



Agriculture Industry Flash

Tuesday, May 10th, 2016

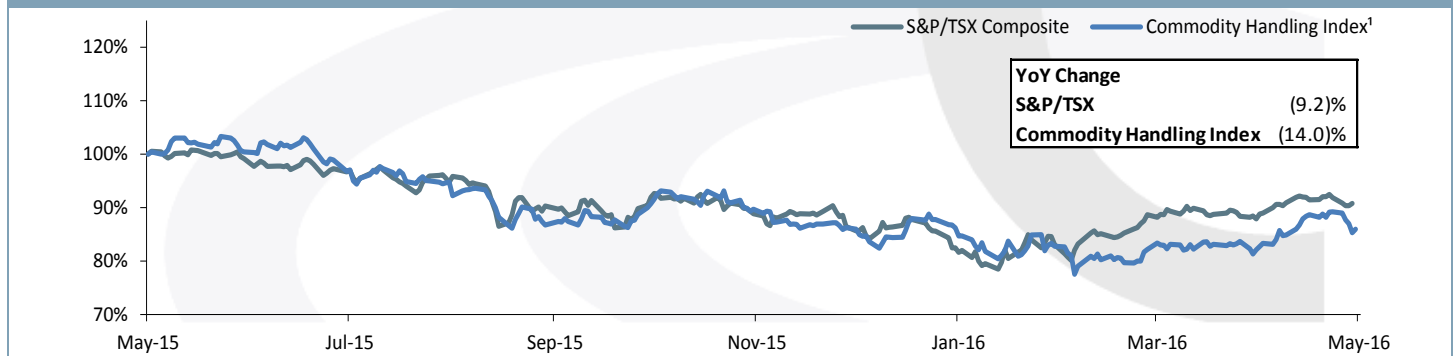


COMMODITY HANDLING

News Scan

- Bunge announced it has acquired a 63% controlling stake in Walter Rau Neusser, a leading European supplier of mid-specialty oils and fats, for an undisclosed sum. The company has capacity of 200,000 tonnes a year, and allows Bunge to expand its product offerings while extending its extensive knowledge and geographic reach in oilseed crushing and refining
- On May 5th, reports indicated that Louis Dreyfus may sell a stake in a new northern Brazil grains terminal to book profits from its early participation in the project. Its Tegram terminal is one of the new terminals under development in northeastern Brazil that puts cargoes closer to Asian export markets. The terminal moved 3.3 million tonnes of grain in 2015, far beyond its initial target of 2.0 million tonnes, and is expected to increase shipments to 4.5 million tonnes in 2016
- ForFarmers will go public this month on the Euronext Amsterdam. ForFarmers is one of the largest producers of conventional and organic feed in Europe, and saw revenue of €2.2 billion in 2015. The IPO will support the company's goals of becoming the top producer in Europe, and the company plans on making acquisitions in order to achieve that goal
- On Apr. 25th, Cargill reported it will expand its animal nutrition facility in Spain through a US\$22 million investment in a new production line equipped with the latest technology. The line will add 20 new jobs, enhance product quality, customer experience and improve logistics and distribution systems, in order to meet growing demand in the region
- On May 2nd, the Argentine government announced it will be investing US\$70 million to help Molinos, Argentina's largest branded food products company, expand its soybean operations. The investment will expand storage, enhance cereals operations and increase annual processing to 6 million tonnes of oilseeds and 2 million tonnes of grain exports. The investment comes as part of the government's plans to promote economic growth in the country

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2016E	2017E	2016E	2017E	Price	52Wk High
ADM	22,446	28,094	8.6x	7.8x	15.7x	13.5x	(4.4)%	(28.3)%
Bunge Limited	8,531	13,524	6.8x	6.6x	11.3x	10.1x	(2.5)%	(34.5)%
Graincorp Limited	1,331	1,881	8.7x	7.1x	30.6x	18.2x	(3.4)%	(23.1)%
The Andersons, Inc	820	1,519	9.5x	6.5x	33.2x	11.1x	(12.4)%	(38.3)%
AGT Food and Ingredients	741	1,125	11.3x	10.1x	16.8x	14.1x	(1.2)%	(2.6)%
Ceres Global Ag	118	189	na	na	na	na	0.2%	(27.5)%
Mean			9.0x	7.6x	21.5x	13.4x	(4.0)%	(25.7)%

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

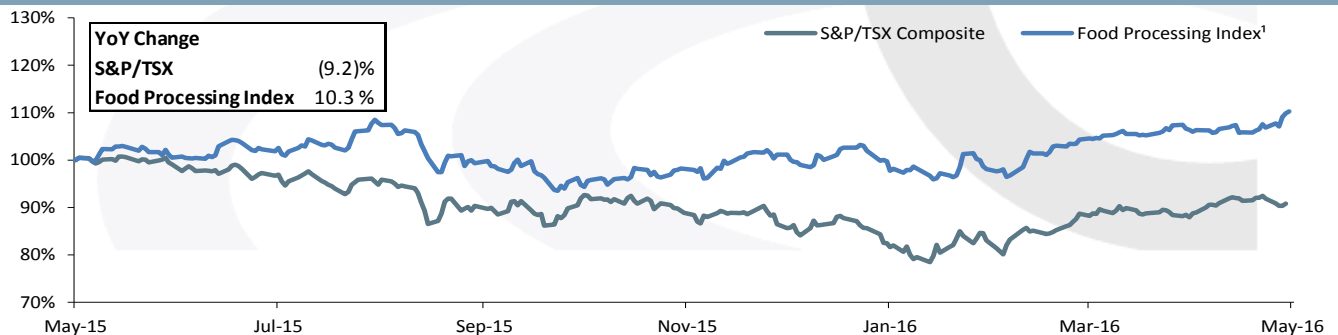


FOOD PROCESSING

News Scan

- On Apr. 27th, Brown-Forman announced it will purchase super premium whisky manufacturer BenRiach Distillery for US\$415 million. The acquisition allows Brown-Forman to re-enter one of the industry's fastest growth segments
- On Apr. 27th, Nestle reported it will set up a joint venture with U.K.-based R&R Ice Cream to sell ice cream internationally. The venture, named Froneri, will have sales of ~US\$2.8 billion, and capitalizes on complementary strengths and innovation expertise, combining Nestle's strong and successful brands and experience with R&R's competitive manufacturing model and significant presence in retail
- On Apr. 29th, Clayton Dubilier & Rice announced it has purchased German sausage casings maker Kalle for around US\$520 - \$570 million. The company withheld previous plans to IPO due to turbulent markets, and instead looked towards a sale process with a private equity firm with enough capital to support the company's ambitious U.S growth plans
- On Apr. 26th, Hershey announced it has acquired Ripple Brand Collection, owner of the barkTHINS snack brand, for an undisclosed sum. The business is projected to generate sales of US\$75 million in 2016, and expands Hershey's mass premium offerings in the growing and on-trend chocolate snacks category. barkTHINS has grown rapidly through a commitment to using simple ingredients, fair trade cocoa, non-G.M.O. certification, and no artificial flavors or preservatives
- On Apr. 26th, Alpha Baking, a producer of baked foods and supplier to nationwide private label retailers, announced it will acquire two baking plants from ConAgra Foods for an undisclosed sum. The facilities enable Alpha to diversify its portfolio by expanding into sweet goods, including muffins, petit fours, cupcakes and pound cakes
- On May 5th, Bay State Milling announced it has refinanced \$240 million in debt using a \$150 million revolving line of credit, a \$45 million term loan and a \$45 million delayed draw loan, in order to lower cost of capital and improve financial flexibility

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
			2016E	2017E	2016E	2017E		
ConAgra Foods, Inc.	19,634	27,897	14.4x	13.2x	19.2x	17.7x	1.0%	(3.5)%
George Weston Limited	10,787	21,583	6.2x	6.0x	17.3x	15.6x	(0.0)%	(9.4)%
Ingredion Incorporated	8,461	10,099	10.2x	9.7x	17.6x	16.3x	2.1%	(0.2)%
Tate & Lyle plc	3,979	4,861	11.9x	11.5x	14.9x	15.4x	1.0%	(5.3)%
Maple Leaf Foods Inc.	3,065	2,932	10.8x	10.1x	22.9x	20.7x	12.5%	(1.1)%
SunOpta Inc.	397	884	8.8x	7.4x	16.7x	10.5x	(11.1)%	(59.9)%
Rogers Sugar	514	705	9.5x	9.1x	13.1x	13.1x	9.4%	(63.2)%
Mean			10.2x	9.6x	17.4x	15.6x	2.1%	(20.4)%

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.

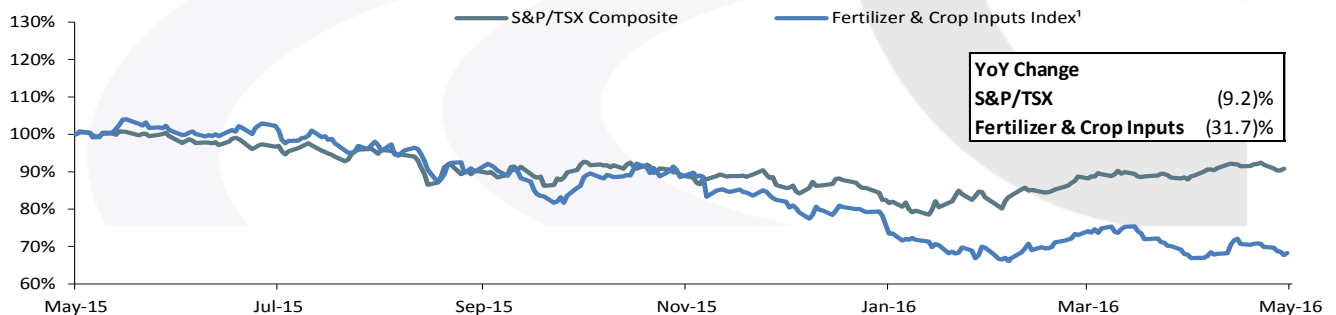


FERTILIZERS & CROP INPUTS

News Scan

- On Apr. 28th, reports indicated that Vale is considering spinning off its fertilizer assets into a joint venture controlled by Apollo Global Management if they succeed in the joint bid for Anglo American's fertilizer operations in Brazil. Vale's fertilizer unit is valued at around \$1.2 billion, and the two firms may offer about \$500 million for Anglo America's fertilizer assets. Apollo would likely own a 60% stake in the joint venture. The move underpins Apollo's strategy to snap up cheap mining assets and team up with a mining firm able to extract the necessary cost savings to make the purchase pay off
- On May 6th, reports surfaced that Agrium may potentially sell its western Australia-based diversified rural service provider, Landmark, as tough seasonal conditions have adversely impacted the rural services industry. Landmark was originally purchased from Wesfarmers in 2003 for \$718 million by AWB, a company acquired by Agrium in 2010 for \$1.3 billion
 - The news comes after reports indicated that Emerald Grain, one of Australia's largest grain marketing and supply chain businesses with ~400 million tonnes of grain capacity, is engaged in a sale process. Potential buyers of Emerald include CBH, ADM, Marubeni and Cofco. While the business was valued at \$800 million following the 2014 purchase by Sumitomo, Emerald is now expected to sell for about \$150 million due to weaker conditions in the grain market
- Trade groups representing Cargill, Archer Daniels Midland, Bunge and other grain companies said they plan to reject Monsanto's new genetically modified soybeans because of Monsanto's plans to sell the seeds before first securing an approval required to ship the crops to the EU. The plan comes after grain traders lost hundreds of millions of dollars after Chinese authorities in late 2013 began rejecting shipments of U.S. corn that contained unapproved genetics developed by Syngenta
- On May 5th, Crop Production Services, a subsidiary of Agrium, announced it is buying Andrukow Group Solutions, an independent crop inputs retailer, for an undisclosed sum. Andrukow has 18 retail locations across Alberta and western Saskatchewan. Closing conditions are subject to clearance under the competition bureau

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
			2016E	2017E	2016E	2017E		
Potash Corp.	13,337	16,814	12.3x	10.2x	29.3x	20.3x	(7.5)%	(49.9)%
Agrium Inc.	11,656	16,634	8.7x	7.9x	14.5x	12.6x	0.7%	(22.2)%
Yara International ASA	12,796	14,468	6.0x	5.8x	12.8x	12.1x	(1.0)%	(26.0)%
CF Industries Holdings, Inc.	7,226	13,244	7.9x	6.5x	14.0x	10.9x	(6.3)%	(55.9)%
The Mosaic Company	9,092	11,965	8.5x	6.9x	25.6x	15.2x	(7.1)%	(45.5)%
Nufarm Ltd.	1,377	2,256	8.4x	7.6x	15.9x	12.8x	0.3%	(20.6)%
Input Capital Corp.	106	77	3.9x	na	25.7x	na	1.2%	(48.6)%
Mean			8.0x	7.5x	19.7x	14.0x	(2.8)%	(38.4)%

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

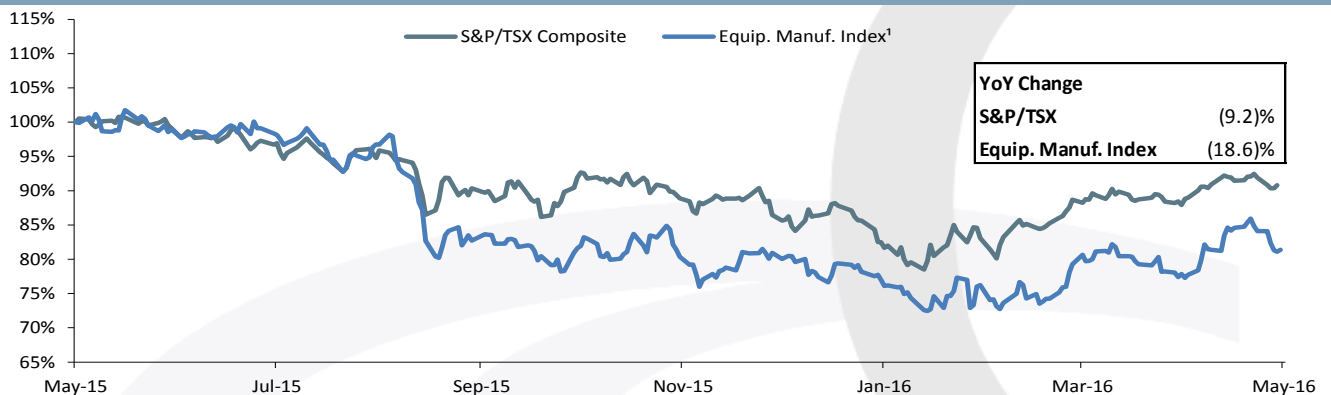


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On Apr. 26th, reports suggested that Ag Growth International, Cervus Equipment, and Rocky Mountain Dealerships would be amongst the companies in the agriculture space to gain most from the proposed TPP deal. Gains would come from increased exposure to international markets such as Australia and New Zealand - areas with strong demand and a business environment familiar to Canada
- On Apr. 26th, Canadian National Railway's CEO, Claude Mongeau, called on the Canadian government to refrain from imposing or extending service regulations on the country's railways that CN fears will stifle innovation and discourage investment. In particular, he criticized the previous government's intervention a couple of years ago that forced Canadian railways to move a bumper grain crop by imposing minimum volume requirements, and appealed that railway managers, not government agencies, were the best people to decide on the trade-offs needed to ensure an efficient service

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2016E	2017E	2016E	2017E		
Deere & Company	25,683	27,853	11.2x	12.1x	25.8x	28.0x	(3.2)%	(17.1)%
AGCO Corp	4,238	5,787	9.9x	9.6x	21.9x	19.4x	(3.9)%	(11.3)%
Ag Growth International Inc.	420	690	9.8x	8.7x	14.3x	12.7x	0.0%	(32.7)%
Rocky Mountain Dealerships	102	409	18.5x	15.7x	10.0x	8.0x	7.3%	(28.4)%
Cervus Equipment Corporation	133	386	10.2x	9.1x	11.8x	9.7x	(6.1)%	(40.5)%
Mean			11.9x	11.0x	16.8x	15.6x	(1.2)%	(26.0)%

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 May 4th, Hain Celestial announced the launch of a new venture unit, Cultivate Ventures. The unit will make strategic investments in small, high-performing brands and incubate these brands until they scale to integrate into the company's core platforms. The venture will also make investments in concepts, products, and technology related to health and wellness. The announcement comes after Hain performed a strategic review, which also resulted in divesting certain brands worth about \$30 million in sales, as they no longer fit the newly structured core platforms
- While growth rates in the US gluten-free market are slowing, the category is still generating significant double-digit growth in excess of 25% year on year, according to allergy-friendly brand Enjoy Life Foods. The company estimates around 25 million people in the US consume gluten-free products, with another 75 million that shop for free-from products, which include gluten-free, and free-from the 'big 8' allergens, including dairy, peanuts, tree nuts, egg and soy
- On Apr. 25th, scientists at the John Innes Centre (JIC) and The Sainsbury Laboratory (TSL) announced that they have pioneered a new gene-detecting technology which could lead to the creation of a new elite variety of wheat with durable resistance to disease. Using this technology, scientists can quickly locate resistance genes from crops, clone them and stack multiple resistance genes into one elite variety. Effective use of these resistance genes in wheat could increase global yields and vastly reduce the need for agro-chemical applications
- In 2015, wheat production in Ukraine increased by 10% to 26.5 million tonnes, which made it a record-breaking harvest, while corn production plunged by over 18% to 23.2 million tonnes. Wheat production in 2016-17 is forecast to reach 24.5 million tonnes, a decrease of ~10% from the previous season, based on decreased winter crop area compared to the previous season, which will not be offset by spring plantings. Corn production in 2016-17 is forecast to reach 27.4 million tonnes, almost 18% above the previous season, mainly due to larger area of production as well as expected higher yield
- The volume of rail freight carried in Canada showed a 4.5% year-over-year increase in February to 26.8 million tonnes, according to data compiled by Statistics Canada. Of that, 24.4 million tonnes was freight originating in Canada, a 7% increase over last year. Growth was led by haulings of iron ores, canola and lumber, but partially offset by lower haulings of coal, potash and petroleum
- On May 2nd, the Canadian government said it would meet within the next 30 days to discuss how it will compensate domestic dairy farmers for increased European imports allowed under the pending free trade deal with the European Union. Under the deal, European dairies would receive tariff-free access for an additional 17,700 tonnes of cheese, representing about 2 percent of Canadian cheese consumption and more than doubling their current allotment
- Australian farmers may benefit from above-average rainfall over the next three months. According to the Australian Government Bureau of Meteorology, there is a 65% to 80% chance that the grain-growing region of the country will receive above median rainfall. The rain will benefit wheat production as the region has been abnormally hot and dry due to El Nino, and there have been a record low number of tropical cyclones, with the wet season being one of the hottest on record

Commodities Futures as of May 6th, 2016

Commodities Futures	Ticker	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	CBOT: ^C	\$ per bu.	\$3.77	(3.61)%	7.40 %
Wheat (CBOT)	CBOT: ^W	\$ per bu.	\$4.63	(4.92)%	1.15 %
Oats (CBOT)	CBOT: ^O	\$ per bu.	\$1.93	(5.97)%	(8.20)%
Rough Rice (CBOT)	CBOT: ^RR	\$ per cwt.	\$11.41	0.66 %	(3.06)%
Barley (USDA)	USDA: ^24	\$ per bu.	\$4.95	0.00 %	0.00 %
Rapeseed (Canola) (ICE)	ICE: ^RS	CAD per T	\$510.50	2.16 %	5.93 %
Ethanol (CBOT)	CBOT: ^ET	\$ per gal.	\$1.51	(1.31)%	9.41 %



Recent Earnings News

Company	Period Ended	EPS YoY Change	Last Quarter		Analyst Consensus (US\$)	Premium to Current
			Comments			
Commodity Handling						
Archer-Daniels-Midland Company	31-Mar-16	(49.8%)	Low U.S. export volumes and weak margins continued, and in the quarter, poor results from the global trade desk impacted results for Ag Services		\$39.36	3.0%
Bunge Limited	31-Mar-16	1.4%	Gains in Brazil volume and market share, better than expected results as consumer demand remained strong and global soy margins improving		\$70.08	15.0%
The Andersons, Inc.	31-Mar-16	nmf	Market conditions in Q1 prevented Grain Group from realizing basis appreciation following last year's poor harvest in the Eastern Corn Belt		\$33.67	14.7%
Food Processing						
Ingredion Incorporated	31-Mar-16	50.4%	Strong growth through acquisition-related volume, more favourable price / product mix, and margin expansion through optimization efforts		\$119.71	1.8%
Maple Leaf Foods Inc.	31-Mar-16	nmf	Better-than-expected quarterly profit, helped by higher earnings in its prepared meats business as restructuring program yields benefits		C\$31.07	6.3%
Rogers Sugar Inc.	2-Apr-16	35.6%	Higher sales volume, by-product revenues and lower beet cost partially offset by higher pension contributions and taxes		C\$5.50	0.4%
Fertilizers & Crop Inputs						
Potash Corp	31-Mar-16	(79.6%)	Lower prices for all nutrients weighed on performance, deferral of new contracts in China led to cautious buying patterns in other regions		\$17.53	10.3%
The Mosaic Company	31-Mar-16	(8.8%)	Lower prices and lower potash sales volumes were partially offset by currency and tax benefits		\$27.93	7.5%
Agrium Inc.	31-Mar-16	(81.9%)	Strong results achieved from Retail operations and Wholesale operational performance but offset by weaker selling prices across all nutrients		\$93.85	11.2%
CF Industries Holdings, Inc.	31-Mar-16	(88.5%)	Top line growth through increased sales volume and expanded capacity, but lower ammonia prices globally		\$35.53	14.6%
Equipment Manufacturers and Services						
Ag Growth International Inc.	31-Mar-16	nmf	Growth from acquisitions and international expansion		C\$37.79	2.0%
Rocky Mountain Dealerships, Inc.	31-Mar-16	(50.0%)	Lower activity levels in Q1 and weakened demand in Ag led to lower revenues but partially offset by cost-improvement initiatives		C\$7.53	10.8%
AGCO Corporation	31-Mar-16	(73.4%)	Performance effected by cyclicity and seasonality as global market conditions continued to weaken		\$48.81	(5.0%)

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