

Global Poultry Outlook

Consequences of political tensions for the poultry sector



XVI European Poultry Conference

Nan-Dirk Mulder, June 27th, 2024



Growing
a better world
together.

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Content

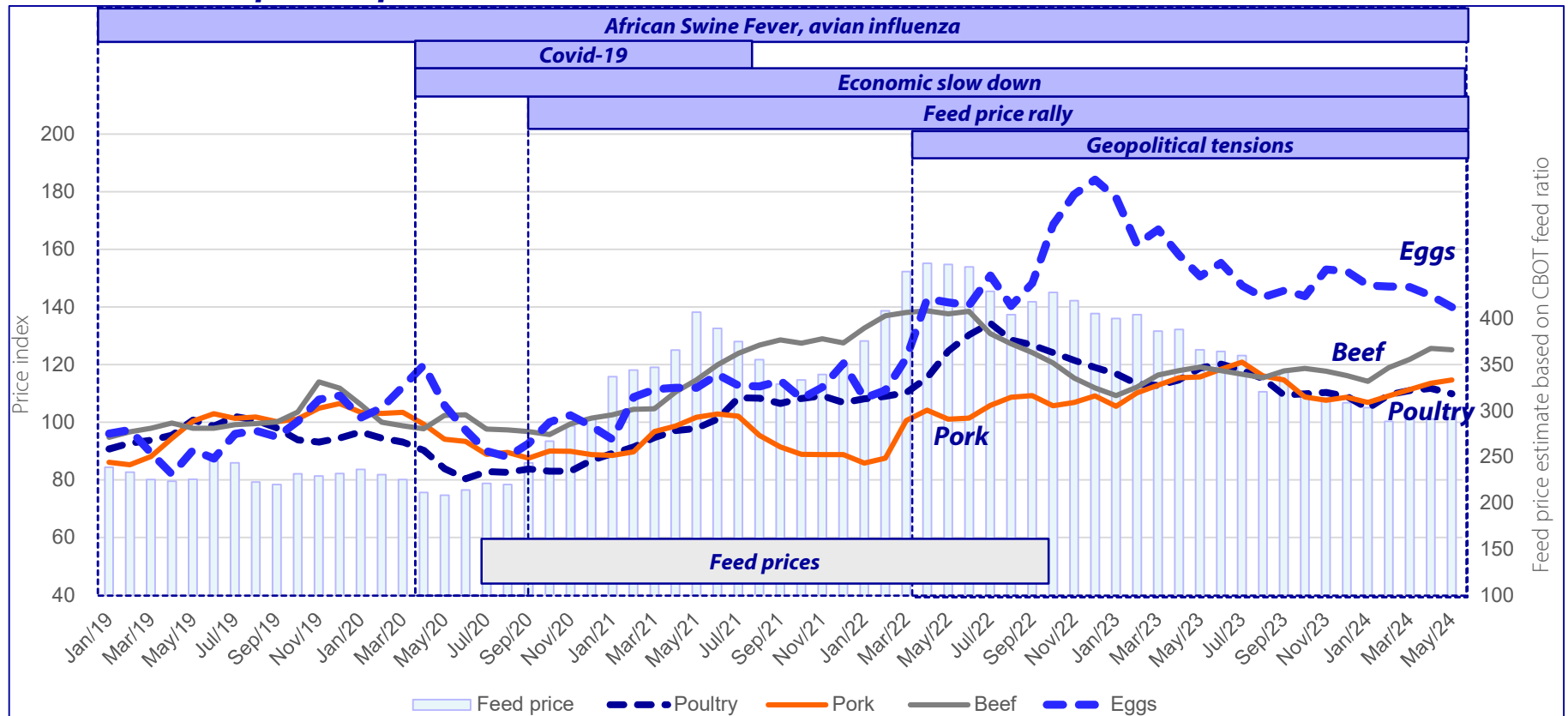
1. *Global Poultry Market 2024/25*
2. *Global Market Outlook 2035*
3. *The Supply Chain Perspective in a Changing World*



Global protein market: ongoing volatile conditions

Lower feed costs is flowing through AP value chains, but with regional differences

Global animal protein price monitor: 2019-2024

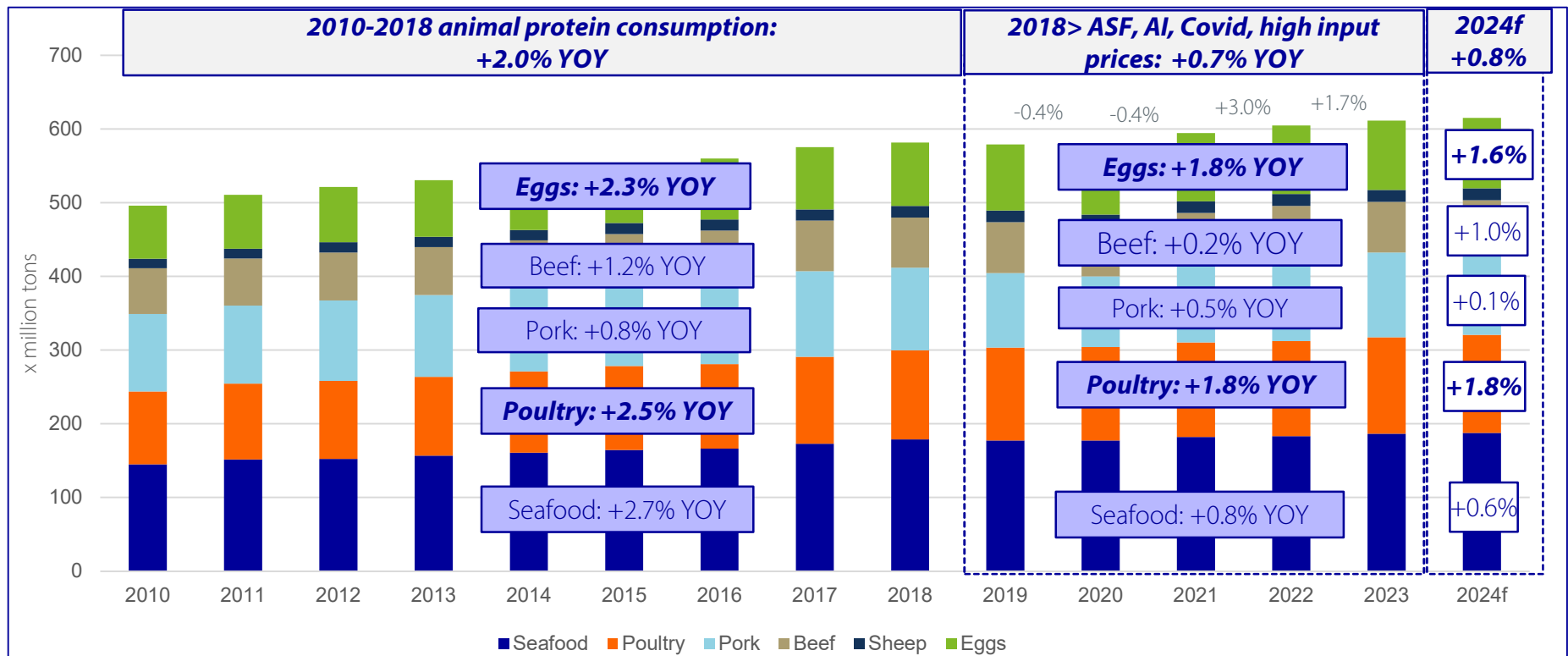


Source: Rabobank analysis based on FAO, CBOT and local statistics, 2024.

Global animal protein market: challenging years 2018-2023

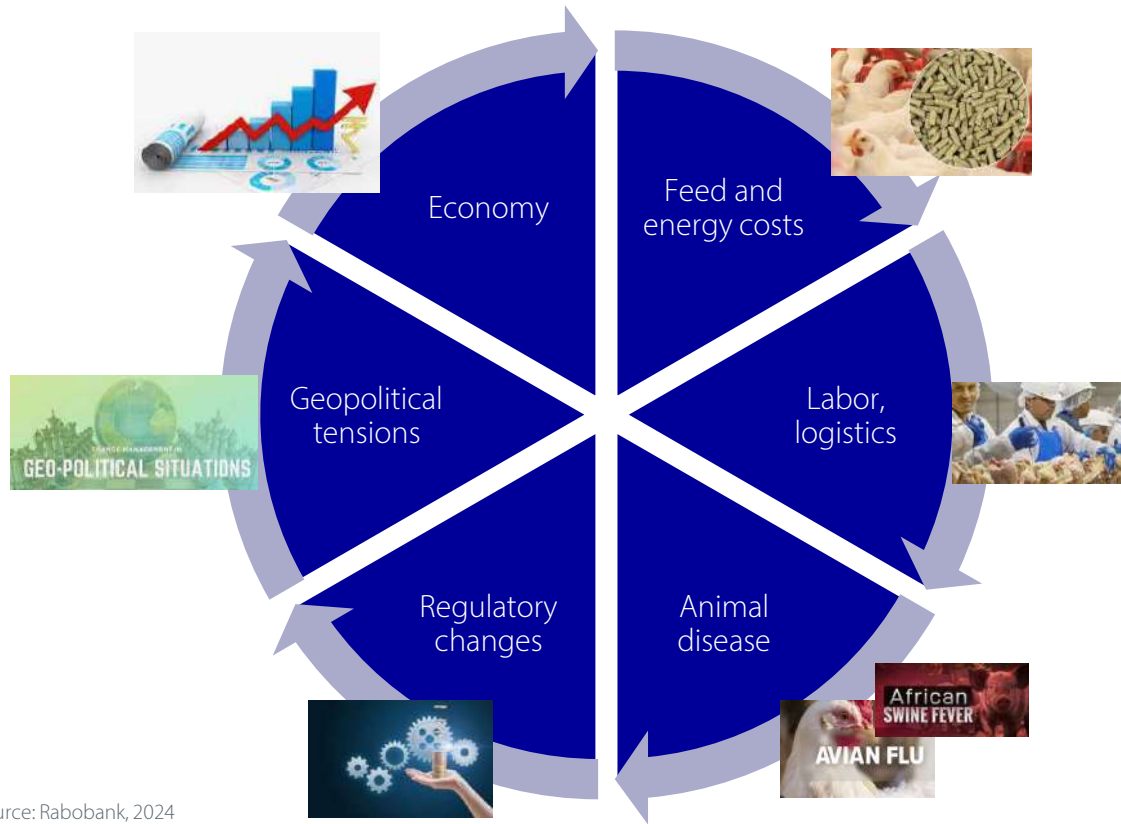
Poultry and eggs are the winning proteins –beef and pork markets grow very slow

Global animal protein consumption 2010-2024f



Source: Rabobank based on USDA, FAO, and local statistics, 2024

Key themes to watch in 2024/25



Geopolitical tensions have a big impact on (almost) all themes

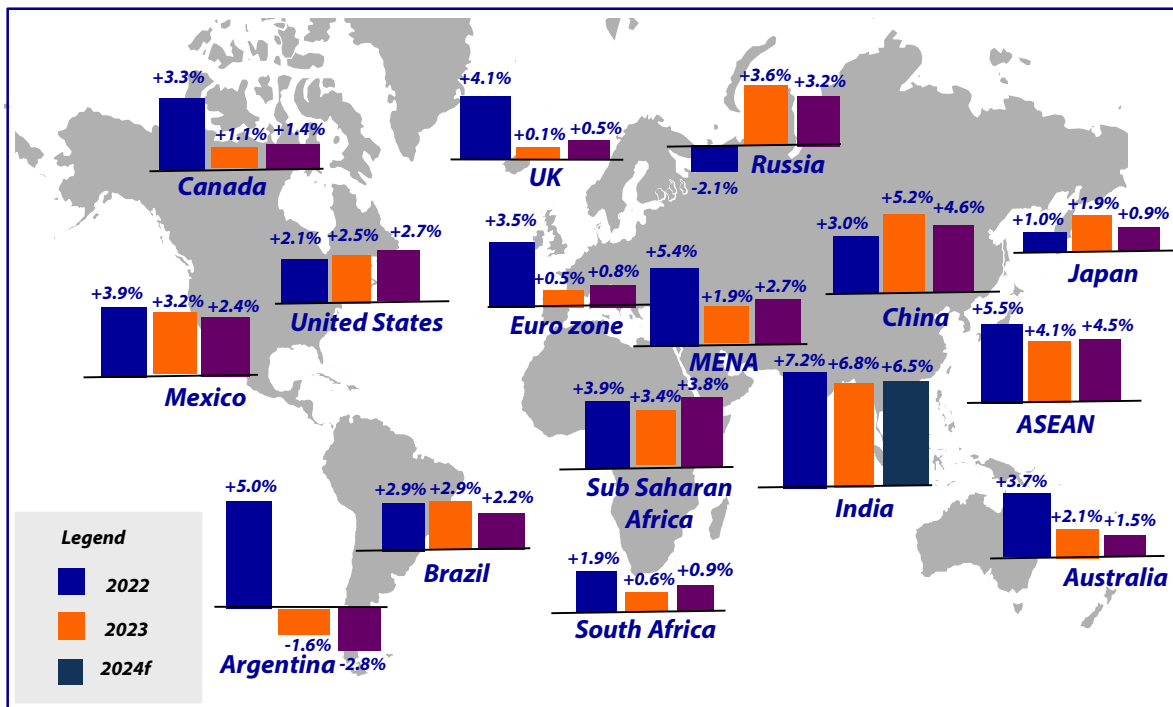


Source: Rabobank, 2024

GDP outlook 2024: slow growth, but big global difference

A slight upturn in global spending power should support some recovery in value-added

IMF Global Economic GDP Growth Outlook 2022-2024f



Changing consumer behaviour

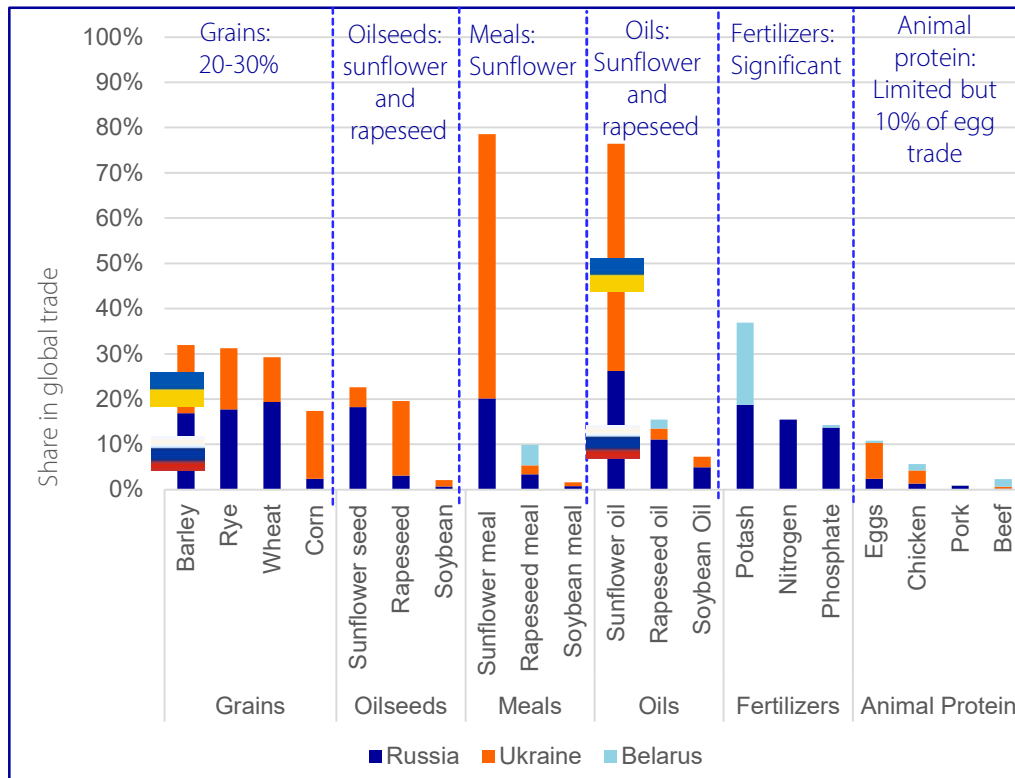
	Sales channel	Product species	Concepts
<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 20px; background-color: #4a7ebb; margin-right: 5px;"></div> 2023 </div> <div style="display: flex; align-items: center; margin-top: 10px;"> <div style="width: 20px; height: 20px; background-color: #4a7ebb; margin-right: 5px;"></div> 2024 </div>	Premium restaurants	Beef	Organic
	Premium retail	Pork	Free range
	Quick service restaurants	Poultry	Barn
	Supermarkets	Eggs	Slow growing
	Discount	Vegetable protein	Regular
	Traditional markets		

Source: Rabobank analysis based on IMF, World Bank Economic Outlook, April 2024

Ukraine war has been a major geopolitical wake-up call

High global dependence has disrupted global markets and will impact investment decisions

Share in global exports by Ukraine, Russia, and Belarus



Source: Rabobank analysis, USDA, FAO, June 2024

Impact on investments

Sanctions

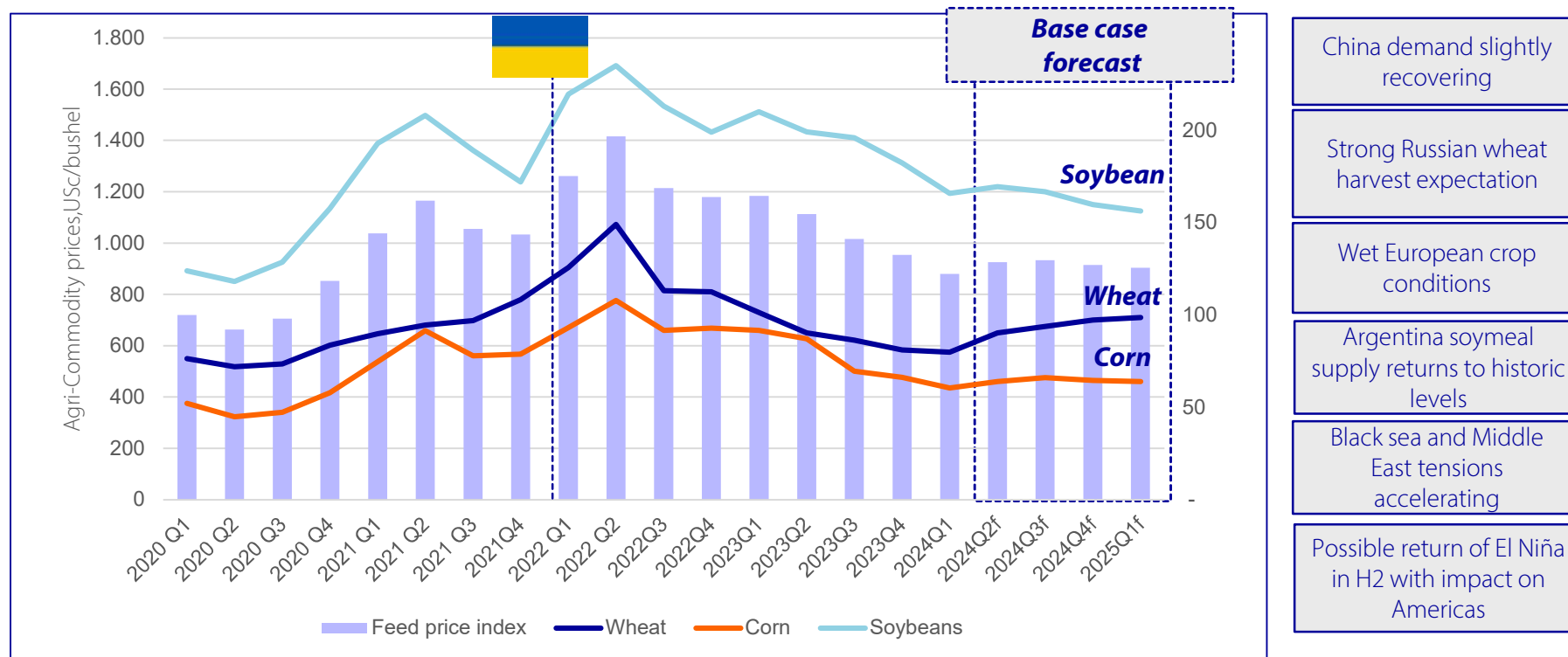
Business impact

- Energy availability and prices
- Western de-investments in Russia
- Russia's shift to Asia and BRICs
- Russian restrictions on Western trade
- Europe's full market access to Ukrainian products
- Ukraine's EU membership negotiations

Feed markets rebalanced after big Ukraine war impact

Strong Brazilian crop harvests together with slow Asian demand, helped to rebalance markets

CBOT grains and oilseed prices and feed feed index 2020-2024



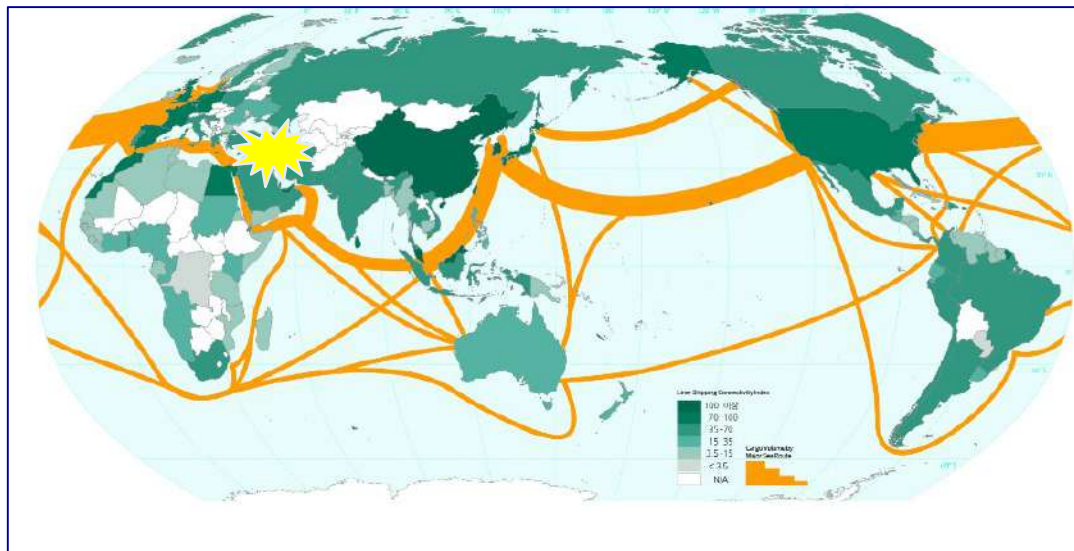
- China demand slightly recovering
- Strong Russian wheat harvest expectation
- Wet European crop conditions
- Argentina soymeal supply returns to historic levels
- Black sea and Middle East tensions accelerating
- Possible return of El Niña in H2 with impact on Americas

Source: Rabobank analysis, June 2024

Israel – Hamas war's global market impact: Red-sea Houthi attacks

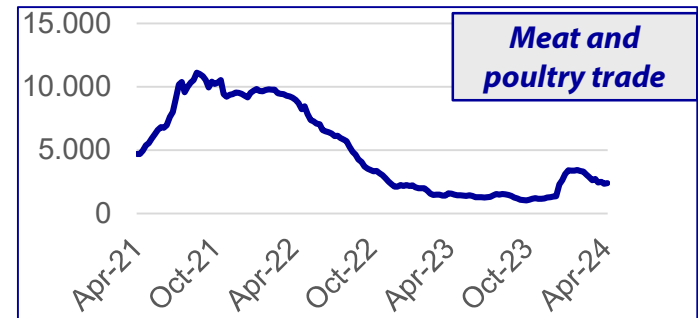
Biggest impact is re-routing shipments; dry cargo prices more impacted than containers

Network of major sea routes in the world



Source: Rabobank analysis, Bloomberg, FAO, June 2024

Global container index



Dry cargo index, Europe – China route



Global poultry market outlook 2024/25

Improving market conditions, most industries to perform above break-even

Global key poultry markets in 2024/25



Source: Rabobank analysis, 2024

Global outlook

Global demand
 2022: +0.6%
 2023: +1.1%
 2024: +1.8%
 Trading down impact

Geopolitical impact
 Big impact on trade, economy and investment flows

Labor and logistics highly impacted by Red-Sea attacks

Global trade
 Impact of red sea canal, big drop in China imports

Stable input costs in 2024
 Feed, labor, and energy

Avian influenza
 Major supply and trade impact

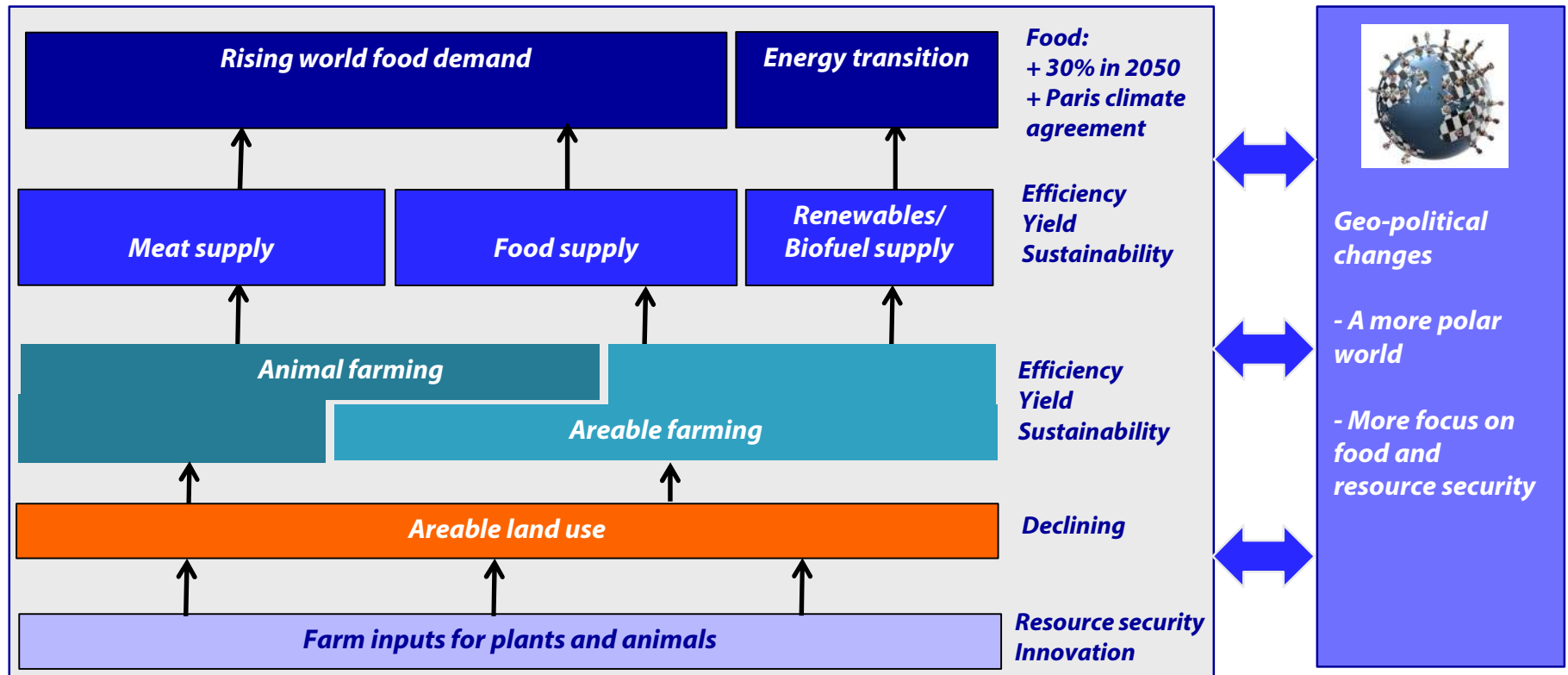
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***Global market
outlook 2035***



The global food supply challenge 2050

Supplying 30% more food in the context of limited resources

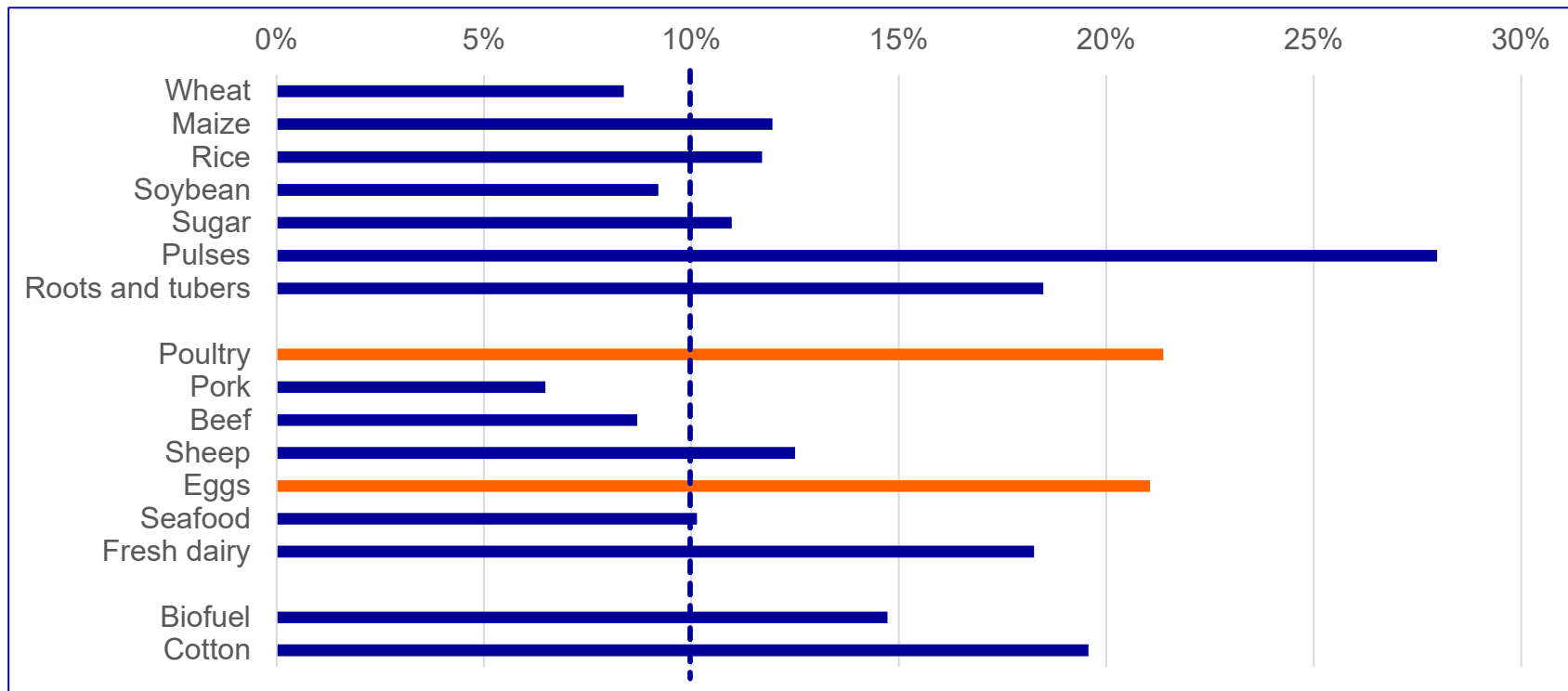


Source: Rabobank 2024

Around 10-15% more agrifood demand in next decade

Poultry and egg markets are among the fastest growing agri-food markets

Global agrifood market growth by sector 2023-2033f



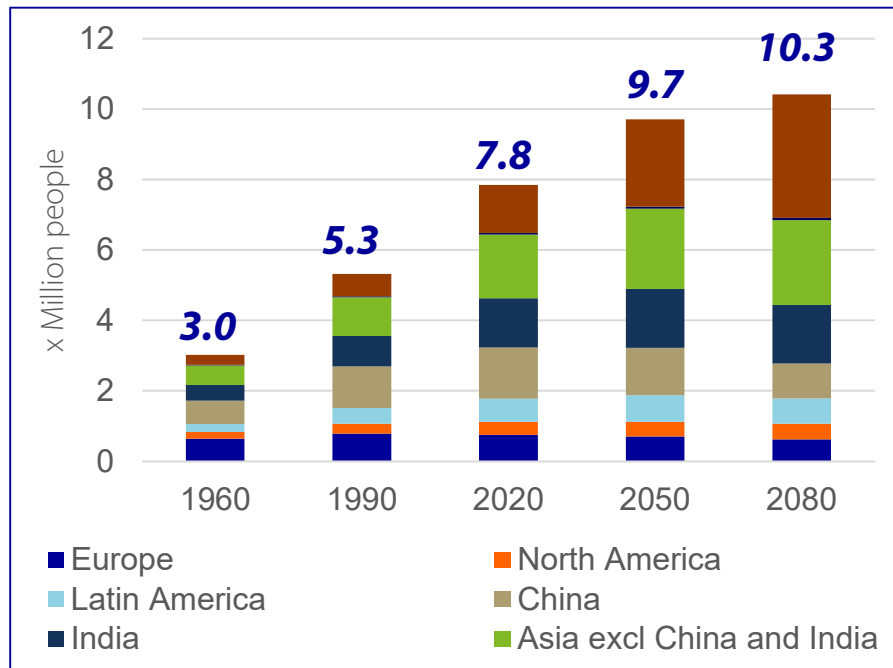
Source: Rabobank analysis, FAO, OECD, 2024

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Global population: +30% in 2080

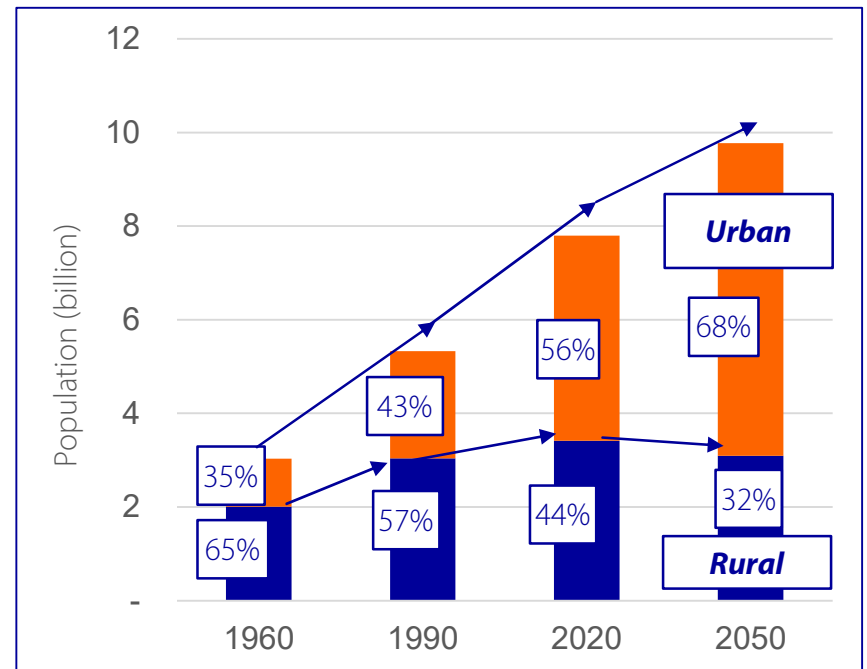
Declining population in Northeast Asia after 2050, most future growth will come from Africa

Global population: Asia and Africa drive growth



Source: Rabobank based on UN, 2024

Global urbanisation rate is growing fast

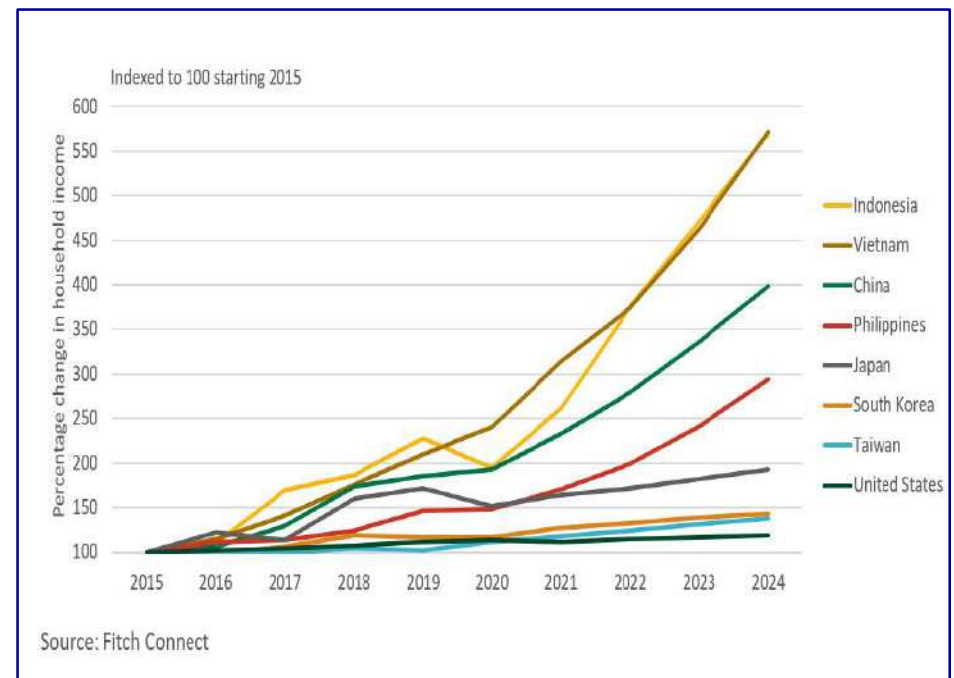
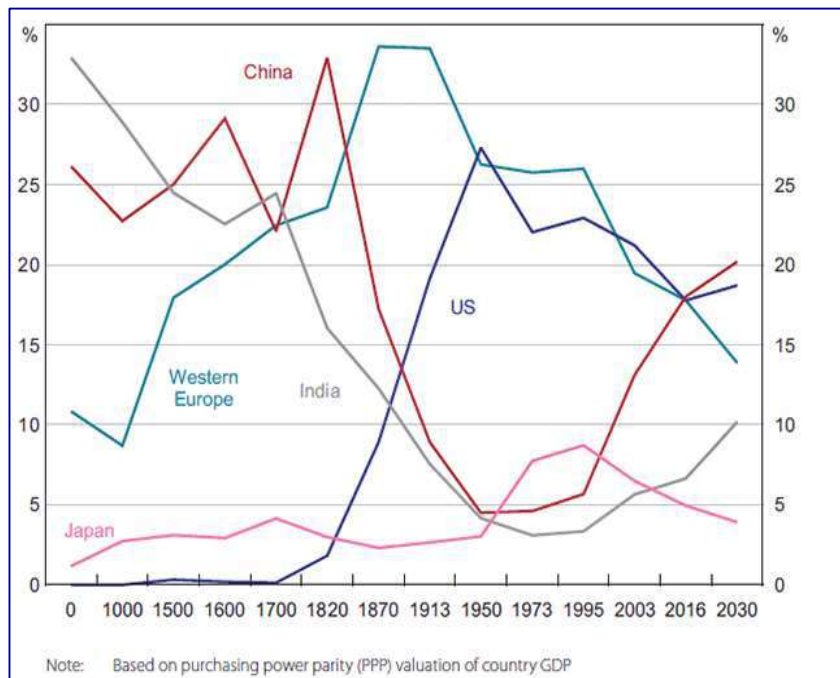


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Changing global economic positions: The rise of Asia

A changing global context: market opportunities but in a changing geopolitical context

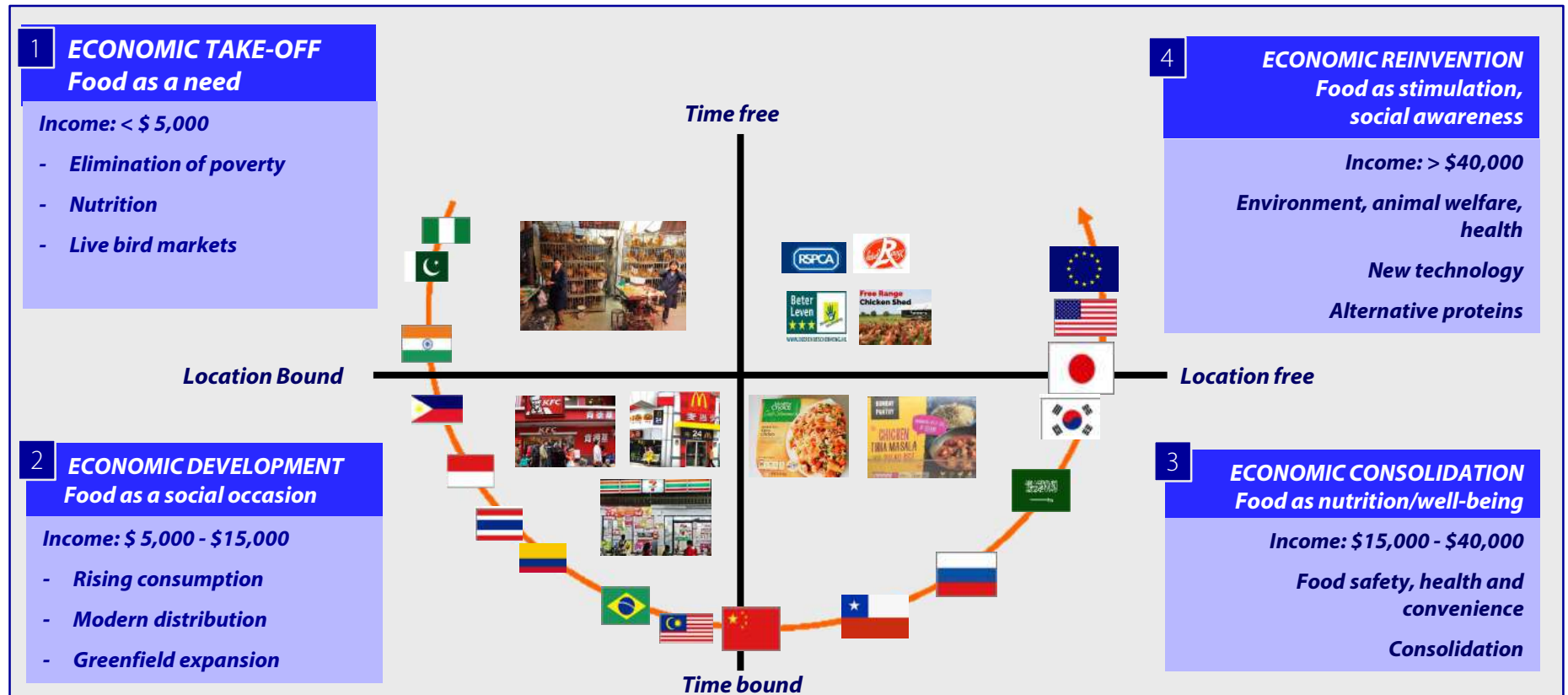
GDP growth PPP 1982-2028f: fast growth especially in Asia



Source: Reserve Bank of Australia, 2024

Higher incomes, changing markets

Each stage of development requires a different market and industry investment focus

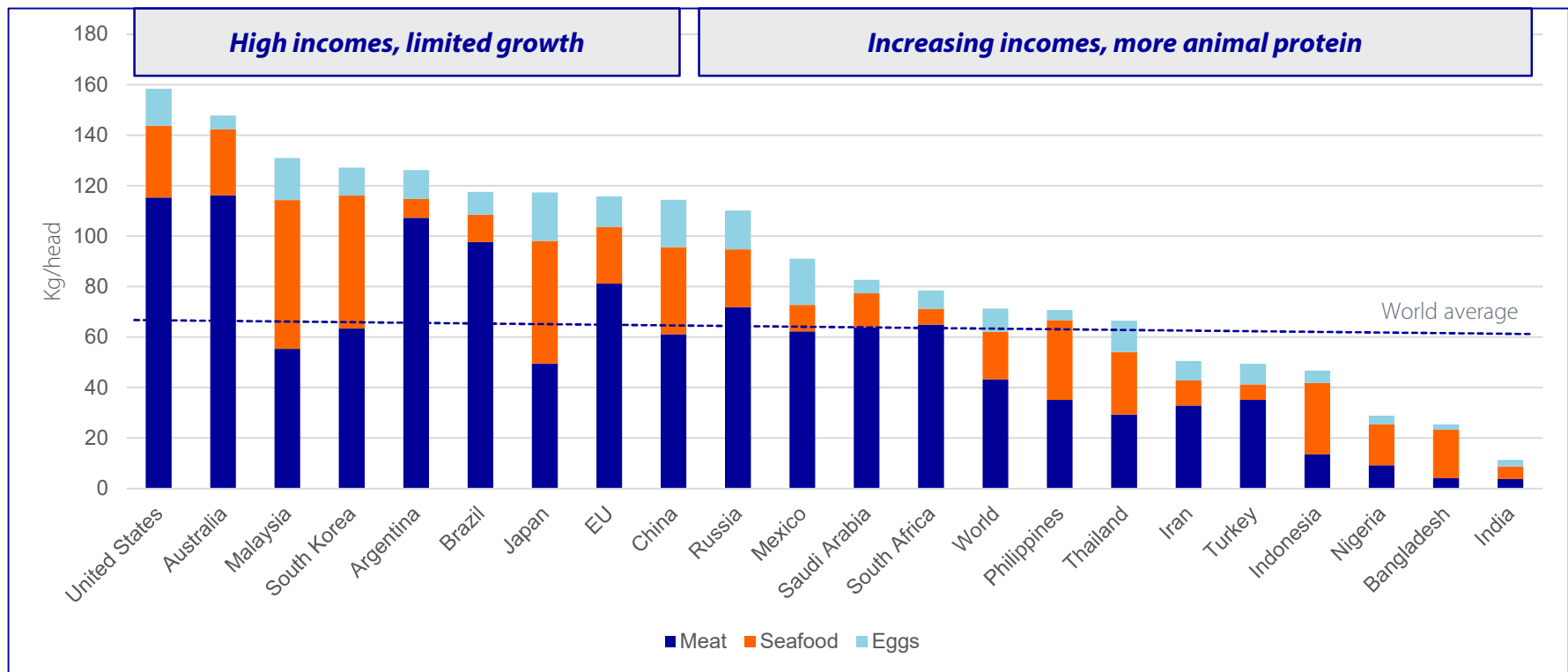


Source: Rabobank analysis, 2024

Big differences in per capita animal protein consumption

Most of the growth is driven by diet change in emerging markets- high-income country growth is slow

Global animal protein consumption per capita

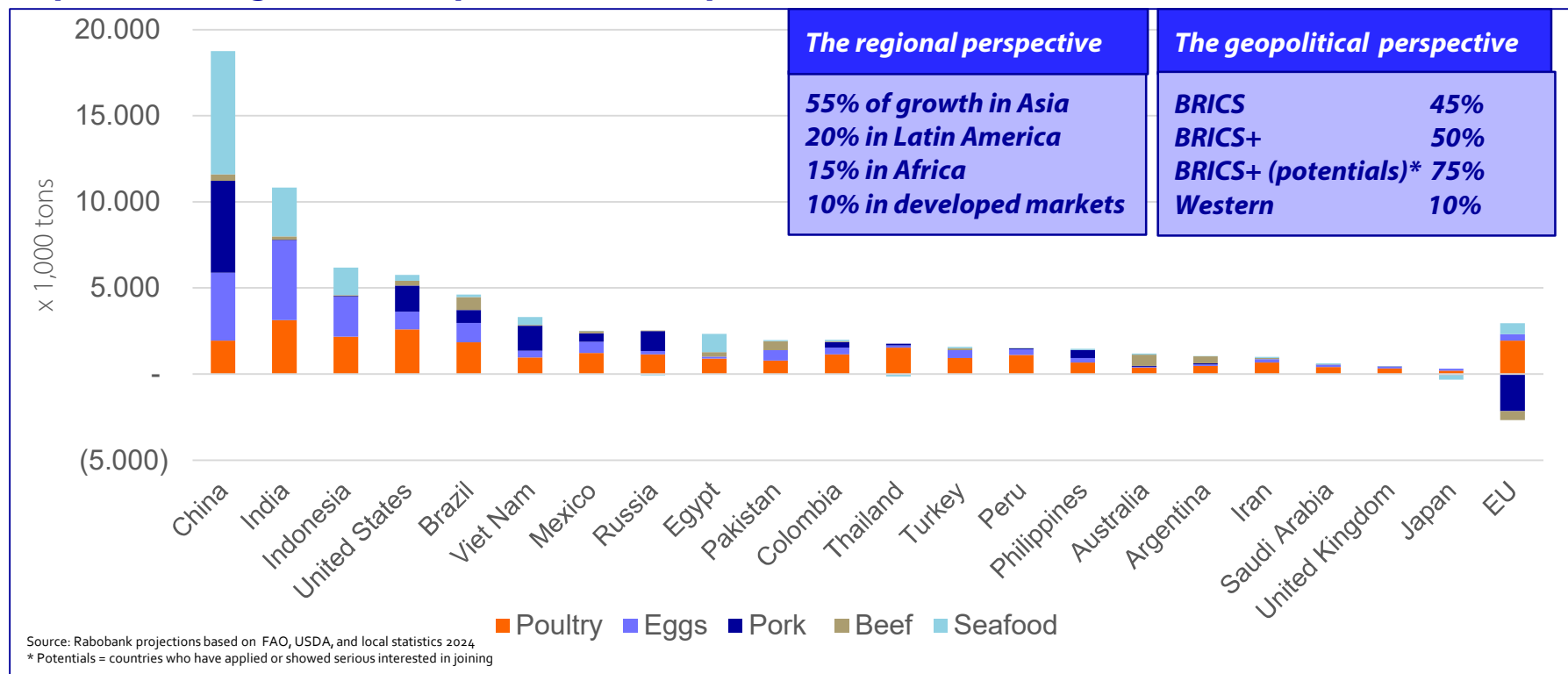


Source: Rabobank projections based on FAO, USDA, and local statistics 2024

Emerging markets drive 95% of global consumption growth

Asia and Latin America are fastest fastest-growing regions, and Africa's growth will further take off

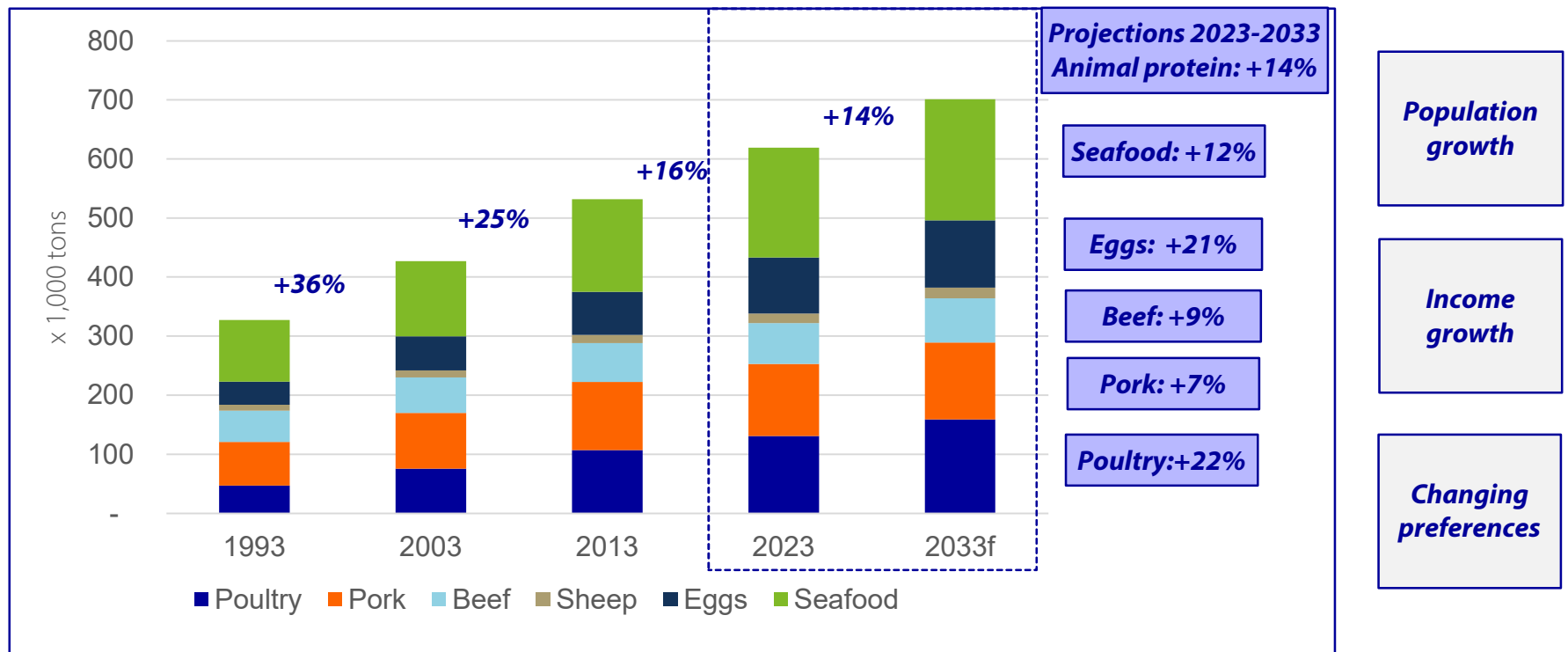
Expected change in animal protein consumption 2023-2033f



Global animal protein demand: +14% in next decade

Poultry and eggs are the winning proteins, 90% of growth in emerging markets

Global animal protein consumption 1992 – 2032f



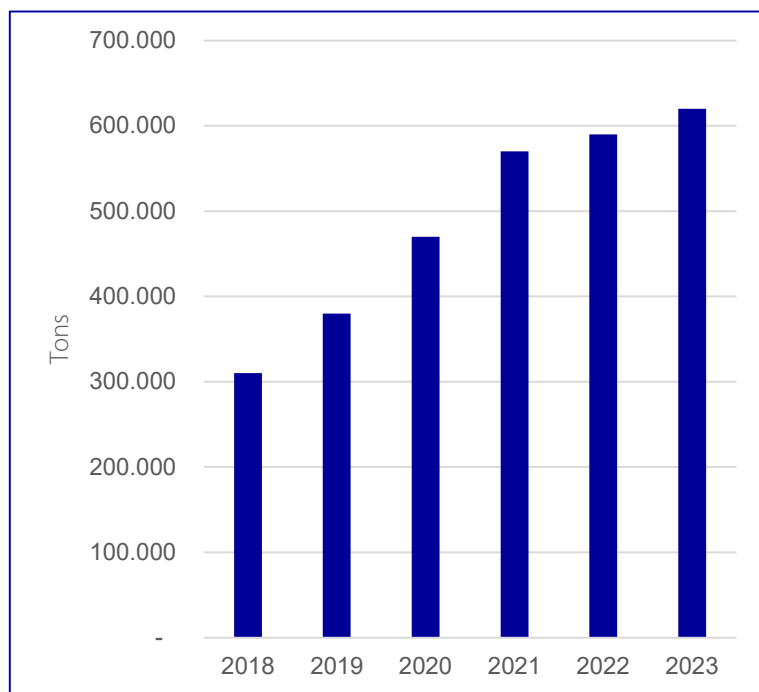
Source: Rabobank projections based on FAO, USDA, and local statistics 2024.

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Meat replacers market growth via bumpy road

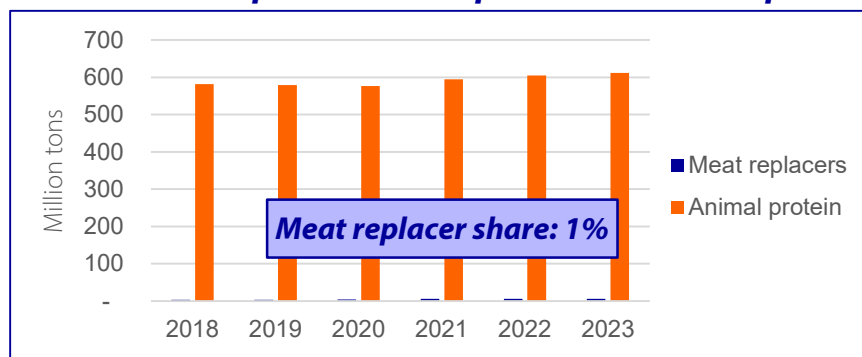
Industry need to refocus on better quality and consolidation, growth to return in coming years

Global meat replacers market: slower growth

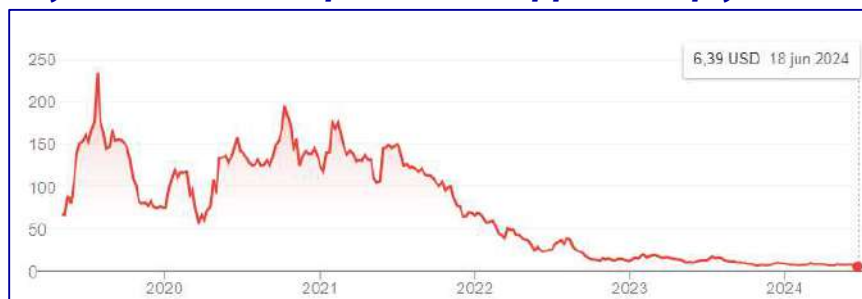


Source: Rabobank based on Statista, Euromonitor, Bloomberg. 2024

Global consumption: animal protein vs meat replacers



Beyond meat share price has dropped sharply



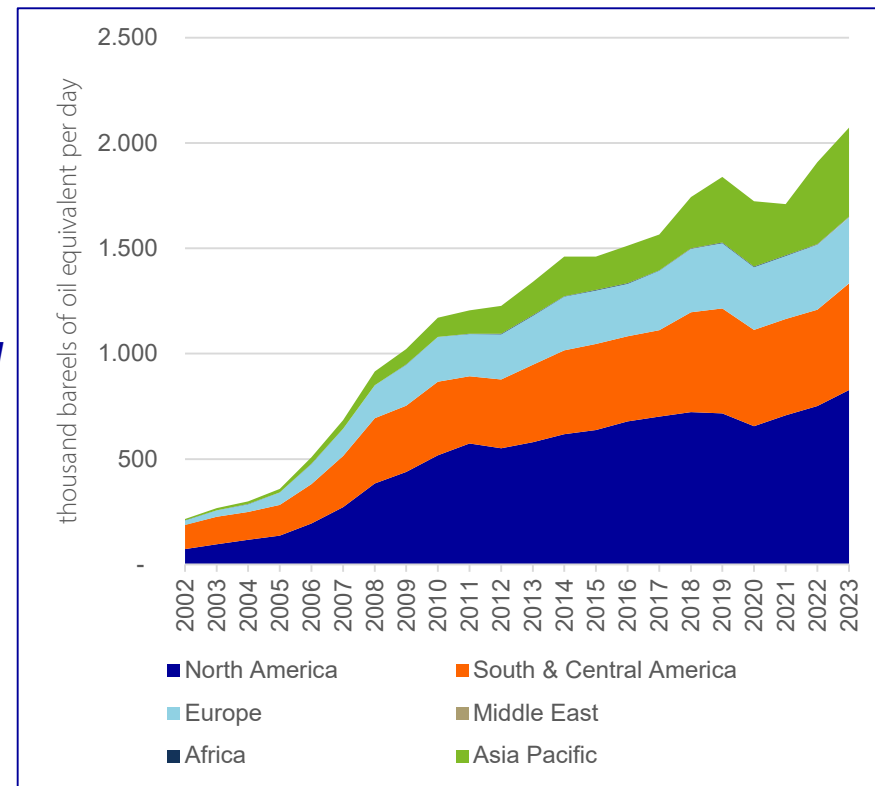
Energy transition objectives push biofuel production up

COP-28 pledges to triple renewables production in 2030 to meet Paris agreement

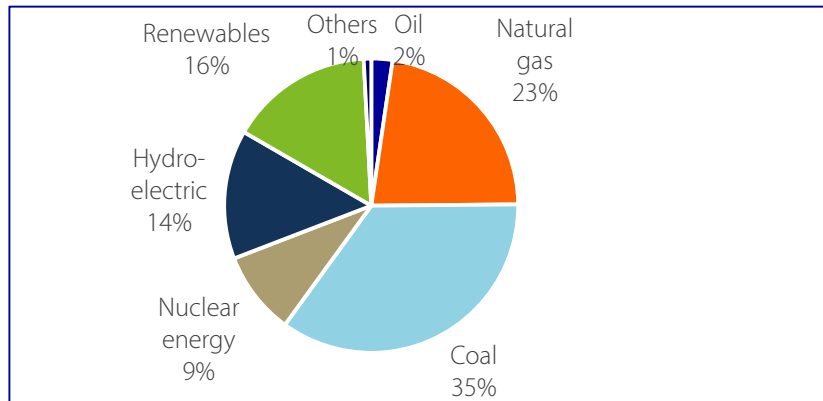
COP-28: Pledge to triple renewables in 2030



Global biofuel demand: New mandates



Global electricity production: generation by fuel



More focus on CO2 reduction in the value chain

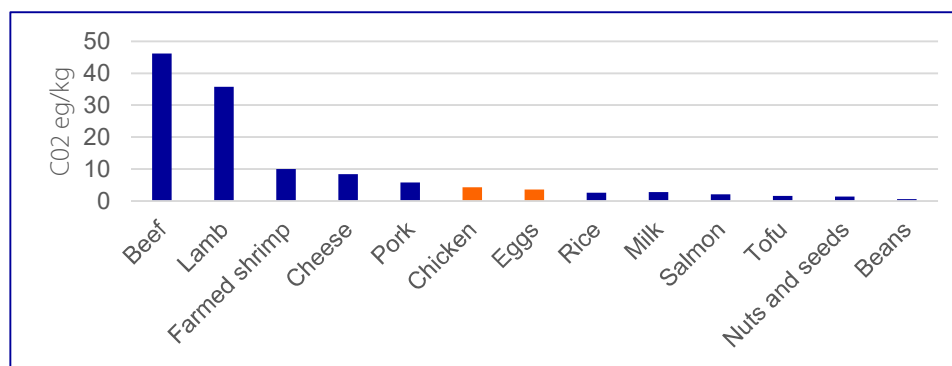
Example: Food service sector race to net zero – Substitution to more chicken and eggs?

Food service CO2 reduction ambitions

Foodservice chain	Targeted Scope 3 reduction	Base year	Target year	Net zero?	Included Scope 3 categories
McDonald's	31%	2015	2030	Yes	Per metric ton of food and packaging
Starbucks	50%	2019	2030	No	
Yum! Brands	46%	2019	2030	Yes	Per restaurant and per metric ton of beef, poultry, dairy, and packaging
Chipotle	50%	2019	2030	No	
Nando's UK	42%	2019	2030	No	Scope 3 emissions per meal
Restaurant Brands International	50%	2019	2030	Yes	Per metric ton of food and per franchise restaurant
BKUK Group Ltd	41%	2019	2030	Yes	Purchased goods and services, capital goods, upstream transportation and distribution, waste generated in operations and franchises
Sodexo	34%	2017	2025	No	
Compass Group UK & Ireland	69%	2019	2030	No	Purchased goods and services
Compass Group PLC	28%	2019	2030	No	Purchased goods and services

Source: SBTi

GHG intensity by product category



Six Foodservice Scope 3 Strategies



Source: Rabobank analysis, 2024

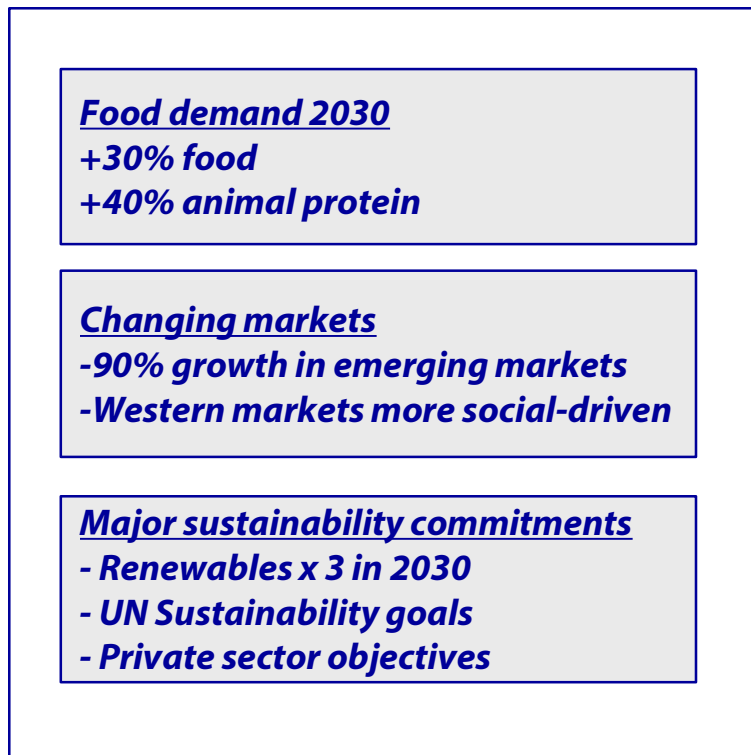
***The supply chain
perspective in a
changing world***



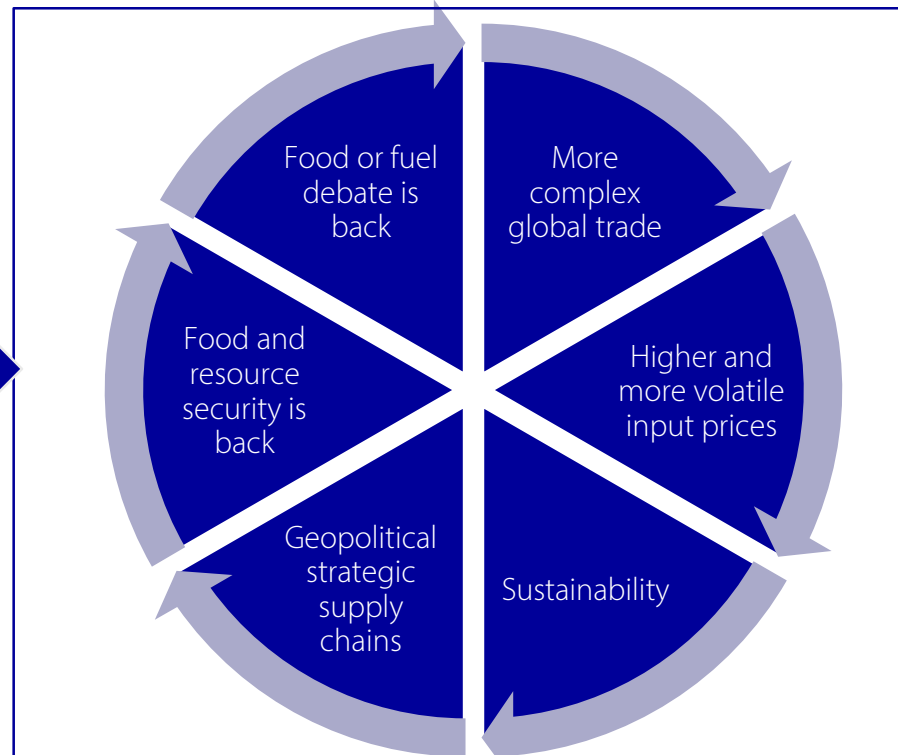
Geopolitical tensions will shake-up trade and investments

Growth, emerging markets, sustainability – geopolitical tensions to influence investment directions

A fast-changing global industry context



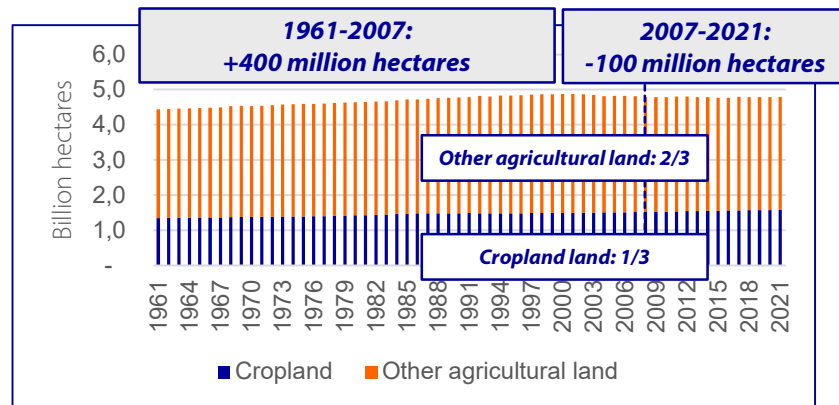
A changing global investment perspective



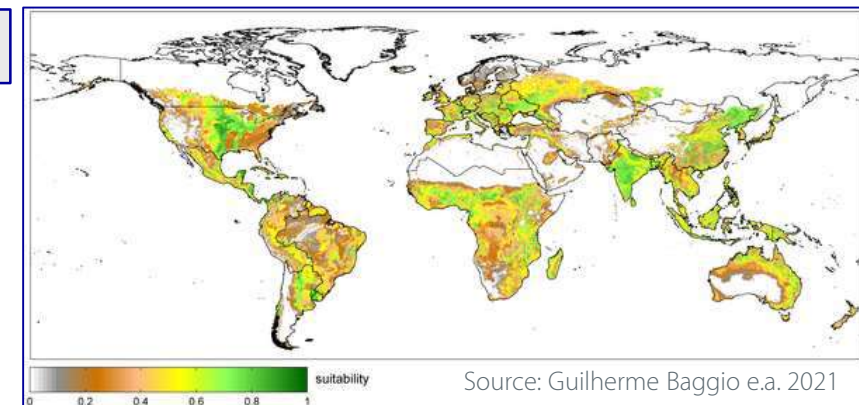
Can we produce? Limited global resources

55% of global animal protein growth is in Asia, where resources are limited

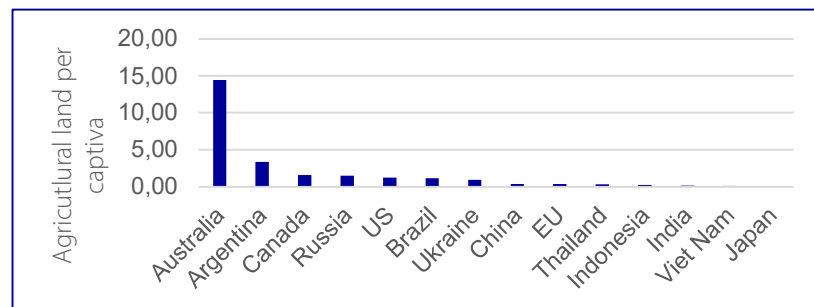
Global agricultural land base: declining



Global Agricultural Land Resources



Agricultural land availability per capita: Low in Asia



Projected freshwater availability by region in 2050

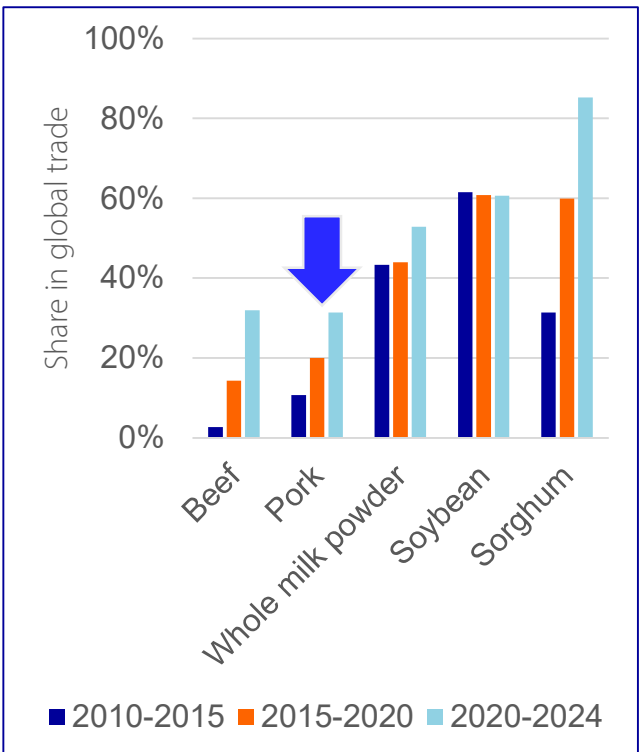
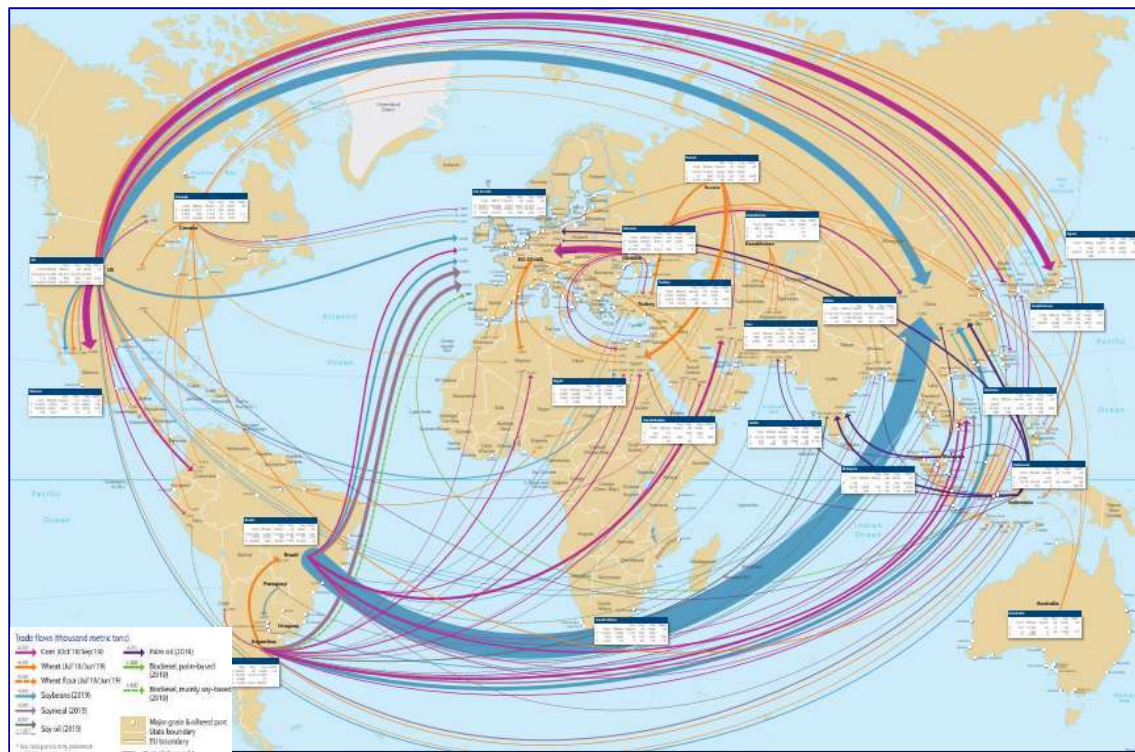


Source: Rabobank analysis based on FAO, 2024

Asia's rising global import dominance

Many global Agri markets have a high dependence on Asia

Rabobank global grains and oilseed map: Asia's rising import focus Share China in global trade of Agrofood

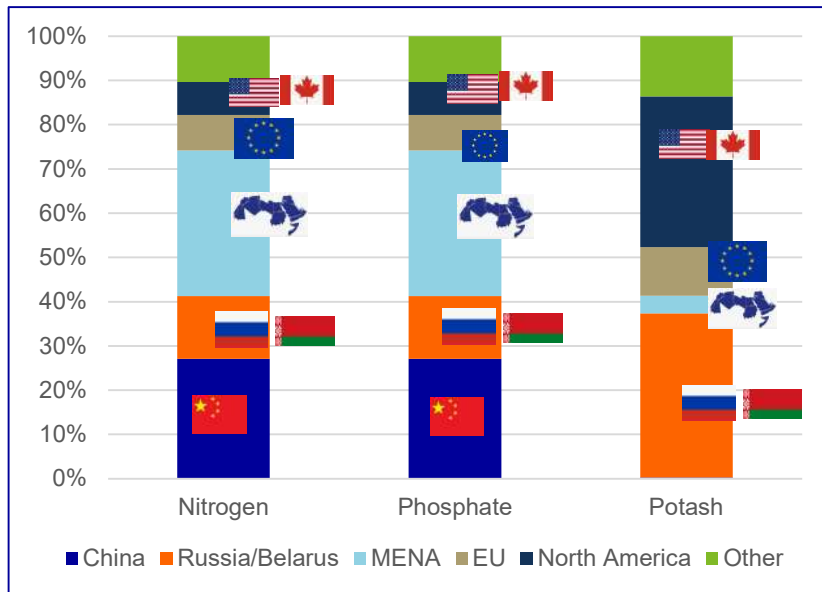


Source: Rabobank analysis, 2024

The context in farm input markets different

Fertilizers is dominated by China, Eastern Europe, and MENA. China's position in other inputs is rising

Fertilizer global export market shares



China's rising position in farm inputs

- **Vitamins**
- **Amino acids**
- **Glyphosates**
- **Equipment?**
- **Genetics**

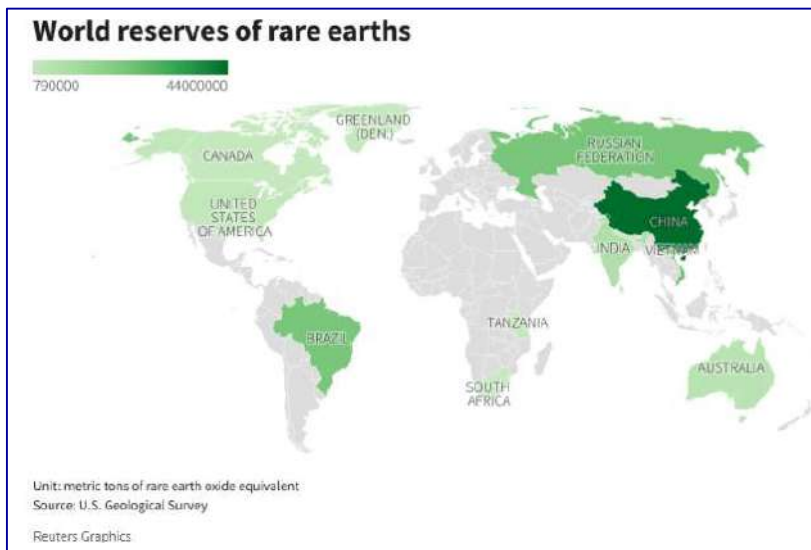


Source: Rabobank analysis, FAO, USDA, 2024

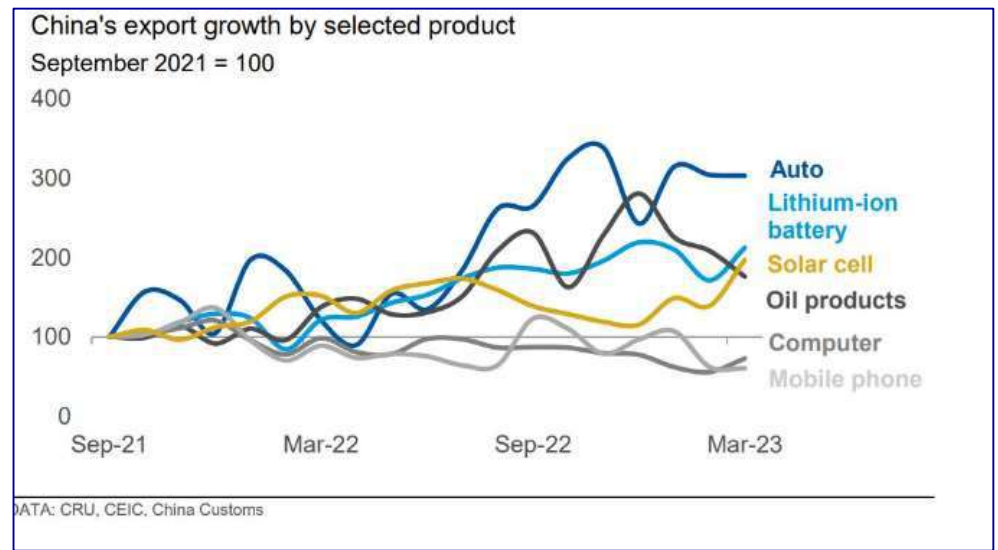
World's dependence in some core products is high

Leadership of China (and Russia) in rare earth and energy transition-based products

World reserves of rare-earth



China's refocus to energy transition-based products



Source: Rabobank analysis, 2024

Current geopolitical tensions focus on these core sectors

Global business risks are changing and will reshape future trade and investment flows

Source: Rabobank analysis, 2024

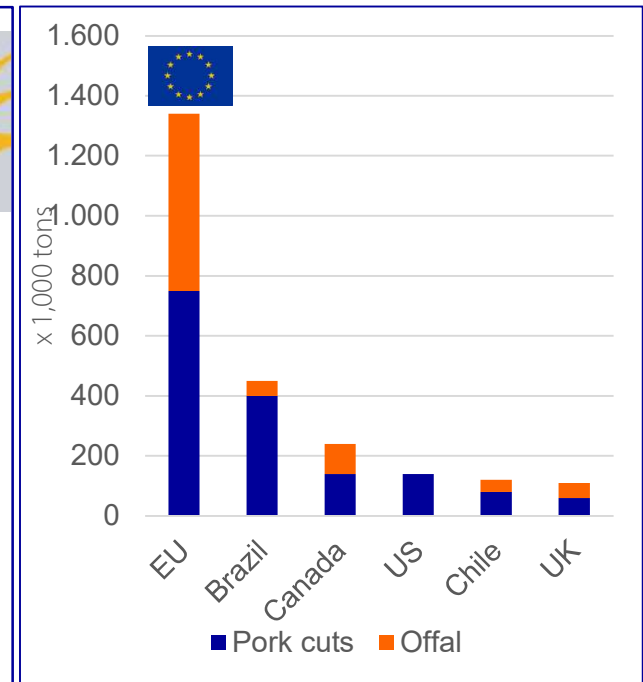
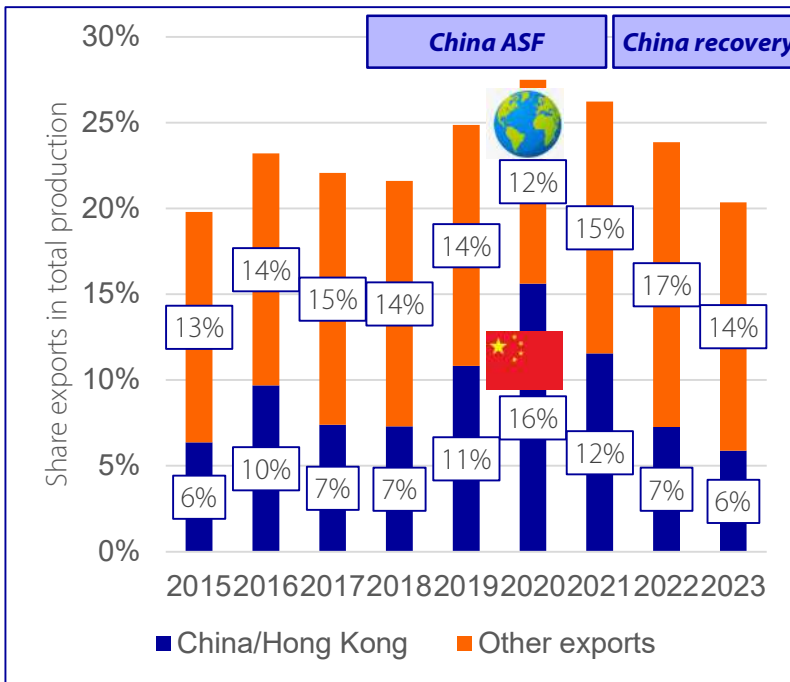
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Rising tensions: Chinese electric cars vs European pork

Chinese anti-dumping probe in European pork industry will impact European and global pork markets

EU Pork's China export share in total production: 6%

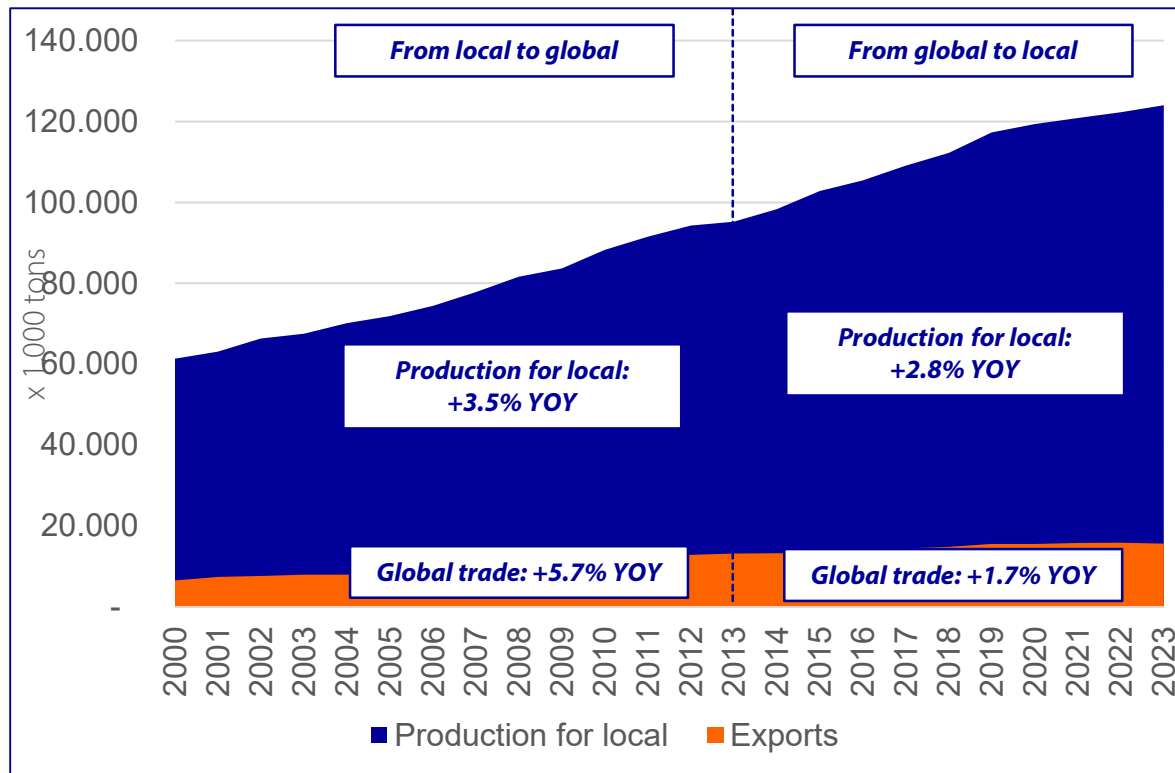
China pork imports in 2023



Geopolitical tensions: More focus on food and resource security

Longer-term trend toward more local supply to accelerate- big strategic investor impact

Local poultry production versus global trade: from global to local



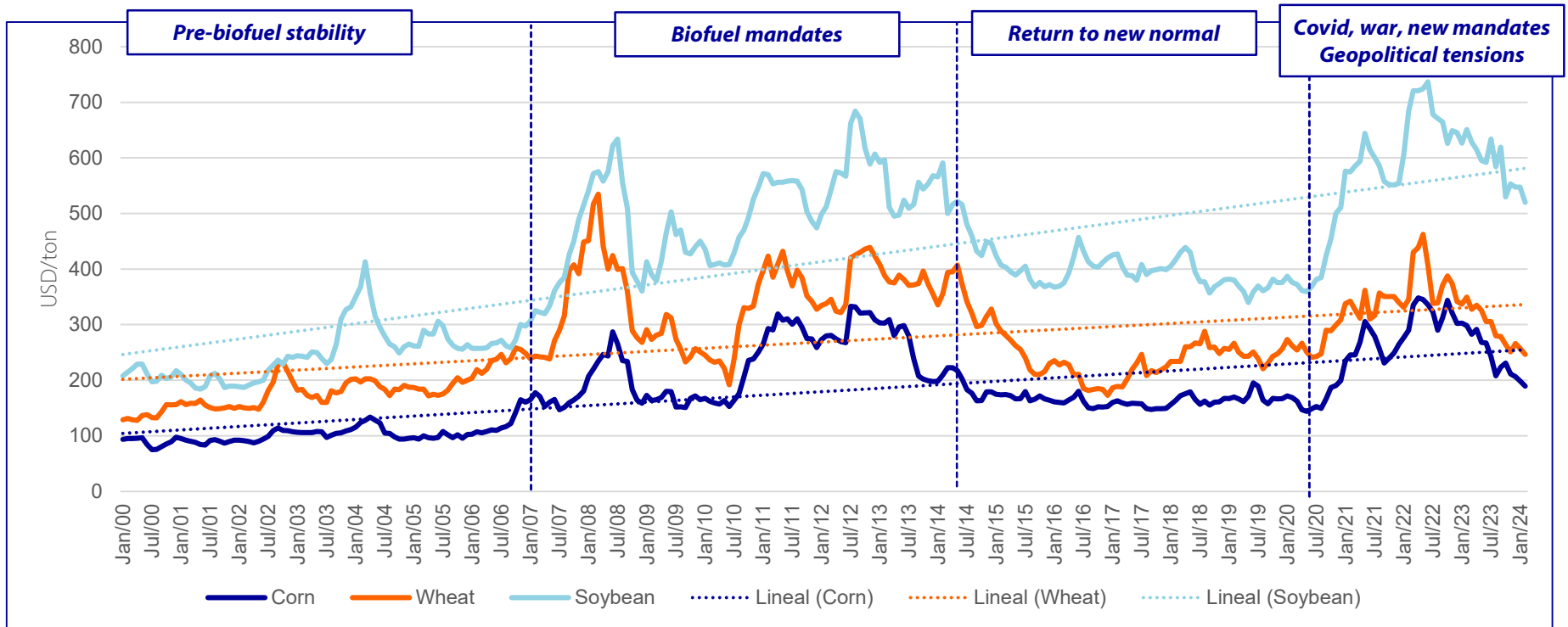
Source: Rabobank analysis, 2024

- Geopolitical tensions to push further food security and resource security strategies**
- Focus tend to shift:**
 - Local meat production
 - Global trade in grains and especially oilseeds
- Asian and Latin American emerging markets have been focussed on local supply**
- MEA region is investing heavily in local food production**

Grains and oilseed prices move up with higher volatility

Limited resources, rising demand with many disruptions have big global market impact

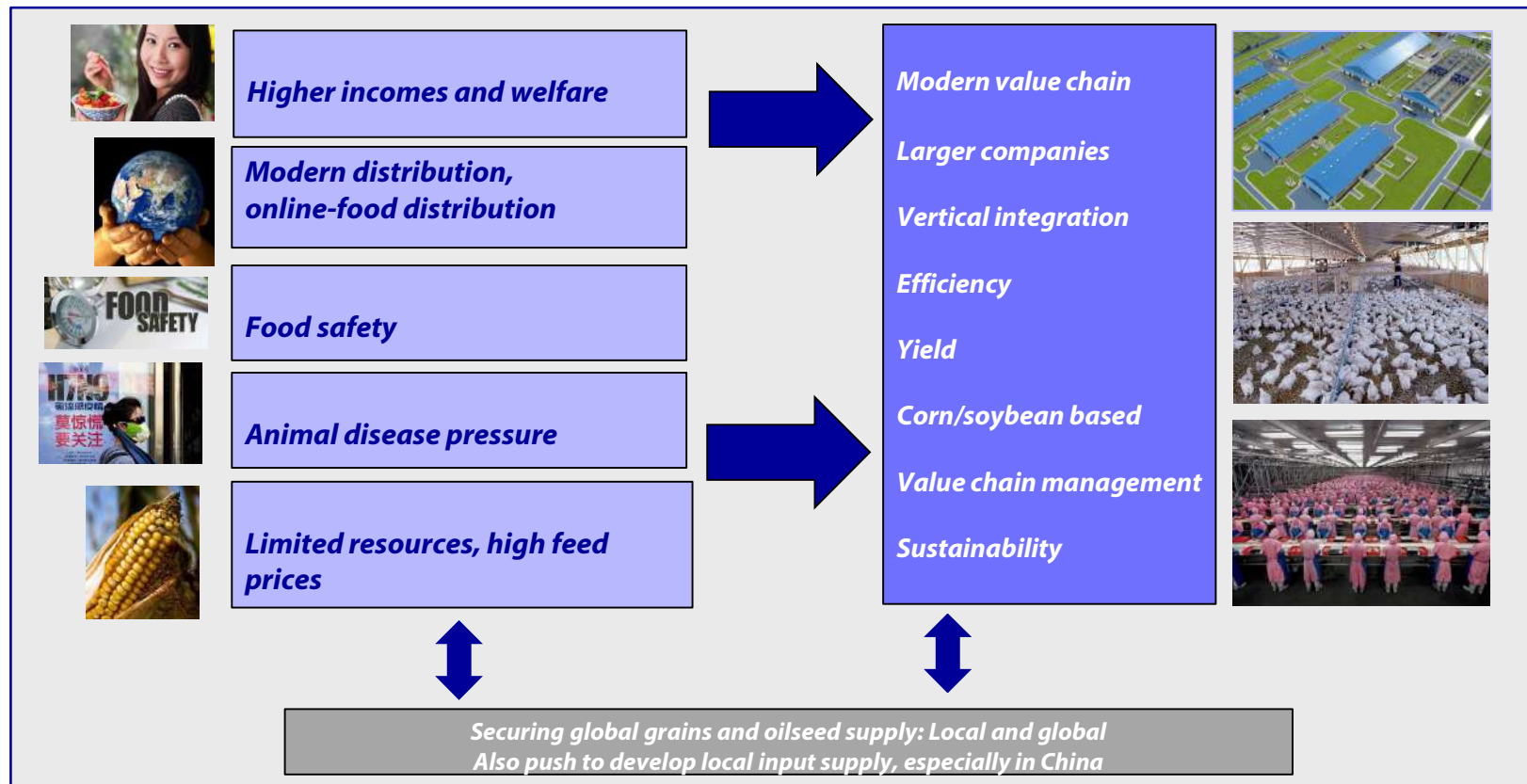
Global corn, wheat and soybean prices 2000-2024



Source: Rabobank analysis based on CBOT, 2024

More modern and food security-driven poultry supply chains

Food supply challenges will push big regional and global investments in grains to poultry value chains



Need for innovations: changing views on the future of farming

Changing business models can disrupt local agricultural supply chains and food supply

Vertical farming:
China high-rise pig farm solutions



High tech agriculture:
Greenhouse horticulture
No soil, no season: just water and technology



Squeezing out the farm:
Cell-based, lab-grown meat



**Squeezing out
scarce resources**

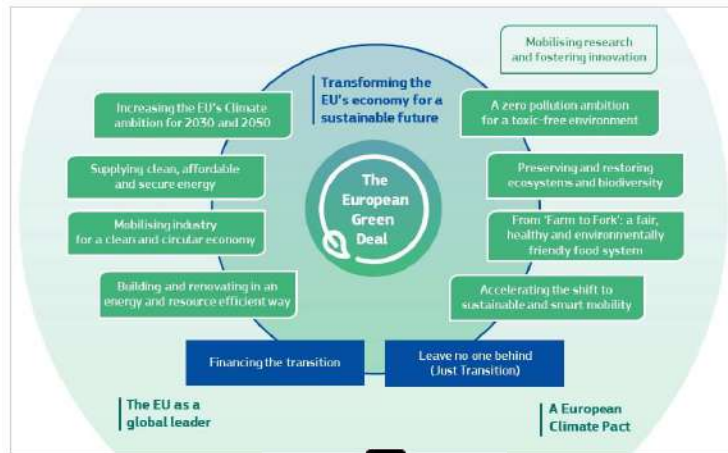
**Out-of-box
technologic
innovation**

**Address social
challenges**

**Address social
challenges**

EU Green Deal – focus on sustainability and social concerns

Big potential impact on supply chains in Europe – will new parliament keep same direction?



Farmer protests in Europe



Impact on the industry

- Food waste: -50%
- Healthier, more sustainable diet
- Reduce footprint: -55%
- Nutrition and eco-labeling
- More sustainable packaging
- Zero pollution action plan
- Deforestation

Impact on farming – 2030 ambitions

- Organic land: 25%
- Antibiotics: -50%
- Pesticides: -50%
- Fertilizers: -20%
- Less imported protein crops
- Strengthen Natura 2000
- Evaluation animal welfare legislation
- CSRD

EFSA animal welfare recommendation

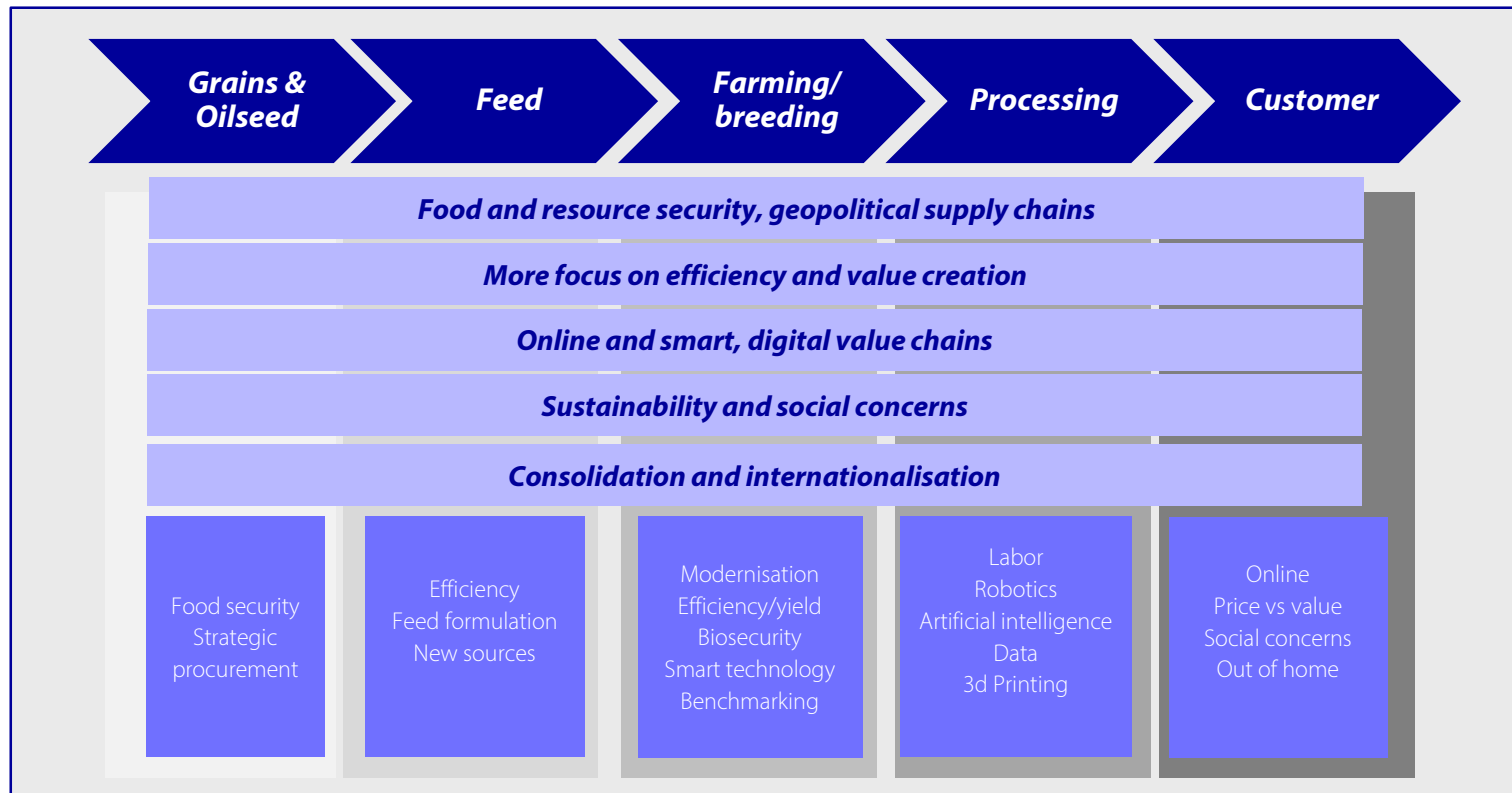
- Broilers
- Stock density 11 kg/m²
 - Slow growing 50 g/day
 - On-farm hatching
- Layers:
- Cage-free
 - Phasing out beak trimming
 - Covered verandas

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Changing value chain models and technology

Changing global market context will have a big impact on future value chain investments

Global poultry value chains: business models to be adjusted to new reality

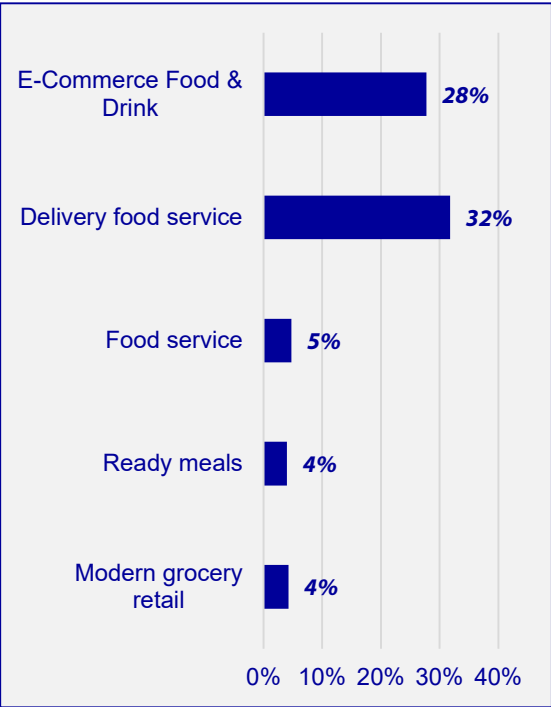


Source: Rabobank analysis, 2024

Growth of online food distribution to accelerate digitalization

Online distribution growth with new technology to move to smart and digital value chain

Global food distribution (YOY growth 2020-2023f)



Source: Rabobank analysis WATT, based on IGD, 2023

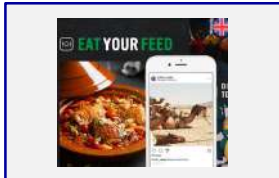
Value chain tracking & tracing



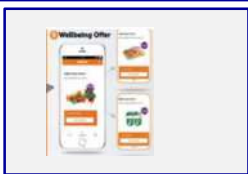
Meal planners



Inspire via social media



Personal advertisements



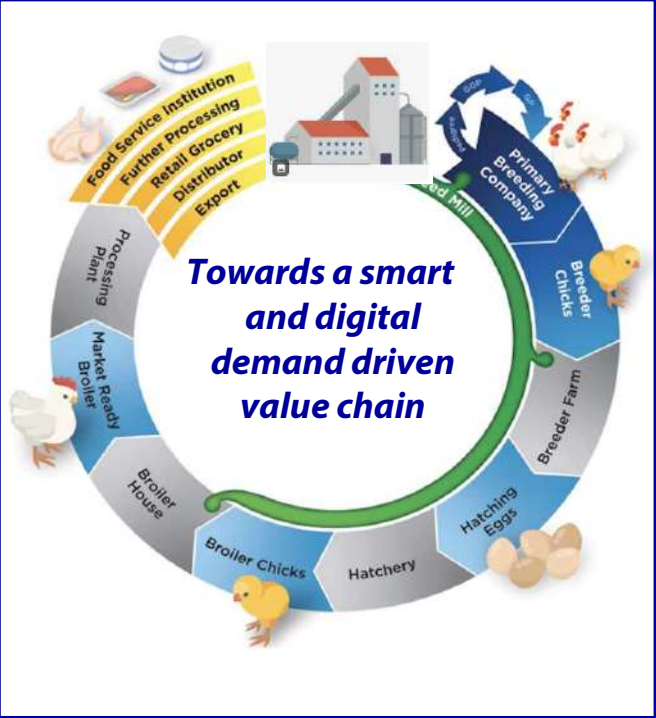
DNA based food choices



Personal food advice



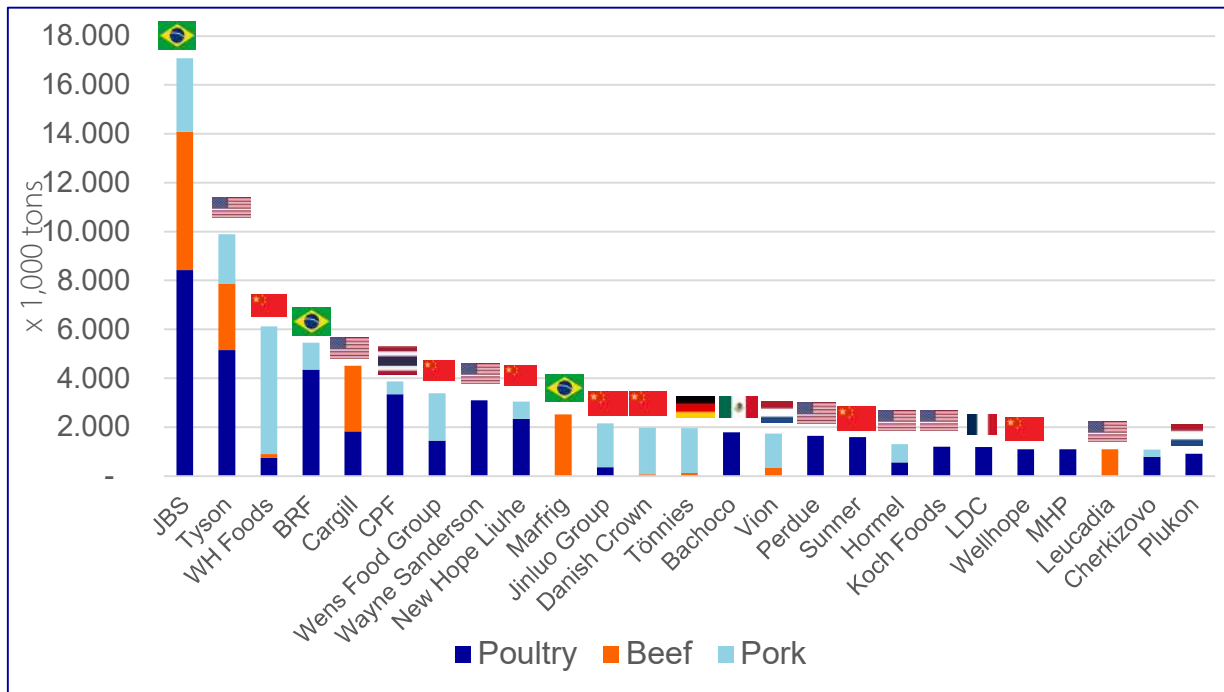
Fast growth to the digital value chain



Global meat industry's changing global landscape

Bigger, more global, and multispecies companies, but geopolitical tension will reshape investment flows

Ranking of top 20 global meat companies in 2023



Developing markets
Local Greenfields and Modernization

Developed markets:
Local consolidation and value-added

Internationalization
- Access to growth
- Synergy in trade
- Supplying customers
- Value added

Geopolitical tensions
- To reshape global investment flows

Takeaways

World food supply challenge: 30% more food demand, 40% more animal protein, less available land

Feeding the world more important in a more polar world

95% of animal protein market growth is in emerging markets, with a high share BRICS

Major sustainability commitments and responsibility, including renewable commitments

Geopolitics will shake-up global markets and investment in the coming years

Countries to focus more on food and resource security, which will negatively impact global trade

Food & Agri supply chains to become strategic

Global prices to go up in a context of less open trade and geopolitical tensions

Strategic investor focus refocus needed in a more polar world based on growth and risk assessments

A key role for input sectors: animal health, genetics, animal nutrition, equipment, and farm management, but geopolitical tensions will also have a big impact on these sectors

Thank you for your attention

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XVI European Poultry Conference



*Growing
a better world
together.*

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