Amalgamated Sugar

Real Sugar. Real People. Real Community.

Senate and House Agricultural Affairs Committees

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President & CEO
The Amalgamated Sugar Company LLC
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About Amalgamated Sugar

- Founded in 1897
- Three sugarbeet processing facilities in Idaho:
  - Twin Falls, Mini-Cassia, Nampa
- Purchased by the Snake River Sugar Company, a grower-owned Cooperative, in 1997
  - ~725 Members/Sugarbeet growers
- Snake River Sugar Company has full ownership and operating control of Amalgamated Sugar
- National Sugar Marketing LLC – a marketing alliance with Sucden Americas Corporation and Southern Minnesota Beet Sugar Cooperative – markets our sugar
  - Amalgamated Sugar produces 12% of domestically produced sugar
  - NSM markets 18% of domestic consumption (2.2 of 12.3 million tons)

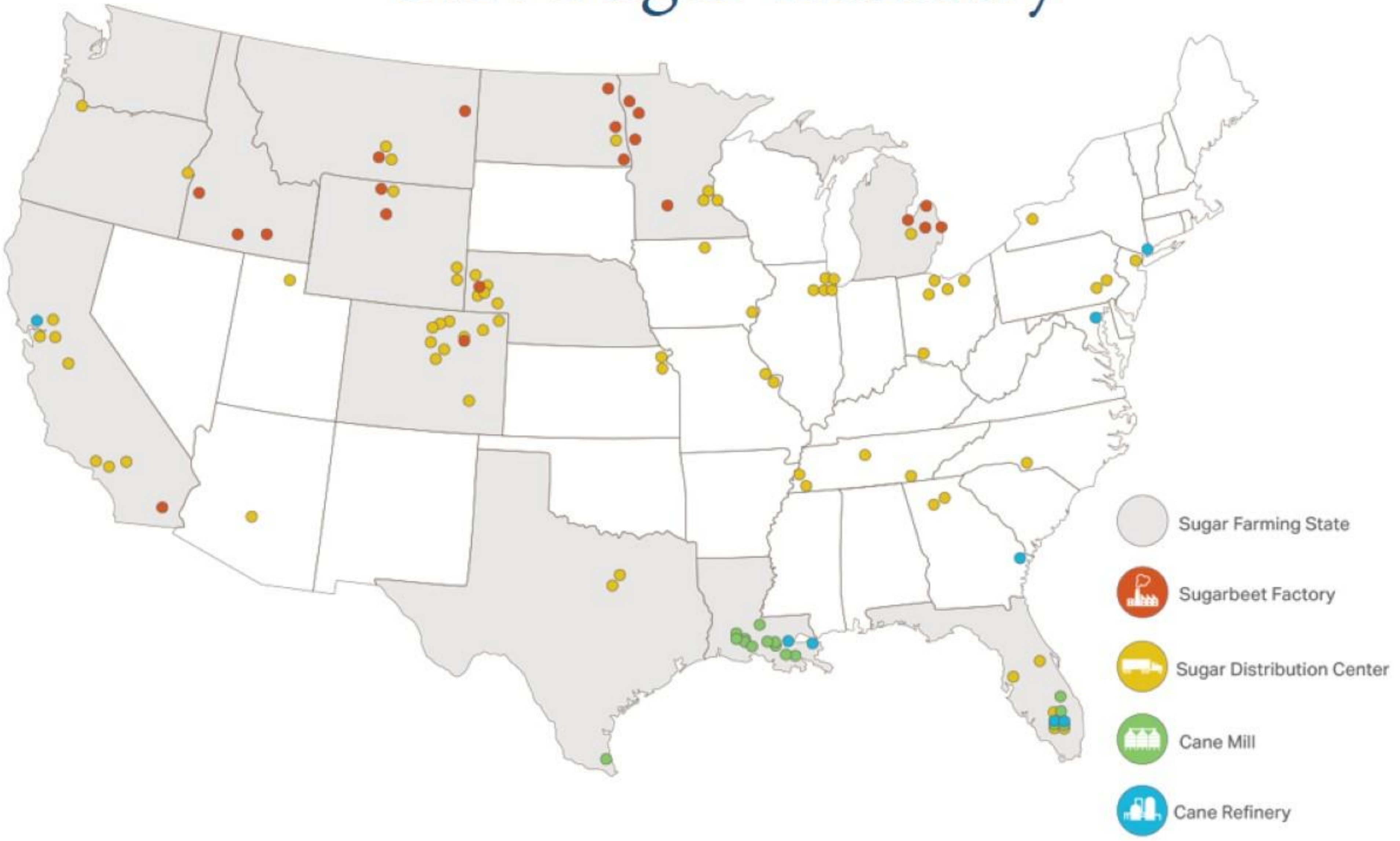
Amalgamated Sugar: Looking to the Future

- Significant Capital Investment
  - Approximately $200 million over the next 5 years
- Maximizing Diversification Opportunities
  - Utilizing the technology developed by our subsidiary company, Amalgamated Research LLC (ARi) to find new potential revenue streams
  - Beta Pura
    - Formed a joint-venture with European sugar company, Agrana, to crystalize a sugarbeet biproduct called betaine
- Brand Refresh
  - Currently working to update the Company's brand/image
  - Real Sugar. Real People. Real Community.
  - Recruiting/Marketing
- Sustainability
  - Committed to the sustainable growth of our businesses while sharing the story of how today's sugar is produced
  - Our grower/owners are innovative with an eye on the long-term future of their farms and factories
  - Support the establishment of an aligned, unifying Framework for Sugar Sustainability

Our Legislative Priorities

A. Transportation
B. Talent
C. Agricultural Research

U.S. Sugar Industry



U.S. Sugar Industry Profile 2019/20 *(Thousand short tons, raw value)*		
Beet Sugar Production	4,444	21 beet factories in 9 states[1/]
Cane Sugar Production	3,713	16 cane mills in 3 states
Total	8,158	37 facilities in 12 states
Sugar consumption	12,230	
TRQ Imports[2/]	1,604	40 WTO quotaholding countries + FTAs
Mexico Imports	1,827	Additonal U.S. import needs
Cane Sugar Refineries		9 refineries in 7 states
Jobs generated	142,000	22 states[4/]

[1/] Sugarbeets grown in 11 states.

[2/] Tariff-rate quota imports for domestic food use, actual entries. Total minimum access provided: 1.6 mst.

[3/] Limited under suspension agreements negotiated between U.S. and Mexican governments in 2014; amended in 2017.

[4/] LMC International, "*The Economic Importance of the Sugar Industry to the U.S. Economy – Jobs and Revenues*," Oxford, England, August 2011. Revenues generated: $20 billion per year.

Data source: USDA, January 2020 WASDE

U.S. Sugar Policy: How It Works

<u>Sugar policy: Zero-cost, price-support approach</u>

- No government payments; pay back loans with interest – USDA balances supply with demand
- No planting or production limits, but marketing allotments to ensure U.S. producers do not oversupply the U.S. market
  - If a company's production exceeds its allotment, must store excess *at own expense* (and sell next year), or export, or sell for non-food use
- U.S. producers allotted 85% of U.S. demand
  - Remainder to imports (WTO, FTAs, Mexico)

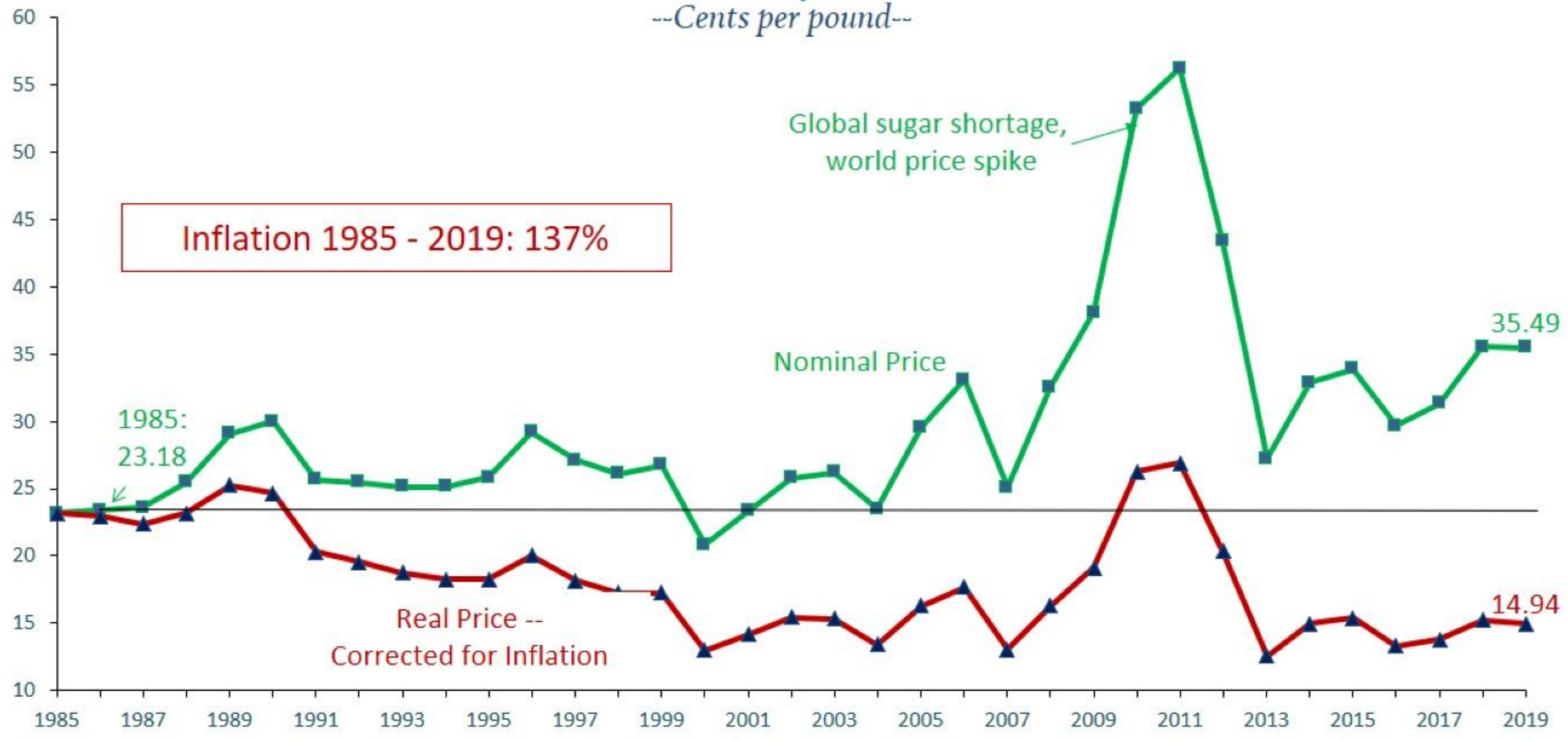
<u>Sweetened-product-manufacturers benefit</u>

- Doing well – high profits, expanding throughout U.S.
  - The price of sugar has nothing to do with food-manufacturers' economic viability
  - Lower sugar prices = harm to farmers; higher profits to SCP manufacturers; no benefit to consumers – zero passthrough

<u>Consumer benefit</u>

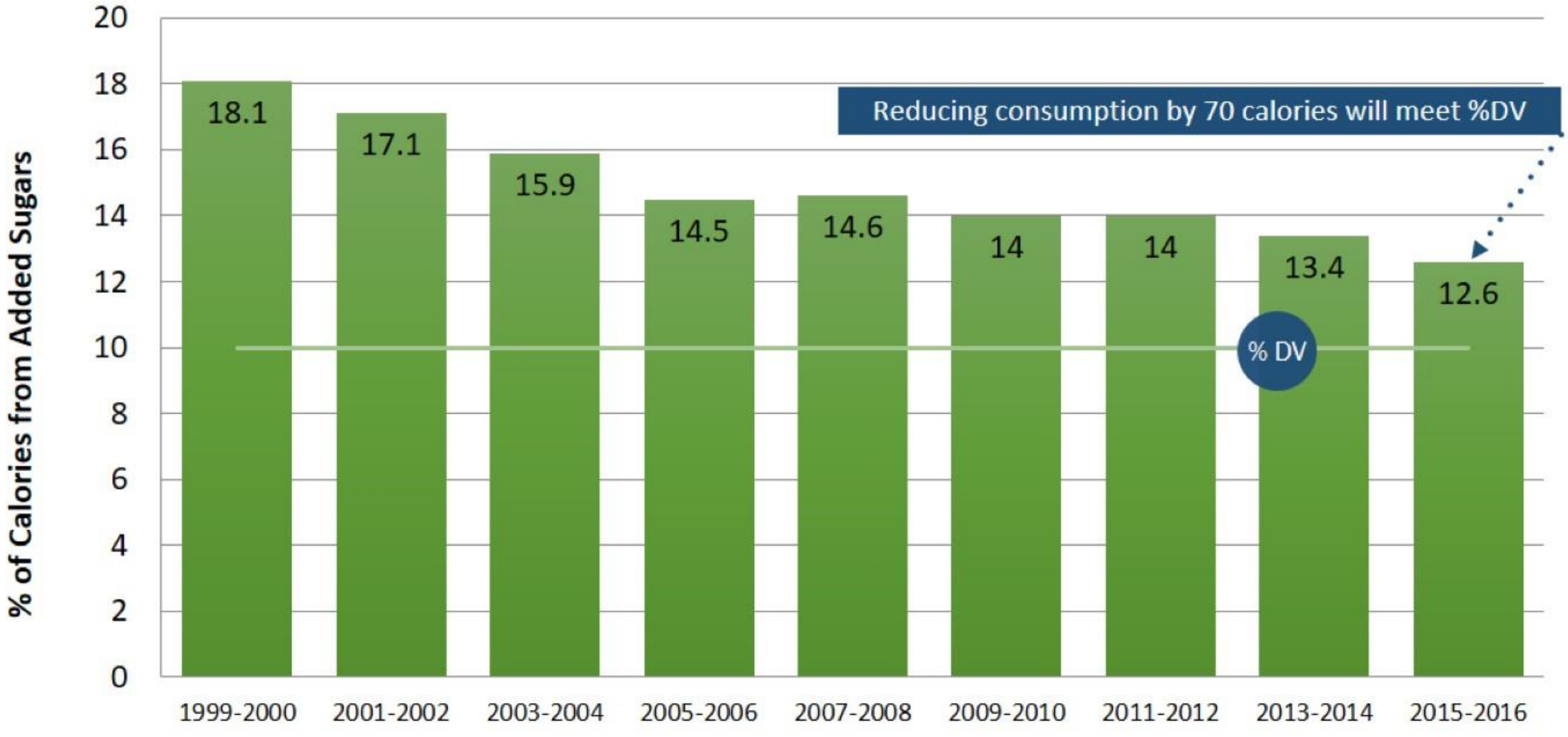
- American retail sugar prices on par with the rest of the world

U.S. Wholesale Refined Sugar Prices: Real Price Down by 36% Since 1985



Data sources: BLS -- CPI-U. USDA - wholesale refined beet sugar, Midwest markets; annual averages 1985-2019 (2019 to date).

Trends in Added Sugar Consumption



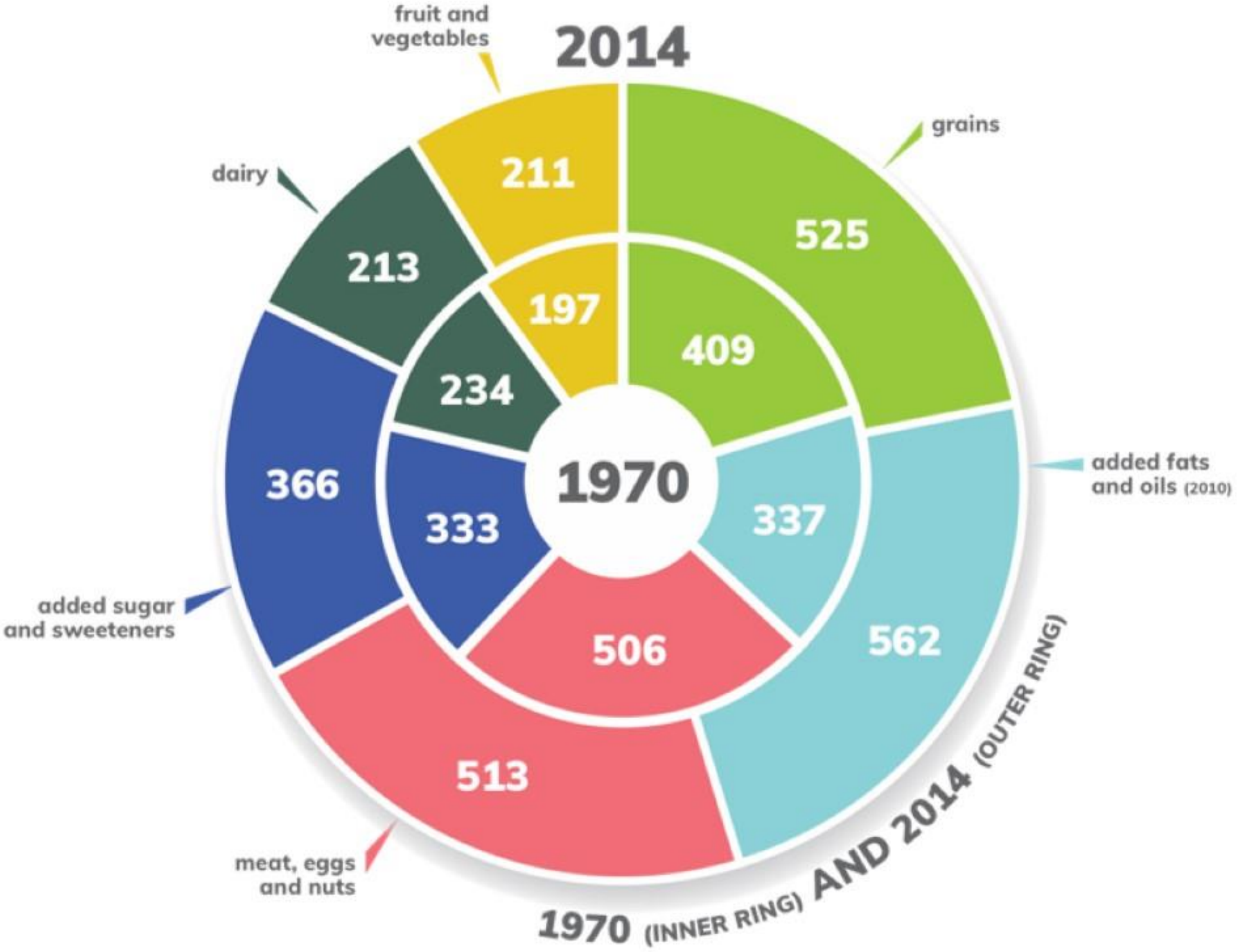
Welsh, et al. AJCN 2011, USDA WWEIA 2011-2012, 2015 DGAC 2013-2014

Added Sugars in the Context of the Total Diet

Total Average Daily Calories

1970: 2,016

2014: 2,390



USDA ERS Food Availability; USDA ERS Sugar and Sweeteners Yearbook; Bentley, USDA ERS 2017

The Real Sugar Message

Overarching message: There’s only one sugar: it comes from plants and fits in a balanced diet.			
PRIMARY PILLAR	Real sugar (Natural)	Sugar in Balance	There’s only one sugar
Descriptor	Real sugar comes from plants grown on a farm.	Consumers want to know how much sugar fits into a balanced diet.	No single ingredient can replace real sugar’s flavor and function. Sugar means sucrose.
Objectives	Consumers know sugar comes from plants. Consumers recognize sugar is a natural sugar.	Consumers feel confident incorporating sugar as a part of a balanced diet. Consumers are aware the Dietary Guidelines allow for up to 10% of calories from added sugars.	Consumers prefer sugar to sugar substitutes. Consumers differentiate sugar from other sweeteners. Consumers know why sugar is in so many foods for reasons beyond sweetness. Consumers recognize sugar as a trusted ingredient.

The Ultimate Goal:

Real Sugar is recognized as a positive part of a balanced diet and aids in the enjoyment of a wide range of foods.