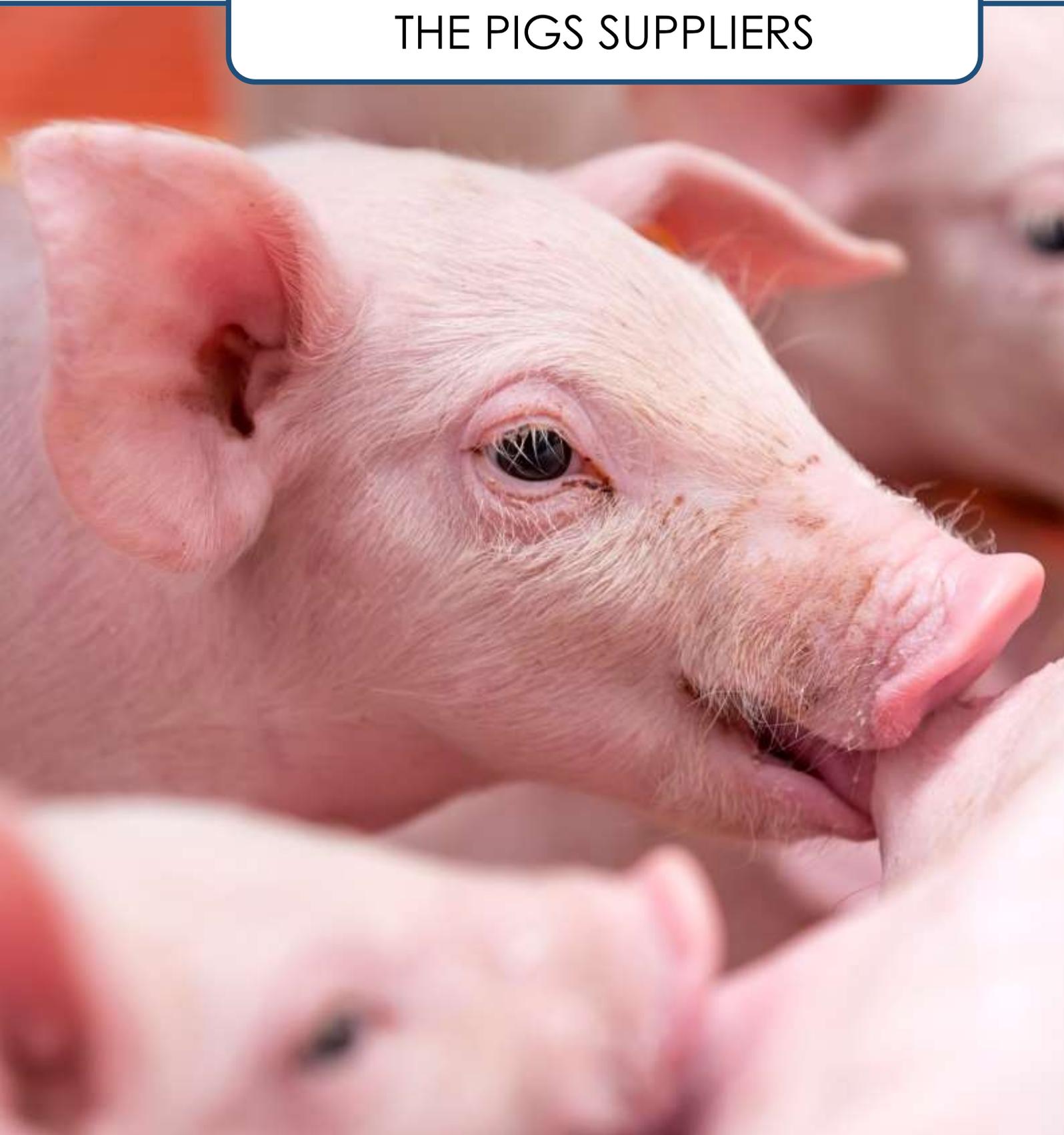




No 1
IIQ/2017

QUARTERLY NEWSLETTER FOR
THE PIGS SUPPLIERS



Dear Breeders and Suppliers



Jacek Dziełak
CEO
Animex Foods

I have the great pleasure to present you this new communication and contact form, which we will release by the end of each quarter.

Every issue will include an update on the pig market and on our operations to which you contribute greatly.

Our history and tradition in the Polish agri and food sector is the longest. We want to keep clear and coherent relations with our suppliers and mutually beneficial partner-wise cooperation is the key.

I hope you will enjoy reading

Jacek Dziełak

CEO

Animex Foods

Our quarterly newsletter

We are with you for over 60 years now. In the past we operated as foreign trade central and today we are buoyant and dynamic company with years of operation and cooperation on the Polish market and with Polish breeders. We can say, that we have generations cooperation in case many suppliers.

We believe that our position is the result of a partner cooperation with thousands of Polish farmers, breeders and suppliers.

I am responsible for livestock procurement and I would like to present a brief outline of what you will be able to see in every issue of the newsletter. We want you to get to know us better and provide you with information that give chances of better growth.

Each newsletter will include:

- market info
- Animex update
- meat business novelties
- examples of cooperation with breeders

Moreover, we will inform you about livestock status in Europe, we will give you info on trends and estimations, novelties in genetics, nutrition programs, financing, guidance on competitiveness, cooperation with other bodies in the business, new regulations and legal acts on breeding.

We procure livestock from over 1300 Polish breeders. Should you interested in cooperation please contact Livestock procurement Department in Ełk, Szczecin and Starachowice to receive more information about terms and conditions of cooperation.



Piotr Kowalski
Livestock Procurement Managing Director

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Less Pigs in Europe

The EU December survey on pig headcount showed a drop in 2016 versus previous year. The decrease is 1% in whole headcount and 2% in sows. Except for Poland and Spain, all big producers suffer from production drop.

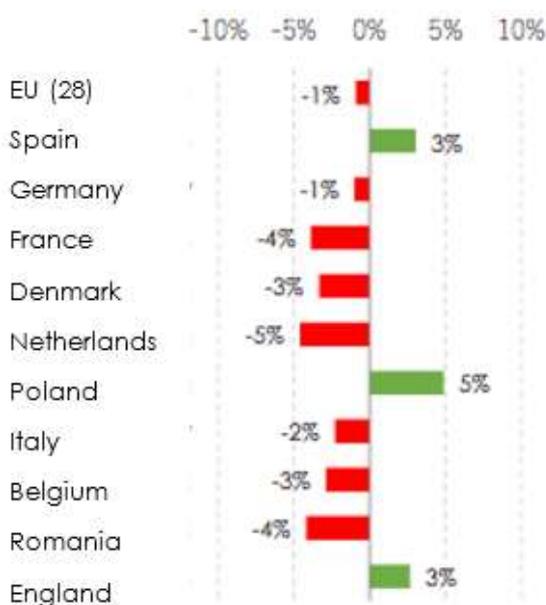
Headcount in Poland increased in all types of herds. Sows headcount increase by 8% (up to 0,85MM heads) is a good perspective for incoming months. Why the increase? Certainly, better finishers profitability. Only in 2016 the price of 1kg of pig was higher by 8% than the average price in 2015 and at procurement points was PLN 4.65 (PLN 5.96 HCW). At the same time cereals procurement prices went down by 5%. Pigs (up to 50kg) import influenced a serious increase of piglets (by 8.5%) and weaners (by 7%) headcount. In 2016, that import equated to 5.3MM heads and it was higher by 10% versus 2015. The average weight of imported head was 30kg.

Countries producing the biggest volume of pigs experience growing trends. In 2016, the USA headcount increased by 4% with 1.5% increase of sows. We do not have the exact data but we can assess that China production is also growing. That is supported by: lower meat import, recent better finishers profitability and high Soya import from the USA.

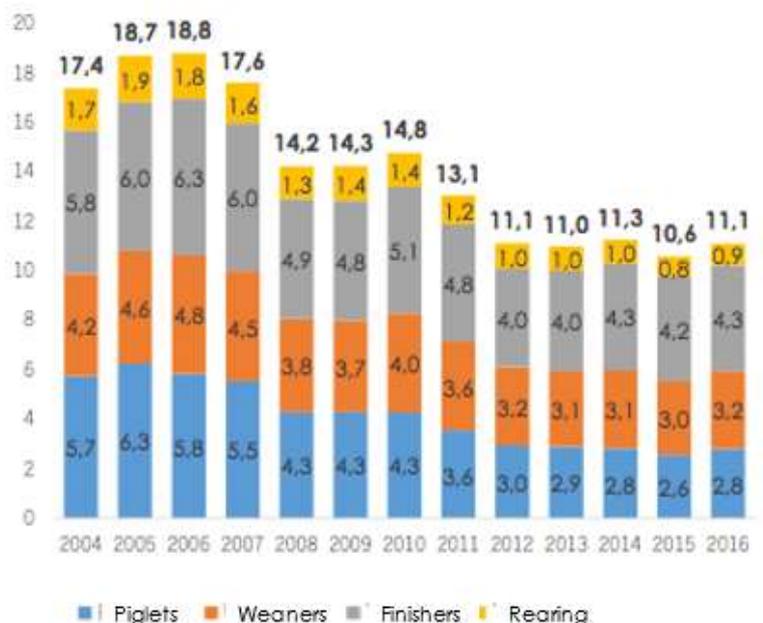
Anna Zdyb

Commodity Analyst

Headcount change at the biggest producers [%]



Pigs headcount split into groups (in MM heads)



African Swine Fever (ASF) - Update in Poland

Three years ago (Feb 2014), the very first case of ASF has been detected in Poland and since then 281 ASF infected boars and 23 outbreaks in domestic pigs have been identified. This year we already have 120 incidents of infected boars and the last outbreak in pigs has been detected at the end of September 2016.

We can only hope, that the high number of detected infected boars will not translate into another outbreak of ASF in pig herds. With that respect it is crucial to secure buildings thoroughly to keep the disease away from farms.

DETECTED ASF OUTBREAKS

YEAR	BOARS	HOGS
2014	30	2
2015	53	1
2016	78	20
2017	120	0
TOTAL	281	23

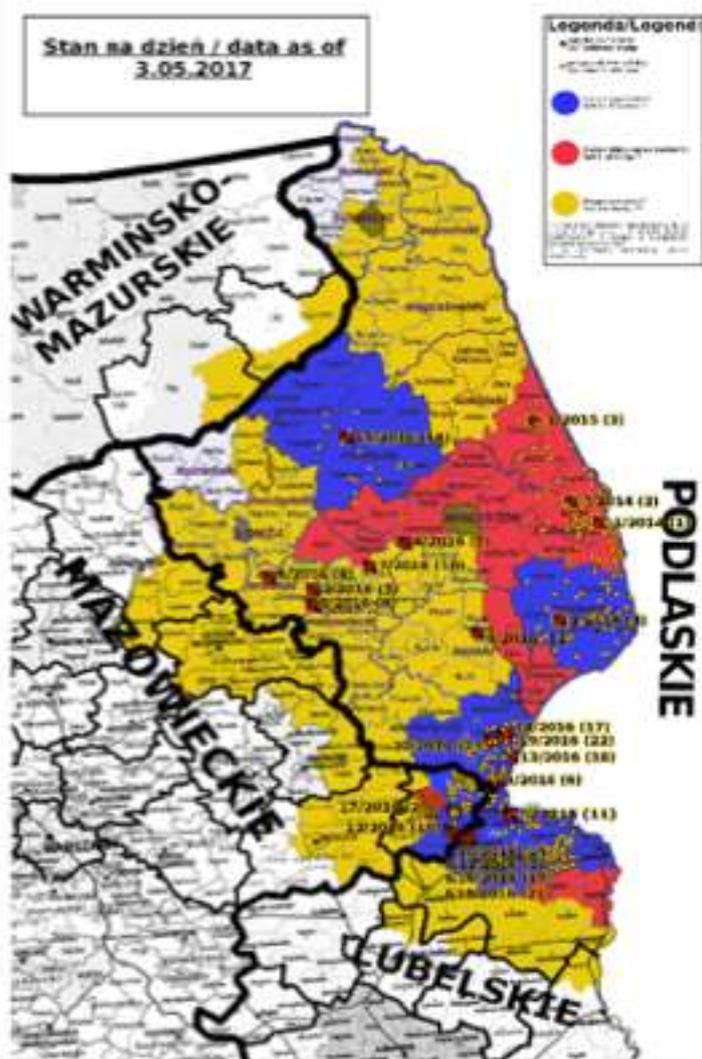
As per 05-05-2017

At present ASF is confirmed in following provinces: Podlasie (Hajnówka, Siemiatycze, Mońki and Grajewo districts), Mazowsze (Łosice district) and Lublin (Biała Podlaska district). In the area of Hajnówka, i.e. this virus is present for three years now, we have detected a decrease of new cases of ASF.

On March 23, 2017, EFSA issued the newest epidemiological analysis, which shows that in Baltic countries and in Poland, the infectious pace of ASF in boars has diminished and new occurrences can be considered as "small range outbreaks". It is estimated that the disease spreads by 2km per month in Latvia and Estonia and in Poland and Lithuania by 1km.

Sylwia Mazurek

Analysis Manager



Our Brands in Advertisements

Animex Foods is the biggest meat producer in Poland. We have eight meat processing facilities and one feather plant. We specialize in pork, poultry and processed meat products. We focus on our growth and international reach. At the same time we take care of the local surroundings. Our mission is to be the most trusted and the first choice supplier offering high quality Polish meat and deli-meats.

We are the owner of well-known Polish brands i.e. Morliny, Krakus and Berlinki.

Berlinki is the most popular hot-gods brand in Poland, „there are hot-dogs and Berlinki”. We are the volume and value leader in the category. Our hot-dogs are delicate and made of the best quality meat with an addition of a unique spices mix. In January we saw Berlinki in TV campaign and today, in the newest edition of „your Face sounds familiar”, Berlinki play as judges providing funny comments to the performances.



Krakus is an experienced brand and answering consumers expectations we have launched new category i.e. "sous-vide". Those products are very juicy and tender thanks to log and slow cooking in vacuum package. Afterwards it takes only 30 minutes in the oven to have a ready and

delicious meal. More details about the method are presented in the new Krakus advertisement campaign - "This is how sous-vide meat tastes like".



Morliny is a modern brand, famous for the „outside the box” approach and here also we have a new sausages campaign. This time Morliny sausages return with double the force. We have prepared to TV spots "Its time" and „Smoke”. We follow our six characters - Głogowska, Morlińska of ham, Podwawelska, Śląska, Biała and chicken breast sausages, who launch BBQ mission. The TV campaign is on since April 20, 2017 and will last till mid-August. Ot top of that we plan our campaign at cinemas and big open air music events.



Join us!

Aleksandra Gordziejko

Trade Marketing Manager

Animex - Meat Business Leader in Poland. 60 years of tradition

Animex is the biggest group and the leader in the meat and processed products on the Polish market. Since the very beginning i.e. over 60 years ago, our company is the biggest meat product exporter selling products to over 40 countries all over world.

We employ over 8300 people and that makes us the biggest in the food business in Poland and the biggest employer in the business.

Inwestycje

The generated profits we use to expand and to upgrade our equipment, all to meet the growing market demands. Our priority is the highest quality of products preserving at the same time the food safety, environmental and modern Polish employer requirements.

Współpraca

We use scientific support and we cooperate with the biggest Polish university linked to our business - Warsaw University of Life Sciences. This is crucial if we want to meet the challenges of the European competition and changing trends and preferences of the customers.

As the food business leader we are active in organizations e.g. Polish Meat Association, Krajowa Rada Drobiarstwa [National Poultry Council]. Those

bodies represent companies in front of the government administration and representatives of Polish parliament. Thanks to that we can speak up and take part in various consultations and opinion-forming incentives when working on new or amendments to legislative acts - to have them beneficial to Polish agro and food sector.

All major key accounts, i.e., modern trade, discounts and traditional trade: wholesalers and retailers, operating in Poland are our customers.

Jakość

Apart from our basic standard HACCP system, all plants have BRC, IFS certificates and export approvals to sell to tens of countries worldwide.

We are very active in the sustainability field. We do projects in the areas considered key for the food business i.e. food safety, environment protection, employees safety, animal welfare and local societies support.

We hope that all the above will encourage you to choose Animex as a company worth cooperating with and developing business relations.

Andrzej Pawelczak

Press Spokesman and PR Director

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