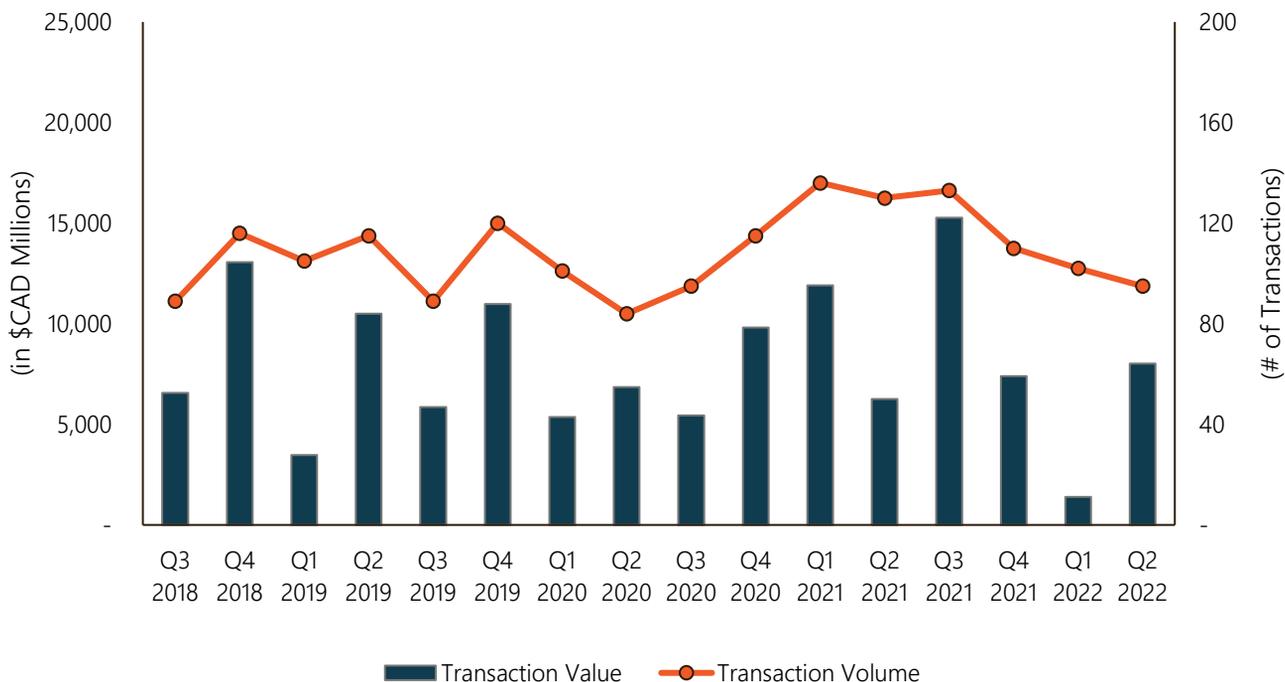


# Agriculture

Quarterly Update | Q2 2022



### Agriculture M&A Transactions



### M&A Market Update – Q2 2022

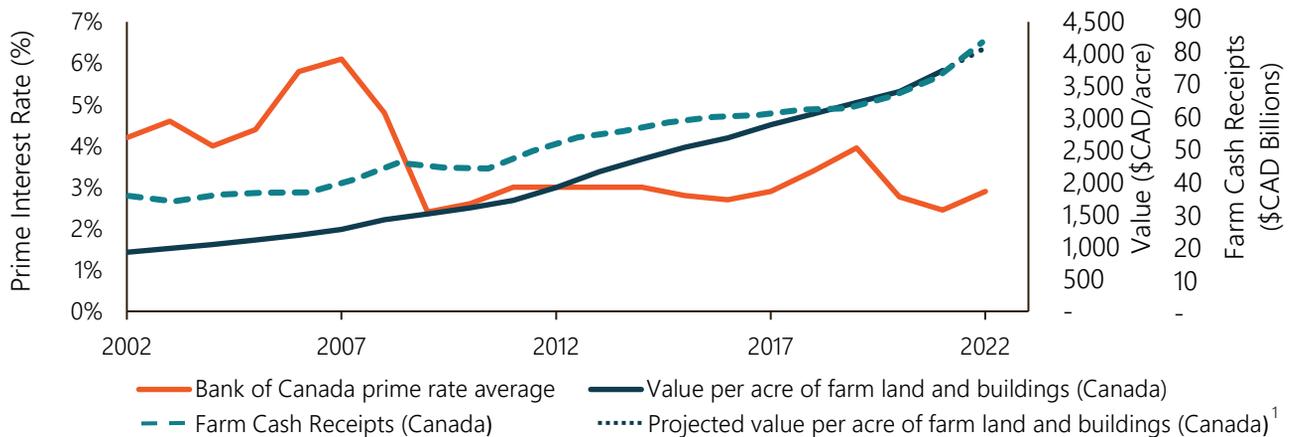
- M&A volume in the North American agriculture industry declined in Q2 2022 from Q1 2022, with 95 total transactions, trailing Q1 2022 which had 97 transactions. However, total transaction value of publicly disclosed transactions in Q2 2022 exceeded \$8.0 billion, significantly higher from Q1 2022 transaction value of \$1.4 billion.
- A vast majority of transactions in the agriculture landscape in Q2 2022 were in the food products sub-sector, which comprised 75.8% of the disclosed transactions. There was also notable deal volume in the agricultural farm machinery and agricultural services sub-sectors.
- M&A activity in Q2 2022 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. Private equity also backs a significant portion of strategic buyers in the industry.
- The largest disclosed transaction in Q2 2022 was Mondelez International Inc.'s agreement to acquire Clif Bar & Company for \$3.8 billion, accounting for 47.0% of the total publicly disclosed transaction value in the quarter.
- Farmland values continued their increase through 2021, with a national average increase of 8.3%. While land values have continued their upward trend, increases in interest rates in 2022 could slow growth heading into the second half of the year. Despite this, rates are still at near historic lows.

## Key Drivers

Key drivers affecting farm land values in Canada include farm cash receipts, interest rates, and agriculture industry performance, which is impacted by commodity prices, growing season conditions, and macro-economic factors.

Farm cash receipts grew 18.2% year-over-year from Q1 2021 to Q1 2022, which represents the most recent quarterly information available. The Bank of Canada prime rate averaged 3.0% throughout the first half of 2022, with a 1.0% interest rate hike occurring at the beginning of Q3 2022, with additional rate increases possible on the horizon. Despite this, rates remain at near historic lows.

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

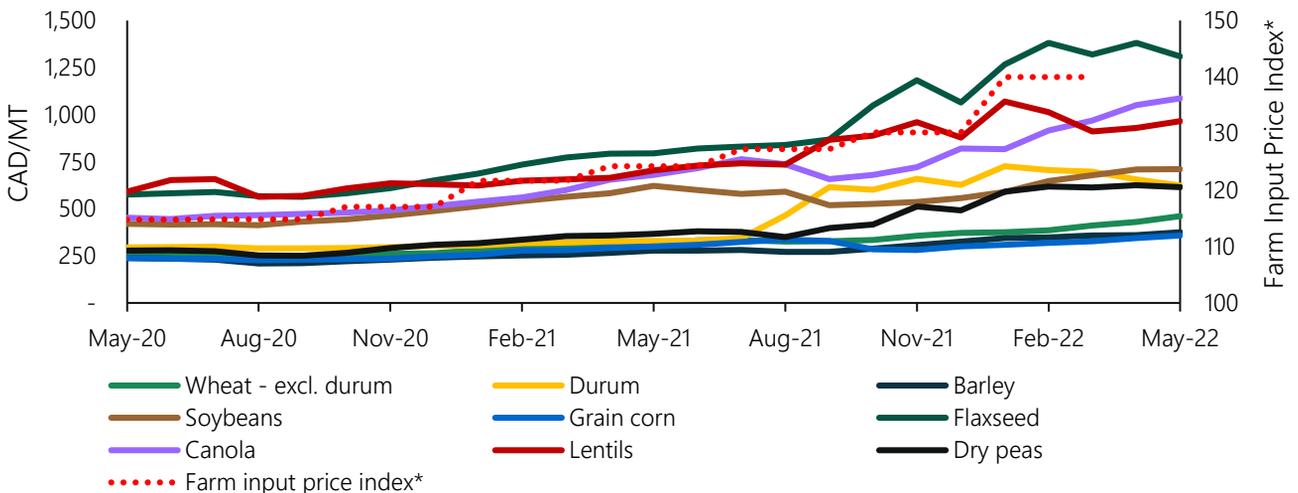


## Commodity Price Changes and Farm Input Price Index Costs

Average commodity prices have increased significantly over the last 12 months, stabilizing through Q2 2022.

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 15.1% from Q1 2021 to Q1 2022.

### Crop Commodity Prices



\*March 2022 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 Q2 2022.  
 1: Based on historical growth from 2020 to 2021.

# Inputs and Commodity Markets

## Market Pressure, Futures & Exports

### Commodity Price Highlights

Prices have fluctuated throughout Q2 2022, showing positive gains over the long term coupled with less volatile, mixed results over the short term. Strong increases over the long term have been supported by global supply chain challenges and economic and geopolitical uncertainty.

Durum, dry peas, and flaxseed have all shown significant increases of 60% or greater over the long term, with these commodities appearing to stabilize with decreases in the short term.

### Commodity Price Changes

	<u>LONG-TERM*</u>	<u>SHORT-TERM**</u>
Durum	+90.0%	-11.6%
Dry peas	+67.6%	-0.5%
Flaxseed	+65.0%	-5.2%
Canola	+59.6%	+18.6%
Lentils	+37.2%	-4.7%
Barley	+35.2%	+7.8%
Grain corn	+19.6%	+12.1%
Soybeans	+14.6%	+10.0%

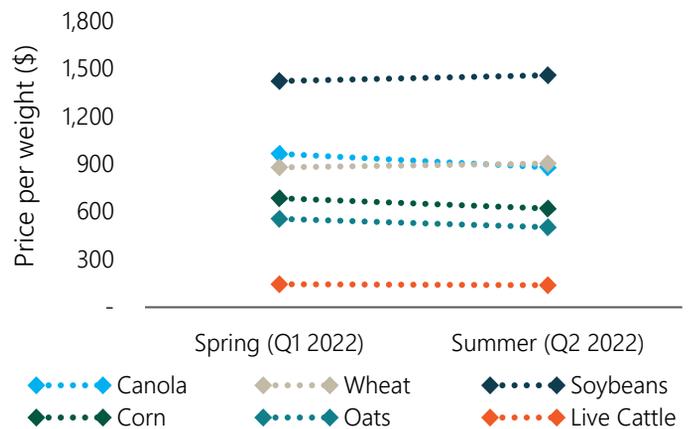
### Commodity Price Futures

Quoted prices for summer 2022 futures contracts are lower than futures in the previous quarter resulting from weaker export demand and economic uncertainty.

The futures prices for oats, corn, canola and live cattle decreased by 9.5%, 9.4%, 8.8% and 3.5%, respectively, from Q1 2022 to Q2 2022.

Wheat and soybeans both showed modest increases of 2.7% in their futures prices this quarter.

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

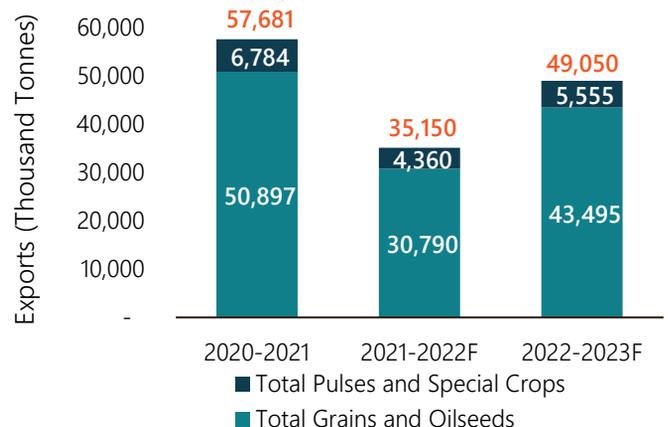


### Crop Exports

Canadian principal field crop exports in the 2022-2023F period are forecasted to increase 39.5% over the 2021-2022F total.

Grains and oilseeds exports are forecasted to increase 41.3%, while pulses and special crops are forecasted to increase 27.4% between the 2021-2022F and 2022-2023F periods.

### Canada's Principal Crops Exports<sup>2</sup>



"F" indicates Forecast.

\*Change over the twelve months ended May 2022.

\*\*Change over the three months ended May 2022.

Source 1: Capital IQ. Data as of June 30, 2022.

Source 2: Agriculture and Agri-Food Canada, Outlook for Principal Field Crops. June 20, 2022 update.

# Select Recent M&A Transactions



acquired



**Announced**

April  
2022

**Industry**  
Agricultural  
Biotechnology

- **LGC Limited** ("LGC") is a leading global life science tools company providing solutions across a number of applied market segments including the agriculture space.
- **Rapid Genomics** ("Rapid") utilizes proprietary genotyping technology to deliver cost-effective DNA analysis on plants, livestock and aquaculture genetics.
- The acquisition of Rapid will allow LGC to develop its throughput offerings in the agrigenomics space while also expanding LGC's customer portfolio.



acquired



**Announced**

May  
2022

**Industry**  
Agriculture  
Equipment

- **CNH Industrial** ("CNH") develops equipment and services for the agriculture sector. CNH has an extensive brand portfolio including Case IH, New Holland Agriculture and STEYR.
- **Specialty Enterprises LLC** ("Specialty") is North America's largest manufacturer of premium aluminum spray booms used for agriculture applications.
- The acquisition of Specialty will support CNH's growth within the agriculture equipment sector.



acquired



**Announced**

May  
2022

**Industry**  
AgTech

- **AGCO Corporation** ("AGCO") is a worldwide manufacturer and distributor of agricultural machinery and precision ag technology.
- **JCA Technologies** ("JCA") is based in Winnipeg, MB and specializes in the design of electronic systems and software development to automate and control agricultural equipment.
- The acquisition of JCA will accelerate AGCO's delivery of machine automation and autonomous systems.



acquired



**Closed**

June  
2022

**Industry**  
Agriculture  
Equipment

- **Linamar Corporation** ("Linamar") is an advanced manufacturing company applying leading edge technology in the agricultural equipment space.
- **Salford Group** ("Salford") is headquartered in Salford, ON and manufactures both pneumatic and spinner type fertilizer spreaders, cover crop seeders and a range of tillage equipment.
- The acquisition of Salford positions Linamar as a leading Canadian-based agriculture equipment shortline OEM on the global stage.

# 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.	\$56,514	\$71,234	\$37,289	45.6%	\$10,716	28.7%
Archer-Daniels-Midland Company	\$56,244	\$73,299	\$121,546	25.9%	\$7,387	6.1%
Bunge Limited	\$17,724	\$27,122	\$77,493	37.3%	\$5,705	7.4%
The Andersons, Inc.	\$1,421	\$4,382	\$17,473	58.9%	\$456	2.6%
The Mosaic Company	\$22,022	\$27,027	\$17,457	52.3%	\$5,803	33.2%
Ceres Global Ag Corp.	\$94	\$260	\$1,223	34.6%	\$44	3.6%
Seaboard Corporation	\$5,805	\$6,276	\$12,355	31.7%	\$1,148	9.3%
<b>Median</b>	<b>\$17,724</b>	<b>\$27,027</b>	<b>\$17,473</b>	<b>37.3%</b>	<b>\$5,705</b>	<b>7.4%</b>
<b>Mean</b>	<b>\$22,832</b>	<b>\$29,943</b>	<b>\$40,691</b>	<b>40.9%</b>	<b>\$4,466</b>	<b>13.0%</b>

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

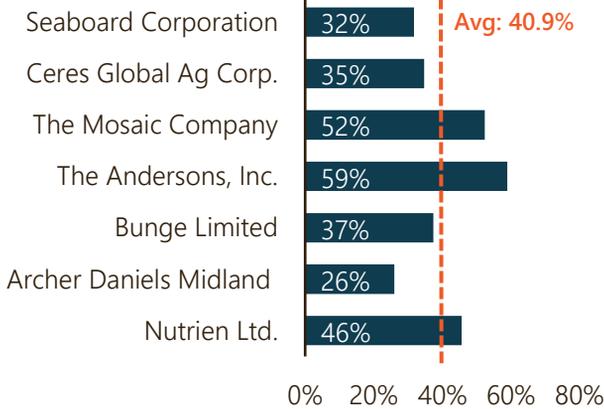
Company	NTM Consensus Estimates				Valuation		
	Revenue Growth	EBITDA Margin	NTM EV	NTM EV/EBITDA	LTM EV	LTM EV/EBITDA	LTM EV/REV
Nutrien Ltd.	39.4%	38.2%	\$73,351	3.7x	\$71,234	6.6x	1.9x
Archer-Daniels-Midland (ADM) Company	-0.1%	5.8%	\$74,284	10.6x	\$73,299	10.6x	.6x
Bunge Limited	16.8%	4.3%	\$28,039	7.3x	\$27,122	4.6x	.3x
The Andersons, Inc.	3.8%	2.3%	\$4,376	10.6x	\$4,382	9.3x	.2x
The Mosaic Company	61.1%	36.0%	\$28,567	2.8x	\$27,027	4.5x	1.5x
Ceres Global Ag Corp.	N/A	N/A	N/A	N/A	\$260	6.0x	.2x
Seaboard Corporation	N/A	N/A	N/A	N/A	\$6,276	5.3x	.5x
<b>Median</b>	<b>16.8%</b>	<b>5.8%</b>	<b>\$28,567</b>	<b>7.3x</b>	<b>\$27,027</b>	<b>6.0x</b>	<b>.5x</b>
<b>Mean</b>	<b>24.2%</b>	<b>17.3%</b>	<b>\$41,723</b>	<b>7.0x</b>	<b>\$29,943</b>	<b>6.7x</b>	<b>.8x</b>



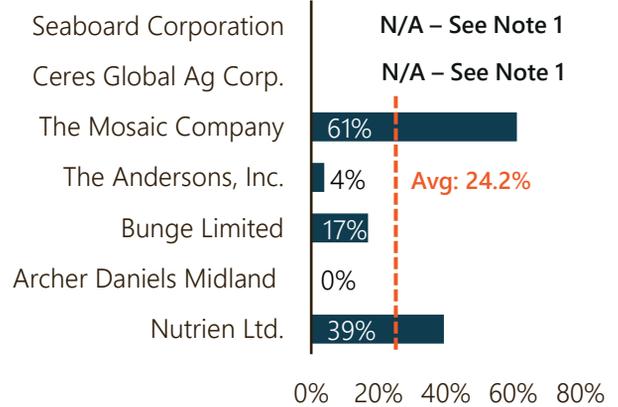
# Public Comparable Analysis

## Growth, Margins & Multiples

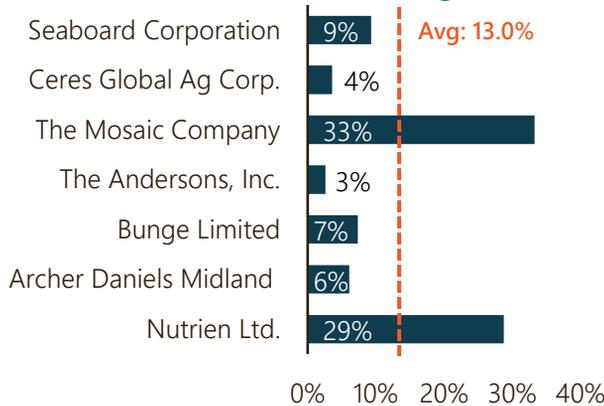
### LTM Revenue Growth



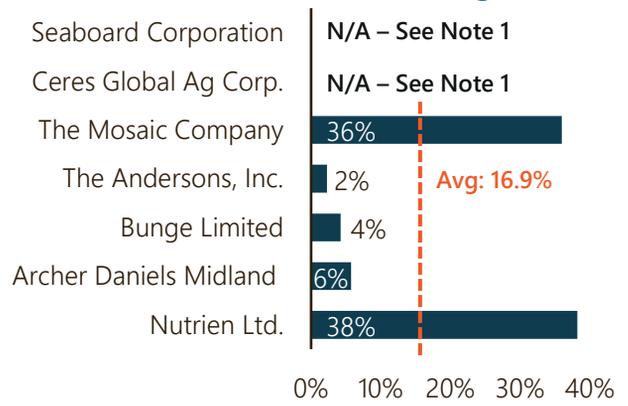
### NTM Revenue Growth



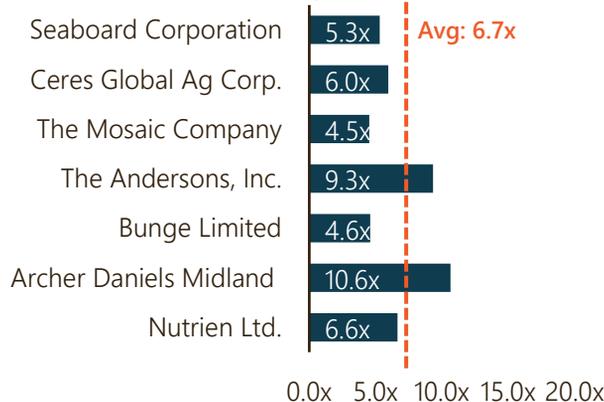
### LTM EBITDA Margin



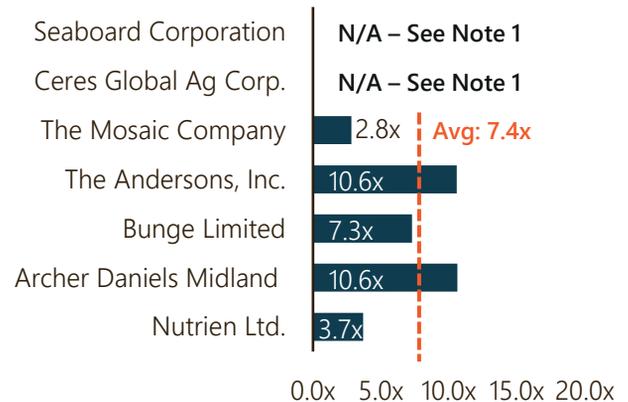
### NTM EBITDA Margin



### LTM EV/EBITDA



### NTM EV/EBITDA



Source: Capital IQ. Data as of March 31, 2022.

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

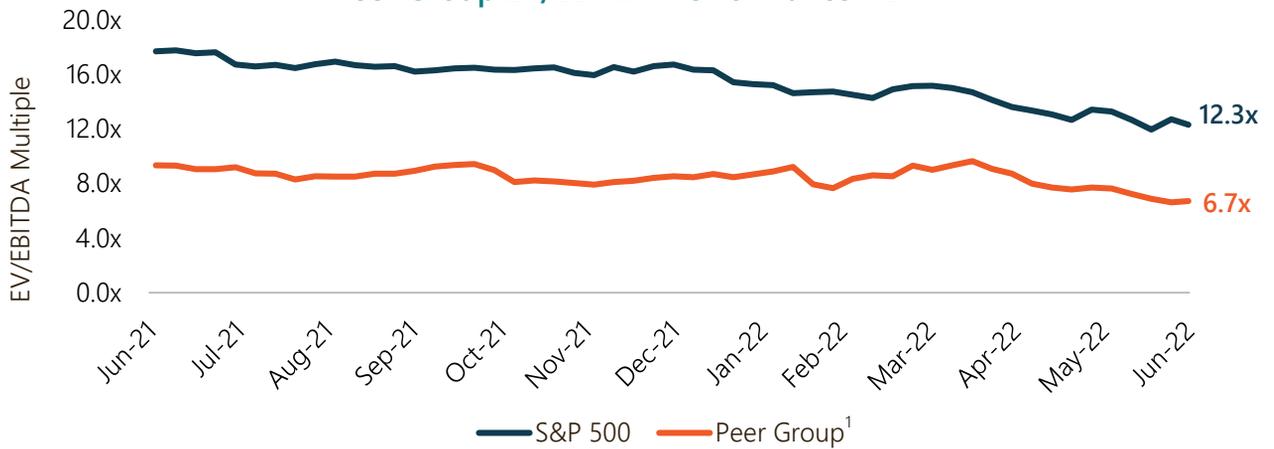
Note 1: Projected information for Seaboard Corporation and Ceres Global Ag Corp. has been labelled as "N/A" as limited information is available for those companies.

Valuation details provided on page 6.

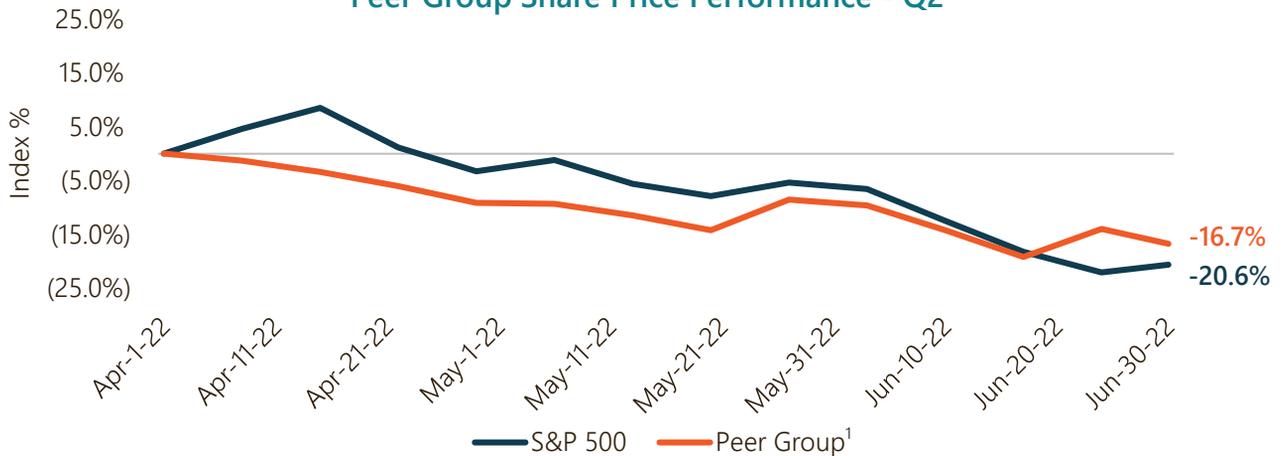
# Public Comparable Analysis

## Performance Analysis

### Peer Group EV/EBITDA Performance - LTM



### Peer Group Share Price Performance - Q2



### Peer Group Share Price Performance - LTM



Source: Capital IQ. Data as of June 30, 2022.

1: Peer Group: Nutrien Ltd., ADM Company, Bunge Limited, The Andersons, Inc., The Mosaic Company, Ceres Global Ag Corp, Seaboard Corporation. "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.

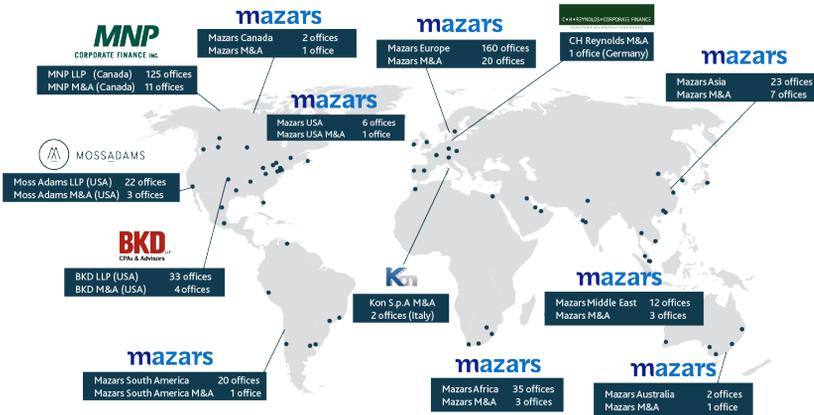
Our typical transactions range in value between \$3 million and \$300 million.

## 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



## 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 eight years alone we have completed over 220 transactions worth almost \$4 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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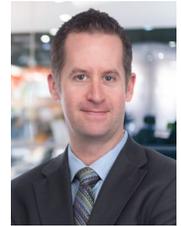
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