

Market Review

Presented by Don Carlson,
Commodities Manager

Corn – Old Crop

- US carryout 2.098 with stocks to use ratio of 15.2%
 - US carryout is growing due to COVID-19
 - World stocks 314.73 to 339.62
- MN corn basis
 - Strong basis early (Nov 2019 thru March 2020)
 - Lower production (MN -8, SD -15, and ND -12 bu/acre)
 - Lack of producer selling
 - Weak basis now (\$0.25 per bushel drop/more
 - Export quality concerns
 - Reduced demand due to COVID-19

2018/19	2019/20 Est.	2020/21 Proj.	2020/21 Proj.
			May
			Apr

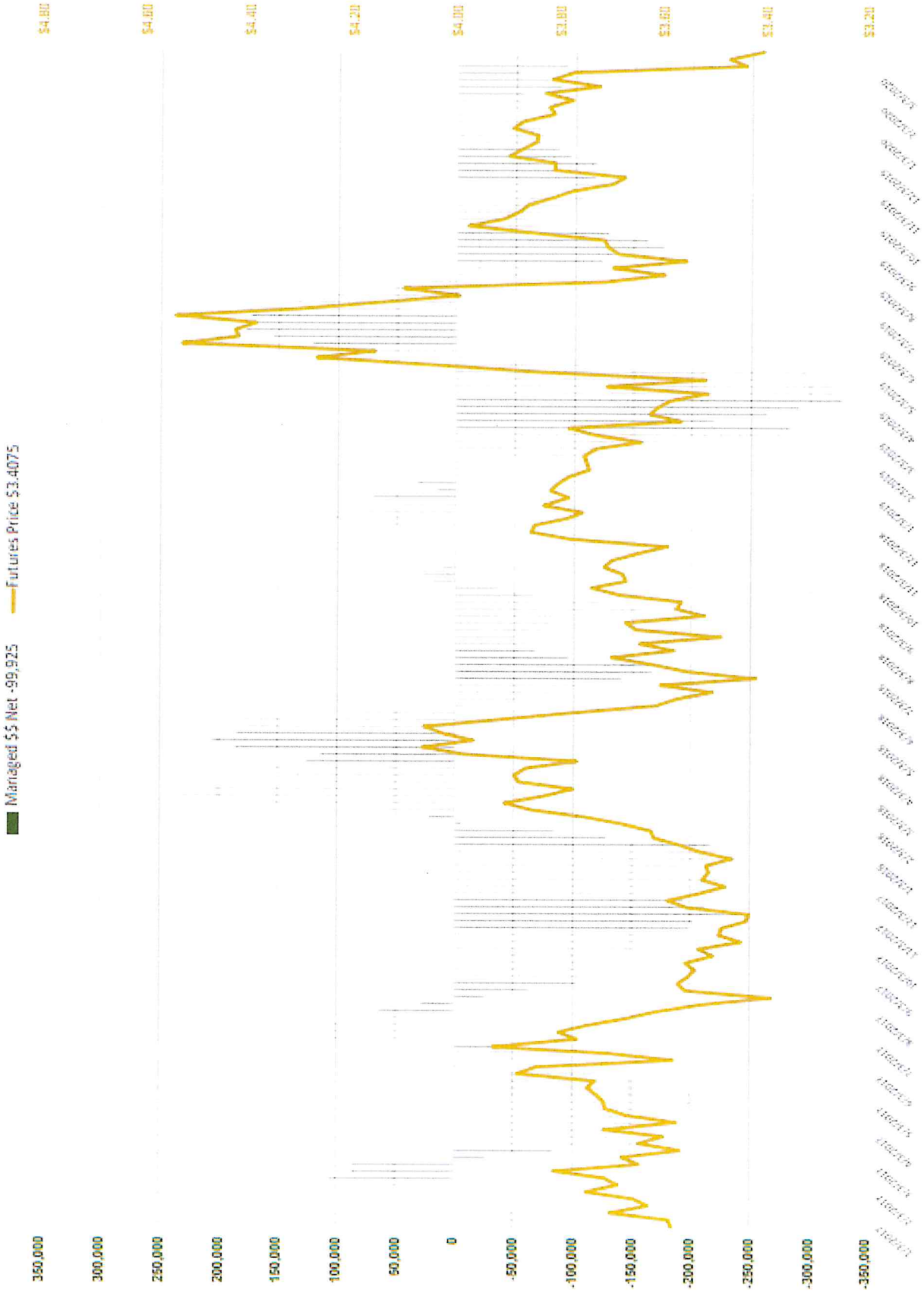
CORN

Area Planted	88.9	89.7	NA	97.0 *
Area Harvested	81.3	81.4	NA	89.6 *
Yield per Harvested Acre	176.4	167.8	NA	178.5 *
Beginning Stocks	2,140	2,221	NA	2,098
Production	14,340	13,663	NA	15,995
Imports	28	45	NA	25
Supply, Total	16,509	15,928	NA	18,118
Feed and Residual	5,430	5,700	NA	6,050
Food, Seed & Industrial 2/	6,793	6,355	NA	6,600
Ethanol & by-products 3/	5,378	4,950	NA	5,200
Domestic, Total	12,223	12,055	NA	12,650
Exports	2,065	1,775	NA	2,150
Use, Total	14,288	13,830	NA	14,800
Ending Stocks	2,221	2,098	NA	3,318
Avg. Farm Price (\$/bu) 4/	3.61	3.60	NA	3.20

Corn – Old Crop

- Demand
 - 428 million **decrease** in US ethanol to date
 - 458 million **decrease** in total US demand to date
 - Further **reductions** coming due to COVID-19
 - World demand – Chinese imports possible
- Managed Money
 - Money flow is driving force in price changes
 - Last 5 spring/early summer rallies driven by funds buying 350,000 plus contracts
 - 2019 late planting
 - 2020 rally unlikely or small scale (weather dependent)

Managed Money Net Corn Futures Position & Nearby Futures Price



Corn – New Crop

- Planting Intentions/Stocks Report
 - 97 million corn acres - yield 178.5 bu/acre
 - Total corn production of 15.995 billion
 - USDA 20/21 carryout of 3.318 billion
- Soybeans/Wheat
 - US bean carryout 580 million, World 100.27 mmt
 - World bean carryout stocks to use 28.8%
 - US wheat carryout 978 million, 46.0% stocks to use, World 295.12 mmt

	-----Soybeans-----			-----Wheat-----		
Crop Year	19-20	19-20	20-21	19-20	19-20	20-21
Report Dat	04/09	05/12	05/12	04/09	05/12	05/12
Carryin	909	909	580	1,080	1,080	978
Production	3,558	3,556	4,125	1,920	1,920	1,866
Imports	15	15	15	105	105	140
Tot Supply	4,482	4,481	4,720	3,105	3,105	2,984
Feed				135	135	100
Crush/mill	2,125	2,125	2,130	955	962	964
EthanolPro						
Seed/other	102	101	135	60	60	61
Exports	1,775	1,675	2,050	985	970	950
Total Use	4,002	3,901	4,315	2,135	2,127	2,075
Carryout	480	580	405	970	978	909
Stks/Usera	12.0%	14.9%	9.4%	45.4%	46.0%	43.8%
Ava Price	\$8.65	\$8.50	\$8.20	\$4.60	\$4.60	\$4.60

Natural Gas

- Natural Gas
 - Poor winter demand
 - Stocks +52.3% year ago
 - Stocks +20.5% 5 year average
 - Decreased crude production
 - Less natural gas production
 - Natural gas prices currently trending higher
 - Historically low prices

DDG'S

- Supply/Demand
 - Lower gasoline demand = less DDG production
 - Food demand strong
 - Animal processing weak link in supply chain
 - DDG protein has value in rations
- Pricing
 - Currently 130% value of corn
 - Higher end of historical range (80% to 140%)
 - Should maintain strong value to corn

Ethanol

- RFS final rule
 - 2020 15.0 billion gallons
 - 15.0 is ceiling-states asking for waivers (Covid)
- Recent Supply/Demand

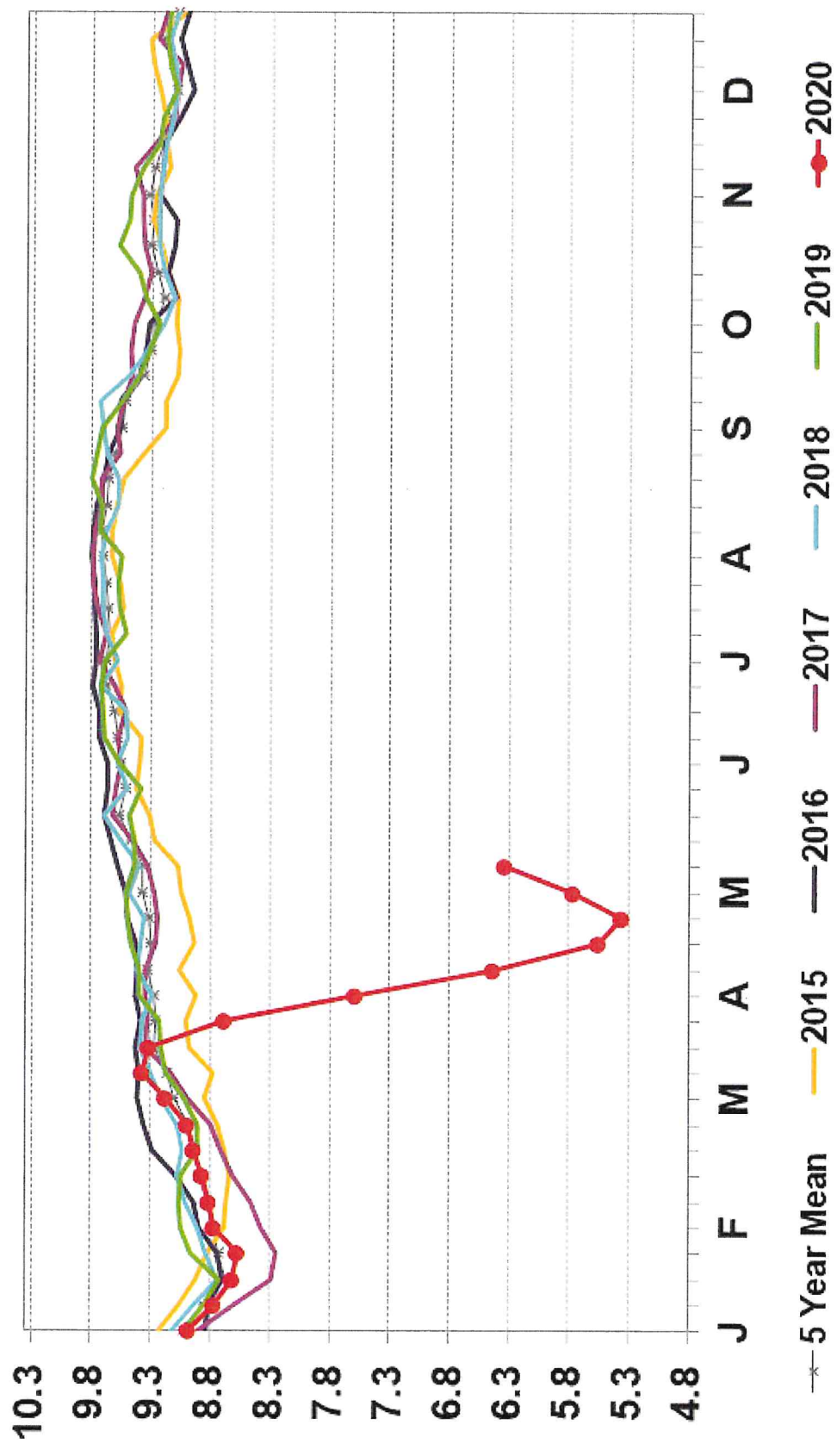
Week of	Ethanol Production		Driving Demand		% change
	2020	2019	2020	2019	
3/6/2020	306,936,000	295,470,000	270,186,000	270,774,000	-0.22%
3/13/2020	304,290,000	295,176,000	269,010,000	267,246,000	0.66%
3/20/2020	295,470,000	286,650,000	256,956,000	270,480,000	-5.00%
3/27/2020	246,960,000	293,706,000	176,694,000	267,246,000	-33.88%
4/3/2020	197,568,000	294,588,000	147,588,000	270,186,000	-45.38%
4/10/2020	167,580,000	298,704,000	148,764,000	271,656,000	-45.24%
4/17/2020	165,522,000	308,112,000	153,762,000	272,832,000	-43.64%
4/24/2020	157,878,000	301,056,000	171,402,000	272,832,000	-37.18%
5/1/2020	175,812,000	304,584,000	174,930,000	270,186,000	-35.26%
5/8/2020	181,398,000	308,994,000	195,804,000	280,182,000	-30.12%

Units of measure = gallons

US DOE Weekly Statistics:
 Week Ending: 8-May-20
 Units: Million b/d

GASOLINE DEMAND (4 WK Mean)

Current Demand: 7.40 Mln b/d Week Previous: +0.58 Mln b/d Year Previous: -1.75 Mln b/d



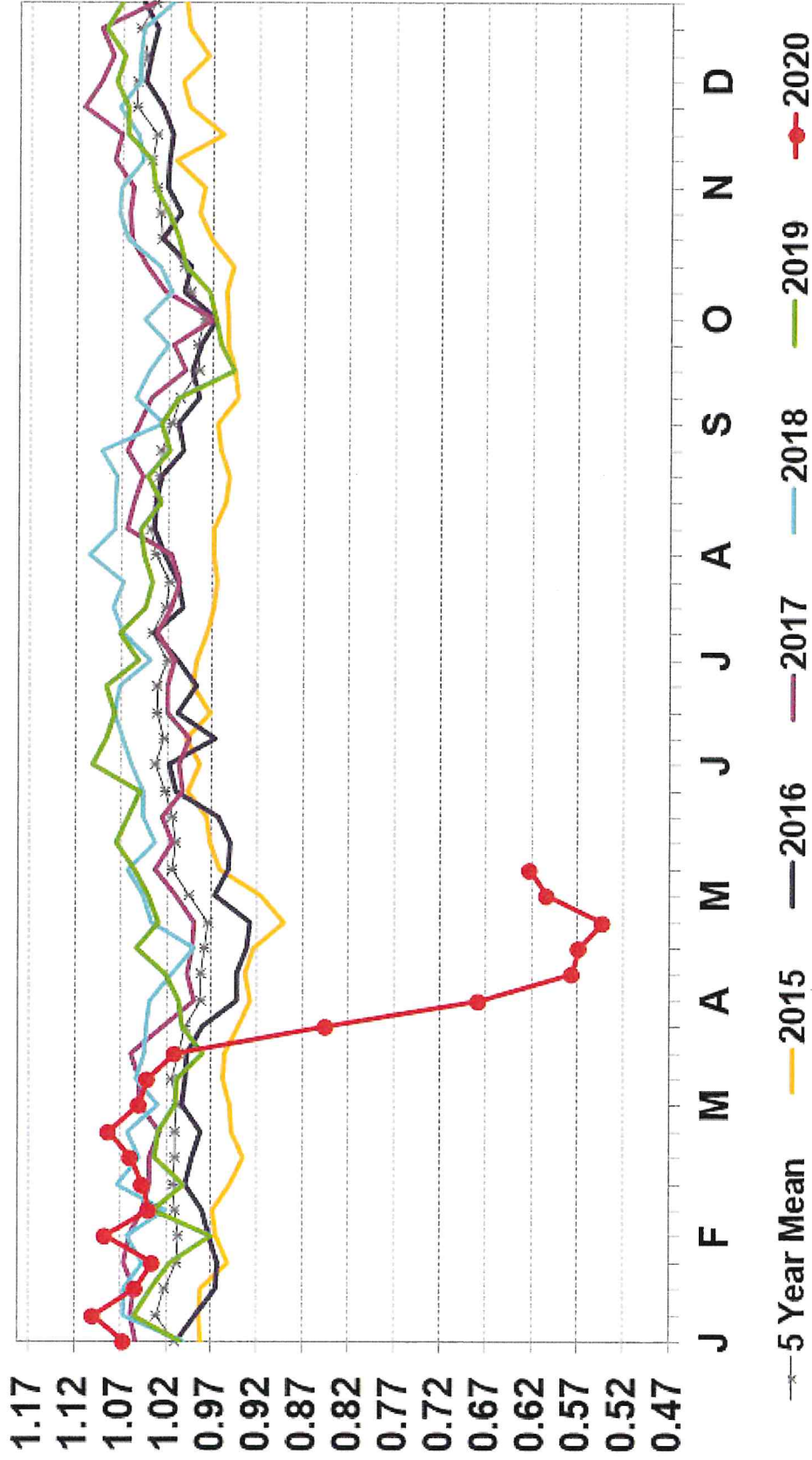
US DOE Weekly Statistics:
 Week Ending: 8-May-20
 Units: Million b/d

ETHANOL OUTPUT

Current Output: 0.62 Mln b/d

Week Previous: +0.02 Mln b/d

Year Previous: -0.43 Mln b/d



Ethanol

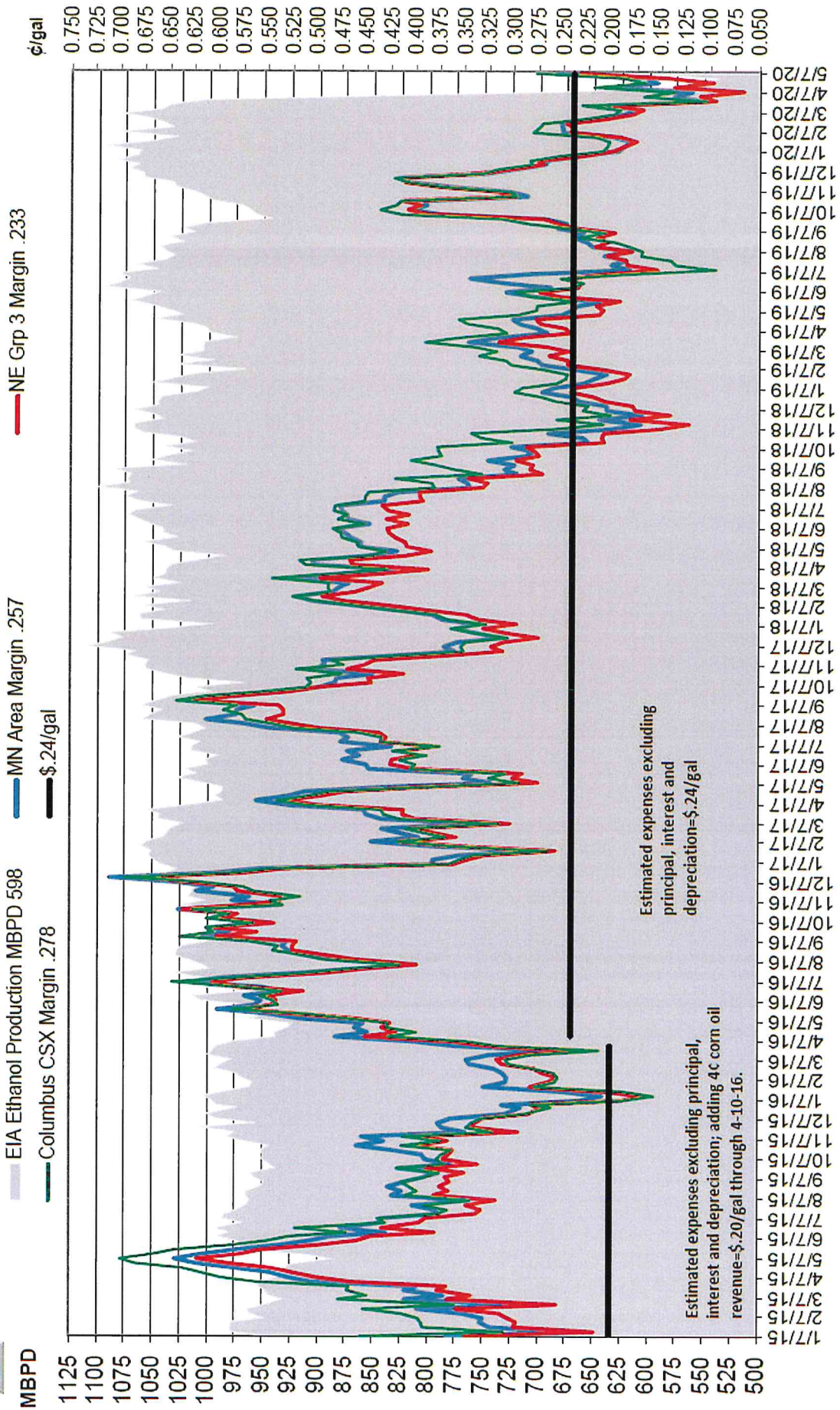
- Infrastructure
 - RVP waiver for E-15
 - RIN values 300% higher now than in 2019
 - 2019 \$0.13/gallon
 - 2020 \$0.36/gallon – encourages higher blends
- E-85 Sales
 - 1,489,673 E85 gallons in 2016
 - 2,336,748 E85 gallons in 2017
 - 2,804,898 E85 gallons in 2018
 - 2,814,068 E85 gallons in 2019



John Stewart
AND ASSOCIATES

ETHANOL GROSS MARGIN*

5/6/20



*Gross Margin: **Inputs:** nearby corn futures/basis and nearby natural gas futures + .20 **Outputs:** DDGS (125% of cash corn) and ethanol nearby futures with the western corn belt @ -12 Chicago and eastern corn belt @ Chicago price. **Margin reflects plants extracting oil as of 4-10-16. Corn Basis: Columbus 10+N, Minnesota 32-N, Nebraska 22-N**

Bushmills Ethanol, Inc. 2020 Annual Meeting

Results from 2019 and Thoughts on
Q1 of 2020

By Erik Osmon

Year to Year Comparison

• Plant Metrics	2018	2019
Ethanol Rate	63 MGY	81.4 MGY
Last half of 2019		84.1 MGY
Ethanol Yield	2.905 gal/bu	2.915 g/bu
Oil Yield	.729 lb/bu	.679 lb/bu
Electric Cost per gal.	.039	.011

Negative Factors in 2019

- China
 - Tariffs restricting DDG and Ethanol from entering China as a consequence of trade dispute.
- EPA
 - Small Refinery Exemption for ethanol RINs.
 - Devastated the RIN market and imposed loss of demand

Factors in 2020

- Huge loss of driving demand
 - Government Reaction to Coronavirus
 - Stay-at –Home in a number of states
 - Online School & College
 - EPA successfully taken to court to back down on refinery exemptions.
 - China concedes trade dispute, willing to take Ag products, but no results to date.

COVID-19 Crisis 2020

- Ethanol Industry Strategy Options
 - Complete shutdown, retain employees
 - Idle plants until inventories allow running again
 - Bushmills idled for a brief period in April and early May due to full ethanol storage tanks
 - Continue running no matter what losses are incurred.
 - Ethanol was valued at a 20 to 30 cent loss the 1st half of April
 - Less equity lost by shutting down rather than honor contracts

Government Aid for COVID-19

- The CARES Act Payment Protection Program (PPP) passed to help small businesses.
 - Bushmills participated and received \$772,000
 - If money is used for payroll and other necessary business expenditures then the loan is forgiven.
- New bill, HEROES Act, if passed will give \$0.45 per gallon to Q1 production.

Positive Factors Going Forward

- Driving demand is seeing an upswing which is the best medicine for improving the margins.
- The EPA's actions for Small Refinery Exemptions was found to be unlawful by a 10th circuit court. Although it is being appealed, there will be better discipline within the EPA in future.
- Bushmills has \$7mm in cash with an untapped \$30mm line of credit. We have survived in good condition.