



Global poultry outlook

Sustainability, now an important driver of change



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August 2019



Points to cover today



Global poultry production outlook is positive

African Swine Fever dominates the outlook and will bring even more change

Global trade outlook still subject to incredible change

Sustainability will drive poultry growth through the 2020s

Closing thoughts on sustainability positioning

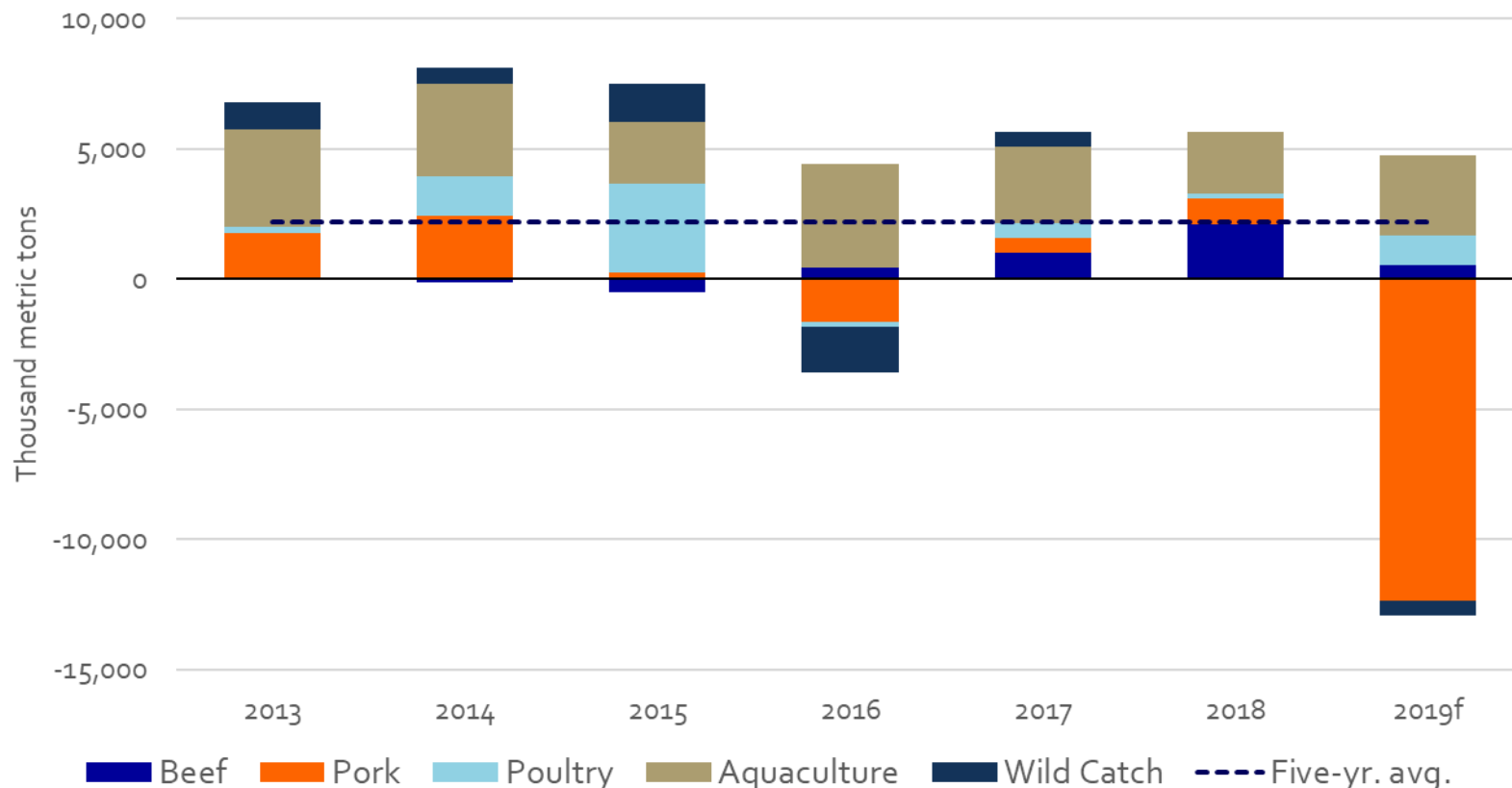
I. Global animal protein production outlook



Global animal protein production outlook dominated by pork



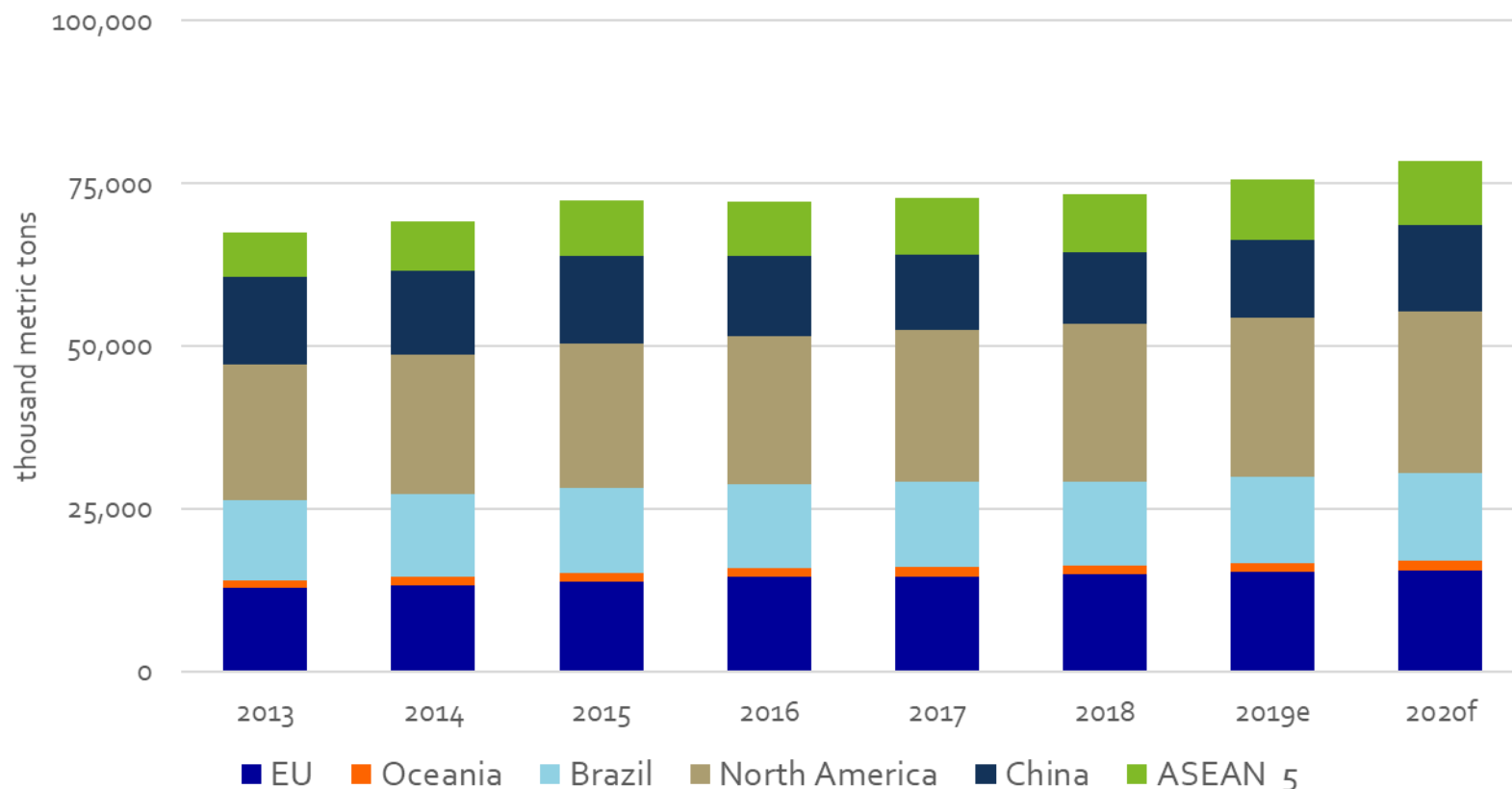
Most other species are expected to grow this year, and into 2020



Steady growth the theme for global poultry production



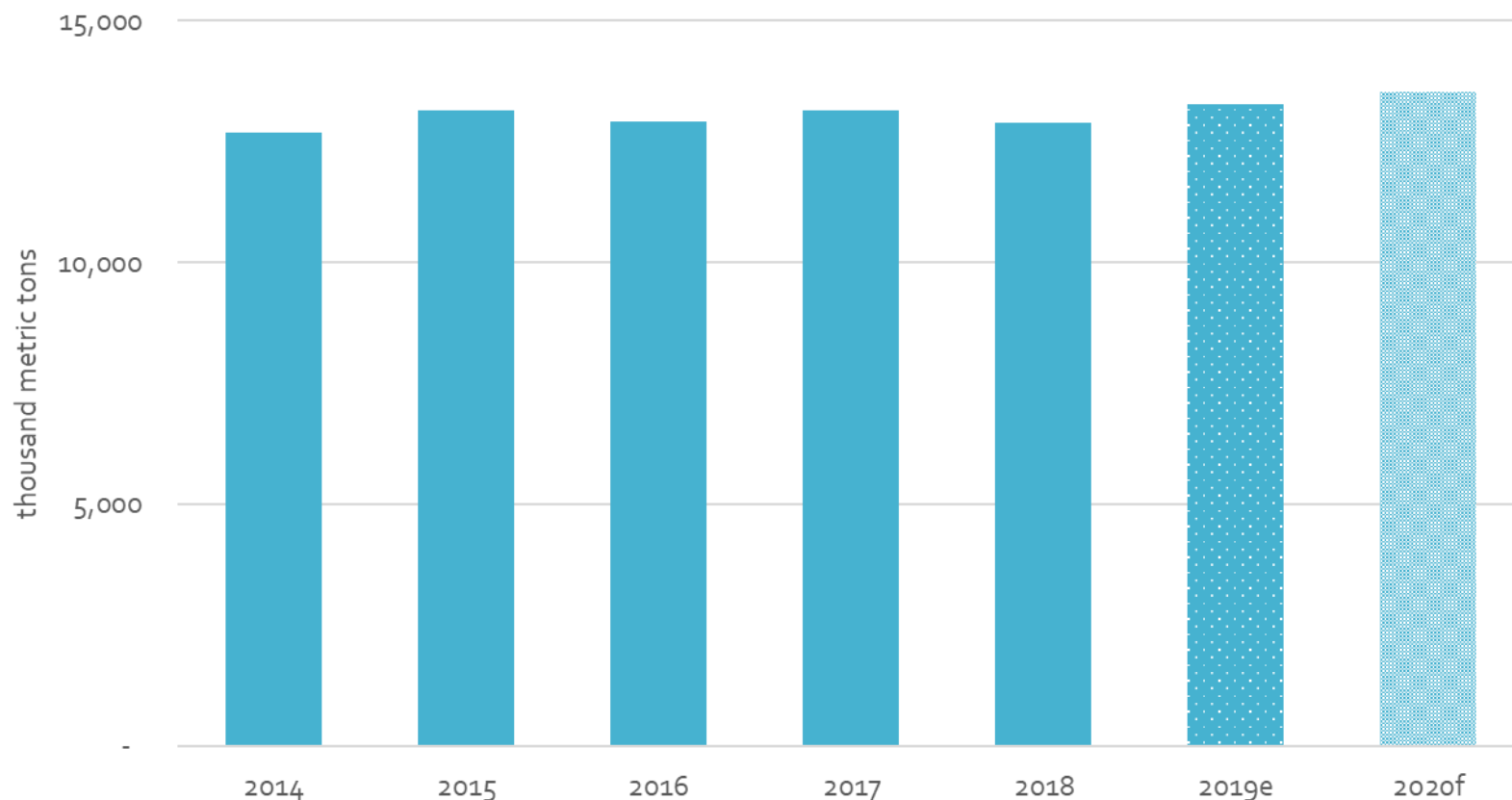
Regional markets mixed – global growth could yet exceed expectations



Brazil's production outlook highly dependent on market signals



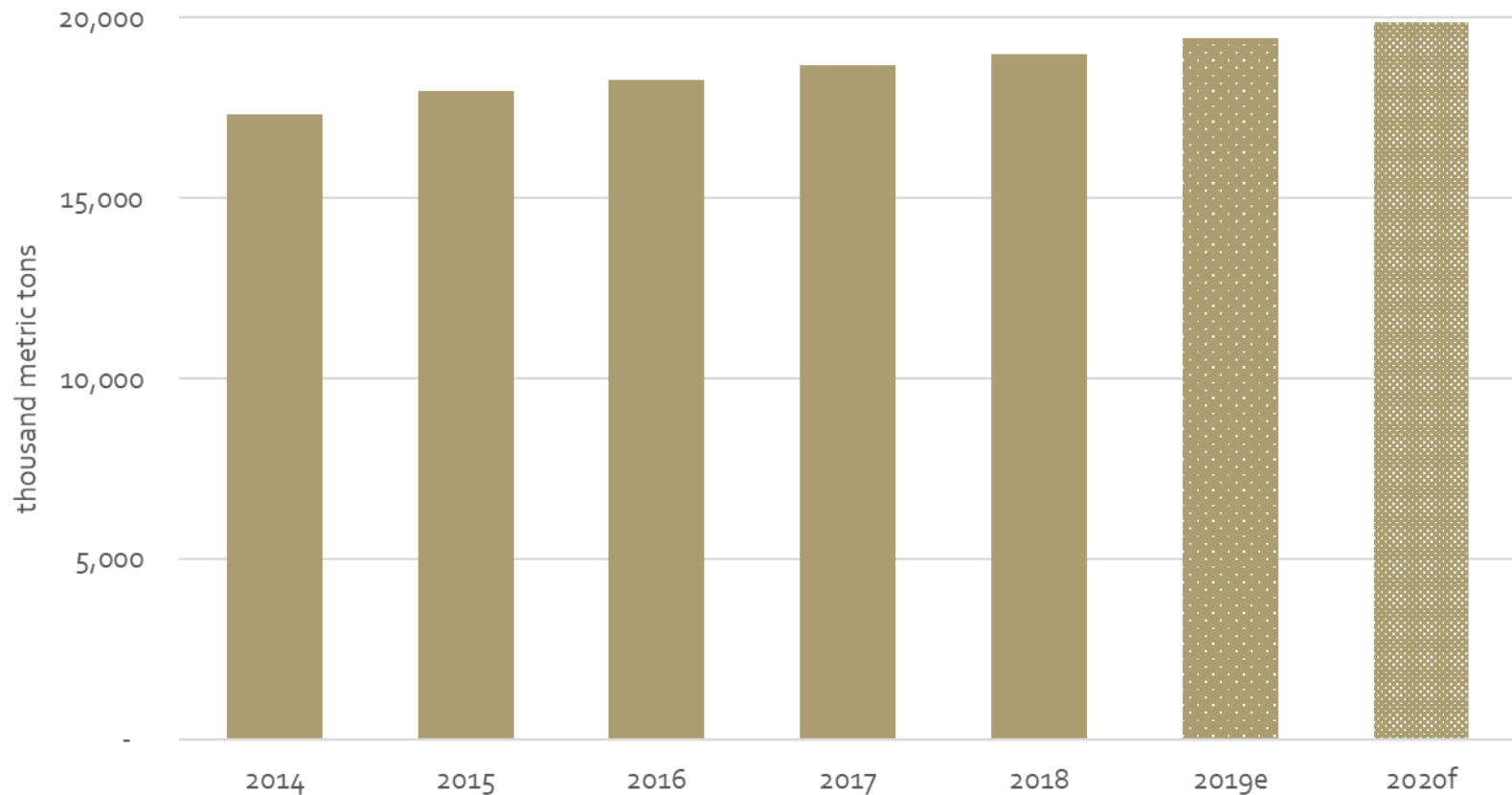
Local demand more certain than export demand



US broiler outlook shows steady growth, but challenges loom



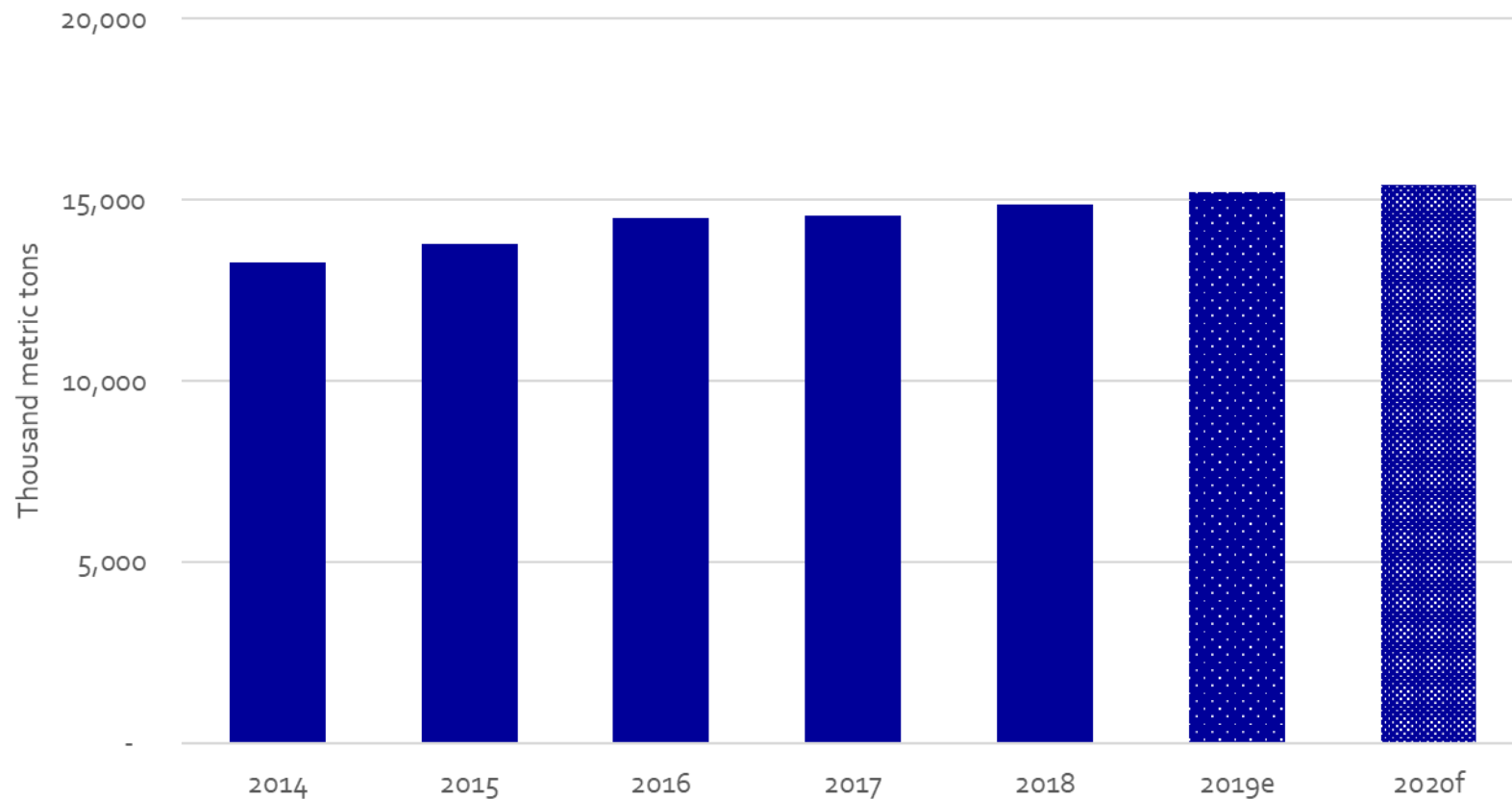
Limited trade, expanding alternatives and feed costs are weighing



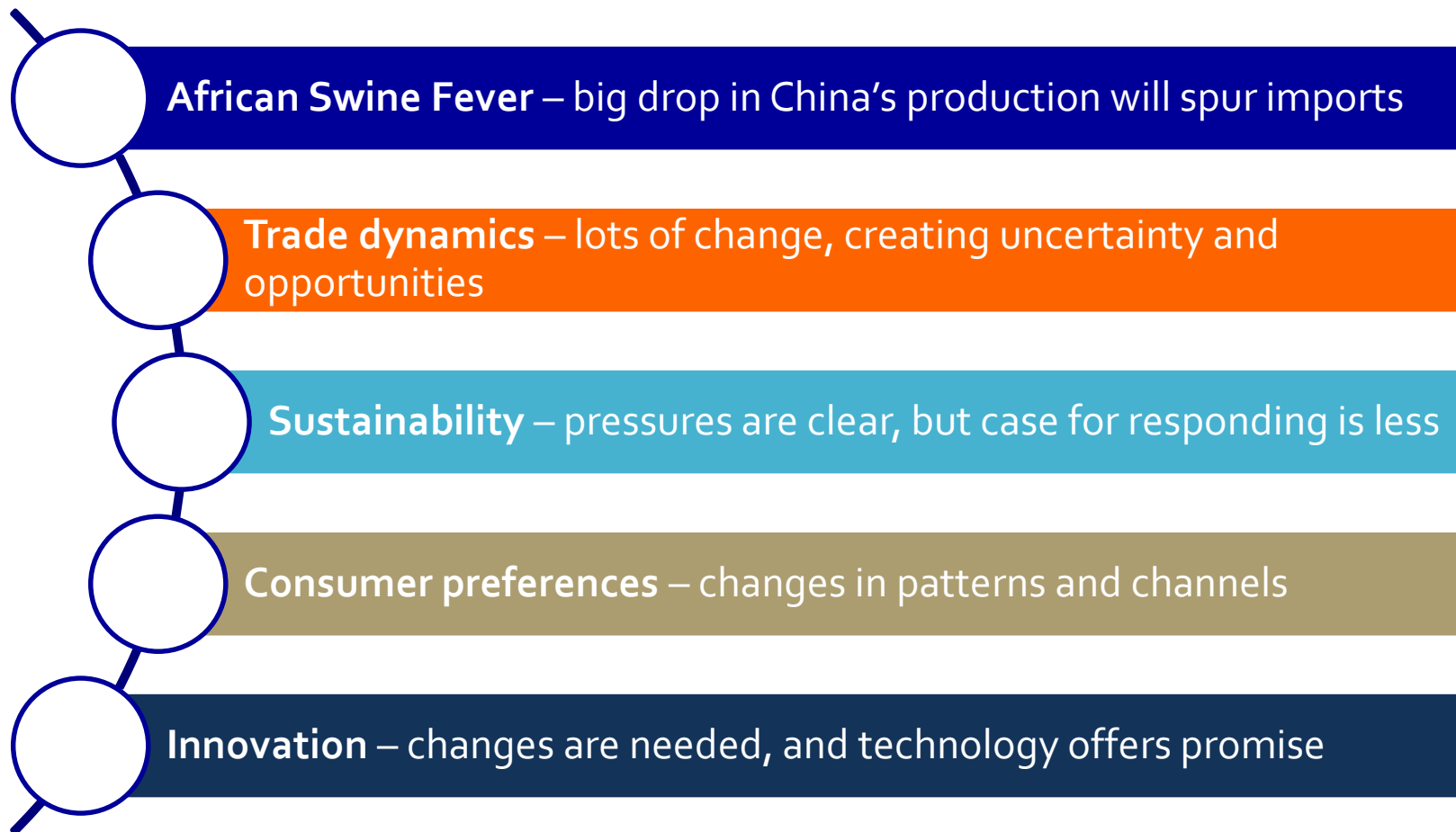
Slow overall growth in EU masks regional differences



Growth continues in CEE countries, but slow elsewhere



Five main issues shaping the outlook



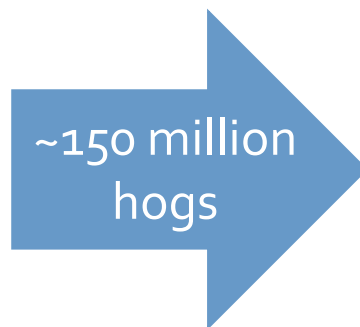
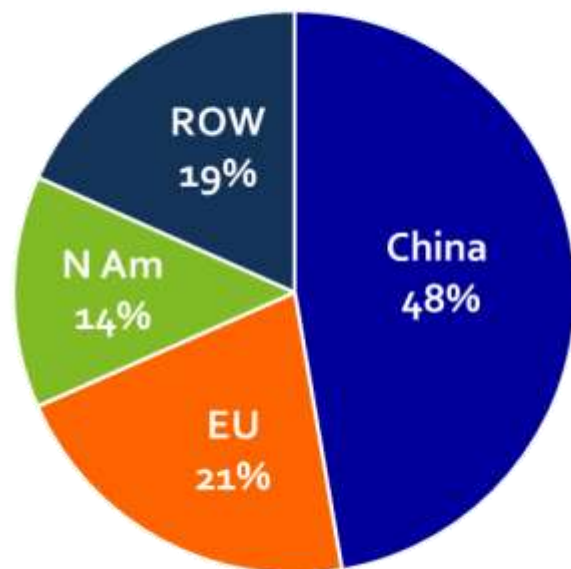


II. African Swine Fever dominates the outlook

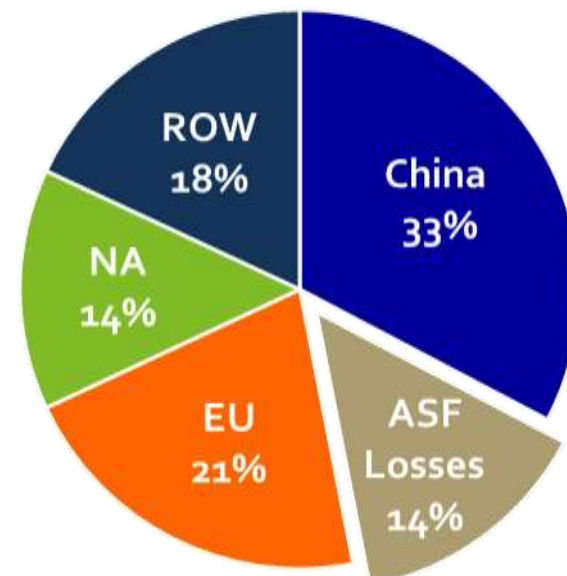
China's ASF losses are globally significant



2018 pork production



2019f pork production



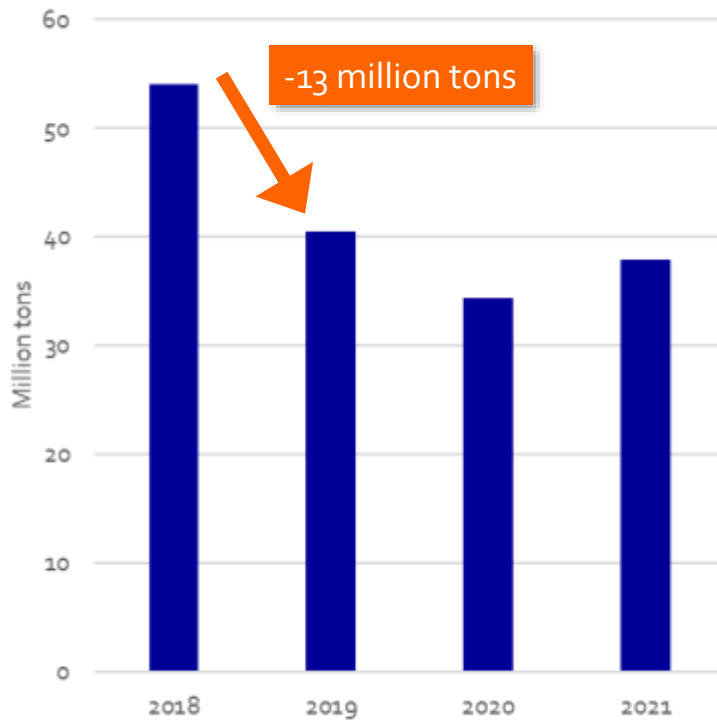
Losses could move up

- About 1/2 of China's pigs are in backyard operations
- China produces 96% of its pork; imports 4%
- 4% imports to China = 20% of global pork trade

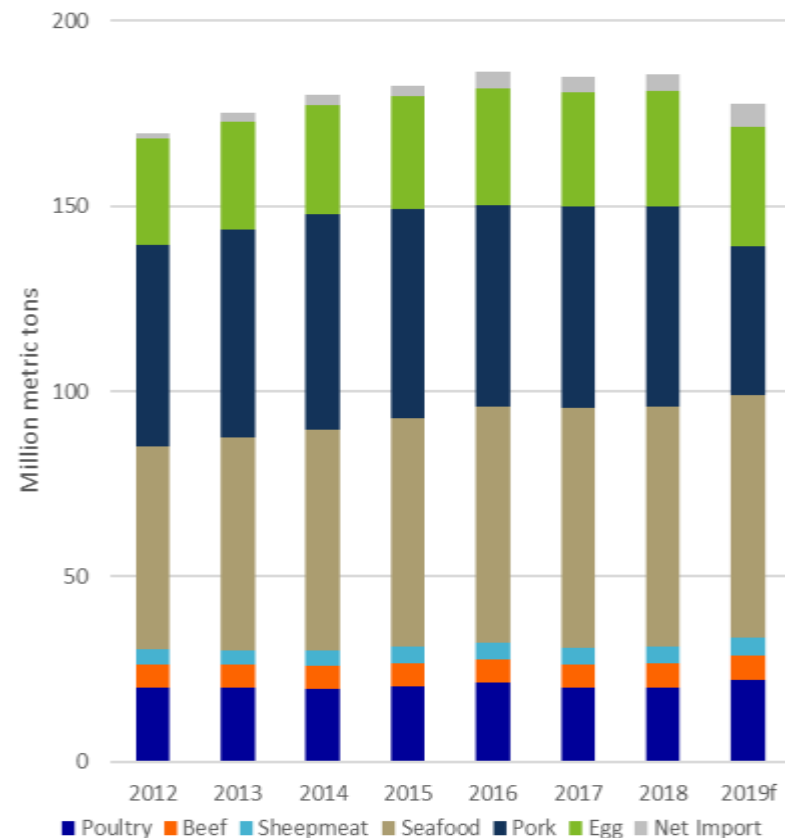
Unprecedented decline in China's pork production



25+% of China's production at risk



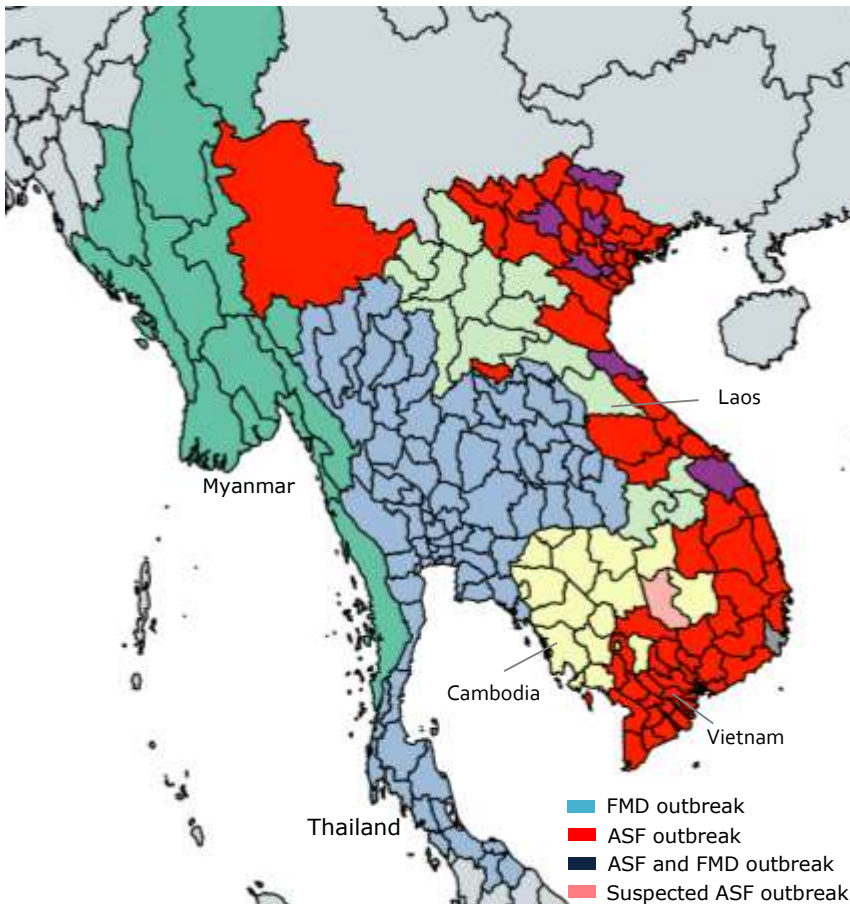
Total protein market will shrink by 8 mn tons



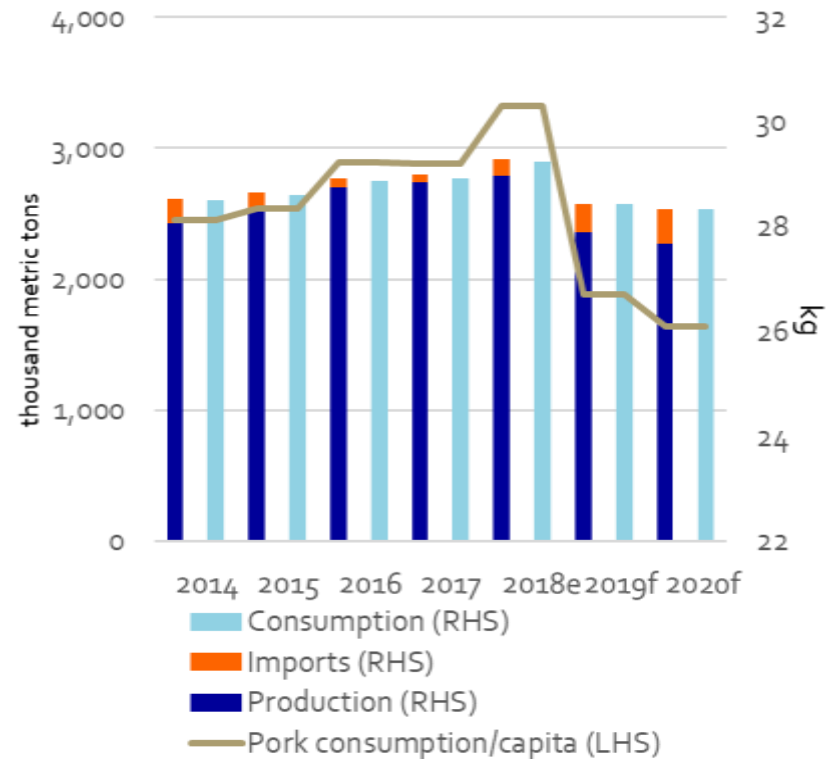
ASF continues spreading in Southeast Asia



ASF has moved swiftly through Vietnam, and is now in Cambodia and Laos



Given the development of ASF in China, Vietnam's production losses could run for years

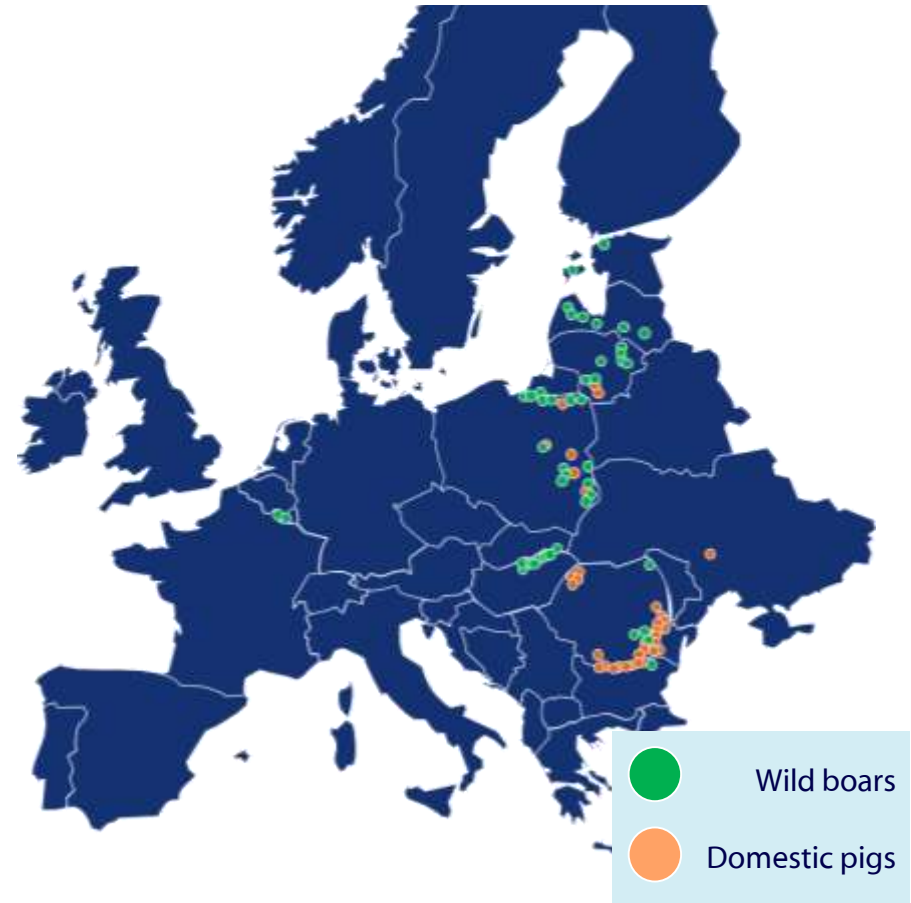
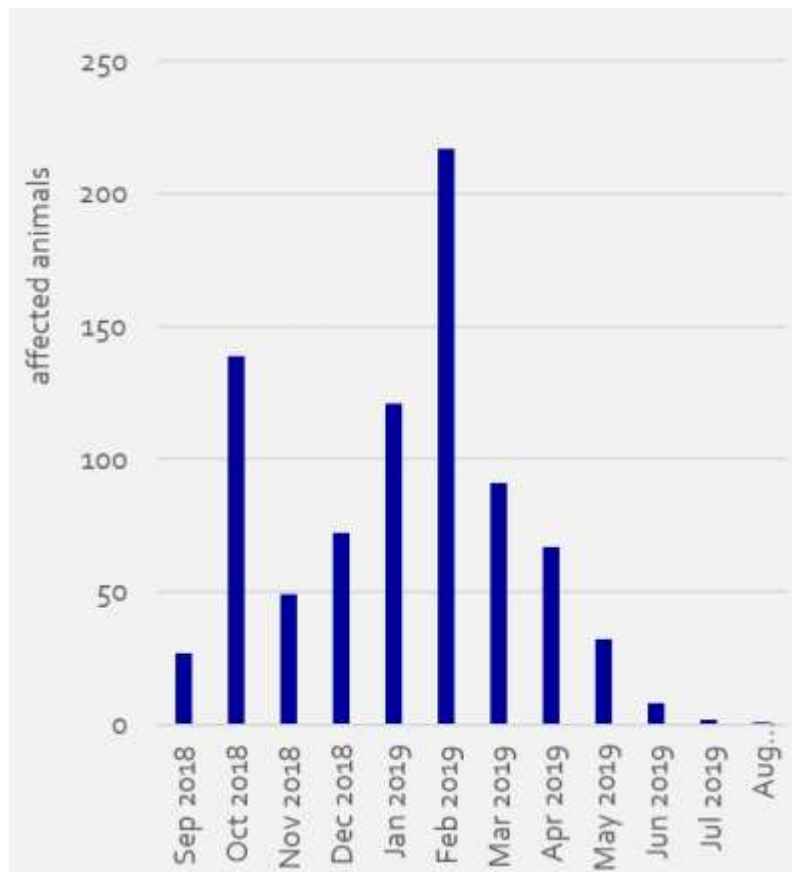


ASF remains a threat in Europe, despite progress in Belgium



Decline in ASF-affected wild pigs in BE

ASF outbreaks in the past month



Source: FLI, ADNS, European Commission, OIE, PigProgress, Rabobank 2019

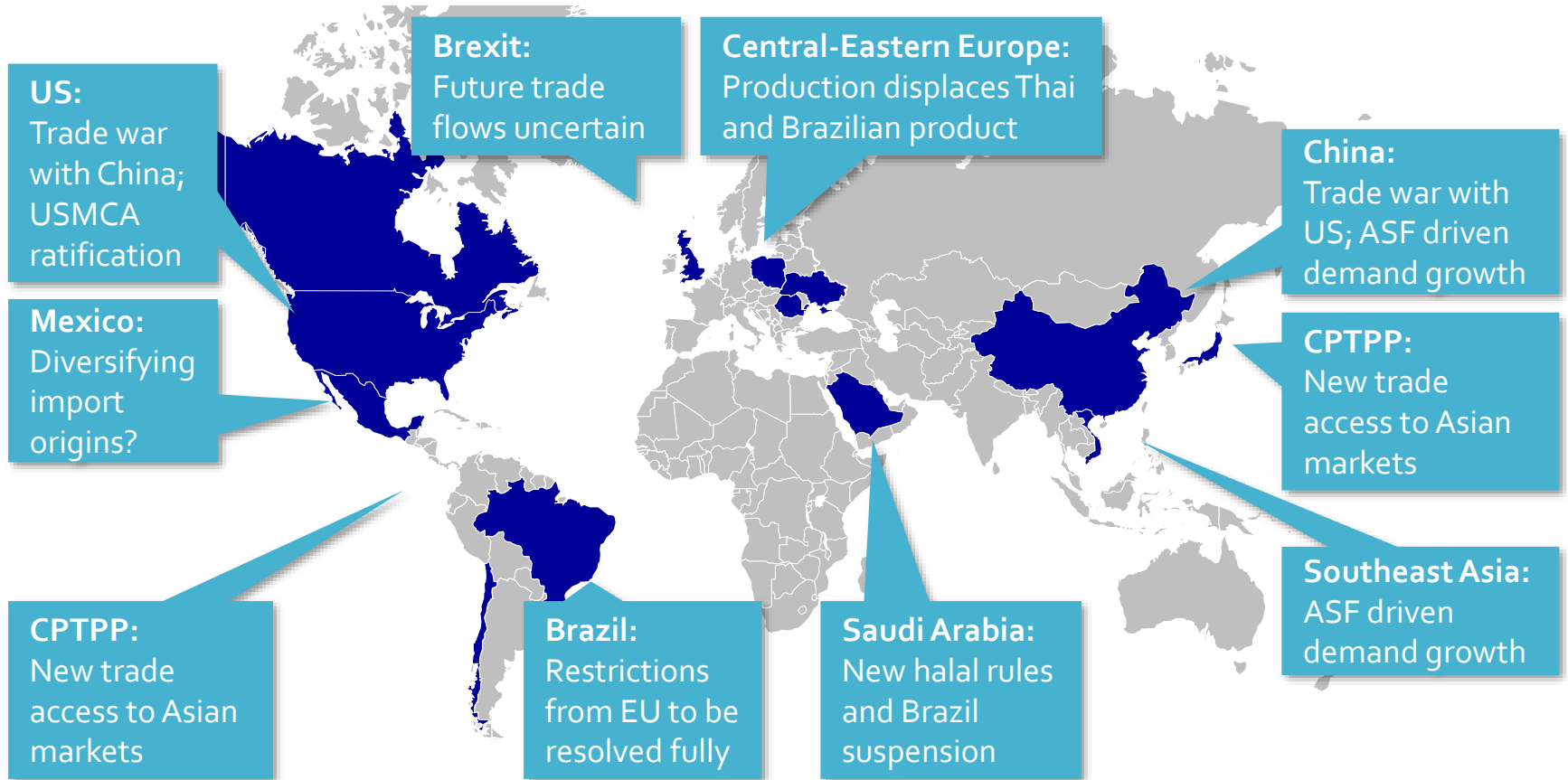


III. Global trade outlook subject to incredible change

Trade issues continue to disrupt poultry markets



Brazil's access to export markets and China's import demand main issues



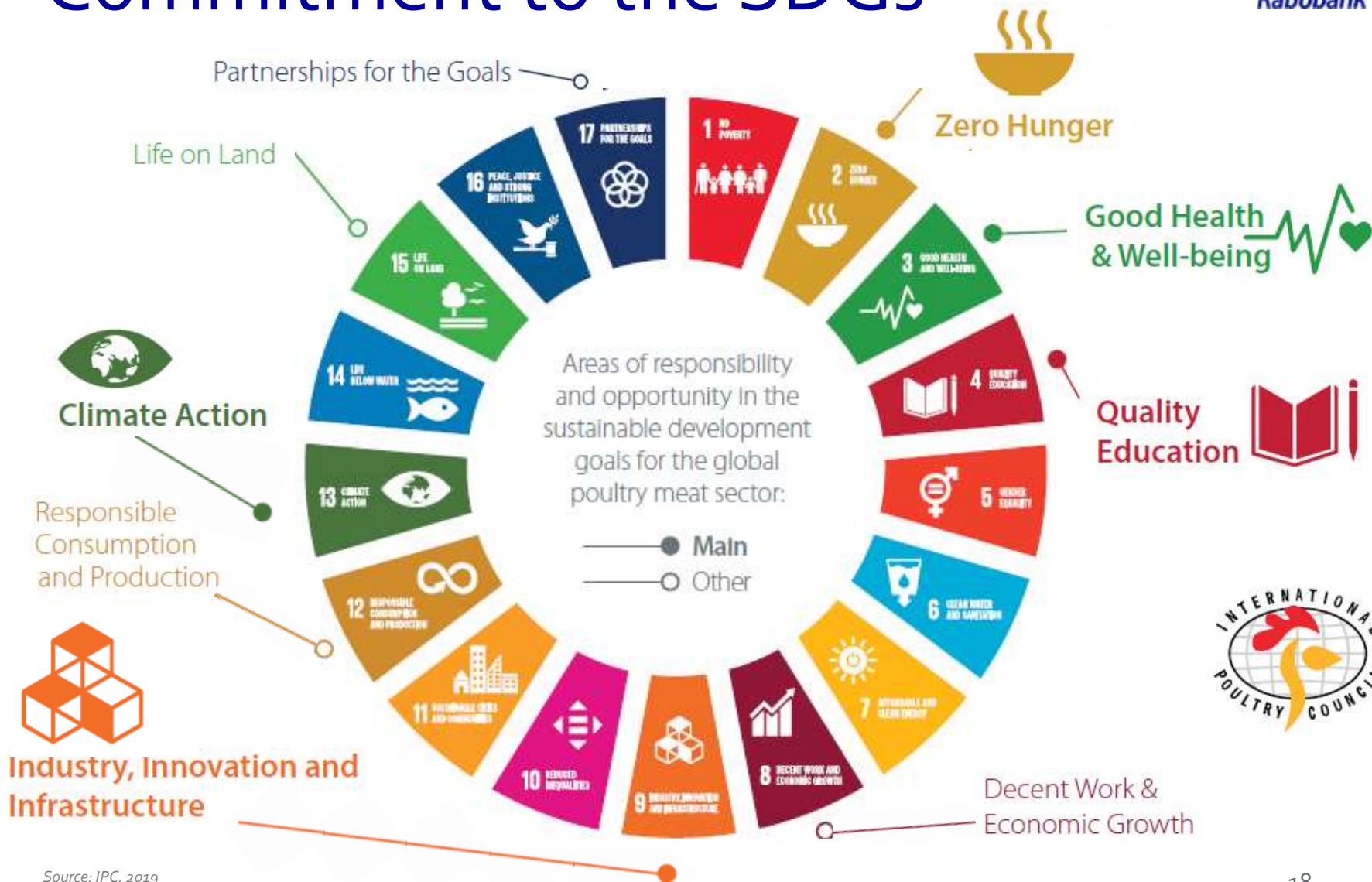
A photograph of a young child and an elderly man. The child, on the left, is wearing a dark blue zip-up jacket with 'NYC' and a circular logo that says 'EST. 1991' and 'FANCLUB'. The man, on the right, is wearing a dark jacket over a blue t-shirt and a blue baseball cap with 'Pride' written on it. They are both looking towards the right. A semi-transparent grey banner with white text is overlaid across the middle of the image.

IV. Sustainability to drive poultry growth through the 2020s

Working Toward Change – Commitment to the SDGs

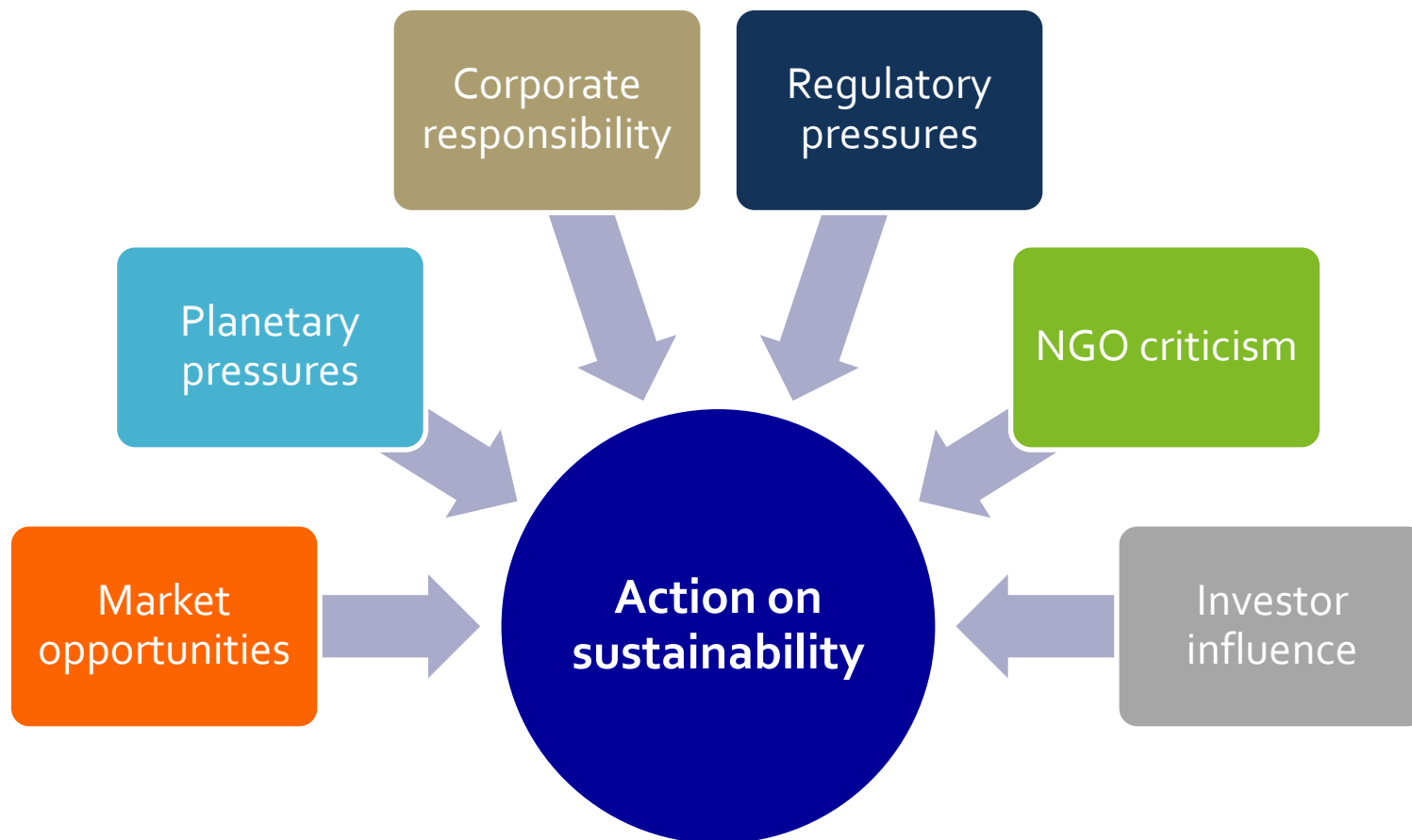


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Strong drivers for action on sustainability

Market opportunities the strongest driver of these six



Two things matter most in how we move forward



A. Clarity in the business/value case

B. Effectiveness of supply chain partnerships

Reduce risk

Improve productivity

Improve access to capital

Access new markets

Enhance brand and reputation

How fast should we move?



Lead? Follow? Wait and see? Four factors dictate the pace of change

What's needed to maintain the social license

- Level of pressure from regulators, science, local communities and NGOs

Agility in managing transitions

- Gradual changes are generally easier for business to manage

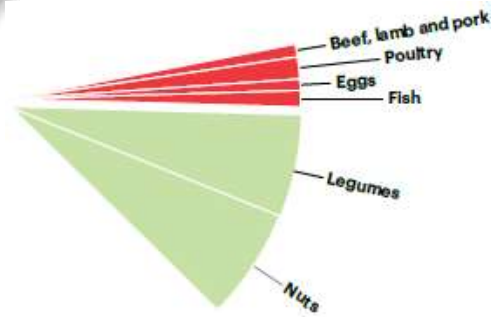
Time needed to build supply chain partnerships

- Progress will be more difficult if operating in isolation of supply chain partners

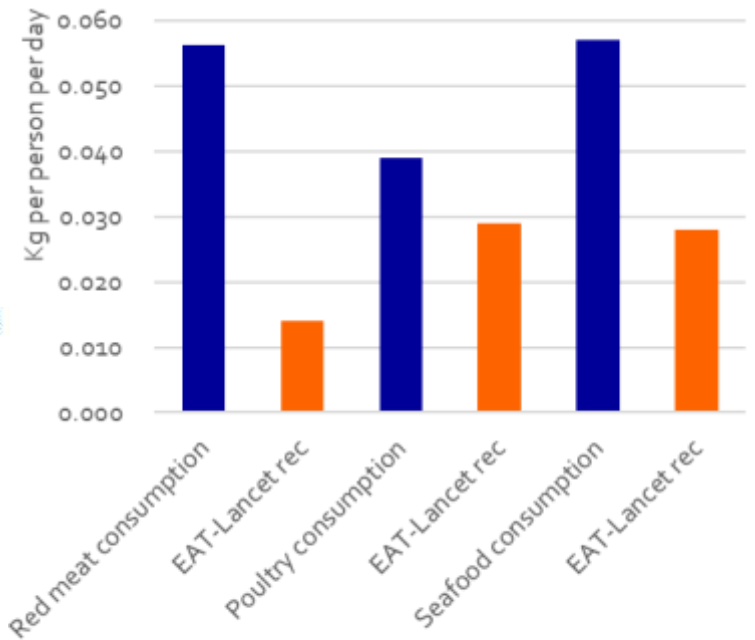
Strength of market signals

- Quality of market understanding
- Capabilities needed for market creation

We need to act together to secure our social licence to grow



The 'planetary health diet' is incredibly challenging





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