

Colorado Oil/Seed Processor producing Sunflower Meal For the Livestock Industry and Oil for the Food Industry



Rick Robbins
CEO
Colorado Mills LLC.

CEOCFO: Mr. Robbins, would you tell us about Colorado Mills?

Mr. Robbins: Colorado Mills is a high oil seed processing facility located in Southeastern Colorado. Our primary focus is sunflowers. We produce sunflower oil for the food industry and manufacture livestock feed. The oil from the sunflower seed is refined and sold into the food industry. Being a zero waste facility, the residual is ground and used as a primary ingredient in livestock feed.

CEOCFO: Would you explain the process?

Mr. Robbins: The process starts with buying sunflowers. In a typical year Colorado Mills contracts 30-35 million pounds of sunflower seeds grown primarily within a 250 mile radius of Lamar. After receipt of the seeds, they are expeller pressed. This all natural method extracts the oil and the residual, the meats and hulls, is then ground into a fine meal form to be used in the livestock feed.

CEOCFO: Your site indicates that you are innovators in the sunflower industry. How is that so?

Mr. Robbins: We are innovative because we value add instead of just producing two commodities. We add value to each side of our production. We take the meal and add value by producing complete livestock feeds. The oil we produce is refined by us. This product is fitting into the zero trans-fat, non GMO oil market, which is very popular right now.

CEOCFO: On the feed side, is the sunflower a favorite feed or one of many that are considered equal?

Mr. Robbins: It is favorable where we still have some of the fat and energy left in the meal. Many of your main industry producers like ADM or Cargill, use solvent, hexane solvents to extract the oil. This removes virtually all of the oil that is available in the meal. Their meal may only have one half percent fat and our product is nine to ten percent fat. It is very highly palatable as well as a good energy and protein source for the livestock feed. This is advantageous for us.

CEOCFO: What is the competitive landscape? Are there many companies that work with sunflowers?

Mr. Robbins: Probably 95 percent of the industry belongs to your major integrators, which are ADM and Cargill, which use solvent extraction. We are dealing in the expeller pressed market, the natural pressed market. Although this is a highly sought after market in the food industry, it is a very small percentage of the market. The market is increasing due to the public becoming more educated on the pros and cons of hexane processing.

CEOCFO: Are you concerned that the big guys will decide to go to a process like yours or is it not worthwhile for them?

Mr. Robbins: Right now they are getting enough value from their solvent extracted processed oil that they probably will not head that way for a couple of reasons. One is that expeller pressing does not yield as much oil to sell and two, they do not value add for their meal products. Without value adding in the meal it is only a commodity product.

CEOCFO: Do you have regular customers?

Mr. Robbins: Yes we have dedicated customers. Our feed customers are very loyal to our product. We continue to have great reviews about the health and condition of the livestock consuming our feed. Our oil customer base is increasing at a very rapid pace.

CEOCFO: Are there many challenges in growing sunflower seeds?

Mr. Robbins: One of the things right now is sunflowers are non GMO. That is an advantage for selling into the food market, but somewhat a disadvantage in the farmer's side because they do not have the spectrum of herbicides to use as

far as weed control and things like that which genetically modified crops have. They cannot use a roundup or some of those types of chemicals for herbicide control. From a farmer standpoint, they have to be a little more astute as far as what they can do whether it is conventional tillage for weed control or changing their planting time frame so that they do not compete with the heavy weed population. The advantages of growing the sunflower is, it is a very good crop for breaking up a hard pan or the soil and mellowing it out for other crops to grow better.

CEOCFO: *How is business?*

Mr. Robbins: It is good. Our all natural expeller pressed, non GMO, zero trans-fat sunflower oil is what the food industry is requesting. This is an excellent fit for our company. We hit all those things that the food consumers, especially production manufactured, food manufacturers are looking for. They are starting to ask because their consumers are starting to ask if the food is non GMO. We also want to get rid of the trans-fats and want a healthier process. Those are the types of things that are being very advantageous on the oil selling side. One the meal side, we are getting very popular in the beef livestock health through the added fat. Their livestock is performing better, having better conception rates, having heavier and healthier calves at birth.

CEOCFO: *What might be different a year from now for the company?*

Mr. Robbins: I think the thing that we are going to see a year from now is a shift in the size of package that the oil is sold in. We are used to selling our oil in railcars and semi tankers, now our customers are requesting JIBs and 750 ml bottles. Restaurants are wanting, that healthier oil. Individual consumers are looking to find that type of oil on the grocery shelf. However, I think we will still see the majority of our sales go out in large volumes. It is going to be interesting to see where the smaller volume takes us.

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CEOCFO: *Do you see challenges in keeping up with the demand?*

Mr. Robbins: Even us from a standpoint of a size, cannot supply Frito Lay or even a Chipotle type company. We could not supply all of their needs and still supply any other customer base. We need to stay diversified enough that we are supplying several customers. I do not want our company to be dependent on two or three customers because if you lose one, you have a large volume that you need to replace.

CEOCFO: *Why is Colorado Mills an exceptional company?*

Mr. Robbins: I think it is the leadership of the owners. They are all very agricultural based. They understand the farmer mentality of feed production and food production. By doing that, we are probably less corporate driven. Many of our decisions are made not through a boardroom but through a sit down discussion between a very small group of people, so there are not a lot of layers to fight through. We can adapt fairly quickly to change, which sometimes, bigger companies have a harder time doing that.

For more information visit: www.comills.com

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