



## Agriculture Industry Flash

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Tuesday, January 25<sup>th</sup>, 2022

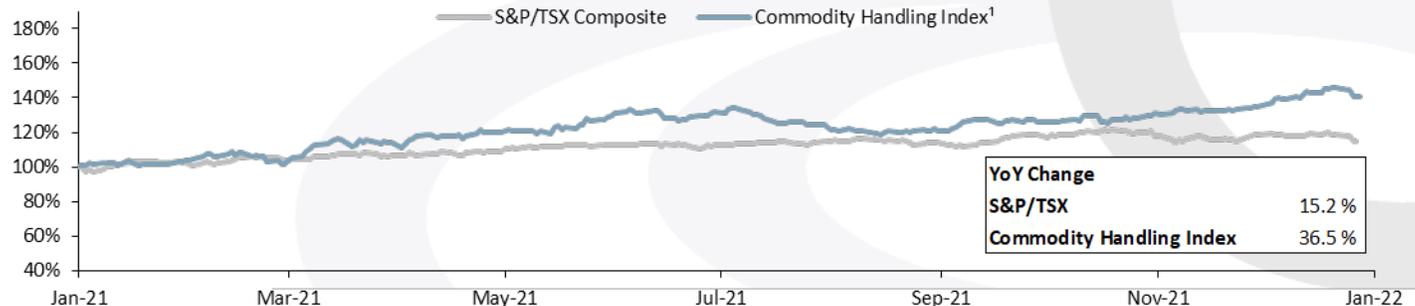


## COMMODITY HANDLING

### News Scan

- On January 20<sup>th</sup>, **Federated Co-operatives Limited (“FCL”)**, a Western Canada manufacturing and wholesaling co-operative federation, announced its partnership with **AGT Food and Ingredients (“AGT”)**, a leading Canadian processor of pulses and other food ingredients, to build a C\$360 million canola crush facility in Regina. The crush plant will be 51% owned by FCL and 49% by AGT with a processing capability of 1.1 million tonnes of canola seed and producing 450,000 tonnes of oil annually
- On January 20<sup>th</sup>, **Star of the West Milling Co. (“Star of the West”)**, a Michigan-based flour mill operator, announced its acquisition of **Brown Milling Co. Inc.**, a Michigan-based grain handler and agronomy supplier, for an undisclosed amount. This acquisition will bolster key capabilities for Star of the West to continue its expansion across its home state
- On January 20<sup>th</sup>, **Bunge Ltd.** announced it has reached an agreement to acquire a 33% stake in **Sinagro Produtos Agropecuarios SA, Brazil (“Sinagro”)**, a Brazil-based reseller of grains and agricultural products, for an undisclosed sum. This transaction is expected to contribute to Bunge’s grain origination capabilities and provide it access to producers in the region
- On January 12<sup>th</sup>, **Canadian National Railway (“CN”)** submitted a responsive application with the **Surface Transportation Board** asking that any approval of the pending **Canadian Pacific Railway** merger with **Kansas City Southern (“KCS”)** be dependent on the divestiture of KCS lines from Kansas City to Springfield and East St. Louis. Following the approval, CN plans to invest at least US\$250 million in the line to improve transportation options and promote rail-to-rail competition
- On January 4<sup>th</sup>, **Benson Hill, Inc.**, a food tech company unlocking the natural genetic diversity of plants with its cutting-edge food innovation engine, announced its acquisition of **ZFS Creston, LLP.**, an established food grade white flake and soy flour manufacturing operation in Southwest Iowa, for approximately US\$102 million. Upon completion, this investment will constitute the final step in Benson Hill’s ability to convert its proprietary soybeans into value-added soy protein ingredients for the underserved human and pet food categories

### 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	2022E	2023E	2022E	2023E		
ADM	38,372	47,587	9.2x	9.2x	14.1x	14.2x	(3.3)%	(4.9)%
Bunge Limited	13,165	20,478	7.8x	8.6x	9.5x	10.4x	(5.2)%	(6.2)%
The Andersons, Inc	1,250	2,221	6.9x	na	14.4x	na	(3.3)%	(5.2)%
Graincorp Limited	1,158	1,791	6.8x	8.7x	10.9x	15.7x	(9.4)%	(14.7)%
United Malt Group Limited	887	1,117	9.4x	8.0x	19.4x	15.3x	(2.1)%	(10.5)%
Ceres Global Ag	134	242	na	na	na	na	0.9%	(8.0)%
<b>Mean</b>			<b>8.0x</b>	<b>8.6x</b>	<b>13.6x</b>	<b>13.9x</b>	<b>(3.7)%</b>	<b>(8.3)%</b>

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

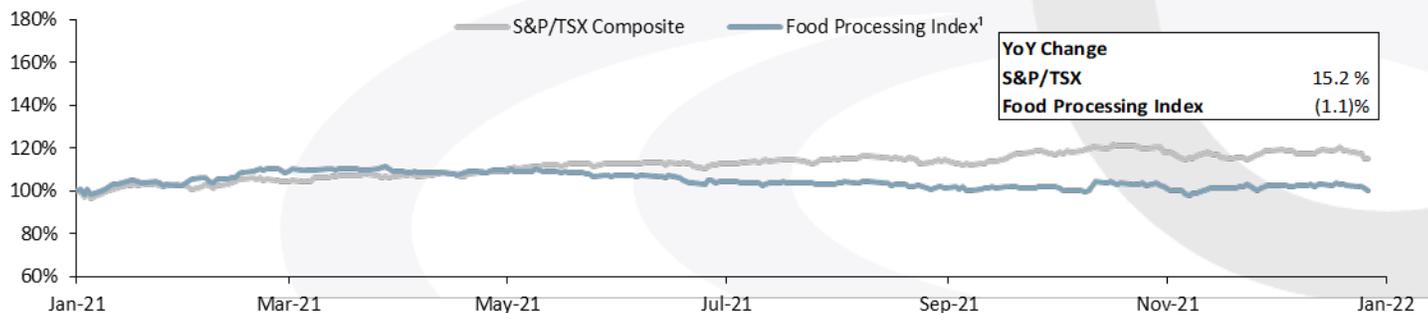
## FOOD PROCESSING



## News Scan

- On January 19<sup>th</sup>, **PlantPlus Foods (“PlantPlus”)**, a joint venture created by **Archer-Daniels-Midland**, a leading global food solutions and nutrition company, and **Marfrig**, one of the leaders in the protein sector, announced the completion of its acquisition of Canadian vegan food manufacturer **Sol Cuisine** for C\$125 million. This strategic acquisition will further position PlantPlus as an industry enabler in the plant-based space and expand its presence across the Americas
- On January 19<sup>th</sup>, **Vintage Wine Estates**, a top 15 U.S. wine company and one of the fastest-growing wine producers in the country, announced its acquisition of U.S. winery **Meier’s Wine Cellars**, for an undisclosed sum. This transaction will help expand Vintage Wine’s ready-to-drink (RTD) beverage production segment by enhancing production capabilities and supply chain efficiencies
- On January 19<sup>th</sup>, **Grupo Costa (“Costa”)**, a Spanish grain and meat producer, announced its acquisition of **Juan Luna**, a company specialising in sliced cold meats and meat snacks, for an undisclosed amount. Following this acquisition, Juan Luna will strengthen Costa’s presence in the pre-packaged food market
- On January 18<sup>th</sup>, **Multivac Sepp Hagenmüller SE & Co. (“Multivac”)**, a German-based food packaging machinery provider, announced its acquisition of **TVI Entwicklung und Produktion (“TVI”)**, a market leader in meat-portioning machines and complete portioning lines, for an undisclosed sum. This acquisition will serve as a foundation for Multivac to become a complete supplier of packaging and processing solutions company
- On January 17<sup>th</sup>, **Puratos**, a Belgian manufacturer and supplier of bakery ingredients, announced its acquisition of **Profimix**, a Czech supplier of improvers, bakery mixes and confectionery, for an undisclosed amount. This transaction will bolster Puratos’ goal to extend its reach in the health and wellbeing category through Profimix’s organic-certified production manufacturing unit
  - On January 3<sup>rd</sup>, **Puratos** announced its acquisition of Belgian probiotics company **THT** for an undisclosed sum. Following completion of this acquisition, Puratos is expected to bring more innovative solutions with gut health benefits to the market
- On January 6<sup>th</sup>, **JBS**, the largest meat processing company in the world, announced it has finalized its acquisition of **Rivalea**, an Australian pork production company, for AUD\$175 million. With this purchase, JBS hopes to strengthen its position in Australia and become the leading pork processor in the country
- On January 6<sup>th</sup>, **Regal Confections (“Regal”)**, a leading distributor of global candy and chocolate confectionery brands, backed by Clearspring Capital Partners, announced its acquisition of **Kisko Products (“Kisko”)**, owner of iconic brand Mr. Freeze, for an undisclosed amount. Upon completion, Kisko will strengthen its portfolio of juice freeze pops and further pursue growth across North America

## 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
			2022E	2023E	2022E	2023E		
Saputo Inc.	8,727	11,977	9.9x	9.3x	16.1x	13.8x	(9.0)%	(36.1)%
Ingredion Incorporated	6,420	8,521	8.5x	7.8x	13.0x	11.9x	(0.5)%	(2.1)%
Tate & Lyle plc	4,446	4,995	13.7x	13.0x	18.6x	15.1x	4.8%	(11.3)%
Premium Brands	4,090	5,457	12.4x	11.2x	21.2x	18.5x	(1.6)%	(12.2)%
Maple Leaf Foods Inc.	2,850	3,924	9.2x	7.5x	17.4x	12.9x	(0.7)%	(8.4)%
SunOpta Inc.	527	785	12.5x	11.8x	n/m	22.3x	(15.3)%	(69.4)%
Rogers Sugar	476	756	9.0x	na	13.4x	na	(1.0)%	(2.8)%
High Liner Foods Incorporated	371	586	7.5x	7.1x	10.3x	9.6x	(8.6)%	(9.4)%
<b>Mean</b>			<b>10.3x</b>	<b>9.7x</b>	<b>15.7x</b>	<b>14.9x</b>	<b>(4.0)%</b>	<b>(19.0)%</b>

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

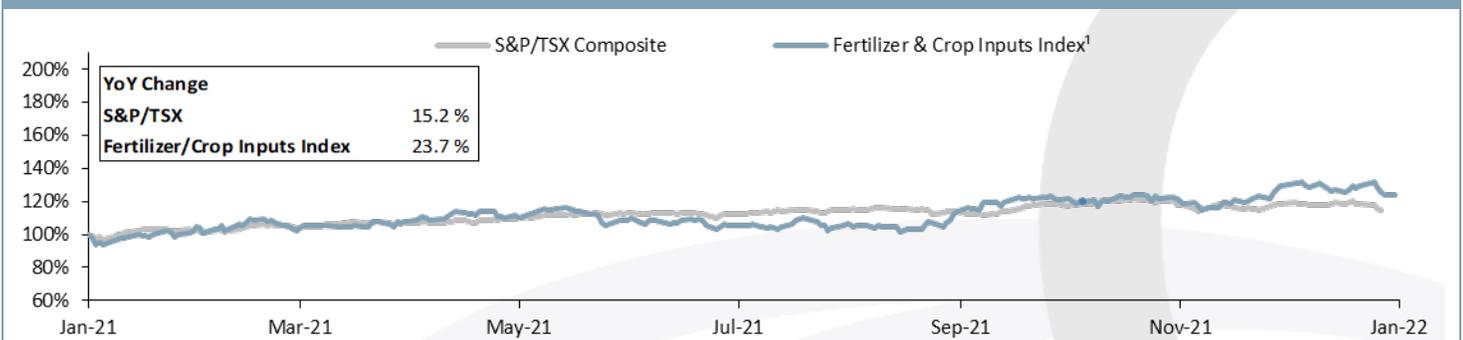
## FERTILIZERS AND CROP INPUTS



## News Scan

- On January 18<sup>th</sup>, **Fortescue Future Industries Pty Ltd.**, a leading global energy company focused on developing a portfolio of renewable energy and green hydrogen products, announced its partnership with German-based polymer manufacturer **Covestro AG (“Covestro”)**, for the supply of green hydrogen and derivatives, particularly green ammonia. This agreement is expected to commence in 2024 and will deliver up to 100,000 tonnes of green hydrogen per annum to Covestro’s locations across Asia, Europe, and North America
- On January 14<sup>th</sup>, **Yara International ASA (“Yara”)**, a global leader in agricultural products and environmental protection agents, announced it has signed a commercial agreement with **Lantmännen ekonomisk förening (“Lantmännen”)**, a Swedish agricultural cooperative and leader in bioenergy, to distribute fossil-free fertilizers. This partnership is expected to produce fertilizers with 80 to 90% lower carbon footprint using ammonia based on renewable energy produced in Europe
- On January 13<sup>th</sup>, **EuroChem Group AG (“EuroChem”)**, a leading global fertilizer producer, announced its acquisition of a 51% stake in Brazilian fertilizer distributor **Fertilixantes Heringer S.A. (“Heringer”)** for US\$96.5 million. Upon completion, Heringer will add 14 storage and distribution units to EuroChem, further strengthening EuroChem’s production and distribution capabilities in one of the world’s most important crop nutrient markets

## Relative Performance Index



## Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2022E	2023E	2022E	2023E	Price	52Wk High
Nutrien Ltd.	39,636	48,156	6.5x	9.4x	9.7x	15.7x	(1.0)%	(11.2)%
CF Industries Holdings, Inc.	14,662	20,469	4.8x	8.4x	6.4x	13.7x	4.2 %	(8.6)%
The Mosaic Company	14,821	18,416	3.5x	5.6x	5.0x	9.4x	(6.0)%	(11.2)%
Yara International ASA	12,398	15,929	6.8x	6.4x	9.1x	11.0x	(7.3)%	(11.9)%
Nufarm Ltd.	1,199	1,599	5.9x	5.7x	17.1x	15.4x	(8.5)%	(20.7)%
<b>Mean</b>			<b>5.5x</b>	<b>7.1x</b>	<b>9.5x</b>	<b>13.1x</b>	<b>(3.7)%</b>	<b>(12.7)%</b>

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

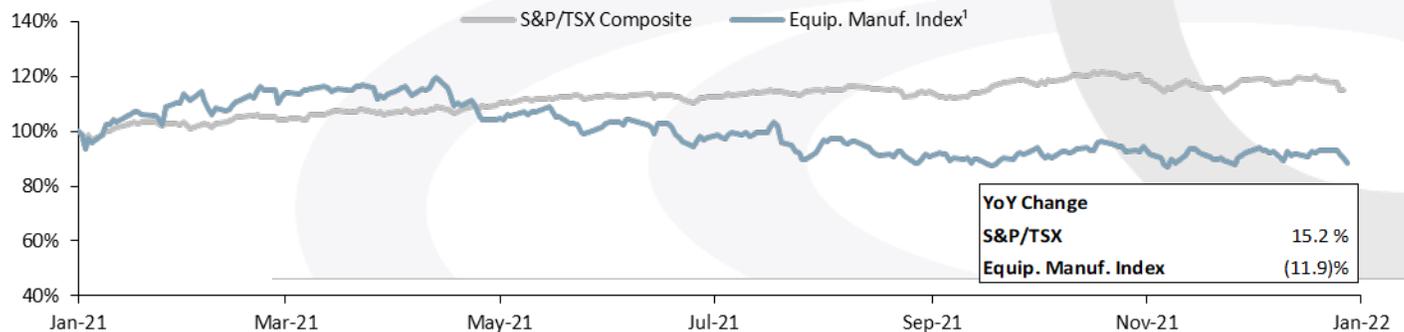


## EQUIPMENT AND TECHNOLOGY

### News Scan

- On January 20<sup>th</sup>, **Randall-Reilly**, a B2B data and analytics platform for agriculture and transportation markets backed by **Aurora Capital**, announced its acquisition of the **Asset Intelligence Business Unit of Informa PLC**, a B2B information services company worldwide, for an undisclosed amount. Upon completion of this transaction, Randall-Reilly will better understand the behaviours and risk profiles of heavy equipment buyers such as farmers
- On January 17<sup>th</sup>, agritech start-up firm **DeHaat** announced its acquisition of **Helicrofter**, a technology-based platform offering end-to-end agricultural services to farmers, for an undisclosed amount. DeHaat's addition of Helicrofter's 2,000 agri-input retailer and 30 sellers across Maharashtra will enable it to establish a meaningful footprint in Maharashtra and other parts of West India
- On January 12<sup>th</sup>, **KPM Analytics, Inc. ("KPM")**, a food tech company manufacturing scientific instrumentation solutions, announced its acquisition of **Bruins Instruments**, a German-based manufacturer of high-resolution near-infrared (NIR) reflectance and transmission analyzers. This acquisition is expected to strengthen KPM's positions in agriculture, feed and food applications and will increase customer options in easy-to-use food and grain analysis
- On January 10<sup>th</sup>, **The S3 Group Ltd. ("S3")**, a Saskatchewan-based manufacturer of OEM components, announced its acquisition of **TEMP Farm Equipment Ltd. (OBA AWS Airbar Worldwide Solutions) ("AWS")**, an Ontario-based leading air bag producer for agricultural machinery, for an undisclosed sum. Following completion of this transaction, AWS will join S3's Air Systems division, bolstering S3's presence in the OEM sector
- On January 6<sup>th</sup>, **Midwest Machinery Co. ("Midwest Machinery")**, a John Deere dealership in central Minnesota, announced its acquisition of **Frontier Ag & Turf** and **SEMA Equipment Inc.**, two multi-location John Deere dealerships, for an undisclosed amount. This transaction will expand Midwest Machinery's presence in the U.S. through the total addition of 13 locations across Wisconsin and Minnesota
- On January 4<sup>th</sup>, **Ag Growth International Inc. ("AGI")**, a leading grain handling equipment manufacturer and distributor, announced its acquisition of **Eastern Fabricators ("Eastern")**, an Ontario-based specialist in engineering and installation of high-quality stainless-steel equipment and systems for food processors, for C\$29.25 million

### 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	2022E	2023E	2022E	2023E		
Deere & Company	112,193	160,671	15.9x	14.5x	15.3x	15.0x	(4.3)%	(9.1)%
AGCO Corporation	8,899	10,233	7.1x	6.6x	11.2x	9.9x	(6.4)%	(25.0)%
Ag Growth International Inc.	476	1,175	7.6x	6.8x	9.6x	8.3x	(0.7)%	(33.8)%
CNH Industrial N.V.	16,317	31,353	14.1x	15.0x	11.0x	10.3x	(7.7)%	(22.4)%
Farmers Edge Inc.	92	50	neg	neg	neg	neg	(10.6)%	(86.8)%
<b>Mean</b>			<b>11.2x</b>	<b>10.7x</b>	<b>11.8x</b>	<b>10.9x</b>	<b>(3.8)%</b>	<b>(22.6)%</b>

<sup>1</sup> "Equip. Manuf. Index" is composed of equally weighted market prices for: Deere & Co., AGCO, and Ag Growth Intl., CNH Industrial, and Farmers Edge

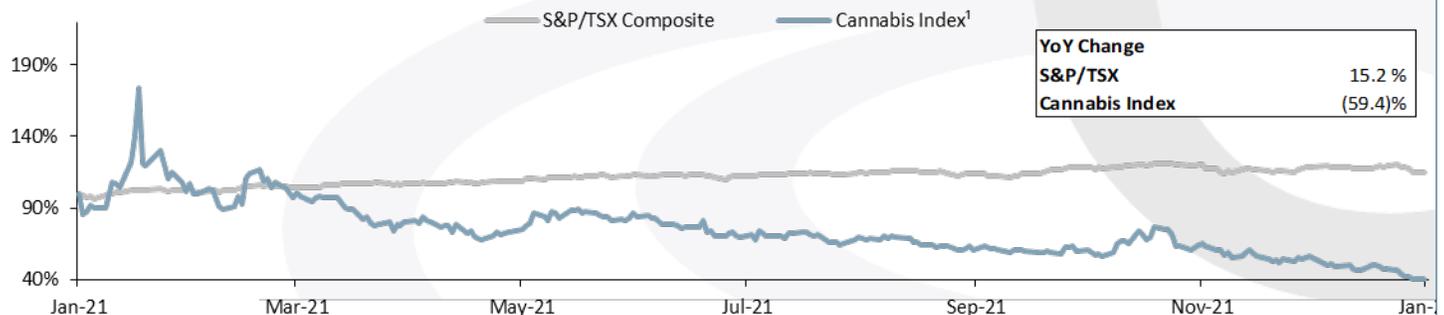


## CANNABIS AND HEMP

### News Scan

- On January 18<sup>th</sup>, **MariMed Inc. (“MariMed”)**, a leading multistate cannabis operator, announced its acquisition of **Green Growth Group Inc.**, holder of a provisional cannabis craft license in Illinois, for an undisclosed amount. This transaction will enable MariMed to add cultivation, manufacturing, and distribution to its existing retail cannabis operations in the state, turning it into a vertically integrated cannabis operator in Illinois
  - On January 5<sup>th</sup>, **MariMed Inc.** announced it has entered into a definitive agreement to acquire **Kind Therapeutics USA, LLC.**, a vertically integrated cannabis business in Maryland, for total cash consideration of US\$20 million. This acquisition supports the implementation of MariMed’s strategic growth plan to consolidate the multiple state cannabis businesses it organically developed and manages
- On January 12<sup>th</sup>, **Halo Collective Inc. (“Halo”)**, a leading vertically integrated Vancouver-headquartered cannabis company, announced its acquisition of **H2C Beverages (“H2C”)**, a private company focused on cannabinoids and non-psychoactive mushroom functional beverages, for an undisclosed sum. Concurrently, Halo entered into a manufacturing and distribution agreement with **Elegance Brands Inc.**, an emerging global beverage company, to manufacture and distribute H2C products across the U.S. Upon completion of the transaction, Elegance Brands will purchase US\$30 million of H2C products during the 24-month period following the product launch
- On January 7<sup>th</sup>, **Curaleaf Holdings, Inc. (“Curaleaf”)**, an international provider of cannabis consumer products, announced it has entered into a definitive agreement to acquire **Bloom Dispensaries**, a vertically integrated, single state cannabis operator in Arizona, for an all-cash transaction of US\$211 million. This transaction will provide Curaleaf with four retail dispensaries, increasing its total retail footprint to 16 dispensaries in Arizona and 128 nationwide
- On January 3<sup>rd</sup>, **Chalice Brands Ltd. (“Chalice”)**, a consumer-driven cannabis company specializing in retail, production, processing, and wholesale, announced it has received regulatory approval to acquire **Tozmoz, LLC.**, a premier cannabis extractor in Oregon, for a total consideration of approximately 1.3 million Chalice shares. Upon completion, Chalice’s product portfolio will strengthen significantly, specifically for Elysium Fields and RXO

### Relative Performance Index



### Key Indicators

All Figures in USD millions unless indicated

	Market		TEV/Revenue		TEV/EBITDA		Week Δ	Δ Price
	Cap	TEV	2022E	2023E	2022E	2023E	Price	52Wk High
Canopy Growth Corporation	2,905	2,598	5.0x	4.3x	neg	neg	(11.2)%	(86.9)%
Tilray, Inc.	2,724	3,256	5.2x	4.4x	44.3x	24.0x	(14.4)%	(73.6)%
Cronos Group Inc.	1,281	420	4.6x	2.6x	neg	nmf	(11.4)%	(78.3)%
Aurora Cannabis Inc.	845	880	4.8x	4.3x	neg	neg	(22.0)%	(77.6)%
OrganiGram Holdings Inc.	497	374	5.3x	3.2x	neg	19.2x	(11.6)%	(77.1)%
<b>Mean</b>			<b>5.0x</b>	<b>3.8x</b>	<b>44.3x</b>	<b>21.6x</b>	<b>(14.1)%</b>	<b>(78.7)%</b>

<sup>1</sup> “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 January 20<sup>th</sup>, the **Saskatchewan Winter Cereals Development Commission** announced its intention to amalgamate with the **Saskatchewan Wheat Development Commission**. The amalgamation is expected to reduce administrative expenses, allowing more of the budget to be spent on agriculture research
- On January 20<sup>th</sup>, the **Government of Canada** announced the investment of C\$9.1 million to support 55 crop-related agricultural research projects in Saskatchewan. The government funding will be paid through the **Saskatchewan's Agriculture Development Fund** with the goal to help expand the province's agricultural sector
- On January 19<sup>th</sup>, the **Food, Health & Consumer Products of Canada ("FHCP")** announced Canadian food manufacturers are cutting capacity and focusing on key products as they confront labour shortages and supply chain bottlenecks that show no signs of easing. FHCP expects shoppers to see intermittent issues with product availability
- On January 19<sup>th</sup>, the **Government of South Korea** announced it has lifted its temporary suspension of Canadian beef imports, which was imposed after Canada detected an atypical case of bovine spongiform encephalopathy (BSE) in December. This is good news for the Canadian cattle industry, as Canada is the eighth largest beef and veal exporter in the world
- On January 18<sup>th</sup>, the **Government of Manitoba** announced its appointment of Derek Johnson, an MLA from Gimli, as the province's new ag minister. Derek will replace Ralph Eichler, who has been dropped from the Cabinet
- On January 13<sup>th</sup>, the **Saskatchewan Mustard Development Commission ("SaskMustard")** announced the mustard crop in 2021 is pegged at 50,000 tonnes, making it the smallest crop in decades due to the extreme drought in the Prairies this past summer. SaskMustard believes the price of mustard can now range between C\$1.40 - C\$2.00 per lb, a massive price hike compared to prices in previous crop years of C\$0.30 - C\$0.40 per lb
- On January 13<sup>th</sup>, the **U.S. Supreme Court** announced its decision to invalidate the federal mandate requiring COVID vaccination or testing for large enterprises, successfully preventing workflow disruptions to multinational agribusinesses
- On January 5<sup>th</sup>, the **U.S. Department of Agriculture** predicted China will hold 69% of the world's corn reserves, 60% of its rice, and 51% of its wheat by mid-2022, alluding to the potential of hoarding key global commodities
- On January 4<sup>th</sup>, the **Biden Administration** announced it will dedicate US\$1 billion in funding this year and issue new rules to create a fairer, more competitive, and more resilient meat and poultry supply chain. Following the implementation of the rules, U.S. farmers will have greater negotiation powers with meat processors and greater share of profits

### Commodities Futures as of January 25, 2022

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$6.21	1.89 %	1.89 %
Wheat (CBOT)	\$ per bu.	\$8.01	3.96 %	3.96 %
Oats (CBOT)	\$ per bu.	\$6.31	(8.78)%	(8.78)%
Rough Rice (CBOT)	\$ per cwt.	\$14.98	1.94 %	1.94 %
Rapeseed (Canola) (ICE)	CAD per T	\$995.90	(2.50)%	(2.50)%
Ethanol (CBOT)	\$ per gal.	\$2.16	1.08 %	1.08 %



**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