



Agriculture Industry Flash

Tuesday, September 12th, 2017

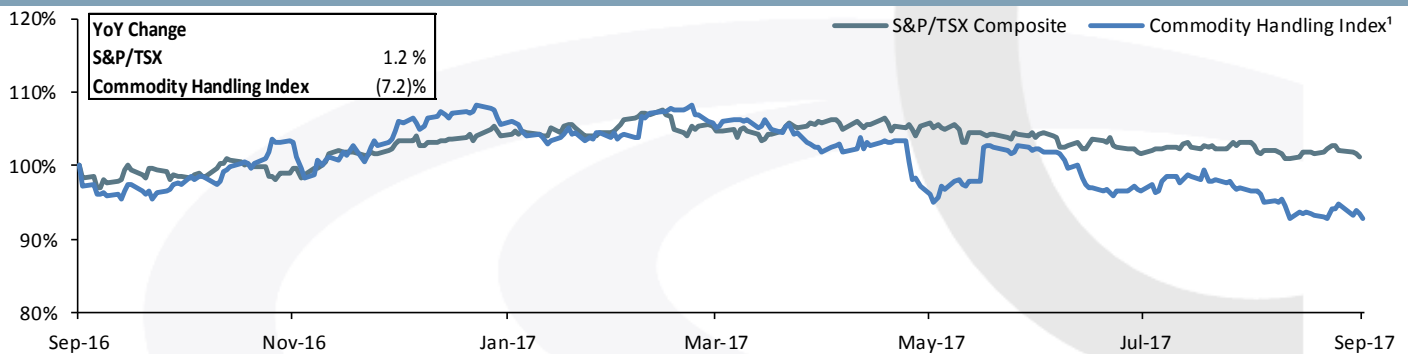


COMMODITY HANDLING

News Scan

- On Sep. 12th, **Bunge Ltd.** entered into an agreement to acquire a 70% stake in **IOI Loders Croklaan**, manufacturer of palm and tropical oil products, for US\$146 million. The transaction is expected to accelerate Bunge's growth in B2B semi-specialty and specialty oils, strengthens Bunge's position in B2B oil solutions, and expands its R&D base around the world
- On Aug. 31st, **GrainCorp** announced that it is creating a single Grains business unit from the existing Storage & Logistics and Marketing business units. GrainCorp expects these changes to create a single point of contact, making customer interactions easier as well as improving the company's competitiveness against its integrated global competitors
- On Aug. 31st, **Agropur Cooperative** acquired **Agrifoods International** interest in **Ultima Foods**, a 50-50 Joint Venture between Agropur and Agrifoods, for an undisclosed amount. The transaction is expected to support Agropur's long-term development in the yogurt category and compliment its offering in the fresh dairy market
- On Sep. 1st, **The Redwood Group LLC** announced it has acquired two facilities from **Lathrop Feed & Grain Inc.** for an undisclosed amount. The acquired facilities, located in Missouri, handle more than 1 million bushels of grain. The acquisition is expected to diversify Redwood's operations into specialized grain assets, leveraging the company's experience and customer base
- On Sep. 8th, the Port of Paranagua set a new grain loading record in August, loading 2.02 million tonnes. The record was attributed to increased productivity and investment in the export corridor by the Administration of Paranagua and Antonina Ports (APPA). Investments of R\$600 million in the ports have resulted in productivity gains of 33%

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	23,835	30,507	9.2x	8.5x	16.3x	14.7x	0.4 %	(11.5)%
Bunge Limited	10,519	16,098	10.5x	8.2x	18.8x	13.3x	(1.8)%	(10.7)%
Graincorp Limited	1,538	2,552	7.8x	8.3x	12.1x	14.9x	(3.8)%	(20.9)%
The Andersons, Inc	872	1,402	7.3x	6.2x	20.0x	12.8x	(2.7)%	(31.0)%
AGT Food and Ingredients	499	957	11.6x	8.7x	21.7x	11.9x	(2.9)%	(36.9)%
Ceres Global Ag	113	181	na	na	na	na	(1.8)%	(16.8)%
Mean			9.3x	8.0x	17.8x	13.5x	(2.1)%	(21.3)%

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

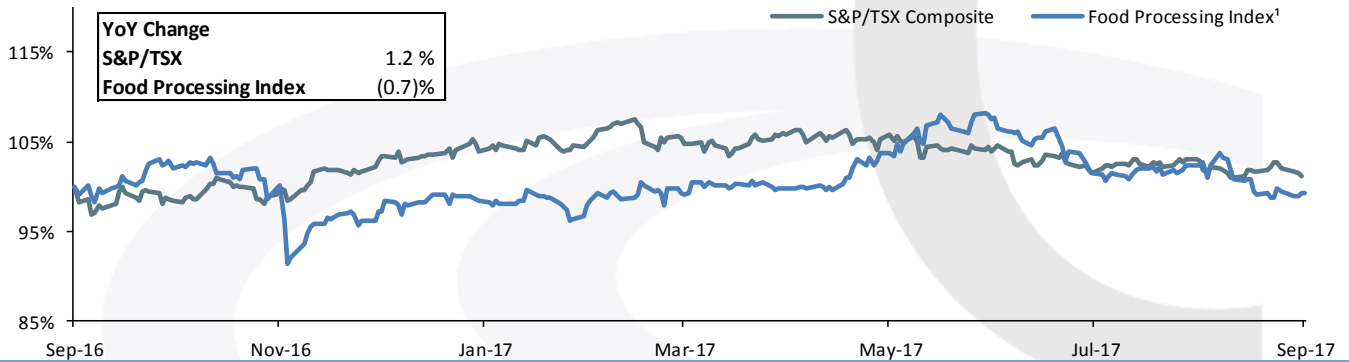


FOOD PROCESSING

News Scan

- On Sep. 11th, **Pilgrim's Pride**, the largest poultry producer in the U.S., agreed to pay US\$1 billion for **Moy Park Ltd.**, a poultry meat producer in the UK. The transaction is expected to generate US\$50 million in annualized savings over the next two years
- On Sep. 5th, **Tyson Foods** announced it will open a new poultry processing facility in Kansas. The facility will be able to process 1.25 million birds per week. The new facility is expected to cost US\$320 million and expands Tyson's capacity to meet consumer demand
- On Aug. 31st, **Innophos** announced the purchase of ingredients maker **Novel Ingredients** for US\$125 million. Based in New Jersey, Novel produces dietary supplement ingredients that will allow Innophos to grow its food, health, and nutrition portfolio. The acquisition diversifies Innophos' portfolio and positions the company to take advantage of the emerging trends in the health and nutrition space
- On Sep. 1st, the Hui Family and Archstone Investment acquired a 51% stake in **Bindaree Beef Group**, a New South Wales-based meat processor with an estimated value between US\$79.1 million and US\$118.7 million. The transaction provides capital to upgrade facilities, supply chain, and distribution to expand domestic and international operations
- On Aug. 29th, **Eagle Foods** announced the closing of its acquisition of **Popcorn, Indiana**, the maker of ready to eat ("RTE") popcorn for an undisclosed amount. The transaction expands Eagle's product offering to better meet customer demands and provides access to the high growth RTE popcorn category which has been growing at 5-6% annually, faster than the broader snacking industry
- On Sep. 7th, **Nestle** agreed to acquire **Sweet Earth**, a market leading manufacturer of plant based foods for an undisclosed amount. The acquisition gives Nestle immediate entry into the plant-based foods segment, which is growing by double digits and is expected to become a US\$5 billion market by 2020

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		11,089	26,258	7.0x	6.5x	15.2x	13.7x	(3.1)%	(16.3)%
ConAgra Foods, Inc.		14,340	17,174	11.6x	11.5x	19.4x	18.0x	4.9%	(29.4)%
Ingredion Incorporated		8,911	10,621	9.7x	9.2x	16.3x	15.1x	0.3%	(9.7)%
Tate & Lyle plc		4,051	4,682	8.0x	8.1x	14.0x	13.6x	(3.0)%	(22.0)%
Maple Leaf Foods Inc.		3,606	3,623	11.3x	10.4x	22.8x	20.3x	(0.8)%	(3.8)%
Premium Brands		2,454	2,646	15.6x	13.4x	29.5x	23.3x	1.1%	(2.3)%
SunOpta Inc.		769	1,335	17.3x	12.7x	nmf	41.6x	0.7%	(19.5)%
Rogers Sugar		551	709	9.3x	8.0x	12.9x	11.4x	(2.2)%	(8.9)%
Mean				11.5x	10.3x	19.5x	20.8x	0.0%	(14.7)%

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.

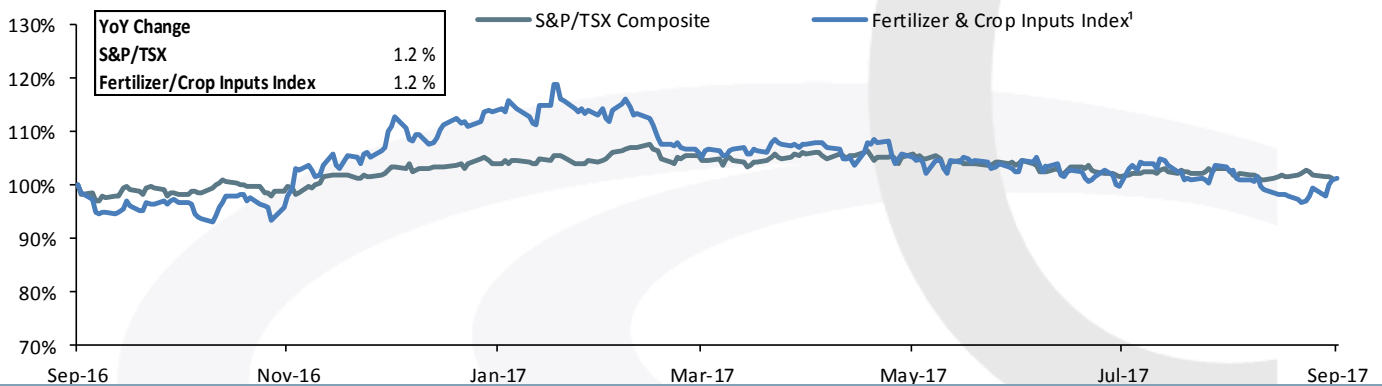


FERTILIZERS & CROP INPUTS

News Scan

- On Sep. 1st, **Dow Chemical Co.** and **DuPont** successfully completed their US\$130 billion merger, forming **DowDuPont (“DWDP”)**. The merger creates three distinct market leading divisions, with total synergies expected to be US\$4 billion. Following the merger, DWDP is expected to split into three publicly traded units: Agriculture, Materials Science, and Speciality Products
- On Sep 11th, **Petrobras SA** launched the sale of two Brazilian fertilizer units, Araucária Nitrogenados SA and Unidade de Fertilizantes-III, with the goals of reducing capital spending and focusing on core business segments. The sales from the Brazilian state-controlled oil company are part of a move to exit the fertilizer segment
- On Aug. 31st, **Richardson Pioneer Ltd.** announced the purchase of two independent, full service, retail crop input facilities in Alberta for an undisclosed amount. The acquisition comes as part of Richardson’s growth strategy, focusing on expanding its network and acquiring strategic distribution locations
- On Sep. 8th, **Monsanto** announced the sale of its small branded cotton seed business to local Indian firm, **Tierra Agrotech Private Ltd.** for an undisclosed amount. The sale comes amid price controls enacted by New Delhi. The purchase is expected to scale Tierra’s breeding and research programs through integration and continued R&D investment

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		
Agrium Inc.	13,796	19,164	10.5x	9.5x	20.4x	17.0x	(1.1)%	(17.6)%
Potash Corp.	12,317	15,987	12.7x	11.3x	29.7x	28.0x	(0.7)%	(19.0)%
CF Industries Holdings, Inc.	7,473	14,395	16.2x	11.7x	neg	nmf	10.5 %	(13.8)%
Yara International ASA	12,244	14,709	8.4x	6.6x	21.7x	14.4x	9.4 %	(4.1)%
The Mosaic Company	6,807	10,204	8.8x	6.9x	25.1x	17.8x	(3.0)%	(43.6)%
Nufarm Ltd.	1,959	2,869	8.6x	8.0x	16.9x	14.2x	2.1 %	(13.1)%
Input Capital Corp.	109	99	4.6x	3.1x	neg	nmf	3.7 %	(24.4)%
Mean			10.0x	8.2x	22.8x	18.3x	3.0 %	(19.4)%

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

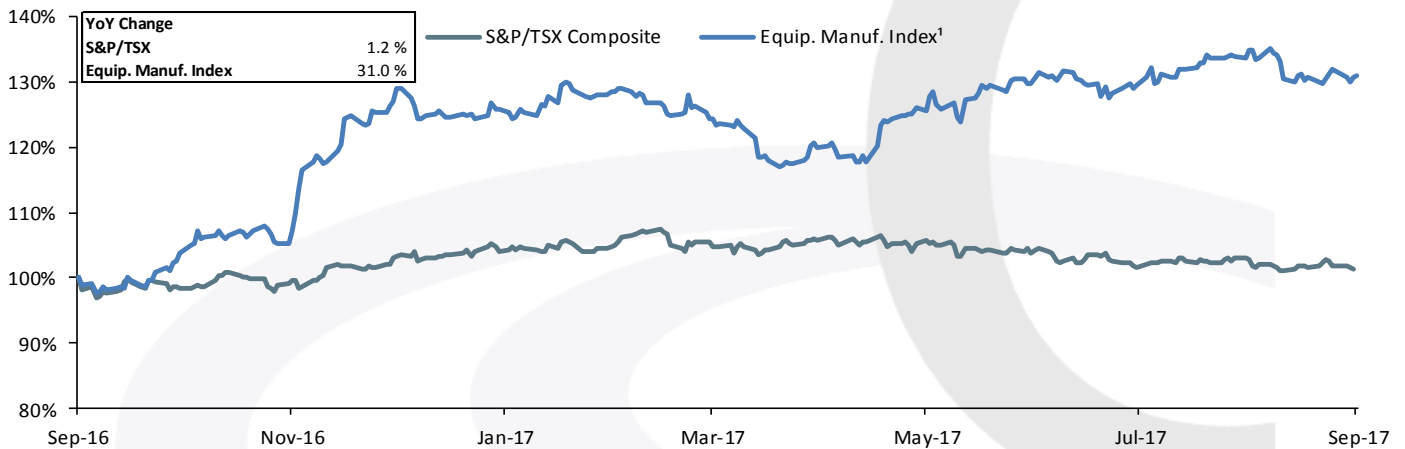


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On Sep. 6th, **Deere & Co.** signed a definitive agreement to acquire **Blue River Technology**, a California based company specializing in machine learning for US\$305 million. Blue River's technology reduces the use of herbicides by spraying select areas, optimizing the use of inputs. The acquisition comes amid continued development of the Agriculture Technology industry
- On Aug. 31st, **Claas of America**, a manufacturer of harvesting equipment and **The Climate Corporation**, a subsidiary of **Monsanto**, announced they are in discussions to implement data connectivity capabilities that enables data flow from Claas machinery into Climate's digital agriculture platform. The collaboration intends to provide better quality data for customers to optimize input allocation and enhance productivity through digital tools
- On Sep. 6th, **Avrio Capital**, acquired **Morris Industries Ltd.**, one of Canada's leading and long-established farm equipment manufacturers for an undisclosed amount. Avrio is expected to bring additional food and agricultural experience to compliment Morris' long-standing history of innovation

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	37,688	37,891	11.4x	10.7x	20.4x	19.1x	1.2 %	(11.5)%
AGCO Corp	5,393	7,177	10.2x	9.2x	22.2x	18.2x	(0.9)%	(8.3)%
Ag Growth International Inc.	745	962	8.4x	7.7x	18.6x	12.6x	(3.5)%	(6.9)%
Rocky Mountain Dealerships	178	202	6.3x	5.5x	10.6x	9.2x	(2.5)%	(6.1)%
Cervus Equipment Corporation	177	329	7.9x	7.2x	11.4x	9.7x	3.1 %	(17.7)%
Mean			8.8x	8.1x	16.6x	13.8x	(0.5)%	(10.1)%

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

- U.S. biofuels producers are urging the U.S. government to respond to Brazil's new import tariff on U.S. ethanol. A statement by the Renewable Fuels Association (RFA) and the U.S. Grains Council (USGC) urged the U.S. government to respond to the tariffs that effect over US\$750 million in U.S. exports. A 20% tariff is applied to purchases from the U.S. after the 600 million litre quota is met. According to U.S. census bureau data, 1.17 billion litres of fuel ethanol were exported to Brazil throughout 2017
- Global demand for pulses has been steadily increasing since 2000. Data shows increases in both area and yield have boosted production of pulses by 50% since 2000. Food use is expected to remain the key driver for pulse demand, mainly in developing countries. India remains a key player in the market for pulses, both as a producer and importer. India produces 25% of the global output, consumes 30% of global use, and imports 40% of global pulse trade value. The large demand and continued import needs will benefit key exporting countries, mainly Canada and Australia
- U.S. East Coast grain companies are preparing for Hurricane Irma to make landfall, with some ceasing operations. Cargill announced the closure of the Tampa grain elevator location as a precaution. According to industry sources, flour mills and feed mixers in Florida, Georgia, and Alabama have shifted production further north to the Carolinas to avoid the Hurricane
- Australia cut its forecast for 2017 wheat production by nearly 10% to an eight-year low, as dry weather cuts yields across the country's largest producing regions. The revised forecast from the world's fourth-largest wheat exporter may revive concerns about global supplies of high quality wheat. Lower output will impact Australia's broader economy as the agriculture segment grew by 23% in 2016, contributing nearly a third of GDP growth
- The Canadian government announced that it is prepared to restore rail service to Churchill, Manitoba, after the rail line was closed by owner, OmniTRAX, in spring of 2017 due to flooding damage. Ottawa said it is prepared to provide as much as C\$500 million over 10 years to fix and maintain service provided that assets are transferred at a reasonable price, the new operator has support from First Nations and other communities along the route, and a viable business plan to operate the rail line safely, reliably, and cost-effectively exists. The formerly government-owned port moved 184,600 tonnes of grain in 2015, off of its average of 500,000 tonnes leading to the closure of the port in 2016
- Canadian Agriculture groups have joined the coalition to fight the new federal tax change proposal. The proposed changes restrict how small business owners can share income with family members, limit forms of savings, and change rules on capital gains, significantly impacting how businesses are transferred to the next generation. The Canadian Federation of Agriculture notes that these proposed changes will result in increased tax burdens on farms, reducing investment, growth of operations, and global competitiveness
- The federal and British Columbia governments have announced C\$20 million in AgriRecovery funds toward repair, rebuilding, and livestock feeding costs to farmers and ranchers whose operations were affected by the B.C. wildfires. Up to 70% of extraordinary costs required to return to normal production are expected to be covered by the program

Commodities Futures as of September 8th, 2017

Commodities Futures	Ticker	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	CBOT:ˆC	\$ per bu.	\$3.57	(5.25)%	0.39 %
Wheat (CBOT)	CBOT:ˆW	\$ per bu.	\$4.38	(5.09)%	7.75 %
Oats (CBOT)	CBOT:ˆO	\$ per bu.	\$2.32	(17.58)%	(1.38)%
Rough Rice (CBOT)	CBOT:ˆRR	\$ per cwt.	\$12.72	2.83 %	32.43 %
Barley (USDA)	USDA:ˆ24	\$ per bu.	\$4.70	0.00 %	(5.05)%
Rapeseed (Canola) (ICE)	ICE:ˆRS	CAD per T	\$489.70	(1.75)%	(2.08)%
Ethanol (CBOT)	CBOT:ˆET	\$ per gal.	\$1.54	(0.26)%	0.33 %



Recent Earnings News

Company	Period Ended	EPS YoY Change	Last Quarter		
			Comments	Analyst Consensus	Premium to Current
Food Processing					
The Hain Celestial Group, Inc.	30-Jun-17	100.4%	The Hain Celestial Group posted profits as sales decreased by 2% in Q4. Net sales decreased 10% YoY in the UK division, 1% in the US division, and 2% in Europe and the Rest of the World while the Protein division saw sales growth of 8% YoY resulting in sales of US\$2.9 billion for the year. Operating income increased by 7% to US\$201.9 million across all divisions due to a global cost savings initiative that has been extended to FY2020. The company had strong brand sales in constant currency during the fiscal year. Throughout FY2017, Hain made four strategic transactions, including two acquisitions in the growing chilled food category and two Joint Venture agreements	US\$43.66	9.0%

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