



Asia Rising

a.v.e.c. General Assembly

22 September 2017



CHRIS LANGHOLZ
Group President
Cargill Poultry Group

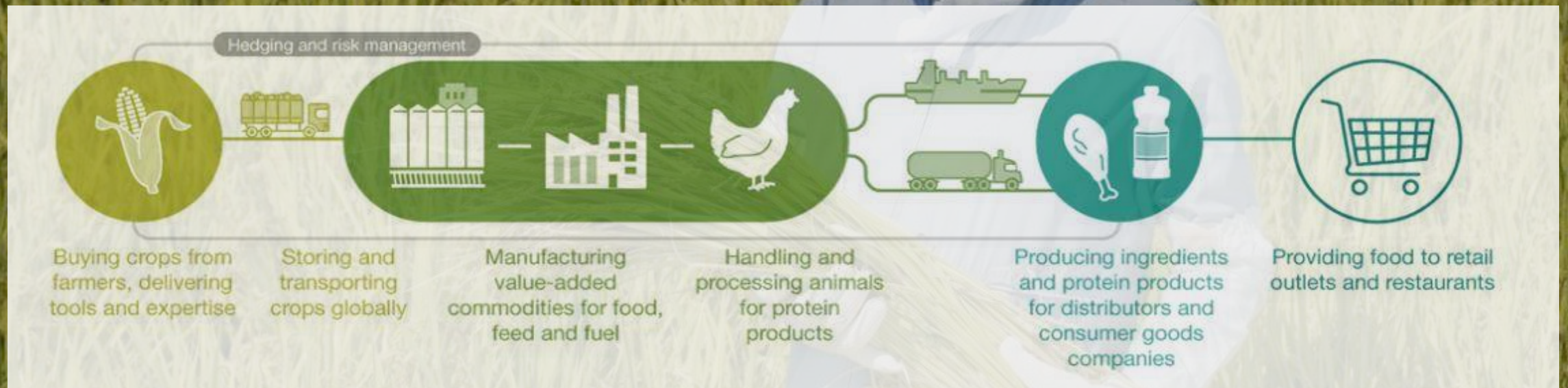
Cargill is responding to what a growing world desires

thrive™

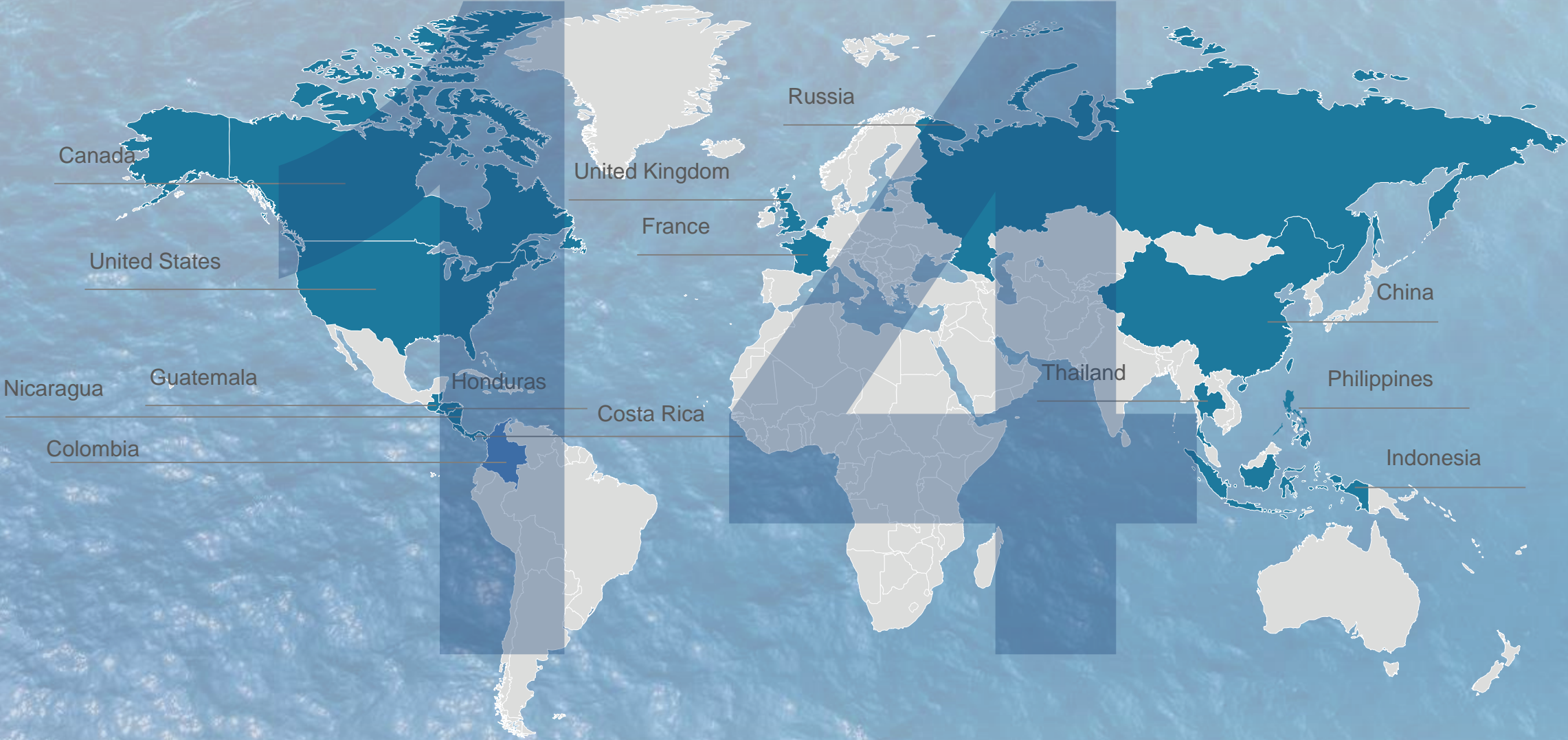
150,000 employees

70 countries

152 years in business



Where we are



Where we sell



Our Asian investments give us maximum flexibility in serving customers



Cargill has strong roots in the Asian food system





Asia's global influence

Asia will add

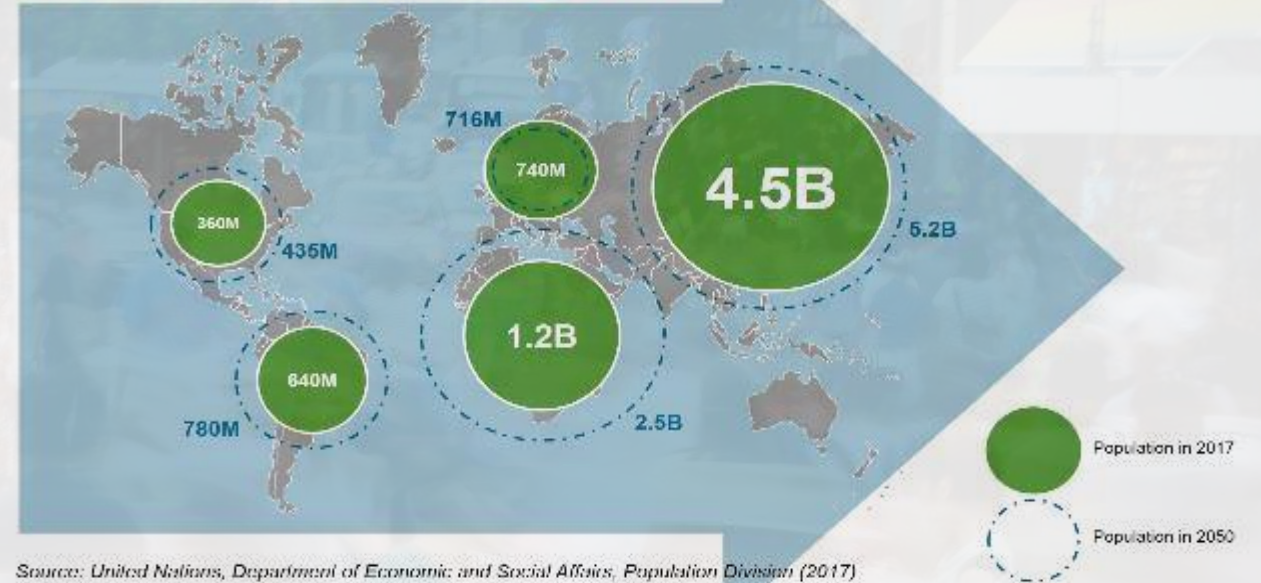
750 million

people by 2050

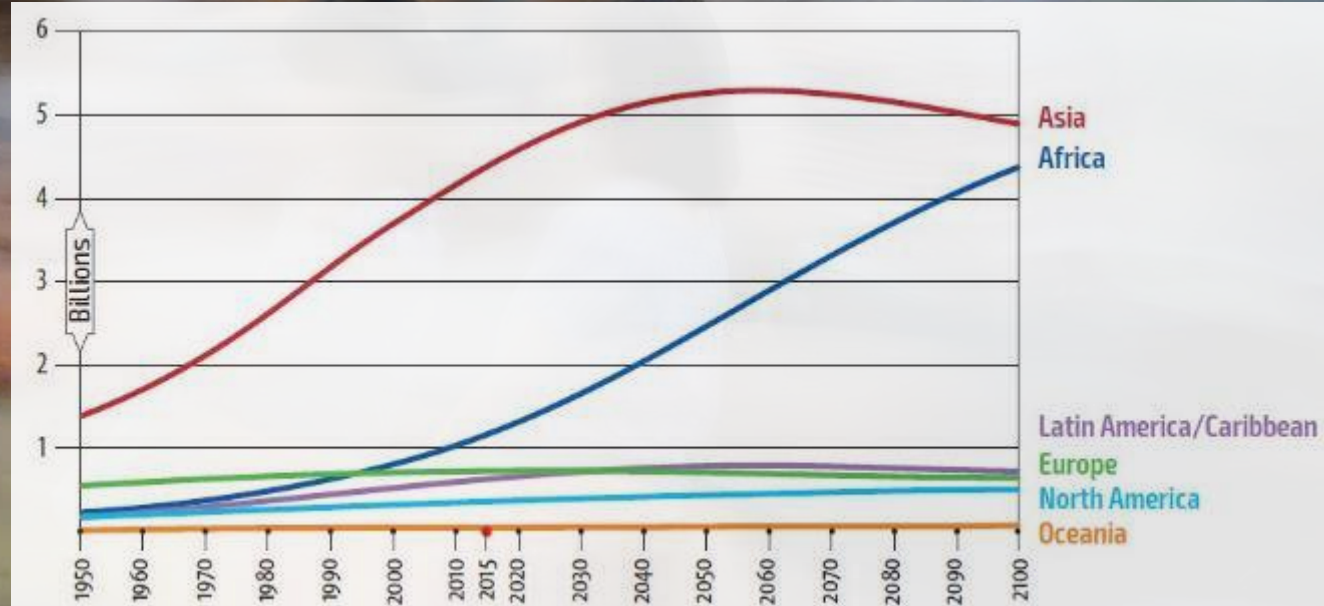
Did you know?

- The world population will reach 9.8 billion people by 2050
- Europe is the only continent which will shrink by 2050
- India will surpass China in terms of population size in 2024

The world is shifting east



Source: United Nations, Department of Economic and Social Affairs, Population Division (2017)

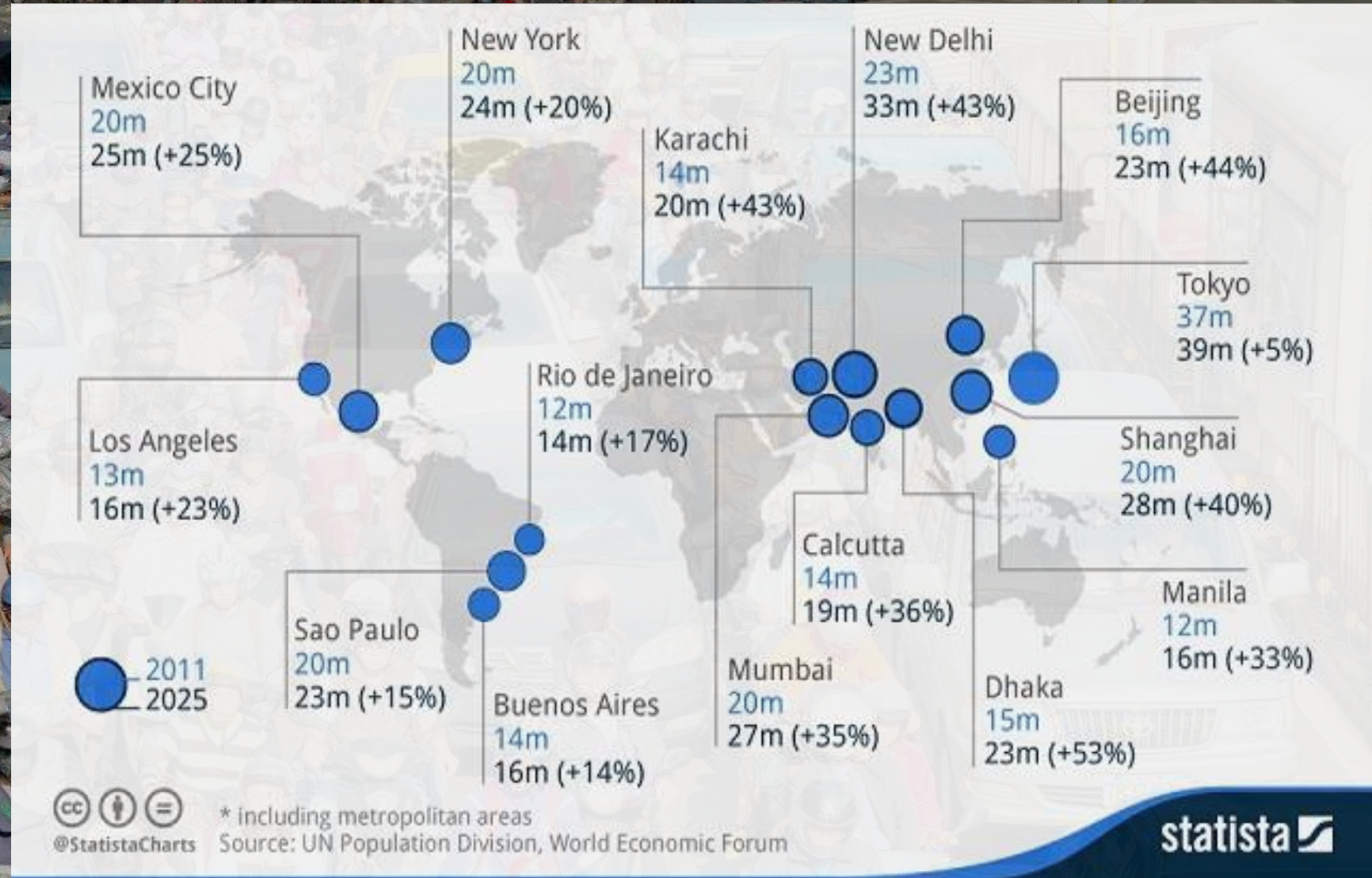


Source: UN, 2015.

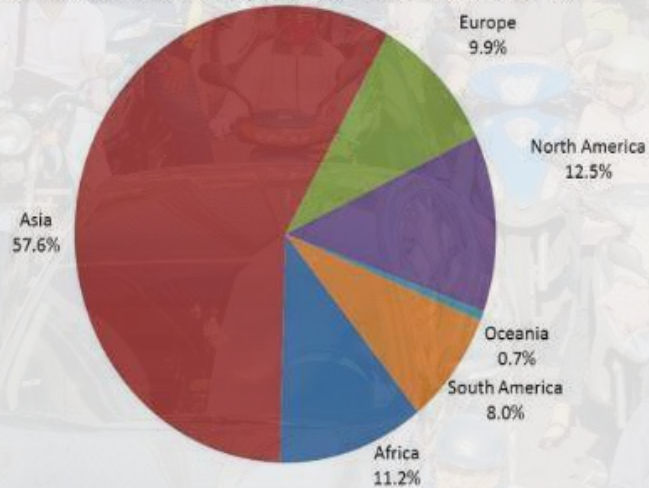
Population growth to 2100, by region

9 out of the top 15 megacities in the world are in Asia...and growing fast

566 cities in Asia already have > 500,000 people



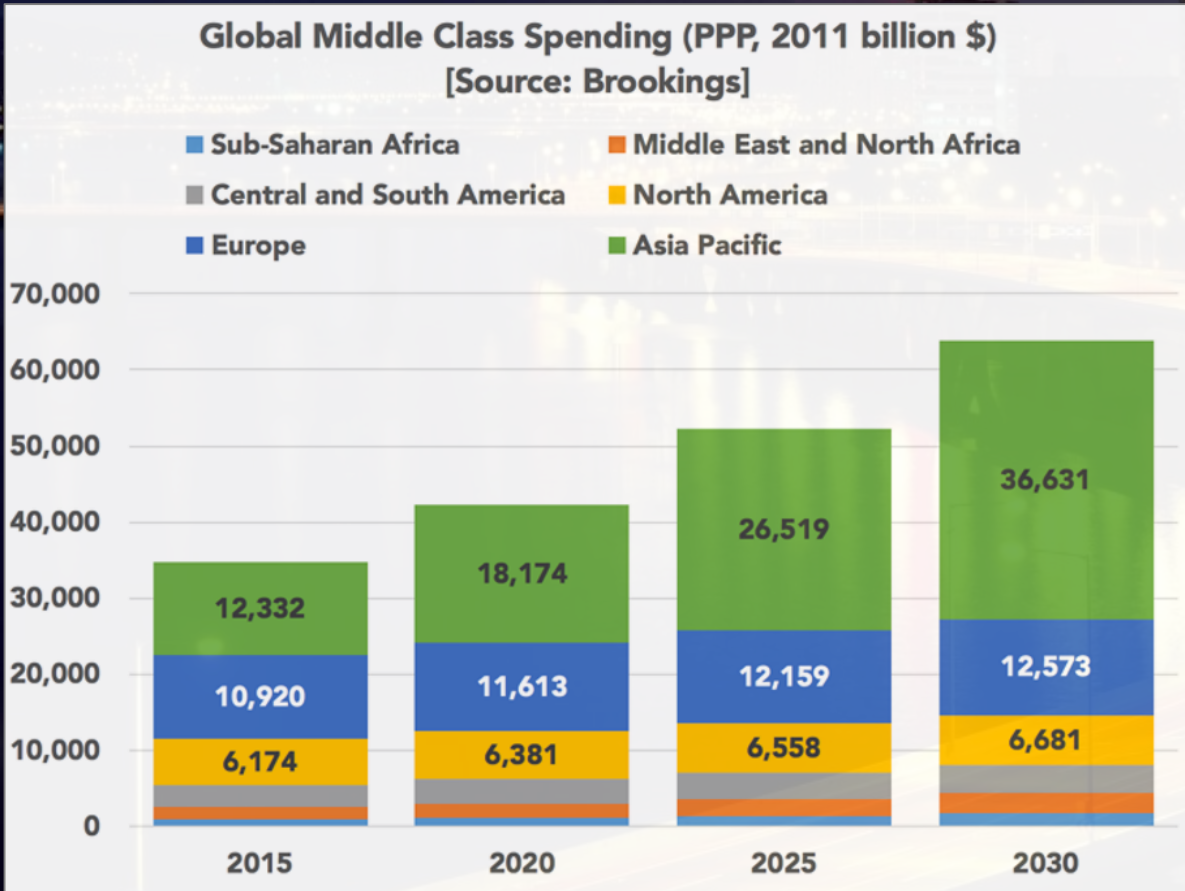
Population of Built-Up Urban Areas BY CONTINENT: 500,000 POPULATION & OVER



Source: Demographia World Urban Areas 2017

Figure 7

70% of world's middle class consumption will come from Asia by 2050



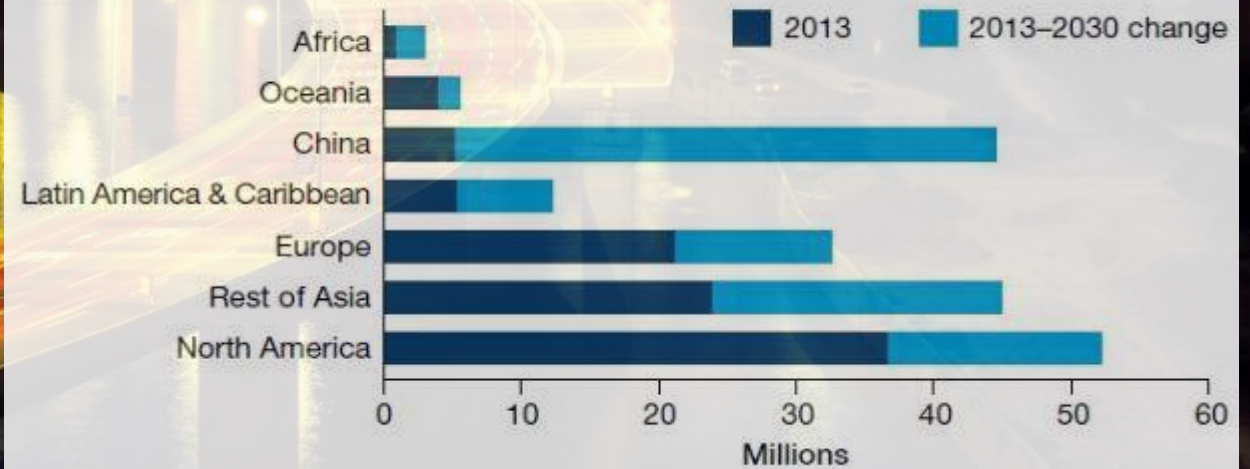
Source: https://www.brookings.edu/wp-content/uploads/2017/02/global_20170228_global-middle-class.pdf

88% of the next billion into the middle class will be in Asia



China to leap ahead on high-income households

Region global 750 urban aggregate: High-income households



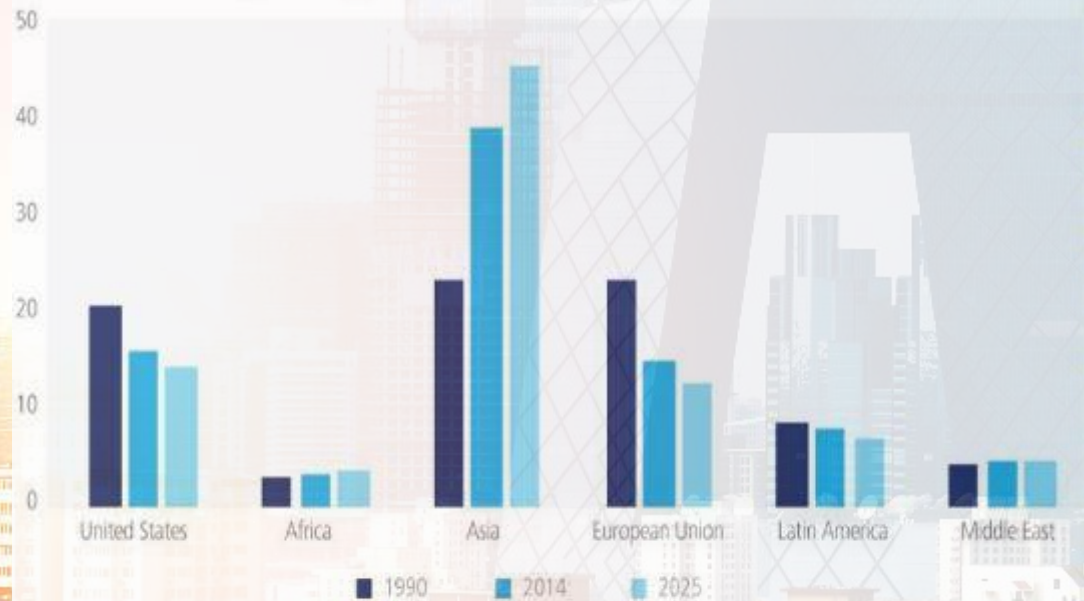
Source: Oxford Economics Global Cities 2030

'The Asian Century'

1/2

Asia will contribute of the global output by 2050

Figure 2. Asia's share (percentage) in global GDP (real US\$ PPP) will increase further

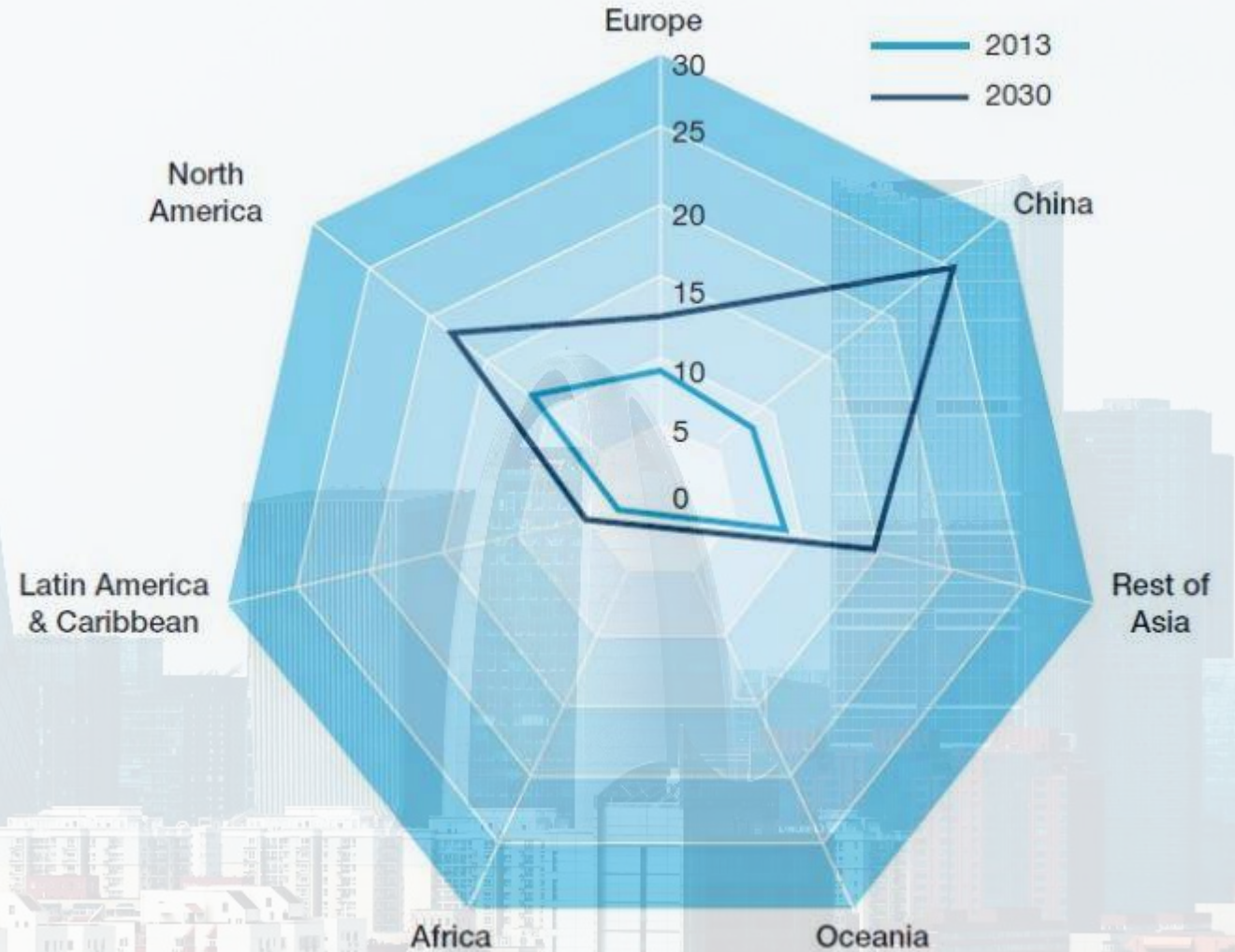


Source: Oxford Economics, Deloitte Services LP economic analysis. Forecasts are by Oxford Economics.

Graphic: Deloitte University Press | DUPress.com

Shift eastward in urban economic power

Region global 750 urban aggregate: GDP (US\$ trillion 2012 prices and exchange rates)



Source: Oxford Economics Global Cities 2030

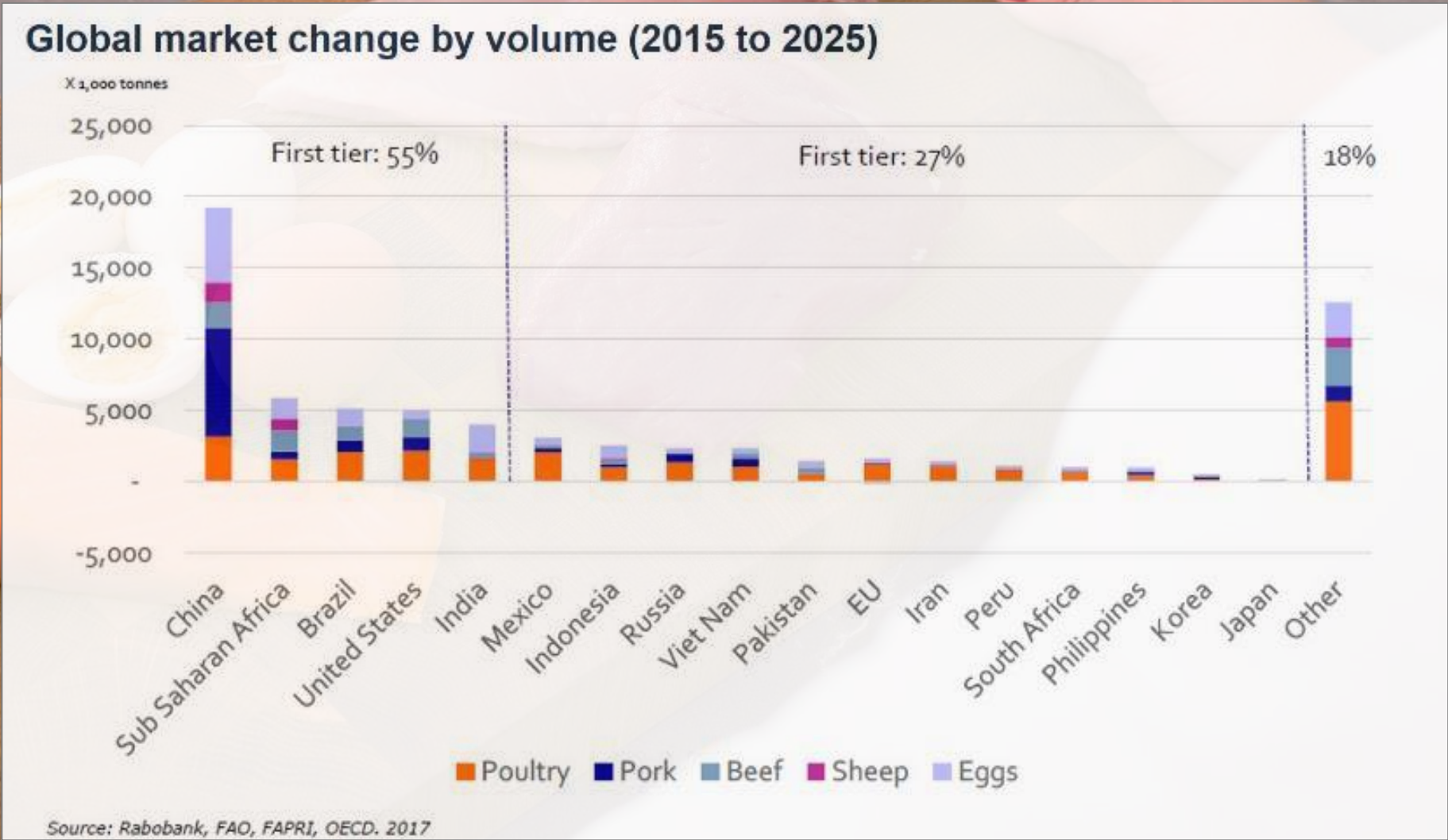


Asia's taste for chicken

Asia will account for 60% of global animal protein growth from 2015 to 2025

65%

global growth in demand for poultry through to 2035



Significant net demand for poultry in Asia

Asia Supply

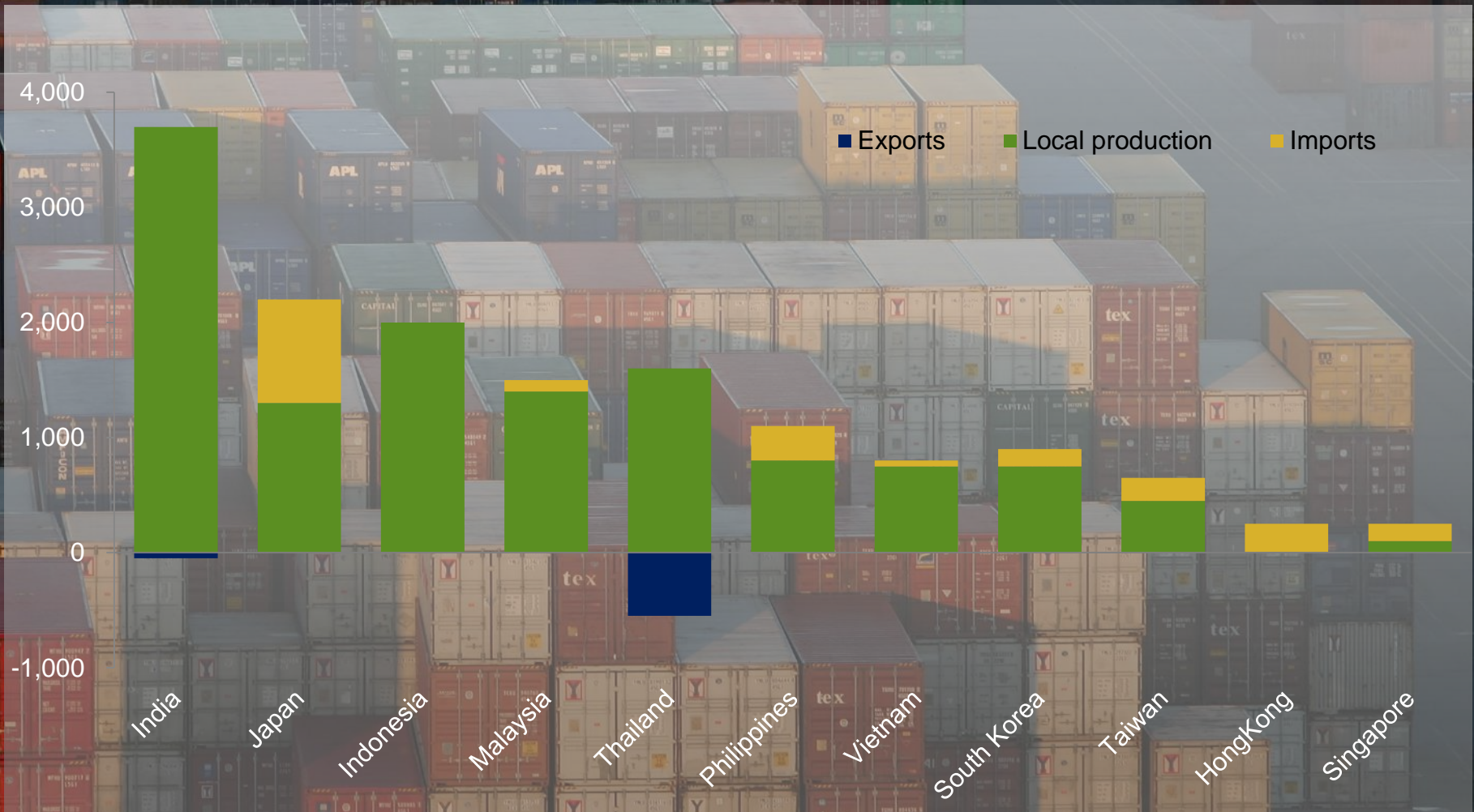
80M MT

of poultry demand will come from Asia by 2025

Asia destination



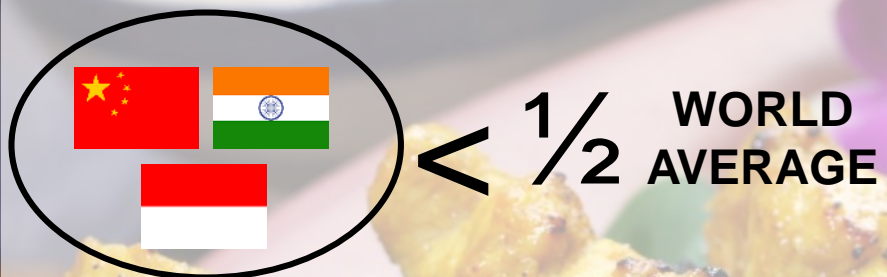
Asia CAGR '15-25E = +1.6%



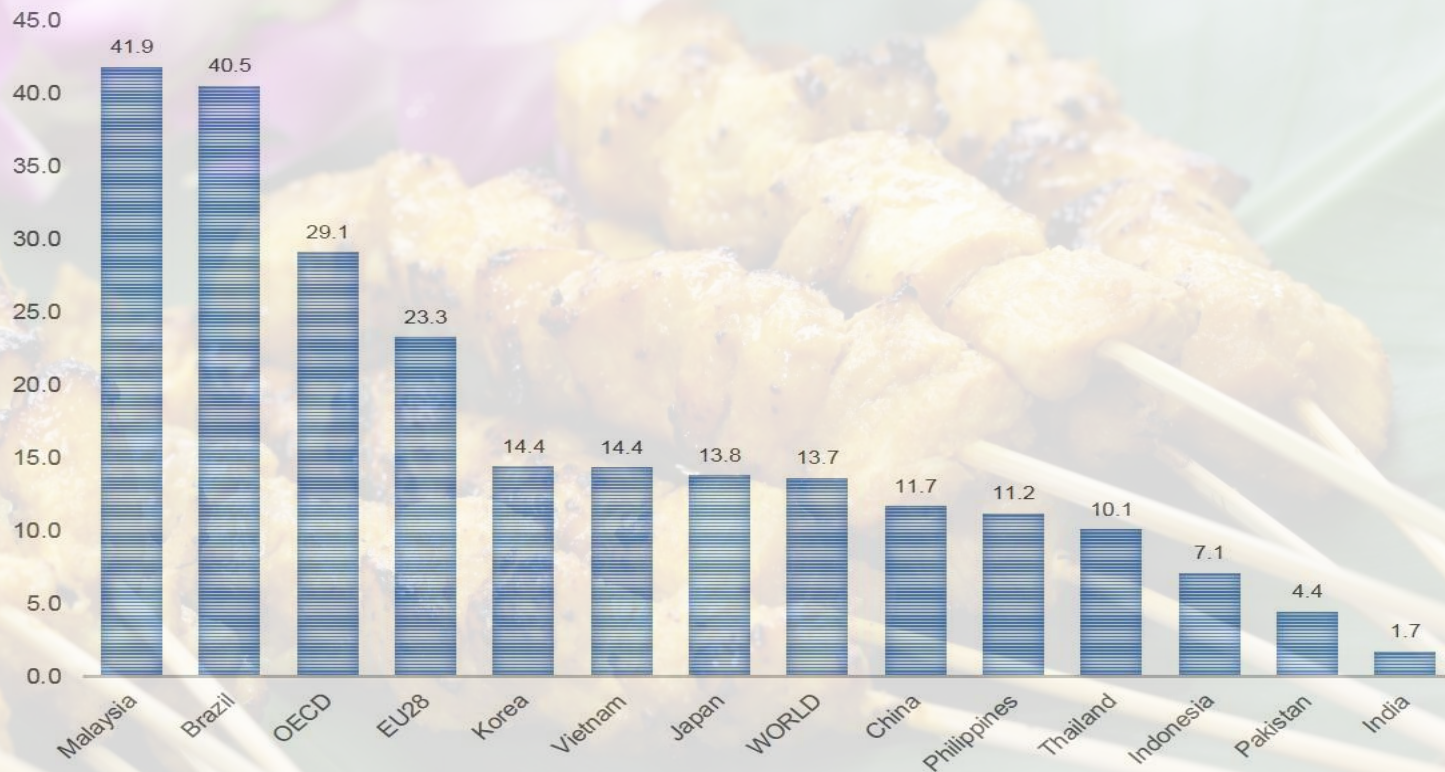
Source: Rabobank analysis based on FAO, USDA and local sources, 2016

Low consumption per capita in Asia signals huge growth potential

Average per capita consumption per year



Meat consumption (Poultry meat), Kilograms/capita



Source: OECD-FAO Agricultural Outlook (2016)



Market trends & insights

The industry in Asia is evolving...and fast

DISTRIBUTION



INFRASTRUCTURE



PACKAGING



FOOD SAFETY



Modernization of the animal protein industry in Asia

DRIVERS

Higher incomes
Modern distribution
Food safety
Animal disease threat
High feed prices/limited resources

THE FUTURE

- Modern value chain
- Larger companies
- Vertical integration
- Efficiency & Yield
- Value chain mgmt.
- Sustainability

Serving the ever-changing needs of each market

EUROPE

- Animal welfare
- Sustainability



JAPAN

- Aging population
- Convenience



S.E. ASIA

- Growing appetite for chicken



CHINA

- e-Commerce
- Food safety

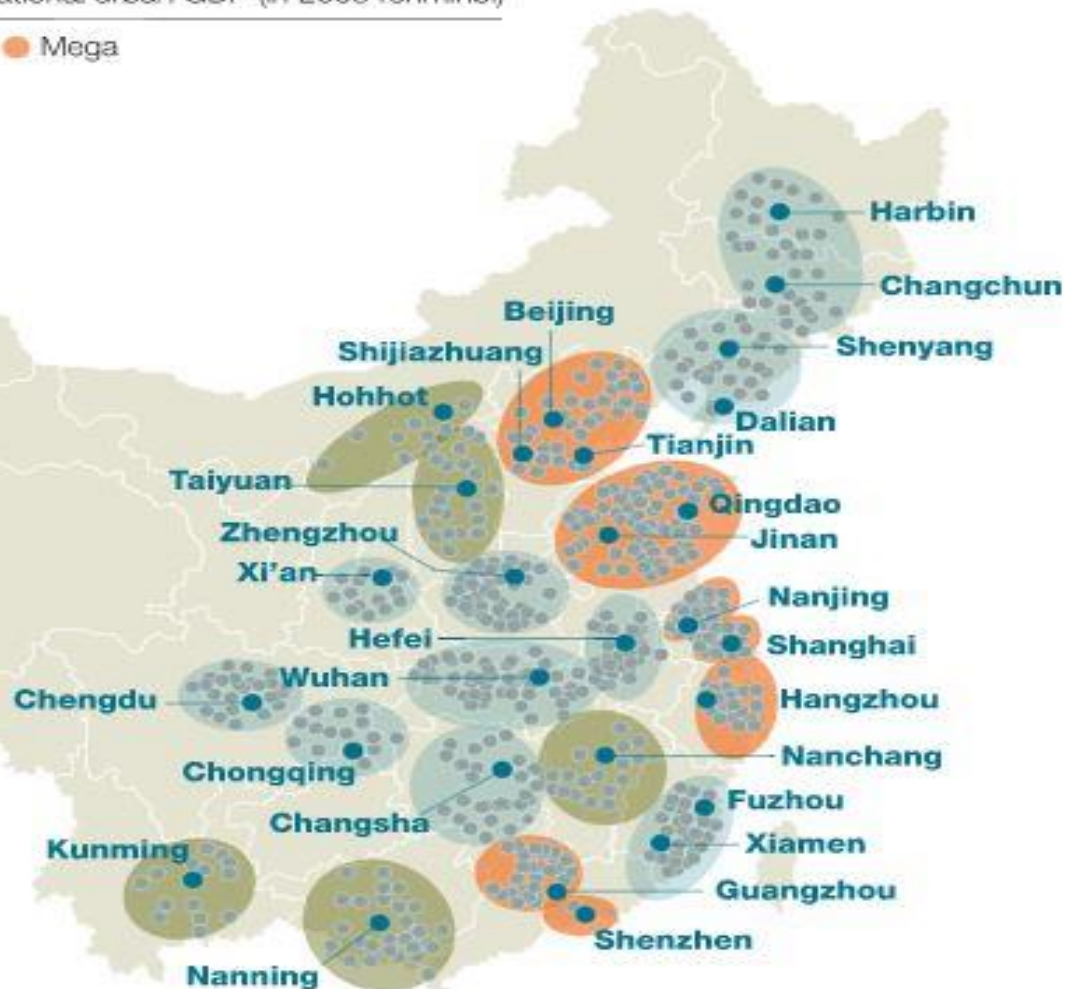


Serving China

Urban clusters and their hub cities

Clusters are grouped by size, based on average 2015 urban GDP as % of national urban GDP (in 2005 renminbi)

● Small ● Large ● Mega



Trends

- Food safety
- Antibiotics
- Avian flu scare
- Technology

eCommerce in China is as big as next biggest six countries combined

eCommerce in China is expected to contribute 1/4 of retail sales by 2020

eCommerce in China expected to account for 17% to total retail sales in 2017



Note: Do not research/purchase options are not shown.
Base = 894 (China), 24,073 (Global)
Source: PwC Total Retail 2017

How consumers in China prefer to shop

■ China ■ Global

China is going through a tech revolution

News › Business › Business Analysis & Features

KFC store in China lets customers pay with facial recognition

Diners can pay by scanning their faces at an ordering kiosk and entering a phone number

Adam Jordan | Friday 1 September 2017 11:20 BST | 6 comments



Like Click to follow The Independent Online



A customer tries Alipay's facial recognition payment solution "Smile to Pay" at KFC's new KPRO restaurant in Hangzhou, Zhejiang province, China. REUTERS

Future tech

China closes gap with US in hi-tech breakthroughs, KPMG finds

Shanghai ranks as the city to rival San Francisco as the world's leading technology innovation hub

PUBLISHED : Monday, 06 March, 2017, 11:48am
UPDATED : Wednesday, 08 March, 2017, 8:49pm

COMMENTS: 3

IBM Forges Blockchain Collaboration With Nestlé & Walmart In Global Food Safety



Roger Aitken, CONTRIBUTOR
FULL BIO

Opinions expressed by Forbes Contributors are their own.

A group of leading retailers and food companies including Nestlé and Walmart have signalled their commitment to "strengthen consumer confidence" in the foods they purchase by announcing a major blockchain collaboration with IBM. The consortium will work with 'Big Blue' to identify the "most urgent areas" across the global food supply chain that could benefit from the blockchain.



Tapping eCommerce to go retail



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首页 > 方便速食 > 半成品菜 > 太阳谷田纳西烤鸡翅300g

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How is Asia different?

A woman wearing a traditional conical hat is riding a motorcycle on a city street. The motorcycle is heavily loaded with several chickens, which are strapped to the back. The background shows a blurred city street with buildings and other vehicles, suggesting a busy urban environment.

- Huge market, each very different
- Different industry drivers: affordability, taste and food safety
- Animal welfare and sustainability up and coming
- White meat a costly by-product while paws/feet are a premium
- Broad acceptance of biotechnology
- Increased discussions on antibiotics reduction.
- Technology fast disrupting the food industry.

A niche in Asia can be big business

- Increased net imports to the region
 - The top 1% is a big market
 - Take advantage of the burgeoning middle class
 - E-Commerce is creating new channels
 - Targeting the Asian female
 - China presents the best opportunity
 - WTO poultry case with EU is a challenge
- 
- A photograph of two young children sitting at a table, eating a meal of fried chicken and rice. The child on the right is holding a piece of fried chicken. The background shows a window with a view of greenery and a building.

The Cargill logo features a green, curved leaf-like shape above the word "Cargill" in a bold, italicized, black sans-serif font. A registered trademark symbol (®) is located at the end of the word.

Cargill®