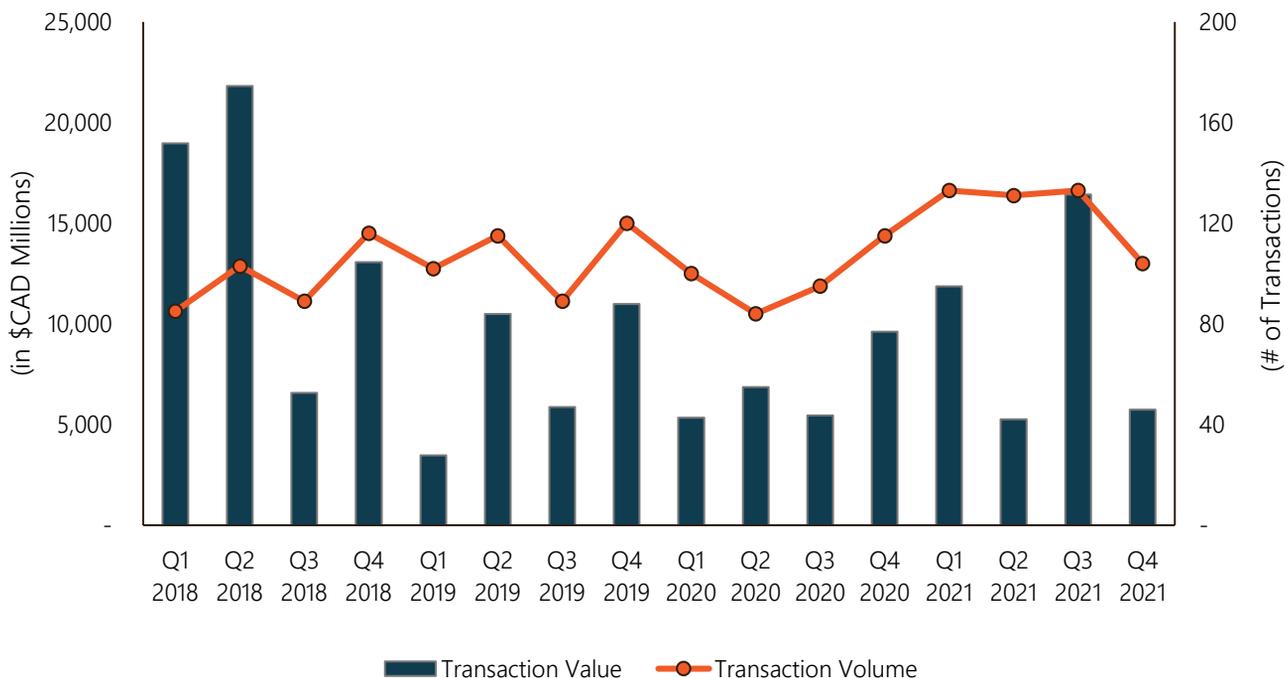


# Agriculture

Quarterly Update | Q4 2021



### Agriculture M&A Transactions



### M&A Market Update – Q4 2021

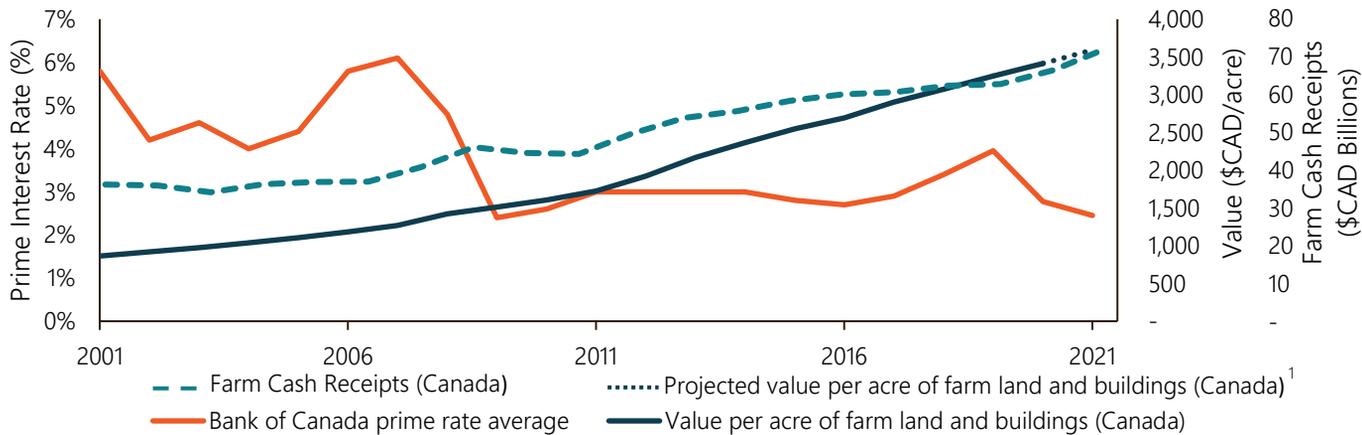
- M&A activity in the North American agriculture industry has declined in Q4 2021, with 104 total transactions, trailing Q2 2021 and Q3 2021 which had 131 and 133 transactions, respectively. Total transaction value in Q4 2021 exceeded \$5.5 billion which lagged behind Q4 of 2020 of \$9.6 billion and Q3 2021 of \$16.4 billion.
- A vast majority of transactions in the agriculture landscape in Q4 2021 were in the food products sub-sector, which comprised 82.7% 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 Q4 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 Q4 2021 was Darling Ingredients Inc.'s acquisition of Valley Protein Inc. for \$1.4 billion, accounting for 24.6% of the total publicly disclosed transaction value in Q4 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 6.4% year-over-year from Q3 2020 to Q3 2021. The Bank of Canada prime rate averaged 2.5% throughout 2021 near historic lows.

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

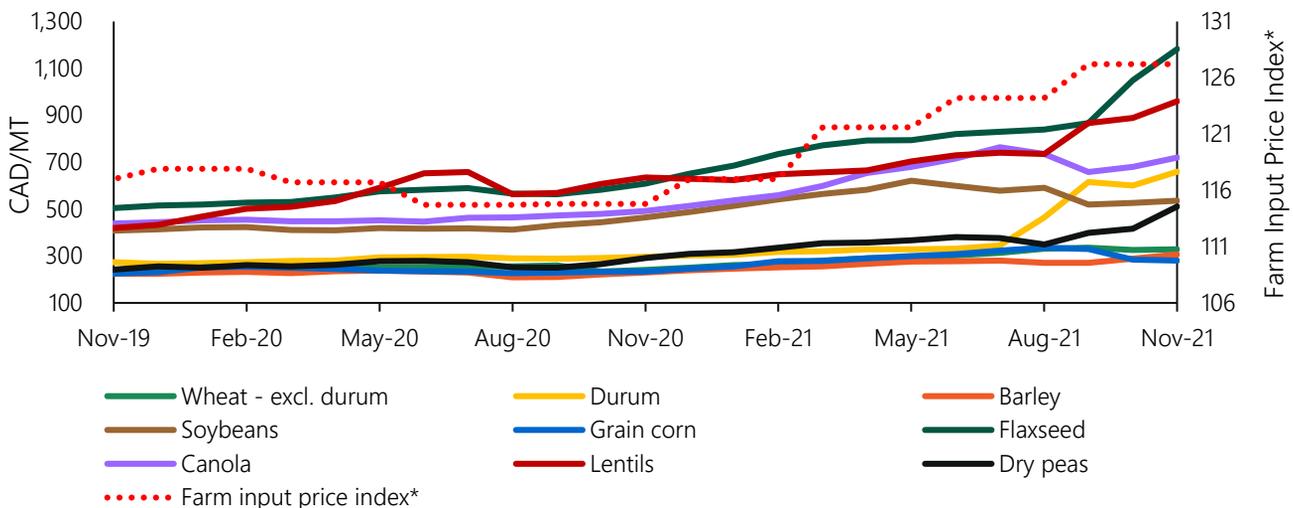


## Commodity Price Changes and Farm Input Price Index Costs

While average commodity prices overall have seen stability in recent years, the majority of commodities saw strong price increases in the first three quarters of 2021 that continued into Q4 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 10.8% from Q3 2020 to Q3 2021.

### Crop Commodity Prices



\*September 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 Q4 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 surge into Q4 2021, with all commodities detailed in the adjacent listing showing positive gains over the short term and long term, respectively, except for canola, grain corn, and soybeans which showed marginal decreases 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. Durum, flaxseed, and dry peas have all shown significant increases of 70% or greater over the long term.

### Commodity Price Changes

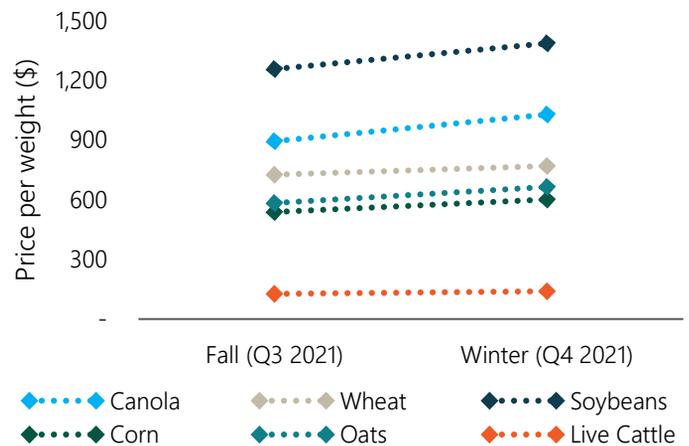
	<u>LONG TERM*</u>	<u>SHORT TERM**</u>
Durum	+122.1%	+42.1%
Flaxseed	+94.2%	+41.1%
Dry peas	+75.7%	+46.3%
Lentils	+51.4%	+30.7%
Canola	+46.6%	-2.0%
Barley	+33.7%	+13.2%
Grain corn	+19.7%	-16.6%
Soybeans	+15.3%	-9.2%

### Commodity Price Futures

Quoted prices for winter 2021 futures contracts for all 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 canola, oats, corn, live cattle and soybeans showed strong growth of 15.0%, 13.8%, 11.5%, 10.6% and 10.4% respectively, whereas wheat experienced modest growth of 6.1%, from Q3 2021 to Q4 2021.

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



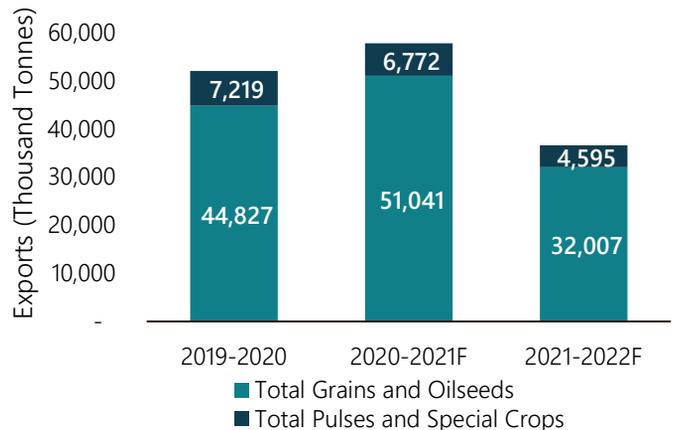
### Crop Exports

Canadian principal field crop exports in the 2021-2022F period are forecasted to decrease 36.7% over the 2020-2021F total.

Grains and oilseeds exports are forecast to decrease 37.3%, while pulses and special crops are forecasted to decrease 32.1% between the 2020-2021F and 2021-2022F 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.

<sup>2</sup>\*Change over the twelve months ended November 2021.

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

Source 1: Capital IQ. Data as of December 31, 2021.

Source 2: Agriculture and Agri-Food Canada, Outlook for Principal Field Crops. December 17, 2021 update.

# Select Recent M&A Transactions



merged with



**Announced**  
September  
2021

**Industry**  
Fertilizer and  
Agricultural  
Chemicals

- **Agro-100 Ltd. ("Agro-100")** develops, manufactures, and markets innovative, value-added fertilizers for field crops, vegetable crops, and potato crops in North America.
- **Axter Agrosience ("Axter")** is focused on the development and manufacturing of foliar fertilizer solutions that are used in the fruit and vegetable markets.
- Agro-100's merger with Axter will allow both the Canadian based companies to combine their research and development efforts to better serve their customers with an enhanced product offering.



merged with



**Announced**  
October  
2021

**Industry**  
Agriculture  
Technology

- **Synthesis** is an agriculture and food consulting firm that supports agri-businesses and farm owners.
- **AgNition** is a developer of a farm management software designed to mobilize information for farmers. The company's software specializes in crop and livestock data collection, as well as in-field diagnosis and recommendations.
- Synthesis' merger with AgNition allows both companies to further diversify their operations and leverage each other's different areas of expertise to better serve their customers.



acquired



**Announced**  
December  
2021

**Industry**  
Agriculture  
Technology

- **AGCO** is a worldwide manufacturer and distributor of agricultural machinery and precision agricultural technology.
- **Appareo Systems, LLC ("Appareo")** is a product development and technology company that specializes in software and hardware for industrial and commercial electronics.
- AGCO's acquisition of Appareo enhances the company's engineering and manufacturing capabilities as well as its capacity in software development.



acquired shares of



**Announced**  
December  
2021

**Industry**  
Agriculture  
Equipment

- **Combine Factory Rostselmash Ltd. ("Rostselmash")** is a global designer and manufacturer of agricultural machinery. Rostselmash produces a wide range of machinery and equipment for agricultural operations from soil preparation to primary grain processing.
- **Buhler Industries ("Buhler")** is an agricultural equipment manufacturer that distributes its products through several brand names including Versatile and Farm King.
- Rostselmash acquired just over 4 million shares of Buhler amounting to an aggregate purchase price of \$12.3 million.

# 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.	\$54,270	\$69,660	\$29,892	21.0%	\$6,577	22.0%
Archer-Daniels-Midland Company	\$47,852	\$59,326	\$101,324	27.8%	\$5,996	5.9%
Bunge Limited	\$16,602	\$25,554	\$69,641	39.2%	\$4,547	6.5%
The Andersons, Inc.	\$1,603	\$2,817	\$14,517	54.3%	\$452	3.1%
The Mosaic Company	\$18,842	\$23,268	\$13,875	32.2%	\$3,698	26.7%
Ceres Global Ag Corp.	\$172	\$339	\$992	25.2%	\$36	3.6%
Median	\$17,722	\$24,411	\$22,205	30.0%	\$4,122	6.2%
Mean	\$23,223	\$30,161	\$38,373	33.3%	\$3,551	11.3%

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

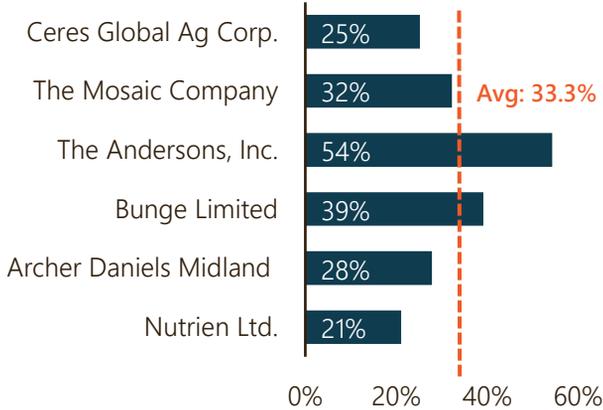
Company	NTM Consensus Estimates			Valuation	
	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Nutrien Ltd.	35.3%	30.8%	5.4x	10.6x	2.3x
Archer-Daniels-Midland (ADM) Company	-1.3%	5.7%	10.6x	9.9x	.6x
Bunge Limited	1.1%	4.6%	8.1x	5.6x	.4x
The Andersons, Inc.	3.5%	2.6%	7.2x	6.2x	.2x
The Mosaic Company	38.3%	33.7%	3.7x	6.3x	1.7x
Ceres Global Ag Corp.	N/A	N/A	N/A	9.5x	.3x
Median	3.5%	5.7%	7.2x	7.9x	.5x
Mean	15.4%	15.5%	7.0x	8.0x	.9x



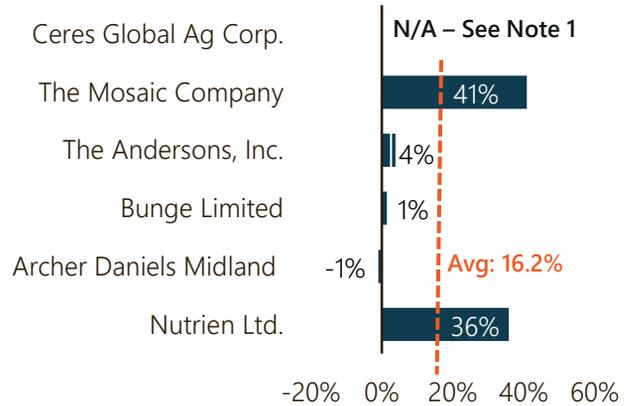
# Public Comparable Analysis

## Growth, Margins & Multiples

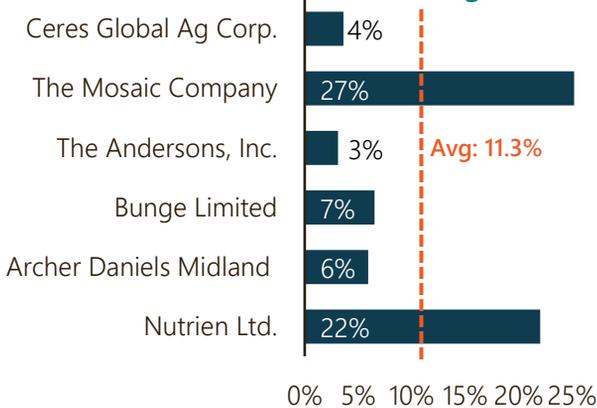
### LTM Revenue Growth



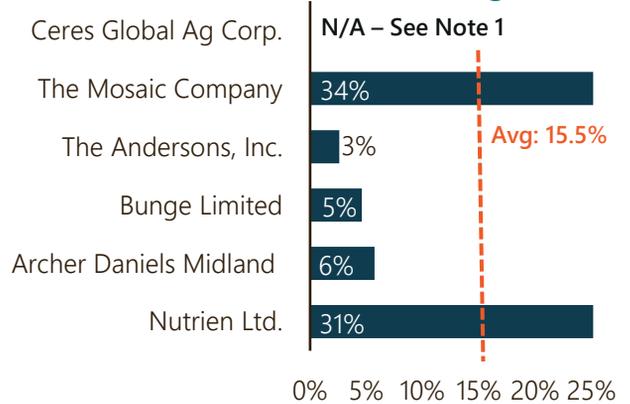
### NTM Revenue Growth



### LTM EBITDA Margin



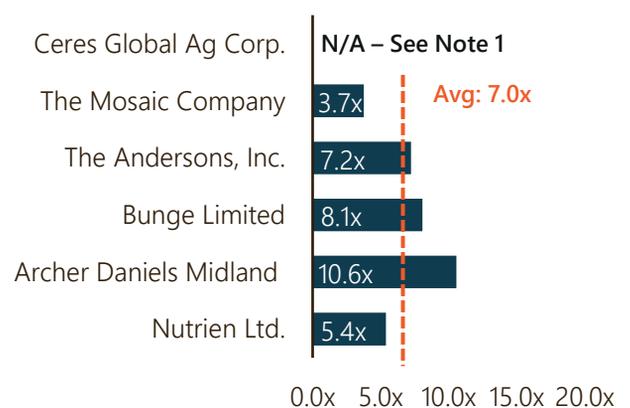
### NTM EBITDA Margin



### LTM EV/EBITDA



### NTM EV/EBITDA



Source: Capital IQ. Data as of December 31, 2021.

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

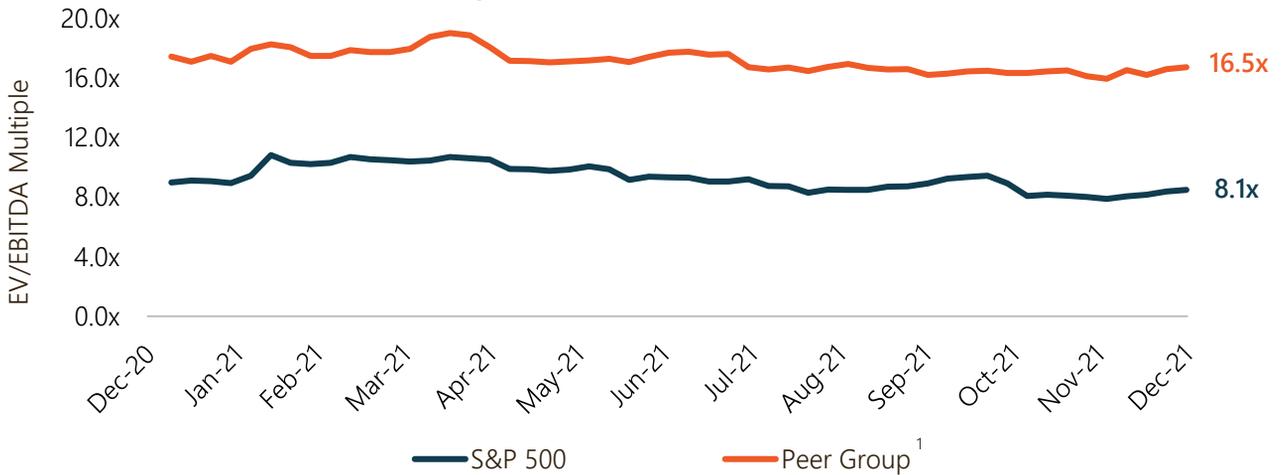
Note 1: Projected information for Ceres Global Ag Corp. has been labelled as "N/A" as limited information is available for the company.

Valuation details provided on page 6.

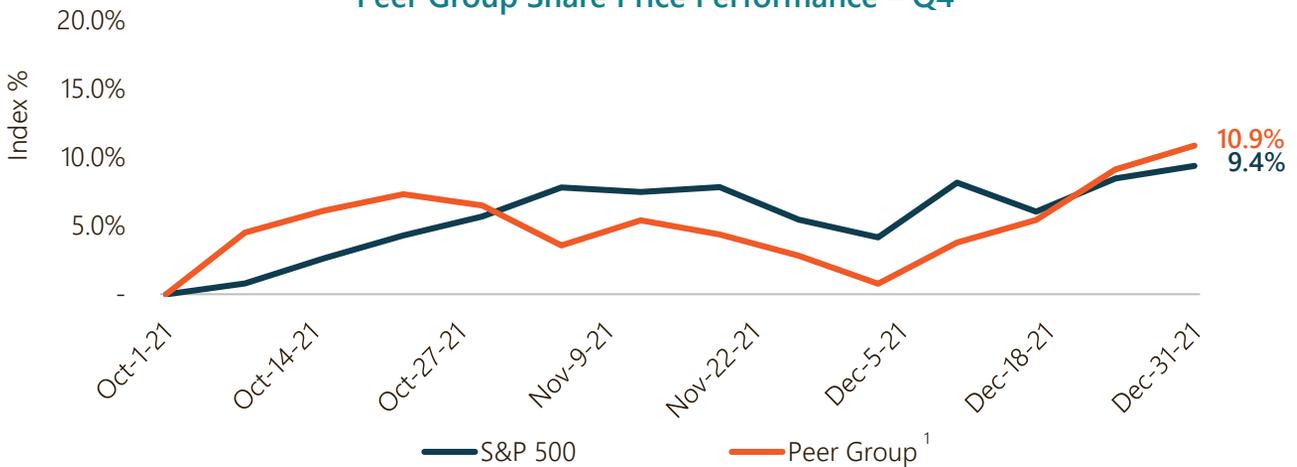
# Public Comparable Analysis

## Performance Analysis

### Peer Group EV/EBITDA Performance - LTM



### Peer Group Share Price Performance – Q4



### Peer Group Share Price Performance - LTM



Source: Capital IQ. Data as of December 31, 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.

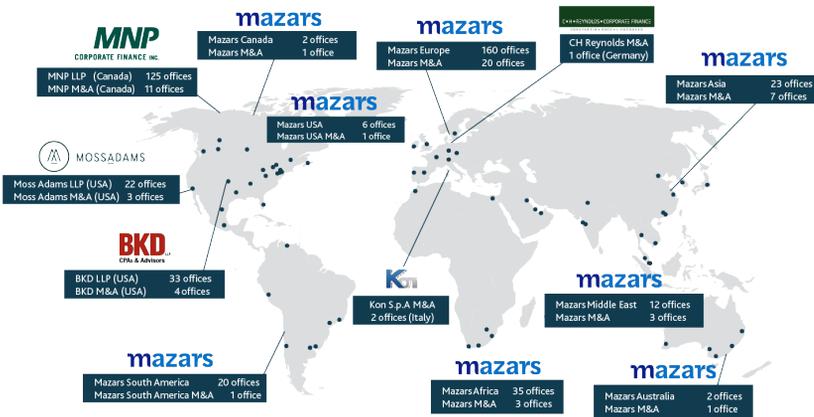
Our typical transactions range in value between \$3 million and \$300 million.

## 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



## Recently Closed Deals (National)

## Services

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

# 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 eight years alone we have completed over 200 transactions worth over \$3.5 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)



**FENGATE**  
has provided growth capital to  
**GM**  
MNP Corporate Finance Inc. provided quality of earnings services to Grace Clinics Corp.



**ZTR**  
the Industrial IoT Division of ZTR Control Systems Inc. has merged with  
**Trackunit**  
MNP Corporate Finance Inc. acted as exclusive financial advisor to ZTR Control Systems Inc. in structuring and negotiating this transaction.



**HIGHTIDE**  
has acquired all capital stock of  
**dankstop**  
MNP Corporate Finance Inc. provided financial due diligence services to High Tide Inc.



**E360S**  
Special Environmental Management  
has acquired  
**RITELURY**  
MAINTENANCE SERVICE  
MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.



**GLS**  
a subsidiary of  
has acquired  
**ROSENAU TRANSPORT LTD.**  
MNP Corporate Finance Inc. acted as exclusive financial advisor to Rosenau Transport Ltd. in structuring and negotiating this transaction.



**GFL**  
GREEN LEASE LTD.  
has acquired  
**CHELEFAN MAINTENANCE**  
MNP Corporate Finance Inc. acted as the exclusive financial advisor to Green Maintenance Limited in structuring and negotiating this transaction.



**EQUICAPITA**  
has acquired  
**PROTEC**  
CENTRAL LABORATORIES LTD.  
MNP Corporate Finance Inc. provided financial due diligence and tax structuring services to Equicapita Investment Corp.



**E360S**  
Special Environmental Management  
has acquired  
**CHEM-ECOL**  
MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.



**ALL CHOICE RENTALS**  
has acquired  
**DV RENTALS**  
MNP Corporate Finance Inc. acted as exclusive financial advisor to DV 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.

## Transaction Leadership



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