



## Agriculture Industry Flash

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Monday, April 26<sup>th</sup>, 2021

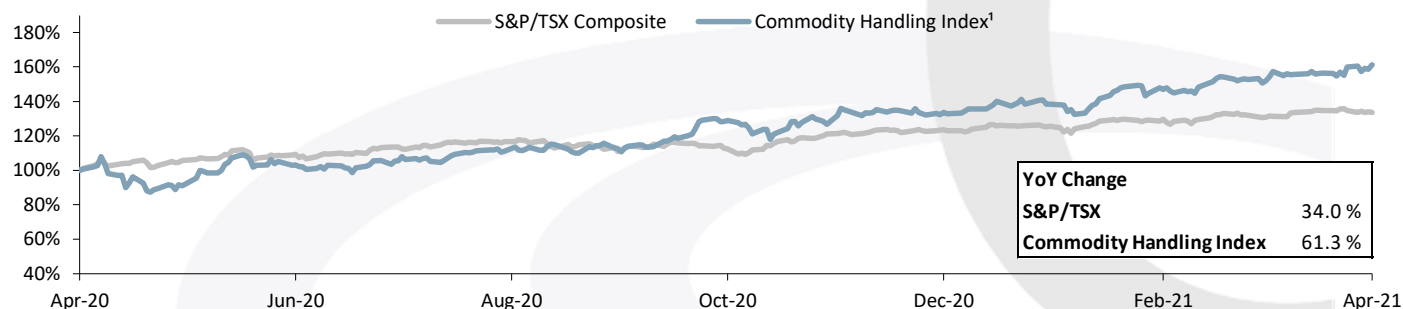


## COMMODITY HANDLING

### News Scan

- On April 24<sup>th</sup>, **Kansas City Southern (KSU)** announced it will hold takeover talks with **Canadian National Railway Company (CNR)**, which outbid **Canadian Pacific Railway Ltd (CP)** for the US carrier. KSU will negotiate with CNR to determine if its US\$29.9 billion offer is a superior proposal to CP's US\$25.2 billion offer
- On April 19<sup>th</sup>, **Arcadia Biosciences, Inc. (Arcadia)** acquired the assets of Barcelona based food ingredients company **Agrasys SA**. This acquisition includes the intellectual property and physical assets to enable Arcadia to commercialize a robust and sustainable proprietary cereal grain called Tritordeum
- On April 8<sup>th</sup>, **Al Ghurair Investment, Al Rajhi Holding Group** and **Masafi** acquired a 100% stake of **The Third Milling Co (MC3)** from **Saudi Grains Organization (SAGO) / National Center for Privatization and PPP (NCP)**. The completion of this acquisition is a step towards the privatization of crucial sectors by Saudi Arabia; the combined entity is expected to create a more dependable domestic commodities sector in Saudi Arabia
- On April 2<sup>nd</sup>, **Viserion Grain, LLC (Viserion)**, subsidiary of **Viserion International Holdco, LLC**, announced it will acquire 11 grain elevator facilities from **Zen-Noh Grain Corporation**. The facilities have a total storage capacity of approximately 25 million bushels and are located along the Mississippi and Ohio rivers. The acquisition is expected to accelerate growth for Viserion and expand its ability to directly participate in the grain and oilseeds supply chain

### Relative Performance Index



### Key Indicators

All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
			2021E	2022E	2021E	2022E	Price	52Wk High
ADM	33,181	43,065	9.9x	9.7x	15.3x	14.9x	1.3 %	(0.6)%
Bunge Limited	11,994	21,239	11.0x	11.0x	13.2x	13.3x	5.2 %	1.4 %
The Andersons, Inc	927	2,564	9.2x	8.5x	20.7x	16.2x	(0.2)%	(9.2)%
Graincorp Limited	906	1,273	5.9x	6.5x	14.2x	18.3x	(4.5)%	(7.2)%
United Malt Group Limited	977	1,182	10.9x	8.9x	27.9x	18.1x	1.2 %	(15.1)%
Ceres Global Ag	121	195	na	na	na	na	24.7 %	0.8 %
<b>Mean</b>			<b>9.4x</b>	<b>8.9x</b>	<b>18.3x</b>	<b>16.2x</b>	<b>4.6 %</b>	<b>(5.0)%</b>

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

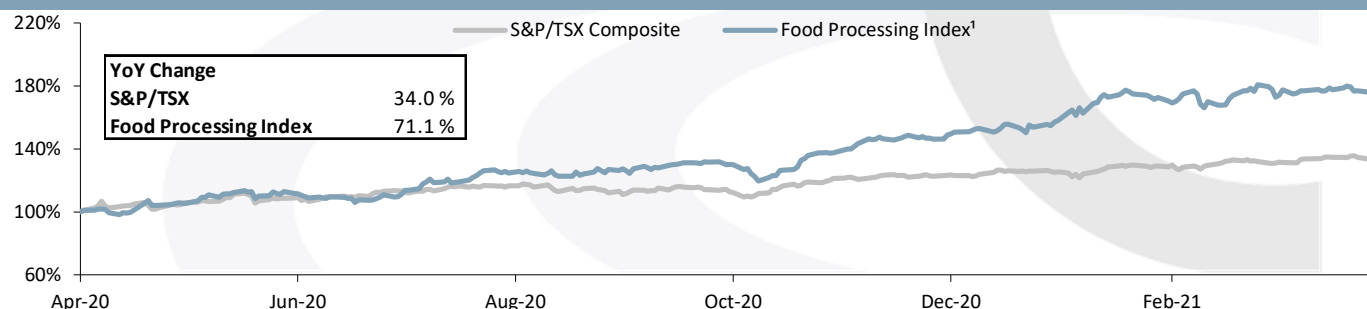


## FOOD PROCESSING

### News Scan

- On April 19<sup>th</sup>, Brazilian meat manufacturer **JBS** agreed to acquire Netherlands headquartered, plant-based food manufacturer **Vivera** in a deal worth approximately €341 million. This deal comes as JBS works to increase its presence in the plant-based food category. The acquisition includes three manufacturing units and a Netherlands based R&D centre
- On April 16<sup>th</sup>, **SunOpta** acquired shelf-stable plant-based beverage brands, **Dream** and **WestSoy**, from **The Hain Celestial Group** for US\$33 million. SunOpta has been producing approximately half of Dream products for over a decade and produces all WestSoy products. This transaction is expected to accelerate growth in SunOpta's plant-based segment
- On April 12<sup>th</sup>, **Kainos Capital** sold **Ferraro Foods**, a New Jersey based specialty foodservice distributor, to funds managed by private equity firm **Kelso & Company**. Ferraro Foods sources over 7,000 products worldwide and primarily serves the Italian restaurant and pizzeria segment in the Eastern US
- On April 5<sup>th</sup>, **Brynnwood Partners VIII LP** acquired frozen waffle, pancake and french toast maker **De Wafelbakkers**. De Wafelbakkers operates a 98,000 sq ft facility in Georgia and a 100,000 sq ft facility in Arkansas, employs 650 people, and is a significant manufacturer in the growing frozen pancake, waffle and french toast space
- On April 1<sup>st</sup>, **Campbell Soup Company (Campbell)** agreed to divest **Plum Organics**, its organic baby and kids food brand to **Sun-Maid Growers of California (Sun-Maid)**. The divestiture fits Campbell's strategic process to focus on growing core categories of soup, sauces and beverages. Plum Organics will join Sun-Maid's growing portfolio of better-for-you snacks

### 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
			2021E	2022E	2021E	2022E		
Saputo Inc.	12,583	15,520	12.1x	11.4x	20.8x	18.7x	1.4 %	(1.5)%
Ingredion Incorporated	6,243	8,063	8.6x	8.2x	13.9x	13.0x	1.0 %	(1.6)%
Tate & Lyle plc	4,856	5,339	7.5x	7.3x	12.9x	13.1x	(1.4)%	(4.5)%
Premium Brands	4,176	5,114	14.6x	12.9x	27.2x	22.4x	(0.3)%	(2.5)%
Maple Leaf Foods Inc.	2,776	3,451	9.6x	8.1x	22.9x	17.0x	4.5 %	(8.5)%
SunOpta Inc.	1,713	2,433	37.0x	31.5x	nmf	nmf	(10.5)%	(23.3)%
Rogers Sugar	460	750	8.9x	8.7x	12.3x	12.3x	0.7 %	(4.8)%
High Liner Foods Incorporated	448	743	8.1x	7.4x	11.9x	10.5x	0.2 %	(5.2)%
<b>Mean</b>			<b>13.3x</b>	<b>12.0x</b>	<b>17.4x</b>	<b>15.3x</b>	<b>(0.5)%</b>	<b>(6.5)%</b>

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.

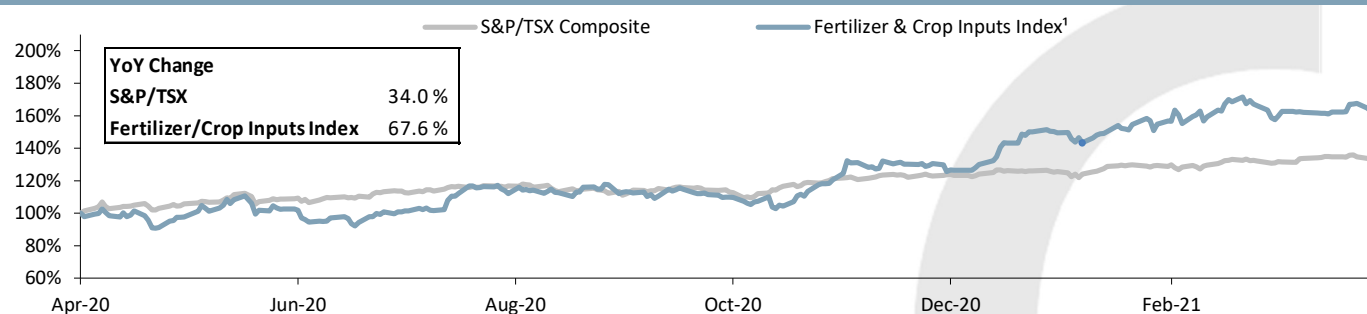


## FERTILIZERS AND CROP INPUTS

### News Scan

- On April 15<sup>th</sup>, **PastureMap** and **Soil Value Exchange** merged to create **Grassroots Carbon**. The new entity will connect PastureMap's database of landowners to carbon credit opportunities and will pay any owners who capture and store carbon on their land. Grassroots Carbon's goal is to push the transition to regenerative farming
- On April 13<sup>th</sup>, it was reported that **Abu Dhabi National Oil Co. (ADNOC)** and **OCI N.V. (OCI)** are considering an initial public offering of their joint venture **Fertiglobe** in a deal that could raise at least US\$1 billion. Fertiglobe is the world's largest export-focused nitrogen fertilizer platform and has a total production capacity of 6.5 million tonnes of urea and merchant ammonia

### Relative Performance Index



### Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2021E	2022E	2021E	2022E	Price	52Wk High
Nutrien Ltd.	38,250	47,774	10.4x	10.1x	23.5x	22.2x	(4.8)%	(9.7)%
CF Industries Holdings, Inc.	10,148	16,579	9.4x	10.1x	19.8x	22.1x	(0.1)%	(7.7)%
The Mosaic Company	12,890	17,041	6.6x	7.2x	13.7x	14.0x	2.5 %	(3.6)%
Yara International ASA	13,364	16,373	6.8x	6.4x	12.9x	13.0x	(2.4)%	(5.2)%
Nufarm Ltd.	1,645	2,310	8.2x	7.4x	42.6x	25.5x	5.7 %	(2.9)%
<b>Mean</b>			<b>8.3x</b>	<b>8.2x</b>	<b>22.5x</b>	<b>19.4x</b>	<b>0.2 %</b>	<b>(5.8)%</b>

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



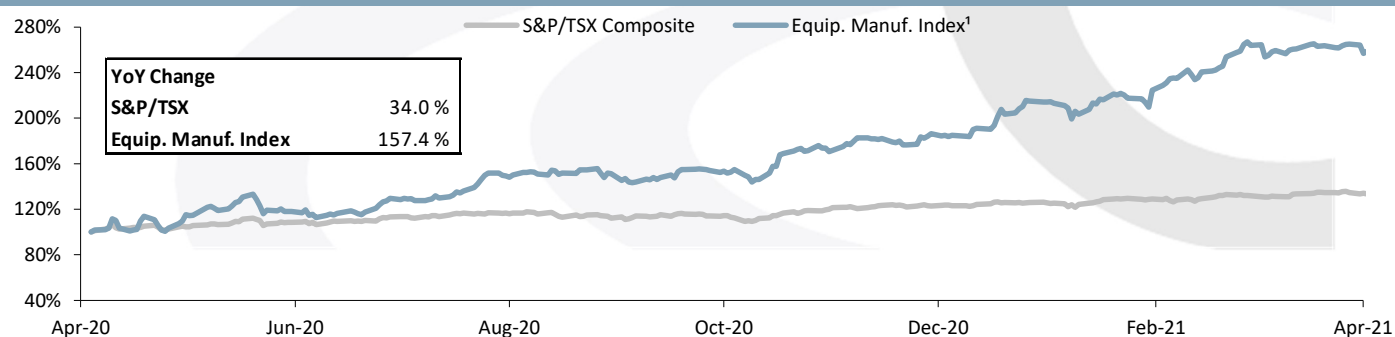


## EQUIPMENT AND TECHNOLOGY

### News Scan

- On April 23<sup>rd</sup>, **Archer Daniels Midland** opened a plant-based innovation laboratory in its Biopolis research hub in Singapore. This new lab will develop innovative nutritious products to meet growing food and beverage demand in the Asia-Pacific region
- On April 20<sup>th</sup>, **Duravant** signed an agreement to acquire Netherlands based poultry processing equipment manufacturer **Foodmate**. This transaction follows Duravant's February acquisition of manufacturer **Votech** and will extend its ability to serve customers in over 190 countries within the food processing sector
- On April 15<sup>th</sup>, smart farming software company **Agrosmart** acquired **BoosterAgro**, an Argentina based startup that has developed a popular regional agrometeorological app with over 100,000 active users and 250,000 downloads. Post acquisition, the company now covers over 48 million hectares of farmland across nine countries
- On April 9<sup>th</sup>, leading agtech company **AppHarvest** acquired Massachusetts based **Root AI** and its robotic universal harvester **Virgo** in a deal valued at US\$60 million. This acquisition is expected to provide AppHarvest with a baseline of harvesting support working with crop care specialists focused on more complicated tasks
- On April 9<sup>th</sup>, **Crown Holdings** agreed to sell its Europe, Middle East and Africa food packaging unit to American private equity firm **KPS Capital Partners** in a deal valued at €2.25 billion. Net proceeds from the acquisition will be used to further reduce debt, fund capital projects and to repurchase shares over time under its recent February authorization
- On April 7<sup>th</sup>, **Raven Industries, Inc. (Raven)** acquired the intellectual property and patents of early developer of automated agriculture technology **Jaybridge Robotics**. Raven plans to advance its autonomy strategy by combining patents with its current suite of proprietary product in the space

### Relative Performance Index



### Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2021E	2022E	2021E	2022E	Price	52Wk High
Deere & Company	117,938	159,387	20.3x	18.2x	23.1x	20.1x	(1.5)%	(4.1)%
AGCO Corporation	11,574	13,127	11.6x	10.7x	20.9x	18.6x	1.8 %	(0.1)%
Ag Growth International Inc.	601	1,285	9.5x	8.5x	15.5x	12.0x	(6.6)%	(17.5)%
Cervus Equipment Corporation	197	350	6.4x	6.0x	10.4x	9.3x	0.4 %	(4.1)%
<b>Mean</b>			<b>11.9x</b>	<b>10.8x</b>	<b>17.5x</b>	<b>15.0x</b>	<b>(1.5)%</b>	<b>(6.4)%</b>

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

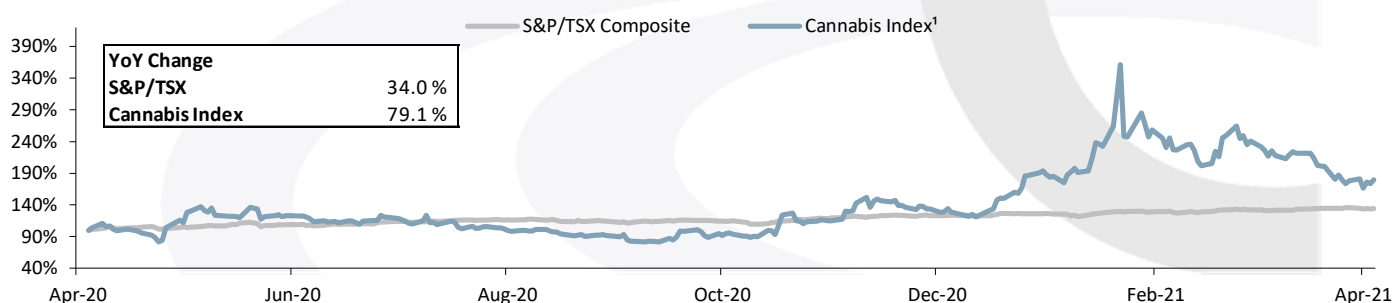


## CANNABIS AND HEMP

### News Scan

- On April 20<sup>th</sup>, **TerrAscend**, a global cannabinoid company, entered into a definitive agreement to acquire **Keystone Canna Remedies** for US\$70 million. The acquisition will allow TerrAscend to further penetrate the Pennsylvania market through the addition of three retail dispensaries
- On April 19<sup>th</sup>, **Jushi Holdings Inc. (Jushi)** entered into a definitive agreement to acquire **Nature's Remedy**, a vertically integrated cannabis player in Massachusetts. Through this transaction, Jushi will enter the Massachusetts market and attain retail dispensaries as well as cultivation and production facilities
- On April 14<sup>th</sup>, **Cresco Labs**, a vertically integrated Chicago cannabis company, announced the closing of its strategic **Bluma Wellness** acquisition, representing an expansion into Florida
- On April 8<sup>th</sup>, **Canopy Growth (Canopy)** entered into a definitive agreement to acquire **The Supreme Cannabis Company, Inc. (Supreme Cannabis)** in a transaction expected to strengthen Canopy's portfolio of brands, valued at US\$435 million. Supreme Cannabis shareholders will receive 1.2% of a Canopy common share and \$0.001 in cash
- On April 1<sup>st</sup>, **Parallel**, a privately-held multi-state cannabis operator, entered into a definitive agreement to acquire certain operations of **Windy City Cannabis** for US\$100 million. The acquired operations are comprised of several dispensaries, and will extend Parallel's footprint into Illinois
- On April 1<sup>st</sup>, **IM Cannabis Corp. (IMC)**, an international medical and recreational cannabis operator, entered into a definitive agreement to acquire **MYM Nutraceuticals Inc (MYM)**, and **Highland Grow Inc.**, MYM's licensed producer subsidiary, for US\$87 million in stock. This transaction reinforces IMC's global presence by providing additional opportunities to export premium cannabis products to Israel and Germany

### Relative Performance Index



### Key Indicators

All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/Revenue		TEV/EBITDA		Week Δ	Δ Price
			2021E	2022E	2021E	2022E	Price	52Wk High
Canopy Growth Corporation	10,464	9,397	15.9x	11.7x	neg	nmf	(0.4)%	(52.2)%
Aphria Inc.	4,480	5,114	9.0x	7.4x	nmf	nmf	3.9 %	(56.8)%
Tilray, Inc.	2,932	3,583	12.3x	9.6x	nmf	nmf	0.8 %	(74.5)%
Cronos Group Inc.	3,700	2,635	24.0x	14.4x	neg	nmf	1.0 %	(48.9)%
Aurora Cannabis Inc.	1,648	1,953	7.6x	5.8x	neg	neg	6.4 %	(61.2)%
OrganiGram Holdings Inc.	783	812	13.4x	7.7x	neg	nmf	5.8 %	(59.0)%
<b>Mean</b>			<b>13.7x</b>	<b>9.4x</b>	<b>na</b>	<b>na</b>	<b>2.9 %</b>	<b>(58.8)%</b>

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 April 20<sup>th</sup>, **The Intercontinental Exchange** futures canola market hit contract highs as tight supply and Canadian dollar weakness supported high trading volumes
- On April 20<sup>th</sup>, **Emissions Reduction Alberta (ERA)** announced a commitment of C\$33 million for 17 projects from the **Technology Innovation and Emissions Reduction (TIER)** fund to support innovation in agriculture, agri-food, and forestry. The funded projects include leveraging AI to optimize energy usage at pulp mills and reducing methane emissions from cattle through feed additives
- On April 19<sup>th</sup>, the **Government of Canada** released the 2021 federal budget, including C\$200 million over two years to fund programs to improve nitrogen fertilizer use efficiency, and a promise of C\$1 billion over six years toward universal broadband to support rural families and farm businesses
- On April 16<sup>th</sup>, **The National Farmer's Union** offered support to the Supreme Court of Canada's recent decision to declare the **Greenhouse Gas Pollution Pricing Act (GGPPA)** constitutionally valid. The GGPPA sets a minimum national standard for carbon pricing, and will allow national leadership to take action to curb greenhouse gas emissions
- On April 12<sup>th</sup>, New Mexico became the latest state to legalize marijuana, with retail sales to begin by early 2022
- On April 8<sup>th</sup>, feed barley stock contracts were selling at around C\$6.50 per bushel, while malt barley sold at around C\$6.00 per bushel, a significant recovery from early 2020 prices of C\$4.75 per bushel as demand for malt barley decreased due to plummeting beer sales and the popularization of seltzers
- On April 5<sup>th</sup>, the **Canadian National Railway** announced it had moved 2.95 million tonnes of grain last month, beating the previous March record of 2.74 million transported
- On April 2<sup>nd</sup>, the **United States Department of Agriculture (USDA)** issued a report noting the development of China's annual policy guidelines for agriculture and rural development. The Chinese government's new emphasis on biotech seeds is a step towards modernizing their approach to agriculture. This step may increase the probability of Chinese approval of Canadian corn, canola and alfalfa products
- On March 31<sup>st</sup>, the **Lethbridge and District Exhibition** centre in Alberta held a sod-turning ceremony for the C\$71 million Agri-food Hub and Trade Centre, scheduled for completion in about 20 months. The project involves building a facility that will serve as an anchor for growth in Alberta's food sector

### Commodities Futures as of April 26<sup>th</sup>, 2021

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$6.33	13.00 %	30.75 %
Wheat (CBOT)	\$ per bu.	\$7.12	16.57 %	10.94 %
Oats (CBOT)	\$ per bu.	\$4.03	8.40 %	13.27 %
Rough Rice (CBOT)	\$ per cwt.	\$13.73	4.69 %	7.90 %
Rapeseed (Canola) (ICE)	CAD per T	\$692.50	12.07 %	8.94 %
Ethanol (CBOT)	\$ per gal.	\$2.20	15.13 %	48.08 %





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