

Embracing change for growth

Responding to supply chain pressure

Justin Sherrard, May, 2022



*Growing
a better world
together.*

Rabobank

Main messages for today



*Challenging market
outlook, with
ongoing cost
pressures*



*Many additional
areas of uncertainty*



*We need to embrace
change to find
opportunities*

Production outlook



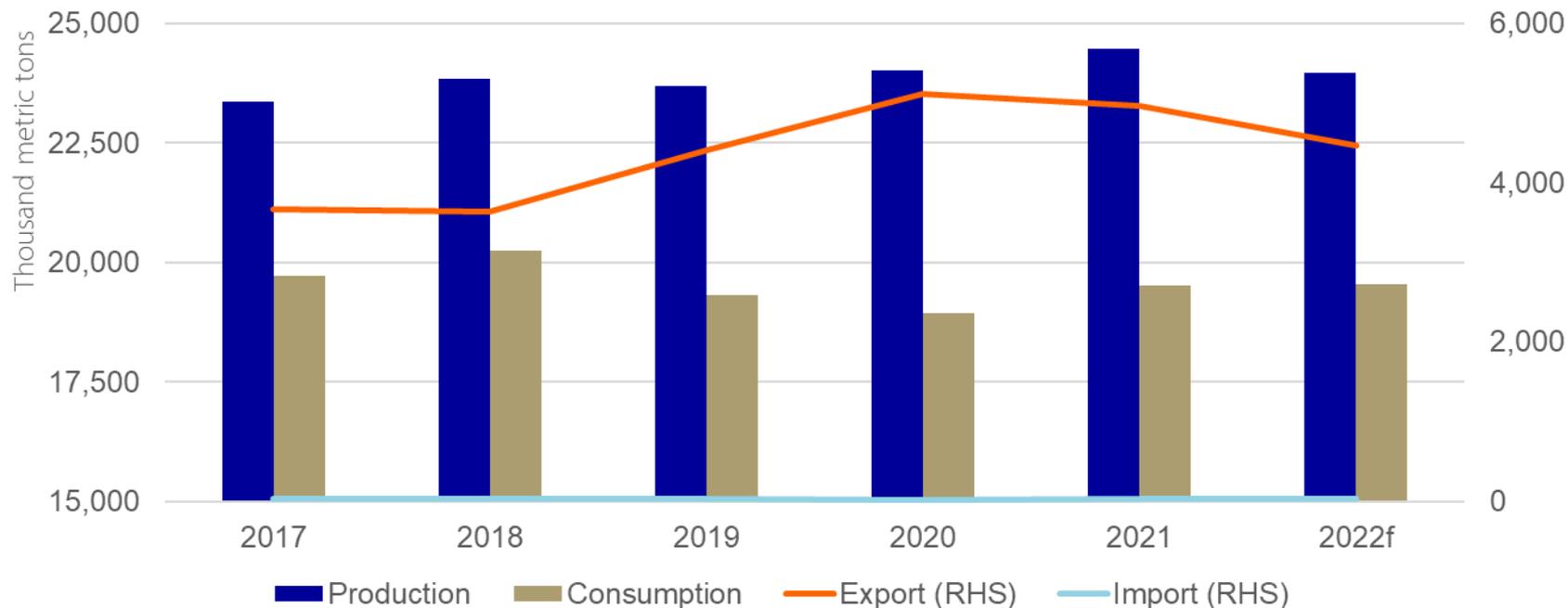
Mentimeter question: How confident are you about your business performance in 2022?

Overall, what do you think your business margin will be in 2022:

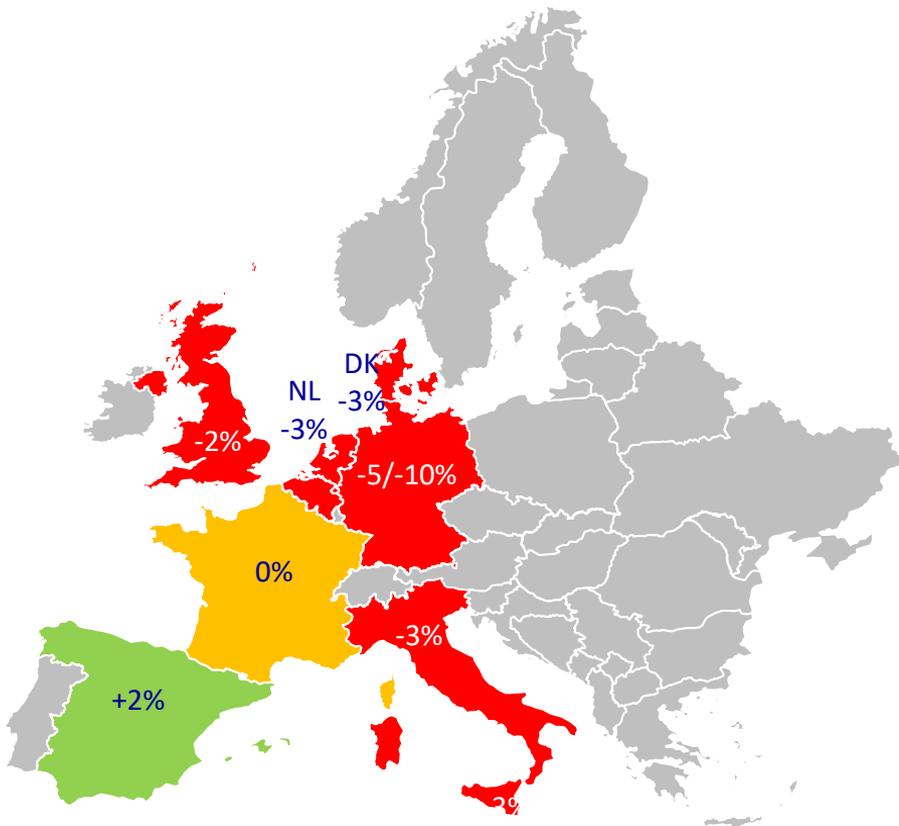
- A. Much higher than 2021***
- B. A bit higher than 2021***
- C. About the same as 2021***
- D. Lower than 2021***
- E. A lot lower than 2021***

EU 27+UK pork production to contract by 2% in 2022

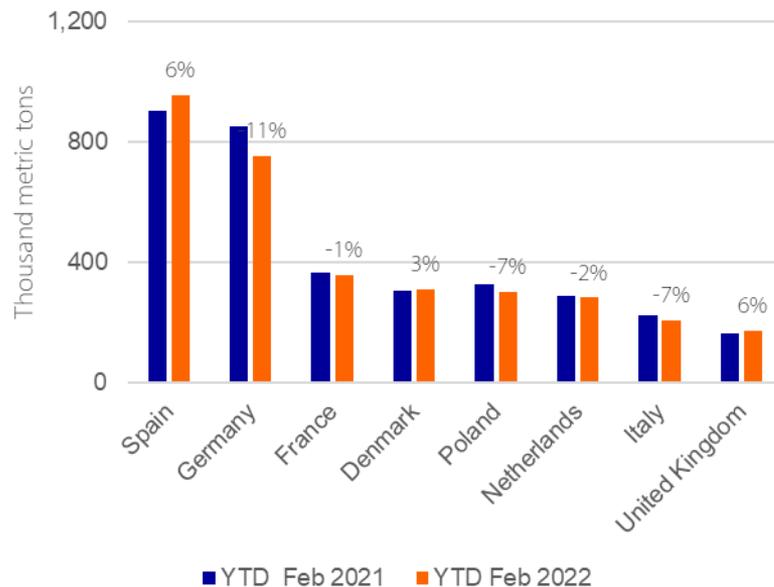
Spain will continue to grow, while production stabilizes or declines elsewhere



Decline in NW Europe continues, while growth in Spain slows down



Production in early 2022 indicates what lies ahead



Inflationary pressures are mounting

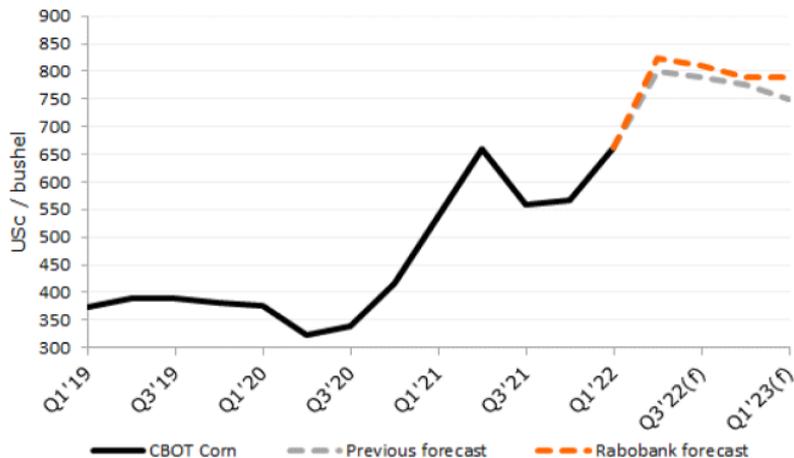


Feed costs have jumped, and will stay high into 2023

Ukraine invasion has added pressure into a market that was already bullish

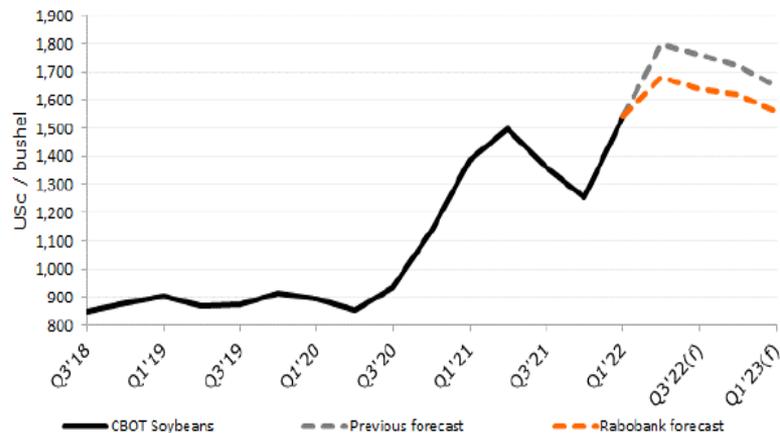
Corn reflects geopolitics as well as tight supply

Unit	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22f	Q3'22f	Q4'22f	Q1'23f
USc/bu	659	560	559	662	825	810	790	790



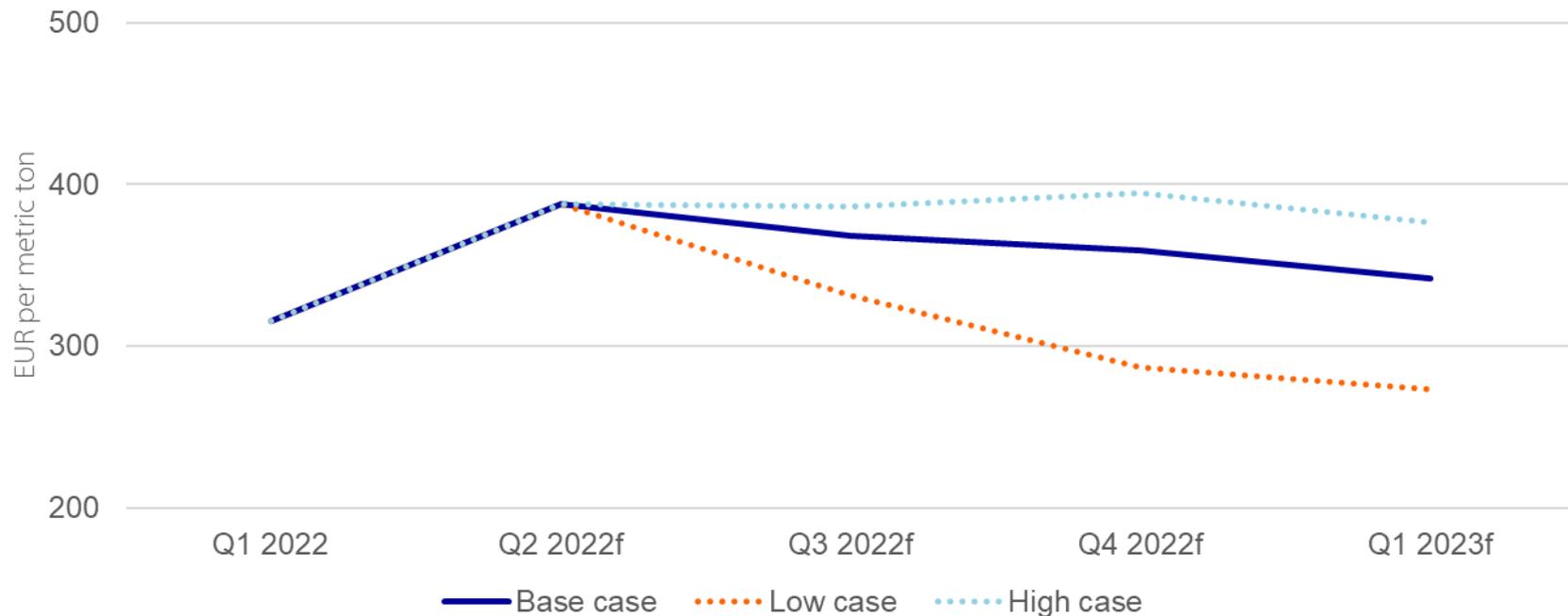
Biofuel, China and La Niña all affect soybeans

Unit	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22f	Q3'22f	Q4'22f	Q1'23f
USc/bu	1497	1361	1238	1580	1680	1640	1620	1560



Pig feed price up 23% in Q2 compared to Q1, 2022

We expect pig feeding costs to remain at elevated levels through 2023



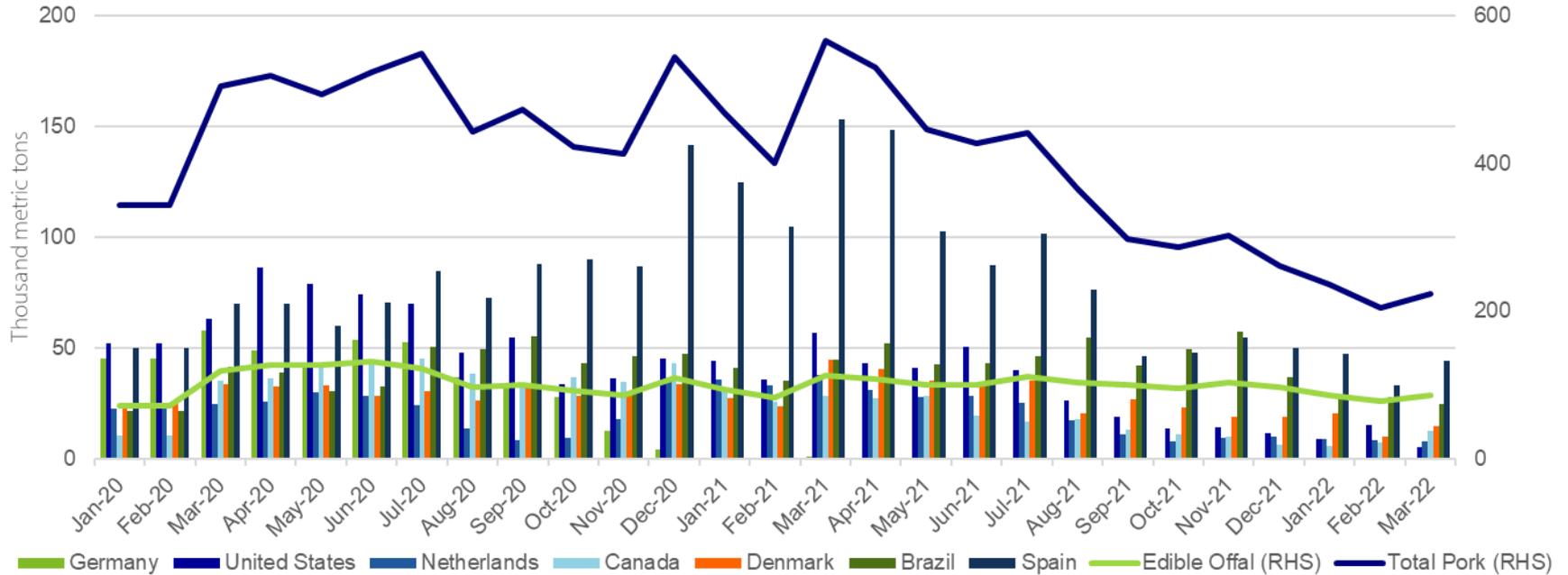
Mentimeter question: In the future, how important will Europe's exports to China be?

China has been the major export market for European pork for about 10 years, but should this continue

- A. Very important, for muscle cuts and for variety meat***
- B. Important, as China will remain the largest export market***
- C. About the same as 2021***
- D. Exports to China should reduce (especially muscle cuts)***
- E. Exports to China should stop, except for variety meat***

China's pork imports have slowed

Imports are expected to see a bigger decline in 2022, although 2H should be much better than 1H



Voluntary commitments on sustainability are gaining ground

SBTi targets focus on Scope 1&2 emissions

<i>SBTi targets set to reduce Scope 1 & 2 emissions</i>	<i>Committed to set SBTi target</i>
 CRANSWICK <small>Great British Taste</small>	 Vion <small>FOOD GROUP</small>
 Pilgrims	 Danish Crown
 Ahold Delhaize	 TESCO
 Sainsbury's	 METRO
 sodexo	 COMPASS GROUP
 HILTON <small>Food Group</small>	 IHG <small>HOTELS & RESORTS</small>
 BURGER KING	 The Compléat <small>FOOD GROUP</small>
	 Domino's PIZZA



50% reduction in supply chain emissions by 2030

Retailers' Scope 3 emission targets start putting pressure on suppliers



Tesco's asks of suppliers:

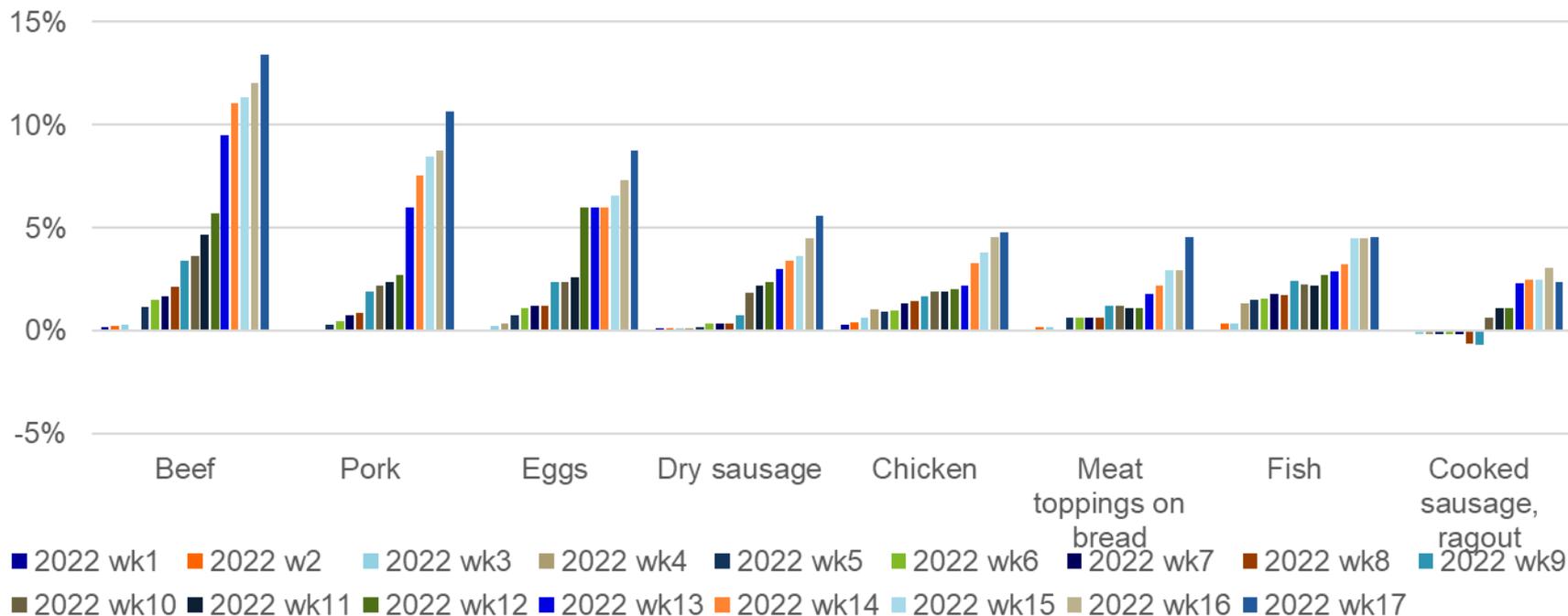
1. Provide details of current greenhouse gas emissions by the end of 2021
2. Establish net zero ambitions by the end of 2022
3. Set science-based targets to support the delivery of these ambitions by the end of 2023



By 2025, only deforestation free soy for animal feed

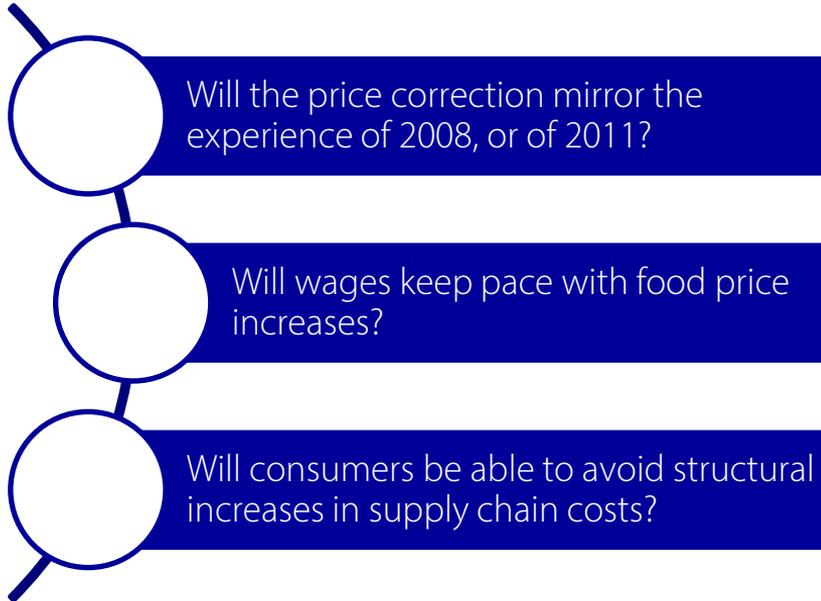
Higher costs are being passed on to consumers

In the Netherlands, some prices are already up by over 10% in 2022

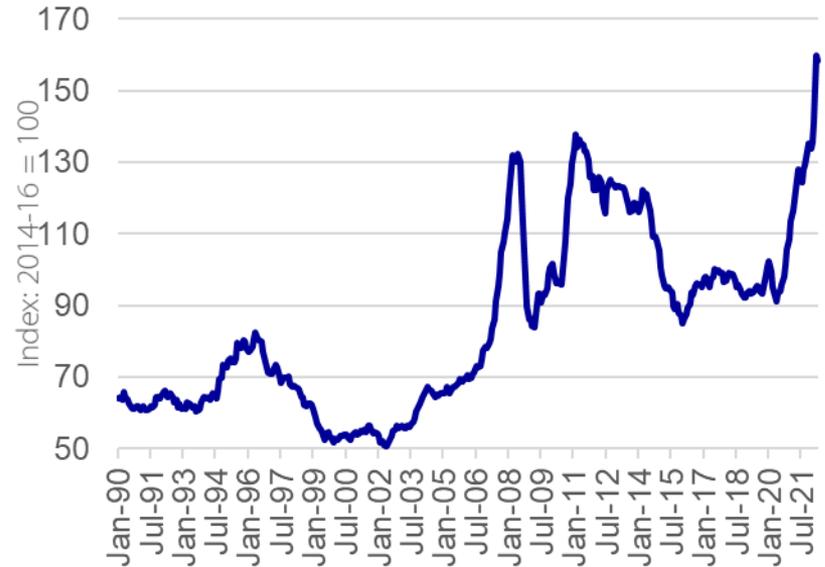


How consumers are going to behave

Three questions we are trying to answer



FAO Food Price Index has hit record levels



So what?

Market/margins will remain under pressure into 2023

Costs of production to remain high

Consumers just starting to respond

We need to embrace change to maintain margin

***Opportunities
in a market
under
pressure***



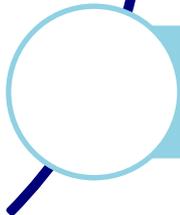
'Build back better': three opportunities stand out



A. Focus on on-farm productivity



B. Better understand consumers



C. Connect the supply chain

Mentimeter question: Data about on-farm performance can be shared with:

The use of data-intensive systems on-farm has been discussed for years, but who sees the data

- A. All input suppliers, services providers, processors and their customers***
- B. All input suppliers and processors***
- C. Direct input suppliers***
- D. Processors***
- E. I'm not sure about this***
- F. No one, other than the family/team managing the farming operation***

A. A renewed focus on boosting productivity

High resource costs promote innovation

Four focus areas for innovation

Maximise
efficiency

Use data

Focus on
sustainability

Measure,
report, verify



B. Certified Angus Beef: building trust with consumers

Improving product consistency, and generating an additional margin for all supply chain participants

- Designed to capture a quality premium
- Based on a 10-point 'secret formula'
- 200 people support CAB marketing



CERTIFIED = BEST BEEF

You want beef that is easy to prepare. Every bite should be tasty, tender and juicy. We feel the same way! Here's the big secret: Certified means it's certified to taste great, always. The rest is up to you – and we're here to make cooking beef simple.

	1998	2021
CAB carcasses	1.7 mn	5.9 mn
Premium paid	USD 4 mn	USD 182 mn
Premium over Choice		USD 17.76/cwt

B. Eggs: focusing on consumers generates a premium

Changes in the production system generates a three-fold increase in price for similar products

 <p>NUTRI-SCORE A B C D E</p> <p>👍 🇳🇱</p> <p>1.39 6 stuks</p>	 <p>10% KORTING</p> <p>2.29 2.06 6 stuks</p>	 <p>NUTRI-SCORE A B C D E</p> <p>+</p> <p>2.39 6 stuks</p>	 <p>NUTRI-SCORE A B C D E</p> <p>🇳🇱 BIO</p> <p>2.89 6 stuks</p>	 <p>🇳🇱 BIO</p> <p>3.89 6 stuks</p>
<p>AH Witte vrije uitloopeieren M</p> <p>+</p>	<p>Blije Kip Scharrel ei</p>	<p>AH Verse scharreleieren L</p> <p>+</p>	<p>AH Biologisch Eieren S M L</p>	<p>Blije Kip Biologische eieren</p> <p>+</p>

B. Plant-based substitutes: marketing leads product

Consumer engagement has reinforced key messages about perceived 'better for' appeal

Oatly is focused on making plant-based 'normal'

Beyond Meat is struggling to meet market expectations

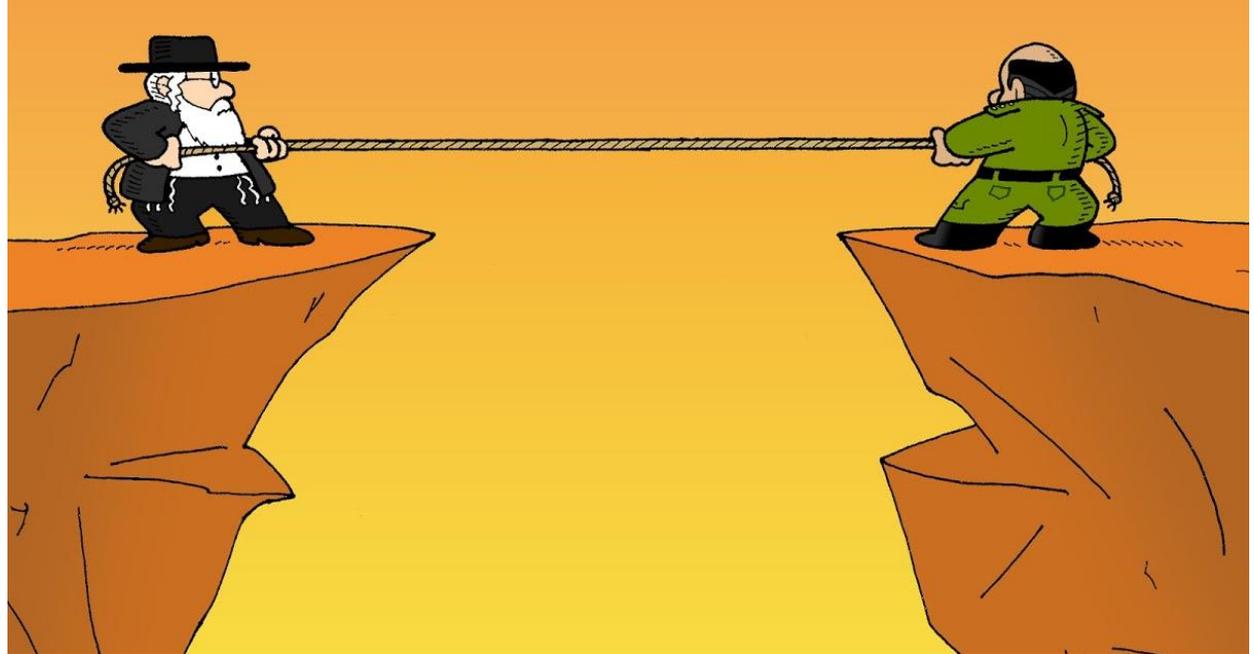


High	234,90	on jul. 26, 2019
Low	26,17	on mei 11, 2022
Avg	113,60	for past 5 years

C. **Connected supply chains: the new normal**

From transactional thinking to partnerships based on creating mutual value

- *The downstream end of the supply chain is re-defining its 'asks'*
- *Price, quality and availability are still important*
- *Availability now has a micro dimension as well as a macro one*
- *Sustainability has been added to the asks*
- *Regionalization is increasingly important*



C. Data-powered e-commerce wants to call the shots

Supply chains are being asked to respond faster, with greater flexibility, and to test more

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Groceries. In the moment

The future of supermarkets is here.
Fresh products & favorite local brands delivered before the water boils.

Our Mission
We change the way people eat forever

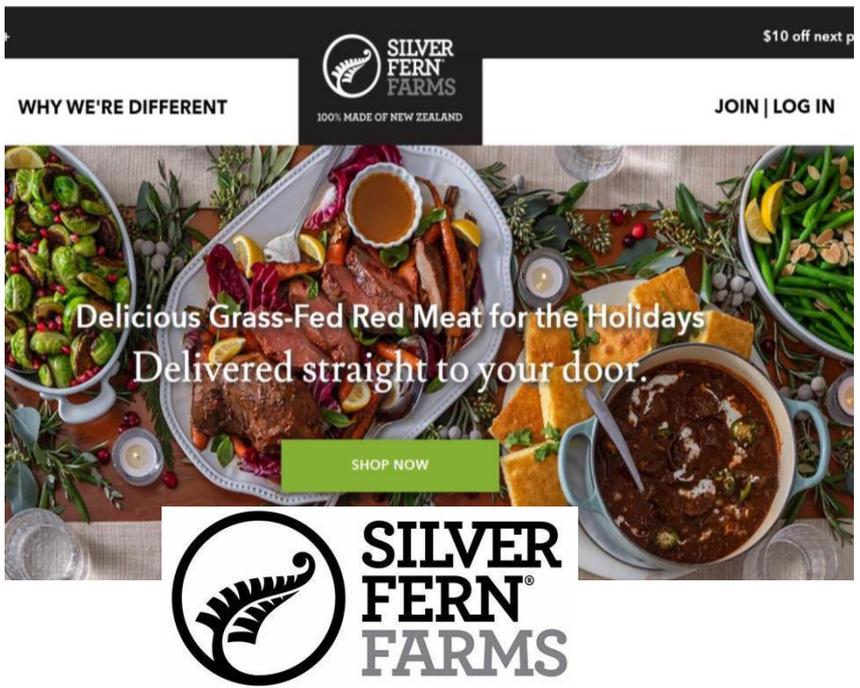
Budget
Helping consumers to save money with every meal

Taste
Allowing everyone to enjoy a varied and tasty diet.

Hello FRESH

C. Some processors are turning this opportunity around

Meat processors are looking for ways to deepen engagement with consumers, and capture margin



SILVER FERN FARMS
100% MADE OF NEW ZEALAND

WHY WE'RE DIFFERENT

JOIN | LOG IN

\$10 off next p

Delicious Grass-Fed Red Meat for the Holidays
Delivered straight to your door.

SHOP NOW

SILVER FERN FARMS



Licious

- Chicken
- Fish & Seafood
- Mutton
- Ready to Cook
- Eggs
- Spreads
- Cold Cuts
- Combos
- Prawns

Flat 50% cashback*
+ free home delivery!

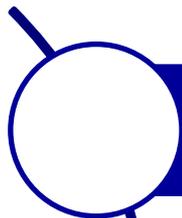
Ready-to-cook Kebabs & more for festive treats
Code: NEW50

*T&C apply: Licious Cash will be credited to your Licious Wallet on your first order above ₹299.

Making it happen



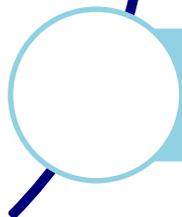
We should:



Be better at telling/selling our story



Embrace change (to meet the demands of the future)



Boost on-farm productivity, better understand consumers, and connect the chain

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