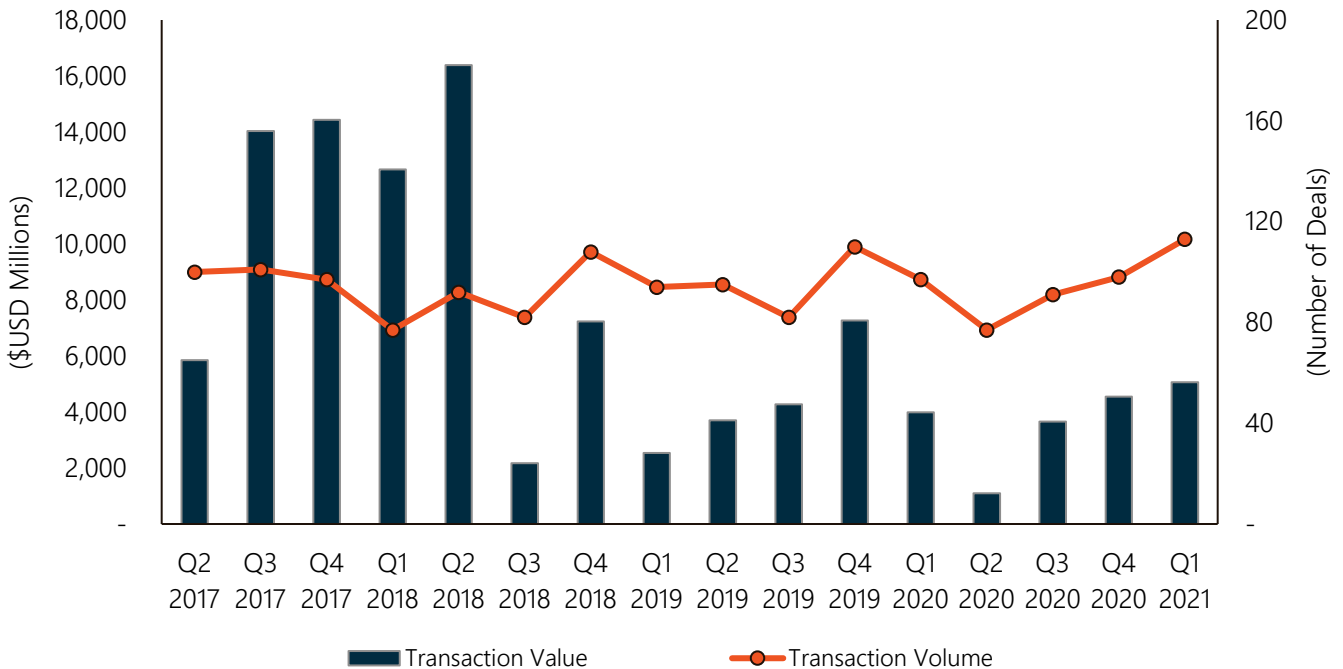


Agriculture

Quarterly Update | Q1 2021



Agriculture M&A Transactions



M&A Market Update – Q1 2021

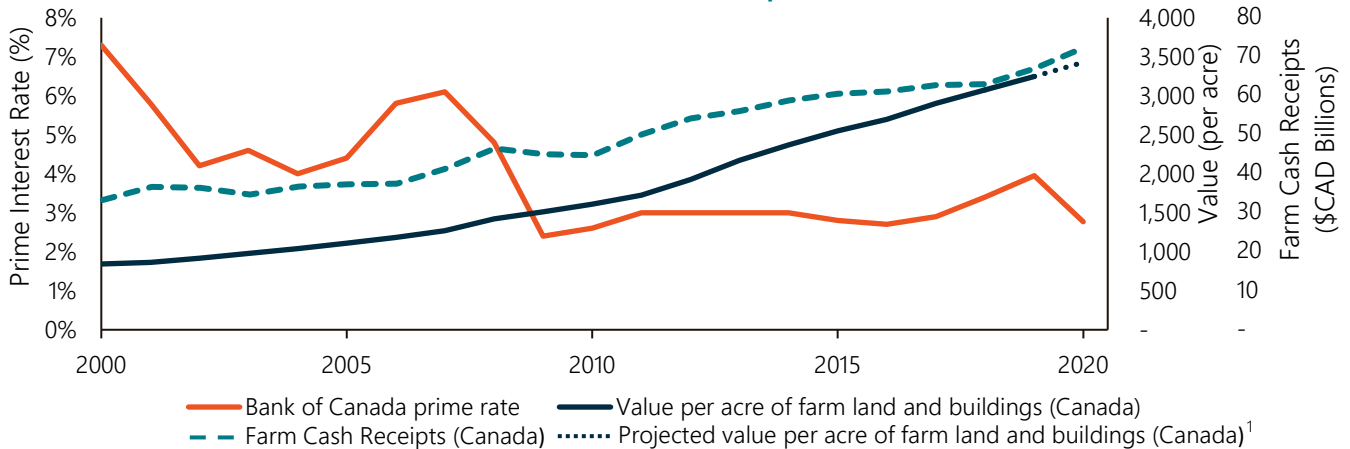
- Following a global market slowdown in the first half of 2020 due to the COVID-19 pandemic, M&A activity in the North American agriculture industry continued its rebound in Q1 2021, with quarter-over-quarter increases in disclosed transaction value from \$4.6 billion to \$5.1 billion and transaction volume from 98 to 113.
- 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.
- M&A activity in Q1 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.
- A vast majority of transactions in the agriculture landscape in Q1 2021 were in the food products sub-sector, which comprised 78.8% of the disclosed transactions. There was also notable deal volume in the agricultural services sub-sector. 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 disclosed transaction in Q1 2021 was Hormel Foods Corporation's acquisition of the Nuts Business of The Kraft Heinz Company for \$3.4 billion, accounting for 66.2% of the total publicly disclosed transaction value in Q1 2021.

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 2.7% year-over-year from Q4 2019 to Q4 2020. The Bank of Canada prime rate averaged 2.8% throughout 2020.

Farm Values vs. Farm Cash Receipts and Interest Rates

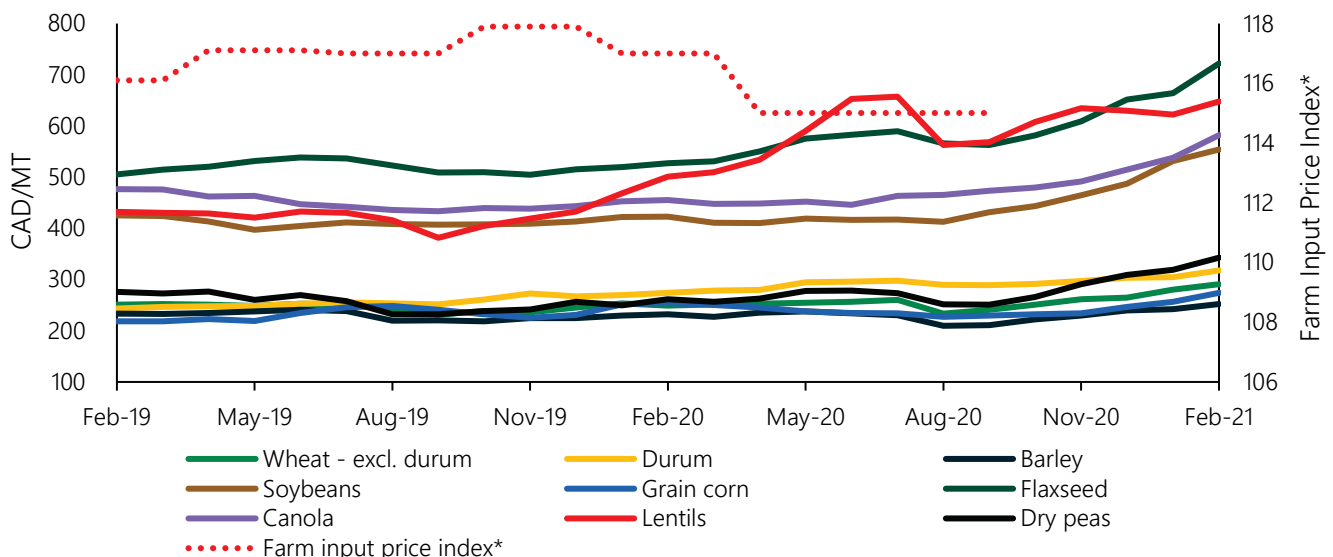


Commodity Price Changes and Farm Input Price Index Costs

While overall average commodity prices have seen stability in recent years, the majority of commodities saw strong price increases in Q4 2020 that continued into Q1 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 decrease in recent months, displaying a 2.5% decline since the fourth quarter of 2019.

Crop Commodity Prices



*September 2020 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 Q1 2021.

1: Based on historical growth from 2018 to 2019.

Inputs and Commodity Markets

Market Pressure, Futures & Exports

Commodity Price Highlights

Prices have continued their upward momentum into Q1 2021, with all commodities detailed in the adjacent listing showing positive gains over the short term and long term, respectively. Price increases over these periods are driven in part by supply shortfalls due to environmental conditions and stronger-than-expected global demand.

Soybeans, flaxseed, canola, dry peas, and grain corn have all shown increases over the short term.

Commodity Price Changes

	<u>LONG-TERM*</u>	<u>SHORT-TERM**</u>
Soybeans	+31.0%	+19.2%
Flaxseed	+37.0%	+18.5%
Canola	+27.8%	+18.4%
Dry peas	+30.9%	+17.6%
Grain corn	+7.9%	+17.0%
Barley	+8.7%	+9.7%
Durum	+16.1%	+7.0%
Lentils	+29.3%	+2.1%

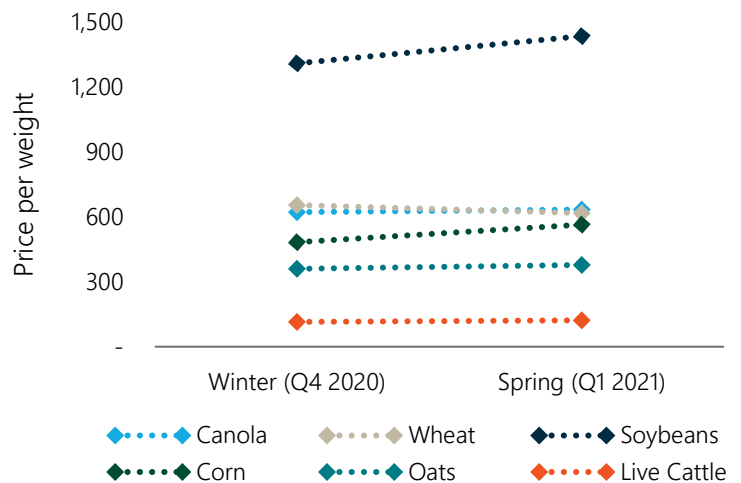
Commodity Price Futures

Quoted prices for spring 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 corn and soybeans showed strong growth of 17% and 10%, respectively whereas live cattle and oats experienced modest growth of 7% and 5%, respectively, from Q4 2020 to Q1 2021.

Canola and wheat showed decreases of 3% and 4% in their futures prices, respectively.

Commodity Pricing¹

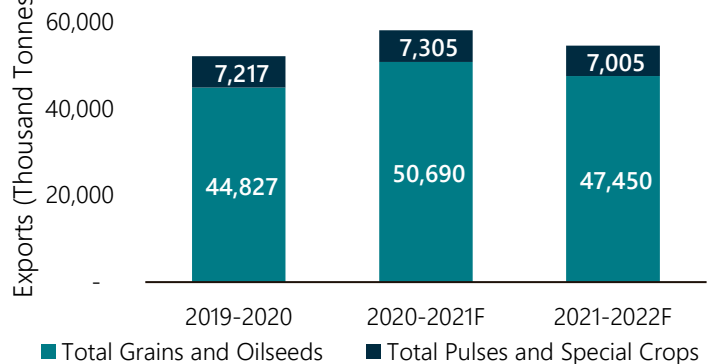


Crop Exports

Canadian principal field crop exports in the 2020-2021F period are forecast to increase 11.4% over the 2019-2020 total.

Grains and oilseeds exports are forecast to increase 13.1%, while pulses and special crops are forecasted to increase 1.2% between the 2019-2020 and 2020-2021F periods.

Canada's Principal Crops Exports²



¹"F" indicates Forecast.

*Change over the twelve months ended February 2021.

**Change over the three months ended February 2021.

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

Source 2: Agriculture and Agri-Food Canada, Outlook for Principal Field Crops. March 18, 2021 update.

Select Recent M&A Transactions

**Shoemaker
Agro Inc.**

acquired

**Rougham
Enterprises Inc.**

Announced
December
2020

Industry
Primary
Producer



Exclusive financial advisor to Rougham Enterprises Inc. in structuring and negotiating this transaction.

- **Shoemaker Agro Inc.** (Shoemaker) is a family-owned fourth-generation grain farm located near Gray, Saskatchewan.
- **Rougham Enterprises Inc.** (Rougham) is a 3,000-acre grain farm located near Gray, Saskatchewan.
- Shoemaker has acquired the shares of Rougham.

[Click here for more information](#)



acquired



Announced
January 2021

Industry
Food
Products &
Processing

- **South Mill Champs** (South Mill), a portfolio company of EOS Partners, is a leading vertically-integrated compost producer, grower, and supplier of North American-grown fresh mushrooms and functional mushroom foods.
- **The Mushroom Company** was founded in 1931 and is one of North America's largest mushroom processors.
- South Mill acquired The Mushroom Company, assisting with expansion of South Mills Champs' production capabilities.



acquired



Announced
March 2021

Industry
Food
Products &
Processing

- **Cargill Inc.** (Cargill) is headquartered in Winnipeg, Manitoba and employs over 8,000 people across Canada. Cargill is one of Canada's largest merchandisers and processors of beef, poultry, and oilseed, and the manufacturing of livestock feed.
- **Precision Agricultural Services Inc.** (Precision Ag) was founded in 1994 and is a crop inputs-focused business. It has 23 employees and locations in Carlyle, Carnduff, Griffin, and Odessa, Saskatchewan.
- Cargill acquired Precision Ag in March 2021. This acquisition will expand Cargill's network of grain and agriculture service businesses throughout Canada.



acquired a bean
processing
facility from

**Globeways
Canada Inc.**

Announced
March 2021

Industry
Processing

- **ETG Commodities** (ETG), the North American subsidiary of Export Trading Group, is an exporter of specialty crops in North America.
- **Globeways Canada Inc.'s** (Globeways) is a Mississauga, Ontario-based processor and wholesaler of pulse crops. This facility is capable of sourcing and processing coloured edible beans and is located near major railroads and highways with versatile loading capabilities.
- ETG has acquired Globeways bean processing facility in Plum Coulee, Manitoba. This acquisition bolsters the company's processing capacity for dry edible beans to facilitate added growth in its key markets.

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.	\$38,575	\$51,197	\$25,552	3.8%	\$4,567	17.9%
Archer-Daniels-Midland Company	\$40,044	\$53,172	\$82,001	-0.5%	\$4,813	5.9%
Bunge Limited	\$14,054	\$24,930	\$52,757	0.6%	\$3,429	6.5%
The Andersons, Inc.	\$1,140	\$3,213	\$10,459	0.5%	\$298	2.9%
The Mosaic Company	\$15,073	\$20,547	\$11,062	-2.5%	\$1,918	17.3%
Ceres Global Ag Corp.	\$142	\$257	\$822	26.5%	\$14	1.7%
Median	\$14,563	\$22,739	\$18,307	0.6%	\$2,673	6.2%
Mean	\$18,171	\$25,553	\$30,442	4.7%	\$2,506	8.7%

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

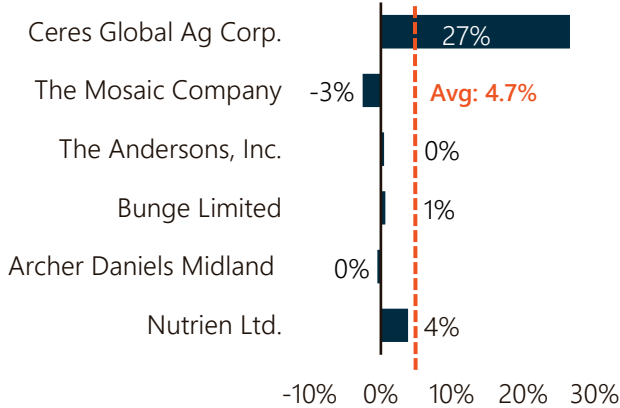
Company	NTM Consensus Estimates			Valuation	
	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Nutrien Ltd.	9.5%	20.3%	9.1x	11.2x	2.0x
Archer-Daniels-Midland (ADM) Company	1.4%	5.7%	11.4x	11.2x	.7x
Bunge Limited	1.6%	4.3%	10.7x	7.4x	.5x
The Andersons, Inc.	5.8%	3.1%	9.3x	10.9x	.3x
The Mosaic Company	17.3%	24.1%	6.6x	10.9x	1.9x
Ceres Global Ag Corp.	N/A	N/A	N/A	18.5x	.3x
Median	5.8%	5.7%	9.3x	11.1x	.6x
Mean	7.1%	11.5%	9.4x	11.7x	.9x



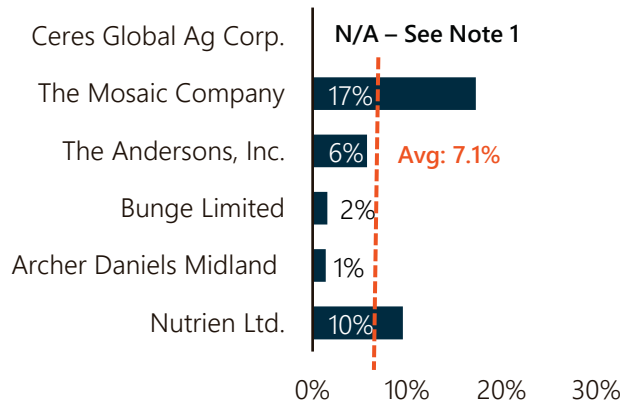
Public Comparable Analysis

Growth, Margins & Multiples

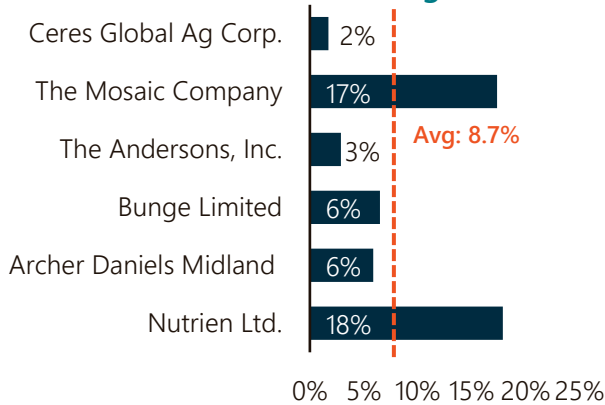
LTM Revenue Growth



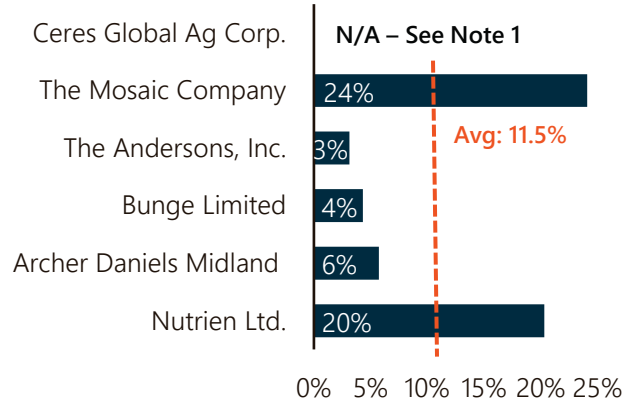
NTM Revenue Growth



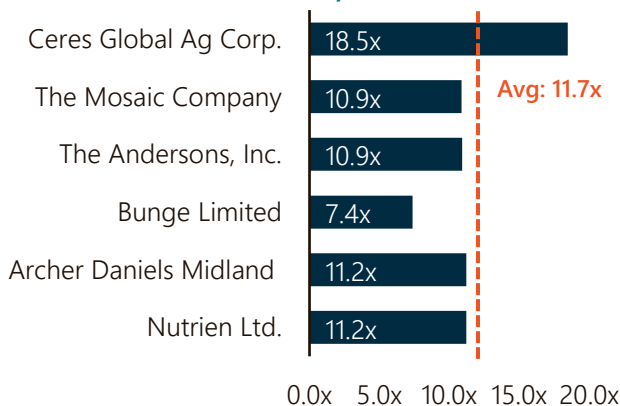
LTM EBITDA Margin



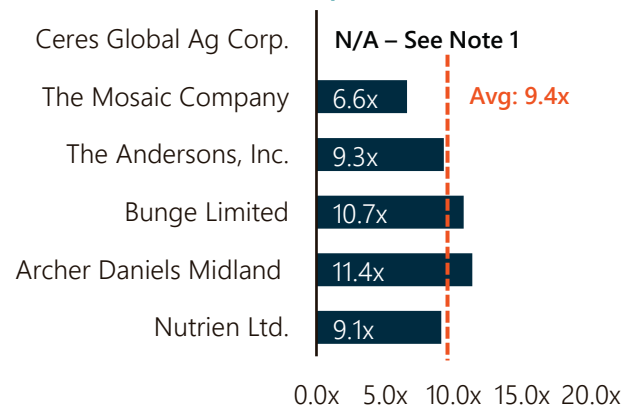
NTM EBITDA Margin



LTM EV/EBITDA



NTM EV/EBITDA



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

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

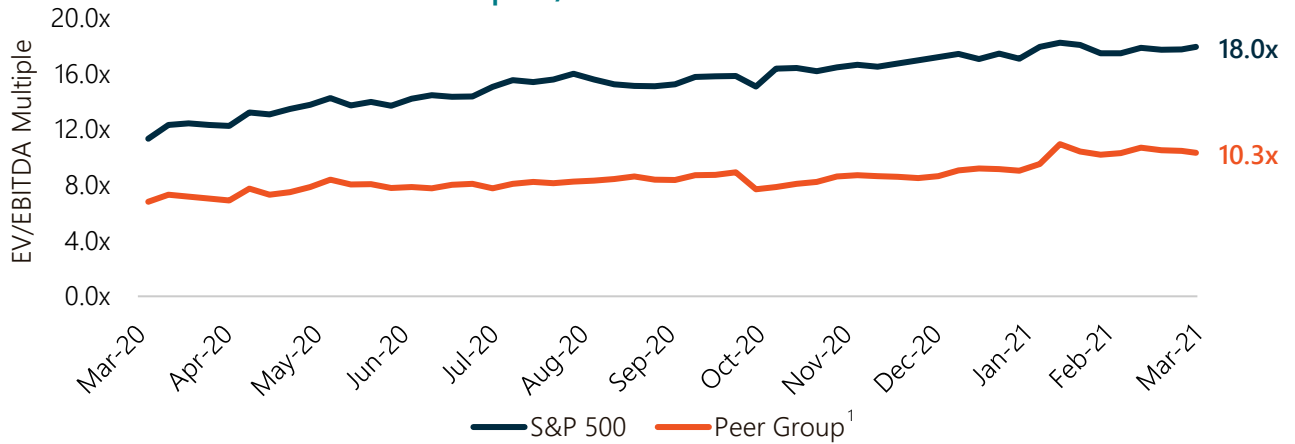
Note 1: Projected information for Ceres Global Ag Corp has been labelled as "N/A" as limited information is available for the company.

Valuation details provided on page 7.

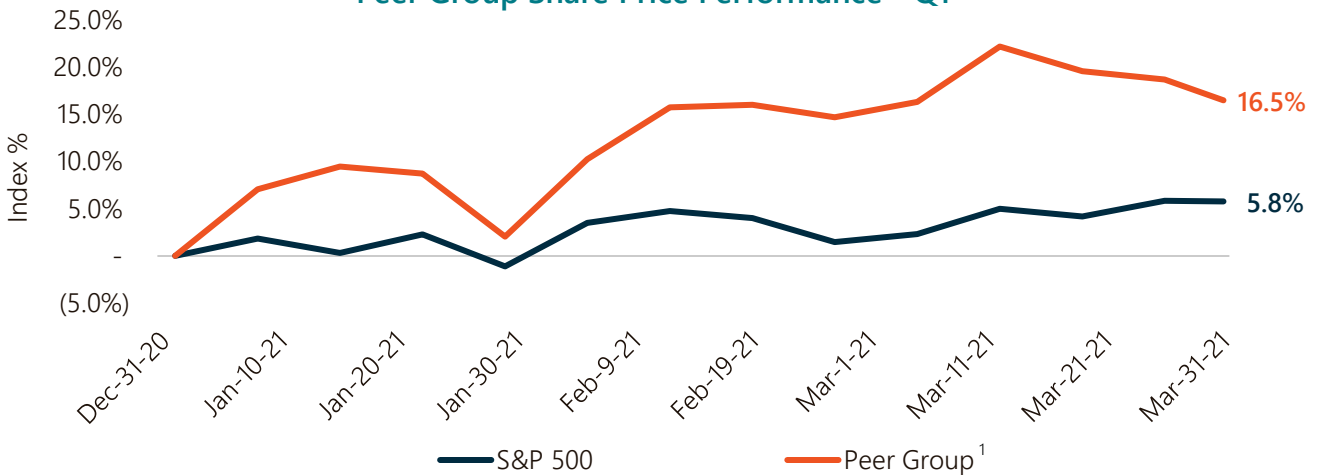
Public Comparable Analysis

Performance Analysis

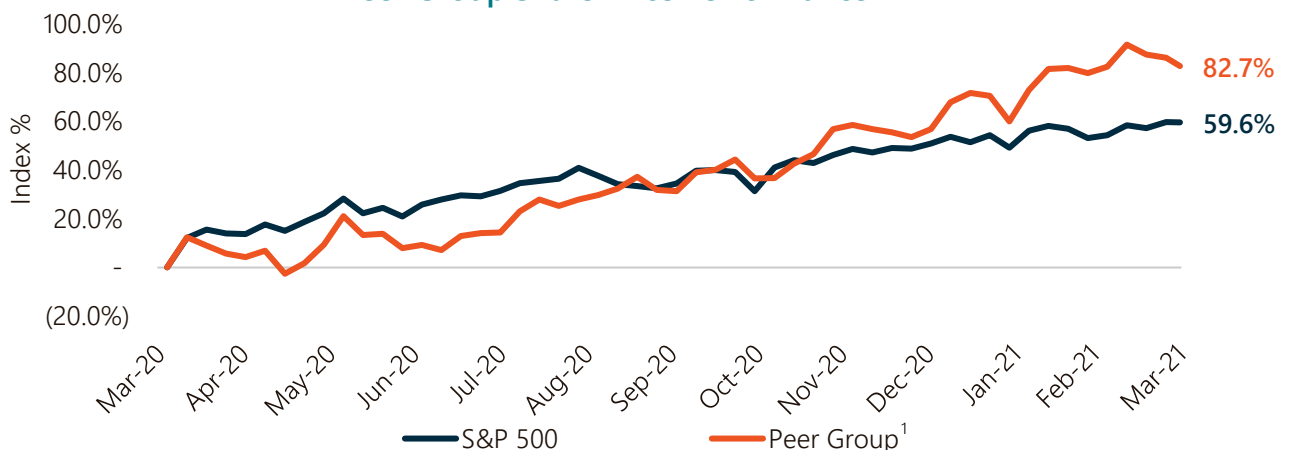
Peer Group EV/EBITDA Performance - LTM



Peer Group Share Price Performance - Q1



Peer Group Share Price Performance - LTM



Source: Capital IQ. Data as of March 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 85 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.

Recently Closed Deals (National)

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

MNP Corporate Finance Inc. provided due diligence services to Summit Ridge Capital.

MNP Corporate Finance Inc. acted as exclusive financial and tax due diligence services in structuring and negotiating this transaction.

MNP Corporate Finance Inc. provided financial and tax due diligence services to Arviat Equity Partners.

MNP Corporate Finance Inc. acted as exclusive financial advisors in arranging this debt raise.

MNP Corporate Finance Inc. acted as exclusive financial advisor to The Drug Store and Hazeldean Drug Mart in structuring and negotiating this transaction.

MNP Corporate Finance Inc. provided financial and tax due diligence services to Sangoma Technologies Corporation.

MNP Corporate Finance Inc. provided financial and tax due diligence services to Red Arts Capital.

MNP Corporate Finance Inc. provided financial and tax due diligence services to PFM Capital Inc.

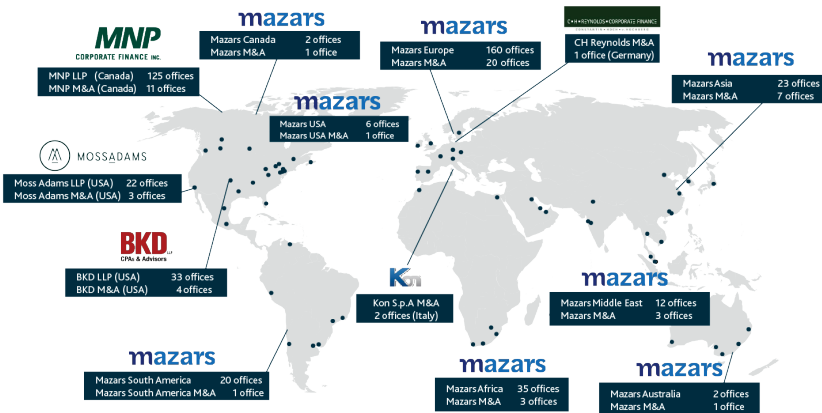
MNP Corporate Finance Inc. provided financial and tax due diligence services to Forge Capital Partners and Roynat Equity Partners.

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

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)

MNP
CORPORATE FINANCE INC.

has acquired

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

MNP
CORPORATE FINANCE INC.

A Confidential Buyer

has acquired

NorDon Medical Enterprises Ltd.

MNP Corporate Finance Inc. acted as exclusive financial advisor to NorDon Medical Enterprises Ltd. in structuring and negotiating this transaction.

MNP
CORPORATE FINANCE INC.

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Canstar Restorations.

MNP
CORPORATE FINANCE INC.

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to All-Fab Building Components.

MNP
CORPORATE FINANCE INC.

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to The Tusker Fund LLC.

MNP
CORPORATE FINANCE INC.

has provided growth capital to

Rebalance MD

MNP Corporate Finance Inc. provided financial and tax due diligence services to CAI Capital Partners.

MNP
CORPORATE FINANCE INC.

has acquired

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

MNP
CORPORATE FINANCE INC.

has invested in

MNP Corporate Finance Inc. provided financial and tax due diligence services to Arviat Equity Partners.

MNP
CORPORATE FINANCE INC.

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to 204 Property Restoration Services Ltd. in structuring and negotiating this transaction.

MNP
CORPORATE FINANCE INC.

Shoemaker Agro Inc.

has acquired

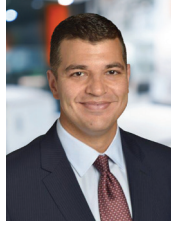
Rougham Enterprises Inc.

MNP Corporate Finance Inc. acted as financial advisor to Rougham Enterprises Inc. in structuring and negotiating this share transaction.

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