

# FIRST QUARTER PERFORMANCE REPORTS

## GRID PERFORMANCE

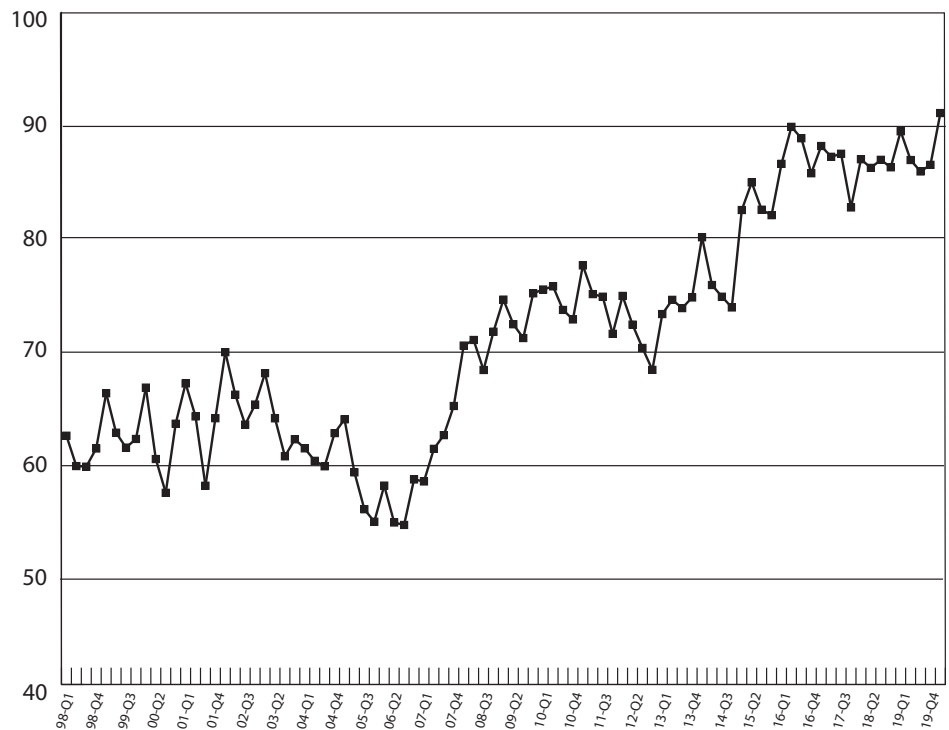
Grid performance during the first quarter of fiscal year 2020 is summarized in **Figure 1** (page 4).

The table's first six rows are a few of the Base Grid inputs. The remaining rows summarize the performance of cattle delivered to Kansas plants during this quarter, the previous quarter and a year ago. Please note the "% steer lots" pertains only to lots that are 100% steers.

Not all remaining lots would be heifers since some are reported as "mixed sex."

Once again, quality grade was outstanding. **This was the first quarter where USPB Choice and Prime percentage exceeded 90%.** **Figure 2** shows the USPB historical quarterly average Choice and Prime percentage during company history. Likewise, this was the first quarter that Prime percentage exceeded 7%. Premiums in the marketplace were all lower compared to the previous quarter, which was unusually strong. Prime and CAB premiums were higher than a year ago. The first quarter is usually the lowest for the Choice/Select spread and has been showing significant strength since the quarter's end. As a result of those lower premiums in the

USPB Choice & Prime %

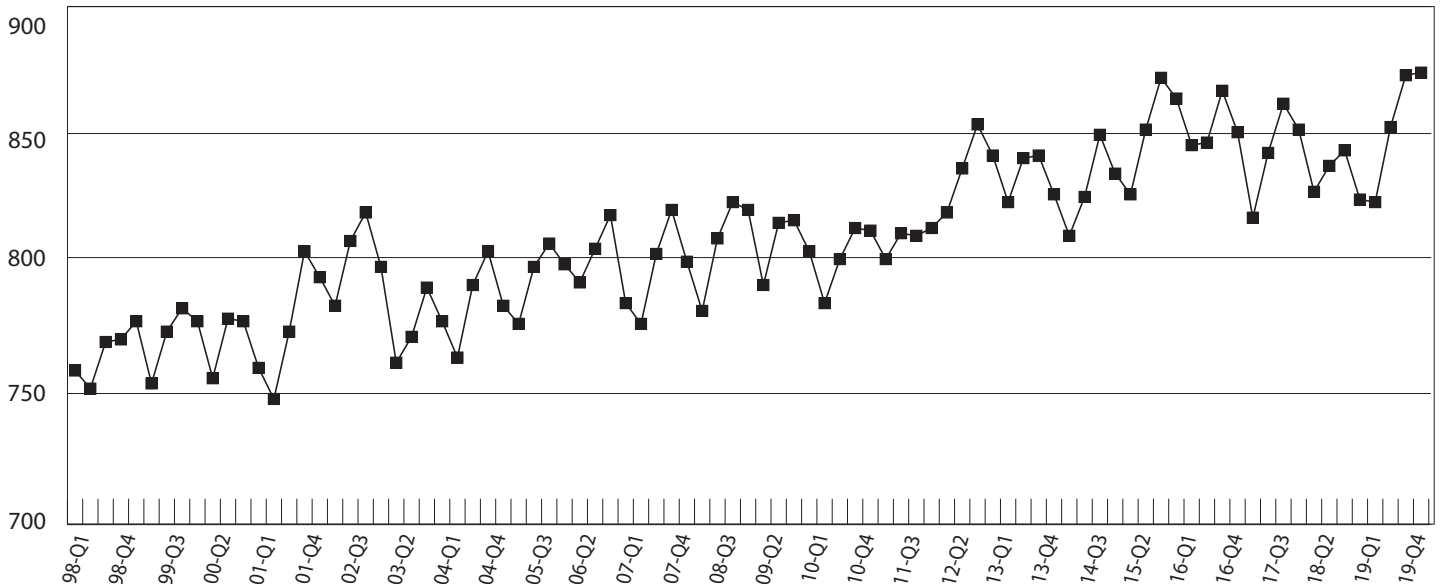


marketplace, quality grade premium was lower from the previous quarter, which was the second highest, but still higher than a year ago.

Across the entire industry, Choice or better percentage was also record high during USPB history at 83.19%. Even still, USPB cattle maintained their superiority and were seven percentage points higher than the industry average, which has been our typical difference.

Live and carcass weights were both record high. The prior record for each was set during the previous quarter. On average, typically, the fourth quarter is known for having heavier weights. **Figure 3** shows historical USPB quarterly average carcass weights. Placement weight for cattle marketed in the first quarter was the heaviest in-weight for the first quarter during company history. Days on feed were

# USPB Average Carcass Weight, lbs.

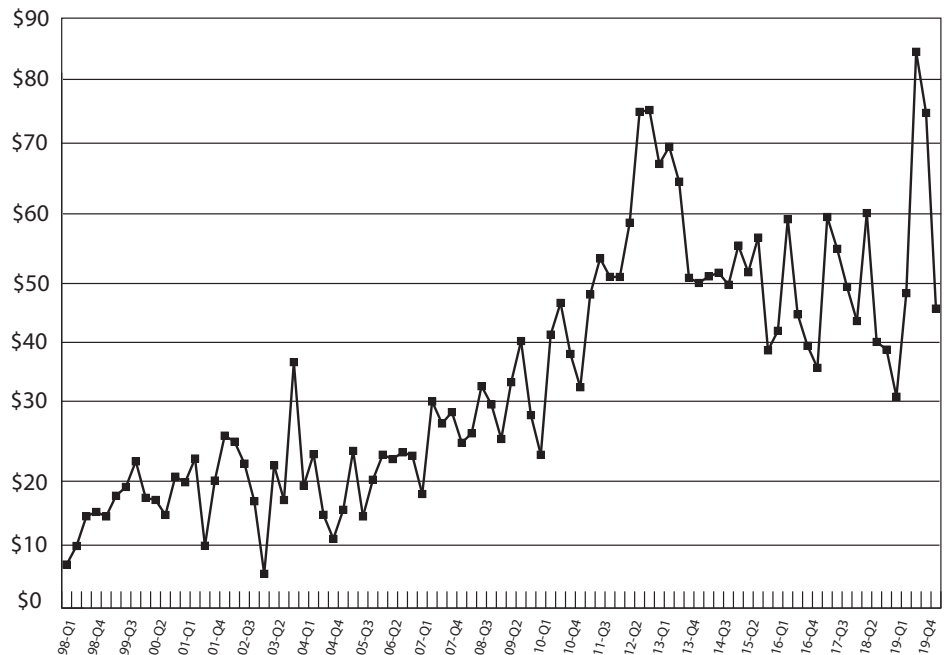


also high. This was the second-highest days fed for a first quarter. Yield, or dressing percentage, was certainly better than a year ago when weather was a significant factor. As a result, the total percentage of heavyweight carcasses which were greater than a 1050 pound hot weight was the third highest on record, down from the record high set during the previous quarter.

Yield grades are typically a little fatter during the first quarter. Overall, USPB cattle were a little leaner than the previous quarter and similar to a year ago. Note that all of the quarters listed in **Figure 1** show an overall, average yield grade premium that is positive. This means that, on average, USPB cattle were leaner than plant average.

Total premium per head for all USPB cattle harvested in Kansas is shown in **Figure 4**. During the first quarter, USPB average premium was \$44.76 per head more than if they were

# USPB Total Premium, \$/head



sold on the cash, live market. This was up from a year ago and down from

the fourth-highest premium during the previous quarter. ♦

# USPB Grid Performance for Cattle Harvested in Kansas

a = record high/large    b = record low    c = not in effect for entire quarter

Figure 1	FY20,Q1 (this Qtr)	FY19,Q4 (last Qtr)	FY19,Q1 (year ago)	FY20,Q2 -to-date
USDA-KS cash \$/cwt.	\$119.19	\$113.08	\$125.16	\$106.33
Plant Average Yield, %	63.50	63.50	63.33	63.50
CH/SE spread, \$/cwt.	\$5.03	\$23.70 <sup>a</sup>	\$6.27	\$11.34
Prime/CH spread, \$/cwt	\$11.94	\$21.26	\$8.65	\$8.58
CAB spread, \$/cwt.	\$4.32	\$5.01	\$3.01	\$3.31
Plant Average YG 4&5, %	14.22	12.62	15.11	10.42
100% steer lots	36.62	38.84	33.07	41.09
% black hided	74.41	74.57	74.96	72.44
Apparent Avg Daily Gain	3.65	3.65	3.31	3.46
In weight	773	776	747	748
Days fed	163	162	166	169
Live weight	1,368 <sup>a</sup>	1,365	1,298	1,333
Carcass weight	875 <sup>a</sup>	845	826	855
Yield, %	63.98	64.04	63.65	64.15
Yield difference, %	0.49	0.55	0.33	0.65
Prime, %	7.52 <sup>a</sup>	5.63	6.78	8.91
Choice & Prime, %	90.97 <sup>a</sup>	86.35	89.34	89.17
CAB, %	29.88	23.51	32.07 <sup>a</sup>	28.72
CHBP, %	0.69	0.54	0.16 <sup>c</sup>	0.87
BCPR, %	20.28	20.56	17.19	17.31
Yield Grade 1&2, %	43.20	50.17	43.92	41.96
Yield Grade 3, %	41.48	37.71	41.27	41.45
Yield Grade 4&5, %	15.32	12.12	14.81	16.59
Average backfat, inches	0.59	0.61	0.58	0.58
Actual-Required REA, sq.in.	0.54	1.09 <sup>a</sup>	0.59	0.46
Total Heavyweight, %	4.33	5.17 <sup>a</sup>	1.06	4.03
Total Condemned liver, %	18.53	18.00	18.78	18.88
Open Abscessed liver, %	2.02 <sup>b</sup>	2.46	2.82	2.28
QG premium/head	\$22.97	\$52.08	\$17.99	\$20.96
Yield benefit/head	\$18.22	\$16.36	\$11.53	\$18.30
YG premium/discount/head	+\$1.53	+\$3.59 <sup>a</sup>	+\$2.04	-\$2.01
Outweight discount/head	-\$4.71	-\$6.52	-\$2.76	-\$5.38
Steer premium/head	\$5.36	\$5.69	\$0.58 <sup>c</sup>	\$5.99
<b>Subtotal premium/head</b>	<b>\$43.37</b>	<b>\$71.21</b>	<b>\$29.38</b>	<b>\$37.85</b>
Natural premium/head	\$1.39	\$2.81	\$2.21	\$0.63
<b>Total premium/head</b>	<b>\$44.76</b>	<b>\$74.01</b>	<b>\$31.59</b>	<b>\$38.49</b>
Top 25% premium/head	\$88.50	\$129.86	\$69.02	\$76.72