

Bringing More to the Table

Global Beef and Pork Trends
October 11, 2023

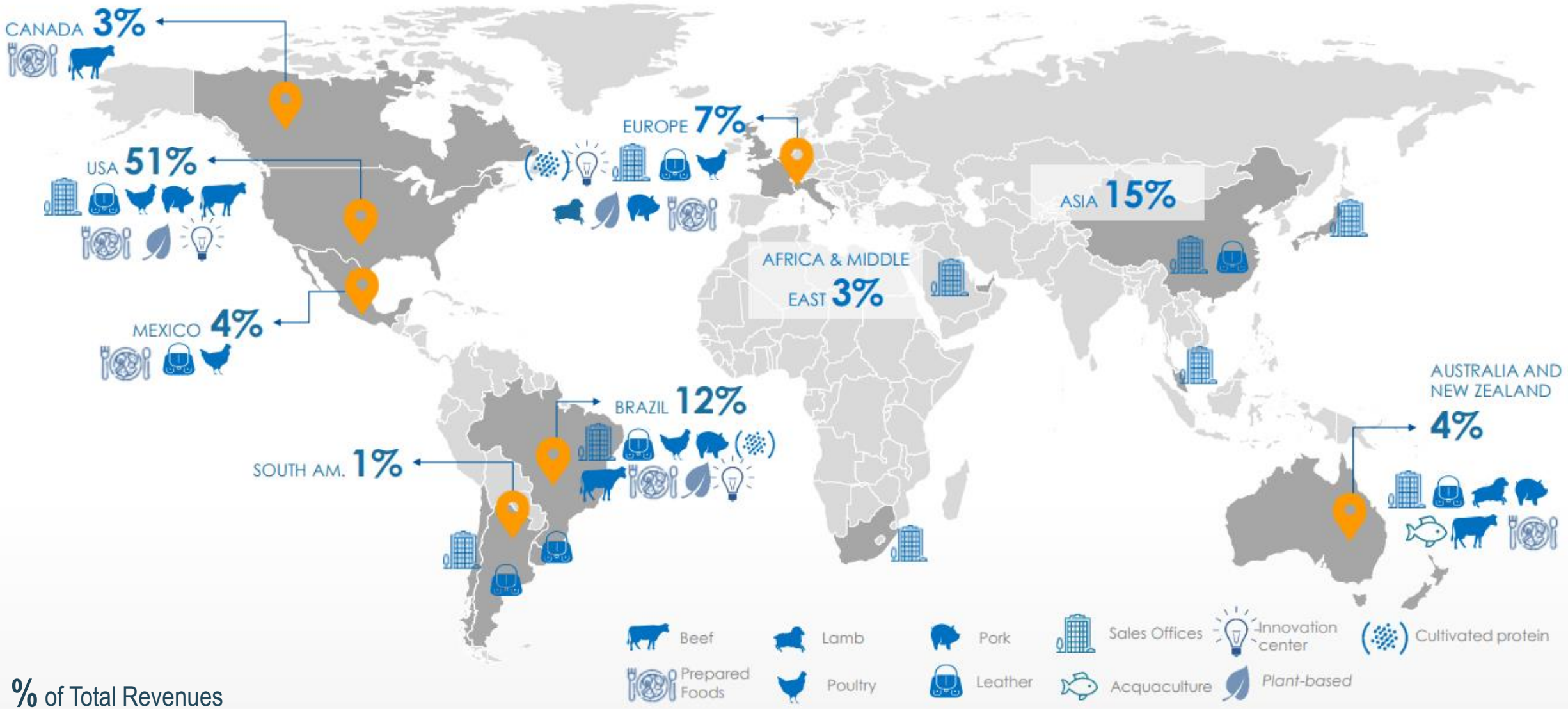


OUR MISSION

To be the best in all that we do, completely focused on our business, ensuring the best products and services to our customers, a relationship of trust with our suppliers, profitability for our shareholders and the opportunity of a better future for all of our team members

A Global Food Company

With a Mission to be the Best



% of Total Revenues



1st LARGEST GLOBAL PRODUCER OF **BEEF**



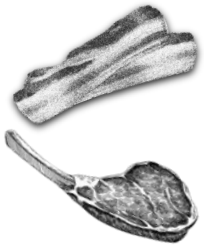
1st LARGEST GLOBAL PRODUCER OF **CHICKEN**



1st LARGEST GLOBAL PRODUCER OF **LEATHER**



2nd LARGEST GLOBAL PRODUCER OF **PORK & LAMB**



Growth Expectation Increase

"Near-Term Resilience, Persistent Challenges" - IMF World Economic Outlook

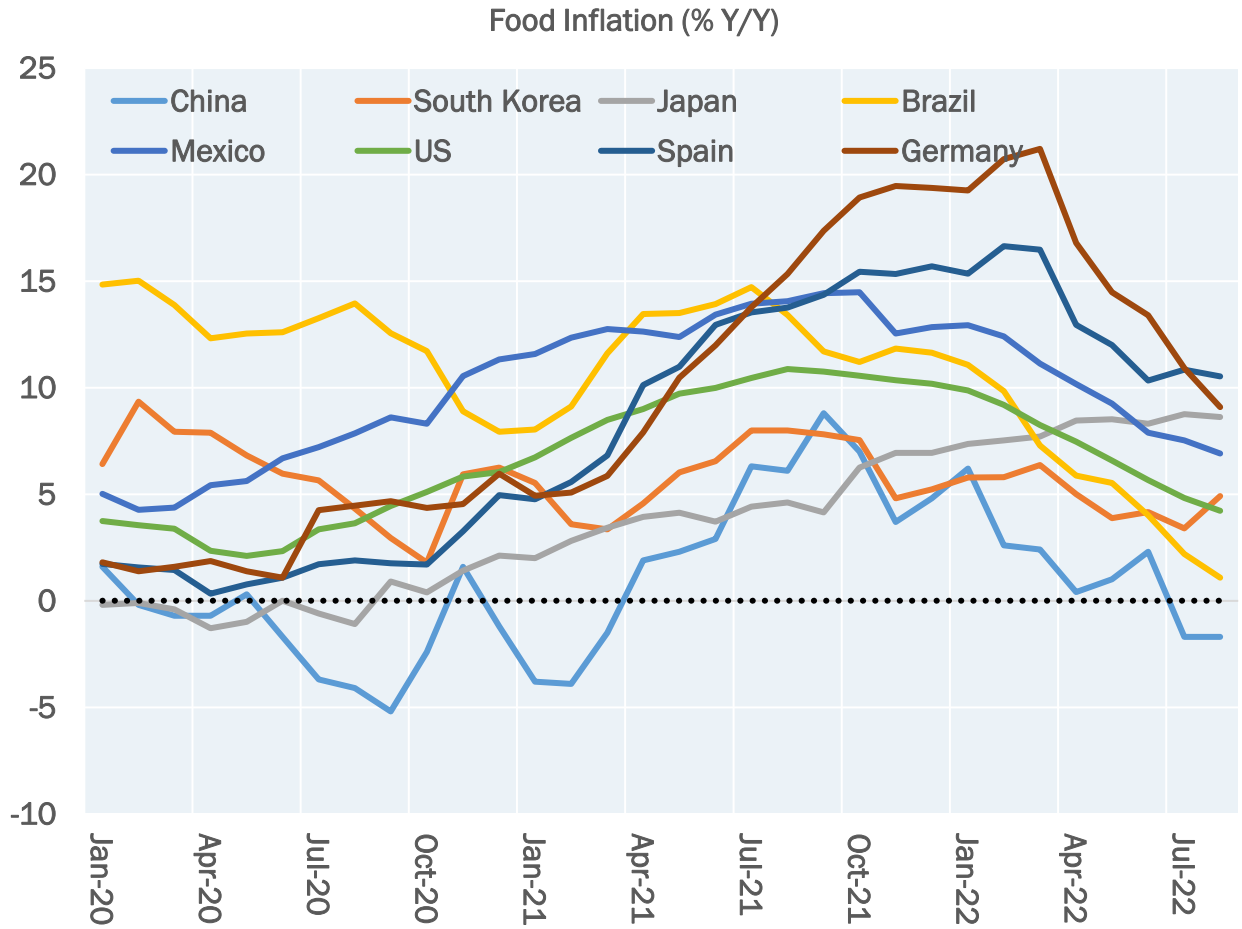
	IMF					Latest		
Forecast of Real GDP % Change Annual Year	2019	2020	2021	2021	Jul-23 2023	2023	Change From 2019 2023	Change From Apr forecast 2023
World Output	2.8	(2.8)	6.3	3.4	3.0		0.2	0.2
United States	2.3	(2.8)	5.9	2.1	1.8	2.1	(0.5)	0.2
Euro area	2.0	(5.6)	5.6	3.7	0.9	0.5	(1.1)	0.1
Latin America & Caribbean	3.6	(1.8)	6.9	4.0	1.9		(1.7)	0.3
Mexico	(0.2)	(8.0)	4.7	3.1	2.9	3.6	3.1	1.1
Brazil	1.2	(3.3)	5.0	2.9	2.1	3.4	0.9	1.2
China	6.0	2.2	8.5	3.0	5.2	6.3	(0.8)	0.0
Japan	(0.4)	(4.3)	2.1	1.1	1.4	1.6	1.8	0.1

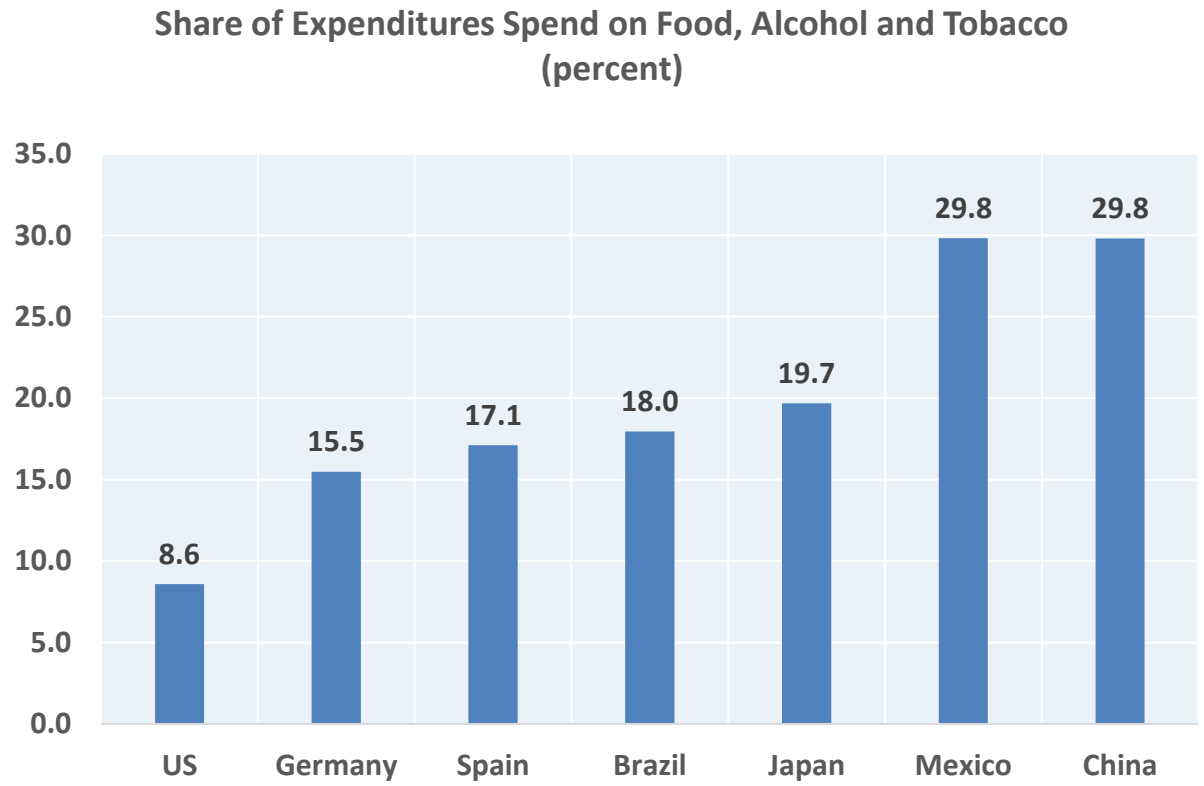
Source: IMF World Economic Outlook (July 2023), World Economic Outlook Database (April 2023), the Economist. FRED-St. Louis

Food Inflation Slowly Improves

Reduced buying power due to higher food & commodity prices

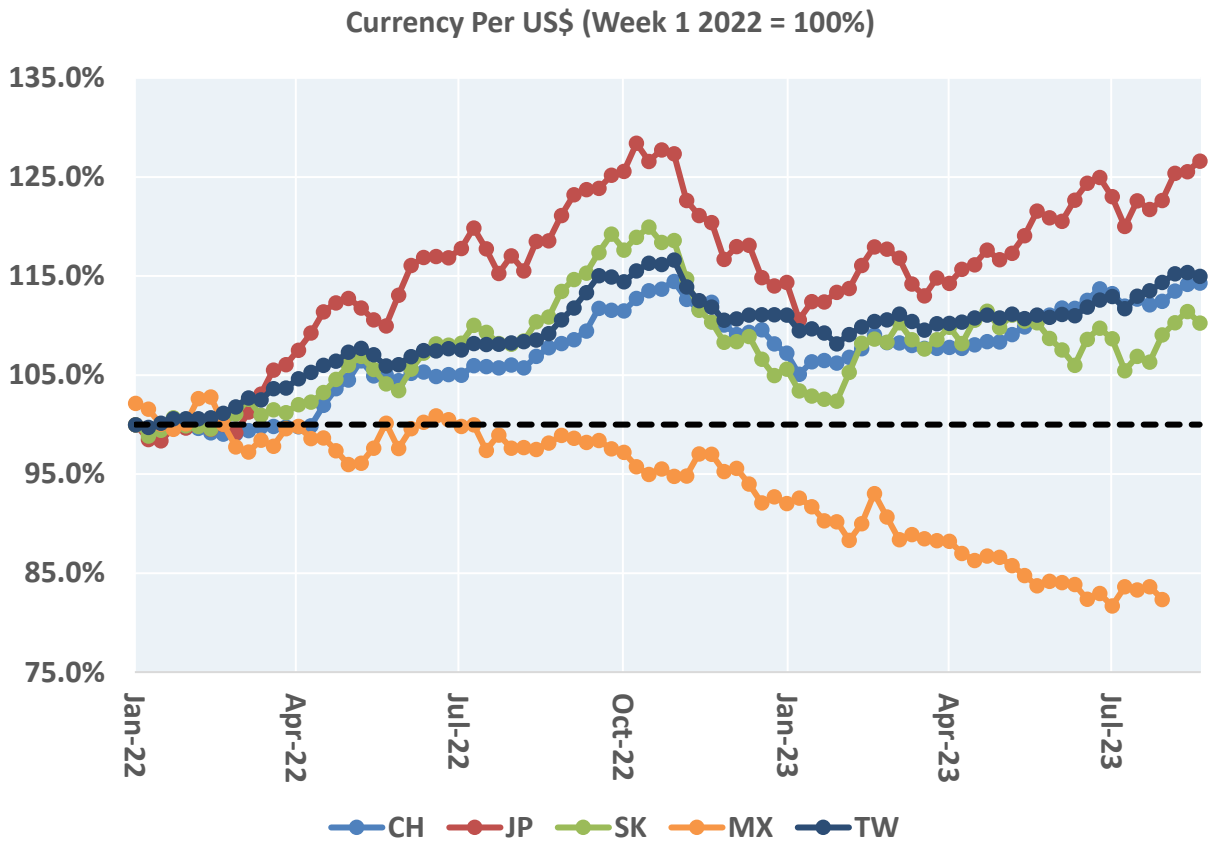
	% Jan 2019	% Y/Y
Food Price Index	30.1%	-11.8%
Meat	24.2%	-5.4%
Dairy	10.3%	-22.4%
Cereals	22.8%	-14.1%
Oils	56.8%	-23.0%
Sugar	86.8%	34.1%

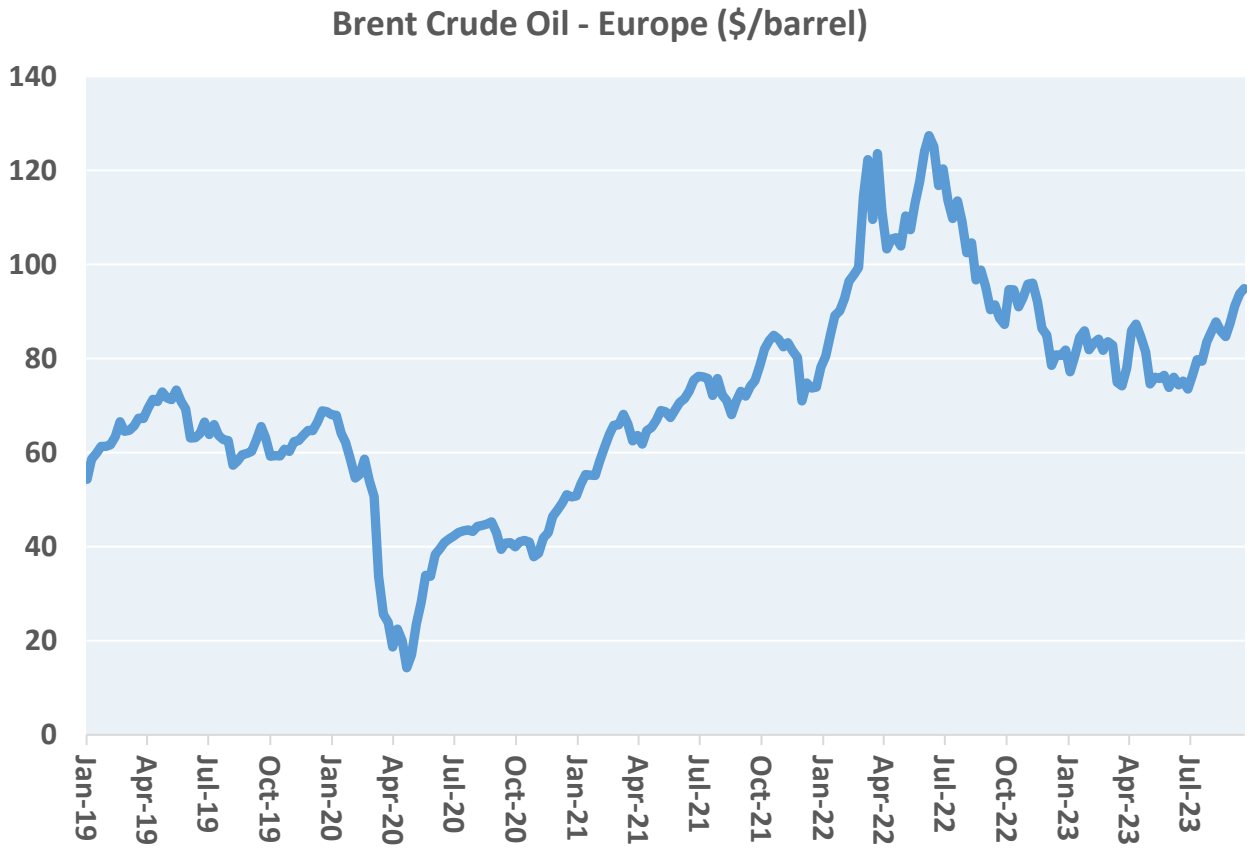




Source: CEIC. FAO, USDA-ERS, NBS-China

Strong US$ and Energy Prices

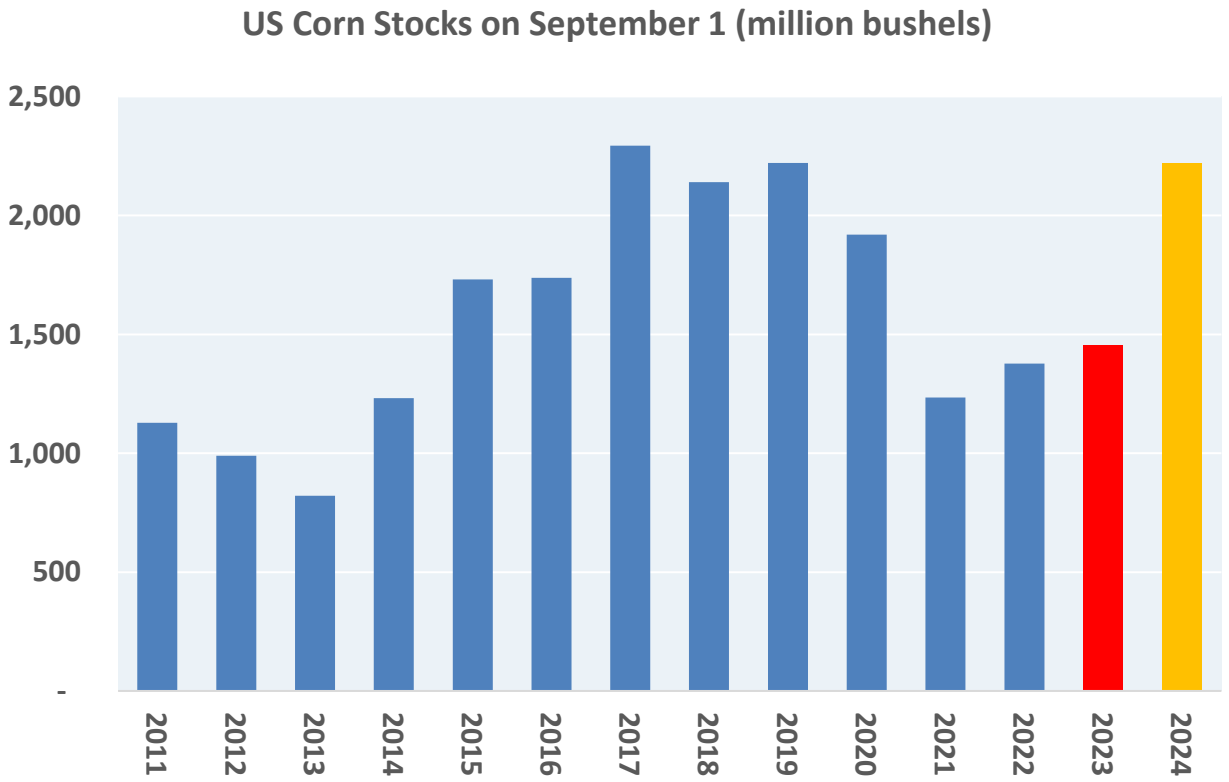


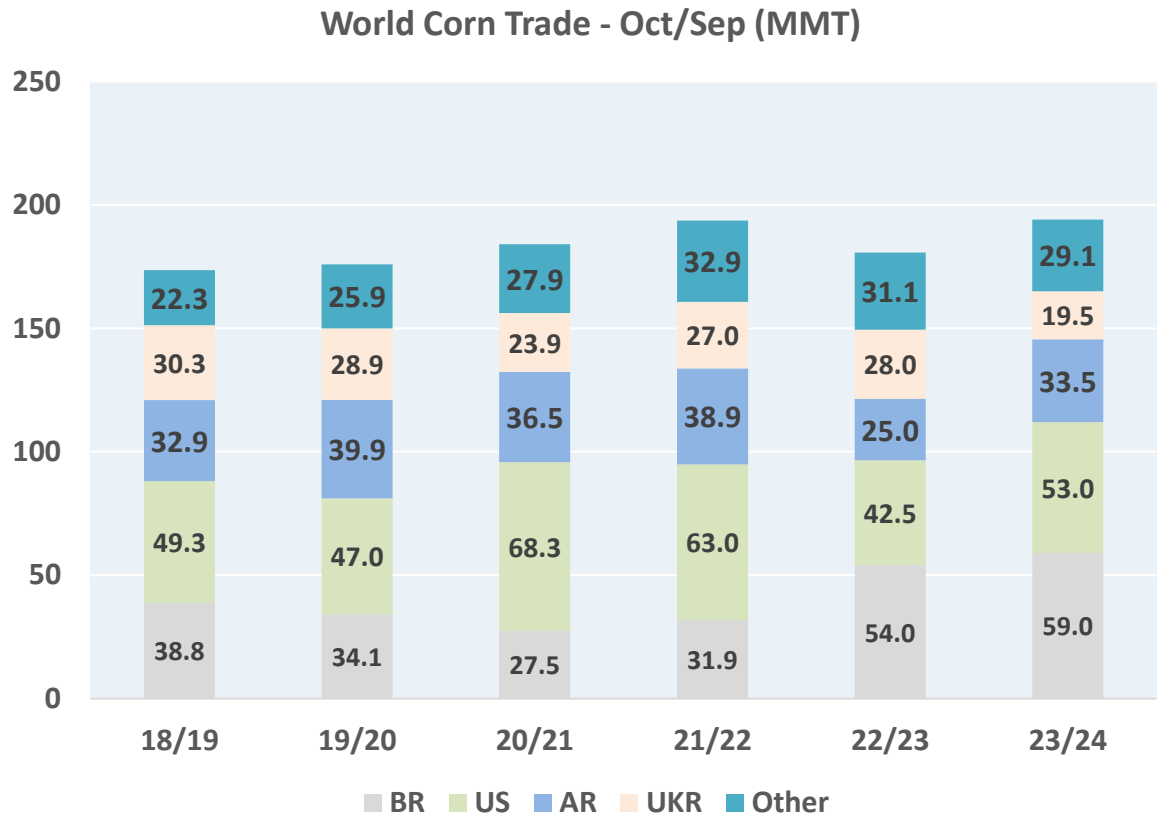


Source: CEIC, FRED-St Louis

Feed Supplies Expand

Large US and Brazilian corn crops have created more ample supplies of corn heading into 2024

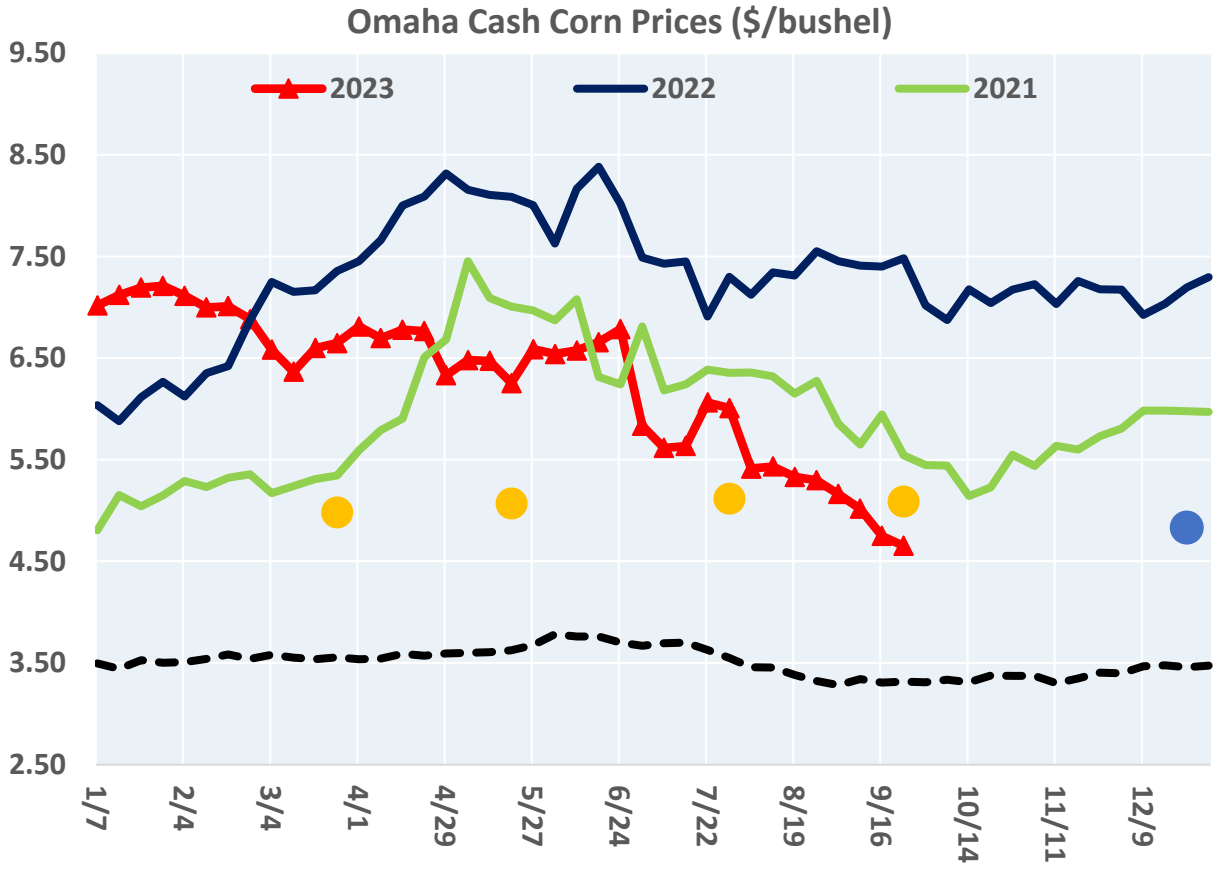


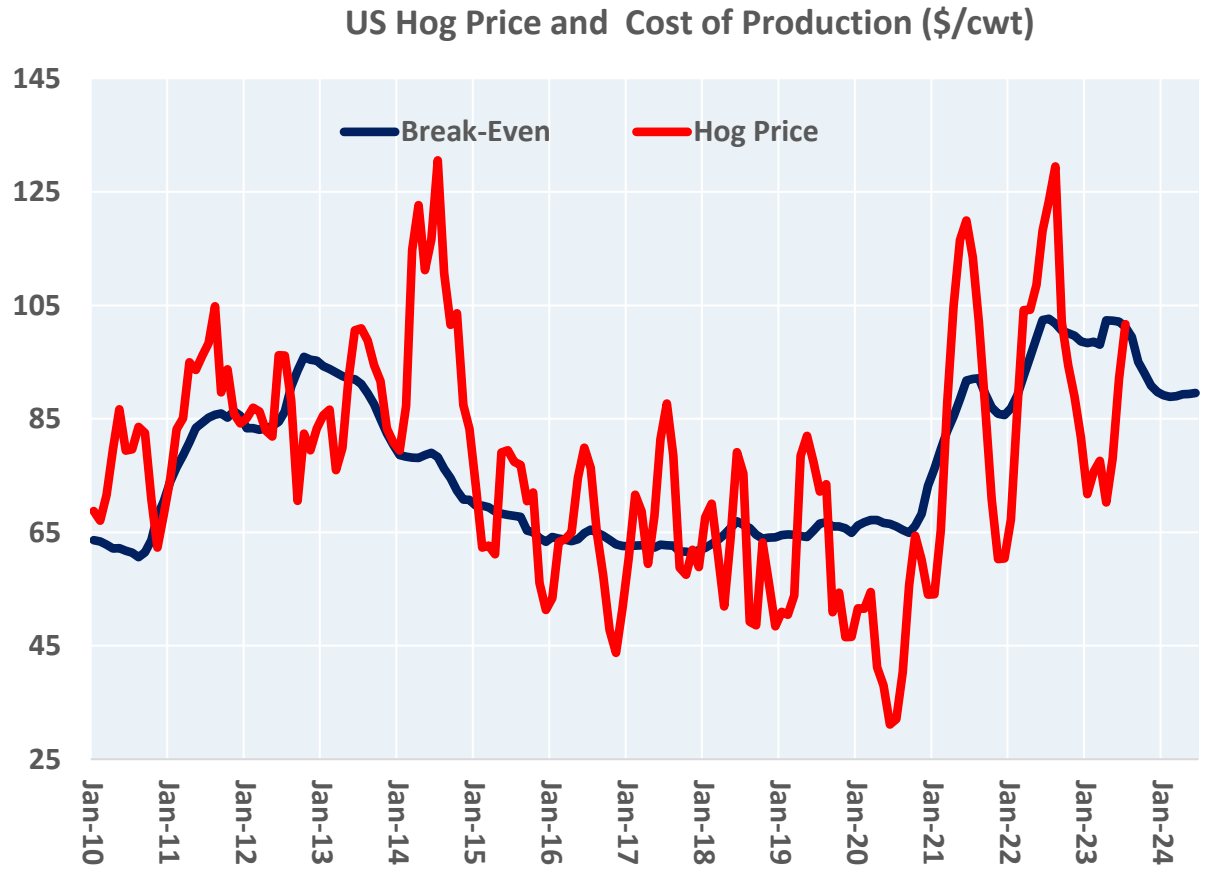


Source: USDA, GRMI

Feed Cost More Favorable

Global feed costs have moved lower – but have not fully moved back to 2019-2020 levels

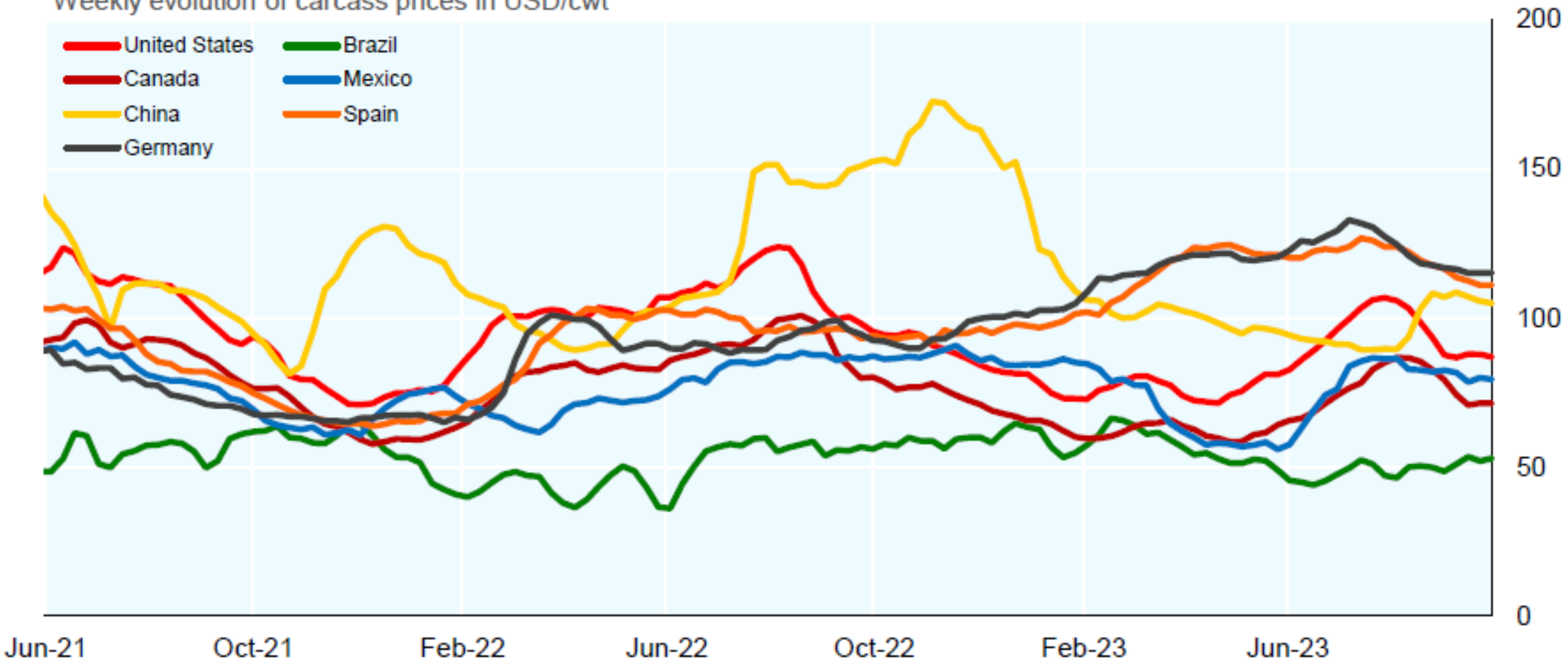




Source: USDA

Global Hog Prices - Short Term

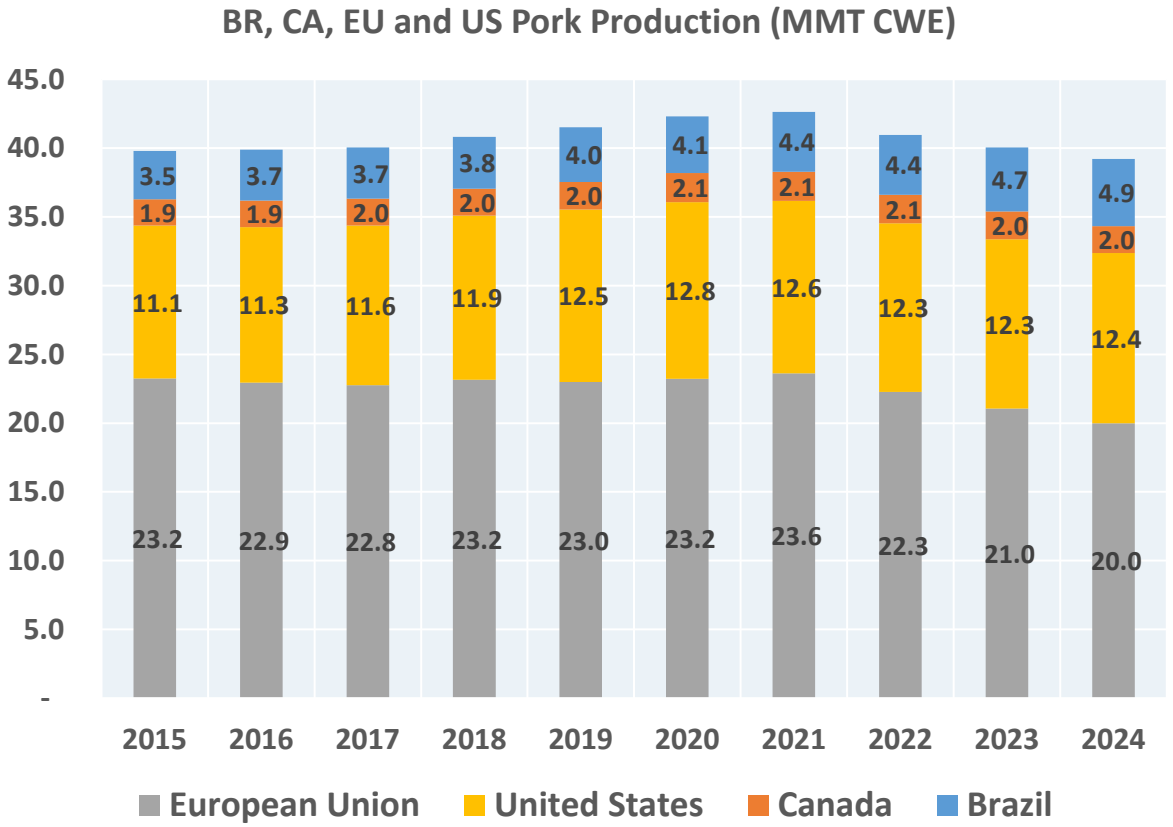
Weekly evolution of carcass prices in USD/cwt

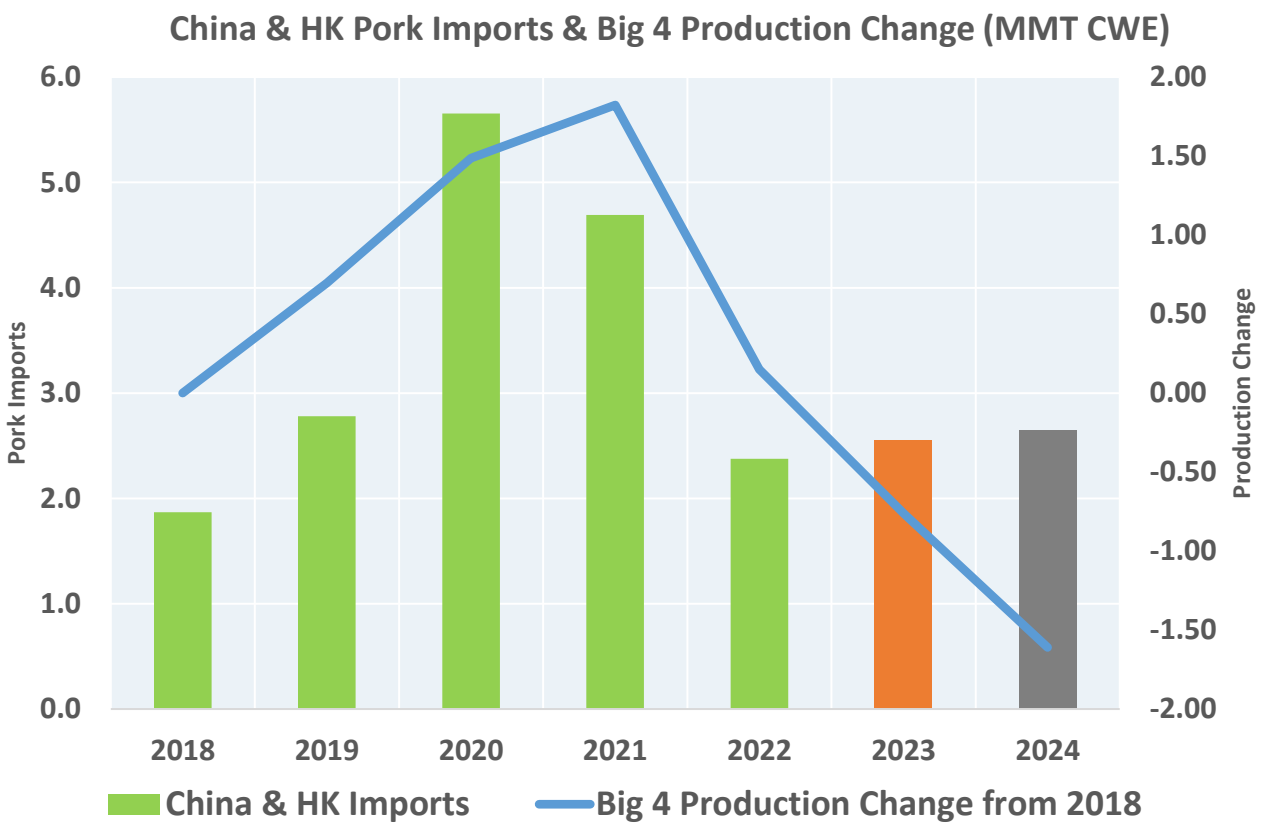


Source: USDA Arms; Cepea(SC); EU Comission; Pig333; GRMI, JBS

Pork Production Adjusts to Lower China & HK Flow

EU liquidates, CA & US starting to shrink, & BR expands

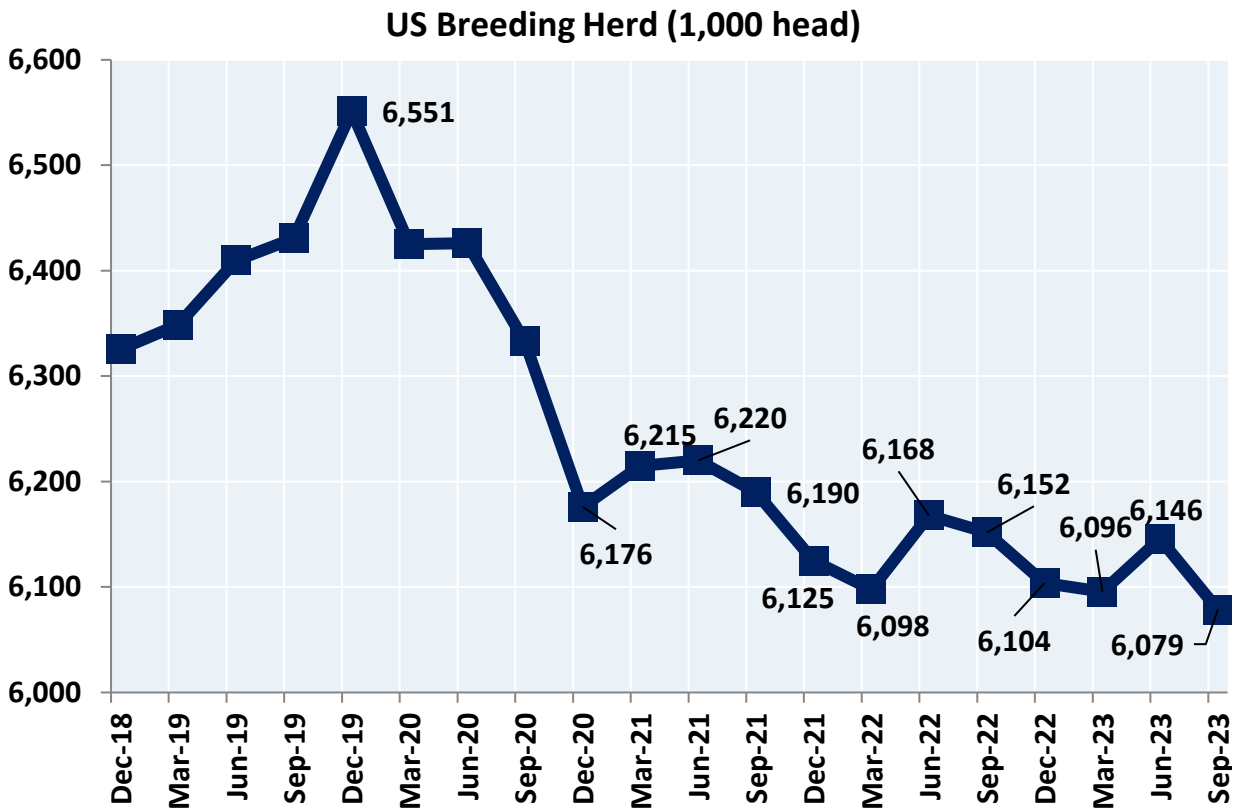


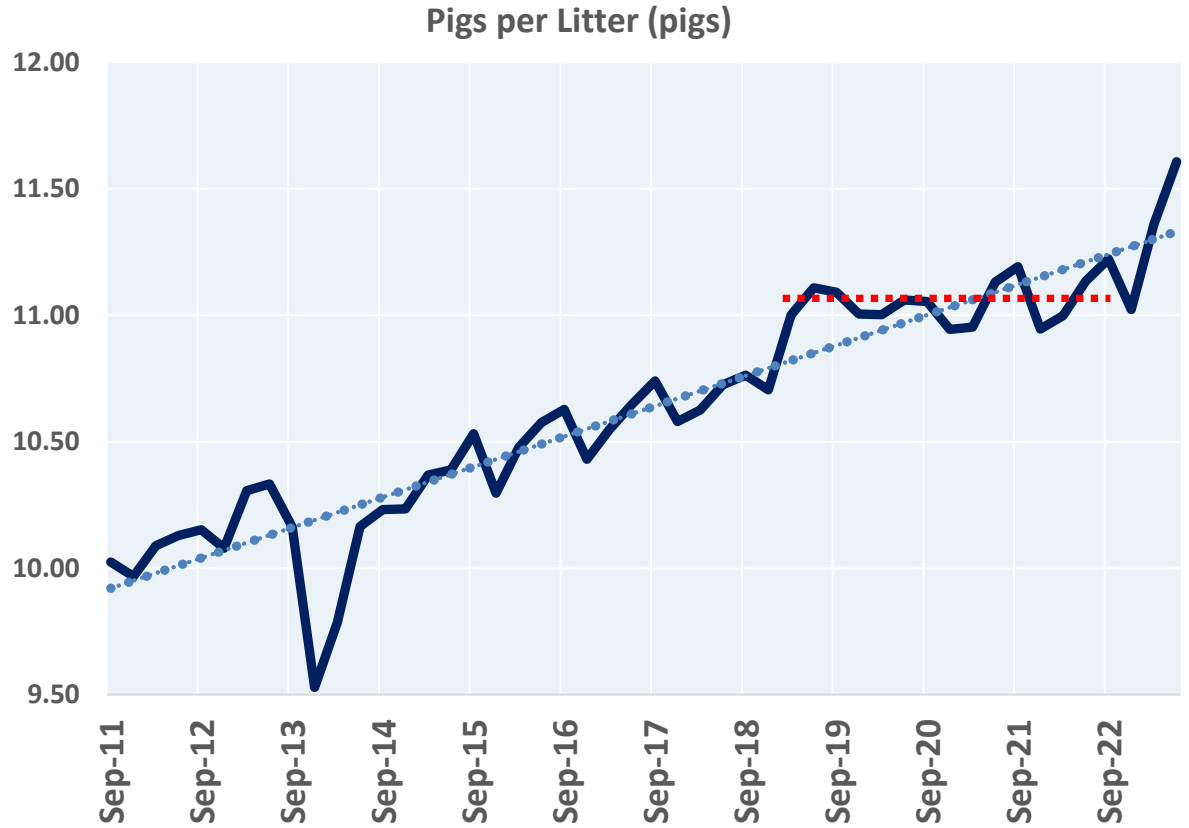


Source: USDA, TDM. EU Commission, GRMI

US & CA Starting to Cut a Productive Herd

Productivity offsetting breeding herd cuts to date





Source: USDA, GRMI

Brazil Expands

Hog prices have rallied with good domestic pork demand & reduced feed costs – creating favorable margins



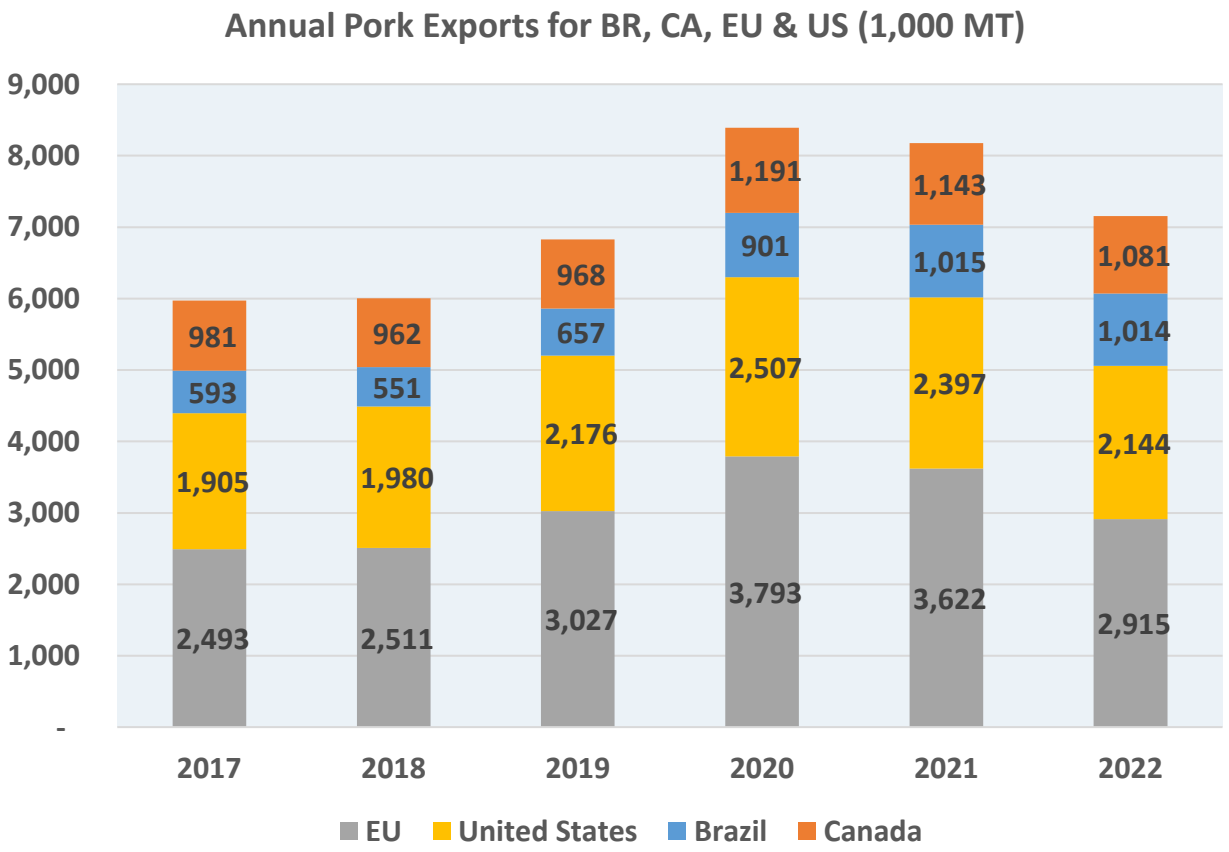
Pig slaughter

Var. (%)	Brazil
2Q23 vs. 1Q23	-1,0%
2Q23 vs. 2Q22	+1,0%
2023 VS. 2022 YTD	+2,6%

Source: ABPA, Seara IM

Pork Trade Shifts

Pork exports from major exporters appears headed back toward 2019 levels

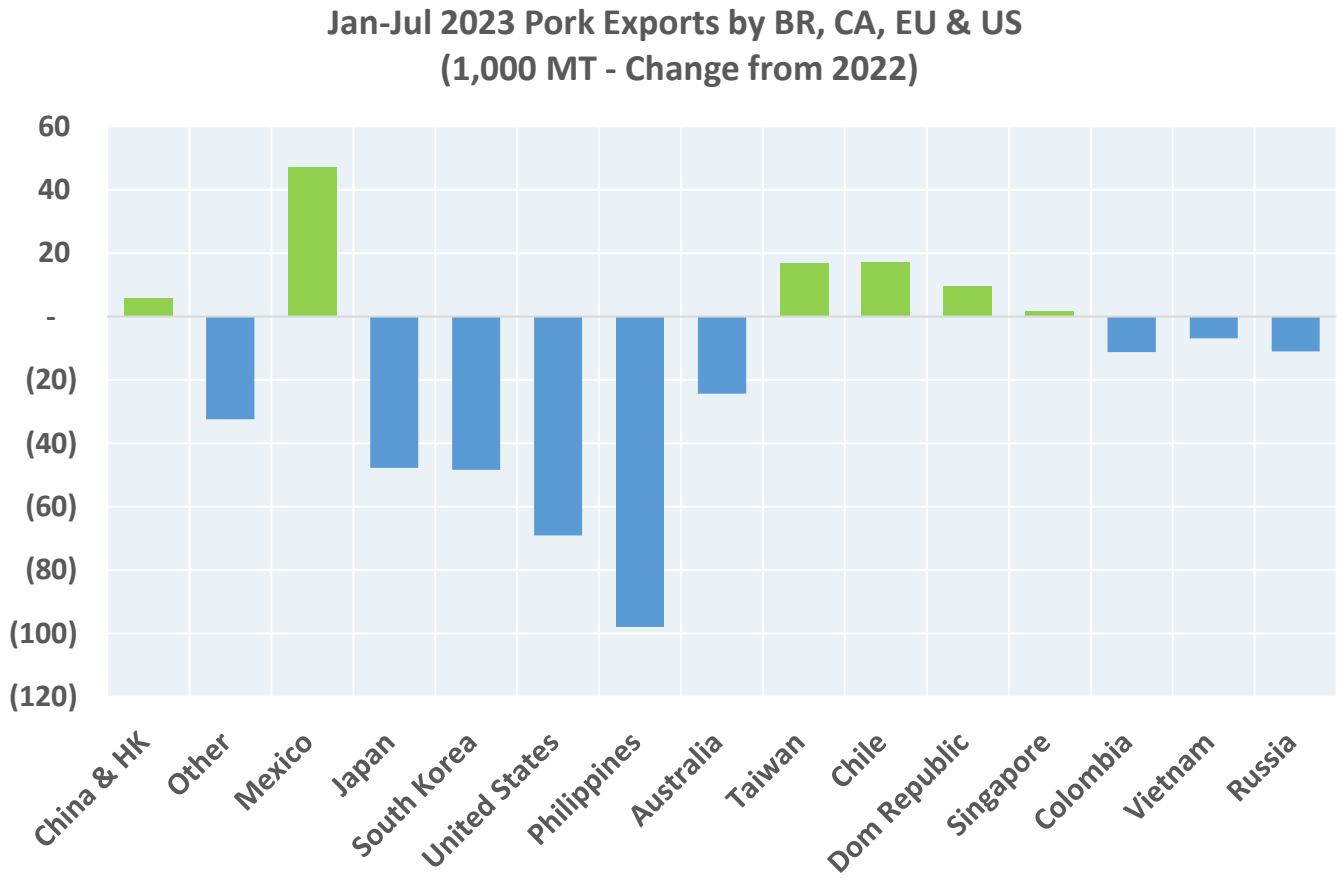


(1,000 mt)	Jan-Jul 2022	Jan-Jul 2023	% 2023/2022
To All Destinations			
Brazil	546	620	13.7%
Canada	662	602	-9.0%
EU	1,676	1,252	-25.3%
United States	1,103	1,261	14.4%
Big 4 total exports	3,986	3,735	-6.3%
To China & Hong Kong			
Brazil	259	300	16.0%
Canada	77	105	35.9%
EU	458	383	-16.3%
United States	103	114	10.9%
Big 4 to China & HK	897	903	0.6%
Rest of World			
Brazil	287	320	11.5%
Canada	584	497	-15.0%
EU	1218	869	-28.7%
United States	1000	1147	14.7%
Big 4 to ROW	3,089	2,833	-8.3%

Source: TDM

Pork Trade Softer to Major Markets

In 2023, pork trade slowed to major Asian markets (except China & Hong Kong) & increased across many Latin American countries – likely to recover back half as prices have reset



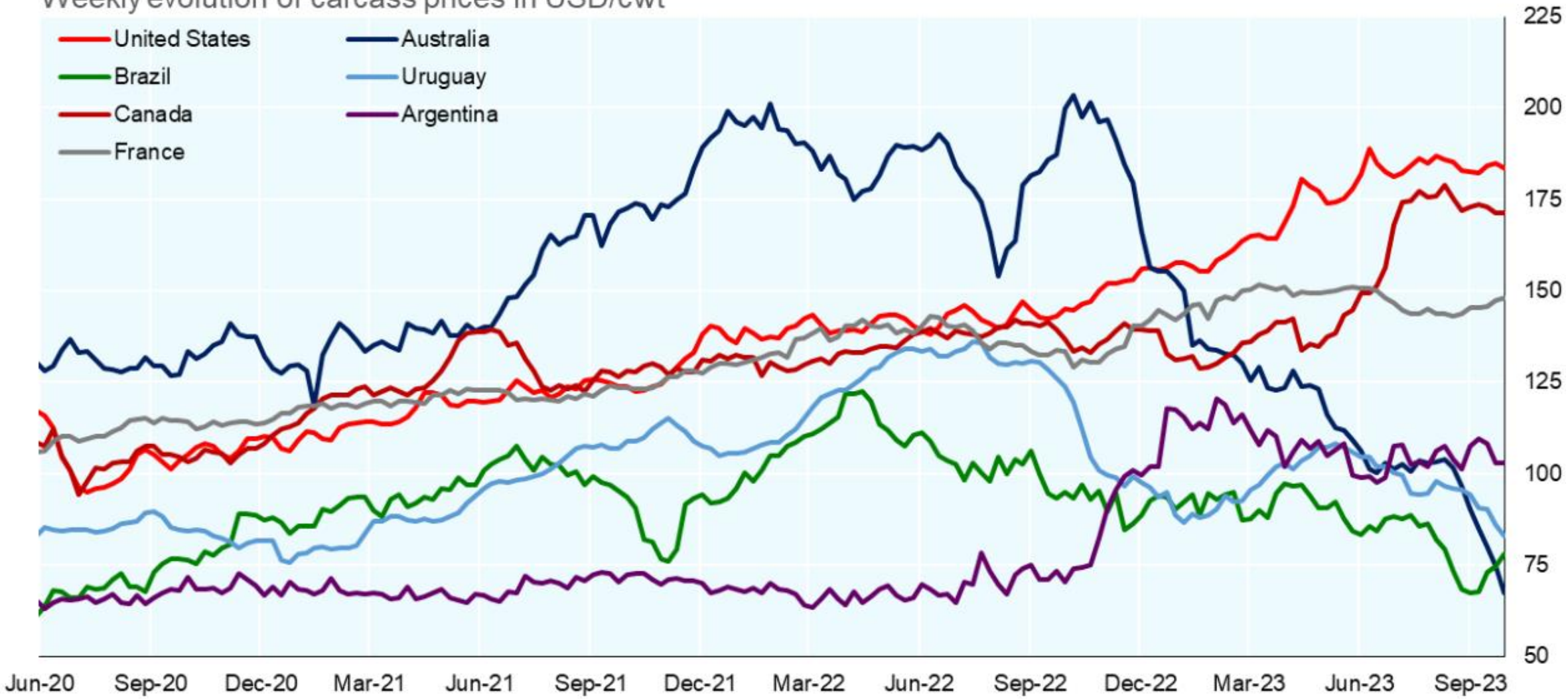
Jan-Jul Pork Exports from BR, CA, EU & US

(1,000 MT)	2022	2023	Diff
World	3,986	3,735	(251)
China & HK	897.0	902.8	6
Other	710.6	678.2	(32)
Mexico	559.1	606.3	47
Japan	533.1	485.3	(48)
South Korea	302.6	254.2	(48)
United States	268.9	199.8	(69)
Philippines	290.9	192.9	(98)
Australia	103.8	79.5	(24)
Taiwan	54.0	70.9	17
Chile	40.6	57.6	17
Dom Republic	47.8	57.3	9
Singapore	53.1	54.8	2
Colombia	66.0	54.7	(11)
Vietnam	47.1	40.2	(7)
Russia	12.0	0.9	(11)

Source: TDM

Global Cattle Prices - Short Term

Weekly evolution of carcass prices in USD/cwt

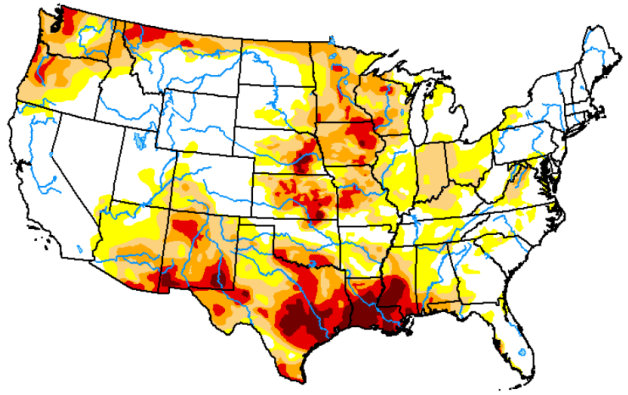


Source: USDA Arms; Cepea; MLA; INAC; MAG; EU Comission; GRMI, JBS

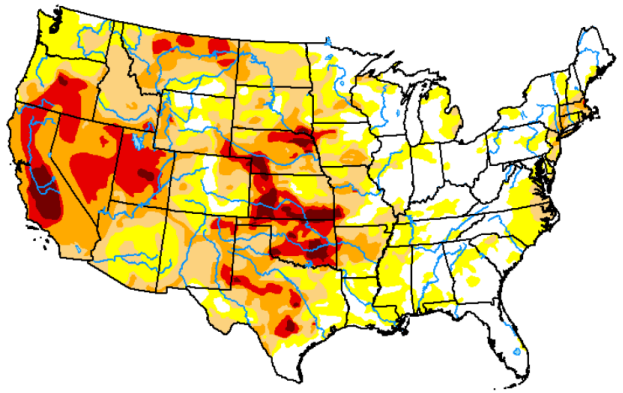
Weather is a Key Driver of Cattle Supplies

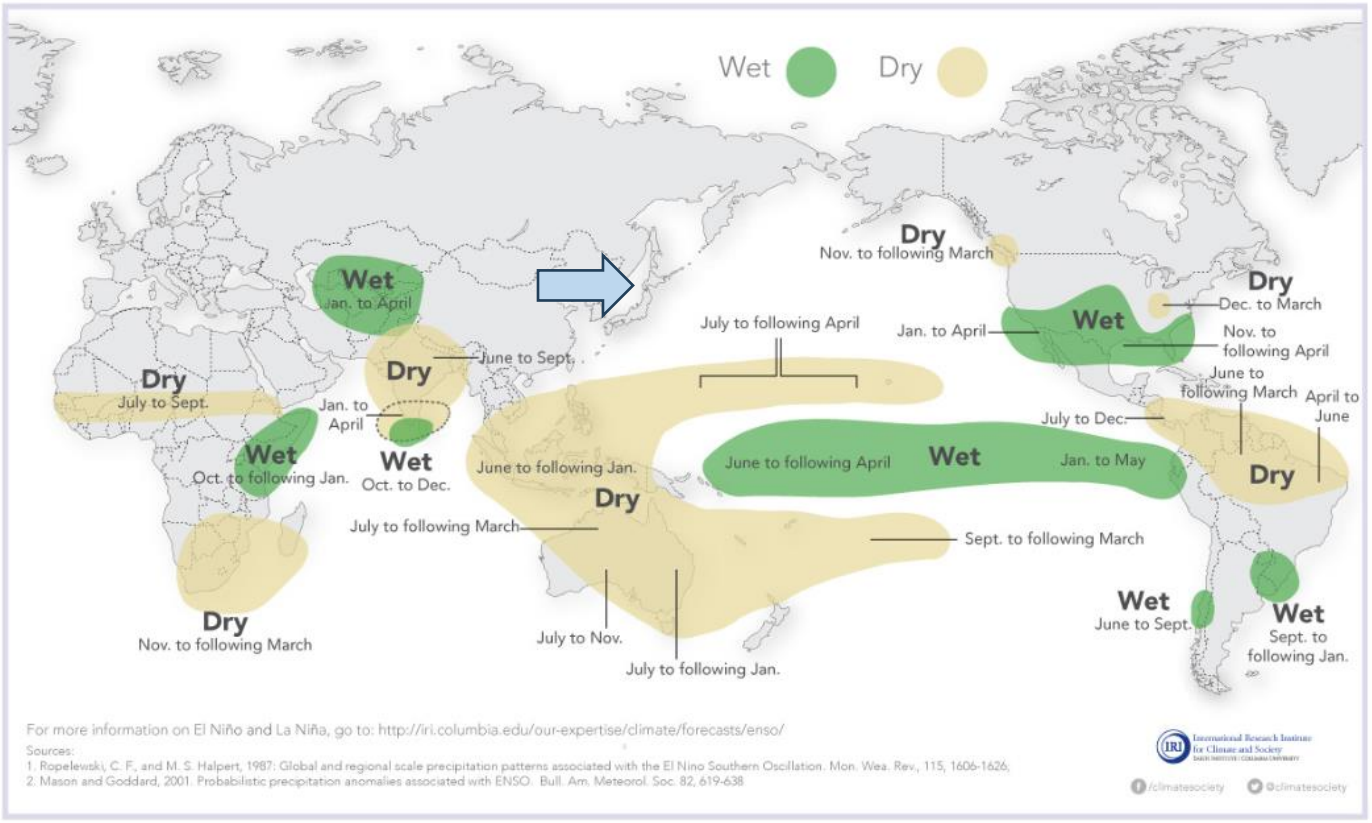
Australia recovery and US liquidation and recovery driven by drought cycle

Current



Year Ago

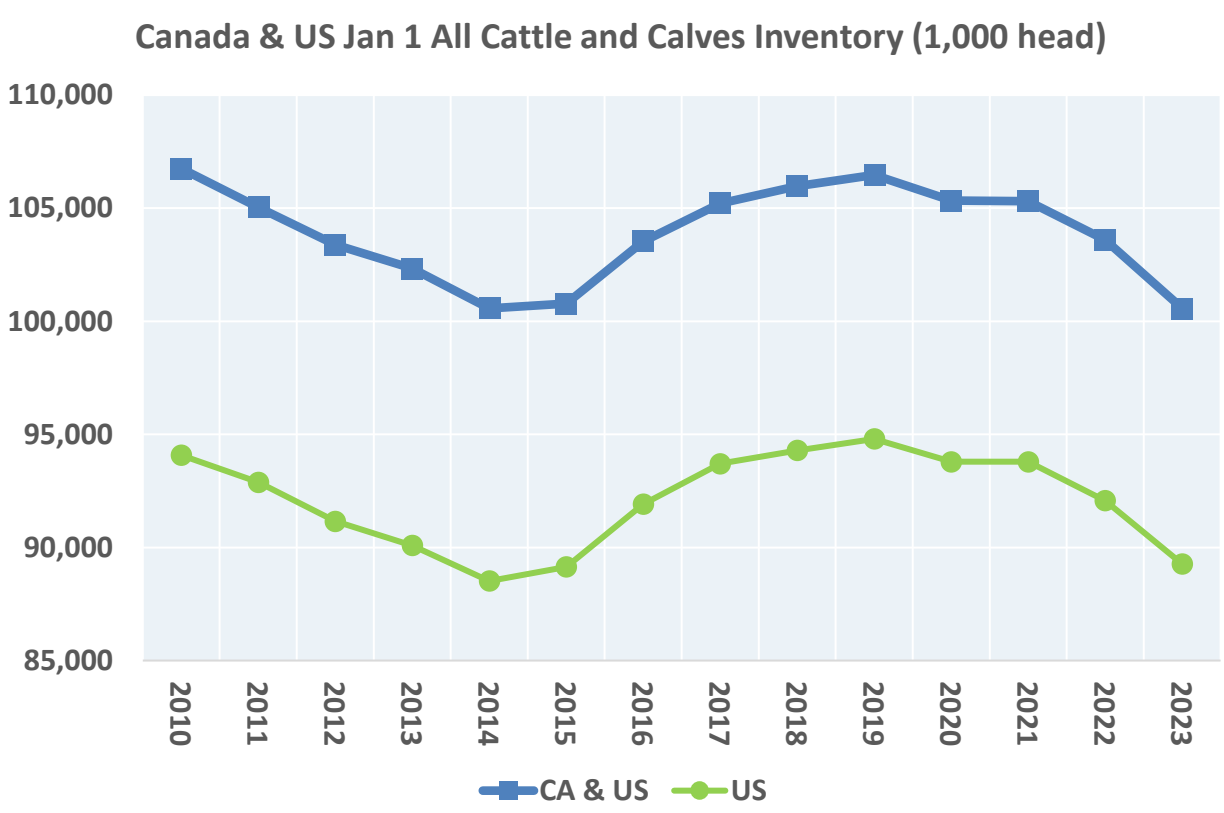


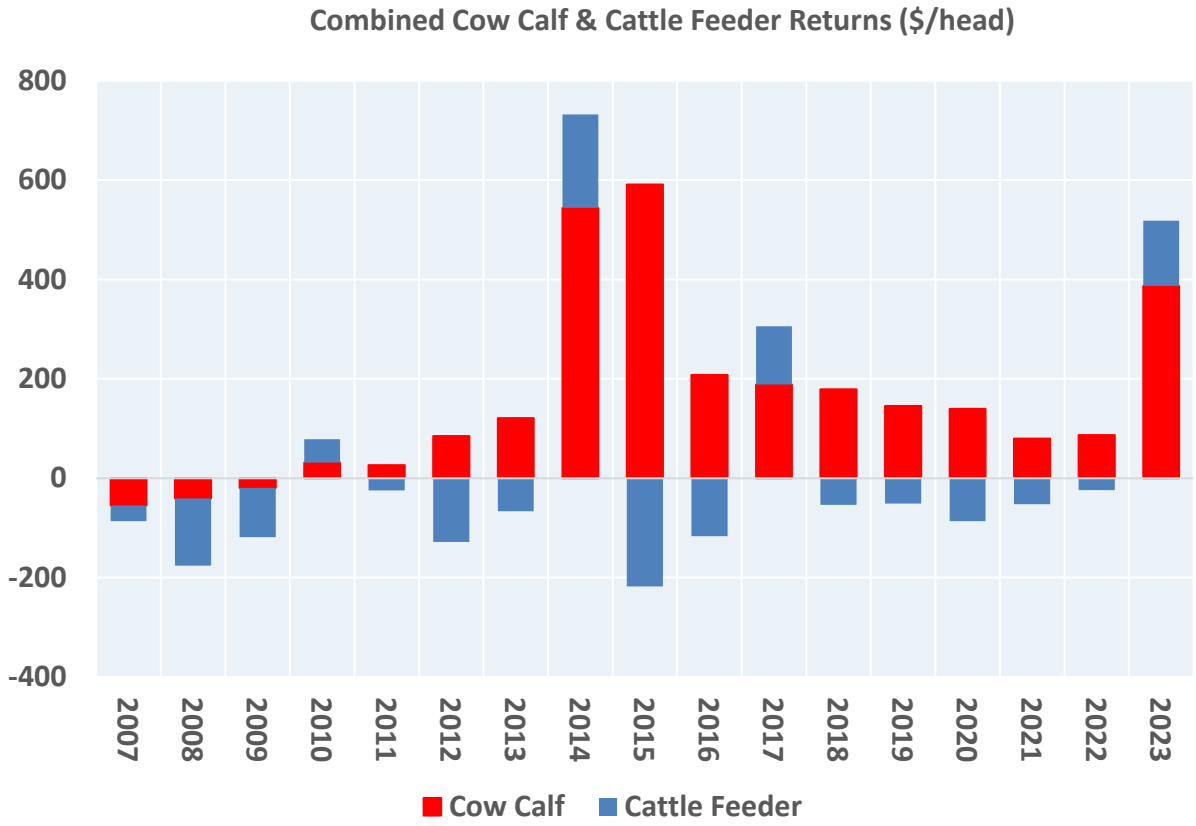


Source: droughtinitor.unl.edu, The Economist. IRI-Columbia University

Incentive to Expand in North America

Margins support expansion – but more time & weather cooperation needed

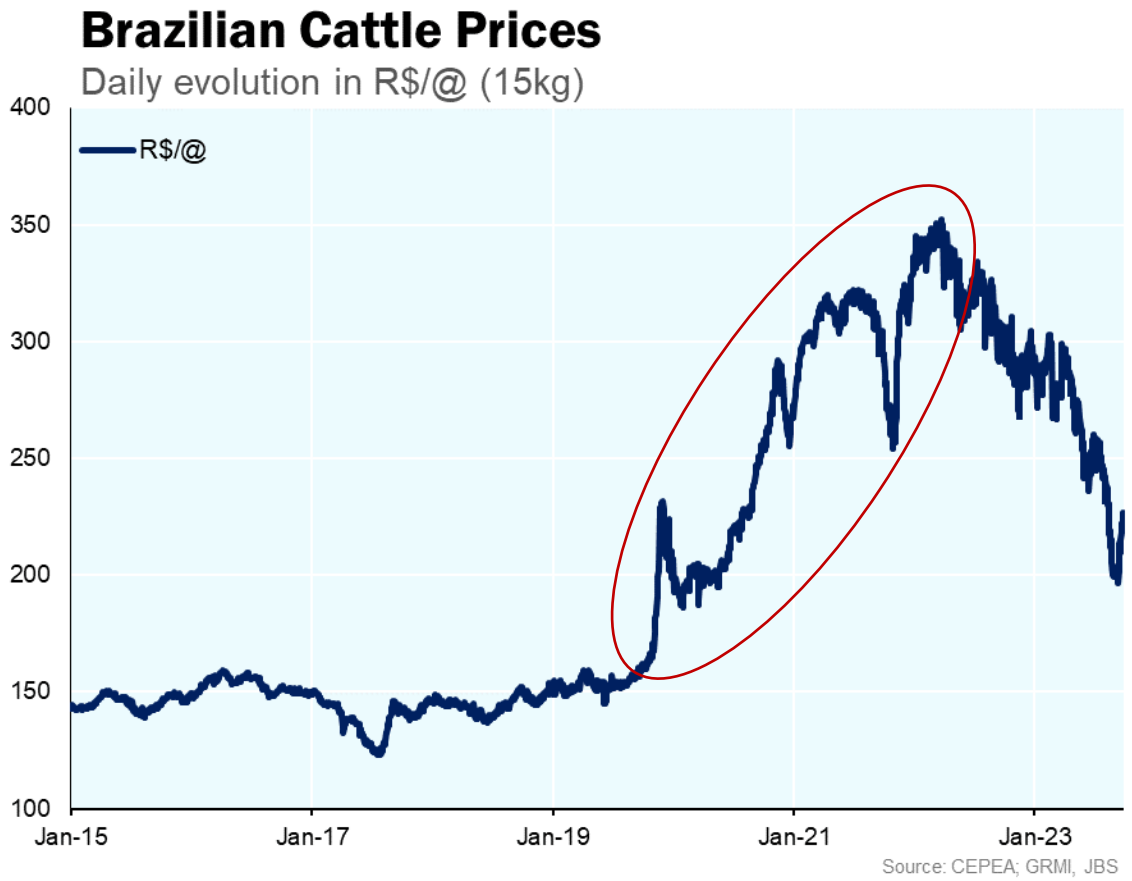


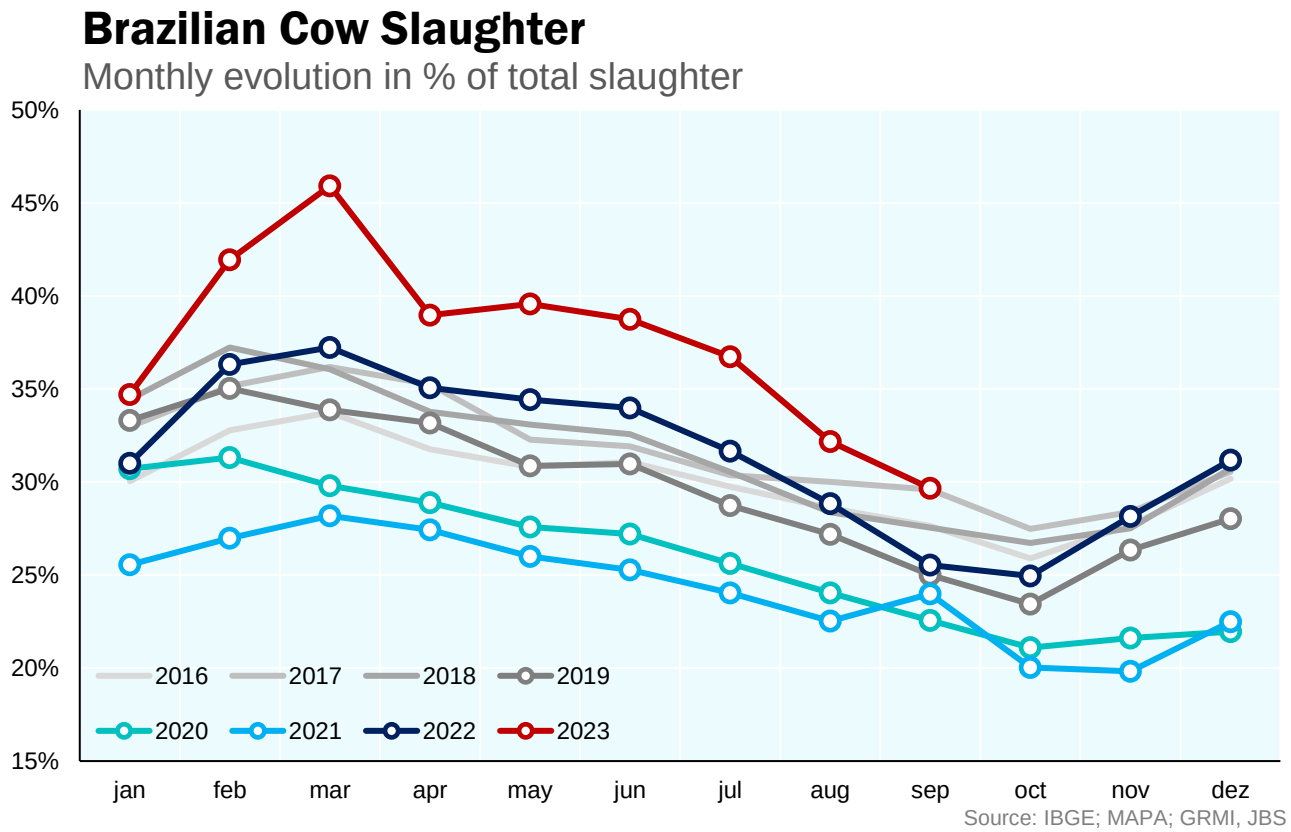


Source: USDA, GRMI

Brazil Starting a Reduction Phase

China demand triggered an expansion (2019-2021) – in 2023, slower export demand creating some liquidation of the cow herd – adding to production totals

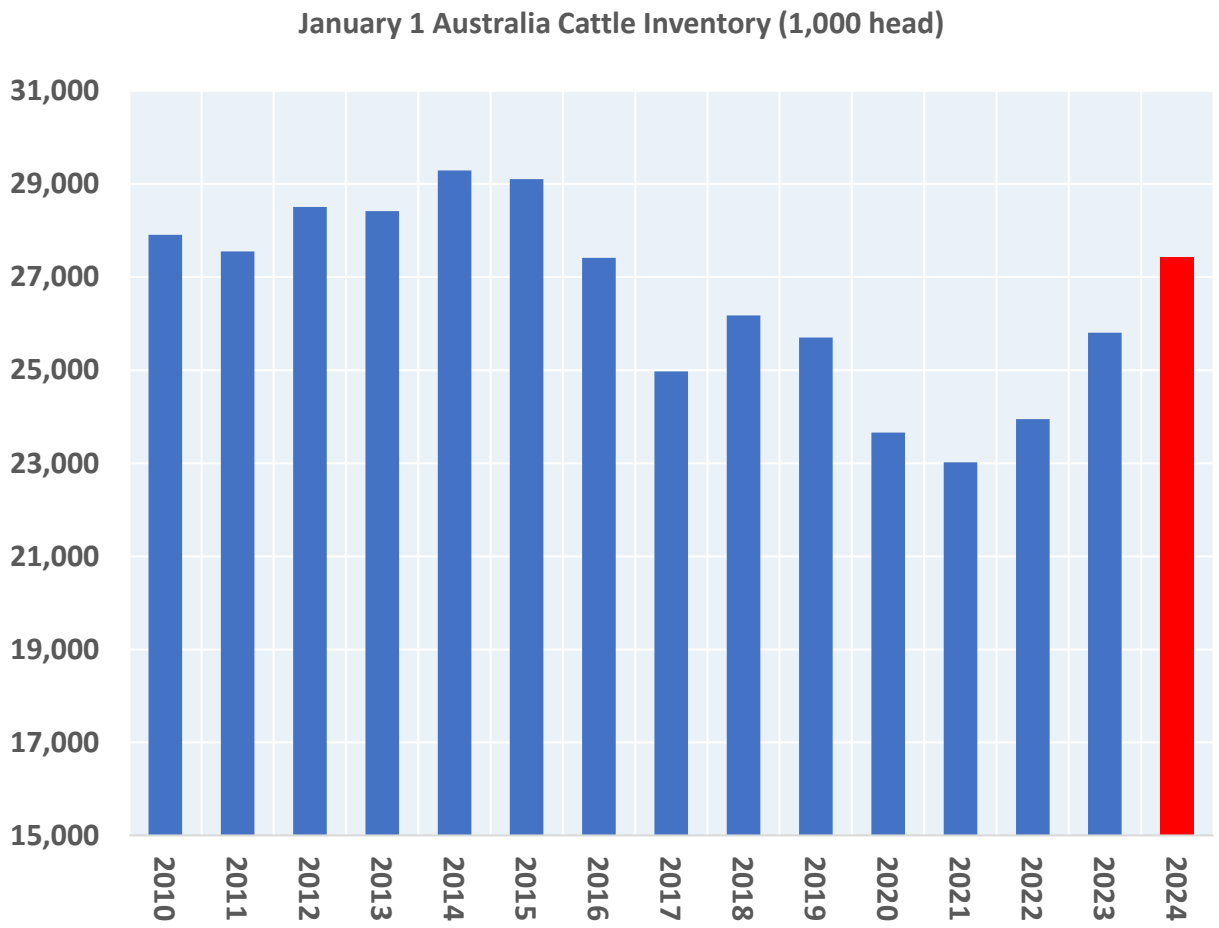




Source: IBGE, MAPA, CEPA, GRMI

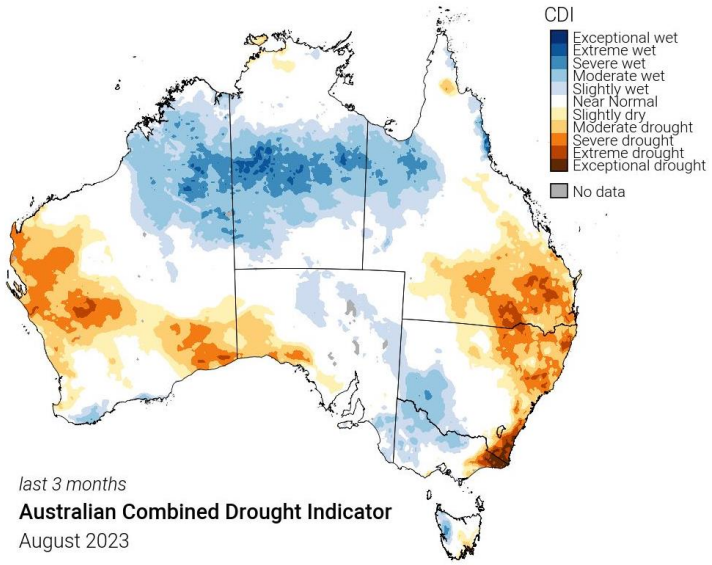
Australia Recovers

Weekly slaughter running up 45% Y/Y

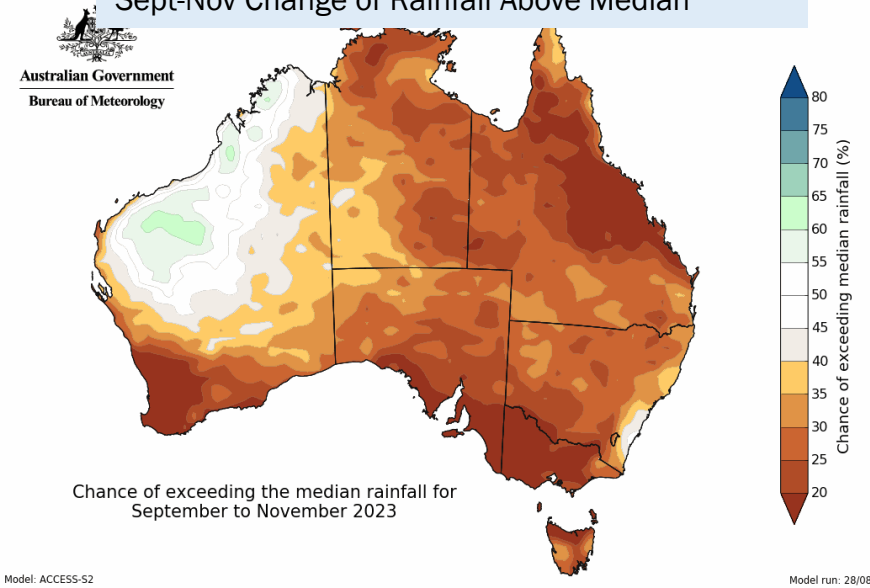


Source: Northern Australia Climate Program, BOM, USDA, GRMI

Three-month drought monitor



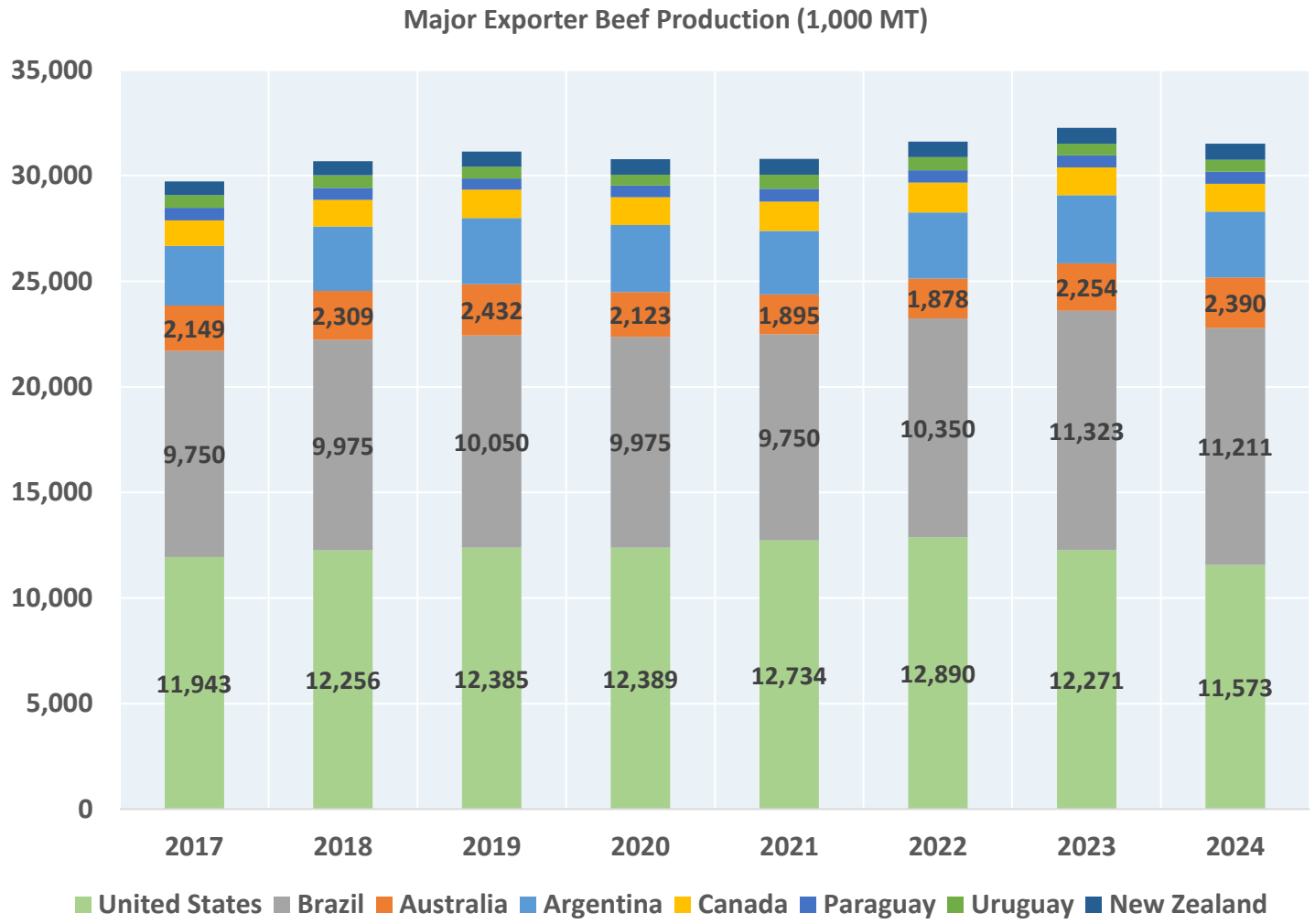
Sept-Nov Change of Rainfall Above Median



Global Beef Production

Major exports are Argentina, Brazil, Paraguay, Uruguay, Australia, New Zealand, Canada, and US

In 2024 across major exports, production like to ease due to lower production in AR, CA, BR and the US



Source: USDA, GRMI

Trade Shifts to Expanding Origins

Australia will likely drive export growth into 2024



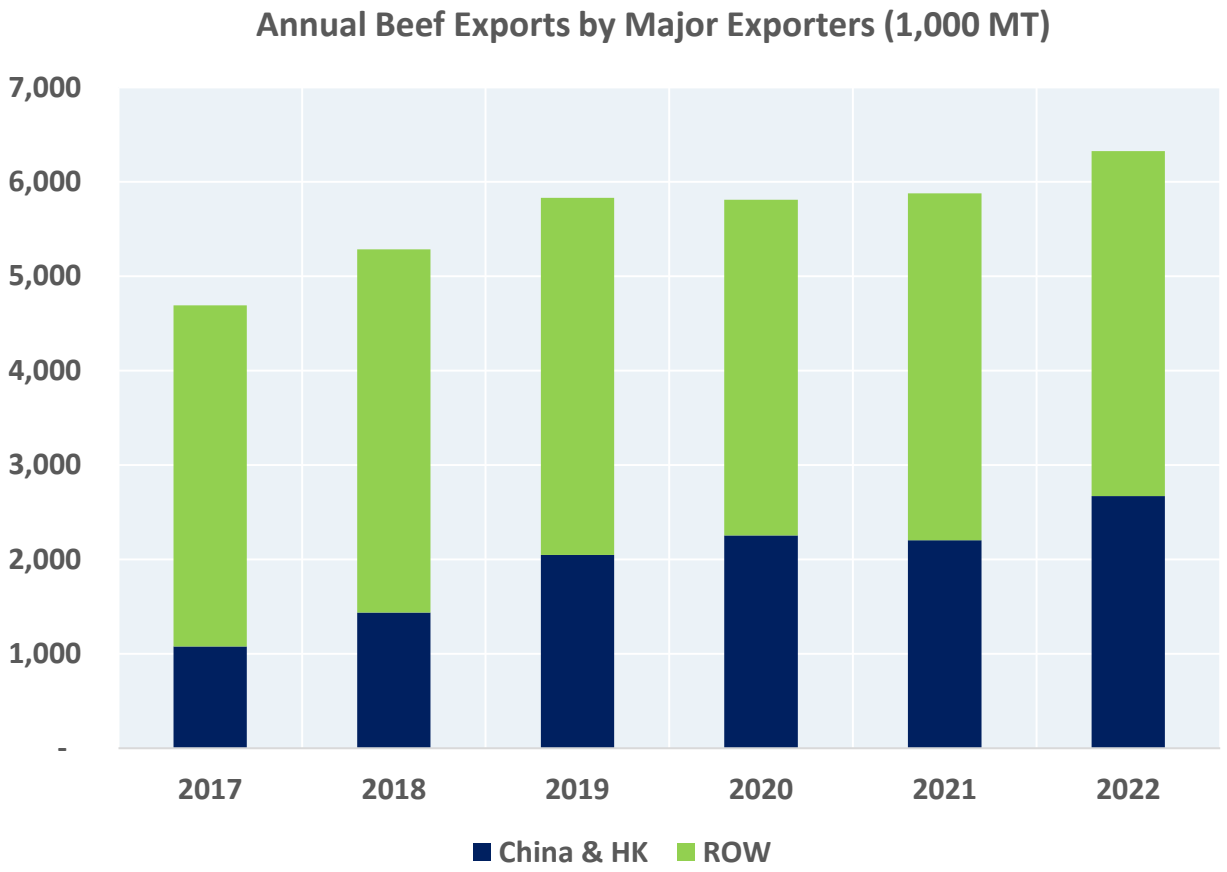
(1,000 mt)	Jan-Jul 2022	Jan-Jul 2023	% 2023/2022
To All Destinations			
Argentina	361	395	9.7%
Brazil	1,095	1,043	-4.7%
Paraguay	203	185	-8.7%
Uruguay	236	190	-19.6%
Australia	517	628	21.6%
New Zealand	301	324	7.5%
Canada	246	235	-4.1%
United States	678	586	-13.6%
Big 8	3,636	3,587	-1.3%

Source: USDA, TDM,

Global Beef Flows by Key Destinations

North America keeps beef export flows stable during Jan-Jul 2023

Major exports are Argentina, Brazil, Paraguay, Uruguay, Australia, New Zealand, Canada, and US



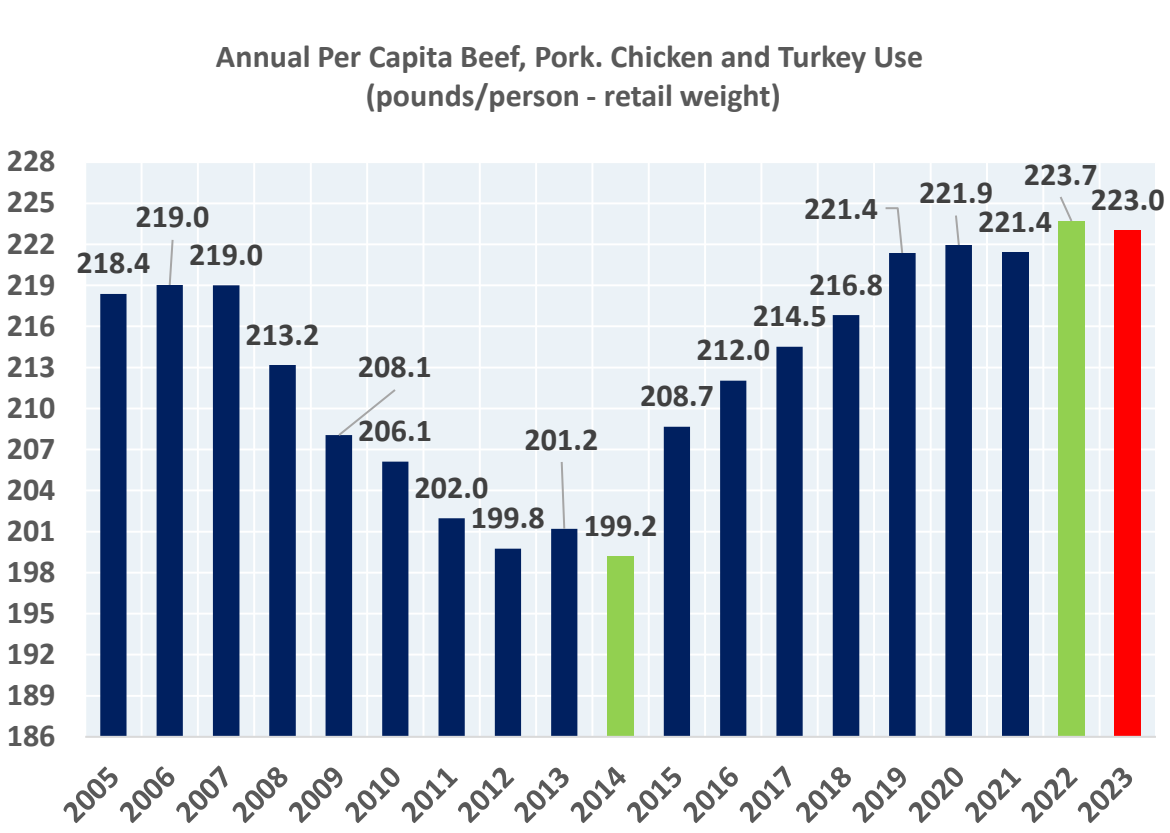
Beef exports by major exporters

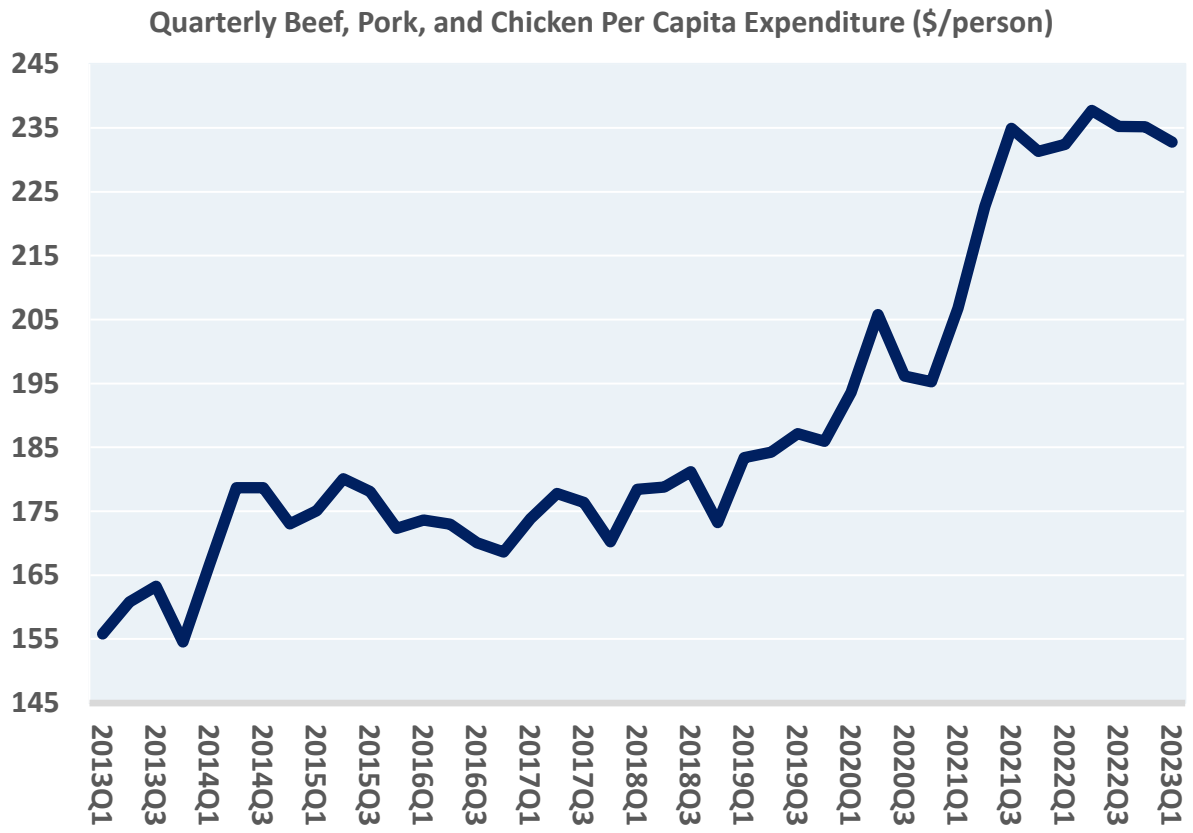
(1,000 mt)	Jan-Jul 2021	Jan-Jul 2022	Jan-Jul 2023	% 2023/2022
China & HK	1,331	1,490	1,457	-2.2%
Japan	332	335	274	-18.2%
South Korea	275	286	270	-5.4%
Malaysia	11	14	15	5.2%
Indonesia	65	58	66	13.6%
Philippines	62	67	51	-23.9%
United States	436	434	515	18.7%
Canada	59	58	66	14.5%
Mexico	70	59	72	21.7%
Other	771	836	801	-4.3%
World	3,411	3,636	3,587	-1.3%
China & HK Share	39%	41%	41%	

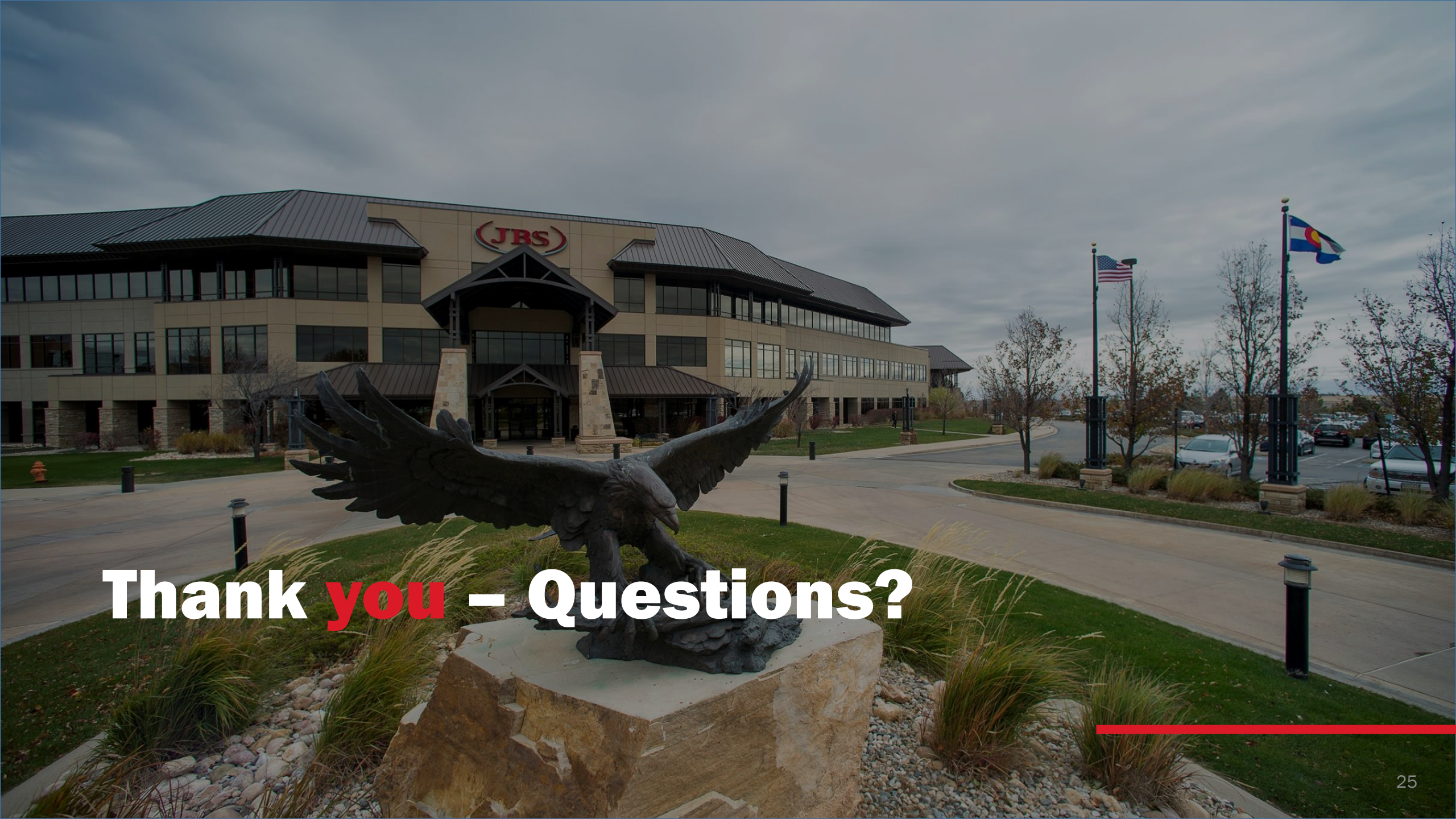
Source: USDA, GRMI

US Consumption & Protein Spend

Overall consumer spending has stayed strong with a solid employment situation - food service spend has stayed very favorable – still, consumers continue to adjust spend







Thank you – Questions?