Danish Crown

Market outlook

02.2021

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Agenda

Expectations to the industry

- Slaughtering
- Import

Covid-19

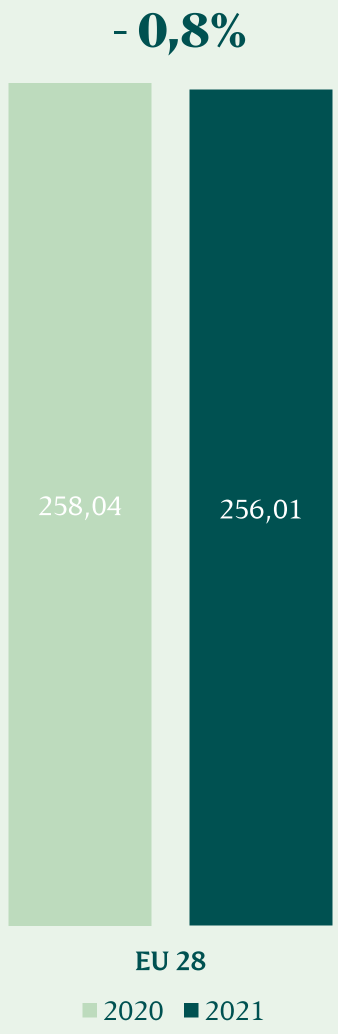
Germany

- Outlook on Germany
- Changes in the EU competitive landscape

Quotation forecast

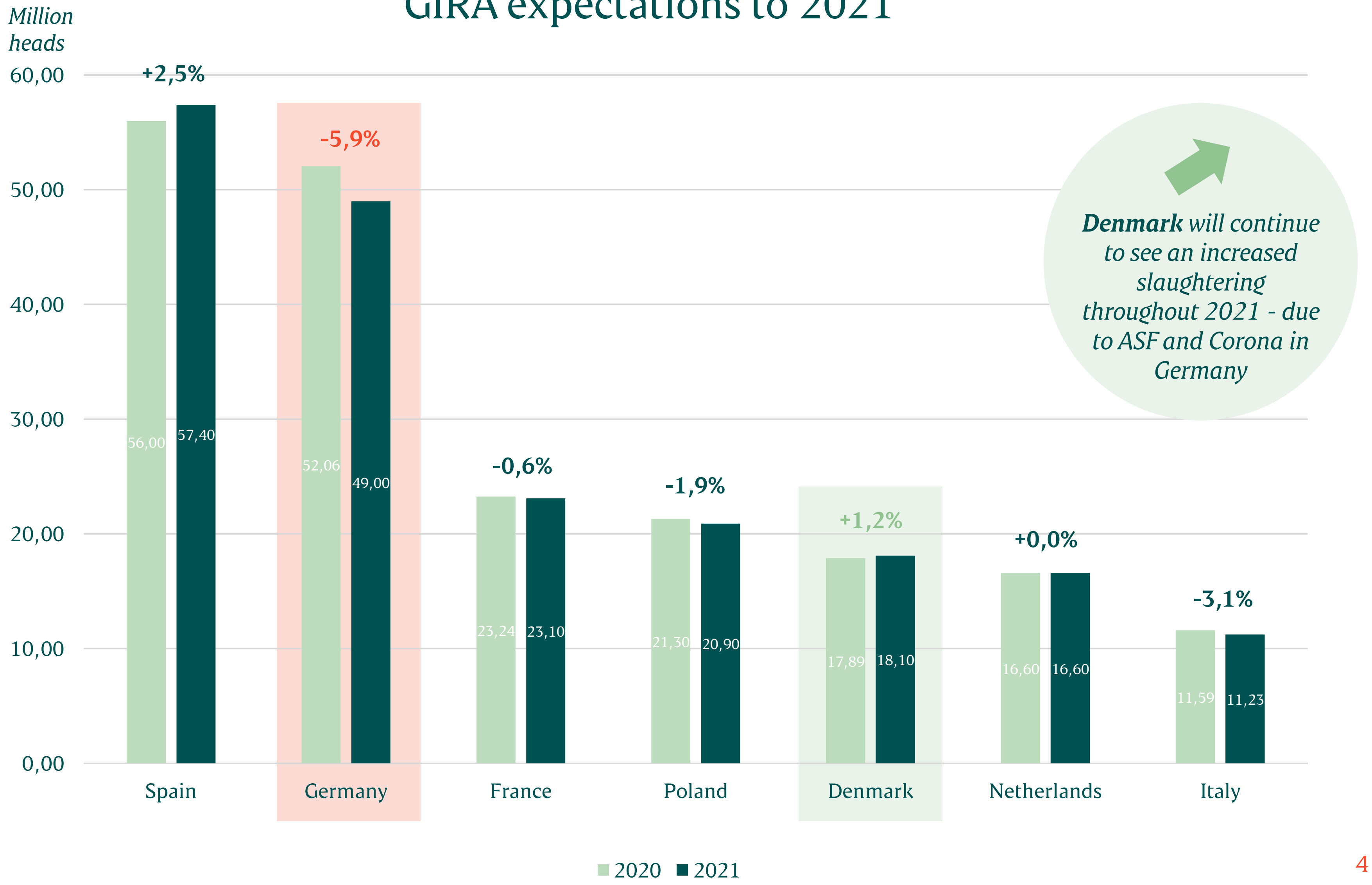
Expectations to the industry

Small decrease in slaughtering in the EU



Slaughtering

GIRA expectations to 2021



Slaughtering

USDA expectations to 2021

'000 tonnes (slaughter weight)

EU
24.040
+0%

China
43.500
+14%

South Korea
1.340
-4%

Japan
1.300
+0%

Canada
2.090
+0%

USA
12.963
+1%

Total production is expected to increase with*

+7%

Philippines
1.075
-4%

Vietnam
-??%

Mexico
1.495
+3%

Brazil
4.250
+3%

USDA, Januar 2021
*Highlighted countries

Import

USDA expectations to 2021

Import in '000 tons	2020	2021 (forecast)	Change
China	5.150	4.620	-10%
Japan	1.400	1.420	1%
Mexico	910	930	2%
South Korea	570	635	11%
USA	414	429	4%
Hong Kong	380	360	-5%
Canada	280	270	-4%
Philippines	150	200	33%
Above accumulated	**9.254**	**8.864**	**-4%**

Mixed expectations

GIRA and USDA believe in only minor changes in China's pork import by 2021 - and that it will take many years to rebuild China's pig production.

On the contrary, the Chinese authorities report a rapid rebuilding of production and that the Chinese pig population is already at 90% of the normal level.

USDA, Januar 2021

Covid-19

Covid-19

Strong negative influence on the pork meat industry

Huge drop in demand from the foodservice sector

Corona incidences at production plants causing disruptions in exports to China

Reduced slaughter capacity

In general, a lower economic activity in society

Expectations to 2021

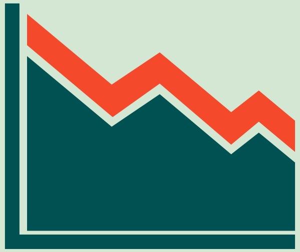
Good prospects for the EU market as corona vaccines are rolled out

The EU countries will start to re-open, and the foodservice demand will re-establish

Prices will see an increase during 2021 – everything else being equal

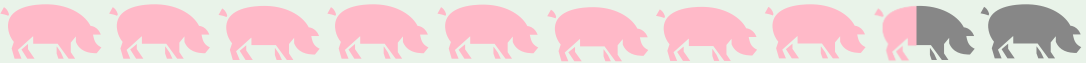
Germany

Outlook on the pig slaughter in Germany



8-10%
decrease in killings of German-born pigs (Apr - Dec 2021)

4%
decrease in import of live pigs (since Sept 2020) - continuing



Total decrease of 12-14% ≈ 7 million pigs / year from April 2021

Consolidating slaughter capacity

We have over the years seen a consolidation of the slaughter capacity in Germany but at the same time the big 4 have expanded so the big question is " will we see the same pattern as in Denmark?"

Further elaborated

Closed slaughter capacity in Germany 2014 - 2020

A total capacity closure of approx. ***255.000 pigs/week**** *(2014-2020)*

From 2014 to 2020 the slaughter capacity in Germany has fallen by **215.000 pigs/week** by either closure of entire factories or by terminating pig slaughtering in specific factories.

New EU-Hygiene Standards back in 2009 is estimated to have caused an additional decline of **40.000 pigs/week** in slaughter capacity from 2014-2020 – due small abattoirs and butchers closing.

***DISCLAIMER:** A calculated total of the closed capacity and the net capacity is not taken into consideration*

Changes in the EU competitive landscape

1st Division

- Denmark
- Spain
- Netherlands
- France

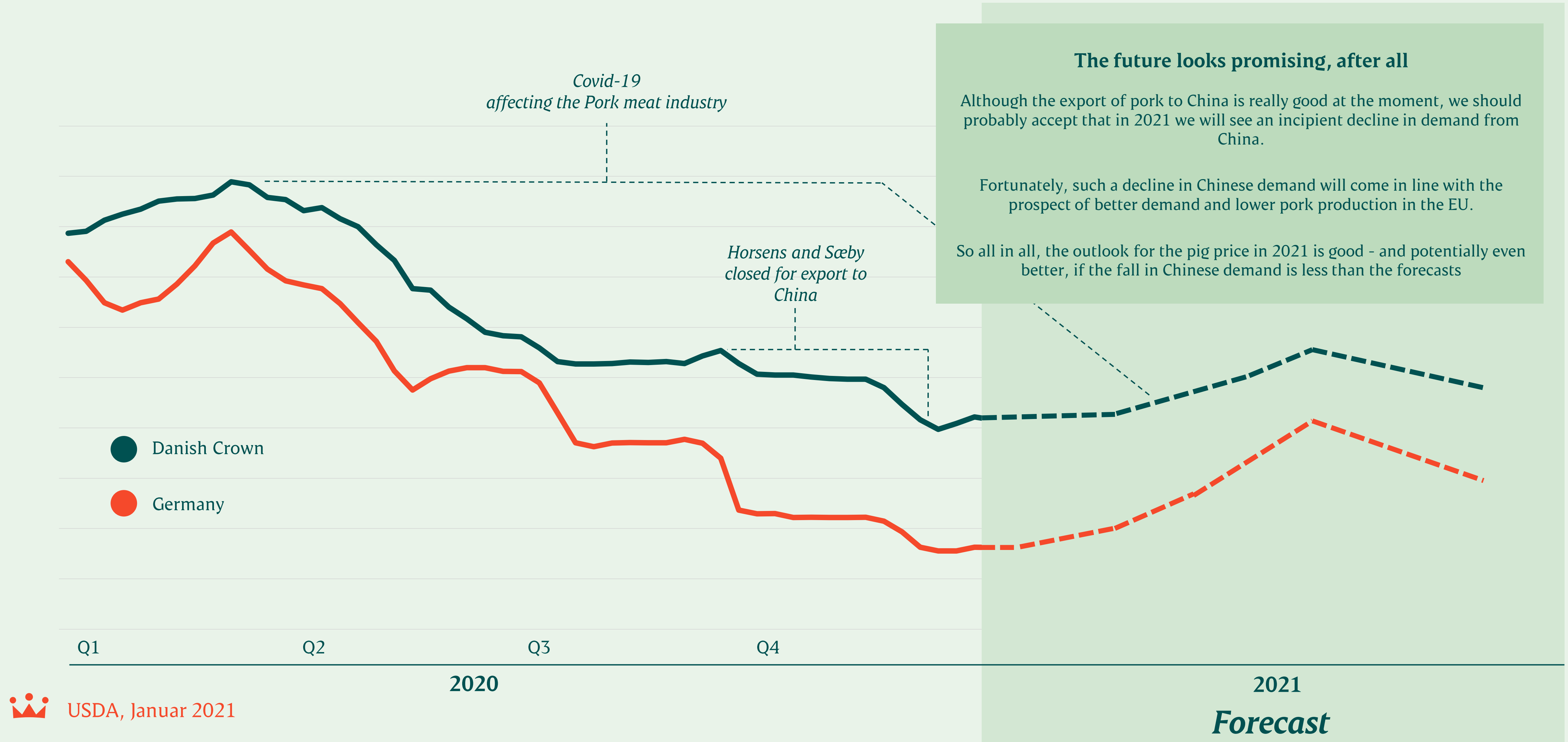
2nd Division

- Germany
- Poland
- Belgium
- Etc.

Quotation forecast

Quotation

Correction 2



USDA, Januar 2021

Danish Crowns lead and our competitiveness compared to Germany will continue throughout 2021

Corona related issue at German plants is easing

In average – Danish Crown expect to be at least **0,85 dkk/kg** (Corr. 2) ahead of Germany for year 2021

The decline in pigs are happing faster than the reduction in kill capacity

The back log Christmas/Corona pigs are potentially gone by Easter 21

ASF export restrictions will remain throughout 2021