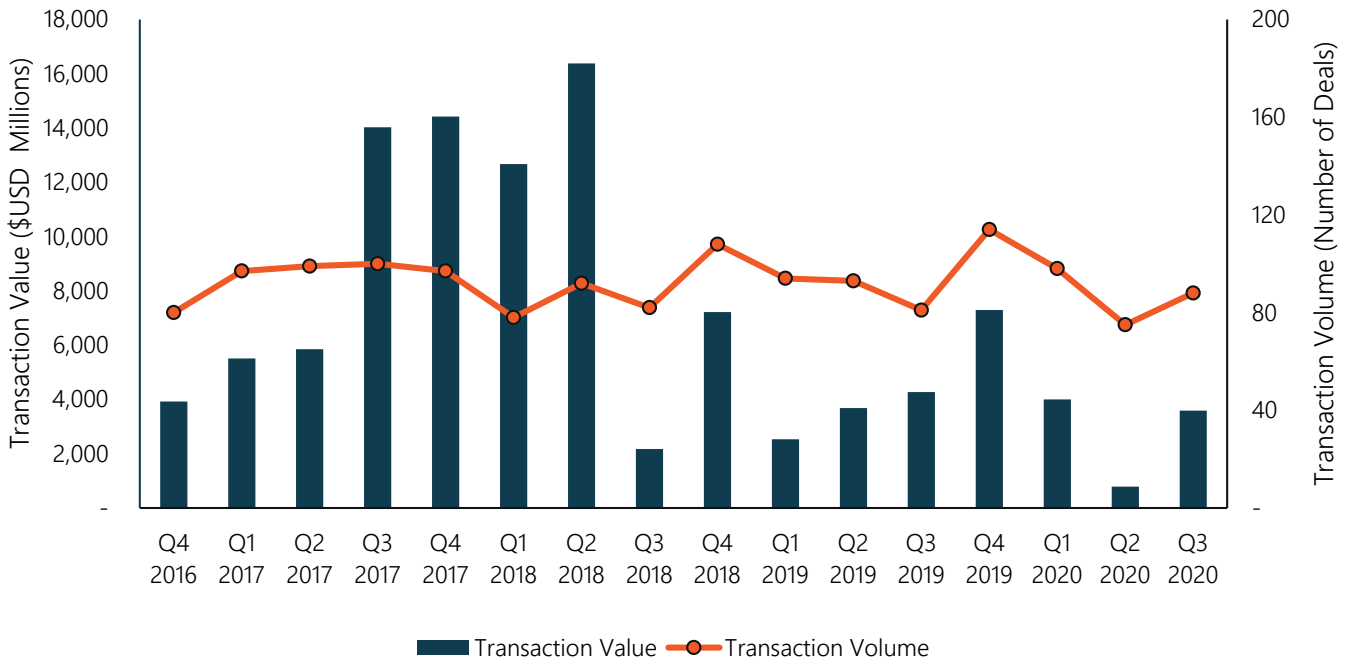


Agriculture

Quarterly Update | Q3 2020



Agriculture M&A Activity



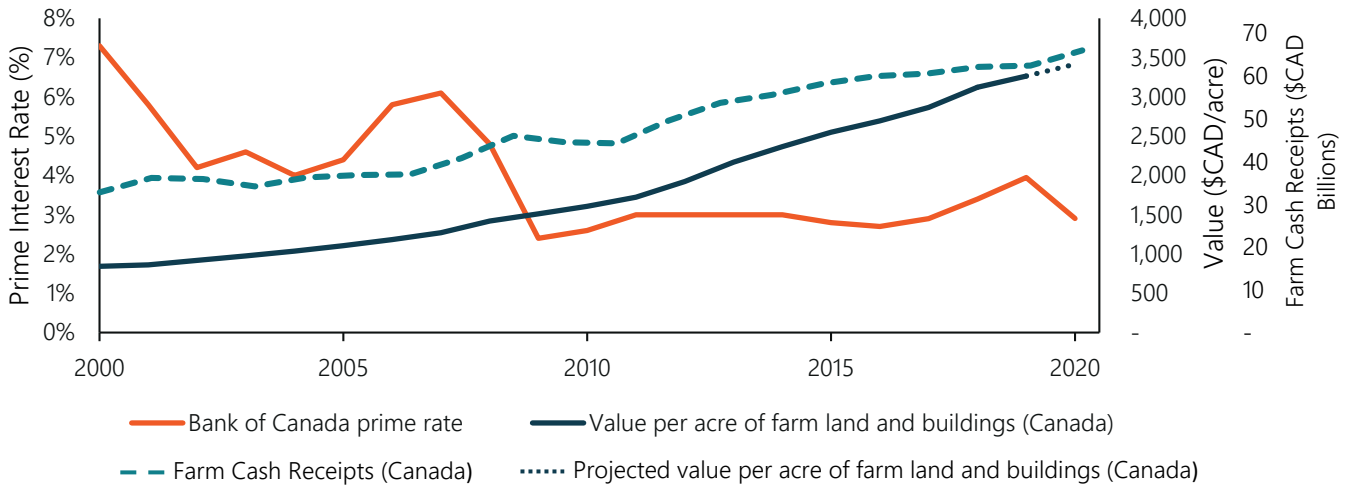
M&A Market Update – Q3 2020

- M&A activity in the North American agriculture industry increased in Q3 2020, indicating recovery signals post the global market slowdown caused by COVID-19. Overall disclosed transaction volume increased from 75 to 88 and total disclosed transaction value increased from \$786 million to \$3.6 billion from Q2 2020 to Q3 2020 respectively. The vast majority of the transaction value in the quarter was attributable to a single transaction (see below).
- M&A activity in Q3 2020 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 majority of transactions in the agriculture landscape Q3 2020 were in the food products sub-sector, which comprised 89.7% of the disclosed transactions. There was also notable deal volume in the agricultural services sub-sector, with a total of six disclosed transactions (6.8%). M&A activity in these sub-sectors is reflective of operators making strategic acquisitions to diversify product offerings, increase scalability and expand business models into new channels.
- The largest deal in Q3 2020 was Groupe Lactalis S.A.'s acquisition of the Natural Cheese Business from The Kraft Heinz Company for \$3.2 billion. Another notable transaction during Q3 2020 was Universal Corporation's acquisition of Silva International for \$170 million. Both transactions had targets headquartered in Canada.

Key Drivers of Agricultural Industry Performance

Key external drivers affecting agricultural industry performance in Canada include: commodity prices, interest rates, consumer preferences, growing season conditions, and farm land values.

Farm Values vs. Farm Cash Receipts and Interest Rates

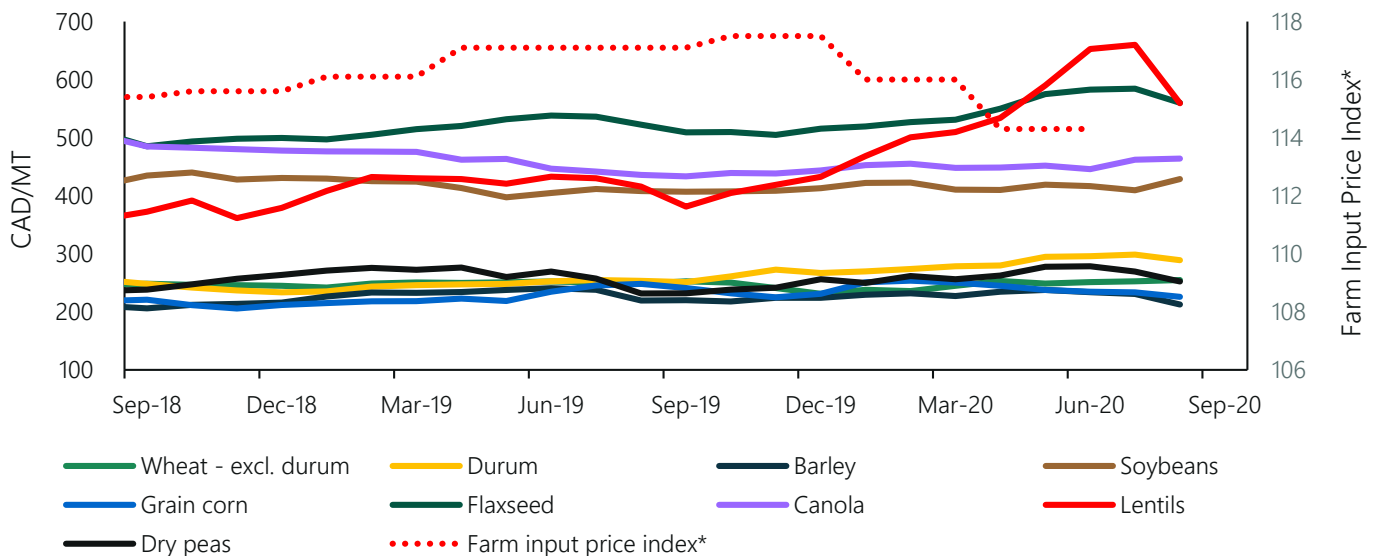


Commodity Price Changes and Farm Input Price Index Costs

While overall average commodity prices have seen stability in recent years, a closer look at specific commodities indicate drastic fluctuations in the first two quarters of 2020, with a modest correction in Q3 2020.

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 decrease in recent months, displaying a 2.4% decline since the third quarter of 2018.

Crop Commodity Prices



*August 2020 is the most recent data available at the time of this report's preparation.
Source: Stats Canada.

Commodity Price Highlights

Commodity prices have shown strong growth in recent periods with lentils posting gains of 35% over the last 12 months despite declining 5% over the last three months.

Although the last 12 months have been favourable for most commodities, Q3 has seen a modest decrease in commodity prices aside from soybeans and canola.

Commodity Price Changes

	LONG-TERM*	SHORT-TERM**
Canola	+6.5%	+2.7%
Soybeans	+5.1%	+2.3%
Durum	+14.1%	-2.0%
Flaxseed	+7.2%	-2.6%
Lentils	+34.6%	-5.2%
Dry peas	+8.9%	-9.2%
Barley	-3.2%	-10.5%

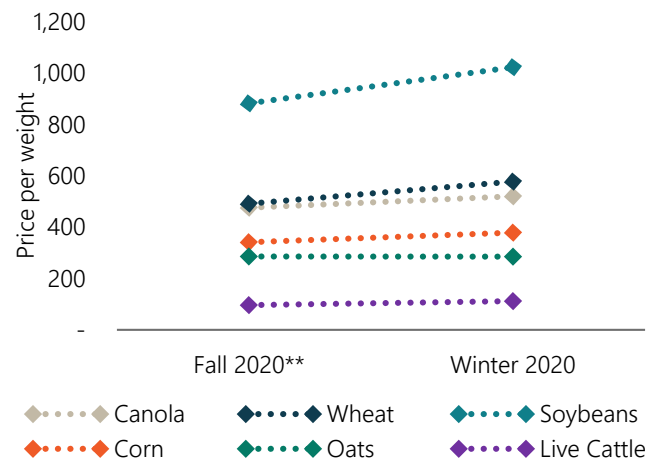
Commodity Price Futures

Quoted prices for winter 2020 futures contracts for all mentioned commodities, except oats, are higher than futures values seen in the previous quarter, driven by strong export demand and prospective increases in overseas demand.

The largest jumps in the price of futures contracts of commodities pictured in the adjacent graph were wheat, soybeans, and live cattle, up 18%, 16%, and 17%, respectively from the previous quarter.

Canola had a strong increase of 9% from June 30, 2020 to September 30, 2020. Oats had virtually no movement.

Futures Contracts¹

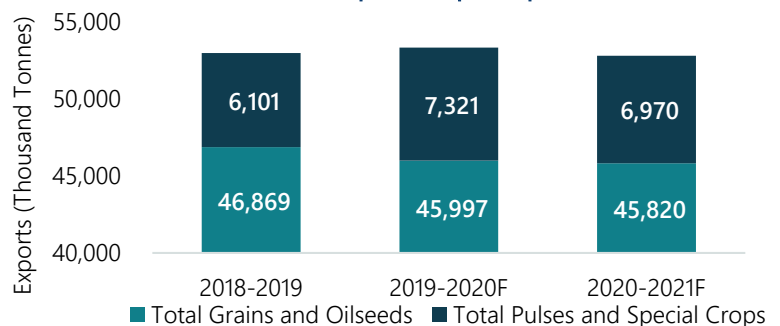


Crop Exports

Canadian principal field crop exports in the 2020-2021F period are forecasted to decrease 1% over the 2019-2020F total.

Grains and oilseeds exports are forecasted to decrease 0.4%, while pulses and special crops are forecasted to decrease 4.8% between the 2019-2020F and 2020-2021F periods.

Canada's Principal Crops Exports²



"F" indicates Forecast.

*Change over the twelve months ended August 2020.

**Change over the three months ended August 2020.

***Previous futures information has been provided for reference purposes.

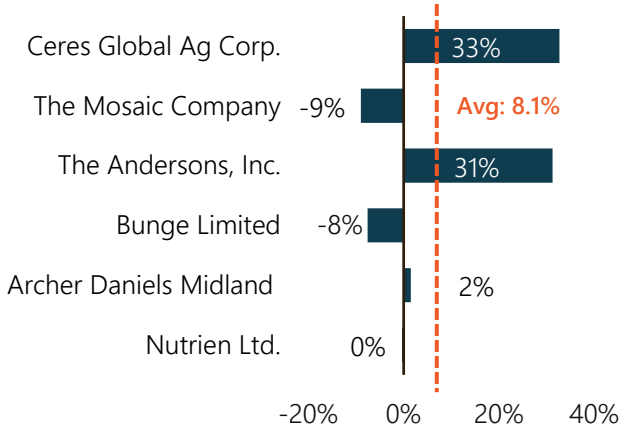
Source 1: Bloomberg – Ag Futures as at June 30, 2020 and September 30, 2020.

Source 2: Agriculture and Agri-Food Canada, Outlook for Principal Field Crops. September 24, 2020 update.

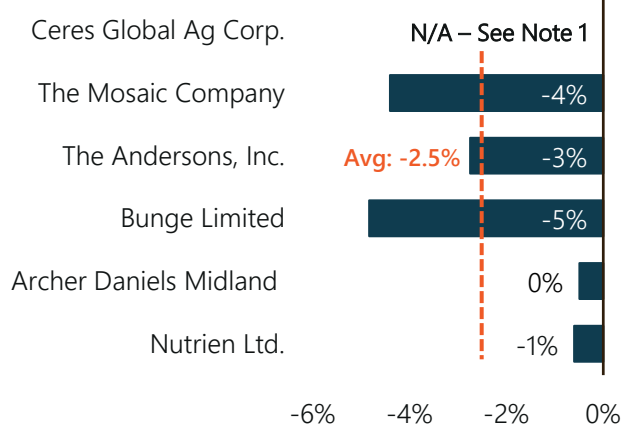
Public Comparable Analysis

Growth, Margins & Multiples

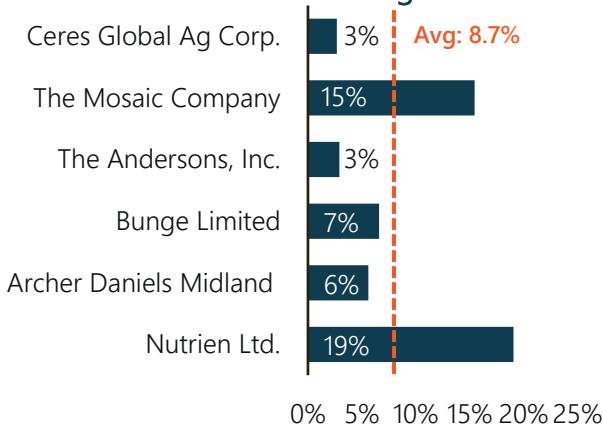
LTM Revenue Growth



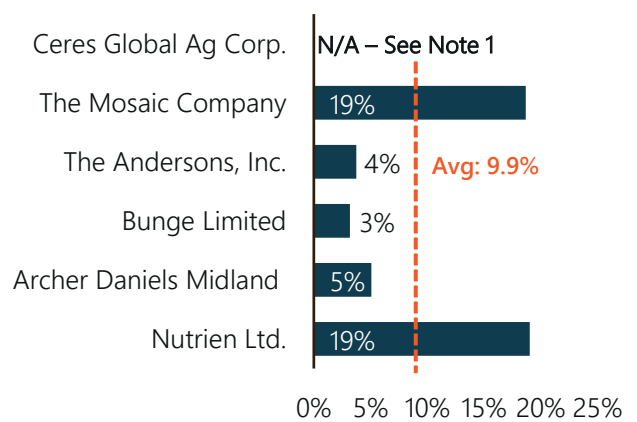
NTM Revenue Growth



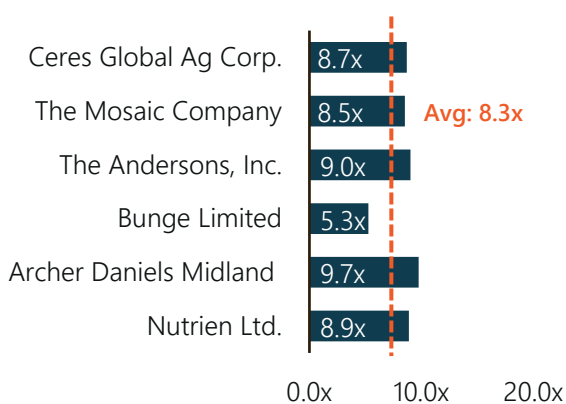
LTM EBITDA Margin



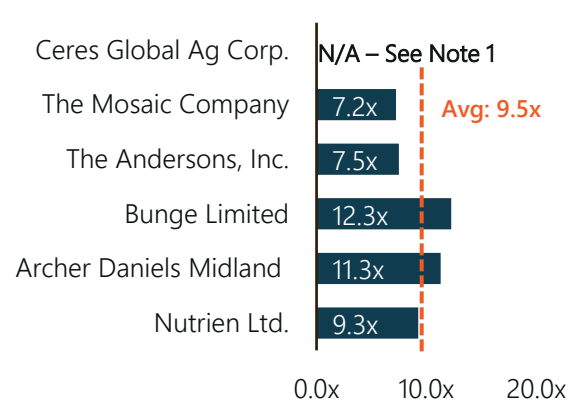
NTM EBITDA Margin



LTM EV/EBITDA



NTM EV/EBITDA



Source: Capital IQ. Data as of September 30, 2020.

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

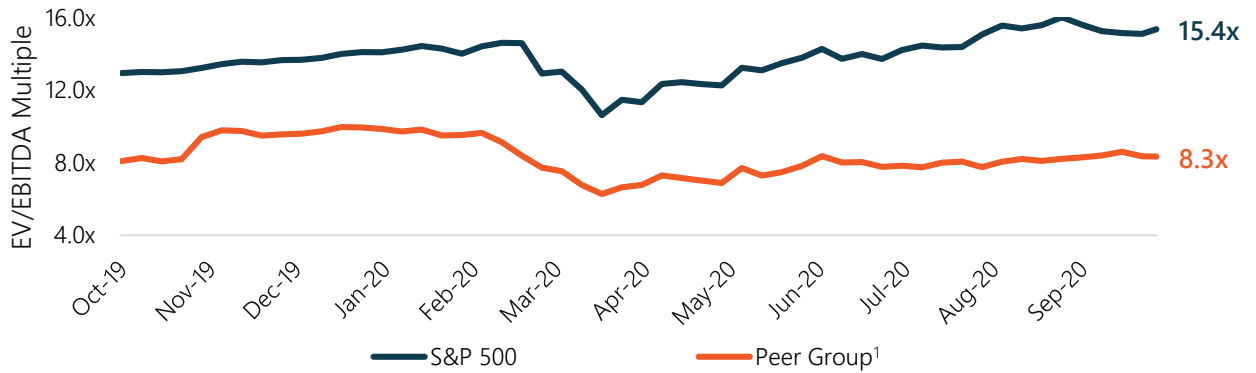
Note 1: Projected information for Ceres Global Ag Corp has been labelled as "N/A" as limited information is available for the company.

Valuation details provided on page 7.

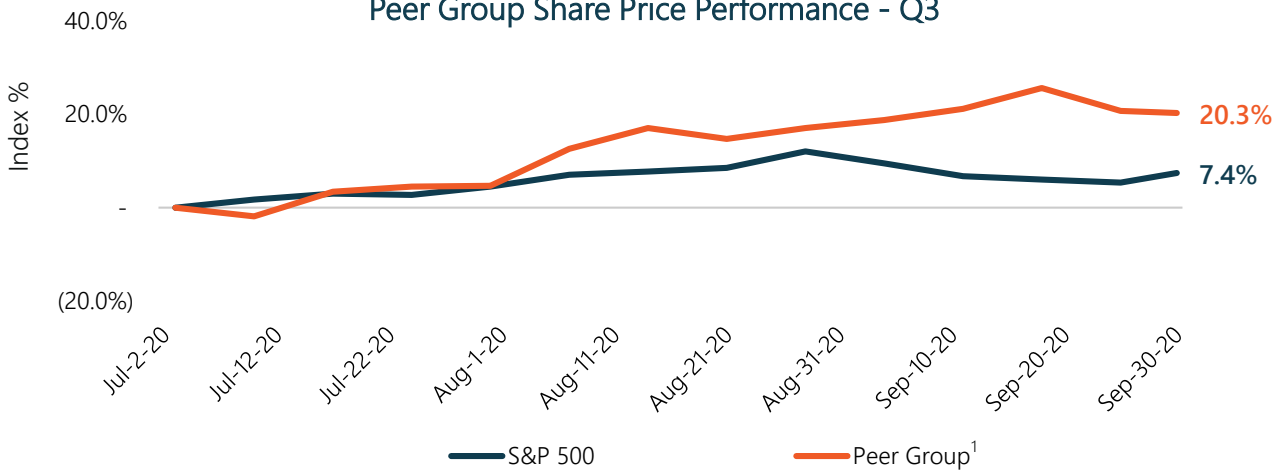
Public Comparable Analysis

Performance Analysis

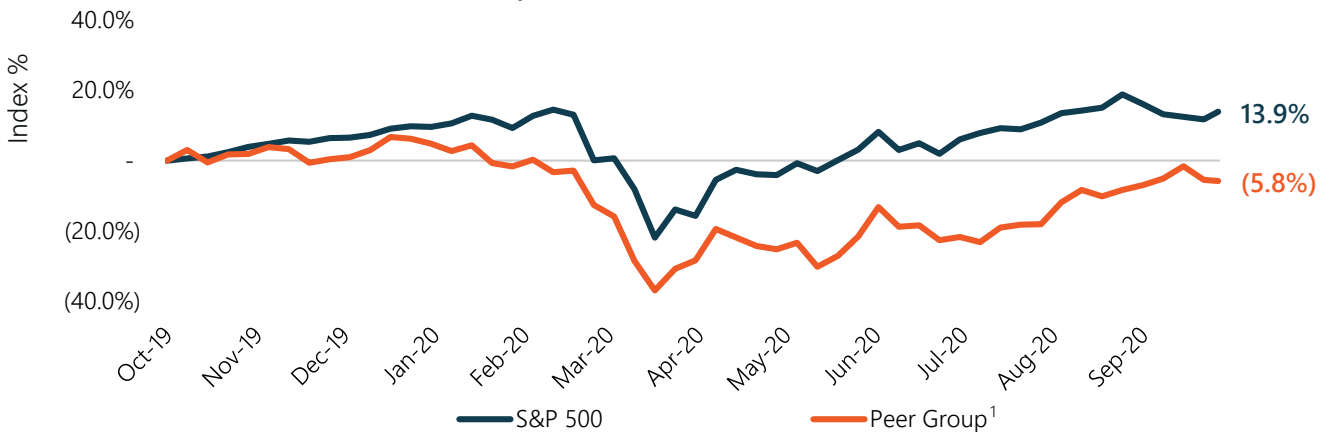
Peer Group EV/EBITDA Performance - LTM



Peer Group Share Price Performance - Q3



Peer Group Share Price Performance - LTM



Source: Capital IQ. Data as of September 30, 2020.

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.

Public Comparable Analysis

Trading Multiples & Operating Statistics

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

Company	LTM Operating Figures					
	Market Capitalization	Enterprise Value	Revenue	Revenue Growth	EBITDA	EBITDA Margin
Nutrien Ltd.	\$29,715	\$44,587	\$26,364	-0.3%	\$5,023	19.1%
Archer-Daniels-Midland Company	\$34,417	\$46,667	\$87,472	1.5%	\$4,890	5.6%
Bunge Limited	\$8,503	\$18,315	\$54,058	-7.6%	\$3,560	6.6%
The Andersons, Inc.	\$825	\$2,662	\$10,354	31.2%	\$302	2.9%
The Mosaic Company	\$9,228	\$15,208	\$11,797	-9.0%	\$1,822	15.4%
Ceres Global Ag Corp.	\$98	\$184	\$791	32.7%	\$21	2.7%
Median	\$8,865	\$16,762	\$19,081	0.6%	\$2,691	6.1%
Mean	\$13,798	\$21,271	\$31,806	8.1%	\$2,603	8.7%

(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.	-0.5%	19.0%	9.2x	8.9x	1.7x
Archer-Daniels-Midland (ADM) Company	-0.4%	5.1%	11.3x	9.7x	.5x
Bunge Limited	-4.7%	3.2%	12.3x	5.3x	.3x
The Andersons, Inc.	-2.6%	3.7%	7.5x	9.0x	.3x
The Mosaic Company	-4.3%	18.7%	7.2x	8.5x	1.3x
Ceres Global Ag Corp.	N/A	N/A	N/A	8.7x	.2x
Median	-2.6%	5.1%	9.2x	8.8x	.4x
Mean	-2.5%	9.9%	9.5x	8.3x	.7x



Select Recent M&A Transactions

Greyrock Capital
Inc.

acquired



Announced
May 2020

Industry
Processing



Exclusive financial advisor to Emerson Milling Inc. in structuring and negotiating this transaction.

- Greyrock Capital Inc. is a private investment company that invests in resilient businesses with defensible market positions in a variety of industries.
- Emerson is an oat and oat groat processor and distributor, strategically located near the Canada/US border near Emerson, Manitoba. They are a valued partner to Canadian oat growers and customers throughout North America.

[Click here for more information](#)

A Confidential
Buyer

acquired

Hayes
Management
Ltd.

Announced
May 2020

Industry
Primary
Producer



Exclusive financial advisor to Hayes Management Ltd. in structuring and negotiating this transaction.

- Hayes Management Ltd. held ownership to agriculture farmland near Camrose, Alberta. The company originally incorporated in 1972 and remained a family-operated farming business over multiple generations.

[Click here for more information](#)



South Mill
Champs

acquired



Announced
July
2020

Industry
Food
Products &
Processing

- South Mill Champs acquired Loveday Mushrooms, assisting with expansion of South Mills Champs' production capabilities.
- South Mill Champs, a portfolio company of EOS Partners, is one of North America's largest growers and suppliers of fresh mushrooms and mushroom products.
- Loveday Mushroom Farms is one of Canada's longest-running producers of fresh mushrooms. The company was founded in 1932 and is based in Winnipeg, Manitoba.



acquired Natural
Cheese Business
from



Announced
September
2020

Industry
Food
Products &
Processing

- Groupe Lactalis acquired Natural Cheese Business, a subsidiary of Kraft Heinz, expanding their existing footprint with additional production facilities across the United States.
- Groupe Lactalis is a French company that processes, produces, and markets milk and dairy products internationally. The company was founded in 1933 and has positioned itself as a global leader in the dairy industry.
- The Kraft Heinz Company, together with its subsidiaries, manufactures and markets food and beverage products internationally. Kraft Heinz is one of the largest global food and beverage companies.

About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 50 merger, acquisition, and transaction 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 150+ M&A professionals in more than 25 countries.



CFxB CFXBorder - Global Reach with Local Relationships
Our affiliation with CFxB consists of 150+ M&A professionals in more than 25 countries

Services

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

Recently Closed Deals (National)

KEPLER CAPITAL
has acquired
OXYARC
Northern Capital Restorations

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

ON SIDE RESTORATION.
has acquired
NCR
Northern Capital Restorations

MNP Corporate Finance Inc. acted as exclusive financial advisor to Northern Capital Restorations & Construction Ltd. in structuring and negotiating this transaction.

EDMONTON PHARMACY GROUP
has acquired
ARP PHARMACY
CASTLEDOWNS ARP PHARMACY

MNP Corporate Finance Inc. acted as exclusive financial advisor to Edmonton Pharmacy Ltd. in structuring and negotiating this transaction.

Jan Nelson and Andrew Windsor
has acquired
Maverick
EST. 1979

MNP Corporate Finance Inc. acted as exclusive financial advisor to Maverick Outer Whorley Inc. in structuring and negotiating this transaction.

Greyrock Capital Inc.
has acquired
EMERSON MILLING INC.

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

MEDSPA PARTNERS
2020-2021
has acquired
DSHI

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

A Confidential Buyer
has acquired
Hayes Management Ltd.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Hayes Management Ltd. in structuring and negotiating this transaction.

ROBERTSON IMPLEMENTS
has acquired four dealerships
Moody's
Equipment LP

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

FLSMIDTH
has acquired
MILL-ORB

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

SupremeX
has acquired
ROYAL ENVELOPE LTD.

MNP Corporate Finance Inc. provided financial advisory services to SupremeX Inc.

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 120 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

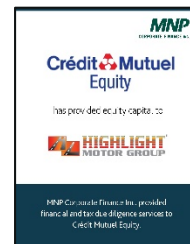
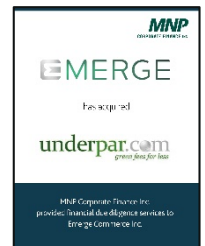
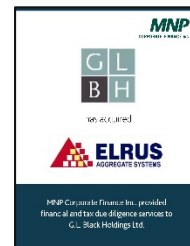
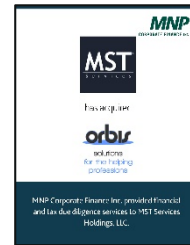
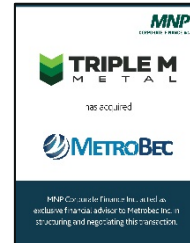
Hands-on Approach

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.

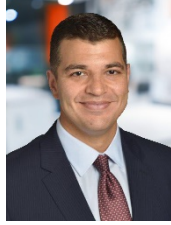
Recently Closed Deals (National)



Transaction Leadership



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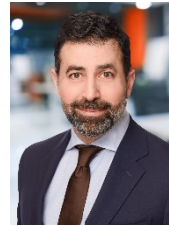
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