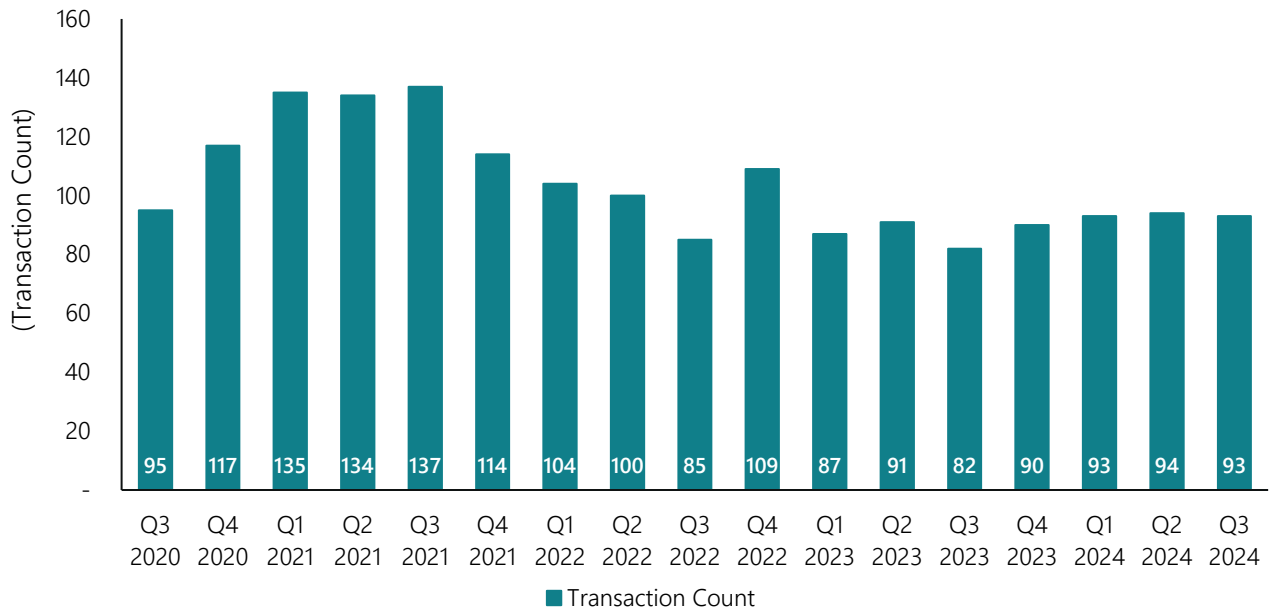


# Agriculture

Quarterly Update | Q3 2024



### Agriculture M&A Transactions - North America



### M&A Market Update – Q3 2024

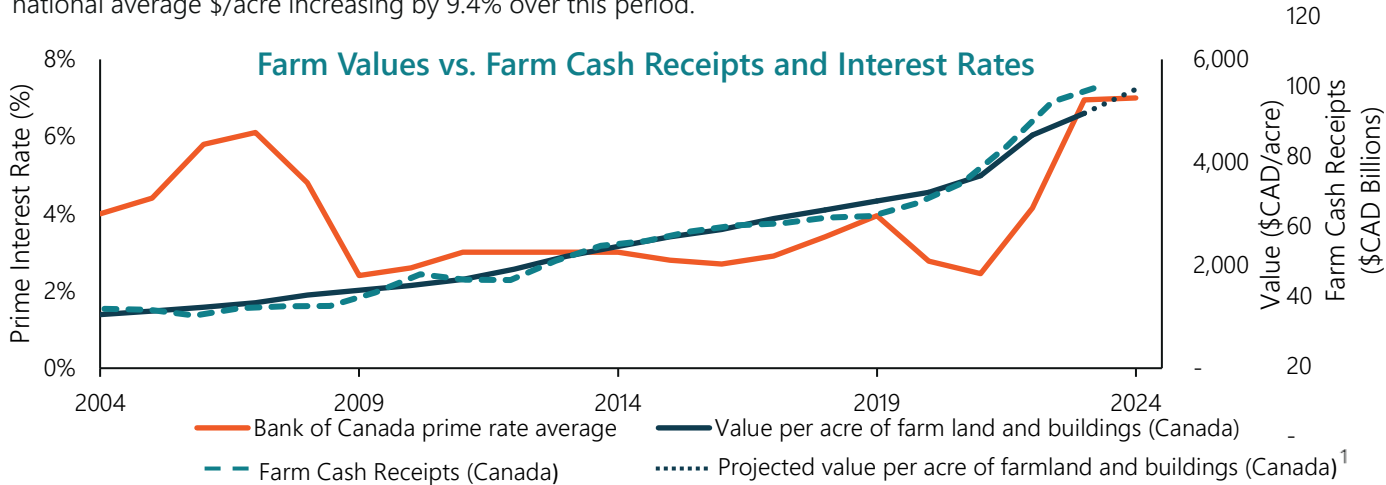
- M&A activity in the North American agriculture sector experienced a modest decline in volume in Q3 2024, with 93 transactions either announced or completed during the period. This reflects a decrease from 94 transactions in Q2 2024, but an increase from 82 transactions in Q3 2023. Despite this decrease in deal count, the total value of publicly disclosed transactions surged dramatically to \$57.1 billion in Q3 2024. This is due largely in part to Mars, Incorporated's announced acquisition of Kellanova for \$49.5 billion, which accounted for 86.7% of the total publicly disclosed transaction value in the quarter.
- Transaction multiples for publicly disclosed transactions have remained strong since 2019, with an enterprise value to earnings median multiple of 10.7x.
- The majority of transactions in the agriculture sector in Q3 2024 were in the food product sub-sector, which comprised 91.0% of the disclosed transactions. Additionally, there was significant activity in the agricultural services and fertilizers and agricultural chemicals sub-sectors.
- M&A activity in Q3 2024 was predominantly driven by industry operators (i.e., strategic buyers) who accounted for the majority of total deal volume during the period. However, private equity buyers remain active and are closing deals with ample capital to deploy. Private equity also backs a significant portion of strategic buyers in the industry.
- According to the most recent available data, farmland values increased through 2024, with a national average increase of 9.6%. Prices of irrigated land saw especially strong increases as producers considered options to alleviate drought and other water issues.

# Macroeconomic Indicators

## Key Drivers

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

Farm cash receipts increased 4.7% year-over-year from Q2 2023 to Q2 2024 (the most recent quarterly information available). The Bank of Canada (BoC) prime rate averaged 6.93% throughout 2023 and 6.70% in Q3 2024. However, it dropped down to 6.45% at the end of Q3 2024. Strong farm cash receipts continue to support healthy land prices. However, higher interest rates may factor into decreased demand moving forward. There is not yet enough data to assess the impact of land values, given the strength of cash receipts relative to higher interest rates. So far, farmland values seem resilient despite the higher interest rates persistent throughout 2023 and 2024, with the national average \$/acre increasing by 9.4% over this period.

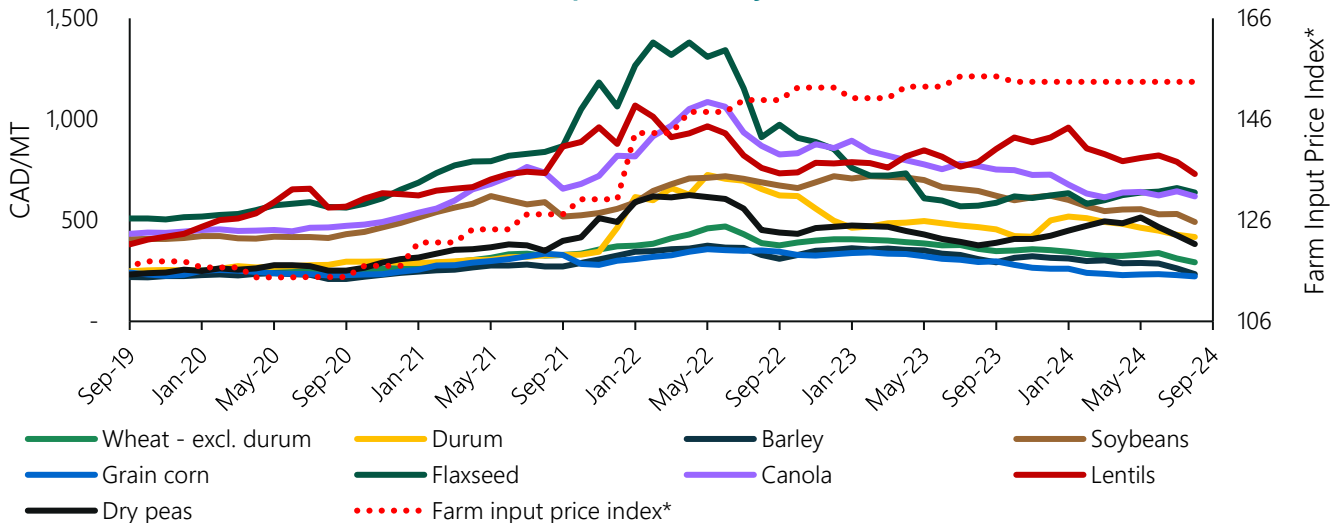


## Commodity Price Changes and Farm Input Price Index Costs

Most commodities experienced further price declines in Q3 2024.

The Statistics Canada Farm Input Price Index (FIPI) estimates the changing prices that farmers pay for inputs for their farming operations over time. The FIPI has continued to increase in recent months, displaying a year-over-year increase of 0.7% from August 2023 to August 2024.

### Crop Commodity Prices



\*August 2024, 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 Q3 2024.

1: Based on historical growth from 2021 to 2022

# Inputs and Commodity Markets

## Market Pressure, Futures & Exports

### Commodity Price Highlights

Commodity prices decreased across the board over the last three months.

Commodity prices have declined substantially over the past 12 months (excluding flaxseed and dry peas). Durum experienced the sharpest decrease over this period at 36%.

### Commodity Price Changes

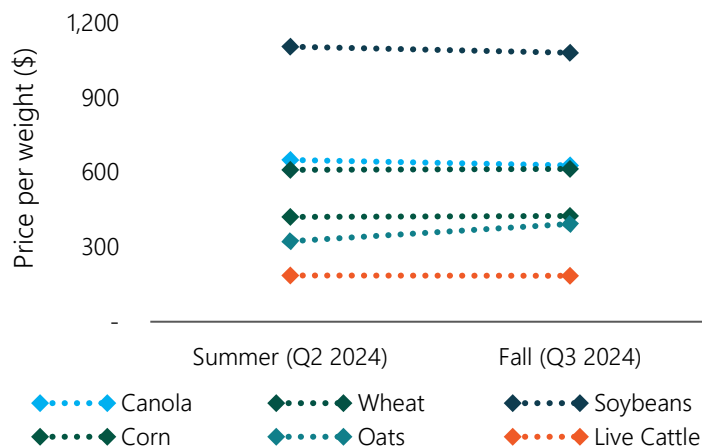
	<u>Last 12 Months</u>	<u>Last 3 Months</u>
Durum	-36.0%	-21.0%
Barley	-24.4%	-19.5%
Soybeans	-23.8%	-11.2%
Grain corn	-24.2%	-3.6%
Flaxseed	+11.4%	-0.0%
Canola	-19.7%	-3.6%
Lentils	-7.4%	-9.7%
Dry peas	+1.5%	-25.7%

### Commodity Price Futures

Quoted prices for Fall 2024 futures contracts are comparable to Summer 2024 (excluding oats, which increased 21.4%).

The futures prices for canola (-3.5%), soybeans (-2.2%), and Live Cattle (-0.1%) all decreased between Q2 2024 and Q3 2024. The futures prices for corn (+1.0%), oats (+21.4%), and wheat (+0.5%) increased over the same period.

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

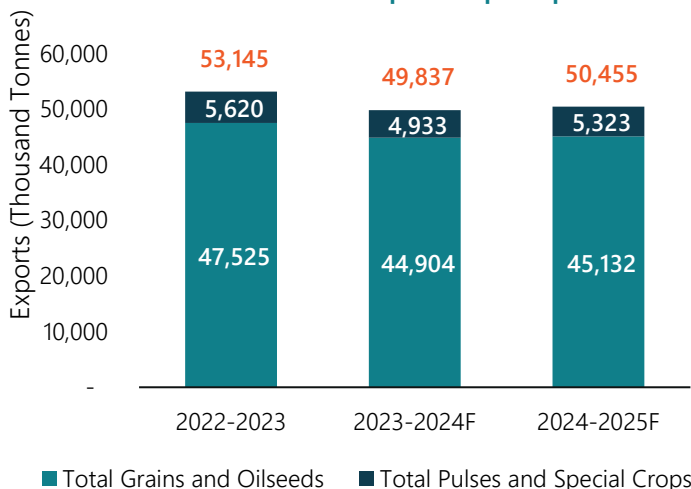


### Crop Exports

Canadian principal field crop exports in the 2024-2025F period are forecasted to increase from the 2023-2024F total by 1.24%. This follows a 6.2% decrease between the 2022-2023 and 2023-2024 periods.

Grains and oilseed and pulses and special crops are expected to increase by 0.5% and 7.9% respectively, between the 2023-2024F and 2024-2025F periods.

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



"F" indicates Forecast.

Source 1: Capital IQ. Data as of September 30, 2024.

Source 2: Agriculture and Agri-Food Canada, Outlook for Principal Field Crops. July 2024 update.

# Select Recent M&A Transactions



has acquired



Closed August 2024

TV Not Disclosed

TEV/EBITDA Not Disclosed

TEV/Revenue Not Disclosed

- **F.P. Bourgault Tillage Tools Ltd.** (Bourgault) is a manufacturer of agricultural machinery and equipment.
- **Herschel Parts** (Herschel) is a manufacturer of after-market agricultural replacement parts.
- The acquisition of Herschel will allow Bourgault to gain manufacturing roots in the U.S. and to leverage the strength of both companies.<sup>1</sup>

## M4 Holding, Inc

has acquired



Closed July 2024

TV Not Disclosed

TEV/EBITDA Not Disclosed

TEV/Revenue Not Disclosed

- **M4 Holdings, Inc** is a family-owned acquisition entity formed to purchase Farm Aid Equipment.
- **Farm Aid Equipment, Inc.** (Farm Aid) is a family-owned business in South Dakota that manufactures feed mixers.
- The acquisition of Farm Aid will give the family-owned holding company a new business venture after previously owning a successful tire business.<sup>2</sup>

## AMERICAN INDUSTRIAL PARTNERS

to acquire



Announced July 2024

TV \$967.6M

TEV/EBITDA Not Disclosed

TEV/Revenue 8.30x

- **American Industrial Partners** (AIP, LLC) is a middle-market private equity firm that makes control investments in industrial businesses.
- **Grain & Protein** is a division of AGCO Corporation that engineers and manufactures grain, seed processing, and protein production equipment.
- The sale of Grain & Protein will allow AGCO to use the net proceeds from the transaction in a manner consistent with its stated capital allocation priorities.<sup>3</sup>

<sup>1</sup> "Bourgault Tillage Tools purchases Herschel Parts," <https://www.sasktoday.ca/north/local-news/bourgault-tillage-tools-purchases-herschel-parts-9443314>

<sup>2</sup> "Farm Aid Equipment, Inc. Acquired by M4 Holdings, Inc.," <https://www.generationai.com/transactions/farm-aid-equipment-inc-acquired-by-m4-holdings-inc/>

<sup>3</sup> Source: Capital IQ, Producer, Farm Equipment, Parallel Ag



# 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.	\$32,161	\$49,130	\$35,365	-20.7%	\$7,087	20.0%
Archer-Daniels-Midland (ADM) Company	\$38,589	\$54,023	\$121,492	-11.1%	\$6,994	5.8%
Bunge Limited	\$18,493	\$26,022	\$76,399	-12.5%	\$5,089	6.7%
The Andersons, Inc.	\$2,291	\$2,629	\$16,919	-26.4%	\$420	2.5%
The Mosaic Company	\$11,528	\$17,275	\$16,689	-27.5%	\$3,110	18.6%
Deere & Company	\$154,253	\$236,613	\$77,485	-8.8%	\$20,272	26.2%
Linamar Corporation	\$3,886	\$5,720	\$10,459	16.2%	\$1,439	13.8%
CNH Industrial N.V.	\$18,801	\$53,427	\$31,594	-6.7%	\$4,560	14.4%
Median	\$18,647	\$37,576	\$33,479	-12%	\$4,824	14%
Mean	\$35,000	\$55,605	\$48,300	-12.2%	\$6,121	13.5%

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

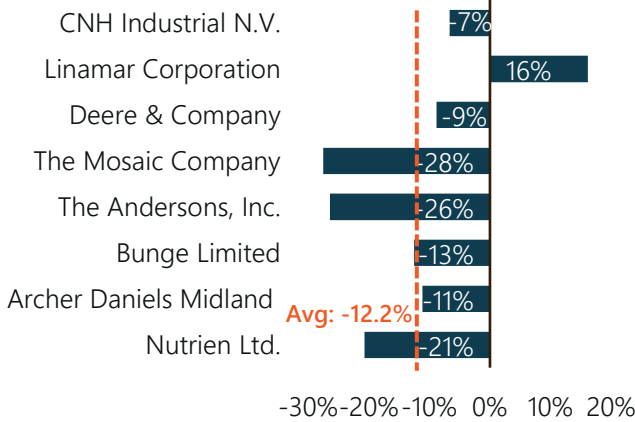
Company	NTM Consensus Estimates				Valuation		
	Revenue Growth	EBITDA Margin	NTM EV	NTM EV/EBITDA	LTM EV	LTM EV/EBITDA	LTM EV/REV
Nutrien Ltd.	1.4%	20.7%	\$49,822	6.7x	\$49,130	6.9x	1.4x
Archer-Daniels-Midland (ADM) Company	5.6%	5.4%	\$52,703	7.6x	\$54,023	7.8x	.5x
Bunge Limited	4.0%	4.4%	\$25,252	7.2x	\$26,022	5.2x	.3x
The Andersons, Inc.	-2.6%	2.9%	\$2,539	5.4x	\$2,629	6.3x	.2x
The Mosaic Company	-1.0%	18.9%	\$17,560	5.6x	\$17,275	5.6x	1.0x
Deere & Company	-25.9%	21.8%	\$238,531	19.1x	\$236,613	12.0x	3.1x
Linamar Corporation	5.1%	14.2%	\$5,716	3.7x	\$5,720	4.0x	.5x
CNH Industrial N.V.	-13.5%	13.1%	\$54,566	15.3x	\$53,427	11.9x	1.7x
Median	0.2%	13.6%	\$37,537	7.0x	\$37,576	6.6x	.8x
Mean	-3.4%	12.7%	\$55,836	8.8x	\$55,605	7.5x	1.1x



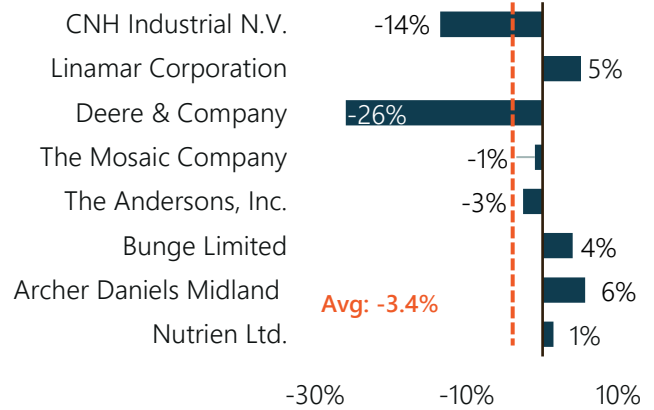
# Public Comparable Analysis

## Growth, Margins & Multiples

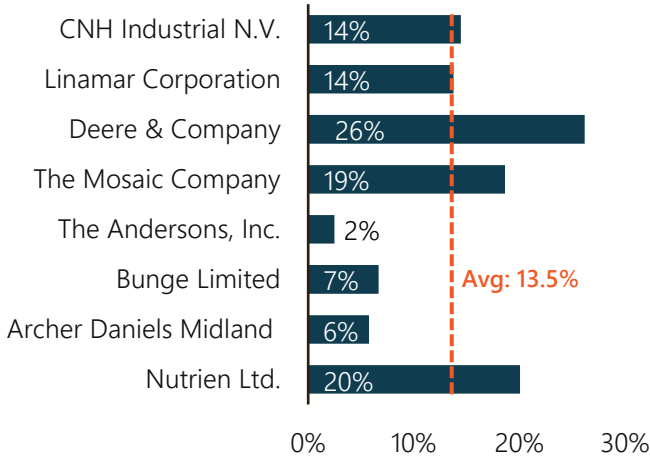
### LTM Revenue Growth



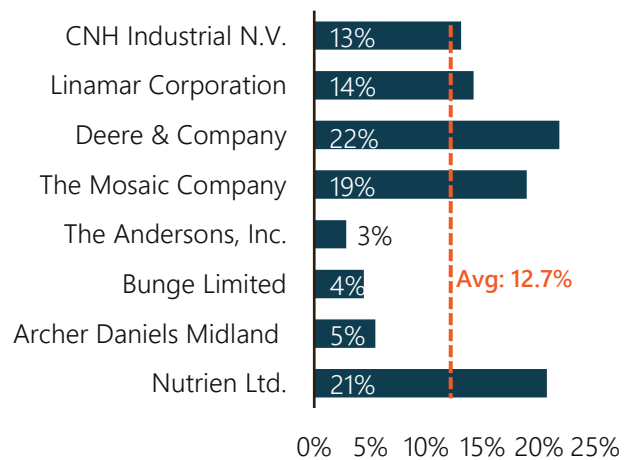
### NTM Revenue Growth



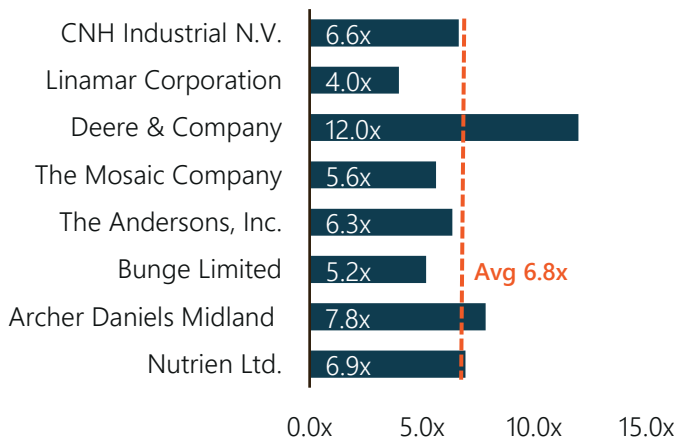
### LTM EBITDA Margin



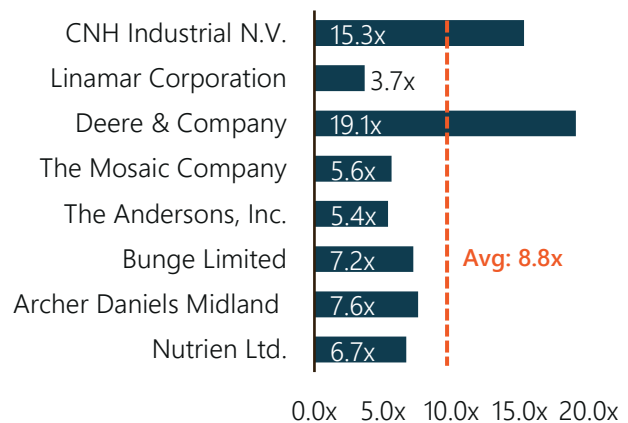
### NTM EBITDA Margin



### LTM EV/EBITDA



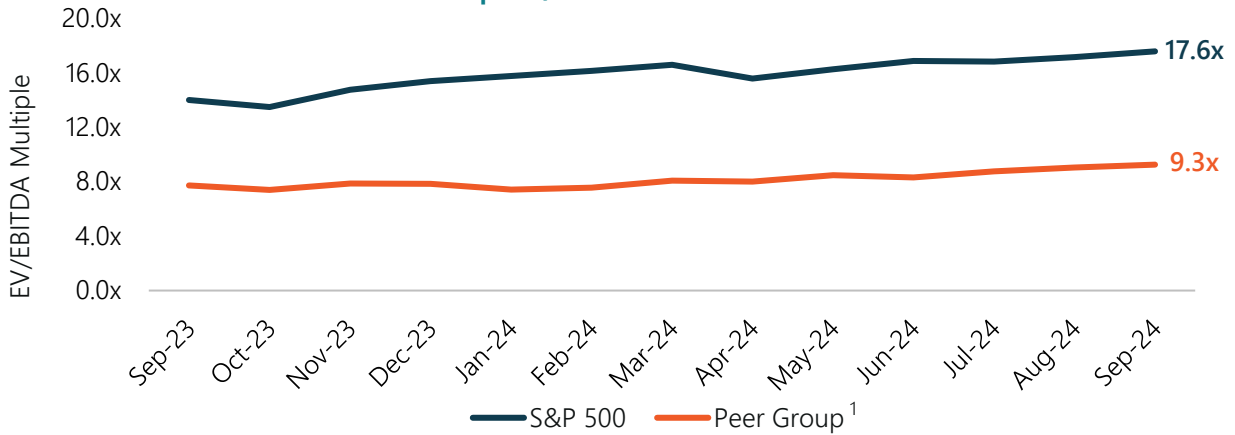
### NTM EV/EBITDA



# Public Comparable Analysis

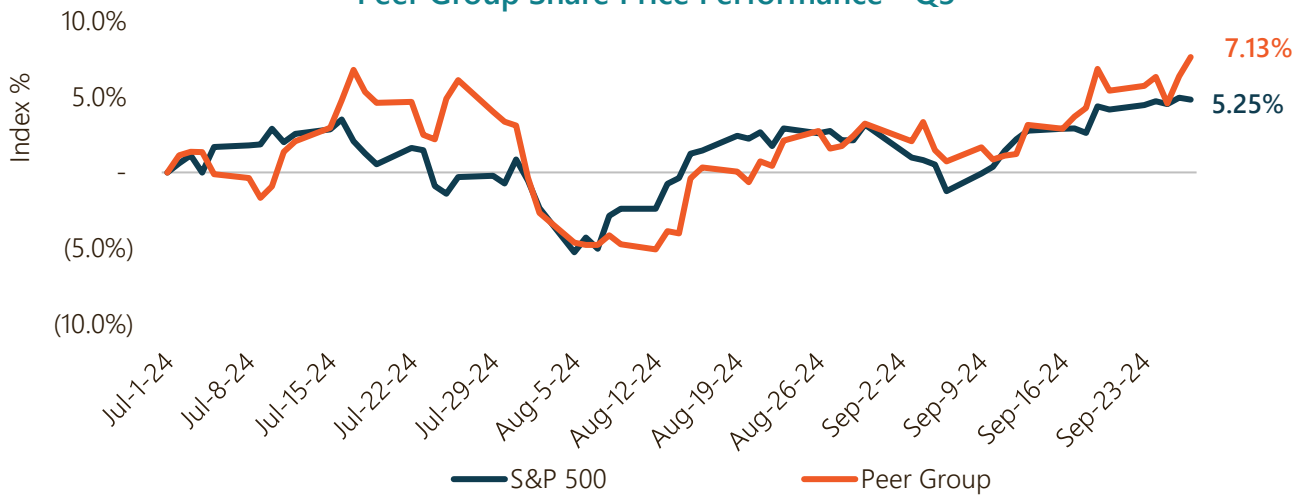
## Performance Analysis

### Peer Group EV/EBITDA Performance - LTM

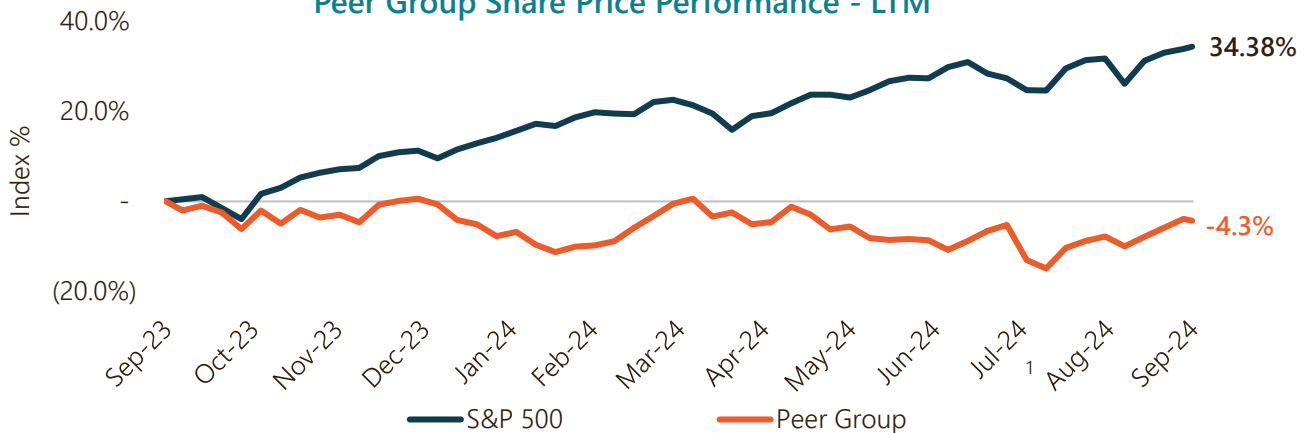


<sup>1</sup> Peer Group: Nutrien Ltd., Archer Daniels Midland Company, Bunge Limited, The Andersons, Inc., The Mosaic Company, Deere & Company, Linamar Corp., CNH Industrial N.V.

### Peer Group Share Price Performance - Q3



### Peer Group Share Price Performance - LTM





# About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A, capital markets, 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.

## 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 10 years alone, we have completed over 300 transactions worth more than \$5 billion (not including due diligence engagements).

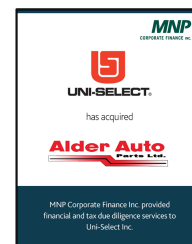
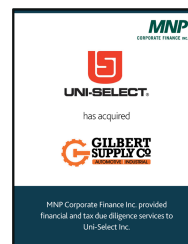
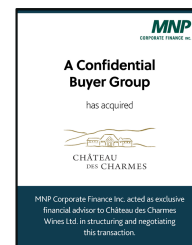
## Industry Experience

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Healthcare
- Pharmaceutical
- Transportation
- Construction
- Software
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

## Services

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

## Recently Closed Deals (National)



# About Us



## 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

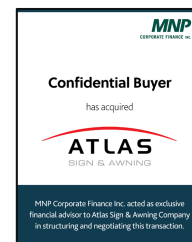
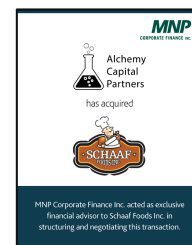
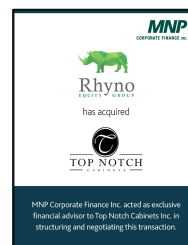
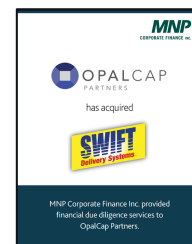
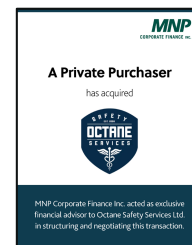
We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

## 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.



## Recently Closed Deals (National)

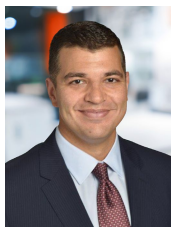


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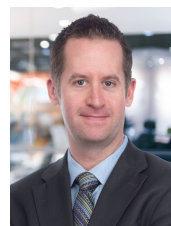
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