



A global meat industry outlook

Capturing business opportunities in a fast changing world

Copenhagen

Nan-Dirk Mulder, 18 February 2017



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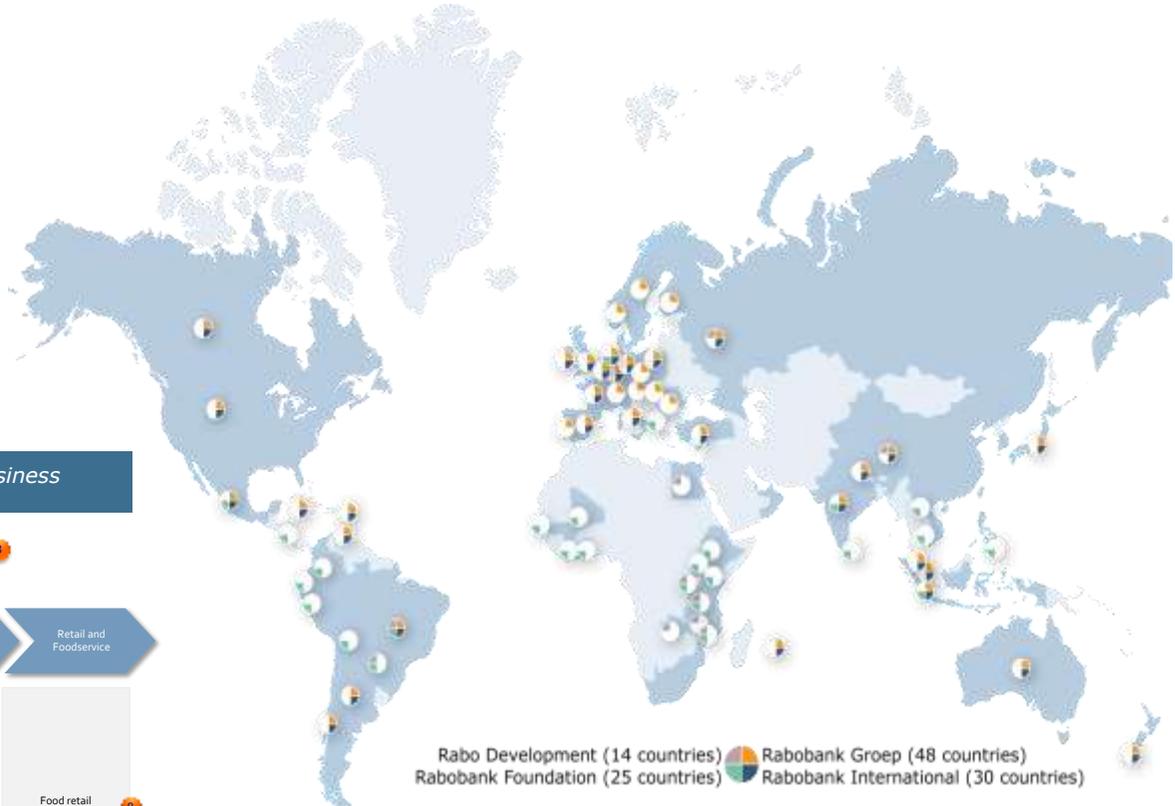
Rabobank international introduction and global network of branches and offices



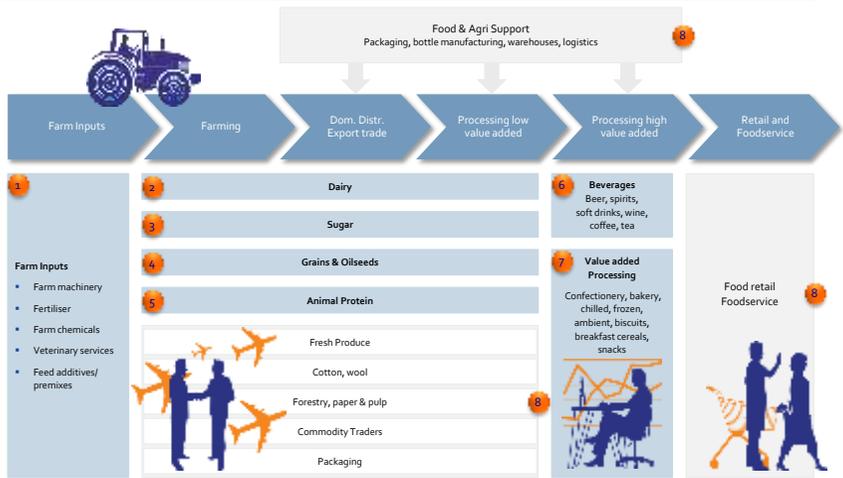
Rabobank International

- Internationally active for over 30 years
- Highest credit rating of all private banks in the world
- Among the 25 largest financial institutions in the world
- No. 1 in Export Finance
- Global network
 - Of all 60,000 employees, 16,000 work outside the Netherlands
 - More than 1,650 offices in 44 countries, of which 750 offices outside the Netherlands
- Rabo Development has non-controlling interests in six partner banks. Finally Rabobank Foundation supports projects in 26 countries.

Global network Rabobank offices and branches



Rabobank: the worldwide leading bank in Food & Agribusiness



Animal protein is our sweet spot



14 out of top 20 meat companies are client of Rabobank
 Exposure in Animal Protein: EUR 19 billion

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Long Term Meat Outlook

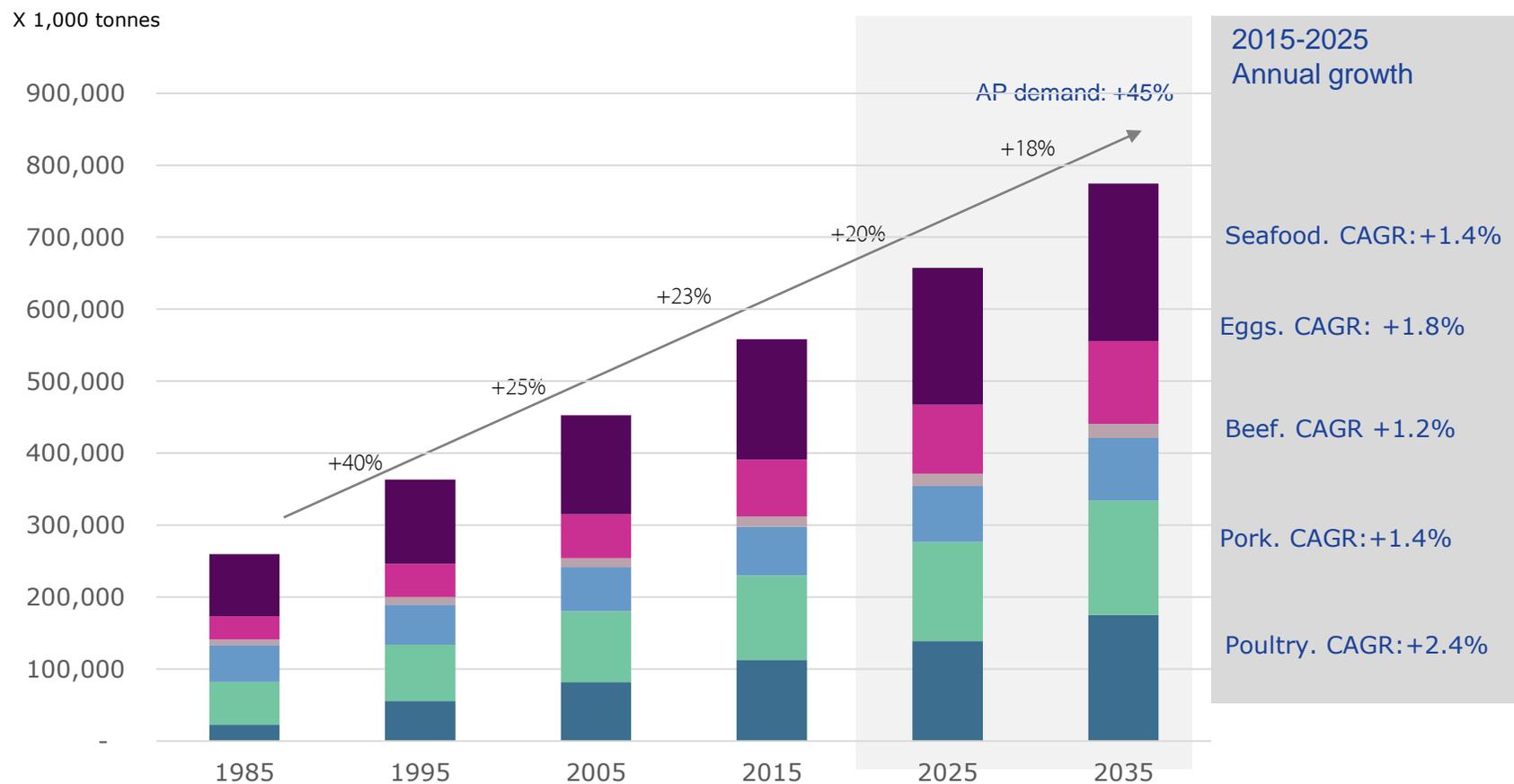


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Global animal protein market to grow by 45% in the next 2 decades



Global animal protein market outlook 2015-2025

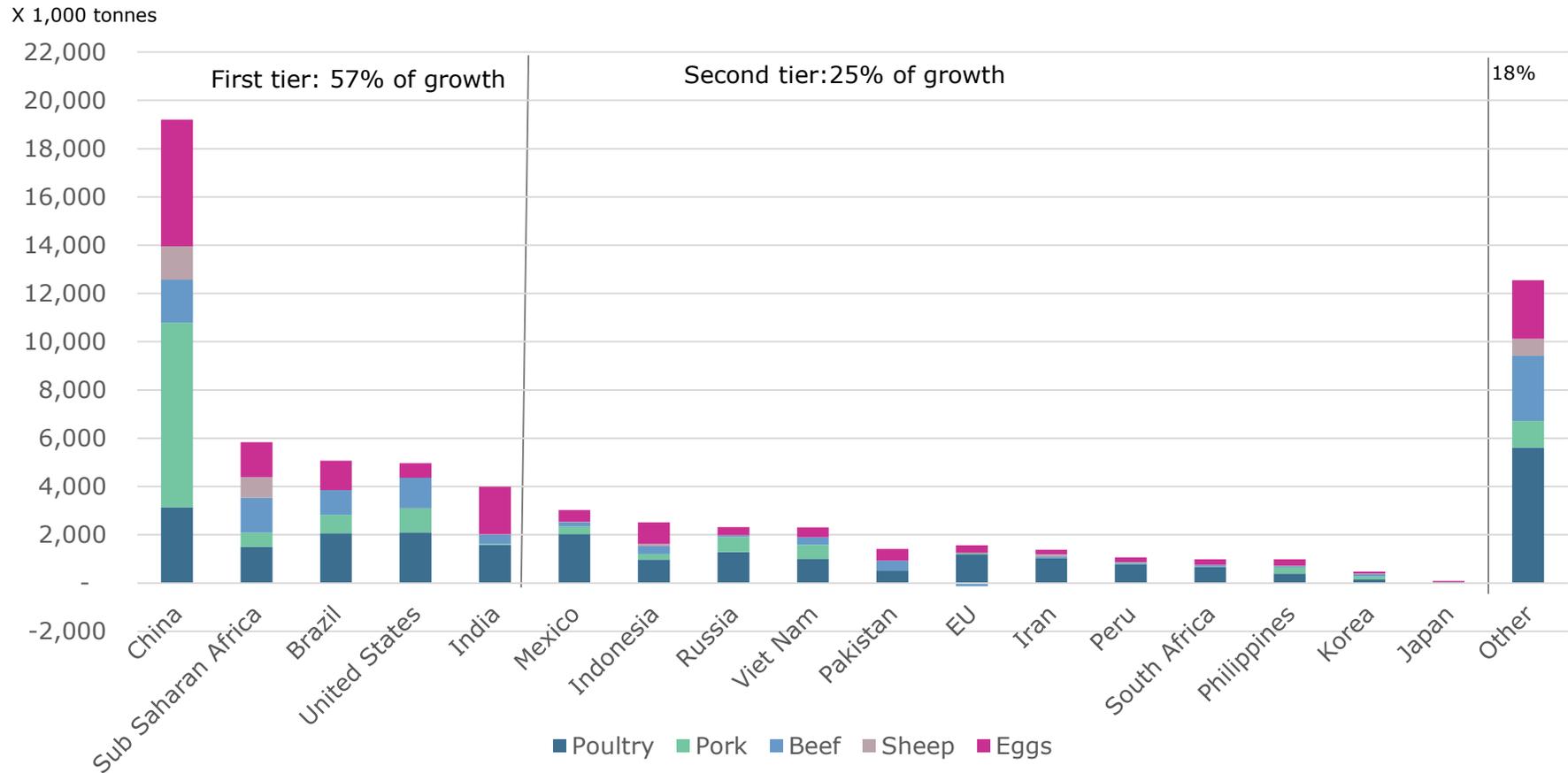


Source: Rabobank projections based on FAO, USDA, 2017

90% of global growth will be in emerging market, 60% in Asia



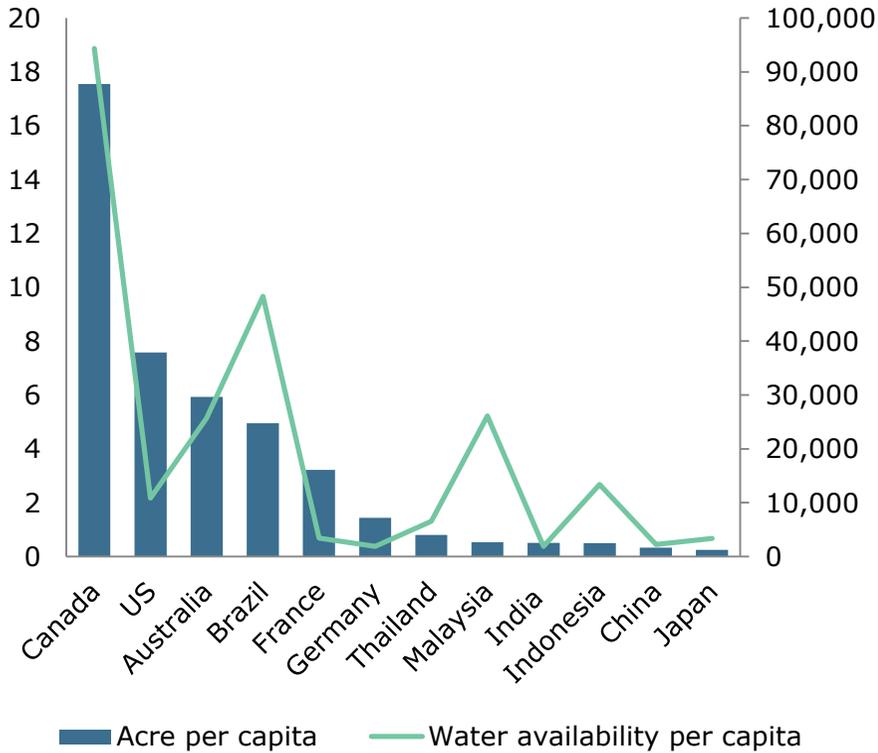
Change in global demand for meat and eggs 2015-2025



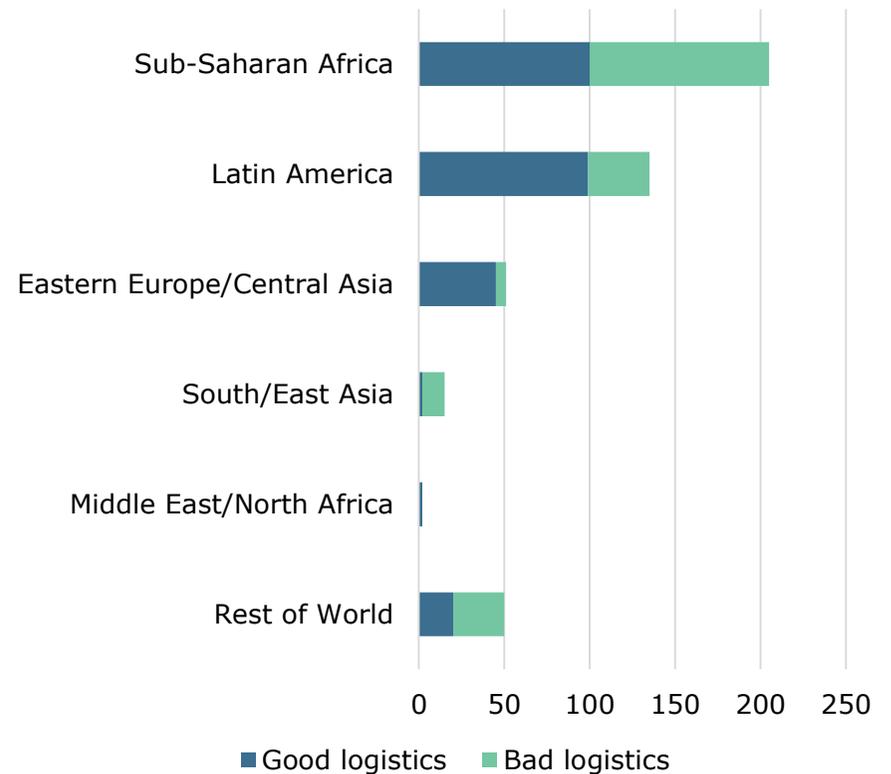
Source: Rabobank projections based on FAO, USDA, 2017

Demand for meat and dairy is moving more to Asia, where resources are relatively limited

Land and water availability per capita



New land availability per region

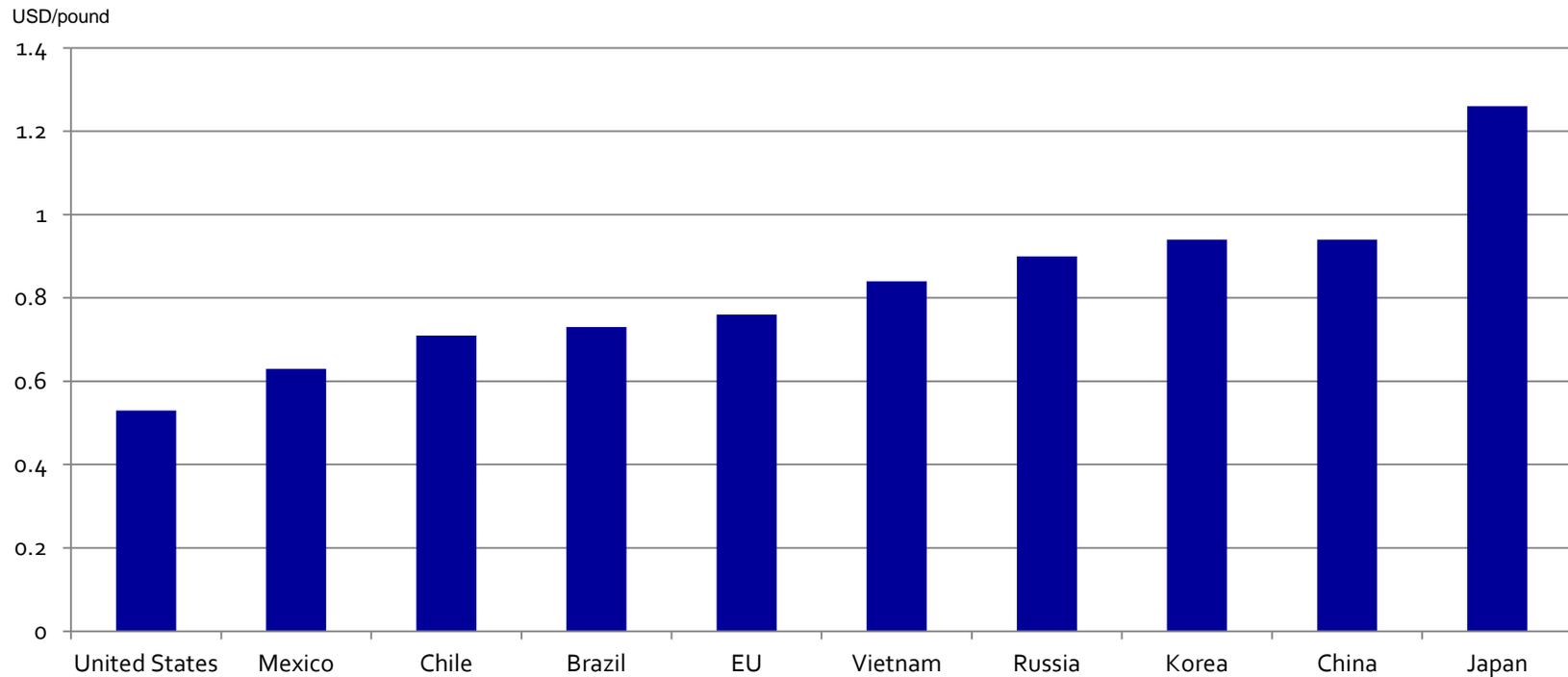


Source: Rabobank analysis based on FAO, OECD, USDA, 2017

Americas most competitive pork production area in terms of cost

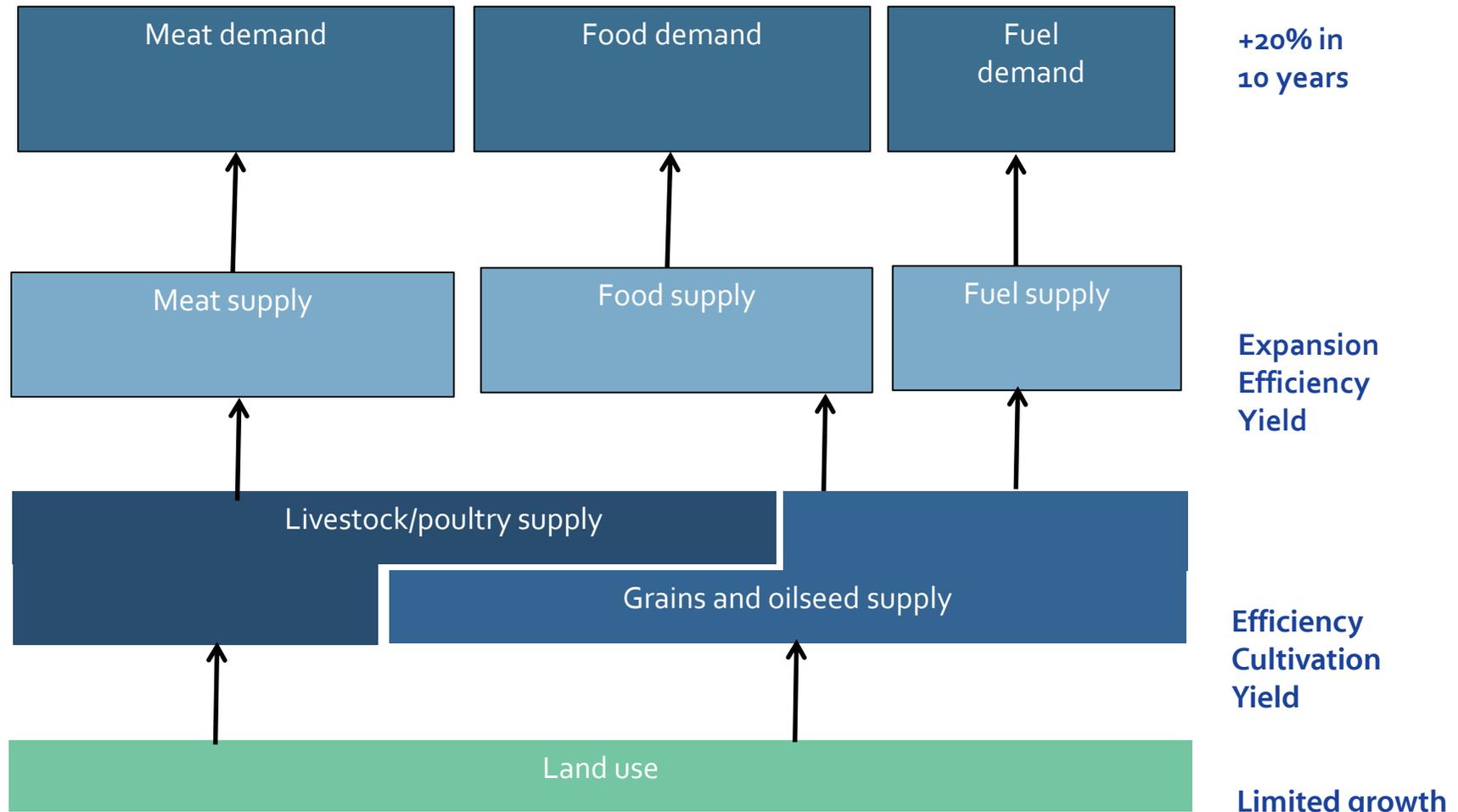


Live hogs production costs 2013

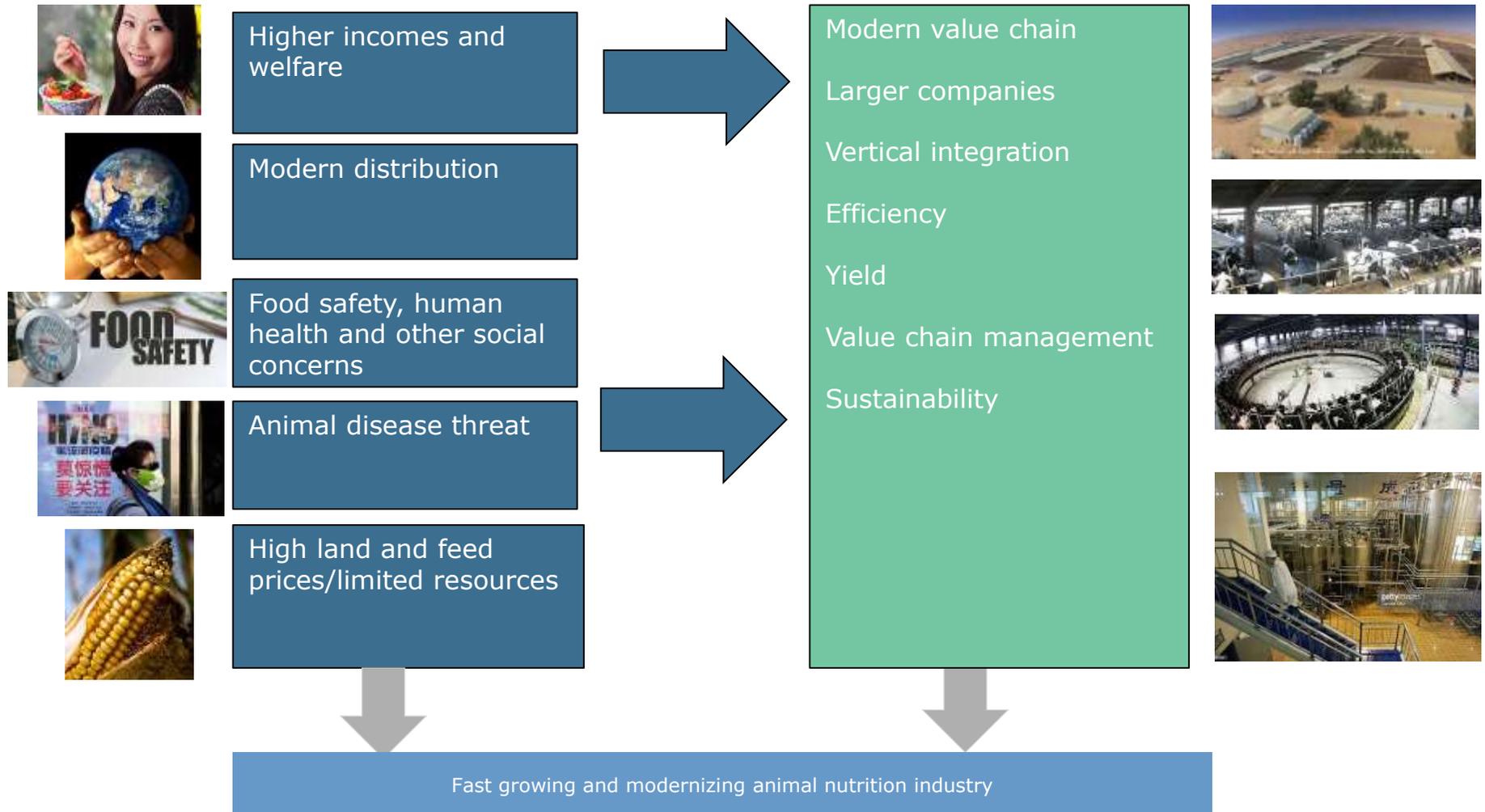


Source: Rabobank, Smithfield, 2016

Global food supply challenge



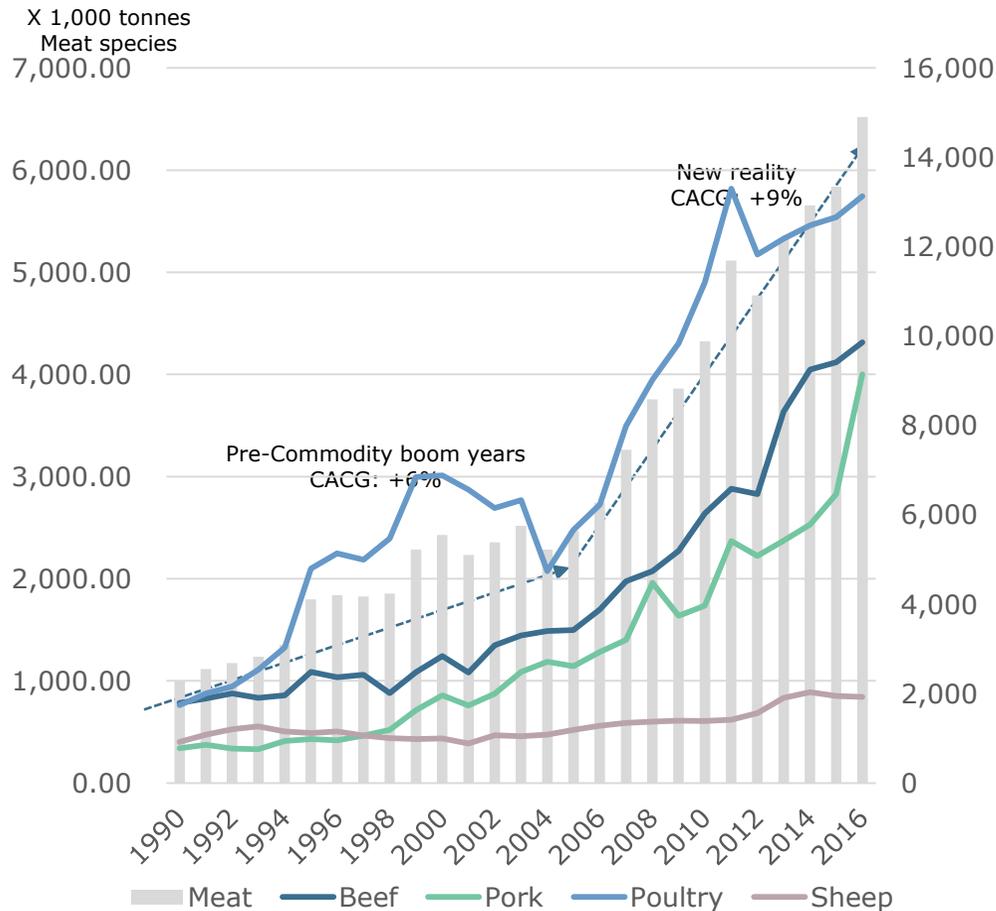
Need for a fast modernizing of global and especially Asian dairy and animal protein industry



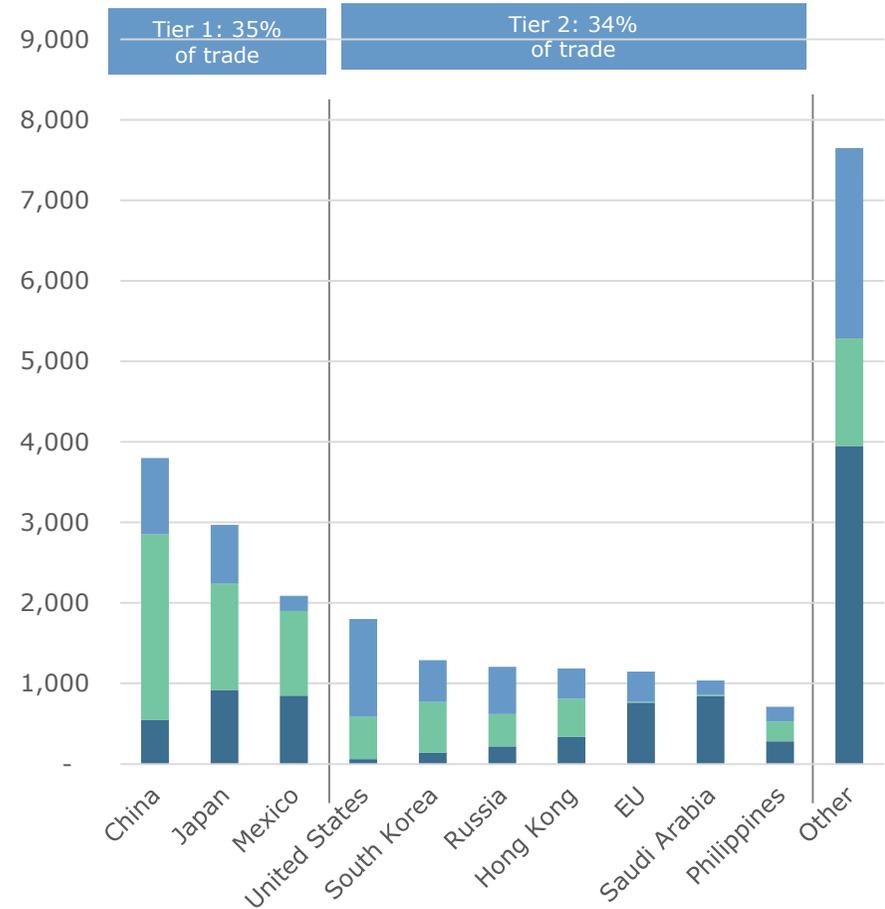
Where to produce? Limited available resources push Asian countries to import more meat products



Asian meat imports by tonnes and share in global markets



Top 10 global meat importers

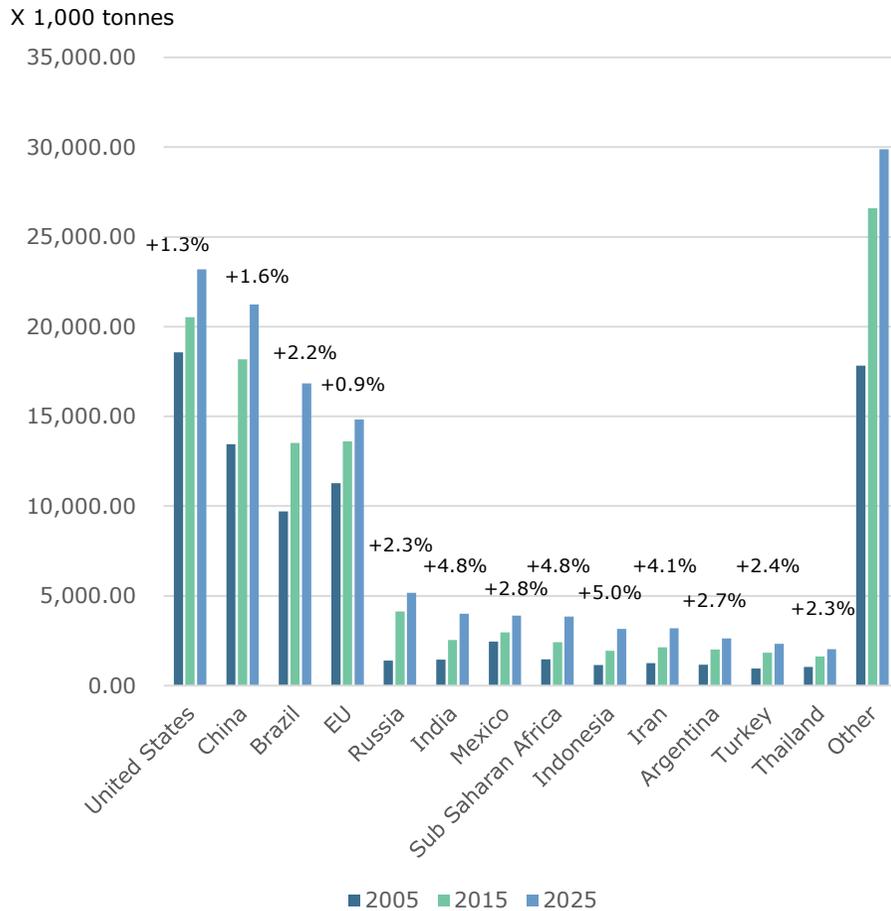


Source: Rabobank analysis based on USDA, FAO, Bloomberg, 2017

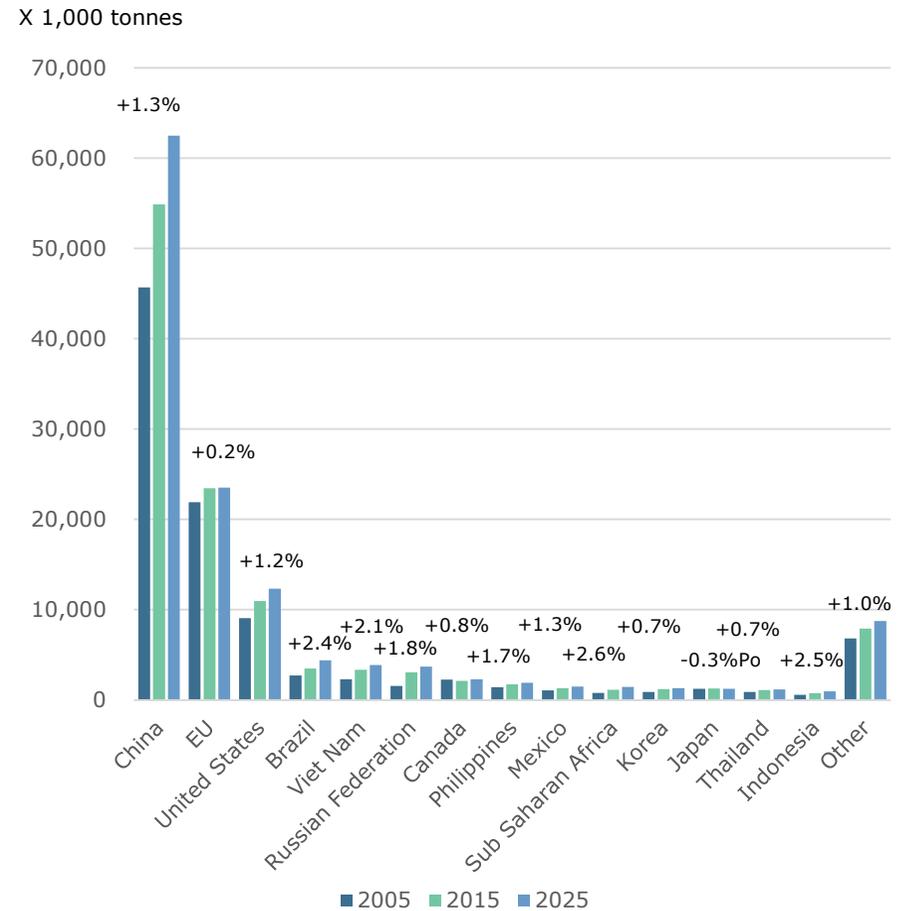
Emerging markets drive growth in global production; poultry markets in India, Africa, Indonesia and Iran will show fastest growth



Poultry production outlook 2025 in volume and CAGR



Pork production outlook 2025 in volume and CAGR



Source: Rabobank projections, 2017

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Key investment themes in the global meat industry



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Six key investments for the global animal protein industry



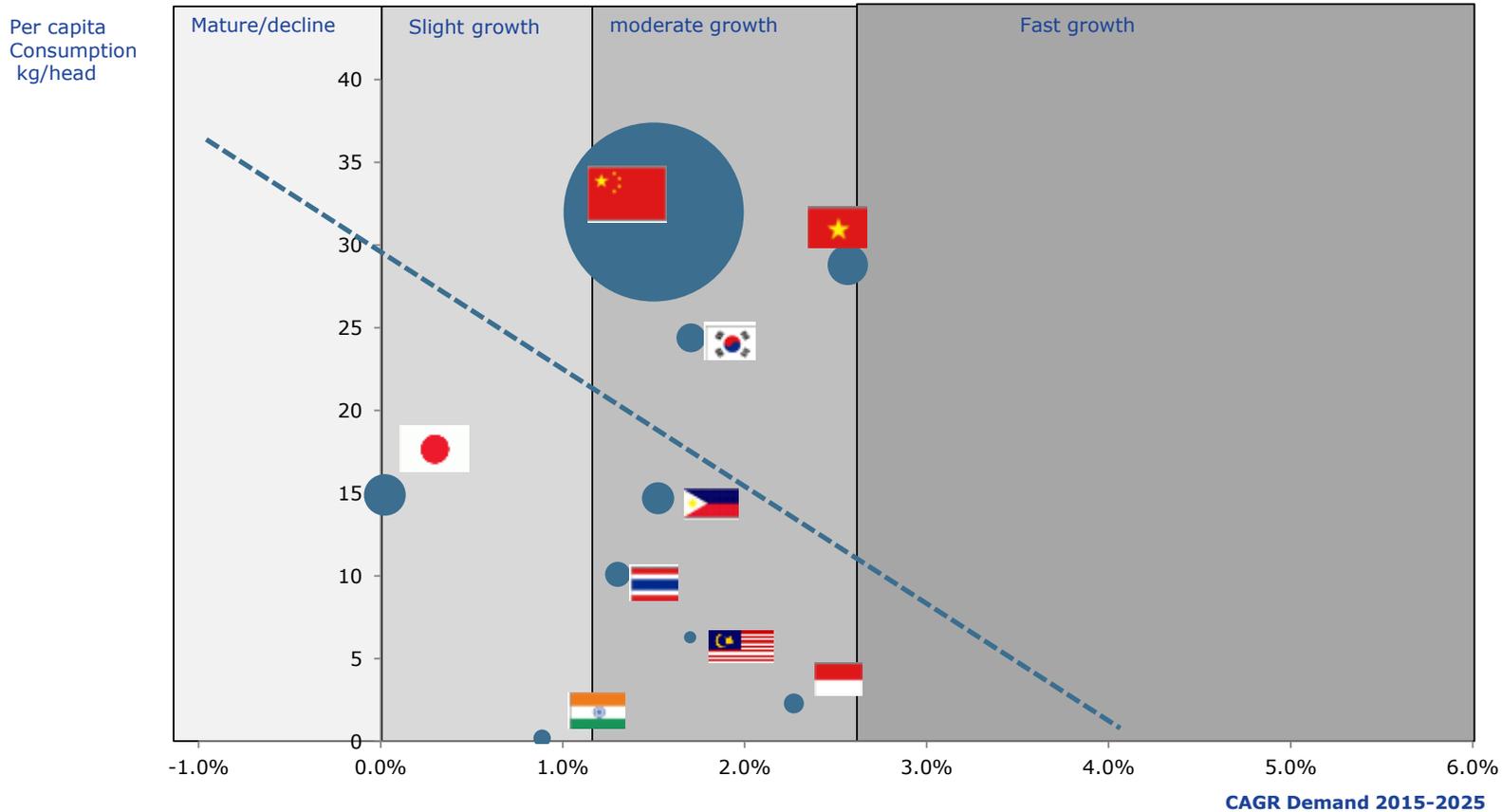
Source: Rabobank analysis, 2017

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Capture the growth: pork market outlook for Asia, moderate growth in most markets, Japan is saturated



Asia pork market growth outlook 2015-2025

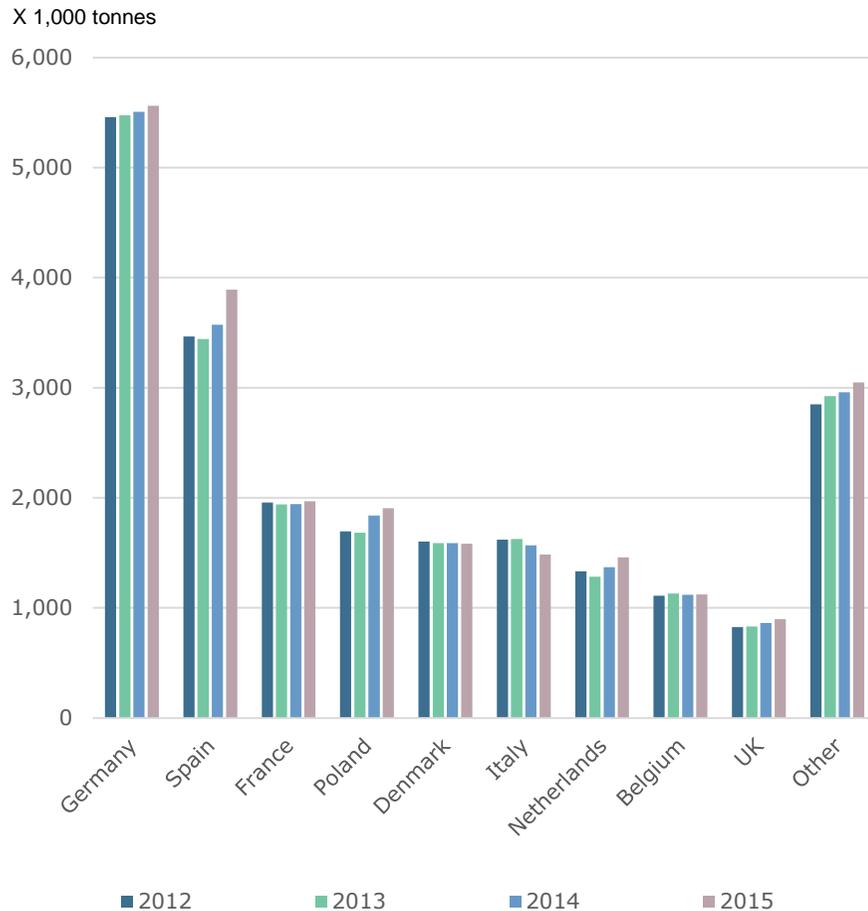


Source: Rabobank analysis based on USDA, FAO, local statistics, 2017

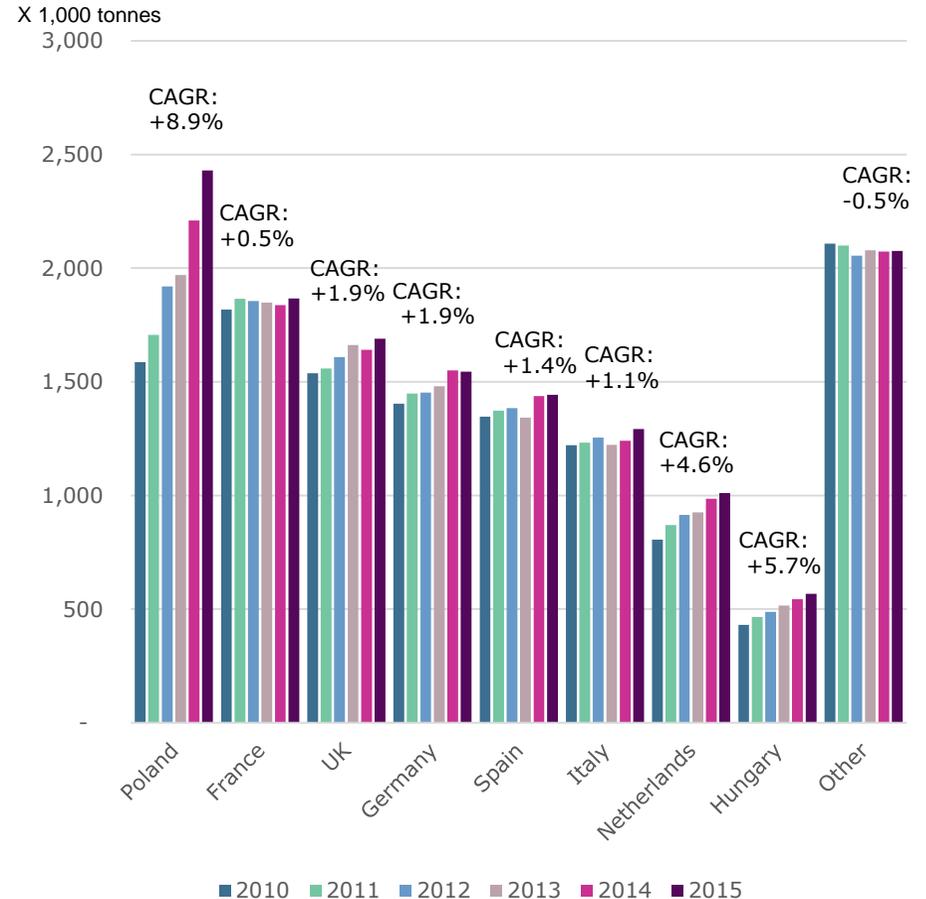
EU meat production: shift away from traditional regions to new areas Central Europe and Spain



EU pork production 2012-2015



EU poultry production 2010-2015

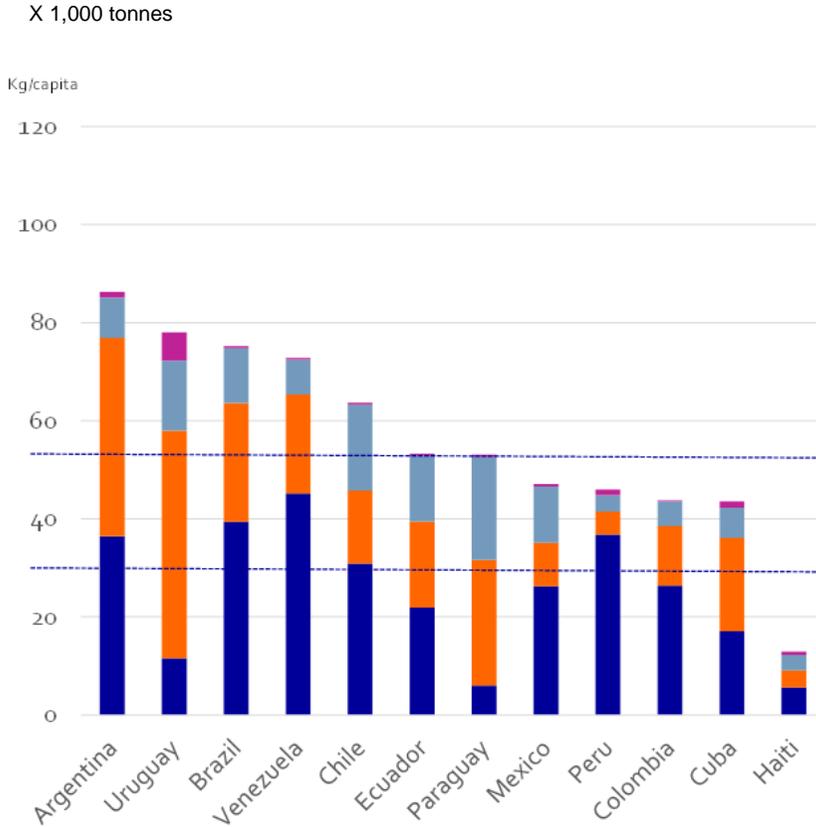


Source: Rabobank analysis based on Eusstat and local sources, 2017

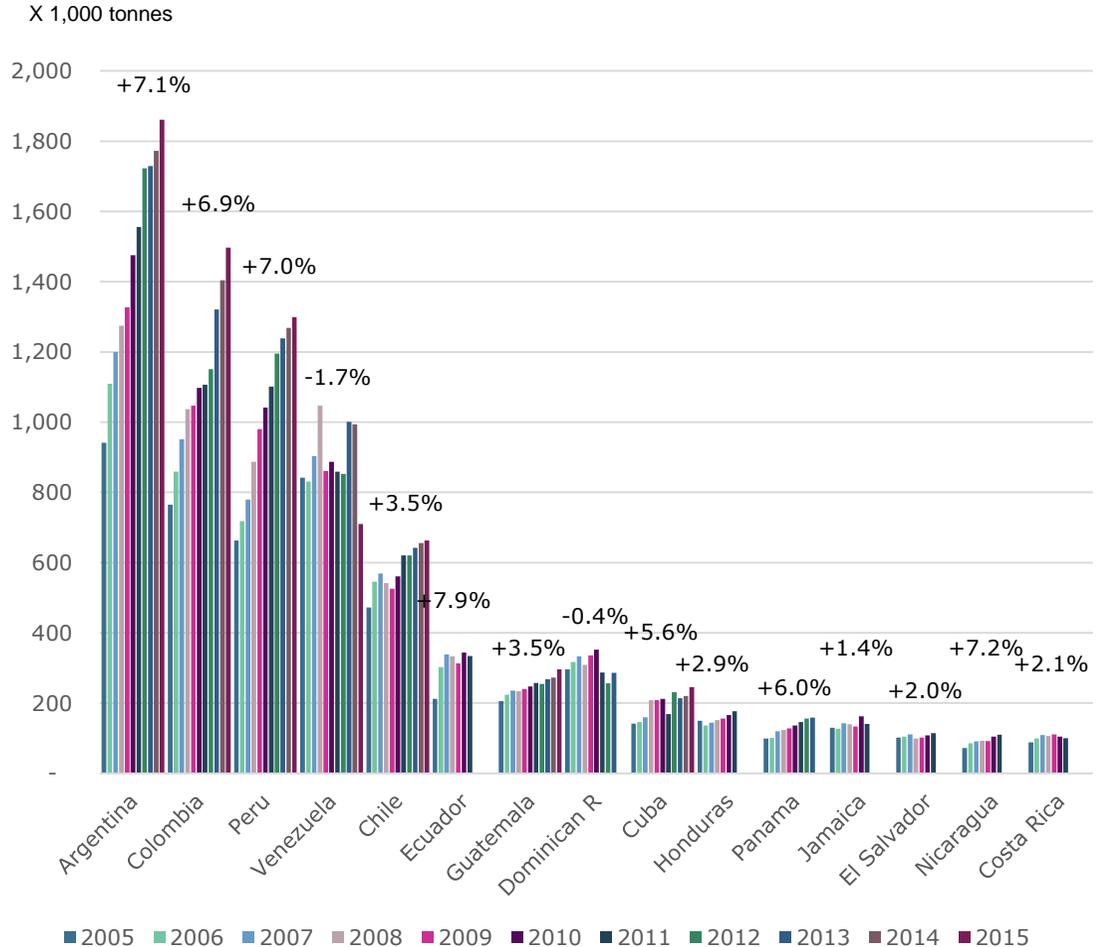
LATAM poultry industry: ongoing growth potential in terms of volume and value



LATAM per capita meat consumption



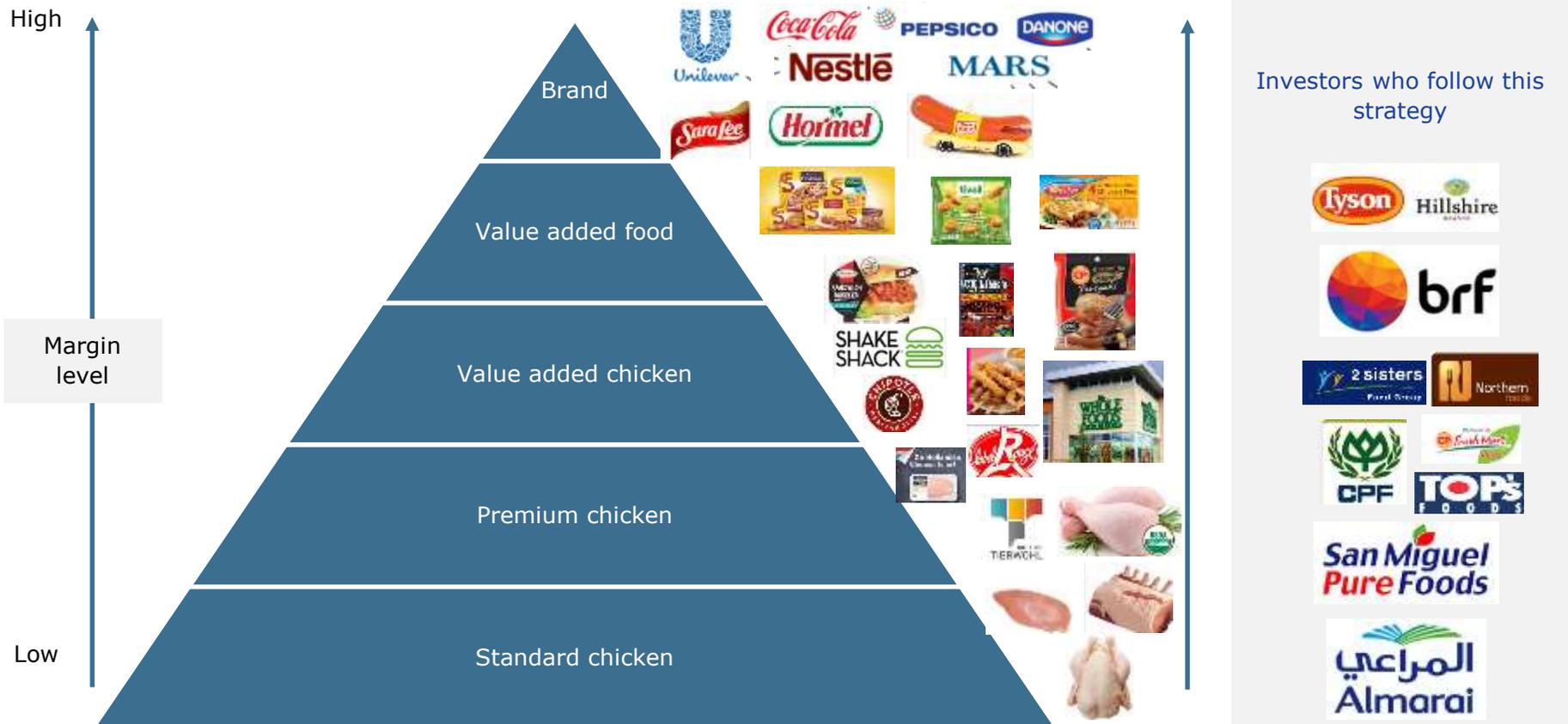
Latin America Poultry production by country excluding Brazil



Source: Rabobank Analysis, MEG, USDA, 2017

From volume to value: The journey to higher margins

The meat value added pyramid



Source: Rabobank analysis, 2017

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Speciality focus: consumer concerns to offer opportunities



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Market differentiation opportunities

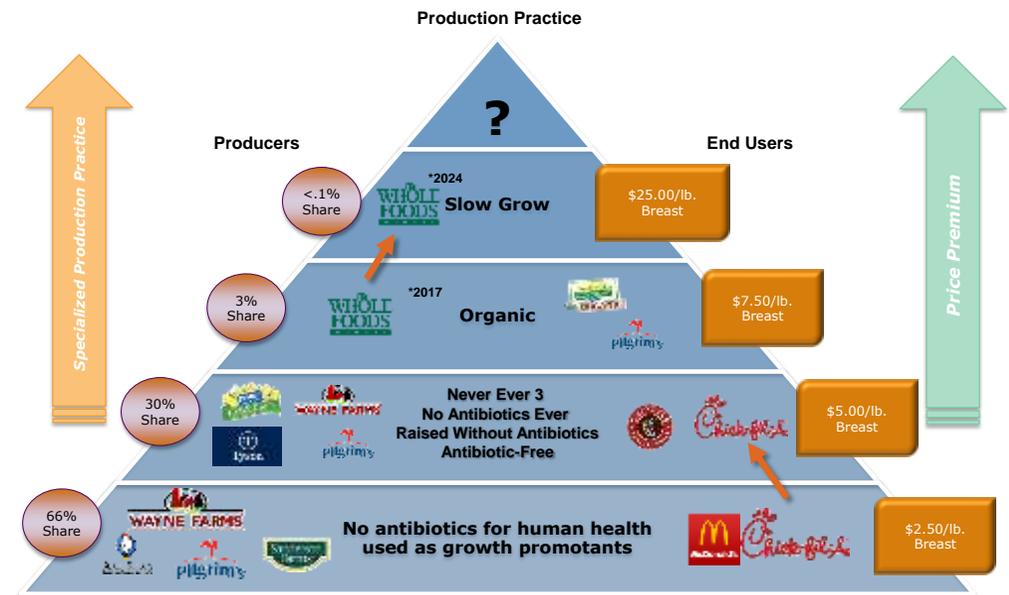


Concepts are expanding also in other markets like pork in the Netherlands and poultry in the US

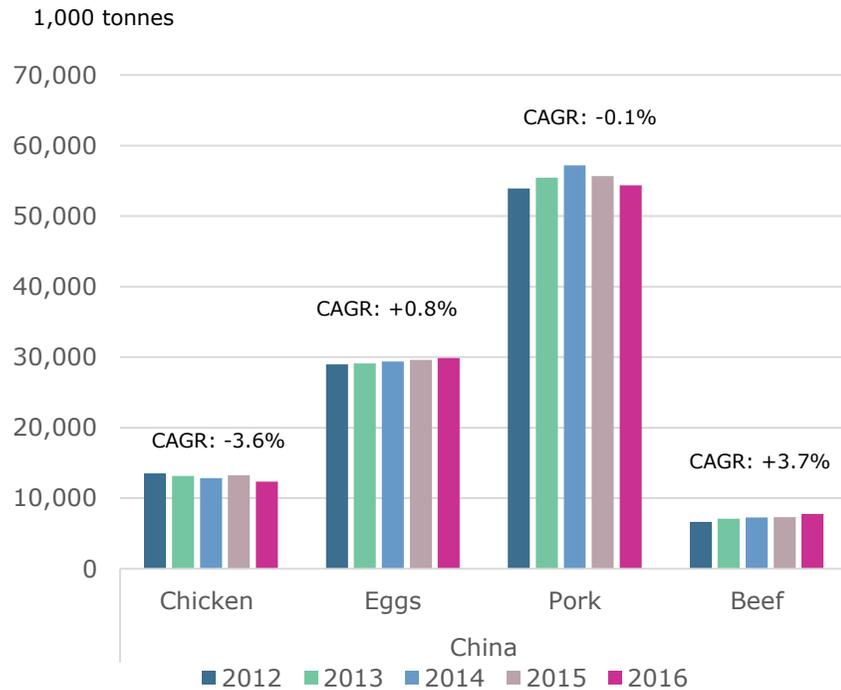
Dutch pork industry 'beter leven' concept market share

US poultry concepts: antibiotics free as base of change

	Fresh pork	Meat products	Frozen	Average
AH	86%	42%	0%	66%
Lidl	77%	42%	0%	61%
Jumbo	78%	22%	0%	55%
Dirk	65%	32%	0%	50%
Deka	62%	35%	0%	48%
COOP	65%	25%	1%	17%
Spar	67%	20%	0%	17%
Vomar	61%	18%	0%	43%
Aldi	63%	14%	6%	43%
Deen	51%	14%	0%	36%
Emte	41%	22%	5%	33%
Jan Linders	50%	1%	0%	32%
Plus	41%	11%	0%	29%
Hoogvliet	10%	20%	3%	13%
Total	58%	23%	1%	43%

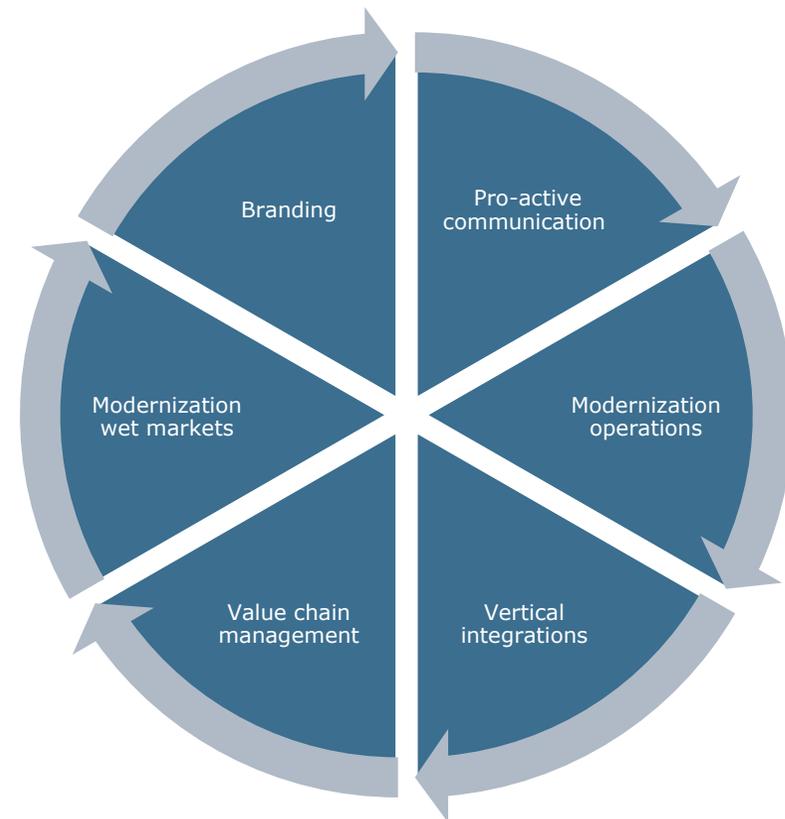


China meat market market 2012-2017



- Feed scandal
- Antibiotics Scandal
- Local and global Avian flu outbreaks
- China environmental policy

Investments are necessary



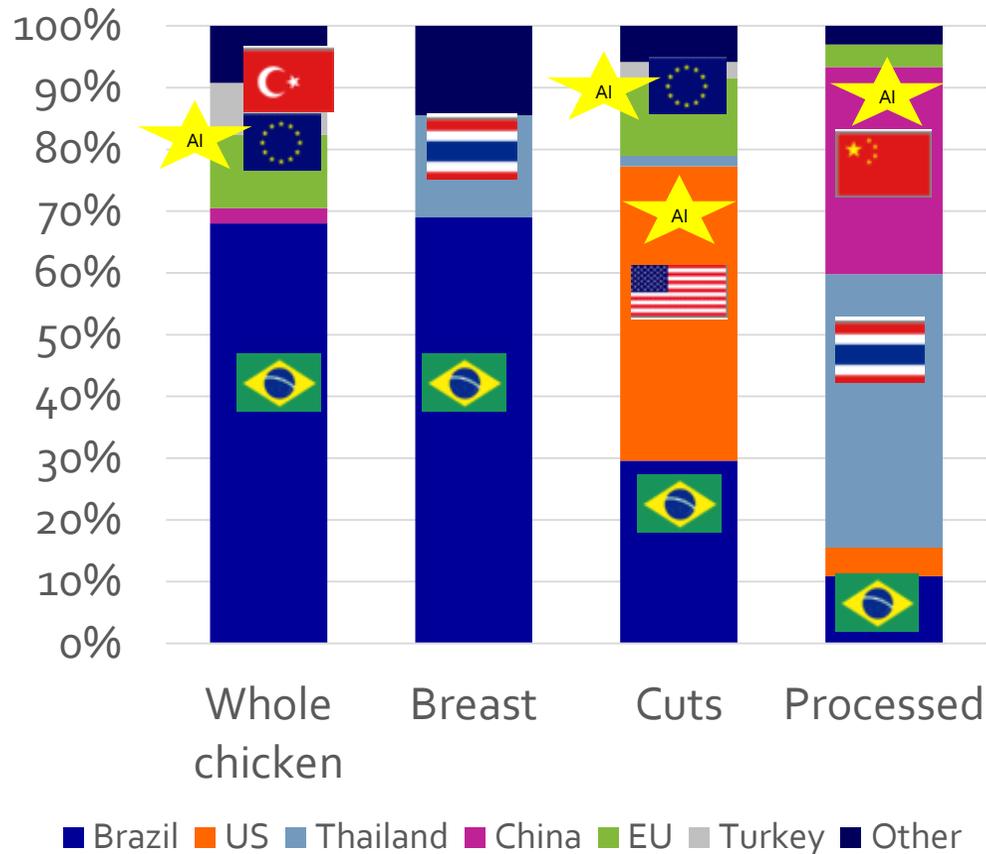
Source: Rabobank analysis based on USDA, Local Statistics, 2017

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Develop an alternative export platform for value added meat products



Global export market shares by country



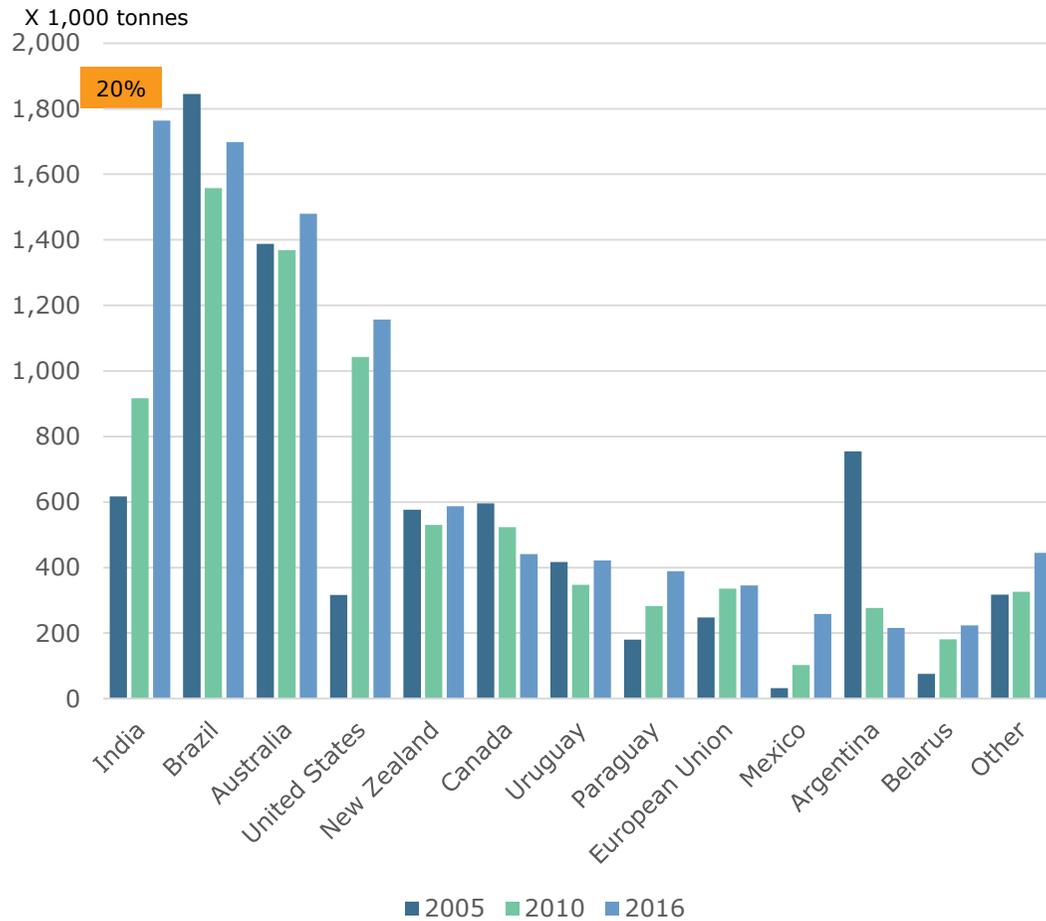
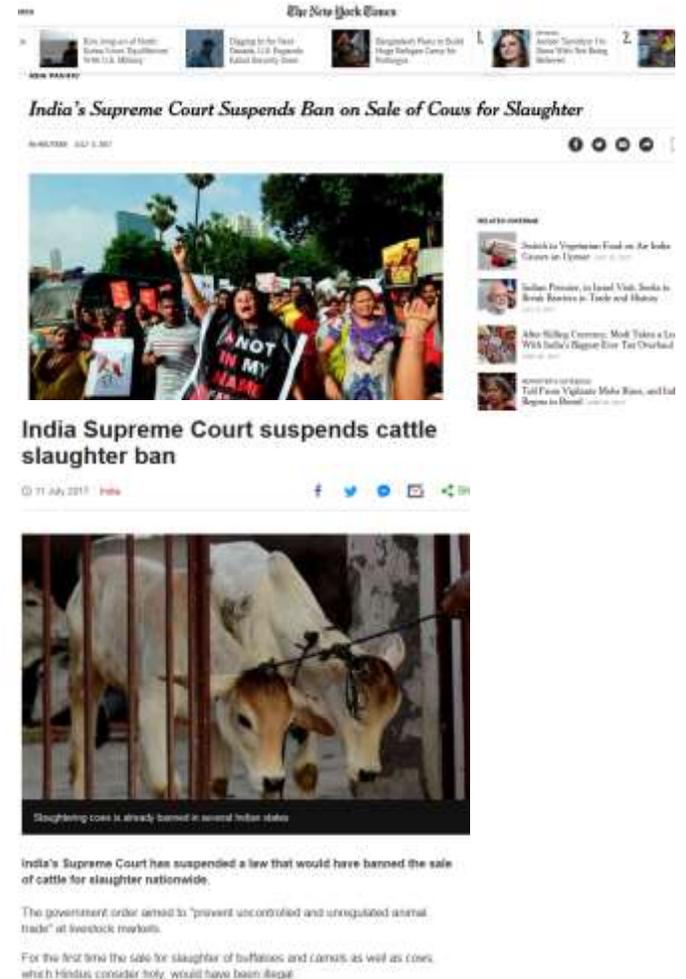
Opportunities for newcomers

Product	High potentials
Whole	
Breast	
Cuts	
Processed	

Source: Rabobank analysis based on FAO, USDA, local statistics, 2017

Need for differentiation even bigger in global beef industry

Global beef exports 2005-2016

India's Supreme Court Suspends Ban on Sale of Cows for Slaughter

INDIA — July 2, 2017

India's Supreme Court has suspended a law that would have banned the sale of cattle for slaughter nationwide. The government order aimed to "prevent uncontrolled and unregulated animal trade" at livestock markets. For the first time the sale for slaughter of buffaloes and camels as well as cows, which Hindus consider holy, would have been illegal.

Slaughtering cows is already banned in several Indian states.

6 Join the globalization trend the global meat sector

Globalization in the meat industry



Source: Rabobank analysis, 2017

Conclusions

Global meat industry will remain one of the fastest growing agri sectors with 45% more demand in 2035 and a bigger preference for chicken

Position of emerging market will fast grow with Asia in the lead. This will affect global investment significantly with two way investments from Asia in potential supply countries and from emerged markets in Asia to capture growth

Industry will need to develop a market driven, product differentiation strategy to move out of the current commodity/bulk focus strategies to capture higher margins

Trade will become significantly more important but still 80-85% of global meat supply will come from local markets in 2035



Global feed to meat outlook

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