



Agriculture Industry Flash

Tuesday, February 13th, 2018

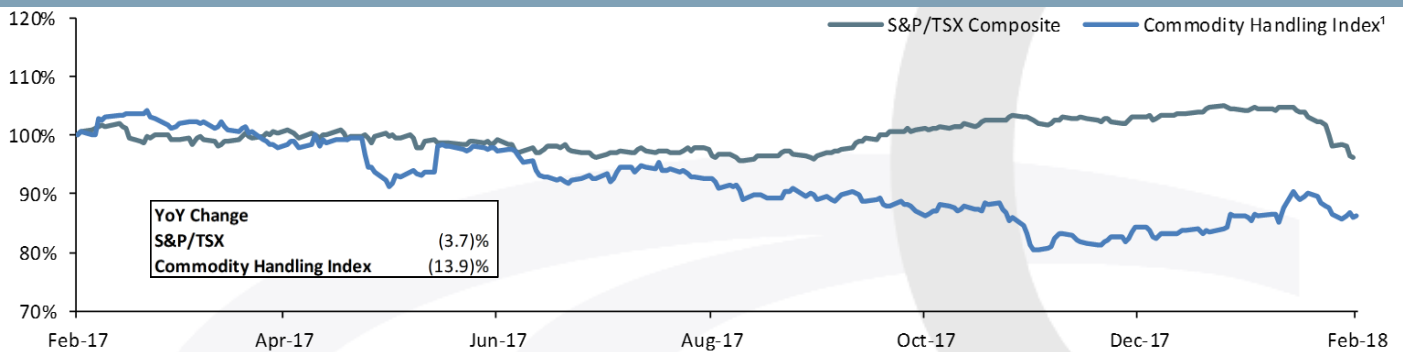


COMMODITY HANDLING

News Scan

- On Jan. 30th, **Bunge Ltd** announced it acquired **Minsa Corp.**, the US unit of Mexican corn miller **Grupo Minsa SAB de CV**, for approximately US\$75 million. The purchase includes two Minsa corn flour mills located in Iowa and Texas, which Bunge plans to harness to strengthen its food and ingredients unit
- On Jan. 31st, **Cargill** and **AKV Langholt AmbA**, the company's Danish potato starch partner, announced they will invest US\$22.5 million in a new potato starch production unit at the Langholt facility in Denmark. The potato starches produced there will expand Cargill's SimPure portfolio of functional native starches
- On Feb. 5th, reports indicated **Cargill** acquired a minority stake in **Cainthus**, an Irish agriculture technology start-up, with the intention of partnering with the company to develop monitoring technology for dairy farms
- On Jan. 31st, reports indicated three of **Cargill's** soy processing plants and ports in Argentina halted operations after workers at the locations went on strike to protest layoffs. Cargill noted in a statement that its ongoing restructuring activities are not to eliminate or sub-contract jobs, but rather to ensure the continuity of operations in an effective and efficient manner

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
ADM	23,203	30,107	9.3x	8.5x	14.8x	13.7x	2.2 %	(12.5)%
Bunge Limited	11,354	16,712	9.5x	9.5x	17.4x	14.6x	(0.2)%	(3.6)%
Graincorp Limited	1,333	1,894	7.8x	6.9x	15.6x	14.9x	(1.6)%	(30.6)%
The Andersons, Inc	893	1,321	6.8x	5.3x	18.5x	11.0x	0.3 %	(23.4)%
AGT Food and Ingredients	390	853	11.3x	8.9x	19.1x	11.6x	(3.1)%	(43.0)%
Ceres Global Ag	105	161	na	na	na	na	4.2 %	(19.2)%
Mean			9.0x	7.8x	17.1x	13.2x	0.3 %	(22.1)%

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

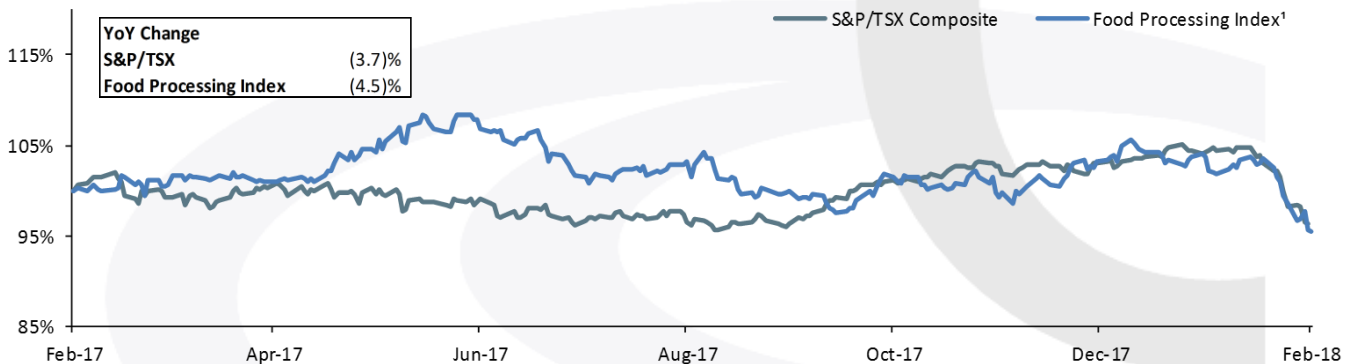


FOOD PROCESSING

News Scan

- On Feb. 8th, **Fresh Del Monte** announced it acquired **Mann Packing**, a US-based vegetable producer, for US\$361 million. The acquisition will diversify Fresh Del Monte's portfolio with Mann Packing's lineup of fresh vegetables, including washed and ready-to-eat offerings. Mann Packing's annual sales were approximately US\$535 million in 2017
- On Feb. 2nd, **Hostess Brands, Inc.** announced it will acquire the Big Texas and Cloverhill brands, and a Chicago Cloverhill bakery facility from **Aryzta LLC**, for an undisclosed amount. The acquisition significantly expands the Hostess range of offerings in the sweet baked goods category and it is hoped to reduce the company's reliance on co-manufacturing
- On Feb. 9th, **Orkla Foods Sverige** announced it will acquire **Struer Brod A/S**, a Danish cereal and breadcrumb producer, for an undisclosed amount. In 2016, Struer achieved sales of US\$187 million, about half of which consisted of sales to Orkla. The purchase will allow Orkla to increase its production capacity and expand its offerings in the growing health foods category
- On Feb. 9th, **Nestle** announced it acquired a majority stake in **Terrafertil**, a seller of natural and organic plant-based foods, for an undisclosed amount. The move is the latest step by Nestle to expand its profile in healthy foods as it seeks to offset reliance on the packaged foods sector
- On Feb. 5th, **Conagra Brands, Inc.** announced it acquired the **Sandwich Bros. of Wisconsin** business from **Kangaroo Brands, Inc.** for US\$87 million, as part of its ongoing effort to accelerate growth. Sandwich Bros. of Wisconsin produces frozen breakfast and flatbread sandwiches, and reported approximately US\$60 million in net sales for the twelve months ended November 2017

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
George Weston Limited	10,438	25,104	6.6x	6.4x	14.3x	12.9x	(2.2)%	(18.1)%
ConAgra Foods, Inc.	14,247	17,830	11.6x	11.3x	17.9x	16.6x	(0.3)%	(14.7)%
Ingredion Incorporated	9,198	10,680	9.3x	8.9x	15.4x	14.4x	(5.4)%	(12.5)%
Tate & Lyle plc	3,726	4,278	7.0x	6.9x	11.9x	11.7x	(9.7)%	(26.9)%
Maple Leaf Foods Inc.	3,421	3,448	10.2x	9.5x	19.9x	17.8x	(1.4)%	(8.6)%
Premium Brands	2,564	2,816	14.0x	12.6x	24.1x	20.1x	(1.0)%	(5.3)%
SunOpta Inc.	607	1,185	12.3x	10.1x	nmf	25.5x	1.5%	(34.4)%
Rogers Sugar	516	782	8.9x	8.8x	11.2x	10.9x	(2.4)%	(11.4)%
Mean			10.1x	9.4x	17.3x	17.0x	(2.6)%	(17.2)%

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.

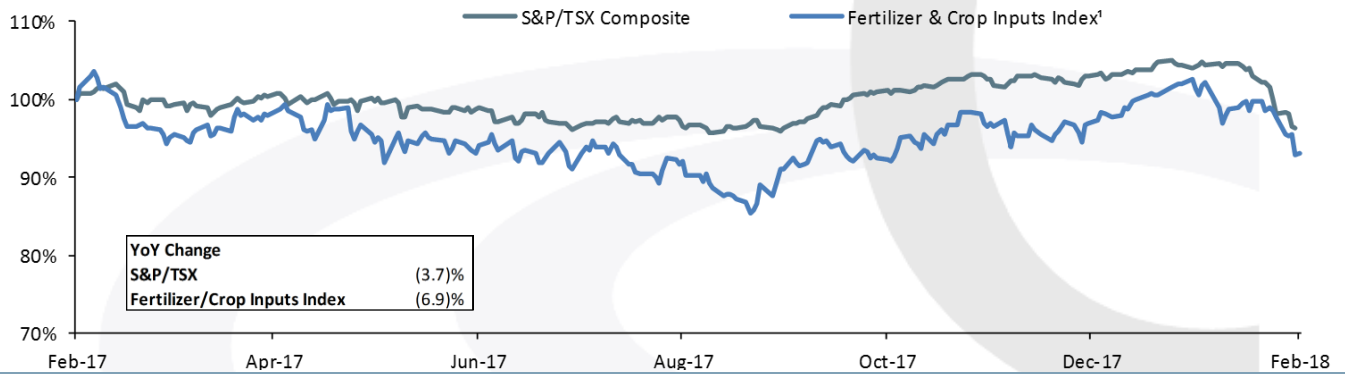


FERTILIZERS & CROP INPUTS

News Scan

- On Feb. 1st, **Nufarm Ltd.**, announced it acquired **FMC Corporation's** European herbicide portfolio for US\$90 million, which includes US\$85 million for the portfolio, and US\$5 million for existing product inventory. The transaction will be fully funded from existing debt facilities. The divestiture of the portfolio will satisfy FMC's commitments to the European Commission related to its recent acquisition of a significant portion of **DowDuPont Inc.'s** Crop Protection business
- On Feb. 6th, **Gensource Potash Corp.** announced it entered into an engagement agreement with **Industrial Alliance Securities Inc.** and its syndication partners, **Heritage Capital Group.** The engagement is focused on project finance for a small-scale production facility that is expected to cost C\$279 million
- On Feb. 7th, reports indicated **Nutrien** is actively in talks with prospective buyers for its stakes in the lithium producer **SQM** and **Arab Potash Co. Plc.** According to Reuters, CFO Wayne Brownlee said that Nutrien could sell the Arab Potash stake in 2Q18, and that the company is planning to sell the SQM stake at some point this year
- On Feb. 7th, **Syngenta** announced it completed the previously announced acquisition of **Nidera Seeds** from **COFCO International**, for an undisclosed amount. Nidera Seeds plays a key role in the South American seeds market, offering diverse crops and a pool of proprietary germplasm in South American countries including Brazil, Argentina, Uruguay and Paraguay

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

Market	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2018E	2019E	2018E	2019E	Price	52Wk High
Nutrien Ltd.	22,711	30,135	10.5x	9.0x	15.4x	11.7x	(9.8)%	(20.0)%
CF Industries Holdings, Inc.	8,775	15,667	11.8x	10.3x	nmf	29.6x	(5.7)%	(14.5)%
Yara International ASA	11,948	14,290	6.7x	5.6x	15.9x	11.6x	(4.8)%	(12.2)%
The Mosaic Company	9,380	12,712	7.9x	6.7x	20.5x	16.6x	(6.5)%	(29.1)%
Nufarm Ltd.	2,067	2,793	7.3x	6.6x	13.1x	12.5x	(5.6)%	(24.5)%
Input Capital Corp.	99	91	3.3x	na	18.2x	na	(0.6)%	(31.1)%
Mean			7.9x	7.6x	16.6x	16.4x	(4.7)%	(18.8)%

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

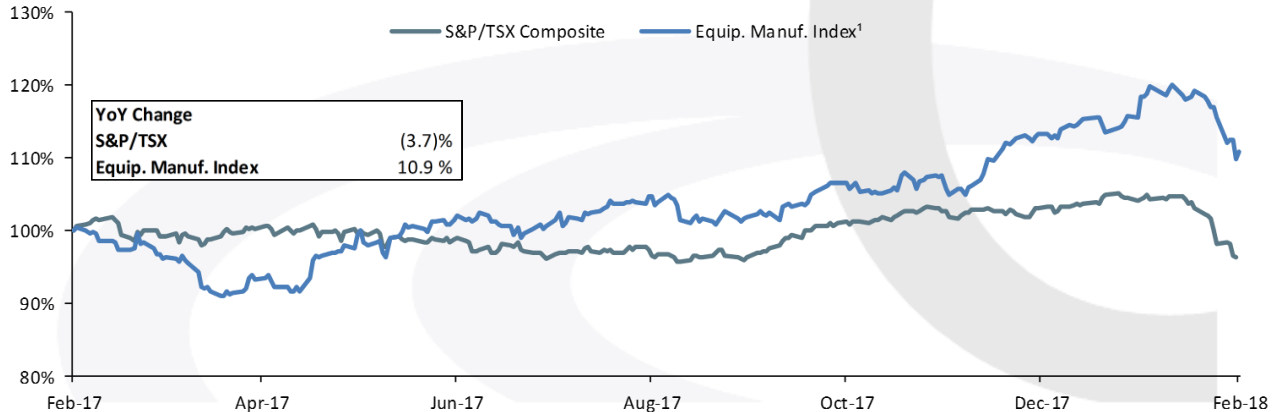


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On Feb. 1st, **Canadian Pacific Railway** announced it opened a new Asia office in Shanghai, China, as it looks to further build its book of business, strengthen existing customer partnerships and continue its pursuit of sustainable, profitable growth. The Shanghai office will serve as CP's new Asian home base, to complement the company's existing offices in Beijing and Tokyo
- On Feb. 5th, **Proagrica** announced it will acquire **SST Software**, a US based precision farming solutions company that delivers insight and decision support to agronomic advisors and growers, for an undisclosed amount. Proagrica hopes to combine its competencies of data connectivity and analytics with SST's focus on the agriculture retail and agronomy services segment to better serve those who advise and sell to farms
- On Jan. 30th, **Deere & Company** launched a joint development project with **Farm Dog** to develop variable rate spray technology for pest and disease management. The project delivers the next stage in the companies' collaboration to reduce pesticide use, increase yields, and promote environmental sustainability
- On Jan. 29th, **Bane-Welker Equipment**, a US-based farm equipment distributor, announced it is now 100% employee-owned through an Employee Stock Ownership (ESOP) Trust. The company will continue to operate under the same business model and management structure

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	50,082	48,728	15.2x	14.2x	26.9x	25.2x	(6.1)%	(9.9)%
AGCO Corp	5,409	6,996	8.4x	7.7x	18.4x	15.0x	(7.0)%	(10.5)%
Ag Growth International Inc.	709	1,121	9.9x	9.0x	18.3x	14.9x	(0.0)%	(8.8)%
Rocky Mountain Dealerships	200	430	11.9x	10.5x	9.5x	8.1x	(1.2)%	(11.6)%
Cervus Equipment Corporation	174	334	7.7x	7.4x	9.5x	8.6x	(1.4)%	(11.7)%
Mean			10.6x	9.8x	16.5x	14.4x	(3.2)%	(10.5)%

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

- On Feb. 2nd, a report by the Food and Agriculture Organization (FAO) of the United Nations indicated global wheat and maize inventory levels are expected to achieve a record high in the 2017-2018 marketing season with projected supply reaching 3.3 billion tonnes. The FAO is estimating an increased maize output from China, Mexico and the E.U., as well as increased output of wheat due to larger harvests in Canada and Russia
- On Jan. 31st, reports indicated the continuation of the three-month long drought in the Pampas farm belt in Argentina has caused irreversible damage to the early-planted corn and soy crops. Damage to the later-planted crops may also occur if the drought continues
- On Jan. 29th, reports indicated thunderstorms and rainfall in key soy producing regions in Brazil could hamper harvesting and delay planting of winter corn in some areas of the country
- On Feb. 2nd, a report by the National Agricultural Statistics Service (NASS) of the U.S. Department of Agriculture indicated wheat flour production by U.S. flour mills in 2017 totaled a record of 426.4 million cwts, an increase of 0.6% from 2016. Based on the NASS data, mills operated at an average of 86.1% of six-day capacity, up from 85.1% in the prior year
- On Jan. 29th, reports indicated Canadian wheat production dropped 5% in the 2017-2018 marketing year while quality improved, given about 90% of the crop will grade in the top two milling categories. This has led to short supplies of wheat for feeding as wheat growers hold onto their crop in expectation of better prices
- On Feb. 9th, the World Agriculture Supply and Demand Estimates report by the USDA forecasted record high U.S. total beet and sugar production in 2017-18, even though forecasts for both were lowered from January. The report forecasts U.S. 2017-18 sugar production at 9,230,000 short tons and cane sugar at 4,011,000 tons. If realized, 2017-18 total sugar production will surpass the prior record of 9,032,000 tons in 1999-00. The report also forecasted U.S. corn carryover on Sept. 1, 2018 at 2.352 billion bushels, down 125 million bushels from the January forecast
- On Feb. 5th, a survey published by Statistics Canada indicated stocks of Canola at the end of 2017 hit a record high of 14.1 million tonnes, while stocks of wheat and barley were 2% and 6% smaller respectively compared to last year
- On Feb. 1st, reports indicated demand at Alberta feedlots this year has shifted with more forward contracting and less business taking place in the spot market. Reports state the rise in forward contract demand has not translated into lower prices, as the market is currently paying farmers to hold onto their grain longer and deliver it at a later date

Commodities Futures as of February 9th, 2018

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.62	0.07 %	2.48 %
Wheat (CBOT)	\$ per bu.	\$4.49	(0.44)%	3.58 %
Oats (CBOT)	\$ per bu.	\$2.68	0.19 %	10.41 %
Rough Rice (CBOT)	\$ per cwt.	\$12.33	(0.64)%	4.67 %
Barley (USDA)	\$ per bu.	\$4.85	0.00 %	0.00 %
Rapeseed (Canola) (ICE)	CAD per T	\$503.50	1.86 %	2.59 %
Ethanol (CBOT)	\$ per gal.	\$1.40	(2.16)%	2.78 %



Recent Earnings News

Company	Last Quarter		Analyst Consensus	Premium to Current
	EPS YoY Change	Comments		
Food Processing				
Ingredion Incorporated	6.8%	Fourth quarter EPS was \$1.35, up from \$1.26 last year. Reported and adjusted operating income increased 7% and 8% respectively to \$203 million and \$210 million. The increases were primarily due to margin expansion driven by improved operational efficiencies as well as acquisition- and specialty-related volume growth	US \$140.38	9.7%
Rogers Sugar Inc.	31.3%	Total revenue increased 28.3% to \$204.9 million, and EBIT increased 53.8% to \$20.6 million. Net earnings were \$20.2 million or \$0.18 per share, against \$0.14 per share a year ago. The improvement in revenues is mainly attributable to \$49.1 million of revenues generated by LBMT and Decacer in the first quarter of fiscal 2018, slightly offset by lower sugar selling values	C \$7.10	15.4%
The Hain Celestial Group, Inc.	73.1%	Net sales increased by 5% Y/Y to \$775.5 million. Adjusted net income increased by 30% to \$42.7 million, and EBITDA increased 2% to \$61.0. Gross profit of \$144 million driven by operating efficiencies in the UK, improved profitability for HPP and Project Terra cost savings, partially offset by commodity inflation and higher freight costs	US \$40.82	21.0%
Fertilizers & Crop Inputs				
Nutrien Ltd.	(385.7%)	Agrium's revenues increased 9.5% to \$2,450 million and EBIT decreased 25.6% to \$122 million. Net earnings from continuing operations were \$27 million compared to \$69 million last year. Potash Corporation's sales increased 2.2% to \$1,081 million. Operating loss was \$215 million compared to an operating income of \$58 million a year ago. Adjusted EBITDA was \$284 million compared to \$265 million last year	C \$75.15	34.1%
Grain Handling Comps				
Archer-Daniels-Midland Company	91.7%	Revenues decreased 2.6% Y/Y to \$16.1 billion. Net earnings attributable to the company were \$788 million, a 85.8% increase from last year. Earnings per share and adjusted earnings per share were \$1.39 and \$0.82 respectively. Total processed volumes increased 4.7% to 14.98 million metric tons, while oilseeds and corn processed volumes increased 5.5% and 3.5% respectively	US \$41.80	0.7%
Equipment Manufactures				
AGCO Corporation	(28.0%)	Income from operations grew 55.7% to \$142.3 million, while net income decreased 26.3% to \$45.1 million. Constant currency sales grew 16.6% in Europe/Middle East, 17.4% in North America, 3.2% in South America and 16.8% in Asia/Pacific/Africa. The company generated \$578 million in cash flow from operations and \$374 million in free cash flow over the year	US \$74.06	8.9%

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