

March 2023

Industry Highlights on

# Food & Agriculture

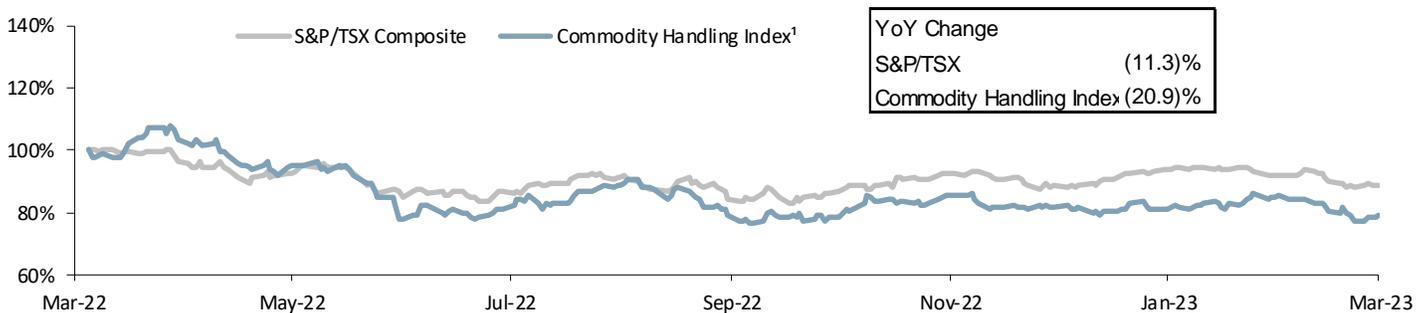


*Leading Independent North American Financial Advisor  
to the Food & Agriculture Sector*

## News Scan

- ▶ On March 22<sup>nd</sup>, **Viterra**, a global grain handling business, reported that 2022 was its most successful year on record, due in large part to market conditions, including significant rallies in core commodity prices, export regions, and its acquisition of **Gavilon**, a leading US-based grain handler and Viterra's second largest acquisition in its history at \$1.1 billion plus \$1.8 billion working capital
- ▶ On March 15<sup>th</sup> the **U.S. Surface Transportation Board** approved **Canadian Pacific Railways Ltd's ("CP")** US\$31 billion acquisition of **Kansas City Southern Railway Co. ("KCS")**. The two railways – CP based in Calgary and KCS based in Kansas City, Missouri – will be combined to form Canadian Pacific Kansas City, North America's first single-line railway connecting Canada, the United States and Mexico. This approval comes despite concerns from some grain industry associations that the consolidation of the two Class I railroads could lead to less competition and higher prices.
- ▶ On March 14<sup>th</sup> **Bunge, Corteva Inc.** and **Chevron U.S.A. Inc., a subsidiary of Chevron Corporation**, announced a collaboration to introduce proprietary winter canola hybrids that produce plant-based oil with a lower carbon profile, with the goal of increasing the availability of vegetable oil feedstocks primarily for the growing domestic renewable fuels market. This collaboration is part of the companies' plan to continue to explore opportunities to sustainably improve farming options and produce lower carbon renewable fuel
- ▶ On March 8<sup>th</sup> **Scoular** and **Nepara Foods Inc.**, a US-based manufacturer of allergen-free food and plant-based food ingredients and consumer products, announced a partnership to manufacture and distribute specialized plant-based ingredients. The companies will utilize Nepara's research and development team for new product development, and specialty ingredients from both companies. The partnership also will allow Scoular to offer Nepara products through its global supply chain network
- ▶ On March 1<sup>st</sup> **Merit Functional Foods**, a Manitoba-based processor of pea and canola protein, was placed in receivership by a Canadian court after Merit lenders **Export Development of Canada** and **Farm Credit Canada** filed an application for the appointment of a receiver

## Relative Performance Index



## Key Indicators

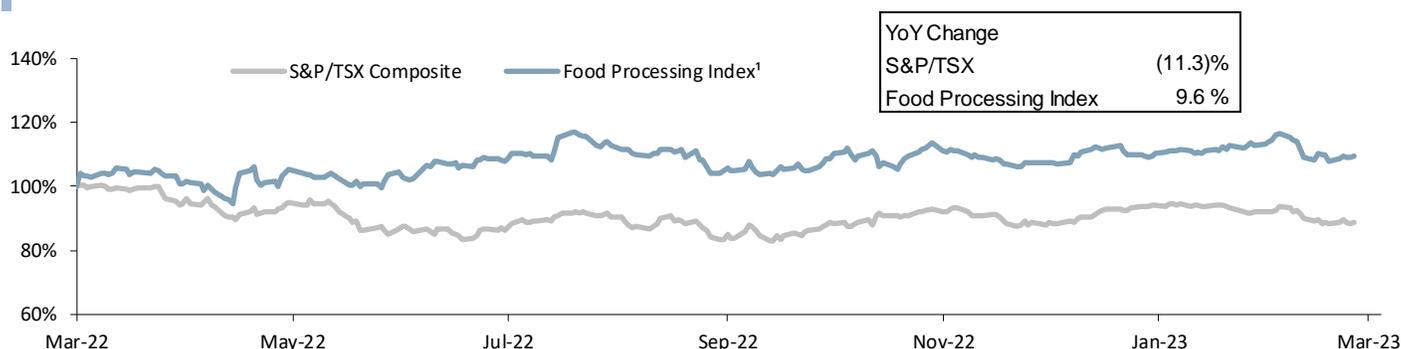
All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
			2023E	2024E	2023E	2024E		
ADM	41,863	51,908	7.7x	7.9x	11.1x	11.6x	0.2 %	(22.5)%
Bunge Limited	14,083	19,557	6.1x	6.5x	7.9x	8.4x	(2.9)%	(26.8)%
The Andersons, Inc	1,342	2,464	7.0x	6.3x	12.3x	11.6x	0.9 %	(32.2)%
Graincorp Limited	1,077	1,696	5.1x	8.1x	8.6x	16.4x	(2.8)%	(36.6)%
United Malt Group Limited	708	1,026	10.4x	8.1x	26.5x	15.9x	5.8 %	(19.4)%
Ceres Global Ag	58	124	na	na	na	na	(3.4)%	(55.8)%
<b>Mean</b>			<b>7.3x</b>	<b>7.4x</b>	<b>13.3x</b>	<b>12.8x</b>	<b>(0.4)%</b>	<b>(32.2)%</b>

## News Scan

- ▶ On March 21<sup>st</sup> **Natural Balance Pet Foods (“Natural Balance”)**, a US-based producer of specialty pet food, and **Canidae**, a US-based sustainable pet food company, announced that they have entered into a definitive merger agreement under which the companies will combine on undisclosed terms. As part of the transaction, **L Catterton**, majority shareholder of Canidae, and **Nexus Capital Management** majority shareholder of Natural Balance, are contributing growth capital to support the combined company’s strategic long-term expansion
- ▶ On March 20<sup>th</sup> **Ziyad Brothers (“Ziyad”)**, a US-based omni-channel provider of branded Middle Eastern and Mediterranean foods, announced that it has acquired **Vintage Food Corp. (“Vintage”)**, a US-based distributor of branded Turkish, Middle Eastern, and Eastern European food & beverage products, for an undisclosed amount. The transaction brings together two companies with highly complementary brand portfolios and geographic footprints, and is the first by Ziyad since it was acquired by Texas-based private equity firm, **Peak Rock Capital**
- ▶ On March 13<sup>th</sup> **Fortune International, LLC**, a US-based processor, distributor and importer of quality seafood, meats and gourmet products, announced an agreement to acquire **Boston Sword & Tuna (“BST”)**, one of the largest fresh seafood distributors in the US, for an undisclosed amount. This transaction will serve to strengthen and expand BST’s national distribution platform
- ▶ On March 8<sup>th</sup> **Patagonia Provisions (“PP”)**, the US-based food & beverage division of Patagonia, announced its acquisition of **Moonshot**, a US-based snack brand using traceable ingredients grown with regenerative farming practices, for an undisclosed amount. The acquisition supports PP’s efforts to invest in businesses and products supporting healthy environmental ecosystems
- ▶ On March 2<sup>nd</sup> **Solina**, a France-based global ingredient solutions provider to the food industry majority owned by European PE firm, **Astorg**, has acquired **W.T. Lynch Foods Limited (“Lynch Foods”)**, a Canadian manufacturer of customized savoury and sweet culinary solutions for foodservice and industrial markets, for an undisclosed amount. This acquisition will accelerate Solina’s expansion in the North American market

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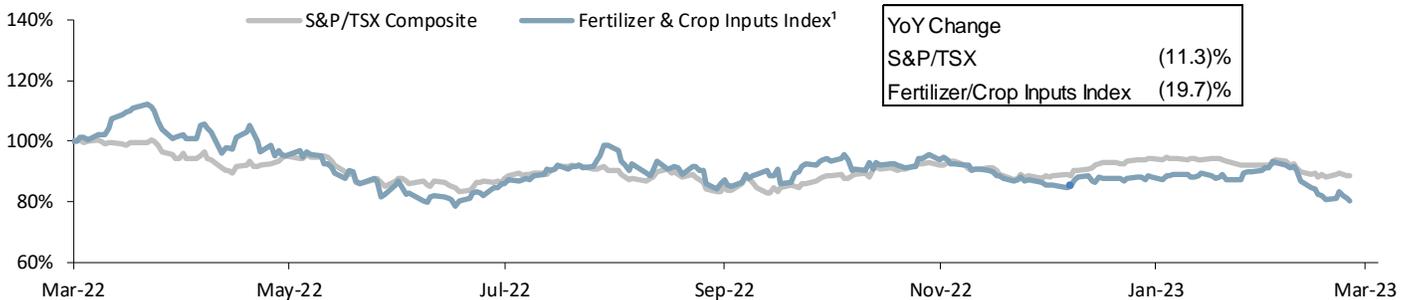
All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2023E	2024E	2023E	2024E	Price	52Wk High
Saputo Inc.	10,949	13,944	10.2x	9.0x	17.1x	13.6x	(1.7)%	(9.3)%
Ingredion Incorporated	6,607	9,222	8.3x	7.8x	12.3x	11.2x	4.1%	(4.8)%
Tate & Lyle plc	3,741	4,201	9.5x	8.9x	14.8x	13.4x	0.7%	(14.3)%
Premium Brands	3,227	5,153	10.8x	10.0x	18.9x	16.2x	5.8%	(12.2)%
Maple Leaf Foods Inc.	2,191	3,580	10.1x	6.9x	32.2x	11.4x	(0.5)%	(21.0)%
SunOpta Inc.	639	983	13.1x	10.7x	nmf	48.8x	(5.8)%	(35.2)%
Rogers Sugar	475	796	9.2x	9.1x	13.4x	13.2x	(0.2)%	(7.6)%
High Liner Foods Incorporated	352	561	7.0x	6.7x	10.2x	9.3x	(1.6)%	(7.2)%
<b>Mean</b>			<b>9.8x</b>	<b>8.6x</b>	<b>17.0x</b>	<b>17.1x</b>	<b>0.1%</b>	<b>(13.9)%</b>

## News Scan

- ▶ On March 20<sup>th</sup> the **CBH Group (“CBH”)**, Australia’s largest grain co-operative, announced the opening of its new Kwinana fertilizer facility, marking the launch of CBH’s liquid fertilizer business and expanding its granular fertilizer capacity by 15,000 tonnes. Located adjacent to CBH’s Kwinana Grain Terminal, the new facility has capacity to store 32 000 t of Urea Ammonium Nitrate and 55 000 t of bulk granular fertilizer
- ▶ On March 20<sup>th</sup> **CF Industries Holdings, Inc. (“CF Industries”)**, announced that it has signed a definitive purchase agreement with **Inctec Pivot Limited (“IPL”)** to acquire IPL’s Louisiana-based ammonia production complex for a purchase price of US\$1.675 billion. The Louisiana facility has a nameplate capacity of 880,000 tons of ammonia annually, and fits with CF Industries’ strategic focus on ammonia as a clean energy source
  - On March 2<sup>nd</sup> **CF Industries** announced that it has entered into a memorandum of understanding (“MOU”) with **LOTTE CHEMICAL Corporation**, South Korea’s leading chemical company, that will guide the companies in a joint exploration of clean ammonia production and long-term clean ammonia offtake into South Korea. The MOU establishes a framework for the companies to assess the joint development of and investment in a greenfield clean ammonia production facility in the US, including at CF Industries’ Blue Point Complex in Louisiana
- ▶ On March 14<sup>th</sup> the Globe & Mail reported that **BHP Group Ltd. (“BHP”)** indicated openness to partner with **Nutrien Limited (“Nutrien”)** on Canadian fertilizer projects and has not ruled out making another takeover attempt. BHP unsuccessfully attempted a US\$40 billion takeover of Nutrien in 2010. Since then, there has been significant change in the domestic investment climate, with Canada welcoming considerable inbound investment from Australian miners

## Relative Performance Index



## Key Indicators

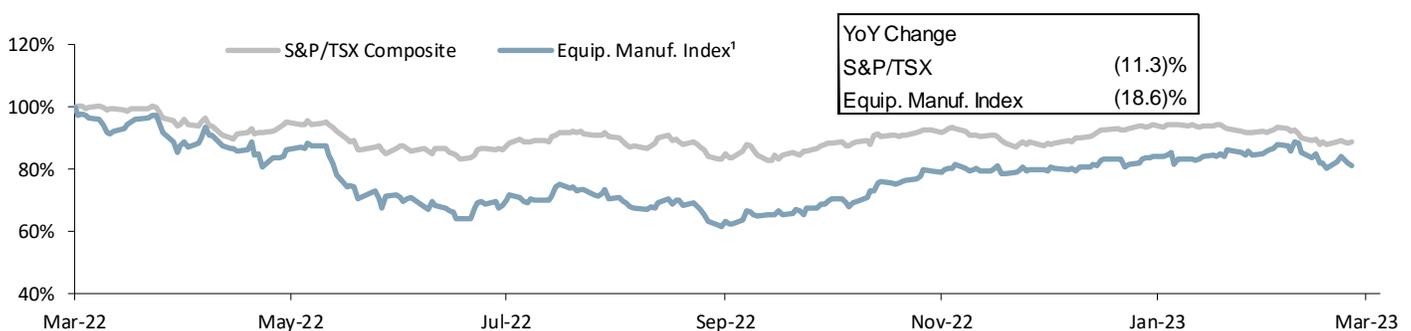
All Figures in USD millions unless indicated

Market	Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
			2023E	2024E	2023E	2024E		
Nutrien Ltd.	36,839	45,681	6.7x	7.5x	10.4x	11.9x	(0.8)%	(33.0)%
CF Industries Holdings, Inc.	13,691	18,718	4.9x	6.2x	6.2x	8.7x	(1.5)%	(41.6)%
The Mosaic Company	14,563	18,087	4.2x	5.0x	6.1x	7.6x	0.4 %	(45.4)%
Yara International ASA	10,990	11,305	6.8x	6.4x	nmf	nmf	(0.6)%	(12.7)%
Nufarm Ltd.	1,446	1,854	5.5x	4.9x	15.3x	13.6x	1.7 %	(20.3)%
<b>Mean</b>			<b>5.6x</b>	<b>6.0x</b>	<b>9.5x</b>	<b>10.5x</b>	<b>(0.2)%</b>	<b>(30.6)%</b>

## News Scan

- ▶ On March 23<sup>rd</sup>, **Fort Point Capital** announced that its portfolio company, **Jones Fish Hatcheries & Distributors, LLC (“Jones”)** has acquired **Aqua Services, Inc. (“Aqua Services”)**, a US-based provider of specialized, large-scale reservoir aquatic plant control, water quality enhancement and fisheries management services, for an undisclosed amount. The acquisition of Aqua Services enhances Jones’ footprint in the Southeastern U.S. and expands the Company’s service offering to include large scale aquatic resource management
- ▶ On March 13<sup>th</sup>, **CNH Industrial** announced its acquisition of **Augmenta**, a US-based precision agriculture company that uses machine vision to provide solutions for farmers, for an undisclosed amount. The purchase aims to accelerate CNH Industrial’s growth of its innovative Sense & Act technology
- ▶ On March 8<sup>th</sup> **Centuria Capital Group**, an Australian investment manager, announced that it has acquired a 20-hectare tomato glasshouse operation in New South Wales via its **Centuria Agriculture Fund (“CAF”)** from an undisclosed family office, for an undisclosed amount. This is the third off-market glasshouse asset acquisition for CAF, bringing total under-glass acreage to approximately 74 hectares; total AUM to A\$323 million (US\$213 million); and positioning CAF as the biggest large-scale glasshouse owner in Australia.
- ▶ On March 8<sup>th</sup>, **Union Park Capital** announced that its portfolio company, **KPM Analytics (“KPM”)**, a US-based global leader in scientific instrumentation, focused primarily on the food, feed, agriculture, and environmental sectors, has acquired **Smart Vision Works (“Smart Vision”)**, a specialized artificial intelligence technology company providing computer vision systems for agriculture and food industries, for an undisclosed amount. The addition of Smart Vision’s systems provides an expanded range of data and technologies for KPM customers to leverage in their production processes
- ▶ On February 27<sup>th</sup>, **Plenty**, a US-based leading vertical farming pioneer, and **Realty Income**, a US-based REIT-structured real estate investor, announced a strategic alliance to provide up to \$1 billion in support of the development of Plenty’s indoor vertical farms. As a first transaction, Realty Income has agreed to acquire the land and to back the development for the first farm of Plenty’s indoor vertical farm campus near Richmond, Virginia, initially announced last year

## Relative Performance Index



## Key Indicators

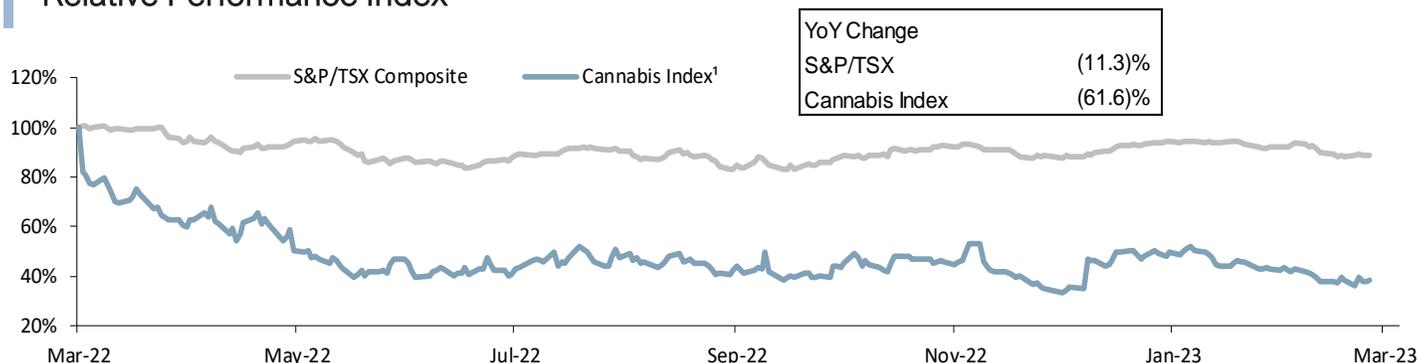
All Figures in USD millions unless indicated

	Market		TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
	Cap	TEV	2023E	2024E	2023E	2024E		
Deere & Company	114,529	167,870	13.4x	13.0x	12.8x	11.9x	(1.2)%	(13.8)%
AGCO Corporation	9,336	10,244	5.6x	5.5x	9.2x	8.9x	2.1 %	(17.0)%
Ag Growth International Inc.	846	1,519	7.6x	7.1x	12.4x	10.4x	(3.6)%	(5.9)%
CNH Industrial N.V.	14,641	29,507	12.7x	12.2x	8.6x	8.3x	2.5 %	(18.9)%
Farmers Edge Inc.	5	26	neg	neg	neg	neg	(15.0)%	(94.8)%
<b>Mean</b>			<b>9.8x</b>	<b>9.5x</b>	<b>10.7x</b>	<b>9.9x</b>	<b>(0.9)%</b>	<b>(12.2)%</b>

## News Scan

- ▶ On March 21<sup>st</sup>, **Cannect Wellness**, a US-based premium craft cannabis cultivator and product manufacturer, announced the company has secured \$7.5 million in equity funding from undisclosed investors. The funding will be used to complete the construction of phase one of its 62,000 square-foot, state-of-the-art cultivation and product manufacturing facility located just outside of Chicago
- ▶ On March 20<sup>th</sup>, **eBottles**, a leading supplier of rigid, child-resistant packaging to the legal cannabis industry, announced that it has completed the acquisition of the concrete packaging line of products from **Greenlane Holdings**, one of the largest global sellers of premium cannabis accessories, child-resistant packaging, and specialty vaporization products, for an undisclosed amount
- ▶ On March 15<sup>th</sup>, **Ultimate Sports, Inc.**, a US-based Men’s Health service provider, announced it has entered into a definitive agreement to acquire **Sannabis S.A.S.**, Columbia’s most recognized cannabis brand with a developed line of registered cannabis terpene and homeopathic products, for an undisclosed amount
- ▶ On March 7<sup>th</sup> **Atlas Global Brands Inc (“Atlas Global”)**, a Canadian cannabis company operating across the value chain, announced that, through its Israeli subsidiary, it has entered into binding letters of intent to acquire majority stakes in two Israel-based cannabis pharmacies for an undisclosed amount. This acquisition will expand Atlas Global’s footprint in Israel, bringing its total number of Israeli cannabis pharmacies to seven
- ▶ On March 6<sup>th</sup>, **Pipp Horticulture**, a provider of indoor mobile vertical racking and in-rack airflow solutions throughout North America, announced that it has acquired the assets of **Grow Glide**, a US-based vertical farming supplier, for an undisclosed amount. Pipp Horticulture plans to utilize Grow Glide’s design features and cutting-edge technology to expand its product offerings

## 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
			2023E	2024E	2023E	2024E		
Canopy Growth Corporation	971	1,386	4.0x	3.4x	neg	neg	(6.4)%	(76.1)%
Tilray, Inc.	1,618	1,807	2.8x	2.6x	23.1x	20.1x	1.1 %	(68.2)%
Cronos Group Inc.	761	116	0.5x	0.4x	neg	13.0x	(5.0)%	(50.2)%
Aurora Cannabis Inc.	248	240	1.2x	1.1x	36.7x	neg	(6.7)%	(83.0)%
OrganiGram Holdings Inc.	207	156	1.1x	0.9x	9.0x	5.9x	(2.2)%	(62.1)%
<b>Mean</b>			<b>1.9x</b>	<b>1.7x</b>	<b>22.9x</b>	<b>13.0x</b>	<b>(3.8)%</b>	<b>(67.9)%</b>

## News Scan

- ▶ On March 28<sup>th</sup>, **Reuters** reported that grain exports from Ukraine for the 2022-23 season are down nearly 18% to 36.9 million tonnes as of March 27, due to a smaller harvest and ongoing difficulties caused by Russia's invasion, citing agriculture ministry data. During the same period last year, Ukraine had exported 44.8 million tonnes of grain
- ▶ On March 24<sup>th</sup>, **World Grain** reported that the International Grains Council (IGC), in its Grain Market Report of March 16, said that its subindex for soybean prices had fallen by around 3% over the preceding month, "stemming from softer quotations at all origins." The drop was attributed, in part, to an anticipated record Brazilian crop
- ▶ On March 23<sup>rd</sup>, **The Western Producer** reported that the food vs. fuel debate is resurfacing as North America's oilseed sector is anticipating a surge in demand from the burgeoning renewable diesel industry. The volume used by the biodiesel and renewable diesel sectors is expected to grow to 3.9 million tonnes by 2025 and 6.5 million tonnes by 2030, a fourfold increase over today's levels
  - On March 16<sup>th</sup>, also on the renewable fuel issue, **The Western Producer** reported that lobby groups suggest Canada's biodiesel and renewable diesel sectors will be obliterated by a new subsidy program in the United States unless the Canadian government responds in kind. The industry suffered a blow last year when U.S. president Joe Biden signed into law the Inflation Reduction Act of 2022 (IRA), under which terms the existing blender's credit for biodiesel and renewable diesel will be switched to a producer's credit as of Dec. 31, 2024, and Canadian producers will not be eligible
- ▶ On March 20<sup>th</sup>, **The Western Producer** reported that high prices keep Canadian canola out of the European Union. The European Union bought 5.8 million tonnes of the oilseed through the first 37 weeks of the crop year, with Ukraine being the leading supplier. The strong domestic demand leading to high Canadian prices has caused Canada to drop to a distant third supplier of EU canola imports, behind Australia
- ▶ On March 20<sup>th</sup>, **Global News** reported that Federal and Provincial governments committed \$485M to Saskatchewan agriculture programs. The funding will be used towards programs in Saskatchewan that aim to build the agriculture sector and initiatives under the five-year Sustainable Canadian Agricultural Partnership
- ▶ On March 18<sup>th</sup> the **Canadian Ministry of Agriculture and Agri-Food** released its "What We Heard" report following an engagement process on fertilizer emissions reduction targets, launched after the Canadian government set a national target to reduce greenhouse gas (GHG) emissions associated with fertilizer application by 30% by 2030. The report emphasized that reduction in fertilizer use on Canadian farms is not mandatory, but will be driven by voluntary efforts to maximize efficiency, optimize fertilizer use, and encourage innovation
- ▶ On March 13<sup>th</sup>, **The Western Producer** reported that Chicago wheat and corn futures fell, with the start of talks aimed at renewing the shipping agreement allowing Ukraine to export grains into global markets. Chicago Board of Trade most-active wheat fell 0.7 percent to US\$6.74-1/4 a bushel at 1144 GMT, while corn fell 0.9 percent to US\$6.11-1/4 a bushel

## Commodities Futures as of March 27<sup>th</sup>, 2023

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$6.43	(0.08)%	(14.09)%
Wheat (CBOT)	\$ per bu.	\$6.89	(3.03)%	(34.86)%
Oats (CBOT)	\$ per bu.	\$3.69	7.28 %	(51.26)%
Rough Rice (CBOT)	\$ per cwt.	\$17.88	2.91 %	12.03 %
Rapeseed (Canola) (ICE)	CAD per T	\$743.40	(9.75)%	(34.97)%
Ethanol (CBOT)	\$ per gal.	\$2.16	-	0.05 %



## About Us

Origin Merchant Partners is the leading Independent North American Financial Advisor to the Food & Agriculture Sector.

To learn more about our active food & agriculture practice, please reach out to any of our team members below.

**Origin Merchant Partners**  
Chicago | Montreal | Toronto  
[www.originmerchant.com](http://www.originmerchant.com)

## OMP Agri Food Team

**ANDREW MUIRHEAD**  
PRINCIPAL  
[andrew.muirhead@originmerchant.com](mailto:andrew.muirhead@originmerchant.com)

**JIM OSLER**  
PRINCIPAL  
[jim.osler@originmerchant.com](mailto:jim.osler@originmerchant.com)

**ROB PENTELIUK**  
PRINCIPAL  
[rob.penteliuk@originmerchant.com](mailto:rob.penteliuk@originmerchant.com)

**GREG MARTIN**  
DIRECTOR  
[greg.martin@originmerchant.com](mailto:greg.martin@originmerchant.com)

**CHRISTOPHER SOLDA**  
DIRECTOR  
[christopher.solda@originmerchant.com](mailto:christopher.solda@originmerchant.com)