

Brexit - What we know now - Industry Impacts

Joe Burke, Sector Manager -
Beef & Livestock

June 2017

Growing the success of Irish food & horticulture

Bord Bia
Irish Food Board

Brexit Timeline - Update

23 Jun '16: UK Referendum: 52% for Brexit

13 Jul '16: Theresa May appointed PM

29 Mar 17: Article 50 triggered

8 Jun '17: UK General Election

19 Jun '17: Brexit negotiations began

Brexit Timeline - Outlook



David Davis, UK Brexit Secretary

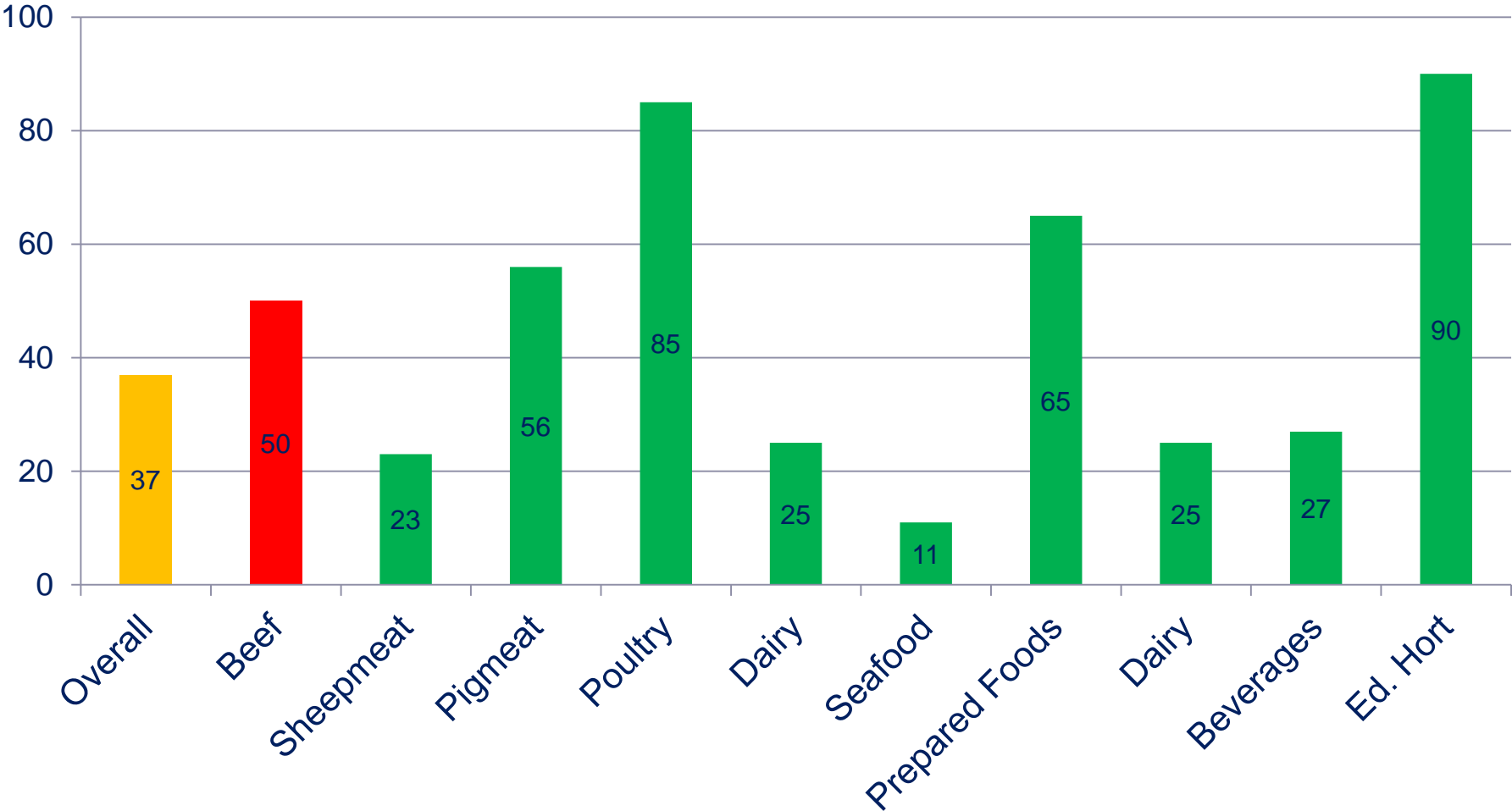
Michel Barnier, EU Chief Negotiator

18-month negotiating period

Agreement proposal to be ratified by Feb '19

30 Mar '19: UK to officially exit the EU

Share of Irish food and drink exports destined for the UK by category, 2016 (%)



Source: Bord Bia based on CSO

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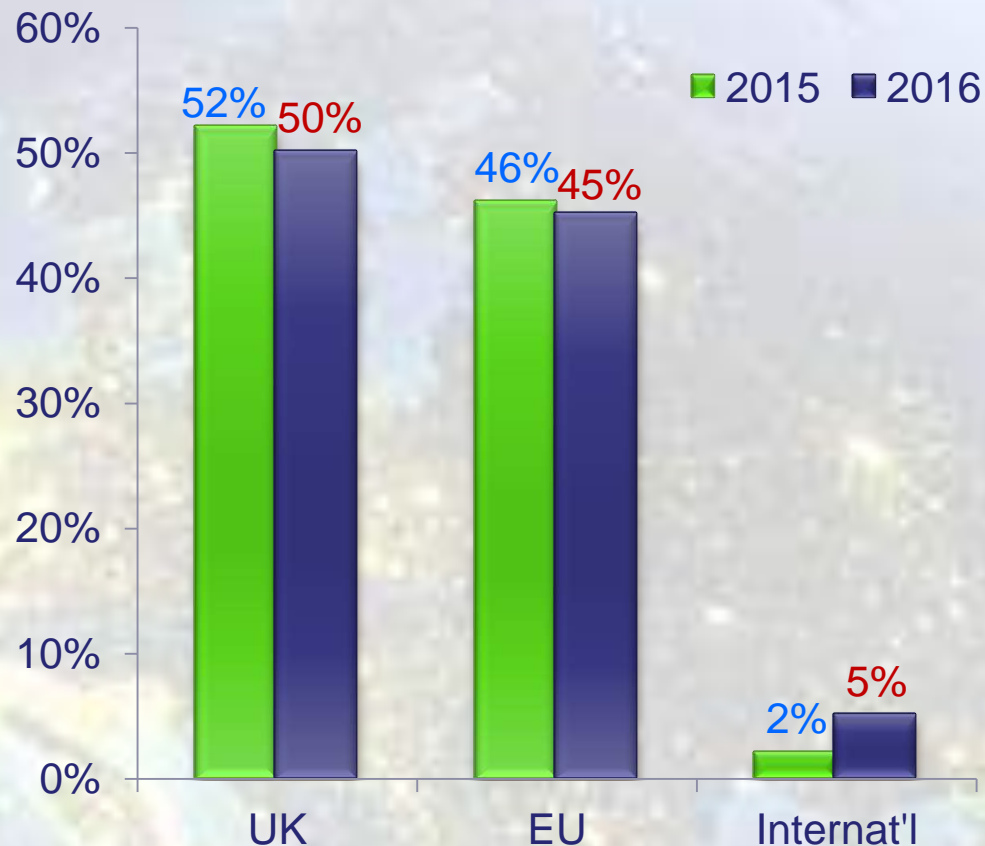


Distribution of Irish Beef Exports

Irish Beef Exports 2016

535,000T (cwe)
+5%

€2.38bn
-1%



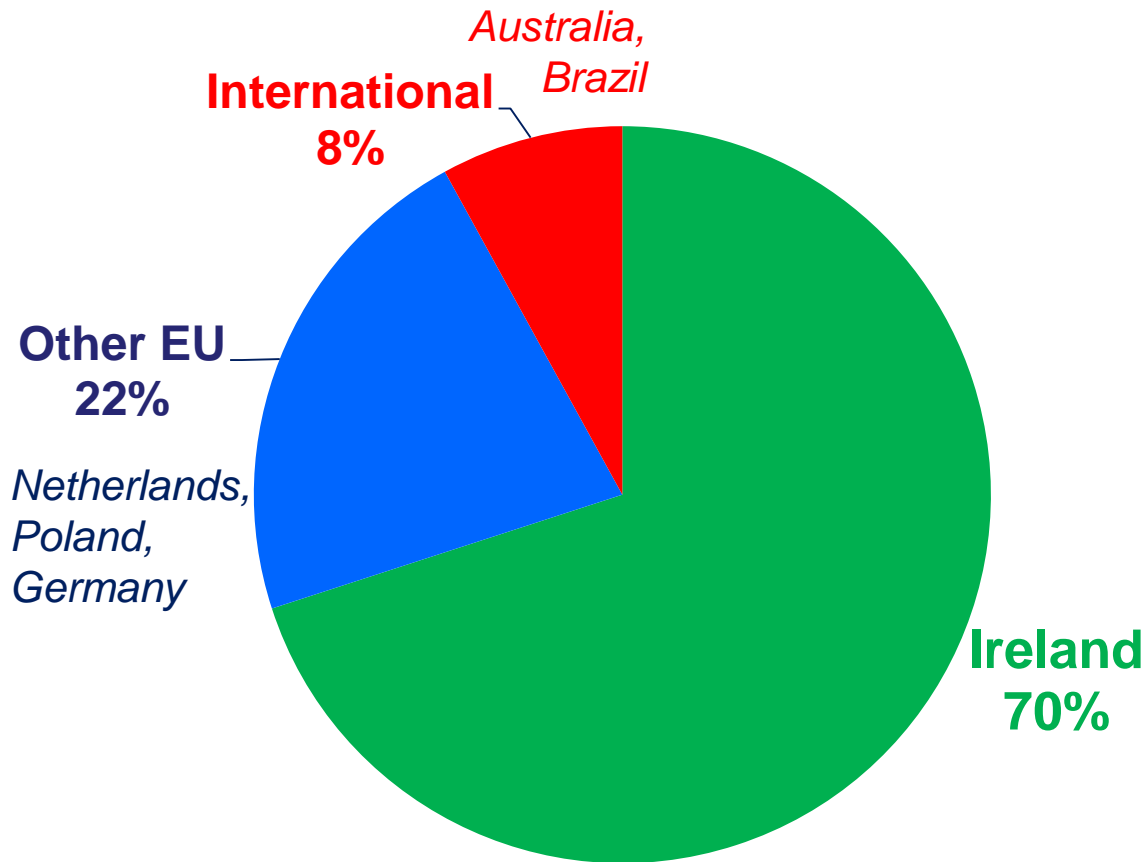
Source: CSO, Bord Bia Estimates

UK Beef Market *(2016 data)*

- Population: 65 million
- Beef Consumption: 1,193,000 t. *(18.2kg/capita)*
- Beef Production: 914,000 t.
- Imports 421,000 t. / Exports 142,000 t.
- Ireland supplies 70% of UK beef imports
- Supplying key retail and foodservice customers
- Product profile well-matched: steer/heifer, grass-based, QA

Source: AHDB, EU Forecast Mtg.

Beef Imports to the UK (Fresh & Frozen) by supplying country - 2016



Source: AHDB

Irish beef exports to the UK by market channel (% volume)

IRISH BEEF - ANALYSIS BY MARKET CHANNEL



Source: MII data, Beef Roundtable

UK market of key importance for forequarter beef

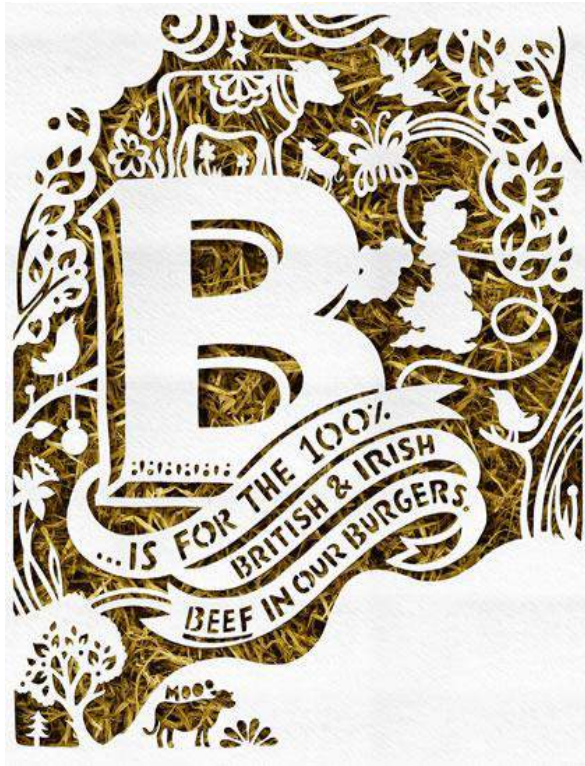
Retailer Value & Volume Share Beef

Top 3 retailers account for almost 50% volume share of beef

Irish beef pres



Irish beef: Provenance, Quality Assurance and Freshness



Sainsbury's

MILLER & CARTER
- STEAKHOUSE -

THE BEST OF BRITISH AND IRISH BEEF

Our premium - graded beef is sourced from carefully selected cattle reared on sustainable British and Irish farms.

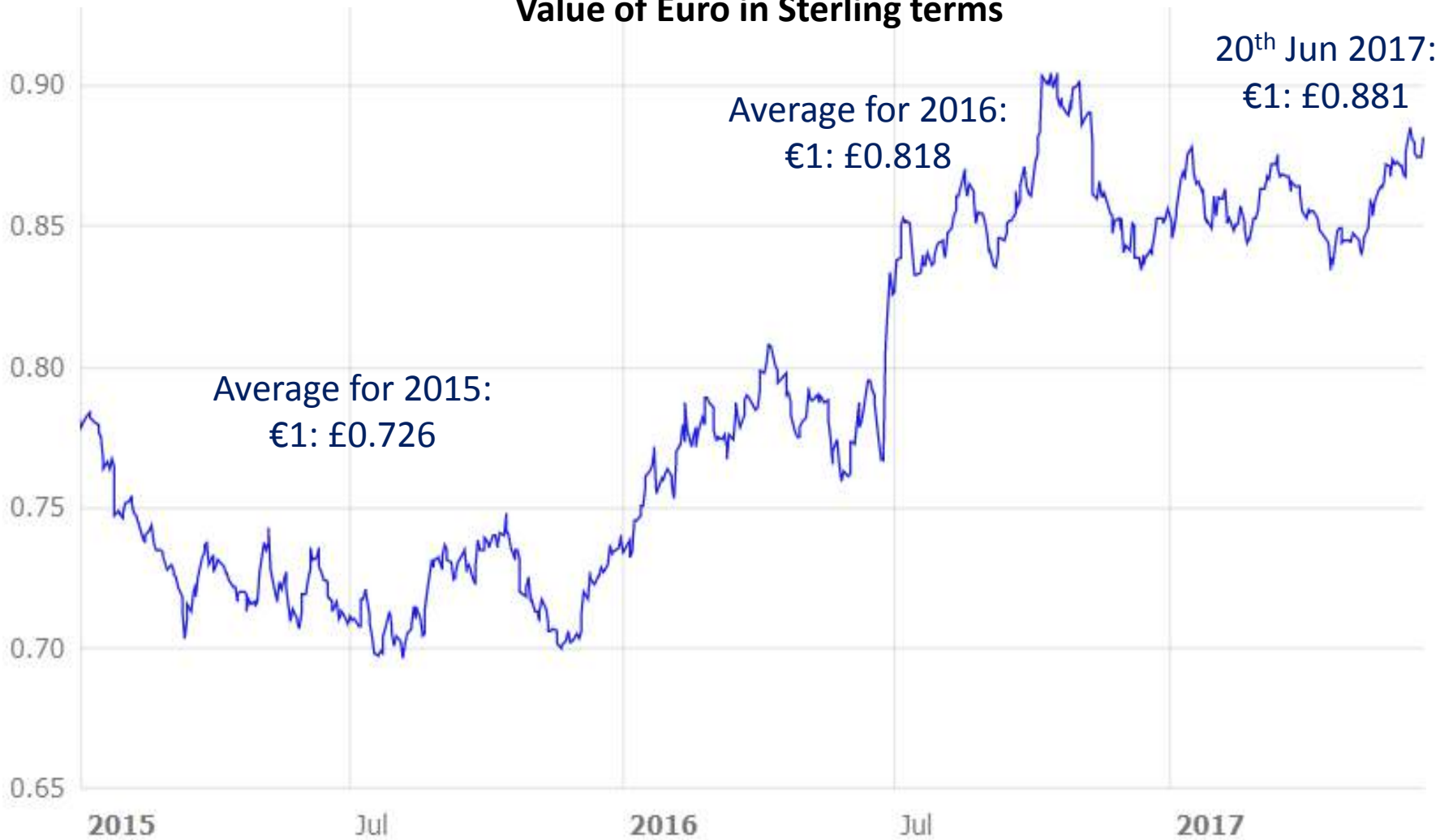
It's then matured for at least 30 days, hand-prepared by our master butcher and expertly cooked by our chefs – for you to savour however you choose to. Though we're never short of a few *recommendations*.

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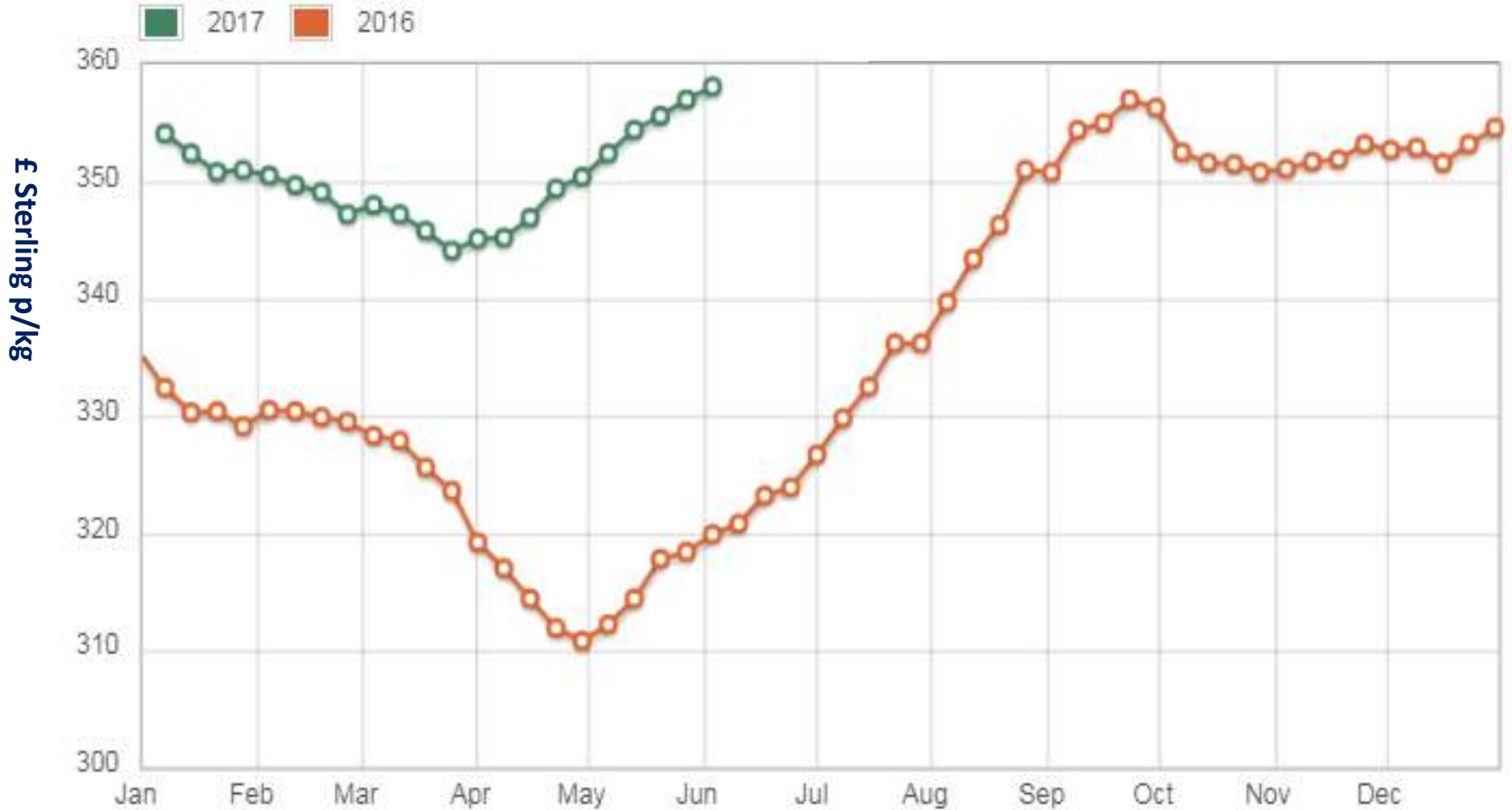
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Currency Exchange Rates

Value of Euro in Sterling terms



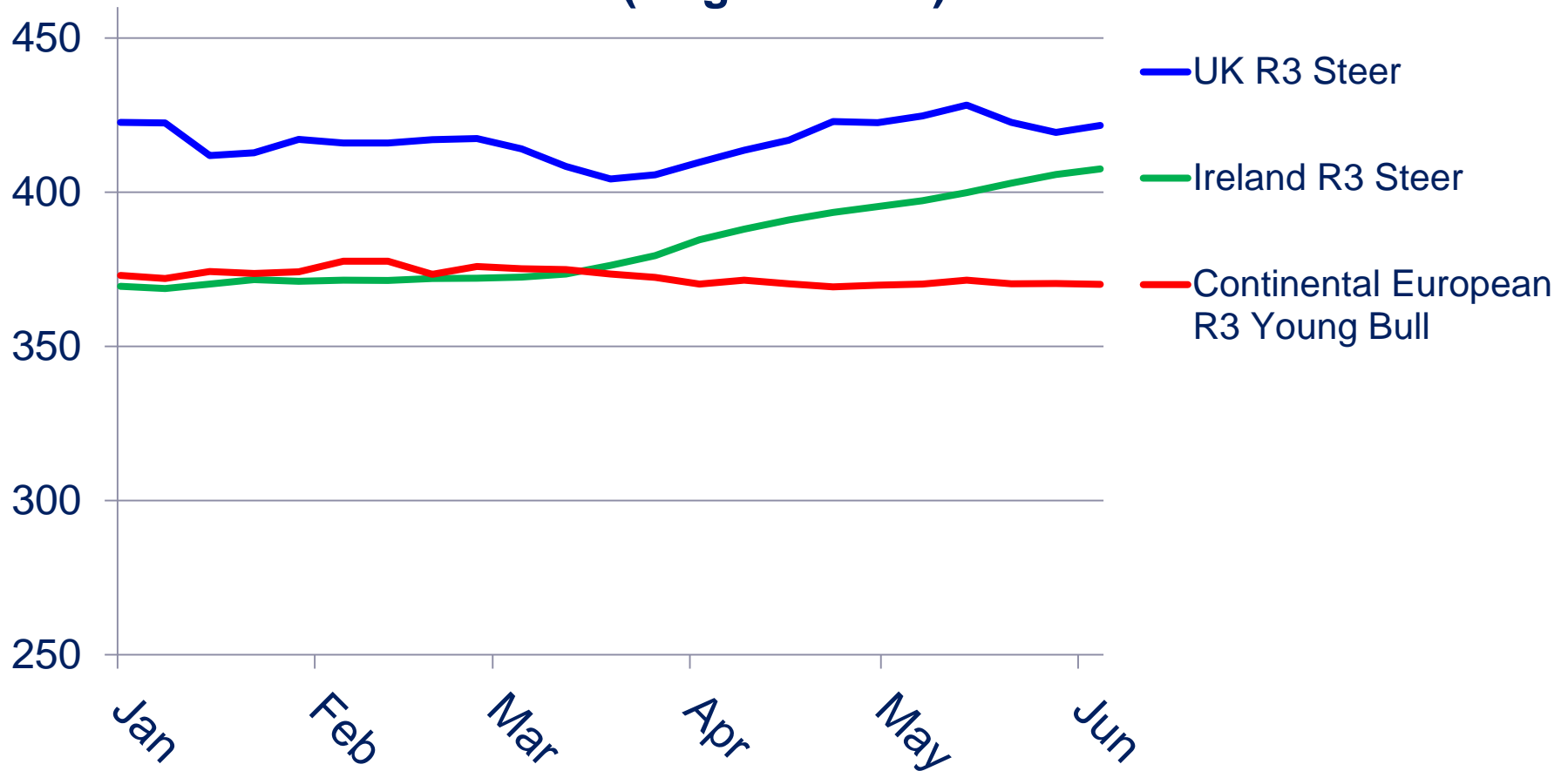
British Cattle Price Development in Sterling terms



W/e. 10th Jun: GB R3 steers average £3.70 @ 87.5p = €4.23/kg (Source: AHDB)

Producer Prices: Ireland vs. UK & Continental EU

(c/kg excl VAT)



(w/e 10/06) Irish Price €4.07/kg vs. UK €4.22 vs. Continental EU: €3.70/kg

In Italy, R3 young bull price: €3.97/kg, Spain: €3.74, France: €3.72, Germany €3.66

BREXIT

Bord Bia will support your business with these measures:

- *Managing volatility*
- *Provision of consumer and market insight*
- *Deepening customer engagement*
- *Extending market reach*

Brexit Promotional Response



Britain: Focus on British and Irish Beef commonality in the market

Germany: New Sustainability campaign targeting high potential customers

Netherlands: Protect position by focusing on welfare and “raised at grass”

Italy: Premium positioning based on taste, sustainability, natural

Other EU and International: Exploit opportunities for growth & diversification

Brexit - the Great Unknown

- Early days: initial focus on “divorce” arrangements to incl. financial commitments to EU, immigration & borders
- Phase 2 will outline the future UK-EU relationship
- Worst-case scenario (no agreement): “WTO rules” tariff rates of €3/kg plus 12.8% of value (boneless cuts)
- This would equate to a charge of 65%, on average, from 25% on fillets to 200% on manufacturing product.

Brexit - the Great Unknown

- Possible deal options may include:
 - Remain in Customs Union (tariff-free trade with EU)
 - Free Trade Agreement
 - Tariffs: zero-rate, preferential rate or quota
 - Long transitional arrangements
- May also impact on EU CAP budget
- Food safety & production standards to remain high priority
- Irish beef seen as a close alternative to British.

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