



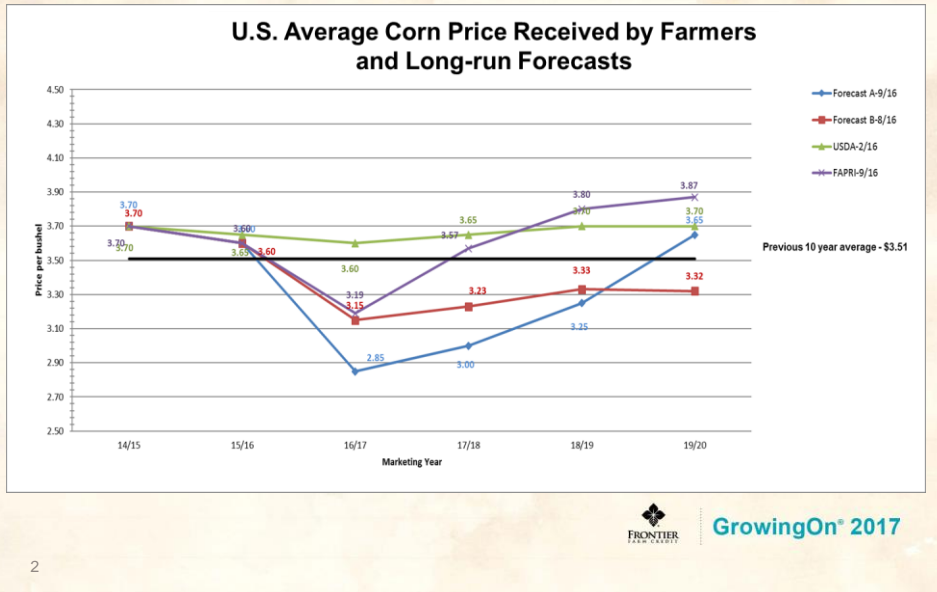
## Current Environment

- Key drivers have changed:
  - Demand driven by ethanol expansion leveled off
  - Emerging economy slowdown
  - Abundant supply – U.S. and world
  - Strength of the U.S. dollar, particularly relative to currency of competitors for U.S.



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## Corn Price Forecast



## Grain Production Agriculture

- The revenue side of grain production agriculture adjusts in real time – with markets and bushels
- The cost side adjusts in a lagging manner
- The issue becomes:
  - Time frame of the lag
  - The magnitude of the lag

## Future Realities

- Grain production agriculture needs to reconcile the reality of our current revenue stream.
- Price will not fix the problem.
- Cost reductions are needed.



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## Grain Production Agriculture Universal Truth

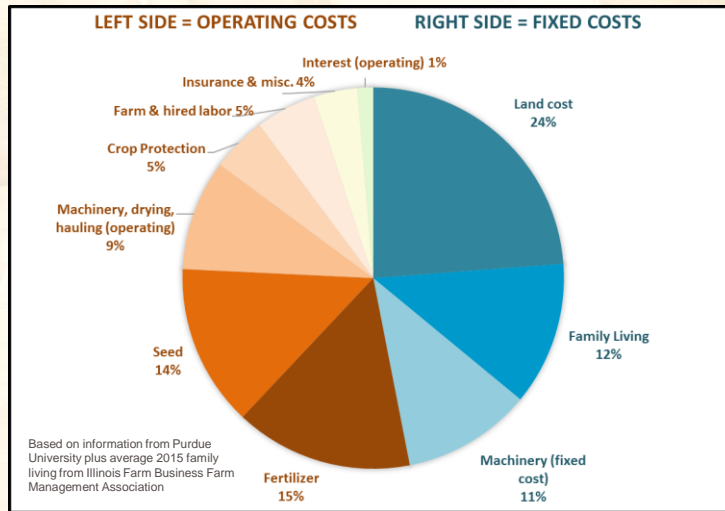
- “Fixed costs,” not variable costs, are the main factors that separate high cost, medium cost and low cost operations.
- Fixed Costs include:
  - Owned / Rented Land
  - Machinery / Equipment
  - Family Living
- Working on your variable costs is ok, but generally will not fix your overall cost structure issues. Lowering your fixed costs is the key.
- The pace of your adjustments will be critical to thriving / surviving.



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## Focus On The Big Items



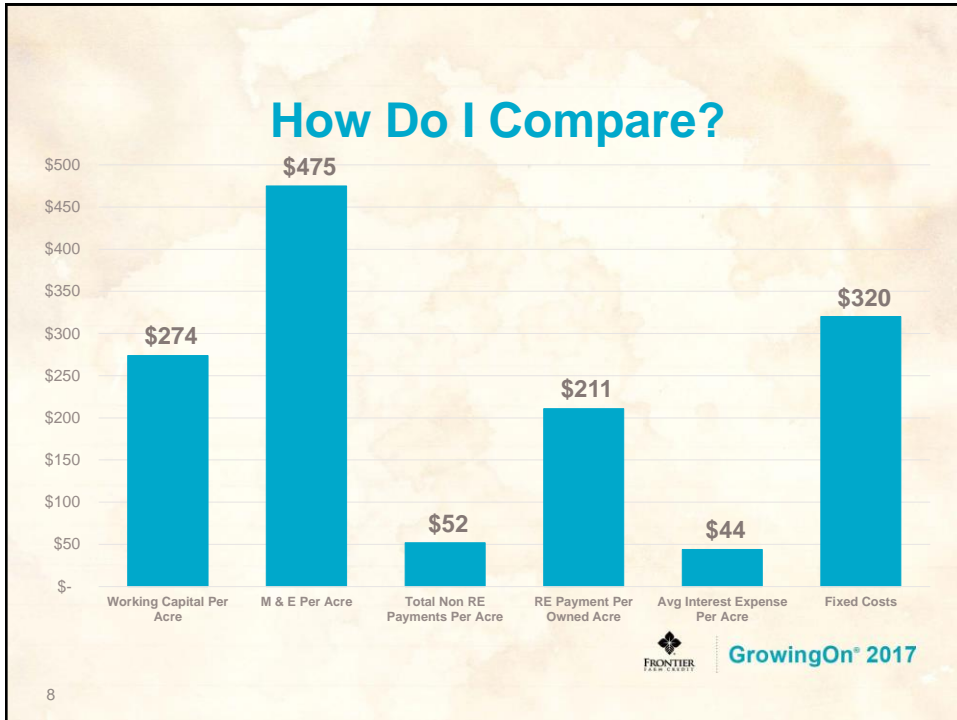
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## Association's Financial Guidelines

	Green	Yellow	Red
Working Capital per acre	> \$200	\$200-\$100	< \$100
Owners' Equity	> 60%	50-60%	< 50%
Real Estate P&I + Taxes per Acre	< \$200	\$200-\$300	> \$300
Machinery P&I per Acre	<\$50	\$50-75	>\$75
Breakeven per Bushel	< \$3.50	\$4.00	> \$4.50



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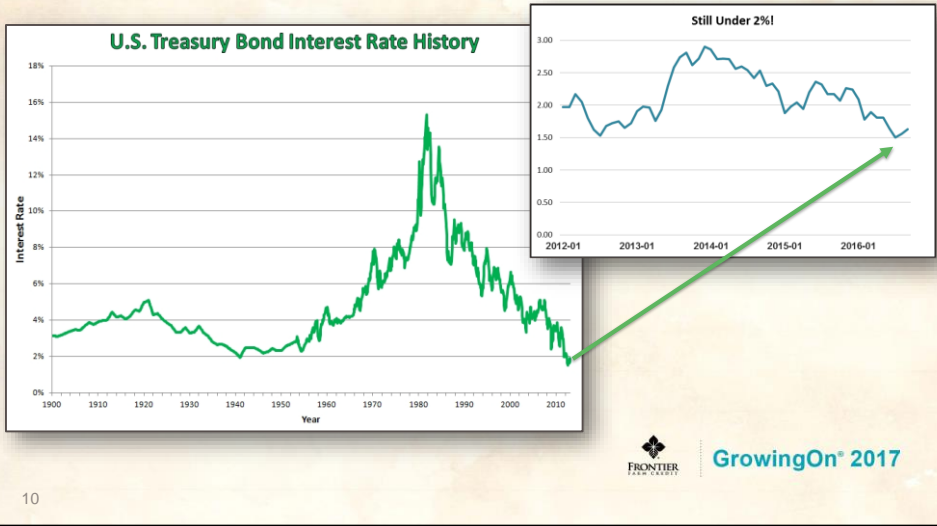
## Refinance / Re-Amortization Strategy Is for EVERYONE

- Applies to low cost / medium cost / high cost operations
- Tried and true business strategy
- Motivation / drivers are different
- Medium / high cost make adjustments to survive the cycle
- Medium / low cost make adjustments to maximize future opportunities


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## Interest Rates Remain Historically Low



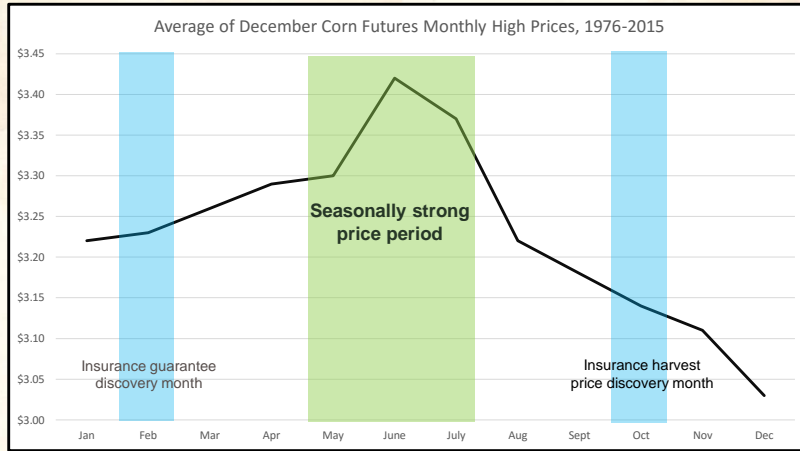
## Lower Your Land Costs

- 300 Acres Owned
- \$885,000 total debt – (\$2950/A)
- Current Rate = 4.00%, New Rate = 4.75%

	Yrs. Remaining	Payment	Pmt./Acre
Current	9	\$119,328	\$398/Acre
Future	25	\$61,640	\$205/Acre

Now is a great time to re-amortize your loans

## Crop Insurance Supports Forward Marketing



Data: Brugler Marketing and Management



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## What Concerns can Limit Marketing Opportunities?



Worries about fulfilling grain contract demands



Uncertainty of choosing the right marketing option



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## Reasons for Long Term Optimism



## Call To Action

- We are committed to support your needs
  - Added Staff
  - Built a strong financial position
- Time to act is now
  - Assess your operation for changes you need to make
  - Sit down with your Financial Officer
    - Review your fixed costs
    - Learn more about WorkSmart
  - Execute a Marketing Strategy with Crop Insurance
  - Take advantage of the AgriPoint suite of tools available to you as a customer
  - Be informed by attending a Small Group Meeting

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