

October 2023

Industry Highlights on

Food & Agriculture



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

Agrifood Team Update

Takeaways from the Supply Side West Conference



Origin's Agrifood team was in Las Vegas last week for the well-established Supply Side West conference, attended by a wide variety of food companies exhibiting a range of products and services. Our overarching takeaway: there is continued momentum in the sector towards innovation and evolution in both the food and personal care products areas.

Other noteworthy themes:

Persistent (but moderating) inflation

- Inflation is an area of concern and focus for operations across the value chain, though the rate of cost increases is moderating somewhat

Near shoring is still a focus

- Significant supply chain “shocks” have moderated but many companies continue to focus on “near shoring” to balance out their sourcing/production processes and mitigate the recent risks that surfaced

Less Access to Capital

- Capital for innovation both at the corporate and private equity /venture levels is becoming tighter, driving a focus on core activities and more immediate returns vs longer horizon projects

Price matters

- While security of supply, consistency and quality are all top of mind, if a hot new ingredient isn't priced reasonably the chances of adoption become tougher

Diversifying away from Chinese Ingredients

- Many companies seem to feel excessive reliance on China for a breadth of ingredients, and are expressing a desire to diversify away if possible and if the pricing can be reasonable

Innovation beyond Protein

- Innovation is far reaching, from postbiotics and gut health to revolutionary sweeteners. The hurdle for innovators: protein content is an easy concept to convey but many new ingredients are not, which can present a challenge

Focus on Fiber

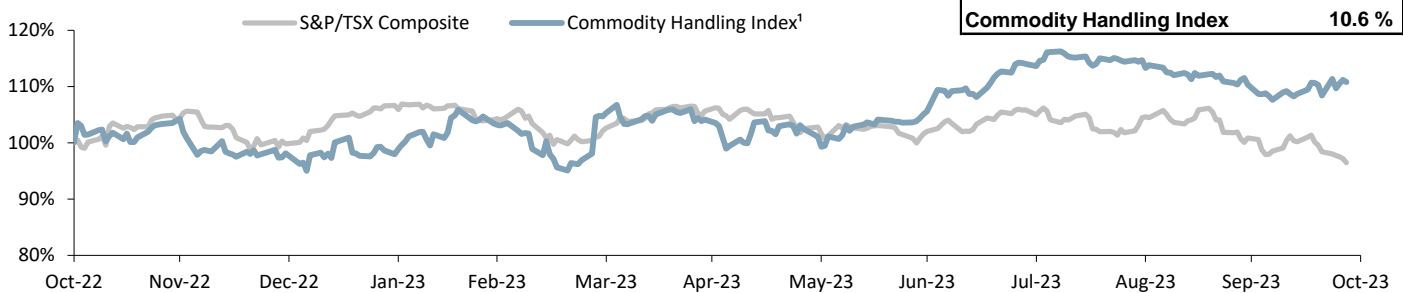
- There is growing attention on the “fiber” ingredients segment of the food landscape, including the use of various parts of crop fibers for packaging and eco-friendly/upcycling as well as a focus on the need for additional nutritional fiber in consumer diets

Connect with [Andrew Muirhead](#), [Greg Martin](#) or [Christopher Solda](#) if you would like to learn more.

News Scan

- ▶ On October 30th, **ADM** and **Solugen**, a climate technology company, announced a strategic partnership to scale a range of plant-based specialty chemicals and bio-based building block molecules in a new manufacturing facility in Marshall, Minnesota. Under the terms of the agreement, Solugen will build a 500,000-square-foot biomanufacturing facility adjacent to ADM’s existing corn complex, and will utilize ADM-provided dextrose to scale its current line of lower-carbon organic acids and develop new, innovative molecules to replace existing fossil fuel-based materials
- ▶ On October 25th, **Louis Dreyfus Company (“LDC”)** announced the acquisition of a grains and oilseeds warehouse in La Pampa province in Argentina, for an undisclosed amount. The elevator’s rail connectivity and complementarity with LDC’s existing warehouses in La Pampa and Buenos Aires provinces will strengthen LDC’s origination activities in the region
- ▶ On October 17th, **Scoular** announced that it has acquired a grain handling facility in Logan, Montana, from **Circle S Seeds**, a US-based provider of cereal, grass, and forage seeds, for an undisclosed amount. The deal will extend Scoular’s Montana trade footprint and expand market opportunities for local producers
- ▶ On October 11th, **Viserion Oilseed Processing, LLC (“Viserion”)**, a newly formed subsidiary of **Viserion International Holdco, LLC**, a US-based agricultural merchant and portfolio company of **Pinnacle Asset Management**, a US-based PE firm, announced that it has entered into an agreement to acquire the **Soya Crush Plant**, a soybean crushing facility located in Barcelona, Spain, from **Cargill Inc.**, for an undisclosed amount. The acquisition is a part of Viserion’s effort to support the delivery of farm-to-food products across European and Mediterranean markets
- ▶ On October 11th, **Bunge** announced that it has signed a definitive agreement with **CJ CheilJedang Corporation**, a South Korea-based food company, to acquire its 66% stake in **CJ Selecta**, a Brazil-based soy crusher, for US\$357 million. The purchase strengthens Bunge’s position as a large soy processor in Brazil, which is the world’s largest producer and supplier of the oilseed
 - On October 5th, **Bunge** announced that it has received shareholder approval for the company’s acquisition of **Glencore**-backed **Viterra**. The merger, which will create a company worth \$34 billion including debt, is expected to be finalized in mid-2024 after closing conditions are met and regulators have signed off on the deal

Relative Performance Index



Key Indicators

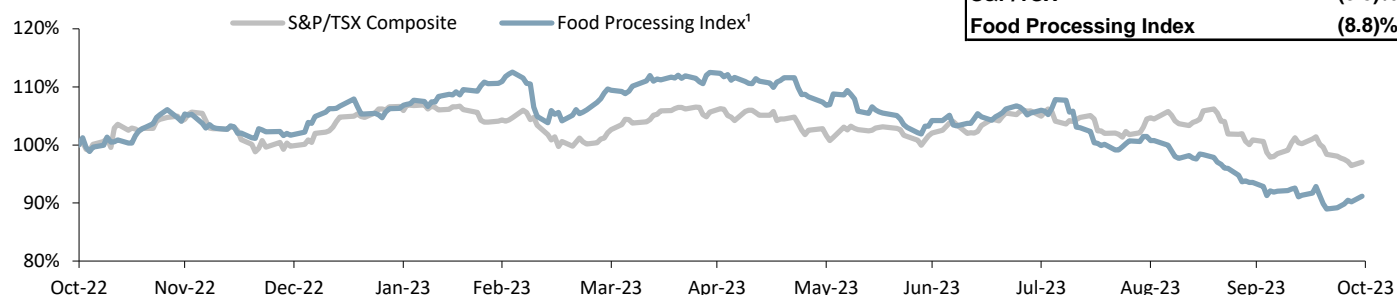
All Figures in USD millions unless indicated

| | Market Cap | TEV | TEV/EBITDA | | Price/Earnings | | Week Δ Price | Δ Price 52Wk High |
|--|------------|--------|-------------|-------------|----------------|-------------|--------------|-------------------|
| | | | 2023E | 2024E | 2023E | 2024E | | |
| ADM | 38,094 | 46,976 | 6.6x | 7.2x | 9.8x | 10.9x | (2.0)% | (27.3)% |
| Bunge Limited | 15,467 | 20,353 | 6.1x | 6.5x | 8.2x | 8.9x | 4.8% | (8.7)% |
| The Andersons, Inc | 1,662 | 2,667 | 7.0x | 6.8x | 15.9x | 14.0x | 0.7% | (7.2)% |
| Graincorp Limited | 1,065 | 2,204 | 5.4x | 9.4x | 6.0x | 14.0x | (1.4)% | (25.2)% |
| United Malt Group Limited ² | - | na | na | na | 0.0x | 0.0x | 0.0% | (0.2)% |
| Ceres Global Ag | 58 | 101 | na | na | na | na | 11.1% | (17.8)% |
| Mean | | | 6.3x | 7.5x | 8.0x | 9.5x | 2.2% | (14.4)% |

News Scan

- ▶ On October 30th, **Sucro Limited ("Sucro")**, an integrated sugar company focused primarily on serving the North American market, announced that it has successfully completed its previously announced initial public offering of 1,364,000 subordinate voting shares of the Company at a price of C\$11.00 per share for gross proceeds of C\$15,004,000. The capital flexibility created through the IPO will help accelerate Sucro's continued vision for sugar supply chain innovation and growth
- ▶ On October 23rd, **SVB Foods**, a US-based contract packaging food manufacturer, announced its acquisition of **Vita Specialty Foods**, a US-based provider of seafood and condiments, for an undisclosed amount. The acquisition enables SVB Foods to expand its private labeling and licensing program
- ▶ On October 19th, **Newly Weds Foods ("NWF")**, a US-based producer of premium batters, breading, coatings, spices and seasonings for the processed food industry, announced that it has been acquired by **Redwood Holdings**, a US-based family office set up by staffing billionaires Jim Davis and Steve Bisciotti, for US\$4 billion. NWF explored a sale after Charles Angell, who took over the business from his father and founder Paul Angell, passed away last year
- ▶ On October 13th, **Nature's Touch**, a Canadian retail supplier of frozen organic and conventional fruits, announced the acquisition of certain assets of **Sunrise Growers, SunOpta Inc.'s** private label frozen fruit operations, for US\$140 million. The acquisition enhances Nature's Touch's presence in the US
- ▶ On October 10th, **Post Holdings, Inc. ("Post") (NYSE: Post)**, a US-based consumer packaged goods holding company, announced that it has agreed to acquire the assets of **Perfection Pet Foods, LLC**, a US-based manufacturer and packager of private label and co-manufactured pet food and baked treat products, for US\$235 million. The acquisition will provide Post with additional manufacturing capacity and an entry point into the private label and co-manufacturing pet food category
- ▶ On October 3rd, **Pritzker Private Capital ("PPC")**, a US-based PE firm, announced that it has acquired **Sugar Foods Corporation ("Sugar Foods")**, a US-based producer of crunchy toppings, croutons, ready-to-use pizza toppings and beverage ingredients, for US\$886 million. PPC's partnership will provide Sugar Foods with additional financial resources and industry expertise to accelerate its growth and operational expansion

Relative Performance Index



Key Indicators

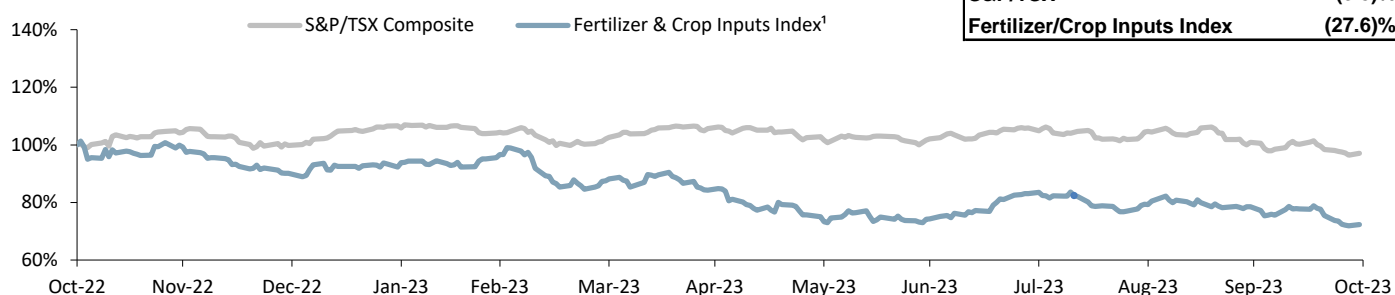
All Figures in USD millions unless indicated

| | Market | | TEV/EBITDA | | Price/Earnings | | Week Δ | Δ Price |
|-------------------------------|--------|--------|-------------|-------------|----------------|--------------|--------------|----------------|
| | Cap | TEV | 2023E | 2024E | 2023E | 2024E | Price | 52Wk High |
| Saputo Inc. | 8,994 | 11,971 | 9.8x | 8.6x | 15.6x | 13.2x | 3.2 % | (26.0)% |
| Ingredion Incorporated | 6,183 | 8,540 | 7.0x | 6.8x | 10.4x | 9.8x | 3.3 % | (17.6)% |
| Tate & Lyle plc | 2,996 | 3,415 | 7.9x | 7.4x | 12.3x | 10.7x | 1.2 % | (25.1)% |
| Premium Brands | 2,982 | 5,033 | 10.5x | 9.5x | 19.1x | 15.9x | (2.1)% | (20.7)% |
| Maple Leaf Foods Inc. | 2,416 | 3,954 | 11.6x | 7.6x | nfm | 14.2x | 10.0 % | (15.8)% |
| SunOpta Inc. | 466 | 803 | 9.1x | 7.4x | nfm | 36.5x | 4.6 % | (65.8)% |
| Rogers Sugar | 400 | 736 | 8.8x | 8.4x | 11.7x | 11.4x | (1.4)% | (20.4)% |
| High Liner Foods Incorporated | 273 | 488 | 6.4x | 6.2x | 6.1x | 5.8x | 0.4 % | (30.7)% |
| Mean | | | 8.9x | 7.7x | 12.5x | 14.7x | 2.4 % | (27.8)% |

News Scan

- ▶ On October 26th, **Copenhagen Infrastructure Partners (“CIP”)**, through its Energy Transition Fund I (CI ETF I), the largest dedicated clean hydrogen fund globally, and **Tenaska**, a U.S.-based power development company, announced they have entered into an agreement to ramp up development of gigawatt-scale green hydrogen projects in the U.S. The agreement, the value of which was not disclosed, will support the targets of the U.S. Department of Energy’s National Clean Hydrogen Strategy and Roadmap of reaching a production of 10 million mt of clean hydrogen annually by 2030, 20 million mt annually by 2040, and 50 million mt annually by 2050
- ▶ On October 16th, **Syngenta** business unit, **Syngenta Seedcare**, which operates 18 Seedcare Institutes with more than 120 experts globally, is strengthening its focus on biologicals and extending its leadership in seed treatment with the opening of its first biologicals service center at its Seedcare Institute in Germany, offering specialized expertise to support the application of new biological seed treatments. Syngenta is planning to add additional biological service centres to other Seedcare Institutes in future
 - On September 29th, the **Federal Trade Commission (“FTC”)** announced that it is initiating litigation against **Syngenta** and **Corteva**, another crop protection company, challenging certain US-based discount programs extended to their respective customers. These discounts are part of a voluntary and industry-standard program that has been in place for decades in the industry. Both Syngenta and Corteva dispute the FTC’s claims, saying that their pricing structures and practices were within the law

Relative Performance Index



Key Indicators

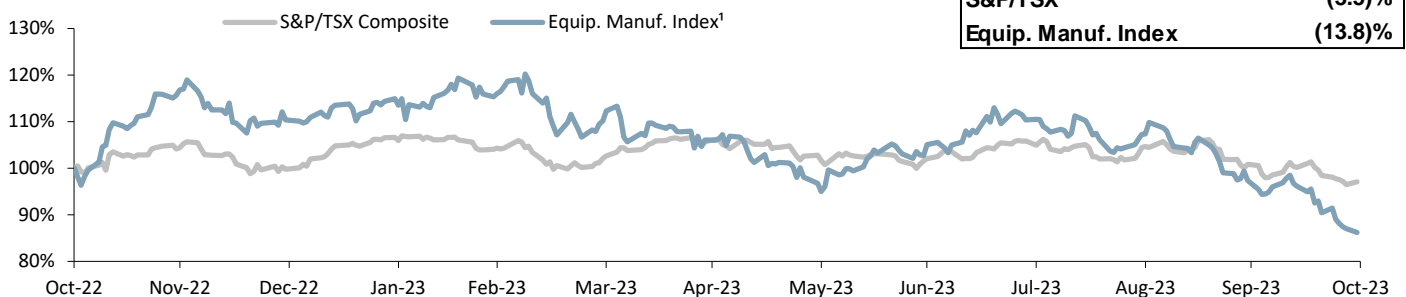
All Figures in USD millions unless indicated

| | Market | | TEV/EBITDA | | Price/Earnings | | Week Δ Price | Δ Price 52Wk High |
|------------------------------|--------|--------|-------------|-------------|----------------|--------------|---------------|-------------------|
| | Cap | TEV | 2023E | 2024E | 2023E | 2024E | | |
| Nutrien Ltd. | 29,115 | 42,567 | 6.7x | 6.7x | 11.4x | 11.3x | (4.9)% | (34.0)% |
| CF Industries Holdings, Inc. | 15,673 | 18,912 | 6.5x | 7.3x | 9.9x | 12.1x | (2.1)% | (27.8)% |
| The Mosaic Company | 11,125 | 14,712 | 5.0x | 5.4x | 8.5x | 9.8x | (5.5)% | (41.7)% |
| Yara International ASA | 8,317 | 11,570 | 7.0x | 5.2x | nmf | nmf | 0.8% | (26.7)% |
| Nufarm Ltd. | 1,137 | 2,036 | 6.5x | 6.1x | 14.2x | 11.3x | (8.5)% | (32.9)% |
| Mean | | | 6.3x | 6.1x | 11.0x | 11.1x | (4.0)% | (32.6)% |

News Scan

- ▶ On October 17th, **Zordi**, a US-based agtech startup specializing in autonomous greenhouses equipped with AI and robotics, announced that it has secured US\$20 million in funding from **Khosla Ventures**, a US-based VC firm. The funding will help Zordi scale up further following the opening of its second autonomous greenhouse
- ▶ On October 4th, **Treetoscope**, an Israel-based precision irrigation management startup, announced that it has secured US\$7 million in its latest seed funding round, led by Israel-based **Champel Capital**, together with other strategic investors that include **GlenRock** fund, **SeedIL**, **YYM-Ventures**, **Agrovision**, **NEOME**, **GN-Z11** and **Earth.vc**. The funds will support Treetoscope's R&D, fuel overall growth and accelerate commercial agriculture expansion in North America and beyond
- ▶ On October 3rd, **Rantizo**, a US-based operator of spray drone services with a turnkey service platform, announced an expansion of its oversubscribed Series A funding round, raising an additional US\$6 million from **Leaps by Bayer**, with participation from **Fulcrum Global Capital** and **Innova Memphis**, and bringing the Series A to US\$13.5 million. The funding will enable the scaling of Rantizo's nationwide network for spray drone services in agriculture
- ▶ On October 2nd, **Bonsai Robotics**, a US-based provider of computer vision-based robotic automation solutions for agriculture, announced that it has raised a US\$13.5 million seed round, led by **Acre Venture Partners**, with participation from **E14**, **Congruent**, **Serra Ventures**, **Fall Line Capital**, **SNR Ventures** and **Andros**. Bonsai Robotics will use the funds to accelerate its product roadmap and invest in both hiring and sales & marketing

Relative Performance Index



Key Indicators

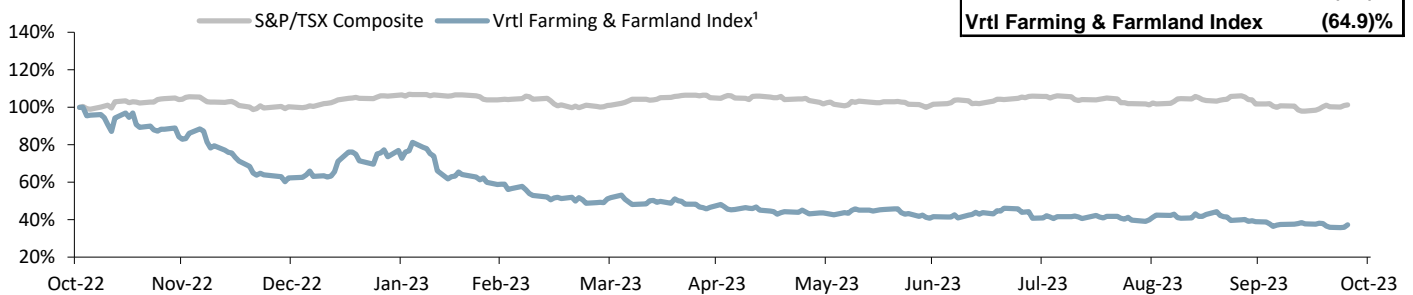
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| | Market | | TEV/EBITDA | | Price/Earnings | | Week Δ | Δ Price |
|------------------------------|---------|---------|-------------|-------------|----------------|-------------|---------------|----------------|
| | Cap | TEV | 2023E | 2024E | 2023E | 2024E | Price | 52Wk High |
| Deere & Company | 105,927 | 164,844 | 12.0x | 12.4x | 11.0x | 11.1x | (2.0)% | (18.3)% |
| AGCO Corporation | 8,402 | 10,527 | 5.0x | 5.6x | 7.9x | 7.6x | (0.9)% | (22.9)% |
| Ag Growth International Inc. | 675 | 1,351 | 6.0x | 5.7x | 8.8x | 8.3x | (2.9)% | (25.1)% |
| CNH Industrial N.V. | 14,510 | 37,419 | 11.5x | 11.5x | 6.2x | 6.1x | (2.7)% | (39.3)% |
| Mean | | | 8.6x | 8.8x | 8.5x | 8.3x | (1.9)% | (22.1)% |

News Scan

- ▶ On October 23rd, **Viridios Capital**, an Australia-based specialized climate change investment manager, and **WealthCheck**, an Australia-based ag-focused investment and property manager, announced that they have partnered to acquire the 139,200-hectare **Conways Station**, a large-scale agricultural asset in northern Australia, for US\$12.65 million. The deal was made with an eye toward potential carbon project development as the asset presents an opportunity for significant ecosystem restoration
- ▶ On October 23rd, **Surexport**, a Spain-based provider of berries and a portfolio company of **Alantra Private Equity**, announced that it has successfully completed three add-on acquisitions: Portuguese raspberry producer **Solana**, Moroccan blueberry producer **AG Group**, and Spanish organic berry producer **Flor de Doñana**, with support from co-investors including UK-based **Keyhaven Capital Partners** and Spain-based **Oquendo Capital**, for an undisclosed amount. The acquisitions consolidate Surexport's leadership position in a highly fragmented industry, broaden its production capabilities in core geographies and boost its year-round product availability
- ▶ On October 16th, **Frutura Produce ("Frutura")**, a US-based fruit sales and marketer, announced the acquisition of two year-round producers and suppliers of organic and conventional cherries and berries, US-based **Sun Belle** and Chile-based **Giddings Fruit**, for an undisclosed amount. The deal marks a significant move into the fast-growing berries and cherries segment for Frutura
- ▶ On October 10th, **Farmland Partners Inc.**, a US-based REIT focusing on farmland, announced the purchase of a 1,523-acre farm in Morehouse Parish, Louisiana, for US\$11 million. The farm primarily produces corn and soybeans
- ▶ On October 5th, UK's **Pension Protection Fund**, Australian superannuation fund **UniSuper** and **APG Asset Management N.V** on behalf of its Dutch pension fund client **ABP**, announced the acquisition of **Forico**, Tasmania's largest private forest management company, and a 170,000-hectare hardwood plantation estate in Tasmania, one of Australia's largest by productive area, for an undisclosed amount. The deal was motivated by Forico's expertise in natural capital and its interest in the fast-growing hardwood fibre market
- ▶ On October 3rd, **Nourse Farms**, a US-based berry plant propagator, announced an undisclosed investment from **Solum Partners**, a US-based investment management firm focused on the food and agriculture industry. The partnership will help Nourse Farms expand its tissue culture and nursery capabilities, modernizing its propagation footprint

Relative Performance Index



Key Indicators

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| | Market Cap | TEV | TEV/Revenue | | TEV/EBITDA | | Week Δ Price | Δ Price 52Wk High |
|-----------------------------------|------------|-------|-------------|-------------|--------------|--------------|---------------|-------------------|
| | | | 2023E | 2024E | 2023E | 2024E | | |
| Village Farms International, Inc. | 75 | 134 | 0.3x | 0.3x | 17.3x | 11.2x | (9.2)% | (70.2)% |
| Hydrofarm Holdings Group, Inc. | 44 | 210 | 0.9x | 0.9x | nmf | 16.8x | (12.2)% | (68.9)% |
| Gladstone Land Corporation | 487 | 1,106 | 12.7x | 12.1x | na | na | (3.4)% | (38.0)% |
| Farmland Partners Inc. | 491 | 1,022 | 17.5x | 17.2x | 31.2x | 30.5x | (0.2)% | (27.0)% |
| Local Bounti Corporation | 10 | 207 | 5.9x | 2.1x | neg | neg | (17.4)% | (97.0)% |
| Mean | | | 7.5x | 6.5x | 24.3x | 19.5x | (8.5)% | (60.2)% |

News Scan

- ▶ On October 29th, **The Globe & Mail** reported that Unifor reached a tentative deal with the St. Lawrence Seaway Management Corp. to end a week-long strike that shut down a key North American trade route. The seaway, which runs for 300 kilometres between Lake Erie and Montreal, carried \$16.7 billion worth of cargo last year, much of it grain, iron ore, stone and road salt
- ▶ On October 26th, **The Western Producer** reported that Russian grain exporting company Food Export Trade LLC signed what is reported to be a US\$26 billion contract to supply China with 70 million tonnes of grain, pulses and oilseeds over the next 12 years. When combined with a previous contract signed between FET and Chinese state corporation China Chengtong, the volume of Russian grain to be supplied to China reaches 100 million tonnes. With these agreements, Russia is vying for market share in one of Canada's top markets for grain, oilseeds and pulses
- ▶ On October 24th, **Reuters** reported that Chinese importers signed non-binding letters of intent to buy billions of dollars' worth of US agricultural goods, primarily soybeans, during a ceremony in Iowa. This was the first such bulk signing since 2017, but as the agreements are non-binding, for a purchase at a later date, there is no certainty a sale will occur
- ▶ On October 19th, **Reuters** reported that the El Nino weather phenomenon will last at least through the first half of 2024, according to the latest United Nations forecasts, with abnormal rainfall across Latin America raising fears for the agricultural sector, and for key fish species like anchovies and tuna
- ▶ On October 16th, **Food Ingredients 1st** reported that the European Commission proposal to re-authorize glyphosate, a controversial chemical commonly used in weedkillers, failed to achieve a qualified majority. The proposal will now proceed to an appeal committee, which is expected to discuss and vote in November
- ▶ On October 12th, **Food Dive** reported that California is the first state to ban four food additive ingredients that are lawful under FDA regulation. The California Food Safety Act ends the usage of brominated vegetable oil, potassium bromate, propylparaben and Red Dye No. 3, all been linked to health complications like hyperactivity, nervous system damage, and increased cancer risk
- ▶ On October 4th, **FoodBev** reported that the UK government is working to fast-track regulatory approval for cell-based meat to ease the cost of living and provide more sustainable sources of meat as the global population grows
- ▶ On October 3rd, **Food Ingredients 1st** reported that the UK government has enforced a ban on all types of single-use plastic (SUP), including biodegradable, compostable and recycled items. The ban includes all SUP plates, bowls and trays, cutlery, balloon sticks and polystyrene food and drink containers throughout the UK

Commodities Futures as of October 31st, 2023

| Commodities Futures | Price Unit | Latest Price (US\$) | Month to Date | Year to Date |
|-------------------------|-------------|---------------------|---------------|--------------|
| Corn (CBOT) | \$ per bu. | \$4.78 | 0.31 % | (30.84)% |
| Wheat (CBOT) | \$ per bu. | \$5.66 | 4.52 % | (35.85)% |
| Oats (CBOT) | \$ per bu. | \$4.04 | (6.65)% | 3.79 % |
| Rough Rice (CBOT) | \$ per cwt. | \$16.10 | 1.19 % | (5.21)% |
| Rapeseed (Canola) (ICE) | CAD per T | \$687.50 | (2.76)% | (21.79)% |
| Ethanol (CBOT) | \$ per gal. | \$2.16 | - | 0.00 % |



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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