



Agriculture Industry Flash

Tuesday, April 12th, 2016

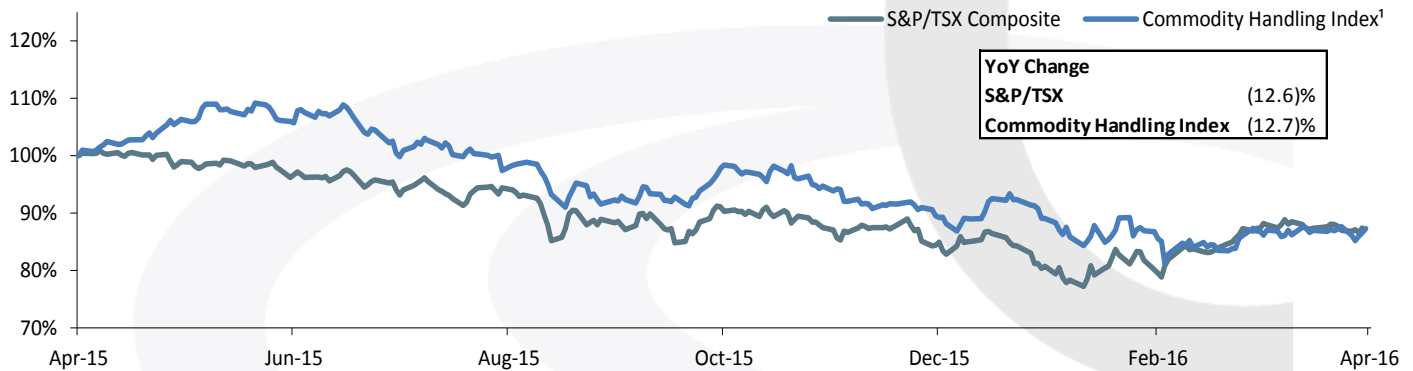


COMMODITY HANDLING

News Scan

- On Apr. 6th, CPPIB announced it will purchase a 40% stake in Glencore Agricultural Products for US\$2.5 billion. The investment allows CPPIB to expand its portfolio geographically through Glencore's international processing facilities which include Viterro ports and grain handling facilities in Canada and Australia
- On Mar. 31st, Archer Daniels Midland (ADM) announced it will sell its sugarcane ethanol plant in Brazil to JFLim Participacoes S.A. for an undisclosed sum. The sugarcane plantation and ethanol distillery employs 650 people and is capable of crushing 1.5 million tons of sugarcane and producing 37 million gallons of ethanol per year. The plant was sold as the asset was too small for ADM to compete effectively in a challenging ethanol environment
 - ADM has also begun work on expanding its bulk grains terminal and silo space at Brazil's port of Santos, hoping to raise capacity to 8 million tonnes annually, from a current capacity of 6 million tonnes
- On Apr. 1st, The Andersons announced it will sell 8 grain facilities in Iowa to MaxYield Cooperative. The assets were originally purchased in 2012 from Green Plains Grain. The company has had performance issues in the area, and the sale will improve prospects and profitability for the grain segment, while allowing MaxYield to expand its presence in the area it already serves
- On Apr 4th, Ceres Global Ag reported it will close 3 grain storage elevators in the U.S as part of a strategic initiative designed to reduce annual operating costs by US\$2-\$2.5 million and better align operations with the company's long-term plans

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2015E	2016E	2015E	2016E	Price	52Wk High
ADM	21,434	26,165	6.8x	7.2x	13.6x	14.4x	(1.0)%	(32.3)%
Bunge Limited	8,091	12,233	6.6x	6.6x	11.5x	10.7x	(1.1)%	(39.5)%
Graincorp Limited	1,325	1,891	9.7x	8.5x	38.7x	29.6x	1.7%	(26.2)%
The Andersons, Inc	857	1,310	6.6x	6.9x	17.2x	16.5x	(2.4)%	(35.0)%
AGT Food and Ingredients	700	1,081	14.5x	10.9x	21.0x	16.0x	0.3%	(5.8)%
Ceres Global Ag	118	189	na	na	na	na	(0.8)%	(27.5)%
Mean			8.9x	8.0x	20.4x	17.4x	(0.6)%	(27.7)%

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

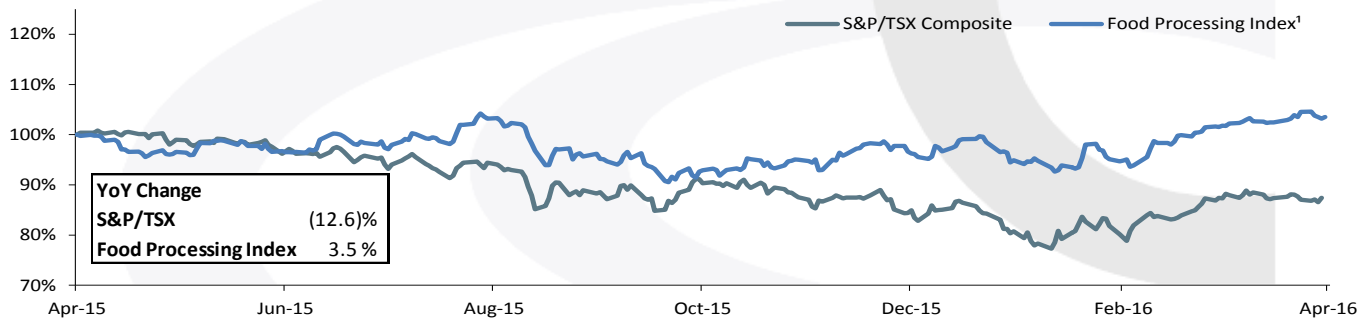


FOOD PROCESSING

News Scan

- On Apr. 10th, SunOpta announced the completion of the Opta Minerals divestiture to Speyside Equity. SunOpta will receive proceeds of C\$6.2 million for the sale, and will transition into a pure-play healthy and organic foods company post-sale
- On Mar. 25th, Pulmuone Foods signed an asset purchase agreement to acquire the commercial assets and operations of Vitasoy USA, a U.S.-based soy foods company, for an undisclosed sum. The transaction includes Nasoya, a leading tofu brand, and is expected to strengthen Pulmuone's global leadership in tofu, supported by manufacturing and logistics synergies
- On Apr. 6th, Cotton Creek Capital, a Dallas-based private equity fund, acquired Sterling Foods, a supplier of gourmet bakery items, for an undisclosed sum. Sterling is the largest supplier of shelf-stable bakery products to the U.S. military and also provides products to restaurant chains. Cotton Creek will grow Sterling through geographic expansion, new product offerings, increased investment in R&D, and an investment in equipment and automation aimed at continuous operational improvement
- In cost-cutting moves, TreeHouse Foods, US Foods and Sensient Flavors all announced facility closures. TreeHouse will close its private-label spoonable dressings plant in Ayer, MA, employing 100; US Foods will close its distribution center in Severn, MD, employing ~350, and Sensient will close its Indianapolis, IN facility, employing 86. Cost-cutting and restructuring continues to be an industry-wide movement, with facility closures being a key aspect of that process
- On Apr. 1st, US Foods filed paperwork for its initial public offering, which may potentially raise around US\$100 million, though no valuation details were included. US Foods is one of two national foodservice companies in the U.S. and the second-largest with about a 9% market share as of 2014, and has been determined to shrug off its merger attempt with Sysco last year, which failed due to competition concerns cited by the FTC

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
			2015E	2016E	2015E	2016E		
ConAgra Foods, Inc.	20,136	28,423	13.4x	14.4x	20.8x	19.6x	0.8%	(1.1)%
George Weston Limited	10,982	21,583	6.7x	6.2x	19.6x	17.7x	(4.1)%	(7.3)%
Ingredion Incorporated	8,541	10,144	11.3x	10.6x	18.8x	17.1x	(0.1)%	(0.5)%
Tate & Lyle plc	3,870	4,733	11.8x	11.4x	14.9x	15.4x	2.8%	(10.7)%
Maple Leaf Foods Inc.	2,711	2,562	16.1x	10.5x	49.9x	23.1x	(2.8)%	(4.5)%
SunOpta Inc.	384	871	12.8x	9.0x	15.8x	15.2x	2.5%	(60.8)%
Rogers Sugar	462	642	9.9x	9.2x	14.2x	14.2x	(3.1)%	(67.0)%
Mean			11.7x	10.2x	22.0x	17.5x	(0.6)%	(21.7)%

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

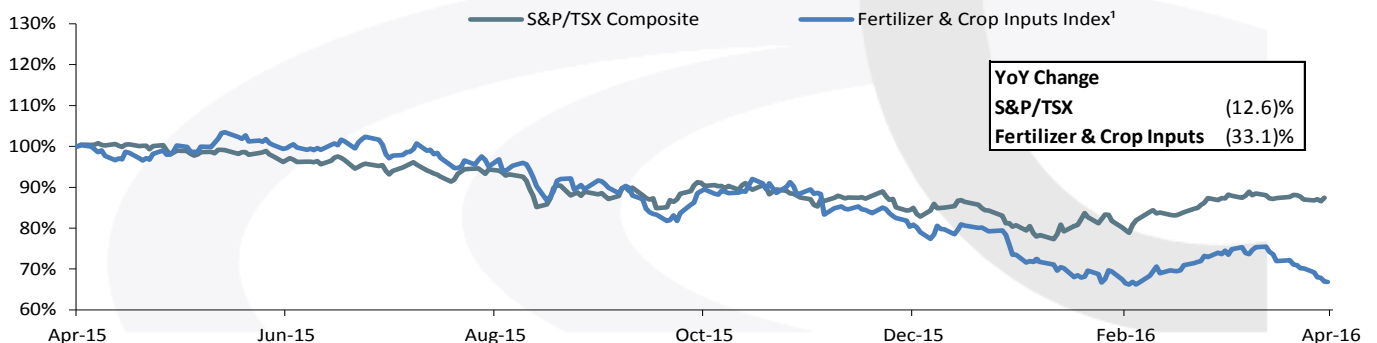


FERTILIZERS & CROP INPUTS

News Scan

- On Apr. 8th, a study by Western Sahara Resource Watch (WSRW) found that Potash Corp and Agrium Inc. shipped a combined 916,000 tonnes of phosphate from the Western Sahara last year accounting for 64.5% of all purchases from the territory in 2015. These shipments are controversial because of territorial disputes with Morocco over who has control of the region. While Western Sahara is Africa's last remaining colony, it is currently under the de facto control of Morocco, though Morocco's claim to Western Sahara is not recognized by any state, nor the United Nations
 - Last November, Potash Corp reported it requires the shipments as a long-term customer needs a "very specific" type of phosphate rock to meet its needs, and Agrium reported it required a new source of phosphate to feed its Redwater processing plant after its Kapuskasing, ON mine reached end of life
- On Apr. 1st, CF Industries announced the official start-up of its new urea ammonium nitrate (UAN) plant at its Nitrogen Complex in Donaldsonville, LA. The UAN plant is part of the company's major capacity expansion projects in North America. It is the biggest operating single-train UAN plant globally, with a total annual UAN capacity of 4.2 million product tons
- On Apr. 11th, Yara International announced it will invest US\$275 million in expanding and modernizing its Rio Grande plant, strategically located in Southern Brazil. The expansion will double the site's current 800,000 tonne annual production of granulated single super phosphate and nitrogen-phosphate-potash fertilizer, and provide customers with increased access to Yara's premium products, thereby reducing reliance on finished fertilizer imports. It will also improve health, environment, safety and quality performance

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market	TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High	
		Cap	TEV	2015E	2016E			2015E
Agrium Inc.	14,785	19,705	9.0x	9.9x	12.4x	14.1x	(1.1)%	(18.6)%
Potash Corp.	13,403	16,593	7.6x	9.9x	13.1x	21.2x	(6.4)%	(50.3)%
Yara International ASA	12,789	14,461	5.5x	5.8x	11.1x	12.0x	(0.6)%	(30.9)%
CF Industries Holdings, Inc.	6,939	12,613	6.4x	6.8x	7.8x	10.7x	(7.3)%	(57.7)%
The Mosaic Company	8,799	11,453	5.1x	6.8x	8.9x	14.5x	(7.0)%	(47.7)%
Nufarm Ltd.	1,365	2,268	9.2x	8.2x	neg	15.2x	(9.0)%	(23.5)%
Input Capital Corp.	101	71	4.3x	3.6x	35.6x	24.5x	0.0%	(51.1)%
Mean			6.3x	6.8x	15.3x	16.3x	(5.1)%	(43.5)%

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

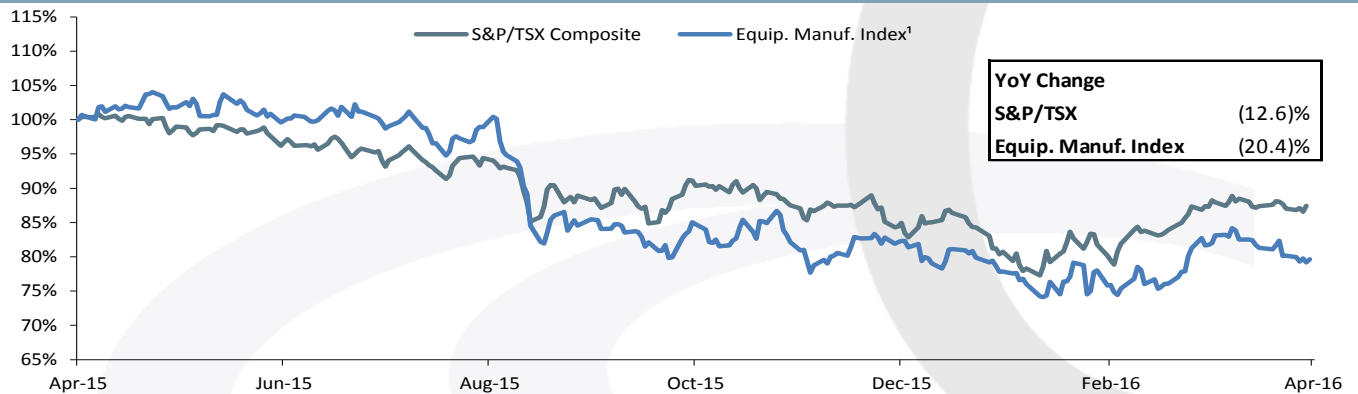


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On Mar. 29th, Deere & Co announced a joint venture with Hagie Manufacturing, the U.S. market leader in high-clearance sprayers. In the agreement, Deere will acquire majority ownership of Hagie Manufacturing, which will continue producing sprayers in its Iowa facility. The joint venture investment allows Deere to provide a broader range of sprayer options and integrate Deere's precision technology into the Hagie equipment to help customers reduce costs and improve yields
- On Apr. 8th, the U.S. Department of Justice called on the U.S. Surface Transportation Board, which is reviewing the proposed merger between Canadian Pacific Railway and Norfolk Southern, to reject preliminary approval of the \$28 billion merger, by stopping the voting trust structure put forward by CP. The Department cited the voting trust proposal would compromise Norfolk's independence and effectively combine the two railroads prior to completion of the STB's review on the impact of the merger on competition and consumers
 - CP formally dropped its bid on April 11th citing numerous rejected proposals by Norfolk Southern, as well as opposition from customers and U.S. government officials

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2015E	2016E	2015E	2016E	Price	52Wk High
Deere & Company	24,063	26,154	10.3x	11.2x	24.2x	26.2x	(0.2)%	(22.3)%
AGCO Corp	4,010	5,183	7.1x	6.9x	15.0x	21.0x	(2.6)%	(16.0)%
Ag Growth International Inc.	380	608	10.0x	9.2x	17.7x	18.0x	1.9%	(35.8)%
Cervus Equipment Corporation	133	384	10.8x	10.2x	14.3x	11.8x	(0.7)%	(42.1)%
Rocky Mountain Dealerships	91	117	4.9x	5.1x	7.9x	8.7x	2.3%	(35.8)%
Mean			8.6x	8.5x	15.9x	17.2x	0.1%	(30.4)%

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

- On Apr. 11th, ADM Capital announced it has launched a \$100 million fund to invest in agriculture and food companies along the value chain in Kazakhstan. The fund will invest in equity, quasi-equity and convertible-debt investments relating to the food chain, including production, processing, storage and logistics companies - with priority on businesses positioned to benefit from rapid consumption growth
- On Apr. 8th, Olam International announced it is investing \$150 million to set up two state-of-the-art animal feed mills, poultry breeding farms and a hatchery to produce day-old-chicks in Nigeria. The feed mills are expected to produce over 600,000 tonnes per year of high-quality poultry and fish feed. The investment will contribute to the development of the Nigerian poultry and aquaculture sectors by providing competitively priced feed and chicks, technical support to local poultry farmers, and is expected to stimulate rural self-employment opportunities
- On Apr. 7th, The USDA's National Organic Program reported the number of certified organic operations increased by 12 percent in 2015 to 21,871 certified organic operations, representing the highest growth rate since 2008. The total retail market for organic products is valued at more than US\$39 billion in the United States and more than \$75 billion globally
- Growing demand for powdered milk formula among China's middle class and online direct distribution are driving major investments in processing capacity in Australia, with Murray Goulburn, Australia's largest dairy producer, announcing plans to build a \$280 million formula processing factory at Koroit in Western Victoria; with initial capacity to produce 45,000 tonnes of powder formula per year
- On Apr. 6th, Egypt banned the trading of imported wheat inside the country, in a move which could reduce smuggling of the grain that cost the country hundreds of millions of dollars last year. Egypt, the world's largest wheat importer, annually fixes a local price for Egyptian wheat that is above global prices to encourage farmers to grow the crop - but this led to record smuggling last year of cheap foreign wheat passed off as local crop, costing the government an estimated US\$225 million
- U.S. crop producers, including corn and sorghum, have called for the removal of trade barriers with Cuba. In 2015, just \$4 million of \$160 million worth of corn sold to Cuba was sourced from the U.S. An estimated \$240 million of additional business was lost by U.S. farmers to Cuba's neighbours because once sales to the island nation are on the books, South American competitors can find efficiencies delivering to others in the region
- According to Alltech, China is by far the leading global producer of aquaculture feed, producing 17.3 million tonnes. Vietnam and Norway followed with 2.8 million tonnes and 1.8 million tonnes, respectively. Aquaculture is the fastest growing segment of the feed industry, with fish consumption now exceeding beef consumption per capita. Alltech's overall 2016 Global Feed Survey estimated international feed tonnage is now at 995.6 million tonnes, a 2% increase over last year, and a 14% increase since 2011

Commodities Futures as of April 11th, 2016

Commodities Futures	Ticker	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	CBOT: ^C	\$ per bu.	\$3.59	1.52 %	2.31 %
Wheat (CBOT)	CBOT: ^W	\$ per bu.	\$4.47	(5.94)%	(2.40)%
Oats (CBOT)	CBOT: ^O	\$ per bu.	\$1.84	(0.34)%	(12.31)%
Rough Rice (CBOT)	CBOT: ^RR	\$ per cwt.	\$9.85	0.92 %	(16.36)%
Barley (USDA)	USDA: ^24	\$ per bu.	\$4.95	0.00 %	0.00 %
Rapeseed (Canola) (ICE)	ICE: ^RS	CAD per T	\$479.60	0.10 %	(0.48)%
Ethanol (CBOT)	CBOT: ^ET	\$ per gal.	\$1.50	2.45 %	8.83 %



Recent Earnings News

Company	Period Ended	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Commodity Handling					
Cargill	29-Feb-16	n/a	Q3 revenues were down 11% to \$25.2 billion, due to lower commodity prices, currency headwinds, and the sale of Cargill's pork business in the second quarter. Adjusted operating earnings rose 13% to \$476 million in Q3, compared with \$421 million quarter last year due to a commitment to operational execution	n/a	n/a
Food Processing					
Brick Brewing Co. Ltd.	31-Jan-16	14.2%	Revenues for the full year increased to \$37.6 million, compared to \$36.3 million for fiscal 2015, with gross margins improving to 29% vs. 28.1% in the prior year, and EBITDA increasing to \$6.0 million vs. \$5.4 million in 2015. Results were driven by 31% growth in the Waterloo brand due to strong consumer demand for premium craft beer	\$2.08	(5.7%)
Constellation Brands Inc.	29-Feb-16	24.2%	Revenue for fiscal 2016 jumped 9% to \$6.55 billion, including an 8% increase in organic net sales on a constant currency basis and benefits from the company's acquisitions of Ballast Point and Meiomi, offset in part by currency headwinds. Earnings growth was also driven by strong demand in craft beer and accretive acquisitions	\$172.00	8.2%

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