



Agriculture Industry Flash

Wednesday, September 26th, 2018

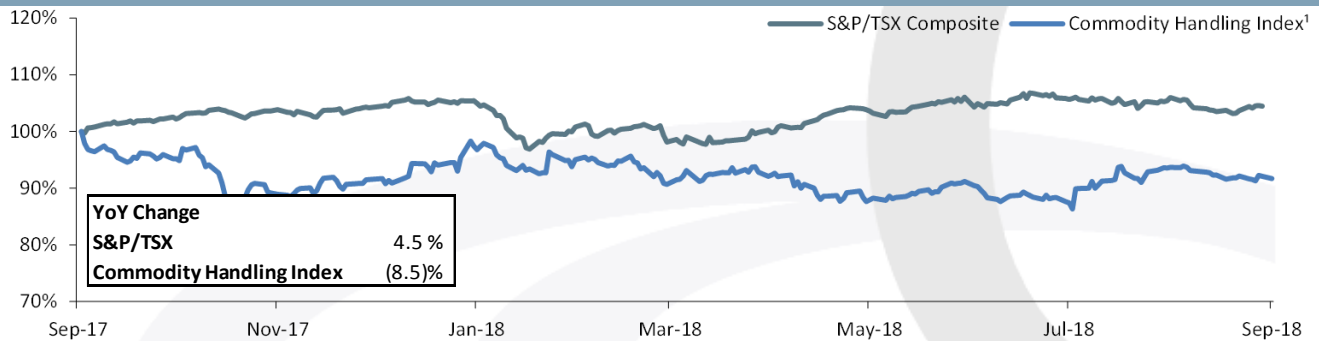


COMMODITY HANDLING

News Scan

- On September 25th, **Louis Dreyfus Company** announced that Ian McIntosh has been promoted to CEO, McIntosh most recently was the Chief Strategy Officer. The move follows the resignation of Gonzalo Ramirez Martiarena as CEO. Martiarena, who had been with the company for 13 years, is leaving to pursue other opportunities
- On September 20th, **S&W Seed Co.** and **AGT Foods Africa** announced that the two companies are partnering to form a new joint venture in South Africa that will produce and commercialize seed products for markets in Africa, Europe, and the Middle East. The new company will be called **SeedVision SA** and will be 50.1% owned by S&W and 49.9% owned by AGT Foods Africa
- On September 14th, **Cargill** announced that it has acquired **Konspol**, one of Poland's leading value-added food companies for an undisclosed sum. This acquisition marks the introduction of Cargill's global protein business into the Polish market and strengthens the company's global poultry footprint, expanding operations to 14 countries
- On September 12th, a report by **Rabobank** indicated that the Australian grain industry is looking to pursue profitability via higher-value grain sales or increased overall yields. The report indicates that Australia has rationalized bulk handling to remain competitive on a global scale, which has resulted in lower storage fees

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
ADM	27,774	35,008	8.7x	8.3x	14.4x	13.7x	(0.6)%	(2.9)%
Bunge Limited	9,277	17,345	8.6x	8.6x	12.5x	11.9x	1.5 %	(20.4)%
Graincorp Limited	1,331	2,337	12.4x	13.4x	29.0x	36.5x	(0.7)%	(11.6)%
The Andersons, Inc	1,086	1,718	8.9x	7.9x	18.5x	15.3x	0.0 %	(7.8)%
AGT Food and Ingredients	333	845	15.4x	10.7x	35.8x	16.1x	0.0 %	(29.2)%
Ceres Global Ag	92	120	na	na	na	na	2.8 %	(36.2)%
Mean			10.8x	9.8x	22.0x	18.7x	0.5 %	(18.0)%

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

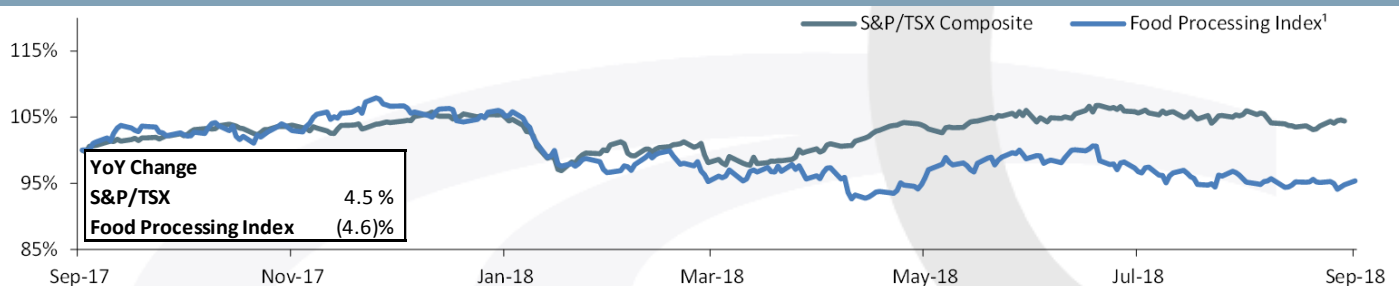


FOOD PROCESSING

News Scan

- On September 24th, **Kraft Heinz Canada** announced that it has completed the acquisition of **Ethical Bean Coffee**, a Vancouver-based roaster of 100% Fairtrade, certified organic coffee. Kraft Heinz expects to expand the brand's presence in Canada. Origin Merchant Partners acted as the exclusive financial advisor to Kraft Heinz on the acquisition
- On September 24th, **Walmart Inc.** announced it is working with **IBM** to implement food traceability via IBM's blockchain technology. The aim is to track food from farm to store in near real time using blockchain's distributed ledger system
- On September 24th, **Sobeys Inc.** announced its parent company, **Empire Co.**, has purchased Ottawa-based **Farm Boy Inc.** for C\$800 million. Farm Boy specializes in farm-to-table wholesale and Empire says it plans on doubling Farm Boy's business footprint from its current base of 26 stores over the next 5 years
- On September 19th, **Barry Callebaut** announced that it has entered into a long-term supply agreement with **Burton's Biscuit Company**, for the supply of over 12,000 metric tons of chocolate and compound per year. As part of the deal, Barry Callebaut will acquire Burton's chocolate manufacturing assets near Liverpool, UK for an undisclosed amount
- On September 11th, **Nature's Way** and **Natural Products Canada** announced that the two companies have signed an agreement to co-invest in innovative natural health product opportunities in Canada. The partnership will focus on investing in early-stage companies working in natural products sectors such as nutritional supplements, medical food, or dietary ingredients and technology. Along with investment, the partners will provide access to markets and distribution channels

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	9,766	26,382	6.4x	6.3x	14.4x	12.8x	(0.4)%	(13.2)%
ConAgra Foods, Inc.	14,401	18,238	12.0x	12.0x	16.4x	15.8x	(0.7)%	(6.7)%
Ingredion Incorporated	7,299	8,707	8.2x	7.8x	13.7x	12.8x	(0.8)%	(29.7)%
Tate & Lyle plc	3,966	4,500	7.7x	7.7x	13.6x	12.8x	2.2 %	(8.5)%
Premium Brands	2,595	3,214	14.7x	12.1x	24.5x	18.8x	(1.5)%	(19.0)%
Maple Leaf Foods Inc.	3,082	3,154	11.0x	9.5x	22.8x	18.6x	0.7 %	(14.0)%
SunOpta Inc.	655	1,265	19.0x	13.3x	neg	nmf	4.3 %	(20.7)%
Rogers Sugar	456	620	8.1x	7.7x	14.0x	11.8x	0.0 %	(14.9)%
Mean			11.3x	9.8x	17.6x	15.3x	0.5 %	(16.0)%

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.

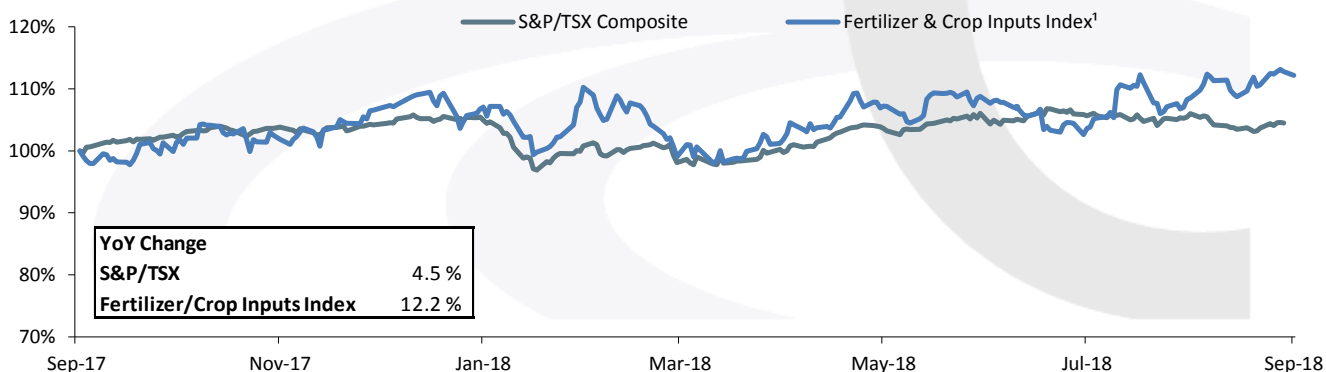


FERTILIZERS & CROP INPUTS

News Scan

- On September 26th, **Nutrien Ltd** announced that Jochen Tilk will be stepping down as Executive Chair and Director of the company, effective September 30th, to pursue other opportunities. Nutrien's current Lead Director, Derek Pannell, will assume the role of non-executive Chair of the Board through to the 2019 AGM
- On September 17th, **Univar Inc.**, a global chemical and ingredient distributor, announced that it has entered an agreement to acquire **Nexeo Solutions**, a leading global chemicals distributor, for US\$11.65 per share, or a total value of US\$ 2 billion. The acquisition creates the largest chemical sales force and distribution network in the industry
- On September 17th, **Sirius Minerals Plc**, a UK-based fertilizer development company, announced that it signed a take-or-pay agreement for 2.5Mtpa of polyhalite with **Cibra Group**, Brazil's sixth largest fertilizer distributor. The deal takes Sirius above its targeted 7Mtpa of contracted volume and allows it to unlock financing for its £3.2 billion York potash project. As part of the deal, Sirius will acquire a 30% stake in Cibra in return for 95 million shares in Sirius
- On September 22nd, **Bayer AG** unit, **Monsanto**, asked a California court to throw out a US\$289 million jury verdict announced on August 10th, which alleged that the company's glyphosate-based weed-killers gave a man cancer. The motion is set for October 10th
- On September 14th, **Haldor Topsoe**, a Danish chemical company, acquired an 11.7% stake in the Ramagundam fertilizer plant in India, for an undisclosed amount. The plant is scheduled to begin operations in Q2 of 2019, with a capacity of 2,200tpd of ammonia and 3,850tpd of urea plants. The investment expands Topsoe's market-leading presence in India

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
Nutrien Ltd.	35,022	45,598	11.6x	10.0x	21.7x	17.4x	(2.8)%	(3.3)%
CF Industries Holdings, Inc.	12,329	19,182	12.6x	11.0x	38.6x	26.1x	0.6%	(2.3)%
Yara International ASA	13,015	16,411	9.8x	7.1x	3.2x	1.8x	2.0%	(3.3)%
The Mosaic Company	12,331	16,614	8.2x	7.4x	18.8x	14.8x	1.6%	(2.4)%
Nufarm Ltd.	1,595	2,175	6.7x	5.5x	15.4x	12.2x	(2.0)%	(30.2)%
Input Capital Corp.	65	61	7.8x	3.9x	nmf	10.3x	(2.0)%	(41.9)%
Mean			9.5x	7.5x	19.5x	13.8x	(0.4)%	(13.9)%

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

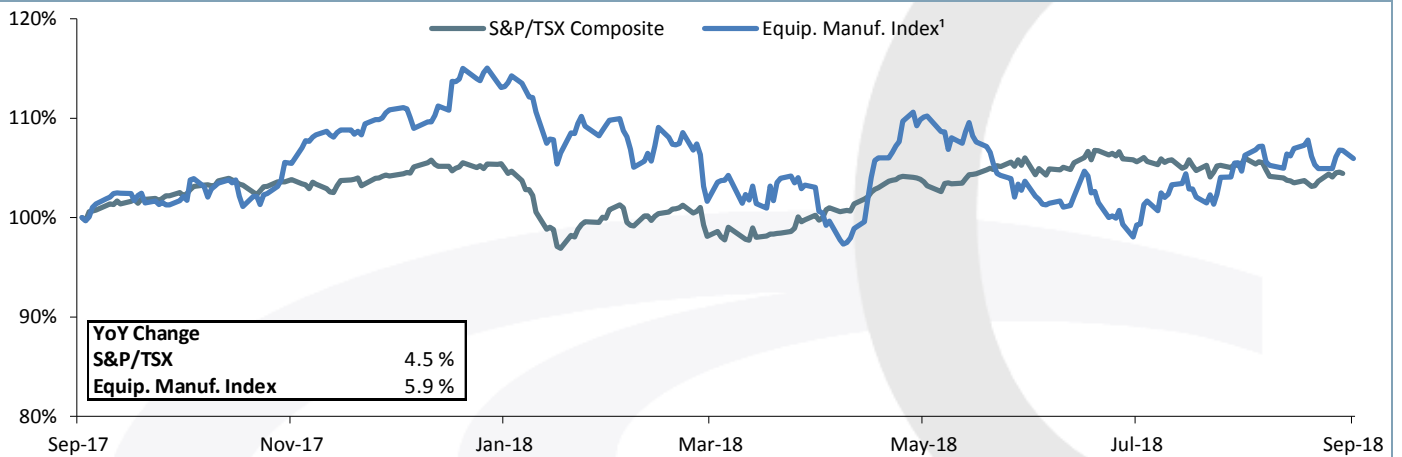


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On September 13th, **Cargill** announced that it has made a strategic equity investment in **Agriness**, a farm management software provider. The partnership will help improve animal production and farm profitability by fostering the technological transformation currently taking place in the farming industry
 - On September 24th, **Cargill** provided details on the company's partnership with **Descartes Labs**, a startup that uses AI to analyze satellite imagery. The purpose of the partnership is to determine if Descartes' technology can be used to better forecast crop yields. Cargill invested US\$30 million as part of a Series B round in August 2017
- On September 17th, **Indigo Ag Inc.**, a company that uses AI to develop microbial products to improve crop yields, announced that it has closed a Series E raise of US\$250 million. The company's products enable data-driven farming and increase food system transparency. Indigo has raised US\$650 million to date

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	2018E	2019E	2018E	2019E		
Deere & Company	48,750	53,274	16.7x	15.7x	26.3x	24.7x	1.7 %	(13.5)%
AGCO Corp	4,779	6,587	7.9x	7.0x	16.0x	12.7x	2.2 %	(20.5)%
Ag Growth International Inc.	791	1,253	10.7x	9.6x	18.0x	16.2x	0.5 %	(3.1)%
Rocky Mountain Dealerships	158	467	14.3x	13.2x	8.3x	7.6x	(1.3)%	(28.4)%
Cervus Equipment Corporation	166	358	7.9x	7.5x	8.8x	7.9x	(0.4)%	(13.5)%
Mean			11.5x	10.6x	15.5x	13.8x	0.5 %	(15.8)%

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



ADDITIONAL NEWS AND AGRICULTURE COMMODITIES UPDATE

News Scan

- On September 24th, the Canadian Government announced it is investing C\$70 million over the next 5 years in agriculture science to address environmental challenges and hire 75 agricultural scientists to research a range of issues
- On September 21st, the Agriculture and Agri-Food Canada (AAFC) released its Medium Term Outlook report highlighting economic projections of the Canadian and international agricultural market for the next 10 years. The report projects that the Canadian agricultural, agri-food and seafood sector is growing at a steady rate to reach \$75 billion of exports by 2025
- StatsCan is predicting a smaller soybean crop in Manitoba as yields have been highly variable due to sporadic precipitation. The lower-than-average yields are not expected to translate to higher prices due to large US crop prospects. Overall, Canadian soybeans were experiencing additional demand because of the on-going US-China trade dispute
- Canadian wheat production grew by 3.5% year-over-year based on a StatsCan survey released on September 19th. Barley production grew by 4.3%, while oat production decreased by 9.4%. Canola production is expected to drop by 1.5%. Overall, StatsCan attributes the growth to an improvement in overall conditions, leading to higher than estimated production volume
- On September 20th, US has officially surpassed Brazil as the single largest exporter of soybeans to the European Union sitting at 52%. In the past 12 weeks since July, the EU has imported 1.47 million tonnes of legume from the US, which amounts to a 130% increase from the same period last year. Of the approximately 14 million tonnes of soybeans that EU imports annually, the majority is used as animal feed.
- On September 20th, the U.S. Department of Agriculture released its Global Agricultural Information Network report stating that there is a decline in imports of sorghum into Mexico due to a shift in using yellow corn as an alternative for livestock and feed. Consumption of sorghum declined to 4.8 million tonnes between 2018 to 2019 compared to 6.4 million tonnes the year prior
- Undernourishment has been declining over the years, but at 23% between 2014 and 2016, Sub-Saharan Africa still remains the most undernourished among its neighbouring regions. While climate has played a major role of the region being extremely dependent on importing grains, food security has also been a looming issue as well due to political instability and civil strife
- Computer forecast models have been generating results of a possible pending El Niño in the next month. This year, many countries and regions have experienced irregular weather patterns relative to previous years that has left a negative impact to crops. Some regions affected include the Canadian Prairies, Europe, Indonesia, Malaysia and eastern Australia. The latitude droughts are expected to end as autumn begins, and the El Niño is not likely to affect the southern Asia and eastern Australia regions
- According to the Bureau of Labor Statistics of the US Department of Labor, the Consumer Price Index for baked foods and cereal products remained relatively constant in the month of August, with an increase of only 0.1%
- On September 12th, the Canadian Grain Commission announced it will continue to exempt feed mills, agents with primary or process elevator facilities and producer railway car loading facilities from licensing requirements. The Canadian Grain Commission works to regulate the Canadian grain sector by ensuring the quality, safekeeping in the handling of grain through its licensing requirements, and legislated requirements

Commodities Futures as of September 25th, 2018

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.64	(4.15)%	2.97 %
Wheat (CBOT)	\$ per bu.	\$5.21	(6.72)%	20.13 %
Oats (CBOT)	\$ per bu.	\$2.57	3.52 %	5.98 %
Rough Rice (CBOT)	\$ per cwt.	\$9.88	(16.84)%	(16.14)%
Rapeseed (Canola) (ICE)	CAD per T	\$490.90	(0.99)%	0.02 %
Ethanol (CBOT)	\$ per gal.	\$1.29	(10.62)%	(5.64)%



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