



Agriculture Industry Flash

Tuesday, December 5th, 2017

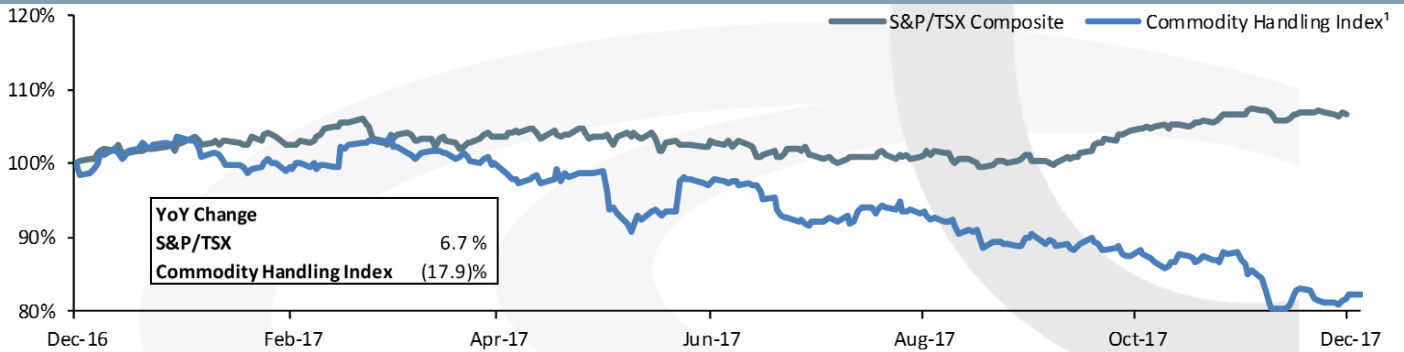


COMMODITY HANDLING

News Scan

- On Nov. 21st, **Wilmar International** entered into an agreement with **Cargill** to acquire a palm oil facility in Malaysia. The transaction allows Wilmar to establish its first presence on the east coast of Malaysia. The facilities are a complementary fit to Wilmar's existing palm oils refining business in the country, and strengthen the company's sales and distribution network
- On Nov. 17th, **Bunge** announced it reached an agreement with **Grupo Minsa SAB de VC** to terminate a deal between the two companies announced in August 2016 due to delays in obtaining antitrust authorizations for close. With the transaction, Bunge would have gained a controlling interest in four corn processing mills in Mexico and two mills in the United States, with a combined capacity of 700,000 tonnes of grain
- On Dec. 4th, the Australian Bureau of Agricultural and Resource Economics and Sciences lowered the country's wheat crop forecast following recent storms that damaged the crop and a severe drought that reduced yields earlier in the season. The world's fourth-largest wheat exporter is forecast to produce 20.3 million tonnes of wheat this year, 42% lower than last year's record crop
- On Dec. 4th, the Brazilian unit of **Cargill** announced that it is in talks to form a consortium bidding for the US\$4.3 billion Ferrograo railway project. The 1,100-kilometre railway would unite grain-growing regions in central Brazil with the river port of Miritituba, helping farmers avoid transporting produce by truck on neglected roads. The government of Brazil plans to issue a 65-year operating licence for the system which will have the capacity to move 42 million tonnes of grains annually. Cargill has invested US\$1.2 billion in Brazil over the past six years. Cargill plans to invest US\$153 million next year in Brazil, with 70% dedicated to infrastructure projects

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
ADM	22,834	29,727	9.7x	8.3x	17.4x	15.0x	5.5 %	(13.2)%
Bunge Limited	9,440	14,709	10.8x	8.1x	22.8x	13.8x	3.6 %	(19.4)%
Graincorp Limited	1,353	1,902	6.6x	7.5x	11.3x	13.8x	(3.0)%	(27.5)%
The Andersons, Inc	885	1,313	7.6x	6.8x	29.8x	18.3x	4.6 %	(29.1)%
AGT Food and Ingredients	382	842	16.0x	10.2x	48.9x	13.8x	(1.8)%	(47.7)%
Ceres Global Ag	100	168	na	na	na	na	(0.4)%	(21.3)%
Mean			10.1x	8.2x	26.0x	15.0x	1.4 %	(26.4)%

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

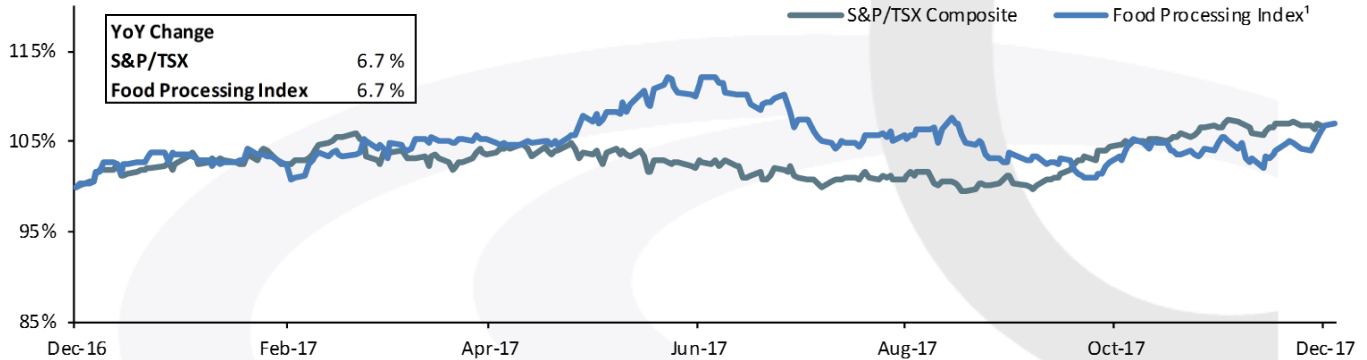


FOOD PROCESSING

News Scan

- On Nov. 29th, **Mars Inc** purchased a minority stake in **Kind LLC**, a New York-based maker of nutrition bars. Estimates suggest that Kind is valued between US\$3-5 billion. Mars said that it will help bring Kind into new geographic markets and expand into additional product categories. Kind will continue to operate independently in New York, while Mars will lead the growth of the business internationally
- On Nov. 30th, **Maple Leaf Foods** announced the acquisition of Seattle-based **Field Roast Grain Meat Co.**, a provider of grain-based meat products, for US\$120 million. The acquisition expands and complements Maple Leaf's portfolio in the fast-growing alternative proteins market
- On Nov. 29th, **Hearthside Food Solutions** completed the acquisition of **Standard Functional Foods Group**, a privately held snack bar division of **Standard Candy**, for an undisclosed amount. Hearthside expects that the acquisition will complement existing capabilities and will bring additional value to the expanding bar category
- On Nov. 22nd, **Premium Brands Holdings** announced the acquisition of three food producers for a total of C\$200 million. Premium acquired Minnesota-based **Buddy's Kitchen Inc**, a producer of sandwiches and prepared meal solutions for customers in the airline and convenience store channels, **Raybern Foods**, a California-based producer of branded specialty sandwiches, and **Shaw Bakers**, a producer of fresh and frozen artisan breads. The transactions help diversify and enhance Premium's sandwich platform
- On Nov. 20th, **LB Maple Treat Corporation**, a subsidiary of **Rogers Sugar** announced the acquisition of **Decacer**, a bottler and distributor of branded and private label maple syrup, for C\$40 million. The transaction strengthens Rogers' leadership position in the fast-growing maple syrup industry. Decacer broadens the company's maple syrup operations and expands product offerings

Relative Performance Index



Key Indicators

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Market	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2017E	2018E	2017E	2018E	Price	52Wk High
George Weston Limited	11,077	25,679	7.0x	6.5x	15.8x	15.0x	0.5 %	(12.4)%
ConAgra Foods, Inc.	15,306	18,500	11.3x	11.1x	20.5x	19.2x	5.5 %	(9.0)%
Ingredion Incorporated	10,040	11,675	10.6x	10.1x	18.1x	16.8x	3.4 %	(0.4)%
Tate & Lyle plc	4,233	4,783	8.0x	7.9x	na	13.6x	0.1 %	(14.1)%
Maple Leaf Foods Inc.	3,533	3,566	11.7x	10.7x	23.5x	20.9x	4.2 %	(0.6)%
Premium Brands	2,464	2,716	17.1x	13.7x	32.9x	25.2x	(3.5)%	(0.7)%
SunOpta Inc.	689	1,271	17.6x	13.0x	neg	nmf	2.7 %	(26.8)%
Rogers Sugar	526	766	11.7x	8.9x	12.8x	11.3x	1.3 %	(9.1)%
Mean			11.9x	10.4x	22.2x	18.5x	1.8 %	(9.2)%

1 "Food Processing Index" is composed of equally weighted market prices for: George Weston, ConAgra, Ingredion, Tate&Lyle, Maple Leaf Foods, Premium, SunOpta, and Rogers Sugar.

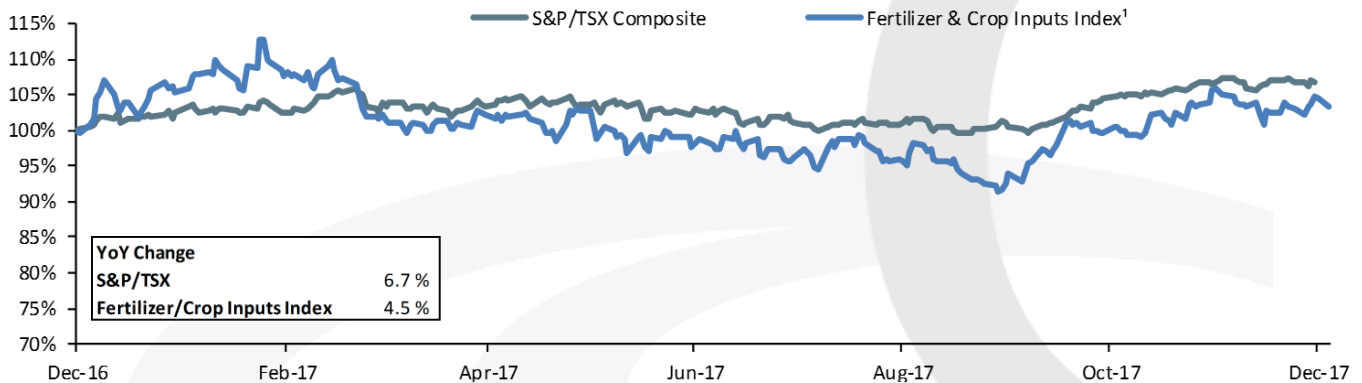


FERTILIZERS & CROP INPUTS

News Scan

- On Dec. 1st, China's **CITIC Agri Fund** completed its US\$1.1 billion acquisition of **Dow Chemical Co's** corn seed business in Brazil. The acquisition is expected to serve as a vehicle for future purchases in Latin America
- On Nov. 27th, **Yara International** agreed to acquire the **Vale Cubatão Fertilizantes** complex in Brazil from **Vale** for an enterprise value of US\$255 million. The acquisition will strengthen Yara's production footprint and complement its existing distribution position in South America. The assets have a capacity of 200,000, 600,000 and 980,000 tonnes of ammonia, nitrates and phosphate fertilizers, respectively
- On Nov. 23rd, **Canada Coal** signed a non-binding LOI with **Potash Ridge Corporation** to potentially purchase, joint venture or complete some form of transaction for the assets of **Valleyfield Fertilizer Corporation**. The LOI provides a 90-day exclusivity period. VFC intends to build a fertilizer manufacturing facility in Salaberry-de-Valleyfield, Quebec, to produce 40,000 tonnes of potassium sulphate per year
- On Nov. 22nd, Toronto-based **Itafos**, a producer of phosphate fertilizers announced a financing of C\$96 million by issuing approximately 46 million shares at a price of C\$2.10 per share. Funds will be used for acquisitions, working capital and general corporate purposes

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
Agrium Inc.	15,163	21,282	12.0x	10.5x	23.2x	18.7x	(2.1)%	(7.8)%
Potash Corp.	12,962	16,463	14.3x	12.2x	34.0x	29.4x	(2.1)%	(9.2)%
CF Industries Holdings, Inc.	8,768	15,660	15.4x	12.1x	neg	nmf	2.7 %	(6.2)%
Yara International ASA	12,053	14,310	9.1x	7.0x	23.6x	15.5x	(1.6)%	(6.3)%
The Mosaic Company	8,523	11,856	9.5x	7.8x	25.1x	21.4x	(0.6)%	(31.0)%
Nufarm Ltd.	2,110	2,821	8.7x	7.5x	16.0x	14.7x	2.1 %	(15.3)%
Input Capital Corp.	100	91	3.9x	3.0x	neg	nmf	3.8 %	(27.6)%
Mean			10.4x	8.6x	24.4x	19.9x	0.3 %	(14.8)%

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

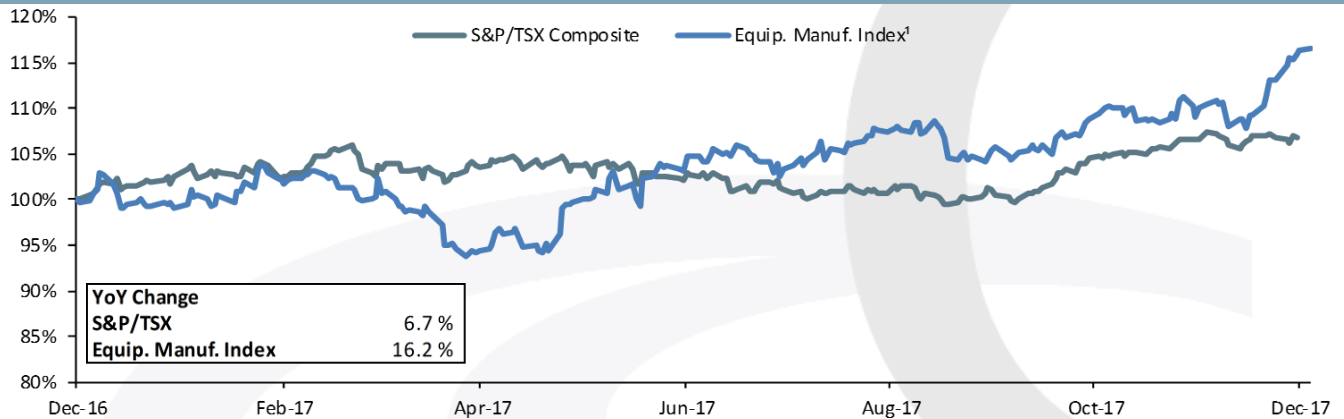


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On Dec. 1st, **The Brandt Group** announced an expansion into the US market by acquiring a state-of-the-art 200,000 sqft. manufacturing plant and equipment, from **Kongsilde Industries**, located in Bloomington-Normal, Illinois. The acquisition represents the company's first manufacturing venture in the United States and complements the current growth strategy in Canada
- On Nov. 29th, **Ag-Power Inc.**, a John Deere dealership, with 17 locations throughout Texas, Missouri and Arkansas, joined the **Brandt** dealer network. The partnership gives Brandt a strong presence in an important market and enhances the company's ability to provide grain handling equipment and local-based service to farmers in the three states
- On Nov. 27th, **Agriterra Equipment** announced that it has acquired **Dennills Agricenter**, adding two new locations, for an undisclosed amount. The acquisition allows Agriterra to have contiguous coverage from Edmonton to the Saskatchewan border and allows the two companies to combine their knowledge in the sale and service of AGCO, CAT, Morris and MacDon equipment

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
	Cap	TEV	2017E	2018E	2017E	2018E		
Deere & Company	48,175	46,760	14.5x	13.6x	26.1x	24.4x	3.8 %	(1.1)%
AGCO Corp	5,759	7,761	10.9x	9.9x	23.7x	19.2x	3.2 %	(4.5)%
Ag Growth International Inc.	643	1,051	10.7x	9.3x	21.8x	16.2x	3.3 %	(12.2)%
Rocky Mountain Dealerships	207	436	13.7x	12.0x	12.1x	10.5x	6.8 %	(0.4)%
Cervus Equipment Corporation	188	347	8.9x	8.1x	13.2x	10.3x	2.0 %	(6.5)%
Mean			11.8x	10.6x	19.4x	16.1x	3.8 %	(4.9)%

1 "Equip. Manuf. Index" is composed of equally weighted market prices for: Deere & Co., AGCO, Ag Growth International, Rocky Mountain Dealerships and Cervus.



ADDITIONAL NEWS AND AGRICULTURE COMMODITIES UPDATE

News Scan

- On Nov. 23rd, the International Grains Council raised its forecast for total grains production in 2017-18 to 2.079 billion tonnes, up from 2.075 billion tonnes in October. The majority of the revision comes from an uplift in US crop and increased feed and residual use in the EU, Canada, Russia and China
- On Nov. 27th, Egypt's Administrative Court issued a preliminary ruling banning the import of Russia-origin wheat containing ergot fungi. The government is currently studying the ruling and is expected to appeal the decision. There have been significant fluctuations in Egypt's wheat import policies which have led the Ministry of Agriculture to release new guidelines for wheat imports
- The Canola Council of Canada held events to grow and stabilize the Chinese market for Canola. The dialogue brought together Chinese and Canadian industry and government officials for a discussion on stable and open canola trade. The move is part of Canada's efforts to double bilateral trade with China and to grow global agri-food exports to C\$75 billion by 2025
- Leaders from US grain associations traveled to South Korea and Mexico to work with customers and government officials amid uncertainty surrounding the US corn industry's top markets. The delegation discussed the importance of the US-Korea Free Trade Agreement as well as grain quality and promotion. South Korea was the third largest buyer of US corn, setting a six-year high in the 2016-17 marketing year. In Mexico, the delegation met with grain associations who represented top buyers of US grain products. Mexico is the top buyer of US corn
- A document issued on Nov. 24th by China's National Development and Reform Commission has set plans that would subsidize grain transportation and storage facilities in China. The move is expected to help reduce cost and improve the efficiency of distribution
- The Russian agricultural minister announced that the country intends to expand export capacity by over 50% by 2022. The country remains one of the world's largest wheat exporters, and its total grain exports are expected to hit a record of 45 million tonnes in the 2017-18 marketing year. Further growth has been constrained due to limited infrastructure
- US rice prices increased sharply as production declined nearly 20% year-over-year. The reduction in production was the result of reduced planted and harvested area which lost acreage mainly to soybeans and cotton. Significant planted acreage was also lost due to heavy rains, resulting in January rice futures increasing by 29% year-over-year
- A proposal was launched in the EU to give member nations more flexibility on meeting EU's agriculture goals. The proposed framework gives members more flexibility on investing funds to meet common goals on environment, climate change and sustainability. Attention will be given to monitoring progress and ensuring funding is focused on results rather than compliance. The proposal hopes to encourage the use of modern technology, promoting farming as a career, addressing sustainable production, and to align agriculture policies
- The European Bank for Reconstruction and Development and the Food and Agriculture Organization of the United Nations have agreed to increase joint efforts to strengthen agrifood systems and make them more inclusive across Central and Eastern Europe, Central Asia and the Southern and Eastern Mediterranean regions. Initiatives include helping countries limit food loss, improving the use of resources and reducing the sector's carbon footprint. The two institutions have collaborated on over 150 projects in the last 10 years

Commodities Futures as of December 4th, 2017

Commodities Futures	Ticker	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	CBOT: ^C	\$ per bu.	\$3.54	(1.46)%	(0.53)%
Wheat (CBOT)	CBOT: ^W	\$ per bu.	\$4.35	(0.74)%	7.14 %
Oats (CBOT)	CBOT: ^O	\$ per bu.	\$2.57	(2.37)%	9.25 %
Rough Rice (CBOT)	CBOT: ^RR	\$ per cwt.	\$12.18	(2.25)%	26.81 %
Barley (USDA)	USDA: ^24	\$ per bu.	\$4.70	0.00 %	(5.05)%
Rapeseed (Canola) (ICE)	ICE: ^RS	CAD per T	\$507.40	0.26 %	1.46 %
Ethanol (CBOT)	CBOT: ^ET	\$ per gal.	\$1.36	(0.22)%	(11.05)%



Recent Earnings News

Company	Last Quarter			
	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Commodity Handling				
GrainCorp Limited	232.2%	EBITDA increased by 50% due to large harvest volume and strong malt performance. The company benefited from increased storage, handling and merchandising opportunities	A\$8.96	15.6%
Food Processing				
George Weston Limited	65.3%	Sales were flat YoY, while adjusted EBITDA increased by 5.2% YoY. Earnings improved due to more efficient operational performance resulting in improved margins	C\$123.88	12.5%
Rogers Sugar Inc.	nmf	Adjusted EBITDA decreased 29% YoY due to a reduction in performance in the sugar segment. The majority of the growth came from the recent acquisitions of LBMT and Decacer, two maple syrup bottlers and distributors	C\$7.05	11.6%
Equipment & Services				
Deere & Company	74.5%	Improved markets for farm and construction equipment led to improved results. Sales revenue increased 12% YoY. EBITDA increased 24% YoY. The company benefited from a more advanced product offering and flexible cost structure	US\$154.70	3.2%

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