



# SIUXLAND ETHANOL LLC UPDATE

Fall 2017

## Another Fiscal Year Complete

**An Overview from Nick Bowdish**  
*President & CEO*



Siouxland Ethanol achieved some healthy performance gains in its fiscal year just completed. The company produced over 80 million gallons for the first time in its history and its

fixed cost structure fell another 1.8 cents per gallon. That might not sound like much until you consider that is nearly \$1,500,000 over the course of a year that went to the bottom line, all else being equal.

Ethanol prices were up and corn prices were down in 2017 as compared to 2016 – both good trends for our business. Unfortunately, distillers' grains revenue per gallon was down

over 25% because of the trade barriers erected around the globe on our product. Be reminded that international trade is very healthy for the ethanol business and we will have greater financial success the more we promote barrier-free trade – that might mean we pay a little more for corn but we more than make that up with increased ethanol and distillers grains values.

The team at Siouxland ethanol is doing a terrific job. We just completed our fall maintenance shutdown. Weekly production rates continue to creep higher as we identify and destroy bottlenecks. Our recent weeks have us producing at rates equivalent to 86-87 million gallons per year.

### Possible Project

We purchased some land from our neighbors recently. The land is adjacent to the BNSF mainline. We are considering the merits of installing additional private track to meet the

standards required to ship unit trains. We can save significant amounts of money on freight expense by shipping our product in 96 car trains instead of single car blocks.

There is engineering work ongoing this fall and winter and we will obtain fixed price quotes next spring to determine the total capital cost of the project. Just like past projects, the Board of Directors and I will discuss the projected return once costs are finalized and the Board will make a final decision on whether to proceed with this project or not. We will continue to pursue projects that add shareholder value and do our best to be good stewards of your investment. Thanks for your continued support!

### Got Corn?

To sell corn or buy  
DG products, call Carl or Kasey.

**402-632-6206**

## Plant Honored with Award from American Coalition

Siouxland Ethanol Board Members were on hand to accept the 2017 Grassroots Award from the American Coalition for Ethanol (ACE) at its August conference in Omaha. Siouxland Ethanol was honored for performing "behind the scenes to advance the cause of ethanol" and cultivate interest in higher ethanol blends in their community and throughout the country.

"The efforts of this group provide a shining example to others," said Liz Bunkers, ACE director of member and industry relations. "They have hosted E15 and E30 fuel promotion events and worked hard to educate their neighbors about the clean air benefits of our high-octane, low-carbon fuel."



Pam Miller, plant director of industry and investor relations, also presented a conference session about promoting events such as grand openings.

## Support Biofuels Industry in the Tri-state Area



*Ethanol and biofuels were a focus at the recent Tri-State Governors' Conference in Sioux City where the governors of Iowa, Nebraska and South Dakota discussed issues impacting their states and the region. Each governor shared state initiatives to support the use of ethanol-blended fuels.*

*Here is the address by Pam Miller, Siouxland Ethanol's Board Chair and Director of Industry and Investor Relations.*

"The biofuels industry has been instrumental in making our economy strong in the tristate region. The direct economic impact of the ethanol industry is calculated to be a combined total of more than \$12 billion annually for Iowa, Nebraska and South Dakota.

The better news is that most of these ethanol plants are poised to grow and add more production. The balance sheets of these plants are strong. Plants are becoming more efficient in their operation and cost structure including their energy usage so that a corn ethanol plant in the Midwest can compete quite effectively in a coastal market and even in a global market.

We have seen the steady, consistent production of ethanol from these Midwestern bio refineries when catastrophic disasters have taken oil refineries in the Gulf off-line. By producing the most affordable octane available, ethanol plants have helped to keep the prices lower than they would be if it were not for ethanol.

What the ethanol industry needs is a chance to show the nation that a higher blend of ethanol such as E30 can be the

answer to many of the woes in the gasoline industry.

Higher levels of ethanol can easily be splash-blended with E10, our nation's certification fuel, to produce E30. The consumer will see a cost savings of \$.20-\$.30 per gallon compared to E10 when they use E30. The consumer will be able to get a superior product that has an octane rating of 94 AKI. The consumer will benefit from lower toxic emissions when using E30.

The environment benefits from increased production of ethanol because of the low carbon footprint that corn starch ethanol has as evidenced by the California Low Carbon Fuel Standard modeling as well as Department of Ag and Department of Energy studies, especially when the carbon sequestration value of the corn plant is calculated into the modeling.

We need your help. The Governors' Biofuels Coalition has been a strong advocate for the ethanol industry. We are lucky to have our three governors from Nebraska, Iowa and South Dakota as members. We ask for your leadership through the Coalition. Please consider a plan to lead a Midwestern-focused E30 demonstration program in which the states would receive a waiver from the EPA to allow E30 to be used in legacy vehicles.

Years ago, it took the leadership of our Midwestern governors to show that E10 was safe for our vehicles through similar demonstration projects. The people in our states saw their governors fueling up with E10 and heard the success stories. E10 went on to become our nation's certification fuel."

Pam Miller

Board Chair and Director of Industry and Investor Relations

## E15: Nebraska's Homegrown Fuel Choice

Siouxland Ethanol supports the Husker Fuel campaign, sponsored by Renewable Fuels Nebraska. Click on [HuskerFuel.com](http://HuskerFuel.com) and its map to find where you can fill up with E15 in Nebraska.

Nine out of 10 vehicles on the road can use E15 which is safe for vehicles 2001 or newer. E15 reduces harmful tailpipe emissions, improves engine performance, and saves money at the pump. Show your Husker spirit by filling up with E15 on game day and any time you fill up!



*Huskers All American Steve Taylor stopped by the HuskerFuel.com tailgate party in Lincoln on Oct. 7.*



*Robert Colwell of Coleridge and sons Craig and Derek joined Pam Miller at the HuskerFuel.com tailgate party in Lincoln Sept. 23.*



# FINANCIAL REPORT

## FINANCE HIGHLIGHTS

- Fiscal Year 2017 results (unaudited)  
Net Income: \$ 18.7MM (2nd best in company history)  
Net Income/Unit: \$ 5,015  
EBITDA/gal: \$ 0.31
- \$1,800/unit distribution declared and payable in October 2017
- Ethanol yields continue upward trend; 2% increase over same quarter 2016
- Quarterly production rates nearly 21% higher than same quarter 2016
- Energy recovery project continues energy savings with reduced natural gas consumption of 18% over same quarter 2016
- Quarter Unit Trading  
8 units averaging \$25,313/unit

## UNAUDITED

| SUMMARY OF OPERATIONS | Qtr. Ended<br>9/30/2017 | Qtr. Ended<br>9/30/2016 | Year Ended<br>9/30/2017 | Year Ended<br>9/30/2016 |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Total Revenues        | \$36,681,020            | \$30,692,641            | \$141,715,771           | \$115,365,571           |
| Gross Profit          | \$6,470,818             | \$4,901,391             | \$21,789,130            | \$13,843,954            |
| Net Income            | \$5,954,765             | \$4,181,310             | \$18,657,622            | \$11,636,881            |
| Net Income/Unit       | \$1,637                 | \$1,104                 | \$5,015                 | \$3,071                 |
| Distributions/Unit    | \$1,800                 | \$2,000                 | \$3,600                 | \$3,000                 |

## UNAUDITED

| BALANCE SHEETS        | As of<br>9/30/2017 | As of<br>9/30/2016 |
|-----------------------|--------------------|--------------------|
| Current Assets        | \$31,891,247       | \$35,063,325       |
| Total Assets          | \$84,058,379       | \$83,539,194       |
| Current Liabilities   | \$5,410,779        | \$13,188,329       |
| Long-Term Liabilities | \$1,283,405        | \$682,592          |
| Members' Equity       | \$77,364,195       | \$69,668,273       |
| Book Value/Unit       | \$21,266           | \$18,387           |

## KEY METRICS

|                              | Quarter Ended<br>9/30/2017 | Quarter Ended<br>9/30/2016 |
|------------------------------|----------------------------|----------------------------|
| Ethanol Yield (Gal/bu)       | 2.98                       | 2.93                       |
| BTU/gal                      | 20,191                     | 24,590                     |
| KW/gal                       | .59                        | .62                        |
| Corn Oil (Lbs/bu)            | .98                        | .98                        |
| Ethanol Production (Gal/day) | 238,369                    | 196,715                    |

**Keep Siouxland Ethanol updated on your contact information to ensure you receive your distribution check, tax and other pertinent information timely.**



## Nelson Named to Nebraska Ethanol Board



Area farmer Taylor Nelson has been appointed to the Nebraska Ethanol Board by Gov. Pete Ricketts.

Nelson works on the family farm with his father, Doug Nelson, Siouxland Ethanol board member, and his uncle, Jim Nelson. He earned his agriculture economics degree from the University of Nebraska-Lincoln in 2012 and returned to the family farm operations in Dixon and Dakota counties.

The Nelsons also operate Jackson Express. The convenience store has played a leadership role in promoting ethanol and higher levels of ethanol blended fuels.

"We saw the store as a way to diversify our operation, bring needed goods and services to the Jackson area and sell and promote ethanol," Nelson says. Today his wife, Emily, is the general manager.

Nelson is now putting his diversified experience in action as a member of the American Coalition for Ethanol and vice president of the northeast Nebraska chapter of the Nebraska Corn Growers Association.

"Taylor's background in both fuel sales and farming makes him a unique addition to the board," said Todd Sneller, Nebraska Ethanol Board administrator.

Board members serve four-year terms. They assist ethanol producers with programs and strategies for marketing ethanol and its co-products, and support education and ethanol research projects and policies to increase use of ethanol fuels.

The Board also helps support in the development of ethanol production facilities in Nebraska. Learn more at [www.ethanol.nebraska.gov](http://www.ethanol.nebraska.gov).

## Our Mission

*To be an efficient producer of ethanol and its co-products with a low carbon footprint, and to promote the "clean octane" value of ethanol which will ensure long-term profitability for the industry and the investors in Siouxland Ethanol.*

## Meet Board Member Mark Condon of Sioux City



*Mark Condon, a five-time Men's Club Champion at the Sioux City Country Club, lives and golfs in Arizona in winter with his wife, Shelley.*

### How did you get involved in ethanol?

One of my lifelong friends, a turkey hunter and a freightliner truck customer of our family, got me to invest in an ethanol plant in 2001. Shennen Saltzman asked me to become an investor in Siouxland Ethanol, and I was appointed to replace a board member in 2009.

### Did your car dealership experience affect your interest in ethanol?

No, I earned a BA in Biology at Creighton in 1979 and tested high for dental school. But my Dad needed help,

so I joined him right out of college. I was president of Condon Auto Sales for nearly 30 years.

### Talk about your board service.

I sincerely enjoy working with this board and I get a level of satisfaction in delivering good returns for our shareholders. I was chairman of the Finance Committee. My memorable achievement was that I made the first motion to make the first distribution to investors in 2010. I also chaired the Investor Relations committee. I was a driving force behind moving the annual meeting from the school gymnasium to a more upscale dinner meeting at the Marina.

### What else have you promoted?

My other best contributions have been pushing for a pro forma projection for our annual performance, monitoring capital expenditures and monitoring plant maintenance expenses. It's not that I knew what to fix with maintenance. We were such a new industry, but I had learned about it from my other biofuels investments. Our plant is 10 years old today and takes about twice as much money to maintain it.

### You have promoted communication.

I wanted the board to be more involved with the content of what we were conveying to investors so we created this newsletter. It's mailed to investors, employees, county supervisors, business leaders and news media.

### You enjoy turkey hunting, right?

I went on my first turkey hunting trip with my Dad in 1968 when I was about 10 years old. I still turkey hunt in Gordon, Neb. every spring. I co-founded the The Loess Hills Longbeards Chapter of the National Wild Turkey Federation in Woodbury County about 20 years ago.

## OUR BOARD OF DIRECTORS

**Pam Miller** • Dakota Dunes, SD **Chair**  
**Shennen Saltzman** • So. Sioux City, NE **Vice-Chair**  
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**Craig Ebberson** • Belden, NE **Secretary**  
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