



Profile and Insights into the North American Beef Industry

January 8, 2016



Make Informed Decisions

Kevin Grier

Market Analysis and Consulting Inc.

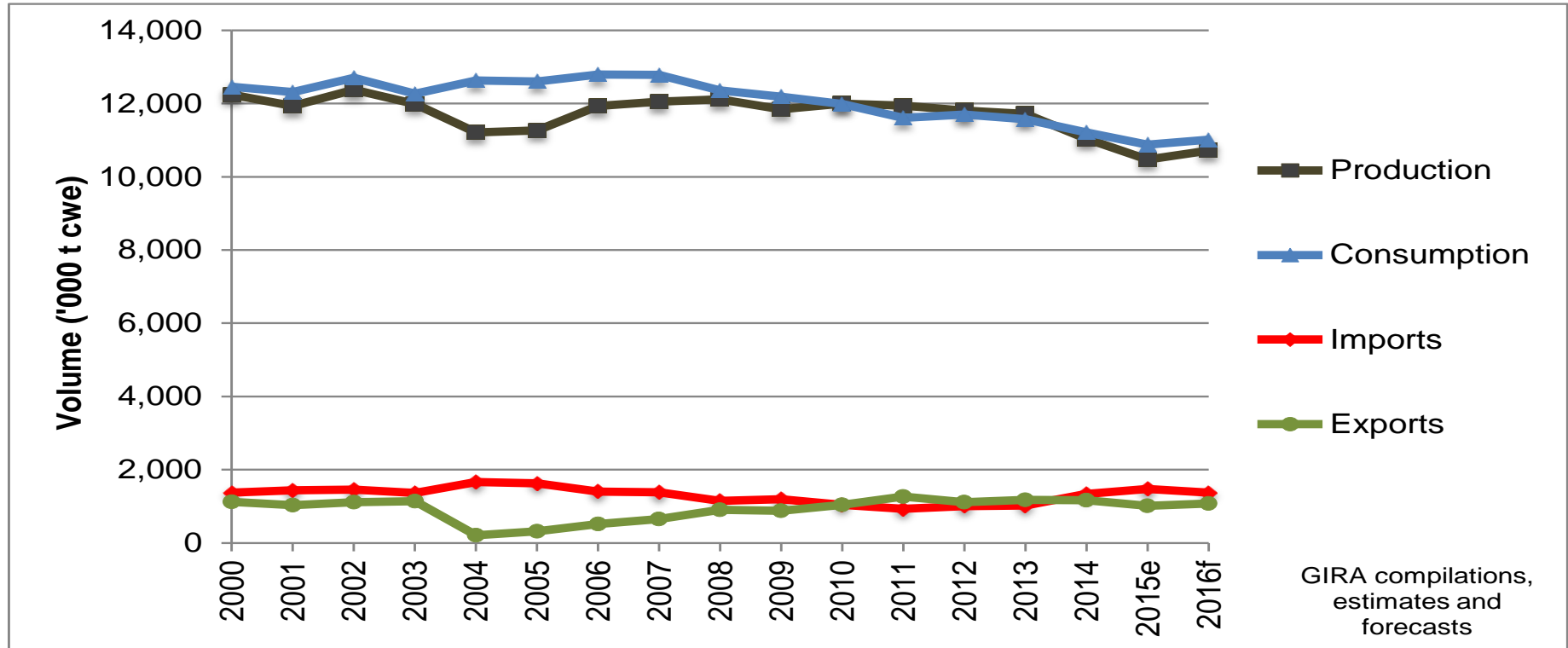
Trends

Structure

Transactions

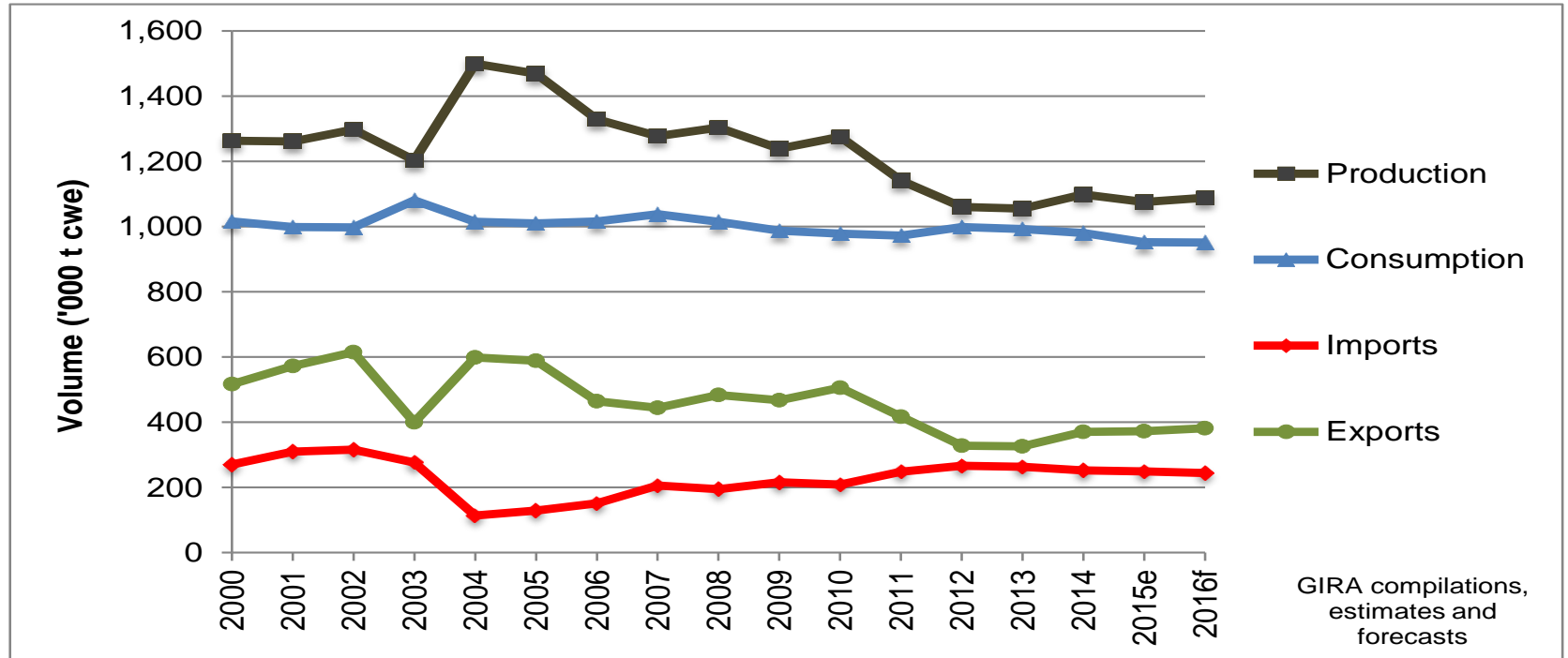
Profile/
Insights

US Beef Balance Sheet

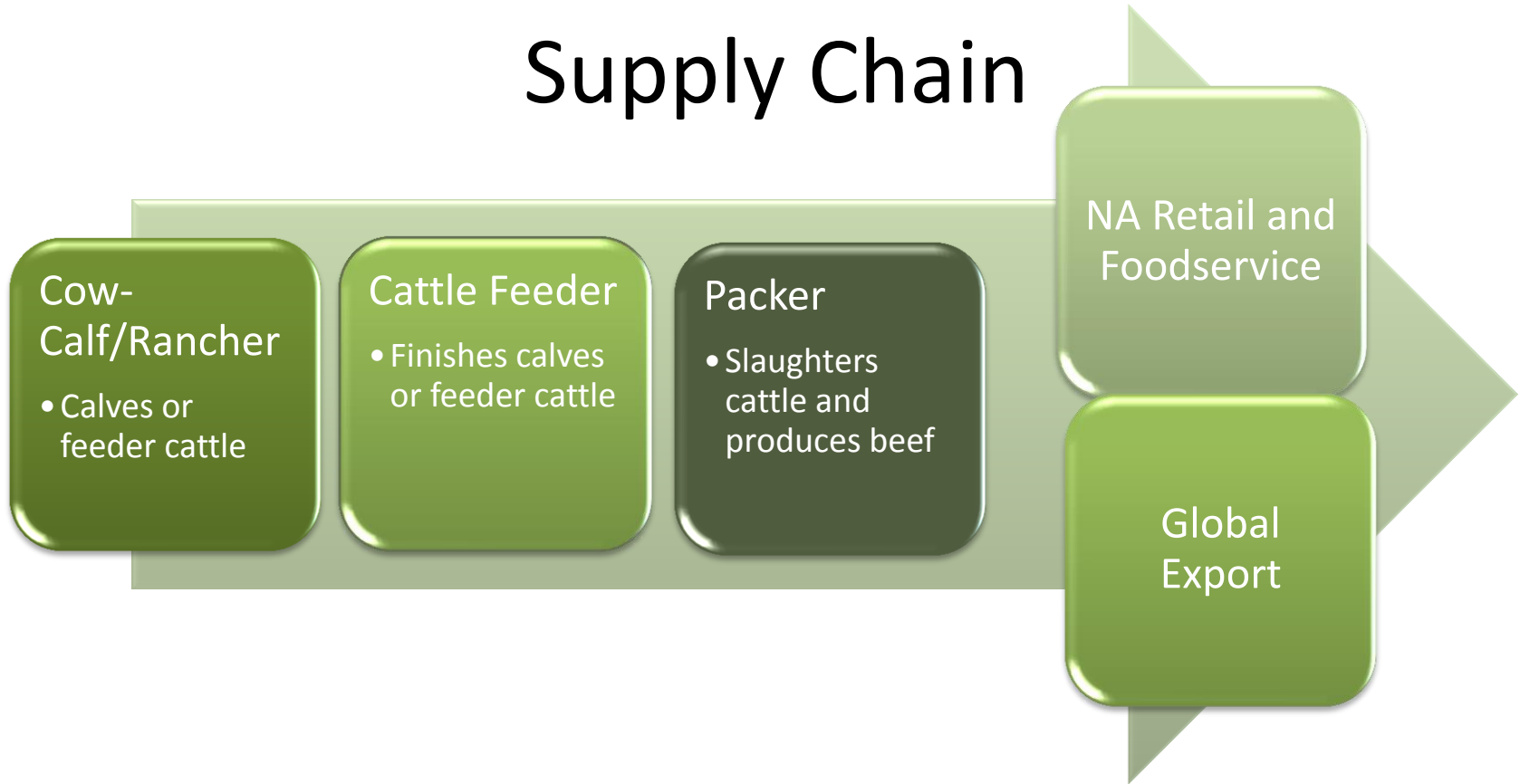


Canadian Beef Balance

A North American oriented Industry

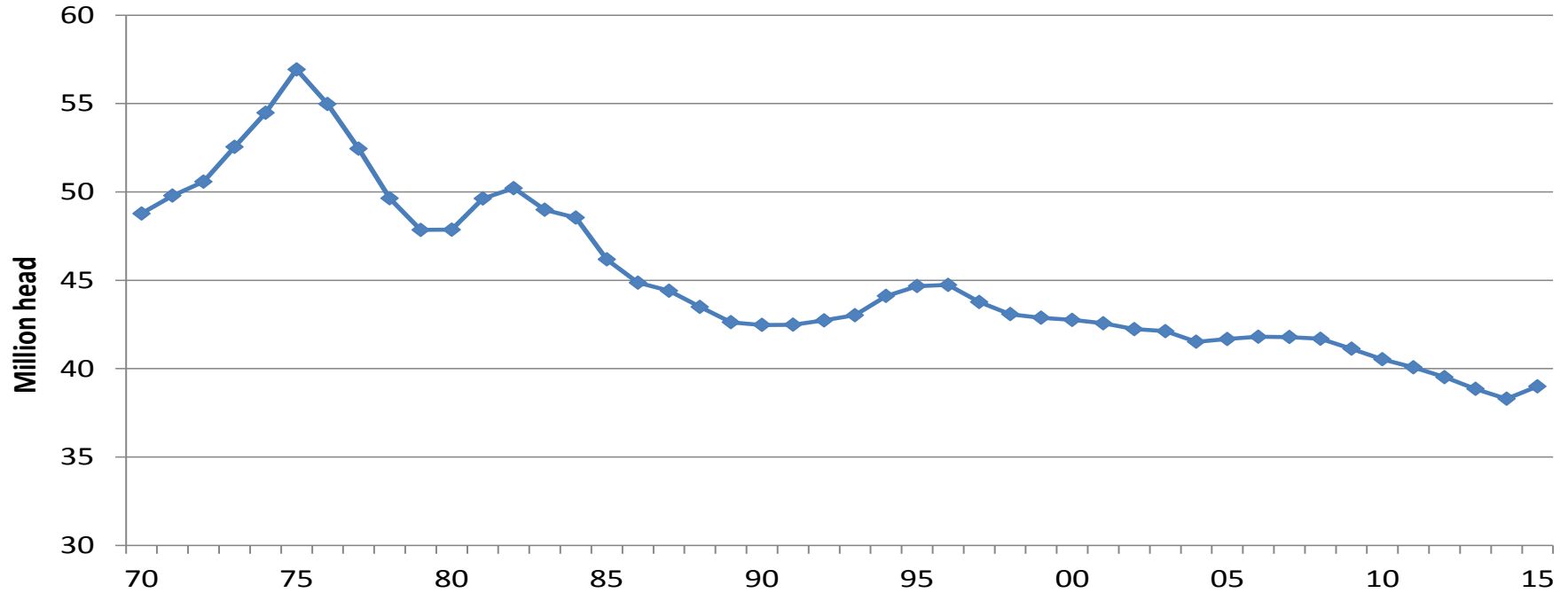


North American Cattle and Beef Supply Chain

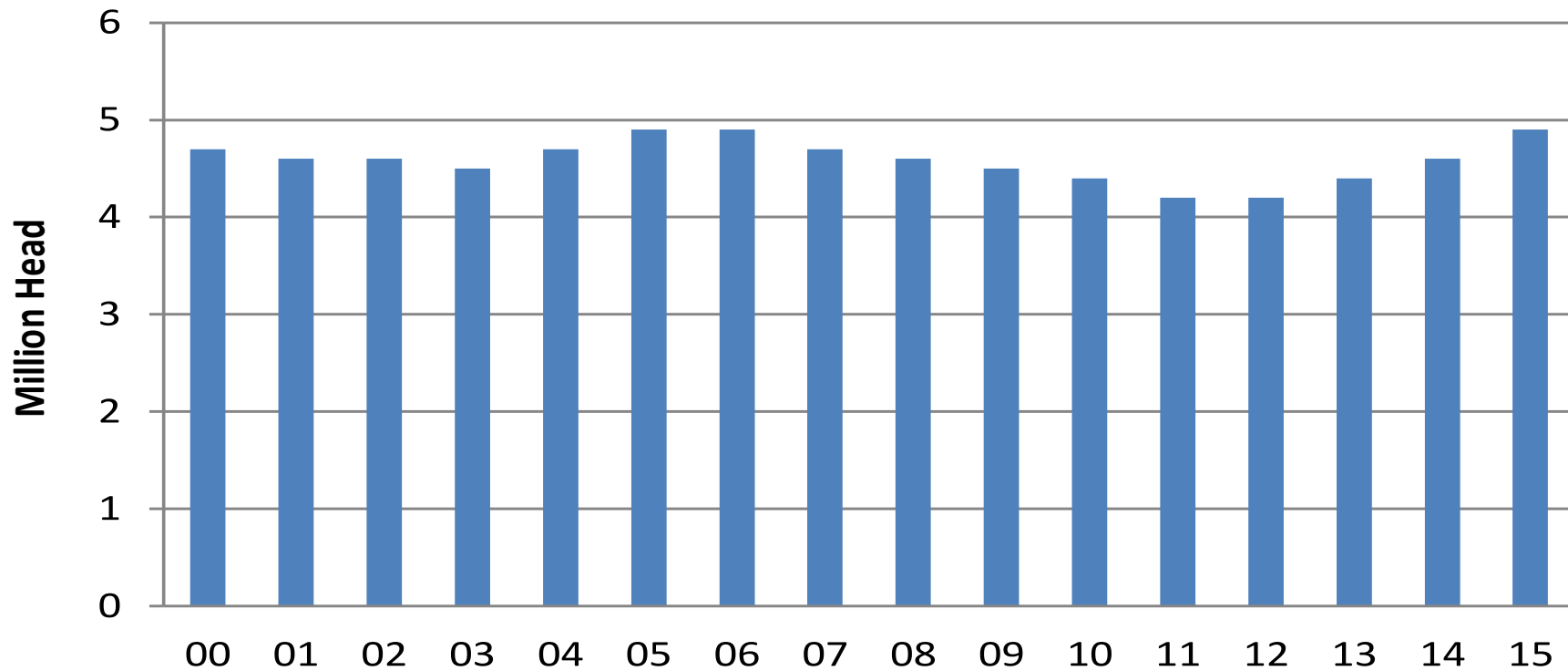




U.S. Cow Inventory

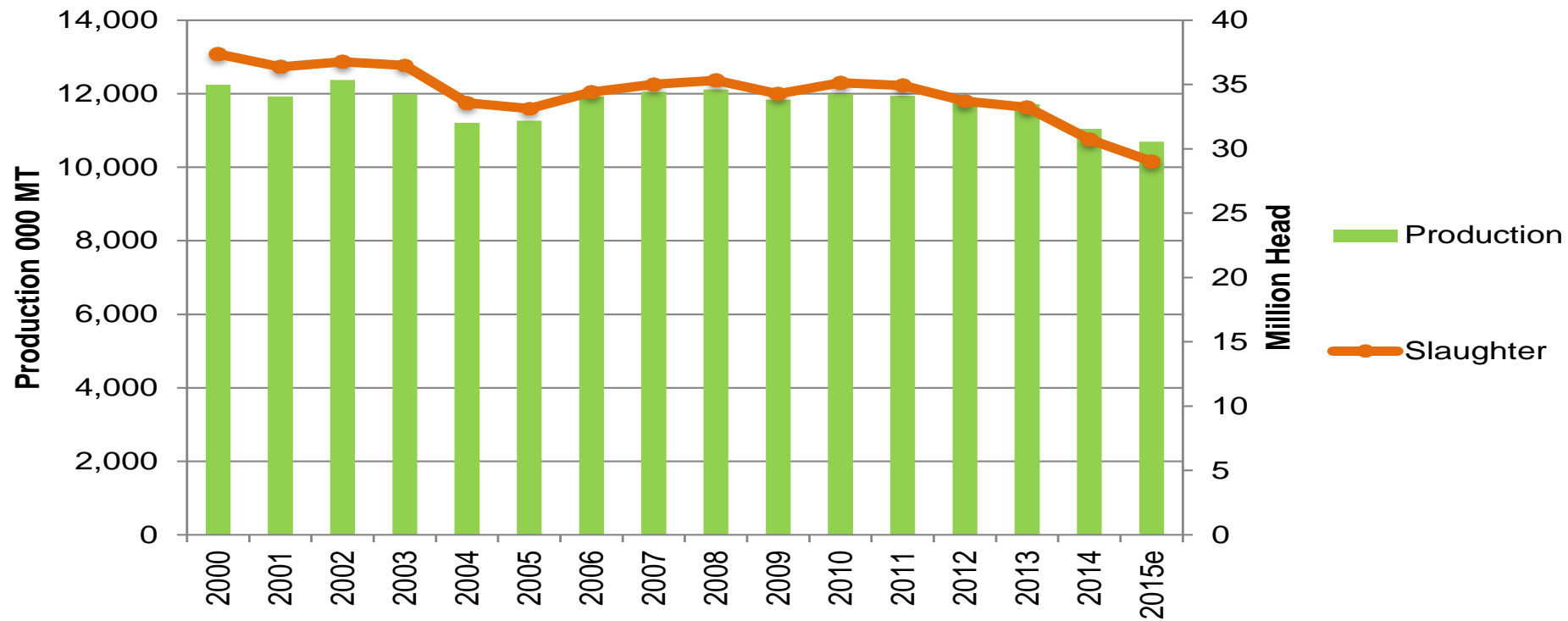


Beef Replacement Heifers

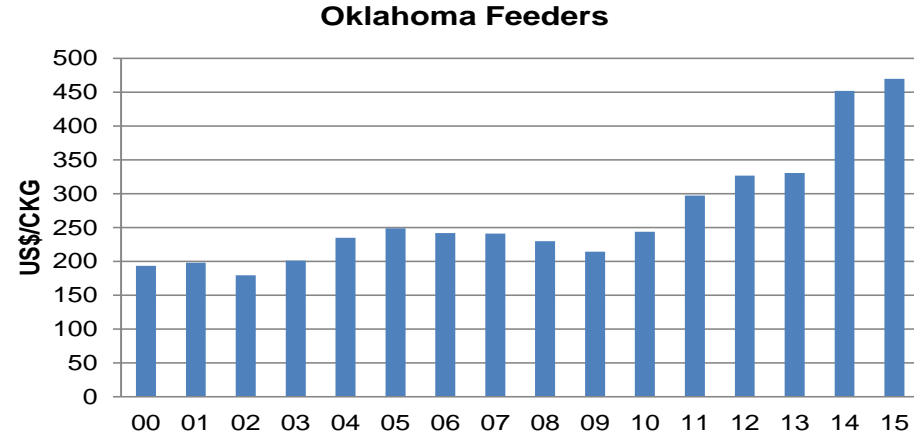
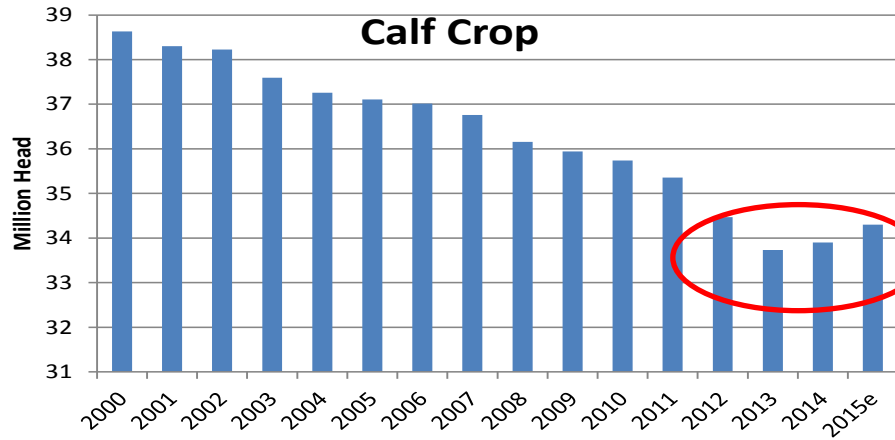


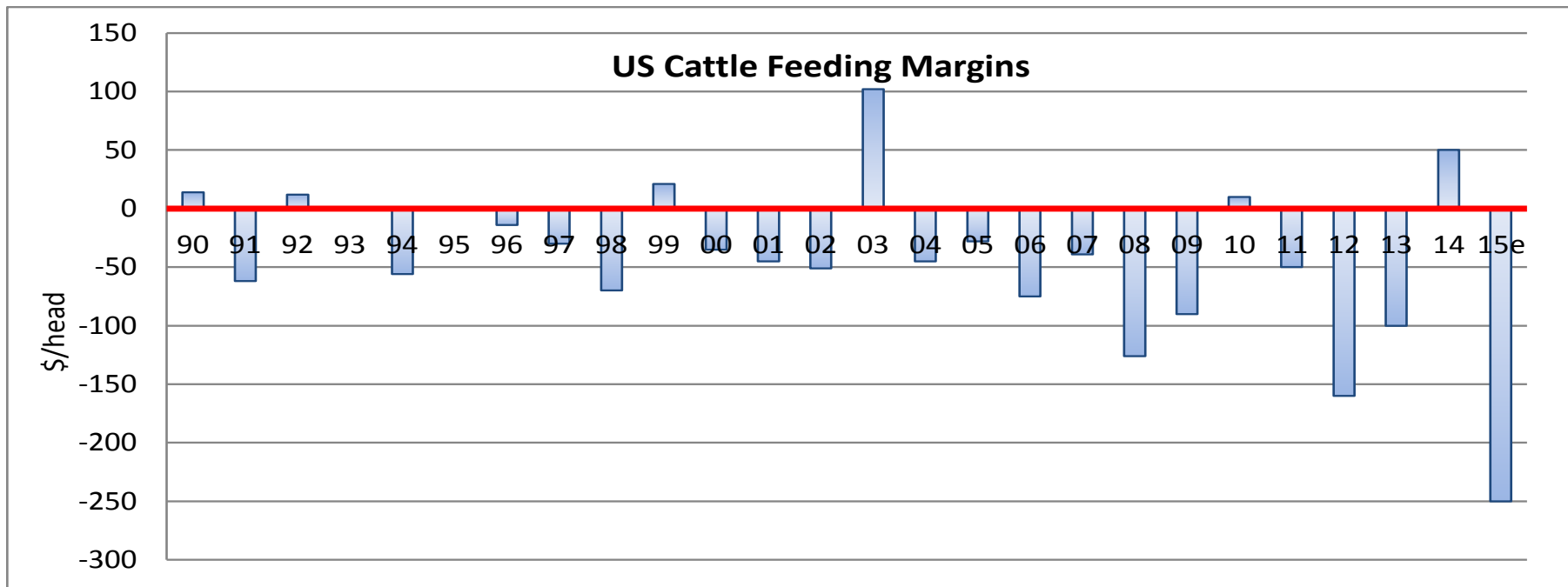


Source: [Investing.covestor.com](https://investing.covestor.com)

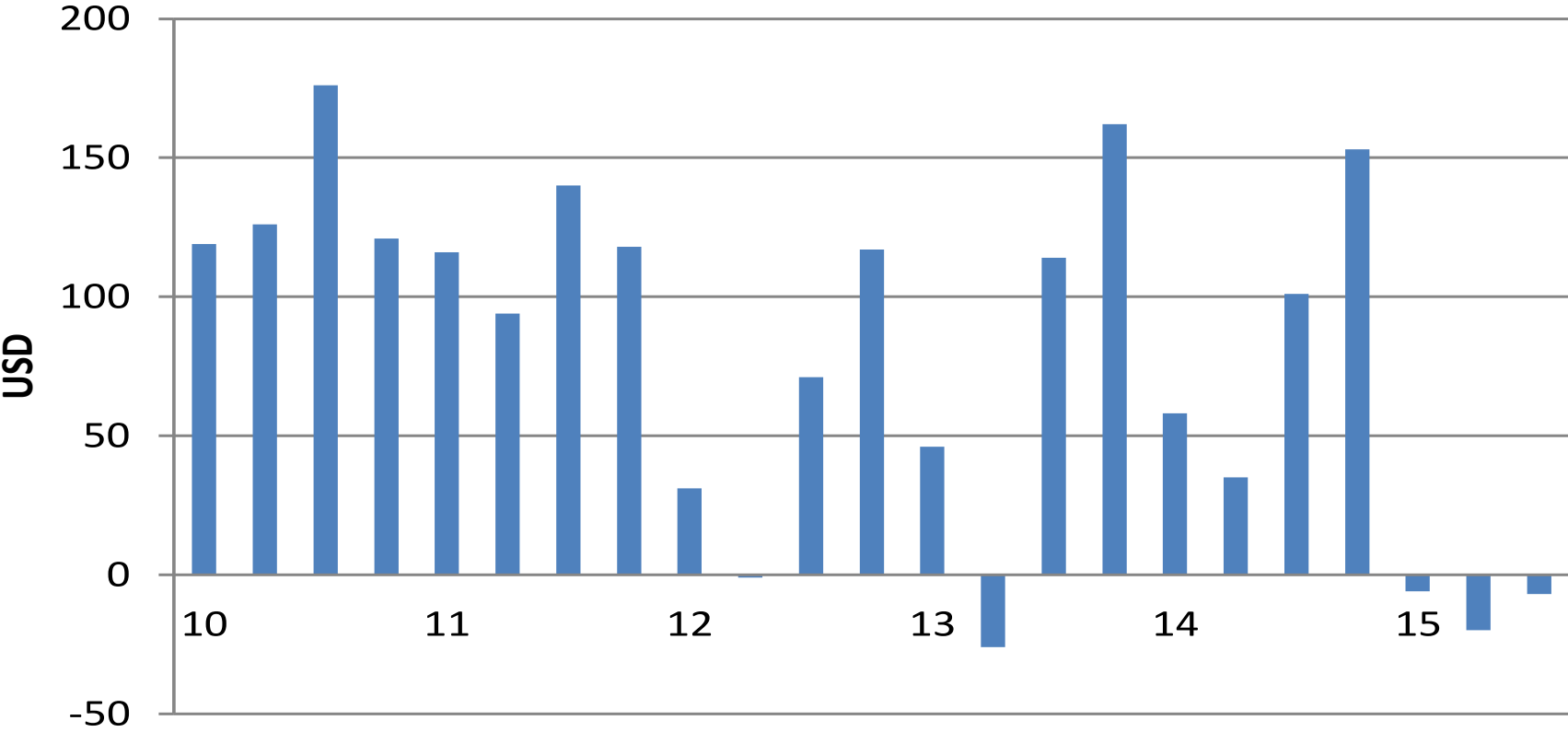


Supply shortages have ramifications

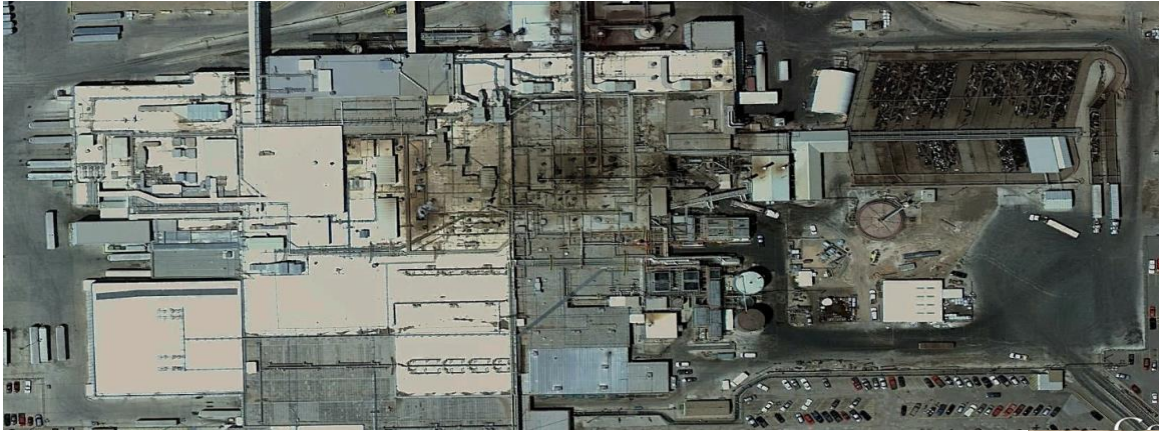




Tyson Beef Operating Earnings



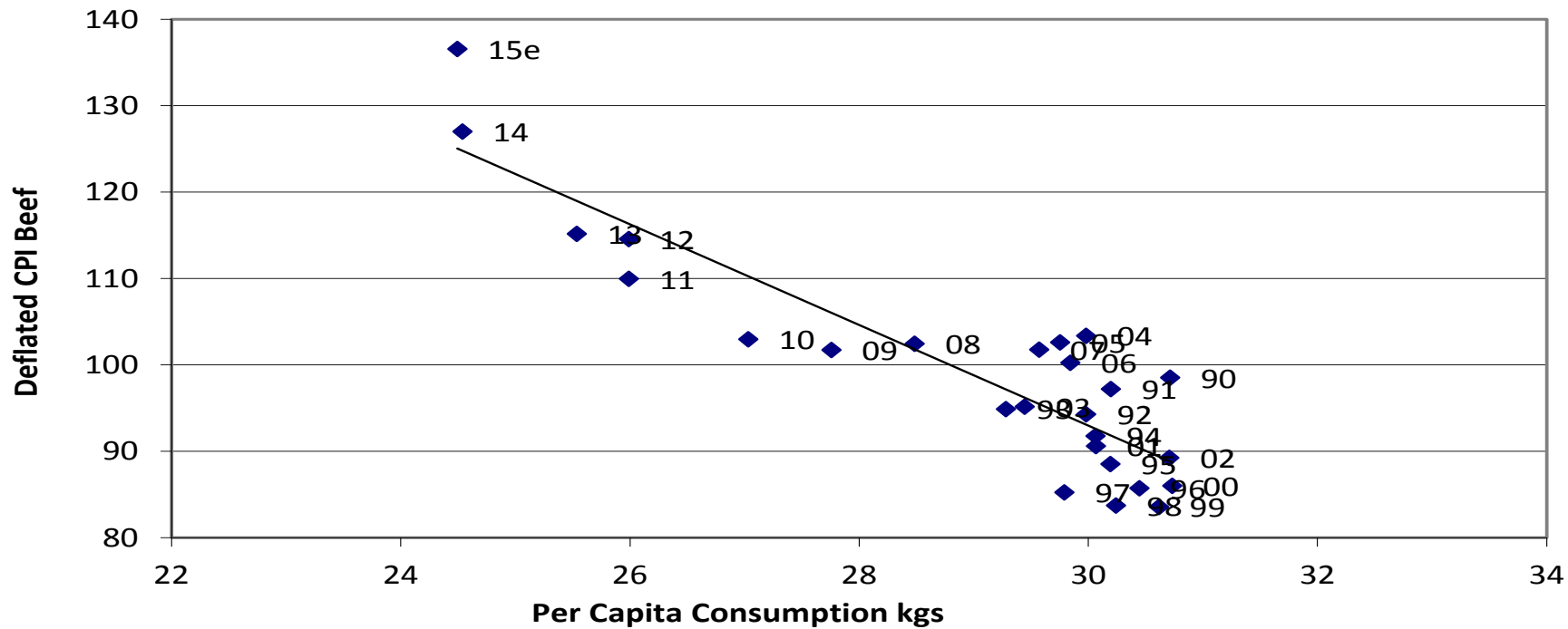
Packing Closures



- Cargill closure in 2013
- National Beef Closure in 2014
- Cow plant closures in 2015



U.S. Beef Demand



TIME

Eat Butter.

Scientists labeled fat the enemy. Why they were wrong

BY BRYAN WALSH



How do we

[HOME](#)[NEWS](#)[SPORTS](#)[UK SPORTS](#)[ENTERTAINMENT](#)[OPINION](#)[LIVING](#)[OBITUARY](#)[Local News](#) > **Crime**

Flying brisket injures woman during fight at Danville barbecue festival

BY JUSTIN MADDENjmadden@herald-leader.com September 14, 2015

Meat started flying at a Danville barbecue festival during a fight between grill masters; brisket was the weapon.

Danville police were called to the Kentucky State BBQ Festival at 10:15 a.m. Sunday after a woman was hit with a brisket during a fight, according to a police news release.

Mary Berry, 35, of Bardstown told police she was hit in the right shoulder, neck and head by a brisket whose temperature was estimated to be 200 to 250 degrees. She was working at the festival for Fire House BBQ, the news release said.

Berry was treated at the festival by Boyle County emergency crews.

The brisket allegedly was thrown by barbecue pit master Mike Owings, 42, of Cunningham after tempers flared between Owings and another barbecue pit master over the sharing of a cooker.

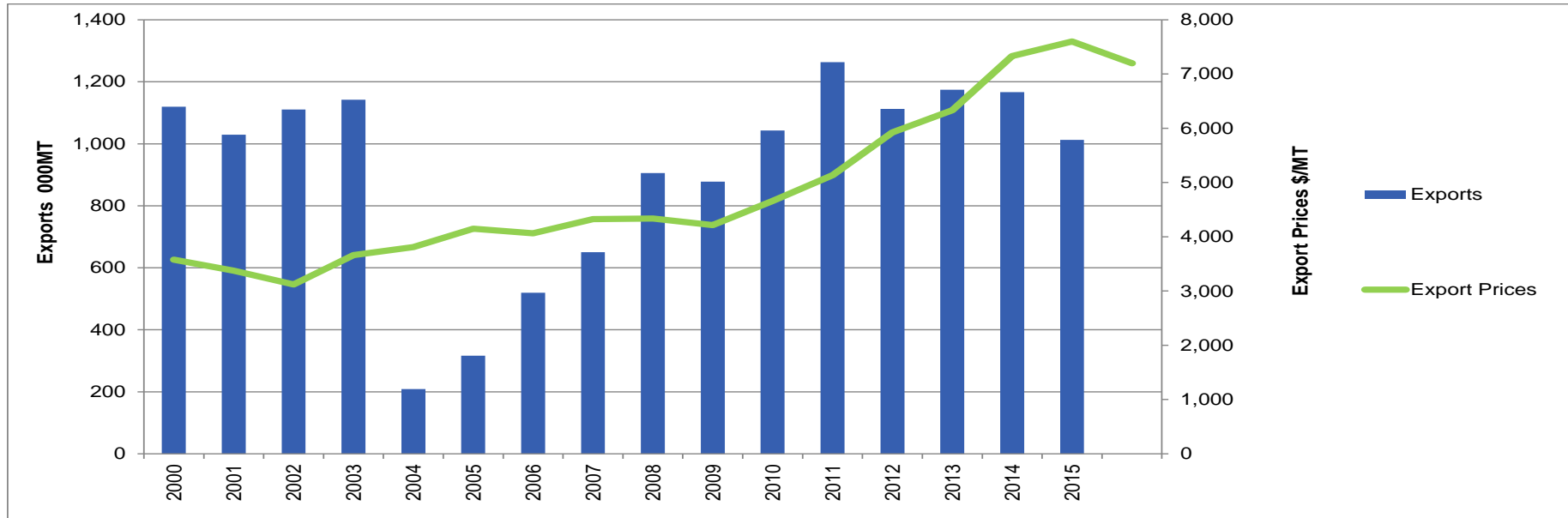


Mike Owings was charged with a meat-related misdemeanor.

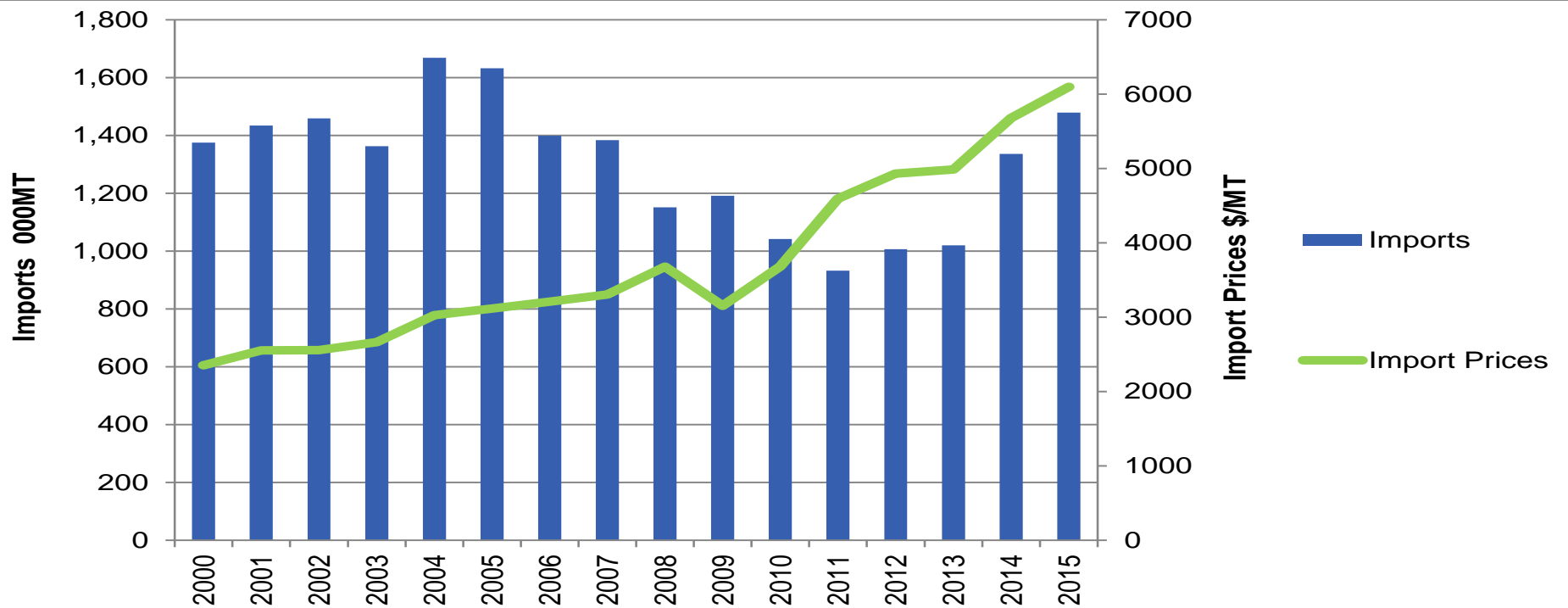
Nov. 9, 2015



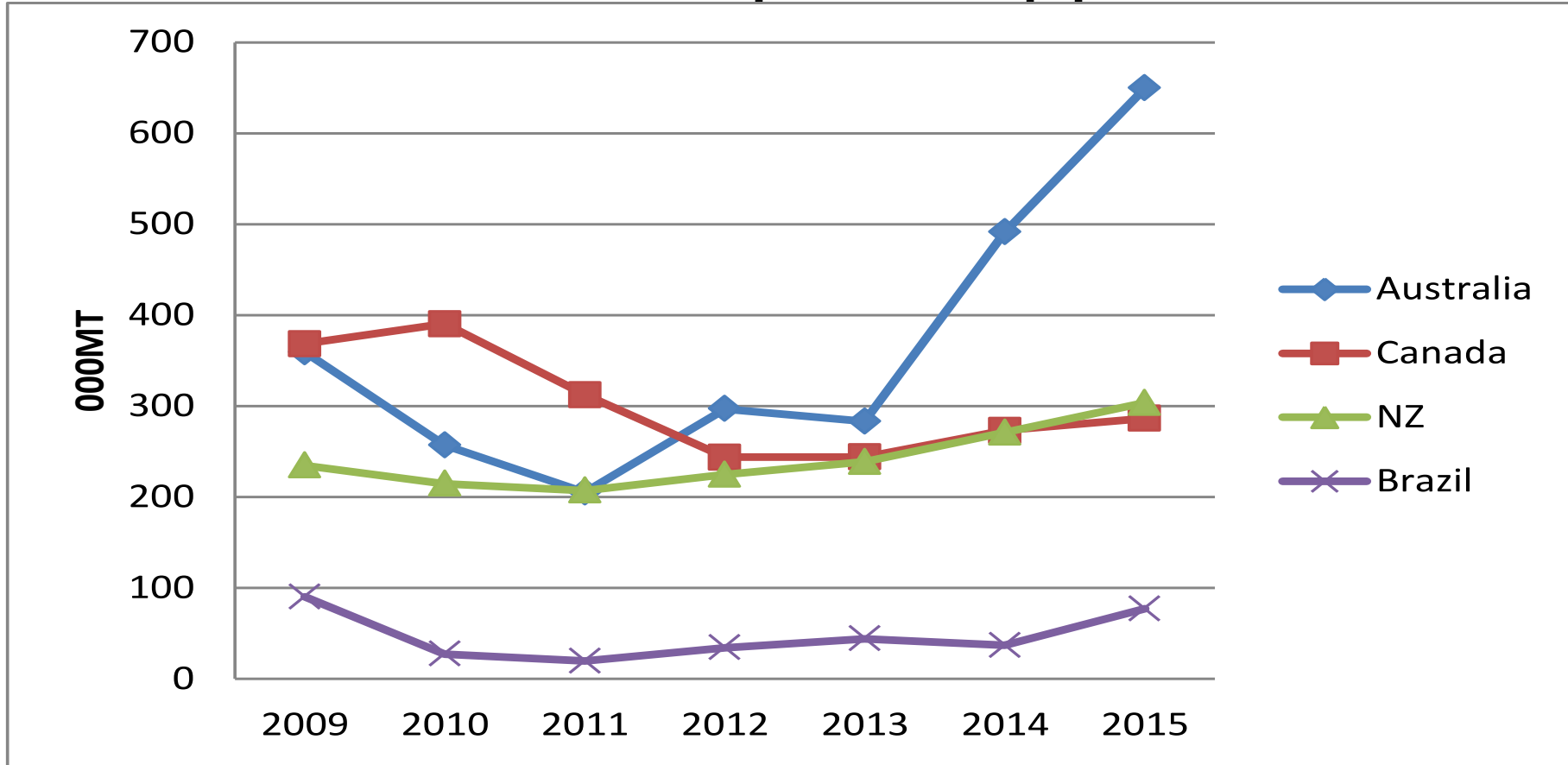
Exports



Beef Imports



Selected Import Suppliers



Bord Bia

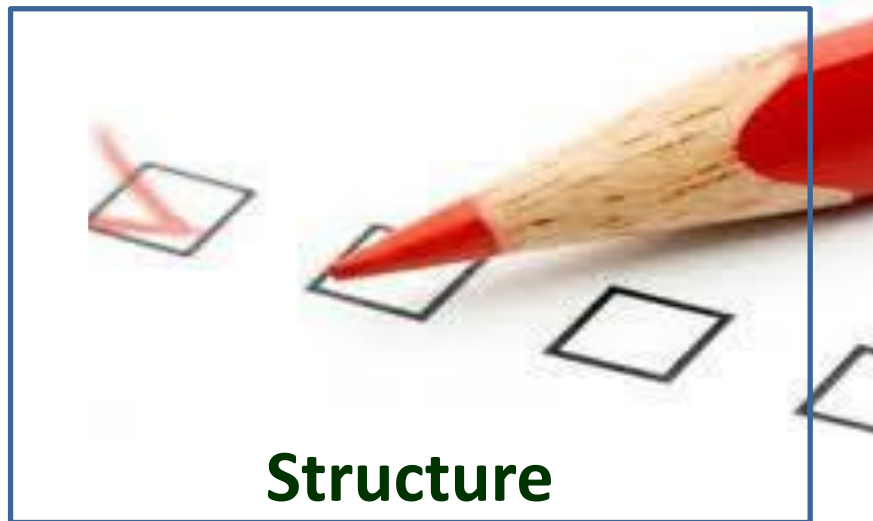
Irish Food Board



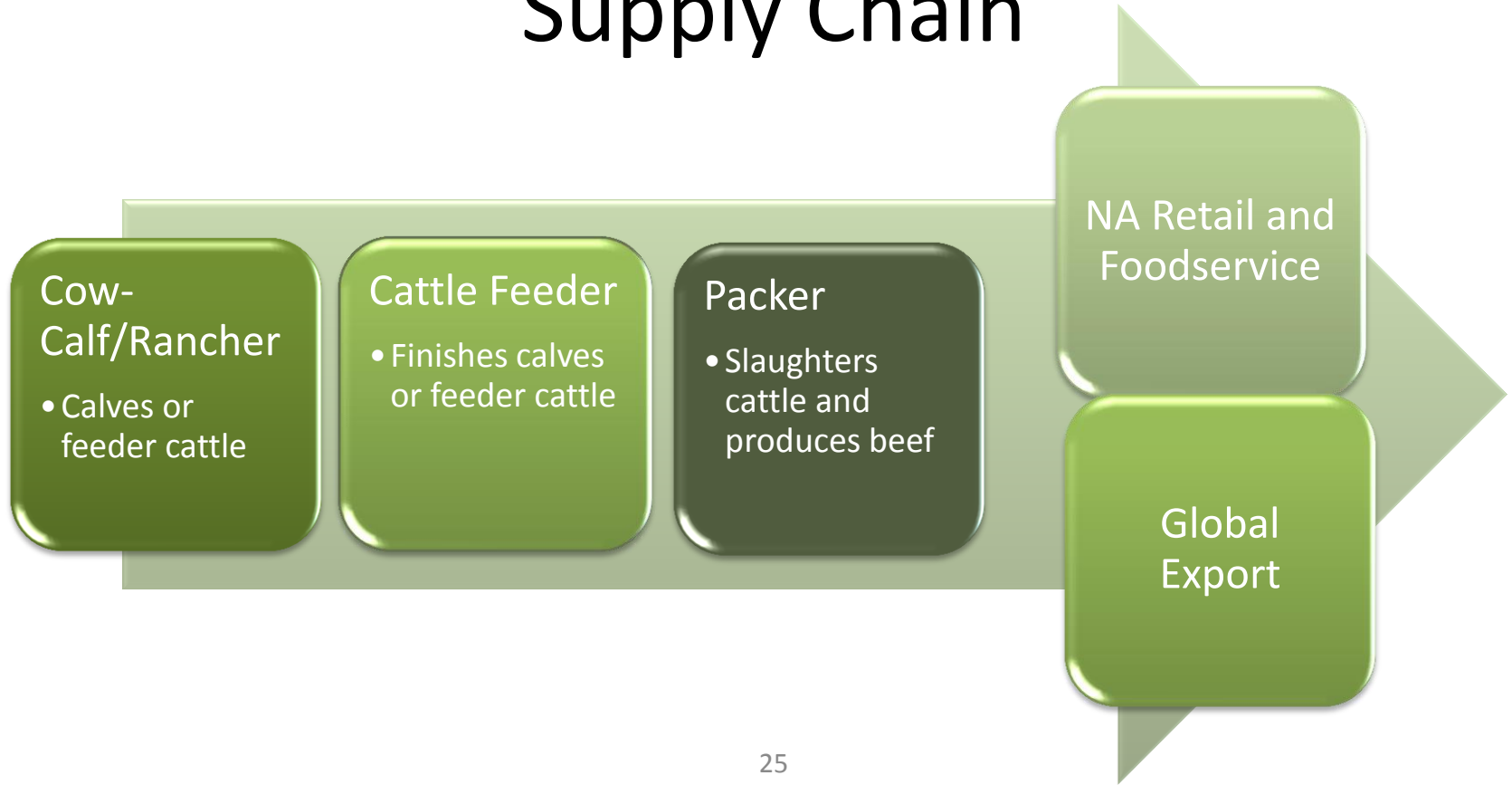
Trends Summary

Bord Bia

Irish Food Board

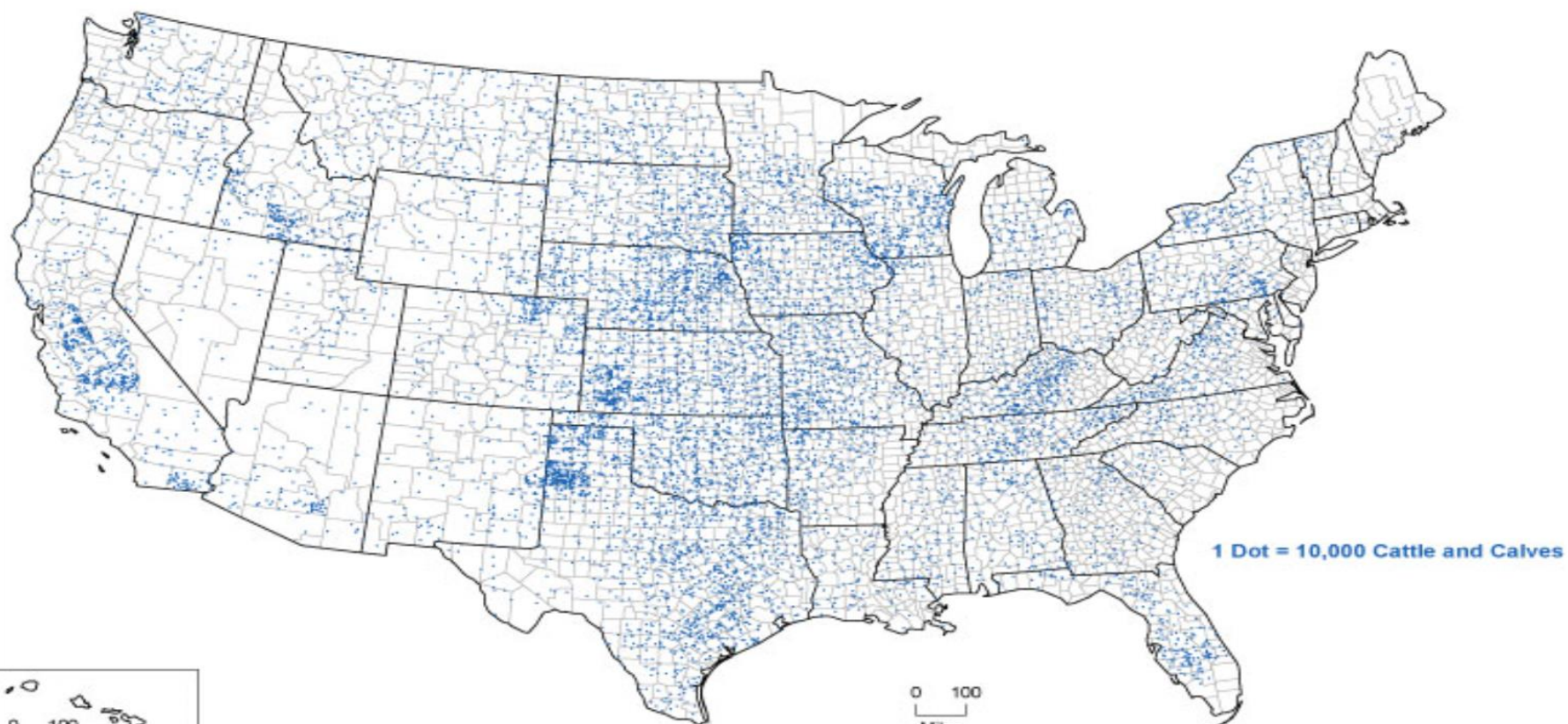


North American Cattle and Beef Supply Chain



Cow-Calf and Ranching Thousands of participants





Feedlots: Concentrated and Major Business Entities

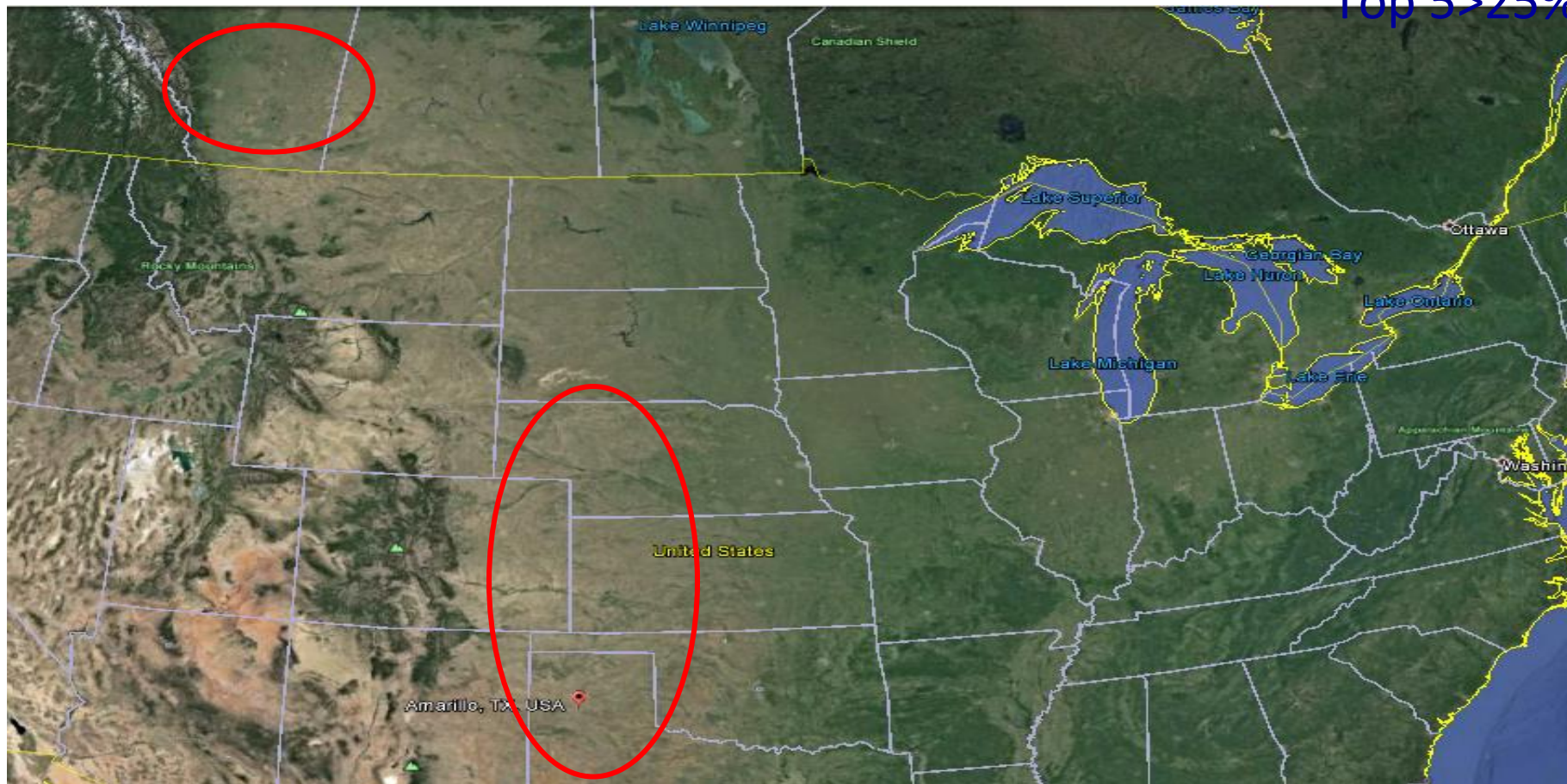


High Plains Cattle Feeding



Feedlots: Regional Concentration

Top 5 > 25%



Top 10 Feeders

| | COMPANY NAME | ONE TIME CAPACITY | NUMBER OF FEEDLOTS | 2014 MARKETINGS |
|----|--|----------------------|--------------------------|--------------------|
| 1 | JBS Five Rivers Cattle Feeding Greeley, Colo. | 930,000 | 11 | 1,800,000 est. |
| 2 | Cactus Feeders Amarillo, Texas | 527,000 | 9 | 1,000,000 est. |
| 3 | Cargill Cattle Feeders LLC (1) Wichita, Kan. | 300,000 | 4 | 800,000 est. |
| | Friona Industries LP Amarillo, Texas | 300,000 | 4 | 680,000 |
| 5 | Cattle Empire LLC (2) Satanta, Kan. | 245,500 | 5 | Not disclosed |
| 6 | Foote Cattle Company Bucyrus, Kan. | 233,000 | 5 | Not disclosed |
| 7 | J. R. Simplot Co. Boise, Idaho | 230,000 | 2 | Not disclosed |
| 8 | Irsik & Doll Cimarron, Kan. | 215,000 | 6 | Not disclosed |
| 9 | Four States Feedyards Lamar, Colo. | 195,000 | 8 | Not disclosed |
| 10 | Gottsch Livestock Feeders (3) Elkhorn, Neb. | 195,500 | 8 | Not disclosed |

Packers are large scale, concentrated...located
where the cattle are



| | Company Name | Head/day | Plants | 2014 Beef Sales Billion | 2014 Slaughter 000 |
|----|--------------------|----------|--------|-------------------------|-----------------------|
| 1 | Tyson Foods | 29,000 | 6 | 16,177 | 6,916 |
| | Springdale, Ark. | | | | |
| 2 | JBS USA (1) | 27,125 | 9 | 18000 (incl Australia) | 6,400 |
| | Greeley, Colo. | | | | |
| 3 | Cargill Beef | 23,000 | 6 | 12,300 | 5,500 |
| | Wichita, Kan. | | | | |
| 4 | National Beef | 12,000 | 2 | 7,832 | 3,100 |
| | Kansas City, Mo. | | | | |
| 5 | American Foods | 6500 | 4 | 3,200 | 1,600 |
| | Alexandria, Minn. | | | | |
| 6 | Greater Omaha | 2900 | 1 | 1,760 | 700 |
| | Omaha, Neb. | | | | |
| 7 | Nebraska Beef Ltd. | 2400 | 1 | 960 | 415 |
| | Omaha, Neb. | | | | |
| 8 | Caviness Beef | 1700 | 1 | 750 | 440 |
| | Hereford, Texas | | | | |
| 9 | AB Foods LLC. | 1500 | 1 | Not Disclosed | 403 |
| | Boise, Idaho | | | | |
| 10 | New Angus | 1500 | 1 | Not Applicable | Not Applicable |
| | Aberdeen, S.D. | | | | |

Top three: 65% share



Quality Grade Standards for Youthful Cattle

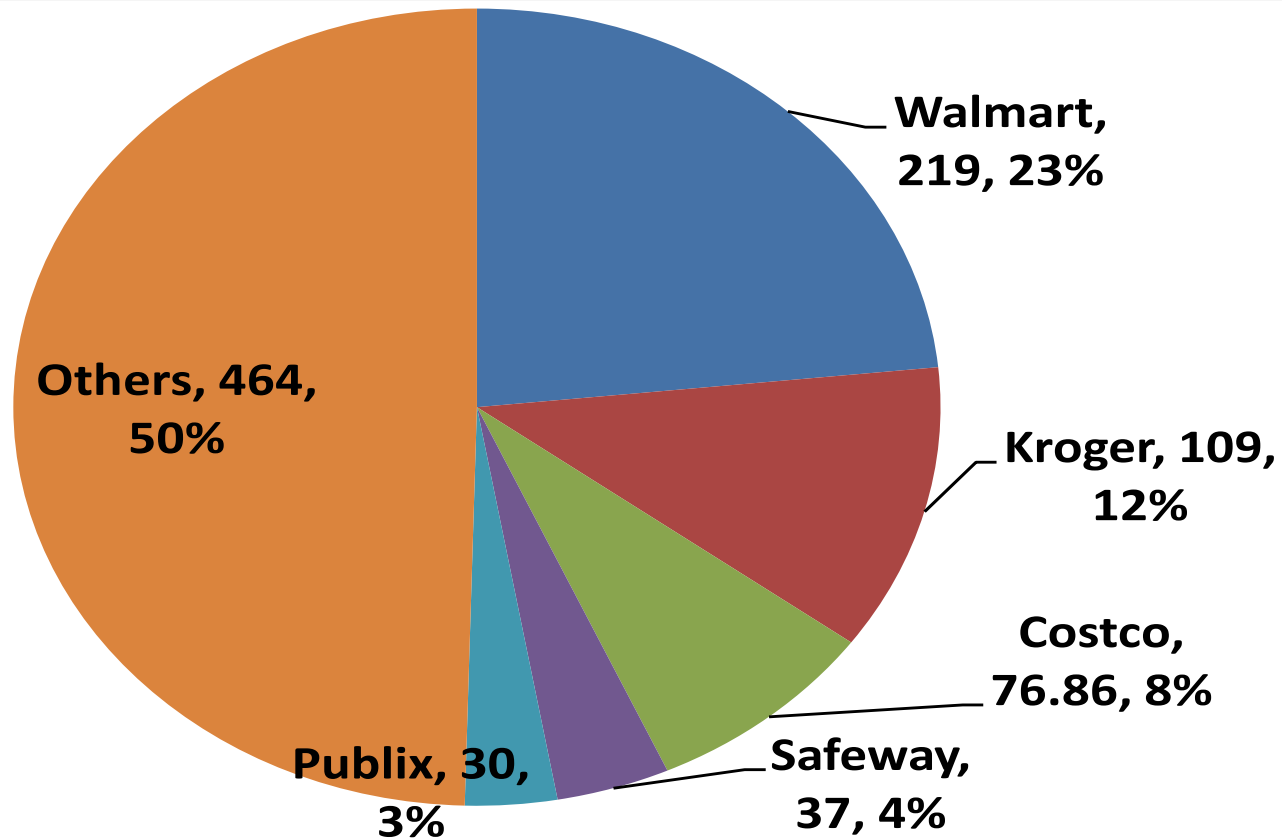
| GRADE | MARBLING* | MATURITY** | MEAT COLOR | FAT COLOR | MUSCLING | MEAT TEXTURE* |
|--------------------------|-------------------|----------------------|------------------------|-------------------------|-------------------------|-----------------|
| CANADA | | | | | | |
| Prime | Slightly abundant | Youthful | Bright red only | No yellow fat permitted | Good muscling or better | Firm only |
| AAA | Small | Youthful | Bright red only | No yellow fat permitted | Good muscling or better | Firm only |
| AA | Slight | Youthful | Bright red only | No yellow fat permitted | Good muscling or better | Firm only |
| A | Trace | Youthful | Bright red only | No yellow fat permitted | Good muscling or better | Firm only |
| UNITED STATES *** | | | | | | |
| Prime | Slightly abundant | Maturity class A & B | Light red | Yellow fat permitted | No minimum requirement | Moderately firm |
| Choice | Small | Maturity class A & B | Dark-cutters permitted | Yellow fat permitted | No minimum requirement | Slightly soft |
| Select | Slight | Maturity class A | Dark-cutters permitted | Yellow fat permitted | No minimum requirement | Moderately soft |
| Standard | Practically | Maturity | Dark-cutters | Yellow fat | No minimum | Soft |

North American Grain Fed Industry

Corn built the industry

- **WHY CORN FED INDUSTRY?**

- Corn supply
- It is just as economical to finish cattle on corn as to raise on grass.
- There would not be enough land in NA to raise all the cattle on grass.
- NA consumers have developed a taste for grain fed beef due to taste (requiring marbling) and tenderness;
- Grass beef has a different taste and requires different cooking methods.



Bord Bia

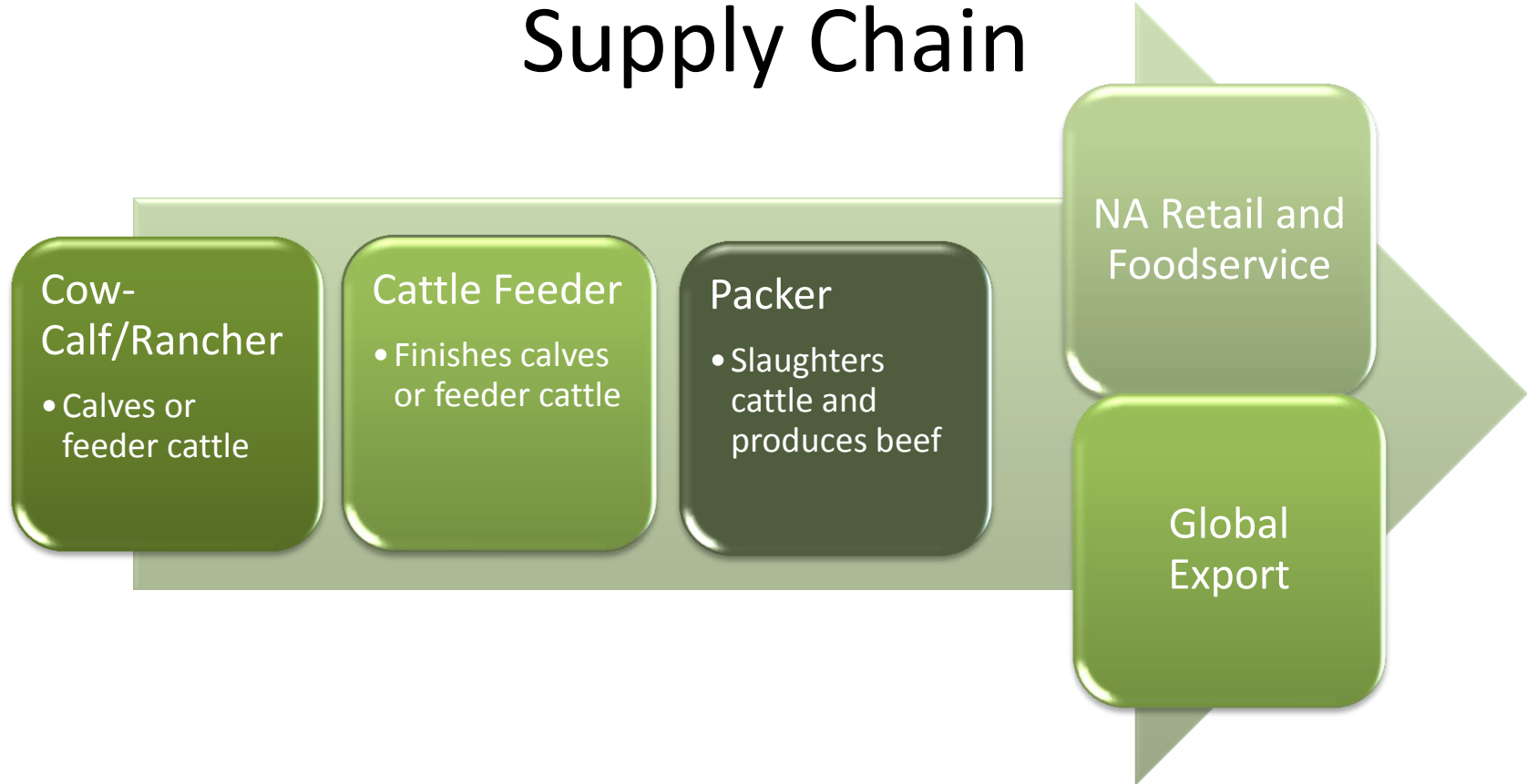
Irish Food Board



Structure Summary



North American Cattle and Beef Supply Chain



North American Cattle and Beef Supply Chain

Cow-Calf/Rancher

- Calves or feeder cattle

Cattle Feeder

- Finishes calves or feeder cattle

North American Cattle and Beef Supply Chain

Cattle Feeder

- Finishes calves or feeder cattle

Packer

- Slaughters cattle and produces beef

North American Cattle and Beef Supply Chain



Product Flow Decision...daily, weekly



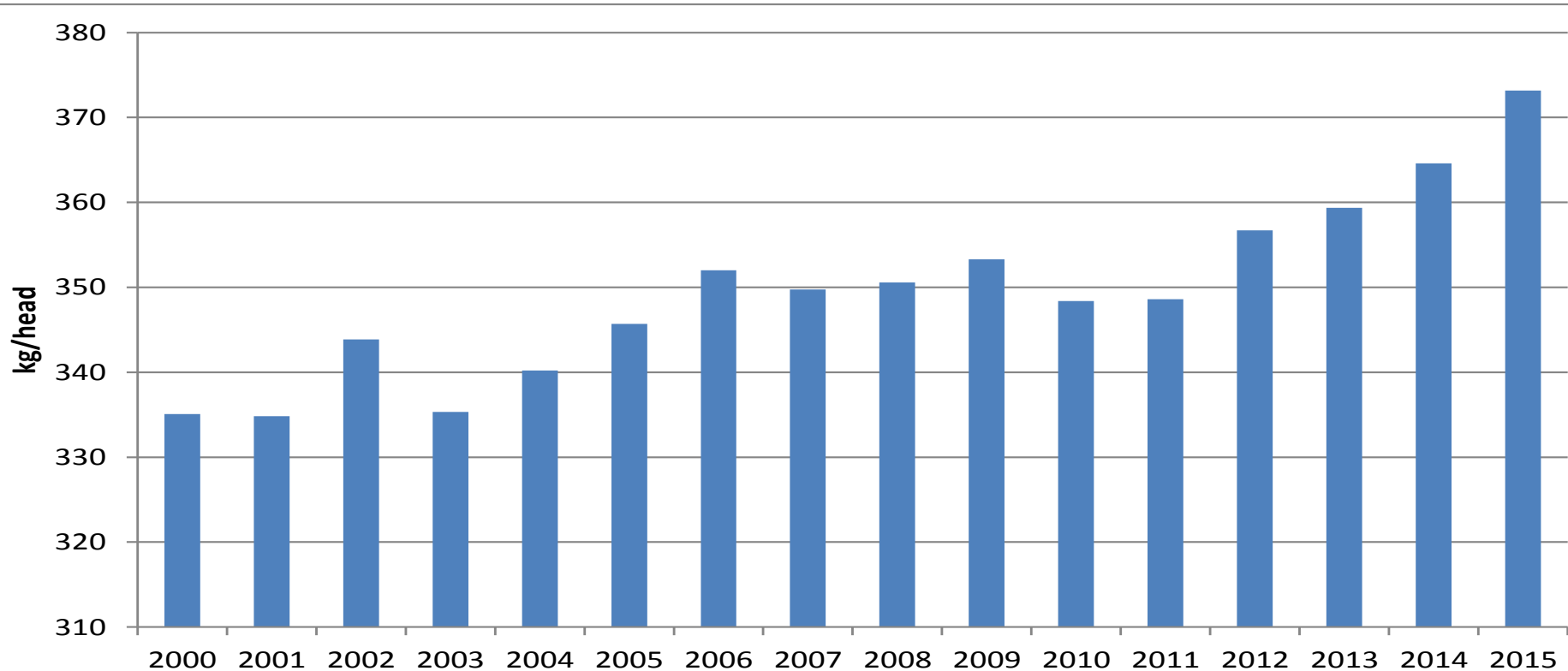
Commodity vs. value add

Strategic vs. opportunistic, LT vs ST

Margin vs. share

New vs. established, retain or acquire

Grocer Reaction to Carcass Weights...





Bord Bia

Irish Food Board



Profile/Insights



Canadian Cattle Buyer



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Make Informed Decisions

A 2 month free trial is
available on Kevin
Grier's Reports for all
attendees of the Meat
Prospects Seminar.

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Canadian Pork Market Review

ulting Inc.
ns



Canadian Chicken Market Review

Kevin Grier

Market Analysis and Consulting Inc.

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Canadian Boxed Beef Report



Kevin Grier

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