



# SIUXLAND ETHANOL LLC UPDATE



## Charging Station On Site!

### An Overview from Nick Bowdish President & CEO



Siouxland Ethanol just completed its most operationally demanding quarter in quite some time, but now has the plant generating nearly all of the electricity it consumes with the new Combined Heat and Power equipment onsite. While

the transition presented some twists and turns, the teamwork demonstrated by the SLE employees and its contractors prevailed. The plant remains connected to the utility, which serves as a good back-up plan. The turbine is running well and operating at approximately 70%

of its capacity, leaving the door open for future growth.

The negative earnings for the quarter just ended are a result of a very poor ethanol industry margin environment. Corn prices rallied 96 cents per bushel during the quarter while ethanol prices in California were up a mere 3 cents per gallon (9 cents per bushel equivalent). Co-product prices on DDGs, MWDGs and Corn Oil did all rise thru the quarter to soften the blow. We expect the margin environment to be dismal through at least the next two quarters due to excessive inventories of ethanol combined with the time it is taking to get the U.S. population vaccinated and past the pandemic. The current market economics are having a more significant negative impact on ethanol plants that ship west as compared to those that ship east. Unfortunately, that means Siouxland Ethanol's earnings are trailing many of our peers as of this writing. We are taking

action on items within our control to mitigate this dynamic.

Siouxland Ethanol purchased and retired 106 units this past quarter for a total of \$2,332,000. The company now has 3,532 units outstanding. As a reminder, members interested in buying or selling units can follow the instructions on our website and utilize the bulletin board process at any time. K-1s are being finalized and will be mailed to all Members the week of February 1, 2021.

The annual meeting of the Members is scheduled for Tuesday, March 23rd and will take place in a virtual format only this year. Please look for an envelope to be arriving soon with more details. We truly enjoy bringing our unit holders together in person to cover the business performance, but it is more important this year to keep everyone safe so attendance will be electronic only. We look forward to returning to the previous format in future years – add it to the list of reasons we can't wait for the COVID-19 pandemic to be history!



# Exports, Money Flow and Risk Premium

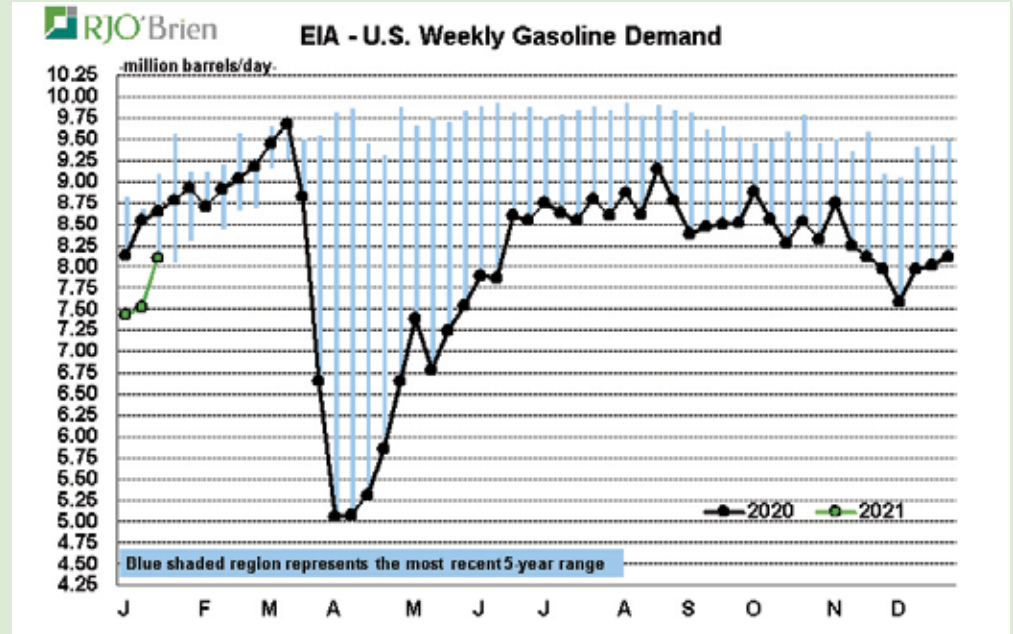
**Kasey Rathke**  
Commodity Manager



The corn market in 2021 is off to a roaring start to say the least. Since the end of last summer we have seen front March 2021 futures prices rally from a low of \$3.33/ bu on August 7th all the way to \$5.34 on January 14th, a move of just

over \$2/ bu. One might be asking themselves why such a drastic move in less than 6 months time? Export Demand, Inflationary Money Flow, and Drought Risk Premium have all contributed to this point.

The USDA currently has 20/21 exports pegged at 2.550 billion bushels, an increase of 772 million bushels from the previous marketing year (1.778 billion bushels in 19/20). One can't help but realize a major contributor to this has been China. According to the US Grains Council, China has bought an astounding 133 million bushels in the 3 months, September 2020 thru November 2020. This greatly surpasses the 82 million bushels they purchased for the entire 2019/2020 marketing year. September thru November, China has been the largest export customer for US corn, knocking out Mexico for the top spot. It is also interesting to note the increase in 2020/2021 exports to each of our top 8 export customer thru the first 3 months of the marketing year. <https://grains.org/markets-tools-data/tools/top-u-s-export-customer/>



customers/

2020 has also been a year of record-breaking government stimulus dollars being pumped into our economy. We have seen the FED take interest rates down to .25% after an emergency cut of 100 basis points on March 16, 2020. The largest cut made and lowest rate since the housing crash of 2008/2009. We have also seen 4 major stimulus packages passed totaling \$2.6 trillion in spending and another \$900 billion in tax cuts during the calendar year 2020. This does not take into account another \$2 trillion stimulus spending package that is in the works as we begin 2021. These numbers are staggering when compared to the American Recovery and Reinvestment Act

of 2009 which totaled \$831 billion. The most basic macroeconomics course teaches us that stimulus spending leads to inflation, and commodities are a safe haven for investment dollars during times of inflation. <https://www.forbes.com/sites/robertberger/2020/10/18/5-big-numbers-reveal-the-unsettling-scope-of-stimulus-spending/?sh=579fe1f1142b>

Switching back to more fundamental market analysis forces me to take a look at soil moisture levels going into the 2021 growing season. It is no secret that areas of the corn belt to the east of us ran out of moisture late in the 2020 growing season. We did not rebuild these soil moisture reserves this fall as it was a fast, dry harvest with minimal disruptions from rain events. I also witnessed tillage work and fertilizer being applied the same week of Christmas before a blizzard shut things down for the year. We will need to recharge the soil moisture profile this spring, there is some risk premium that has been added to the market now as we don't have subsoil moisture cushion that we have had in some past years. Take a look at the current UNL drought monitor compared to some past years. <https://droughtmonitor.unl.edu/CurrentMap.aspx>

In conclusion, one can't point to a singular event to have pushed a corn market over \$2/ bushel over the last 5 months. What we have witnessed was a combination of events leading to a very unique situation during the year 2020/2021 which had pushed this market to multi-year highs. One might say 2020 was a unique year, but isn't every year? Time to look forward to the unique challenges and opportunities that 2021 will certainly bring.



CBOT Corn Futures Price

# FINANCIAL HIGHLIGHTS

## Comparison of operations three months ended:

- Overall revenues were down nearly 16%, on reduced ethanol prices. We also sold ~12% fewer gallons quarter over quarter.
- Gross profits were down substantially at nearly \$9.3MM quarter over quarter. This is due in part to a 25% reduction in crush margins. In addition, with the recent run-up in the corn market, gross profit was further reduced by unrealized derivative losses

## Working capital down primarily the result of:

- \$1,000/unit distribution paid in October 2020, totaling nearly \$3.7MM.
- Repurchase of 106 member units totaling \$2.3MM in November 2020.
- Capital expenditures around \$3.7MM during the quarter.

## No units traded during the quarter ending 12/31/2020.

*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!*

SUMMARY OF OPERATIONS	3 Months Ended 12/31/2020	3 Months Ended 12/31/2019
Total Revenues	\$37,877,238	\$ 45,059,789
Gross Profit (Loss)	(\$4,245,065)	\$5,049,601
Net Income (Loss)	(\$4,127,495)	\$4,337,760
Net Income(Loss)/Unit	(\$1,169)	\$1,192
Distribution/Unit	\$1,000	\$1,250

BALANCE SHEET	As of 12/31/2020	As of 9/30/2020
Current Assets	\$29,141,697	\$30,954,954
Total Assets	\$100,530,567	\$100,627,593
Current Liabilities	\$17,899,557	\$7,868,887
Long-Term Liabilities	\$1,424,450	\$1,454,652
Members' Equity	\$81,206,560	\$91,304,054
Book Value/Unit	\$22,992	\$25,097

KEY METRICS	3 Months Ended 12/31/2020	3 Months Ended 12/31/2019
Ethanol Yield (Gal/bu)	3.01	3.03
Corn Oil (Lbs/bu)	1.07	1.07
Ethanol Production (Gal/day)	248,615	277,445
Ethanol Production MGY	87.8	97.9

# CompuWeigh's Smart Truck RFID Technology

Siouxland Ethanol is excited to announce the installation of CompuWeigh's Smart Truck RFID Technology. We look forward to automating part of the scale and truck identification process. This technology will lead to faster scale times and fewer human errors when transacting business at Siouxland Ethanol.

Beginning February 15th, all inbound and outbound trucks will be required to have an RFID card specific to each truck. Inbound and outbound trucks will notice a touch screen kiosk that is being installed in the position where they stop at our grain probe. Inbound corn trucks will select from a list of past accounts they have hauled for and trucks coming to pickup feed will enter a load number at the same location. After the corn truck selects the account or the feed truck enters the load number the system will prompt the truck to pull onto the inbound scale automatically. Once on the inbound scale, a set of photo eyes at the front and rear of the scale will



determine the truck is fully on the scale before weighing the truck automatically. A message board will display the account being hauled for and our existing intercom will still be available to communicate with the scale room if a change needs to be made.

After unloading corn or loading feed, the truck will pull back onto the outbound scale. An RFID reader will identify the truck and account they are hauling for. Another set of photo eyes will determine the truck is on the scale before automatically weighing the truck and printing a ticket.

Be on the lookout for a letter explaining the system in more detail as well as a form which needs to be completed and returned with information relating to all corn or feed trucks you use in your operation.

In the meantime, here is a link to a video of how this system works at an existing facility: [https://www.youtube.com/watch?v=iyQnkv\\_URNw](https://www.youtube.com/watch?v=iyQnkv_URNw)



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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.*

# ANNUAL MEETING

## TUESDAY, MARCH 23, 2021

**Date:** March 23, 2021

**Time:** Meeting begins at 7pm

**Location:** Electronic Meeting via Zoom Videoconferencing Only

**Details on how to register will be enclosed in the Annual Meeting Proxy Statement mailing.**