



Agriculture Industry Flash

Monday, June 28th, 2021

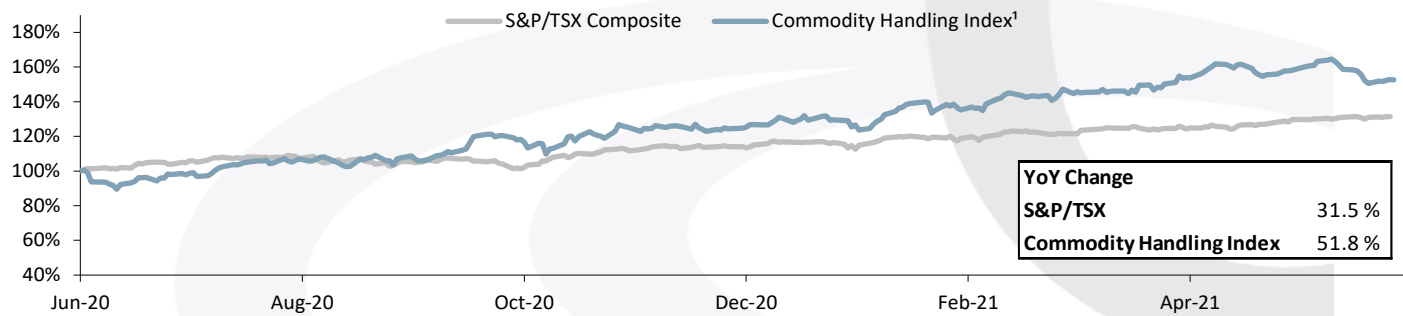


COMMODITY HANDLING

News Scan

- On June 24th, **Canadian Pacific Railway Limited** announced that grain and other shippers across North Dakota, South Dakota and Minnesota have submitted letters to the **Surface Transportation Board ("STB")** opposing **Canadian National ("CN")** and **Kansas City Southern's ("KCS")** combination due to anti-competitive concerns
- On June 24th, **Hensall Global Logistics ("Hensall Global")**, announced its acquisition of a majority interest in **Overseas Container Forwarding Inc. ("OCF")** and a minority interest in **Overseas Container Logistics Ltd. ("OCL")**. With these acquisitions, Hensall Global expects to see immediate growth, with ocean container shipping volumes increasing significantly and OCF's USA FMC licensing providing Hensall Global with US business expansion capabilities
- On June 14th, **Richardson Pioneer Limited** announced plans to build a new high throughput grain elevator in Carmichael, Saskatchewan to improve operational efficiencies. The new elevator will include 46,000 metric tonnes of storage capacity and a loop track rail design capable of loading 175 high cube rail cars. Construction is expected to be completed by fall of 2022
- On June 2nd, **Ardent Mills LLC ("Ardent")**, a flour milling and ingredient company, announced the completion of its acquisition of **Hinrichs Trading Co.**, a chickpea sourcing, cleaning and packaging business, for an undisclosed amount. This acquisition aligns with Ardent's strategic plan to expand its ingredient capabilities and build closer grower connections

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 | 34,338 | 44,248 | 9.3x | 9.3x | 13.7x | 13.8x | (0.8)% | (10.5)% |
| Bunge Limited | 11,189 | 20,388 | 8.9x | 10.0x | 10.1x | 11.3x | 1.4 % | (14.4)% |
| The Andersons, Inc | 1,006 | 2,648 | 8.7x | 8.4x | 16.9x | 15.4x | 0.6 % | (3.8)% |
| Graincorp Limited | 894 | 1,252 | 5.5x | 6.3x | 12.0x | 18.4x | 3.7 % | (5.7)% |
| United Malt Group Limited | 1,008 | 1,208 | 11.5x | 9.3x | 30.5x | 19.1x | 2.7 % | (8.9)% |
| Ceres Global Ag | 113 | 188 | na | na | na | na | (7.4)% | (9.8)% |
| Mean | | | 8.8x | 8.7x | 16.6x | 15.6x | 0.1 % | (8.8)% |

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

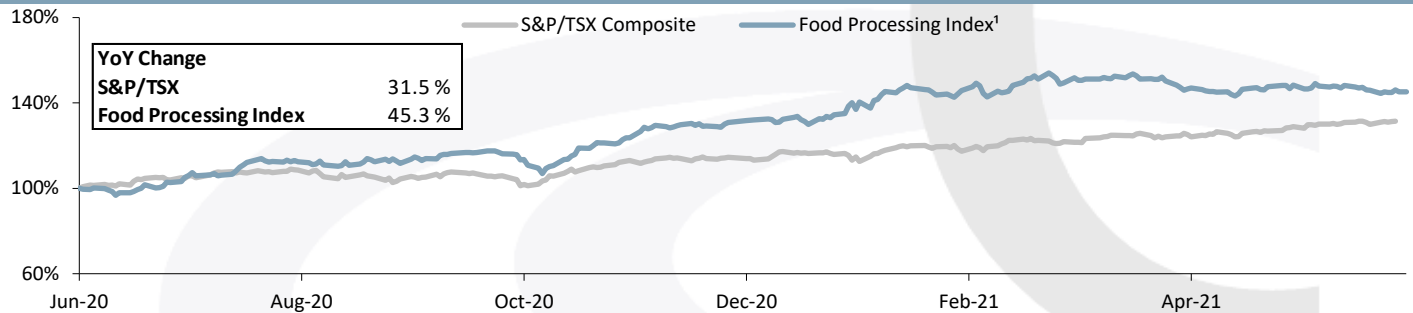


FOOD PROCESSING

News Scan

- On June 23rd, **Local Bounti (“Local”)**, a grower of fresh greens and herbs, agreed to go public through a merger with **Leo Holdings III Corp.**, a SPAC, for US\$1.1 billion. Local will list on the New York Stock exchange under the ticker “LOCL”. This transaction allows Local to expand into the largely untapped Western US market, with expectations that they can grow to eight production facilities and thirty stock keeping units by 2025
- On June 18th, **JBS**, a US-based food processing company, finalized its acquisition of **Vivera**, a European plant-based protein company, in a deal worth US\$409 million. This acquisition will help JBS expand its portfolio of value-added and branded products, and strengthen its global food platform
- On June 1st, **Cal-Maine Foods Inc (“Cal-Maine”)**, the largest distributor and producer of shell eggs in the United States, announced that it completed its previously announced acquisition of the remaining 50% joint venture membership interest in **Red River Valley Egg Farm, LLC** from Rose Acre Farms, Inc. The acquisition will provide Cal-Maine with additional opportunities to expand production capacity and meet anticipated growing demand for cage-free and specialty eggs
- On June 1st, **Post Holdings Inc (“Post”)**, a consumer-packaged goods holding company, announced its acquisition of **TreeHouse Foods’ (“Treehouse”)** ready-to-eat cereal division, for US\$85 million. This acquisition follows Post’s prior agreement to acquire TreeHouse’s ready-to-eat cereal business in 2019, which was terminated in the wake of a complaint filed by the Federal Trade Commission

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 |
| Saputo Inc. | 11,646 | 14,534 | 12.3x | 10.7x | 23.2x | 18.7x | 1.0% | (13.1)% |
| Ingredion Incorporated | 6,081 | 7,896 | 8.5x | 8.1x | 13.9x | 12.9x | (0.7)% | (7.4)% |
| Tate & Lyle plc | 4,869 | 5,353 | 7.6x | 7.5x | 12.8x | 13.7x | (2.0)% | (8.2)% |
| Premium Brands | 4,531 | 5,482 | 15.4x | 13.5x | 29.7x | 24.1x | 2.6% | (0.2)% |
| Maple Leaf Foods Inc. | 2,615 | 3,286 | 9.4x | 8.0x | 21.9x | 16.4x | (1.1)% | (15.2)% |
| SunOpta Inc. | 1,539 | 1,819 | 23.0x | 19.7x | nmf | nmf | (5.3)% | (31.1)% |
| Rogers Sugar | 498 | 793 | 9.3x | 9.2x | 14.0x | 13.1x | 0.3% | (0.5)% |
| High Liner Foods Incorporated | 454 | 750 | 8.3x | 7.9x | 12.3x | 11.5x | 2.2% | (4.0)% |
| Mean | | | 11.7x | 10.6x | 18.3x | 15.8x | (0.4)% | (10.0)% |

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

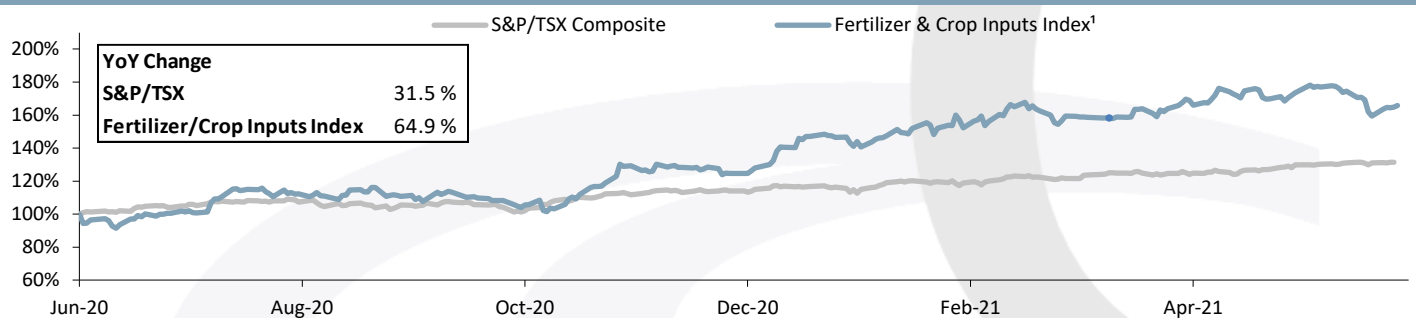


FERTILIZERS AND CROP INPUTS

News Scan

- On June 22nd, **Yara International ASA** invested US\$4 million into **Boomitra**, a US-based soil company working to accelerate atmospheric carbon removal globally, using agricultural soil. According to Erkki Aaltonen, head of **Yara Growth Ventures**, this investment will help Boomitra scale their operations
- On June 22nd, **Ardent Mills LLC (“Ardent”)**, a flour milling and ingredient company, announced the advancement of its regenerative agriculture program, which was created in partnership with **Nutrien Ag Solutions**, the retail division of the world’s largest crop input company. Ardent has committed to enrolling 250,000 acres of spring and winter wheat into its program by the end of 2022
- On June 17th, US-based companies **HELM Agro** and **Alltech Crop Science** announced a partnership to find solutions to help growers feed a growing planet, which involves bridging the gap between traditional and biological crop input solutions. This new partnership plans to further science and service to help deliver better performance and profitability for customers at every stage of crop production
- On June 7th, **Ginkgo Bioworks**, a US-based synthetic biology startup, announced a R&D collaboration agreement with Japanese-based **Sumitomo Chemical (“Sumitomo”)**, one of the world’s largest producers of agrochemicals. Through this collaboration, the companies hope to develop and manufacture a more sustainable bio-based product

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 | | |
| Nutrien Ltd. | 42,851 | 52,478 | 10.3x | 10.2x | 21.7x | 21.0x | 2.7 % | (5.7)% |
| CF Industries Holdings, Inc. | 11,011 | 17,466 | 8.8x | 9.4x | 14.7x | 17.3x | 2.7 % | (10.2)% |
| The Mosaic Company | 11,849 | 15,991 | 5.6x | 6.1x | 10.2x | 11.6x | 2.8 % | (18.4)% |
| Yara International ASA | 13,987 | 16,996 | 6.8x | 6.4x | 13.4x | 13.9x | 0.8 % | (1.1)% |
| Nufarm Ltd. | 1,374 | 2,024 | 7.1x | 6.7x | 28.2x | 20.3x | 3.2 % | (13.0)% |
| Mean | | | 7.7x | 7.8x | 17.7x | 16.8x | 2.4 % | (9.7)% |

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

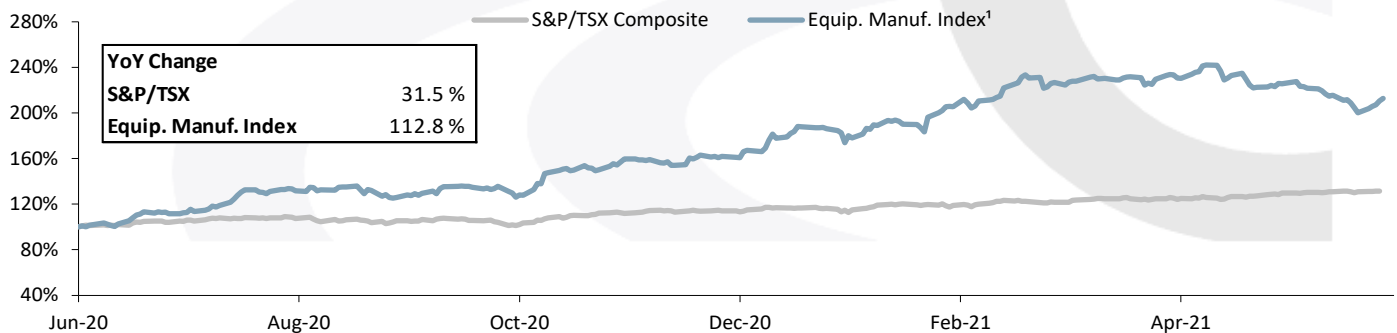


EQUIPMENT AND TECHNOLOGY

News Scan

- On June 23rd, **Semios**, an all-in-one crop management platform, announced its acquisition of **Centricity**, developer of a suite of field data collection applications, for an undisclosed amount. Both companies offer complementary solutions to an overlapping customer base of growers, and this acquisition will provide customers with centralized access to valuable data information
- On June 21st, **CNH Industrial** announced that it entered into a definitive agreement to acquire **Raven Industries Inc.**, a US-based provider of precision agriculture technology, for US\$2.1 billion in an all-stock transaction. This acquisition further strengthens CNH Industrial's position in the global agriculture equipment market by adding strong innovation capabilities in autonomous and precision agriculture technology
- On June 16th, **Bushel**, a US-based software developer of digital tools that help agriculture retailers and growers streamline their business, acquired **FarmLogs**, a provider of farm management software, for an undisclosed amount. With this merger, Bushel creates a stronger digital connection between growers, commodity buyers, agriculture retailers and consumer packaged goods companies by enabling seamless commerce across the supply chain
- On June 14th, **Ag Growth International Inc. ("AGI")** announced the signing of a conditional letter-of-intent to acquire a minority equity stake in **MyLand Company LLC ("Myland")**, a US-based soil health company that helps farmers transition to regenerative agriculture using MyLand systems. On closing, AGI will collaborate to install at least five new MyLand systems at grain operations within North America
- On June 14th, **Ideanomics**, a financial technology company, announced that it has acquired **Solectrac, Inc ("Solectrac")**, a US-based manufacturer and distributor of zero-emission electric tractors that use clean and renewable sources of energy to operate. With this acquisition, Ideanomics plans to support Solectrac scale their business and help them become an established supplier of clean agricultural equipment

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 | 2021E | 2022E | 2021E | 2022E | | |
| Deere & Company | 109,177 | 150,406 | 17.5x | 16.1x | 19.0x | 16.9x | 6.6 % | (12.6)% |
| AGCO Corporation | 9,911 | 11,417 | 9.2x | 8.6x | 15.2x | 14.0x | 8.0 % | (17.1)% |
| Ag Growth International Inc. | 573 | 1,265 | 9.2x | 8.2x | 14.8x | 11.2x | 2.0 % | (22.4)% |
| Cervus Equipment Corporation | 200 | 354 | 6.5x | 6.0x | 9.8x | 8.8x | (0.7)% | (10.6)% |
| Mean | | | 10.6x | 9.7x | 14.7x | 12.7x | 4.0 % | (15.7)% |

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

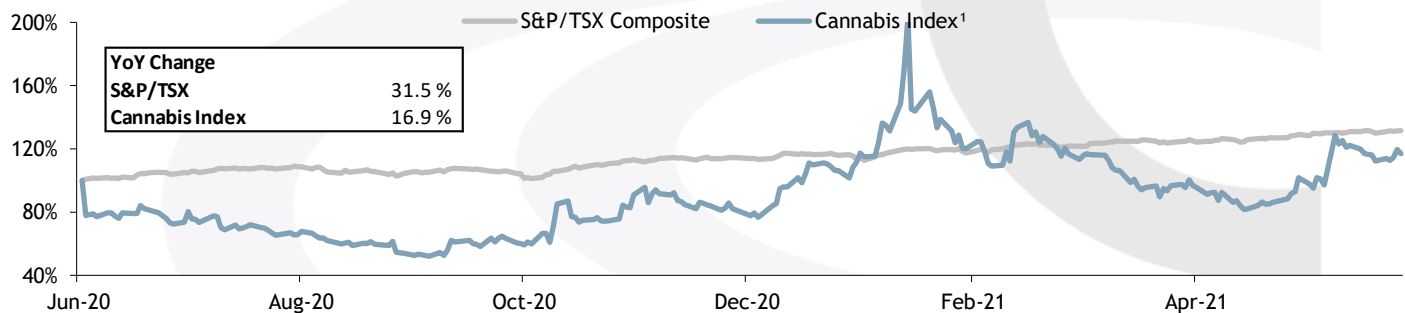


CANNABIS AND HEMP

News Scan

- On June 23rd, **Canopy Growth Corporation (“Canopy”)**, a producer of cannabis and cannabinoid-based consumer products announced that they have completed the previously announced acquisition of **The Supreme Cannabis Company, Inc.**, a producer of high-quality cannabis products for commercial and medical use, in an all-stock transaction for C\$435 million. With this acquisition, Canopy bolsters their brand portfolio which now includes 7ACRES, one of Canada’s most popular brands
- On June 16th, **Weedmaps**, an online cannabis marketplace, went public on the NASDAQ through its completed merger with **Silver Spike Acquisition Corp**, a SPAC, and is now listed under the ticker ‘MAPS’. Weedmaps received roughly US\$579 million in gross proceeds from this merger, which will be used to help enable the company to accelerate its growth as legalization in the United States increases
- On June 1st, **Harborside Inc.**, a US-based vertically integrated cannabis company, announced it has entered into a definitive agreement to acquire **Sublimation Inc. (“Sublime”)**, a cannabis manufacturing company, for US\$43.8 million. Upon completion, Harborside expects to realize significant synergies by bringing Sublime’s brands, distribution capabilities, and production capabilities to its cultivation facility and extending its current reach
- On June 1st, **Heritage Cannabis Holdings Corp.**, a vertically integrated licensed producer of cannabis products, announced that it entered into a non-binding letter of intent to acquire **Bloom Brands**, a provider of high potency cannabis products, in an all-stock transaction valued at US\$15 million. This acquisition allows Heritage to expand into the US through a well established and widely distributed cannabis brand retailed in over 500 stores across 6 states

Relative Performance Index



Key Indicators

All Figures in USD millions unless indicated

| | Market Cap | TEV | TEV/Revenue | | TEV/EBITDA | | Week Δ Price | Δ Price 52Wk High |
|---------------------------|------------|-------|--------------|--------------|------------|--------------|--------------|-------------------|
| | | | 2021E | 2022E | 2021E | 2022E | | |
| Canopy Growth Corporation | 9,651 | 8,567 | 14.8x | 10.5x | neg | neg | 2.6 % | (57.6)% |
| Tilray, Inc. | 8,175 | 8,858 | 10.9x | 7.6x | nmf | 45.7x | 3.6 % | (19.8)% |
| Cronos Group Inc. | 4,055 | 3,009 | 33.2x | 18.6x | neg | nmf | 2.9 % | (45.7)% |
| Aurora Cannabis Inc. | 1,807 | 2,117 | 10.6x | 7.8x | neg | neg | 0.7 % | (53.3)% |
| OrganiGram Holdings Inc. | 874 | 905 | 14.6x | 8.7x | neg | nmf | (4.0)% | (54.9)% |
| Mean | | | 16.8x | 10.7x | na | 45.7x | 1.2 % | (46.2)% |

1 “Cannabis Index” is composed of equally weighted market prices for: Canopy Growth, Tilray, Cronos, Aurora Cannabis and OrganiGram Holdings.



ADDITIONAL NEWS AND AGRICULTURE COMMODITIES UPDATE

News Scan

- On June 26th, industry officials announced that Canola crops in southwestern Saskatchewan, southeastern Alberta and North Dakota are in desperate need of water due to drought and hot weather, and there is no expected relief on the horizon. Crop recovery will be heavily dependant on nighttime temperatures, with the hope that they will fall below 20°C so that the crops can scavenge moisture from the soil
- On June 24th, the **United States** accused **Mexico** of violating the United States-Mexico-Canada agreement as Mexico has stopped issuing import permits on glyphosate and genetically modified corn, which are not supposed to be banned until 2024. The United States also noted that Mexico is required to review applications on genetically modified trait approvals on a regular basis, but the country hasn't approved a trait in four years
- On June 24th, **The International Grains Council** announced that total grains production in 2020/2021 is forecasted to reach an all-time record high, with production reaching 2.216 billion tonnes, up from last year's record of 2.186 billion tonnes
- On June 23rd, Bill C-208 passed through the **House of Commons**, making it easier for farmers to sell their operations to family members. Currently, the tax rate is 50% if sold to a family member, as it is treated as a dividend, whereas the tax rate is 13.39% if sold to a third party as it is treated as a capital gain. This bill makes the tax rate the same regardless of who the receiving party is
- On June 20th, **The Government of Canada** announced support for Indigenous food and agriculture initiatives, pledging over C\$4 million towards 16 projects that will help support Indigenous food systems initiatives, provide equitable access to healthy food, and increase participation of under-represented groups in the agriculture and agri-food sector
- On June 20th, **The Chinese Animal Agriculture Association**, the government-backed livestock industry body for the world's top pork producer, urged pig farmers not to panic as hog prices dropped 65% lower than the start of the year due to domestic production increasing abroad and large volumes of pork reaching the market. With the rapid decline in prices, farmers have been selling their overweight pigs, which is raising concerns that the sell-off will turn into tight-supply
- On June 9th, **McEwan Group ("McEwan")** announced a partnership with **Farmia Agritech**, a hydroponic vertical farm provider, to introduce in-store farming systems within McEwan retail stores. This partnership will provide shoppers at McEwan with fresher produce, as it will be produced in store and harvested by in-store farmers, giving a new meaning to farm-to-basket fresh. McEwan looks to implement these farms within retail stores as early as summer 2021
- On June 7th, **McCain Foods**, the world's largest manufacturer of frozen potato products, committed to regenerative agricultural practices for all its farms that produce its potatoes by 2030

Commodities Futures as of June 28, 2021

| Commodities Futures | Price Unit | Latest Price (US\$) | Month to Date | Year to Date |
|-------------------------|-------------|---------------------|---------------|--------------|
| Corn (CBOT) | \$ per bu. | \$5.19 | (24.61)% | 7.34 % |
| Wheat (CBOT) | \$ per bu. | \$6.41 | (7.61)% | (0.19)% |
| Oats (CBOT) | \$ per bu. | \$3.76 | (2.27)% | 5.62 % |
| Rough Rice (CBOT) | \$ per cwt. | \$13.51 | 1.69 % | 6.17 % |
| Rapeseed (Canola) (ICE) | CAD per T | \$739.50 | 0.09 % | 16.33 % |
| Ethanol (CBOT) | \$ per gal. | \$2.40 | (2.44)% | 61.62 % |



FOOD & AG LEADER SERIES



MyLand is a soil health company, with a focus on helping farmers build strength beneath the surface by harnessing the land's native organics, laying the foundation for them to experience greater productivity, increased economic security, and increased profitability.



PETER WILLIAMS, CEO, MYLAND

McCain Foods, the largest manufacturer of frozen french fries and potatoes in the world, recently announced that by 2030, they will source all of their potatoes from farmers using regenerative agriculture ("regen ag") practices. In doing so, McCain joins the ranks of large CPG players, including Pepsi, General Mills and Nestle, in establishing regen ag goals and requirements for their grower/suppliers. While companies like McCain provide some help to their growers in making this transition, farmers are often left to shoulder the cost and time burdens of transitioning their farming practices to regen ag. That's where MyLand, a soil health company, comes in.

MyLand has developed a micro-algae based system that rapidly builds soil health, producing the benefits of regenerative ag such as carbon capture, reduced water and nitrogen-based fertilizer requirements and increased crop yields, without the time and upfront cost associated with adopting traditional regen ag practices.

We sat down with Peter Williams, CEO of MyLand, to talk about how regen ag is key to addressing some of the world's biggest challenges, what is driving adoption of regen ag, and how MyLand's soil health solution helps farmers simplify what can otherwise be a tough transition.

Read our full interview with Peter [here](#).



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