



Agriculture Industry Flash

Monday, November 4th, 2019

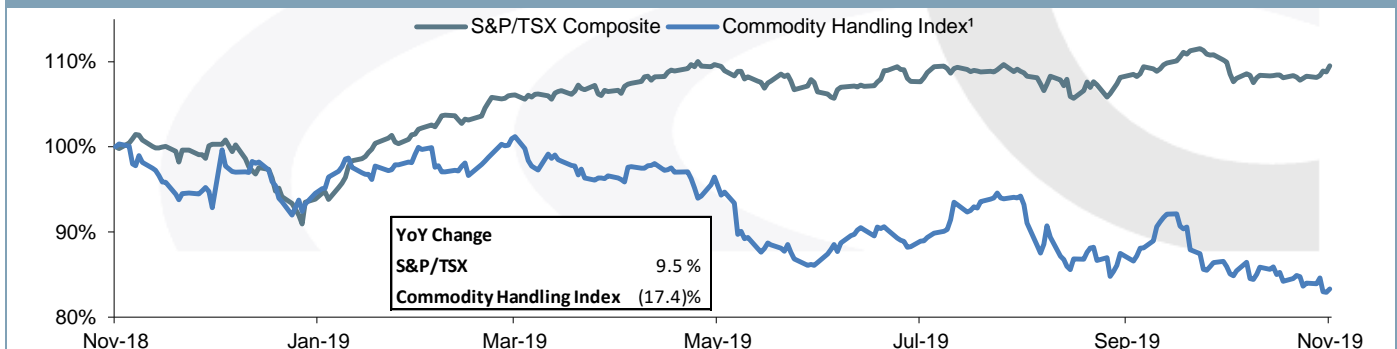


COMMODITY HANDLING

News Scan

- On October 31st, **ETG Commodities (ETG)** announced it is buying four pulse processing facilities from **Ilta Grain Inc. (Ilta)**. Concurrently, Ilta's remaining processing plant in Saskatoon is being sold to **DG Global Inc.** Terms of either transaction were not disclosed. **Origin Merchant Partners** acted as the Financial Advisor to Ilta with respect to the transactions
- On November 1st, **Olam International Ltd. (Olam)** announced it has completed the acquisition of **Dangote Flour Mills (DFM)**, for N\$120 billion (US\$331 million), following approval from DMF shareholders. DFM is a Nigeria-based company engaged in wheat milling, flour and pasta manufacturing and distribution since 1999.
- On November 1st, **Seaboard Corp. (Seaboard)** announced it has acquired the remaining shares in **ContiLatin del Peru S.A. (CLDP)** from **Continental Grain**. CLDP was formed in 1994 as a soybean, grain, and animal processing trade and imports business, located in Peru. Seaboard joined in 2007 as a joint-venture partner. Financial terms were not disclosed
- On October 30th, **Pipeline Foods** announced it has agreed to acquire the ancient grains and speciality products business of **Organic Ventures**, in a move which will expand its portfolio and strengthen its focus on organic corn products. Following the agreement, Pipeline Foods will originate all grain and ingredients for the Organic Ventures lines of business, as well as its subsidiary, **Great River Organic Milling**. Financial terms of the agreement were not disclosed
- On October 29th, **Trouw Nutrition Canada (Trouw)** announced it has agreed to acquire **Yantzi's Feed & Seed Ltd. (Yantzi)**. The acquisition includes Yantzi's feed manufacturing, grain storage, crop input, and grain elevator facilities, along with retail stores in Travistock, ON and Brunner, ON. Yantzi has total grains storage capacity of 16,000 tonnes. Financial terms were not disclosed
- On October 24th, the **Australian Competition and Consumer Commission (ACCC)** announced it has extended its timeline review of the proposed sale of **GrainCorp's** Australian Bulk Liquid Terminal business to **ANZ Terminals**. The transaction was originally announced on March 4th, 2019, for a total enterprise value of A\$350 million, ~ 13.0x TEV / 2019E EBITDA

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
ADM	23,620	31,625	8.9x	7.6x	16.5x	12.5x	4.7%	(13.4)%
Bunge Limited	7,681	15,864	10.4x	9.8x	19.5x	15.2x	(0.8)%	(15.5)%
Graincorp Limited	1,137	2,350	26.9x	12.2x	neg	40.0x	(2.3)%	(27.7)%
The Andersons, Inc	618	2,170	9.0x	7.8x	13.2x	8.7x	5.2%	(50.1)%
Ceres Global Ag	99	152	na	na	na	na	(4.9)%	(13.3)%
Mean			13.8x	9.4x	16.4x	19.1x	0.4%	(24.0)%

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

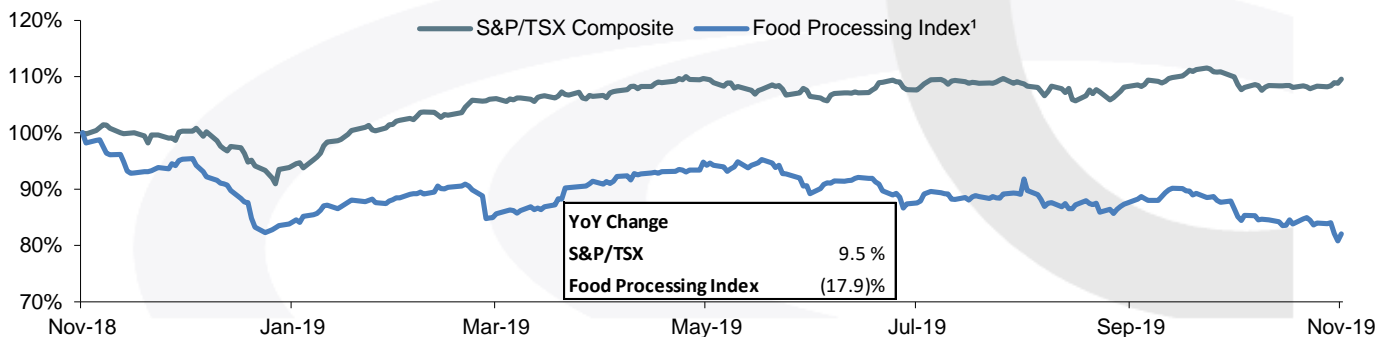


FOOD PROCESSING

News Scan

- On October 31st, **Calbee America (CAI)**, the U.S. subsidiary of Japanese snack food maker **Calbee**, announced it has agreed to acquire an 80% ownership stake of U.S. savoury snack manufacturer **Warnock Food Products** in a move to expand its product portfolio in the U.S. snack market. Additional terms were not disclosed
- On October 31st, **Lassonde Industries (Lassonde)** announced it has entered into an agreement to acquire Canadian fruit-based snack and beverage manufacturer **Sun-Rype** from the **Jim Pattison Group** for C\$80 million. As part of the deal, Lassonde will assume ownership of Sun-Rype's plants in Kelowna, BC, Selah, WA and Wapato, WA
- On October 31st, Brazilian meat producer **BRF** announced it has signed a memorandum of understanding with the **Saudi Arabian General Investment Authority (SAGIA)**, to invest US\$120 million, for the construction and operation of a 50,000 tonnes per year chicken processing plant in the country, slated to be the company's fifth production site in the Middle East
- On October 28th, **Synlait** announced it has agreed to acquire New Zealand-based **Dairyworks** for NZD\$112 million (US\$71 million) as it looks to expand in Australia. Based in Christchurch, Dairyworks produces a range of cheese, butter, milk powder and ice cream under brands such as Rolling Meadow, Deep South and Dairyworks
- On October 24th, **Arla Foods** announced it has inaugurated a cheese production site in Manama, Bahrain to meet the increasing demands for dairy in the Middle East and North Africa. Additionally, the Danish cooperative plans on investing €50 million to transform the facility into a regional hub and increase annual production capacity to 100,000 tons by 2025
- On October 23rd, **Tetra Park** announced the opening of its €25 million cheese production centre in Poland. The facility is a 12,000 square foot location that will employ over 350 employees

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

Market	Market		TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
	Cap	TEV	2019E	2020E	2019E	2020E		
George Weston Limited	12,246	28,314	6.8x	6.3x	14.5x	13.5x	(1.0)%	(7.9)%
ConAgra Foods, Inc.	13,368	23,991	11.8x	10.9x	14.6x	12.5x	1.4 %	(23.1)%
Ingredion Incorporated	5,487	7,284	7.8x	7.6x	12.6x	11.9x	3.8 %	(23.6)%
Tate & Lyle plc	4,072	4,455	7.0x	6.8x	12.7x	13.0x	(0.3)%	(16.6)%
Premium Brands	2,465	2,907	11.5x	10.3x	22.4x	19.2x	(3.0)%	(12.4)%
Maple Leaf Foods Inc.	2,205	2,720	10.9x	9.5x	33.3x	21.5x	(19.6)%	(34.5)%
SunOpta Inc.	187	777	20.3x	14.9x	neg	neg	27.6 %	(71.5)%
Rogers Sugar	432	698	9.9x	8.8x	13.9x	12.1x	(0.7)%	(12.1)%
Mean			10.9x	9.5x	18.3x	15.3x	1.3 %	(27.1)%

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.

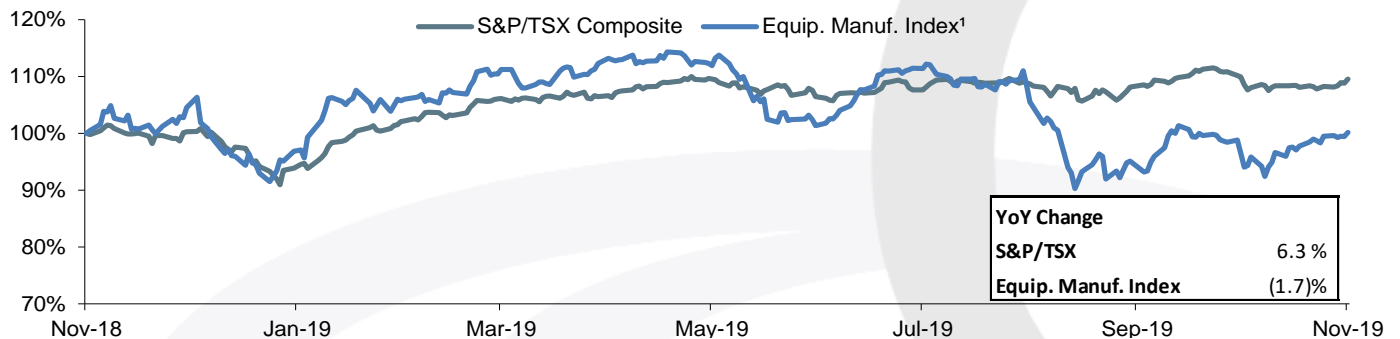


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On November 4th, **CNH Industrial N.V. (CNH)** announced it has reached an agreement to acquire the Australian agricultural implement manufacturer **K-Line Ag**. K-Line is a leading tillage manufacturer in Australia by designing robust and reliable products for some of the world's harshest soil conditions. Terms were not disclosed
- On November 1st, **Raven Industries (Raven)** announced it has acquired **Smart Ag Inc.**, a technology company that develops autonomous farming solutions for agriculture. Smart Ag offers aftermarket retrofit kits to automate farm equipment as well as a platform to connect, manage and safely operate autonomous agricultural machinery. Following the acquisition, Smart Ag will be consolidated into Raven's recently formed Raven Autonomy platform. Terms were not disclosed
- On October 31st, **Raven** announced it has entered into agreement to acquire majority ownership of **DOT Technology Corp. (DOT)**, a leader in autonomous agricultural solutions. DOT is the designer and manufacturer of a unique U-shaped diesel-powered platform designed to autonomously handle a large variety of agricultural implements. Through its accurate path planning technology, the platform is able to complete tasks autonomously. In turn, agriculture professionals can make better use of their time and overall operations. The transaction is expected to close in November 2019, and terms were not disclosed

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
Deere & Company	55,452	60,148	12.4x	11.6x	19.0x	15.6x	2.3%	(0.2)%
AGCO Corporation	5,924	7,798	8.6x	8.0x	15.3x	14.0x	2.8%	(3.6)%
Ag Growth International Inc.	605	1,174	10.4x	8.7x	19.1x	12.8x	3.5%	(32.4)%
Rocky Mountain Dealerships Inc.	96	147	10.1x	6.9x	neg	14.9x	(3.7)%	(36.8)%
Cervus Equipment Corporation	96	161	3.9x	3.3x	15.3x	9.5x	(2.2)%	(44.2)%
Mean			9.1x	7.7x	17.2x	13.4x	0.5%	(23.5)%

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

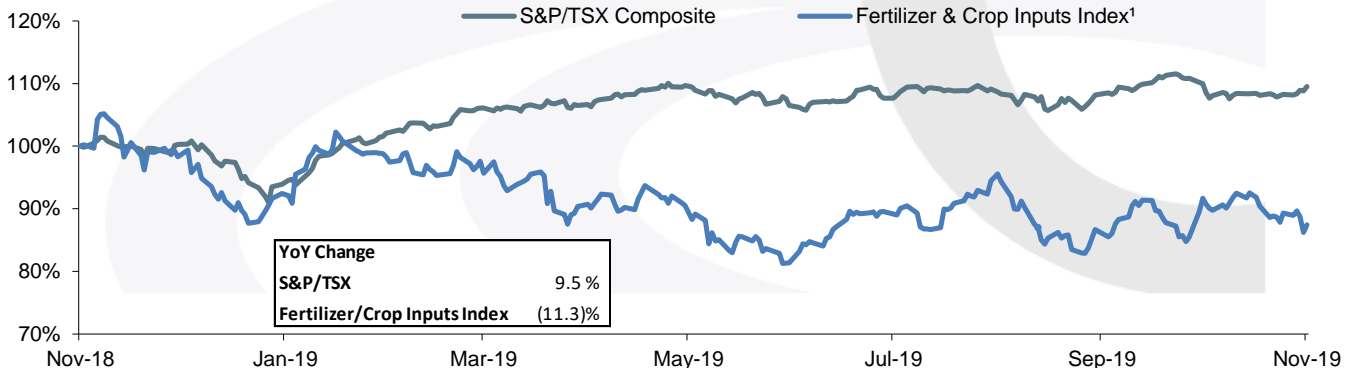


FERTILIZERS & CROP INPUTS

News Scan

- On October 30th, Tel-Aviv based crop protection company **Adama** announced it has acquired Peru-based **AgroKlinge**, a leading domestic crop protection and plant nutrition company active in the US\$240 million Peru crop protection industry. This acquisition will allow ADAMA to further improve and expand its business in Peru, broadening its portfolio and enhancing its access to large scale industrial farmers. Financial terms were not disclosed
- On October 29th, **Kalium Lakes Ltd.** announced it has come to an agreement with **Wirtgen Pty Ltd. (Wirtgen)** to supply the Beyondie Sulfate of Potash Project (BSOPP) with Wirtgen W220 salt milling machines. Wirtgen's Australia team will configure the machine for the technical requirements of the BSOPP. The contract for this equipment falls within the facility guaranteed by the German Government export credit agency, Euler Hermes
- On October 28th, **Uralkali** announced that **Uralkali Trading**, (a wholly-owned subsidiary of Uralkali), has concluded a contract with **Indian Potash Ltd (IPL)** for potash deliveries between October 2019 and March 2020. The contract delivery price for potash fertilizers is undisclosed but Uralkali estimates it will hover around market levels
- On October 25th, **Kropz plc** announced it has completed a memorandum of understanding (MoU) with **PhosAgro** during the Russia-Africa Economic Forum in Sochi, Russia. The two companies agreed to evaluate opportunities to exchange information and technical expertise in order to increase the capacity of PhosAgro's projects in South Africa, including Elandsfontein, the country's second largest phosphate deposit, and in the Republic of the Congo and Ghana
- On October 25th, Russian-based **Uralchem** announced it will build a fertilizer production plant in Angola. The plant, with an annual capacity of 1.2 million tpy, is expected to commence production in 2023. The memorandum of understanding (MoU) for the project was signed by Uralchem and Angola's **Grupo Opaia SA** at the Africa-Russia forum in Sochi, Russia. The project is estimated to cost between US\$1.2 billion and US\$1.3 billion of investment

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		
Nutrien Ltd.	27,662	39,021	8.7x	7.9x	18.2x	14.6x	0.7%	(16.2)%
CF Industries Holdings, Inc.	10,061	16,788	9.7x	9.1x	20.9x	16.6x	1.8%	(16.1)%
Yara International ASA	10,800	15,168	6.5x	5.7x	12.4x	10.2x	1.4%	(15.1)%
The Mosaic Company	7,972	12,506	7.1x	6.0x	22.3x	12.5x	3.7%	(44.7)%
Nufarm Ltd.	1,561	2,428	8.3x	8.9x	26.0x	20.5x	(3.6)%	(14.3)%
Input Capital Corp.	35	34	na	na	na	na	(5.3)%	(40.8)%
Mean			8.1x	7.5x	20.0x	14.9x	(0.2)%	(24.5)%

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

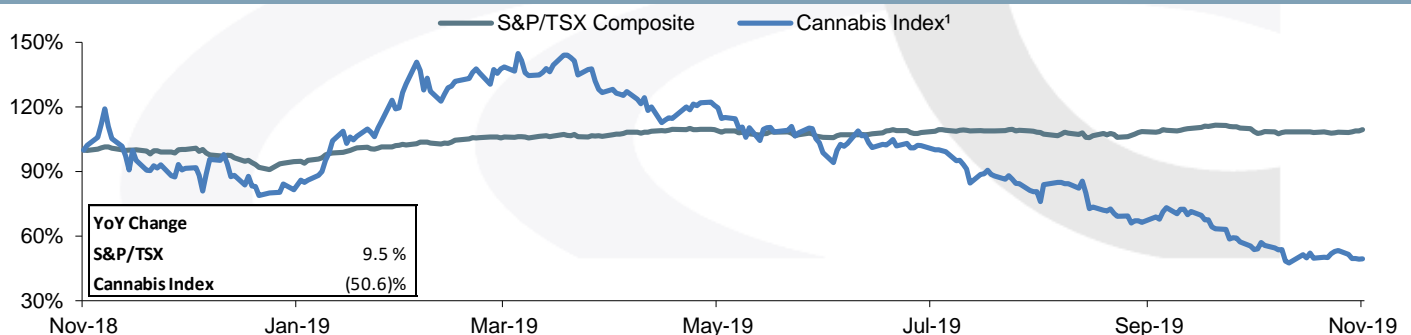


CANNABIS AND HEMP

News Scan

- On October 30th, **Curaleaf Holdings Inc. (Curaleaf)**, a vertically integrated cannabis operator in the United States, announced it has amended its acquisition agreement with **Cura Partners (Cura)** to acquire the entire company. Originally, Curaleaf, on May 1st, 2019 had agreed to acquire some Select brand assets from Cura in an all-stock transaction for C\$1.27 billion. Under the amended and restated merger agreement, the number of shares of Curaleaf payable at closing has been reduced to 55 million from ~ 95.6 million originally. The remaining 40.6 million shares will now be payable contingent upon Cura achieving certain calendar year 2020 revenue targets
- On October 30th, **Cresco Labs (Cresco)** announced their pending acquisition of **Tryke Companies (Tryke)** has cleared the Department of Justice's initial waiting period without any second request. The acquisition adds 17,000 lbs per year in strategically-located cultivation capacity along with 1,320 lbs per year of processing capacity. Total consideration consisted of US\$282.5 million, which includes US\$30 million in real estate assets, and is anticipated to close in the first half of 2020
- On October 24th, **Kraft Heinz** announced it has made its first move into the cannabis sector through their venture capital arm, **Evolv Ventures (Evolv)**. Evolv had co-lead a US\$23 million financing in cannabis technology startup **Flowhub**, a Denver-based cannabis retail software company which delivering business intelligence data to cannabis dispensaries through a digital platform
- On October 23rd, **Innovative Industrial Properties, Inc. (IIP)**, a U.S. cannabis focused real estate company, announced it has closed on a US\$17.0 million acquisition of five buildings totaling approximately 120,000 square feet of industrial space, located in Quincy, FL, from **Trulieve Cannabis Corp. (Trulieve)**. Concurrent with the closing of the purchase, IIP entered into a triple-net lease agreement with a subsidiary of Trulieve, for continued operation as a licensed medical cannabis cultivation facility
- On October 23rd, **HEXO Corp. (HEXO)** announced it has raised C\$70 million through a private placement of 8.0% unsecured convertible debentures. The group of investors includes Sebastien St-Louis, CEO and co-founder of HEXO, and Board members Dr. Michael Munzar, Vincent Chiara, Nathalie Bourque and Adam Miron

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	6,812	5,884	17.2x	8.0x	neg	neg	(8.6)%	(63.5)%
Aurora Cannabis Inc.	3,630	3,891	13.9x	7.1x	neg	48.6x	(3.3)%	(65.7)%
Aphria Inc.	1,305	1,334	3.8x	2.1x	neg	10.6x	1.5 %	(61.3)%
CannTrust Holdings Inc.	163	133	2.3x	1.4x	neg	neg	(9.8)%	(88.4)%
Cronos Group Inc.	2,703	2,441	62.9x	16.8x	neg	neg	(8.6)%	(67.2)%
Tilray, Inc.	2,093	1,942	11.0x	5.9x	neg	neg	(11.3)%	(84.9)%
Mean			18.5x	6.9x	na	29.6x	(6.7)%	(71.8)%

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 November 1st, Ukraine's **Ministry of Agriculture** reported Ukrainian grain exports in the first four months of the 19-20 marketing year are up 38% compared to the same period a year ago. The ministry said 17.9 million tonnes of grain have been exported thus far, including 10.9 million tonnes of wheat, compared to 7.4 million tonnes during the first four months of 18-19
- On October 31st, the **U.S. Environmental Protection Agency (EPA)** reported polarizing feedback from public hearings regarding the Trump administration's proposed biofuels plan for the coming year. The proposal outlines that refiners must increase the amount of corn-based ethanol in its blend to make up for volumes expected to be waived by the EPA under the Small Refinery Exemption program. Officials representing the corn industry said it doesn't go far enough to help biofuel producers already hurting from the U.S. trade war with China, whereas oil industry leaders said the proposal is unfair to refineries requiring more blending
- On October 31st, **Wine Australia** reported the value of Australian wine exports grew by 7% to A\$2.89 billion (US\$2 billion) in the 12 months to September 2019. This period saw the average value of bottled exports reach a record A\$6.79 per litre as well as the continued rise in exports to China. Export volumes decreased 8%; the climb in export value and the decline in volume meant the average value increased 16% to A\$3.74 per litre, the highest level since 2009
- On October 31st, the **Argentine Export Chamber (AEC)** announced Argentina is looking to increase Argentine wheat exports to Vietnam in the wake of Vietnam suspending wheat imports from Russia following thistle seed complications. The AEC is looking to export up to 2 million tonnes of wheat per year to Vietnam, a significant increase from the current 800,000 tonnes per year
- On October 30th, the **U.S. Department of Agriculture (USDA)** announced interim rules for hemp production, enabling hemp farmers for register under the Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS) and Risk Management Agency (RMA). Hemp producers who cannot access crop insurance will also be able to purchase the FSA's Non-insured Crop Disaster Assistance, which will offer insurance coverage in the event of adverse weather conditions
- On October 30th, the Scottish government outlined its plans to consult on a mandatory age restriction for energy drinks consumption in The Diet and Healthy Weight Plan. In effect, Scotland could ban the selling of energy drinks to young people under the age of 16, following a government consultation originally launched on October 29th, 2019. The proposed ban would apply to soft drinks which contain over 150mg of caffeine per litre and aims to reduce health risks that are linked with their consumption including headaches, stomach aches and sleep problems
- On October 29th, the Quebec government passed some of the strictest cannabis rules in Canada. Premier Legault's government used its majority to pass Bill 2 which will raise the legal age to consume and purchase recreational marijuana from 18 to 21. The change will come into effect as of January 1st, 2020. The contentious bill is expected to be challenged by advocacy groups
- On October 25th, the **International Dairy Federation (IDF)**, a representative of the global dairy sector and source of scientific dairy expertise, welcomed Russia and Kenya as its newest official members, raising the total number of states in the federation to 43. According to IDF data, the federation now represents over 75% of the world's milk supply

Commodities Futures as of November 1st, 2019

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.89	(0.83)%	(2.26)%
Wheat (CBOT)	\$ per bu.	\$5.16	3.46 %	(2.78)%
Oats (CBOT)	\$ per bu.	\$3.06	8.51 %	13.44 %
Rough Rice (CBOT)	\$ per cwt.	\$11.99	0.97 %	13.01 %
Rapeseed (Canola) (ICE)	CAD per T	\$458.20	1.33 %	(8.62)%
Ethanol (CBOT)	\$ per gal.	\$1.45	0.14 %	6.23 %



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Commodity Handling				
Archer-Daniels-Midland Company	(23.4%)	Archer Daniels Midland Co. profits fell for its third quarter, but beat analyst estimates as revenue increased about 6% from a year earlier. The Chicago-based agricultural company reported a profit of US\$407 million, or US\$0.72 a share, compared with US\$536 million, or \$US0.94 a share, a year ago. The company reported adjusted earnings of US\$0.77 a share for the quarter that ended Sept. 30. Revenue rose to US\$16.7 billion from US\$15.8 billion a year earlier. Analysts had estimated US\$16.1 billion of revenue in the quarter. The company was impacted by adverse weather conditions in North America as well as overall demand softness across key end markets., including carbohydrate solutions	US\$47.47	11.9%
Bunge Limited	nmf	Bunge Limited reported Q3 FY19 results. The company reported net sales of US\$10.3 billion, down from US\$11.4 billion last quarter. The decline is predicated on a number of factors, including lower margins in the milling business segment, softer demand in the fertilizer segment, lower soy crush margins and lower farmer retention in anticipation of higher prices and soft export demand for soymeal. Results included ~ US\$1.7 billion of charges related to portfolio initiatives, primarily the formation of the joint venture for the Brazilian Sugar & Bioenergy business. Agribusiness overall managed challenging markets well and benefited from approximately US\$25 million of net mark-to-market gains, which included US\$95 million of new gains on forward soy crush margin contraction	US\$67.30	24.1%
Food Processing				
Maple Leaf Foods Inc.	(48.4%)	Maple Leaf Foods reported Q2 earnings, as second-quarter sales rose by 12.5% during the period, fuelled in part by growing demand for plant-based protein products. The company reported revenue of C\$1.02 billion, up from C\$909.2 million a year ago, driven by acquisitions, its value-added product portfolio and continued double-digit growth in plant-based protein. However, it posted a net loss of C\$6.3 million or five cents per share during the three months ended June 30 due to C\$60.7 million of non-cash fair value changes on balance sheet items. On an adjusted basis, Maple Leaf reported operating earnings of C\$65.2 million, or C\$0.33 per share	C\$35.50	51.3%
Equipment Manufacturers & Services				
Rocky Mountain Dealerships Inc.	(103.6%)	Rocky Mountain Dealerships posted a 21.1% decrease in total sales during the third quarter of 2019 ending Sept. 30. Sales during the period declined by C\$49.3 million to \$18.4 million from \$233.3 million during the same period in 2018. The company says the decrease was due primarily to declines in new and used same store equipment sales of \$31.2 million and \$21.4 million, respectively. Unresolved trade disputes surrounding Canadian agriculture commodities continued to weigh on crop prices and farmer sentiment during the third quarter. Trade barriers between Canada and several of its agriculture commodity trading partners continue to impede farmers' ability to deliver their crops to key end markets	C\$7.50	14.5%

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