



Value of Dakota Gold in Best-Cost Formulations

Numerous factors affect the price of distillers grains. Availability and price of competing ingredients, changes in livestock demand, availability of corn, and changes in ethanol production can all result in the price of distillers grains either increasing or decreasing.

When the price of distillers grains increases, many producers and nutritionists start to question if they should continue feeding at the higher price. The answer to this question depends on many factors. However, when carefully evaluating their formulations, many producers realize that even at higher prices, feeding distillers grains still improves their profitability.

VALUE OF DAKOTA GOLD FOR DIFFERENT SPECIES

Dakota Gold and distillers grains provide a great source of nutrients that can add value to formulations for multiple species. However, each species determines the value of distillers grains differently because of differences in nutrient requirements. Ruminants place more value on the fiber and protein while monogastrics place more value on minerals, amino acids, and fat.

Figure 1 below depicts this relationship between the species. Using historical prices for corn and soybean meal, we calculated the value of distillers grains in the formulation (nutritional value) for the last 5 years. Using this approach we see that distillers grains provides the most value for a beef diet, followed by swine formulation, and finally the poultry formulation.

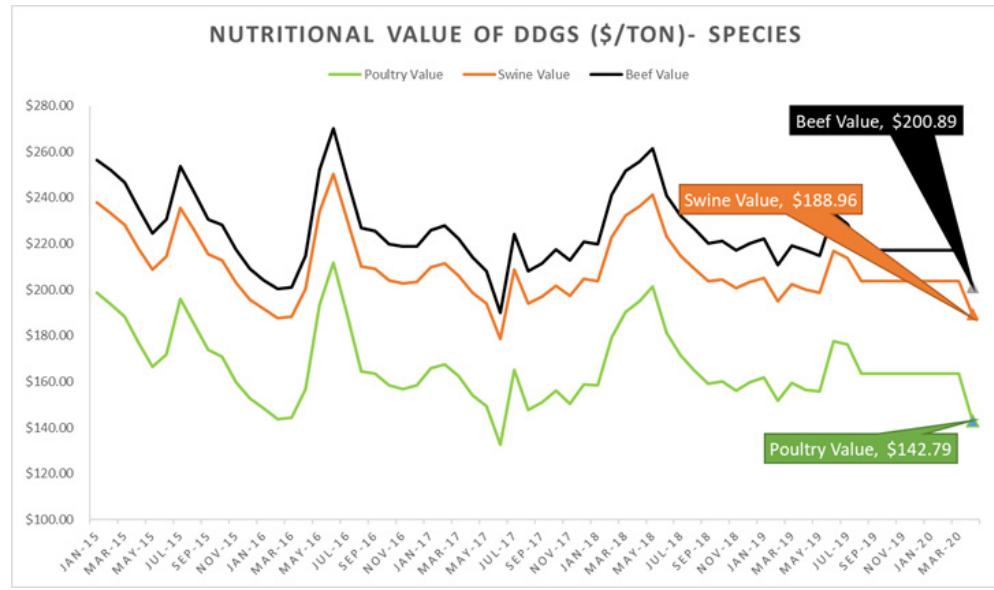


Table 1. Nutritional value of DDGS based on historical corn and soybean meal price.

OTHER APPROACHES TO DETERMINING VALUE OF DISTILLERS

Calculating the value based on common ingredients like soybean meal and corn provide a quick and simple approach. However, distillers grains can substitute for other ingredients and as a result, a comparison involving multiple ingredients provides a more precise estimate of value.

*These results are not a guarantee of nutritional value, as laboratory results are influenced by factors beyond the control of POET Nutrition.



OTHER APPROACHES TO DETERMINING VALUE OF DISTILLERS (CONT.)

Programs such as Sesame compare the nutritional value of multiple ingredients in order to determine the ingredient that represents the best buy for the producer. Figure 2 shows that Dakota Gold provides approximately \$75 per ton more nutritional value than the actual price when comparing ingredients for a dairy formulation.

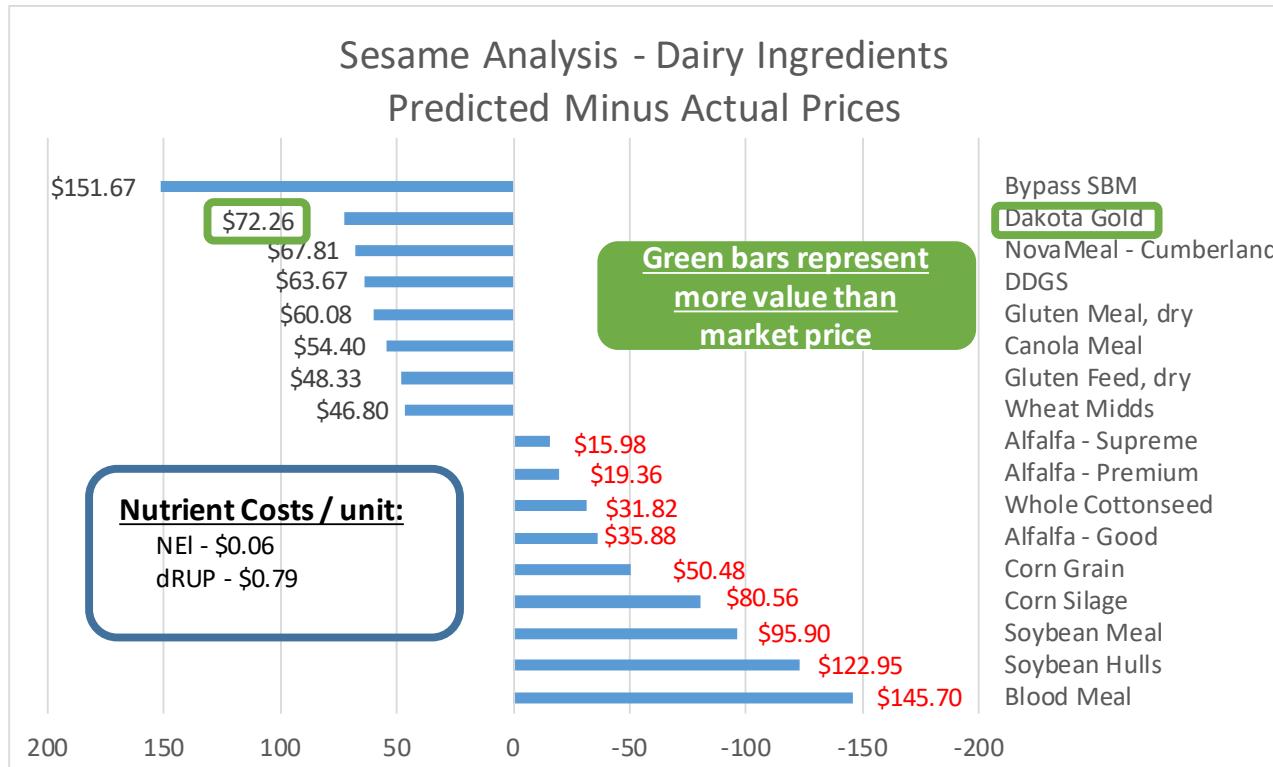


Figure 2. Sesame analysis of Dakota Gold for dairy - compiled April 29, 2020 using current prices

Although the previous approaches provide a good estimate of the value of distillers grain, actual diet formulations still provide the best way to determine if feeding distillers grains can reduce feed costs and improve profitability. The formulation would take into factors like stage of production, nutrient composition of other ingredients, and production goals of the producer and nutritionist.

Furthermore, producers need to recognize that distillers grains can affect profitability beyond a simple formulation. Characteristics such as carotenoid content of distillers grains can improve egg yolk or skin color in poultry and provide more value. Alternatively, feeding too much distillers grains can sometimes hurt performance or feed efficiency and reduce profitability. These responses all affect how much a producer can afford to pay for distillers grains.

CONCLUSION

These examples show that even when the price of distillers grains increase, it can still fit well into a least cost formulation. Nutritionists and producers should always carefully evaluate their formulations and ingredient prices to determine the best options. However, this exercise becomes even more critical when prices of distillers grains suddenly increase. Failure to carefully evaluate and deciding to remove distillers grains could end up costing money and performance.

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