



Welcomes you!!!

Presentation overview

- About us and our ownership
- Our process and products
- Our markets
- Oat market outlook
- Our Oat procurement program



Our Ownership

- Company founded on June 1st, 2012 when the assets of the former Alberta Oats Milling was purchased
- The main principle and parent company is Grupo Vida and the Gomez family from Guadalajara, Mexico
- The owners have had 30 years of experience in Oat Milling





About Grupo Vida....

- Family owned and operated since 1983
- Primarily an oat mill, Grupo Vida sells bulk oats along with approximately 250 retail product SKU's.....all promoting health and wellness to their customers
- Because Mexico is not a large producer of oats, many of the raw oats for Grupo Vida have been purchased from the line companies in Canada and shipped to Grupo Vida via bulk vessels out of the Port of Vancouver or Australia



Grupo Vida overview and capabilities



- **Edmonton Canada**
- Oats, quick oats, steel-cut oats
- 5,000 metric tons monthly capacity
- 10,000 metric tons storage capacity



- **El Arenal, Jalisco**
- Oats, quick oats, steel-cut oats, instant oats
- 10,000 metric tons monthly capacity
- 35,000 metric tons storage capacity
- New 110,000 sq ft distribution center



- **La Venta, Jalisco**
- Granola, granola bars, cookies
- For capacity refer to attached checklist
- Expansion scheduled for 4Q 2014



Grupo Vida brands....

Granvita, Puffitos, Avena, Puffy's, Mordy, Cocula, Muesli,
Avenitas, Hojuelitas, San Gabriel, Licuavena



About us, our
products, our process,
and our markets

About us....

- We are an oat mill designed to produce conventional human grade oat products.
- We purchase up to 3600 mts per month of raw oats monthly and have plans to increase capacities to 7000 mts per month within the next calendar year.
- We purchase the majority of our oats directly from Alberta producers.
- We are licensed and bonded with the Canadian Grain Commission(CGC).

Our Products....

- We have two by-products sold for animal feed, oat hulls and oat chips. Oat chips are from the siftings left over from making steel cuts and flaking.
- Whole Oat Groats (WOGS)
- Steel Cut Groats (SCOGS)
- Large Flake Oats(different thicknesses)
- Quick Rolled Oats
- Oat Flour

Our Process.....

- We start by cleaning the grain and then dehulling each oat through a centrifugal process
- Next, the groats are kilned at 200 degrees Fahrenheit for 1 hour. This is to stabilize the groat and destroy the peroxidase enzyme activity in the groats to increase shelf life.
- The whole oat groats(WOGS) can be sold as is, or rolled into a large flake oat.
- The WOGS can also be steel cut(chopped into 3-4 pieces per groat) and sold as is or rolled into a quick rolled oat.
- We can further process oats with a hammer mill and produce oat flour.

Packaging and Transportation...

- We sell most of our oat flakes and flour in 50 lb bags or 700-900 kg large tote bags.
- Our whole oat groats and steel cut groats are sold by bulk truck or rail car, 50 lb or 25 kg poly bags or 1000-1300 kg large tote bags
- Depending on the location of customer, oats are loaded in trucks, railcars, or sea containers.

Our Markets.....

- We sell many of our oats domestically into the USA and Canada.
- We also export to several countries such as Taiwan, Korea, Mexico, Costa Rica, Venezuela, Guatemala, Jamaica, and the Dominican Republic.
- Our competitors in overseas markets are Chile and Australia.
- Some of the major factors that influence purchasing decisions of our customers are: Raw material costs, ocean freight costs, quality programs(HACCP, SQF, ISO, GMP's), transit time, reliability, overall product quality, and customer service.



Oat Market Outlook....

Key Source for Oat Market Information....

Oatinformation.com

Improving your bottom line

Now on Twitter
@oatinformation

Remember last year....



When the USA corn crop was toast!

During the last crop year....

- We saw all commodities rally due to a drought in the USA.
- Feed grains remained bullish throughout the year with a sharp increase during the last quarter due to diminishing stocks in the country.
- CBOT oat futures varied between \$3.35 - \$3.75USD/bushel with a spike in July at close to \$4.00USD/bushel.

2013 Oat Harvest....

- In 2013, we had late seeding and consequently a late harvest.
- Record oat yields and good overall quality.
- Oat supply in 2013 up 21% in Canada.
- In light of the surplus of stocks, cash prices have declined \$1.32CAD/bushel or \$85.60CAD/MT from the 2012/13 high and down \$.45CAD/bushel or \$30.18CAD/MT from this time last year.
- Canadian Oats Milling Ltd. current bid: \$2.10CAD/bushel Spot – December 2014

Post Harvest Challenges....

- RAIL CAR SHORTAGES! Increasing problem!
- Falling horse demand in the USA.
- Off shore demand will be limited.
- Chilean harvest in January has decreased milled oats into South America, Central America and the Caribbean by \$120-150USD/MT making Canadian Mills unable to compete.

Post Harvest Challenges....

- We are showing little to no gains on oat returns from 2013
- Forecasting near record high 2013/14 Canadian oat ending stocks(could be higher with the current railway problems)
- Large European Oat Surplus
- Overall decline in global grain prices

Food Use vs Feed Use



Current Events in the oat world....

- CBOT Oat Futures have moved from \$3.40USD/bushel in early January to \$4.70USD/bushel today!
- Futures driven by US Mills not receiving railcars and no real solution to the problem.

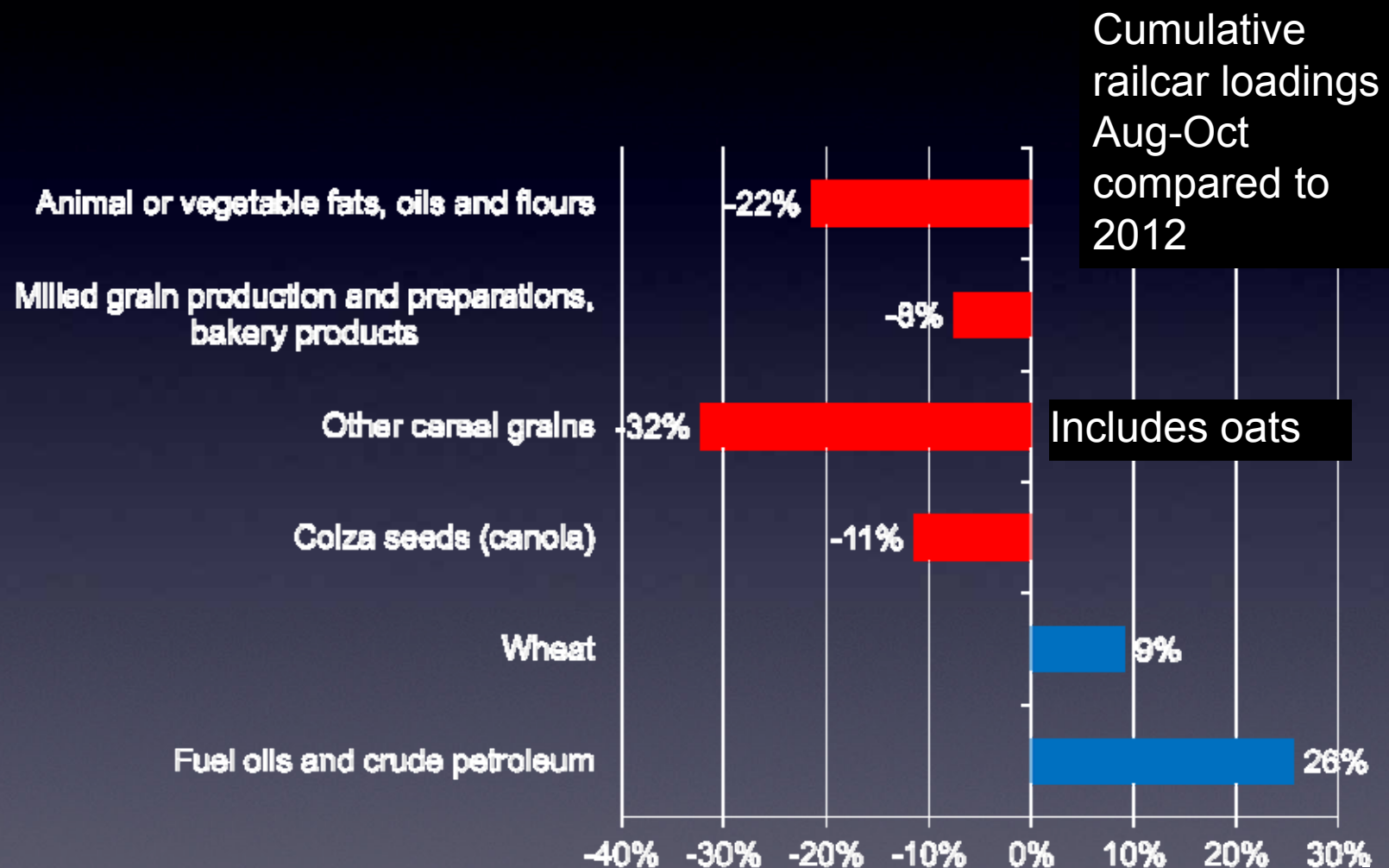
Current Events in the oat world....

- US Oat mills storage facilities are falling to less than 20 days of oat use with no possibilities of replenishing the supply anytime soon.
- In Cedar Rapids and Minneapolis, bids for oats are \$1-\$1.50USD/bushel over CBOT.

Current Events in the oat world....

- The sad reality, US Mills are trying to entice EU, or Australian to keep mills running. This leaves our Canadian producers with full bins!
- The government is trying to step in and set monetary penalties for the Canadian Railways who have failed move their projected 5,500 railcars per week of agricultural products.
- CN has retaliated and said that extreme cold weather starting in early December has hampered railway operations performance on all commodities, including grain.

The reality of the rail car problem....



Oat Marketing advice to Canadian producers.....

- Oat supplies are large, and demand is limited due to lack of rail movement
- Futures are inverted due to rail shortfall, but demand will be forward
- Spot and forward sell as much as possible
- No end in sight to railcar problems, relief could be into 2015

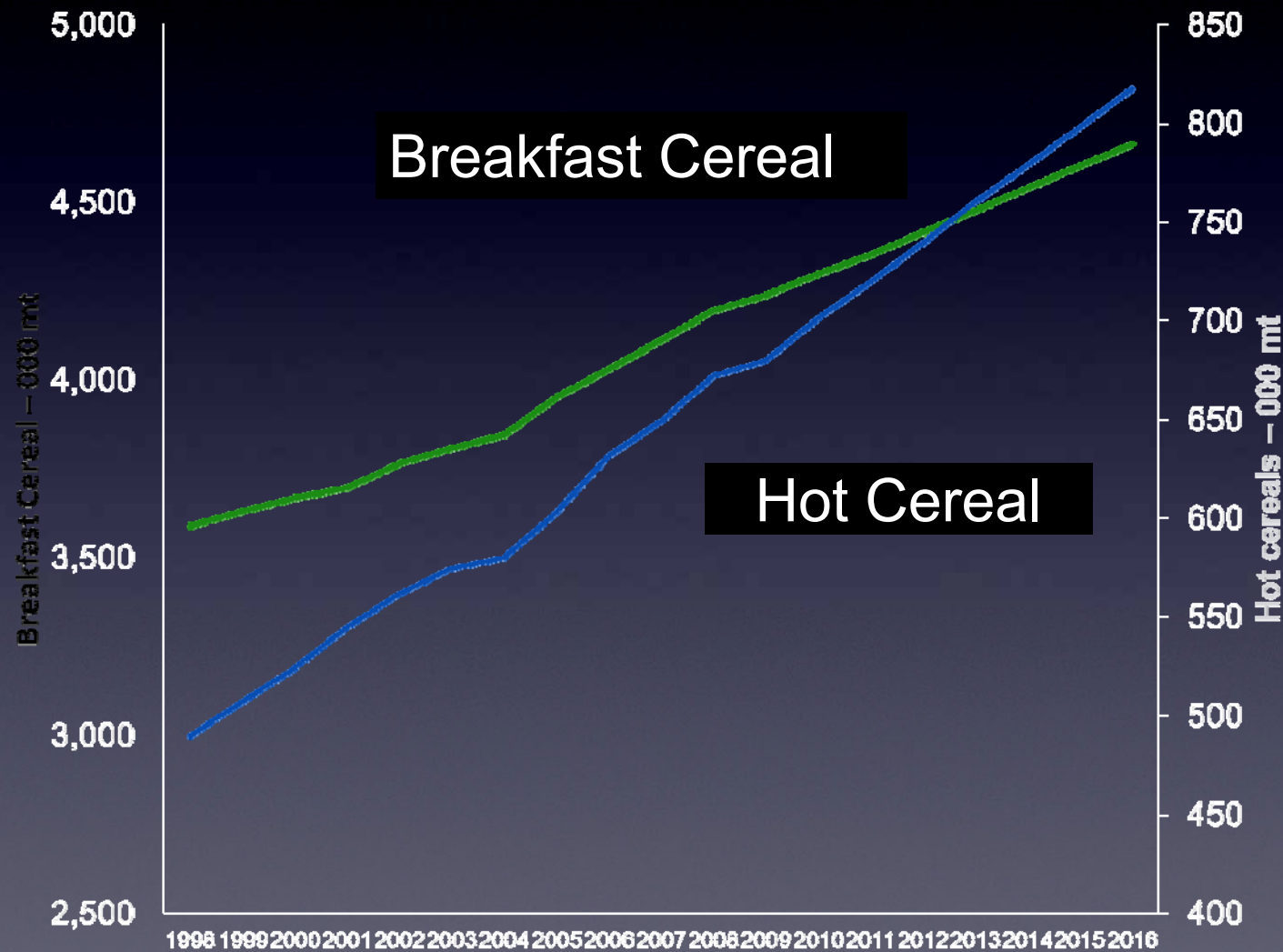
Why grow oats????

- Oats are considered a “super food” high in digestible fiber and beta glucan which is good for lowering cholesterol
- Canada and EU opening free trade on oats.....will be gradual, but opens a huge market for us over the next few years
- Oats are a hardy, low input crop

Why grow oats????

- Canada has a competitive advantage globally on oats
- POGA's equine research project
- New markets ie Identity Preserved programs for Gluten Free Oats

World Breakfast Cereal Sales






Our oat procurement
program

Our sourcing program.....

- We purchase the following varieties: Derby, Morgan, Calibre, Triactor to name a few.....
- Varieties such as: Foothills, Cascade, Walden, and Mustang are only millable in winter months as they can more easily dehull during this time.
- We expect our suppliers of oats I only use herbicides and pesticides approved by the Canadian Grain Commission(CGC).
- All samples sent for approval must be representative of the bins they are stored in.

Specifications....

	Incoming Raw Material Specs	HACCP Coordinator: Sen Wu
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MILLING SPECS

SPECS	BID BASIS		DISCOUNT		REJECTION
MOISTURE	Min	11.0%	13.5% to 13.6%	\$ 0.90 /DEDUCTION	Less than 11.0%
	Max	13.5%	13.6% to 13.7%	\$ 1.80 /DEDUCTION	Discount Up to 14.5%
			13.7% to 13.8%	\$ 2.70 /DEDUCTION	Rejected 14.6% or higher
			13.8% to 13.9%	\$ 3.60 /DEDUCTION	
			13.9% to 14.0%	\$ 4.50 /DEDUCTION	
			14.0% to 14.1%	\$ 5.40 /DEDUCTION	
			14.1% to 14.2%	\$ 6.30 /DEDUCTION	
			14.2% to 14.3%	\$ 7.20 /DEDUCTION	
			14.3% to 14.4%	\$ 8.10 /DEDUCTION	
			14.4% to 14.5%	\$ 9.00 /DEDUCTION	
BUSHEL WEIGHT	43.3 lbs/bus		\$3.0/MT Each lbs/Bus under 43.3 lbs/Bus		Less 42 lbs/bus
	250 gr/.5 l				Less 242 gr/.5 l
Green	Max	0.5%			
Unhulls	Max	5.0%	\$1.5/MT each 1% over 5.0%		10.0%
Fat	Max	0.5%	\$ 1.0/MT each 0.5% over 0.5%		
Adhered	Max	0.5%	\$ 1.0/MT each 0.5% over 0.5%		2.50%
Thinner	Max	4.0%	\$ 1.5/MT each 1.0% over 4.0%		7%
Plague	Negative				Positive
Other Grains	0%		FM & OTHER CEREAL DEDUCTED FROM GROSS WEIGHT		Max: 1.5% Barley 2.0% Wheat 2.0% Wild Oats Total 3.0%
GROAT SOUND	96%				Min 96%

Key Points.....

- We are unable to take grain directly off the combine. We must see and test all samples prior to delivery.
- Our specifications are subject to change depending on the quality of the crop.
- We make the required deduction to the Prairie Oat Growers Association and submit it on your behalf.
- Our current bid for new crop, \$2.10CDN/bushel FOB our plant.



Offer valid until

Monday August 26th,

- Offering each producer in attendance 2 loads(42.5 mt each)at \$3.35CDN/bushel delivered to the COM plant.

5 pm

- 1st load will be delivered Sept-Dec 2013. 2nd load to be delivered Jan-April, 2014.
- Those invited by Marketmaster, please contact Marketmaster to draft a broker note.
- If invited by our plant, please contact us directly at 780-973-9102 ext 2 and ask for Tom or leave a message.





Thanks you!