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Agriculture Industry Flash

Monday, November 23rd, 2020

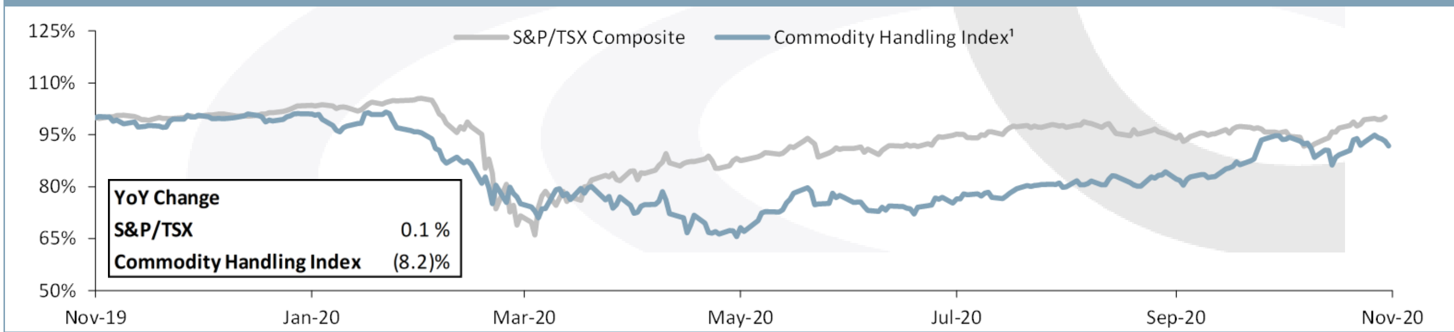



Commodity Handling

News Scan

- On November 19th, **Archer Daniels Midland (ADM)** announced a collaboration with **InnovaFeed**, a French biotechnology company, to construct a new insect protein facility in Illinois. The facility will be owned and operated by InnovaFeed, and will produce insect feed as a protein ingredient in animal feed. The project reflects ADM's efforts to continue expanding its value chain, as it has identified insect farming to be a long-term solution to growing demand for animal feed protein. Construction of the plant is expected to begin in 2021, and is on target for an annual production capacity of 60,000 tonnes per year
- On November 11th, **Farmer's Rice Cooperative (FRC)**, a grower-owned rice marketing cooperative, agreed to acquire the Woodland, California rice mill of **Bunge Ltd.**, for an undisclosed amount. The rice mill has a capacity of 7.5 million cwt, and produces a variety of products including various rice and flour products. Bunge determined that the mill has limited connections to the company's broader value chains, which compelled it to seek the sale. Following the acquisition, FRC will own and operate 3 mills in California, adding to its existing 26 acre industrial site that produces 2,000 cwt of product per hour
- On November 11th, **Louis Dreyfus Company (LDC)**, one of the world's largest grain traders and processors of agricultural products, agreed to sell a 45% equity stake in the company to **ADQ**, an Abu Dhabi-based holding company, for an undisclosed amount, though the companies said a minimum of US$800 million will be invested into LDC. ADQ is committed to LDC's vision for future growth, and will accelerate LDC's growth strategy to move toward greater value chain integration. ADQ has a broad portfolio of major companies, spanning multiple sectors including food and agriculture, and looks to strengthen the economic cluster in the UAE
- On November 9th, **Pacific Ethanol (PE)**, a leading producer of specialty alcohols and essential ingredients, entered into an agreement to sell 134 acres, rail loop and grain handling assets at its Idaho plant to **Liberty Basin LLC**, a US-based grain delivery company, for US$10 million. The sale continues PE's commitment to strengthening its balance sheet through monetizing idled assets and repurposing its production assets. Following the sale, PE will retain the ethanol production facility and terminal at the property and enter into agreements with Liberty Basin for delivery of grain to the plant

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	27,046	34,770	9.1x	8.1x	14.3x	13.5x	(1.5)%	(6.6)%
Bunge Limited	8,204	16,590	8.6x	9.2x	9.0x	10.9x	1.3 %	(3.8)%
The Andersons, Inc	689	2,023	9.3x	6.9x	nmf	14.6x	4.7 %	(17.6)%
United Malt Group Limited	994	1,188	10.4x	10.0x	21.8x	19.7x	0.9 %	(13.4)%
Graincorp Limited	750	1,096	10.1x	6.5x	neg	21.3x	13.4 %	(50.5)%
Ceres Global Ag	73	143	na	na	na	na	(14.6)%	(29.2)%
Mean			**9.5x**	**8.1x**	**15.0x**	**16.0x**	**0.7 %**	**(20.2)%**

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

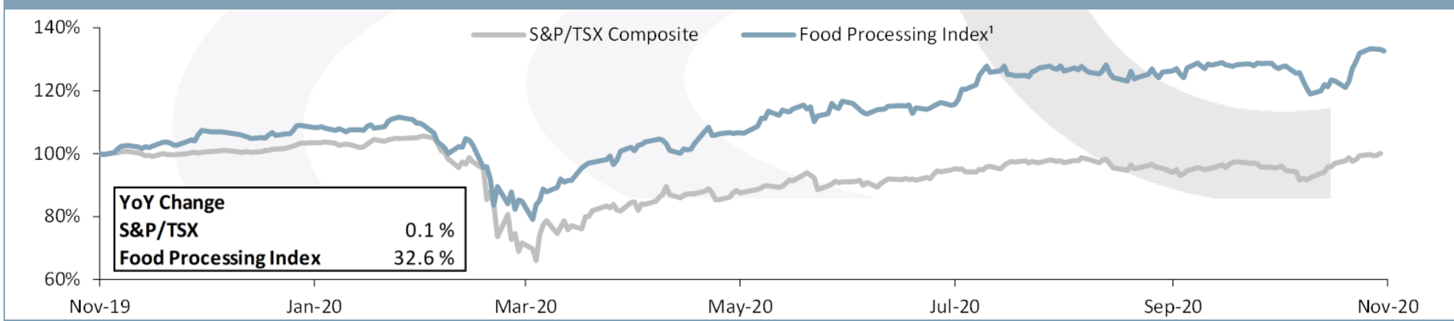



Food Processing

News Scan

- On November 17th, **Mars Inc.**, a multinational food and confectionery products manufacturer, announced it will acquire **Kind North America**, a leading healthy snack food company at a transaction value, reportedly, of US$5 billion. Per the agreement, Kind North America will be combined with **Kind International**, and will operate as a separate business within the Mars portfolio, spanning 35 countries. The transaction follows Mars' acquisition of a minority stake in the company in late 2017, in which Mars led the growth of the business outside of the US and Canada
- On November 17th, **Mondelēz International** and **Maple Holdings**, a private equity-backed holdings company based in the Netherlands, agreed to sell a total of 60 million shares held in **Keurig Dr. Pepper**, a leading beverage producer and distributor, through a public offering for US$28.45 per share, representing a total price of ~US$1.7 billion. The transaction represents a major milestone for Keurig in becoming a widely held beverage company, and follows a recent sale by Mondelēz of 12.5 million shares earlier this year for ~US$362.7 million
- On November 12th, an investor group led by private equity firm, **Champlain Financial Corporation**, acquired **Bad Monkey Inc.**, a producer and distributor of popcorn and confectionery products, for an undisclosed amount. The transaction will accelerate Bad Monkey's product development initiatives and expand its distribution network across Canada and the US
- On November 10th, **SunOpta**, a multinational food and mineral company, signed an agreement to sell its global ingredients segment and related assets to global commodity trading company, **Amsterdam Commodities (Acomo)**, for €330 million. SunOpta will use the proceeds from the sale as capital investment to accelerate its expansion plans for its plant-based food and beverages segment. As part of the transaction, SunOpta negotiated a long-term supply agreement with Acomo, and its employees will continue to operate in ordinary course, with nearly 525 employees being transferred from SunOpta to Acomo
- On November 9th, **Premium Brands Holdings**, a producer and distributor of specialty food brands, and a **Coalition of Mi'kmaq First Nations (The Coalition)** agreed to acquire **Clearwater Seafoods**, one of North America's largest vertically-integrated seafood companies, for ~US$1 billion, through a newly formed joint venture between the 2 companies. The combined seafood operations of Premium Brands, The Coalition and Clearwater are expected to generate over US$1.3 billion in annual sales, creating an industry-leading global seafood group

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/EBITDA 2020E	TEV/EBITDA 2021E	Price/Earnings 2020E	Price/Earnings 2021E	Week Δ Price	Δ Price 52Wk High
George Weston Limited	11,396	33,375	8.1x	7.6x	15.0x	13.0x	(3.2)%	(13.1)%
ConAgra Foods, Inc.	17,518	26,935	10.8x	11.8x	13.5x	14.7x	1.3 %	(8.8)%
Ingredion Incorporated	5,168	6,967	8.3x	7.7x	13.0x	12.0x	7.4 %	(22.5)%
Tate & Lyle plc	3,978	4,442	6.7x	6.6x	12.1x	12.2x	(4.9)%	(20.4)%
Premium Brands	3,011	3,908	16.3x	12.5x	32.4x	22.8x	1.1 %	(7.3)%
Maple Leaf Foods Inc.	2,431	3,063	10.2x	8.9x	27.8x	21.4x	2.5 %	(16.1)%
SunOpta Inc.	795	1,450	16.0x	14.1x	na	nmf	6.6 %	(4.4)%
Rogers Sugar	388	668	9.2x	8.6x	16.1x	11.8x	2.1 %	(10.1)%
Mean			**10.7x**	**9.7x**	**18.6x**	**15.4x**	**1.6 %**	**(12.8)%**

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.

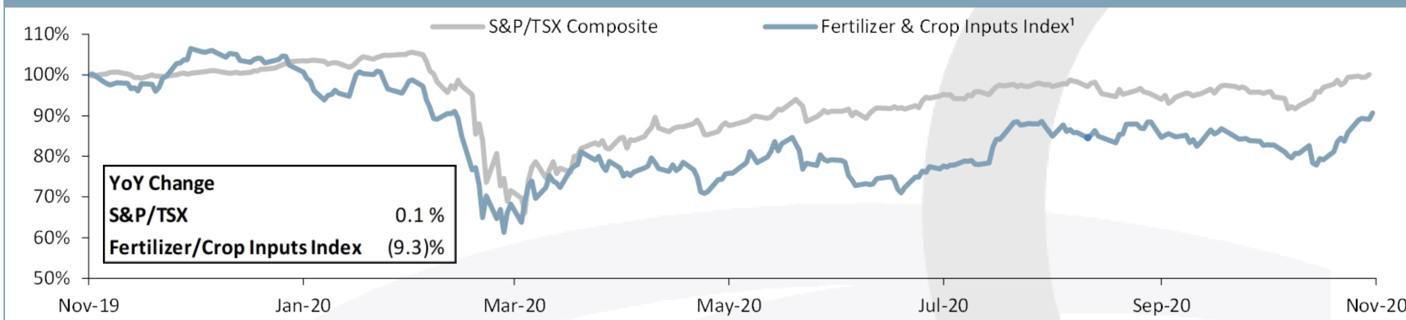



Fertilizers and Crop Inputs

News Scan

- On November 13th, **Grasim Industries**, an India-based manufacturing company, announced it will divest its fertilizer business, **Indo Gulf Fertilizers (IGF)**, to **Indorama India Pte (IIP)**, a producer of phosphate-based fertilizer, for US$356.5 million in cash. IGF engages in the manufacturing, trading and sale of urea and other agricultural inputs with a 1.2 million tpy urea manufacturing plant in India. Grasim's sale is in line with its strategy to focus more on its core businesses and believes the new ownership of IGF will take the company to the next phase of growth. Following the acquisition, IIP will be able to offer a complete range of products for its farmers, including urea, phosphate fertilizers, potash, soil health products, seeds and crop protection products
- On November 12th, **Koch Fertilizer**, one of the world's largest producers and marketers of fertilizers, announced it will invest ~US$90 million in its Beatrice nitrogen plant in Nebraska. The investment will further improve the plant's reliability and environmental and safety performance, and will also increase urea and ammonium nitrate production by 75,000 tpy. The investment builds on recent enhancements to the plant, in which Koch invested over US$7 million to improve the plant's ammonia loadout capabilities and its environmental performance over the last few years

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/EBITDA 2020E	TEV/EBITDA 2021E	Price/Earnings 2020E	Price/Earnings 2021E	Week Δ Price	Δ Price 52Wk High
Nutrien Ltd.	33,767	46,446	12.9x	11.6x	34.5x	27.8x	9.4 %	(8.1)%
CF Industries Holdings, Inc.	7,166	13,545	10.4x	10.1x	27.8x	26.2x	11.1 %	(31.5)%
Yara International ASA	10,698	13,038	5.8x	5.5x	12.6x	11.4x	(0.1)%	(9.1)%
The Mosaic Company	7,434	11,538	7.5x	6.1x	47.3x	16.2x	13.0 %	(11.6)%
Nufarm Ltd.	1,183	1,811	6.0x	6.8x	neg	27.0x	10.6 %	(34.3)%
Mean			**8.5x**	**8.0x**	**30.5x**	**21.7x**	**8.8 %**	**(18.9)%**

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

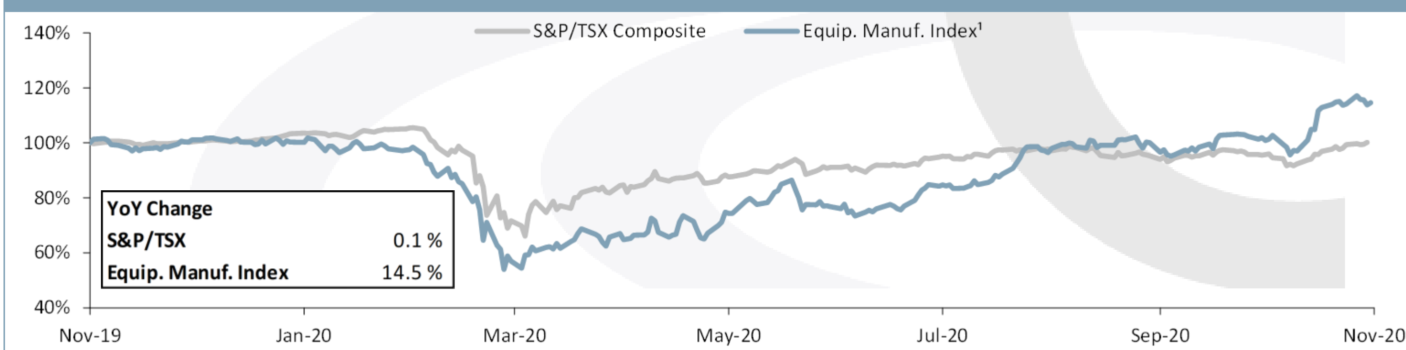



Equipment and Technology

News Scan

- On November 16th, **Bioceres Crop Solutions Corp.**, a provider of crop productivity technologies, acquired the licensing rights to **The GoodWheat Technologies**, a wheat production collaboration project between **Arcadia** and **GoodMills Innovation**, for an undisclosed amount. The company aims to use the technologies to improve its wheat traits in Central and South America, which it expects to be able to sell at a 15% premium over conventional wheat prices in the region. As part of the transaction, Arcadia will also sell its interest in **Verdeca**, a soybean joint venture formed between Arcadia and Bioceres, for US$8 million in cash, 1.9 million common shares and a royalty stream of up to US$10 million on sales of HB4 soybeans
- On November 12th, **John Deere**, a manufacturer of agricultural, construction and forestry equipment, acquired **Harvest Profit**, a leading provider of farm profitability software in North Dakota, for an undisclosed amount. John Deere customers will gain access to the company's software, which helps farmers forecast and measure profitability on a field-by-field basis
- On November 12th, **TELUS** announced the launch of its new business unit, **TELUS Agriculture**, to support the agriculture industry with connected technology. The business unit is expected to optimize the food value chain through leveraging data to increase efficiency, production and yields to deliver better food outcomes for businesses and end-consumers. TELUS Agriculture will merge the operations of several existing TELUS acquisitions, including sales and distribution company, **AFS Technologies**, farm management platform, **Agrian**, precision agronomy service, **Decisive Farming**, and grain management app, **Farm at Hand**, which will manage the growing amount of data that stems from all elements of farm production
- On November 10th, **Raven Industries**, an American manufacturer of precision agriculture products, high-altitude balloons, plastic film, sheeting and radar systems, announced it will expand into Canada and open a new headquarters in Saskatchewan. The location has 5 acres for testing as well as significant capacity for machine production, and will be the central campus for precision and autonomous agriculture innovation, training and services in Canada. Raven's expansion follows its recently completed acquisition of **DOT Technology Corp.**, a Saskatchewan-based developer of autonomous farm technology

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	81,026	86,210	20.4x	15.6x	35.8x	24.8x	4.3 %	(2.7)%
AGCO Corporation	6,884	8,307	9.3x	8.3x	17.8x	15.4x	2.4 %	(7.8)%
Ag Growth International Inc.	409	1,059	9.4x	8.1x	10.7x	11.2x	(3.5)%	(40.6)%
Cervus Equipment Corporation	123	184	4.1x	4.0x	8.9x	8.6x	(2.2)%	(7.7)%
Rocky Mountain Dealerships Inc.	104	151	7.3x	6.5x	18.8x	13.2x	0.7 %	(0.4)%
Mean			**10.1x**	**8.5x**	**18.4x**	**14.6x**	**0.3 %**	**(11.9)%**

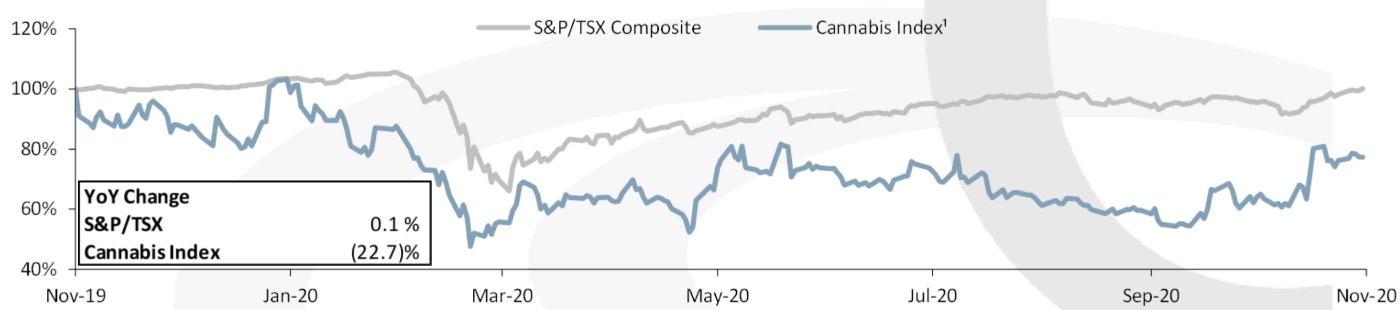
1 "Equip. Manuf. Index" is composed of equally weighted market prices for: Deere & Co., AGCO, Ag Growth Intl., Rocky Mountain Dealerships and Cervus.

Cannabis and Hemp

News Scan

- On November 18th, **Halo Winberry (Halo)**, a wholly owned subsidiary of US-based cannabis extraction company, **Halo Labs**, announced it will acquire certain secured debt of **Herban Industries OR (Herban OR)**, an adult-use cannabis company, owed to **SP1 Credit Fund** totalling ~C$18.4 million of principal and accrued interest, which is in default, in exchange for 170 million shares. Following closing of the debt purchase, Halo agreed to acquire certain assets of Herban OR, including a turnkey outdoor tier 2 cannabis production facility, and an operational cannabis wholesaler, in exchange for the cancellation of a portion of the purchased debt
- On November 18th, **Namaste Technologies**, a leading platform for cannabis products, announced it will acquire the remaining 49% interest in **CannMart Labs**, a Canadian sales-only licensed producer, for C$4.0 million. The acquisition is an important milestone for Namaste in establishing itself as a leading company in the Canadian cannabis sector. CannMart is at the final stage of obtaining its processing license from Health Canada, which will allow the company to produce a broad range of cannabis products including shatter, live resin, as well as distillate products (vape cartridges and edibles)
- On November 11th, **Verano Holdings**, a leading multi-state cannabis operator, signed a definitive agreement to acquire and combine operations with **Alternative Medical Enterprises**, **Plants of Ruskin**, and affiliated companies (collectively, **AltMed**), which are vertically-integrated medical cannabis companies in Florida and Arizona, for an undisclosed amount. The transaction will combine two profitable and fully-integrated platforms, creating a significant opportunity for Verano to expand its business as one of the largest private cannabis companies in the US, with operations in 14 states as well as 8 cultivation facilities and 44 active retail locations

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated	Market Cap	TEV	TEV/Revenue 2020E	TEV/Revenue 2021E	TEV/EBITDA 2020E	TEV/EBITDA 2021E	Week Δ Price	Δ Price 52Wk High
Canopy Growth Corporation	8,836	7,814	20.0x	13.7x	neg	neg	(0.6)%	(10.9)%
Cronos Group Inc.	3,362	2,276	41.8x	19.2x	neg	neg	4.0 %	(19.6)%
Aphria Inc.	1,884	1,917	4.2x	3.3x	nmf	23.5x	12.5 %	(6.7)%
Aurora Cannabis Inc.	1,313	1,604	7.3x	6.0x	neg	nmf	1.7 %	(81.0)%
Tilray, Inc.	983	1,386	6.6x	4.6x	neg	nmf	(0.5)%	(67.9)%
OrganiGram Holdings Inc.	259	286	4.4x	2.9x	neg	24.1x	(2.0)%	(69.2)%
Mean			**14.1x**	**8.3x**	**na**	**23.8x**	**2.5 %**	**(42.6)%**

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 November 19th, **Farmers Business Network (FBN)** purchased **Haplotech**, a Winnipeg-based research and development firm, as well as the canola breeding program of **Cibus**, as it aims to enter the Canadian canola seed business after unsuccessful attempts to reach supply agreements with established businesses. FBN has struggled to secure supply of canola seed amidst growing demand from its farmer members in Western Canada, and will require an additional 2 to 3 years before it can offer canola seed to its members. Following the acquisitions, FBN also plans to begin corn trials in the prairies in Southern Canada
- On November 16th, the US Senate unanimously voted in favour of the **US Grain Standards Reauthorization Act of 2020**, which enables the **Federal Grain Inspection Service (FGIS)** and the **US Department of Agriculture (USDA)** to establish official marketing standards for grains and oilseeds. The Act aims to maintain a healthy domestic grain market and maintain positive relationships with its trading partners
- On November 16th, the **USDA** published its crop progress report for the week ended November 15th, reporting that 96% of soybeans have been harvested, which exceeds last year's report for the same week by 7% and the 5-year average by 3%. According to the report, 95% of corn has been harvested, which is 22% more than last year's figure for the same week, and exceeds the 5-year average by 8%
    - On November 10th, the **USDA** lowered its forecast for the carryover of wheat on June 1st, 2021 to 877 million bushels, down 6 million bushels from last month's projections and down 151 million bushels from over 1 billion bushels in 2020, representing the lowest figure since 2015. The reduction is tied to forecasted increases in domestic usage in 2020-21, based on a report from the **National Agricultural Statistics Service**, which indicated that food use in early 2021 will be higher than initially expected
- On November 9th, **Ray-Mont Logistics**, a global integrated supply chain logistics company, announced it will open its first US transloading facility, to expand beyond the 3 facilities it has across Canada. The facility is expected to improve Canadian container traffic on the West Coast, as significant US traffic is currently hindering capacity in Vancouver due to a lack of options in Seattle

Commodities Futures as of November 20th, 2020

Commodities Futures	Price Unit	Latest Price (US$)	Month to Date	Year to Date
Corn (CBOT)	$ per bu.	$4.28	7.74 %	9.39 %
Wheat (CBOT)	$ per bu.	$6.00	(1.32)%	7.01 %
Oats (CBOT)	$ per bu.	$3.12	6.67 %	4.70 %
Rough Rice (CBOT)	$ per cwt.	$12.47	(0.64)%	(5.28)%
Rapeseed (Canola) (ICE)	CAD per T	$576.50	7.78 %	20.10 %
Ethanol (CBOT)	$ per gal.	$1.39	-	1.39 %




Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Commodity Handling				
Ceres Global Ag Corp.	(150.7%)	Ceres reported Q1 2021 results, with revenue of US$172.1 million, up 35% YoY. This was primarily due to a 28% increase in grain bushels handled, as well as an increase in commodity prices. Gross margin declined from 5% to 2% YoY as a result of lower merchandising margins and high US rail freight costs, caused by strong Chinese demand for soybeans. Ceres' declining margin and slimmer margin market opportunities resulted in a net loss of US$0.9 million, compared to positive earnings for the same quarter last year. Ceres acquired a grain elevator in Saskatchewan during the quarter, and expects to close on the formation of a joint venture with a farmer cooperative in northern Minnesota in early 2021	na	na
GrainCorp Limited	56.0%	GrainCorp reported FY2020 results, with revenue from ordinary activities of A$3.7 billion, up 4% YoY. The company demonstrated resilience, despite a third year of drought, by delivering on operational cost saving initiatives and stronger asset utilization in both its agribusiness and processing segments to generate A$108.0 million in EBITDA, a significant improvement from a A$107.0 million loss in the prior year. GrainCorp reported statutory net profit after tax of A$343.3 million, which reflects the gain from the sale of Australian Bulk Liquid Terminals in 2019, as well as the profit from the United Malt Group demerger in March 2020	A$4.85	8.2%
United Malt Group Limited	(25.0%)	United Malt Group reported FY2020 results, with A$1.3 billion in revenue, down 2% YoY. The slight decline in revenue can be attributed to COVID-19-related volume declines in both its processing and warehouse & distribution segments during H2 2020, despite a strong performance in H1. Additionally, changes in product mix and increases in corporate costs and insurance premiums following the demerger from GrainCorp negatively affected earnings in H2, partially offset by cost-saving initiatives that realized A$5.9 million of direct cost savings. As a result, basic EPS was A$0.17, down 25% YoY. United Malt Group maintains a robust financial position at year-end, with net debt of A$261.7 million, which is 1.7x underlying EBITDA of A$156.1 million, and is well positioned to manage through short-term uncertainty, with volumes beginning to recover to pre-COVID-19 levels	A$4.95	9.0%
Food Processing				
George Weston Limited	343.5%	George Weston reported Q3 2020 results, with sales of C$16.2 billion, up 7% YoY. The Loblaw segment, which makes up the majority of the company's total revenue, grew 7% due to retail sales, while revenues for Choice Properties and Weston Foods declined 5% and 7% YoY, respectively. Net earnings available for common shareholders of the company was C$303.0 million, up 339% YoY, largely due to a favourable fair value adjustment of the Trust Unit liability of C$181.0 million as a result of the decrease of Choice Properties' unit price in Q3. During the quarter, the Choice Properties segment acquired two real estate assets from Wittington Properties, for an aggregate purchase price of C$209.0 million	C$119.00	22.6%
Post Holdings, Inc.	(199.3%)	Post Holdings reported Q4 2020 results, with net sales of US$1.4 billion, down 2% YoY, due to the YoY growth in BellRing Brands, Weetabix and refrigerated retail of 32%, 9% and 2% respectively, being offset by declines in Post's largest segments: foodservice and Post Consumer Brands, which declined 23% and 3% YoY, respectively. Adjusted EBITDA was US$274.8 million, down 10% YoY, largely driven by a 69% decline in the foodservice segment which struggled with reduced contribution from an unfavourable product mix, and fixed cost absorption on account of producing lower volumes during the quarter. Net earnings were US$57.0 million, or US$0.83 per share on a diluted basis, a significant improvement over the net loss incurred in Q3 2019, which was primarily attributable to a US$63.3 million impairment charge on goodwill and other intangible assets	US$108.00	19.3%

Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Food Processing				
Tyson Foods, Inc.	88.1%	Tyson Foods reported Q4 2020 results, with US$11.5 billion in revenue, up 5% YoY, due to a 6% increase in volume, led by its beef and pork segments, offsetting a 1% decline in average selling price, mainly attributable to its pork and chicken segments. Operating profit was US$1.0 billion, representing a 9% margin, up 3% YoY, despite incurring ~US$200.0 million of direct incremental expenses related to the COVID-19 pandemic during the quarter. Tyson reported diluted EPS of US$1.90, up 88% YoY, due to reductions in its overall expenses unrelated to the pandemic. During the quarter, the company reduced its total debt by US$690 million, resulting in liquidity of US$3.2 billion at period end	US$76.42	25.8%
Fertilizers & Crop Inputs				
Nufarm Limited	nmf	Nufarm reported financial results for two months ended September 30, completing its transition to a new financial year reporting period, with revenue, excluding corporate revenue, of A$222.1 million, up 23% YoY. Revenue growth is attributed to stronger demand for its product portfolios in Australia and Europe, despite a minor decline in its seed technologies segment due to a change in timing of revenue recognition related to a licensing agreement in Australia. Underlying EBITDA loss was A$43.4 million, an 18% YoY improvement, reflecting increased sales as well as reduced SG&A expenses. Nufarm noted that it typically incurs a loss during this period, as demand for crop protection and seed technologies is lower on account of the agricultural cycle, and correspondingly increased its net debt and net working capital balances from its last reporting period by 37% and 6%, respectively, to manage the annual trading pattern	A$5.00	17.3%
Equipment Manufacturing				
Ag Growth International Inc.	nmf	Ag Growth International reported Q3 2020 results, with record trade sales of C$282.5 million, up 8% YoY. Sales were augmented by a relatively early harvest across North America, as well as robust performance in the farm markets in EMEA, Brazil and India, slightly offset by lower results in its North American commercial markets. Gross margin was 33%, up 240 basis points YoY, driven by its recent investments in automation and successful product launches. Ag Growth reported a net loss of C$12.3 million, representing C$0.66 per share on a diluted basis, a significant decrease from the loss incurred during the same quarter last year due to various non-cash losses and asset impairment charges, and other transaction and transitional costs	C$38.50	34.9%
Cannabis & Hemp				
Aurora Cannabis Inc.	nmf	Aurora Cannabis reported Q1 FY2021 results, with net revenue of C$67.8 million, down 4% YoY, as it exited its wholesale segment, which achieved C$10.3 million in revenue in Q1 2020. The exit offset Aurora's success in its consumer cannabis and medical cannabis segments, which were up 14% and 10%, respectively, YoY. Gross margin was 48%, down 10% YoY, as a result of the loss of its high margin wholesale segment, despite margin improvements in its consumer and medical cannabis segments due to a shift in sales mix toward higher margin derivative products. Excluding the impacts of legal settlement costs and ongoing costs associated with its business transformation plan, Aurora achieved its third sequential quarter of improved adjusted EBITDA, at a loss of C$10.5 million, and remains on track to achieve positive adjusted EBITDA in Q2 2021	C$12.86	37.7%
Canopy Growth Corporation	(136.0%)	Canopy Growth reported Q2 FY2021 results, with record net revenue of C$135.3 million, up 77% YoY. Revenue growth was driven by an increase in Canadian recreational revenue, continued strength in vaporizer sales, as well as contribution from BioSteel, which was acquired in October 2019. Canopy achieved a gross margin of 19%, up 14% YoY, partly due to lower inventory adjustments despite lower contribution in its international medical business and lower production output. The company reduced expenses across the board, which resulted in an adjusted EBITDA loss of C$85.7 million, up 43% YoY. Canopy completed an end-to-end review of its cost structure and identified cost savings opportunities worth C$150-C$200 million in the near term	C$27.42	(11.6%)




Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Cannabis & Hemp				
The Green Organic Dutchman Holdings Ltd.	(171.0%)	The Green Organic Dutchman reported Q3 2020 results, with revenue of C$5.7 million, up 119% YoY. Revenue growth was fueled by a significant 672% YoY improvement in its cannabis product segment, which was launched in Q3 2019, heavily offsetting the minor decline in its HemPoland sales. Gross margin was 70%, up 5% YoY, primarily driven by unrealized gains on changes in fair value of biological assets due to grow room expansion, despite the higher inventory costs as a result of increased sales in Canada. The company recorded a loss from operations of C$6.3 million, a 68% YoY improvement, due to increased gross profit and decreased operating expenses, as the company continues to make significant reductions in spending on third-party vendors	C$0.24	(9.0%)
Sundial Growers Inc.	42.8%	Sundial Growers reported Q3 2020 results, with C$12.9 million in net cannabis revenue, down 36% YoY. The decline in revenue is attributed to changes to the company's processes as it continues to adapt its cultivars to meet consumer expectations, and address inventory management challenges. Gross margin was 20%, up 6% YoY, due to cost of goods sold reductions, namely, a 12% YoY decrease in cultivation costs per gram of bulk dried cannabis, and one bulk sale to an LP that had a low cost per gram. During the quarter, Sundial raised C$26.4 million, as well as C$48.1 million subsequent to quarter-end, as the company works to improve its liquidity position, with a net debt balance of C$98.4 million at the end of the quarter	C$0.39	18.6%
Tilray, Inc.	95.2%	Tilray reported Q3 2020 results, with total revenue of US$51.4 million, which was flat YoY due to the discontinuation of bulk sales despite YoY increases in adult-use, international medical, and hemp sales of 26%, 42% and 28%. Gross margin was 7%, down 24% YoY, caused by unfavourable inventory valuation adjustments, lower kilograms sold from the discontinuation of bulk sales and increased sales of Cannabis 2.0 products, which have higher costs than dried flower. Excluding the inventory adjustments, gross margin increased 2% YoY to 33%, due to product mix and lower facility costs in its cannabis segment. Tilray continued its efforts to implement cost reductions and operating efficiencies, resulting in an adjusted EBITDA loss of US$1.5 million, up 93% YoY, as the company continues to work towards positive adjusted EBITDA	US$9.22	25.2%
Trulieve Cannabis Corp.	(92.7%)	Trulieve Cannabis reported Q3 2020 results, with record revenue of US$136.3 million, up 93% YoY. Moreover, pro forma revenue, which includes its recent acquisitions of PurePenn and Solevo, was US$154.9 million for the quarter. Growth can be attributed to opening 9 stores in the quarter, becoming the first to market with edible cannabis products for patients in Florida, and establishing a presence in West Virginia with a newly awarded processor permit. Adjusted EBITDA was US$67.5 million, up 83% YoY, primarily driven by a favourable net effect of change in fair value compared to Q3 2019. Net income was US$4.7 million, down 92% YoY, largely due to a significantly unfavourable fair value adjustment on inventory sold, despite keeping most expenses relatively flat YoY, on a percentage-of-sales basis	US$39.51	58.8%
Village Farms International, Inc.	161.6%	Village Farms reported Q3 2020 results, with US$53.0 million in produce sales, up 9% YoY, which includes the company's produce revenues, as well as its share of revenues from its Pure Sunfarms and Hemp joint ventures on a proportionate accounting basis. Gross margin was 17%, up 4% YoY, largely due to a decrease in cost of sales for the produce segment, as Village Farms produced fewer tomatoes as a result of the transition from tomato production in 2019 to cannabis production for Pure Sunfarms in 2020. Village Farms achieved positive adjusted EBITDA of US$4.6 million, up 58% YoY, reflecting a major improvement over the produce segment's adjusted EBITDA loss in Q3 2019, offset by a 50% decline for Pure Sunfarms. Subsequent to quarter-end, Village Farms acquired the remaining 41% interest in Pure Sunfarms, and will report consolidated results going forward	US$15.95	98.6%

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