

The future of McGill St Laurent

Board Meeting, January 4th 2018

presented by

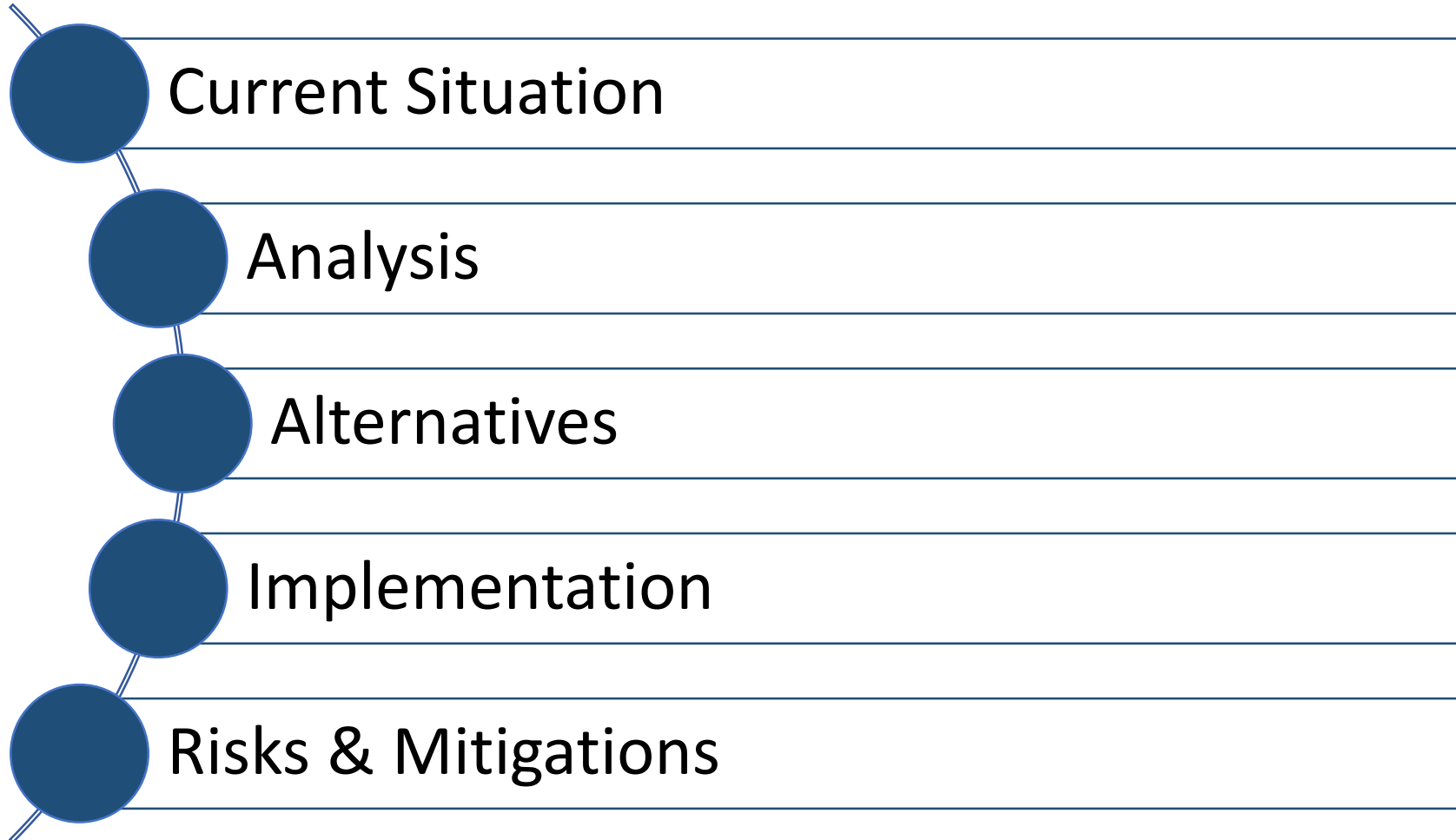
TU Kaiserslautern

Marco Hassdenteufel, Lukas Renner, Kevin Schmitt, Julia Todea

Mandate

Future growth by becoming a disruptive force and by generating new business opportunities

Agenda



Key Issues

Ongoing disruptions in major markets foremost
in energy sector

Low growth rate and margins in current
commodity segments

Recommendation

Generate future growth by deploying human, technological and financial capital efficiently

Back up volatile energy market and focus on stable and value added commodity products

Business Model

Key resources

- People
- Know-how
- Network of suppliers and customers
- Brand

Value proposition

Build, feed and power the planet
by
linking supply and demand
with trustful and long
lasting relationships

Customer relationship

- Personal
- Trustful and long lasting relationships

Key partners

- Logistic partners
 - Architecture sector (EU)
 - Wood villes (NA)

Revenue streams

- CWP energy
- Canadian wood products
- Grain SF Laurent

Divisions

CWP Energy

➤ Focus on trading value

+ very profitable

- highly volatile

Canadian Wood Products

➤ Focus on trading value

- Low margins

- Low growth rate

+ very stable

Grain St Laurent

Core Competencies

Entrepreneurial spirit

- Personal that is encouraged to think entrepreneurial

Agility

- As a small but agile company you can react very fast to emerging technologies

Industrial know-how

- Use your existing know-how in the energy sector together with already existing contacts in Europe

Trends

Legislation

- Support through law of EU and Germany

Technology

- Big Data
- Upcoming developments in AI and machine learning

Society

- Growing demand in sustainable energy



Use the on going developments to leverage the upcoming disruption

Energy Market: Europe

Europe

High interest in sustainable energy

AEUV law: Implementation of renewable energies in the EU

Germany

Given goals by law of 80 % of renewable energies until 2050

Merit order → renewable energy comes first and has to be taken

Governmental support and very low entry barriers



Germany offers good conditions to enter the European market and to diversify the risks

Wrap Up

Strengths:

- Agile
- Innovative
- People

Weaknesses:

- Size
- Low marketing budget

Opportunities:

- Disruption
- Trends

Threats:

- Competitors
- Volatile energy sector

Feasible options

Invest and enhance wood business

Foster business development in energy markets abroad

Develop & implement trading algorithms for energy sector

Focus on value added products in agricultural segment

Give up grain business

Evaluation

	Market prospect	Growth potential	Know How & Resources	Financially attractive
Invest and enhance wood business	+	o	++	o
Foster business development in energy markets abroad	++	++	+	+
Develop & implement trading algorithms for energy sector	+++	++	o	+
Give up grain business	-	+	+	-
Focus on value added products in agricultural segment	+	+	+	+

Evaluation

	Market prospect	Growth potential	Know How & Resources	Financially attractive	Total
Invest and enhance wood business	+	+	++	0	4
Foster business development in energy markets abroad	++	++	+	+	6
Develop & implement trading algorithms for energy sector	+++	+++	0	+	7
Give up grain business	-	+	+	-	2
Focus on value added products in agricultural segment	++	+	+	+	5

Recommendation

Generate future growth by deploying human, technological and financial capital efficiently

Back up volatile energy market and focus on stable and value added commodity products

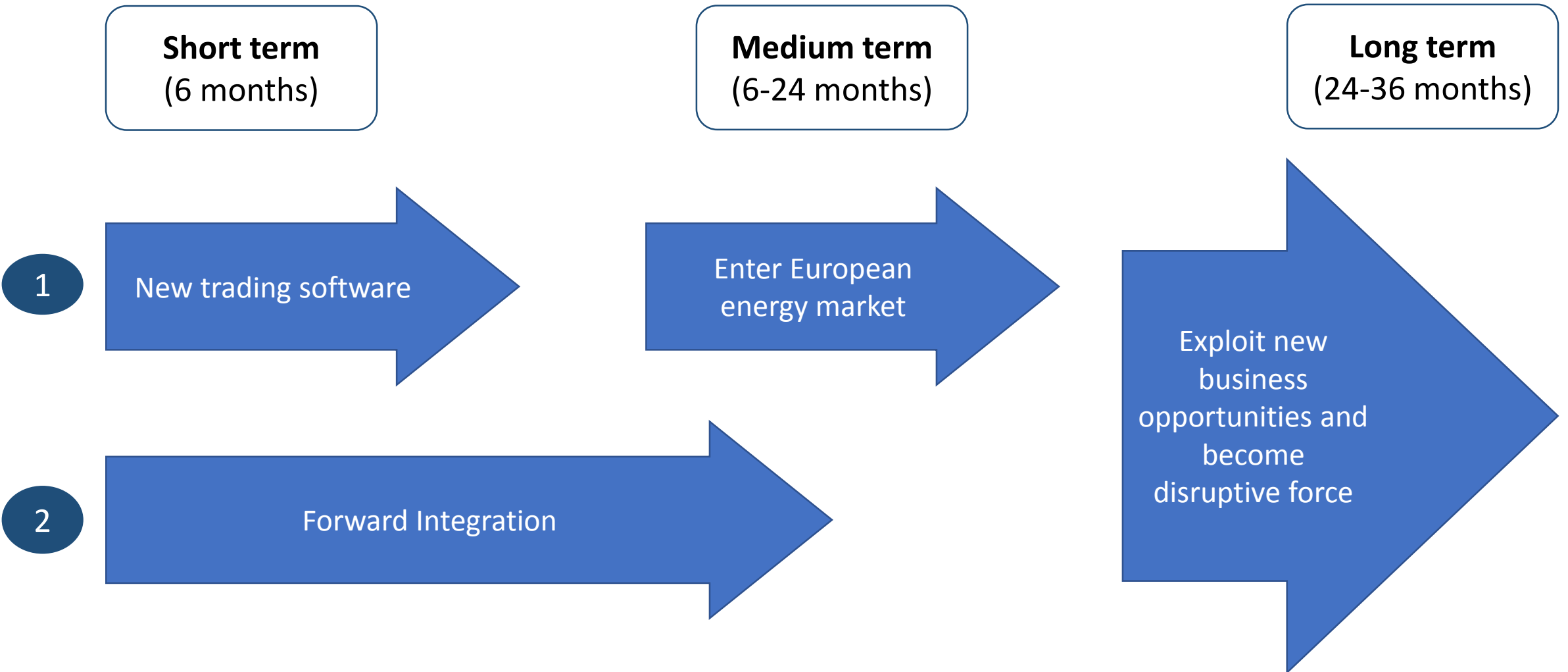
Overview

Key Issues	Recommendation
1 Ongoing disruptions in major markets foremost in energy sector	Generate future growth by deploying human, technological and financial capital efficiently
2 Low growth rate and margins in current commodity segments	Back up volatile energy market and focus on stable and value added commodity products

Overview

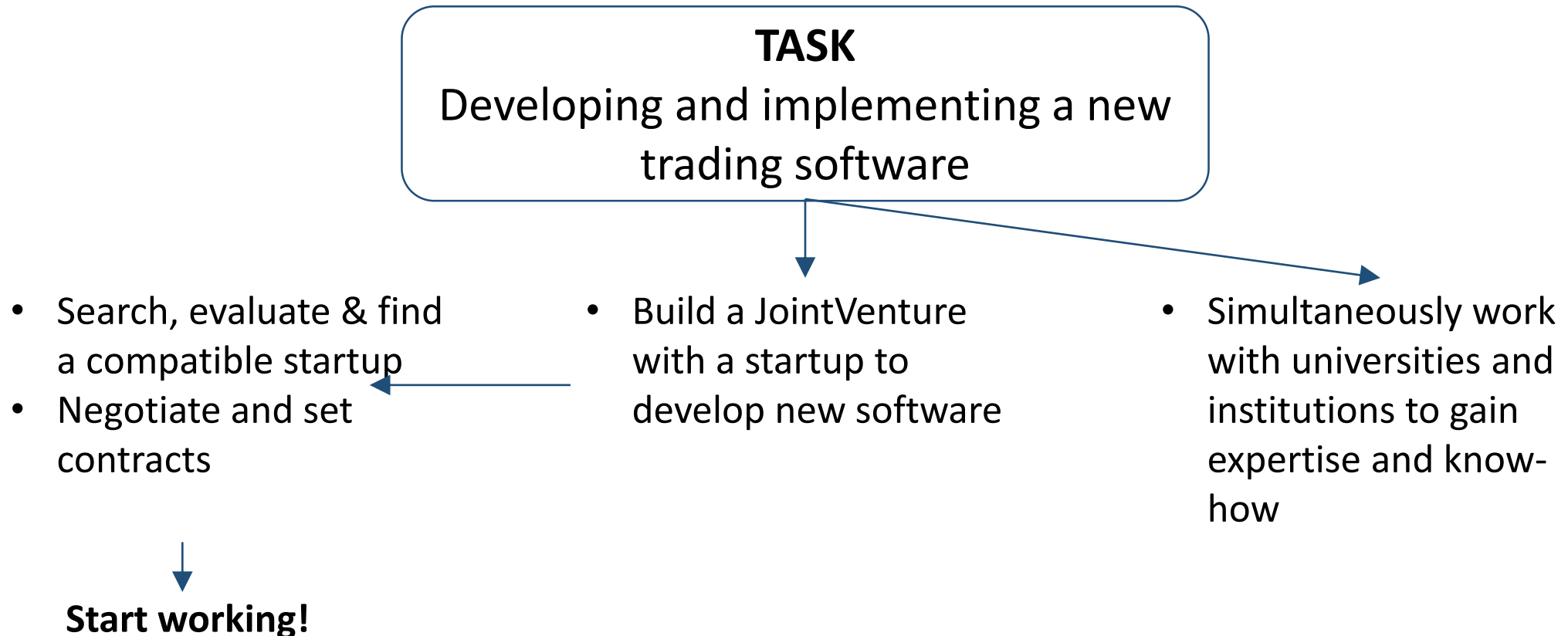
Key Issues	Recommendation	Implementation
<p>1</p> <p>Ongoing disruptions in major markets foremost in energy sector</p>	<p>Generate future growth by deploying human, technological and financial capital efficiently</p>	<p>A) Make use of artificial intelligence by developing and implementing trading software</p> <p>B) Enter European energy market</p>
<p>2</p> <p>Low growth rate and margins in current commodity segments</p>	<p>Back up volatile energy market and focus on stable and value added commodity products</p>	<p>A) Forward integration in the grain sector</p>

Timeline. The next steps



1

A) Use and develop artificial intelligence



More efficient trading through automatization and Artificial Intelligence!

But what happens to our human capital, if we replace them by technology

1

B) Enter the European energy market

Reminder: Market potential in the European Market!

TASK
How to enter the European market

- Search, evaluate and find a compatible startup
 - Negotiate and set contracts
- ↓
- Start working!**
- Build a JointVenture with a German partner to skim opportunities and synergies
 - Simultaneously work with universities and institutions to gain expertise and know-how (esp. renewable energy and AI)



Grow globally and make a step forward to implement AI!

What happens to our HR

Human Resources will be placed onto new positions

- Know How and trend supervision
- Supervision of the implemented artificial intelligence
- New Business Development



Exploit new business opportunities and grow!

What happens to our HR

Human Resources will be placed onto new positions

- Know How and trend supervision
- Supervision of the implemented artificial intelligence
- **New Business Development**



Exploit new business opportunities and grow!

2 A) Forward Integration

Task: How to add up value?

Choose possible
value added products
made out of grain

Connect with your B2B
customers (especially mills)
and rebuy their flour made
out the grain you sold them
before

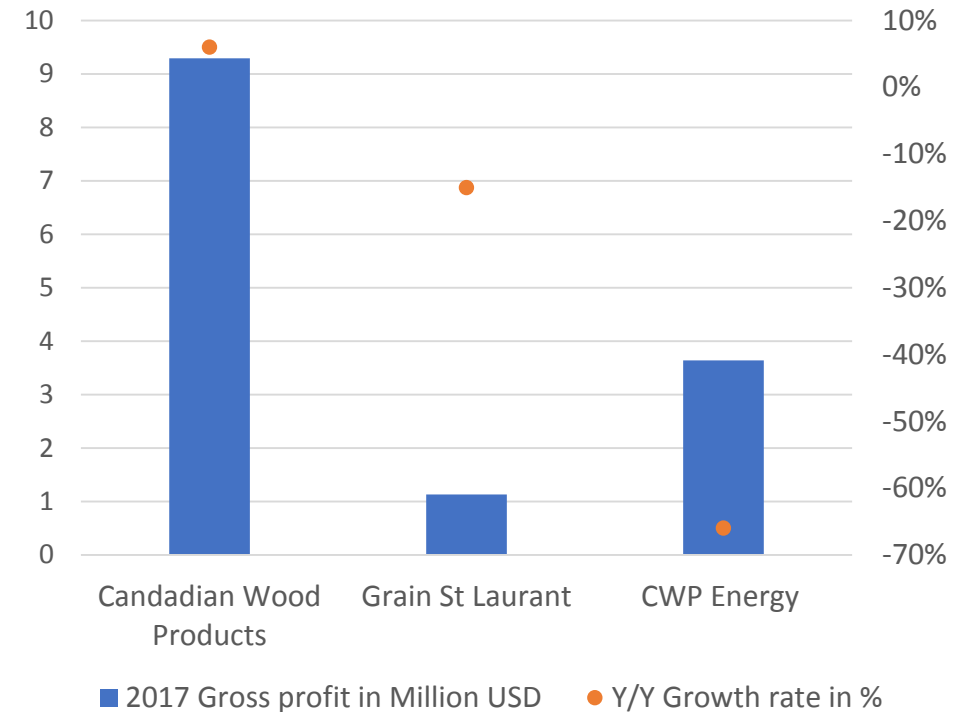
Distribute the further
products within your grain
business unit



Change the growth rates and expand the grain business unit!

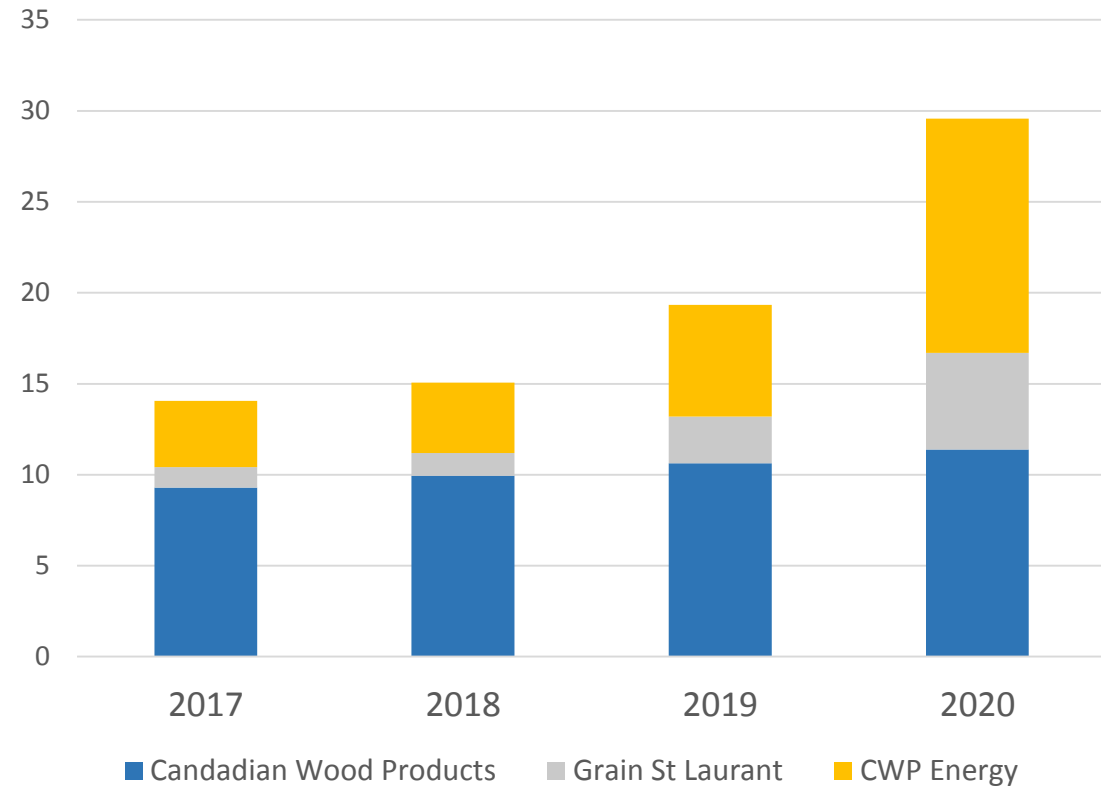
Revenue

	2017 Gross profit in Million USD	Y/Y Growth rate in %
Candadian Wood Products	9.29	6%
Grain St Laurant	1.13	-15%
CWP Energy	3.64	-66%



Revenue

	2017	2018	2019	2020	CAGR in Total
Candadian Wood Products	9.29	9.94	10.64	11.38	7%
Grain St Laurant	1.13	1.25	2.57	5.32	185%
CWP Energy	3.64	3.87	6.13	12.87	72%



Investments

in Million USD

	2018	2019	2020	Total
Joint venture	0.1			0.1
AI Software	3.5	0.5	0.5	4.5
Training Costs	0.1	0.1	0.1	0.3
Others	0.15	0.15	0.15	0.45
Total	3.85	0.75	0.75	5.35

Risks

I. Competitors in energy sector in Europe

II. Joint venture

III. Software implementation and adaption

Probability



Summary

Key Issues	Recommendation	Implementation
Ongoing disruptions in major markets foremost in energy sector	Generate future growth by deploying human, technological and financial capital efficiently	A) Make use of artificial intelligence by developing and implementing trading software B) Enter European energy market
Low growth rate and margins in current commodity segments	Back up volatile energy market and focus on stable and value added commodity products	A) Forward integration in the grain sector

Thank you for your attention!
