



# Agribusiness: Producers, Products and Services

Market Monitor

Summer 2018



# Investment Banking & Advisory - Select Recent Agribusiness Tombstones




**Bellingham Cold Storage**


*acquired by*

**Joshua Green Corporation**




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*Moss Adams Capital acted as financial advisor to Bellingham Cold Storage in this transaction.*



**Earl E. Brown & Sons, Inc.**

*acquired by*

**Foreman Fruit & Land Company, LLC**

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*Moss Adams Capital acted as financial advisor to Earl E. Brown & Sons, Inc. in this transaction.*



**Wilson Irrigation & Orchard Supply, Inc.**

*acquired by*

**Clearview Capital, LLC**




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*Moss Adams Capital acted as financial advisor to Wilson Irrigation & Orchard Supply, Inc. in this transaction.*



**Shields**

*has been acquired by*

**Novolex**




*a portfolio company of*

*The Carlyle Group*

**THE CARLYLE GROUP**

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*Moss Adams Capital acted as financial advisor to Shields in this transaction.*



**Moss Adams Capital**

*has provided private placement and investment banking services for*

**Pearl Crop**



**Dade Moeller & Associates**

*acquired by*

**NV5 Global, Inc.**




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*Moss Adams Capital acted as financial advisor to Dade Moeller in this transaction.*



**Woodburn Fertilizer, Inc.**

*acquired by*

**Wilbur-Ellis Company**




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*Moss Adams Capital acted as financial advisor to Woodburn Fertilizer, Inc. in this transaction.*



**Continental Mills**


*Frozen breakfast foods division acquired by*

**Bakery Chef**




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*Moss Adams Capital acted as financial advisor to Continental Mills in this transaction.*



**Diablo Valley Packaging**

*acquired by*

**Berlin Packaging**




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*Moss Adams Capital acted as financial advisor to Diablo Valley Packaging in this transaction.*



**Dynes Broadview Farms**

*acquired by*

**National Food Corporation**




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*Moss Adams Capital acted as financial advisor to Dynes Broadview Farms in this transaction.*

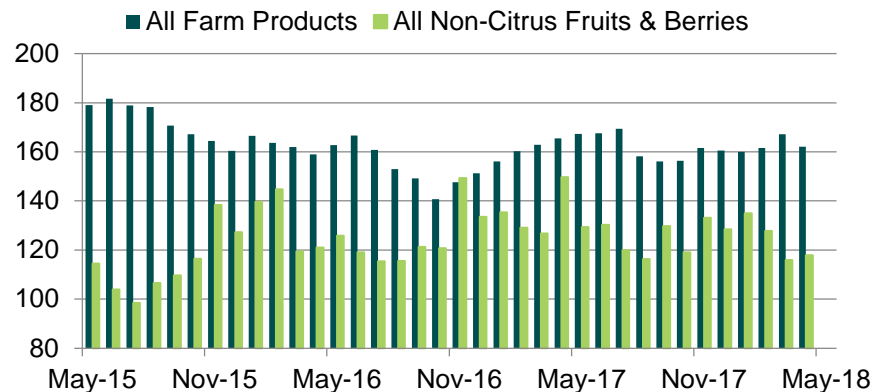
# Agribusiness Economic and M&A Landscape: Summer 2018



## Commentary

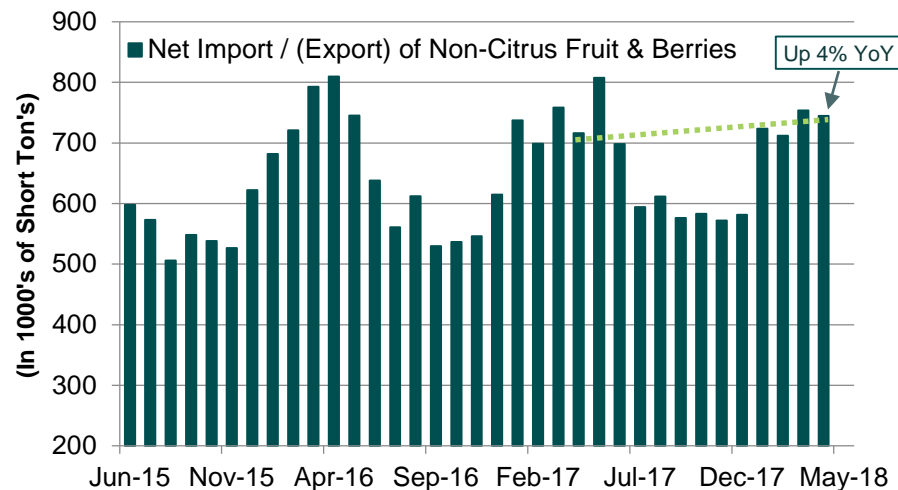
- In 2018, U.S. net farm income is expected to stabilize and finish better than the USDA's initial forecast of a 6.7% decline. The expected stabilization could have 2018 net farm income finishing close to 2017 levels, which would again be below the trailing 10-year average.
- Corn export forecast is up \$1.3 billion, to \$10.3 billion, as a result of higher prices and larger volumes. U.S. corn export opportunities are expected to continue to improve as South America copes with weather related growing issues.
- The Senate and House have both passed respective versions of the new farm bill. Congress will have to reconcile their differences this summer, as the current bill expires on September 30<sup>th</sup>.
- According to the USDA trade forecast, FY 2018 exports are up \$3.0 billion, to \$142.5 billion. The total trade balance is expected to remain at a surplus of \$21 billion. Notably, grain and feed exports, along with corn exports, comprise a majority of the growth in exports.
- Reported M&A activity in the Agribusiness sector for 2018 YTD has declined as compared to the same period for 2017 YTD. As more institutional investors continue to make investments in the industry, transaction values are expected to maintain historically high levels.

## Agriculture Producer Price Index<sup>(1)</sup>



(1) Base year = 1982. All Farm Products include all grown fruit, berries, melons, and tree nuts.

## Agriculture Trade



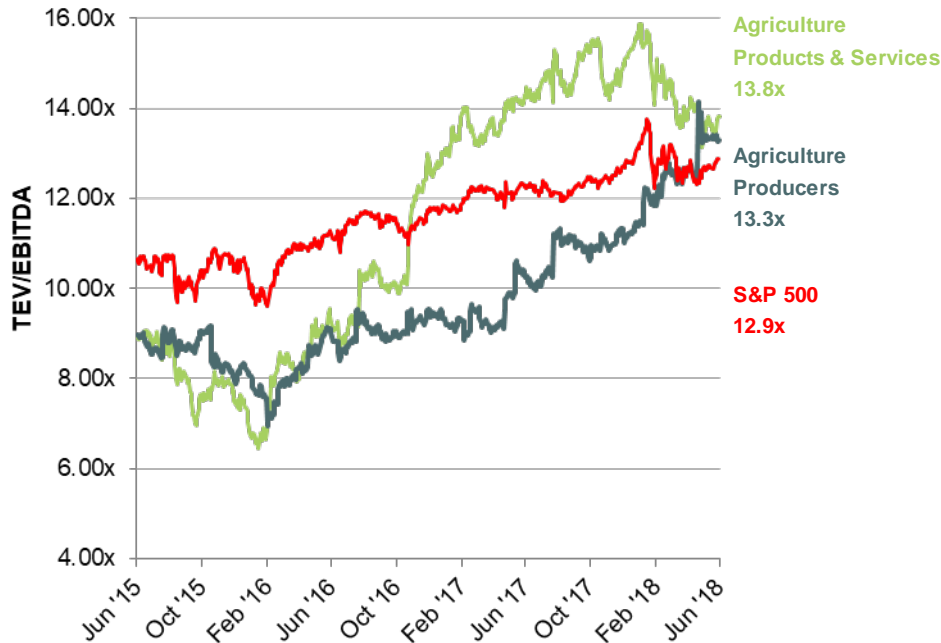
# Valuations

Enterprise Value (“EV”) multiples for publicly-traded **Agriculture Products & Services** companies have declined to 13.8x EBITDA, as compared to approximately 15.0x EBITDA at the end of the calendar year 2017. EBITDA multiples for **Agriculture Producers** have recently risen to 13.3x EBITDA in 2018, exceeding valuations for the broader **S&P 500**, which have remained relatively flat at 12.9x.

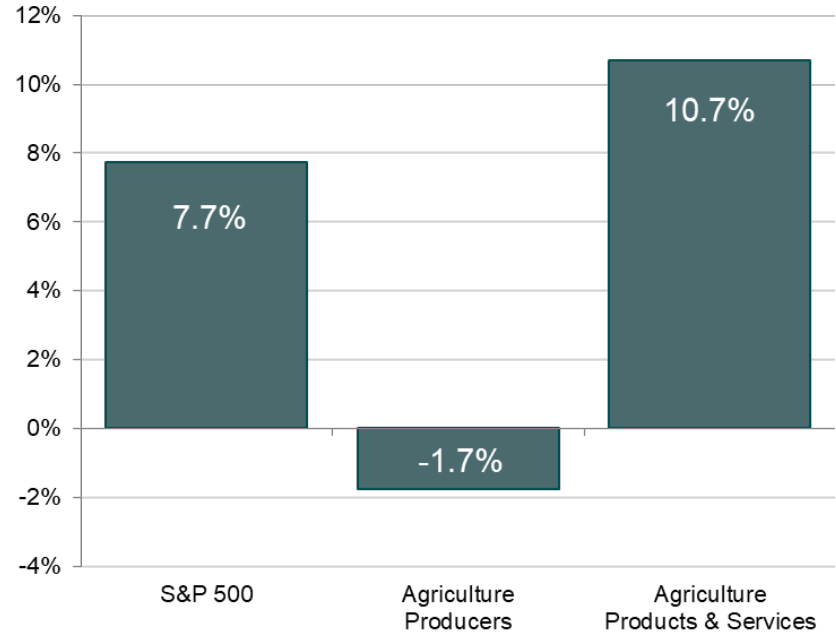
Looking forward, estimated Revenue Growth in the next twelve months (“NTM”) for Agriculture Products & Services companies is expected to outpace the S&P500’s; NTM estimated growth for Agriculture Producers is expected to decline, as a result of increased volumes and stronger price competition.



**Public Market Valuations: EV / EBITDA**



**NTM Estimated Revenue Growth**



Note: The indices in the chart above are composed using the public companies included on the following two pages.

Source: Capital IQ

# Public Company Valuations: Agriculture Producers

## Agriculture Producers

(\$US in millions, except per share amounts)

Company Name	7/13/18 Sh. Price	52 week High/Low	Market Cap	Enterprise Value	TTM Data			NTM Est. Growth	EV Multiple	
					Sales	EBITDA	Margin	Sales	TTM Sales	TTM EBITDA
Bunge Limited	68.51	83.20 / 63.87	9,701	17,281	45,314	997	2.2%	3.9%	0.4x	17.3x
Fresh Del Monte Produce Inc.	44.31	52.64 / 43.02	2,162	2,983	4,160	246	5.9%	NA	0.7x	12.1x
Darling Ingredients Inc.	19.83	20.37 / 15.56	3,300	5,032	3,659	446	12.2%	(2.4%)	1.4x	11.3x
Adecoagro S.A.	8.37	11.15 / 7.20	986	1,638	923	281	30.4%	(1.9%)	1.8x	5.8x
Farmland Partners Inc.	6.30	9.68 / 5.15	205	1,008	50	35	69.0%	17.8%	NM	29.1x
Limoneira Company	25.24	26.80 / 19.62	447	569	131	23	17.7%	(1.6%)	4.3x	24.5x
Alico, Inc.	32.25	34.80 / 25.55	264	435	109	23	20.8%	NA	4.0x	19.1x
S&W Seed Company	3.17	4.40 / 2.90	78	114	72	2	2.6%	(10.3%)	1.6x	NM

Median	\$140	15.0%	(1.7%)	1.6x	17.3x
Average	\$256	20.1%	0.9%	2.0x	17.0x

Note: Not meaningful (NM) if EV/Sales is greater than 10x, or EV/EBITDA is greater than 40x. NA if denominator is 0 for percentages and multiples or if estimates are not available. Next twelve months (NTM) figures are based on the median of Wall St. analysts.

Source: Capital IQ and company filings.

# Public Company Valuations: Agriculture Products & Services

## Agriculture Products & Services

(\$US in millions, except per share amounts)

Company Name	7/13/18 Sh. Price	52 week High/Low	Market Cap	Enterprise Value	TTM Data			NTM Est. Growth	EV Multiple	
					Sales	EBITDA	Margin		TTM Sales	TTM EBITDA
The Mosaic Company	\$28.13	\$29.95 / \$19.23	\$10,888	\$15,599	\$7,765	\$1,371	17.7%	23.9%	2.0x	11.4x
FMC Corporation	\$88.55	98.70 / 72.73	11,970	14,961	\$3,493	\$890	25.5%	34.8%	4.3x	16.8x
CF Industries Holdings	\$42.22	46.20 / 27.77	10,062	16,890	\$4,050	\$1,192	29.4%	7.4%	4.2x	14.2x
The Toro Company	\$60.91	73.86 / 56.60	6,438	6,544	\$2,540	\$433	17.0%	5.8%	2.6x	15.1x
AGCO Corporation	\$60.22	75.95 / 56.36	4,776	6,618	\$8,686	\$737	8.5%	7.6%	0.8x	9.0x
Scotts Miracle-Gro	\$85.35	110.12 / 76.60	4,757	7,001	\$2,585	\$463	17.9%	11.5%	2.7x	15.1x
SiteOne Landscape Supply	\$85.83	95.49 / 48.19	3,429	3,987	\$1,898	\$133	7.0%	13.9%	2.1x	30.0x
Lindsay Corporation	\$93.74	103.03 / 83.57	1,021	1,026	\$556	\$61	10.9%	5.7%	1.8x	16.9x
CVR Partners, LP	\$3.79	4.20 / 2.58	446	1,012	\$325	\$57	17.5%	16.4%	3.1x	17.7x
Titan International, Inc.	\$10.53	14.53 / 7.97	631	1,085	\$1,537	\$87	5.7%	9.9%	0.7x	12.4x
Titan Machinery Inc.	\$14.83	25.09 / 11.68	317	667	\$1,184	\$41	3.4%	7.6%	0.6x	16.5x
Intrepid Potash, Inc.	\$4.01	5.31 / 2.64	500	555	\$123	\$33	26.7%	31.4%	4.5x	16.9x
AgroFresh Solutions, Inc.	\$7.04	9.05 / 4.94	354	717	\$170	\$60	35.1%	NA	4.2x	12.0x
Pure Cycle Corporation	\$10.60	10.45 / 6.55	247	227	\$4	\$0	0.2%	NA	NM	NM
Ceres Global Ag Corp.	\$2.92	5.58 / 3.66	81	154	\$430	\$3	0.7%	NA	0.4x	NM
					<b>Median</b>	<b>\$87</b>	<b>17.0%</b>	<b>10.7%</b>	<b>2.3x</b>	<b>15.1x</b>
					<b>Average</b>	<b>\$371</b>	<b>14.9%</b>	<b>14.7%</b>	<b>2.4x</b>	<b>15.7x</b>

Note: Not meaningful (NM) if EV/Sales is greater than 10x, or EV/EBITDA is greater than 40x. NA if denominator is 0 for percentages and multiples or if estimates are not available. Next twelve months (NTM) figures are based on the median of Wall St. analysts.

Source: Capital IQ and company filings.

# Select Recent Agribusiness M&A Activity

\$ in millions

Announced

Date	Acquirer/Investor	Target	Target Description	Transaction Value	Metric
7/9/2018	Arable Capital Partners	Lodi Pump & Irrigation	Manufacturer and provider of irrigation systems and services.	Undisclosed	
6/7/2018	Alpine Pacific Capital & Arable Capital Partners	Farmington Fresh Cuts	Farmington Fresh Cuts processes and distributes fruits and vegetables.	Undisclosed	
5/31/2018	AGROdeviate, LLC	W & A Manufacturing Company, Inc.	W & A Manufacturing Company, Inc. manufactures farm equipment.	Undisclosed	
5/16/2018	LeVecke Corporation	Haliimaile Pineapple Co. Ltd.	Produces and sells pineapples for customers in the United States and internationally.	Undisclosed	
4/12/2018	Syngenta Corporation	Abbott & Cobb, Inc.	Engages in breeding, producing, and marketing vegetable seeds.	Undisclosed	
4/3/2018	Salem Farm Supply, Inc.	Columbia Tractor, Inc.	Operates as a harvester farm and light industrial dealership that distributes farm and home equipment.	Undisclosed	
3/29/2018	American Securities LLC	PMHC II, Inc.	Processes and distributes minerals, raw materials, and additives.	Undisclosed	
3/20/2018	SiteOne Landscape Supply, Inc.	Three Village Nurseries Landscape Centers	Distributes nursery and related products to landscape professionals.	Undisclosed	
3/14/2018	Central Garden & Pet Company	Bell Nursery Holdings, LLC	Bell Nursery Holdings, LLC grows flowers and plants in the United States.	Undisclosed	
3/6/2018	Agriculture Capital Management	Columbine Vineyards	Operates as a grower, packer, and shipper of grapes.	Undisclosed	
3/1/2018	Omnia Group (Pty) Ltd	Oro Agri SEZC Limited	Develops, manufactures, and markets agrochemical products.	\$94.00	1.8x Rev, 9.3x EBITDA
2/12/2018	SiteOne Landscape Supply, Inc.	Atlantic Irrigation Specialties Inc.	Operates as a golf, residential, and commercial irrigation equipments distributor.	Undisclosed	
2/12/2018	Lane Packing, LLC	Taylor Orchard Properties, LLC	Peach grower in Georgia.	Undisclosed	
2/7/2018	Spp Management Services, Llc	Fast Growing Trees, LLC	Operates as a nursery which sells plants and trees online through its website.	Undisclosed	
1/19/2018	Sigma AgriScience, LLC	Am-Ag, LLC	Manufactures and distributes fertilizers, crop augments, and enhancers for agricultural markets.	Undisclosed	
1/4/2018	Vegalab, Inc.	The Agronomy Group LLC	Produces and distributes organic and environmentally friendly agrochemicals.	\$5.44	
1/2/2018	South Dakota Wheat Growers Association	Dry Fertilizer Plant of Gavlon Fertilizer, LLC	Dry fertilizer plant.	Undisclosed	
12/18/2017	Gladstone Land Corporation	Organic Almond Orchard in California	Organic Almond Orchard in California.	\$5.90	
12/1/2017	Novolex (The Carlyle Group)	Shields Bags & Printing	Provider of commercial flexible packaging to the agribusiness industry.	CONFIDENTIAL	CONFIDENTIAL
11/17/2017	Central Washington Grain Growers, Inc.	Odessa Union Warehouse Cooperative	Grain storage and farm storage marketing services Co-Op.	Undisclosed	
11/13/2017	The Blackstone Group L.P.	Cloverleaf Cold Storage Co., Inc.	Owms and operates cold storage and food grade ambient temperature warehouses.	Undisclosed	
11/6/2017	Itafos	Agrium's Phosphate Operations	Integrated producer of phosphate fertilizers and specialty products.	\$100.00	
10/23/2017	King Fresh Produce, LLC	Oscar's Organic Inc.	Grower of organic grapes and tree fruits.	Undisclosed	
9/28/2017	TreeTown USA	Village Nurseries	Operates as a wholesale grower of plants, trees, and shrubs.	Undisclosed	
9/6/2017	Deere & Company	Blue River Technology Inc.	Engages in developing computer vision and robotics technology for agricultural applications.	\$305.00	
8/2/2017	Genesis Energy, L.P.	Tronox Alkali Corporation	Produces natural soda ash.	\$1,325.00	1.7x Rev
7/31/2017	Upstart Products, Inc.	Ewing Irrigation Products, Inc.	Supplies irrigation and landscape products in the United States.	Undisclosed	
7/19/2017	Markel Ventures, Inc.	Costa Farms, LLC	Engages in growing and marketing houseplants, annuals, and perennial flowers.	\$255.00	0.6x Rev
7/6/2017	The Home Depot, Inc.	Compact Power Equipment Center, LLC	Provider of construction and landscape equipment rental services.	\$265.00	
6/29/2017	Rubicon Limited	ArborGen Inc.	ArborGen Inc. makes genetic tree seedling products for the commercial forestry industry.	\$29.00	
6/1/2017	Gladstone Land Corporation	Four farms in SW Arizona	Four farms totaling 3,253 gross acres and 3,032 irrigated acres In Southwestern Arizona.	\$27.50	
3/27/2017	Eckert Orchards, Inc.	Boyd Orchards LLC	Grower of fruits and vegetables, including strawberries, blackberries, and apples.	Undisclosed	
2/17/2017	Dan & Jerry's Greenhouses, Inc.	De Jong Greenhouses Inc.	Grower of floral products.	Undisclosed	

Discussed on next page.

# Overview of Notable Transactions



## Omnia Group (Pty) Ltd acquires Oro Agri SEZC Limited

March 1, 2018

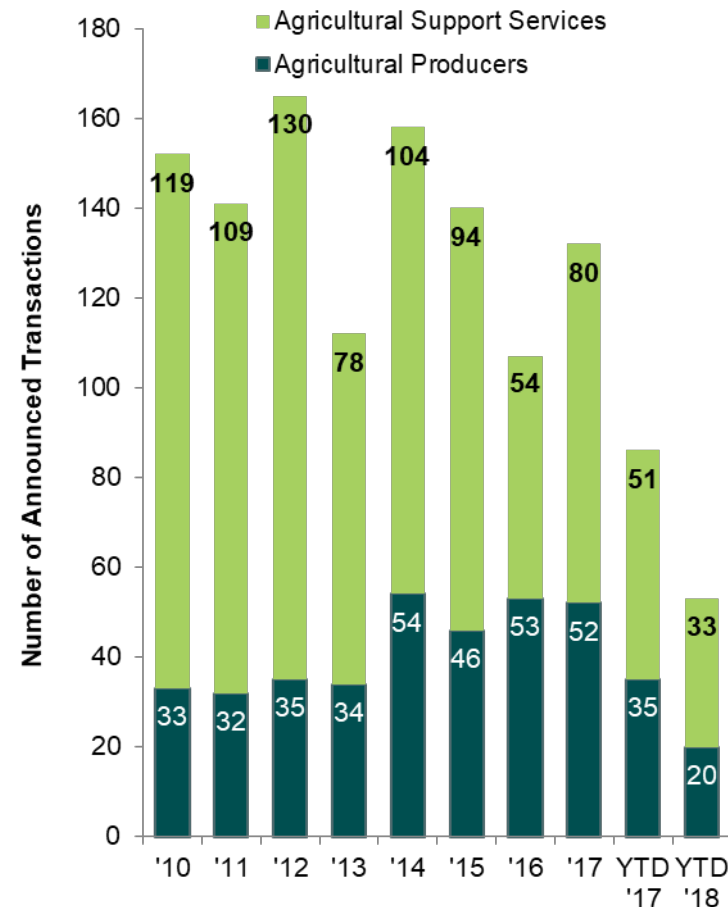
- On March 1, 2018, **Omnia Group** completed the acquisition of **Oro Agri** for \$94 million (1.8x Rev, 9.3x EBITDA). Oro Agri is a leading manufacturer of environmentally friendly agrochemical products.
- Adriaan de Lange, Managing Director at Omnia Group, noted the acquisition will place Omnia on an accelerated growth path. Omnia plans to utilize Oro Agri's established global distribution network in order to expand their international footprint.
- Oro Agri's products provide green solutions that allow farmers to enhance crop yields, protect their fields, and create a more sustainable approach to agriculture. The combined product offerings of Oro Agri and Omnia will provide a broader market for AgriBio products.

## Agriculture Capital Management announces the acquisition of Columbine Vineyards

March 6, 2018

- On March 6, 2018, **Agriculture Capital Management** announced the acquisition of **Columbine Vineyards** for an undisclosed amount. Headquartered in Delano, California, Columbine Vineyards is a grower, packer, and shipper of grapes.
- Founded in 1926, Columbine Vineyards is a fourth generation family-owned business that owns 7,000 acres of farmland, cold storage, and other operating assets. The company distributes its products across the United States.
- Agriculture Capital, the agriculture-focused investment arm of Equilibrium Capital Management, invests in permanent crop farming operations in the Western United States. Agriculture Capital believes Columbine Vineyards will help them achieve their goal of having its AC Foods business operate on a year-round basis.

Source: Company-issued press releases, Moss Adams research



Note: Middle market M&A includes transactions with EV < \$1000mm, and transactions with undisclosed EV. YTD as of July 13, 2018.



# Our Locations



## ARIZONA

Phoenix

## CALIFORNIA

Fresno

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*Manhattan Beach*

Napa

Orange County

Silicon Valley

Sacramento

San Diego

San Francisco

Santa Rosa

Stockton

Walnut Creek

*Woodland Hills*

## COLORADO

Denver

## KANSAS

Kansas City

## NEW MEXICO

Albuquerque

## OREGON

Eugene

Medford

Portland

## TEXAS

Dallas

Houston

## WASHINGTON

Bellingham

Everett

*Issaquah*

Seattle

Spokane

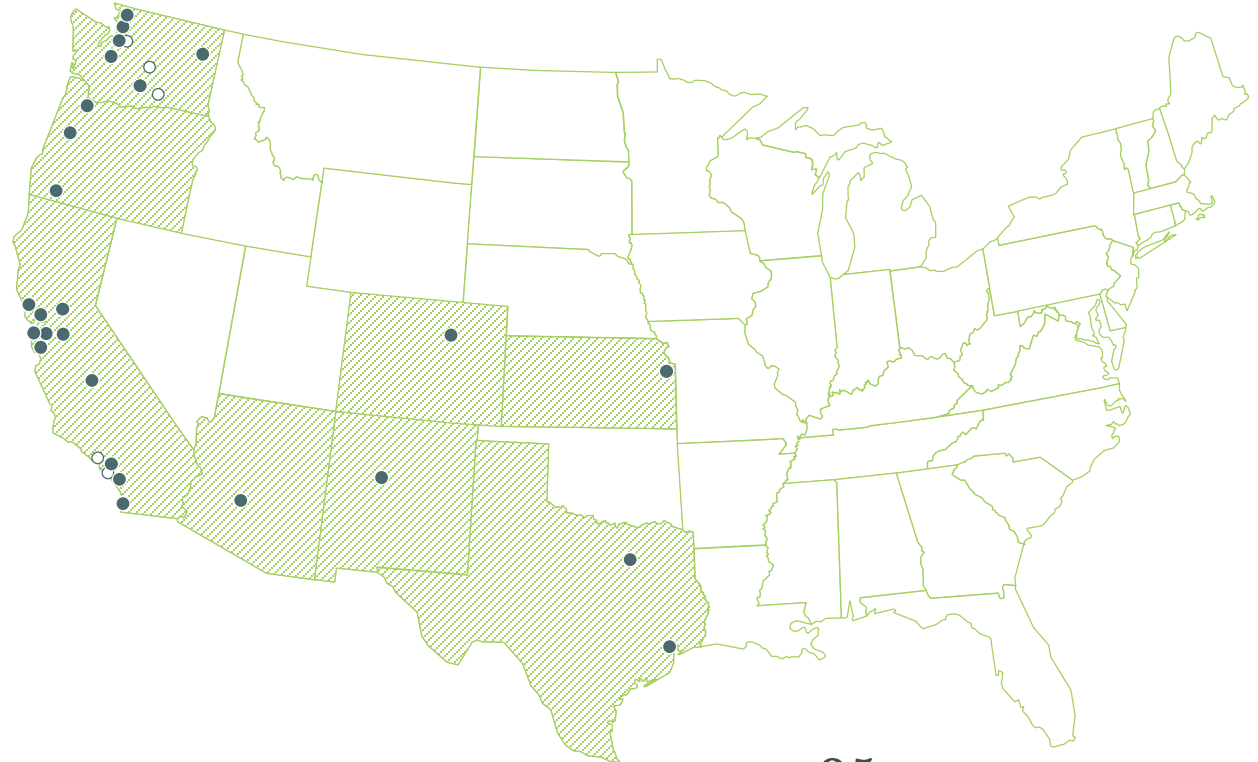
Tacoma

*Tri-Cities*

*Wenatchee*

Yakima

●	Moss Adams Location
○	Satellite



◀ **25+**  
locations west of  
the Mississippi



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