

AGRICULTURAL BEET

September 9th, 2020

Southern Minnesota Beet Sugar Cooperative
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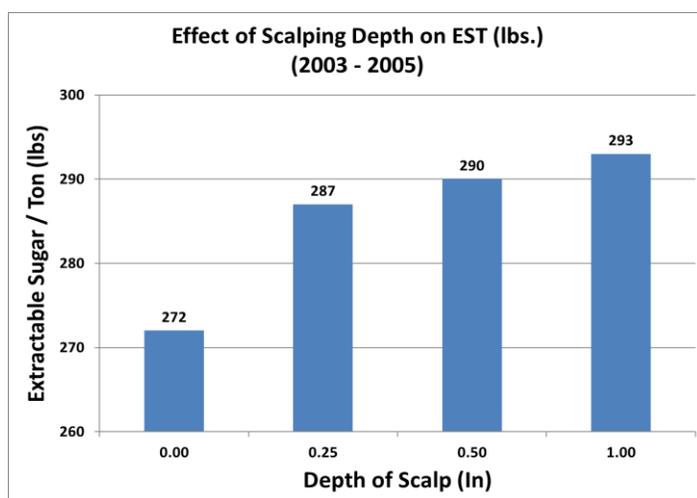
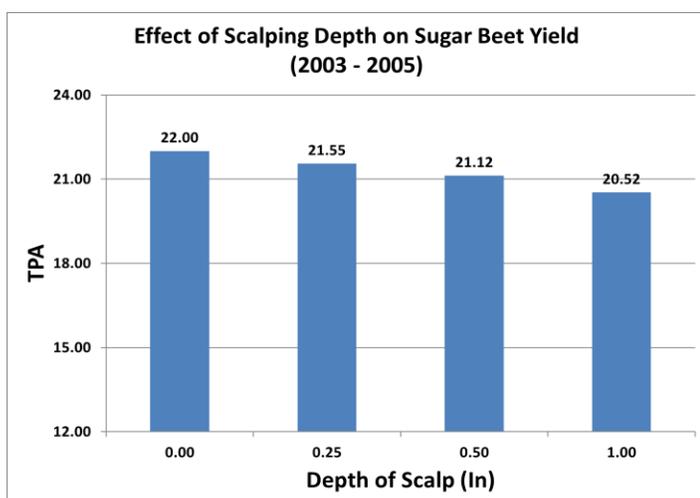
Foresight is 2020

Considerations to a suitable scalp for increased 2020 shareholder revenue:

We continue to assess the size of the 2020 crop as it relates to the implementation of a SMBSC “Controlled Harvest Policy”. It is difficult to leave yield in the field, yet there is no mistaking that factory capacity and beet store-ability have limitations that ultimately determine our harvest. Thus, excess yield must be dealt with and avoidance of any additional costs associated with harvest, delivery, storage, and disposal is vastly preferred.

Dealing with challenges such as a controlled harvest can provide significant opportunity if approached with an appropriate mindset. It is well established that the sucrose that we desire from our sugarbeet crop is not evenly distributed throughout the root. The crown area of a defoliated sugarbeet not only possesses less sucrose, it also possesses a considerable amount more impurities that impact extraction. Thus, ***if a certain amount of root yield is going to be required to be left in fields and ineligible for generation of shareholder income; any opportunity to deliver just the portion that is most profitable would be beneficial to all.***

An appropriate sized scalp for a particular crop situation represents an effective way to dispose of the relatively lesser-valued portion of the beet roots in the interest of being able to ultimately harvest more acres of beets that possess the sucrose we desire. SMBSC conducted scalping research in the early 2000s. It is important to point out that the objective at that time was identification of a proper level of scalp in a more normal circumstance where all beets were expected to be processed and thus, a certain amount of the additional impurities found in the crown area could be dealt with because of its overall additional value to the payment.



Conversely, in 2020 leaving a portion of our crop appears likely. Thus, additional calculations are required to obtain a value to proper scalping. The yield graph above suggests a 0.75” to 1.0” scalp (4” to 5” diameter) would leave approximately 1.0 to 1.25 ton of the poorest quality portion of the root in the field. On remaining 2020 harvest acres, this would roughly calculate out to an opportunity to harvest almost 4500 additional high value acres or nearly 4% less acres required to “set-aside” with a controlled harvest. And..., with an added benefit of higher purity leading to increased extraction (graph of EST above right). ***Consider using the 2nd round of the preharvest schedule to implement changes to your harvest equipment to deliver the best... and leave the rest.***

Steve Roehl – Ag Strategy Manager

Todd Geselius – VP of Agriculture

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