From Crops to Animal Protein: Navigating China's Markets

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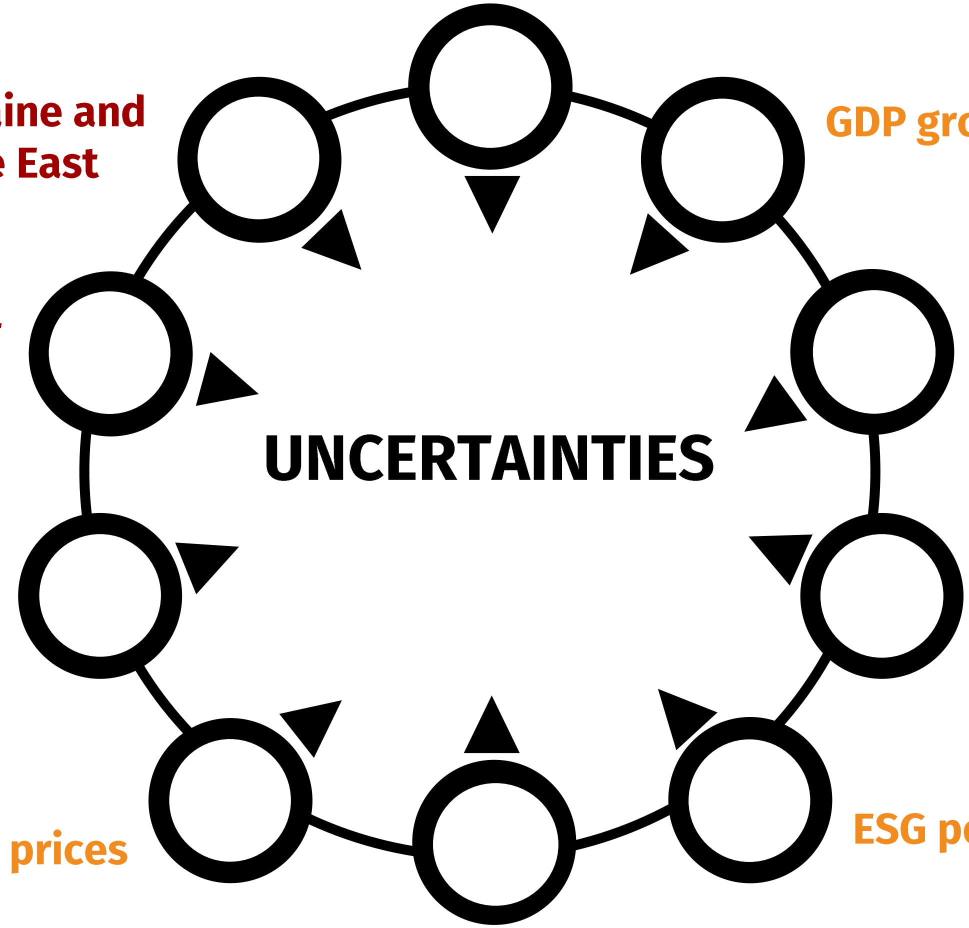
- Global overview
- Feed Raw Materials Market in China
- Animal protein Market in China
  - Overall Animal Protein Production and Consumption
  - Swine
  - *Poultry*
  - *Layer*
- Takeaways
- Q&A

01 Global Overview

Uncertainty in the near term

Main factors impacting our value chain



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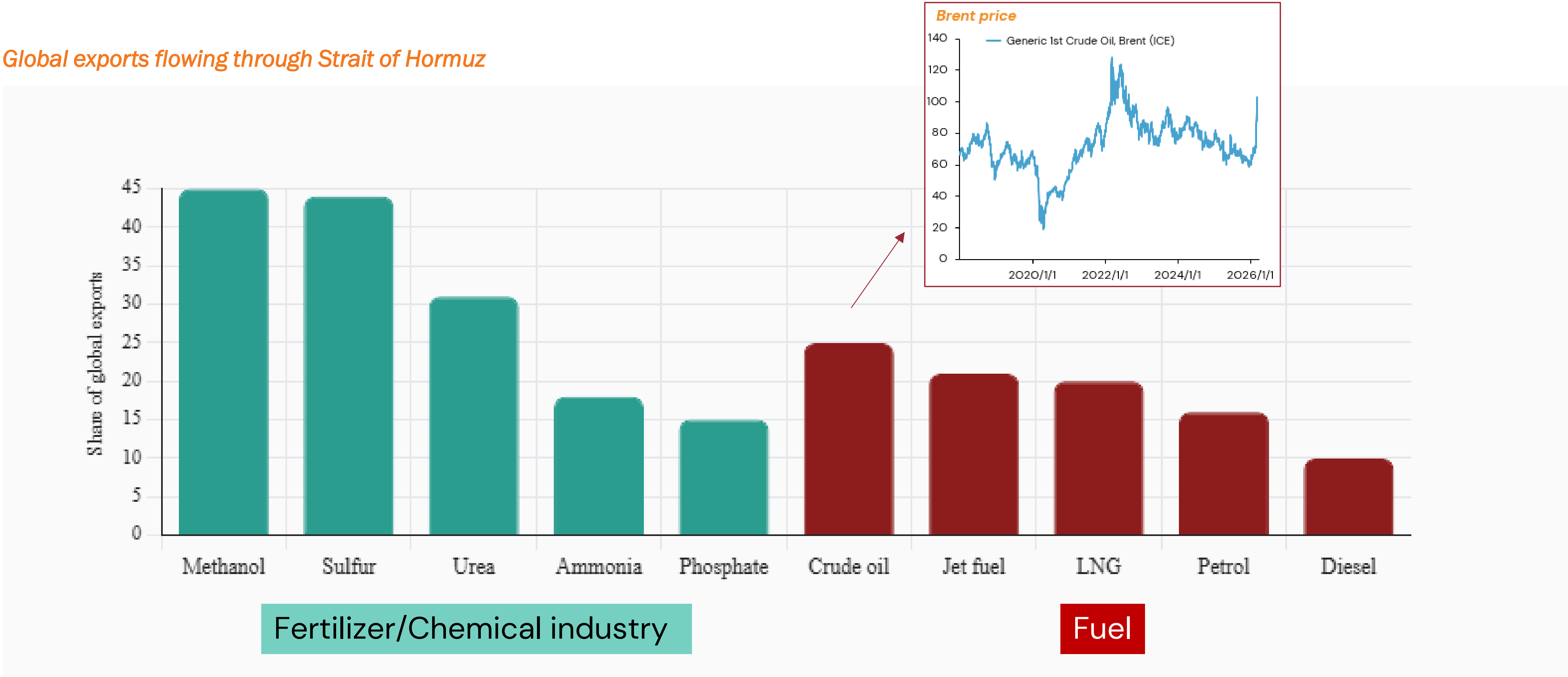
Uncertainty in the near term: Geopolitical tensions

Global exports flowing through Strait of Hormuz



Source: Rabobank, dsm-f analyses

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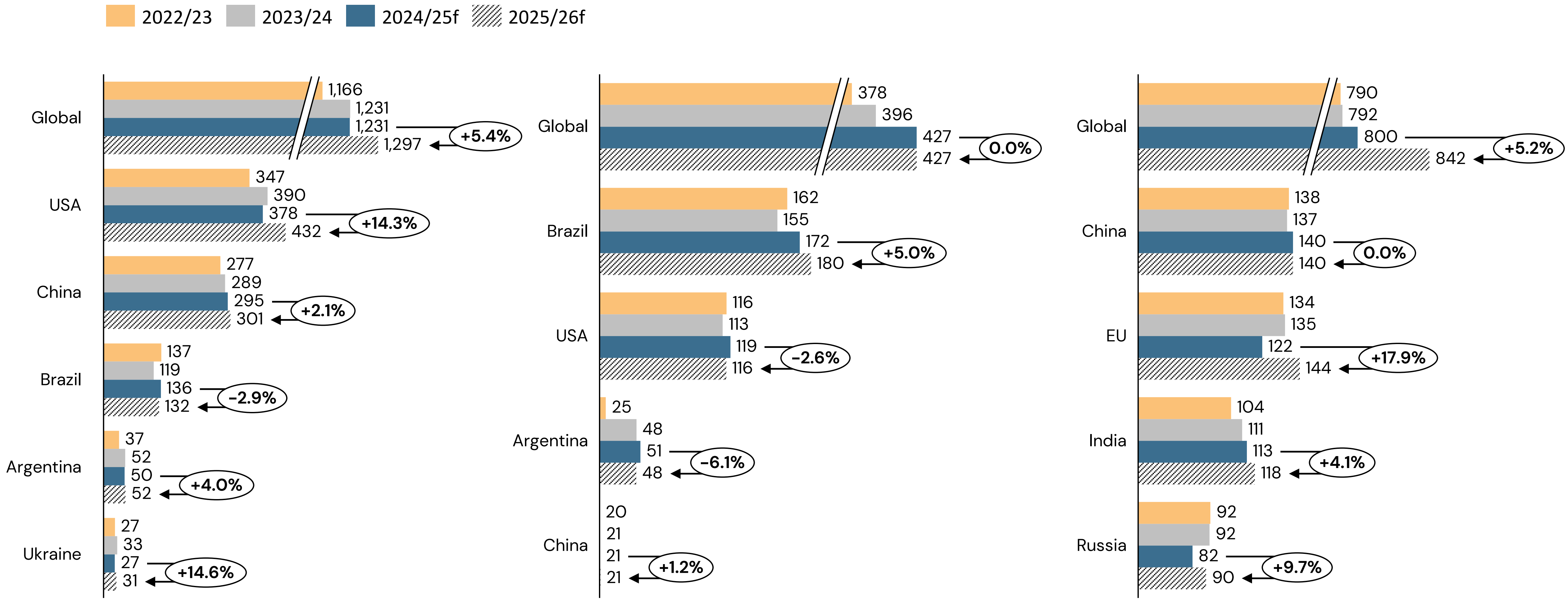
Grain production

Global grain production to increase significantly in 2025/26

Corn (million tons) *Soybean* *Wheat*



Source: USDA

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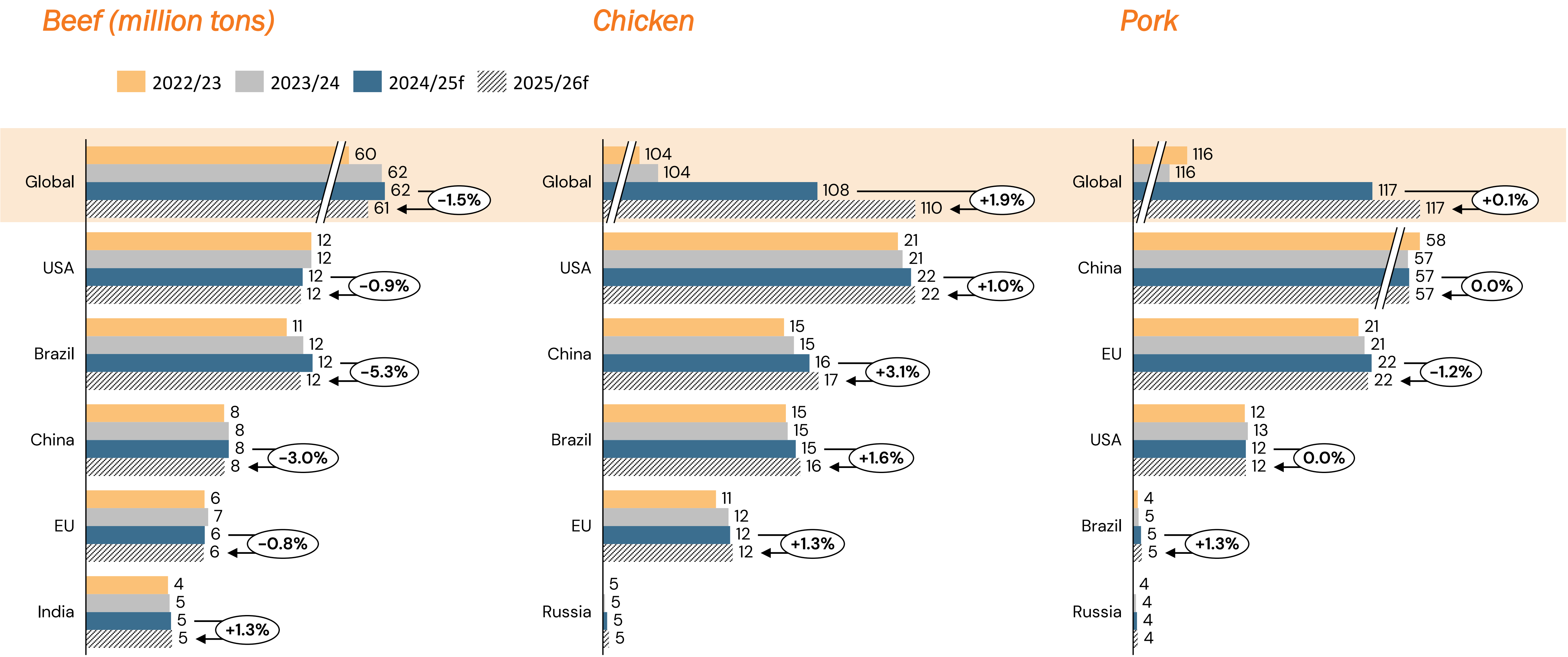
Animal protein production

The decline in beef production will be offset mainly by growth in chicken production



Data source: CFIA, Reuter, FEFAC, USDA, Boyar, TFMA, FAO, WOAH

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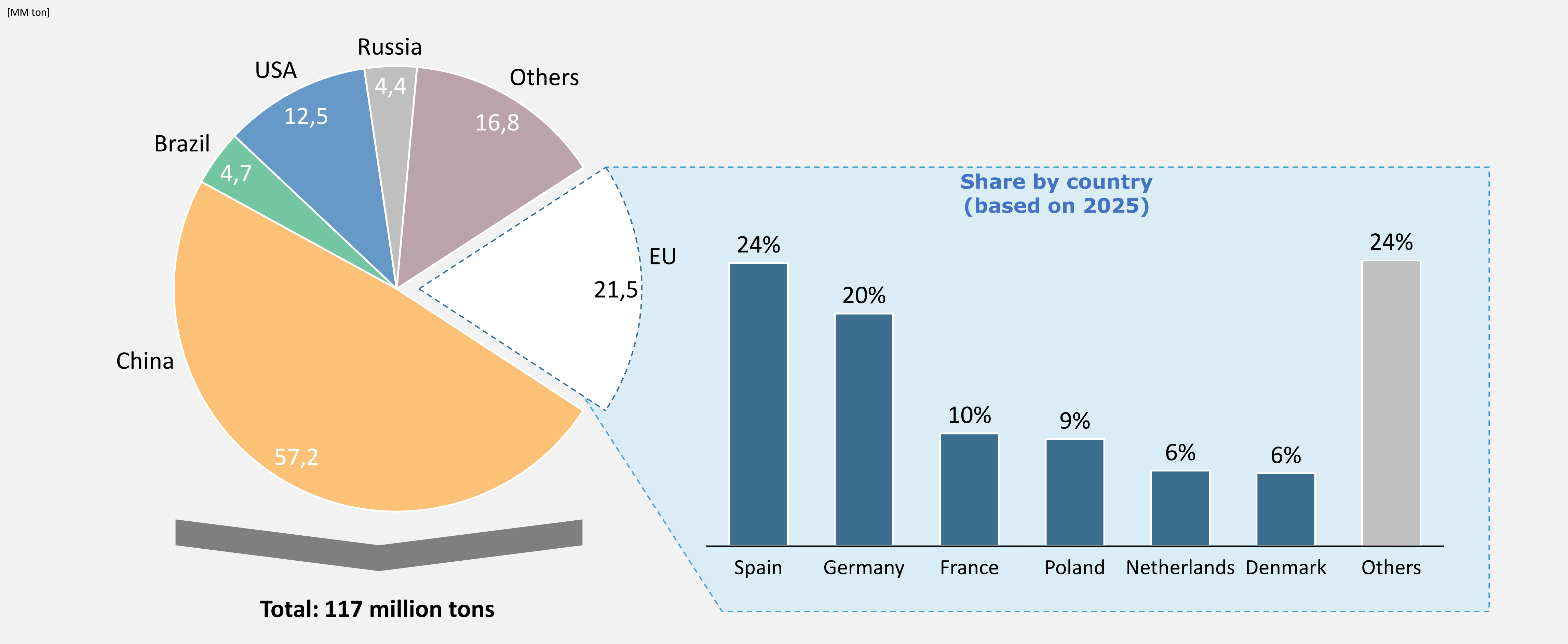
Global pork production in 2026

Despite the challenges, China returns to almost 50% of total global pork production



Source: USDA, European Commission, DSM-F Analyses

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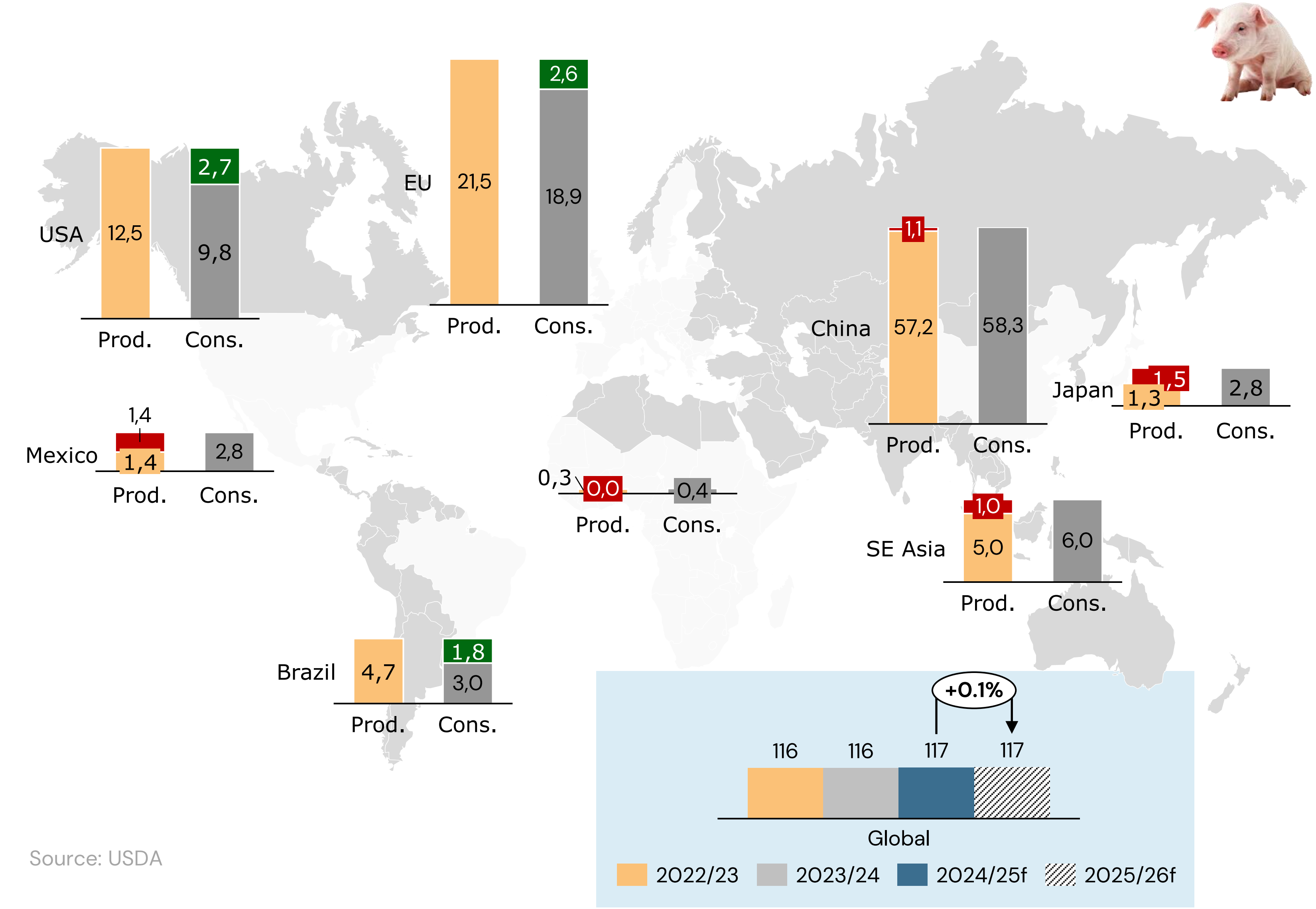
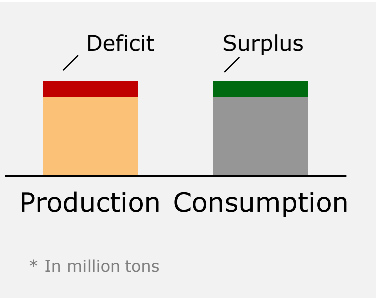
The consumption is not necessarily where production is

Expected pork production and consumption [mm tons - 2026f]



Drivers of competitiveness

- **Market Access**
- **Trade agreements**
- **G&O availability**
- **Feed Costs**
- **Sanitary status (ASF)**
- **FX**
- **Specific products**



Source: USDA

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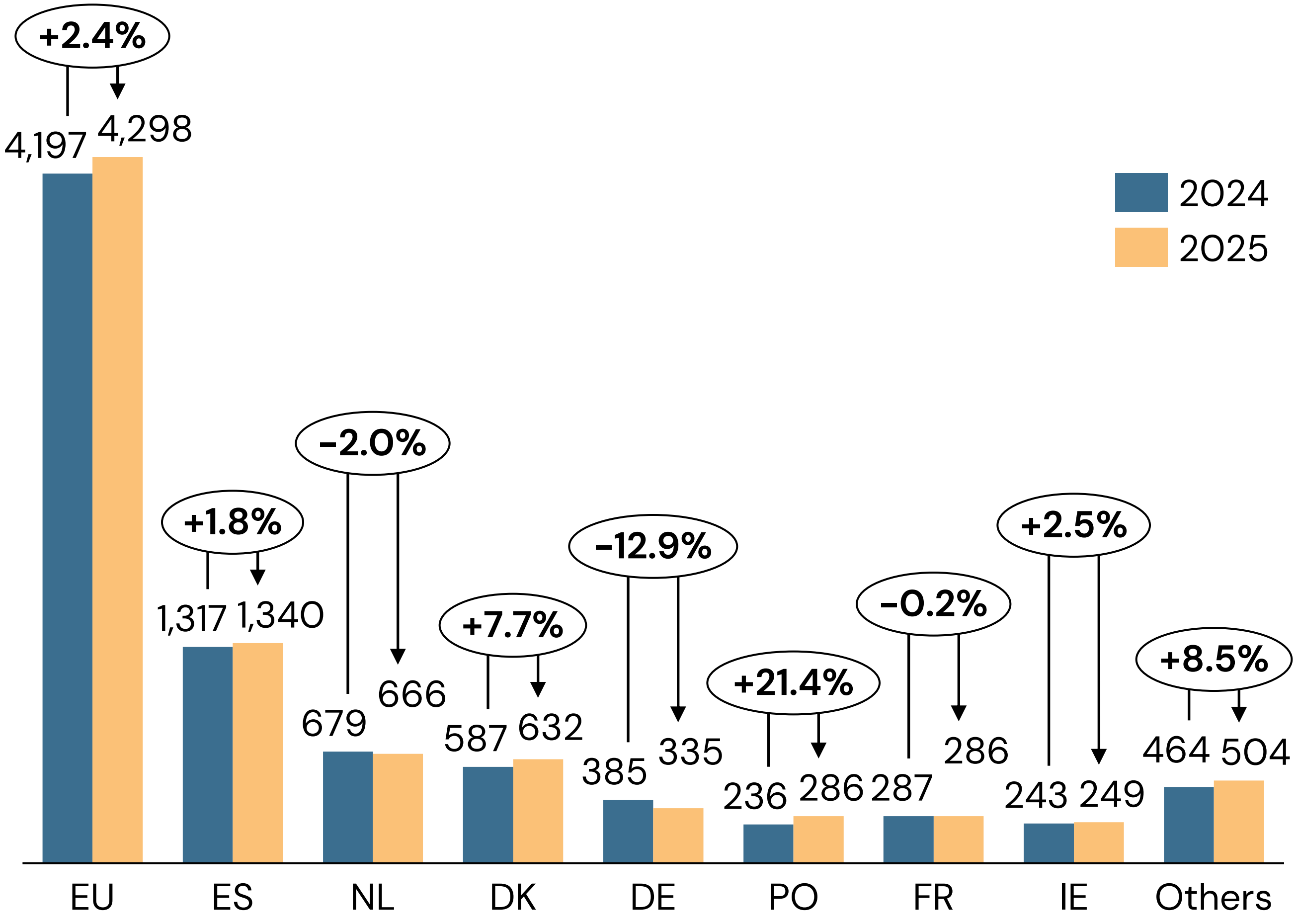
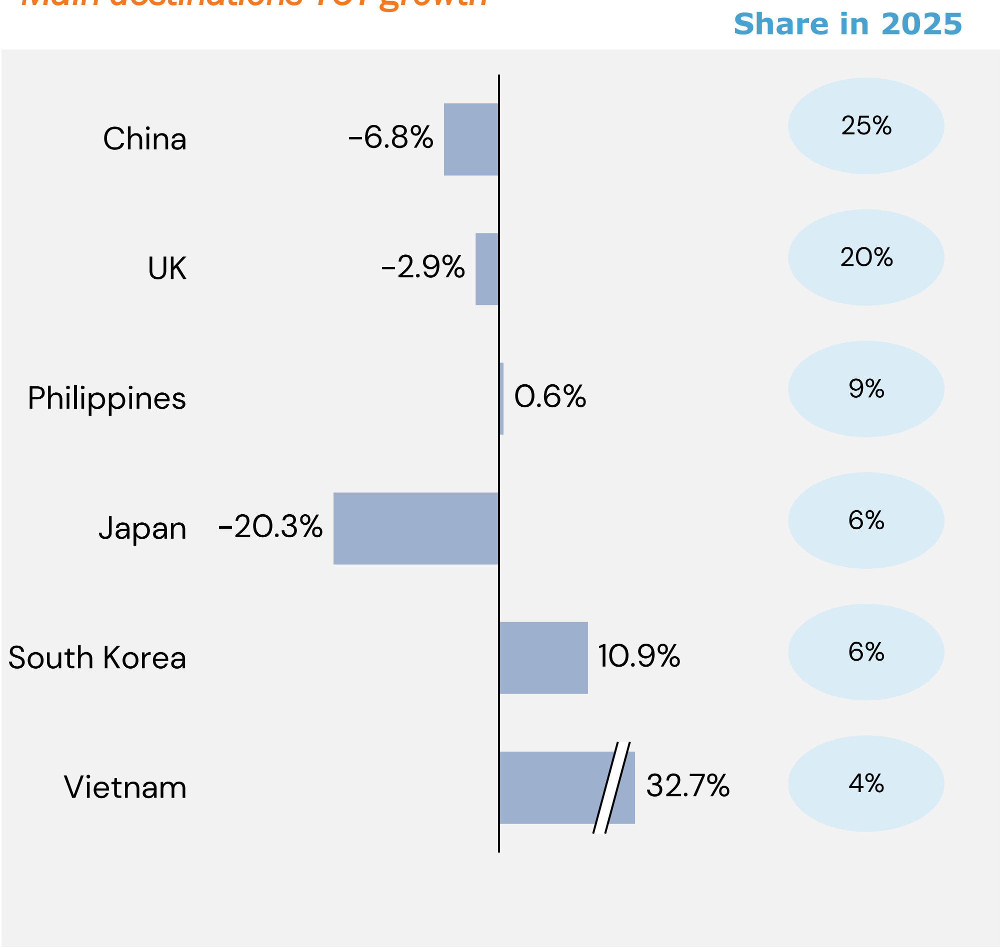
EU: Pork exports in 2025

EU pork exports (thousands of tons)



Main destinations YOY growth



Source: European Commission

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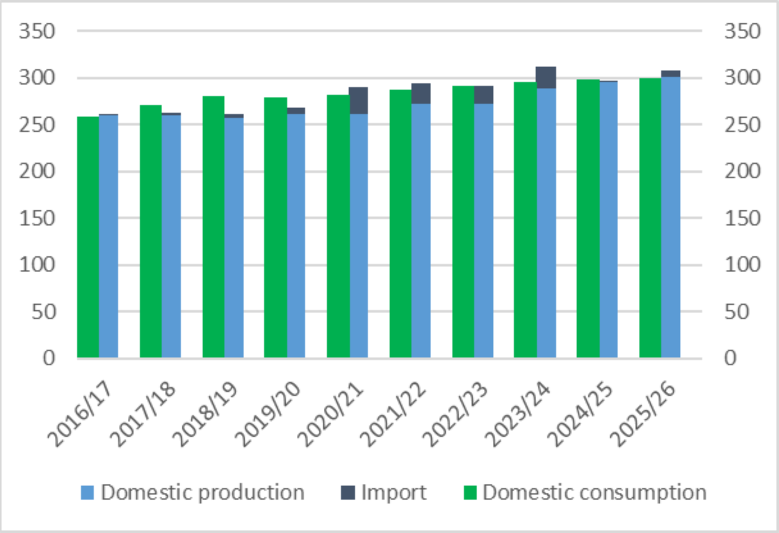
02

Feed Raw Materials Market in China

Rising Domestic Output, Falling Imports, and Sustained Growth in Industrial & Feed Demand

Supply & Demand

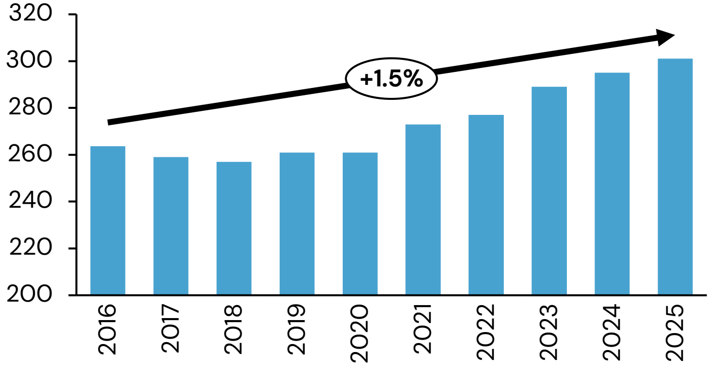
Unit: Mn Metric tons



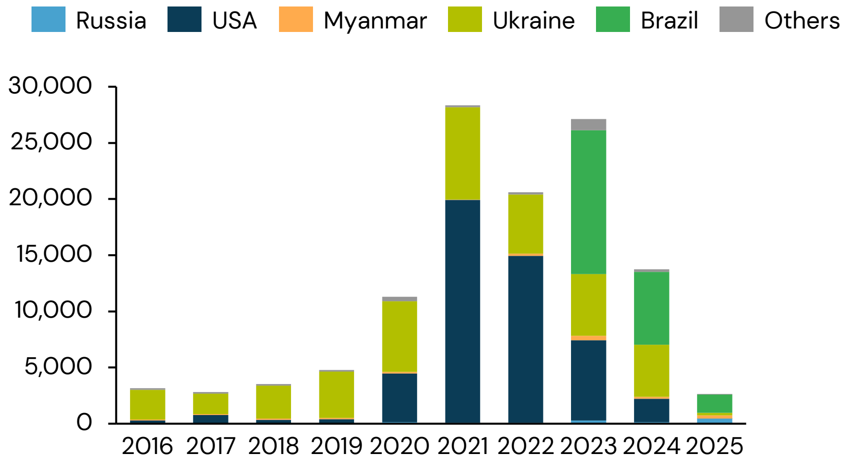
- As the primary feed ingredient, corn's self-sufficiency has rebounded since 2018, driven by an expansion in harvested acreage and improved yields.
- Corn imports have declined over the past three years, reflecting rising domestic production and heightened global trade tensions.
- Domestic corn demand has grown at a CAGR of 1.6% over the past decade, supported mainly by industrial usage and feed demand, which increased at CAGRs of 2.5% and 1.4%, respectively.

Production & Import

Domestic Production, Mn Metric tons

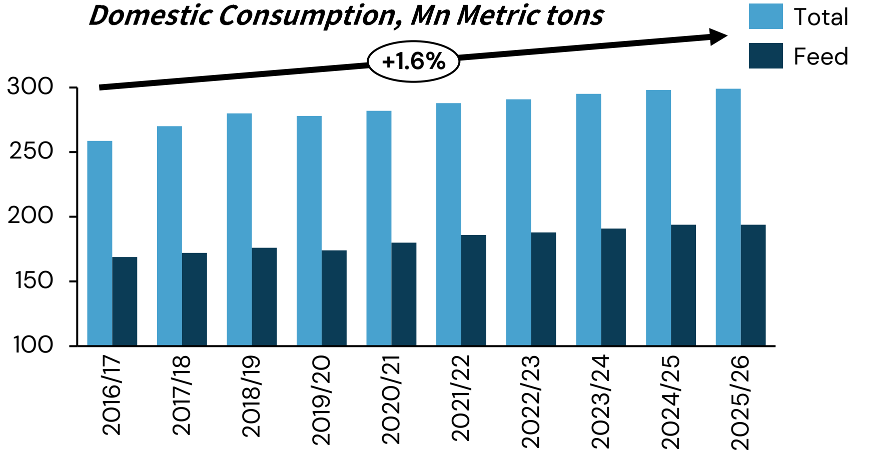


Corn Imports, thousand Metric tons

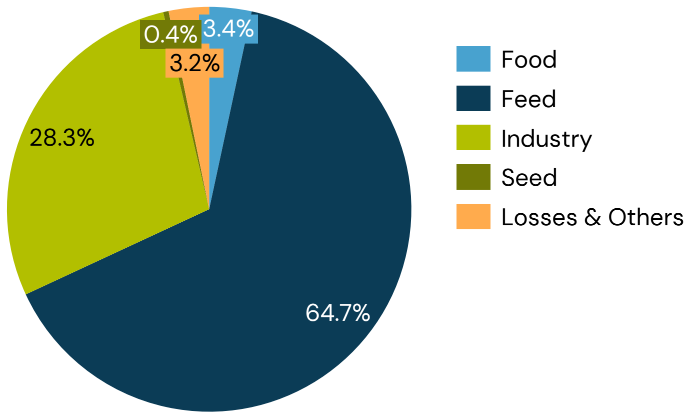


Domestic Demand

Domestic Consumption, Mn Metric tons



2025/26 Domestic Consumption Breakdown



Data source: Ministry of Agriculture and Rural Affairs of the People's Republic of China, National Bureau of Statistics, General Administration of Customs of the People's Republic of China, dsm-firmenich internal analysis

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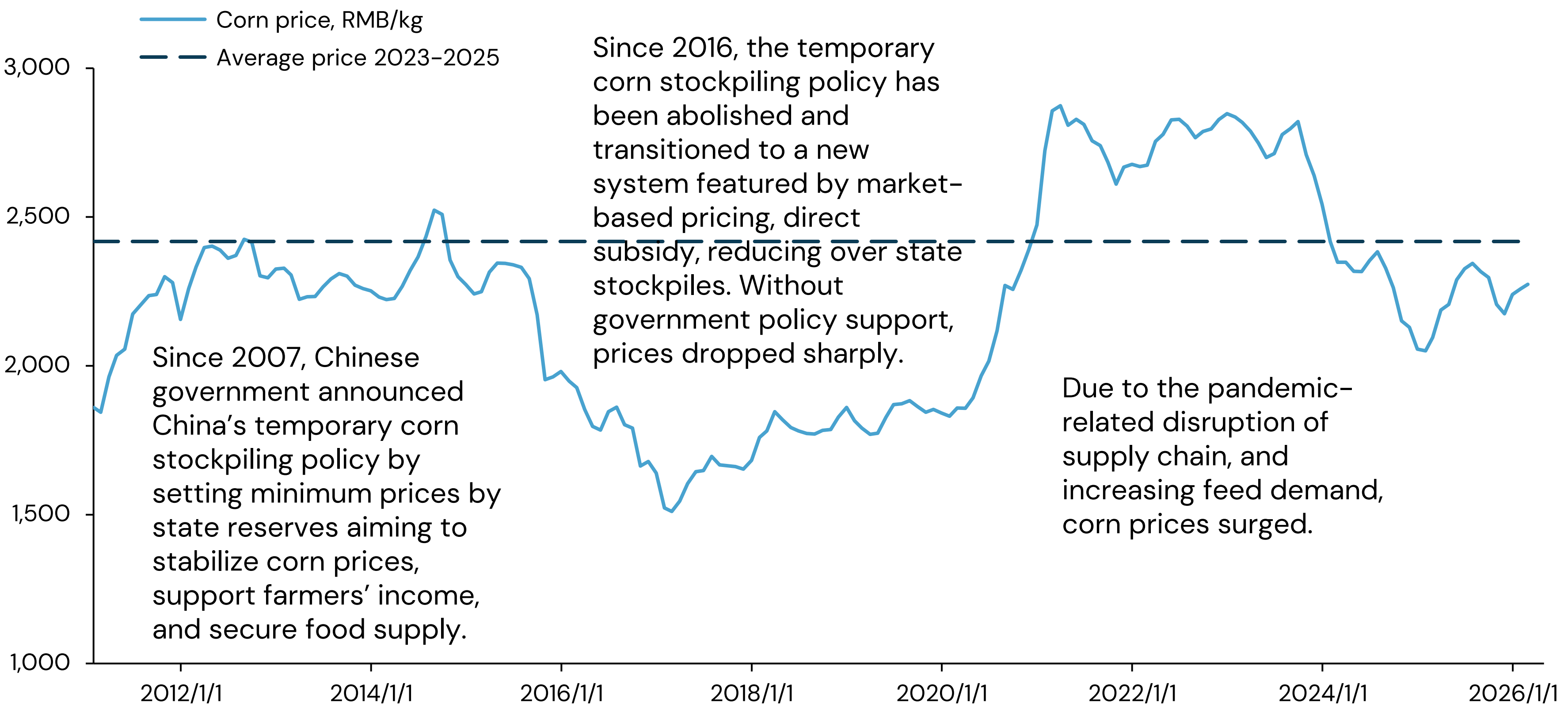
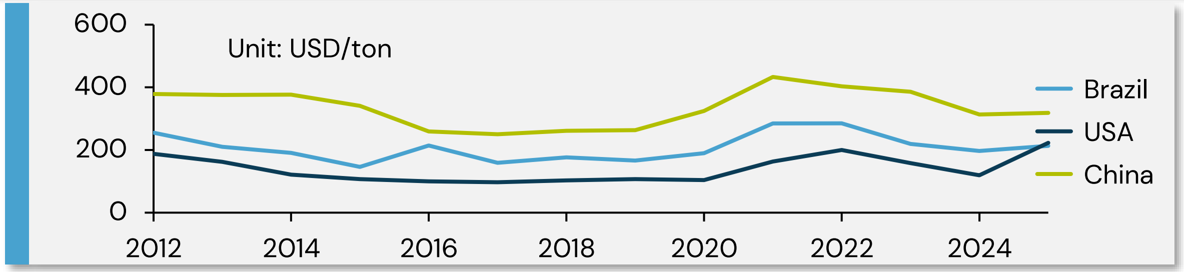
Corn-Driven Input Costs Pressure Animal Protein Producers

Domestic Corn Price, RMB/ton



- **China Temporary Corn Stockpiling Policy (2007-2016)**
  - 70% increase in corn production and 47% growth in area harvested
  - Increase in domestic corn prices
  - Increase in state reserve
  - Rocketed imports driven by domestic-International price gap
- **Market-Based Pricing + Subsidy Reform(Post 2026)**
  - Increase in price volatility
  - Reduction of state stockpiles
  - Narrow price gaps between home and abroad
  - Farmers partly shifting to soybean or other grains planting.



Takeaway:

Since corn represents a major portion of farming input costs, farmer face pressures in the overall input expenses compared with counterparts.

Data source: MARA, Bloomberg, CEPEA, dsm-firmenich internal analysis

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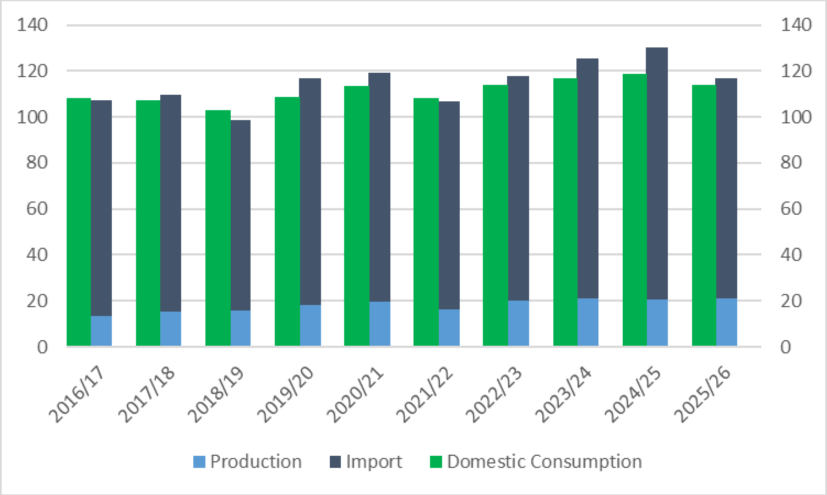
China's Soybean Supply Remains Import-Dependent as Brazil Dominates Market Share

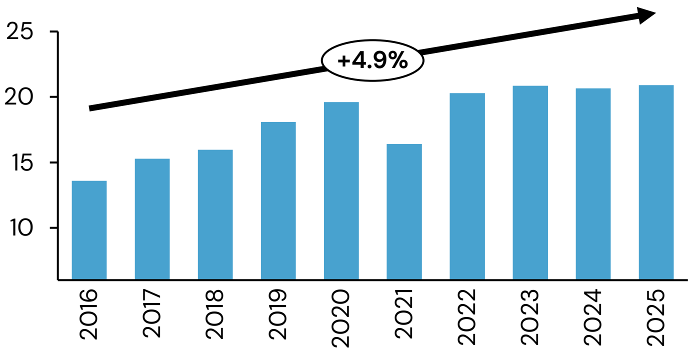
Supply & Demand



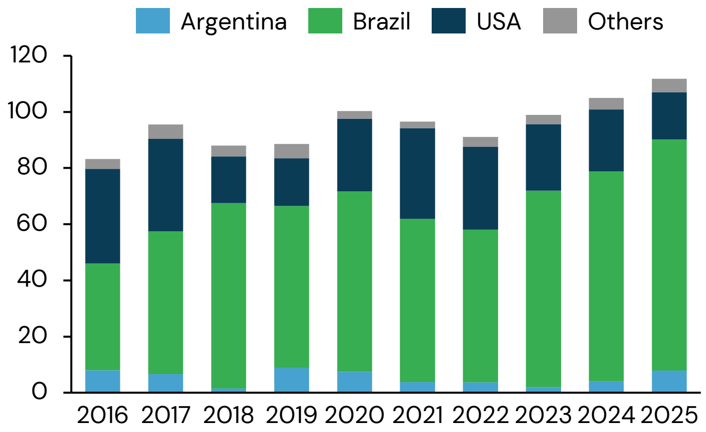
- Soybean supply in China remains highly import-dependent, with imports accounting for more than 80% of total supply.
- Domestic production has increased in recent years, supported by government policies.
- Brazil is China's largest supplier, with its market share rising to 73.6% in 2025 from 45.7% in 2016. The United States remains the second-largest supplier, although its share declined from 40% in 2016 to 15% in 2025.
- Crushing for feed demand represents the largest share of China's domestic soybean consumption.

Production & Import

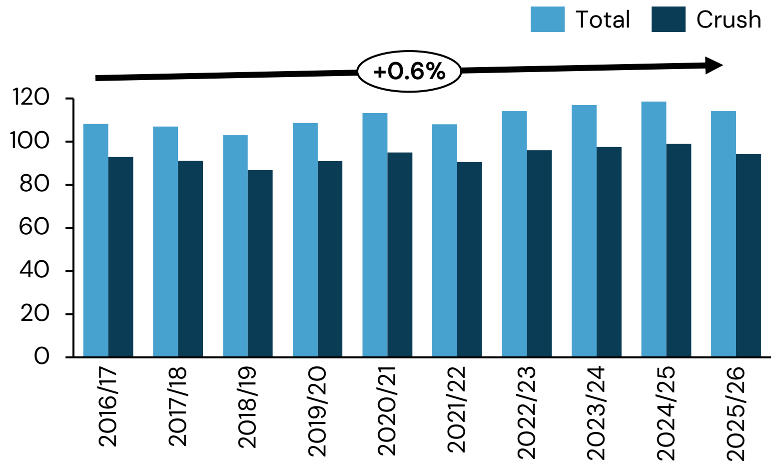
Domestic Production, Mn Metric tons



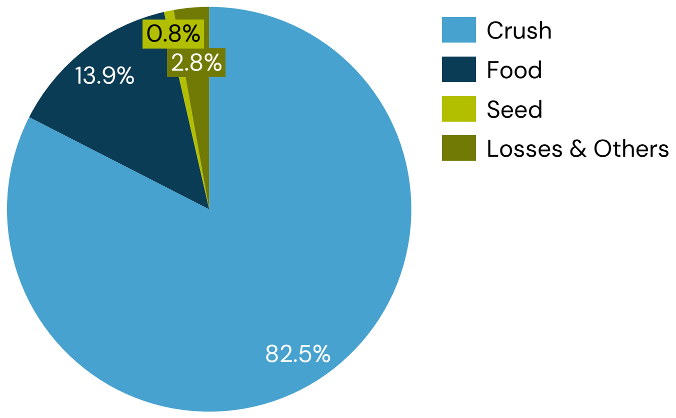
Corn Imports, thousand Metric tons



Domestic Demand



2025/26 Domestic Consumption Breakdown



Data source: Ministry of Agriculture and Rural Affairs of the People's Republic of China, National Bureau of Statistics, General Administration of Customs of the People's Republic of China, dsm-firmenich internal analysis

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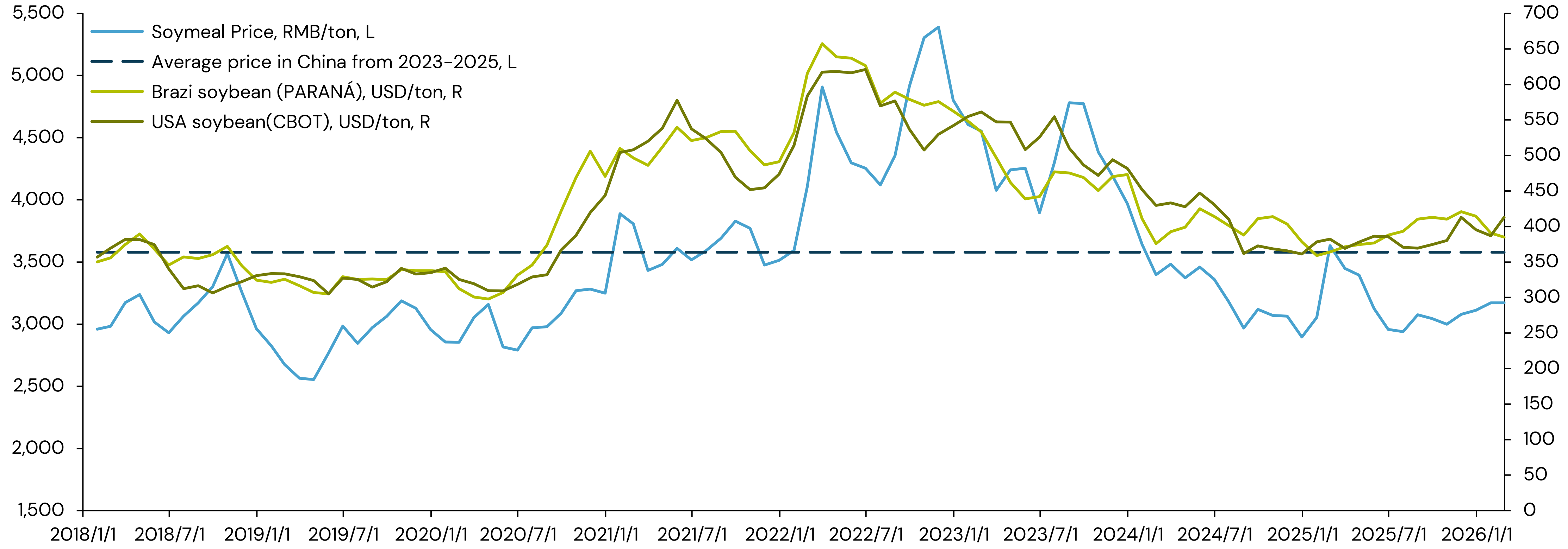
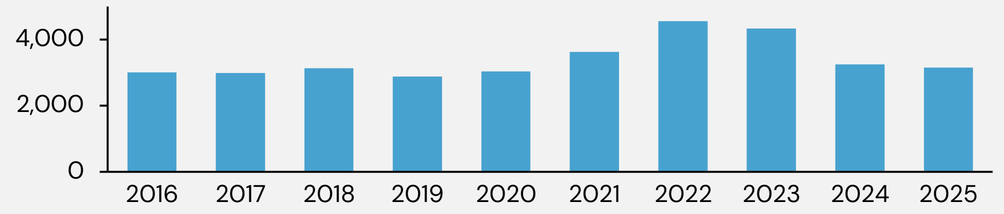
Soymeal Prices Track U.S. and Brazil, with Trade Tensions Driving Volatility

Domestic Soymeal Price, RMB/ton





Takeaway:
Domestic soymeal prices closely track U.S. and Brazilian markets, with trade tensions and purchase timing adding volatility.

Data source: MARA, Bloomberg, CEPEA, dsm-firmenich internal analysis

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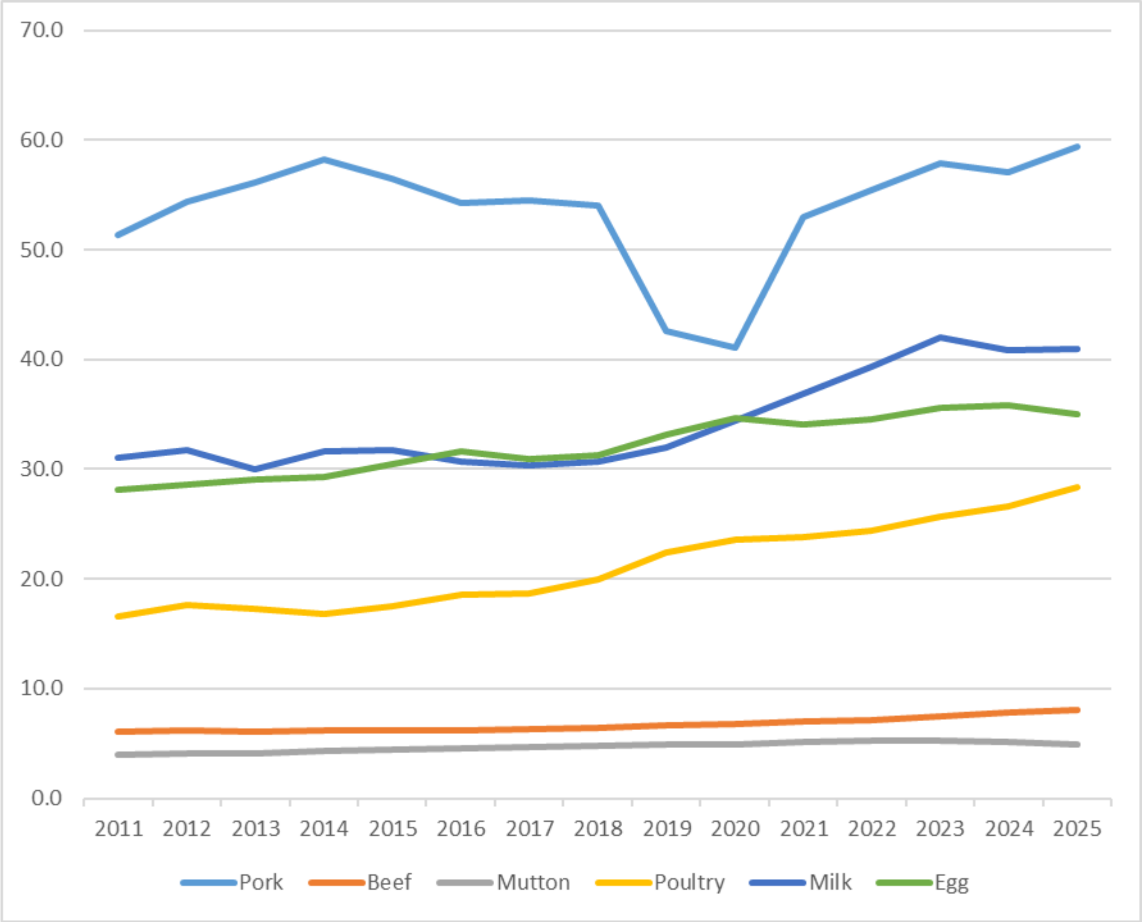
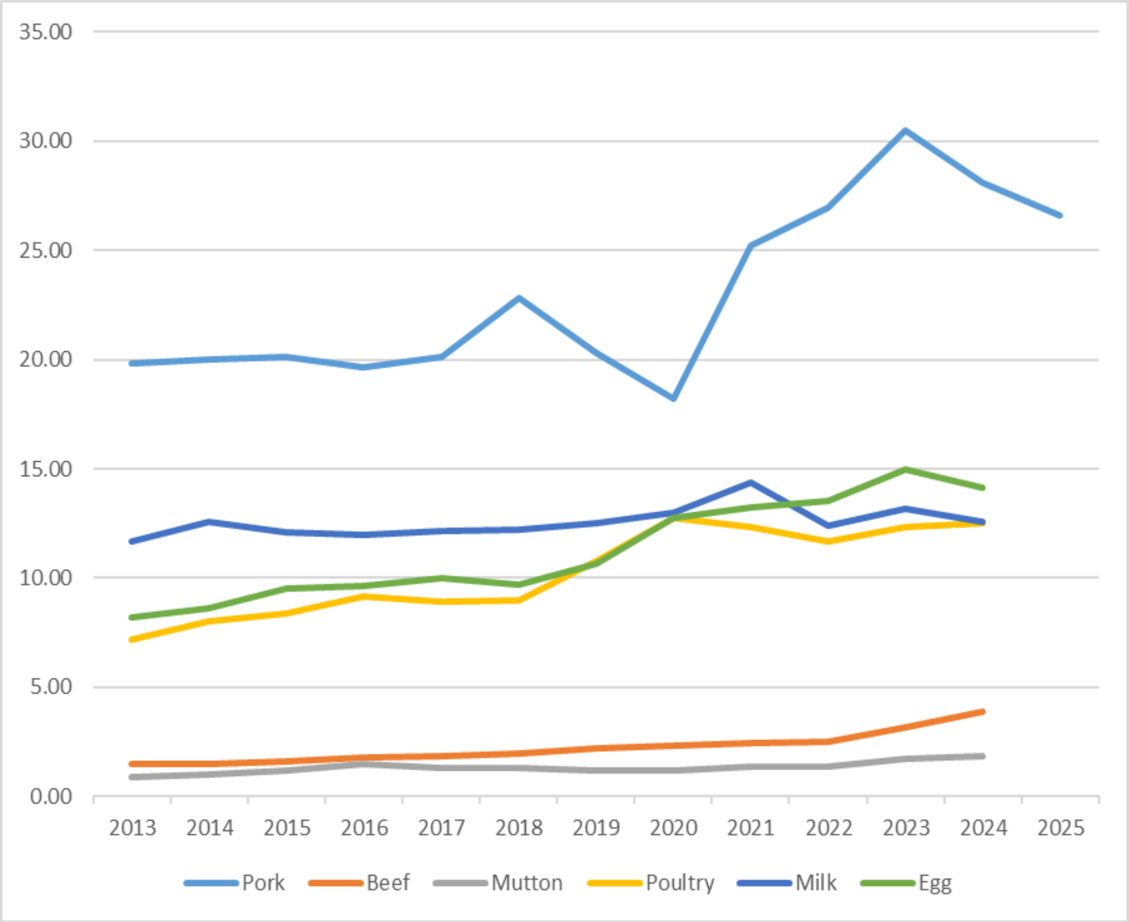
03 Animal protein Market in China

Strong Decade-Long Growth in Domestic Animal Protein Supply and Consumption Amid Disruptions

Animal Protein Domestic Production, Mn tons



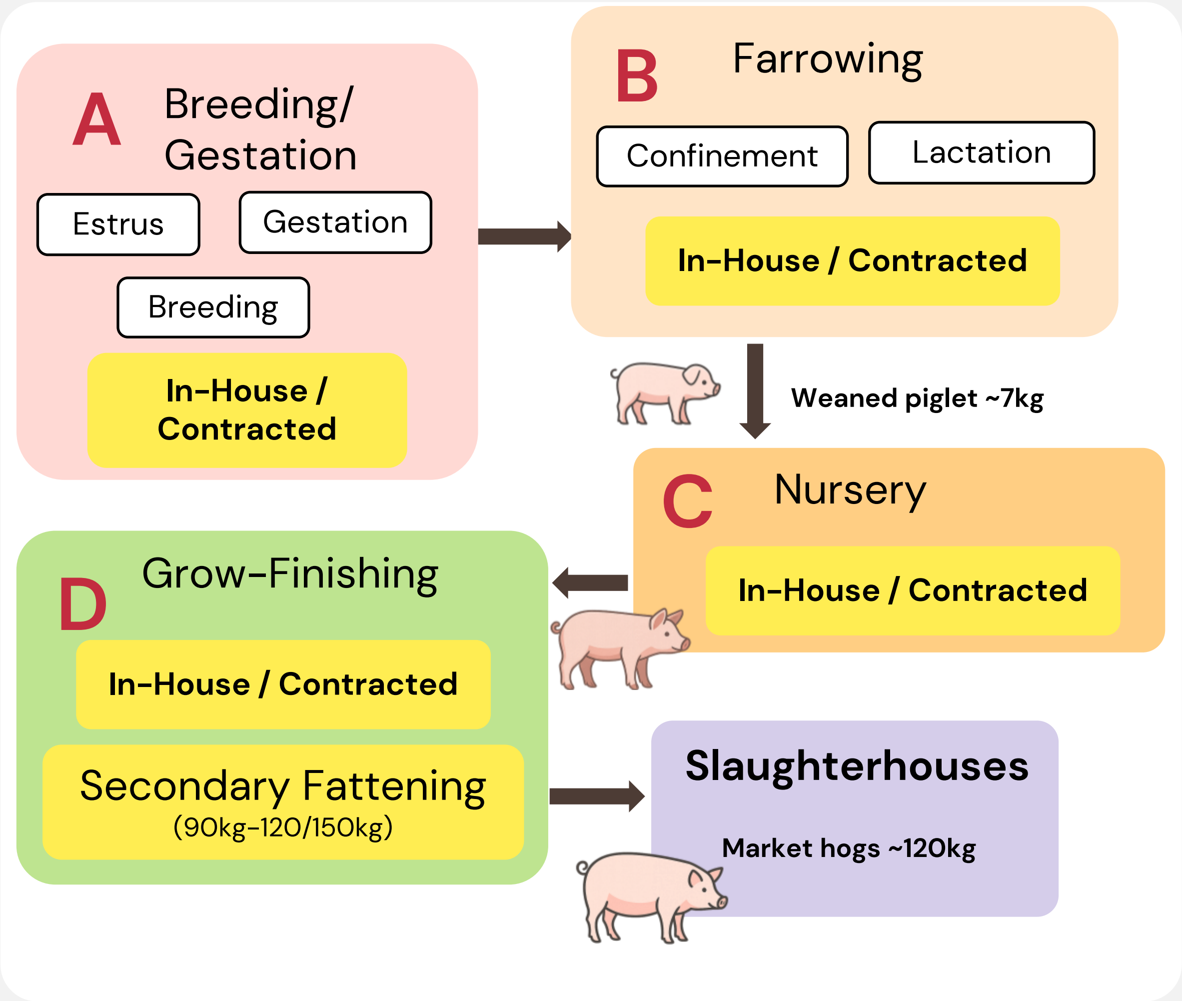
Animal Protein Domestic Consumption, kg per capita per year



Data source: Ministry of Agriculture and Rural Affairs of the People's Republic of China, National Bureau of Statistics, dsm-firmenich internal analysis

Contract Grow-Finish and Hybrid Production Models Gain Ground in China's Swine Sector

Farming Operations



Farming Operations

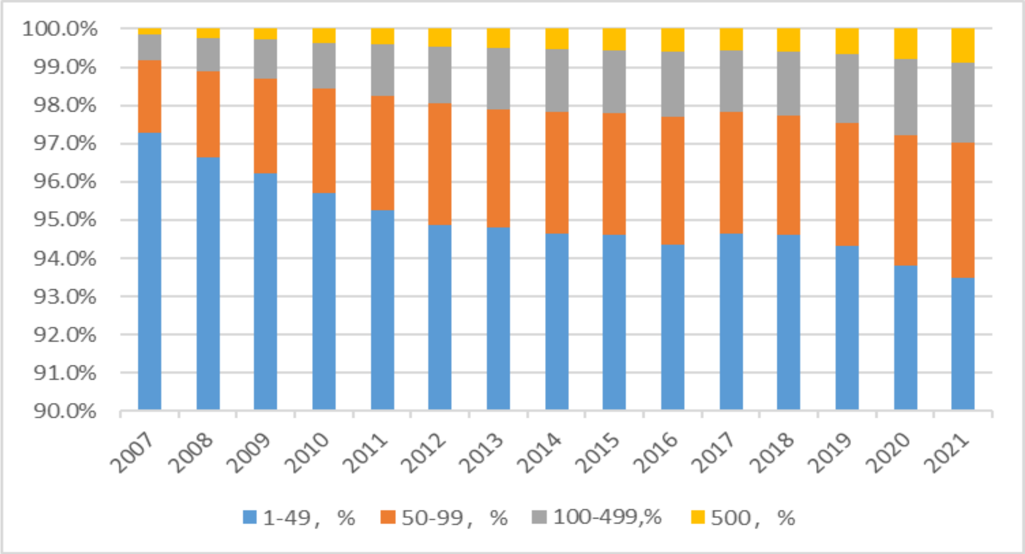
	Muyuan	Wens	Twins	New Hope	CP China	DeKang
2025 Swine Output, Mn heads	77.98	40.48	26.43	17.55	12.77	10.83
Market Share in 2025	10.8%	5.6%	3.7%	2.4%	1.8%	1.5%
Operations	In-house breeding and raising operations only	1. Contract nursery and grow-finish. 2. A small portion of hogs is produced in-house.	1. Contract nursery and grow-finish. 2. Part of hogs is produced in-house	1. Contract nursery and grow-finish. 2. Part of hogs is produced in-house	1. In-house breeding and raising; 2. Part of hog contract grow-finish partners.	1. Contract from breeding to finish; 2. Part of hog contract grow-finish partners

- In-house breeding and raising operations, along with purchased-piglet raising models, are the dominant production operations in China's swine industry.
- Contract nursery and grow-finish operations are increasingly common among large producers, as they help reduce fixed-asset investment while improving scale and flexibility, while enabling small farmers to utilize existing facilities and share profits.
- Feed mills and third-party service providers also play expanding roles in farm support and management.

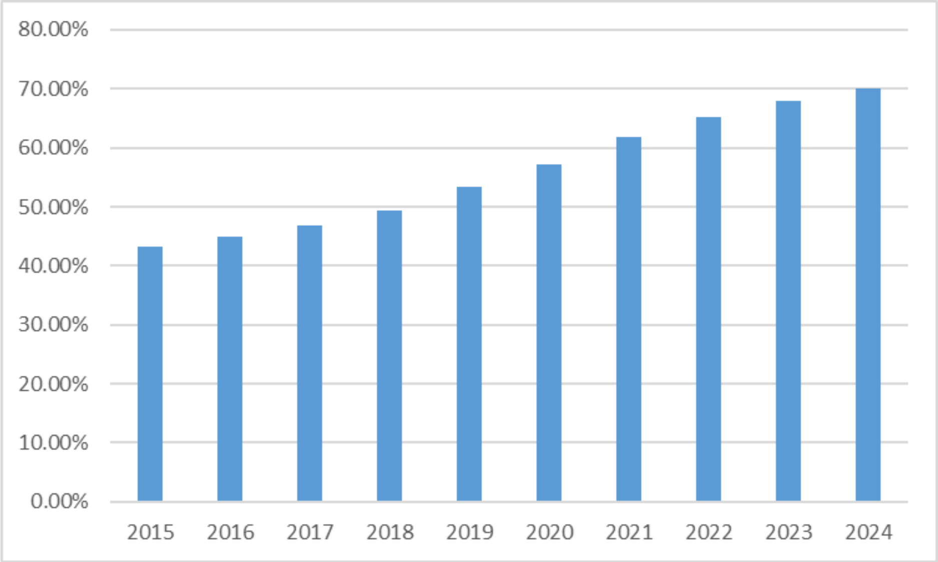
Data source: Company reports, China Swine Industry Summit Forum, dsm-firmenich internal analysis

Scale Hog Farming Surges as Small Producers Exit the Market

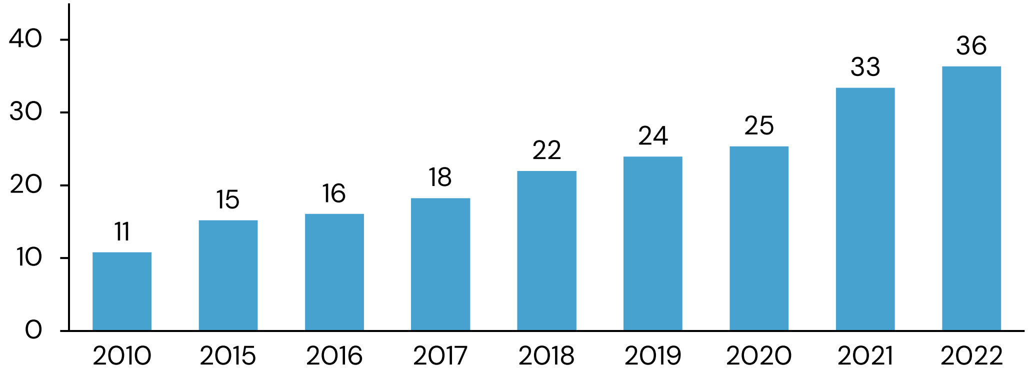
Farm Distribution by Annual Marketed Volume, %



Share of scale farming, %*



Average Number of Pigs Marketed Per Farm, head



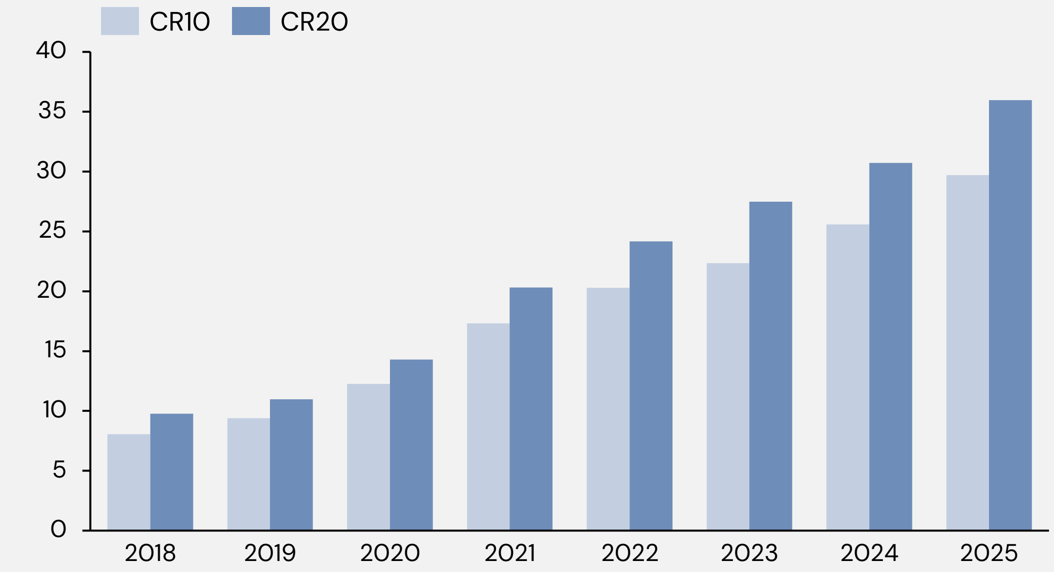
- Scale farming has expanded rapidly over the past decades. By 2024, farms operating more than 500 hogs accounted for nearly 70% of China's total swine production—up from less than 9% in 2000.
- As large-scale operations grew, backyard farmers gradually exited the industry. Between 2012 and 2021, the total number of swine producers fell by 65%, while the average number of market hogs per farm increased by 236% from 2010.

Data source: MARA, NBS, China Animal Husbandry Yearbook, Company reports, China Swine Industry Summit Forum, dsm-firmenich internal analysis

*According to official standards, operations with more than 500 pigs are classified as scale-farms.

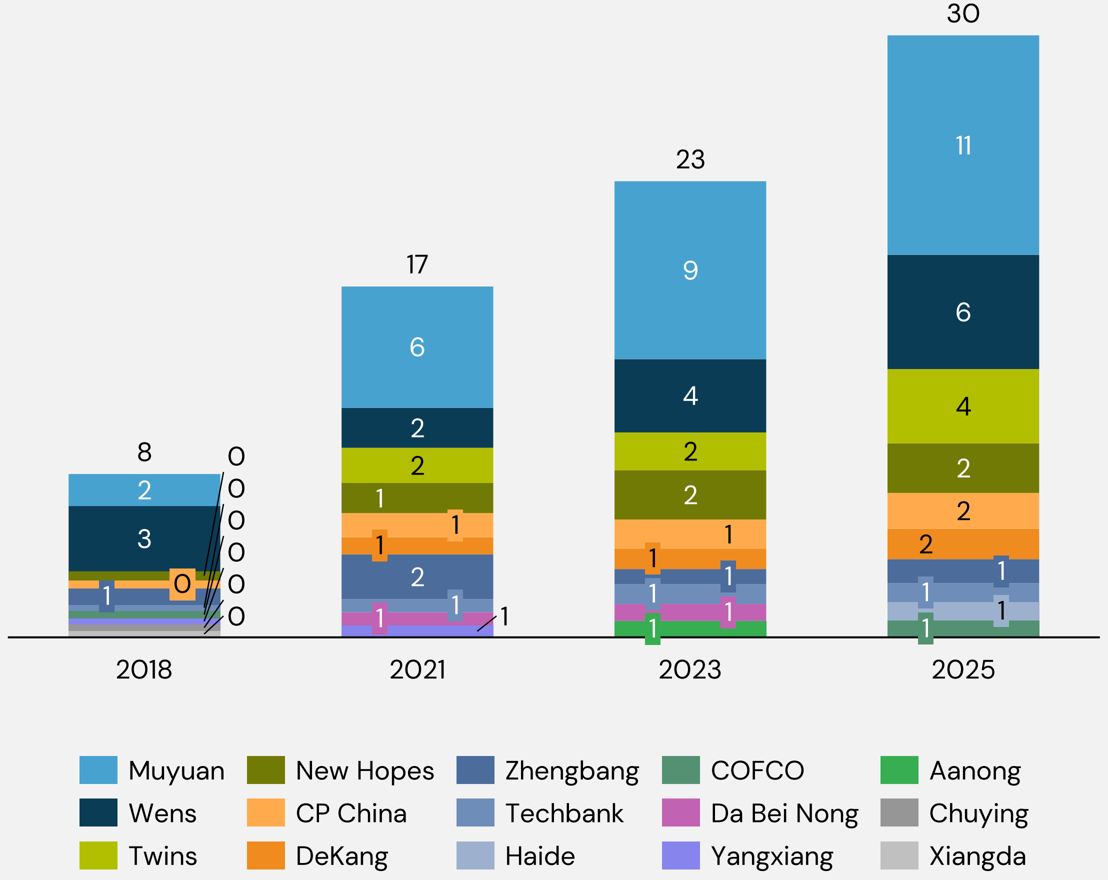
China's Hog Industry Consolidates as Leading Producers Triple Market Share Since 2018

Development toward consolidation



By 2025, the top 20 swine producers accounted for 36% of China's total hog production, with the top 10 players holding nearly 30% market share. In contrast, the top 20 producers represented only 9.9% of the market in 2018. This reflects the rapid expansion and consolidation driven by leading players over the past few years.

Top 10 Players' market shares change



Data source: MARA, NBS, Company reports, China Swine Industry Summit Forum, dsm-firmenich internal analysis

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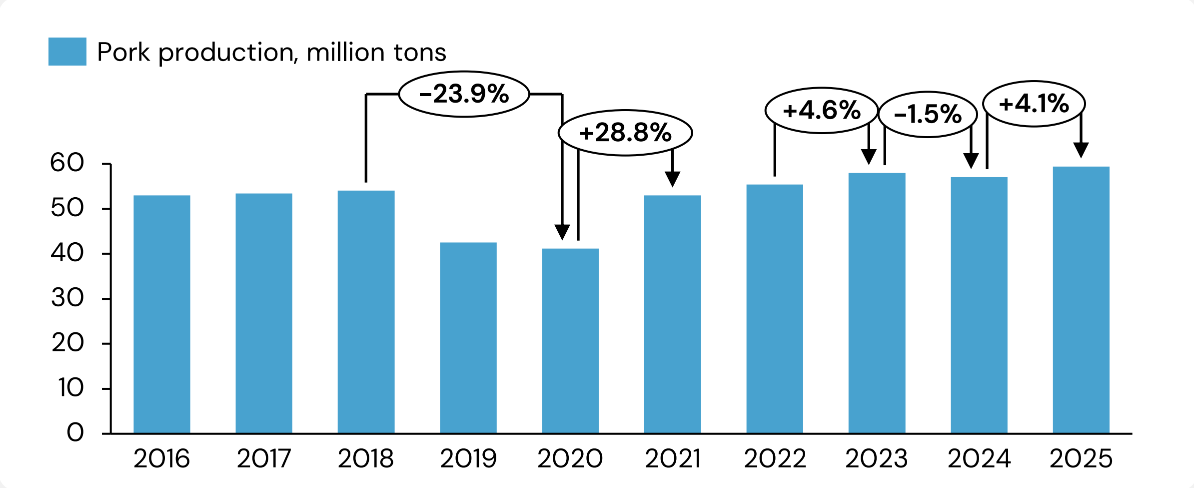
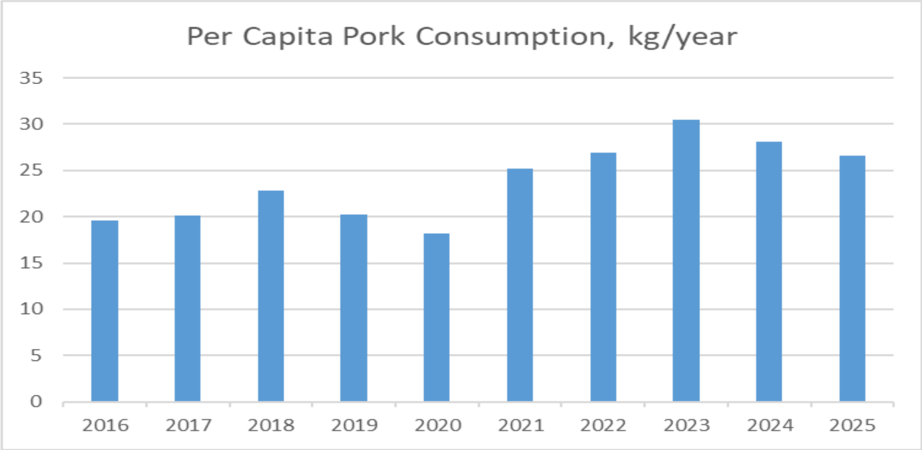
Swine Industry Rebounded After ASF, but Growth and Pork Demand Have Softened Recently

Pork Production



- Swine and pork production fell sharply in 2019 and 2020 as the ASF outbreak severely disrupted the industry. Swine output continued to decline throughout both year; in 2019 alone, production dropped by 21.6% year-on-year.
- Thanks to supportive government policies and gains in production efficiency driven by industry modernization, the sector has since recovered. Swine production has risen by 32.3% from the 2019 trough; however, growth has slowed over the past three years.

Pork Consumption



- Pork remains the most widely consumed animal protein in China. As pork has become more affordable, per capita consumption has increased at a CAGR of 3.4% over the past decade.
- Pork consumption has also fluctuated in line with changes in affordability. Notably, pork consumption rebounded as the country recovered from ASF outbreaks. Yet, in the past three years, consumption has declined despite the absence of major disease threats.

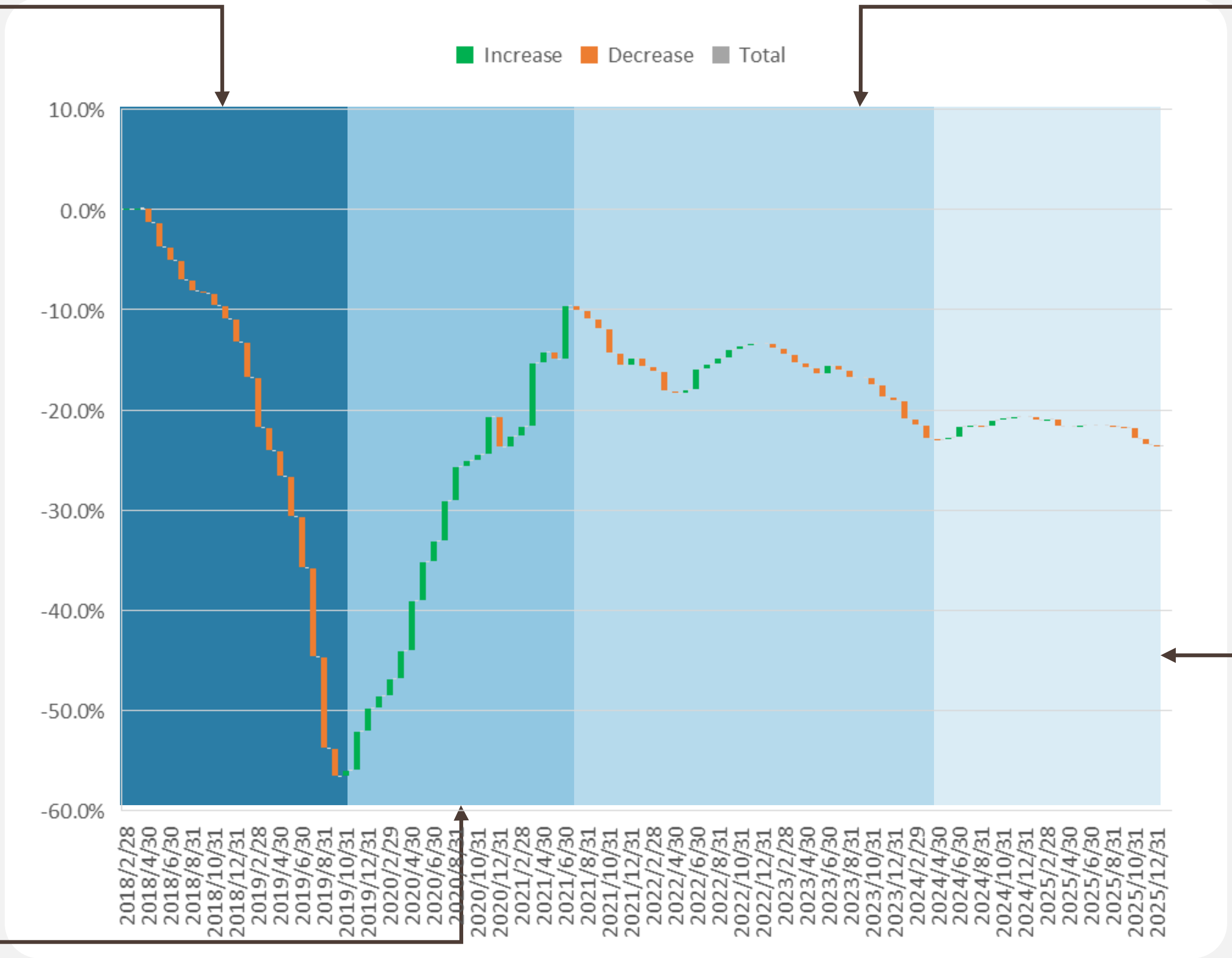
 Data source: Ministry of Agriculture and Rural Affairs of the People's Republic of China, National Bureau of Statistics, dsm-firmenich internal analysis

China's Sow Herd Recovered After ASF but Faces Renewed Oversupply Pressure

The national breeding sow herd declined sharply in 2018 and 2019 after ASF was first detected in China. By the end of September 2019, the breeding sow inventory had fallen by 44% from its 2018 peak.

Rebuilding the national sow herd took over two years, driven by policy support and aggressive expansion by major producers. By mid-2021, the sow inventory had risen more than 58% from the 2019 low.

National Sow Herd Size Month-on-Month Change, %



When the breeding sow herd hit a historic high, oversupply pushed down hog prices and margins. This led to a herd reduction, driven mainly by the exit of smaller producers.

The sow stock has been relatively stable in the past two years, but efficiency gains by major players have kept the market oversupplied. Since last May, the government has urged key producers to cut excess sow to rebalance.

Data source: Ministry of Agriculture and Rural Affairs of the People's Republic of China, National Bureau of Statistics

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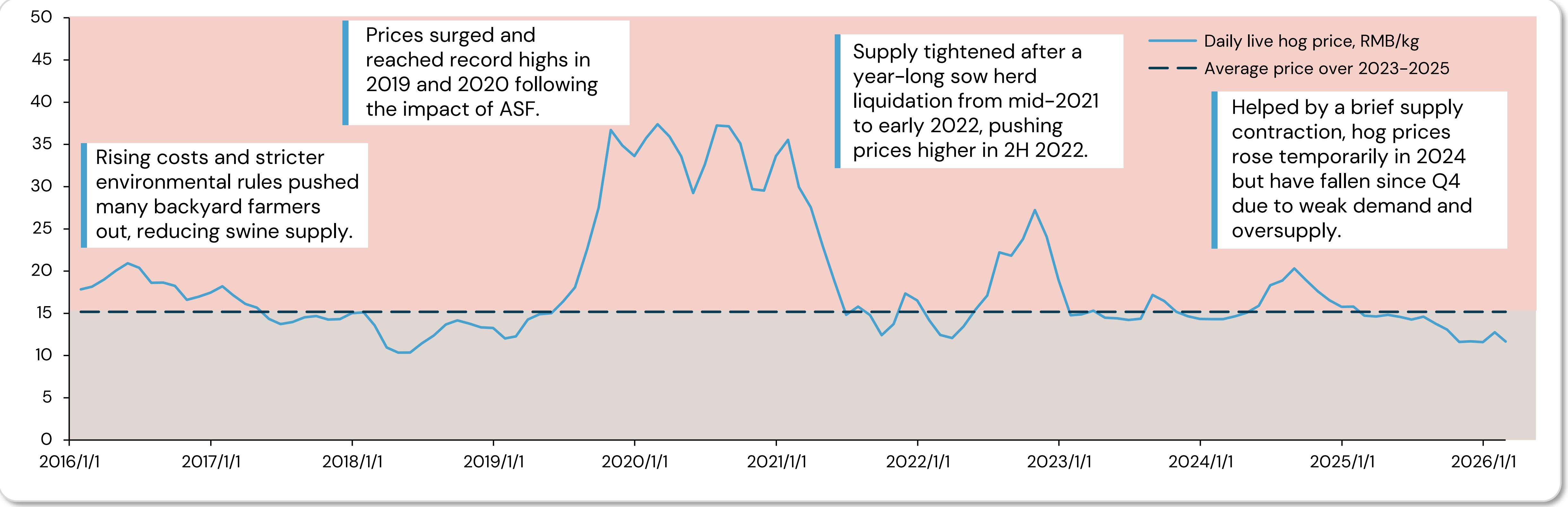
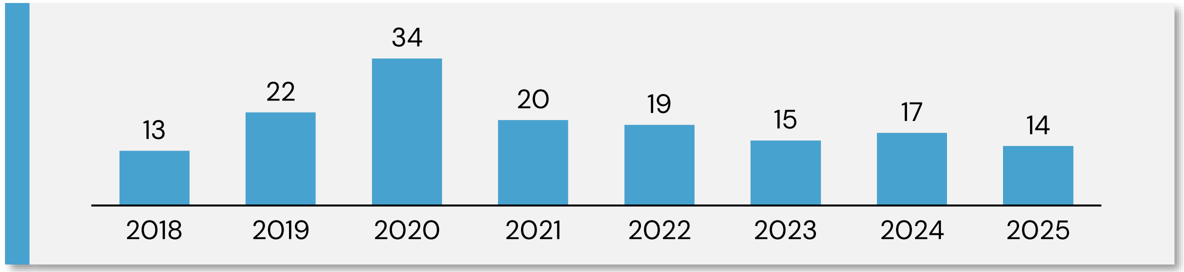
Recurring Hog Price Cycles Reflect Disease Risks, Market Shifts, and Policy Impacts

Monthly Live Hog Price, RMB/kg





Takeaway:

The live hog price cycle has repeated over time, influenced by disease outbreaks, shifts in supply–demand balance, regulatory changes, and macroeconomic conditions.

Data source: Boyar, dsm-firmenich internal analysis

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Feed Costs Drive Global Cost Gap as Margins Narrow on Limited Price Recovery

Input Costs, RMB/kg

Production Profits, RMB/head

<u>Takeaway:</u>

- Input costs rose during the pandemic, and although production costs have trended down over the past two years, they remain above pre-pandemic levels
- Compared with some leading production countries like Brazil and the U.S., the main cost gap comes from feed, driven by differences in efficiency and raw material prices.
- Production margins have narrowed in recent years, mainly due to limited price movement.

 Data source: Boyar, USDA, Lowa State University, Embrapa, Shandong Provincial Animal Husbandry and Veterinary Bureau, dsm-firmenich internal analysis

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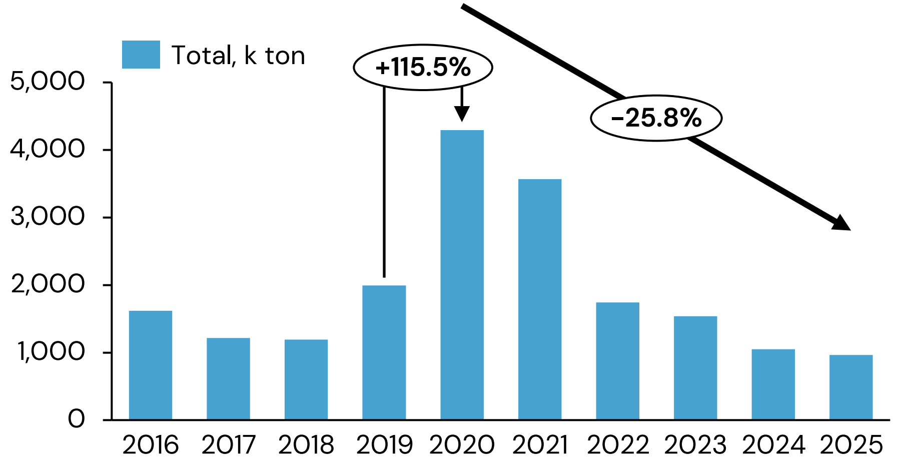
Europe Remains Top Supplier Even Though China's Pork Imports Shrink

Pork Import Share by Origin Country

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
ESP	16%	20%	18%	19%	22%	31%	27%	25%	28%	29%
BRA	5%	4%	13%	11%	11%	15%	24%	26%	23%	16%
GBR	3%	4%	4%	4%	3%	3%	4%	4%	6%	7%
NLD	7%	7%	7%	8%	6%	8%	7%	8%	7%	7%
CHL	3%	3%	4%	4%	4%	4%	4%	5%	6%	7%
CAN	11%	14%	13%	9%	9%	7%	7%	9%	7%	7%
DNK	10%	7%	6%	8%	8%	10%	11%	7%	6%	7%
USA	13%	14%	7%	12%	16%	11%	7%	8%	7%	6%
FRA	5%	4%	4%	4%	3%	4%	4%	4%	4%	5%
IRL	3%	3%	3%	3%	2%	2%	2%	2%	3%	3%
AUT				1%	1%	1%	1%	1%	1%	1%
BEL	1%	1%								
DEU	21%	17%	19%	16%	11%					
MEX				1%	2%	2%	1%			

Pork Import Volume



- China's pork imports jumped in 2019–2020 due to a domestic supply shortage but have declined steadily over the past six years as production recovered.
- Europe is China's largest pork supplier, averaging 59% of total imports over the past decade, led by Spain, Great Britain, the Netherlands, Denmark and so on.

Data source: Ministry of Agriculture and Rural Affairs of the People's Republic of China, National Bureau of Statistics

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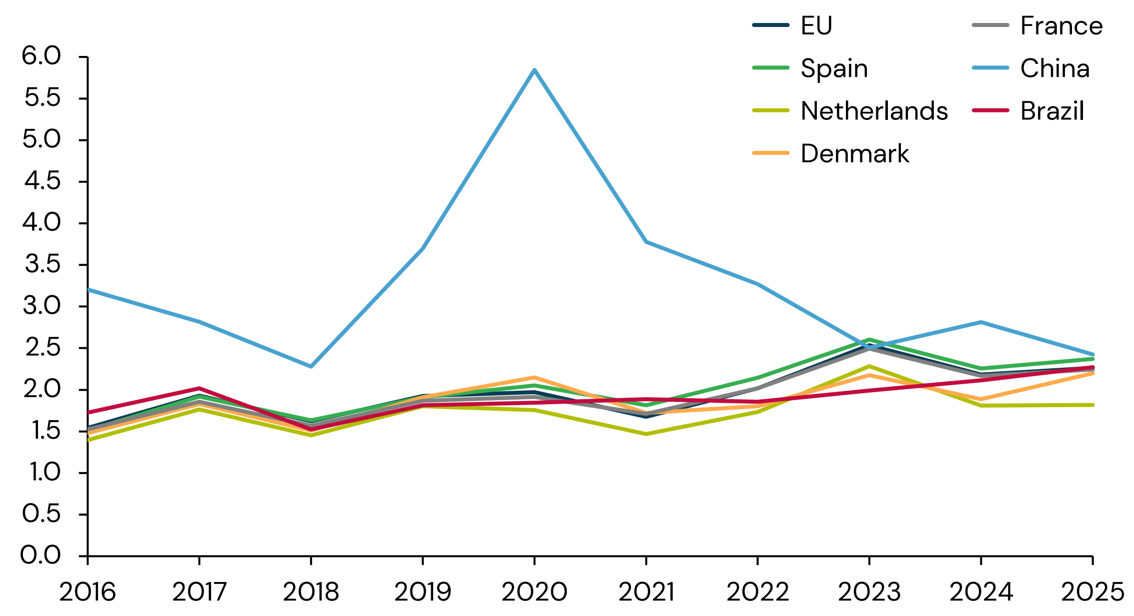
European Pork Remains Competitive on Price and Quality, but Market Competition Is Set to Intensify

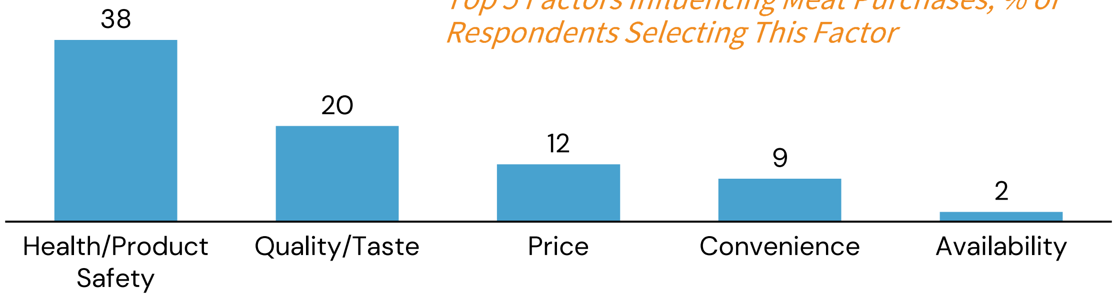
Pig Carcass Price Comparison



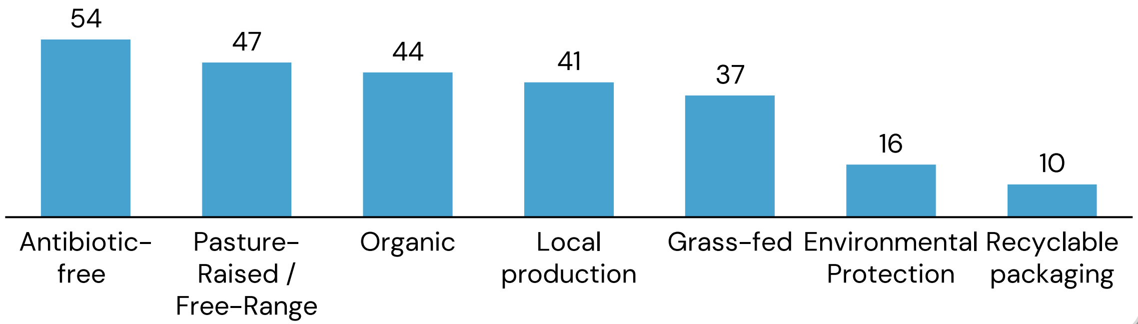
Products from Europe, the US, Brazil, and Canada still maintain price competitiveness, but competition within the trade is expected to intensify.

2022 China Animal Protein Survey (McKinsey)

Top 5 Factors Influencing Meat Purchases, % of Respondents Selecting This Factor



Sustainability-Related Factors in Meat Purchasing, % of Respondents Selecting This Factor



According to a report by McKinsey, consumers in China prioritize meat that offers high quality and good taste for health reasons. Price ranks only third in importance, following health, safety, and quality as key factors influencing their meat-purchasing decisions.

Data source: AGRI, European Commission, CEPEA, McKinsey & Company

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Imported Premium Pork Product is still price competitive.

Imported and Domestic Pork Featured in Metro

Frozen Iberico Pork Loin Rib, 69.8 RMB/400g(21.86 EURO/kg)

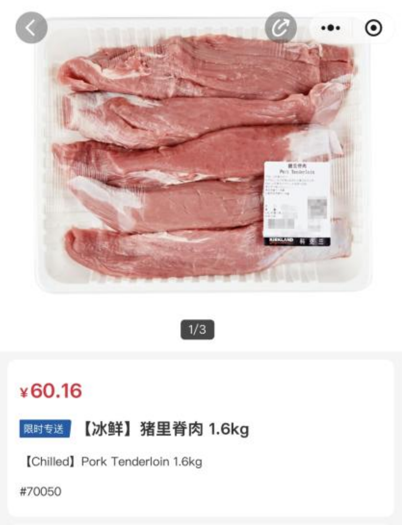
Domestic produced black pig belly, 99.8 RMB/kg(12.5 EURO/kg)

Frozen Iberico Pork Slice, 89.0 RMB/260g(42.88 EURO/kg)

Domestic produced black pig rib, 196 RMB/kg(24.6 EURO/kg)

Domestic Pork Featured in Costco and ALDI

Costco black pig rib, 239.9 RMB/kg(30 EURO/kg)



Costco pork tenderloin, 37.6 RMB/kg(4.7 EURO/kg)

ALDI chilled pig rib, 49.9 RMB/kg(6.3 EURO/kg)

ALDI chilled pork belly, 24.9 RMB/kg(3.1 EURO/kg)

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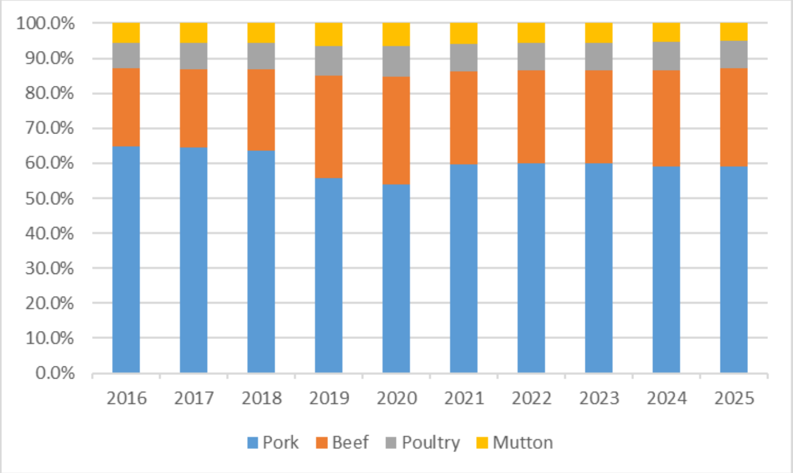
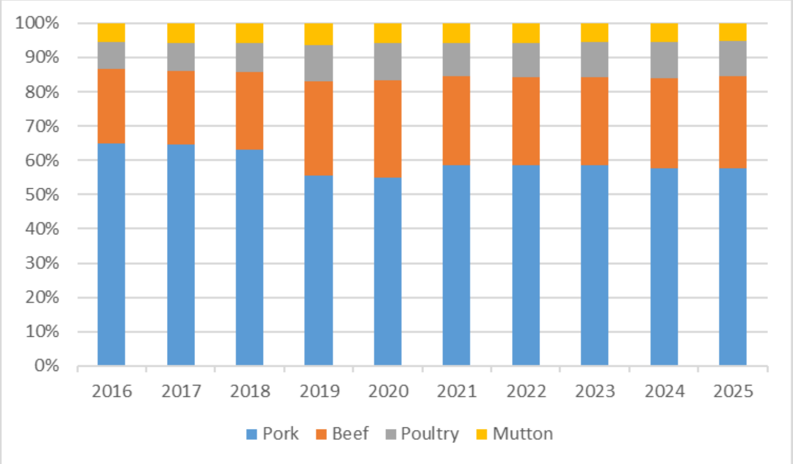
Trend 1 Meat Diversification Continues to Pressure Pork Demand

Animal Protein Production Share

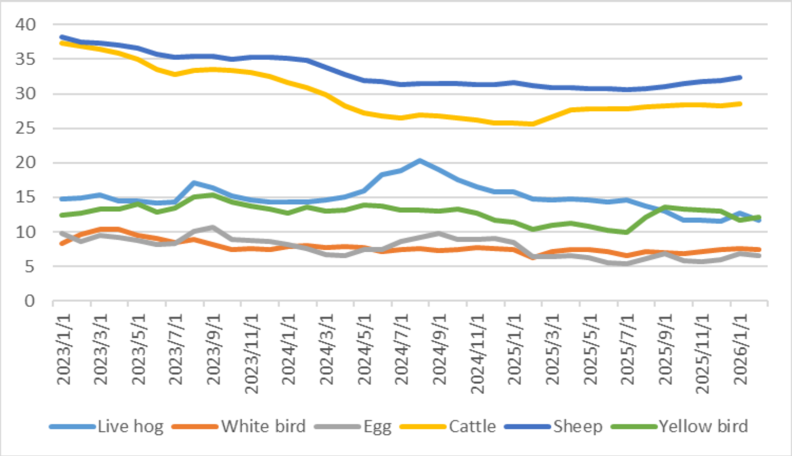


- China's total meat production reached 100.72M tons in 2025 (+4.2%). Pork, beef, and poultry increased, while mutton declined. Pork's share continued to fall due to demographic shifts, changing preferences, and rising substitutes, with pork and mutton growth lagging overall meat output since 2016.
- The China Agricultural Outlook Report (2025–2034) projects modest growth in poultry, beef, and mutton output, while pork remains flat or slightly declines, with poultry and beef gaining consumption share.

Animal Protein Disappearance Share



Local Price Evolutions, RMB/kg



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Data source: NBS, General Administration of Customs of the People's Republic of China, Boyar, iFind, Bloomberg, dsm-firmenich internal analysis

Trend 2: Pursue External Partnerships to Build Synergies and Break Down Industrial Barriers

Key Partnerships in China's Swine Industry During 2025

Collaboration models include strategic partnerships and joint ventures, as seen in the cases of New Wellful–Cooperl and BCAF–Genus.

- A representative example is the New Wellful–Cooperl joint venture formed in 2025, aimed at enhancing competitiveness amid rising industry pressure. The collaboration integrates French genetics and whole-genome selection to improve PSY and reduce FCR, applies precision nutrition and liquid-feeding to boost efficiency, and co-develops premium pork products for higher-end markets.
- The partnership also leverages Cooperl's global food-safety system and brand influence to expand New Wellful's market presence and explore export opportunities, while giving Cooperl a deeper foothold in China. Overall, the collaboration aligns New Wellful's breeding strategy with market and cost-efficiency needs, strengthens antibiotic-free production and boar-stud development, and enhances its core genetic capabilities.

Trend 3: Domestic Key Players are Seeking for A Second Growth Curve

Top Swine Producers' Overseas Expansion Playbook

	Muyuan	Wens	Twins	New Hope	Haid
Business Scope	Swine production, Feed milling, Slaughtering & Processing	Swine and poultry production, Feed Production, Slaughtering & Processing	Swine and poultry production, Feed milling, Slaughtering & Processing	Swine production, Feed milling, Slaughtering & Processing, Retail, Real Estate, Financial etc.	Livestock farming, Feed milling, Aquaculture, Veterinary vaccine
2025 Swine Output, Mn heads	77.98	40.48	26.43	17.55	6.5
Market Share in 2025	10.8%	5.6%	3.7%	2.4%	0.9%
Overseas Strategies	In March 2025, Muyuan set up a wholly owned subsidiary in Ho Chi Minh City to accelerate its Southeast Asia expansion. On September 28, it also partnered with BAF Vietnam to develop a high-tech multi-story pig farming project in Tay Ninh Province.	Wens Group has outlined an international expansion strategy, targeting Southeast Asia as its primary entry market. The company plans to introduce its poultry business first, followed by swine production.	The firm entered Egypt's feed market in 2015 and now also operates white-broiler farming there. It has expanded its feed and farming business in Vietnam and plans further growth across Southeast Asia—Indonesia, Bangladesh, and Cambodia—as well as in Africa, including Tanzania and Morocco.	The company opened its first overseas feed plant in Vietnam in 1999 and has since expanded to 14 countries. In 2024, overseas revenue reached about RMB 20 billion (19.4% of total). It plans to add 3–4 million tons of feed capacity abroad over the next three to five years.	The company launched its overseas feed business in Vietnam in 2011 and accelerated expansion in 2021 with its first feed mill in Egypt. It now operates across Southeast Asia, Africa, and South America. Overseas growth—spanning feed production, vaccines, and farming—has become one of its core strategic priorities.

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Data source: Companies reports, China Swine Industry Summit Forum

Trend 4: Smart Farming Is Shaping China's Swine Industry

Precision Feeding

Automated Precision Feeding for Higher Efficiency and Lower Waste

- Use an enclosed tubular chain conveying system and pig-group data to design precision feeding. Automated feeding links formulas with specific groups, and continuous analysis of feeding and growth data optimizes nutrition, boosts feed efficiency, and reduces waste.

Environmental Monitoring and Control

Automated Environmental Control Boosts Pig Growth and Cuts Disease

- The system automates ventilation, climate, lighting, and environmental monitoring to regulate pig-house conditions and analyze health, estrus, and growth, improving growth rates, reducing disease and mortality, and boosting efficiency.

Livestock Monitoring

Monitoring System Delivers Data-Driven Feeding and Maximizes Production Efficiency

- Health monitoring by sound monitoring and rail-guided inspection.
- Vision-based weight estimation delivers precise data for feeding and production decisions, fully quantifies pig growth, and significantly improves production efficiency.

Operation & Finance & Sales

Integrated Data Insights and Third-Party Platforms for End-to-End Supply Chain Optimization

- Data analytics supporting operations, procurement, finance, sales, and inventory
- Third-party platforms for feed purchasing, hog sales, and logistics.

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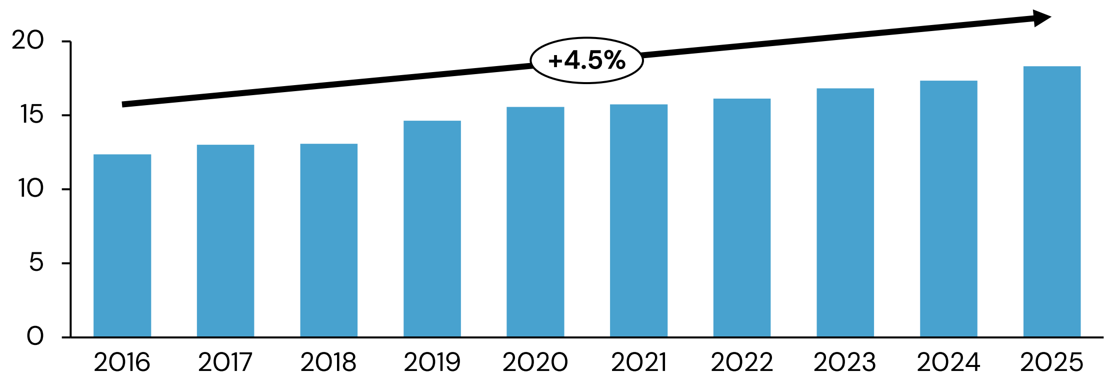
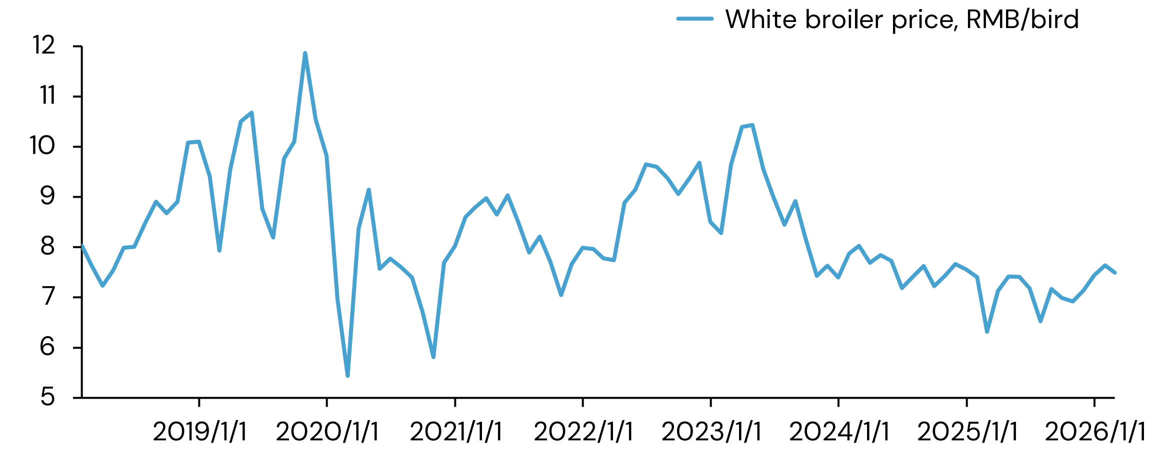
White Broilers Expand, Yellow Broilers Contract Amid Challenges

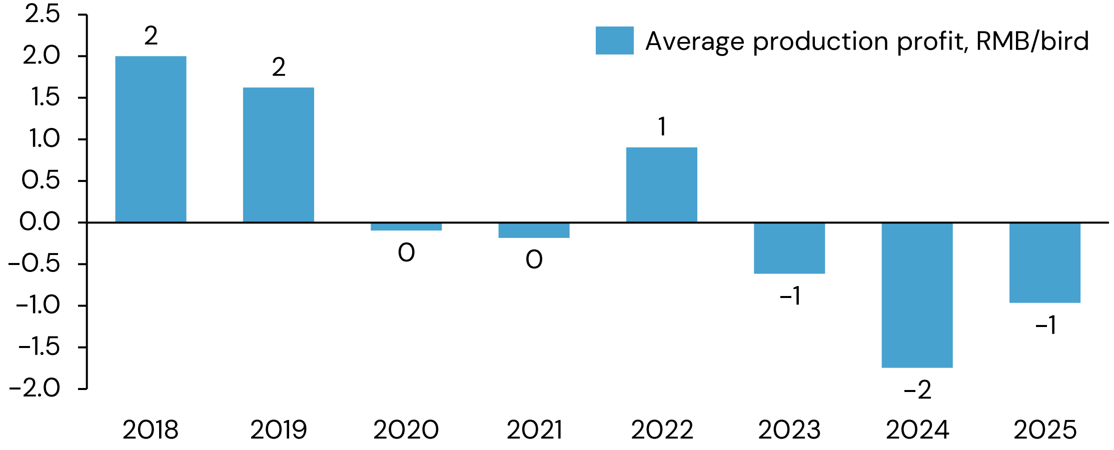
Poultry Production, billion birds



- Poultry production includes white and yellow broilers, ducks, geese, culled laying hens, and other subspecies. White broilers are expanding rapidly, with output reaching nearly 9 billion birds in 2025—double 2016—and their market share rising from 35% to almost 50% in the past two years.
- The white broiler market has faced challenges over the past three years due to falling prices and rising input costs. Broiler prices were influenced by supply-demand dynamics and by price movements in other animal proteins, particularly pork and eggs.
- The yellow broiler market also struggled, with production cuts, declining prices, and farmer losses driven by regulatory constraints, weak demand, and overall market price declines.

White Broiler Price & Production Profit





Data source: Ministry of Agriculture and Rural Affairs of the People's Republic of China, National Bureau of Statistics, Boyar, dsm-firmenich internal analysis

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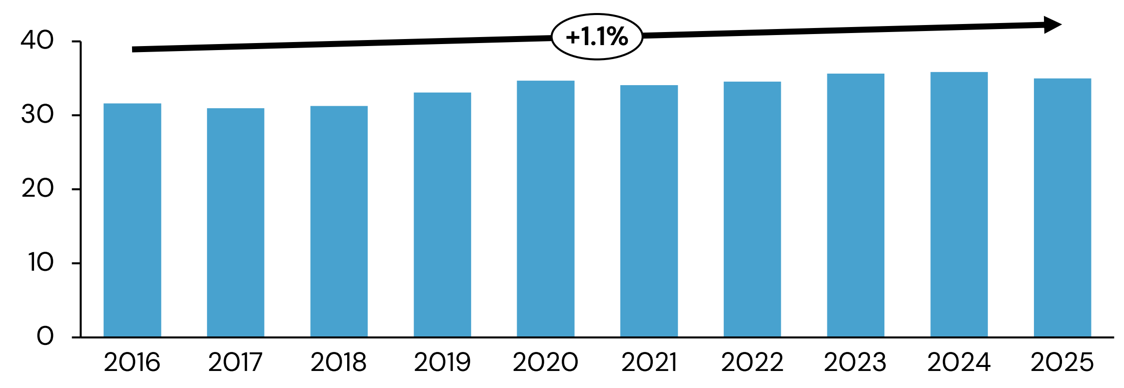
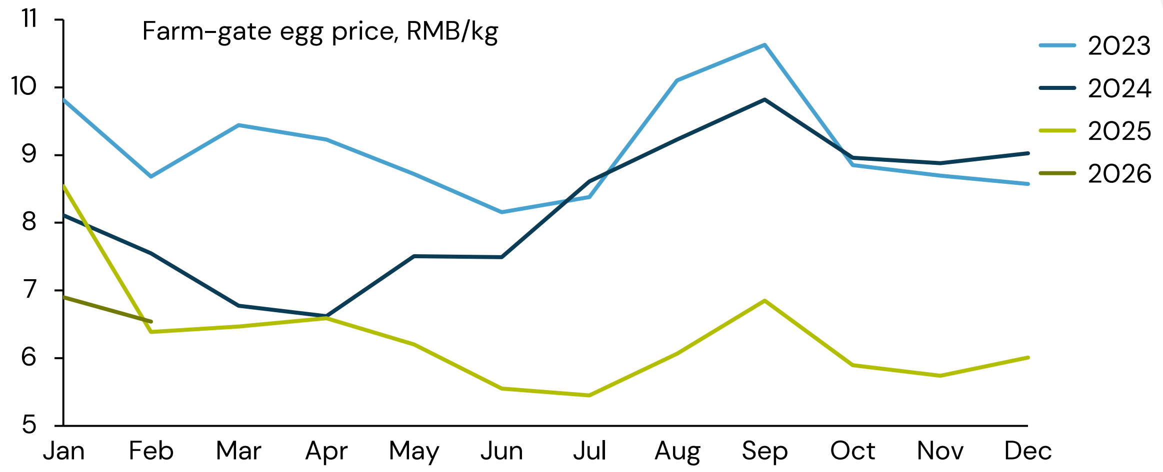
Laying Hens Remain Core Driver of China's Egg Market Amid Shifts in Flock Size and Seasonal Prices

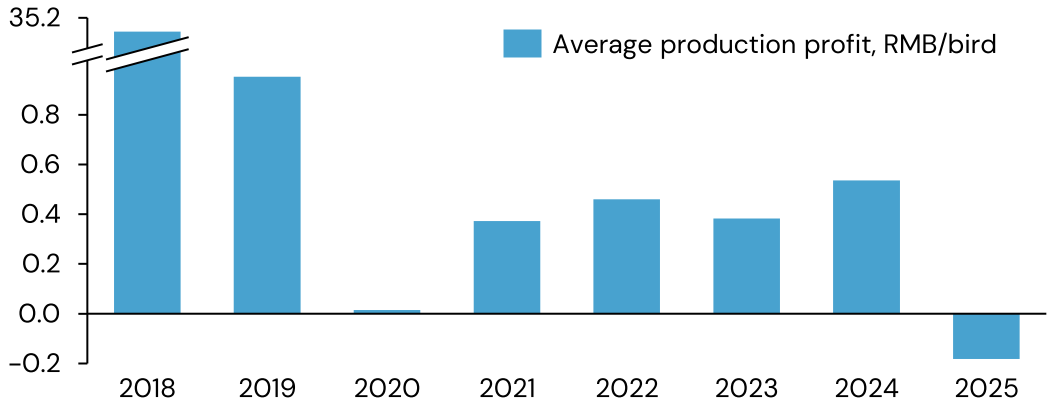
Egg Production, billion birds



- There is no official statistical breakdown specifically for table eggs produced by laying hens. Available egg production data in China aggregates output from hens, ducks, geese, and other poultry species. However, laying hens typically account for 80%–85% of total egg production nationwide, making them the primary driver of the egg production market.
- The laying-hen flock expanded steadily over the past few years, supported by growing consumer demand and producers' long-standing profitability. The flock size peaked at the end of Q3 last year, after which it began to decline as egg prices weakened and producers experienced negative margins.
- Egg prices display clear seasonal patterns, largely reflecting shifts in consumption throughout the year.

Egg Price & Layer Farming Profit





Data source: Ministry of Agriculture and Rural Affairs of the People's Republic of China, National Bureau of Statistics, Boyar, dsm-firmenich internal analysis

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Key Takeaways

- **Global Market Dynamic:** Geopolitical instability will continue to add uncertainty to global markets. Beyond China, other Asian countries are expected to play an increasingly important role in European pork exports in 2026.
- **Feed Raw Materials Market:** Corn and soybeans are China's main feed ingredients; higher domestic corn prices and reliance on costly soybean imports keep input costs elevated for animal protein producers.
- **Animal Protein Market in China:** China's animal protein market has grown, topping 100 million tons in 2025; poultry led growth, pork was volatile in 2019–2020, pork still dominates consumption but is easing, while beef grows fastest and eggs rank second.
- **Swine Market in China:**
  - *Evolving Farming Models:* In-house breeding and contract grow-finish dominate. Backyard farmers keep exiting and consolidation accelerates.
  - *Supply–Demand Rebalance:* Post-ASF recovery has led to supply increase, prompting capacity cuts.
  - *Price & Profit Trends:* Hog-price swings have narrowed, efficiency is improving, and costs are falling but remain higher than global peers.
  - *Import & Trade Dynamics:* Europe remains China's key pork supplier despite shrinking import volumes, and European pork continues to hold market potential especially in the premium market.
  - *Industry Trends:* Pork stays dominant but faces rising protein competition; leading producers are forming partnerships, expanding globally, and adopting advanced technologies to boost efficiency and sustainability.
- **Poultry Market in China:** China's poultry sector is fast-growing and dominated by white broilers, but both white and yellow broilers face losses from high costs and weak prices; long-term demand potential remains.
- **Layer Market in China:** Eggs are a key protein in China, but weak consumption has pushed prices to multi-year lows, leading to farmer losses and flock reductions.

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