

# LAND O'LAKES, INC.

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## Land O'Lakes, Inc. Reports Record Earnings Year for 2016

*Farmer-owned cooperative invests in core, acquisitions to drive growth*

**ARDEN HILLS, Minn. (Feb. 28, 2017)** – Powered by growth in core businesses and the unification with United Suppliers, Land O'Lakes, Inc. today reported record net earnings for the year ending Dec. 31, 2016.

The company reported a record \$320 million in net earnings on \$13.2 billion in sales and returned a record \$187 million in cash to its member-owners. This compares to net earnings of \$304 million and cash to its member-owners of \$161 million in 2015.

"We are pleased with another record year, particularly under current market conditions, and appreciate the dedication of our workforce and the support of our farmer owners," said Land O'Lakes, Inc. President and CEO Chris Policinski. "We attribute our continued strong performance to our 'marketplace back' approach to doing business, which is different from the production orientation of many of our competitors. Our strategy is based on deeply understanding what our consumers, customers and farmers need to be successful and developing innovative, value-added products--and increasingly services--to meet those needs. We know that our success depends on their success."

Land O'Lakes, Inc. currently touches 50 percent of the harvested acres and 25 percent of the producers in the nation through its independent retail-owner network and strives to serve as the voice of the farmer for its farmer-owners.

For the fourth quarter ending Dec. 31, 2016, the company reported \$3.3 billion in sales, which were even with 2015, and \$73 million in net earnings, compared to a record \$116 million in the fourth quarter of 2015.

Coming off a record year in 2015, the company also achieved record performance in 2016 with growth in each of its core businesses despite challenging market conditions. The company increased its size and scale of its Crop Inputs and Insights division through acquisitions and the integration of WinField United, accelerated the revitalization of its Animal Nutrition division and continued to grow in Dairy Foods.

In 2016, Land O'Lakes, Inc. expanded its commercial footprint in Africa and China, through a partnership with Bidco Africa to create BIDCO LAND O'LAKES LTD, a new joint venture that helps farmers in East Africa improve animal nutrition, and entered into an agreement with the intent to form a seed distribution joint venture in China.

The company also announced several new steps in its commitment to sustainability including the creation of Land O'Lakes SUSTAIN™ during the third quarter of 2016. Land O'Lakes SUSTAIN focuses on helping to ensure sustainable crop production by delivering insights, products and services and enhancing sustainability within the Dairy Foods and Animal Nutrition businesses. These efforts include working with other entities (including government) to improve efficiency and collaboration on conservation and sustainability programs. And in May, the company announced a public-private partnership with Minnesota

Governor Mark Dayton designed to assist with water and soil conservation in the state by working with growers and producers to help protect waterways.

In the fall of 2016, the company also announced an expansion of its corporate headquarters in Arden Hills, growth that will add 200 jobs and allow all headquarters-based employees to work on one campus. Employees currently work on three campuses in Arden Hills, Shoreview and Roseville.

The company, through its business units, acquired Ceres, Inc., completed a new trait agreement through Forage Genetics International, entered into a supply agreement with Southern States Cooperative through Winfield United and also signed a letter of intent to acquire the Southern States Cooperative feed business and further enhance services for customers in those regions. These efforts further support a commitment to help customers compete with industry-leading products and services in an era of industry consolidation.

### **Business Segments**

Dairy Foods reported 2016 net sales of \$3.8 billion compared to \$4.0 billion in 2015. Pretax earnings for Dairy Foods totaled \$70.1 million in 2016, down from \$83.1 million in 2015. The business achieved record branded butter volume, record foodservice volume and strong earnings performance despite the impact of low commodity markets and record milk production in the East.

Against the backdrop of low commodity prices, Crop Inputs and Insights realized growth and scale through the 2015 unification of Winfield and United Suppliers crop protection unit. In its first full year as a combined entity, the company delivered sales of \$5.5 billion with pretax earnings of \$202.9 million. That compares with \$4.8 billion in sales and \$189.6 million in pretax earnings in 2015. The full unification with United Suppliers takes place on Oct. 1, 2017, adding Crop Nutrient products to our portfolio, providing our independent retailers a total agronomy solution.

Animal Nutrition reported 2016 net sales of \$3.8 billion on pretax earnings of \$72.9 million, compared to \$4.2 billion in sales and \$57.8 million in pretax earnings in 2015. The business experienced growth in all customer channels. The business reinvented itself and launched its Feed Greatness campaign leveraging its many years of industry leading research, delivering a complete solution for animals supporting our Purina brand driving growth and a richer mix of products, including record volume and earnings in its Milk Replacer business.

The complete Land O'Lakes, Inc. 2016 financial results can be found at [www.landolakesinc.com/investors](http://www.landolakesinc.com/investors).

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### **About Land O'Lakes, Inc.**

*Land O'Lakes, Inc., one of America's premier agribusiness and food companies, is a member-owned cooperative with industry-leading operations that span the spectrum from agricultural production to consumer foods. With 2016 annual sales of \$13 billion, Land O'Lakes is one of the nation's largest cooperatives, ranking 215 on the Fortune 500. Building on a legacy of more than 95 years of operation, Land O'Lakes today operates some of the most respected brands in agribusiness and food production including LAND O LAKES® Dairy Foods, Purina Animal Nutrition and WinField® United and Land O'Lakes SUSTAIN™. The company does business in all 50 states and more than 60 countries. Land O'Lakes, Inc. corporate headquarters are located in Arden Hills, Minn.*