



# MCGILL ST LAURENT

GSB CONSULTING



M  
-  
S

# MCGILL ST LAURENT

BUILD, FEED AND POWER THE PLANET

3

Business Units

188m  
Revenue

No to the  
Status  
Quo

## MANDATE

Integrated Strategy to ensure that McGill St Laurent is positioned to fulfill their mission through backend technological improvements, introducing a minerals trading business and listing publicly resulting in EBITDA of \$15.8mn by 2023 and making McGill St Laurent a Next Generation Trading Company

## KEY ISSUES

1

Technological disruption in commodity trading

2

Opportunity in commodities due to energy trends

3

Finance growth

# RECOMMENDATIONS

1 Virtual trading technology

2 Enter Lithium trading

3 Public Listing



# ANALYSIS

SIAN



# ASSUMPTIONS

1

Gradual adoption of technology disruption in commodities trading

2

No disruption in the use of lithium in the technology space

3

Valuation of organisation based on growth and potential; 8X EBITDA

# COMMODITIES MARKET

## Market dynamics:

- No differentiation
- People are key
- Slow to change



## Core competencies:

- People are product
- Relationships in industry
- Logistics and operations
- Artificial intelligence and quantitative analysis

Commodities market is ripe for disruption, leverage off AI and quants competencies



# ENERGY TRENDS

## Energy trends:

- Increase in renewable energy
  - Electric cars
  - Solar
- Electronics

## Criteria to enter market:

- Market growth potential
- Competitive advantage

## Core competencies:

- People are product
- Relationships in industry
- Logistics and operations
- Artificial intelligence and quantitative analysis

Sustainable competitive advantage

- Market participant in heavily regulated industry

Increase in demand for lithium

Opportunity to leverage off sustainable competitive advantage to enter lithium market

# FUNDING FOR GROWTH

## Initial Funding:

- Bootstrapped



## Growth:

- 32% CAGR
- Growth through re-investing funds



- Access to funds
- 70% debt
- Inventory level

Need to review sustainable financing options for growth

## KEY ISSUES

1

Technological disruption in commodity trading

2

Opportunity in commodities due to energy trends

3

Finance growth



# RECOMMENDATIONS

BONGANI



# ALTERNATIVES

| Alternatives                              | Disruptive technology | Opportunity due to energy trends | Financing | Cultural Fit |
|---|-----------------------|----------------------------------|-----------|--------------|
| Forward integration in the grain business | ✓                     |                                  |           |              |
| Bring in a partner                        |                       |                                  | ✓         | ✓            |
| Virtual trading technology                | ✓                     |                                  |           |              |
| Enter Lithium trading                     |                       | ✓                                |           |              |
| Public Listing                            |                       |                                  | ✓         | ✓            |

# VIRTUAL TRADING TECHNOLOGY

- Efficiency makes the company more differentiated
- A.I ensures that the customers get the best prices
- Relationships with universities will lead to access to skills
- KPI: Grow EBITDA of CWP and Grain to 14m

## ENTER LITHIUM TRADING

- Automotive industry going in that direction
- Get to know the customers
- Chromtech is a business in Africa looking to partner
- KPI: CAD 300k by 2022

# PUBLIC LISTING

- Access to funds
- Short term tendencies of market can be managed
- Positions you for Scale
- KPI: CAD 25m in equity





# IMPLEMENTATION

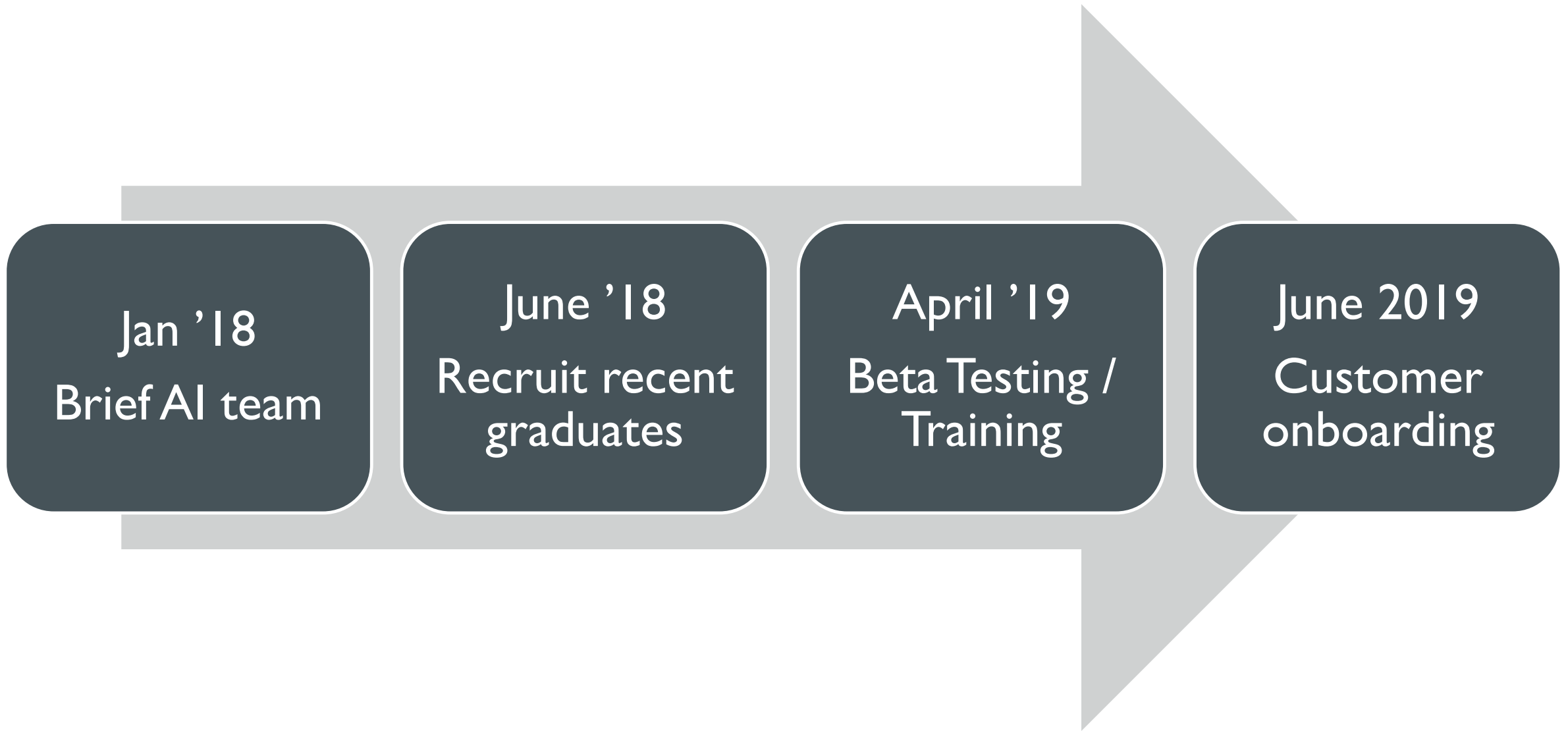
CAROLINE



# VIRTUAL TRADING TECHNOLOGY

- Build live ordering system
- Algorithm predicts when to purchase
- Notifies to trader live of when best to buy
- Traders able to override
- Build machine learning over time

Cost: \$402k | KPI: Grow EBITDA to \$14mn by 2022



Jan '18  
Brief AI team

June '18  
Recruit recent graduates

April '19  
Beta Testing / Training

June 2019  
Customer onboarding

# ENTER LITHIUM TRADING

- New team:
  - Employ team of three
  - Experienced in minerals sectors
  - Technology networks
  - Recruit through LinkedIn
- Customers: Technology hubs
- Establish contacts in:
  - Silicon Valley
  - Bangalore
  - Beijing

Aug 2019:  
Recruitment

Jan 2020:  
Building contacts and networks

June 2021:  
Begin trading

Cost: \$1.95 mn | KPI: Add revenue of \$300 k

# PUBLIC LISTING

## Valuation

- Build toward target EBITDA
- Growth based on new technology
- Based on EBITDA multiplier of 8

## Roadshows

- Conduct extensive roadshows to build awareness
- Positioning
  - Consistently profitable
  - Exceptional team
  - Relationships
  - Diversified – well hedged
  - Growth potential due to innovation

Cost: \$1.25 mn | KPI: Achieve \$25 mn equity injection

# IPO TIMELINE





# FINANCIALS

TARRYN

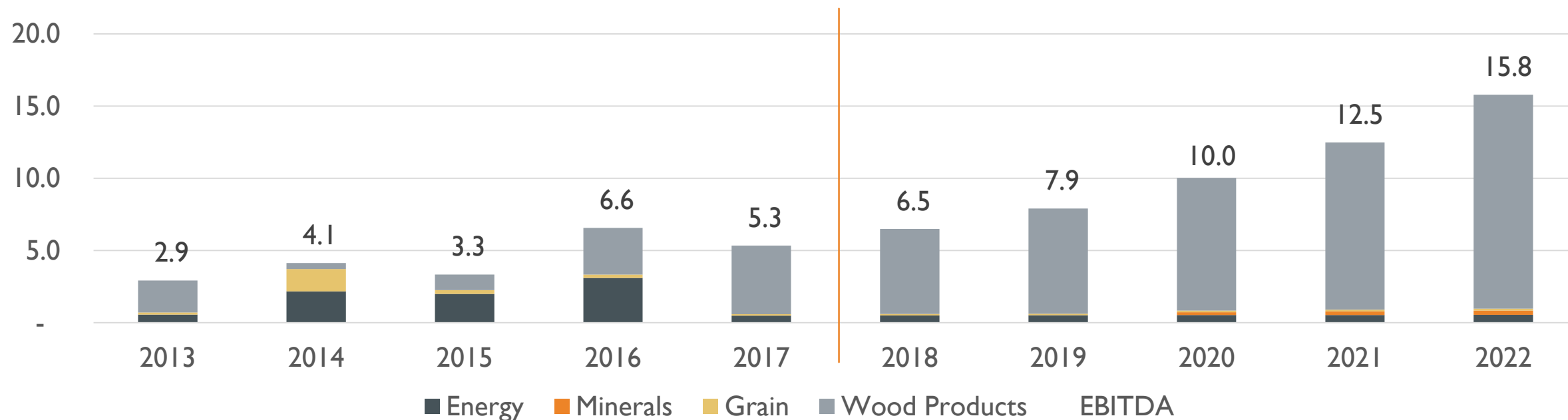


# IMPLEMENTATION BUDGET

| Recommendations            | Tactic            | 2019       | 2020       | 2021        | 2022       |             |
|----------------------------|-------------------|------------|------------|-------------|------------|-------------|
| Virtual Trading Technology | New staff         | 100        | 52         |             |            |             |
|                            | Deskptop App      |            | 200        |             |            |             |
|                            | Customer Training |            | 50         |             |            |             |
|                            | Sub-Total         | 100        | 302        | 0           | 0          | 402         |
| Minerals St Laurent        | New staff         |            | 360        | 378         | 397        |             |
|                            | R&D and Marketing |            | 200        | 200         |            |             |
|                            | Sub-Total         | 0          | 560        | 578         | 397        | 1535        |
| Public Listing             | Due Dilligence    |            |            | 1100        |            |             |
|                            | Roadshows         |            |            | 150         |            |             |
|                            | Sub-Total         | 0          | 0          | 1250        | 0          | 1250        |
| <b>GRAND TOTAL</b>         |                   | <b>100</b> | <b>862</b> | <b>1828</b> | <b>397</b> | <b>3187</b> |



# FORECASTING (\$ MN)



| EBITDA        | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Energy        | -    | -    | -    | -    | 0.6  | 2.2  | 2.0  | 3.1  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.6  |
| Minerals      | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | 0.2  | 0.2  | 0.3  |
| Grain         | -    | -    | -    | -    | 0.2  | 1.6  | 0.3  | 0.2  | 0.1  | 0.1  | 0.1  | 0.1  | 0.1  | 0.1  |
| Wood Products | 0.6  | 0.5  | 0.8  | 1.7  | 2.2  | 0.4  | 1.1  | 3.2  | 4.7  | 5.9  | 7.3  | 9.2  | 11.6 | 14.8 |
| EBITDA        | 0.6  | 0.5  | 0.8  | 1.7  | 2.9  | 4.1  | 3.3  | 6.6  | 5.3  | 6.5  | 7.9  | 10.0 | 12.5 | 15.8 |
| Forecasted    | 1.0  | 0.5  | 0.8  | 1.7  | 2.2  | 0.4  | 1.1  | 3.2  | 4.7  | 8.5  | 12.0 | 15.5 |      |      |

# RISK MANAGEMENT

|   |   | Impact | Contingency Plan  |
|---|---|--------|---|
| 1 | Cyber security with the implementation of AI trading        | Red    | Grow IT staff for regular system checks and invest capital for security upgrade |
| 2 | Sourcing the correct staff for the lithium trading platform | Orange | Approach a head-hunter to facilitate hiring process                             |
| 3 | Reaching the EBITDA target for IPO listing                  | Red    | Delay listing to ensure appropriate company valuation                           |



# CONCLUSION

BONGANI



## CONCLUSION

- Company Positioned for growth to responsibly build feed and power the planet