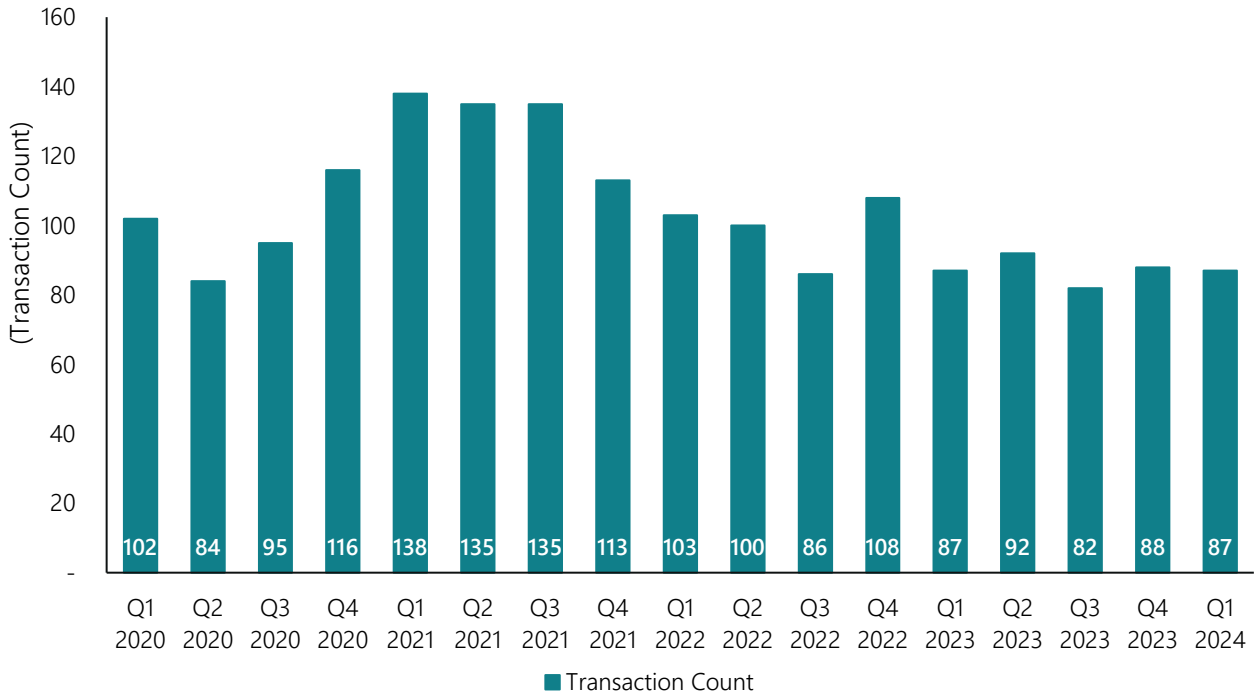


# Agriculture

Quarterly Update | Q1 2024



### Agriculture M&A Transactions - North America



### M&A Market Update – Q1 2024

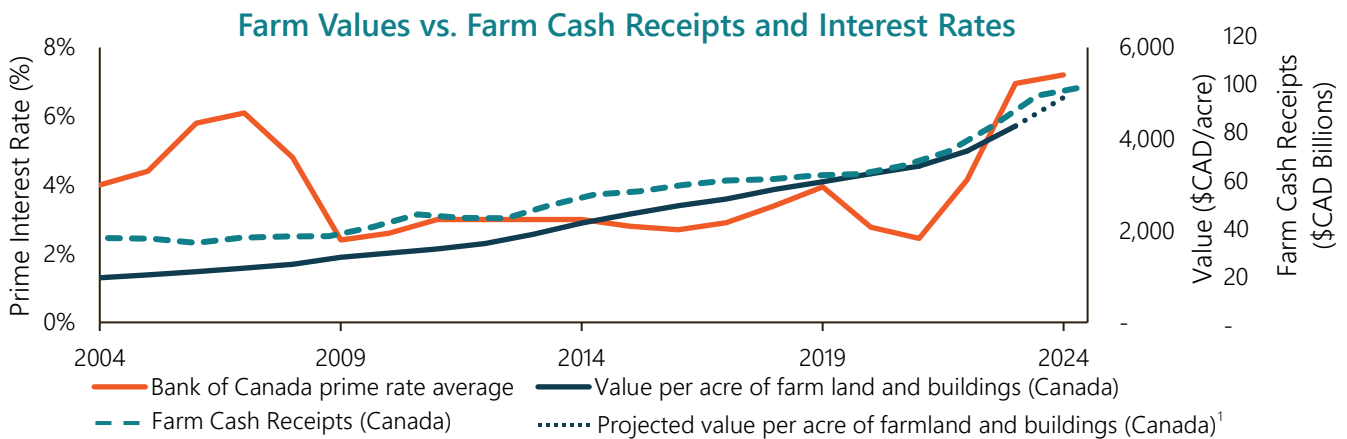
- M&A volume in the North American agriculture industry was flat in Q1 2024, with 87 total transactions, compared to 88 in Q4 2023. The total value of publicly disclosed transactions decreased to \$1.1 billion in Q1 2024, compared to \$7.9 billion in Q4 2023.
- Transaction multiples for publicly disclosed transactions have remained strong since 2019, with an enterprise value to earnings median multiple of 12.6x.
- The majority of transactions in the agriculture landscape in Q1 2024 were in the food products sub-sector, which comprised 75.9% of the disclosed transactions. Deal volume was also notable in the agricultural services and agricultural machinery distribution sub-sectors.
- M&A activity in Q1 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.
- The largest disclosed transaction in Q1 2024 was Kagome Co. Ltd.’s acquisition of Ingomar Packing Company LLC for \$327 million, accounting for 29.2% of the total publicly disclosed transaction value in the quarter.
- According to the most recent available data, farmland values increased through 2023, with a national average increase of 21.1%. 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.

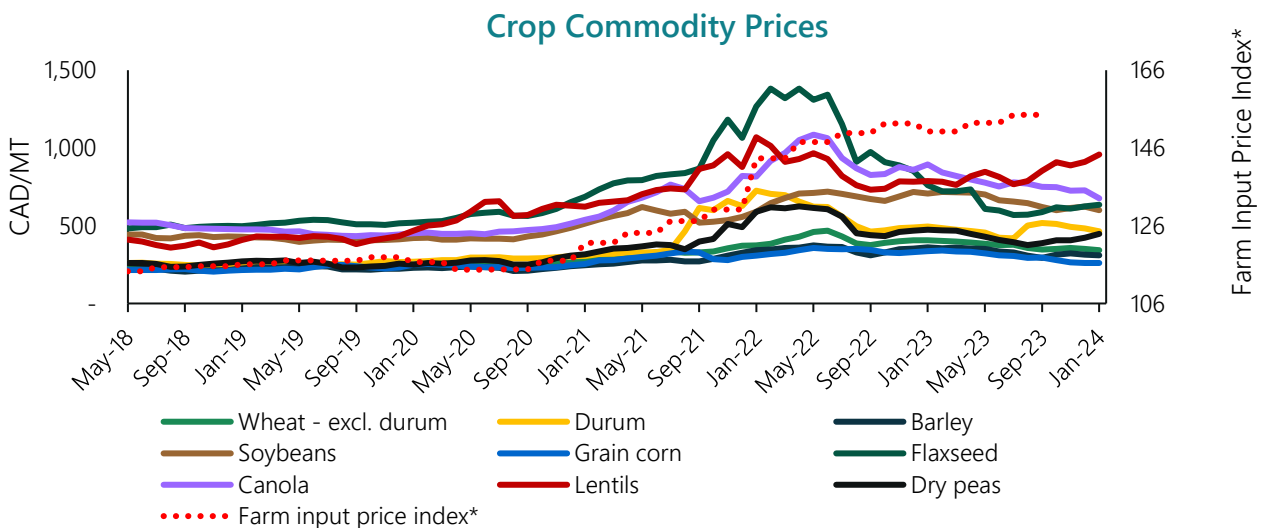
Farm cash receipts decreased 7.55% year-over-year from Q4 2022 to Q4 2023 (the most recent quarterly information available). The Bank of Canada (BoC) prime rate averaged 6.93% throughout 2023 and 7.2% in Q1 2024. Strong farm cash receipts continue to support healthy land prices. However, higher interest 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 2022 and 2023, with the national average \$/acre increasing by 21% over this period.



## Commodity Price Changes and Farm Input Price Index Costs

Average commodity prices have stabilized through Q1 2024 after major volatility from Q2 2021 through Q4 2022. Some commodities saw both increases and declines in Q1 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 3.1% from Q3 2022 to Q3 2023.



\*September 2023, 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 2023, and Q1 2024.  
 1: Based on historical growth from 2021 to 2022

# Inputs and Commodity Markets

## Market Pressure, Futures & Exports

### Commodity Price Highlights

Commodity prices have fluctuated overall in the last three months, with soybeans, flaxseed, lentils, and dry peas increasing and durum, barley, grain corn, and canola decreasing.

Commodity prices have decreased across the board over the last 12 months (excluding lentils), with declines ranging from modest to severe. Canola, grain corn, and flaxseed have experienced the largest commodity price declines over this period.

### Commodity Price Changes

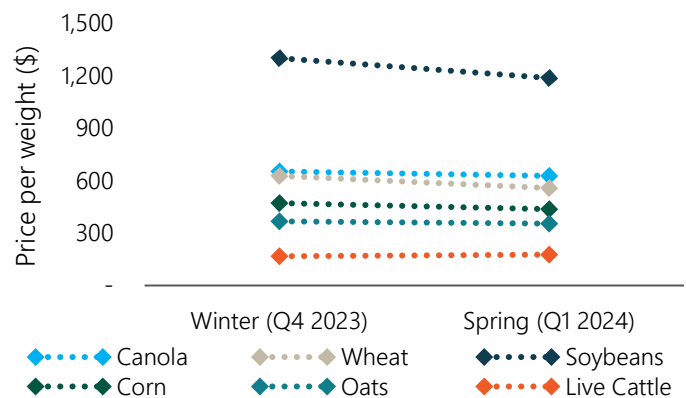
	Last 12 Months	Last 3 Months
Durum	-6.4%	-9.2%
Barley	-14.1%	-1.4%
Soybeans	-15.1%	+0.1%
Grain corn	-23.0%	-6.8%
Flaxseed	-16.4%	+2.8%
Canola	-24.2%	-9.5%
Lentils	+21.7%	+5.4%
Dry peas	-5.5%	+10.1%

### Commodity Price Futures

Quoted prices for Spring 2024 futures contracts have been relatively stable compared to the previous quarter.

The futures prices for canola (-4.1%), oats (-3.6%), soybeans (-8.8%), wheat (-11.2%) and corn (-7.4%) all decreased between Q4 and Q1 2024. The futures prices for Live Cattle (+4.8%) increased over the same period.

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

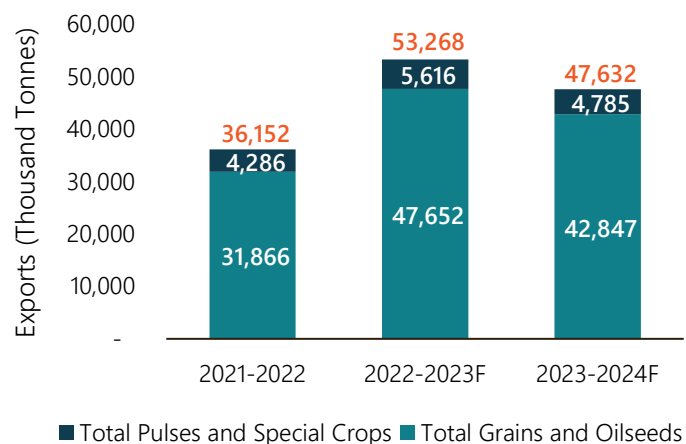


### Crop Exports

Canadian principal field crop exports in the 2023-2024F period are forecasted to decrease from the 2022-2023F total. This follows a 47.3% increase between the 2021-2022 and 2022-2023F periods.

Grains and oilseed and pulses and special crops are expected to decrease by 10.1% and 14.8% respectively, between the 2022-2023F and 2023-2024F periods.

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



"F" indicates Forecast.

Source 1: Capital IQ. Data as of March 31, 2024.

Source 2: Agriculture and Agri-Food Canada, Outlook for Principal Field Crops. March 19, 2024, update.

# Select Recent M&A Transactions



has acquired



Closed	January 2024
TV	Not Disclosed
TEV/EBITDA	Not Disclosed
TEV/Revenue	Not Disclosed

- **Namakor Holdings** Namakor Holdings (Namakor) is an actively managed partnership that focuses on acquiring mid-market companies in the industrial manufacturing sector in North America.
- **CMI Mulching** (CMI) designs, manufactures, and supplies a complete range of tracked mulching carriers and stump grinders.
- The acquisition of CMI will allow both companies to bolster their success in the manufacturing industry and accelerate their organic growth.



has acquired



Closed	January 2024
TV	Not Disclosed
TEV/EBITDA	Not Disclosed
TEV/Revenue	Not Disclosed

- **PrevTech Innovations Inc.** (PrevTech) is a provider of agricultural fire and electrical safety solutions across North America.
- **Agrivolt** is a stray voltage detection, control, and mitigation services provider, catering to the agriculture industry.
- The acquisition of Agrivolt will allow both companies to deliver comprehensive and integrated solutions for electrical network safety and animal welfare.



has acquired



Closed	March 2024
TV	Not Disclosed
TEV/EBITDA	Not Disclosed
TEV/Revenue	Not Disclosed

- **Telus Agriculture & Consumer Goods (Telus Ag).** TELUS Ag provides digital solutions and data insights to improve the safety, quality, and sustainability of food and consumer goods.
- **Proagrica** is a provider of agronomic and business data solutions across the agricultural supply.
- The acquisition of Proagrica will allow Telus Ag to enhance their existing solutions and expand their agronomy capabilities and platforms.

# 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
CNH Industrial	\$21,855	\$54,721	\$32,602	4.8%	\$4,877	15.0%
Linamar Corporation	\$4,434	\$5,553	\$9,734	22.9%	\$1,266	13.0%
John Deere	\$154,820	\$236,644	\$81,760	9.2%	\$22,329	27.3%
Mosaic Company	\$14,140	\$19,811	\$18,087	-28.4%	\$3,500	19.4%
The Andersons, Inc.	\$2,626	\$2,988	\$19,479	-14.9%	\$541	2.8%
Bunge Ltd.	\$19,910	\$25,344	\$78,630	-11.4%	\$6,820	8.7%
Archer-Daniels-Midland Co.	\$43,364	\$54,956	\$124,053	-7.5%	\$7,995	6.4%
Nutrien Ltd.	\$36,396	\$51,808	\$37,086	-24.1%	\$7,690	20.7%
<b>Median</b>	<b>\$20,883</b>	<b>\$38,576</b>	<b>\$34,844</b>	<b>-9.5%</b>	<b>\$5,848</b>	<b>14.0%</b>
<b>Mean</b>	<b>\$37,193</b>	<b>\$56,478</b>	<b>\$50,179</b>	<b>-6.2%</b>	<b>\$6,877</b>	<b>14.2%</b>

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

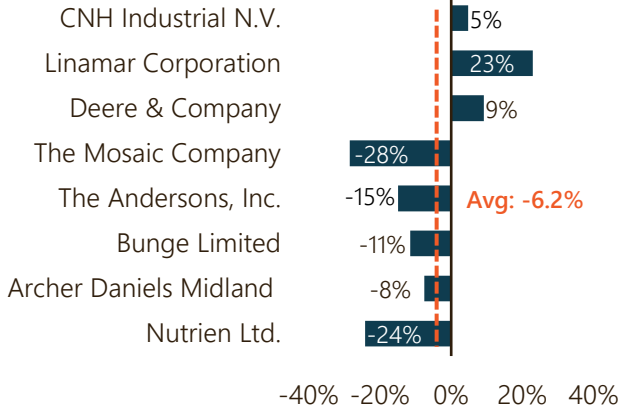
Company	NTM Consensus Estimates				Valuation		
	Revenue Growth	EBITDA Margin	NTM EV	NTM EV/EBITDA	LTM EV	LTM EV/EBITDA	LTM EV/REV
CNH Industrial	-5.9%	12.7%	\$55,079	14.1x	\$54,721	10.9x	1.6x
Linamar Corporation	14.2%	13.3%	\$23,977	3.5x	\$5,553	4.4x	0.6x
John Deere	-20.0%	23.5%	\$53,474	15.3x	\$236,644	10.5x	2.9x
Mosaic Company	-5.3%	19.4%	\$2,731	5.8x	\$19,811	5.5x	1.1x
The Andersons, Inc.	-4.6%	2.5%	\$21,476	6.5x	\$2,988	5.4x	0.1x
Bunge Ltd.	-0.8%	4.5%	\$112,976	7.4x	\$25,344	3.6x	0.3x
Archer-Daniels-Midland Co.	1.1%	5.5%	\$11,465	7.7x	\$54,956	6.7x	0.4x
Nutrien Ltd.	0.9%	20.6%	\$25,679	6.6x	\$51,808	6.7x	1.4x
<b>Median</b>	<b>-2.7%</b>	<b>13.0%</b>	<b>\$24,828</b>	<b>7.0x</b>	<b>\$38,576</b>	<b>6.1x</b>	<b>0.8x</b>
<b>Mean</b>	<b>-2.5%</b>	<b>12.8%</b>	<b>\$38,357</b>	<b>8.3x</b>	<b>\$56,478</b>	<b>6.7x</b>	<b>1.1x</b>



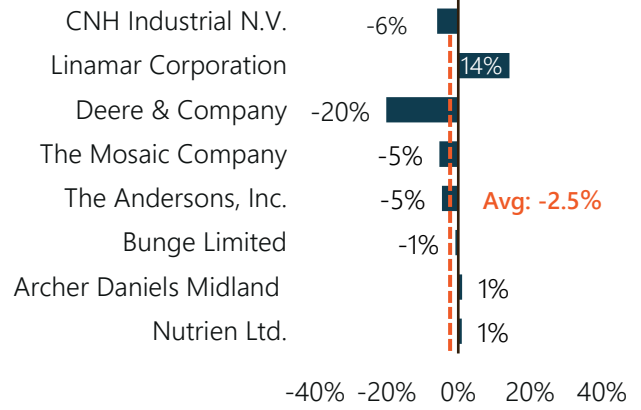
# Public Comparable Analysis

## Growth, Margins & Multiples

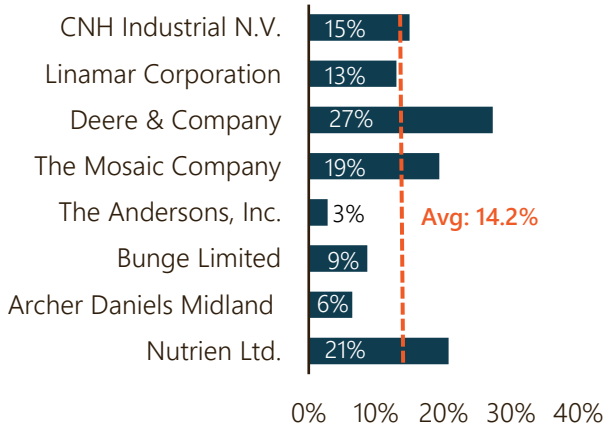
### LTM Revenue Growth



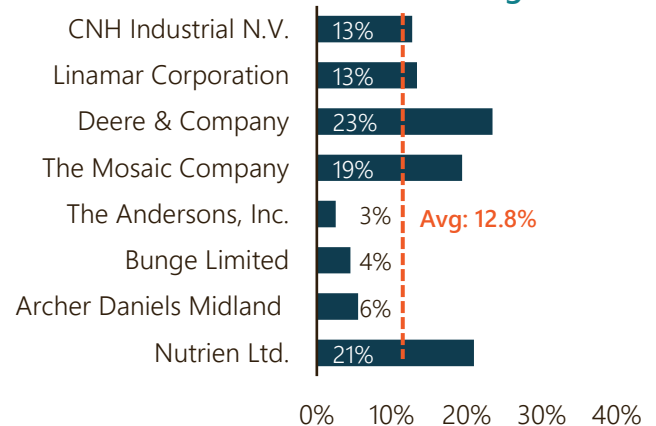
### NTM Revenue Growth



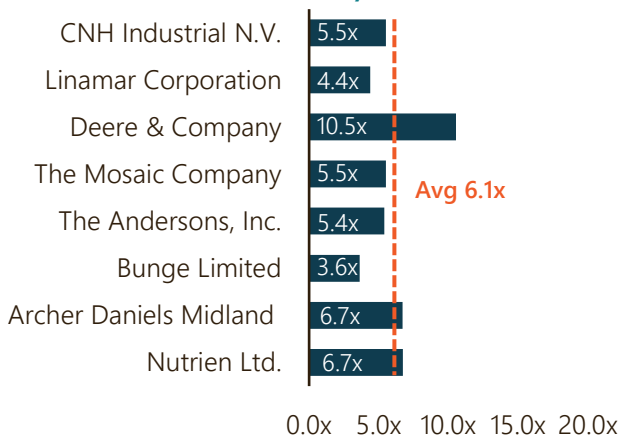
### LTM EBITDA Margin



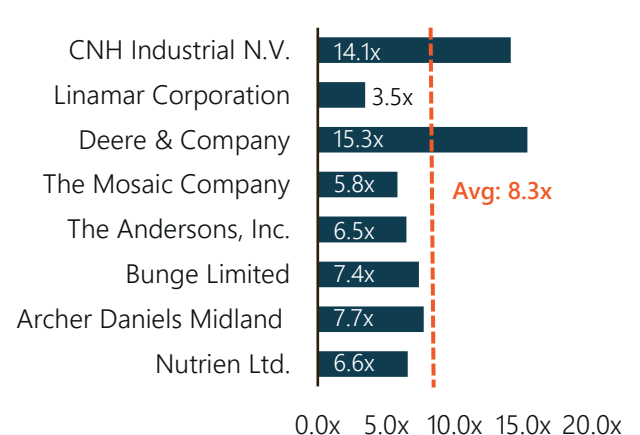
### NTM EBITDA Margin



### LTM EV/EBITDA



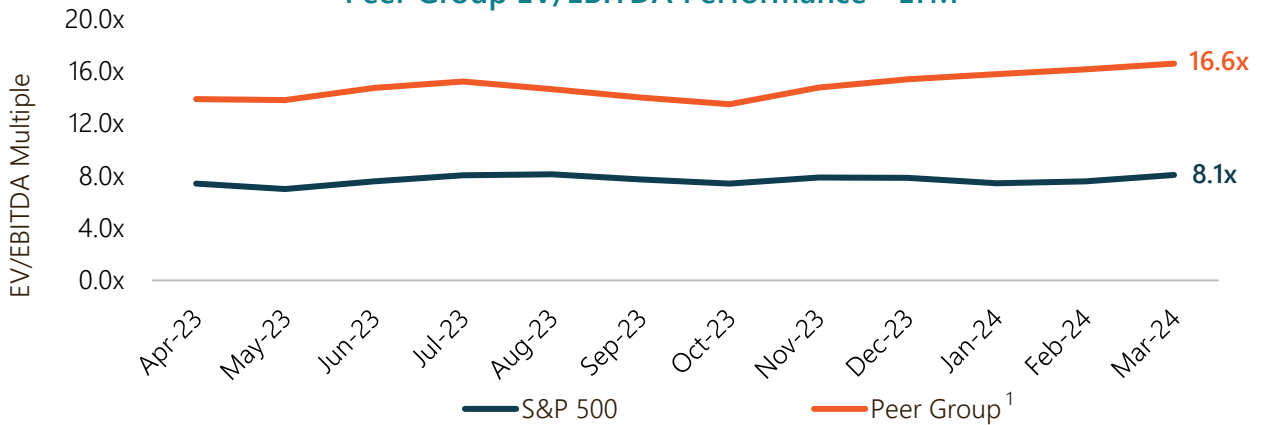
### NTM EV/EBITDA



# Public Comparable Analysis

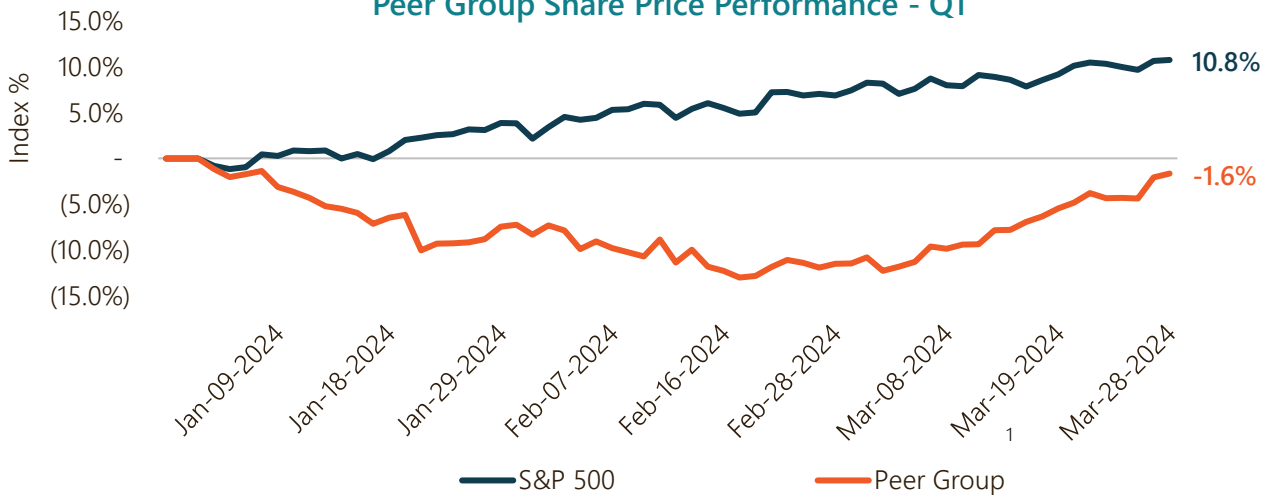
## Performance Analysis

### Peer Group EV/EBITDA Performance - LTM

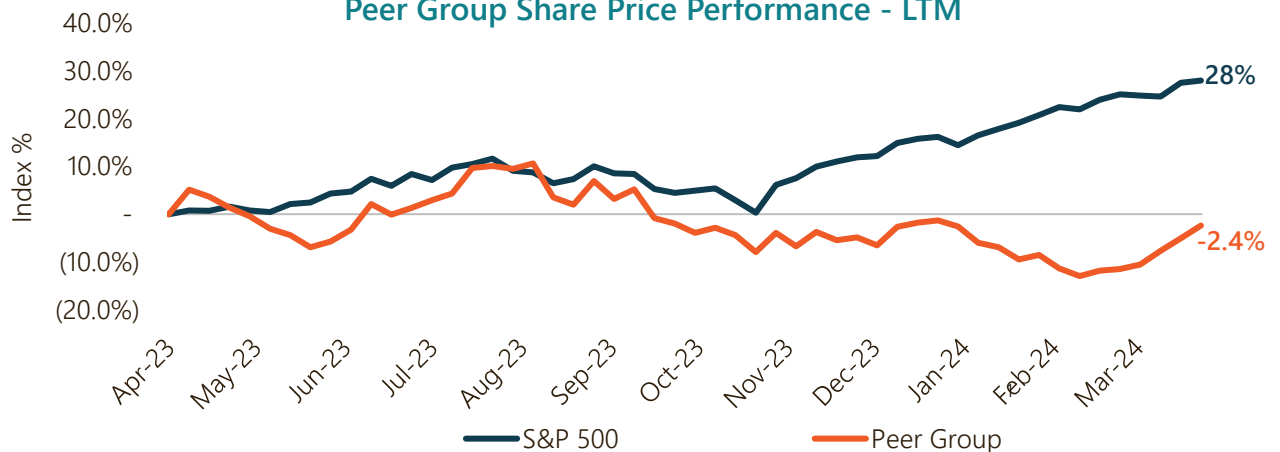


1: Peer Group: Nutrien Ltd., ADM Company, Bunge Limited, The Andersons, Inc., The Mosaic Company, John Deere, Linamar, CNHI.

### Peer Group Share Price Performance - Q1



### 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.

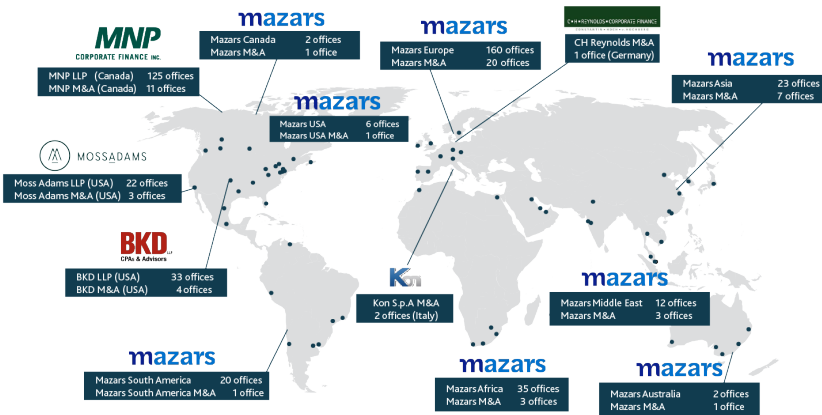
Our typical transactions range in value between \$3 million and \$300 million.

## 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.



**CFxBorder** - Global reach with local relationships  
 Our corporate finance team through CFxBorder 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)

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

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

MNP Corporate Finance Inc. acted as exclusive financial advisor in arranging this private placement.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Atlas Sign & Awning Company in structuring and negotiating this transaction.

MNP Corporate Finance Inc. provided financial and tax due diligence services to Trusspoint Quality Partners and JDI Cleaning Services.

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

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

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

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

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

# 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 10 years alone, we have completed over 275 transactions worth over \$4.7 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

## 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)

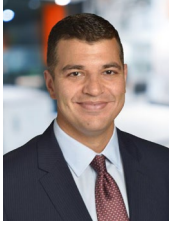


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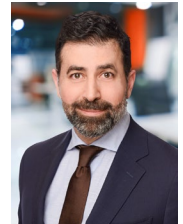
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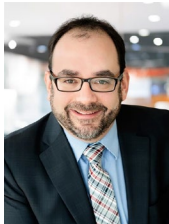
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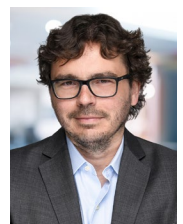
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