Cattle Investment in Uruguay

MonteClaro Agroinversiones
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Cattle in Uruguay

- Uruguay is the 2nd or 3rd largest beef exporter of South America after Brazil (Nber. 1 World Exporter).

- No restrictions or special export duties on beef exports.

- Uruguay has opened significant international markets for its beef exports which place the country in a privileged position for beef: United States of America, European Union, Korea, etc.

- High quality beef internationally recognized.
Uruguay has established an electronic traceability system for its cattle.

The system uses an electronic earring attached to the ear of each head of cattle and connected to a government software.

The system allows to trace the origin of each individual head of cattle and location by ranch.

The system makes it impracticable to substitute cattle of one producer by another cattle, identifying each head at purchase and sale and verifying with National cattle Registry.
Cow calf operations

- Artifitial insemination is widely used with heifers to improve herd genetics.

- Cows are generally serviced in October - December, so that calving takes place in the following spring.

- Pregnancy rate is generally el 80 - 90% and weaned calves amount to 80%, considering mortality and abortions.

- Calves are weaned at 6 – 7 months of age during April - May.
Fattening of failed cows and heifer replacement

- Around 20% of heifers and cows fail pregnancy and 5% – 8% are discarded as old.

- Those cows are replaced by female calves that are retained for further reproduction.

- Cows have an estimated weight of 350 – 380 kg and have a calf that is weaned in April – June, which allows the fattening of those cows after weaning and sale for slaughter.

- In a 9 month period those cows can arrive at a slaughter weight of 480 kg.
Cropping of weaned calves

- In the month of April / May weaned calves between 150 - 200 kg. per head are purchased.

- The price per kg. of calves has historically been 20% higher than finished steers.

- Purchase costs are normally between 5 - 6%, including commissions, taxes and freight.

- Normal carrying capacity is between 0.7 and 1 cattle units per hectare.
Winter suplementation of calves

- In addition to natural grasslands, calves may be suplemented during winter time with rations of sorghum and protein at a rate of 1% of the live weight per day.

- Alternatively, silage for cattle self consumption may be used to save daily distribution costs of rations.

- Sorghum used for rations may be grown at the farm to save purchase and freight costs.
Stocker cattle stage

- Stocker cattle stage involves the 12 months following the breeding stage, where heifers reach 280 – 320 kg and become apt for breeding and steers reach 300 – 350 kg.

- During this stage, steers usually gain 150 – 180 kg at natural grasslands with normal weather and pasture conditions.

- Mortality is usually between 1% – 3% per year.
Winter pastures

- The stocker stage period may be shortened by sowing oats, lotus, rye grass or clover pastures.

- These pastures require and additional investment in land labors and sowing, but allow cattle to gain weight in winter shortening the production cycle.

- During winter, natural grasslands diminish and cattle raised extensively does not gain weight or even may lose weight.
Summer forrage

- In spring summer crops may be sowed to provide rations for cattle during winter time.

- Maize or sorghum grown during the summer and harvested in May - June may be used for supplement in winter.

- Sorghum may also be sowed for forrage to be consumed during the summer in case of drought or alternatively to produce bales for the winter.
Winter supplementation of steers

- Winter supplementation of steers allows cattle finishing in winter, freeing land in spring for calves and stocker cattle.

- Winter supplementation allows to shorten the production cycle and to secure better out of season prices for finished cattle.

- Steers fattened at natural grasslands may be supplemented with rations of sorghum and protein at a rate of 1% per day of the live weight.
Finishing at natural grasslands

- The weight of finished steers is 480 – 520 kg.

- With natural grasslands, exclusively, steers will normally be finished at the age of 3 y.o., having spent two winters at the farm.

- If steers are supplemented with rations or artificial pastures during winter, steers may be finished earlier at 2,5 y.o., freeing the land for cows, calves and stocker cattle or to be left fallow.
Corral finishing

- European Union quota 620 authorized a tax free beef importation quota from Uruguay applied to cattle finished with 100 – 120 days of corral feeding (feed-lot).

- Steers finished in corrals, fed exclusively with rations, pursuant to the above quota may have special prices above normal market price.

- Weight gained during the period is 0.9 – 1.2 kg/ day, amounting to 100 – 120 kg in the period.
Corral feeding

- Steers are fed with rations at a rate of 4% - 5% of the live weight.

- Rations are usually formed by sorghum whole plant silage (10 kg.), sorghum grain (10 kg) and protein (1 kg).

- Protein may be provided also by pellets of soya or sunflower.

- The meat yield of slaughtered steers finished in feed-lot is 54 – 58% of live weight whereas normal yield for grass finished steers is 52%.
Cattle breeding business

- The breeding business is an investment in the cattle “fabric”.
- Annual dividend for the sale of weaned calves is between 5% - 15%.
- At the end of a period of 4 – 5 or more years the cattle herd may be sold with an added value for the improvement of the herd through selection and insemination.
- It is a relatively safe investment.
Cattle fattening business

- The cattle fattening business involves the purchase of weaned calves, the fattening and the sale of finished steers for slaughter.

- After a period of 24 – 30 months of cattle fattening, returns for the sale of finished steers depend on the weight gained by the steers at the farm.

- Cattle fattening models have an estimated return of 5% - 15% per year.
Management team

- MonteClaro is a Uruguayan company based in the city of Salto, Uruguay.

- MonteClaro is managed by a team of professionals which families have been established as farmers and ranchers in the region for generations.
Disclaimer

- The information hereby supplied is purported only to provide the addressee with a general idea of possible business opportunities in the region and does not constitute an invitation or solicitation of funds. The information is incomplete, may include mistakes and is subject to constant change in a scenario that is highly dynamic.

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