



THE ENGLISH PIG MARKET

Mick Sloyan
Chief Executive
BPEX

June 2008





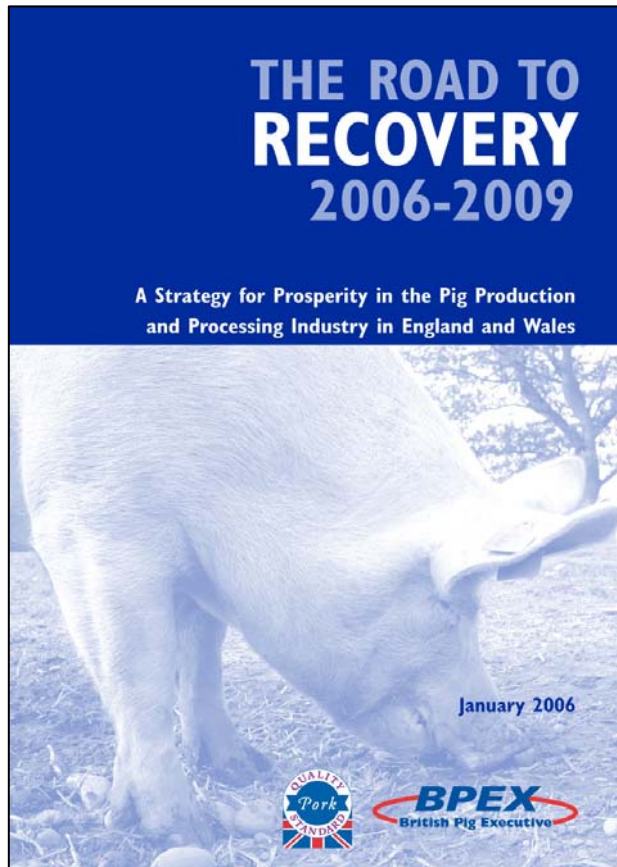
ITEMS TO COVER

- About BPEX
- Production industry
- Abattoirs
- The overall market





ABOUT BPEX



- A statutory organisation financed by a levy on pig producers and abattoirs
- Current levy is 75p/pig [€0.95] slaughtered for producers and 20p/pig [€0.31] slaughtered for abattoirs
- Total budget is about £7mill [€8.8 mill]
- Main activities are marketing, research and technical advice
- Part of the Agriculture and Horticulture Development Board from 1 April





THE BPEX LTD BOARD

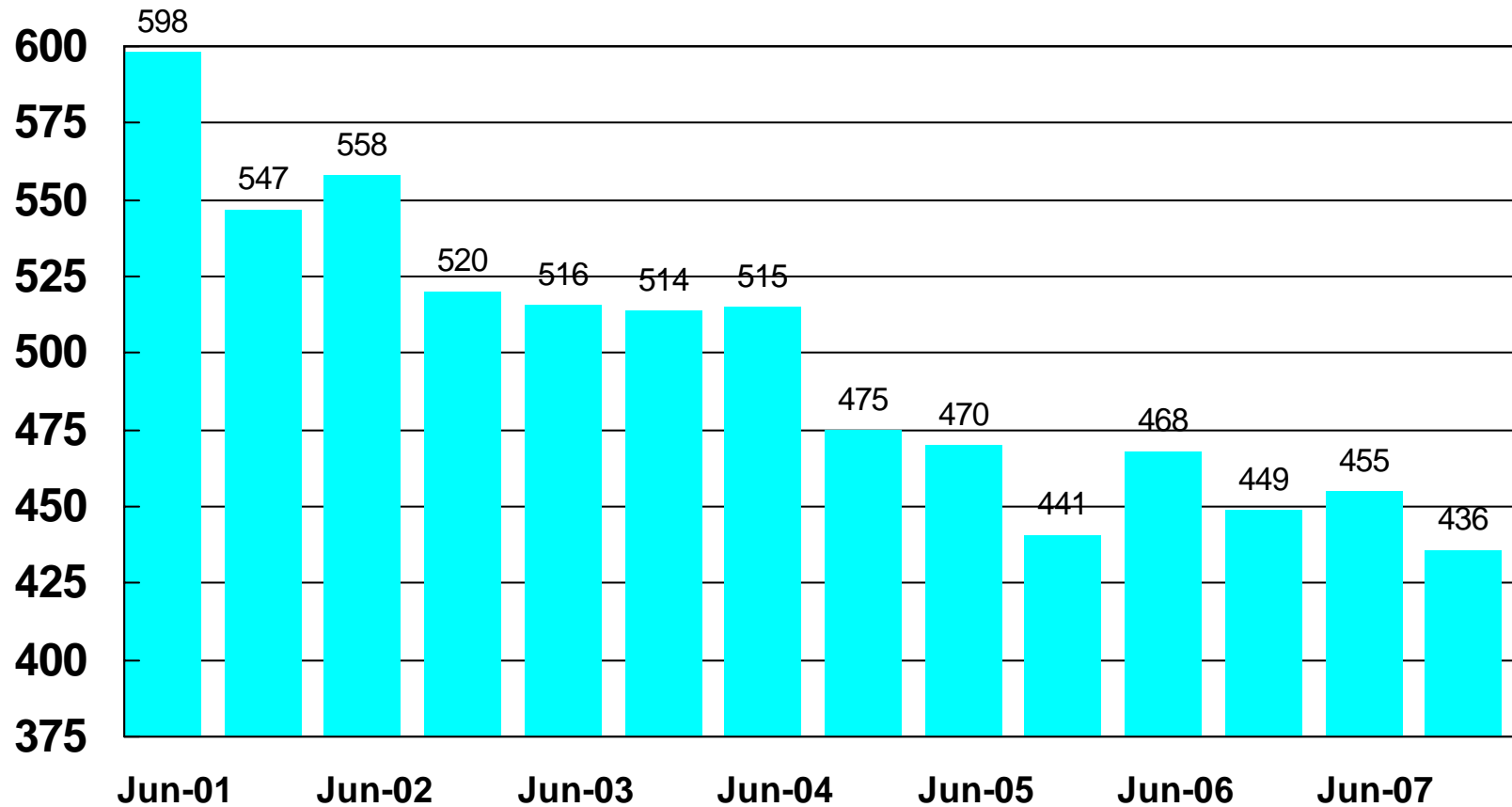
- Stewart Houston - Chairman
- Producers
 - Jon Easey
 - John Godfrey
 - Richard Longthorp
 - John Rowbottom
 - Mike Sheldon
 - Meryl Ward
- Processors
 - Adam Couch
 - Steve Crossley
 - John Hughes
- Independent
 - Clive Francis
- Mick Sloyan
 - Andrew Knowles
 - Marian Robertson





THE BREEDING HERD HAS STABILISED IN RECENT YEARS

'000 head





FACTORS CAUSING DECLINE

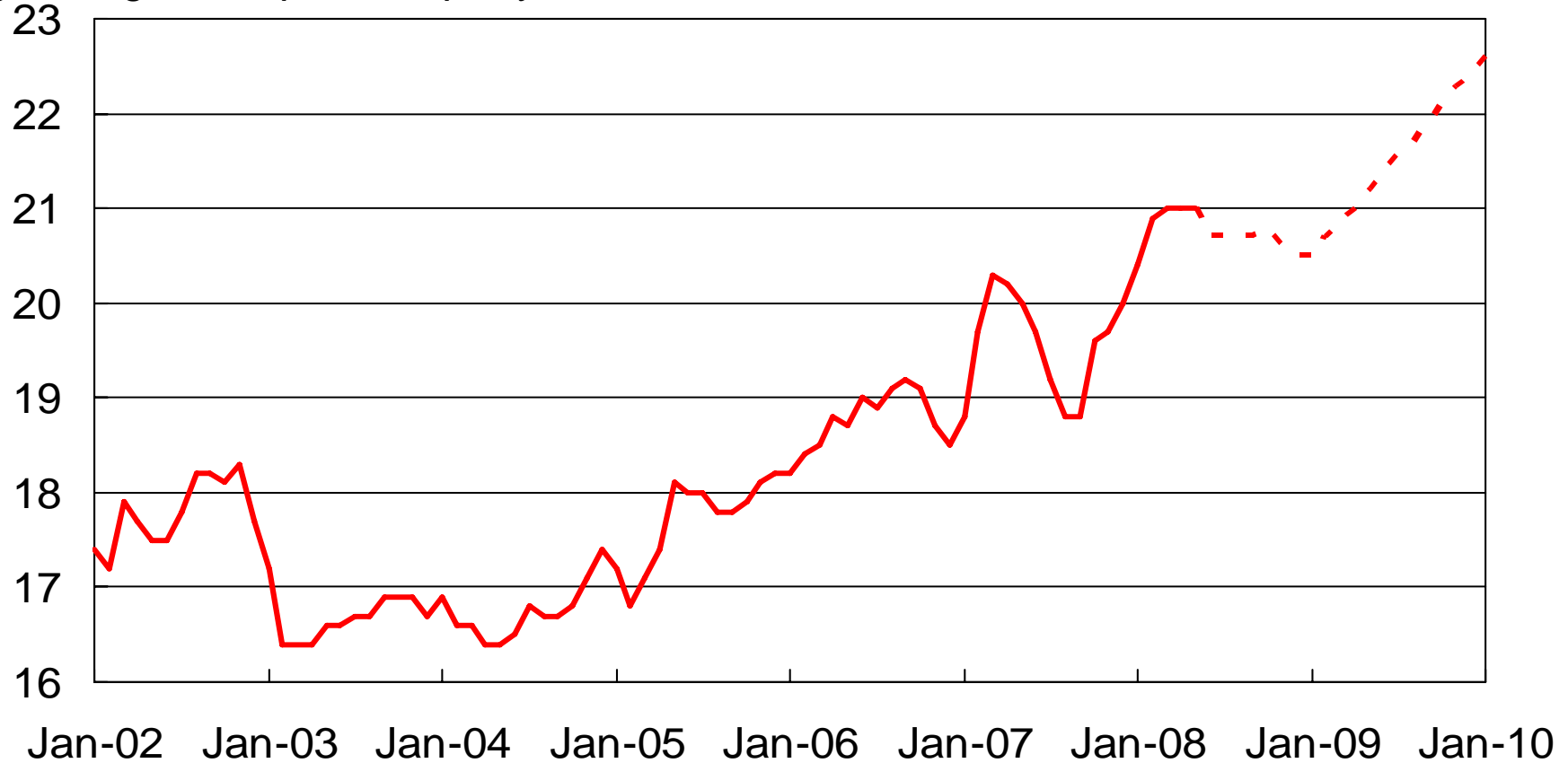
- Investment in high welfare production systems before 1999
- The disruption caused by CSF in 2000 and FMD in 2001
- PRRS, PMWS and PDNS
- All conspired to undermine business confidence
- However, the signs of recovery have been there in the last two years ...
- At least until the feed price crisis



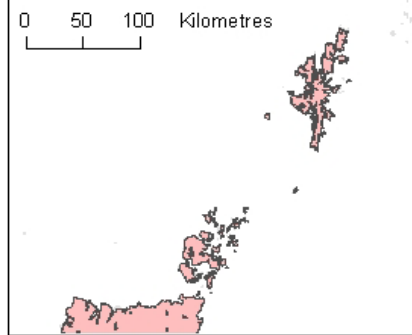


ESTIMATED NATIONAL SOW PRODUCTIVITY TRENDS

pigs slaughtered per sow per year



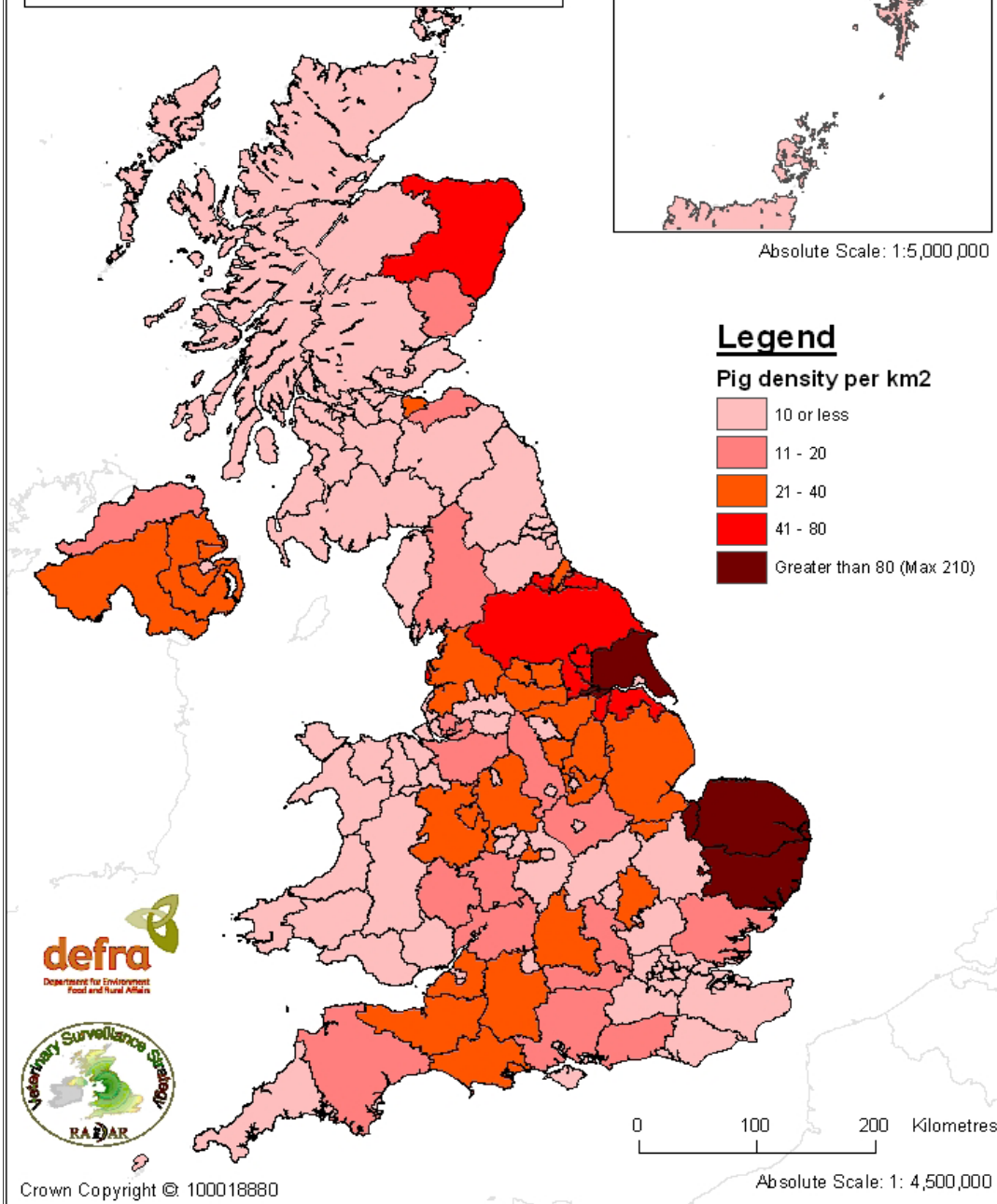
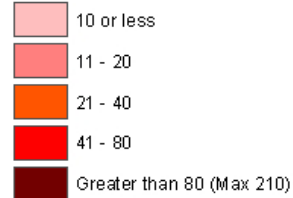
Pig density in UK Census areas on 02 June 2005



Absolute Scale: 1:5,000,000

Legend

Pig density per km²



defra
Department for Environment
Food and Rural Affairs



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WHERE ARE ALL THE PIGS?

- 10,000 pig premises
- 1600 farms account for 92% production
- 35 companies account for 50% of breeding herd
- 10 companies account for c. 35% of breeding sows
- Move to two or three site all in all out





INDUSTRY STRUCTURE – PIG FARMS

- All dry sows are group housed
- 40% sows outdoors
- 7% of slaughter pigs reared outdoors
- 2% finished outdoors
- 40% pigs contract finished





PIG MARKETING

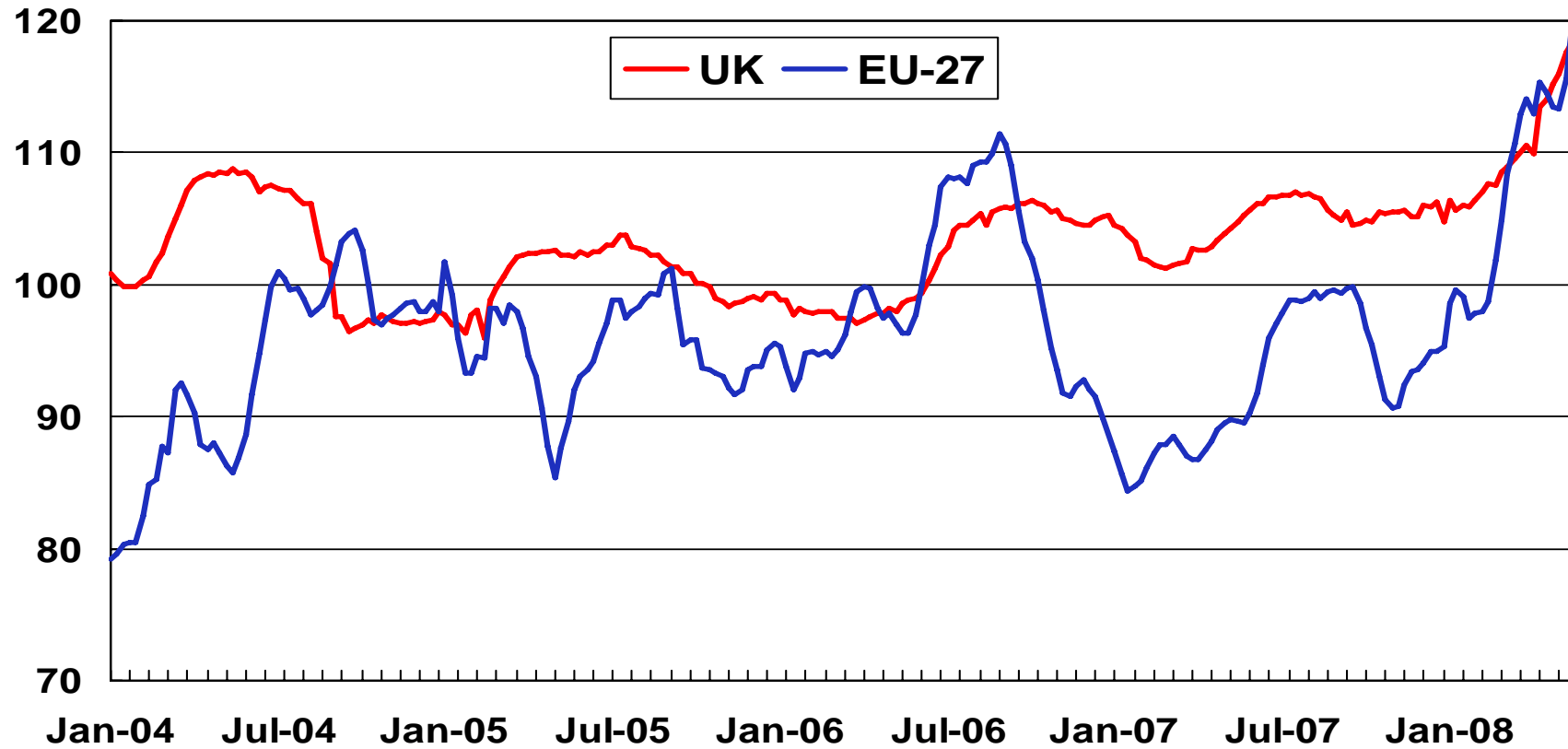
- Virtually all pigs are sold directly from the producer to the abattoir
- Prices are based on Backfat measurement and not Lean Meat Percentage
- The average carcass weight is currently about 78kg (cold weight) and backfat averages 11 mm (including skin). This equates to a lean meat percentage of 61%
- There are a number of pig marketing groups operating in the UK but no Cooperatives





UK PRICES STABLE AND ABOVE EU BUT EXCHANGE RATE IS HAVING AN IMPACT

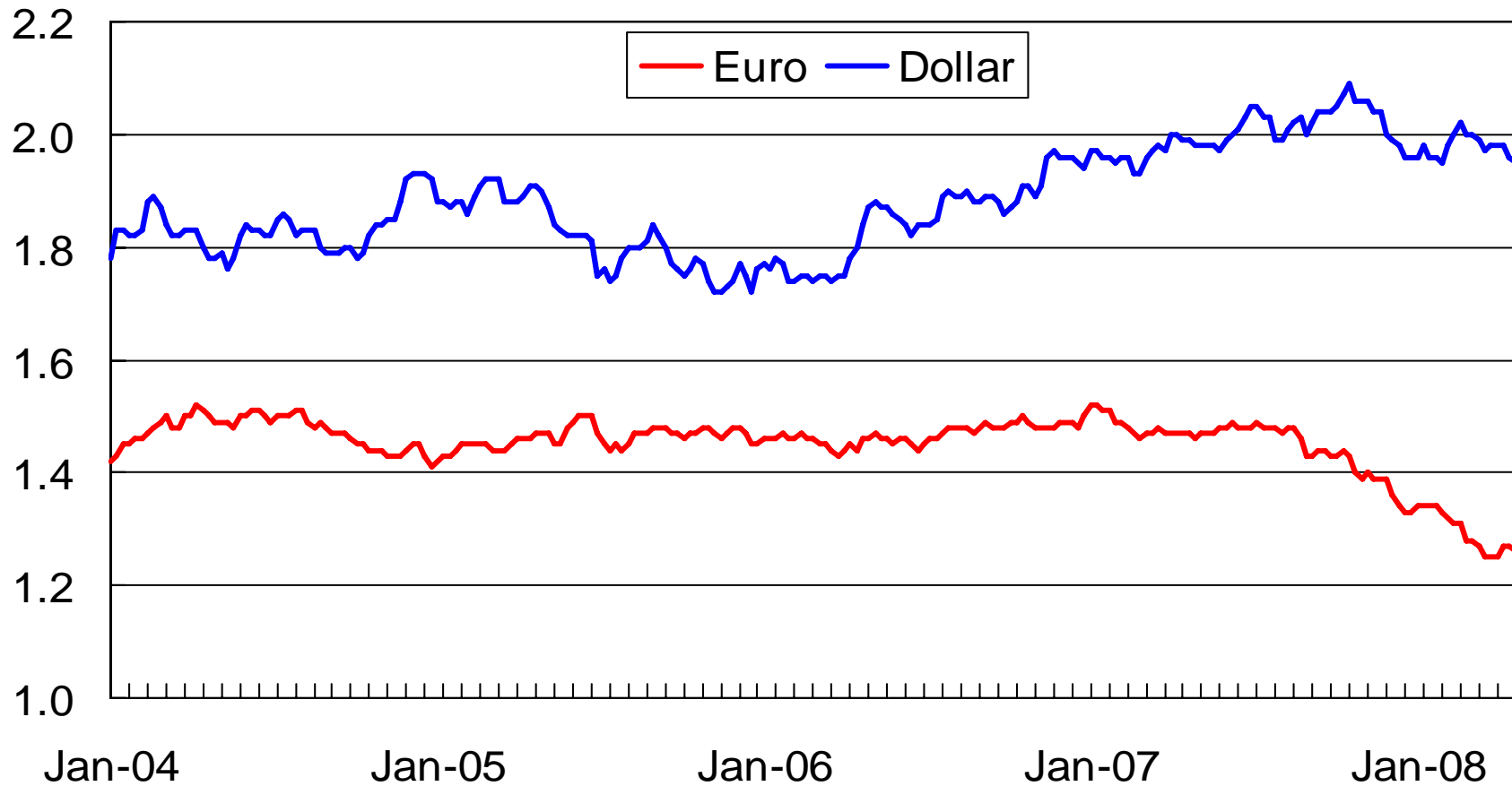
p/kg dw



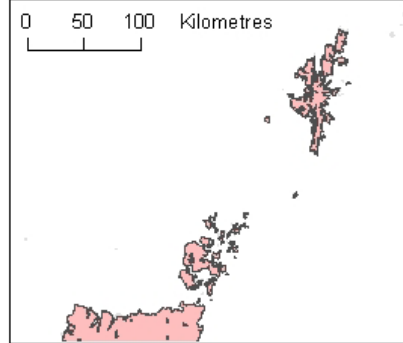


EXCHANGE RATE MOVEMENTS

Pound sterling exchange rate



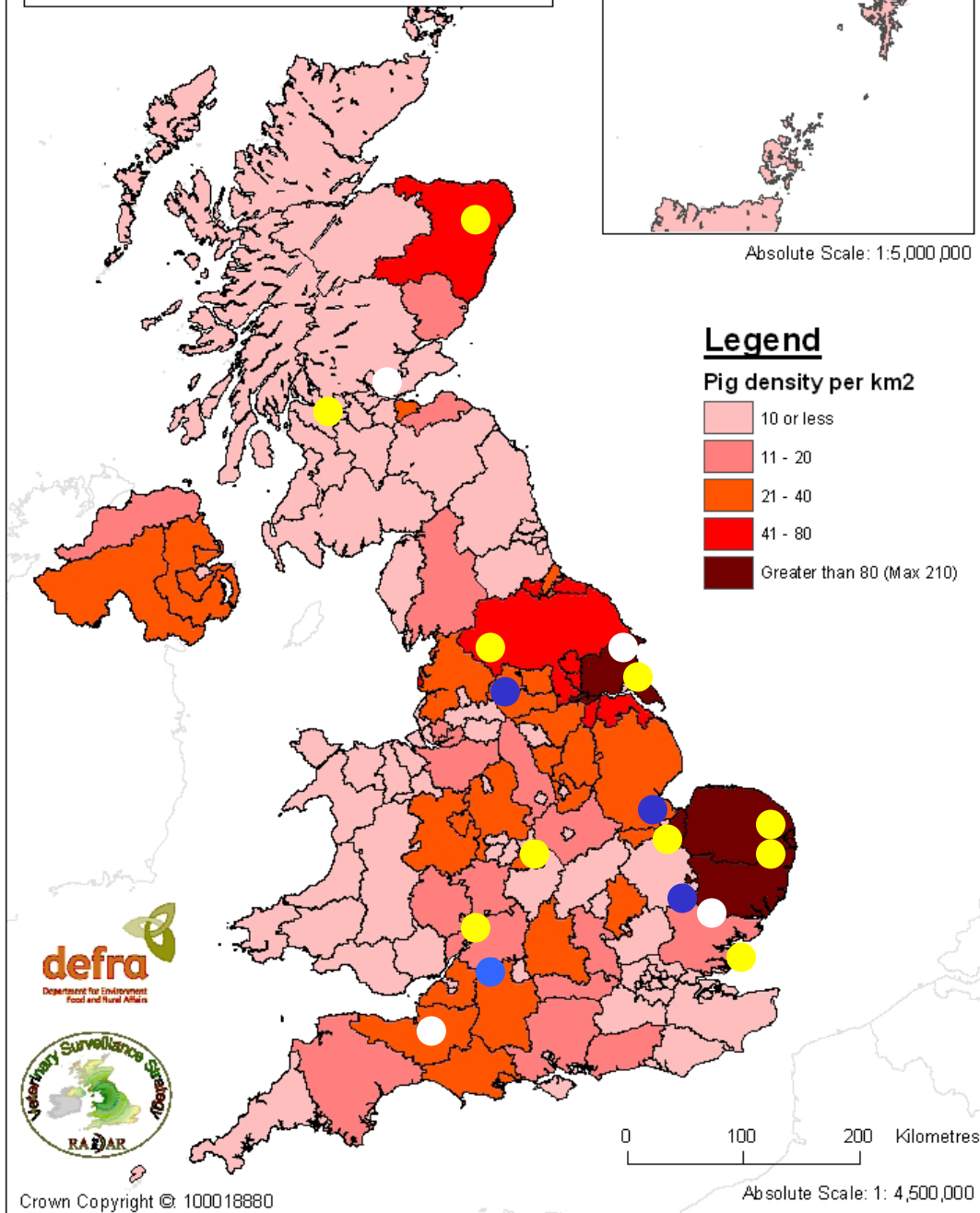
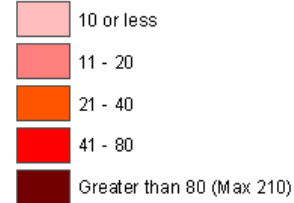
Pig density in UK Census areas
on 02 June 2005



Absolute Scale: 1:5,000,000

Legend

Pig density per km²



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WHERE ARE ALL THE LARGE PIG ABATTOIRS?

- 177 abattoirs slaughtering pigs
- 17 abattoirs account for 85% slaughterings
- 2 companies (Tulip and Grampian) account for 63% of slaughterings





QUALITY ASSURANCE





QUALITY ASSURANCE

- Whole chain coverage from feed to final product
- Concentrate on farm, transport, abattoir and product quality
- Independent audit once a year on farm and four times a year by farm vet.
- Abattoirs subject to twice yearly audit and regular traceability audit
- Whole system operates to EN45011
- Approved by the EU Commission as a Quality Scheme





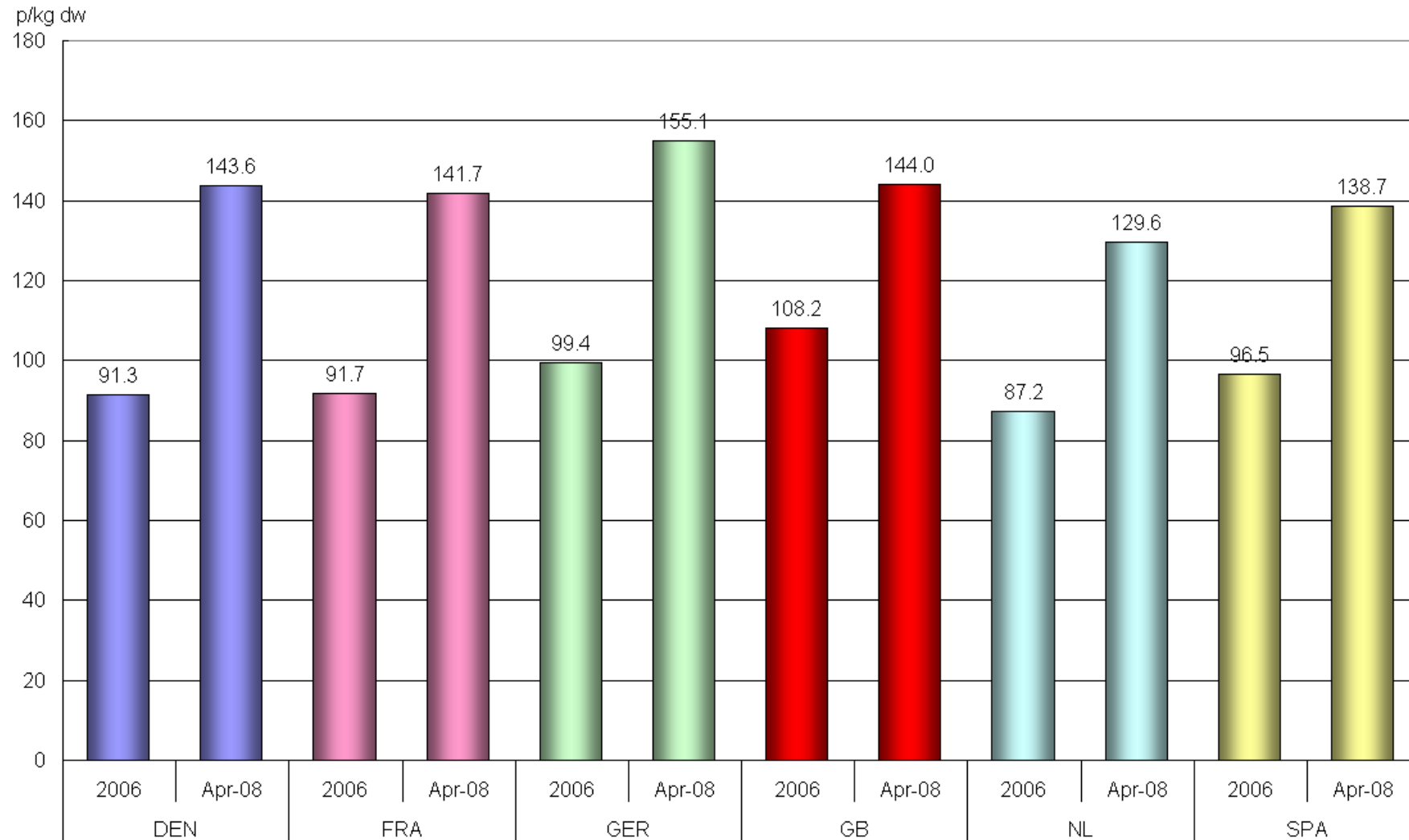
UK MARKET

- Overall consumption is stable at about 25kg/person/year but is low by EU standards
- Overall self sufficiency in the United Kingdom is currently about 50%
- Major suppliers to the UK are Denmark and the Netherlands supplying both chilled pork and processed products such as bacon
- In recent years there has been imports from other countries such as Germany, France, Belgium, Spain and Poland
- Supermarkets dominate with 80% market share



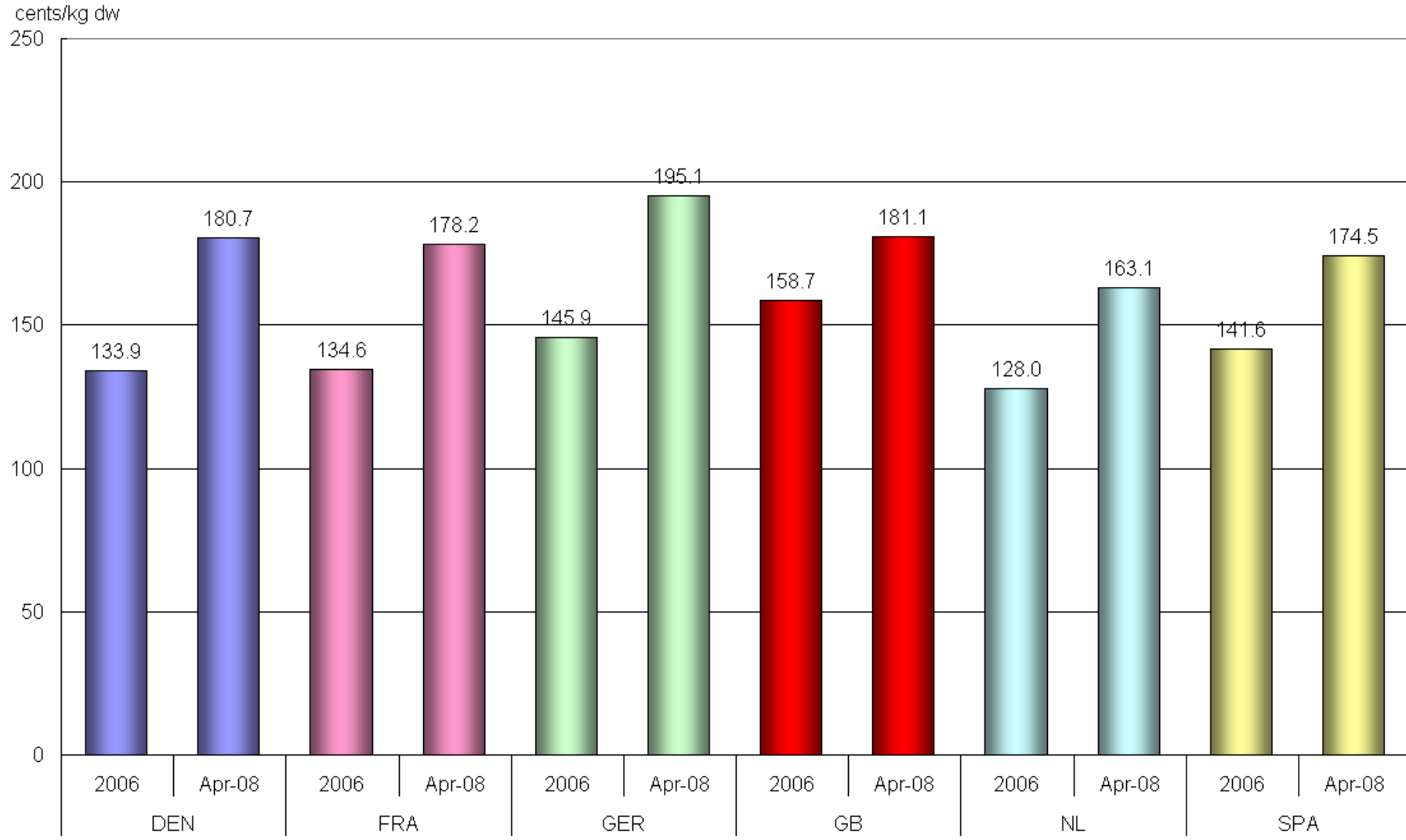


CHANGES IN COSTS OF PIG MEAT PRODUCTION, APRIL 2008



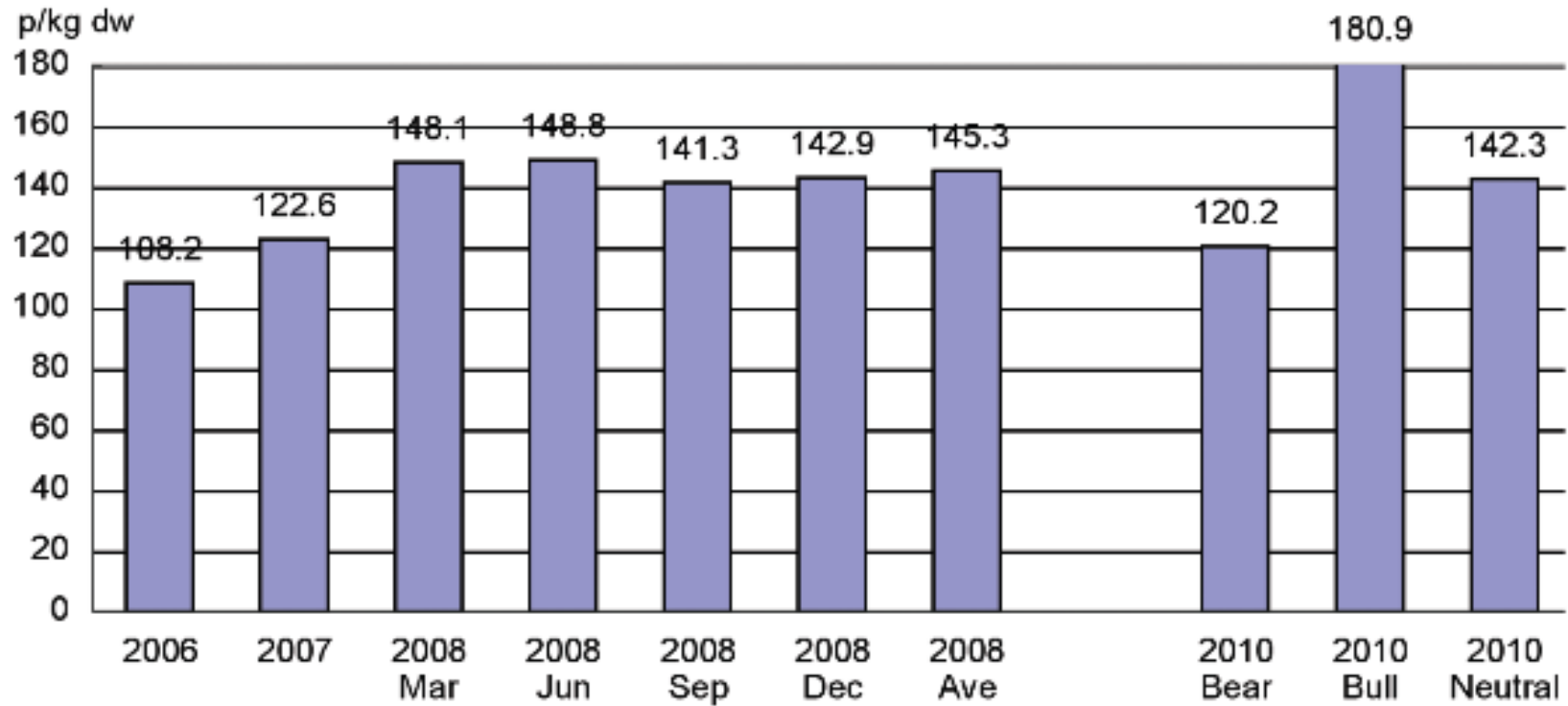


CHANGES IN COSTS OF PIG MEAT PRODUCTION, APRIL 2008





FORECASTS FOR GB COP





THANK YOU



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