



Agriculture Industry Flash

Monday, February 27th, 2017

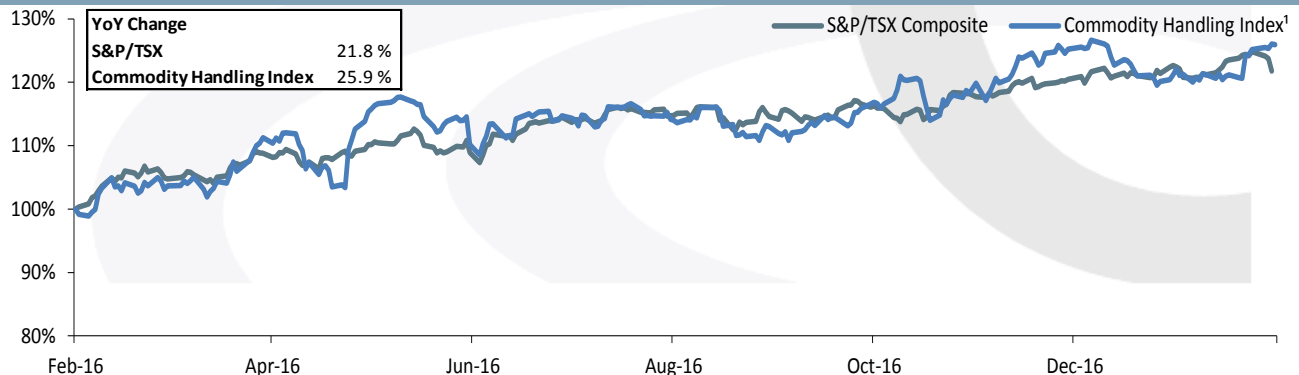


COMMODITY HANDLING

News Scan

- On Feb. 27th, **Minnesota Soybean Processors** announced that it is taking steps toward construction of a US\$240 million soybean processing plant. The plant will be located in Spiritwood, North Dakota, and will have a crushing capacity of 125,000 bushels of soybeans per day
- On Feb. 22nd, **Koninklijke Bunge B.V.**, a wholly-owned subsidiary of Bunge Ltd., and **Bahri Dry Bulk Co.**, a subsidiary of the Bahri Group, the national shipping arm of the Kingdom of Saudi Arabia, created a joint venture to establish an ocean freight supplier for dry bulk import and export flows in and out of the Middle East region
- On Feb. 17th, **COFCO Group** received regulatory approval to acquire the remaining 49% minority stake in **Nidera Capital B.V.** from **Cygne BV** for an undisclosed amount, bringing its ownership stake to 100%. The acquisition will continue to drive COFCO's plan to grow and consolidate its international agri-businesses into a world-class, integrated global platform
- On Feb. 13th, **Viterra Inc.** received approval to build a new high throughput elevator in Vegreville, Alberta. The facility will have storage capacity of 35,000 tonnes, and will be able to load up to 130 railcars that will be serviced by CN Rail. Construction on the new facility is expected to begin this spring
- On Feb. 10th, **Cargill**, announced plans to invest US\$10 million in Daqahleya Port, Egypt to increase storage capacity by 42,000 tonnes to its grain storage projects. The company also intends to direct more investments in Egypt to boost its current commitment of US\$300 million in the region
- On Feb. 14th, **GrainCorp Limited** began construction on its Cunnigar grain terminal facility in West Perth, Australia. The A\$8.1m upgrade of the grain receive and train loading facility is expected to improve train loading times by 80%, allow for a 24-hour turnaround time to port, increase competitiveness for local grain and deliver a A\$10 per tonne benefit to growers

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2017E	2018E	2017E	2018E	Price	52Wk High
ADM	26,749	33,153	9.2x	8.7x	15.8x	14.7x	2.6%	(5.5)%
Bunge Limited	11,303	14,959	7.1x	6.6x	13.1x	12.1x	7.5%	(0.0)%
Graincorp Limited	1,593	2,265	7.0x	7.3x	13.9x	13.5x	(3.5)%	(7.7)%
The Andersons, Inc	1,115	1,547	7.2x	6.4x	17.8x	14.4x	(0.1)%	(11.1)%
AGT Food and Ingredients	602	989	9.0x	8.1x	11.9x	10.8x	(3.2)%	(21.8)%
Ceres Global Ag	126	184	na	na	na	na	1.9%	0.0%
Mean			7.9x	7.4x	14.5x	13.1x	0.9%	(7.7)%

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

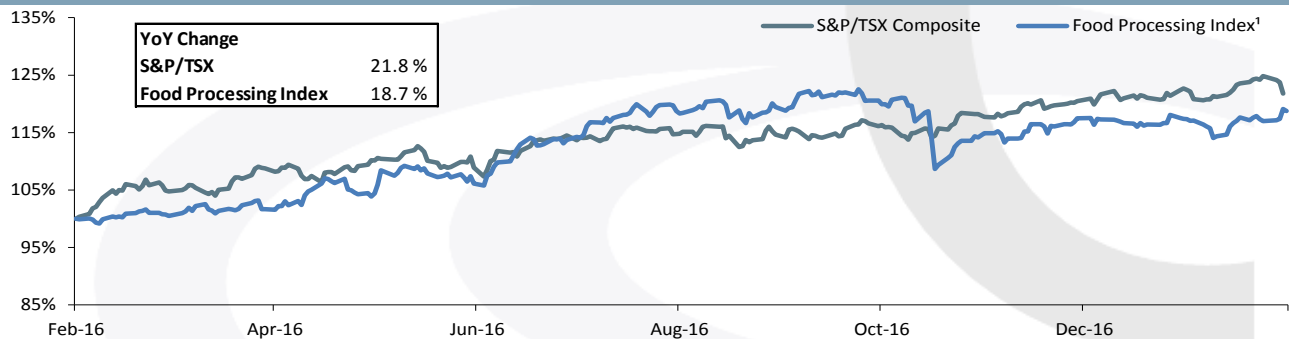


FOOD PROCESSING

News Scan

- On Feb. 21st, **Maple Leaf Foods** announced it would buy U.S.-based **Lightlife Foods Inc.**, a manufacturer of plant-based protein foods, for US\$140 million. The acquisition of Lightlife provides Maple Leaf with a leading market position and brand in the United States in the refrigerated plants proteins category which is outpacing growth in the broader packaged foods sector
- On Feb. 17th, **Kraft Heinz Co.** made a US\$143 billion offer for **Unilever Plc** in a bid to build a global consumer goods giant. The bid was rejected by Unilever stating undervaluation as the primary cause. Kraft Heinz Co. has since withdrawn its bid and Unilever Plc has begun a comprehensive review of operations
- On Feb. 21st, **Restaurant Brands Inc.**, owner of the Burger King and Tim Hortons fast-food chains, announced it would acquire **Popeyes Louisiana Kitchen** for US\$1.8 billion in cash or US\$79.00/share. The addition of a chicken-based chain may help Restaurant Brands compete more aggressively against Yum Brands' Kentucky Fried Chicken
- On Feb. 13th, **Heineken NV** agreed to buy the Brazilian breweries of Japan's **Kirin Holdings Co Ltd.** for US\$1.09 billion. With the acquisition, the Dutch brewer will become the second largest beermaker in Brazil, with a market share of about 19%
- On Feb. 22nd, **Give and Go Prepared Foods Corp.** acquired the muffin business of **United Baking Co., Inc.** for an undisclosed amount. The acquisition comes as Give and Go continues to focus on improving its scale and product line
- On Feb 22nd, **Exane BNP Paribas** added tobacco company **Imperial Brands** and nutritional ingredients maker **Glanbia** to its M&A target list citing them as attractive targets for Japanese companies looking to expand into international markets

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
			2017E	2018E	2017E	2018E		
George Weston Limited	10,899	25,332	6.4x	6.3x	15.6x	13.6x	0.8%	(7.1)%
ConAgra Foods, Inc.	17,913	20,074	13.2x	12.9x	22.7x	20.7x	3.1%	(15.8)%
Ingredion Incorporated	8,813	10,502	9.5x	9.1x	16.2x	15.1x	1.7%	(12.3)%
Tate & Lyle plc	4,255	4,893	9.5x	9.2x	15.6x	14.7x	1.0%	(13.4)%
Maple Leaf Foods Inc.	3,130	2,910	10.1x	9.6x	21.9x	20.2x	2.2%	(2.4)%
SunOpta Inc.	709	1,261	10.6x	9.2x	18.7x	13.7x	1.0%	(4.5)%
Rogers Sugar	449	596	9.8x	9.6x	13.8x	13.5x	(0.9)%	(7.2)%
Mean			9.9x	9.4x	17.8x	15.9x	1.3%	(8.9)%

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.

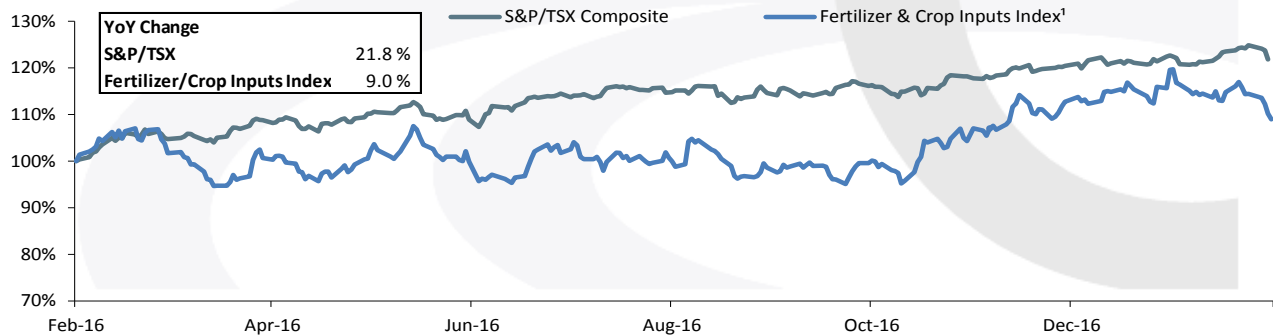


FERTILIZERS & CROP INPUTS

News Scan

- On Feb. 15th, **Vale** announced it was looking for a buyer for its four fertilizer plants, located in the southeastern city of Cubatão, Brazil. The reworked plan follows a decision by Norway's **Yara International** to not pursue an acquisition of those assets
- On Feb. 23rd, **China National Chemical Corp.** (ChemChina) further extended its US\$43 billion offer for **Syngenta** to April 28, as it continues to seek regulatory approval. Extensions to the offer are expected to occur until all conditions of the offer are satisfied, including obtaining all applicable regulatory approvals
- On Feb. 22nd, **Bayer AG** CFO, Johannes Dietsch, said the company will stick to its plan to raise US\$19 billion in equity before moving on to a rights and bond issue to finance their planned acquisition of US seed maker **Monsanto**
- On Feb. 24th, fertilizer maker **KG Group** announced plans to acquire **KFC Korea** for an expected US\$44 million from **CVC Capital Partners**. The sale price would be half the price CVC Capital Partners paid Doosan Group to acquire the fast-food chain in 2014. The transaction allows to the Korean conglomerate to further diversify outside of fertilizers & crop inputs
- On Feb. 16th, the **Mosaic Company** received approval to extend mining operations in its Wingate East property, located in Manatee County, Florida. The company says they still need to acquire operational permits from the U.S. Army Corps of Engineers and from the county, but those steps are considered procedural and Mosaic expects to acquire the permits within about 1 year
- On Feb. 17th, the **International Finance Corporation** granted a US\$150 million loan to **Yara International** to support fertilizer projects in Colombia, Brazil, and Zambia. The funds will go toward upgrading and acquiring fertilizer production facilities in the African nation and improving fertilizer production, warehousing, and distribution in Colombia and Brazil

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2017E	2018E	2017E	2018E	Price	52Wk High
Agrium Inc.	13,739	18,585	9.8x	8.9x	18.6x	16.0x	(4.3)%	(11.4)%
CF Industries Holdings, Inc.	7,262	15,134	11.1x	9.7x	nmf	29.0x	(7.1)%	(17.4)%
Potash Corp.	11,460	14,966	12.7x	11.2x	32.5x	25.2x	(4.3)%	(12.1)%
The Mosaic Company	11,004	14,228	10.5x	8.9x	31.6x	25.8x	(5.2)%	(8.6)%
Yara International ASA	10,242	12,057	6.0x	5.3x	14.2x	11.3x	(5.1)%	(13.7)%
Nufarm Ltd.	1,825	2,514	7.7x	7.2x	15.1x	13.7x	(4.4)%	(8.0)%
Input Capital Corp.	106	89	4.3x	na	26.4x	na	(2.7)%	(25.0)%
Mean			8.9x	8.6x	23.1x	20.2x	(4.7)%	(13.7)%

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

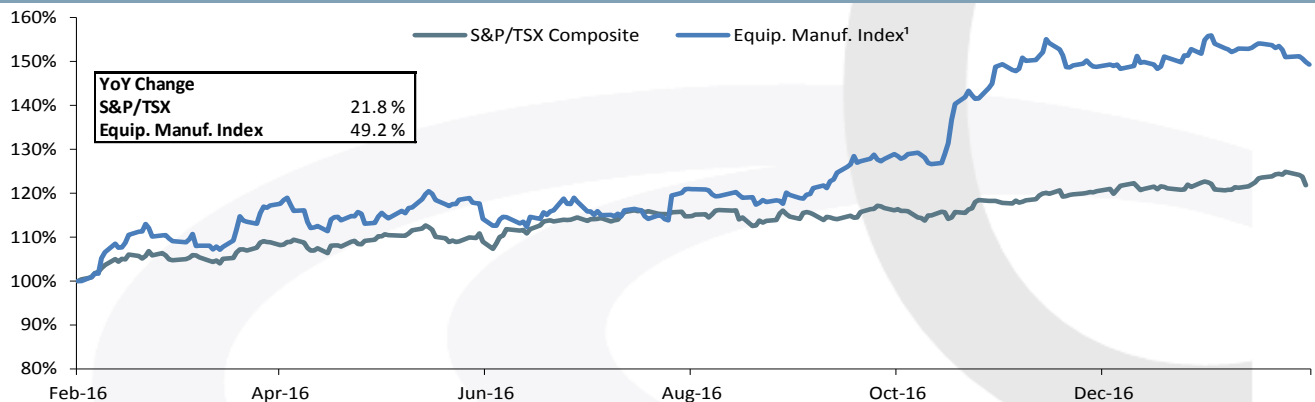


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On Feb. 15th, **Ag Growth International Inc.** announced the closing of its public offering of 1,150,000 common shares at a price of C\$55.10 per Common Share, which includes 50,000 Common Shares issued pursuant to the over-allotment option, for gross proceeds of approximately C\$63.4 million. The net proceeds of the offering will be used to repay outstanding indebtedness, to pursue potential acquisition opportunities and for working capital and general corporate purposes
- On Feb. 22nd, **Kaap Agri**, announced that it intends to list its shares on Johannesburg's stock exchange, replacing a system of over-the-counter dealings. The company is a South African agricultural services provider operating in four of the countries provinces. Its main operations include farming machinery and equipment sales, packaging material manufacturing, and a liquor-store chain
- On Feb 21st, **Valley Industries** announced it had completed its acquisition of **A1 Mist Sprayers** for an undisclosed amount. A1 Mist Sprayers is a Nebraska-based company located in Ponca that manufactures mist spraying applicators for the U.S. and Canada. The purchase will diversify Valley Industries' already robust agricultural lineup, which includes Master Manufacturing Sprayers, Everflo Pumps and Comet Pumps

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

Market	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2017E	2018E	2017E	2018E	Price	52Wk High
Deere & Company	34,572	37,322	13.3x	13.0x	27.0x	23.4x	(0.5)%	(3.2)%
AGCO Corp	4,955	6,485	10.1x	9.1x	24.7x	19.5x	(3.3)%	(4.9)%
Ag Growth International Inc.	646	905	10.3x	9.4x	17.0x	15.6x	(1.8)%	(8.0)%
Rocky Mountain Dealerships	158	408	13.6x	12.4x	10.1x	8.9x	0.7%	(5.2)%
Cervus Equipment Corporation	172	344	8.2x	7.5x	12.0x	9.5x	(3.7)%	(13.7)%
Mean			11.1x	10.3x	18.1x	15.4x	(1.7)%	(7.0)%

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 Feb. 23rd, The International Grains Council (IGC) raised its forecast for total world grains production to 2.102 billion tonnes, up from 2.094 billion tonnes in January, and up from 2.006 billion in 2015-16. If realized, it would be the first time that output has exceeded 2.1 billion tonnes. Total consumption was raised to 2.069 billion tonnes from 2.062 billion tonnes
- On Feb. 24th, the USDA reported an expected 20% drop in U.S. wheat crop in 2017 to 1.837 billion bushels, the smallest crop in 11 years. The USDA projected a soybean crop of 4.180 billion bushels, the second largest ever and a corn crop of 14.065 billion, the third largest ever. Growers are projected to plant a record 88 million acres of soybeans, up 2% from last year; 90 million acres of corn, down 7%; and 46 million acres of wheat, down 8%
- On Feb. 14th, Australia's Department of Agriculture and Water Resources (ABARES), reported record high production of wheat in 2016-17. It is estimated to have risen 45% to 35.1 million tonnes. Total Australian winter crop production is estimated to have increased by 49% in 2016-17 to 58.9 million tonnes. Yields were higher than anticipated and reached unprecedented levels in most regions driven by drier and warmer than average seasonal conditions
- On Feb. 23rd, the Argentine Minister of Agroindustry reported record wheat production in 2016-17 of 18.3 million tonnes for the country, a 62% increase in production and a 44% increase in area sown. Exports of wheat increased 138% to 10 million tonnes in 2016 from 4.2 million tonnes in 2015
- On Feb. 23rd, the E.U. Commission released its monthly report outlining record setting food export numbers for 2016. The annual value of total E.U. agri-food exports in 2016 totaled €130.7 billion, an increase of 1.3% from 2015. Over the same year however, it was reported that the value of commodities decreased 7%
- On Feb. 24th, in a joint release by Federal Agriculture Minister Lawrence MacAulay and Saskatchewan Agriculture Minister Lyle Stewart, details of the 2017 Saskatchewan Crop Insurance Program were given. According to a joint release, insurance coverage will increase to C\$217 per acre in 2017 compared to C\$216 per acre in 2016. As a result, the premium per acre will jump from C\$7.84 per acre in 2016 to C\$8.51 per acre in 2017
- On Feb. 23rd, Myron Krahn, president of the Manitoba Corn Growers Association, said corn acres are expected to jump this spring by 10-20%. Manitoba growers seeded 328,000 acres of grain corn last year, and the average yield in Manitoba was a record 147 bushels per acre, based on provincial statistics. This is compared an average yield of 158.5 bu. in Ontario last year
- On Feb. 20th, the U.K. government announced that upon their exit from the European Union, the three-crop rule would be eliminated. The measure, officially known as "crop diversification" requires farms of over 30 hectares in size to grow at least three crops – with the main one covering at most 75% of the land – in order to receive a tranche of funds
- On Feb. 20th, the Government of India announced a proposal to cut the potash subsidy by 17% in order to reduce fiscal debt. Doing so, however, would have the effect of raising the prices paid by companies that import it; India relies on imports to meet its roughly 4 million tonnes of potash demand annually. This, in turn, would lead to a significant reduction in Indian demand
- On Feb. 10th, Kenya declared a national disaster calling for aid to counter a significant drought, which is posing a major risk to people, livestock, and wildlife

Commodities Futures as of February 24th, 2017

Commodities Futures	Ticker	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	CBOT:^C	\$ per bu.	\$3.70	0.61 %	4.22 %
Wheat (CBOT)	CBOT:^W	\$ per bu.	\$4.48	3.37 %	10.28 %
Oats (CBOT)	CBOT:^O	\$ per bu.	\$2.50	(0.15)%	6.27 %
Rough Rice (CBOT)	CBOT:^RR	\$ per cwt.	\$9.68	1.57 %	0.78 %
Barley (USDA)	USDA:^24	\$ per bu.	\$4.95	0.00 %	0.00 %
Rapeseed (Canola) (ICE)	ICE:^RS	CAD per T	\$516.70	0.90 %	3.32 %
Ethanol (CBOT)	CBOT:^ET	\$ per gal.	\$1.53	1.46 %	0.20 %



Recent Earnings News

Company	Period Ended	EPS YoY Change	Last Quarter	
			Comments	Premium to Current
Commodity Handling				
Bunge Limited	31-Dec-16	42.0%	The company reported positive results with Q4 GAAP EPS of \$1.83 versus \$1.31 in the same quarter last year. Growth was driven by Food & Ingredients as well as Sugar & Bioenergy. The company delivered on \$135 million of cost and efficiency benefits in 2016, significantly exceeding the \$10 million target	US\$79.17 (2.3%)
The Andersons, Inc.	31-Dec-16	(121.4%)	The company reported a year over year drop in revenue and earnings. Net income was \$10.1million versus \$13.1million in prior year with diluted EPS seeing a similar drop from \$0.46 to \$0.36. The underperformance was driven by poor crop conditions, facility closures, and a drop in rail traffic volume. In January, the Company announced it will close its remaining four retail stores and shut down the retail business in mid-2017	US\$41.05 2.9%
Ceres Global Ag Corp.	31-Dec-16	nmf	During the quarter, the company more than doubled revenues versus prior Q2 quarter to \$131.8million. The company handled 24.6 million bushels in the quarter, up from 15 million in Q2 2016. The improving performance is due to a better usage of assets, an increase in product breath, and improved customer acquisition both in the US and internationally	n/a n/a
Food Processing				
Maple Leaf Foods Inc.	31-Dec-16	137.8%	Fourth quarter sales came in at \$828.2 million, an increase of 2% with improving EBITDA margins at 10.4% versus 8.7% in the same quarter prior year excluding the 53rd week in 2015. The company has developed an increasingly competitive cost structure with net earnings more than doubling. Part of the year-over-year increase in profit was due to a higher fair value of some of its assets and commodity contracts	C\$34.21 10.6%
Fertilizers & Crop Inputs				
Agrium Inc.	31-Dec-16	(66.7%)	In the fourth quarter, the company reported \$67 million net earnings with a diluted EPS of \$0.49, a significant decrease from the \$201 million net earnings and \$1.45 EPS in the same quarter prior year. The reduction in net earnings was driven primarily by lower year-over-year nutrient pricing	US\$105.16 (19.3%)
CF Industries Holdings, Inc.	31-Dec-16	nmf	The company reported a net loss of \$320 million or \$1.38 diluted EPS versus \$27 million net earnings and \$0.11 EPS in the same quarter prior year. The loss was primarily due to a drop in sales from \$1,115 million to \$867 million driven by lower average selling prices across all segments	US\$33.65 8.0%
Equipment Manufacturers				
Deere & Company	29-Jan-17	(23.8%)	First quarter revenue from equipment operations was \$4.698 billion compared to \$4.769 billion a year ago. Total company EPS was \$0.61, down from \$0.81 in the same quarter prior year. The decrease in performance was driven by falling demand for agricultural equipment as lower crop prices take their toll on the U.S farm income	US\$109.45 0.8%

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