Meat & Poultry Outlook
Tyson Foods, Inc

Donnie Smith
Per Capita Consumption

Combined Per Capita Domestic Meat Disappearance 1970-2011
Beef, Pork, Chicken, Turkey (Carcass Weight Equivalent)
Paradigm Shift

- Old: Demand driven
- New: Producer profitability
- Increase in exports
Protein Production Drivers

Contract grower

Feed conversion: 1.92 : 1

3.7 bushels of corn to produce 100 lbs. of boneless skinless meat

Independent producer

Feed conversion: 3.5 : 1

Approx. 8 bushels of corn to produce 100 lbs. of boneless skinless meat

Independent feedlot

Feed conversion: 7-9 : 1

Yearling (750 lbs.) ➞ fed beef (300 lbs.) 11 bushels corn to produce 100 lbs. of boneless fed beef
Corn Futures/Chicken Live Cost

Live Cost ~ $0.25/lb.

Live Cost ~ $0.35/lb.

Live Cost ~ $0.45/lb.
U.S. Corn Usage

Source: USDA
Energy Costs

- Gas: Most expensive January ever
  - 2012: $3.37
  - 2011: $3.10
  - 2010: $2.71

- Diesel: 57% increase since 2007
Meat & Poultry Demand

- Prices increasing faster than inflation
- Consumption declined slightly
- Demand has increased
Global Protein Consumption

449% Growth over 50 Years

Source: USDA FAS and OECD. Includes Beef/Veal, Pork, Broilers, and Turkey
Protein Exports a Major Factor

Source: USDA and Robert A. Brown, Inc.
January 30, 2012
2011 and 2012 are RAB forecasts
International Operations

INTERNATIONAL LOCATIONS

- Export sales offices
- Production facilities
- Export sales offices and production facilities
Feeding the World

• 70% more food needed
• 9 billion people by 2050
• U.S.: less than 10% on food
• ‘Agricultural illiteracy’
Jobs in Agriculture

- 22 million agriculture jobs
- AgCareers.com: 40,000 jobs posted
- Outdated stereotypes
Regulatory Agencies - Issues

- FSIS
- GIPSA
- FDA
- EPA
- DOT
- OFCCP
- Trade
- EEOC
- ICE
- OSHA
- USTR
- Ethanol
Purpose Statement

Tyson Foods, Inc.

Making Great Food. Making A Difference.