



Agriculture Industry Flash

Tuesday, August 4th, 2020

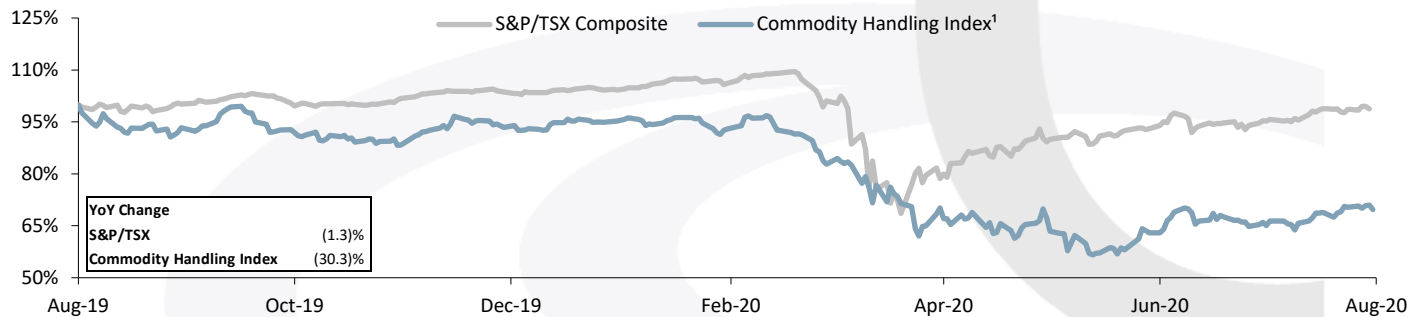


COMMODITY HANDLING

News Scan

- On July 31st, **Alceco Inc.**, a farm cooperative, announced it is acquiring full ownership of **Ag Partners LLC**, a grain service joint venture by Alceco and **Cargill Ltd.**, for an undisclosed amount. Ag Partners will initially operate under its own brand, with Alceco providing resources to maintain the company's position as a leading provider of producer solutions and services in Northwest Iowa
- On July 28th, **JSC VTB Bank (VTB)**, a Russian state-run bank and the largest operator of grain export infrastructure in the country, announced it has acquired the remaining 30% stake in **Mirogroup LLC**, a Russian grain and oilseed distributor and exporter, for an undisclosed amount. VTB previously acquired a 70% stake in Mirogroup in 2019 through its subsidiary **Demetra Holding LLC**, with the purchase of the remaining stake as part of the company's strategy to build an integrated export chain within the grain market
- On July 23rd, **Ceres Global Ag Corp. (Ceres)** announced it has entered into an agreement to acquire Nicklen Siding, a grain elevator, from **Cargill Ltd.** for an undisclosed amount. Nicklen Siding is located in Ridgedale, Saskatchewan and has a total storage capacity of 14,000 tonnes. The acquisition is part of Ceres' strategy to increase core product origination from regions close in proximity to its terminal assets and customers
- On July 20th, **Seaboard Corp. (Seaboard)** announced that Robert Steer has been elected by the company's board of directors to succeed Steve Bresky as chief executive officer (CEO), effective immediately. Bresky passed away July 10th at the age of 67, having been Seaboard since 2006. Steer has been Seaboard's executive vice president and chief financial officer (CFO) since 2011 and has been with the company for more than 35 years, serving in various capacities

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	23,792	32,214	9.0x	7.9x	15.1x	13.0x	1.3 %	(9.3)%
Bunge Limited	6,175	13,618	10.1x	8.5x	15.7x	10.9x	(3.0)%	(27.2)%
The Andersons, Inc	458	2,161	10.3x	7.1x	neg	11.9x	0.0 %	(50.7)%
Graincorp Limited	612	1,445	13.5x	10.3x	neg	24.9x	(2.1)%	(58.8)%
Ceres Global Ag	72	138	na	na	na	na	(3.8)%	(32.0)%
Mean			10.7x	8.4x	15.4x	15.1x	(1.5)%	(35.6)%

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

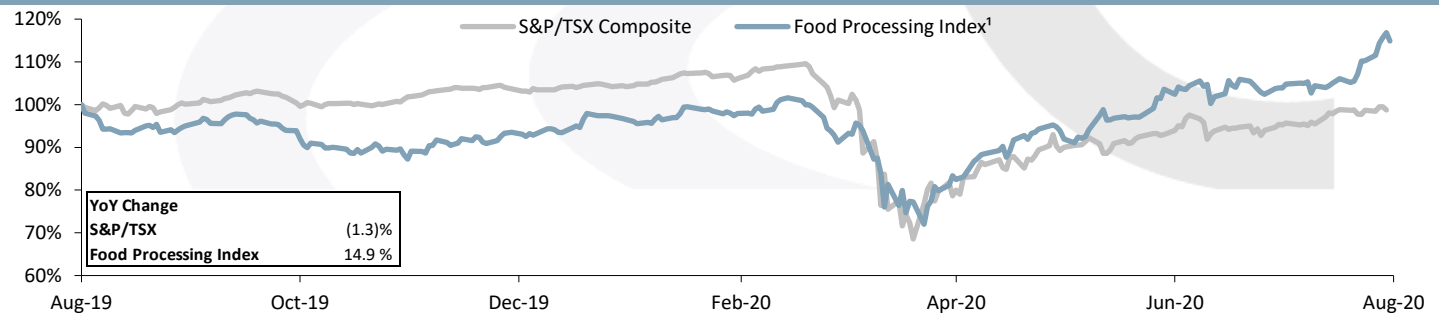


FOOD PROCESSING

News Scan

- On August 3rd, **TruFood Manufacturing Inc. (TruFood)**, a Pennsylvania-based snack food contract manufacturer, announced it has acquired **Simply Natural Foods LLC**, a New York-based producer of nutrition bars and confections for food brands, for an undisclosed amount. The acquisition will enable TruFood to serve a large customer base with a broader range of product offerings in the better-for-you snacking segment
- On July 31st, **Vital Farms Inc.**, a distributor of ethical pasture-raised food products, completed its initial public offering, raising US\$200 million through the issuance of approximately 9.3 million common shares at a price of US\$22, with its stock closing 59% higher than its opening price. The company intends to use proceeds to expand operations to become the largest distributor of ethical pasture-raised food products in the US
- On July 27th, **Maple Leaf Foods Inc. (Maple Leaf)** announced it has closed the sale of its poultry processing plant in Drummondville, Quebec to **Volaille Giannone Inc. (Giannone)**, for an undisclosed amount. Maple Leaf and Giannone have also entered into a three-year supply agreement that will allow Maple Leaf Foods to maintain its supply of fresh chicken
- On July 22nd, **Quintessential Wine Ltd. (Quintessential)**, a California-based wine importer, announced it has acquired **Accolade Wines Ltd.'s (Accolade)** US-produced wine portfolio, for an undisclosed amount. The acquisition consists of the production, global sales and marketing of Geyser Peak, Atlas Peak, Outlot and XYZin. The divestiture by Accolade was part of its strategy to focus on growing its international brands
- On July 22nd, **Olde Thompson Inc. (Olde)**, a California-based provider of private label and branded spices and seasonings, announced the acquisition of **Gel Spice Inc.**, a New Jersey-based importer and manufacturer of spices, for an undisclosed amount. The acquisition is part of Olde's goal of becoming a market leader in the spice category, with the Gel Spice acquisition adding new channels and expanding the company's product offering into pouches, extracts and single serve seasonings
- On July 21st, **Importaco S.A** announced it has agreed to acquire a 51% stake **Besana S.p.A.**, an Italian B2B distributor of nuts and dried fruit, for an undisclosed amount. Together, the companies will operate 17 factories across five countries, with annual revenues of €770 million, and expect to have greater international reach and specialization in the nuts and dried fruit market

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	11,588	30,446	7.3x	7.0x	14.6x	13.1x	(2.8)%	(11.2)%
ConAgra Foods, Inc.	18,241	28,652	12.3x	12.9x	15.8x	15.6x	1.7%	(1.0)%
Ingredion Incorporated	5,793	7,678	8.7x	8.1x	14.0x	12.6x	(0.8)%	(13.1)%
Tate & Lyle plc	3,964	4,550	7.4x	7.0x	13.1x	12.4x	(1.2)%	(19.7)%
Premium Brands	2,643	3,759	17.6x	14.2x	36.8x	23.9x	3.5%	(7.8)%
Maple Leaf Foods Inc.	2,704	3,438	12.5x	10.1x	35.4x	24.7x	8.2%	(15.8)%
SunOpta Inc.	556	1,198	16.2x	14.7x	neg	neg	14.9%	(5.2)%
Rogers Sugar	369	654	9.4x	8.9x	13.8x	11.8x	0.0%	(15.4)%
Mean			11.4x	10.4x	20.5x	16.3x	2.9%	(11.2)%

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.

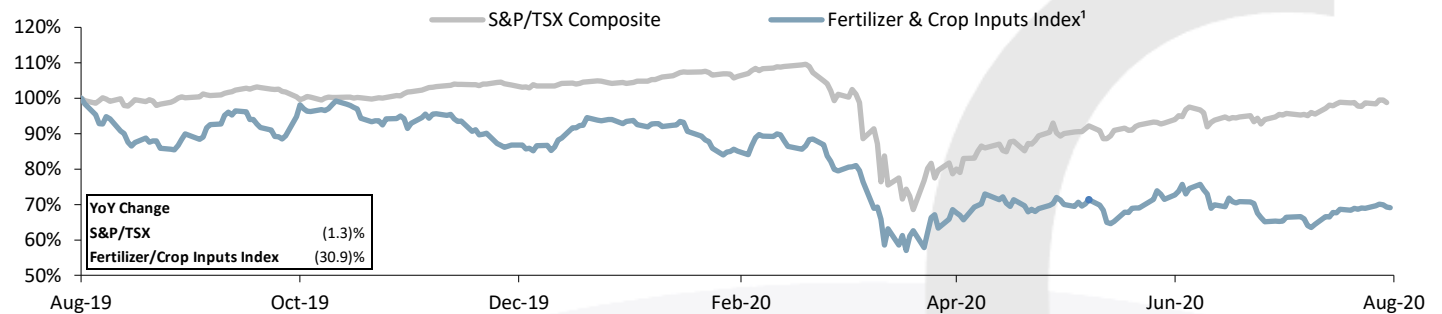


FERTILIZERS AND CROP INPUTS

News Scan

- On July 24th, **The Mosaic Company** announced it amended its unsecured revolving credit facility, increasing it from US\$2 billion to US\$2.2 billion as well as extending the maturity date by one year to November 18th, 2022. Proceeds from the facility are expected to be used towards working capital and other corporate purposes
- On July 22nd, **Acron Group** announced a US\$34 million investment at its Veliky Novgorod facility's Ammonia-4 unit to expand nitrogen fertilizer and NPK output. As part of the investment, Acron will install two cooling towers and new heat exchange equipment that will consume up to 20% of the gas feedstock and significantly increase the productivity of the unit's conversion department. The upgrade is scheduled for late 2020 and will be aligned with the facility's four-year turnaround cycle. Upon completion, the unit's output will increase to 900 000 tonnes per year and total ammonia output at the Novgorod-based facility will increase to 2.2 million tonnes per year

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.	24,826	36,981	9.8x	8.8x	25.1x	19.6x	(2.0)%	(40.2)%
Yara International ASA	11,297	15,275	6.1x	5.8x	12.5x	10.8x	0.7 %	(10.5)%
CF Industries Holdings, Inc.	6,698	13,334	9.3x	9.0x	22.1x	19.3x	3.1 %	(43.2)%
The Mosaic Company	5,105	10,014	8.1x	6.0x	nmf	17.6x	(0.5)%	(47.6)%
Nufarm Ltd.	1,094	2,567	7.6x	6.3x	24.8x	17.5x	(0.7)%	(42.1)%
Mean			8.2x	7.2x	21.1x	16.9x	0.1 %	(36.7)%

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

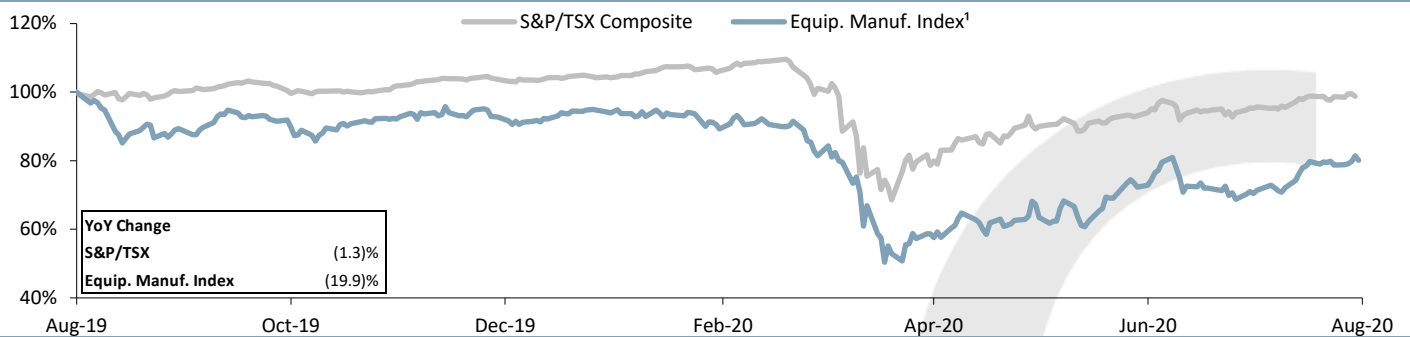


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On July 27th, **Black Cliff Partners**, a private investment firm based in Salt Lake City, Utah, announced the acquisition of **BCP Equipment Inc.**, a Kubota dealership specializing in equipment for construction and large-scale agriculture, for an undisclosed amount. BCP Equipment operates four locations throughout Utah. The acquisition will enable the company to expand into new markets through the funding of new marketing strategies, combined with the established success of the existing operations

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	55,160	59,904	12.0x	11.9x	18.5x	16.2x	(0.2)%	(3.1)%
AGCO Corporation	4,914	6,691	11.2x	8.5x	27.4x	16.4x	3.1 %	(19.4)%
Ag Growth International Inc.	383	1,007	8.2x	6.4x	16.0x	10.6x	2.7 %	(47.3)%
Cervus Equipment Corporation	83	180	7.9x	5.3x	nmf	12.1x	(3.9)%	(44.3)%
Rocky Mountain Dealerships Inc.	65	116	8.8x	5.6x	neg	10.9x	16.7 %	(44.9)%
Mean			9.6x	7.5x	20.7x	13.2x	3.7 %	(31.8)%

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

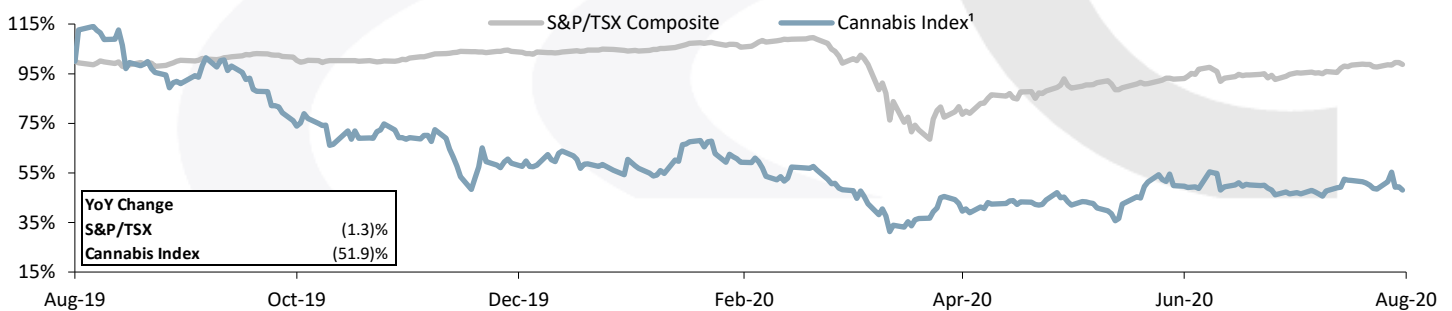


CANNABIS AND HEMP

News Scan

- On July 31st, **Emerald Health Therapeutics Inc. (Emerald)** announced it has sold its subsidiary **Verdelite Sciences** to **Quinto Resources Inc.**, for C\$21 million. Verdelite operates an 88,000 sq. ft. craft cannabis production indoor facility in St. Eustache Quebec. The transaction will enable Emerald to focus on its British Columbia facility while strengthening its balance sheet
- On July 29th, **Aphria Inc.** announced it has established an at-the-market (ATM) equity program, under which it will issue up to US\$100 million in common shares until December 22nd, 2021. The company intends to use proceeds from the program to fund Canadian and international expansion, working capital and general corporate purposes or to repay indebtedness
- On July 23rd, **Curaleaf Holdings Inc. (Curaleaf)** announced it has closed its acquisition of **GR Companies Inc. (Grassroots)**, for US\$700 million. The acquisition expands Curaleaf's presence from 18 to 23 states, with the combined company having affiliated operations spanning over 135 dispensary licenses, over 30 processing facilities and 1.6 million sq. ft. of cultivation capacity
 - On July 21st, **Curaleaf** announced the closing of C\$34 million in financing through the issuance of 4.4 million subordinate voting shares at an average price of approximately of C\$7.77. Proceeds are expected to be used to fund Grassroots' expansion projects. Curaleaf's common shares closed at a price of C\$9.97 as at July 21st, 2020
- On July 23rd, **Fire & Flower Holdings Corp. (FAF)** announced it has entered into an amended agreement with **Alimentation Couche-Tard Inc. (ACT)**, related to ACT's C\$26 million investment in the company in 2019. The amendments include extending the maturity date of convertible notes issued in 2019 by two years to June 30th, 2023 and notes issued in April 2020 by one year to June 1st, 2022, a C\$19 million investment by ACT in 2020 through the exercise of Series A warrants, and the repricing of Series B and Series C warrants. The amendments provide FAF operational flexibility and resources to expand its operations
- On July 22nd, **Red White & Bloom Brands Inc. (RWB)** announced it has entered into an agreement to acquire **Platinum Vape LLC**, a group of California-based companies producing and distributing cannabis vaporizer cartridges, flower and other cannabis derivatives, for US\$35 million. As part of the agreement, Platinum Vape will become a wholly owned subsidiary of RWB, consistent with RWB's strategy to expand operations and become a leading multi-state cannabis operator in the US

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	6,756	5,864	16.2x	10.8x	neg	neg	9.4 %	(57.7)%
Aurora Cannabis Inc.	1,152	2,017	8.3x	6.2x	neg	nmf	(5.9)%	(89.0)%
Cronos Group Inc.	3,063	1,938	29.4x	13.1x	neg	neg	2.3 %	(60.6)%
Tilray, Inc.	921	1,384	5.7x	3.7x	neg	nmf	0.4 %	(85.5)%
Aphria Inc.	1,365	1,459	3.2x	2.6x	41.9x	20.7x	(6.7)%	(36.4)%
OrganiGram Holdings Inc.	213	240	2.8x	1.8x	35.1x	7.0x	(7.4)%	(82.9)%
Mean			10.9x	6.4x	38.5x	13.9x	(1.3)%	(68.7)%

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 July 29th, **The US House of Representatives** unanimously passed the Water Resources Development Act (WDRA), H.R. 7575, to improve US water infrastructure. The National Grain and Feed Association indicated that the WDRA will increase the federal share of the funding for inland waterways projects and full use of the Harbor Maintenance Trust Fund, enabling a more competitive agriculture transportation system for the US
- On July 29th, **Canadian National Railway Company (CN)** announced it is investing US\$520 million in Michigan, Wisconsin, Louisiana, Mississippi, Illinois, Iowa, Minnesota and Tennessee, through 2020, as part of a strategic investment to support growing demand and enable supply chains in the US. The investments include a new auto-compound in New Richmond, Wisconsin and the renewal of Chicago St. Charles Airline Bridge in Illinois. Invested proceeds will also be used to establish maintenance programs in each state
 - On July 21st, **CN** announced plans to acquire 1,500 new high-capacity grain hopper cars, for an undisclosed amount. The cars, which are expected to be delivered start January 2021, are part of the company's strategy to expand capacity through fleet renewal as well as ensure it is able to support and expand movement of grain to international markets as demand continues to increase
- On July 29th, **The US Department of Agriculture (USDA)** reported that the US sold approximately 1.9 million tonnes of corn to China, surpassing the record established on July 16th, 2020 by 500,000 tonnes. The US also sold approximately 1.9 million tonnes of soybeans to China, in the week ended July 23rd, the largest weekly total since November 17th, 2016. The purchases place China closer to the US\$36.5 billion target for imports of U.S. farm goods this year set in the Phase 1 trade deal
 - On July 28th, **The US Department of Agriculture (USDA)** reported that the planted area of durum by Canadian farmers increased by 16% from 2019-20 to 2.3 million hectares. The report cites lower canola prices are causing farmers to shift their focus away from oilseeds towards wheat, as the demand for flour has significantly increased as at home consumption increases
 - On July 28th, **The USDA** forecasted a reduction in grain production in Argentina as a result of reduced planting. The USDA forecasts wheat production to decrease by one million tonnes, to 20 million tonnes, for 2020-21 as dry weather reduced planted area expectations. It also expects corn and barley production to decrease by 2.4 million and 3.5 million tonnes, respectively
- On July 24th, **The International Grains Council (IGC)** forecasted world wheat flour trade in 2020-21 to increase by 4% from 2019-20 to 15 million tonnes, due to an assumed recovery in shipments to major importers such as Uzbekistan and Afghanistan. The forecast represents the first time in four years where the global flour trade has increased, as the balance has been falling each year since the peak of 17.7 million in 2016-17

Commodities Futures as of July 31st, 2020

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.27	(6.78)%	(16.54)%
Wheat (CBOT)	\$ per bu.	\$5.30	6.17 %	(5.49)%
Oats (CBOT)	\$ per bu.	\$2.72	(5.32)%	(8.89)%
Rough Rice (CBOT)	\$ per cwt.	\$11.54	(6.56)%	(12.35)%
Rapeseed (Canola) (ICE)	CAD per T	\$490.10	2.88 %	2.10 %
Ethanol (CBOT)	\$ per gal.	\$1.11	(11.20)%	(19.04)%



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Commodity Handling				
Archer-Daniels-Midland Company	101.0%	ADM reported Q2 FY2020, with revenues of US\$16.2 billion, in line with revenues from Q2 FY2019. Ag services and oilseeds revenues were up 4% YoY, driven by record quarterly origination and export volume in South America, offset by a 17% YoY decline in carbohydrate solutions revenues which were negatively impacted by lower food service demand in North America. Operating profit was at US\$813 million, representing a 26% YoY increase, driven by ag services and oilseeds through an improved margin environment in South America	US\$47.00	9.5%
Bunge Limited	143.4%	Bunge reported Q2 FY2020 results, with net sales of US\$9.5 billion, representing a 6% YoY decrease. Agribusiness decreased by 4% YoY, the result of lower commodity sales prices in grains, partially offset by higher volume sales in oilseeds due to higher demand in China and Brazil. Fertilizer sales increased by 8% YoY driven by higher volumes and sales prices, as farmers accelerated purchases. EBIT was US\$943 million, representing a 233% YoY increase, primarily driven by agribusiness, through higher soy processing margins in South America, Europe and Asian and improved grain origination in Brazil and North America	US\$59.67	35.5%
Food Processing				
George Weston Limited	nmf	George Weston reported Q2 FY2020 results, with revenues of C\$12.4 billion, representing a 7% YoY increase. Loblaw revenues increased by 7% YoY, driven by higher retail sales through positive same-store sales growth from the COVID-19 pandemic. Weston Foods revenues decreased by 14% YoY, driven by a decrease in volumes in retail categories and foodservice channels as a result of the COVID-19 pandemic. Operating income was C\$401 million, representing a 48% YoY decrease, driven by higher pay premiums and expenses related to health and safety measures in response to the COVID-19 pandemic	C\$122.43	21.0%
Seaboard Corporation	nmf	Seaboard Corp reported Q2 FY2020 results, with net sales of US\$1.8 billion, representing a 1% YoY decrease. The pork segment decreased 7% YoY, driven by lower prices and volumes of pork products sold. Net sales for the CT&M segment increased by 12% YoY, driven by higher volumes of certain commodities for third-party customers. Operating Income was at US\$11 million, a 56% YoY decrease, driven by lower margins on pork products sold as well as a lower contribution from the marine segment	na	na
Tate & Lyle plc	14.7%	Tate & Lyle reported Q1 FY2020 results, with revenues of £691 million, representing a 5% YoY decrease. Food and beverage solutions revenues increased by 1% YoY, driven by stronger demand for packaged and shelf-stable foods for in-home consumption, partially offset by lower demand for ingredients used for out-of-home consumption. Primary products revenues decreased by 9% YoY, driven by lower sweetener volume reflecting reduced out-of-home consumption	£7.00	5.3%
Equipment Manufacturers & Services				
Rocky Mountain Dealerships Inc.	nmf	Rocky Mountain Dealerships reported Q2 FY2020 results with revenues of C\$21.8 million, representing a 10% YoY increase. Used equipment sales increased by 43% YoY, as the company continues to focus on reducing used equipment inventory, partially offset by a 12% decrease in new equipment sales. Adjusted EBITDA was C\$8.2 million, representing a 36% YoY increase, driven by lower SG&A expenses, partially offset by a lower gross margin	C\$3.23	99.6%



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Cannabis and Hemp				
Aphria Inc.	nmf	Aphria reported FY2020 results, with net revenues of C\$543.3 million, representing a 129% YoY increase. Revenue from cannabis products increased by 137% YoY, driven by greater volume sales in adult-cannabis and wholesale cannabis, partially offset by lower sales in medical cannabis. The cash cost to produce for FY2020 was C\$1.04 per gram of dried cannabis, representing a 24% YoY decrease, while the cash cost for Q4 FY2020 was at C\$0.88 per gram of dried cannabis, representing a 5% YoY decrease. The company also reported a non-cash impairment of C\$64 million in Q4 FY2020 on its international businesses in Jamaica, Colombia and Lesotho as well as a C\$25.5 million increase in CapEx, of which C\$22.2 million will be used to develop and expand extraction capacity in a German facility	C\$8.86	38.6%
OrganiGram Holdings Inc.	nmf	OrganiGram Holdings reported Q3 FY2020 results, with net revenues of C\$18 million, representing a 27% YoY decrease. Increased competition in the recreational value flower segment resulted in a 19% YoY decrease in average net selling price and a 24% YoY decrease in flower sales volumes. Inventory write-offs of excess trim and unsaleable inventories as well as increased costs related to workforce reduction in response to the COVID-19 pandemic drove adjusted EBITDA to negative C\$25 million, compared to a positive adjusted EBITDA of C\$7.7 million in Q3 FY2019	C\$3.29	102.8%
Liberty Health Sciences Inc.	200.0%	Liberty Health Sciences reported Q1 FY2021 results, with net sales of C\$18.4 million, representing a 235% YoY increase. The company sold 1,179 kg of cannabis over the quarter, representing a 255% YoY increase, at an average selling price of C\$10.18, driven by an increase in dispensary locations, patient base and product count. Through lower SG&A expenses as well as a higher unrealized fair value gain on biological assets, the company achieved a positive adjusted EBITDA of C\$4.6 million, compared to negative C\$3.6 million in the same period in FY2020	na	na

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