



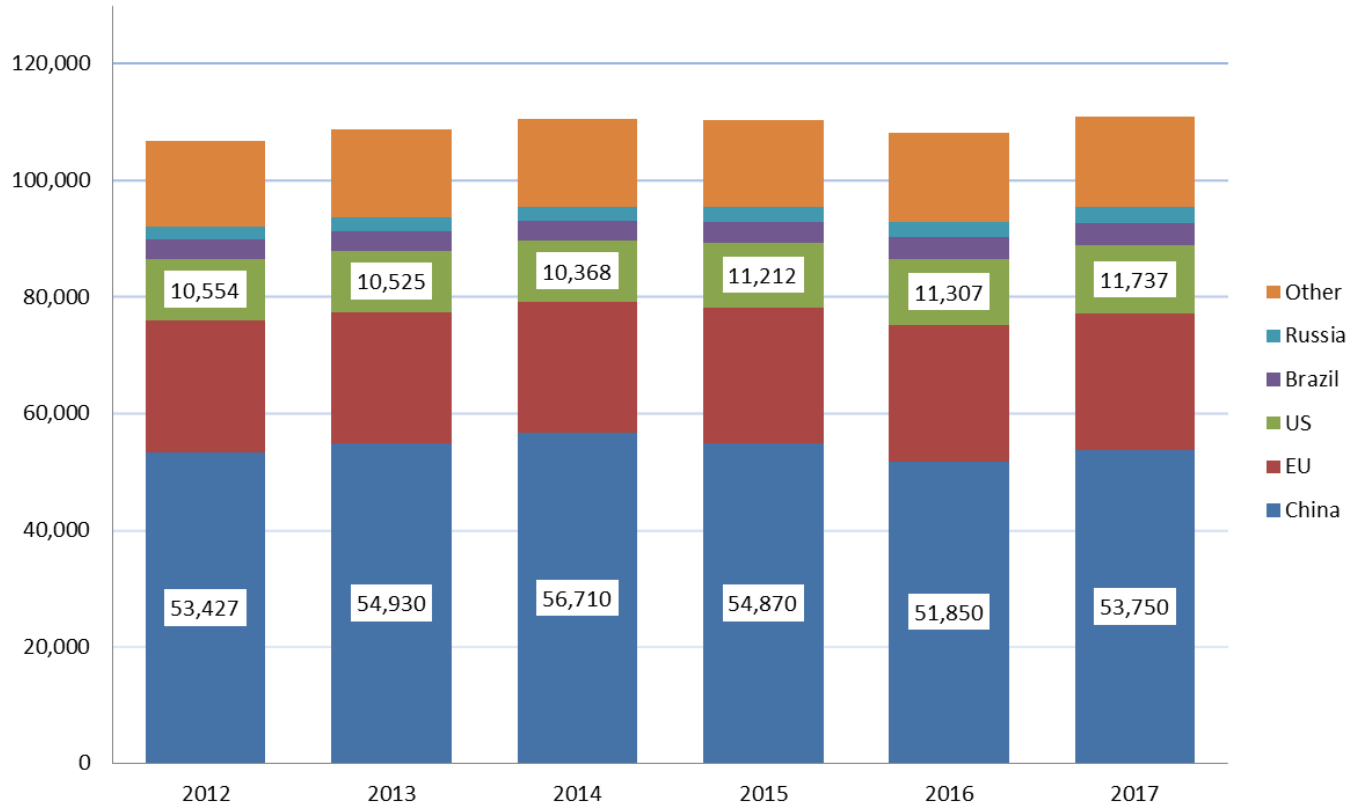
NOPA

Feb 2017



Global Pork Production

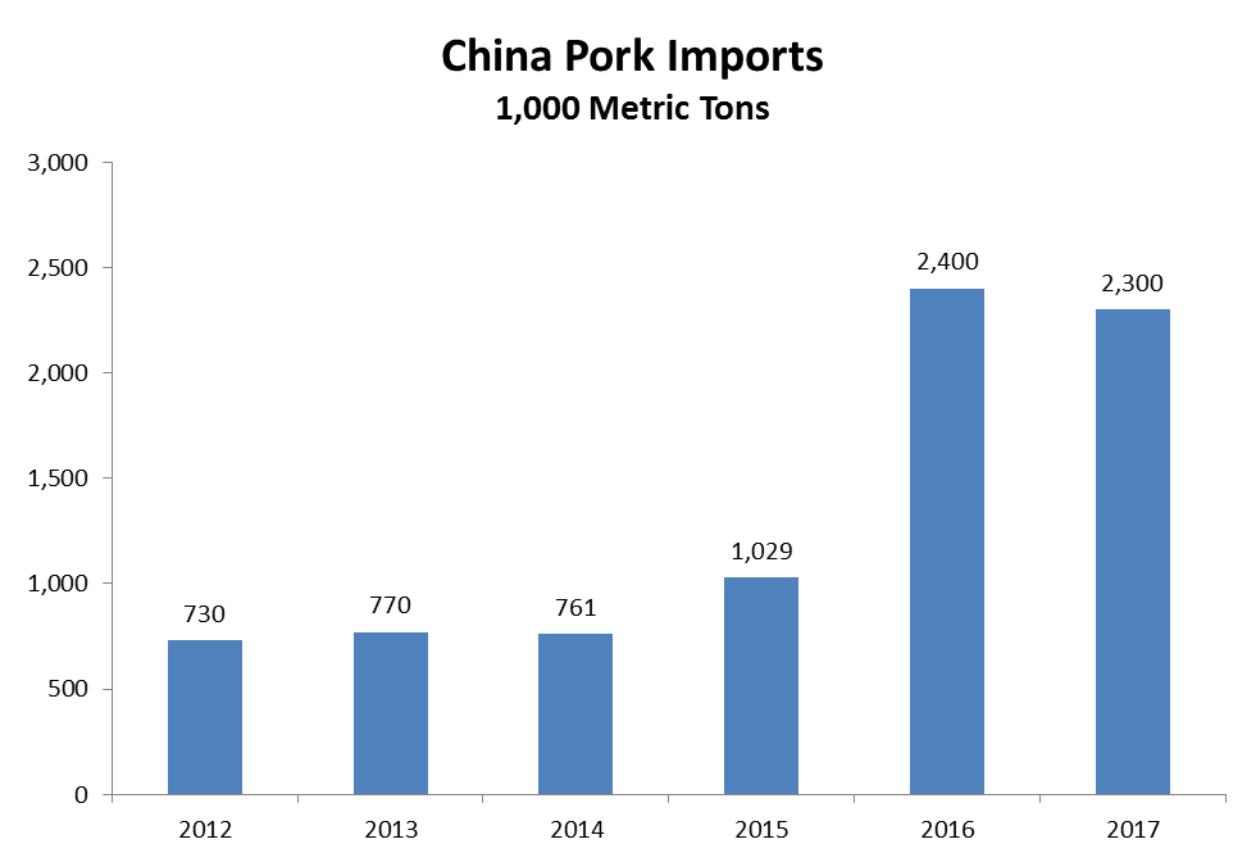
Global Pork Production
1,000 Metric Tons



- Global pork production forecasted to increase 2.6% next year
- US (+3.8%) and China (+3.6%) outpacing global growth

Source: USDA

China Pork Imports

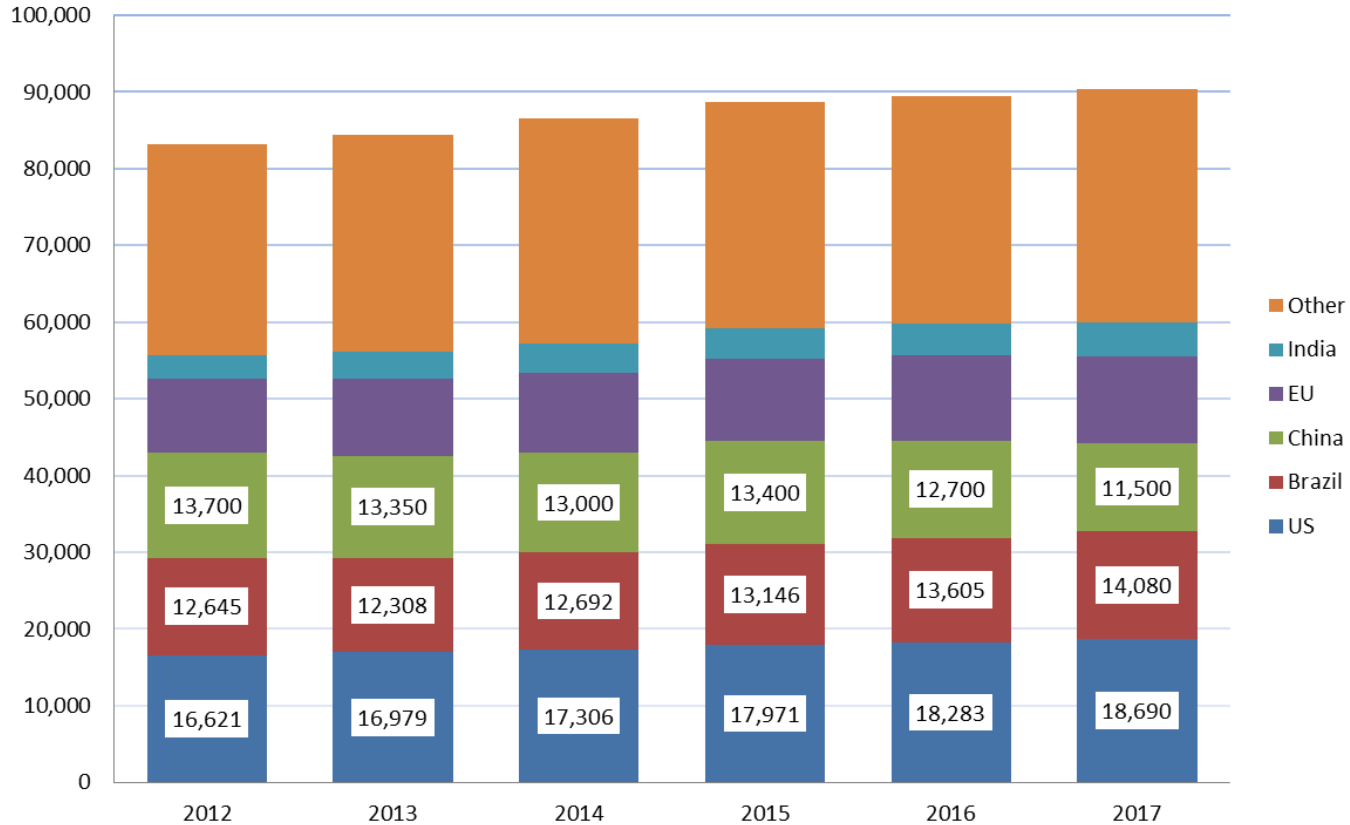


- China's pork imports increased 130% in 2016 and forecasted to remain strong in 2017



Global Poultry Production

Global Broiler Production 1,000 Metric Tons

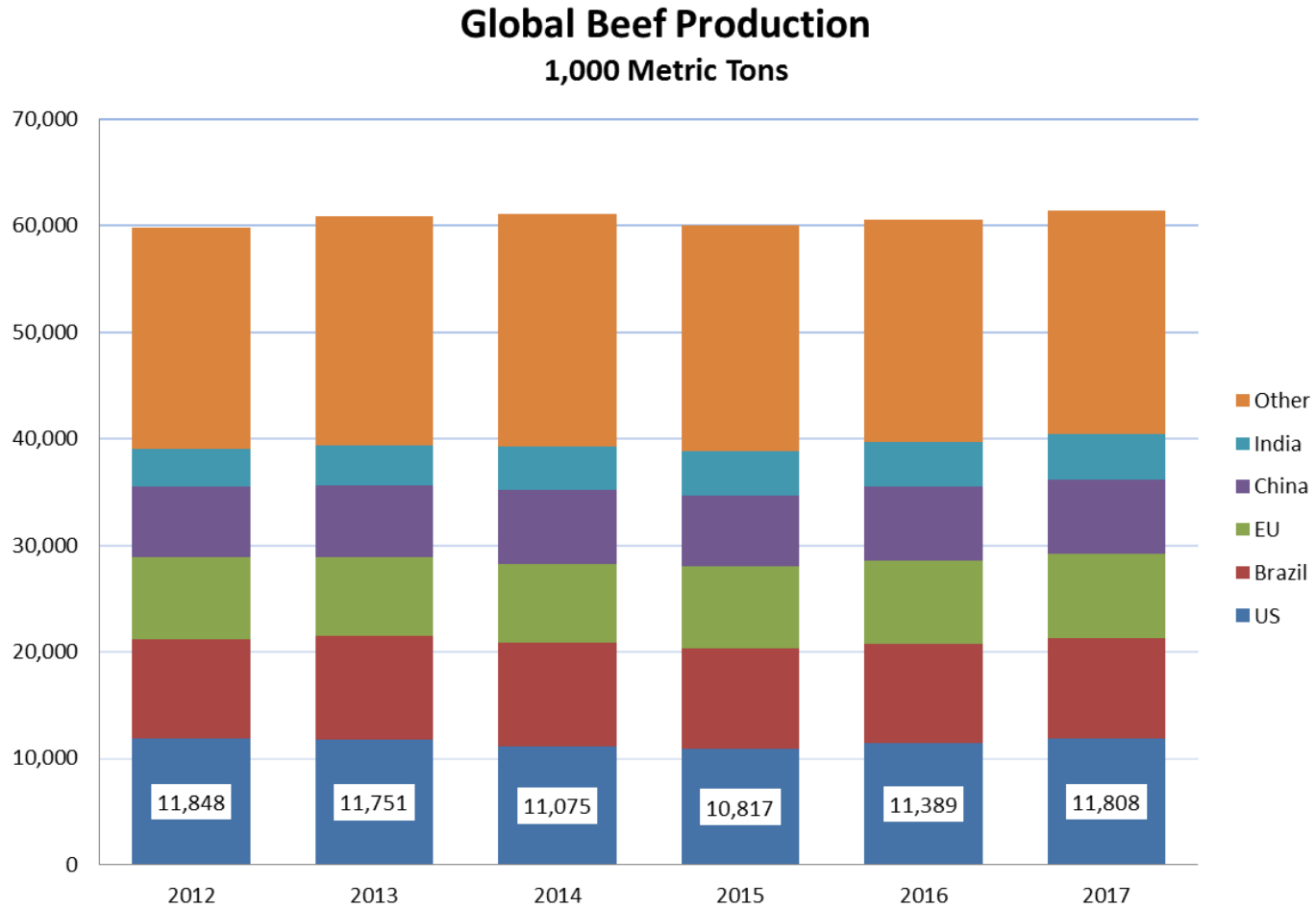


- Global broiler production forecasted to increase 1% next year
- US (+2.2%) and Brazil (+3.5%) outpacing global growth

Source: USDA



Global Beef Production



- Global beef production forecasted to increase 1% next year
- US (+3.7%) outpacing global growth

Source: USDA

Changing Consumer Trends

Consumer demand for chicken raised without the routine use of antibiotics and Veg Fed is growing fast. While these poultry products are still in a minority of sales of poultry sold in the United States, the growth trajectory is transforming the broader marketplace. The production of chicken raised without the routine use of antibiotics, and a veg fed diet has become part of the mainstream. Motivated by personal health, environmental concerns, animal welfare, taste, and quality concerns, many consumers are seeking alternatives to conventional meat products, which are typically produced with routine use of antibiotics.



All-Vegetable Diet or “Veg Fed”

Poultry feed is made primarily from corn and soybean meal. Poultry feed sometimes includes some processed protein and fats and oils from meat and poultry by-products. The composition of all animal feed ingredients used in the United States is regulated by the Association of American Feed Control Officials (AAFCO). If the chicken company chooses not to use these ingredients, the feed would contain no ingredients derived from animals and could be described as “all vegetable”.



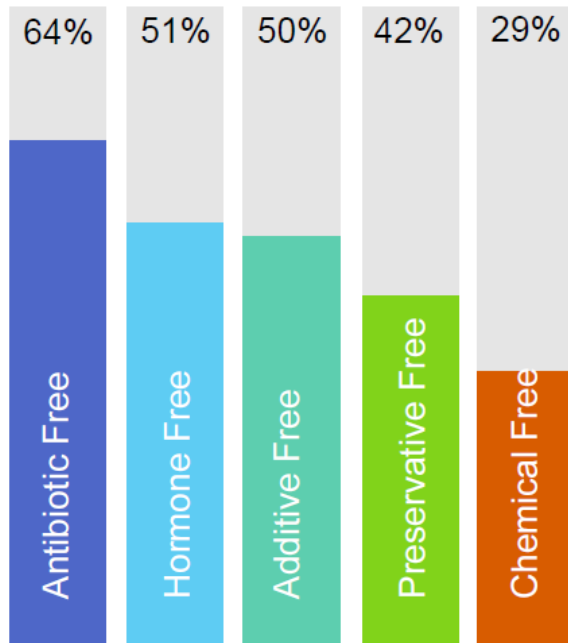
“Raised without Antibiotics” or “Antibiotic-Free”

“Raised without Antibiotics” on a package of chicken indicates that the flock was raised without the use of products classified as antibiotics for animal health maintenance, disease prevention or treatment of disease. Animal health products not classified as antibiotics (such as some coccidiostats, which control protozoal parasites) may still be used. “Antibiotic free” is not allowed to be used on a label but may be found in marketing materials not regulated by the U.S. Department of Agriculture. It means the same thing as “Raised without Antibiotics.”



Changing Consumer Trends

CLEANKEYWORDS FOOD SERVICE, AND RETAIL TRENDS: KEYWORDS



Antibiotic Free

ABF on a package of chicken indicates that the flock was raised without the use of products classified as antibiotics for animal health maintenance, disease prevention or treatment of disease



Hormone Free

Despite what you may hear, no artificial or added hormones are used in the production of any poultry in the United States. Regulations of the FDA prohibit the use of such hormones.



Additive Free

Some fresh (raw and uncooked) chicken products are enhanced with chicken broth or a similar solution. The presence and percentage of the broth or other solution must be stated clearly and the actual ingredients listed on the label.



Preservative Free "Natural"

Under USDA regulations, a "natural" product has no artificial ingredients, coloring ingredients, or chemical preservatives, and is minimally processed, just enough to get it ready to be cooked. Most ready-to-cook chicken can be labeled "natural," if processors choose to do so.



Chemical Free / Organic

Food that is labeled "organic" has been grown or raised without chemical fertilizers, pest killers (pesticides), weed killers (herbicides), hormones, or drugs.

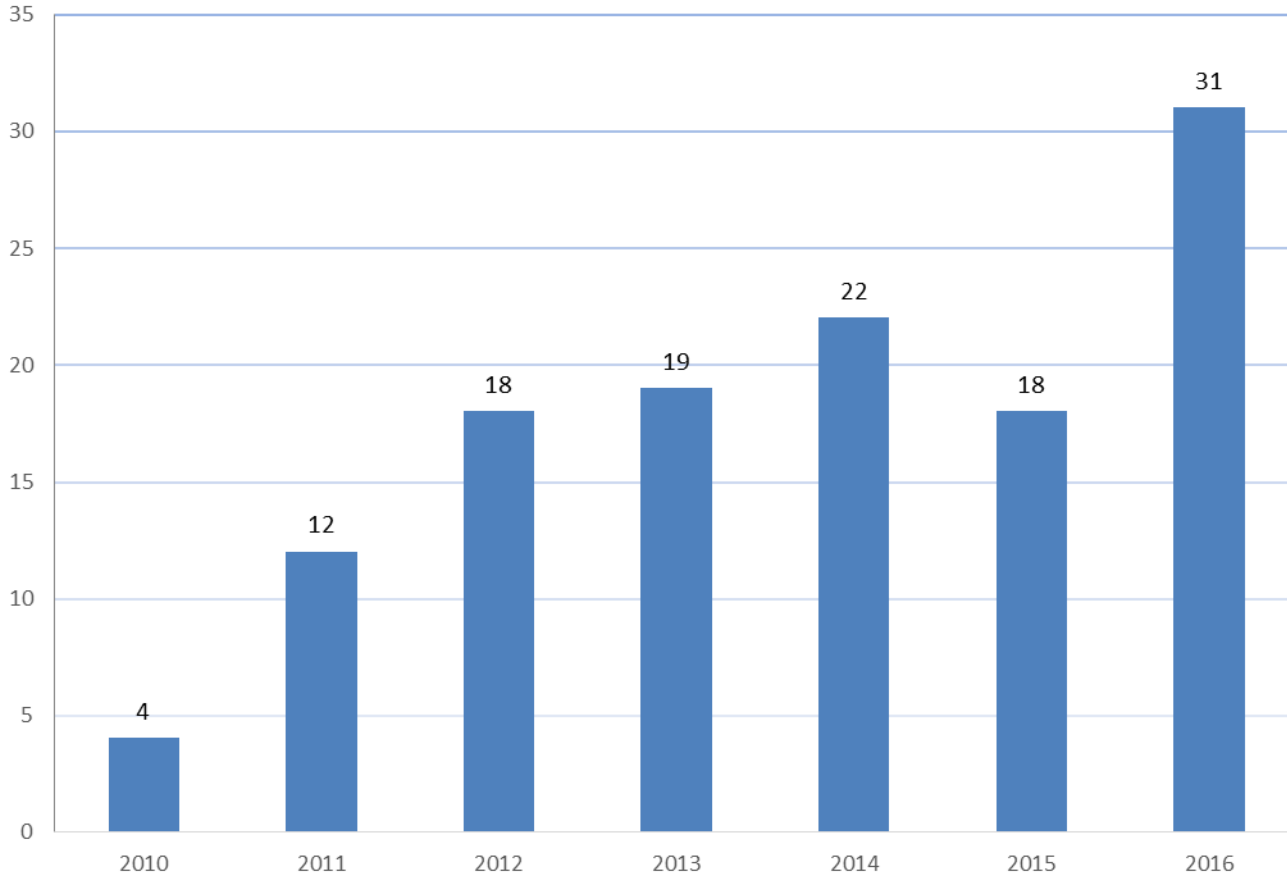
Changing Consumer Trends





Veg Fed

Veg Fed Growouts US Poultry



Source: Agri Stats



Antibiotic Free

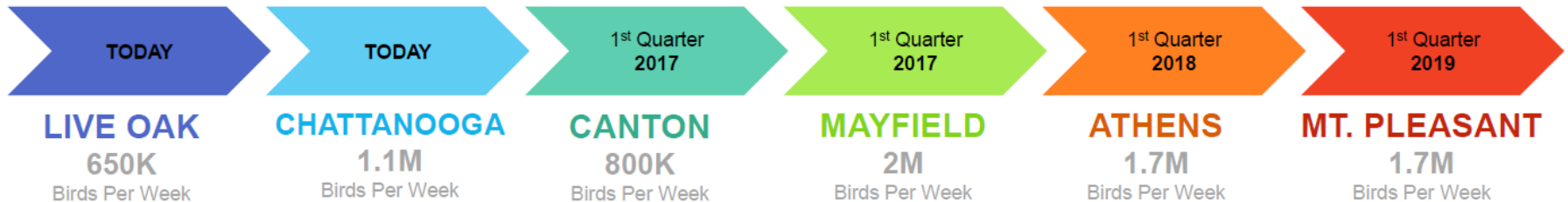
ANTIBIOTICFREE PILGRIM'S NO ANTIBIOTICS EVER (NAE) & ORGANIC INITIATIVES

“ Our team recognizes the importance of not only identifying key customers who are growing but more importantly seeking creative solutions to satisfy merging consumer demand preferences such as organic N.A.B.F. (naturally antibiotic free), which will lead to a stronger long-term relationship with our key customers. ” -*Bill Lovette*, Pilgrim's President and Chief Executive Officer



2nd Quarter 2017
SANFORD
ORGANIC PRODUCTION
650K Birds Per Week

Pilgrim's Antibiotic Free Chicken Production Goal is to be 20% of the market.



Antibiotic Free



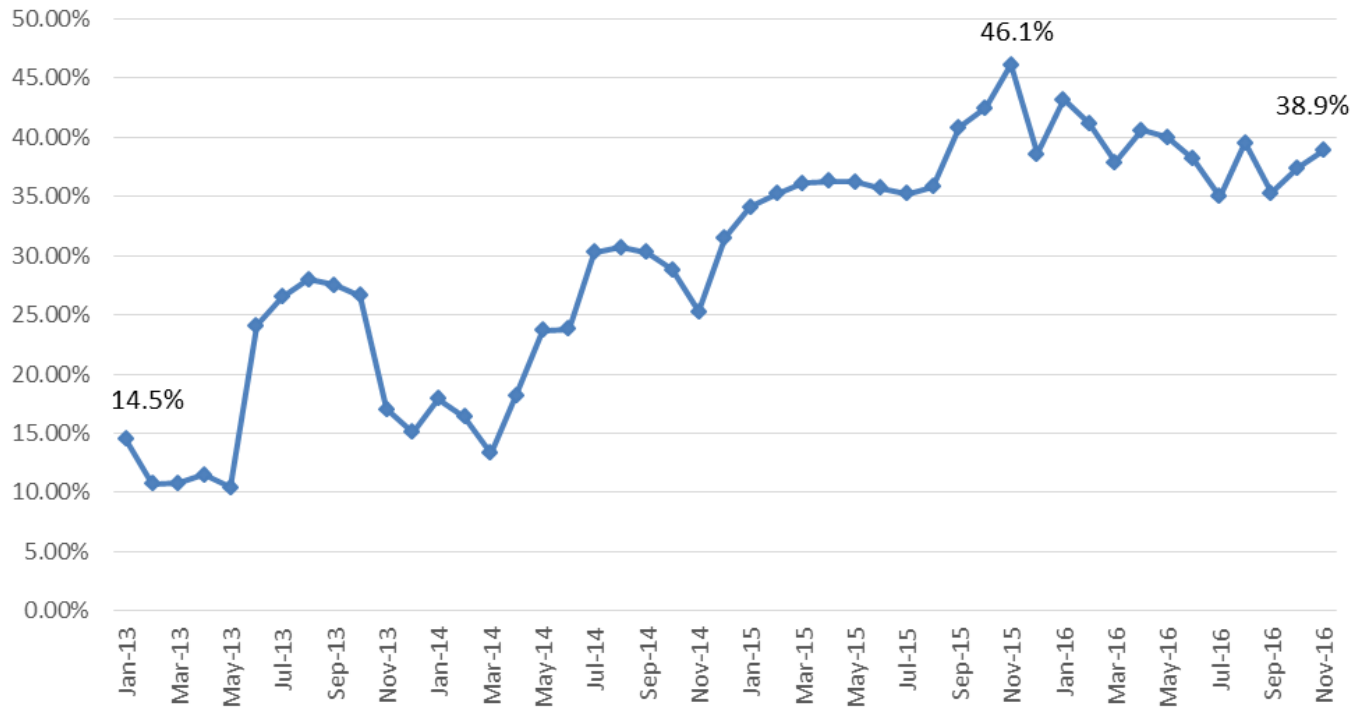
“We are committing to use chicken that is not raised with antibiotics important to human medicine. McDonald’s has been working closely with farmers for years to reduce the use of antibiotics in our supply, thus we are able to commit today to stop using antibiotics important to human medicine in chicken production for McDonald’s USA by March 2017.”



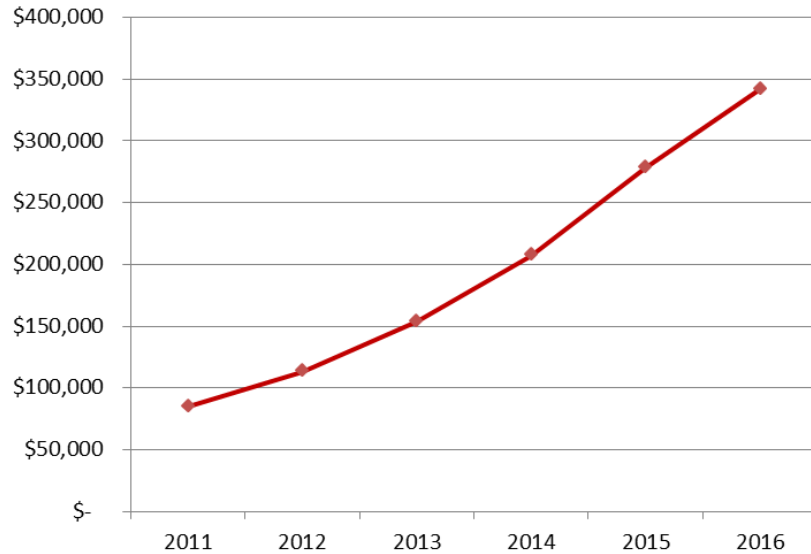
“In partnership with our suppliers, we’re working to establish a stable, sustainable, supply chain that can deliver on our promise of no antibiotics. Ever. This means that by the end of 2019, every customer, at every restaurant across the country will be served chicken without antibiotics every day (except Sundays, of course!).”

Antibiotic Free

Percentage of ABF Poultry Plants



Organic Chicken Retail Sales



- Retail organic chicken sales growing at exceptional rate
- Domestic organic soybean production relatively flat



US Organic Soybean Acres

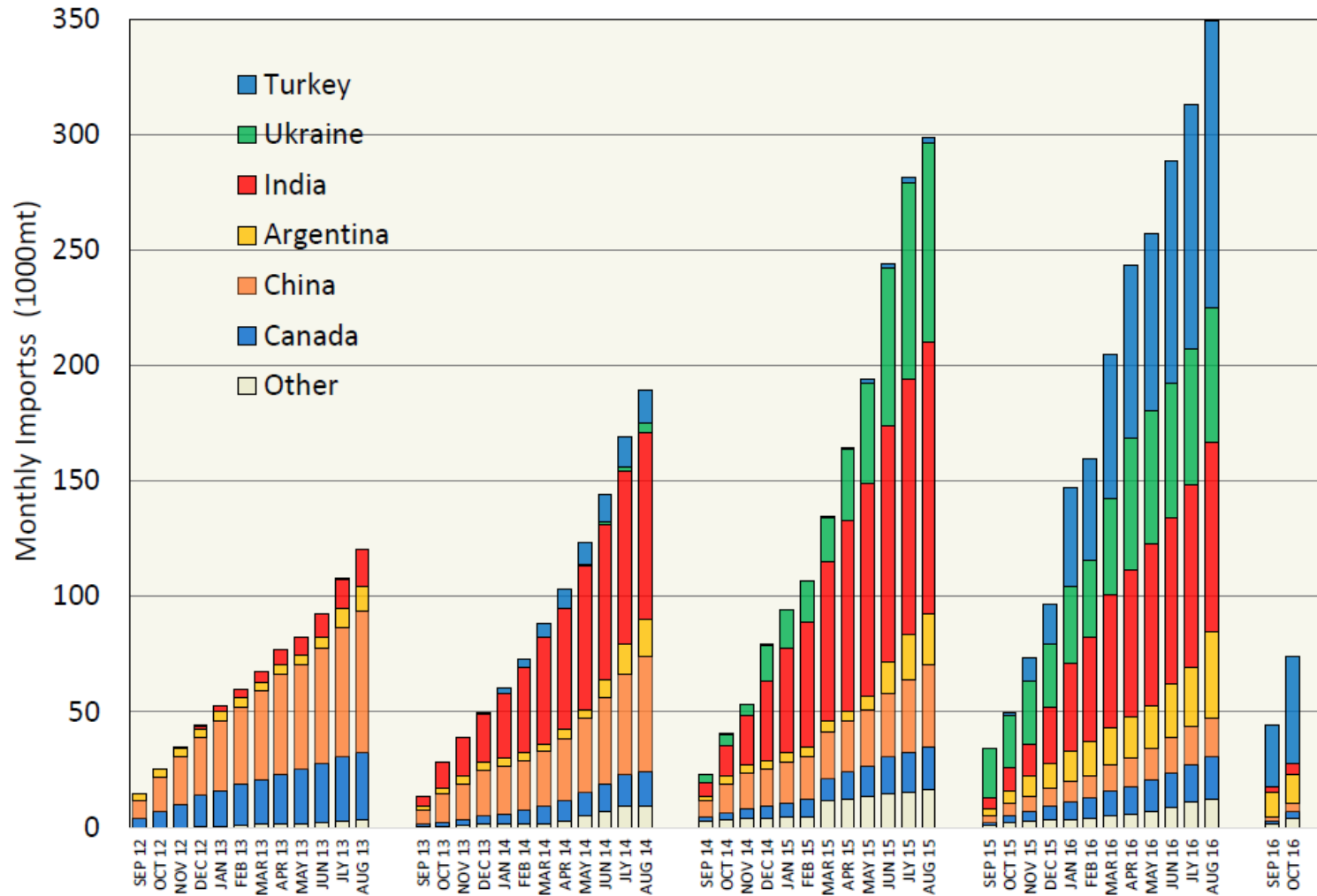
Organic Soybean Acres



Source: USDA

Organic Soybean Trends

Cumulative Monthly Imports of Organic Soybeans



- Increase in Veg Fed Programs to increase demand for vegetable proteins in US rations
- Adoption of ABF production to have minimal impact on feed ingredient supply chain
- Organic production trend to have potentially material impact on ingredient sourcing