FINAL TRANSCRIPT

Legumex Walker Inc.

Second Quarter Results

Event Date/Time: August 8, 2014 — 12:00 p.m. E.T.

Length: 38 minutes

CORPORATE PARTICIPANTS

Marin Landis
Legumex Walker Inc. — Manager of Investor Relations

Joel Horn
Legumex Walker Inc. — President and Chief Executive Officer

David Carefoot
Legumex Walker Inc. — Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

Steve Hansen
Raymond James — Analyst

Marc Robinson
Cormark Securities — Analyst

Nelson Mah
Laurentian Bank Securities — Analyst

PRESENTATION

Marin Landis — Manager of Investor Relations, Legumex Walker Inc.

Good morning, ladies and gentlemen. Thank you for joining us for Legumex Walker's second quarter 2014 conference call.

I'm Marin Landis, Manager of Investor Relations. Joining me on the call today is Joel Horn, our President and CEO, and David Carefoot, our CFO. Joel and David have some brief remarks, and then we'll be happy to take your questions.

But before we begin, please note that we have filed our second quarter 2014 financial statements and MD&A on SEDAR, and that material is also on our website under the Investors section.

This call is being recorded and will be available through our website for replay later today.

As a reminder, today's comments, as well as the Company's responses to questions, may contain forward-looking statements. Such statements are based on certain assumptions and involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those expressed or implied.

Additional information about these assumptions and factors can be found in the Company's regulatory filings in the SEDAR database at www.sedar.com. The information presented today is current as of today's date, and will not be updated.

With that, I'd like to turn the call over to Joel.

Joel Horn — President and Chief Executive Officer, Legumex Walker Inc.

Thanks, Marin, and thanks to everyone joining us on the phone and via the web. I'm pleased to begin today's call by reporting the achievement of another milestone for our company as we continue to realize the value of the investments we've made across our business: the generation of $1.9 million in net earnings during the second quarter.

We also reported $6.6 million of EBITDA, which includes a $4.2 million unrealized gain on open commodity hedging contracts. This is our third consecutive quarter of positive EBITDA, as continued strong performance from our Special Crops segment was complemented by the growing contribution from PCC.

We achieved these record results with PCC operating at just moderate utilization levels. For Q2, we crushed just over 48,000 tonnes of seed, or about 53 percent of capacity, and sold just over 50,000 tonnes, as production continued to be constrained by limited availability of feedstock due to lingering congestion in the rail system. We are continuing to develop additional inbound logistics options, and during the second quarter the volume of seed arriving by truck increased to an average of 50 percent.

We took advantage of the feedstock situation to undertake our annual maintenance shutdown ahead of the expected ramp up in the second half of the year with a harvest of the local new crop. As a result, processing was completely shut down for two weeks at the end of June. This is normal operating procedures for most crushing facilities.

We continue to expect to reach full production in the back half of this year and took a big step towards that goal in July. Improving inbound rail logistics, the continuing benefit of our expanded trucking program, and the beginning of the local new crop harvest, allowed us to operate at 92 percent of capacity, crushing almost 29,000 metric tonnes of seed, essentially our first full month of operation. And it's worth noting higher than the Canadian canola industry crush capacity utilization over the last few years.

The plant ran for 30 straight days, the longest and most intensive stretch of production to date, and we are very pleased with its performance. We've always been confident in the plant's ability to sustainably run at full production, and July proved this out.

With a strong July in the books, we are looking forward to the remainder of the year when PCC will show what it's really capable of. Overall demand for our products continues to be excellent, but what really gets us excited is the strong and growing interest in our non-GMO and now our Nexera™ products.

The PCC plant was specifically designed to be able to process and segregate non-GMO, and is one of only two large commercial-scale processing facilities in North America to receive non-GMO verification for its products.

Early in the second quarter, we extended our specialty products offering through our licence from Dow AgroSciences Canada to process the high-oleic Nexera™ canola seed and sell the resulting Omega-9 Quality Canola Oil, a heart-healthy oil that is increasingly being embraced by food processors.

Today, we are fielding probably twice as many enquiries as we were this time last year as consumer awareness grows and the food industry increasingly moves towards healthier products and greater transparency around ingredients. And I will note that we are seeing these enquiries from larger companies and contemplate larger quantities.

We are now crushing some non-GMO seed every month, and we've taken delivery of our first shipments of Nexera™ seed. We expect to produce our first Nexera™ oil in the fourth quarter.

I will also note that the local winter crop that is now beginning to be harvested is largely non-GMO. Everything we are seeing around non-GMO and Nexera™ right now is further validation of our strategy to focus on specialty products that will command higher margins throughout the supply chain.

Turning now to Special Crops. That segment delivered another strong performance in Q2, our second best quarter to date in terms of shipments, along with a continuing strong average commodity margin combined for a record commodity profit.

We are clearly continuing to benefit from our scale, our facilities' optimization, and continuing success in managing our cost structure, all of which contributed to record Special Crops EBITDA for the second consecutive quarter. Over the last 12 months, Special Crops has generated approximately $20 million of EBITDA.

The benefit of our product diversification and realignment was once again apparent during the quarter. As a lower commodity margin from our Edible Bean Division was more than offset by higher commodity margins in our Sunflower, Flax, and Birdfood; and Pea, Lentil, and Canary Seed divisions.

It's also worth noting that the flexibility within our business, specifically the combination of our diversified sales markets, multiple methods to access those markets, and options around equipment and shipping corridors, allowed us to significantly mitigate the impact of the North American rail logistics challenges that many of our smaller competitors experienced.

In summary, as I said last quarter, I am pleased to once again be able to say that this quarter was our best yet.

I would now like to turn the call over to David to discuss our financial results in detail. David?

David Carefoot — Chief Financial Officer, Legumex Walker Inc.

Thanks, Joel. Before I begin, I will note that our full second quarter results are detailed in our financial statements and MD&A, both of which have been filed with SEDAR and are available on our website. In the interest of time, I will restrict today's comments primarily to the second quarter.

As Joel indicated at the outset, our results for the second quarter reflect the continued strong performance of our Special Crops segment, along with the growing contribution of the oilseed processing business from the PCC facility.

Consolidated revenue for the first quarter increased 18 percent to $131.8 million from $112 million in second quarter last year, reflecting a $13.3 million increase in PCC sales and a $8.3 million increase in Special Crop revenue. Revenue for the Special Crop segment increased by 9 percent in second quarter to $99.5 million on 119,000 tonnes shipped, up from $91.2 million on 104,400 tonnes shipped in the prior year, same quarter.

Higher shipments for peas, lentils, and canary seed offset lower shipments of edible beans, sunflower, flax, and bird food. The Specialty Crop strategy of expanding the product mix has enabled the Company to continue its steady growth of shipped tonnes despite underlying changes in the mix of products sold, as seen in this past quarter.

Our canola business in Q2 sold 50,600 tonnes of oil and meal for $34.2 million, an increase of 64 percent from the prior year in which PCC operations sold 30,000 tonnes for $20.9 million in revenue.

Constraints on availability of canola seed due to continued railroad underperformance noted in previous quarters, coupled with the first annual maintenance shutdown at the end of June, reduced PCC's crush in the quarter to 48,200 tonnes, or about 53 percent of operating capacity.

Consolidated adjusted gross profit for Q2 increased to $12.3 million from $2.1 million in the second quarter of last year. This increase reflects higher shipping volumes and margins for Special Crops, as well as higher gross margins per tonne and sales volumes in oilseed processing.

For Special Crops, the increase in adjusted gross profit reflects a $5.1 million incremental profit from increased volumes and margins, with only $1 million in additional plant costs. The average commodity margin of $130 per tonne for the quarter was 31 percent higher than the same quarter ending June 30, 2013, but consistent with margins over the past three quarters.

Average plant costs of $51 per tonne for the quarter ended June 30, 2014, were 6 percent higher than the same quarter last year, although they were comparable to the $51 per tonne for the 12 months ended December 31, 2013.

PCC's adjusted gross profit was $2.9 million for Q2, which reflects a $6.1 million improvement over the same period last year. Higher gross margin per tonne contributed $4 million of the increase, and improved sales volumes contributed to the balance of $2 million, offset by a $460,000 increase in plant processing costs.

Adjusted gross profit, and consequently EBITDA, includes a $4.2 million unrealized gain on open commodity hedging contracts, offset by the cost of a $929,000 cash outlay to fund the extension of PCC's commodity hedging contracts at the end of June.

I'd like to take a moment to reiterate that Legumex Walker actively engages in risk management. The Company does not enter into foreign exchange contracts or commodity contracts for derivative trading purposes.

We hold commodity-based derivative contracts for canola seed, soy oil, and soy meal to manage our exposure to fluctuations in commodity prices related to our canola crushing operation. Unrealized gains and losses from open hedging contracts typically relate to future sales activity.

The Company has a rigorous system of credit management to minimize risks of loss and manages its non-hedgeable commodity risk by actively monitoring its position of inventory and open sales and open purchase contracts.

Consolidated selling and administrative expenses were relatively flat at $5.7 million, and included noncash stock-based compensation expenses of $122,000 compared with $347,000 last year. S&A expenses reflect the relatively fixed nature of the Company's indirect costs. As noted in the MD&A, S&A expenses as a percentage of revenues have actually declined steadily over the last five quarters as revenues and adjusted gross profits have grown.

As Joel stated, it was another record quarter in terms of EBITDA as we're beginning to see our platform realize its earnings potential. Consolidated EBITDA for the quarter and six months ended June 30, 2014, were $6.6 million and $10.4 million, an increase of $9.8 million and $13.5 million, respectively.

Special Crops EBITDA for the second quarter was $6.6 million, a significant increase year over year due to improvements in margins in volumes, as well as flat S&A expenses. It's worthy of note that Special Crops' EBITDA for the latest 12 months ended June 30, 2014, reached almost $20 million. The 12 months ended September 30, 2013, represented the first 12-month period as one business segment post-acquisition.

In the absence of acquisitions or significant growth capital expenditures in the interim, the steady growth in tonnes sold and EBITDA over the last three quarters largely reflects the organic growth within the Special Crops business segment.

Despite operating at 53 percent of capacity in Q2, PCC EBITDA improved to $2.9 million compared to a loss of $3.2 million last year. Similarly, PCC EBITDA for the six months ended June 30th improved $9.7 million to $3 million while operating at about 56 percent of capacity.

After deducting noncash items, such as depreciation and amortization and noncash losses on derivative financial instruments, the net earnings attributable to shareholders for Q2 was $1.9 million, or a $0.12 earnings per share, compared with a loss attributable to shareholders of $8.7 million, or a loss or $0.53 per share last year. The result in the current quarter includes a loss of $1.1 million associated with the operation of the PCC plant, or about $0.07 per share.

Consolidated cash flow used by operations in Q2 was $1.6 million, and was still a $2.4 million improvement from the cash used in operations of $4 million in the second quarter last year. Within that, Special Crops generated $3.9 million in cash flow from operations in the second quarter compared to only $2.4 million last year.

Turning to the balance sheet. Our authorized operating lines of credit available at June 30, 2014, totalled $84 million, against which we had drawn down $52 million. We also had $105 million in long-term debt facilities drawn, of which $60 million related to the PCC plant.

Net operating working capital at June 30th was about $31.4 million, excluding the long-term portion of the demand loan maturing in August 2027. This compares with approximately $43.3 million at June 30th last year.

We included some additional information in the MD&A on the seasonality of noncash working capital and net short-term debt. Noncash working capital declined at the end of June, consistent with the normal seasonal cycle, and the level of net short-term debt is closely aligned with the movement in those working capital requirements.

While the seasonal ebb in noncash working capital improves key financial ratios, such as current ration and total liabilities to long-term debt, the inevitable seasonal rise in working capital needs in the fourth quarter and Q1 will have the opposite impact.

As we discussed on our last call, we took steps early in the first quarter to enhance our financial flexibility to meet the needs of our expanding operating platform, and those facilities were unchanged through this quarter. The Company constantly monitors its working capital and cash needs, and takes appropriate steps to both manage working capital demands and increase borrowing capacity to meet seasonal requirements.

Accounts receivable at June 30, 2014, decreased slightly to $52 million compared with 53 million at the same point last year. Accounts receivable includes an increase of $1.5 million in oilseed processing as a result of the commencement of commercial operations in late-2013, offset by a $1.9 million reduction in receivables in Special Crops.

Average days in receivables for Special Crops improved from 51 days at June 30, 2013, to about 45 days at June 30, 2014. The inventory at June 30th increased $3.6 million from the prior year to $61.9 million due primarily to improved efficiencies in Special Crops. Average days in Special Crops inventory improved to 56 days from 63 days at the same point last year.

In terms of key liquidity metrics at the end of Q2, our ratio of current assets to current liabilities was 1.22 times, excluding derivative assets and liabilities and the long-term portion of the HSBC demand loan. Our ratio of total liabilities to tangible net worth at June 30th was about 2.58 times, an improvement over the last two quarters.

Our net book value to shareholders at June 30th was $101 million, or $6.19 per share, and our tangible net worth improved to $4.51 per share over the most recent quarter ended March 31, 2014.

I'd now like to turn the call back to Joel for closing remarks.

Joel Horn

Thanks, David. At PCC, availability of seed due to transportation of logistics continues to be the only impediment to sustainably operating at full production. And as rail congestion is easing, we are continuing to source more and more feedstock by truck, and we are now beginning to take delivery of the first seed from the local crop harvest in the Pacific Northwest, all of which is delivered by truck.

I will note here that despite the impact of the wet spring in parts of Eastern Saskatchewan and Western Manitoba, the forecasted size of the Canadian crop at this time is such that it is not a threat to supply. All of this bodes well for our ramp up to full production and significant contribution to EBITDA and cash flow from PCC.

As I discussed last quarter, we believe PCC has the potential to eventually contribute as much or more EBITDA than our Special Crops segment. For our Special Crops segment, we enter into the back half of the year confident in its ability to continue to deliver strong, sustainable performance.

Our results over the last twelve months and especially 2014 to date are evidence of its underlying earnings and cash-flow generating capabilities.

At this time, I want to take the opportunity to remind listeners that we can see some variance in processing volumes in the third quarter, due to the timing of the harvest and access to new crop as the availability of old crop shrinks. I will note that as with our canola business, we do not expect the wet spring in certain parts of the Prairies to impact supply.

Earlier, David mentioned the heightened commodity margin Special Crops has benefitted from in the first half of the year. We do not expect some of the market risk premiums we realized to be sustained, and therefore anticipate a return to more normalized margins in the back half of the year.

We are clearly very proud of what our company has achieved: our first quarter of net earnings, two successive quarters of $6-plus million of EBITDA from Special Crops, and PCC poised to provide step-function growth in the coming quarters. We now look forward to our next milestone: delivering sustainable cash flow generation from both components of the business.

With that, I'll turn the call back to Marin.

Marin Landis

Thanks, Joel and David. I think we're ready to take questions now. Operator, can you please remind our callers the procedure for queuing up to ask a question?

Q&A

Operator

Certainly. At this time, I would like to remind everyone in order to ask a question, please press *, then the number 1 on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question comes from Steve Hansen with Raymond James. Please go ahead.

Steve Hansen — Raymond James

Yeah. Good morning, guys. Congratulations on getting the facility up. Just a couple quick questions here. As you look at the operating plans for the next six months or so you describe the different mixes of product, feedstock you have available, can you give us a general sense of what you expect from a broader mix of feed?

David Carefoot

You're asking, is the mix we saw in this past quarter indicative of what we expect going forward?

Steve Hansen

Yeah. Just want to get a sense for how much rail, how much truck, for example, how much local.

David Carefoot

Sorry, on the PCC side. I think our expectations on that front, Steve, is that our level of truck to this date, which has been coming really from farther afield, is going to sustain itself. And because we will have access to more local crop we're undoubtedly going to see an increase in total traffic inbound over the next couple of months, several weeks.

Joel Horn

One thing that’s important to note is that as the new crop comes on in other parts of North America, we have several unit trains that are on the books now. So we’re going to focus on local right now, and then we'll start bringing in units from other parts of the continent when their new crop is online.

Steve Hansen

And how good is that visibility, Joel, now on the unit trains? Can you comfortably say that you could get like one a month? Or one every two months? I'm just trying to get a sense for how sticky the situation is.

Joel Horn

So would you be willing to call Burlington Northern and ask them that for us? Because they haven't really answered that question. No, I mean, obviously, Steve, I mean obviously it's really hard to tell. I mean it's loosened up, it's gotten better. It's going to depend on so many factors, right? And so right now I'd say that even though the auctions for the unit train have begun, it's really unpredictable.

Steve Hansen

Understood. Okay.

Joel Horn

We'll know more next time, next call.

Steve Hansen

And just a question, one more on PCC is on the hedge book. And how do you think about the hedge from this point going forward? Do you want to be more aggressive at this point, given the margins? Or is it sort of wait and see as the feedstock gets layered in?

Joel Horn

Well, the next few weeks clearly most people will be sitting on the sidelines waiting. I mean there's a lot of investors and hedge funds and folks, but for crushers we'll be really watching extremely carefully what's going on. And you don't really know except speculation for another few weeks, and we've still got some weather to come up that could help or hurt, so we need to wait a few more weeks to be able to answer that.

Steve Hansen

Okay. And just the last one and I'll jump in the queue is on the organic growth side for Specialty Crops. I think David described some good organic growth over the past year. How much more room is there for that, given the existing footprint of your facilities?

Joel Horn

What I would say is there is still organic growth there. I'd say that one thing I want to do is just really give a shout-out to our Special Crops team because they continue to find ways to improve the facilities. And that's what they're tasked to do.

They're doing it. I can't give you any numbers, right, because they're coming up with ideas every day, so I think we'll see more organic growth in the facilities, but I can't really give you any kind of estimate, unfortunately, of how much that'll be.

Steve Hansen

Okay. That's helpful. The trend is a good one. I'll jump back in the queue. Thanks, guys.

Operator

Your next question comes from Marc Robinson with Cormark Securities. Your line is now open.

Marc Robinson — Cormark Securities

Thanks. I'm trying to get a handle on the near-term outlook for PCC. I mean clearly you ran close to full bore in July. We're now sort of a week or so into August. Have you continued at that same rate into August?

Joel Horn

So the answer, Marc, I'm trying to think because we do get into an issue of we're giving a tremendous amount of disclosure, and I know that our competitors and our customers are going to be listening. So let's just say that we don't see any reason if we can keep the seed coming in, we've got the demand, so we don't see why we couldn't keep at this 90 percent throughout the quarter, if not throughout the year.

It's just we've got to keep the seed coming in, and I think we're still a little gun-shy from what happened over the last six months, but right now we're continuing to run well in August. We do have this wonderful winter crop that we hit in the Pacific Northwest that comes in by truck, and remember that that's—we've got a lot of non-GMO coming in, so everything's going well right now.

I just feel like things could fall off with the rail system at any given time and we could be back, I mean I hate to say this, we could be back in a really tight situation later on in the year, early next year, but right now things are going well.

Marc Robinson

Right. And so what percentage—what is your current view of the tonnage coming out of the Pacific Northwest? And your current view of what percentage of that you might be able to get? And when that all might—what period that might all come into the facility at?

Joel Horn

Yeah. Let me go backwards. I think whether it comes into the facility or whether it's going into an elevator and we have purchased it and we'll bring it into the plant some other time—that's sort of a technical issue—but in terms of the amount of seed, the USDA have an increase in local acres, not as much as we think there will be.

They still have the local acres at approximately 150,000. We assume we'll get the lion's share of that. We know the folks well, we're meeting with them, and between our relationships with the local growers and the elevators we assume we'll get most of that. Now we actually think that USDA could be light on the acres, but who are we to go out and second guess the USDA. So we're just going to have to see over the next few weeks what actually materializes.

Marc Robinson

And when will that—that harvesting period will provide seed for—can you just give me the months there?

Joel Horn

Yeah. Well, it's started now, and I realize we've got two crops coming in, so that'll go through September. Timing's a little bit variable, obviously, because of the weather. So we get a good July, August, September, depending on weather maybe goes into October, we'll store some of the non-GMO seed, and sort of meter that out to meet the demand. And then you've got to realize when new crop comes in North Dakota and Southern Canada, which is later on in the summer, we'll start to take that in either with our expanded trucking program or with trains.

Marc Robinson

And just a final question—or just before I get to that, did you say that most of the Pacific Northwest crop is non-GMO?

Joel Horn

The lion's share of what's coming in now is. Now you realize there's the winter crop and then there's the spring crop, so the winter varieties are largely non-GMO. So when we talk about what's largely non-GMO, it's what's coming off the field today in the winter…

Marc Robinson

Okay.

Joel Horn

But the other varieties we're going to have to—it comes off spring, it comes off later in the fall, we need to work with the growers to show them that they can make more money with the non-GMO, and we're doing that. We're going and talking about that for the next planting.

Marc Robinson

Okay. So just finally here, you talk a lot about your trucking program from the Prairies. Can you provide some colour on whether the economics of that make sense in a more normalized crush margin environment, which it seems like we're trending towards now?

Joel Horn

If you just say everything's normal, no. I mean we hadn't anticipated building a trucking program into Southern Canada. Realize our trucking program used to be a 300-mile radius. Now we've got it up to closer to 450-mile to get up into Southern Alberta, but there's a few things to think about.

First of all, we are finding some backhaul situations that we didn't know about before, which makes trucking more competitive with rail over a longer distance, so that's been a benefit of this, sort of a silver lining of the situation. And then the other thing is that as we start to contract specialty seed, the non-GMOs, it allows us to truck from further away because the margins are good. So we are contracting some non-GMO in Canada right now.

Marc Robinson

All right. Thank you.

Joel Horn

Sure.

Operator

Again, if you would like to ask a question, please press *, 1 on your telephone keypad.

Your next question comes from Nelson Mah with Laurentian Bank. Your line is open.

Nelson Mah — Laurentian Bank Securities

Hi. I just want to clarify so, Joel, on that 92 percent in July at PCC, that was all due to trucking of local canola seed, is that right?

Joel Horn

Well, we were able to get up there, but as we said, it averaged about 50 percent truck, 50 percent rail over last quarter.

Nelson Mah

Yeah.

Joel Horn

I don't have the numbers in front of me about July; I could get back to you on those, but we were clearly getting more and more by truck as we moved through the second quarter, and then even though first we took in, as we said, about half rail, half truck.

Now as you move into July, August, September, not only are we doing more truck because the reasons we've talked about, but the local crop comes in by truck. So I don't have the numbers, but I assume we'll have more truck over July and August, and then when the new crop starts, say in North Dakota, then you'll start to see some of these big units coming in, which will offset that.

Nelson Mah

Okay. Got it, got it. Okay. Then what about the edible bean claim or quality claim? Like what was that about?

David Carefoot

Nelson, I don't have absolute specifics on it. It's not uncommon in the trade that from time to time we'll have a delivery that goes out that doesn't meet the specs of the customer, and if there's an adjustment in a subsequent period it shows up—it'll impact the margins in that quarter, even though it may have been related to a prior period.

So it happens from time to time. It's not a normal practice, and it's not a loss of product. We're able to resell it. We're just reselling it at perhaps a slightly lower value.

Nelson Mah

Okay. And the last thing was about the subordinated debt that went up to $0.5 million. And was that true because there's a loan into PCC?

David Carefoot

Correct. What we show in our consolidated financial results includes advances from the minority party and the PCC plant. And they did provide a cash injection towards the end of the second quarter, and that's what we're showing in subordinated debt.

Nelson Mah

So that was for working capital then?

David Carefoot

It was just because of the size of the investment from the minority party. We don't always do dollar-for-dollar cash flow injections as we're making expenditures, so they do more periodic catch-up items. It'll be for a variety of things, some capital, some working capital.

Nelson Mah

Okay. Got it. Okay. Thank you.

David Carefoot

Okay.

Operator

There are no further questions at this time. I now turn the call back over to the presenters.

I do apologize, we have a question from Steve Hansen. Would you like to take it?

Joel Horn

Of course.

Operator

Perfect. We have a question from Steve Hansen with Raymond James. Your line is now open.

Steve Hansen

Sorry, guys. Technical issues here; apologize. Just one follow-up question, Joel, on the Nexera™ side, and I suppose even just non-GMO more broadly. You described the fact that the local crop is predominantly non-GMO, which sounds good. I'm trying to get a sense for maybe not even in the near term here, but if we think over the next year have you got a thought around how much of your portfolio or your sales out of PCC could be underserved as premium product label?

Joel Horn

The way I'd look at it is as much as we possibly can, right? So I think I once described it as there's a whole ecosystem that we have to get going, and it is going, that is a multi-crop year relationship, right? It involves Dow, it involves the growers, it involves our customers, and this whole thing has to grow together.

And so we've established tremendous relationships all throughout this ecosystem of participants in this, and we expect it to grow. It's going to be great for us as it grows, but trying to put a number on it in any given year, Steve, is virtually impossible. So we're trying to meet—we're trying to do everything we can to meet customer demand.

As you know, there's going to be a huge demand growing as we get towards 2018 where Whole Foods has made their announcements about non-GMO, and we have lots of customers, as I mentioned, who want it. So we're out talking with growers, we're working with Dow, so over the next several crop years we want it to be as high as we possibly can.

And to me that's honestly the exciting part about PCC is that it has so much growth potential with the existing invested capital, right? And so it's all ready to go. We've just got to now push the whole system, so that's Dow, the growers, the customers, and they all want to participate because everybody makes more money and then the consumer gets a healthier product.

Steve Hansen

No, that makes sense. And so I suppose is the logical takeaway then the existing localized crop in particular already being predominantly non-GMO, as we expect acreage to hopefully grow over time would you expect that sticks with the non-GMO side? I'm trying to understand if there's any disadvantage for the farmer.

Joel Horn

So hopefully—I always like to feel it's kind of a twofer, right? I mean we love it when it's local because of the truck delivered, and we love it when it's non-GMO because the customer demand and the higher margins. At the moment I haven't heard of any negative from growing non-

GMO. I mean those who are growing it are making more money, and they like having—one thing about the West is they do like contracted products, so we are going out to contract non-GMO because they're used to doing that with pulses. That's how they often do pulses.

So it's not like we're trying to get them to do something that's not normal for them, so it's not a new concept. We're just trying to do it with a different crop, and it's been successful. We just want it to be more and more successful.

Steve Hansen

No, understood. Okay. Great. No, I appreciate that. Thanks, guys. That's it.

Operator

There are no further questions. I now turn the call back over to the presenters.

Marin Landis

On behalf of Joel and David, we would again like to thank you for joining us today. If you have any questions or need additional information, please don't hesitate to contact me at 204-594-2527, or at my e-mail address, marinl@legumexwalker.com.

We will speak to you again at the time of our third quarter results. Good-bye.

Operator

This concludes today's conference call. You may now disconnect.

*****