

Why US Chicken Exports Could reach 10 Billion Pounds by 2022 and be worth \$7 Billion

NCC Marketing Committee Meeting - Vermont - 2012

Paul Aho Ph.D. - Poultry Perspective



POULTRY
perspective

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Per Capita Consumption of Meat & Eggs

7,000,000,000 people in 2012
44 Kg per capita

8,000,000,000 people in 2022
46 Kg per capita



Meat and Poultry Per Capita Consumption Increase for Every % Increase in Per Capita Real Income

1990's - 2%

2000's - 1%

2010's - 0.5%

**Stagnant Consumption in
Developed Countries & Headwinds
of Higher Grain Prices**

Comparing Beef, Pork, Chicken Feed Conversion + Growth

- Beef - 6 -1 Consumption will lag income and population growth
- Pork - 3 -1 Consumption will lag income and population growth
- Chicken - 1.7 -1 Consumption will exceed income and population growth

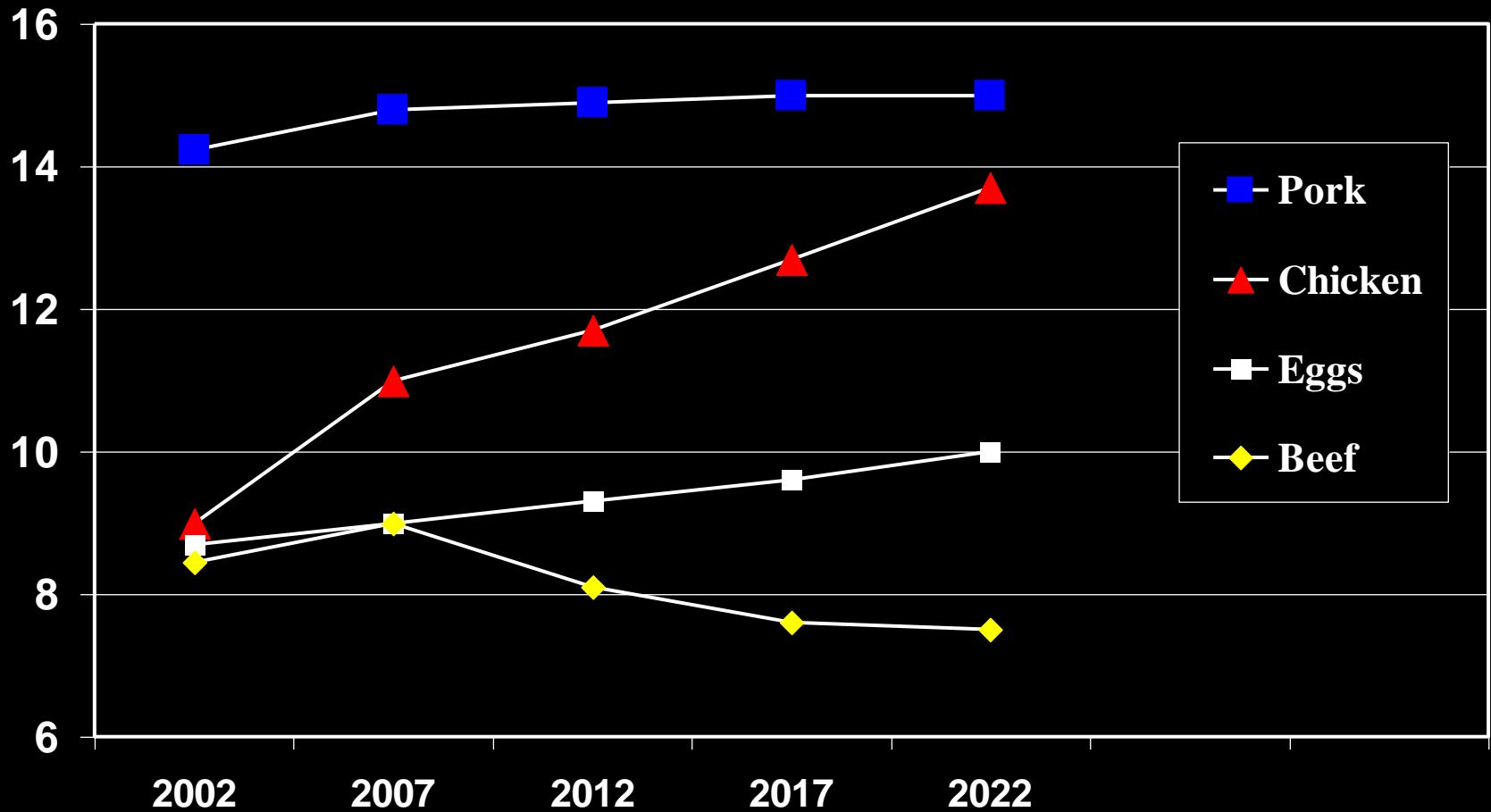


2012- 2022 Growth

Total Meat and Eggs = 60 MMT

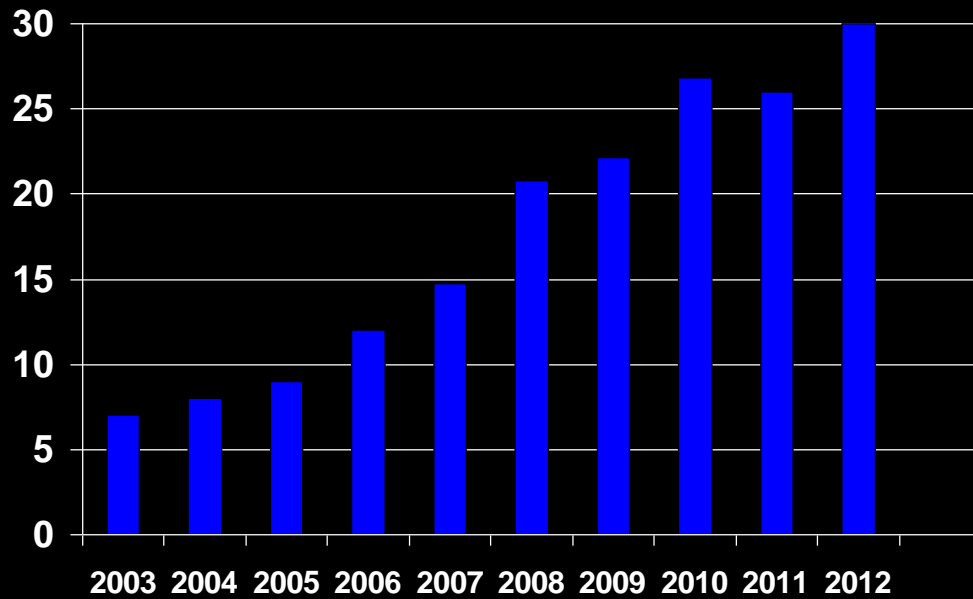
Chicken = 30 MMT

46 Kg Consumption Per Capita in 2022

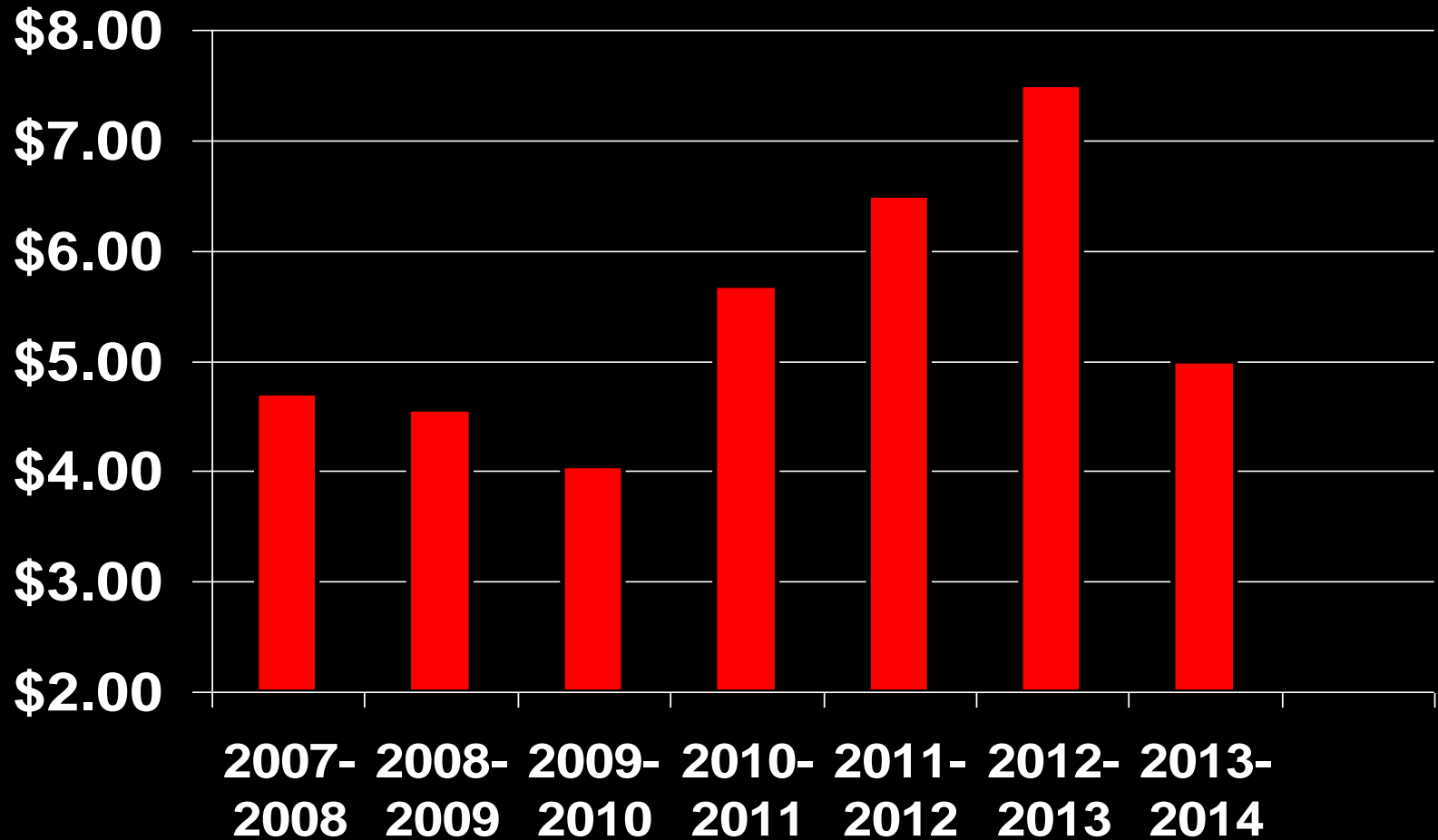


Source: USDA to 2012

Ethanol Minus By-Product Percentage of the US Corn Crop

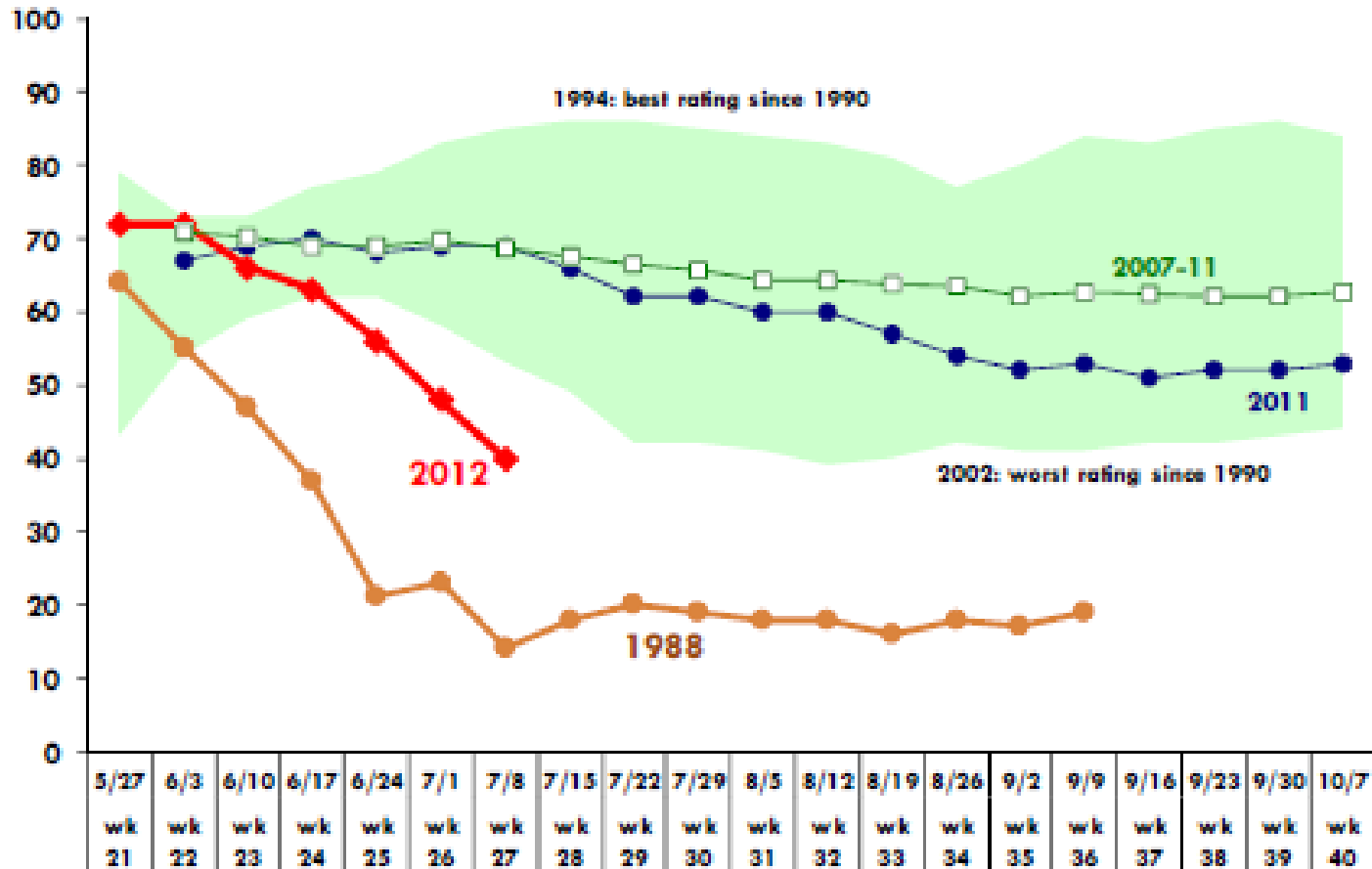


Average Price of Corn in Chicago - \$/Bushel by Crop Year

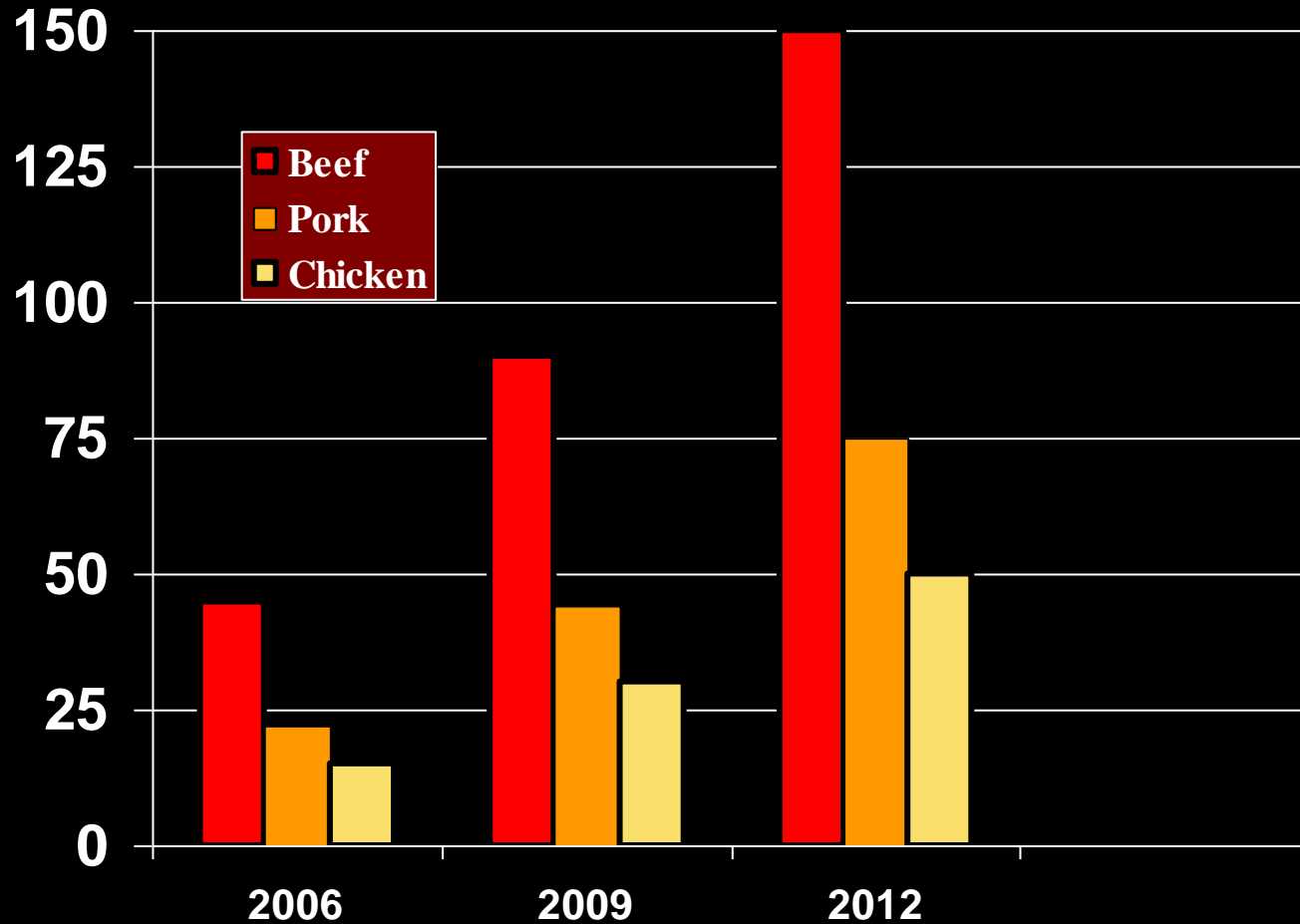


CORN CROP CONDITIONS

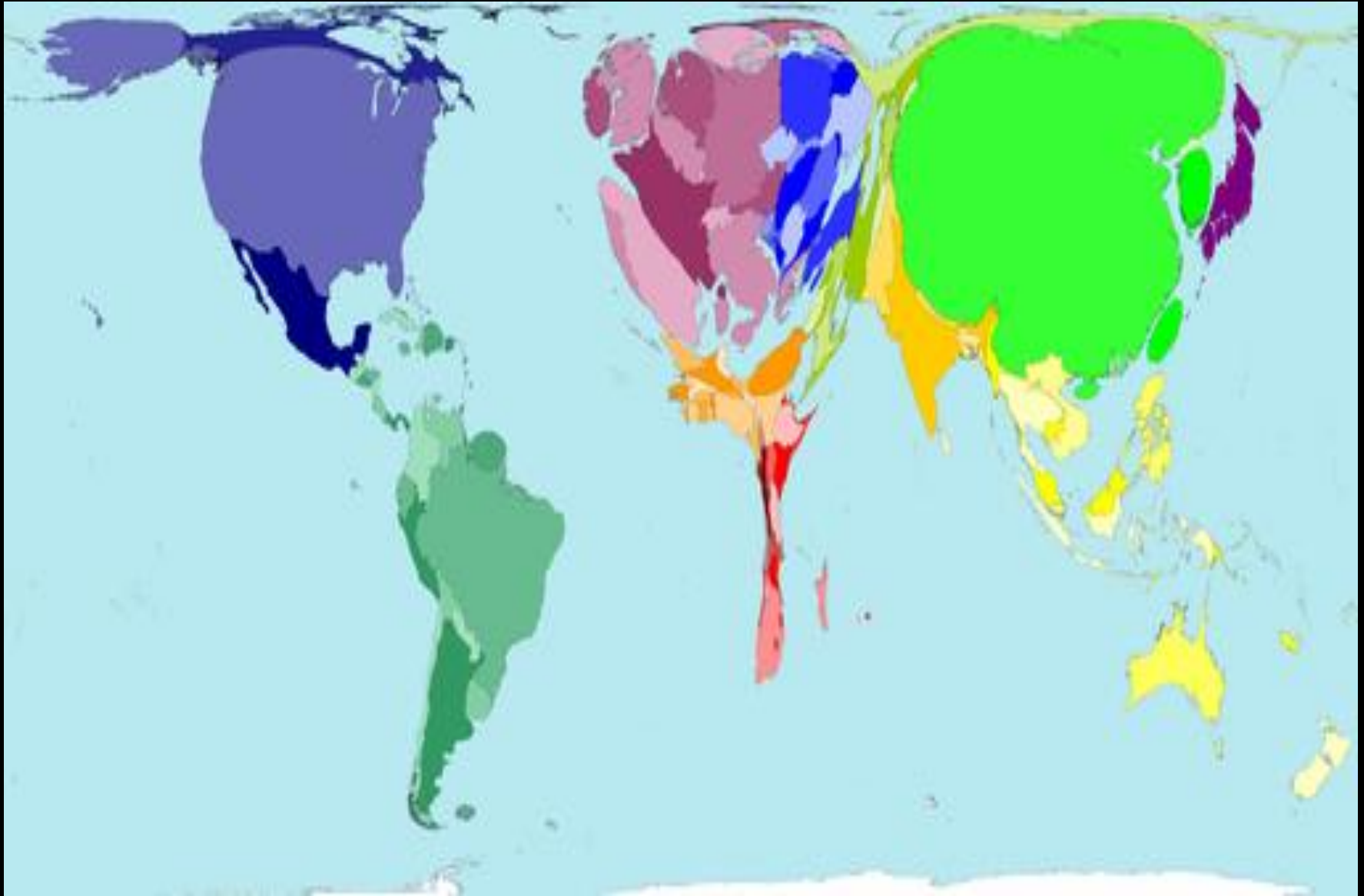
% RATED AS GOOD OR EXCELLENT SINCE 1990



Feed Cost Cents per Live Pound



World Map Adjusted For Meat Consumption -2011

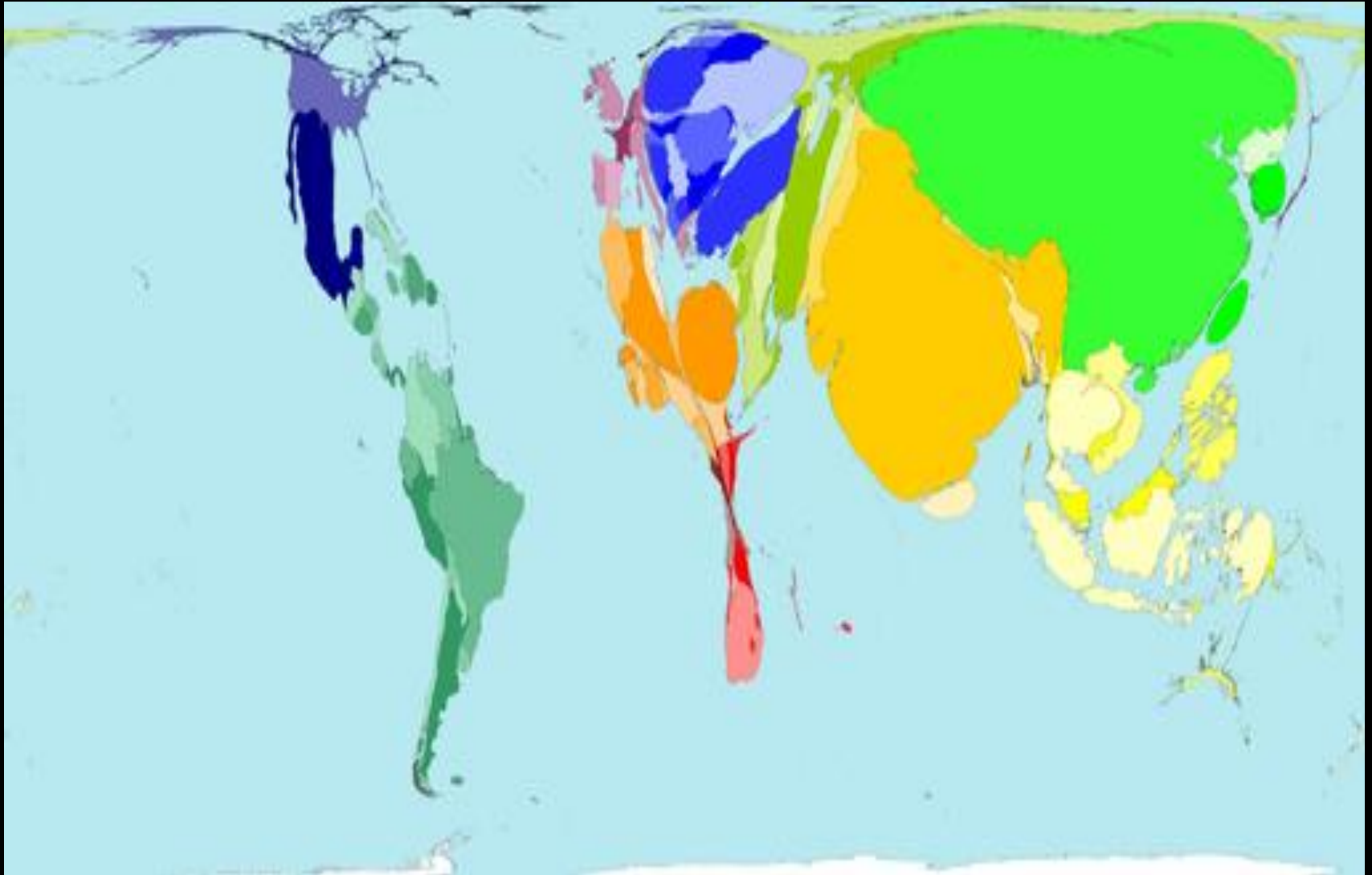


**1 Billion More People on the Planet
in the next 10 years**

**Meat Consumption Per Capita
will grow mostly in the
Developing World**



World Map Adjusted For Middle Income



Middle Income

- China, India, Middle East, Latin America, Eastern Europe, parts of Africa
- Income Elastic
- Only area of Growth



**75% of Global Growth will
Come From Asia, Latin
America and Africa**

40% of Global Production Growth will Come in Asia

- China the largest
- As much more poultry as pork
- Middle Class is growing

Asia Chicken Production 2012 & 2022 - Millions of Tons

	2012	2022	Increase
Asia Total	24	38	12
China	12	17	5
World	82	112	30
Asia % of World	30%	34%	40%

2012 -2022

Latin America

- Accelerating economic growth
- Political stability
- The Golden age for Poultry
- Financial stability

Latin America Chicken Production 2010 & 2025 - Millions of Tons

	2012	2022	Increase
L.A. Total	22	30	8
Brazil	12	16	4
World	82	112	30
L.A. % of World	27%	27%	25%

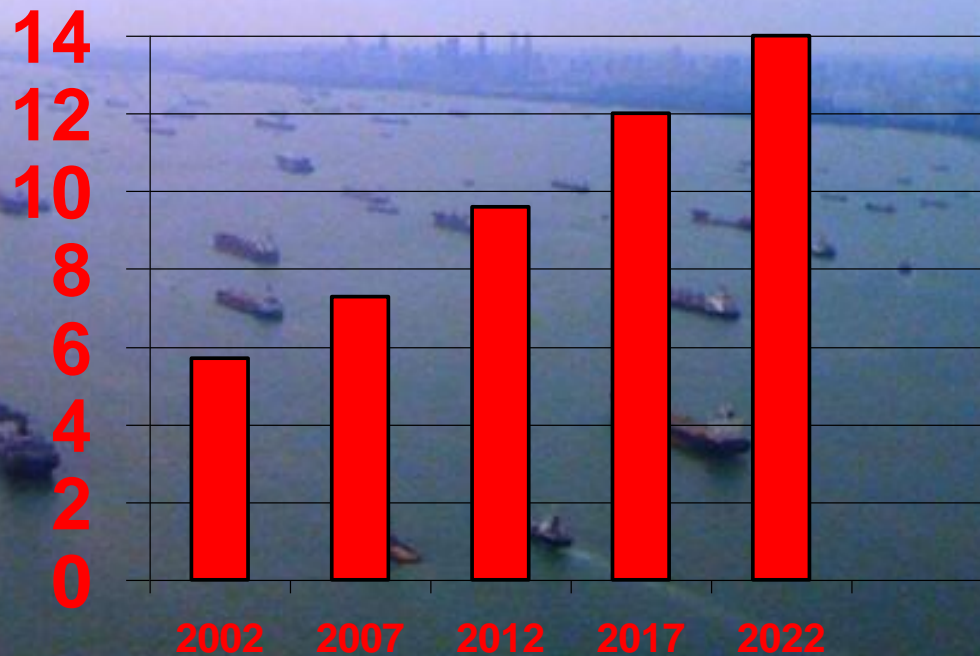
Africa May Be a Surprise

- Increased Grain Production
- Accelerating Economic Growth
- Accelerating Meat Production

Africa Chicken Production 2012 & 2022 - Millions of Tons

	2012	2022	Increase
Africa Total	4	7	3
South Africa	1	2	1
World	82	112	30
Africa % of World	5%	6%	10%

World Trade in Chicken - MMT



Exports - MMT 2012 & 2022

	2012	2022
United States	3.2	4.5
Brazil	3.3	4.5
World	9.6	14.0
Trade % of Total World Production	12%	13%

Live Production Cost in Cents per kilo

The Three Major Exporters



Brazil

40 in 2002

90 in 2011



USA

70 in 2002

100 in 2011



Thailand

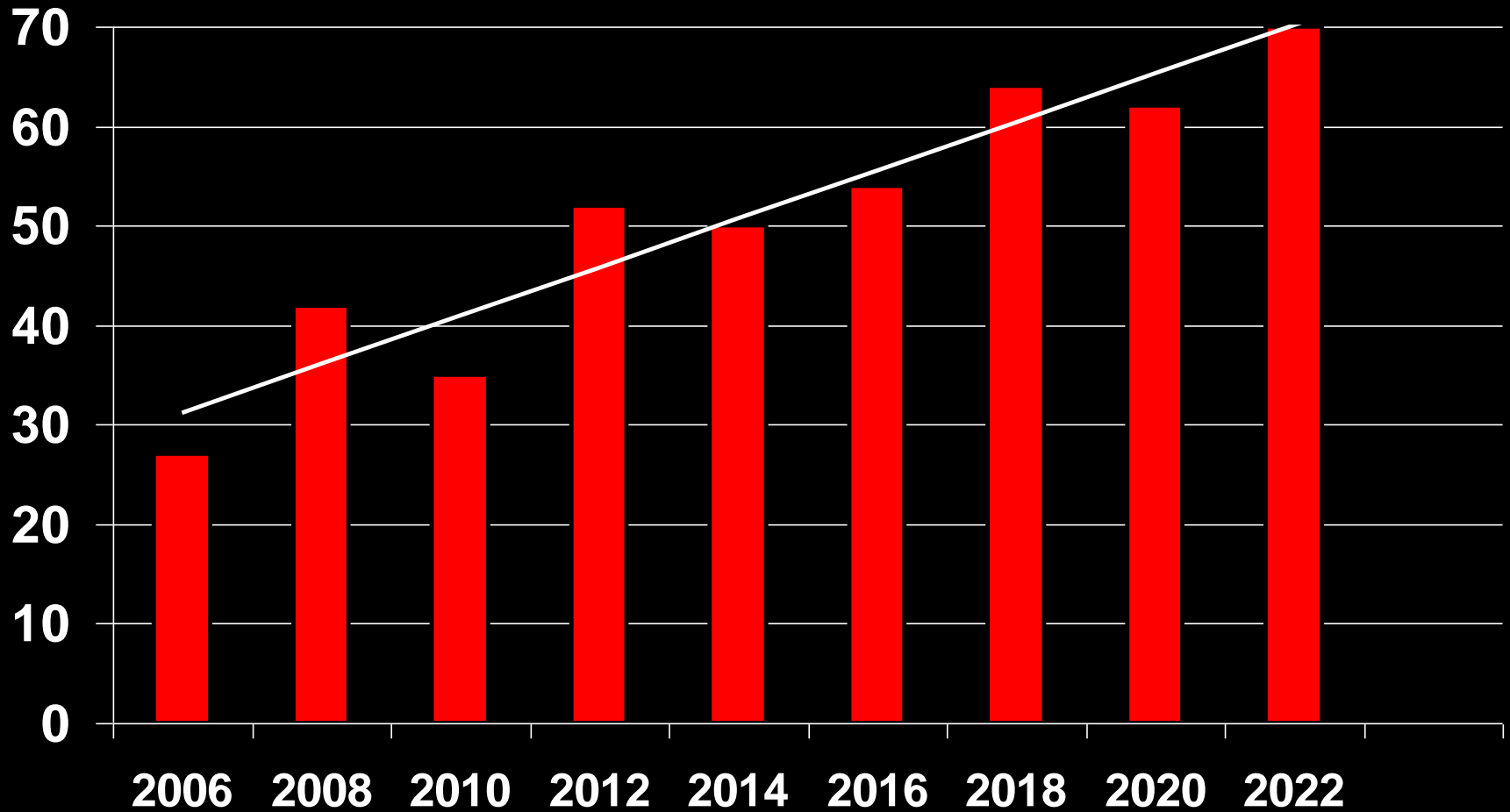
100 in 2002

110 in 2011

Higher Leg Quarter Prices

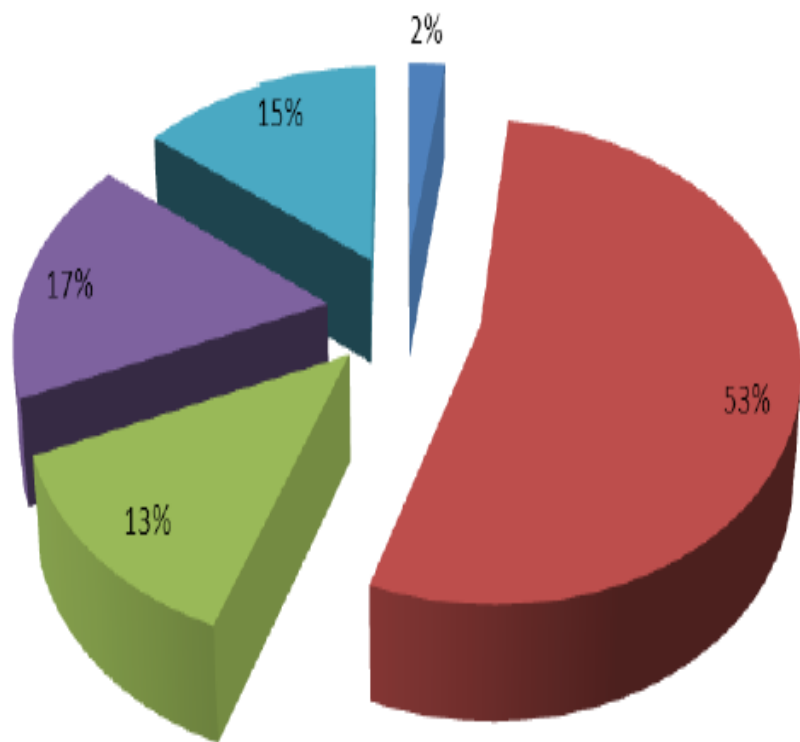
- Recession Helped increase domestic demand
- High Price of competing meats
- Low price of the Dollar

Leg Quarter Price Cents Per Pound



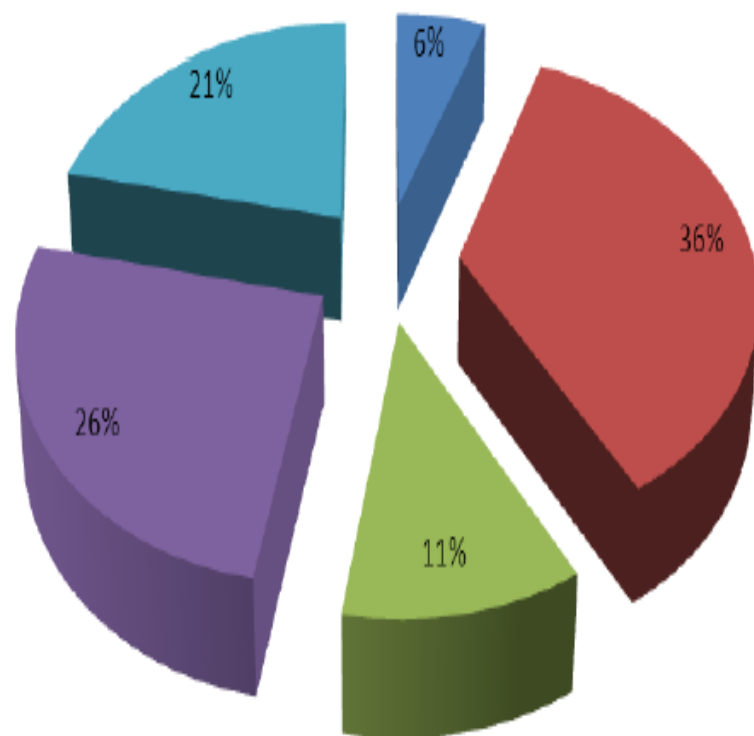
2004 Revenue Share by Part

■ Skin and Bone ■ Breast Meat ■ Tenders ■ Wings ■ Leg Quarters



2012 Revenue Share by Part

■ Skin and Bone ■ Breast Meat ■ Tenders ■ Wings ■ Leg Quarters

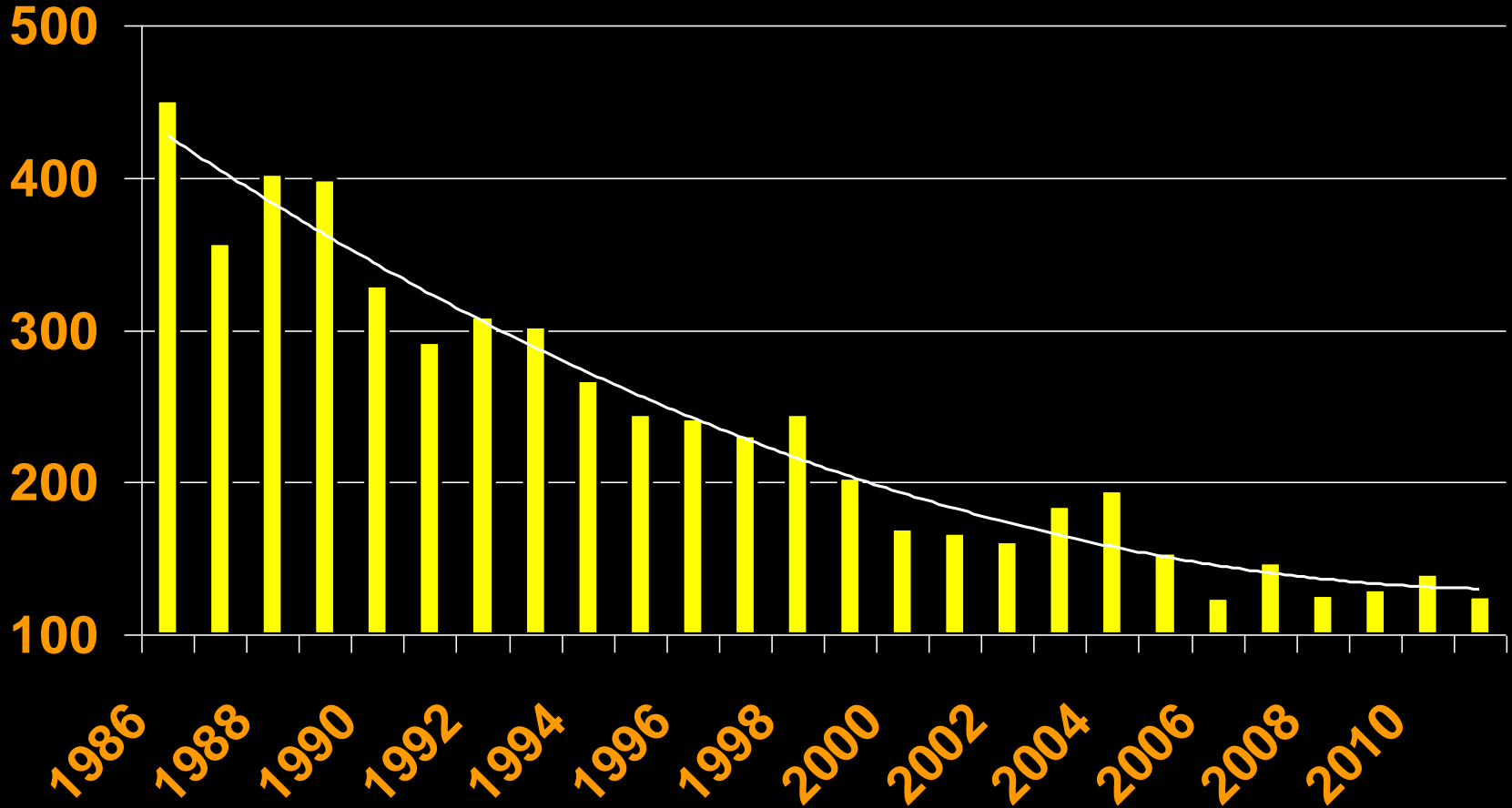


Exporting More Deboned Breast From the US?

- Prices now more competitive
- Packaging and Marketing needed
- Higher leg quarter prices make it possible
- Brazil is less competitive than before

Deboned Breast - Cents/lb

2010 Dollars – US Wholesale Price





Why Exports Could Reach 10 Billion Pounds & \$7 Billion

- Competitiveness of Chicken
- Growth of the Middle Class
- Leg quarters still a bargain even at 70 cents