



Agriculture Industry Flash

Tuesday, June 4th, 2019



COMMODITY HANDLING

News Scan

- On May 29th, **Archer Daniels Midland Company (ADM)** announced the creation of a new business unit called Ag Services and Oilseeds, combining ADM's Origination and Oilseed businesses. The Company believes the combination will help them provide value throughout the supply chain with maximum efficiency and set them apart from competitors
- On May 28th, **Federated Co-operatives Limited (FCL)** has reached an agreement to acquire **Terra Grain Fuels'** ethanol plant near Belle Plaine, Saskatchewan, which can process up to 160,000 tonnes of grain annually. Ethanol reduces the amount of greenhouse gas emissions compared to gasoline. The acquisition fits FCL's commitment to being a responsible and sustainable contributor to Western Canada's economy
- On May 23rd, **Burcon NutraScience Corporation**, a global leader in developing plant proteins, announced its plans to build a C\$65 million pea and canola protein production facility, capable of processing 20,000 tonnes per year, in Western Canada. The Company believes this facility will help differentiate themselves through unique plant protein combinations

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	21,466	30,749	7.3x	6.8x	11.6x	10.3x	(0.7)%	(26.4)%
Bunge Limited	7,397	14,314	8.9x	8.2x	18.4x	13.4x	3.3%	(28.5)%
Graincorp Limited	1,223	2,439	19.9x	11.8x	neg	25.7x	(3.5)%	(22.5)%
The Andersons, Inc	877	2,389	10.4x	8.6x	16.1x	11.0x	0.8%	(34.8)%
Ceres Global Ag	86	151	na	na	na	na	2.5%	(12.4)%
Mean			11.6x	8.9x	15.4x	15.1x	0.5%	(24.9)%

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

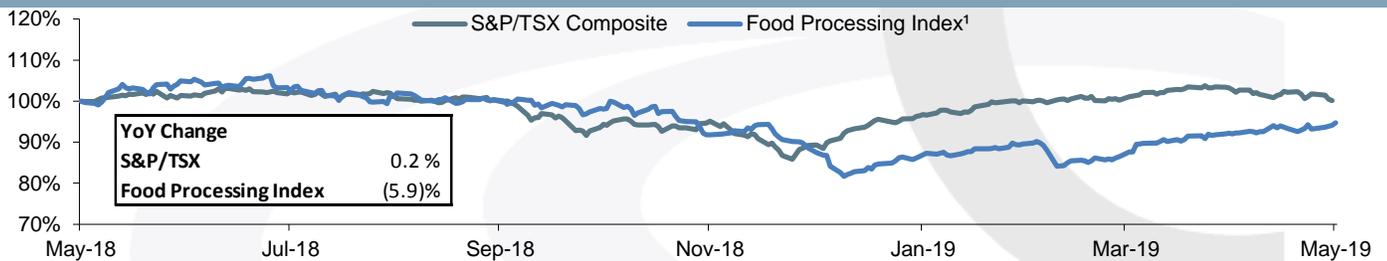


FOOD PROCESSING

News Scan

- On May 22nd, Canadian food brand ideation company, **GreenSpace Brands**, sold its organic juice and iced tea brand, **Kiju**, to **Zurban Beverages** for C\$8 million, representing a transaction multiple of approximately 1x net sales. GreenSpace will use proceeds from the sale to pay down debt and for working capital purposes
- On May 23rd, **Premium Brands Holdings Corporation** announced that it has completed a private placement of C\$60 million to certain shareholders. Proceeds will be used to repay debt, finance organic and acquisition growth opportunities, and for general corporate purposes
- On May 28th, **Conagra Brands Incorporated** announced the completion of its divestiture of **Gelit**, an Italian-based frozen pasta business, with undisclosed transaction terms. The Company is focusing on boosting competency by reshaping its portfolio through acquiring high-margin businesses and divesting less profitable units
- On May 29th, **Ferrero** announced it will be acquiring a controlling stake in **Ice Cream Factory Comaker**, a Spanish ice cream manufacturer. The transaction is expected to be completed in July 2019. The acquisition is part of Ferrero's broader strategy to satisfy evolving consumer needs
- On May 31st, Brazilian meat companies **BRF S.A.** and **Marfrig** announced that they have entered talks to merge their companies and potentially create one of the world's largest meat producers. The Companies expect the merge to lower financial leverage and reduce risk exposure. Both firms have entered a 90-day negotiation period to study and define terms of the deal
- On May 31st, French dairy company, **Lactalis**, acquired Italian cheese maker, **Nuova Castelli**, from London-based private equity firm, **Charterhouse Capital Partners**. Since 2014, Charterhouse has helped Nuova Castelli grow their international footprint and develop new relationships. The acquisition expands Lactalis' portfolio in Italy

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	2020E	Price	52Wk High
George Weston Limited	11,462	26,938	7.2x	6.5x	15.0x	13.9x	1.9 %	(8.0)%
ConAgra Foods, Inc.	13,008	23,589	11.3x	10.7x	13.3x	11.7x	1.3 %	(27.8)%
Ingredion Incorporated	5,079	6,979	7.2x	6.9x	11.0x	10.3x	(2.4)%	(29.6)%
Tate & Lyle plc	4,217	4,611	7.8x	7.6x	13.8x	13.4x	3.4 %	(2.2)%
Premium Brands	2,307	3,182	13.1x	11.8x	21.4x	17.7x	0.2 %	(34.0)%
Maple Leaf Foods Inc.	2,777	3,350	10.7x	9.6x	25.1x	20.2x	(3.0)%	(8.6)%
SunOpta Inc.	333	875	17.2x	13.5x	neg	neg	2.4 %	(50.0)%
Rogers Sugar	454	710	9.7x	9.0x	14.6x	12.1x	0.0 %	(5.3)%
Mean			10.6x	9.5x	16.6x	14.5x	0.5 %	(22.9)%

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.

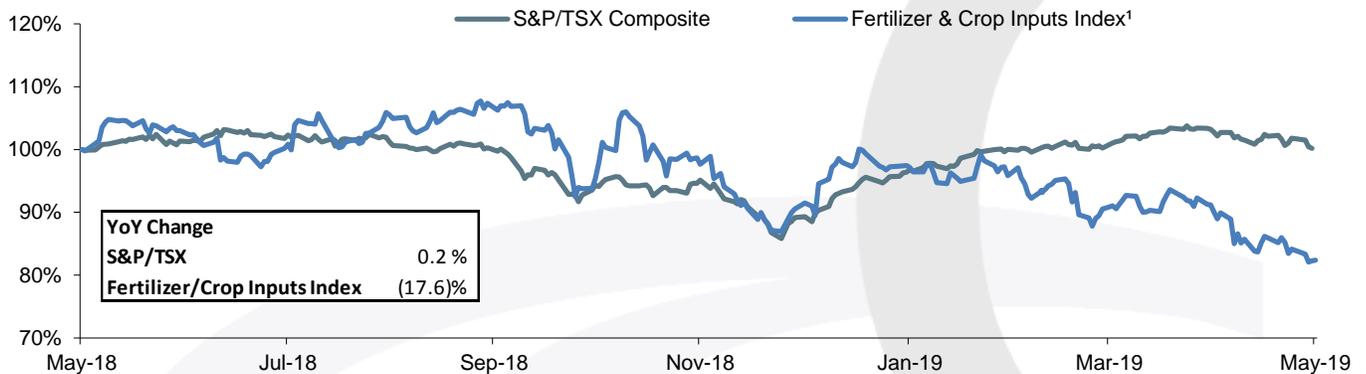


FERTILIZERS & CROP INPUTS

News Scan

- On May 28th, **The Mosaic Company's** Brazil-based business unit, **Mosaic Fertilizantes**, announced that it has resumed mining activities at its Catalão mine after two idle months while the Company worked to bring the mine tailings dam into compliance with new Brazilian regulations. The Company believes that full operation will return across their Brazilian mines by the end of the third quarter
- On May 30th, **Eurotecnica**, a Milan-based licensor, technology provider, and contractor for chemical production plants, announced the completion of a new 60,000 tonnes per year melamine complex. This is the third 60,000 tonnes per year single-reactor and single-purification plant in a row for the Company and it hopes this project will further strengthen the Company's market position in Asia
- On May 31st, **CF Industries** announced that its CFO, Dennis Kelleher, is to retire as of September 1 2019. Christopher Bohn, senior vice president of manufacturing and distribution, has been selected as the successor. Bohn is a 10-year veteran with the Company and has previously served as CFO for **Hess Print Solutions**

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
Nutrien Ltd.	28,998	39,726	8.4x	7.9x	16.5x	14.3x	3.3 %	(13.5)%
CF Industries Holdings, Inc.	8,896	15,618	9.2x	8.3x	19.9x	14.6x	(0.6)%	(28.8)%
Yara International ASA	11,713	15,733	7.1x	6.0x	14.2x	10.7x	0.8 %	(7.8)%
The Mosaic Company	8,283	12,895	5.9x	5.2x	12.4x	9.1x	(0.7)%	(42.5)%
Nufarm Ltd.	1,037	1,993	5.9x	5.3x	8.9x	7.9x	(11.9)%	(58.9)%
Input Capital Corp.	44	44	na	na	na	na	(5.3)%	(41.9)%
Mean			7.3x	6.5x	14.4x	11.3x	(2.4)%	(32.2)%

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

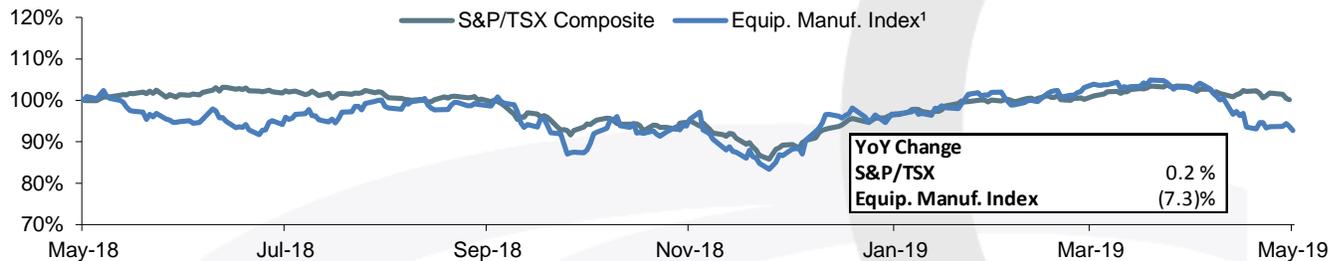


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On May 22nd, **Agrilyst**, a software-as-a-service platform that helps indoor agriculture operations to maximize efficiency, rebranded to **Artemis** and closed a US\$8 million Series A funding led by London-based investors, **Astanor Ventures** and **Talis Capital**. Funding will be used to expand the Company's footprint among large-scale growers
- On May 28th, **Dehaat**, an Indian agribusiness marketplace and supply chain platform, raised US\$2.87 million in venture debt from **Trifecta Capital Advisors**. Dehaat offers end-to-end agricultural services to the highly-fragmented Indian farming network who have low productivity due to the lack of resources. The funding will help the Company launch a financial services program pilot for its members featuring tools such as credit and insurance
- On May 31st, **Canadian Pacific Railway Limited (CP)** and **Yang Ming Marine Transport Corporation** announced a three-year agreement to connect Yang Ming customers with North America via the Port of Vancouver. CP has a growing network of transload facilities which will help connect Yang Ming to its key customers in North America. Effective January 1 2020, CP will handle all of Yang Ming's Vancouver traffic

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	2020E	Price	52Wk High
Deere & Company	44,433	48,076	8.9x	8.3x	15.2x	12.4x	2.7 %	(17.5)%
AGCO Corp	5,111	6,970	7.5x	7.0x	13.4x	12.1x	1.8 %	(11.9)%
Ag Growth International Inc.	730	1,269	9.9x	8.7x	15.7x	12.5x	(0.2)%	(18.2)%
Rocky Mountain Dealerships	121	498	17.7x	15.6x	9.6x	7.4x	(2.7)%	(31.3)%
Cervus Equipment Corporation	139	252	4.6x	4.4x	8.4x	7.5x	(7.5)%	(19.2)%
Mean			9.7x	8.8x	12.5x	10.4x	(1.2)%	(19.6)%

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

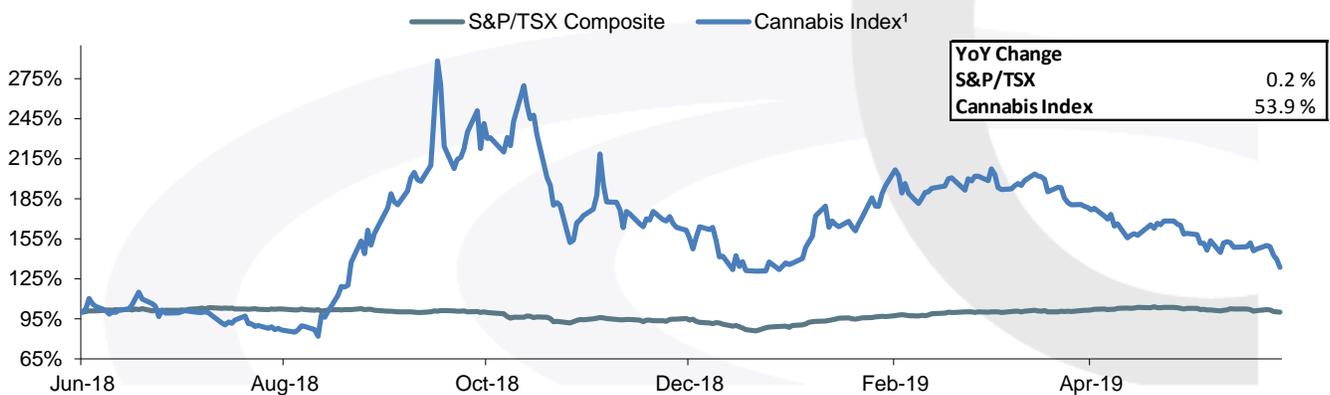


CANNABIS AND HEMP

News Scan

- On May 23rd, **Canopy Growth** announced the filing of management information circulars related to the company's plan to acquire **Acreage Holdings**. This acquisition will provide Acreage with a significant advantage in a competitive U.S market, allowing the Company to continue growth. Together, the two companies believe they will be able to generate higher shareholder value compared to competitors in the U.S
 - On May 22nd, **Canopy Growth** acquired London-based skincare company, **This Works**, for US\$74 million. The acquisition will allow Canopy to move further into the health and wellness industry by offering products infused with CBD oil and hemp, ultimately expanding the Company's vertically integrated production and marketing platform. The Company hopes to strengthen its place in the international market by increasing presence in the UK
- On May 24th, **HEXO**, a consumer packaged goods cannabis company, announced their acquisition of **Newstrike** is expected to close on May 28th. HEXO has a vision to be the leading firm in cannabis technology and the Company believes this acquisition will take them into their next phase of growth
- On May 23rd, **Tilray Inc** announced that its subsidiary, **Tilray Portugal**, received a standard manufacturing license and a Good Manufacturing Practices (GMP) certification, in accordance with the European Medicines Agency. This will allow the subsidiary to export and manufacture GMP-certified dried cannabis for medical products, increasing the Company's exporting capabilities and furthering their ability to serve international markets

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

Market	Cap	TEV	TEV/Revenue		TEV/EBITDA		Week Δ Price	Δ Price 52Wk High
			2019E	2020E	2019E	2020E		
Canopy Growth Corporation	13,991	11,979	27.7x	12.9x	neg	74.2x	3.3%	(29.0)%
Aurora Cannabis Inc.	7,735	8,031	23.5x	10.4x	neg	39.2x	(0.6)%	(36.8)%
Aphria Inc.	1,656	1,565	4.5x	2.5x	neg	14.2x	0.8%	(59.4)%
CannTrust Holdings Inc.	717	519	5.2x	2.7x	neg	9.5x	(0.7)%	(54.2)%
Cronos Group Inc.	4,643	2,999	79.7x	21.8x	neg	91.3x	(11.9)%	(42.0)%
Tilray, Inc.	3,679	3,569	19.7x	9.4x	neg	nmf	(5.3)%	(87.3)%
Mean			26.7x	9.9x	na	45.7x	(2.4)%	(51.4)%

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 May 17th, the **Association of Equipment Manufacturing (AEM)** reported that combined tractor sales in Canada dropped 26.7% compared to the same period last year. Specifically, tractors with 40 to 100 horsepower took the largest hit in sales. Furthermore, four-wheel drive tractor sales have hit an all-time low with a decline of 15.7% year-over-year
- On May 23rd, **Mecaris**, an organic and non-GMO trading platform and market information company, announced that prices for organic food-grade wheat and durum were mixed in March and April, but higher than the previous period. Prices averaged US\$20.62 for food-grade organic wheat and US\$190.09 for food-grade organic durum. Prices for organic food-grade soybeans were also higher in March and April, while corn stayed relatively flat
- On May 28th, **Marcos Mosnaim of Globeway Canada Inc.** reported that red and green lentil prices have stabilized after their recent increase, with red lentils priced at US\$0.19 per pound and green lentils at US\$0.21 per pound. Red lentil prices began increasing about two weeks ago due to Indian exporters increasing prices. Moving forward, cheaper prices in the Black Sea Region could affect the prices of both red and green lentils in Canada
- On May 24th, both **Statistics Canada** and **The United States Department of Agriculture (USDA)** reported projections for canola exports in Canada. Statistics Canada estimated 9.3 million tonnes, while the USDA projected 9.75 million tonnes. The Intercontinental Exchange Futures canola contracts were stronger the previous week and it was noted that the canola market will continue to fluctuate
- On May 30th, U.S corn futures rose 2.2%, bouncing back from the slow moving pace the industry was seeing previously. Prices of corn hit their highest point for the past three weeks and will hopefully continue to increase to entice farms to continue planting seeds
- On May 29th, the **United States Department of Agriculture** highlighted in its March 12 Oil Crops Outlook that prices for soybeans are steady and marginally high for soybean oil. These steady sales can be attributed to the high demand in China for oilseeds. As of February 28th, exports of soybeans to China were 9.4 million tonnes. The **International Grains Council** also noted that the fluctuation in soybeans have also affected the flow of rapeseed with ICE canola down 3% and Euronext rapeseed down 4%. The developing row between Canada and China may also be affecting the prices of rapeseed, with China cancelling their registration with Canada's largest grain handler
- On May 30th, **Manitoba's Minister of Agriculture** stated that peas would be the next successful crop in Manitoba. The minister's optimism stems from the world's largest pea processing plant in Portage La Prairie, Manitoba. The C\$400 million plant will be able to process 125,000 tonnes per year. **Statistics Canada** projected dry pea acres in Manitoba to drop 8.6% to 77,700 tonnes. Canada's pea production has been expected to increase by nearly 420,000 tonnes to 4 million tonnes for the 2019-2020 crop year
- On May 31st, the **United States Department of Agriculture** detected a Fall Armyworm in China's crops, impacting 90,000 hectares of grain production in 15 provinces, posing problems for the second largest corn producing country. China is forecasted to produce 257.3 million tonnes of corn in 2019-2020, but the Fall Armyworm may result in yield losses of 20-50%

Commodities Futures as of May 31st, 2019

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$4.27	15.88 %	13.64 %
Wheat (CBOT)	\$ per bu.	\$5.03	15.37 %	(0.74)%
Oats (CBOT)	\$ per bu.	\$3.15	6.70 %	13.03 %
Rough Rice (CBOT)	\$ per cwt.	\$11.46	8.48 %	10.68 %
Rapeseed (Canola) (ICE)	CAD per T	\$459.50	5.29 %	(5.99)%
Ethanol (CBOT)	\$ per gal.	\$1.51	14.02 %	18.57 %



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	£7.41	2.6%
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 trade war. Diluted earnings per share was \$3.52 compared to \$3.67 in the same period last year	US\$156.50	11.7%
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	27.6%

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