

THE GLOBAL GROWTH OF POULTRY

A VISION FOR INDIA 2020

Ashok C. Khosla

Agribusiness Advisor & Senior Consultant

AshokKhosla@marketsrus.com

agriols@gmail.com

Market Solutions LLC

Bethesda, Maryland 20814 USA

www.marketsolutionsllc.com



MARKET SOLUTIONS LLC

Market Solutions LLC is a leading global food and agriculture market research, strategy consulting and evaluation firm.

Market Solutions LLC has conducted assignments in poultry in China, Taiwan, Southeast Asia and the Middle East and in meat and seafood industries, related feed industries and feed ingredient suppliers worldwide.

Market Solutions LLC has more than 15 years experience on projects in India examining market potential, market access and market development programs. Market Solutions LLC provides considered experience, perspective and a realistic view of the possibilities and challenges in the Indian market.

Market Solutions LLC works with experienced partners having broad capability skills including tracking commodity market developments, consumer research and experience to support market access and investment.

POULTRY IN GLOBAL MEAT CONSUMPTION

FAO OVERVIEW OF THE WORLD MEAT MARKET IN 2012 (mmt)

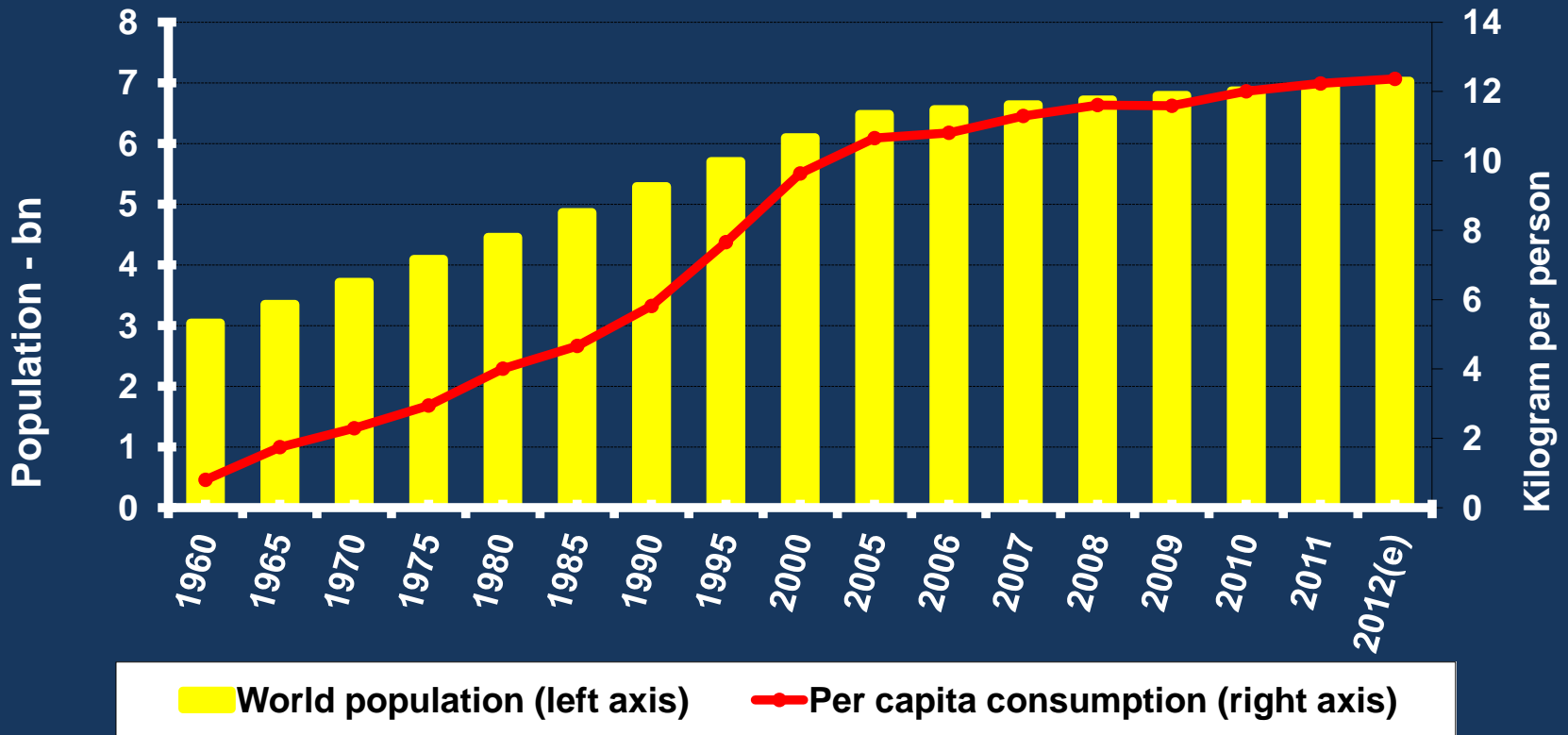
	PRODUCTION	TRADE	SHARE
BOVINE MEAT	66.8	8.0	12.0%
POULTRY MEAT	104.5	13.0	12.5%
PIGMEAT	110.8	7.4	6.7%
OVINE MEAT	13.9	0.8	5.8%
TOTAL MEAT	301.8	29.4	9.7%

MAJOR PRODUCER COUNTRIES & THEIR EXPORTS IN 2012 ('000mt)

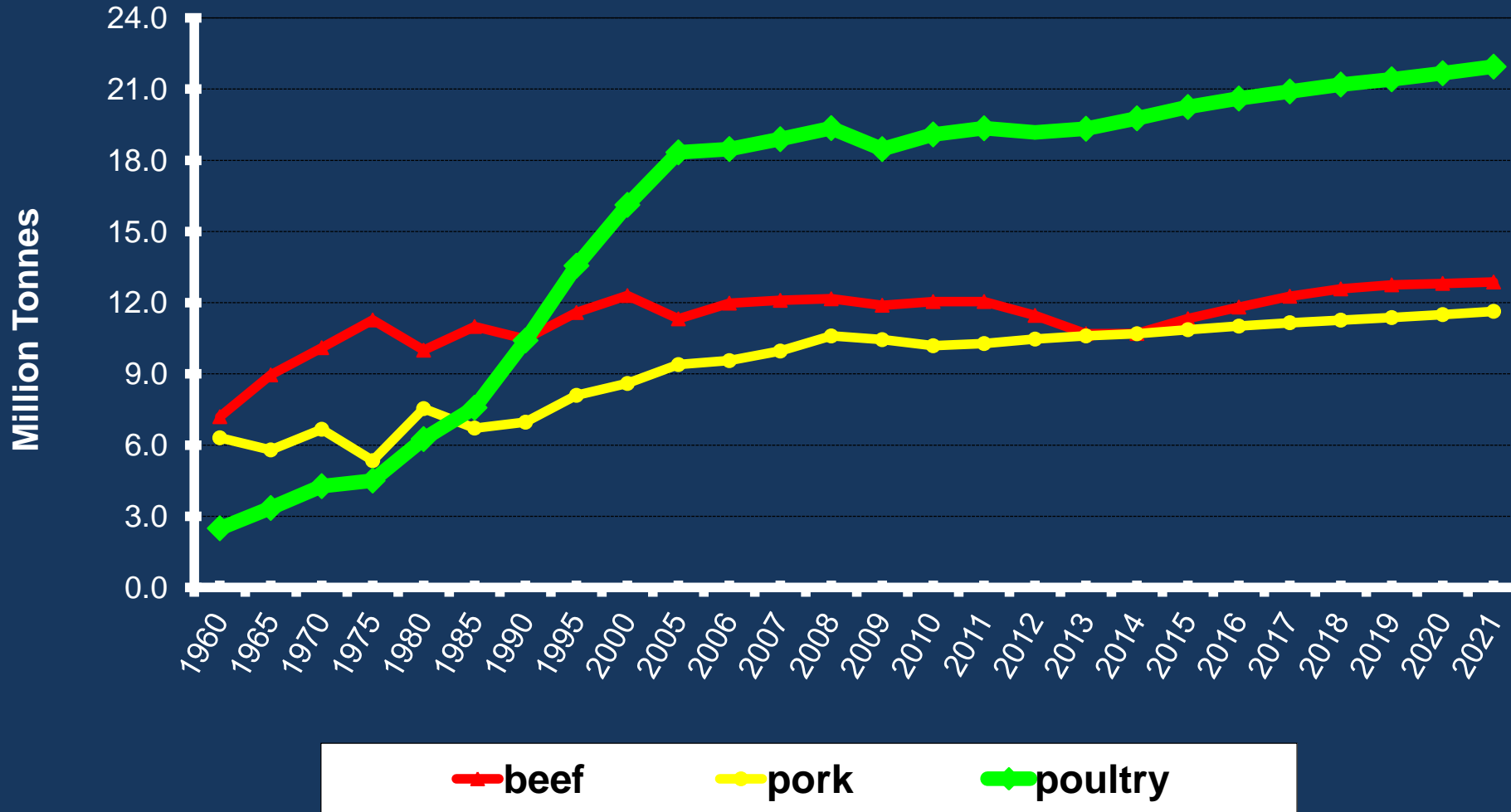
COUNTRY	PRODUCTION	EXPORT
USA	19,642	3,900
CHINA	18,510	(569)
EU	12,510	570
BRAZIL	11,526	4,062
RUSSIA	3,110	(513)
INDIA	3,074	12
MEXICO	2,840	(756)

WORLD DEMAND FOR POULTRY MEAT

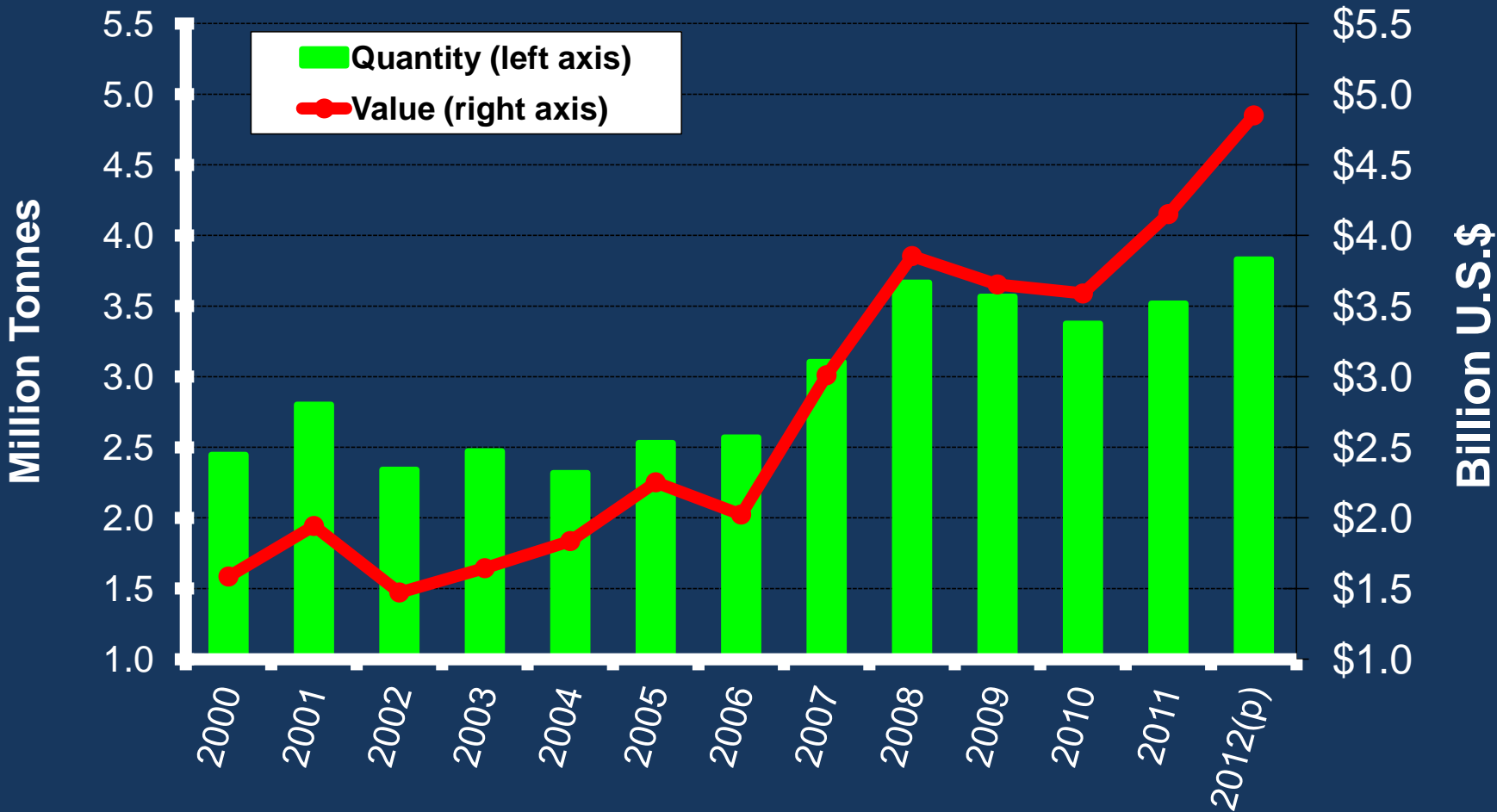
Global Demand of Poultry is expected to grow 30% in the next decade



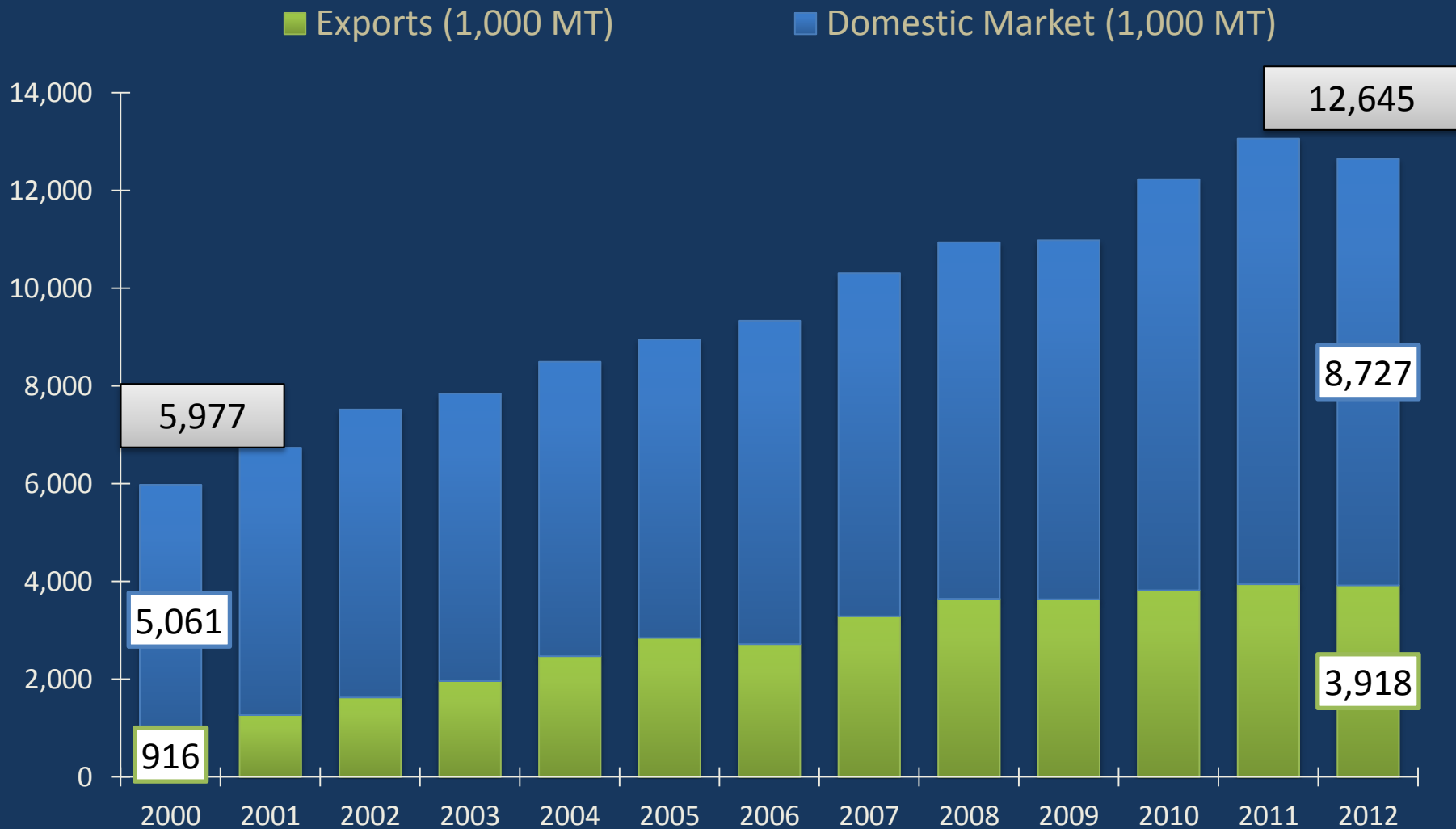
US MEAT PRODUCTION



US EXPORTS OF POULTRY MEAT



GROWTH OF BRAZILIAN POULTRY



TRADE IN POULTRY PRODUCTS

EXPORT TRADE IS ALMOST ENTIRELY AS FROZEN POULTRY

FROZEN STORAGE HELPS EVEN OUT SUPPLY SIDE HOLD-UPS

POULTRY CONSUMPTION STYLES VARY QUITE SIGNIFICANTLY

89% CONSUMPTION IN THE UNITED STATES IS AS PARTS

70% OF POULTRY LEG MEAT IS CONSUMED AS PARTS

55% OF BRAZIL'S POULTRY EXPORTS ARE AS CUTS

36 %OF BRAZIL'S EXPORTS ARE FROZEN WHOLE BIRDS

BALANCING THE BIRD

AVIAN INFLUENZA & FOOD SAFETY

AVIAN INFLUENZA IS AN EVER PRESENT GLOBAL THREAT

(WILD BIRD MIGRATIONS, POOR FARM HYGIENE & INADEQUATE SUPERVISION)

OIE NOTIFIABLE AI OUTBREAKS SINCE 2011:

CAMBODIA, BHUTAN, CHINA, EGYPT, TAIWAN, INDIA, ISRAEL, MYANMAR, NEPAL,
INDONESIA, IRAN, MONGOLIA, PALESTINE, SOUTH AFRICA, MEXICO, AUSTRALIA

TRADE DISAGREEMENT OVER RISK ASSESSMENTS OF HPAI & LPAI

USA & BRAZIL HAVE NOT EXPERIENCED ANY H5N1 HPAI OUTBREAKS

TECHNOLOGY, EDUCATION & PARTNERING ARE KEY TO THE FUTURE

FOOD SAFETY IN THE SUPPLY CHAIN



CENSORED

THIS IS GHAZIPUR MANDI

POULTRY PRODUCTION IN INDIA

BREED

FEED

SPEED

BREED: ALMOST A TOTAL DEPENDANCE ON VENCOBB
STATE R&D IS FOCUSSED ON BACKYARD BREEDS
HIGHER GROWTH MEANS INCREASED VULNERABILITY

FEED: 'COMPOUND' FEEDS ARE HIGHLY UNREGULATED
MAIZE & SOYBEAN CAN MAKE THE DIFFERENCE
FREE-RANGE IS A PRACTICE NOT A PREMIUM

SPEED: FROM OX-CART TO WAL-MART
MULTIPLE TIERS FROM MANDI TO STREET-SLAUGHTER
FOOD SAFETY GETS SEVERELY COMPROMISED

OPTIONS FOR THE CONSUMER: 'WET' or 'CHILLED' or FROZEN

ESTIMATING POULTRY GROWTH

IS PROBLEMATIC DUE TO MANY OVERLAPPING GROWTH-DRIVERS

INDIA'S RURAL TO URBAN MIGRATION WILL DRIVE POULTRY GROWTH
BY 2025, 215 MILLION MORE WILL BECOME URBAN CONSUMERS
BY 2025 ONLY 15% INDIANS WILL BE ABOVE 55 YEARS
NEW JOBS, SOCIAL IDENTITIES WILL DRIVE MORE FOOD ON IMPULSE

QSR & RETAIL WILL REFLECT THE MOST VISIBLE CHANGE

YUM – FROM 230 STORES TO 500 BY 2015 (CHINA HAS 4,000 KFC STORES)

MCDONALDS – FROM 250+ TO 600+ BY 2015 & TO 1,000 BY 2020

SUBWAY – TO DOUBLE THEIR 315 STORES BY 2015

DOMINOS PIZZA – FROM 552 TO 800+ BY 2015

PIZZA HUT – 200 TO 500+ BY 2015

BUT PRICE & GROWTH?

Whole chicken: Rs 240 per kg New Delhi versus Rs 104 per kg New York

POULTRY DEMAND & SUPPLY

BROILER DEMAND IS GROWING BY 12-15%

PRODUCTION OF POULTRY ON CONTRACT IS WELL ESTABLISHED

HIGHER CHILLED RETAIL SALES DUE TO FOOD SAFETY CONCERNS

QSR POULTRY DEMAND IS EXPECTED TO GROW TO 130,000 +mt by 2016

RETAIL OF PARTIALLY PROCESSED PRODUCTS IS ON THE RISE

A FOOD-SAFE SLOGAN, 'FROZEN IS FRESH' IS CATCHING ON

BUT FOOD-SAFE INFRASTRUCTURE REMAINS A KEY GAP

SLAUGHTERHOUSE CAPACITY EXISTS FOR JUST 5% OF PRODUCTION

THE POULTRY OPPORTUNITY - 2020

DEMAND FOR BROILER MEAT IN 2020 ~ 5.5+ mmt (up from 3.2 mmt)

DEMAND FOR EGGS IN 2020 ~ 100+ bn (up from 69 bn)

DEMAND FOR BROILER PROCESSING ~330,000 mt (up from 175,000mmt)

FRANCHISE RETAIL OF CHILLED CHICKEN CAN COUNTER WET MARKET

MODERN RETAIL TO DRIVE SALES OF FROZEN & PROCESSED POULTRY

FOREIGN INVESTMENT IN SETTING UP INTEGRATED POULTRY FIRMS

POULTRY GROWTH CAN BE SUPPLEMENTED BY INTERIM IMPORTS

INDIA SHOULD ACTIVELY INTEGRATE WITH GLOBAL POULTRY ACTIVITY