



Agriculture Industry Flash

Tuesday, December 4th, 2018

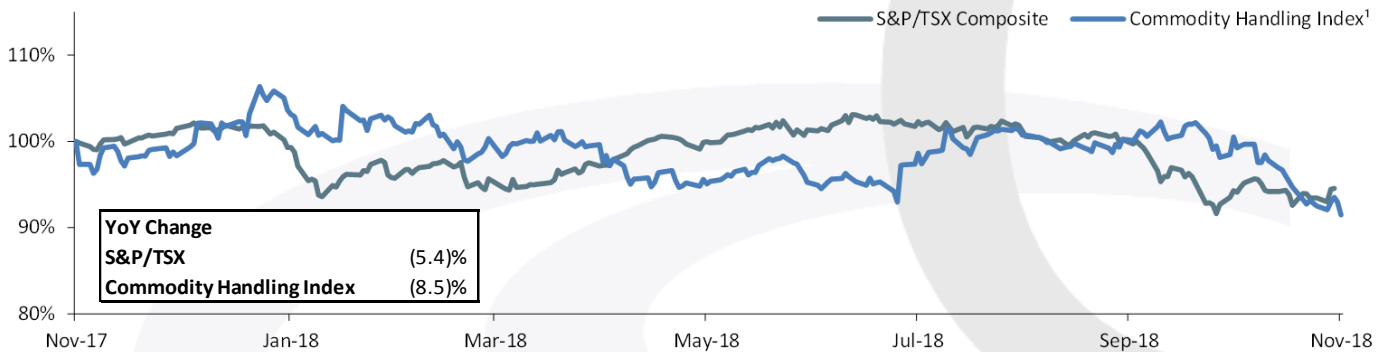


COMMODITY HANDLING

News Scan

- On December 3rd, **GrainCorp Limited**, Australia's leading bulk grain handler, announced that it received an unsolicited takeover bid of A\$2.4 billion from asset manager **Long-Term Asset Partners**. The takeover approach comes as droughts impact Australian crop performance and as GrainCorp's share price has been pressured. The proposal represents a 43% premium to the closing price on Friday (November 30)
- On November 29th, **Cargill** announced plans to upgrade and refurbish an aquafeed production plant located in Petchaburi, Thailand. The upgrade is part of a \$70 million investment plan to take place over the next two years to address the increase in global demand for seafood and poultry
- On November 27th, **Bunge Limited** announced that Robert Coviello has been named Executive Vice President & Chief Growth and Strategy Officer, effective January 1, 2019. Mr. Coviello currently serves as Managing Director, Southeast Asia & China and has been with the Company since 2003
- On November 23rd, **Parrish & Heimbecker Ltd. (P&H)** announced that it is moving forward to build and operate the Fraser Grain Terminal (FGT), a new export facility in Surrey, British Columbia. Once complete, FGT will provide 4 million tonnes of terminal capacity per year

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2018E	2019E	2018E	2019E	Price	52Wk High
ADM	25,801	33,180	8.0x	7.6x	12.9x	12.4x	1.1 %	(11.6)%
Bunge Limited	8,052	15,827	8.1x	8.0x	12.3x	11.0x	(2.4)%	(31.4)%
Graincorp Limited	1,218	1,904	10.1x	10.4x	26.4x	40.6x	23.8 %	(5.6)%
The Andersons, Inc	1,079	2,043	10.6x	9.5x	19.0x	15.0x	0.2 %	(20.7)%
AGT Food and Ingredients	282	819	14.9x	11.4x	23.6x	13.4x	4.2 %	(31.8)%
Ceres Global Ag	113	134	na	na	na	na	(4.9)%	(21.5)%
Mean			10.3x	9.4x	18.8x	18.5x	3.7 %	(20.4)%

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

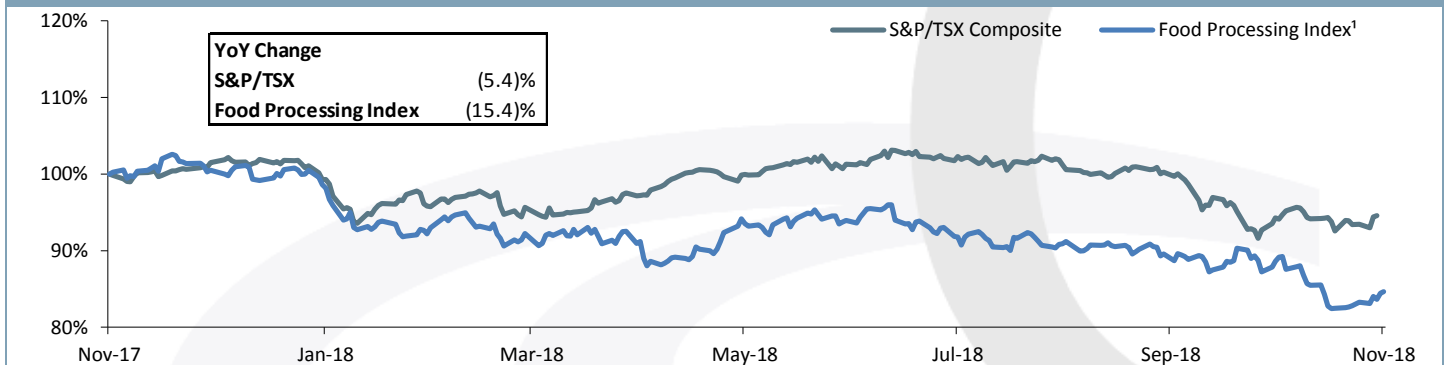


FOOD PROCESSING

News Scan

- On November 29th, **Kraft Heinz** announced that it has entered into an agreement to acquire **Primal Nutrition Corp**, the California-based makers of Primal Kitchen branded products, for US\$200 million. Primal produces condiments and healthy snacks that will complement Kraft's core condiments portfolio and help drive growth across multiple categories
- On November 28th, **Biosev SA**, the sugar and ethanol maker controlled by trading firm **Louis Dreyfus**, announced that it is selling some or all of its plants in Brazil. Biosev will explore opportunities for its nine production units in Brazil's centre-south region, the country's main sugar producing region. Earlier this year, the Company sold the two mills it owned in Brazil's Northeast for a combined US\$70.3 million
- On November 26th, **Maple Leaf Foods** announced plans to build a C\$660 million fresh poultry facility in London, Ontario. The 640,000 sq. ft. facility is expected to be one of the most technologically advanced poultry-processing plants in the world. Funding for the project includes a capital investment of -C\$605.5 million from Maple Leaf, an investment of C\$34.5 million from the Government of Ontario and a C\$20 million investment from the Government of Canada under the Strategic Innovation Fund

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
			2018E	2019E	2018E	2019E		
George Weston Limited	11,111	27,588	8.3x	8.0x	14.0x	13.9x	1.1 %	(14.3)%
ConAgra Foods, Inc.	15,705	27,565	18.0x	12.4x	15.1x	14.0x	(0.8)%	(18.0)%
Ingredion Incorporated	7,386	8,731	8.6x	8.3x	15.1x	13.8x	1.3 %	(28.6)%
Tate & Lyle plc	4,260	4,687	8.1x	8.1x	14.6x	13.9x	2.1 %	(0.8)%
Premium Brands	1,969	2,783	14.3x	11.3x	22.7x	17.2x	4.9 %	(36.8)%
Maple Leaf Foods Inc.	2,761	2,994	11.4x	9.2x	23.3x	17.5x	0.7 %	(20.3)%
SunOpta Inc.	412	1,011	16.7x	12.8x	neg	neg	9.4 %	(47.6)%
Rogers Sugar	450	690	9.4x	8.6x	14.3x	11.4x	1.7 %	(12.2)%
Mean			12.2x	10.0x	17.5x	15.1x	2.7 %	(23.8)%

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.

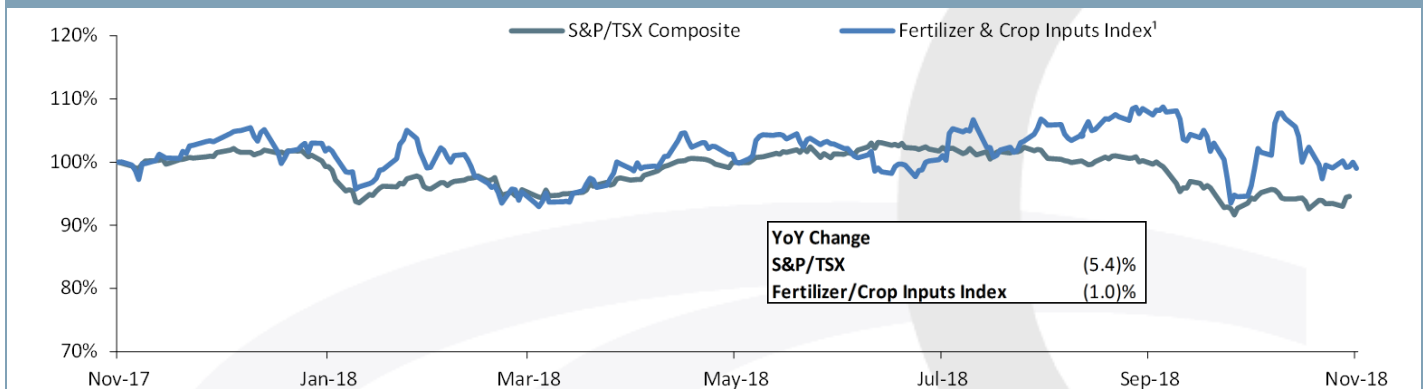


FERTILIZERS & CROP INPUTS

News Scan

- On November 28th, **Nutrien** announced that it sold its 23.77% stake in Chile's **SQM**, a Chilean lithium miner, to China's **Tianqi Lithium Corp**, a leading lithium production company, for US\$4.1 billion. Nutrien plans to use the proceeds to expand its network of farm retail stores in the US and to establish a network in Brazil
- On November 29th, **Nachurs Alpine Solutions**, an Ohio-based specialty chemicals company, announced that it has acquired the Garretson manufacturing plant in South Dakota and the related specialty NPK business from **Koch Fertilizer** for an undisclosed amount. The acquisition complements Nachurs' current operations and supports all six of its business units in the surrounding area
- On November 22nd, **Fertoz**, an Australian phosphate developer, announced that it signed an agreement with **Humic Growth Solutions**, a Florida based manufacturer of humic acid and fulvic acid products, to supply phosphates that will be blended with Humic's products. The deal spans 10 years and expects sales to reach 35KT to 40KT in the first 24 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
			2018E	2019E	2018E	2019E		
Nutrien Ltd.	31,483	42,823	10.6x	8.9x	19.1x	14.7x	1.0 %	(10.1)%
CF Industries Holdings, Inc.	9,737	16,186	10.3x	8.2x	26.1x	14.9x	(2.4)%	(25.3)%
Yara International ASA	10,958	14,611	9.1x	6.6x	2.9x	1.6x	3.6 %	(13.2)%
The Mosaic Company	13,877	17,752	8.6x	7.5x	18.8x	14.8x	2.9 %	(3.7)%
Nufarm Ltd.	1,680	2,688	8.2x	6.9x	18.2x	13.1x	8.5 %	(34.6)%
Input Capital Corp.	56	52	6.8x	3.3x	3.7x	na	(10.9)%	(47.1)%
Mean			8.9x	6.9x	14.8x	11.8x	0.4 %	(22.3)%

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

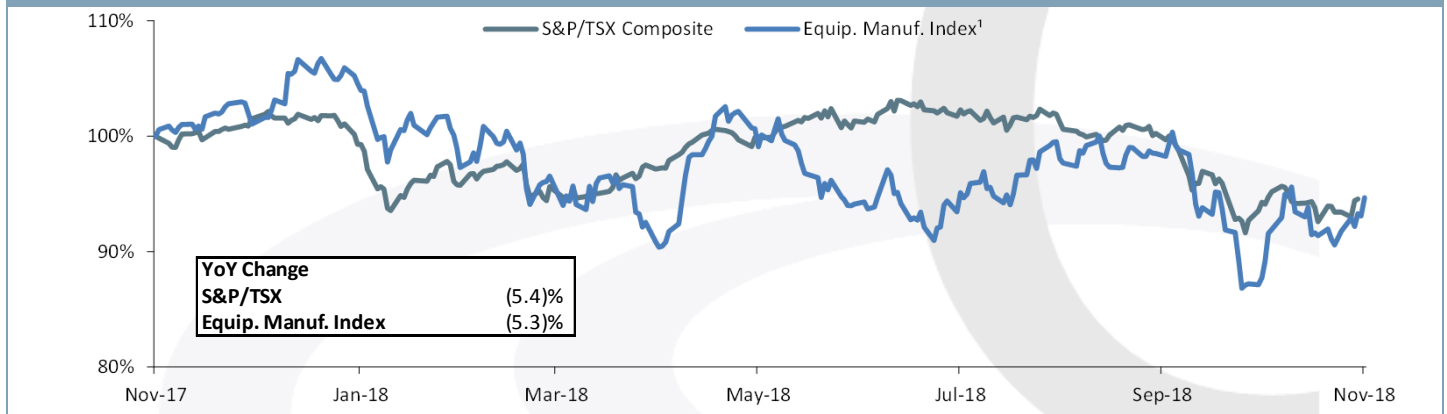


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On November 23rd, **Cervus Equipment** announced the acquisition of **Deermart Equipment Sales**, a leading John Deere dealership in Red Deer Alberta, for an undisclosed amount. The acquisition expands Cervus' dealer network and allows the company to provide more services and support to its customers
- On November 30th, **JD Equipment**, an Ohio-based John Deere dealer, announced that it intends to sell its assets to **Ag-Pro Ohio**, a subsidiary of leading farm equipment dealer, **Ag-Pro Companies**, for an undisclosed amount. The acquisition expands Ag-Pro's network to over 70 locations across the United States
- On November 26th, **Farmers Edge**, a global leader in precision agriculture and **Richardson Pioneer**, a subsidiary of **Richardson International**, announced an exclusive, multi-year partnership that will distribute digital precision technology to growers across Western Canada. The two companies will work together to deliver leading digital agriculture products for retail and grain marketing. Incorporating Farmers Edge agronomic tools into Richardson's extensive retail network increases the level of tailored services that can be provided and allows the company to work closely with its customers to increase profitability

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2018E	2019E	2018E	2019E	Price	52Wk High
Deere & Company	49,821	54,386	10.6x	9.2x	20.2x	13.5x	8.4 %	(11.6)%
AGCO Corp	4,672	6,537	7.9x	7.1x	15.7x	12.9x	3.0 %	(21.4)%
Ag Growth International Inc.	740	1,118	10.2x	8.9x	18.6x	15.3x	(0.5)%	(16.7)%
Rocky Mountain Dealerships	138	165	6.3x	5.3x	10.0x	8.0x	(1.9)%	(35.8)%
Cervus Equipment Corporation	161	205	4.7x	4.3x	8.2x	7.7x	1.9 %	(12.7)%
Mean			8.0x	7.0x	14.5x	11.5x	2.2 %	(19.6)%

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



ADDITIONAL NEWS AND AGRICULTURE COMMODITIES UPDATE

News Scan

- On December 3rd, the U.S. Department of Agriculture's Crop Progress report of 2018 indicated that winter wheat planting in the 18 principal producing states was 95% completed by November 25, compared with 99% as the five-year average for the same date. This is primarily due to an unusually strong wintery storm and frigid temperatures which disrupted and even halted the fall crop harvest, and winter wheat planting across the wheat belts
- On December 3rd, the Province of Ontario announced the Greener Gasoline regulation that will require gasoline to be blended with 15% ethanol as early as 2025, as part of its Environmental Plan. The regulation seeks to reduce emission without increasing the price at the pump, based on current ethanol and gasoline prices
- On December 1st, U.S. President Donald Trump and Chinese President Xi Jinping, agreed to refrain from escalating the tariff war between the nations that has proceeded since the summer. Advances in the soy complex were scaled back in subsequent trading after the meeting
- On November 30th, the Canadian Grain Council (CGC) announced that crop exports to-date are running ahead of average for this time of year. Canada exported 6.02 million tonnes of wheat during the 2018/19 crop year, nearly a million tonnes above the 2017/18 pace. Canadian oilseeds exports came in at 15.3 million tonnes, over a million tonnes above the 5-year average
- On November 30th, the TASS news agency announced that grain exports are not expected to be affected by tensions between Russia and Ukraine in the Azov Sea route because it is low season. The Azov route is actively used for Russian grain exports throughout the year but see a decrease in shipments during the autumn-to-winter time
- On November 30th, leaders of the U.S., Canada and Mexico signed a new trade agreement better known as USMCA, which is a modernization of the North America Free Trade Agreement. The trade agreement, although signed, will still need to be ratified by all three countries before it can formally be taken into effect. Approval must be granted by the U.S. congress, and new Mexican president who took over on December 1st
- On November 27th, the International Grains Council (IGC) revised its world wheat flour trade for 2018-19 downward by 100,000 tonnes of wheat equivalent. However, this is still in line with last year's estimated total of 17.1 million tonnes
- On November 21st, the Ukraine Agrarian Policy Ministry reported that Ukrainian farmers have harvested over 66 million tonnes of grain in 2018, which exceeds the record figure in 2016. The report said that the record-high grain crop in 2018 is due to the high yield of corn, which is also expected to reach a historical record of 34.8 million tonnes
- On November 21st, the U.S. Department of Agriculture (USDA) reported that Poland's corn production in 2018-19 is forecast to fall 20% compared to the previous year due to drought conditions in key growing areas. The USDA projects the country's corn output at 3.2 million tonnes, down from 4.0 million tonnes in 2017-18

Commodities Futures as of November 30th, 2018

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.78	3.00 %	6.94 %
Wheat (CBOT)	\$ per bu.	\$5.16	1.53 %	18.97 %
Oats (CBOT)	\$ per bu.	\$2.92	3.91 %	20.52 %
Rough Rice (CBOT)	\$ per cwt.	\$10.89	2.11 %	(7.56)%
Rapeseed (Canola) (ICE)	CAD per T	\$479.40	(2.08)%	(2.32)%
Ethanol (CBOT)	\$ per gal.	\$1.25	(2.79)%	(8.21)%



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Food Processing				
Premium Brands Holdings Corporation	52.1%	Revenues increased by 49.8% YoY to C\$835.5 million in Q3 2018, with organic volume growth rate amounting to 5.4%. Adjusted EBITDA increased by 44% to C\$71.3 million. Strong quarter performance is attributed to the acquisition of Ready Seafood, Yorkshire Valley Farms and Select Foods totalling C\$254.4 million	C\$96.90	22.0%
George Weston Limited	5.1%	Adjusted EBITDA increased by 6.4% to C\$1.4 billion in Q3 2018, with adjusted EBITDA margin at 9.4% up from 8.9% in the same period last year. Strong third quarter performance is attributed to successful spin-out of Choice Properties. EPS fell 85% YoY due to one-time charges related to Glenhuron Bank, the fair value adjustment to investment properties and the disposal of gas bar operations last year, however, adjusted EPS was up 5.1%	C\$110.13	13.3%

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