



Rabobank

Bord Bia
Irish Food Board

New perspectives

Predicting future factors in meat
supply and demand

Nan-Dirk Mulder, Rabobank International

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- **Section 1: Short term outlook**
- Section 2: Long term outlook

Rabobank: A leading Food & Agribank



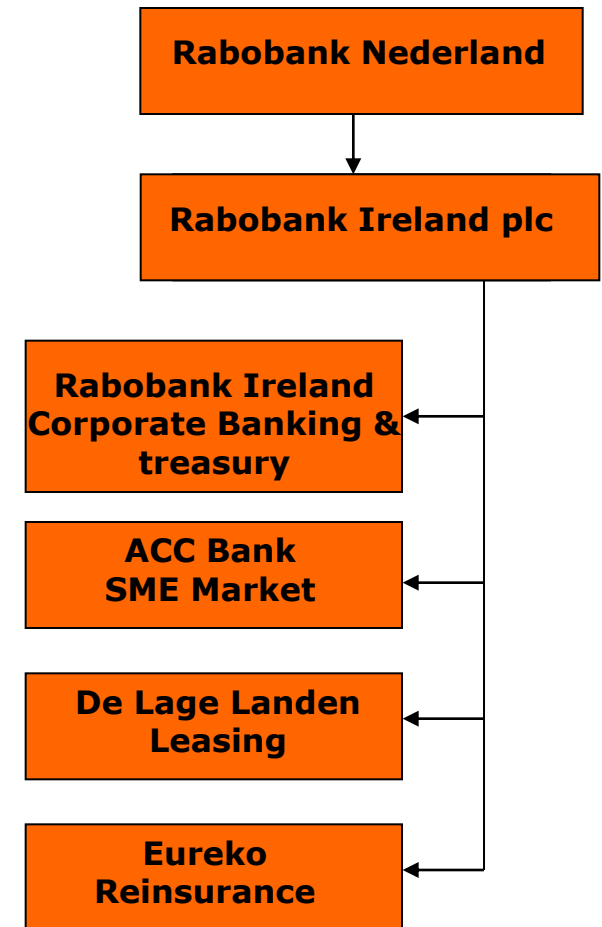
Presence in 41 countries



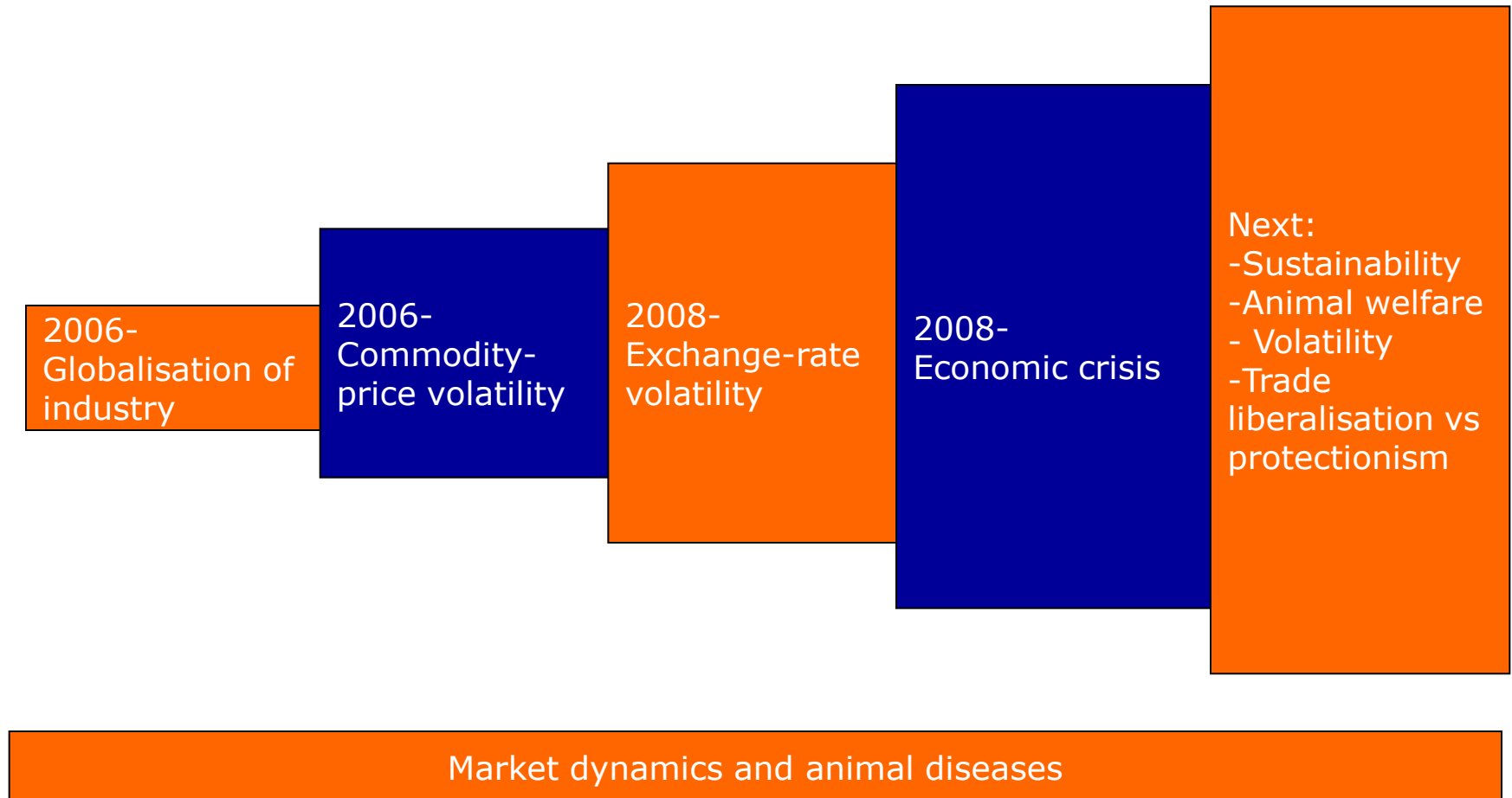
Rabobank in Ireland



- ❑ Established in August 1994
- ❑ Subsidiary of Rabobank Nederland
- ❑ Full banking licence and IFSC licence
- ❑ Ireland's 5th largest bank balance sheet
- ❑ Ireland's 2nd largest non-domestic bank
- ❑ Food & Agri Focus
- ❑ Corporate Banking and Treasury:
 - ❑ Corporate and Syndicated Lending
 - ❑ Receivables Financing/Leasing
 - ❑ Global Financial Markets
 - ❑ M&A
 - ❑ Structured Commodity Finance



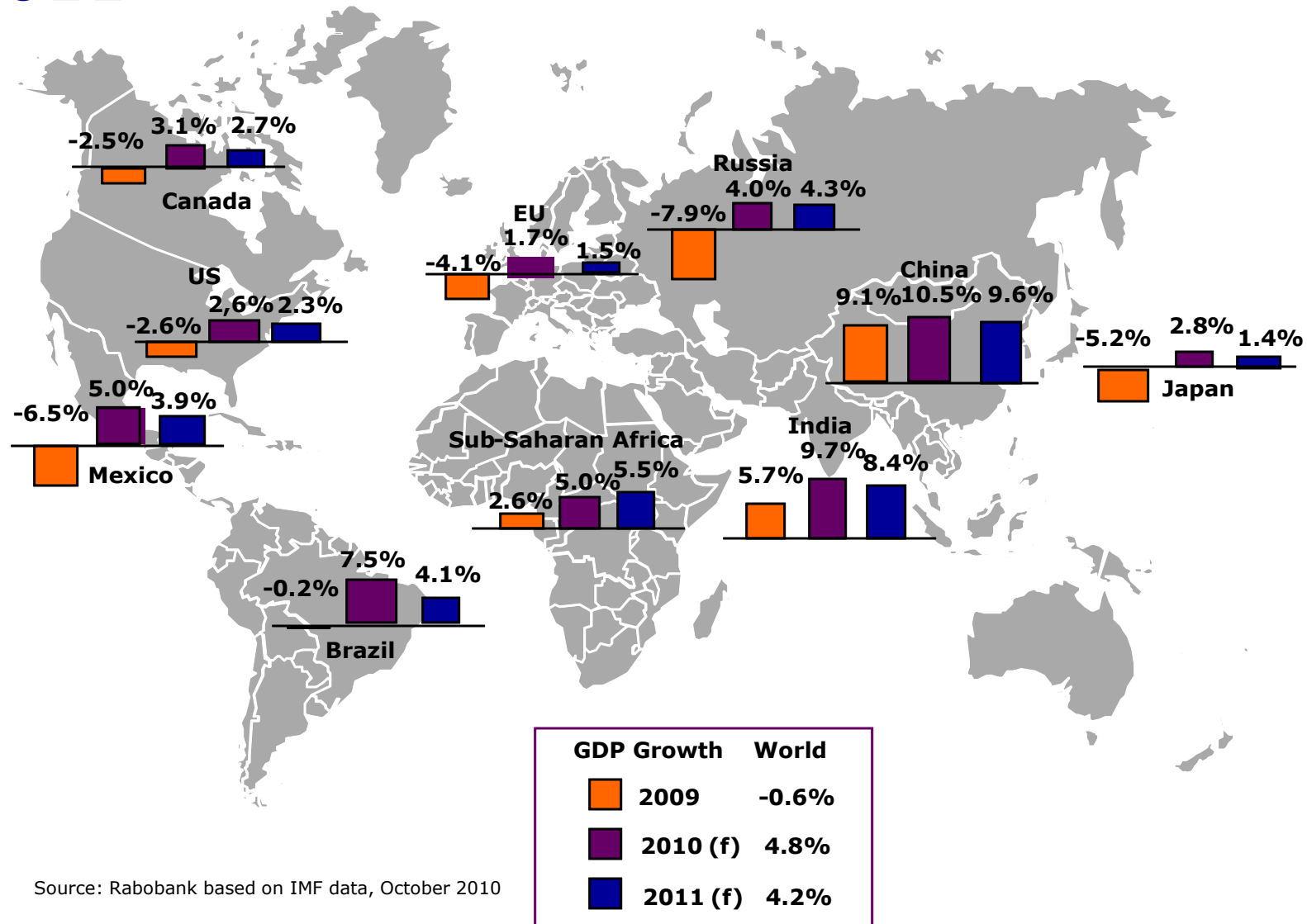
How to reach sustainable growth in a much more dynamic industry?



Different speed of recovery in 2010 and 2011



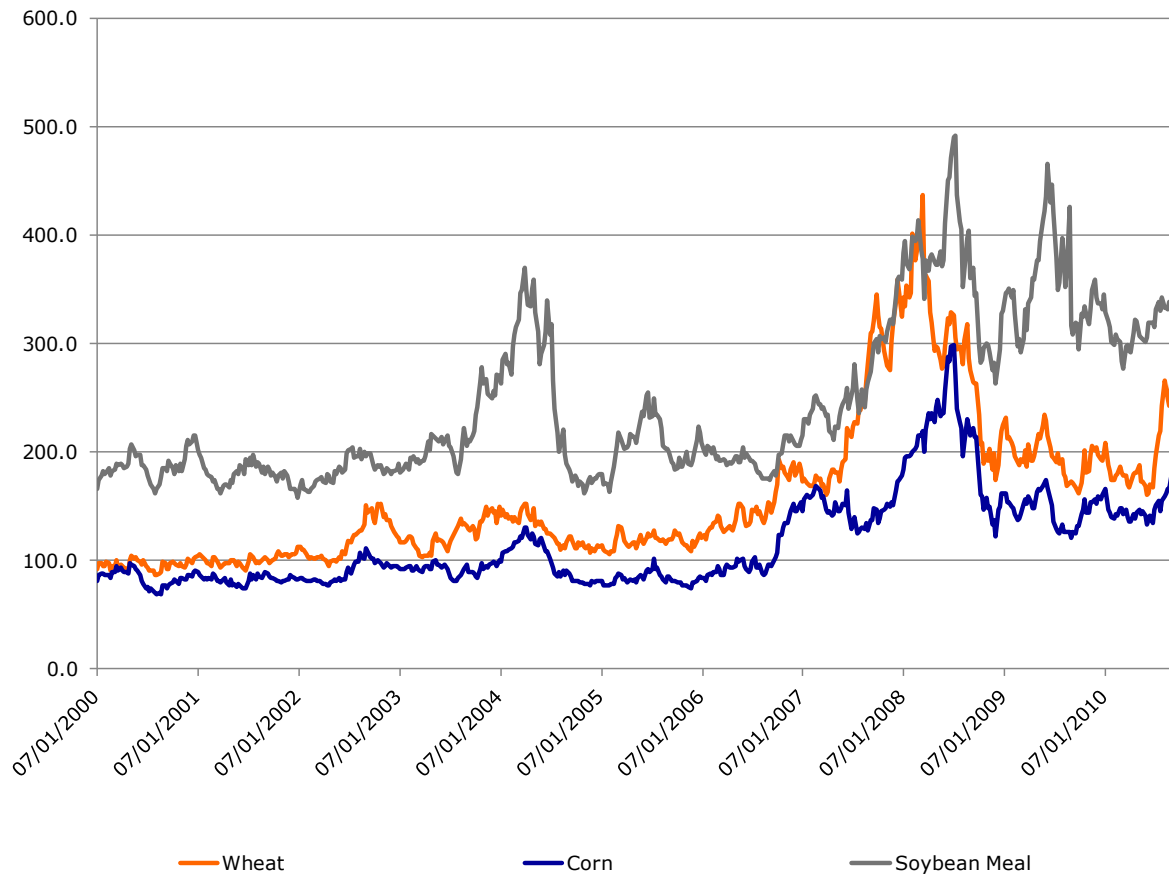
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Source: Rabobank based on IMF data, October 2010

Competition for food: what's next?

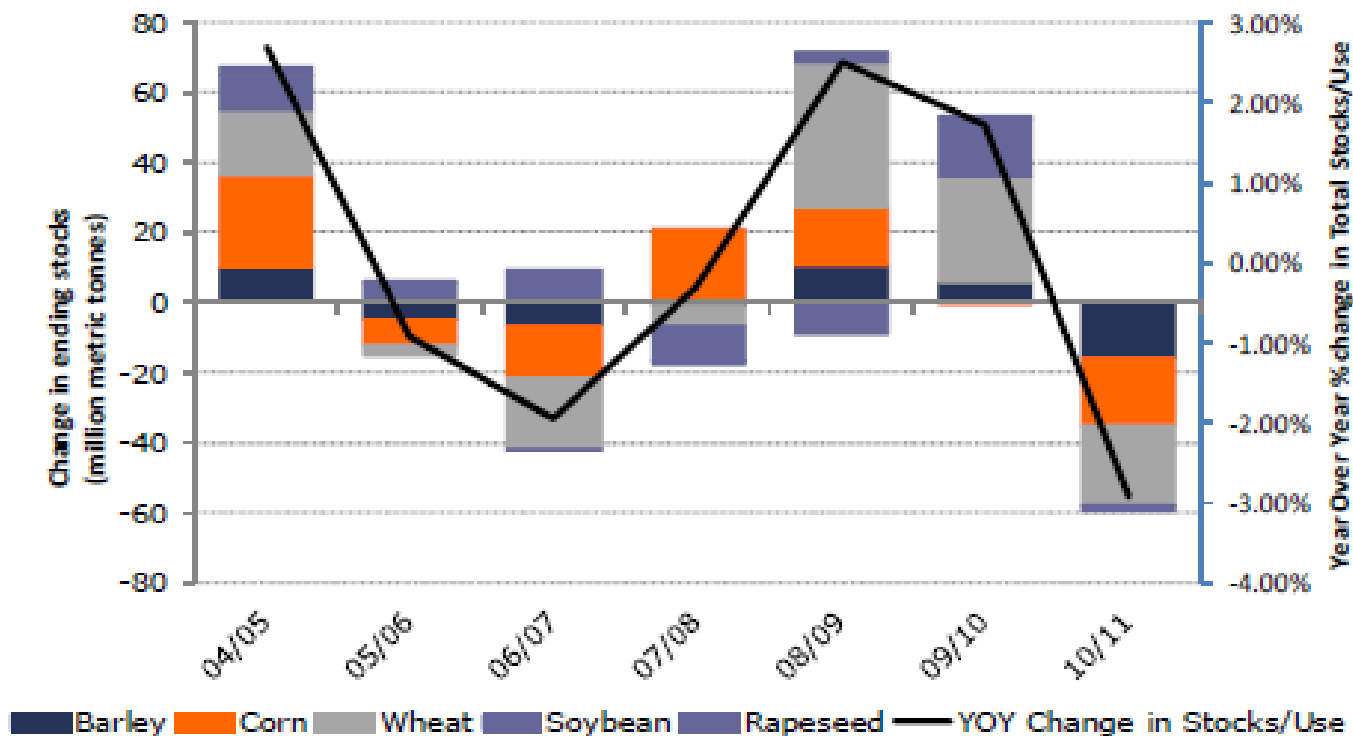
Grains and oilseed price development 2000-2010 (USD/ton)



Change in stocks to use in 2010 driving bullish tone for 2011



Change in world ending stocks & stocks/use of key grains and oilseeds

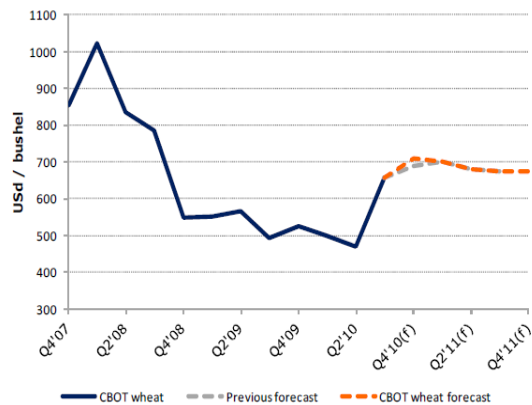


Source: Rabobank

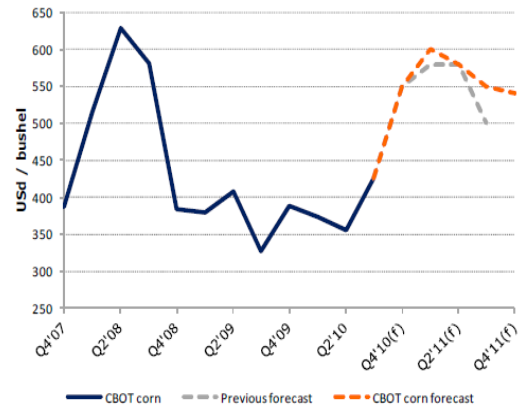
Bull commodity markets clouded by macro uncertainty



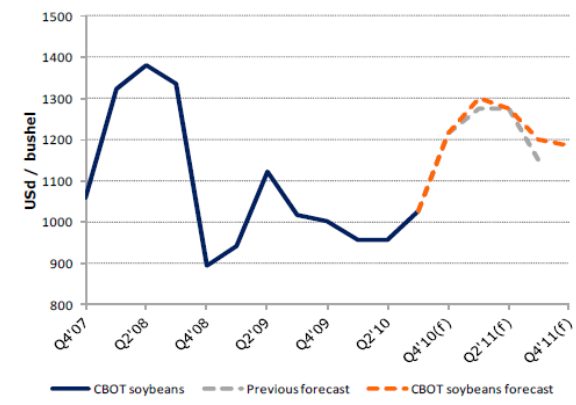
Wheat price outlook



Corn price outlook



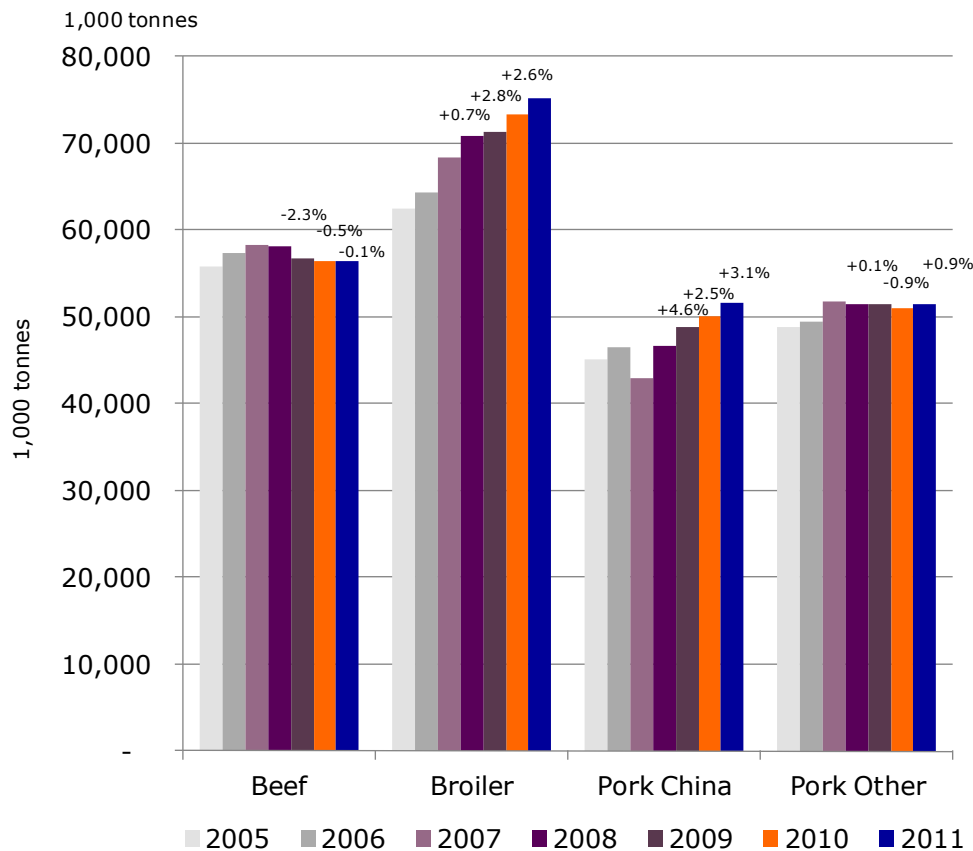
Soybean price outlook



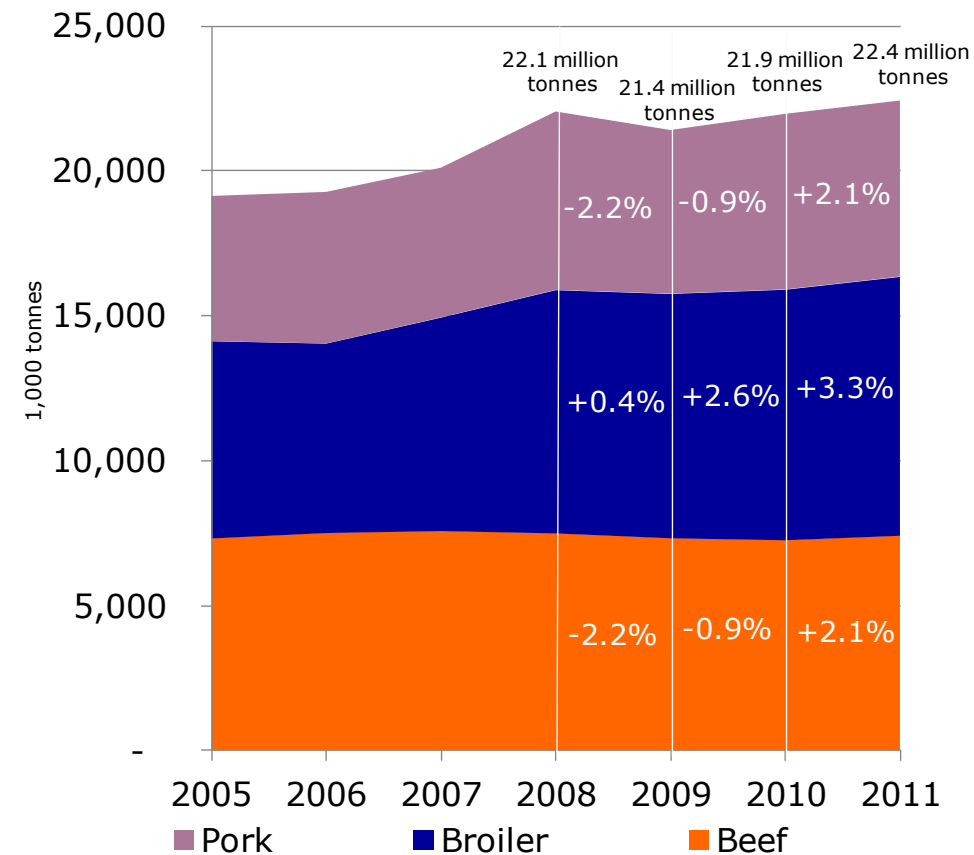
Recovery in global meat market, but trade restrictions effect global market



Global meat demand outlook



Global trade outlook

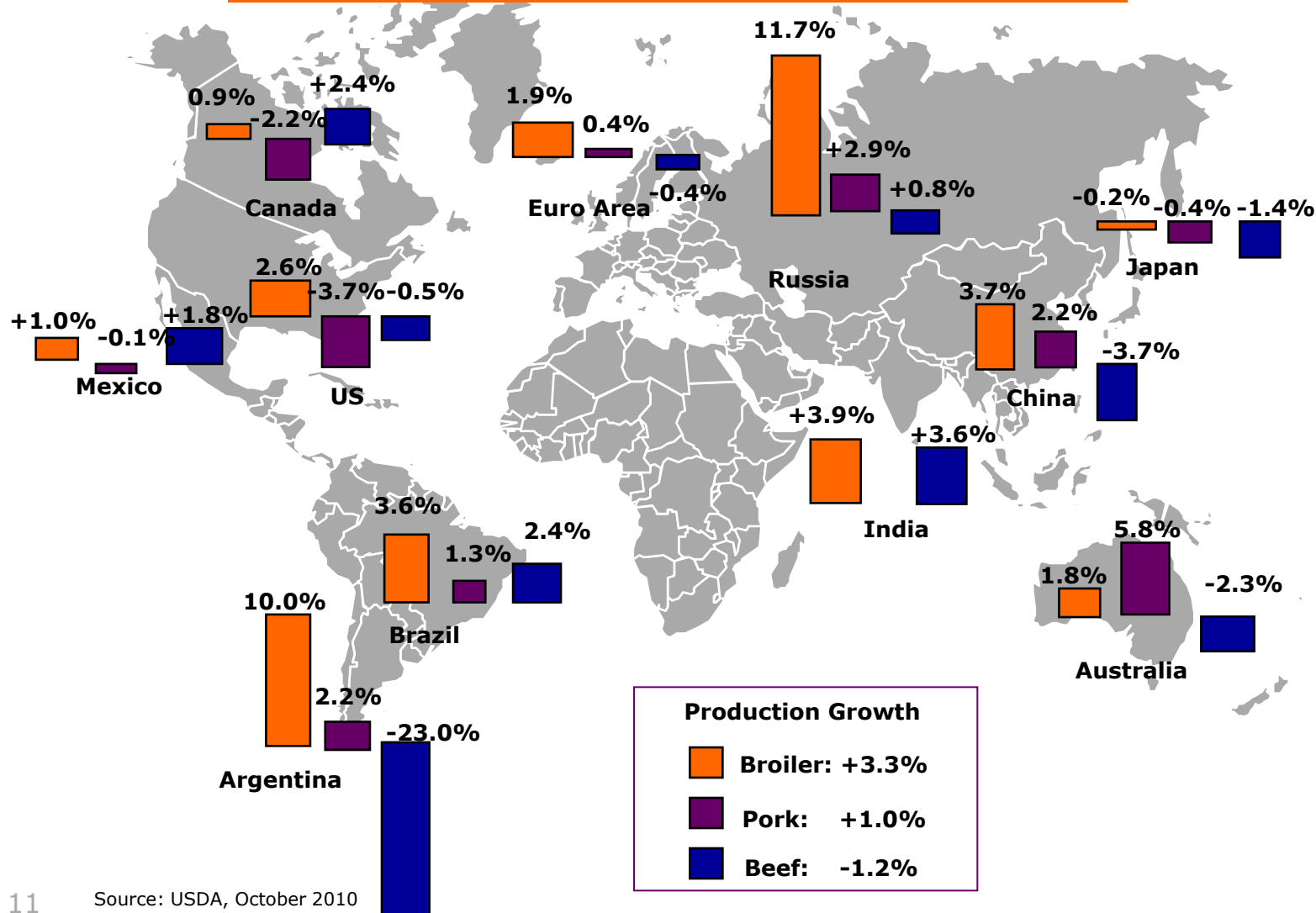


Poultry industry will outperform pork and beef industry in 2010



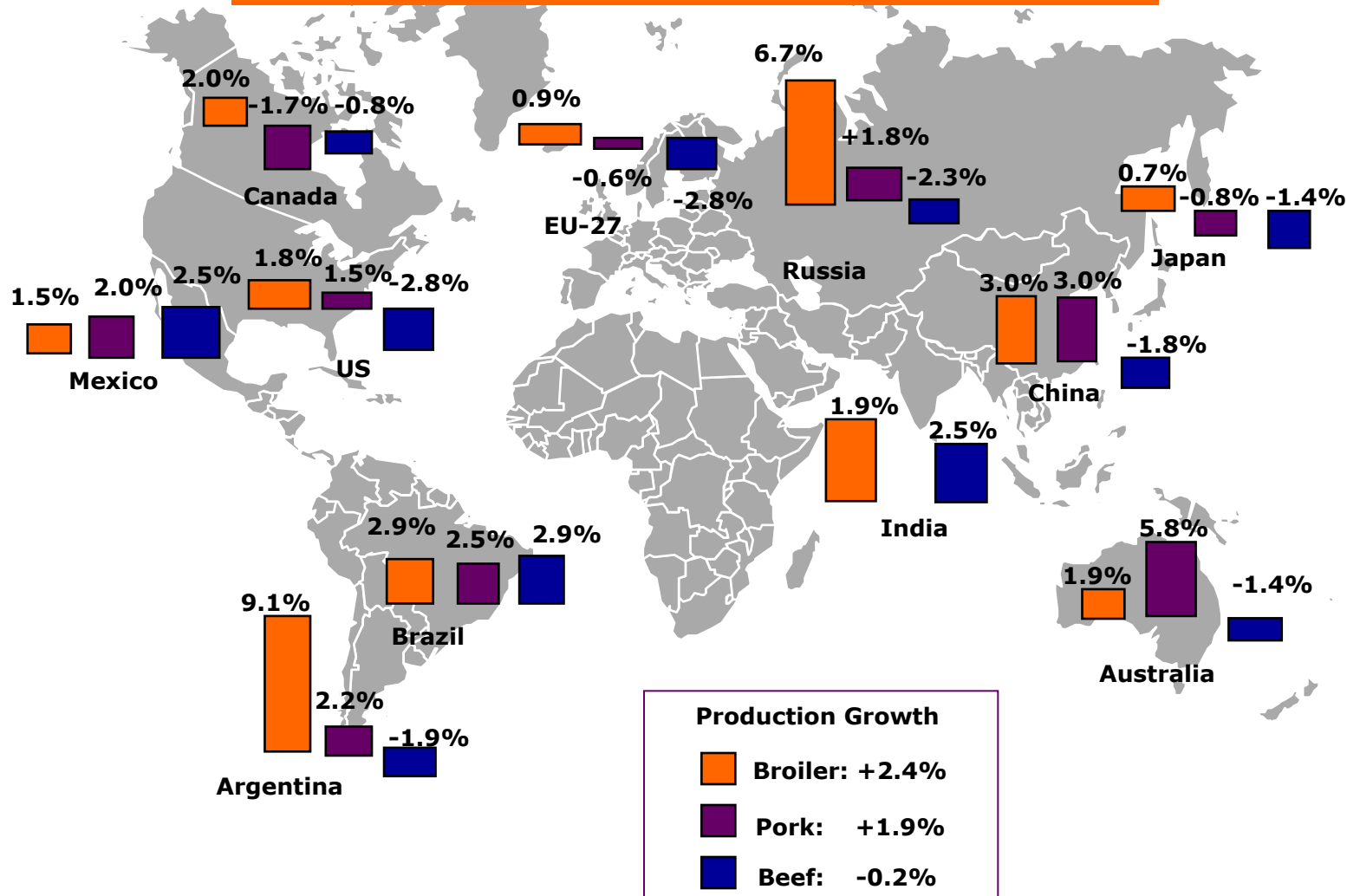
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Global meat production forecast 2010



Global trend will continue in 2011

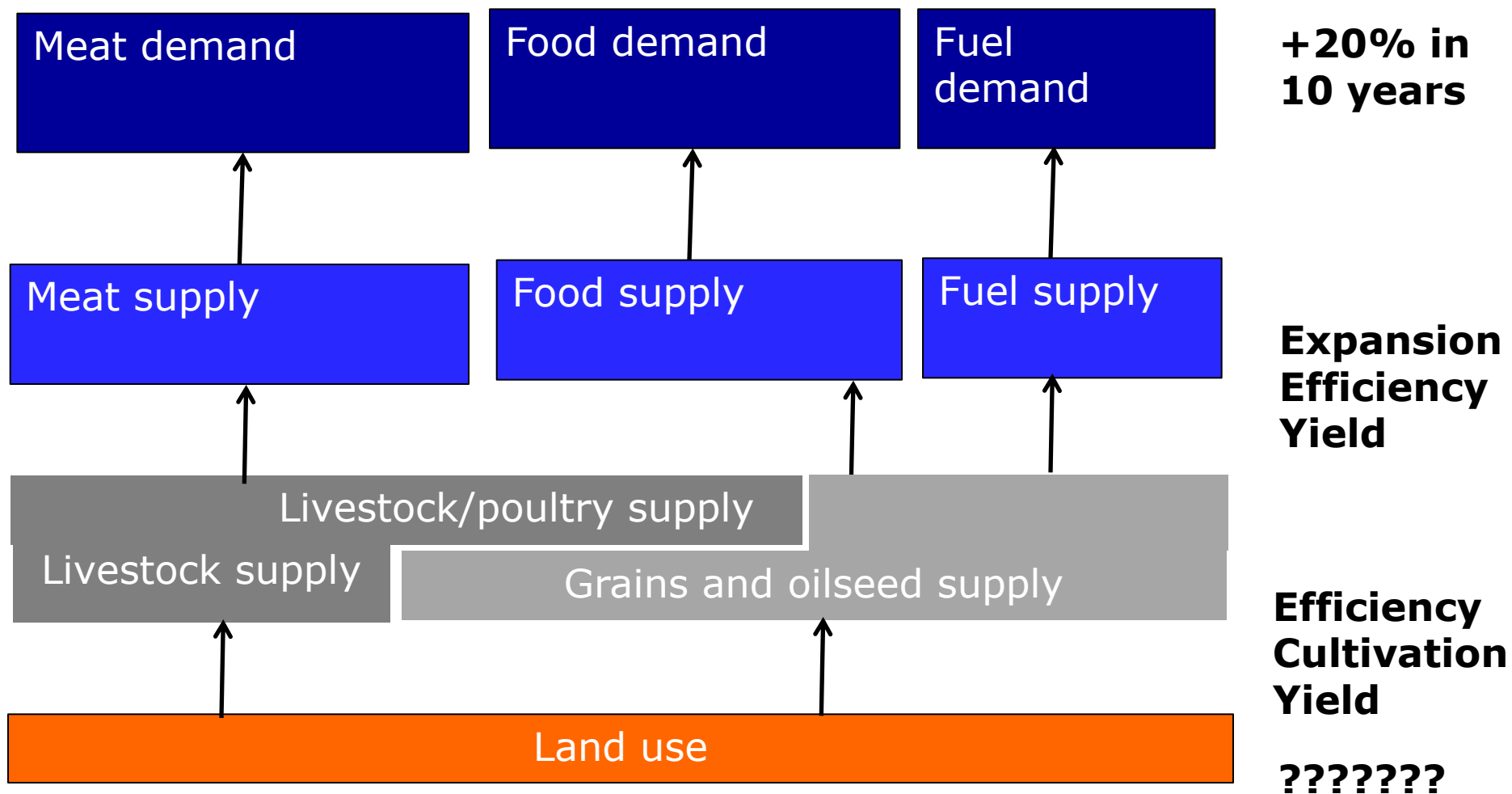
Global meat production forecast 2011



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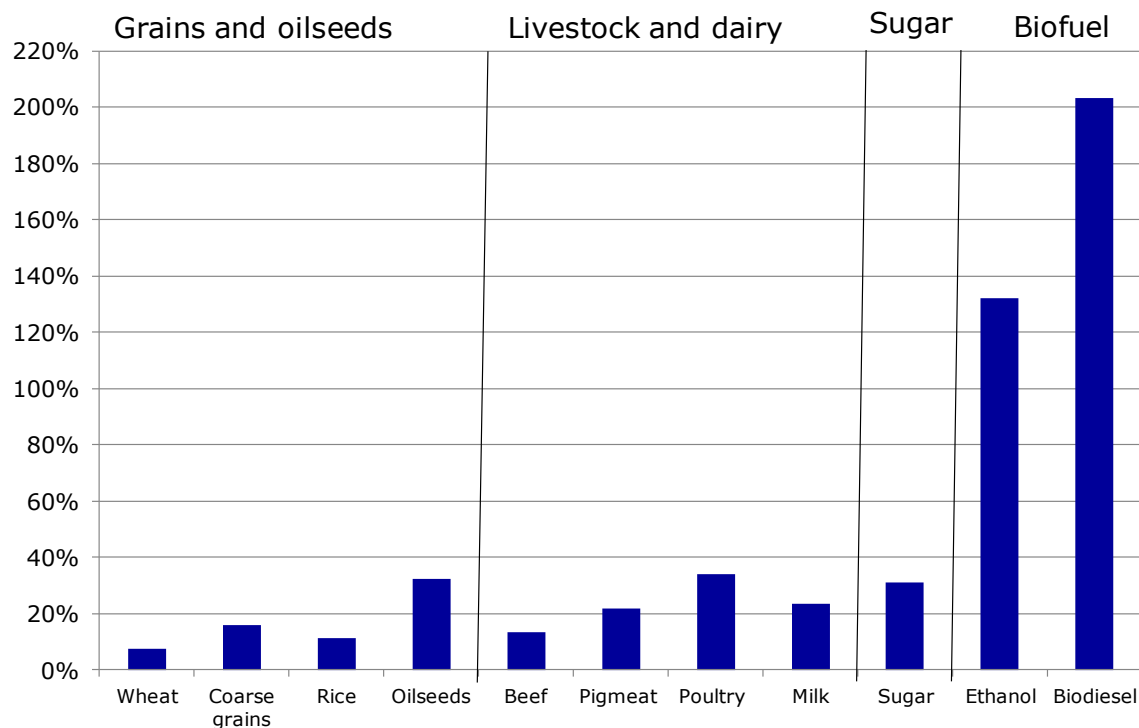
Key challenge: Global food supply



Great challenge for sector: Fast-growing demand for agricultural products



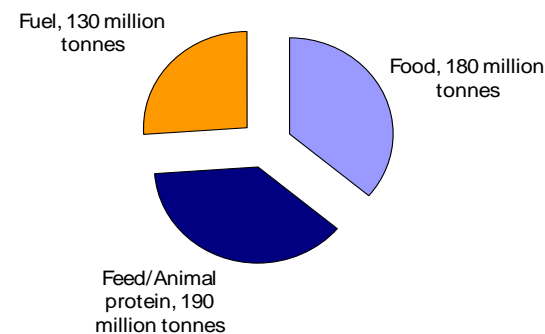
Global demand for agriculture (change 2008-18)



Additional demand: 500 m. tonnes

Grains and oilseeds markets 2008-2018			
	Market volume growth	Growth %	Share developing markets
Wheat	+ 70 million tonnes	10%	72%
Coarse grains	+ 190 million tonnes	17%	50%
Rice	+ 46 million tonnes	10%	98%
Oilseeds	+ 133 million tonnes	20%	78%

Demand for agriculture 2008-18

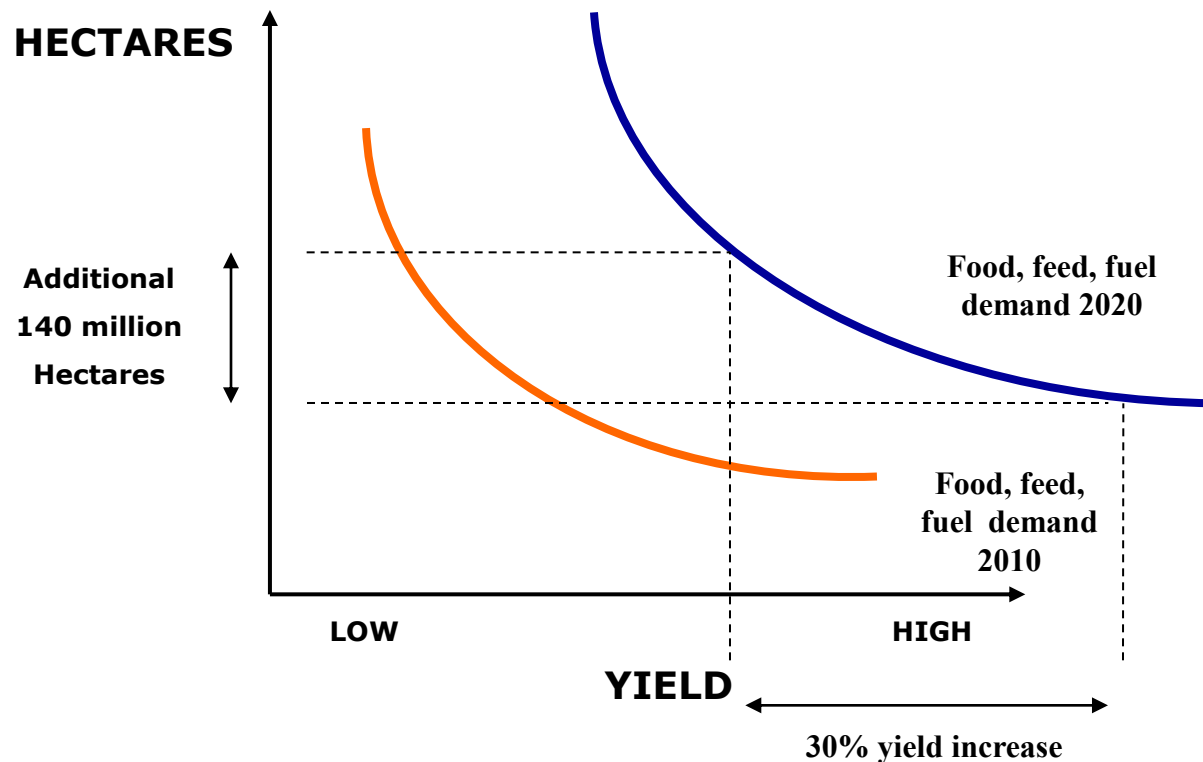


How to produce?

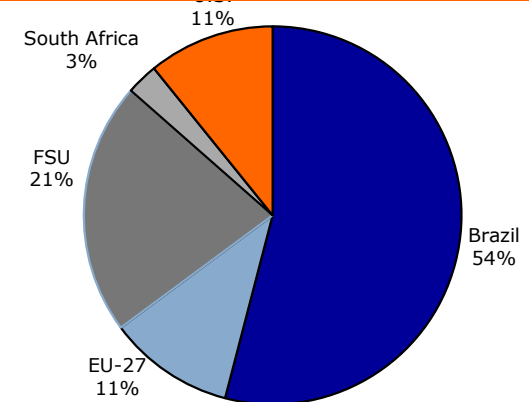


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How to produce 500 million tonnes?



Unused arable land:
180 million hectares



Yield improvement

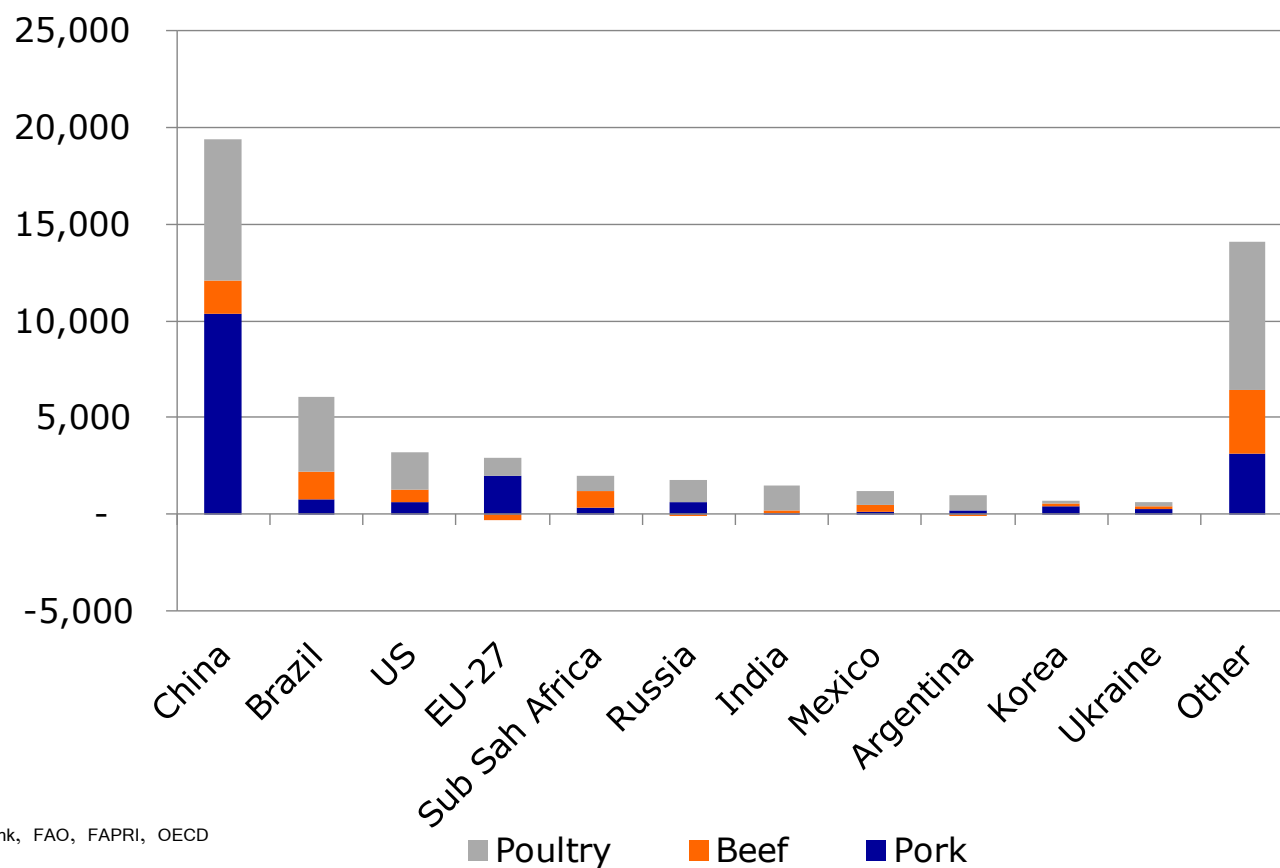
Grains yield (tonnes/ha) in 2007/2008		
	Wheat	Corn
Brazil	2,100	3,800
EU-15/27	4,830	6,480
Russia	2,020	3,790
Ukraine	2,340	4,210
U.S.	2,720	9,660

Source: OECD, 2009

70% of global growth in demand for meat will be in Asia



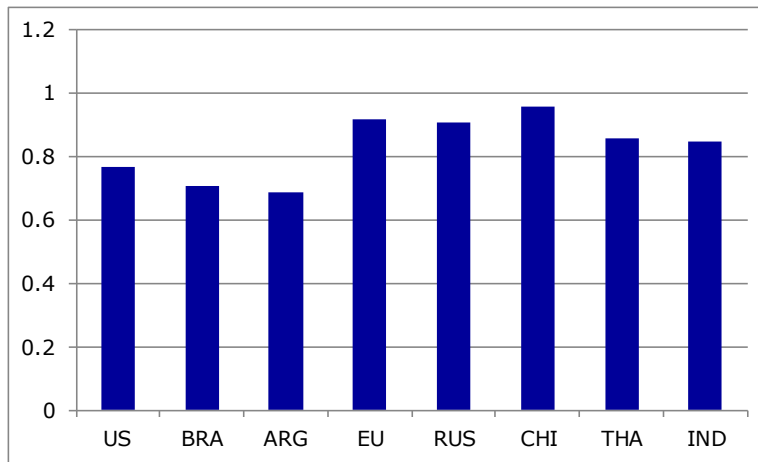
Market growth estimate for key meat markets 2010-2020



Source: Rabobank, FAO, FAPRI, OECD

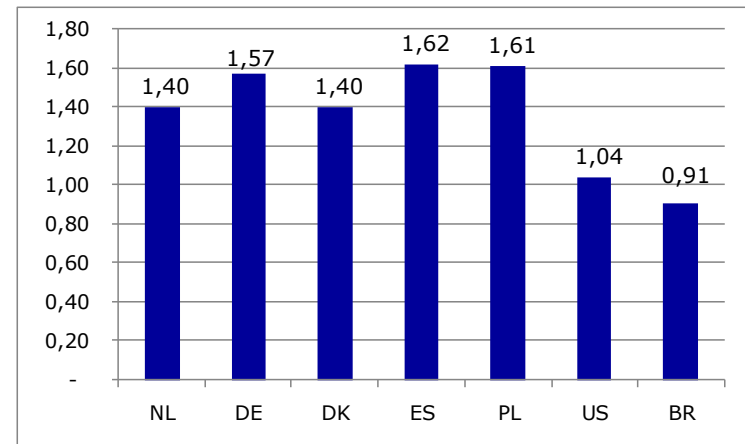
Who's going to produce world meat demand?

Broiler cost of production (USD/kg)



Source: Rabobank estimate

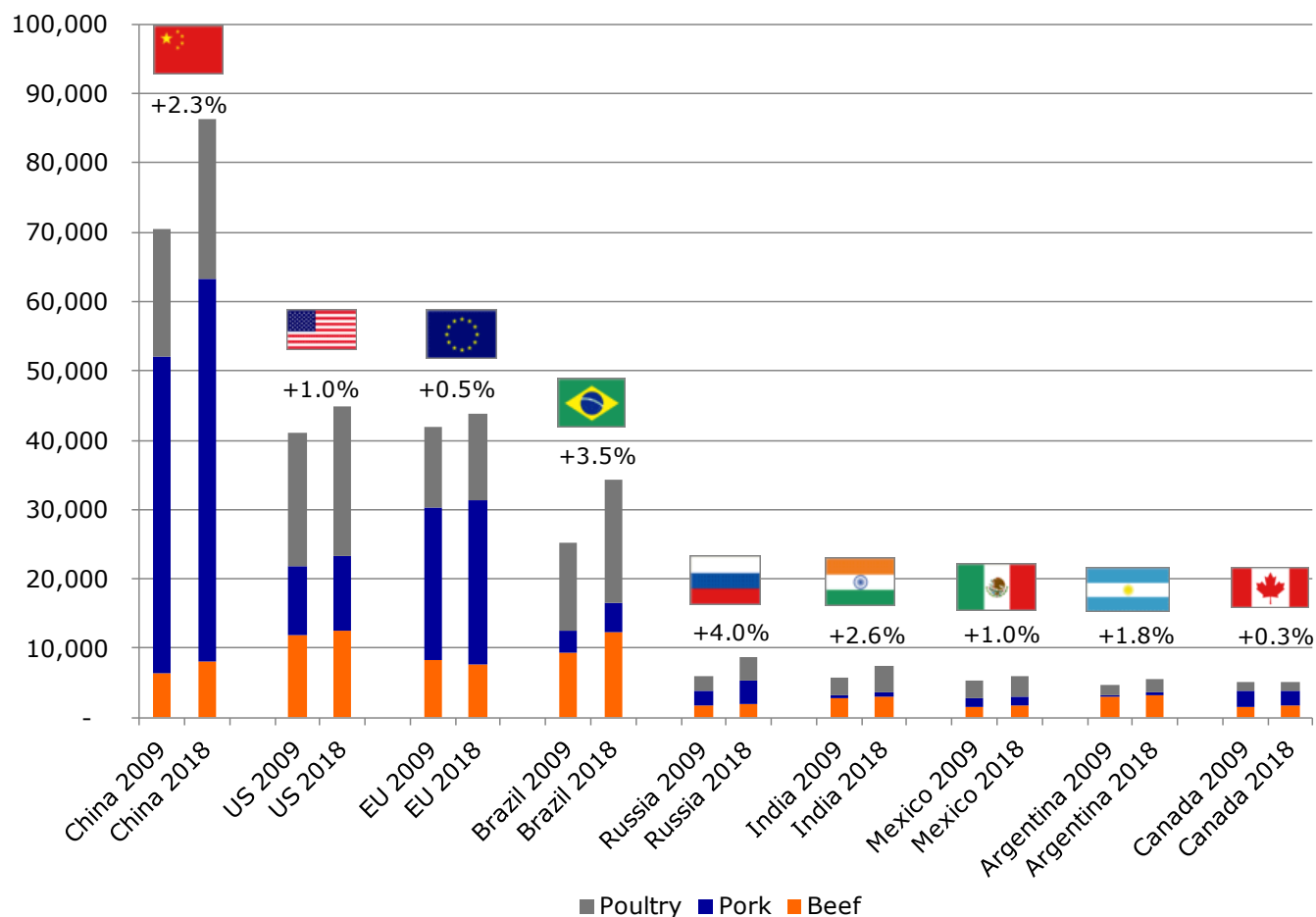
Pigs cost of production EUR/kg cwe



10% of global production is traded internationally

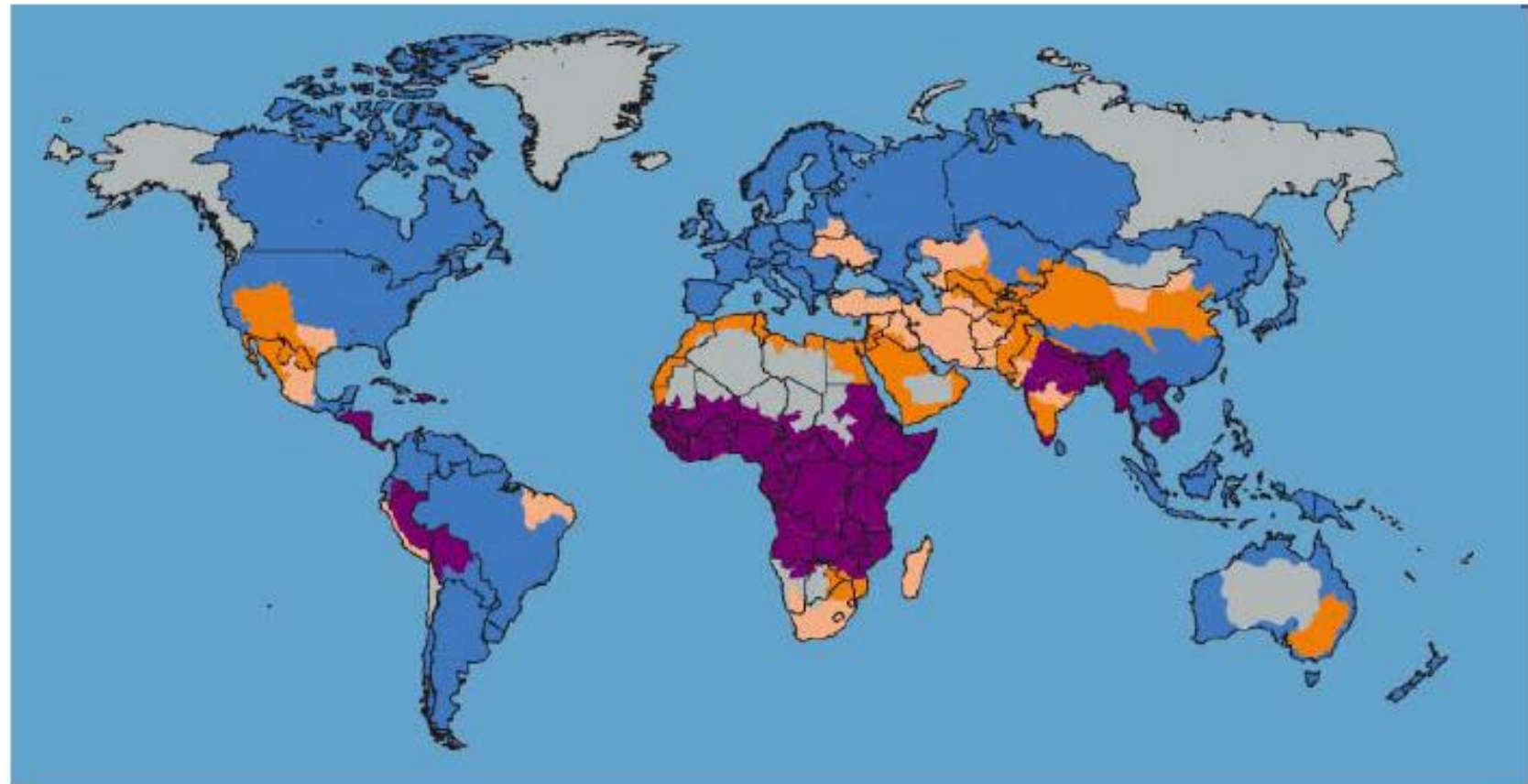
Future meat production growth

Global meat production 2009 – 2018 (1,000 tonnes and CAGR 2009-2018)



Source: Rabobank/OECD, 2010

Water issues will start to bite



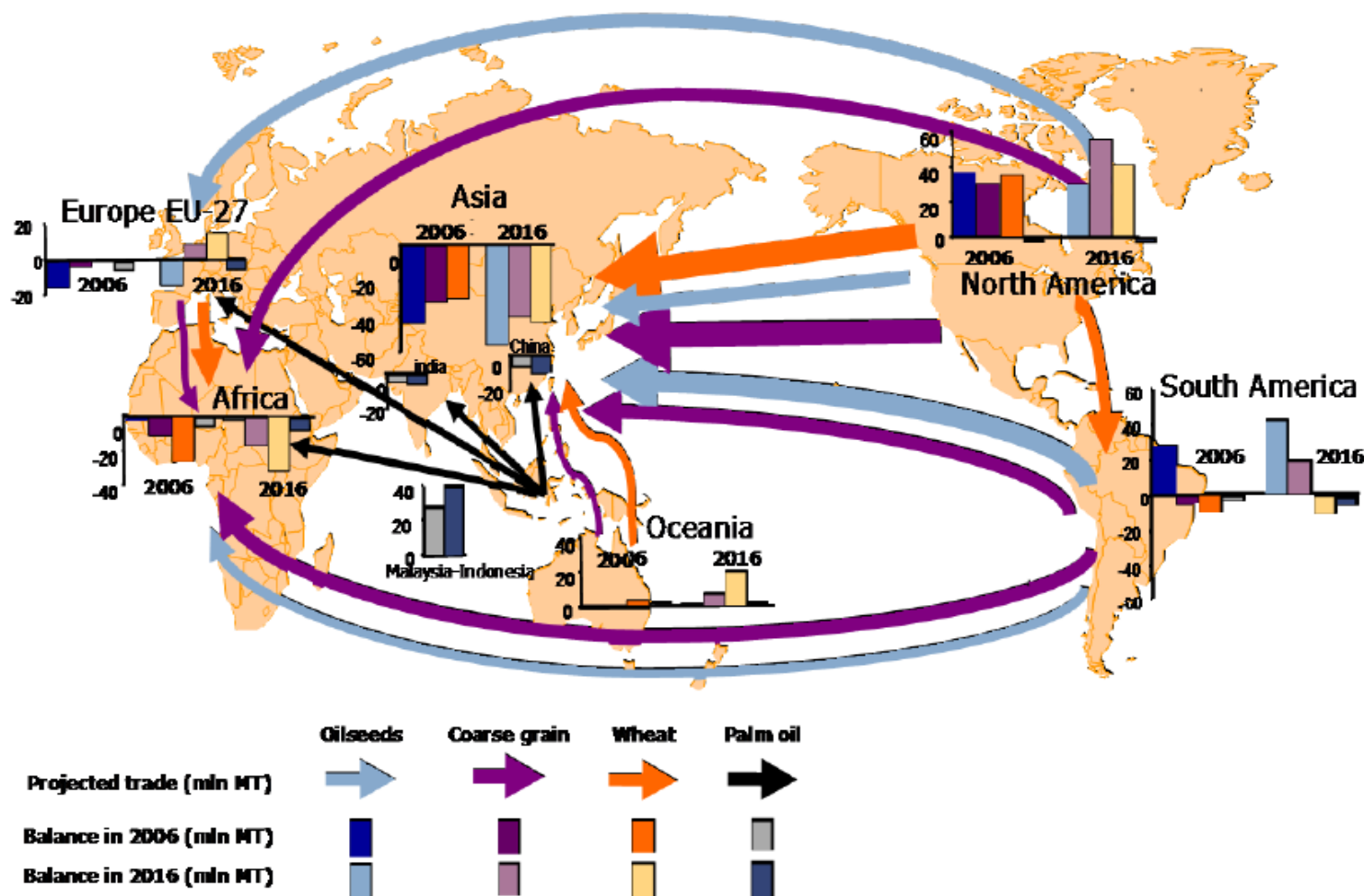
- | | | |
|-------------------------------|---------------------------------------|-----------------|
| ■ Little or no water scarcity | ■ Approaching physical water scarcity | ■ Not estimated |
| ■ Physical water scarcity | ■ Economic water scarcity | |

'Ring of fire' region as future spearhead in global trade

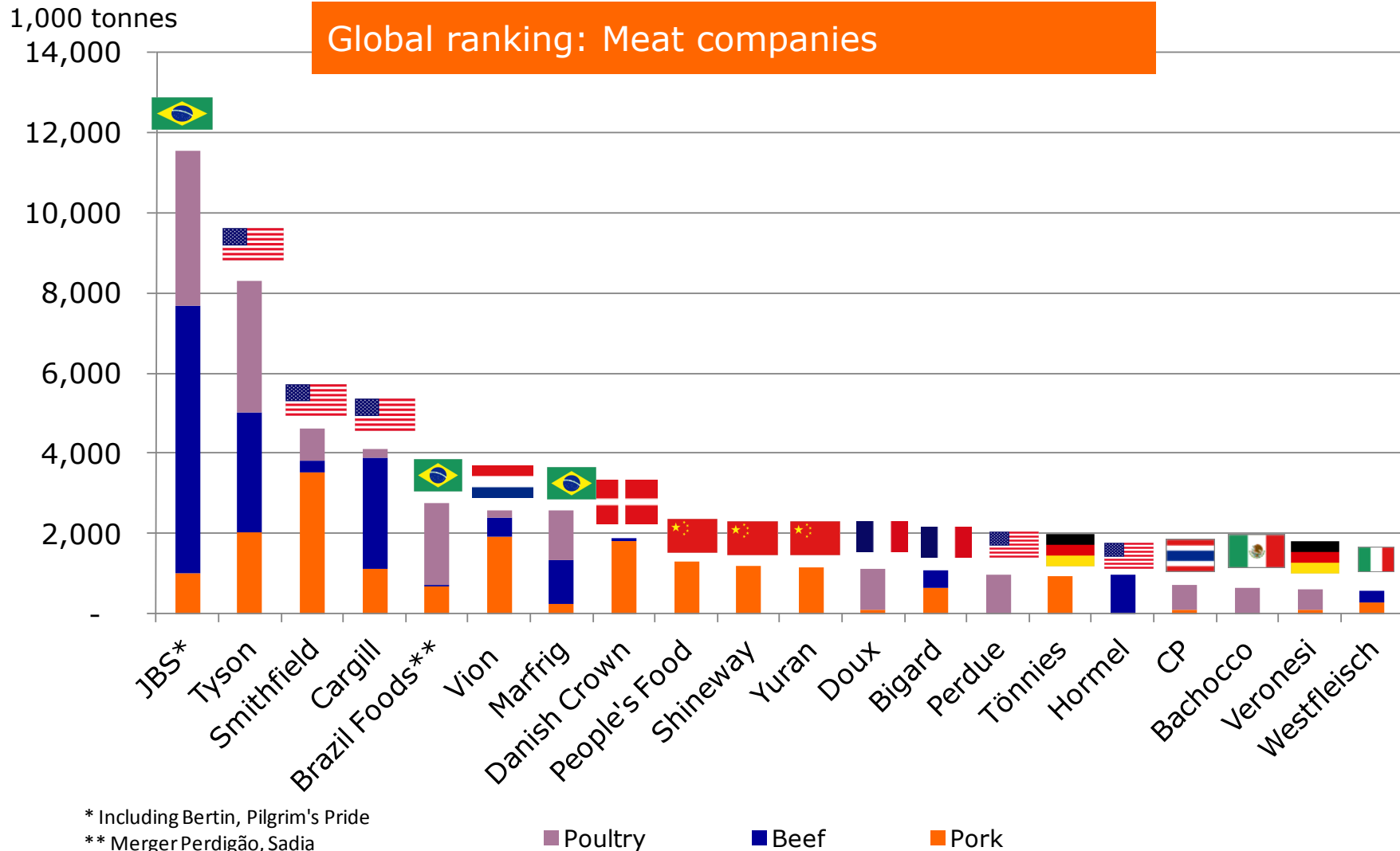


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Projected Grains & Oilseeds Trade Flow, 2016



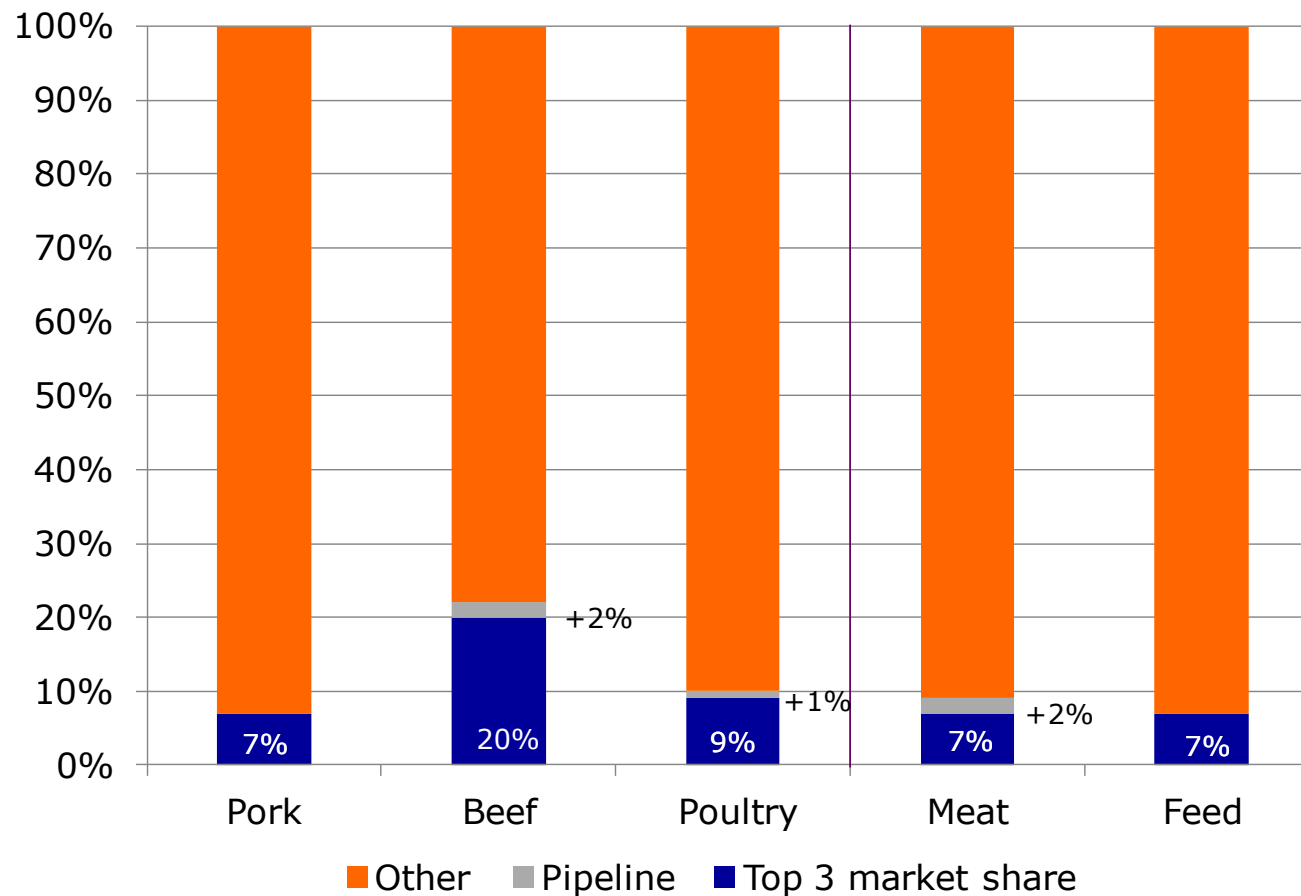
A fast-changing global meat industry landscape



The beef industry most consolidated industry on global level



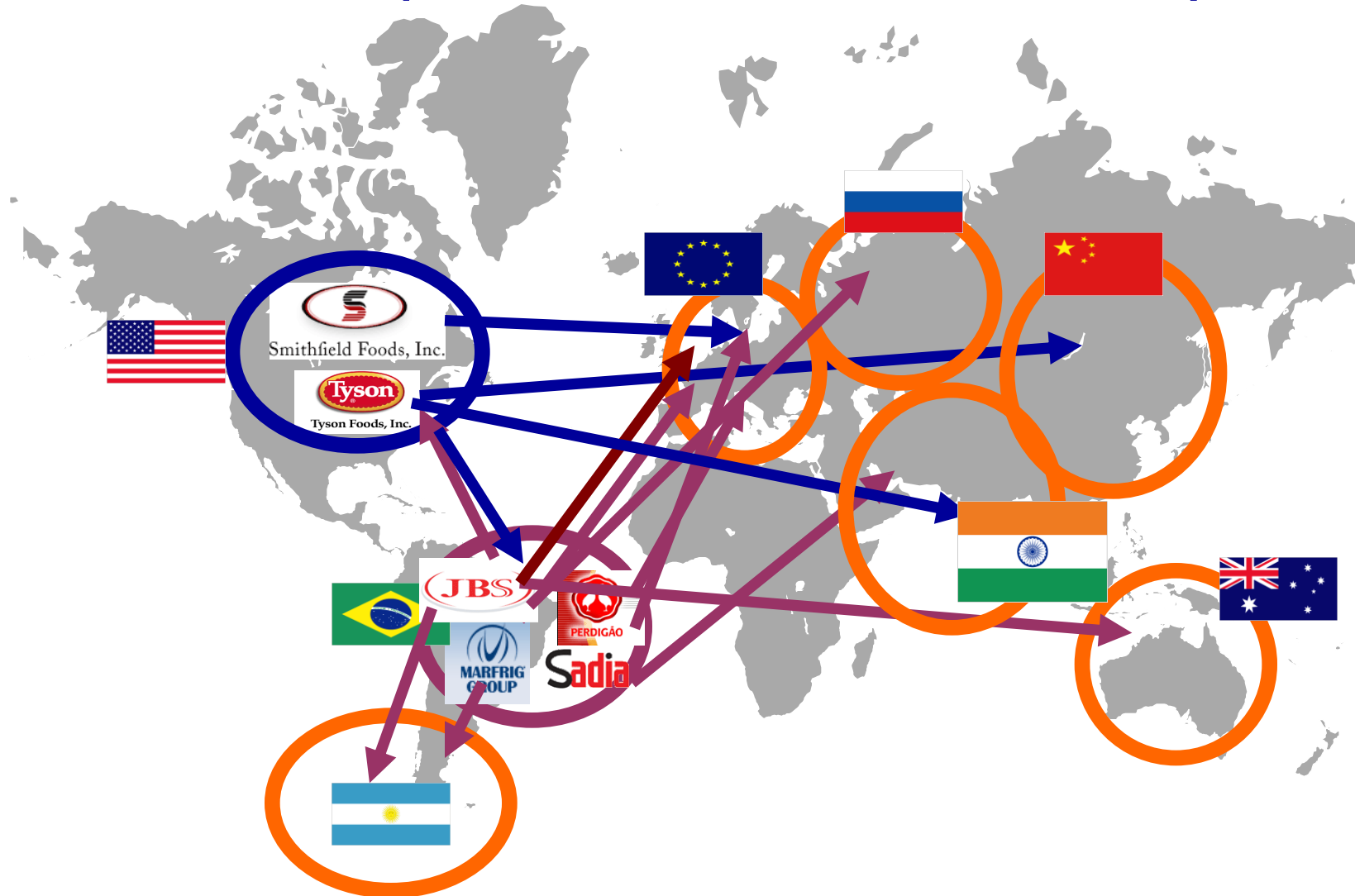
Consolidation in the global meat industry



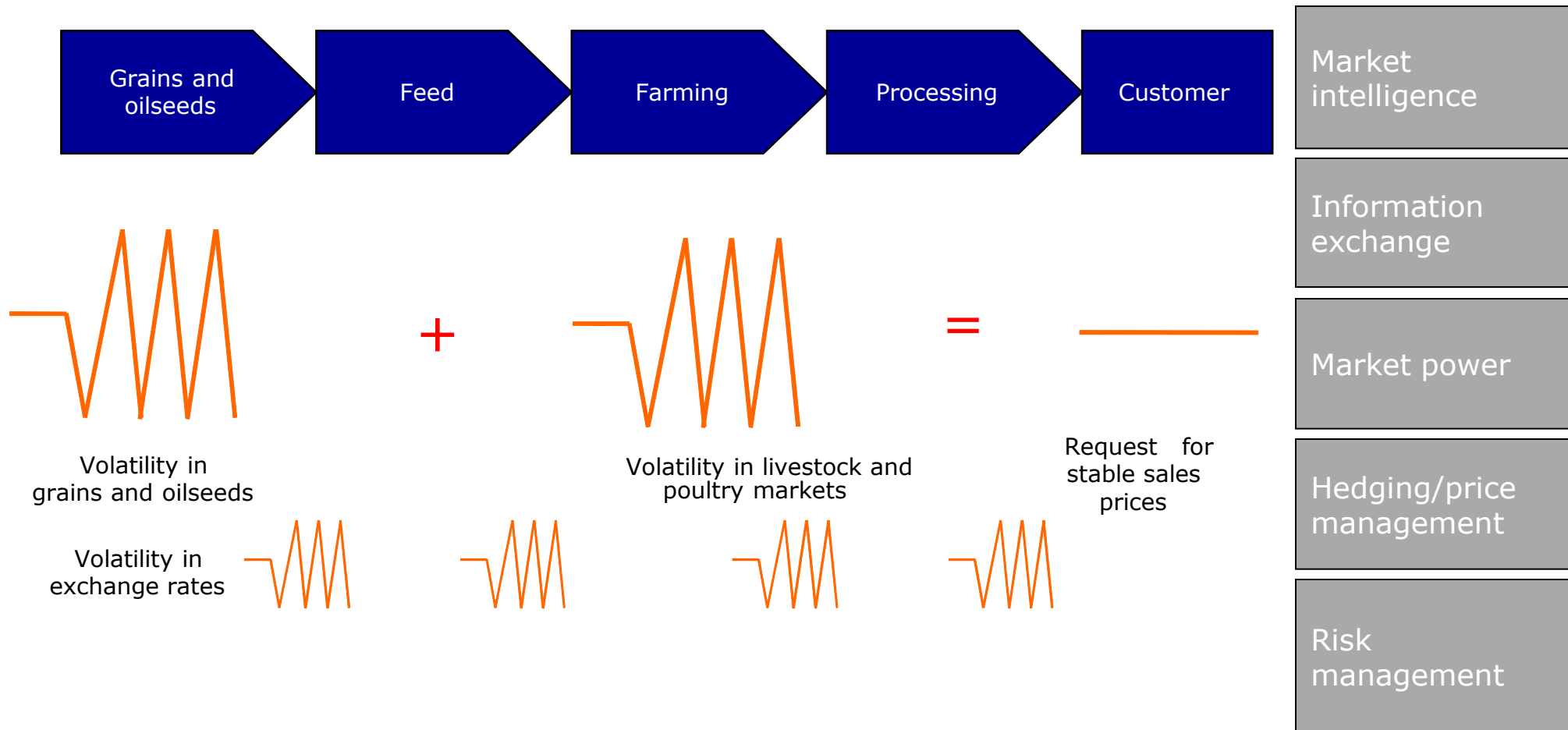
Brazilian and US companies drive global consolidation process in meat industry



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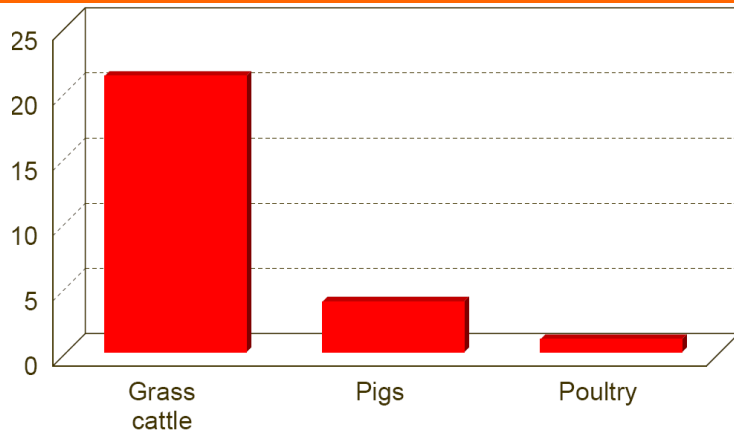
Bounce back: dealing with volatility as key successfactor for whole value chain



Corporate social responsibility: Example global warming



Tonnes CO₂-e per tonne of production



Lobbying: Sweden

- **Swedish Beef**
Approx. 16 - 20 kg CO₂e per kg meat
 - **European Beef**
Approx. 20 - 27 kg CO₂e per kg meat
 - **Brazilian Beef**
Approx. 38 - 40 kg CO₂e per kg meat
- = Always buy Meat from Europe**

Governments policy

guardian.co.uk

Day of the lentil burghers: Ghent goes veggie to lose weight and save planet

• Belgian city hopes radical experiment will catch on
• Meat, fish and seafood off the menu every Thursday

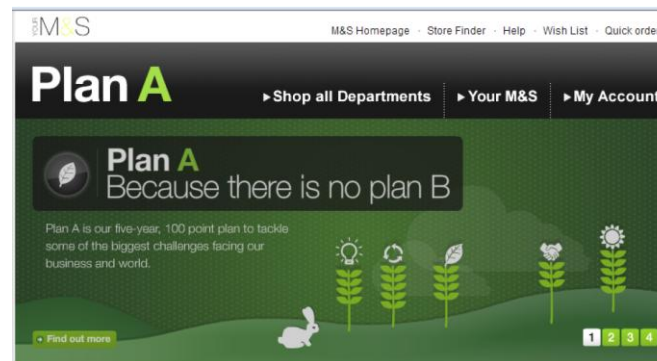
Van Trappier in Ghent
The Guardian, Thursday 14 May 2009
Article history



Vegetarian dishes, such as lentil burghers, suggest meat and seafood could well become part of Ghent's diet every Thursday. Photograph: Gertie Buijsse



Retail



1-800-331-0055 www.walmartstores.com

Supplier Sustainability Assessment: 15 Questions for Suppliers

Energy and Climate: Reducing Energy Costs and Greenhouse Gas Emissions

1. Have you measured your corporate greenhouse gas emissions?
2. Have you opted to report your greenhouse gas emissions to the Carbon Disclosure Project (CDP)?
3. What is your total annual greenhouse gas emissions reported in the most recent year measured?
4. Have you set publicly available greenhouse gas reduction targets? If yes, what are those targets?

Material Efficiency: Reducing Waste and Enhancing Quality

1. If measured, please report the total amount of solid waste generated from the facilities that produce your product(s) for Walmart for the most recent year measured.
2. Have you set publicly available solid waste reduction targets? If yes, what are those targets?
3. If measured, please report total water use from facilities that produce your product(s) for Walmart for the most recent year measured.
4. Have you set publicly available water use reduction targets? If yes, what are those targets?

Natural Resources: Producing High Quality, Responsibly Sourced Raw Materials

1. Have you established publicly available sustainability purchasing guidelines for your direct suppliers that address issues such as environmental compliance, employment practices and product/ingredient safety?
2. Have you obtained 3rd party certifications for any of the products that you sell to Walmart?

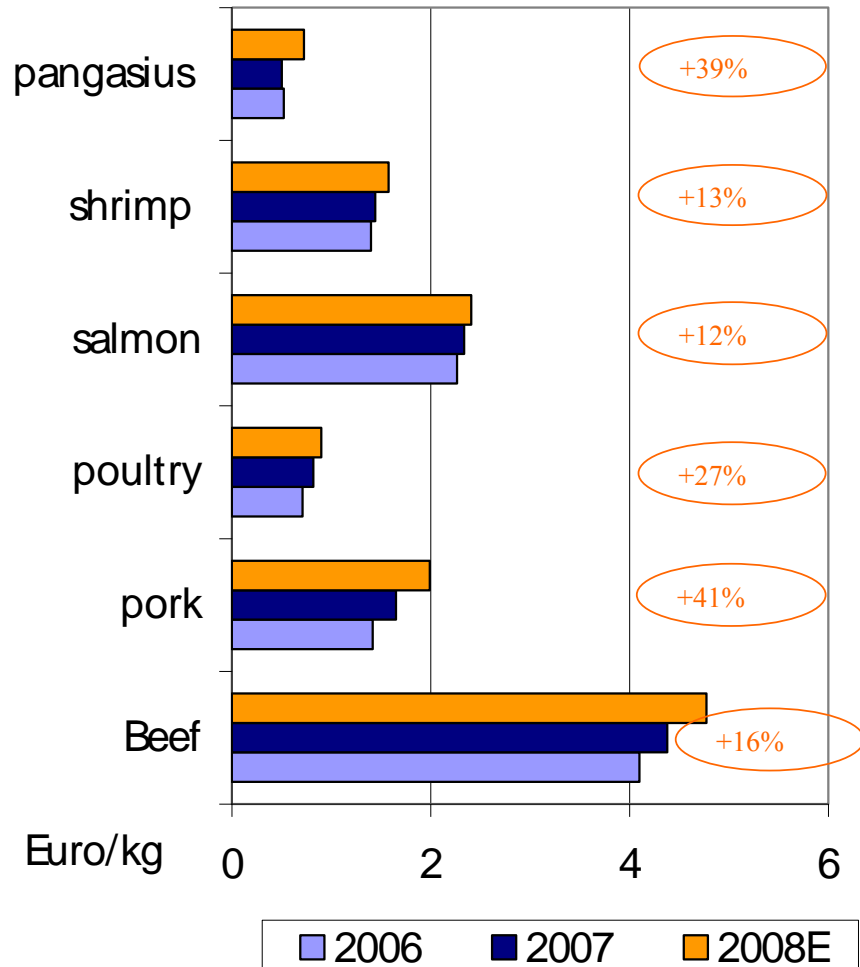
People and Community: Ensuring Responsible and Ethical Production

1. Do you know the location of 100 percent of the facilities that produce your product(s)?
2. Before beginning a business relationship with a manufacturing facility, do you evaluate the quality of, and capacity for, production?
3. Do you have a process for managing social compliance at the manufacturing level?
4. Do you work with your supply base to resolve issues found during social compliance evaluations and also document specific corrections and improvements?
5. Do you invest in community development activities in the markets you source from and/or operate within?

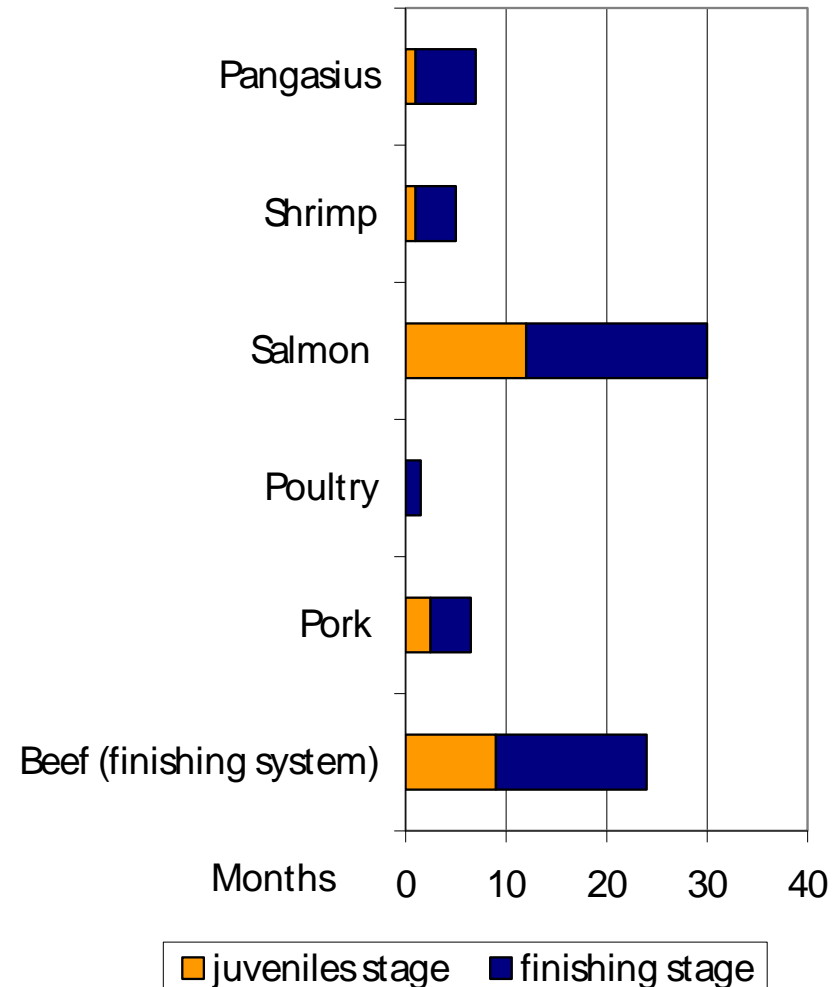
Price competitiveness and flexibility of poultry fitting well with future market needs



Cost of production – “efficiency”



Production cycle, “Flexibility”



A future picture?



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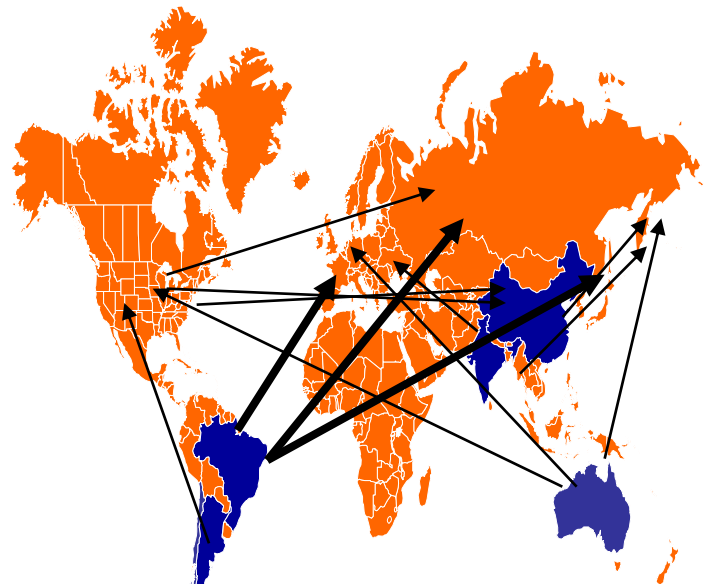
LOCAL TRADE



Fresh perishable products

- Fresh meat
- Speciality products

GLOBAL TRADE



Not perishable products

- Frozen products
- Further processed products

... or this?



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Buy 3 for £4 Long Term Price Offer

TESCO
Orange Smooth
100% Pure squeezed juice
1.5L (50.8 fl oz)

NOT FROM CONCENTRATE

picked & processed within 24 hours

working with the Carbon Trust

The carbon footprint of this juice is 360g per 250ml serving and we have committed to reduce it.

360g CO₂
Compared to Long-Life juice 240g

per 250ml serving

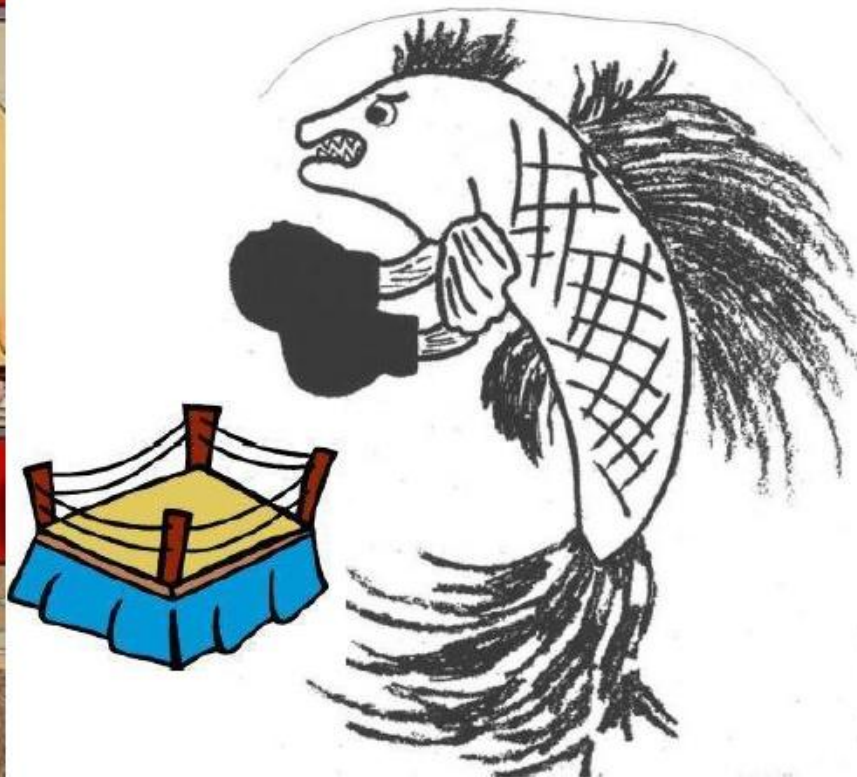
By comparison the footprint of Tesco Long-Life Pure Orange Juice is 240g per 250ml serving, which is lower because less energy is required to chill and transport concentrated juice than 100% pure squeezed juice.

250ml contains:

Calories	Sugars*	Fat	Carbohydrates	Salt
120	26.5g	trace	trace	trace
6%	29%	<1%	<1%	<1%

*of your guideline daily amount
%o based on 84g

Or is this the future?



And beef?



THE TIMES
in association with

DONALD RUSSELL
Real food, real flavour, every day

May we recommend
THE BEST STEAK
you've ever tasted

SPECIAL READER OFFER
7 servings of top quality
steak for just
£29
WITH FREE DELIVERY

SAVE 50%



Your money back if you've ever tasted better
GUARANTEED
Managing Director

*Fabulous meat and
extraordinarily good value*
Nigelia Lawson

PLUS A FREE GIFT
when you order by 31st December 2008
Visit www.timesselects.co.uk/donaldrussell or call 01467 629666 and quote code: J0015

Does beef deserve its premium price position?

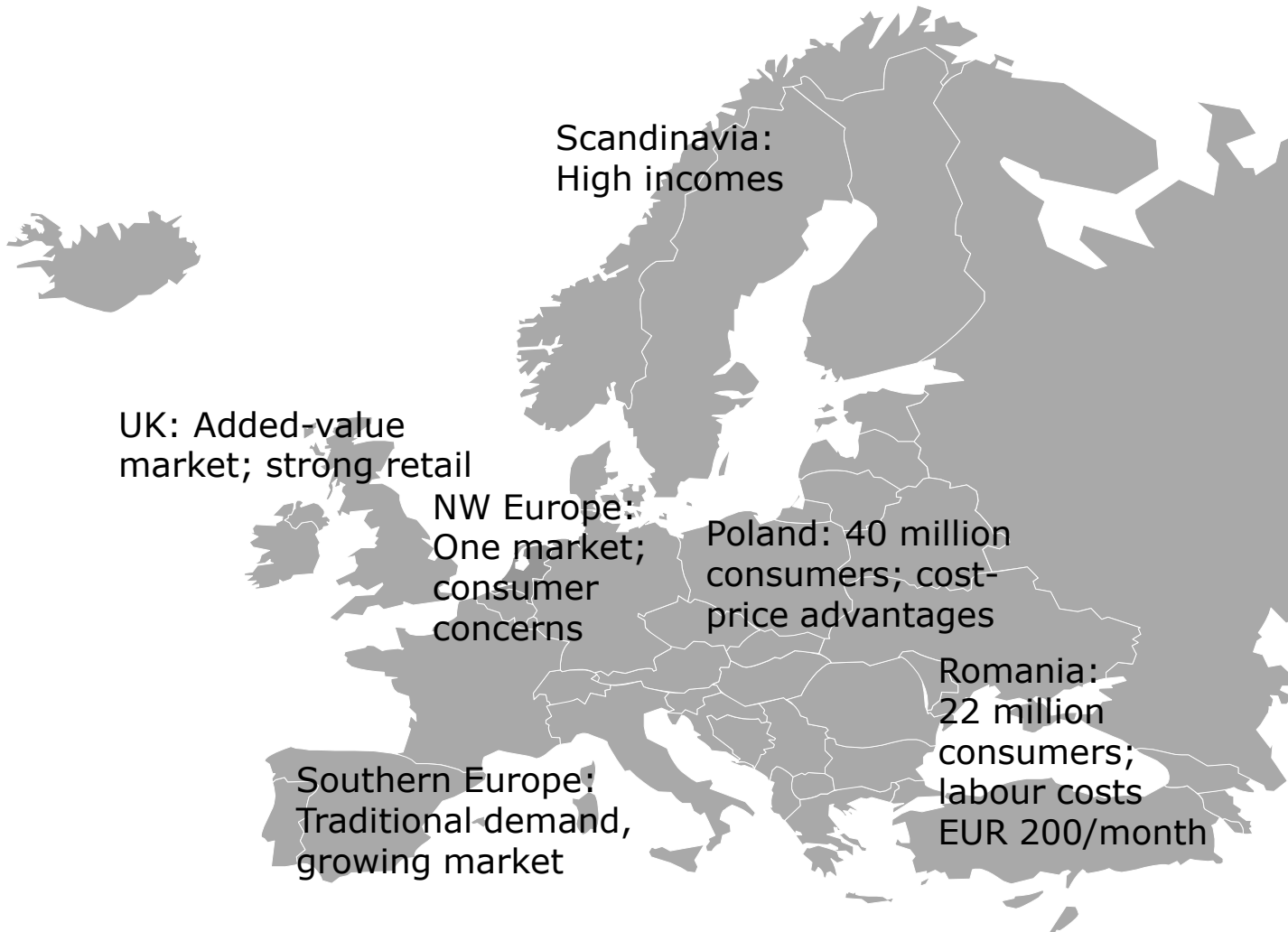
Do we deliver on:

- taste
- tenderness
- juiciness
- consistency of the above
- consumer friendliness in preparation
- social attributes (associated with production, processing) such as animal welfare, environment
- product **STORY?**

European sector should better utilise large European market



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EU-27: Almost 500
million consumers

Large differences in
competitive advantages

Poultry industry still a
domestic industry

The European industry moves from national to regional and from regional to pan-European



Northwest - 173 million consumers



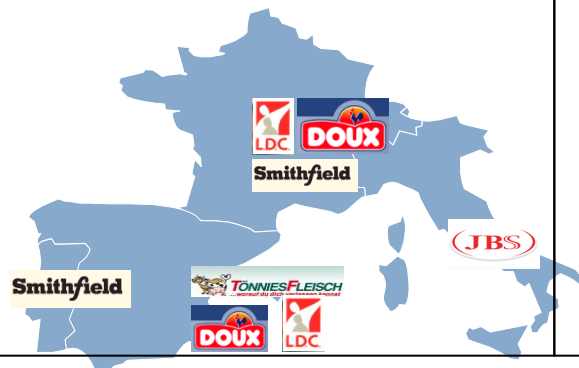
North- 20 million consumers



East - 79 million consumers



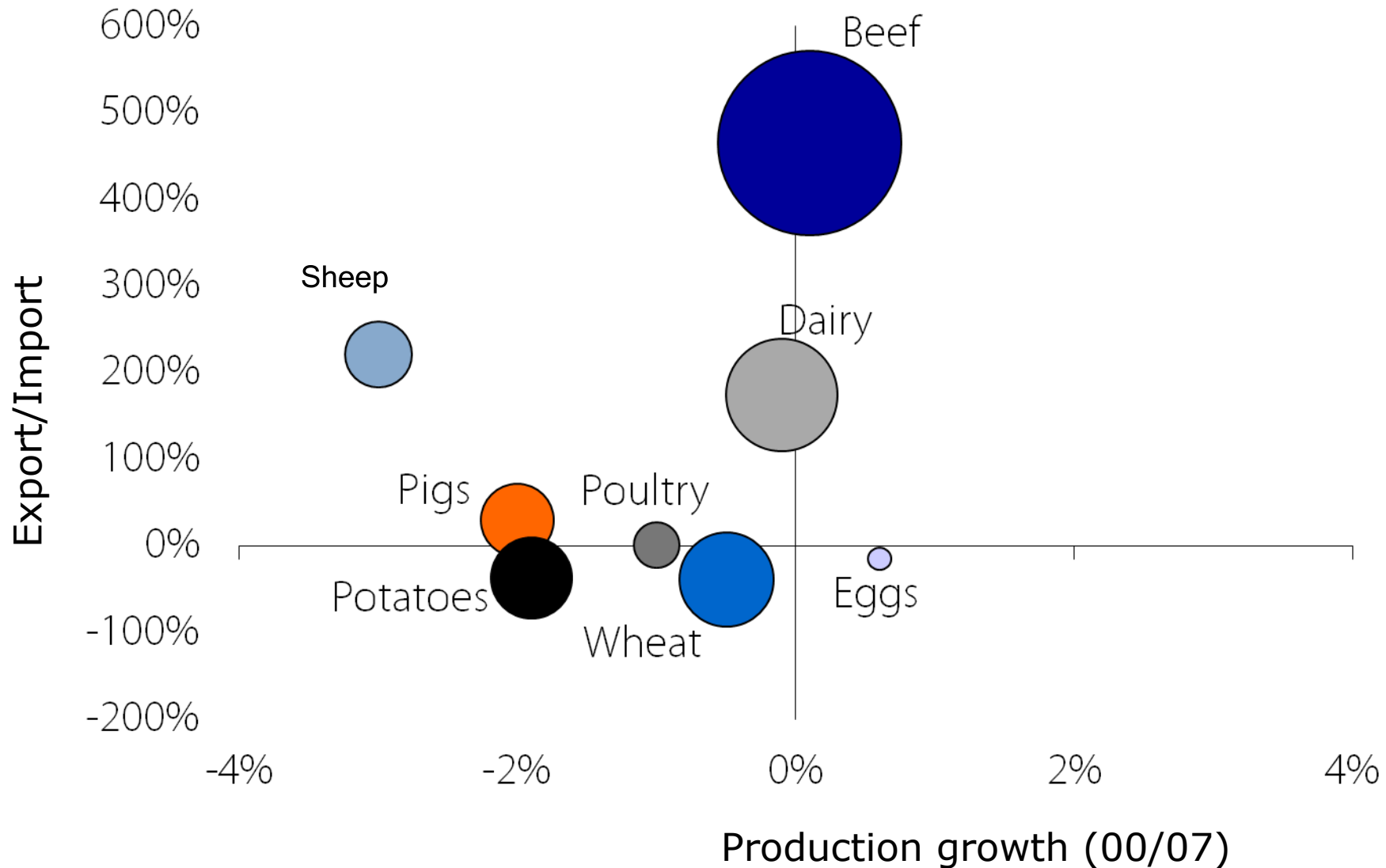
South- 171 million consumers



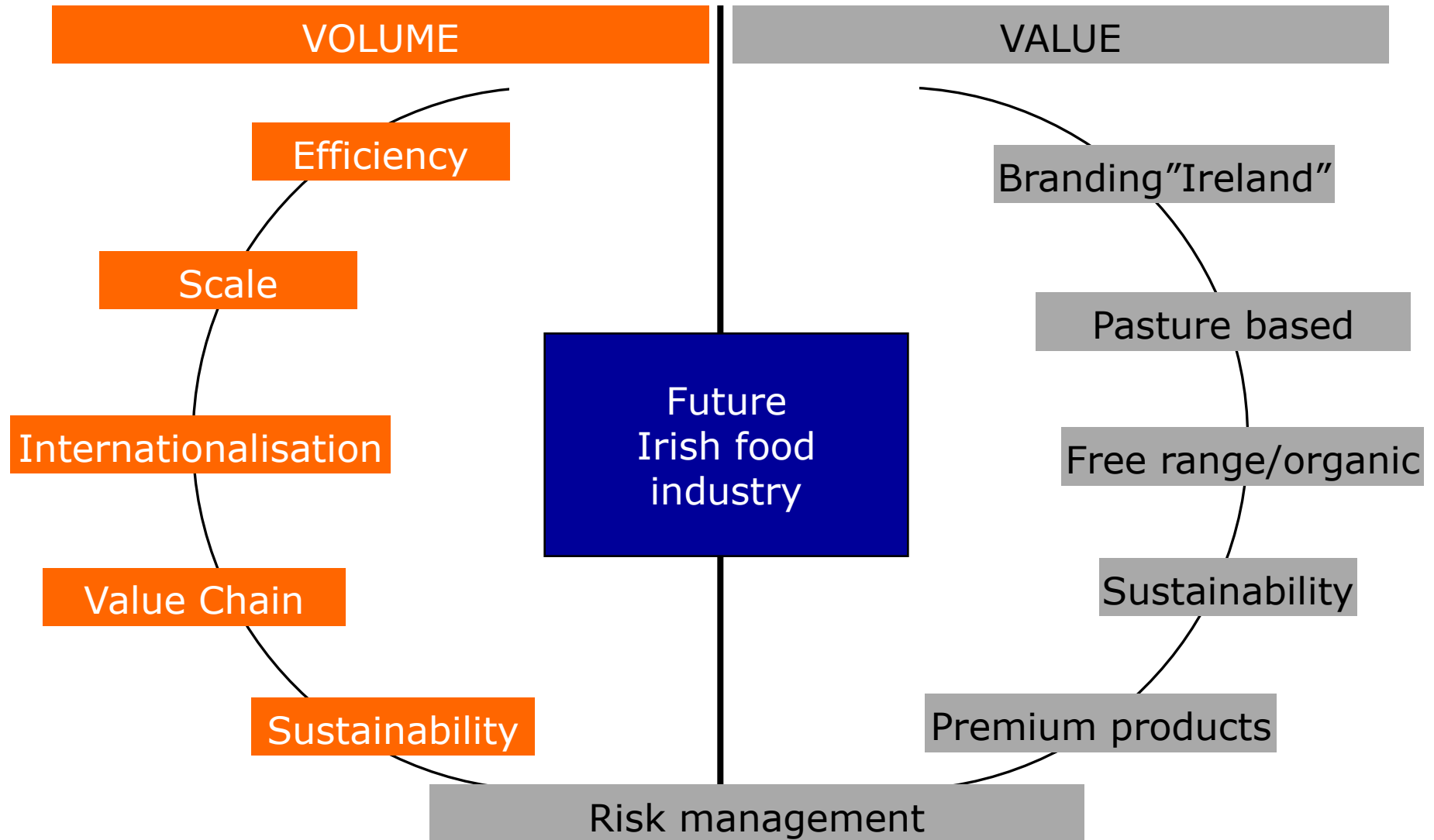
South East - 41 million consumers



Irish food & agrisector: livestock sector drives industry growth



How to compete in the current competitive industry landscape?



Conclusions



Great long-term meat demand potential for global industry with growing emphasis on yield throughout the value chain

Dealing with volatility in feed ingredients and exchange rates will be a key challenge for the industry in the coming years

Waves of protectionism and diseases put significant impact on markets and industries

Growing importance of consumer concerns in industry. Industry should participate in global discussions and come with innovative ideas

Consolidation in the global industry is driven by Brazilian and US companies; Europe is fragmented and does not utilise opportunities in large EU market

Global feed to meat industry landscape will change significantly in the next 10 years – Companies from emerging markets (China, Brazil) will play a leading role

Irish industry needs to restructure to meet fast changing industry dynamics



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Irish Food Board

New perspectives

Thanks for your attention

Nan-Dirk Mulder

Rabobank International

Nan-Dirk.Mulder@rabobank.com