



Agriculture Industry Flash

Wednesday, September 25th, 2019

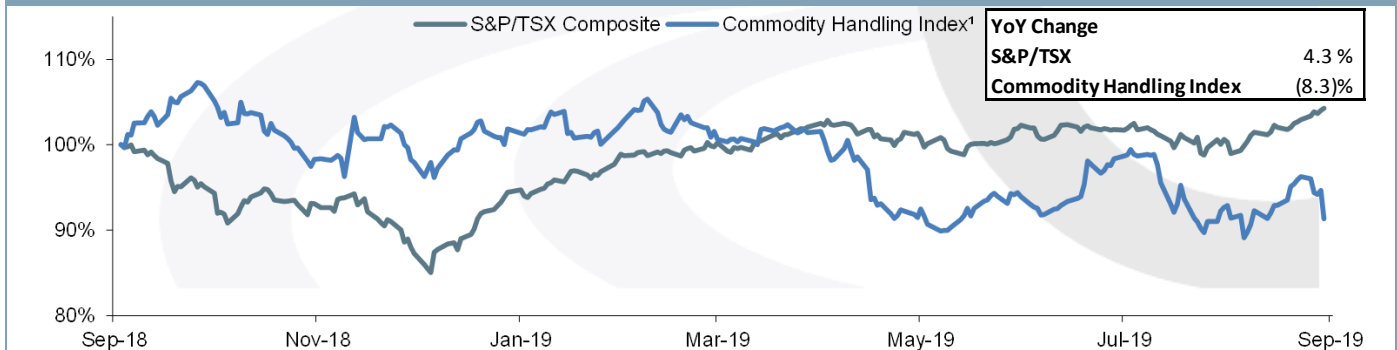


COMMODITY HANDLING

News Scan

- On September 20th, **Ceres Global Ag Corp.**, announced that is hoping to raise C\$12.6 million by selling nearly 2.8 million common shares – representing approximately 10% of the company's total outstanding shares – in a private placement offer. New York-based **VN Capital Management**, through VN Capital Fund C, is expected to purchase nearly 2.76 million shares
- On September 19th, **Glencore Agriculture Ltd.** announced it is joining **Archer Daniels Midland Co.**, **Bunge**, **Cargill**, **COFCO International** and **Louis Dreyfus Company** in an industry-wide initiative to modernize global agriculture commodity trade operations. The group is collaborating on critical issues such as security and data privacy, technology choices, business model, adoption strategy, and functionalities and capabilities, in the hopes of developing new platforms that will meet industry needs. Immediate steps include the development and execution of a pilot that will cover international bulk shipments of soybeans from Brazil to China
- On September 18th, **Cargill** announced its exit from the asset management business with the announcement it has agreed to sell its ownership and economic interest in **CarVal Investors LLC** to a partnership comprised of the firm's senior management team. The terms of the sale were not disclosed
- On September 13th, **Bunge** announced it is acquiring a 30% stake in a Brazilian-grain sourcing business, **Agrofel Grains and Inputs**. Agrofel's business has a network of 15,000 farmers supported by 38 units, including warehouses and stores, with a combined capacity of 450,000 tonnes and 470 employees. Deal terms were not disclosed
- On September 11th, **AAK** announced it has acquired a majority stake in Manchester, U.K.-based **Soya International**, a leading supplier of soy and sunflower lecithin, food ingredients for non-GMO and organic products. The business will trade under a new name: **AAK Soya International Ltd.** The terms of the transaction were not disclosed

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
ADM	22,780	31,493	8.4x	7.4x	14.4x	11.7x	(1.8)%	(21.4)%
Bunge Limited	7,922	15,445	9.6x	8.9x	17.7x	14.7x	(1.5)%	(22.7)%
Graincorp Limited	1,277	2,467	28.8x	13.1x	neg	45.8x	0.6%	(17.4)%
The Andersons, Inc	849	2,407	9.9x	8.1x	17.7x	11.5x	(5.6)%	(32.1)%
Ceres Global Ag	81	133	na	na	na	na	(13.5)%	(21.3)%
Mean			14.2x	9.4x	16.6x	20.9x	(4.4)%	(23.0)%

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

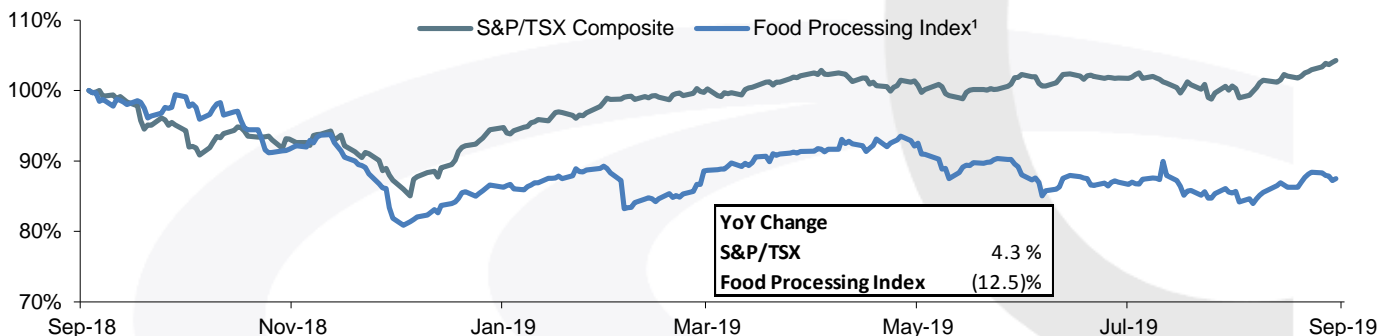


FOOD PROCESSING

News Scan

- On September 19th, **Fairfield Gourmet Foods Corp.**, parent company of David's Cookies, has acquired **Foxtail Foods**, a producer of baked and unbaked pies, cookie dough, muffin batter, pancake mixes and other dessert items. The transaction further solidifies Fairfield as a one-stop-shop for bakery and pastry items. Terms of the transaction were not disclosed
- On September 19th, **Coca-Cola HBC (Hellenic Bottling Company) Italia** has agreed to acquire Italian water and sparkling beverages company, **Lurisia** in a deal worth €88 million. Acque Minerali, better known as Lurisia is a producer and distributor of natural mineral water and adult sparkling beverages with strong Italian origins
- On September 16th, **AB InBev**-owned **Carlton and United Breweries (CUB)** has acquired **Riot Wine**, an Australian seller of wine inside exclusive kegs and can based packaging. Financial details of the deal were not disclosed
- On September 12th, **Conagra Brands** announced it has opted to offload its direct-store-delivery (DSD) snacks business to **Itz Quality Foods** for an undisclosed sum. Conagra Brands acquired the DSD snacks business in 2018 as part of its US\$10.9 billion acquisition of **Pinnacle Foods**. The sale of the unit will allow Conagra to focus on its core business operations
- On September 11th, **Wells Enterprises** announced it has acquired low-calorie ice-cream brand **Halo Top** from Eden Creamery, for an undisclosed figure, which is reported to be as much as US\$2 billion. Halo Top produces a wide range of low-calorie ice creams, and was one of the first major brands to build a strong presence in the low-calorie ice cream space

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	12,953	28,968	7.0x	6.7x	15.4x	14.4x	2.1%	(0.4)%
ConAgra Foods, Inc.	14,506	24,971	12.1x	11.1x	15.9x	13.5x	(0.2)%	(20.7)%
Ingredion Incorporated	5,476	7,273	7.7x	7.4x	12.4x	11.6x	(1.8)%	(23.7)%
Tate & Lyle plc	4,270	4,638	7.6x	7.4x	13.8x	13.9x	(0.4)%	(8.4)%
Premium Brands	2,668	3,107	12.3x	11.1x	24.4x	20.9x	(0.7)%	(6.5)%
Maple Leaf Foods Inc.	2,806	3,152	10.2x	9.0x	25.5x	21.0x	(3.1)%	(14.4)%
SunOpta Inc.	186	776	20.3x	14.9x	neg	neg	(10.8)%	(71.7)%
Rogers Sugar	437	701	10.1x	8.9x	14.2x	12.3x	0.2%	(10.5)%
Mean			11.0x	9.7x	17.9x	15.9x	(2.1)%	(20.8)%

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.

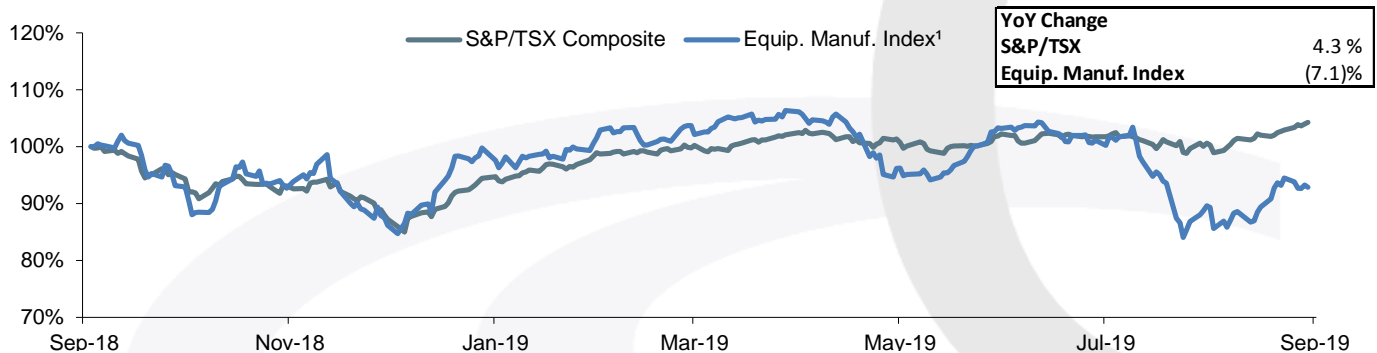


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On September 18th, **Rocky Mountain Dealerships Inc. (RME)**, Canada's largest agriculture equipment dealer, announced that as part of its ongoing efforts to rationalize its cost structure, it has initiated proceedings to voluntarily delist the common shares of RME from the OTCQX international marketplace
- On September 13th, **Agrisolutions**, the leading wearable components and accessories group that services the global agricultural marketplace with its 5 brands, announced the signing of a definitive agreement to acquire **Carl Sülberg GmbH (Sülberg)**. Sülberg is a manufacturer of forged steel guards, a key consumable component in the cutting and harvesting of crops. The terms of the transaction were not disclosed
- On September 12th, **Alamo Group** announced that it has entered into an agreement to acquire 100% of the outstanding shares of **Morbark, LLC**, a leading manufacturer of equipment and aftermarket parts for forestry, tree maintenance, biomass, land management and recycling markets. These products are marketed under brands Morbark, Rayco, Denis Cimaf and Boxer
- On September 11th, **Titan Machinery Inc.**, a leading dealer network of full service agricultural and construction equipment stores, announced it has entered into an agreement to acquire the assets of **Uglen-Ness Co.**, and become the **Case IH Agriculture** dealer in Northwood, North Dakota. The sale is anticipated to close on October 1st, 2019

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	51,661	56,256	11.6x	10.9x	17.7x	14.6x	(0.8)%	(4.2)%
AGCO Corp	5,829	7,699	8.4x	7.9x	15.0x	13.7x	(0.4)%	(5.2)%
Ag Growth International Inc.	628	1,192	10.3x	8.8x	18.9x	13.1x	(1.0)%	(30.9)%
Rocky Mountain Dealerships	102	134	6.2x	5.0x	15.9x	9.3x	(0.4)%	(34.3)%
Cervus Equipment Corporation	102	166	3.9x	3.4x	11.1x	8.3x	(6.1)%	(40.2)%
Mean			8.1x	7.2x	15.7x	11.8x	(1.8)%	(23.0)%

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

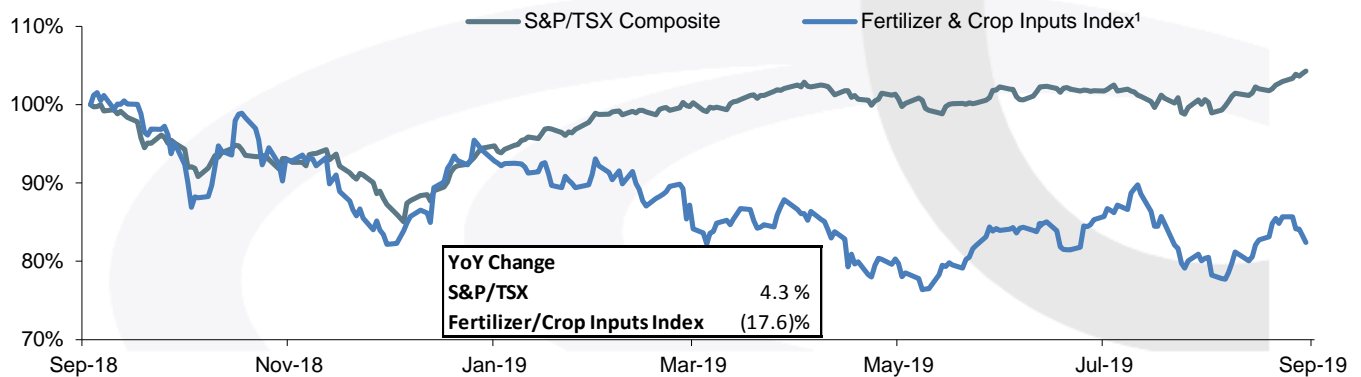


FERTILIZERS & CROP INPUTS

News Scan

- On September 23rd, **Uralkali** and **Uralchem** announced they have agreed with **Fertilizantes Heringer SA** to become controlling shareholders in the Brazilian firm that is now under bankruptcy protection. The Russian companies would buy the Brazilian firm's shares for 2 reais (- US\$0.48) each in a deal that would result in a capital increase of US\$110 million
- On September 20th, **Uralkali** has announced plans to cut back potash production in 2H19. The company expects to reduce its total output of potash by approximately 350,000 - 500,000 tons. The cutback is largely as a result of the current drop in demand and scheduled maintenance activities, which require a temporary shutdown of the company's production facilities
- On September 20th, **EuroChem Group AG** announces a multi-year agreement with Houston-based **American Plant Food (APF)** for the supply of fertilizers to its blending business. EuroChem will supply mixed shipments of N, P and K fertilizers, including urea, phosphate, and potash, to APF for handling, marketing, sales and distribution
- On September 18th, **Dangote Industries** announced plans to deploy four plants, adding capacity of 2.90 million tpy of ammonia, highest among all operators globally, by 2030; in-effect, contributing approximately 6% of global growth by 2030
- On September 16th, **Maire Tecnimont S.p.A.** announced its subsidiary **Tecnimont S.p.A.** has signed with **Egypt Hydrocarbon Corporation** a preliminary EPC contract related to the implementation of a new ammonia plant in Ain Sokhna, Egypt
- On September 12th, **Nutrien Ltd.** announced that it expects to proactively take up to 8-weeks of inventory shutdowns at its Allan, Lanigan and Vanscoy potash mines in Saskatchewan, Canada, during 4Q19 in response to the potash market slowdown
- On September 11th, **The Mosaic Company** will idle its Louisiana phosphates operations to reduce production by approximately 500,000 tonnes in 2019, with the intention of reducing high phosphate fertilizer inventories

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
Nutrien Ltd.	29,555	40,967	8.9x	8.1x	18.5x	15.1x	(0.3)%	(9.6)%
CF Industries Holdings, Inc.	10,761	17,452	9.8x	9.1x	20.7x	16.3x	(1.2)%	(12.8)%
Yara International ASA	11,460	15,290	6.7x	5.8x	13.7x	10.8x	(4.7)%	(8.5)%
The Mosaic Company	7,984	12,518	6.7x	5.7x	18.2x	11.0x	(8.7)%	(44.6)%
Nufarm Ltd.	1,186	2,121	7.0x	5.9x	15.2x	10.7x	(9.3)%	(31.5)%
Input Capital Corp.	37	36	na	na	na	na	0.0%	(37.5)%
Mean			7.8x	6.9x	17.2x	12.8x	(4.0)%	(24.1)%

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

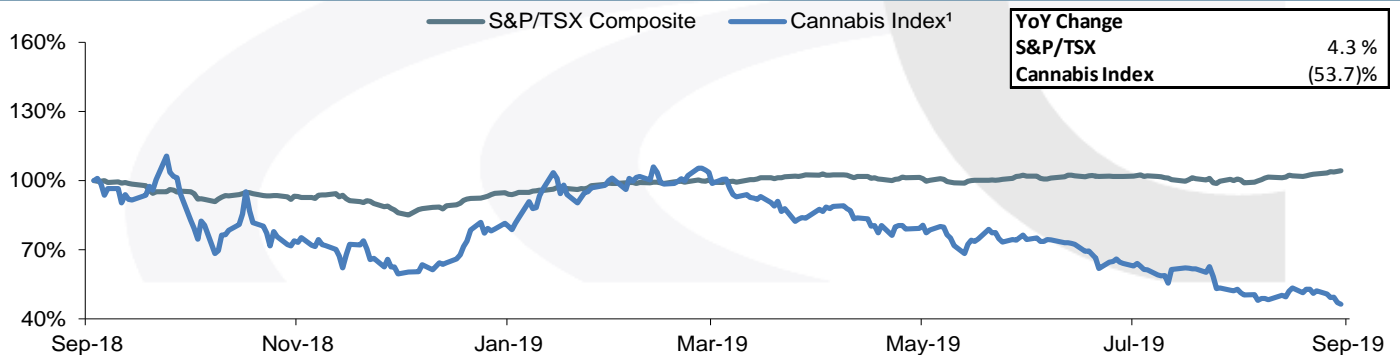


CANNABIS AND HEMP

News Scan

- On September 20th, cannabis investor, **Altitude Investment Management** announced it is aiming to raise US\$150 million for its second cannabis focused investment fund, which will focus on investment opportunities in Europe. This comes following its first cannabis fund, which closed at US\$30 million on November 30th, 2018, largely from high-net-worth individuals and family offices
- On September 19th, **iAnthus Capital Holdings (iAnthus)**, which owns, operates, and partners with regulated cannabis operations across the U.S., has announced that its U.S. subsidiary has entered into an agreement to acquire **WSCC, Inc. (Sierra Well)**, a leading Nevada-based vertically integrated, fully-licensed cannabis dispensary with two cultivation/production locations totalling over 20,000 square feet, nearly doubling iAnthus' production capacity
- On September 17th, **CannTrust Holdings Inc.** announced that **Health Canada** has suspended its cannabis production license, citing previous non-compliance with certain requirements of the Cannabis Act and regulations made thereafter
- On September 16th, **Cresco Labs** announced it has acquired **Tryke Companies**, for US\$282.5 million, partially financed by US\$73.5 million public unit offering. The purchase includes the iconic Reef Dispensary located adjacent to the Las Vegas Strip
- On September 16th, **Medicine Man Technologies** announced that its recent US\$31 million acquisition of **Strawberry Fields**, an integrated cannabis operator located in Southern Colorado is projected to add US\$170 million of annual revenue and contribute to its strategy of building the largest vertically integrated cannabis company in the U.S.
- On September 12th, **Innovative Industrial Properties (IIP)**, announced that it has closed on the final parcel of a **four-property portfolio in southern California**, approximately 79,000 square feet total, for ~ US\$17.3 million (excl. transaction costs). Concurrently, IIP signed long-term, triple-net leases at each property with a subsidiary of **Medical Investor Holdings LLC** for continued operation

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/Revenue		TEV/EBITDA		Week Δ	Δ Price
	Cap	TEV	2019E	2020E	2019E	2020E	Price	52Wk High
Canopy Growth Corporation	8,756	7,891	21.6x	9.8x	neg	neg	(7.7)%	(56.2)%
Aurora Cannabis Inc.	5,116	5,377	18.3x	9.0x	neg	36.7x	(15.2)%	(58.9)%
Aphria Inc.	1,541	1,176	3.2x	2.0x	neg	12.2x	(9.0)%	(61.1)%
CannTrust Holdings Inc.	177	145	2.6x	1.6x	neg	neg	(19.6)%	(88.9)%
Cronos Group Inc.	3,367	3,229	78.6x	20.1x	neg	neg	(11.1)%	(58.7)%
Tilray, Inc.	2,807	2,717	14.9x	8.0x	neg	neg	(8.4)%	(83.8)%
Mean			23.2x	8.4x	na	24.4x	(11.8)%	(67.9)%

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 September 23rd, the **U.S. Department of Agriculture (USDA)** reported rice consumption (at 8.4 million tonnes) continues to decline in Japan due to a decline in population and a downward trend in per capita consumption, ranking Japan eighth globally
- On September 20th, **Coceral** revised higher estimates for 2019 European Union (E.U.) annual grain output, at 305 million tonnes, up from the prior forecast in May, of 301 million tonnes, with the U.K. and France being the biggest drivers
- On September 20th, Alberta's **Provincial Agriculture Dept.** reported harvest progress remains behind normal levels due to recurring showers limiting activity. Total harvest is estimated at 18% complete, below 5-year average of 31%; most advanced in southern Alberta (50% complete). However, Peace River and northwest regions were only 5% and 3% percent done respectively.
- On September 19th, the **Manitoba Farmers Group** announced February 13th, 2020 vote on the amalgamation proposal of five commodity groups, the Leaders of the Manitoba Corn Growers Association, the Manitoba Flax Growers Association, the National Sunflower Association of Canada, Winter Cereals Manitoba and the Manitoba Wheat and Barley Growers Association
- On September 18th, **Louisiana's Office of Alcohol and Tobacco Control** issued 903 CBD permits to vendors all over the state. While many states have jumped onto the hemp bandwagon with the 2018 Farm Bill, Louisiana appears to be the first to issue these kinds of licenses, signalling as to how retailing may play out with CBD and cannabis, in Louisiana and other states
- On September 18th, the **USDA** reported lower E.U. oilseed forecast for 2019-2020. A 19% drop in rapeseed area is leading to a significant decline of major oilseeds area and production in the E.U., with forecasted production being the lowest since 2007-2008, at 17.8 million tonnes
- On September 17th, **EuroChem Group AG** have welcomed a ruling by the **World Trade Organization (WTO)** Appellate Body that anti-dumping duties levied by Ukraine on ammonium nitrate imports from Russia violate its rules. The ruling upholds an earlier WTO panel judgment from July 20th, 2018 against Ukraine's decision to introduce duties on imports of ammonium nitrate
- On September 17th, **USDA** data reported September corn harvest are starting below average, with rates as of Sept. 15 at 4% of annual harvest, below the 5 year avg. of 7% and the 8% rate this time last year. Soybeans also lagged behind last year's numbers, with 95% of soybeans reported as setting pods, behind the 5 year avg. of 100% and last year's 100%
- On September 16th, following President Trump's decision to postpone a tariff hike on Chinese imports from Oct. 1 to Oct. 15, China announced it will suspend punitive tariff hikes on U.S. soybeans and pork. Opening the door to U.S. soybeans would be helpful to Chinese pig farmers who are recovering from increased pork prices following an epidemic of African swine fever. Last year, in response to U.S. tariffs on Chinese goods, China imposed a 25% tariff on U.S. farm goods, ordering importers to stop purchasing U.S. soybeans
- On September 13th, the **USDA** lowered its 2019 corn and soybean production forecasts. U.S. production of corn is forecasted at 13.8 billion bushels, down 4.3% from 2018. U.S. soybean production was forecast at 3.6 billion bushels down 20% from 2018
- On September 11th, Argentina, the world's top soymeal producer, announced it has reached an agreement to export the product to China, the world's largest soymeal consumer. The **USDA** reported that Argentina is forecast to export more than 30 million tonnes of soymeal and China is forecasted to consume 66 million tonnes of soymeal, in 2019 to 2020

Commodities Futures as of September 23rd, 2019

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.71	2.70 %	(6.91)%
Wheat (CBOT)	\$ per bu.	\$4.84	8.27 %	(8.76)%
Oats (CBOT)	\$ per bu.	\$2.76	3.96 %	2.22 %
Rough Rice (CBOT)	\$ per cwt.	\$12.32	5.39 %	16.12 %
Rapeseed (Canola) (ICE)	CAD per T	\$447.40	(0.84)%	(10.77)%
Ethanol (CBOT)	\$ per gal.	\$1.36	3.11 %	(0.37)%



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Cannabis				
Aurora Cannabis Inc.	n/a	Aurora Cannabis announced financial results for the fourth quarter and the 2019 fiscal year. Aurora generated total revenue of C\$98.9 million, up 52% from prior quarter. Net revenue increased 61% to C\$94.6 million from prior quarter and the gross margin on net revenue was 58%. The results come on the back of announced expansion into the lucrative German medical cannabis marketplace the previous quarter, along with increasing capacity across various facilities. Though unexpected, the revenue and earnings miss stemmed from cost overruns related to Aurora's non-core businesses, such as analytical testing and patient counselling. This, coupled with a slower than expected rollout of brick-and-mortar retail cannabis stores points to a longer pathway to profitability	C\$10.77	61.4%
The Supreme Cannabis Company, Inc.	n/a	Supreme Cannabis generated Q4 2019 net revenue of C\$19 million, a 90% increase from Q3 2019 (C\$10 million). Fiscal 2019 total revenue was C\$41.8 million, a 370% increase from fiscal 2018 (C\$8.9 million). Forecasted net revenue for fiscal 2020 is expected to be between C\$150 million and C\$180 million, and positive adjusted EBITDA is expected for fiscal 2020. The main factor for the positive results is Supreme Cannabis' core recreational flower brand, 7ACRES, which accounted for the Company's marked increase in revenue, growing 443% year-over-year from C\$3.5 million in Q4 2018 to C\$19 million in Q4 2019 and 90% quarter over quarter from C\$10 million in Q3 2019	C\$2.83	105.0%

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