



AGRICULTURE

QUARTERLY UPDATE

Q1 2020

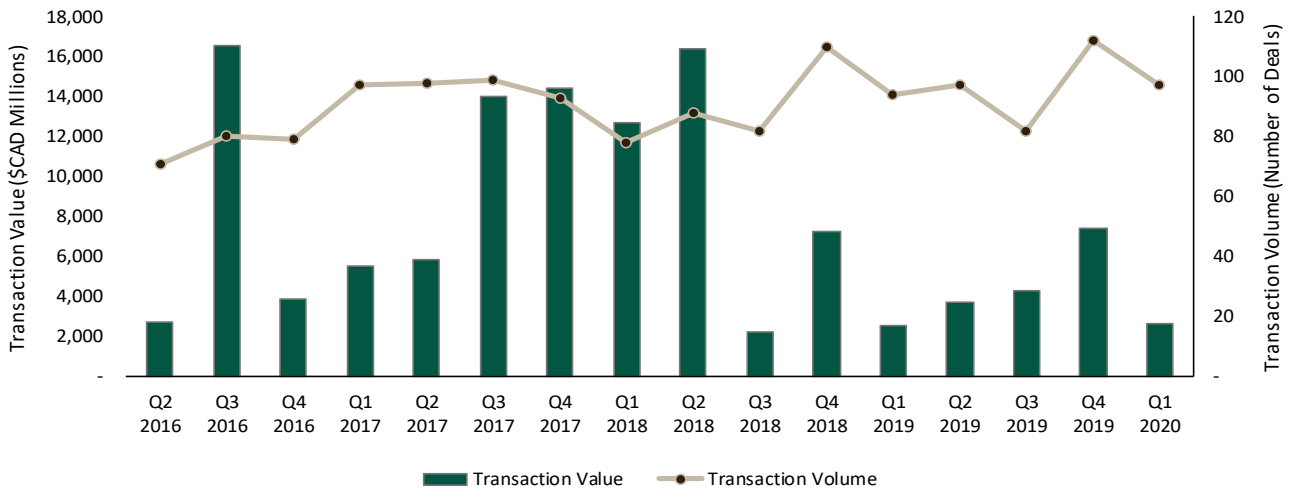
INDUSTRY OVERVIEW

M&A TRANSACTIONS AND INDUSTRY OVERVIEW

17

Number of publicly disclosed mergers and acquisitions in Canada in the first quarter of 2020 in agriculture and food products¹.

NORTH AMERICAN AGRICULTURE AND FOOD PRODUCTS PUBLICLY AVAILABLE MERGERS AND ACQUISITIONS¹



INDUSTRY AND INFRASTRUCTURE

- Industry consolidation is still occurring. Agricultural firms continue to enhance their positions in the Canadian market with continued investment and acquisitions of terminals and processing facilities, and divestitures of non-core assets. There exists active competition for deals.
- Cautious optimism exists for many agricultural operations due to 2019's widespread lower net income. Global transportation challenges and commodity prices are impacting Canadian producers and may drive transaction activity as industry players look to diversify offerings.

INPUTS AND COMMODITY MARKETS

- The decline in independent input providers continues due to industry consolidation.
- Input costs continue to trend slightly higher while commodity prices have seen volatility in recent years.

PRIMARY PRODUCERS

- Succession issues with family farms and large corporate farms have fuelled consolidation amongst primary producers, while demand for quality land has never been higher.
- A challenging harvest in 2019 has led to increased pressure on primary producers to manage cash flow heading in to the 2020 growing season, depending on location.

INDUSTRY AND INFRASTRUCTURE

CURRENT HIGHLIGHTS

INVESTMENT IN PULSES CO-PRODUCT CONVERSION

PROTEIN SUPERCLUSTER INVESTS IN CO-PRODUCT CONVERSION TECHNOLOGY

Protein Industries Canada announced its fifth approved project, investing in the development of a “novel approach to improving the value of fibrous co-products from the pulse processing industry by transforming them into an organic micronutrient fertilizer”¹.

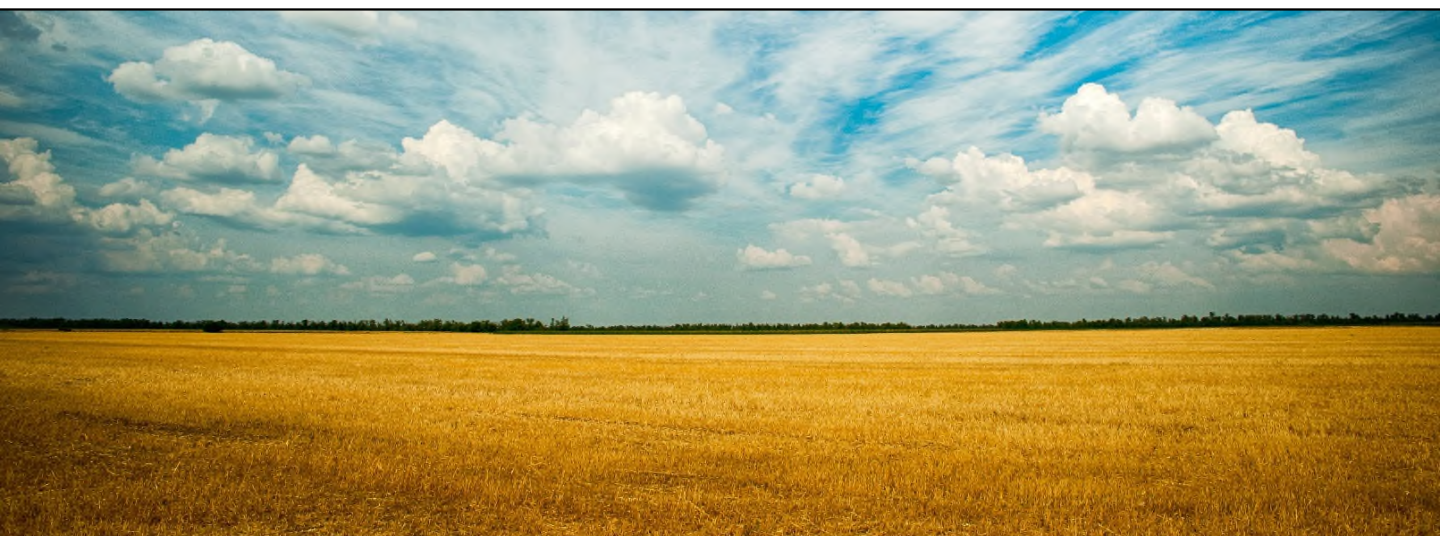
Continued significant investment in evolving agricultural technology suggests there may be a future increase in transaction volume as companies look to supplement their organic growth by acquiring operators in newer agricultural technologies to enhance delivery of in-demand products throughout the value chain.

GRAIN RAIL SHIPMENTS SURGE

CP RAIL RECORDS MONUMENTAL QUARTER FOR GRAIN MOVEMENT

Q1 2020 global demand for grain and grain products, notably Canadian grain and grain products, was strong as countries sought to restore reserves amid increases in consumer consumption, coupled with a reduced output from the 2019 harvest in certain producing regions². Canadian Pacific Railway (CP Rail) grain and grain product movements in Q1 2020 reached 6,350,000 metric tonnes establishing new record levels for a quarter, surpassing the previous high from Q1 2016 by approximately 5% (or 300,000 metric tonnes)³.

Increased export of grain and grain products to global markets may drive transaction activity as producers and industry players strategically look to secure supply and access to infrastructure.



Source 1: <https://www.proteinindustriescanada.ca/news/protein-supercluster-invests-to-support-whole-seed-utilization>

Source 2: <https://www.bnnbloomberg.ca/world-hungry-for-canadian-grain-amid-pandemic-with-shipments-abroad-rising-1.1415366>

Source 3: <https://www.cpr.ca/en/media/cp-sets-q1-record-for-grain-movement-with-monthly-records-for-january-and-march>

INDUSTRY AND INFRASTRUCTURE

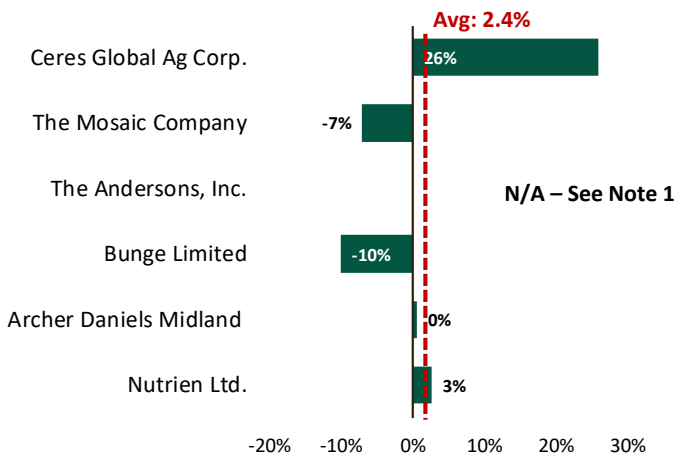
PUBLIC COMPANY PERFORMANCE

FORECASTED REVENUE GROWTH AND EBITDA MARGINS FOR PUBLIC COMPANIES

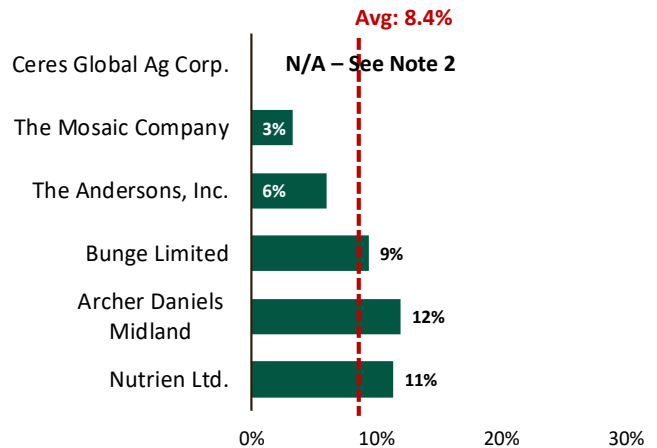
The mean last twelve month (LTM) revenue growth for the highlighted companies was **2.4%** (8.6% – Q4 2019) while expected next twelve month (NTM) revenue growth is **8.4%** (3.1% – Q4 2019).

The mean NTM EBITDA margin for these companies is expected to reach **9.5%** (9.9% – Q4 2019), while the expected enterprise value (EV) over EBITDA multiples are forecast to decrease from the LTM values to **7.5x** (9.5x – Q4 2019) over the NTM.

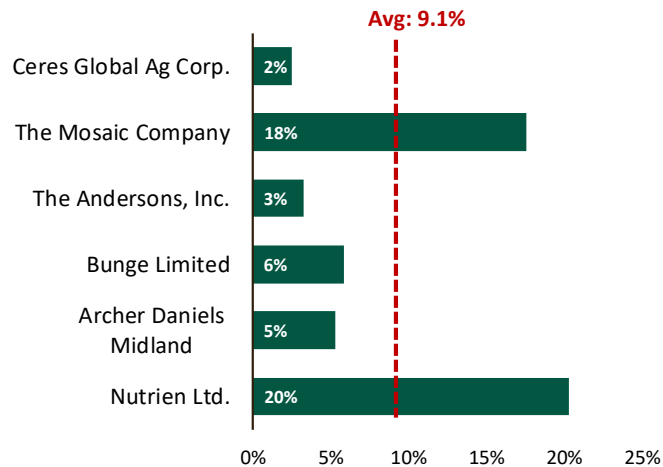
LTM REVENUE GROWTH



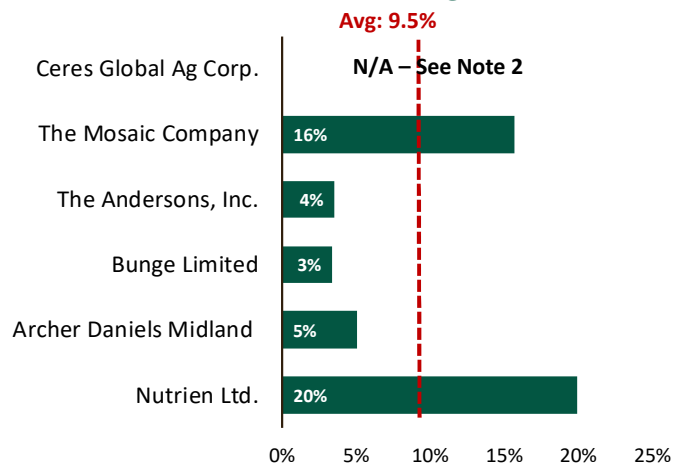
NTM REVENUE GROWTH



LTM EBITDA MARGIN



NTM EBITDA MARGIN



Note 1: The Andersons, Inc. LTM Revenue Growth has been removed for presentation purposes as growth incorporates addition of recently completed merger and acquisition deals.
 Note 2: Projected information for Ceres Global Ag Corp has been labelled as "N/A" as limited information is available for the company.

Source: Capital IQ

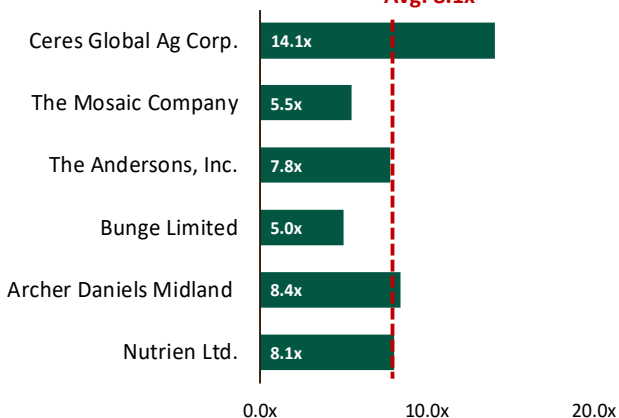
Figures above are based on mean peer group metrics.

INDUSTRY AND INFRASTRUCTURE

PUBLIC COMPANY PERFORMANCE

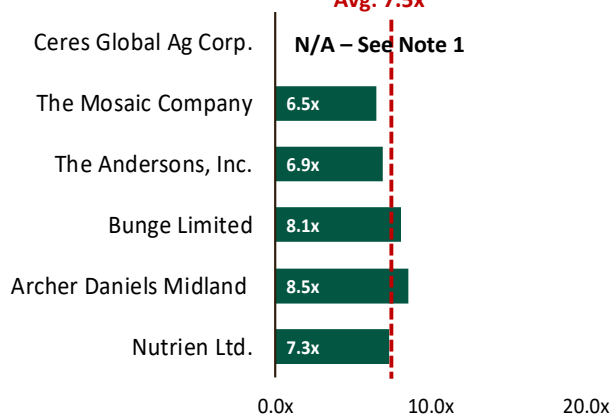
LTM EV/EBITDA

Avg: 8.1x



NTM EV/EBITDA

Avg: 7.5x



TRADING MULTIPLES AND 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.	\$27,381	\$40,913	\$24,974	2.6%	\$5,066	20.3%
Archer-Daniels-Midland Company	\$27,785	\$40,741	\$83,861	0.5%	\$4,420	5.3%
Bunge Limited	\$8,250	\$17,095	\$53,360	-10.1%	\$3,121	5.8%
The Andersons, Inc.	\$872	\$2,975	\$10,597	168.3%	\$349	3.3%
The Mosaic Company	\$5,809	\$12,147	\$11,552	-7.1%	\$2,033	17.6%
Ceres Global Ag Corp.	\$123	\$232	\$660	25.9%	\$16	2.5%
Median	\$7,029	\$14,621	\$18,263	1.5%	\$2,577	5.6%
Mean	\$11,704	\$19,017	\$30,834	30.0%	\$2,501	9.1%

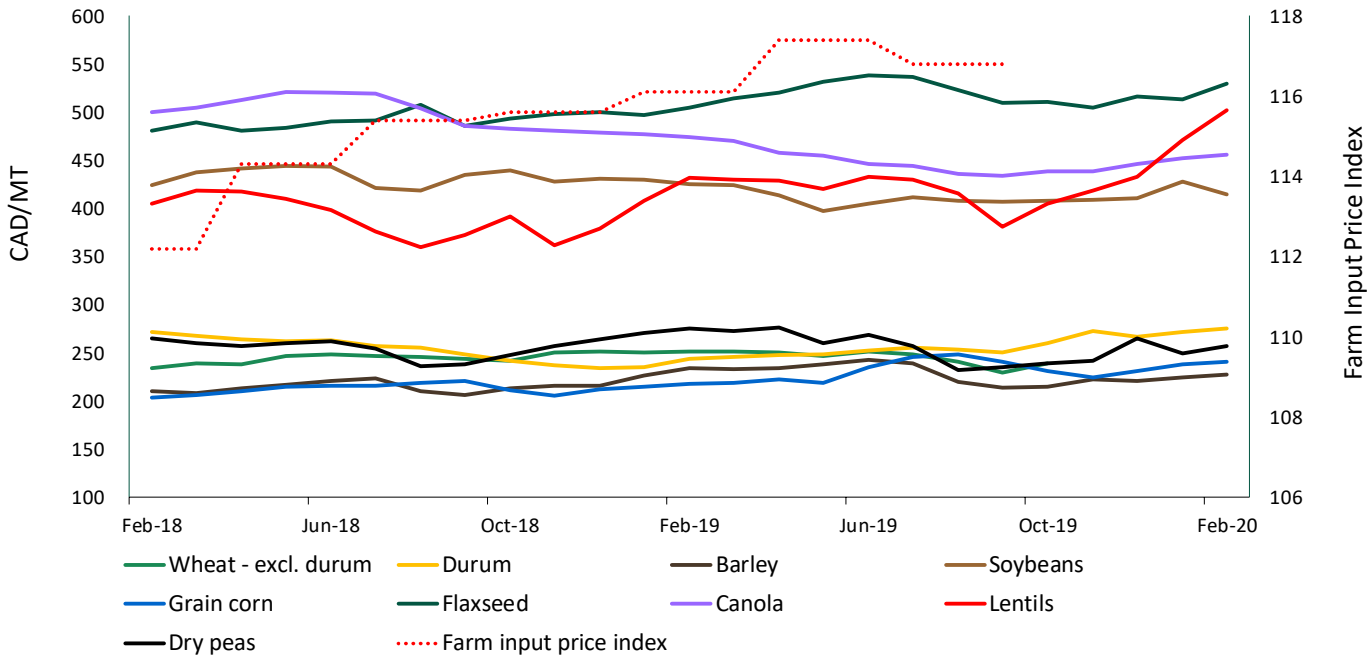
(Figures In \$CAD Millions, except percentages and ratios)

Company	NTM Consensus Estimates			Valuation	
	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Nutrien Ltd.	11.3%	19.9%	7.3x	8.1x	1.6x
Archer-Daniels-Midland (ADM) Company	11.9%	5.1%	8.5x	8.4x	.4x
Bunge Limited	9.4%	3.4%	8.1x	5.0x	.3x
The Andersons, Inc.	6.0%	3.6%	6.9x	7.8x	.3x
The Mosaic Company	3.3%	15.7%	6.5x	5.5x	1.0x
Ceres Global Ag Corp.	N/A	N/A	N/A	14.1x	.4x
Median	9.4%	5.1%	7.3x	7.9x	.4x
Mean	8.4%	9.5%	7.5x	8.1x	.7x

INPUTS AND COMMODITY MARKETS

PRICE CHANGES

CROP COMMODITY PRICES



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. Notably, lentils have recorded strong gains over the 12-month period ended February 2020 due in part to decrease of global oversupply.

The Statistics Canada Farm Input Price Index (FIPI) estimates the change in price that farmers pay for inputs into their farming operation through time. The FIPI indicates input costs to farmers have **increased 4.1%** since the first quarter of 2018.

COMMODITY PRICE FLUCTUATION HIGHLIGHTS

	Long-term Δ Since February 2018	Short-term Δ Since February 2019
Lentils	+23.9%	+16.0%
Durum	+1.5%	+13.0%
Flaxseed	+10.1%	+4.9%
Soybeans	-2.2%	-2.5%
Barley	+8.5%	-2.7%
Canola	-8.7%	-3.8%
Dry peas	-2.9%	-6.7%

INPUTS AND COMMODITY MARKETS

MARKET PRESSURE, FUTURES AND EXPORTS

MARKET UPDATE

WHEAT

Global wheat demand has been positively impacted as consumers stock up on staple goods and countries look to increase reserves to satisfy future demand. Canadian grain witnesses further increased demand on the back of smaller crops last year abroad¹.

PULSES

Containerized grains, including various pulses, have faced price pressure as shipping constraints have impacted global mobility and access to supply¹.

FUTURES CONTRACTS

FUTURES

SPRING 2020 CONTRACTS*

Canola (March)	476.80 CAD/MT
Wheat (March)	581.50 USd /bu.
Soybean (March)	916.00 USd /bu.
Corn (March)	387.50 USd /bu.
Oats (March)	314.75 USd /bu.
Live Cattle (April)	127.23 USD/cwt

FUTURES

SUMMER 2020 CONTRACTS²

Canola (July)	459.40 CAD/MT
Wheat (July)	546.25 USd /bu.
Soybean (July)	840.75 USd /bu.
Corn (July)	317.25 USd /bu.
Oats (July)	277.00 USd /bu.
Live Cattle (June)	84.08 USD/cwt

Note*: As included in MNPCF Quarterly Update – Agriculture – Q4 2019. These quotes on Futures have been included for comparison purposes only.

CANADA'S PRINCIPAL FIELD CROPS EXPORTS³ (KILOTONNES)

TOTAL GRAINS AND OILSEEDS

TOTAL PULSES AND SPECIAL CROPS

2018 – 2019	2019 – 2020(f)	2020 – 2021(f)	2018 – 2019	2019 – 2020(f)	2020 – 2021(f)
46,840	43,620 (Down from forecast in Q4 update of 44,710)	45,840	6,097	6,381 (Up from forecast in Q4 update of 6,265)	6,076

Updated forecast as at March 19, 2020. Forecast in Q4 update was as of December 19, 2019.

Source 1: <https://www.bnnbloomberg.ca/world-hungry-for-canadian-grain-amid-pandemic-with-shipments-abroad-rising-1.1415366>

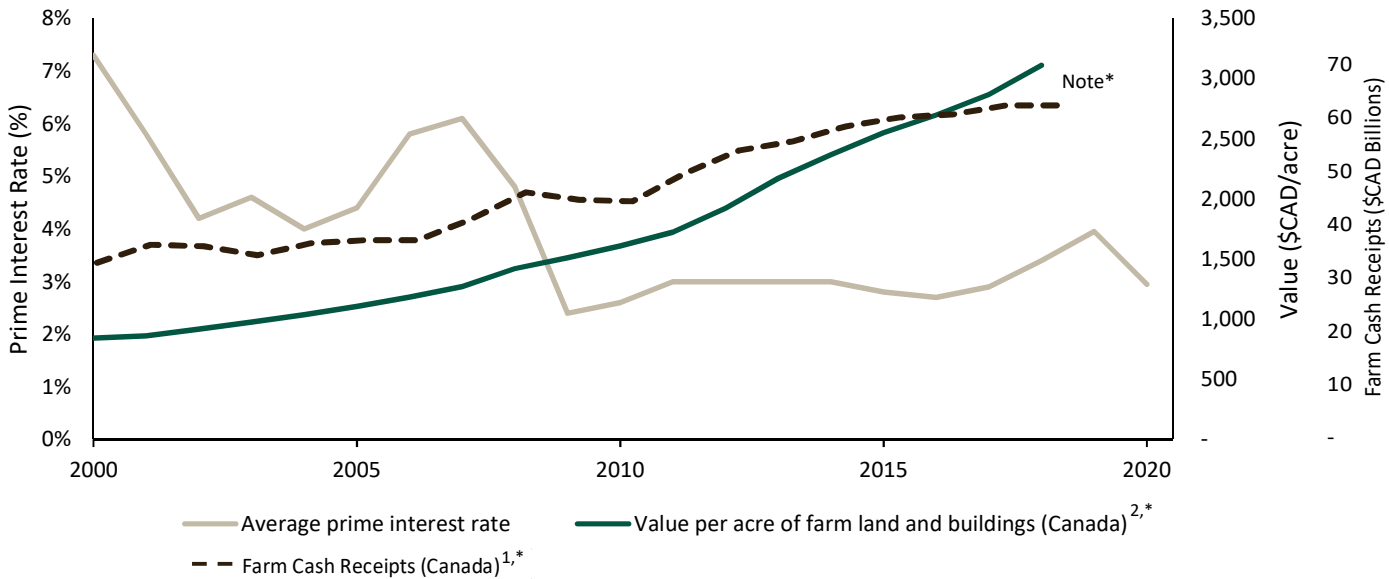
Source 2: Bloomberg – Ag Futures as of 7:00PM EST April 21, 2020.

Source 3: Agriculture and Agri-Food Canada, Canada: Outlook for Principal Field Crops, 2020-03-19

PRIMARY PRODUCERS

LAND VALUE TRENDS

FARM VALUES VS. FARM CASH RECEIPTS AND INTEREST RATES



RATE OF INCREASE IN FARM VALUES SLOWING

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

Farm Credit Canada (FCC) notes “average value of Canadian farmland increased 5.2% in 2019, tying 2010 for the smallest increase over the past decade... Despite the increase, the national average farmland value is nowhere near the record increases observed in 2012 and 2013, when national average values climbed 19.5% and 22.1%, respectively”³.

Continued industry consolidation and scarcity of available land may counteract any slowing in land valuation. Low interest rates persist, providing access to relatively inexpensive capital for producers looking to expand their footprint.

The 2019 FCC Farmland Values Report published April 6, 2020 indicates slowing growth in value, with a **5.2%** increase for farmland in Canada (6.6% - 2018), **6.2%** in Saskatchewan (7.4% - 2018), **3.3%** in Alberta (7.4% - 2018), and **4.0%** in Manitoba (3.7% - 2018) ³.

Since 2000,
interest rates have **decreased 4.4%**,
while farm values per acre
increased 269%*.

*Using Bank of Canada prime interest rate and information in graph above.



Source 1: Prime Mortgage Rate History, Ratehub.ca
 Source 2: Stats Canada: Table 002-0003: Value per acre of farm land and buildings, at July 1.
 Source 3: 2019 FCC Farmland Values Report, Farm Credit Canada.
 Note* Updated detail has not yet been released for 2019 or 2020.

RECENT TRANSACTION HIGHLIGHTS



Acquired 4 dealership locations from



Announced
February
2020

Industry
Implements
Dealership



Exclusive financial advisor to Robertson Implements in structuring and negotiating this transaction.

- Robertson Implements is a fifth-generation, family-owned New Holland agricultural equipment dealership group, proudly serving the Canadian prairies, with 11 locations across Saskatchewan and Alberta.
- Moody's is a New Holland agricultural equipment dealership group in Saskatchewan, established in 1966.



Acquired an Interest in



Announced
November
2019

Industry
Harvesting,
Processing and
Distribution



Exclusive financial advisor to North Delta Seafoods Ltd. in structuring and negotiating this transaction.

- Premium Brands owns a broad range of specialty food manufacturing and differentiated food distribution businesses with operations in Canada and the United States.
- North Delta Seafoods Ltd. is a harvester, processor and distributor of fresh and frozen wild-caught seafood from the waters of the North Pacific.



Acquired



Announced
March 2020

Industry
Processing and
Distribution

- Nature's Touch Frozen Foods acquired Europe's Best, Inc. from Hain-Celestial Canada.
- Europe's Best, Inc. processes and produces frozen fruits and vegetables. The company is based in Montreal, Canada.
- Nature's Touch Frozen Foods packages and supplies frozen goods. The company was founded in 2004 and is based in Saint-Laurent, Canada.
- Hain-Celestial Canada manufactures and markets organic and natural products.



Acquired assets from



Announced
November
2019

Industry
Processing

- ETG Commodities Inc. and DG Global Inc. acquired ILTA Grain Inc.'s Saskatchewan processing facilities.
- ETG Commodities Inc. is the Canadian subsidiary of Export Trading Group. ETG exports Canadian pulses, canola and flax to over 15 countries.
- DG Global Inc. markets and distributes food grade non-GMO soybeans, pulses, cereals and feed products internationally.
- ILTA Grain Inc. is a processor and merchandiser of pulses, grains / oilseeds and other special crops in Western Canada.

ABOUT US



MNP Corporate Finance (MNPCF) has a dedicated team of over 60 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)

has acquired four dealership locations from

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as financial advisor to Mill-Ore Industries Inc. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Carbon60.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to De La Fontaine Industries Inc. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to GLBH Acquire Systems.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial due diligence services to Emerge Commerce Inc.

DIVESTITURES > FINANCING > DUE DILIGENCE

has provided equity capital to

MNP Corporate Finance Inc. provided financial and tax due diligence services to Crédit Mutuel Equity.

DIVESTITURES > FINANCING > DUE DILIGENCE

has merged with

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

DIVESTITURES > FINANCING > DUE DILIGENCE

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)

trialcard
has acquired
Policy Reporter
MNP Corporate Finance Inc. was the exclusive financial advisor to 3ipolicy Innovations Inc. (aka Policy Reporter) in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

E360S ENVIRONMENTAL 360 SOLUTIONS
has acquired
SCALETTA GROUP
MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Inc.

DIVESTITURES > FINANCING > DUE DILIGENCE

E360S ENVIRONMENTAL 360 SOLUTIONS
has acquired the Calgary Alberta division assets of
URBAN IMPACT
recycling of work.
MNP Corporate Finance Inc. was the exclusive financial advisor to Urban Impact Recycling Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

EQUICAPITA
has acquired
Condo Broker
VISAGE
the focal experts
MNP Corporate Finance Inc. provided financial and tax due diligence services to Equicapita Investment Corp.

DIVESTITURES > FINANCING > DUE DILIGENCE

A Confidential Buyer
has acquired
NORWELD STEEL (1994) LTD.
MNP Corporate Finance Inc. acted as exclusive financial advisor to Norweld Steel (1994) Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

Rubicon PHARMACIES
has acquired
Grand Medicine Pharmacy
MNP Corporate Finance Inc. acted as exclusive financial advisor to Grand Medicine Pharmacy in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

VALENS
has acquired
Pommies
Cider Co.
MNP Corporate Finance Inc. acted as exclusive financial advisor to Pommies Cider Co. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

CO-OP
has acquired the retail business of
COMMUNITY natural foods
reestablishing our community since 1927
MNP Corporate Finance Inc. provided transaction advisory and financial due diligence services to Calgary Co-op.

DIVESTITURES > FINANCING > DUE DILIGENCE

A Private Purchaser
has acquired
OVP
CHICKEN VILLAGE PHARMACY
MNP Corporate Finance Inc. acted as exclusive financial advisor to Chicken Village Pharmacy in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

APPLIED
has acquired
Policy Works
MNP Corporate Finance Inc. acted as exclusive financial advisor to Policy Works Inc. in structuring and negotiating this transaction.

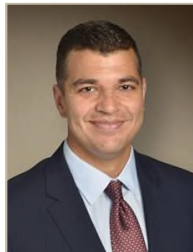
DIVESTITURES > FINANCING > DUE DILIGENCE

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TRANSACTION LEADERSHIP



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