

# Southwest Cheese LLC



Working Together to  
Cultivate New Ideas

# Who is SWC?:

Southwest Cheese Company is a Joint Venture. The partners are:

<p>50%-Milk Members</p> <p>Members of Greater Southwest Milk Agency (GSA)</p>	DFA	<p><u>GSA is responsible for :</u></p> <ul style="list-style-type: none"> <li>-Milk Supply</li> </ul> 
	Select	
	Zia	
<p>50%-Glanbia plc</p>	Glanbia plc	<p><u>Glanbia is responsible for:</u></p> <ul style="list-style-type: none"> <li>-Operations</li> <li>-Marketing</li> <li>-R&amp;D</li> </ul> 

# The Strategy for SWC

- **Joint Venture:**

- Glanbia and Milk Member: clear rights, responsibilities and legal agreements regarding Milk Supply, Sales, Operations and Finance



- **Operational Strategy:**

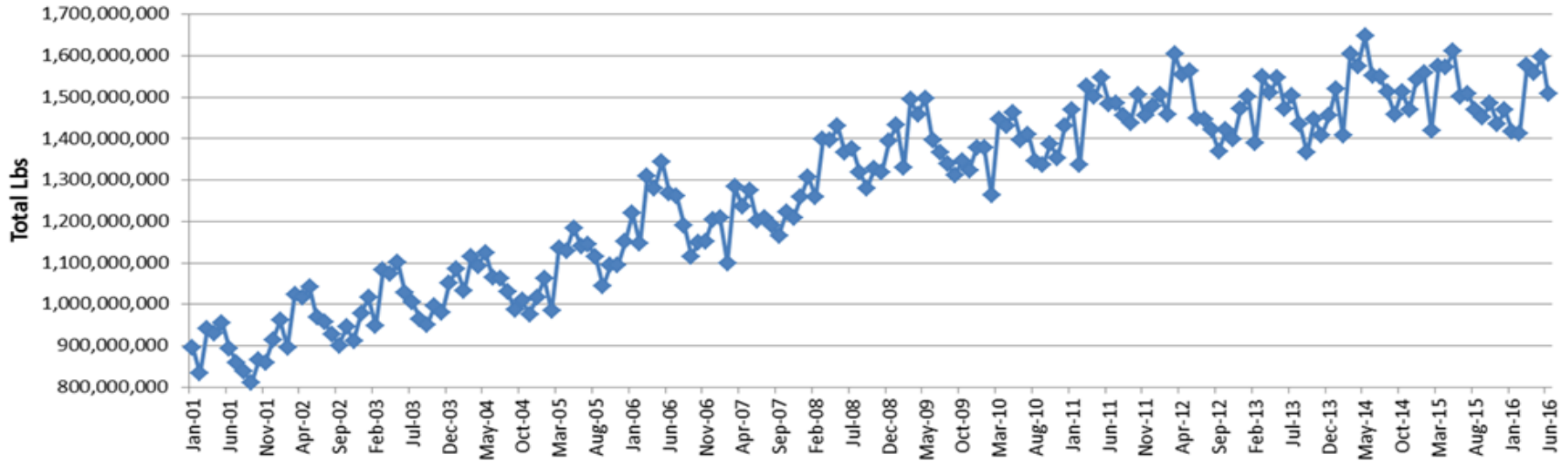
- Economy of scale, low cost, high quality, utilizing the Glanbia Performance System GPS
- 640 pound & 40 pound cheese products
- WPC 80 and WPI Whey products
- Long-term (20 years) milk supply agreement



# SWC Milk Supply

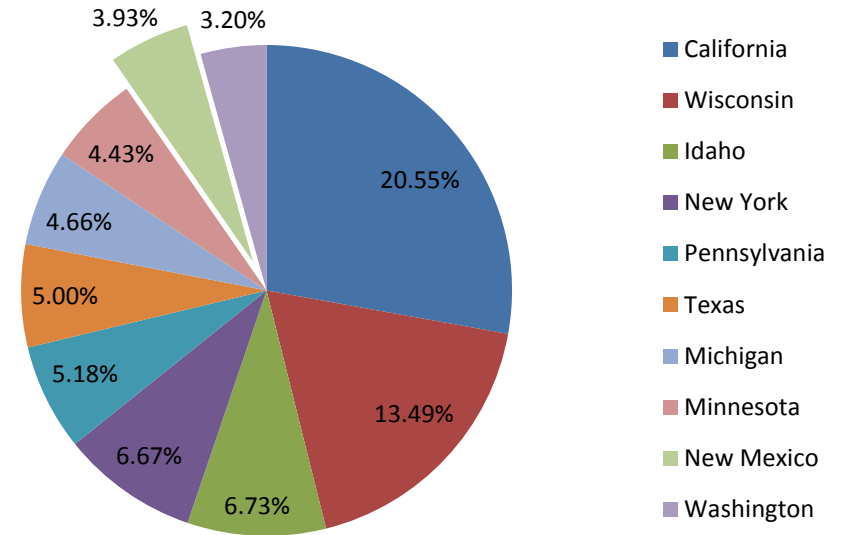
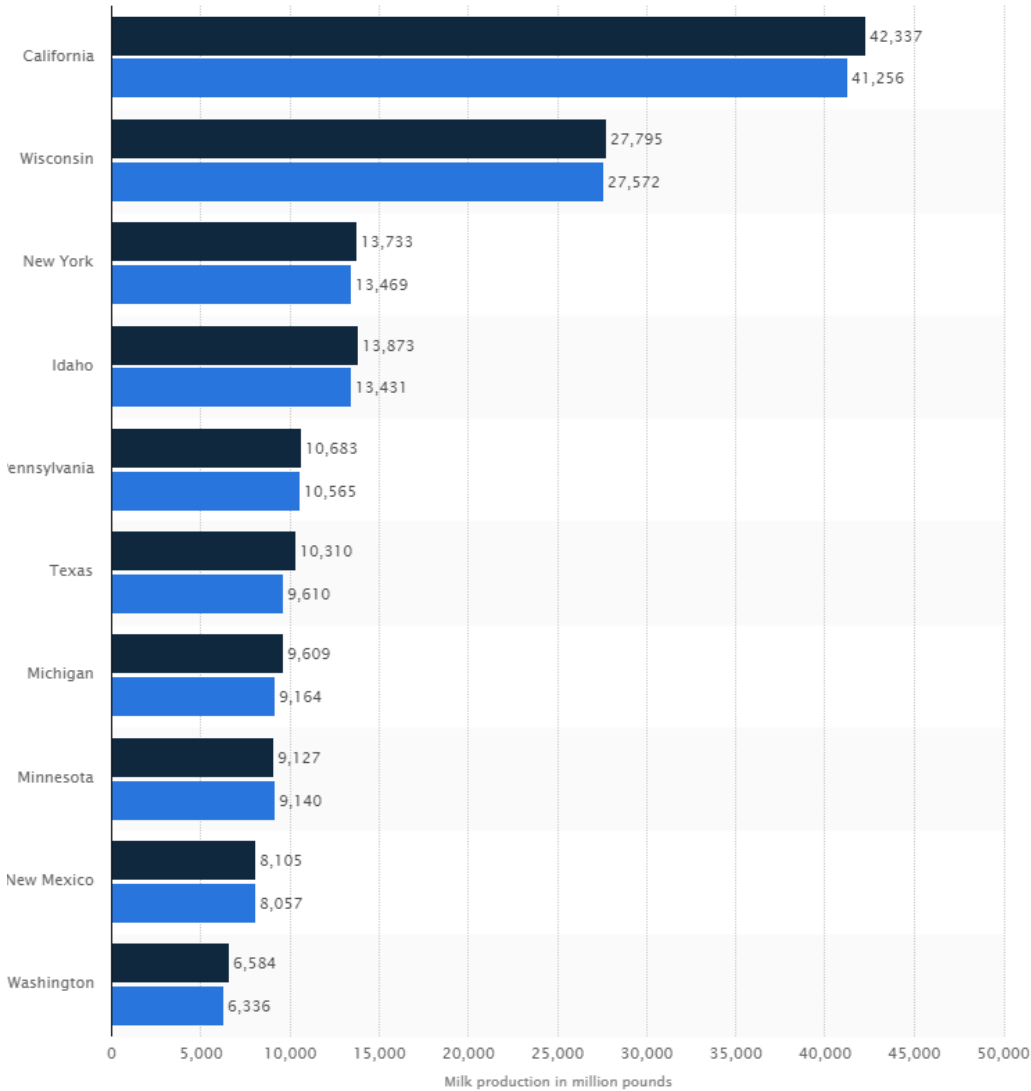
- There are 59 dairies (123,000 cows) in Curry & Roosevelt Counties within a 25 mile radius of the plant
- Milk Growth in 2014 grew due to strong on-farm profit margins
- Average farm size 2,100 cows in production
- 77.5% of the milk in New Mexico is produced on the East side of the State (Curry, Roosevelt, Chaves, Eddy & Lea)
- Curry County is the new no. 1 county with 14M lbs. more milk produced with 20,000 fewer cows than Chaves County

**Tx & NM Production by Month**



# U.S Milk Supply

## Top 10 Milk Producing States 2014 as a % of US Total



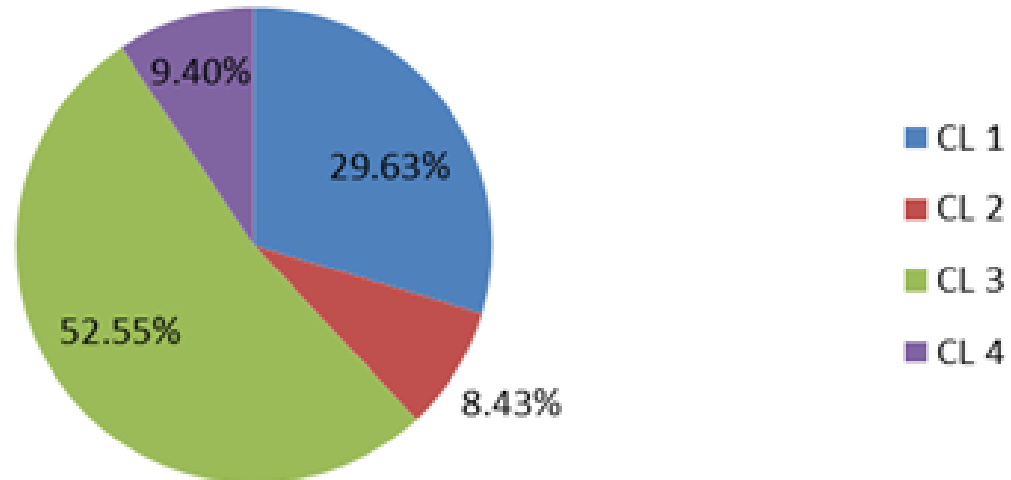
■ 2013 ■ 2014

# Milk Utilization in TX & NM

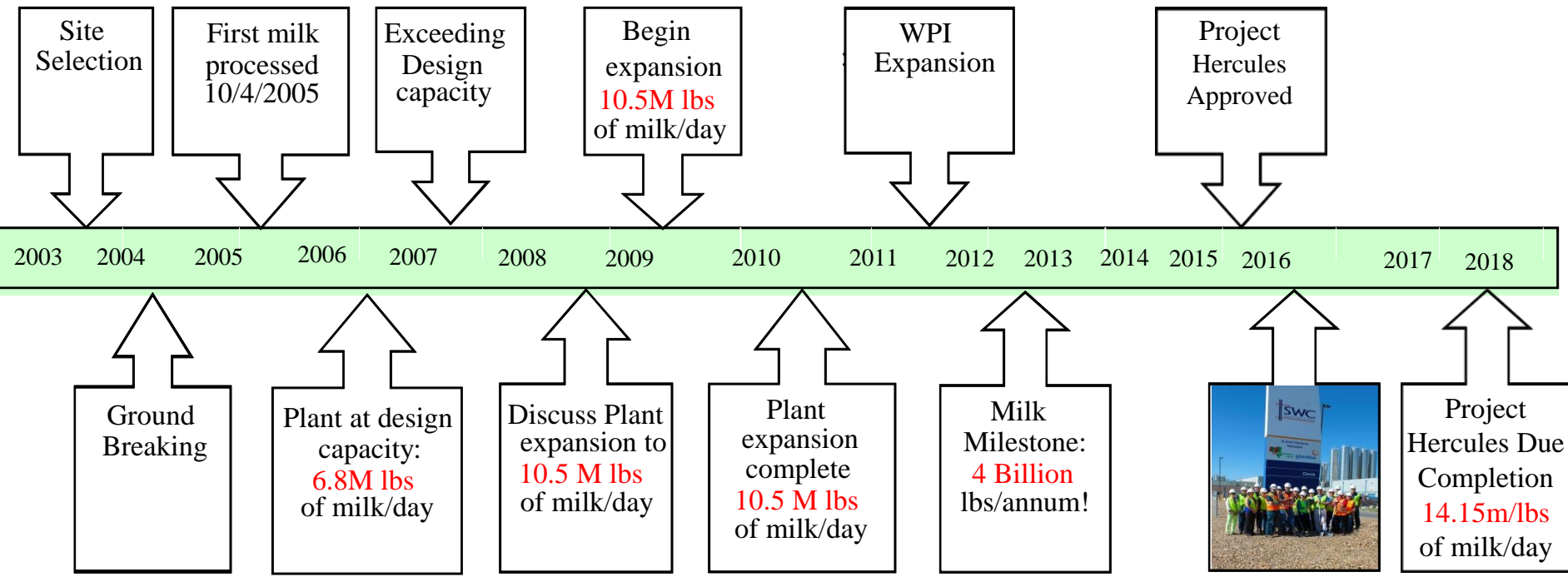
## Milk Distribution

-50% of Overall Milk used for Cheese, of which 50% goes to SWC

## TX/NM Fed Order 126 Utilization 2016 YTD



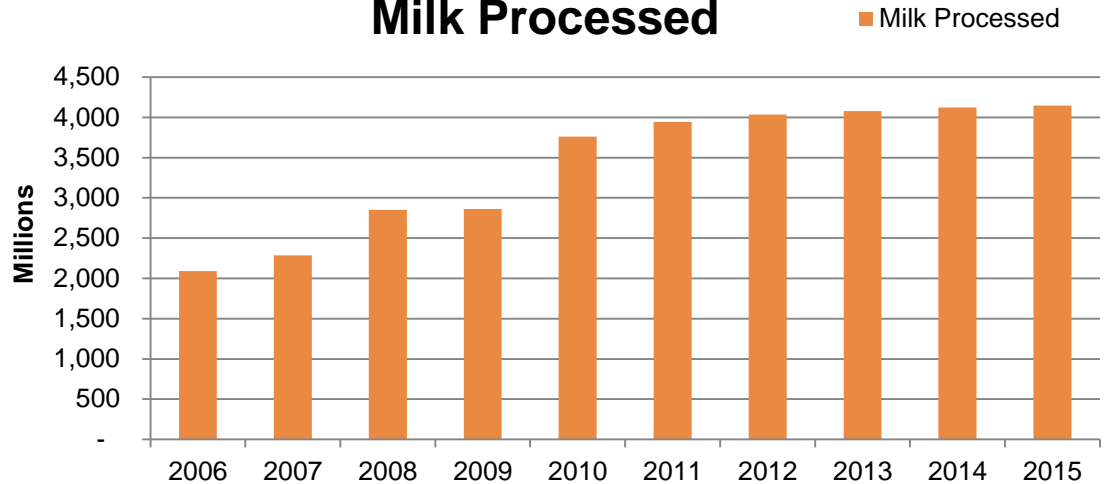
# SWC Growth Timeline



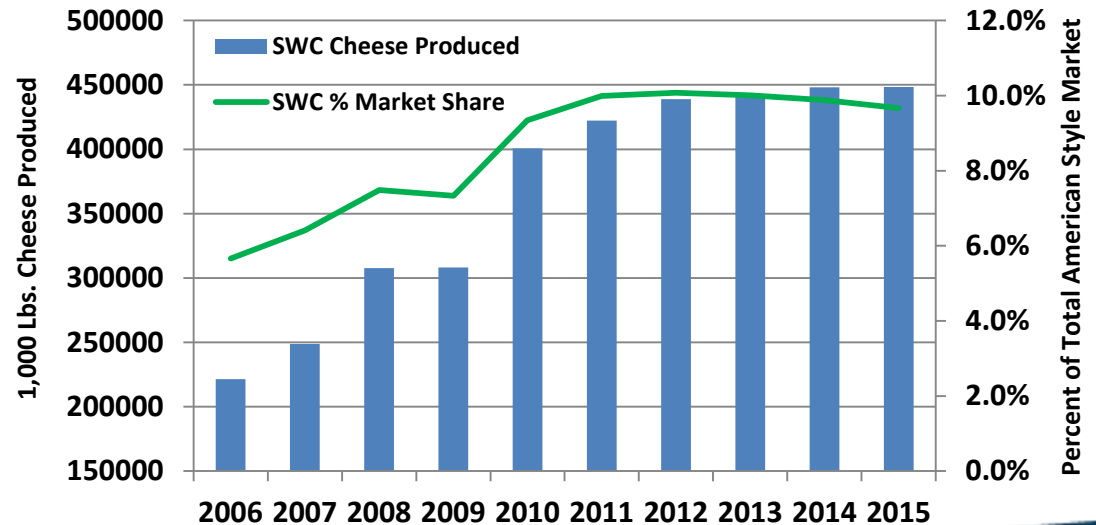
# SWC Throughput

- Original capacity 2.4B lbs or 1.1B liters
- Expansion capacity 3.8B lbs or 1.7B liters
- Over 4B lbs or 1.8B liters of milk processed from 2012 onwards.
- SWC produces roughly 10% of US market share of American Style cheese.
- Produced 440M lbs or 200k metric tons of cheese in 2015- Export 50M lbs or 22.5k metric tons
- Over 12% of cheese produced was exported to 19 different countries, primarily Mexico

## Milk Processed



## SWC Total Production vs. Market Share





# SWC - The Plant

- \$300 million investment
  - Original build: \$200M
  - Expansion: \$100M
- 220 Tankers of Milk/day
- 32 truckloads of cheese/day
- 13 truckloads of whey powder/wk
- Approximately 383 employees
- Process Water Use - 310k/day
- Effluent Water – 1.2 Million gallons/day



# SWC Produces



- Milk Processed: 11m lbs or 5 Million liters/day
- Cheese (40's/640's): 8.4m lbs or 3,800 Metric ton/week
  - 40's: 5.3m lbs or 2,400 Metric ton/week
  - 640's: 3.1m lbs or 1,400 Metric ton/week
- WPC 80: 370k lbs or 169 Metric ton/week
- WPI: 190k lbs or 88 Metric ton/week
- Permeate: 1.1m gals or 4.2 Million Liters/wk
- Water: 1.2m gals or 4.5 Million liters/day

# SWC - Critical Success Factors

- ✓ **People** – “Everyone, Everyday”,: attract, train and retain well-trained, skilled, competent and highly motivated employees
- ✓ **Excellence**- Be the benchmark for industry standards
- ✓ **Innovation**- Utilize R&D, GPS, engineering to deliver maximum performance

## Non-Negotiable:

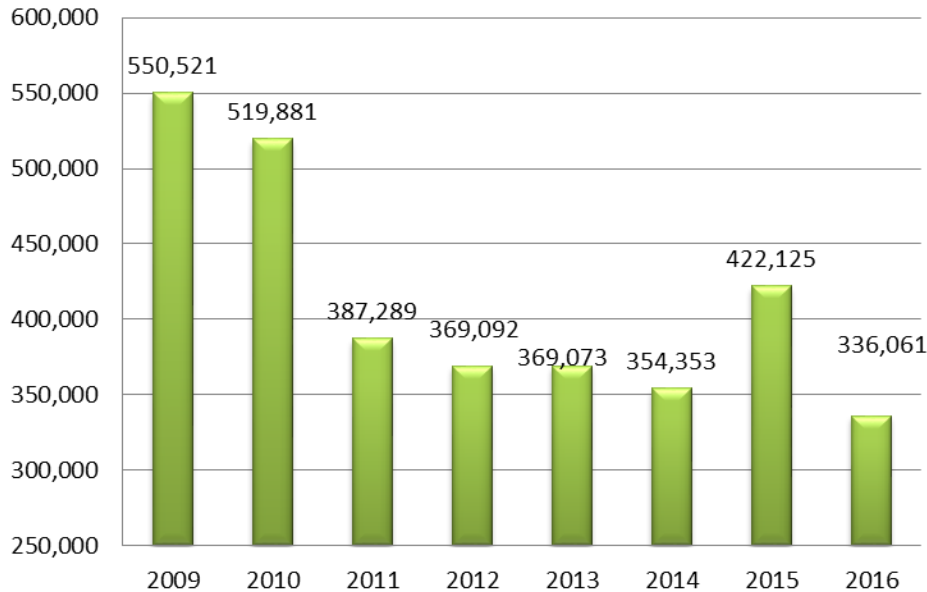
- ✓ **Safety** – provide a safe and secure work environment
- ✓ **Quality** – Safe, consistent products.
- ✓ **Sustainability**- Reduce energy use, Reduce water use, Improve usefulness of wastewater effluent
- ✓ **Housekeeping**- “Always audit ready”



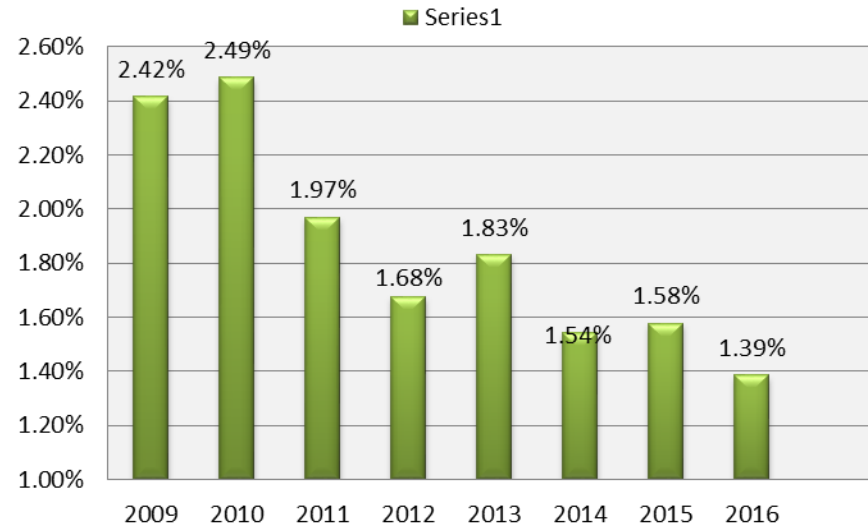
# Sustainability

**Net water generator of 900,000 gal/day!**

### Processed Water (Gal.)/Day



### COD to Milk Ratio



## Biogas Usage:

**5% of total plant gas comes from biogas**



# Perennial Award Winning Cheese



## United States Championship Cheese Contest

### US Cheese Contest:

2009- Gold  
2011- Silver  
2013- Gold and Bronze  
2015- Bronze  
2017- 4 Gold 4 Silver 2 Bronze

### World Cheese Contest:

2008- Gold and Bronze  
2010- Gold, Silver, and Bronze  
2012- Bronze  
2014- Bronze  
2016- 5 Gold, 6 Silver and 2 Bronze.

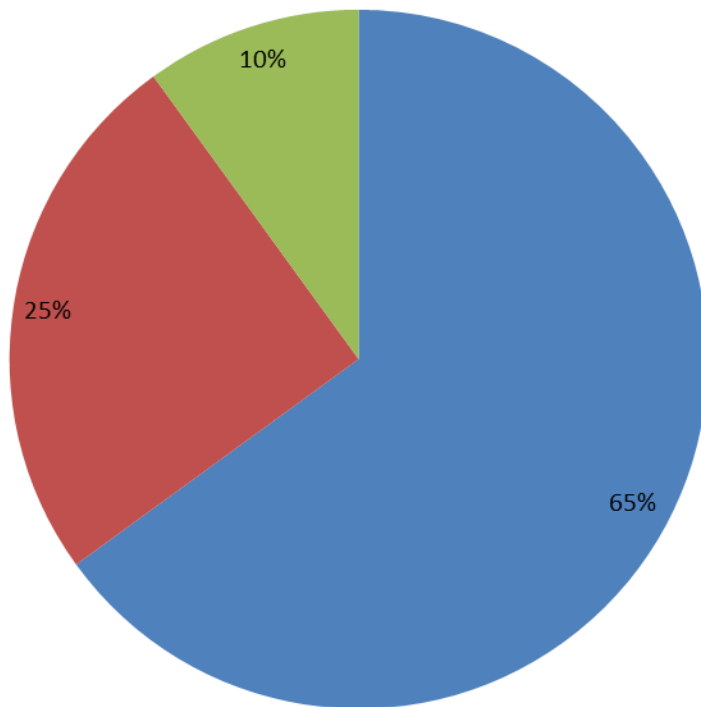
### 2012 Customer Bulk Cheese Supplier of the year



# Supplying the World with Food

**50 Million lbs. of cheese in 19 Countries in 2017**

## SWC Export



### ■ MEXICO/LATAM

Dominican Rep.  
El Salvador  
Guatemala  
Mexico  
Panama

### ■ ASPAC

Australia  
China  
Indonesia  
Japan  
Philippines  
South Korea  
Taiwan  
Vietnam

### ■ MENA

Algeria  
Egypt  
Morocco  
Netherlands  
Saudi Arabia  
Turkey



# Where's the cheese in the U.S?



# Where's the cheese (cont.)?

**WinCo**  
FOODS

*Schwan's*



**Fred Meyer**

**Smith's**  
FOOD & DRUG STORES



**COSTCO**



**Albertsons**

**SAFEWAY**  
Ingredients for life.™



# Where's the whey?



# Key Stakeholders

- **Community**

- Donations in excess of \$300k+ to: Clovis Schools Foundation (\$100k/annum), United Way, PRMC (\$35k), Presbyterian Regional Medical Center, Hartley House, Clovis Music Festival, Others



- **Dairy Suppliers**

- 2016 Milk purchased- \$800M
- 180 Dairies (TX/NM)



- **Employees**

- 383 People
- Average \$20+/hr



# One Team, Our Team at SWC

- 10 different social and charity committees that are employee led and driven
  - Pioneer Days Rodeo
  - Red Shoe 5k
  - School Supply
  - Move it Truck Pull
  - Charity Golf Tournament
  - Employee Appreciation Dinner
  - Christmas Card Contest
  - Light Parade
  - Christmas Party
  - Children's Christmas Party



# Project Hercules-Plant Expansion

- Increasing sq. footage by 120,000.
  - Process 3 million lbs. of milk each day.
  - Additional 320,000 lbs of 640 cheese/day.
  - 50,000 lbs. WPI per week.
  - 90,000 lbs. WPC 80 per week.
- 
- SWC site now 510,000sq/ft. in total.
  - Total 14.15 million lbs milk per day.
  - 1,500,026 lbs. cheese per day.
  - 230,000 lbs. WPI per week.
  - 345,000 lbs. WPC 80 per week.
  - 90,000 lbs. high fat WPC 80 per week.



Arial Photo May 2017











# SWC: A Partnership for Growth and Sustainability

