



Agriculture Industry Flash

Tuesday, June 18th, 2019

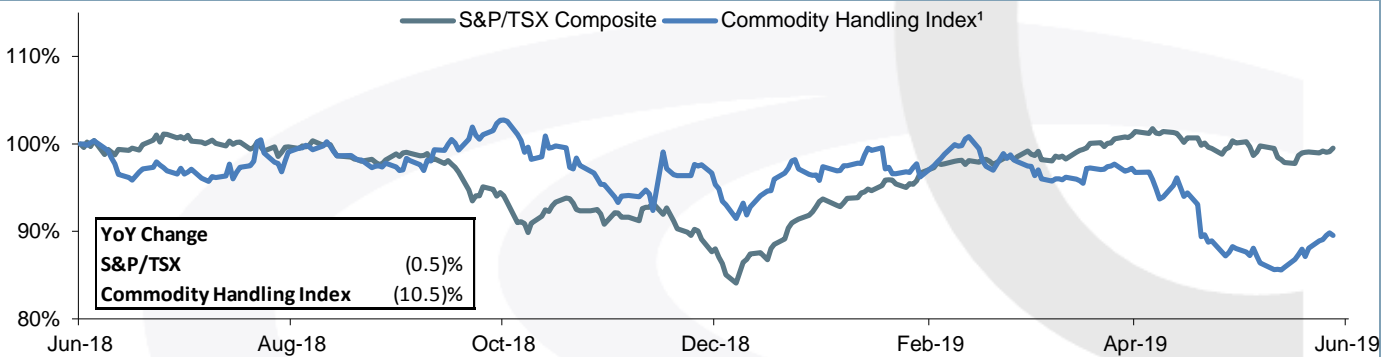


COMMODITY HANDLING

News Scan

- On June 11th, **Ocado Group**, an online food delivery service, announced two investments in vertical farming totaling £17MM. Firstly, a 58% stake in **Jones Food Company**, an English vertical farms company that is expected to produce 420 tonnes of produce annually at capacity. Secondly, a joint venture with U.S vertical farming businesses **80 Acre Farms** and **Priva**, both leading participants in vertical farming. The investments are seen as a long-term plan to meet consumer sustainability demands
- On June 7th, **Parrish and Heimbecker Ltd. (P&H)**, announced plans to build a crop input and grain facility in Dugald, Manitoba. The facility will include 25,000 tonnes of grain storage, a loop track for continuous grain loading and movement, and crop input facilities. The new facility is expected to help local producers leverage the global grain marketing opportunities that P&H offers through their grain and merchandising team
- On June 7th, **Terra Ingredients, LLC.** announced it is making the African grain, Fonio, available to food manufacturers and ingredient suppliers. The ancient grain has been cultivated in African for more than 5,000 years but had no major export channel in the Western side of the continent. By partnering with farmers in the Sahel region of Africa and building a facility in Senegal, Terra is providing farmers with the opportunity to grow grains for export
- On June 5th, **Ceres Global Ag Corp.** announced the formal establishment of a 50/50 joint venture (JV) with **Steel Reef Infrastructure Corp.** The JV establishes a hydrocarbon product transloading facility in Ceres' Northgate, Saskatchewan rail terminal, to facilitate rail movements between the U.S and Canada and provide accessibility to natural gas liquids

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market	TEV/EBITDA		Price/Earnings		Week Δ	Δ Price	
		Cap	TEV	2019E	2020E			2019E
ADM	22,810	32,130	7.7x	7.2x	12.4x	10.9x	3.3 %	(21.7)%
Bunge Limited	8,078	15,004	9.4x	8.6x	20.1x	14.6x	4.4 %	(20.9)%
Graincorp Limited	1,296	2,503	21.0x	12.3x	neg	27.5x	6.0 %	(18.2)%
The Andersons, Inc	872	2,384	9.5x	8.5x	14.6x	11.1x	3.7 %	(34.1)%
Ceres Global Ag	87	152	na	na	na	na	(1.0)%	(13.3)%
Mean			11.9x	9.2x	15.7x	16.1x	3.3 %	(21.6)%

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

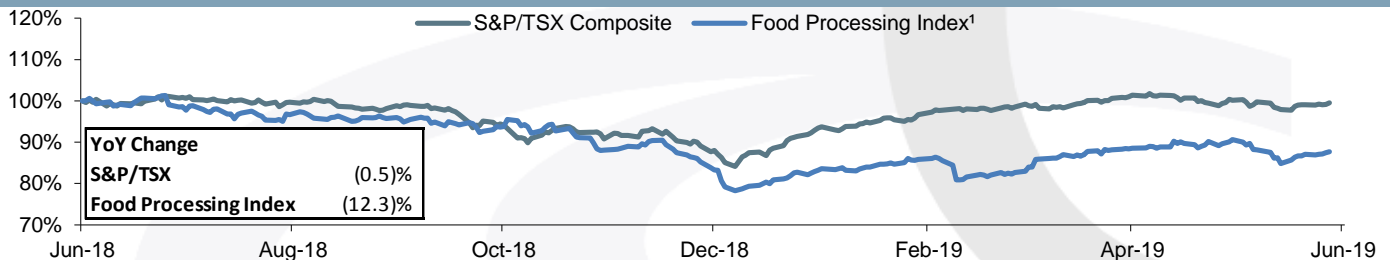


FOOD PROCESSING

News Scan

- On June 18th, **Keytone Dairy** secured the acquisition of Australian ultra-high-temperature drinks manufacturer, **Omniblend**, for US\$15.5MM. Keytone believes the acquisition will provide immediate exposure to the growing health and wellness industry as well as a more diversified revenue base
- On June 11th, **Fazer Group** announced their agreement to sell **Fazer Food Services**, a premier food service provider in the Nordic region, to **Compass Group PLC** for €475MM. Moving forward, Fazer Group hopes to focus on its fast-moving consumer goods and direct-to-consumer businesses
- On June 12th, **Raisio**, a Finnish food company, announced a €45 million investment in a new production facility that will focus on the development and manufacturing of plant-based, value-added food products. The company said the main focus of the factory will be on added value products, specifically in which oats and plant based raw materials can be utilized. Raisio believes that the market for responsibly produced, plant-based food is only beginning to take form
- On June 8th, **Cargill Inc.** invested an undisclosed amount in a \$12MM round of funding for **Aleph Farms**, an Israeli cultured meat company focused on using technology to grow meat directly from beef cells. The Company believes consumer demand for protein to be very strong, meaning there is an opportunity for cultured protein growth to complement the traditional animal protein profile
- On June 11th, **Vivera Foodgroup** announced they will be focusing solely on producing plant-based food products, following its divestiture of its meat business, **Enkco**, to **Van Loon Group** in May. The divestiture allows the Company to focus on the plant-based market in Europe as they believe it has higher, long-term growth potential

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
			2019E	2020E	2019E	2020E		
George Weston Limited	11,657	27,295	7.3x	6.5x	15.1x	14.0x	(0.4)%	(9.1)%
ConAgra Foods, Inc.	14,359	24,955	12.0x	11.3x	14.7x	12.9x	0.3%	(24.2)%
Ingredion Incorporated	5,414	7,315	7.5x	7.2x	11.7x	11.0x	1.7%	(29.9)%
Tate & Lyle plc	4,410	4,804	8.1x	8.0x	14.4x	14.0x	0.0%	(6.9)%
Premium Brands	2,479	3,363	13.7x	12.3x	22.7x	18.8x	3.2%	(22.3)%
Maple Leaf Foods Inc.	2,834	3,415	10.8x	9.7x	25.3x	20.5x	2.6%	(12.4)%
SunOpta Inc.	327	869	17.1x	13.4x	neg	neg	(2.2)%	(58.6)%
Rogers Sugar	457	715	9.7x	9.0x	14.6x	12.1x	1.4%	(4.6)%
Mean			10.9x	9.8x	17.3x	15.2x	0.7%	(23.4)%

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.

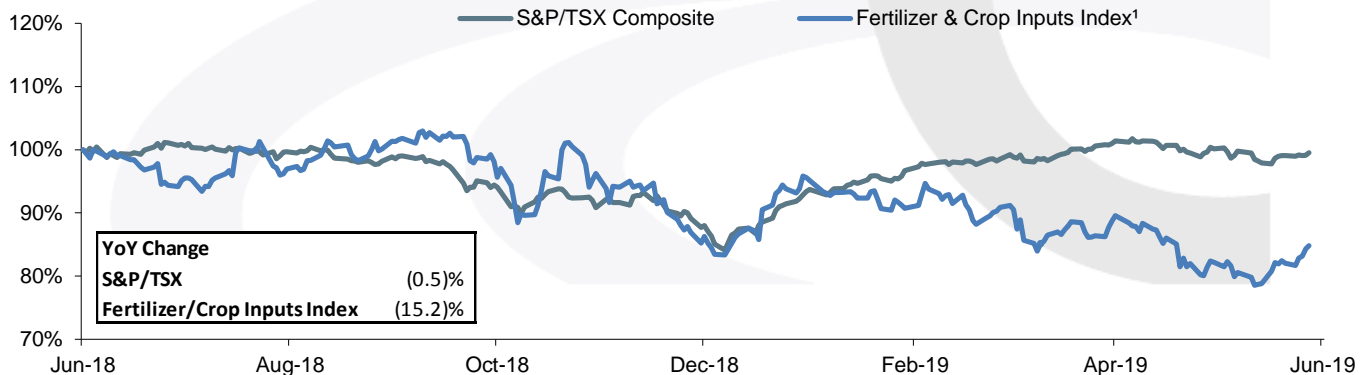


FERTILIZERS & CROP INPUTS

News Scan

- On June 17th, **Abu Dhabi National Oil Company (ADNOC)** and Dutch chemical producer, **OCI**, announced a joint venture to create a Middle Eastern fertilizer powerhouse, with combined revenues of US\$1.7B. As crude demand slows, ADNOC and other producers are shifting towards cleaner forms of energy
- On June 17th, **Nutrien Ag Solutions** announced a digital collaboration with **Xarvio Digital Farming Solutions**, in which an application will be offered to growers to better enable detection and identification of weeds and pests. The partnership is part of Nutrien's goal to become the ag retailer of the future through technological innovation
- On June 12th, **Acron Group** announced plans to invest US\$219MM in large-scale projects in Russia's Novgorod region. Project plans include upgrading existing capacity, and building urea granulation and calcium nitrate units at its Novgorod site
 - On June 14th, **Acron Group** announced a 5-year partnership agreement with Russian bank, **Rosbank**. The agreement aims to provide opportunities for cooperation using the products and services such as export sales support provided by Rosbank, considering the current scale of Acron's transactions and its expanding international presence
- On June 12th, **Sirius Minerals Plc** signed a supply agreement with **Indian Farmers Fertilizers Cooperative Limited (IFFCO)** for the supply of POLY4 in India. The agreement is for the exclusive supply and distribution of POLY4 throughout India, with volumes expected to reach 1MM tpy in year 8 of the 11-year term
- On June 7th, **EuroChem Group AG** opened a new US\$1B ammonia plant in Russia, which has the largest single-train production capacity in Europe at 1MM tonnes annually. EuroChem hopes to cement its position as a global leader in fertilizer production
- On June 6th, **1855 Capital** and **Maumee Ventures**, the venture capital subsidiary of **The Andersons Inc.**, announced they have co-led an investment round of up to \$1.5MM in **Phospholutions**, supporting the launch of a soil-enhancement product aiming to reduce runoff while decreasing the amount of water and fertilizer needed for successful plant growth

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

Market	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2019E	2020E	2019E	2020E	Price	52Wk High
Nutrien Ltd.	31,386	42,179	9.0x	8.4x	17.9x	15.6x	2.5 %	(6.2)%
CF Industries Holdings, Inc.	9,531	16,273	9.8x	8.6x	21.7x	15.5x	9.3 %	(18.6)%
Yara International ASA	12,454	16,474	7.4x	6.3x	15.0x	11.3x	1.1 %	(0.3)%
The Mosaic Company	8,742	13,357	6.1x	5.4x	13.2x	9.6x	(0.1)%	(40.2)%
Nufarm Ltd.	992	1,940	5.8x	5.2x	9.0x	8.1x	3.2 %	(57.4)%
Input Capital Corp.	47	48	na	na	na	na	(2.5)%	(35.8)%
Mean			7.6x	6.8x	15.4x	12.0x	2.2 %	(26.4)%

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

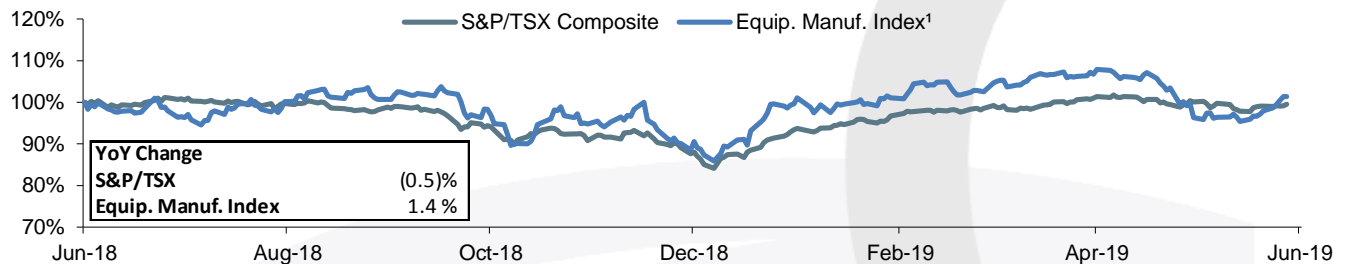


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On June 11th, **JLD-Laguë (JLD)**, one of **John Deere's** largest dealers in Canada, announced the acquisition of **Transdiff** and **Centre de Transmission JDH**, two leaders in the sale of new trucks and Peterbilt parts and services. With the additional facilities and employees, JLD hopes to continue to strengthen its position with customers and the industry
- On June 4th, **Ohio Ag Equipment** announced its intent to acquire **North Central Ag LLC**, a Huron Country-based agricultural equipment dealer, on June 22nd. The Company hopes the acquisition will strengthen its ability to service the ag industry by providing customers in north central Ohio with additional lines of equipment and product support
- On June 3rd, **JBT Corporation**, a global technology solutions provider to the food and beverage industry, announced the acquisition of **Prime Equipment Group**, an Ohio-based manufacturer of turnkey primary and water re-use solutions to the poultry industry for US\$65 million. The acquisition helps to advance JBT's goal of becoming the preferred provider of full-line solutions for poultry customers

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	2019E	2020E	2019E	2020E		
Deere & Company	47,166	50,881	9.5x	8.9x	16.1x	13.2x	2.1 %	(7.4)%
AGCO Corp	5,482	7,356	7.9x	7.4x	14.4x	13.0x	3.9 %	(17.7)%
Ag Growth International Inc.	773	1,318	10.1x	8.9x	16.5x	13.1x	5.0 %	(19.7)%
Rocky Mountain Dealerships	122	502	17.7x	15.6x	9.6x	7.5x	(1.2)%	(28.0)%
Cervus Equipment Corporation	149	264	4.7x	4.5x	9.0x	8.0x	5.2 %	(6.2)%
Mean			10.0x	9.1x	13.1x	11.0x	3.0 %	(15.8)%

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

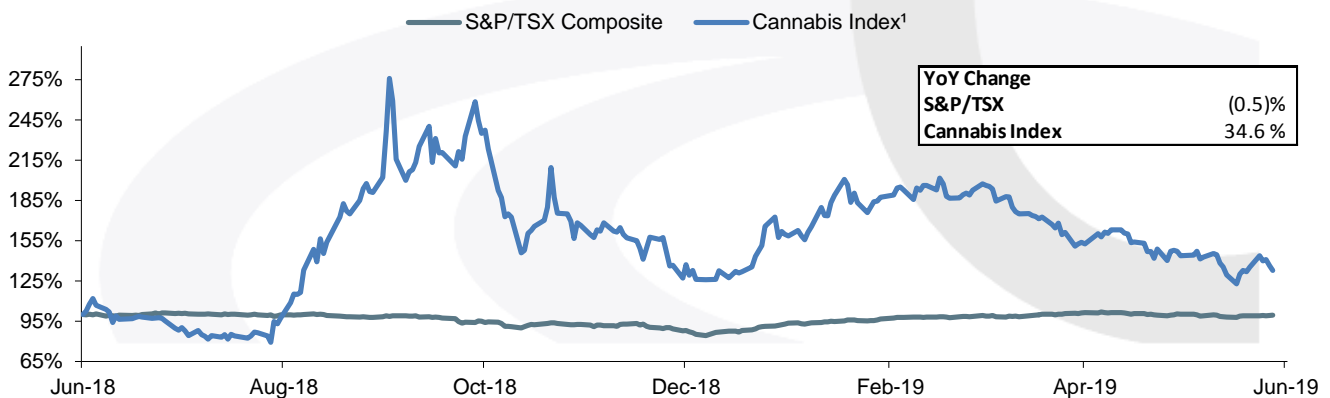


CANNABIS AND HEMP

News Scan

- On June 11th, **GreenLeaf**, a French hemp-based and cannabis healthcare company, announced its agreement to be bought by rival **EMMAC Life Sciences Limited** for an undisclosed amount. EMMAC believes that Greenleaf's established distribution model and premium product portfolio will help advance its plans for growth in France
- On June 6th, **PharmaCielo Limited**, the Canadian parent of Colombia's premier cultivator and producer of medicinal-grade cannabis oil, announced it will acquire **Creso Pharma Ltd.** for A\$122MM in common shares. The acquisition allows PharmaCielo to quadruple its global footprint and be present in over a dozen countries globally
- On June 10th, **Tilray Inc.** announced its intention to merge operations with its largest shareholder, **Privateer Holdings Inc.**, who currently holds 77% of shares outstanding. The merger will help Tilray facilitate the controlled release of Privateer's stake into public markets, giving the Company greater control and flexibility while effectively managing its public float
- On June 9th, **Jushi Holdings Inc. (Jushi)**, a multi-state cannabis and hemp operator, announced the closing of its acquisition of **The Clinic's** intellectual property for US\$4.1MM in cash and US\$5.9MM in shares. Jushi believes the trademarks, trade secrets, and expert operators acquired will be a crucial part of the Company's future growth
 - On June 17th, **Jushi** announced the acquisition of two state-approved dispensaries in Pennsylvania and several other dispensaries currently being designed and constructed for US\$63MM, further expanding its footprint in the U.S
- On June 6th, **MedMen Enterprises Inc.** announced it will acquire **One Love Beach Club**, a Long Beach cannabis retailer, for US\$13MM, enhancing MedMen's Californian footprint, adding a premier retail location in California's third largest city

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

Market	Market		TEV/Revenue		TEV/EBITDA		Week Δ	Δ Price
	Cap	TEV	2019E	2020E	2019E	2020E	Price	52Wk High
Canopy Growth Corporation	14,793	13,028	30.3x	13.1x	neg	71.2x	2.5%	(27.9)%
Aurora Cannabis Inc.	7,849	8,152	24.4x	13.5x	neg	63.9x	9.3%	(37.6)%
Aphria Inc.	1,799	1,708	5.4x	2.8x	neg	16.4x	1.1%	(58.6)%
CannTrust Holdings Inc.	711	511	5.1x	2.7x	nmf	9.2x	(0.1)%	(56.8)%
Cronos Group Inc.	5,580	4,155	nmf	30.2x	neg	nmf	3.2%	(37.0)%
Tilray, Inc.	4,048	3,969	22.0x	10.6x	neg	nmf	(2.5)%	(87.0)%
Mean			17.4x	12.1x	na	40.2x	2.2%	(50.8)%

1 "Cannabis Index" is composed of equally weighted market prices for: Canopy Growth, Aurora Cannabis, Aphria, CannTrust Holdings, Cronos and Tilray.



ADDITIONAL NEWS AND AGRICULTURE COMMODITIES UPDATE

News Scan

- On June 6th, **The American Feed Industry Association** and **European Feed Manufacturers' Federation** renewed their partnership on sustainable feed production, feed safety management, communication, trade, and pre-competitive research. The agreement is expected to bring joint global project and partnership opportunities due to increased synergies
- On June 10th, the **U.S. Department of Agriculture (USDA)** discovered genetically engineered wheat plants in an unplanted agricultural field in Washington State. However, despite genetically engineered wheat plants being regulated, the **Animal and Plant Health Inspection Service** believes there is no evidence that the crop has entered the food supply
- On June 11th, the **International Grains Council (IGC)**, released its grains, rice and oilseed production outlook for 2019-2020. Grain output forecasts are projected to climb by 2%, yet consumption growth is predicted to outweigh the increase in supply. This would mark the third successive stock contraction. The IGC believes the cause to be shrinking corn inventories, which is at its lowest in six years
- On June 11th, over 950 U.S. food and agriculture organizations sent a letter to Congress, advocating for the approval of the U.S.-Mexico-Canada Agreement, which will create more balance, reciprocal trade that supports high-paying jobs for Americans and grows the North American Economy
- On June 12th, **the Manitoba Government** announced a \$52MM endowment fund to support **Growing Outcomes in Watersheds (GROW)**, which will pay farmers for preserving and protecting wetlands. The provincial government believes that the program will help landowners contribute to reduced flooding, improved water quality and nutrient management
- On June 14th, it was reported that U.S. farmers are millions of acres behind their usual corn planting pace due to flooding, which may lead to supply shortages that lift prices by year end past \$5/bushel by year end to the highest in over five years. U.S. production was at 83% of expected plantings as of the week ended June 9th, significantly below the 99% a year earlier
- On June 17th, Australia lowered its forecast for wheat exports over the 2019-2020 season by nearly 18% due to droughts. The **Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES)** said wheat exports would total 11.7 million tonnes, down from March's estimate of 14.2 million tonnes
- On June 17th, reports indicated that there will be a delay in soybean and pulse plantation due to delayed rains over central India. In the Indian state, Madhya Pradesh, rainfall has been over 70% below average this month, leaving soil dry and making it difficult for farmers to begin plantation

Commodities Futures as of June 14th, 2019

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$4.64	9.25 %	23.35 %
Wheat (CBOT)	\$ per bu.	\$5.42	4.28 %	6.96 %
Oats (CBOT)	\$ per bu.	\$3.03	(0.82)%	8.81 %
Rough Rice (CBOT)	\$ per cwt.	\$11.64	(0.47)%	12.46 %
Rapeseed (Canola) (ICE)	CAD per T	\$470.30	3.29 %	(3.78)%
Ethanol (CBOT)	\$ per gal.	\$1.61	6.83 %	26.18 %



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Food Processing				
Tate & Lyle plc	4.0%	Sales increased 2% YoY with Food and Beverage Solutions volumes increasing 3% YoY while Primary Products sweetener volume remained flat. Adjusted profit before tax increased by 4% while adjusted diluted earnings per share increased 4% YoY	£7.52	(0.3%)
Equipment & Services				
Deere & Company	(4.1%)	Deere reported revenues of \$11.3 billion, a 6% increase YoY driven by increased volume in the agriculture & turf and construction & forestry segments. Net income attributable to Deere was \$1.1 billion for the period, a 6% decrease YoY due to increased production costs and a less favourable product mix. Deere attributes current challenges to the escalating U.S-China trade war, which sees increasing tariff rates. Diluted earnings per share was \$3.52 compared to \$3.67 in the same period last year	US\$156.50	3.3%
Titan Machinery Inc.	nmf	Titan reported revenues of \$278.3 million, a growth of 14.2% YoY. Titan's international business unit saw the greatest revenue increase of 32.2% YoY, which can primarily be attributed to the acquisition of the AGRAM dealership business in Q3. Gross profit increased by 13.2% YoY to \$53.9 million and operating expenses decreased by 12.6% YoY	US\$21.33	34.2%

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