



**CERES**  
G L O B A L

# **2018 ANNUAL GENERAL MEETING PRESENTATION**

Toronto, ON

November 14, 2018

Robert Day, President & CEO



# FORWARD LOOKING STATEMENTS

This presentation contains "forward-looking information" within the meaning of applicable Canadian securities legislation and United States securities laws. Such forward-looking information is provided for the purposes of assisting the reader in understanding the business operations, strategy, financial performance and condition of Ceres. Readers are cautioned that such statements may not be appropriate for other purposes.

Forward-looking information may include, but is not limited to, statements regarding future operations and results, anticipated business prospects and financial performance of Ceres and its subsidiaries, expectations or projections about the future, strategies and goals for growth, anticipated capital projects, construction and completion dates and the expected financial and operational consequences of future commitments. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "scheduled", "intends", "anticipates" or "does not anticipate", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Key assumptions upon which such forward-looking information is based are listed in the "Forward-Looking Information" section of the Annual Information Form.

Although Ceres believes that the expectations reflected in such forward-looking statements are reasonable and represent Ceres' internal projections, expectations and beliefs at this time, such statements involve known and unknown risks and uncertainties which may cause Ceres' actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from the fund's expectations include, among other things, among others, risks related to weather, politics and governments, changes in environmental and other laws and regulations, competitive factors in agricultural, food processing and feed sectors, construction and completion of capital projects, labor, equipment and material costs, access to capital markets, interest and currency exchange rates, technological developments, global and local economic conditions, the ability of Ceres to successfully implement strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of the Corporation's assets, the availability and price of commodities and regulatory environment, processes and decisions. While management considers these assumptions to be reasonable based on currently available information, they may prove to be incorrect.

The forward-looking information contained in this presentation relate only to events or information, as of the date of this presentation. Except as specifically required by law, Ceres undertakes no obligation update forward-looking information if circumstances or management's estimates or opinions should change, except as required by applicable securities laws.



# CERES' JOURNEY: A LOOK BACK (3+ years ago)

## Reinvention (Riverland)

- High fixed costs
- Limited talent, competitive supply & customer base
- Profitability was dependent on futures carries
- Mix of valuable and subpar assets

## Startup (Northgate)

- Large up-front capital investment
- Started with grain transloader January 2015
- All sales were newly established trade flows
- Challenging margin environment & high cost

## Overall Ceres

- **High cost & limited stable revenues:**  
~USD\$25M /year before carry & trading
- **Legacy investments with little to no value**
- **Company culture was less entrepreneurial**

CERES REQUIRED SIGNIFICANT CHANGE



# CERES' TURNAROUND: QUESTIONS TO ANSWER

## Prior to taking action we had several questions to answer:

1. Which **products** can we profitably merchandize and/or handle?
2. Which **assets** are a) strategic for Ceres-owned products, b) strategic for third party customers' products, and c) have no market value?
3. From where can we competitively **buy**?
4. To which **customers** can we profitably **sell**?
5. What type of **people/talent** do we need, and how can we attract them?

CERES NEEDED TO RE-DEFINE ITS STRATEGY



# MARKET DYNAMICS

## Facts

Farmer storage is increasing, grain prices are decreasing, market carries are uncertain

U.S. and Canada's share of global spring wheat and durum production is decreasing

Over-capacity and international supply chain presence does/will influence British Columbia, PNW and TX Gulf elevator margins

U.S. milling companies provide stable demand, but continue to consolidate

Commercial farmer-direct origination continues to consolidate

## Impacts

A business model dependent on market carries cannot succeed in this environment

U.S. demand is attractive; export demand requires broad international capital deployment, is unclear and will be volatile

Duluth and Northgate are valuable crossroads between the U.S. and Canada

Diversified origination in both the U.S. and Canada becomes a strategic advantage

Key customer relationships are paramount to long-term success

MARKET TRENDS ARE AFFECTING OUR INDUSTRY AND THE ATTRACTIVNESS WILL BE DIFFERENT BY AREA GOING FORWARD



# GUIDING PRINCIPLES

## Vision

*To be the most trusted & valued partner to quality-conscious customers*

## Mission

*To become the premier supplier of North American cereal grains, pulses and specialty products to food and feed processors in the U.S., Mexico and select international customers through the TX Gulf and Great Lakes, while maximizing revenue from ancillary supply chain services of other products*

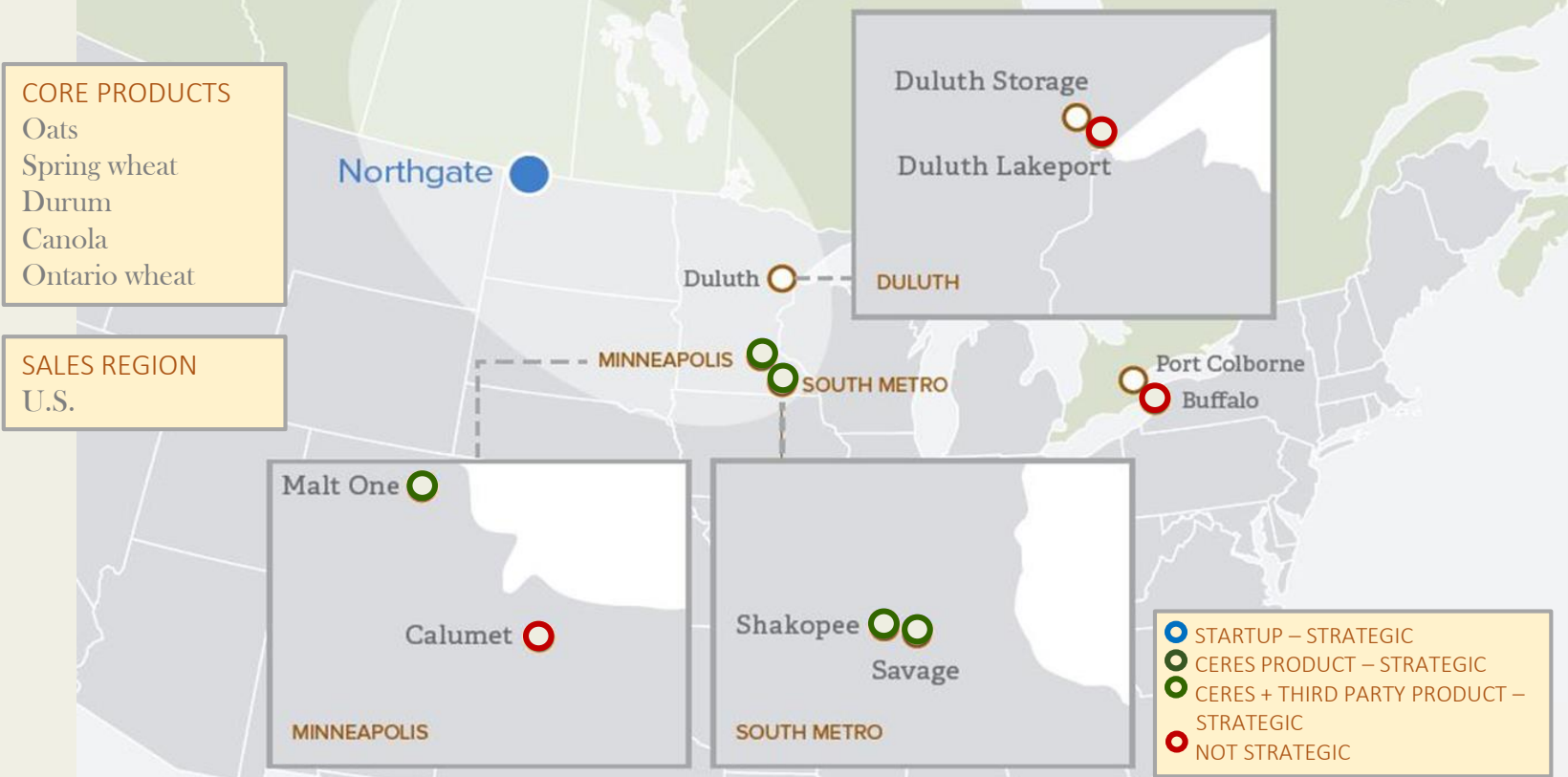
## Values

- Collaborate: *We value proactive & open communication and we work together, as a team, to accomplish our goals*
- Be Precise: *We set a high standard for individual quality of work and we value fact-based analysis to guide our decisions*
- Create Value: *We believe creating value for Ceres is about creating lasting value for our customers: we seek partnerships*

**To OWN THE  
OUTCOME**



# CERES' FOOTPRINT & PRODUCTS THREE YEARS AGO



HIGH COSTS, LIMITED PRODUCT MIX, DOMESTIC REACH ONLY



# CERES' FOOTPRINT, PRODUCTS & REGIONS TODAY

## CORE PRODUCTS

### CERES-OWNED

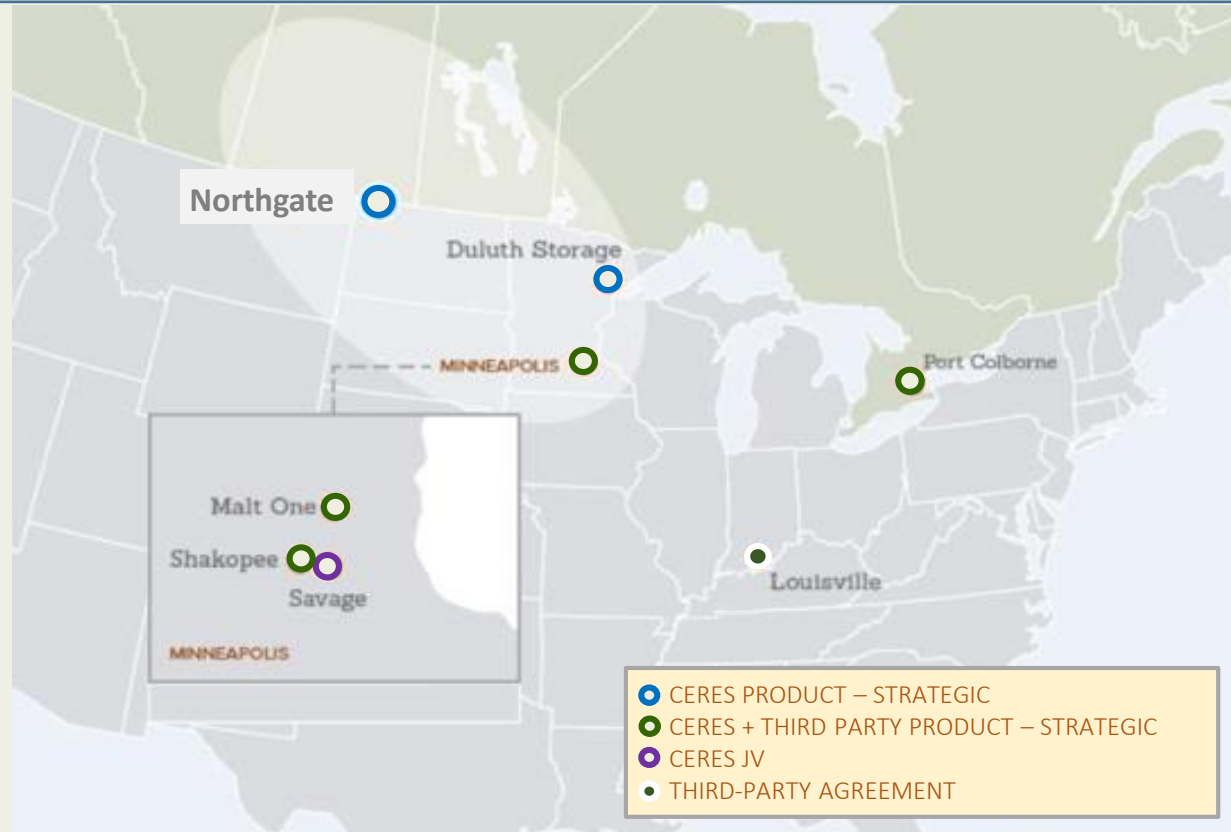
Oats  
Spring wheat  
Durum  
Canola  
Ontario wheat  
Peas  
Lentils  
Flax

### THIRD-PARTY

Barley NGL  
Rye Fertilizer  
Corn Barite  
Soybeans Mag chloride  
Organic OSB  
Pea protein HCL  
Pea starch  
Pea fiber

### SALES REGION

U.S.  
Mexico  
Japan  
Southern Europe  
Northern Europe  
Middle East  
Nigeria



FEWER FACILITIES, GLOBAL REACH, MORE PRODUCTS, HIGHER VOLUMES AND LOWER FIXED COSTS PER UNIT HANDLED





# INCREASED & UPGRADED TALENT POOL

## *Positions added since summer 2015*

### Commercial

### Finance/Admin

### Operations

VP Trading & Risk Management

CFO

Northgate General Manager

West Canada Commercial Manager

Corporate Legal

Northgate Grain Manager

Senior Wheat Trader

Human Resources Director

Northgate EHS Manager

Senior Durum Trader

Financial Controller

Port Colborne Manager

Wheat Trader

Commodity Controller

Fertilizer Plant Manager

Oat Trader

Accounting Manager (NG)

Northgate Operations Team

Prop/Hedge Desk Trader

Commodity Accountant

Northgate Grain Lab

Canola Trader

Financial Reporting Manager

Northgate NGL & Ind Product Team

International Sales Manager

Compliance Manager

Northgate Origination team

Compliance Coordinator

Accountant & Clerks

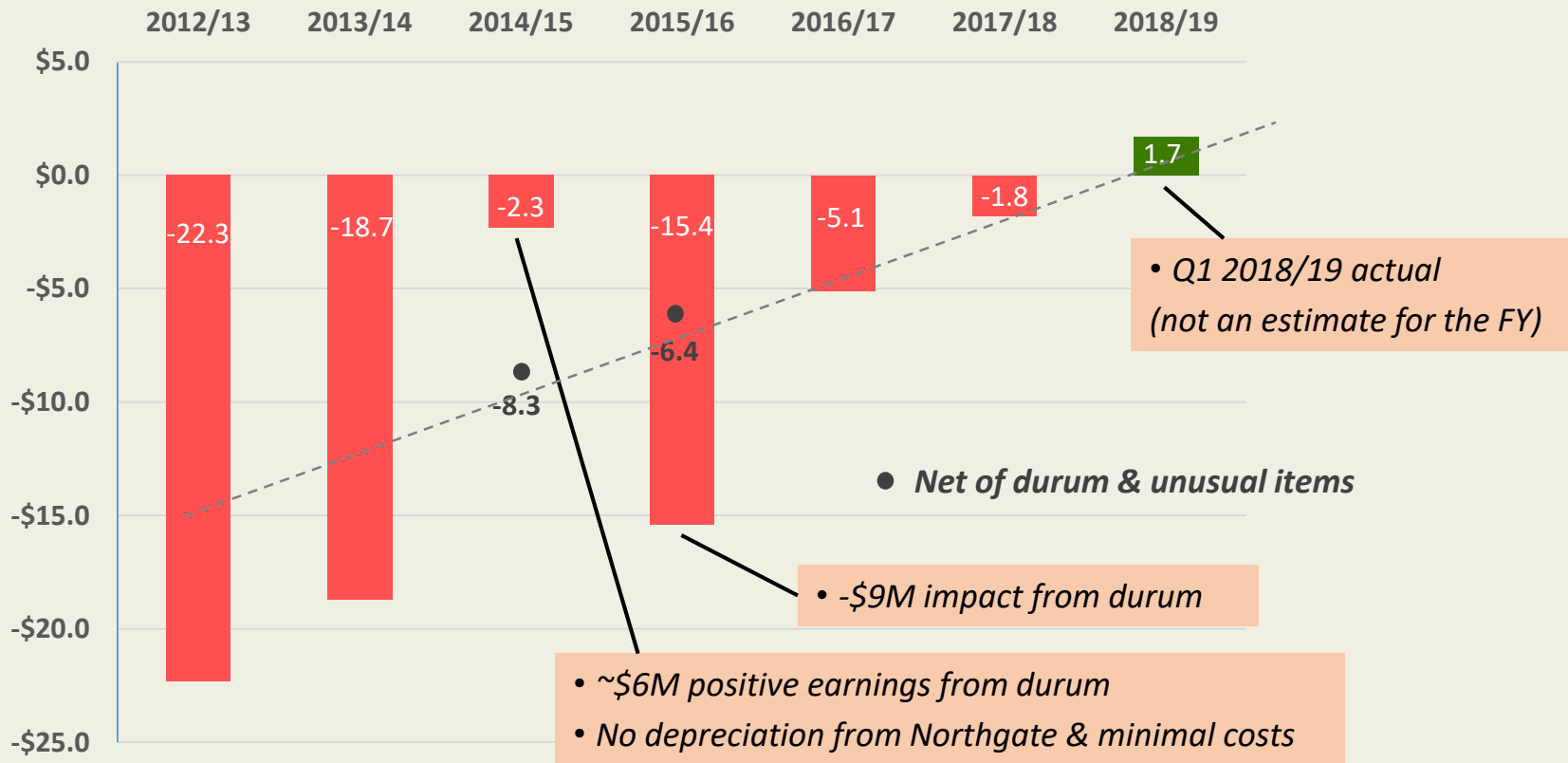
EXPERIENCED PROFESSIONALS WITH TECHNICAL CAPABILITIES,  
MARKET KNOWLEDGE, AND CUSTOMER RELATIONSHIPS



# HISTORICAL PERSPECTIVE

## Ceres Operating PBT 2011/12 – 2018/19 Q1

In millions USD and net of asset & property gains and losses



PREVIOUS BUSINESS MODEL DEPENDENT ON MARKET CARRIES AND LACKED VERSATILITY AROUND MARGIN GENERATION



# JULY 2017 – JUNE 2018 MILESTONES

1. Improved net income by over USD\$13M and operating results by over USD\$3M
2. Entered organic business through acquisition of Nature's Organic Grist
3. Lowered operating costs & increased efficiencies by creating Savage Riverport, LLC as a JV with CGB
4. Accelerated development of Northgate: C-TPAT & BNSF certifications and increased non-core product volumes by 30%
5. Paid down USD\$5M in term debt and lowered interest costs by USD\$0.7M
6. Added and upgraded talent across all major job families

# JULY 2017 – JUNE 2018 FINANCIAL SNAPSHOT

(in thousands of USD\$)	12 Months Ended June 30, 2018	12 Months Ended June 30, 2017
<b>Revenue</b>	\$411,122	\$528,478
<b>Gross profits (loss)</b>	11,670	7,841
<b>Income (loss) from operations</b>	(223)	(1,717)
<b>Net income (loss)</b>	(556)	(13,652)
<b>Earnings (loss) per share basic and fully diluted</b>	(0.02)	(0.50)
<b>EBITDA (loss) <sup>1</sup></b>	4,369	2,596
<b>Cash Flow From Operations</b>	44,352	14,624
<b>Adjusted net income (loss) <sup>2</sup></b>	(1,438)	(5,123)

<sup>1</sup>EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is not a standardized financial measure prescribed by IFRS; however, is one metric that is used by management to determine the Corporation's ability to service its debt and finance capital. EBITDA excludes gains and losses on property, plant and equipment and assets held for sale, as these items are considered to be non-recurring in nature. In calculating EBITDA, Ceres excludes its share of the net income (loss) from investments in associates and the gain (loss) on sale or impairment of property, plant and equipment. Ceres may calculate EBITDA differently than other companies; therefore, Ceres' EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as alternatives to net income or loss, or to other standardized financial measures determined in accordance with IFRS, and are not intended to represent cash flows or results of operations in accordance with IFRS.

<sup>2</sup>Adjusted net income (loss) is not a standardized finance measure prescribed by IFRS. The Corporation believes that the adjusted net income (loss) can be an effective measure used to evaluate its profitability by excluding non-recurring items. In calculating adjusted net income, Ceres excludes gain (loss) on sale or impairment of property, plant and equipment, income (loss) from investments in associates, revaluation of warrants, gain (loss) on equity investments, legal expense related to ongoing litigation and onetime write-downs. Ceres may calculate adjusted net income differently than other companies; therefore, Ceres' Adjusted Net Income (Loss) may not be comparable to similar measures presented by other issuers.



# FY 2018 vs. Q1 2019 FINANCIAL SNAPSHOT

(in thousands of USD\$)	3 Months Ended September 30, 2018	12 Months Ended June 30, 2018
<b>Revenue</b>	\$88,432	\$411,122
<b>Gross profits (loss)</b>	4,989	11,670
<b>Income (loss) from operations</b>	1,222	(223)
<b>Net income (loss)</b>	(7,774)	(556)
<b>Earnings (loss) per share basic and fully diluted</b>	(0.28)	(0.02)
<b>EBITDA (loss) <sup>1</sup></b>	(5,843)	4,369
<b>Cash Flow From Operations</b>	(44,270)	44,352
<b>Adjusted net income (loss) <sup>2</sup></b>	1,705	(1,438)

<sup>1</sup>EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is not a standardized financial measure prescribed by IFRS; however, is one metric that is used by management to determine the Corporation's ability to service its debt and finance capital. EBITDA excludes gains and losses on property, plant and equipment and assets held for sale, as these items are considered to be non-recurring in nature. In calculating EBITDA, Ceres excludes its share of the net income (loss) from investments in associates and the gain (loss) on sale or impairment of property, plant and equipment. Ceres may calculate EBITDA differently than other companies; therefore, Ceres' EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as alternatives to net income or loss, or to other standardized financial measures determined in accordance with IFRS, and are not intended to represent cash flows or results of operations in accordance with IFRS.

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# 2019 STRATEGIES & TACTICS

**Aggressively expand grain origination in the U.S. Upper Plains and Western Canada**

**Build greater optionality across our core supply chain**

**Develop strong relationships with strategic customers**

**Maximize revenue & development of non-core product Supply Chain Services**



# 2019 STRATEGIES & TACTICS

## Aggressively expand grain origination in the U.S. Upper Plains and Western Canada

- Acquire existing assets in areas of stable production with moderate relative market share
- Develop long-term partnerships or joint investment projects with independent cooperatives
- Opportunistically build or expand assets to capture greater trade volume



# 2019 STRATEGIES & TACTICS

## Build greater optionality across our core supply chain

- Leverage key assets in Duluth, Northgate & Minneapolis to serve U.S. market, select international customers and opportunistically export to others
- Maximize geographic diversity and freight market flexibility to satisfy customer demand and maximize margins
- Compliment core commodities w/products that add efficiency to our network (e.g., Canola, Peas & Lentils)





# 2019 STRATEGIES & TACTICS

## Develop strong relationships with strategic customers

- Deepen key customer relationships by identifying unmet needs and creating long-term strategic alliances
  - Segmentation
  - Strategic, key & sales account classification and account plans
- Consistently provide competitive prices, reliable logistics and quality, and measure performance



# 2019 STRATEGIES & TACTICS

## Maximize revenue & development of non-core product Supply Chain Services

- Continue aggressive development at Northgate:
  - Liquid hydrocarbons
  - Fertilizers
  - Industrial products
- Develop non-ag Supply Chain Services at other locations
  - Savage
  - Port Colborne
- Maintain and/or further develop non-core agricultural products outside Northgate
  - Barley
  - Rye



# GOALS FOR FISCAL YEAR 2019

1. Maintain trajectory of improved financial results
2. Organically grow from investments previously made: Core & Supply Chain
3. Add grower origination assets in Western Canada and Northern Plains U.S.
4. Deepen relationships with strategic & key customers
5. Physically connect with the oil & gas industry at Northgate
6. Increase pulses and organic product volumes
7. Invest in people and talent



# CURRENT APPROXIMATE BALANCE SHEET

*In 000's USDs*

<b>Assets</b>	
Current Assets (Grain, Cash, A/R, Canterra, etc.)	\$ 130,000
Long-Term Assets (PPE, Investment Assets, etc.)	115,000
<b>Total Assets</b>	<b>\$ 245,000</b>
<b>Liabilities &amp; Shareholder's Equity</b>	
Current Liabilities (ST Debt, A/P, etc.)	\$ 85,000
Long-Term Debt	20,000
<b>Total Liabilities</b>	<b>105,000</b>
Shareholder's Equity	140,000
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>\$ 245,000</b>

Current Assets – Current Liabilities =  
\$45 million Approximate Working Capital

Increasing term debt to  
\$20 million (from \$10 million)

*\*All numbers are post-Scoular lawsuit settlement payment of \$11.25 million*

## POST-SCOULAR SETTLEMENT CERES' BALANCE SHEET REMAINS STRONG WITH CAPITAL FOR NEAR-TERM GROWTH INVESTMENTS

Represents the most current published balance sheet and inclusive of additional term debt and the paydown of the Scoular settlement liability.



# STOCK PRICE ANALYSIS

<b>As of November 4, 2018</b>	
Current	27,934,991
Share Price	4.20
Exchange Rate	0.7631
Market Value of Stock	89,532,205

<b>Asset Value (as of Sept 30, 2018)</b>	
Net Book of Fixed Assets	104,490,667
Working Capital	30,391,057
Investments	7,237,822
Term-Debt	(10,000,000)
Value of Assets	132,119,546

<b>Asset vs Market value of Equity</b>	
Value of Assets	132,119,546
Market value of Stock	89,532,205
Surplus	<b>42,587,341</b>



# MANAGEMENT & DIRECTORS

## SENIOR MANAGEMENT

### **Robert Day, President & CEO**

Formerly VP, Trading & Risk Management, Ceres; Managing Director, ED&F Man; Director, Grain & Oilseed Supply, Cargill

### **Kyle Egbert, Vice-President & CFO**

Formerly Global Derivative and Technical Accounting Manager, Royal Dutch Shell; Senior, PricewaterhouseCoopers

### **John Carroll, Vice-President, Trading & Risk Management**

Formerly Director, Commodity Risk Management, Guardian Energy; Trading and Supply Chain Risk Management, Cargill

### **Glen Goldman, Vice-President, General Counsel & Corporate Secretary**

Formerly Senior Attorney, Cargill

### **Sarah Blomquist, Director, Human Resources**

Formerly Director, Human Resources, Minnesota Vikings; Human Resources Management, Cargill

## BOARD OF DIRECTORS

### **Doug Speers, Independent Director & Chairman**

Formerly Chairman & Director, Hydro One; Former President & CEO, Emco Corp.; Senior Executive, Imperial Oil, Exxon

### **Robert Day, Director & Officer**

President & CEO, Ceres

### **Harvey Joel, Independent Director**

Formerly Vice President, Logistics Solutions CN Railway; Vice President, Norbord, Inc.

### **Gary Mize, Independent Director**

Formerly COO, Noble Group; President Grain Processing, ConAgra; President & CEO, ConAgra Malt

### **James Vanasek, Independent Director**

Principal, VN Capital Management

DEPTH OF EXPERIENCE ACROSS  
COMMODITY, ENERGY AND LOGISTICS INDUSTRIES

