

SHEEP SECTOR

Review & Outlook

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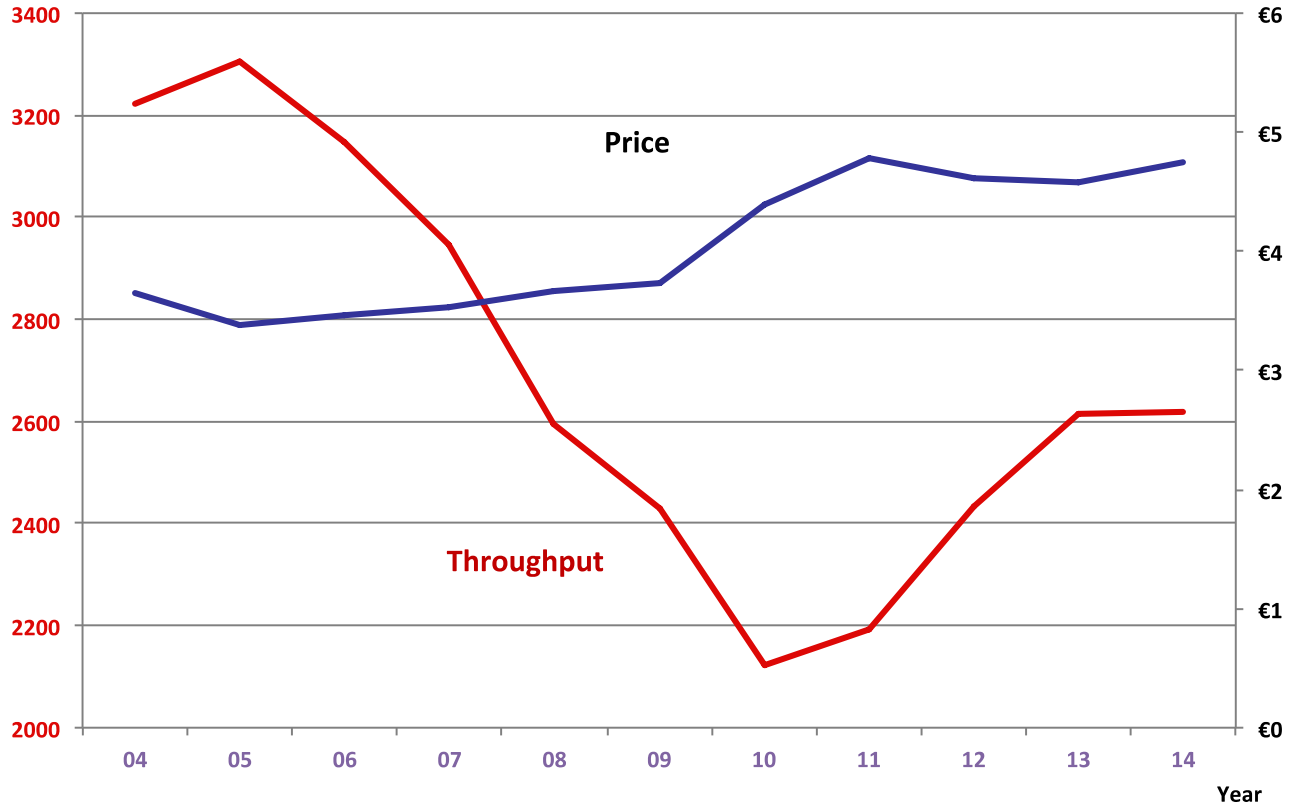
Growing the success of Irish food & horticulture

Bord Bia
Irish Food Board

9 January 2015

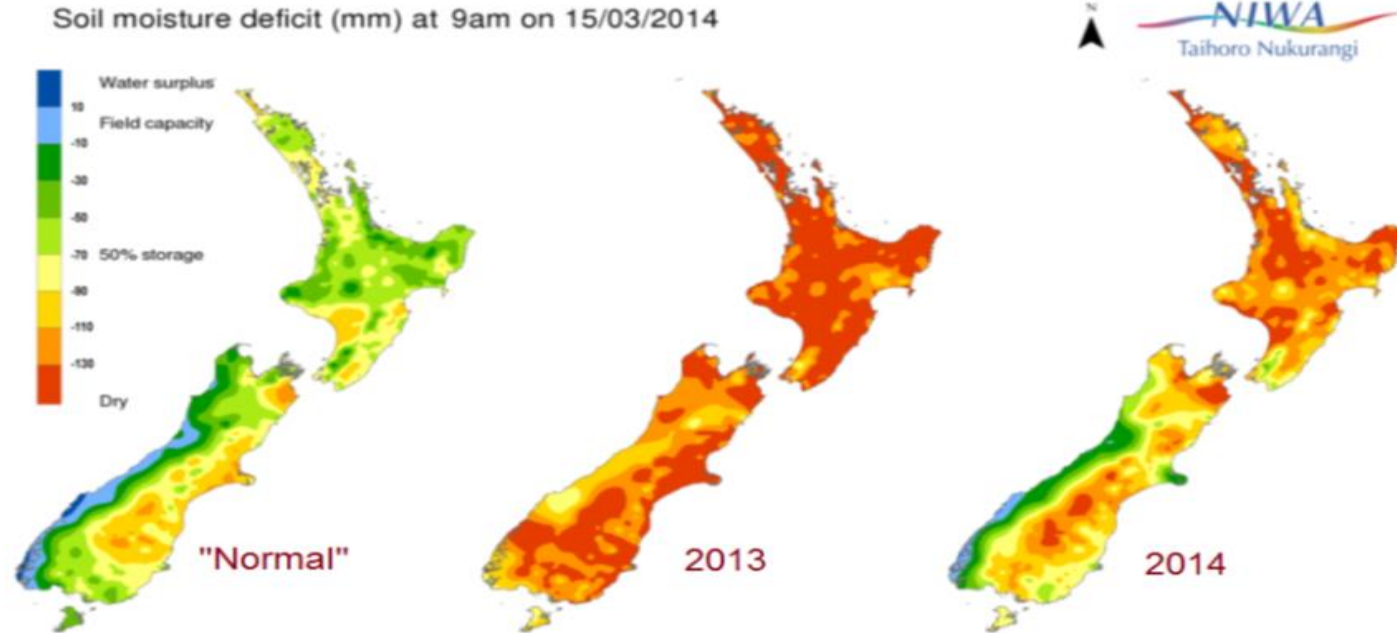
10 Year Analysis of Irish Sheep Production & Prices 2004 - 2014

,000 head



Producing **21% less** but achieving **30% more** in price returns

1. Global Supplies have tightened up in recent years



2014 – 68% of EU Quota filled

2. Demand has grown significantly in developing & emerging economies



China accounts for 30% of global sheep meat trade compared to 10% five years ago

Since 2010 EU live exports to MENA have increased 3 fold to reach over 2 million head

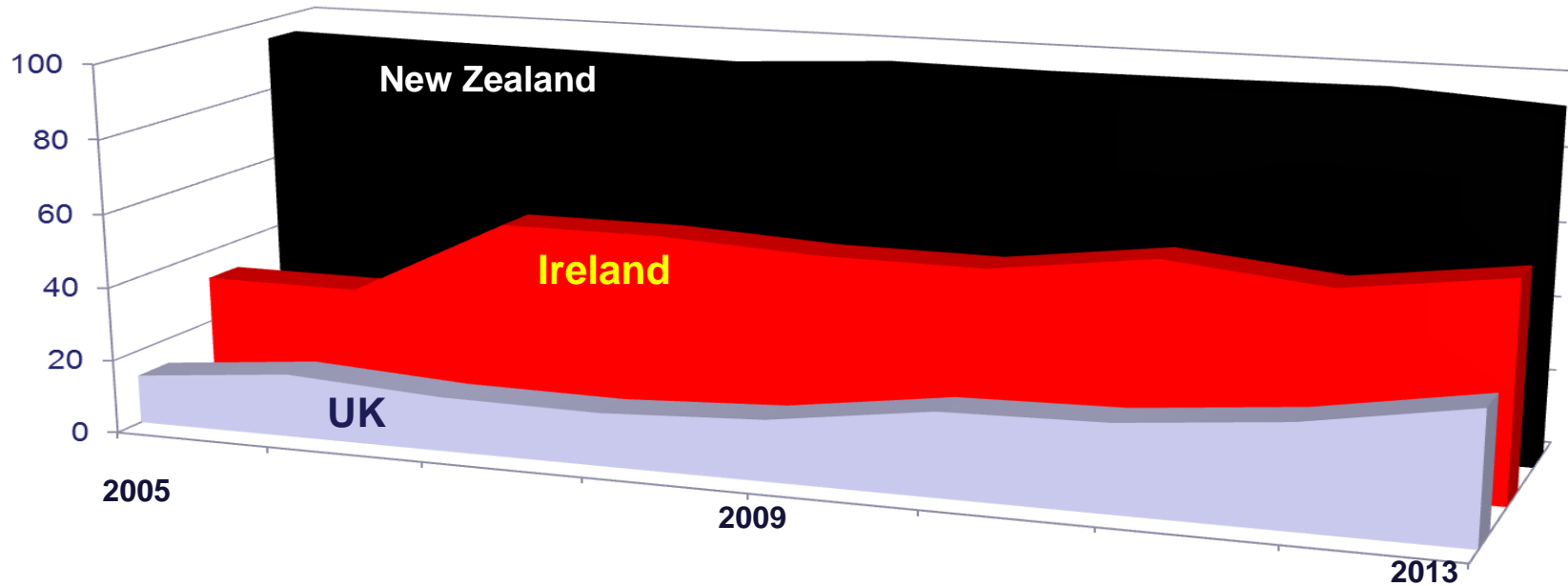
Soucre: Gira, Eurostat

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3. Process Innovation has delivered higher value returns

% Sheep Meat Exported as Value Added



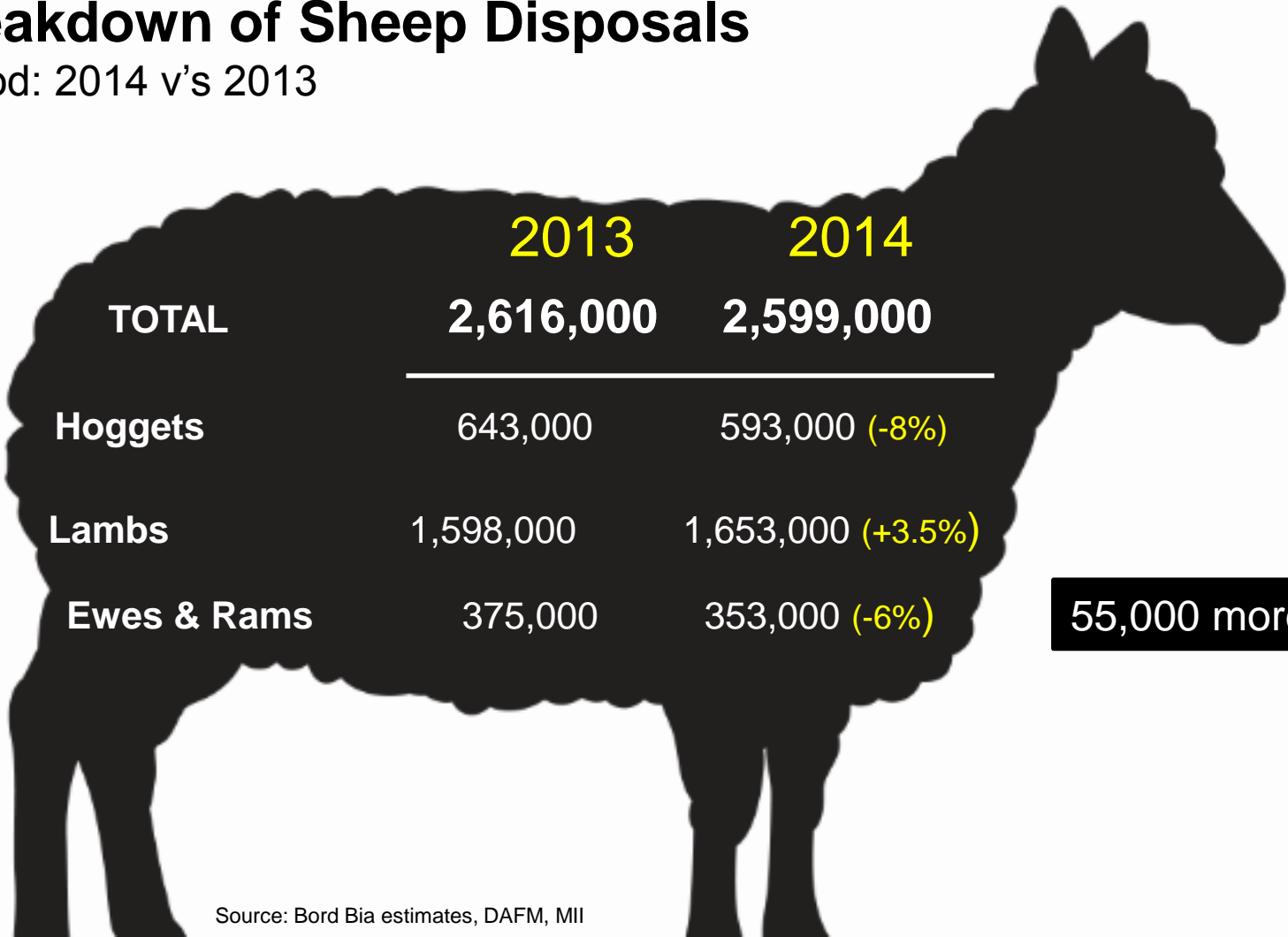
Source: GTIS

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Breakdown of Sheep Disposals

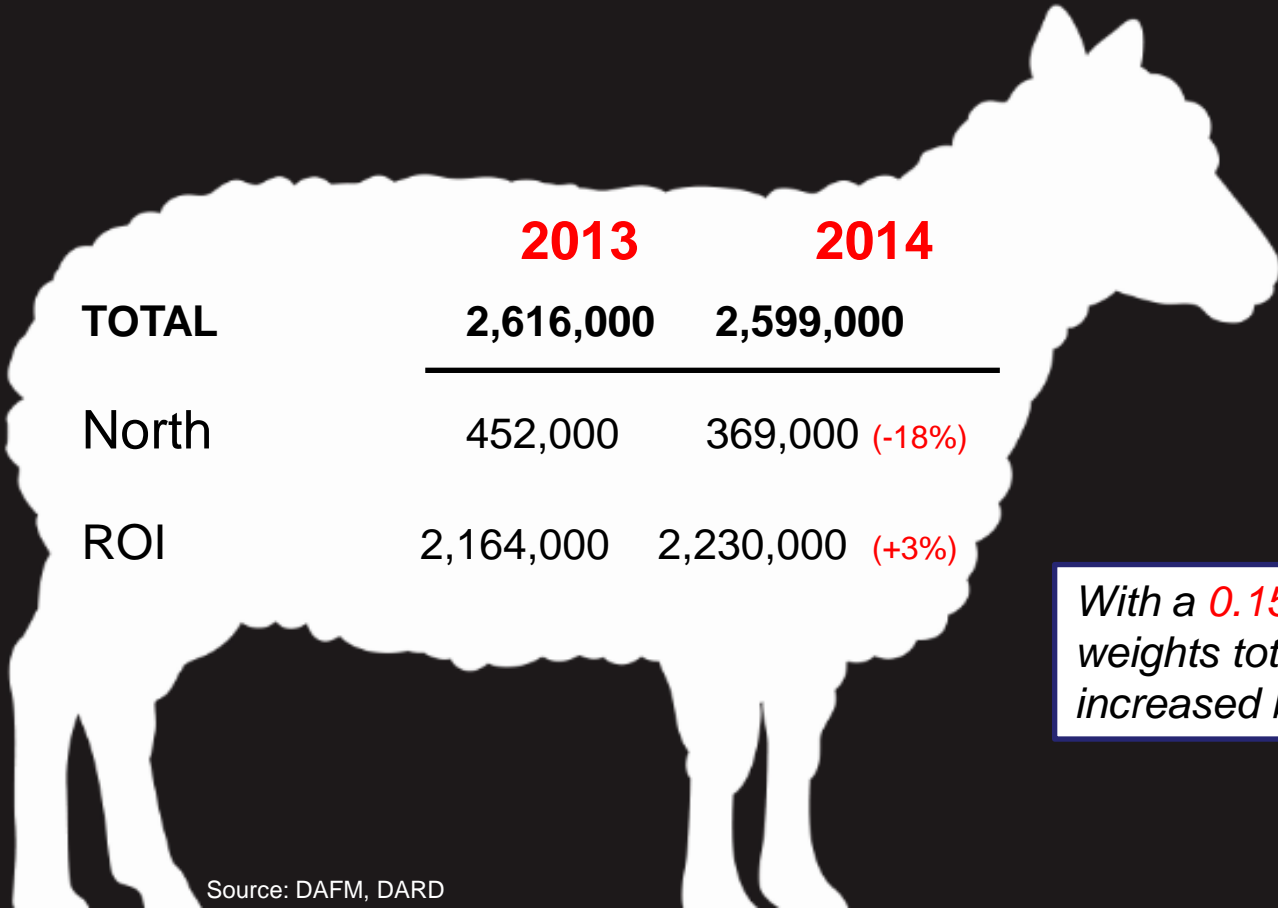
Period: 2014 v's 2013



55,000 more lambs

Origin of Sheep Disposals

Period: 2014 v's 2013



	2013	2014
TOTAL	2,616,000	2,599,000
North	452,000	369,000 (-18%)
ROI	2,164,000	2,230,000 (+3%)

With a **0.15kg** increase in carcase weights total sheep meat production increased by **1% to 58,000tonnes**

Supplies Outlook for 2015

Carry-Over of Hoggets + Lambs born in spring 2015

More lambs born in 2014 ?

The CSO June 2014 Livestock Survey would indicate that 2014 lamb crop was up by approx 5-7%. A 5% increase is equivalent to an additional 120,000 head*

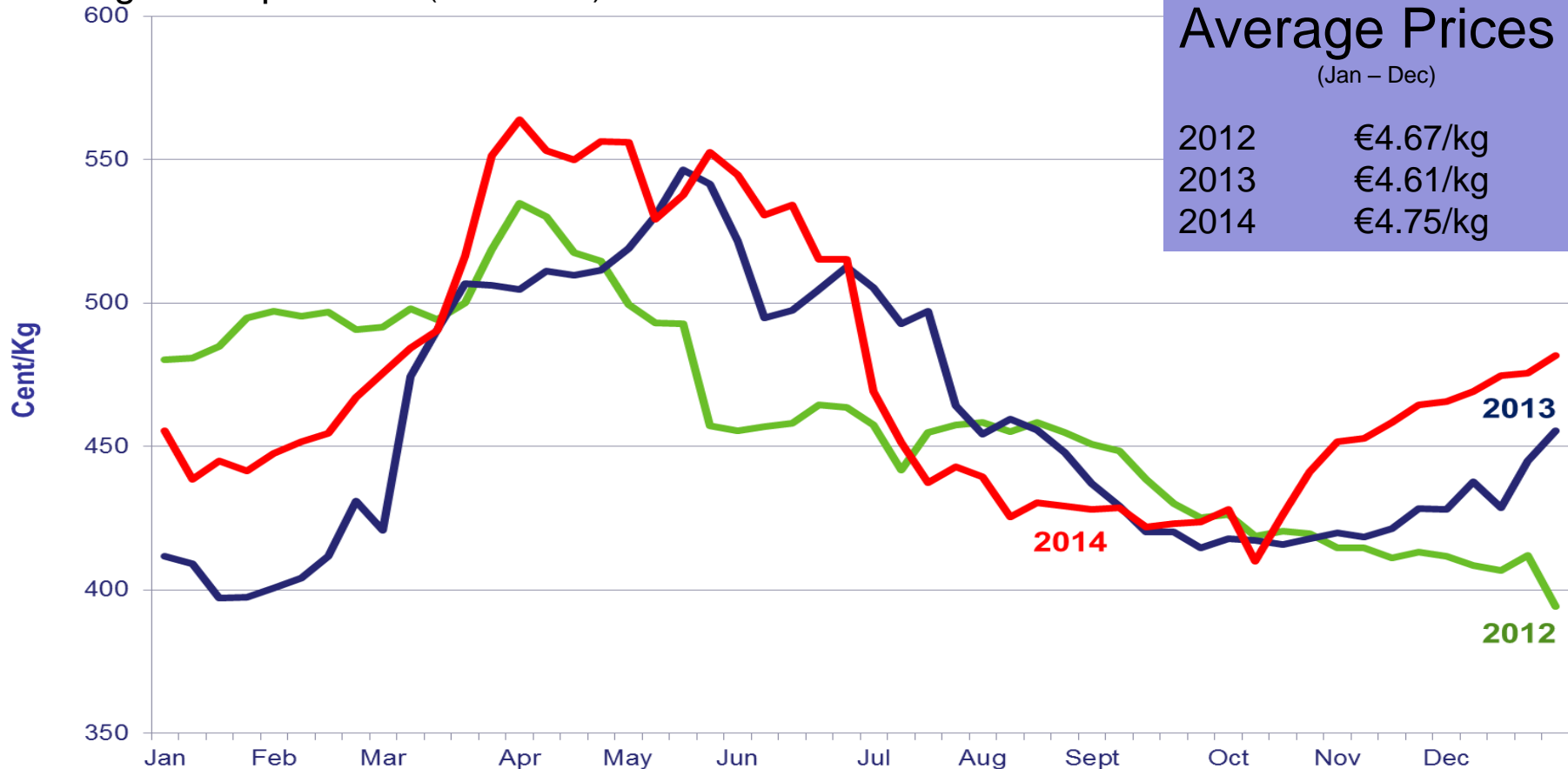
However 55,000 more lambs were processed in 2014

So potentially there are still some 65,000 more lambs on the ground from 2014

Will there be a heavy carryover of hoggets into 2015? **Unlikely**

- (1) Sheep disposals have tightened up significantly, Nov/Dec kill back 13%*
- (2) More ewe lambs retained for breeding purposes*
- (3) Traditional store finishers bought less in Autumn 2014*

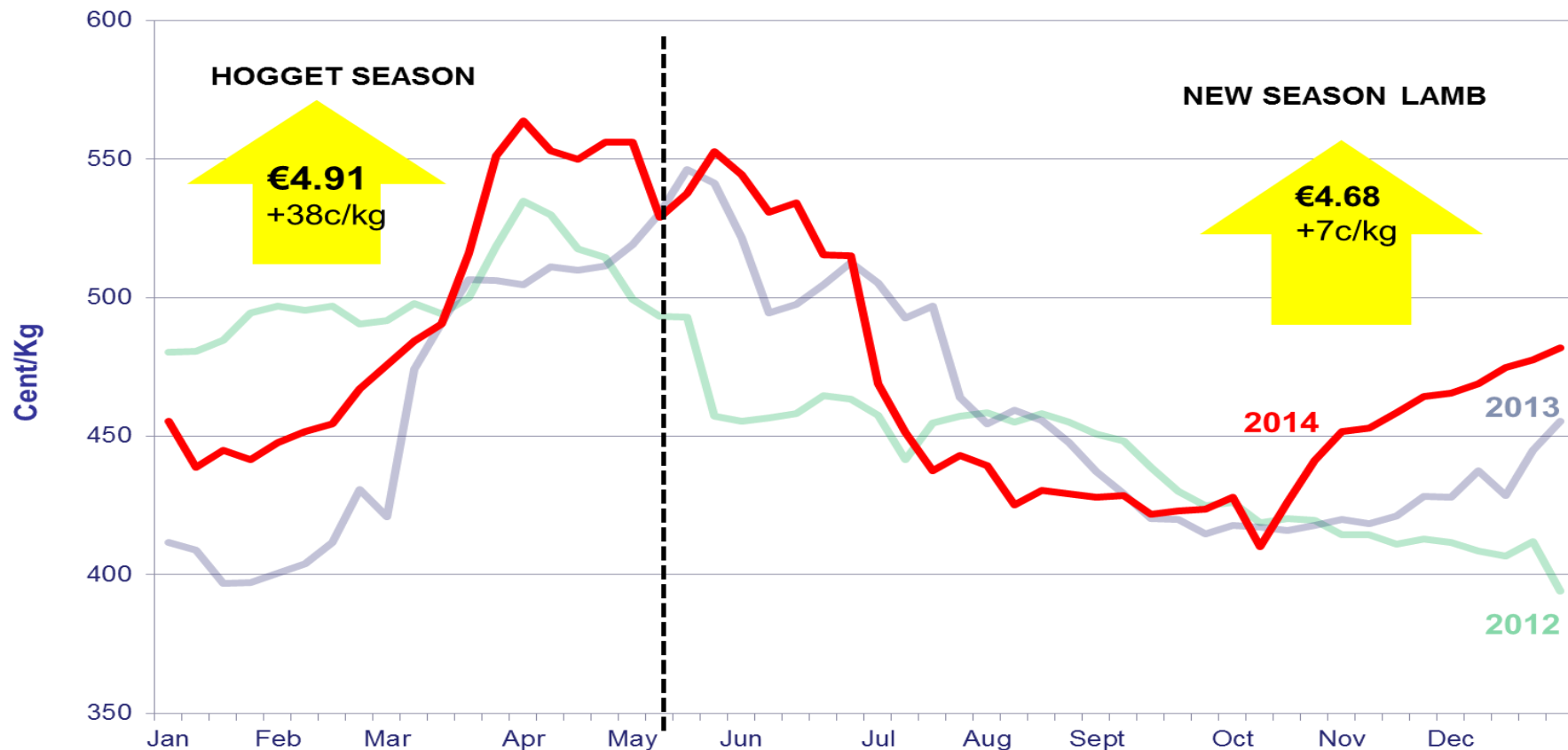
Average Sheep Prices (2012-2014)



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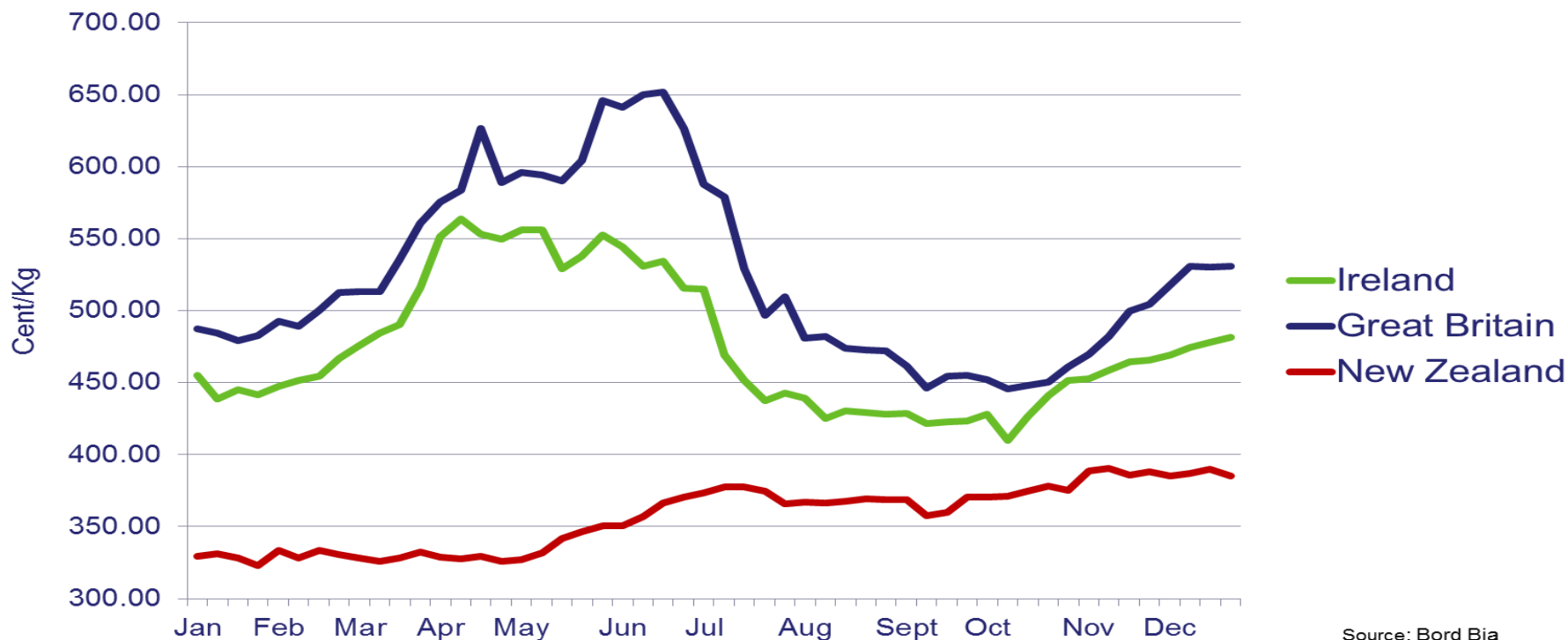
2014 v's 2013 prices for Hoggets and New Season Lamb



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Irish Farmgate Prices relative to UK & New Zealand

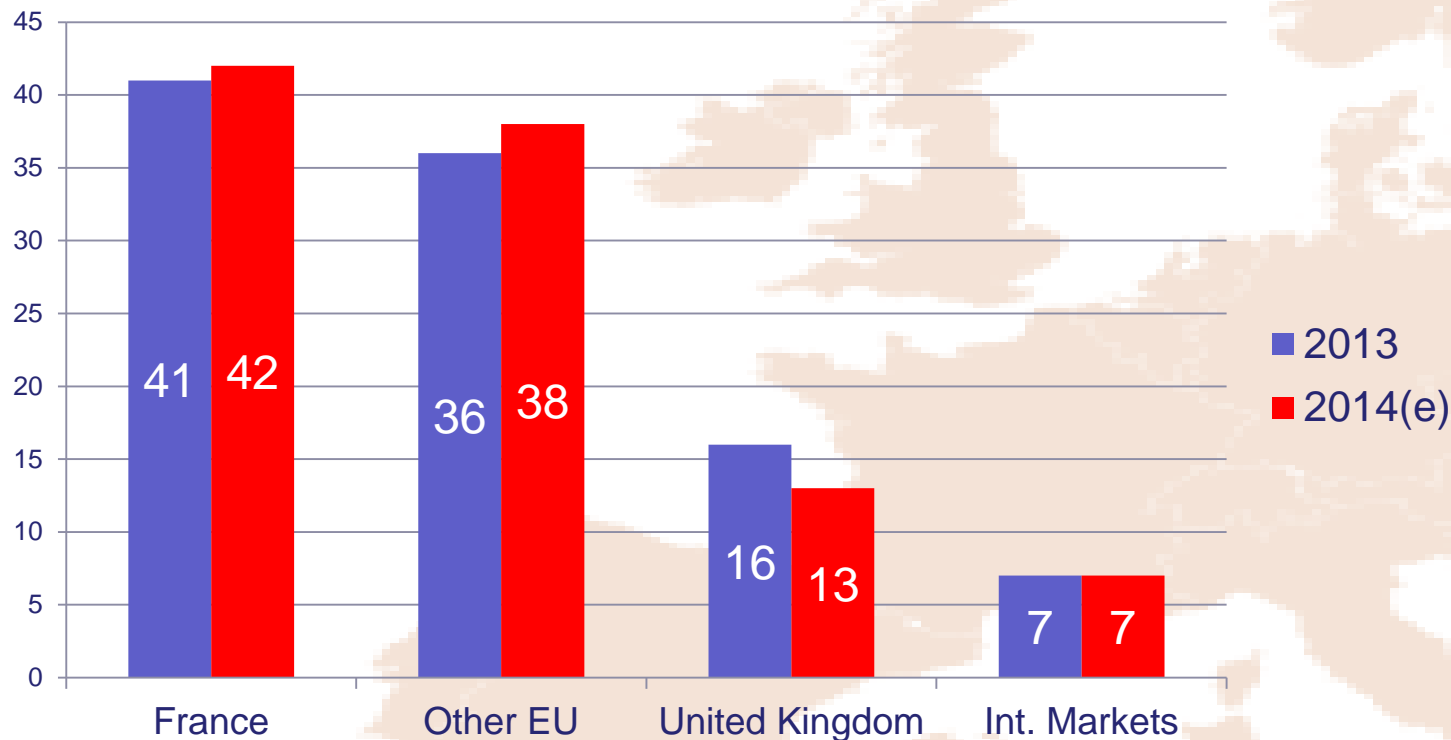


Source: Bord Bia

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Distribution of Irish sheepmeat export by value %



VALUE: €218m (+1%)

VOLUME: 46,000t (-3%)

2015

Challenges & Opportunities

ON THE **SUPPLY SIDE** we have competition within the Marketplace



+ 2% Breeding Flock | Production 3-5% | Supplies strong for Winter/Spring



Lamb Crop 25.8m head (+1.2%) | Lamb exports 19.95m (-2%)

Market Priorities/EU Quota | 2016 exports into China will be tariff free

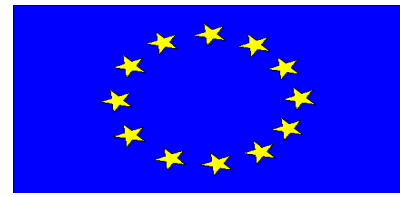


Breeding flock in decline - 5% | Poor domestic demand | Live exports growing

“Lamb sales are skewed towards older shoppers with over half of retail sales derived from retired or older dependents households”

Source: Kantar Ireland

EU Generic Lamb Promotion 2015 – 2017



BELGIUM | DENMARK | FRANCE | GERMANY | IRELAND | UK

€7.7m of Promotional Spend between
2015 - 2017

IN SUMMARY

1. *Production* unchanged **(2.59m head)** and *Processing* +1% **(58,000tonne)**
2. EXPORTS value up +1% **(€218m)** though volume back -3% **(46,000t)**
3. No overhang of **HOGGETS** going into 2015
4. Strong demand from **CHINA and MENA**
5. Modest **GROWTH** in the National Flock

Easter 5th April | Ramadan 17th July | EID 23 Sept



Irish Lamb

A proud tradition

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