



AGRIFEX

AGRIFEX REPORT

Main investments, sales, mergers and
acquisitions in Agro

Q2 - 2021

In **Agrifex** we provide financial advisory services with an exclusive focus on Agro.

We focus on two main axes: Corporate Finance and Capital Markets; on which we comprehensively address the Investment and Financing dimensions.

With a boutique profile, we provide tailor-made solutions for each of our clients. Among them, we have worked for investment funds, family offices, individual investors and agricultural companies.

M&A services are enriched by a representation agreement in South America from **Verdant Partners LLC**.



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The **AGRIFEX Q2-2021 REPORT** summarizes the main investments, sales, mergers and acquisitions of the Agricultural sector in Argentina during the second quarter of 2021. The circulation is carried out quarterly to develop relevant information. The document consists of three sections:

Investments: In addition to the capital disbursements presented, it may include financing announcements through bank loans.

Capital Market: It exposes the sector's issues in stock market financing instruments

Sales, Mergers and Acquisitions: Along with local transactions, it presents some of the main transactions in the global sphere.

INVESTMENTS

- **Sancor Seguros** made an investment of US\$ 2 MM in **Agree**, a company that provides technological solutions in the local, regional, and global market. The Agtech company was born in 2017 and has a focus on grain trading, barter, and access to financing.
- **Forus** will invest AR\$ 120 MM to build a 2.000 m² plant in Rosario. The Brazilian company that develops biological products for agriculture, health and environment, aims to enhance its production and sales in the local market.
- **Morixe** continues its investments in new products and maintains its growth. The food company received financing from the main banks in Argentina, **Banco Galicia, HSBC and Santander Río** for AR\$ 700 MM.
- **Águilas Blancas**, a farm in southern Córdoba, invests US\$ 3 MM to improve its dairy farm. The company has been in the dairy industry for 30 years and is completing the installation of a rotary system to produce more in less time.
- **Fertec** has made an important investment in digitalization, infrastructure, and incorporation of personnel. The leading company in fertilization technology invested US\$ 2 MM to internationalize the brand and generate new technical developments.

- **Cabaña Argentina** will invest US\$ 35 MM to build a new meat packing plant. The Argentine company leader in pork production and sausages will build a bigger establishment more technological to produce export quality products.
- **Arcor** invested US\$ 500.000 to export dulce de leche based food to Palestine and Jordan. The company plans to produce 50 million units to supply the Asian, European and African markets.
- **Nestlé** invested US\$ 16,5 MM premium and organic milks in Argentina. This new development has an alliance with 25 dairy farms of Córdoba, Buenos Aires and Entre Rios.
- **Bioceres**, a provider of solutions for agriculture, began trading on Nasdaq market under the symbol Biox, after being listed on the NYSE since 2019.
- **Simplot Argentina**, invested US\$ 140 MM in a plant to produce frozen potatoes in Mendoza. Located in Lujan de Cuyo, the company estimates to produce 90.000 tons of frozen potatoes destined 75% to export.
- **Newsan** announced an investment of AR\$ 200 MM for the mollusks production. The company dedicated to household appliances will use the funds to buy equipment and start operating in Tierra del Fuego.
- **Grupo Arcor** announced the installation of a new factory for US\$ 20 MM in Misiones. This investment will add to the local productive chain which includes forestry production and nurseries.
- **Celulosa** divest to **AFOR Tape**, 100% of the shares of **Rudaco**, **TC Rey** and **Inviraretá**. The transaction was agreed for US\$ 16,8 MM, which will be used to restore the company's working capital and to cancel debts.
- **Ingacot**, a swine breeding company, invested AR\$ 100 MM to increase its production. Located in Bolívar, will use the funds to build a new pig breeding and fattening unit.
- **Buenos Aires Province** invested AR\$ 41 MM in a meat processing plant in Carlos Tejedor, to industrialize local and regional production and boost the production chain.

CAPITAL MARKET

Corporate Bonds

- **Desdelsur S.A** successfully issued its Class II Corporate Bond dollar linked. The amount is US\$ 1,8 MM and the issuance was under the Guaranteed SME regime. The rate is fixed and the initial TNA 2%. The term is 30 months.
- **Molinos Agro S.A** issued its Corporate Bond Class I and Class II. Both were in dollar linked with a fixed rate of 1,5% and 2,5%. The nominal amount was US\$ 28,5 MM and US\$ 25,4 MM with a term of 24 and 37 months respectively.
- **Metalfor S.A** obtained with its Corporate Bond Series II AR\$ 300 MM under the Guaranteed SME regime. With a Margin + BADLAR rate, the Annual Nominal Rate of 34% and a term of 24 months.
- **Diaz Riganti Cereales S.R.L** issued its Corporate Bond Series I for AR\$ 90 MM. The rate is Margin + BADLAR at 34,19% and the term is 18 months.
- **Patagonian Fruits Trade S.A.** issued its Corporate Bond Series I Class A and Series I Class B. Both were under Guaranteed SME regime and the rate is Margin + BADLAR with the TNA 0,99% and 6%. The amount was for AR\$ 144 MM and AR\$ 61.8 MM with a term of 18 and 30 months respectively.
- **Inversora Juramento S.A** issued its Corporate Bond Class 9 for AR\$ 1.500 MM. The rate is Margin + BADLAR with the initial TNA 4,65% and the term is 12 months.
- **Profertil** issued its Corporate Bond Class 1 dollar linked. The amount is US\$ 25 MM with fixed rate of 2,49% and the term is 24 months.
- **Morixe** successfully issued its Corporate Bond for AR\$ 400 MM. The rate us Margin + BADLAR with the TNA 0% and the term is 12 months.
- **Mastellone** announced the exchange of its Corporate Bond Class F for a new Class G guaranteed maturing in 2026. With a discount rate breakeven 11.6% represents an improvement in the company maturity profile.

SALES, MERGERS and ACQUISITIONS (M&A)

Global Scope

- **Otaly** will partner with **Yeo's** to build a plant-based milk factory. Both will invest US\$ 30 MM to open up in the Asia-Pacific market. This partnership will position both companies to take advantage of the high demand in the region.
- **Tortuga AgTech** announced its US\$ 20 MM Series A to build robots. The agricultural robotics startup has the idea of creating a fleet that can perform efficiently without damaging the crops.
- **Agrosmart** acquires **BoosterAgro** to expand weather support. The decision support platform acquires the Argentinean startup with the most popular agrometeorological applications in the region.
- **Ynsect** acquires **Protifarm** to raise insects for human consumption. The French start up announced the union to breed mealworms for application in human food.
- **Cargill** partnered with **Syco** to invests US\$ 5 MM for sustainable grazing in the Southern Great Plains of United States. This area is home to 30% of meat production in the United States and faces climate challenges. With this project aim to provide funds for ranchers and promote grazing tactics.
- **Valmont** announced the acquisition of **Prospera Technologies Inc.** The Israel artificial intelligence company focused on agriculture was valued at US\$ 300 MM. With this union they plan to be more efficient and improve productivity by being more sustainable.
- **UPL** signs a two-year agreement with **Soil Health Institute (SHI)**, a nonprofit organization. This will allow research on the state of soils around the world. SHI will provide knowledge to evaluate the impact of management practices on the soil.
- **Precision AI** raises US\$ 20 MM to reduce herbicide use. The funding will go toward a farming platform that deploys drones and enables precise application of herbicides to individual weeds.

- **JBS** acquired **Vivera**, a plant-based protein manufacturer. The world's largest meat processor agreed to acquire the Dutch company for US\$ 409 MM, in order to flourish in the protein market alternatives.
- **CubicFarm System** obtains US\$ 1,5 MM to grow forage in hydroponics. HidroGreen system allows the production of barley and wheat grains in a controlled environment. This will make it possible to feed livestock with fresh forage in water-scarce areas.
- Chinese drone manufacturer **EAVision** raised US\$ 30 MM. The main investors were the German agrochemical company **BASF** and the American **Continental Grain Company**. The funds will be used to research and development (R&D) capabilities.
- **Benson Hill** will go public by merging with SPAC, **Star Peak Corp**. The company is looking to develop crop varieties that can grow faster and have better protein content to the manufacture of plant-based foods.
- **Pheronym** received US\$ 1,5 MM in financing. The company dedicated to agricultural biotechnology, enables more sustainable agriculture using nematode pheromones.
- **BID Invest** invested US\$ 6 MM in **Produce Pay**, an AgTech focused on agribusiness that offers financing solutions to producers in Latin America. The company intends to use the funds for technology, marketing and operating expenses.
- **TaniHub** raised US\$ 66 MM to strengthen its presence in the region and help increase competitiveness in agricultural sector. The Indonesia startup links farmers directly to buyers avoiding traditional intermediaries.
- **The European Investment Bank** and **Euralis Group** signed a financing contract for US\$ 44 MM for new seeds varieties. This amount will cover research, development, and innovation of **Lidea**. The company offers a wide range of corn, sunflower, rapeseed, soybean and sorghum varieties.
- **Brushel** the technology company for producers, grain, and food buyers, announced the acquisition of **FarmLogs**. A provider of farm management system that will enable a strong digital connection between producers and buyers.

- **Indigo Ag** received US\$ 125 MM in financing from PSP Investments. With this investment the company can continue fighting climate changes by reducing carbon dioxide emission from agricultural practices.
- **Equinom** announced a US\$ 20 MM Series C financing round led by **Phoenix, BASF, Venture Capital, Trendlines and Maverick**. The Israeli plant-based nutrition company leverages the funding to improve seed quality and offer high quality ingredients.
- **Bosch and BASF** join forces to market and sell smart farming technologies worldwide. With Bosch technology and the German company's agronomic intelligence, the aim to spray by detecting in milliseconds the weed, in which row it is located and apply only when is necessary.
- **Apeel** announced the acquisition of **ImpactVision**. This addition will help suppliers to further reduce food waste. The imaging company's technology will allow you to see inside fresh products and understand their quality.
- **FieldView** has partnered with **Claas**, through Claas API, to exchange data for lot-specific documentation. The German Company's Telematic system allows to send real-time data by mobile phone.
- **GoFlux** the Brazilian startup obtained US\$ 1,2 MM in funding. The platform dedicated to the transportation of goods seek to connect agricultural companies with transportation companies to improve services, where they can see real-time status monitoring, hiring and management in a digital way.
- **Invaio** raised US\$ 88,9 MM in its Series C. The company, which aims to prevent the spread of crop diseases for industry, will use the new funds for investments in research and development (R&D).
- **Sentera** announced its US\$ 25 MM financing. The startup offers technology that makes it easy for users to integrate field data. The core product, FieldAgent, detects plant health and nutrition problems.
- **Arcadia Bioscience** acquired **Agrasys SA**, a Spanish food ingredients company. This union will allow the commercialization of Titordeum, a grain from wheat and barley, rich in fiber and protein.

Local scope

- **Bioceres** took control of the shares of **Insumos Agroquimicos (InsuAgro)** after paying US\$ 3,1 MM. The Rosarian company will own 50,1% of the capital stock and takes control of the company dedicated to the distribution of phytosanitary products.
- **Beeflow** raised US\$ 8,3 MM to help farmers become more efficient by using bees. The startup uses technology that makes bees healthier in cold climates and trains them for crop pollination. With both products are estimated to increase yields by 90%.
- **Microsoft Argentina** joins with **Grupo DonMario (GDM)** to develop a digital agriculture platform called “Optimus”. With this they plan to increase yields by 15% in the United States, Brazil, and Argentina in the next few years.
- **Bioheuris** and **Grupo DonMario (GDM)** announced an agreement to develop high-yielding varieties. The agri-biotech startup and the world’s leading soybean genetics are teaming up to modify soybean genes for high-yielding varieties.
- **Havanna** and **Bioceres** join to produce sustainable products. The leading biotechnology company from Rosario and the traditional food company joined forces to innovate products with a smaller environmental footprint in Argentina and Brazil.
- **Sima (Integrated Agricultural Monitoring System)** developed with NASA and the university of Maryland an algorithm that estimates crop yield. With this, the Rosarian startup will be able to predict crop yields up to one month before harvest using satellite images and volume data.

REPORT SUMMARY

The **AGRIFEX Q2-2021 REPORT** shows a continuous investment by local food companies to increase and streamline their production for export. The investments led by Arcor, Newsan and Simplot are examples of it.

On a global scope, the important acquisition of JBS to enter the world of vegetable proteins and the trend of start-ups to produce healthier and more sustainable continues to be a key focus for food companies.

At the national scope, food companies and exporters that already have structured their Corporate Bond continue making use them in different series. This is the case of Molinos Agro, Inversora Juramento and Metalfor.

Continuing the global pandemic, and despite new strains, we continue to see sustained global M&A activity. In Argentina, strategic players remain active, but funds expect better prospects.



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