



Agriculture Industry Flash

Wednesday, February 6th, 2019

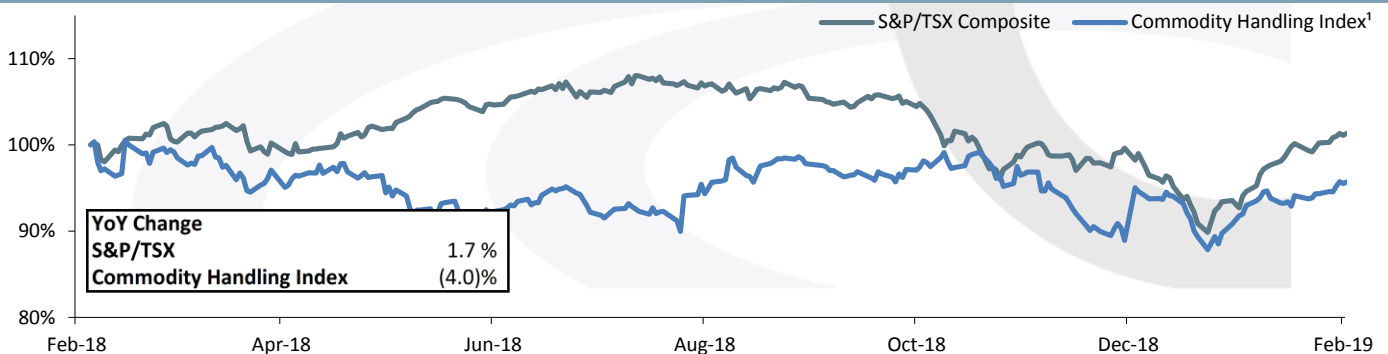


COMMODITY HANDLING

News Scan

- On February 5th, **AGT Food and Ingredients** announced that it has received shareholder approval for the previously announced management buyout transaction led by CEO, Murad Al-Katib. 72.5% of votes cast voted in favour of the transaction (including votes of the management group). AGT intends to seek a final order of the Ontario Superior Court of Justice to approve the transaction, with a hearing set on February 11th
- On February 1st, **Archer-Daniels-Midland (ADM)** announced that it has completed its previously announced acquisition of **Neovia**, a manufacturer of animal food and nutrition products, for US\$1.8 billion (€1.5 billion). The acquisition puts ADM in position to be a global leader in value-added products and solutions for both production and companion animals. Neovia had sales of €1.7 billion in 2017
- On January 25th, **Olam International**, a leading global food and agribusiness, announced its new 6-year strategy. As part of the initiative, Olam plans to invest US\$3.5 billion to strengthen high growth businesses such as nuts, grains, animal feed and coffee, while divesting US\$1.6 billion from sugar, rubber, wood products and fertilizers. The new strategy helps align Olam with increasing change in the sector driven by advances in technology, increased demand for healthier foods, sustainable sourcing, e-commerce and the rise of purpose brands
- On January 25th, **Hansen-Mueller Co.** purchased a commercial grain elevator in Minneapolis, Minnesota for an undisclosed amount. The new facility has a capacity of 1.4 million bushels. In total, the company operates 20 facilities throughout 10 states
- On January 22nd, **Bunge Limited** announced that current Board member, Gregory Heckman, a seasoned agribusiness executive, has been appointed as CEO, effective immediately. Mr. Heckman joined the Bunge Board in 2018 and has over 30 years of experience, including having served as CEO of **The Gavilon Group** and other senior executive roles at **ConAgra Foods**

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market	TEV/EBITDA		Price/Earnings		Week Δ	Δ Price	
		Cap	TEV	2019E	2020E			2019E
ADM	24,943	34,059	7.9x	7.9x	12.2x	11.6x	(0.9)%	(14.5)%
Bunge Limited	7,634	15,404	8.3x	7.9x	11.8x	10.5x	(1.7)%	(34.8)%
Graincorp Limited	1,586	2,269	12.6x	9.6x	nmf	22.8x	0.9 %	(2.1)%
The Andersons, Inc	1,305	2,270	10.4x	9.1x	15.5x	12.2x	0.5 %	(15.5)%
AGT Food and Ingredients	308	852	11.8x	12.4x	14.3x	12.2x	1.9 %	(22.1)%
Ceres Global Ag	124	145	na	na	na	na	1.1 %	(14.0)%
Mean			10.2x	9.4x	13.4x	13.9x	0.3 %	(17.2)%

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

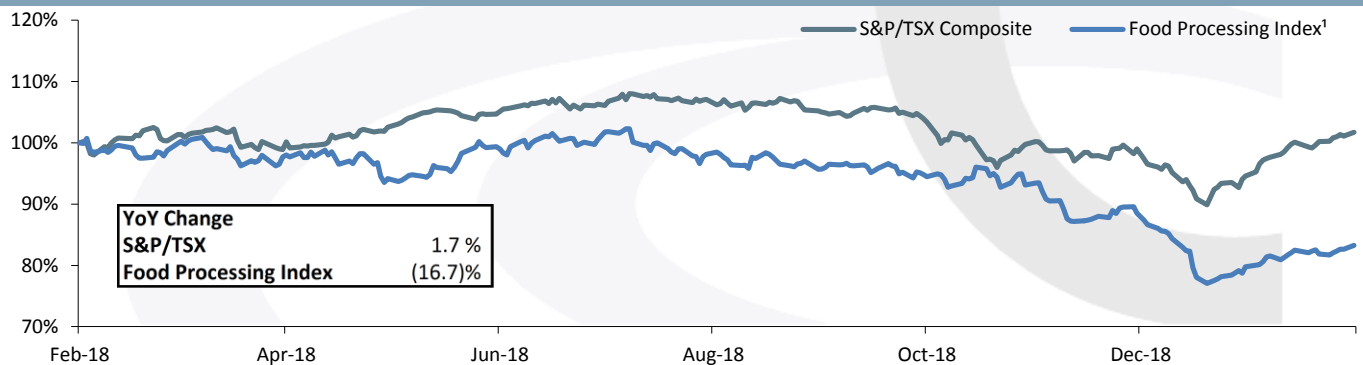


FOOD PROCESSING

News Scan

- On February 4th, **Clover Industries**, a leading branded consumer goods and products group operating in South Africa and select African countries, announced that a group led by **Milco SA Proprietary Ltd**, a holding company owned by **Central Bottling Company**, intends to acquire the company for US\$359 million. Milco intends to combine its capabilities with Clover to unlock value through accelerating sales, distribution and efficiency within Clover's product portfolio in South Africa. Milco also intends to expand Clover's portfolio into select sub-Saharan Africa markets
- On January 31st, **MycoTechnology**, a Colorado-based organic food-tech company, announced that it has received US\$30 million in a Series C financing led by **Tyson Ventures**, **Bunge Ventures** and **Kellogg's Eighteen94 Capital**. The funds will be used to expand and accelerate R&D projects. MycoTechnology is most known for the development of a mushroom-based food processing platform which turns agricultural materials into functional ingredients that reduce sugar contents and provide sustainable and nutritional plant-based protein
- On January 29th, **Zenabis**, a licensed cultivator of medical and recreational cannabis, announced that it has acquired a 51% stake in **Hillsboro Corp**, a Canadian cultured tea beverage company known for its True Buch Kombucha product, for approximately C\$4 million in Zenabis shares. The acquisition adds a new product line to Zenabis' portfolio and positions the company to be a leader in cannabis-infused edibles and beverages
- On January 28th, **Homegrown Family Foods LLC** announced its acquisition of the Kentucky Kernel and Don's Chuck Wagon brands from **Hodson Mills** for an undisclosed amount. The acquisition was effective January 11th and Homegrown will use the new brands to extend its line of innovative food products

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
			2019E	2020E	2019E	2020E		
George Weston Limited	11,177	27,859	7.9x	7.6x	13.9x	13.0x	1.7 %	(14.1)%
ConAgra Foods, Inc.	10,524	21,785	10.5x	9.7x	10.6x	9.1x	0.1 %	(45.0)%
Ingredion Incorporated	6,881	8,208	8.0x	7.6x	13.4x	12.2x	(1.8)%	(28.1)%
Tate & Lyle plc	4,139	4,568	7.7x	7.6x	13.2x	12.9x	(0.9)%	(4.8)%
Premium Brands	1,991	2,815	11.4x	10.5x	17.4x	15.1x	0.2 %	(36.9)%
Maple Leaf Foods Inc.	2,868	3,108	9.4x	8.6x	18.0x	15.3x	1.6 %	(15.7)%
SunOpta Inc.	364	962	12.8x	9.3x	neg	36.4x	2.1 %	(54.3)%
Rogers Sugar	471	722	8.9x	8.6x	12.3x	11.7x	2.6 %	(6.7)%
Mean			9.7x	8.7x	14.4x	16.3x	0.4 %	(28.4)%

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.

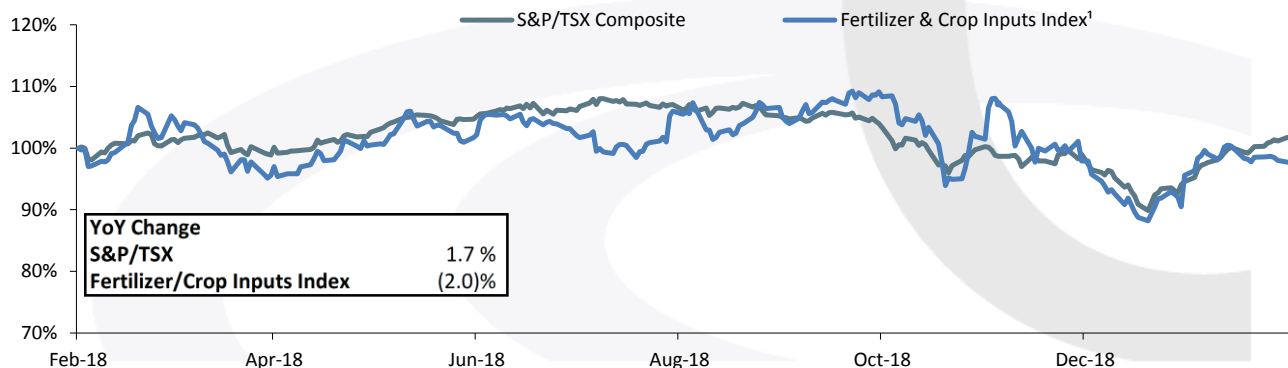


FERTILIZERS & CROP INPUTS

News Scan

- On February 5th, **Nutrien Ltd.** announced that it has acquired **Actagro**, a California-based developer, manufacturer and marketer of environmentally sustainable soil and plant health products, for US\$340 million. The acquisition adds 30 specialty products with strong track records of increasing crop productivity for growers to Nutrien's portfolio. The company intends to leverage its global retail network to drive growth with Actagro's high margin products
- On February 1st, **UPL Limited**, a leading global provider of total crop solutions, announced that it has completed its US\$4.2 billion acquisition of **Arysta LifeScience Inc.**, a Japan-based fertilizer manufacturer. The acquisition strengthens UPL's position as a global leader in agricultural solutions providing broader choice, greater value and increased sustainability for its customers
- On January 25th, **EverZinc**, a European specialty zinc chemical business, announced that it has acquired **G.H. Chemicals**, a Canadian manufacturer and exporter of French Process zinc oxide products, for an undisclosed amount. The acquisition allows EverZinc to expand its product line and enter new markets through world class facilities in Quebec
- On January 21st, **Yara International** and **Veolia**, a France-based global leader in optimized resource management, announced that they have signed an agreement to develop circular economy in the European food and agricultural chain by recycling nutrients and creating nutrient loops. The partnership integrates Veolia's access to growing volumes of recovered nutrients and expertise in handling organic materials with Yara's fertilizer production expertise and crop nutrition knowledge, effectively closing the nutrient cycling and reducing global resource depletion and nutrient loss

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

Market	Market		TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
	Cap	TEV	2019E	2020E	2019E	2020E		
Nutrien Ltd.	31,815	43,504	9.1x	8.5x	15.1x	13.3x	(0.2)%	(10.4)%
CF Industries Holdings, Inc.	9,846	16,297	8.5x	8.1x	16.2x	14.0x	(0.9)%	(24.5)%
Yara International ASA	11,341	14,994	6.6x	5.7x	12.8x	10.0x	(0.4)%	(13.5)%
The Mosaic Company	12,316	16,181	6.8x	6.5x	13.2x	12.0x	0.1 %	(14.5)%
Nufarm Ltd.	1,703	2,703	7.0x	6.5x	13.5x	11.4x	(1.4)%	(35.4)%
Input Capital Corp.	59	58	na	na	na	na	(2.1)%	(40.6)%
Mean			7.6x	7.1x	14.2x	12.1x	(0.8)%	(23.2)%

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

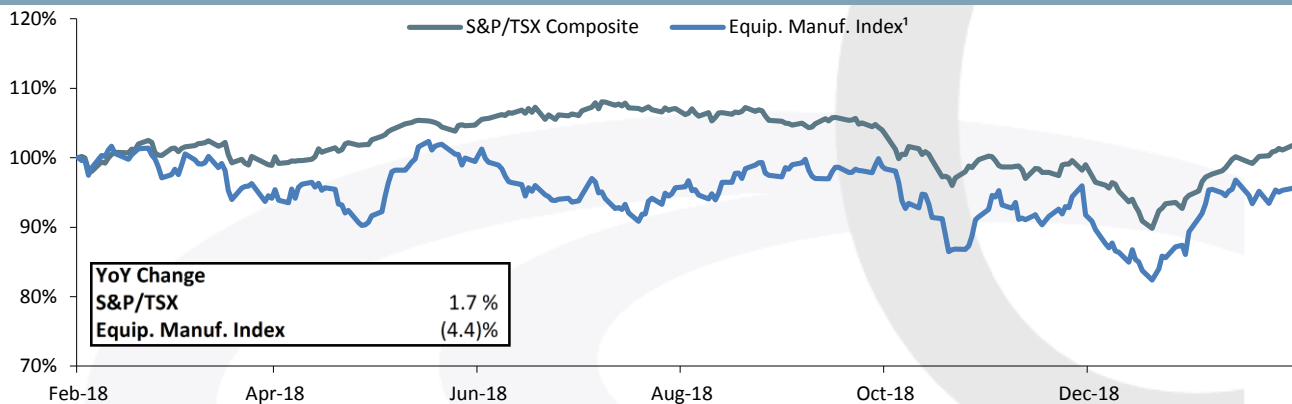


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On January 28th, **Nutrien** announced a partnership with **Lindsay Corporation**, a leading global manufacturer and distributor of irrigation equipment and technology, to improve agricultural water use efficiency. The partnership will automate the transfer of as-applied data from Lindsay's FieldNET Advisor to the Nutrien Ag Solutions digital platform to improve growers' ability to optimize water application and timing throughout their fields
- On February 4th, **Mazergroup**, Canada's largest New Holland dealership group, announced that it has acquired **Markusson New Holland**, a full service Ag dealership near Regina, for an undisclosed amount. The transaction expands Mazergroup footprint in Saskatchewan to two locations, allowing it to provide its high quality service to more customers
- On January 28th, **LandPro Equipment**, a leading North Eastern United States John Deere dealer, announced that it has acquired **BCA Ag Technologies**, a New York-based agriculture services company that provides services such as soil sampling and prescription mapping as well as precision Ag hardware, for an undisclosed amount. The acquisition enables LandPro to better serve its customers by improving their use of technology to increase efficiency and productivity

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	2019E	2020E	2019E	2020E		
Deere & Company	52,624	56,730	11.1x	9.6x	21.4x	14.3x	1.0 %	(6.1)%
AGCO Corp	5,145	7,031	7.7x	7.3x	14.1x	12.4x	3.1 %	(6.6)%
Ag Growth International Inc.	711	1,093	8.8x	7.9x	15.0x	13.3x	(0.7)%	(21.4)%
Rocky Mountain Dealerships	134	433	14.5x	13.2x	8.3x	7.5x	3.1 %	(33.3)%
Cervus Equipment Corporation	155	320	6.7x	6.5x	7.6x	6.8x	(2.4)%	(13.2)%
Mean			9.7x	8.9x	13.3x	10.9x	0.8 %	(16.1)%

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 February 1st, the **US Department of Agriculture (“USDA”)** awarded US\$200 million to 57 organizations through the Agricultural Trade Promotion Program to help US farmers and ranchers identify and access new export markets. Between September and November 2018, USDA’s Foreign Agriculture Service accepted approximately US\$600 million in applications from cooperatives, and other industry-affiliated organizations
- On January 29th, **Mercaris** reported that organic hard red spring wheat prices remained below \$14 per bushel through the end of 2018, with prices in 2017-18 averaging at US\$12.63. Trading of food-grade organic grains and soybeans was mostly slow in the last two months of 2018. Mercaris has highlighted multiple bearish factors weighing on wheat prices such as increased wheat supply and lower protein content in food grade wheat
- On January 28th, the **Federal Government of Canada** announced C\$3 million of funding to the Dairy Farmers of Canada to continue the organization’s work on developing public trust. The funding comes from the AgriAssurance program under the Canadian Agricultural Partnership
- On January 25th, **Agriculture and Agri-Food Canada (“AgCanada”)** released its forecast for grain and canola acres in 2019/20. According to the supply and demand tables from AgCanada, all-wheat acres is expected to rise to approximately 25.1 million acres from 24.9 million acres. Within the total, durum seeding is forecasted to drop to 4.6 million acres from 6.2 million acres
- On January 24th, the **International Grain Council** issued its Grain Market Report for January forecasting lower world soybean production in 2018-19 due to continued hot, dry weather in Brazil. While production is down 4 million tonnes to 363 million tonnes, world consumption is also expected to fall by 3 million to 353 million tonnes
- According to the **U.S. Grain Council (USGC)**, imports of U.S. grains in all forms have increased by 78% since the implementation of the U.S.-Korea Free Trade Agreement (KORUS) in 2012. South Korea has increased its purchases of U.S. feed grains and co-products. In particular, U.S. corn exports to South Korea have increased 61% since KORUS went into effect in 2012, totaling 5.74 million tonnes for 2017-18
- Under the **Canadian Agricultural Partnership**, more than C\$4 million has been invested in the Atlantic Grains Council to support and advance grain and oilseed research. The grains and oilseeds sector plays an integral role in Atlantic Canada’s economy. The Canadian Agricultural Partnership is a five-year, C\$3 billion investment by federal, provincial and territorial governments to strengthen the agriculture and agri-food sector

Commodities Futures as of February 1st, 2019

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.78	0.00 %	0.67 %
Wheat (CBOT)	\$ per bu.	\$5.24	0.00 %	3.45 %
Oats (CBOT)	\$ per bu.	\$2.89	0.00 %	3.68 %
Rough Rice (CBOT)	\$ per cwt.	\$10.65	0.00 %	2.90 %
Rapeseed (Canola) (ICE)	CAD per T	\$482.40	0.00 %	(1.31)%
Ethanol (CBOT)	\$ per gal.	\$1.32	0.00 %	3.13 %



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Equipment & Services				
Canadian Pacific Railway Limited	27.4%	CP set a record year in FY2018. Revenues increased 12% to C\$7.3 billion and its operating ratio improved to a record 61.3% due to strong Canadian grain volumes, slightly offset by weaker US grain shipments. CP increased FY2019 guidance and expects double-digit adjusted EPS growth, mid-single digit volume growth and capex of C\$1.6 billion	C\$306.50	14.7%

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