

# Panorama de la Producción Porcina Mundial



**Luis Cerdán Ibáñez**  
President of International  
Swine Operations Smithfield

**Smithfield**

## AGENDA

- Panorama Mundial
- China
- Rusia
- USA/CANADA/MEXICO
- Brasil
- EU

## Desastres Naturales y Clima extremo



**Smithfield**

## Crecimiento económico en Asia

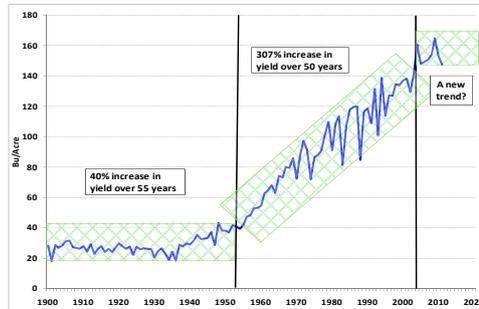
Country	2011 GDP Growth Rate	2012 Forecast GDP Growth Rate	Population
China	9.20%	8.35%	1,331,460,000
India	7.13%	6.90%	1,155,348,000
Indonesia	6.46%	6.30%	229,965,000

Rabobank

El incremento de la demanda de carne en China tiene el potencial para cambiar los balances de carne / grano & SBM de forma fundamental

## Deficits estructurales

Rendimientos históricos el Maiz en USA en Bu/Acre

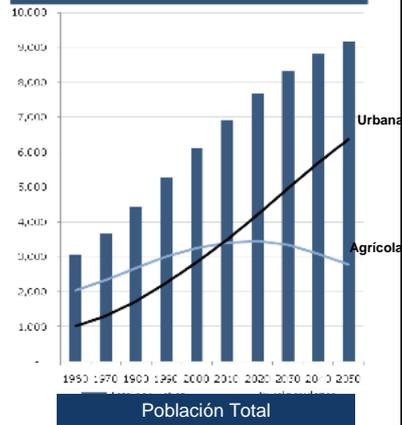


INCREMENTOS DE PRODUCTIVIDAD

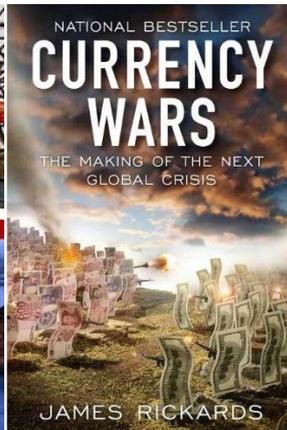


INCREMENTOS DE DEMANDA

Global population (in millions)

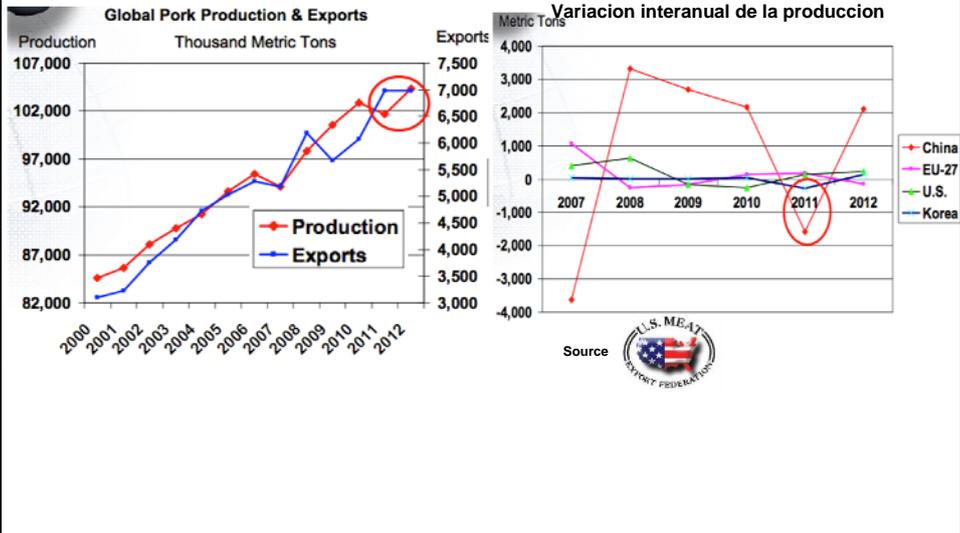


## China & Crisis Economica

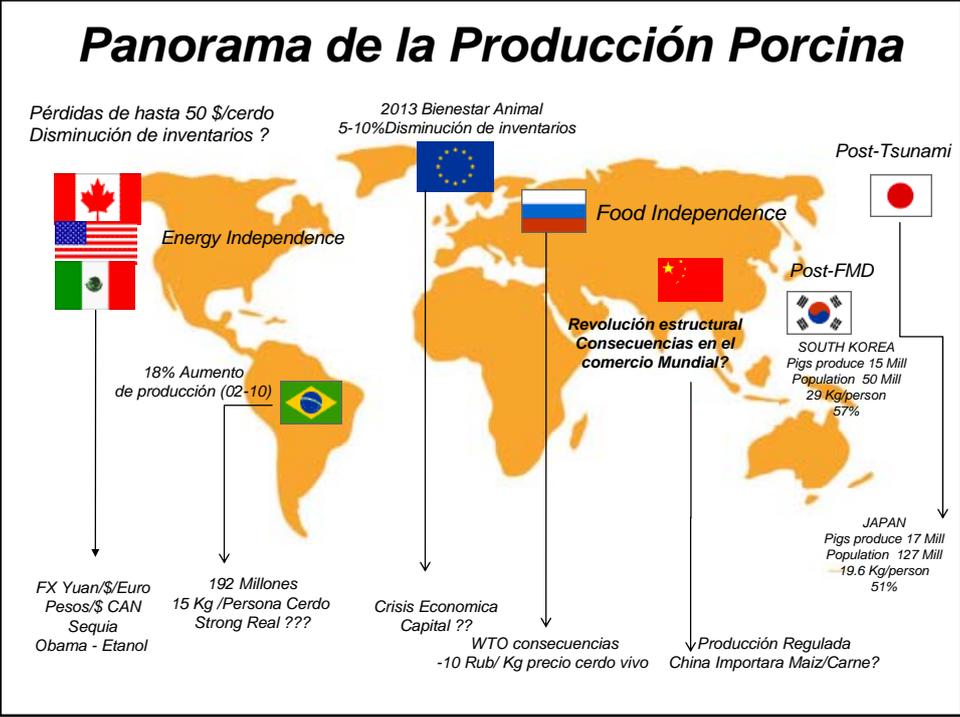


Smithfield

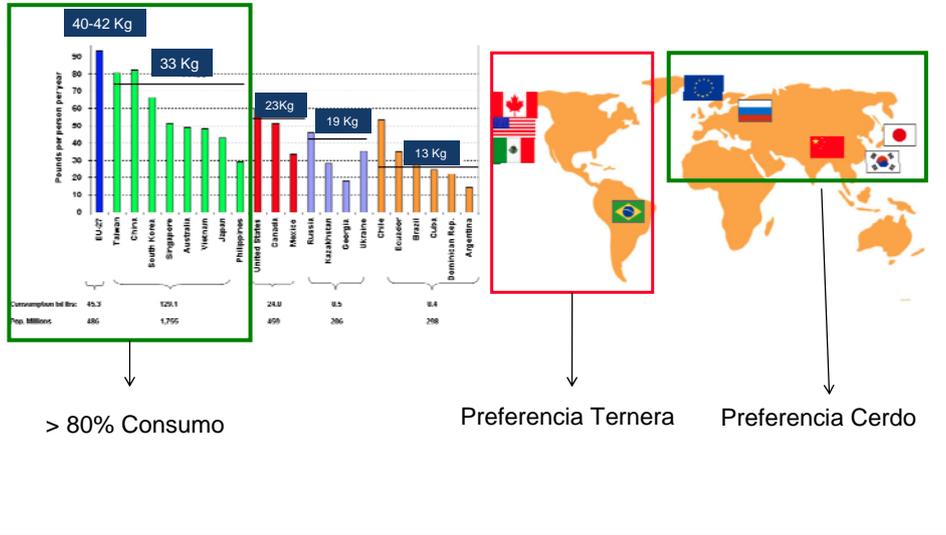
# Panorama de la Producción Porcina



# Panorama de la Producción Porcina



# Panorama del Consumo



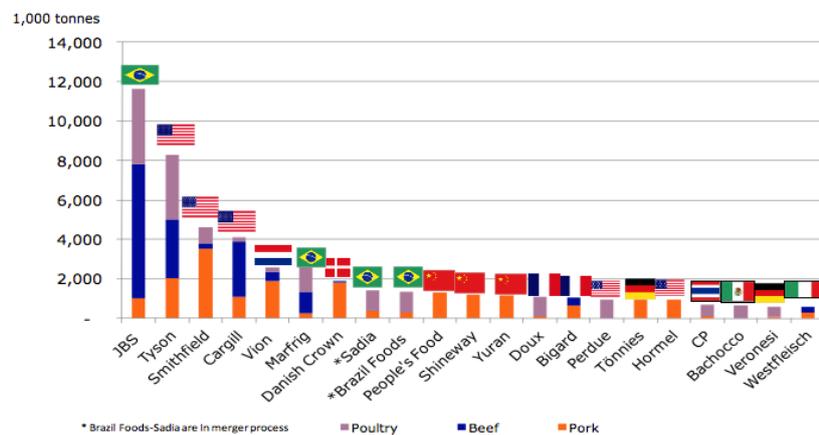
**La eficiencia y capacidades de toda la cadena son los responsables de la competitividad y desarrollo de la industria**



## La Industria Cárnica está cambiando

Global ranking: Meat companies

Source: Rabobank estimate based on public sources



## AGENDA

- China 
- Rusia
- USA/CANADA/MEXICO
- Brasil
- EU

## China transición a la industrialización



### China's Share of World Commodity Consumption

Industrial Commodity	China % of World	Food Commodity	China % of World
Cement	53.2%	Pigs	46.4%
Iron Ore	47.7%	Eggs	37.2%
Coal	46.9%	Rice	28.1%
Steel	45.4%	Soybeans	24.6%
Lead	44.6%	Wheat	16.6%
Zinc	41.3%	Chickens	15.6%
Aluminum	40.6%	Cattle	9.5%
Copper	38.9%	GDP	9.4%
Nickel	36.3%	Population	19.2% (1.3 Billion)
Oil	10.3%	Arable Land	9.0% (351 Million Acres)
		Arable Land Per Capita	.20 Acres
		% of World's Fresh Water	6%

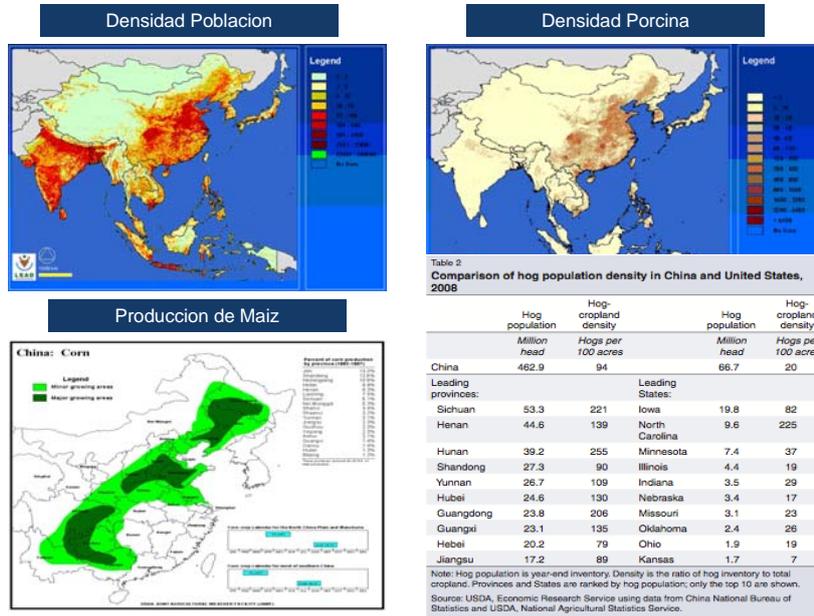
## China transición a la industrialización



- Food Security : El cerdo y el arroz son los estabilizadores

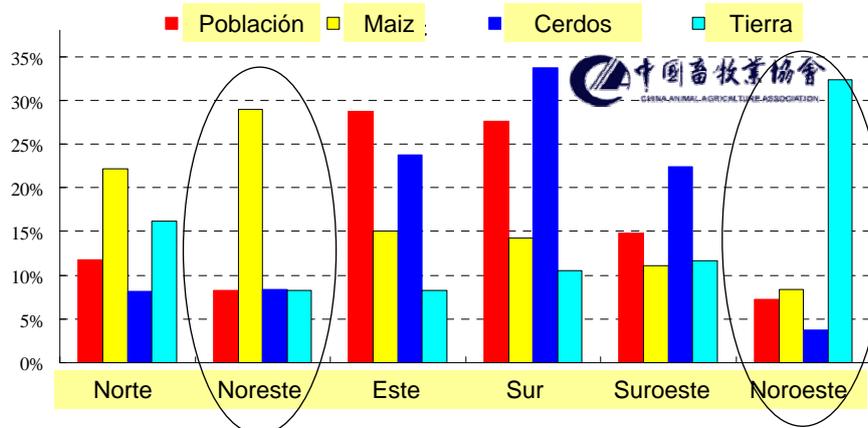


# China transición a la industrialización



# China transición a la industrialización

## Futuras posibles áreas de producción



## China transición a la industrialización

- Pequeños ganaderos dejan el negocio
- Nuevos conglomerados Agroindustriales con granjas de más de 2500 cerdas
- Epidemias ( PPC, FMD ,PRRS)
- Genética
- Clembuterol y seguridad alimentaria
- Integración vertical - coordinación de la cadena
- Producción controlada con subsidios y mecanismos de intervención del mercado
- Importación de materias primas
- Problemas medio ambientales
- Migración: 400 Millones – Salarios en las ciudades



## China transición a la industrialización

Beneficios en RMB/ Cerdo 2011-2012



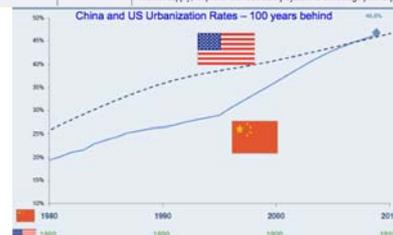
Figure 11. Hog farmers' profitability



Source: Citi Investment Research and Analysis

Intervención ratio Precio del cerdo/ Precio Maiz

Hog-grain price ratio <sup>1</sup>	Color code	Government action
Over 9:1		Sell frozen pork reserves into the market; issue subsidies to low-income consumers.
6:1 to 9:1	Green ("normal")	Monitor markets and price fluctuations; issue information. Pork reserves mainly used for emergencies and disasters.
5.5:1 to 6:1	Blue	Add to central and local pork reserves when ratio is in this range for 4 consecutive weeks.
5:1 to 5.5:1	Yellow	Subsidize interest on loans to large meat processing companies to encourage them to add to commercial reserves and increase pork processing.
Under 5:1	Red	Increase central reserves and require large and medium cities to increase local reserves of frozen pork when the ratio is in this range for 4 consecutive weeks. The number of live hogs kept in reserve may be increased. If the ratio is still in this range after reserve purchases, a temporary subsidy of 100 yuan per sow may be given to farms in main hog-producing counties when sow inventory is down 5 percent year-on-year. Appropriately limit pork imports to reduce the market supply; "improve" the food safety system to encourage pork exports.



## China transición a la industrialización

Yr	per capita	Popu	Appr. consumption	Dome. output	hogs	carcass wgt	In stock	Take off	No. sow	PSY-1
	grams/p/d	Bio	Million T	Mio T	mio head	kg/h	mio	%	mio	头
2005	95.0	1.308	45.4	45.6	603.3	75.5	460.54	131%	46.4	13
2008	96.8	1.328	46.9	46.2	612.0	75.5	453.32	135%	47.1	13
2010	105.0	1.339	51.5	50.7	667.1	76.0	469.79	142%	47.7	14
2015	108.0	1.378	54.3	54.1	676.5	80.0	466.56	145%	45.1	15
2020	110.0	1.413	56.7	56.6	690.6	82.0	460.42	150%	43.2	16

MUSIC FROM AND INSPIRED BY THE MOTION PICTURE  
**MISSION: IMPOSSIBLE**

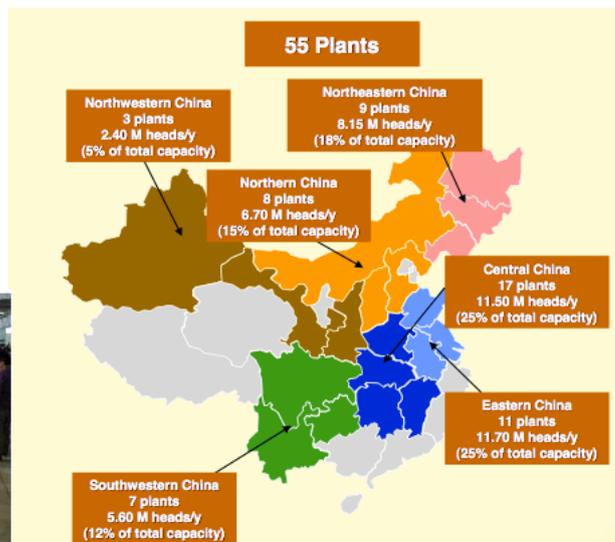
## China transición a la industrialización

Figure 9: Slaughtering capacity and actual slaughter numbers for selected companies in 2011

million head	Slaughter capacity by end 2011	Estimated actual slaughter numbers in 2011
Shineway	25	10
Yurun	46	15
People's Food	20	8
Shunxin Agriculture	3	2

Source: Company data, Rabobank estimates, 2012

En el 2015 Yurun quiere tener capacidad Para sacrificar 70 Millones de Cerdos y Shineway 50 Mill en 2012



China Yurun Food Group Limited  
 中國雨潤食品集團有限公司

## ***China transición a la industrialización***

### **China Pig Slaughter Forecast (Commercial Farm & Specialized Farm)**

		Unit:Head	
Company		Pig Slaughter in Y2015	Pig Slaughter in Y2020
温氏集团	Wenshi Group	10 Million	15-20 Million
正大集团	CP Group	5-10 Million	20 Million
新希望	New Hope Group	5 Million	> 10 Million
中农	COFCO	1-2 Million	> 10 Million
唐人神	Tang Ren Shen	3 Million	10 Million
正邦	Zhengbang	2 Million	> 5 Million
百世腾	Best	3 Million	5-10 Million
双汇	Shuang Hui	1 Million	> 5 Million
雨润	Yu Run	1 Million	> 5 Million
金锣	Jin luo	1 Million	> 5 Million
得利斯	Delisi	1 Million	> 5 Million
合计	Total	35 Million	100 million

## **AGENDA**

- Rusia 
- USA/CANADA/MEXICO
- Brasil
- EU

## Rusia el poder del dinero



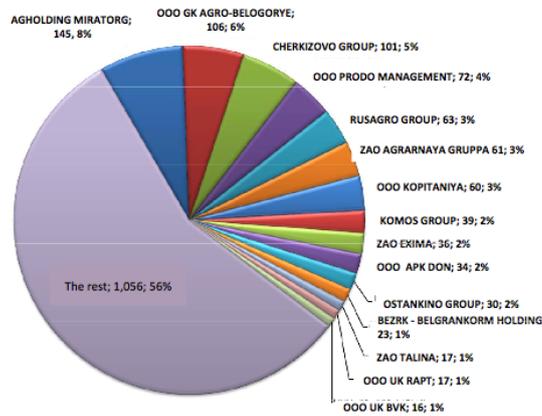
8.000 Millones \$ invertidos en la industria entre 2006-2011



15 largest companies made only 44% of the market in 2011 that indicates its high fragmentation. Market consolidation will take place by 2015 and the share of 15 largest companies will grow to 65%.

th. tonnes, live weight

Source : Rusia Pig producers



## Rusia el poder del dinero

Index	Unit of Measure	Europe, North America	Russia	
			Agricultural Enterprises	Private Subsidiary Farming
Pigs reared per sow per year	head	27	18	14
Meat production per sow per year	kg	2,190	1,400	1,082
Average daily gain of fatteners	g	778	520	334
Fattening feed conversion rate	kg	2.76	5.6	Up to 8
Preslaughter period	day	160	200	270
Slaughter meat yield	%	79	69	
Lean meat yield	%	63	52	



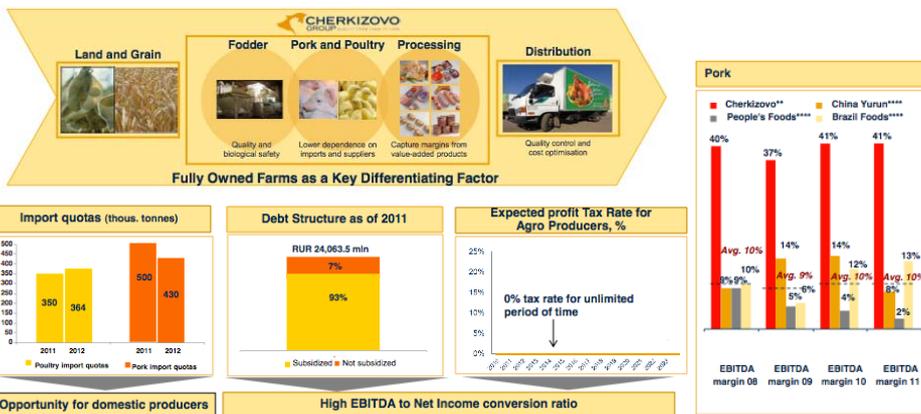
## Rusia el poder del dinero



**Independencia de las importaciones de carne**  
 Fotos Miratorg integración vertical  
 En 5 años el número de cerdos sacrificados en  
 Mataderos modernos pasará del 12% al 65%

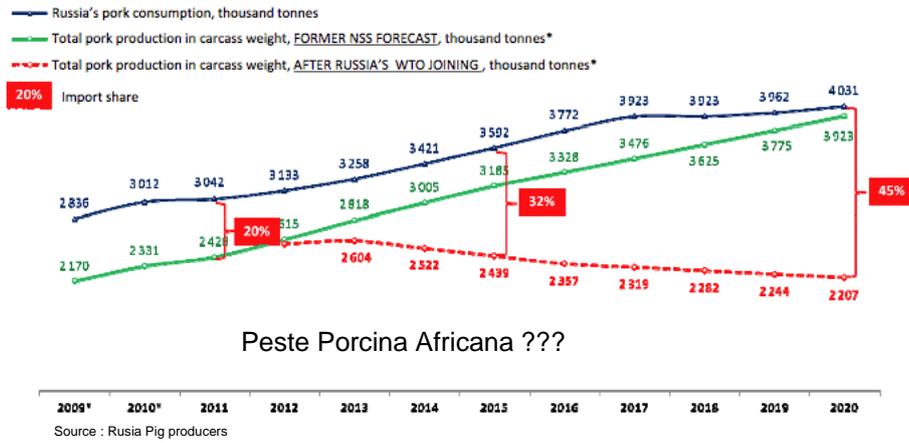
## Rusia el poder del dinero

La rentabilidad en la producción Porcina en Rusia es muy superior a los rangos internacionales.....



## Rusia el poder del dinero

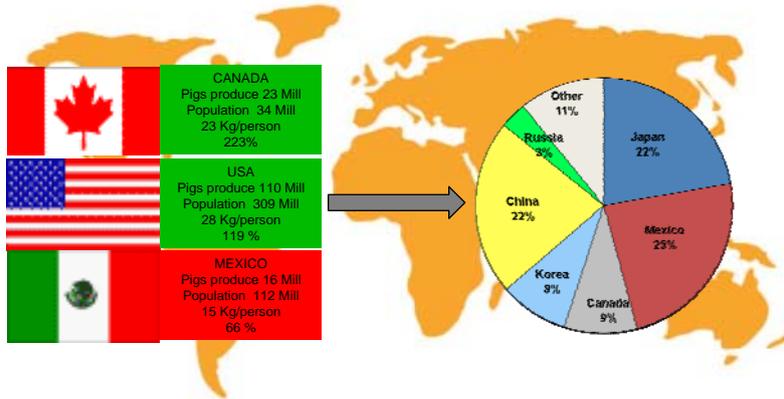
### Proyecciones de Producción Porcina en Rusia 2020



## AGENDA

- USA/CANADA/MEXICO 
- Brasil
- EU

## Es el Futuro en USA 1\$=1Euro ?



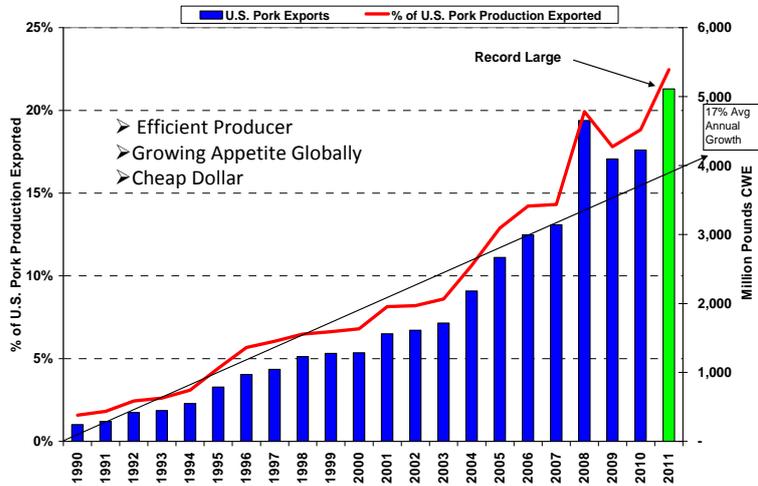
USA + CANADA EXPORTS: 3.3 mill TM

## Es el Futuro en USA 1\$=1Euro ?



Top 25 U.S. Pork Powerhouses* 2011					
2011 Ranking	Company/Headquarters	# of Sows in 2011	# of Sows in 2010		
1	Smithfield Foods/Smithfield, VA	Plus 98,000 sows in Mexico, 81,000 in Poland, and 49,000 in Romania. Worldwide total: 1,065,951 sows (down 41,815 from 2010). Another 30,000 sows to be cut in U.S. herd soon.	637,491	676,804	
2	Triumph Foods/El Joseph, MO	Chickasaw: 142,500, Harco: 80,000, New Fashion Pork: 52,000 (up 3,500), Dachsberger: 25,000, Allied Producers Co-op: 57,600 (up 2,500).	377,000	371,000	
3	Seaboard Foods/Shawnee Mission, KS		213,600	213,600	
4	The Meacham Co./Carlyle, IL	Bought Nebraska Park Partners	192,000	137,000	
5	Frontage Farms/Clio, NC	Bought farrow-to-finish operation in Teahama, OK, from Smithfield.	168,000	125,000	
6	Iowa Select Farms/Sears Falls, IA	Repopulated a sow farm that was depopulated a couple of years ago.	166,000	197,500	
7	The Pipetone System/Pipetone, MN	One sow farm on drawing board for 2012.	140,000	140,000	
8	Cargill/Minneapolis, MN	Expanding sow herd slowly in Dalhart, Texas.	123,431	118,000	
9	The Carthage System/Carthage, IL		92,000	85,000	
10	AVIC Management Services/Aurubon, IA	Added 5,000 sows through acquisitions.	82,000	77,000	
11	Marvel Foods/Goldsboro, NC	No expansion planned.	69,000	69,000	
12	Hornell Foods/Austin, MN	Do not plan to increase numbers.	54,000	54,000	
13	Tyson Foods/Springdale, AR	No changes planned.	52,000	52,000	
14	Progressive Swine Technology/Columbus, NE	Fewer sows on same number of farms.	50,000	53,300	
15	Hatfield Quality Meats/Hatfield, PA	Expecting slight increase in sow number in the next few months.	45,900	46,800	
16	Wakefield Pork/Gaylord, MN	Acquired a 2,400-sow unit in MN.	42,900	40,500	
17	Texas Farm/Perryton, TX	Not planning any expansion in the next few months.	42,500	40,500	
18	Holden Farms/Northfield, MN		40,000	40,000	
19	Trioak Foods/Dakota, IA	No plans to change numbers in the next six months.	35,000	35,000	
20	Schwartz Farms/Sleepy Eye, MN		30,000	30,000	
20	Wilke Farms/Leigh, NE		30,000	30,000	
22	MSP2 (AgFeed Industries)/Ames, Iowa	Any future expansion would be acquisition.	27,600	27,600	
23	Hog Star/Newton Grove, NC		25,900	23,000	
24	Swine Graphics Enterprises/Webster City, IA		24,100	24,100	
25	Garland Farm Supply/Garland, NC		22,100	22,100	
	<b>Total</b>	Gain of 83,879 sows in 2011	<b>2,973,582</b>	<b>2,889,704</b>	

## Es el Futuro en USA 1\$=1Euro ?



Etanol + \$ valor + Fuerte dependencia de la exportación

31

## Es el Futuro en USA 1\$=1Euro ?



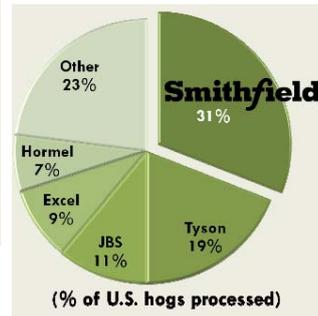
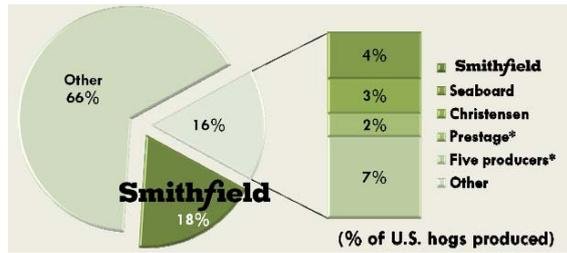
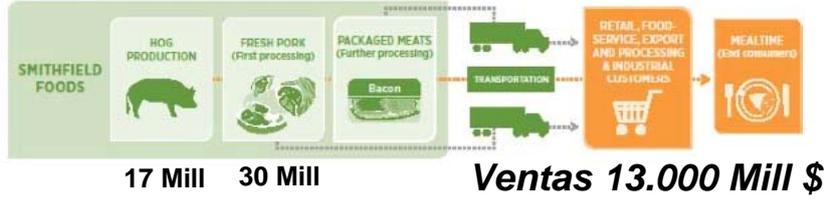
Nuevo nivel de precios del maíz ?



Rentabilidad por cabeza 1999-2011



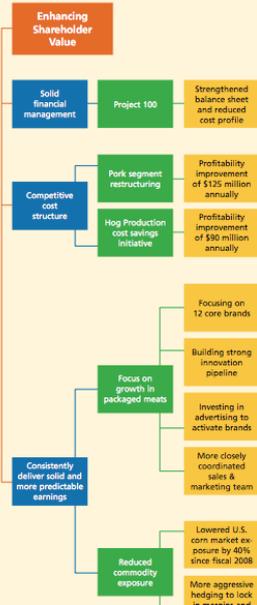
# Smithfield



# Smithfield

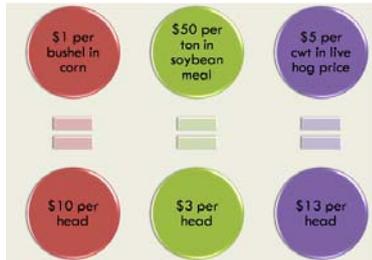


## SUCCESSFULLY EXECUTING GROWTH STRATEGIES



# Smithfield

		Annual Volume
Feed Ingredients	Corn	150 million bushels
	Soybean meal	1.1 million tons
	Hog Production	16.5 million hogs
	Natural Gas	8.6 million BTU



Goal		
Buy corn @ \$4.00 per bushel to lock in \$55 per hundredweight breakeven		
	Cash	Futures
Today		Buy corn contract @ \$4.00 per bushel
Later	Buy corn in spot market @ \$6.00 per bushel	Sell corn contract back @ \$6.00 per bushel
Results		
	Cash price paid	\$6.00 per bushel
	Less futures gain	\$2.00 per bushel
	<b>Net buying price</b>	<b>\$4.00 per bushel</b>

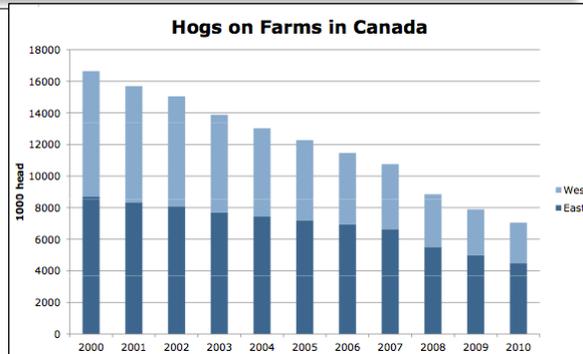
Manejar la volatilidad

## Canada subsidios o ajuste ?



Western Canada Pork Powerhouses 2011				
2011 Ranking	Company/Headquarters		# Of Sows In 2011	# Of Sows In 2010
1	HyLife (was Hyltek)/LaBroquerie, MB	Purchased an existing sow herd.	60,000	53,000
2	Big Sky Farms/Humboldt, SK	No intention of expanding in the near term.	42,000	42,000
3	Maple Leaf Agri-Farms/Landmark, MB		35,000	35,000
4	The Puratone Corporation/Niverville, MB	Don't expect much change in the near term.	28,000	28,000
5	ProVista Agriculture/Steinbach, MB	Acquired two farms.	28,000	25,000
	<b>Total</b>	Gain of 10,000 sows	<b>193,000</b>	<b>183,000</b>

Big Sky and Puratone a la venta



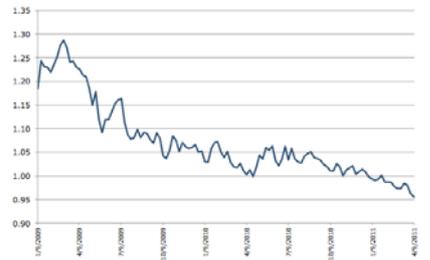
## Canada subsidios o ajuste ?



### Mataderos USA /CANADA

	US	Canada	Quebec
Avg. Daily Capacity	13,000	3,200	2,700
Five Largest	21,000	8,400	5,500
# Plants >40,000 hd per week	20	3	0

Canadian Dollar/USD



## Jamones Americanos & Obradores



**Sigma**  
alimentos



**norson**

**GCM**  
Granjas Carroil de México, S. de R.L. de C.V.

PRODUCER	Estado	Swine	Crecimiento	%
GCM	Veracruz	62,000	12,500	9.70%
Carlos Ramirez GENA	Jalisco	60,000	10,000	9.39%
KEKEN (GPM)	Nuevo Leon	40,000	24,000	6.26%
Proteins Animal (Manuel Rome)	Jalisco	40,000	10,000	6.26%
NOFESON	Sonora	35,000	10,000	5.48%
NOFAT	Sonora	23,400		3.66%
Socorro Romero	Puebla	18,000		2.82%
SOLES	Son/Gto	17,000		2.66%
Los RUIZ.	Jalisco	17,000	5,000	2.66%
QUIA	Jal/Sonora	12,000		1.88%
Alianza Jimenez	Jalisco	14,000		2.19%



# AGENDA

- Brasil 
- EU

## *Brasil : La competencia de la Ternera y el Pollo*



BRAZIL  
Pigs produce 36 Mill  
Population 192 Mill  
15 Kg/person  
122 %

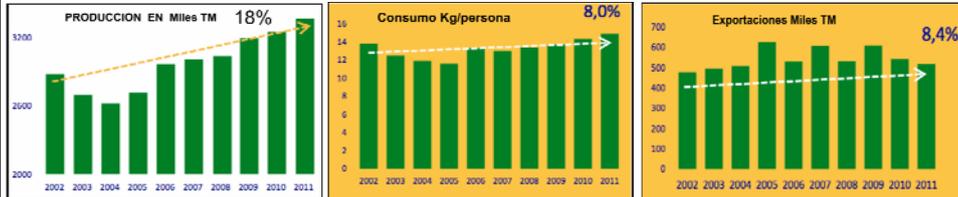


PRODUCER	CERDAS	Matanza Anual
BRF	454,545	10,000,000
AURORA	159,000	3,500,000
MAFRIG	113,500	2,500,000
ALIBEM	55,000	1,220,000
PAMPLONA	54,500	1,200,000
FRANGOSUL	43,000	940,000
FRIMESA	25,000	551,500
PIF PAF	24,000	527,300
COSUEL	14,000	300,000
COTRUI	11,000	243,200
TOTAL	953,545	20,982,000

Source : Roppa 2012

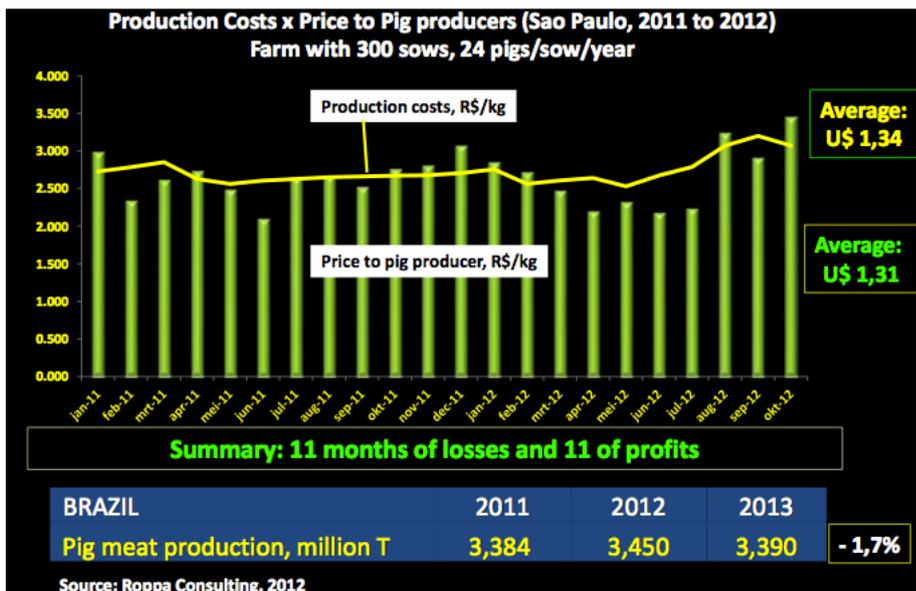
***Brasil 10 productores 58 % del mercado***

## Brasil : La competencia de la Ternera y el Pollo



2011/2022 PERSPECTIVAS			
	PRODUCCION	CONSUMO	EXPORTACIONES
2011/2012	3,384	2,852	0.532
2021/2022	4,067	3,313	0.655
CRECIMIENTO %	20%	16%	23.00%

## Brasil : La competencia de la Ternera y el Pollo



## Brasil : La competencia de la Ternera y el Pollo

- Tierra y clima
- Exportador de grano y Soja
- Integración vertical
- Altos pesos de sacrificio
- Productor eficiente >26 PSY y <2.67 Total Herd FC
- Infraestructura y transporte complicado
- Baja rentabilidad de los productores
- Preferencia por otras carnes
- Real - \$ Apreciación !
- Coste del capital

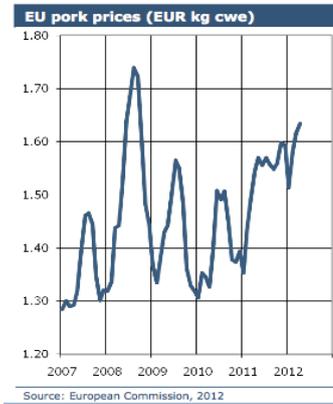
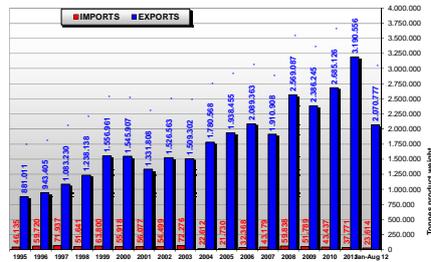


## AGENDA

- EU

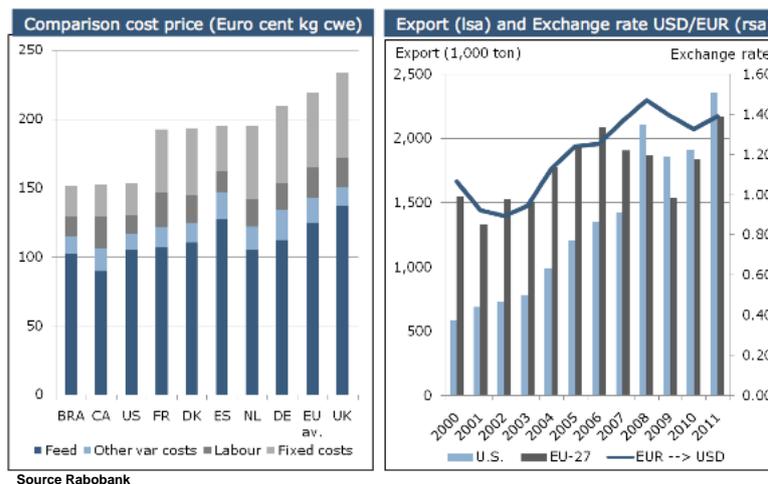


## EU las exportaciones dirigen el mercado



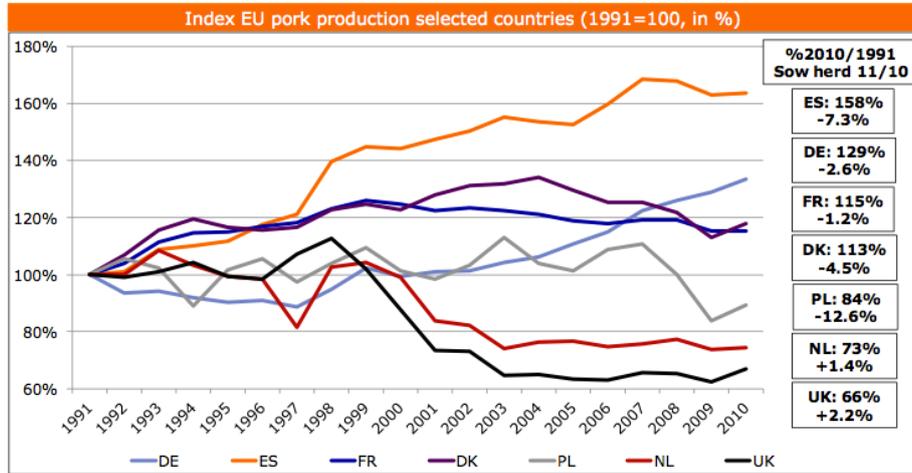
Aumento de la exportación y aumento del precio de venta del cerdo en EU

## EU las exportaciones dirigen el mercado



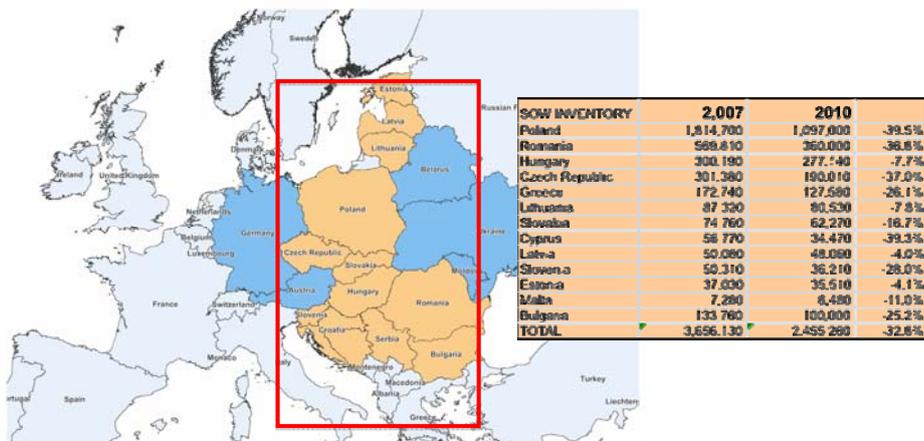
Seremos capaces de continuar siendo competitivos en los mercados de exportación ?

## EU las exportaciones dirigen el mercado



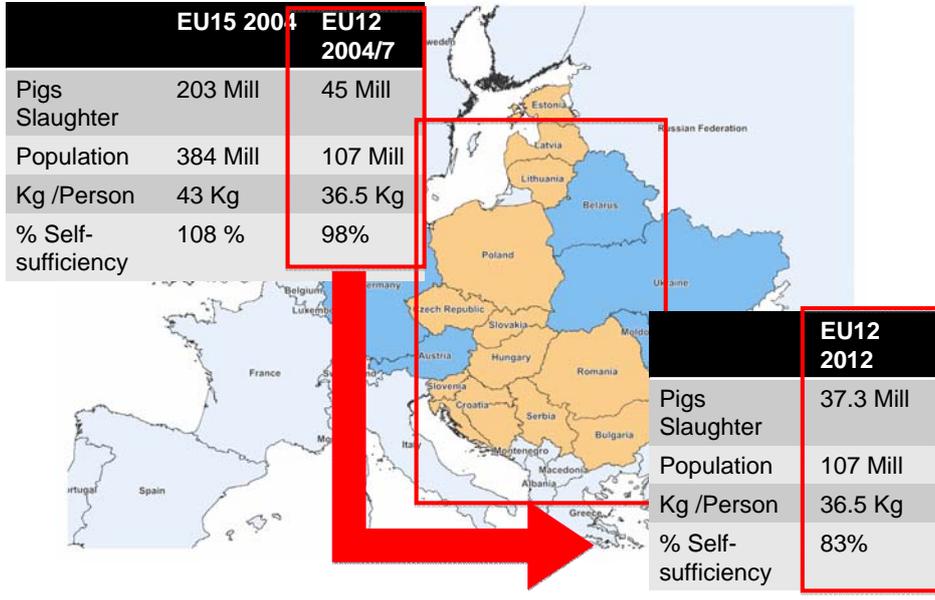
**España y Alemania son los países ganadores**

## Cambios en Europa Central

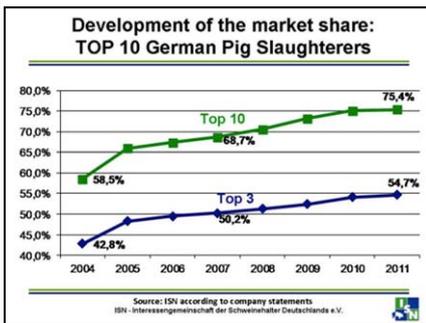


**- 1.2 Mill CERDAS 2007-2010**

## Europa Central 83% Autosuficiente



## EU CONCENTRACION Y PODER DE LOS SUPERMERCADOS



- **Exceso de capacidad de sacrificio**
- **Ineficiencias en la producción**

## Panorama 2010-2020

PAÍS	PRODUCCIÓN	CONSUMO	EXPORTACIÓN
CHINA	↑↑↑	↑↑↑	
USA	↑=	↑	↓
EU	↓=	=↓	↑
CANADA	↓=	=	=
BRASIL	↑	↑	↑
RUSIA	↑	↑	

- **Los motores del crecimiento de la producción de carne hasta el 2020 serán China , Rusia y Brasil**
- **El 70 % del crecimiento de la demanda procederá de Asia**