Global Agribusiness Leaders

Strategic Developments Newsletter #4
JANUARY-MARCH 2022

By CROPFIELD CONSULTING LIMITED ®

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CROPFIELD CONSULTING LIMITED

Content

Scope

- With this FOURTH Quarterly Newlsetter Cropfield® Consulting continues to monitor the Strategic Developments of the largest Agribusiness Players, the so called ABCD and the others, like Wilmar, Olam, Viterra, EDF Man, CHS, that connect farmers with food companies, retailers and consumer and are responsible for the vast majority of the agribusiness commodities international trade. We provide insights on how they are shaping the Agribusiness world and the Agri & Food value chain.

- Cropfield® Consulting is also publishing two additional separately quarterly letters: one concerning the Financial Results and Stock performance of the Agribusiness Trading Companies and another one concerning the evolving landscape of the Agtech Companies that are entering the publicly listed markets. Please visit our website www.cropfieldconsulting.com to see /request them

Strategic Developments in the industry

- The table below highlights the Agribusiness industry leaders Key Developments in Q1 2022. The numbers refer to the events illustrated later in the document, classified by type of strategic action

January-March 2022 Strategic Developments	ADM	BUNGE	CARGILL	CHS	LDC	OLAM	Viterra	Wilmar
Acquisitions	4, South Africa		7, Chile				17 US & Global	
Joint Ventures/Partnerships	1, USA		7, Chile		12 China	15 Global/KSA		18 Malaysia
CAPEX	2, USA; 5, Germany				11, Netherlands; 12 China			
Divestitures						13 Africa; 15 Global		
Other initiatives	3 FY21 Results	6, FY21 Results		8, 9 Q1&Q2 Results	10 FY21 Results	14 FY21 Results	16 FY21 Results	18 FY21 Results

Q1 2022 Key AG Strategic Developments

- From a Strategic Development perspective, the most important events announced in January/March 2021 have certainly been the following:
  - The acquisition of Gavilon by Viterra, for $1.125 Billion, significantly strengthening Viterra origination, storage and distribution capabilities in North America and adding operations in South America, Europe, Asia
  - The JV between Salic – Saudi Agriculture Livestock Investment Company, the Food Security Investment Fund of the Kingdom of Saudi Arabia, and Olam, where SALIC has bought 35.4% of Olam Agri for $ 1.24 Billion, valuing the whole Olam Agri at $3.5 Billion, in a move inspired by Food Security, following last year's acquisition of 45% of LDC by Abu Dhabi's ADQ
  - The entrance in the Alternative Proteins space by LDC, coupled with a large Food investment and capital commitment in China
  - The additional investment in non-GMO soybean crush by ADM in Germany and their investment in Comham, a leading food ingredients distributor in South Africa
  - The quarter has also been characterized by the publication by all the players of strong results for Q42021 and FY2021, thanks to an economic environment characterized by a combination of production shortages in several regions, logistic disruptions, strong demand from China and for vegoil in general, also sustained by the high price of crude oil.
  - This environment has been conductive to high margins, sustained volumes and significant trading opportunities that have driven record financial result for all agribusiness players and strong stock performance of the public ones. This also explains the elevated multiples expressed by the latest M&A transactions

ADM Developments (1/4)

- **Wolf Carbon Solutions, ADM Announce Partnership to Advance Decarbonization of Ethanol Production**
- 1/11/2022 DENVER & CHICAGO--(BUSINESS WIRE)-- Wolf Carbon Solutions US LLC (Wolf Carbon Solutions) and ADM today announced that they have signed a Letter of Intent paving the pathway toward further decarbonization of ADM's footprint via construction of a pipeline – developed, owned and operated by Wolf Carbon Solutions – which, together with a commercial agreement, will allow for the capture, compression and transportation of carbon dioxide produced at ADM's Clinton and Cedar Rapids, Iowa, facilities.
- Designed as the backbone infrastructure needed to support the region's lower carbon transition, the 350-mile steel trunk line will be capable of transporting 12 million tons of CO_2 per year. The pipeline will offer dedicated capacity to transport CO_2 from ADM's ethanol and cogeneration facilities in Clinton and Cedar Rapids to be stored permanently underground at ADM's fully permitted and already-operational sequestration site in Decatur, Illinois. The pipeline would have significant spare capacity to serve other third-party customers looking to decarbonize across the Midwest and Ohio River Valley.

- **About Wolf Carbon Solutions** www.wolfcarbonsolutions.com Wolf Carbon Solutions US LLC (Wolf Carbon Solutions) is a private company backed by Canada Pension Plan Investment Board (CPP Investments). Wolf Carbon Solutions is an affiliate of Wolf Midstream (Wolf), a $4 billion multi-faceted energy infrastructure organization based in Calgary, Alberta. (Development 1)

ADM Developments (2/4)

ADM Opens Aquaculture Innovation Lab at its Animal Nutrition Technology Center in North America

- Decatur, Illinois, January 18, 2022 – ADM (NYSE: ADM) announced today the opening of its Aquaculture Innovation Lab at the Animal Nutrition Technology Center (ANTC) in Decatur, Illinois. This laboratory extends ADM's international research and development capabilities to a new region, building on existing aquaculture research facilities located in Brazil, Mexico and Vietnam.
- Housed within the 12,000 sq. ft. ANTC facility, aqua researchers will have access to a pilot lab that allows production of commercial-equivalent feeds for rapid prototyping of new technologies, such as feed ingredients and additives that can increase production efficiency, mitigate environmental impact and improve animal health and welfare(Development 2)

ADM Reports Outstanding Results: Fourth Quarter Earnings per Share of $1.38, $1.50 on an Adjusted Basis; Full Year 2021 EPS of $4.79, $5.19 on an Adjusted Basis

- 1/25/2022
- Full-year 2021 net earnings of $2.7 billion; adjusted net earnings of $2.9 billion
- Full-year 2021 segment operating profit up 34%, 38% on an adjusted basis
- 2021 ROIC meets 10% objective
- Announcing 8% increase in quarterly dividend
- Great momentum driving optimism for strong 2022 (Development 3)

ADM Developments (3/4)

ADM Completes Acquisition of South African Business Comhan, Establishing ADM's Position as Leading Flavour Distributor in South Africa

- ROLLE, February 9, 2022— ADM, announced today that it has completed its acquisition of Comhan, a leading South African flavour distributor. ADM has worked together with the local business for a number of years, with the formal acquisition now giving new and current customers more direct access to ADM's extensive portfolio and network of experts.
- "This acquisition marks a very exciting moment for ADM, as we continue to develop our Nutrition business in key growth markets including Africa. I am confident that this acquisition will open up opportunities for our customers in the region and build on the capabilities of our existing offices in Nigeria and Kenya." said Calvin McEvoy, President Global Beverages ADM.

- "At ADM we believe it is critical to invest in flavour creation assets globally to extend production and supply chains, making it easier to get unique and consumer-preferred flavours to local customers. The acquisition of Comhan means we can bring together our 80 years' experience in the flavour industry and Comhan's unique market insight to generate innovative products which cater to local tastes and interests. Comhan's business is currently focused on beverages but through this new partnership we plan to grow the distribution capabilities to include food and savoury products." added McEvoy.

- Welcoming Comhan into ADM's portfolio comes together with other recent investments in alternative flavour production, including the company's recent state-of-the-art facilities in Pinghu, China and Berlin, Germany (Development 4)

ADM Developments (4/4)

ADM Announces Growth Investment in Non-GMO Soy Processing in Mainz, Germany

Rolle, April 7, 2022 – ADM today announced a growth investment to add the ability to process non-GMO soybeans at its oilseed facility in Mainz, Germany.

"A key pillar of our growth strategy is our expanding portfolio of differentiated products, which are powering our ability to meet growing and evolving customer needs around the globe," said Jaana Kleinschmit, general manager, ADM Hamburg and country manager, Germany. "Soybeans play an increasingly important role in the wider food sector in Germany. We are pleased to be continue to add the ability to process non-GMO soybeans to meet growing demand across human and animal nutrition, while providing local farmers with increasing opportunities to market their crops." The multi-million dollar project, expected to be complete in Q3 2023, follows the similar successful growth investment at ADM's oilseeds processing plant in Straubing, Germany, in 2016, and further expands the company's global capability to offer differentiated products to meet specific customer needs.

René van der Poel, general manager, ADM Straubing, explained "We are following through on our commitment to one of the key pillars of the Fields of Europe framework, which aims to meet growing demand for certified non-GMO, European origin food and feed products."

(Development 5)

Bunge Developments

Bunge Reports Fourth Quarter and Full-Year 2021 Results

ST. LOUIS--(BUSINESS WIRE)--Bunge Limited (NYSE:BG) today reported fourth quarter and full-year 2021 results.

- Full-year GAAP EPS of $13.64 vs. $7.71 in the prior year; $12.93 vs. $8.30 on an adjusted basis excluding certain gains and charges and mark-to-market timing differences
- Q4 GAAP EPS of $1.52 vs. $3.74 in the prior year; $3.49 vs. $3.05 on an adjusted basis excluding certain gains and charges and mark-to-market timing differences
- Outstanding Q4 and full year performance across Bunge's operations
- Agribusiness results driven by strong execution throughout the value chains
- Refined and Specialty Oils posted record Q4 and full year results
- Expect favorable market environment to continue in 2022 (Development 6)

Cargill Developments

Multi X adds Cargill as new strategic partner and increases its reach to more consumers

PUERTO MONTT, CHILE (Mar. 18, 2022) — José Ramón Gutiérrez, Chairman of Multiexport Foods S.A., a pioneer and leader of salmon farming in Chile, announced today that Cargill, the global food and agriculture company, has agreed to purchase 24.5% of the shares of Salmones Multiexport S.A. (Multi X), the subsidiary of Multiexport Foods S.A. In turn, Mitsui, a shareholder of Multi X since 2015, will increase its shareholding by 1.13%, to 24.5%. Multiexport Foods S.A. maintains control of Multi X with 51% of the total shares. The transaction is subject to certain regulatory approvals and the fulfillment of conditions agreed by the parties.

“Adding Cargill as a new partner of Multi X will be a strategic and decisive step in the next stage of development of the company and its purpose to win over the world's consumers with high-quality, value-added, sustainable products sold under our brands ‘Multi X’, ‘Arka’ and ‘Latitude 45’,” said Gutiérrez.

Global consumption of salmon is expected to continue growing, driven by an increase in population and heightened consumer awareness of its health and sustainability benefits. (Development 7)

CHS Developments

CHS reports record first quarter earnings

- Jan 05, 2022 CHS Inc.today released results for its first quarter ended Nov. 30, 2021. The company reported record quarterly net income of $452.0 million compared to $69.7 million in the first quarter of fiscal year 2021. The significant improvement in earnings was largely driven by strong global demand across key businesses compared with lower demand during the same period a year ago as a result of the COVID-19 pandemic.

- Higher margins across CHS Ag sector businesses resulted from strong global market conditions and robust demand for crop nutrients and other agronomy products, grains and oilseeds, soyoil and soymeal.(Development 8)

CHS reports record second quarter earnings

- April 6, 2022 - CHS Inc. today released results for its second quarter ended Feb. 28, 2022. The company reported second quarter net income of $219.0 million and revenues of $10.3 billion, compared to a net loss of $38.2 million and $8.3 billion in revenues for the second quarter of fiscal year 2021. For the first six months of fiscal year 2022, the company reported net income of $671.0 million and revenues of $21.2 billion, compared to net income of $31.4 million and revenues of $17.0 billion recorded in the first half of fiscal year 2021(Development 9)

LDC Developments (1/3)

LDC Reports 2021 FY results

Rotterdam, The Netherlands, March 24, 2022 – Louis Dreyfus Company B.V. (LDC) reported strong consolidated financial results for the year ended December 31, 2021, successfully fulfilling its key role to keep essential agricultural supply chains moving safely, reliably and responsibly in a context of continued global challenges.

2021 Highlights:

- Net Sales of US$49.6 billion, up 47.7% versus 2020
- Segment Operating Results at US$1,834 million, up 17.6% year on year
- EBITDA of US$1,623 million, up 22.6% compared to 2020
- Income Before Tax of US$864 million, up 39.4% versus 2020
- Net Income, Group Share up 82.5% year on year, at US$697 million
- Return On Equity, Group Share at 14.3% (8.0% in full-year 2020)
- Adjusted Leverage Ratio at 0.9x (1.8x as of December 31,2020)
- Adjusted Net Gearing at 0.27 (0.48 as of December 31,2020)
- Liquidity Coverage of 2.2x current portion of debt (1.8x as of December 31, 2020)(Development 10)

LDC Developments (2/3)

Louis Dreyfus Company Enters Plant Proteins Market and Inaugurates Dedicated R&D Center

Rotterdam, The Netherlands, March 15, 2022 – Louis Dreyfus Company B.V. (LDC) announced today the creation of a new Plant Proteins business as part of its commitment to helping shape a strong and sustainable food system. Having hired a dedicated team composed of business developers, researchers and engineers in 2021, today the company inaugurated a new R&D facility dedicated to its plant proteins business in the San Francisco Bay Area, California, US.

"LDC's Plant Proteins business aspires to be the partner of choice for food companies and innovative brands who wish to incorporate more sustainable proteins in their products," said Thomas Couteaudier, Chief Strategy Officer for LDC. "We will enter the market with a first range of non-GMO plant protein isolates by the end of 2022, with an initial focus on North America, aiming ultimately to offer global customers a multipurpose portfolio of products and application solutions."(Development 11)

LDC Developments (3/3)

Louis Dreyfus Company and Partners Celebrate Groundbreaking for New Fuling Food Industrial Park in Nansha, Guangdong

- **Guangzhou, China**, March 30, 2022 – Louis Dreyfus Company (LDC) celebrated today the groundbreaking ceremony for Fuling Food Industrial Park, a joint venture with DONLINK Group and HAID Group in Nansha, Guangzhou, as part of its strategy to grow with the Chinese market.

- Located in the center of the Guangdong-Hong Kong-Macao Greater Bay Area, the new food industrial park will be constructed in three phases and represents a total investment of RMB 7 billion. The first phase, which will cover a 180,000m^2 land plot upon completion in 2023, comprises a feed protein mill with daily soybean processing capacity of 6,000 tons, a vegetable oil refining mill with daily production capacity of 1,200 tons, and a packaged cooking oil production line with daily bottling capacity of 800 tons.

- The project's first phase will enhance LDC's feed protein processing capacity in the region and, along with the company's existing oilseed processing plant in Dongguan, Guangdong, will form an important industrial base for LDC in the Pearl River Delta.

- Upon full completion, the food industrial park's activities will span feed protein processing, high-tech ecological aquaculture, grains trading, food innovation and other sectors.(Development 12)

Olam Developments (1/3)

Olam International announces signing of definitive agreements to divest remaining equity stakes in ARISE IIP and ARISE IS

Singapore, February 11, 2022 - Olam International Limited announced today that it has entered into definitive agreements with Africa Transformation and Industrialization Fund (“ATIF”), a management led buy-out group, for the sale of its remaining equity stakes in ARISE Integrated Industrial Platforms (“ARISE IIP) and ARISE Infrastructure Services (“ARISE IS”), part of the ARISE group, for an aggregate cash consideration of US$189 million (the “Transaction”)

The value of the Transaction is in line with the carrying value of the investments in the Company’s books.

The ARISE group is a leading, pan-African infrastructure and logistics player operating under three distinct verticals – ARISE IIP, ARISE IS and ARISE Ports & Logistics (“ARISE P&L”).

Upon completion, Olam will fully exit its investments in ARISE IIP and ARISE IS. Its remaining investment in the group is a minority 32.4% stake in ARISE P&L. This represents a significant step in achieving the objective of extracting full value from its investments in infrastructure and logistics projects in Africa through the complete sale of its equity stakes in the three ARISE verticals to strategic or financial investors. (Development 13)

Olam Developments (2/3)

Singapore, 28th Feb, 2022 - ***Olam reports banner year, with record Reported and Operational PATMI (1)*** (Development 14)

- 2021: Operational PATMI grew 41.8% to $961.1 million, highest since inception
- Reported PATMI at record S$686.4 million on strong operating profit growth and lower exceptional losses as Re-organisation drives performance across Group
- Strong EBIT growth: ofi up 16.8%, Olam Agri up 51.5%
- H2 2021: Reported PATMI swung to positive S$264.9 million on improved operating profit and lower exceptional losses
- Board of Directors declares second interim dividend of 4.5 cents per share for 2021; total dividend for 2021 will be 8.5 cents per share (2020: 7.5 cents)
- Continued progress on Re-organisation Plan
- Shareholders approved Scheme of Arrangement expected to take effect around 15 March 2022 with new Group structure to implement the Restructuring of the Olam Group
- ofi to list in Q2 2022 with a concurrent primary listing in London and a secondary listing in Singapore
- Exploring various strategic options to maximise the value of Olam Agri, including the potential introduction of strategic minority partner(s) via sale of significant minority stake in Olam Agri and/or the potential IPO and demerger of Olam Agri

Olam Developments (3/3)

Olam Group announces strategic partnership with SALIC through the sale of a substantial minority stake in Olam Agri for US$1.24 billion

- **Singapore**
- The Saudi Agricultural and Livestock Investment Company (“**SALIC**”), a wholly owned subsidiary of Public Investment Fund of the Kingdom of Saudi Arabia (KSA) to invest US$1.24 billion for an estimated 35.4% stake in Olam Agri
- Implied 100% equity valuation of US$3.5 billion of Olam Agri subject to closing adjustments
- In-line with its Re-organisation, this transformative deal illuminates and unlocks value in Olam Agri and crystallises a benchmark valuation ahead of a potential future IPO and demerger
- Proceeds from the transaction would go towards right-sizing Olam Group’s capital structure and reducing its leverage, while capitalising on partnership synergies to support growth
- Olam Group Limited to remain majority shareholder of Olam Agri with an estimated 64.6% interest
- **OGL’s Co-Founder and Group CEO, Sunny Verghese said:**
- *“Olam’s partnership with SALIC, a strategic, global investor, will position us for even stronger growth as we realise synergies across our complementary strengths. SALIC’s investment into Olam Agri attests to its consistently strong financial performance and robust growth outlook, following a record year in 2021. It marks yet another key milestone in Olam’s Re-organisation journey; together with the ongoing IPO plans of ofi, this secondary placement for Olam Agri would lead to an immediate unlocking of value for our shareholders, set a benchmark valuation for the future IPO and demerger of Olam Agri, and right-size our balance sheet and reduce gearing at the Group level.”*
- **SALIC’s Group CEO, Sulaiman AlRumaih said:**
- *“SALIC’s investment in Olam Agri is aligned with its strategy and the Kingdom of Saudi Arabia’s Vision 2030 objective for food security. SALIC’s key strategic objective is to contribute to global and domestic food security through long-term strategic investments in the local and international markets.*
- *“Olam has demonstrated continuous financial growth as well as increasing global food security contribution with a strong presence in grains and diversified products.*
- *Our partnership with Olam will expand SALIC’s international footprint and increase access to strategic commodities. SALIC will leverage its international investments and local portfolio companies to strengthen its position across the agri-food value chain as a global food security player.”* (Development 15)

Viterra Developments (1/2)

Viterra 2021 FY Results & Full Year report (Development 16)

Sales Volumes 90M Tons

Revenue $41 Billion

EBITDA $2.18 Billion

Net Income $922 Million

FFO $ 1816 Million

Total Capital Expenditure $ 355 Million

Adjusted Net Debt $ 289 Million

Viterra Developments (2/2)

Viterra Limited to acquire Gavilon

2022/01/26 - *Viterra Limited (Viterra) is pleased to announce that it, through a wholly-owned subsidiary, has entered into a stock purchase agreement with Marubeni America Corporation, a wholly-owned subsidiary of Marubeni Corporation, to acquire the grain and ingredients business of Gavilon Agriculture Investment, Inc. (Gavilon).*

The agreed purchase price for the acquisition of Gavilon is US $1.125 billion, plus working capital, and is subject to certain customary purchase price adjustments.

Gavilon is based in Omaha, Nebraska, USA and originates, stores and distributes grains, oilseeds, as well as feed and food ingredients, to food manufacturers, livestock producers, poultry processors, soybean processors and ethanol producers worldwide.

Gavilon's leading asset network is located in key growing areas across the United States, with access to major railroads, rivers and ports. It also has international operations in Mexico, South America, Europe and Asia, along with an indirect minority ownership interest in two port terminals located in Kalama, Washington and Portland, Oregon.

Funding for the agreed purchase price and a portion of the assumed working capital has been secured through the signing of a committed acquisition financing facility. Funding for the remainder of the working capital will be financed by using proceeds from other committed financing facilities and cash on hand, including existing available undrawn committed credit lines amounting to approximately US $3.6 billion as of 31 December 2021(Development 17)

Wilmar Developments

MSM AND WILMAR SUGAR COLLABORATE TO ESTABLISH A SUSTAINABLE SUGAR SUPPLY CHAIN

Kuala Lumpur/Singapore, 15 February 2022 –

MSM Malaysia Holdings Berhad (MSM) and Wilmar Sugar Pte Ltd (Wilmar Sugar) signed an agreement in December 2021 to collaborate in the establishment of a sustainable sugar supply chain. The sustainable sugar programme, which comes on the heels of Wilmar Sugar's parent company, Wilmar International Limited (Wilmar), launching its No Deforestation, No People Exploitation (NDPE) Sugar Policy1 in September 2021, demonstrates the commitment by MSM and Wilmar Sugar to protect the environment, labour and communities while promoting progress in operational efficiencies and best practices. MSM and Wilmar Sugar will embark on joint efforts to assist and support each other to pilot an approach to enable sustainable raw sugar sourcing within MSM and Wilmar Sugar's joint supply chain by focusing on traceability reporting of sugar supplies and monitoring of sustainability performance based on the NDPE Sugar Policy. (Development 18)

WILMAR REPORTS RECORD NET PROFIT OF US$1.14 BILLION FOR 2H2021 AND US$1.89 BILLION FOR FY2021

Core net profit increased 30% to US$1.11 billion in 2H2021 and 24% to US$1.84 billion in FY2021 - Strong performance from Feed & Industrial Products and Plantation & Sugar Milling propelled EBITDA to a high of US$4.17 billion - Record total dividend of S$0.155 per share for FY2021

(Development 19)

Who we are

- Cropfield Consulting, est. 2020
- Nicola Chiaranda, Owner & Managing director
- 30+ years' corporate career in public US, French and Italian multinational groups in Agribusiness & Food (Bunge, Cargill, Cerestar, Eridania Beghin-Say)
- Global CFO, VP Strategy & Business Development, VP Performance Improvement
- Conducted large number of Mergers & Acquisitions (acquisitions and divestitures) and large-scale change management
- Optimization of processes and controls, Implementation of new systems
- Raised capital via debt, equity and IPOs
- Currently Professor of Private Equity, University of Venice (Italy)
- Large network of senior subject matter experts available on demand
- www.cropfieldconsulting.com

What we do in Agribusiness & Food

- We study and discuss the client's mission, vision and strategy together with owners/top management, with a strong focus on value creation, and:

1. **we help with growth**, helping with M&A activities (identify target companies, build a pipeline, contact targets, evaluate, negotiate, close deals, integrate targets) and with corporate finance (raise debt, equity, IPOs, divest businesses, work to reduce the cost of capital)

2. **we help improving operations** in specific areas, particularly SG&A related (identify performance issues, source other specialists as needed, benchmark, set targets, design plans to achieve them, help with execution)

How we can help in Agribusiness & Food

1. We have a first conversation with owners / top management to understand the strategy together with the situation and the current issues
2. We prepare a document indicating areas of focus and how we can help to move from current state to desired state
3. We work together with management to build a detailed action plan, with milestones and KPIs
4. If desired, we support or even drive the execution of the plan
5. Our fee model has two components: a retainer and a success fee component to align our incentives with client benefits

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