

Global Pig Farming Situation Amidst Major Health and Commercial Events

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Unprecedented disruptions

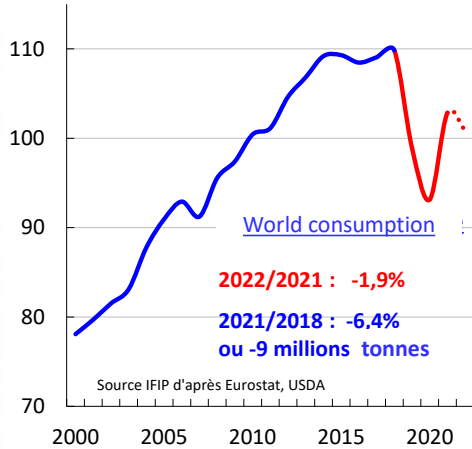
Global impact

- **Covid-19**
- **African swine fever (ASF)**
- Avian influenza
- PRRS...
- International exchanges
- Brexit
- Marine transportation
- **Prices (all stages)**
- Inflation and rise in inputs
- **Production**
- Profitability
- Regulations (BEA, environment...)
- Manpower
- Restructuring of industry
- **Consumption**

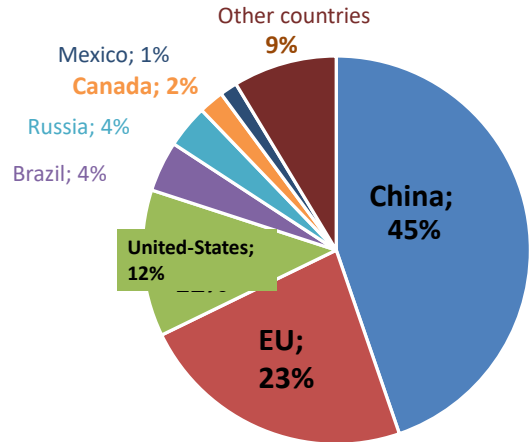
**Assessment by degree
of importance**

Production in major decline, mainly due to ASF... New (temporary) balance in the world

Global production
in millions of tonnes eq. carc.



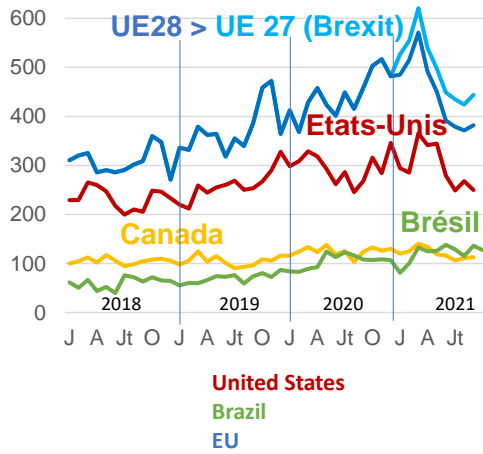
Distribution (in %) of pork production
worldwide (2021)



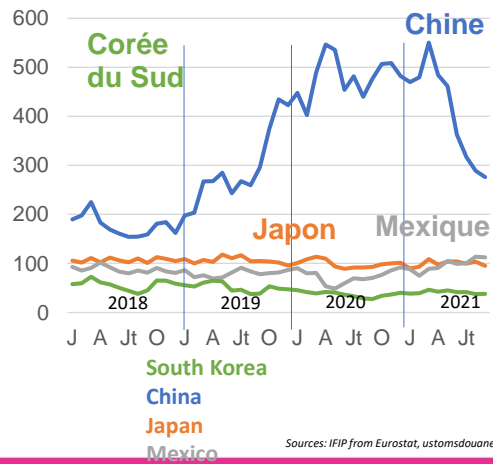
Sources: IFIP according to Eurostat, USDA

Global exporters target Asia, and in particular China

Main exporters
in thousands of tonnes of products per month



Main importers
in thousands of tonnes of products per month



Sources: IFIP from Eurostat, ustomsdouanes

Maritime logistics capacity holding back global trade

China drives the world's maritime transport

Impact of ASF and Covid-19

- Increased need for containers
- Containers blocked in ports
- Cancellation/disruption of rotations

Increased fares according to

- Directorate (China to world)
- Competition between products

Domestic market is a priority, however

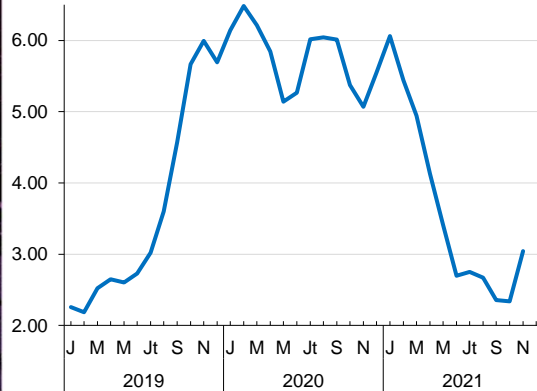
- WTO: Trade +11 in 2021
- 2022: Return to pre-pandemic trend (+5%)



China's price: back to pre-ASF level

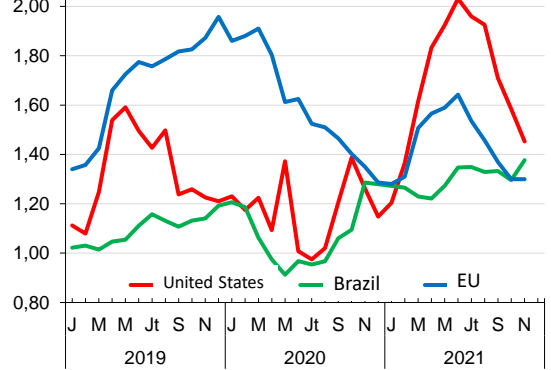
China: Pork prices

in €/kg/month



Monthly comparison of prices references EU/United States/Brazil

In €/kg/month



Sources: IFIP according to MQA, USDA, Eurostat, CEPEA



China: Restructuring is underway

Health management remains at a low

- Active presence of ASF (several strains)
- No vaccine
- Lack of rendering
- Restricted areas for the transportation of live pigs
- Biosecurity is being implemented

Concentration of businesses

- Construction of massive complexes
- Return of small producers
 - Temporary?
 - Integration by slaughterers, feed manufacturers

Insufficient profitability since summer

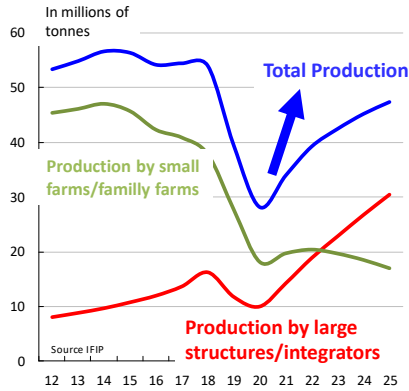
- Price of raw materials
- Government support
- Risk of leakages...



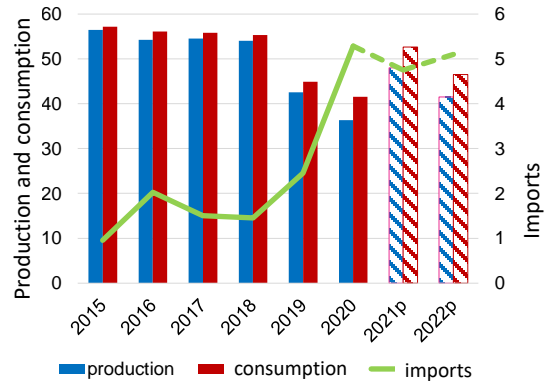
Sources : IFIP d'après Ministère de l'Agriculture Chine

China surprised us but still great uncertainty about the current situation

**Projection of pork production
by structure**

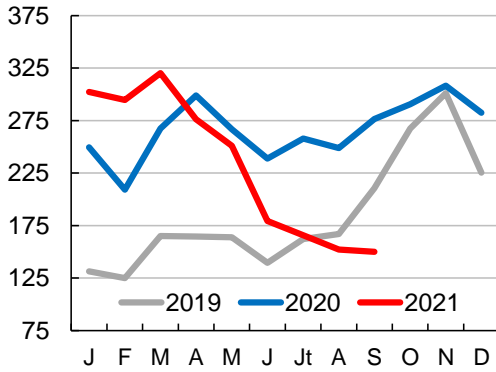


**China's supply balance
in millions of tonnes eq. carc.**

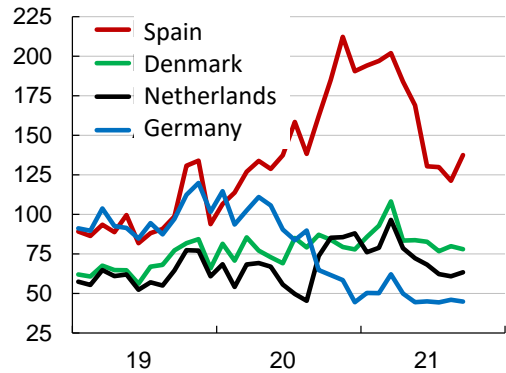


EU 27: Weakening of the export market (to China)

EU 27 exports to China
9 months, thousands of tonnes



Exports of main EU exporters (all destinations)
9 months, thousands of tonnes

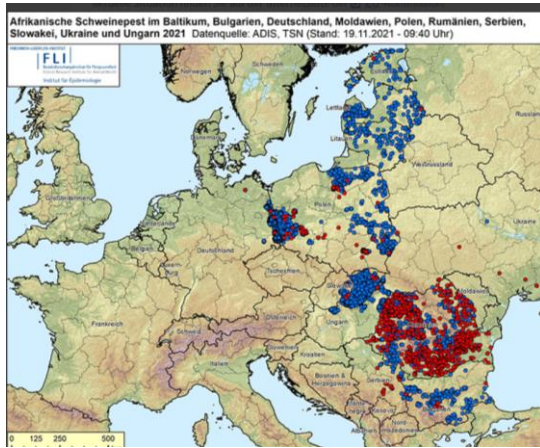


Sources: IFIP according to Eurostat, customs



ASF in Germany: It was only a question of time!

Eradication confirmed in Belgium (November 20, 2020)



Extension of the surveillance zone

- 2,700 wild boards found (November 18, 2021)
- 4 infected pig farms, including 1 large one (November 14)
- Fence built at Polish border

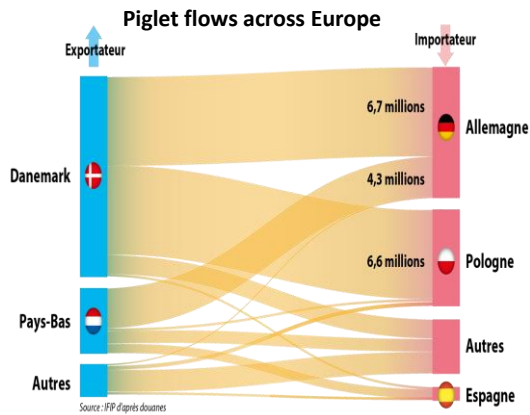
Loss of export markets

Increased competition within the EU

- Loss of value of offal
- Decrease in prices
- Fattening pigs: -10 cts €/kg
- Piglets: -50% (on average)

Impact of ASF in Germany

Piglet market affected



Netherlands and Denmark deliver **11 million piglets** each year to Germany.

Poland is not an option, reduces its imports

Spain benefited from high supply at lower prices

Strong competition between NL, DK, and DE breeders to be expected

- Production in the Netherlands is expected to decrease by 6% to 10%, or 1.5 to 2 million piglets

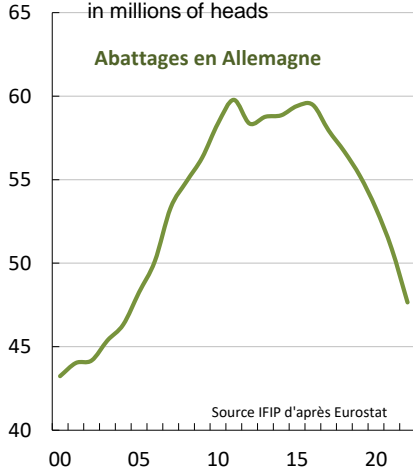
Lower piglet prices

German production decline will accelerate beyond ASF...

Pig slaughtering in Germany

Estimated 2021 projection 2022

in millions of heads



BEA standards

- Investments in more or less pigs

Succession of farms

A regulation on manpower

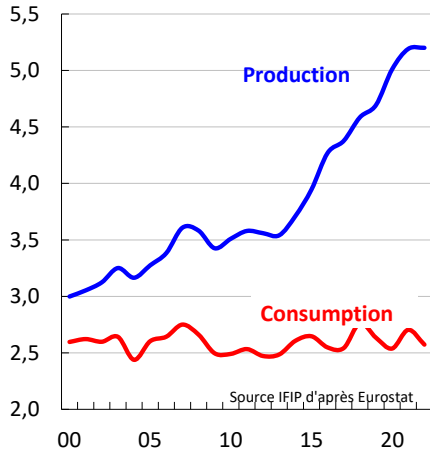
- Availability of employees
- Loss of competitiveness

Restructuring in perspective

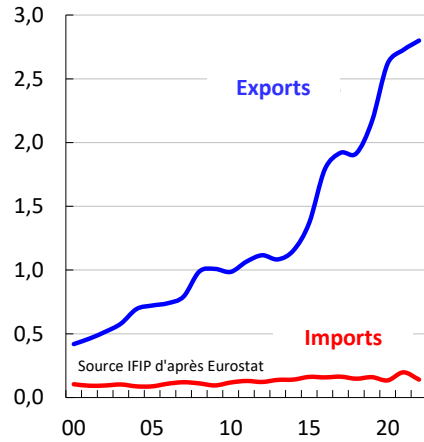
- Slaughter
- Food sector

Spain: A dynamic and concentrated sector, strongly focused on exports

Spain: supply balance
millions of tonner eq. carc.

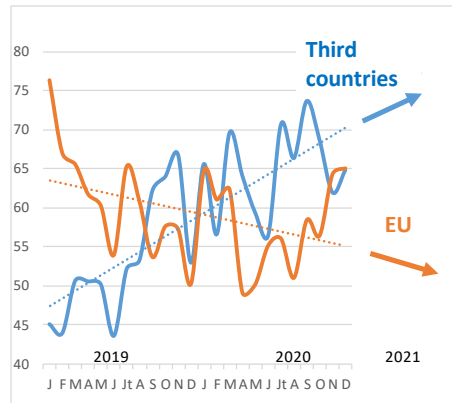
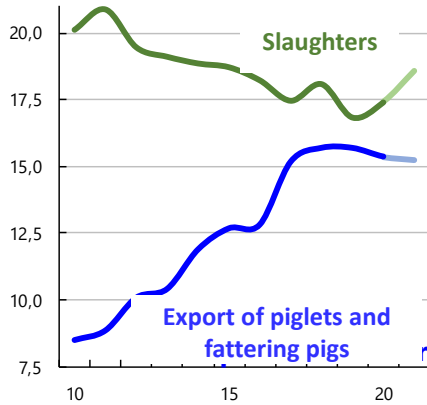


Spain: foreign trade
millions of tonnes eq. carc.



Denmark: slaughter trend reverses... but stops at 2021 level

Slaughter of pigs and export of live pigs Export of all products by destination – EU and third countries

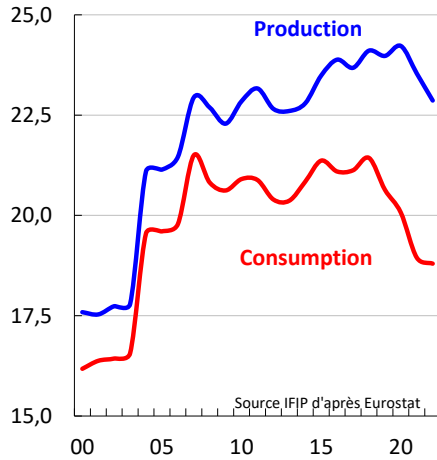


Sources : IFIP according to Eurostat, LF

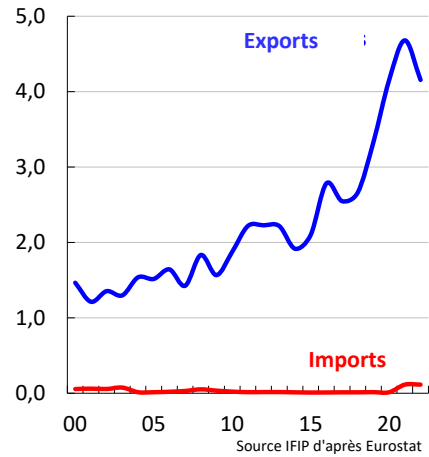


EU: A slow decline in supply An “artificial” increase in exports: Brexit

EU: supply bance
millions of tonnes eq. carc.

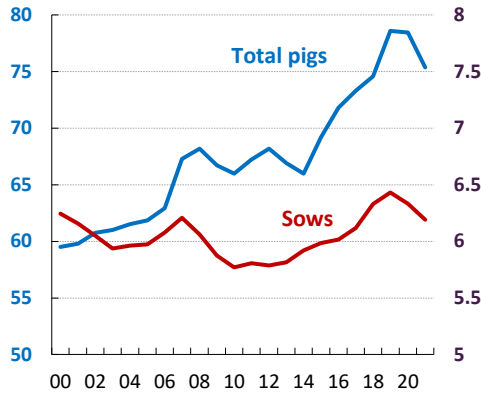


EU: foreign trade
millions of tonnes eq. carc.



United States: future decline of supply and consolidation among main producers

Evolution of herds in the US
total pigs, sows in millions of heads - September



Sources : IFIP d'après USDA

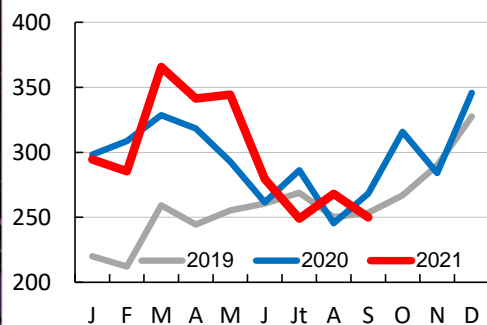
United States:
The top 10 producers in 2021

Rang	Société	Nb truies *1 000	2021/20 %	USA %
1	Smithfield Foods (US)	930	+1,6	15,0
2	Seaboard Foods	335	-1,5	5,4
3	Pipestone System	288	+5,0	4,7
4	Iowa Select Farms	243	+0,0	3,9
5	Carthage System	188	+13,3	3,0
6	Prestage Farms	178	+0,0	2,9
7	The Maschhoffs	176	-5,9	2,8
8	JBS	170	+0,6	2,7
9	AMVC management Services	151	-1,0	2,4
10	Christensen Farms	143	+0,0	2,3
Total 10 firmes		2 801	+1,2	45,2
Total 20 firmes		3 548	+0,5	57,3
Cheptel truies USA (sept 2021)		6 190	-2,3	

Sources : IFIP d'après successful Farming

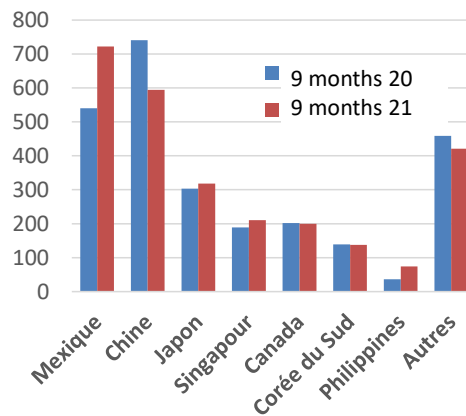
The United States surpasses Mexico in the 2nd quarter

U.S. exports – all markets
9 months, thousands of tonnes



Sources : IFIP d'après douanes

Main export destinations
thousands of tonnes

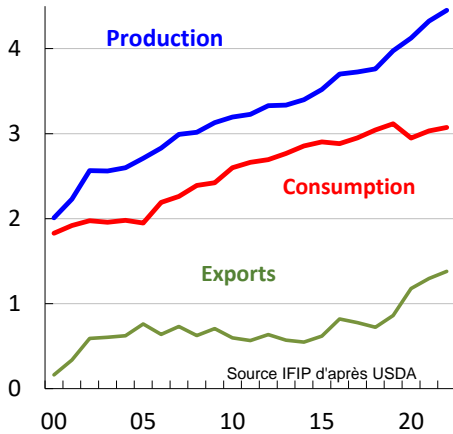


Sources : IFIP d'après douanes

Brazil: Businesses investing in the world

Global and multi-species strategy

Supply balance
in millions of tonnes eq. carc.



Sources: IFIP
according to
Customs

Policy + fragile economy

JBS: USA, Australia, UK...

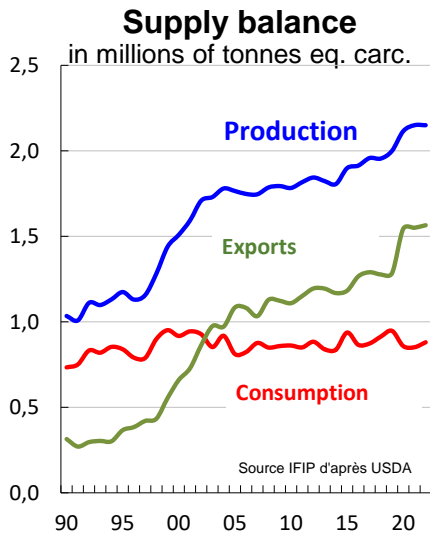
Marfrig > BRF: Passive investment

Tous produits

En milliers de tonnes

Destinations	Cumul mensuel		
	10 mois 20	10 mois 21	%/20
Chine	423	482	+13,8
Hong-Kong	144	133	-7,1
Pays-Bas	67	79	+17,9
Chili	34	53	+57,1
Angola	46	49	+8,0
Singapour	48	42	-14,0
Royaume-Uni	32	40	+26,5
Viêt Nam	37	35	-6,3
Uruguay	33	34	+4,6
Venezuela	11	31	+174,8
Total	1 040	1 210	+16,4

Canada: Slow development based on performance gains

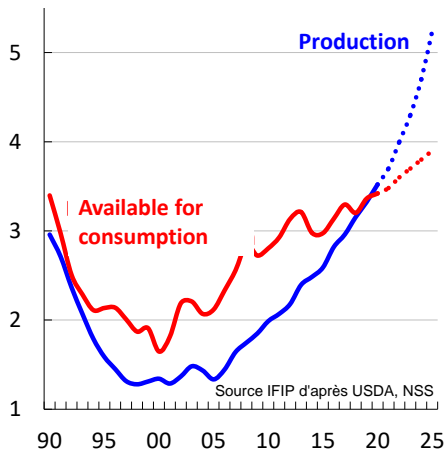


Tous produits	En milliers de tonnes		
	Cumul mensuel		
Destinations	9 mois 20	9 mois 21	%/20
États-Unis	224,6	284,8	+26,8
Chine	483,9	239,1	-50,6
Japon	190,8	181,8	-4,7
Mexique	70,7	136,7	+93,5
Philippines	28,2	106,3	+277,6
Corée du Sud	24,7	37,2	+50,9
Viêt Nam	20,6	19,4	-5,6
Taïwan	14,6	18,2	+24,7
Colombie	1,0	7,6	+681,9
Panama	3,1	5,1	+65,6
Total	1 105,5	1 084,1	-1,9

Sources: IFIP from Cutoms

Russia wants to be an exporter but ASF hindering development

Supply balance
in millions of tonnes eq. carc.

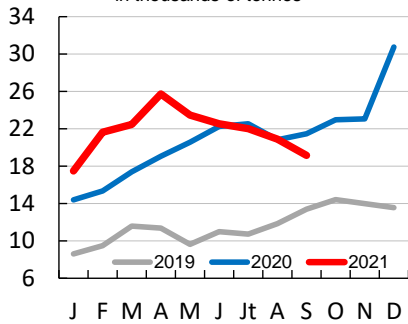


Imports replaced by start of exports
in millions of tonnes eq. carc.



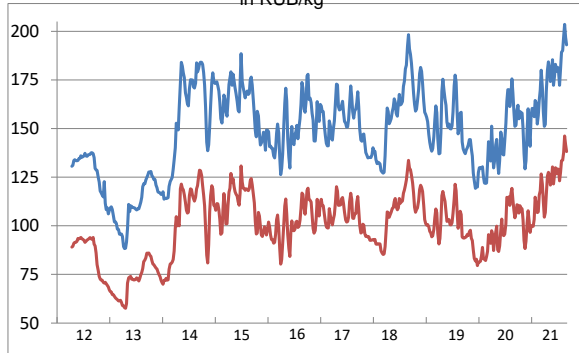
Russia: price of pork at record level

Russian exports
in thousands of tonnes



Sources: IFIP from Customs

Price of pork in Russia
in RUB/kg



Sources: IFIP

Tous produits
(hors vifs)

Destinations	En milliers de tonnes		
	Cumul mensuel 9 mois 20	9 mois 21	%/20
Viêt Nam	42,2	73,7	+74,6
Kazakhstan	28,2	35,4	+25,4
Ukraine	34,2	35,3	+3,5
Bélarus	20,3	23,4	+15,2

Reflection: import of 100,000 tonnes of pork

The biggest threats for the coming years

Expansion or surge in ASF

- Costs (fences/loss of markets)
- Redistribution of international flows
- Price distortion
- **Biosecurity!**

Post “China” and “Covid-19”

- Increased international, global and intra-EU competition
- Businesses looking for permanent relationship

Social pressure

- Animal welfare
- Climate change
- Growing opposition to production mode
 - Succession of farms/businesses in contradiction with the goal sought



Lack of manpower

- In the industry
- In the breeding industry

Changing consumption patterns

Questions?



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