


The Business Side of Beef

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Angus beef at its best



What a difference a few years make!

	Jan 1, 2009	Jan 1, 2013	% Change
Live Cattle, \$/cwt	\$85	\$126	+48%
Feeder Cattle (550 lb), \$/cwt	\$98	\$169	+72%
Cull Cows, \$/cwt	\$43	\$77	+79%
Omaha Corn, \$/bu	\$3.92	\$7.27	+85%


Source: Cattle-Fax



US Cattle Numbers

	2011	2012	2013	Vs. 2012	Vs. 2011
	Million Head				
Total Cattle	92.7	90.8	89.3	-1.7%	-3.7%
Beef Cows	30.9	30.2	29.3	-3.0%	-5.2%
Beef Repl. Heifers	5.1	5.3	5.4	1.9%	5.9%
Feeder Supply	26.8	25.3	25.5	0.8%	-4.9%
COF	14.0	14.1	13.4	-5.0%	-4.3%

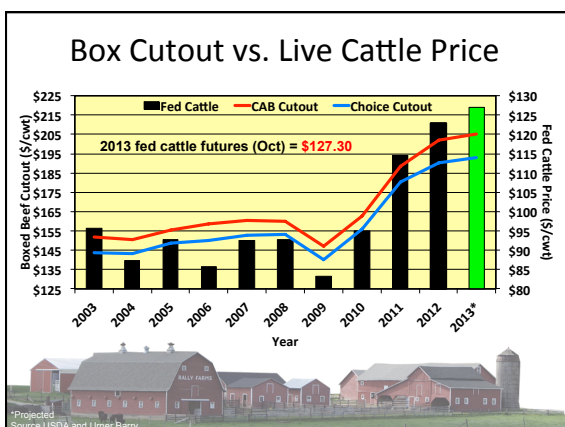
Source: USDA Jan 1 Cattle Inventory Report



Industry Impact



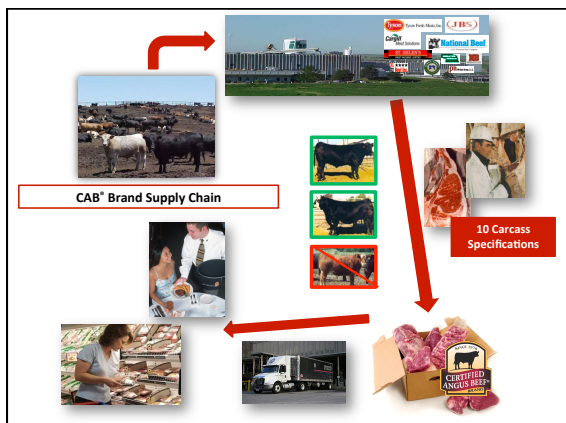


Certified Angus Beef® brand

Angus beef at its best



STEP 1 to become CAB® Live animal specification

- Must be “Angus-type”
 - Predominantly (>51%) black hide

About 63% of all fed cattle meet this spec... and no grids pay premiums for “black-hided”

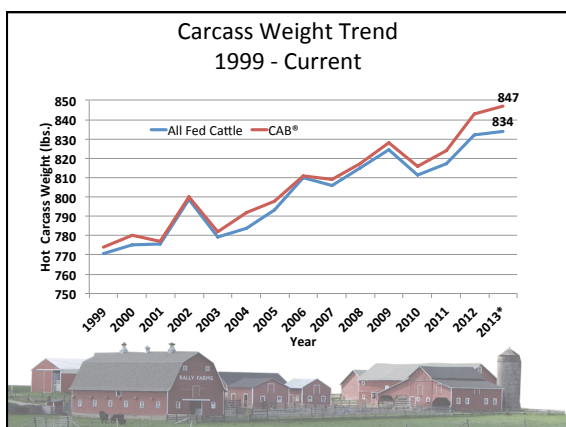
STEP 2 to become CAB® Ten Carcass Specifications

- Superior flavor, juiciness, and tenderness
 - Modest or higher degree of marbling (most critical spec for eating quality and the hardest to hit for cattle producers)
 - Medium or fine marbling texture
 - “A” maturity
 - No hump on the neck exceeding 2-inch height
- Consistent sizing
 - 10-16 in² REA; < 1000 lb HCW; <1.0 in BF
- Desirable appearance and plate presentation
 - Moderately thick or thicker muscling characteristics
 - Practically devoid of internal hemorrhages
 - No dark cutting characteristics

What specifications most affect CAB acceptance rate?

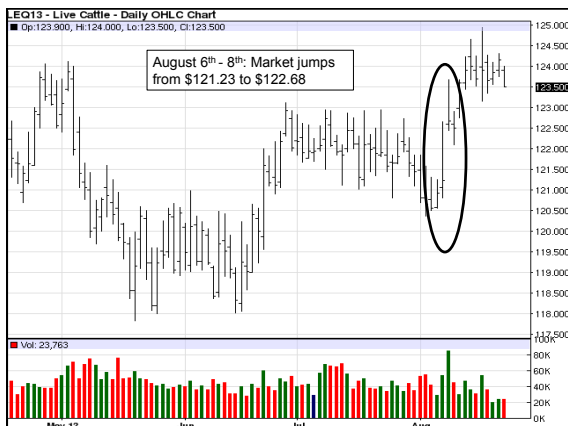
Defect	2008	2012
Marb <500	94.0%	95.0%
HCW >=1,000	2.6%	6.5%
REA	8.7%	16.7%
<10.0"	2.7%	1.4%
>16.0"	6.0%	15.2%
Back fat	2.5%	0.9%

Source: 2008 CAB Consist Study, 2012 Plant Camera Data



The Up Side of Heavy

- 2012 Certified carcasses = 3,260,000 hd.
 - Down 230,000 head (- 57.5 M lbs.)
- 2012 HCW change = +22 lbs.
 - 22 x 3,260,000 head = **71.7 M lbs.**
 - (realistically replaced about 50 M lbs.)



β-Agonist Effect – Business Perspective

- 2011 vs. 2012 saw year-on-year increase of 19lbs. per hd. (2.2%)
- First 5 months of 2013 saw similar growth
- Offset reduction in total kill
- Feeders moving to Optaflexx will see reduction of 6-8lbs. (~1/3rd of previous gains)

Daily Livestock Reporter, 8/19/13

CAB® Fiscal Stats

Angus beef at its best

CAB® Supply FYTD (Oct-Jul)

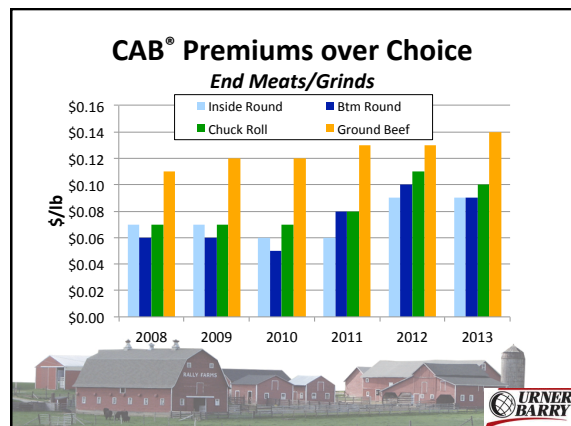
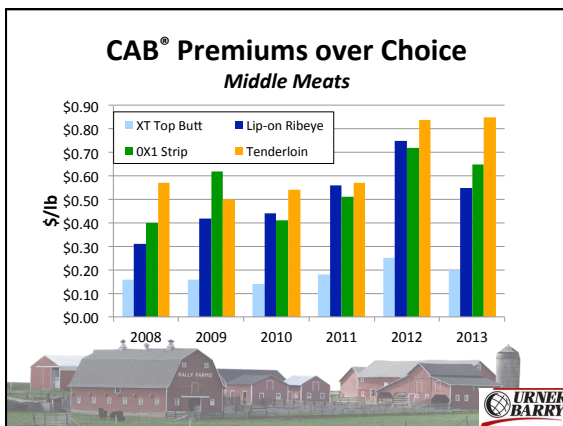
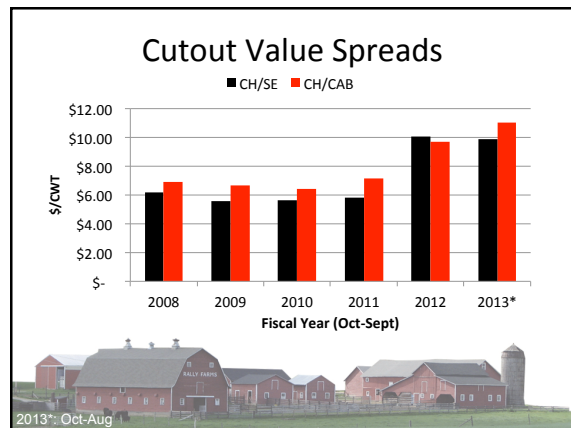
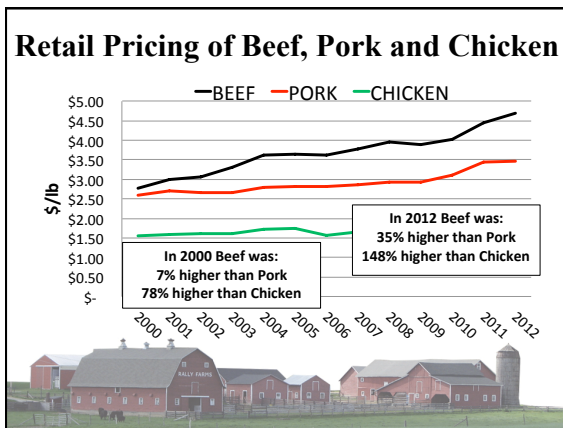
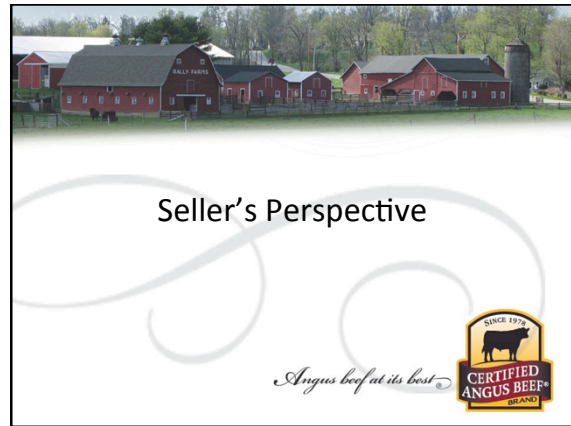
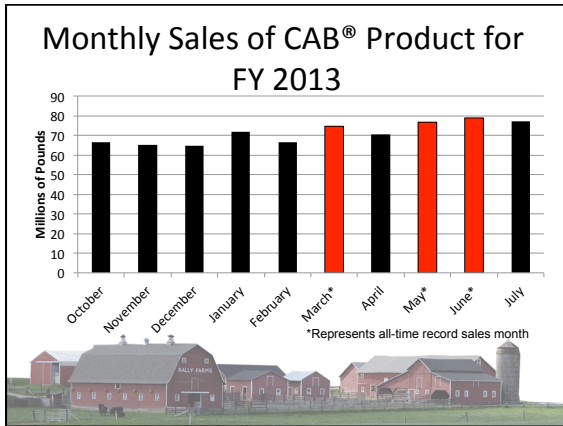
	FY – 12	FY – 13	% Change
FI Kill (Licensed)	18.4 M	18.2 M	-1.3%
Identified	11.9 M	11.7 M	-1.5%
% Black	61.8%	62.0%	
Certified	2.7 M	2.85 M	5.7%
Acceptance	22.8%	24.4%	
HCW	837	847	

Business Overview FYTD (Oct-Jul)

	2012	2013	Change
Lbs sold	670.5M	712.5M	6.3%
Lbs sold/hd	248	249	+1lb.
Ends	430.4M	460.6M	7.0%
Middles	161.2M	169.6M	5.2%
Grinds	78.9M	82.3M	4.3%
CAB® Prime	6.5M	7.5M	+14.8%
CAB® Natural	5.4M	5.4M	+0.7%

Divisional Net Change (Oct-Jul)

Division	FY-2012	FY-2013	Change
Retail	317.5M	326.3M	2.8%
Foodservice	215.3M	228.5M	6.1%
International	78.8M	91.7M	16.4%
Misc.	58.9M	65.9M	11.9%





Retail – UP 2.8%

HOW??

Angus beef at its best



Valid from May 20, 2012 - May 26, 2012

Higher Standards **meijer** Lower Prices

Grilling up great low prices

Prices Good 8 a.m. Monday, May 20 thru Saturday, May 26, 2012.



HAS TODAY'S RETAIL INDUSTRY PRICED US OUT OF FRONT PAGE FEATURES?



U.S.D.A. CHOICE
CERTIFIED ANGUS BEEF™
Boneless
Sirloin Steaks
good grilled or broiled

7.99
lb.





Beef Industry Evolution



Retail

- Educating our partners to “cut meat with a calculator”
 - True product costs
 - Understanding yields
 - Understanding credits
- Case sets and allocations
 - Shadow pricing
 - Signature grinds
- Promotions



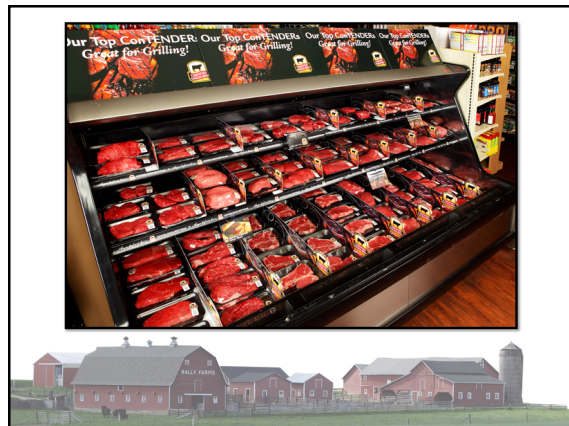
Commodity –vs- Extra Trimmed



Commodity Top Butt / XT Top Butt



Top Sirloin Feature



Signature Grinds

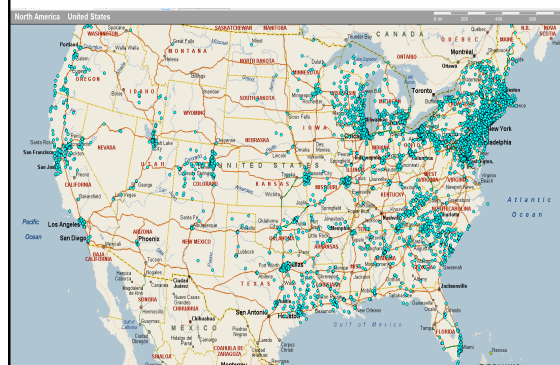


CAB® Challenges

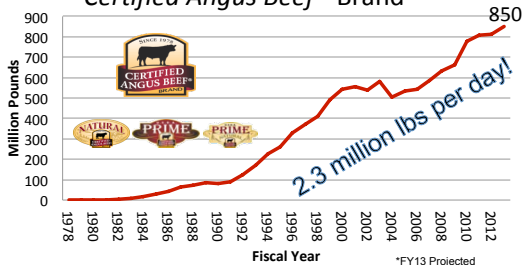
- Licensing of competitors
 - East Coast vs. West Coast
- National chains vs. regional chains
- Change in licensee leadership



CAB Licensed Retailers



Annual Sales of the Certified Angus Beef® Brand



It isn't Getting Any Easier!

Quality Level	2001* Total	2001* Angus	2012* Total	2012* Angus
Prime	4	3	27	20
Upper 2/3 Choice	16	9	30	16
Small 50	0	0	1	1
Choice	9	9	36	26
Select	12	9	39	32
Stand/Util/Comm	0	0	6	5
Total Programs	41	30	139	101
Total Prem Ch & Prime	20	12	57	36



Keep 'em coming!

