





May the Force(s) be with Us: Navigating in a dynamic environment

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A WORLD OF FORCES AT PLAY



UNDERSTANDING THE FORCES: THE CHINA FACTOR

Demand Growth Slows

Global oil demand is growing at the fastest rate since 2010 this year, but the expansion will slow markedly in 2016 as the stimulus from lower prices fades, said the International Energy Agency.



Source: International Energy Agency

Bloomberg

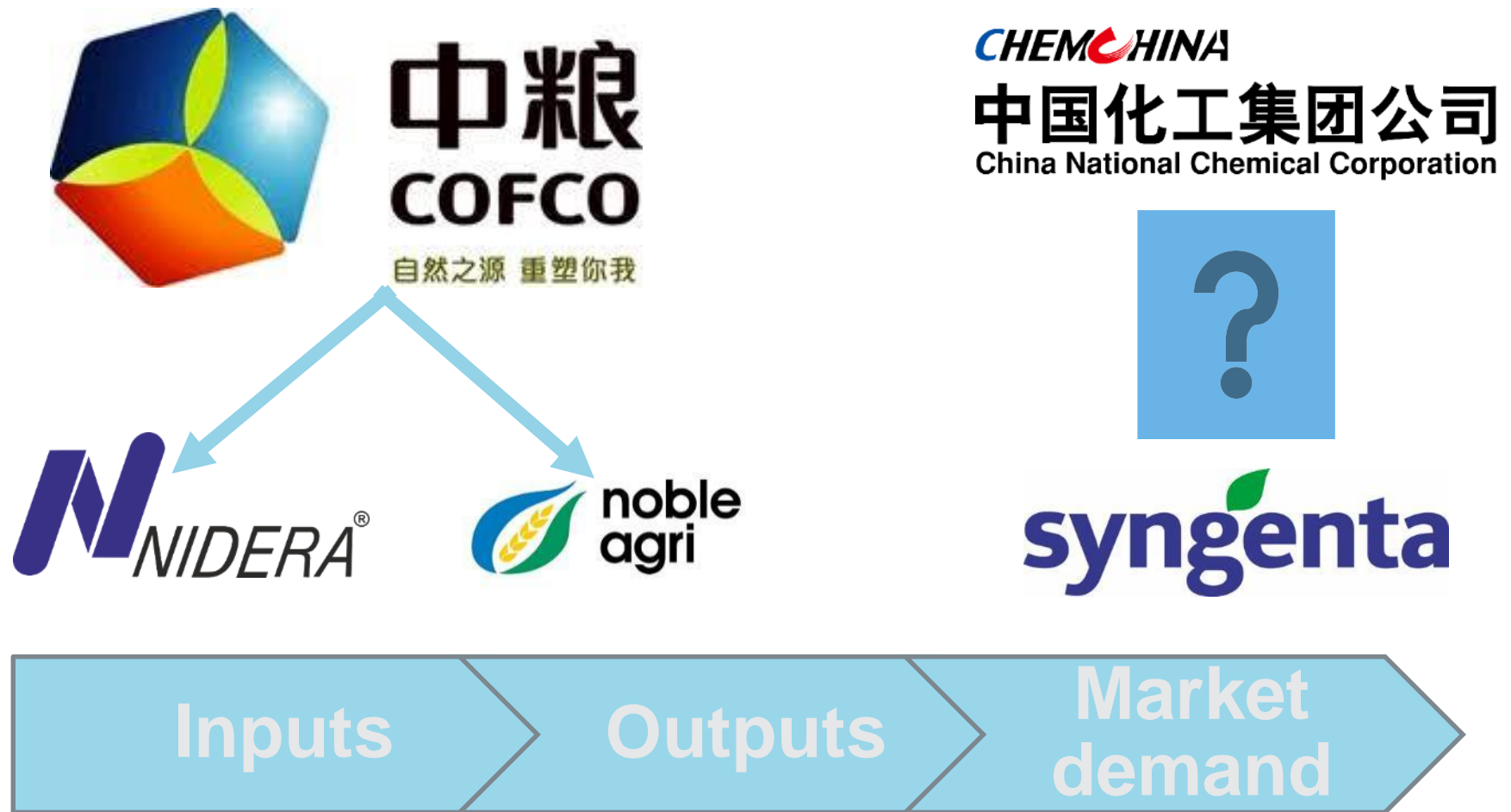
CHINA GDP ANNUAL GROWTH RATE



SOURCE: WWW.TRADINGECONOMICS.COM | NATIONAL BUREAU OF STATISTICS OF CHINA

- **2000-2010 – China accounted for more than 40 percent of global crude oil demand growth**
- **2015 China's weakest GDP growth in 25 years**
- **Projected \$2.3 billion decline in U.S. ag exports to China in 2016 (12 percent)**

UNDERSTANDING THE FORCES: CHINA'S GLOBAL AG/FOOD CONTROL PLAY

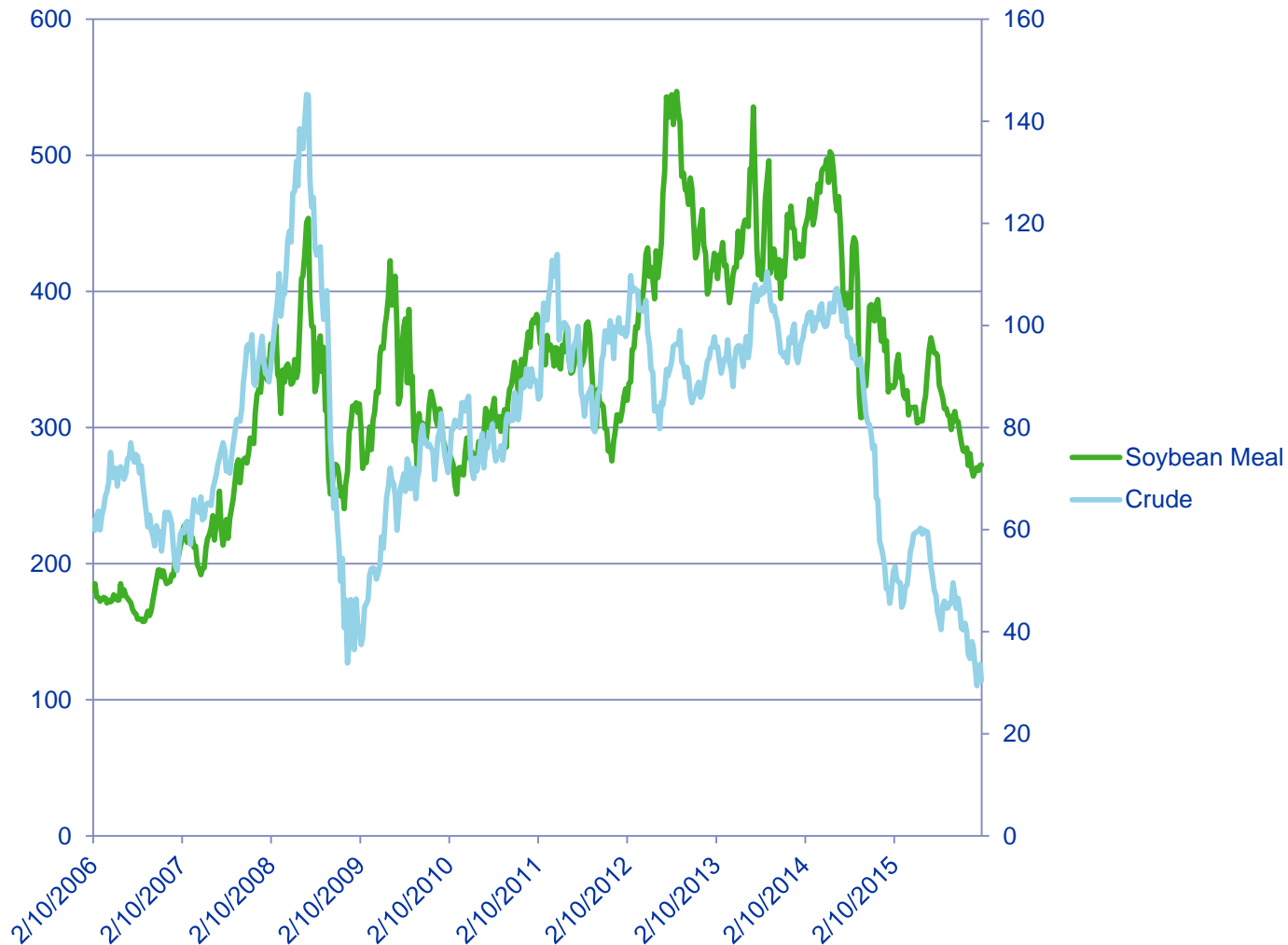


UNDERSTANDING THE FORCES: CRUDE OIL'S INFLUENCE



*Our world today,
captured on the
business page:
Domestic and global
forces align to
create previously
unseen dynamics*

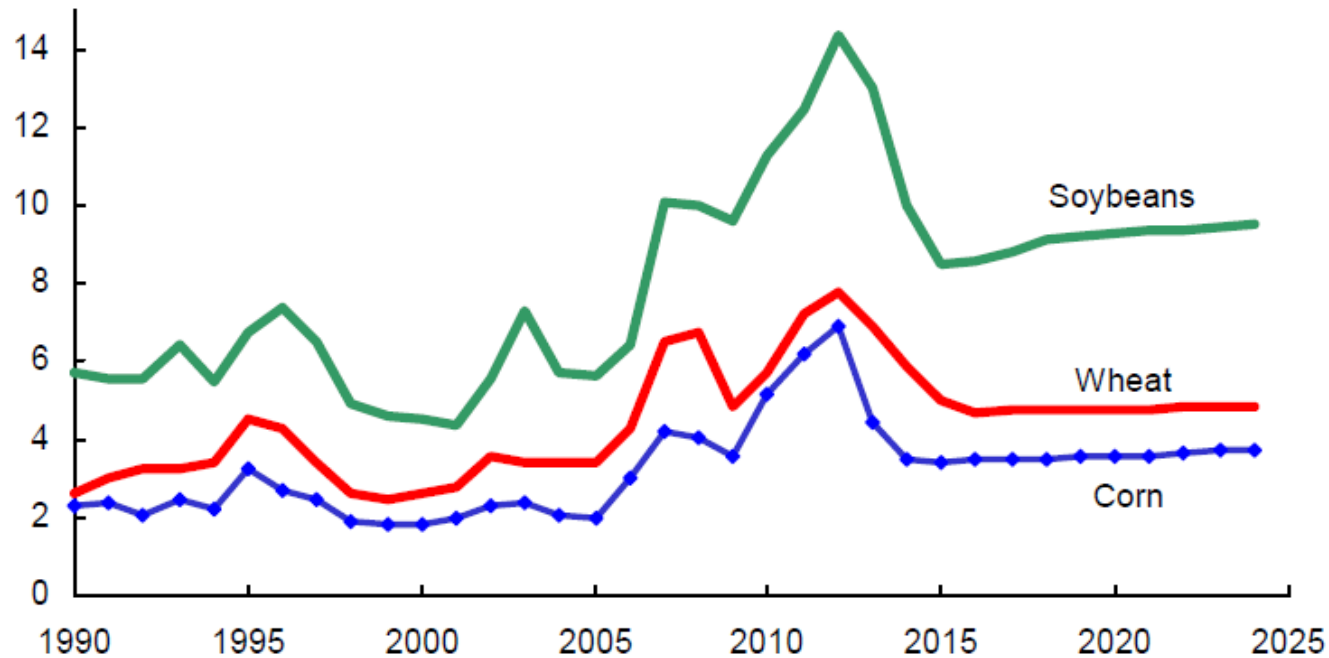
UNDERSTANDING THE FORCES: GRAIN'S RELATIONSHIP TO ENERGY



UNDERSTANDING THE FORCES: GRAIN PRICE PARTY IS OVER FOR NOW

U.S. farm-level prices: Corn, wheat, and soybeans

Dollars per bushel

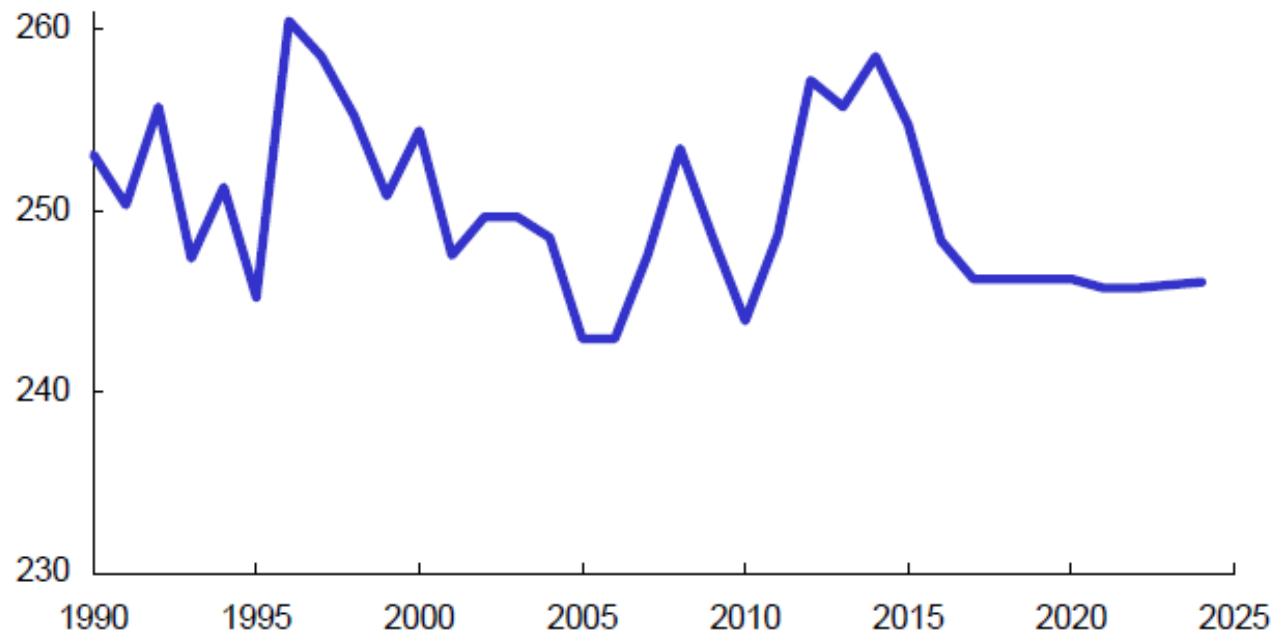


Source: USDA

FLAT ROAD AHEAD FOR MAJOR CROPS

U.S. planted area: Eight major crops 1/

Million acres



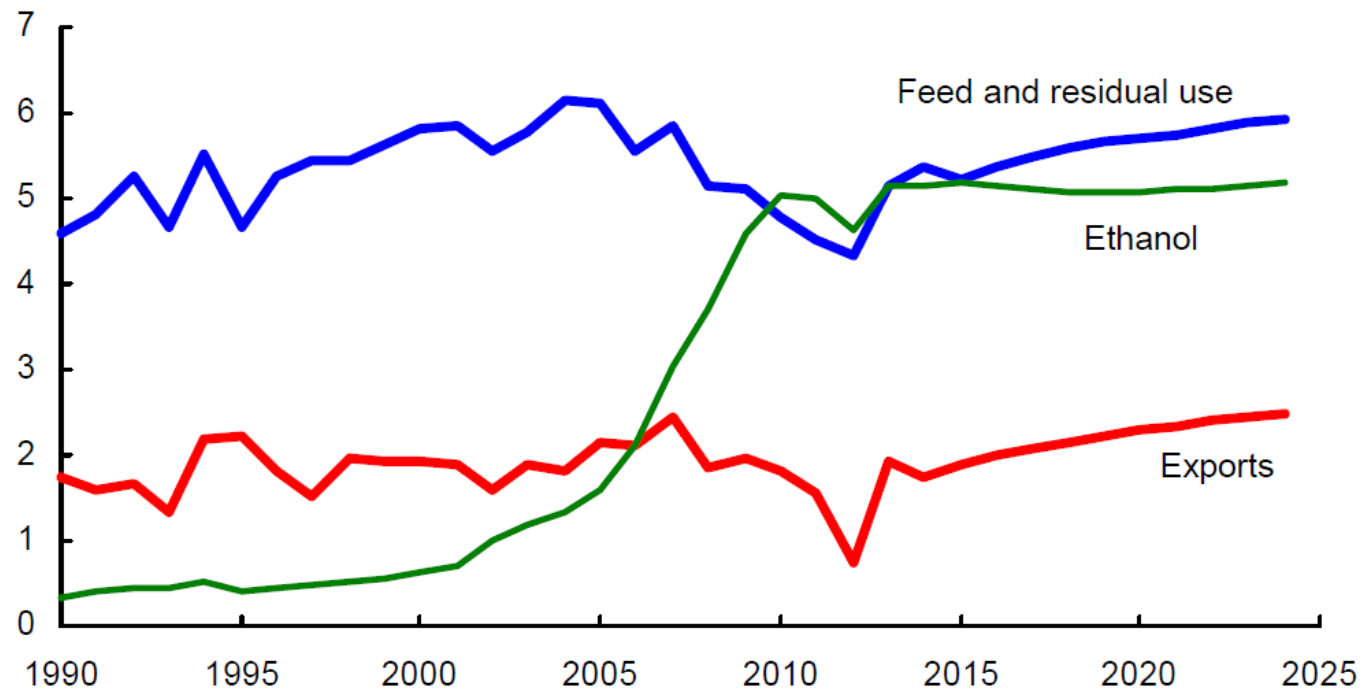
1/ The eight major crops are corn, sorghum, barley, oats, wheat, rice, upland cotton, and soybeans.

Source: USDA

MODEST OPPORTUNITY AHEAD FOR CORN

U.S. corn: Feed and residual use, ethanol, and exports

Billion bushels

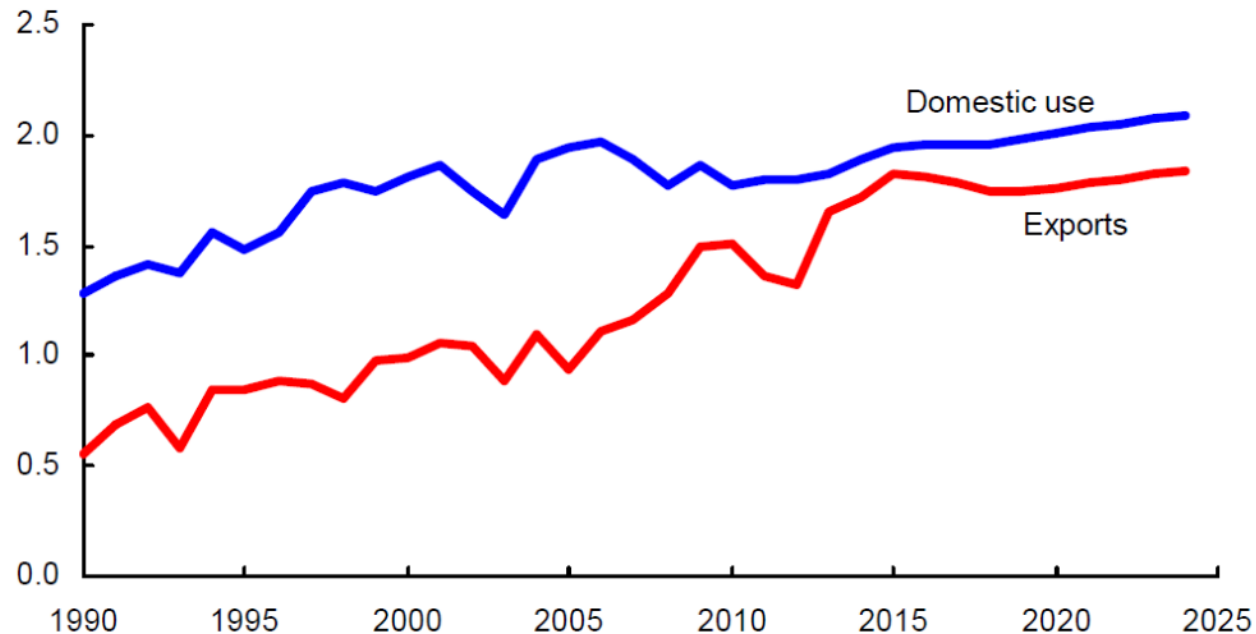


Source: USDA

OUTLOOK SOMEWHAT BRIGHTER FOR SOYBEANS

U.S. soybeans: Domestic use and exports

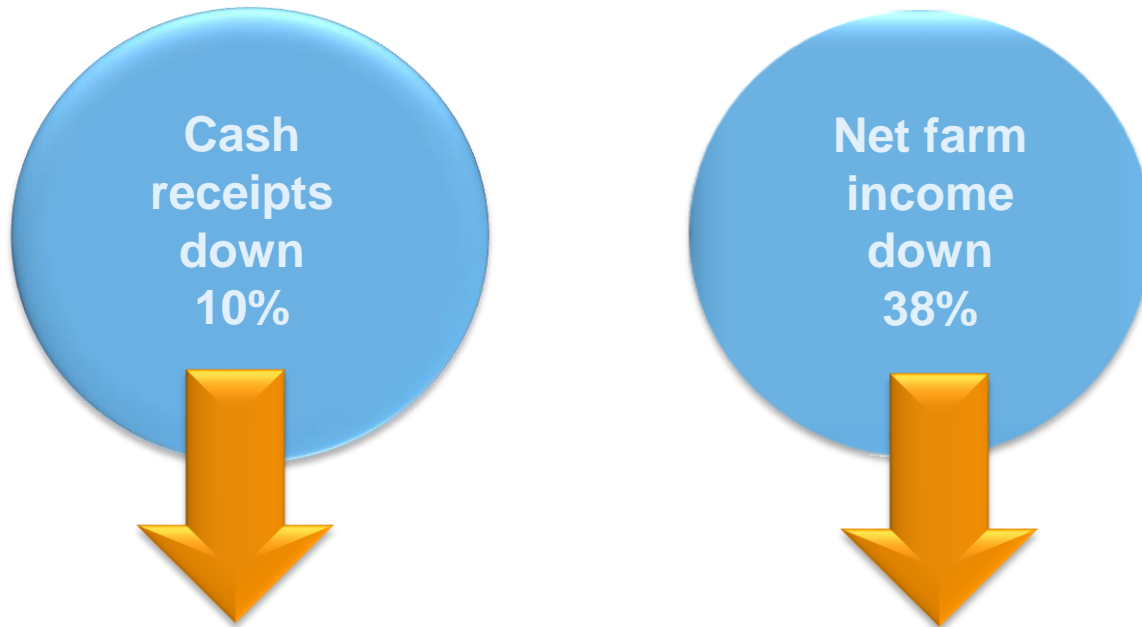
Billion bushels



Source: USDA

UNDERSTANDING THE FORCES: TOUGH TIMES ON U.S. FARMS

USDA farm income estimates for 2015, compared with 2014



Source: USDA

FORCES FROM WASHINGTON: OUTLOOK FOR AG AND TRADE POLICY



SO YOU MIGHT BE ASKING...

- **How low will crude oil prices go?**
- **When will grain demand pick up?**
- **Is China's economy tanking?**
- **Will the stock market stop swinging wildly?**

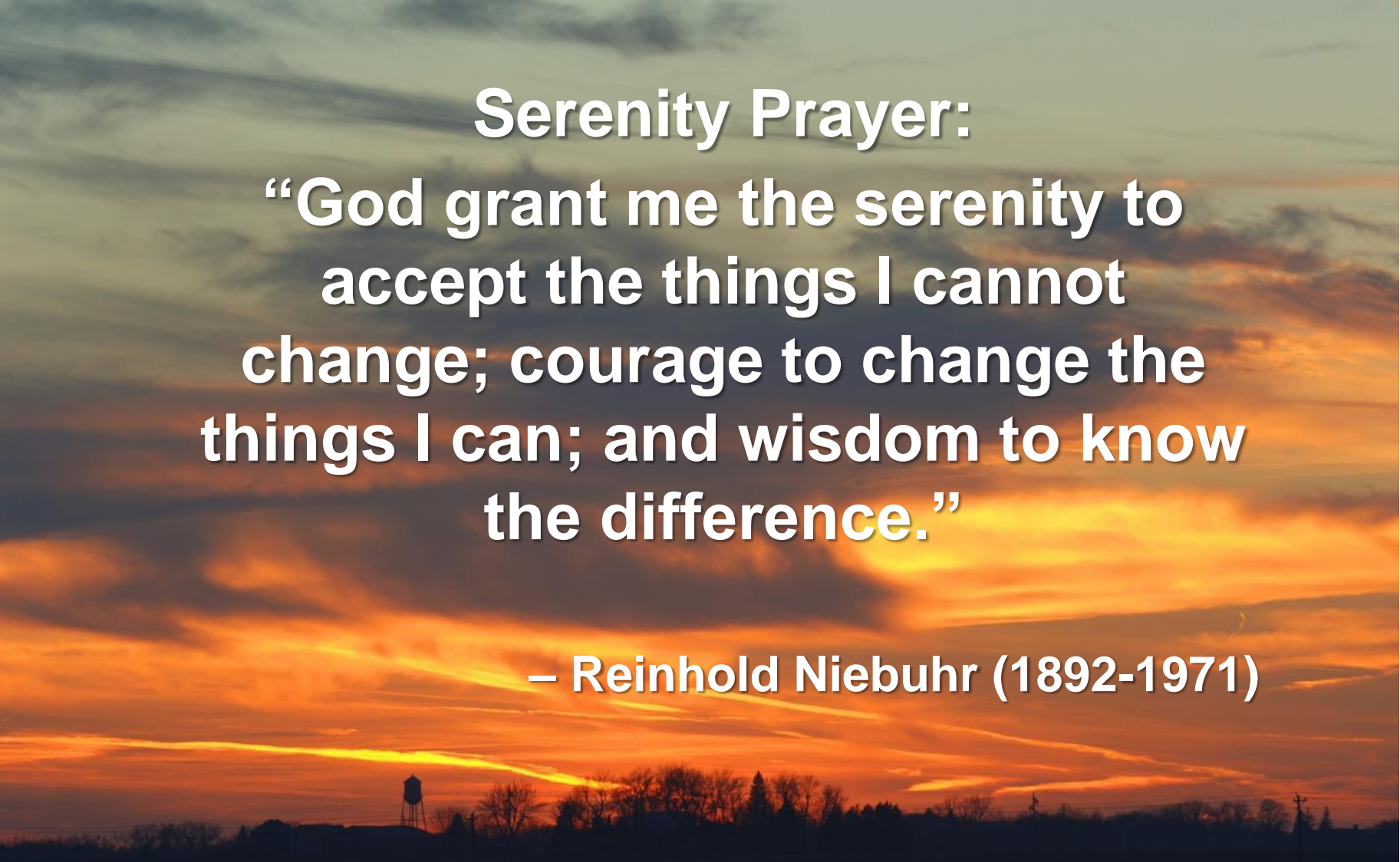


SO YOU MIGHT BE ASKING...

- **How low will crude oil prices go?**
- **When will grain demand pick up?**
- **Is China's economy tanking?**
- **Will the stock market stop swinging wildly?**



**My Answer:
Take your best guess**

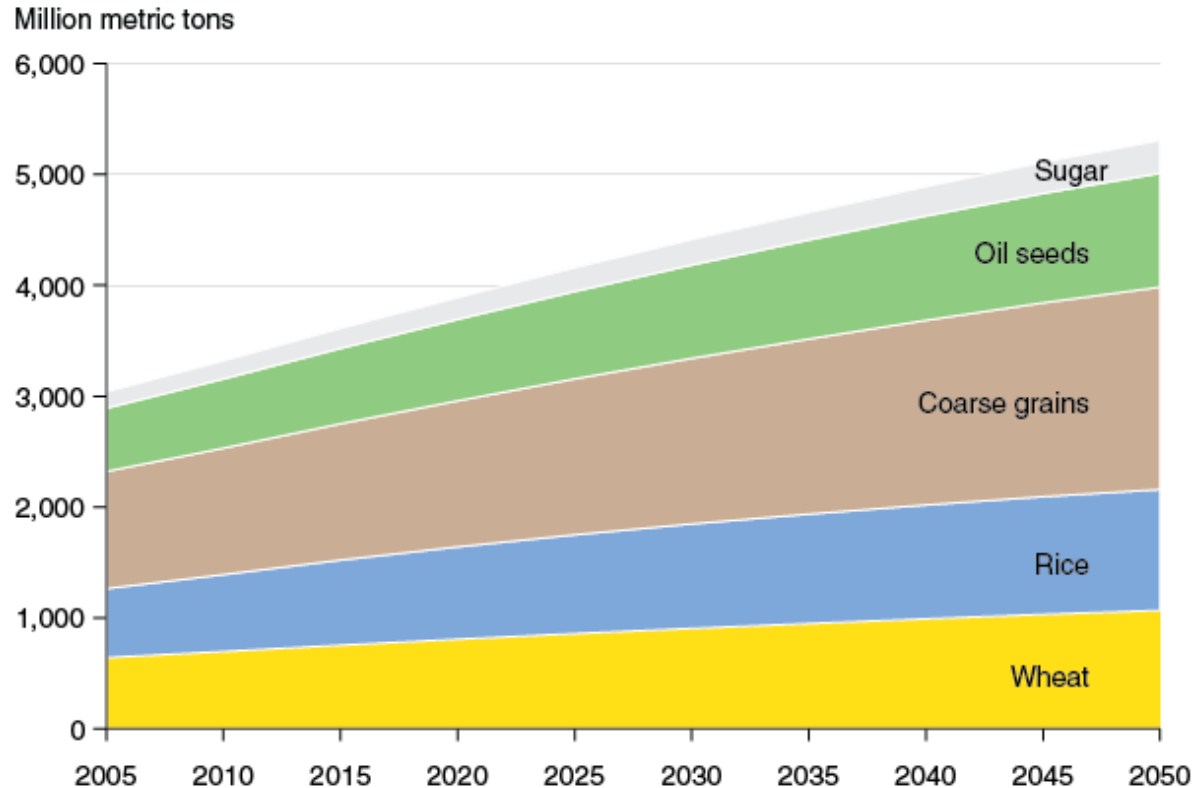


Serenity Prayer:
**“God grant me the serenity to
accept the things I cannot
change; courage to change the
things I can; and wisdom to know
the difference.”**

– Reinhold Niebuhr (1892-1971)

IS GLOBAL FOOD CONSUMPTION STILL THE FORCE DRIVING OUR FUTURE?

World consumption of major field crops is projected to increase through 2050



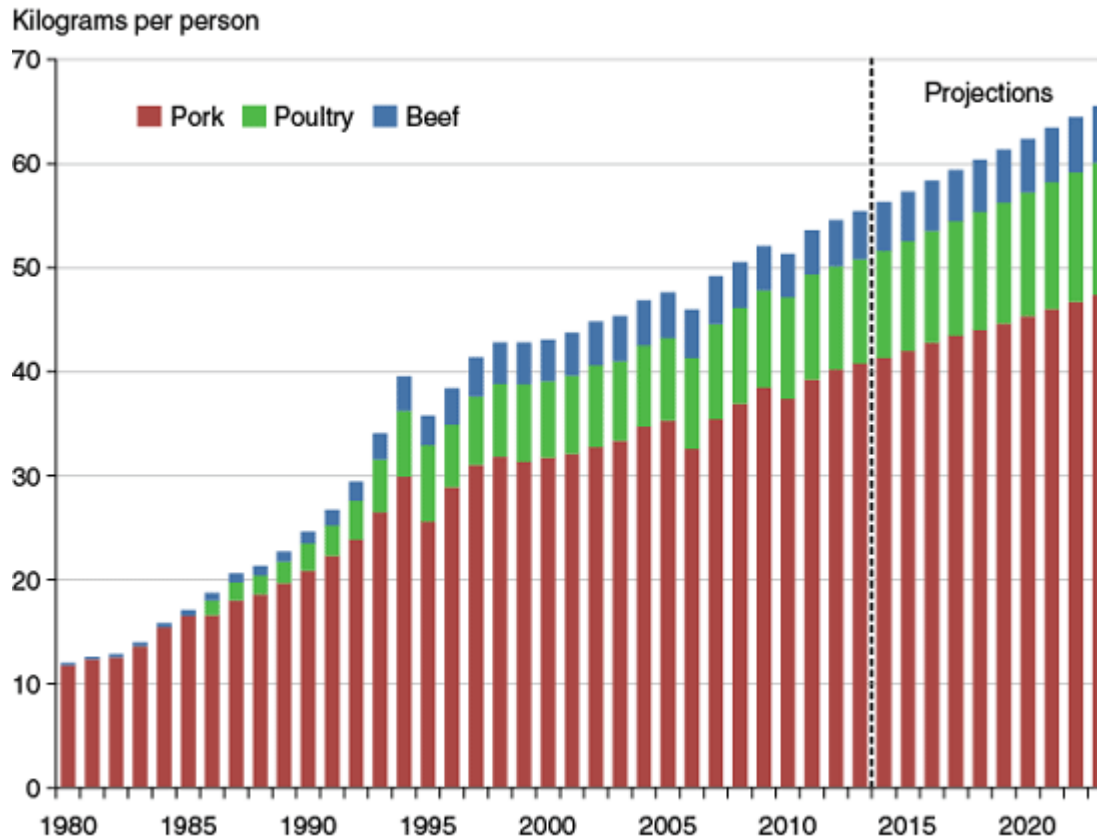
Source: USDA, Economic Research Service using Future Agricultural Resources Model reference scenario.

Yes!



CHINA STILL WANTS PROTEIN

Continued growth projected in China's per capita meat consumption



Source: USDA Production, Supply and Distribution database and projections.

A FORCE FOR OPTIMISM: VALUE CHAIN OPPORTUNITIES

Inputs

Marketing

Processing

Consumer

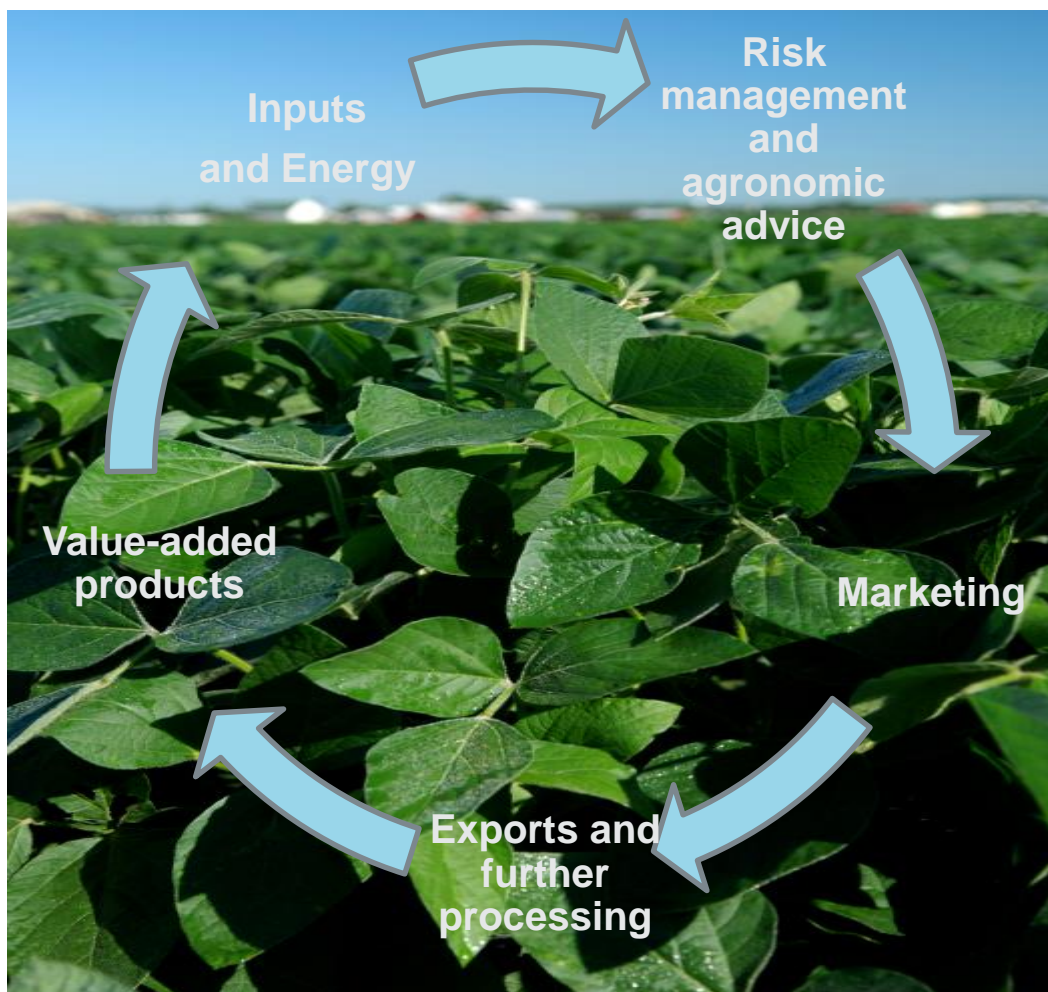


VALUE-ADDED MANUFACTURING



ADDING ENTERPRISE VALUE TO SOYBEANS

- Soy meal
- Soy oil for food, biodiesel and other uses
- Soy flour
- High-value food, pharmaceutical and industrial ingredients
- Consumer products through Ventura Foods



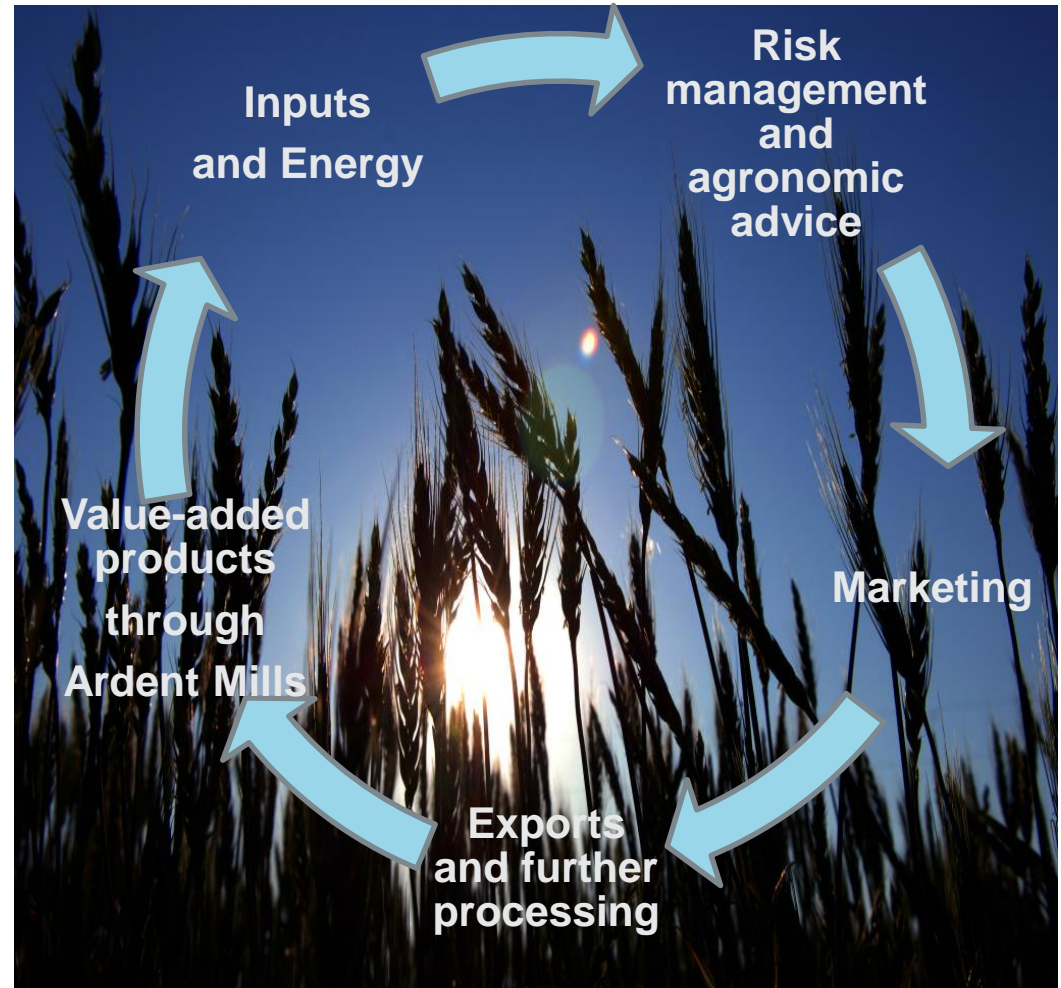
INVESTING IN OILSEED PROCESSING

- **Creston, Iowa, investment of \$30 million**
 - 9 million bushels annual soybean processing capacity (equivalent of 200,000 acres) to non-GMO and GMO soy flour, soymeal and soyoil
 - Expect to export up to 35 percent of production
- **Acquisition of canola processing plant at Hallock, Minn.**



ADDING ENTERPRISE VALUE TO WHEAT

- Flour through Ardent Mills



SUNFLOWERS

- Largest supplier of confectionary sunflower ingredients and largest domestic producer of hulled millet for baking
- Exporter to Europe, the Middle East and Pacific Rim
- South America sourcing and processing
- Feathered Friend® and Chirp® premium wild bird food
- Proprietary Royal Hybrid™ seed



ETHANOL: THE ULTIMATE VALUE CHAIN

**Fertilizer,
fuel,
production
expertise**

**Extended
processing**

**DDGS
marketing**



Grain marketing

**Ethanol
production**

Market growth

THE ULTIMATE FORCE: ADDING VALUE



**What our owners
grow**



The “Factory”



**Added
Value**



WE MUST BE OUR OWN FORCE: MANAGE FOR TODAY/LEAD FOR TOMORROW

- **Position business for long-term success**
- **Manage through the challenges we face today**
- **Find new ways to add value**
- **Be ready for opportunities**



THE ULTIMATE VALUE CHAIN FARMER OWNED WITH GLOBAL CONNECTIONS



May the force be with you!



Ask me anything!



**Farmer-owned with
global connections**