

Managing Success During Market Turmoil

February 19, 2021

Gabriel Sevilla

Vice President Global Sales & Marketing



Proliant Dairy - Part of Lauridsen Group, Inc. (LGI)



Proliant
DAIRY INGREDIENTS

What Does Proliant Dairy Do?

- Concentrates and dries whey and milk permeate for food (**VersiLac®**) and animal feed (**Proliant® 1000**) applications.

2019 Volume

• 45,000 MT

2021 Volume
(Est.)

• 110,000 MT

Total Employees

• 60

Sites

• 2

Melrose, MN Plant

- Commissioned in 2008
- Volume: 45,000 MT



St. Johns, MI Plant

- Investment: \$85 Million
- Volume: 65,000 MT
- Employees: 30
- Glanbia, Dairy Farmers of America, Select Milk Producers
- Largest permeate dryer in the world



Technological Resources



the
lab
LGI ADVANCEMENT
BUILDING

- 20,600 square feet
- Conference & training rooms
- Commissioned in 2012
- Culinary test kitchens
- Center for customer collaboration
- Two pilot plant resources
- 8 research & development laboratories
- Research & application teams

Proliant
DAIRY INGREDIENTS

Quality & Innovation

- Leader developing permeate food mkt
- Quality
 - Product
 - Team
 - Logistics & distribution
 - R&D
 - Customer service



VersiLac® Certifications

- SQF Level 2
- Kosher
- Halal
- GMO Free



“WHEN NOTHING IS
SURE, EVERYTHING IS
POSSIBLE.”

Margaret Drabble

“Fear, uncertainty and
discomfort is your compass
toward growth.”

Unknown

Expect the Unexpected

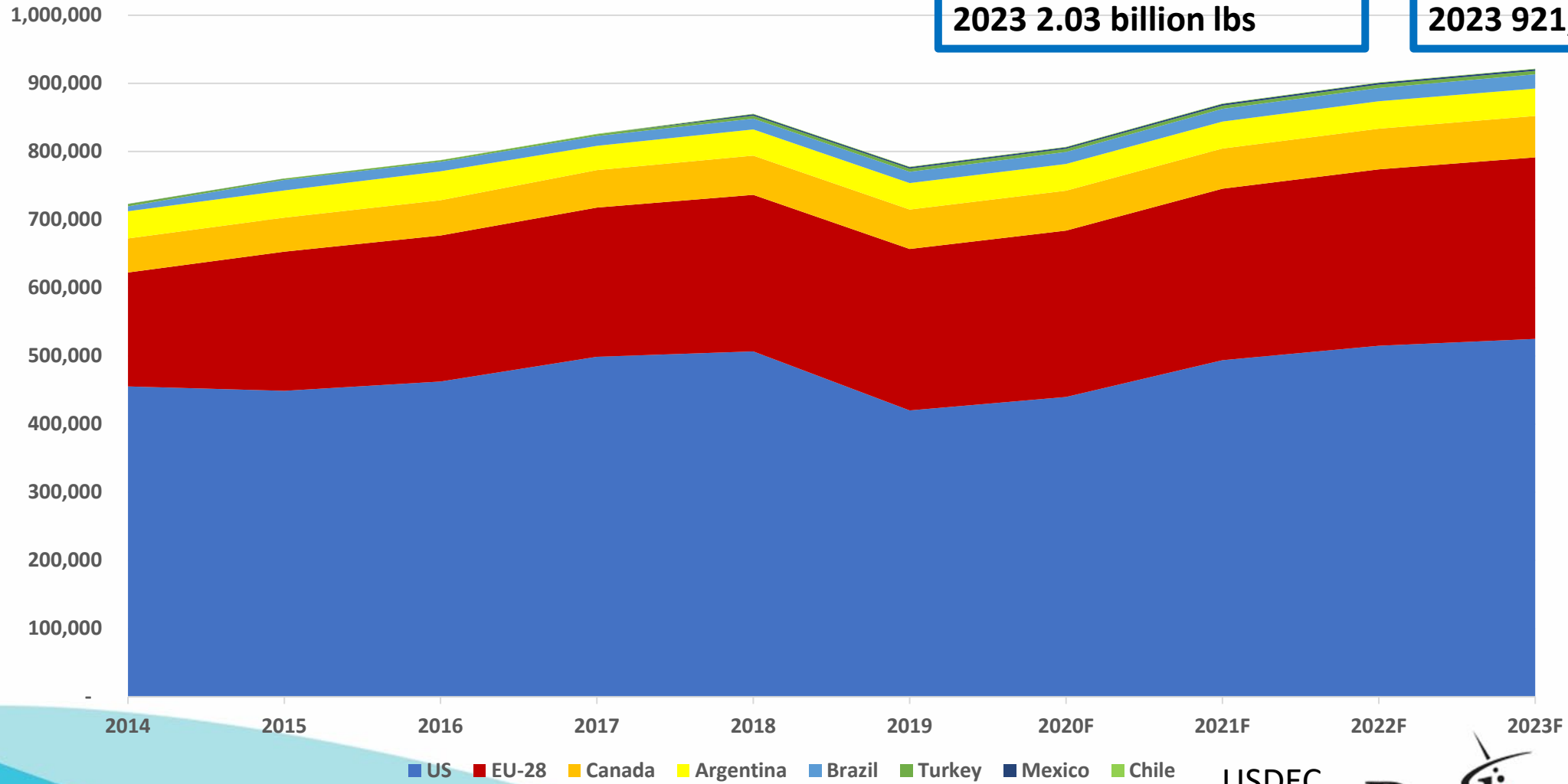
- Environmental regulations
- ASF
- Economic downturn
- Trade wars
- Pandemics
- Logistics disruptions
- Equipment problems
- Tariff and nontariff barriers
- Political uncertainty
- Supply and demand imbalance
- Plant based trends



World Permeate Production

2019 1.71 billion lbs
2023 2.03 billion lbs

2019 777,000 MT
2023 921,000 MT

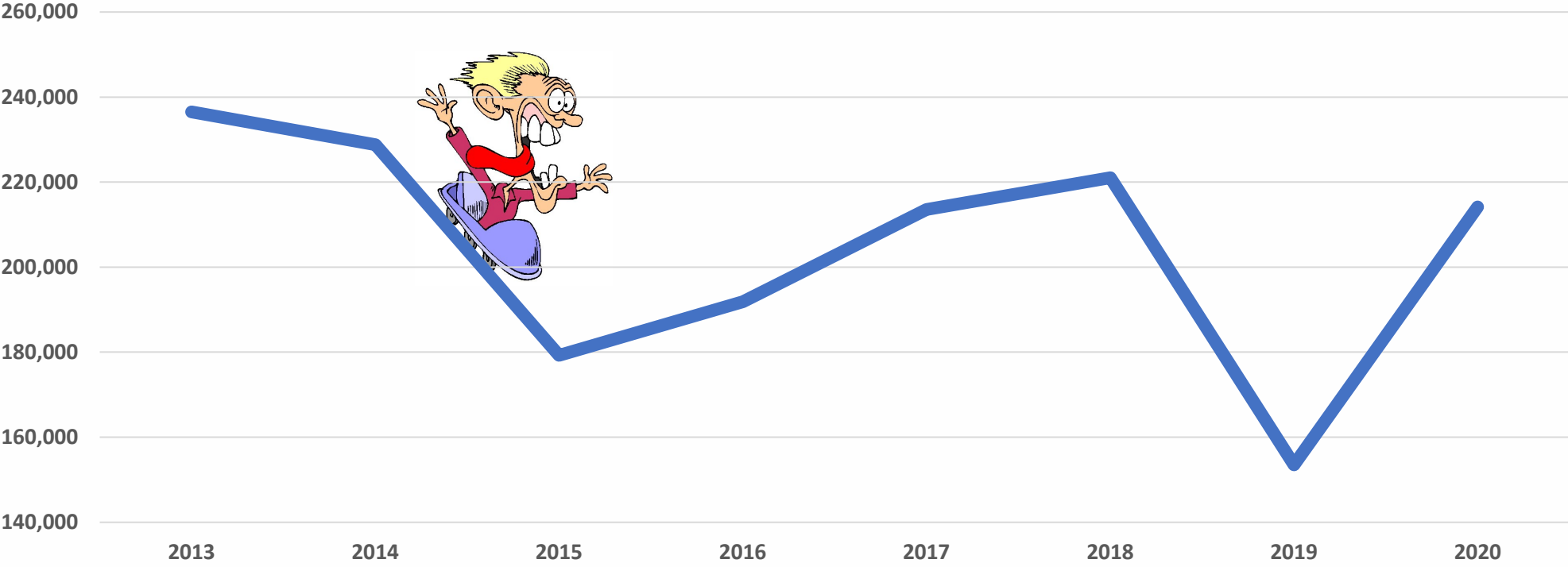


US EU-28 Canada Argentina Brazil Turkey Mexico Chile

USDEC



US Whey Exports



MT



China Update

- Strong demand
- Phase 1 Agreement
- Lowered tariffs
- China approval of permeate for food use
- Recovery of sow numbers
- High hog price & profitability will continue to encourage expansion
- 16 kg feeder pig = \$260 USD each



China Concerns

- ASF not under control
- Low weight pigs increasing
- Sow decline 1.76 million
- Illegal vaccines creating ASF mutations
- Disappearance of single farms that cannot afford risk
- Political uncertainty
- Excess supply

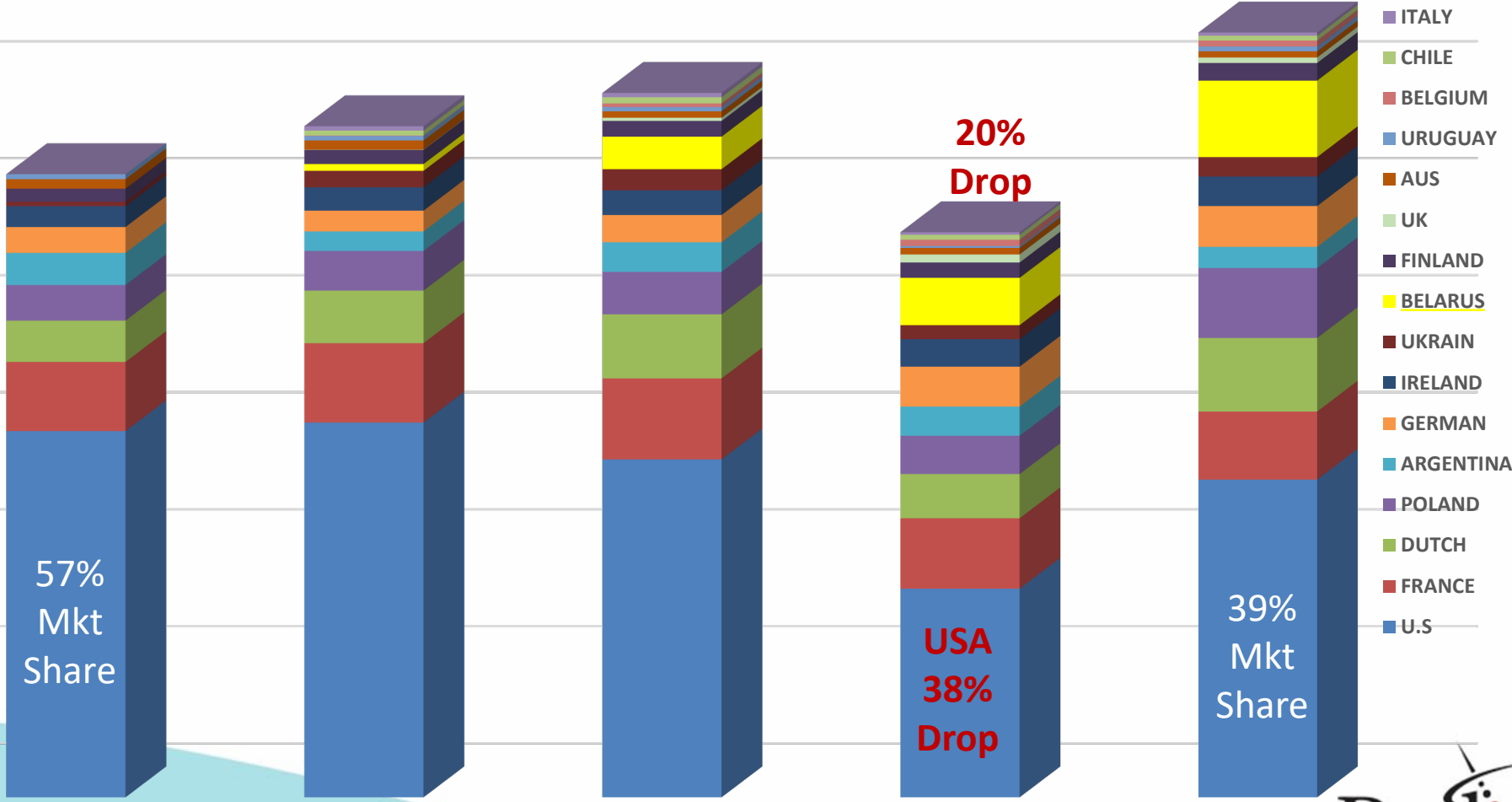


China Whey Imports

1,000 lbs.

1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000

1.37 billion lbs



2016

2017

2018

2019

2020

China Permeate Swine Industry

	Sows in China	Piglets per Sow	Piglets	Permeate per Piglet	Permeate per Year	% Permeate Total Whey Imports
	million		million	lbs	million lbs	
2017 Estimate	36	18	648	0.95	616	51%
2018 Estimate	30	18	540	1.08	582	45%
2019 Estimate	12	19	228	1.64	373	32%
2020 Actual Low	25	15	375	1.76	687	50%
2020 Actual High	34	15	510	1.76	847	62%
Future	34	19	646	2.20	1,424	

Asia

- Vietnam
 - Pig inventory at 80%+ of pre-ASF levels
- Philippines
 - Premature repopulation failed
 - ASF still not under control
 - Market improving
- Indonesia, Malaysia
 - Food sector highly affected by COVID-19
 - Devaluations
 - Economy recovering



Latin America

- Mexico represents 10% of total US dairy exports
- Mexico whey imports down 37.5% 2020 vs 2019
- 10.5% reduction GDP, 27% devaluation
- COVID-19 foodservice disruption
- Without retail boost
- Brazil 30% devaluation
- South America increase in dairy production, lowered demand from main export markets



Managing Disruptions

- Strong team
- Proactive innovation
- Develop new opportunities
- Diversified sales
- Industry leadership/cooperation
- Embrace change
- Strong personal connections
- Long-term goals
- Patience



**PROLIANT
DAIRY
INGREDIENTS**
Food Applications

Proliant
DAIRY INGREDIENTS

Proliant Dairy, LLC

2425 SE Oak Tree Court, Ankeny, IA 50021

515 289 7600 www.proliantdairy.com

Proliant
DAIRY INGREDIENTS



Thank you!!

Gabriel Sevilla

Vice President Global Sales & Marketing

Mobile (515) 318-9359

Gabriel.Sevilla@proliantinc.com

www.proliantdairy.com

