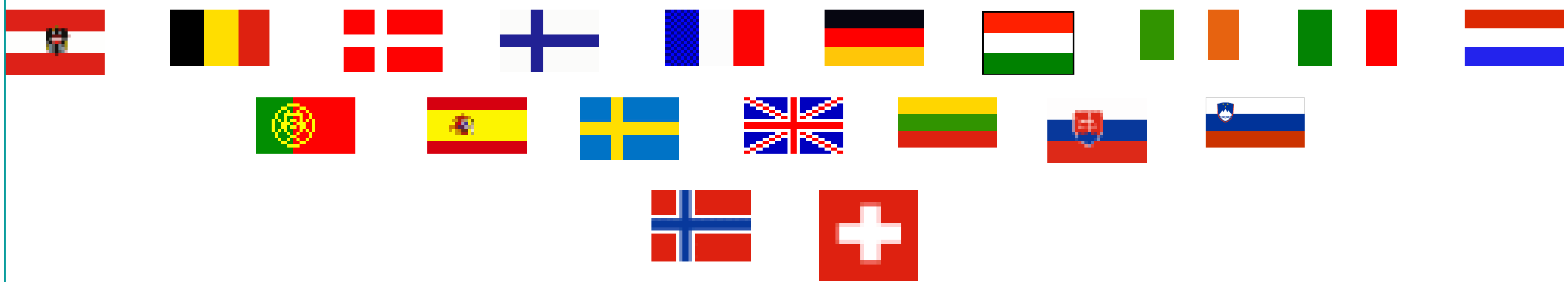
MUNICH The 12 May 2006

EFPRA
European Fat Processors and Renderers Association

Overview of the European by-products in 2005

22 Members representing 19 countries



Patrick COELENBIER

Overview of the European by-products industry in 2005

European Fat Processors and Renderers Association

Prospects for meat markets 2005-2012

Animal by-products & Structure in EU

Processed animal by-products in EU

Animal proteins and fats outlets in EU

Turn over evolution 2004-2005

Prospects for meat markets 2005-2012

Prospects for meat markets 2005-2012

European Fat Processors and Renderers Association

Beef - pig - poultry - sheep/goat

Beef production still lower than consumption in 2005 and expected to remain so throughout the projection period due to :

- Declining cattle herd from dairy sector.
- Impact of decoupling of direct payments.
- Impact of market disruptions of 2001 BSE crisis.

Pig meat production expected to keep its slight growth thanks to :

- Solid demand both in the EU 15 and in the new Members States.
- Expected profitability with good pig meat prices and relatively low feed prices.

Poultry meat demand and production is globally good but will depend a lot in some countries in EU on the evolution of the Avian flue.

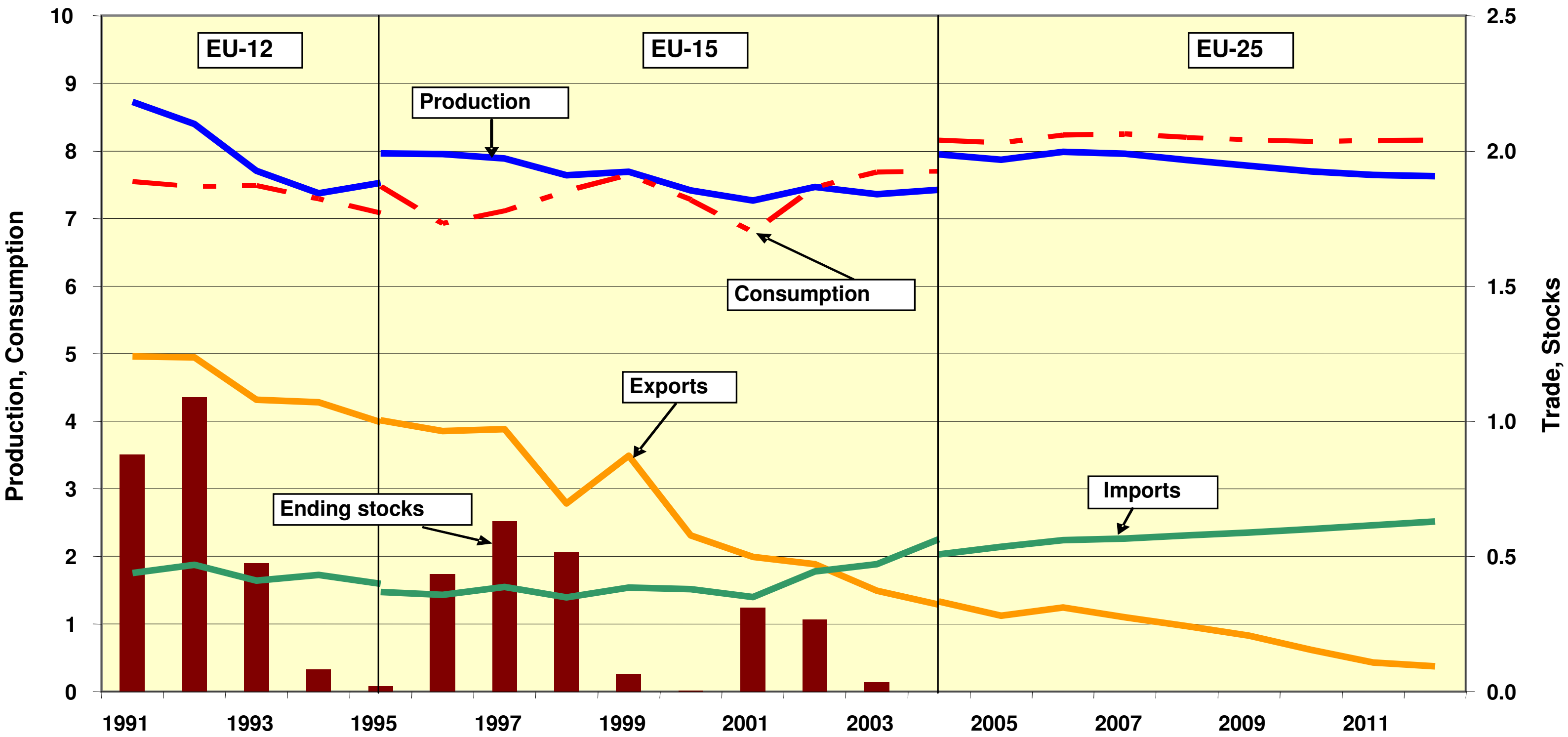
Limited recovery in **sheep/goat** meat production after 2001 FMD results in high market prices.

Source : European Commission

Prospects for meat markets 2005-2012

EU to remain net importer of beef meat over the medium term

EFPRA
European Fat Processors and Renderers Association

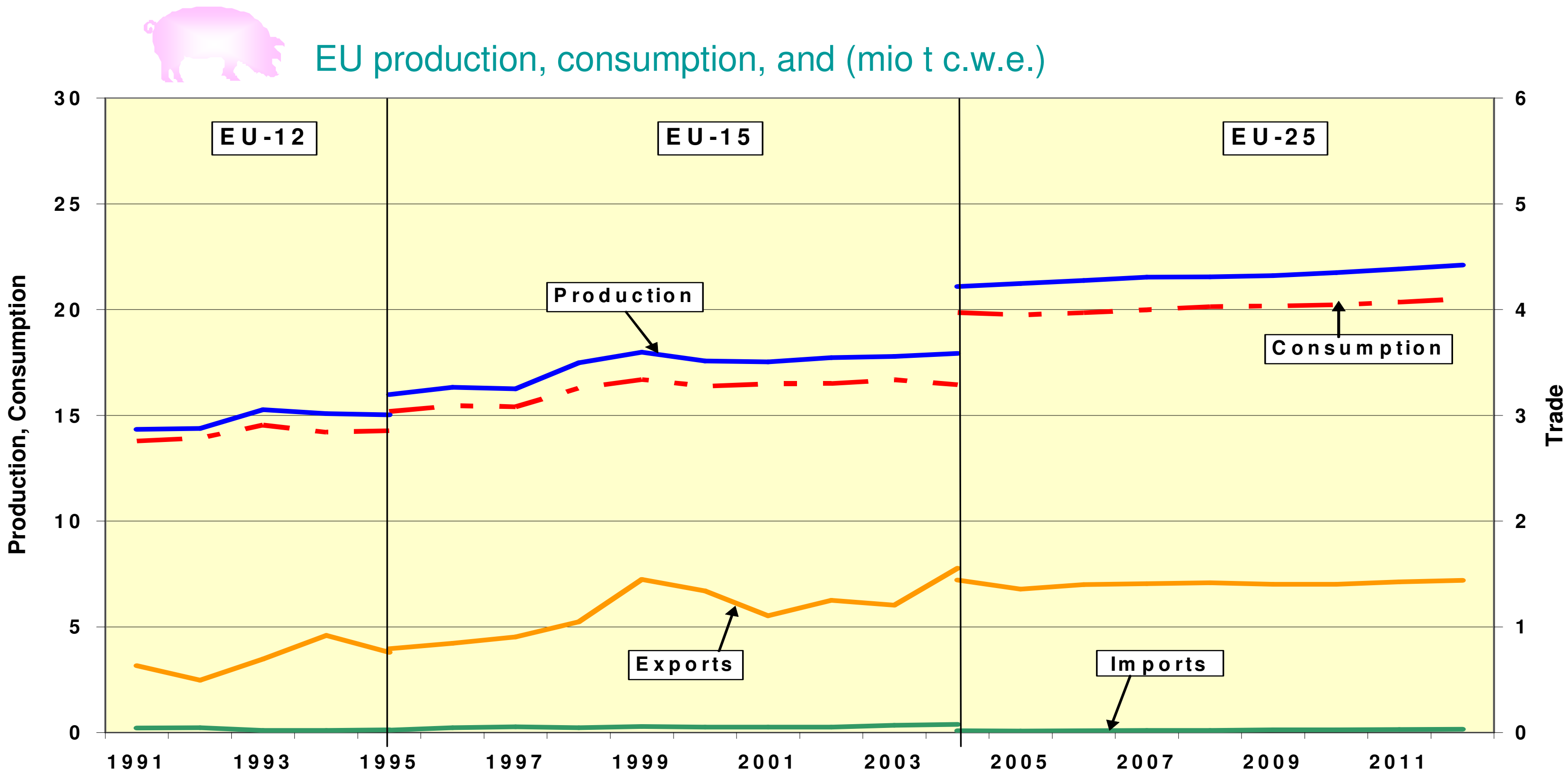


Source : European Commission

Prospects for meat markets 2005-2012

European Fat Processors and Renderers Association

Growth rates for pig meat production and consumption are expected to be lower than in the 90s

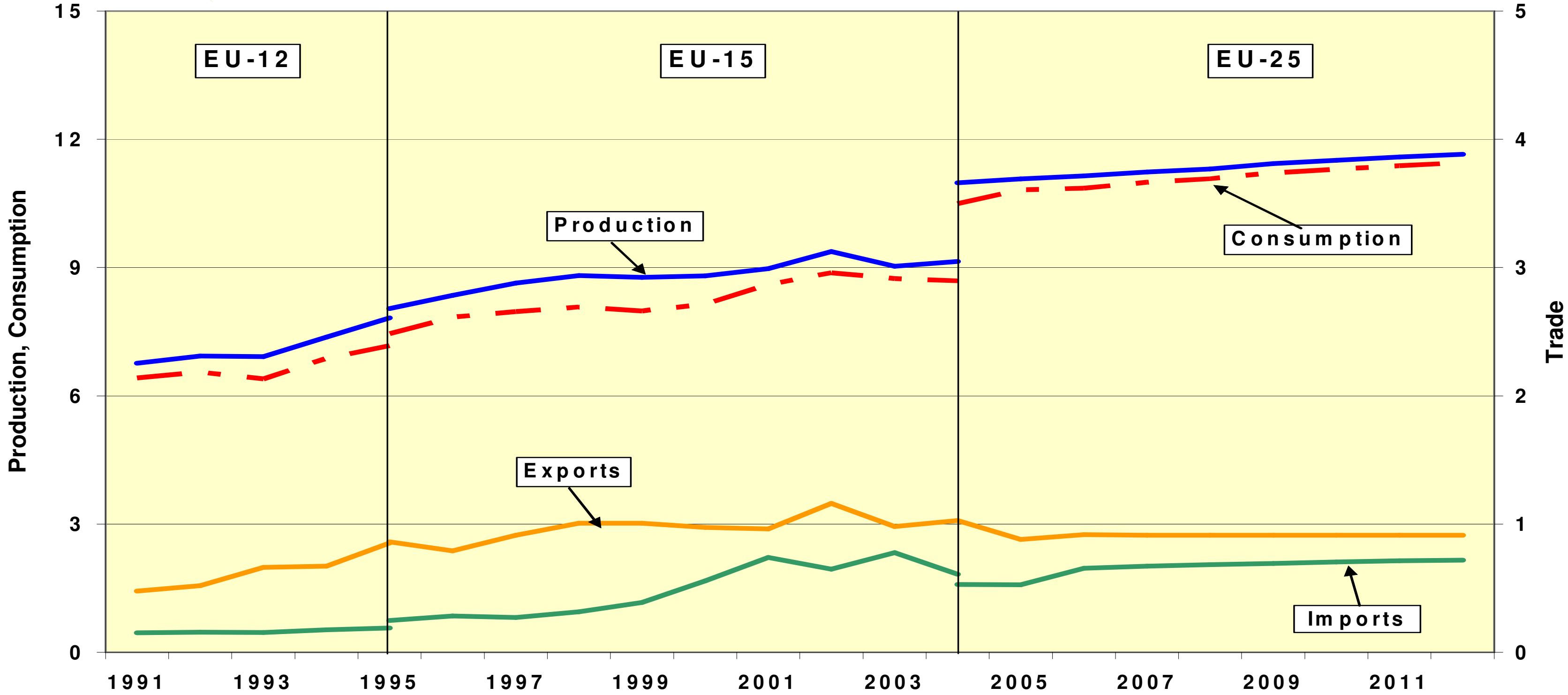


Source : European Commission

Prospects for meat markets 2005-2012

EU poultry production to keep its growth over the medium term in line with growing consumption except a possible evolution of the Avian flue

EU production, consumption, and (mio t c.w.e.)

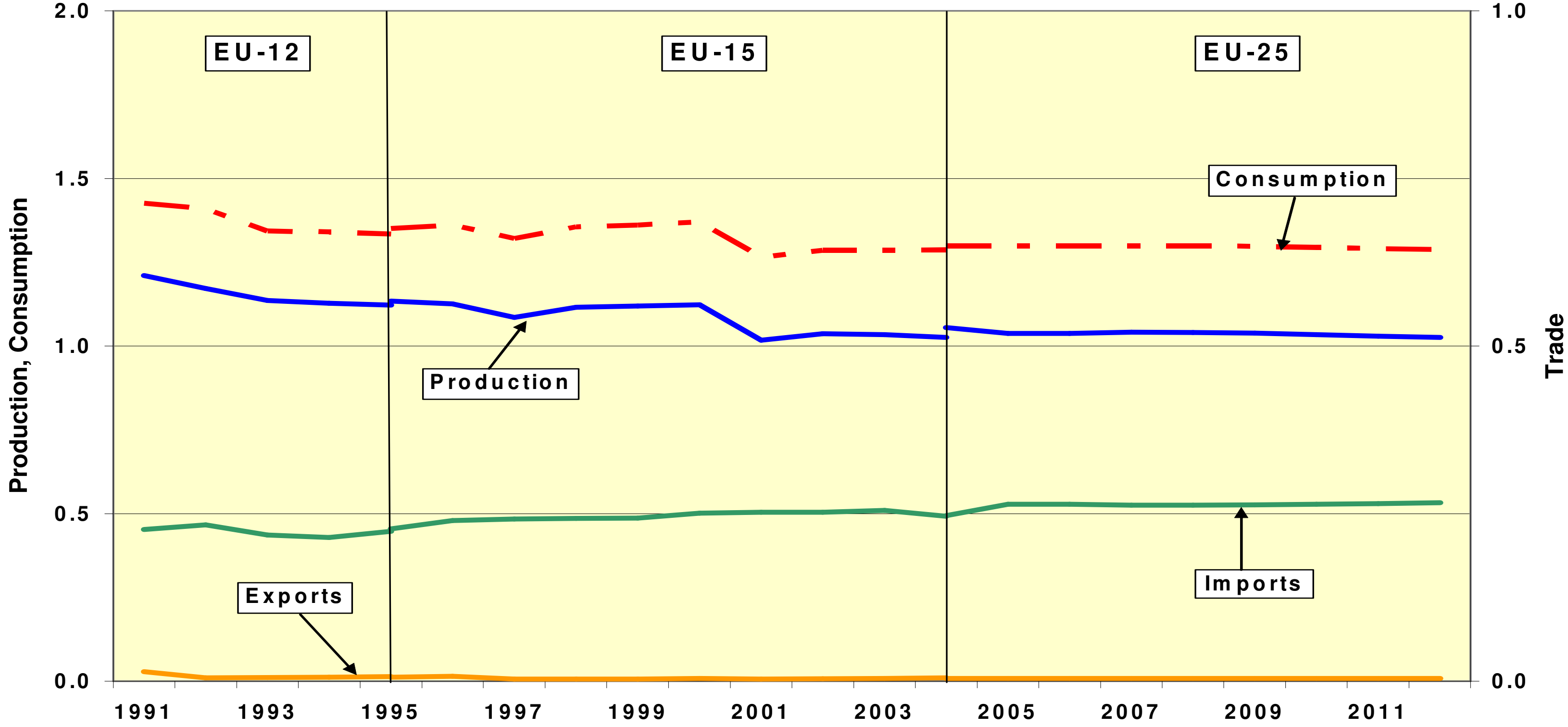


Source : European Commission

Prospects for meat markets 2005-2012

EU sheep/goat sector not to fully recover from the 2001 Foot and mouth disease

EU production, consumption, and (mio t c.w.e.)

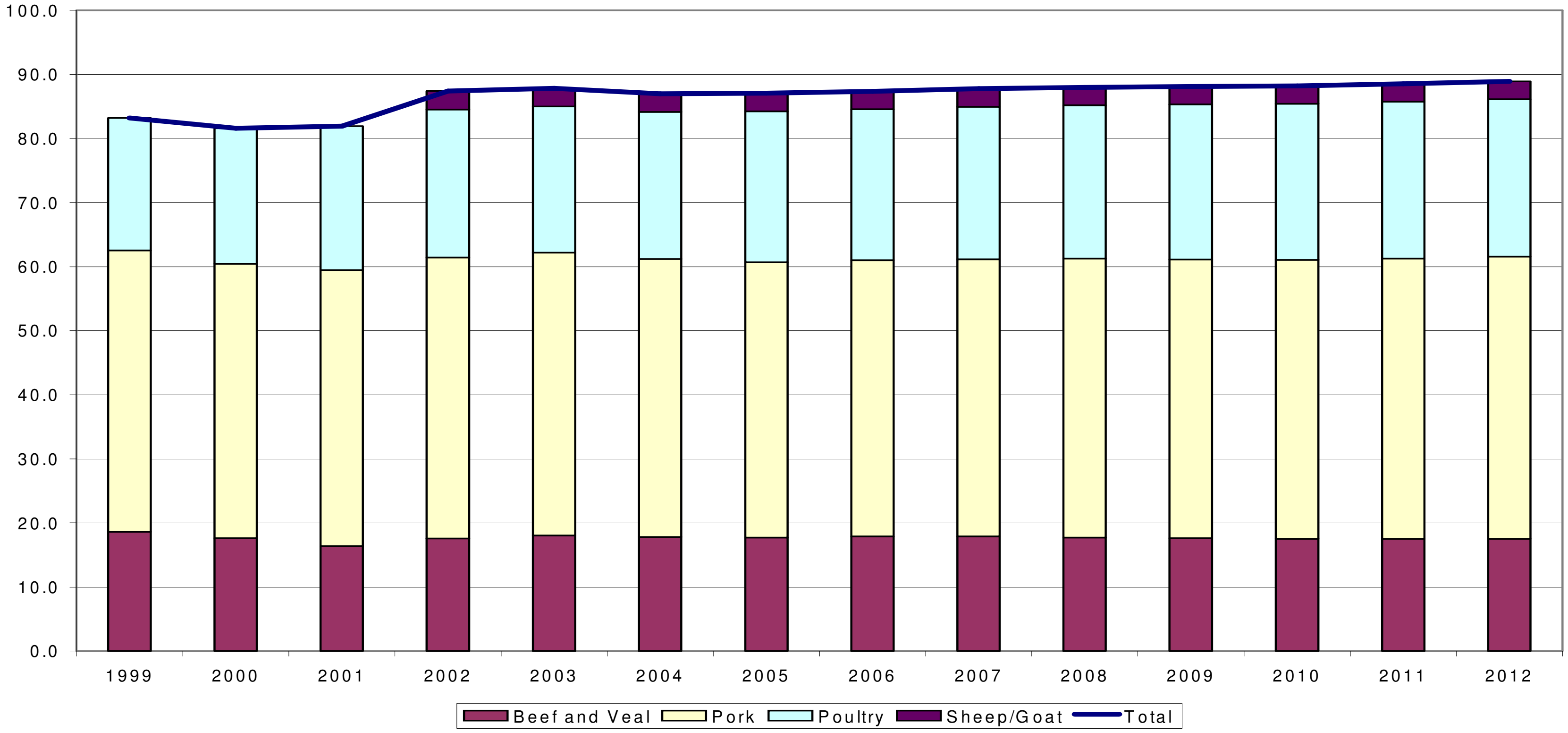


Source : European Commission

Prospects for meat markets 2005-2012

Total EU meat consumption to resume its long term growth

EU per capita consumption (kg/head, in carcass weight equivalent)



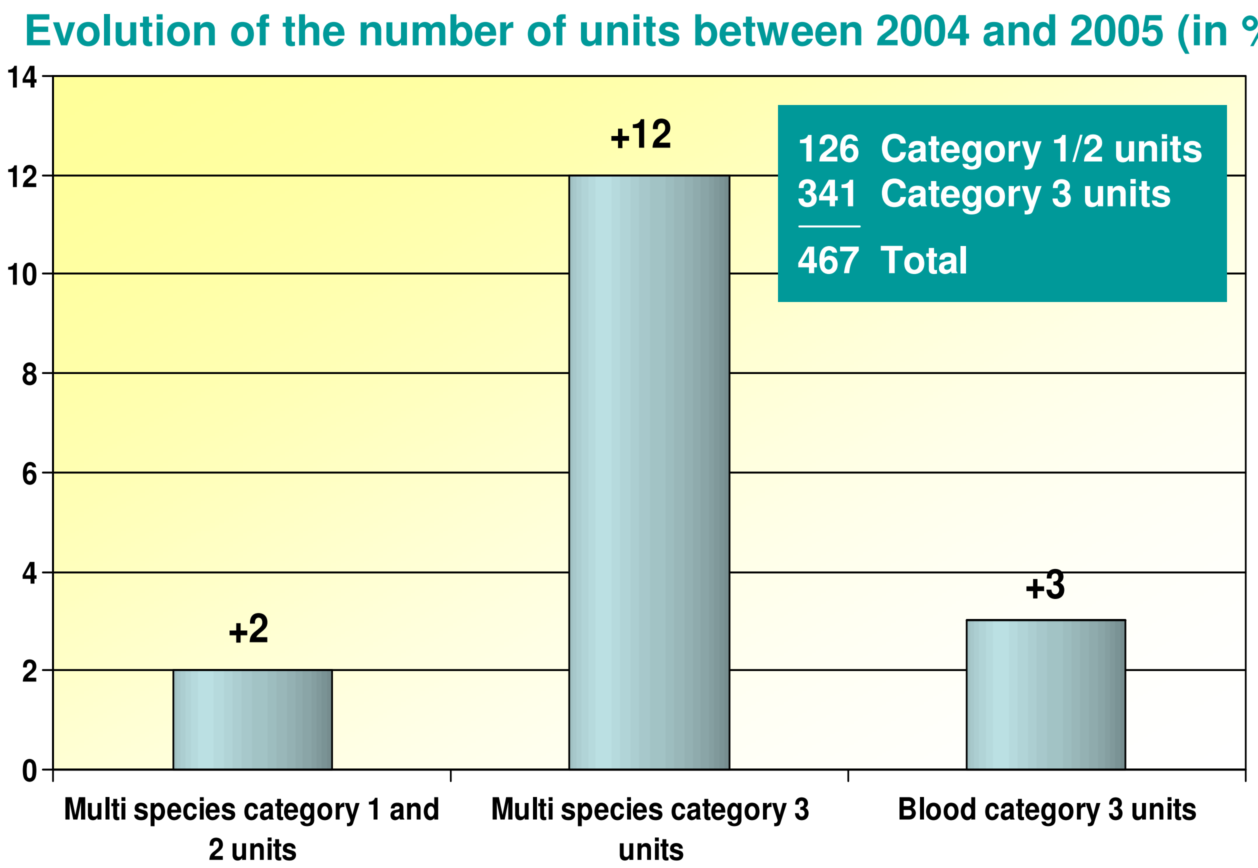
NB : The consumption of poultry meat does not take in consideration a possible evolution of the avian flue.

Source : European Commission

Animal by-products & Structure in EU

Animal by-products & Structure in EU

	EU	Outside EU	Total
Production units	467	13	480
Employees	16 724	194	16 918



Main remarks from EFPRA

Research of valorisation of more category 3 by-products all over EU countries.

Reduction of frozen products units due to the reduction of the market share of wet pet food products : availability of materials for category 3 activities.

Source : European Commission

Overview of the European by-products industry in 2005

European Fat Processors and Renderers Association

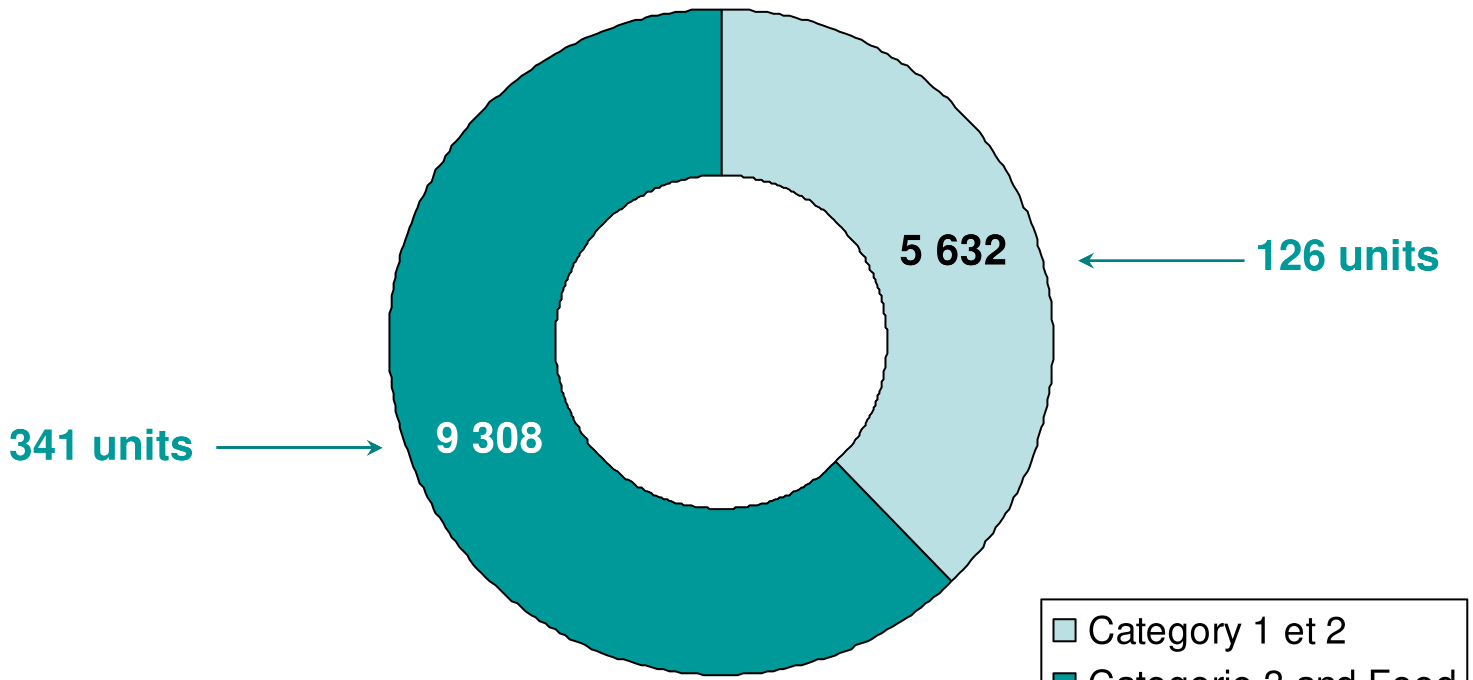
Processed animal by-products in EU

Processed animal by-products in EU

EU 17
Processed animal by-products in 2005

(X 1000 Tons)
Total with associates = 15 307

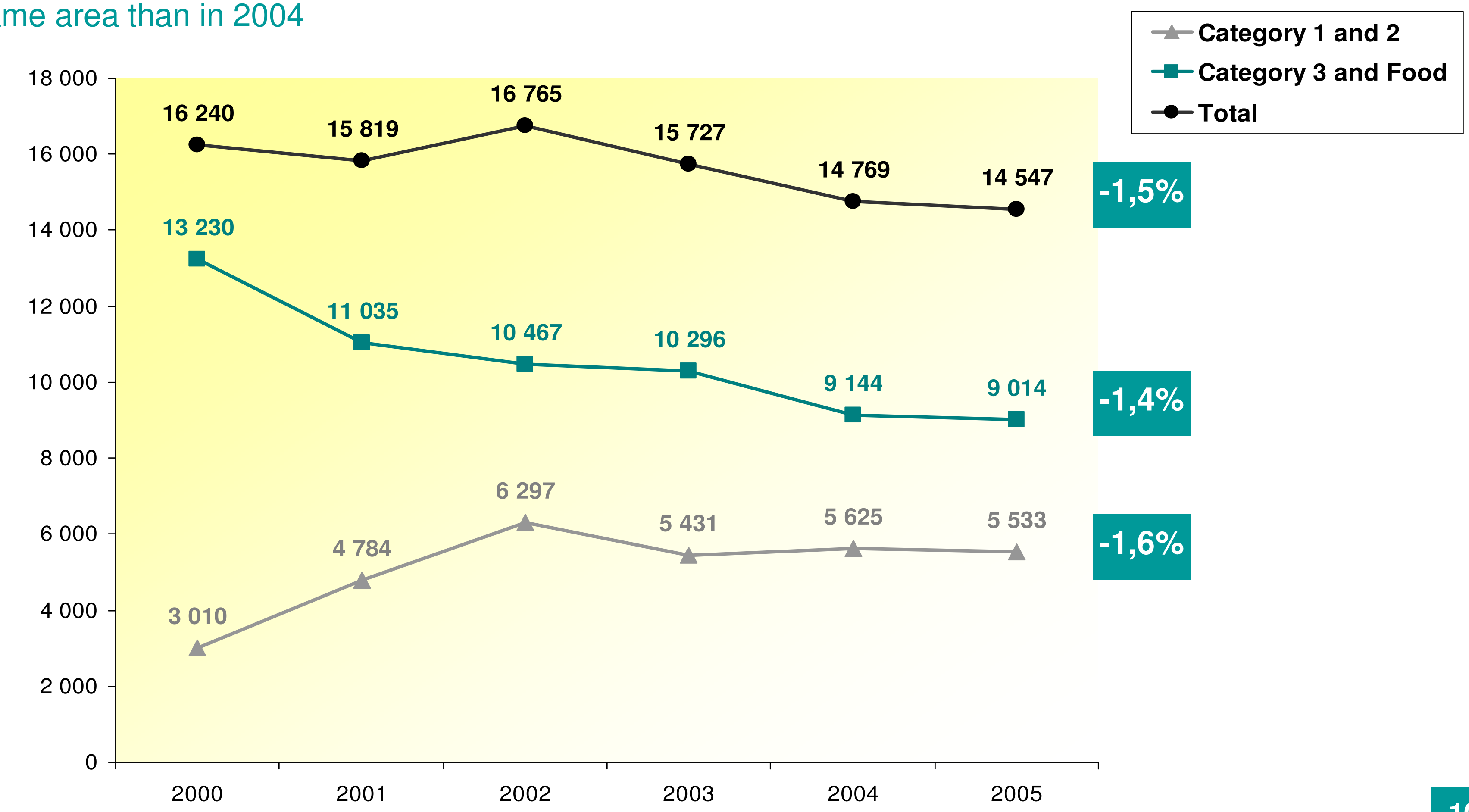
Total EU 17 = 14 940



Processed animal by-products in EU

EU 14
Evolution since 5 years

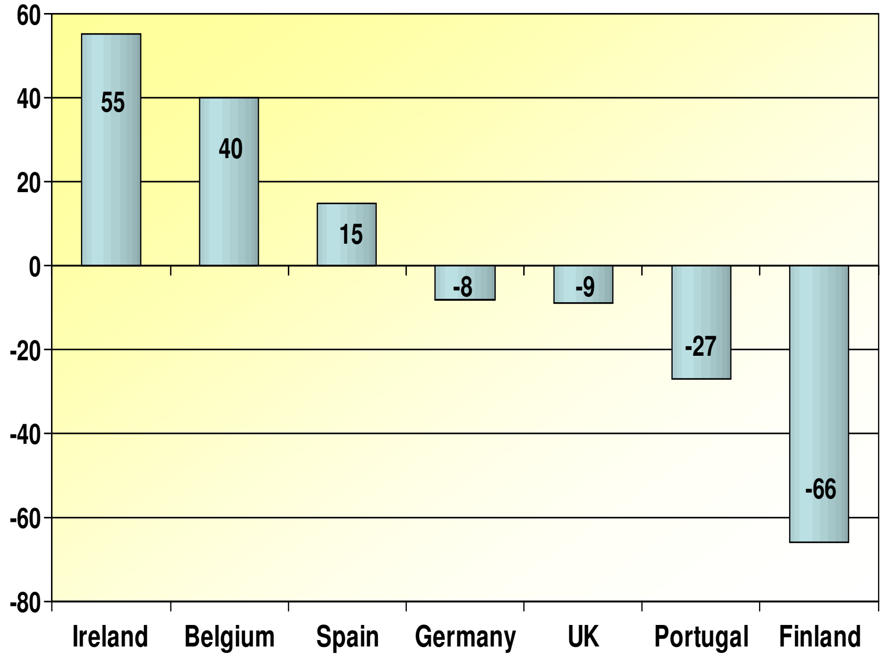
(X 1000 Tons)
Same area than in 2004



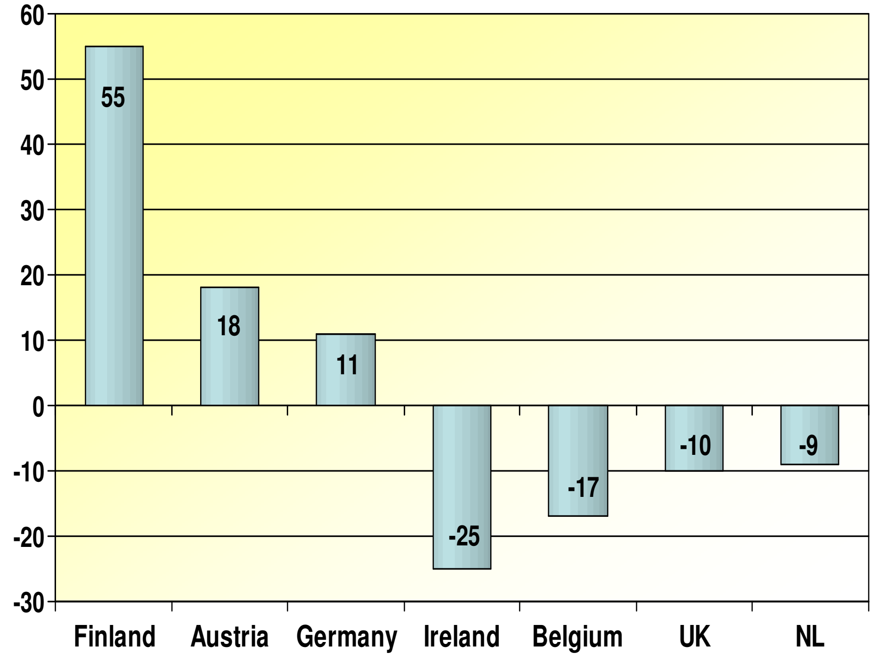
Processed animal by-products in EU

EU 14
EFPRA Main remarks
2005 % 2004

Category 1 and 2 = -2%



Category 3 and Food = -1%



Animal proteins and fats outlets in EU

Energy

Feed

Pet food

Oleochemical and soap

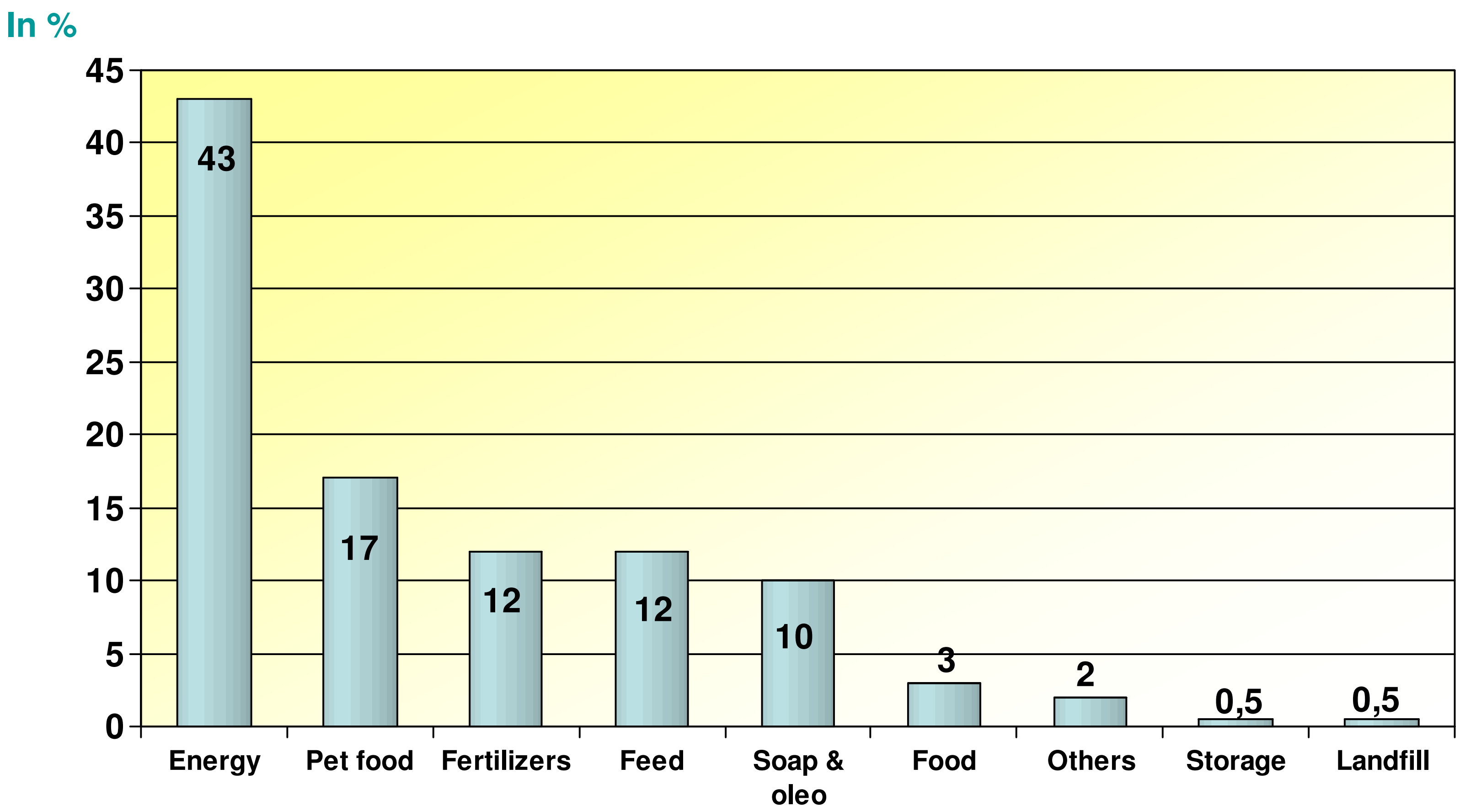
Fertilizers

Food

Animal proteins and fats outlets 2005

EFPRA
European Fat Processors and Renderers Association

EU 17
Category 1, 2, 3 and Food = 6 177 000 Tons

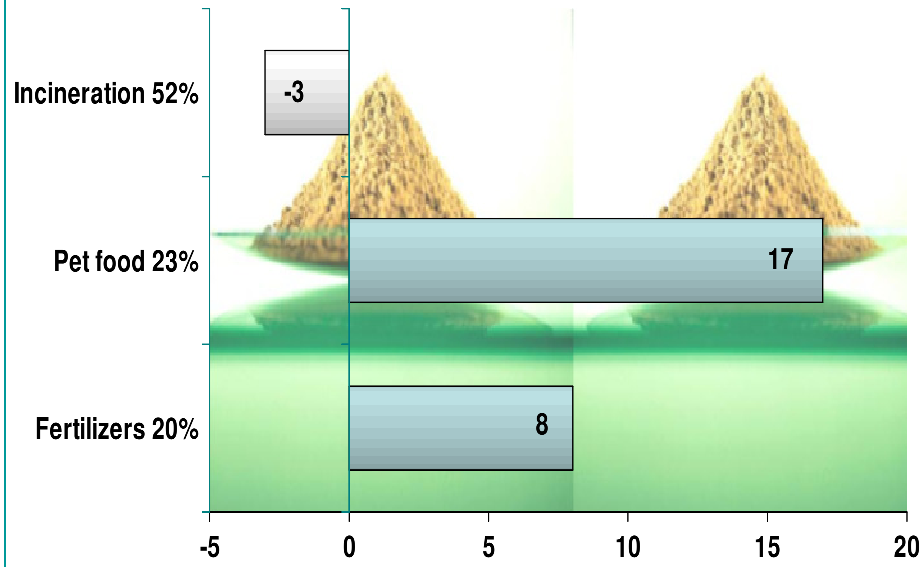


Animal meals & PAP and animal fats outlets

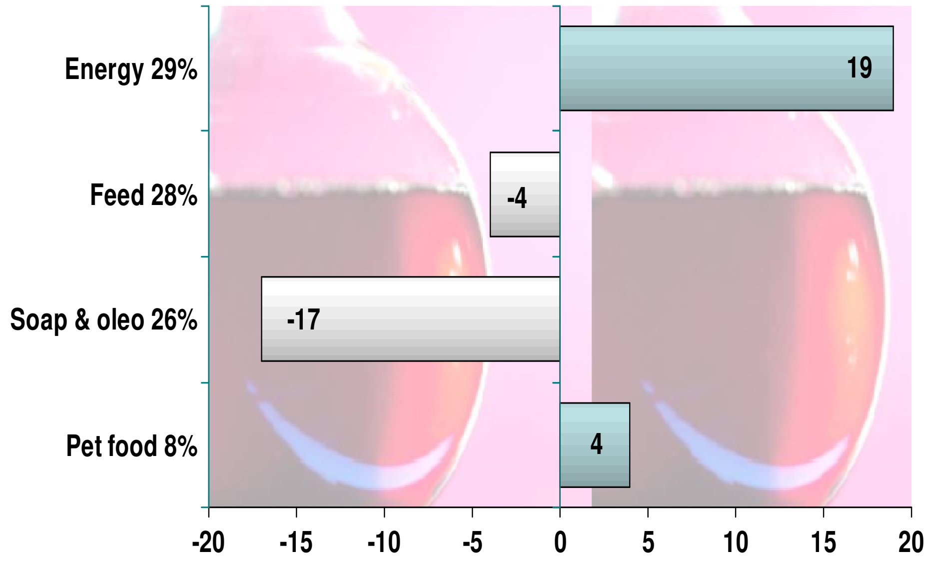
EU 17
Main evolution between 2004 and 2005
Category 1, 2, 3 and Food (x 1000 Tons)

% in 2005

Meals & PAP



Fats



Total 2005 = 3 685

Total 2004 = 3 559

Total 2005 = 2 492

Total 2004 = 2 488

EU outlets

ENERGY

Market share = 43%

Biomass incineration

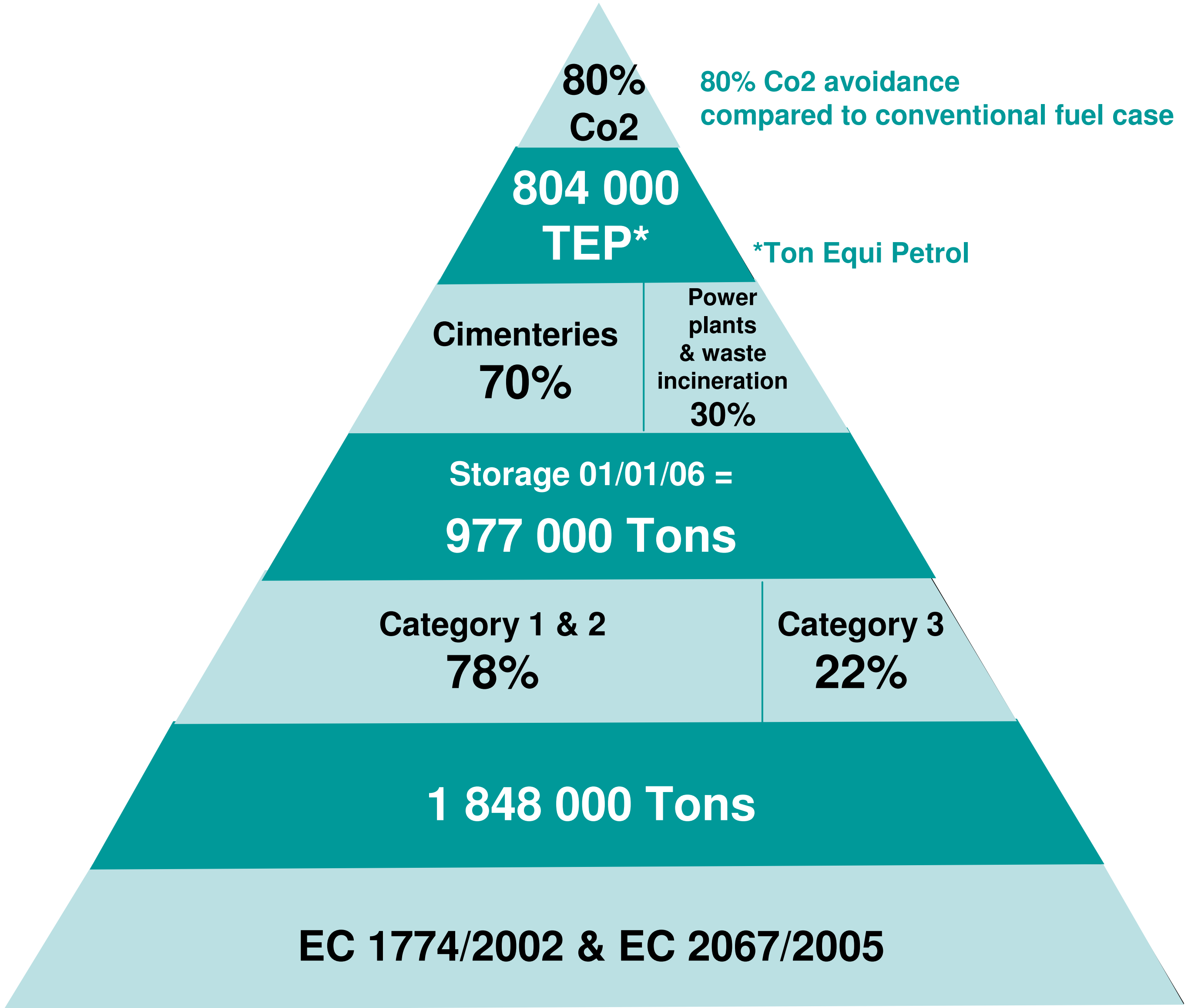
Biodiesel

Tallow combustion

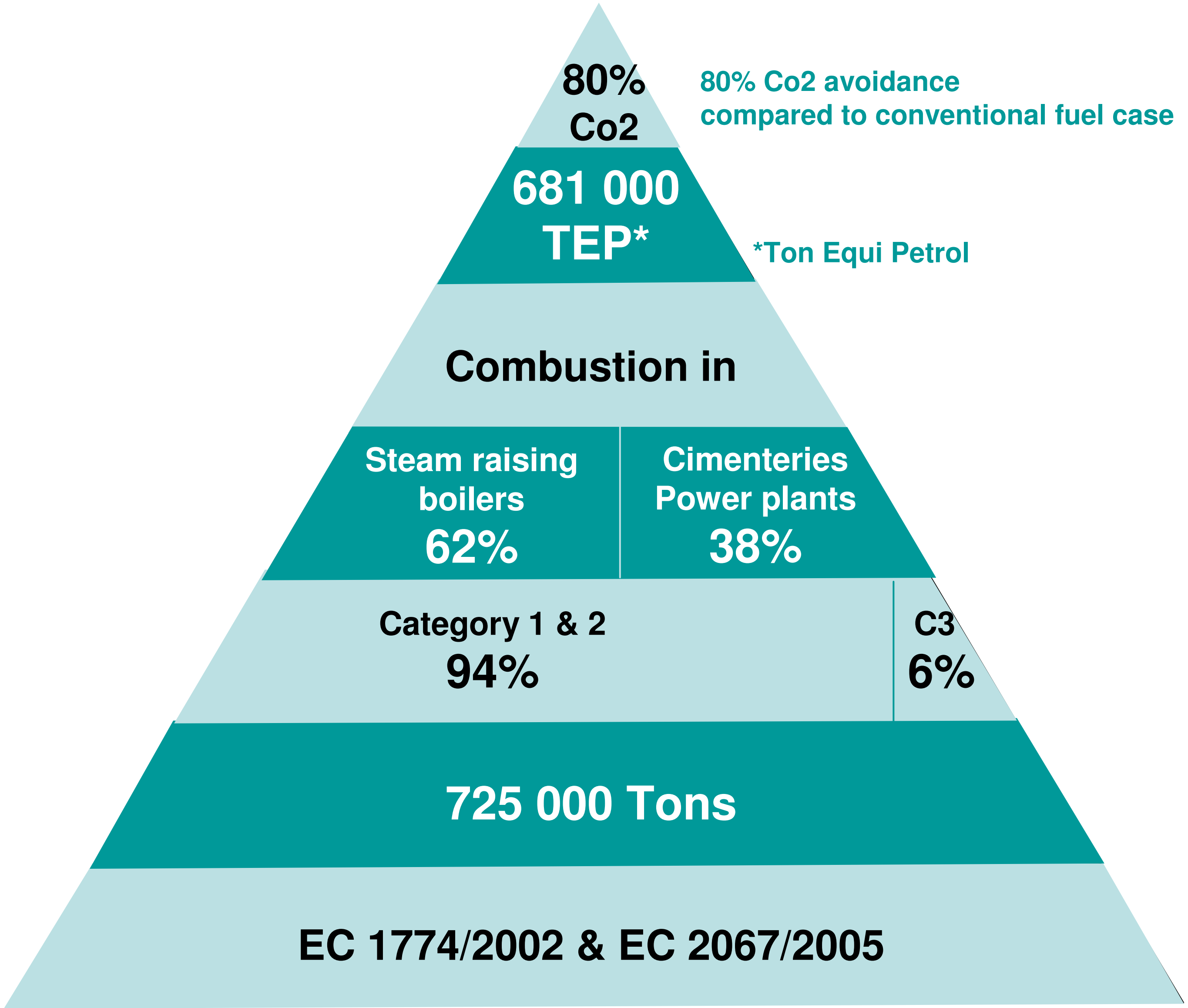
Biogas

Biofuels

EU outlets : Biomass incineration

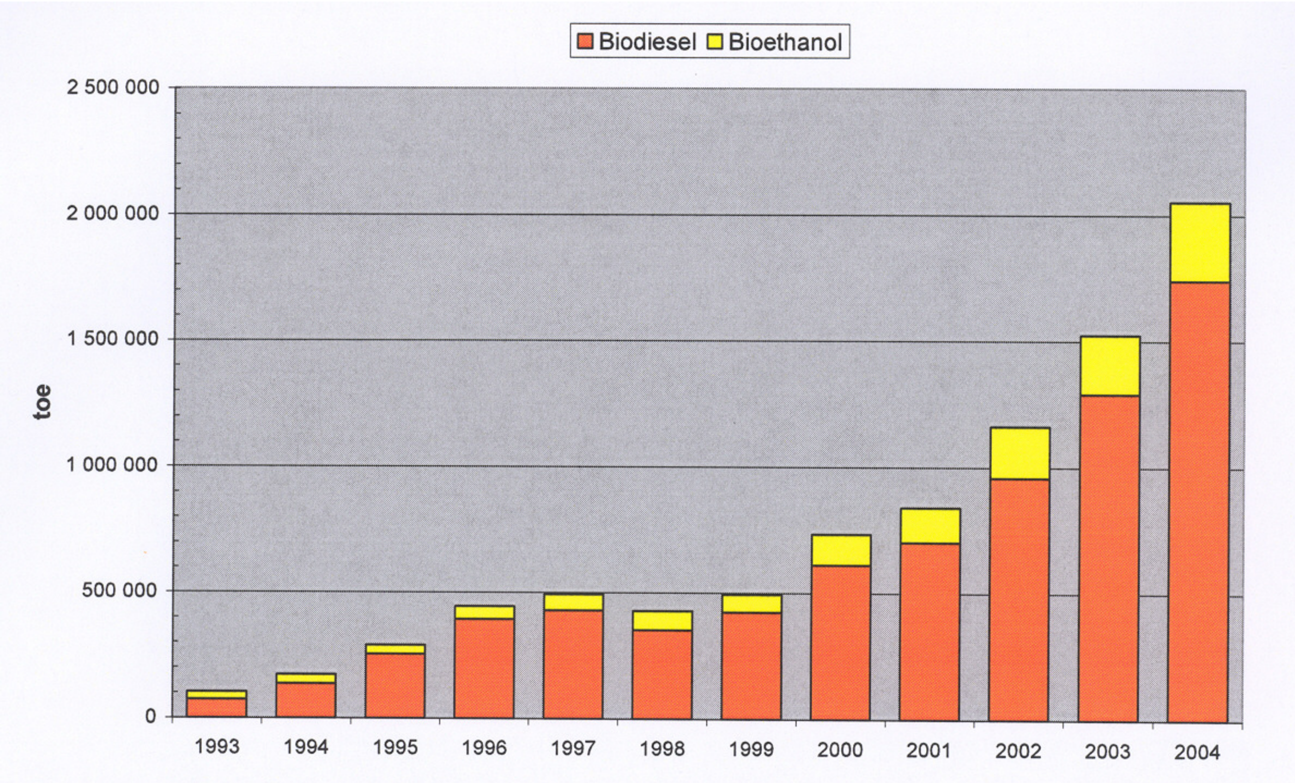


EU outlets : Tallow combustion



EU outlets : Biofuels

Production in the EU since 1993



Source : Eurobserv'er 2005

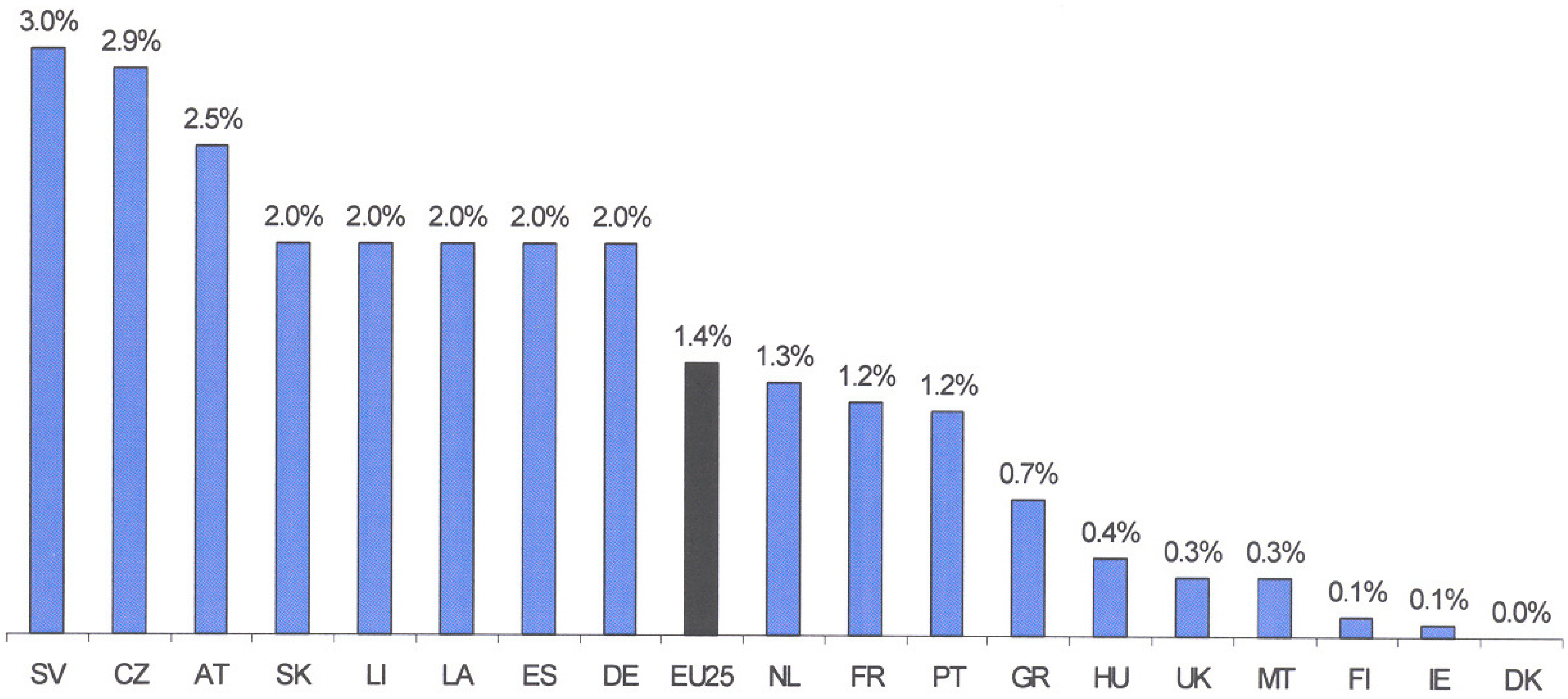
Main remarks from EFPRA

Biodiesel from rapeseed predominates mainly in Germany, France and Italy (1,6 Million Tons)

Ethanol mainly produced from wheat and to a lesser extent from sugar beet in France, Spain and Sweden with a total of nearly 500 000 tons in 2004

EU outlets : Biofuels

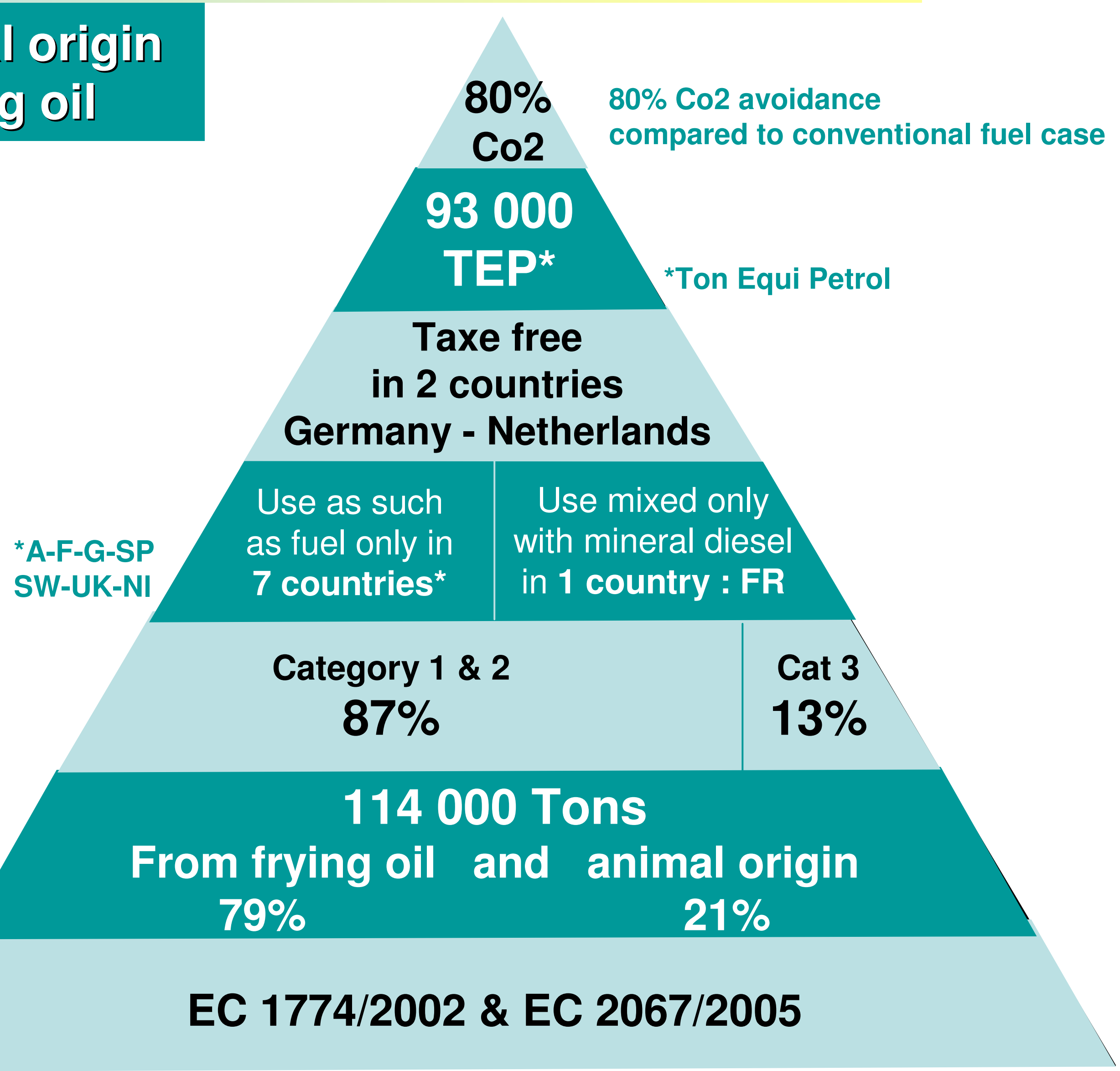
Targets for 2005
(18 Member states reporting ; rounded to 1%)



Source : Eurobserv'er 2005

EU outlets : Biodiesel

From animal origin and frying oil



EU outlets : Biogas

Possible competitor of our industry for the processing of animal by-products

No global volume estimated in EU

2 523 Biogas plants identified in EU mainly in Germany

EC 1774/2002
EC 810/2003
EC 92/2005
EC 208/2006
EC 209/2006

EU outlets

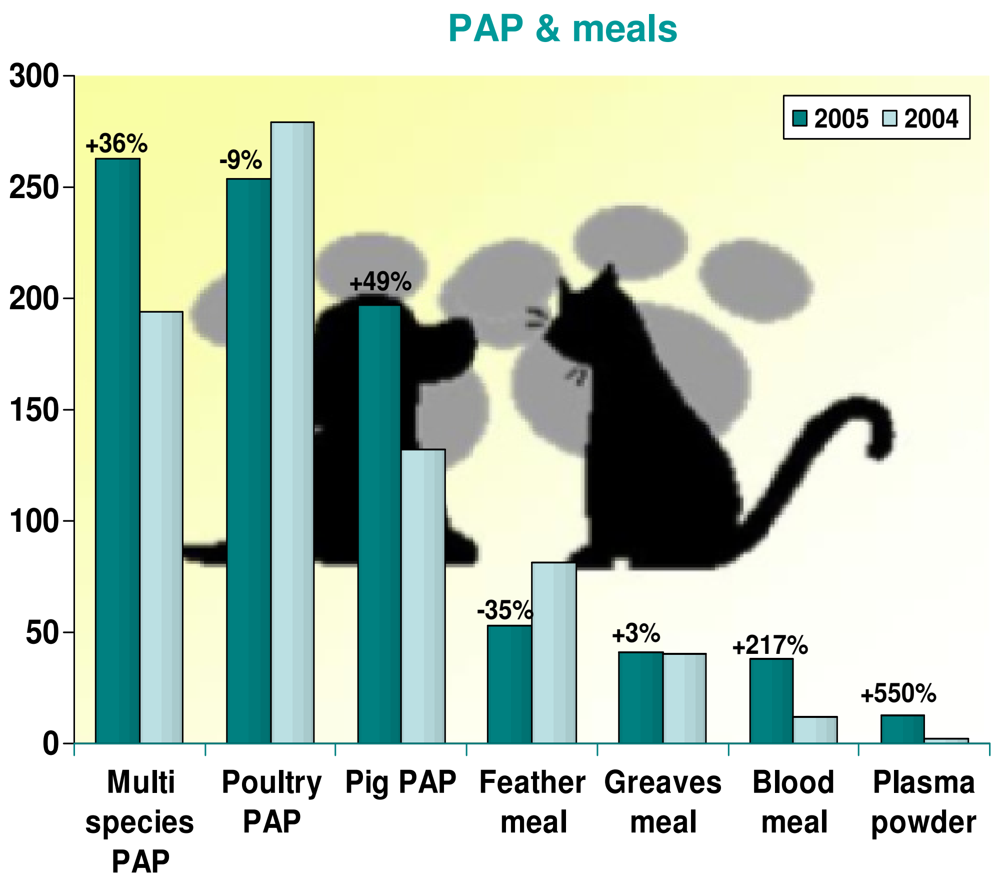
European Fat Processors and Renderers Association

PET FOOD

Market share = 17%

EU outlets : Pet food

EU 17
PAP and meals between 2004 and 2005
(x 1000 Tons)



Main remarks from EFPRA

Good growth of PAP in pet food in 2005 :

+17% compared to 2004

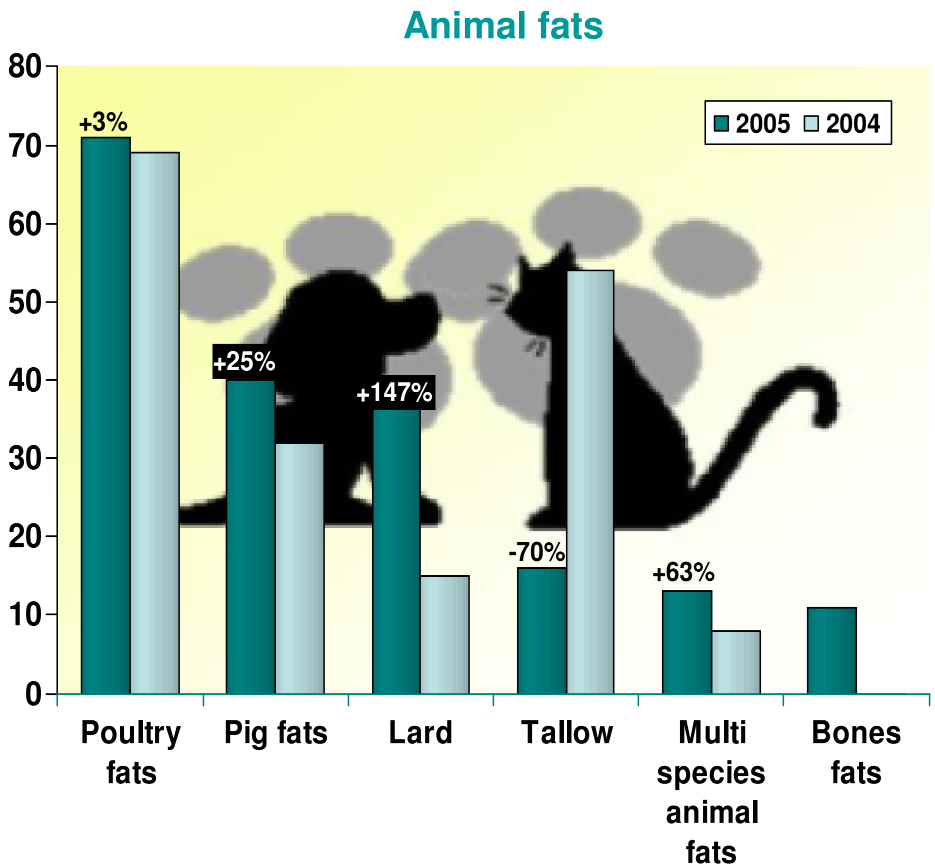
New balance between different PAP.

Total 2005 = 866

Total 2004 = 743

EU outlets : Pet food

EU 17
Animal fats between 2004 and 2005
(x 1000 Tons)



Main remarks from EFPRA

Stability of animal fats in pet food.

New balance between different animal fats increase of pig fats.

Total 2005 = 188

Total 2004 = 181

EU outlets

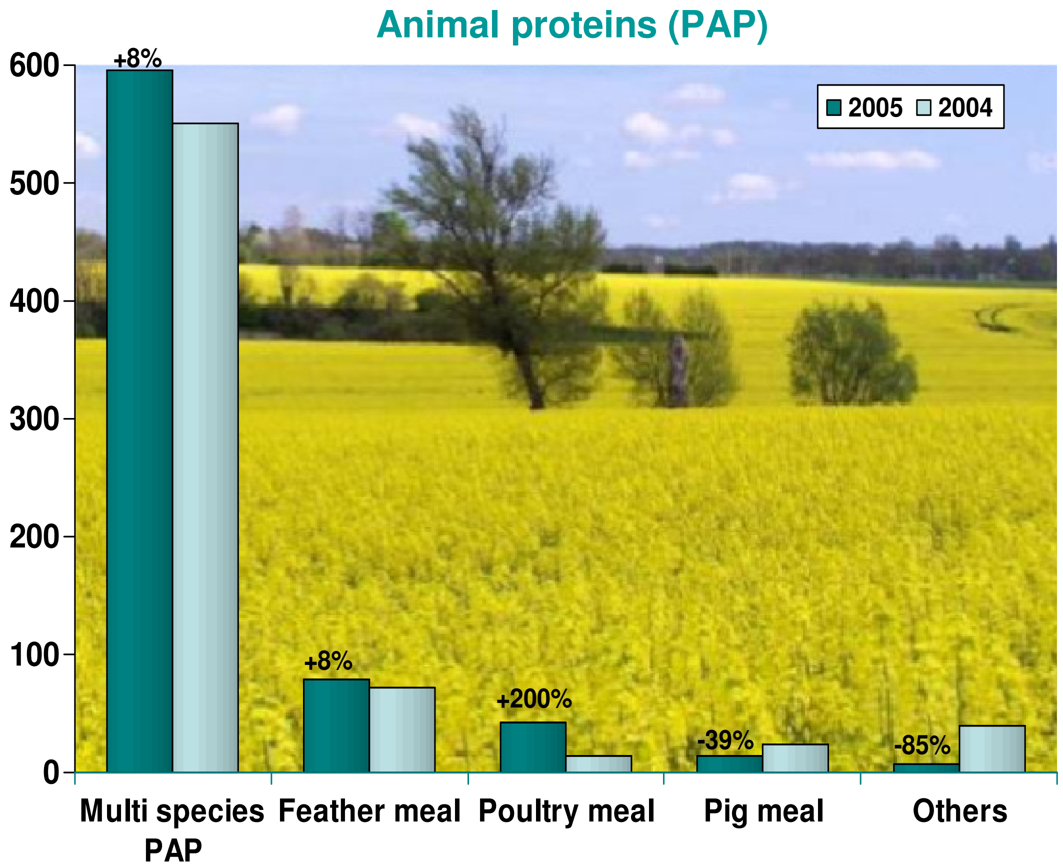
European Fat Processors and Renderers Association

FERTILIZERS

Market share = 12%

EU outlets : Fertilizers

EU 17
Animal proteins (PAP) between 2004 and 2005
(x 1000 Tons)



Main remarks from EFPRA

Increasing of the fertilizers outlet in 2005 :

+5% compared to 2004

particularly with :
- multispecies PAP : +10%
- poultry meal : +200%

New regulation EC 181/2006 allowing the use of any PAP (even ruminants) on pasture land through specific conditions.

Total 2005 = 736

Total 2004 = 699

EU outlets : Composting

European Fat Processors and Renderers Association

(Estimation)

New regulation in 2006 to satisfy sanitary safety without any environmental requirements

Competitor of our industry for the collection of raw material in slaughterhouses

70 000 Tons
of estimated animal by-products composted in EU 2005 but no market study in many countries

EC 1774/2002
EC 209/2006
EC 809/2006

EU outlets

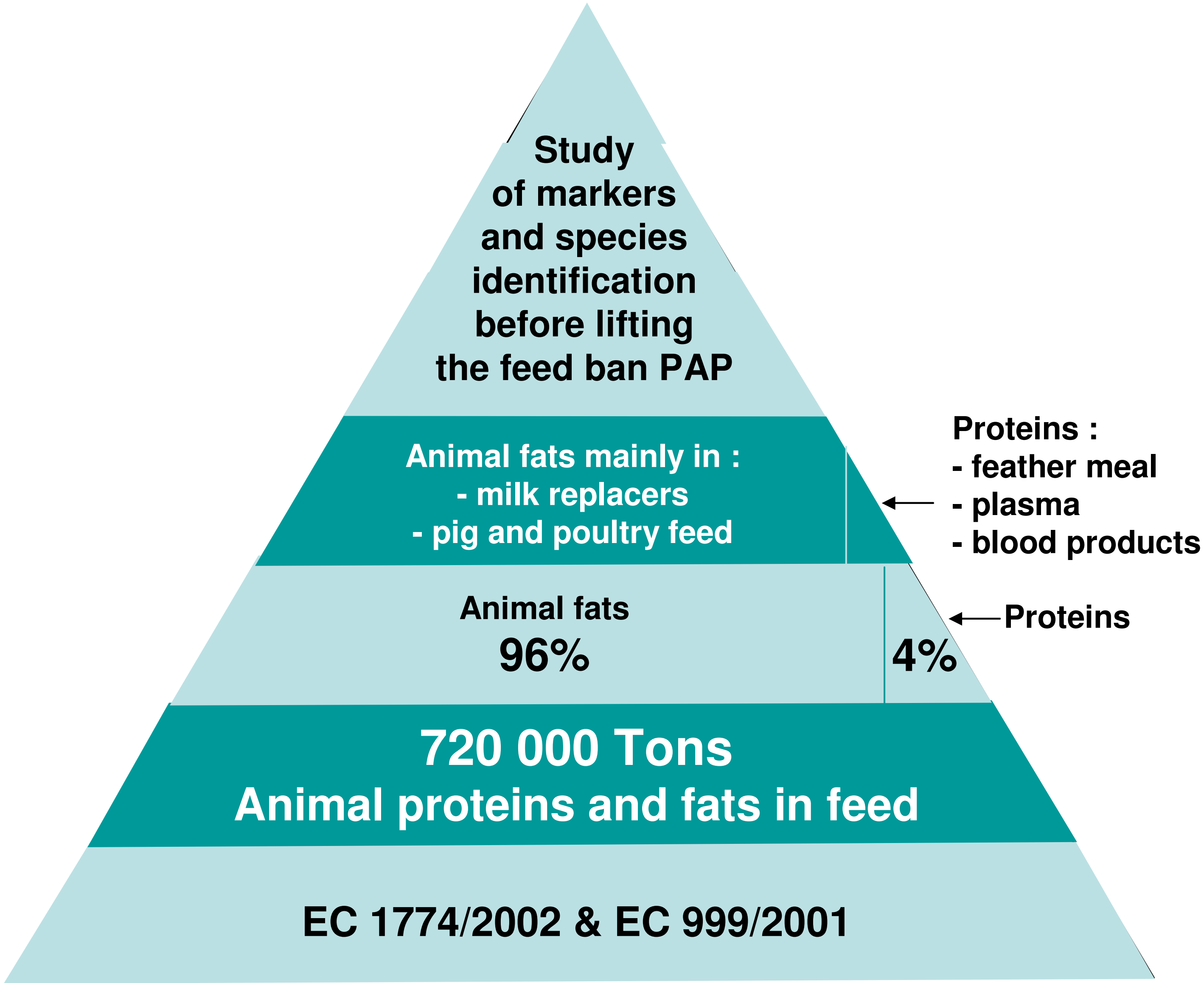
European Fat Processors and Renderers Association

FEED

Market share = 12%

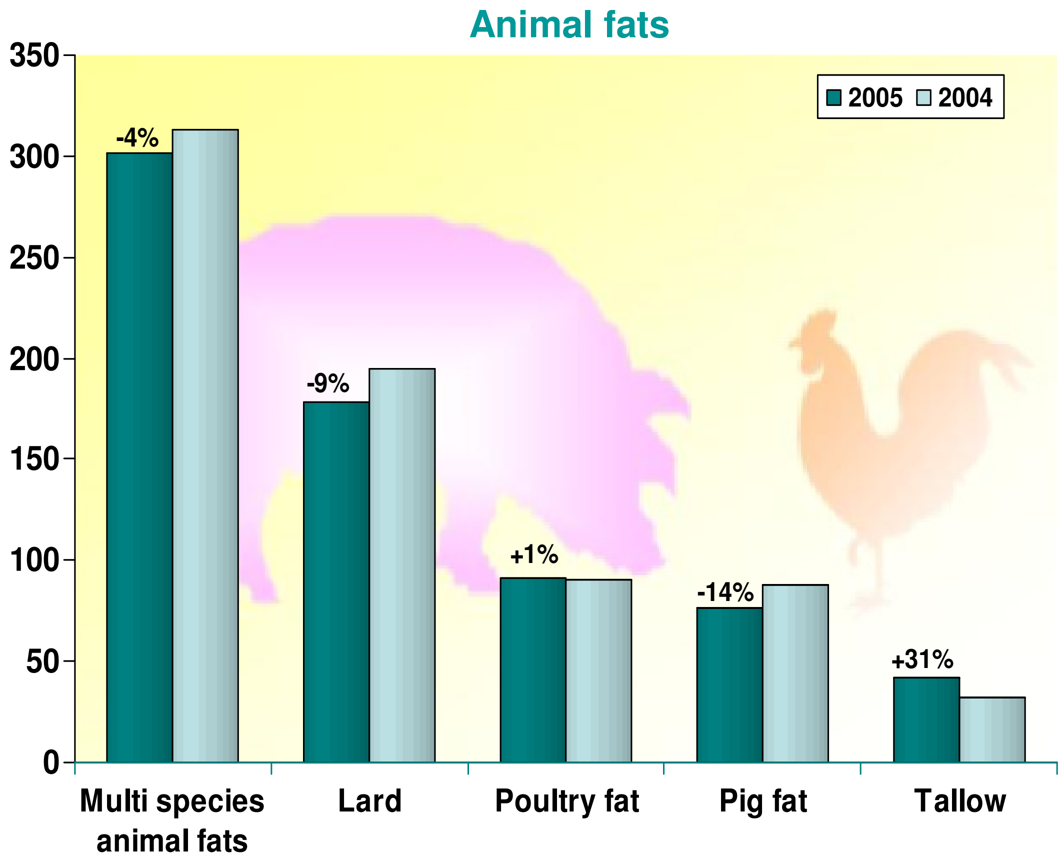
EU outlets : Feed

European Fat Processors and Renderers Association



EU outlets : Feed

EU 17
Animal fats between 2004 and 2005
(x 1000 Tons)



Main remarks from EFPRA

Feed remains an important outlet for animal fats.

Total 2005 = 694

Total 2004 = 719

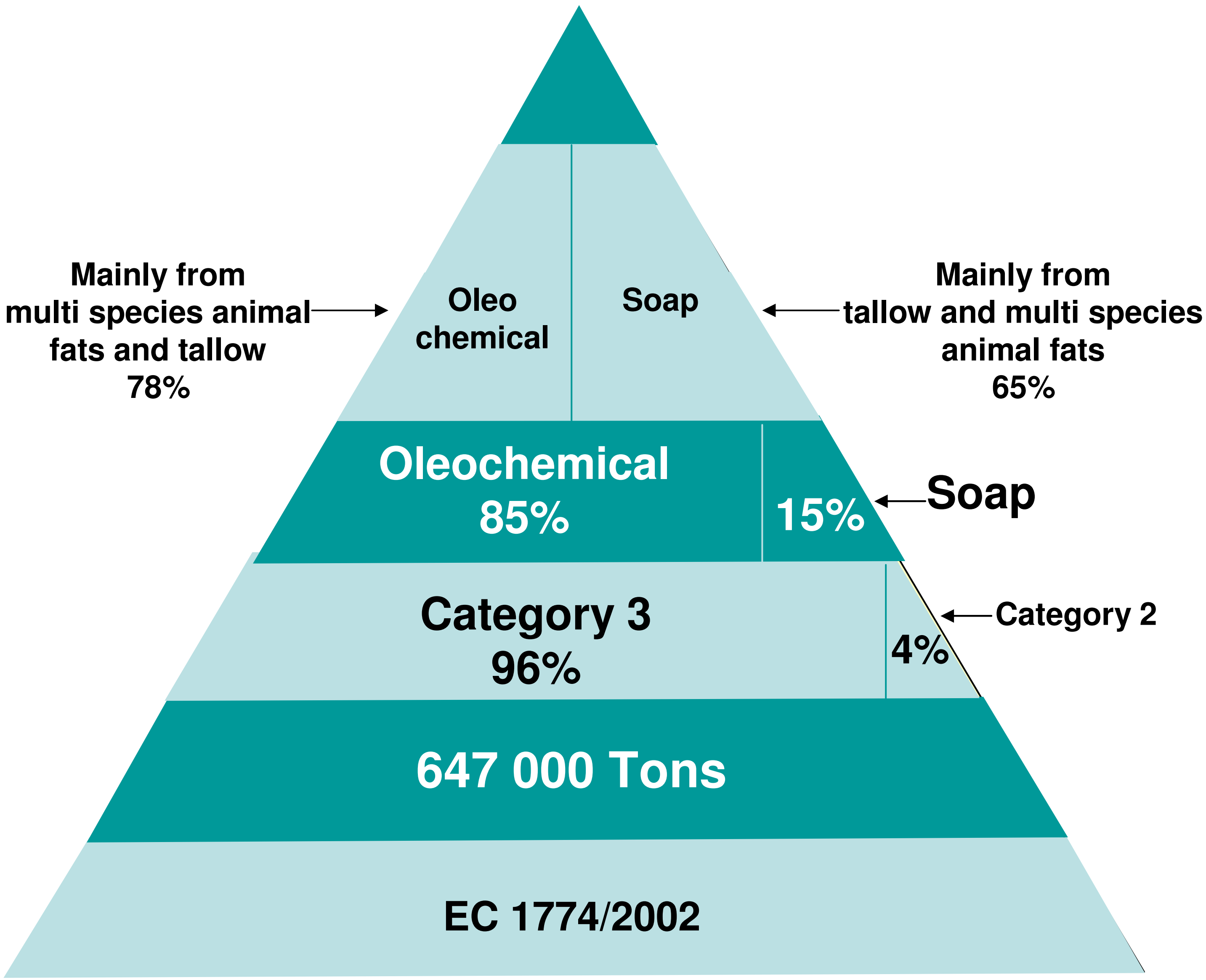
EU outlets

European Fat Processors and Renderers Association

OLEOCHEMICAL & SOAP

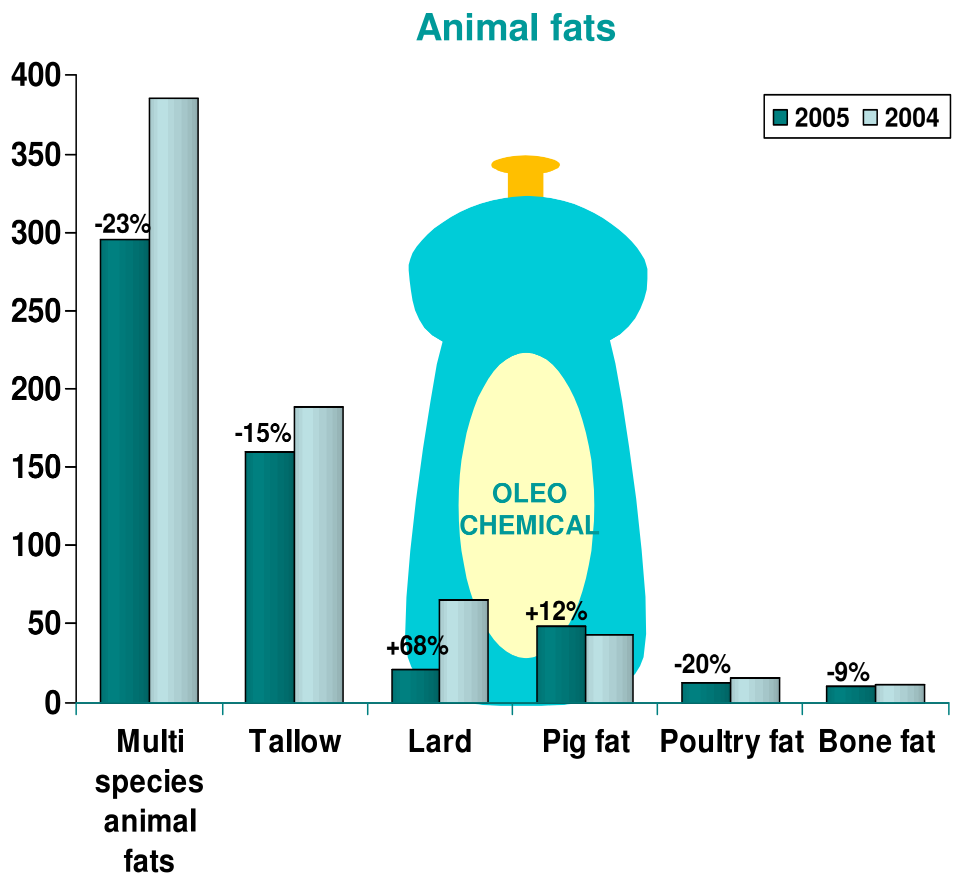
Market share = 10%

EU outlets : Oleochemical and soap



EU outlets : Oleochemical and soap

EU 17
Animal fats between 2004 and 2005
(x 1000 Tons)



Main remarks from EFPRA

Decreasing of oleochemical and soap of 17% in 2005 mainly due :
- multi species animal fats
- tallow

Total 2005 = 547

Total 2004 = 708

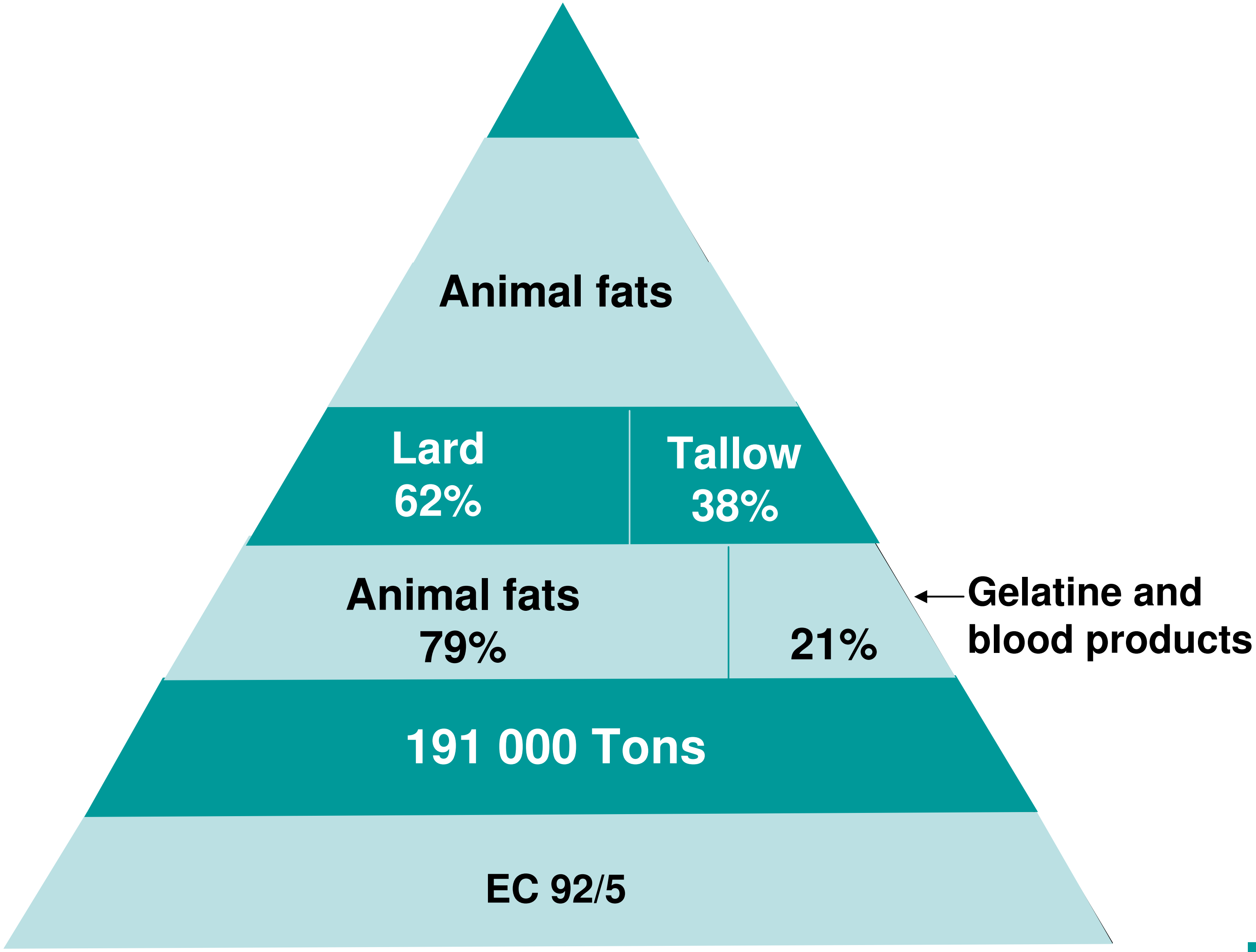
EU outlets

FOOD

Market share = 3%

EU outlets : Food

European Fat Processors and Renderers Association

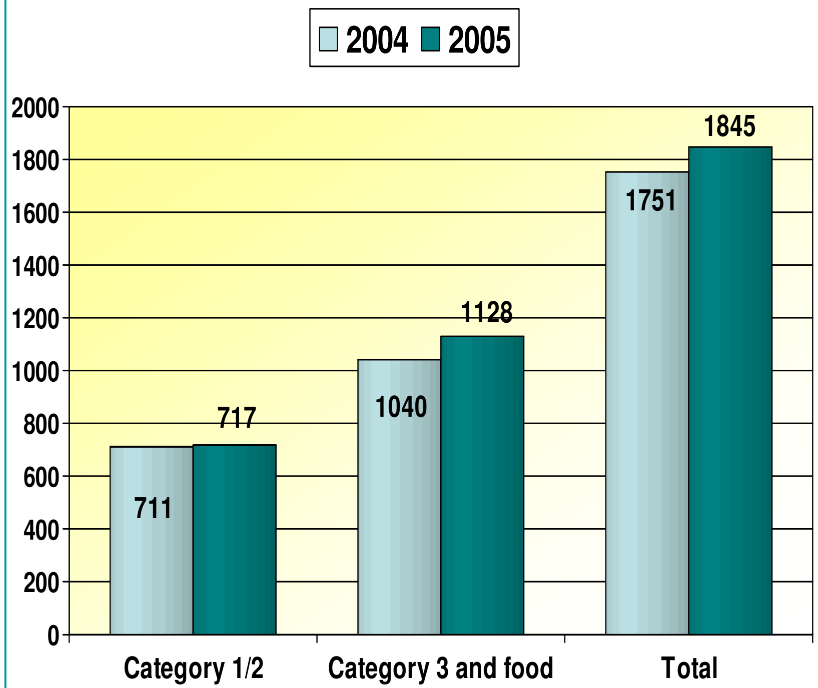


Turn over evolution 2004-2005

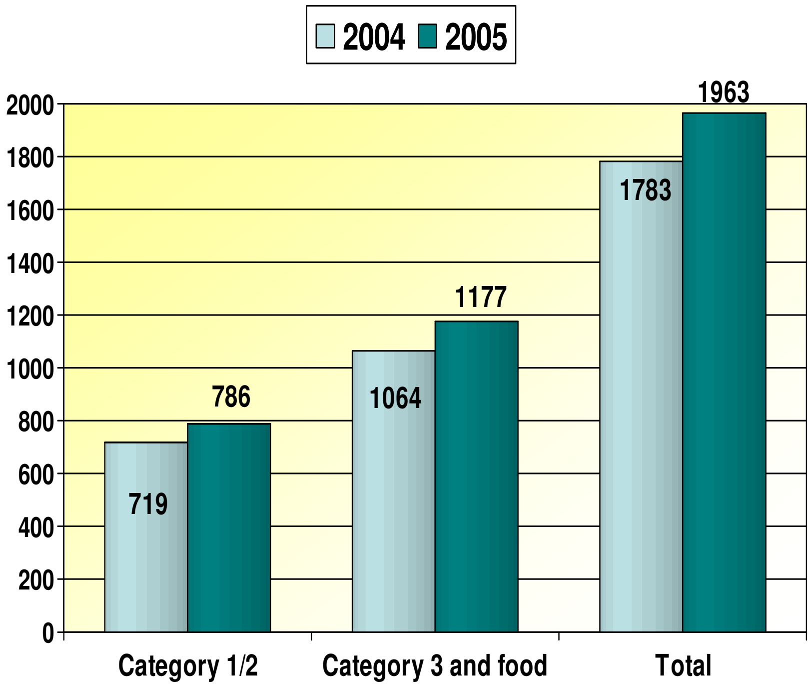
Estimated turn over evolution

In million Euros

EU 14



EU 17 + Associates



NB : UE 16 in 2004

Conclusion

European Fat Processors and Renderers Association

The future of our industry

will depend on our capacity

to answer to the new market demand.