



Agriculture Industry Flash

Wednesday, July 8th, 2015

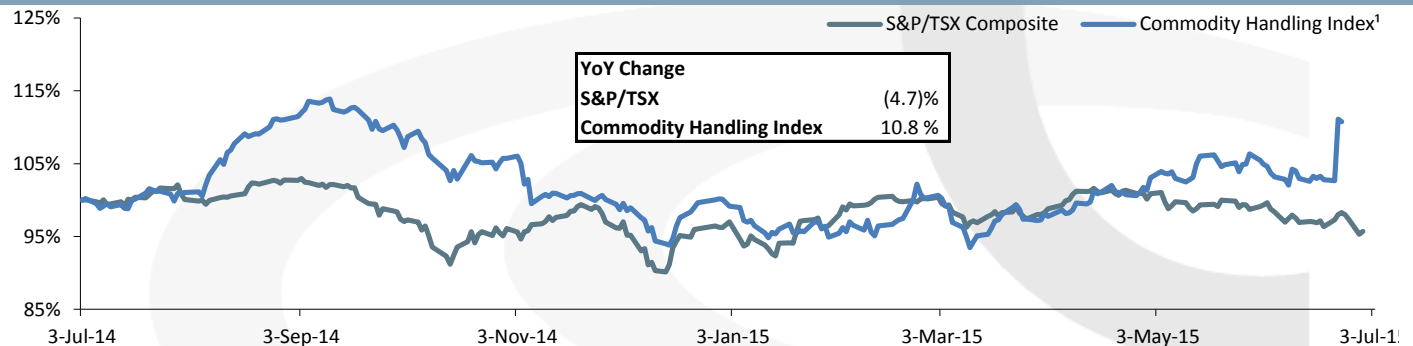


COMMODITY HANDLING

News Scan

- On July 1st, ADM and Quality Liquid Feeds, Inc. announced that the two companies have entered into a 50-50 joint venture for the production and sale of liquid feed supplements for livestock. The new venture, which will be called Alliance Liquid Feeds, will serve portions of the Western United States. Quality Liquid Feeds continues to be owned by the Berg family and will continue to market QLF-branded liquid feed supplements out of their 12 facilities in the Midwest, East and Southwest U.S.
- Fairfax India Holdings, a fund set up by Canadian investor Prem Watsa to target Indian assets, is set to take a 70 to 75 percent stake in logistics firm National Collateral Management Services. Transaction implies a valuation of \$120 million to \$150 million for the commodities storage and services firm
- Winnipeg's Paterson Grain announced in late June that the company will build a new grain terminal with a storage capacity of 55,000 tonnes at Daysland, Alta. Construction of the new facility will begin this year with the first grain delivery expected some time in 2016
- CBH Group announced on June 26th that it has purchased Blue Lake Milling, a leading manufacturer of premium Australian oat products operating in South Australia and Victoria. CBH Group Chairman Wally Newman said this was the cooperative's first move towards a regional oats strategy, enabling the CBH Group to support the development and growth of the oats industry in Western Australia

Relative Performance Index



Key Indicators

	Market		TEV/EBITDA			Price/Earnings		Week Δ	Δ Price
	Cap	TEV	LTM	2015E	2016E	2015E	2016E	Price	52Wk High
ADM	30,181	35,359	7.3x	8.1x	7.7x	14.7x	13.5x	(6.3)%	(9.8)%
Bunge Limited	12,855	17,163	8.3x	7.4x	7.2x	13.4x	12.2x	(0.4)%	(3.9)%
Graincorp Limited	1,575	2,502	7.5x	9.5x	7.5x	30.1x	18.5x	(2.8)%	(2.4)%
The Andersons, Inc	1,104	1,725	7.0x	8.0x	6.9x	14.7x	11.7x	(6.3)%	(44.0)%
AGT Food and Ingredients	584	849	12.5x	11.1x	9.4x	20.3x	14.8x	(2.2)%	(2.0)%
Legumex Walker Inc.	35	197	27.7x	13.0x	8.8x	neg	neg	(6.5)%	(48.7)%
Ceres Global Ag	144	186	28.4x	na	na	na	na	0.0 %	(7.2)%
Mean			14.1x	9.5x	7.9x	18.6x	14.2x	(3.5)%	(16.9)%

1 "Commodity Handling Index" is composed of equally weighted market prices for: ADM, Bunge, Graincorp, The Andersons, Legumex Walker, AGT, and Ceres

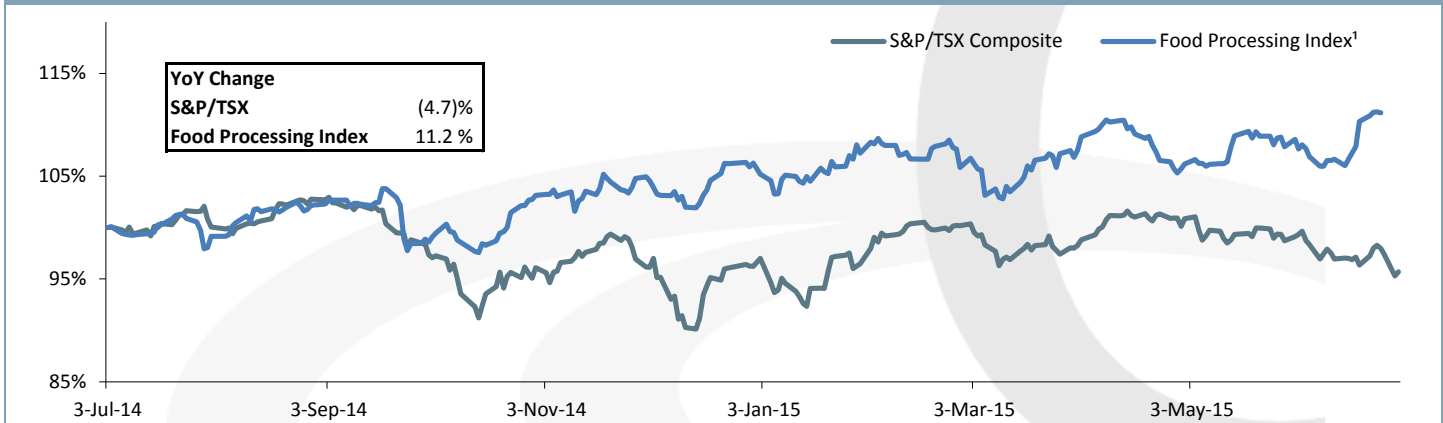


FOOD PROCESSING

News Scan

- Ingredion Incorporated announced on July 7th that it has agreed to acquire Kerr Concentrates, a privately held producer of natural fruit and vegetable concentrates, purees and essences. The transaction of approximately \$100 million is expected to close within 30 business days, pending customary closing conditions
- More than two years after ConAgra Foods acquired Ralcorp Holdings from Post Foods, the company plans to exit the business after the involvement of activist shareholders. Completed in January 2013, ConAgra's acquisition of the Ralcorp business was valued at approximately \$6.8 billion, which included the assumption of debt
- Cargill has agreed to sell its U.S. pork business to JBS USA Pork for \$1.45 billion, a deal that would combine two of the country's largest pork processors
- Ebro Foods reached an agreement to buy major player in the French fresh food segment, Roland Monterrat in a transaction valued at €44.25 million

Relative Performance Index



Key Indicators

	Market		TEV/EBITDA			Price/Earnings		Week Δ	Δ Price
	Cap	TEV	LTM	2015E	2016E	2015E	2016E	Price	52Wk High
ConAgra Foods, Inc.	19,029	26,751	nmf	13.4x	13.1x	20.2x	19.4x	1.6 %	(1.0)%
George Weston Limited	10,194	25,705	11.0x	7.9x	7.4x	17.4x	14.5x	(0.9)%	(5.3)%
Ingredion Incorporated	5,788	7,439	9.5x	8.7x	8.2x	14.3x	13.1x	(1.5)%	(7.2)%
Tate & Lyle plc	3,676	4,454	6.4x	8.0x	7.8x	14.4x	13.7x	(3.2)%	(29.5)%
Maple Leaf Foods Inc.	2,696	2,371	nmf	11.1x	8.7x	31.1x	20.1x	(1.0)%	(1.9)%
SunOpta Inc.	712	864	21.3x	14.1x	11.2x	31.0x	23.0x	(1.3)%	(18.6)%
Mean			12.0x	10.5x	9.4x	21.4x	17.3x	(1.0)%	(9.0)%

¹ "Food Processing Index" is composed of equally weighted market prices for: George Weston, ConAgra, Ingredion, Nutreco, Tate&Lyle, Maple Leaf Foods, SunOpta and Ridley.

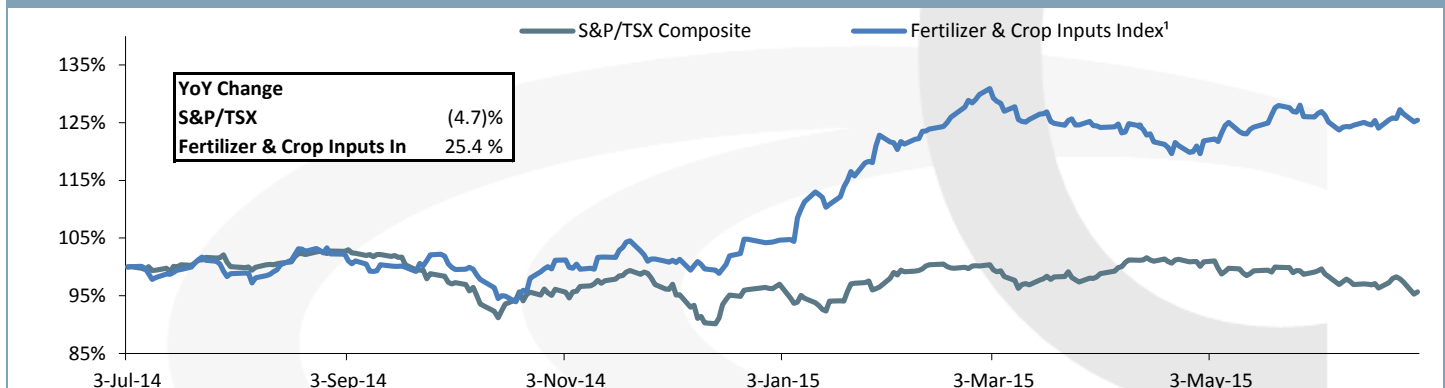


FERTILIZERS & CROP INPUTS

News Scan

- K+S AG is trying to persuade investors that a takeover proposal from Potash Corp. of Saskatchewan Inc. is way too low. On July 3rd, shares of Kassel, Germany-based K+S closed at 38.665 euros on Friday, below Potash Corp.'s informal offer of 41 euros a share (or about US\$8.6 billion)
- On July 1st, CF Industries Holdings, Inc. announced today that it has agreed with Yara International ASA (Yara) to acquire its 50 percent equity interest in GrowHow UK Limited (GrowHow) for total cash consideration of \$580 million, making GrowHow a wholly owned subsidiary. At closing, the GrowHow business will be consolidated into CF Industries with a cash free, debt free balance sheet. GrowHow owns and operates nitrogen production facilities in Ince and Billingham, U.K.
- On June 26th, CF Industries Holdings, Inc. and Keytrade AG (Keytrade) announced today that the principals of Keytrade, a global fertilizer trading company, have purchased CF Industries' interest in the joint venture
- The U.S. Environmental Protection Agency quietly announced a new policy on glyphosate last week that could alter the future of the herbicide. After years of legal manoeuvres, the EPA settled a lawsuit with the Center for Biological Diversity, an American environmental group as the settlement requires the EPA to evaluate glyphosate's impact on all endangered species in the United States

Relative Performance Index



Key Indicators

	Market		TEV/EBITDA			Price/Earnings		Week Δ	Δ Price
	Cap	TEV	LTM	2015E	2016E	2015E	2016E	Price	52Wk High
Potash Corp.	25,779	29,792	10.9x	11.0x	9.9x	20.4x	18.0x	(1.1)%	(17.5)%
Agrium Inc.	19,160	24,105	13.3x	10.1x	9.0x	17.8x	15.3x	2.5 %	(8.6)%
Yara International ASA	19,153	21,379	8.9x	5.4x	5.6x	11.1x	11.2x	(2.5)%	(7.5)%
CF Industries Holdings, Inc.	15,189	18,359	8.9x	7.9x	6.9x	14.5x	12.5x	1.8 %	0.0 %
The Mosaic Company	17,033	18,357	8.2x	7.3x	6.8x	13.9x	12.6x	1.1 %	(13.2)%
Nufarm Ltd.	1,487	2,345	12.8x	9.1x	8.3x	17.4x	14.8x	(6.4)%	(8.6)%
Input Capital Corp.	184	153	nmf	17.2x	5.7x	nmf	35.8x	2.5 %	(15.4)%
Mean			10.5x	9.7x	7.5x	15.8x	17.2x	(0.3)%	(10.1)%

1 "Fertilizers and Crop Inputs Index" is composed of equally weighted market prices for: Potash, Mosaic, Agrium, Yara, CF Industries, Nufarm and Input Capital

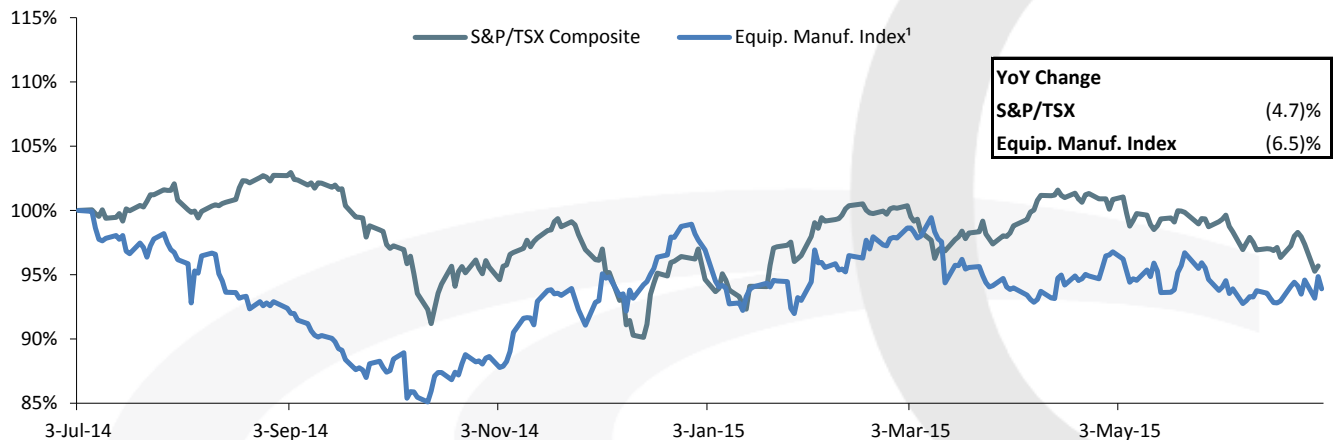


EQUIPMENT MANUFACTURERS

News Scan

- Deere & Company and King Agro, a manufacturer of carbon fiber technology products, announced a partnership focused on developing and distributing carbon fiber booms exclusively for John Deere application equipment. Deere is collaborating with King Agro because of its extensive 22-year experience innovating and developing carbon fiber applications. King Agro is a world leader in producing carbon fiber applications for boating and marine products, including masts for racing sailboats

Relative Performance Index



Key Indicators

	Market	TEV/EBITDA				Price/Earnings		Week Δ	Δ Price
		Cap	TEV	LTM	2015E	2016E	2015E	2016E	
Deere & Company	32,168	66,028	12.6x	18.3x	19.2x	17.1x	17.8x	2.5 %	1.55 %
AGCO Corp	4,863	6,081	7.0x	8.5x	8.2x	18.9x	18.3x	1.6 %	(3.9)%
Ag Growth International Inc.	535	667	8.0x	9.2x	7.5x	16.0x	12.0x	(2.9)%	(19.0)%
Rocky Mountain Dealerships	145	468	12.6x	15.3x	13.9x	9.3x	8.1x	6.4 %	(20.3)%
Cervus Equipment Corporation	197	498	7.9x	6.6x	5.8x	13.4x	9.9x	0.0 %	(2.9)%
Mean			9.6x	11.6x	10.9x	14.9x	13.2x	1.5 %	(8.9)%

1 "Equip. Manuf. Index" is composed of equally weighted market prices for: Deere & Co., AGCO, Ag Growth International and Cervus.



ADDITIONAL NEWS AND AGRICULTURE COMMODITIES UPDATE

News Scan

- Strong crop yields, higher productivity and slower growth in global demand should contribute to a gradual decline in real prices for agricultural products over the coming decade, but nonetheless, prices will likely remain at levels above those in the early-2000s, according to the latest Agricultural Outlook report produced by the Organization for Economic Cooperation and Development (OECD) and Food and Agriculture Organization
- The White House directed the three U.S. agencies that oversee biotech crop products to improve and modernize their regulatory “framework” to boost public confidence in a system that critics call a failure. The order, announced in a statement by president Barack Obama’s Office of Science and Technology Policy, followed demands by consumers, food-related organizations and businesses for tighter U.S. regulation of genetically modified (GMO) crops, amid a nationwide debate over whether they should be labeled
- The debate over the future of Canada’s supply management system is heating up amid speculation that the Trans-Pacific Partnership trade deal could be signed this summer - controversial concessions in the weeks before a federal election campaign begins
- Canadian farmers in 2015 planted or will plant more acres of wheat, corn, flaxseed, barley and oats but fewer acres of canola and soybeans than in 2014, Statistics Canada said in its Principal Field Crop Areas report released June 30. Farmers planted 24,142,000 total acres of wheat for harvest in 2015, down from March intentions of 24,765,000 acres. The all-wheat total acreage, a preliminary estimate, was up 1% from 23,835,000 acres as the final 2014 area
- July 6 weekly U.S. crop report was expected to show corn and soy ratings declined for the fourth straight week because of the excess moisture. However, the corn rating actually improved slightly and the soybean rating stayed the same
- Commodities were generally pressured by uncertainty over China, where the stock market dropped sharply last week, causing Beijing to take several emergency actions to lessen volatility

Commodities Futures as of July 3rd, 2015

Commodities Futures	Ticker	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	CBOT:AC	\$ per bu.	\$4.28	1.42 %	7.87 %
Wheat (CBOT)	CBOT:AW	\$ per bu.	\$5.90	0.34 %	0.15 %
Oats (CBOT)	CBOT:AO	\$ per bu.	\$2.74	1.11 %	(9.60)%
Rough Rice (CBOT)	CBOT:ARR	\$ per cwt.	\$10.64	0.09 %	(9.49)%
Barley (USDA)	ICE:AB	\$ per bu.	\$6.00	0.00 %	(18.37)%
Rapeseed (Canola) (ICE)	ICE:RS	CAD per T	\$533.50	(0.48)%	21.31 %
Ethanol (CBOT)	CBOT:ET	\$ per gal.	\$1.65	1.42 %	5.71 %



Origin Merchant Partners

220 Bay Street, Suite 1500

P.O. Box 23

Toronto, Ontario

M5J 2W4

OMP Agri-food Team:

Andrew Muirhead

Principal

T: 416-800-0697

andrew.muirhead@originmerchant.com

Jim Osler

Principal

T: 416-800-0784

jim.osler@originmerchant.com

Rob Penteliuk

Principal

T: 416-800-1780

rob.penteliuk@originmerchant.com

Sean McIntyre

Principal

T : 416-800-1753

sean.mcintyre@originmerchant.com

