

Implications of the geopolitical situation for the animal production industry

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Macroeconomic implications of geopolitical situation

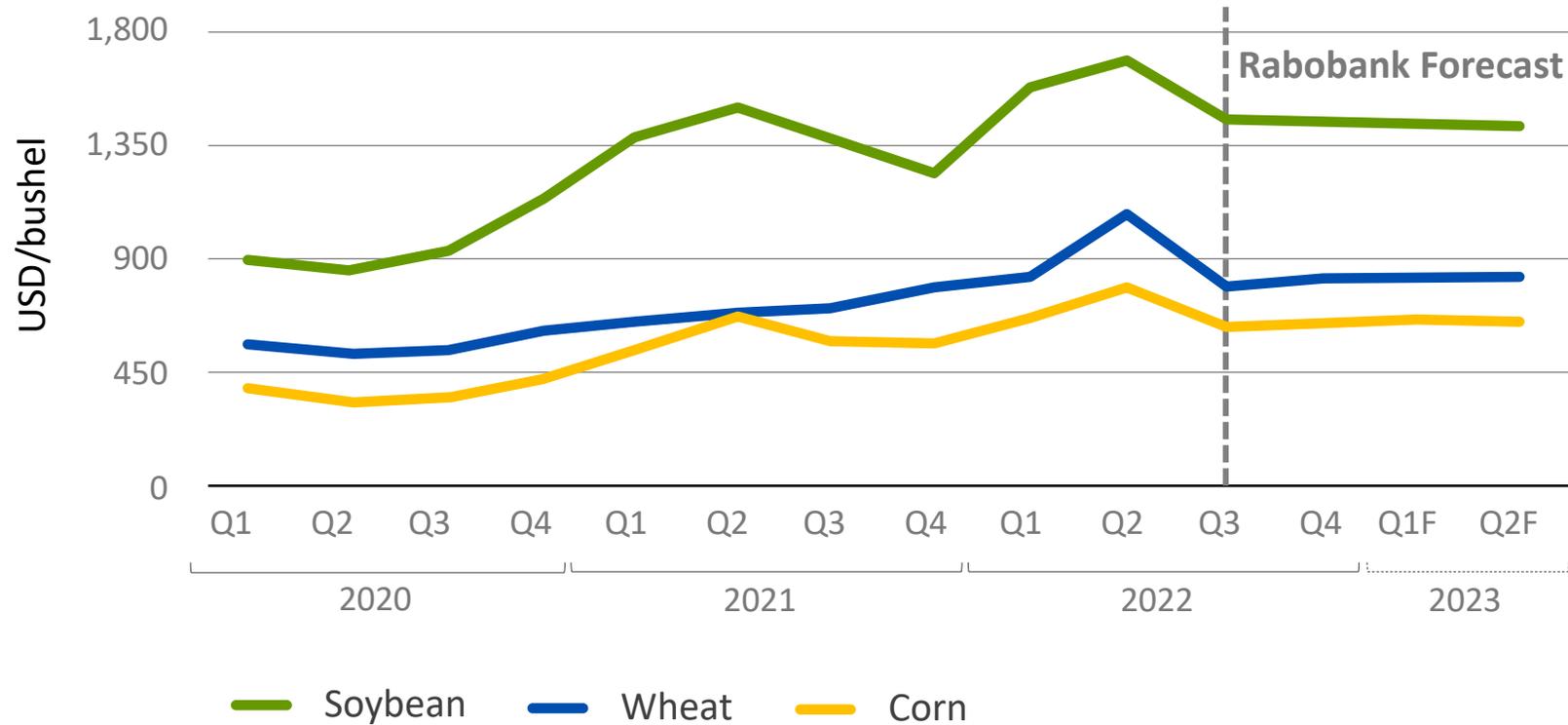
- Natural gas availability and prices in EMEA
- Oil prices impacted by OPEC+ position
- Container availability resulting from Corona situation/China
- Personnel shortages in many places after Corona, increased personnel costs
- Inflation
- Climate change impact

Implications for the Animal Nutrition industry in EMEA

- Transport cost:
 - cargo vessel availability/oil price: shipping delays/required increased minimum stocks, high shipping prices (planning)
 - lack of truckers/personnel issues: truck delays/cost uncertainty
- Feed ingredient availability/price fluctuations plus oil-based product (organic acids, methionine) availability fluctuations
- Increased production of biofuel leads to decreased availability of certain feed ingredients
- Cost increase of all inputs in animal production
- Post-harvest losses of feed ingredients due to delays in transport, natural disasters

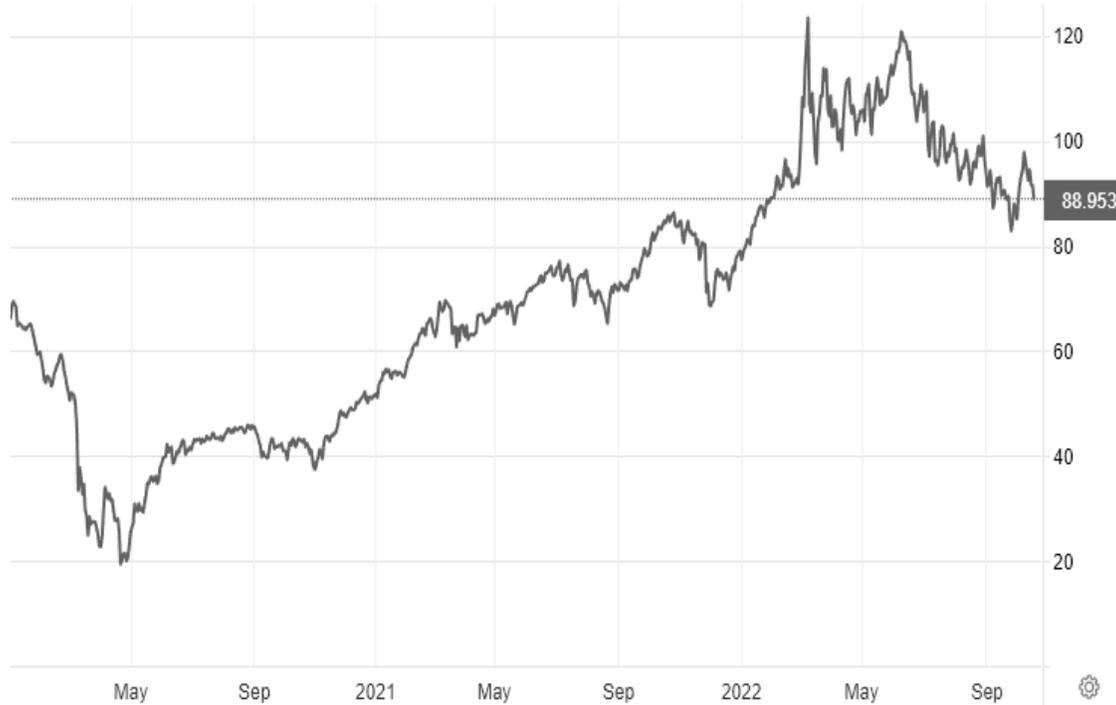
Raw material prices will remain high

Commodities price development and forecast

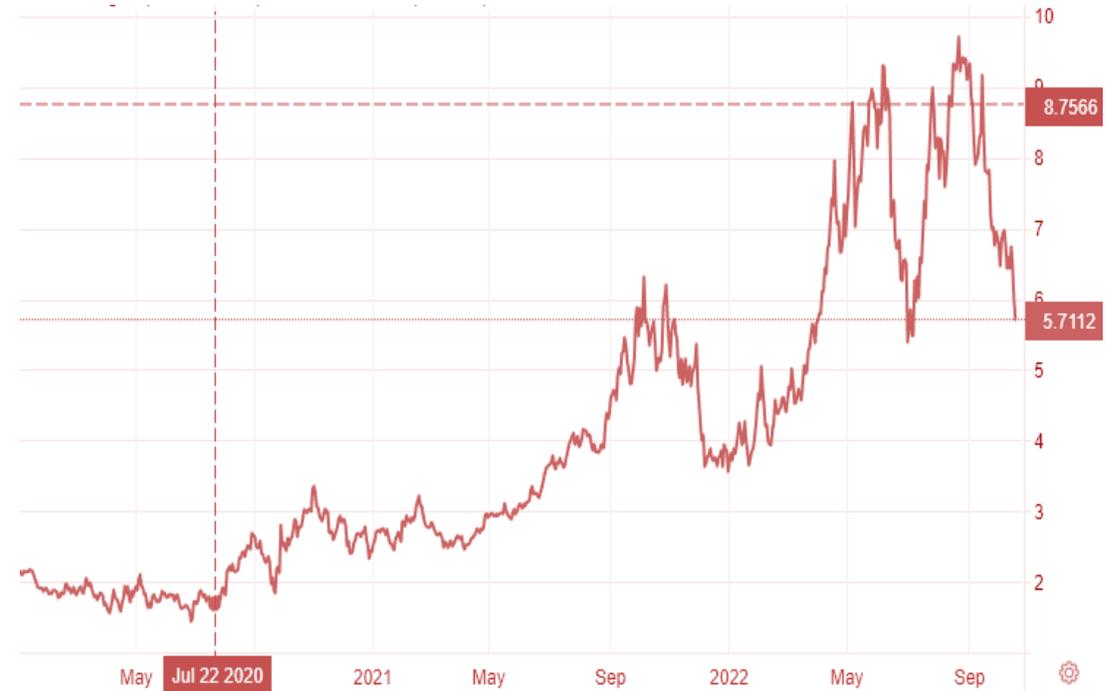


Energy prices will remain high

Brent Crude, Jan 2020 – Oct 2022



Natural Gas, Jan 2020 – Oct 2022



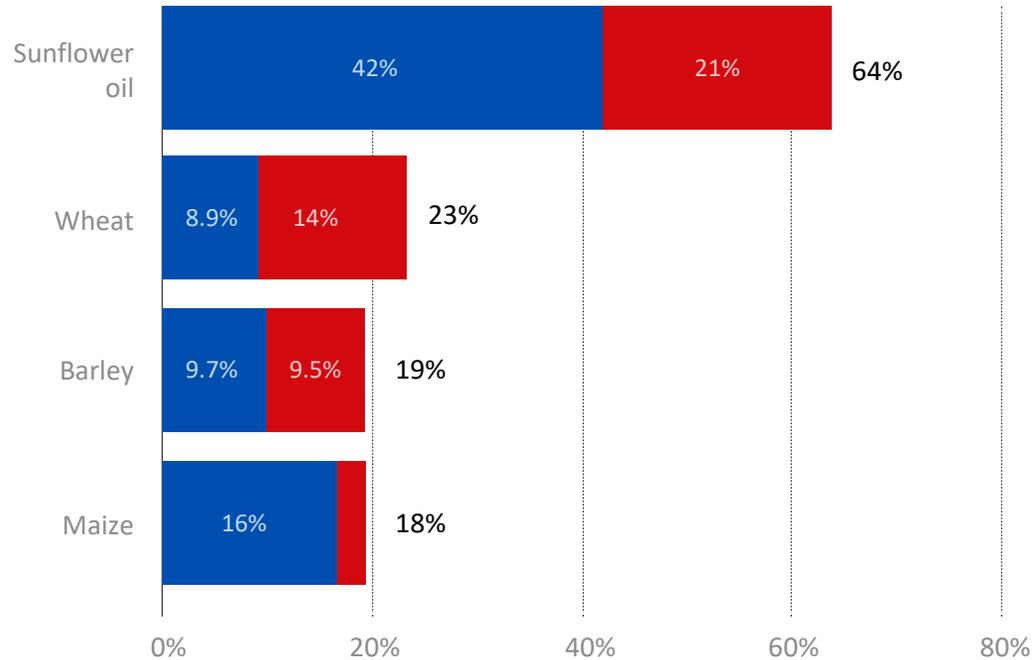
War in Ukraine: implications for the feed industry

2019

Global food exports: how much comes from Ukraine & Russia?

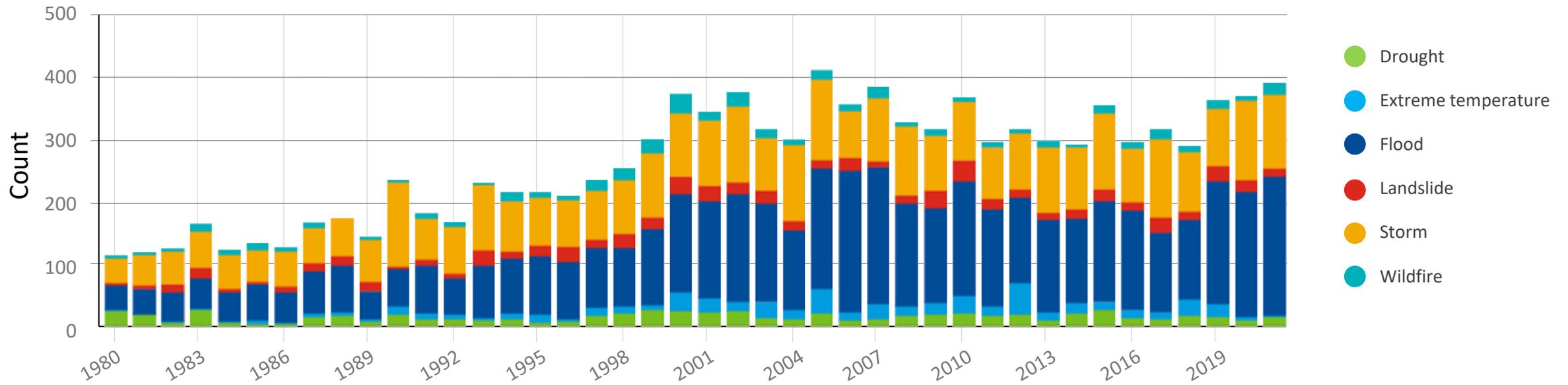
This is known for the largest crops grown by Ukraine and Russia

● Ukraine ● Russia

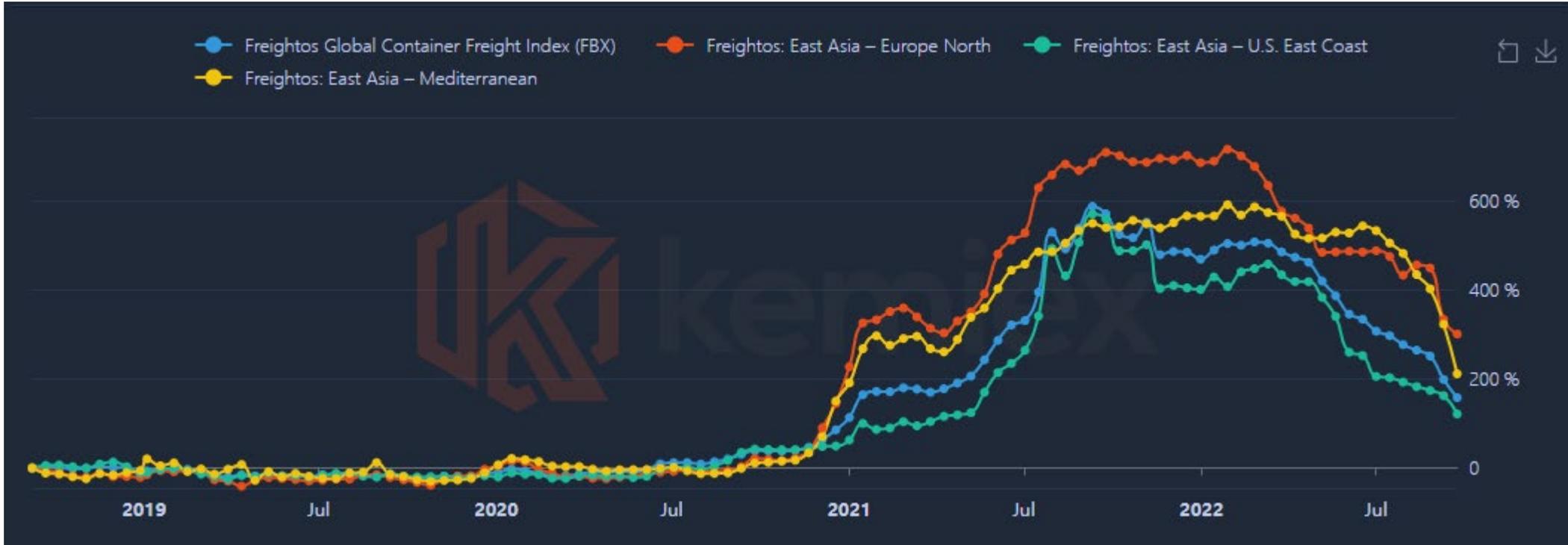


Climate change leads to natural disasters

Frequency of Natural Disasters



Vessel costs: container availability and price trend

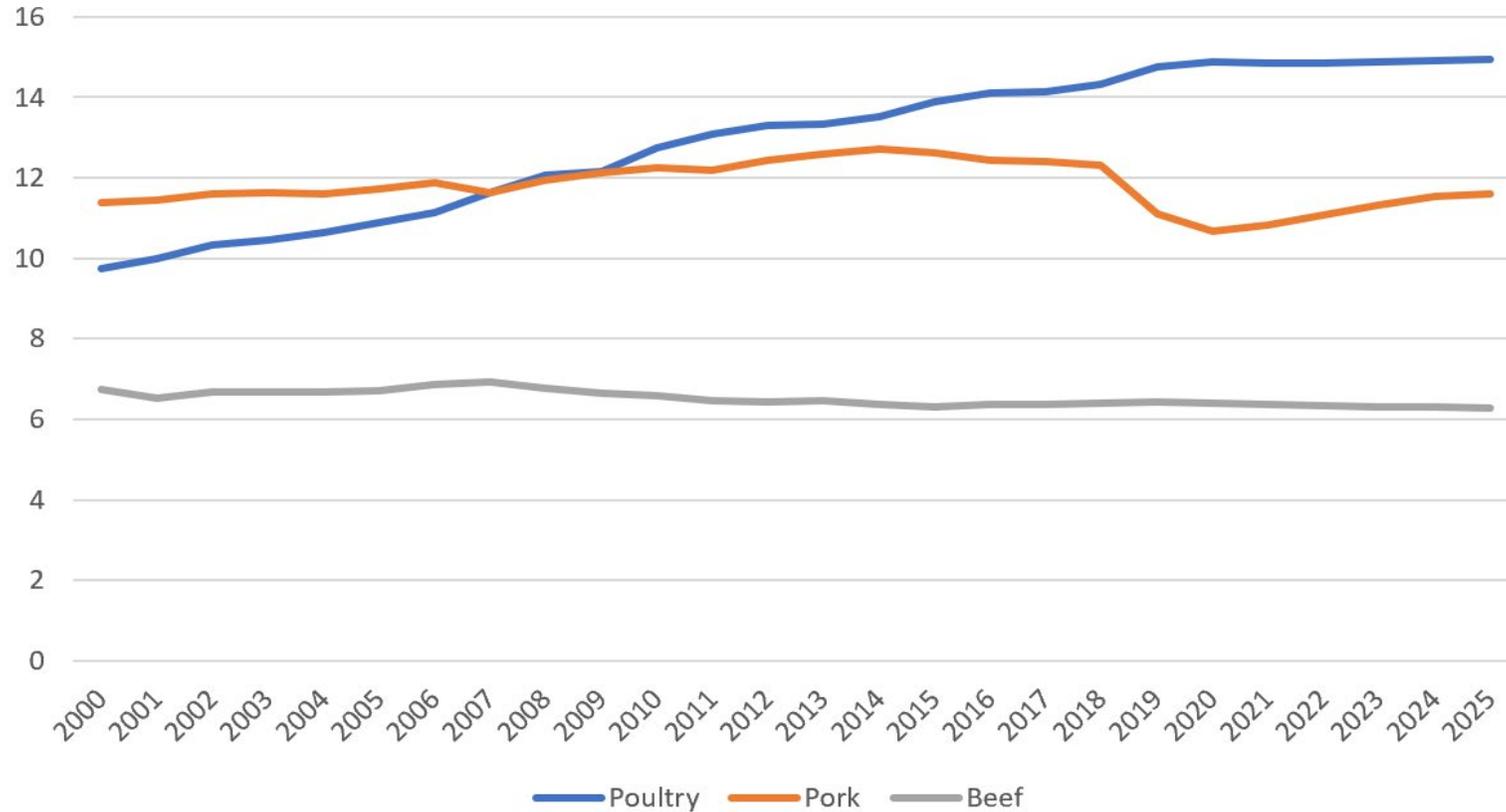


Trends in the poultry industry



Demand for poultry meat is increasing

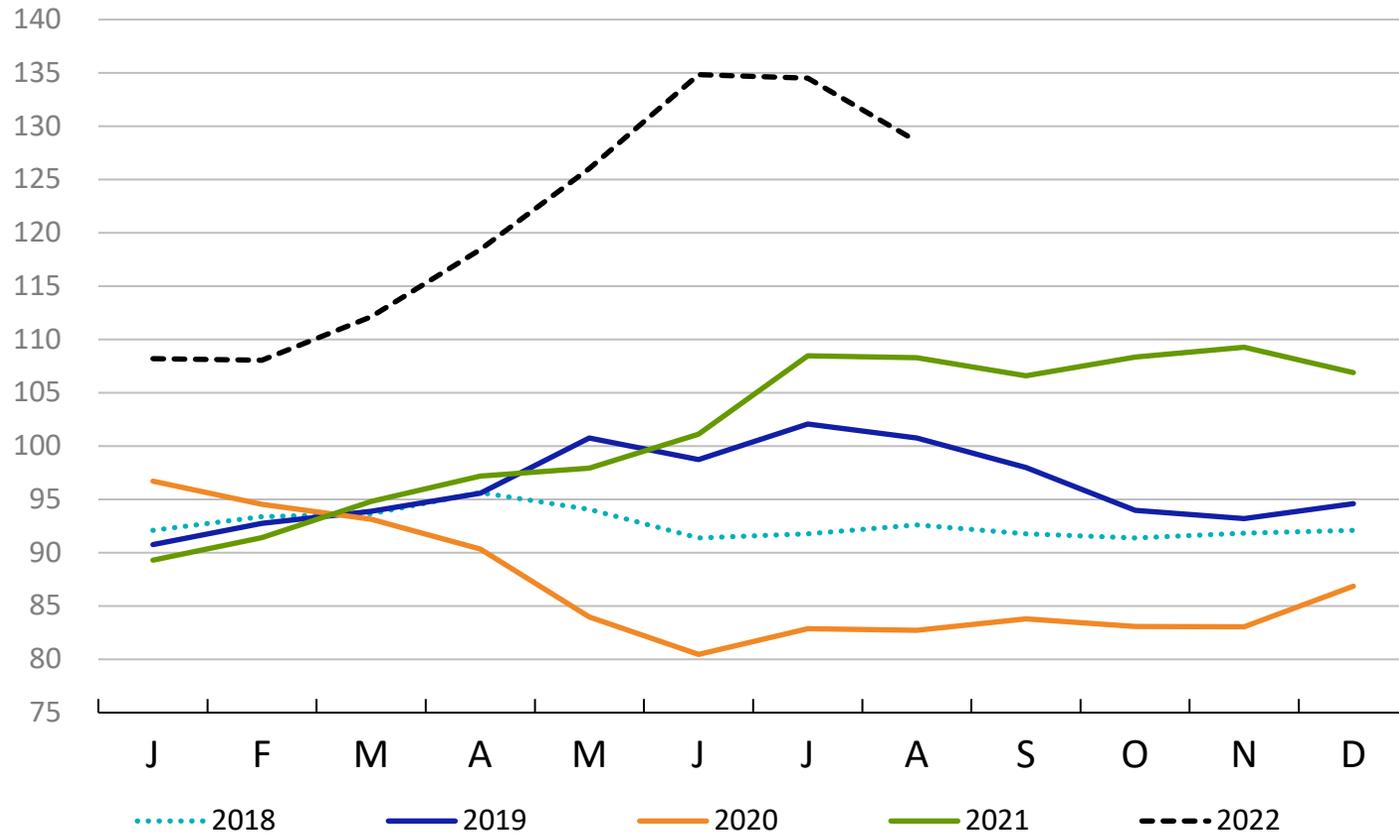
Meat consumption trends (thousand tons)



Poultry meat prices increase

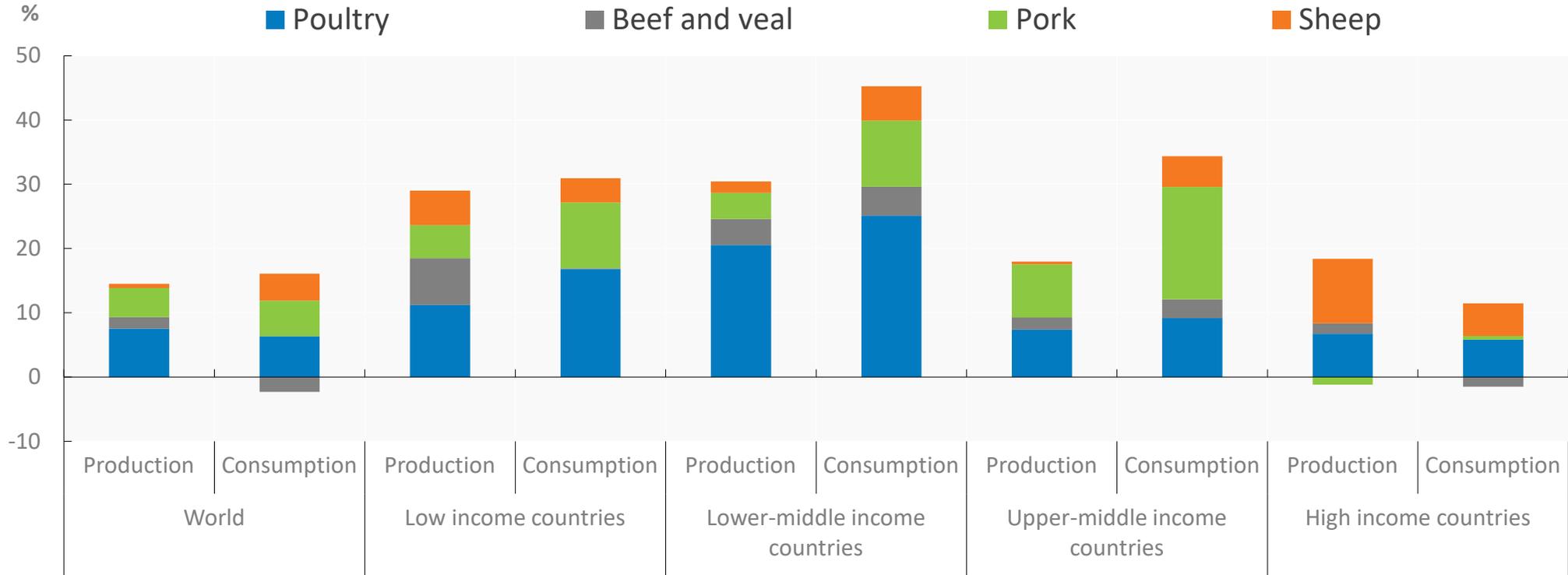
FAO Poultry Meat Price Index

2014-2016=100



Further localization of poultry supply: >90% for domestic consumption

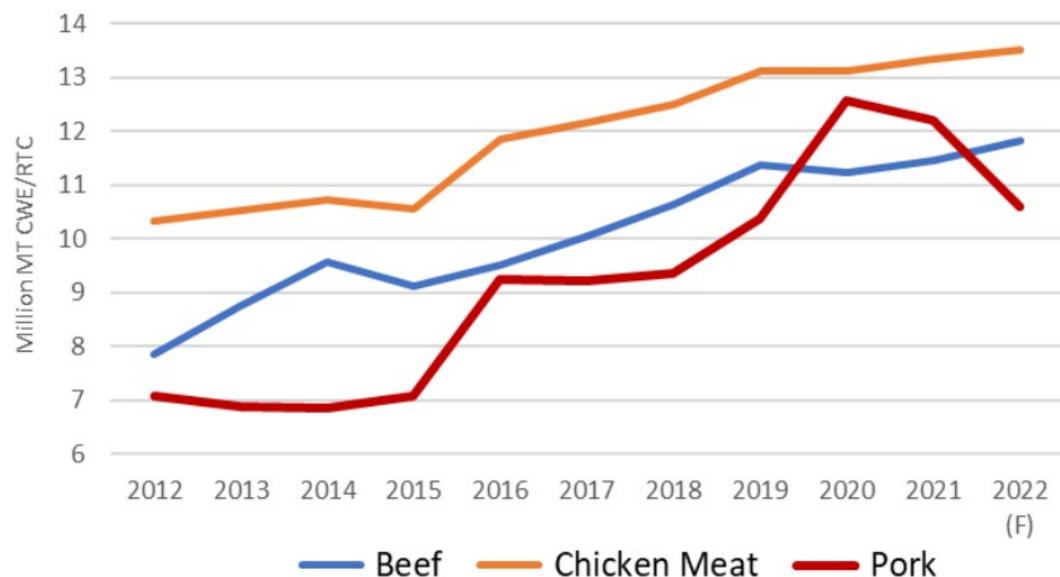
Growth in meat production and per capita consumption on a protein basis, 2019-2021 to 2031



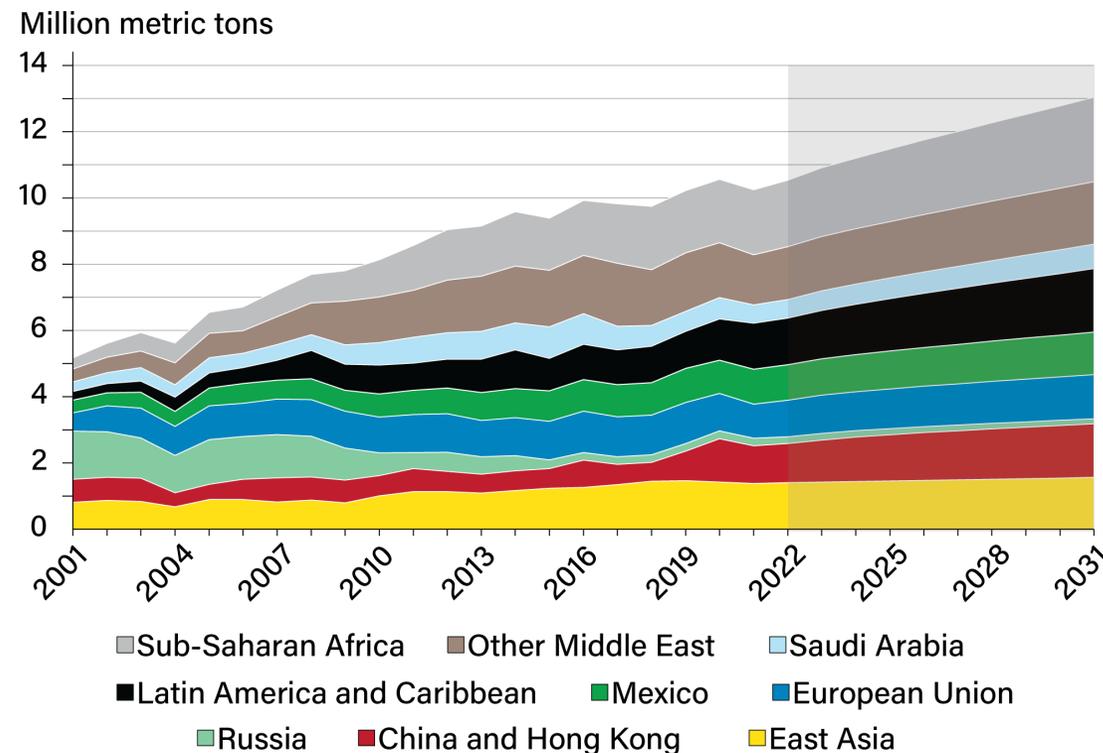
Source: OECD/FAO (2022), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database)

Local production has not kept up with increased demand

World Meat Trade



Volume of poultry imported by select countries and regions projected to increase 27 percent between 2021 and 2031



*Exporting regions/countries: Brazil, US, EU, Thailand, formerly Russia

How to benefit from market trends



What to expect



Raw materials prices will be high at least until H2'2023



Fuel and energy prices will further increase; mid & long-term solutions required



Shipping lines: competition increases, and prices may gradually drop



Structural costs and labor cost will continue to increase

The winning companies will manage effectively



Reduce losses in raw materials through feed safety measures
Decrease FCR through better gut health management and bioavailability



Take measures in feed mills and farms to reduce energy consumption



Increase safety stocks
Better plan purchases of shipping space (ship/truck) to reduce costs

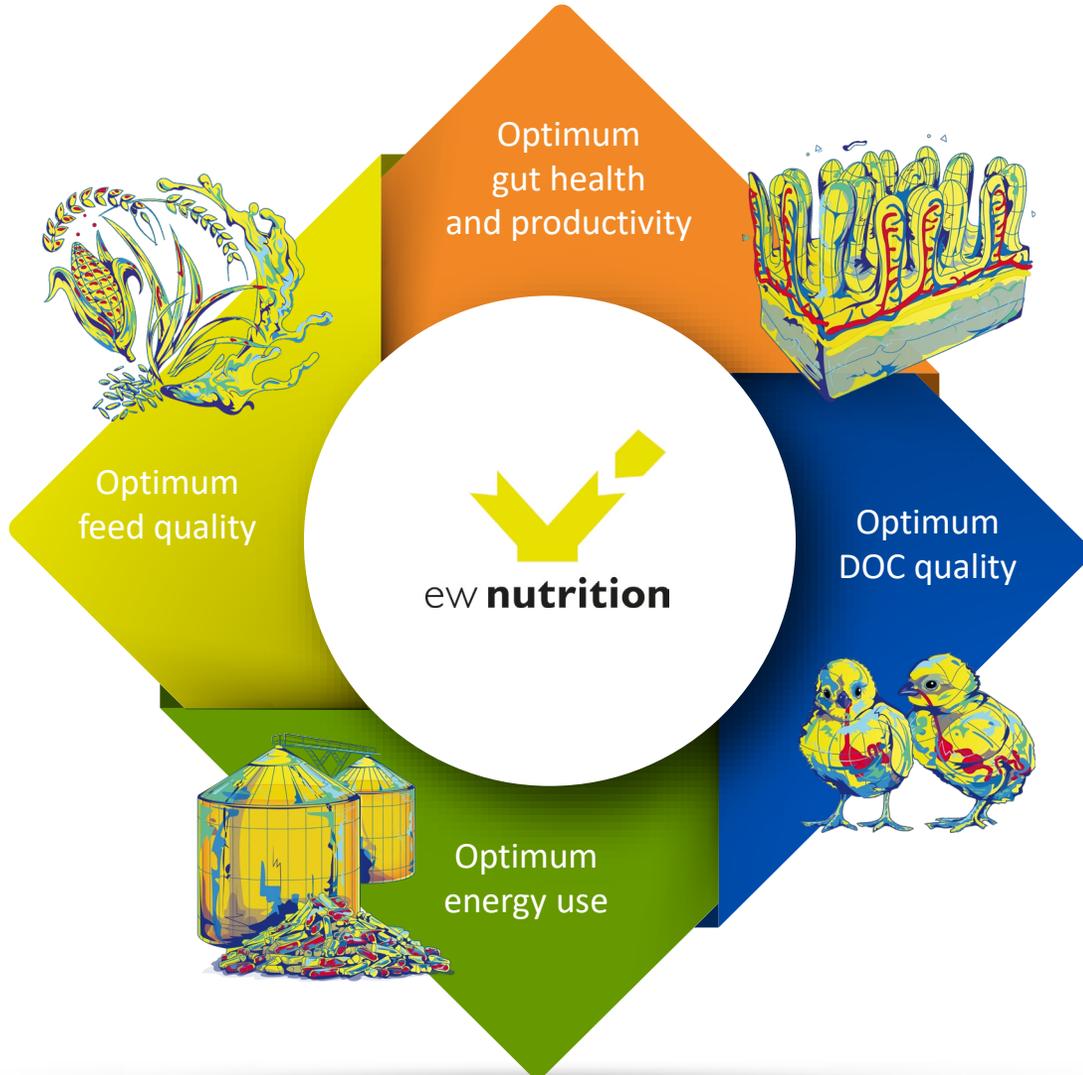


Reduce labor costs by a more efficient production (farm/feed mill)



Monitor opportunities, mainly increasing localized production to satisfy demand

EW Nutrition is your partner for production profitability



With expertise, cost-effective products, and services for feed and poultry production

THANK
YOU!

