

Understanding our markets

A global footprint in changing times

From our creation over 50 years ago, Devro has evolved into an established leading supplier of edible collagen casing throughout the world.

Introduction

There have been many improvements in edible collagen casing over the past 50 years; some as a result of technical developments and others as a result of improved plant manufacturing systems. The continued significant investment over many years by Devro has enabled the provision of a unique, modern, safe and secure edible collagen casing that runs more efficiently on sausage production lines at much higher speeds and produces better sausage products that are widely accepted by consumers.

Today, Devro products are sold by our dedicated commercial teams, in association with our experienced distributor network, to over 100 individual markets and are used in the production of a huge variety of regional and national sausage types.

Maintaining a detailed understanding of our markets and our customers has been, and continues to be, a key aspect of our business philosophy.

Growth

Lower cost opportunities for sausage producers, combined with consumer acceptance, continue to drive the demand for edible collagen casing.

Over the past decade there has been a steady increase in the volume of edible collagen casing used in sausage production.

Trends

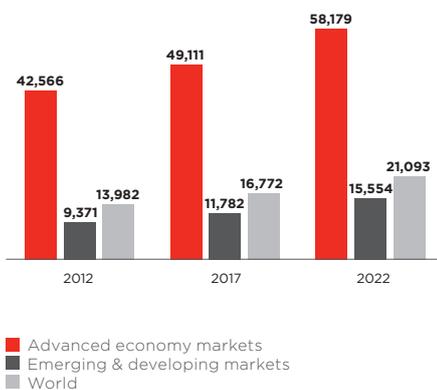
There are numerous social and demographic factors that are contributing to the growth in the consumption of sausage, and consequently an increased growth in the use of edible collagen casing, across both developed and emerging markets.

The growth in global population continues to be a key driver, particularly in relation to the rapid increase in the rate of urbanisation. Consumers are being exposed to a much wider choice and better availability of sausage within the urban environment, compared to those who are living in rural areas. The global population living in an urban environment has surpassed that of rural and is forecast to continue to rise steeply. This urbanisation trend contributes significantly towards improved living standards and rising incomes which in turn influence the affordability of sausage and processed meat products.

The improvement in the availability of sausage and processed meat products gives rise then to increased average meat consumption across both developed and emerging markets.

GDP

(US\$'000 per capita)

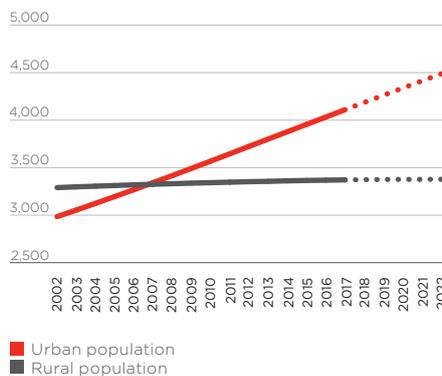


(Source: International Monetary Fund (IMF) - World Economic Outlook Database October 2017).

Global urban population

(millions)

+23% in decade to 2017

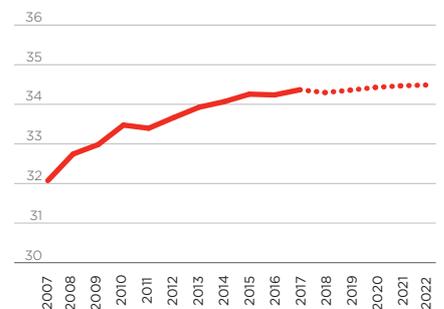


(Source: Food and Agriculture Organization of the United Nations (FAO) 2017).

Global meat consumption

(kg per capita per year)

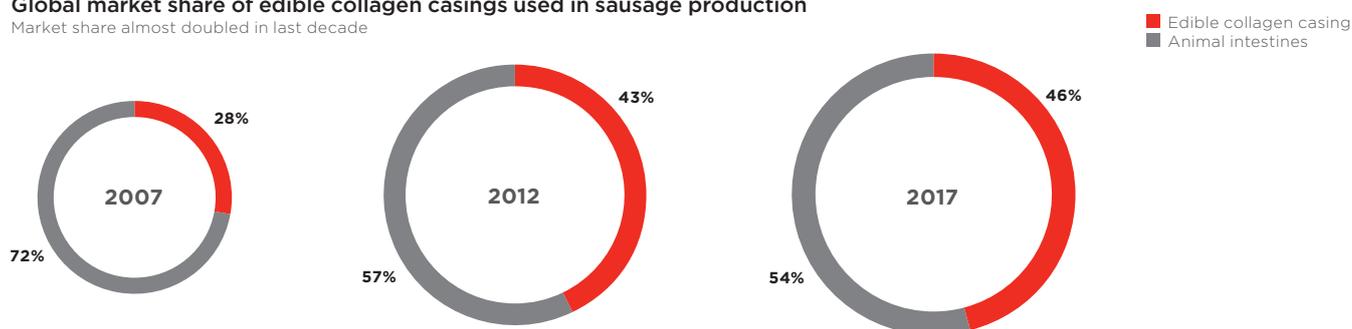
+7% in decade to 2017



(Source: OECD-FAO Agricultural Outlook 2017-2026).

Global market share of edible collagen casings used in sausage production

Market share almost doubled in last decade



(Source: Devro plc/Collagen Casing Trade Association (CCTA) estimates).

Americas

The Americas remains a strong market for edible collagen casing, particularly in the small calibre snack stick sector in North America. Rapid growth in demand in a number of Latin American countries continues, driven by increasing meat consumption and improving economic conditions.

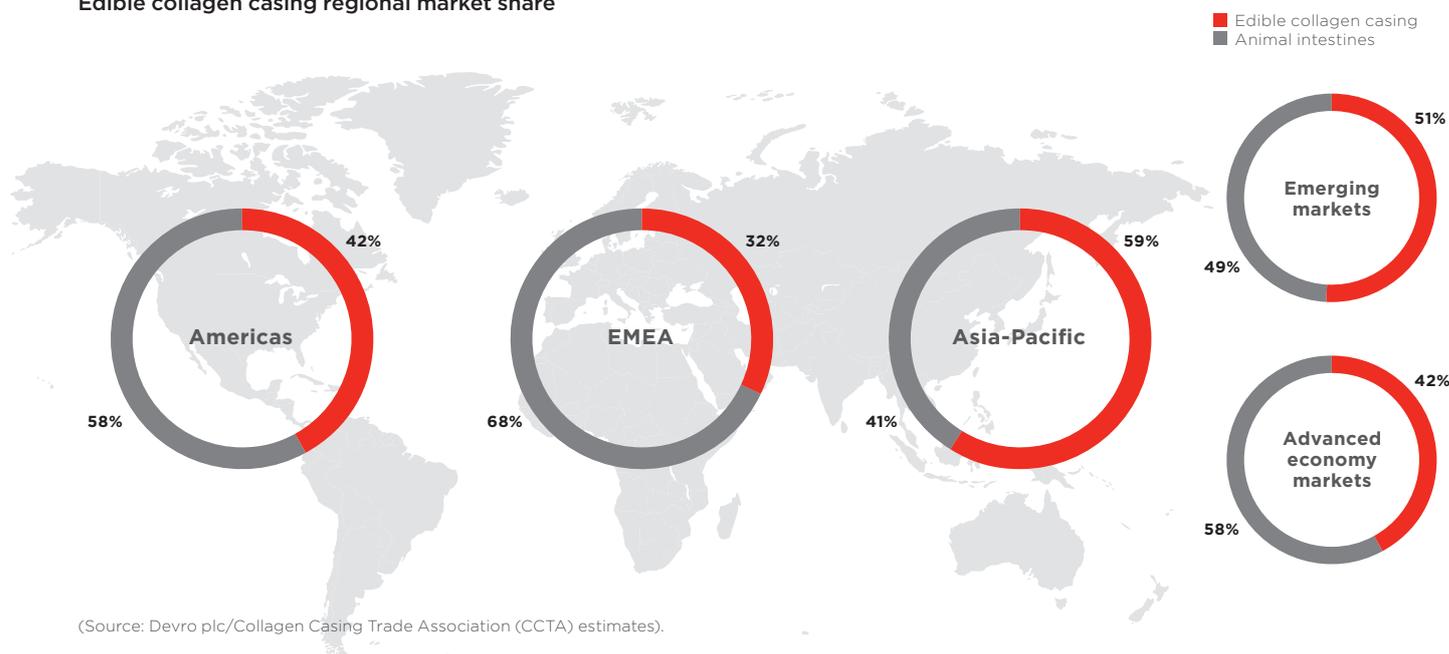
Europe, Middle East & Africa (EMEA)

EMEA continues to be a major market for the use of edible collagen casing and remains a market where there is potential for future growth via further conversion of animal intestines to edible collagen casing. Many markets within Europe, including Germany, are highly developed, sophisticated and mature markets for sausage manufacture. However, traditional techniques are still widely employed and many of the premium products remain in animal intestines. As Devro's new generation of edible collagen products are introduced, more and more producers and retailers are looking closely at the cost savings that can be made by converting to edible collagen casing.

Asia-Pacific

In Asia and the Pacific regions, growth in the use of edible collagen casing continues strongly. China is now the largest single edible collagen casing market in the world. Use of the product has grown considerably, primarily due to the increase in urbanisation, changing demographics and the growing popularity of premium Western-style sausage. The investment in modern manufacturing processes and the need for efficient manufacturing of safe and secure better quality sausage has driven producers to explore more urgently the benefits of edible collagen casing.

Edible collagen casing regional market share



(Source: Devro plc/Collagen Casing Trade Association (CCTA) estimates).