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## Poultry

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### Research Team

**Saniya Tauseef** | Senior Manager Research  
**Sabeen Mirza** | Senior Research Analyst



# Poultry

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# Overview



## Inputs

### Parent Flock of Birds



Parent flocks are owned by integrated broiler farms or hatcheries. The female and male birds are bought from a major breeding farm at day-old (DO). The birds are placed on specialist rearing farms until around eighteen weeks of age and are then transferred to production farms.

### Poultry Feed



Conventional poultry food usually includes many cereals like maize, rice, wheat, oat, barley; and a few cereal by products such as wheat-bran or rice polish, animal and vegetable protein sources like fish-meal, meat-meal, soybean-oil-meal, groundnut-cake, etc. according to their availability. The quantity of feed and the nutritional needs of the feed depend on the weight and age of the poultry, the rate of growth of the poultry, the rate of development of eggs, the weather (cold or wet weather induces higher expenditure of energy) and the quantity of nutrients received by the poultry from foraging.

## Outputs

### Day Old Chicks



The newly-hatched chick is the "day-old chick" (DOC). Day old chicks are obtained from the eggs laid by the healthy parent flocks of different breeds.

### Farm Eggs



In the shape most common to customers, fresh and in-the-shell, are table eggs or shell eggs. Although commercial table eggs may come from a range of birds, many of the procedures are the same.

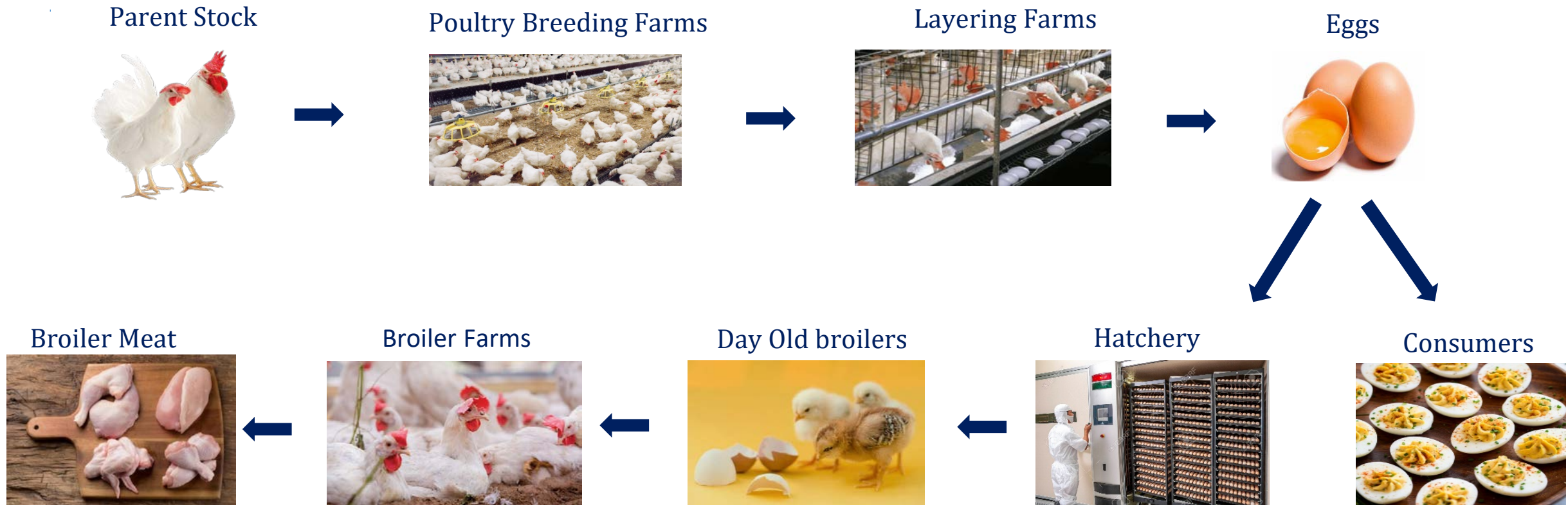
### Broiler Meat



A broiler is any chicken that is bred and raised specifically for the meat production. Most commercial broilers reach slaughter weight between four and seven weeks of age, although slower growing breeds reach slaughter weight at approximately 14 weeks of age. Typical broilers have white feathers and yellowish skin.

# Poultry

## Process Flow

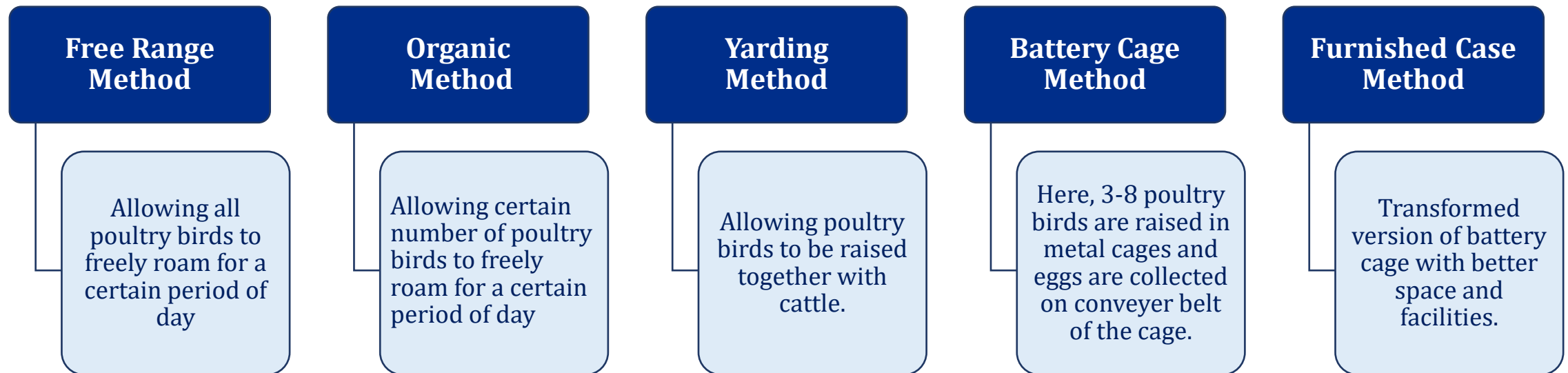


# Poultry

## Types of Poultry Farming

**Layer Poultry Farming:** Poultry birds that are used for egg production are involved in this method of farming. Generally, at ~18-19 weeks of age, a commercial hen begins laying eggs and continues to lay eggs till broilers drop in the age brackets of ~72-78 weeks.

Producers typically hold hens from the first laying cycle for ~12 months and then transfer these hens to the slaughter house. Months of warming for poultry birds laying eggs are favored over cooler months. Layer poultry is raised by a range of techniques, some of which are explained below:

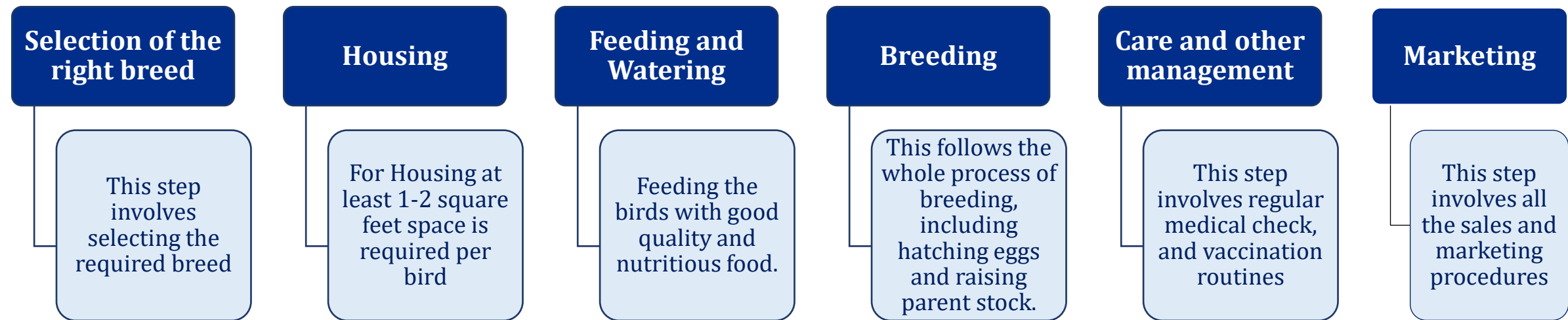


# Poultry

## Types of Poultry Farming

**Broiler Poultry Farming:** In this type of farming, poultry birds are raised for the processing of commercial meat. These birds are generally referred to as broilers and are bred before becoming suitable for consumption in just ~5-7 weeks to achieve a weight of ~2kgs.

Most of these broilers are artificially picked and bred on a large scale and have white feathers and yellowish eyes. These birds are observed to have a high rate of growth but a low degree of activity. The flow chart below shows a typical broiler poultry farming process:



# Global Synopsis



## Global | Overview

- Poultry farming is one of the key components of agricultural sector. It is an important part of the livestock industry. It is divided into three distinct segments including breeding, production and processing. There are commonly two different types of poultry farming, i.e., broiler poultry farming and layer poultry farming
- Finished output from poultry farming consists of day-old chicks (DOCs), farm eggs and meat. Poultry products are distributed through a variety of channels including wholesale, retailers, corner shop retailers and hawkers etc.
- **Global Market Size:** In CY24, the global turnover of poultry sector is expected to grow from USD~361bln in CY23 and reach to USD~385bln, at a compound annual growth rate (CAGR) of ~6.6%. The expected global per capita turnover in CY24 is USD~46/person (CY23: USD~46/person). The global sector’s share to GDP has stayed between ~0.3% and ~0.4% during CY20-24 and currently stands at ~0.4% in CY24. The sector is expected to grow to USD~495bln by CY28 at a CAGR of ~6.4%.

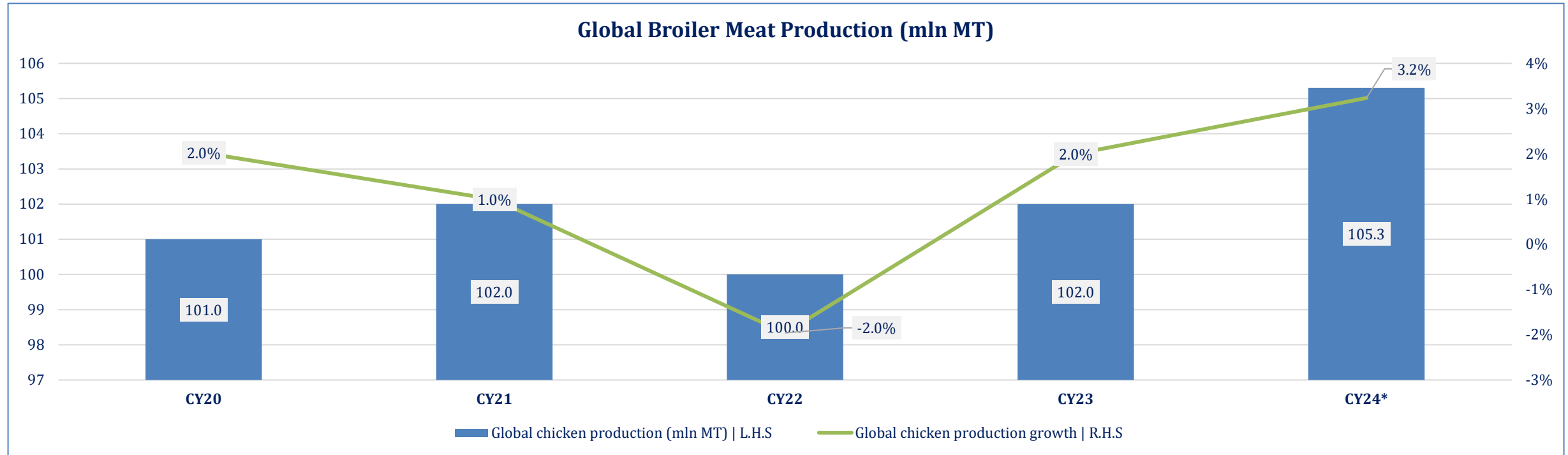
| Particulars               | CY20  | CY21 | CY22  | CY23 | CY24* |
|---------------------------|-------|------|-------|------|-------|
| Turnover (USD bln)        | 311   | 319  | 351   | 361  | 385   |
| Turnover per Capita (USD) | 40    | 40   | 44    | 46   | 46    |
| Contribution to GDP       | 0.4%  | 0.3% | 0.3%  | 0.4% | 0.4%  |
| Growth Rate (YoY)         | -2.7% | 2.5% | 10.1% | 2.8% | 6.6%  |

\*Estimated values for CY24.

# Poultry

## Global | Overview

- Global Poultry market revenue is estimated to reach at USD~385bln in CY24 (USD~361bln in CY23), an increase of ~6.6% YoY basis.
- During CY22, poultry meat production did not keep up pace with demand because of widespread avian influenza outbreaks, rising feed costs, labor shortages and supply chain disruptions. However, during CY23, poultry meat production rebounded on the back of favorable input costs, feed prices as well as an abundant supply of maize at reduced prices.
- The global broiler meat production is estimated to stand at ~105.3mln MT in CY24 (CY23:~102.0mln MT), up ~3.2% YoY. Growth in CY24 is expected to be driven largely by the three markets, USA, Brazil and China having global meat production share of ~20.2%, ~14.3% and ~14.2%, respectively.



\*Forecast values for CY24.

## Global | Production

- In terms of global chicken meat production, USA leads the market with a forecasted production of ~21.3mln MT for CY24 (CY23:~21.0mln MT), up ~1.4% YoY. Brazil and China rank second and third with production estimated at ~15.1mln MT and ~15.0mln MT, respectively for CY24 (CY23: Brazil: ~15.0mln MT; China~14.0mln MT).
- Pakistan ranked eighth in terms of chicken meat production till last year (CY23) with ~2.0mln MT of chicken meat production, however, during it moved up 3 ranks with chicken meat production clocking in at ~2.3mln MT in CY24 (CY23: ~2.0mln MT).

| Chicken Meat Production (mln MT) |                |              |                         |              |                         |              |                         |
|----------------------------------|----------------|--------------|-------------------------|--------------|-------------------------|--------------|-------------------------|
| Sr.                              | Country        | CY22         |                         | CY23         |                         | CY24*        |                         |
|                                  |                | Amount       | % Share of World Market | Amount       | % Share of World Market | Amount       | % Share of World Market |
| 1                                | USA            | 23.0         | 23.0%                   | 21.0         | 20.6%                   | 21.3         | 20.2%                   |
| 2                                | Brazil         | 14.0         | 14.0%                   | 15.0         | 14.7%                   | 15.1         | 14.3%                   |
| 3                                | China          | 14.0         | 14.0%                   | 14.0         | 13.7%                   | 15.0         | 14.2%                   |
| 4                                | European Union | 11.0         | 11.0%                   | 11.0         | 10.8%                   | 11.2         | 10.6%                   |
| 5                                | Russia         | 5.0          | 5.0%                    | 4.0          | 3.9%                    | 4.9          | 4.6%                    |
| 6                                | Mexico         | 4.0          | 4.0%                    | 4.0          | 3.9%                    | 4.0          | 3.8%                    |
| 7                                | Thailand       | 3.0          | 3.0%                    | 3.0          | 2.9%                    | 3.5          | 3.3%                    |
| 8                                | Pakistan       | 2.0          | 2.0%                    | 2.0          | 2.0%                    | 2.3          | 2.2%                    |
| 9                                | United Kingdom | 2.0          | 2.0%                    | 2.0          | 2.0%                    | 1.9          | 1.8%                    |
| 10                               | Japan          | 2.0          | 2.0%                    | 2.0          | 2.0%                    | 1.8          | 1.7%                    |
|                                  | R.O.W          | 16.0         | 16.0%                   | 19.0         | 18.6%                   | 24.3         | 23.1%                   |
|                                  | <b>Total</b>   | <b>100.0</b> | <b>100%</b>             | <b>102.0</b> | <b>100%</b>             | <b>105.3</b> | <b>100.0%</b>           |

\*Forecast values for CY24.  
 Note: Pakistan’s chicken meat production pertain to FY24 as USDA data for 9MCY24 was not available

# Poultry

## Global | Consumption

- Over the past two decades (CY03-23), poultry has become the most consumed livestock commodity in the world mainly due to its affordability and changes in dietary preferences. Furthermore, population growth, rising incomes in developing nations and urbanization have led to a surge in global poultry consumption. During CY24 ~102.6mln MT of chicken meat is expected to be consumed (CY23: ~101.0mln MT, up ~1.6% YoY).
- In terms of poultry meat consumption, USA again leads the market during CY24 with consumption level of ~18.3mln MT (CY23: 18.0mln MT), up ~1.7% YoY. China ranks the second with consumption estimates for CY24 standing at ~14.9mln MT (CY23: ~15.0mln MT), down ~0.7% YoY on the back of economic slowdown.

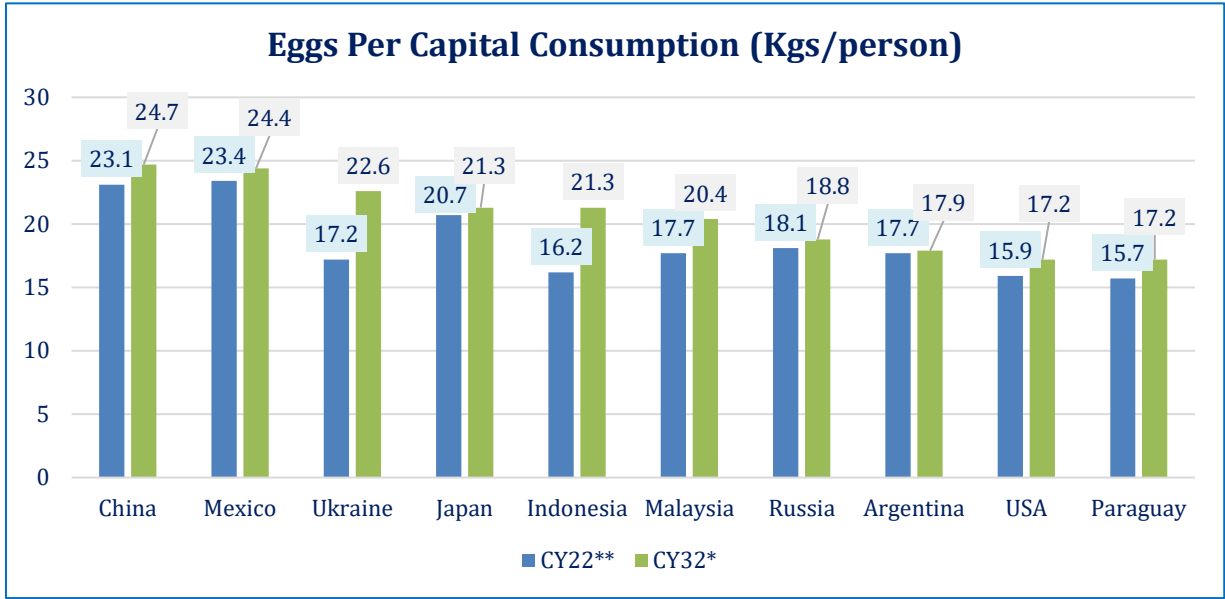
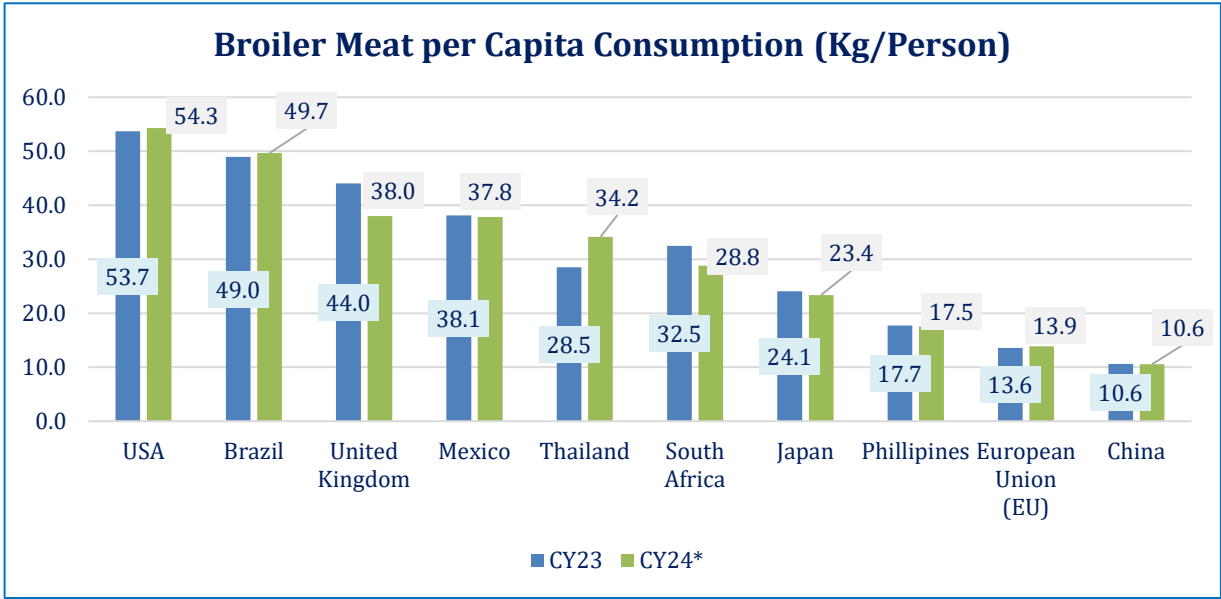
| Chicken Meat Consumption (mln MT) |                     |             |                         |              |                         |              |                         |
|-----------------------------------|---------------------|-------------|-------------------------|--------------|-------------------------|--------------|-------------------------|
| Sr.                               | Country             | CY22        |                         | CY23         |                         | CY24*        |                         |
|                                   |                     | Amount      | % Share of World Market | Amount       | % Share of World Market | Amount       | % Share of World Market |
| 1                                 | USA                 | 17.0        | 17.3%                   | 18.0         | 17.8%                   | 18.3         | 17.8%                   |
| 2                                 | China               | 14.0        | 14.3%                   | 15.0         | 14.9%                   | 14.9         | 14.5%                   |
| 3                                 | Brazil              | 10.0        | 10.2%                   | 10.0         | 9.9%                    | 10.2         | 9.9%                    |
| 4                                 | European Union (EU) | 10.0        | 10.2%                   | 10.0         | 9.9%                    | 10.2         | 9.9%                    |
| 5                                 | Mexico              | 5.0         | 5.1%                    | 5.0          | 5.0%                    | 5.0          | 4.8%                    |
| 6                                 | Japan               | 3.0         | 3.1%                    | 3.0          | 3.0%                    | 2.9          | 2.8%                    |
| 7                                 | United Kingdom      | 2.4         | 2.4%                    | 3            | 3.0%                    | 2.6          | 2.5%                    |
| 8                                 | Thailand            | 2.0         | 2.0%                    | 2.0          | 2.0%                    | 2.4          | 2.3%                    |
| 9                                 | Phillipines         | 2.0         | 2.0%                    | 2.0          | 2.0%                    | 2.0          | 1.9%                    |
| 10                                | South Africa        | 2.0         | 2.0%                    | 2.0          | 2.0%                    | 1.8          | 1.8%                    |
|                                   | R.O.W               | 30.6        | 31.2%                   | 31.0         | 30.7%                   | 32.3         | 31.5%                   |
|                                   | <b>Total</b>        | <b>98.0</b> | <b>100.0%</b>           | <b>101.0</b> | <b>100.0%</b>           | <b>102.6</b> | <b>100.0%</b>           |

\*Forecast values for CY24.

Note: Pakistan's chicken meat production pertain to FY24 as USDA data for 9MCY24 was not available

## Global | Per Capita Consumption

- Poultry provides consumers an affordable protein source that is more readily available than other meats. Developing and emerging markets have been the major drivers for growth in poultry consumption over the past ten years (CY13-23). Rising demand for poultry products and increase in poultry imports can be attributed to a rise in real GDP per capita, which can be seen as a proxy for income. As incomes rise, consumers tend to spend more on animal proteins. Additionally, growing population and urbanization trends also influence the growth in poultry trade.
- The world average broiler meat per capita consumption of the top 10 largest chicken meat consuming countries is estimated at ~30.8Kgs/person in CY24 (CY23: ~31.2Kgs/person). During CY24, per capita consumption of broiler meat for USA is estimated to clock in at ~54.3Kgs/person (CY23: ~53.7Kgs/person), followed by Brazil, with broiler meat per capita consumption of ~49.7Kgs/person (CY23: ~49.0Kgs/person).
- In CY24, the average per capita consumption of eggs of top 10 egg consuming countries is estimated at ~20.6Kgs/person (CY23: ~18.6Kgs/person). China has the highest forecast of per capita consumption of eggs at ~24.7Kgs/person (CY23: ~23.1Kgs/person).

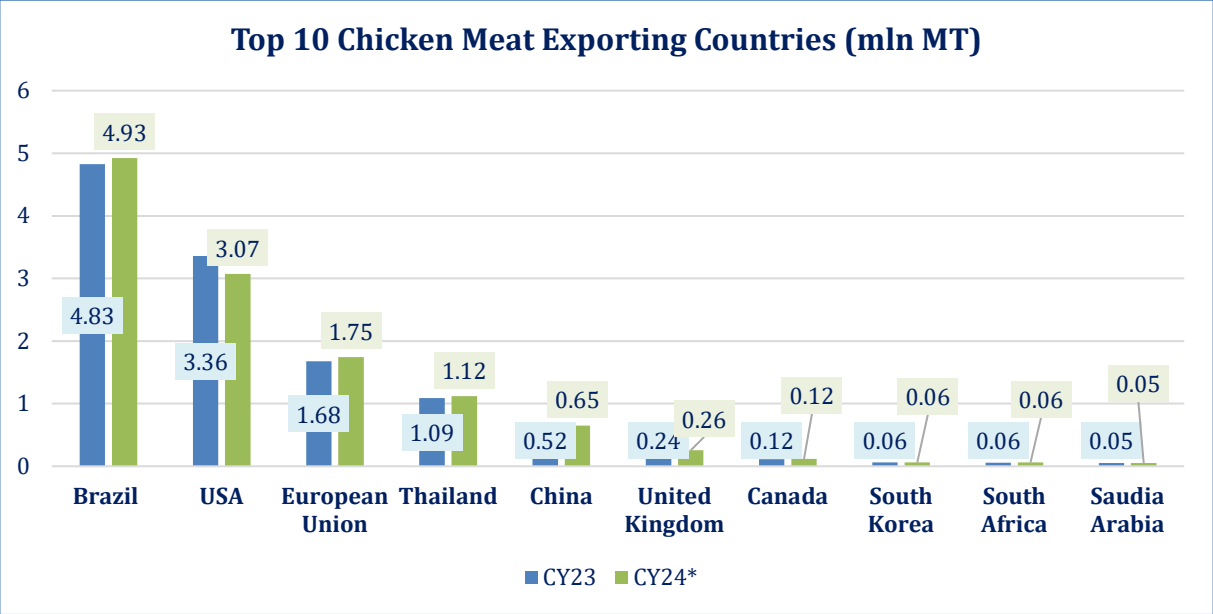
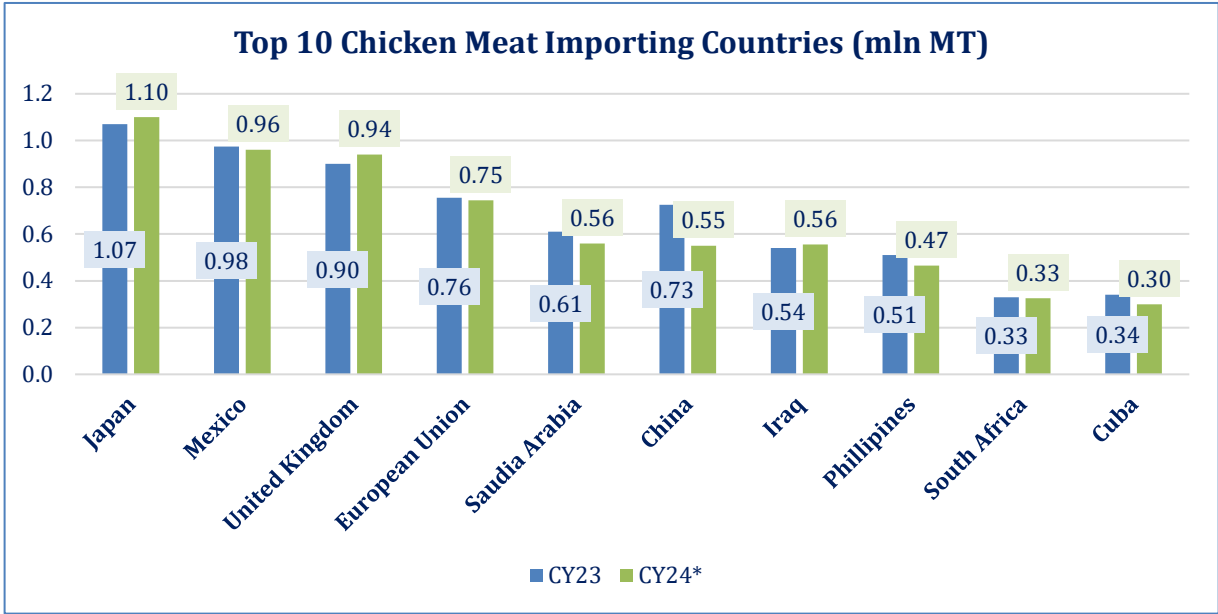


\*Forecast, \*\*Latest available.

# Poultry

## Global | Trade

- As demand for poultry products grew in the markets over the last two decades from CY03 to CY23, global chicken meat trade also saw an increase over this period. For CY24, the total export of chicken meat is forecasted at ~13.8mln MT (CY23: ~13.5mln MT), up ~2.2% YoY. Brazil leads the market for exports estimated at ~4.9mln MT for CY24 (CY23: ~4.8mln MT), up ~2.1% YoY. Brazil has maintained the title of the world’s largest poultry exporter since CY07. Share of Brazil in global exports is ~35.6% in CY24 (CY23: ~35.0%).
- For CY24, the total import of chicken meat is forecasted at ~11.1mln MT (CY23: ~11.3mln MT), down ~1.8% YoY. On global imports side, Japan ranks the first with projected imports of ~1.1mln MT in CY24 (CY23: ~1.07mln MT), up ~2.8% YoY. Whereas Mexico ranks the second with forecast imports of ~0.96mln MT in CY24 (CY23: ~0.98mln MT), a YoY decrease of ~2.0%. Shares of Japan and Mexico in global imports are ~10.0% and ~8.7%, respectively, in CY24 (CY23: Japan ~10.0%, Mexico: ~9.0%).

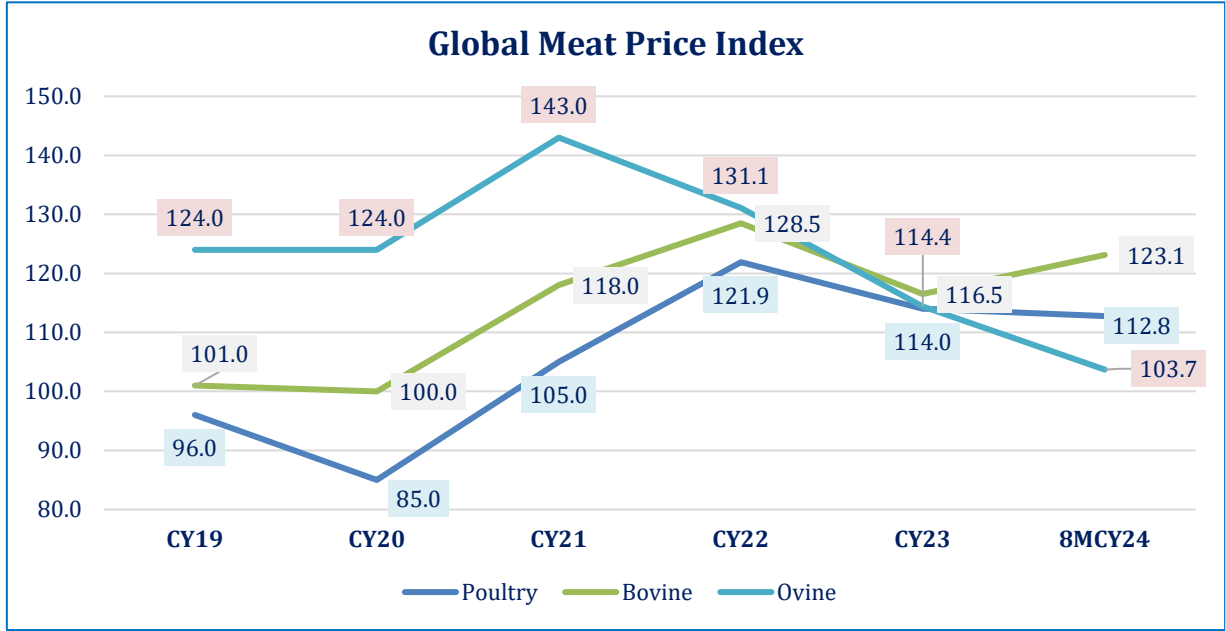
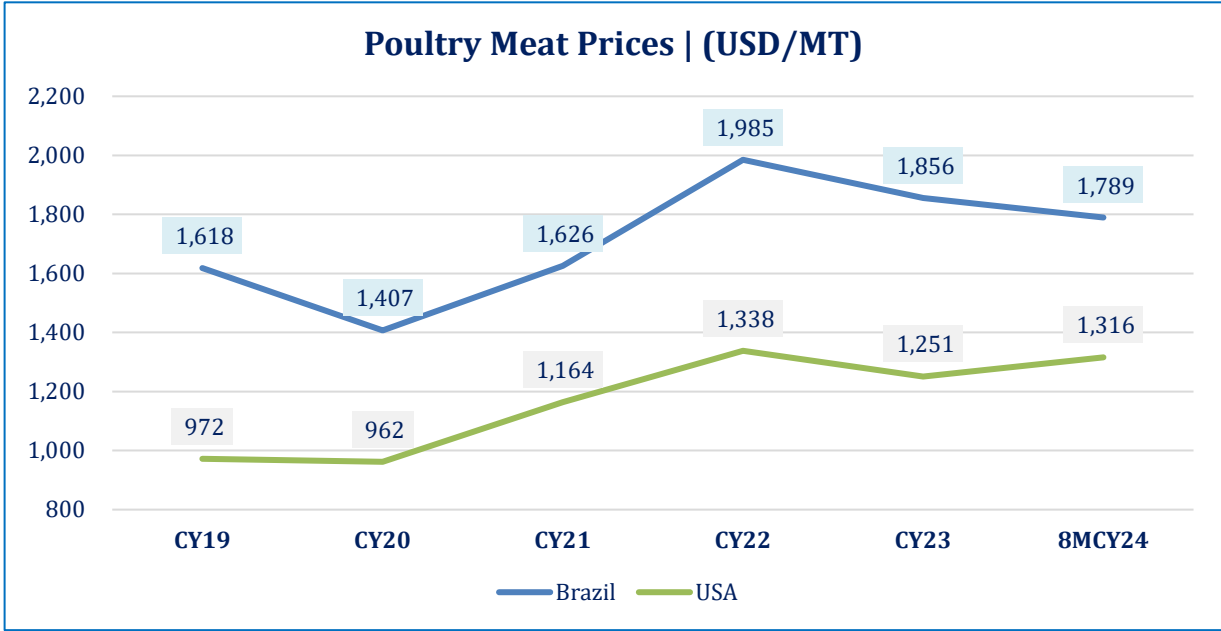


\*Estimated values for CY24.

# Poultry

## Global | Price Dynamics

- Global poultry prices experienced an upsurge in CY22, owing to a rebound in poultry feed prices and global demand, in the aftermath of global economies opening up post-COVID. On a historical basis Brazil and USA have been the top two exporters of chicken meat, therefore, global poultry meat index is derived from a mixture of projected and observed prices of poultry products in Brazil and USA. During CY23, poultry meat prices of both Brazil and USA followed a downward trajectory (~6.5% each). Resultantly, during CY23, global poultry meat price index also declined and was recorded at ~114.0 (CY22: ~121.9), down ~6.5% YoY on the back of excess supply due to increased chicken meat production.
- However, during 8MCY24, USA poultry meat price increased by ~5.2% and stood at an average price of USD~1,316/MT (CY23: USD~1,251/MT), while Brazilian poultry meat price declined by ~3.6% and stood at an average price of USD~1,789 (CY23: USD~1,856/MT). Poultry meat price index was recorded at ~112.8 during 8MCY24.



## Global Outlook | Top 3 producers | Chicken Meat

- Meat consumption over the years specially post COVID-19 is increasingly shifting towards poultry. In lower-income developing nations, this trend is due to poultry being more affordable than other types of meats. In contrast, higher-income countries are shifting towards poultry because white meats are seen as easier to prepare and healthier.
- By CY30, poultry is projected to account for ~41.0% of all meat protein globally (CY24: ~38.8%). Meanwhile, the global shares of other meats are expected to be lower: beef at ~20.0%, pork at ~34.0%, and lamb at 5.0%.
- Low production costs, a short production cycle, high feed conversion efficiency, and affordable product prices have made poultry the preferred choice for both producers and consumers.
- USA:** For CY24 and CY25, the largest chicken meat producer is expected to maintain production level of ~21.3mln MT. Similarly, USA's chicken meat exports in CY25 are anticipated to remain at ~3mln MT, consistent with CY24 levels. Meanwhile, the projected annual egg production in USA for CY25 is ~8.2bln dozen, up from ~7.9bln dozen in CY24.
- Brazil:** With respect to Brazil, it is projected to maintain its position as the second largest producer of chicken meat. Large corn and soybean harvests will continue to benefit the poultry sector during CY25 by reducing feed costs and helping producers manage other production expenses more effectively.
- China:** During CY25, the chicken meat production levels of the worlds third largest producer are projected to reach to ~15.3mln MT (CY24: ~15.1mln MT), up ~1.3%. The increase in production will primarily come from white broilers as producers adjust to demand drivers and as broiler meat serves as a substitute for other animal proteins suck as pork. With economic challenges and anticipated higher pork prices, some consumers are expected to switch from more expensive pork to more affordable chicken for their protein needs, however the consumption levels are expected to remain steady at ~14.9mln MT during CY25 (CY24: ~14.9mln MT). In terms of trade, decline in chicken imports is projected in CY25 (~0.30mln MT; CY24: ~0.55mln MT), driven by anticipated growth in domestic production and limitations or suspensions affecting major supplying countries. Conversely, chicken exports are expected to slightly rise in CY25 (~0.65mln MT; CY24: ~0.67mln MT), as China's poultry meat continues to be competitively priced in international markets.

# Local Synopsis



# Poultry

## Local | Overview

- Pakistan's poultry sector revenue\* was recorded at PKR~125.8bln in FY23 (PKR~93.7bln in FY22), a YoY increase of ~34.3% on the back of higher prices and higher exports. The sector currently has a substantial investment of more than PKR~1,056bln and contributes ~40.7% to the country's gross meat production. Going forward, the revenues are expected to grow due to increased poultry prices.
- With the country's population recording at ~242mln as of FY24 (FY23: ~241mln), Pakistan's placement in the global poultry sector is also at a prominent position. During CY23, Pakistan held the 8<sup>th</sup> position among the world's largest poultry producers with a great potential for future growth and advancement, providing employment to more than ~1.5mln people in the country.
- **Market Structure:** The poultry sector has a large number of players but no single company exerts influence on the sector prices.
- Pakistan's poultry sector is one of the largest agri-based sectors of the economy with over ~15,000 poultry farms spread across the country. The inputs of the sector are cocks, hens, chicken in domestic poultry and layers, broilers, breeding stock and DOCs in commercial poultry. The output of the sector are eggs and meat. The capacity of farms ranges from 5,000-500,000 broilers.

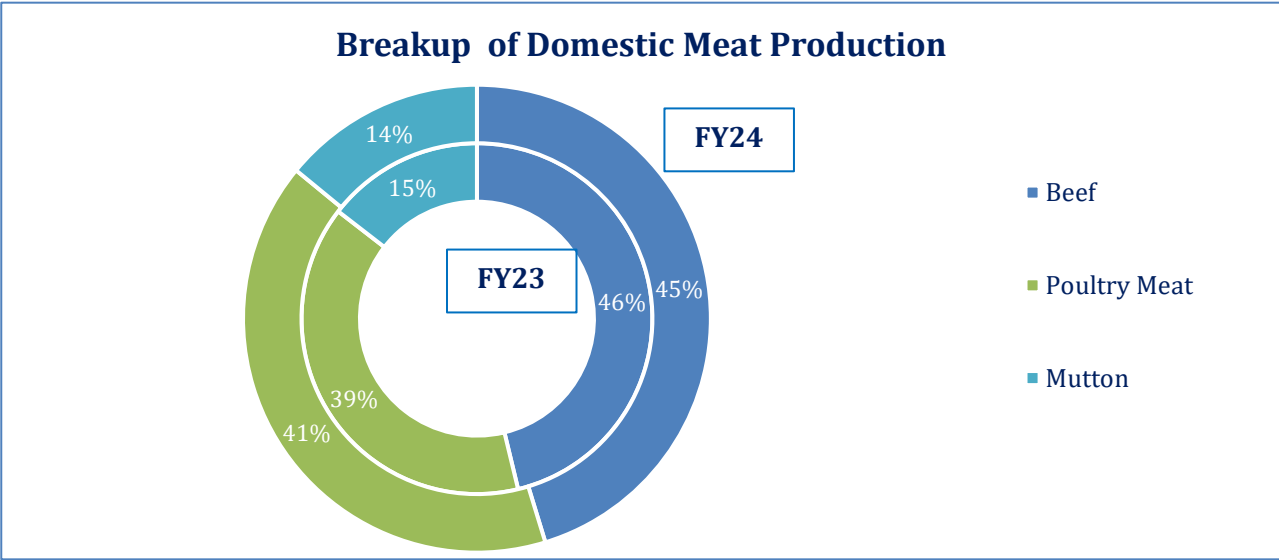
| Particulars                             | FY21                               | FY22   | FY23   | FY24   |
|-----------------------------------------|------------------------------------|--------|--------|--------|
| <b>Market Size* (PKR bln)</b>           | 86.2                               | 93.7   | 125.8  | N/A    |
| <b>YoY Growth</b>                       | -21.3%                             | 8.7%   | 34.3%  | -      |
| <b>Contribution to GDP (%)</b>          | 0.16%                              | 0.15%  | 0.16%  | -      |
| <b>Poultry Birds Population (mln)</b>   | 1,578                              | 1,725  | 1,887  | 2,065  |
| <b>Egg production (mln Nos)</b>         | 21,285                             | 22,512 | 23,819 | 25,212 |
| <b>Poultry Meat Production (000 MT)</b> | 1,809                              | 1,977  | 2,160  | 2,362  |
| <b>Sector Structure</b>                 | <b>Competitive</b>                 |        |        |        |
| <b>Association</b>                      | Pakistan Poultry Association (PPA) |        |        |        |

# Poultry

## Local | Production

- Pakistan’s major poultry product is poultry meat and in FY24, it contributed ~40.7% (~2.4mln MT) to the total meat production of the country, which was recorded at ~5.8mln MT. Other meat products include ~45.3% beef and ~14.1% mutton. Pakistan’s total meat production has witnessed a YoY growth of ~5.6% during FY23-24.
- In FY24, poultry meat and eggs production recorded a growth of ~9.4% (FY23: ~9.3%) and ~5.8% (FY23: ~5.8%) YoY, respectively. Total poultry birds produced during the period were recorded at ~2,065mln (FY23: ~1,887mln), up ~9.4%. Usage of cutting edge technology for poultry production in controlled environments, along with the focus on poultry disease control procedures resulted in improving the health of poultry birds, local production levels have traced an upward trend.
- The poultry sector during 4MFY24 was exposed to restrictions on the import of soybean (one of the major components of poultry feed), absence of which resulted in broiler to reach the required weight in a much longer time for consumption.

| Poultry Breakdown              | FY20   | FY21   | FY22   | FY23   | FY24   |
|--------------------------------|--------|--------|--------|--------|--------|
| Poultry Birds (mln Nos)*       | 1,443  | 1,578  | 1,725  | 1,887  | 2,065  |
| Eggs (mln Nos)                 | 20,116 | 21,285 | 22,512 | 23,819 | 25,212 |
| Total Day Old Chicks (mln Nos) | 1,370  | 1,504  | 1,651  | 1,813  | 1,991  |
| Poultry Meat (000 MT)          | 1,624  | 1,809  | 1,977  | 2,160  | 2,362  |



\*Poultry birds include layers, broilers, hens and cocks.

# Poultry

## Local | Inputs

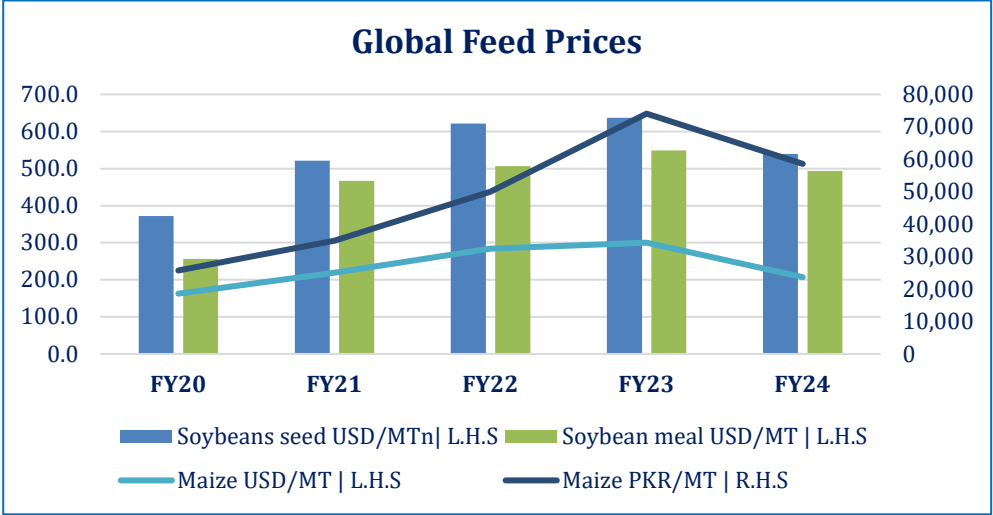
- The sector's produce comprises both domestic (individual) and commercial outputs. On the domestic scale, cocks and hens are produced, while layers, breeding stock and Day-Old Chicks (DOCs) are commercially produced. Broilers are majorly produced at a commercial level with a very small production on the domestic scale too.
- Total commercial poultry, including Layers, Broilers, Breeding Stocks and DOCs was recorded at ~3,926mln in FY24 (FY23: ~3,571mln), a YoY growth of ~9.9%. This increase in production is partially owed to the GoP and Ministry of National Food Security and Research (M/o NFS&R ) that supports the poultry sector in various ways such as providing facilities for disease management, provision of advanced technologies for poultry production as well as implementation of supportive policies.
- Domestic broiler produced during FY24 were recorded at ~34mln (FY23: ~34mln) whereas commercial broiler recorded a growth of ~10.0% (FY24: ~1,874mln in FY24 to ~1,703mln in FY23). Production of DOCs has increased over the period covered (FY20-24) at a CAGR of ~7.9%. The production of DOCs increased from ~1,779mln in FY23 to ~1,874mln in FY24 (~10.0% growth YoY) due to an increase in demand.

| Domestic and Commercial Poultry (mln Nos) |              |              |              |              |              |
|-------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                           | FY20         | FY21         | FY22         | FY23         | FY24         |
| Domestic Poultry                          |              |              |              |              |              |
| Hens                                      | 44           | 45           | 46           | 46           | 47           |
| Chicken                                   | 33           | 34           | 34           | 34           | 34           |
| Cocks                                     | 13           | 13           | 13           | 14           | 14           |
| <b>Total Domestic Poultry</b>             | <b>90</b>    | <b>92</b>    | <b>93</b>    | <b>94</b>    | <b>95</b>    |
| Commercial Poultry                        |              |              |              |              |              |
|                                           | FY20         | FY21         | FY22         | FY23         | FY24         |
| Day Old Chicks                            | 1,337        | 1,470        | 1,617        | 1,779        | 1,957        |
| Broilers                                  | 1,280        | 1,408        | 1,549        | 1,703        | 1,874        |
| Layers                                    | 60           | 64           | 68           | 73           | 78           |
| Breeding Stock                            | 14           | 14           | 15           | 16           | 17           |
| <b>Total Commercial Poultry</b>           | <b>2,691</b> | <b>2,956</b> | <b>3,249</b> | <b>3,571</b> | <b>3,926</b> |
| <b>Total Poultry Input</b>                | <b>2,781</b> | <b>3,048</b> | <b>3,342</b> | <b>3,665</b> | <b>4,021</b> |

# Poultry

## Local | Feed Prices

- Poultry prices are highly dependent on the cost behavior and availability of major feed components. Major feed components are maize, soybean, soybean meal and rapeseed.
- In FY24, local maize prices fell by ~20.9% as against rise in prices (~48.2%) in FY23, due to an improvement in the USD/PKR exchange rate that pushed down the price for maize in PKR/MT. Maize is grown twice a year, in July-Aug and Jan-Feb. However, during the 9MFY24, maize production fell from ~11.0mln MT in FY23 to ~9.8mln MT, largely due to reduced cultivation compared to the previous year.
- Soybean is a key ingredient in poultry feed and is primarily imported. Pakistan does not produce enough plant protein to replace the annual import of ~2-3mln MT of soybeans, nearly all of which is used for poultry feed. Between Oct'22-Nov'23, customs authorities at port halted the release of soybean shipments mainly from the USA and Brazil due to import restrictions on genetically modified organism (GMO) seeds that created shortage of this essential component of poultry feed.
- During FY23, global feed prices were higher as compared to FY24 due to reduced production in certain countries, such as China and Ukraine, along with production losses in Brazil and Argentina. However, in FY24, with high feed stock levels, prices began to decline. As of Aug'24, the prices for soybean, soybean meal, and maize were USD~400.1/MT, USD~436.0/MT, and USD~170.3/MT, respectively.
- Looking ahead, expectations of surplus soybean supply in Brazil and the USA, combined with favorable weather conditions, may lead to further decreases in feed prices.



| Input Price Change     | FY23  | FY24   |
|------------------------|-------|--------|
| Maize (USD/MT)         | 5.8%  | -31.1% |
| Maize (PKR/MT)         | 48.2% | -20.9% |
| Soybean Seeds (USD/MT) | 2.5%  | -15.4% |
| Soybean Meal (USD/MT)  | 8.4%  | -10.0% |

*\*latest available data*

# Poultry

## Local | Outputs

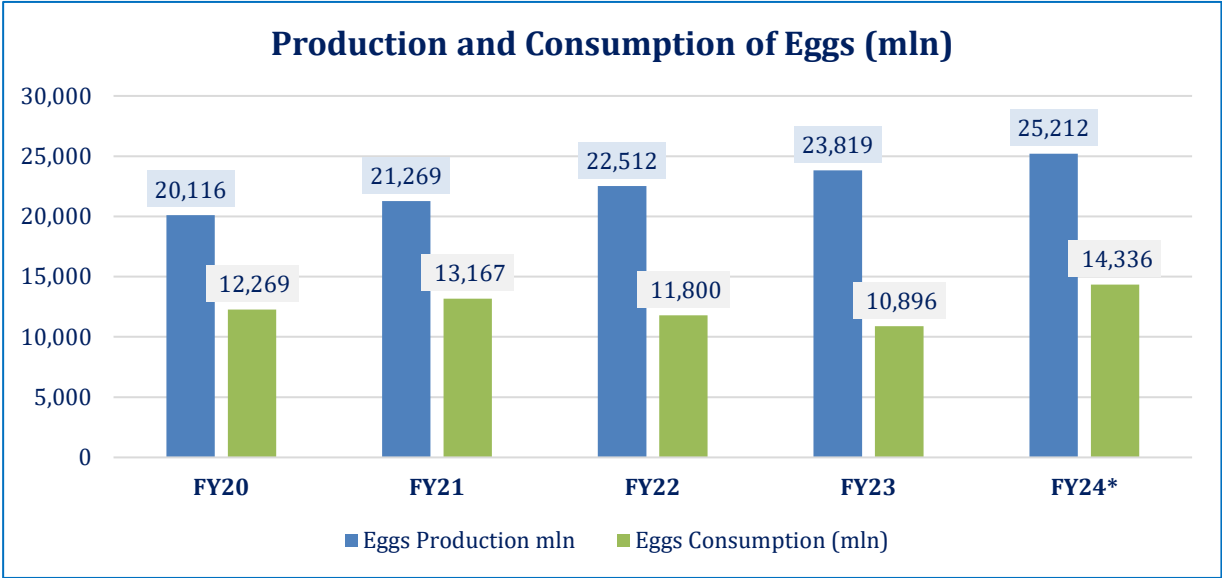
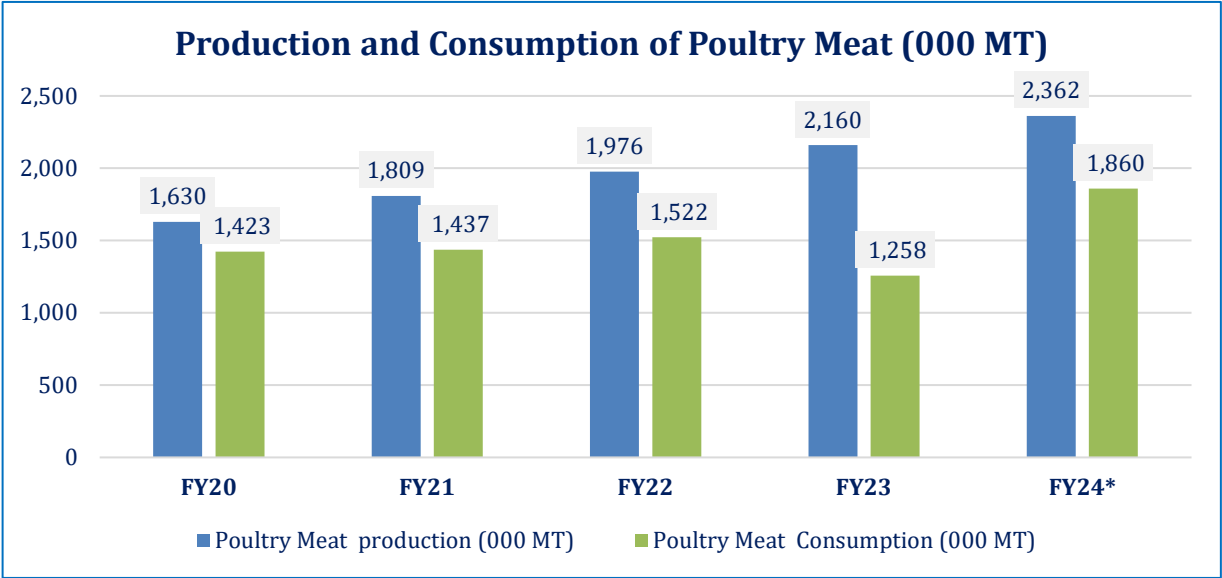
- The output of the sector comprises eggs, meat and DOCs, which are produced both commercially and domestically. The number of eggs produced have exhibited an increasing trend over the years consistent with the rise in population of poultry .
- At a domestic scale, the egg output has increased by ~1.8% in FY24 (FY23: ~1.8%), while commercial egg output increased by ~6.8%, same as FY23.
- In FY24, domestic poultry meat production depicted a growth of ~2.3% (FY23: ~2%), while commercial poultry meat production increased by ~9.8% (FY23: ~9.9%).

| Domestic and Commercial Poultry Output |        |        |        |        |        |
|----------------------------------------|--------|--------|--------|--------|--------|
| Period                                 | FY20   | FY21   | FY22   | FY23   | FY24   |
| Domestic Poultry                       |        |        |        |        |        |
| Eggs (mln Nos)                         | 4,393  | 4,472  | 4,568  | 4,649  | 4,732  |
| Meat (000 MT)                          | 130    | 127    | 130    | 132    | 135    |
| Commercial Poultry                     |        |        |        |        |        |
| Eggs (mln Nos)                         | 15,723 | 16,797 | 17,944 | 19,170 | 20,480 |
| Meat (000 MT)                          | 1,500  | 1,682  | 1,846  | 2,028  | 2,227  |
| Total Poultry Output                   |        |        |        |        |        |
| Eggs (mln Nos)                         | 20,116 | 21,269 | 22,512 | 23,819 | 25,212 |
| Meat (000 MT)                          | 1,630  | 1,809  | 1,976  | 2,160  | 2,362  |

# Poultry

## Local | Demand Dynamics

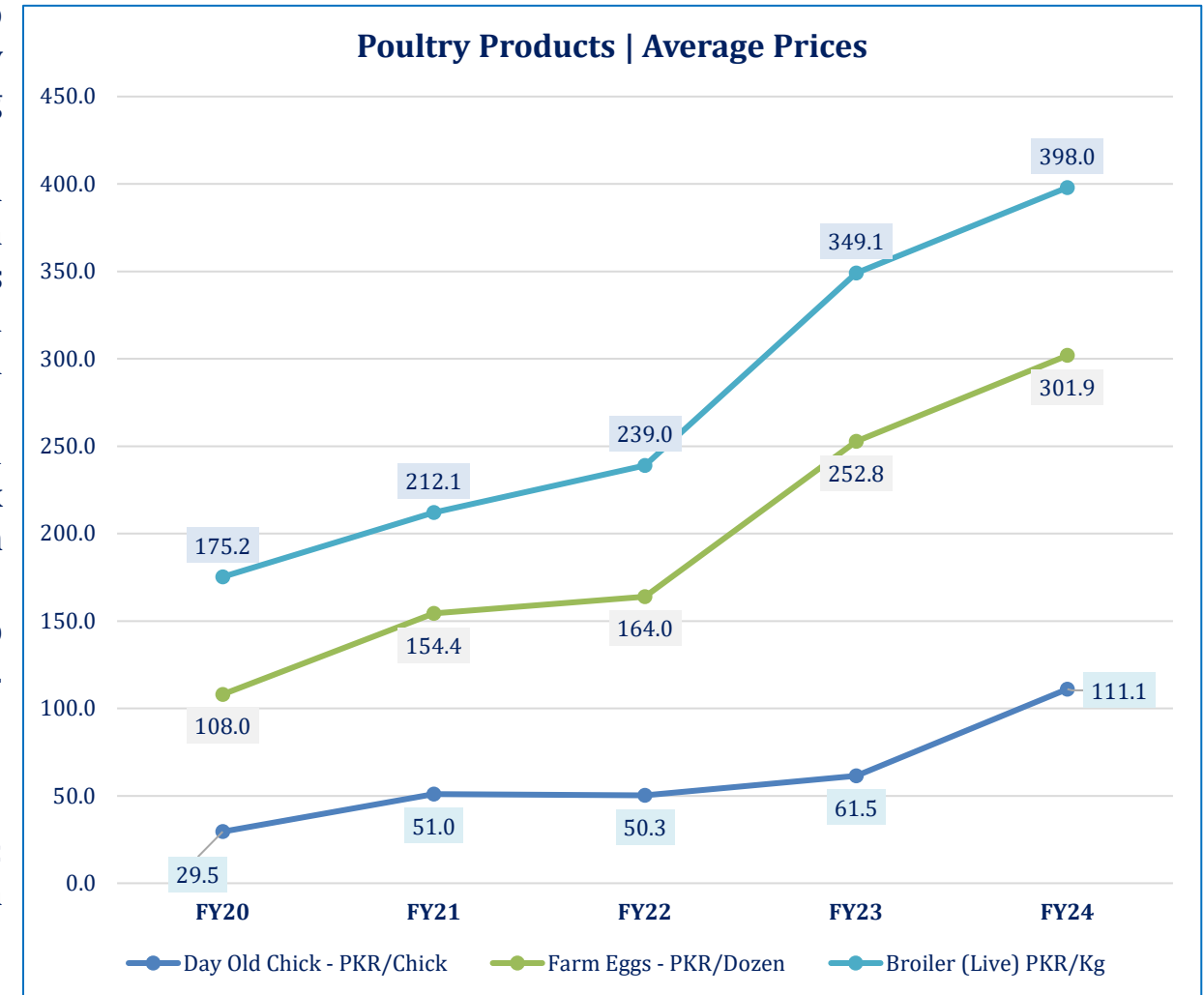
- Poultry meat and eggs demand is generally price inelastic. Eggs and meat remain essential food items both at the domestic and commercial scale. For both meat and eggs, consumption is reflective of end-users and excludes retail/wholesale consumption.
- In FY24, both poultry meat and egg production levels have increased despite an increase in poultry feed prices. During FY24, ~2.4mln MT of poultry meat was produced (FY23: ~2.2mln MT), up ~9.4% YoY. While ~ 1.9mln MT of poultry meat was consumed during FY24 (FY23: ~1.3mln MT), up ~48.0% YoY.
- In FY24, ~25.2bln eggs were produced (FY23: ~23.8bln), up ~5.8% YoY. During FY24, ~14.3bln eggs were consumed (FY23: ~10.9bln), up ~31.6% YoY.



# Poultry

## Local | Price Dynamics

- Poultry products are considered a perishable commodity due to non-availability of holding centers across the country. If a bird is ready on the field, it has to be put on the market and sold, without taking account of the prevailing open market price of the animal.
- Since Oct'22, prices of poultry meat and eggs have increased significantly after customs authorities halted the release of soybean shipments mainly from the USA and Brazil due to import restrictions on genetically modified organism (GMO) seeds. Furthermore, even with shipments resuming in Nov'23, poultry product prices continued to rise, driven by inflationary pressures in FY24.
- **Day Old Chicks:** Average prices of DOCs during FY24 increased significantly and clocked in at an average price of PKR~111.1/chick (FY23: PKR~61.5/chick), up ~80.6% YoY due to general increase in prices of essential items.
- **Farm Eggs:** During FY24, average prices of farm eggs grew by ~19.4% from PKR~252.8/dozen in FY23 to PKR ~ 301.9 /dozen in FY24. Weight of eggs in rural CPI is ~0.57 and in urban CPI ~0.51).
- **Broiler:** The average price of broiler (live) increased by ~14.0% from PKR~349.1/Kg in FY23 to PKR~398.0/kg in FY24 .
- Going forward, with National CPI at ~9.7% as at Aug'24 (Aug'23: ~27.4%), prices of poultry products may be expected to decline in FY25.



# Poultry

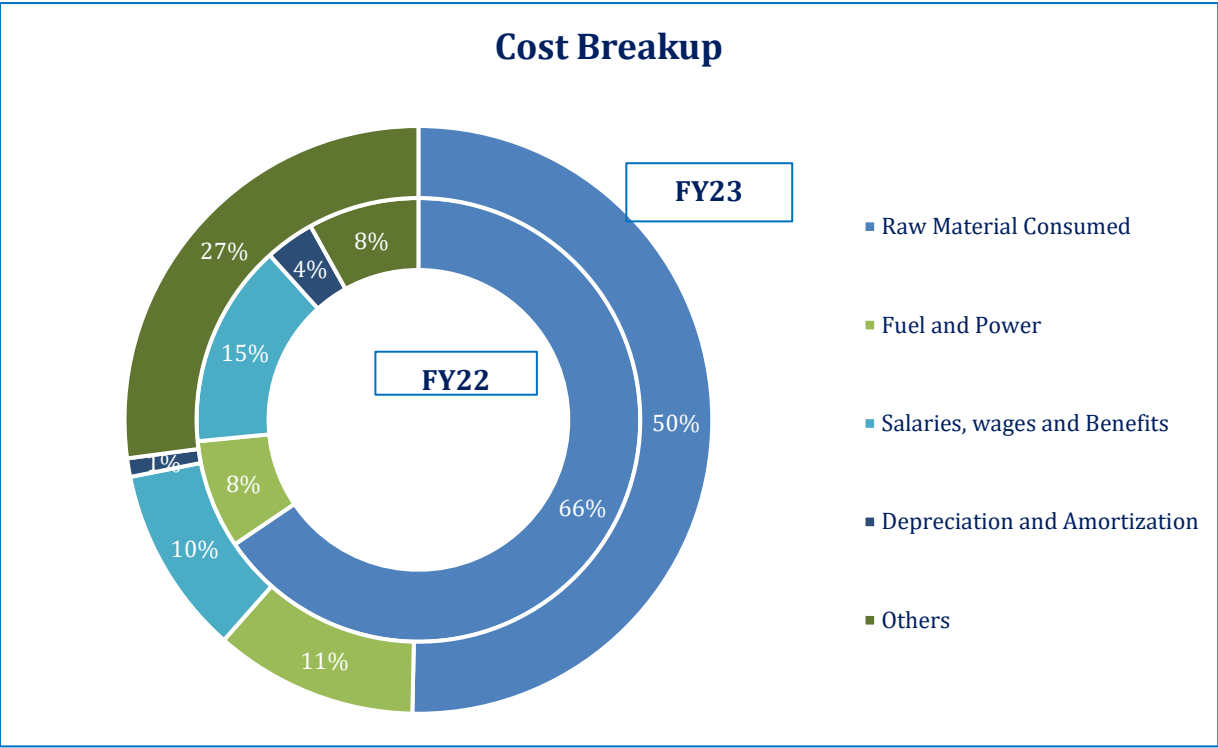
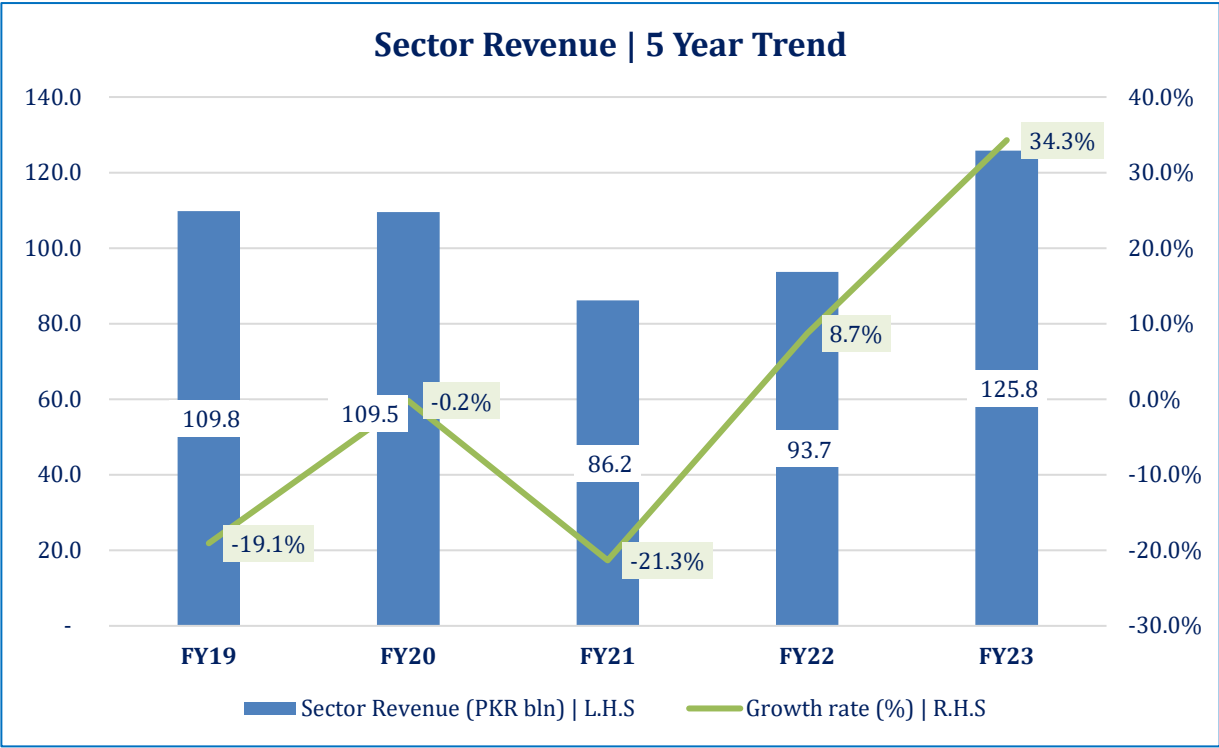
## Local | Business Risk

- The Business risk of poultry sector can be divided into operating risk and sales risk. The sector is highly influenced by the input dynamics of poultry supply chain, as major raw material is imported therefore supply fluctuates with price levels. Another fact that can't be ignored is the short-mid term shocks industry has to face on account of animal disease outbreaks, unfavorable weather conditions and natural catastrophes.
- **Operating Risk:** This risk particularly refers to the difficulties relating to the operations of the poultry players which can hamper the profitability and performance of the Sector. Poultry Sector inputs include both local inputs and imported inputs. The Sector's costs, therefore, remain subject to Exchange Rate volatility and International Poultry feed prices to the extent of the imported raw materials. This risk is further discussed in detail later on.
- **Sales Risk:** This risk is focused on the demand side of the poultry chain. The poultry sector mainly receives its demand from food services. Any disruption in demand from festive activities, restaurants, hotels or marriage halls can hamper the demand of the sector significantly. For instance, closure of restaurants, hotels and marriage halls during pandemic, has a direct and substantial effect on the sale of poultry products. However, since poultry products are considered essential, the demand dip of the sector is short-lived, with eggs and meat consumption resuming again upon the easing of lockdown restrictions.
- Moreover the sector is vulnerable to price volatility. Seasonality, market demand, consumer preference and high input cost are the factors affecting the output price. Other unavoidable factors include rising inflation rates alongside import duties and sales tax structure of the sector which also indirectly impacts the profit making capacity of the sector players.

# Poultry

## Business Risk | Revenue & Cost Breakup

- During FY23, the sector revenue\* was recorded at PKR~125.8bln (FY22: PKR~93.7bln), up ~34.3% YoY. This increase in revenue came on the back of increase in prices of poultry products and exports.
- The largest component within direct costs is raw material comprising ~50.0% of the total cost during FY23 (FY22: ~66.0%). The primary raw material for this sector is poultry feed, which has seen a steady increase in prices throughout FY23. This rise can be attributed to global inflation and restricted soybean supply in the market, stemming from an import ban on genetically modified soybeans that lasted from Oct’22-Nov’23.

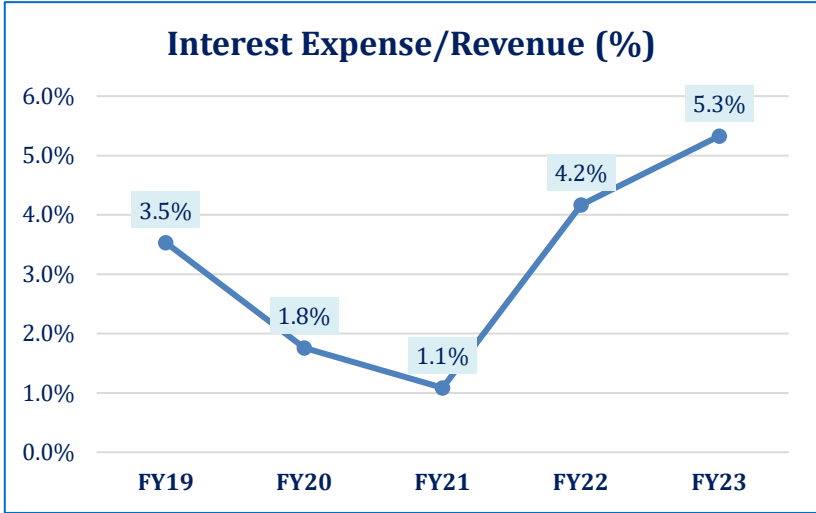
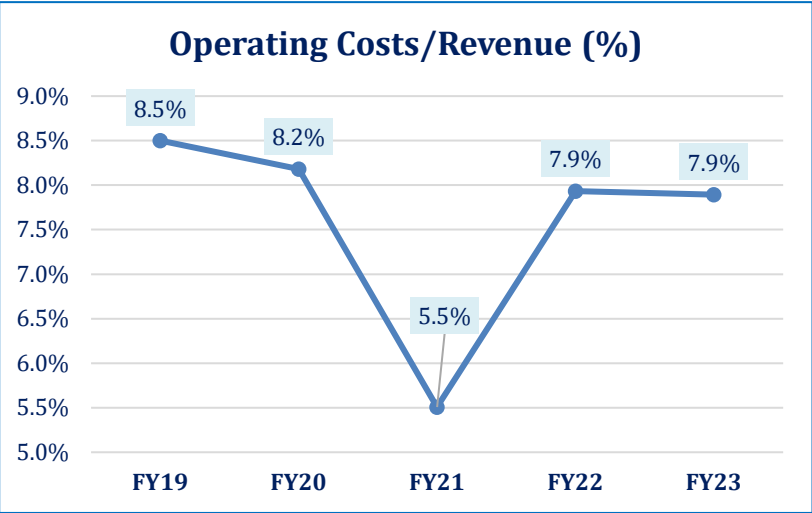
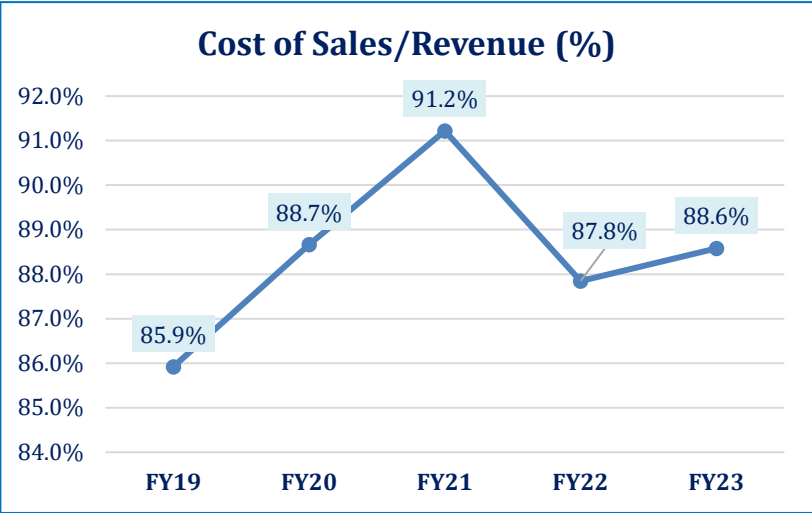


***Note:** Sector revenue has been calculated by grossing up market share of PACRA rated client for each year Market share of clients is based on revenue.*

# Poultry

## Local | Business Risk

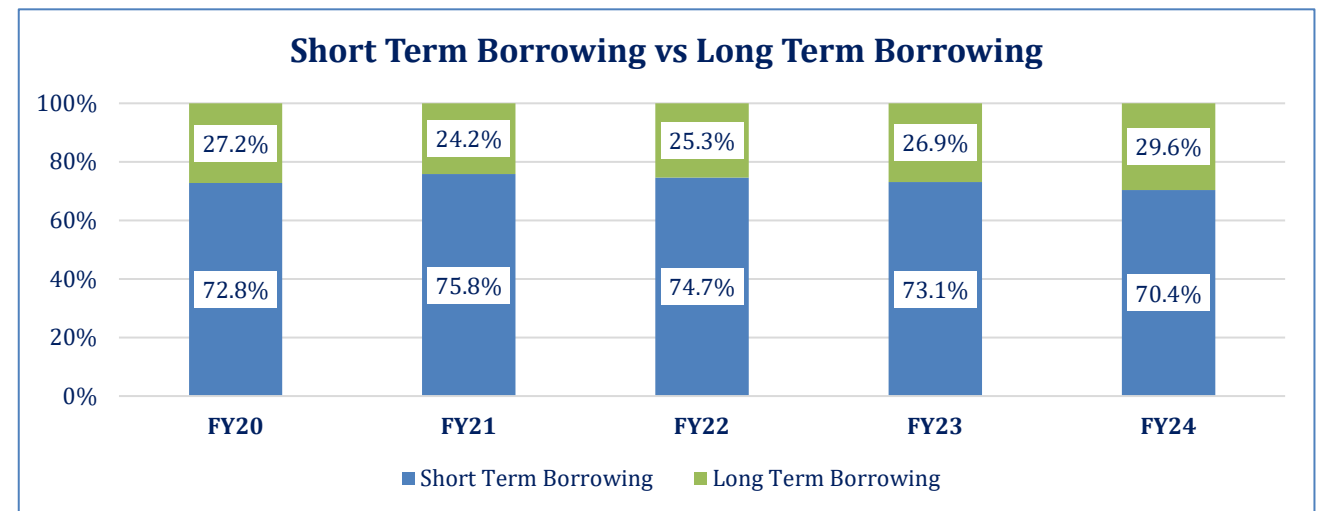
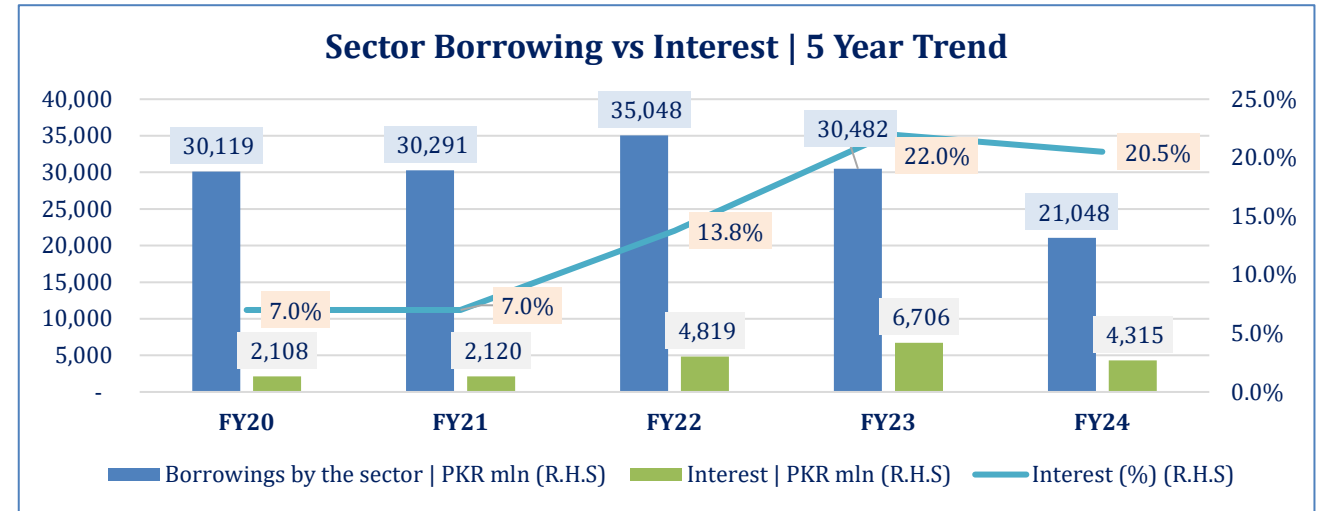
- During FY19-FY23, the sectors average cost of sales as a percentage of revenue stood at ~88.4%. During FY23, cost of sales as a percentage of revenue clocked in at ~88.6% (FY22: ~87.8%), up ~0.9%. This high percentage of costs at the gross level is the main reason for thin sector margins. Most of the cost is allocated to the raw materials, where factors such as import prices, exchange rate vulnerability and duties and taxes are beyond the sector players’ control.
- Operating costs in the sector encompass administrative and general expenses, as well as selling and marketing expenses. During FY21, amid the COVID-19 pandemic, these costs as a percentage of revenue dropped sharply to ~5.5%, down from ~8.2% in FY20, largely due to reduced operating expenses during lockdowns. As businesses reopened post-pandemic, operating expenses increased, and by FY22, they rose to ~7.9%, a level that remained consistent in FY23.
- In FY21, policy rate was relatively low at~7.0%, and with high sector revenue, interest expense as a percentage of revenue were a ~1.1%. However, in FY22, interest rates surged to ~13.8% due to rising inflation, which climbed from ~9.7% in FY21 to ~21.3% in FY22. Consequently, interest expenses as a percentage of revenue rose significantly to ~4.2% in FY22. Furthermore, in FY23, interest rates were increased to ~22.0% to combat inflation levels (~29.4%), leading to further growth in interest expense as a percentage of revenue to~5.3%.



*Note: Raw material is discussed in detail in poultry feed sector study.*

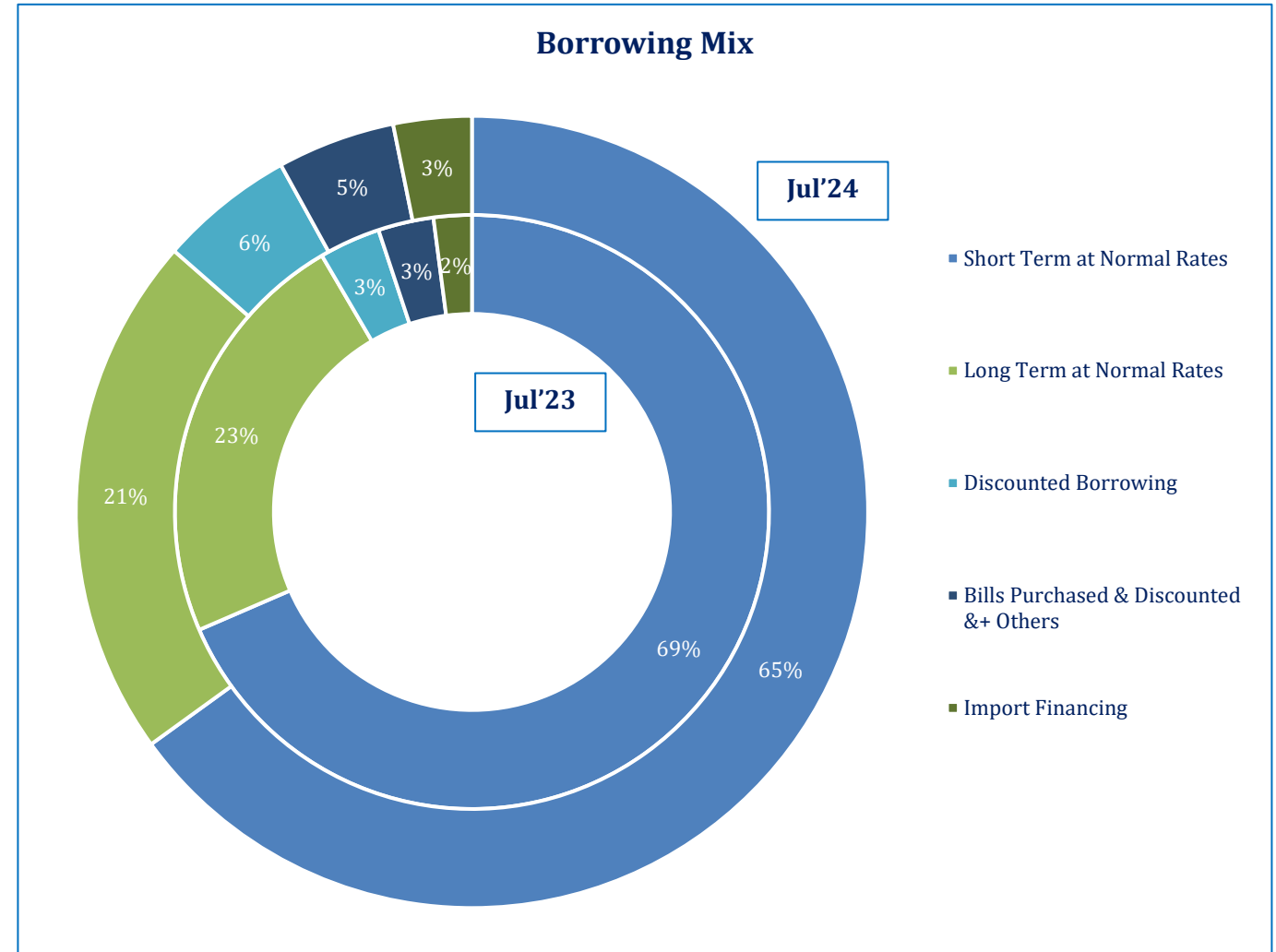
## Financial Risk | Sector Borrowing vs Interest | 5 Year Trend

- The poultry sector borrowing declined during FY24 on the back of hawkish monetary policy by SBP that kept interest rates elevated during 11MFY24: ~22.0%. Interest rates were however reduced to ~20.4% on June 10, 2024 and now stand at ~17.5% w.e.f September, 12, 2024.
- Sector borrowing during FY24 was recorded at PKR~21,048mln (FY23: PKR~30,842mln), down ~30.9% YoY.
- The poultry sector, due to the nature of its business highly relies on short term borrowings to finance its working capital. The poultry sectors ratio of short term borrowing to long term borrowing on average during FY20-FY24 was 73%:27%. During FY24, short term borrowings stood at ~70.4% of the total borrowings, while long term borrowings stood at ~29.6% of the total borrowings.
- Going forward it is expected that with interest rates clocking in at ~17.5%, borrowing of the sector might increase, yet interest cost would remain in check.



## Financial Risk | Latest Borrowing Mix

- The sector's total borrowing as at End-Jul'24 stood at PKR~22.0bln, (End-Jul'23: PKR~36.4bln), down ~39.6% YoY.
- Short-term loans at normal rates, comprising ~65.0% of total borrowing (End-Jul'23: ~68.5%) were recorded at PKR~14.3bln (End-Jul'23: PKR~25.0bln), down ~42.5% YoY.
- Long-term loans at normal rates, comprising ~21.4% of total borrowing (End-Jul'23: ~23.1%) were recorded at PKR~4.7bln (End-Jul'23: PKR~8.4bln), down ~43.7% YoY.
- Discounted borrowings as at End-Jul'24 stood at PKR~1.2bln (End-Jul'23: PKR~1.2bln), up ~0.4% YoY and comprised ~5.5% of the sector's borrowings (End-Jul'23: ~3.3%).



# Poultry

## Duty Structure

| PCT Code | Description                                                                                       | Custom Duty |       |
|----------|---------------------------------------------------------------------------------------------------|-------------|-------|
|          |                                                                                                   | FY24        | FY25  |
| 01.05    | Live poultry, that is to say, fowls of the species (broiler)                                      | 3.0%        | 3.0%  |
| 02.07    | Meat and edible offal of the poultry, fresh, chilled or frozen                                    | 20.0%       | 20.0% |
| 04.07    | Birds' eggs, in shell, fresh, preserved or cooked (Fertilized eggs for incubation)                | 11.0%       | 11.0% |
| 04.08    | Birds' eggs, not in shell, and egg yolks, fresh, dried, cooked by steaming or by boiling in water | 16.0%       | 16.0% |
| 16.02    | Other prepared or preserved meat, meat offal or blood, Of fowls of the species (broiler)          | 20.0%       | 20.0% |
| 84.36    | Other agricultural, horticultural, forestry, poultry- keeping, poultry incubators and brooders    | 0.0%        | 0.0%  |
| 94.06    | Prefabricated buildings                                                                           | 20.0%       | 20.0% |

***Note:** Poultry feed duty structure is discussed in detail in poultry feed sector study.*

## Rating Chart

- PACRA rates 1 client in the Poultry sector.



# Poultry

## SWOT Analysis

- Continuous availability of raw material
- Simple to operate controlled sheds
- Available capacity
- Increased income levels and restaurants
- Wide range of target market
- Product is basic protein requirement of body, so there is low price sensitivity

- Economic instability
- Lack of Government oversight and sector support incentives.
- High competition
- Viruses and diseases in Parent stocks such as Bird Flu
- Higher Mortality rate of poultry birds in Pakistan
- Ban on Genetically Modified Organism (GMO) poultry feed



- Artificial breeding of broilers
- Lack of research and development initiatives
- Outdated technology used for hatchery and breeding
- Highly fragmented sector
- Perishable Items
- Fluctuating Input costs

- Increased Research & Development
- Economic Recovery
- Increase in per capita income
- Evolving consumer taste palette
- Change in eating habits
- No brand loyalty
- Vast distribution

## Outlook | Stable

- In FY24, Pakistan's GDP (nominal) stood at PKR~106.0trn (FY23: PKR~83.9trn), increasing, in real terms, by ~2.4% YoY (FY23: ~-0.21% growth). Industrial activities in FY24 held ~21.9% share in the GDP while the manufacturing activities made up ~62.9% of the value addition. In 3QFY24, Pakistan's GDP (nominal) stood at PKR~25.4trn (3QFY23: PKR~20.6trn), rising in real terms by ~2.1% YoY (2QFY24: ~1.8% YoY). Real GDP growth rate (~2.1%) for 3QFY24 signals a moderate improvement in the economic activity as compared to SPLY. Moreover, National CPI as at Aug'24 was recorded at ~9.7% (Aug'23: ~27.4%).
- During FY23, the sector revenue was recorded at PKR~125.8bln (FY22: PKR~93.7bln), up ~34.3% YoY. This increase in revenue came on the back of increase in prices of poultry products and higher exports. However, during FY23, cost of sales as a percentage of revenue clocked in at ~88.6% (FY22: ~87.8%), up ~0.9%. This high percentage of cost of sales dragged down sectors gross margins but due to its inelastic nature, the sector remained profitable.
- The largest component within direct costs is raw material comprising ~50.0% of the total cost during FY23 (FY22: ~65.0%). The primary raw material for this sector is poultry feed, therefore the poultry sector gets impacted by the fluctuations in both the quantity and prices of poultry feed (soybean, soybean meal, maize, rapeseed, mustard seed). Any rise in the raw material prices leaves little cushion for the sector to absorb increases in operating expenses and interest rates.
- Both operating expenses and interest expenses remained elevated during FY23 resulting in lower operating and net margins, respectively compared with FY22.
- Although, the local poultry sector has historically been relatively stable but despite its growth potential and inelastic demand, the poultry sector in Pakistan faces various challenges, including disease outbreaks, feed quality issues, fluctuations in feed prices and exchange rate, high production costs, non-availability of locally grown crops like soybeans, pandemic and market fluctuations.
- Addressing the aforementioned challenges is essential for sustaining the sector's growth and ensuring food security in the country. Therefore, to strengthen and enhance the poultry sector, the poultry development strategy by the Ministry of National Food Security and Research (M/o NFS&R) concentrates on key areas including disease management, advanced technologies for poultry production in controlled environments, processing and value addition, enhancing poultry husbandry practices, and broadening product diversification. Furthermore, the Ministry of National Food Security and Research (M/o NFS&R) is working on a new initiative to introduce soybean cultivation to support the poultry industry.
- Additionally, the GoP will have to provide support to this sector in terms of better input pricing and relaxation in duties and taxes so the prices of the sectors output are kept under control for the benefit of the consumers.

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| Research Team                   | Saniya Tauseef<br>Senior Manager<br><a href="mailto:saniya.tauseef@pacra.com">saniya.tauseef@pacra.com</a> | Sabeen Mirza<br>Senior Research Analyst<br><a href="mailto:sabeen.mirza@pacra.com">sabeen.mirza@pacra.com</a> |
|---------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Contact Number: +92 42 35869504 |                                                                                                            |                                                                                                               |

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