

Agriculture Technology Industry Update

Agriculture Technology Valuations Bring Sustained Premium

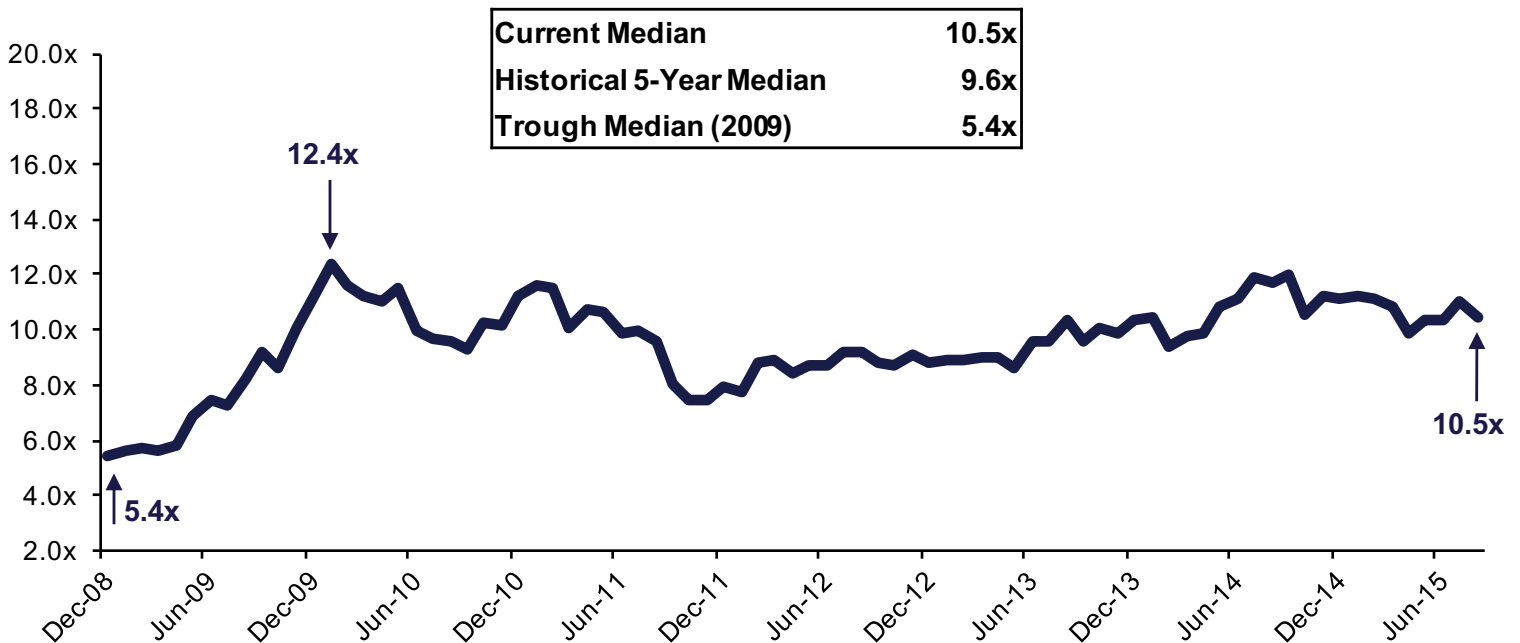
Executive Summary

- Ag Tech company valuation multiples have demonstrated sustainable growth in recent years, driven by demand from consumers and agribusiness, government assistance and technological change
- Ag Tech demand is expected to rise as population, ag-related innovation, production demand and spending continue to grow
- Investments in Ag Tech are up over 2,000x year-over-year, reflecting the surplus of capital flowing in to promote development

Key Takeaways

- Current Ag Tech industry valuation multiples are at historical highs – about 2x last cycle trough
- Strong capital markets are supporting buyouts & acquisitions
- Valuations reflect sustainable growth due to infancy of industry; strategic approach critical to maximize value for Ag Tech companies
- Bridgepoint Merchant Banking advises Ag Tech company owners that timing is attractive to consider exploring monetization, financing and other strategic options

Agriculture Technology Valuation Cycle – TEV / LTM EBITDA



Source: Bridgepoint Merchant Banking, IBIS World, Capital IQ

Bridgepoint Merchant Banking is a division of Bridgepoint Holdings, LLC. Securities offered through an unaffiliated entity, M&A Securities Group, Inc., member FINRA/SIPC

Industry Background

- In order for the agricultural sector to meet demand, food production must increase by 70% to feed the projected world population of 9.6B people in 2050
- As an emerging industry in the agricultural sector, Ag Tech’s goal is to make agriculture more efficient, sustainable and of higher quality through the implementation of technology
- Ag Tech is comprised of the following subsectors: food ecommerce, water, precision ag (drones and robotics, decision support technology), bioenergy, biotech, biochemicals, sustainable protein, cannabis and food storage

Activity

- Investments have climbed to \$2.06B midway through 2015; \$300M short of last years record breaking total. 2015’s year end projection of \$4.1B is 4x greater than 2013, generating an attractive outlook for the industry
- Deal volume is up 71% year-over-year, triggered by strong activity from investors. This compelling increase in funding shows the growth potential Ag Tech has moving forward

Source: Bridgepoint Merchant Banking, IBIS World, Capital IQ, Forbes




Valuation

- For publicly traded companies in the Ag Tech industry, TEV to LTM EBITDA multiples have increased roughly 200% from the 2009 trough (5.4x multiple) to a current median multiple of 10.5x, which is a moderate 9% premium over the historical 5-year median multiple of 9.6x (see chart above)

Corporate Strategy Considerations

- Transaction multiples and capital markets support for buyouts/acquisitions are at high levels. Ag Tech companies are well positioned to capture premium multiples relative to historical norms
- Performing companies in the Ag Tech industry are, and will stay, attractive to strategic buyers. Bridgepoint Merchant Banking foresees an increase in the number of private equity buyers in the next 18 months due to an increase in debt availability on acceptable terms
- Selling/financing from a position of strength will be key towards maximizing value. Bridgepoint sees Ag Tech as a premium play

Selected Bridgepoint Merchant Banking Ag Tech Transactions

 <p>Not Disclosed Acquired by Galcoo</p> <p>Bridgepoint Portfolio Company</p>	 <p>USD1.63 billion Sell-side Advisor to Dow Chemical on the sale of its Styron division to Bain Capital</p> <p>Lead Financial Advisor</p>	<p>Ag Services Company</p> <p>Not Disclosed Equity and debt capital raise (pending)</p> <p>Sole Bookrunner</p>	 <p>USD26 million Common stock PIPE with warrants</p> <p>Sole Placement Agent</p>	<p>Private Equity Firm</p> <p>USD50+ million Equity capital raise to support acquisition of agricultural manufacturing company</p> <p>Financial Advisor</p>	<p>Biopharmaceutical Company</p> <p>USD20+ million Sell-side advisory</p> <p>Sole Financial Advisor</p>
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About Us

- **\$2 billion in Ag Tech transaction experience**
- \$104+ billion of M&A and capital raising experience
- 35+ completed M&A assignments spanning more than \$29 billion
- 40+ completed corporate finance transactions, raising more than \$74 billion in capital
- 35+ years cumulative investment banking & private equity experience

Contact Us

Adam Claypool
Managing Principal
515.325.7615
aclaypool@bridgepointmb.com

Matt Plooster
Managing Principal
402.817.7900
mplooster@bridgepointmb.com

Wm. Lee Merritt
Managing Principal
402.817.7900
wmerritt@bridgepointmb.com

Office Locations
Des Moines, IA
Lincoln, NE
Omaha, NE
Denver, CO