



Agriculture Industry Flash

Monday, June 22nd, 2020

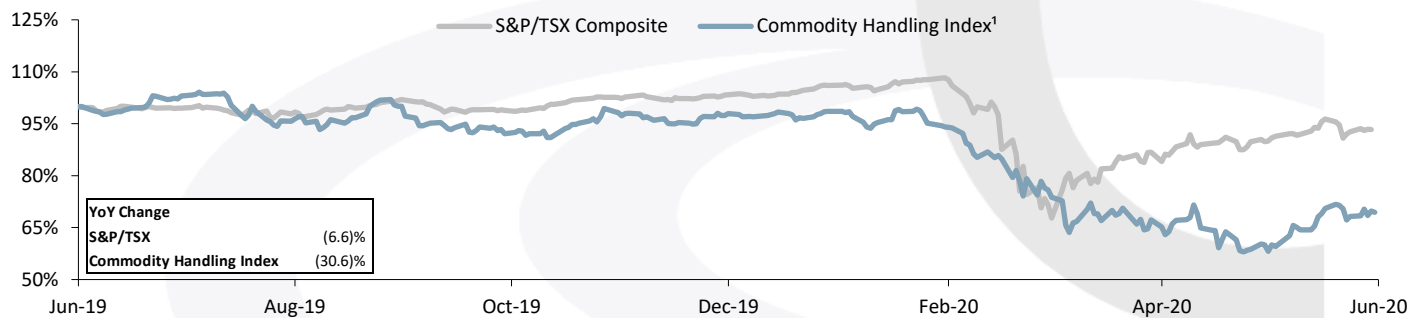


COMMODITY HANDLING

News Scan

- On June 17th, **The Scoular Co. (Scoular)** announced it has entered into an exclusive licensing agreement with **Montana Microbial Products**, a producer of barley protein concentrates and glucose from barley, to produce and sell barley protein concentrate (BPC), a plant-based alternative protein used in aquaculture feed and pet food, in North America and Asia. Scoular plans to build a US\$13 million manufacturing facility to produce the BPC, which is projected to process 1.9 million bushels of barley annually, with production expected to start in May 2021. The agreement is part of Scoular's strategy to diversify and grow its offering of sustainable products
- On June 17th, **De Heus Animal Nutrition B.V. (De Heus)** announced the acquisition of **Piensos Muga S.L (Piensos)**, a Spanish feed company specializing in the development and production of a complete range of high-quality dairy, beef cattle and other ruminant feeds, for an undisclosed amount. The addition of the Piensos facility increases De Heus' annual capacity by 80,000 tonnes and is part of the company's consolidation strategy in the non-integrated deed market in Spain
- On June 15th, **The World Business Council for Sustainable Development's (WBCSD) Soft Commodities Forum (SCF)**, a global platform of leading soft commodities companies aiming to advance actions around shared sustainability challenges, announced a new partnership with **Solidaridad Brazil (Solidaridad)** to improve the sustainability of soy production in Brazil. The SCF, which is a collective of soy majors **Archer Daniels Midland**, **Bunge**, **Cargill**, **COFCO International**, **Glencore Agriculture** and **Louis Dreyfus Company**, will directly engage with 80 farmers in the MATOPIBA region of Brazil, an area where four Brazilian states - Maranhao, Tocantins, Piaui and Bahia - meet, to assess current practises and understand key trends in land use dynamics. Through the first phase of discussions, the SCF hopes to provide insights into the development of a producer engagement process, as well as provide financial and human resources to support the process

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	2020E	2021E	2020E	2021E		
ADM	22,353	31,515	8.8x	7.7x	14.2x	12.2x	4.2 %	(14.7)%
Bunge Limited	5,776	11,975	9.0x	7.6x	14.7x	10.2x	4.5 %	(31.9)%
The Andersons, Inc	459	2,163	10.3x	7.1x	neg	11.9x	4.9 %	(50.5)%
Graincorp Limited	647	1,445	14.2x	10.8x	neg	27.5x	(3.1)%	(54.5)%
Ceres Global Ag	71	136	na	na	na	na	4.3 %	(35.9)%
Mean			10.6x	8.3x	14.5x	15.4x	3.0 %	(37.5)%

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

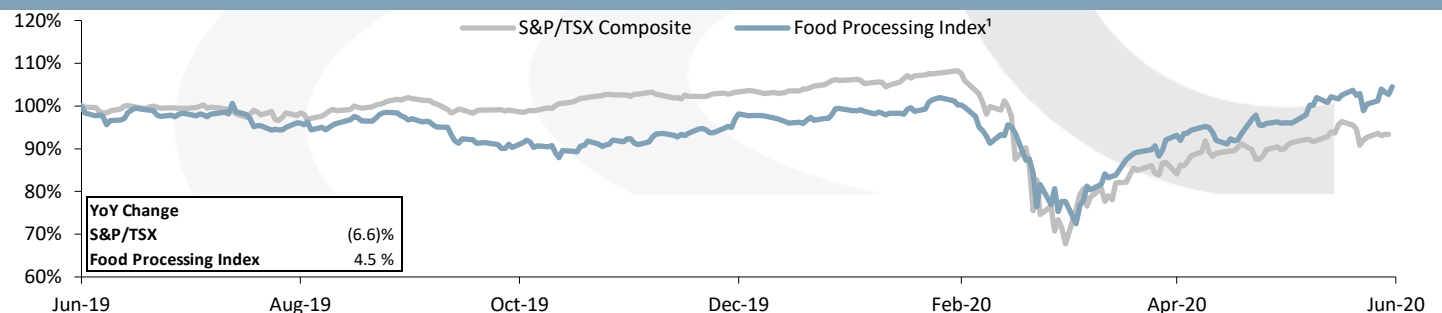


FOOD PROCESSING

News Scan

- On June 18th, **The Sanpellegrino Group**, a subsidiary of **Nestle S.A.**, announced it has sold its Nestle Vera water brand to **Aqua Vera Spa**, a subsidiary of **Scion GmbH**, for an undisclosed amount. As part of the agreement, Aqua Vera Spa will also acquire bottling facilities in Santo Stefano Quisquina, Sicily and Castrocielo, Frosinone from Sanpellegrino. The sale of the brand will allow Sanpellegrino to focus resources on the development of premium water brands both in Italy and internationally
 - On June 10th, **Nestle Health Science** announced it has acquired a majority stake in **Vital Proteins**, a producer of collagen-based food products and supplements, for an undisclosed amount. Vital's product offering complements NHS' range of vitamin and wellness brands and NHS will be able to provide Vital a variety of resources to scale their reach
 - On June 8th, **Nestle**, announced it has agreed to sell the North American business of its Buitoni pasta brand to private equity firm **Brynwood Partners**, for US\$115 million. The transaction includes the rights to the Buitoni brand, which will operate as Buitoni Food Company, in the US, Canada and Caribbean territories, as well as a 240,000 sq. ft. manufacturing facility in Danville, Virginia
- On June 17th, **Borden Dairy Inc. (Borden)**, a Texas-based dairy processor and distributor, announced it will be bought out of bankruptcy by **Capitol Peak Partners** and **KKR & Co.**, for an undisclosed amount. Borden filed for Chapter 11 bankruptcy in January 2020 citing market challenges facing the dairy industry and the rising cost of raw milk as contributing factors
- On June 10th, **MycoTechnology Inc. (MycoTechnology)**, a Denver-based manufacturer of novel ingredients through mushroom fermentation, announced the closing of a Series D financing round, raising more than US\$120 million from investors including **Rich Products Ventures**, **Tyson Ventures** and **Evolution Partners**. Proceeds will be used for the introduction of new products
- On June 10th, **Chr. Hansen Holding AS (Hansen)**, a Danish developer and manufacturer of natural solutions and ingredients, announced it has agreed to acquire **United Agricultural Services Laboratories Inc. (UAS)**, a Wisconsin-based probiotics producer, from **Lakeview Equity Partners**, for US\$530 million. The addition of UAS' operations will strengthen Hansen's human health business and its global microbial platform, as it will allow the company to offer a broader range of products to its current customers while also providing access to new customers

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
			2020E	2021E	2020E	2021E		
George Weston Limited	11,207	32,140	7.8x	7.5x	14.3x	12.9x	4.1%	(12.9)%
ConAgra Foods, Inc.	16,341	26,724	11.5x	12.0x	14.2x	13.9x	5.4%	(5.7)%
Ingredion Incorporated	5,746	7,629	8.7x	8.1x	13.9x	12.5x	5.2%	(13.8)%
Tate & Lyle plc	3,959	4,511	7.8x	7.4x	13.8x	13.1x	3.6%	(14.8)%
Premium Brands	2,491	3,591	17.0x	13.8x	35.2x	22.9x	3.8%	(11.9)%
Maple Leaf Foods Inc.	2,771	3,501	12.9x	10.4x	36.8x	25.6x	11.8%	(14.5)%
SunOpta Inc.	399	1,034	14.0x	12.7x	neg	neg	6.6%	(12.2)%
Rogers Sugar	373	654	9.5x	9.0x	14.2x	12.1x	4.7%	(17.9)%
Mean			11.2x	10.1x	20.3x	16.1x	5.7%	(13.0)%

¹ "Food Processing Index" is composed of equally weighted market prices for: George Weston, ConAgra, Ingredion, Tate & Lyle, Premium Brands, Maple Leaf Foods, SunOpta, Rogers Sugar.

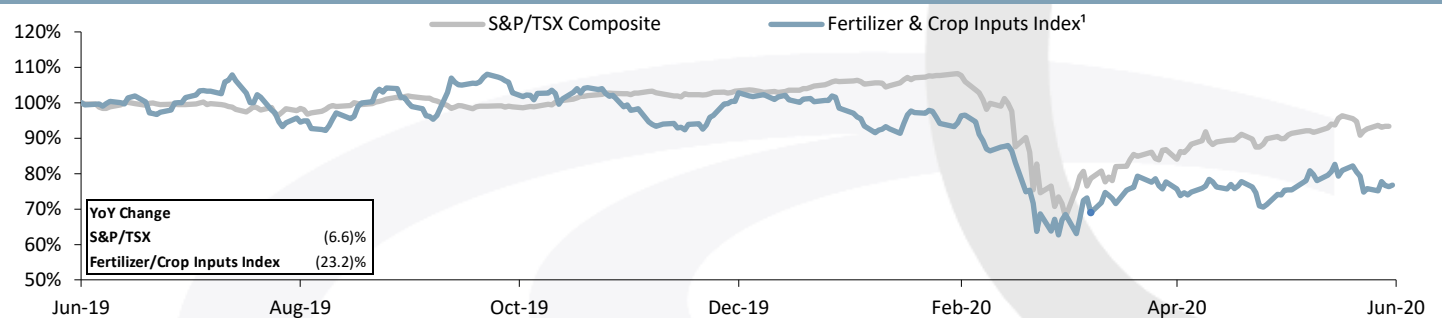


FERTILIZERS AND CROP INPUTS

News Scan

- On June 17th, **Cargill Inc. (Cargill)** announced it is investing US\$30 million to build a new fertilizer retail and distribution center in Camrose, Alberta. The facility, which is expected to be completed by August 2021, is located adjacent to the company's existing canola crushing plant. The facility will allow farmers who deliver canola to backhaul fertilizer, saving time and reducing fuel consumption. The centre will have 35,000 tonnes of storage capacity, and offer liquid coating capabilities and a range of crop nutrient products through Cargill's crop input network
- On June 15th, **Arianne Phosphate Inc. (Arianne)**, a Canadian phosphate mining company in the development stage, announced it has closed a C\$1.5 million financing round which included the purchase of 3.3 million units by **Investissement Quebec**, a government financed company helping establish businesses in Quebec. Under the terms of the financing, Arianne issued 9.9 million units at a price of C\$0.15 per unit, with each unit consisting of one common share and a half warrant. A full warrant, representing a combination of two units, is exercisable at a price of C\$0.20 until June 10th, 2023. Proceeds from the financing will be used to continue development of Arianne's Lac à Paul open-pit phosphate mine project in Quebec
- On June 12th, **Incitec Pivot Ltd. (Incitec)**, an Australian manufacturer and distributor of a range of fertilizer and explosive products, announced the completion of its share purchase plan announced May 11th, 2020. Incitec issued approximately 29 million new ordinary shares at A\$2.00 per share, raising roughly A\$58 million. Proceeds from the purchase plan will be used to strengthen the company's balance sheet and liquidity position to ensure the company is able to maintain a strong investment grade credit rating and capital structure while navigating the uncertainties from COVID-19

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	2020E	2021E	2020E	2021E		
Nutrien Ltd.	27,672	39,871	10.5x	9.5x	28.0x	21.8x	0.4 %	(33.4)%
Yara International ASA	10,261	14,063	5.4x	5.0x	11.1x	9.4x	6.0 %	(14.1)%
CF Industries Holdings, Inc.	6,390	13,024	9.1x	8.8x	21.1x	18.4x	6.2 %	(45.8)%
The Mosaic Company	4,889	9,796	7.9x	5.8x	nmf	16.8x	3.1 %	(49.8)%
Nufarm Ltd.	1,182	2,593	8.2x	6.8x	28.0x	19.8x	(0.7)%	(34.6)%
Mean			8.2x	7.2x	22.0x	17.2x	3.0 %	(35.5)%

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

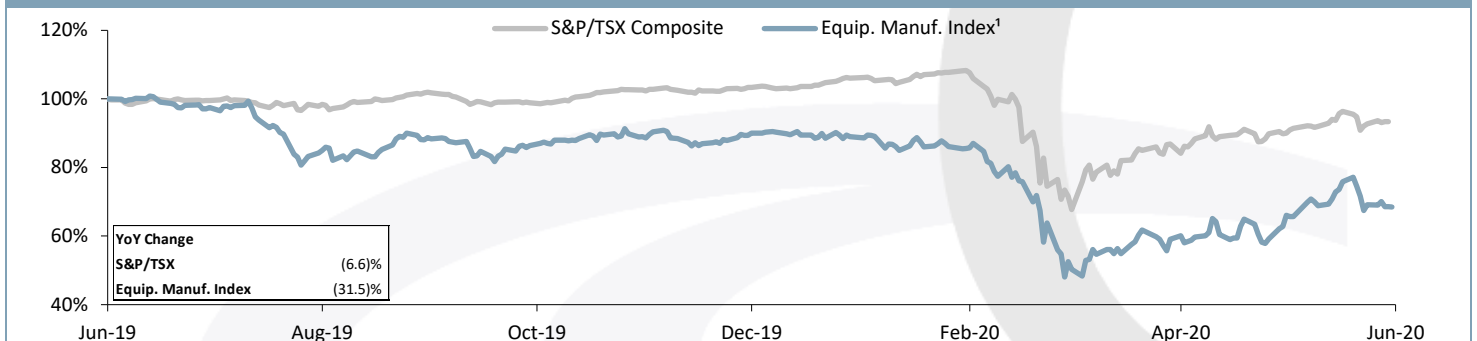


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On June 17th, **Deere and Company (Deere)** announced a new operating model to accelerate its integration of smart technology innovation with its manufacturing expertise. As part of the change, Deere will strategically align products and solutions around production systems roadmaps, invest in technology as well as research and development to deliver an intuitive technology stack and engage in the enterprise integration of Deere's aftermarket and support capabilities. With the new operating model, Deere expects to respond to changing market conditions with greater speed and efficiency
- On June 15th, **Doosan Group** announced it is selling its 36% stake in **Doosan Infracore**, a Korean manufacturer of machinery equipment, which is valued at US\$660 million. Proceeds from the sale are expected to be used towards repaying the debt of Doosan Group's subsidiary **Doosan Heavy Industries and Construction**, which is scheduled to repay US\$3.5 billion in debt by the end of the year. As part of the offering, Doosan Group has offered 99% of its 51% stake in **Doosan Bobcat**, worth US\$600 million, which comes with secured loans worth US\$214 million
- On June 11th, **Superior Industries Inc. (Superior)**, a US-based manufacturer of bulk material processing and handling systems, announced it has entered into a product partnership with its long-term conveyor dealer, **Kimball Equipment Company (Kimball)**. Under the partnership, Kimball Equipment will have exclusive sales, service and support rights to Superior's full portfolio of crushing, screening, washing and conveying equipment in Utah, Nevada, Arizona and Southern Idaho

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2020E	2021E	2020E	2021E	Price	52Wk High
Deere & Company	48,452	53,016	10.5x	10.4x	16.3x	14.2x	2.5 %	(14.9)%
AGCO Corporation	4,061	5,814	9.6x	7.3x	22.7x	13.6x	(0.3)%	(33.4)%
Ag Growth International Inc.	377	992	8.2x	6.4x	16.0x	10.6x	2.3 %	(49.7)%
Cervus Equipment Corporation	79	175	7.8x	5.2x	nmf	11.8x	1.6 %	(45.7)%
Rocky Mountain Dealerships Inc.	64	115	8.8x	5.6x	neg	10.9x	(7.0)%	(44.9)%
Mean			9.0x	7.0x	18.3x	12.2x	(0.2)%	(37.7)%

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

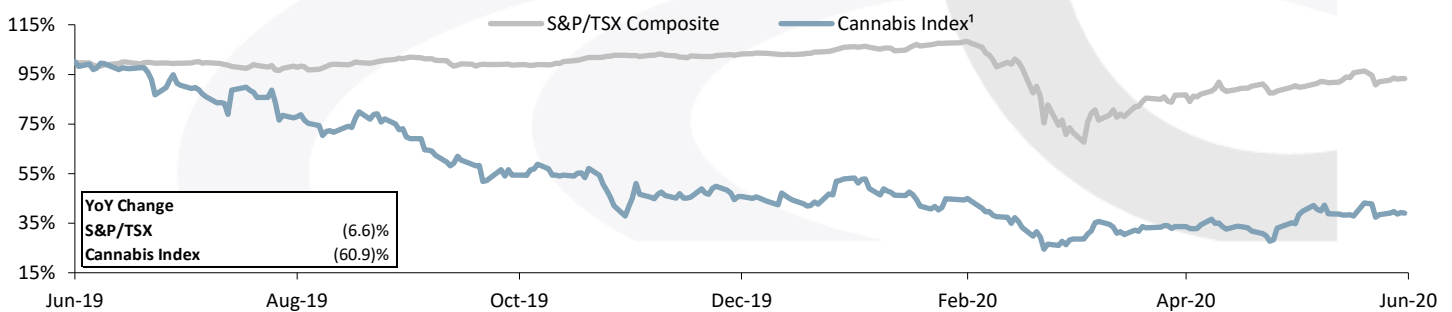


CANNABIS AND HEMP

News Scan

- On June 17th, **HEXO** announced the sale of its Niagara, Ontario facility, which included the underlying land and greenhouse facilities, for C\$10 million. HEXO decided to sell the facility following a strategic review of its cultivation operations, concluding that as result of slower than expected market development, it no longer expected to restart operations at the facility due to an excess of cultivation capacity in the market and lower forecasted demand for cannabis products
- On June 17th, **Acreage Holdings** announced it has secured C\$15 million in financing through a secured note maturing October 17th, 2020. The note bears an interest rate of 60.0% per annum, secured by the company's US intellectual property and cannabis operations in Illinois, New Jersey and Florida. In the event of default, Acreage is obligated to pay the lender an additional fee of C\$6 million. Proceeds are expected to be used towards working capital and general corporate purposes
- On June 16th, **Charlotte's Web Holdings Inc. (Charlotte)** announced an offering of 10 million units, at a price of C\$6.75 per unit, for aggregate proceeds of C\$68 million. Each offered unit will comprise of one common share and one half a common share purchase warrant, with each warrant exercisable at a price of C\$8.50 to acquire one common share. Proceeds from the offering are expected to be used for business development and general working capital purposes
- On June 9th, **Organigram** announced it has entered into a multi-year agreement to supply dried flower to **Canndoc**, an Israeli producer of pharmaceutical-grade cannabis and subsidiary of **InterCure**. Under the terms of the agreement, Organigram will provide a total 3,000 kg of dried flower to Canndoc between now and end of 2021, with the possibility for an additional 3,000 kg during the same period at Canndoc's option. Organigram may also launch branded medical products with Canndoc in the Israeli and EU markets, granting exclusivity rights to Canndoc within the Israel market for a period of 7.5 years
- On June 8th, **Schwazze** announced it is acquiring 14 locations in Colorado from **Star Buds Cannabis Co. (Star Buds)** for US\$118 million in cash and stock. The acquisition price represents a 2.4x revenue multiple on the 14 locations' FY2019 revenues of US\$50 million. The 14 locations include 13 dispensaries and one cultivation facility, expanding Schwazze's retail footprint

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
			2020E	2021E	2020E	2021E		
Canopy Growth Corporation	6,437	5,557	15.6x	10.4x	neg	neg	9.3 %	(59.1)%
Aurora Cannabis Inc.	1,512	2,672	11.1x	8.3x	neg	nfm	4.2 %	(85.4)%
Cronos Group Inc.	3,028	1,899	28.8x	12.8x	neg	neg	(0.5)%	(61.0)%
Tilray, Inc.	1,036	1,504	6.2x	4.1x	neg	nfm	(0.8)%	(83.7)%
Aphria Inc.	1,272	1,364	3.0x	2.5x	39.8x	19.6x	4.0 %	(39.9)%
OrganiGram Holdings Inc.	335	363	4.4x	2.7x	53.9x	10.8x	5.3 %	(72.7)%
Mean			11.5x	6.8x	46.8x	15.2x	3.6 %	(67.0)%

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



ADDITIONAL NEWS AND AGRICULTURE COMMODITIES UPDATE

News Scan

- On June 18th, the **Canadian Cattleman's Association** announced that despite the on going COVID-19 pandemic, agriculture exporters in Canada have faced minimal issues in their operations across the Canada-US border. While there have been minor delays in transportation of some inputs, overall, the lack of infections amongst truckers making cross-border journeys have ensured the continued flow of goods and services across the border
- On June 16th, the **United States Department of Agriculture (USDA)** reported that 95% of all corn in the US has emerged as of June 14th, 2020, representing a 22% increase from the same period in 2019 and a 3% increase from the five-year average. Soybean emergence followed the same trend, with 81% of all soybeans in the US having emerged, representing a 95% increase from the same period in 2019 and an 8% increase from the five-year average
- On June 15th, the **Saskatchewan government** introduced its budget for 2020-21 which includes spending of C\$16 billion, a 7% increase from the 2019-20 budget. The budget allocated C\$363 million towards the agriculture ministry, down 7% from the 2019-20 budget, driven by lower estimated costs for crop insurance premiums and AgriStability
 - On June 12th, the **Saskatchewan government** announced it is investing C\$2.5 million in travelling screens for the canal in the South Saskatchewan River Irrigation District to help reduce algae deposits and make irrigation systems faster and more efficient. The investment is part of a C\$8.3 million economic stimulus package for the Water Security Agency through the government's COVID-19 response
- On June 11th, the **South Louisiana Rail Facility (SLRF)**, a US-based rice rail-loading facility representing more than 200 rice producers, announced plans to develop a new rice mill in Jefferson Davis Parish, Louisiana for US\$11.6 million. SLRF will invest US\$10 million to equip the 15,000 sq. ft. facility with the remaining US\$1.6 million funded through the Louisiana's Economic Development Award Program. As part of the project, SLRF will be partnering with **Agreeta Farmer Network**, an Indian integrated technology platform provider that aids producers in managing their operations, to optimize the facility's logistics and to prepare local farm products for international markets. The rice mill will be located on land owned by the **Louisiana Agricultural Finance Authority**, which will retain ownership of the mill

Commodities Futures as of June 19th, 2020

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.37	4.33 %	(13.86)%
Wheat (CBOT)	\$ per bu.	\$4.85	(5.82)%	(13.39)%
Oats (CBOT)	\$ per bu.	\$2.82	(14.48)%	(5.37)%
Rough Rice (CBOT)	\$ per cwt.	\$12.15	(32.93)%	(7.67)%
Rapeseed (Canola) (ICE)	CAD per T	\$478.10	4.59 %	(0.40)%
Ethanol (CBOT)	\$ per gal.	\$1.24	8.77 %	(9.56)%



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Cannabis & Hemp				
Fire & Flower Holdings Corp.	nmf	Fire & Flower reported Q1 FY2020 results, with revenues of C\$23 million, representing a 142% YoY increase. Increased retail and wholesale revenues were driven by higher volumes as the company expands its retail network and as the Saskatchewan market opens with more retailers which source inventory from the company's distribution network Open Fields. Same store sales growth decreased by 23% from Q1 FY2019, driven by supply constraints requiring regulatory authorities to impose product allocations amongst licensed retailers for Cannabis 2.0 products, and increased competition as the number of licensed retailers rapidly increased	C\$1.73	136.3%
HEXO Corp.	nmf	HEXO reported Q3 FY2020 results, with gross revenues of C\$31 million, representing a 30% YoY increase. Increased sales of Original Stash, HEXO's bulk flower product, and the launch of new hash and oil extract drops drove the volume of adult-use cannabis and cannabis equivalents sold to 9,338 kgs, representing a 42% YoY increase, with an average gross selling price of C\$3.19. Medical-use cannabis and cannabis equivalent volumes were steady YoY, but were negatively impacted by a 6% decrease in average selling price as the company tried to position its products competitively	C\$1.23	(2.4%)

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