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*Canada’s Ag Endowment: A Driver of Canadian Economic Prosperity*

Value Investing Conference

www.agtfoods.com

April 2019
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“Safe Harbour” Disclosure
Forward Looking Statement
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
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
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**.

Source: UN FAO
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?

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

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

- 55-56g (2 ounces) for men between 19-50 years old
- 45-46g (1.6 ounces) for women between 19-50 years old, with more advised for pregnant or breastfeeding women

This roughly equates to:

- 2 chicken legs
- 3 cups of cooked lentils or
- 1.5 cups of whole almonds

Areas for immediate action

1. Increasing the proportion of plant-based protein consumption with consumers
2. Scaling up sustainable animal feed innovation to meet demand for animal protein
3. Closing the protein nutrient loop

Areas being scoped for action

4. Developing indigenous plants as protein sources for local communities
5. Scaling up sustainable aquaculture for food and animal feed
6. Restoring soil health

Source: Forum for the Future: Future of Protein Report
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

Source: Advisory Council on Economic Growth; AAFC
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.

Source: McKinsey & Co; UN FAO
Canada Leads the World in Ag Production

Source: AAFC

Canada is the WORLD’S LARGEST PRODUCER & EXPORTER of LENTILS and PEAS.
## Agri-Food – Canada’s #1 Job Creator

<table>
<thead>
<tr>
<th>Canadian &quot;core strength&quot;¹ sectors</th>
<th>Employment contribution Million jobs, 2015</th>
<th>GDP contribution %, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agri-food</td>
<td>2.10</td>
<td>6.7</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1.70</td>
<td>10.5¹</td>
</tr>
<tr>
<td>Education</td>
<td>1.00</td>
<td>13.7</td>
</tr>
<tr>
<td>Energy and renewables</td>
<td>0.95</td>
<td>6.8</td>
</tr>
<tr>
<td>Tourism</td>
<td>0.63</td>
<td>2.0</td>
</tr>
<tr>
<td>Forestry</td>
<td>0.30</td>
<td>1.3</td>
</tr>
<tr>
<td>Financial services</td>
<td>0.78</td>
<td>5.2</td>
</tr>
<tr>
<td>Mining</td>
<td>0.06</td>
<td>3.5</td>
</tr>
</tbody>
</table>

¹ Export-intensive sectors with strong GDP contribution and/or comparative advantages

**SOURCE:** McKinsey and Co; MentorWorks; National Energy Board; Natural Resources Canada; Innovation, Science and Economic Development Canada; Conference Board of Canada, TIAC;
## Agri-Food Table Recommendations

### TARGETS:

<table>
<thead>
<tr>
<th>Increase domestic sales to $140 billion by 2025</th>
<th>Increase exports to $85 billion by 2025</th>
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<td>27% increase from $110 billion in sales in 2017</td>
<td>32% increase from $64.6 billion in exports in 2017</td>
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### 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

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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
**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 America's 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:

Origination → Handling → Processing → Transportation and Logistics → Food Processing → Distribution
From Producer to the World