



Agriculture Industry Flash

Monday, March 13th, 2017

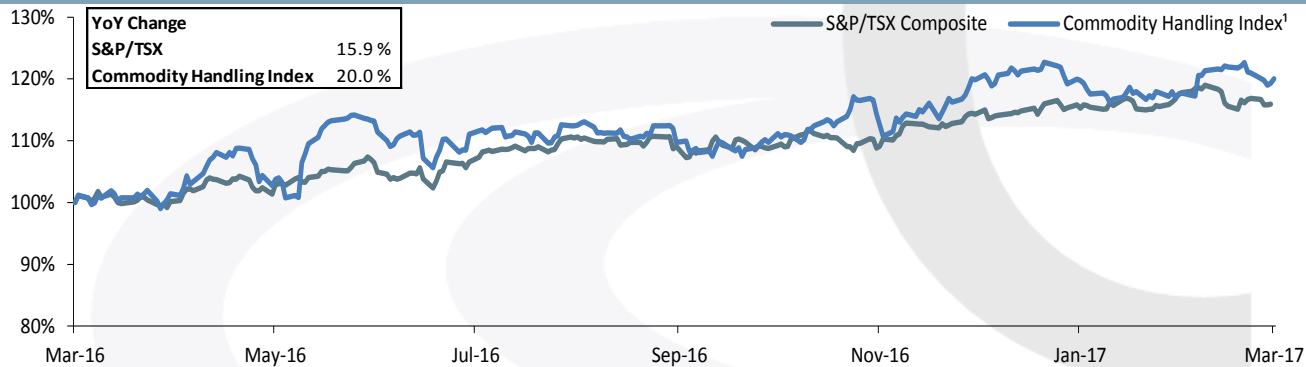


COMMODITY HANDLING

News Scan

- On Mar. 8th, **Poinsett Rice & Grain** announced its acquisition of the Grain Services operations of **Ritter Agribusiness** for an undisclosed amount. With the acquisition, Poinsett Rice & Grain now owns and operates six storage facilities. Ritter is a U.S.-based company that ships crops via truck, barge, rail and vessel to both foreign and domestic markets
- On Mar. 7th, **The Andersons** announced that it had agreed to sell its farm center locations in Florida to **Wedgworth's** for an undisclosed amount. The decision was made to dispose of these assets due to a strategic misalignment with their other locations in the Eastern Corn Belt. Wedgworth's is a family owned and operated custom blend fertilizer company
- On Mar. 1st, **Bunge Limited** completed its previously announced acquisition of two oilseed facilities located in the Netherlands and France from **Cargill** for an undisclosed amount. The new sites will allow Bunge to further expand its global oilseed processing footprint in key Northern European destinations and optimize existing global flows and logistics to serve customers
- On Mar. 7th, **Archer Daniels Midland** announced that it had joined with Saudi foods group **Almarai** in a partnership to bid for **Saudi Grains Organization's** flour milling operations, the kingdom's sole supplier, for an undisclosed amount. Saudi Arabia is selling off parts of several state groups in an attempt to cope with lower oil prices
- On Mar. 7th, **Louis Dreyfus** announced the opening of a new grain terminal in Memphis, Arkansas. The new facility will be home to a new truck-barge vessel transport system with a capacity of 800,000 bushels. With this additional facility, Louis Dreyfus now manages four river terminals on the Mississippi River

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 | 25,721 | 32,418 | 9.0x | 8.5x | 15.7x | 14.6x | (0.4)% | (5.9)% |
| Bunge Limited | 11,317 | 14,973 | 7.4x | 6.6x | 13.2x | 12.1x | (0.6)% | (1.9)% |
| Graincorp Limited | 1,532 | 2,190 | 6.9x | 7.2x | 13.7x | 13.3x | 2.3% | (9.4)% |
| The Andersons, Inc | 1,060 | 1,491 | 6.8x | 6.2x | 16.5x | 13.7x | (2.8)% | (15.7)% |
| AGT Food and Ingredients | 576 | 951 | 9.0x | 8.1x | 11.9x | 10.7x | (3.6)% | (23.2)% |
| Ceres Global Ag | 122 | 180 | na | na | na | na | 0.2% | (0.3)% |
| Mean | | | 7.8x | 7.3x | 14.2x | 12.9x | (0.8)% | (9.4)% |

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

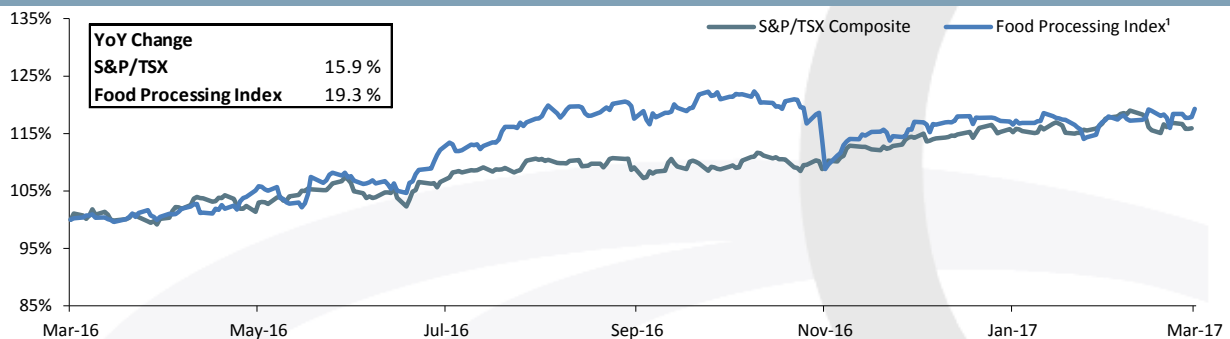


FOOD PROCESSING

News Scan

- On Mar. 6th, **Canada Bread Co.** announced that it had acquired **Stonemill Bakehouse** for an undisclosed amount. Stonemill Bakehouse makes fermented craft bread baked in stone ovens using non-G.M.O. certified and organic ingredients. Canada Bread plans to use the acquisition to complement its existing large-scale bread production capacity and distribution network to leverage with the Stonemill portfolio
- On Mar. 2nd, **PureCircle** announced it had completed a US\$42 million expansion at its Stevia plant in Malaysia. PureCircle is a vertically integrated producer and processor of natural ingredients for the global food and beverage industry
- On Mar. 1st, **SunOpta** provided an update on its four-pillar value creation plan to improve the company's portfolio optimization, operational excellence, go-to-market effectiveness and process sustainability. SunOpta is currently targeting implementation of \$30 million of productivity driven annualized adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) enhancements and \$20 million of working capital efficiencies to be implemented over the coming 12 to 18 months

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 | 10,637 | 24,898 | 6.6x | 6.5x | 15.9x | 14.5x | 0.8% | (6.7)% |
| ConAgra Foods, Inc. | 17,805 | 19,963 | 13.1x | 12.8x | 22.6x | 20.6x | (0.6)% | (16.3)% |
| Ingredion Incorporated | 8,644 | 10,327 | 9.4x | 9.0x | 15.8x | 14.8x | (1.2)% | (14.0)% |
| Tate & Lyle plc | 4,284 | 4,909 | 9.8x | 9.5x | 16.2x | 15.3x | 1.1% | (10.2)% |
| Maple Leaf Foods Inc. | 3,036 | 2,824 | 10.1x | 9.6x | 22.2x | 20.4x | (1.2)% | (1.6)% |
| SunOpta Inc. | 628 | 1,157 | 13.7x | 10.6x | nmf | 23.0x | 7.2% | (2.7)% |
| Rogers Sugar | 436 | 583 | 9.5x | 9.4x | 13.3x | 13.1x | (2.2)% | (10.0)% |
| Mean | | | 10.3x | 9.6x | 17.7x | 17.4x | 0.6% | (8.8)% |

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.

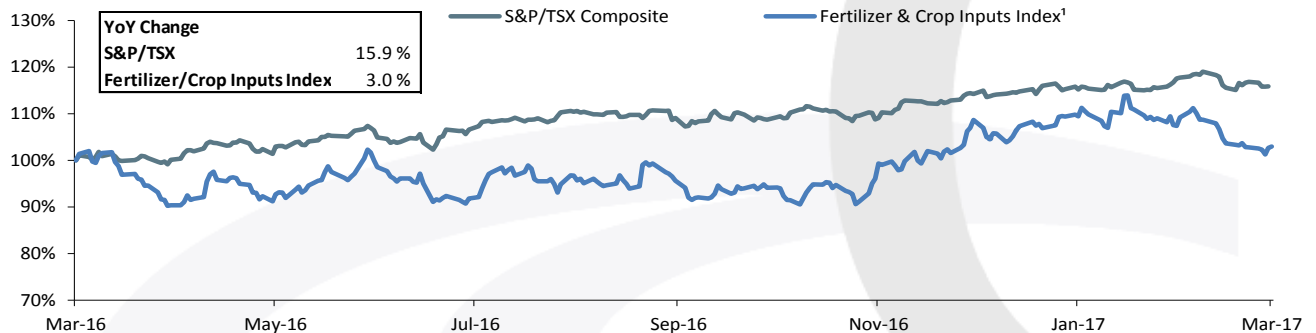


FERTILIZERS & CROP INPUTS

News Scan

- On Mar. 9th, **Bayer** and **Monsanto** began selling off assets worth approximately US\$2.5 billion as they seek clearance for their US\$66 billion merger. Antitrust and industry experts expect potential sales of soybean, cotton and canola seed assets
- On Mar. 2nd, **EuroChem Group** announced it had completed its acquisition of **Agricola Bulgaria**, Bulgaria's leading fertilizer distribution company, for an undisclosed amount. The acquisition is in line with the company's expansion strategy in Eastern Europe where they see strong demand for fertilizers. Agricola Bulgaria has annual fertilizer sales of approximately 70,000-80,000 tonnes and a share of 9% of the Bulgarian fertilizer distribution market
- On Mar. 7th, **Origin Enterprises plc** announced that it had reached an agreement to acquire the fertilizer activities and certain assets of UK based **Bunn Fertilizer** for £14.2 million in cash. The acquisition advances the company's capacity to manage supply chain complexity as well as providing complementary customer and product channel access
- On Mar. 8th, **Yara International** announced it will cease operations at its Pardies ammonia production plant in France due to loss of scale/synergies from the 2010 closing of another nearby facility

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 |
| Agrium Inc. | 13,449 | 18,289 | 9.6x | 8.8x | 18.1x | 15.6x | 2.8% | (10.8)% |
| CF Industries Holdings, Inc. | 6,858 | 14,723 | 10.9x | 9.5x | nmf | 27.8x | (4.9)% | (20.9)% |
| Potash Corp. | 10,862 | 14,269 | 12.6x | 11.1x | 31.8x | 24.8x | 2.6% | (11.8)% |
| The Mosaic Company | 10,223 | 13,444 | 9.9x | 8.4x | 29.6x | 24.4x | (3.4)% | (15.0)% |
| Yara International ASA | 10,377 | 12,134 | 6.2x | 5.5x | 14.8x | 11.8x | 1.9% | (9.6)% |
| Nufarm Ltd. | 1,838 | 2,513 | 7.9x | 7.4x | 15.5x | 14.0x | 0.8% | (5.4)% |
| Input Capital Corp. | 103 | 86 | 4.3x | na | 26.2x | na | 1.1% | (25.4)% |
| Mean | | | 8.8x | 8.5x | 22.7x | 19.7x | 0.1% | (14.1)% |

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

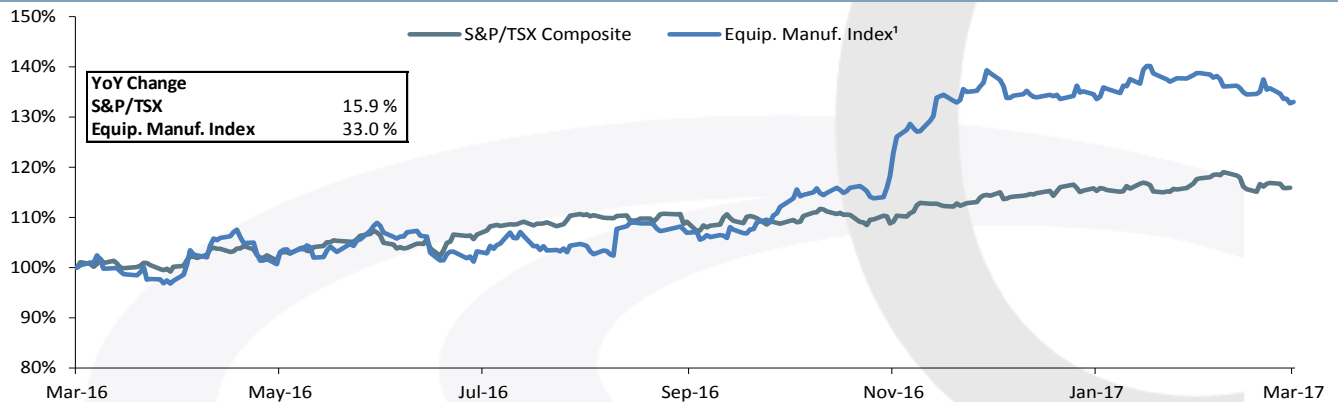


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On Mar. 2nd, **Rocky Mountain Dealerships Inc.** announced that it had closed its previously announced acquisition of **Roydale New Holland** (Roydale) for an undisclosed amount. Roydale is an agricultural dealership in Red Deer, Alberta with revenues of approximately US\$22 million. The company represents the New Holland agriculture brand and also carries Seed Hawk and Husqvarna equipment. This acquisition is the first New Holland agriculture dealership for Rocky Mountain and will be the cornerstone for expansion in a new agricultural product line
- On Mar. 6th, **Mahindra & Mahindra** announced plans to expand its tractors and farm machinery business to international markets. The Indian automobile manufacturer hopes to generate 50% of its revenues from the foreign markets in the coming years with possible expansions to North America, South America, China, Japan, and Turkey
- On Mar. 9th, **Origin Enterprises plc** announced that it had reached an agreement to acquire **Resterra Group**, a digital agricultural services group, for £11.4 million in cash. The acquisition of the technology will support the delivery of dynamic and highly customized crop management strategies to optimize gross margins at the farm level

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 | 34,986 | 37,760 | 13.5x | 13.2x | 27.3x | 23.7x | (0.8)% | (2.0)% |
| AGCO Corp | 4,728 | 6,248 | 9.7x | 8.8x | 23.8x | 18.8x | (3.1)% | (8.3)% |
| Ag Growth International Inc. | 617 | 868 | 10.1x | 9.3x | 16.6x | 15.3x | (1.5)% | (9.7)% |
| Rocky Mountain Dealerships | 152 | 396 | 13.6x | 12.4x | 10.0x | 8.9x | (0.7)% | (6.0)% |
| Cervus Equipment Corporation | 167 | 333 | 8.2x | 7.4x | 12.0x | 9.5x | (3.0)% | (13.7)% |
| Mean | | | 11.0x | 10.2x | 17.9x | 15.2x | (1.8)% | (7.9)% |

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

- On Mar. 3rd, the USDA lowered its forecast for the 2017 U.S. wheat carryover to 1.129 billion bushels while raising its forecasts for 2016-17 world wheat production, use, exports and ending stocks to new records
- On Mar. 6th, the Grains Research and Development Corporation (GRDC) announced that it had invested more than A\$192.8 million (\$146.4 million) in 898 projects to deliver new and improved varieties, practices, technologies and capability to the Australian grain industry during the 2015-16 year. The investment included a A\$10 million commitment to the International Wheat Yield Partnership, which aims to increase the yield potential of wheat by up to 50% in the next 20 years
- On Mar 3rd, the USDA announced forecasted imports of Tunisian soybeans of 640,000 tonnes in 2017-18, up 40,000 tonnes from 2016-17 and nearly 100,000 tonnes from 2015-16. An expansion of Tunisia's soybean crushing facility and entrance of a new soybean extruder into the market is expected to grow the nation's soybean imports in 2017-18
- On Mar. 8th, according to a report from UkrAgroConsult, Ukraine plans to raise cargo transportation tariffs by 25% in 2017. Over the last three years, grain transportation rates in Ukraine have grown by 88% with Ukrainian Railways citing increased prices for material resources, fuel, electricity and the necessity to invest in the rolling stock
- On Mar. 7th, some countries in Asia moved to ban imports of poultry products from the United States after the presence of highly pathogenic H7 avian influenza was confirmed on a commercial poultry farm in Lincoln County, Tennessee. South Korea imposed a full ban of U.S. poultry products while Taiwan imposed a ban on imports of all poultry-related products from Tennessee and Japan and Hong Kong also imposed restrictions
- On Mar. 6th, the Plant Based Foods Association released data showing that the total market for the plant-based foods sector has topped US\$5 billion in sales. The analysis shows plant-based milk sales leading the way, topping US\$4.2 billion over the past year, with 13.1% growth for refrigerated products in the natural channel
- On Mar. 9th, the International Grains Council raised its forecast for the global grains crop in 2016-17 to 2.102 billion tonnes, up eight million from the previous month's projection and well above the previous season's 2.006 billion. The increase is partly due to improved outlooks for corn crops in Brazil and Mexico and wheat production in Australia.
- On Mar. 2nd, Agriculture Canada announced its expectation of 425,000 tonnes of lentil carryout in 2016-2017, up 73,000 tonnes from last year. The February estimate is down substantially from the department's January estimate of 625,000 tonnes due to an increase in its export forecast to 2.2 million tonnes, up from two million tonnes in January
- On Mar.7th, according to a report from UkrAgroConsult, Russia's grain harvest in 2016 is now expected to reach 120.67 million tonnes, up from the previous estimate of 119.1 million tonnes. The wheat harvest amounted to 73.295 million tonnes against the previous figure of 73.268 million tonnes and the corn harvest totaled 15.3 million tonnes, up from 13.8 million tonnes
- On Mar 3rd, the USDA announced that India is heading for a near-record wheat harvest this summer on record planting and relatively favorable growing conditions in major growing areas. The USDA forecasted 95 million tonnes for the marketing year 2017-18, marginally lower than the record harvest of 95.9 million tonnes in market year 2014-15

Commodities Futures as of March 10th, 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 | Analyst Consensus (US\$) Premium to Current |
| Food Processing | | | | |
| George Weston Limited | 31-Dec-16 | (33.9%) | George Weston reported a fourth quarter drop in EPS to C\$0.44 from C\$0.64 in the same quarter in the prior year. The company attributes the results to foreign currency translation, asset impairments, and a fair value adjustment on the Loblaw common shares | C \$124.75 11.7% |
| SunOpta Inc. | 31-Dec-16 | (172.2%) | Revenues fell 17.6% Y/Y with reported revenues of C\$297.5 million in the fourth quarter of 2016. EPS also fell in the quarter to a \$0.41 loss versus a \$0.13 loss in the same quarter last year. The decline was driven by the exit of non-core business lines, impairment charges, and sales softness in beverage and fruit | US \$8.50 21.4% |

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