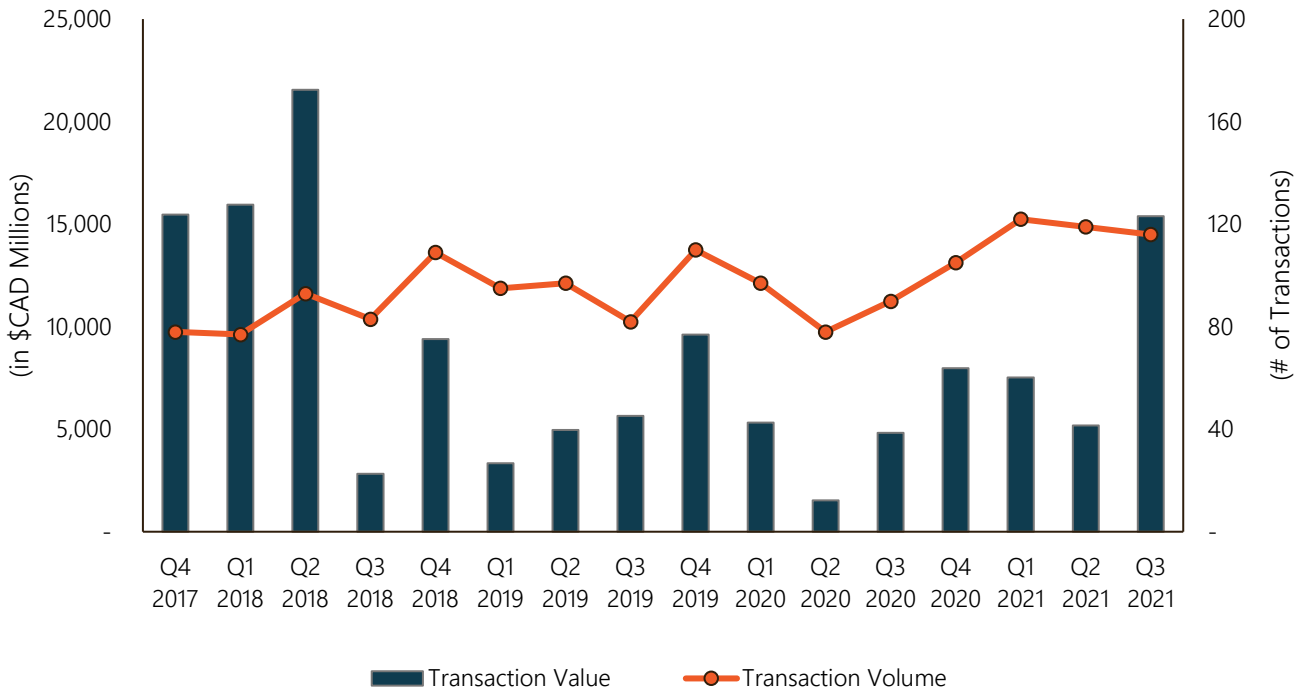


# Agriculture

Quarterly Update | Q3 2021



### Agriculture M&A Transactions



### M&A Market Update – Q3 2021

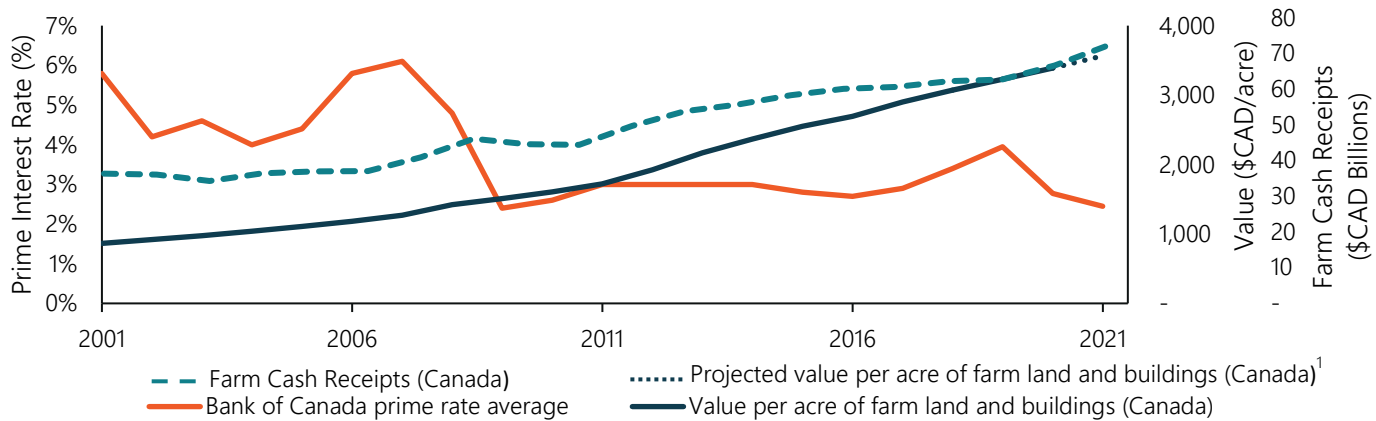
- M&A activity in the North American agriculture industry has continued to rebound, with 116 total transactions in Q3 2021, the third-highest total by volume in a quarter since Q3 2017, trailing only Q1 2021 and Q2 2021. Total transaction value in Q3 2021 exceeded \$15 billion, the fourth highest transaction value in a quarter since Q2 2018.
- A vast majority of transactions in the agriculture landscape in Q3 2021 were in the food products sub-sector, which comprised 80.2% of the disclosed transactions. There was also notable deal volume in the agricultural services, fertilizers and agricultural chemicals, and agricultural farm machinery sub-sectors.
- M&A activity in Q3 2021 was predominantly driven by industry operators (i.e. strategic buyers) who accounted for the vast majority of total deal volume during the period, however, private equity buyers still remain active and are closing deals with ample capital to deploy.
- The largest disclosed transaction in Q3 2021 was Cargill Inc.'s acquisition of Sanderson Farms Inc. for \$5.85 billion, accounting for 39.3% of the total publicly disclosed transaction value in Q3 2021.
- Farmland values continued to increase in 2020, with a national average increase of 5.4% slightly above the 5.2% increase in 2019. Low interest rates and continued growth in land values suggest continued future activity in M&A transactions for primary producers.

## Key Drivers

Key drivers affecting farm land values in Canada include farm cash receipts and interest rates and agriculture industry performance, which is impacted by commodity prices, growing season conditions, and macro-economic factors.

Farm cash receipts grew 9.8% year-over-year from Q2 2020 to Q2 2021. The Bank of Canada prime rate averaged 2.5% throughout the first three quarters of 2021 near historic lows.

### Farm Values vs. Farm Cash Receipts and Interest Rates

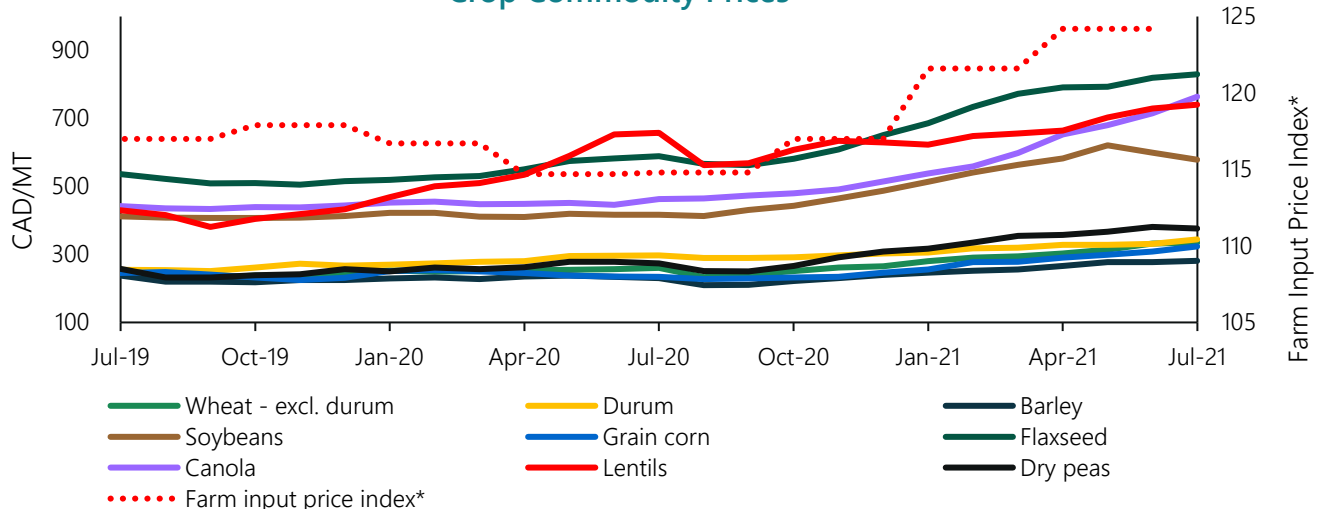


## Commodity Price Changes and Farm Input Price Index Costs

While average commodity prices overall have seen stability in recent years, the majority of commodities saw strong price increases in H1 2021 that continued into Q3 2021 driven by global supply challenges and strong demand.

The Statistics Canada Farm Input Price Index (FIPI) estimates the change in price that farmers pay for inputs in their farming operation through time. The FIPI has continued to increase in recent months, displaying a year-over-year increase of 8.3% from Q2 2020 to Q2 2021.

### Crop Commodity Prices



\*June 2021 is the most recent data available at the time of this report's preparation.  
 Source: Stats Canada. Farm cash receipts information is not available for Q3 2021.  
 1: Based on historical growth from 2019 to 2021.

# Inputs and Commodity Markets

## Market Pressure, Futures & Exports

### Commodity Price Highlights

Prices have continued their upward momentum into Q3 2021, with all commodities detailed in the adjacent listing showing positive gains over the short term and long term, respectively, except for soybeans which showed a marginal decrease of 0.6% in the short term period. Price increases over these periods are driven in part by supply shortfalls due to environmental conditions and stronger-than-expected global demand. Canola, soybeans, dry peas, and barley have all shown significant increases of 20% or greater over the long term.

### Commodity Price Changes

	<u>LONG TERM*</u>	<u>SHORT TERM**</u>
Canola	+64.9%	+16.9%
Soybeans	+38.6%	-0.6%
Dry peas	+37.5%	+5.3%
Barley	+22.1%	+5.4%
Lentils	+12.7%	+11.5%
Flaxseed	+40.8%	+4.8%
Grain corn	+38.2%	+11.3%
Durum	+15.8%	+5.1%

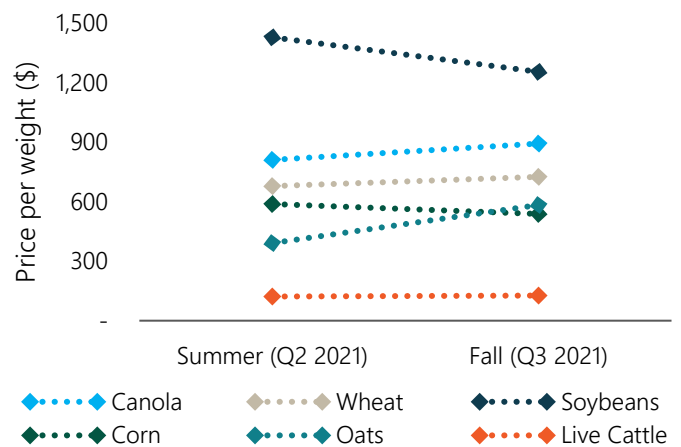
### Commodity Price Futures

Quoted prices for fall 2021 futures contracts for most of the aforementioned commodities are higher than futures in the previous quarter resulting from strong export demand and prospective increases in overseas demand.

The futures prices for oats and canola showed strong growth of 49% and 10.2%, respectively whereas wheat and live cattle experienced modest growth of 6.8% and 3.9%, respectively, from Q2 2021 to Q3 2021.

Soybeans and corn showed decreases of 12.2% and 8.4% in their futures prices, respectively.

### Commodity Pricing<sup>1</sup>



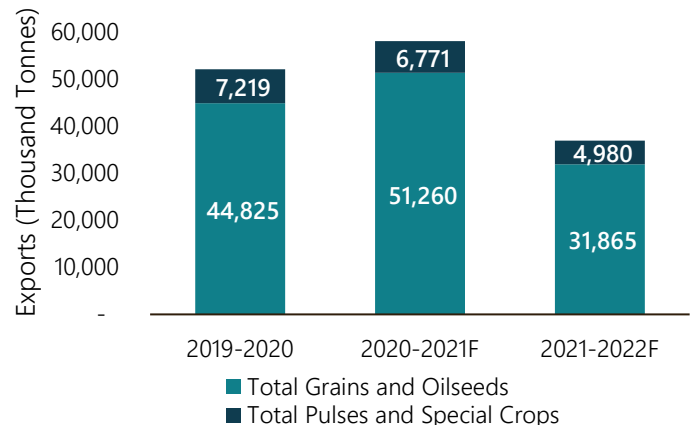
### Crop Exports

Canadian principal field crop exports in the 2020-2021F period are forecasted to increase 11.5% over the 2019-2020 total.

Grains and oilseeds exports are forecast to increase 14.4%, while pulses and special crops are forecasted to decrease 6.2% between the 2019-2020 and 2020-2021F periods.

Canadian principal field crop exports in the 2021-2022F period are forecasted to decrease due to severe drought conditions encountered in Western Canada in the 2021 growing season.

### Canada's Principal Crops Exports<sup>2</sup>



<sup>1</sup>"F" indicates Forecast.

\*Change over the twelve months ended July 2021.

\*\*Change over the three months ended July 2021.

Source 1: Capital IQ. Data as of September 24, 2021.

Source 2: Agriculture and Agri-Food Canada, Outlook for Principal Field Crops. September 24, 2021 update.

# Select Recent M&A Transactions

**RICHARDSON**

acquired



**Announced**  
July 2021

**Industry**  
Food  
Processing

- **Richardson International Limited.** (Richardson) is a global leader in agriculture and food processing. The company is a worldwide handler and merchandiser of all major Canadian-grown grains and oilseeds.
- **Italgrani USA Inc.** (Italgrani) is a semolina and durum flour miller in North America, supported by grain elevator services in North Dakota and full-service grain merchandising in Minnesota.
- Richardson's acquisition of Italgrani allows the company to further diversify their operations by increasing their presence in the food processing industry.

**TELUS** Agriculture  
and



**Rabobank**

acquired



**Announced**  
July 2021

**Industry**  
Agriculture  
Technology

- **TELUS Agriculture** is an agriculture technology provider, that leverages technology and data to enable a better flow of information across the agriculture and food industry.
- **Rabobank** is a global financial services company providing wholesale and retail banking services worldwide.
- **Conservis** is a farm management platform that integrates disparate farm technologies into one streamlined interface to manage the business of farming.
- TELUS Agriculture and Rabobank's acquisition of Conservis will enhance the company's financial management of farms and unlock new opportunities for customers.



acquired

**Advanced Ingredient  
processing Terminal  
in Avonlea,  
Saskatchewan**

**Announced**  
August 2021

**Industry**  
Food  
Products &  
Processing

- **Purely Canada Food Corp.** (Purely Canada Foods) a wholly-owned subsidiary of Above Food Corp., is a B2B plant protein company founded in 2016 that supplies whole foods and ingredients sourced from Western Canada to customers around the world.
- The Avonlea Facility located in South Central Saskatchewan is known for producing the highest quality lentils, chickpeas, and durum.
- Purely Canada Foods will leverage the Avonlea facility's organic certification to increase production capacity.

**Precision  
Planting**

acquired



**Announced**  
August 2021

**Industry**  
Agriculture  
Technology

- **Precision Planting Inc.** (Precision Planting), is a provider of practical and effective precision agriculture activities designed to improve planting, liquid application, and harvest operations on farms.
- **Headsight Inc.** (Headsight) is a designer and manufacturer of harvesting row guidance and height sensing technologies to be utilized in corn and grain harvesting.
- Precision Planting's acquisition of Headsight enhances the company's position in the precision agriculture technology space.



# Public Comparable Analysis

## Trading Multiples & Operating Statistics

*(Figures In \$CAD Millions, except percentages and ratios)*

Company	Market Capitalization	Enterprise Value	LTM Operating Figures			
			Revenue	Revenue Growth	EBITDA	EBITDA Margin
Nutrien Ltd.	\$46,916	\$58,920	\$27,084	12.3%	\$5,285	19.5%
Archer-Daniels-Midland Company	\$42,442	\$54,990	\$92,824	16.5%	\$5,798	6.2%
Bunge Limited	\$14,571	\$25,212	\$63,335	28.6%	\$4,106	6.5%
The Andersons, Inc.	\$1,275	\$3,693	\$12,853	36.3%	\$429	3.3%
The Mosaic Company	\$17,158	\$21,423	\$12,311	14.6%	\$3,044	24.7%
Ceres Global Ag Corp.	\$141	\$275	\$927	28.6%	\$19	2.0%
<b>Median</b>	<b>\$15,864</b>	<b>\$23,318</b>	<b>\$19,969</b>	<b>22.6%</b>	<b>\$3,575</b>	<b>6.4%</b>
<b>Mean</b>	<b>\$20,417</b>	<b>\$27,419</b>	<b>\$34,889</b>	<b>22.8%</b>	<b>\$3,114</b>	<b>10.4%</b>

*(Figures In \$CAD Millions, except percentages and ratios)*

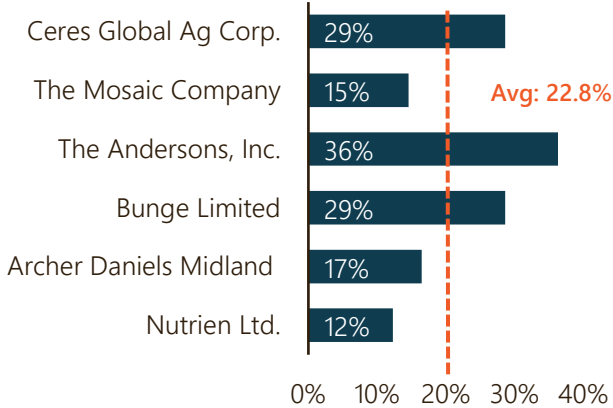
Company	NTM Consensus Estimates			Valuation	
	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Nutrien Ltd.	23.4%	25.4%	7.1x	11.1x	2.2x
Archer-Daniels-Midland (ADM) Company	4.4%	5.4%	10.5x	9.3x	.6x
Bunge Limited	8.9%	3.6%	10.3x	6.0x	.4x
The Andersons, Inc.	14.4%	2.6%	9.8x	8.4x	.3x
The Mosaic Company	31.0%	29.4%	4.7x	6.9x	1.7x
Ceres Global Ag Corp.	N/A	N/A	N/A	14.6x	.3x
<b>Median</b>	<b>14.4%</b>	<b>5.4%</b>	<b>9.8x</b>	<b>8.9x</b>	<b>.5x</b>
<b>Mean</b>	<b>16.4%</b>	<b>13.3%</b>	<b>8.5x</b>	<b>9.4x</b>	<b>.9x</b>



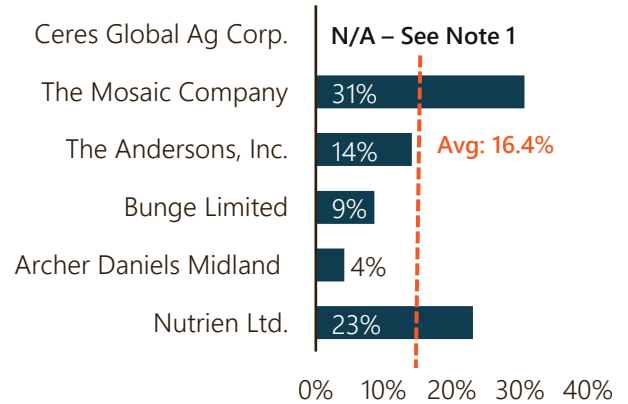
# Public Comparable Analysis

## Growth, Margins & Multiples

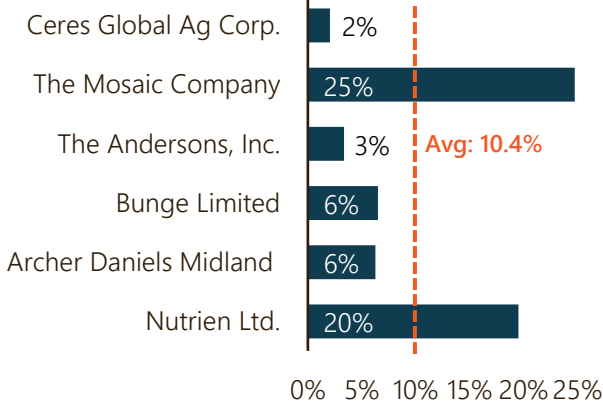
### LTM Revenue Growth



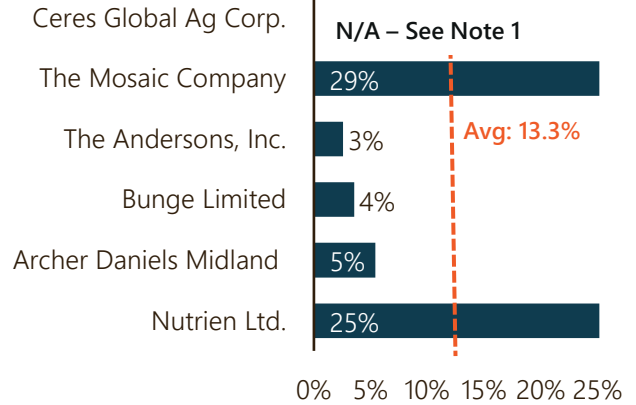
### NTM Revenue Growth



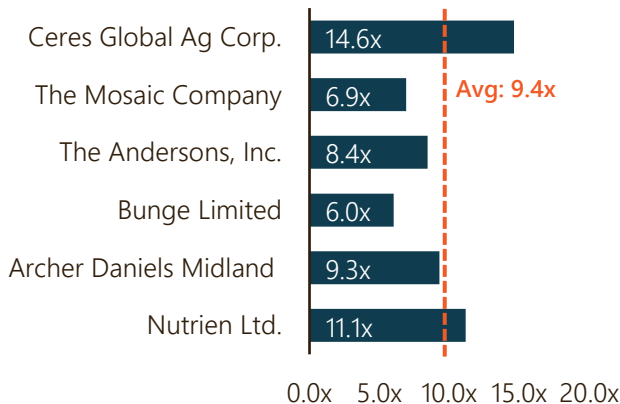
### LTM EBITDA Margin



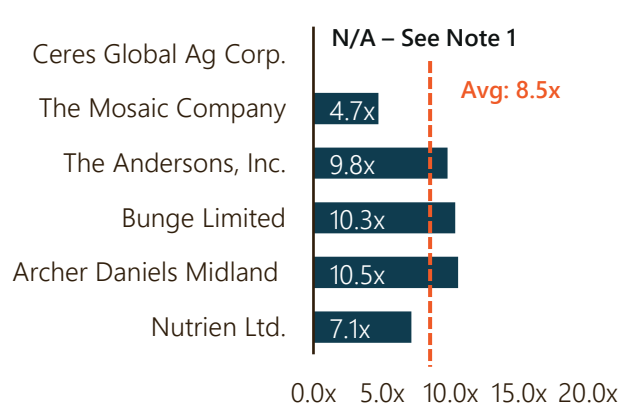
### NTM EBITDA Margin



### LTM EV/EBITDA



### NTM EV/EBITDA



Source: Capital IQ. Data as of September 30, 2021.

"LTM" refers to last twelve months. "NTM" refers to next twelve months.

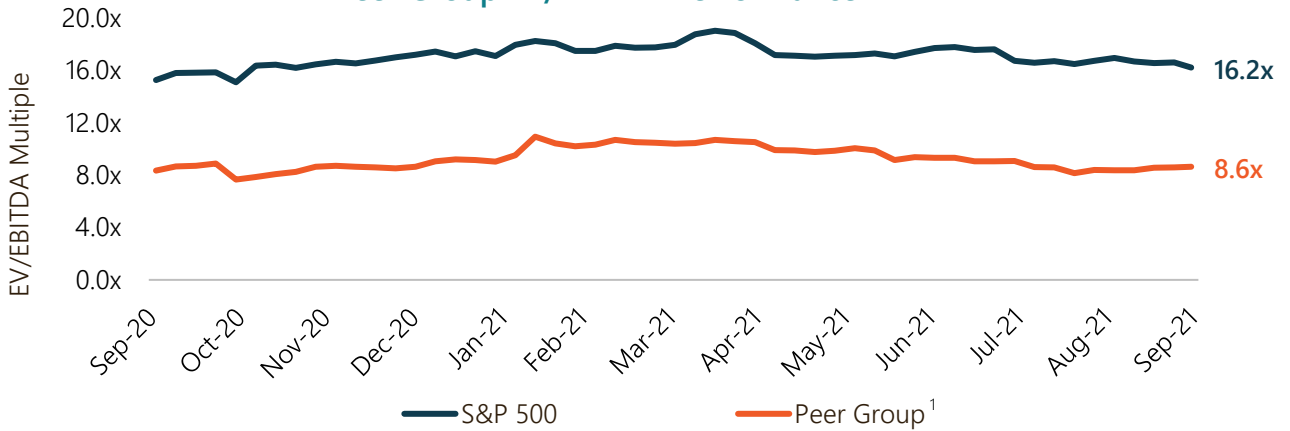
Note 1: Projected information for Ceres Global Ag Corp. has been labelled as "N/A" as limited information is available for the company.

Valuation details provided on page 6.

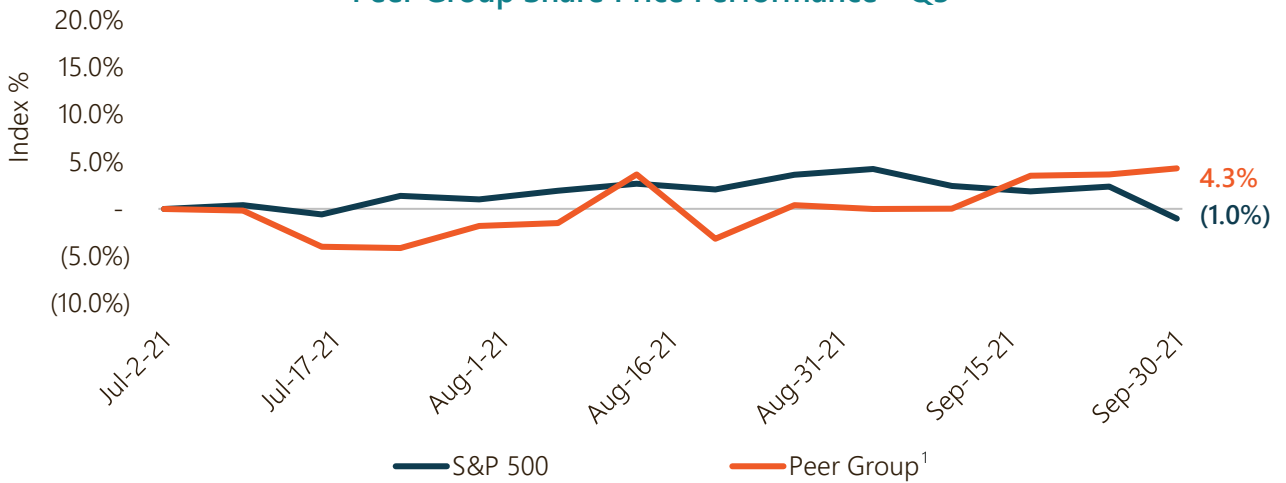
# Public Comparable Analysis

## Performance Analysis

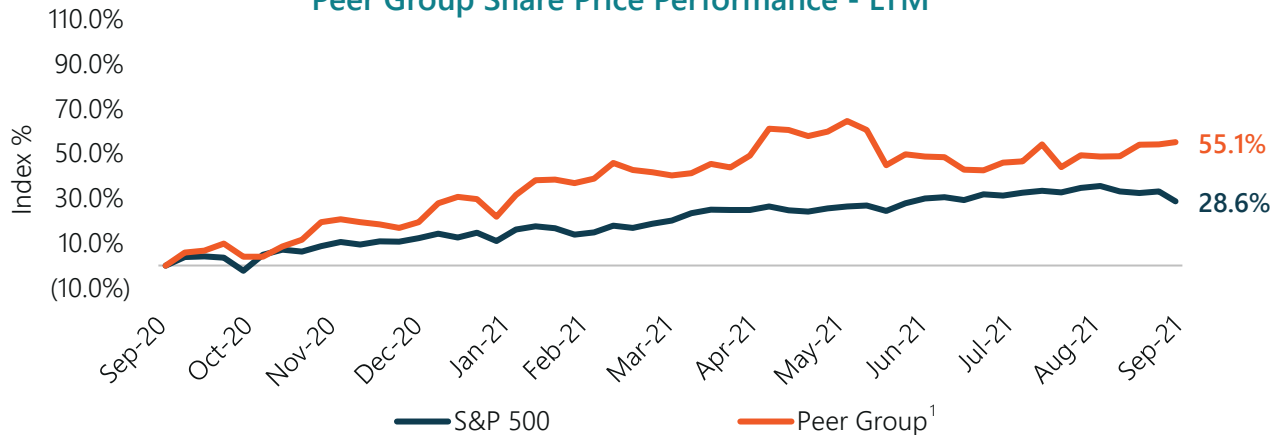
### Peer Group EV/EBITDA Performance - LTM



### Peer Group Share Price Performance - Q3



### Peer Group Share Price Performance - LTM



Source: Capital IQ. Data as of September 30, 2021.

1: **Peer Group:** Nutrien Ltd., ADM Company, Bunge Limited, The Andersons, Inc., The Mosaic Company, Ceres Global Ag Corp. "LTM" refers to last twelve months.



# About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

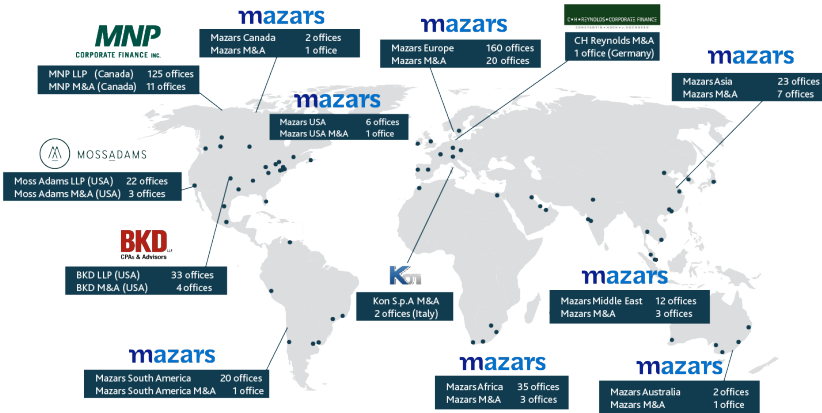
Our typical transactions range in value between \$3 million and \$300 million.

## Local and International Reach

MNP is a participating firm within Praxity, a unique global alliance of independent accounting/advisory firms created to answer global business needs. As a member of Praxity, we are able to offer access to corporate finance, accounting, and tax advisory services worldwide. We are also affiliated with Corporate Finance Cross Border, which consists of 250+ M&A professionals in more than 30 countries.



**CFxB** CFxBorder - Global reach with local relationships  
Our corporate finance team through CFxB consists of 250 plus M&A professionals in more than 30 countries



## Services

- Divestitures
- Acquisitions
- Debt Financing
- Due Diligence
- Transaction Advisory Services

## Recently Closed Deals (National)

**E360S** has acquired **CHEM-ECOL**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.

**ACR ALL CHOICE RENTALS** has acquired **DV RENTALS**

MNP Corporate Finance Inc. acted as exclusive financial advisor to D.V. Rentals Inc. in structuring and negotiating this transaction.

**Ayrfit West Inc.** has acquired **International Fitness Holdings Inc.**

MNP Corporate Finance Inc. was the exclusive financial advisor to International Fitness Holdings Inc. in structuring and negotiating this transaction.

**E360S** has acquired **RETIRE**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.

**Crestview** has acquired a majority interest in **JMP Solutions**

MNP Corporate Finance Inc. acted as exclusive financial advisor to JMP Solutions in structuring and negotiating this transaction.

**LYNX equity limited** has acquired **YELLOWHEAD**

MNP Corporate Finance Inc. acted as exclusive financial advisor to Yellowhead Wood Products Inc. in structuring and negotiating this transaction.

**FIREPOWER** has invested in **wesbell**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Repower Equity with Credit Related Equity and Trilogy Capital.

**Confidential Buyer** has acquired **SCG PROCESS**

MNP Corporate Finance Inc. provided vendor due diligence services to Smith Cameron Group.

**Rhyno Equity Group** has acquired **PermaCorp**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Rhyno Equity Group.

**UNIVERSAL GROUP** has acquired **Beacon Lite**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Universal Group.

# About Us

## Deal Experience

Since our inception, our team has advised on hundreds of transactions, in a wide range of industries with diverse enterprise values. In the past five years alone we have completed over 125 transactions worth over \$2 billion (not including due diligence engagements).

## Industry Experience

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Health Care
- Pharmaceutical
- Transportation
- Construction
- Software
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

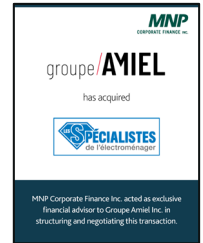
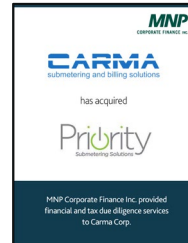
## Hands-on Approach

Current M&A transactions require a hands-on approach from start to finish including the active engagement of senior resources. Our senior resources are dedicated to our clients and are available as necessary and appropriate. We keep our clients regularly informed of the engagement status, issues we are encountering, successes, and overall progress.

## Integrated Service Offering

We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement, and risk management.

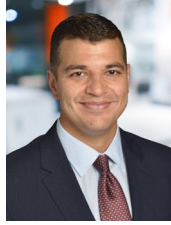
## Recently Closed Deals (National)



## Transaction Leadership



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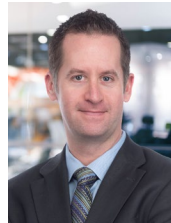


**Éric Grondin**  
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## Due Diligence Leadership



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**John Caggianiello**  
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