ORIGIN
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AG FLASH

Agriculture Industry Flash

Wednesday, November 27th, 2019

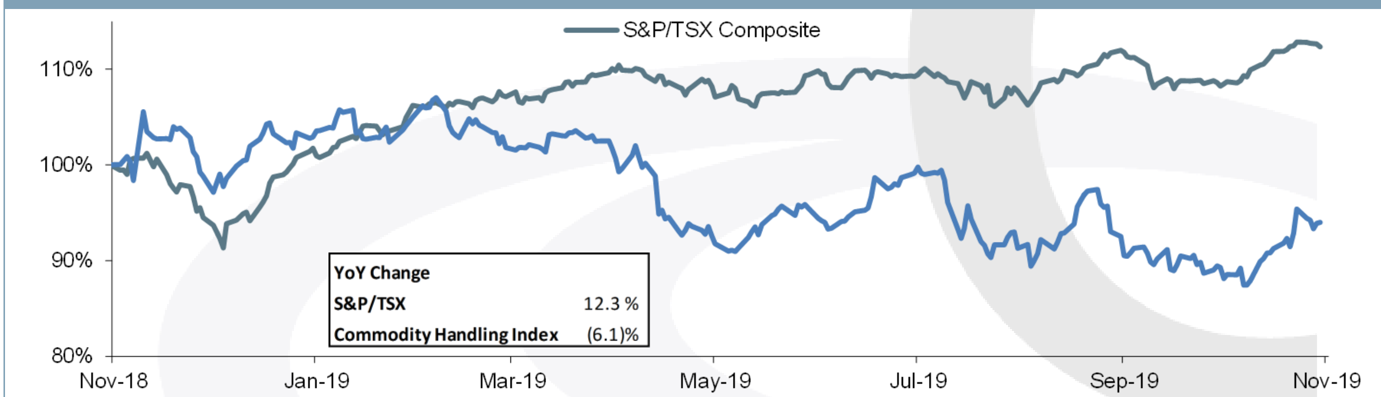



Commodity Handling

News Scan

- On November 26th, **Canada National Railway (CN)** announced it has reached a tentative agreement to end the lengthy strike that had disrupted supply chains across the country. CN announced 3,200 conductors and yard crews will return to work on CN's mainline yards. The strike lasted for eight days and disrupted the movement of goods across Canada, especially in Western Canada with the late harvest and Quebec where farmers experienced dire propane shortages hampering their ability to dry grain
- On November 22nd, **Canadian Pacific (CP)** announced plans to build a new 118,000-square-foot, multi-commodity transload terminal that offers services from CP's existing Côte Saint-Luc yard in Montreal, QC, slated to be completed by June 2020
- On November 15th, the **Australian Competition and Consumer Commission (ACCC)** announced it has decided not to oppose the sale of **GrainCorp's** Australian Bulk Liquid Terminal business to **ANZ Terminals**. The transaction, originally announced on March 4th, 2019, is for a total enterprise value of A$350 million, ~ 13.0x TEV / 2019E EBITDA. The ACCC decision hinges on excluding GrainCorp's Port Kembla facility and ANZ Terminals divesting its Osborne facility in South Australia
- On November 14th, **Global Food and Ingredients (GFI)** announced it has bought three of **Canpulse's** four Saskatchewan processing plants. The plants represent more than 300,000 tonnes of combined annual processing capacity. The pea, lentil and bagging plants are located in Zealandia, SK and Lajord, SK, respectively. A third plant processing lentil, chickpea and canaryseed is located in Sedley, SK. Deal 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	2020E	Price	52Wk High
ADM	23,782	31,787	8.9x	7.6x	16.5x	13.1x	(0.1)%	(9.4)%
Bunge Limited	7,661	15,844	10.4x	10.0x	18.8x	15.8x	(2.5)%	(14.0)%
Graincorp Limited	1,301	2,492	31.6x	13.5x	neg	nmf	8.4 %	(15.9)%
The Andersons, Inc	763	2,319	9.2x	7.7x	19.2x	12.0x	1.2 %	(38.4)%
Ceres Global Ag	99	152	na	na	na	na	(1.2)%	(12.5)%
Mean			**15.0x**	**9.7x**	**18.2x**	**13.6x**	**1.2 %**	**(18.0)%**

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

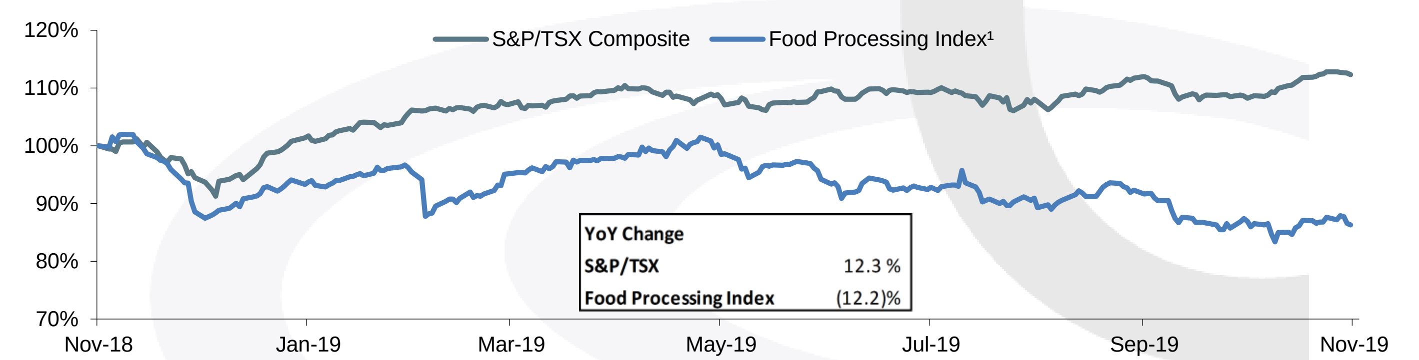



Food Processing

News Scan

- On November 26th, **Olam International (Olam)** announced, through its wholly owned subsidiary **Olam West Coast**, has agreed to sell the real estate assets of its processing facility in Gilroy, CA for ~ US$110 million to **Mesirow Financial**. Concurrent to the sale, Olam has entered into a tiered revenue-sharing arrangement with Mesirow for a period of 25 years
- On November 25th, tuna maker **Bumble Bee Foods** currently under Chapter 11 bankruptcy protection agreed to sell its assets to **FCF Fishery** for ~ US$925 million. The company's financial troubles culminated with a US$25 million fine in 2017 for a tuna price-fixing case, US$17 million of which remains outstanding
- On November 25th, China's **Mengniu Dairy** announced it has acquired Australian **Lion Dairy & Drinks** from **Kirin Holdings** for A$600 million, the company's second Australian dairy acquisition in recent months. This comes two weeks after Australian authorities conditionally approved Mengniu's proposed A$1 billion acquisition of infant formula producer **Bellamy's Australia**
- On November 18th, **DSM** announced it has secured a deal to acquire dairy solutions provider **CSK Food Enrichment** for cash consideration of approximately €150 million. The transaction includes a dairy application centre in Wageningen, Netherlands and a fermentation facility in Leeuwarden, Netherlands
- On November 4th, France's largest grain cooperative **Axereal** announced the acquisition of **Cargill's** malt business on behalf of subsidiary, **Boortmalt**. Cargill's malt activities encompass 16 malthouses, in nine different countries, employing nearly 600 workers with a total production capacity of 1.7 million tonnes. Boortmalt's total capacity will rise to 3 million tonnes with a total of 27 plants. Deal terms were not disclosed

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated	Market Cap	TEV	TEV/EBITDA 2019E	TEV/EBITDA 2020E	Price/Earnings 2019E	Price/Earnings 2020E	Week Δ Price	Δ Price 52Wk High
George Weston Limited	12,258	31,738	8.1x	7.4x	14.3x	13.6x	1.9 %	(7.0)%
ConAgra Foods, Inc.	13,982	24,608	12.2x	11.2x	15.3x	13.0x	1.0 %	(13.1)%
Ingredion Incorporated	5,541	7,327	7.9x	7.6x	12.8x	12.2x	(0.4)%	(21.9)%
Tate & Lyle plc	4,205	4,760	7.5x	7.3x	13.3x	12.9x	(1.7)%	(13.1)%
Premium Brands	2,382	3,352	14.3x	12.6x	26.0x	21.0x	2.4 %	(14.2)%
Maple Leaf Foods Inc.	2,182	2,693	10.9x	9.8x	33.6x	27.3x	1.5 %	(34.4)%
SunOpta Inc.	236	917	21.8x	15.9x	neg	neg	3.8 %	(49.3)%
Rogers Sugar	367	630	9.6x	8.9x	13.3x	12.1x	(8.8)%	(24.6)%
Mean			**11.8x**	**10.3x**	**19.2x**	**16.7x**	**1.2 %**	**(21.9)%**

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.

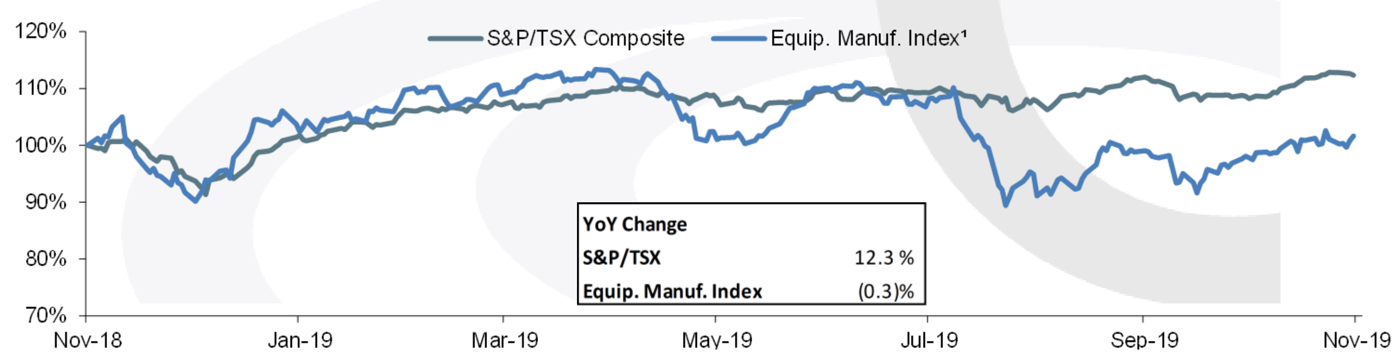



Equipment Manufacturers and Services

News Scan

- On November 15th, **Raven Industries** announced it has officially closed its acquisition of a majority ownership stake in **DOT Technology Corp. (DOT)**. DOT is a manufacturer of autonomous agriculture solutions. DOT will be integrated under Raven Industries' Applied Technology division in support of its strategic growth platform, Raven Autonomy. Shortly after announcing the acquisition of DOT, Raven also announced its acquisition of **SmartAg**, a manufacturer of autonomous farming solutions. Deals terms for either transaction were not disclosed
- On November 5th, **CNH Industrial N.V. (CNHI)** has announced it has agreed to acquire **ATI Track Systems Inc. (ATI)**, a global manufacturer of rubber track systems for high horsepower tractors and combines. This acquisition includes ATI's engineering and manufacturing plant in Mt. Vernon, IN. CNHI has a long standing relationship with ATI dating back to 2012. The acquisition presents CNHI an opportunity to access ATI's track systems, including retrofitting existing combines. This acquisition comes one day after CNHI announced its acquisition of **K-line**, an Australian implement (agricultural equipment) manufacturer. The cumulative value of the ATI, and the already announced K-line, and **AgDNA** acquisitions is approximately US$85 million
- On November 5th, **Hamilton Systems**, located in Dayton, ND, announced it has agreed to purchase the **Fantini Company**. Fantini is an Italy-based manufacturer of corn headers which it produces from its factory in Medole, Italy. The purchase includes the factory and surrounding facilities in Melode, Italy. Deal terms were not disclosed
- On November 4th, **Yanmar Group** announced it has completed its acquisition of US-based **ASV Holdings Inc. (ASV)**, a manufacturer of compact tracked loaders and skid-steer loaders located in Grand Rapids, MN. The acquisition was approved at the beginning of September of this year by ASV stockholders. Yanmar has acquired 100% of ASV's outstanding shares of common stock for total consideration of US$71 million, or US$7.05 per share. ASV's independent dealer network throughout North America, Australia, and New Zealand will join Yanmar's existing global construction equipment operations

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	55,222	59,912	12.4x	11.6x	19.0x	15.6x	0.6 %	(2.8)%
AGCO Corporation	6,020	7,987	8.9x	8.3x	15.7x	14.3x	(0.5)%	(2.1)%
Ag Growth International Inc.	646	1,263	11.3x	9.5x	20.5x	14.6x	(2.6)%	(27.0)%
Rocky Mountain Dealerships Inc.	93	144	10.0x	6.9x	nmf	11.0x	(0.9)%	(34.4)%
Cervus Equipment Corporation	94	197	7.7x	5.3x	neg	21.0x	(2.4)%	(44.6)%
Mean			**10.0x**	**8.3x**	**18.4x**	**15.3x**	**(1.2)%**	**(22.2)%**

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

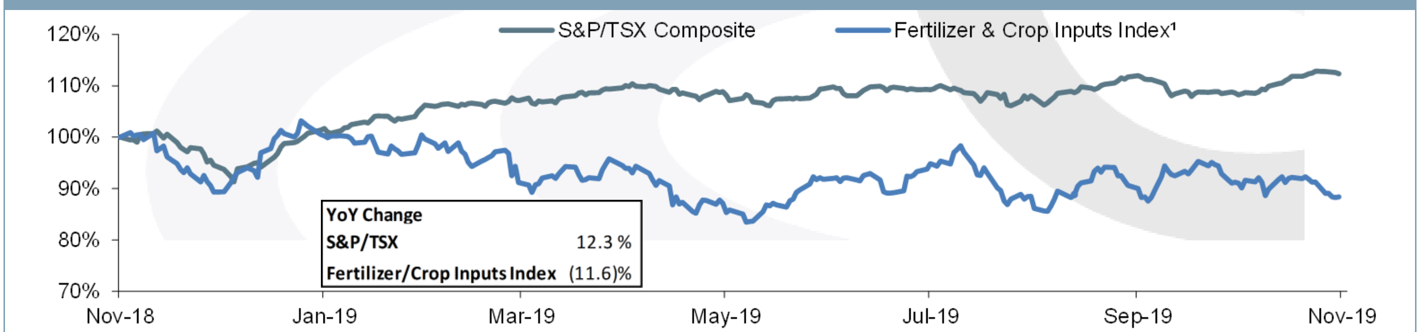



Fertilizers & Crop Inputs

News Scan

- On November 22nd, **Petrobras** announced a ten year lease with **Proquigel Química S.A** for phosphate fertilizer plants in the Brazilian states of Bahia and Sergipe, valued at R$177 million. The lease agreement is renewable for a ten year term
- On November 20th, **Wilbur-Ellis Agribusiness (Wilbur-Ellis)** announced it has acquired **Nachurs Alpine Solutions (NAS)**, a specialty liquid chemical manufacturer, and a pioneer of precision-placed liquid fertilizer. NAS is the largest acquisition in Wilbur-Ellis' history. NAS has more than 200 employees and 85 terminals in US and Canada. Deal terms were not disclosed
    - On November 6th, **Wilbur-Ellis** announced it has acquired the assets of **Rangen Inc.** an aquaculture and general feed production company with production facilities in Buhl, ID, and Angleton, TX. Rangen employs 80 workers, who will all join Wilbur-Ellis. Deal terms were not disclosed
- On November 15th, **OCP Group (OCP)** announced its ammonia plant in Nigeria, currently under construction, is expected to begin production in late 2023. The factory, with annual production capacity of 750,000 tonnes of ammonia and 1 million tonnes of phosphates-based fertilizers, would export ammonia to Morocco's plant in Jorf Lasfar. OCP signed an agreement in June 2018 to build the plant with Nigeria's **Sovereign Investment Authority**
- On November 14th, **Kalium Lakes Ltd. (Kalium Lakes)** announced its Beyondie Sulfate of Potash Project (BSOPP) has received government financing via a A$74 million facility by the state of Western Australia, under the Northern Australia Infrastructure Facility initiative. As part of the financing, Kalium Lakes will prioritize utilizing Western Australian labour for the project
- On November 14th, **Yara International ASA (Yara)** announced the closure of its ammonia plant in Point Lisas, Trinidad. The Point Lisas plant is one of three ammonia plants operated by Yara Trinidad Ltd.. The Point Lisas plant is one of Yara's smallest ammonia plants, with an annual production capacity of ~ 270,000 tonnes of ammonia. Plant profitability has also been impacted by lower ammonia prices, and in addition negotiations with **The National Gas Company of Trinidad and Tobago (NGC)** have failed to reach an agreement that could sustain plant operations. The closure is provisionally expected to generate costs of approximately US$25 million. The plant's book value is zero, following several historical asset impairments

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated	Market Cap	TEV	TEV/EBITDA 2019E	TEV/EBITDA 2020E	Price/Earnings 2019E	Price/Earnings 2020E	Week Δ Price	Δ Price 52Wk High
Nutrien Ltd.	26,685	38,770	9.2x	8.1x	19.8x	15.2x	(5.2)%	(15.9)%
CF Industries Holdings, Inc.	9,774	16,492	9.5x	8.9x	21.1x	16.0x	(3.0)%	(18.5)%
Yara International ASA	10,275	14,643	6.3x	5.5x	12.1x	10.2x	(1.1)%	(18.3)%
The Mosaic Company	6,878	11,154	7.1x	5.6x	34.0x	12.4x	(10.5)%	(51.4)%
Nufarm Ltd.	1,586	2,437	9.3x	11.1x	nmf	17.9x	0.2 %	(11.2)%
Input Capital Corp.	36	35	na	na	na	na	(2.6)%	(37.5)%
Mean			**8.3x**	**7.8x**	**21.8x**	**14.3x**	**(3.7)%**	**(25.5)%**

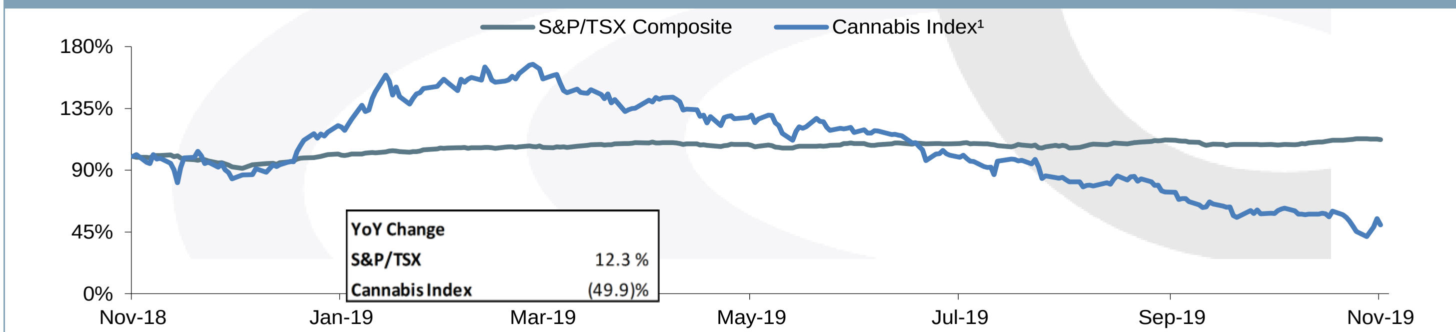
1 "Fertilizers and Crop Inputs Index" is composed of equally weighted market prices for: Nutrien, CF Industries, Yara, Mosaic, Nufarm and Input Capital.

Cannabis and Hemp

News Scan

- On November 18th, **Health Canada** announced its approval of **Hexo Corp.'s** efforts to proactively rectify unauthorized cultivation at its Niagara facility. Originally, the company had ceased all activities at the Niagara facility and voluntarily notified Health Canada of unauthorized cultivation this past June. Hexo said it could reopen the Niagara cultivation center should demand rise
- On November 13th, **Cresco Labs Inc. (Cresco)** and **Origin House** announced they have amended their acquisition agreement to reduce the purchase price of Origin House due to adverse conditions in the cannabis market. The new price of ~ C$500 million is below the original C$1.1 billion, with the exchange ratio bring reduced from 0.8428 to 0.7031 Cresco share per Origin House share
- On November 12th, **Innovative Industrial Properties (IIP)** announced the closing of a sale-leaseback transaction with **Green Thumbs Industries Inc. (GTI)** for its licensed cannabis cultivation and processing facility in Danville, PL. The purchase price was US$20.3 million, excluding transaction costs. GTI has agreed to make improvements to the property to enhance production capacity, for which IIP has agreed to reimburse up to US$19.3 million, bringing the effective purchase price to US$39.6 million
- On November 7th, **Canopy Growth Partners (Canopy Growth)** announced it has partnered with rap/hip-hop artist Drake to create and launch **More Life Growth Company (More Life)**, a fully licensed producer of cannabis based in Drake's hometown of Toronto, ON. As part of the partnership, More Life has issued shares to Drake owned entities. As such, Drake will hold 60% ownership in More Life and Canopy Growth will hold the remainder. Additionally, Drake has licensed intellectual properties including certain brands in Canada and internationally over to More Life for the marketing of cannabis and cannabis-related products
- On November 5th, **Columbia Care Inc.** announced it has acquired **The Green Solution**, Colorado's largest vertically integrated cannabis operator through a transaction valued at approximately US$140 million, excluding performance based milestone payments. As a result of this transaction, Columbia Care's US footprint will increase to 93 facilities open or under development, including 74 dispensaries and 19 cultivation locations with an addressable population of over 155 million people. Columbia Care is expected to add 40,000 lbs of production capacity as a result of this transaction

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	6,366	4,543	15.9x	9.0x	neg	neg	16.7 %	(65.5)%
Aurora Cannabis Inc.	2,741	2,997	12.4x	7.6x	neg	neg	(18.3)%	(73.8)%
Aphria Inc.	1,173	1,202	3.5x	2.3x	neg	9.7x	6.2 %	(56.9)%
CannTrust Holdings Inc.	122	92	1.6x	1.0x	neg	neg	1.7 %	(91.2)%
Cronos Group Inc.	2,320	987	26.9x	7.6x	neg	neg	4.0 %	(71.5)%
Tilray, Inc.	2,065	2,426	13.8x	7.7x	neg	neg	7.7 %	(82.3)%
Mean			**12.4x**	**5.9x**	**na**	**9.7x**	**3.0 %**	**(73.5)%**

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 21st, **Agriculture Saskatchewan** reported cold and wet conditions have halted harvests across most of Saskatchewan, although some crops are still being taken off as weather permits. At present, 90 % of the crop has been combined, with some of the remaining crop likely to be left out until the spring. The eastern part of the province is the furthest behind, at only 83% of crop combined, while the northeast is the most advanced, at almost 90% combined
- On November 21st, **Statistics Canada** reported net farm income plummeted 46% (in constant 2012 dollars) for the fiscal year 2018 after seven years of above-average incomes. The combination of trade barriers, poor growing conditions and ever-escalating costs drastically reduced net farm income in 2018 and likely again in 2019
- On November 19th, the US and South Korea reached an agreement on market for US rice in the South Korean market. This agreement is the culmination of negotiations that began in 2014 when South Korea's special treatment exemption expired under the **World Trade Organization (WTO)**. Under the agreement, South Korea will provide access for 132,304 tonnes of US-based rice annually, with a value of approximately US$110 million. The agreement begins on January 1st, 2020
- On November 19th, according to data released by the **European Commission**, the droughts of 2018 have impacted the European feed supply. Due to a reduced size of cattle and pig herd, the total feed supply was down by 4% to 83 million tonnes. Self-sufficiency dropped from 80% to 77%, requiring higher imports to meet demand. While the EU is fully self-sufficient in roughage, the EU produces only 26% of oilseed meals, mainly soy and rapeseed meals, consumed by the EU livestock sector
- On November 18th, French agricultural analysis firm, **Strategic Grains** lowered its estimate of soft wheat planted area in the EU for 2020 due to heavy rain that has disrupted field work in western EU countries. Strategic Grains projects the EU's soft wheat area at 23.7 million hectares, 200,000 hectares lower than the October forecast
- On November 15th, the government of China announced it has agreed to lift a nearly five-year ban on imports of US poultry, a move the US believes will lead to more than US$1 billion worth of sales to the country annually. Beijing had banned all US poultry since January 2015 due to an avian influenza outbreak in December 2014. The announcement coincides with an unprecedented shortage of protein in China after a fatal hog disease has killed millions of pigs in the pork-loving country over the past year
- On November 11th, the **US Department of Agriculture (USDA)** reported forecast 2019 US production of corn at 13.7 billion bushels, down 0.9% from the October forecast and down 5% from 2018. Soybean production was forecast at 3.6 billion bushels, down 304,000 bushels from October and down 20% from last year. A key factor has been the late season precipitation and a mid-October snow, which hampered producers in key regions such as Montana and North Dakota
- On November 5th, the **Canadian Meat Council** announced China has lifted its ban on Canadian pork and beef imports. The ban originally came into force in June when Chinese authorities claimed they detected residue from restricted feed. The ban is estimated to have cost Canadian farmers C$100 million. China still bans the import of Canadian canola seed, over what they allege is contamination

Commodities Futures as of November 26th, 2019

Commodities Futures	Price Unit	Latest Price (US$)	Month to Date	Year to Date
Corn (CBOT)	$ per bu.	$3.78	(2.83)%	(5.02)%
Wheat (CBOT)	$ per bu.	$5.31	2.91 %	0.05 %
Oats (CBOT)	$ per bu.	$3.22	5.31 %	19.46 %
Rough Rice (CBOT)	$ per cwt.	$12.24	2.13 %	15.42 %
Rapeseed (Canola) (ICE)	CAD per T	$457.20	(0.22)%	(8.82)%
Ethanol (CBOT)	$ per gal.	$1.42	(2.14)%	3.96 %




Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Food Processing				
Tate & Lyle plc	59.8%	Tate & Lyle reported sales of £1,476 million, which was up 7% from 2018 sales of £1,383 million. Profit before tax was reported at £181 million, up a significant 45% from 2018, of £166 million. The encouraging results were unpinned by strong performance from the Food & Beverage Solutions segment, which delivered strong top-line performance (£90 million) and double-digit growth (11%). Similarly, the Sucralose segment performed solidly with profit broadly in-line with the comparative period, down only 1% to £29 million. Primary Products profit was lower due to difficult operating conditions in key markets, with profits down 5% at £86 million. Overall, the business remains in strong position, with Net Debt standing at £465 million, but down from 2018 (£337 million) when removing IFRS 16 lease implications (of £173 million)	£7.66	3.3%
Premium Brands Holdings Corporation	(34.3%)	Premium Brands generated record quarterly revenues of C$968 million, representing a 16% or C$133 million jump as compared to the third quarter of 2018. Organic products were one main factor behind this revenue increase, as organic volume growth stood at over 6%. Adjusted EBITDA was reported at a record amount of C$84 million, representing an 18% or C$13 million increase as compared to the third quarter of 2018. Of particular note, after accounting for IFRS 16 accounting standard, the company's adjusted EBITDA stood at C$75 million. Significant events driving the strong performance include the increase in YTD US based sales, which increased by almost 50% to more than C$1.1 billon and now represent almost 40% of total sales	C$90.39	2.6%
George Weston Limited	10.7%	George Weston reported Q3 2019 net earnings of C$69 million, an increase of C$18 million compared to Q3 2018. Multiple underlying factors contributed to the positive results. Firstly, the positive contribution from the company's direct ownership interest in Choice Properties, as a result of the reorganization in November 2018. Secondly, the decrease in income tax expense primarily due to the Choice Properties' portfolio transaction. Thirdly, the favourable underlying performance of Loblaw's. Lastly, the positive contribution to the company as a result of Loblaw share repurchases. The positive financial results include a C$19 million favorable impact from IFRS 16 accounting changes	C$121.00	12.4%
Equipment Manufacturers & Services				
Ag Growth International Inc.	(113.3%)	Ag Growth reported total sales of C$216 million, up slightly from the same period in 2018, of C$214 million. Similarly, adjusted EBITDA was reported at C$31 million, consistent with that reported in 2018 (C$31 million). Robust demand for AGI farm equipment and contributions from recent acquisitions offset the impact of challenging harvest conditions in North America and the timing of international sales. Adjusted EBITDA was consistent with record 2018 levels as strong gross margins and improved results in Brazil were offset by SG&A expenses related to market growth, primarily branding and advertising initiatives. Profit stood at C$5 million, down from 2018 of C$11 million, due to the increase in non-cash interest charges and an income tax recovery in 2018	C$58.07	26.2%
Fertilizer & Crop Input				
Compass Minerals International, Inc.		Compass Minerals reported Q3 2019 results including continued year-over-year improvements in the company's Salt business. Modest gains are reported in the Plant Nutrition North America segment, which offset weakness in its Plant Nutrition South America segment. The company reported Q3 2019 net earnings of US$11 million, or US$0.31 per diluted share. This is compared to US$13 million, or US$0.37 per diluted share, in Q3 2018. Excluding executive transition costs of almost US$2 million (net of taxes), net earnings were over US$12 million, or US$0.36 per diluted share. Challenging conditions for the Plant Nutrition segment were a drag on net earnings, and the improvements in the Salt segment were not enough to offset poor sales in key markets, such as Brazil	US$62.89	13.9%




Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Cannabis				
Canopy Growth Corporation	(29.0%)	Canopy Growth reported results, with losses roughly three times higher than expected and revenues substantially below analyst expectations. This is attributed to a management-initiated portfolio review, due to which the company took restructuring charges totalling C$33 million primarily related to its softgel & oil portfolio. Additionally, Canopy Growth recorded an inventory charge of C$16 million to align the portfolio with a new company strategy. This new strategy includes new retail pricing architecture, a rationalized package assortment, and a focused marketing/educational strategy to further develop this category. The Q2 2020 gross margin impact of the portfolio restructuring costs is C$40 million. Consolidated Q2 2020 gross revenue, excluding the portfolio restructuring costs, was up 6% to C$118 million including increases from full-quarter benefits of the C3 and ThisWorks acquisitions. Net of the portfolio restructuring costs, revenue was C$77 million, a decrease of 15% over Q1 2020	C$32.76	33.9%
Cronos Group Inc.	nmf	Cronos Group reported Q3 2019 earnings on November 12, 2019. Net revenue was C$13 million in Q3 2019, representing an almost 240% increase from C$4 million in Q3 2018, primarily driven by the launch of the adult-use market in Canada and the inclusion of operating subsidiary Redwood from the date of closing on September 5, 2019 to the end of the quarter. Net revenue increased almost 25% quarter-over-quarter from C$10 million in Q2 2019, again being primarily driven by the inclusion of Redwood and increased sales in domestic dried cannabis. 3,142 kilograms were sold in Canada in Q3 2019, representing a 511% increase from 514 kilograms sold in Q3 2018, primarily driven by increased cannabis production. Kilograms sold increased 98% quarter-over-quarter from 1,584 kilograms sold in Q2 2019, primarily driven by increased domestic wholesale sales. Additionally, the acquisition of four key operating subsidiaries also contributed to the positive financial results. Specifically, cost of sales per gram decreased 31% from C$3.28 in Q3 2018 to C$2.27 in Q3 2019	C$13.14	40.0%
Tilray, Inc.	81.1%	Tilray reported Q3 2019 earnings on November 12, 2019. Revenue increased more than 400% to US$51 million (C$68 million), compared to the third quarter of last year, driven by the Canadian adult-use market, the Manitoba Harvest acquisition, and growth in international medical markets as a result of the first GMP certification of the Portugal facility. Excluding excise tax, revenue was US$48 (C$64) million. Total kilogram equivalents sold increased over six fold to 10,848 kilograms from 1,613 kilograms in the prior year period. Average net selling price per gram decreased to US$3.25 (C$4.32) compared to US$6.21 (C$8.26) in the prior year period. The average net selling price excluding excise taxes for adult-use was US$2.98 (C$3.96) per gram for the third quarter of 2019. The decrease was due to a shift in product and channel mix. However, this positive news was offset by the net loss for the quarter of US$36 million compared to a loss of US$19 million for the prior year period. Adjusted EBITDA was a loss of US$24 million compared to a loss of US$7 million in the prior year period. The increased net loss and adjusted EBITDA declines were primarily due to the increase in operating expenses related to growth initiatives, expansion of international teams, and the addition of Manitoba Harvest and Natura businesses	US$30.36	42.3%

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