

FARMLEAD

Where Are Oats Markets Going in 2020?

December 5, 2019 – Winnipeg, MB



I'm Brennan!

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- Family farms ~65,000 acres between Saskatchewan & North Dakota
- Notre Dame Hound (2005)
- Yale University (2009 B.A.Econ)
- Wall Street commodities analyst/trader
- Why FarmLead? Make grain trade easy
- Was on Fast Company's 2017 list of Most Creative People in Business
- 2018 Henry Crown Fellow at the Aspen Institute
- FarmLead named to Forbes Most Innovative Companies in Agriculture in 2017 & 2018



FarmLead Turns 5 Years Old!



- \$2 Billion USD of grain successfully negotiated
- 2+ million negotiation events
- Our Farmers = 13% of North America's production of grains, oilseeds, & pulses
 - Includes ~50% of Canadian spring wheat + canola production
- Our Buyers = ~10% of annual demand within North American
- 19 out of top 20 grain buying companies in North America are using FarmLead tools to help them find grain

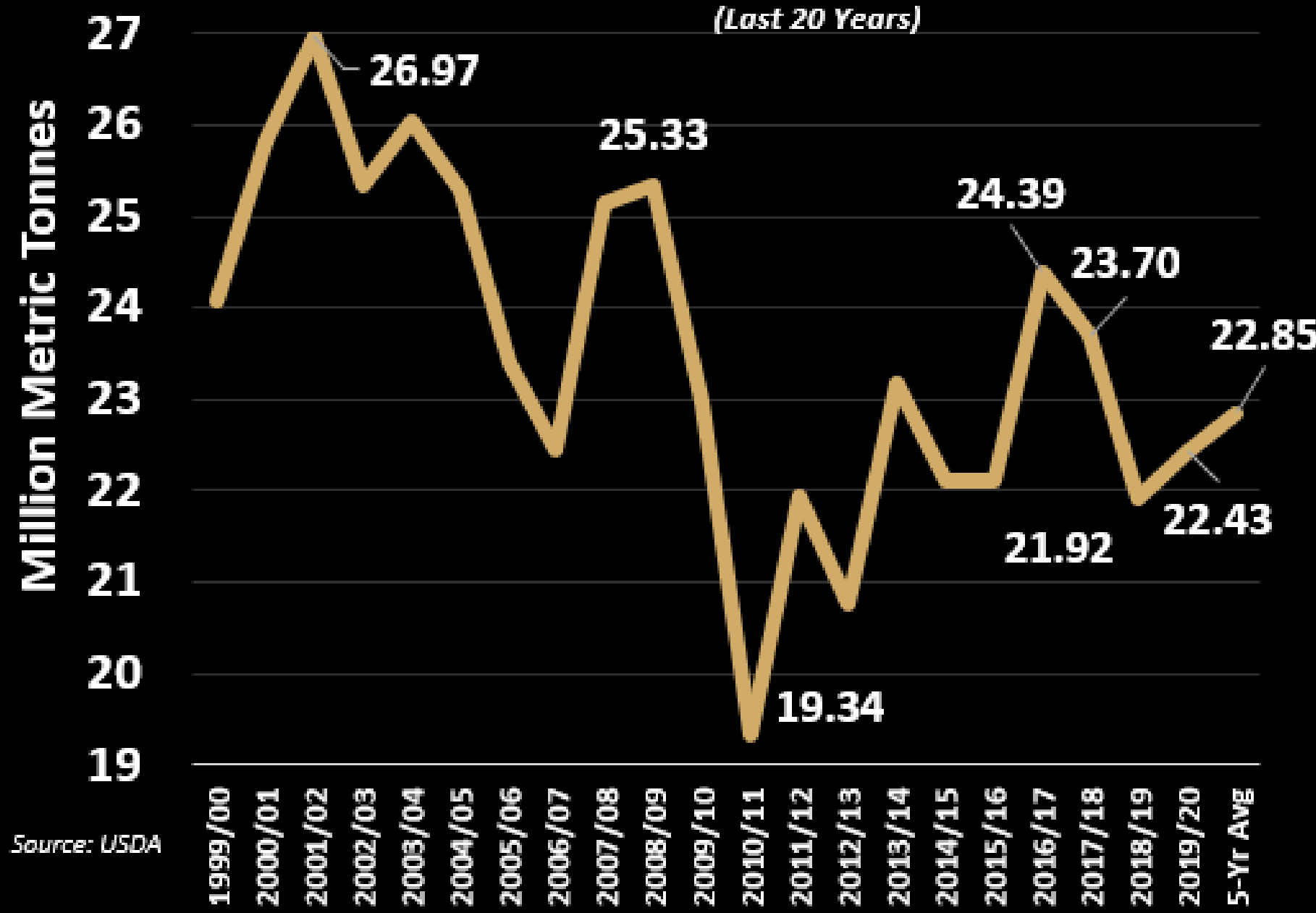
Global 19/20
Oats Harvest
+2.3% YoY



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World Oats Production

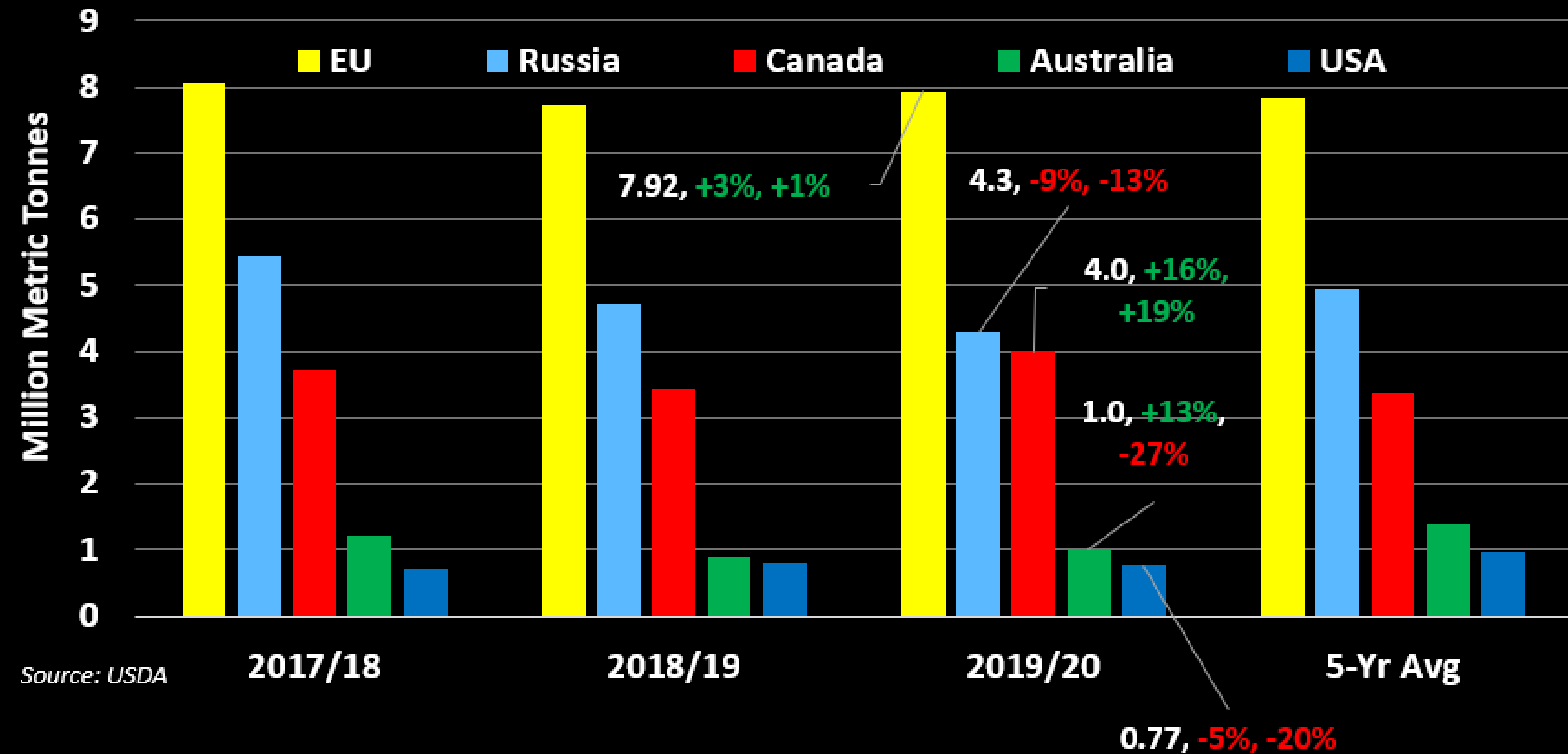
(Last 20 Years)



Source: USDA

Major Global Oats Producers

(with change YoY & vs 5-yr avg)



2019 Oats Harvest Honourable Mentions

*Countries who produce at
least 100,000 MT per year
(with change YoY & against
the 5-year average)*

- Brazil: 825,000 MT (+38%, +42%)
- Belarus: 450,000 MT (+32%, no change)
- Chile: 385,000 MT (no change, -32%)
- Argentina: 350,000 MT (-39%, -40%)
- Kazakhstan: 340,000 MT (+12%, +19%)
- Norway: 300,000 MT (+108%, +11%)
- China: 200,000 MT (-11%, -18%)

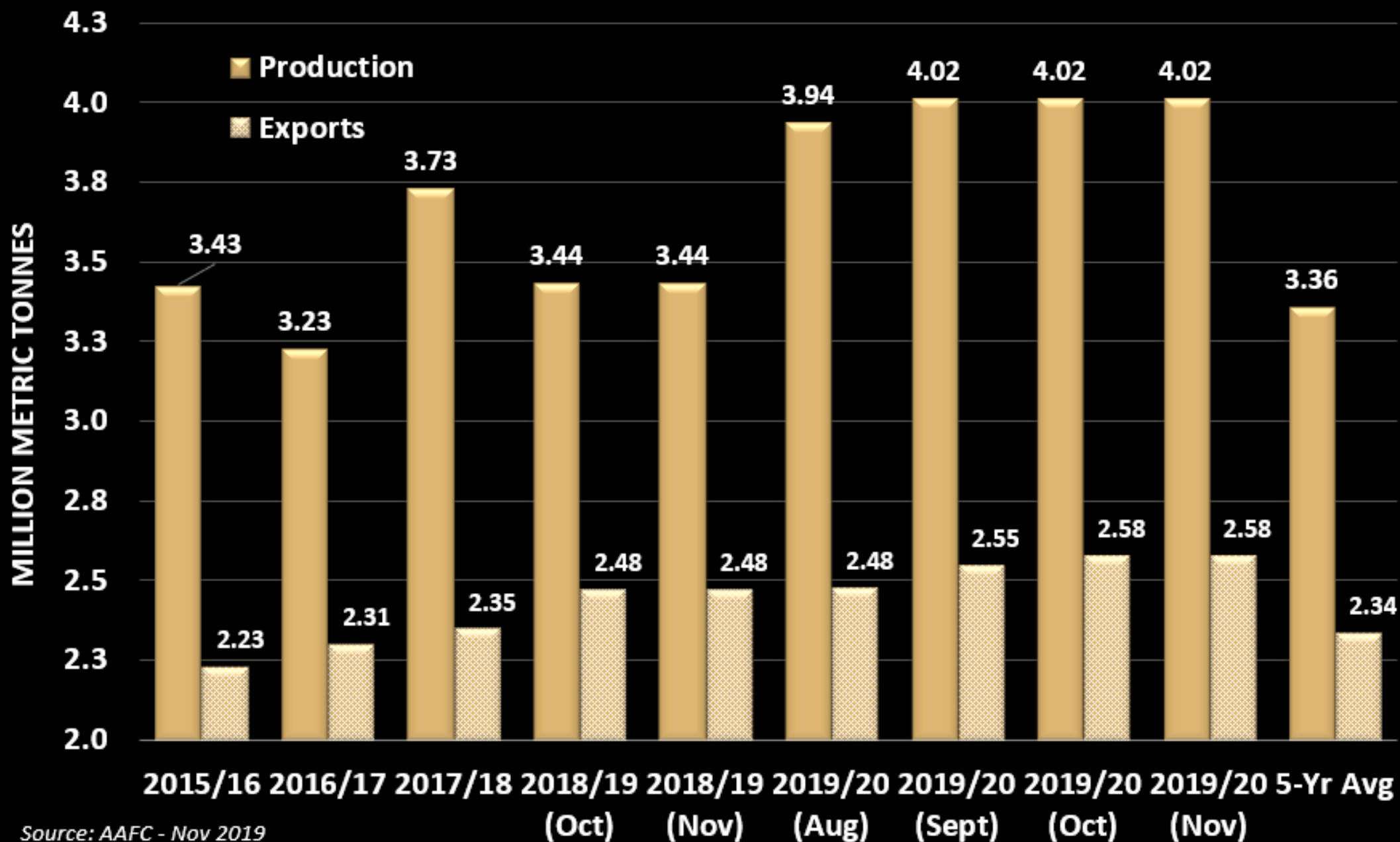
Canada Continues to “Oat” yield

*(Countries who produce at
least 100,000 MT/year)*

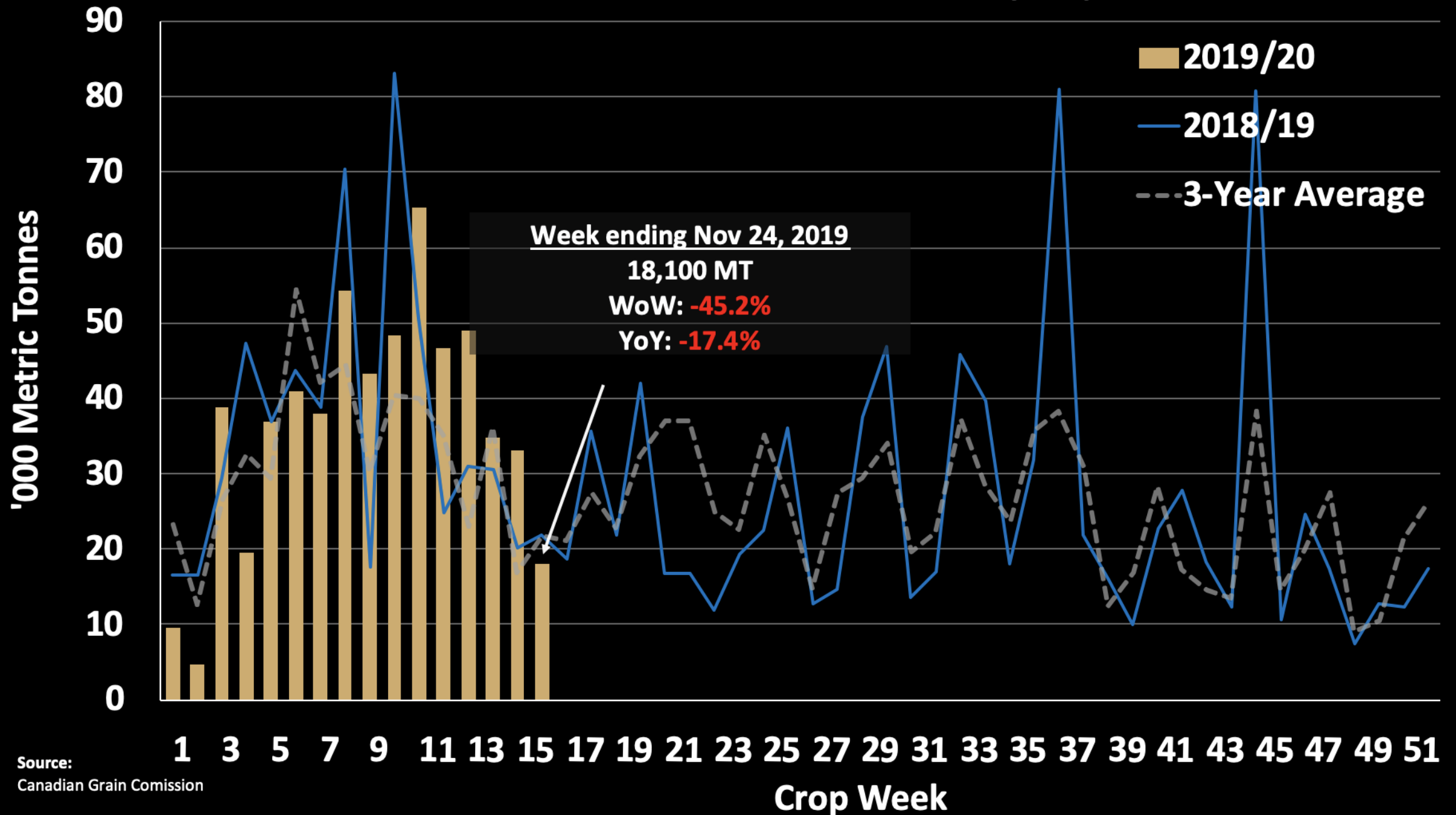


Country	2019/20	5-Yr Avg
Chile	144.3	132.6
Norway	112.6	102
Canada	87.4	88.7
EU	81.3	79.4
Belarus	78.7	78.7
Argentina	68	60.5
United States	60.6	62.3
Brazil	56.9	55.9
Russia	47	45.8
Australia	37.5	41.4
China	31.2	30.3

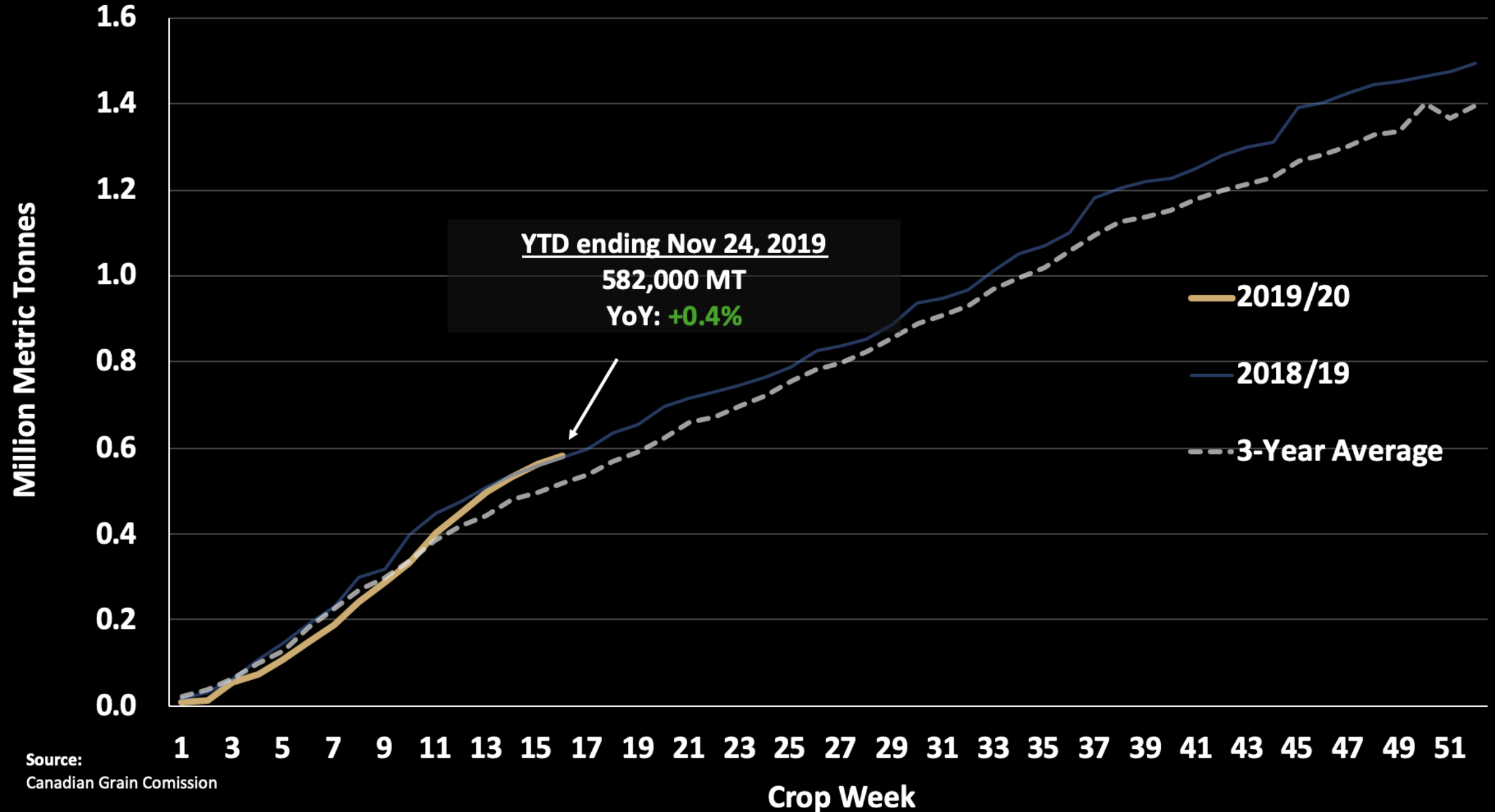
Canadian Oats Production Vs Exports



Canadian Oats - Weekly Exports

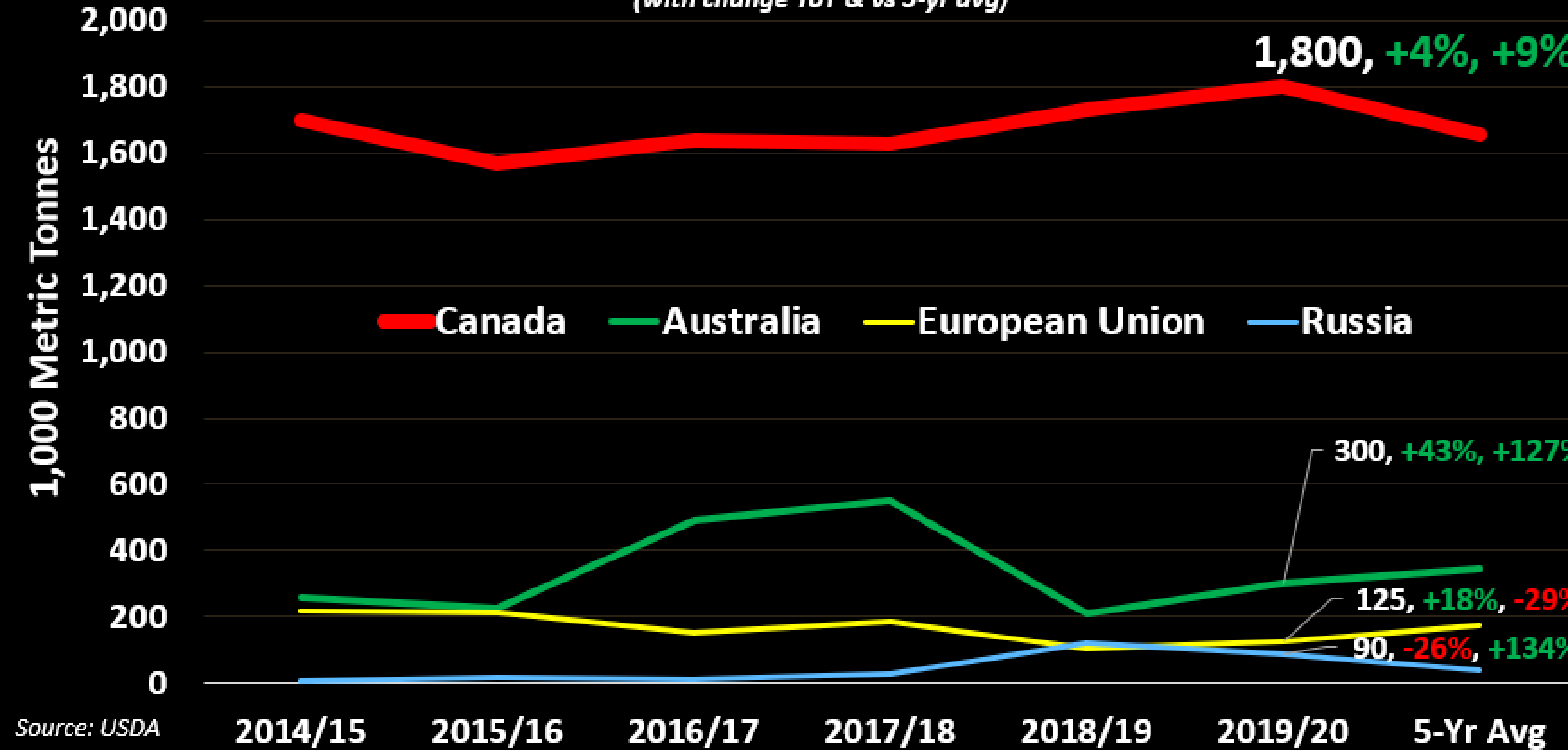


Canadian Oats - Cumulative Exports



Canada: the Main Oats Exporter

(with change YoY & vs 5-yr avg)

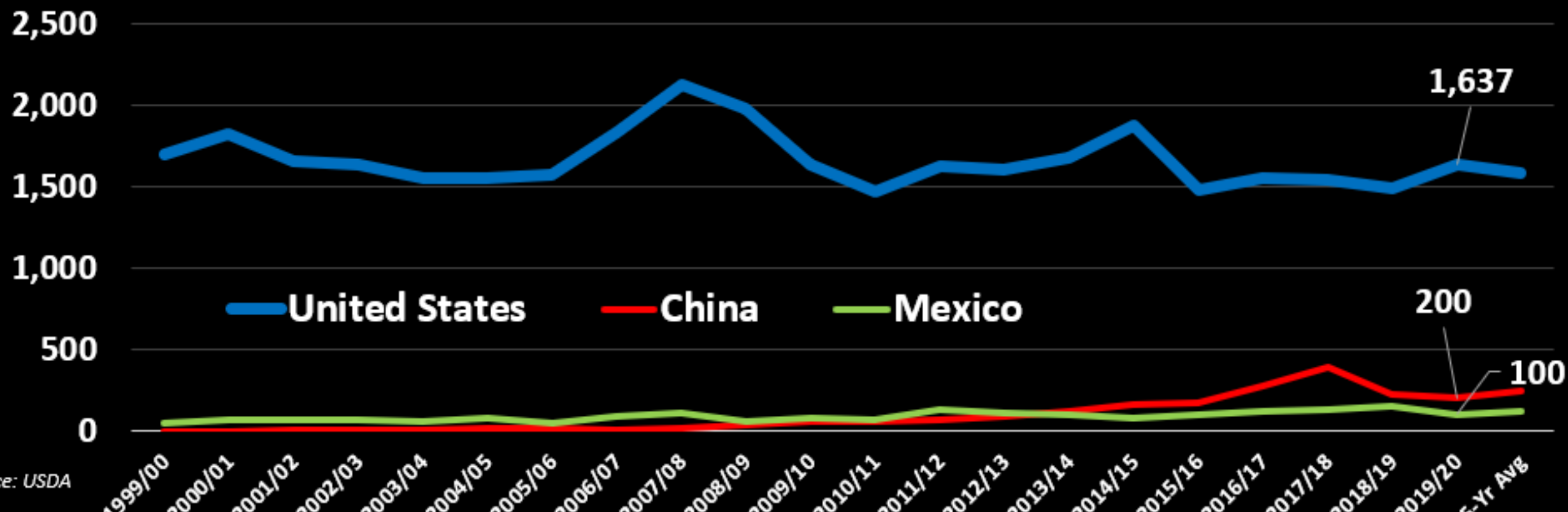


The U.S. Owns 72%



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Global Oats Importers



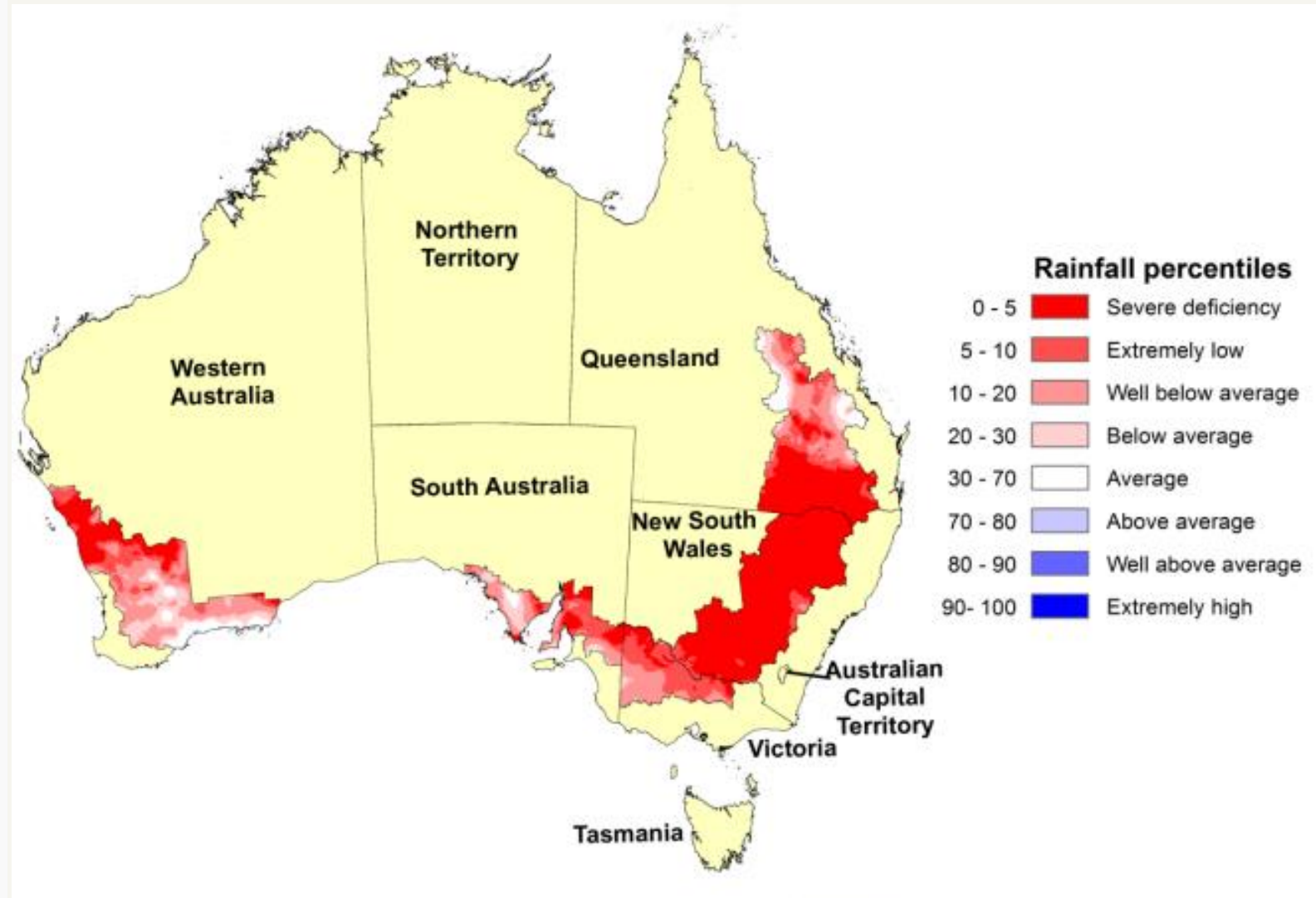
Honourable Mentions

*Countries who have averaged
under 100,000 MT of oats
imports over the last 5 years*

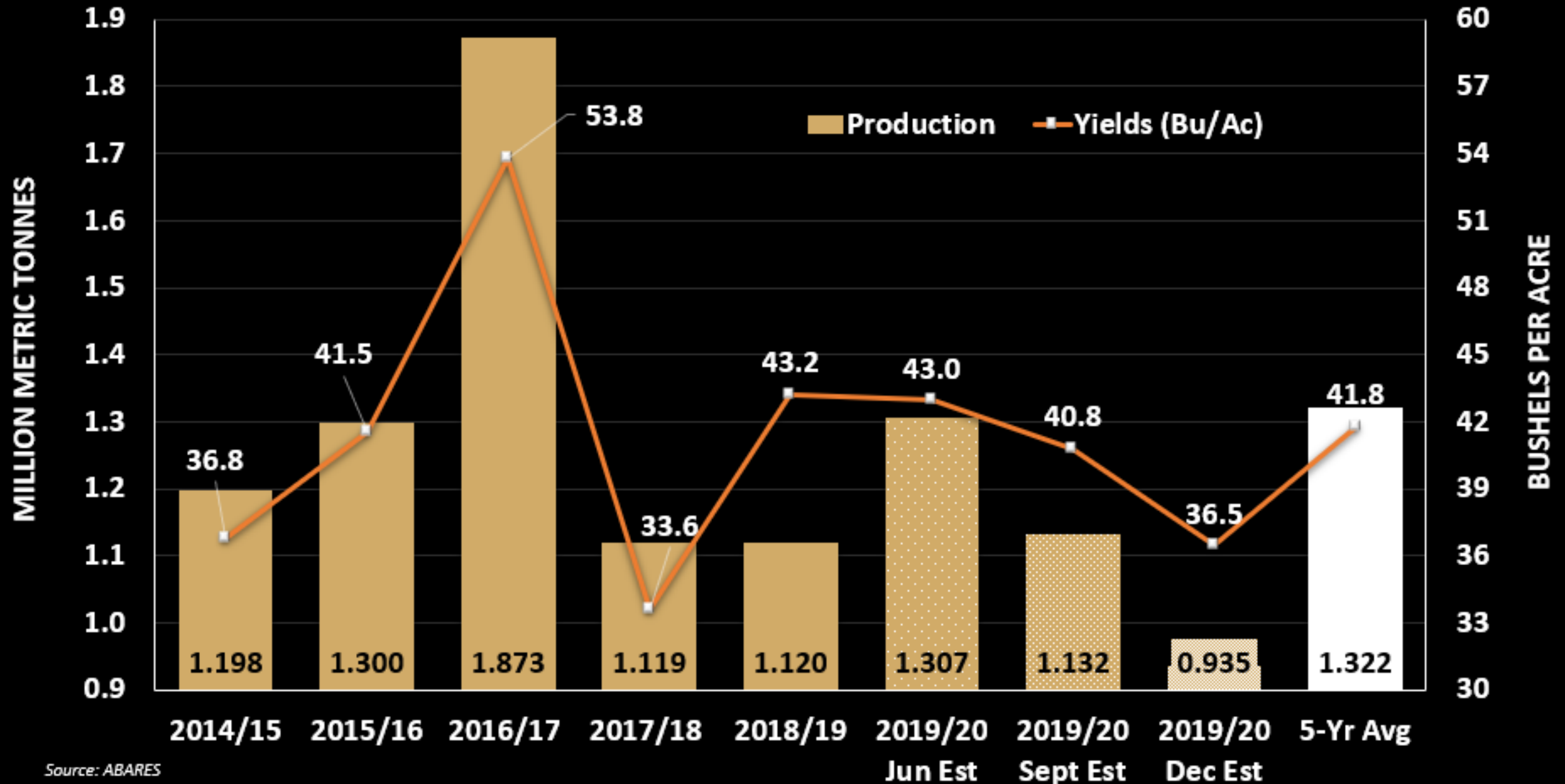
- Switzerland – 50,000 MT
- Japan – 47,000 MT
- South Africa – 33,000 MT
- South Korea – 30,000 MT
- Ecuador – 28,000 MT
- Norway – 24,000 MT
- India – 24,000 MT

Australia's Loss, Our Gain?

The large majority (+90%) of China's oats imports come from Australia



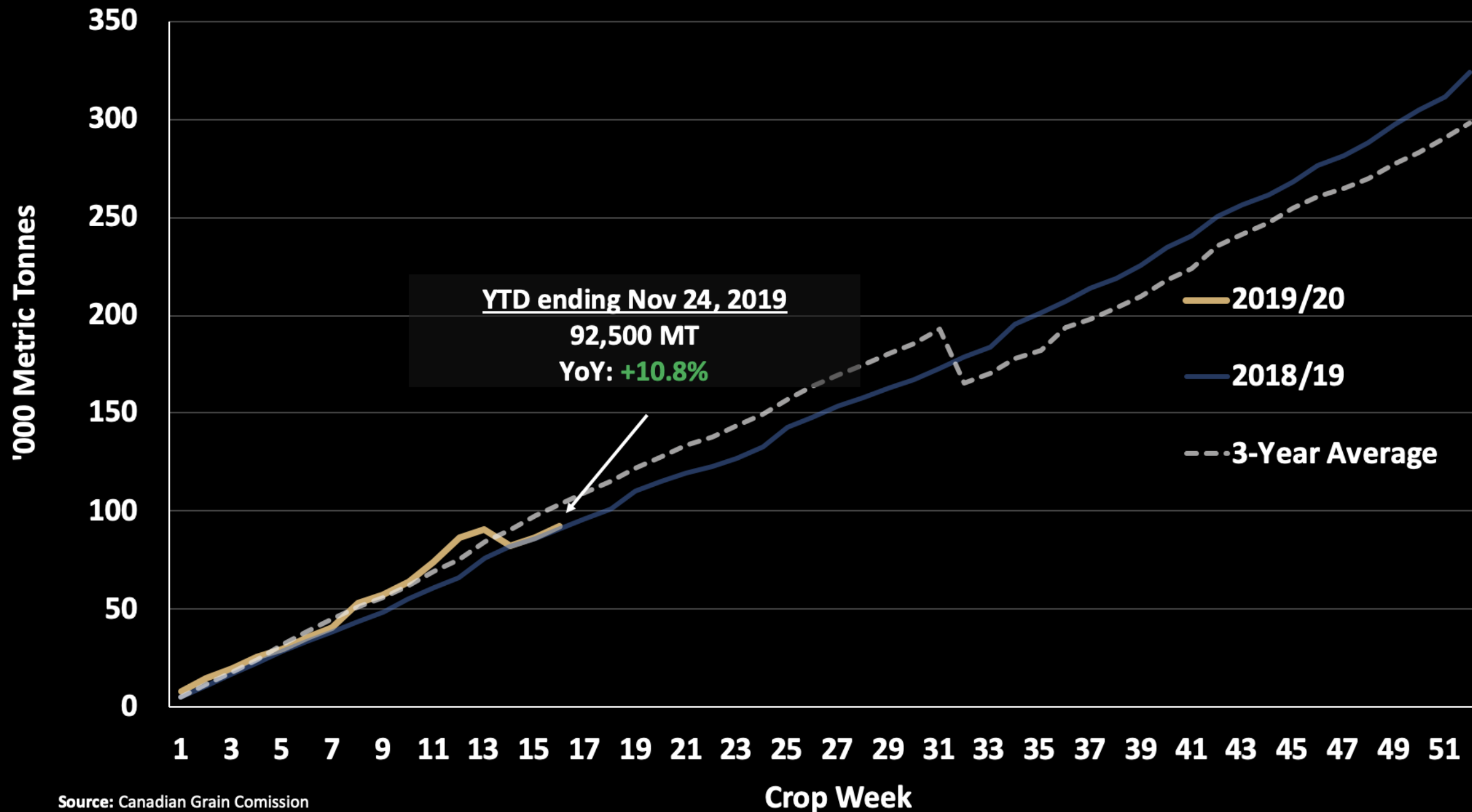
Australia Oats Production, Yields



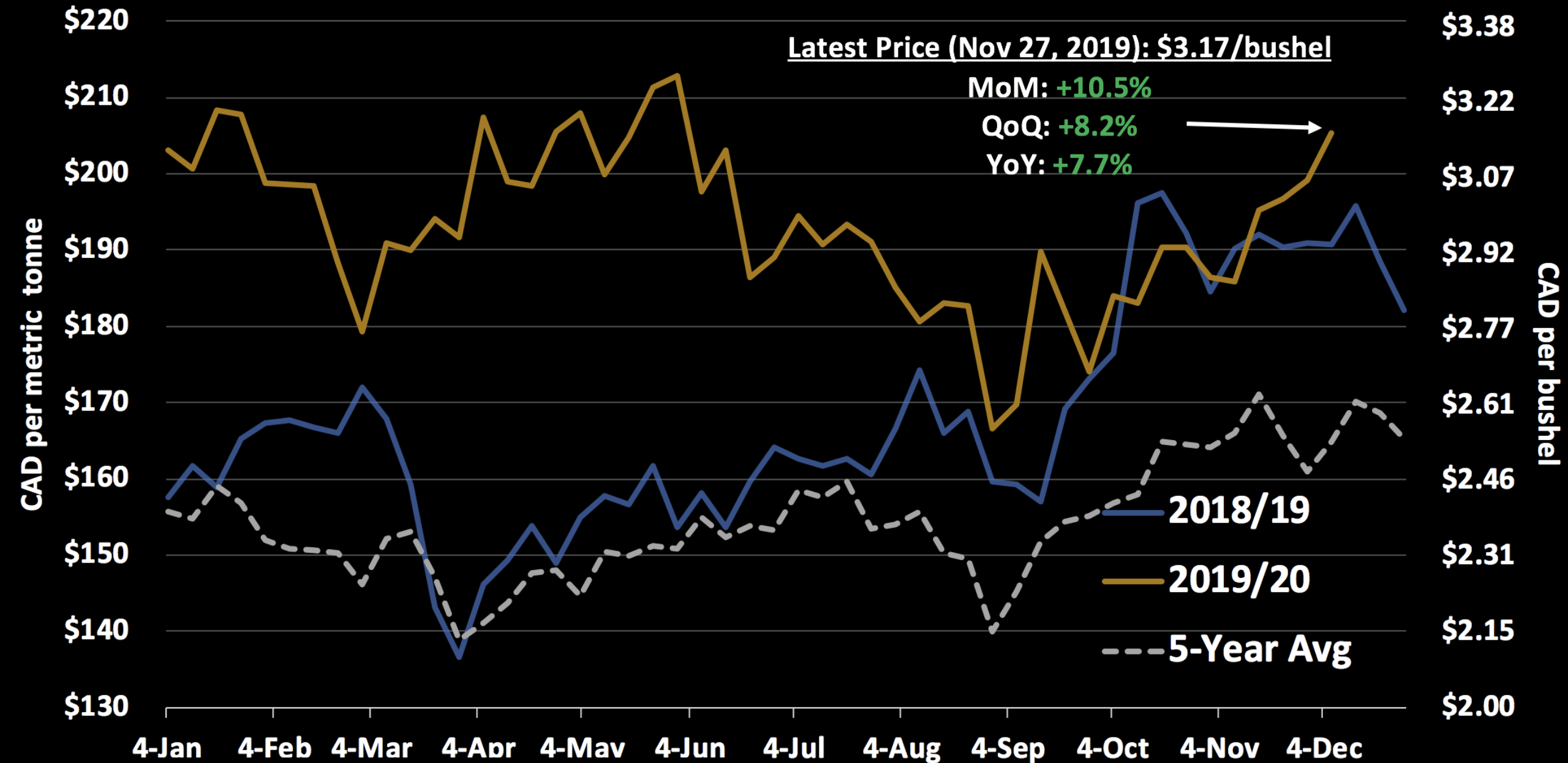
“Where’s My Oat Foam?”



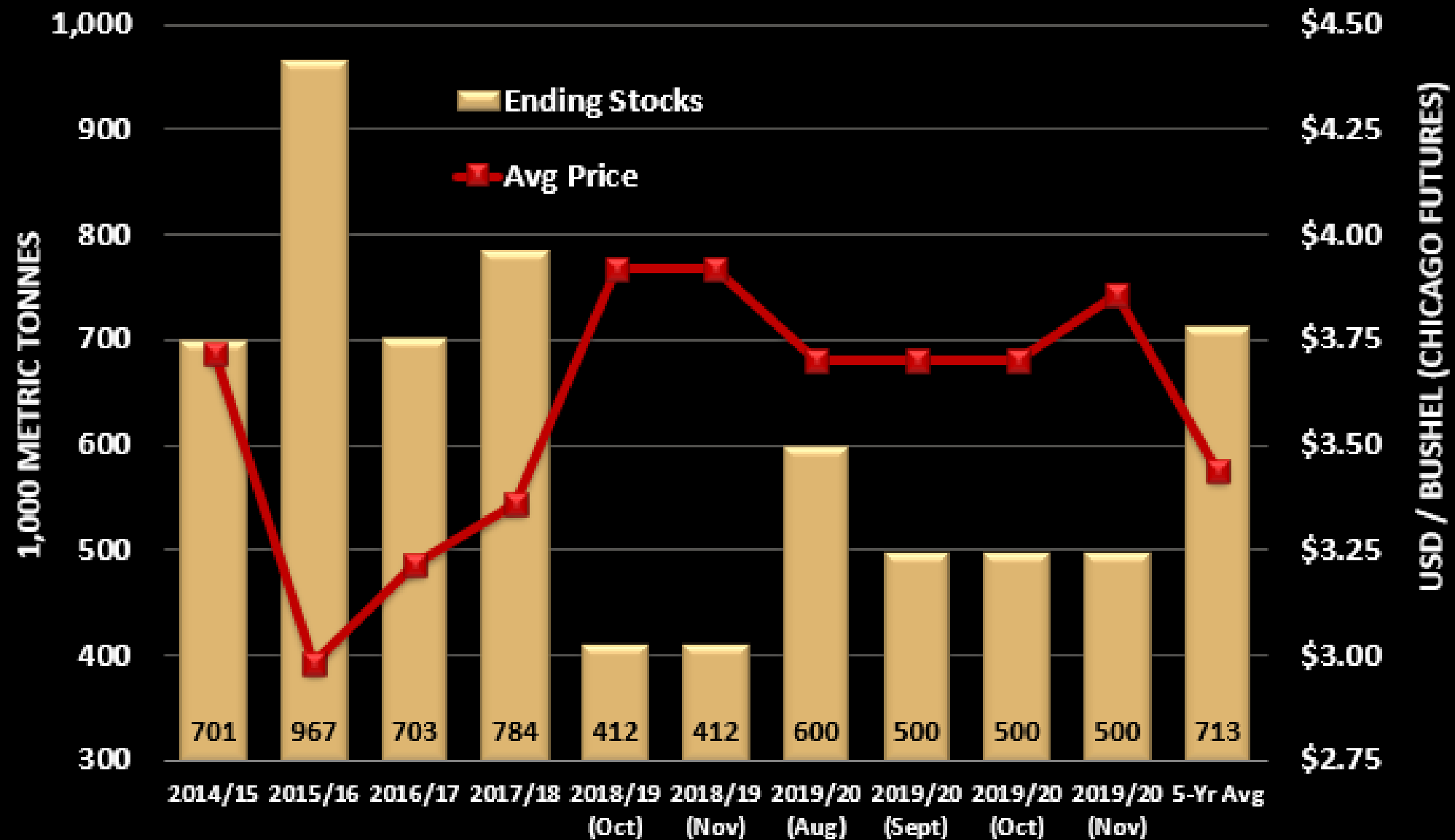
- Oatly (& others) helping to grow demand side of equation***
(or the 11% category of “Other” it falls into)
- Non-dairy milk market owned by almonds (64%), soy (13%), and coconut (12%)
- 5M litres of oat milk =
~500 MT of oats used



Cash Oats Prices (Del'd Sask Elevator)




Oats Prices vs Ending Stocks



Source: AAFC - Nov 2019

Good Crop, Bad Crop (Old vs New)



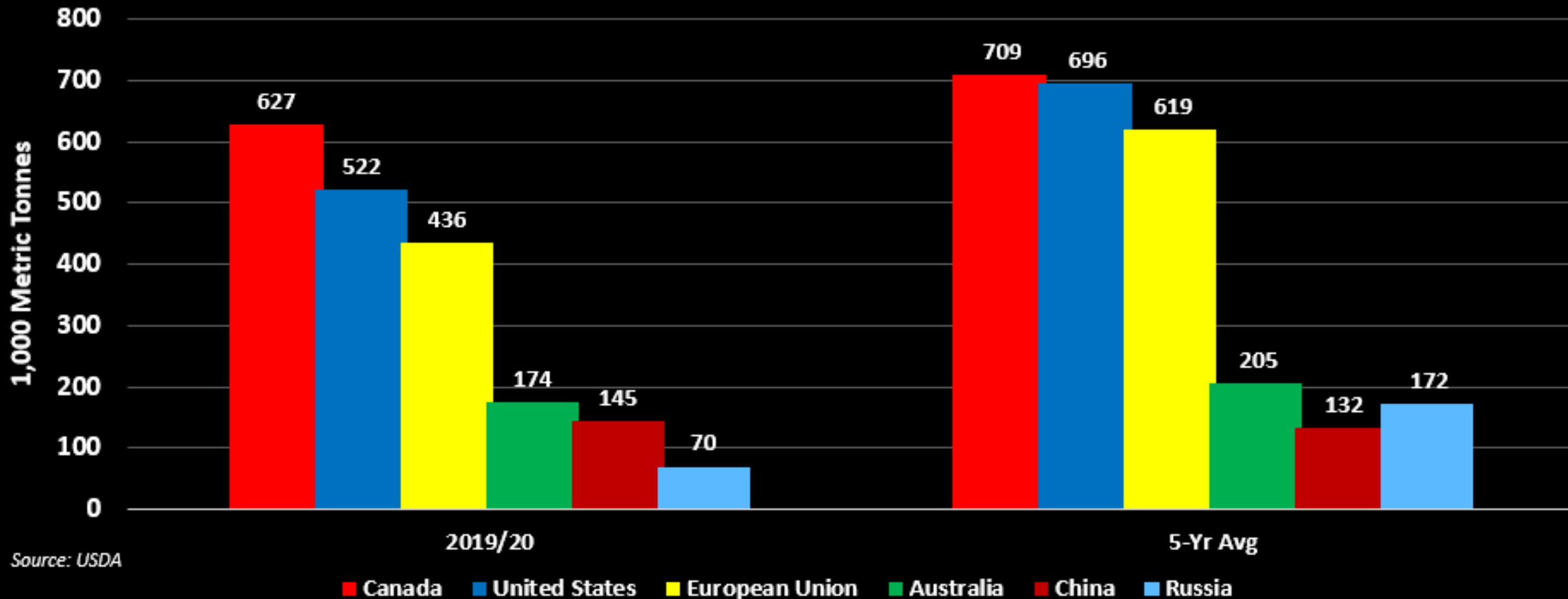
 FARMLEAD	Contract	Nov 2019's Close	Oct 2019's Close	\$ Change MoM	% Change MoM
Chicago Oats Prices (USD / bushel)	Mar '20	\$3.098	\$2.978	\$0.120	4.0%
	May '20	\$3.053	\$2.935	\$0.118	4.0%
	July '20	\$2.920	\$2.935	-\$0.015	-0.5%
	Sep '20	\$2.770	\$2.918	-\$0.148	-5.1%
	Dec '20	\$2.680	\$2.908	-\$0.228	-7.8%

2nd-Lowest Oats Global Carryout Ever



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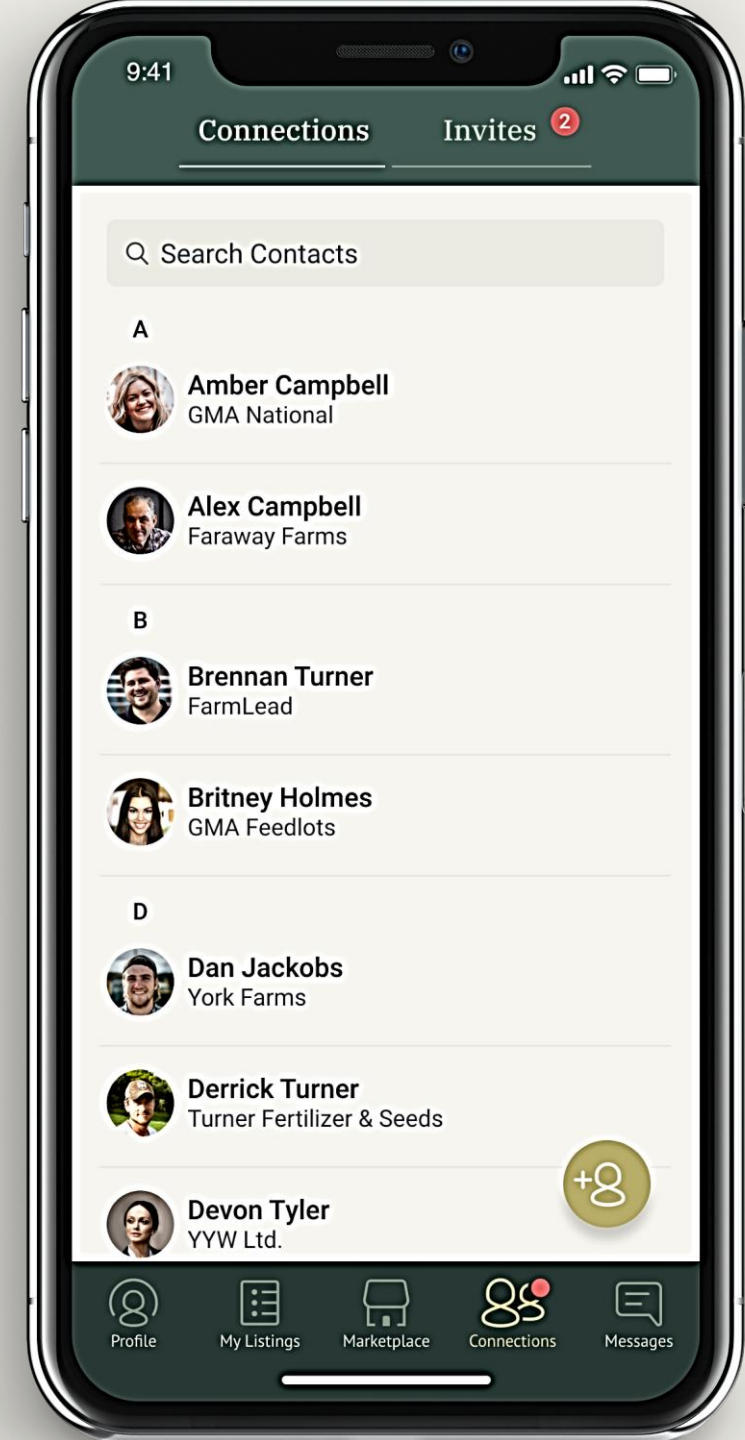
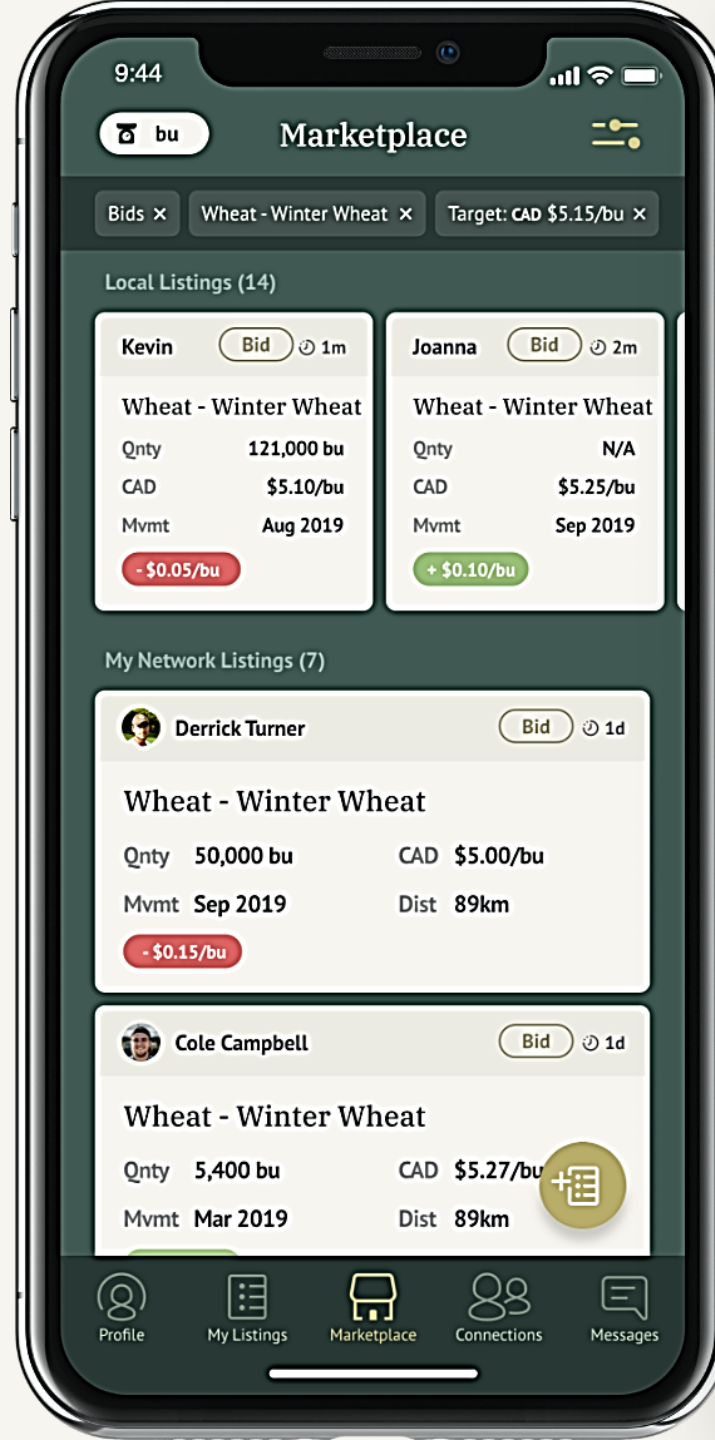
Oats Ending Stocks - Major Markets



Source: USDA

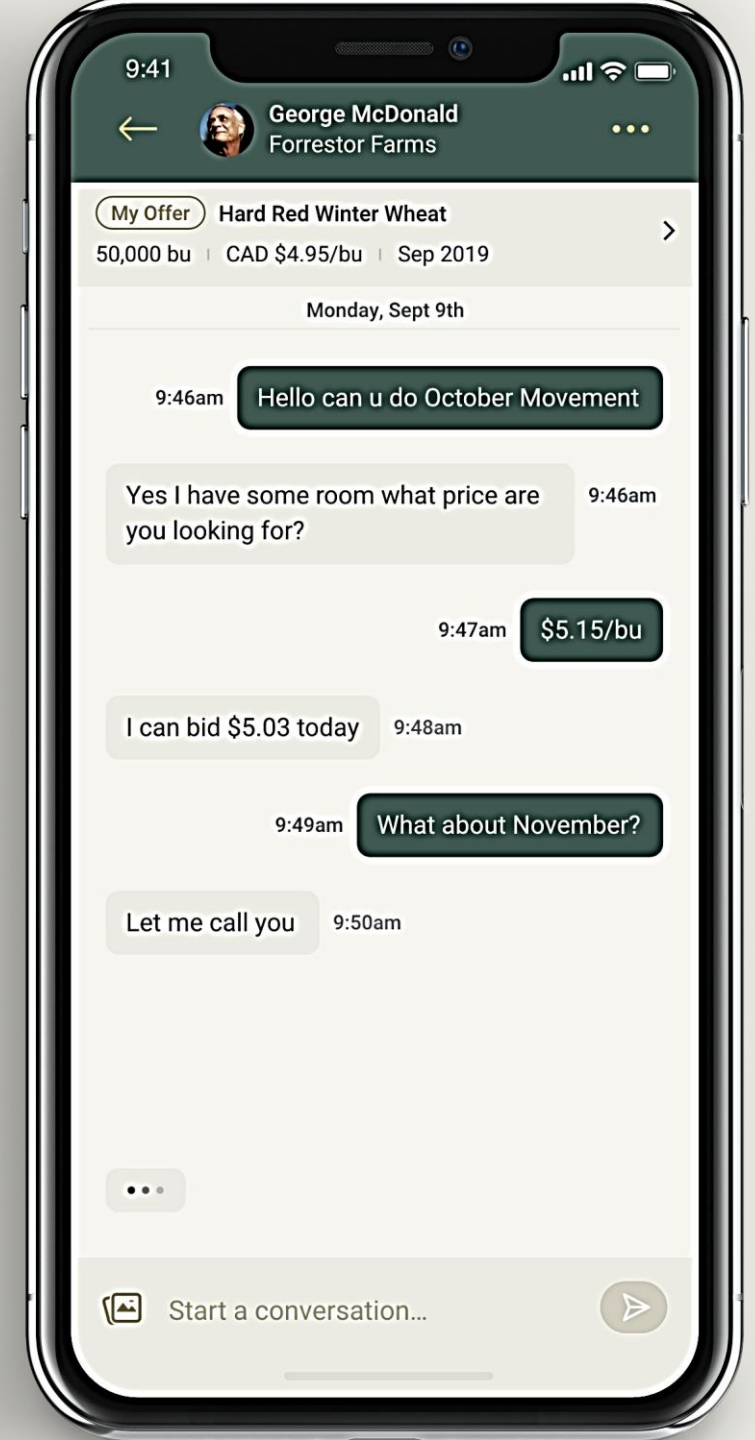
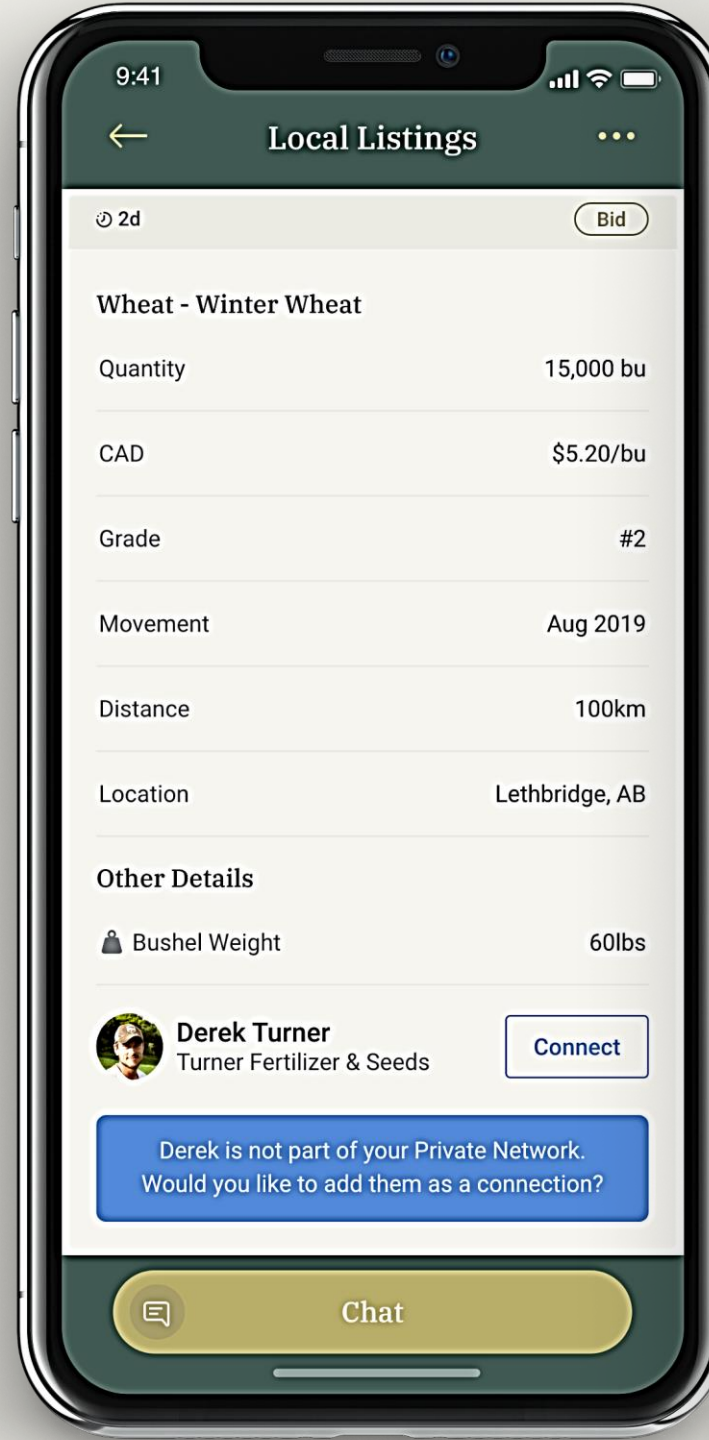
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Marketplace Connections



The most connected Combyne

Listings Chat



Why should
any of this
matter?



***Society's expectations of
business are rising***



***WANTED: More environmental
and social good***



**More
Transparency.
Please.**

30 MMT Carbon Net Capture



- 60 MMT in farmer emissions
- 11 MMT captured in soil
- 79 MMT capture in grain

This ↑ is not shared/talked about. Ever.

“Sustainable” Canola Going to the EU

- **No-Till**
- **Continuously cropped for 5 years**
- **Field records**





Technological Proof

The data is already
available.

9:41 AM 100%

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Open Source Wins


Closed loop systems only benefit small numbers


**Optionality
of what tools
can be used
maintains
ownership,
pride**


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Integrations

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 OPI Monitored Bin

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 FCC AgExpert

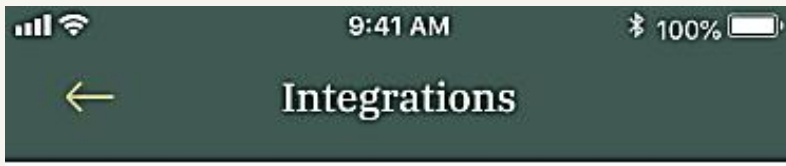
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 What are integrations?

Save Changes

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FCC AgExpert



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IntelliFarms



BinSense



Decisive Farming



Save Changes

Leverage Your Team

A farmer's bench of transparent ground truth data

There are benefits



- 1. Consumer trust**
- 2. Market access**
- 3. Differentiation**
- 4. Defense**

2020 Expectations for Oats Market



1. **Winter rally buys more 2020 acres**
 - *When will you have cashflow needs?*
2. **Price today better than price tomorrow**
 - *What's your cost of production?*
3. **Long-term opportunities all in Asia**
4. **More “demands” from consumers**
 - *What's your quality?”*

Let's chat! (Now or later)



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