



Agriculture Industry Flash

Monday, August 17th, 2020

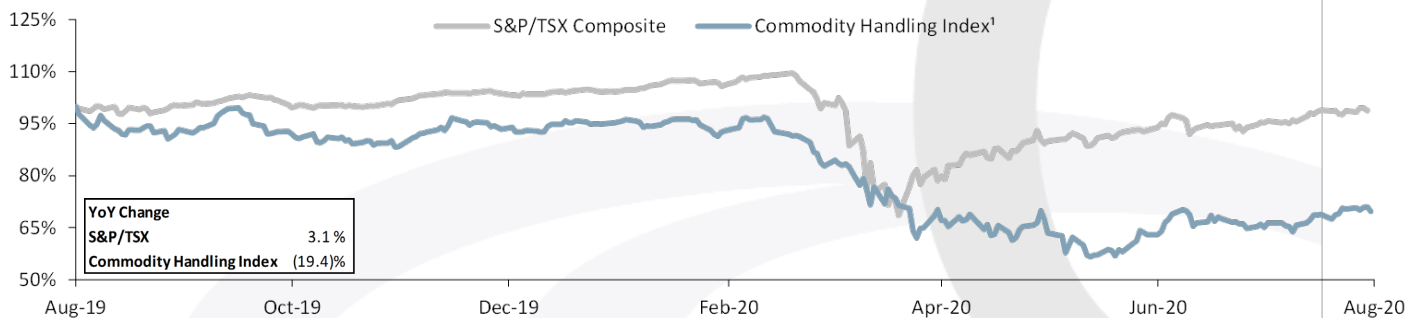


COMMODITY HANDLING

News Scan

- On August 17th, **Miami International Holdings (MIH)**, an exchange for options and futures trading, announced it has entered into a definitive agreement to acquire the **Minneapolis Grain Exchange** for a combination of cash and common stock, with the exact amount undisclosed. The combination will help MIH diversify its product and service offerings
- On August 12th, **Input Capital Corp. (Input)**, a Canadian agriculture streaming company with a focus on canola, announced that it has entered into a definitive agreement to be acquired by **Bridgeway National Corp. (Bridgeway)**, a public US-based investment firm, for C\$97.5 million. The acquisition by Bridgeway will provide Input with a source of scalable capital to grow their mortgage stream business
- On August 11th, **The Scoular Co.**, announced it will be building a 15,000 sq. ft. manufacturing facility in Jerome, Idaho to produce barley protein concentrate, a product to be used in aquaculture feed and pet food. The plant is projected to process 1.9 million bushels of barley annually, with capacity projected to expand over the next several years. A high-energy liquid feed supplement for cattle feeders will be co-produced
- On August 4th, **Hansen-Muller Co.**, a family-owned Nebraska-based operator of commodity storage facilities, announced it has acquired a commercial grain elevator in Kansas City, Kansas, for an undisclosed amount. The elevator, which has a capacity of 4.3 million bushels, will expand the company's capacity to store and handle additional wheat and other commodities

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
ADM	24,776	33,225	8.7x	7.9x	14.6x	13.1x	2.4 %	(5.5)%
Bunge Limited	6,414	13,861	9.6x	8.6x	13.4x	10.9x	2.8 %	(21.1)%
The Andersons, Inc	573	1,939	7.9x	6.2x	nmf	11.5x	4.3 %	(38.5)%
Graincorp Limited	686	1,520	14.3x	10.9x	neg	16.1x	7.2 %	(53.8)%
Ceres Global Ag	73	139	na	na	na	na	(0.3)%	(35.1)%
Mean			10.1x	8.4x	14.0x	12.9x	3.3 %	(30.8)%

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

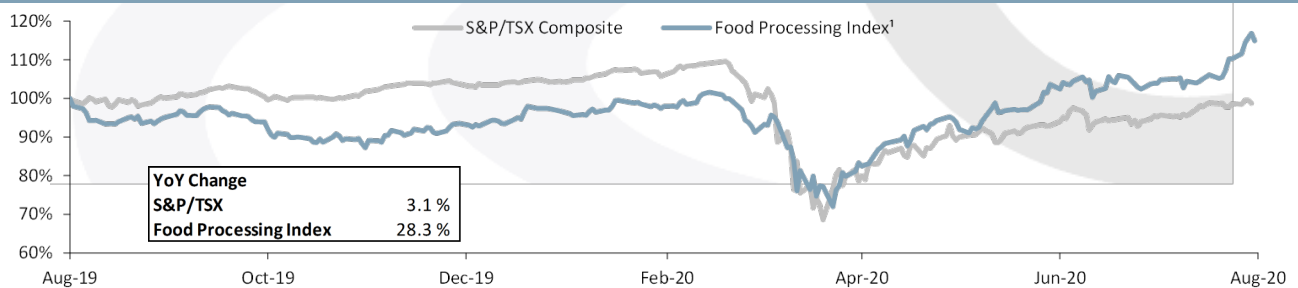


FOOD PROCESSING

News Scan

- On August 13th, **Impossible Foods Inc.** announced it has closed a Series G funding round, raising US\$200 million, led by **Coatue Management LLC**, increasing the company's total raised capital to approximately US\$1.5 billion. The company intends to use proceeds to develop and commercialize plant-based products for each major category of animal derived food products
- On August 13th, **Glanbia Nutritionals Inc. (Glanbia)**, a Canadian subsidiary of **Glanbia PLC**, announced it has acquired **Foodarom Inc.**, a Canadian custom flavour designer and manufacturer, for C\$60 million. Foodarom is expected to be complementary to Glanbia's solutions-based customer approach and focus area, strengthening its capability in flavours and nutritional solutions
- On August 13th, **Sol Cuisine**, a Canadian plant-based protein manufacturer, announced it has closed a C\$10 million equity financing round, led by **BDC Capital's** Industrial Innovation Venture Fund.
- On August 11th, **Saputo Inc.** a Montreal-based dairy company, announced it has merged its US cheese division and US dairy foods division into one single unit. The new division, which will be known as the dairy division, will allow Saputo's US platform to be aligned under a common strategy and to efficiently serve its markets under rapidly changing consumer expectations
- August 11th, **Atomo Coffee Inc. (Atomo)**, announced the closing of a US\$9 million seed funding round, with participation from **Horizon Ventures Ltd.**, **S2G Ventures LLC** and **Bessemer Venture Partners**. Atomo is developing a bean-free coffee made from upcycled plant ingredients, with funds from the seed round to be used to build the company production roastery
- On August 10th, **Florida Food Products Inc. (FPP)**, a manufacturer of vegetable juice concentrates and derivatives, acquired **Amelia Bay LLC**, a pure play extractor and formulator of natural flavouring solutions including teas, coffee and botanicals, for an undisclosed amount. The acquisition supports FPP's overall mission of becoming the industry's leading provider of natural and clean label ingredients
- On August 7th, **Noble Foods Nutrition Ltd. (Noble Foods)**, a Montreal-based nutrition and energy bar contract manufacturer, announced it has acquired **Betty Lou's Inc.**, an Oregon-based nutritional bar manufacturer, for an undisclosed amount. The acquisition is in line with Noble Foods strategy to expand its operations across North America

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	11,526	30,569	7.4x	7.0x	15.0x	12.9x	(1.1)%	(12.6)%
ConAgra Foods, Inc.	18,455	27,899	11.6x	12.0x	15.1x	15.5x	0.8%	(0.9)%
Ingredion Incorporated	5,469	7,201	8.7x	7.9x	14.3x	12.7x	4.8%	(17.9)%
Tate & Lyle plc	4,144	4,729	7.5x	7.3x	13.3x	12.9x	3.1%	(15.9)%
Premium Brands	2,955	3,790	16.9x	13.6x	36.8x	24.5x	0.1%	(3.7)%
Maple Leaf Foods Inc.	2,746	3,452	11.2x	9.5x	29.3x	22.4x	1.8%	(11.4)%
SunOpta Inc.	573	907	10.6x	9.4x	neg	nmf	2.6%	(10.3)%
Rogers Sugar	377	653	9.1x	8.5x	15.8x	11.6x	0.8%	(13.8)%
Mean			10.4x	9.4x	19.9x	16.1x	1.6%	(10.8)%

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.

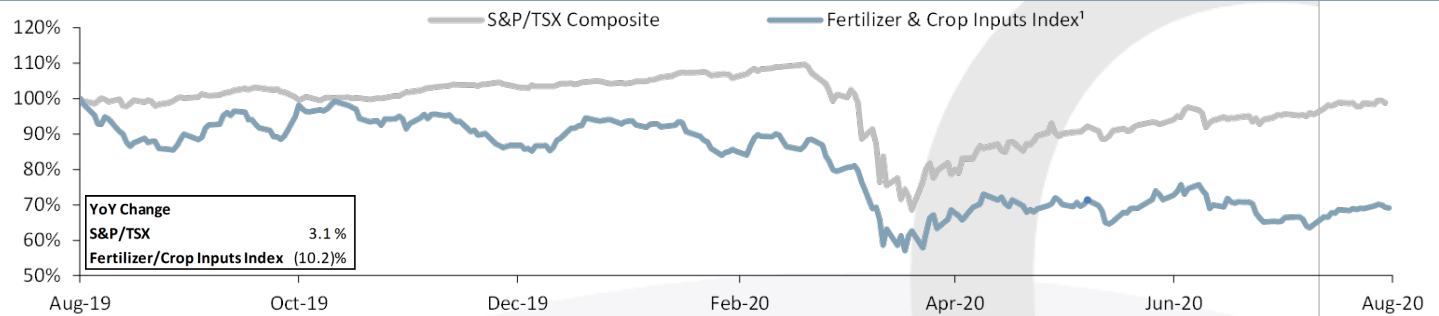


FERTILIZERS AND CROP INPUTS

News Scan

- On August 11th, **Itafos Inc.**, a vertically integrated phosphate fertilizers producer and supplier, announced it has obtained a US\$20 million secured working capital facility. The facility bears a variable interest rate tied to LIBOR, with Itafos drawing US\$10 million at closing. Proceeds of the Revolving Facility will initially be used to repay an existing facility and thereafter for working capital and general corporate purposes
- On August 5th, **Dorogobuzh PJSC**, a subsidiary of Acron Group and manufacturer of fertilizers and chemicals, announced a US\$68.4 million investment to upgrade its Dorogobuzh ammonia plant. The technical upgrades will increase plant capacity from 620,500 to 766,500 tonnes annually and improve energy efficiency by reducing natural gas consumption by 7% per tonne of ammonia. Annual output is expected to increase by 130,000 tonnes per year. The upgrades are part of Dorogobuzh's technology development program, providing the company with additional capacity to pursue new projects

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

Market	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2020E	2021E	2020E	2021E	Price	52Wk High
Nutrien Ltd.	28,987	40,212	10.7x	9.8x	29.5x	23.5x	8.7 %	(26.7)%
Yara International ASA	11,628	15,606	6.3x	5.8x	13.0x	11.0x	(1.9)%	(7.3)%
CF Industries Holdings, Inc.	7,507	13,926	9.5x	9.4x	21.8x	22.4x	5.1 %	(32.9)%
The Mosaic Company	6,759	11,111	7.9x	6.2x	nfm	17.9x	10.5 %	(23.1)%
Nufarm Ltd.	1,167	2,641	7.9x	6.7x	29.4x	18.1x	2.9 %	(38.2)%
Mean			8.5x	7.6x	23.4x	18.6x	5.1 %	(25.6)%

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

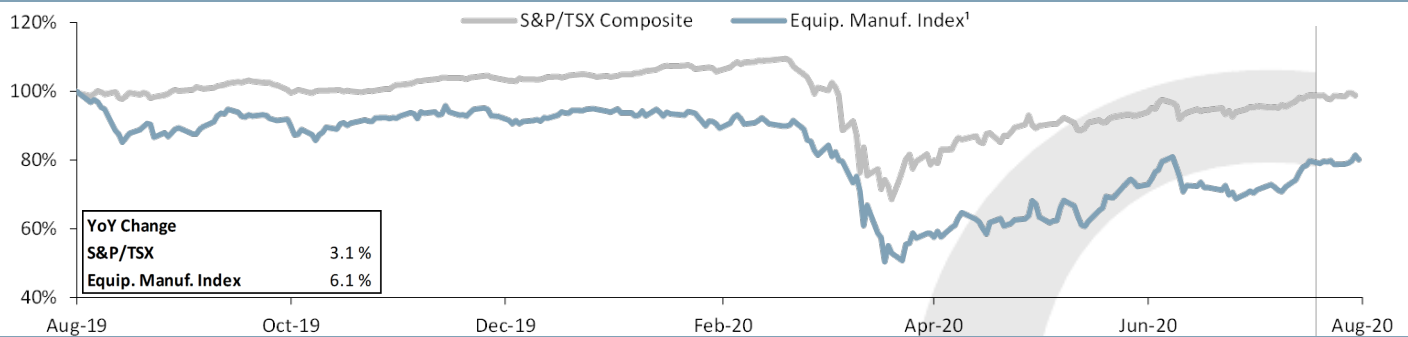


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On August 5th, **Valley Irrigation Inc.**, a US-based provider of precision irrigation equipment, announced the acquisition of **Precision King Inc.**, a Mississippi-based ag tech company with products focused on moisture monitoring, pump control and remote sensing, for an undisclosed amount. The acquisition strengthens Valley Irrigation's footprint in the Mississippi Delta region while expanding the company network of connected devices

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	59,797	64,665	13.1x	12.9x	20.1x	17.6x	5.4 %	(2.4)%
AGCO Corporation	5,509	7,092	9.2x	8.0x	19.6x	15.4x	7.7 %	(9.6)%
Ag Growth International Inc.	522	1,180	10.9x	8.9x	20.5x	13.8x	18.2 %	(23.0)%
Cervus Equipment Corporation	104	175	6.1x	4.6x	10.1x	11.8x	20.4 %	(12.2)%
Rocky Mountain Dealerships Inc.	71	123	7.5x	5.7x	27.8x	10.8x	9.1 %	(33.2)%
Mean			9.3x	8.0x	19.6x	13.9x	12.2 %	(16.1)%

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

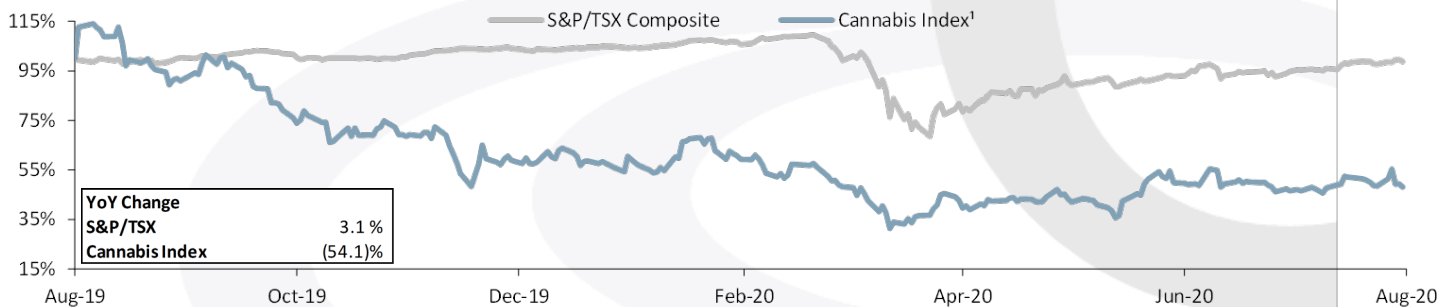


CANNABIS AND HEMP

News Scan

- On August 13th, **HEXO Corp.** announced the closing of its at-the-market (ATM) equity program, raising C\$34.5 million through the issuance of 33.9 million common shares. The Company expects to use proceeds from the ATM Program for general corporate purposes, which may include working capital, capital expenditures and debt repayments
- On August 11th, **Vireo Health International Inc.**, a multi-state cannabis operator, announced the sale of its equity in **Pennsylvania Medical Solutions LLC** to **Jushi Holdings Inc.**, for US\$37 million. The transaction also includes an 18-month option for Jushi to purchase equity in another Vireo Health subsidiary, **Pennsylvania Dispensary Solutions LLC**, for an additional US\$5 million in cash. Vireo intends to use proceeds for capital expenditures that will increase scale in its core markets of New York, Minnesota, Maryland, Arizona, and New Mexico
- On August 11th, **springbig Inc.** a provider of CRM and loyalty marketing technology in the cannabis space, announced the closing of a Series B round, raising US\$11.5 million in a round that included **TVC Capital LLC** and **Halley Venture Capital**, **Salex Capital** and others. Proceeds will be used to accelerate the growth of springbig's new Brands Platform and to further the company's expansion throughout the U.S. and Canada
- On August 4th, **The Supreme Cannabis Company Inc. (Supreme)** announced it has restructured the C\$100 million convertible debentures it issued in October 2018. The amended terms include the reduction of the principal amount of the debentures by C\$63.5 million to C\$36.5 million, in exchange for the issuance of 116.6 million common shares and resulting in the reduction of annual interest expenses from C\$6 million to C\$2.9 million. The terms also extend the maturity date of the debentures from October 1st, 2021 to September 1st, 2025. This restructuring will provide Supreme with flexibility and runway to accelerate revenue growth and achieve cost optimization

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	6,393	5,491	15.2x	10.7x	neg	neg	(2.1)%	(40.5)%
Aurora Cannabis Inc.	1,225	2,128	8.6x	6.2x	neg	47.3x	2.9 %	(86.3)%
Cronos Group Inc.	2,621	na	na	na	na	na	(3.7)%	(55.1)%
Tilray, Inc.	922	1,318	5.8x	3.8x	neg	nmf	(6.6)%	(79.7)%
Aphria Inc.	1,300	1,367	2.9x	2.4x	44.6x	18.5x	(3.2)%	(36.2)%
OrganiGram Holdings Inc.	283	310	4.8x	3.0x	neg	20.2x	17.0 %	(72.5)%
Mean			7.5x	5.2x	44.6x	28.7x	0.7 %	(61.7)%

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 August 12th, **The US Department of Agriculture (USDA)** released a report forecasting all-wheat production in 2020 at 1.8 billion bushels, up 1%, from the July forecast but down 4% from 2020. The increase from July was based on higher forecasts for spring wheat and durum production, which more than offset a smaller estimated winter wheat outturn. The report also forecasted carryover of wheat on June 1st, 2021, at 925 million bushels, down 17 million bushels from the previous forecast and down 119 million bushels, or 11%, from 1.044 billion bushels in 2020, the smallest harvest in six years
 - On August 6th, The **USDA** reported that approximately 90% of France wheat crop had been harvested, estimating it to be the third smallest in the country's history. The USDA forecasts France's soft wheat crop to be about 29.5 million tonnes and durum crop is not expected to surpass 1.3 million tonnes making France's total wheat production 31 million tonnes, 25% lower than in 2019. The reports cited that adverse weather and pest infestation has led to a decrease in France's production
- On August 6th, **The Alberta Government** announced it will be providing C\$10 million to irrigation districts across the province as part of its Irrigation Rehabilitation Program (IRP). Through the IRP, the government will provide 75% of irrigation rehabilitation funding, and districts contribute the other 25%. Districts, such as the St. Mary River Irrigation District, which has the highest number of irrigated acres and will receive C\$2.6 million through the program, will be using the IRP money on projects to replace open canals with pipelines
- On August 5th, **Canadian Pacific Railway Company (CP)** announced it shipped 29.5 million tonnes of crop this year, exceeding last year's record of 26.77 million by 10%, setting a record for shipping grain and grain products. This represents the second consecutive year CP has broken a shipping record, with the company citing its new high efficiency product train model as well as its new high capacity hopper cars as the primary drivers behind the achievement
- On August 5th, **FarmLink Marketing Solutions** released a report forecasting a record wheat harvest by Canadian farmers as well as more canola than last year, driven by favourable crop conditions. The wheat harvest including durum is forecasted to reach approximately 39 million tonnes, surpassing the current record of 37.6 million, set in 2013. The company also estimated canola production at 20.2 million tonnes, up from 18.6 million last year

Commodities Futures as of August 14th, 2020

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.39	3.12 %	(13.47)%
Wheat (CBOT)	\$ per bu.	\$5.07	(2.78)%	(9.59)%
Oats (CBOT)	\$ per bu.	\$2.58	(5.41)%	(13.42)%
Rough Rice (CBOT)	\$ per cwt.	\$11.76	1.42 %	(10.68)%
Rapeseed (Canola) (ICE)	CAD per T	\$485.70	1.95 %	1.19 %
Ethanol (CBOT)	\$ per gal.	\$1.23	10.81 %	(10.28)%



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Commodity Handling				
The Andersons, Inc.	1.1%	The Andersons reported Q2 FY2020 results, with revenues of US\$1.9 billion, representing an 18% YoY decrease. Trade revenues decreased by 23% YoY, driven by a lower return on the company's Eastern Corn Belt assets which faced reduced demand resulting in compressed margins and lower origination. A strong planting season resulted in a 22% YoY increase in plant revenues, partially offsetting declines in the remaining segments. EBITDA was US\$66.7 million, representing a 23% YoY decrease, driven by low margins in the ethanol and trade segments, partially offset by savings within the plant and rail groups from cost reduction initiatives	US\$20.00	12.8%
Food Processing				
Ingredion Incorporated	(37.2%)	Ingredion reported Q2 FY2020 results, with net sales of US\$1.3 billion, representing a 14% YoY decrease. A decline in volumes resulted in 13% and 19% YoY decreases, in North American and South American sales, respectively. Operating income was US\$101 million, representing a 27% YoY decrease, driven by lower away-from-home consumption in the U.S. and Canada and the shutdown of brewery customers in Mexico, partially offset by favourable price-product mixes	US\$92.83	13.7%
Maple Leaf Foods Inc.	nmf	Maple Leaf Foods reported Q2 FY2020 results, with sales of C\$1.1 billion, representing a 6.6% YoY increase. Meat protein revenues increased 5.8% YoY, driven by an increase in hogs processed and a favourable mix-shift towards sustainable meats and branded products. Plant protein revenues increased 41.4% YoY, driven by expanded distribution of new products and continued volume increases in its existing portfolio. Adjusted EBITDA was C\$138 million, representing a 2.8% YoY increase, driven by favourable product and channel mix attributed to the expansion of sustainable meats and other branded products, partially offset by higher supply chain costs, and expenses associated with COVID-19	US\$36.06	21.8%
Premium Brands Holdings Corporation	(59.5%)	Premium Brands reported Q2 FY2020 results, with revenues of C\$977 million, representing a 3% YoY increase. Premium food distribution revenues increased by 13% YoY, driven by organic volume growth as well as acquisitions. Specialty foods revenues remained flat as increased sales to retail food chains were offset by lost business as a result of slowdowns in quick service restaurants from COVID-19. Adjusted EBITDA was at C\$67 million, representing a 24% YoY decrease, driven by higher transitory costs related to COVID-19 as well as higher SG&A expenses	US\$103.05	4.2%
SunOpta Inc.	84.6%	SunOpta reported Q2 FY2020 results, with revenues of C\$311 million, representing a 6% YoY increase. Plant-based foods and beverages revenues increased 12% YoY, due to higher volumes of aseptic beverages, broth offerings, and ingredient extraction, partially offset by reduced sales volumes of plant-based beverage products to foodservice customers as a result of COVID-19. Adjusted EBITDA was at C\$20.5 million, representing a 10% YoY increase, due to increased pricing spreads for certain organic ingredients and premium juice products and improved plant utilization and productivity-driven cost savings	n/a	n/a
Rogers Sugar Inc.	(48.6%)	Rogers Sugar reported Q3 FY2020 results with revenues of C\$206 million, representing a 8% YoY increase. Sugar revenues decreased 2% YoY driven by lower sugar volumes due to lower demand in the food service sector. Maple revenues increased 37% YoY, driven by high demand associated with the pantry-loading movement driven by the COVID-19 pandemic and ongoing replenishment orders. Adjusted EBITDA was at C\$14.3 million, representing a 24% YoY decrease, the result of higher distribution costs within the sugar segment as well as higher SG&A expenses across both segments	C\$4.95	2.7%
Fertilizers & Crop Inputs				
Nutrien Ltd.	(8.8%)	Nutrien reported Q2 FY2020 results, with sales of US\$8.4 billion, representing a 3% YoY decrease. Crop protection product revenues decreased 7% YoY, due to strong applications in North America and Australia supported by improved weather conditions and earlier planting in the US relative to 2019. Crop Nutrient revenues decreased 4% YoY, due largely to lower selling prices, partially offset by an increase in volumes. Adjusted EBITDA for Q2 was at US\$1.7 billion, representing an 8% YoY decrease. This was largely due to the potash and nitrogen segments being impacted by lower selling prices	US\$46.99	22.3%



Recent Earnings News

Company	EPS YoY Change	Comments	Analysts Consensus	Premium to Current
Equipment Manufacturers & Services				
AGCO Corporation	(48.9%)	AGCO reported Q2 FY2020 results, with net sales of US\$2 billion, representing a 17% YoY decrease. European and Middle East sales decreased by 23% YoY, due primarily to suspended production in all major European production facilities as a result of supply availability related to COVID-19. North American sales decreased 10% YoY as a result of lower sprayer and grain and protein sales, partially offset by increased sales of hay equipment, precision planting equipment and high horsepower tractors. Net income was at US\$163 million, representing a 38% YoY decrease, driven largely by the suspended production in Europe and Middle East facilities, partially offset by a favourable sales mix and cost reduction initiatives	US\$72.56	(1.4%)
Ag Growth International Inc.	13.4%	Ag Growth International reported Q2 FY2020 results, with trade sales of C\$261.4 million, representing an 11% YoY decrease. Trade sales in Canada decreased by 31%, reflecting lower farm sales as a result of a late spring in western Canada, and a change in pre-season buying programs that resulted in strong order intake in June and certain sales shifted to Q3 2020. Adjusted EBITDA was C\$44.1 million, representing a 22% YoY decrease, driven by equipment rework expenses and losses on financial instruments, partially offset by higher gross margins in the farm segment	C\$43.57	17.8%
Cannabis & Hemp				
Canopy Growth Corporation	nmf	Canopy Growth reported Q1 FY2021 results, with net revenues of C\$110 million, representing a 22% YoY increase. Recreational net revenue decreased 11% YoY, due to lower B2B sales as a result of increased competition in the value-priced dried flower category as well as lower B2C sales from the closure of retail stores. Medical net revenues increased by 54% YoY, driven by the transition of the company's medical customers to the Spectrum Therapeutics online store and its more medical-focused range of cannabis products as well as growth in the company's German medical business from the resolution of supply constraints	C\$24.28	6.4%
Cronos Group Inc.	nmf	Cronos reported Q2 FY2020 results, with net revenues of US\$9.8 million, representing a 29% YoY increase. Continued growth in the adult-use Canadian cannabis market, sales resulting from the launch of cannabis vaporizers in the Canadian market, including both adult-use and D2C, and the inclusion of the Redwood acquisition drove the increase. Gross profit was at a loss of US\$3.0 million compared to a profit of US\$4.1 million in Q2 FY2019, driven by an increase in cost of sales driven by a higher volume of adult-use sales and the lack of wholesale revenue, as well as an inventory write-down of US\$3.1 million on dried cannabis and cannabis extracts	US\$8.47	49.8%
Tilray, Inc.	nmf	Tilray reported Q2 FY2020 results, with revenues of US\$50.4 million, representing a 10% YoY increase. International medical revenues increased 349% YoY, driven by higher volume sales, particularly in Germany. Bulk revenues decreased 94% YoY as the company started focusing on higher-margin opportunities such as adult use and international medical sales. The company sold 11,430 kg of cannabis and cannabis equivalents, representing a 105% YoY increase, driven by stronger demand in international markets as well as a one-time Bulk transaction associated with the termination of a supply contract. The average cost per gram was US\$2.06, a 47% YoY decrease, a result of reduced cost structures, better throughput and cost absorption at the High Park Holdings processing facility	US\$9.18	26.7%



COVID'S IMPACT ON CONSUMER FOOD TRENDS: PART 1 - WHERE ARE WE NOW?

In Part I of this new series, Origin Senior Advisor, Steve Bromley lays the groundwork for a discussion of future consumer food trends, examining how consumer preferences have evolved through the months of pandemic. He concludes by identifying five emerging trends that may shape future consumer food choices and buying patterns. Each of these will be explored in future issues. Read the full article [here](#).

Origin Senior Advisor, Steve Bromley, has over 30 years of food, beverage and general leadership experience in private and public companies at both management and board levels. Most recently he served as the CEO of SunOpta Inc. (NASDAQ:STKL;TSX:SOY), a leading integrated global natural, organic and specialty foods company, where he spent approximately 15 years in a variety of roles including CFO, COO and ultimately CEO for his last 8 years.

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