



Agriculture Industry Flash

Tuesday, May 7th, 2019

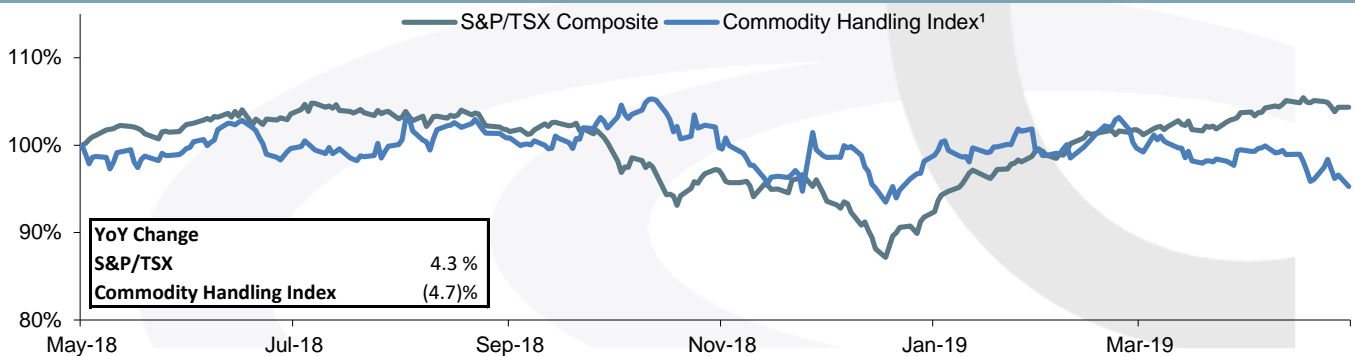


COMMODITY HANDLING

News Scan

- On May 6th, **Long-Term Asset Partners (LTAP)**, an Australian asset manager, dropped its unsolicited A\$2.4 billion takeover bid for **GrainCorp**. LTAP stated that if due diligence supported the company's operating assumptions, they would have turned the proposal into a binding offer as contemplated. The GrainCorp board previously held back support for the deal during December, citing a lack of information from LTAP
- On April 26th, **Archer Daniels Midland (ADM)** announced that it is considering spinning off its ethanol business after lower biofuel margins and Midwestern floods impacted profit. A major driver was the "bomb cyclone" blizzards that impacted the Midwest this past year, causing one sixth of U.S. ethanol production to be halted
 - On April 25th, **ADM** announced that it is realigning its flour milling footprint in the U.S. as its new, high capacity mill in Illinois nears opening. In the coming months, ADM will end production at its flour mills in Minneapolis and Salina. Additionally, ADM continues to plan to end production at its wheat mill in Chicago when the Illinois mill opens later this year
- On April 25th, **Bunge Limited** announced the appointment of Gregory A. Heckman as Chief Executive Officer, effective immediately. Mr. Heckman joined the Bunge Board in October 2018 and has served as interim CEO since January 2019. Heckman previously served as CEO of the **Gavilon Group** and in senior executive roles at **ConAgra Foods**
- On April 17th, **AGT Food and Ingredients (AGT)** announced the completion of the previously announced management buyout transaction, led by AGT's President and CEO Murad Al-Katib. AGT shares were subsequently delisted from public exchanges following the close of trading on April 17th

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

Market	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2019E	2020E	2019E	2020E	Price	52Wk High
ADM	24,138	33,494	8.1x	7.6x	13.1x	11.6x	(2.2)%	(17.2)%
Bunge Limited	7,165	13,562	8.5x	7.7x	18.1x	12.8x	(2.9)%	(30.7)%
Graincorp Limited	1,400	2,060	13.9x	9.4x	neg	25.8x	(1.8)%	(12.0)%
The Andersons, Inc	1,224	2,195	7.4x	7.0x	14.3x	12.4x	1.0%	(21.2)%
Ceres Global Ag	85	139	na	na	na	na	(4.4)%	(13.3)%
Mean			9.5x	7.9x	15.2x	15.6x	(2.1)%	(18.9)%

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

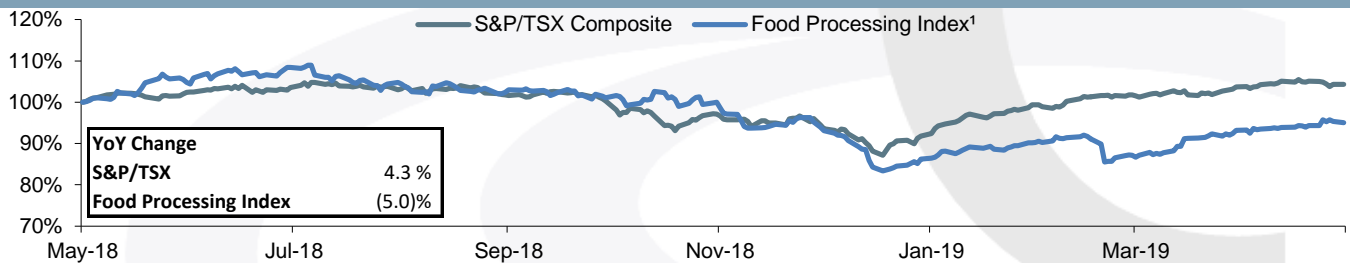


FOOD PROCESSING

News Scan

- On May 7th, **Conagra Brands** announced that it has entered into an agreement to sell its Italy-based frozen foods business, **Gelit**, to a group of Italian private equity investors for an undisclosed amount. The divestiture is part of a move to increase focus on its core global brand portfolio
- On May 7th, **Hain Celestial** announced that it has sold its **WestSoy** plant-based protein business to **Keystone Natural Holdings**, a Pennsylvania-based investment firm, for an undisclosed amount. The divestiture is part of Hain's strategic plan to reduce complexity and streamline its portfolio of brands
- On May 2nd, **Beyond Meat**, a leading provider of plant-based meat alternatives, raised US\$240 million as part of its initial public offering. Shares surged 163% on debut, marking the best US-based listing since 2008. The company intends to use the proceeds to invest in current and additional manufacturing facilities as well as expanding research & development capabilities
- On April 26th, **Saputo Inc.** announced that it has entered into an agreement to acquire the Specialty Cheese business of **Lion Dairy & Drinks** for C\$265 million. The business unit produces, markets, and distributes a variety of cheeses under a portfolio of Australian brands and generated C\$182 million of revenue in 2018
- On April 25th, **Ingredion Inc.** announced that it is leading the Series B funding round in **Clara Foods**, a San Francisco-based biotech startup. Under the terms of the agreement, Ingredion will partner with Clara Foods to globally distribute and market multiple proteins derived from yeast that are traditionally found in eggs
- On April 22nd, **Charoen Pokphand Foods (CPF)** announced that it plans to acquire a majority stake in Canadian pork producer **Hylife Ltd.** for C\$498 million. The investment provides CPF access to a strong pork production base and opportunity to expand in North America and other markets such as Japan. Hylife processes 2 million hogs annually and sells pork to over 20 countries

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	11,503	28,832	7.9x	7.6x	14.7x	13.6x	0.9 %	(9.6)%
ConAgra Foods, Inc.	14,480	25,079	12.0x	11.3x	14.7x	12.7x	(3.2)%	(24.4)%
Ingredion Incorporated	5,752	7,580	7.8x	7.4x	12.4x	11.6x	(9.0)%	(25.9)%
Tate & Lyle plc	4,672	5,114	8.4x	8.3x	14.7x	14.2x	0.0 %	(5.2)%
Premium Brands	2,029	2,889	12.2x	11.1x	19.0x	16.3x	0.3 %	(33.6)%
Maple Leaf Foods Inc.	3,099	3,398	10.8x	9.8x	27.9x	22.2x	8.0 %	(5.2)%
SunOpta Inc.	309	911	17.6x	14.0x	neg	neg	(0.2)%	(60.4)%
Rogers Sugar	463	709	9.8x	8.9x	14.8x	12.4x	(3.6)%	(3.8)%
Mean			11.0x	9.9x	17.2x	15.1x	(0.4)%	(23.5)%

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.

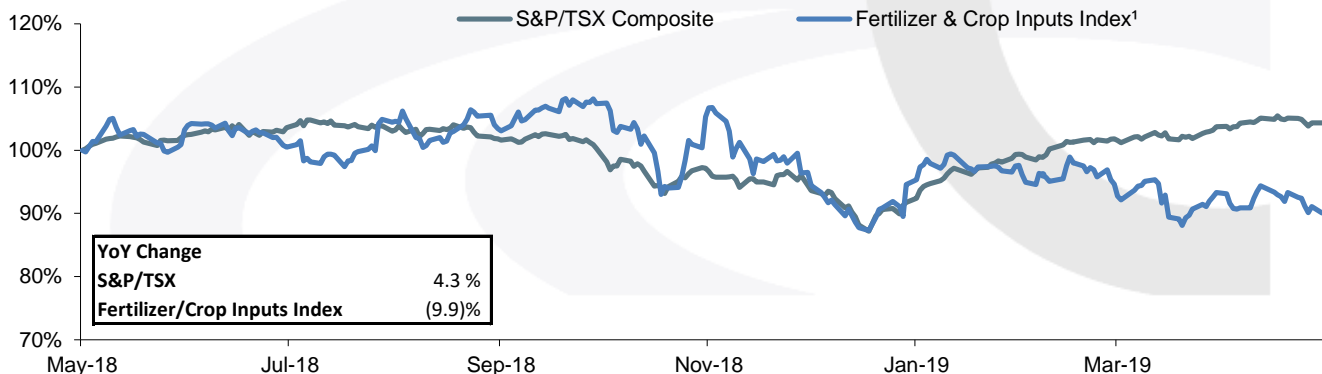


FERTILIZERS & CROP INPUTS

News Scan

- On April 27th, **Koch Fertilizer Canada** announced that it is set to start upgrades to its Brandon Manitoba facilities, investing nearly C\$130 million over the next five years. As part of the investment, Koch is building its new headquarters in Brandon that will bring together operations, logistics and sales in marketing in one location. The investments are expected to increase efficiency and improve environment, health and safety performance
- On April 26th, **Yara International** and **IBM** announced a plan to launch digital farming services to help boost farm yields. The platform will provide real-time, actionable recommendations that are tailored to the specific needs of individual fields/crops by combining analysis from several IBM business units with Yara's industry expertise
- On April 25th, **Sirius Minerals PLC**, a leading UK-based fertilizer company, announced that it has signed a European supply and distribution agreement with **BayWa AG**, a leading German agricultural company, for the distribution of POLY4, a macro-nutrient fertilizer, into Europe. The agreement guarantees minimum volumes of 2.5 million tonnes per year for five years. The agreement provides increased access to the EU, the second largest fertilizer market in the world
- On April 24th, **Ceradis**, a Netherlands-based biotech start-up that is developing a line of earth-friendly agriculture products, announced that it has secured €9 million in financing from a group of impact investors including **Waterman Ventures** and **Pymwymic**. The financing will help Ceradis commercialize its new bio-fungicide product that prevents crop disease. Ceradis' products are coupled and sold with existing chemical products to slow the release of active ingredients, allowing farmers to stretch and reduce chemical applications
- On April 24th, **Bayer AG** asked a California appellate court to overturn a US\$78 million judgement it was ordered to pay a school groundskeeper who claimed Bayer's weed killers gave him cancer. Bayer said there was no evidence that its products could cause cancer. The widely-used weed killers are made by **Monsanto**, which Bayer acquired last year for US\$63 billion

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		
Nutrien Ltd.	31,826	39,483	8.4x	7.9x	17.9x	15.8x	(1.4)%	(5.9)%
CF Industries Holdings, Inc.	9,683	16,530	9.7x	8.7x	21.6x	15.6x	(2.2)%	(22.5)%
Yara International ASA	11,860	15,882	7.1x	6.0x	14.2x	10.8x	(2.5)%	(6.9)%
The Mosaic Company	9,749	13,696	5.9x	5.4x	12.4x	9.8x	(3.2)%	(32.4)%
Nufarm Ltd.	1,288	2,254	6.6x	6.0x	13.0x	9.7x	(4.2)%	(49.5)%
Input Capital Corp.	42	41	na	na	na	na	(2.8)%	(55.5)%
Mean			7.5x	6.8x	15.8x	12.4x	(2.7)%	(28.8)%

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

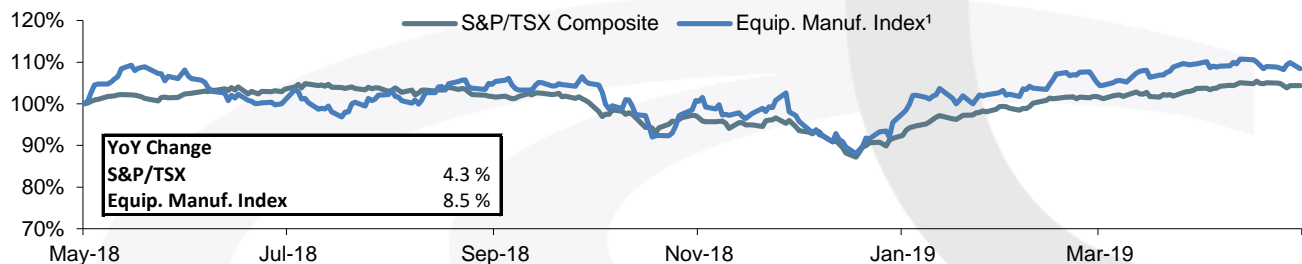


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On April 29th, **JBT Corporation** announced that it has signed a definitive agreement to acquire **Proseal UK**, a leading provider of tray sealing technology for prepared foods, fresh produce and ready meals, for £220 million. The acquisition is expected to add significantly to JBT's end-of-line market position and help advance its strategy of providing full-line customer solutions
- On April 25th, **AGCO Corp** announced a strategic partnership with **Solinftec**, a leading digital agriculture company. AGCO intends to add Solinftec's portfolio of solutions to its agronomic package called Farm Solutions which is available in South America. The partnership provides further tools to the Farm Solutions platform helping farmers further optimize their equipment and farms
- On April 24th, **Ninjacart**, an India-based agritech logistics startup that connects farmers to retailers, announced that it has raised US\$89.5 million from **Tiger Global**, a New York-based hedge fund, bringing total company valuation to US\$320 million. The company's technology helps increase farmers' income, reduce food waste, introduce competitive prices and ensures food quality across the retail channel for all consumers. The company currently has a sourcing network of over 3,000 farmers and moves fresh produce from farm to over 4,000 retailers in less than 12 hours daily
- On April 12th, it was reported that **Tyson Foods**, through its subsidiary **Tyson Ventures**, has invested in U.S. food safety testing company **Clear Labs**. Based in California, Clear Labs has developed a next-generation sequencing (NGS) platform that supports high-volume testing for salmonella

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	51,016	55,645	10.9x	9.4x	20.9x	14.0x	(3.3)%	(5.8)%
AGCO Corp	5,688	7,142	7.6x	7.2x	14.8x	13.6x	4.8 %	(1.9)%
Ag Growth International Inc.	800	1,304	10.0x	8.9x	16.4x	13.9x	(1.3)%	(10.8)%
Rocky Mountain Dealerships	126	505	17.8x	15.8x	9.9x	7.7x	(5.2)%	(30.4)%
Cervus Equipment Corporation	152	190	3.6x	3.4x	8.1x	7.4x	(0.8)%	(12.6)%
Mean			10.0x	8.9x	14.0x	11.3x	(1.2)%	(12.3)%

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

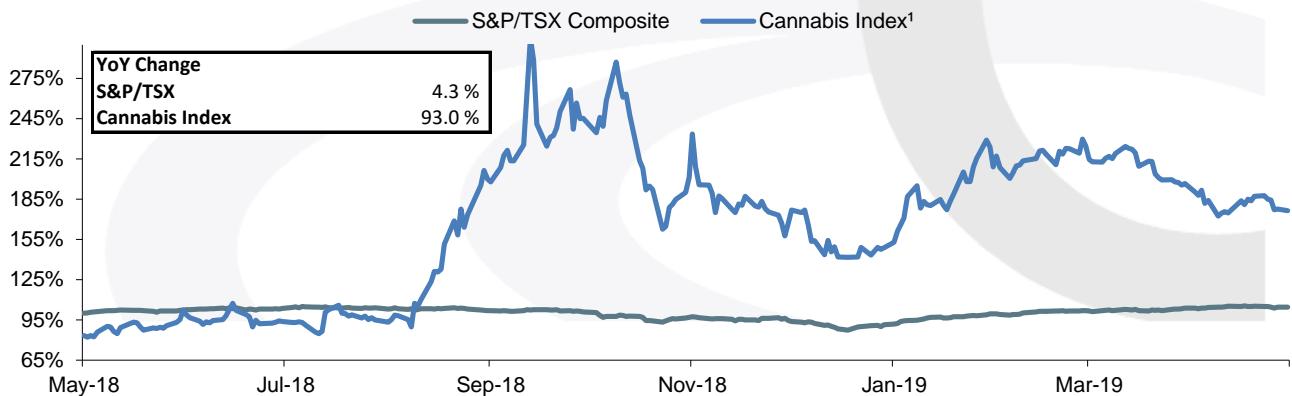


CANNABIS AND HEMP

News Scan

- On May 2nd, **Canopy** announced that it acquired Germany-based **C3 Cannabinoid Compound Company**, Europe's largest cannabinoid-based pharmaceuticals company and distributor of dronabinol, a registered pharmaceutical drug in Germany, Austria, Switzerland and Denmark, for C\$343 million. The all cash acquisition furthers Canopy's expansion into Europe and gives the company access to the intellectual property that C3 has developed in its nearly 20 years of research and development of synthetic and natural cannabis medical products
 - On April 29th, **Canopy Growth** announced a key milestone in establishing its Hemp Industrial Park in the State of New York. Canopy secured a 308,000 sq. ft. facility on a 48-acre property in Kirkwood, NY. Design activities will commence immediately and construction is slated to begin this summer. Canopy has also begun securing farm capacity to supply enough hemp for its own future extraction and formulation activities within the park
- On April 24th, **Elixinol**, an Australian hemp manufacturer and distributor, announced that it has acquired a 25% equity interest in **Pet Releaf**, the market leading US-based CBD pet products company. Elixinol will pay Pet Releaf US\$4.4 million in cash and US\$1.9 million in EXL shares, with the proceeds to be used for working capital to facilitate growth. The investment is an extension of a long-standing relationship as Elixinol has been the exclusive supplier of CBD extracts for Pet Releaf
- On April 18th, **SOL Global Investments** announced that it has completed a non-brokered private placement financing of common shares of its hemp subsidiary, **Heavenly Rx**, for C\$12.6 million. As a result of this financing, SOL Global now hold 34.4% of Heavenly's outstanding shares with the subscribers from the offering collectively holding the remaining 65.6%. The proceeds are intended to be used to acquire assets in the hemp/CBD space, with a focus on cultivation, processing, and manufacturing

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/Revenue		TEV/EBITDA		Week Δ Price	Δ Price 52Wk High
			2019E	2020E	2019E	2020E		
Canopy Growth Corporation	17,072	16,260	36.9x	17.2x	neg	95.2x	(1.4)%	(13.7)%
Aurora Cannabis Inc.	8,990	9,327	26.3x	10.9x	nmf	35.8x	(2.2)%	(26.4)%
Aphria Inc.	1,725	1,635	4.6x	2.5x	neg	14.7x	(2.5)%	(57.9)%
CannTrust Holdings Inc.	630	580	5.9x	3.1x	neg	11.8x	(3.2)%	(48.3)%
Cronos Group Inc.	5,338	4,225	84.2x	24.6x	neg	66.3x	(4.2)%	(33.7)%
Tilray, Inc.	4,819	5,492	28.1x	12.8x	neg	nmf	(2.8)%	(83.4)%
Mean			31.0x	11.9x	na	44.8x	(2.7)%	(43.9)%

1 "Cannabis Index" is composed of equally weighted market prices for: Canopy Growth, Aurora Cannabis, Aphria, CannTrust Holdings, Cronos and Tilray.



ADDITIONAL NEWS AND AGRICULTURE COMMODITIES UPDATE

News Scan

- According to the General Administration of Customs, China imported 1.51 million tonnes of US soybean in March up from 0.91 million tonnes in February, but still representing approximately half of last year's volume. Due to trade disputes, China has placed tariffs on US cargoes while customs data shows an uptick in China's purchases from both Brazil and Canada
- On April 29th, according to a Bloomberg article, India will be increasing its customs duty on wheat to 40% from 30% in an attempt to support local farmers. Wheat imports have slowed down significantly since the last import duty hike in May 2018 according to the March 12th issue of the Global Agricultural Information Network (GAIN) report published by the US Department of Agriculture (USDA)
- On April 29th, Farm Credit Canada reported that Canadian farmland values rose by an aggregate 6.6% in 2018. On a province-by-province basis, the greatest annual increases were recorded in Quebec (8.3%), Alberta (7.4%) and Saskatchewan (7.4%). Growth has slowed as aggregate values increased by 8.4% in 2017. The report suggests that higher interest rates and lower farm income resulted in a softening of demand
- On April 25th, International Grains Council's (IGC) Grain Market Report reported that total world grain production is expected to increase by 2% in 2019-20 to a total of 2.2 billion tonnes. Wheat, corn and barley are expected to see the largest harvests, up 26 million tonnes, 6 million tonnes and 8 million tonnes respectively. The increase in production is in line with the outlook of increases for food, feed and industrial uses as total consumption is expected to reach 2.2 billion tonnes
- On April 24th, the GAIN report published by the USDA stated that wheat planting area in Kazakhstan in 2019-20 is expected to reach its lowest level since 2004 at 11.2 million hectares. The shrinkage in wheat acreage is due to the country's effort to diversify its crops, expanding acreages for corn, barley, oats and feed crops
- On April 24th, a memorandum was signed to create the Russian Union of Grain Exporters. The union is composed of four trading companies that export more than one third of Russia's grain, including RIF, the Russian grain office of global trade giant Glencore, Aston, and a subsidiary of United Grain Co.
- On April 24th, Statistics Canada reported that Canadian farmers are anticipated to plant more acres of wheat, corn, dry peas, and oats compared to 2018 levels. The report also noted that seeding intentions for canola, soybeans and lentils have declined
- On April 23rd, Mericas, a non-GMO trading platform and market information company, estimated that prices for organic food-grade hard red spring wheat, hard red winter wheat and durum in February-March was higher compared to same period last year. Hard red winter wheat averaged US\$14.51 per bushel in February-March, up US\$0.94 per bushel from same period last year. Organic food-grade durum wheat averaged US\$20.75 per bushel, up more than US\$3 per bushel from the same period last year. The increase of prices were driven by improved crop conditions in the US compared to the wet and cold conditions last winter
- On April 19th, the GAIN report by the USDA estimated India's oilseed production in 2019-20 to increase by 8% compared to the previous marketing year, while oilseed meal production is expected to increase by 5.5% to 18 million tonnes. Rise in oilseed meal production is due to the increase in demand for animal feed coupled with the anticipated rise in oilseed supply

Commodities Futures as of May 6th, 2019

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.71	0.61 %	(1.33)%
Wheat (CBOT)	\$ per bu.	\$4.38	0.46 %	(13.57)%
Oats (CBOT)	\$ per bu.	\$2.84	(3.65)%	2.07 %
Rough Rice (CBOT)	\$ per cwt.	\$10.76	1.85 %	3.91 %
Rapeseed (Canola) (ICE)	CAD per T	\$432.60	(0.87)%	(11.50)%
Ethanol (CBOT)	\$ per gal.	\$1.34	0.68 %	4.70 %



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Commodity Handling				
Archer-Daniels-Midland Company	(41.3%)	Q1 FY2019 EPS dropped by 41% compared to same quarter last year due to flooding and severe weather conditions in the US midwest. Revenue on a segmented basis, Origination, Oilseeds, Carbohydrate Solutions and Other segments fell by 2.3%, 3.4%, 7.6% and 23.6% respectively, while Nutrition segment improved by 34.9% to US\$1.3 billion	US\$49.75	13.9%
Food Processing				
The Hershey Company	(12.1%)	Q1 FY2019 consolidated net sales was reported at US\$1.97 billion and expects full year net sales growth range between 1% to 3%. Hershey expects positive top line performance from its acquisition of Pirate's Booty and Smart Puffs, as well as its divestiture of Tyrrells to KP Snacks. Despite decline in reported net income, adjusted gross margin represented a 0.8% increase	US\$117.75	(3.3%)
Fertilizers & Crop Inputs				
CF Industries Holdings, Inc.	48.5%	Net sales increased by 4.6% YoY to US\$1 billion, driven by higher average prices for granular urea, urea ammonium nitrate (UAN) and ammonium nitrate (AN), offset by higher realized natural gas costs. Total sales volumes were lower due to poor weather conditions. Adjusted EBITDA increased by 3% YoY to US\$305 million as a result of higher sales prices. Adjusted EPS increased by 48.5% YoY despite lower sales volumes	US\$49.95	13.0%
Nufarm Limited	nmf	Total revenues increased by 8% to A\$1.6 billion, driven by sales growth in North & Latin America, steady performance in Europe & Asia and weaker than expected performance in Australia due to sustained dry weather conditions. EBITDA declined by 2% YoY to A\$121 million driven by growth in North & Latin America, offset by declines in Europe, Australia and Asia. EPS decreased to (A\$4.8) cents YoY	A\$6.05	24.7%
Equipment & Services				
Canadian Pacific Railway Limited	28.2%	Q1 FY2019 revenues reported a 6.6% increase versus the prior year, despite challenging winter conditions that affected freight volumes and operating costs. Total revenue for the quarter was listed at C\$1.77 billion with net income rising 25% \$434 million and diluted EPS increasing 28% from the year prior	C\$316.11	5.7%
Cervus Equipment Corporation	31.8%	The Company reported income per basic share of C\$1.70, representing a \$0.43 per share increase compared to \$1.27 in 2017. The transportation segment achieved a C\$9.4 million increase in adjusted EBT compared to 2017 due to performance of the Ontario dealerships	C\$17.20	30.6%
Rocky Mountain Dealerships Inc.	nmf	The Company generated a 9.6% increase in sales YoY of C\$1.05 billion, reflecting both organic growth from existing stores and growth through acquisitions. Gross margin declined by 5% YoY due to decreases in same store new equipment sales due to limited presale activity and a renewed focus on distributing existing inventory. Operating SG&A as a % of sales increased due to lower sales volumes. Adjusted EPS decreased by C\$0.12 to a loss of C\$0.11 due to lower sales and increased costs	C\$10.60	22.0%
AGCO Corporation	180.0%	The Company reported net sales of ~US\$2 billion, a decrease of 0.6% YoY, with strong performance in Europe & Middle East, offset by weak performance in North & South America and Asia Pacific & Africa. Operating margin improved by 190bps YoY. Margin expansion was realized as a result of an improved pricing environment. EPS increased by 180% YoY driven by initiatives aimed at reducing material costs and improving productivity.	US\$70.82	(5.3%)



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