



Agriculture Industry Flash

Monday, September 12th, 2016

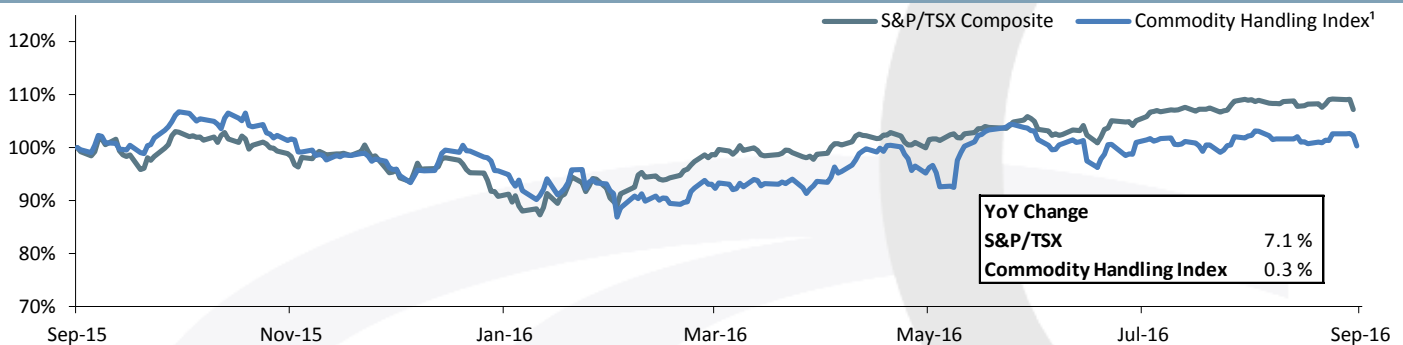


COMMODITY HANDLING

News Scan

- On Aug. 31st, **Bunge** agreed to purchase corn flour producer, **Grupo Minsa S.A.B.**, for an undisclosed amount. As part of the deal, Bunge will take control of four mills in Mexico and two mills in the U.S. with a combined annual processing capacity of 700,000 metric tons. The facilities produce a range of branded corn flours and pre-mixes for tortillas. The acquisition will allow Bunge to expand in a product line that is growing due to demographic and economic trends
- On Sep. 5th, **Whitworths Holdings** announced it acquired **Carr's Flour Mills** from Carr's Group Plc for £25 million. Carr's three milling centers are located in Cumbria, Essex and Fife in the United Kingdom, and use wheat imported from mainland Europe, Canada and the United States. The acquisition provides Whitworths with access to the South East, North of England and Scottish markets that would otherwise not be available
- On Aug. 31st, Chinese officials announced the Sep. 1 deadline to reduce the amount of dockage in Canadian canola shipments has been delayed indefinitely. China has agreed to retain the current level of 2.5% until officials on both sides can negotiate a more permanent solution. Canadian Prime Minister Justin Trudeau further announced during his visit to China that a permanent solution to the blackleg disease issue is days or weeks away

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	24,446	31,395	10.1x	8.7x	18.4x	14.3x	(2.6)%	(10.7)%
Bunge Limited	8,634	14,764	7.0x	6.8x	11.6x	10.2x	(1.7)%	(22.5)%
Graincorp Limited	1,415	2,427	11.2x	9.0x	37.2x	20.0x	(1.4)%	(13.2)%
The Andersons, Inc	999	1,637	10.8x	7.1x	37.2x	13.9x	(2.8)%	(7.7)%
AGT Food and Ingredients	677	1,060	11.0x	9.6x	17.0x	13.4x	0.4%	(12.7)%
Ceres Global Ag	107	181	na	na	na	na	2.6%	(20.6)%
Mean			10.0x	8.2x	24.3x	14.4x	(0.9)%	(14.6)%

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

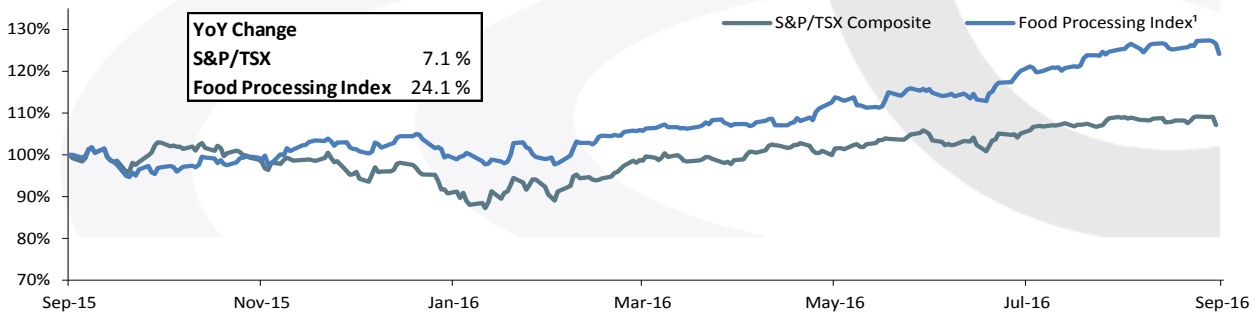


FOOD PROCESSING

News Scan

- On Sep. 1st, **Quadra Chemicals** announced the acquisition of **Continental Ingredients Canada**, for an undisclosed sum. Continental Ingredients is a manufacturer and marketer of functional food ingredients, with a 70,000 square foot facility located in Oakville. The acquisition is highly synergistic and brings added blending capability to Quadra, as well as a specialized value-added technical sales team. Origin Merchant Partners acted as exclusive financial advisor to Continental Ingredients with respect to this transaction
- On Sep. 1st, **Post Holdings** announced it will acquire **National Pasteurized Eggs, Inc (NPE)** for an undisclosed sum. NPE is a producer of pasteurized shell eggs with a patented in-shell pasteurization process that allows for commercial-scale production of pasteurized eggs. The acquisition will improve Post's existing Michael Foods egg segment by building upon international distribution channels
- On Aug. 29th, **The Mennel Milling Co.** and **Plaza Belmont Fund III** announced they have acquired **Renwood Mills** for an undisclosed sum. Renwood Mills produces the Southern Biscuit and TendaBake brands of flour and mix, as well as a variety of private label retail products, food service and custom food service mixes, and wholesale bulk flour. Renwood operates a 7,500 cwt flour mill and 12-ton corn mill that supplies its packing facility
- On Sep. 1st, **Snyder's-Lance** announced it has purchased the remaining 74% in **Metcalfe's skinny Limited**, for an undisclosed sum. The purchase comes after Snyder's-Lance acquired a 26% stake in the popcorn brand in February 2016. Metcalfe's skinny makes premium popcorn, corn and rice cake products, and is a further addition to Snyder's better-for-you portfolio as a premium brand in a growing snacking category
- On Sep. 6th, private equity firm **CenterOak Partners** announced it completed a majority investment in **Wetzel's Pretzels**. Wetzel's Pretzels is the second largest owner and franchiser of soft pretzel stores and also has 300 company-owned stores

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.	19,032	23,979	12.1x	11.7x	18.5x	17.3x	(5.9)%	(11.2)%
George Weston Limited	10,799	20,205	6.6x	6.4x	17.1x	15.3x	(4.0)%	(8.5)%
Ingredion Incorporated	9,826	11,432	11.3x	10.7x	20.0x	18.5x	(0.8)%	(2.8)%
Tate & Lyle plc	4,449	5,164	11.5x	11.2x	20.7x	19.0x	(1.3)%	(3.3)%
Maple Leaf Foods Inc.	2,988	2,835	10.4x	9.8x	23.0x	20.8x	(1.2)%	(6.0)%
SunOpta Inc.	569	1,130	11.5x	9.2x	29.2x	15.9x	3.1%	(16.6)%
Rogers Sugar	459	556	9.6x	8.5x	14.4x	14.6x	(0.2)%	(2.6)%
Mean			10.4x	9.6x	20.4x	17.4x	(1.5)%	(7.3)%

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.

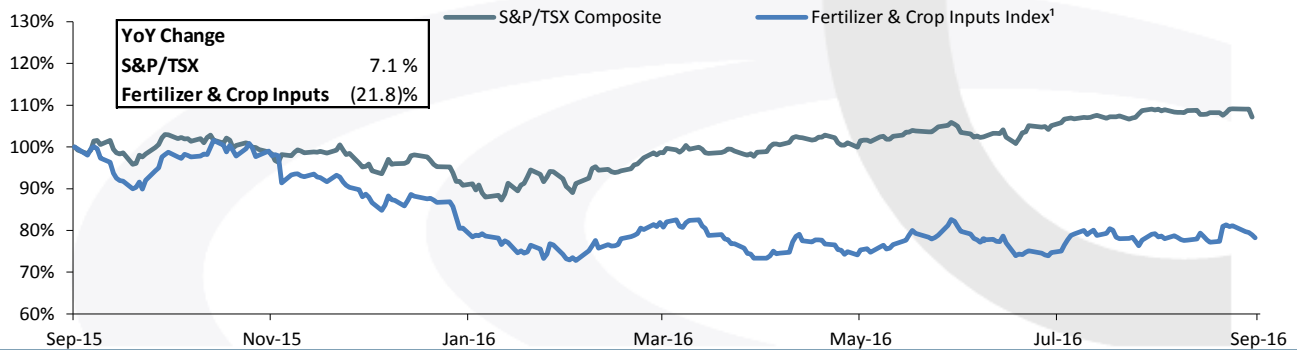


FERTILIZERS & CROP INPUTS

News Scan

- On Sep. 12th, **Agrium** and **Potash Corp** agreed to a merger-of-equals. Potash Corp shareholders will own 52% of the new company, with a total market capitalization of \$26 billion, and Agrium shareholders will hold the remaining 48%. The merger will combine Potash's significant crop nutrient production capacity with Agrium's fertilizer production and farm retail network. The combined companies may also realize up to \$500 million in annual cost synergies from areas including distribution and retail integration, production, and procurement. The transaction will be subject to shareholder and regulatory approval amongst other conditions
- On Sep. 9th, reports indicated negotiations between **Bayer** and **Monsanto** are entering the final stretch, and a deal could be reached by early this week. The news comes after Bayer sweetened its proposal to US\$127.50/share, or US\$56 billion, 2% higher than its prior offer of US\$125.00/share, or US\$54.8 billion. Monsanto has been pushing for a price closer to US\$130 a share, as well as increasing the break fee required to be paid by Bayer if regulators don't approve the deal to US\$1.5 billion
- On Sep. 9th, The European Union's Antitrust Commission said it suspended its review into the proposed merger of **Dow Chemical** and **DuPont** because the companies hadn't submitted required information on time. The suspension could likely delay the transaction past its planned closing for the end of the year
- On Sep. 7th, **SynergyAG**, an independent chain of retail crop input locations, announced it is opening four new crop input retail locations in Western Canada. The locations will be based in Saskatchewan and Alberta, and are all set to open by Fall 2017, with potentially more locations to follow afterwards

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

Market	Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
			2016E	2017E	2016E	2017E	Price	52Wk High
Agrium Inc.	13,182	18,595	10.2x	9.3x	18.5x	16.5x	(1.9)%	(10.8)%
Potash Corp.	14,283	17,734	15.5x	12.9x	42.0x	31.3x	(5.1)%	(34.3)%
Yara International ASA	12,680	14,109	6.6x	6.7x	16.1x	15.3x	(3.7)%	(31.3)%
CF Industries Holdings, Inc.	5,828	12,553	9.9x	8.6x	23.5x	20.2x	(2.3)%	(55.4)%
The Mosaic Company	9,459	12,345	10.7x	8.6x	nmf	25.8x	(7.4)%	(31.9)%
Nufarm Ltd.	1,652	2,557	9.2x	8.3x	16.1x	14.6x	(2.5)%	(7.4)%
Input Capital Corp.	112	103	19.2x	4.8x	nmf	20.1x	(0.5)%	(36.1)%
Mean			11.6x	8.4x	23.2x	20.5x	(3.4)%	(29.6)%

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

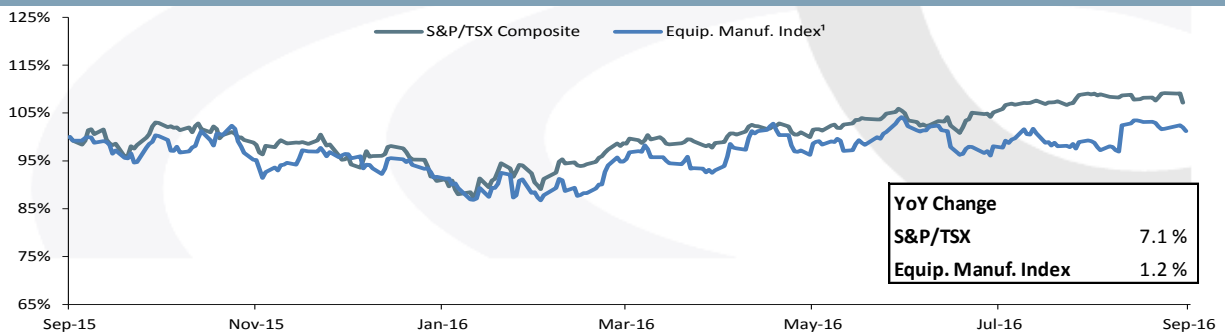


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On Sep. 5th, **PETKUS Engineering GmbH** announced it will acquire **Simeza Silos Metalicos Zaragoza** for an undisclosed sum. Simeza is a manufacturer and marketer of silos for grain, flour and industrial product storage in Europe. As part of the transaction, Simeza will add a special silo design to enhance the engineering and turnkey projects of PETKUS Engineering
- On Aug. 31st, **Hanjin Shipping**, the largest shipping company in Korea, filed for court receivership. Receivership is a type of corporate bankruptcy in which a receiver is appointed to run the company, allowing it to restructure and avoid liquidation. Creditors unanimously agreed on Aug. 30 to stop supporting the world's seventh largest shipping line, as the shipper's self-rescue program was not viable enough for the creditors to keep the company afloat. Hanjin Shipping has outstanding loans of US\$1.1 billion that are set to mature next year.
 - Hanjin Shipping**, with 99 container vessels, 11 terminals, 23 foreign corporate bodies and over 100 overseas business branches, is expected to be put up for sale, according to a USDA report on Sep. 2. The report noted Hanjin Shipping's court decision will have limited impact on financial institutions as lenders already assigned reserves to cover potential loan losses. It is almost certain, however, that difficulties with port operation and shipping lines will occur for the next 2 to 3 months
- On Sep. 8th, **Cargill** announced a partnership with **Azima DLI**, a provider of scalable, hosted predictive condition monitoring services, to supply whole-plant monitoring services to its North American Starch and Sweeteners Division (Corn Milling). As part of the partnership, Azima DLI will remotely analyze vibration data from more than 8,000 machines across 14 Cargill sites and deliver comprehensive machinery health information in order to ensure reliability standards set by Cargill for all of its corn milling facilities

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
Deere & Company	25,855	27,673	13.3x	15.2x	24.3x	27.6x	(1.6)%	(7.2)%
AGCO Corp	3,803	5,151	8.6x	8.4x	20.3x	18.7x	(1.2)%	(16.3)%
Ag Growth International Inc.	496	759	11.1x	9.5x	19.1x	14.1x	(0.2)%	(1.7)%
Rocky Mountain Dealerships	137	434	16.9x	15.1x	10.8x	9.6x	0.3 %	(1.3)%
Cervus Equipment Corporation	141	377	10.0x	9.3x	15.8x	10.9x	1.7 %	(22.8)%
Mean			12.0x	11.5x	18.1x	16.2x	(0.2)%	(9.9)%

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

- According to the United Nation's Food and Agriculture Organization (FAO), the FAO Food Price Index averaged 165.6 points in August, up 1.9% from July and up almost 7% from a year earlier. The monthly jump mostly was driven by cheese and palm oil quotations, while those for wheat, maize and rice all fell
 - The FAO also raised its world cereal production forecast for 2016 to 2.566 billion tonnes, up 22 million tonnes from July projections, primarily due to anticipation of a record global wheat harvest this year and a large upward revision to this year's maize crop in the U.S.
- On Sep. 7th, Lawrence MacAulay, Canada's Agriculture and Agri-Food minister, announced that the Canadian government has invested C\$35.3 million for infrastructure improvements at Agriculture and Agri-Food Canada's (AAFC) Swift Current Research and Development Centre. The new space will offer modern laboratories and more energy efficient infrastructure, which are used to support AAFC's wheat breeding program and other research on forages and cereals
- According to the USDA, Russia's wheat crop is forecast to be its largest at 72 million tonnes due to favourable weather. As of Aug. 30, 62.03 million tonnes of wheat has been harvested, up 32% from the same period last year
 - China's soybean imports were also forecast to hit a record high of 86 million tonnes in the 2016-17 marketing year that begins Oct. 1, up from an estimated 83 million tonnes in 2015-16, primarily as a result of increased Chinese demand for industry feed and protein meal as a result of a recovery in swine production and steady growth in the poultry sector
- According to the Pulse Australia, Australian farmers are set to churn out record harvests of pulses as they rush to take advantage of surging prices due to shortages in India. Growers are expected to harvest around 4 million tonnes this year compared to 2.2 million last season, with the majority destined for export markets
- Reuters trade surveys show Canada's wheat stockpile shrank to its smallest mid-summer level on record and canola supplies also fell sharply compared to last year. All-wheat supplies in commercial and farm storage are expected to fall to 4.29 million tonnes, traders estimated on average, down 39% from a year ago to the lowest for mid-summer since Statscan began keeping track in 1980. Canola supplies are expected, on average, to amount to 1.27 million tonnes as of July 31, down 45% from last year and the smallest in three years. Lower wheat production a year ago coupled with strong export demand whittled down wheat supplies, and new domestic crushing capacity and a brisk export program will leave year-end canola supplies thinner

Commodities Futures as of September 9th, 2016

Commodities Futures	Ticker	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	CBOT:⁠C	\$ per bu.	\$3.41	5.45 %	(2.92)%
Wheat (CBOT)	CBOT:⁠W	\$ per bu.	\$4.03	2.25 %	(11.98)%
Oats (CBOT)	CBOT:⁠O	\$ per bu.	\$1.77	(1.80)%	(15.76)%
Rough Rice (CBOT)	CBOT:⁠RR	\$ per cwt.	\$9.52	1.01 %	(19.16)%
Barley (USDA)	USDA:⁠24	\$ per bu.	\$4.95	0.00 %	0.00 %
Rapeseed (Canola) (ICE)	ICE:⁠RS	CAD per T	\$465.70	2.60 %	(3.36)%
Ethanol (CBOT)	CBOT:⁠ET	\$ per gal.	\$1.49	3.99 %	7.60 %



Recent Earnings News

Company	Period Ended	EPS YoY Change	Last Quarter		
			Comments	Analyst Consensus (US\$)	Premium to Current
Food Processing					
Campbell Soup Company	31-Jul-16	nmf	Lower-than-expected quarterly adjusted profit due to a product recall as well as higher costs and lower sales of carrots as it harvested carrots prematurely in spring, resulting in smaller carrots which led to dissatisfied customers and loss of business. The issues are expected to dent sales for the remainder of the year	\$58.64	6.7%

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