



Agriculture Industry Flash

Monday, December 18th, 2017

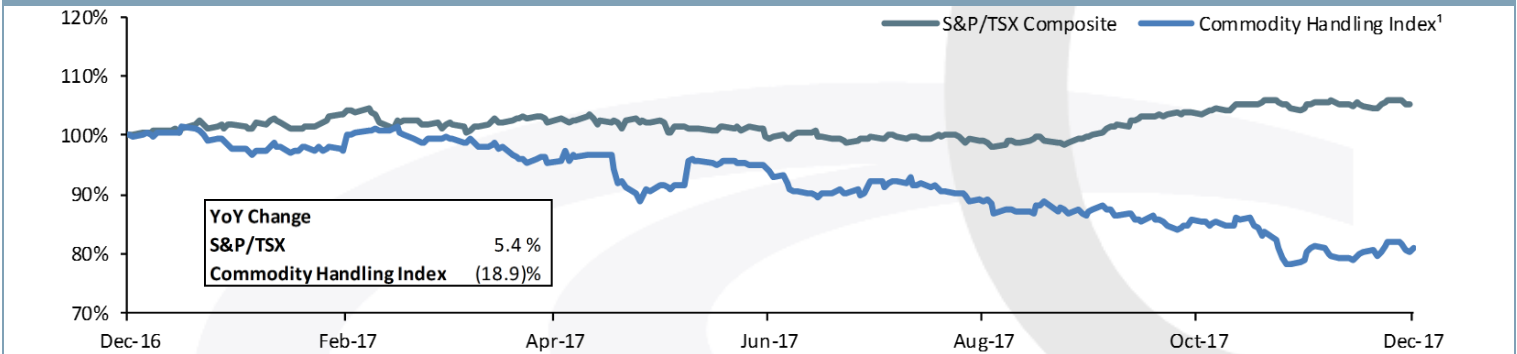


COMMODITY HANDLING

News Scan

- On Dec. 14th, German agricultural trading group, **BayWa**, announced the acquisition of **Premium Crops**, a US-based specialty grains and oilseeds trader, for an undisclosed amount. The transaction diversifies BayWa's portfolio and allows the company to offer a wider range of products to its existing clients in Europe
- On Dec. 12th, **Kamigumi**, a Japan-based provider of international multimodal transport, and **Lluvia Limited**, a Myanmar-based conglomerate, announced that they will develop a terminal operating company named **International Bulk Terminal** focused on handling grain, feed and other bulk cargo. The Joint Venture will help both companies take advantage of Myanmar's robust growth
- On Dec. 11th, **Archer Daniels Midland** announced the sale of its oilseeds operations in Bolivia to **Inversiones Piuranas SA**, for an undisclosed amount. The sale includes ADM's processing facility in Santa Cruz de la Sierra, nine grain silos and ADM's Bolivian distribution business. The sale is part of the company's long-term growth and transformation strategy
- On Dec. 7th, **Cargill** opened a new facility in the Philippines that will manufacture premix feed solutions under the Provimi brand. The facility is Cargill's fifth animal nutrition facility in the Philippines and will serve medium to large livestock farms
 - On Dec. 8th, the company also announced that it expanded its young animal nutrition capabilities in China, by investing to add a piglet feed production line at its premix and nutrition facility in Tianjin, China.

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

Market	Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
			2017E	2018E	2017E	2018E	Price	52Wk High
ADM	22,683	29,572	9.5x	8.3x	17.3x	14.9x	(3.2)%	(14.5)%
Bunge Limited	9,518	14,787	10.9x	8.1x	23.0x	14.0x	(2.8)%	(19.2)%
Graincorp Limited	1,376	1,926	6.7x	7.5x	11.5x	16.4x	1.0%	(25.3)%
The Andersons, Inc	896	1,324	7.7x	6.9x	30.2x	18.6x	(2.0)%	(29.1)%
AGT Food and Ingredients	467	923	17.7x	11.3x	48.8x	13.8x	(2.6)%	(46.6)%
Ceres Global Ag	101	169	na	na	na	na	2.2%	(20.7)%
Mean			10.5x	8.4x	26.2x	15.5x	(1.2)%	(25.9)%

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

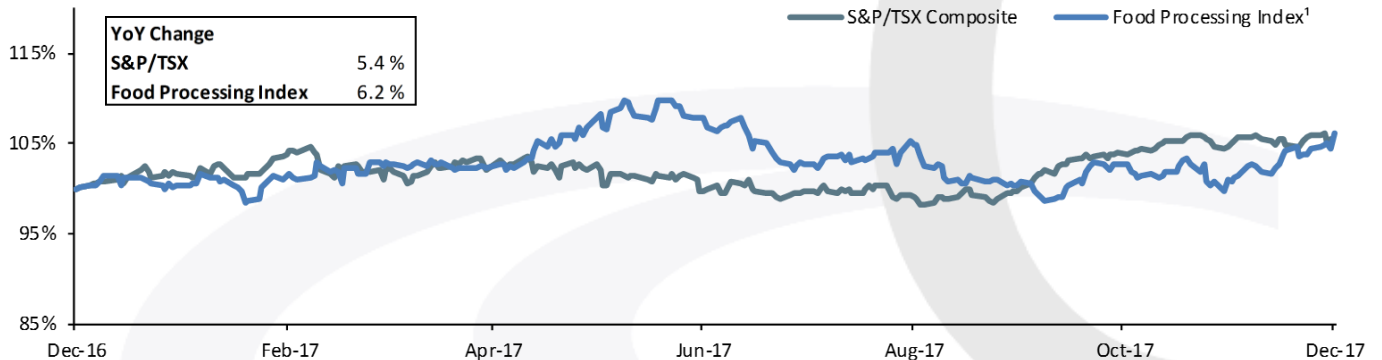


FOOD PROCESSING

News Scan

- On Dec. 18th, **Campbell Soup Company** announced the acquisition of snack maker, **Snyder's-Lance Inc** for US\$4.8 billion. The transaction transforms Campbell's portfolio and shifts it into the fast-growing snacking category
- On Dec. 18th, **The Hershey Company** announced the acquisition of Texas-based better-for-you snack maker, **Amplify Snack Brands**, for US\$1.6 billion. The acquisition strengthens and broadens Hershey's portfolio of innovative savory snacking brands
- On Dec. 15th, **Unilever** announced the sale of its spread business to private equity firm, **KKR**, for US\$8 billion. The strength of the existing spreads portfolio provides a firm foundation for growth under KKR's ownership. KKR intends to support existing growth initiatives, while maintaining commitment to Unilever's responsible sourcing policies
- On Dec. 14th, **Saputo** announced the acquisition of US-based goat cheese processor, **Montchevre**, for US\$265 million. The acquisition provides a leading goat cheese processor to Saputo's portfolio
- On Dec. 13th, **NextWorld Evergreen**, a California-based private equity firm, announced the acquisition of Californian healthy indulgence food brand, **Alter Eco Americas PBC**, for an undisclosed amount. Alter Eco provides organic snacks, chocolate bars, and truffles in Canada, the US, Australia and New Zealand. The company's products are sold in over 10,000 retail locations
- On Dec. 4th, **Hain Celestial** announced the acquisition of UK-based maple syrup and natural sweetener brand, **Clarks UK**, for an undisclosed amount. The company's products complement Hain's existing portfolio of health and wellness 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
			2017E	2018E	2017E	2018E		
George Weston Limited	11,024	25,496	7.0x	6.5x	16.1x	15.3x	(0.2)%	(12.0)%
ConAgra Foods, Inc.	15,425	18,621	11.4x	11.1x	20.7x	19.4x	1.4 %	(9.4)%
Ingredion Incorporated	10,142	11,781	10.7x	10.2x	18.3x	17.0x	0.9 %	(0.7)%
Tate & Lyle plc	4,300	4,844	8.2x	8.1x	na	14.0x	2.0 %	(12.6)%
Maple Leaf Foods Inc.	3,642	3,682	12.2x	11.2x	24.5x	21.6x	2.8 %	(0.5)%
Premium Brands	2,467	2,717	17.3x	13.8x	33.1x	24.5x	(0.5)%	(0.4)%
SunOpta Inc.	698	1,280	17.7x	13.1x	neg	nmf	4.4 %	(23.5)%
Rogers Sugar	523	761	11.8x	8.9x	15.6x	11.7x	0.2 %	(8.6)%
Mean			12.1x	10.6x	22.5x	18.6x	1.5 %	(8.4)%

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.

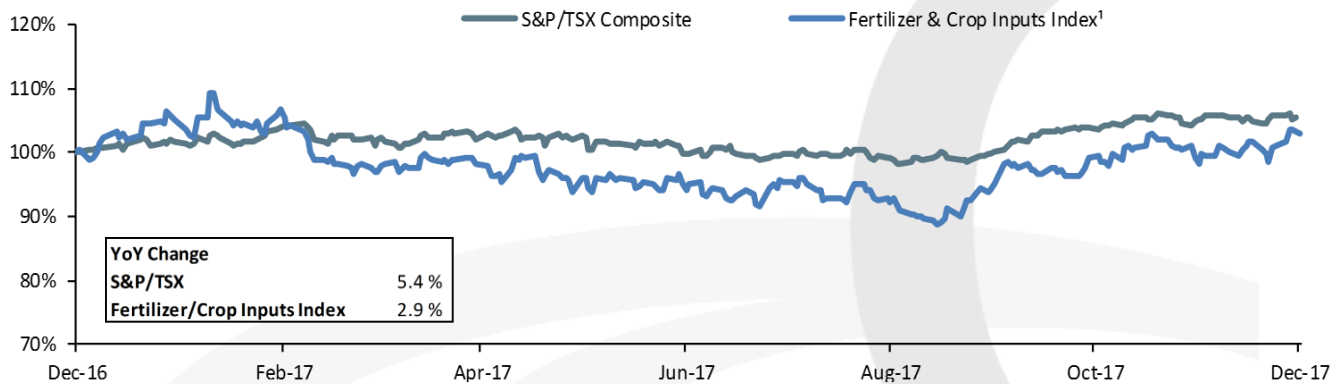


FERTILIZERS & CROP INPUTS

News Scan

- On Dec. 12th, **Agrium Inc** announced an agreement to purchase **Macrofertil**, an Australia-based fertilizer distribution business from **Louis Dreyfus Company**, for an undisclosed amount. The business includes six fertilizer storage and distribution assets with coating and blending capabilities, with annual volume exceeding 300,000 tonnes. The assets allow Agrium to complement its existing retail footprint in Australia
- On Dec. 11th, **Richardson International** announced the acquisition of **Bestland Air**, an independent crop inputs retailer located in Manitoba, for an undisclosed amount. The transaction provides Richardson with additional capacity and enhances the company's ability to provide local producers with leading seed, fertilizer and crop inputs technologies
- On Dec. 6th, **OCP Group**, a Morocco-based producer of phosphate and fertilizers announced the formation of a joint venture with **IBM** to provide digital services using the Internet of Things to promote the transformation of Africa's agriculture segment

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.	15,265	21,386	12.1x	10.5x	23.5x	18.8x	3.8 %	(3.6)%
Potash Corp.	12,926	16,396	14.3x	12.2x	34.2x	28.9x	4.1 %	(4.9)%
CF Industries Holdings, Inc.	9,585	16,479	16.3x	12.8x	neg	nmf	4.7 %	(1.7)%
Yara International ASA	11,936	14,171	9.1x	7.0x	23.6x	15.6x	(0.3)%	(7.5)%
The Mosaic Company	8,748	12,082	9.7x	8.0x	25.1x	21.6x	5.5 %	(27.5)%
Nufarm Ltd.	2,096	2,807	9.6x	7.5x	16.9x	13.5x	(0.9)%	(20.1)%
Input Capital Corp.	96	88	4.3x	3.2x	36.9x	18.5x	(4.8)%	(30.2)%
Mean			10.8x	8.7x	26.7x	19.5x	1.7 %	(13.6)%

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

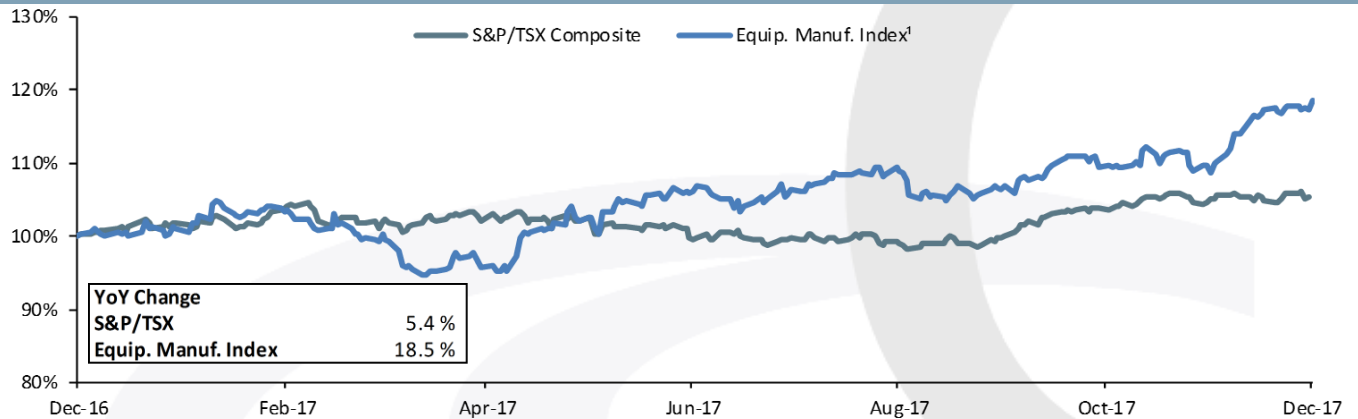


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On Dec. 14th, **Linamar** announced the acquisition of privately-owned **MacDon**, a leading manufacturer of agriculture harvesting equipment based in Winnipeg, Manitoba, for C\$1.2 billion. The acquisition provides leading market share in the agricultural products categories, growth, and greater diversification for Linamar's business beyond traditional powertrain and driveline manufacturing
- On Dec. 15th, **CNH Industrial**, a Netherlands-based manufacturer of agricultural and construction equipment, announced the appointment of Leandro Lecheta as Chief Operating Officer for the NAFTA region. Lecheta has over 25 years of experience and has been with CNH since 2007 as CFO of the Latin America region
- On Dec. 16th, former **CSX Corp** CEO, Hunter Harrison passed away from an undisclosed illness. Harrison led the transformation of North America's railways. Throughout his career he developed a reputation as a tough executive who turned around three rail carriers, including **Canadian National Railway** and **Canadian Pacific Railway**

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	48,474	47,070	14.6x	13.7x	26.2x	24.6x	(0.5)%	(1.2)%
AGCO Corp	5,918	7,927	11.2x	10.1x	24.4x	19.7x	2.7 %	(1.6)%
Ag Growth International Inc.	672	1,077	11.1x	9.6x	23.2x	17.0x	0.1 %	(11.3)%
Rocky Mountain Dealerships	208	435	13.8x	12.1x	12.2x	10.4x	(0.6)%	(1.4)%
Cervus Equipment Corporation	187	344	9.0x	8.1x	13.2x	10.3x	0.2 %	(7.2)%
Mean			11.9x	10.7x	19.8x	16.4x	0.4 %	(4.5)%

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

- The USDA Economic Research Service increased its projection of US agricultural imports in fiscal 2018 to US\$117 billion, up US\$1.5 billion from the August forecast. The increase reflects an expected increase in imports of animal products while oilseeds are expected to remain flat. The country's NAFTA partners are expected to be the largest suppliers of agricultural goods. The value of Mexico's sales are expected to be US\$23.6 billion, while Canada's sales are expected to be US\$22.4 billion due to increased imports of livestock, meats, and bulk grains
 - The USDA forecast that domestic sugar production will hit a record in the 2017-18 crop year, which is expected to reduce the need for imports from top international supplier, Mexico
- World flour trade is expected to remain at an all-time high of 17 million tonnes in 2017-18, up slightly from 2016-17's 16.9 million tonnes
- On Dec. 19th, the CME Group will take an initial step toward implementing a variable storage rate for its Kansas City hard red winter wheat futures contracts. The VSR mechanism examines nearby calendar spreads to determine adjustments to the maximum storage charges that regular warehouses can charge holders of its outstanding warehouse receipts. The purpose of the VSR is to improve cash-futures convergence upon contract expiration. The observation period will start on Dec. 19th and end of Feb 23rd, 2018
- Worldwide trade in pulses is expected to grow by 5% to a record 16.9 million tonnes. The growth is largely tied to increased demand from East Asia and Africa, where countries have experienced population growth and improved economic conditions. Canada, the world's largest pulse exporter is forecast to export 5.9 million tonnes in 2017, a 3% increase over the 2016 estimate
- Five commodity groups in Manitoba may merge creating one organization to represent growers of soybeans, pulse crops, corn, flax, wheat, barley and sunflowers. The merger of the groups is expected to improve research capabilities and increase the return on research investments by combining resources, systems and staff, allowing for more efficient research and less redundancy
- French farmers are concerned over the French president's request to eliminate glyphosate, a widely used pesticide. French farm unions believe that an alternative will take more than three years to develop, and that even five years is insufficient because there is currently no economically and environmentally viable alternative to the weed killer. French farmers are concerned that if an alternative is not developed, they will be isolated and will lose their competitive advantage to larger producers like the US and Latin America

Commodities Futures as of December 15th, 2017

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.48	(3.14)%	(2.22)%
Wheat (CBOT)	\$ per bu.	\$4.18	(4.62)%	2.95 %
Oats (CBOT)	\$ per bu.	\$2.54	(3.42)%	8.08 %
Rough Rice (CBOT)	\$ per cwt.	\$11.71	(6.06)%	21.86 %
Barley (USDA)	\$ per bu.	\$4.85	3.19 %	(2.02)%
Rapeseed (Canola) (ICE)	CAD per T	\$502.70	(0.67)%	0.52 %
Ethanol (CBOT)	\$ per gal.	\$1.26	(7.48)%	(17.52)%



Recent Earnings News

Company	Last Quarter			
	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Fertilizers & Crop Inputs				
Input Capital Corp.	nmf	The company launched its new marketing stream, expanded its client base by 168% and increased streaming sales by 37%. Adjusted EBITDA increased by 16%. A quarterly dividend was initiated. Net income decreased 29% YoY. The company also became a Canadian Grain Commission licensed and bonded grain dealer	C\$2.63	67.2%

Origin Merchant Partners

220 Bay Street, Suite 1500
P.O. Box 23
Toronto, Ontario
M5J 2W4

OMP Agri-food Team:

Andrew Muirhead

Principal

T: 416-800-0697

andrew.muirhead@originmerchant.com

Jim Osler

Principal

T: 416-800-0784

jim.osler@originmerchant.com

Rob Penteliuk

Principal

T: 416-800-1780

rob.penteliuk@originmerchant.com