



# CULTIVATING EXCELLENCE



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## Saskatchewan Real Estate Forum

*Agriculture, Saskatchewan's competitive advantage*

# Introduction



## Personal introduction

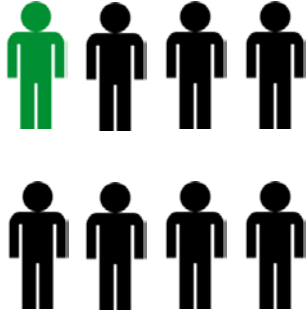
- Andy Kelemen
- VP, Corporate Development, Agrium Inc.

## Agrium introduction

- Major manufacturer and retail supplier of agricultural products and services across the globe
- Market cap: 13.3 billion USD
- Revenue: ~13.7 billion USD
- Operations in Canada, USA, Australia, South America, Europe & Egypt
- Operates approximately 1,500 retail centers across the globe
- Manufactures nitrogen, phosphate and potash fertilizers



# Agriculture: Sort Of A Big Deal



**1 in 8** Canadian jobs are related to agriculture

Agriculture employs over **2.2 million** Canadians



Agriculture accounts for **7%** of Canada's GDP

Ag contributes **\$100B** to Canada's annual GDP

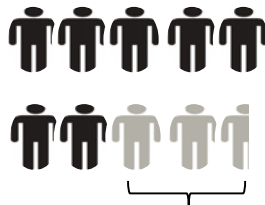


Canada is the world's **5<sup>th</sup>** largest exporter of agricultural foods

Annual export sales of **\$30B**

The importance of agriculture is only increasing...

**9.7** BN



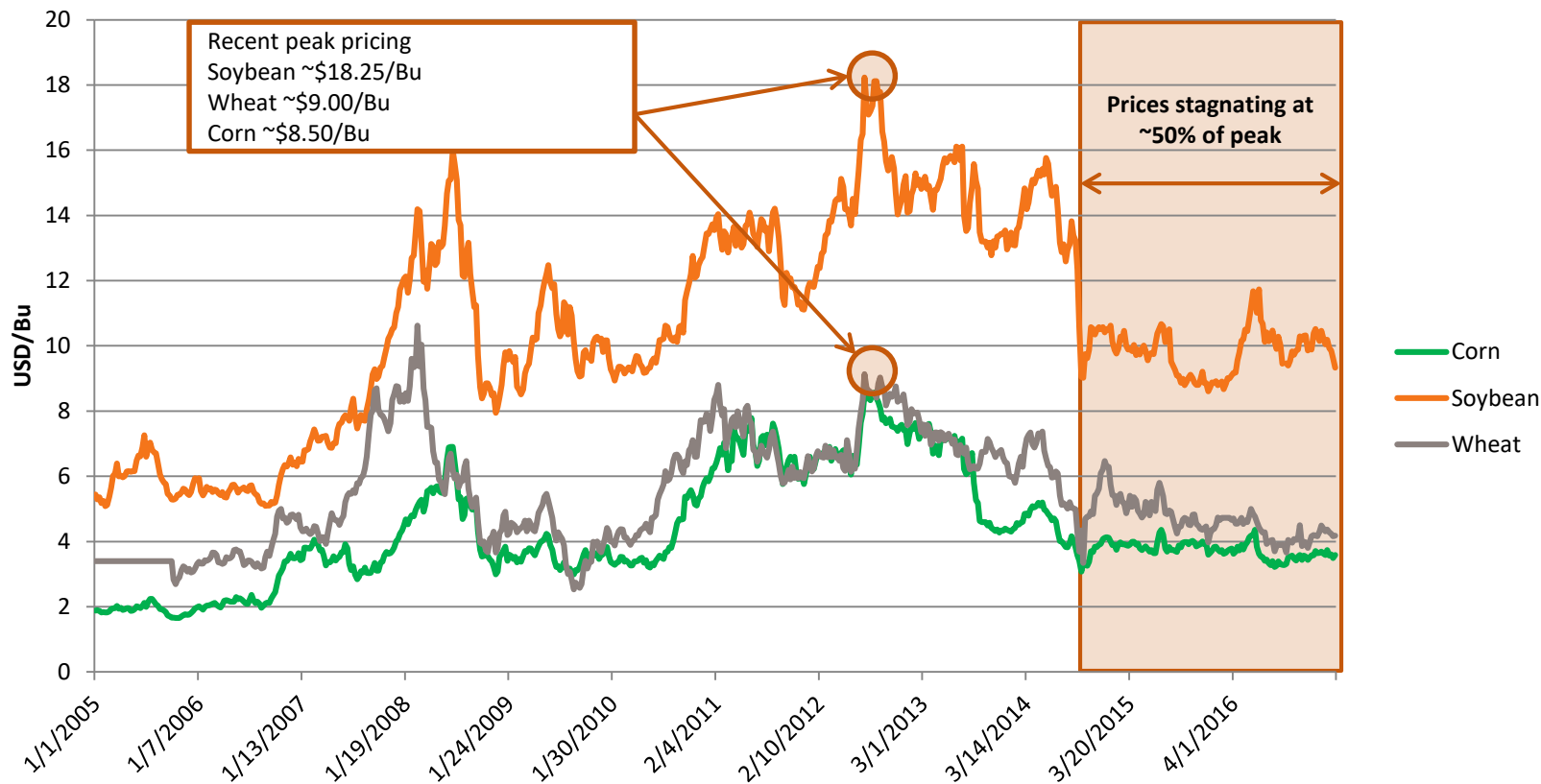
**33% increase**

The expected world population in **2050** will require global crop production to grow by over **50%**



# The Farmer

# Grain crop pricing and trends (2005 to present)

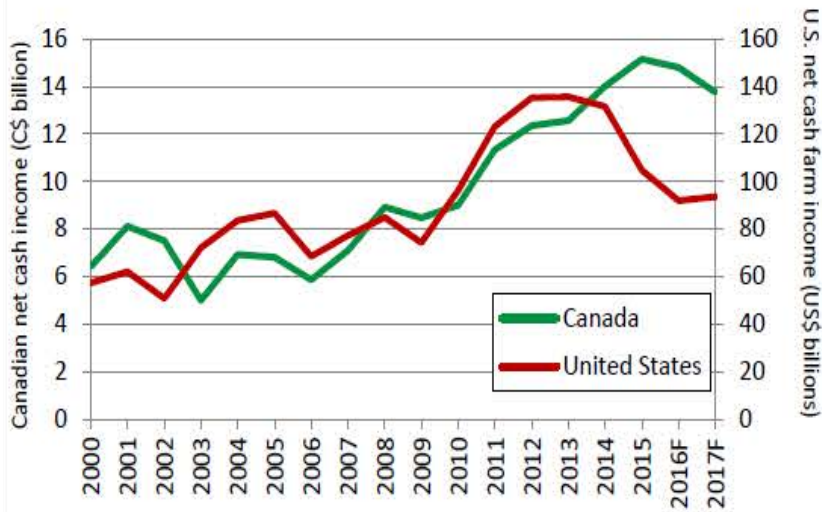


***Crop prices have remained at depressed levels for almost 2 years;  
This generally results in lower income for farmers and everyone in the ag supply chain***

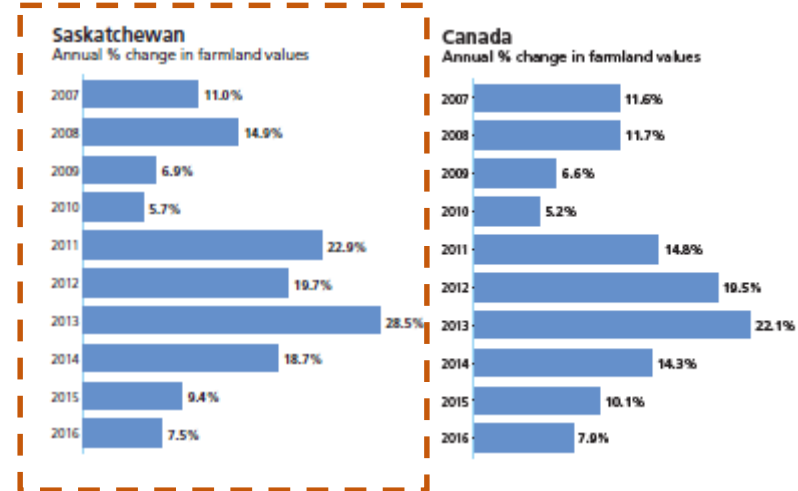
# The Canadian (and Saskatchewan) farmer advantage



Canada and U.S. Net Cash Income (nominal)



Annual % change in farmland values



✓ Canadian growers have been able to financially outperform their U.S. peers

- ✓ Weakness in the CAD has bolstered sales made in USD
- ✓ Increasing amounts of crop diversity have allowed farmers to outperform geographies more dependent on grain prices

✓ Over the last 10 years, Saskatchewan farmland values have increased an average of 14.5% compared to 12.4% across Canada

- ✓ Long-term, Sask. has outperformed other geographies
- Property purchase restrictions favor local land ownership but have also restricted foreign investment hindering recent growth

**Saskatchewan farmers continue to outperform their peers due to a variety of macroeconomic factors**

Source:  
 1. USDA, Statistics Canada, Agriculture and Agri-Food Canada  
 2. 2016 FCC Farmland Values Report



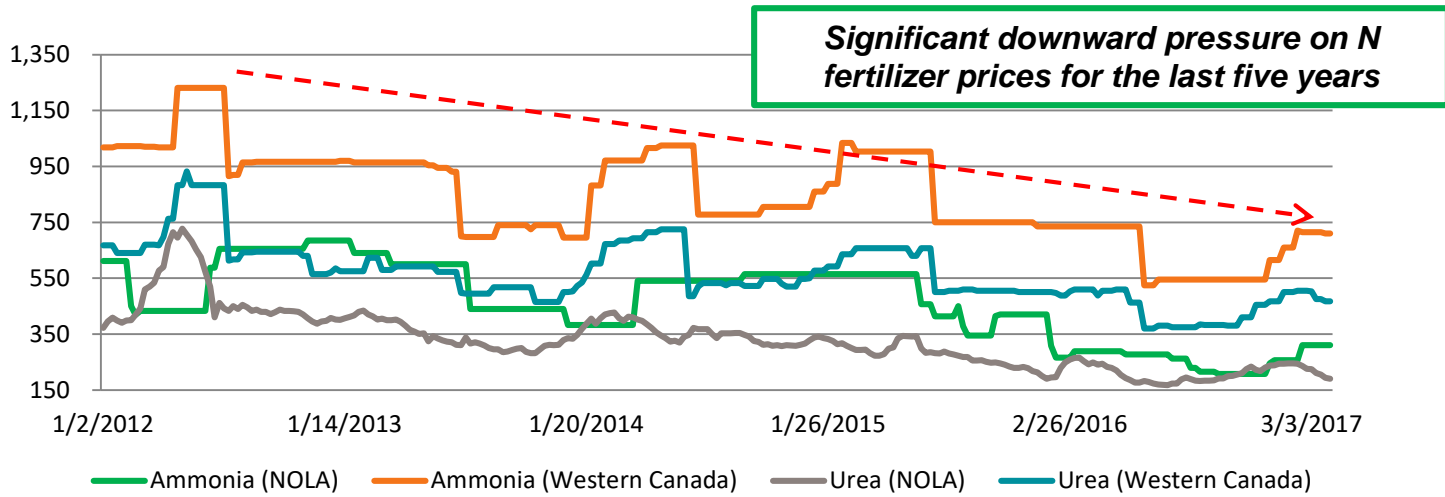
# Fertilizer producers



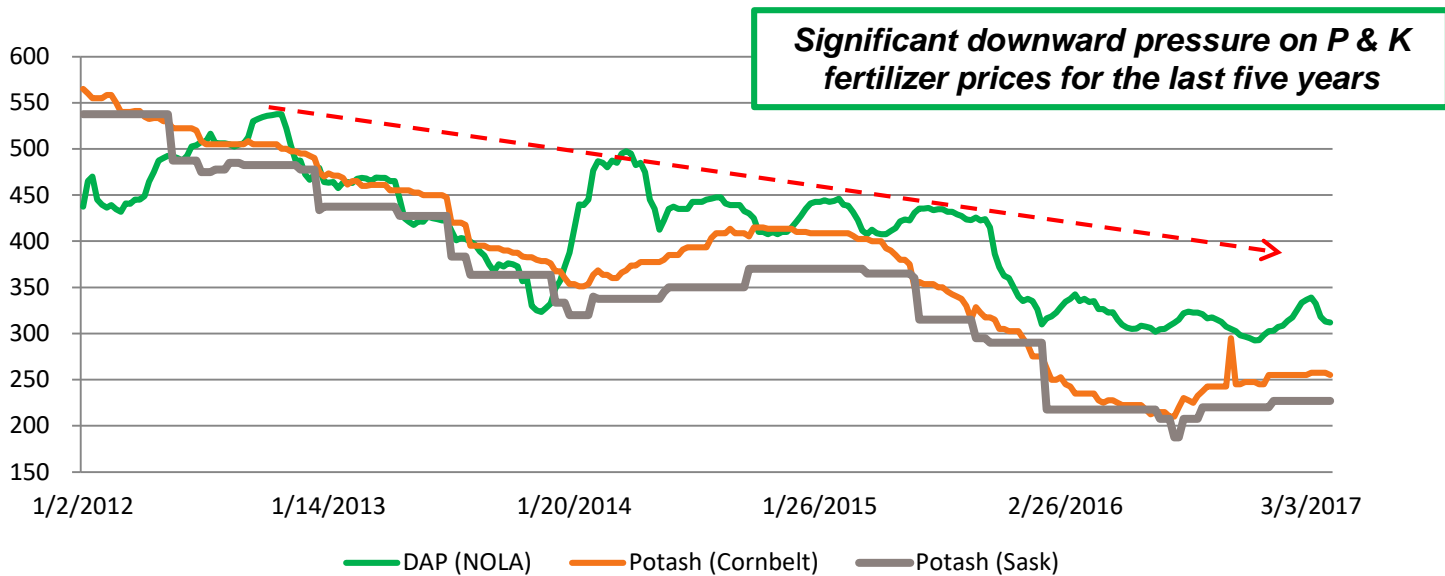
# Global fertilizer pricing and trends (2012 – present)



Nitrogen



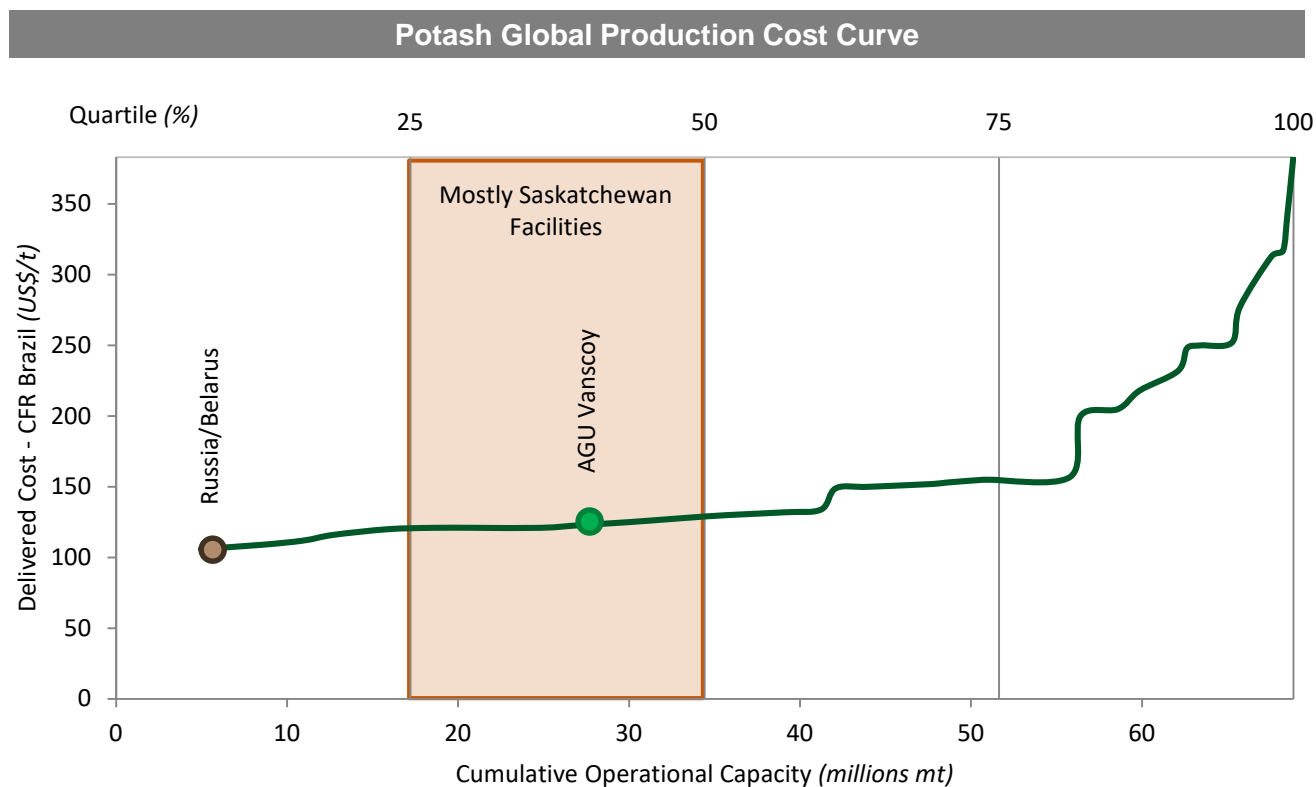
Potash & Phosphate



Source: Green markets database  
1. Prices are in local currencies



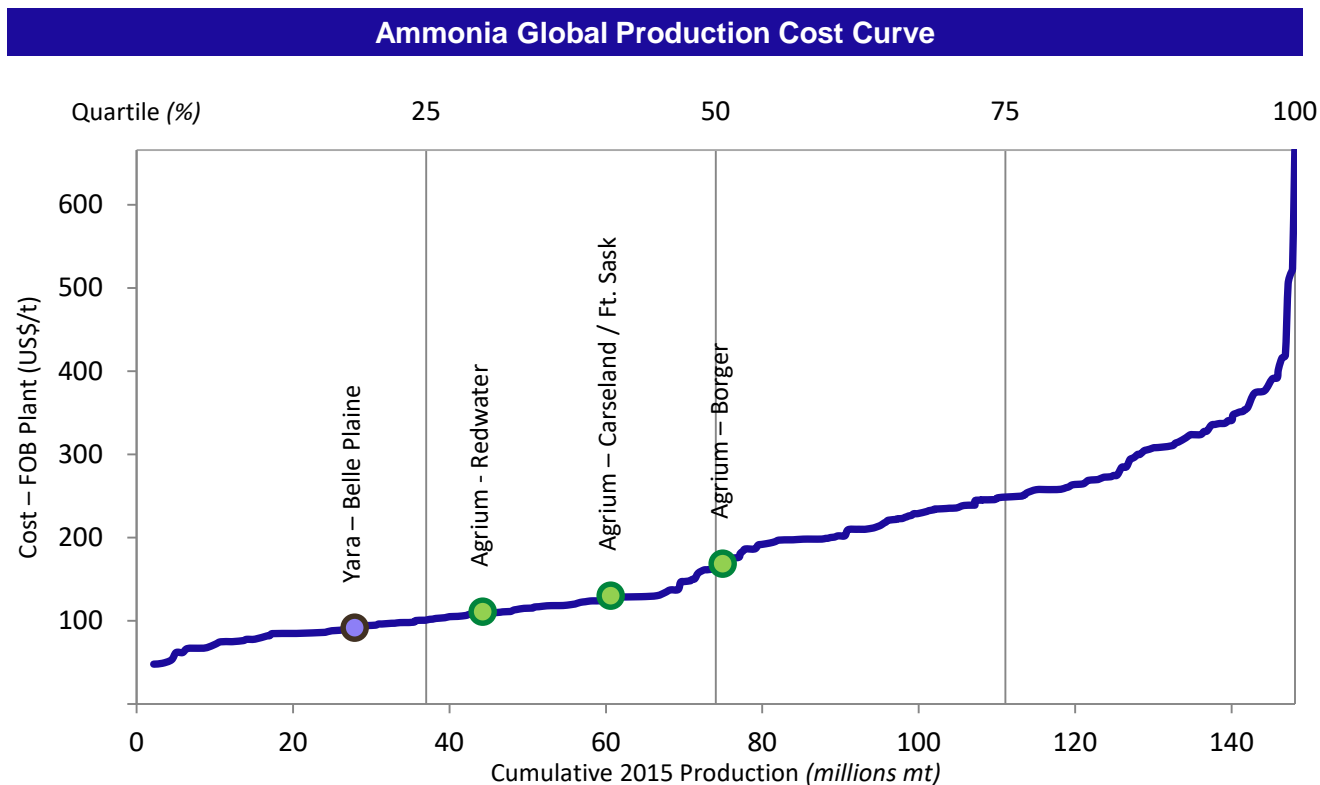
# Potash production costs in Saskatchewan



- Saskatchewan potash production costs are some of the lowest in the world
- Logistical efficiencies are critical in potash due to the distance to end markets
- Weakened currencies in Russia & Belarus have aided their cost of production in recent years

**Saskatchewan is home to some of the best positioned operating assets in the Potash industry**

# Nitrogen production costs in Saskatchewan



- Saskatchewan has one ammonia production facility (Yara – Belle Plaine)
- The Belle Plaine facility operates in the top quartile on a cost to produce globally

**Saskatchewan is home to one of the lowest-cost nitrogen production facilities in the world**