

July 2023

Industry Highlights on

# Food & Agriculture

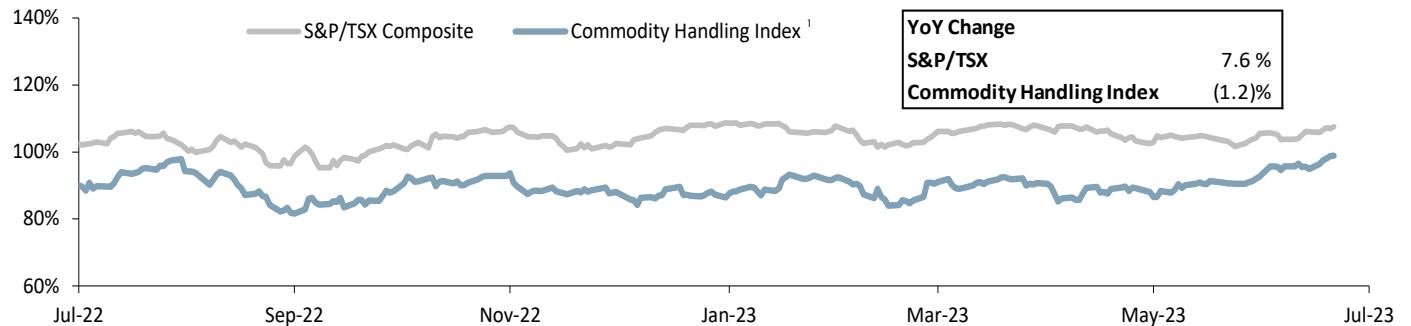


*Leading Independent North American Financial Advisor  
to the Food & Agriculture Sector*

## News Scan

- ▶ On July 17<sup>th</sup>, **The Redwood Group, LLC ("Redwood")**, a diversified supply chain and ingredient company based in Mission, Kansas, announced that it has entered into an agreement to operate and acquire a pulse processing, storage, and transloading facility in Stanford, Montana, for an undisclosed amount. The acquisition will augment Redwood's flagship pulse processing facility in Chester, Montana
- ▶ On July 11<sup>th</sup>, **The Andersons Inc ("Andersons") (NASDAQ: ANDE)** announced the completion of its purchase of **ACJ International** and its subsidiaries, a US-based ingredient, logistics, and supply chain management company that focuses on the pet food ingredient industry, for an undisclosed amount. This acquisition expands Andersons' portfolio of ingredients and enhances pet food supply chain services throughout the central region of the US
- ▶ On July 7<sup>th</sup>, **Richardson International Limited ("Richardson")**, a worldwide handler and merchandiser of all major Canadian-grown grains and oilseeds and a vertically integrated processor and manufacturer of oats and canola-based products, announced that it has acquired **Anglia Maltings (Holdings) Limited**, a UK-based diverse portfolio of businesses including Crisp Malt, Micronized Food Products (MFP), and EDME Food Ingredients, for an undisclosed amount. The deal marks Richardson's entry into the malting business
- ▶ On July 5<sup>th</sup>, **ADM (NYSE: ADM)** announced the acquisition of **Prairie Pulse Inc. ("Prairie Pulse")**, owners of a pulse crop cleaning, milling and packaging facility in Vanscoy, Saskatchewan, for an undisclosed amount. Prairie Pulse's operations will double ADM's pulse footprint in the region
- ▶ On July 5<sup>th</sup>, **Bunge (NYSE: BG)** and **Renewable Energy Group Inc.**, a subsidiary of **Chevron Corporation ("Chevron") (NYSE: CVX)**, acquired **Chacraservicios S.r.l.**, an Argentina-based seed business focused on the cultivation of Camelina Sativa, a cover crop with high oil content, from Italy-based **Adamant Group**, which specializes in origination, production and trading of biofuels and related raw materials, for an undisclosed amount. The deal will help both Bunge and Chevron meet the growing demand for lower carbon renewable feedstocks

## Relative Performance Index



## Key Indicators

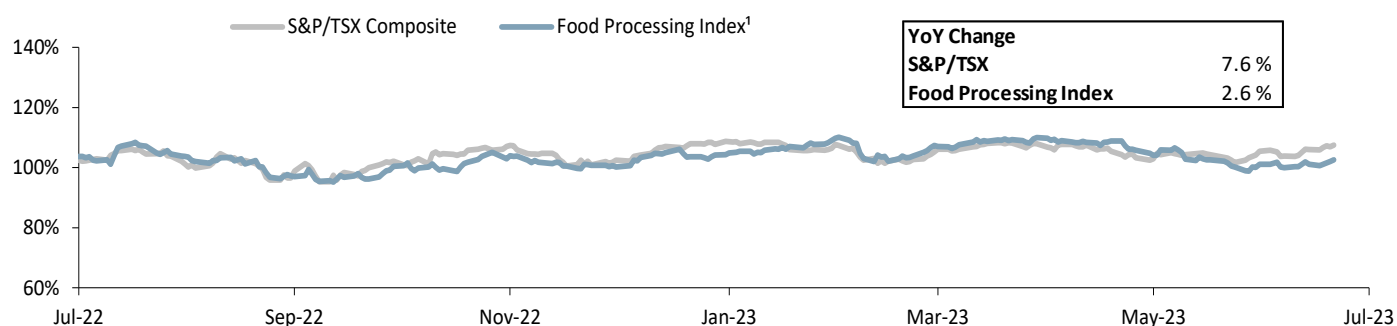
All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
			2023E	2024E	2023E	2024E		
ADM	44,736	56,595	8.4x	9.0x	11.9x	12.7x	3.8%	(16.4)%
Bunge Limited <sup>2</sup>	15,791	31,654	6.1x	6.5x	8.2x	8.9x	4.3%	(2.0)%
The Andersons, Inc	1,599	3,055	8.8x	7.8x	18.1x	15.6x	0.8%	(2.2)%
Graincorp Limited	1,240	2,380	5.9x	10.2x	8.4x	16.1x	5.7%	(10.7)%
United Malt Group Limited	991	1,440	14.5x	11.5x	43.6x	24.2x	0.6%	(1.0)%
Ceres Global Ag	57	102	na	na	na	na	10.4%	(36.0)%
<b>Mean</b>			<b>8.7x</b>	<b>9.0x</b>	<b>18.0x</b>	<b>15.5x</b>	<b>4.3%</b>	<b>(11.4)%</b>

## News Scan

- ▶ On July 20<sup>th</sup>, **Brynwood Partners (“Brynwood”)**, a Connecticut-based PE firm, announced that its newly-formed portfolio company, **West Madison Foods**, has entered into a definitive agreement to acquire the **Marie’s** salad dressing brand and the **Dean’s Dip** business from **Ventura Foods, LLC**, a US-based producer of dressings, sauces, mayonnaises, shortenings, and oils categories, for an undisclosed amount. Brynwood will leverage its experience with corporate carveouts to help these brands accelerate growth and expand product offerings
- ▶ On July 19<sup>th</sup>, **Bimbo Bakeries USA (“BBU”)**, a subsidiary of **Grupo Bimbo SAB de CV (BMV: BIMBOA)**, has acquired Minnesota-based **National Choice Bakery** for an undisclosed amount. The acquisition supports the continued growth of BBU’s breakfast portfolio
- ▶ On July 17<sup>th</sup>, **Seviroli Foods LLC (“Seviroli”)**, a US-based manufacturer of frozen pasta and other food products and an importer of specialty foods, and a portfolio company of **Mill Point Capital LLC**, a New York-based PE firm, announced that it has acquired **Mama Rosie’s Company, Inc.**, a US-based manufacturer of frozen pasta products, for an undisclosed amount. The transaction provides Seviroli with enhanced scale, a broader product portfolio and a more diversified customer base
- ▶ On July 14<sup>th</sup>, **Entrepreneurial Equity Partners (“E2P”)**, a Chicago-based private equity firm focused on the food and consumer packaged goods industries, announced that it has acquired **MBC Companies (“MBC”)**, a Tennessee-based diversified frozen breakfast platform, for an undisclosed amount. E2P’s sectoral expertise will support MBC’s next phase of growth
- ▶ On July 12<sup>th</sup>, **Bobbie**, a US-based infant formula company, announced the acquisition of **Nature’s One**, an Ohio-based pediatric nutrition company, for an undisclosed amount, as part of its US\$70 million Series C Funding round led by **PowerPlant Partners**, a California-based investment firm focused on plant-centric products. The acquisition will strengthen Bobbie’s domestic manufacturing capabilities, enabling end-to-end control of manufacturing from raw material sourcing to production and canning
- ▶ On July 5<sup>th</sup>, **Mars, Incorporated**, a global leader in confectionery, food, and pet care products and services, announced that it has signed an agreement to acquire **Kevin’s Natural Foods (“Kevin’s”)**, a US-based producer of healthy entrées, sides, and sauces, for US\$800 million. Kevin’s products will complement Mars Food & Nutrition’s core portfolio and recent product innovations

## Relative Performance Index



## Key Indicators

All Figures in USD millions unless indicated

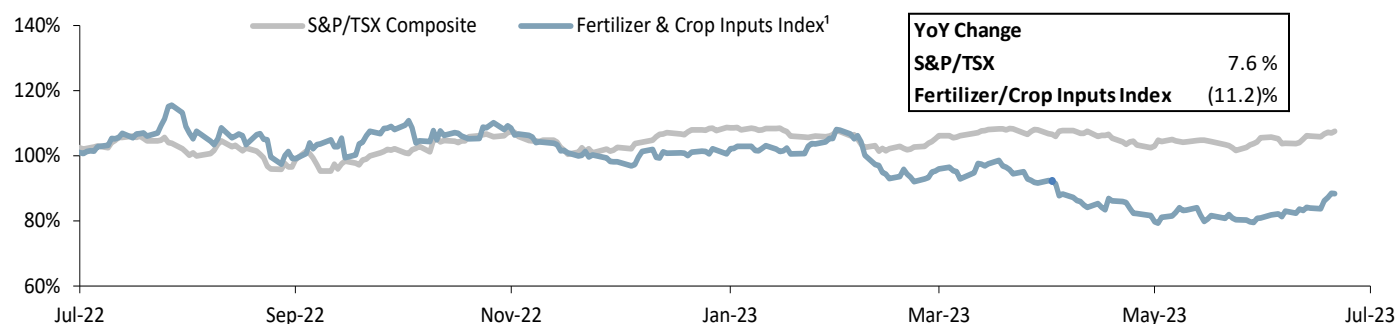
	Market Cap	TEV	TEV/EBITDA		Price/Earnings		Week Δ Price	Δ Price 52Wk High
			2023E	2024E	2023E	2024E		
Saputo Inc.	9,156	12,062	9.8x	8.5x	15.9x	13.5x	(1.0)%	(24.6)%
Ingredion Incorporated	7,221	9,799	8.0x	7.7x	12.0x	11.3x	0.6 %	(3.5)%
Tate & Lyle plc	3,562	3,933	9.1x	8.6x	13.8x	12.5x	2.2 %	(10.6)%
Premium Brands	3,601	5,535	11.7x	10.7x	22.7x	18.8x	0.4 %	(1.2)%
Maple Leaf Foods Inc.	2,464	3,906	12.1x	7.5x	nmf	13.6x	2.5 %	(4.2)%
SunOpta Inc.	755	1,216	12.0x	10.0x	nmf	39.5x	(1.2)%	(46.9)%
Rogers Sugar	447	798	9.2x	9.1x	12.7x	12.4x	(2.2)%	(13.4)%
High Liner Foods Incorporated	362	569	7.1x	6.8x	10.5x	9.6x	2.8 %	(8.2)%
<b>Mean</b>			<b>9.9x</b>	<b>8.6x</b>	<b>14.6x</b>	<b>16.4x</b>	<b>0.5 %</b>	<b>(14.1)%</b>



## News Scan

- ▶ On July 12<sup>th</sup>, **Yara International ASA** announced that it has finalized an agreement to sell its majority stake in **Yara Cameroon** to **NJS Group (“NJS”)**, a Cameroon-based agribusiness, for an undisclosed amount. NJS has been a minority shareholder in Yara Cameroon since its inception in 1995 and will focus on optimizing its offerings for the agricultural sector, which are currently focused on controlled livestock development
- ▶ On July 11<sup>th</sup>, **Aphea.Bio**, a Belgium-based biopesticides and biostimulants company, announced the successful closing of its €70 million Series C Funding round, led by **Innovation Industries**, joined by **Korys Investments** and supported by **Bill & Melinda Gates Foundation**, **SFPIM**, **BNP Paribas Fortis** and existing shareholders. The funding will allow Aphea.Bio to further advance research and development in biochemicals, scale product launches, expand market reach and commercialize product offerings
- ▶ On July 7<sup>th</sup>, **Pepsico (NASDAQ: PEP)** and **Fertiberia**, a Spain-based portfolio company of European investment Triton Partners, announced a partnership to launch a pilot program to reduce emissions in potato cultivation by using fertilizer from green hydrogen. Fertiberia's Impact Zero fertilizers are produced from green hydrogen, and its green ammonia production centre is one of the first and largest green hydrogen plants for industrial use in Europe

## Relative Performance Index



## Key Indicators

All Figures in USD millions unless indicated

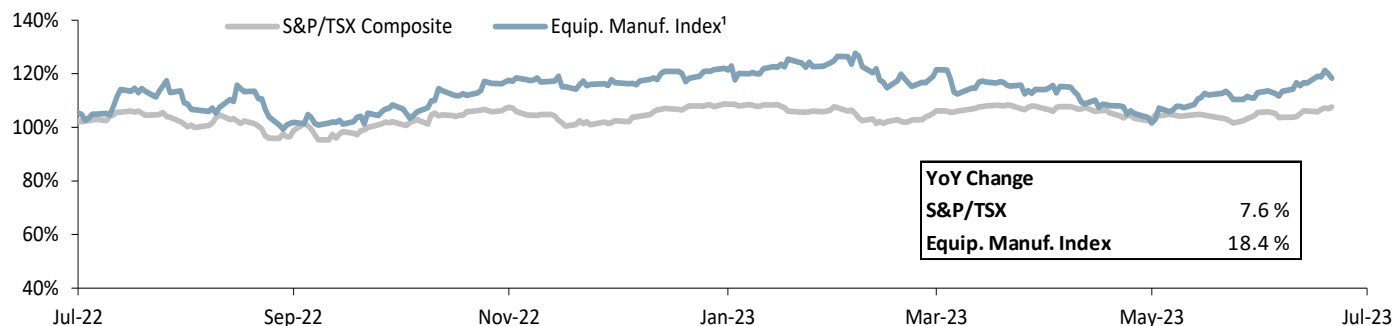
	Market		TEV/EBITDA		Price/Earnings		Week Δ	Δ Price
	Cap	TEV	2023E	2024E	2023E	2024E	Price	52Wk High
Nutrien Ltd.	32,029	46,418	6.7x	7.2x	10.3x	11.1x	5.9 %	(36.0)%
CF Industries Holdings, Inc.	15,406	18,554	6.3x	7.0x	9.6x	11.1x	6.9 %	(33.9)%
The Mosaic Company	12,806	17,141	5.5x	6.1x	8.2x	10.0x	6.6 %	(38.9)%
Yara International ASA	10,308	14,177	7.0x	5.7x	nmf	nmf	3.5 %	(18.9)%
Nufarm Ltd.	1,454	2,340	7.3x	6.5x	16.4x	13.3x	3.0 %	(14.5)%
<b>Mean</b>			<b>6.5x</b>	<b>6.5x</b>	<b>11.1x</b>	<b>11.4x</b>	<b>5.2 %</b>	<b>(28.5)%</b>



## News Scan

- ▶ On July 14<sup>th</sup>, **Deere & Company (“Deere”)** (NYSE: DE), a global leader in the delivery of agricultural, turf, construction, and forestry equipment, announced that it has acquired **Smart Apply, Inc.**, a precision spraying equipment company based in Indianapolis, Indiana, for an undisclosed amount. The deal will bolster Deere’s portfolio of solutions aimed at reducing over spraying
- ▶ On July 13<sup>th</sup>, **Bushel Inc.**, a US-based provider of software technology solutions for farmers, grain buyers, ag retailers, protein producers and food companies, announced that it has received US\$26.2 million in funding from an undisclosed group of investors
- ▶ On July 5<sup>th</sup>, **GINT Co., Ltd. (“GINT”)**, a Korea-based provider of autonomous driving control solutions and intelligence platforms specializing in precision agriculture and mobility, announced the closing of its US\$12.7 million Series B Funding round, with participation from **LB Investment Inc., Scott Global Capital Partners, LP, HG Initiative Inc., JB Investment Co., Ltd., and CKD Venture Capital Co., Ltd.** The funding will help GINT develop its agricultural robot platform PLUVA, which can upgrade existing agricultural machines to level 3 autonomous driving

## Relative Performance Index



## Key Indicators

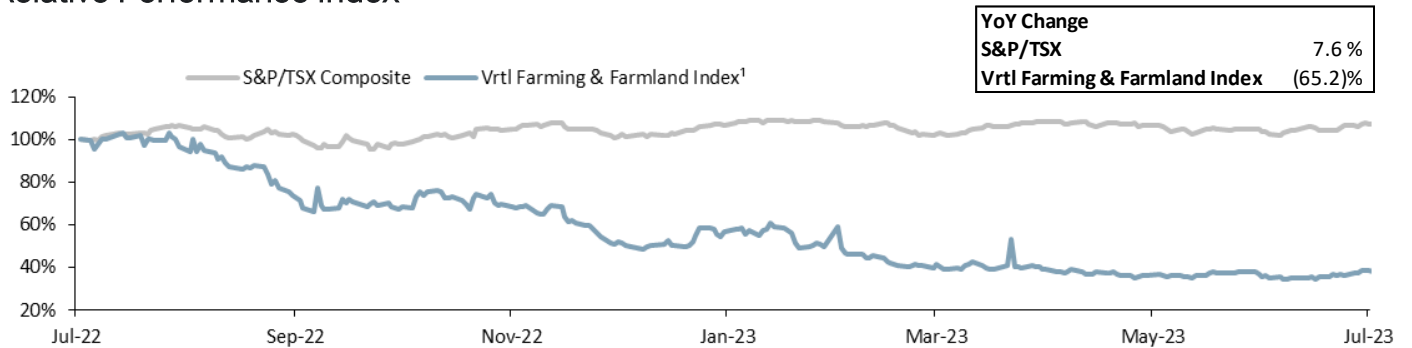
All Figures in USD millions unless indicated

	Market	TEV/EBITDA		Price/Earnings		Week Δ	Δ Price	
		Cap	TEV	2023E	2024E			2023E
Deere & Company	128,104	184,602	13.7x	13.8x	13.9x	13.9x	6.7 %	(1.3)%
AGCO Corporation	10,205	12,243	6.5x	6.6x	9.6x	9.4x	2.4 %	(5.1)%
Ag Growth International Inc.	743	1,427	7.1x	6.6x	12.2x	10.2x	0.9 %	(14.1)%
CNH Industrial N.V.	20,451	42,177	12.9x	12.7x	8.7x	8.4x	4.5 %	(13.1)%
<b>Mean</b>			<b>10.1x</b>	<b>9.9x</b>	<b>11.1x</b>	<b>10.5x</b>	<b>3.3 %</b>	<b>(6.8)%</b>

## News Scan

- ▶ On July 13<sup>th</sup>, **AeroFarms, Inc. (“AeroFarms”)**, a US-based indoor vertical farming company, announced that it has signed an Asset Purchase Agreement (“APA”) with **AF NewCo, Inc. (“AF NewCo”)**, a newly formed entity owned by a group of existing investors including **Grosvenor Food & AgTech, INGKA Investments Ventures US BV, Cibus Fund, ACEG Beteiligungsgesellschaft mbH**, which calls for AF NewCo to act as Stalking Horse Bidder to acquire AeroFarms’ assets when AeroFarms conducts an auction to sell its assets under Section 363 of the US Bankruptcy Code
- ▶ On July 6<sup>th</sup>, **Manulife Investment Management (“MIM”)** announced its first farmland-plus investment on behalf of its **Manulife Permanent Cropland Plus Fund** and other investors, in the form of a minority partnership with California-based **Parreira Almond Holding Company**, a family-owned almond hulling, shelling, processing, and marketing company. According to MIM, “farmland-plus” investments are directed at companies and assets that combine farm production with processing and marketing, and sustainability

## Relative Performance Index



## Key Indicators

All Figures in USD millions unless indicated

	Market Cap	TEV	TEV/Revenue		TEV/EBITDA		Week Δ	Δ Price
			2023E	2024E	2023E	2024E	Price	52Wk High
AppHarvest, Inc.	52	193	na	na	na	na	11.1 %	(90.8)%
Village Farms International, Inc	66	118	0.3x	0.3x	nmf	19.5x	(5.0)%	(84.1)%
Hydrofarm Holdings Group, Inc.	53	229	0.8x	0.7x	nmf	15.8x	2.7 %	(85.0)%
Gladstone Land Corporation	617	1,230	13.5x	12.4x	16.2x	15.4x	(1.3)%	(40.9)%
Farmland Partners Inc.	679	1,195	19.8x	19.0x	29.5x	28.4x	(0.8)%	(19.6)%
Local Bounti Corporation	28	203	5.8x	2.1x	neg	neg	(13.1)%	(96.0)%
<b>Mean</b>			<b>8.0x</b>	<b>6.9x</b>	<b>22.8x</b>	<b>19.7x</b>	<b>(1.1)%</b>	<b>(69.4)%</b>

## News Scan

- ▶ On July 24<sup>th</sup>, **MarketsFarm** reported that Intercontinental Exchange (ICE) canola futures were stronger at midday Monday, due to the latest developments in the Russia-Ukraine war as well as the drought conditions on the Canadian Prairies
- ▶ On July 21<sup>st</sup>, **The Western Producer** reported that the leadership of the port workers union in British Columbia has backed a tentative contract agreement with employers and will recommend the ratification of the contract to members, likely ending a standoff that led to a 13-day strike. The strike upended operations at Vancouver and Prince Rupert, two of Canada’s three busiest ports, and key gateways for exporting natural resources and commodities
- ▶ On July 20<sup>th</sup>, **Reuters** reported that India ordered a halt to its largest rice export category, in a move that will roughly halve shipments by the world's largest exporter of the grain, triggering fears of further inflation. The government said it was imposing a ban on non-basmati white rice following a retail rice price increase of 3% in a single month, after heavy monsoon rains caused significant damage to crops
- ▶ On July 20<sup>th</sup>, **The Western Producer** reported that crops in southern and central Alberta and western Saskatchewan are in particularly rough shape because of drought. Durum, lentil and mustard crops, which are primarily grown in southwestern Saskatchewan and southern Alberta, are believed to be in the biggest trouble
- ▶ On July 18<sup>th</sup>, **Reuters** reported that Russia halted participation in the year-old UN-brokered deal that lets Ukraine export grain through the Black Sea, causing concern in poorer countries that price increases will make food inaccessible. Moscow suggested that if demands to improve conditions around exports of its own grain and fertilizer were met, it would consider resurrecting the Black Sea agreement. There have been subsequent reports of damage to Ukrainian food export facilities due to Russian attacks
- ▶ On July 12<sup>th</sup>, **The Globe and Mail** reported that the USDA will invest US\$300 million to improve the measurement and reporting of planet-warming emissions by the country’s agriculture and forestry sectors
- ▶ On July 12<sup>th</sup>, **Food Dive** reported that food-at-home prices increased in June at a 4.7% annual clip, down from 5.8% during the month before, according to CPI data released by the US BLS. Overall inflation declined in June to 3% in Canada and the US
- ▶ On July 6<sup>th</sup>, **Food Ingredients 1<sup>st</sup>** reported that the Netherlands has joined an exclusive club of countries like Singapore, Israel and the US that allow tastings of cultivated meat, fish and seafood samples. Companies will now be able to gather “real feedback” on cell-based prototypes and give some selected consumers their first experience with novel foods
- ▶ On July 5<sup>th</sup>, **The Globe and Mail** reported that the European Commission has proposed revising its rules on genetically modified organisms (GMOs) to loosen some restrictions for plants resulting from newer gene-editing technology, in hopes of giving farmers more resilient crops and reduce the use of chemical pesticides

## Commodities Futures as of July 24, 2023

Commodities Futures	Price Unit	Latest Price (US\$)	Month to Date	Year to Date
Corn (CBOT)	\$ per bu.	\$5.36	(8.80)%	(10.74)%
Wheat (CBOT)	\$ per bu.	\$6.98	(6.56)%	(13.22)%
Oats (CBOT)	\$ per bu.	\$4.55	10.63 %	6.24 %
Rough Rice (CBOT)	\$ per cwt.	\$15.90	1.18 %	(6.99)%
Rapeseed (Canola) (ICE)	CAD per T	\$825.80	17.12 %	1.47 %
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.

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