



PREMIUM PEANUT

Newsletter

July 2019



A letter from our CEO, Karl Zimmer

July 1 marked the completion of my 4th year with Premium Peanut. It is hard to believe that four years have passed already, as the time has definitely gone quickly. But, I think its worthwhile to reflect on what Premium Peanut, your company, has accomplished in its (less than) 4 years in operation. We are the 4th largest sheller in the United States, operating what we believe to be the single largest shelling plant in the world. When we finish shelling, on time, the 2018 crop in about 6 weeks, we will have processed four crops and sold 100% of them (despite initial projections of having a surplus that would have needed to be 'forfeited' to the government). Dividends paid of over \$60 / share over two years in addition to being competitive at contracting & harvest option pricing. Shipments to over 25 countries around the world. Actively involved in agriculture policy in Washington, D.C., including a successful 2019 Farmbill and the recent disaster and trade mitigation funds being made available by Congress and the USDA. This has been accomplished in a very difficult market; as you will read in Alex's article in this newsletter, the market has several hundred thousand tons of excess farmerstock, which is keeping prices depressed. During these difficult market conditions, we are working very hard to maximize the value of every ton of farmerstock; we are focused on operating our plants safely and efficiently, delivering very high quality product to our customers. The market will improve at some point, and when it does, I believe your company is very well positioned! We have built a great team, and that team is working every day to create value for our 350+ shareholders.

The Market Overview— Alexandre Izmirlian, Premium Peanut Sales

The USDA came out on June 28, 2019 with their 2019 crop planting estimate which was a surprise with a decline of 4.32% vs. the industry consensus that there would be an increase. Even more surprising are the numbers for the traditional Southeast (GA, AL, FL) that show a decrease of 9.14%. Final plantings tend to be different, and more often than not on the upside. Personally, I still believe that plantings will come out pretty much even vs. last year. Nevertheless, considering the oversupply situation the US is in (with a carryover that I estimate at 1.309 million fsst), a lower crop would only mean a lower carryover but still an oversupply. With cotton prices for Dec 20 at \$.66 (mostly due to the issues of the US and China tariffs as I understand), it looks like the US will continue being in an oversupply situation until there is either a spike in cotton prices (once and if the US and China make a deal) or a short crop or China comes and buys large volumes from the US. Probably good for buyers, although shellers still have to buy the peanuts for them to be available, but bad for the peanut part of the farm bill. With the US government deficit and budget continuously increasing and cotton prices under pressure, if peanuts continue to be oversupplied, the cost of the peanut program might end up jeopardizing the safety net that this program is. Something to think about.

The market was not at all impressed by the USDA planting estimate and continued its summer doll drum with very low activity. One can easily buy current crop at 45 cents fob SE, whereby new crop is at a couple cents premium. Buyers are well covered for this year and probably well covered for next year. I would estimate 60% coverage at this time. With the good coverage and the oversupply, buyers are willing to take on the risky part of the crop (second half July/August) without further coverage. There doesn't seem to be much activity either on the farmerstock side which I believe can make it somewhat complicated for the shellers other than cooperatives. Those shellers are most likely very well sold vs. their farmerstock contracts thus making it risky to sell more especially at the prices buyers are wanting to buy at.

The export market has also seen a lack of activity. The EU has yet to decide if they will impose tariffs on some US goods including peanuts and what those tariffs will be if imposed. This could change dramatically the market for everyone.

Lastly, the USDA has put up the last 75'000 fst of 2017 crop for auction through a barter trade with bids due in today for reply July 30. It will be interesting to see what happens to those goods.

USDA stocks and processing for May 2019:

Aug 18-May 19 vs. Aug 17-May 18: Peanut Candy **down 2.25%**, Peanut snacks **down 10.43%**, Peanut butter **up 2.47%**, Total edible **down 0.41%**, Inshells **down 3.41%**

May 19 vs. May 18: Peanut Candy **up 29.18%**, Peanut snacks **down 13.19%**, Peanut butter **up 8.20%**, Total edible **up 5.80%**, Inshells **down 10.80%**

USDA exports for May 2019:

Aug 18-May 19 vs. Aug 17-May 18: the US exported 355'316 mt vs. 382'257 mt a year ago, a drop of 7.05%. with the exception of China/Vietnam that is down 70.61%, all other major destinations are up handsomely with the EU28 being the leader with an increase of 20%, Mexico up 9.28% and Canada up 9.15%.

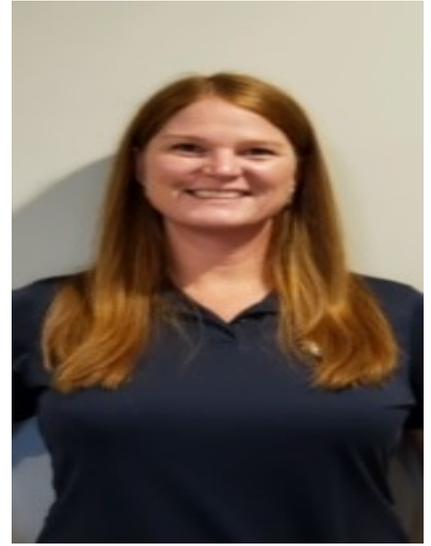
May 19 vs. May 18: a total of 40'729 mt were exported vs. 45'668 mt a year ago, a drop of 10.81%. Exports to Canada were up 34.07% and surprisingly exports to China/Vietnam were up 4.99%, but the EU28 was down 30.39% and Mexico was down 15.16%.



Employee Biographies

Courtney Dorsett: Food Safety & Employee Health Safety Compliance Director

Courtney was born in Savannah, GA, the third of 4 children to parents who will be celebrating their 51st wedding anniversary this year. Thanks to her mother and grandmother, she developed a love of plants at an early age and pursued that passion at the University of Georgia earning a Bachelor of Science degree in Horticulture. While attending UGA, she worked for the State Botanical Garden of GA which enriched her knowledge of both native and introduced flora, as well as at the Taco Stand which both kept her fed and taught Courtney the necessary life skill of rolling a tight burrito. After college, she tried her hand at various jobs while at the same time indulging her wandering spirit. The abbreviated version includes working on an organic farm in Catskill, NY, assisting USGS scientists on research involving invasive plant species in dammed riparian habitats within Colorado, Arizona and New Mexico, and spending many days wading deep in pluff mud participating in oyster bed rehabilitation projects along coastal Georgia. Upon returning to Georgia, reconnecting with a dear friend from college, and long story short, they decided to get married. Eventually, Andy and Courtney chose to abandon the chaos of Atlanta for a slower paced life in rural Southwest GA, taking jobs within the peanut industry. They both love agriculture (peanuts in particular), and she quickly found her niche in Food Safety; so, when Premium Peanut offered the position of Compliance Director, she jumped at the opportunity! Courtney currently serves on APSA's Safety and Sanitation Committee and is currently completing a Master of Science in Food Safety program through the University of Arkansas. While her spirit still wanders, Andy and Courtney feel like they have found their home both in Douglas and at Premium Peanut. She looks forward to growing with the company and is excited to see what the future holds.



Donald Scott: Food Safety and Quality Director

Donald is a graduate of Berea College with a BA in Chemistry. He has over 33 years of experience in Quality Assurance in juice, poultry and bottled water processing. He has held the positions of Quality Technician, Analytical Chemist, QA Supervisor, QA Manager and Production Manager. Prior to coming to Premium Peanut, his family moved to Douglas in 2007 when he started at the local bottled water plant. He also spent two years in Iraq making water for the Army.

Donald currently serves on the American Peanut Shellers Association Committee for FSIS Matters and the Committee for Safety and Sanitation. He and his wife have three children, one teaching and two attending South Georgia State College.



Ashlie Thornton: Safety & Training Coordinator

Ashlie Thornton is originally from Valdosta, GA and relocated to Douglas in 2016. Ashlie graduated from Lowndes County High School in 2003. She started with Premium Peanut as a picker in July of 2017 and advanced to Safety and Training Specialist, later becoming Safety and Training Coordinator. Ashlie is CPR & First Aid Certified, a Forklift & Aerial Lift Instructor, OSHA 30 Certified, and a Confined Space Instructor. Ashlie has two siblings, of which she is the youngest. Ashlie has three beautiful children that she enjoys spending time with. She also enjoys spending time with her family.



Premium Peanut

311 Barrington Road

Douglas, GA 31535



The Peanut Institute - Why Peanuts Are a Good Fit for Athletes

This superfood isn't just for super athletes. Fitness lovers of all levels love peanuts in all its forms—from snack nuts to peanut butter to peanut powder. That's because in just one ounce of peanuts (or two tablespoons of peanut butter or peanut powder) per day, you can get all the benefits of hard-to-get nutrients, healthy fats, and plant-based protein. Add to that they're inexpensive and have a long shelf life, and it's easy to see why many consider them the ideal workout fuel. But what does that mean for you? Let's dig into the research and find out.

Peanuts can energize your workout.

When exercising, it's important to give your body the right fuel. One way is by giving your body fats that it can turn into energy. Peanuts contain "good" fats, which is part of why they're referred to as an "energy-dense" food.¹ But if hearing "fat" scares you, don't worry. At least 50% of that fat comes from the heart-healthy, monounsaturated kind. (Want to learn more about healthy fats? Check out our [blog](#) on the topic!)

Peanuts help you recover.

Another way peanuts can help your workout plan is with protein. And, at 7g per ounce, they contain more of it than any other nut.² Getting plenty of protein in your diet is essential for acquiring the types of amino acids that help your muscles grow, recover, and stay healthy.³ One study found that "peri-exercise protein" (that is, protein eaten before, during or after a workout) plays a potentially useful role in optimizing physical performance and positively influencing your recovery process.⁴ So, if you want to really plus-up your post-workout, consider a snack of peanut butter on whole grain toast, along with a peanut powder-powered smoothie, which all contain amino acids that can assist in muscle repair. If you're weighing your options, peanut butter contains around 8g per two tablespoons², while peanut powder contains about 40-50% protein.

Peanuts help you manage your weight.

If your workout goal includes weight loss, peanuts have even more to offer. In fact, in a meta-analysis study, it was found that nut intake may be associated with a decreased risk of obesity and lower body weight measures.⁴ One reason why could be that they help you feel fuller, longer. Researchers at Purdue University reported participants had improved feelings of satisfaction after eating peanuts and peanut butter compared to other high-carb snacks.⁵ Peanut butter has also been shown to help reduce the kind of spikes in blood sugar that can lead to "crashes," and pick-me-up snacking. A 2018 study found that when people included peanut butter with meals that had high glycemic indexes (which might normally lead to a crash), they experienced lower blood sugar spikes later.⁶

So, are peanuts good for athletes?

The short answer? Absolutely. With peanuts, peanut butter and peanut powder, you can know you're getting a heaping helping of benefits that can superpower your workout from beginning to end—and then some!

For everything peanut-related, including nutrition tips, breakthroughs and more, be sure to follow us on [Facebook](#), [Instagram](#) and [Twitter](#).



Premium Peanut is proud to be a member and sponsor of The Peanut Institute, which works to research and market the tremendous nutritional benefits of peanuts.



Contact Us

Give us a call for more information about our services and products

Premium Peanut

311 Barrington Rd.

Douglas, GA 31535

(912) 331-7020

Visit us on the web at :
www.premiumnut.com