



Viterra retains the crown, but for how long?

Bruce Johnstone
Leader-Post

Viterra Inc. is still the biggest company in Saskatchewan, with \$11.8 billion in revenues in 2011, according to the list of top 100 Saskatchewan companies.

But that first-place ranking — which the Regina-based grainhandling company has achieved for the third year in a row — will likely end in the next year or so.

Unless you've been living under a rock, you'll know that Viterra is being taken over by Swiss-based Glencore International, which announced plans to take over Canada's biggest grain company in a \$6.1 billion deal in March.

If all goes according to plan, Glencore will sell off \$2.6 billion of Viterra's assets to Richardson International of Winnipeg and Agrium Inc. of Calgary after the deal closes sometime before the end of 2012. The two companies have received all the regulatory, legal and shareholders approvals required to consummate the deal, but one.

- In early May, Glencore received a "no action" letter from the Competition Bureau of Canada, while the U.S. statutory waiting period for antitrust review expired.

- In late May, Viterra shareholders approved the offer of \$16.25 per share at a special meeting of shareholders in Calgary, and two days later an Ontario Superior Court issued a final order approving the transaction under the Canada Business Corporations Act.

- In June, the Australian Competition and Consumer Commission said it would not oppose the transaction.

- In mid-July, Glencore received notice from Industry Minister Christian Paradis that the acquisition had been approved under the Investment Canada Act.

- In late July, Glencore received approval from Australia's Foreign Investment Review Board (FIRB) to proceed with the transaction, completing the Australian regulatory approvals. Glencore was required to obtain.

There's just one remaining regulatory hurdle to Glencore's acquisition of Viterra — the approval of the Ministry of Commerce of the People's Republic of China (MOFCOM) under the Chinese Anti-Monopoly Law.

For its part, the provincial government commissioned U.S. consulting firm Informa Economics to conduct an analysis of the proposed transaction and its impact on the province.

Its conclusion? "It would appear that the opportunities outweigh the risks for Saskatchewan, since Viterra is a good strategic and geographic fit for Glencore and its acquisition will make Glencore a stronger global competitor, with Saskatchewan having an important position in the company as a major origination location and the site of a key regional office."

Barring something unforeseen, Canada's largest agriculture company (well ahead of second-ranked Cargill Ltd. at \$6.65 billion in revenues and the third-ranked Canadian

Wheat Board at just over \$6 billion in revenues) will soon become the property of the world's largest commodities trader.

And given that Glencore intends to sell off nearly a quarter of the company's grainhandling assets to Richardson and all of its agriproduct sales centres to Agrium, the new Viterra (or whatever it's going to be called) will be generating significantly less revenue than the old Viterra in 2013.

Strangely enough, the takeover of the province's largest company has generated little or no opposition in Saskatchewan, unlike the hostile takeover bid of Potash Corp. of Saskatchewan by BHP Billiton in 2010. Other than Deputy Liberal Leader Ralph Goodale, who has repeatedly raised objections about the deal in the House of Commons, few other politicians have questioned the deal.

Ostensibly, the reason is that Viterra, unlike PotashCorp, is not an owner/operator of "strategic assets" like potash or other non-renewable resources. As a grainhandling company, Viterra is merely a marketer of grains, which could just as easily be handled by a foreign-owned company, so the reasoning goes.

Second, Glencore's acquisition was a friendly deal (with unanimous support from Viterra's board of directors), unlike BHP's decidedly unfriendly \$38 billion takeover bid for PotashCorp.

Third, Glencore very cleverly constructed the deal to avoid objections about concentration of ownership, restraint of trade or other anti-competitive behaviour by cutting side deals with Viterra's competitors prior to pitching its takeover bid.

BHP, on the other hand, made no bones about the fact that it intended to take the world's largest producer of potash, with 25 per cent global reserves, out of Canpotex and intended to produce and market potash as it saw fit. All of which earned the enmity of the Saskatchewan Party government and Premier Brad Wall, who fought tooth and nail to prevent the takeover from happening.

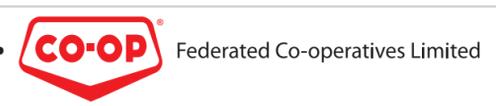
All of which is perfectly true. But it still doesn't explain the reluctance to stand up and fight the takeover of a "Canadian champion" by a foreign company, with a checkered history of working in Third World countries, like the Democratic Republic of Congo.

Moreover, where is the "net benefit for Canada" in this transaction? Aside from making Regina Glencore's North American headquarters for its agricultural business and the promise of \$100 million in investment over five years, there doesn't appear to be any. It will be a smaller company, foreign-owned and -controlled and no longer "Canada's champion" in the grainhandling business.

It may be a good business deal for Viterra shareholders (and CEO Mayo Schmidt, who is reported to make \$37 million from this transaction), but is it good for Saskatchewan and Canada? The jury is out on that one.

Johnstone is the Leader-Post's financial editor.

SASKATCHEWAN'S TOP 10

1.  **VITERRA™**
2.  **PotashCorp**
3.  **Federated Co-operatives Limited**
4.  **Canpotex**
5.  **Cameco**
6.  **SaskPower**
7.  **Brandt**
8.  **SaskTel**
9.  **Farm Credit Canada**
10.  **the co-operators**

Mining sector

continues to dominate **Top 100 list**

By Scott Larson
StarPhoenix

The resource sector dominates when it comes to the largest companies in Saskatoon.

Potash Corp. of Saskatchewan was the second-largest company in the province, behind only Regina-based Viterra Inc., in a list of Saskatchewan's top 100 companies.

Rounding out the top five in the province were Saskatoon-based Federated Co-operatives Ltd., Canpotex (the offshore marketing agency for Saskatchewan potash producers) and uranium giant Cameco Corp.

Viterra, Canada's largest grainhandler, retained its place at the top for the third year in a row while Potash Corp. and Federated Co-op switched places. Canpotex and Cameco kept their spots from 2010.

Viterra will be hard-pressed to retain its place next year after Swiss-based Glencore announced plans to take over the company in a \$6.1-billion deal in March. Glencore plans to sell off \$2.6 billion of Viterra's assets to Richardson International of Winnipeg and Agrium Inc. of Calgary after the deal closes sometime before the end of 2012. Viterra had revenues of \$11.79 billion (based on 2011 numbers) compared to \$8.25 billion in 2011 (based on 2010 numbers).

PotashCorp moved up to second in the rankings with \$8.612 billion in revenues, up from \$6.8 billion in 2010. Federated Co-operatives Ltd. slipped to third on \$8.266 billion in revenues in fiscal 2011. That is still up more than \$1 billion from fiscal 2010, which saw \$7.11 billion in revenues.

Canpotex remained fourth with \$4.3 billion in revenues in fiscal 2011, up from \$3.2 billion in revenues in fiscal 2010.

Cameco was ranked fifth with \$2.4 billion in revenues, up slightly from \$2.12 billion in revenues in fiscal 2010, as the uranium industry tried to rebound from 2011's Fukushima disaster in Japan.

Rounding out the top 10 were SaskPower with \$1.837 billion in revenues compared to \$1.75 billion in revenues in 2010; Regina's Brandt Group of Companies with \$1.280 billion (new to the Top 10); SaskTel earned \$1.172 billion compared to \$1.112 billion in 2010; Regina-based Farm Credit Canada moved up to ninth place from 16th a year ago with \$1.112 billion

in revenues in 2011 compared to \$821 million in 2010; and Saskatchewan Liquor and Gaming Authority with 2011 revenues of 1.040 billion compared to \$1.012 billion in 2010.

All 10 companies saw revenues increase in fiscal 2011.

Saskatoon-based entities just missing out on the Top 10 included the Saskatoon Health Region (11th), Mega Group Inc. (13th) and the University of Saskatchewan (14th).

Saskatoon companies making major moves up on the list from a year ago were Concorde Group Corp. (24th this year compared to 30th last year), Siemens Transportation Group Inc. (26th this year compared to 33rd last year) and Supreme Steel LP (34th this year from 44th last year).

Saskatoon companies appearing on this year's list that were not on last year's include Legumes Walker Canada Inc. (49th), ASL Paving Ltd. (50th), Team Drilling LP (79th) and Sarcen Recycling (99th).

The Top 100 Saskatchewan Companies list is a ranking of public and private companies based on revenue and sales reported for the previous fiscal year. As a result, this year's list features earnings reported for the 2011 fiscal year. The majority of businesses included in the list have their headquarters in Saskatchewan; however, some exceptions were made for companies headquartered out of the province if a significant percentage of their business took place in Saskatchewan.

Benchmark Public Relations, a Regina-based public relations and communications firm, was contracted by Postmedia Network Inc. to compile the 2012 Top 100 list. By phone, fax and email, Benchmark contacted businesses to solicit submissions for inclusion on the list. Benchmark staff also consulted annual reports and media reports to develop a database of companies. Several companies also provided information by responding to advertisements in the Leader-Post and StarPhoenix.

Every attempt has been made to make the list as accurate as possible, though it should be noted that some Saskatchewan-based companies chose not to participate in the list.

Scott Larson is the StarPhoenix's business editor.

SASKATCHEWAN'S TOP 100 COMPANIES

Rank	Name	Location	Revenue	CEO/ President	Employees	Major Shareholders
1	Viterra Inc.	Regina	11,790,000,000	Mayo Schmidt	1,593	Widely Held
2	PotashCorp	Saskatoon	8,613,000,000	William J. Doyle	2,341	Widely Held
3	Federated Co-operatives Ltd.	Saskatoon	8,266,661,000	Scott Banda	1,575	Approximately 235 member retail co-operatives across Western Canada
4	Canpotex Limited	Saskatoon	4,300,000,000	Steve Dechka	90	Agrium, Mosaic, PotashCorp
5	Cameco Corporation	Saskatoon	2,400,000,000	Tim Gitzel	Over 2,400	Widely Held
6	SaskPower	Regina	1,837,000,000	Robert Watson	2,700	Crown Investments Corporation
7	Brandt Group of Companies	Regina	1,280,324,000	Gavin Semple	808	Gavin and Shaun Semple
8	SaskTel	Regina	1,173,400,000	Ron Styles	4,053	Government of Saskatchewan
9	Farm Credit Canada	Regina	1,120,000,000	Greg Stewart	874	Government of Canada
10	Co-operators Life Insurance	Regina	1,111,637,000	Kevin Daniel	738	The Co-operators Group Limited
11	Saskatchewan Liquor and Gaming Authority	Regina	1,040,132,000	Barry Lacey	1,002	Government of Saskatchewan
12	Saskatoon Health Region	Saskatoon	NP	Maura Davies	13,458	Publicly Funded
13	Regina Qu'Appelle Health Region	Regina	930,256,360	Dwight Nelson	10,900	Government of Saskatchewan
14	Mega Group Inc.	Saskatoon	NP	Benoit Simard	101	Owned by independent retailers across Canada
15	University of Saskatchewan	Saskatoon	919,200,000	Peter MacKinnon	NP	Government of Saskatchewan, students, Government of Canada, various research organizations
16	SaskEnergy Incorporated	Regina	890,000,000	Doug Kelln	1,084	Government of Saskatchewan
17	Alliance Grain Traders / SaskCan Pulse Trading	Regina	760,000,000	Murad Al-Katib	250	Arslan Family, Murad Al-Katib, Widely Held
18	SGI Canada	Regina	748,961,000	Andrew R. Cartmell	1,900	
19	PCL Construction Management Inc.	Edmonton	405,000,000	Paul Douglas	180	Employee Owned
20	Redhead Group of Companies	Regina	351,569,000	Gary L. Redhead	387	Gary L. Redhead
21	Saskatoon Retail Co-operative	Saskatoon	313,852,000	Grant Wicks	NP	Memberships
22	Saskatchewan Housing Corporation	Regina	264,834,000	Don Allen	NP	Government of Saskatchewan
23	AREVA Resources Canada Inc.	Saskatoon	NP	Vincent Martin	NP	AREVA Group in Paris, France
24	Saskatchewan Workers	Regina	248,473,000	Peter Federko	NP	Employers of Saskatchewan
25	Concorde Group Corporation Compensation Board	Saskatoon	NP	L. David Dube	450	L. David Dube
26	University of Regina	Regina	228,070,000	Dr. Vianne Timmons	2,500	Government of Saskatchewan, Students, citizens of Saskatchewan, Funding Agencies
27	Siemens Transportation Group Inc.	Saskatoon	NP	Erwen Siemens	890	Erwen Siemens
28	JayDee AgTech	Swift Current	NP	Duane Smith	175	
29	Concentra Financial	Regina / Saskatoon	220,257,000	Ken Kosolofski	282	Canadian Credit Unions, Provincial Credit Unions
30	Saskatchewan Institute of Applied Science and Technology (SIAST)	Saskatoon	218,230,000	Dr. Larry Rosia	1,668	Province of Saskatchewan
31	Pioneer Retail Co-operative	Swift Current	210,647,000	Stuart Dyrland	NP	Memberships
32	Conexus Credit Union	Regina	NP	Eric Dillon	940	Memberships
33	The Hill Companies	Regina	NP	Paul J. Hill	315	Paul J. Hill
34	Saskatchewan Lotteries	Regina	198,048,836	Eric Honetschlager	NP	Memberships
35	Meadow Lake Mechanical Pulp Inc.	Meadow Lake	191,841,000	Peter Wardhana	160	NP
36	Supreme Steel LP	Edmonton	NP	John Leder	300	Supreme Group
37	Prince Albert Retail Co-operative	Prince Albert	185,723,000	Dave Marchant	NP	Memberships
38	FGC John Deere (Farm and Garden Centre)	Saskatoon	181,000,000	Corey Leonard & Sheldon Gellnes	170	Widely Held
39	Sherwood Retail Co-operative	Regina	175,407,000	Troy Verboom	NP	Memberships
40	Young's Equipment Inc.	Regina	143,572,459	Tim Young	146	Tim Young, Ron Young, Bill Young
41	Saskatchewan Gaming Corporation	Regina	134,582,000	Twyla Meredith	995	Government of Saskatchewan
42	Driving Change Automotive Group	Regina	126,727,494	Trevor Boquist	136	Trevor Boquist
43	Affinity Credit Union	Saskatoon	NP	George Keter	610	Memberships
44	Saskatchewan Blue Cross	Saskatoon	120,400,000	G.N. (Arnie) Arnott, FCA	161	Non-share Capital
45	Lloydminster Retail Co-operative	Lloydminster	118,790,000	Don Stephenson	NP	Memberships
46	North West Terminal Ltd.	Unity	116,115,509	Jason Skinner	55	
47	Athabasca Basin Development LP	Wollaston Lake	NP	Geoff Gary	1,302	7 far north communities in Athabasca Basin
48	Yanke Group of Companies	Saskatoon	NP	Russel Marcoux	244	Russel & Bonnie Marcoux
49	Weyburn Inland Terminal Ltd.	Weyburn	109,305,195	Rob Davies	60	Widely Held
50	Legumex Walker Canada Inc.	Saskatoon	NP	Joel Horn	100	

Global appetite for Saskatchewan pulse crops is growing

By Paul Sinkewicz
For L-P Specialty Products

Who ever heard of a giant with quiet footsteps?

One of Saskatchewan's largest, yet least-known, agriculture companies, Alliance Grain Traders (AGT), is supplying much of the global demand for pulse crops. AGT is one of the largest lentil- and pea-splitting companies in the world and has 29 facilities in Canada, the United States, Turkey, Australia, China and South Africa, which ship products to more than 100 countries. The public company was founded in 2007, when the Agtech Income Fund — the predecessor to AGT — acquired Saskcan Pulse Trading.

Last year, AGT had sales of \$760 million and adjusted net earnings of \$22.5 million; this during a global credit crisis and economic downturn in much of the rest of the world.

"We continue to grow," said Murad Al-Katib, president and CEO. "It's been a quick growth from the start-up in 2003 when we had our first revenue. Nine short years and we continue to grow."

Al-Katib founded Saskcan Pulse Trading after earning his MBA and working for six

years with the Saskatchewan Trade and Export Partnership.

"The opportunity was that pulses were being grown — lentils and chick peas, etc. — so the sector was growing into something that wasn't a small, niche crop, but we weren't processing them directly in this province into a form that was being used around the world."

Al-Katib said if you consider private companies in Saskatchewan, if you set aside the Crown Corporations and the universities, AGT is probably one of the 10th- or 12th-biggest companies in Saskatchewan. It is getting closer to \$1 billion in revenues and has operations in five continents.

"We're up there in terms of scope with companies which are much more well known. It's growing and changing, and I guess people are starting to know us more," said Al-Katib. "With all the global consolidation going on now, if you look at a true Saskatchewan head office and global agriculture company, we're probably the only one left."

Al-Katib said that when he started in lentils, Canada was the largest producer of green lentils, but the world was eating 80 per cent red lentils and 20 per cent green.

"So my vision was, if we want to be the largest exporter in the world of lentils, we needed to grow more red lentils. And red lentils need to be peeled, split and polished prior to consumption. That's the way the world eats red lentils."

He built a value-added processing plant in Regina, which processes over a million pounds of red lentils a day and now ships them to more than 100 countries.

"In my view, it was: process it at the origin — that's been the foundation of the company — and export directly to end-use markets, creating wealth and value-added in local communities," said Al-Katib. "When you look at our Saskatchewan footprint, we're present in a lot of regions of this province."

Rosetown, Aberdeen, Assiniboia and Milestone are among the communities that now boast a large-scale processing plant. AGT has close to 300 employees and is an economic driver for countless workers and businesses in related industries such as trucking, construction and farming.

"We're kind of a poster company for Canadian direct investment abroad and how that creates local jobs, as well," said Al-Katib.

Al-Katib said the next steps for AGT are to continue down the path of true, deeper value-added processing, including a pasta processing and pulses milling complex in Regina.

"If we look at lentils, peas, chick peas and beans, they are non-GMO, high-protein, high-fibre sources of food and ingredients for global consumption and food processing industries. We see pulses becoming a major crop in terms of being included in food products around the world."

Al-Katib gives the example set by China, which was importing

"If we look at lentils, peas, chick peas and beans, they are non-GMO, high-protein, high-fibre sources of food and ingredients for global consumption and food processing industries. We see pulses becoming a major crop in terms of being included in food products around the world."

~ MURAD AL-KATIB

President and CEO, Saskcan Pulse

40,000 tons of Canadian peas a decade ago. Today, it imports about 750,000 tons of peas.

"Why? Not because they are eating any more peas. They're extracting starches from the peas and are making vermicelli noodles. The global demand for protein, starch and fibre is a significant growth opportunity.

"It's estimated that by 2050, the global food supply must increase by 70 per cent to feed the world's growing population. Pulses and legumes will be one of the answers to feeding the growing global demand for protein. And we see that as an opportunity.

"All these global investments we've made give us the scale, give us the size, give us the profit to be able to do more investment in Saskatchewan. That's our focus going ahead — 2013, 2014 — you're going to see us building some large-scale, value-added processing facilities in this province and reaching the world market directly with one step down the value chain. That's our plan."

Sinkewicz is a Saskatoon freelance writer.



Lentils, peas, chick peas and beans are among the pulse crops currently being produced in Saskatchewan. Alliance Grain Traders achieved sales of \$760 million in 2011, selling Saskatchewan pulse crops to more than 100 countries around the world. StarPhoenix file photo

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