



Agriculture Industry Flash

Monday, December 21st, 2020

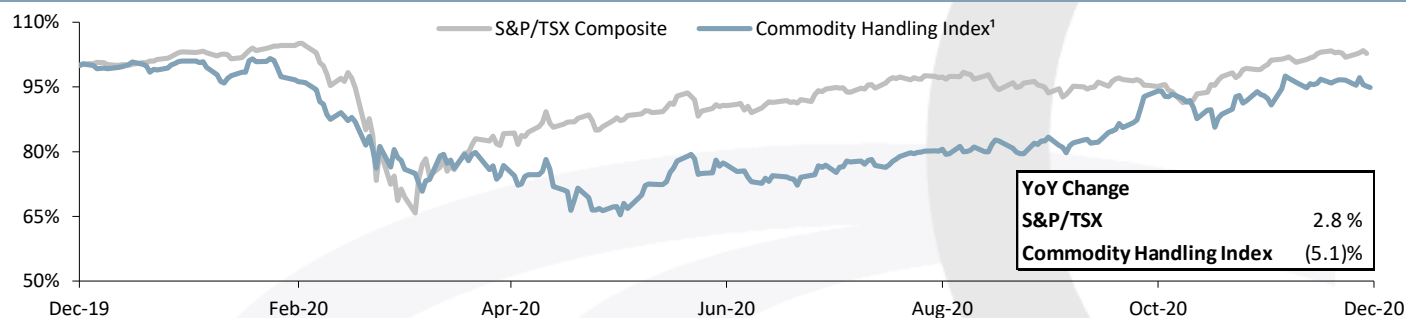


COMMODITY HANDLING

News Scan

- On December 18th, **G3**, a major Canadian grain handler, announced the opening of 3 new grain elevators in Alberta: G3 Wetaskiwin, G3 Stettler County, and G3 Irricana. The Wetaskiwin and Stettler elevators are in full operation, and the Irricana elevator will begin receiving grain soon. The new elevators can unload a truckload of grain in under 5 minutes, and will ship grain to G3's export terminal in Vancouver, which opened earlier this year. G3 continues to grow its network of high-efficiency facilities to transform how grain moves in Canada, and now has 6 new elevators in Alberta, as well as 2 elevators under construction that are due to open in 2021
- On December 18th, Canadian grain company, **Parrish & Heimbecker (P&H)**, announced that the new grain export terminal at the Port of Vancouver is now running, and is expected to start full operations in 2021. The terminal began construction in 2018, and is expected to add 3.5 million tonnes of additional annual handling capacity
- On December 7th, **Miami International Holdings (MIH)**, the parent company of the **MIAX Exchange Group**, an electronic options trading exchange, completed the acquisition of the **Minneapolis Grain Exchange (MGEX)**, a commodities and futures exchange of grain products, for an undisclosed combination of cash and MIH common stock. The acquisition will enable MIH to further strengthen its product offerings, and bring innovation to the futures market

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
ADM	27,641	35,381	9.3x	8.3x	14.6x	13.7x	1.0 %	(4.6)%
Bunge Limited	8,991	17,388	8.8x	9.5x	9.6x	11.8x	(0.2)%	(3.5)%
The Andersons, Inc	706	2,040	9.4x	6.9x	nmf	15.0x	(6.7)%	(15.5)%
United Malt Group Limited	938	1,139	9.6x	9.2x	19.8x	17.9x	(5.5)%	(21.4)%
Graincorp Limited	750	1,110	9.6x	6.1x	neg	16.6x	(4.0)%	(52.4)%
Ceres Global Ag	93	165	na	na	na	na	2.9 %	(6.2)%
Mean			9.3x	8.0x	14.6x	15.0x	(2.1)%	(17.2)%

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

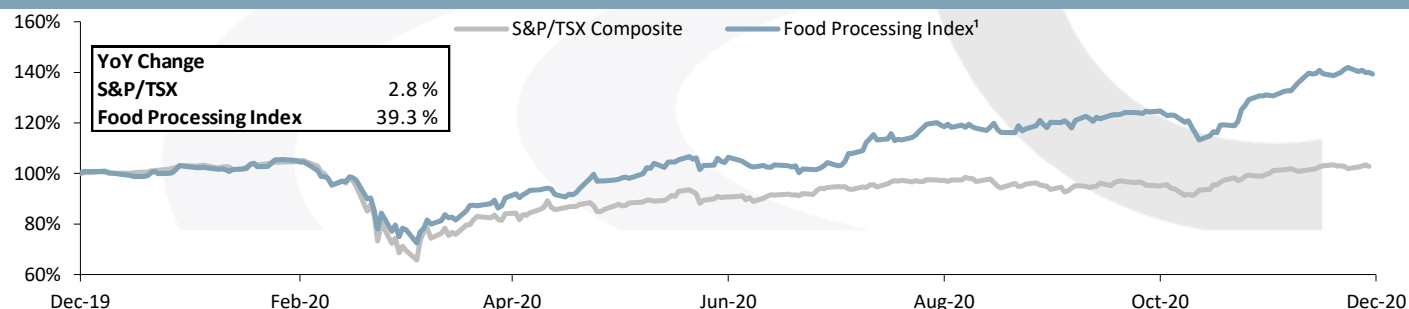


FOOD PROCESSING

News Scan

- On December 17th, **Whole Earth Brands**, a global plant-based sweeteners company, executed a definitive agreement to acquire all issued and outstanding capital stock of **WSO Investments**, the holding company for North America's top organic sweetener brand, **Wholesome Sweeteners**, for US\$180 million in cash, as well as a US\$55 million earnout. The acquisition, which is expected to be immediately accretive to earnings, will bring Whole Earth additional scale to strengthen its competitive position, and expand consumer access to a broad portfolio of natural and alternative sweeteners
- On December 17th, **Lactalis Canada**, a Canadian dairy processing company, and wholly-owned subsidiary of **Groupe Lactalis**, announced it reached a definitive agreement with **Agropur Cooperative**, a Quebec-based dairy cooperative, to acquire all shares of its Canadian yogurt business, **Ultima Foods**, for an undisclosed amount. The transaction will expand Lactalis' portfolio of yogurt brands to reinforce its position in the Canadian dairy market, and will enable its key retail and foodservice customer partners to meet the growing consumer demand for yogurt products
- On December 14th, **Michael Foods**, a subsidiary of **Post Holdings**, an American consumer packaged goods holding company, agreed to acquire **Almark Foods**, a majority employee-owned ready-to-eat egg products company, for an undisclosed amount. Almark Foods has grown its retail hard-boiled eggs business into a leading brand, which will enter a new growth phase under Michael Foods' ownership. Per the agreement, Michael Foods will acquire Almark Foods' plants in Arizona and Tennessee, but its Artisan Kitchens division will remain employee-owned following closing
 - On December 7th, Post Holdings entered into a definitive agreement to acquire the **Peter Pan** peanut butter brand from packaged foods company, **Conagra Brands**, for an undisclosed amount
- On December 7th, **Aryzta Group**, a global specialty foods company, sold its North American Take & Bake pizza manufacturing unit to private equity firm, **Brynwood Partners**, for an undisclosed amount. The transaction is part of the group's restructuring plan, after US investment firm, **Elliott Management**, recently tabled its conditional offer to acquire the struggling group for €734 million. Through its restructuring efforts, Aryzta aims to establish a new business model to reduce overhead costs, following the departure of several of the group's executives

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		
Saputo Inc.	11,171	14,059	12.7x	10.9x	23.5x	17.7x	(5.8)%	(15.2)%
Ingredion Incorporated	5,338	7,139	8.5x	7.9x	13.4x	12.4x	(1.7)%	(19.9)%
Tate & Lyle plc	4,145	4,616	6.8x	6.7x	12.4x	12.5x	1.0 %	(18.3)%
Premium Brands	3,475	4,392	18.0x	13.4x	34.3x	23.5x	(2.2)%	(4.1)%
Maple Leaf Foods Inc.	2,719	3,379	11.0x	9.6x	30.4x	23.5x	1.1 %	(8.2)%
SunOpta Inc.	873	1,532	16.9x	14.9x	na	nmf	(3.8)%	(5.6)%
Rogers Sugar	462	746	9.7x	9.3x	15.8x	13.0x	2.3 %	(0.5)%
High Liner Foods Incorporated	380	686	7.9x	7.7x	12.0x	11.1x	3.5 %	(4.0)%
Mean			11.4x	10.1x	20.3x	16.2x	(0.7)%	(9.5)%

1 "Food Processing Index" is composed of equally weighted market prices for: Saputo, Ingredion, Tate & Lyle, Premium Brands, Maple Leaf, SunOpta, Rogers Sugar, and High Liner Foods.

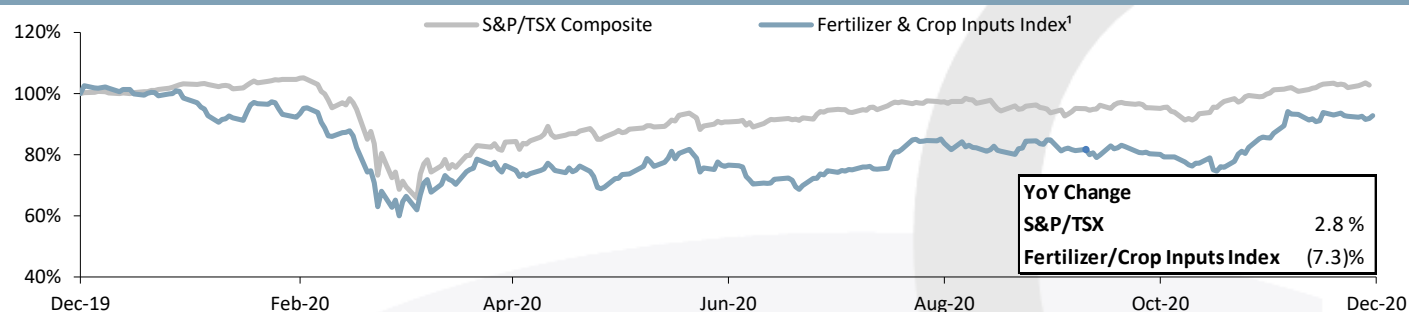


FERTILIZERS AND CROP INPUTS

News Scan

- On December 14th, **The Mosaic Company**, the largest US producer of potash and phosphate fertilizer, announced a collaboration agreement with **BioConsortia Inc.**, a biotechnology research and development platform, to develop and launch nitrogen-fixing microbial products to increase yields on corn, wheat, and other major non-legume row crops. The collaboration will use BioConsortia's advanced microbial selection process and other proprietary tools to develop robust and innovative microbes capable of colonising a non-legume crop. Alongside its recent introduction of **Susterra** fertilizer, the collaboration is one of several steps for Mosaic to work towards building out a robust soil health portfolio
- On December 14th, **PhosAgro-Region**, a Russian mineral fertilizer distribution network, and **Exact Farming**, a digital agriculture platform, signed a cooperation agreement to develop digital services for PhosAgro's Russian mineral fertilizer customers. The companies will jointly develop applications for remote monitoring, evaluating and improving the performance of mineral nutrition systems, and developing and distributing agronomic expertise. The system currently covers over 23,000 hectares in 20 regions in Russia, and will be expanded to cover over 100,000 hectares in 2021

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

Market	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2020E	2021E	2020E	2021E	Price	52Wk High
Nutrien Ltd.	34,798	47,499	13.1x	11.6x	35.2x	27.7x	(2.4)%	(5.9)%
CF Industries Holdings, Inc.	8,052	14,435	10.9x	10.5x	31.0x	27.7x	(3.8)%	(23.0)%
Yara International ASA	10,839	13,179	5.7x	5.4x	12.5x	11.2x	(1.0)%	(11.6)%
The Mosaic Company	8,867	12,983	8.5x	6.5x	nmf	16.8x	5.1 %	(1.3)%
Nufarm Ltd.	1,254	1,906	6.1x	6.8x	nmf	27.2x	1.4 %	(33.0)%
Mean			8.9x	8.2x	26.2x	22.1x	(0.1)%	(15.0)%

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

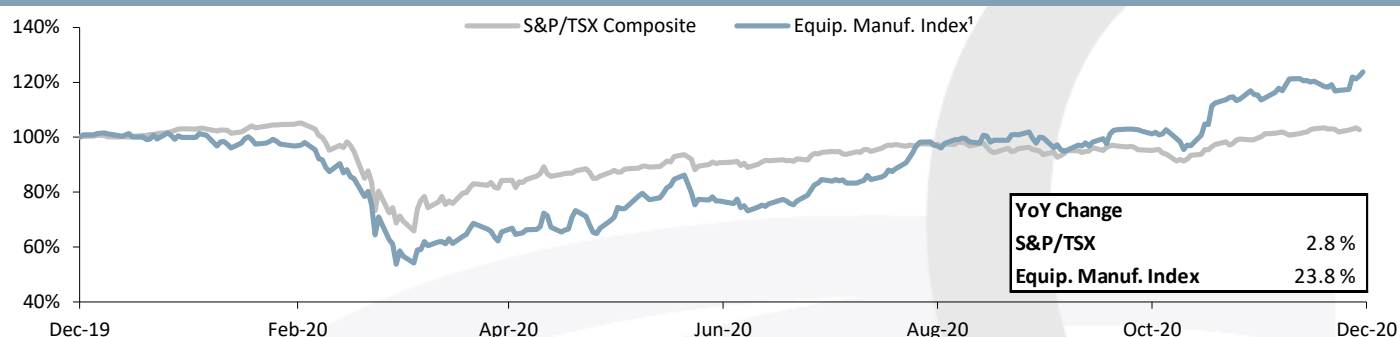


EQUIPMENT AND TECHNOLOGY

News Scan

- On December 17th, shareholders of **Rocky Mountain Dealerships (RME)**, the largest Canadian dealer of agricultural equipment brands, including Case CE and Case IH, currently operating 36 branches in Western Canada, voted in favour of the previously announced take-private transaction. Prior to the vote, the offer price was revised from US\$7.00 per share to US\$7.41 per share, representing a 34% premium to the unaffected share price of the company, which valued the company at US\$144 million on an equity basis, and at US\$195 million on an enterprise basis. The transaction is still pending approval from the courts before it can officially delist from the Toronto Stock Exchange
- On December 8th, **Monarch Tractor**, a California-based provider of mechanical farming solutions, announced the world's first fully electric, driver optional, smart tractor integrated on a single platform. The new technology will increase labour productivity and safety, and maximize yields to cut overhead costs and emissions for farmers, with features including roll and collision prevention technology, smart device capabilities, and data-driven machine learning. The tractor has a starting price of US\$50,000, and can be reserved now, with shipments starting in Fall 2021

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	84,831	125,393	22.7x	18.8x	29.5x	20.3x	6.8 %	(0.3)%
AGCO Corporation	7,706	9,152	10.3x	9.1x	20.0x	16.9x	15.3 %	(0.1)%
Ag Growth International Inc.	447	1,112	9.7x	8.3x	11.5x	11.9x	(3.9)%	(37.0)%
Cervus Equipment Corporation	138	202	4.4x	4.3x	9.8x	9.5x	2.2 %	(5.0)%
Rocky Mountain Dealerships Inc.	111	160	7.6x	6.8x	19.7x	13.8x	7.2 %	(0.5)%
Mean			10.9x	9.5x	18.1x	14.5x	5.5 %	(8.6)%

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

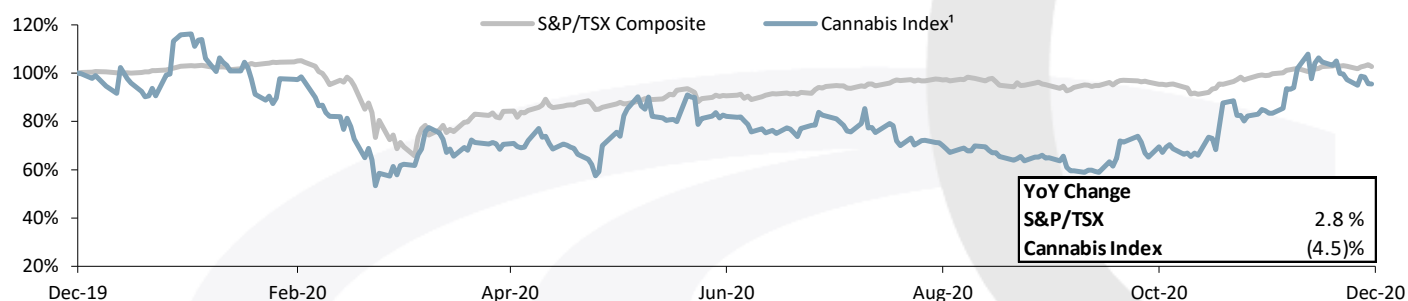


CANNABIS AND HEMP

News Scan

- On December 16th, **Aphria** and **Tilray** announced a merger agreement to become one of the world's largest global cannabis companies, with a pro-forma equity value of C\$5 billion. The two businesses have complementary medical and adult-use cannabis operations, and the combination will build a stronger leadership position in Canada and establish a broader international reach. Pro-forma revenues for the combined entity is C\$874 million, and the transaction is expected to generate ~C\$100 million in pre-tax annual cost synergies, due to supply chain and operational efficiencies between the two businesses
- On December 15th, **Verano Holdings**, a leading multi-state cannabis operator, announced it entered into a definitive agreement to go public on the Canadian Securities Exchange (CSE) by way of a reverse takeover (RTO) of **Majesta Minerals**, a mineral exploration company, in which Majesta's existing shares will be exchanged for subordinate voting shares of Verano with an expected aggregate value of US\$1 million. In connection with the RTO, Verano will conduct an offering of subscription receipts to raise US\$50-100 million, based on a US\$2.8 billion pre-money valuation. By becoming a public company, Verano will gain access to capital to execute its long-term strategy of scaling its wholesale and retail operations into new and existing markets
- On December 8th, **Southern Harvest Health Corp.**, a European-focused cannabis cultivation company, filed a preliminary prospectus in connection with a proposed IPO on the CSE at C\$0.50 per share, for gross proceeds of up to C\$1.5 million. Southern Harvest will continue to work towards its mission of providing European medical patients with cannabis experiences through the production, marketing, distribution, and sale of premium cannabis products

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	9,692	8,649	21.7x	14.8x	neg	neg	(4.5)%	(12.9)%
Cronos Group Inc.	3,547	2,477	45.6x	20.9x	neg	neg	(3.9)%	(15.9)%
Aphria Inc.	2,426	2,464	5.3x	4.0x	nmf	26.7x	(6.2)%	(14.0)%
Aurora Cannabis Inc.	1,767	2,067	9.2x	7.6x	neg	nmf	(2.6)%	(66.2)%
Tilray, Inc.	1,187	1,627	7.8x	5.4x	neg	nmf	10.2 %	(61.3)%
OrganiGram Holdings Inc.	323	351	5.4x	3.8x	neg	58.4x	0.6 %	(62.4)%
Mean			15.8x	9.4x	na	42.6x	(1.1)%	(38.8)%

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 December 14th, **Nestle Waters North America**, a North American subsidiary of **Nestle**, announced an investment of an undisclosed amount into **Timeplast**, a startup researching technology that minimizes the environmental impact of improperly recycled plastics. The companies will form a collaborative partnership called **TPN Alliance Polymers** to explore alternative packaging technologies, and encourage other companies to begin adopting it as their primary packaging material
 - On December 9th, Nestle launched its plant-based Harvest Gourmet brand in China, moving into the country's meat substitute industry that has seen a surge of interest from investors and brands in recent months. The brand's products will be produced by Nestle's faux-meat factory in Tianjin, which is the first of its kind in Asia
- On December 11th, the Canadian government announced a new federal climate plan, which further increases taxes on carbon emissions. The previous plan set a price on carbon of C\$20 per tonne starting in 2019, rising C\$10 per year to C\$50 in 2022, and the new plan further raises the carbon price by C\$15 every year starting in 2023, up to C\$170 in 2030. Several Canadian farm groups have expressed concerns over the program, including **Grain Farmers of Ontario**, which estimated the carbon tax would cost Canadian farmers ~C\$60 million in 2022, and stated that the new program could triple that cost
- On December 11th, the Norwegian government committed US\$17 million over 3 years to support the **Farm to Market Alliance**, a collaboration between **The Alliance for a Green Revolution in Africa**, **Bayer**, **Rabobank Group**, **Syngenta**, **Yara International**, and the **World Food Program**. The goal of the alliance is to develop a sustainable and profitable agricultural sector in Africa, which has been subject to a wide range of barriers preventing the continent from transitioning to commercial farming, leaving it as a net importer of food. The alliance, which is relying on support from the private sector, will continue to take a demand-driven approach to service smallholder farmers and the surrounding ecosystem in order to drive a holistic value chain solution, as the continent faces a hunger crisis that has been exacerbated by the COVID-19 pandemic
- On December 10th, **Federated Co-operatives Limited (FCL)** announced that a ~C\$5 million expansion project is underway at its Co-op Fertilizer Terminal in Brandon, Manitoba. The project will add 9,000 tonnes of storage capacity, representing a more than 30% increase, which will allow more specialty products to be stored to support 4R nutrient stewardship, and increase FCL's offerings to local co-ops for long-term growth
- On December 10th, researchers at the **University of Cincinnati** decoded the genome of 2 agricultural pests, the New World screwworm, which deteriorates livestock flesh, and thrips, which are tiny insects that transmit viruses to crops such as tomatoes, soybean, cannabis, and commercial flowers. Researchers mapped the genome, and characterized immune aspects of the pests, to help develop a feasible solution that has an environmental advantage over the use of traditional pesticides
- On December 9th, **Canadian National Railway**, **Maple Leaf Foods**, and **Celestica Inc.** signed a coalition pact to commit to protecting the environment and ensuring a sustainable future for all Canadians. The plan, which is aligned with the Paris Climate Accord, will address 4 key areas in its sustainability strategy: reducing carbon emissions, setting science-based targets, resource stewardship, and sustainability reporting

Commodities Futures as of December 18th, 2020

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$4.38	3.98 %	11.75 %
Wheat (CBOT)	\$ per bu.	\$6.08	5.37 %	8.57 %
Oats (CBOT)	\$ per bu.	\$3.38	15.77 %	13.34 %
Rough Rice (CBOT)	\$ per cwt.	\$12.74	1.68 %	(3.19)%
Rapeseed (Canola) (ICE)	CAD per T	\$617.40	5.76 %	28.63 %
Ethanol (CBOT)	\$ per gal.	\$1.32	(2.22)%	(3.72)%



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Food Processing				
Campbell Soup Company	82.1%	Campbell Soup Company reported Q1 FY2021 results, with net sales of US\$2.3 billion, up 7% YoY, driven by gains in its meals & beverages and snacks segments. Organic net sales grew 8% YoY, due to an increase in volume and mix, reflective of heightened demand as at-home food consumption remained elevated amidst the COVID-19 pandemic, as well as improved retailer soup inventories. Gross margin increased 90 basis points to 35%, primarily due to moderated promotional spending and favourable mix, partially offset by slightly higher net supply chain costs. Diluted EPS was US\$1.02, up 82% YoY on an as-reported basis, and up 31% YoY on an adjusted basis, due to the inclusion of divestiture charges during the same quarter last year	US\$51.49	9.3%
General Mills, Inc.	16.8%	General Mills reported Q2 FY2021 results, with net sales of US\$4.7 billion, up 7% YoY, reflective of broad-based market share gains amidst heightened at-home food demand resulting from the COVID-19 pandemic. General Mills experienced strong sales growth in its North American retail, pet, and Europe & Australia segments of 9%, 18%, and 8%, respectively, slightly offset by a 14% YoY decline in its convenience stores & foodservice segment, the result of lower consumer traffic and other virus-related restrictions affecting the segment's key away-from-home channels. Gross margin was 37%, up 1% YoY, driven by favourable net price realization and mix, lower mark-to-market expenses, and lower restructuring charges, despite the offsetting effect of higher input costs. Net earnings were US\$688.4 million, up 19% YoY, and diluted EPS increased to US\$1.11, up 17% YoY, driven by higher operating profit, lower net interest expense, and higher after-tax earnings from joint ventures	US\$63.85	8.4%
Fertilizers & Crop Inputs				
Input Capital Corp.	nmf	Input Capital reported FY2020 results, with adjusted revenues of C\$27.7 million, down 42% YoY. Adjusted crop revenues, the company's largest source of revenue, were C\$24.0 million on adjusted crop volume of 54,597 metric tonnes, representing a 38% YoY decline in volume as a result of a change in the mix of its business in favour of mortgage streams, and a significant reduction in the number of market streams as clients exited their marketing stream contracts early. This translated into a crop margin of C\$1.2 million, a 61% decline from C\$3.0 million for the previous year. Input Capital incurred an adjusted net loss of C\$1.9 million, or C\$0.03 per share, a significant decline from positive adjusted net income of C\$3.7 million for FY2019, due to a realized loss on a mortgage reported in Q1 2020, and a non-cash increase in DSU expenses due to a high closing share price at the end of the fiscal year	C\$3.00	270.4%

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