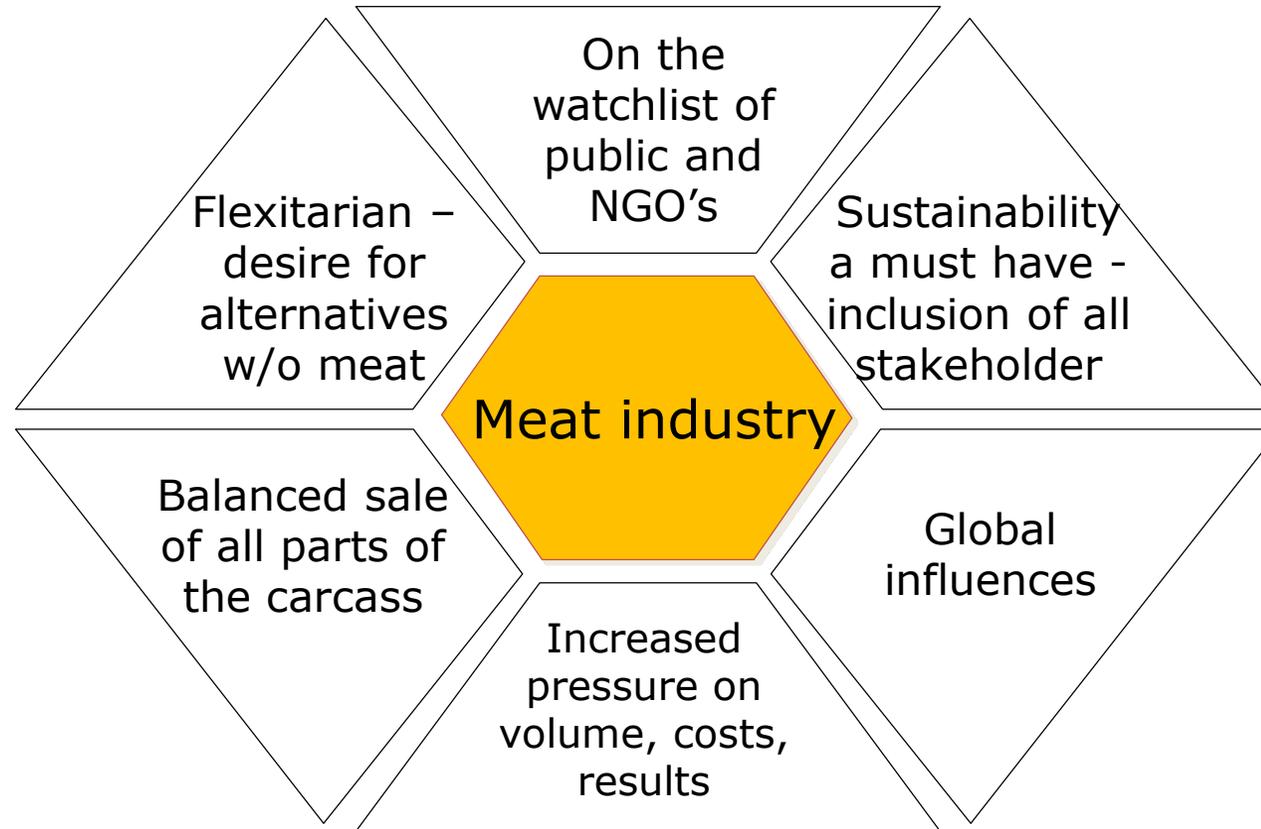




Current situation on the meat markets with focus beef

26.10.2022

Meat industry – surrounded by different challenges

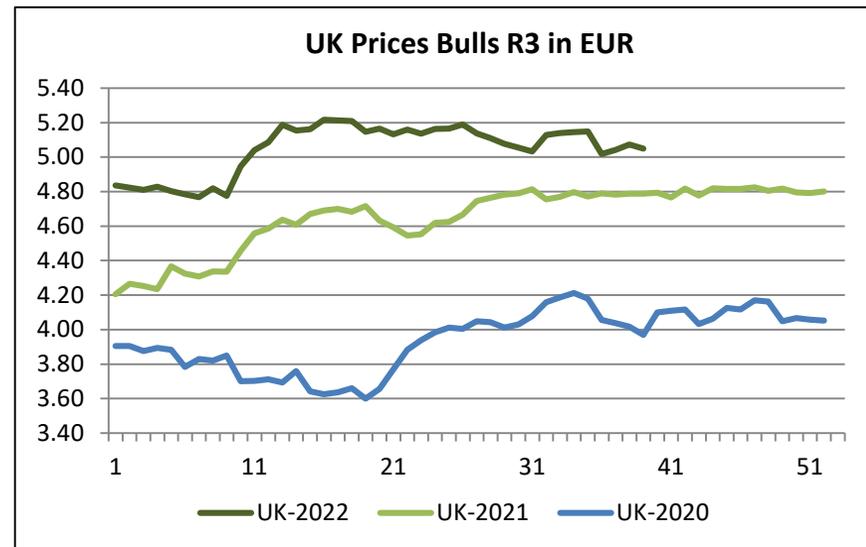
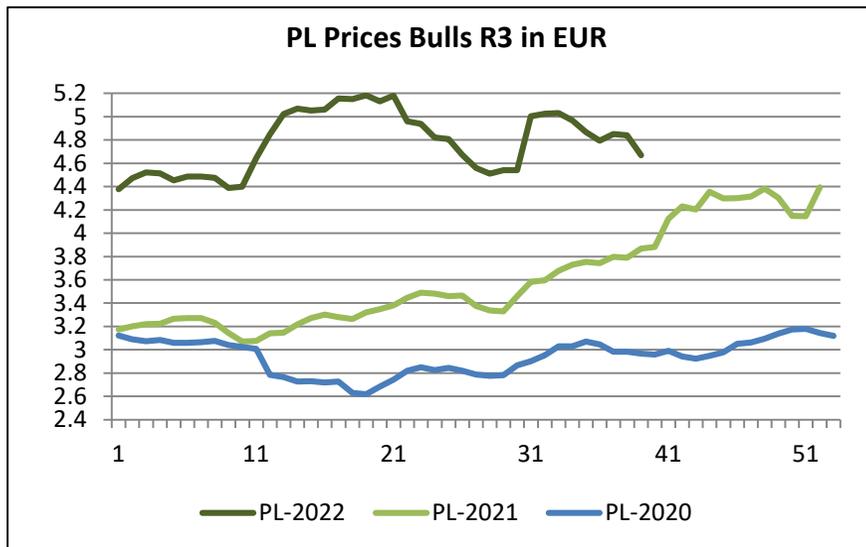
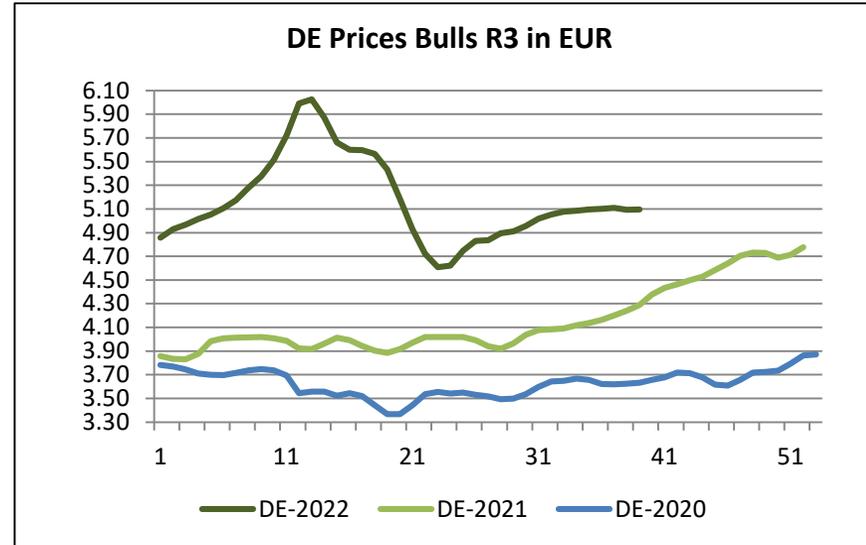
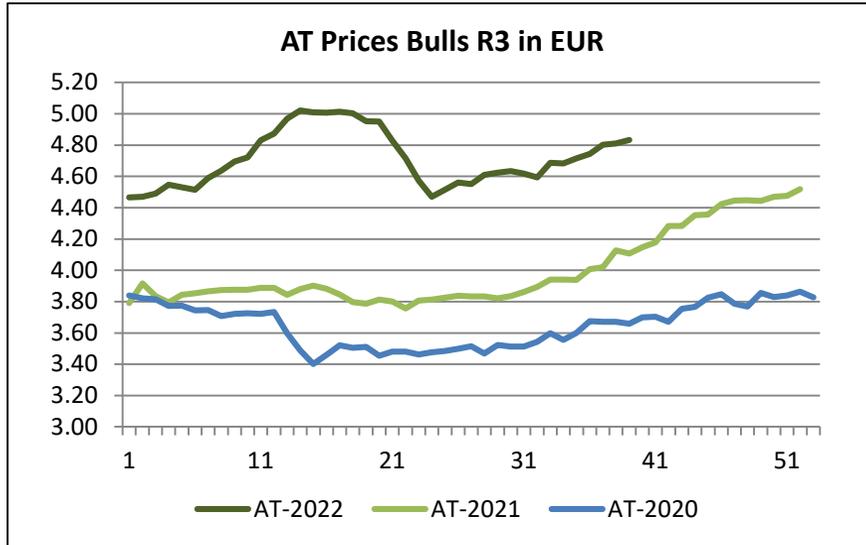


2022 / 2023 - Setting the scene and initial situation with focus on beef markets

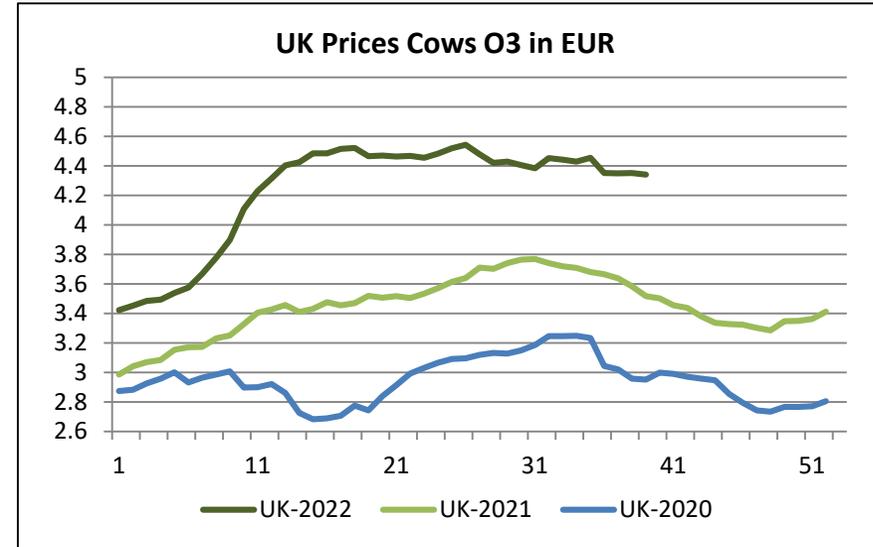
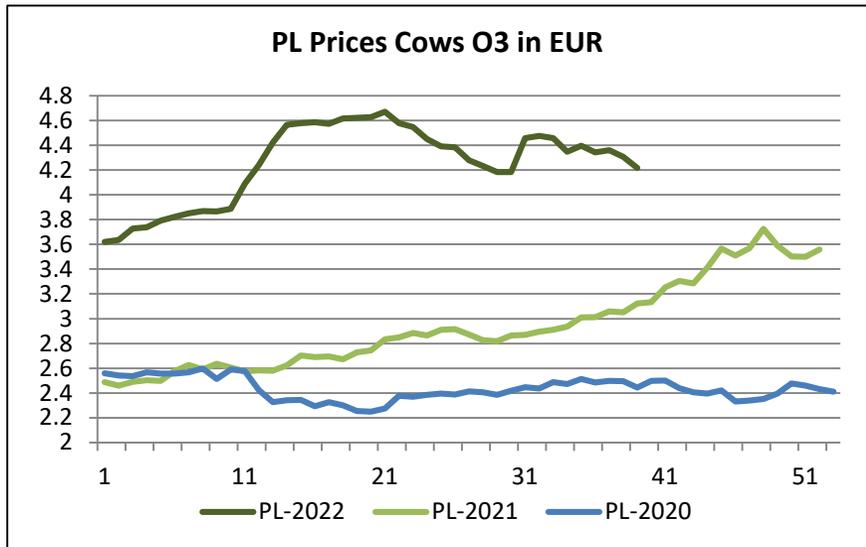
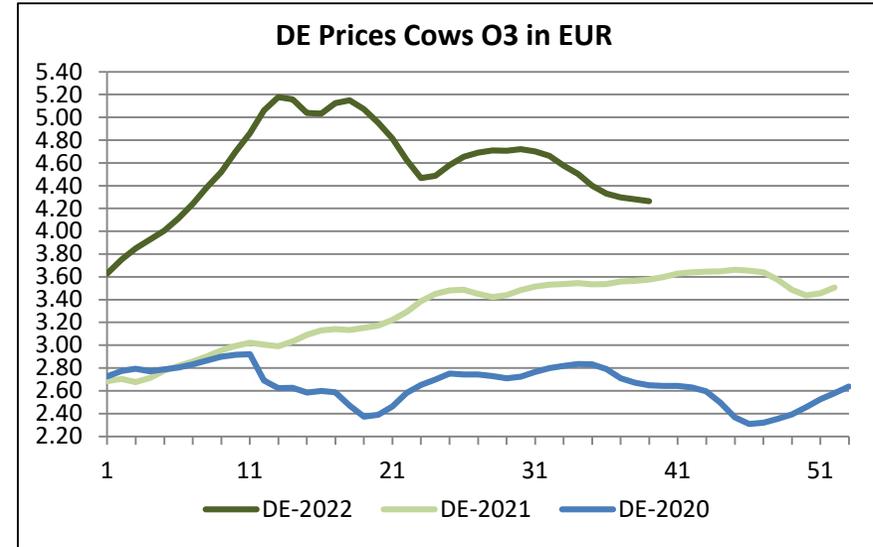
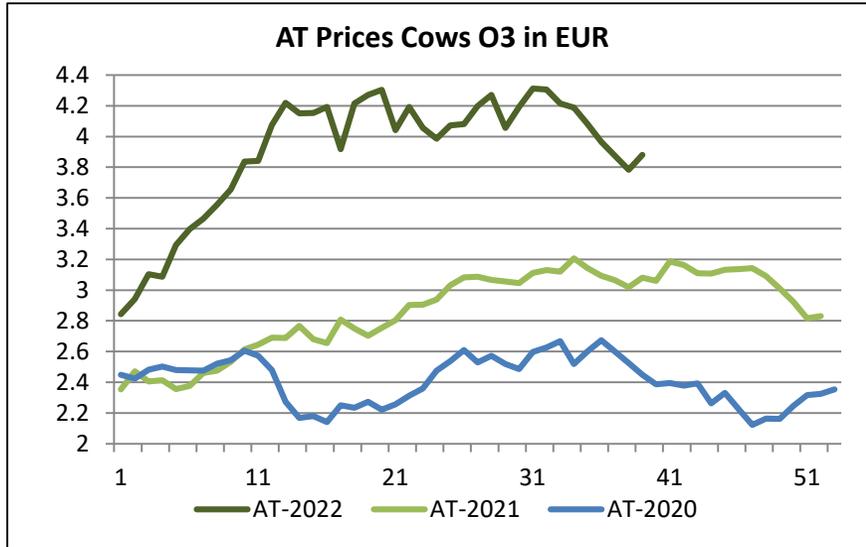


- **War in the Ukraine** – unforeseeable consequences in many areas
- **Global** risk of recession – stagflation (=inflation and no growth of GDP)
- **Bullish food markets** – highly volatile developments of offers and prices – livestock cattle prices clearly above last years
- **Tight availability** of cattle supply in some main producer countries (DE, FR)
- Further reaction of **consumer demand** unclear
 - Price increases
 - Lockdown relaxation (Covid) → “hunger” to spend money
 - Inflation to reduce spending for meat
- German meat markets to undergo **paradigm shift**
 - Society wants less production of animal proteins
 - Strong reduction of animal herds → insecurity of farmers about their future
 - Kill & deboning companies – faced with overcapacities, probably stressed situation
 - Opportunity for other countries to increase standing in Germany esp. with view
- European markets e.g. due to migration as well as global demand offer opportunities

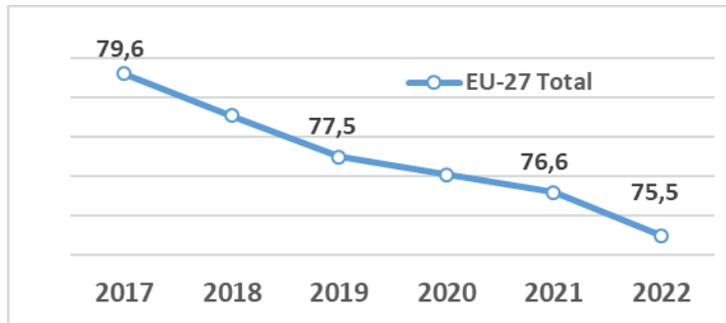
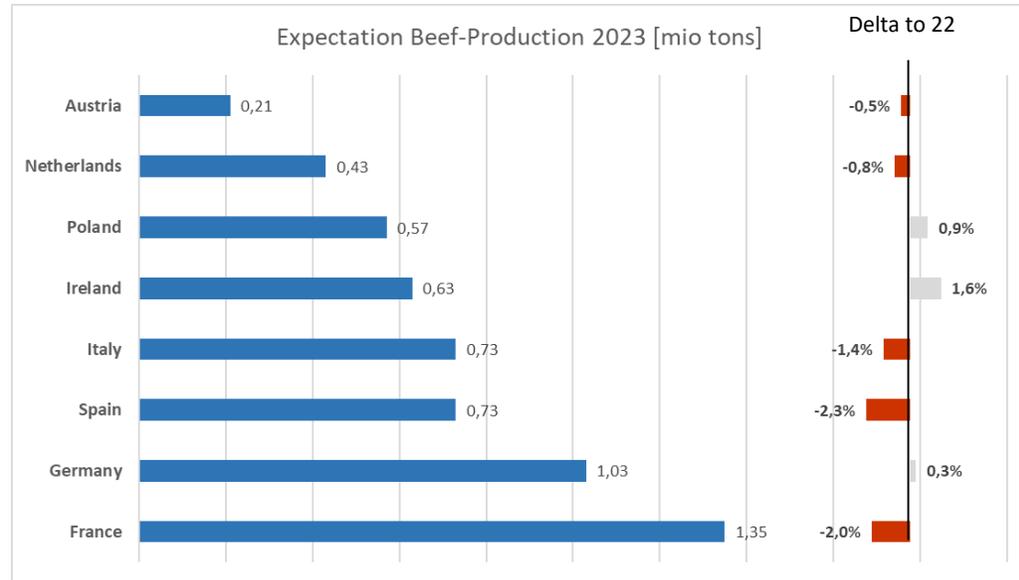
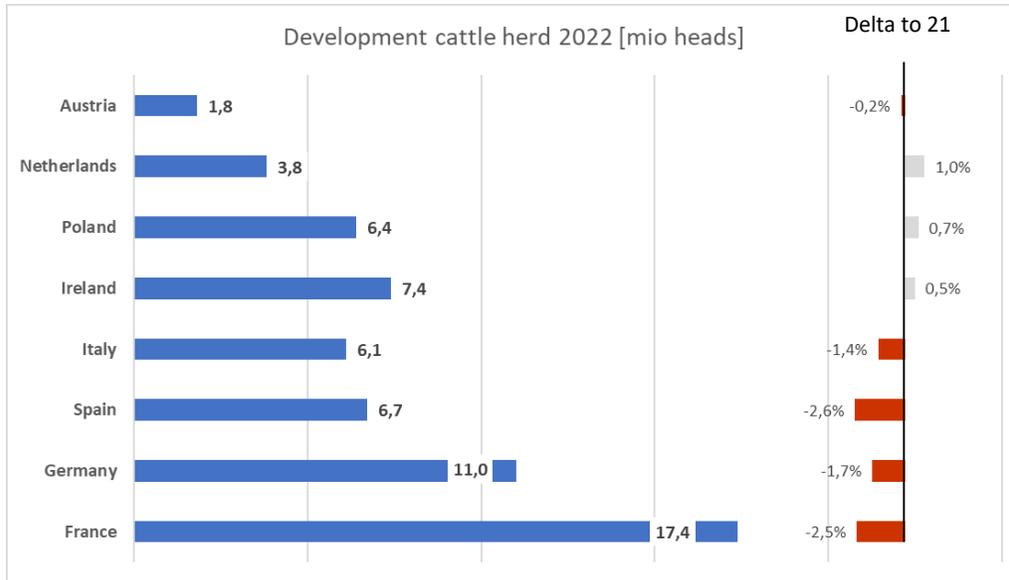
Price development Europe – Bull R3



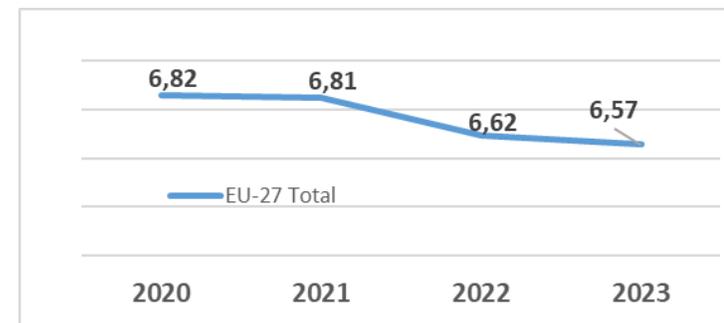
Price development Europe – Cow O3



Europe – cattle herd versus expected beef production

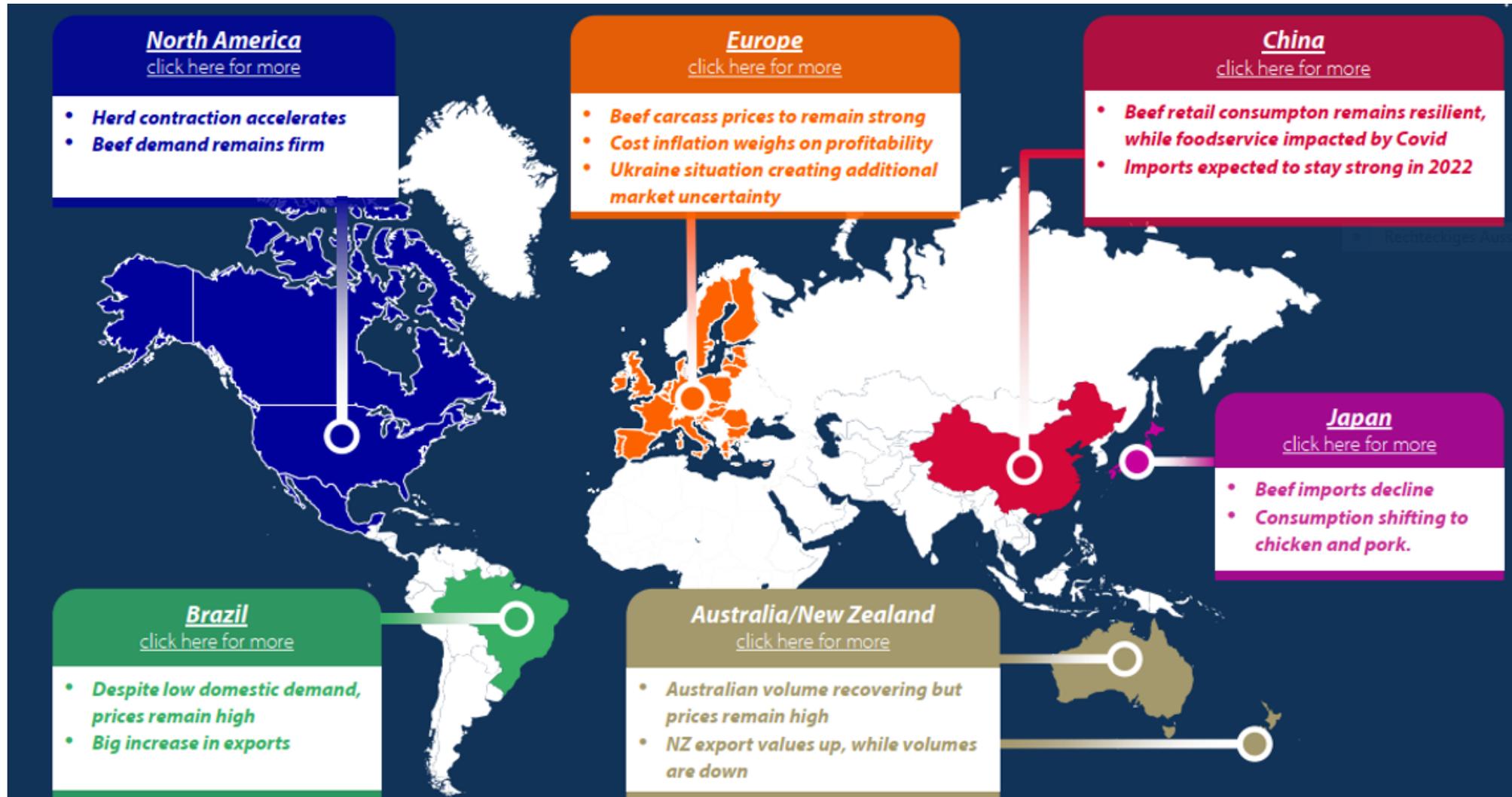


Cattle herd in mio. heads

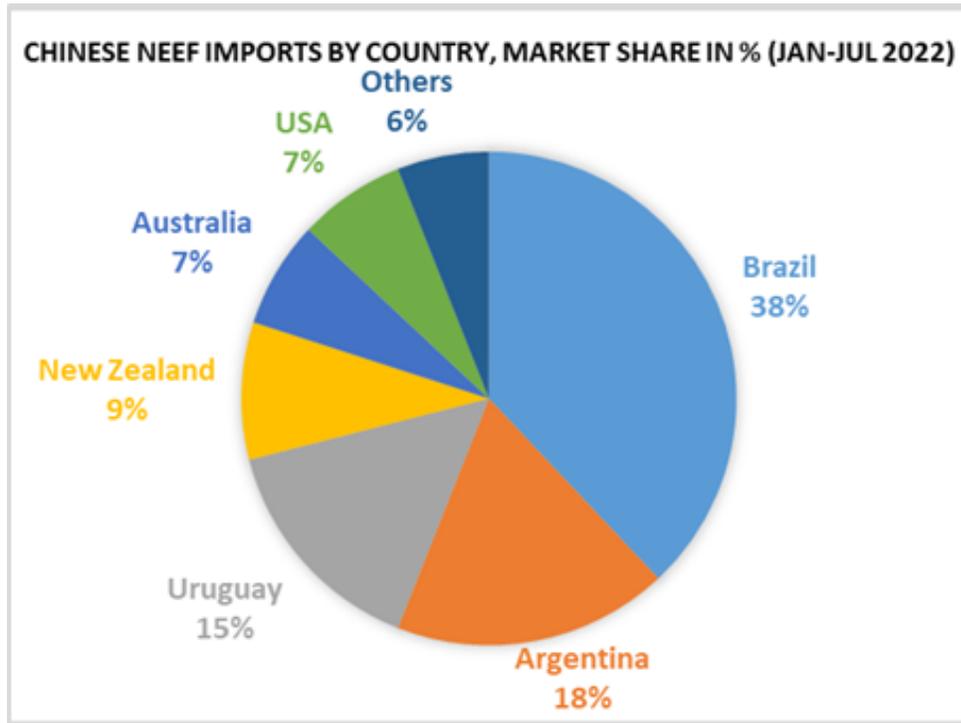


Beef production mio. tons

Global beef meat markets – current situation



Global Beef Market



- According to the USDA, **Chinese** beef production in 2023 is expected to rise to 7.4 MMT on high cattle inventories reaching maturation and market weight
- 2023 beef imports are expected to decline to 2.5 MMT on high global beef prices, lower domestic prices, and a weaker economy impacting consumers purchasing decisions
- China's imported beef market is dominated by Brazil, Argentina, Uruguay, New Zealand, Australia, and the United States
- USDA estimates that annual 2022 **US** beef exports will be up 3.8% yoy, however strong dollar may slow export pace
- Cattle costs remain high driven by higher feed costs

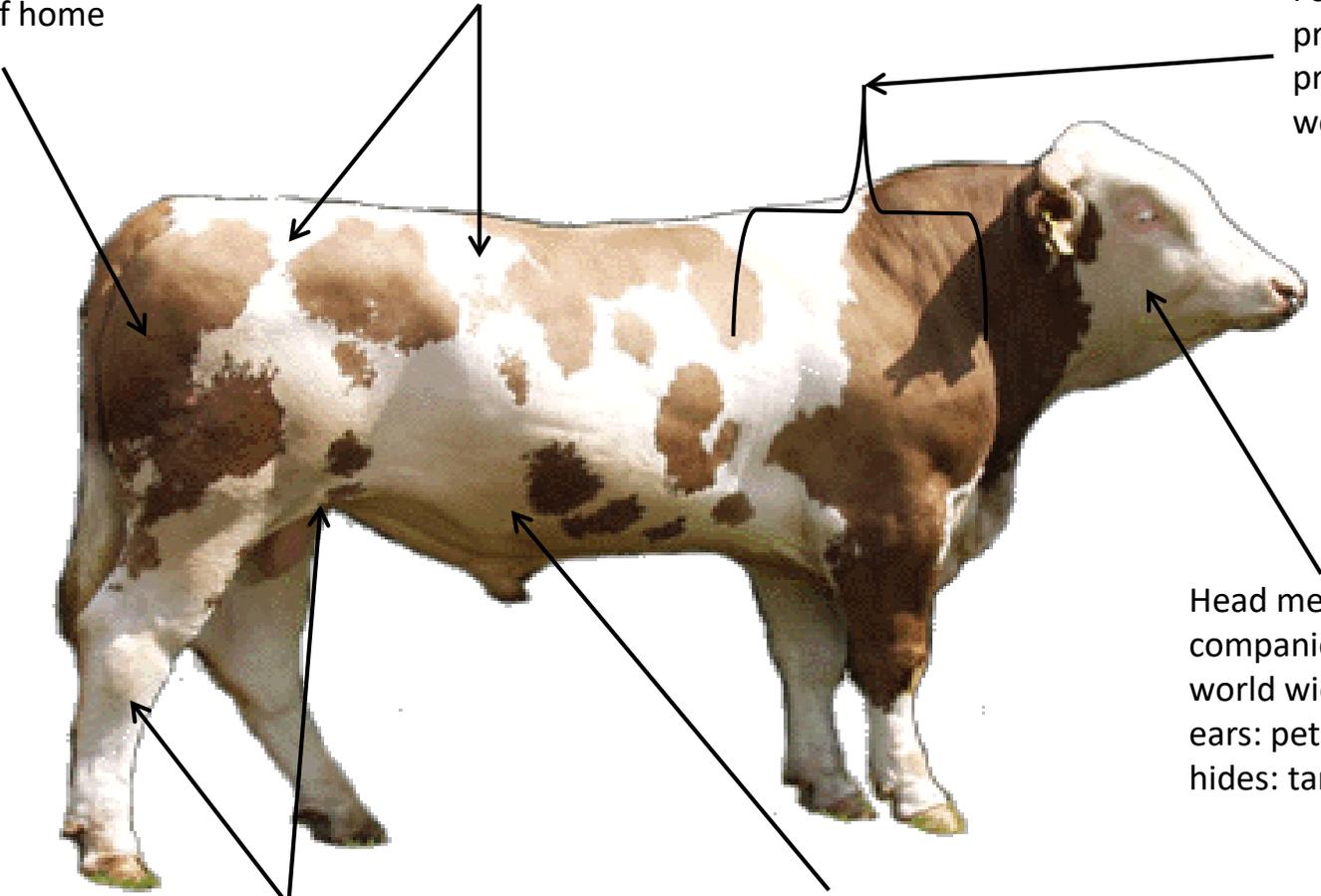


Balance sale of the carcass to use market opportunities - view on all markets

Hindquarter – dedicated export countries, national retail and out of home

High value parts from the loin – retail and out of home

Forequarter: patty producers and meat processing companies worldwide



Head meat: meat processing companies incl. pet food companies world wide
ears: pet food
hides: tanneries worldwide

Fat, bones other by products: world wide sales options

Kat1+2: rendering plants; Kat 3: pet food;
By products for human consumption