



Agriculture Industry Flash

Monday, September 28th, 2020

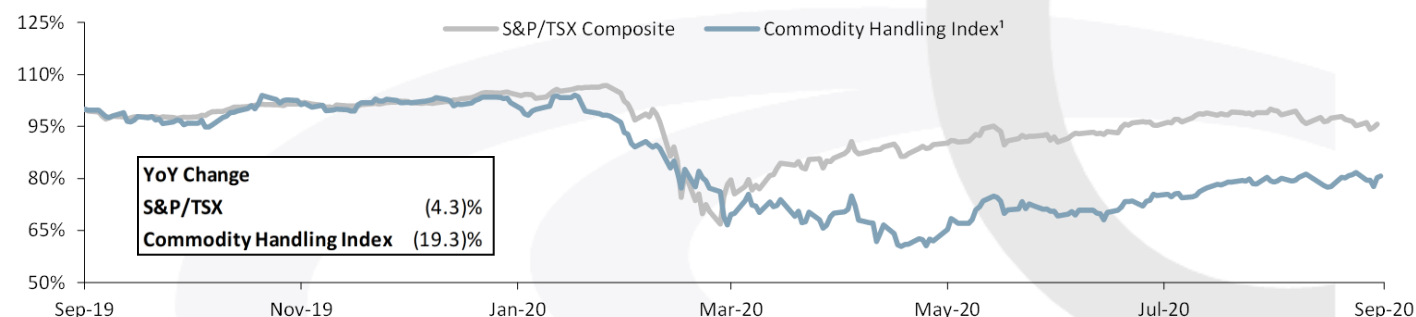


COMMODITY HANDLING

News Scan

- On September 22nd, **LifeLine Foods**, a vertically integrated producer of corn ingredients, completed its US\$12 million masa mill expansion. Masa is an instrumental ingredient for many foods in the US Mexican food industry, and LifeLine's expansion will significantly improve its productivity and product quality, allowing it to aggressively compete in this fast-growing industry. The company believes its capital investments over the last year are a strong response to key consumer market trends, and will position LifeLine for extensive growth in the next 5 years
- On September 22nd, **Panhandle Milling**, a company that specializes in transforming grains and farm-grown seeds into shelf products, acquired a facility of **Arrowhead Mills**, a leading baking brand and provider of grain-based products, for an undisclosed amount. The acquisition marks the first of many expansions to serve retailers and customers in new areas in the US. Arrowhead's product portfolio includes organic flours, whole grains and wheat, which integrate well with Panhandle's milling capabilities in serving the needs of its customers amidst a recent, substantial demand spike in the retail flour and mix sectors
- On September 14th, **Pan Ocean Co.**, a South Korean bulk carrier, purchased a 36.3% stake in the **Export Grain Terminal (EGT)**, a grain terminal operator in the US Pacific Northwest, from **ITOCHU International Inc.**, the US subsidiary of a Japanese trading company, for an undisclosed amount. The EGT handles wheat, corn, soybeans, soybean meal and distillers' dried grains (DDGs), and can unload 120,000 tonnes of grain per hour through barge and rail shipments. Pan Ocean expects the acquisition to enhance its status in the world's grain distribution market, as well as diversify its portfolio and create the foundation to expand into new markets

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	25,604	34,075	9.0x	8.1x	15.1x	13.6x	(3.5)%	(2.4)%
Bunge Limited	6,436	13,884	9.6x	8.7x	13.7x	10.9x	(2.6)%	(20.8)%
The Andersons, Inc	632	2,000	8.7x	6.6x	nmf	12.7x	(0.1)%	(32.1)%
Graincorp Limited	633	1,449	13.8x	10.6x	neg	15.2x	2.6 %	(56.5)%
Ceres Global Ag	71	120	na	na	na	na	4.5 %	(35.2)%
Mean			10.3x	8.5x	14.4x	13.1x	0.2 %	(29.4)%

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

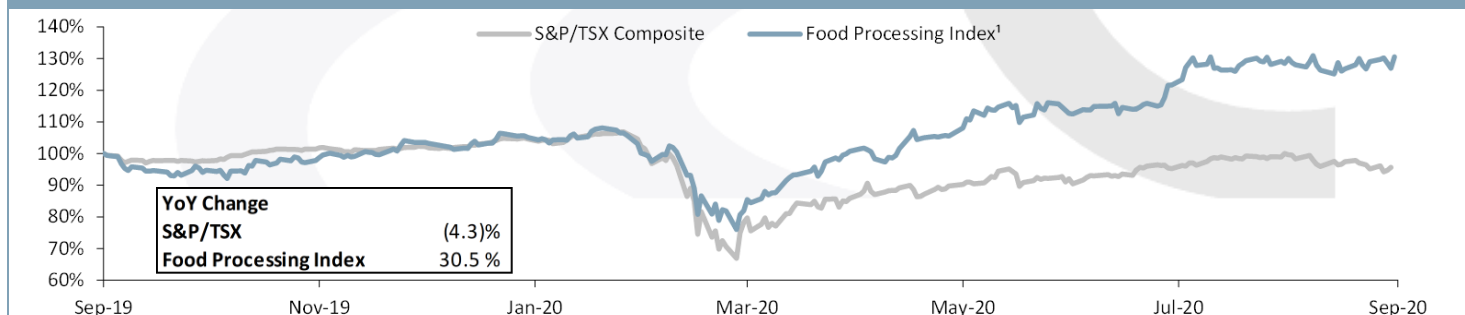


FOOD PROCESSING

News Scan

- On September 21st, **Johnsonville LLC**, a Wisconsin-based sausage company, purchased **Vermont Smoke & Cure**, a meat snack manufacturer, for an undisclosed amount. Vermont Smoke & Cure has over 60 years of experience with meat snacks, which aligns well with Johnsonville's capabilities. This acquisition will expand the company's portfolio of meat offerings and will provide Vermont Smoke & Cure with the necessary resources to grow its footprint in the US
- On September 18th, **Highlander Partners**, a US private equity firm, announced its acquisition of **Hilo Nutrition**, a manufacturer of nutritional gummies, for an undisclosed amount. Highlander has an extensive global portfolio of food, beverage, health and wellness companies, and has completed investments in 3 confectionery brands in the last 2 years. The firm will use its industry expertise to target a larger audience in order to accelerate Hilo's growth and drive continued product innovation
- On September 17th, an affiliate of **Peak Rock Capital**, a private equity firm, acquired **Halo Foods**, a UK-based manufacturer of healthy bars and snacks that focuses on the better-for-you segment, for an undisclosed amount. Halo believes Peak Rock will help to accelerate its strong growth trajectory given its extensive experience in the food and beverage industry. This is Peak Rock's 11th investment in the industry in recent years, alongside other major acquisitions such as **Turkey Hill** and **TNT Crust**
- On September 16th, **Kraft Heinz**, a global food and beverage company, agreed to sell a portfolio of its natural, grated, cultured and specialty cheese businesses to a US affiliate of **Groupe Lactalis**, a multinational dairy products company, for US\$3.2 billion. Kraft Heinz has said its cheese businesses achieved approximately US\$1.8 billion in net sales for the 12 months ended June 27th, 2020, and approximately US\$267 million in LTM adjusted EBITDA, which implies that Groupe Lactalis is paying ~1.8x revenue and ~12.0x EBITDA in the transaction. With this sale, the company continues to shift its focus towards higher-growth brands following last year's divestiture of its natural cheese business to **Parmalat** for US\$1.2 billion
- On September 15th, **Constellation Brands**, a global producer of beer, wine and spirits, acquired **Copper & Kings American Brandy**, a US producer of craft spirits, for an undisclosed amount. Constellation previously acquired a minority stake in the company through its venture capital arm in 2017, and the two companies have worked together to grow the brand since that investment. Copper & Kings is regarded as an experimental company that produces high-quality spirits, which aligns with Constellation's strategy of broadening its wine and spirits portfolio through a continued commitment to premium spirits

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	11,324	30,140	7.6x	7.1x	15.8x	13.2x	3.3 %	(13.1)%
ConAgra Foods, Inc.	17,155	26,579	11.1x	11.4x	14.0x	14.4x	0.9 %	(9.5)%
Ingredion Incorporated	5,119	6,848	8.2x	7.5x	13.4x	11.9x	(7.3)%	(23.2)%
Tate & Lyle plc	3,942	4,508	7.4x	7.2x	13.0x	12.6x	(3.3)%	(17.5)%
Premium Brands	2,962	3,787	17.1x	13.7x	37.3x	24.9x	3.1 %	(2.3)%
Maple Leaf Foods Inc.	2,534	3,220	10.6x	9.0x	27.3x	20.9x	3.4 %	(13.5)%
SunOpta Inc.	621	957	11.2x	9.9x	neg	nfm	8.9 %	(2.1)%
Rogers Sugar	379	652	9.2x	8.6x	16.1x	11.8x	0.8 %	(12.2)%
Mean			10.3x	9.3x	19.6x	15.7x	1.2 %	(11.7)%

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.

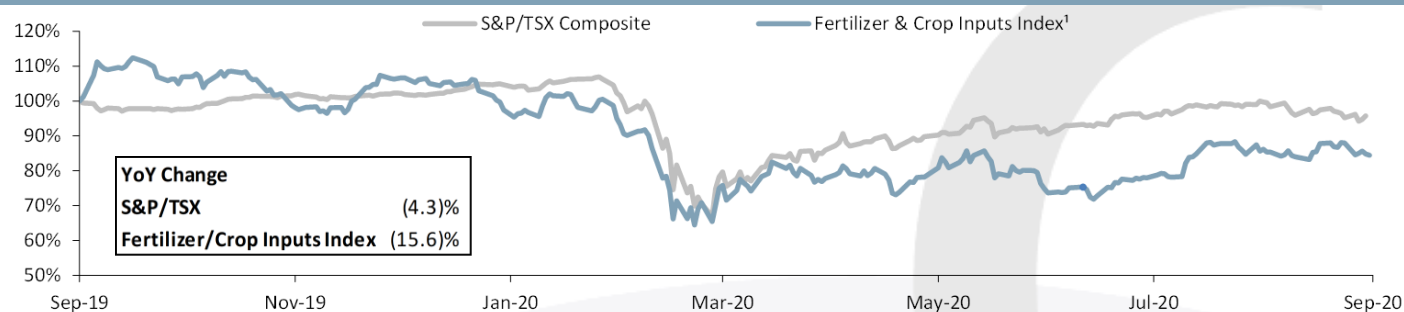


FERTILIZERS AND CROP INPUTS

News Scan

- On September 18th, **Petróleo Brasileiro S.A. (Petrobras)**, a state-owned, Brazilian petroleum corporation, announced that it has begun the process of selling all of its assets to Brazilian fertilizer firm, **Araucaria Nitrogenados S.A. (ANSA)**. The sale includes a discontinued nitrogen fertilizer unit, which would become the buyer's responsibility following a potential sale
 - On September 22nd, the company provided an update detailing that it has started the opportunity disclosure, or teaser, stage in reference to selling all of its ANSA shares
- On September 17th, **Trigg Mining Ltd.**, a sulphate of potash (SOP) exploration company, announced a 7 for 2 renounceable rights issue to raise A\$2.3 million. The offering was priced at A\$0.14 per share, a 46% discount to the company's 10-day VWAP, and included one option for every two shares issued, exercisable at A\$0.25. The company will use the cash raised to finance the next stage of evaluation and development of two SOP projects in Western Australia

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.	30,261	41,510	11.0x	10.1x	30.8x	24.5x	(1.1)%	(23.5)%
Yara International ASA	9,824	13,802	6.0x	5.6x	12.0x	10.4x	(1.1)%	(15.7)%
CF Industries Holdings, Inc.	6,506	12,920	8.8x	8.6x	19.7x	19.2x	(12.2)%	(41.8)%
The Mosaic Company	7,047	11,401	8.1x	6.4x	nmf	18.5x	(3.5)%	(19.8)%
Nufarm Ltd.	1,079	2,521	7.7x	6.5x	27.8x	17.1x	(4.5)%	(41.6)%
Mean			8.3x	7.4x	22.6x	17.9x	(4.5)%	(28.5)%

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

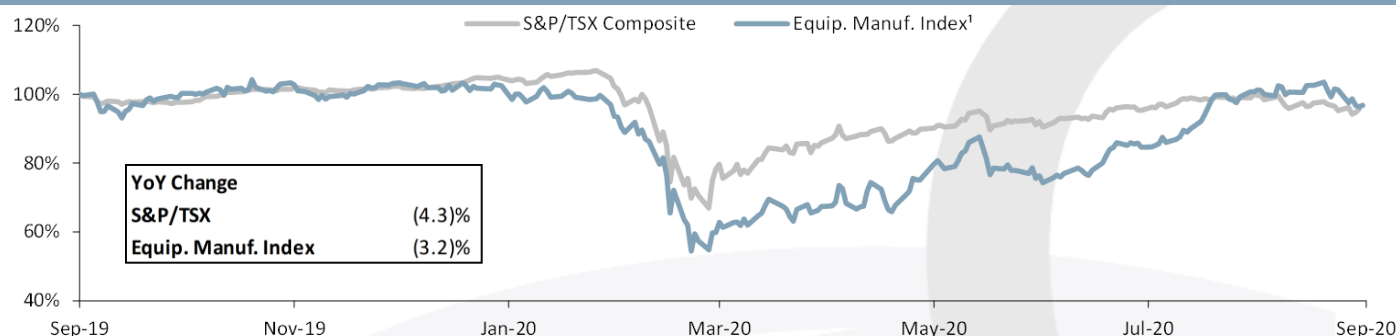


EQUIPMENT MANUFACTURERS AND SERVICES

News Scan

- On September 15th, **Trimble Navigation**, a global provider of hardware, software and services to the agriculture, construction and resources industries, announced its acquisition of **MidStates VRS**, a video relay service network, from **Butler Machinery** and **Frontier Precision**, for an undisclosed amount. The acquisition expands the Trimble VRS network into North and South Dakota, which adds 105,000 square miles of coverage, making it one of the largest networks in North America, totalling over 1 million square miles of coverage. The network will cover a significant portion of farmland in North America, providing farmers and surveyors with instant, high-accuracy land coverage to improve productivity
- On September 14th, **Cervus Equipment Corporation**, a provider of agriculture, transportation and industrial solutions, announced it will acquire a **John Deere** dealership in North Geelong, Australia owned by **J.B. Scott Pty Ltd**, a provider of farm and agricultural machinery, for an undisclosed amount. Cervus plans to relocate the dealership to Colac, Australia, in order to establish a John Deere presence in the city and expand its dealership network in Southeastern Australia

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	68,594	73,448	17.5x	13.2x	30.3x	21.1x	(0.3)%	(2.7)%
AGCO Corporation	5,356	6,934	9.0x	7.8x	19.0x	15.0x	(6.2)%	(12.1)%
Ag Growth International Inc.	504	1,154	11.4x	8.9x	20.0x	13.5x	(11.6)%	(43.6)%
Cervus Equipment Corporation	99	170	4.7x	4.1x	10.7x	9.4x	(3.8)%	(12.1)%
Rocky Mountain Dealerships Inc.	76	127	7.8x	5.9x	29.8x	11.6x	(6.9)%	(28.3)%
Mean			10.1x	8.0x	22.0x	14.1x	(5.8)%	(19.8)%

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

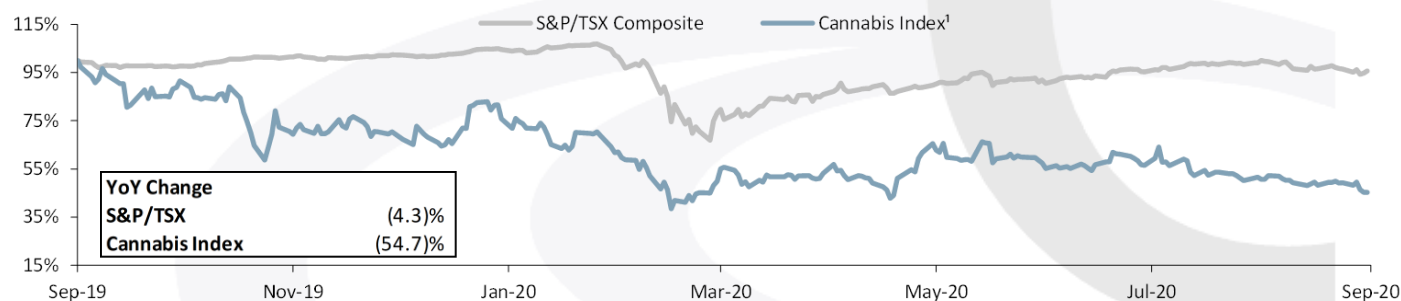


CANNABIS AND HEMP

News Scan

- On September 16th, **Trulieve Cannabis Corp.**, a vertically integrated, fully licensed medical cannabis company, announced its definitive agreement to acquire Pennsylvania-based **PurePenn**, a cannabis cultivator and producer, for C\$46 million, as well as **Keystone Relief Centers**, a dispensary operating under the name **Solevo Wellness**, for US\$20 million. This acquisition marks Trulieve's expansion into a 5th state, adding 3 fully operational dispensaries to its 60 existing locations, while also expanding its cultivation footprint with the addition of a 35,000 ft² facility that it plans to expand to 90,000 ft² by Q1 2021
 - On September 16th, Trulieve announced a bought deal financing for 4.1 million subordinate voting shares of the company, on an underwritten basis, at a price of C\$24.50 for aggregate proceeds of C\$100.5 million
- On September 16th, **VIVO Cannabis Inc.**, a Canadian licensed cannabis producer, announced that the holders of its 6% convertible debentures, due in early 2021 with C\$27.1 million in principal outstanding, have approved amendments by way of extraordinary resolution of the holders. Following the amendments, VIVO will decrease its total debt obligations by more than 75% as well as significantly reduce its interest expense. The restructuring will give the remaining debenture holders an improved conversion rate, and provides the company with greater flexibility to grow and achieve profitability
- On September 16th, **Canopy Rivers**, a venture capital firm that specializes in cannabis, announced that **PharmHouse**, the company's 49% owned joint venture, was granted creditor protection under the CCAA by the Ontario Superior Court of Justice. Canopy Rivers will be a debtor-in-possession (DIP) lender for PharmHouse and provide up to C\$7.2 million in financing to help PharmHouse continue daily operations during its restructuring process. Canopy believes this is an important step for PharmHouse to address its liquidity and capital resource concerns, and that it will be the most effective way to maximize shareholder value and continue conducting business in the future

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	5,244	4,350	12.2x	8.6x	neg	neg	(12.2)%	(50.6)%
Aphria Inc.	1,216	1,282	2.8x	2.3x	nmf	17.5x	(7.5)%	(39.7)%
Cronos Group Inc.	2,376	1,208	20.9x	9.0x	neg	neg	(1.6)%	(58.5)%
Tilray, Inc.	609	992	4.3x	2.8x	neg	nmf	(11.8)%	(85.8)%
Aurora Cannabis Inc.	584	835	3.4x	2.5x	neg	19.3x	(25.2)%	(93.4)%
OrganiGram Holdings Inc.	207	233	3.6x	2.3x	neg	15.4x	(3.4)%	(79.0)%
Mean			7.9x	4.6x	na	17.4x	(10.3)%	(67.8)%

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 28th, **Nestle SA**, a multinational processor of food and beverage products, launched a research and development accelerator that will focus on dairy and plant-based dairy innovation. Nestle will provide its expertise and equipment to startups, students, and scientists in order to help upscale and test their new product ideas in real market scenarios
- On September 24th, it was reported that the Phase 1 trade deal between the US and China has resulted in China purchasing 1.5 million tonnes of US wheat between June 1st and September 10th, a 2,357% increase over last year's levels. This figure approaches full-year levels from the pre-trade war era, and makes China the second-largest buyer of US wheat this year so far
- On September 23rd, the **Beer Institute**, **Brewers Association**, **National Beer Wholesalers Association**, and **American Beverage Licenses** reported that the COVID-19 pandemic will result in the loss of 651,000 jobs in the US beer industry by the end of the year. The report also forecasted that retail beer sales for the year will decline by more than US\$22 billion amidst the pandemic, representing the latest challenge facing an industry that has suffered 4 straight years of declining industry sales
- On September 22nd, it was reported that Quebec has seen a 65% increase in organic acreage between 2017 and 2019, while the numbers throughout the rest of Canada have been flattening. This dramatic increase can be explained by the recent spike in the number of organic livestock producers in the province, as well as the provincial incentives that pay producers to convert farmland to organic production and provide funding to switch livestock buildings into organic programs. These incentives have proved successful as Quebec houses over 40% of the organic farmers in the country, with 2,337 organic producers compared to the second-highest province, Saskatchewan, with 941 producers
- On September 21st, the **United States Department of Agriculture (USDA)** reported 59% of the corn crop mature as of the week ended September 20th, which exceeds last year's report for the same week by 33% and the 5-year average by 10%. North Carolina continues to be a leader on this front, having reported 93% of its corn crop to be mature. The report also showed that 8% of corn has been harvested, which falls 2% below the 5-year average, but exceeds the same week in 2019 by 2%. Texas leads the harvest thus far, boasting a 69% figure
- On September 17th, the Colorado-based **Institute of Arctic and Alpine Research (INSTAAR)** reported that sulfur pollution has reached levels 4 to 10 times stronger than the amount that was in acid rain at its peak over 50 years ago. This is due to sulfur being used extensively on agricultural lands as a fertilizer and pesticide. While many US states have implemented mandatory reporting measures to monitor the use of sulfur pesticides and fungicides, the data is not always publicized, and the USDA, which surveys the application of sulfur fertilizer in crops, does not have enough funding to properly monitor the issue
- On September 17th, **Saskatchewan Agriculture** reported that it expects canola yields to fall short of its estimate of 35 bushels per acre, which was made at the start of this year. Its reporters claim that the heat wave and lack of moisture experienced in August is negatively affecting the crop more than was initially anticipated. **Statistics Canada** is optimistic with estimates hovering around 40 bushels per acre, but those that are closest to the crop believe the recent climate conditions cannot be overcome to that extent. If these higher estimates prove to be wrong, the price of canola is expected to rise
- On September 15th, **John Deere**, the **National Black Growers Council (NBGC)**, and the **Thurgood Marshall College Fund (TMCf)**, announced a coalition to focus on preserving heirs' property in rural communities throughout the US. The coalition will be called **LEAP**, and it will address priority legislation, expand educational and advocacy opportunities, and ensure all farmers have access to tools and technology necessary to navigate advanced production systems

Commodities Futures as of September 25th

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.65	2.03 %	(6.70)%
Wheat (CBOT)	\$ per bu.	\$5.44	(3.50)%	(2.86)%
Oats (CBOT)	\$ per bu.	\$2.82	1.26 %	(5.29)%
Rough Rice (CBOT)	\$ per cwt.	\$12.45	1.80 %	(5.40)%
Rapeseed (Canola) (ICE)	CAD per T	\$518.30	8.80 %	7.98 %
Ethanol (CBOT)	\$ per gal.	\$1.29	(1.23)%	(5.91)%



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Commodity Handling				
Ceres Global Ag Corp.	124.5%	Ceres Global Ag Corp reported FY2020 and Q4 2020 results, with quarterly revenue of US\$178 million, a 32% increase YoY, and annual revenue of US\$582 million, up 33% YoY. Ceres committed to expanding its grower origination network during the year, which helped the company achieve a profitable Q4. Net income was US\$4.3 million for FY2020, a significant increase over the net loss incurred in FY2019. Ceres also completed the acquisition of a grain elevator in September 2020, and plans to make more acquisitions over the coming year. Despite the challenging and uncertain environment amidst the COVID-19 pandemic, the company surpassed its goals for the fiscal year and is optimistic going into FY2021	na	na
Fertilizer & Crop Inputs				
Nufarm Limited	nmf	Nufarm Limited reported FY2020 results, with revenues of A\$2.8 billion, up 7% YoY. Despite solid revenue growth, the company struggled in its operations, with underlying EBITDA from continuing operations of A\$236 million, a 21% decline YoY, and a statutory net loss of A\$456 million compared to its positive earnings in FY2019. The company attributes its earnings decline to weaker performance in its North America business in H1 2020, and the significant decline in EBITDA to a drop off in the European and Seed Technologies segment. The company saw renewed momentum in H2 2020, and to build on that, will implement a comprehensive program to grow revenues, reduce costs and improve margins in Europe to drive a FY2021 earnings recovery	A\$5.02	24.0%
Cannabis & Hemp				
Aurora Cannabis Inc.	nmf	Aurora cannabis announced Q4 2020 earnings, with total net revenue of C\$72 million, down 5% from last quarter, and cannabis net revenue of C\$68 million, down 3% from the previous quarter. The revenue decline was primarily due to its consumer cannabis segment, which was down 9%, compared to a 4% quarterly increase in medicinal cannabis revenues. Gross margin before fair value adjustments was 50%, up 7% from last quarter, driven primarily by the company's 27% reduction in cash cost per gram of dried cannabis sold, relative to Q3. The company also suffered multiple balance sheet adjustments, resulting in a write-down of C\$1.6 billion in goodwill and intangible assets. Following the divestiture of greenhouse consulting firm, Aurora Larssen Projects, in FY2020, the company will solely focus on cannabis, and expects to achieve positive adjusted EBITDA by Q2 2021	C\$13.06	92.7%
High Tide Inc.	191.0%	High Tide announced Q3 2020 earnings, with strong revenue growth to C\$23 million, a 180% increase YoY. The company's retail segment drove the majority of its total revenue growth, experiencing a 209% increase YoY, contributing to 89% of the company's overall revenues. In addition to High Tide's record revenues, major highlights include positive operating cash flow, adjusted EBITDA and net earnings, as well as the successful restructuring of C\$11 million in debt to strengthen its balance sheet.	C\$0.50	203.0%



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Cannabis & Hemp				
Fire & Flower Holdings Corp.	nmf	Fire & Flower Holdings announced its Q2 2020 results, with revenues of C\$29 million, representing a 158% increase YoY. The company's core revenue driver is its retail operations, which it has been working to optimize and expand into key geographic locations. Gross profit of C\$10 million was offset by substantial expenses and losses from revaluation of its derivative liabilities, resulting in a net comprehensive loss of C\$29 million, or C\$0.18 per share on a fully diluted basis. Going forward, Fire & Flower plans to expand its presence in Ontario and expects to have the required capital to support this growth	C\$1.73	130.0%
Charlotte's Web Holdings, Inc.	nmf	Charlotte's Web holdings announced Q2 2020 earnings, with consolidated revenue of US\$22 million, down 14% YoY. Post-adjustment gross margin fell to 53%, a 22% decline YoY and a 17% decline from the previous quarter. These reductions, in addition to an increase in operating expenses, resulted in a significant decline in adjusted EBITDA to a loss of US\$6 million, compared to a positive figure in Q2 2019. The company attributes its weaker performance to the impact of COVID-19 on retail sales. With further realization of synergies from its recent acquisition of Abacus Health, the company hopes to make a recovery by early FY2021	US\$5.46	121.8%
C21 Investments Inc.	nmf	C21 Investments announced Q2 2020 earnings, with revenue of US\$9 million, up 15% over the previous quarter. The company's Nevada operations were particularly successful, generating a record run-rate, up 23% from Q1 2020. C21 made significant strides in improving its gross margin and reducing expenses to generate positive adjusted EBITDA as well as US\$4 million of operating cash flow, up 200% over the previous quarter. The company is in the process of finalizing a debt facility to improve its liquidity, which will support future growth and scale	na	na

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