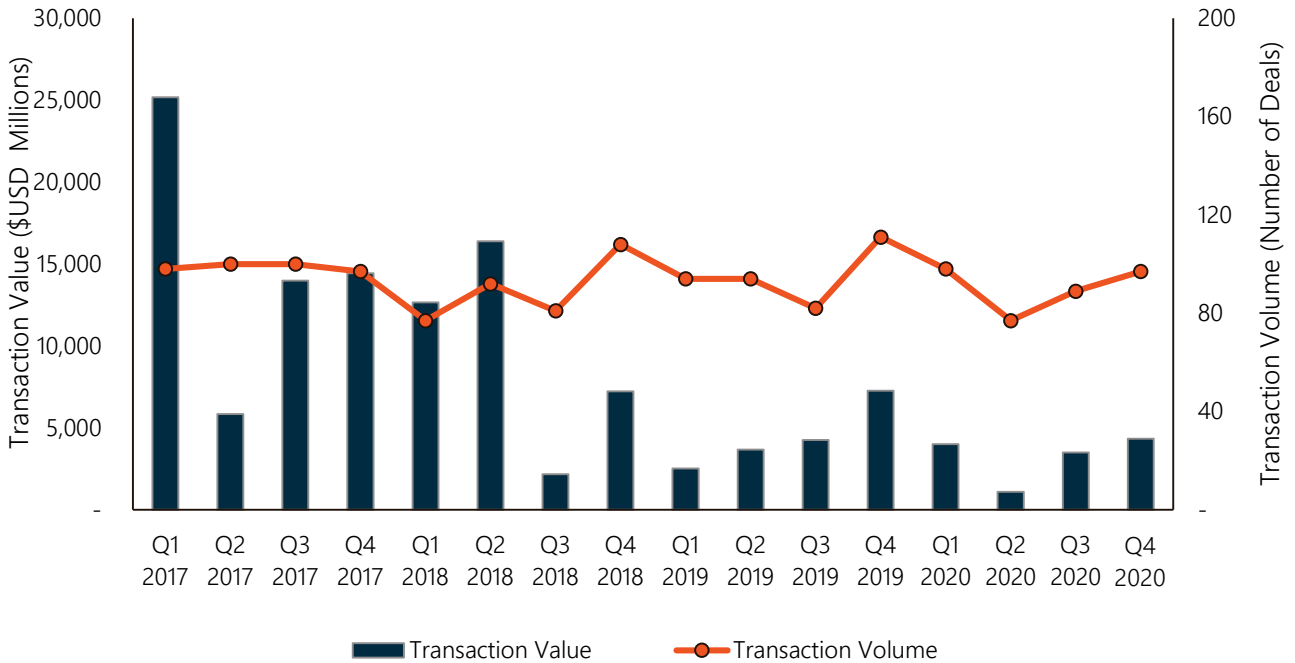


Agriculture

Quarterly Update | Q4 2020



AGRICULTURE M&A ACTIVITY



M&A Market Update – Q4 2020

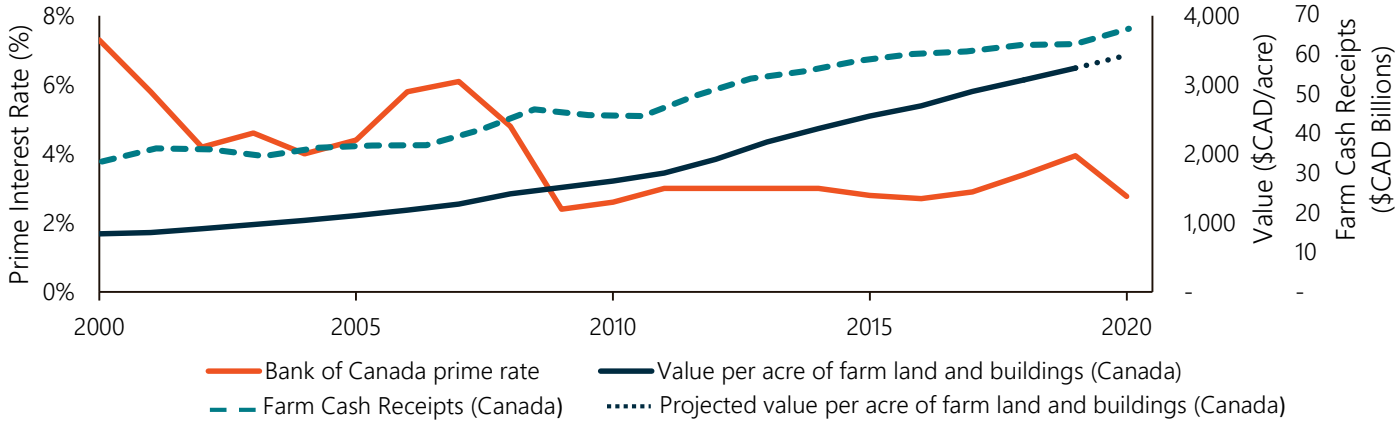
- M&A activity in the North American agriculture industry increased from Q3 2020 to Q4 2020, both in i) disclosed transaction value of \$3.5 billion to \$4.3 billion, and ii) number of transactions of 89 to 97.
- However, disclosed transaction value in Q4 2020 decreased significantly from Q4 2019, \$4.3 billion compared to \$7.3 billion, respectively.
- While the increase over Q3 2020 indicates continued cautious recovery from COVID-19, total transaction value in 2020 of \$13 billion was still down significantly from \$17.8 billion in 2019.
- M&A activity in Q4 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 Q4 2020 were in the food products sub-sector, which comprised 88.7% 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 Q4 2020 was McCormick & Company Inc.’s acquisition of The Cholula Food Company Inc. for \$800 million. Another notable transaction in Q4 2020 was the joint acquisition of Clearwater Seafoods Inc. by Premium Brands Holding Corporation and a coalition of Mi’kmaq First Nations for \$746 million.

Key Drivers

Key external drivers affecting agricultural industry performance in Canada include: commodity prices, interest rates, consumer preferences, growing season conditions, and farm land values. Trends in external factors would suggest continued increases in land value.

Farm cash receipts recorded a 27% year-over-year growth from Q3 2019 to Q3 2020.

Farm Values vs. Farm Cash Receipts and Interest Rates

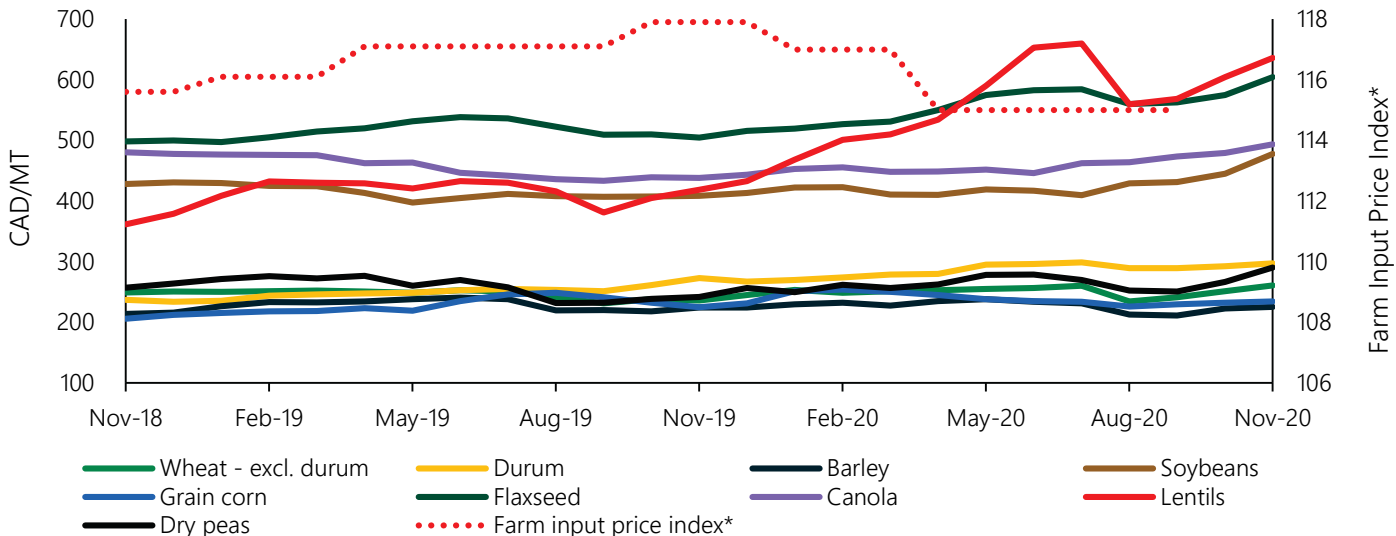


Commodity Price Changes and Farm Input Price Index Costs

While overall average commodity prices have seen stability in recent years, a closer look at specific commodities indicate drastic fluctuations in 2020. Overall, commodity prices strengthened from 2019, notably special crops such as soybeans, lentils, and flaxseed.

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 Q4 2020.

Commodity Price Highlights

Prices have rebounded strongly in 2020 with positive gains across all commodities detailed in the adjacent listing over the short-term and long-term. Prices have increased over these periods driven by supply shortfalls and stronger-than-expected global demand.

Dry peas and lentils have shown the strongest growth over the short term and long term, respectively.

Commodity Price Changes

	<u>LONG-TERM*</u>	<u>SHORT-TERM**</u>
Dry peas	+20.2%	+15.0%
Lentils	+51.9%	+13.7%
Soybeans	+17.0%	+11.4%
Flaxseed	+19.7%	+7.8%
Canola	+12.7%	+6.4%
Barley	+0.5%	+6.0%
Grain corn	+4.1%	+3.6%
Durum	+8.8%	+2.7%

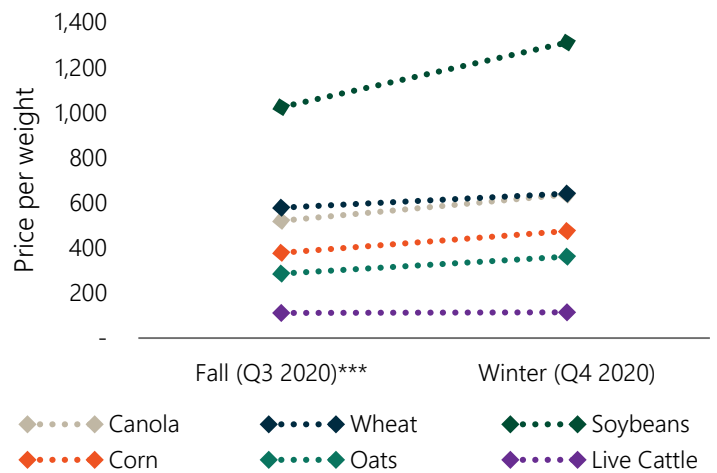
Commodity Price Futures

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

The futures prices for soybeans, oats, corns, and canola all jumped more than 20% from the previous quarter.

Wheat had a strong increase of 11% from Q3 to Q4 2020. Live cattle had virtually no movement over the same period.

Futures Contracts¹

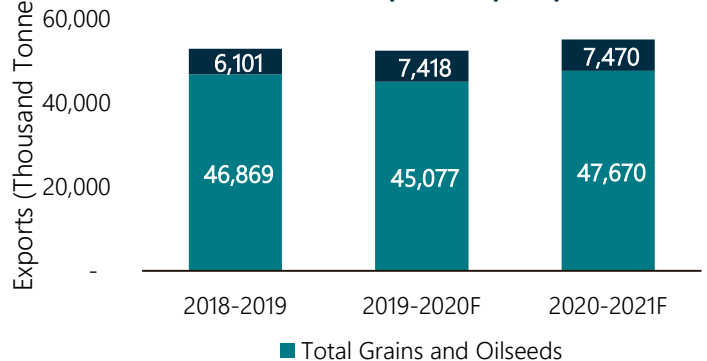


Crop Exports

Canadian principal field crop exports in the 2020-2021F period are forecasted to increase 5.0% over the 2019-2020F total.

Grains and oilseeds exports are forecasted to increase 5.8%, while pulses and special crops are forecasted to increase 0.7% between the 2019-2020F and 2020-2021F periods.

Canada's Principal Crop Exports²



¹"F" indicates Forecast.

*Change over the twelve months ended November 2020.

**Change over the three months ended November 2020.

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

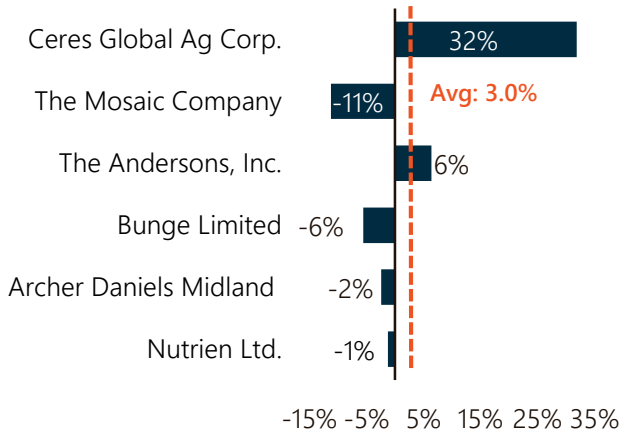
Source 1: Bloomberg – Ag Futures as at September 30, 2020 and December 31, 2020.

Source 2: Agriculture and Agri-Food Canada, Outlook for Principal Field Crops. December 18, 2020 update.

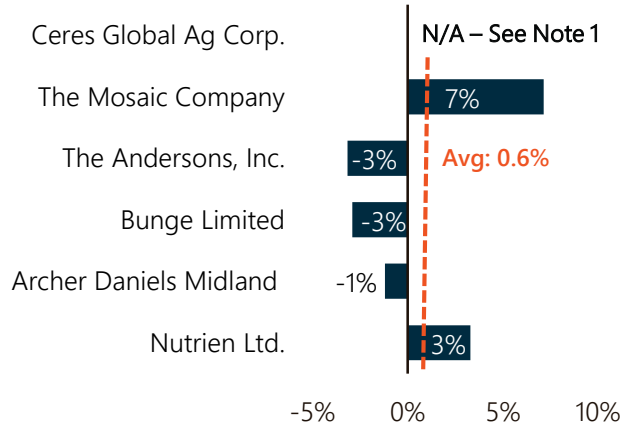
Public Comparable Analysis

Growth, Margins & Multiples

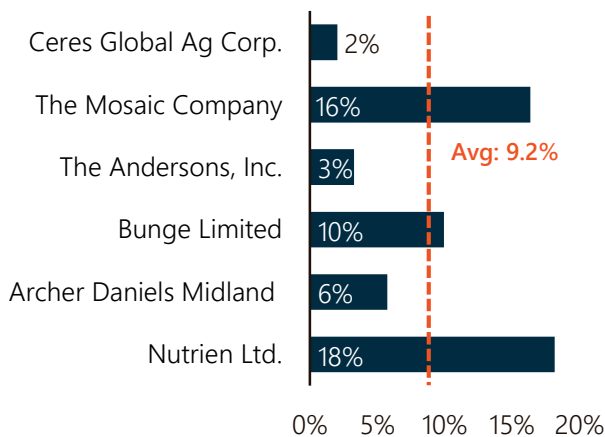
LTM REVENUE GROWTH



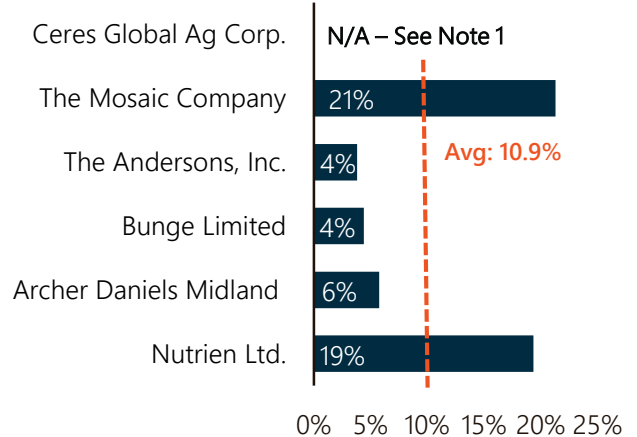
NTM REVENUE GROWTH



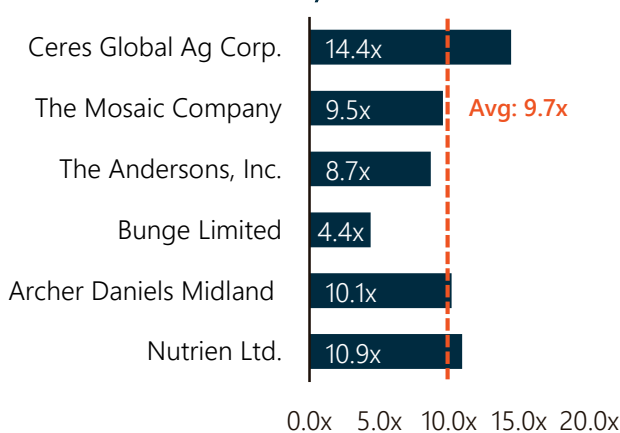
LTM EBITDA MARGIN



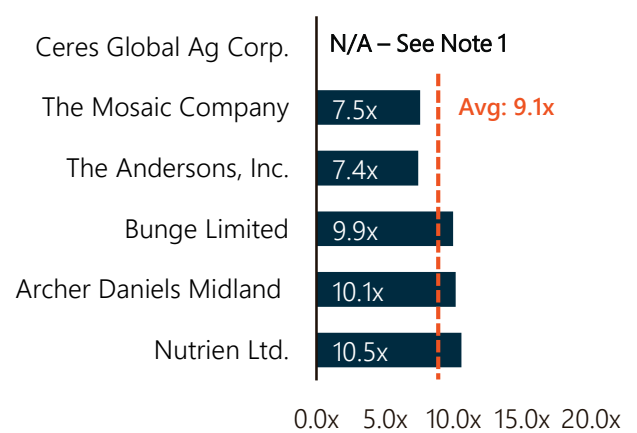
NTM EBITDA MARGIN



LTM EV/EBITDA



NTM EV/EBITDA



Source: Capital IQ. Data as of December 31, 2020.

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

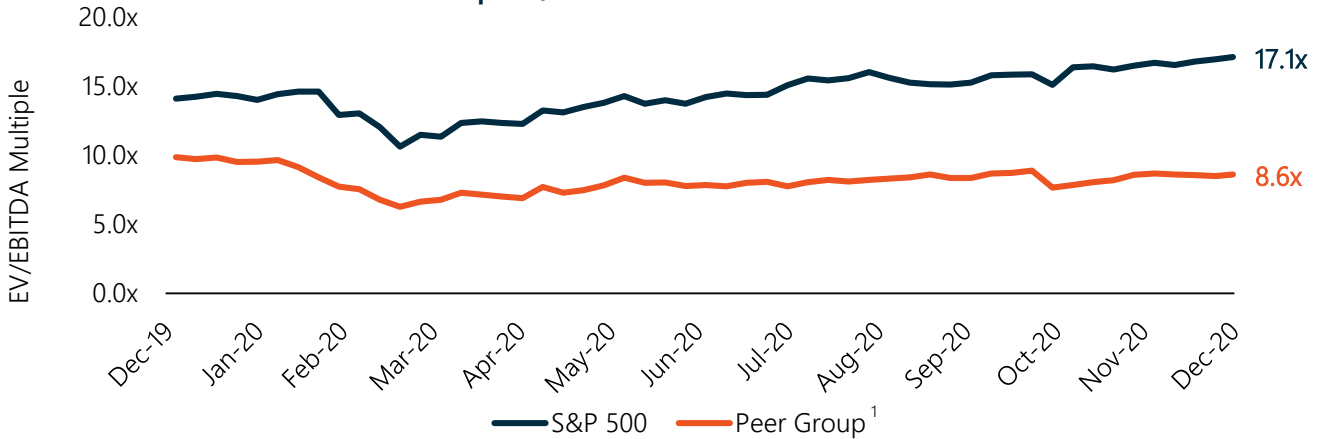
Note 1: Projected information for Ceres Global Ag Corp has been labelled as "N/A" as limited information is available for the company.

Valuation details provided on page 7.

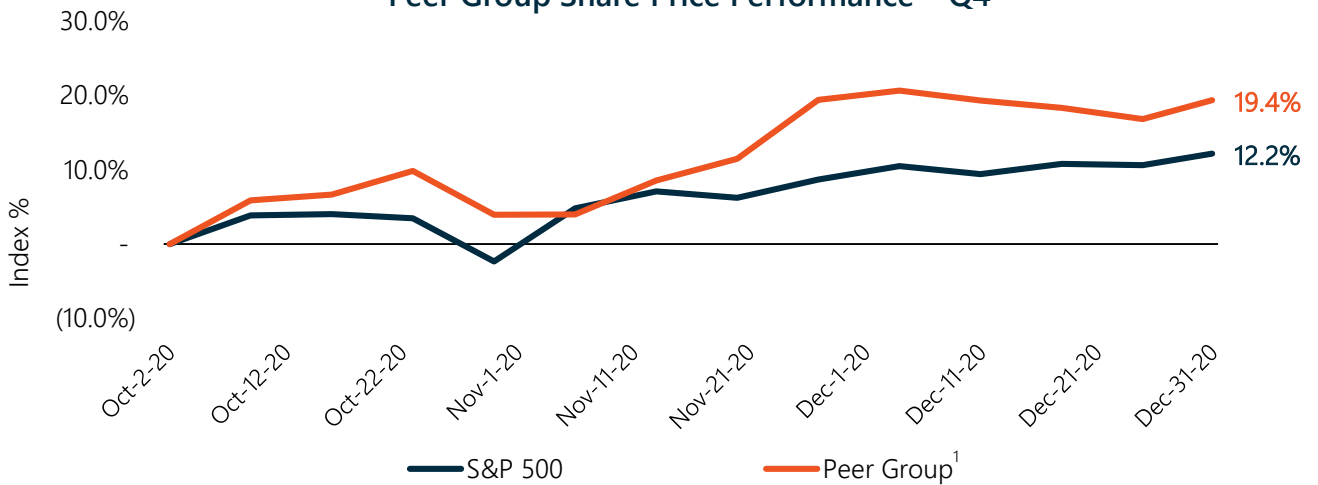
Public Comparable Analysis

Performance Analysis

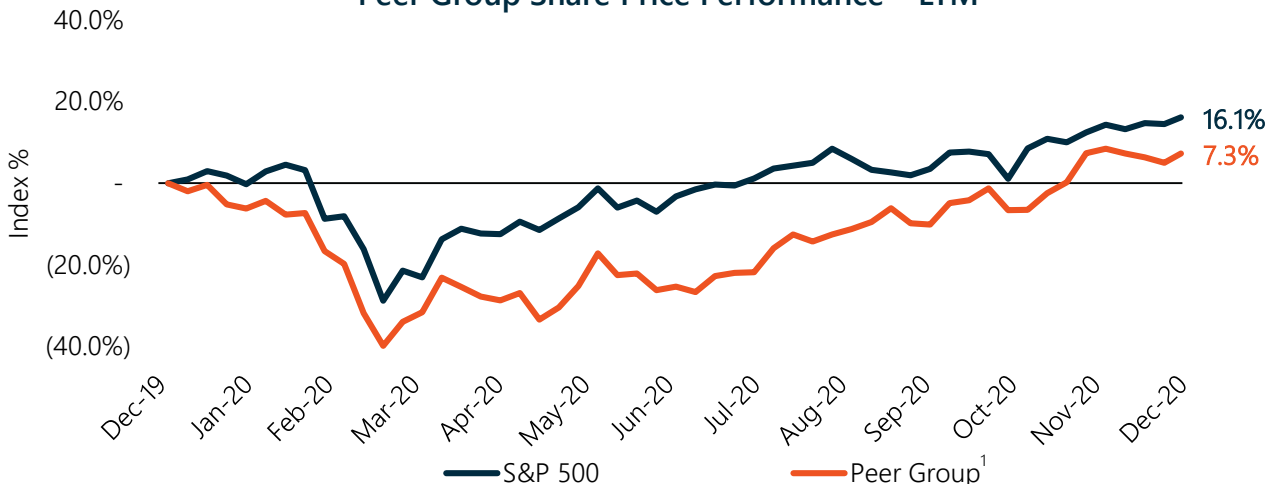
Peer Group EV/EBITDA Performance – LTM



Peer Group Share Price Performance – Q4



Peer Group Share Price Performance – LTM



Source: Capital IQ. Data as of December 31, 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	Market Capitalization	Enterprise Value	LTM Operating Figures			
			Revenue	Revenue Growth	EBITDA	EBITDA Margin
Nutrien Ltd.	\$34,854	\$51,238	\$25,880	-1.3%	\$4,699	18.2%
Archer-Daniels-Midland Company	\$35,738	\$46,447	\$83,546	-2.4%	\$4,790	5.7%
Bunge Limited	\$11,670	\$21,847	\$52,730	-5.5%	\$5,239	9.9%
The Andersons, Inc.	\$1,008	\$2,714	\$10,061	6.4%	\$328	3.3%
The Mosaic Company	\$11,115	\$16,500	\$11,059	-11.2%	\$1,809	16.4%
Ceres Global Ag Corp.	\$124	\$243	\$835	31.9%	\$17	2.0%
Median	\$11,392	\$19,174	\$18,469	-1.8%	\$3,254	7.8%
Mean	\$15,752	\$23,165	\$30,685	3.0%	\$2,814	9.2%

(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.	3.3%	19.4%	10.5x	10.9x	2.0x
Archer-Daniels-Midland (ADM) Company	-1.2%	5.7%	10.1x	10.1x	.6x
Bunge Limited	-2.9%	4.4%	9.9x	4.4x	.4x
The Andersons, Inc.	-3.2%	3.8%	7.4x	8.7x	.3x
The Mosaic Company	7.1%	21.3%	7.5x	9.5x	1.6x
Ceres Global Ag Corp.	N/A	N/A	N/A	14.4x	.3x
Median	-1.2%	5.7%	9.9x	9.8x	.5x
Mean	0.6%	10.9%	9.1x	9.7x	.9x



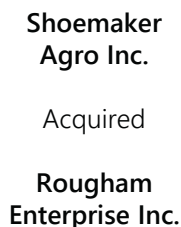
Select Recent M&A Transactions



Announced
November
2020

Industry
Food
Products &
Processing

- Clearwater Seafoods was acquired by Premium Brands Holding Corporation and a coalition of Mi'kmaq First Nations.
- Premium Brands owns a broad range of leading specialty food manufacturing and food distribution businesses with operations in Canada and the United States.
- Mi'kmaq First Nations is a group of seven communities located in Nova Scotia, Newfoundland, and Labrador.
- Clearwater Seafoods is one of North America's largest seafood companies and the largest holder of shellfish licenses and quotas in Canada.



Announced
December
2020

Industry
Processing



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

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



Announced
December
2020

Industry
Food
Products &
Processing

- Lactalis Canada has acquired 100% of the share of Ultima Foods Inc. This transaction expands Lactalis Canada's yogurt portfolio of iconic brands.
- Lactalis Canada Inc. (formerly Parmalat Canada Inc.) is a Canadian dairy processing company with 17 processing facilities and three distribution centres.
- Ultima Foods Inc. is a Canada-wide food processing company specializing in yogurt and fresh dairy products.



Announced
December
2020

Industry
Agriculture
Machinery
Distribution

- Rocky Mountain Equipment Alberta (formerly Rocky Mountain Dealership) purchased its outstanding shares traded on the Toronto Stock Exchange for approximately \$128 million and completed its decision to go private.
- Rocky Mountain has partnered with Westcap Mgt. Ltd. as their financial and strategic partner.
- Rocky Mountain is a consolidator of agriculture and construction equipment dealerships, primarily focused around the CNH brands. They are the largest independent agricultural equipment dealer in Canada, and second largest Case IH dealer in North America.

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 170+ M&A professionals in more than 30 countries.



CFxBorder - Global Reach with Local Relationships
Our corporate finance team through CFxB consists of 170 plus M&A professionals in more than 30 countries

Services

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

Recently Closed Deals (National)

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 six 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

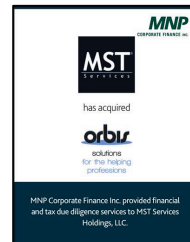
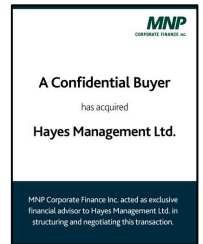
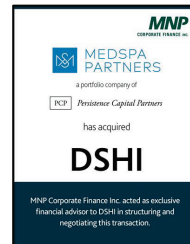
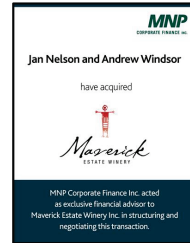
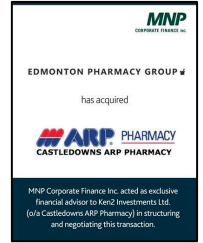
Hands-on Approach

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.

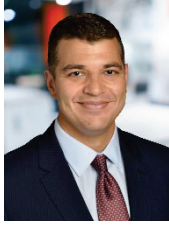
Recently Closed Deals (National)



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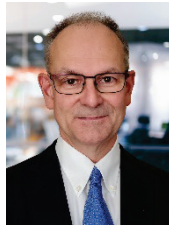
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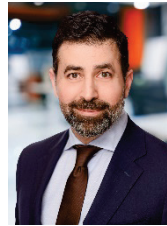
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