

**From Producer to the World**



**Murad Al-Katib, President and CEO, AGT Foods**  
***Canada's Ag Endowment: A Driver of Canadian Economic Prosperity***  
***Value Investing Conference***

[www.agtfoods.com](http://www.agtfoods.com)

April 2019

# “Safe Harbour” Disclosure

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# AGT Foods Highlights

## Company Overview

- AGT Food and Ingredients Inc. (“AGT Foods”) is a global leader in pulse, staple food and food ingredient processing and distribution, with merchandising offices and value-added processing facilities in Canada, the U.S. Turkey, Australia, China and South Africa; India and European sales offices, Russian origination office and a global customer base
- \$1.8 billion sales reported in 2017
- Approximately 2,000 employees globally



## Global Company & Brands



# AGT Foods Global Operations



- Canada head office and over 47 facilities in 6 key agricultural production origins on 5 continents with sales, merchandising, origination and administration offices located around the globe
- Provides significant cost savings, superior market intelligence and stability of supply through diversified origination



Arbel Group  
Mersin, Turkey



Arbella Pasta  
Mersin, Turkey



AGT Foods South Africa /  
Advance Seed, Johannesburg,  
Gauteng, South Africa



AGT Foods Australia,  
Horsham, Victoria, Australia



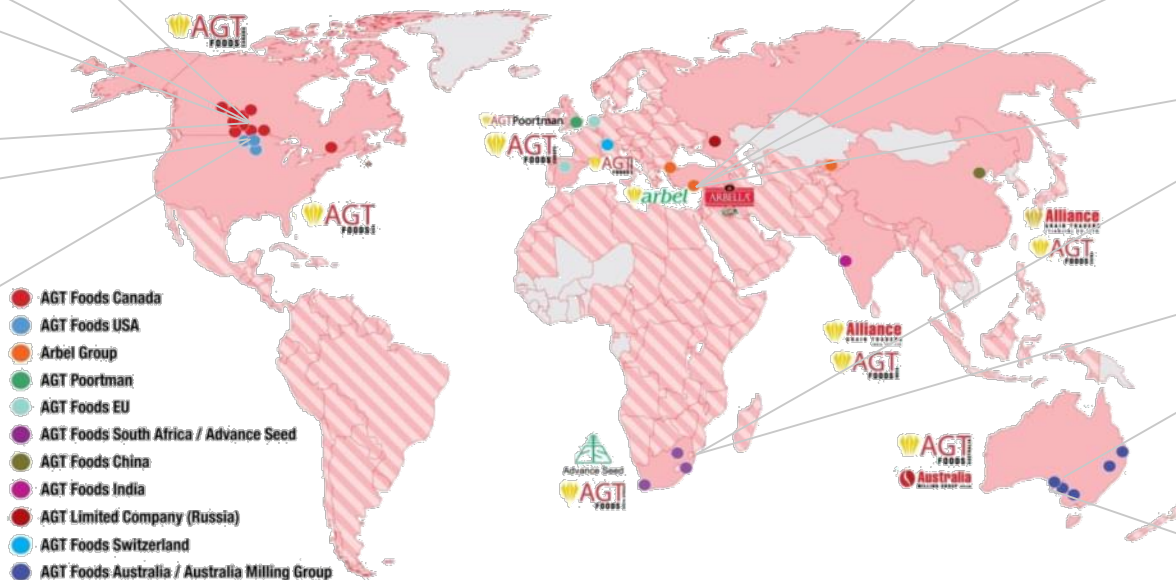
AGT Foods Canada Regina Main  
Regina, SK, Canada



Big Sky Rail / Last Mountain  
Railway, Saskatchewan, Canada



AGT Foods USA Minot  
Minot, ND, USA



# Agriculture – Not just food anymore

- Agriculture not just hitting the “breadbasket” anymore
- Trends surrounding health, wellness, nutrition and consumer demands are driving this shift in perspective
- Protein is a key driver of agricultural markets
- Saskatchewan is the “first stop on the protein highway”
- Impact is moving up chain and reaching far outside Agri-Food:
  - Retail sector
  - Health and Wellness sector
  - Energy sector
  - Environment sector
  - Immigration sector
  - Economy overall



# Agri-Foods Market Dynamics

## Traditional Markets for Agri-Food

**Growth Driver: Population & Global Demand for Food**

**Markets: Asia Pacific, MENA, Central/South America, Africa**

- 2050 - Global population expected to rise 30% to over 9 Billion
- Global food output will have to grow by 70% to feed the world with growing middle class
- Pulses, grains are a sustainable source of vegetable protein, a key nutrient for large numbers of the world's populations

## New Markets for Pulses driven by:

**Growth Driver: Health, Nutrition and Sustainability**

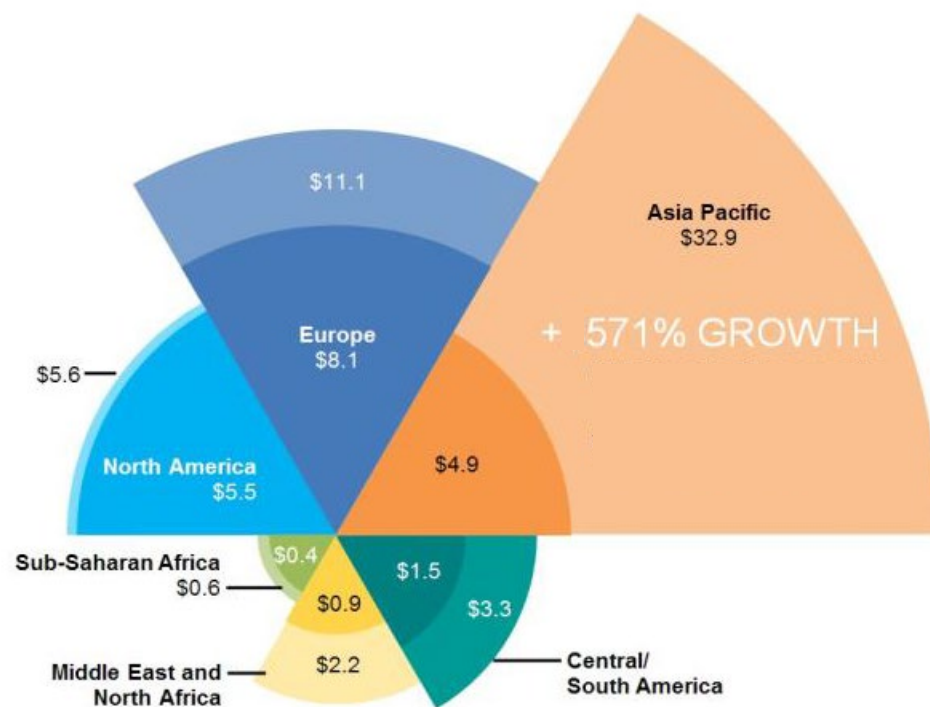
**Markets: Europe, North America, China**

- Health, nutrition, changes in diet choices
- High Protein and Fibre, Nutrient Dense, Low Fat, Gluten Free, non-GMO, Low Allergenicity
- Lower Energy Use, Reduce Greenhouse Gas Emissions, Improve Soil Health through Rotational Cropping, Increase Water Use Efficiency

## MIDDLE CLASS CONSUMER SPENDING

OUTER RING: 2030 in trillions, USD (projected)

INNER RING: 2009 in trillions, USD



Source: AAFC; UN FAO

# Food Production Targets

We need to produce in the next **40 years** the equivalent of **all** of the food produced in the **last 10,000 years.**



# Protein in Global Food Solution

How can we meet the protein needs of **9 billion** people in a way that is **affordable, healthy** and **good for the environment?**

In the USA and the UK, the recommended daily protein intake is:

**55-56g** (2 ounces) for men between 19-50 years old<sup>3</sup>

**45-46g** (1.6 ounces) for women between 19-50 years old, with more advised for pregnant or breastfeeding women<sup>4</sup>

This roughly equates to:

2

chicken legs



3

cups of cooked lentils or



1.5

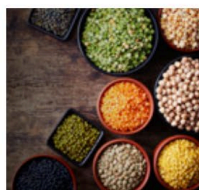
cups of whole almonds



Taking action against all six areas would allow us to make real progress towards a more sustainable protein system.

## Areas for immediate action

## Areas being scoped for action



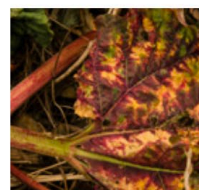
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Increasing the proportion of plant-based protein consumption with consumers



2

Scaling up sustainable animal feed innovation to meet demand for animal protein



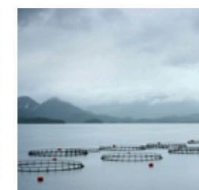
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Closing the protein nutrient loop



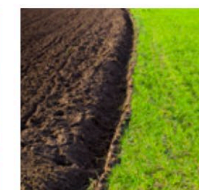
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Developing indigenous plants as protein sources for local communities



5

Scaling up sustainable aquaculture for food and animal feed



6

Restoring soil health



# Where Are the Opportunities?

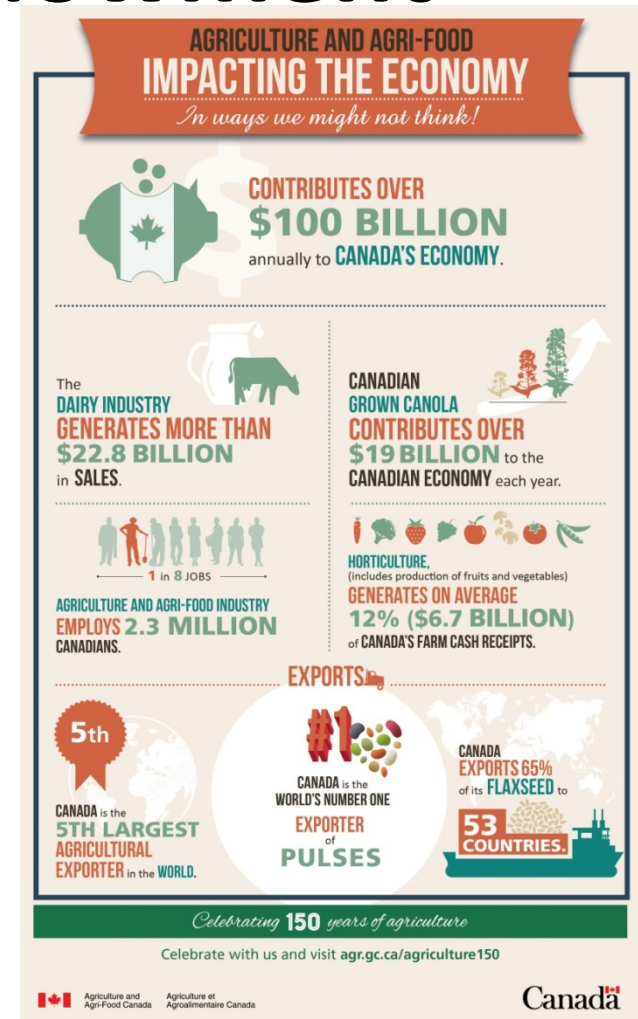
*“The (global) trend toward urbanization is likely to continue. With it will come growing demand for goods linked to household consumption — particularly agricultural products. **Consider the hundreds of millions of people who are climbing the income scale in India and China. Their changing diet implies much more than just stronger demand for traditional protein sources.** It also implies demand for inputs such as fertilizer, animal feed, fish feed, oilseeds and **specialty crops such as lentils and chickpeas.** Indeed, the latest traffic figures from Port Metro Vancouver show sharp growth in shipments of wheat and specialty crops, and solid gains in meat, poultry and potash.”*



**Stephen S. Poloz**  
Governor of the Bank of Canada

# Canada's Agri-Food Endowment

- **Abundant natural resources** (e.g. freshwater, long coastlines suited to aquaculture, least densely occupied arable land in the world)
- **Strong network** of R&D facilities universities
- **Sophisticated, ethnically diverse consumer base** that stimulates product development
- **Early adopters** of technology
- **Reliable access to capital and inputs** (e.g., fertilizers, feed, seeds)
- **Lowest use** of pesticides per-hectare
- **Political stability and goodwill** that encourage foreign investment
- **Strong primary and secondary processing** sector



# Canada's – First Stop on Protein Highway

- In emerging economies, demand for protein is growing rapidly due to urbanization and rising incomes.
- Canadian ingredients and food have a reputation of safety, quality and trustworthiness.
- Canada's food brand is enhanced by the country's natural advantage, - producing food that is among the best in the world
- Pulses, Cereals, Meat & Poultry, Dairy, Eggs
- Canada's ag-food sector could become the trusted global leader in safe, nutritious and sustainable food for the 21st century.



# Canada Leads the World in Ag Production



DRIED BEANS



DRIED PEAS



LENTILS



CHICKPEAS

A GREAT ADDITION TO ANY DIET

GOOD FOR FARMERS TOO

Full of MINERALS like



PULSES have nitrogen-fixing properties that increase soil health  
Grown for both human consumption & animal feed markets

average farm gate value of **\$2.6B**

average export value of **\$3.2B**

WE'RE #1

CANADA is the **WORLD'S LARGEST PRODUCER & EXPORTER** of **LENTILS** and **PEAS**

## Our WHEAT IS IN A FIELD of its own

CANADA produces an average of 30M TONNES of WHEAT each year.

CANADA is the WORLD'S LARGEST PRODUCER of high-protein MILLING WHEAT.

WHEAT is primarily grown in: Alberta, Saskatchewan, Manitoba, Ontario

**SASKATCHEWAN** is the LARGEST PRODUCER of WHEAT.

CANADA is one of the WORLD'S TOP FIVE WHEAT EXPORTERS, with an average of \$7B EXPORTED annually.

Top Importer: UNITED STATES

We've been breeding wheat varieties for over 100 YEARS!

- MARQUIS WHEAT** - a high-quality grain that kick started Canada's prominence as a grain grower
- Gluten-rich varieties of **DURUM WHEAT** - prized by pasta manufacturers around the world
- Canada Western RED SPRING WHEAT** - a premium wheat for bread production

**WHEAT A VERSATILE GRAIN!**

Wheat is a major ingredient in **BREAD, BISCUITS & BREAKFAST CEREALS**

It's even used to create products like: cosmetics, cups, golf tees, paper, hair conditioner, plastic bags, liquid laundry detergent.

## OUR CANOLA OIL REALLY STANDS THE HEAT

Canadian plant scientists developed canola in the 1960s.

On average, Canadian producers harvest **8M hectares** of canola land each year.

Canadian-grown canola contributes over **\$26B** to the Canadian economy each year.

Canada exports approximately **90%** of its canola as seed, oil, or meal to over 50 markets around the world.

Canada is the #1 canola-producing and exporting country in the world!


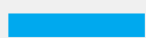














Canola oil has a high smoke point, making it ideal for frying and sautéing.

Canola Oil Nutrition Facts	
Saturated Fats	LOW
Trans-Fats	0%
Cholesterol	0%
Vitamin E	Good Source

**CANOLA SEEDS ARE CRUSHED TO CREATE:**

- 56% MEAL** for high protein livestock feed
- 44% OIL** for: Salad Dressing, Marinades, Margarine, Biofuel, Printer Ink, Adhesives, Cosmetics

# Agri-Food – Canada’s #1 Job Creator

Canadian “core strength” <sup>1</sup> sectors	Employment contribution Million jobs, 2015	GDP contribution %, 2015
<b>Agri-food</b>	2.10 	 6.7
<b>Manufacturing</b>	1.70 	 10.5 <sup>1</sup>
<b>Education</b>	1.00 	 13.7
<b>Energy and renewables</b>	0.95 	 6.8
<b>Tourism</b>	0.63 	 2.0
<b>Forestry</b>	0.30 	 1.3
<b>Financial services</b>	0.78 	 5.2
<b>Mining</b>	0.06 	 3.5

 0.20 million **Natural resources**

# Agri-Food Table Recommendations

## TARGETS:

Increase domestic sales to \$140 billion by 2025  
27 % increase from \$110 billion in sales in 2017

Increase exports to \$85 billion by 2025  
32 % increase from \$64.6 billion in exports in 2017

### AGILE REGULATORY SYSTEM

- Reform regulators' mandates
- Create a permanent industry advisory panel
- Address regulatory barriers

### INVEST IN INNOVATION AND BOOST COMPETITIVENESS

- Accelerated capital cost allowance
- Agri-Food Innovation Centre
- Open data standards for data sharing

### FOSTER A DIVERSE LABOUR FORCE

- Modern temporary foreign worker programs
- Support underrepresented groups
- Promote the sector as a career choice



### BUILD A STATE-OF-THE-ART TRANSPORTATION AND IT INFRASTRUCTURE NETWORK

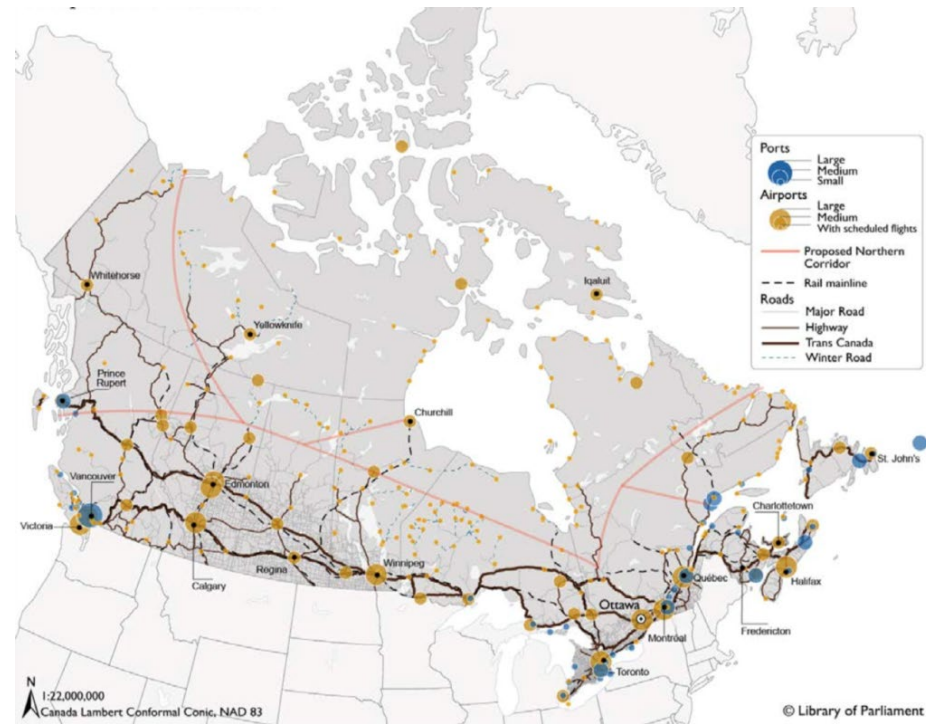
- 50-year rolling National Infrastructure Plan
- 100% broadband coverage across Canada
- Coordinate supply chain performance data
- Address bottlenecks

### DEVELOP AND DIVERSIFY CANADA'S AGRI-FOOD MARKETS

- Foreign/domestic market strategies
- Leadership in trade
- Profile Canadian products
- Leverage the CFTA
- Own the Podium Strategy

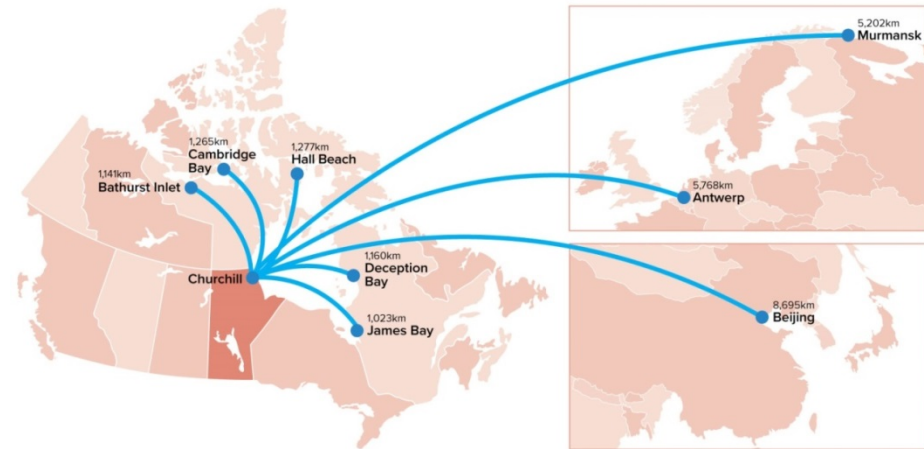
# Corridors and Gateways

- “Gateways” are major convergence points for the international flow of people and cargo that serve as points of entry to and exit from Canada.
  - marine ports
  - airports,
  - Border crossings (by land, international bridges, or waters)
- “Trade and transport corridor,” is a coordinated bundle of transport and logistics infrastructure and services that facilitates trade and transport flows between major centers of economic activity.
- May include transfer points, such as intermodal and distribution centres, where goods are changing hands or being transferred from one transport mode to another.



# Natural Resources Corridor : Arctic Gateway

- The Arctic Gateway Group is owned by First Nations And Communities, Fairfax and AGT Foods, Building a Natural Resources Gateway Through the Arctic to the World.
- The strategic advantage of Churchill, have not been fully realized as Churchill is North Americas only rail serviced Arctic port
- Canada's Arctic neighbors making investments to try and defend against the natural advantages available to Canada. (e.g. Russia, they benefit from eight rail-linked Arctic ports generating approximately 20% of their GDP)
- With the opening of the Arctic, goods travelling from the Churchill port get to markets 40% faster increasing economic activity and reduces the impact on our environment
- Broadens Canada's connections with the rest of the world to the benefit those seeking markets for Canada's incredible natural resources, and those seeking to bring the resources of the world to Canada in a more efficient way.



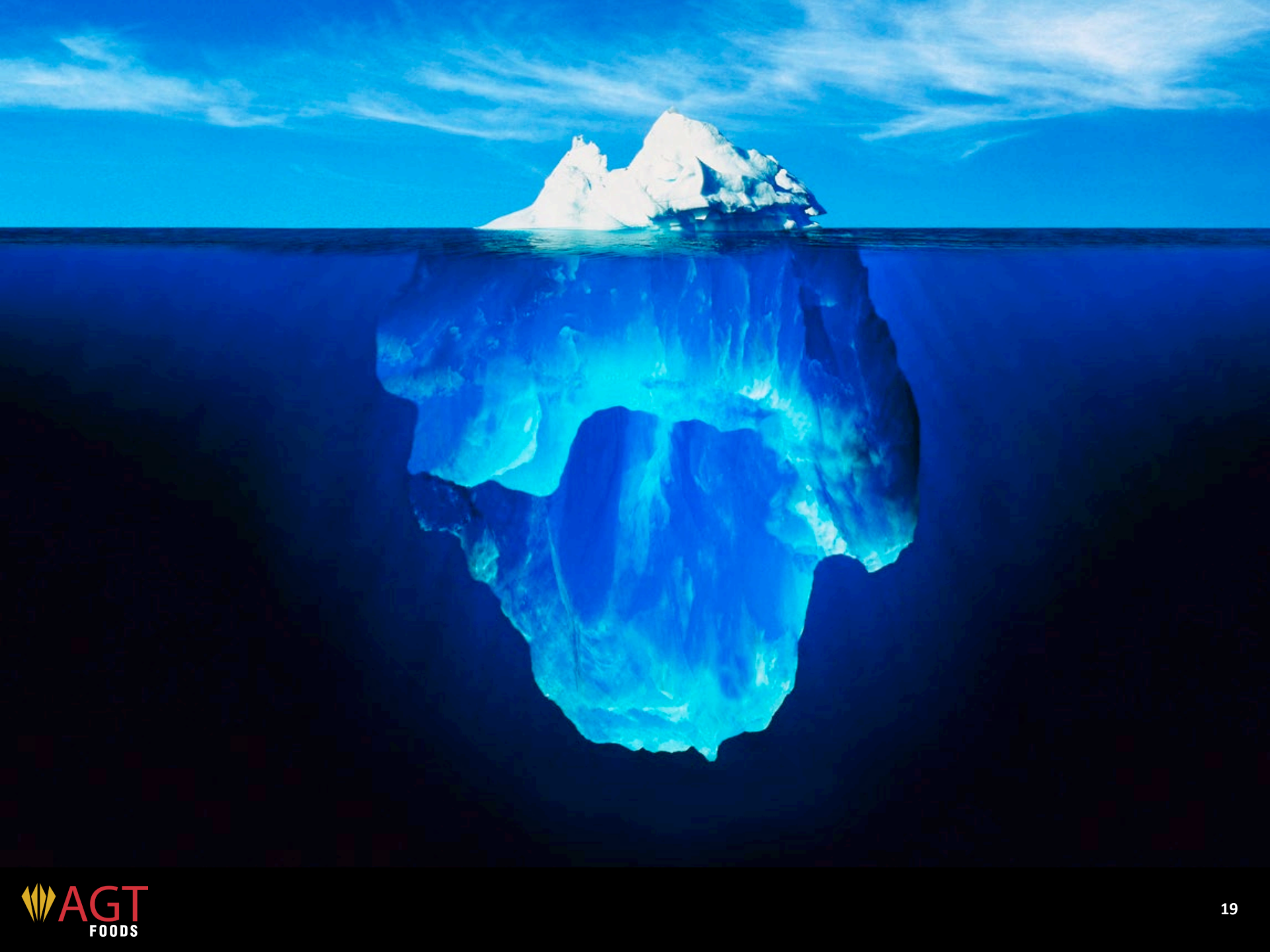


## Agriculture Sector: Long term Value

- Fundamental demand growth through population and income growth
- Scarcity of land and water: Canada +
- Technology “disruption” creates Ag 2.0
- Innovation/scaling food processing critical
- Value creation in companies who play in multiple links in the global value chain :







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**AGT**  
**FOODS**

