



KENNY'S CREEK

KENNY'S CREEK BULL SALE INTRODUCTION

What a year we have seen in the cattle industry. As I write we see Australian cattle earning a premium on other major cattle markets, well ahead of the U.S, the EU and New Zealand. Couple this with the premium which Angus is demanding in saleyards, over the hook, in restaurants and retail and Australian Angus producers have and will continue to be in a strong position for marketing their cattle.

Angus sets the standard for beef and will continue to do so for years to come. Brand recognition for Angus has reached deep into the hearts of consumers domestically and abroad.

Wagyu continues its extraordinary run and has garnered enormous support in paddocks and feedlots across Australia. From our exposure on the beef processing side of the business we believe we will see the Wagyu supply chain checked with an oversupply of lower grade F1 cattle coming through the system. High performing Wagyu marble score 7 to 9 will most likely maintain premiums, but it is reasonable to expect low scoring Wagyu of 3 to 5 to be price challenged.

As part of our beef processing business, KC Natural, we manage The Mount feedlot where we are currently seeing a correction in the market, driven largely by processors. 100 day grain fed contracts for November have pulled back by 7%, which combined with a strong AUD, rising grain prices and dry weather has squeezed feedlotter margins and contributed to a dip in feeder cattle prices.

Each day at the feedlot we continue to see the Angus cattle surpassing other breeds. Our Feedlot team have a preference for Angus because they perform more consistently, have fewer health issues and are easier to handle. The Mount grain fed program has been extended to a 150 day hormone free program which is exported to China. Over this time frame it is very apparent the role good genetics play in performance and carcass. We believe as supply restrictions in the cattle market begin to loosen, quality genetics will demand higher prices for their performance both in the feedlot and in the boning room.

Our involvement across the entire beef supply chain has refocused attention on the principles that KCA has been built on. Namely ease and efficiency of production, maximum marketing opportunities for the cattle produced and premiums for either breeding or finished stock.

This is clearly evident in the evolution of the Kenny's Creek buyback program. We continue to purchase heifers, finished cattle and feeder steers from our Kenny's Creek Angus clients. Our objective with the buyback program is to provide premium prices to our bull clients. In the last financial year we have purchased over 4,300 breeding heifers and 8,600 feeder steers.

In June, Kenny's Creek Angus Stud Manager, Adam Withers, and I were destined for a road trip through the USA looking at Angus cattle from Texas to Montana. Unfortunately/fortunately the pending birth of twins in my family put an end to my summer road trip, however Adam's observations of the U.S. cattle market are worth considering in the context of the Australian cattle cycle:

- Large commercial breeders are now placing greater importance on cattle phenotype than previously. There is a feeling that some producers have chased the numbers to the detriment of the functionality of their cattle.
- More emphasis is now going into understanding and selecting for longevity.
- Single step genomic testing (already in play in the U.S. and soon to be in Australia) seems destined to provide a reality check on EBV's through increased pedigree contribution.
- Sexed semen which is already widely used in the dairy industry will soon play a much larger part in the breeding of Angus cattle. Improvements in AI conception rates can be expected with sexed semen and sexing accuracies.

Our catalogue this year is our strongest ever, as we believe it should be. We are now seeing our focus on breeding cattle for longevity, growth, calving ease and carcass coming to the fore.

Over 20 years ago Kenny's Creek Sandy was the leading bull in Australia for IMF. His lines run deep in our herd and the genetic base for IMF is proven by the average in our sale bulls of 2.6 for IMF% putting us a full point above the breed average of 1.6.

TO THE BULLS...

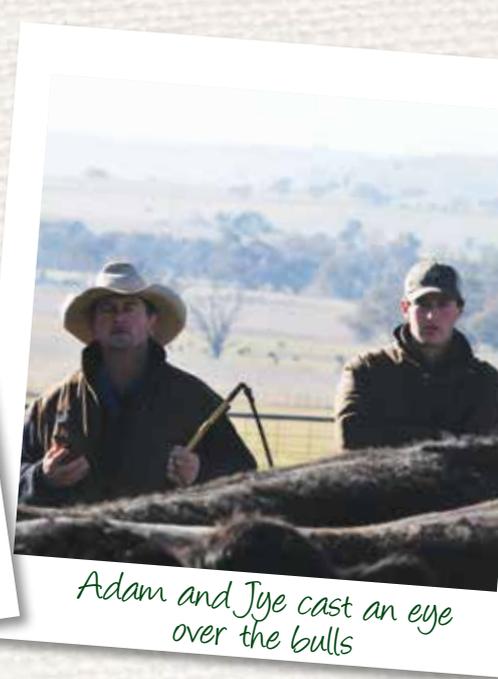
In the preparation of these bulls I believe there are two things that separate our bulls from others in the breed. Firstly, each bull is given a full veterinary supervised serving test. This is a demanding and time-consuming process but critical for understanding each bull's ability to serve. Secondly, our bulls



*Kenny's Creek client cattle
on feed at The Mount*



L110 lot number 10



*Adam and Jye cast an eye
over the bulls*

have only been fed on grass and grazing crops for their entire lifetime, and have received no supplementary grain feeding.

In the sale are the first sons to be offered by Intensity, a high growth sire with 200, 400 and 600 day growth all in the top 1% of the breed with the added carcass attributes of EMA in the top 5% and IMF in the top 1% for the breed.

LT Driven is a maternal producer. His progeny are deep bodied, backed with Leachman 2700 and Bando 9074 in the pedigree. Lot 10 L110 is a fine example of the phenotype that these cattle display.

Home bred sires continue to come through with Kenny's Creek H16, H147 and H71 having very strong bulls in the sale line up. H16 has been used extensively in the commercial herd, calving down unassisted over 180 heifers in Spring 2016. Lot 11 (sired by H16) and Lot 15 (sired by H147) display strong EBV's and a phenotype that we breed for. Two flush brothers to H147 are available in Lots 36 and 45.

Sam Burton Taylor
Kenny's Creek Angus
Spring 2017

THE CHECKLIST



BIOSECURITY PLAN JBAS - 8



PREPUTIAL STRUCTURE AND TESTICULAR
FUNCTION EXAMINED BY HOLBROOK VETS



AUSTRALIAN ANGUS SOCIETY QUALITY
ASSURANCE



7 IN 1 VACCINATION



SERVICE ABILITY TESTED



VIBRIO VACCINATION (2 INITIAL + 1 PRE SALE)



PERFORMANCE TESTED



PESTIVIRUS: LIVE IMMUNITY



LEGS, FEET, TEMPERAMENT INDEPENDENTLY
ASSESSED



SOCIETY TRANSFER ARRANGED