and reliable outlet for their livestock, we have worked hard to safely maximize our processing capacity.

African swine fever has persisted overseas, moving into Germany's wild boar population. This infection quickly led to certain nations banning German pork exports, which we expect to create incremental global demand for U.S. pork. We are beginning to see some level of herd rebuilding in China, but we agree with industry analysts that a complete recovery may depend on the eradication of ASF and/or the success of a commercial grade vaccine. Our view is that full recovery could still be a multiyear event. Until this occurs, we expect to see continued redistribution of global pork supplies. Within the U.S., export demand has increased at a pace that has helped to offset increased pork supplies domestically. This demand has been supportive of hog prices, which is critical for U.S. independent hog farmers.

Our Q4 chicken results improved sequentially compared to the third quarter as we saw some recovery in our operations and experienced lower COVID-19 costs. However, the results were not better than our prior year, as a number of the challenges which I outlined earlier are still with us.

Having said that, we've seen tremendous performance within our branded retail value-added poultry lines, including more than 24% volume growth during the quarter, with simultaneous volume and dollar share gains. The impacts of COVID-19 on channel volumes and operating efficiency resulted in net negative volumes for the quarter and higher operating costs. We also saw a dramatic softening of the leg quarter market during the quarter, which has since leveled out.

As I mentioned, we are aggressively executing a variety of operational and supply chain efficiency programs to better position us for long-term competitiveness. Additionally, we are continually identifying ways to drive costs out of our structure while remaining keenly focused on operational improvements and customer service.

As COVID-19 related absenteeism rates have improved, although not yet back to historical levels, we are focused on the operational improvement programs mentioned in fiscal 2020. We still believe the original target of $200 million in cost savings as a result of these improvement initiatives is attainable.

Our international portfolio continues to give us great opportunities for growth and synergy. Our view remains that the vast majority of global protein consumption growth will happen outside of the U.S., so we are positioning our company to meet that need.

During the last quarter, we found new profitable international outlets for US-based byproducts that would otherwise realize relatively low values domestically. By leveraging our US-based scale with our newly acquired and legacy international businesses, we have identified repeatable opportunities to margin up bulk export products into a convenient, value-added, and retail ready format for international markets.

The benefit of these value-added sales, which originate in our domestic business and are sold throughout our international network, is an example of how our One Tyson approach helps us meet global demand while enhancing the company's margin structure. We'll continue to seek out and leverage these and other synergistic opportunities across our global network as we expand abroad and continue to learn from consumers in these growing markets.

We also recently announced our plans to build new production capacity in China and Thailand, as well as expansion of our facility in the Netherlands. These initiatives will add substantial fully cooked poultry capacity to our network, which will help us serve emerging markets and strategic customers.

And last, we plan to accelerate our focus on initiatives to ensure a competitive cost structure moving forward, which includes optimizing organizational structures and other cost reduction activities.

In summary, I am pleased by our fourth quarter performance and I'm excited about our future.

I'd now like to turn the call over to Stewart to walk us through our Q4 financial performance and fiscal 2021 financial outlook.

Stewart Glendinning
Thank you, Dean. As previously mentioned, our business performed well during Q4 and the full fiscal year, especially considering the external challenges facing our company.

Now, please keep in mind that Q4 was a 14-week quarter because of the 53-week fiscal year, which is reflected in our GAAP results. The quarterly and annual adjusted results that we refer to throughout have the impact of the additional week removed for comparability purposes.

We delivered operating income of $961 million during the quarter, up almost 40% versus Q4 '19, and $3.1 billion for the full year, up almost 5% versus last year, leading to a total company return on sales of 7.4%, up about 40 basis points versus last year. This strong performance resulted in $1.81 of EPS for the quarter, an increase of approximately 50% versus Q4 '19, and $5.64 for the full year, up about 3% versus fiscal 2019.

This performance was predicated on our flexible cross protein portfolio that has shown great resiliency during recent periods of disruption to our industry and economy. Our Q4 results include a $75 million positive derivative impact, although on a full-year basis derivative values were relatively flat.

We also incurred $200 million of direct COVID-19 costs during Q4 as we continue to prioritize team member health and safety, and those costs have not been adjusted out of our results. The reactions from our team members to the investments and initiatives we have implemented to prevent the spread of COVID-19 have been resoundingly positive.

Sales and volumes were both lower by about 2% versus Q4 '19 driven primarily by the effects of COVID-19, including reduced sales through the food service channel. Return on sales for the aggregate business came in at 9% for Q4, and average sales price was down less than 1% versus Q4 '19.

Jumping into the specific segment results, our prepared foods segment delivered strong performance, including operating income of $236 million, or 11.2% return on sales. Sales were down 1.8% and volumes were down 5.6% versus the comparable period as a result of retail strength offset by COVID-19 related weakness in food service.

Operating income improvements were driven by reduced commercial spending, lower commodities, and operational improvements including the benefits of lower write-downs versus last year. The chicken segment delivered operating income of $91 million, generating a 2.9% return on sales. These results include a $45 million gain from derivative adjustments during the quarter.

Sales were down 7.5% and volumes were 5.4% lower versus the comparable period last year, driven in large part by the effects of COVID-19, including lower food service volumes. We were impacted by both channel shift as well as operational issues resulting from the pandemic. As Dean outlined in his prepared remarks, we continue to face challenges in our chicken segment but remain committed to take the actions necessary to return us to top quartile performance.

Beef segment operating income was $483 million during the quarter, generating a return on sales of 12.2%. Sales were up 2.7% and volumes were up 3.8% versus Q4 '19, driven principally by the lower comparable figures last year due to lower production capacity as a result of the fire at our Finney County processing facility. We don't anticipate these levels of profitability to persist into the remainder of fiscal 2021, but still expect the beef business to deliver strong results going forward.

Pork operating income was $162 million in the fourth quarter, representing a return on sales of 12.8%. Sales were up 1% and volumes were up almost 7% versus the comparable period last year, driven primarily by strong consumption of pork products in both domestic and international markets. Gross margin and volume improvements completely offset higher operating costs to deliver year-over-year adjusted operating income growth of $135 million.

Our international business, as Dean mentioned, continues to demonstrate great growth and synergy prospects. This business has now been profitable for the past two years, which sets the stage for strong future performance. We will continue to focus on growth opportunities and seek out additional synergy opportunities using our One Tyson framework to increase the value of our international output across the portfolio.

Moving on to broader financial performance highlights, year-to-date operating cash flows were $3.9 billion on a 53-week basis. Our balance sheet and leverage ratios continue to strengthen, driven by gross debt deleveraging and an increasing liquidity position as a result of strong cash flows.

We repaid almost $700 million of bond maturities during the quarter, and our ending liquidity, which was higher than we would have originally anticipated due to strong operating cash flows, was $3.2 billion. Net debt to adjusted EBITDA for the quarter ended at 2.3 times, which included the negative effects of our direct COVID-19 costs.

Net interest expense totaled $123 million during the quarter. Our effective tax rate was 21.6% in the fourth quarter, and weighted average shares outstanding were approximately 364 million. Capital expenditures during the fourth quarter came in at $292 million, while depreciation and amortization totaled $316 million.

Our cross-protein portfolio strategy provides us with a countercyclical effect during periods of weakness in specific protein markets. This differentiated capability allows us to both grow and stabilize the company's aggregate earnings over time and has contributed to a strong annual operating CAGR over time. Our base protein businesses have continued to generate strong returns and cash flows that will fuel our value-added and international growth into the future.

And finally, last week our board approved an increase to our annual dividend of $0.10 per share. This increases our annual dividend to $1.78 per share.

I'd now like to walk through our financial guidance as we look ahead into the balance of fiscal 2021. We're about halfway through our first quarter, and our businesses are off to a good start. We expect annual revenues of $42 billion to $44 billion.

With our strong pipeline of organic growth opportunities, we expect CapEx spending of between $1.2 billion and $1.4 billion. The majority of this spending will be toward previously announced capacity additions in our beef, chicken, prepared foods, and international businesses as we focus on strategic organic growth plans.

We expect to manage liquidity in excess of our historical target of $1 billion and we will continue to focus on deleveraging, with over $500 million of notes maturing during the fiscal year. Our effective tax rate is expected to approximate 23%. Net interest expense is expected to be approximately $440 million.

COVID costs are expected to be lower on a run rate basis than the fourth quarter, although we expect PPE and employee related payments, amongst other costs, to continue while COVID infections remain active. Although it's still very early and a host of factors could impact the accuracy of our assumptions, including the duration of the pandemic, we're currently anticipating approximately $330 million of COVID costs for the fiscal year.

I want to stress that this is a point in time estimate based on what we know currently, and the health and safety of our employees is our top priority. Some of the direct costs we've experienced as a result of COVID-19 have been transient, while others could be structural, specifically regarding team member wages in certain production locations.

Because of this, we expect some increased labor costs as we strive to attract and retain talent in the competitive labor markets where we operate. This competition for labor is not only with other meat processors, but with a range of companies hiring similarly skilled people. As 2021 progresses, we will have a better sense of which costs are likely to continue over the longer term.

Our new plant in Humboldt will commence operations this year. And as is normal with plant startups, we will incur substantial ramp-up costs. Despite the challenges we've experienced, our countercyclical multi-protein business model across brands, channels, categories, and geographies puts us in a good position as we orient our portfolio toward future growth.

As Dean mentioned, we're proud of our team's accomplishments during the fourth quarter and are excited about how our performance sets us up for the balance of fiscal 2021. Our balance sheet, liquidity, scale, and portfolio of businesses differentiate Tyson from other food companies and position us for long-term growth as we execute against our strategic plan with a constant focus on maximizing long-term shareholder value.

I'd like to now turn the call back over to Dean to discuss broader fiscal 2021 business outlook and closing remarks. Dean?

Dean Banks
Thank you, Stewart. We have a bright future ahead, and we remain committed to navigate the risks and market-based factors that we may face, especially in the current environment. We will prepare for and respond to those risks to the best of our ability, just as we've always done.

With respect to our view on the business and operating environment as we look ahead into the balance of fiscal 2021, we expect consumption behavior will continue to orient towards meals at home. Unless the current wave causes widespread shutdowns, we would expect to see a continuing gradual recovery in food service volume throughout the year.

This is, of course, dependent on the extent of the pandemic's spread within our communities, the broad availability of a vaccine, and any local or federal regulatory restrictions. As we look across our businesses, we are evaluating where we can utilize automation and technology in our work that will enable more efficient and effective collaboration and operations.

Grain futures for 2021 have strengthened recently due to diminishing U.S. production prospects from earlier in the season and record high demand in China. Prices have been further supported by unfavorable weather and competing crop producing countries and could result in overall grain costs being higher for 2021.

Remember our previous guidance that a $0.10 per bushel move in corn or a $10 per ton move in soybean meal translates to approximately $25 million change to cost of goods sold. The trade environment continues to present uncertainty, especially considering this year's elections and the potential implications that may have on trade policy.

We recently observed higher freight costs due to limited driver availability and mix related load inefficiencies but are exploring opportunities to mitigate and offset this trend. This is in addition to the challenges we mentioned earlier around ensuring full staffing in our plants.

Beef and pork segment margins are expected to moderate toward more historical levels as industry capacity, live animal supplies, and finished goods inventories equilibrate, although we still expect these businesses to generate healthy returns.

At the same time, we expect stronger performances from our prepared foods and chicken businesses as we sharpen our focus on cost reduction and operational improvement. We also expect that when the virus recedes, our ability to drive business improvements will accelerate.

In closing, our business performed well during an unprecedented time. Our team displayed resilience when consumers, more than ever, needed access to a stable and accessible food supply. While we will continue to face pandemic related challenges in fiscal 2021, we're settling the business down to be focused on executing our long-term strategy while generating strong returns for shareholders.

I am excited for the opportunities ahead for this great company and am certain we have the people, products, and strategies in place to drive future growth. That concludes our prepared remarks. Operator, we're ready for Q&A.

QUESTION AND ANSWER

Operator
Ladies and gentlemen, at this time we'll begin the question and answer session. To ask a question, you may press star and then one using a touchtone telephone. If you are using a speakerphone, we do ask that you please pick up your handset before pressing the keys. To withdraw your questions, you may press star and two.

We do ask that you please limit yourself to one question and one follow-up. If you do have further questions, you may reenter the question queue. At this time, we will pause momentarily to assemble the roster.

And our first question today comes from Ken Goldman from JP Morgan. Please go ahead with your question.

Ken Goldman
Hi. Good morning, everybody.

Stewart Glendinning
Morning.

Dean Banks
Morning, Ken.

Ken Goldman
Dean, you were quoted in the media yesterday regarding your COVID prep, and you talked a little bit about it today. I did just want to clarify a little bit, though, just given how quickly the virus is spreading, how do you think about, how do you prepare for increased risks of labor shortages in the next couple of months not just because of actual illness, but also because of workers maybe afraid of getting a little sick? And I guess on a tangential note, are you seeing any short-term demand upticks for your products as consumers maybe pull some orders forward a little bit?

Dean Banks
Sure, Ken. First and foremost, our team members' safety has been our top priority, and we've taken a tremendous amount of forward-looking action to make sure that we're prepared so that, when they come into work every day, they not only feel safe but they look around and see the variety of precautions that we've taken to protect them.

And so, you've seen some announcements that we've made around hiring of nurses in our facilities. That was in anticipation of what we're seeing today and for fear that that actually could manifest itself. We've posted a position for a chief medical officer, which we're close on.

And I would say the most important aspect of our preventative measures has been how we've acted upon the availability of testing with what we're calling our always on testing strategy, where we're sampling team members as they come in and making sure that we can identify what's going on both in the public numbers in the community but also what we're seeing from our team members coming into the plants. And that's just been tremendously invaluable in getting them comfort that they're not at risk of catching anything.

And then I would say that it's also been invaluable to the communities in which we operate. And you might have seen an article that came out a few weeks ago in Storm Lake, where a former state health official cited that the county in which we operate actually had lower COVID numbers, and she attributed that to how we're acting with our monitoring and testing strategy.

Much like we anticipated the need for masks early in the first wave of the crisis and chartered a plane to take proactive aggressive action to get precautionary protections for our team members, I'd say in this crisis we've been--in this wave we've been preparing all along, and you see that in our expenses.

From a demand/labor perspective, from the labor perspective I would say that, as Stewart mentioned in his comments, we've been bonusing our team members and just saying thank you. We know that they have options for where they go, and we want Tyson Foods to be a place where they can come to work and thrive every day.

Ken Goldman
Okay, thank you for that. This is clear. And then a quick follow up from me, you're well into the first quarter already. I know you're hesitant to talk about 2021 for understandable reasons, but is there anything we can understand, maybe even directionally, about how the quarter is progressing so far? Are there any unusual factors we should consider when we model just so we kind of avoid any surprises or any unnecessary surprises, so to speak?

Dean Banks
Yes, we're not going to be able to pre-announce or anything like that, but what I would say is that we are expecting beef and pork to ultimately, through 2021, normalize. I would say when you're thinking about those two businesses specifically, from a pork perspective, hogs are coming in at weight now, so we think we have worked through some portion of the backlog, although there may still be some out there. We do expect adequate supplies through the year.

And in beef, cattle are still coming in quite a bit overweight. And so, we are seeing that there's quite a bit of backlog and ample supply certainly for the year to come. Chicken, as you've seen through the reports, we are aggressively pursuing operational improvements. And you've seen the leadership change we've made there, both complimenting Chad Martin and his exceptional leadership with Donnie King, who's an industry veteran, leading the business.

That's going to take some time. Recovering chicken is going to be a long effort. We've got a handful of plants that are just not operating operational efficiently, and then the variability related to the crisis and what's happening in food service in some of those plants is just continuing to make that challenging. But we're working hard to make the operational improvements we need.

And prepared foods has been performing strong. We're very proud of the work they're doing there. And much like the other parts of the business, we really need food service to come back online for that business to be everything that we know it can, but the ability for the team to flex between retail and food service has been phenomenal.

Ken Goldman
Great. Thank you so much.

Dean Banks
No problem.

Operator
Our next question comes Ben Theurer from Barclays. Please go ahead with your question.

Ben Theurer
Yes, thank you very much. Dean, Stewart, good morning and congrats on the results.

Dean Banks
Thanks, Ben.

Ben Theurer
So, the first question, I was wondering if you could elaborate a little bit more on the outlook for 2021. Just following up Ken's question, obviously there's a lot you cannot pre-announce, but just to understand a little bit the dynamics, because it seems like your sales guidance at least looks for something like slightly negative to maybe 3.5% to 4% in growth on an adjusted basis.

So, that looks rather cautious if we just consider the significant decline, we had in the third quarter of 2020 and you're in your fiscal quarter. So, is that really because you still think there's a lot of headwind on food service from COVID? So, just to elaborate a little bit on the dynamics in terms of top line amongst the different segments, that would be much appreciated.

Dean Banks
Yes, Ben, I'd love to be able to give you some guidance, but as you've seen, if we'd started giving any direction a month and a half ago, we'd have been wrong. The COVID impacts and increases are continuing with shutdowns both in our domestic and in some international markets, and we're just not able to guide at this point.

Ben Theurer
Okay. And then my second question, if you could just quickly go into the chicken segment and the operating inefficiencies, if you want to call it that way. Where do you think you stand on addressing those? And you said just moments ago that this will take obviously time.

But how do you think about the progression and the way to address those inefficiencies, just putting for a moment aside COVID? I know there's a lot of uncertainty around it, but if that would not be a headwind, how do you feel about the ability to address those inefficiencies and get those operating margins into a more reasonable level just by what is in your hands to be addressed?

Dean Banks
I won't be able to give a ton of specifics, but as you know, we had put out guidance before that we were going after about $200 million in operational improvements in the chicken business before the crisis. And as we've reported, we were making good progress on that, and then as you rightly point out, COVID really affected quite a bit of that.

We are still making improvements every day. Our leaders are in our plants looking for inefficiencies and looking for the ways that we can get those plants running full again and back on track. But as far as recovering that full $200 million, there will be some value in the recovery from COVID and food service and getting our plants back up to full operational capacity.

But we're not waiting on that. Much like you've seen in the past the shift from food service to retail, we've done that where we can. We've also maintained flexibility to support our fast-growing QSR partners who are even surpassing their original sales with their progress in drive-through and takeout.

And so, it is going to take some resolution in COVID for us to really make the growth and expansion there we want, but we're not waiting for that. We are taking aggressive steps as we speak.

Stewart Glendinning
Ben, it's Stewart, just one other thing just to add to that. I mean, look, the good news here is the team's razor sharp on what needs to be done to move that business to first quartile.

One thing just to keep in mind for the modeling and I mentioned in my comments is that Humboldt will come online later this year. That's great. It's going to give us more capacity, but it will come with some increased costs. And you could think for modeling purposes that can be a little less than $100 million, probably more weighted to the back half of the year than to the front. But it's a meaningful number.

Ben Theurer
Okay, that was very helpful. Thank you very much, Stewart and Dean. Thanks. Congrats. I'll leave it here.

Dean Banks
Thanks, Ben.

Operator
Our next question comes from Alexia Howard from Bernstein. Please go ahead with your question.

Alexia Howard
Hi there. Can you hear me okay?

Dean Banks
Sure can, Alexia. Go ahead. Thank you.

Alexia Howard
Perfect. Okay. Can I ask about you mentioned the trends on the food service side of the business, with the QSRs doing pretty much business as usual and then full-service restaurants only operating at 80% and schools, etc., pretty hard hit. Can you give us an idea of how your food service sales break down in each of those channels just so that we can get an idea of how exposed you are to each of those trends? And then I have a follow up.

Dean Banks
No, we're not going to be able to break those down any more specifically. I would even cite, just so your read of the situation, that some of our QSR partners are actually surpassing previous

volumes, which is really exciting to see for them, and that's changing quite dynamically. We won't be able to give any additional direction related to how that breaks down.

Stewart Glendinning
Yes, Alexia, best data I can give you is suggest that you take a look at the 10-K, which we filed this morning. If you go back in the segment data there, you'll find some breakout, maybe not quite what you're asking for, but it'll at least give you a sense of what went through food service last year and what's going through there now. It's about $1 billion lower on drop-in. And keep in mind also when you look at that data, that's 53-week data for '20, not 52-week data in the K.

Alexia Howard
That makes sense. Okay, I'll go take a look. And secondly, you did feature the plant-based part of the portfolio in the prepared remarks and you mentioned, I think, 10,000 outlets on the retail side plus getting into the QSR channel as well. Can you give us an idea of how large that business is? I know it was only launched last summer so it's early days, but some idea of how big it is and what the momentum looks like right now in that part of the business? Thank you and I'll pass it on.

Dean Banks
Yes, I'll comment on the word momentum. We've got quite a bit of momentum. Some of the SKUs are really surpassing expectations related to velocity. As you saw, we've expanded to a significant number of retail stores.

You may have also seen the announcement just recently that we're kicking off a pilot with Jack-in-the-Box. We're thrilled about that and our progress there, and a variety of prospects with the business. Not give any specifics on the size, but we're thrilled with the investment and the momentum that we've had.

Alexia Howard
Great. Thank you very much. I'll pass it on.

Dean Banks
Thank you.

Operator
Our next question comes from Peter Galbo from Bank of America. Please go ahead with your question.

Peter Galbo
Hey, guys, good morning. Thanks for taking the questions.

Dean Banks
Morning, Peter.

Peter Galbo
Dean, just given your comments yesterday and some of the comments today around COVID with cases climbing, one of the concerns is that plants are remaining open at this point because of the current administration, the executive order. The first part of the question is have you had any discussions with the incoming administration about making sure that that maintains in place? And the second part of that is, is there are any discussion going on at the higher level,

making sure that as these vaccines become available, that your front-line workers are first in line to receive the vaccine just to maintain the supply chain?

Dean Banks
I'll stress one thing, that we've really put team members' safety first. And as you saw through the previous waves, we have taken no hesitation to idle plants whatever we think it's the right thing to do to, to either do deep cleaning or mass testing or whatever was required. And in this crisis, we are taking as many precautions as possible to make sure we're keeping our team members safe. And that results in them feeling safe coming to work and that results in us being able to keep our plants up and running and feeding the world.

Related to vaccine availability, it's too early to push forward on what that could ultimately look like. You have to consider distribution, obviously side effect profile, and a million other things when thinking about how that's going to ultimately impact your business.

And from a broader perspective, our business is operating through this climate very well. What I would say is that, whether it's our balanced portfolio or whether it's the protections that we've taken, the business has proven extraordinarily resilient. And we've heard from really every administration that they consider companies like Tyson and industries specifically around food to be mission-critical for the country. And I'm sure that, if the vaccine is proving to be effective and safe and our team members decide that they want for their own protections, that it will be made available.

Peter Galbo
Okay. No, that's very helpful. And Stewart, the comments that you made on freight and grain, I know that the hedges you had in place in '20 on chicken were disadvantageous from a grain perspective. But just grain has moved up, how should we think about those reversing into a more positive position if you're more advantageously hedged? Thanks very much, guys.

Stewart Glendinning
Guys, we've got some detail in our K. I think the best thing to do is just to think broadly about the steps I gave you earlier for the following reason. I think the steps I gave you, sort of $0.10 on corn is $25 million, $10 on soybeans per ton is $25 million, so look at those. We've got more detail in the K.

We ought to think about hedging as sort of ultimately following the basic trend. It's going to create a lag. As grain prices go up, hedging will operate in such a way as to slow that increase in our numbers, but then you'll get the opposite on the other side. But think about the curve. The curve is distinctly upward certainly in the last month or so.

Operator
Our next question comes from Adam Samuelson from Goldman Sachs. Please go ahead with your question.

Adam Samuelson
Yes, thank you. Good morning, everyone.

Dean Banks

Good Morning, Adam.

Adam Samuelson
Hi. First, I want to come back to something that got mentioned in the prepared remarks and alluded to in one of the answers, and it was the idea of taking the chicken business back to top quartile performance. And we can look at some of your public peers and evaluate that.

But there's also meaningful mix differences in your business given kind of your differences in bird class, the big prepared, kind of fully cooked operation that you have. I'm just trying to think about how, as you would define top quartile performance in your chicken business given your mix, what does that actually mean?

Dean Banks
Yes, it's certainly good question, Adam. I'd say our business specifically in chicken, as you pointed out, it's very mixed. Our retail value-added portfolio has performed just phenomenally through the crisis, up north of 24%. We've been thrilled with the market share gains there.

And the other aspects of our business, whether it's tray pack or fresh or small bird, they're all competing, and all being impacted in very different ways. Specifically, some of our business has been very strongly hit by deli sales being down through the crisis. And so, we watch performance really on a business unit by business unit basis.

And some of the businesses that have been impacted specifically, or the plants due to mix and operational efficiency, that's what we were talking about in getting back up to the top quartile performance on those that are underperforming in each of their given segments. I don't think I'll be able to give any more specific guidance than that.

Adam Samuelson
Okay. And then I wanted to just try to wrap up some of the comments on fiscal '21 a little bit, just go through some of the different pieces. If I'm reading the guidance right, about $210 million of tailwind today on COVID cost, that could change, $100 million or so of incremental cost related to Humboldt. If I would look at grain today, I would take the sensitivity that you just gave, Stewart, and I would think it's at least $150 million on a gross basis.

Now, I know pricing can offset some of that, but gross $150 million or so. And then the freight, I didn't catch a number in terms of what the headwind was. And then just any other discrete Tyson-controlled expenses or things you have line of sight to that you could call out before we overlay the market kind of conditions?

Stewart Glendinning
Yes. Sure. Let me give you a couple of things. First of all, I wouldn't necessarily say that COVID is necessarily the tailwind. Remember I gave you the $330 million. That is a number that is lower than this year, but I'd keep a close eye on COVID because that's a point-in-time estimate, and I wanted to make sure you got that. But I accept that for the moment that's a $200 million benefit.

On freight I didn't give you a number, and I'm not going to give you some specific there, but it's some pressure on grain. The numbers you were just sort of talking about, that's probably in the range. That's going to vary, by the way, based on where the price goes.

The only other one I would say that you don't have in there, which we did call out during the prepared remarks, is what happens with our picture on labor. And I did draw your attention to the fact that there are some locations where we are starting to see some wage pressures. We compete for labor not just with other meat processors, but with a broad range of companies. And that's going to take some time to figure that out. Again, the labor market's seeing a lot of disruption from COVID, and we'll see how much of that becomes structural versus temporal.

Adam Samuelson
Okay. I appreciate that color. Thank you.

Operator
Our next question comes from Ben Bienvenu from Stephens Incorporated. Please go ahead with your question.

Ben Bienvenu
Hey, thanks. Good morning, guys.

Dean Banks
Morning, Ben.

Ben Bienvenu
I want to follow up on Adam's questions around the guidance, and in particular just on the revenue guidance that you guys provided for fiscal '21, and if you could give us a sense of the variability that's incorporated from the bottom to the top end of the range, whether it's variability in volume or price, and what that variability is predicated on, whether it's related to COVID potential disruptions or lack thereof.

And then along the same lines, of the $330 million of COVID costs that you gave, Stewart, if we see significant closures, absenteeism, if this year looks more like last year, how much better prepared are you guys, it sounds like a lot better prepared, to mitigate the costs, recognizing that your top priority is safety? Just help us gauge those if you could.

Stewart Glendinning
Okay, let me run through the questions quickly. First of all, on the top line, the big drivers for the top line, and you called some of them out, I won't break them out by percentage, but certainly price is going to be a big one. That obviously has a fair bit of volatility, especially in our commodity meat businesses, pork and beef, for sure. That's going to move around.

Keep in mind also that, depending on how COVID goes, so will our food service volumes, and that has an impact on our average pricing. Those are probably the biggest factors. And you might be able to make some educated guesses on each of those.

In terms of the COVID costs, yes, look, some costs we incurred, and they are sort of one-time. We put up all the barriers. Initially masks were costing more. It was hard to find them. I think you're going to find some of those costs, either, one, have to be repeated or maybe aren't as difficult, but the variability is going to come with what we have to do on labor.

We want to look after our employees. This is the number one priority for us. And we will, first of all, deploy whatever is necessary from a testing or a healthcare perspective. We will not give people any incentive to come to work if they are sick. You need to recognize that's a cost.

And then, of course, last year a big chunk of our cost was some of the thank you bonuses that we paid to our frontline employees for coming during a very difficult time. And whether or not that has to be repeated will be dependent on the outcome of COVID. Unfortunately, not an absolutely clear number, but that's because we're not facing an absolutely clear set of circumstances.

Ben Bienvenu
Understood. Understood. Thank you.

My second question is related to the prepared food business. And I know there's bifurcated results within this, but the retail is doing quite well. And I'm curious how you guys are thinking about product innovation in the midst of this operating environment. You talked about the SKU rationalization as well, and that may have been across your segments. But any commentary you could talk about in terms of how you're building that business for future growth as it relates to the new products and how we should be thinking about the pace of innovation?

Dean Banks
Sure, I'll comment in a few ways. First off, we've spent a good amount of time thinking about the e-commerce channel, which we see growing, and how we package our foods to make sure that they're more accessible to click and collect, click and deliver. And that's really paying dividends, as you saw in the results.

We do see that, even at the extent of COVID today, that consumers are really getting tired of cooking at home. And making sure that we have ready-made foods or easy-to-cook or easy-to-prepare foods in the prepared foods business, that has also really benefited us through the crisis.

Looking forward, we know that there is stickiness in click and collect, click and deliver, and making sure that our products are even more amenable to that. And we've looked at everything from preparation to packaging across the entire prepared foods franchise to make sure that, as we start moving out of the crisis, we're steady and ready to deliver in that business.

Ben Bienvenu
Okay, great. Thanks. Congrats on the results and best of luck.

Dean Banks
Thank you.

Operator
Our next question comes from Michael Piken from Cleveland Research. Please go ahead with your question.

Michael Piken
Yes, good morning. My first question was on chicken. There's been a little bit of a reduction in egg sets recently. And I guess I'm just sort of wondering, in terms of your business, should we be sort of tracking your commodity chicken piece sort of in line with those, and how historically higher feed costs have maybe led to a little bit more rational chicken production? How much are you sort of thinking about the volumes for your chicken business and the potential pros and cons of potentially higher feed cost?

Dean Banks
We're not going to be able to comment relative to industry. We'll just talk about ourselves, that when we are looking at running our facilities and running them efficiently and effectively, obviously the way that we place eggs and the way that we deliver with those businesses from an operational efficiency perspective, it really depends upon the markets and what's going on, whether it's food service having some cutbacks or whether it's retail running away. We're always making adjustments to that and trying to do our best to run our plants full and efficient and effective. We won't be able to comment on how that is relative to industry.

Michael Piken
Okay. And then--.

Dean Banks
--And related to costs--sorry, I'll finish the second part of your question related to input costs. As you know, some of our product ultimately goes out and prices at commodity spot markets, etc. Some of it is contractual where input costs ultimately pass through and some of it are fixed price that's negotiated over time. No real comment yet on how that's playing out relative to what we're placing and what we're delivering.

Michael Piken
Great. Yes.

And then my follow-up was actually related to kind of the leg quarter market and exports. I guess specifically, we saw pork prices run up quite a bit about a month or two ago, and it seems like the export demand is improving for beef. What is it going to take to turn the chicken export market around to add some pause, or are you seeing any signs of pick up? And if so, what markets? Thanks.

Dean Banks
Sure. You may have read we've put a pretty significant amount into an initiative that we're calling One Tyson, and compliments to our international folks that are listening in. They're done an amazing job at really taking the byproduct of our domestic production and valuing that up in the international markets. And we've just seen tremendous success in that, and also working with them to rationalize our export teams and make sure that we're getting the best deployment efficiency of our products.

And then our international markets are also consumers of our own leg quarters. And we've got a lot of international further processed capacity that we see. When prices come down, those businesses can deliver better margins. We're doing everything we can to find full balance and optimization through the One Tyson network.

Operator
Our next question comes from Michael Lavery from Piper Sandler. Please go ahead with your question.

Michael Lavery
Thank you. Good morning.

Dean Banks
Morning.

Michael Lavery
Could you just elaborate a little bit on ASF? And I know you mentioned some of the volume shifts sort of globally around the world that are being driven by that. But how much is your expected impact more likely that sort of volume reallocation versus a pricing lift? And how do you think about how that impacts what you're thinking and planning for '21?

Dean Banks
I'd say ASF is still a really dynamic situation. We'd seen it dancing around Germany for some time and now it's shown up in the wild boar population. We're obviously looking at, as I mentioned, the global shift of production distribution.

We're seeing, obviously, continued increased demand from China and other export markets that were serviced by Germany. But as you can imagine, the rebalancing component does mitigate some of that and make it so that the German exports end up landing somewhere else that otherwise were fulfilled by other markets. And generally, ASF is not gone. And until there's a vaccine, we don't expect it to be gone.

We know that all countries are bracing and doing a lot to try to mitigate. China is obviously aggressively trying to fill that hole. We've seen a variety of efforts there. And I'd say it's going to continue to impact our business, especially our protein portfolio, for some time. Because of the counterbalancing effects of each of our proteins, there will be continued demand globally the more and more ASF is impacting the markets, but it's not going away any time soon.

Michael Lavery
Okay, that's helpful, and just a quick follow-up on the plant-based business. Is the 10,000 stores around where you had expected to be, or has COVID and maybe shelf resets being delayed impacted that where we should expect some upside to that? How does that look maybe going ahead?

Dean Banks
No, I'd say from a retail perspective, we've seen the uplift in our alternative protein portfolio much like we have in other parts of our business. And that's been encouraging both from a placement’s perspective and from a velocity perspective.

The place where I think all new product launches, maybe except for chicken sandwiches, have been impacted is in food service. And obviously very interested in the food service environment for alternative proteins. You've seen the recent announcements, again with Jack-in-the-Box, and we're excited about that set of portfolios. But we've seen food service players revert a little bit back to kind of staple menu items and consolidating menu items through the crisis so they can get people through their drive-throughs and through their takeout more efficiently and effectively.

Michael Lavery
Okay, great. Thank you very much.

Operator
Our next question comes from Robert Moskow from Credit Suisse. Please go ahead with your question.

Robert Moskow
Hi, a couple of questions. One is I'm a little surprised how difficult it is to estimate the duration of the backlog of cattle for the beef segment. Dean, can you tell me what are your analysts telling you in terms of how long that could take? How long do you expect to be having higher weight cattle running through, and what makes it challenging to estimate it?

And then my last question is I was reading the Wall Street Journal article that you were in about the COVID response. It said that you had tested half your employees. Is there any reason you didn't go forward and have tests for all employees at the plants? What's the pros and cons of that? Thanks.

Dean Banks
Sure, Rob. I'll go ahead and take your first question first. I would say that it's worth just pointing out that, in a volatile, uncertain COVID environment, the hesitation you're seeing in our pace and velocity in moving through the cattle backlog, the analysts are probably likely expressing just as much uncertainty on the ability to produce as really being able to estimate what's going on in the field.

We see adequate cattle supplies for a year plus out. And we think that's healthy for our business, and we're going to be able to operate and thrive through that. And you're probably just seeing hesitance in projecting forward for fear that there could be further shutdowns and that sort of thing, and not knowing the precautions that we've taken to ensure we're going to be able to do what we can to provide adequate production and supply.

Related to the COVID response, we have a multipronged testing strategy where we are sampling our team members looking for evidence of what's going on in the community. And when we see a community spike, we will obviously look at close contacts and, if need be, test an entire plant population.

You'd asked about the trade-offs of testing. Early in the crisis, we made decisions to aggressively implement plant-wide testing anywhere that we were seeing signal that there could be community infection, and we found a substantial number of asymptomatic positives that were not being identified in the broader community. And I would say the media generally wasn't terribly forgiving of that, although it was absolutely the right thing to do, both for our team members, for the communities in which we operate, and for our customers to make sure that we can keep our plants running.

There's balance to that, but Tyson has taken a side that aligned with our values, that we're putting team members' safety absolutely first and we're testing aggressively anywhere that we see it as needed.

Robert Moskow
Okay. Thank you very much.

Dean Banks
Thanks, Rob.

Operator
Our next question comes from Ken Zaslow from Bank of Montreal. Please go ahead with your question.

Ken Zaslow
Hey, good morning, everyone.

Dean Banks
Good morning, Ken.

Stewart Glendinning
Morning, Ken.

Ken Zaslow
I get this question a lot from investors, I just kind of would like to see what you could talk about with this. Dean, as you went through your review of the businesses, what do you think the actual cause of the chicken operations issues are? Where do you think it stems from and what happened? Can you give us a thought on how that actually transpired?

Dean Banks
Well, in our business, we've always taken effort to value up a portfolio and build higher margin products inside given plants and facilities, and that decision was made at the expense of operational efficiency whenever protein prices were high and we could go capture the margin in the marketplace with a correction in leg quarters and breast meat and pricing. That makes it hard to run your plants operational efficiently. And we're now going back to basics and making sure that the plants run lean and effective and efficient. And then, if and when pricing ever recovers, we'll be able to capture that margin on top of it.

Ken Zaslow
Okay. And then the second question is a hard question to ask. As you were thinking about the year, there was probably a thought that maybe the outlook may not have been as good as it is now. Can you talk about what has changed for the positive, maybe thinking that initially maybe your profitability would not be as strong in 2021, but now it seems like you're a little bit more comfortable with the outlook? Can you talk about how things have progressed and how you're thinking about the general profitability of 2021?

Dean Banks
Well, this is a little bit of my stepping into the sea, but one thing that I've just been terribly impressed with is the resiliency of our team members and of our business as a whole and our ability to adjust and adapt to really whatever COVID or the markets are throwing at us. That has

me confident in 2021 and in the future of Tyson Foods. I think we've assembled a phenomenal set of assets that work together to make sure that the business remains resilient and make sure that we can keep food on the tables of the global consumer.

And then the strategic plan that we put together when I was in the SAC that we're still standing by today and our ability to pick up the tempo with that is also really encouraging. The acquisitions that we've made internationally turned out to be quite symbiotic, and we're finding a lot of efficiencies in the portfolio that we've assembled there. And then the investments we've made in prepared foods just continue to surprise in their ability to both gain market share and volume growth.

All-in, there's a lot of reasons to be excited about Tyson Foods today and in the future. And the word that I would use is resiliency tied to the core business, and we've got a lot of foresight tied to the strategic plan and how we've put it together.

Ken Zaslow
You're more comfortable that Tyson will actually have a profit growth in 2021. Is that a fair assessment?

Dean Banks
No. I'm not going to guide on forward-looking profit.

Stewart Glendinning
Maybe just a little bit of perspective from me, Ken. I'd go back to the remarks that we made this morning. We said that we expect to see that chicken and prepared foods would improve during the year. You probably can see what is taking place in the cutout for beef and pork, so that's there that you can sort of follow it for the quarter so far.

But I think beef and pork will be the variable factor during the year, right? And that's the one to watch, I would say, just to figure out how that performs versus how our chicken and prepared perform. And we're going to know more about that as we go through the year. Of course, the other variable is COVID. And I think as we get into the year through this first quarter, we'll have a better perspective.

Ken Zaslow
Okay. And then I'm going to sneak in one more. The comment about normalized beef and pork, I don't know what that means. Because if I go over the last 20 years, I would say normalize is 2% to 3%. But in reality, for beef, the last four years could be normalized, and that's a whole different thing.

When you say normalized, do you really mean normalized to the old Tyson or normalized in the new environment where things you have export demand, you have more cattle supply, same with the hogs? The word normalized is a very opaque word, and I was just curious to make sure that I fully understand what you're trying to get at. And I'll leave it there and thank you very much.

Dean Banks
Yes. I'll comment a little bit and then pass it to Stewart. When we say normalized, there's really two components. One is the historical look back on the operating margins of these businesses, but the other component is the effort that we've made to value up variety meats and offal from the portfolio, to optimize our cuts and to really run the business more efficiently, and even for

investments that we've made in tray pack and portioning the proteins and making them more effective and valuable to our consumers and customers. I'd make sure we think through both of those and we think about what new margins ultimately look like. Stewart, do you want to give more color?

Stewart Glendinning
Yes. Ken, I would say just to the specifics of the margins, when I came into the business, we were talking about normalized as 1% to 3%, but certainly since I've been here, we haven't seen that. We sort of tossed out the idea that normalized is 1% to 3%. On the other side of things, I think if you looked at the quarter, we're turning in almost 12% return on sales for the quarter. And so, the question is can beef and pork continue to operate at those levels? And we think that over time that will likely move back more to the middle ground, right?

And the sort of more recent trends I think is sort of what we're talking about when we say normalized. There's a lot of global demand for these products. And I think as an analyst group, you'd want to spend some time really understanding whether or not the ground has shifted in the sense that there's growing demand for beef around the world, and there are not a lot of geographies actually that can produce it. This is one of them.

Ken Zaslow
I agree with you and I appreciate the answer. Thank you. Have a great day and stay safe.

Dean Banks
Thank you.

Stewart Glendinning
Thanks, Ken.

Operator
And ladies and gentlemen, with that we're going to end today's question and answer session. I'd like to turn the conference call back over to Dean for any closing remarks.

Conclusion

Dean Banks
Sure. Thanks, everyone, for your interest in Tyson Foods. I want to give a big thanks to our team members, the communities in which we operate, our suppliers, our farmers, and all of our investors. From all of us here at Tyson Foods, we wish you a happy holiday season.

Operator
Ladies and gentlemen, with that we'll conclude today's conference call. We do thank you for attending today's presentation. You may now disconnect your lines.