



Agriculture Industry Flash

Monday, September 14th, 2020

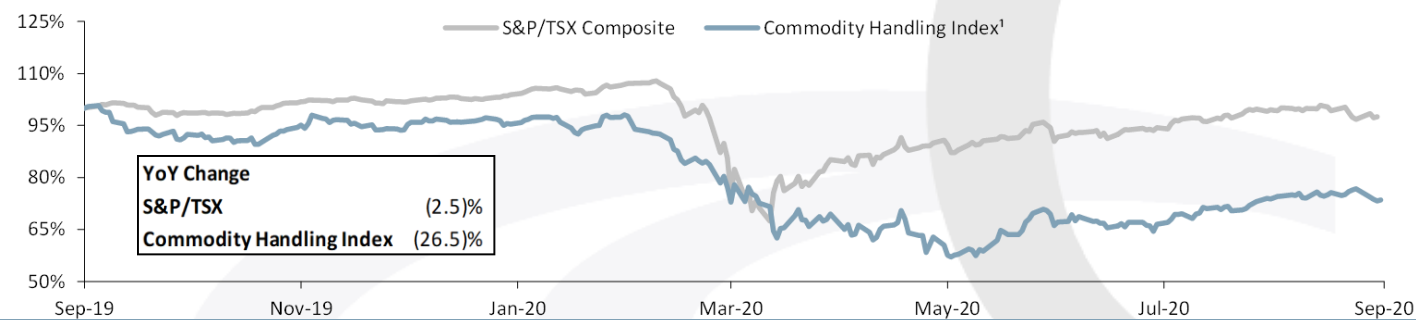


COMMODITY HANDLING

News Scan

- On September 8th, membership of **the Minneapolis Grain Exchange (MGEX)**, an agricultural products trading venue, voted in favour of demutualization to proceed with its previously announced merger with **Miami International Holdings (MIH)**, the parent holding company of the **MIAX Exchange Group**, for an undisclosed amount. This combination will help MIH diversify its product and service offerings, and create new revenue drivers for the company
- On September 2nd, **Ceres Global Ag Corp.**, an agricultural, energy and industrial products merchandizing and supply chain company, announced the completion of its acquisition of a grain elevator from **Cargill Limited**, the Canadian subsidiary of multinational agribusiness giant, **Cargill**, for an undisclosed amount of existing working capital. This acquisition further expands the company's geographic footprint in Canada, and marks progress towards its goal of adding origination capabilities for the core product line
- On September 1st, **Glencore Agriculture Limited (Glencore)**, a global leader in agricultural commodities and products, announced it has completed the acquisition of Ukraine port terminal, **Everi**, from **OREXIM Group of Companies**, for an undisclosed amount. The acquisition will establish Glencore as a major player within the global vegetable oil supply chain and is in line with the company's mission of maintaining a long-term commitment to the agriculture sector in Ukraine

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	26,054	34,537	9.1x	8.2x	15.3x	13.8x	2.5 %	(0.7)%
Bunge Limited	6,373	13,820	9.5x	8.7x	13.6x	10.8x	(1.7)%	(21.6)%
The Andersons, Inc	536	1,900	8.3x	6.2x	nmf	10.8x	(6.9)%	(42.4)%
Graincorp Limited	653	1,499	13.8x	10.5x	neg	15.1x	(9.3)%	(56.7)%
Ceres Global Ag	68	135	na	na	na	na	(6.1)%	(38.0)%
Mean			10.2x	8.4x	14.4x	12.6x	(4.3)%	(31.9)%

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

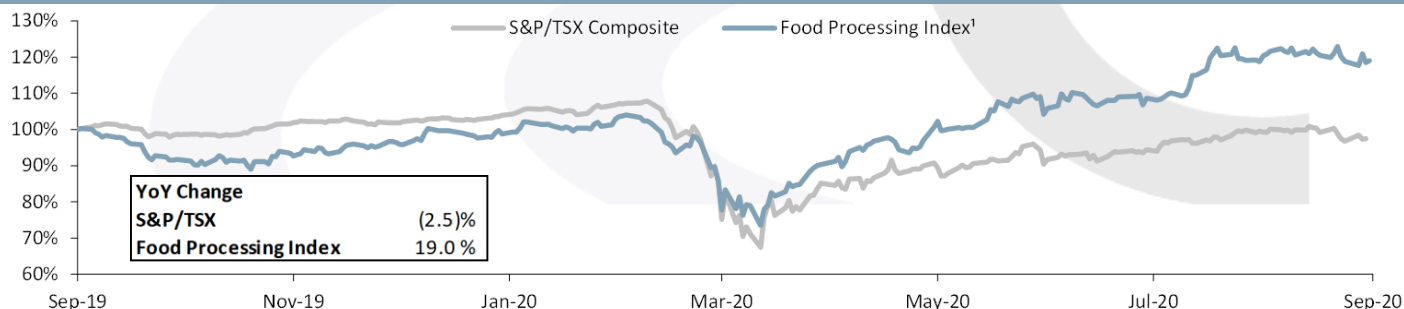


FOOD PROCESSING

News Scan

- On September 8th, **Beyond Meat**, a producer of plant-based meat, signed an agreement with **Jiaxing Economic and Technological Development Zone (JXEDZ)**, an economic development zone in China, to develop manufacturing facilities in the region. The agreement includes constructing a production facility near the business hub of Shanghai, which provides Beyond Meat significant growth opportunities and will make it the first multinational company producing solely plant-based meat to bring its own major production facility into China
- On September 8th, **Universal Corporation**, a leading tobacco merchant, acquired **Silva International**, a natural, specialty dehydrated vegetable, fruit and herb processing company, for US\$170 million in an all cash transaction. In addition to processing raw materials, Silva procures over 60 types of vegetables, fruits and herbs, and owns a 380,000 ft² manufacturing facility. The acquisition will allow Universal diversify its offerings, with the expectation that these synergies will lead to earnings accretion in the first fiscal year after closing
- On September 8th, **Martin Bauer GmbH**, a leading producer of teas, botanicals, extracts and powders, acquired **Core Botanica**, a manufacturer of customized mint leaf products, for an undisclosed amount. This acquisition will grow the company's portfolio of raw materials and botanical ingredients to better serve the food and dietary supplement industry, as well as the tea and beverage market. Martin Bauer will use the Core Botanica product line to enter the American raw botanicals space
- On September 1st, **Unilever**, a multinational consumer goods company, signed an agreement to acquire **Liquid I.V.**, a US based health-science, nutrition and wellness company, for an undisclosed amount. The two companies share the goals of promoting health and creating sustainable products, which Unilever will leverage to scale the Liquid I.V. brand and help its message reach a larger audience
- On August 31st, **Premium Brands Holding Corporation**, a producer and distributor of specialty food brands, announced it has acquired **Global Gourmet Foods**, a provider of ready-to-eat kettle cooked foods, and signed an agreement to acquire **Allseas Fisheries**, a distributor of fresh and frozen seafood, for a combined price of US\$139 million. The acquisitions will help to position Premium Brands as a leading player in its gourmet chef business as well as a leading seafood distributor in Ontario

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
			2020E	2021E	2020E	2021E	Price	52Wk High
George Weston Limited	11,198	30,318	7.6x	7.0x	15.4x	12.8x	(0.9)%	(15.6)%
ConAgra Foods, Inc.	16,838	26,257	10.9x	11.3x	13.8x	14.1x	(9.9)%	(11.1)%
Ingredion Incorporated	5,291	7,021	8.5x	7.7x	13.9x	12.3x	(2.6)%	(20.6)%
Tate & Lyle plc	4,070	4,640	7.6x	7.3x	13.3x	12.9x	1.5 %	(15.3)%
Premium Brands	2,898	3,738	16.6x	13.3x	35.9x	23.9x	(0.8)%	(6.1)%
Maple Leaf Foods Inc.	2,619	3,319	10.7x	9.1x	27.8x	21.2x	(3.6)%	(12.1)%
SunOpta Inc.	582	916	10.7x	9.5x	neg	nfm	(4.4)%	(9.5)%
Rogers Sugar	380	658	9.1x	8.5x	15.9x	11.7x	0.4 %	(13.4)%
Mean			10.2x	9.2x	19.4x	15.6x	(2.5)%	(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.

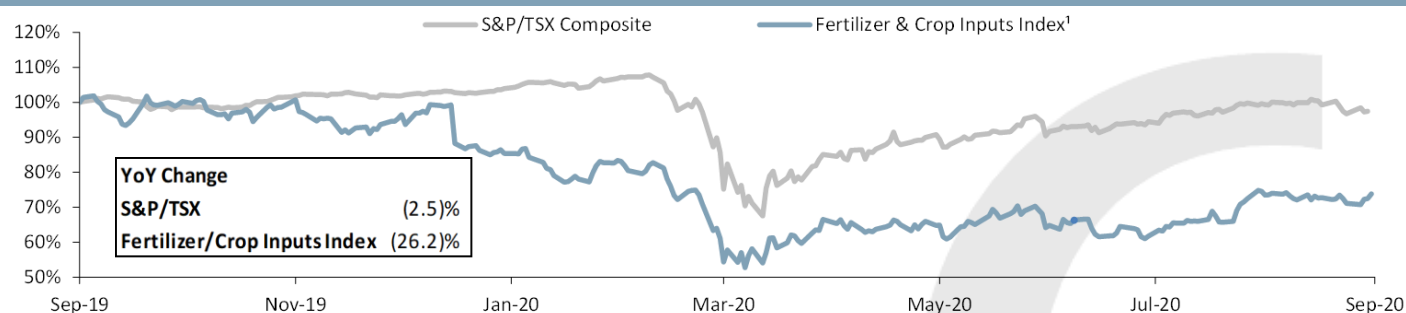


FERTILIZERS AND CROP INPUTS

News Scan

- On September 8th, **KBR**, a provider of services and solutions across the asset and program life cycle, signed a global strategic alliance with **Johnson Matthey (JM)**, a global leader in utilizing science to create a cleaner planet. The companies will combine JM's methanol production process with KBR's ammonia purification process to license an ammonia-methanol coproduction process that will allow for the use of a single plant compared to two standalone plants. The technology will provide cost-cutting benefits to the companies' customers, as well as reduce their environmental impact

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
Nutrien Ltd.	29,806	41,046	10.9x	10.0x	30.3x	24.2x	(7.3)%	(95.2)%
Yara International ASA	11,024	15,002	6.2x	5.8x	12.6x	10.8x	2.2 %	(10.6)%
CF Industries Holdings, Inc.	7,137	13,554	9.2x	9.0x	21.6x	21.1x	(1.8)%	(36.2)%
The Mosaic Company	6,941	11,294	8.0x	6.3x	nmf	18.2x	(3.1)%	(21.0)%
Nufarm Ltd.	1,213	2,709	8.1x	6.8x	30.1x	18.6x	9.2 %	(36.7)%
Mean			8.5x	7.6x	23.7x	18.6x	(0.1)%	(40.0)%

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

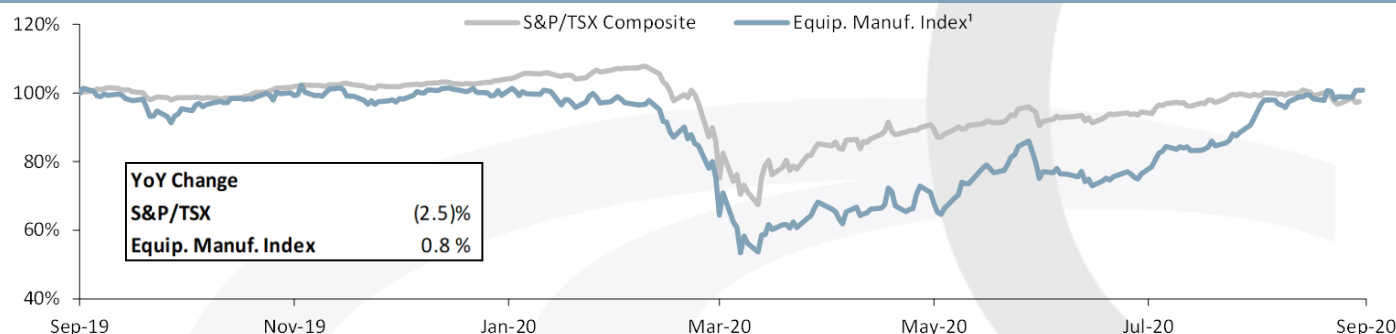


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On September 11th, **AGCO Corporation (AGCO)**, a global designer, manufacturer and distributor of agricultural machinery and solutions, announced an agreement to acquire **151 Research**, a Manitoba-based research and product development firm, for an undisclosed amount. The two companies previously had an exclusive partnership to develop **GSI GrainViz**, a precision grain monitoring technology, which the company will continue to develop following the acquisition to create new technology solutions for its grain customers. AGCO intends to maintain the research firm's Winnipeg office as an innovation hub for smart grain technology
- On September 4th, **Marel**, a food processing equipment manufacturer, agreed to purchase **Treif Maschinenbau GmbH (TREIF)**, a German provider of food cutting technology, for €128 million in cash and 2.9 million shares. The two companies complement each other with respect to product offerings and geographic presence, which Marel will leverage to better meet the automation and flexibility needs of its customers
- On September 1st, **Deere & Co.**, a manufacturer of agricultural, construction and forestry equipment, completed its acquisition of **Unimil**, a Brazilian company that provides aftermarket service parts for sugarcane harvesters, for an undisclosed amount. The acquisition gives Deere the opportunity to reshape its operating model and revolutionize its agricultural production systems to ultimately help customers become more profitable and sustainable

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	67,565	72,391	14.3x	11.6x	29.3x	22.2x	(0.5)%	3.1 %
AGCO Corporation	5,651	7,238	9.4x	8.2x	20.1x	15.8x	2.2 %	(7.3)%
Ag Growth International Inc.	513	1,174	11.4x	8.9x	20.0x	13.5x	(0.8)%	(26.4)%
Cervus Equipment Corporation	102	174	4.8x	4.1x	10.8x	9.5x	0.9 %	(11.5)%
Rocky Mountain Dealerships Inc.	81	134	8.1x	6.1x	31.4x	12.2x	(5.9)%	(24.6)%
Mean			9.6x	7.8x	22.3x	14.7x	(0.8)%	(13.3)%

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

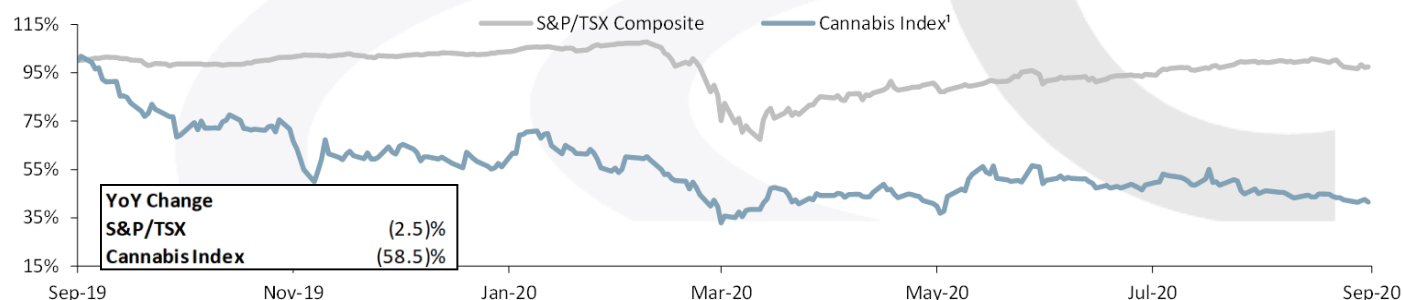


CANNABIS AND HEMP

News Scan

- On September 8th, **Village Farms International (VFF)** announced it will acquire the remaining 41.3% of the shares of **Pure Sunfarms (PSF)**, a low-cost greenhouse cannabis producer, from **Emerald Health Therapeutics**, a medicinal cannabis producer. **Origin Merchant Partners (OMP)** acted as the exclusive financial advisor to VFF on this transaction. VFF paid C\$60 million in cash financed by equity and C\$20 million by issuing a 6-month promissory note, for an aggregate transaction value of C\$80 million. The transaction will give VFF full ownership of PSF, which will help it streamline the operation and capture further synergies as one of the industry's lowest cost producers in Canada
- On September 8th, **Columbia Care**, a cultivator and manufacturer of medicinal and adult-use cannabis, signed a definitive agreement to acquire **Project Cannabis**, a California-based cannabis cultivator, wholesaler and retailer, for US\$69 million. Project Cannabis operates a 32,000 ft² cultivation facility and several dispensaries in high traffic locations within California. Along with Columbia Care's new 45,000 ft² manufacturing facility, the company will significantly increase in scale with the addition of Project Cannabis products. Project Cannabis will continue to sell its brand as well as cross-sell Columbia Care products
- On September 7th, **BevCanna Enterprises**, a manufacturer of CBD infused beverages, agreed to acquire **Naturally Pure Therapy Products (Pure Therapy)**, an e-commerce retailer of natural health products, for C\$6 million. BevCanna will gain access to over 22,000 Pure Therapy customers. The acquisition provides the company with an e-commerce platform to grow its existing product line and launch new CBD products into the health and wellness market
- On September 3rd, **Khiron Life Sciences Corp.**, a vertically integrated cannabis company with significant operations in Latin America and Europe, announced it has entered into an exclusive distribution agreement with **Rappi SAS**, a Colombian e-commerce delivery company backed by **Softbank Group**. The agreement details a 6-month partnership which will allow Khiron to distribute its CPG product portfolio in Latin America using the Rappi platform. This partnership will reduce the company's product launch and logistics costs and provides it with significant exposure to new customers in Latin America

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	6,011	5,103	14.1x	9.9x	neg	neg	(0.0)%	(44.3)%
Aurora Cannabis Inc.	804	1,369	5.5x	4.0x	neg	31.1x	(22.1)%	(91.1)%
Aphria Inc.	1,301	1,368	2.9x	2.4x	nmf	18.4x	(3.3)%	(36.6)%
Cronos Group Inc.	2,411	1,246	21.5x	9.3x	neg	neg	(3.0)%	(57.9)%
Tilray, Inc.	675	1,061	4.6x	3.0x	neg	nmf	(17.2)%	(84.2)%
OrganiGram Holdings Inc.	207	233	3.6x	2.2x	neg	15.1x	(8.5)%	(79.4)%
Mean			8.7x	5.1x	na	21.5x	(9.0)%	(65.6)%

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 September 10th, **Egypt** announced its intention to launch a commodities exchange for wheat, rice, oils and sugar beginning in H1 2021. The exchange will start with £91 million in capital and will be chaired by **Ibrahim Ashmawy**, the current internal trade development authority. The purpose of the exchange is to protect small Egyptian farmers and producers and provide them with a larger market to make their stocks available
- On September 9th, the **Stericycle Expert Solutions Recall Insights Report**, reported that, despite the global impact of COVID-19, the number of FDA food recalls declined 44% from 141 in Q1 2020 to 79 in Q2 2020. The top cause was identified to be mold, which affected approximately 87% of the recalls, while the remainder was due to bacterial contamination
- On September 8th, the **United States Department of Agriculture (USDA)** reported 25% of the corn crop as mature for the week ended September 6th, which exceeds last year's report for the same week by 15% and the 5-year average by 6%. North Carolina showed the most progress reporting 83% of its corn crop as mature. Additionally, the report showed that 79% of corn dented during the same week, an increase of 51% from the same period last year, and slightly higher than the 5-year average of 71%
- On September 4th, the **USDA's Foreign Agricultural Service (FAS)** reported that it expects Brazil's ethanol production to drop 16% from 37.4 billion litres in FY2019 to 31.4 billion litres for FY2020. Ethanol fuel consumption is also expected to decline 18%, which the FAS believes is due to social distancing and the economic downturn caused by the COVID-19 pandemic
- On September 3rd, the **Nature Conservancy of Canada (NCC)** purchased 2,140 acres of grassland along Buffalo Pound Lake in Saskatchewan from a local ranching family for C\$3.4 million. The land will be used for grazing in order to conserve a healthy ecosystem as well as to provide value to the local economy, ranchers and producers
- On September 3rd, members of the **Canadian Seed Growers Association** rejected the proposal for a merger with four other Canadian seed growers: the **Canadian Plant Technology Agency**, **Canadian Seed Institute**, **Canadian Seed Trade Association** and **Commercial Seed Analysts Association of Canada**. While the merger would have created an organization that represents nearly all seed crop production in Canada, members lacked confidence in a deal that did not provide information on how much membership fees would increase under the new organization
- On September 2nd, the **Hard Red Spring Wheat Quality Laboratory**, based in North Dakota, reported its assessment of 2020 spring wheat, based on 109 out of 446 samples. The test weight averaged 61.5 lbs per bu, an increase of 0.8 lbs per bu over last year, and the protein content was 15% on average, a 60 basis point increase over the previous year

Commodities Futures as of September 11th, 2020

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.69	2.93 %	(5.87)%
Wheat (CBOT)	\$ per bu.	\$5.42	(3.90)%	(3.26)%
Oats (CBOT)	\$ per bu.	\$2.71	(2.96)%	(9.23)%
Rough Rice (CBOT)	\$ per cwt.	\$12.12	(0.94)%	(7.94)%
Rapeseed (Canola) (ICE)	CAD per T	\$517.40	8.61 %	7.79 %
Ethanol (CBOT)	\$ per gal.	\$1.31	-	(4.74)%



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Food Processing				
Campbell Soup Company	210.9%	Campbell reported FY2020 results, with revenues of US\$8.7 billion, an increase of 7% YoY, from continuing operations. Organic net sales also increased 7% YoY, primarily driven by their meals & beverages and snacks segments. Campbell experienced unprecedented demand in recent months, which drove adjusted EPS to US\$2.95, a 28% increase YoY. The company made strides towards successfully meeting strategic goals going into the next fiscal year. Heading into FY2021, Campbell expects the high level of demand for their products experienced amidst the COVID-19 pandemic to be sustained	US\$52.79	15.8%
Hormel Foods Corporation	0.0%	Hormel reported Q3 FY2020, with record net sales of US\$2.4 billion, up 4% YoY, and organic net sales up 2% YoY. Net earnings increased 2% YoY to US\$203 million. The grocery products segment was a significant performance driver during the quarter, showing an increase in volume, net sales and profit of 6%, 7% and 36% respectively. The company expects to perform similarly in Q4, but expressed uncertainty with respect to the effect of COVID-19 on the food supply chain and overall health of the economy	US\$46.23	(8.8%)
Fertilizer & Crop Inputs				
OCI N.V.	111.6%	OCI N.V. reported Q2 FY2020 results, with revenues of US\$875 million, representing a decline of 8% YoY. Production and distribution were not directly affected by the pandemic as demonstrated by record high OCI-produced volumes of 3.3 million metric tons, an increase of 6% YoY. Despite this, adjusted EBITDA fell 20% from last year to US\$220 million and net income declined from US\$37 million in Q2 2019 to a net loss of US\$20 million in Q2 2020. Selling prices for urea and methanol reached trough levels during the quarter, but have since rebounded significantly and improved the company's outlook	US\$19.30	50.7%
Cannabis & Hemp				
Emerald Health Therapeutics, Inc.	nmf	Emerald Health reported Q2 FY2020 results, with net sales of C\$2.5 million, a decrease of 46% YoY, attributed to market and pricing pressure on dried flower and the delayed launch of the company's Souvenir brand. Gross margin was 30%, a significant YoY improvement over the company's negative gross margin in Q2 FY2019. The company made strong progress in all areas of their operations including the launch of new brands and products, as well as delineating the company's goals. Recent corporate actions include the divestiture of wholly-owned subsidiaries in Quebec and the sale of PSF to VFF in order to focus on core operations	C\$0.40	73.9%

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