The leadership dividend in sustainable beef

The compelling case for action

Justin Sherrard
October 2018

Banking for Food

Rabobank
Three points to set the scene

People will continue to eat beef (lots of people!)

The market is changing, and the beef industry needs to respond

Leaders have the opportunity to shape the future in their favour

Source: Rabobank, 2018
Beef production outlook
Positive short-term outlook for beef production

Beef production rising, led by North America and South America

Source: OECD-FAO, USDA, EU Commission, Rabobank, 2018
Four issues drive the near term outlook

- Strong consumer confidence supports beef consumption
- Potential protein over-supply in some markets to pressure prices
- African Swine Fever outbreaks have the potential to impact global meat prices
- Cost of production pressures – feed prices and labour costs are rising

Source: Rabobank, 2018
Longer term outlook – (most of) the giants plan to get bigger

Source: OECD-FAO; Rabobank, 2018
Longer term, five issues shape the outlook

- Trade flow disruptions as protectionism grows
- Consumer preferences (and food retailer/foodservice company responses) shape production systems and supply chains
- The rise of alternative proteins
- Action on greenhouse gas emissions
- Technology integration into production and processing, and linking supply chains

Source: Rabobank, 2018
Navigating through a busy and unpredictable world
Sustainability commitments around beef could look quite different

*Ikea—*a global top 10 food company*—is growing food revenue, not footprint*

Source: IKEA, 2018
Building a new market is possible

Protix is building a market for insects by focusing on what it can do

Source: Protix, 2018
Why selling less product can make sense

Heineken is turning a shrinking market into a growth opportunity

Source: Heineken, 2018
Who shapes our destiny?
Leaders do
The leadership dividend is clear and compelling

*Leadership means setting the direction, not following. Leadership builds trust. It will generate business value in four areas:*

- Improve risk management
- Increase efficiency
- Maintain or grow market access
- Retain access to capital

Source: Rabobank, 2018
This document is meant exclusively for you and does not carry any right of publication or disclosure other than to Coöperatie Rabobank U.A. ("Rabobank"), registered in Amsterdam. Neither this document nor any of its contents may be distributed, reproduced, or used for any other purpose without the prior written consent of Rabobank. The information in this document reflects prevailing market conditions and our judgement as of this date, all of which may be subject to change. This document is based on public information. The information and opinions contained in this document have been compiled or derived from sources believed to be reliable; however, Rabobank does not guarantee the correctness or completeness of this document, and does not accept any liability in this respect. The information and opinions contained in this document are indicative and for discussion purposes only. No rights may be derived from any potential offers, transactions, commercial ideas, et cetera contained in this document. This document does not constitute an offer, invitation, or recommendation. This document shall not form the basis of, or cannot be relied upon in connection with, any contract or commitment whatsoever. The information in this document is not intended, and may not be understood, as an advice (including, without limitation, an advice within the meaning of article 1:1 and article 4:23 of the Dutch Financial Supervision Act). This document is governed by Dutch law. The competent court in Amsterdam, the Netherlands has exclusive jurisdiction to settle any dispute which may arise out of, or in connection with, this document and/or any discussions or negotiations based on it. This report has been published in line with Rabobank’s long-term commitment to international food and agribusiness. It is one of a series of publications undertaken by the global department of RaboResearch Food & Agribusiness. ©2018 - All Rights Reserved.