



Agriculture Industry Flash

Monday, July 20th, 2020

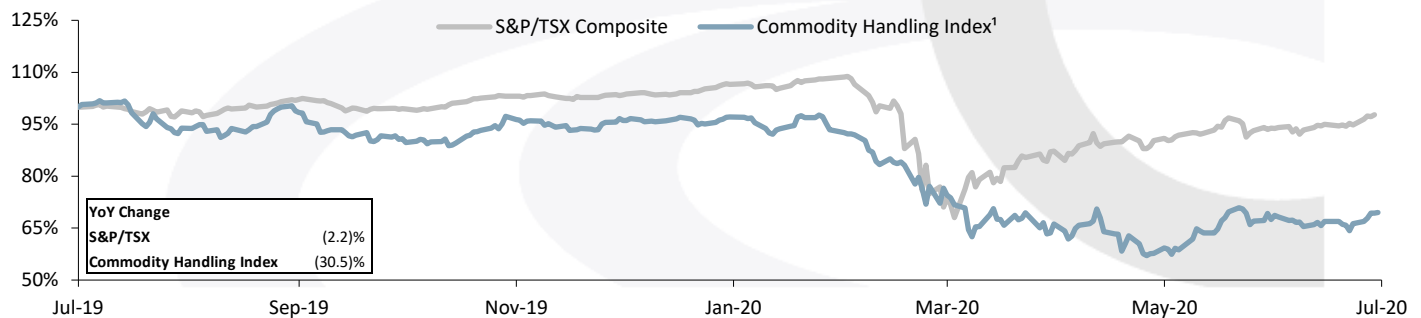


COMMODITY HANDLING

News Scan

- On July 16th, **Viterra Inc.** announced the construction of a new high throughput elevator in Rosser, Manitoba. The new facility will have a total storage capacity of 34,000 tonnes and will be capable of loading a 134 car grain train without detaching cars or locomotive power. The new facility is part of Viterra's strategy to expand its network of prairie grain elevators to ensure its grain supply chain can meet the growing needs of the industry
- On July 15th, **The Saudi Grains Organization**, a state-run Saudi Arabian grain buyer, announced it has started the final stages of privatizing its flour milling sector. The program, which began in 2018, encompasses the privatization of four milling companies, two of which have been sold, one for US\$540 million to the **Raha AlSafi** consortium and the other to the **Alrajhi-Ghurair-Masafi** consortium for US\$200 million. The privatization program is part of a national overhaul of Saudi Arabia's economy
- On July 10th, **Louis Dreyfus Company Holdings B.V. (LDCH)** announced Michael Gelchie will succeed Ian McIntosh as chief executive officer, effective October 1st. Michael previously served as chief operating officer and head of the coffee platform at LDCH, having spent 21 years with the company
- On July 9th, **The Scoular Co. (Scoular)** announced the expansion of its loading and receiving operations at its North Grant facility in Grant, Nebraska. As part of the expansion, Scoular will construct a two million bushel storage building along with two 300,000 bushel grain bins and two truck dump pits. The expansion is expected to increase on-site storage space by 60% and truck unloading capacity to more than 70,000 bushels per hour. The project is expected to be complete by September 2020
- On July 7th, **De Heus Animal Nutrition B.V. (De Heus)** announced the acquisition of **Golpasz S.A.**, a Polish compound feed company for multiple animal categories with 500,000 tonnes of annual production capacity, for an undisclosed amount. Through the acquisition, De Heus will capitalize on Golpasz's specialised knowledge within turkey nutrition and Golpasz will be able to leverage De Heus' international network to accelerate existing product innovation initiatives

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
ADM	22,870	32,046	8.9x	7.8x	14.6x	12.5x	8.9 %	(12.8)%
Bunge Limited	6,121	12,325	9.3x	7.8x	15.6x	10.8x	12.6 %	(27.8)%
The Andersons, Inc	454	2,158	10.3x	7.1x	neg	11.8x	13.2 %	(51.0)%
Graincorp Limited	624	1,437	13.8x	10.5x	neg	26.0x	(3.2)%	(56.9)%
Ceres Global Ag	71	136	na	na	na	na	6.5 %	(33.0)%
Mean			10.6x	8.3x	15.1x	15.3x	7.6 %	(36.3)%

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

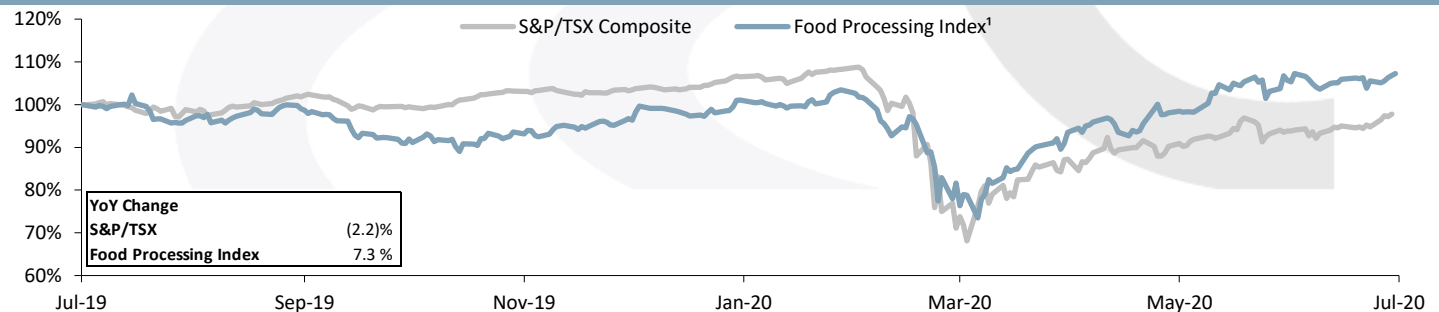


FOOD PROCESSING

News Scan

- On July 17th, **Maple Leaf Foods Inc. (Maple Leaf)** announced it has agreed to sell its poultry processing plant in Drummondville, Quebec to **Volaille Giannone Inc. (Giannone)**, a local poultry business serving the US and Canadian markets, for an undisclosed amount. The divestiture is part of Maple Leaf's strategy to optimize its processing network and will increase Giannone's production by 40%. Under the agreement, Giannone will allow Maple Leaf to maintain its supply of fresh chicken for three years
- On July 16th, **Constellation Brands Inc. (Constellation)** announced it has acquired a minority stake in **Booker Vineyard Inc. (Booker)**, a direct-to-consumer (DTC) producer of luxury Rhône wines, for an undisclosed amount. As part of the agreement, Constellation will invest in Booker's DTC focused portfolio of Paso Robles, California wines and will support Booker in expanding the distribution of its wholesale wines in the US
- On July 14th, **Oatly AB**, a Swedish plant-based food and beverage brand, announced it has sold a minority stake to a group of investors led by **Blackstone Group Inc.**, which included **Orkila Capital LLC** and **Roc Nation LLC**, for US\$200 million. Oatly plans to use proceeds to fund its expansion in current markets and new production plants in Europe, the US and Asia
- On July 14th, **FeverTree Drinks plc (FeverTree)**, a producer of premium drink mixers, announced the acquisition of **Global Drinks Partnership GmbH (GDP)**, a German drinks importer and distributor, for €9.5 million. The acquisition represents a 0.95x multiple on GDP's 2019 sales of €10 million. The acquisition is part of FeverTree's strategy to strengthen its presence in Germany, which it believes to be one of the largest mixer markets in Europe, underpinned by emerging premiumization trends
- On July 9th, **Sonoma Brands LLC (Sonoma)**, a growth equity firm that partners and invests in disruptive, high-growth consumer brands, announced the acquisition of **Chef's Cut Real Jerky Co. (Chef's)**, for an undisclosed amount. Chef's is Sonoma's second meat snack brand acquisition, the first being **Krave Jerky** which was acquired in May 2020, and is part of Sonoma's strategy to expand its premium meat snack offering
- On July 8th, **Perfect Day Inc.**, a California-based producer of animal-free dairy proteins, announced it has closed a Series C funding round led by **Canada Pension Plan Investment Board**, raising US\$300 million. Proceeds are expected to be used towards expanding commercial reach and production capacity as well as development of its product offering

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	12,043	33,051	8.0x	7.7x	15.3x	13.8x	6.5%	(6.5)%
ConAgra Foods, Inc.	17,817	28,222	12.2x	12.7x	15.5x	15.2x	2.8%	(0.6)%
Ingredion Incorporated	5,734	7,616	8.7x	8.0x	13.8x	12.5x	9.2%	(14.0)%
Tate & Lyle plc	3,760	4,319	7.3x	7.0x	13.0x	12.3x	3.2%	(20.2)%
Premium Brands	2,515	3,616	17.1x	13.8x	35.5x	23.1x	4.7%	(11.1)%
Maple Leaf Foods Inc.	2,505	3,219	11.9x	9.5x	33.3x	23.2x	(0.2)%	(22.8)%
SunOpta Inc.	399	1,034	14.0x	12.7x	neg	neg	(1.1)%	(13.5)%
Rogers Sugar	368	649	9.4x	8.9x	14.0x	11.9x	4.8%	(15.7)%
Mean			11.1x	10.1x	20.0x	16.0x	3.7%	(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.

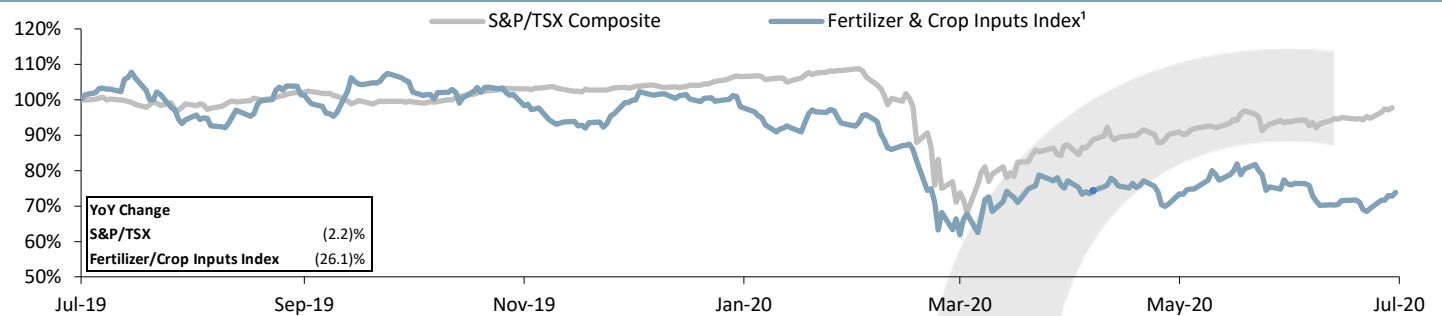


FERTILIZERS AND CROP INPUTS

News Scan

- On July 9th, **ICL Group Ltd. (ICL)** announced a series of agreements that will broaden the availability of its multi-nutrient polyhalite fertilizer, polysulphate, working towards the company's strategy to expand the adoption of polysulphate globally. Through three multi-year agreements, ICL has increased total contracted volumes by 1.1 million tonnes and will be servicing customers in Ukraine, Poland, China and Spain. The largest agreement is a 12-year supply agreement with **Polcalc Sp. Z o.o.**, whereby ICL will supply an aggregate 500,000 tonnes of polysulphides to the company

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.	25,651	37,818	10.0x	9.0x	25.9x	20.2x	6.0 %	(38.3)%
Yara International ASA	10,842	14,644	5.9x	5.5x	12.1x	10.4x	12.3 %	(12.2)%
CF Industries Holdings, Inc.	6,491	13,125	9.1x	8.8x	21.4x	18.7x	12.9 %	(45.0)%
The Mosaic Company	5,083	9,991	8.1x	5.9x	nmf	17.5x	14.8 %	(47.8)%
Nufarm Ltd.	1,062	2,499	7.6x	6.3x	24.6x	17.4x	(1.5)%	(42.4)%
Mean			8.1x	7.1x	21.0x	16.8x	8.9 %	(37.1)%

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

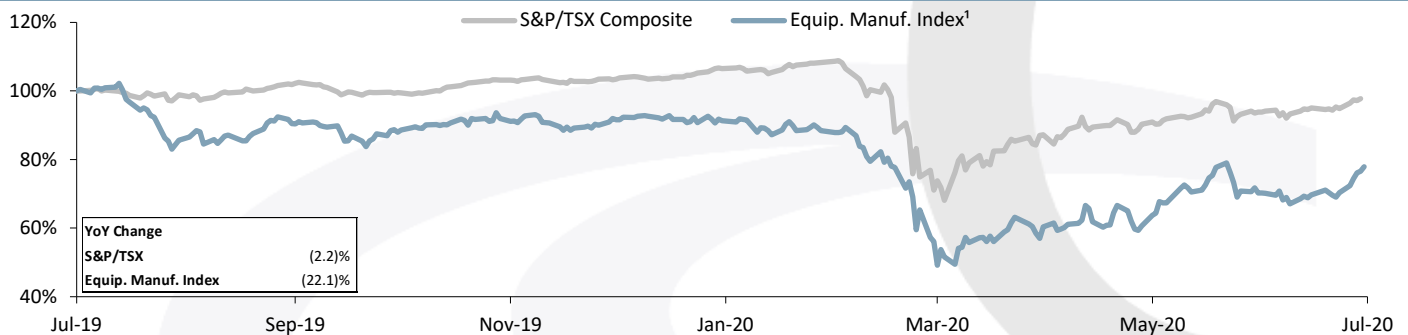


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On July 20th, **Briggs & Stratton Corporation (Briggs)** announced it has entered into a sale agreement with **KPS Capital Partners LP**, to sell almost all its assets for US\$550 million. To facilitate the sale process, Briggs has filed for voluntary reorganization under Chapter 11 of the US Bankruptcy Code, obtaining US\$678 million in debt financing to ensure the company has sufficient liquidity to continue its financial obligations under the process. This comes after an 18% YoY decline in the company's net sales for Q3 FY2020, as the company's OEM customers reduce business activities to safeguard employees from the current COVID-19 pandemic
- On July 9th, **Rite Way Manufacturing Co. Ltd. (Rite Way)**, a subsidiary of **Superior Farms Solutions Ltd.**, announced it has acquired **Morris Industries Ltd. (Morris)**, for an undisclosed amount. The acquisition comes after Morris filed for creditor protection on January 8th, 2020 as a result of a liquidity crisis. The acquisition is part of Rite Way's strategy to grow its equipment offering and expand operations in western Canada
- On July 8th, **Lindsay Corp.**, a global manufacturer and distributor of irrigation and infrastructure equipment and technology, announced the acquisition of **Net Irrigate LLC (Net)**, an agriculture Internet of Things technology company that provides remote monitoring solutions for irrigation customers, for an undisclosed amount. Net will join Lindsay's FieldNET brand of remote irrigation monitoring and control solutions, furthering the two companies' goals of delivering innovative real-world solutions to help growers increase water and energy efficiency

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	55,223	59,968	12.0x	11.9x	18.5x	16.2x	12.0 %	(3.0)%
AGCO Corporation	4,687	6,457	10.8x	8.1x	26.2x	15.6x	17.2 %	(23.1)%
Ag Growth International Inc.	378	993	8.2x	6.4x	16.0x	10.6x	14.0 %	(48.7)%
Cervus Equipment Corporation	87	183	8.2x	5.4x	nfm	12.9x	7.9 %	(40.7)%
Rocky Mountain Dealerships Inc.	60	110	8.4x	5.3x	neg	10.1x	0.7 %	(48.9)%
Mean			9.5x	7.4x	20.2x	13.1x	10.4 %	(32.9)%

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

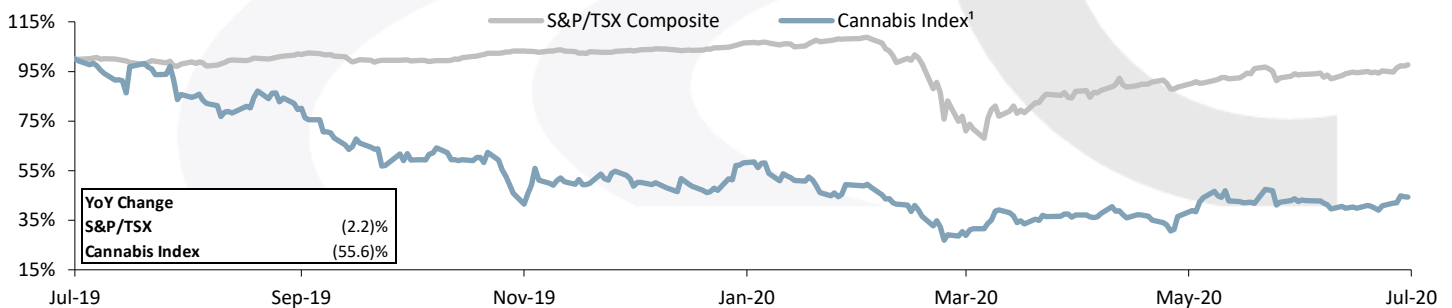


CANNABIS AND HEMP

News Scan

- On July 13th, **iAnthus Capital Holdings Inc. (iAnthus)**, announced it has entered into a restructuring agreement with all of its secured lenders and over 91% of its unsecured debenture holders to recapitalize the company's capital structure as well as provide US\$14 million in financing. The recapitalization is expected to reduce iAnthus' outstanding indebtedness from US\$168 million to US\$101 million as well as improve its capital structure and liquidity. If the recapitalization is implemented, secured lenders and unsecured debenture holders are expected to hold an aggregate of 97% of the common shares outstanding and the existing shareholders will collectively own 3% of outstanding common shares
- On July 13th, **Neptune Wellness Solutions Inc. (Neptune)**, a health and wellness company focused on extraction, purification and formulation of cannabinoids, announced it has entered into an agreement with an unnamed institutional investor for the sale of approximately 4.8 million shares at an offering price of US\$2.65 per share for proceeds of approximately US\$13 million. Neptune expects to use the net proceeds from the offering for working capital and other general corporate purposes
- On July 13th, **Jushi Holdings Inc. (Jushi)**, announced it has raised US\$17 million in debt financing through the issuance of 10.00% senior secured notes maturing January 15th, 2023. The purchasers of the notes will also receive warrants to acquire subordinate voting shares of Jushi at an exercise price of to US\$1.25. The company intends to use the proceeds to fund the cash portion of a previously announced Pennsylvania grower-processor permit holder transaction
- On July 8th, **Conception Nurseries Inc. (Conception)**, a provider of tissue culture technology to the cannabis industry, announced it has raised approximately US\$15 million in a Series A financing round led by **Viridian Capital Advisors LLC**. Conception intends to use proceeds to operationalize its facility in Sacramento, California
- On July 7th, **Verano Holdings LLC (Verano)**, a vertically integrated operator of multi-state cannabis facilities, announced it has entered into a US\$30 million senior secured term loan facility. The facility is non-dilutive, has a two-year term, and loans issued under the facility will bear interest at a fixed annual rate of 15.25%. Verano will use proceeds of the loan to support working capital, organic growth, and acquisitions

Relative Performance Index



Key Indicators

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	Market Cap	TEV	TEV/Revenue		TEV/EBITDA		Week Δ Price	Δ Price 52Wk High
			2020E	2021E	2020E	2021E		
Canopy Growth Corporation	6,641	5,761	16.2x	10.8x	neg	neg	11.4 %	(57.9)%
Aurora Cannabis Inc.	1,346	2,370	9.9x	7.3x	neg	nmf	0.7 %	(87.0)%
Cronos Group Inc.	3,192	2,079	31.6x	14.1x	neg	neg	11.4 %	(58.9)%
Tilray, Inc.	915	1,378	5.7x	3.7x	neg	nmf	(1.1)%	(85.6)%
Aphria Inc.	1,461	1,553	3.4x	2.8x	45.3x	22.3x	22.0 %	(31.0)%
OrganiGram Holdings Inc.	273	301	3.6x	2.3x	44.6x	8.9x	5.0 %	(77.8)%
Mean			11.7x	6.8x	44.9x	15.6x	8.2 %	(66.4)%

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 16th, **Statistics Canada** released a report as part of its Crop Condition Assessment Program indicating vegetative growth conditions are better than normal in approximately 50% of the prairies. Specifically, the Normalized Difference Vegetation Index (NDVI), a graphical indicator to assess if pieces of land have live green vegetation, is higher to much higher than normal across southern and western Saskatchewan and southern Alberta. Typically, higher NDVI levels correspond to higher yields
- On July 14th, **The US Department of Agriculture (USDA)** reported that Brazil soybean exports in 2020-21 are forecasted to reach 84 million tonnes, surpassing the previous record of 83.7 million tonnes set in 2017-18. The increase is a result of a strong demand from soybean importers, such as China and Europe, as well as strong performance from soybean growers, who have been relatively unaffected from the COVID-19 pandemic
 - On July 10th, the **USDA** announced that the US sold approximately 1.4 million tonnes of corn to China, the largest single-day purchase since 1994. China bought 765,000 tonnes of corn for shipment in the current year and 600,000 tonnes for shipment for the following year. With the purchase, China is closer to passing its World Trade Organization target for imports of 7.2 million tonnes of corn and fulfilling phase one of its trade agreement with the US where it has committed to purchasing US\$37 billion of US agricultural commodities
- On July 8th, **Canadian National Railway Company (CN)** announced plans to invest C\$240 million in Nova Scotia, New Brunswick, Manitoba and Saskatchewan, through 2020, as part of a strategic investment to support growing demand and enable supply chains in the provinces. The investments include a multi-year infrastructure project in southern Saskatchewan as well as Manitoba. Invested proceeds will be used to establish maintenance programs in each province which will see the redevelopment of 127 miles of existing rail, railroad ties, road crossing surfaces, signal systems and other track infrastructure
 - On July 7th, **CN** announced it has moved 2.7 million tonnes of Canadian grain in the month of June, setting a new monthly record and representing the fourth consecutive month of record grain movement. As of June 30th, CN has moved 26.9 million tonnes of crop to date this year, representing a 2% increase from the same period in 2019. The records are driven by strong demand for grain as well as CN's capital investments that have increased network capacity and efficiency
- On July 7th, **The European Bank for Reconstruction and Development (EBRD)** announced it is investing €7 million in the farming and grain storage operations of **Ukraine's Grain Alliance Group (UGAG)**. The investment will support UGAG's operations that have been affected by the COVID-19 pandemic and allow the group to implement an investment program aimed at the expansion of its grain storage facilities

Commodities Futures as of July 17th, 2020

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.40	(3.07)%	(13.22)%
Wheat (CBOT)	\$ per bu.	\$5.35	7.22 %	(4.55)%
Oats (CBOT)	\$ per bu.	\$2.71	(5.58)%	(9.14)%
Rough Rice (CBOT)	\$ per cwt.	\$11.83	(4.21)%	(10.14)%
Rapeseed (Canola) (ICE)	CAD per T	\$483.50	1.49 %	0.73 %
Ethanol (CBOT)	\$ per gal.	\$1.17	(6.40)%	(14.66)%



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Commodity Handling				
CHS Inc.	nmf	CHS reported Q3 FY2020 results, with revenues of US\$7.2 billion, representing an 11% YoY decrease. Ag revenues decreased by 9% YoY, driven by lower commodity prices across all products, partially offset by increased grain and oilseed volumes. Energy revenues decreased 49% YoY driven by lower selling prices and volumes for refined fuels as a result of the COVID-19 demand shock in the transportation sector. Net income was at US\$97.5 million, representing an 80% YoY increase, driven by improved volumes and margins in the ag segment, partially offset by lower margins in the energy segment	nmf	na
Food Processing				
PepsiCo, Inc.	18.1%	PepsiCo reported Q2 FY2020 results, with net revenues of US\$15.9 billion, representing a 3% YoY decrease. Latin American revenues decreased 17% YoY driven by declines in beverage volumes, partially offset by growth in snack volumes. Quaker foods revenues increased 23% YoY, driven by volume growth in oatmeal, Aunt Jemima syrup and ready-to-eat cereals. Higher operating costs and a net volume decline drove operating profit to US\$2.3 billion, representing a 15% YoY decrease and an operating margin of 15%	US\$146.63	9.7%
Cannabis and Hemp				
The Valens Company Inc.	69.7%	The Valens Company reported Q2 FY2020 results, with revenues of C\$18 million, representing a 100% YoY increase. Cannabis extraction operations contributed significantly to the increase as the company continues to expand partnerships with industry players. Adjusted EBITDA was at C\$2.7 million, representing a 33% YoY increase, with an adjusted EBITDA margin of 15%, driven by lower professional fees and travel expenses	C\$5.06	133.3%

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