

Delmarva Poultry Industry Comparisons with the U.S. Broiler Industry

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2007 Delmarva Poultry Conference
September 12, 2007

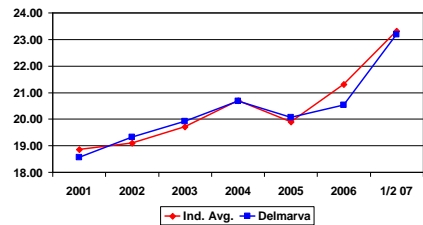
Size of the Industry January through June 2007

- U.S.: 22,620,717,000 Live Lbs. Produced
- Delmarva: 2,215,289,000 Live Lbs. Produced
– 9.8% of U.S. production

Live Cost Factors

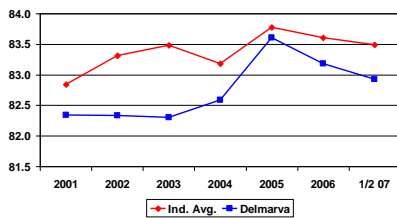
Delmarva chick cost from the hatchery remains competitive with the national poultry industry.

Chick Cost (Cents/Chick)
Delmarva and Industry Average



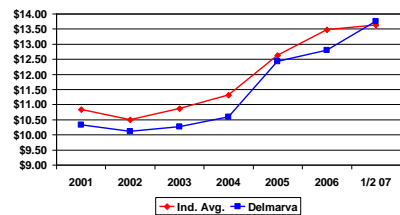
Hatchability in Delmarva hatcheries rebounded in recent years but fell off a little in 2006 and into early 2007

% Hatch
Delmarva and Industry Average



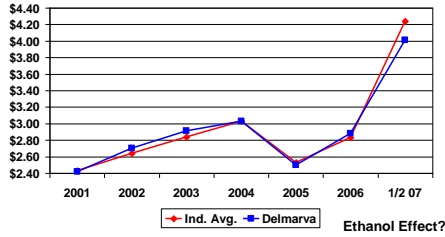
Feed milling and delivery charges have risen in recent years primarily due to higher energy expense in both feed manufacturing and transport. The Delmarva advantage in this area has slipped.

Milling and Delivery Cost (\$/Ton)
Delmarva and Industry Average



Over the last two years the cost of corn fed to chickens on Delmarva has become an advantage. Due to ethanol demand etc. regional differences in corn cost have somewhat diminished. Corn represents 60% of the average ton of poultry feed.

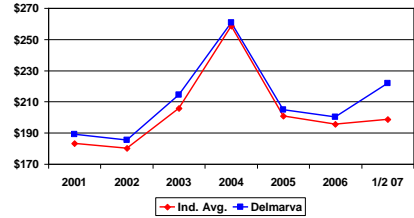
**Corn Cost (\$/Bushel)
Delmarva and Industry Average**



Ethanol Effect?

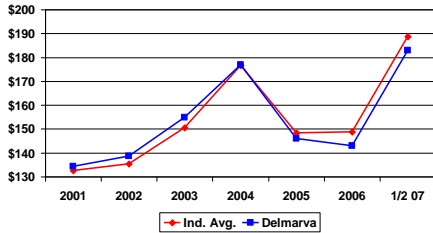
Soybean meal is more expensive on Delmarva. Soybean meal is 25% of the volume of an average ton of feed. A disadvantage of \$ 5.00 per ton in this area adds \$.00125 in cost per live lb. to broiler production.

**Soybean Meal (\$/Ton)
Delmarva and Industry Average**



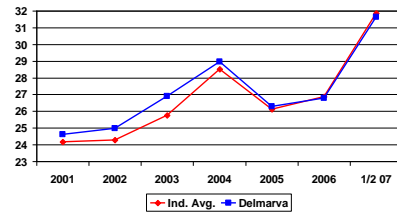
Delmarva feed cost per ton is now fully competitive with the industry due to lower cost and competitive formulation.

**Feed Cost (\$/Ton)
Delmarva and Industry Average**



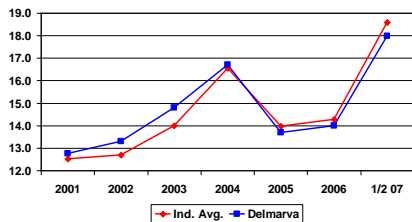
Delmarva live cost has improved noticeably in recent years. More competitive calorie conversion and better corn cost have contributed to this.

**Live Cost (Cents/Lb.)
Delmarva and Industry Average**



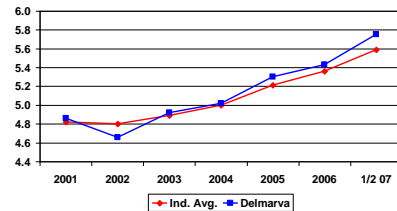
Actual feed ingredient expense per live lb. has actually become an advantage for Delmarva poultry producers.

**Feed Ingredient Cost/Live Lb. (Cents/Lb.)
Delmarva and Industry Average**



Grower expense continues to rise for broiler companies throughout the industry. As fuel expenses have risen the disadvantage for Delmarva producers has grown as during cold weather additional grower fuel expense is paid for by the company something that is not done in many other companies in other areas of the country.

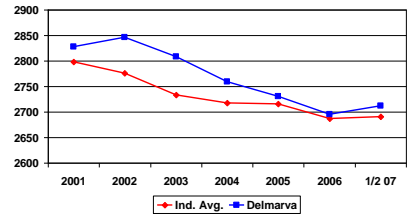
**Grower Cost/Live Lb. (Cents/Lb.)
Delmarva and Industry Average**



Live Efficiency Factors

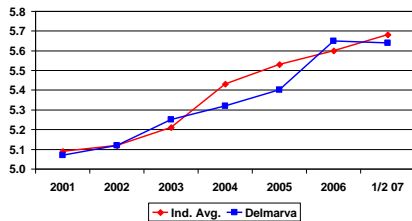
The improvement in Delmarva feed conversion efficiency is outstanding. From a 3% disadvantage four years ago Delmarva is now very competitive in this area with other areas of the country.

Adjusted Calorie Conversion Delmarva and Industry Average



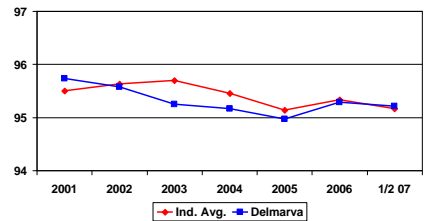
Average live weight in the chicken industry continues to increase as more and more birds are grown to heavier weights for deboning purposes. Delmarva producers are part of this increase.

Live Wt. (Lbs.) Delmarva and Industry Average



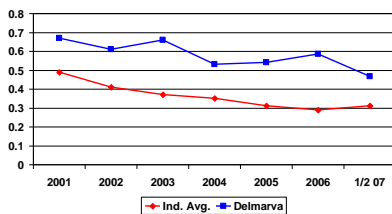
Broiler livability across the industry has dropped slightly in recent years. Some of this is live weight related. Delmarva follows the industry trend.

% Broiler Livability Delmarva and Industry Average



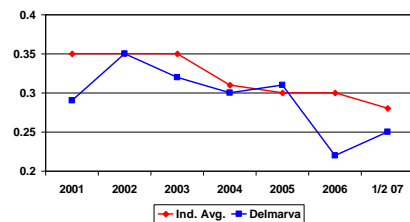
Broiler condemnation levels remain a challenge for Delmarva broiler producers.

% Field Caused Condemnation Delmarva and Industry Average



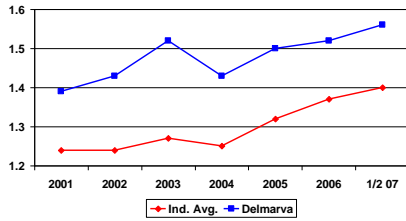
After a difficult 2002 Delmarva broiler producers have made good strides in reducing the % of DOA's in live haul transit.

% DOA's Delmarva and Industry Average



Live haul cost remains a challenge for Delmarva producers. Driver expense is the biggest part of the difference. Delmarva's driver expense per trip is \$ 82.44 vs. \$ 74.81 per trip for the industry average.

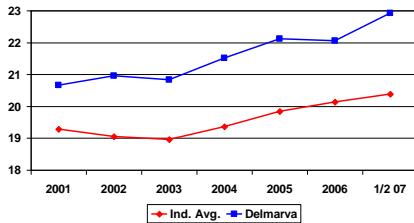
**Live Haul Cost (Cents/Lb.)
Delmarva and Industry Average**



Plant Cost Factors

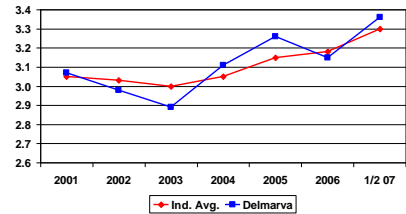
Total processing cost is higher on Delmarva due partly to the production of a higher valued product mix. (e.g. more tray pack product).

**Total Processing Cost (Cents/Lb.)
Delmarva and Industry Average**



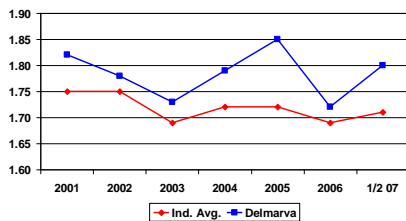
First processing cost is somewhat higher for the industry.

**First Processing Cost (Cents/Lb.)
Delmarva and Industry Average**



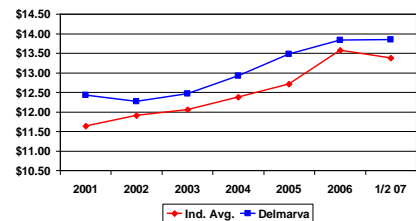
The big driver in first processing cost is labor.

**First Processing Labor Cost (Cents/Lb.)
Delmarva and Industry Average**



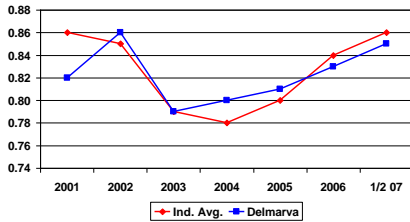
Delmarva wage rates are among the highest in the industry.

**Wage Rate in First Processing (\$/Hour)
Delmarva and Industry Average**



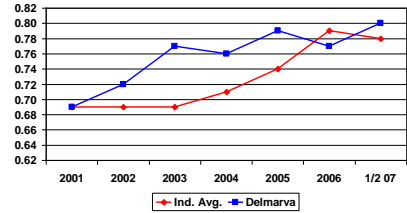
Sanitation expense in Delmarva is again an advantage in total production cost.

Sanitation Cost (Cents/Lb.)
Delmarva and Industry Average



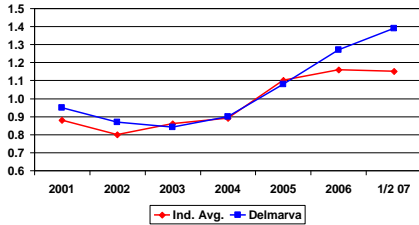
The rest of the industry has caught up to Delmarva in water and water treatment expense.

Water and Water Treatment Cost (Cents/Lb.)
Delmarva and Industry Average



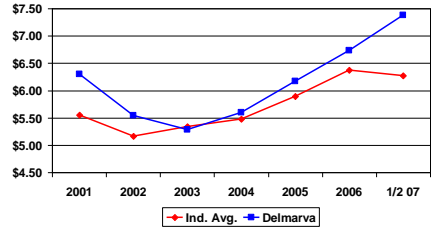
Utility expense is rising faster on Delmarva compared to the industry.

Total Plant Utility Cost (Cents/Lb.)
Delmarva and Industry Average



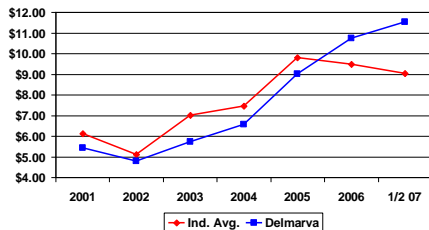
Electricity costs have risen dramatically over the last four years.

\$ per 100 Kilowatt Hours
Delmarva and Industry Average



...and natural gas and propane expense is increasing as well.

Fuel Cost - \$ per Million BTU's
Delmarva and Industry Average



Challenges

- Continue improving live production cost in an era of rising feed costs
- Deal with rising energy costs
- How to handle labor shortages in a labor intensive industry

- **Thank you for your time!**