

Agri Stats, Inc.

**Presentation for
the Caribbean Poultry Association
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Who is Agri Stats, Inc.?

The Performance Benchmarking Company to the Broiler, Turkey, and Commercial Egg Industries.

- **We have in excess of 95% of the Broiler Industry's participation.**
- **We have over 75% of the Turkey Industry's participation.**
- **In the Fall of 2002, we launched our Commercial Egg Programme. To date, we have more than 30 million layers.**



Why are we so successful?

➤ We get from our clients:

- ✓ Full participation in Live, Plant, Sales, and Profit Analysis.
- ✓ A Partnership Relationship that has taken 17 years in the making which is built on Trust & Confidence.



What is Benchmarking?

- **It is a highly respected and proven practice in the business environment, which looks outward to identify high performance and then measures actual business operations against those results.**
- **It is the continuous and systematic search for, and implementation of, action plans to identify performance improvement areas which will lead to business improvement.**



What is Benchmarking?

- **Sharing performance and operational information that continuously compares activities amongst organisations, which will lead to improved performance of the Company.**



Why Benchmark?

- **Change is happening at such a fast pace that unless we find a way to keep our sights on tomorrow, we cannot expect to be in touch today.**
- ***“What worries me most is not the distance between my competition and me, but the speed at which they are getting away!”***



Why Benchmark? (continued)

➤ **We need answers to the following critical questions:**

- ✓ **Where are we now?**
- ✓ **Where do we want to go?**
- ✓ **How do we get there?**



Why Benchmark? (continued)

- **It effectively helps you identify:**
 - ✓ **Potential cost optimisation opportunities.**
 - ✓ **Quantify the ROI of improvement initiatives.**
 - ✓ **Set performance goals.**
 - ✓ **Analyse year-over-year performance trends.**



Why Benchmark? (continued)

- **You can use predictive measures to set targets and assess forecast accuracy.**
- **It provides a disciplined, realistic approach to assess and improve the performance expected in critical areas of the business.**
- **That which gets measured, gets improved.**



What is correct benchmarking?

**“No one tests the depth of a river
with both feet”**

Ashanti Proverb



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What is Correct Benchmarking?

- **An initiative that has consistent, real support and involvement of the company's Executive team.**
- **A systematic and constant initiative that identifies activities and areas linked to key business processes.**
- **It is linked to other business activities and goals so communication and relevance are improved effectively.**



What is Correct Benchmarking? (continued)

- **A proven methodology to evaluate and measure the right metrics accurately and reports them in a clear and timely fashion.**
- **Industry participation must be high.**
- **Individual company identity must be protected at every step in the process.**
- **Analysis must be constructed from a “Level Platform”.**



What is Correct Benchmarking? (continued)

- **Systems must be easily implemented and user friendly.**
- **Input and finished Reports must be audited to assure accuracy and reliability.**
- **Analysis must be presented in a format that users at all levels of Management can understand and relate to.**
- **Analysis must “tie” to Company Financials.**



Why Agri Stats?

- **Individual Company identity is protected at every step of the process.**
- **Save time and resources by relying on industry-standard metrics and over 17 years of being the leader in the poultry sector.**
- **As the industry standard it is used by the leading companies in the U.S.A. (170 complexes, 663 million birds and 1,543 thousand tonnes) and Latin America (34 complexes, 61 million birds and 120 thousand tonnes) such as:**



Why Agri Stats? (continued)

- Amick Broiler Company
- B.C. Rogers
- Cagle's
- Case Foods
- Choctaw Maid
- Allen Family Foods
- Claxton Poultry
- ConAgra Poultry
- Charone-Popkhand USA (CP)
- CWT Farms
- Draper Valley Farms
- Fieldale
- Foster Farms
- George's, Inc
- Gold Kist, Inc.
- Gold'N Plump
- Harrison Poultry
- House of Raeford
- Keystone Foods
- Koch Foods, Inc.
- Lady Forest Farms
- Mar-Jac, Inc.
- Marshall Durbin
- Mountaire Farms
- O.K. Foods
- Peco Foods
- Perdue Farms
- Peterson Farms
- Pilgrim's Pride
- Sanderson Farms
- Simmon's Foods
- Sylvest Farms
- Townsend, Inc.
- Tyson Foods
- Wayne Farms



Why Agri Stats? (continued)

- **Avigrupo – México**
- **Bachoco - México**
- **Grupo Melo – Panamá**
- **Grupo Pecuario San Antonio – México**
- **Jamaica Broilers - Jamaica**
- **Mezoro – México**
- **Nutrypollo - México**
- **Pilgrim's Pride – México**
- **Rica Foods – Costa Rica**
- **Ricura - Costa Rica**
- **Sabropollo – México**
- **Tyson Foods – México**



Why Agri Stats? (continued)

- **Participate with an experienced independent company to collect the data with well-designed and proven data collection systems.**
- **Our set-up process links and converts your raw data to the Agri Stats' platform.**
- **We ask for the detail and calculate the Comparative Analysis.**



Why Agri Stats? (continued)

- **Input and finished Reports are audited in detail to assure accuracy and reliability.**
- **The comprehensive Reports are designed so you can “dig in” a layer at a time.**
- **Our user-friendly Reports are designed to be used by both the Top Management and the Operational teams of the company.**



Why Agri Stats? (continued)

Each Report has a structure that takes into account the needs and level of detail required by each key area.

For instance, the Processing Report has the following 5 sections:

- ✓ Total Processing**
- ✓ 1st Processing**
- ✓ Yield**
- ✓ Support Departments**
- ✓ 2nd Processing**



Why Agri Stats? (continued)

Each section is aimed at the Specific Process Manager, Area Managers and Area Heads.

Each section has a detailed:

- ✓ **Performance Summary Report shows the monthly and year-to-date economic impact of the deviations to the company's bottom-line performance versus the Average Company.**



Why Agri Stats? (continued)

Each Performance Summary Report consists of one page and is aimed at the Top Management of the company.

Therefore, in 5 pages, Top Management can easily and quickly see the deviations and how much they impacted the company's bottom-line for that month and year to date.

This is critical in setting the right priorities and allocation of resources.



Why Agri Stats? (continued)

- **Our Monthly Reports also provide:**
 - ✓ **Quartile and ranking information.**
 - ✓ **Detailed economic impact of variance to Average Company, Top 5% and Top 25%.**
 - ✓ **Detail of current and previous 12 month cumulative company and industry results.**
 - ✓ **Straightforward comparisons with USA, Latin American and Mexican Average Company and Top 25% companies.**



Why Agri Stats? (continued)

- **Our executives and personnel are industry trained and experienced professionals.**
- **Our Account Managers become a part of your team.**
- **Through our frequent and periodic Reviews, we work with the Company's Top Management and Operational teams to help assess performance and convert this knowledge into a roadmap for improvement.**



Broiler Industry Trends in the U.S.A.

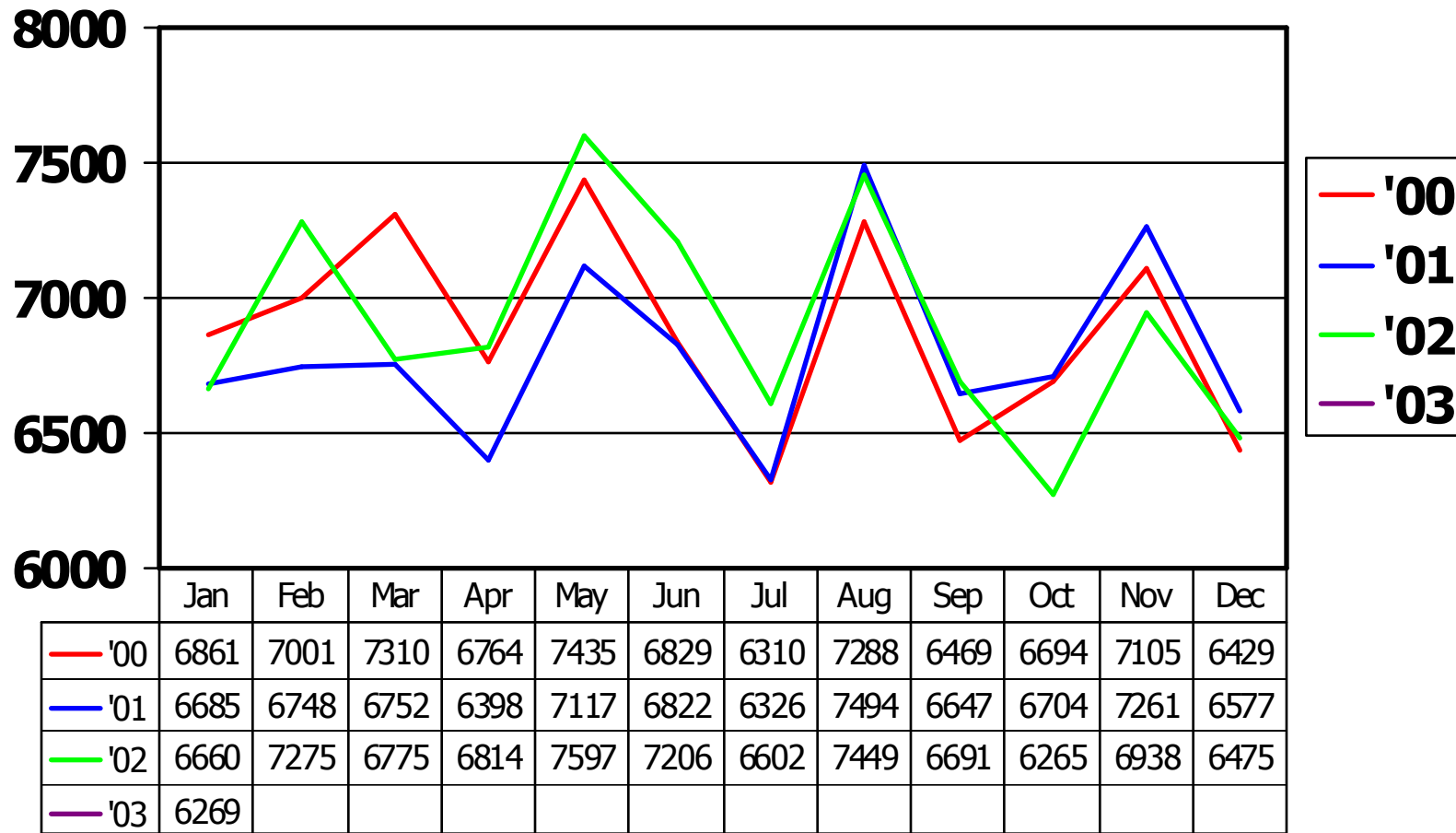
January 2003



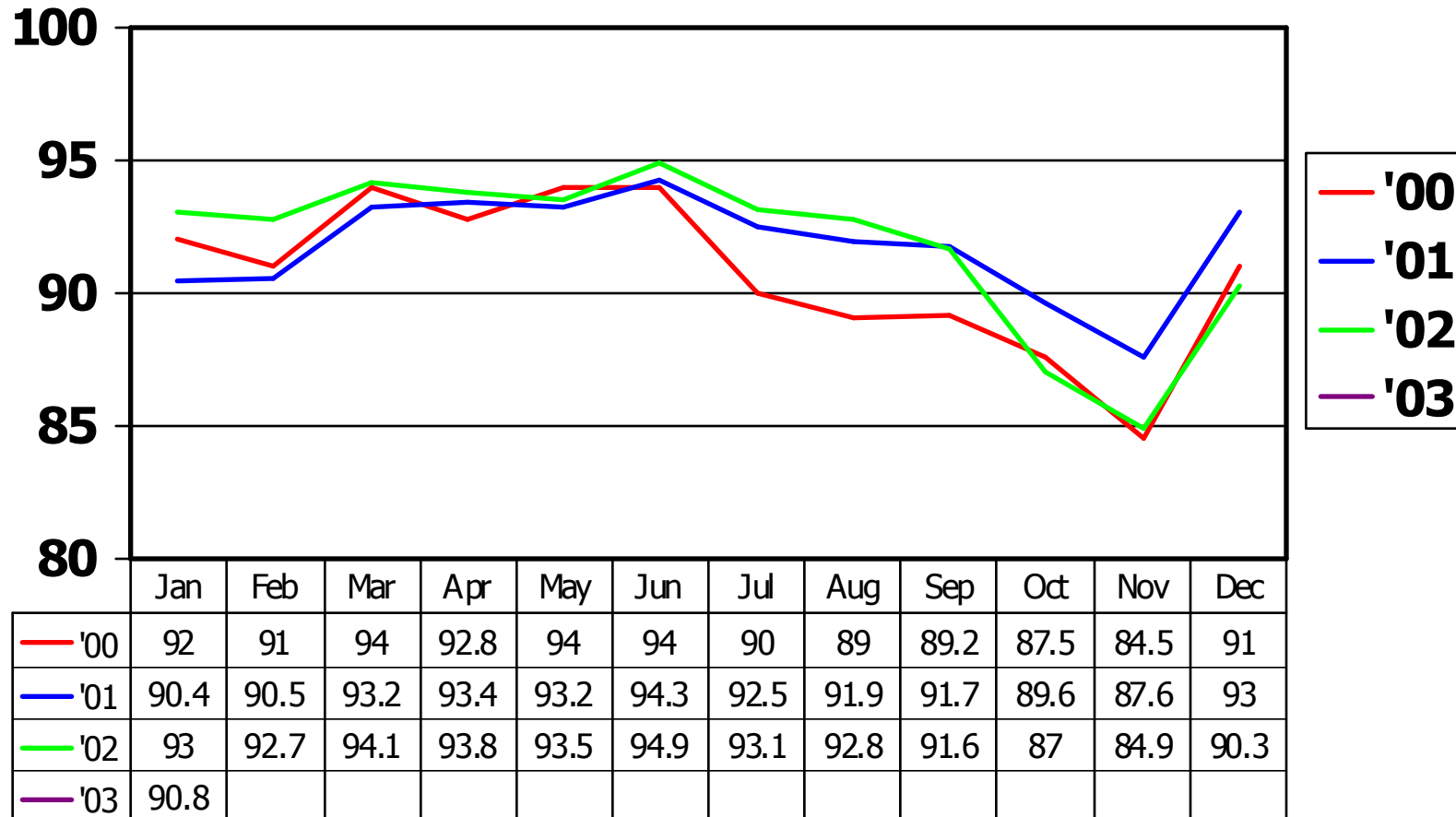
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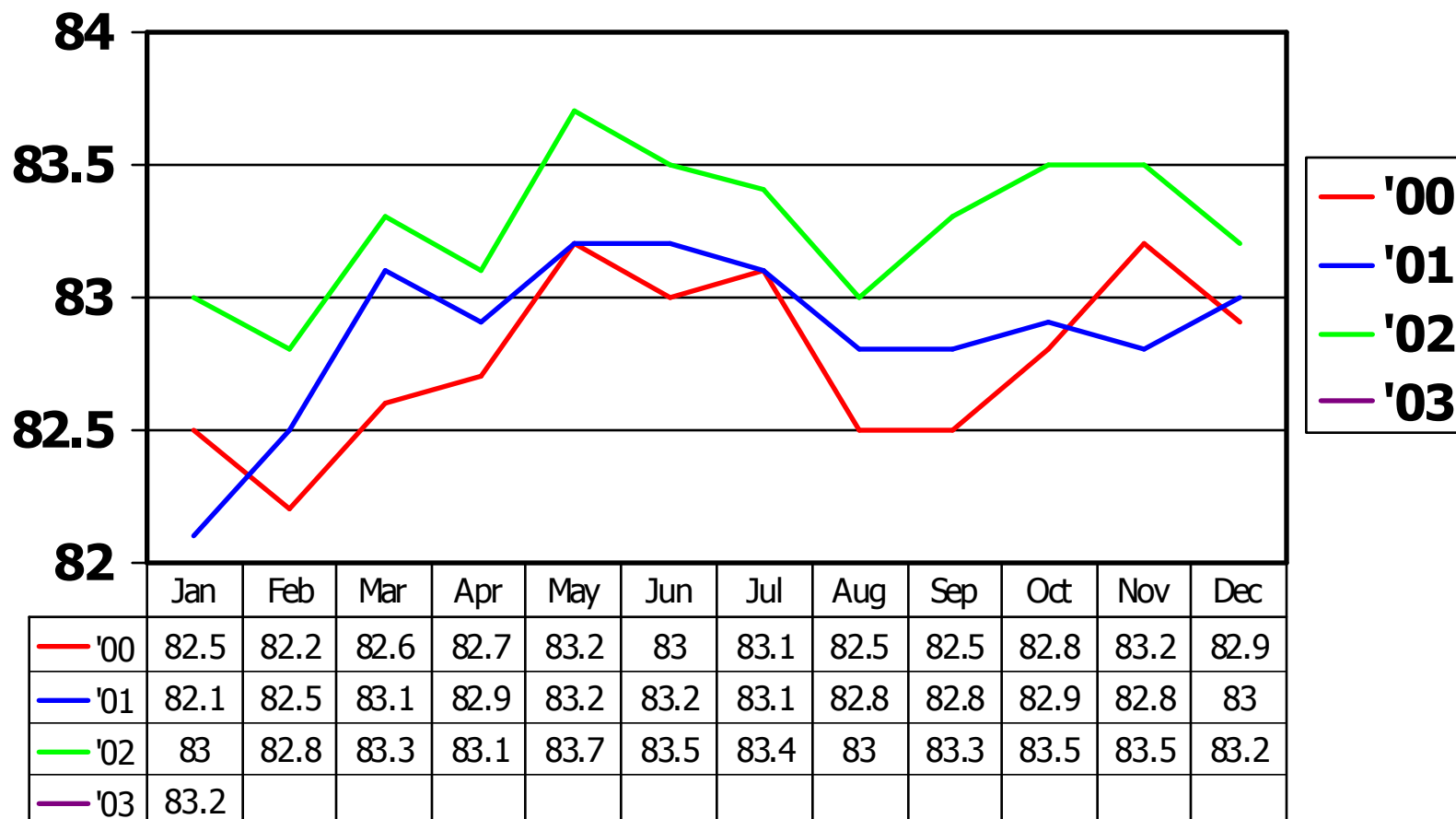
Breeder Placements (000)



Hatchery Utilization (%)

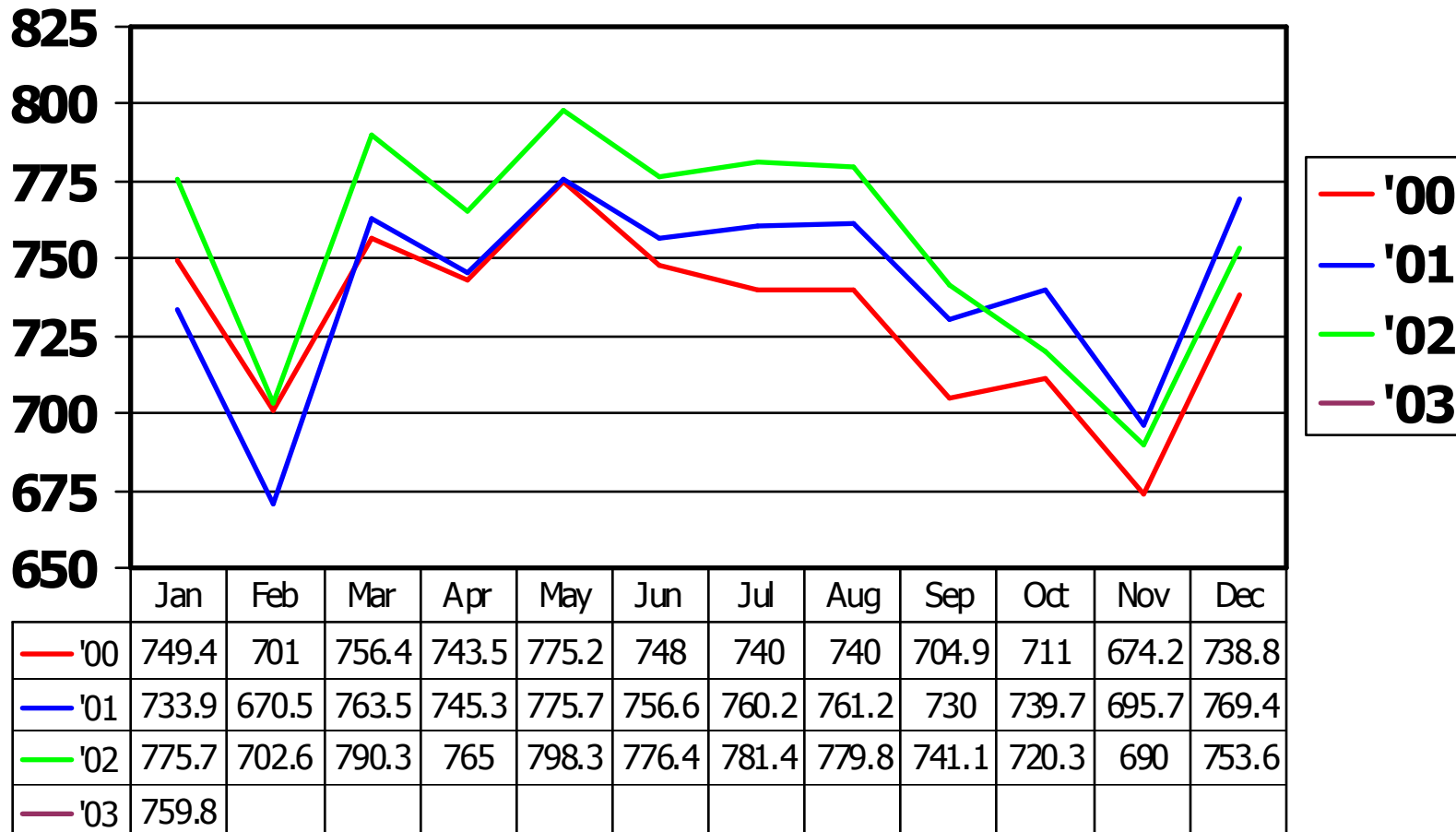


Hatchability (%)



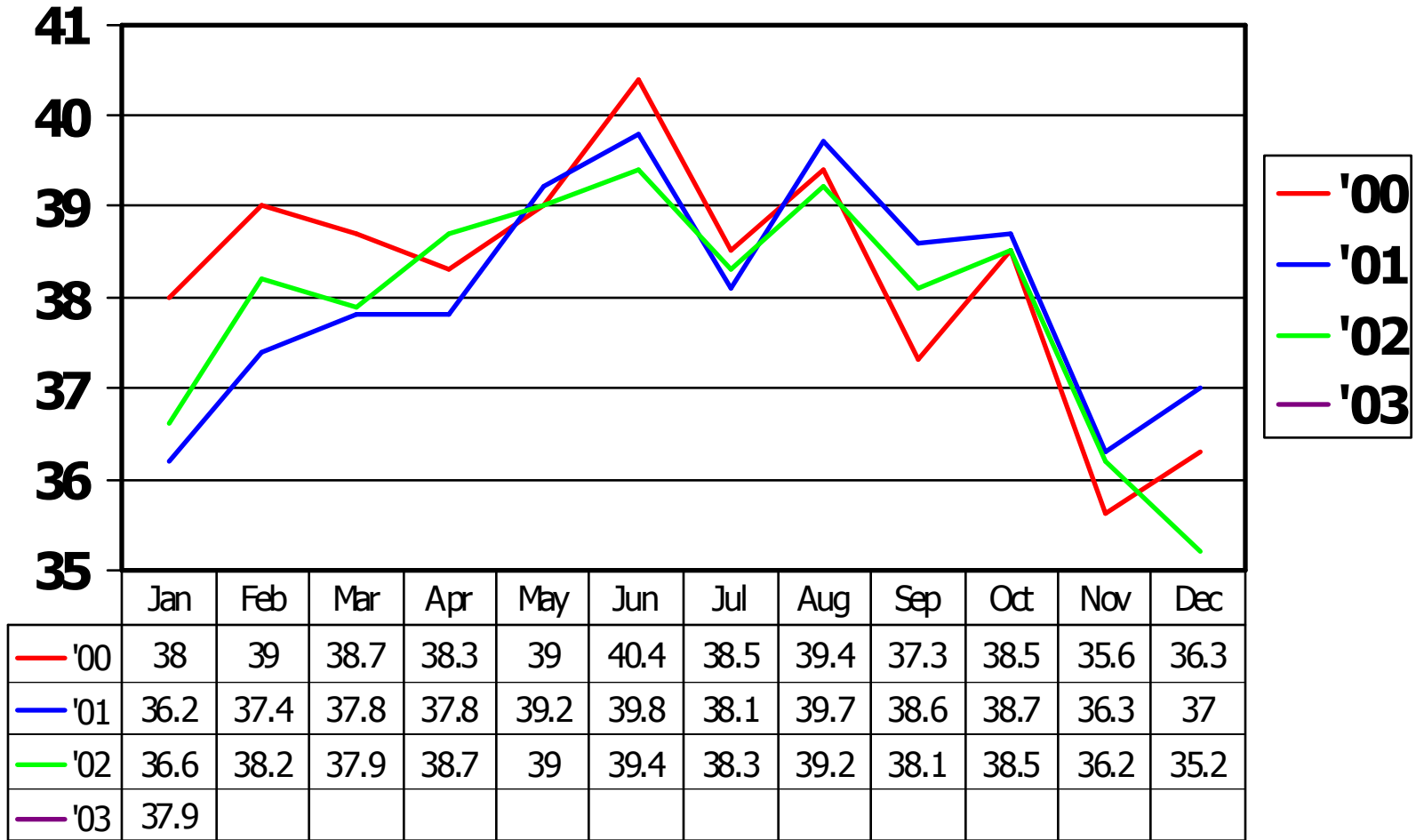
Chick Placements

(000,000)



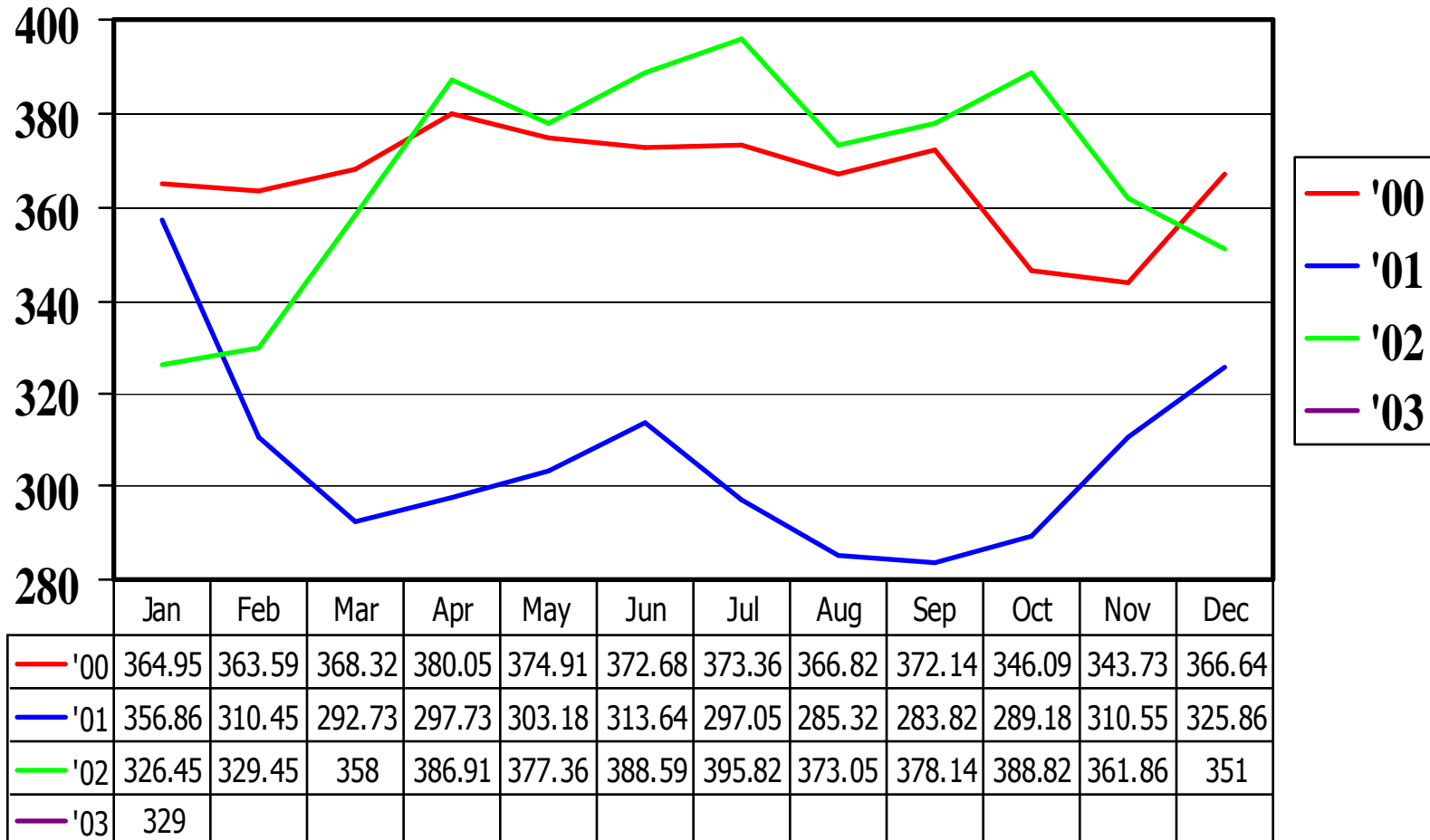
Processing Run Time

(Weekly hours)

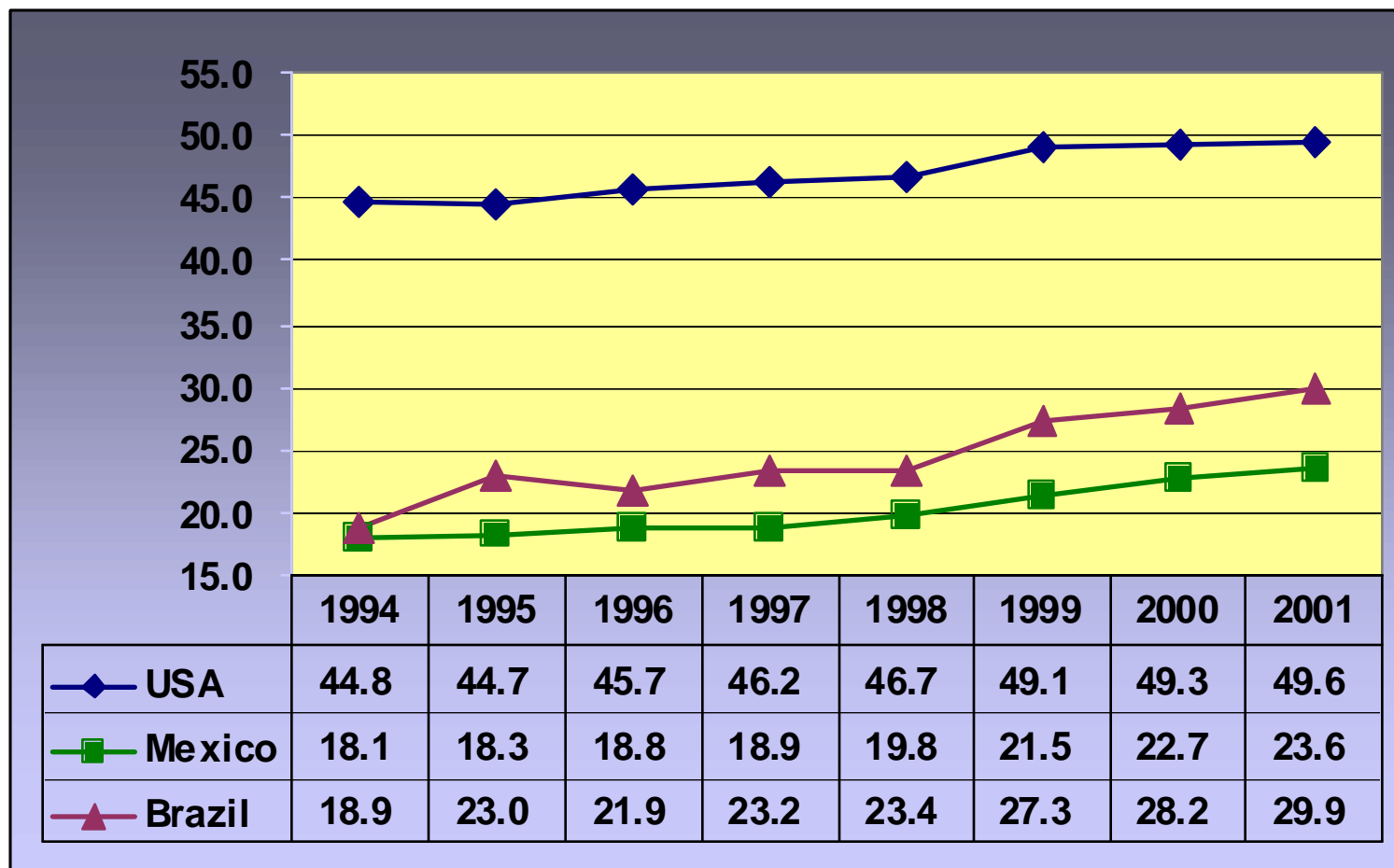


Cold Storage

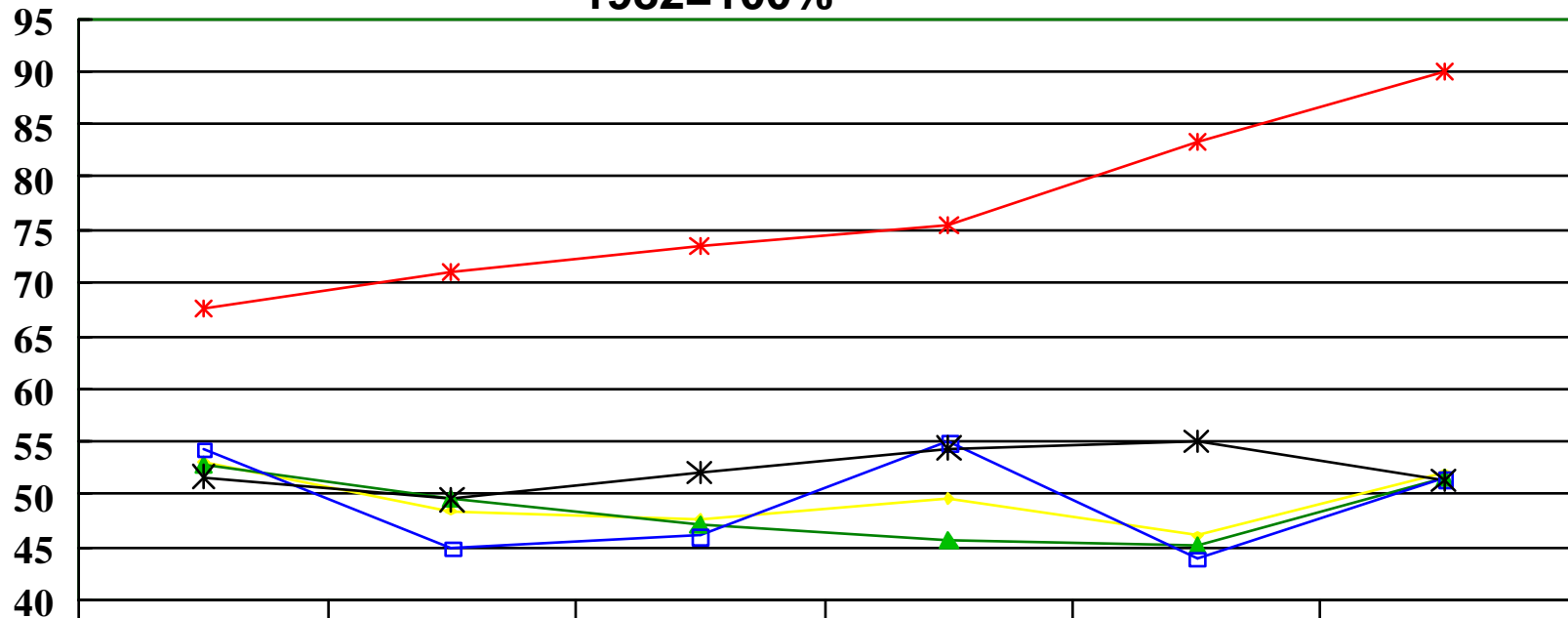
(000 tonnes)



Poultry Meat Consumption (Kg./Capita)



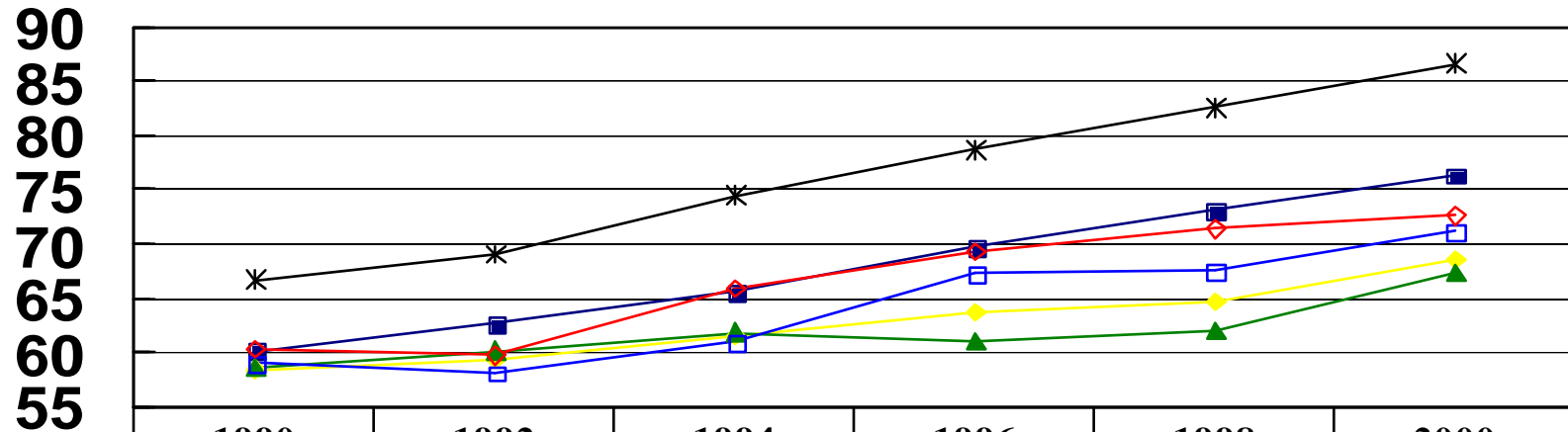
Producer Price Indices Comparison in USA (U\$/Kg.) 1982=100%



	1990	1992	1994	1996	1998	2000
—◆— All Meats	53.14	48.5	47.59	49.55	46.05	51.95
—▲— Beef	52.73	49.55	47.09	45.55	45.18	51.68
—□— Pork	54.41	44.95	46.09	54.95	43.91	51.55
—*— Poultry	51.64	49.55	52.14	54.41	54.91	51.32
—*— Seafood	67.55	70.95	73.36	75.41	83.27	90.05



Consumer Price Indices Comparison in USA (U\$/Kg.) 1982=100%



	1990	1992	1994	1996	1998	2000
—■— All Foods	60.18	62.68	65.59	69.68	73.05	76.27
—◆— All Meats	58.41	59.41	61.55	63.73	64.63	68.5
—▲— Beef	58.55	60.14	61.82	61.14	62.05	67.32
—□— Pork	59	58.09	60.86	67.36	67.5	71.14
—◇— Poultry	60.23	59.73	65.95	69.27	71.41	72.64
—*— Seafood	66.68	68.95	74.41	78.68	82.59	86.55



Broiler Processing Plant Trends

- **Trends in the U.S.A. and Latin American countries.**
- **They are based on U\$ / Kg.**



Trends in the U.S.A. and Latin American countries.

- **Live Weight:** growing a heavier bird has been the norm.
- **Live Cost:** the overall trend after a sharp decrease is small rise in this cost.
- **Total Plant Cost:** the rate of increase due to labour, sanitation, maintenance and water treatment increased at a fast rate.



Trends in the U.S.A. and Latin American countries.

- **1st Processing:** After an increase lately they have been coming down.
- **Productivity:** Throughout the regions it continues to increase at an important rate.
- **Yield:** It follows the productivity trend very closely. This means that more birds are being processed efficiently and effectively by the people.



Trends in the U.S.A. and Latin American countries.

- **Net Sales Price:** This is falling at an alarming rate in the region! The drop started in 1998 and continues.
- **Operating Income:** 1998 was the last year of (matching the sales price) of good operating income. Since then it has fallen almost six-fold!

