



Agriculture Industry Flash

Tuesday, February 27th, 2018

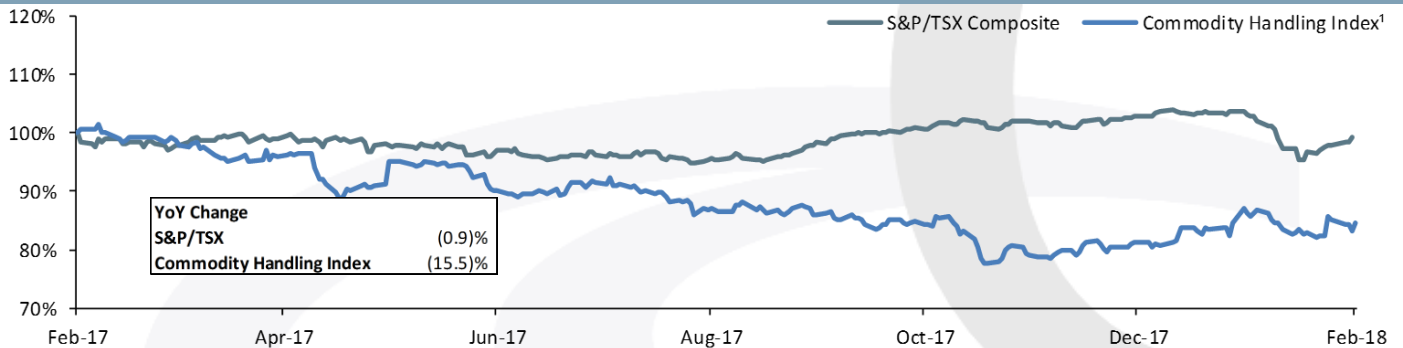


COMMODITY HANDLING

News Scan

- On Feb. 14th, **Corboin NV** announced it is in discussions to potentially acquire **Bunge Ltd.'s** stake in the **SB Renewable Oils** joint venture. The venture operates a facility in Brazil that produces algae ingredients. Corbion currently owns 50.1% of the joint venture, while Bunge owns 49.9%
- On Feb. 21st, **Mid Iowa Cooperative** announced it has acquired a minority stake in a number of affiliated companies known collectively as **Sinclair Elevator LLC**, for an undisclosed amount. Under terms of the agreement, Mid Iowa will acquire Sinclair's grain, feed and crop chemical business near Parkersburg, Iowa. Sinclair currently has one of the largest modern feed mills in Iowa, with the capability of producing 750,000 tonnes of feed per year
- On Feb. 26th, **Archer Daniels Midland** announced it will form a soybean joint venture in Egypt with **Cargill** to take advantage of the region's strong demand for edible oil and livestock feed. The agreement will give ADM joint ownership of Cargill's soy crushing facility in Borg Al-Arab on the Mediterranean coast
- On Feb. 20th, **Cargill's** Food Ingredients & Bio Industrial business in the US and Canada announced it entered into a distribution agreement with **Univar Inc.** The distribution partnership is expected to bring improvements to Cargill's supply chain, e-commerce, technical applications support and other critical components that bring value to the overall customer experience

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
ADM	23,790	30,712	9.5x	9.4x	15.3x	14.0x	(1.3)%	(10.3)%
Bunge Limited	10,773	16,100	9.9x	8.8x	19.2x	15.4x	(3.1)%	(8.5)%
Graincorp Limited	1,376	1,938	9.0x	7.2x	26.6x	16.7x	2.9%	(26.3)%
The Andersons, Inc	985	1,413	7.4x	6.6x	17.6x	14.0x	(2.8)%	(14.3)%
AGT Food and Ingredients	373	834	11.6x	9.0x	20.1x	11.6x	(1.8)%	(42.7)%
Ceres Global Ag	105	161	na	na	na	na	1.5%	(17.9)%
Mean			9.5x	8.2x	19.7x	14.3x	(0.8)%	(20.0)%

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

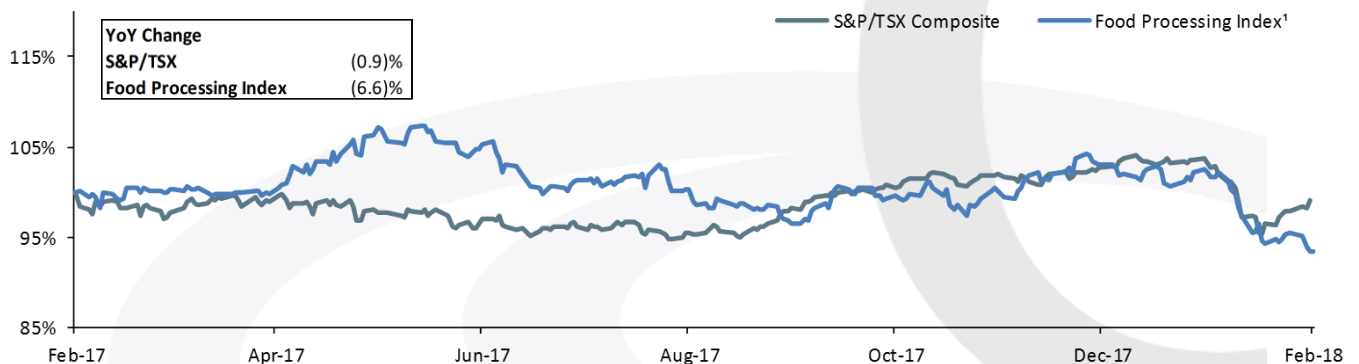


FOOD PROCESSING

News Scan

- On Feb. 23rd, **General Mills Inc.** announced it will acquire **Blue Buffalo Pet Products Inc.**, a manufacturer of natural foods and treats for dogs and cats, for approximately US\$8 billion. In its most recent year, Blue Buffalo generated US\$1.3 billion in sales and US\$319 million in adjusted EBITDA. The acquisition comes as part of General Mill's strategy to enter the pet food industry and reshape its portfolio to drive additional growth
- On Feb. 14th, **Danone** announced it will sell two-thirds of its stake in **Yakult**, a Japanese food and beverage manufacturer, for €1.5 billion. The sale represents a 14% stake of Yakult, and is part of Danone's recent initiative to boost shareholder returns by taking a more disciplined approach to investing capital
- On Feb. 20th, **Bonduelle Group** announced it will acquire **Congara's** Canadian brand **Del Monte**, a processed fruit and vegetable business, for C\$43 million. Bonduelle expects the Del Monte portfolio to complement its canned and frozen vegetable products which are sold under retailer's store brands across the world
- On Feb. 19th, **Post Holdings, Inc.** announced it will invest US\$85 million to build a new 150,000 square foot manufacturing and distribution facility in Norwalk, Iowa, for its **Michael Foods** business. The plant will process eggs and pre-cooked egg products, with construction scheduled to be complete in 2019

Relative Performance Index



Key Indicators

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	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2018E	2019E	2018E	2019E	Price	52Wk High
George Weston Limited	10,418	25,021	6.6x	6.4x	14.3x	13.0x	(0.6)%	(17.9)%
ConAgra Foods, Inc.	14,536	18,125	11.8x	11.4x	16.9x	16.2x	0.1%	(13.0)%
Ingredion Incorporated	9,299	10,783	9.4x	9.0x	15.5x	14.5x	(1.6)%	(12.0)%
Tate & Lyle plc	3,615	4,172	6.8x	6.7x	11.6x	11.4x	(1.2)%	(30.0)%
Maple Leaf Foods Inc.	3,226	3,244	9.9x	9.2x	19.4x	17.2x	(8.6)%	(13.5)%
Premium Brands	2,556	2,807	14.1x	12.6x	24.1x	20.1x	(0.8)%	(5.2)%
SunOpta Inc.	603	1,181	12.2x	10.1x	nmf	25.4x	(2.3)%	(35.3)%
Rogers Sugar	519	784	9.0x	8.8x	11.3x	11.0x	1.5%	(10.4)%
Mean			10.1x	9.4x	17.0x	16.8x	(2.2)%	(18.1)%

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.

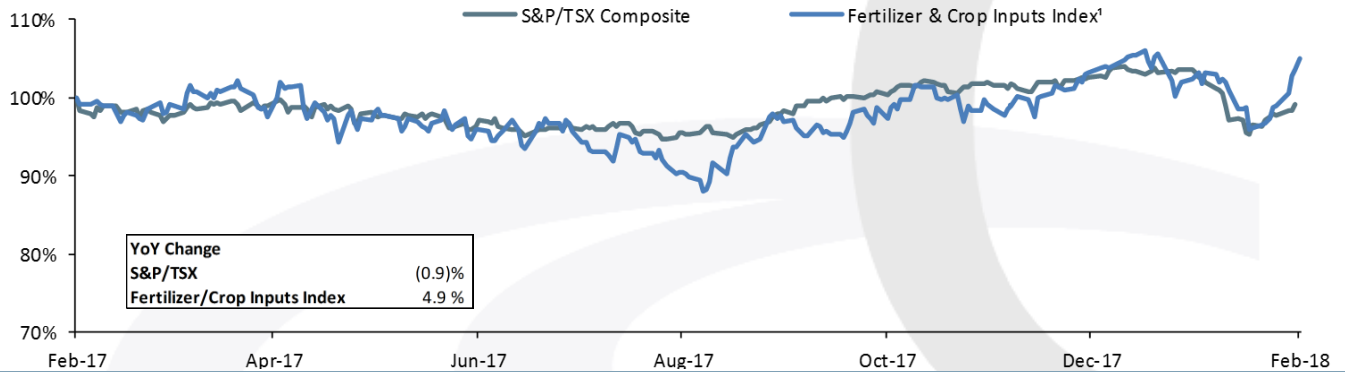


FERTILIZERS & CROP INPUTS

News Scan

- On Feb. 26th, **DowDuPont Inc.** announced its Agricultural Division will be called **Corteva Agriscience** and spun off into a separate company by June 1st, 2019. The rest of the company will be split back into **Dow** and **DuPont**. Dow will be based in Midland, Michigan and include the former Dow Chemical businesses, while DuPont will be based in Delaware and include a mix of former DuPont businesses combined with similar Dow units
- On Feb. 19th, **Arab Potash Corp.** announced it entered into an memorandum of understanding with **Yara International** to explore possible collaboration on potassium nitrate. Both parties will explore and evaluate the possibility of doubling the production capacity of **Kemapco**, Arab Potash Co.'s potassium nitrate producing subsidiary. Accordingly, Yara is targeting a minority position of 30% in Kemapco, with a 100% product offtake
- On Feb. 16th, **DuPont Nutrition & Health** announced it received a patent certification on its PowerMill enzyme, which has been shown to improve the efficiency of wheat milling, allowing mills to increase productivity, improve the quality of flour and reduce costs. The global patent includes 75 countries

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.	25,623	33,047	11.3x	9.9x	17.3x	13.4x	14.6 %	(8.9)%
CF Industries Holdings, Inc.	10,293	17,288	11.9x	10.4x	43.7x	25.5x	7.9 %	(0.2)%
Yara International ASA	12,543	15,303	7.1x	5.9x	16.3x	11.9x	4.9 %	(9.3)%
The Mosaic Company	11,071	14,240	8.2x	7.3x	22.3x	17.6x	11.1 %	(9.9)%
Nufarm Ltd.	2,119	2,847	7.4x	6.7x	13.4x	12.8x	3.6 %	(20.5)%
Input Capital Corp.	99	78	na	na	na	na	3.3 %	(30.2)%
Mean			9.2x	8.1x	22.6x	16.2x	6.5 %	(11.3)%

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

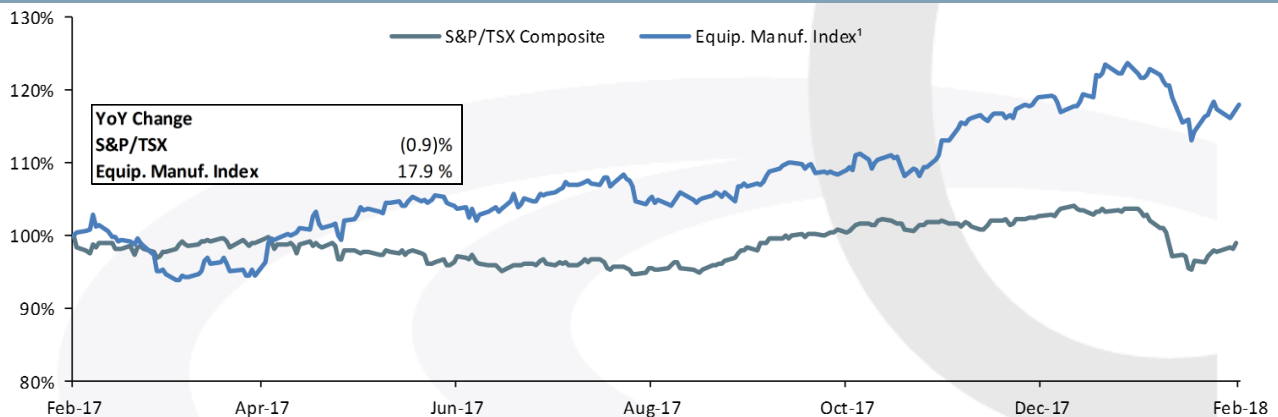


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On Feb. 21st, **BNSF Railway Co.** announced its 2018 CAPEX program in Oklahoma, US will cost approximately US\$110 million. BNSF stated the plan is focused on maintenance projects, with a large portion being spent on replacing and upgrading rails, rail ties and ballasts. The planned capital investments in the state are part of the company's US\$3.3 billion network-wide CAPEX program that was announced in January this year
- On Feb. 22nd, **Ag Growth International Inc.** announced it acquired **Danmare Group Inc.**, an engineering solutions and project management service provider to the food industry, for an undisclosed amount. In its most recent fiscal year, Danmare had sales of C\$6.4 million and adjusted EBITDA of C\$1.7 million. The addition of Danmare will further evolve AGI's ability to provide complete solutions to a broad customer base
- On Feb. 26th, reports indicated **Canadian National Railway** and **Canadian Pacific Railway** delivered only 38% of the grain car orders they received over the past week. CP and CN claim the frigid temperatures and heavy snowfalls have forced them to run shorter trains at slower speeds, affecting train schedules at a time of rising demand for freight service for commodities and goods. Grain companies in Western Canada claim they are losing sales and being forced to pay penalties to foreign buyers as a result of the delays

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	53,738	58,776	18.5x	17.3x	28.9x	27.1x	(0.3)%	(5.1)%
AGCO Corp	5,444	7,034	8.4x	7.7x	18.5x	15.1x	(0.8)%	(9.9)%
Ag Growth International Inc.	722	1,133	10.1x	9.1x	18.7x	15.3x	0.7%	(6.7)%
Rocky Mountain Dealerships	200	429	11.9x	10.5x	9.5x	8.2x	1.1%	(11.2)%
Cervus Equipment Corporation	175	334	7.6x	7.4x	9.6x	8.7x	(1.0)%	(10.8)%
Mean			11.3x	10.4x	17.0x	14.9x	(0.1)%	(8.7)%

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. 23rd, a joint press release from Canadian Prime Minister Justin Trudeau and Indian Prime Minister Narendra Modi stated India and Canada will work closely together to finalize an arrangement within 2018 to enable the export of Canadian pulses to India free from pests of quarantine importance, with mutually acceptable technological protocols
- On Feb. 22nd, reports indicated the Protein Industries Canada supercluster, which includes more than 120 private-sector companies, academic institutions and other agencies across Canada, was one of the five superclusters chosen to together receive C\$950 million in federal funding. PIC aims to find ways to extract protein from plants and then market the resulting products globally. PIC officials expect technological advances, new businesses, new products and growth of existing business to generate C\$700 million in new commercial activity and 4,700 jobs
- On Feb. 19th, reports indicated Brazil is on track for a record soybean crop in 2017/18. Soybean production is expected to increase to 115.6 million tonnes, 1.2% above last years all-time high crop production of 114.2 million tonnes
- On Feb. 15th, the annual long-term projections report published by the U.S. Department of Agriculture indicated that while US corn and soybean exports are expected to increase over the coming decade, the US share of global sales will shrink as competition from South American producers heats up. Although the US should remain the world's largest corn exporter, its market share is expected to fall below 30% by 2027 due to competition from Brazil, Argentina and Ukraine
- On Feb. 21st, reports indicated the value of E.U. agri-food exports increased 5.1% in 2017 to €137.9 billion, while wheat and other cereals experienced the largest drop in value terms on an annual basis. Wheat export value dropped 27.5% to €1.5 billion and other cereals decreased 13.5% to €256 million. Total E.U. agri-food imports also increased but at a slower pace than exports, with the largest increases being in fatty acids and cereals other than wheat and rice
- On Feb. 22nd, the International Grains Council lowered its estimate for total grains production in 2017-18 from 2.1 billion tonnes to 2.094 billion tonnes, down from the 2.14 billion estimated production for 2016-17. The decline in production is primarily reflecting poorer maize output prospects in Argentina, Brazil and South Africa
- On Feb. 21st, reports indicated Argentina's soy and corn fields were expected to stay mostly dry next month as a four-month-old drought further constrained crop yields. Hot and dry weather in Argentina, the world's third largest exporter of raw soybeans, has pushed up prices on the Chicago Board of Trade in recent weeks, with soybean prices recently hitting a seven-month peak
- On Feb. 16th, a report by Agriculture and Agri-Food Canada indicated 9,510,000 hectares of wheat are expected to be harvested this year in Canada, an increase of 4% from 2017. AAFC projected average yield to reach 3.22 tonnes per hectare, compared with a yield of 3.34 tonnes per hectare that was experienced in 2017. AAFC commented that the planted area increase resulted from a projected 5% increase in spring wheat plantings that would more than offset an 11% decrease in winter wheat seedings
- On Feb. 13th, reports indicated total winter crop production in Australia dropped an estimated 36% to 37.8 million tonnes, including a 38% drop in wheat production to 21.2 million tonnes, despite favourable weather conditions this spring. Other major winter crops that experienced a drop in production include barley and canola, which decreased 33% and 15% respectively

Commodities Futures as of February 23rd, 2018

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.75	3.52 %	6.02 %
Wheat (CBOT)	\$ per bu.	\$4.64	2.94 %	7.09 %
Oats (CBOT)	\$ per bu.	\$2.64	(1.40)%	8.66 %
Rough Rice (CBOT)	\$ per cwt.	\$12.20	(1.65)%	3.61 %
Rapeseed (Canola) (ICE)	CAD per T	\$516.30	4.45 %	5.20 %
Ethanol (CBOT)	\$ per gal.	\$1.48	3.49 %	8.72 %



Recent Earnings News

Company	Last Quarter		Analyst Consensus	Premium to Current
	EPS YoY Change	Comments		
Fertilizers & Crop Inputs				
The Mosaic Company	nmf	Net loss for the period was \$431 million, compared to a net income of \$12 million in the fourth quarter of 2016. Fourth quarter loss per share was \$1.23, which included a negative impact of \$1.57 per share from notable items, primarily related to non-cash charges as a result of changes in U.S. tax legislation. Net sales grew 10.5% to \$2.1 billion, primarily driven by higher realized prices throughout the business	US \$29.59	3.0%
CF Industries Holdings, Inc.	nmf	Net earnings for the quarter grew to \$465 million or \$1.98 per share, compared to a loss of \$320 million or \$1.38 per share last year. Earnings include a net income tax benefit of \$491 million, or \$2.09 per diluted share, as a result of the U.S. Tax Cuts and Jobs Act	US \$41.84	(5.2%)
Input Capital Corp.	241.0%	Adjusted streaming sales grew 111% Y/Y to C\$24.7 million, while delivery of canola grew 105% to 51,097 metric tonnes. Adjusted EBITDA increased 21% over Q1 last year to C\$10.6 million or \$0.13 per share. 25 new producers were added to the portfolio in the quarter, compared to 9 producers in the first quarter last year. Sales volume grew 5% Y/Y to 5.3 million tonnes	C \$2.25	43.3%
Equipment Manufactures				
Deere & Company	nmf	First quarter net loss was \$535.1 million or \$1.66 per share, compared to a net income of \$199.0 million or \$0.62 per share for the quarter ended January 29, 2017. The results for the quarter include U.S. tax reform-related charges of \$965 million. Adjusted net income for the period was \$430 million or \$1.31 per share	US \$184.75	11.1%

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