



Agriculture Industry Flash

Monday, July 6th, 2020

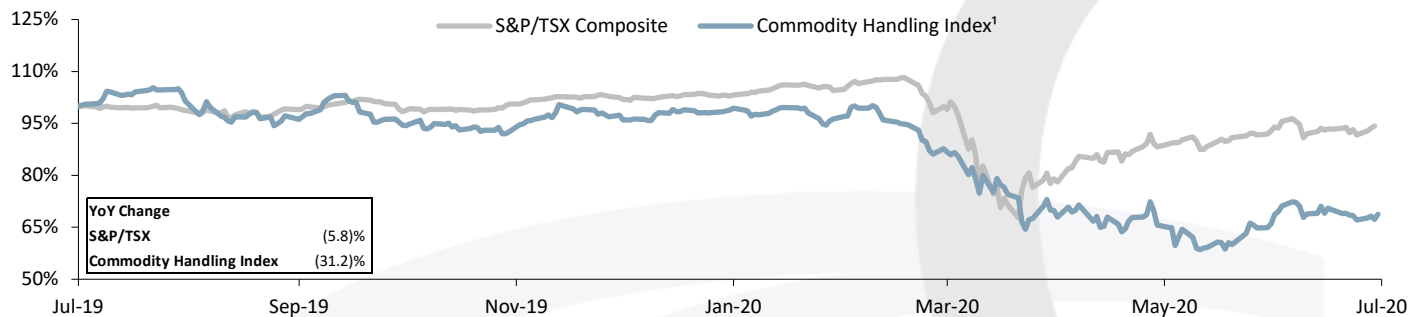


COMMODITY HANDLING

News Scan

- On June 30th, **The Scouler Co.** announced the expansion of its bird food manufacturing facility in Winkler, Manitoba after relocating its operations from Winnipeg, Manitoba. The expansion will create six additional jobs at the facility and provide sunflower growers a reliable buyer for their crop
- On June 26th, **Archer Daniels Midland Co. (ADM)** announced that the reopening of its grain-export terminal in Reserve, Louisiana has been postponed until early 2021 due to delayed construction after a third-party vessel collision damaged the facility in 2019. ADM indicated that high water conditions have impacted the construction timeline and as a result of the delay, the company will miss key months for the American crop-cargo season
- On June 25th, **G3 Ltd.** announced it has opened two new elevators in Morinville and Carmangay, Alberta. Each elevator has 42,600 tonnes of capacity and can unload trains of up to 150 cars. The new facilities will ship grain to G3 Terminal Vancouver, which is expected to officially open in the summer of 2020. The company has four more elevators under construction in Alberta, two of which are expected to open in summer 2020 and two later in 2021

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		
ADM	21,975	31,127	8.7x	7.5x	14.1x	12.0x	0.6 %	(16.2)%
Bunge Limited	5,655	11,853	8.9x	7.5x	14.4x	9.8x	(3.4)%	(33.3)%
The Andersons, Inc	436	2,139	10.2x	7.1x	neg	11.3x	4.2 %	(53.0)%
Graincorp Limited	670	1,475	14.3x	10.9x	neg	28.2x	2.2 %	(53.3)%
Ceres Global Ag	71	136	na	na	na	na	0.0 %	(37.5)%
Mean			10.5x	8.3x	14.3x	15.3x	0.7 %	(38.7)%

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

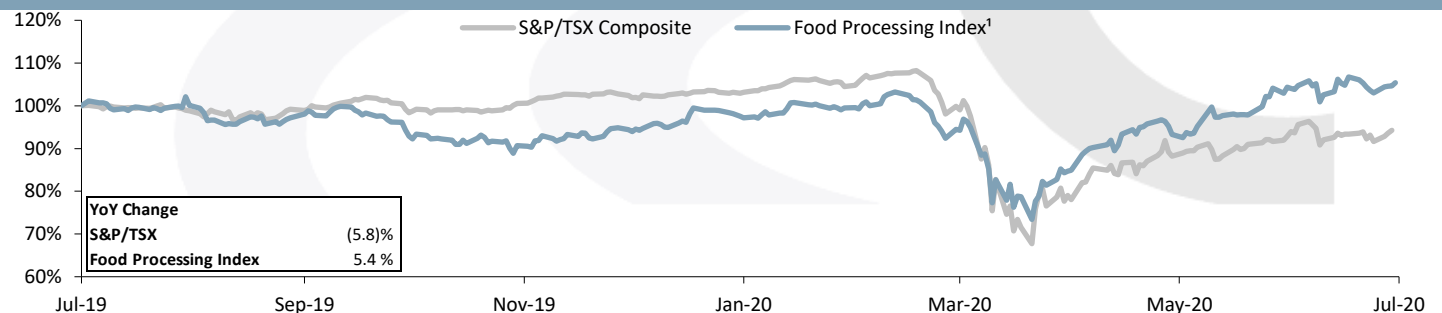


FOOD PROCESSING

News Scan

- On July 2nd, **Nestle Canada Inc. (Nestle)** announced it is selling its Nestle Pure Life bottled water business to **Ice River Springs Inc.**, for an undisclosed amount. The divestiture is part of Nestle's strategy to reshape its global water business, focusing efforts on its premium mineral water and functional water brands
- On July 1st, **Constellation Brands Inc. (Constellation)** announced it has acquired **Empathy Wines LLC (Empathy)**, a wine brand and direct-to-consumer (DTC) platform, for an undisclosed amount. Constellation will work with Empathy to scale the brand's growth while leveraging Empathy's consumer insights and digital technology to build DTC and digital capabilities in order to scale across its existing portfolio. The acquisition is part of Constellation's strategy to shift towards higher-end wine brands and strengthen its ability to connect with customers through a stronger DTC and digital commerce business
 - On June 30th, **Constellation** announced it has sold its concentrate brands Mega Purple, Mega Red, Mega Natural and Canandaigua Concentrate to **Vie-Del Company**, a California-based winery, distillery and fruit juice processor, for an undisclosed amount. It also sold its Paul Masson Grande Amber Brandy brand to **Sazerac Company** for US\$255 million and its Nobile Wine brand to **E&J Gallo Winery** for US\$130 million. The divestitures are part of Constellation's strategy to transform and premiumize its wine and spirits
- On June 30th, **St. Johns Packaging Ltd. (St. Johns)**, a Canadian packaging manufacturer for the food and consumer product industry, announced it has acquired **Amcort Flexibles UK Ltd.'s** bakery packaging business in Ilkeston, Derbyshire, for an undisclosed amount. The acquisition will expand St. Johns operations into the UK, the world's second largest bread bag market
- On June 25th, **Premium Brands Holdings Corporation (Premium)** announced an offering of 1.4 million common shares at a price of C\$86.30 per share for aggregate proceeds of C\$120 million, and C\$150 million in debt financing through convertible notes bearing 4.20% interest, maturing on September 30th, 2027 and redeemable at a conversion price of C\$142.40 at a rate of approximately 7 common shares for each C\$1,000 principal amount of notes. The company also secured C\$30 million in equity financing from the **Canada Pension Plan Investment Board** for an undisclosed number of common shares. Premium intends to use the proceeds for general corporate purposes as well as to fund potential future acquisition opportunities

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	11,215	32,128	7.8x	7.5x	14.3x	12.9x	2.1%	(12.7)%
ConAgra Foods, Inc.	17,247	27,644	11.5x	11.9x	14.1x	14.5x	4.8%	(1.8)%
Ingredion Incorporated	5,615	7,494	8.5x	7.9x	13.6x	12.2x	2.0%	(15.7)%
Tate & Lyle plc	3,887	4,443	7.6x	7.2x	13.5x	12.8x	0.4%	(17.1)%
Premium Brands	2,401	3,500	16.5x	13.4x	34.3x	22.5x	(1.1)%	(15.4)%
Maple Leaf Foods Inc.	2,583	3,301	12.1x	9.8x	32.6x	24.0x	0.1%	(20.2)%
SunOpta Inc.	406	1,041	14.1x	12.8x	neg	neg	2.0%	(10.9)%
Rogers Sugar	356	637	9.3x	8.8x	13.6x	11.5x	(4.1)%	(19.2)%
Mean			10.9x	9.9x	19.4x	15.8x	0.8%	(14.1)%

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.

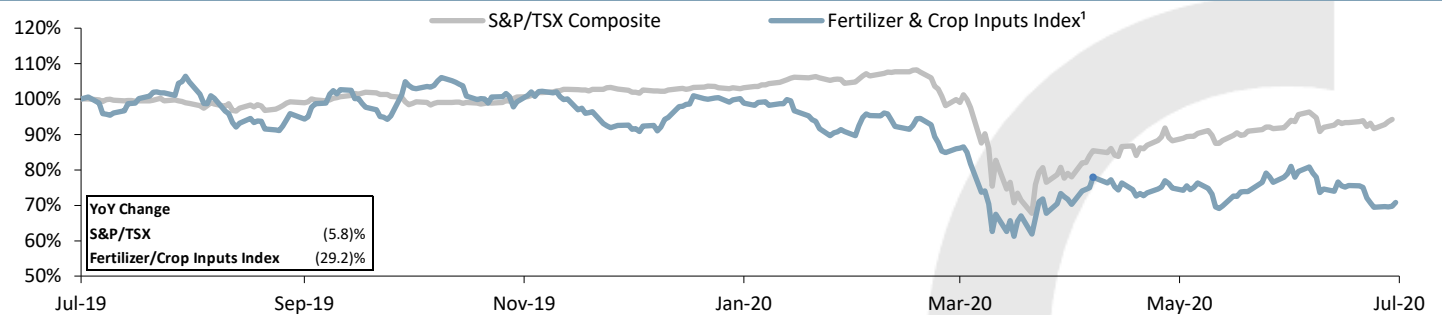


FERTILIZERS AND CROP INPUTS

News Scan

- On June 25th, **Boost Biomes Inc (Boost)**, a US-based start-up focused on the development of novel biological products for food and agriculture, announced the closing of a Series A financing round raising US\$5 million, led by **Yara International ASA (Yara)**, which invested US\$3 million, and including participation from existing investors **Viking Global Investors L.P.** and **Y Combinator Management LLC**. Boost intends to use the funding to develop a biofungicide product and further develop its product pipeline and technology platform. Yara and Boost also agreed to a joint development partnership, whereby the two companies will co-develop a new product to enhance crops' rate of nutrient uptake from the soil, enabling farmers to increase yields with fewer inputs

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	2020E	2021E	2020E	2021E		
Nutrien Ltd.	25,099	37,258	9.9x	9.0x	25.6x	20.0x	(3.5)%	(39.5)%
Yara International ASA	9,634	13,436	5.3x	4.9x	10.7x	9.0x	(3.2)%	(19.3)%
CF Industries Holdings, Inc.	6,281	12,915	9.0x	8.7x	21.3x	18.3x	5.5 %	(46.7)%
The Mosaic Company	4,870	9,777	7.7x	5.8x	nmf	16.4x	7.4 %	(50.0)%
Nufarm Ltd.	1,071	2,494	7.7x	6.4x	25.1x	17.7x	(8.3)%	(41.2)%
Mean			7.9x	6.9x	20.7x	16.3x	(0.4)%	(39.3)%

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

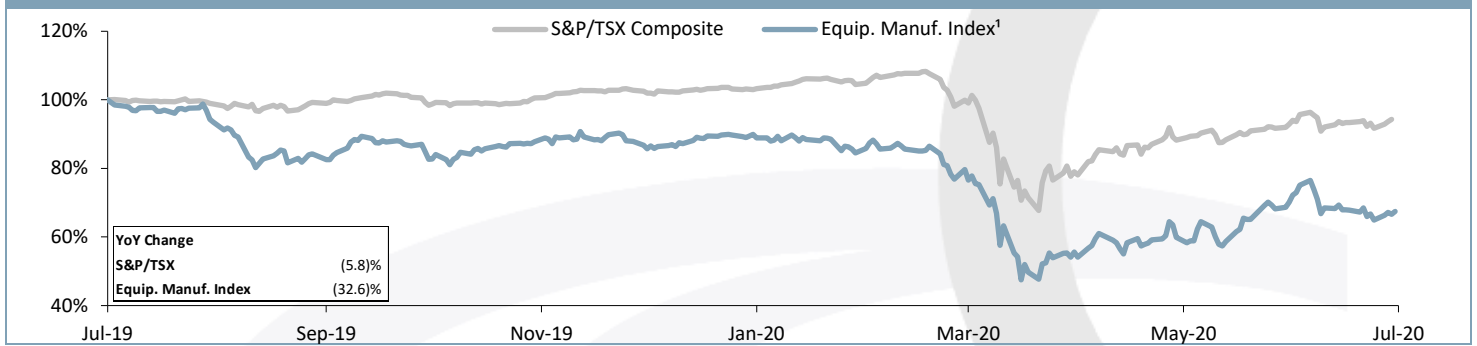


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On June 29th, **Smithfield Foods Inc. (Smithfield)** announced it was partnering with **Granular Inc.**, a farm management platform, to help the company strengthen its grain supply chain. Granular's technology uses high-frequency, high-resolution satellite imagery to monitor fields, letting farmers mitigate in-field pests and resolve other yield-diminishing problems before they spread and require additional resources. The partnership will be available to grain farmers in North Carolina, Ohio, South Carolina and Virginia, who sell their products to Smithfield
- On June 26th, **Briggs & Stratton Co.** announced it is moving production of lawn tractors, residential mowers, snow throwers and pressure washer products from its facility in Wisconsin to New York at the end of August 2020. Production of standby generators, engine components and other products will continue at the Wisconsin facility. The company is looking to streamline the production and distribution of its products with the move
- On June 24th, **Mitchell Equipment Inc. (Mitchell)**, a Nebraska-based case IH dealership, announced it has acquired **Beller & Backes Inc.**, for an undisclosed amount. The combination of the two companies will expand Mitchell's equipment and parts offerings and reinforce its position as a leader in equipment and planting technology in Nebraska

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		
Deere & Company	49,400	53,990	10.7x	10.6x	16.6x	14.5x	4.9 %	(13.2)%
AGCO Corporation	4,092	5,846	9.8x	7.4x	22.9x	13.7x	2.9 %	(32.9)%
Ag Growth International Inc.	374	989	8.3x	6.3x	16.4x	10.3x	(3.7)%	(50.0)%
Cervus Equipment Corporation	77	173	7.7x	5.1x	nmf	11.4x	2.3 %	(45.5)%
Rocky Mountain Dealerships Inc.	59	109	8.4x	5.3x	neg	10.0x	(3.5)%	(46.9)%
Mean			9.0x	6.9x	18.6x	12.0x	0.6 %	(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.

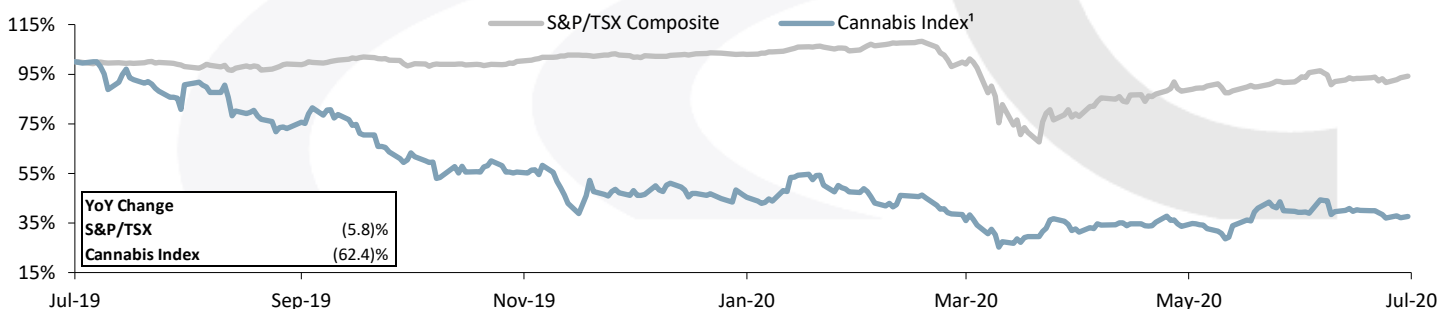


CANNABIS AND HEMP

News Scan

- On July 2nd, **Curaleaf Holdings Inc. (Curaleaf)** announced it has raised C\$28 million through equity financing, issuing approximately 3.6 million subordinate voting shares at a price of C\$7.70. Proceeds are intended to be used to fund expansion projects, working capital as well as for general corporate purposes
 - On June 22nd, **Curaleaf**, announced an amended agreement to acquire **GR Companies Inc. (Grassroots)** for US\$700 million. As part of the agreement, the total consideration is composed of 109 million subordinate voting shares of Curaleaf, and an additional 10 million subordinate voting shares to be priced at the 10-day VWAP prior to the transactions closing. The amended agreement eliminates the previous US\$75 million cash component from the consideration, as both companies believe it provides flexibility to support future growth
- On June 25th, **Canopy Growth Corporation (Canopy)** announced an amended agreement to acquire **Acreage Holdings Inc (Acreage)**, for approximately US\$843 million, down from the original US\$3.4 billion, with the amendment providing Acreage shareholders the opportunity to participate in upside potential. Pursuant to the agreement, Acreage shareholders will receive an up-front payment of US\$0.30 per share for a total of US\$38 million. In connection with the agreement, Canopy has agreed to provide Acreage US\$100 million, through a secured noted bearing a 6.1% interest rate maturing in 10 years to be used towards strengthening Acreage's US hemp operations
- On June 23rd, **Aurora Cannabis Inc. (Aurora)** announced new personnel and facility initiatives as part of its previously announced transformation plan to create production efficiencies and improve per unit cost of goods. Aurora will reduce corporate staff by 25% and production staff by 30% to reach a Q1 FY2021 SG&A run-rate target of C\$42 million. The company will also consolidate production activities, entailing the closure of five smaller facilities over the next two quarters, while expanding production at its Nordic facility in Europe, which it believes can adequately service the European market. As part of the change, Aurora expects to record asset impairment charges of up to C\$60 million during Q4 FY2020 and record a C\$140 million write-down in the carrying value of certain inventory to align inventory on hand with expectations for demand

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/Revenue		TEV/EBITDA		Week Δ	Δ Price
			2020E	2021E	2020E	2021E	Price	52Wk High
Canopy Growth Corporation	5,761	4,881	14.1x	9.1x	neg	neg	(4.2)%	(58.0)%
Aurora Cannabis Inc.	1,377	2,424	10.0x	7.2x	neg	55.1x	(10.2)%	(86.2)%
Cronos Group Inc.	2,906	1,766	26.9x	12.0x	neg	neg	(5.7)%	(59.8)%
Tilray, Inc.	869	1,330	5.5x	3.6x	neg	nmf	(18.7)%	(85.6)%
Aphria Inc.	1,232	1,324	3.0x	2.4x	45.7x	21.0x	(3.0)%	(41.8)%
OrganiGram Holdings Inc.	283	311	3.9x	2.5x	63.5x	9.6x	(13.1)%	(76.9)%
Mean			10.6x	6.1x	54.6x	28.6x	(9.1)%	(68.1)%

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 July 2nd, the **Saskatchewan government** announced a C\$4 billion generational project to irrigate up to 500,000 acres of land from Lake Diefenbaker, more than doubling the irrigable land in Saskatchewan. The project will take place over ten years, in three phases, with each phase expanding and building out the Westside Irrigation and Qu'Appelle projects. This year, \$23 million is being invested as part of Phase 1 to begin preliminary engineering and initial construction
- On July 1st, **Rabobank International** released a report forecasting online grocery sales to reach 6.4% of total grocery sales by the end of 2021, compared to the previously forecasted 4.6%, driven by consumer stay-at-home habits during the COVID-19 pandemic. The company also indicates that even if the growth from COVID-19 were to slow down, the recent increase in focus and investment in e-commerce will continue to drive the trend
- On June 30th, **Canadian National Railway Company (CN)** announced plans to invest C\$1.3 billion in Quebec, Alberta, British Columbia and Ontario, through 2020, as part of a strategic investment to support growing demand and enable supply chains in the provinces. The investments include expansion projects to construct 8.5 miles of double track railway in British Columbia and Alberta as well as multi-year infrastructure projects to increase capacity at Vancouver and Prince Rupert Port. The company will also be investing in a maintenance program in each of the provinces which will see the redevelopment of 150 miles of existing rail, railroad ties, road crossing surfaces, signal systems and other track infrastructure
- On June 30th, the **US Department of Agriculture** released a report forecasting 2020 wheat area planted for harvest at 44 million acres, 0.9% lower than its March forecast and 2% lower than 2019. Poor planting weather and continued expansion of cotton area in Kansas and Oklahoma likely hampered winter wheat seedings, with saturated soils in the northern Plains likely to delay planting of spring wheat, driving overall levels to the lowest since 1919
- On June 19th, the **Canadian government** announced it is lowering some of its greenhouse gas reduction targets in its Clean Fuel Standard plan. The changes include lowering the number of grams of carbon dioxide per megajoule to 2.4 grams from the previous 3.6 grams. The new targets are expected to increase cumulative greenhouse gas reductions by six percent over the 2022 to 2030 period of the program and will likely result in more ethanol blending over the lifetime of the program. The adjustments were made to provide the fossil fuel industry time to recover from the COVID-19 pandemic

Commodities Futures as of July 3rd, 2020

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.19	(1.24)%	(18.45)%
Wheat (CBOT)	\$ per bu.	\$4.76	(7.67)%	(15.08)%
Oats (CBOT)	\$ per bu.	\$2.88	(12.59)%	(3.27)%
Rough Rice (CBOT)	\$ per cwt.	\$12.37	(31.71)%	(6.00)%
Rapeseed (Canola) (ICE)	CAD per T	\$468.50	2.49 %	(2.40)%
Ethanol (CBOT)	\$ per gal.	\$1.11	(2.63)%	(19.04)%



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Food Processing				
Conagra Brands, Inc.	(57.6%)	Conagra Brands reported FY2020 results, with revenues of US\$11.1 billion, representing a 16% YoY increase. The grocery and snacks segment increased by 44% YoY, driven by higher volume sales as demand for at-home food consumption increased due to the COVID-19 pandemic. The foodservice segment decreased by 28% YoY, driven by lower volumes due to lower restaurant traffic. Improved supply chain productivity and cost synergies from the Pinnacle Foods acquisition drove adjusted EBITDA to US\$690 million, representing a 51% YoY increase	nmf	n/a
General Mills, Inc.	(8.7%)	General Mills reported FY2020 results, with net sales of US\$18 billion, representing a 5% YoY increase. North American net sales increased by 8% YoY, driven by an increase in at-home food demand due to the COVID-19 pandemic. Higher organic net sales in the North America segment were partially offset by unfavourable price mixes, resulting in an operating profit of US\$3 billion, representing a 17% YoY increase	US\$62.84	2.2%
Constellation Brands, Inc.	nmf	Constellation Brands reported Q1 FY2021 results, with net sales of US\$2 billion, representing a 6% YoY decrease. Beer net sales decreased 6% YoY, driven by lower production due to COVID-19 related shutdowns in production facilities. Wine and spirit net sales decreased by 7% YoY, driven by lower volume sales as well as the Black Velvet divestiture. Operating income was at US\$610 million, representing a 2% YoY decrease, driven by higher cost of goods sold, partially offset by favorable pricing and lower marketing spend	US\$203.29	9.4%
Cannabis & Hemp				
Liberty Health Sciences Inc.	(20.9%)	Liberty Health Sciences reported FY2020 results, with revenues of US\$50 million, representing a 400% YoY increase, driven by the addition of 13 new dispensaries and significantly higher sales of dried flower. Net income was at US\$22 million, compared to a loss of US\$22 million in FY2019, driven a YoY increase in revenues, patient base and lower compensation expense	nmf	n/a
Acreage Holdings, Inc.	nmf	Acreage Holdings reported Q1 FY2020 results, with revenues of US\$24 million, representing an 88% YoY increase. Retail dispensary revenues increased by 77% YoY and wholesale revenues increased by 133% YoY, driven by acquisitions of cultivation sites and dispensaries made in FY2019. Gross profit increased to US\$10 million, representing an 87% YoY increase, driven by the YoY revenue growth with no material change to the company's gross margin	US\$4.33	71.9%
Emerald Health Therapeutics, Inc.	nmf	Emerald Health Therapeutics reported Q1 FY2020 results, with gross revenues of C\$3.3 million, representing a 28% YoY increase. The company sold 610 kgs of dried flower and flower equivalents, driven by a 48% YoY increase in adult use cannabis volumes, partially offset by a 7% YoY decrease in medical cannabis volumes. EBITDA was at a loss of C\$3.9 million, compared to a loss of C\$5.6 million in Q1 FY2019, driven by lower SG&A expenses as a result of the companies restructuring efforts in H2 FY2019	C\$0.40	135.3%

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