



Agriculture Industry Flash

Monday, January 18th, 2021

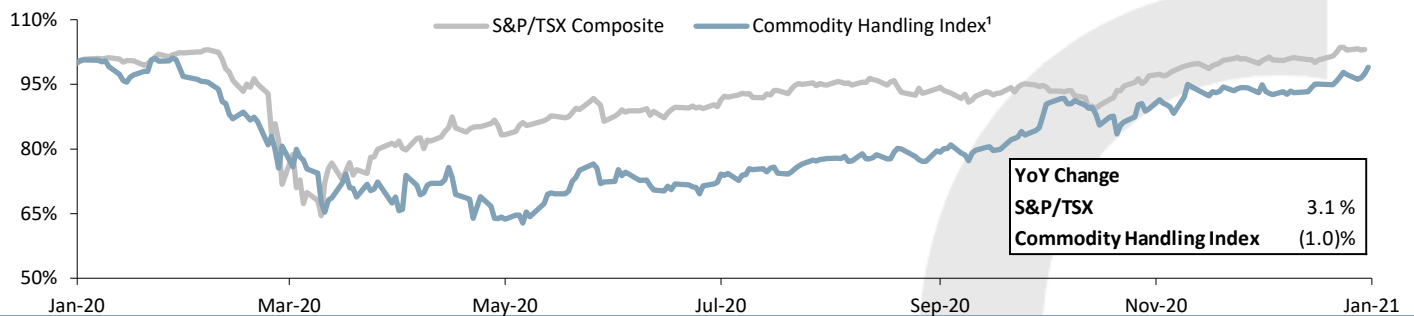


COMMODITY HANDLING

News Scan

- On January 6th, **Bruce Oakley, Inc. (Oakley)**, a commodity trading, distribution, and transportation services company acquired **American Milling's** grain terminal facility in Cahokia, IL. The terminal will provide Oakley with additional 120,000 bushels/hour in capacity by the end of the first quarter
- On January 14th, **InVivo Group**, a French agricultural cooperative group, said it is in discussions to acquire **Soufflet Group**, a 3700 employee French family group operating in food and agriculture. The combined company would be a France-based leader in agriculture with revenues of €10 billion and a notable international footprint

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		
ADM	29,416	37,203	9.8x	8.8x	15.3x	14.6x	(0.1)%	(1.3)%
Bunge Limited	10,090	18,526	9.4x	10.2x	10.6x	13.1x	3.0%	(1.7)%
The Andersons, Inc	818	2,157	9.9x	7.5x	nmf	18.4x	1.8%	(2.5)%
United Malt Group Limited	929	1,135	9.3x	8.9x	19.2x	17.3x	0.0%	(23.9)%
Graincorp Limited	759	1,127	9.5x	6.1x	neg	16.4x	2.2%	(52.9)%
Ceres Global Ag	102	175	na	na	na	na	7.2%	(0.7)%
Mean			9.6x	8.3x	15.0x	16.0x	2.3%	(13.8)%

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

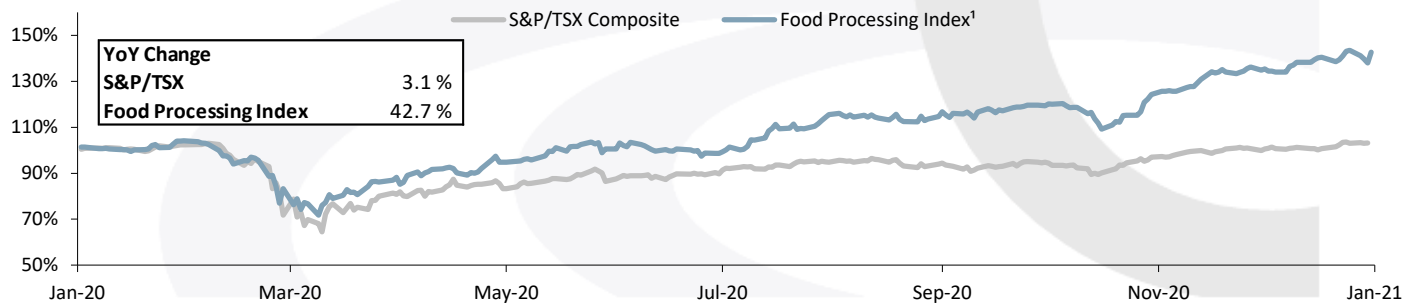


FOOD PROCESSING

News Scan

- On January 11th, **Greenleaf Foods**, a wholly-owned subsidiary of **Maple Leaf Foods**, announced the acquisition of a 118,000 square foot Indianapolis food processing plant that produces tempeh products. The acquisition is expected to cost US\$100 million and add production capacity of 99.2 million pounds of tempeh
- On January 8th, Swedish vegan food brand **Oatly** announced plans to go public later in 2021. Oatly's initial public offering could hit US\$1 billion. Oatly is backed by high profile investors including Oprah and Blackstone Group, and received a prior valuation of US\$400 million in 2020
- On January 7th, **New Wave Foods**, a plant-based shrimp producer, secured US\$18.0 million in Series A funding from New Enterprise Associates and Evolution VC Partners, bringing its total amount raised to date to US\$20.3 million. In addition to plant-based shrimp, future product plans include plant-based lobster, scallops, and crab. The product is made from plant proteins and sustainable seaweed
- On January 5th, **Mondelēz International, Inc.**, a food and beverage giant and owner of a brand portfolio of popular snacks and sweets, acquired **Hu Master Holdings (Hu)**, a snacking company with a focus on replacing industrial ingredients with pure and simple ingredients and known for their paleo-friendly chocolate and vegan snacks. Financial terms have not been disclosed, but Hu was valued at over US\$250 million. This acquisition provides growth opportunities in chocolate, snacks, and nutritious products
- On January 4th, **McCormick & Company (McCormick)**, a global leader in flavor, seasonings, and spices, announced the acquisition of **Fona International**, a natural flavouring provider for food and beverage manufacturers, for US\$710 million. This acquisition will expand McCormick's product offering and reinforce global growth

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.	11,165	14,053	12.7x	10.9x	23.5x	17.6x	(2.4)%	(15.3)%
Ingredion Incorporated	5,288	7,088	8.4x	7.8x	13.3x	12.3x	(3.8)%	(20.7)%
Tate & Lyle plc	4,260	4,738	6.9x	6.8x	12.6x	12.3x	(1.8)%	(17.2)%
Premium Brands	3,464	4,392	17.8x	13.4x	33.9x	23.3x	(0.6)%	(5.4)%
Maple Leaf Foods Inc.	2,550	3,205	10.4x	9.0x	28.6x	22.0x	(3.3)%	(14.8)%
SunOpta Inc.	1,122	1,796	19.8x	21.8x	na	nmf	6.3%	(3.8)%
Rogers Sugar	453	740	9.7x	8.9x	15.4x	12.6x	(1.2)%	(5.1)%
High Liner Foods Incorporated	359	663	7.6x	7.5x	11.4x	10.5x	1.0%	(9.2)%
Mean			11.7x	10.8x	19.8x	15.8x	(0.7)%	(11.5)%

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.

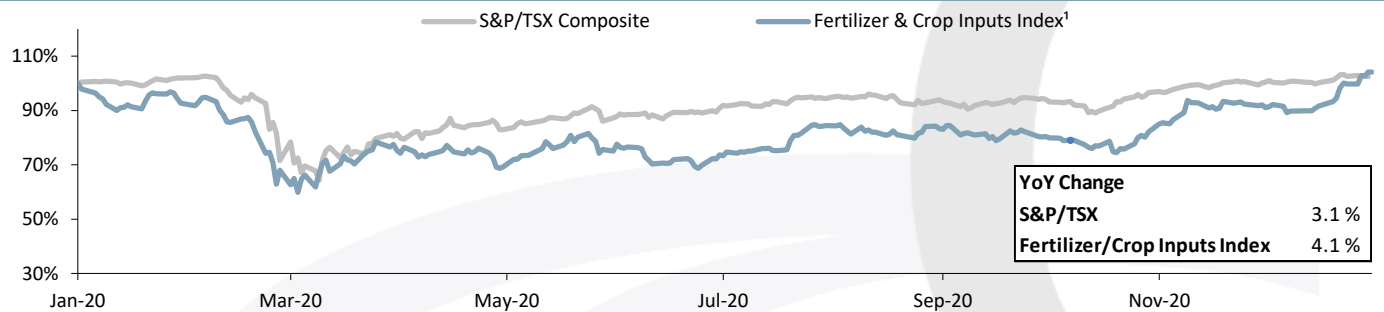


FERTILIZERS AND CROP INPUTS

News Scan

- On January 5th, global crop nutrition company **Yara International** sold its 50% stake in **Libyan Norwegian Fertilizer Co. (LIFECO)** to **Libya's National Oil Corp (NOC)** and **the Libyan Investment Authority (LIA)** along with all economic obligations, rights, and liabilities. NOC and LIA previously each owned a 25% stake in LIFECO
- On December 22nd, Saskatoon-based fertilizer company **Nutrien Ltd.** announced the sale of its equity position in **Misr Fertilizers Production Co. S. A. E. (MOPCO)** in agreement with the Government of Egypt. Nutrien Ltd. is the world's largest provider of crop inputs, solutions, and services and this investment contributed between US\$15 million and US\$20 million annually to its EBITDA. The divested stake totals 59.6 million ordinary shares, representing gross proceeds of US\$540 million, which is expected to be received in full
- On December 24th, **OCP Group** acknowledged the US Department of Commerce's decision to reduce the countervailing duty rate on phosphate fertilizers imported from Morocco into the US. The rate will decrease from 23.5% to 16.9%. OCP previously stated that this duty negatively affects American farmers as it limits their access to a source of crucial crop nutrients

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
	Cap	TEV	2020E	2021E	2020E	2021E		
Nutrien Ltd.	38,833	51,082	14.0x	12.3x	39.2x	30.3x	4.1 %	(2.8)%
CF Industries Holdings, Inc.	9,690	16,109	12.2x	11.3x	37.7x	29.4x	6.1 %	(3.6)%
Yara International ASA	12,046	14,386	0.7x	0.7x	14.0x	12.5x	4.1 %	(3.0)%
The Mosaic Company	10,956	15,090	9.8x	7.2x	nmf	18.3x	10.9 %	(1.4)%
Nufarm Ltd.	1,218	1,885	5.9x	6.6x	nmf	25.8x	3.3 %	(32.3)%
Mean			8.5x	7.6x	30.3x	23.2x	5.7 %	(8.6)%

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

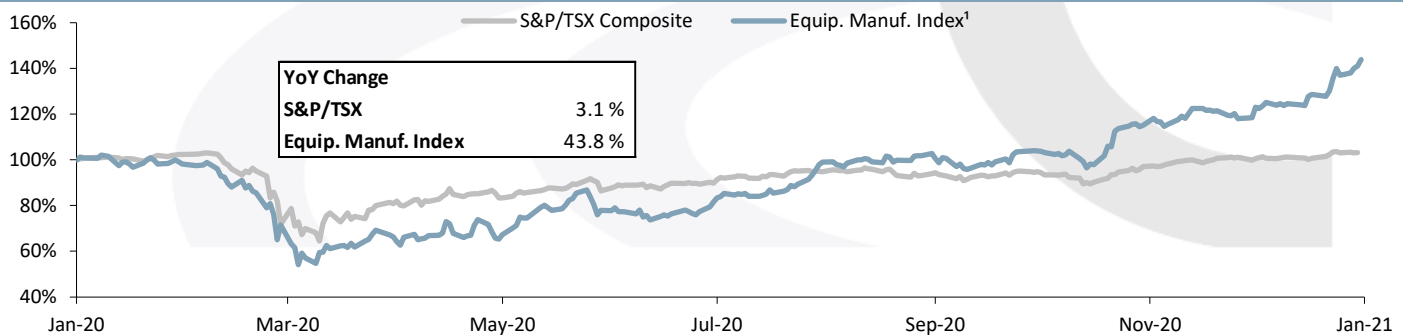


EQUIPMENT AND TECHNOLOGY

News Scan

- On January 12th, Swedish heat transfer, separation and fluid handling product provider **Alfa Laval** announced it will acquire **Sandymount**, an American beverage technology company. Sandymount has a unique, patented technology called Revos, which enables producers to deliver high-quality beer in concentrate form to minimize shipping costs and will provide a valuable addition to Alfa Laval's existing brewery solutions
- On January 12th, **LinkOne Ingredient Solutions (LinkOne)**, a leading US-based food and pet food ingredient supplier, and Singapore-based **Agrocorp International (Agrocorp)** announced a partnership agreement to form a joint venture called AgroLink. The Joint Venture will utilize LinkOne's extensive relationships with many of the key US food and pet food manufacturers and Agrocorp's global supply chains to find the best markets for peas, chickpeas, and lentils that are grown by farmers in Glacier County, Montana and surrounding areas
- On January 8th, North America's leading agriculture parts supplier, **All States Ag Parts (All States)**, announced it will acquire online ag-parts seller **Tractor Joe**. All States plans to combine its large network with Tractor Joe's successful online supply operation to improve the function of the business
- On January 7th, **ADM Ventures, Barclays, and GV** announced the completion of a US\$32 million financing round for **Air Protein**, a startup that makes meat alternatives out of elements found in the air. The funds will allow Air Protein to launch an R&D innovation lab, expand their team, and accelerate product development
- On January 6th, **Mecatherm** parent company and France-based world leader in industrial baking equipment, **TMG**, acquired a majority stake in Toronto-based **ABI Auto Bake Industries Ltd. (ABI)**, an industrial baking equipment manufacturer. The transaction will allow both manufacturers to expand their product offerings and strengthen their international presence

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		
Deere & Company	95,223	136,055	24.2x	20.0x	33.0x	22.3x	4.3%	(1.1)%
AGCO Corporation	8,709	10,183	11.5x	10.1x	22.5x	18.7x	5.8%	(1.6)%
Ag Growth International Inc.	571	1,246	10.7x	9.4x	14.5x	15.8x	26.0%	(19.3)%
Cervus Equipment Corporation	160	309	6.6x	6.4x	11.2x	10.3x	(0.2)%	(2.6)%
Mean			13.3x	11.5x	20.3x	16.8x	9.0%	(6.1)%

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

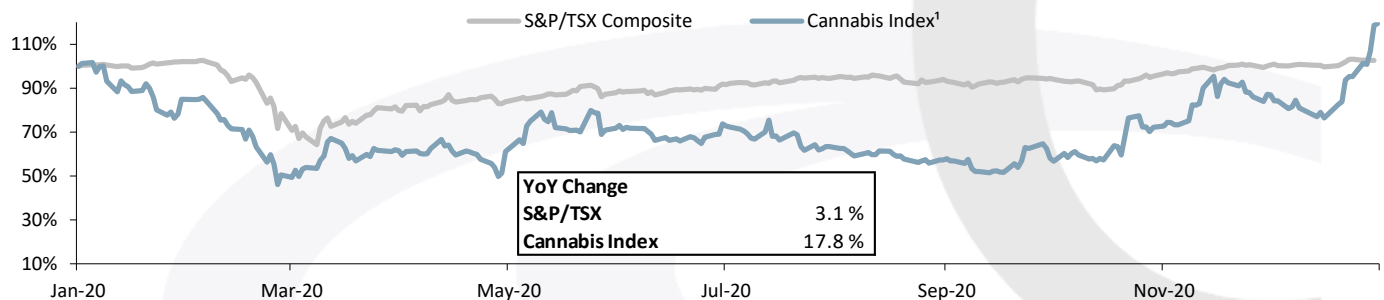


CANNABIS AND HEMP

News Scan

- On January 8th, **TPCO Holding Corp. (TPCO)**, a special purpose acquisition company formerly known as Subversive Capital Acquisition Corp., announced the upsize of its private placement of subscription receipts and non-voting shares of its wholly-owned subsidiary, to US\$63 million. The cash from the private placement will give TPCO funds to use to carry out its growth strategy
- On January 7th, industry leading adult cannabis manufacturer and provider **Columbia Care** acquired **The Healing Center San Diego**, one of San Diego's leading dispensaries, for US\$15 million. The Healing Center is one of the oldest dispensaries in San Diego, offering a vast selection of cannabis products ranging from cannabis edibles to topical cannabis products. This acquisition will increase Columbia Care's presence in California, allowing for easier customer access and increased leadership opportunity to further brand loyalty and awareness
- On January 6th, US-based health and wellness CBD company **HempFusion Wellness Inc. (HempFusion)** completed its initial public offering on the Toronto Stock Exchange. The offering was comprised of 7 million shares at a price of US\$1.00 per offered share and 10 million units at the offering price per unit, for gross proceeds totaling US\$17 million. HempFusion consists of multiple brands including Biome Research, HF Labs, HempFusion, and Probulin Probiotics. HempFusion plans to use the proceeds to continue investing in research and development, expanding sales and distribution networks, and establishing themselves as a leader

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	12,870	11,996	29.7x	20.7x	neg	neg	12.7 %	(0.3)%
Cronos Group Inc.	5,063	4,126	75.9x	34.9x	neg	nmf	27.5 %	(3.3)%
Aphria Inc.	3,821	3,899	8.3x	6.1x	neg	41.8x	40.4 %	(0.8)%
Aurora Cannabis Inc.	2,194	2,498	11.0x	9.2x	neg	neg	17.1 %	(56.9)%
Tilray, Inc.	2,478	3,172	15.2x	9.9x	neg	nmf	63.7 %	(19.1)%
OrganiGram Holdings Inc.	413	441	6.8x	5.4x	neg	neg	3.2 %	(50.2)%
Mean			24.5x	14.4x	na	41.8x	27.4 %	(21.8)%

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 January 15th, Russia reported plans to sell 75,000 tonnes of wheat to the domestic market from its state stockpile as demand for grain-based products has risen sharply during the COVID-19 pandemic
- On January 14th, China reported an annual record in soybean imports in 2020. According to the General Administration of Customs, China purchased 100.3 million tonnes of soybeans in 2020, and in terms of the yuan, imports were up 56.3% from the previous year
- On January 13th, **The National Agricultural Statistics Service of the US Department of Agriculture (USDA)** estimated that the area planted to winter wheat for harvest in 2021 was up 5% (1.58 million acres) from 2020 at 31.99 million acres. Although this area is the fourth smallest on record, it is the largest since 2018
 - On January 12th, **the US Department of Agriculture** published a number of reports viewed as bullish for grain and oilseed futures including data showing 5% growth in total winter wheat planted YoY, 0.46 million acres above the range of trade expectations
- On January 12th, the **Association of Equipment Manufacturers (AEM)** reported that farm tractor and self-propelled combine unit sales finished 2020 with growth across the US. Total farm tractor sales increased 26.8% in December compared to 2019, but self-propelled combine sales fell almost 2%. Overall, agriculture equipment manufacturers sold almost 50,000 more tractors and combine units this year than in 2019 across North America
- On January 12th, as part of its goal to stabilize domestic food prices, the head of the **Russian Union of Grain Exporters** announced that it is considering raising the wheat export tax. Sources say the government is considering a tax increase from US\$30 per tonne, to US\$60 per tonne between February 15th and June 30th
- On January 12th, a US\$5 million grant was awarded to global leader in sustainable cropping systems, and policies, **The International Maize and Wheat Improvement Center (CIMMYT)**, from the Foundation for Food and Agriculture Research (FFAR). The grant was awarded to CIMMYT to develop climate-resilient wheat. CIMMYT is working to develop new technologies to explore ways to protect the third-largest grown crop in the US against present and future climate stresses
- On January 8th, France reported that soft wheat shipments outside of the European Union in December 2020 fell from a season's high in the previous month. Shipments totaled 797,00 tonnes in December (the second largest amount in the 2020-2021 season) and 877,000 tonnes in November. The decline in shipments is attributed to China receiving less imports

Commodities Futures as of January 18th, 2020

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.89	(19.59)%	(19.59)%
Wheat (CBOT)	\$ per bu.	\$5.69	(11.45)%	(11.45)%
Oats (CBOT)	\$ per bu.	\$3.13	(12.08)%	(12.08)%
Rough Rice (CBOT)	\$ per cwt.	\$13.36	4.95 %	4.95 %
Rapeseed (Canola) (ICE)	CAD per T	\$481.50	(24.26)%	(24.26)%
Ethanol (CBOT)	\$ per gal.	\$1.36	(8.75)%	(8.75)%



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Food Processing				
Conagra Brands, Inc.	45.3%	Conagra Brands reported Q2 2021 results with net sales of US\$3 billion, up 6.2% YoY. Retail segments grew 9% in sales volume as they continue to benefit from growing at-home food consumption trends. The company's grocery & snacks segment led in net sales and volume growth with a 13% net sales increase driven by a 14% YoY volume increase. This was offset by the foodservice segment, which faced a 25% YoY decrease in volume attributed to lower restaurant traffic due to the COVID-19 pandemic. Conagra's strong margin growth in its retail segments drove a US\$50.1 million increase in gross profits	US\$37.82	11.1%
Constellation Brands, Inc.	254.1%	Constellation Brands reported its Q3 2021 results with net sales of US\$2.6 billion, up 22% YoY, driven by volume growth in both Beer, and Wine and Spirits sales. The company also reported an operating income of US\$783.1 million, up 193% YoY, reflecting Wine and Spirits transactions including the acquisition of Copper and Kings in September 2020, and increases in Beer net sales	US\$249.50	11.4%
Equipment and Technology				
Buhler Industries Inc.	(54.7%)	Buhler Industries Inc. reported annual FY2020 revenue of C\$195.3 million, up 8.9% from FY2019, following strong harvest seasons and crop yields. Furthermore, successful cost saving measures including reducing inventory and R&D expenses, resulted in a net loss of C\$20.2 million, a 12.5% improvement YoY	n/a	n/a
Cannabis & Hemp				
OrganiGram Holdings Inc.	nmf	OrganiGram Holdings reported Q1 2021 results with gross revenue of C\$25 million, down 11% YoY. Adjusted gross margin also decreased to C\$1.9 million from C\$10.2 million QoQ. Decreases in adjusted margins were largely attributed to lower net revenue and value segment offerings, which comprised a larger proportion of total revenue in the previous quarter. Similarly, negative adjusted EBITDA fell to C\$6.4 million from positive adjusted EBITDA of C\$5.7 million in Q1 FY2020 due to an increase in operating expenses including insurance and employee costs	C\$2.47	9.8%
Aphria Inc.	nmf	Aphria Inc. reported Q2 FY2021 adjusted EBITDA of C\$12.9 million from their cannabis business, representing a 24% QoQ increase and 7th consecutive quarter of increasing positive EBITDA. Additionally, Aphria Inc. reported a cash cost per gram of below C\$1.00 for the 5th consecutive quarter, and reported an all in cost per gram of C\$1.20, down 8% QoQ. Adjusted cannabis gross margin was 46%, 11% lower than Q2 FY2020, due to the liquidation of inventory below cost as a result of low demand	C\$12.85	(15.8%)

Origin Merchant Partners

220 Bay Street, Suite 1500
P.O. Box 23, Toronto, Ontario
M5J 2W4

OMP Agri-food Team:

Andrew Muirhead
Principal
T: 416-800-0697
andrew.muirhead
@originmerchant.com

Jim Osler
Principal
T: 416-800-0784
jim.osler
@originmerchant.com

Rob Penteliuk
Principal
T: 416-800-1780
rob.penteliuk
@originmerchant.com