



Agriculture Industry Flash

Monday, March 27th, 2017

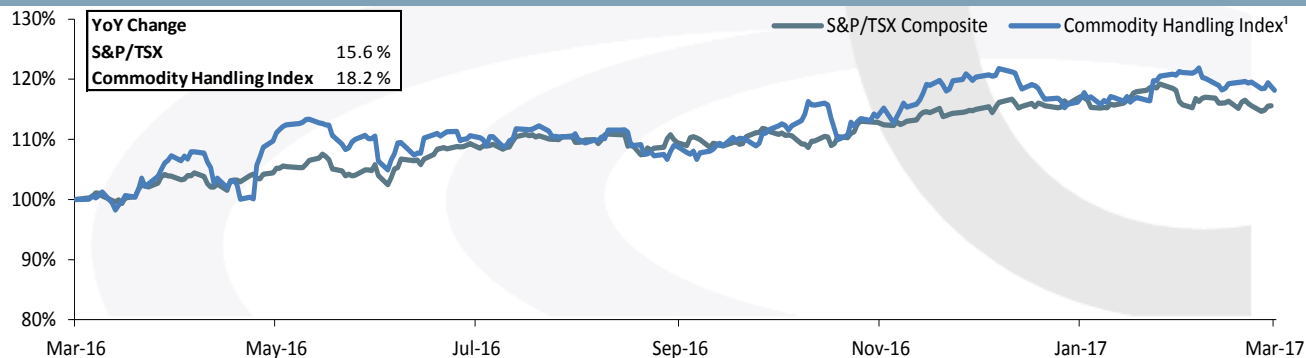


COMMODITY HANDLING

News Scan

- On Mar. 15th, **Bunge** entered an agreement to acquire German-based oils and fats producer **Westfälische Lebensmittelwerke Lindemann GmbH & Co. KG** (Westfälische) for an undisclosed amount. The acquisition broadens Bunge's product portfolio in the higher value-added bakery segment and compliments the recent Walter Rau Neusser acquisition
- On Mar. 27th, **Louis Dreyfus Company**, one of the world's biggest commodity traders, announced that they are considering the sale of a controlling stake in its fast-growing metals unit as it seeks to focus on its core agricultural business
- On Mar. 17th, the **European Bank for Reconstruction and Development** provided a loan facility to **Louis Dreyfus Company** (LDC) for US\$100 million to be used to finance the company's regional expansion. The new facility will finance the working capital needs of LDC in eight different countries: Bulgaria, Egypt, Kazakhstan, Poland, Romania, Tajikistan, Turkey and Ukraine
- On Mar. 17th, the two producer boards of Washington U.S.-based ag retailers, **CHS Connell Grain** and **CHS Sun Basin**, agreed to consolidate their operations. The joint operations will allow the new company to keep up with the changing needs of patrons with competitively priced products and services
- Globeways Canada Inc.** announced the acquisition of **Global Grain Ltd.**, located in Plum Coulee, Manitoba. The acquisition adds to existing processing plants in Kindersley, Zealandia, Sedley and Lajord in Saskatchewan and diversifies their product offerings beyond lentils and peas to include various types of beans and sunflower
- On Mar. 14th, **LLC Bio-Line-Reni**, an agro science supply company, announced plans to build an organic grain handling terminal at the Reni Seaport in Odessa, Ukraine

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	26,030	32,736	9.1x	8.6x	15.9x	14.8x	1.9%	(4.8)%
Bunge Limited	11,184	14,835	7.3x	6.6x	13.0x	11.9x	(2.0)%	(3.0)%
Graincorp Limited	1,583	2,250	7.0x	7.3x	14.0x	13.6x	1.0%	(7.5)%
The Andersons, Inc	1,072	1,503	6.8x	6.2x	16.6x	13.8x	(2.9)%	(15.1)%
AGT Food and Ingredients	543	950	9.5x	8.4x	13.7x	11.2x	(5.8)%	(28.9)%
Ceres Global Ag	120	177	na	na	na	na	(0.2)%	(3.1)%
Mean			7.9x	7.4x	14.6x	13.1x	(1.3)%	(10.4)%

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

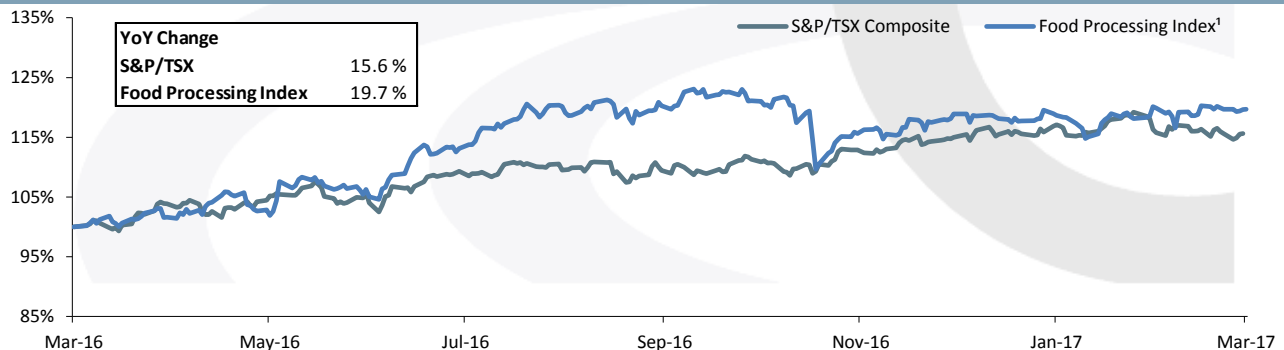


FOOD PROCESSING

News Scan

- On Mar. 19th, **Unilever PLC** announced plans to explore the sale of its margarine business for US\$7.4 billion. The decision follows the rejected takeover bid from Kraft Heinz and a strategic review of the company's operations
- On Mar. 16th, **ConAgra Brands** announced it entered into a definitive agreement to acquire protein-based snacking businesses **Thanasi Foods LLC** for an undisclosed amount. The transaction is expected to close in the summer of 2017 and will help ConAgra Brands reshape its' portfolio towards higher growth segments
- On Mar. 23rd, **Inventure Foods Inc.** announced the strategic sale of **Fresh Frozen Foods** to **The Pictsweet Company** for US\$23.7 million. The strategic transaction represents an important step in Inventure Foods' ongoing strategic and financial review process to increase shareholder value
- On Mar. 16th, **Tate & Lyle PLC**, a leading global provider of speciality food ingredients and solutions, and **Sweet Green Fields**, one of the largest privately held, fully integrated global stevia ingredient companies, announced that they entered into an exclusive partnership to deliver innovative stevia ingredients and solutions to customers around the world
- On Mar. 20th, **OFD Foods LLC**, announced plans to build a new US\$25 million manufacturing facility at a site in New York. Concentrating on fulfillment of freeze drying contract services in bulk industrial packaging, the 50,000-sq-ft plant will create about 30 jobs and enable the company to serve its customers in the Midwest and east coast more efficiently
- On Mar. 15th, **Cargill** announced the initiation of an identity preservation process and several additional Non-GMO Project Verified food ingredients. The process further contributes to the company's commitment to help food and beverage customers address growing consumer demand for non-GMO product offerings

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	11,103	25,514	6.6x	6.5x	16.3x	14.8x	3.2 %	(3.3)%
ConAgra Foods, Inc.	17,613	20,049	13.3x	13.9x	22.3x	20.4x	(2.3)%	(17.2)%
Ingredion Incorporated	8,692	10,377	9.4x	9.0x	15.9x	14.9x	0.9 %	(13.5)%
Tate & Lyle plc	4,498	5,144	10.1x	9.7x	16.5x	15.6x	0.8 %	(8.4)%
Maple Leaf Foods Inc.	3,137	2,926	10.4x	9.9x	22.7x	20.9x	1.8 %	(0.9)%
SunOpta Inc.	580	1,108	13.1x	10.2x	nmf	21.3x	(3.8)%	(10.5)%
Rogers Sugar	437	584	9.6x	9.5x	13.4x	13.1x	0.6 %	(9.7)%
Mean			10.4x	9.8x	17.9x	17.3x	0.2 %	(9.1)%

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.

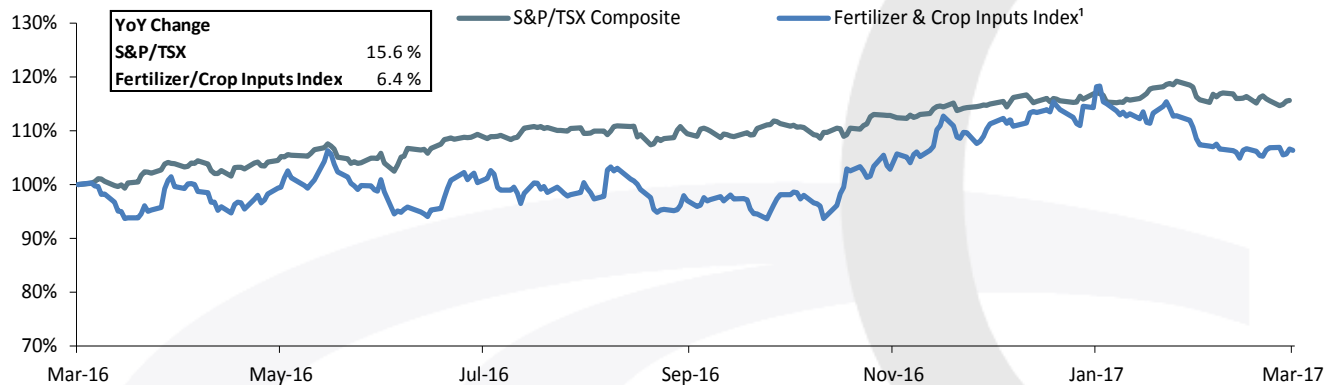


FERTILIZERS & CROP INPUTS

News Scan

- On Mar. 16th, **Bayer CropScience** opened a new Soybean Breeding and Trait Development Center in Illinois. The new station will house research and development to identify, develop and test new varieties, using modern breeding methods in order to increase the yield potential for growers in the Midwest
- On Mar. 27th, **Dow Chemical** and **DuPont** gained conditional EU antitrust approval for their US\$130 billion merger by agreeing to significant asset sales, one of a trio of mega mergers that will redraw the agrochemicals industry. Dow and DuPont said they were still on target for US\$3 billion in cost synergies and US\$1 billion in growth benefits
- On Mar. 23rd, the **Competition Commission of India** put up the proposed merger of Canadian firms **Agrium** and **Potash Corp** for public comments after finding that the deal could adversely impact competition. While neither company has a physical presence in India, they are shareholders in Canpotex, a key marketer of potash to Indian purchasers

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.	13,111	17,943	9.4x	8.6x	17.6x	15.2x	(1.9)%	(13.7)%
CF Industries Holdings, Inc.	6,802	14,665	10.9x	9.4x	nmf	26.8x	(0.4)%	(21.5)%
Potash Corp.	10,692	14,125	12.3x	10.9x	31.5x	24.3x	(1.5)%	(14.5)%
The Mosaic Company	10,069	13,290	9.7x	8.2x	28.4x	23.3x	(1.4)%	(16.3)%
Yara International ASA	10,331	12,113	6.1x	5.4x	14.6x	11.4x	(1.1)%	(11.3)%
Nufarm Ltd.	1,984	2,845	8.8x	8.3x	16.6x	15.1x	5.0 %	(2.2)%
Input Capital Corp.	105	88	4.4x	na	26.5x	na	(2.2)%	(24.6)%
Mean			8.8x	8.5x	22.5x	19.4x	(0.5)%	(14.9)%

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

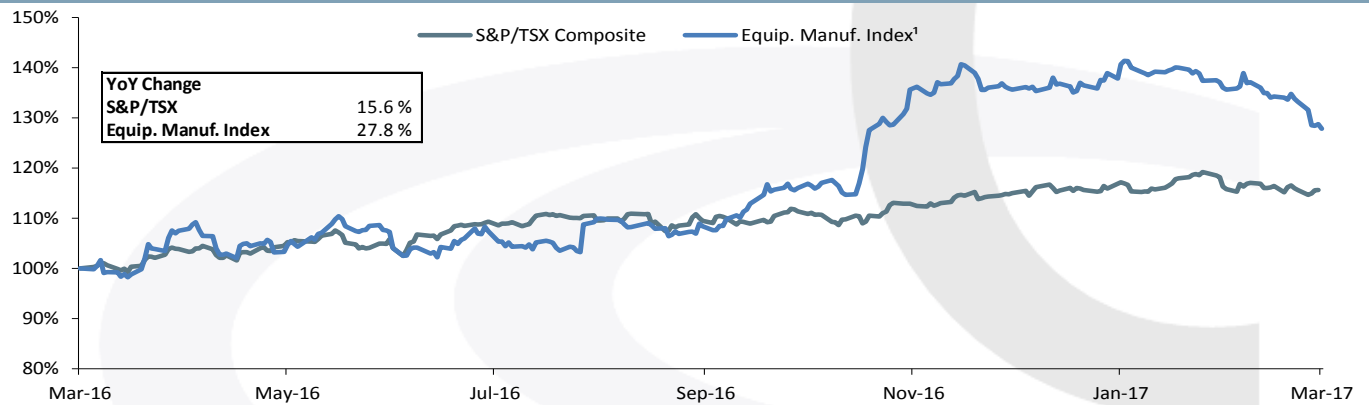


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On Mar. 16th, **CHS Inc.**, a North American farmer-owned cooperative and a global energy, grains and foods company, announced its' purchase of **Western Co-op Transport Association** for an undisclosed amount. Western Co-op Transport Association specializes in bulk liquid transport of products such as petroleum, propane, ethanol and liquid crop nutrients. The acquisition strengthens CHS Inc.'s position in core markets and will allow them to expand their transportation and logistics services
- On Mar. 23rd, **Amazon** announced plans to invest over US\$500 million in e-retail food in India over the next five years. India's food processing sector is growing at 7.2% a year and Amazon is considering creating a national food grid comprised of cold chains and mega food parks
- On Mar. 13th, **AGCO Corp** announced that it had reached an agreement in principle to acquire the forage division of **Lely Group** for an undisclosed amount. Lely's forage division is a leading manufacturer of balers and loader wagons in Europe. The integration of Lely's industry leading expertise in hay and forage technology will further strengthen AGCO's product offering
- On Mar. 22nd, **FarmLead** announced it had raised US\$6.5 million to support the company's expansion into U.S. markets and the opening of a headquarters in Chicago. FarmLead is an online grain marketplace that allows buyers and sellers to list, negotiate and finalize grain deals

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
Deere & Company	34,686	37,443	13.4x	13.1x	27.0x	23.5x	(1.3)%	(2.9)%
AGCO Corp	4,703	6,222	9.6x	8.7x	23.7x	18.6x	(2.9)%	(8.8)%
Ag Growth International Inc.	603	856	9.8x	8.9x	16.0x	13.5x	(4.2)%	(12.4)%
Rocky Mountain Dealerships	141	378	13.7x	12.3x	9.6x	8.5x	3.2%	(13.8)%
Cervus Equipment Corporation	145	268	7.3x	6.7x	11.4x	9.4x	(7.9)%	(26.2)%
Mean			10.8x	9.9x	17.5x	14.7x	(2.6)%	(12.8)%

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. 14th, Ag Commodity Research forecasted an increase in acres planted to oats by 12% to 13% in 2017. The increase in oat acres was expected mostly to come at the expense of spring wheat. Statistics Canada indicated area planted to oats in 2016 totaled 2.1 million acres
- On Mar. 13th, The Food and Agriculture Organization of the United Nations announced that the U.S. had signed the International Treaty on Plant Genetic Resources for Food and Agriculture. The objectives of the Treaty are the conservation and sustainable use of all plant genetic resources for food and agriculture
- On Mar. 16th, according to the U.S. Department of Agriculture (USDA), retail food prices declined by 1.3% in 2016, the first calendar year decline in almost half a century. The USDA cited expanding animal herd/poultry flock numbers as the primary cause
- On Mar. 16th, the International Grains Council (IGC) forecasted a 3.3% increase in global industrial use of grains for the 2016-17 year. The IGC placed prospective use this crop year at 339.9 million tonnes, compared with 329.1 million in the prior season
- On Mar. 20th, UkrAgroConsult announced that through March 15, Ukraine had exported 30.8 million tonnes of grains. This volume included 14.0 million tonnes of wheat, 11.9 million tonnes of corn and 4.7 million tonnes of barley
- On Mar. 23rd, according to the U.S. Department of Agriculture's Foreign Agricultural Service, Thailand's rice production is expected to return to historical levels in 2017-18, reaching 19.5 million tonnes. That total is 5% higher than production in 2016-17, which was hindered by critically low reservoir levels
- On Mar. 17th, the U.S. Grains Council announced that Saudi Arabian buyers purchased 18,000 tonnes of U.S. distiller's dried grains with solubles last month, a relatively large amount and a dramatic increase from total sales of just 8,400 tonnes in 2014. The recent sale is an example of an increasingly diverse number of markets interested in the feed product and the impact of sustained market development in areas showing potential for long-term growth
- On Mar. 15th, milling company executives forecasted U.S. soft red winter wheat production at 314.3 million bushels for 2017, down 9% from 345.2 million bushels in 2016. The 2017 soft red winter wheat crop would be the smallest since 2010, when 219.2 million bushels were harvested. The recent five-year average soft red winter wheat outturn was 428.0 million bushels

Commodities Futures as of March 24th, 2017

Commodities Futures	Ticker	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	CBOT: ^C	\$ per bu.	\$3.56	(6.77)%	0.21 %
Wheat (CBOT)	CBOT: ^W	\$ per bu.	\$4.24	(7.14)%	4.46 %
Oats (CBOT)	CBOT: ^O	\$ per bu.	\$2.46	(0.05)%	4.62 %
Rough Rice (CBOT)	CBOT: ^RR	\$ per cwt.	\$9.78	1.24 %	1.82 %
Barley (USDA)	USDA: ^24	\$ per bu.	\$4.95	0.00 %	0.00 %
Rapeseed (Canola) (ICE)	ICE: ^RS	CAD per T	\$482.50	(9.46)%	(3.52)%
Ethanol (CBOT)	CBOT: ^ET	\$ per gal.	\$1.58	2.14 %	3.01 %



Recent Earnings News

Company	Period Ended	EPS YoY Change	Last Quarter		
			Comments	Analyst Consensus	Premium to Current
Commodity Handling					
AGT Food and Ingredients Inc.	31-Dec-16	nmf	Full year revenue came in at \$1.9 billion, up 15.8% from \$1.7 billion in 2015. Strong sales were driven by a 59.8% increase in the Bulk Handling and Distribution segment. AGT is optimistic that sales programs to India and Turkey and other key consumption markets will be seasonally strong, continuing their advancement of sector growth strategies in their core pulses and staple foods business	C\$39.88	33.0%
Food Processing					
Conagra Brands, Inc.	26-Feb-17	256.3%	Net sales fell 9.9% in Q3/2017 versus the same quarter prior year, largely driven by the company's continued progress in building a higher quality revenue base. Diluted EPS was up to \$0.41 versus \$0.16 due to a 31% reduction in corporate expenses	US\$41.83	3.4%
Fertilizers & Crop Inputs					
Nufarm Limited	31-Jan-17	nmf	Group revenues were up 15% to \$1.36 billion in the first half of 2017 versus the same period in prior year. EPS doubled from 2.3 cents to 5.2 cents in the half year driven by expanding margins and strong revenue growth in Australia and New Zealand	A\$9.48	(1.9%)
Equipment Manufacturers					
Cervus Equipment Corporation	31-Dec-16	119.2%	Revenues were in line with prior year but the company generated income of \$23.5 million in 2016 versus a loss of \$27.4 million in prior year. The margin expansion was driven by the reduction of excess inventories, the sale and leaseback of 11 properties, an 8% reduction in SG&A expenses, and the continued implementation of their service	C\$15.14	24.1%
Rocky Mountain Dealerships Inc.	31-Dec-16	(8.0%)	Sales were in line with Q4/2015 at \$285.7 million while EPS declined by 8% to \$0.23. The earnings results were driven by a drop in overall market demand	C\$11.04	13.8%

Origin Merchant Partners

220 Bay Street, Suite 1500

P.O. Box 23

Toronto, Ontario

M5J 2W4

OMP Agri-food Team:

Andrew Muirhead

Principal

T: 416-800-0697

andrew.muirhead@originmerchant.com

Jim Osler

Principal

T: 416-800-0784

jim.osler@originmerchant.com

Rob Penteliuk

Principal

T: 416-800-1780

rob.penteliuk@originmerchant.com

Sean McIntyre

Principal

T: 416-800-1753

sean.mcintyre@originmerchant.com