



Agriculture Industry Flash

Monday, October 26th, 2015

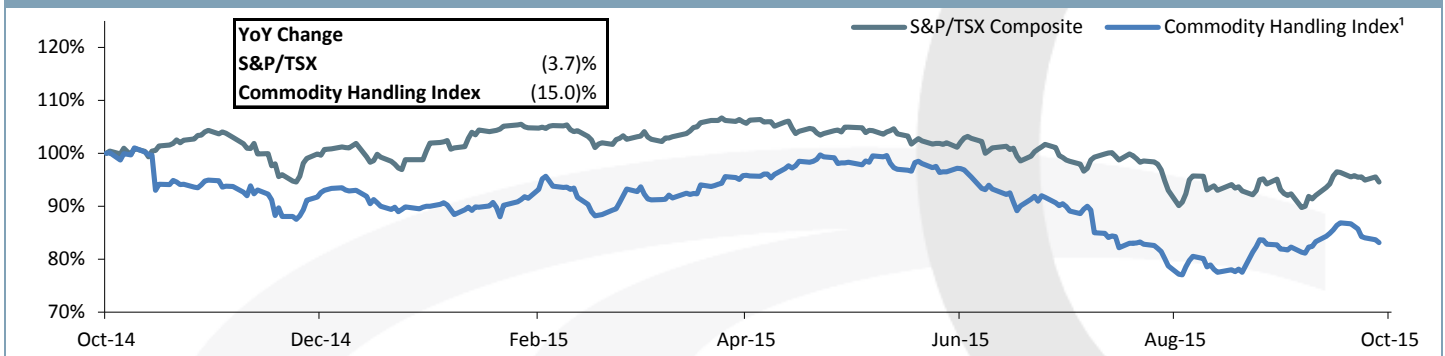


COMMODITY HANDLING

News Scan

- On October 16th, ADM announced that it had completed the sale of its global cocoa business to Olam International Limited. The sale is valued at approximately US\$1.2 billion. About 1,500 employees transferred to Olam with the business
 - The acquisition of ADM Cocoa is expected to be earnings, returns and cash flow accretive in the first full year of consolidation. Olam expects the acquired business to generate an EBITDA of between US\$180-\$200 million including synergies at steady-state in 2018
- On October 21st, Agropur International announced the purchase of Central Alberta Transloading Terminal. Located in central Alberta on a main CP Rail line, the plant handles grains, pulses, and oilseeds and has a storage capacity of 4,000 tonnes and a handling capacity of 80,000 tonnes per year

Relative Performance Index



Key Indicators

	Market Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
			2015E	2016E	2015E	2016E	Price	52Wk High
ADM	28,553	34,314	8.4x	7.9x	15.4x	13.8x	1.6 %	(13.4)%
Bunge Limited	11,423	16,429	7.9x	7.4x	13.6x	11.4x	1.7 %	(15.1)%
Graincorp Limited	1,476	2,319	9.7x	7.8x	31.2x	19.6x	(2.0)%	(15.0)%
The Andersons, Inc	998	1,563	7.0x	6.2x	15.2x	11.3x	(0.7)%	(44.0)%
AGT Food and Ingredients	528	777	10.8x	8.6x	17.5x	13.2x	3.4 %	(12.0)%
Legumex Walker Inc. ²	20	114	20.5x	7.6x	neg	neg	(1.2)%	(64.1)%
Ceres Global Ag	125	172	na	na	na	na	(2.7)%	(13.7)%
Mean			10.7x	7.6x	18.6x	13.9x	0.0 %	(25.3)%

1 "Commodity Handling Index" is composed of equally weighted market prices for: ADM, Bunge, Graincorp, The Andersons, Legumex Walker, AGT, and Ceres
 2 Metrics reflect proposed sale of Special Crops Division to Scoular

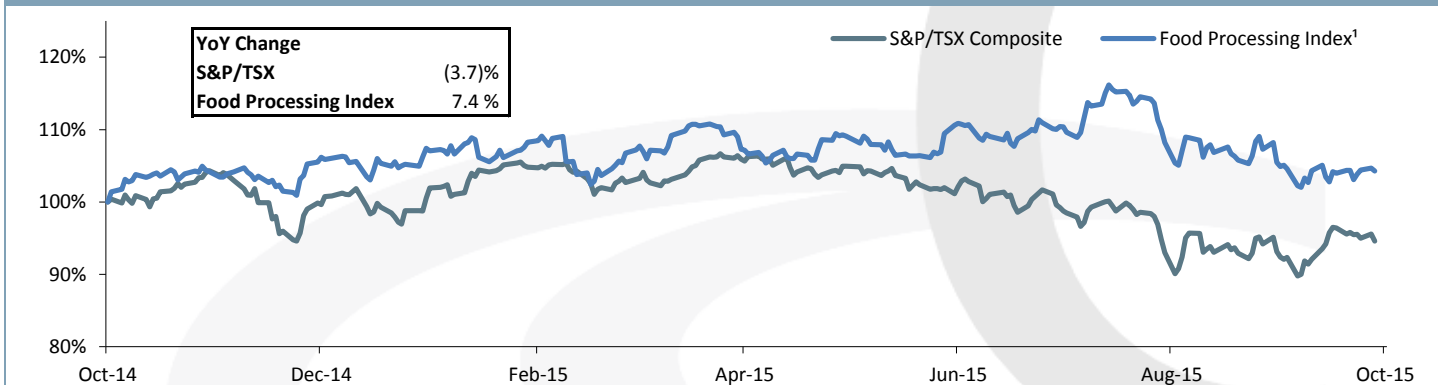


FOOD PROCESSING

News Scan

- AB InBev NV has lined up seven banks to arrange as much as US\$70 billion in financing to acquire SABMiller. The company is planning to sell bonds worth as much as US\$55 billion, setting a record for debt issuance to fund a corporate acquisition. The bonds will be issued in multiple currencies and maturities. The remaining US\$15 billion will come in the form of term loans
 - Regulatory approvals for the deal could delay any bond sale for several months, as AB InBev will need to divest an estimated US\$16 billion of assets to win approval
- On October 13th, Flowers Foods, Inc. completed the acquisition of Alpine Valley Bread for US\$120 million cash and stock. Alpine Valley Bread has 282 employees and operates two bakeries in Mesa, Arizona
- Yum Brands Inc. said it plans to spin off its dominant China business amid pressure from an activist shareholder who recently joined its BOD. The split will create two independent, publicly-traded companies: a higher-risk Yum China and a more stable Yum Brands

Relative Performance Index



Key Indicators

	Market Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
			2015E	2016E	2015E	2016E		
ConAgra Foods, Inc.	17,871	25,739	12.6x	13.8x	18.9x	18.6x	1.7 %	(6.8)%
George Weston Limited	11,057	25,629	8.6x	7.9x	21.0x	17.5x	3.5 %	(0.9)%
Ingredion Incorporated	6,665	8,231	9.5x	9.1x	16.3x	14.9x	2.5 %	(0.9)%
Tate & Lyle plc	4,219	4,986	9.4x	9.2x	16.7x	16.0x	3.1 %	(14.4)%
Maple Leaf Foods Inc.	2,406	2,118	11.7x	8.3x	37.9x	19.1x	3.6 %	(9.2)%
SunOpta Inc.	459	616	11.7x	6.4x	26.7x	16.9x	(0.3)%	(56.3)%
Mean			10.6x	9.1x	22.9x	17.2x	2.9 %	(6.4)%

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

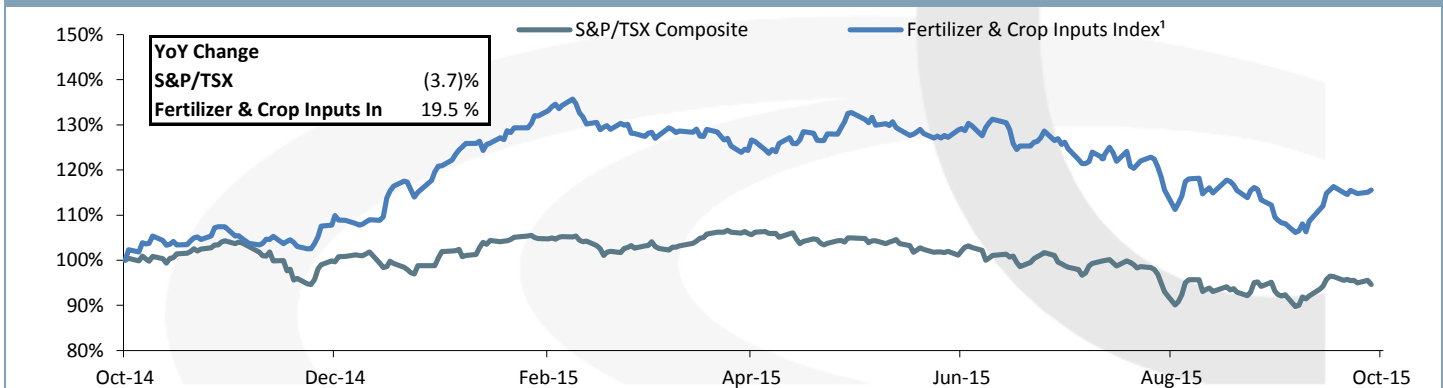


FERTILIZERS & CROP INPUTS

News Scan

- Yara International reported strong Q3/2015 results highlighted by increased deliveries (converted at NOK 8.35/USD): Revenue of US\$3,650 (26% increase), EBITDA of US\$553 million (15% increase) and net income of US\$480 million (135% increase). Deliveries were up 1% from Q 2014, mainly due to the acquisitions of OFD in Latin America and Galvani in Brazil
 - In Europe, Nitrate sales increased compared to a year ago, both compound NPK and urea sales decreased by more than 10% compared to last year. In Brazil, underlying deliveries declined 6%, with a 10% decrease in blended NPK deliveries while sales of premium products increased 9%. Industrial sales volumes increased 5% compared to third quarter 2014
- Mosaic announced a permanent headcount reduction of 8% at the Colonsay, SK potash mine which has relatively higher production costs than its other mines. Mosaic will also curtail potash production due to delayed fertilizer purchases
- Syngenta has responded to a series of complaints from a group of shareholders who have been pushing for change after fending off a \$47 billion (31 billion pound) takeover approach from U.S. seeds developer Monsanto in August
 - Of the most recent changes, Michael Mack, CEO and executive director, will leave the company at the end of October
- Plans to build a farmer-owned fertilizer plant in Saskatchewan are still in the works, but the project has been delayed. FNA is attempting to build a C\$2.2 billion nitrogen fertilizer plant in Belle Plaine, Sask., which would produce 1.2 million tonnes of urea and 425,000 tonnes of UAN liquid fertilizer a year. The start-up date has been pushed back one year to 2018

Relative Performance Index



Key Indicators

	Market Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
			2015E	2016E	2015E	2016E		
Potash Corp.	18,285	21,845	9.1x	9.0x	16.5x	16.0x	(2.5)%	(41.3)%
Agrium Inc.	18,120	23,658	10.3x	9.7x	17.9x	16.0x	(2.0)%	(16.8)%
Yara International ASA	12,466	13,541	5.0x	5.3x	10.5x	10.7x	4.6%	(16.6)%
CF Industries Holdings, Inc.	12,613	16,755	7.3x	6.1x	12.5x	11.1x	(2.2)%	(24.2)%
The Mosaic Company	12,621	14,272	5.9x	5.7x	11.5x	11.0x	(1.5)%	(36.1)%
Nufarm Ltd.	1,640	2,038	9.2x	8.3x	19.9x	16.7x	(0.4)%	(5.4)%
Input Capital Corp.	160	140	12.3x	7.0x	nmf	28.5x	4.3%	(22.9)%
Mean			8.5x	7.3x	14.8x	15.7x	0.0%	(23.3)%

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

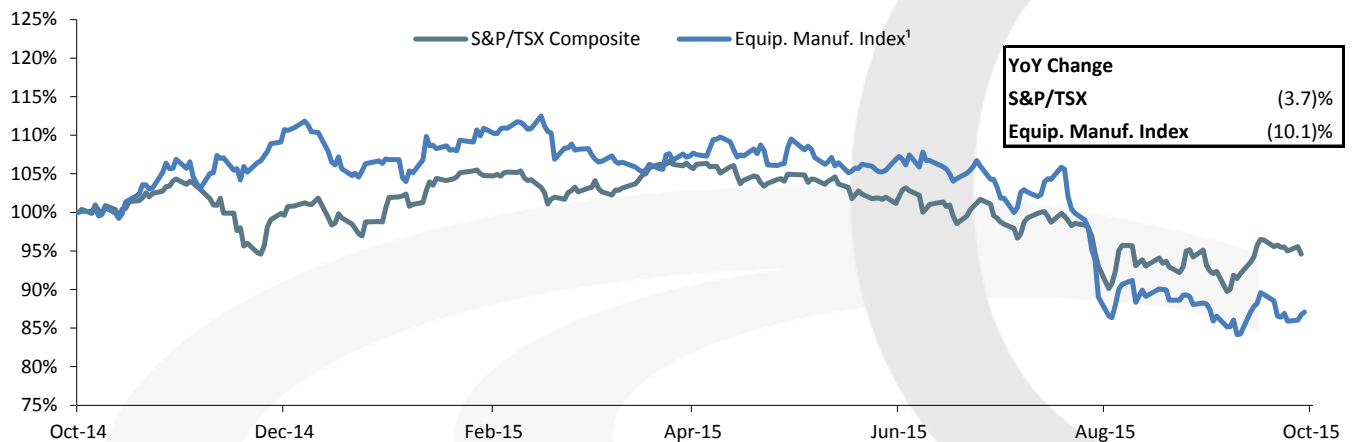


EQUIPMENT MANUFACTURERS

News Scan

- Farb Guidance Systems developed a new guidance system technology that transforms farming equipment by removing the operator from the machine. Instead, the equipment is driven completely by a computerized guidance system and monitored through a smartphone from anywhere in the world
- U.S. Senators introduced bipartisan legislation to help farmers purchase new equipment and replace worn-out machinery by amending the U.S. tax code to permanently set a five-year depreciation schedule for certain agricultural equipment
 - According to the bill's sponsors, changing the depreciation schedule for agricultural equipment to five years, as opposed to the current seven, would make the tax code more consistent by aligning the length of time that farmers can take a depreciation deduction with the average useful life of that property

Relative Performance Index



Key Indicators

	Market Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk
			2015E	2016E	2015E	2016E		
Deere & Company	26,339	60,245	10.9x	12.3x	16.0x	17.5x	4.4 %	(19.2)%
AGCO Corp	4,037	5,104	7.0x	6.8x	15.6x	16.4x	4.5 %	(20.1)%
Ag Growth International Inc.	406	655	10.6x	8.5x	17.2x	11.1x	0.1 %	(37.9)%
Rocky Mountain Dealerships	104	421	6.2x	5.0x	9.7x	7.4x	5.9 %	(37.4)%
Cervus Equipment Corporation	173	463	8.1x	6.8x	16.9x	10.5x	3.8 %	(37.9)%
Mean			8.5x	7.9x	15.1x	12.6x	3.7 %	(30.5)%

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

- Though formal consideration of the Trans-Pacific Partnership (TPP) will not occur in the U.S. or many of the 11 partner countries until next year, several additional countries have made formal and informal inquiries about how they can become part of the new Asia-Pacific free trade pact. South Korea is at the top of the list of interested parties. The country already has a free trade agreement (FTA) in place with the U.S. and bilateral trade deals with most of the current TPP participants
 - Taiwan, Thailand, the Philippines, Indonesia and Costa Rica have also expressed strong interest in becoming TPP members
 - On October 19th, the Japanese government announced that it will eventually remove tariffs on 95.1 percent of farm, industrial and other imported products in value terms under the recently sealed Trans-Pacific Partnership trade pact
- The U.S. Grains Council (USGC) estimates 100.1 million tonnes of U.S. feed grains in all forms were exported in the 2014-15 marketing year, up 800,000 tonnes from the previous year and the second highest export total on record
- On October 13th, it was reported that 19 E.U. member states have decided to “opt-out” of genetically modified (GM) crop cultivation in all or part of their territories
- In a bid to curb imports and promote sale of excess wheat stocks with government agencies in the open market, the food ministry of India has proposed a hike in import duty on wheat from 10% to 25%
- Agriculture Canada released its latest supply and demand report for Canadian pulse crops Oct. 22, raising the production expectations slightly while lowering the ending stocks forecast for 2015-16
 - Stocks at the end of 2015/16 are expected to total 515,000 tonnes, down from the September estimate of 565,000 tonnes. Ending stocks for 2014-15 were estimated at 999,000 tonnes
 - Ag Canada pegged 2015-16 total Canadian pulse production at 5.988 million tonnes, up from 5.679 million tonnes in September. For 2014-15, pulse and specialty crop production was pegged at 6.584 million tonnes
 - Total exports of the seven major specialty and pulse crops for 2015-16 were estimated at 5.225 million tonnes, up slightly from the previous estimate of 5.2 million. Exports in 2014-15 were pegged at 5.987 million tonnes
- Storms brought much-needed rain to parched areas of the southern U.S. Plains winter wheat belt in the week of October 19th, but other areas still need rain. Torrential rain from Hurricane Patricia’s wake led to flooding across a swath of southern and southeast Texas, but that is not the heart of the winter wheat region. Western Texas and parts of Oklahoma received good rain in recent days, but top producer Kansas received lesser amounts
- The most active corn contract for December delivery shed 5.5 cents, or 1.43 percent, to USD3.79 per bushel. December wheat delivery lost 10.75 cents, or 2.07 percent, to USD5.0825 per bushel. November soybeans dropped 3.5 cents, or 0.38 percent, to USD9.105 per bushel

Commodities Futures as of October 23rd, 2015

Commodities Futures	Ticker	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	CBOT:^C	\$ per bu.	\$3.79	(2.32)%	(4.44)%
Wheat (CBOT)	CBOT:^W	\$ per bu.	\$4.90	(5.38)%	(16.82)%
Oats (CBOT)	CBOT:^O	\$ per bu.	\$2.27	2.88 %	(25.05)%
Rough Rice (CBOT)	CBOT:^RR	\$ per cwt.	\$12.14	(8.72)%	3.32 %
Barley (USDA)	ICE:^AB	\$ per bu.	\$4.95	0.00 %	(32.65)%
Rapeseed (Canola) (ICE)	ICE:^RS	CAD per T	\$483.30	2.63 %	9.89 %
Ethanol (CBOT)	CBOT:^ET	\$ per gal.	\$1.56	1.56 %	0.06 %



In other news...

- A rooster by the name of Knuckles is living life as he is the most recent addition to the Funny Farm Rescue Animal and Sanctuary
 - Laurie Zaleski, the founder, notes "Seeing knuckles in his new home, he is the king over there with all his ladies. We now have visitors. We have volunteers, so it's a whole team, so we're able to build more and rescue more animals"
 - The 15 acre farm is filled with more than two hundred animals and most are available for adoption
- A Saskatchewan community known as the "Land of Rape and Honey" is getting a new, more politically sensitive slogan. Town councilors in Tisdale, Sask., decided in the week of October 19th to ditch the town's old slogan and rebrand the community using a new, more appropriate phrase
 - "The Land of Rape and Honey" was adopted as the town's slogan nearly 60 years ago. Since then, it has been displayed on signs that welcome visitors to the community, which is known for its productive farmland
 - When Tisdale adopted its controversial slogan back in the late 1950s, the word "rape" referred to rapeseed, an industrial oilseed crop with bright yellow flowers that was widely grown by farmers in the area.
 - Subsequently replaced with Canola (Canadian Oil Low Acid)

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