



Agriculture Industry Flash

Monday, February 1st, 2021

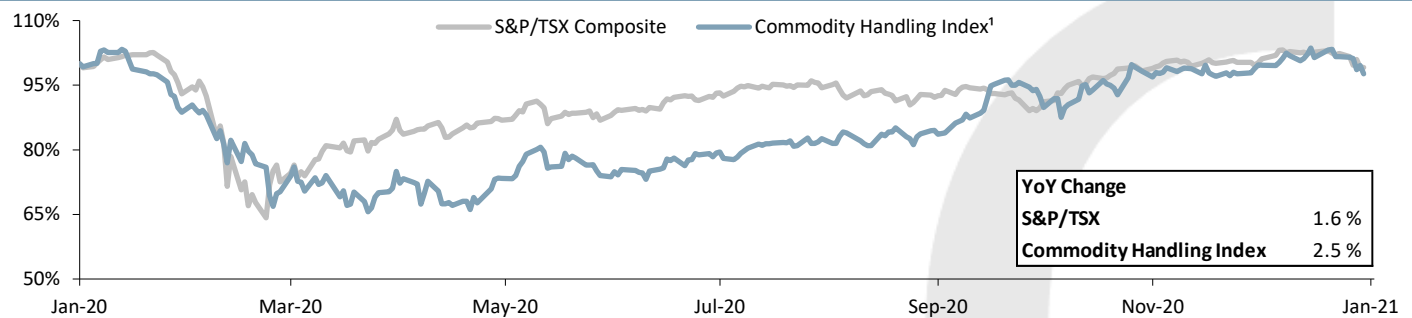


COMMODITY HANDLING

News Scan

- On January 26th, **Archer Daniels Midland Company (ADM)** reported favourable Q4 2020 results, with revenue of US\$17.9 billion, up 10% YoY. ADM's Ag Services and Oilseeds segment delivered US\$2.1 billion in profit in 2020, up 9% compared to 2019, while also delivering record Q4 adjusted operating profit results as the segment capitalized on strong global demand, particularly from China
- On January 21st, **Andre Maggi Participacoes SA (Amaggi)**, a Brazilian agricultural firm, priced a US\$750 million green bond. Approximately US\$500 million of the proceeds will be used on new ventures, and the remaining US\$250 million will refinance debt tied to soybean buying and processing initiatives

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	29,032	36,809	9.6x	8.3x	15.1x	13.6x	(0.0)%	(3.4)%
Bunge Limited	9,308	17,709	8.8x	9.9x	9.7x	12.1x	(5.7)%	(9.3)%
The Andersons, Inc	830	2,169	10.0x	7.6x	nmf	18.6x	4.6 %	(1.9)%
United Malt Group Limited	936	1,139	9.5x	9.2x	19.6x	19.4x	1.8 %	(22.5)%
Graincorp Limited	739	1,102	9.4x	6.0x	neg	16.2x	(3.5)%	(53.9)%
Ceres Global Ag	96	169	na	na	na	na	1.8 %	(5.0)%
Mean			9.5x	8.2x	14.8x	16.0x	(0.2)%	(16.0)%

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

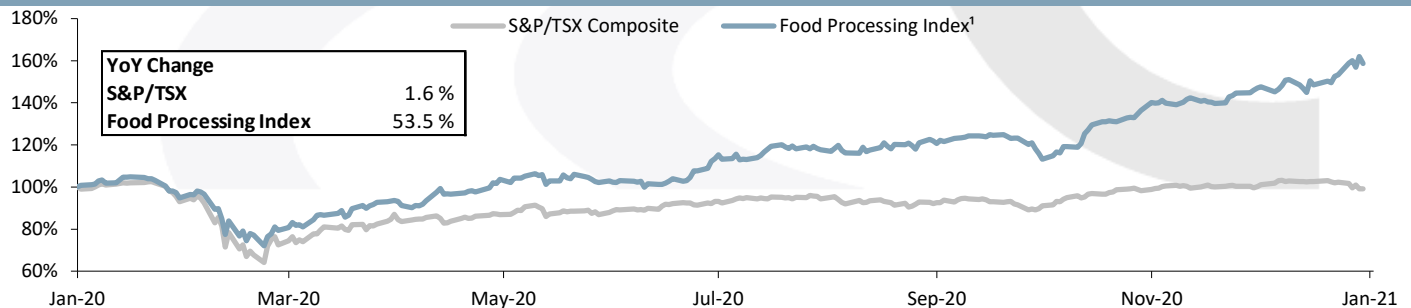


FOOD PROCESSING

News Scan

- On January 26th, **PepsiCo** and **Beyond Meat** announced a joint venture, **The PLANeT Partnership, LLC**, to introduce new and innovative plant-based protein snacks and beverages. This partnership unites PepsiCo's vast market presence with Beyond Meat's leading technology in plant-based protein to build a sustainable food system
- On January 25th, **MGP Ingredients (MGP)** announced a US\$475 million agreement to acquire **Luxco**, a US alcohol beverage producer, supplier, bottler, and importer, and its affiliated companies. This acquisition will increase sales across the US and allow MGP to expand into the high-value branded spirits sector
- On January 25th, **Tropicale Foods**, a manufacturer of frozen novelty products acquired **Paleteria La Michoacana (PLM)**, a Mexican ice cream chain for an undisclosed amount. PLM plans to take advantage of their combined capabilities to enable product development, accelerate growth, and make additional investments in marketing
- On January 22nd, **Vestar Capital Partners (Vestar)** acquired a majority stake in better-for-you food pioneer **Dr. Praeger's Sensible Foods (Dr. Praeger)** for an undisclosed amount. Dr. Praeger produces plant-based frozen foods like burgers and vegetable cakes, and plant-based meat pizza toppings. With Vestar's support, the company aims to launch further product innovations that will continue to deliver quality and affordable healthy foods
- On January 21st, **Eat Beyond Global Holdings Inc.**, an alternative food sector investment issuer, completed an investment in **Above Food Inc.**, a quickly growing multinational plant protein B2B provider
- On January 21st, **Godiva Chocolatier (Godiva)** announced that it will be closing its 128 brick-and-mortar locations across North America in response to changes in consumer demand as a result of COVID-19. This news comes less than two years after Godiva released plans to open 2,000 cafes around the world by 2025
- On January 20th, **Plant&Co Brands (Plant&Co)** acquired **YamChops**, a Toronto-based producer specializing in the preparation, distribution, B2C and B2B sale of over 17 plant-based meats, for an undisclosed amount. Plant&Co hopes to expand the YamChops products to new and emerging markets utilizing its existing distribution networks

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.	10,537	13,424	12.1x	10.5x	22.2x	17.4x	(6.4)%	(20.1)%
Ingredion Incorporated	5,056	6,854	8.1x	7.6x	12.7x	11.7x	(2.6)%	(24.2)%
Tate & Lyle plc	4,377	4,856	6.9x	6.9x	12.9x	11.3x	2.5%	(15.1)%
Premium Brands	3,564	4,481	18.4x	13.8x	35.2x	24.7x	2.6%	(3.3)%
Maple Leaf Foods Inc.	2,404	3,047	10.0x	8.7x	27.5x	21.3x	(3.4)%	(18.8)%
SunOpta Inc.	1,249	1,957	21.6x	23.8x	na	nmf	10.5%	(6.3)%
Rogers Sugar	441	725	9.7x	8.8x	15.3x	12.4x	(3.4)%	(6.5)%
High Liner Foods Incorporated	393	701	8.0x	7.9x	12.4x	11.5x	5.0%	(6.5)%
Mean			11.9x	11.0x	19.7x	15.8x	0.6%	(12.6)%

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.

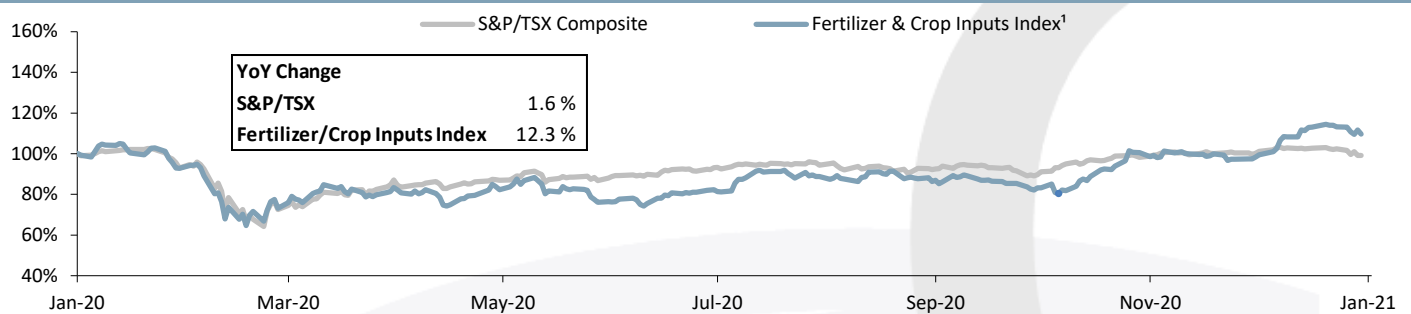


FERTILIZERS AND CROP INPUTS

News Scan

- On January 25th, **PhosAgro-Region (PhosAgro)**, a Russian mineral fertilizer distribution network, supplied Russian farmers with over 3.5 million tonnes of mineral fertilizers, an increase of 12.1%. Russia is PhosAgro's largest market and strategic priority. Through this supply agreement, local farmers will be able to leverage the increase in sales to further fund the research and technological development for mineral fertilizers
- On January 20th, leading global industrial gases and engineering company, **Linde**, signed a long-term agreement with Hungarian chemical company and member of Wanhua Chemical Group, **BorsodChem**. Linde will supply nitrogen, oxygen, and compressed air to BorsodChem's new chemical complex in Kazincbarcika, Hungary
- On January 20th, **CF Industries Holdings Inc** and **Yara International Asa** announced they are seeking to reconfigure ammonia plants in the United States and Norway to produce clean ammonia in effort to contribute to a green energy transition and improve their standing with environment-minded investors

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.	35,845	48,029	13.2x	11.6x	36.0x	27.6x	(7.7)%	(10.3)%
CF Industries Holdings, Inc.	8,852	15,246	11.4x	10.5x	33.8x	26.6x	(4.8)%	(12.0)%
Yara International ASA	12,269	14,609	6.8x	6.4x	15.1x	13.3x	2.5 %	(0.5)%
The Mosaic Company	9,841	13,966	9.0x	6.5x	nmf	16.3x	(8.6)%	(11.5)%
Nufarm Ltd.	1,410	2,067	6.6x	7.4x	nmf	31.9x	2.1 %	(20.4)%
Mean			9.4x	8.5x	28.3x	23.1x	(3.3)%	(10.9)%

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

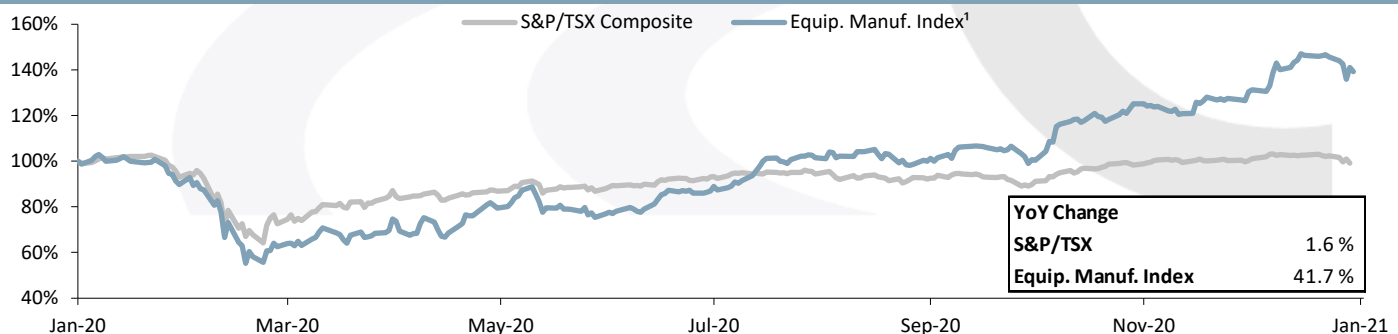


EQUIPMENT AND TECHNOLOGY

News Scan

- On January 26th, global biological solutions leader, **Novozymes**, introduced **Frontia GlutenEx** to its range of enzymatic solutions. This new product provides viscosity reduction, allowing wheat processors reduce energy consumption while increasing starch and gluten protein recovery
- On January 25th, **SwissDeCode** a biotech startup focused on food safety testing technology, raised US\$4.18 million from **VisVires New Protein** and **EIT Food**. Since launching in 2016, the startup has focused on developing rapid, on-site testing solutions aimed at detecting food contamination, adulteration, and fraud throughout the agrifood supply chain. Proceeds will be used to further advance research and development initiatives
- On January 20th, California based **BlueNalu** announced US\$60 million in debt financing to bring cell-based seafood to the US this year. These funds will be used to open a centralized headquarters and pilot product facility in San Diego, which will focus on the research and development of cell-based mahi-mahi, BlueNalu, for FDA approval and debut on foodservice menus shortly after
- On January 19th, specialist IT company **Protomation** completed its first remote factory acceptance test, a milestone in the development process of STAMI DIGITAL solutions - **Stamicarbon's** range of digital products and services that it hopes will successfully use real time data to help plants reduce energy, reduce emissions, and increase output
- On January 15th, **Bühler North America (Bühler)** acquired **Design Corrugating Companies**, a leading roller mill and equipment services company with four locations across the US. Bühler will continue to provide services and parts across its current locations, and Design Corrugating locations will provide service centres to Bühler locations. The Bühler supply chain will be utilized to improve competitiveness by reducing distribution costs and increasing efficiency

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	90,805	131,520	23.4x	19.2x	31.5x	21.2x	(5.5)%	(5.9)%
AGCO Corporation	8,306	9,769	11.0x	9.6x	21.5x	17.6x	(3.6)%	(6.1)%
Ag Growth International Inc.	519	1,186	10.3x	9.1x	13.0x	14.7x	(7.4)%	(25.7)%
Cervus Equipment Corporation	150	296	6.4x	6.2x	10.6x	9.7x	(4.4)%	(7.7)%
Mean			12.8x	11.0x	19.1x	15.8x	(5.2)%	(11.4)%

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

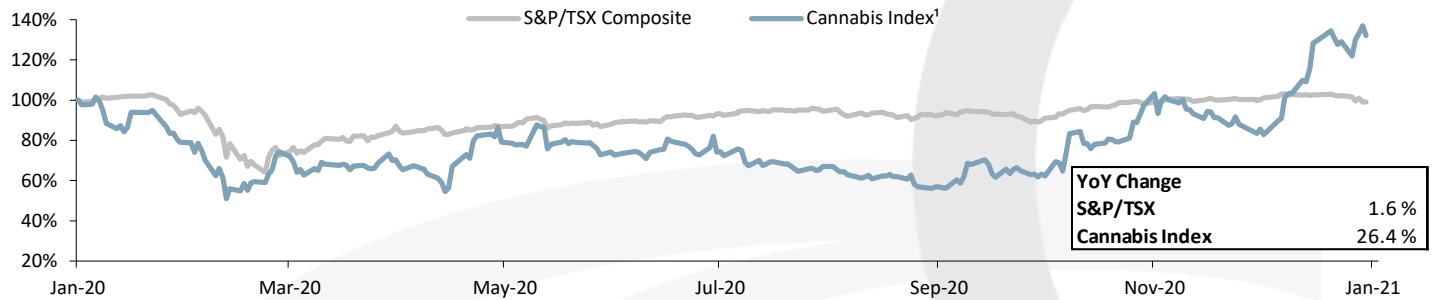


CANNABIS AND HEMP

News Scan

- On January 25th, **The Valens Company**, a leading BC manufacturer of cannabis derivative products, announced it has entered an agreement to acquire all of the issued and outstanding shares of **LYF Food Technologies Inc.** in a cash and share transaction for closing consideration of C\$24.9 million. The acquisition will unlock growth potential for Valens with the addition of LYF's diverse and flexible manufacturing platform
- On January 15th, **Cresco Labs**, one of the largest vertically integrated cannabis operators in the United States, reached an agreement to acquire **Bluma Wellness Inc. (Bluma)** in an all-share deal which values Bluma at US\$213 million. This acquisition will allow Chicago-based Cresco Labs to expand into Florida and create a presence in 7 of the most populated states with cannabis programs
- On January 15th, **Subversive Capital Acquisition Corp. (SCAC)**, completed its qualifying transaction to acquire **CMG Partners Inc.** and **Left Coast Ventures**, with Shawn "Jay-Z" Carter and **Roc Nation**, a US Entertainment Powerhouse. SCAC has become the largest vertically integrated cannabis operation in California

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	15,003	14,295	35.8x	24.9x	neg	neg	20.9%	(4.0)%
Cronos Group Inc.	4,755	3,786	69.7x	32.0x	neg	nmf	(2.8)%	(11.7)%
Aphria Inc.	3,853	3,933	8.4x	6.3x	neg	46.5x	(3.0)%	(12.8)%
Aurora Cannabis Inc.	2,189	2,490	11.1x	9.3x	neg	neg	0.6%	(59.5)%
Tilray, Inc.	2,417	3,097	14.8x	10.6x	neg	nmf	1.0%	(19.9)%
OrganiGram Holdings Inc.	425	453	7.1x	5.6x	neg	neg	7.3%	(38.1)%
Mean			24.5x	14.8x	na	46.5x	4.0%	(24.4)%

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 27th, the **US Department of Agriculture (USDA)** released a Global Agricultural Information Network report revealing that dry weather throughout Argentina has decreased wheat and corn production. Wheat production in Argentina amounted to the smallest harvest in five years due to cold and dry conditions. The USDA predicts high feed grain prices will drive demand for alternative sources
 - On January 26th, the USDA reported data showing US private exporters sold 1.36 million tonnes of corn to China over the previous weekend for shipment during the 2020-21 year as its Southern provinces experience a feed-deficit. China has already ordered much more than its tariff quota allows and is not making formal announcements that additional quotas have been allocated
- On January 27th, **Agriculture and Agri-Food Canada (AAFC)** released a 2021-22 Canada outlook that forecasts production of small wheat and oat crops, and large canola crops. AAFC's 2021-22 outlook projects a 4% decrease in all-wheat production, a 16% decrease in oat production due to strong competition for acreage from oil seeds, and a 6% increase in canola production from 2020
- On January 26th, the Alltech Global Feed Survey was released, including data from over 28'000 feed mills. Global feed production increased by 1% in 2020, reversing the 1% 2019 decline. The top feed-producing country was the United States at 215.9 million tonnes
- On January 25th, the **University of Saskatchewan's Global Institute for Food Security** opened a facility called the Omics and Precision Agriculture Laboratory, Canada's first lab with the ability to provide integrated omics analyses & precision agriculture technologies. This unique facility is designed to speed up product and service innovation to make agriculture and food businesses more sustainable and lucrative
- On January 22nd, the **Government of Canada** announced a C\$162.6 million investment in the **Canadian Food Inspection Agency** over the next 5 years, and an ongoing C\$40 million per year to maintain the food safety system's integrity. This will increase inspection programs and allow for better response to the detection of new threats to Canada's agriculture
- On January 22nd, the **Peterson Institute for International Economics** released statistics that show China's US agricultural purchases fell short of their US\$36.6 billion commitment. Purchases amounted to \$23.5 billion. This commitment was part of a 2-year agreement that President Trump's administration negotiated with China
- On January 21st, leading global provider of testing, inspection, and certification, **Bureau Veritas**, announced the acquisition of **Orion Assessment Services International Inc.**, a Toronto based food auditing business. This acquisition will allow Bureau Veritas to increase its presence in Canada and will form a complete solution for North American food manufacturers

Commodities Futures as of February 1st, 2021

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$3.81	(21.34)%	(21.34)%
Wheat (CBOT)	\$ per bu.	\$5.72	(10.86)%	(10.86)%
Oats (CBOT)	\$ per bu.	\$3.01	(15.59)%	(15.59)%
Rough Rice (CBOT)	\$ per cwt.	\$13.47	5.85 %	5.85 %
Rapeseed (Canola) (ICE)	CAD per T	\$461.50	(27.40)%	(27.40)%
Ethanol (CBOT)	\$ per gal.	\$1.32	(11.04)%	(11.04)%



Recent Earnings News

Company	EPS YoY Change	Comments	Analyst Consensus	Premium to Current
Commodity Handling				
Archer-Daniels-Midland Company	(35.2%)	ADM reported Q4 2020 results with revenues of US\$17.9 billion, up 10% YoY from Q4 2019. Ag services and oilseeds gross profits were reported at US\$834 million, up 12.8% YoY, as the segment capitalized on strong global demand, particularly from China, to deliver high export volumes and margins. The nutrition segment delivered US\$127 million in operating profit, up 24% YoY, driven by strong sales and product mix in North America, and EMEA. Adjusted segment operating profit was US\$1.1 billion, up 12% YoY, effectively capitalizing on ADM's global footprint to meet strong demand	US\$55.86	7.0%
Food Processing				
Mondelez International, Inc.	20.4%	Mondelez International reported Q4 2020 results with net revenues of US\$7.3 billion, up 5.6% YoY, driven by volume growth amid increased consumptions across developed markets. Notably successful products include biscuits and chocolate, however overall growth is offset by a reduced gum and candy demand and a 15.4% YoY reduction in net revenue from Latin America. Adjusted diluted EPS for the quarter was US\$0.67, up 9.8% YoY, reflecting improved overall operating gains	€64.70	12.3%
Cannabis & Hemp				
Fire & Flower Holdings Corp.	nmf	Fire & Flower Holdings announced its Q3 2020 results, with revenues of C\$33.1 million, representing a 147% increase YoY. The company's core revenue driver is its retail operations, which it has been working to optimize and expand into key locations throughout Ontario. Adjusted EBITDA was reported as C\$1.2 million, compared to C\$0.3 million negative adjusted EBITDA in Q2 2020	C\$1.87	119.6%
Other				
Canadian National Railway Company	(18.4%)	CN reported Q4 2020 results with revenues of C\$3,656 million, up 2% YoY, driven by a volume increase of 10%. This increase is attributed to record shipments of Canadian grain, increased shipments of US grain, higher international container traffic via the Port of Vancouver and freight rate increases; partly offset by lower applicable fuel surcharge rates and lower volumes of petroleum crude	€141.98	4.2%

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