Operator:
Good morning. My name is Valerie, and I will be your conference operator today. At this time I would like to welcome everyone to the H. J. Heinz Company third quarter 2014 earnings conference call.

This call is being recorded at the request of the H.J. Heinz Company.

Today’s presentation includes “forward-looking statements” as defined in the U.S. securities laws, which are based on current expectations, subject to uncertainty and changes in circumstances and which are not a guarantee of future performance. Actual results may differ materially due to a variety of factors, including the “Risk Factors” listed in Heinz’s Form 10-KT, which was filed on March 7. We undertake no obligation to publicly update any forward-looking statement except as required by law.

Today’s remarks will also include non-GAAP financial measures, which are reconciled to GAAP numbers in the third quarter 2014 form 10-Q, which was filed by the H. J. Heinz Corporation on November 7. These and other SEC filings are available on Heinz’s website at the Investor Relations page.

I would now like to turn the call over to Paulo Basilio, Executive Vice President and CFO. Mr. Basilio, you may begin your conference.

Paulo Basilio, Executive Vice President and CFO, H. J. Heinz Company:
Thanks, good morning. Thank you for joining me to review Heinz’s results for the third quarter of calendar 2014.

Third-quarter sales were 2.6 billion dollars, down 2% from last year. Volume decreased by 3.9%, primarily in our U.S. frozen segment, while pricing increased by 2.4%.

Unfavorable foreign currency impacted sales by 0.4%, along with 0.2% from divestitures.

Adjusted EBITDA, as detailed on page 61 of our 10-Q, increased by 30%, reflecting higher gross margin and lower SG&A costs across each of our five operating segments. This was driven by efficiencies from productivity initiatives.

I’ll now briefly cover the third quarter results by segment.

Starting with North America, Q3 sales were down 6.4% versus last year. Volume decreased by 5.5%, primarily driven by U.S. frozen meals category softness. Net price was 0.2% lower, reflecting a higher level of promotional activity, while unfavorable Canadian foreign exchange decreased sales by 0.7%.

North America’s adjusted EBITDA grew 7.7%.
Turning to Europe, sales were up 0.3% in Q3, driven by favorable foreign exchange of 2.9%. Volume declined by 0.5%, while pricing decreased by 1.4% due to increased promotional activity in the UK and Italy. Sales also decreased 0.6% from divestitures.

Europe’s adjusted EBITDA increased by 43%.

Moving to Asia/Pacific, sales decreased in Q3 by 10.6%. This was largely due to a 9.9% volume decline that was driven by soft cordial sales and the transition to a distributor network in Indonesia, and product rationalization and reduced promotional activity in Australia. Favorable pricing added 1.5%, but was more than offset by unfavorable foreign exchange of 2.2%.

Asia-Pacific’s adjusted EBITDA grew 15%.

In Latin America, Q3 sales increased by 25.6% on price increases of 29.6%, primarily from Venezuela. Volume decreased by 2.8%, while unfavorable foreign exchange decreased sales by 1.1%.

Latin America’s adjusted EBITDA increased by 132%.

Finally, in RIMEA, Q3 sales increased by 9%. Volume expanded by 10.5%, reflecting growth across the segment, while pricing provided a further 3.5% increase. Unfavorable foreign exchange decreased sales by 5.1%.

RIMEA’s adjusted EBITDA grew 49%.

On a year-to-date basis, total Company sales decreased 2.8% versus the combined Predecessor and Successor periods last year. Volume decreased by 3.3%, which was partially offset by favorable pricing of 1.9%. Unfavorable foreign exchange reduced sales by 1.2%, along with 0.2% from divestitures.

Adjusted EBITDA increased by 32.7%, again reflecting a reduction in cost of products sold and SG&A savings across all five segments, driven by productivity initiatives.

Year to date, we delivered cash flow from operations of 1.3 billion dollars, compared to 475 million dollars last year. Cash used for productivity and restructuring initiatives was 180 million dollars so far this year, against less than 50 million dollars at this time last year.

Before I conclude my remarks, I’d like to note that Heinz recently received the top ranking in the prestigious American Customer Satisfaction Index survey of customer satisfaction among food manufacturers - for the 15th consecutive year. This recognition is testament to our core values, including quality, innovation, and always putting the consumer first.
After a solid third quarter, Heinz remains on track to deliver our goals for 2014. We remain committed to driving efficiencies that will grow our business and maintain Heinz’s industry leadership and enduring reputation for quality, safety and customer satisfaction.

Thank you and have a great day.