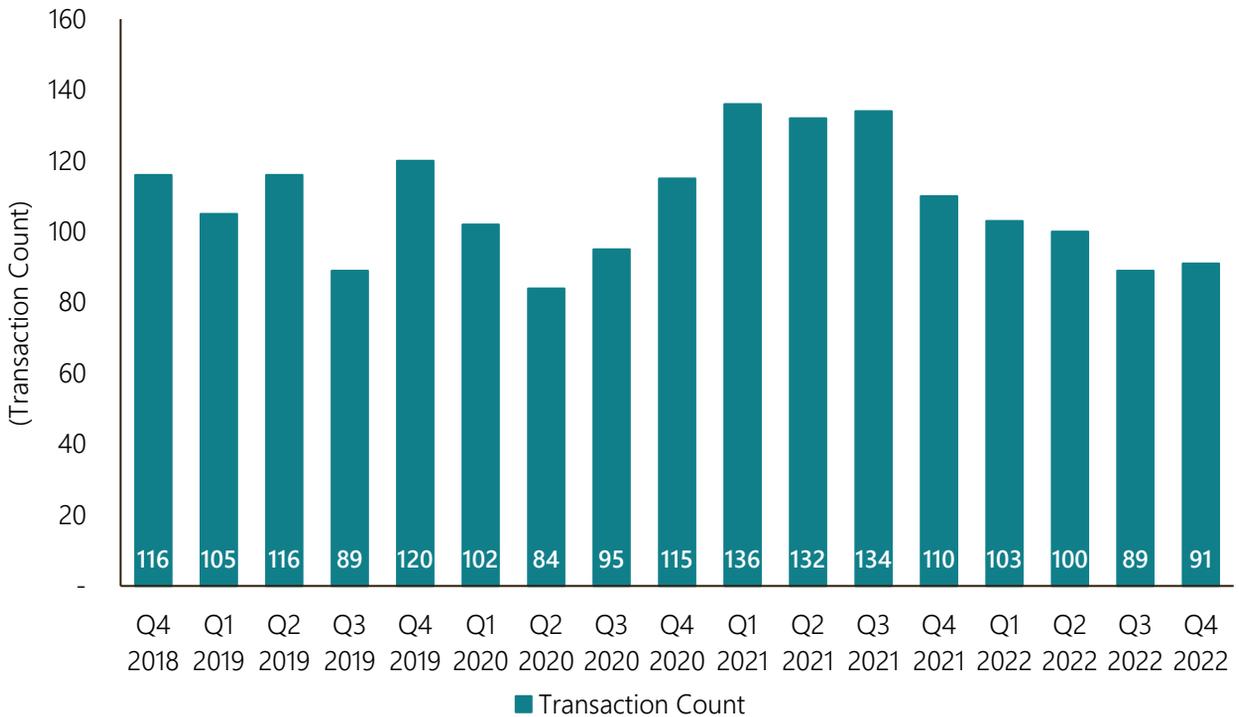


Agriculture

Quarterly Update | Q4 2022



Agriculture M&A Transactions



M&A Market Update – Q4 2022

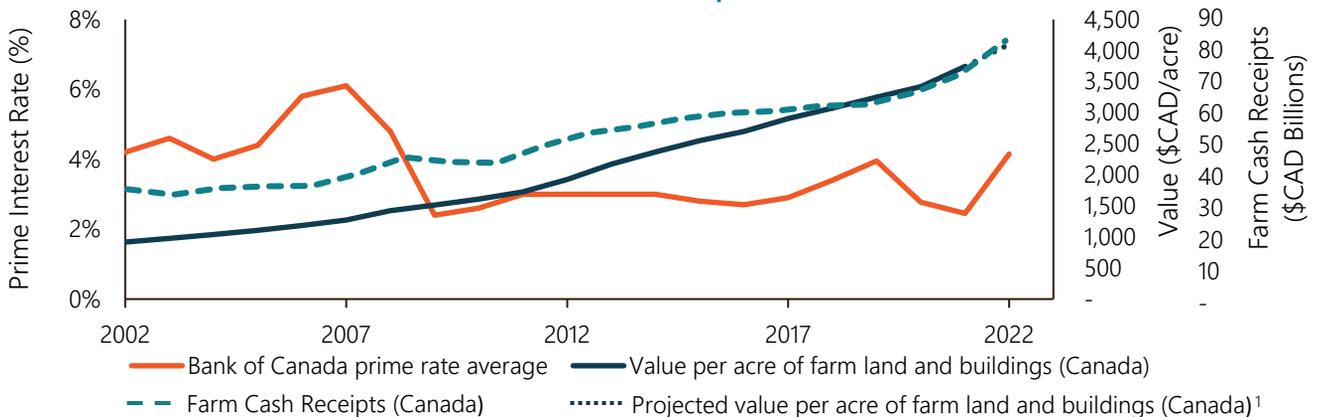
- M&A volume in the North American agriculture industry increased slightly in Q4 2022 from Q3 2022, with 91 total transactions, compared to 89 transactions in Q3 2022. Total transaction value of publicly disclosed transactions also increased over this same period, with total disclosed transaction value of \$50.2 billion in Q4 2022, compared to disclosed transaction value of \$3.0 billion in Q3 2022. Transaction multiples have been strong since 2018 with an enterprise value to earnings median of 10.6x.
- A majority of transactions in the agriculture landscape in Q4 2022 were in the food products sub-sector, which comprised 71.4% of the disclosed transactions. There was also notable deal volume in the agricultural services and agricultural machinery distribution sub-sectors.
- M&A activity in Q4 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 Q4 2022 was Kroger Co.'s announcement of its agreement to acquire Albertsons Companies Inc. for \$47.2 billion, accounting for 94% of the total publicly disclosed transaction value in the quarter.
- According to the most recent available data, farmland values increased 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 2023.

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 6.4% year-over-year from Q3 2021 to Q3 2022, which represents the most recent quarterly information available. The Bank of Canada prime rate averaged 4.2% throughout 2022, with further potential increases on the horizon. Strong farm cash receipts continue to support healthy land prices, however, increasing interest rates may factor into decreased demand moving forward. There is not enough data yet to assess the impact of land values given the strength of cash receipts relative to increasing interest rates.

Farm Values vs. Farm Cash Receipts and Interest Rates

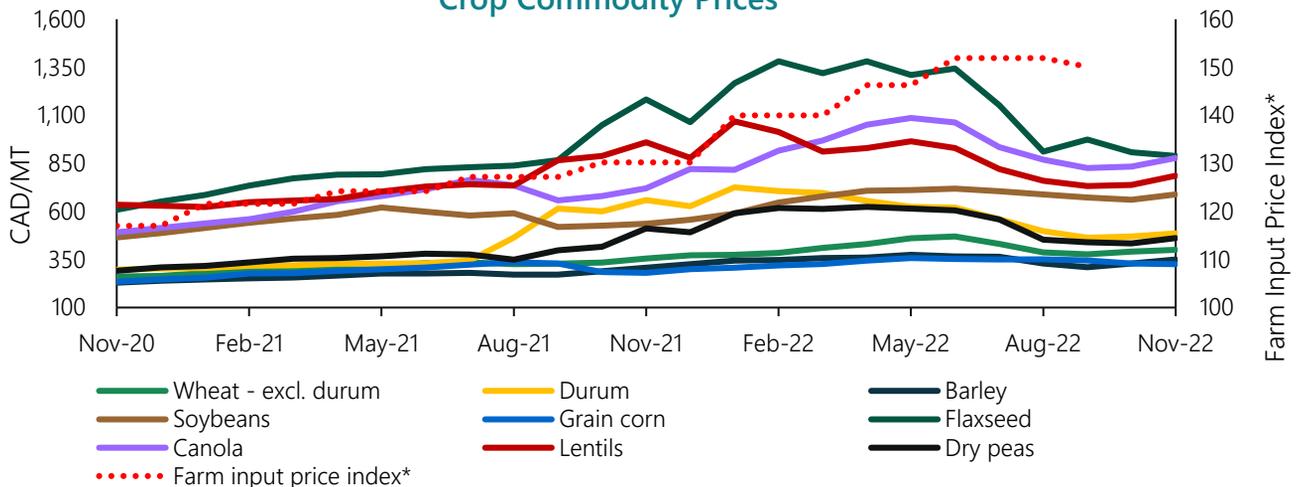


Commodity Price Changes and Farm Input Price Index Costs

Average commodity prices have increased significantly over the last 24 months, ultimately stabilizing through Q4 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 18.0% from Q3 2021 to Q3 2022.

Crop Commodity Prices



*September 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 Q4 2022.
 1: Based on historical growth from 2020 to 2021.

Inputs and Commodity Markets

Market Pressure, Futures & Exports

Commodity Price Highlights

Commodity prices have evened out over the last 3 months.

	Last 12 Months	Last 3 Months
Dry peas	-9.8%	+1.8%
Barley	+13.8%	+6.2%
Canola	+21.8%	+1.0%
Soybeans	+28.5%	-0.0%
Flaxseed	-24.9%	-2.5%
Durum	-26.3%	-2.4%
Grain corn	+16.2%	-7.3%
Lentils	-18.2%	+3.4%

Commodity Price Changes

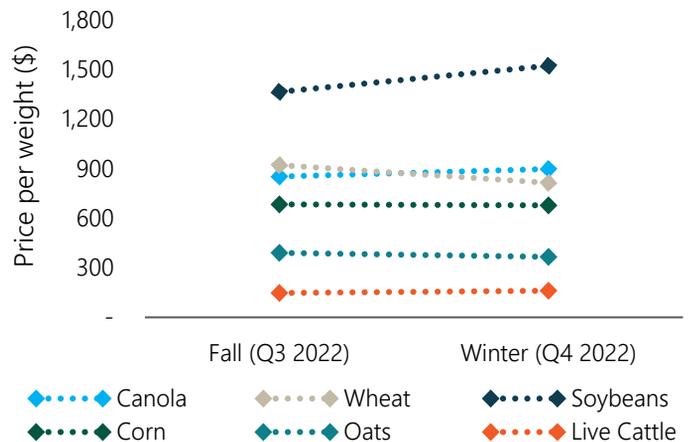
Commodity Price Futures

Quoted prices for winter 2022 futures contracts have been relatively stable in comparison to the previous quarter.

The futures prices for wheat, oats and corn decreased by 12%, 6% and 1% respectively from Q3 2022 to Q4 2022.

Soybeans, live cattle and canola increased by 12%, 9% and 5% respectively in their futures prices this quarter.

Commodity Pricing¹

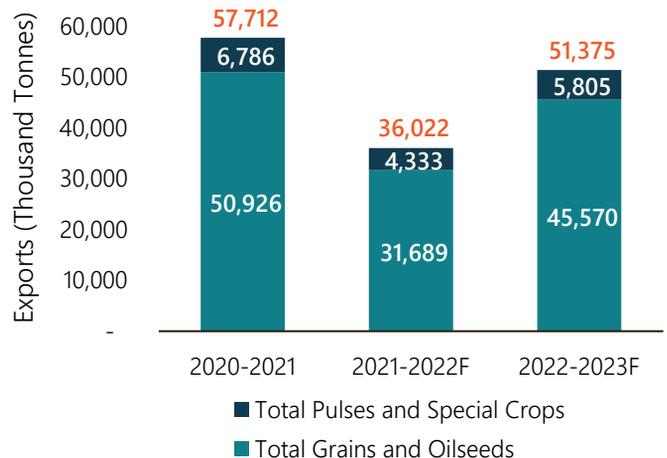


Crop Exports

Canadian principal field crop exports in the 2022-2023F period are forecasted to increase 42.6% over the 2021-2022F total.

Grains and oilseeds exports are forecasted to increase 43.8%, while pulses and special crops are forecasted to increase 34.0% between the 2021-2022F and 2022-2023F periods.

Canada's Principal Crops Exports²



"F" indicates Forecast.

Source 1: Capital IQ. Data as of December 31, 2022.

Source 2: Agriculture and Agri-Food Canada, Outlook for Principal Field Crops. November 18, 2022 update.

Select Recent M&A Transactions



has acquired the Swift Current, Saskatchewan cleaning and processing facility assets from



MNP Corporate Finance
Acted as exclusive financial advisor to Simpson Seeds in structuring and negotiating this transaction.

Industry
Commodity Processing

- **Simpson Seeds Inc. ("SSI")** is an independently owned buyer, processor, and exporter of pulse crops such as lentils, peas, and chickpeas. SSI is one of the largest independently owned special crops processors and exporters in Saskatchewan, with over 40 years of history.
- **Monette Farms Ltd. ("Monette")** is an integrated and progressive agricultural company with farming operations dedicated to producing and marketing wheat, barley, canola, pulse crops, and cattle over a diverse area including British Columbia, Saskatchewan, Manitoba, Montana, and Arizona.

[Click here for more information](#)



has acquired



**ROBERTSON
IMPLEMENTS**

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

Industry
Agricultural and Farm Machinery

- **Robertson Implements ("Robertson")** is one of the largest New Holland agricultural equipment dealers in Canada, with eight dealerships in Saskatchewan and Alberta. In addition to agricultural equipment sales and service, Robertson operates a recreational motorsports division and a rentals division.
- **Rocky Mountain Equipment ("RME")** is a consolidator of agriculture and construction equipment dealerships, primarily focused around the CNH brands. With the acquisition of Robertson Implements, RME now operates 47 dealerships across Alberta, Saskatchewan and Manitoba.

[Click here for more information](#)



has acquired



MNP Corporate Finance
Acted as exclusive financial advisor to Bellpark Solutions Inc. in structuring and negotiating this transaction.

Industry
Horticulture Machinery and Services

- **Bellpark ("Bell")** is a leading horticultural equipment distributor and solutions provider that implements customized automation solutions for growing facilities globally. Bell's diversified equipment offering, consultative sales approach, and suite of value-added services has made the company the trusted name for horticultural equipment solutions.
- **AdeptAg, ("Adept")** founded in 2022 from LLR Partners' acquisitions of AgriNomix and Zwart Systems, is the leading North American platform serving professional horticulture growers and the controlled environment agriculture market.

[Click here for more information](#)

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.	\$51,420	\$69,134	\$50,514	55.6%	\$16,934	33.5%
Archer-Daniels-Midland (ADM) Company	\$69,032	\$81,023	\$135,520	23.2%	\$9,008	6.6%
Bunge Limited	\$20,228	\$28,019	\$92,338	22.1%	\$6,889	7.5%
The Andersons, Inc.	\$1,568	\$3,440	\$22,558	44.9%	\$590	2.6%
The Mosaic Company	\$20,216	\$25,364	\$25,379	68.4%	\$9,154	36.1%
Ceres Global Ag Corp.	\$72	\$216	\$1,528	41.8%	\$21	1.4%
Seaboard Corporation	\$5,931	\$6,679	\$15,159	26.1%	\$1,515	10.0%
Median	\$20,216	\$25,364	\$25,379	41.8%	\$6,889	7.5%
Mean	\$24,067	\$30,554	\$48,999	40.3%	\$6,302	14.0%

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

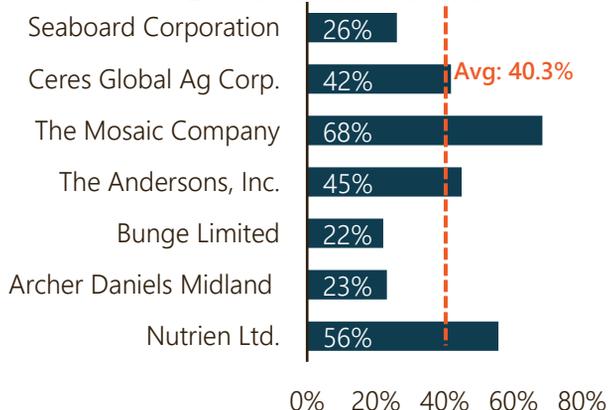
Company	NTM Consensus Estimates				Valuation		
	Revenue Growth	EBITDA Margin	NTM EV	NTM EV/EBITDA	LTM EV	LTM EV/EBITDA	LTM EV/REV
Nutrien Ltd.	-7.5%	30.9%	\$71,126	4.9x	\$69,134	4.1x	1.4x
Archer-Daniels-Midland (ADM) Company	0.6%	5.8%	\$74,714	9.5x	\$81,023	9.1x	.6x
Bunge Limited	-2.5%	4.8%	\$27,481	6.4x	\$28,019	4.1x	.3x
The Andersons, Inc.	-1.7%	1.8%	\$3,440	8.6x	\$3,440	5.9x	.2x
The Mosaic Company	-11.2%	30.3%	\$26,429	3.9x	\$25,364	2.8x	1.0x
Ceres Global Ag Corp.	N/A	N/A	N/A	N/A	\$216	10.2x	.1x
Seaboard Corporation	N/A	N/A	N/A	N/A	\$6,679	4.5x	.4x
Median	-2.5%	5.8%	\$27,481	6.4x	\$25,364	4.5x	.4x
Mean	-4.5%	14.7%	\$40,638	6.6x	\$30,554	5.8x	.6x



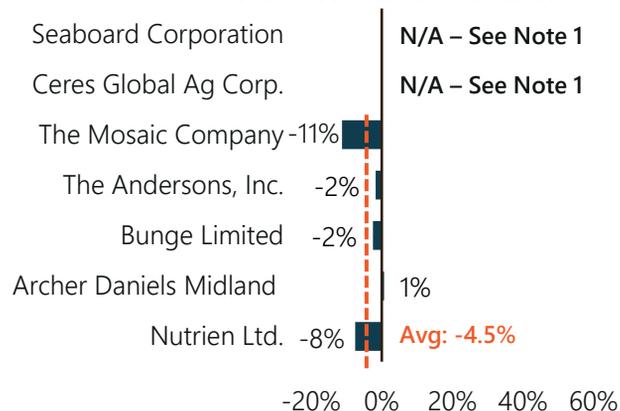
Public Comparable Analysis

Growth, Margins & Multiples

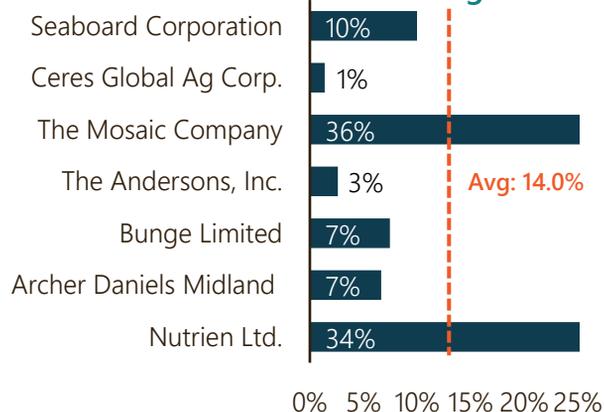
LTM Revenue Growth



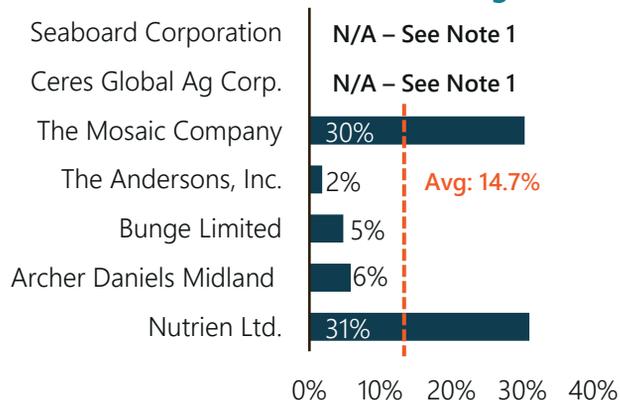
NTM Revenue Growth



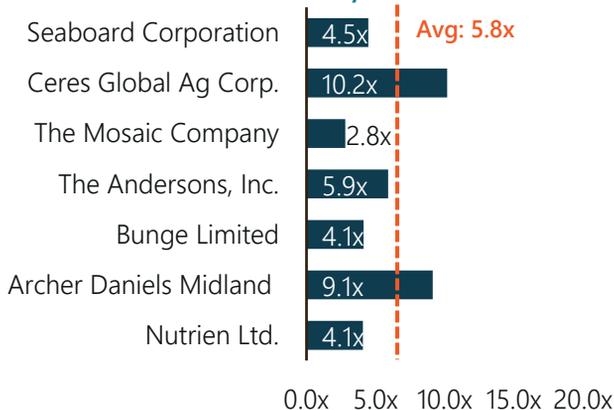
LTM EBITDA Margin



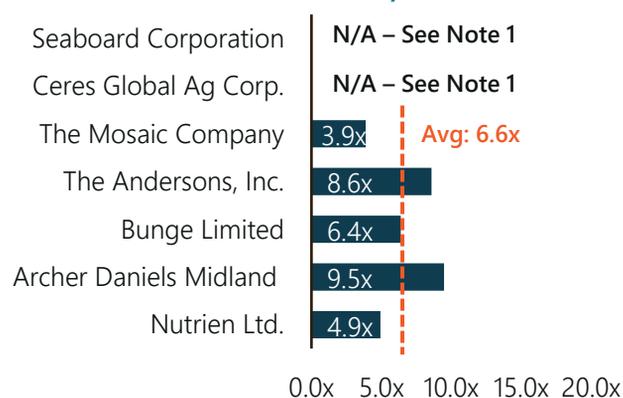
NTM EBITDA Margin



LTM EV/EBITDA



NTM EV/EBITDA



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

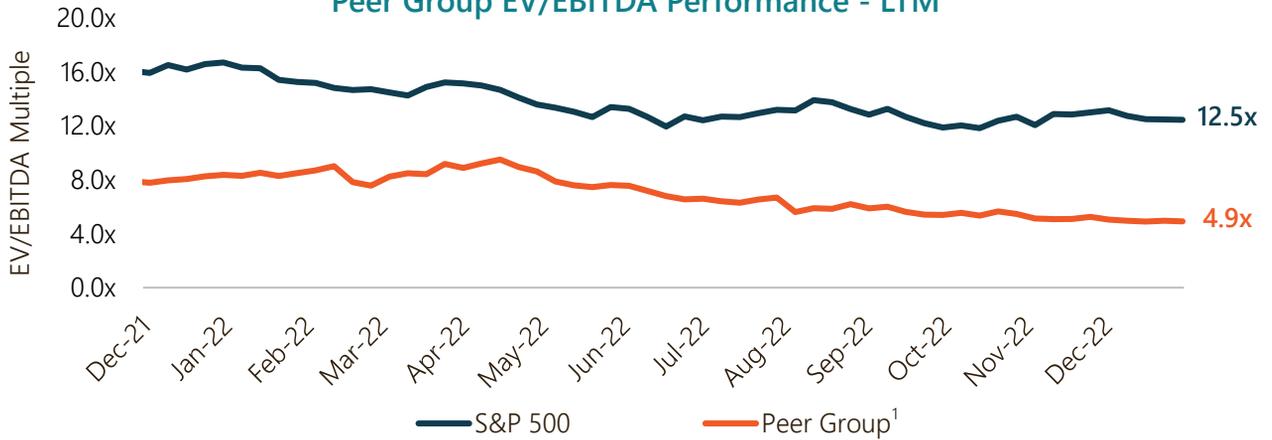
"LTM" refers to last twelve months. "NTM" refers to next twelve months.

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 - Q4



Peer Group Share Price Performance - LTM



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

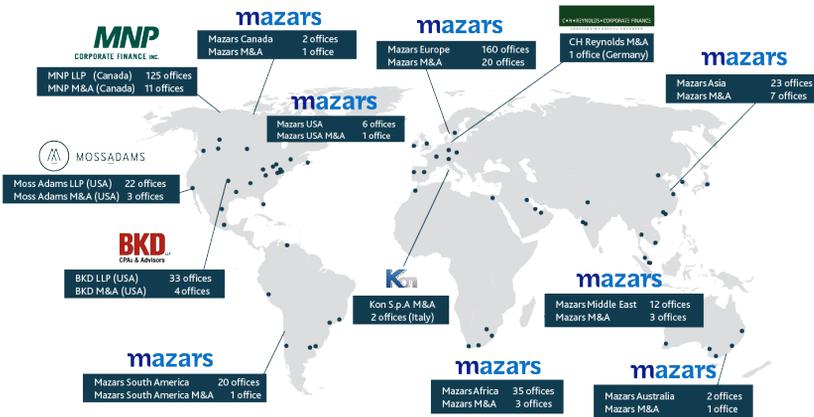
Our typical transactions range in value between \$3 million and \$300 million.

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 ten years alone we have completed over 250 transactions worth over \$4.5 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)



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