



# TRANSFORMING U.S. PIG PRODUCTION

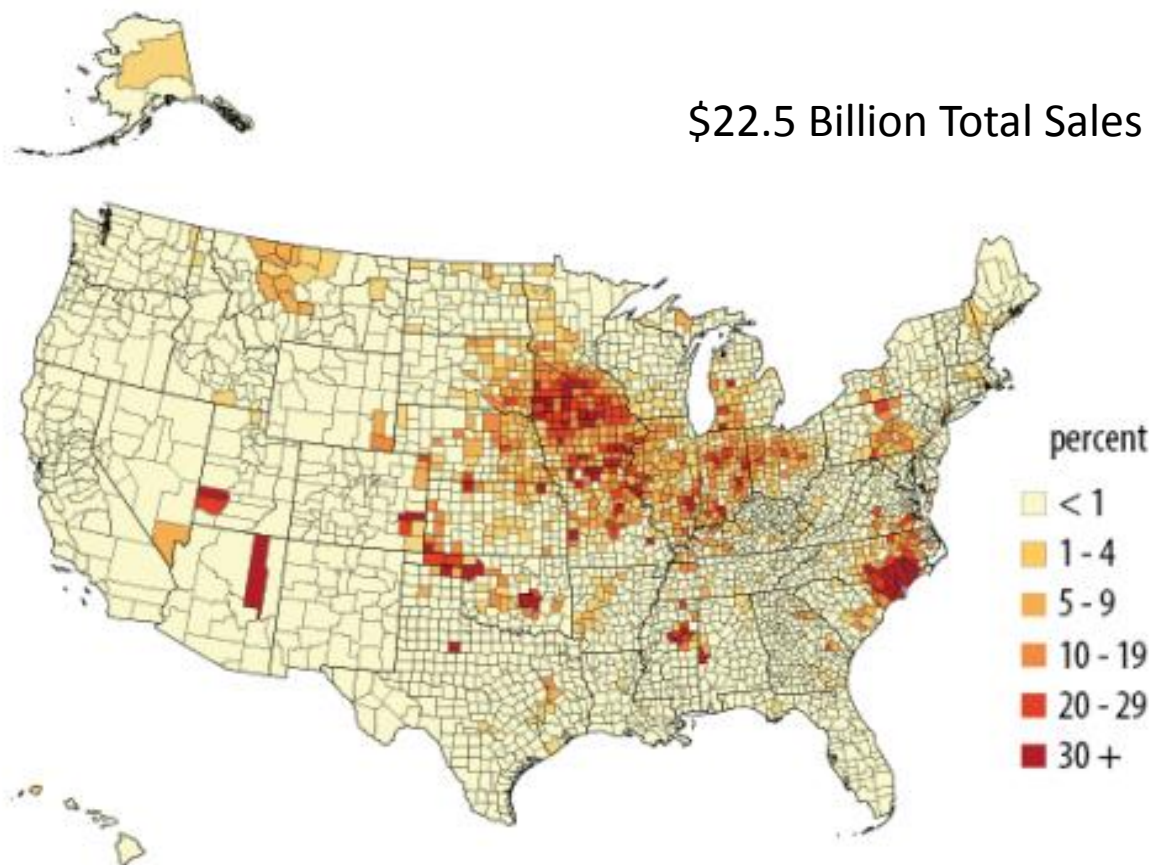
*Dr. Bradley Wolter, President*

*October 23, 2018*

*Progressive Farming. Family Style.*

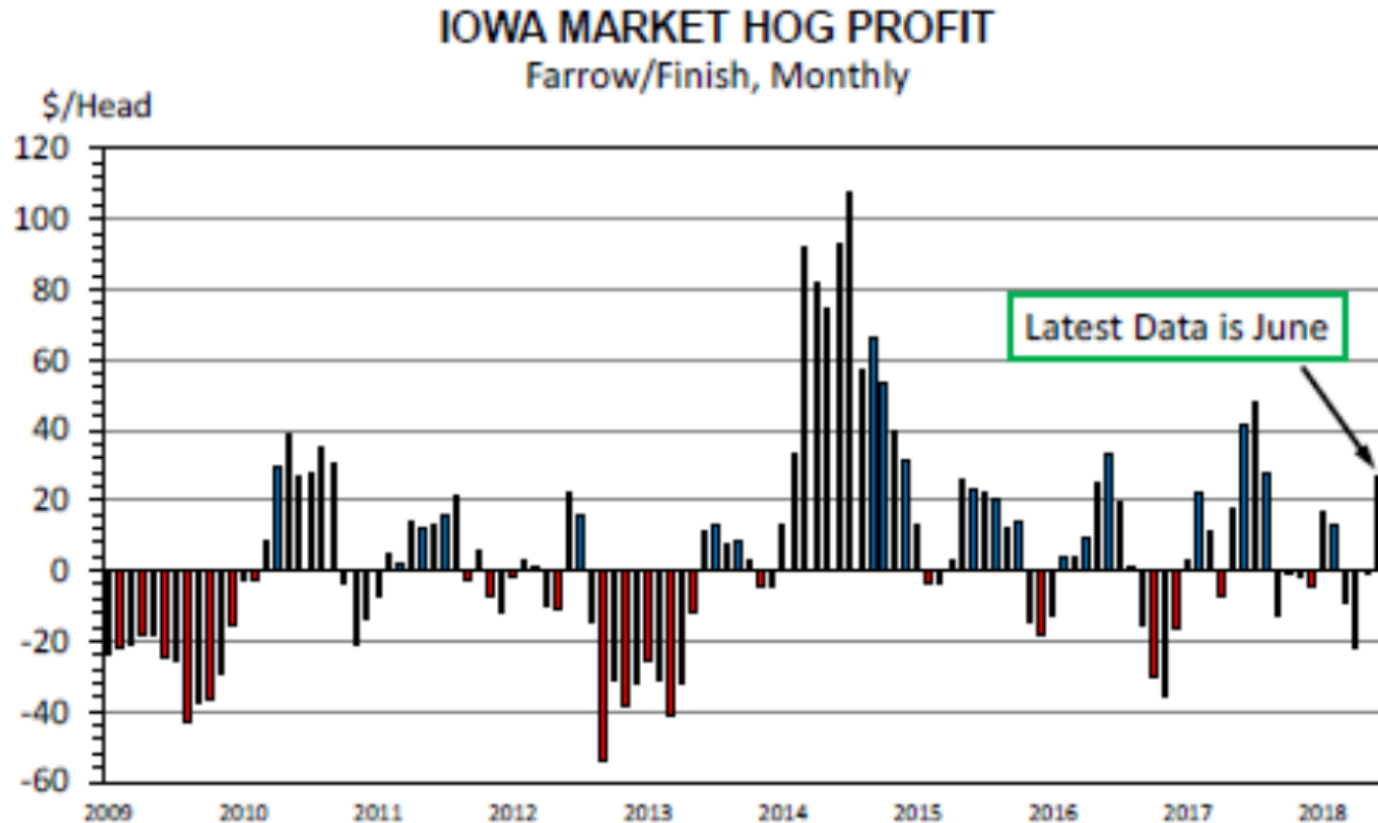
# THE U.S. PIG INDUSTRY

## Hog and Pig Sales as Percent of Agriculture Sales, by County, 2012



Source: USDA NASS, 2012 Census of Agriculture.

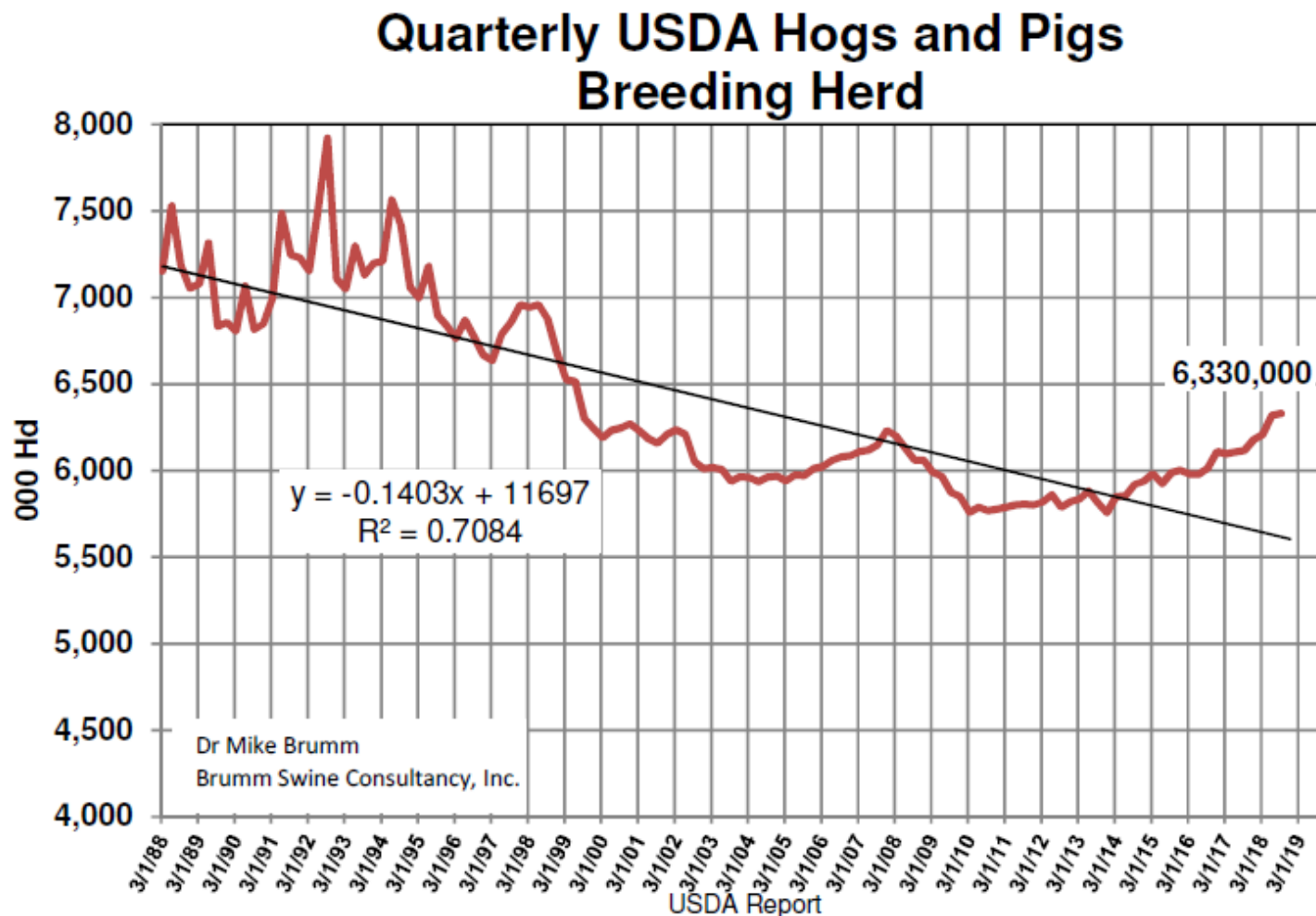
# PROFITS ENABLED FINANCIAL EQUITY



Data Source: Iowa State University

Livestock Marketing Information Center

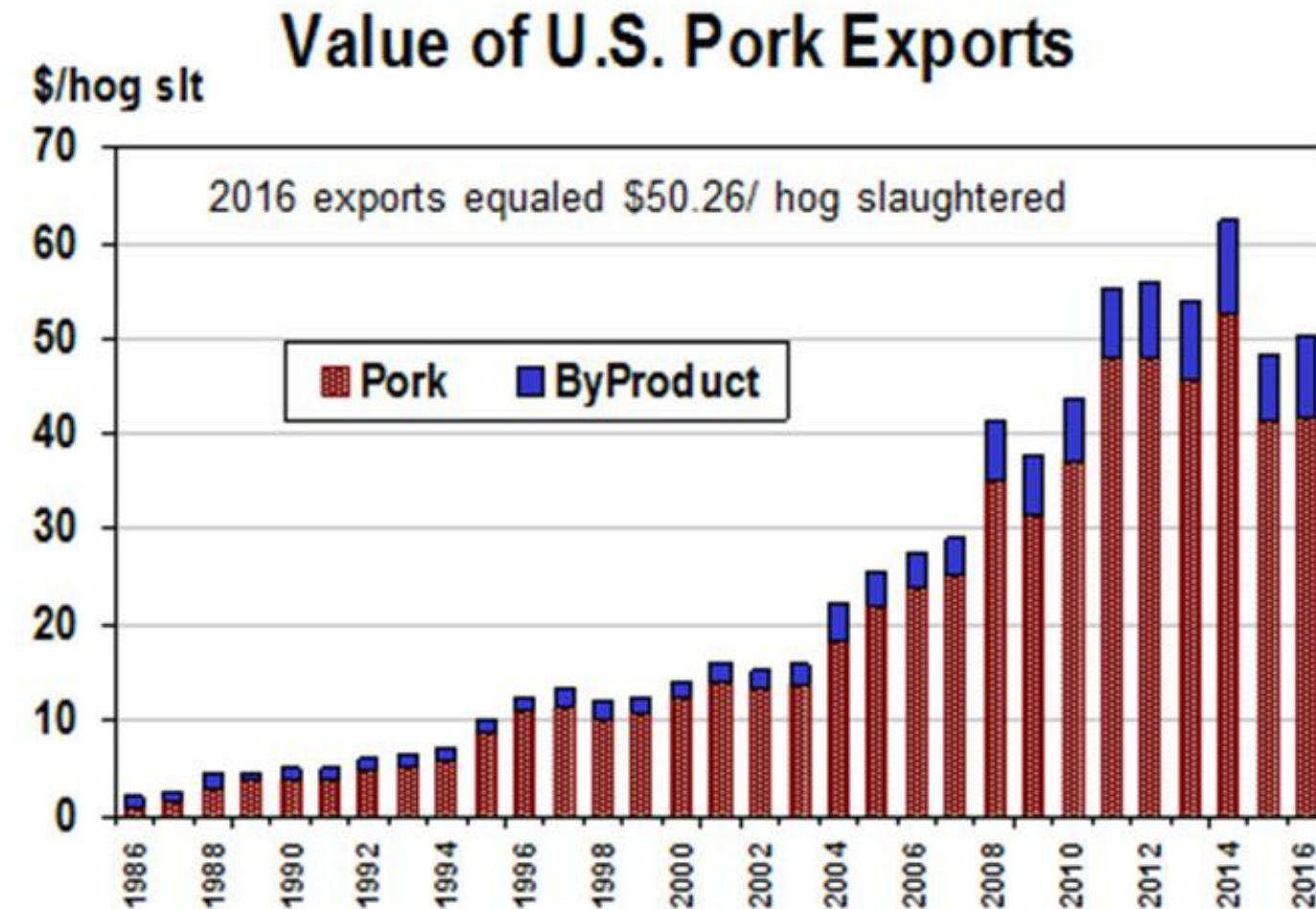
# SIGNIFICANT GROWTH UNDERWAY



# RE-ALIGNMENT OF U.S. SUPPLY CHAIN

- Rapidly consolidating input providers (genetics, feed, health)
- Large, cooperative and professionally managed sow farms (> 10,000 sows/farm)
- Increasing packer ownership of growing pig production capacity
- Increasing producer ownership of harvest and processing plants
- Decreasing price transparency within supply chain with increased formula derived value

# INDUSTRY IS ASPIRING EXPORTER

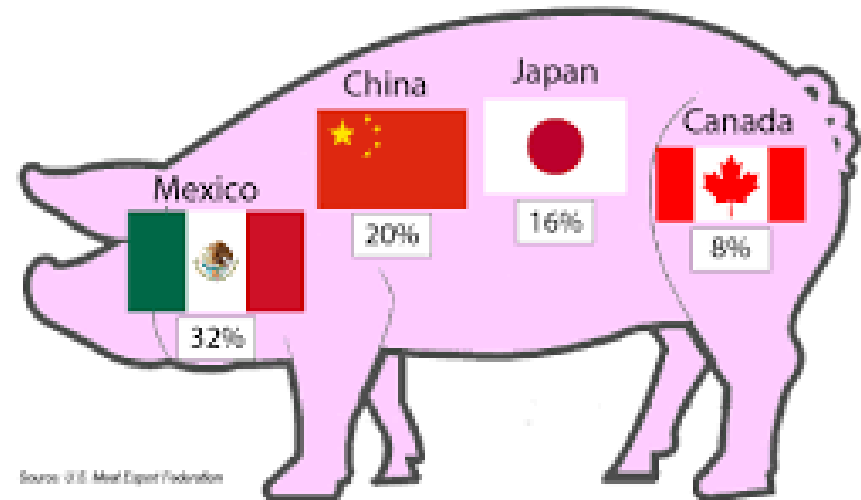


Source: U.S. Meat Export Federation

# U.S. PORK EXPORT MARKETS



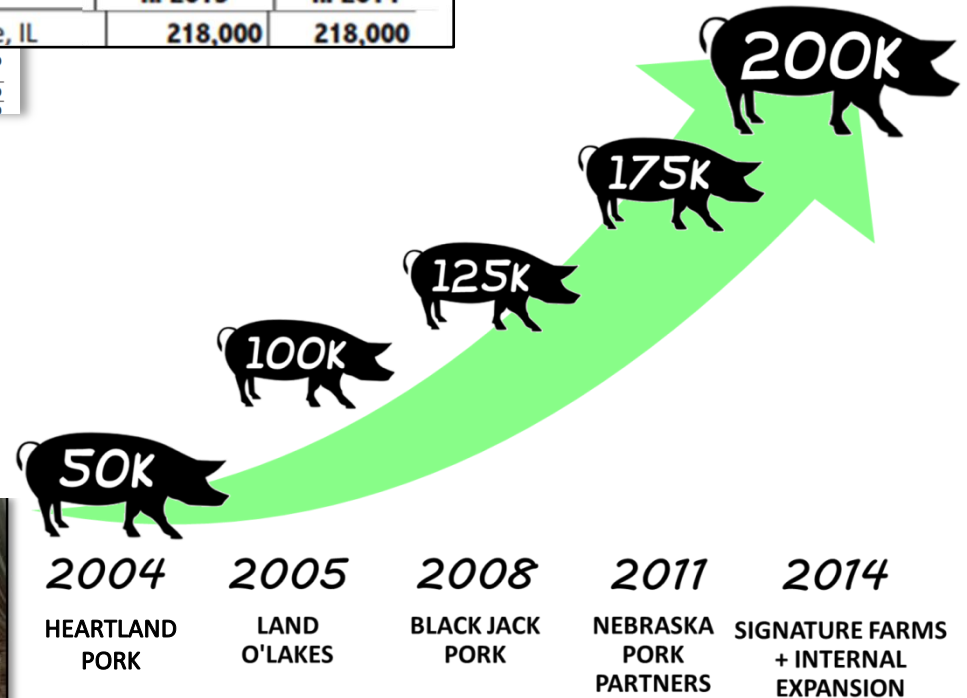
U.S. Pork Exports 2017  
Total Metric Tons: 2,449,159



# THE MASCHHOFF'S GROWTH...

## Top 25 U.S. Pork Powerhouses® 2015

2015 Ranking	Company/Headquarters			# of Sows In 2015	# of Sows In 2014
1	Smithfield Foods/WH Group/Smithfield, VA/C Poland; 49,000 in Romania; worldwide: 1,135	3	The Maschhoffs/Carlyle, IL	218,000	218,000
2	Triumph Foods/St. Joseph, MO (Christensen Farms: 170,000 sows; Allied Producers' Cooperative: 95,500; New Fashion Pork: 37,500)			445,500	407,500
3	The Maschhoffs/Carlyle, IL			218,000	218,000
4	Seaboard Foods/Shawnee Mission, KS			217,000	217,000



2004-2014

1851-1990

2017

# THE MASCHHOFFS OVERVIEW



We are  
**PROGRESSIVE FARMING.  
FAMILY STYLE.**

- 5<sup>th</sup> Generation Family-Owned
- HQ in Carlyle, IL
- Largest Network of Family-Owned Pig Farms in North America
  - Approx. 750 production sites and 550 family farm partners
- About 5 Million Market Pigs to 4 Customers
- Decentralized Operations Span 9 States
  - About 1,200 employees
  - 204,000 sows

# PROGRESSIVE FARMING. FAMILY STYLE.

To create sustainably superior ROI by engaging our people and partners, serving our customers, and innovatively operating our business responsibly and with discipline.

- **People & Partners:** We value and respect our employees and partners.
- **Good Animal Husbandry & Stewardship.** We are committed to providing the best care of our animals and nature's resources.
- **Innovation:** We are dedicated to business innovation and continued improvement through knowledge and discipline.
- **Customer Focus.** We strive to continually exceed the expectations of our customers.

To be the high value, cost-efficient anchor supplier of hogs to U.S. pork packers and processors.

# ENGAGED LEADERS & PEOPLE



**Maschhoff Family  
Foods Board**

**Ken Maschhoff – Chairman**

Julie Maschhoff  
Dave Maschhoff  
Karen Maschhoff  
Jason Logsdon



**DR. BRADLEY WOLTER**  
President



**JEFF DIESEN**  
Chief  
Financial  
Officer



**PAUL  
FOX**  
Chief  
Operating  
Officer



**DR. CLINT  
SCHWAB**  
Vice President  
Science &  
Technology



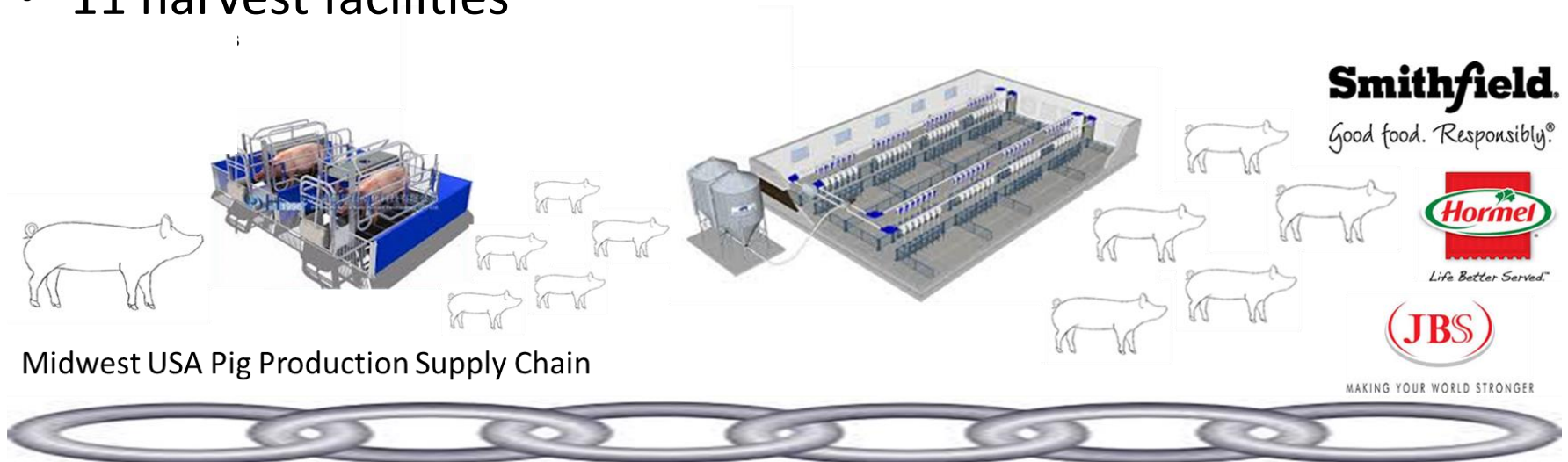
**MORGAN  
DUGAN**  
Vice President,  
Supply Chain



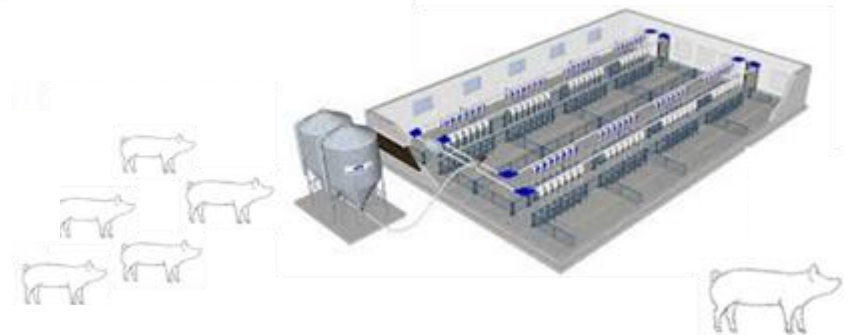
**RICH HOLLIS**  
Vice President,  
People Strategy  
and Resources

# MIDWEST U.S. PIG PRODUCTION

- 5 million pigs marketed per year
- 750 pig farms
- 2 M tons of feed per year
- 11 harvest facilities



# DECENTRALIZED OPERATIONS MODEL



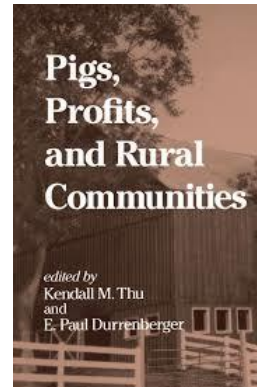
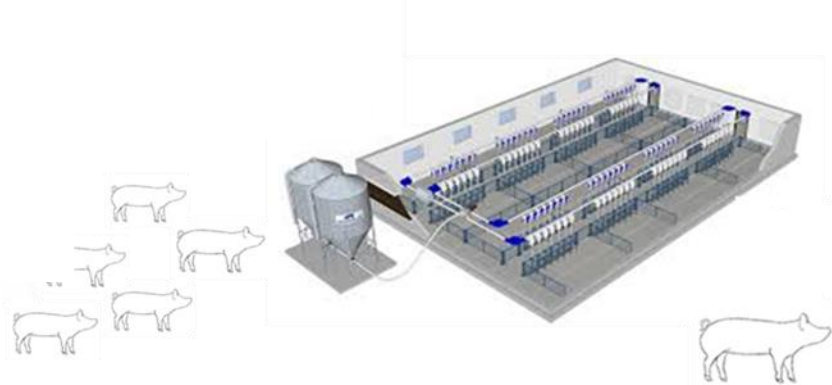
# STRATEGIC OBJECTIVES FOR SOW FARMS

- Bio-secure
- Genetic improvement and multiplication
- Company owned sow farms
  - Build new
  - Strategically acquire
- Reduced labor dependency
- Improve pigs/sow/lifetime
- Enhance whole-herd feed conversion



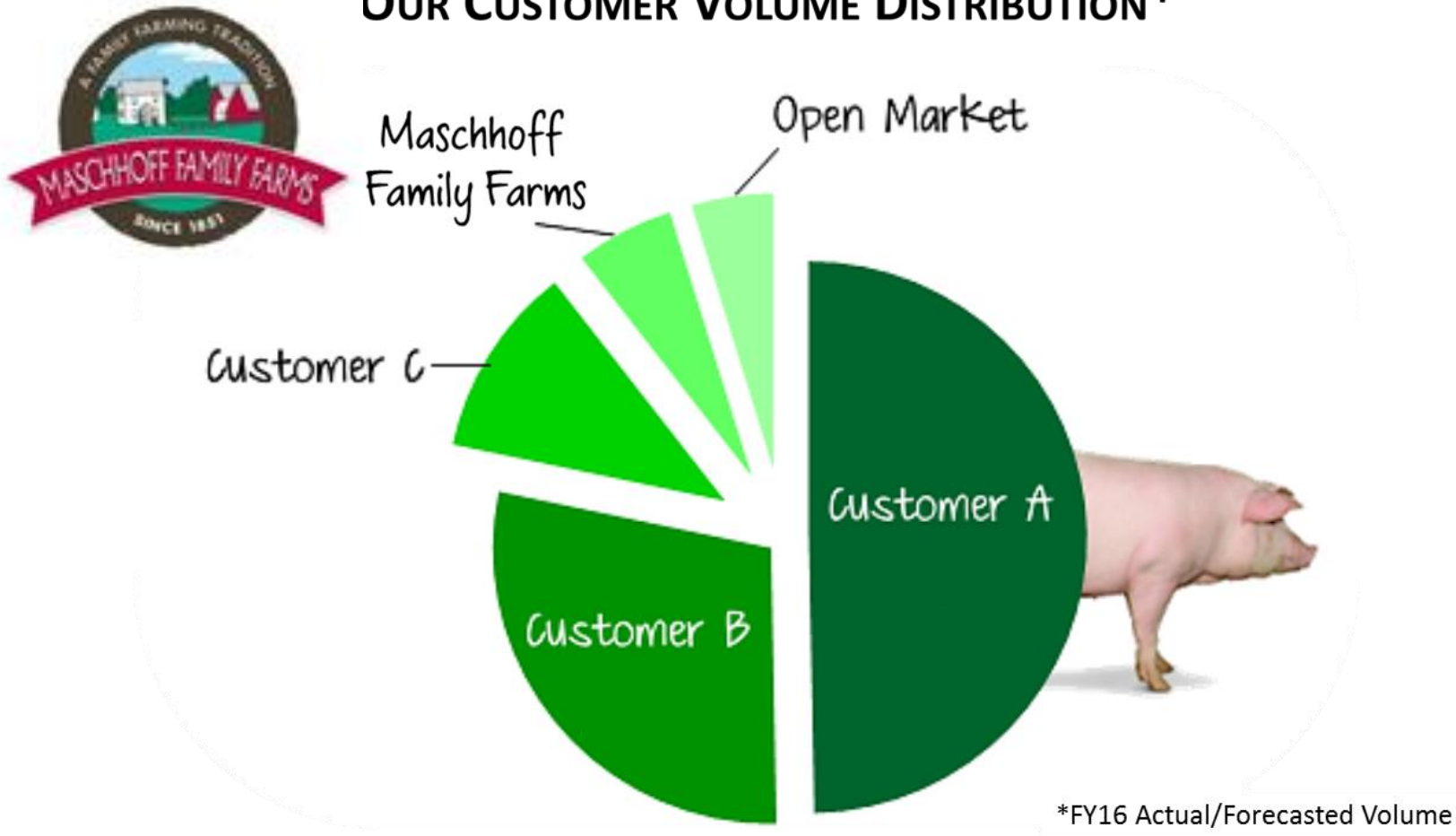
# STRATEGY FOR PIG GROWING SYSTEM

- Geographically relevant, efficient footprint (i.e., customer, pig & feed flow)
- Partner-franchised business model
- Timely, relevant reporting of results
- Remote measurement and data sharing for automation
- High standards of animal care that are validated
- Enhanced community partnership and involvement



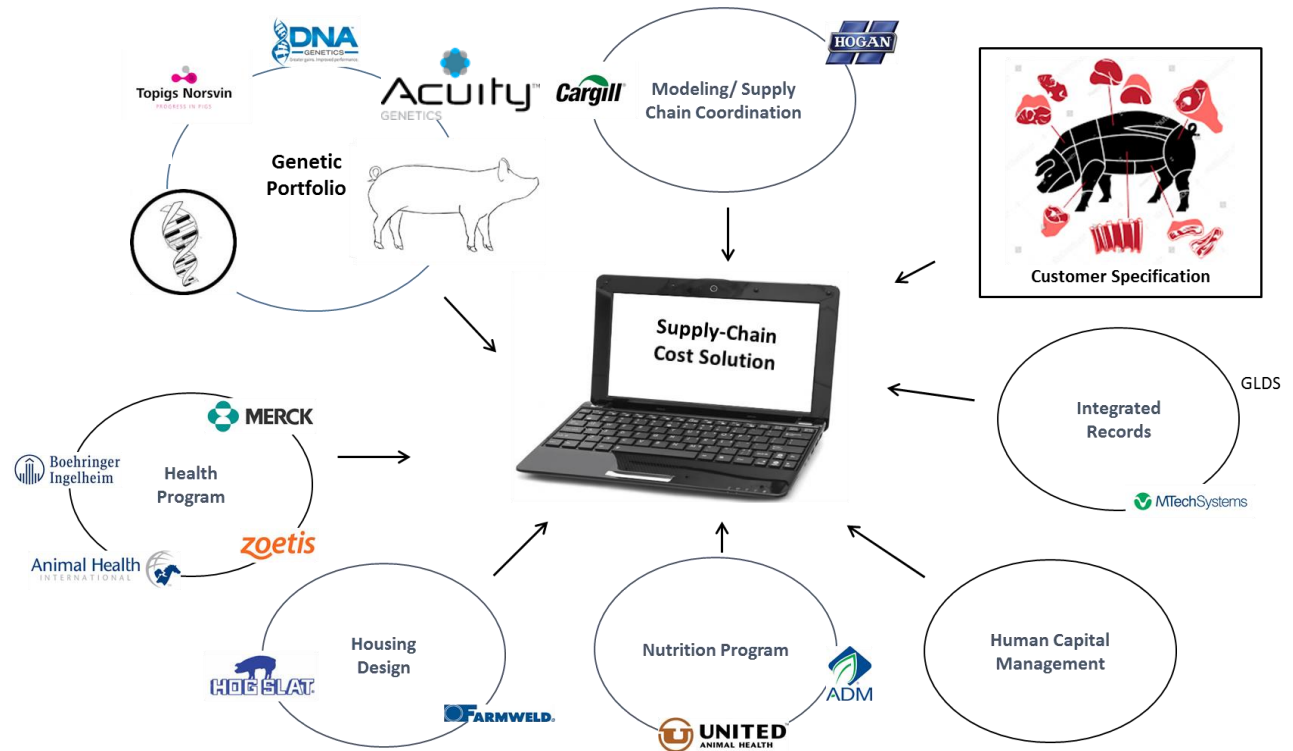
# FOCUSED ON OUR CUSTOMERS

## OUR CUSTOMER VOLUME DISTRIBUTION\*



# ... AND COST SOLUTION INNOVATION


- Customer-centric cost innovation leader
- Capacity for customizing pig growth to profit optimum
- Industry leading health management system
- Proprietary bio-information system
- Total Quality Management Enabled



# CHALLENGES TO OUR BUSINESS

- Lack of workforce constraining operations
- Inflation of inputs used to build new facilities
- Increasing pig concentration in Midwestern US
- In-elastic bio-energy demand for feed grain
- Government regulation of new facilities
- Reliance on international markets
- Reduced access to therapeutic pharmaceuticals
- Risk of foreign animal disease
- Community acceptance of expanding operations
- Emerging alternative, non-animal based proteins

# TRANSPARENCY AS A SOLUTION

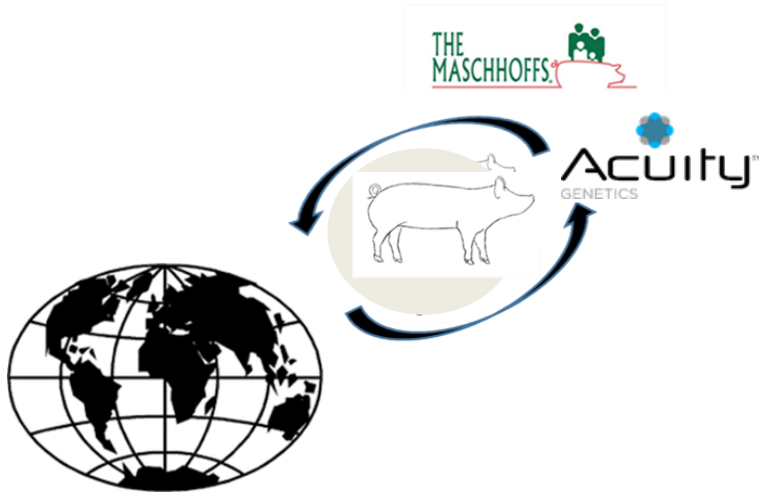
- 
- 1 *Tell* vs. sell your story.
  - 2 *Respect* people's choice and NOT focus on who's right or wrong.
  - 3 Focus on *the issue*, not the extreme, and be fearless with the facts.
  - 4 Respond with *speed* and *bravery*.
  - 5 See it through *their eyes*.

# OUR FARM-TO-TABLE EXPERIENCE





















































[www.themaschhoffs.com/process](http://www.themaschhoffs.com/process)

# LEADERSHIP IN GLOBAL PIG PRODUCTION



## #12 in the world in pig production

Company	Country	Estimated # of Sows	Description
Smithfield Foods/ WH Group	United States	1,231,000	As the world's largest pork processor and hog producer, the company is committed to providing good food in a responsible way. Smithfield is a global packaged meats company, with farms, facilities and offices in North America and Europe.  
Wens	China	1,100,000	Wens was established by seven farmers as a broiler chicken business in Xinxing County of Guangdong Province in 1983. It is recognized as the largest broiler and pork producer in China, selling 819 million chickens and 17 million pigs in 2016.  
CP Foods	China, Thailand, Vietnam	800,000	CP Foods is a vertically integrated system from farm to table, operating in China, Vietnam and Thailand. The four main components of its business are feed, farming, food production and retail.         
Muyuan	China	550,000	Muyuan Foodstuff Co. Ltd., established in 1992, specializes in hog production. With headquarters in Niexiang of Henan Province, it has multiple large-scale hog farms across the country. The company was listed in Shenzhen Stock Exchange Market in 2014. About 3 million hogs were produced by the company in 2016. 
Triumph Foods	United States	445,500	Triumph Foods LLC was organized in 2003 by a group of the largest U.S. independent pork producers. Their goal was to create a pork processing operation capable of recognizing the benefits of an integrated business model. The company began processing operations in 2006 in St. Joseph, Mo., where it is headquartered.  
BRF	Brazil	380,000	BRF, the world's biggest food company, was created from the association between Sadia and Perdigao, two giants of the food market. It is a global leader in exporting animal protein and producing foods that reach more than 150 countries in five continents.     
Seaboard Foods	United States	325,000	Seaboard Foods is an integrated food company producing premium pork products for domestic and international markets. Triumph Foods purchased a 50% interest in Daily's Premium Meats, the processed meats division of Seaboard Foods.   
Cooperl	France	251,000	Cooperl is a private agricultural cooperative, headquartered in Bretagne, France. The company was founded in 1966 by 24 farmers. As the leading integrated pork producer in Europe, it has aggressively invested in specialized pig production.   
Pipestone System	United States	250,000	Since 1942, Pipestone Veterinary Services has provided quality care to animals large and small. Pipestone System shareholders are Midwest farmers who share values in supporting the family, promoting animal care and bringing the next generation back to the farm. 
Zhengbang	China	220,000	Founded in 1996, Zhengbang is a leading national ag industrialization enterprise with headquarters in Nanchang City of Jiangxi Province, China. It is one of the subsidiaries of Zhengbang Group.   
Iowa Select Farms	United States	215,000	Iowa Select Farms is the largest pork producer in Iowa and the eighth largest in the United States. It was founded and is privately owned by Iowa Falls natives Jeff and Deb Hansen. With nearly 700 swine farms across the state, Iowa Select Farms is one of the leading economic engines to Iowa's rural communities. 
The Maschhoffs	United States	213,000	The Maschhoffs LLC, headquartered in Carlyle, Ill., is one of the largest family-owned hog production networks in North America. The Maschhoffs partner with nearly 550 family farmers across the Midwest, collectively producing enough pork to feed more than 16 million consumers annually.  
Vall Co.	Spain	213,000	Vall Co. is a leading Spanish family-owned agri-food group founded in 1950. The company has developed a unique integrated model, in which farmers provide facilities and labor.       
COFCO	China	180,000	COFCO was originally founded as a state-owned grain and oil trader in 1949. The company advanced as the leader in grain and oil products in China, creating a wholly new business model to build a fully integrated value chain from farmland to table.    
Prestage Farms	United States	175,000	Bill and Marsha Prestage founded Prestage Farms in 1983. Through extensive knowledge of animal production, vast practical experience and uncompromising commitment to customer satisfaction, Prestage Farms is dedicated to continuing the legacy established to remain as an industry leader in pork and turkey production.     



**Dr. Bradley Wolter**  
PRESIDENT

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