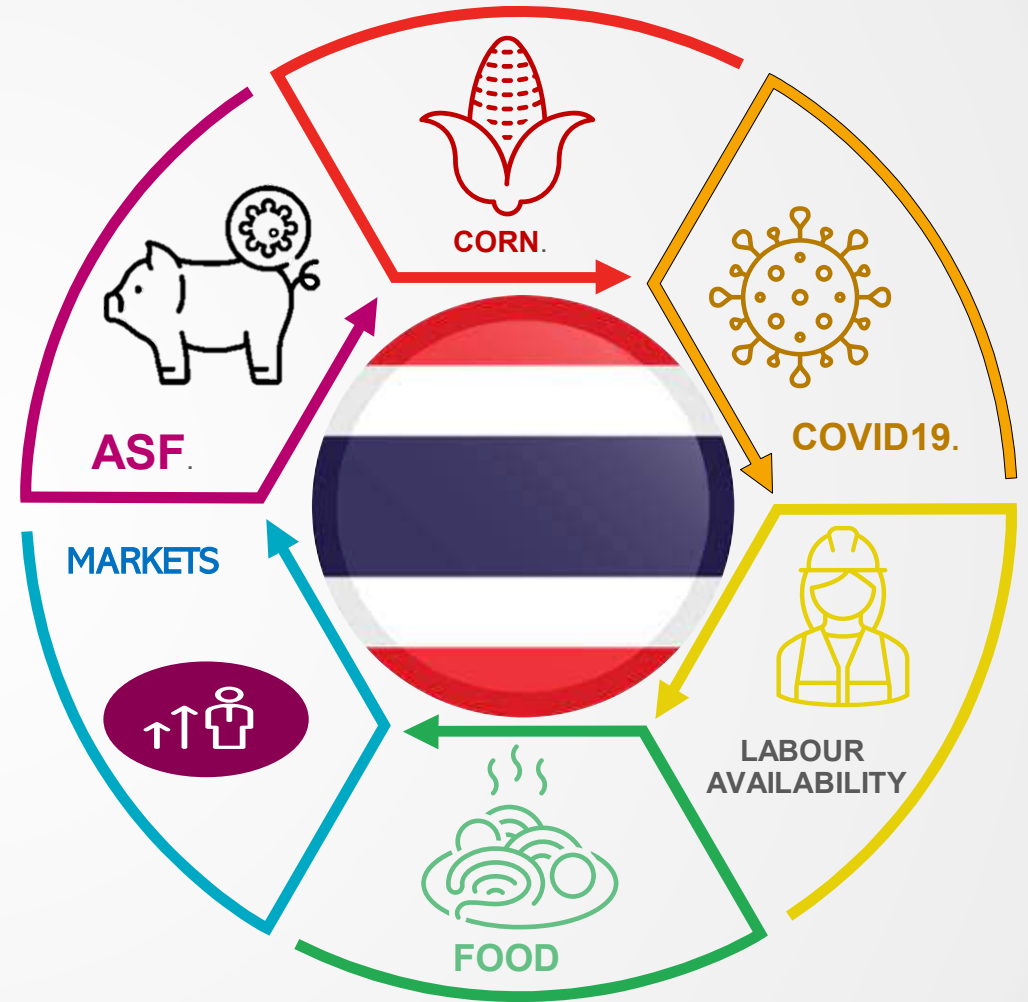




ECONOMIC IMPACT OF COVID-19 & OTHER CHALLENGES TO SOUTH EAST ASIA POULTRY PRODUCTION

PRESENTED BY GORDON BUTLAND.



DIFFICULTIES FOR PLANNING IN SOUTH EAST ASIA

LACK OF TRANSPARENT DATA

IN USA THERE IS FOLLOWING PUBLICALLY AVAILABLE DATA ON A WEEKLY BASIS.

- BIRDS PROCESSED
- WEIGHT OF BIRDS PROCESSED
- EGGS SET
- BROILER DOC HOUSED
- PARENT STOCK PLACED

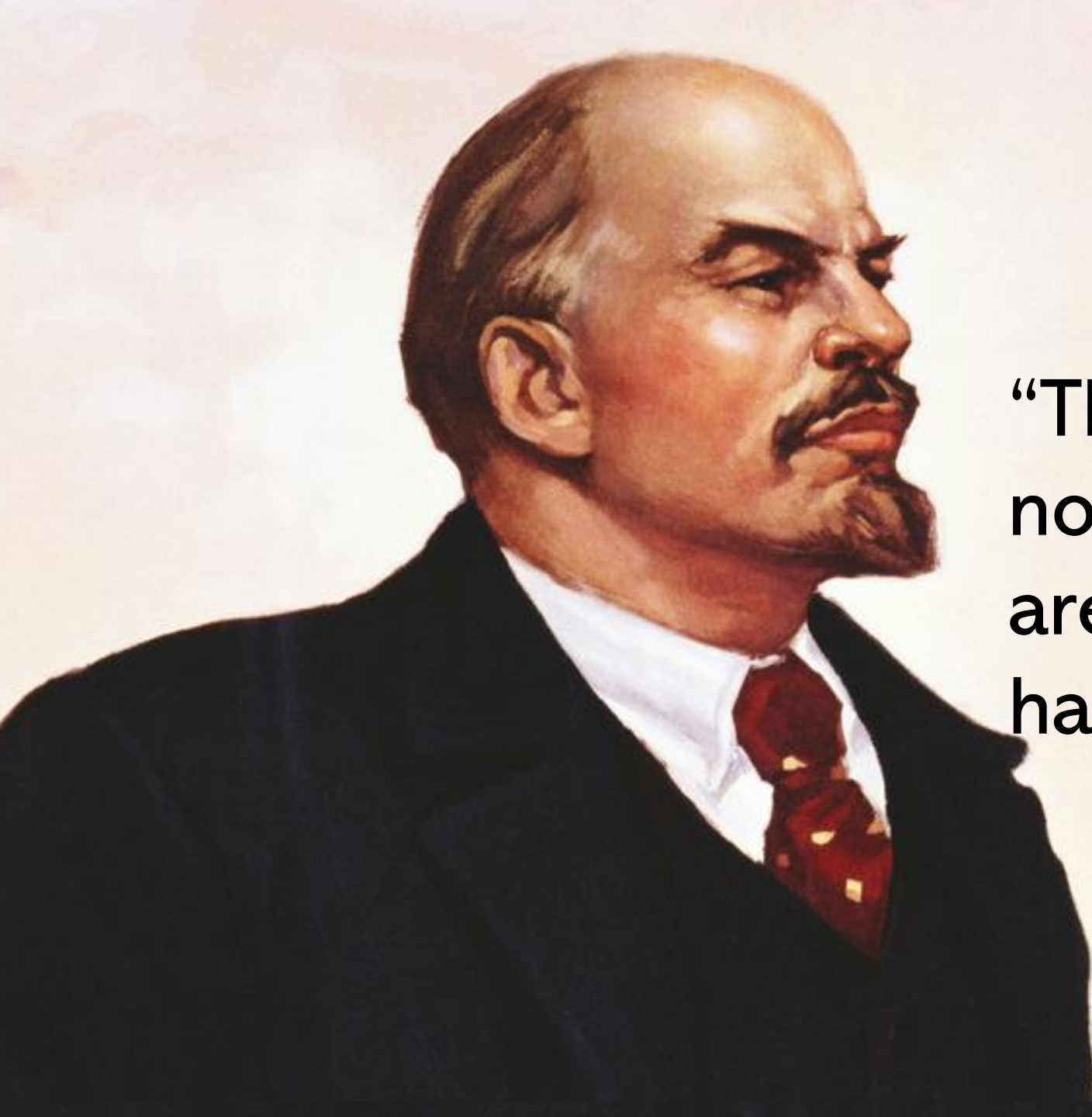
THIS MAKES PLANNING EASIER!

STARTED DEC 19

A TALE OF THREE VIRUSES

STARTED AUG 18



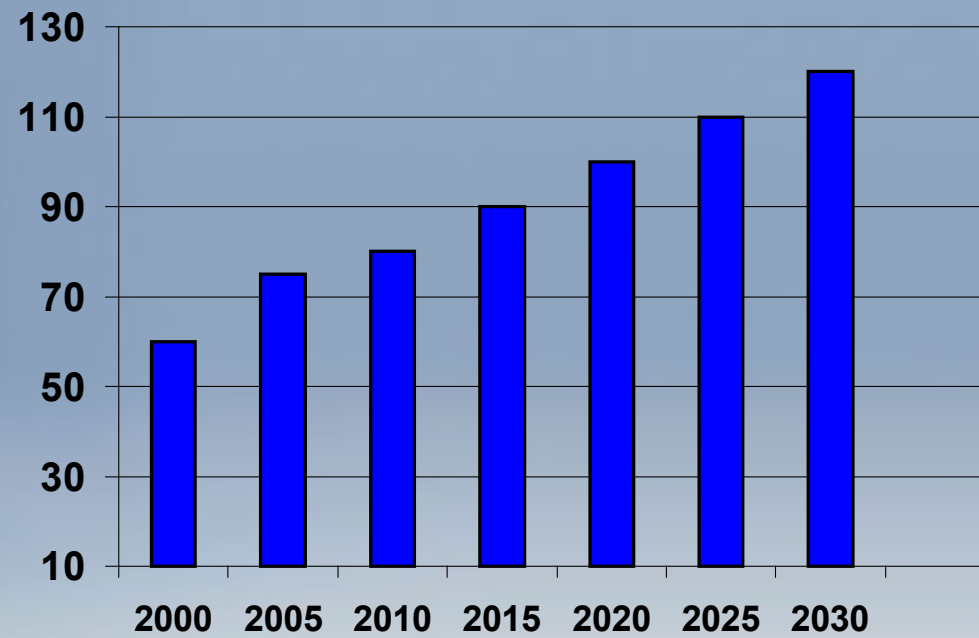


**“There are decades where
nothing happens, and there
are weeks where decades
happen”**

Vladimir Ilyich Lenin

World Chicken Production

MMT 2000-2030



COVID 19 & ANIMAL PROTEIN



IMPACT OF COVID19 ON THE GLOBAL POULTRY INDUSTRY

UNCERTAINTY AND DISRUPTIONS

SUPPLY CHAIN

SUPPLY CHAIN DISRUPTIONS

- Shortage of staff
- Plant closures and modifications
- Logistics disruption

HABITS AND MARKETS

CHANNEL SHIFTING

From food service to
food retail and online

DEMAND AND MARKETS

ECONOMIC DOWNTURN

Significant
downgrading of
growth in 2020 and
in 2021!

ECONOMIC RECOVERY

Economic rebound
now expected in
2022 but details
uncertain

2020–2022

2H 2020 & 2021

2021 & 2022



**AFTER AN
EARTHQUAKE
THERE IS
OFTEN A
TSUNAMI!
AND WITH
COVID - 19 WE
ARE NOW ON
THE THIRD OR
FOURTH
TSUNAMI!**





DEMAND ALONG ANY PART OF THE
VALUE CHAIN DEPENDS ON
DEMAND FOR FINAL PRODUCT!!

IS (WILL) THERE BE A
DISRUPTION TO THE
CONSUMPTION OF MEAT?

INEQUALITY HAS INCREASED

THIS LADY WILL BE AFFECTED...

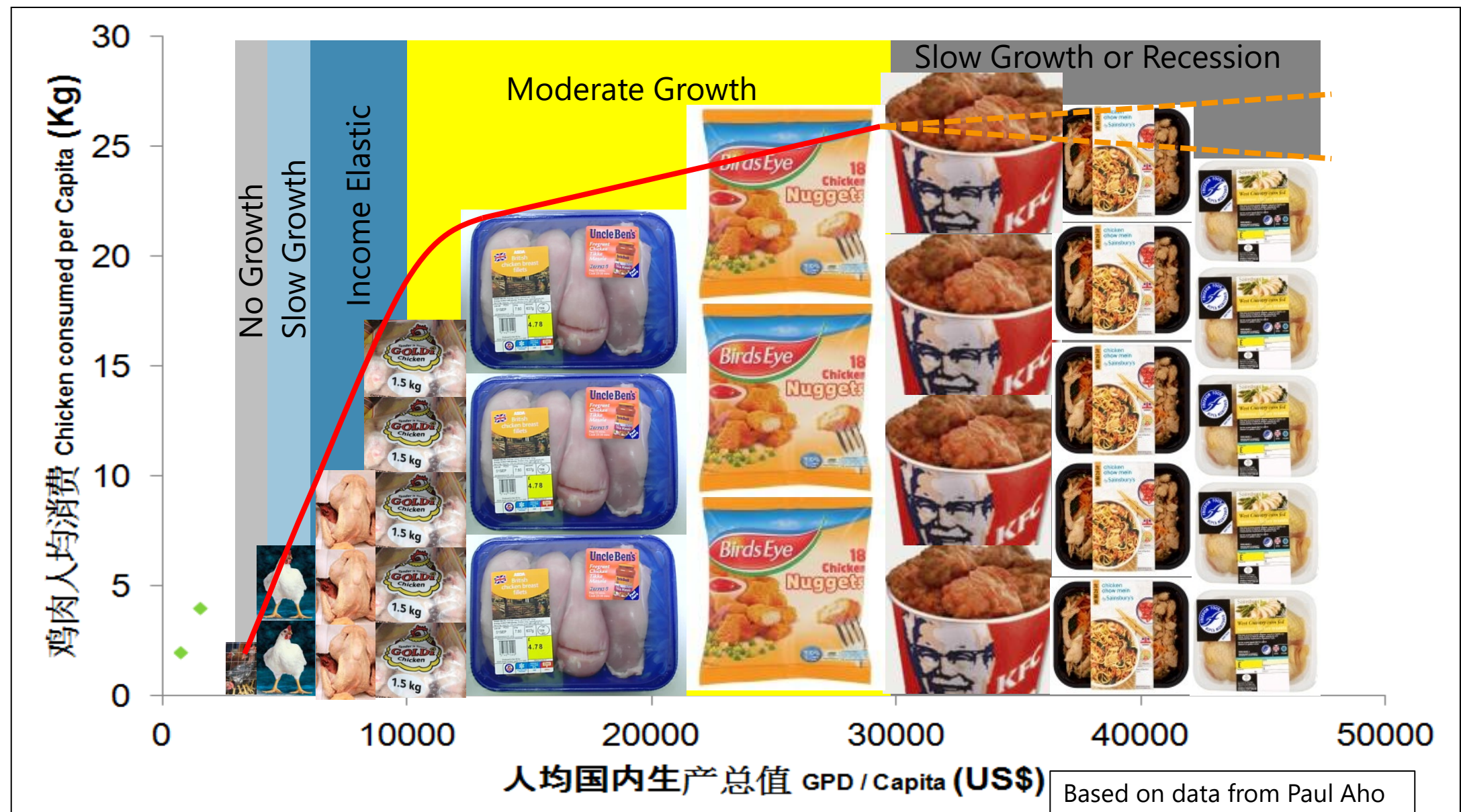


DIFFERENT THAN THIS LADY

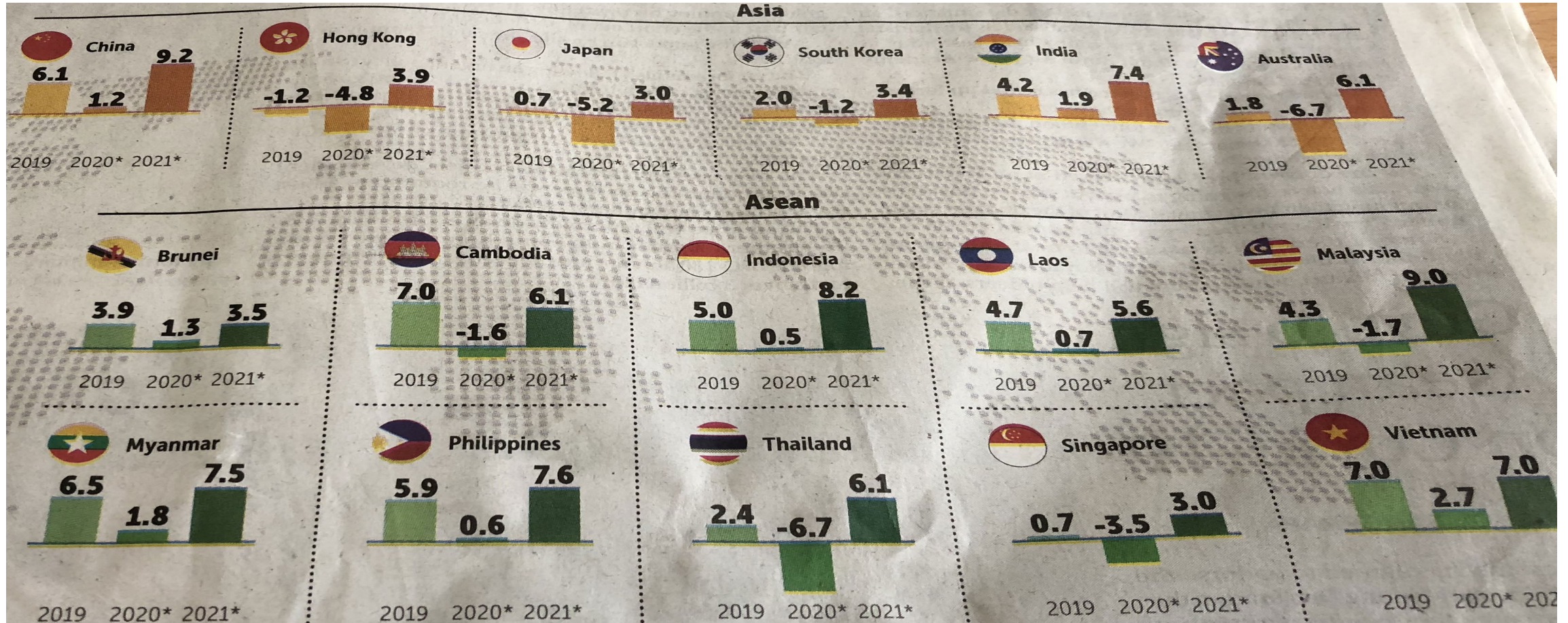


Changes in how we consume chicken with income.

This is what happened when income was increasing, now what will happen as income decreases?



THIS IS WHAT THE EXPERTS SAID LAST YEAR! NOW BEING REVISED DOWNWARDS FOR 2021!



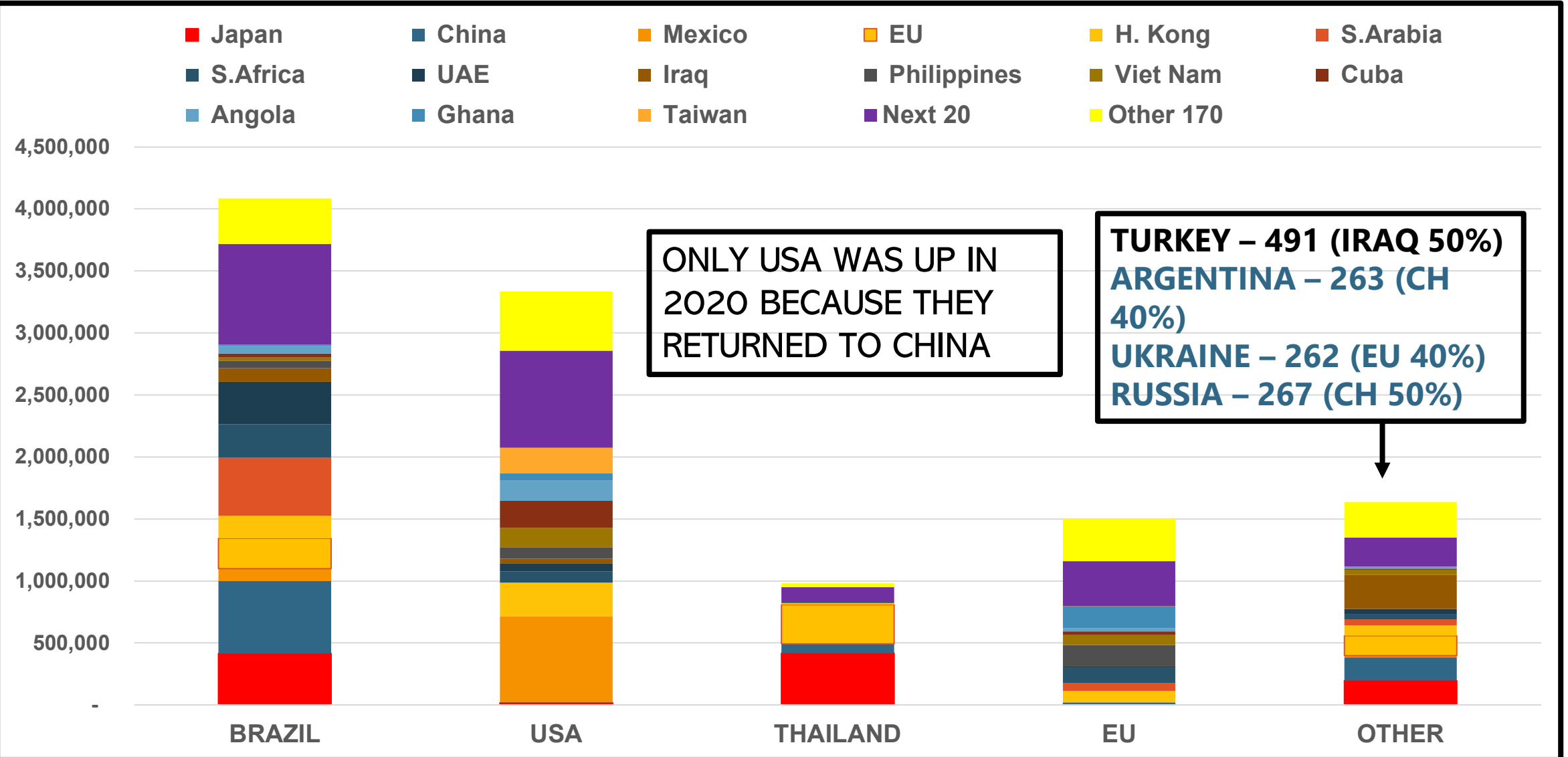


MARKETS AND DEMAND

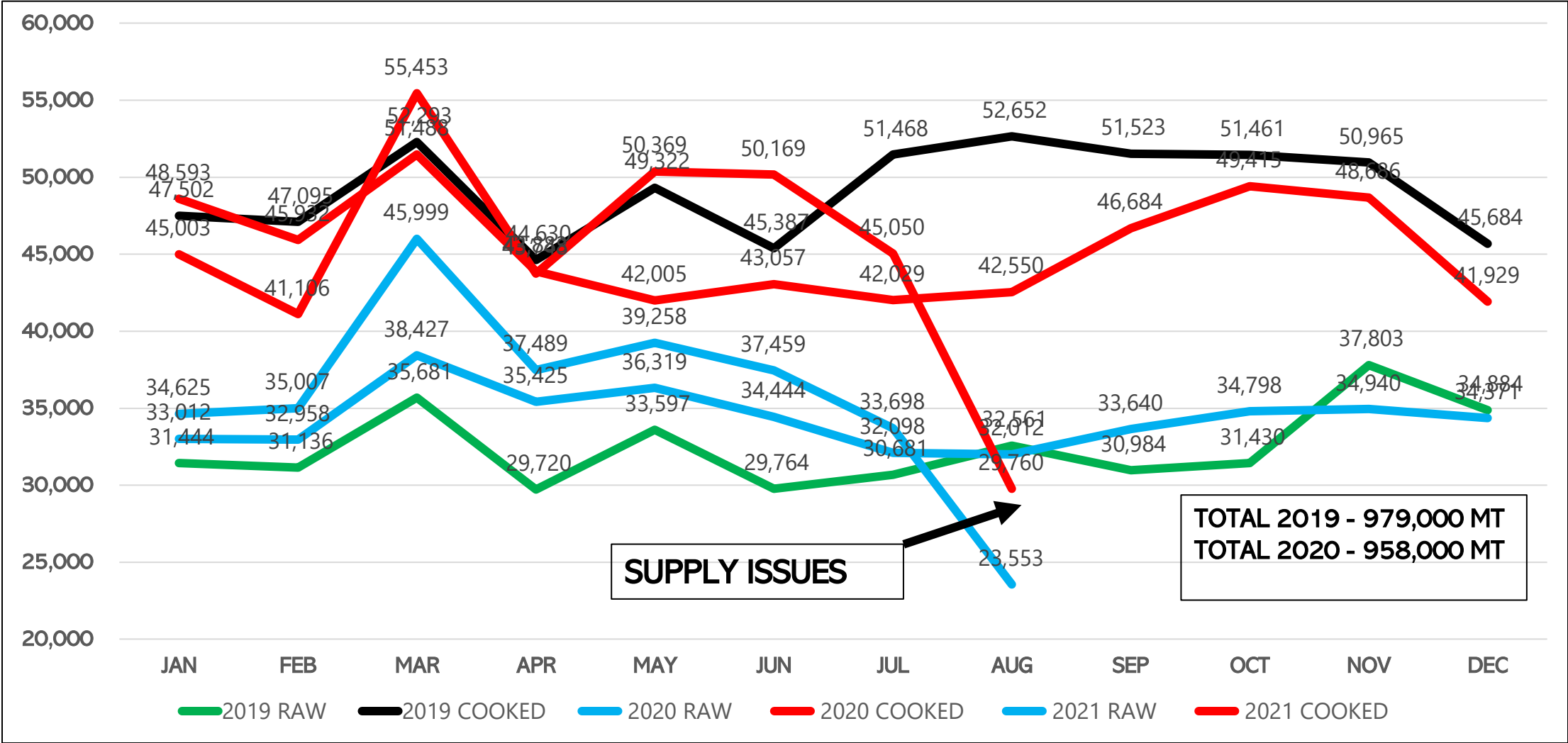
EXPORTERS – IN SOUTH EAST ASIA THAILAND IS DIFFERENT AS EXPORT IS
CORE BUSINESS

IMPORTERS – SOUTH EAST ASIA IS TARGET FOR BRAZIL, USA AND EUROPE
DOMESTIC MARKETS

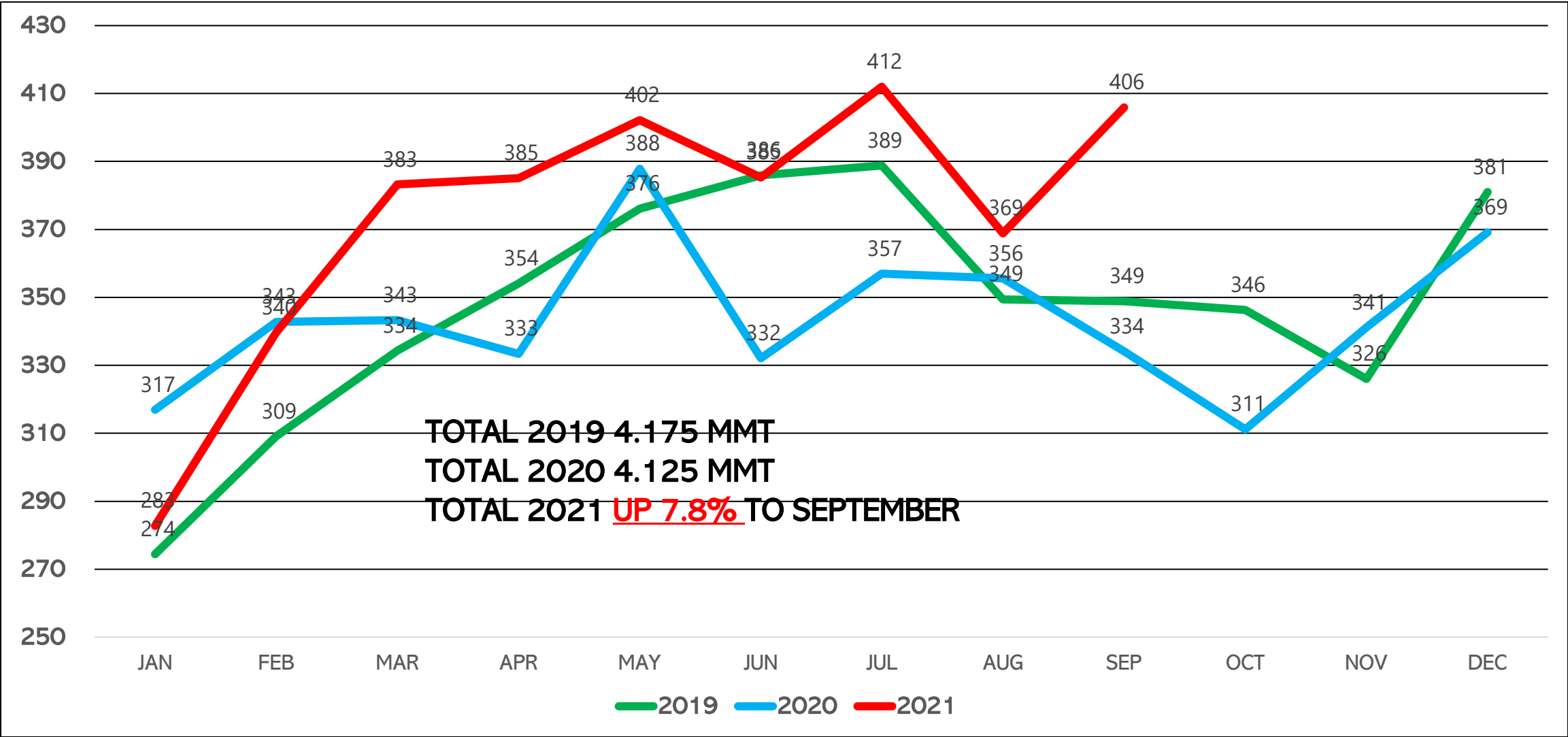
GLOBAL EXPORTERS – 2019 IN MT



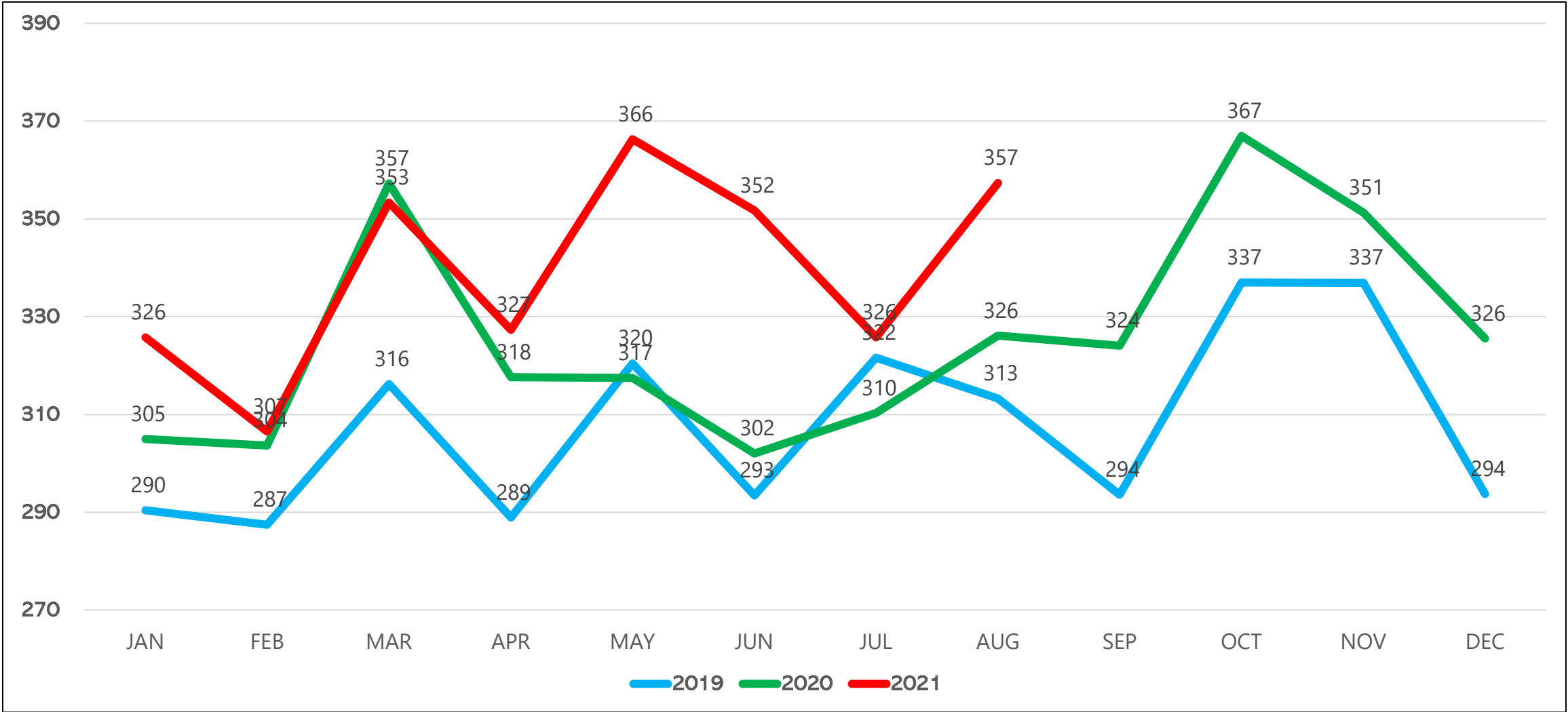
THAI EXPORTS 2020 -2021 IN MT



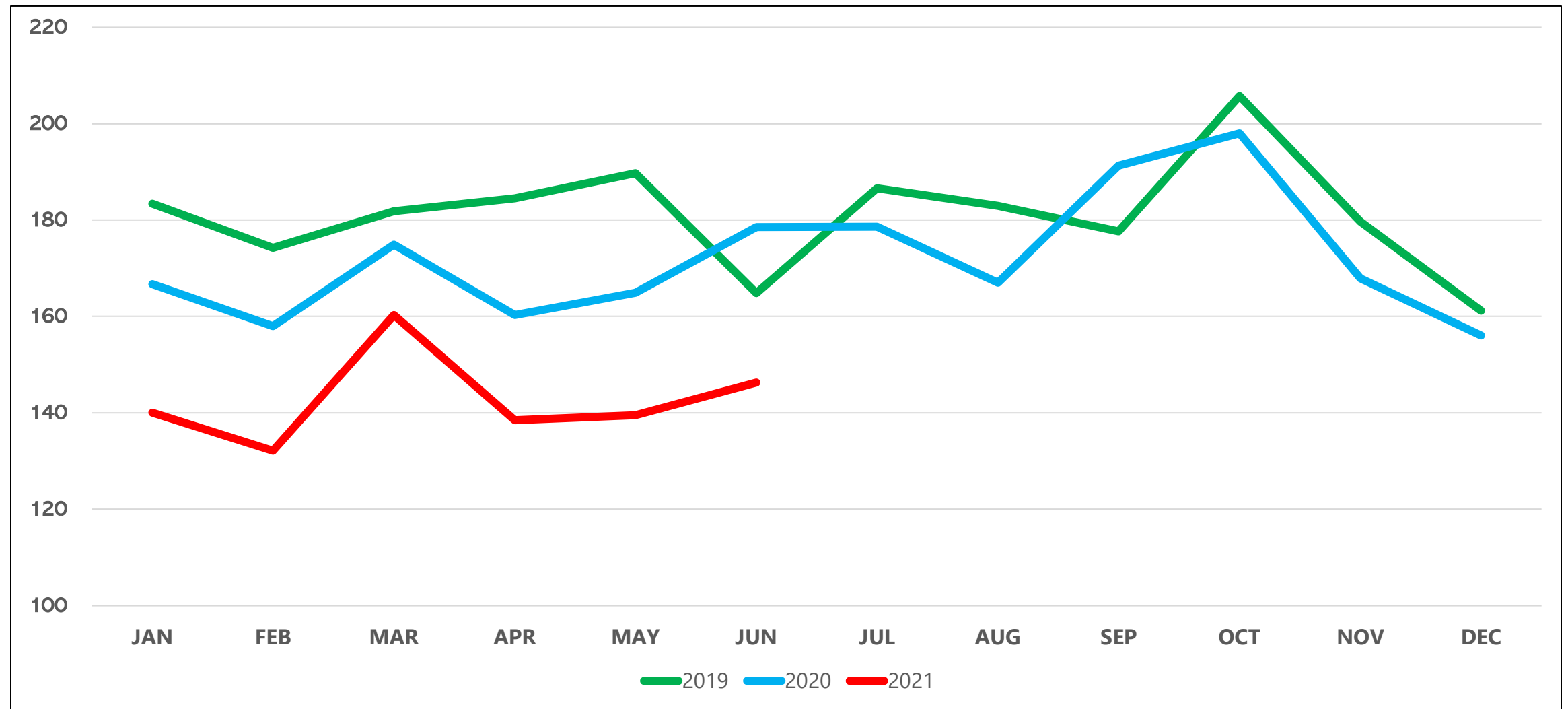
BRAZIL EXPORTS 2019-2021 MT 000



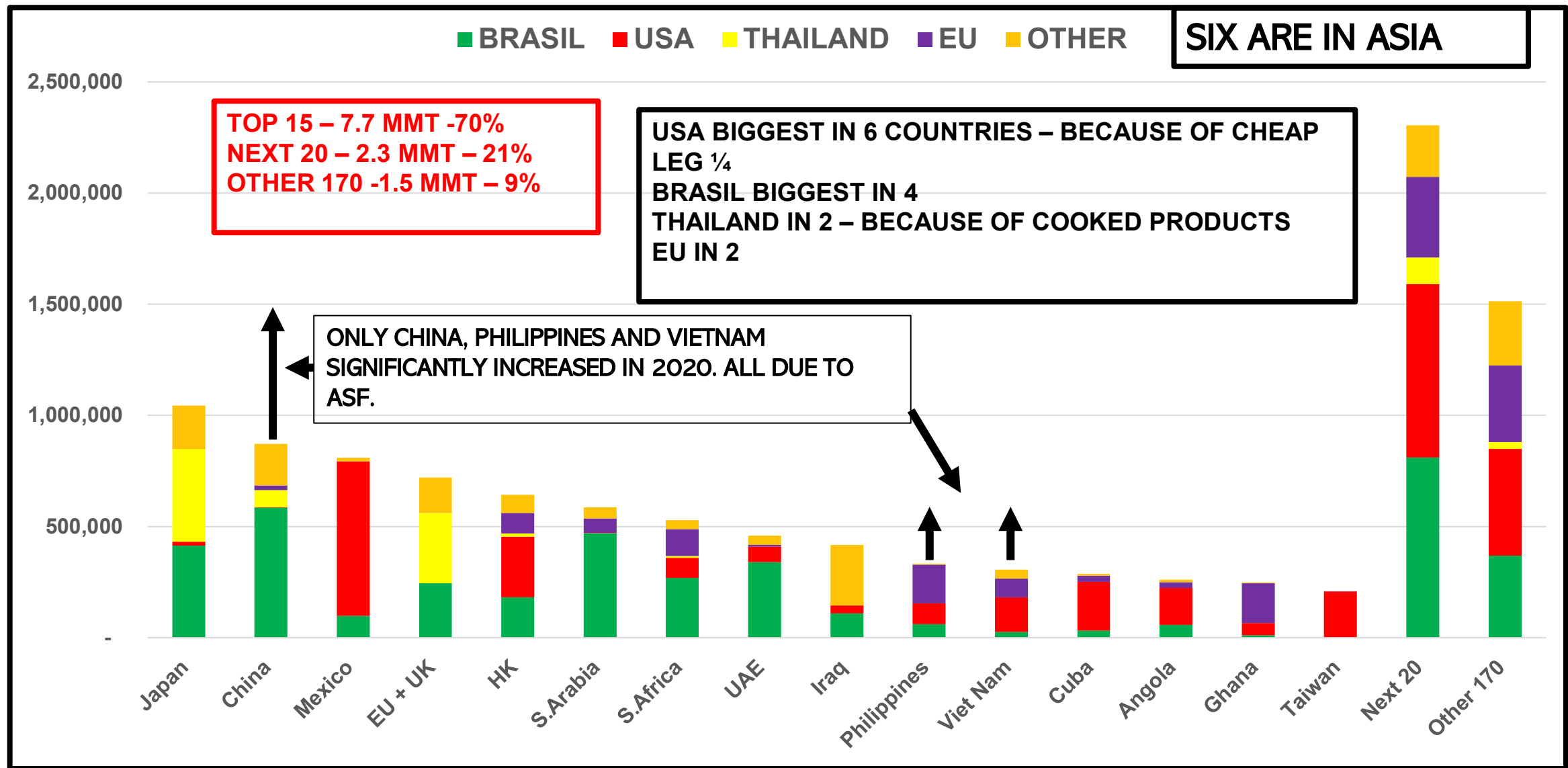
USA EXPORTS 2019 TO 2021 IN MT 000



EU EXPORTS 2019 TO 2021 MT 000



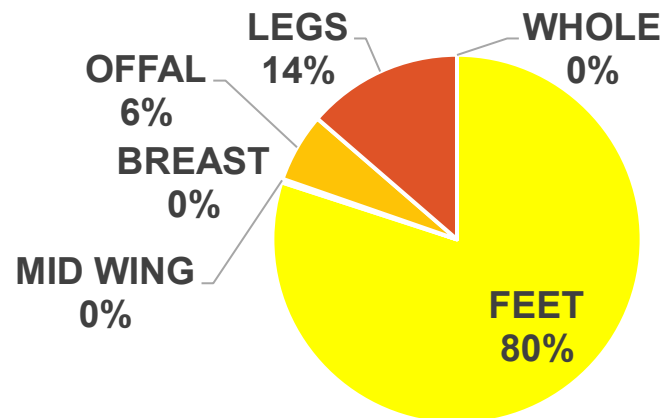
TOP GLOBAL IMPORTERS – 2019 IN MT



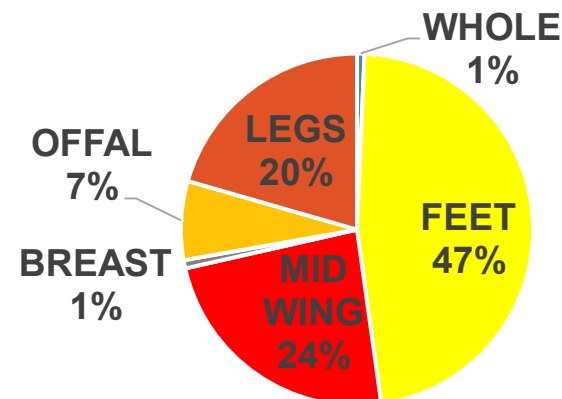
A collection of various types of mushrooms, including red, yellow, and brown varieties, arranged in a circular pattern. The mushrooms are shown in different sizes and orientations, creating a dynamic and colorful composition. The background is a light, neutral color, which makes the vibrant colors of the mushrooms stand out. The overall style is clean and modern, with a focus on the natural shapes and colors of the fungi.

CHINA IMPORTS BY PART OF BIRD AUGUST 2021

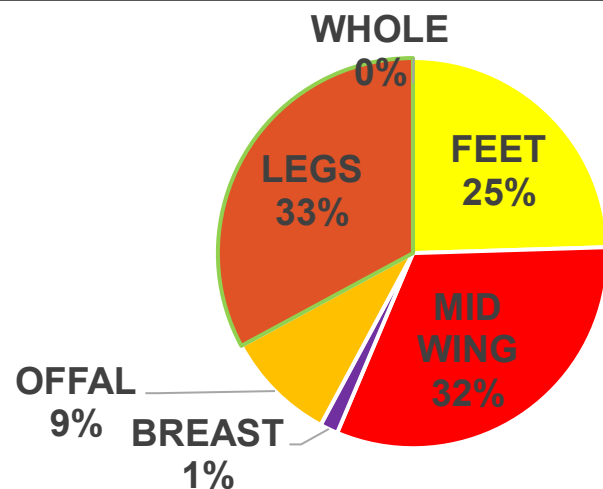
USA



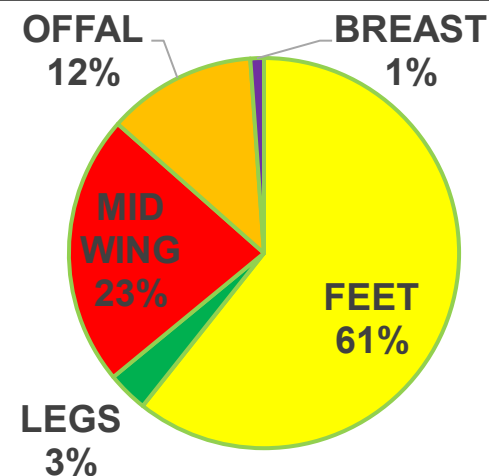
ALL



BRASIL



THAILAND



DOMESTIC MARKETS



Every country is different!

Disappearance of tourists

Recovery of income (GDP per capita) especially for low income population.

Presence or lack of a safety net



**WHEN PEOPLE HAVE LITTLE MONEY AND NO
EMPLOYMENT, LOW COST COMFORT (NON
MEAT) FOOD WILL FILL THE STOMACH.
MAMA IN THAILAND INDOMIE IN INDONESIA**

EATING – PRODUCTS AND LOCATION
PURCHASING

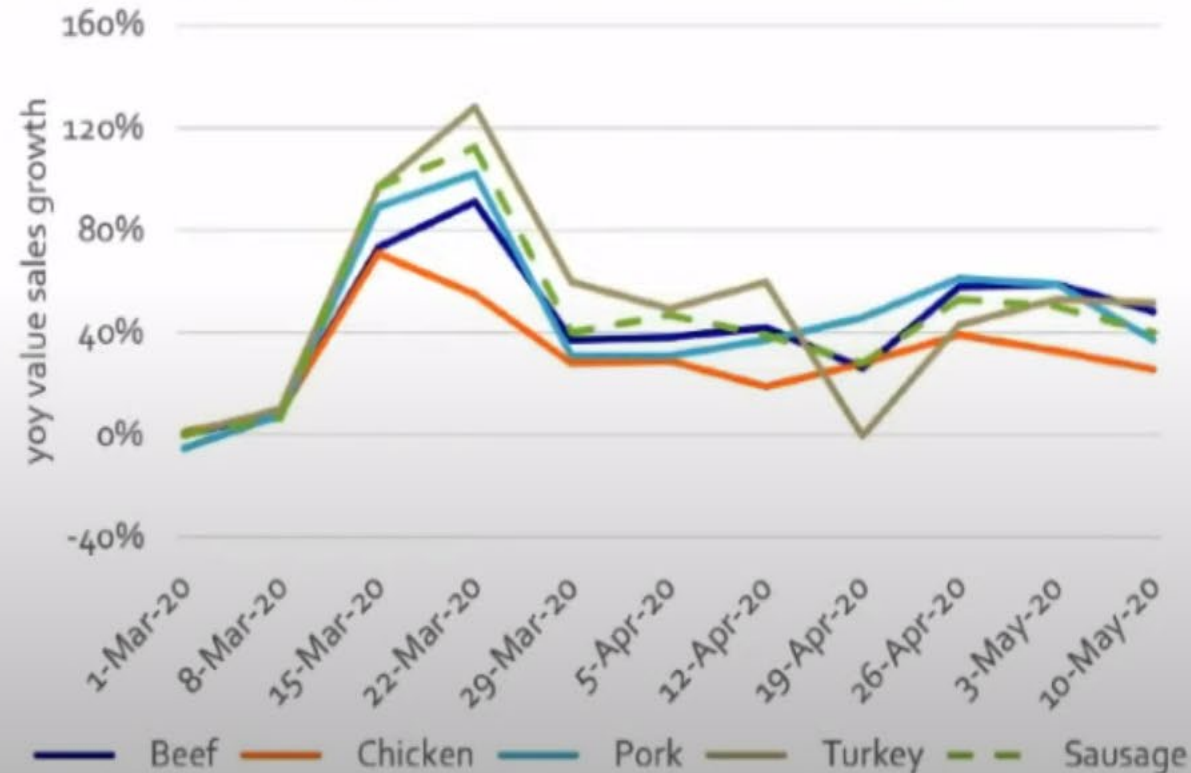
CHANGING HABITS

More or Less: Impact of Covid19 and the Food Industry

More			Less	
Work	At Home	Home Snacking	At Office	Urban Food-2-Go
	Home Meal Prep "Scratch" Cooking	Local Food-2-Go		Work Socialising
Shop	Online	Local Shops	Shopping Malls	Frequent Shopping Fresh Produce Theatre
	Local Suppliers	Frozen Food Meal Kits Premium Chocolate Salty Snacks	Household Income Coffee Non-Alc Drinks	Premium Foods Secondary Brands
	Trusted Brands	New Routes to Consumers	Short Shelf-Life Food	Food Waste
Play	Home Entertainment	"Big Night In" Pets	Out-of-Home Eating	Theatre, Cinema, Gyms
	"Eat Out In"	Creative Cooking, Cooking Videos		
Health	Home Healthy Eating	Home Cleaning Fresh/"Natural" Fruit & Veg (really?)	Unhealthy Food?!	
	Home Exercise	Gov. Regs on Health & Environment		
Trade	Food Security	Food Safety	International Trade	
Travel	Home Holiday		Foreign Travel	Domestic Business Travel

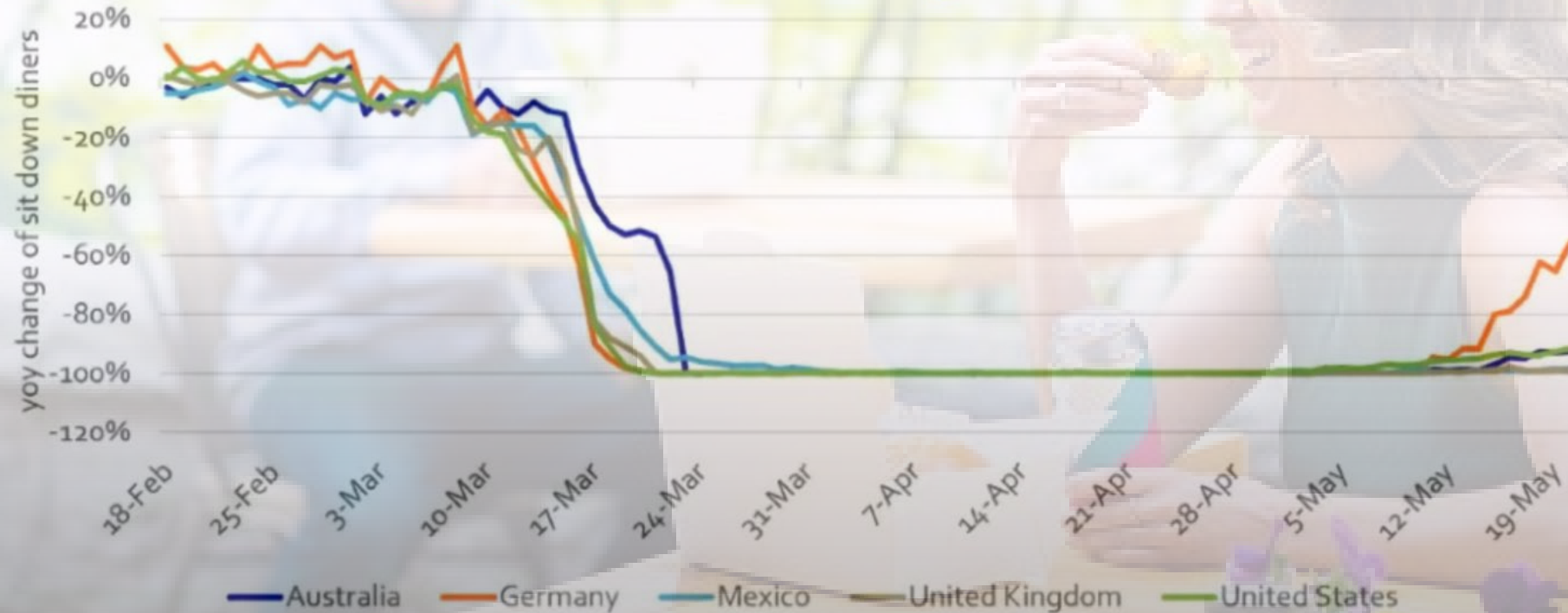
IMPACT OF CHANNEL SHIFTING

US retail meat sales have remained at elevated levels beyond the 'panic'



CHANNEL SHIFTING GREATEST IN RESTAURANT TRADE

Restaurant bookings highlight the extent of the direct impact



thank you
for keeping
your distance

Will the coronavirus pandemic make you a germaphobe? Probably not, but it may bring new habits



Concerns About Food Safety will be Elevated Increasing Interest in **Local Food**. Certainly, Contactless Payment will become Pervasive. And Food Cultures Where Meals are Shared (e.g. Asia, Italy) may See Changes. Bye Bye Buffets?!

The Wheel of Grocery Retailing Continues to Turn!



1920



2020



Not Particularly Fast & from Low Base in North America, Australia, LatAm!

China's frozen food coronavirus theory has shoppers shunning imports

Jan. 23rd, 2021



“All the imported meats here have undergone nucleic acid testing. Consumers need not worry,” promises Li Xingzhen, a manager at Ole supermarket, which imports about 70 per cent of its groceries.

Her pledge offers a look at the new challenges facing retailers as many Chinese shoppers grow reluctant to buy overseas food products after COVID-19 infections were reported among people handling such items.

Clear and Present Danger for Meat Exporters Relating to Concerns
in Importing Countries About Covid-19 Contamination.
Do You Have Convincing Emergency Responses?

Clearly, Buying “Local” is a Trend accelerated by the Pandemic. But, It Needs to be Convenient to Buy Local – Unless it’s a “Story Shop”

How Covid-19 is changing consumers’ relationships with food

Why the local shopping trend will be even bigger in 2021



Eating patterns are different now: Everyone snacks

17% of all consumers are super snackers (snacking 4+ times per day). But some groups snack significantly more often.

GENERATION Z

29%

are Super Snackers

YOUNGER MILLENNIALS

28%

are Super Snackers (it is 24% for all Millennials)

PARENTS WITH KIDS 5 AND UNDER

28%

They can't possibly have time for a proper meal!



Snacking & Sharing was Firmly On-Trend Pre-Covid and Continues So as We Edge Out of Covid!

More than half

“ Quick, OTG bites are more suited for my lifestyle than full meals.”

78% of millennials

“ Food is a major part of my **identity**.”

82%

“Sharing a snack is a simple way to connect across cultures.”

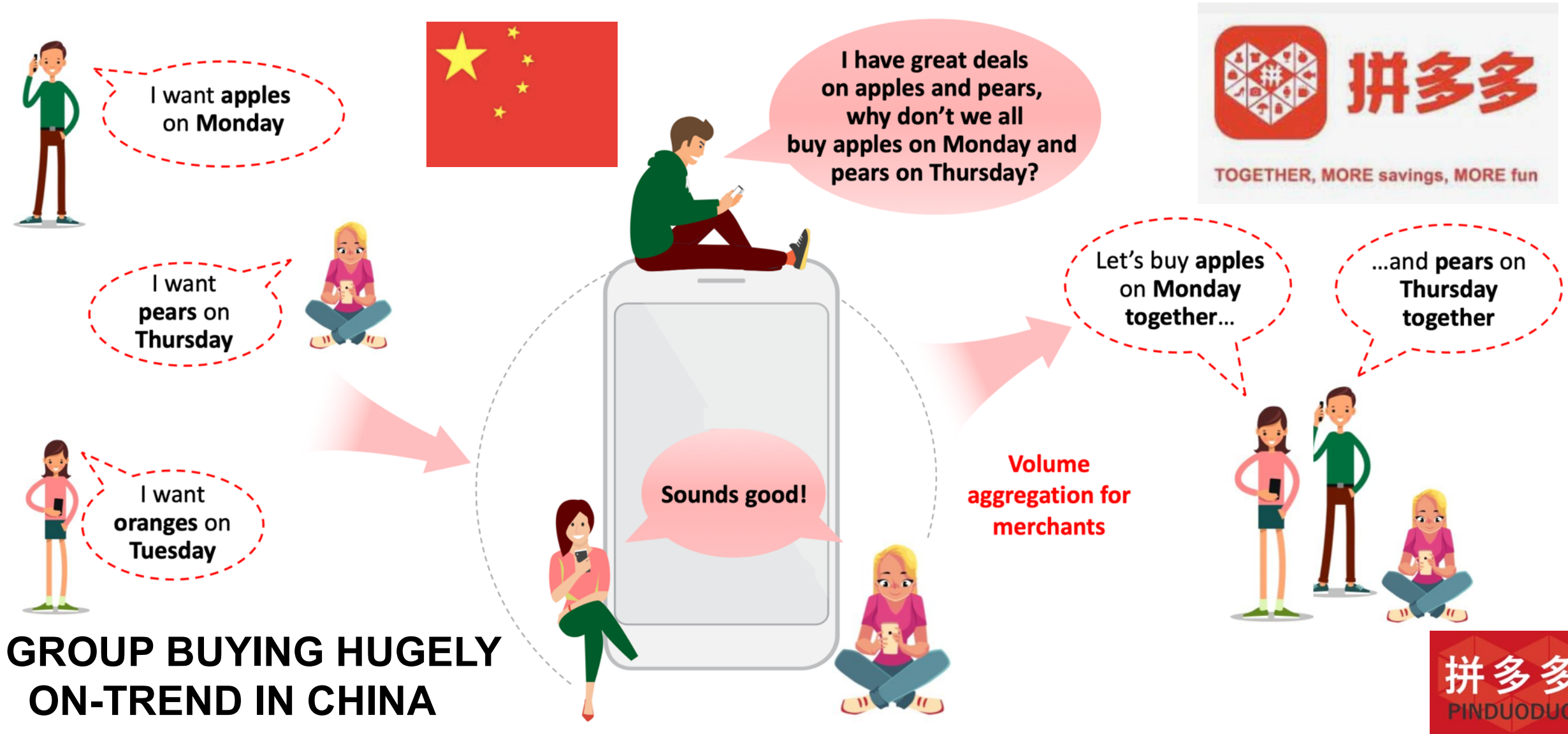
3/4 people around the world

“Snacking gives me an essential break in my busy day.”

Source: Healthy Marketing Team – Innovations in snacking.pptx⁴

Value of team purchase: Aggregating demand that would otherwise be dispersed

People's decisions can be dynamically influenced by their trusted sources as they do not always have strong preferences.





Group Buys Sg
@groupbuyssg

Home

Posts

Reviews

Photos

Groups

Community

Videos

Events

About

Create a Page

How to Participate in Group Buys Sg

STEP 1. WHATAPPS TO 86129186, TELLING US YOUR POSTAL CODE

STEP 2. INVITE YOUR FAMILY, FRIENDS AND NEIGHBOURS TO JOIN YOU IN REGISTERING FOR GROUP BUYS.

STEP 3. ONCE A GROUP BUY IS AVAILABLE, WE WILL INFORM U

STEP 4. ORDER, PAY, RECEIVE AND ENJOY YOUR GROUP BUYS! #GBSG



Like Share Suggest Edits ...

WhatsApp

Messenger

Posts



Group Buys Sg is at Our Tampines Hub.
7 hrs · Singapore ·

[Current Group Buy] #GroupBuysSg is happy to be partnering with @cravenasilemak to launch an estate group buy for #tampines ! You can now enjoy #cravenasilemak without hefty delivery and with discounts too! Place your orders NOW for us to deliver your lunch on 30 May 2021, 1130 to 130pm!



Group Buys Sg
Product/service in Singapore

Always open

Community

See all

6,376 people like this
7,273 people follow this
17 check-ins

About

See all

+65 8612 9186
www.instagram.com/groupbuyssg?r=nametaq
+65 8612 9186
Product/service · Shopping & retail · Local service
Hours
Always open

Page transparency

See More

Facebook is showing information to help you better understand the purpose of a Page. See actions taken by the people who manage and post content.



Annyssia Lim ▸ Hawkers United - Dabao 2020

18 May at 23:10 · Singapore ·

This Week Lunch Time Cluster Free Delivery Schedule!!
(limited slots available daily)

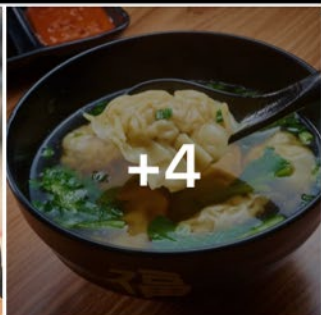
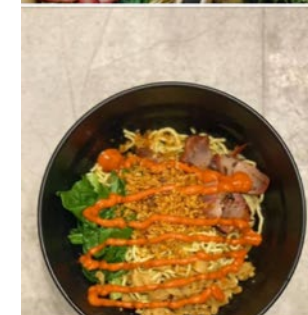
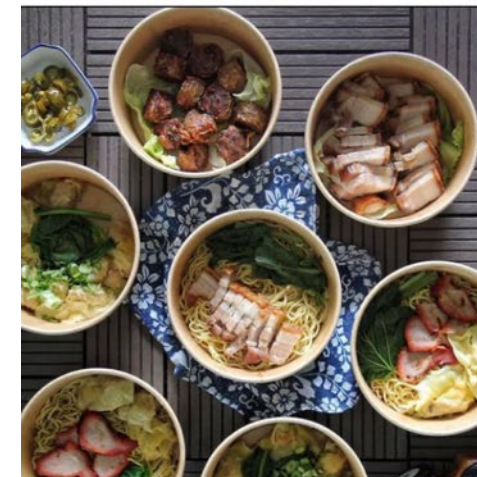
Click on this link to check out our menu and to book your slot
<https://take.app/a/wantonfu>

Delivery Time: 11am - 1pm

Min Order: \$20

Delivery Schedules:

WEDNESDA... See more — at Wanton Fu



+4

New Platforms for Innovation: Air Fryers

Air Fryer Sales Have Taken Off in the US and Globally



Catalyst for sales



Chicken Wings **+24%**



Brussel Sprouts **+34%**



French fries **+29%**

TRENDS DRIVING POST COVID 19 MARKETS

Four key areas of risk and opportunity in the poultry supply chain



CONSUMER ENGAGEMENT

Consumer preferences have just changed (again)
Products & production must respond

CONNECTED SUPPLY CHAINS

Ongoing digitalization offers opportunities
Increase responsiveness to customers

TRADE

How will China use its market power?
Partnerships needed to support trade.
Costs to rise making competitiveness critical

TRUST

Need to improve trust in the food system

A close-up photograph of several young, fluffy yellow chicks. The chicks are covered in soft, downy feathers and have small, dark eyes and orange beaks. They are standing on a dark, textured surface, possibly the ground or a floor. The background is blurred, showing more chicks and a warm, indoor lighting environment.

POULTRY PRODUCTION AND TRADE IMPLICATIONS

USA

Processing capacity reduced
Possible demand increase due to

- QSR restarts
- Downtrading

Production growth max 1%



BRAZIL

Rising feed costs
Weaker local and export demand in 2020 but reversed in 2021.
High growth in 2021



EUROPE

Overproduction main concern
Production growth reduced to 0.5/1.0%. Reduction of 1% in 2021. Exports and imports weel down in 2021



CHINA

Production setbacks and weaker demand
ASF benefits broilers
Production up 15% YoY in 2020



SOUTH EAST ASIA

ASF complicates situation
Tourism negatively impact demand
Production growth varies by country



PRODUCTION

TRANSPORT

SUPPLY CHAIN

Supply Chain

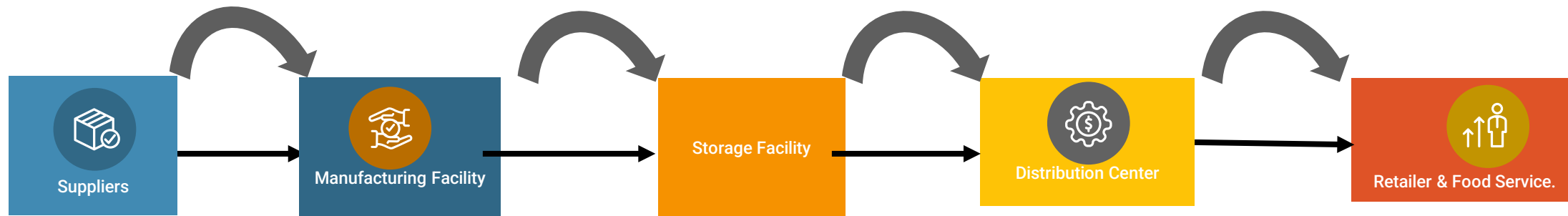


Carrier

Carrier

Carrier

Carrier



Production Planning

Distribution and Logistics

SUPPLY CHAIN REVIEW

OF THE MANY ARTICLES ON POS-COVID-19 PUT OUT BY GLOBAL CONSULTING GROUPS THIS THEME WAS PRESENT IN NEARLY ALL OF THEM:

- GEOGRAPHICAL LOCATION(S) OF SUPPLIERS
- CURFEWS AND LOGISTICAL CONSTRAINTS
- SUPPLIERS KNOWLEDGE OF THEIR UPSTREAM SUPPLY CHAIN
- UPSTREAM SUPPLIERS INVENTORY POLICIES NO MORE JUST IN TIME?



**INVESTIGATE YOUR UPSTREAM SUPPLY CHAIN.
WHO IS THE SUPPLIER OF YOUR SUPPLIER???**



Disruptions!!

**Disruptions are fast
becoming the norm!**



www.timoe

*“Enough about Disruption already,
I’m trying to get some work done!”*

A photograph of a poultry processing facility. In the foreground, a worker wearing a blue hairnet, a white face mask, a white apron over a blue long-sleeved shirt, and yellow gloves is handling a raw chicken. In the background, several other workers in similar protective gear are visible, working at a long conveyor belt with multiple white plastic trays containing raw poultry. The facility has a high ceiling with exposed metal beams and some hanging equipment.

**LABOUR
HEALTH, AVAILABILITY &
SAFETY.**

**THE INDUSTRY MUST
MAKE WORKING
CONDITIONS BETTER
AND SAFER**

CURRENT LOGISTIC DISRUPTIONS

PORT CONGESTION



SUPPLY CHAIN
DISRUPTION

TRUCK DRIVERS



GOING TO BE WITH US FOR MOST OF
2022 AND MAYBE INTO 2023.
CONTAINER THAILAND TO EUROPE
NORMAL COST AROUND US\$ 3,000
NOW AS HIGH AS US\$ 12,000

UK ISSUING SPECIAL TEMPORARY VISAS
TO ATTRACT DRIVERS.
BUT ALSO ATTENTION BEING
FOCUSSED ON WORKING CONDITIONS.

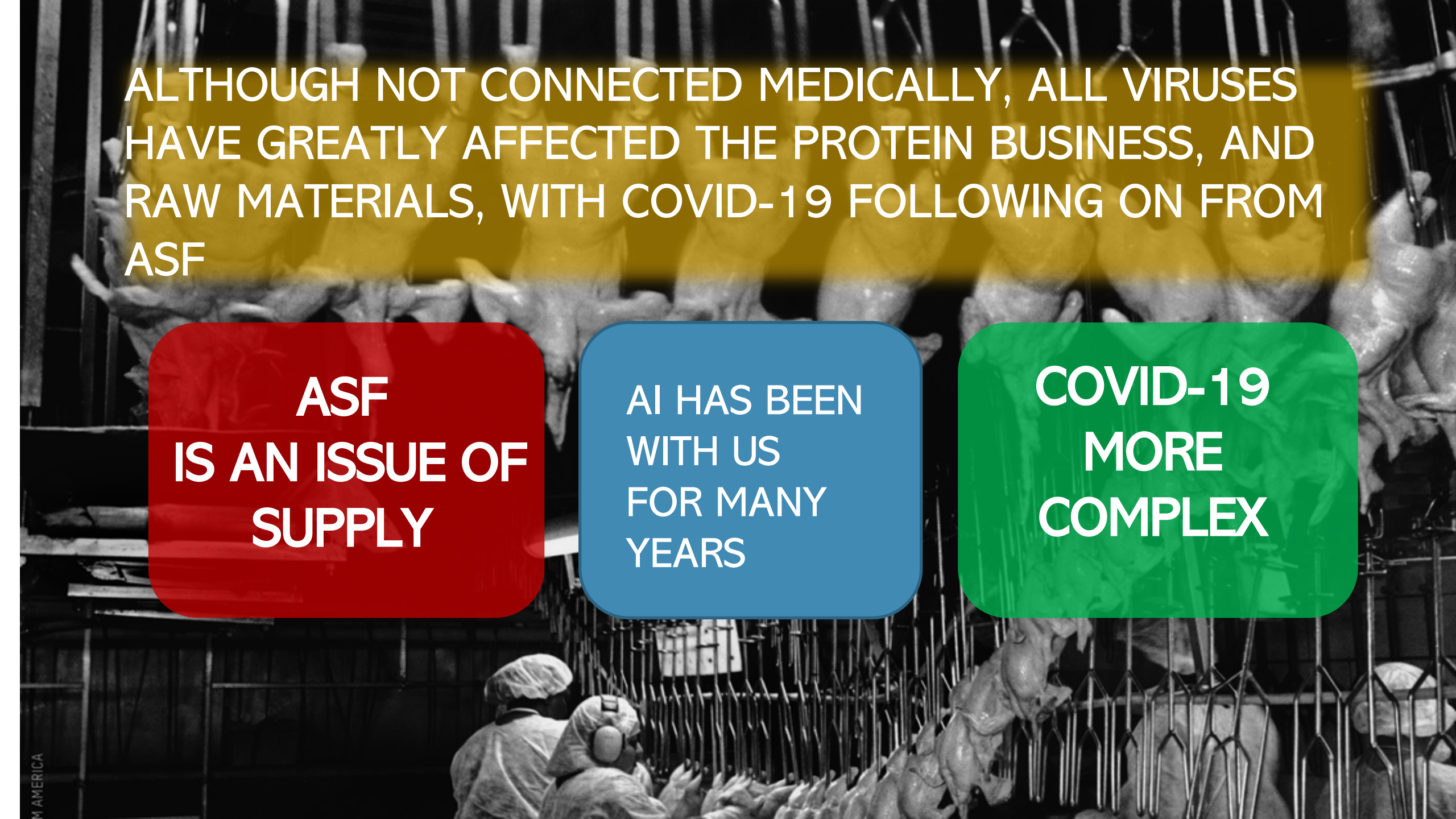
DISEASES

COMMODITY PRICES

OTHER CHALLENGES

OTHER CHA(LLE)NGES THAT WILL AFFECT OUR INDUSTRY





ALTHOUGH NOT CONNECTED MEDICALLY, ALL VIRUSES
HAVE GREATLY AFFECTED THE PROTEIN BUSINESS, AND
RAW MATERIALS, WITH COVID-19 FOLLOWING ON FROM
ASF

**ASF
IS AN ISSUE OF
SUPPLY**

AI HAS BEEN
WITH US
FOR MANY
YEARS

**COVID-19
MORE
COMPLEX**

DIFFERENT DISEASES - SIMILAR INITIAL REACTION



"It can't be that bad"

"Their response is over the top"

"In our country/company it will never
evolve to become a big problem"

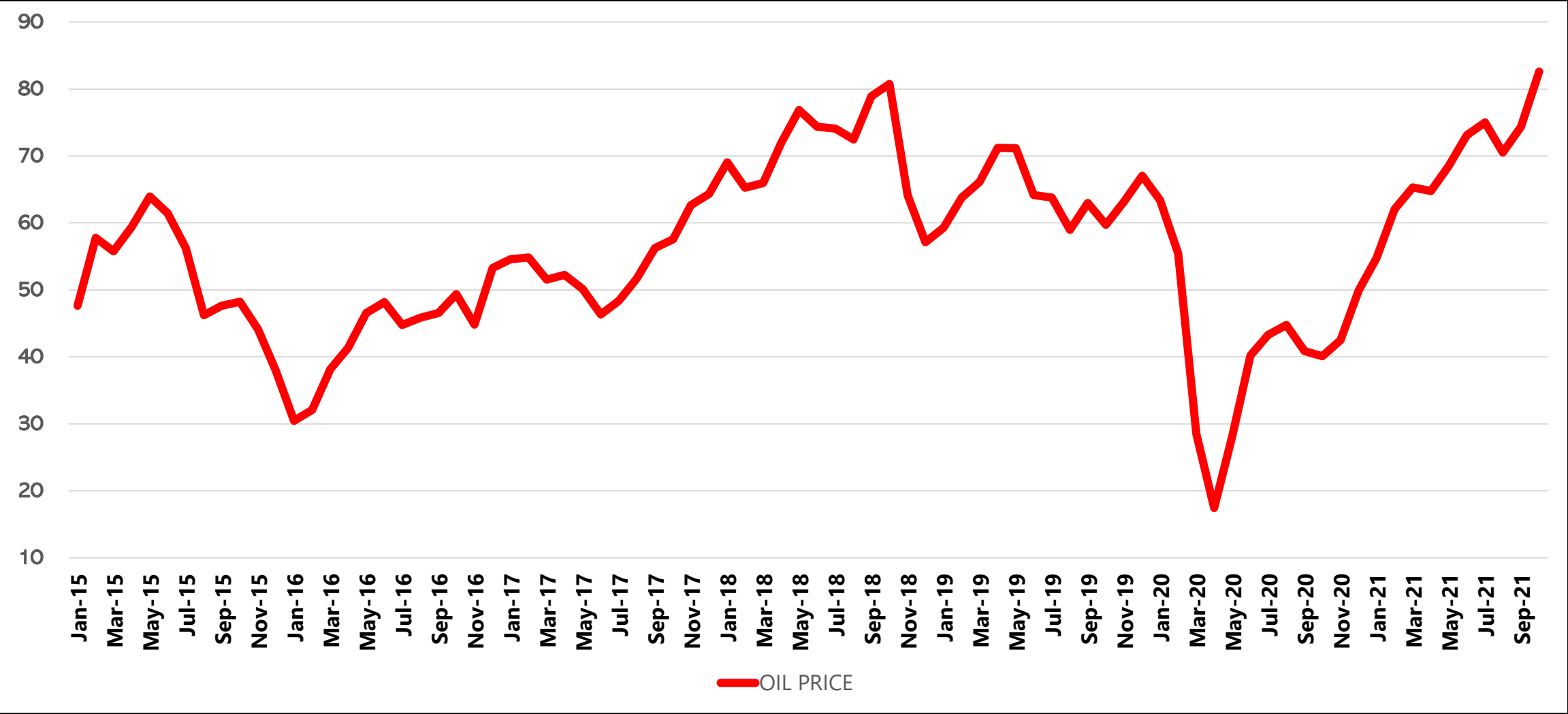
When it strikes close to home, it is already too late.

"Why did we not
see this coming?"

"I want to know everything
possible about this virus"

"Where can I buy a
vaccine"

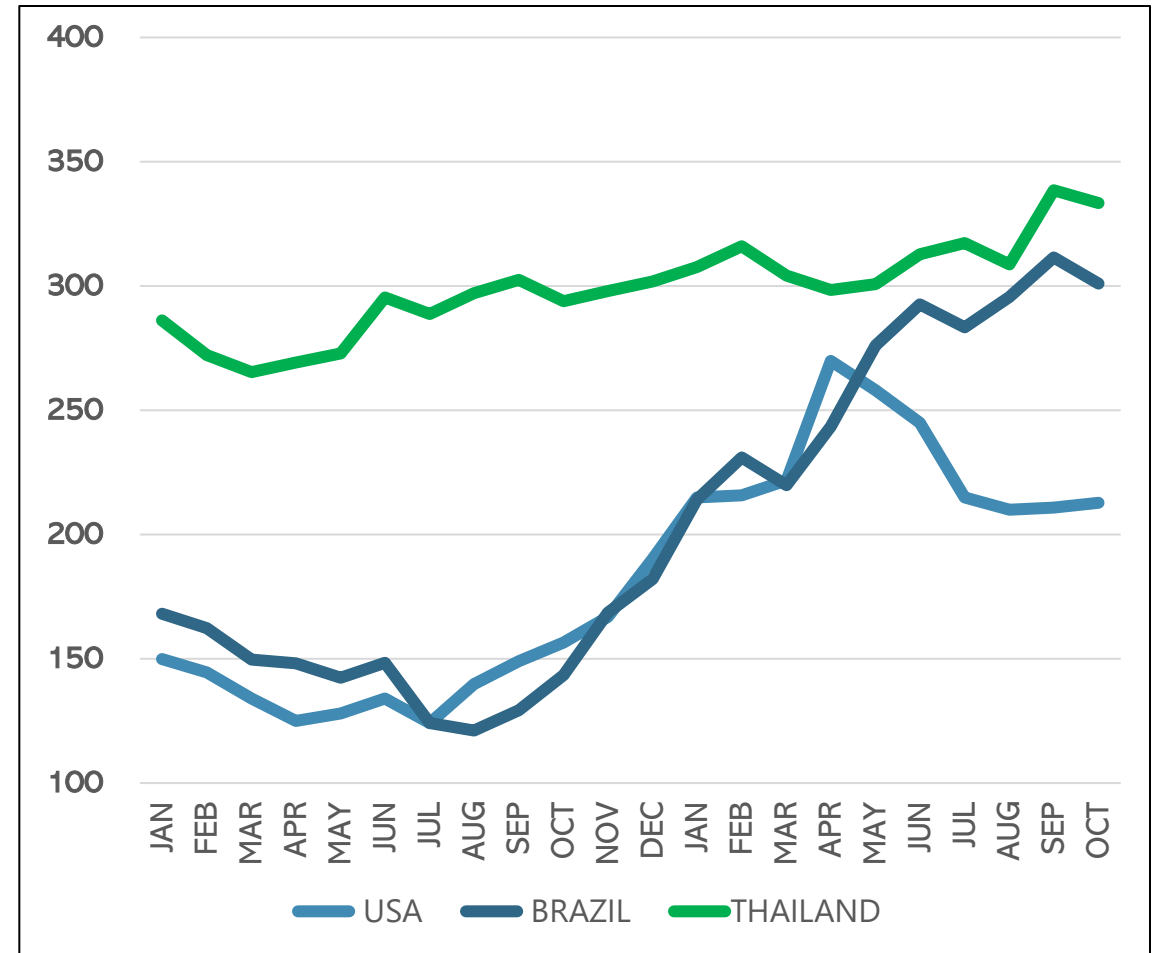
EXPENSIVE OIL US\$/BARREL



EXPENSIVE CORN US\$/MT

**USA PRICES AT FEEDMILLS
ARE >US\$ 20 ABOVE CBOT
DEPENDING ON LOCATION.**

**BRASIL PRICES FROM
PARANA, THE LARGEST
EXPORTING STATE**



There are plenty of events that can disrupt forecasts...

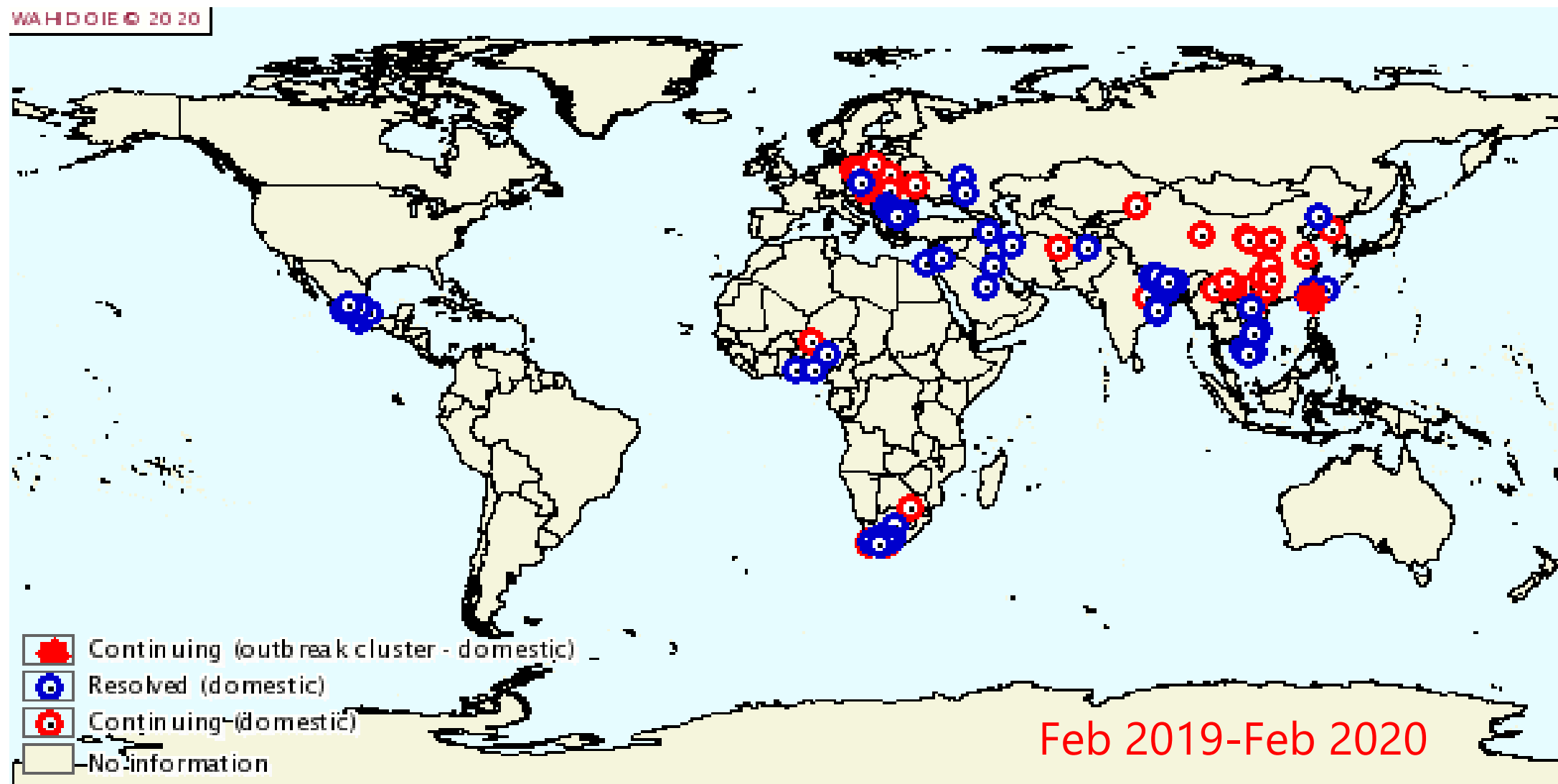
But few are totally unique



HPAI – Where has it gone?

Taken a backseat with ASF/Coronavirus; still a potential risk

HPAI Outbreak Map

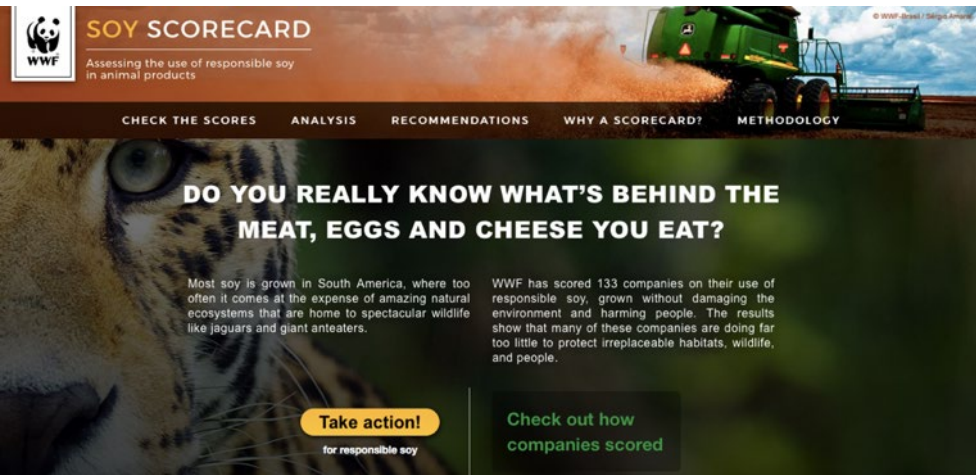


BREXIT – Renegotiation of Trade Relationships

*Limited direct impact on Asia **except** Thai Poultry... indirect affects on trade*



- ✓ Brexit has been happened ... future relationship with EU agreed, but.....!
 - What next for trade??
- ✓ Serious implication for movement of goods between UK and EU27
 - Likely negative economic impact, **will alter meat demand outlook**
- ✓ Implications for exporters to EU/UK
 - **Change in UK / EU quota volumes... how will existing volumes be split?**
- ✓ Opportunity for new UK trade deals...
 - Change supply relationships. **But need to be Pro-active**



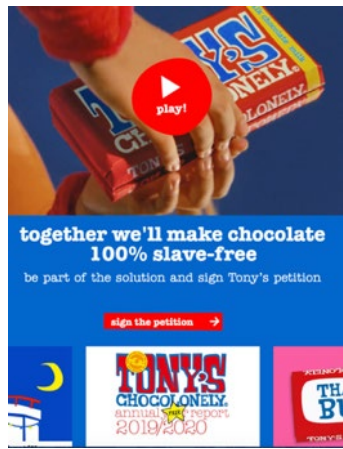
JBS among meat firms linked to slavery-tainted ranches in Brazil



January 5th, 2021

Remind Me Again What We Should not Eat?:

- Anything with palm oil as an ingredient
- Chicken that's been fed soy from Brazil
- Fish that is unsustainably sourced
- Any meat/milk with hormones/antibiotics
- Food produced with slave labour
- Food produced by poorly paid farmers
- Water-intensive crops
- Eggs produced by hens in cages
- Eggs from "culled male chick" flocks
- Beef that has destroyed the Amazon
- Pork from pigs confined in stalls
- Anything in a non-recyclable pack



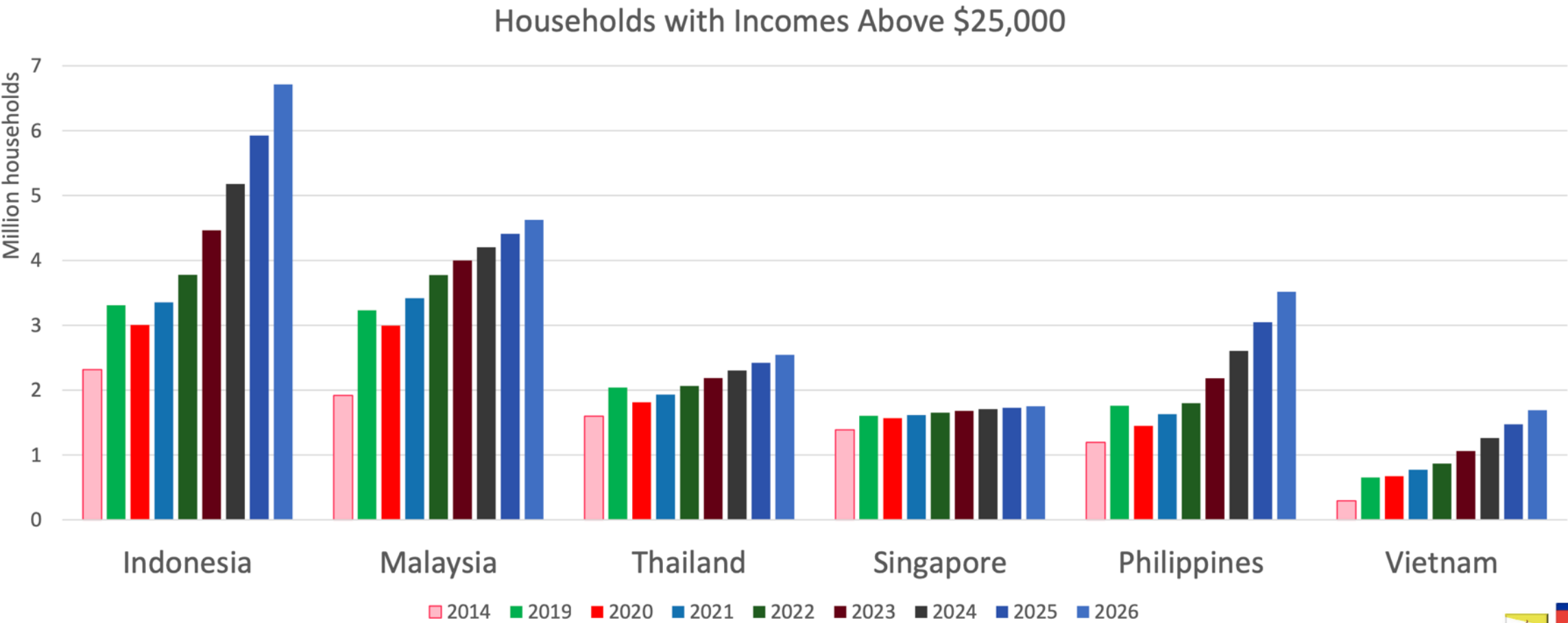
Post-Covid. Are there any Major Social Issues that will Disturb Growth in Your Meat Markets?

THE OTHER SIDE OF THE
SOUTH - EAST ASIAN COVID
19 CRISIS.

OPPORTUNITIES



Relatively wealthy households to increase by more than 8 million, comparing 2026 estimates to 2019





Thailand's new Central Food Hall features robots and stores in stores



Central Food Retail has opened its 12th Central Food Hall, in the suburb of Ladprao, featuring robots and store-in-store concepts.



The food hall has introduced a customer assistant robot called 'Nong Sukjai', which will assist with the Thai Chana check in, take shoppers to various zones and recommend special promotions as well as contacting human staff when needed.



Seeking Quality Protein: A Global Food Mega-Trend

From A Consumer Perspective, Protein Foods (Meal & Snack Solutions) are Expanding

In The 1st Two Decades of This Century, 40% Growth in Global Protein Consumption.
From 2020 to 2025, in just 5 years, Global Protein Consumption will Increase by 15+%*



Under The Protein Umbrella

- Plant-Based Protein largest protein category (but slowing in growth)
- Meat, Eggs & Dairy in “healthy” (20+%) growth
- Wild Catch Fish slowest growth
- Aquaculture the fastest growing
- Fish & Seafood largest meat category globally
- “Non-Traditional” protein spectacular growth from tiny base
- **Asia and Sub-Saharan Africa fastest growing regions**
- Ageing Europe & Japan slowest growing
- China consumes world’s largest total protein share and will continue to do so through this decade

PROTEIN CATEGORY	PERCENT INCREASE FROM 2018-2025 (%)
PLANT-BASED	14%
MEAT	23%
EGGS & DAIRY	26%
AQUACULTURE	74%
WILD CATCH FISHERIES	9%
NON-TRADITIONAL	872%

* Meat protein availability will be moderated by the impact of ASF worldwide

35%

plan to increase
spending on health
and wellness

32%

buy sustainably
produced items

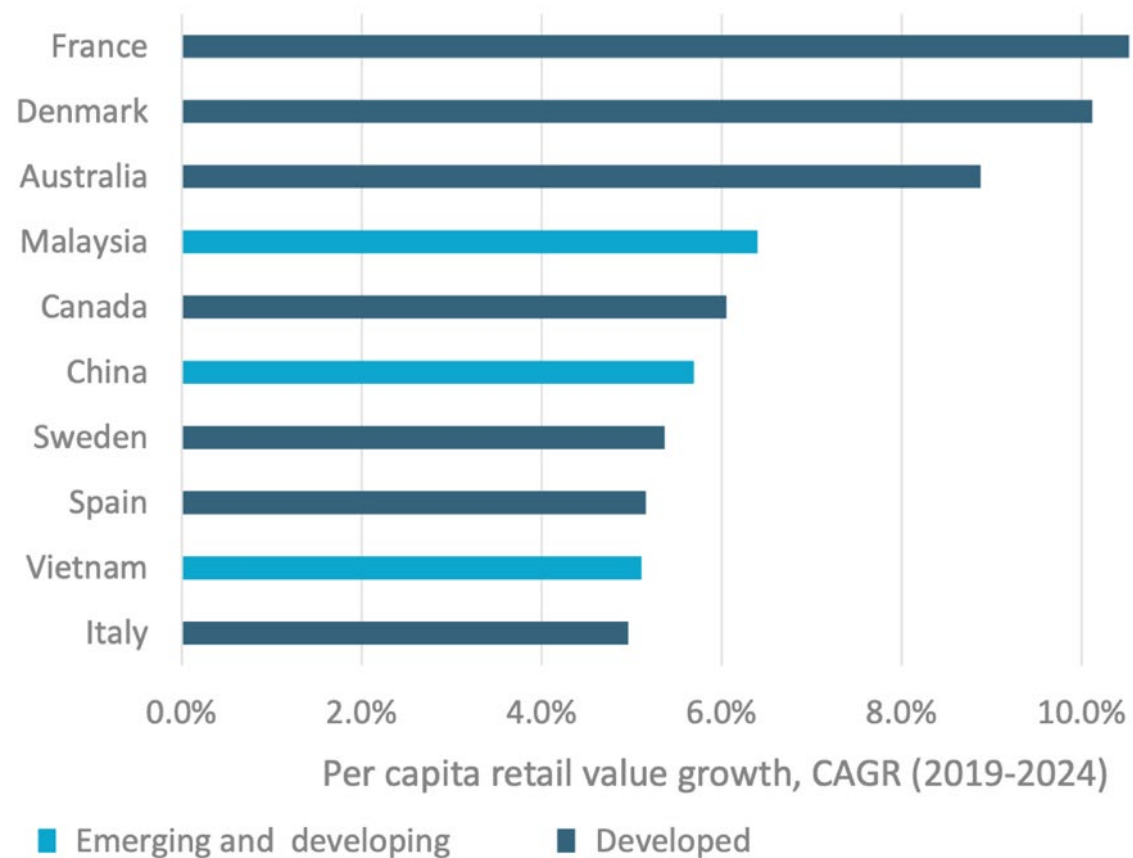
23%

buy products and
services from purpose
driven brands and
companies

Source: Euromonitor Global Voice of the Consumer
Survey: Lifestyles



Sustainable Living: Top ten fastest growing markets (2019-2024)



MEAT SUPPLY CHAIN

**COUNTRIES LOOKING
MORE AT FOOD SECURITY?
WILL THEY TRY TO BECOME
MORE SELF SUFFICIENT?**



MESSAGE FROM MCKINSEY

The path to the next normal is uncertain and will differ for each country, sector, and company. There are ways, however, to prepare for the transition.

MESSAGES FROM PAUL AHO AND GORDON BUTLAND



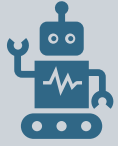
**Covid-19 is a Portal
to a Different World**

We are not through the portal yet

Like November 10, 1942 with respect to WW II

“ This is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning”

Winston Churchill



THE SLAUGHTERHOUSE OF TOMORROW WILL BE VERY DIFFERENT FROM TODAY – MUCH MORE AUTOMATION.



DIGITALIZATION AND AI, FROM PLACING PARENT STOCK TO THE FOOD ON THE CONSUMER'S TABLE WILL BE THE ESSENTIAL NEW NORMAL IN THE INDUSTRY.



NEED A STRONG BALANCE SHEET.

Disease Post –Covid -19

**More frequent epidemics in
animal agriculture**

**More frequent human
pandemics**

What is the Post Covid -19 World like?

Some deglobalization, more nationalistic

Climate change starts to bite

Economic and social injustice turmoil

**World economy again returns to 3%
growth**

More Black Swans

On the Other Side

**The world will have
fundamentally changed**

**Changes have been
building for decades but
the pandemic serves as a
wake-up call, a catalyst
and an accelerant of
change**

GORDON BUTLAND

SEMPREFRANGOS@GMAIL.COM

THANK YOU