



SIouxLAND ETHANOL^{LLC} UPDATE

Summer 2019

Finding the Next Opportunity...

An Overview from Nick Bowdish President & CEO



The core ethanol business had volatility return this past quarter, as the size of the 2019 corn crop became the subject of a wide range of guesses. During the quarter

ended June 30th, December corn futures traded from \$3.63 per bushel to \$4.73 per bushel. The United States has produced 14.5 – 15.0 billion bushels of corn each of the past three years. The estimates for the 2019 crop range from 12.0 – 14.0 billion bushels and the crop size will be difficult to pinpoint until after the harvest is complete.

The Corn Belt has significant differentials in cash corn prices depending on location and corresponding local crop condition. The disparity in local cash corn prices will cause transportation movements of grain that are very unusual in the year ahead. Regional location might be a larger driver of an ethanol plant's economics than its totem pole position on cost structure. We are fortunate near Jackson, Nebraska that while planting was later than usual – our corn crop has developed well and we expect total corn production in our draw territory to be above average.

Siouxland Ethanol stayed disciplined and let our efficient cost structure and competitive carbon intensity deliver a solid quarter of positive earnings. The industry as a whole is not in a healthy place as domestic ethanol demand is stagnant

and year-to-date exports are lagging 2018 by nearly twenty percent. There will be ethanol plants with both positive and significantly negative earnings this quarter. As I stated back in January, international trade is of paramount importance to the economic health of the ethanol industry. USMCA – not complete. China Trade Deal – not complete. Siouxland Ethanol will continue to engage with both political parties to express the importance of trade.

While the ethanol crush margin is lousy, Siouxland Ethanol is pouring just as much energy into finding the next opportunity as if we were experiencing record margins. The company is completing its analysis on multiple capital projects and we are determined to position Siouxland Ethanol for success in the midst of a difficult environment. We are thankful for the human capital inside our company, and when leveraged with our shareholder capital, we can have a bright future.

BBQ EMPLOYEE LUNCH

Siouxland Ethanol employees were treated to a BBQ during lunch in late July. Doug Nelson and Shennen Saltzman were the master grillers and other board members served up the sides. Everyone enjoyed the beautiful day and a chance to visit.



ETHANOL REDUCES GREENHOUSE GAS EMISSION

Pam Miller *Board Chair and Director of Industry and Investor Relations*



The hot topic across the country these days is how can we reduce greenhouse gas (GHG) emissions. There is concern across both political parties and among groups of scientists,

environmentalists and other climate-watchers that a plan is needed now to begin to address this issue.

A greenhouse gas (GHG) is a gas that absorbs infrared radiation (net heat energy) from the Earth's surface and reradiates it back to the Earth's surface, thus contributing to the 'greenhouse effect'. This 'greenhouse effect' essentially traps the sun's warmth in the Earth's lower atmosphere which is needed to maintain a climate that is comfortable and habitable. The problem arises when greenhouse gas levels get too high and too much of the sun's warmth is kept in the atmosphere. Things keep getting hotter and hotter and we start seeing more extreme weather.

Examples of greenhouse gases are carbon dioxide, methane, nitrous oxide, ozone and chlorofluorocarbons. The most significant greenhouse gas is carbon dioxide (CO₂). The burning of fossil fuels (principally oil and coal and, secondarily natural gas) for transportation, heating and electricity production increases atmospheric CO₂. Stationary sources of CO₂ and other greenhouse gas emissions such as power plants and other industrial operations

used to be the main pollutor. As a result of past efforts, the ill effects of stationary sources of greenhouse gas emissions have been reduced and now the major culprit of high GHG emissions is from mobile sources (transportation). That includes the vehicles that we drive and the fuel that we use to power them. Fortunately, an immediate solution is available. A new study released by the U.S. Department of Agriculture (USDA) found that GHG emissions from corn-based ethanol produced at plants using natural gas (versus coal-fired plants) are around 43% below gasoline. This is a complete life cycle analysis which includes updated impacts of land-use change, improvements at ethanol plants, more environmentally friendly on-farm conservation practices. The study projects that with added improvements at ethanol plants and on farms, a reduction of over 70% in GHG emissions in a life cycle analysis is possible by 2022.

A recent article by Mike Carr in The Hill suggested that it's time for a 'Clean Energy Revolution'. He said "With people all over the world experiencing first-hand the signs of a warming world, it's time to stop being so tentative and embrace the next great challenge – one that can incidentally lead to increased American innovation, boost the middle class – particularly in rural America – out of its current economic malaise." Carr goes on to discuss solar and wind and also includes biofuels (which includes ethanol).

While we in the ethanol industry know that ethanol and other biofuels are part of the clean and renewable energy solution, many times the discussion only includes solar and wind to replace the electrical production from coal-fired power plants. In Washington, DC, the House

Energy and Commerce Committee is working on a plan to introduce a comprehensive climate package by the end of the year. This plan is expected to be more moderate than that proposed by AOC which was viewed by most as outlandish. This new platform needs to include an immediate acceptance of higher blends of ethanol such as E30 to help achieve the GHG emissions reduction targets and address the biggest issue with our climate today.

Siouxland Ethanol has embraced the goal of reducing GHG emissions. With technological improvements at the plant that have lowered our usage of natural gas, we have seen our number (our carbon index score or footprint) decrease dramatically. As our mission statement indicates, we intend to be an efficient producer of ethanol with a low carbon footprint and to promote the clean octane value of ethanol.

As you hear more about GHG emissions and CO₂ and carbon index scores, know that this is important to the ethanol industry and Siouxland Ethanol has a competitive advantage with its process that results in a low CI score.



The DEER (Dryer Exhaust Energy Recovery) system by Bioleap that was installed at Siouxland Ethanol in 2017 resulted in a reduction in the amount of natural gas used at the plant and a reduction in the CI score.

President Trump speaking at Southwest Iowa Renewable Energy in Council Bluffs on June 11, announcing E15 is now available year round.



E15 Available Year Round

A victory for the ethanol industry was granted on May 31 when the EPA finalized a rule to allow E15 to be sold year round. Orange stickers will still be needed on dispensers to indicate that E15 has been approved for use in any and all vehicles 2001 and newer which is 90% of the vehicles on the road today. E15 is not approved in small engines, motorcycles or boats. This action came after intense pressure from the Iowa and Nebraska Congressional delegation

including Sens. Ernst and Grassley of Iowa and Sen. Fischer of Nebraska as well as Representative Adrian Smith from Iowa.

We all need to make sure and seek out E15 which may be called unleaded 88 at some stations. The price is typically 3 to 5 cents cheaper per gallon with slightly higher octane. If your retailer doesn't offer it, please request that they do or take your business elsewhere!

FINANCIAL REPORT

SUMMARY OF OPERATIONS NOTES

- Total Revenues increased slightly this year over last year. Ethanol netbacks increased ~6% compared to same quarter of prior year. Quarter over quarter there was some softening in distillers grain prices, however with the increase in plant outputs, overall revenues increased 12% year to date.
- Gross Profits down with reduced crush margins resulting from higher corn costs from recent volatility in corn markets.

BALANCE SHEET NOTES

- Working capital increased \$7.3MM over the prior quarter, rising to \$32.4MM as of June 30, 2019.

KEY METRICS NOTES

- Natural gas usage trending lower.
- Ethanol production (annualized rate) up 10% over last year at this time.

UNIT TRADING NEWS

- No units traded during the quarter ending June 30, 2019.

Please be sure to keep Siouxland Ethanol updated on your contact information. This helps ensure you receive your distribution check, tax & other pertinent information timely. Thank you!

UNAUDITED

SUMMARY OF OPERATIONS	3 Months Ended 6/30/2019	3 Months Ended 6/30/2018	9 Months Ended 6/30/2019	9 Months Ended 6/30/2018
Total Revenues	\$44,743,903	\$39,915,701	\$119,382,463	\$111,763,364
Gross Profit	\$6,078,964	\$10,084,913	\$11,931,029	\$18,908,148
Net Income	\$ 5,884,981	\$9,326,092	\$10,649,288	\$17,081,403
Net Income/Unit	\$1,618	\$2,564	\$2,927	\$4,695
Distribution/Unit	-	-	\$750	\$1700

UNAUDITED

BALANCE SHEET	As of 6/30/2019	As of 9/30/2018
Current Assets	\$38,328,120	\$45,102,160
Total Assets	\$92,435,275	\$95,960,464
Current Liabilities	\$5,895,286	\$6,266,432
Long-Term Liabilities	\$1,605,655	\$1,688,249
Members' Equity	\$84,934,334	\$88,005,783
Book Value/Unit	\$23,346	\$24,191

KEY METRICS

KEY METRICS	3 Months Ended 6/30/2019	3 Months Ended 6/30/2018
Ethanol Yield (Gal/bu)	3.01	3.00
Natural Gas (BTU/gal)	20,473	21,451
Electricity (KW/gal)	.54	.56
Corn Oil (Lbs/bu)	1.04	1.01
Ethanol Production (Gal/day)	265,462	246,338
Ethanol Production MGY	93,000,000	87,000,000

WHAT IT TAKES

REGISTRATION
OPEN

2019 ACE CONFERENCE

August 14-16

Omaha Marriott Downtown



THE ONLY WAY TO GET
EVERYTHING YOU WANT
IS TO GIVE EVERYTHING
YOU'VE GOT.

Chores before school. Repairs before supper. Paperwork before lights out. Folks in our part of the world know how to get things done. Which makes them perfect to grow the business of clean fuel.



1501 Knox Boulevard
Jackson, NE 68743

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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.

We would be happy to distribute the newsletter and other vital information to you by email if you wish. Please send a note to amy.williams@siouxlandethanol.com with your email address.



Fake News

Since it is summer time and a favorite past time of many people is motorcycle riding, let's talk about using ethanol in your motorcycle.

I heard that using any blend of ethanol in a motorcycle will harm the engine?... FAKE NEWS!

Paul Teutul, Jr. from "American Chopper" on the Discovery Channel had this to say about ethanol and motorcycles, "There seems to be a misnomer about ethanol and motorcycles. It is almost like people that ride motorcycles think ethanol messes up their bike, and the research that I have done tells me that is just not true".

I need to use premium (91 or higher octane) in my motorcycle. I can't get that from ethanol...FAKE NEWS!

Ethanol has a very high octane rating of 113 – 114. Higher blends of ethanol such as E20-E30 will have an octane rating of 91-93.



Siouxland Ethanol employees Kevin Erickson and Andres Cruz with their bikes and Buffalo Chip t-shirts. If you're out in the Black Hills for Sturgis, stop by the Buffalo Chip for a free t-shirt and free E10 93 octane fuel from the RFA.

I'm not supposed to use any ethanol in my motorcycle...FAKE NEWS!

E10 has been approved for use in motorcycle engines for decades. Read your manual for your brand of motorcycle and you will find E10 is approved. The iconic American motorcycle manufacturer Indian as well as Victory now approves E15 in its bikes (per the manufacturer's 2018 model year owner's

manual).

Ethanol burns hotter and I don't want that in the heat of summer..FAKE NEWS!

Ethanol actually burns much cooler, especially in an air-cooled motorcycle because it has a lower flash point, according to Paul Teutul, Jr. That's a good thing on a hot day!