



AGRIFEX

AGRIFEX REPORT

Main investments, sales, mergers and
acquisitions in Agro

Q3 - 2021

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

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



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The **AGRIFEX Q3-2021 REPORT** summarizes the main investments, sales, mergers and acquisitions of the Agricultural sector in Argentina during the third 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

- The **Guillermo Lehmann** agricultural cooperative invested US \$ 5.2 MM to optimize its services and productivity; US \$ 1.7 MM at its Rafaela office, US \$ 1.5 MM for its Pilar headquarters in technology and production of premixes for cattle, balanced and a new deposit for the seed sorter. Investments were also made in the San Agustín, Sarmiento and Llambí Campbell branch offices.
- **Trivento**, a company from the Chilean group **Concha y Toro**, invested more than US \$ 20 MM in a new winery (Mayor Drummond, Luján de Cuyo) adding new technology, machinery, reforms, and advertising. Their exports grew 19% so far this year and it closed 2020 with US \$ 256.2 MM in revenues.
- **Arcor** and **Arauco Argentina** will allocate almost US \$ 200 MM to modernize their factories. Arcor announced a US \$ 20 MM outlay to install a new plant in Capioví (Misiones). Arauco Argentina (the country's largest pulp mill) has been making, since the beginning of 2021, an investment of US \$ 150 MM to modernize the plant in Puerto Esperanza (Misiones).
- **Bioceres** will invest US \$ 10 MM to manufacture panels for the construction of dry houses using wheat stubble, in conjunction with the Falucho Cooperative, the Australian company Ortech, the municipality of Tandil and local entrepreneurs. It will begin in April 2022, and the plant, which will be the first in Argentina, will operate in the Industrial Park of said city, creating 130 jobs positions.

- **Biogenesis Bagó** will build the world's largest anti-foot and mouth vaccine plant in Saudi Arabia in conjunction with the Saudi company MAS (veterinary services). The project investment could reach US \$ 60 MM, will provide 400 jobs and would be the largest and most modern factory for the production of anti-foot and mouth vaccine on the planet. This plant will be able to supply the local market and other countries in the Middle East.
- **Alican**, pet food producer, will invest \$ 150 MM for its plant located in the Alcira Gigena industrial park (Córdoba). It will increase its production capacity by 20% and develop new foods to replace imports and double exports. The investment is made with a credit from the Investment and Foreign Trade Bank (BICE) of \$ 75 MM with a subsidized rate by the Fondep of the Ministry of Productive Development and granted for a term of six years, with one of grace.
- **Cargill** will invest more than US \$ 4 MM in the expansion of its Ibarra (Bs. As) plant to build two 6,000-ton silos. There will be more than 200 people working on the project and they hope to have the work completed by April next year when the corn and soybean harvest begins.
- **San Ignacio**, a dulce de leche, cream cheese and blue cheese producer, which is present in more than 23 countries in America, Europe, Asia and Oceania, announced an investment of US \$ 6 MM and launched new products; chocolate milk and Dulce de leche + Cookies & Cream.
- **Molino Trigotuc** (Tucuman SME that makes wheat flour, soybean extrusion and balanced feed) announced an investment of \$ 90 MM, with the support of the Foreign Trade and Investment Bank (BICE), to complete the poultry activity started two years ago and market chicken ready for slaughter. The announced project is carried out with a bank loan of \$ 70 MM that represents 77% of the funds invested by the company and that was granted for a 7-year term and 1 grace period, with a subsidized rate by the FONDEP of the Ministry of Productive Development.
- The municipality of **La Colcha** (Tucumán province) will invest \$ 120 MM (ending in one year) in a pork sausage and salted meat production plant that grows in said region. It is an area with a tradition of tobacco production, whose objective is to position itself as a point of reference in the country.

- **Sociedad Comercial del Plata** (Argentine holding company) and **Morixe** (food processor) presented investments for US \$ 250 MM with focus on agribusiness, energy and construction materials sectors, and exports.

CAPITAL MARKET

Corporate Bonds

- **Héctor A Bertone** (HAB) S.A. Corporate Bond (CB) of \$ 200 MM, series I under the issuance of the guaranteed SME CNV regime, Margen + Badlar rate, initial TNA 38.13%, for a term of 24 months.
- **Red Surcos**: issuance of Series VI Class A simple CB for \$ 322,222,222 maturing on June 24, 2022, and Series VI Class B for US \$ 7,603,035 maturing on December 24, 2022.
- **The Bioceres Crop Solutions** subsidiary, Rizobacter, completes the Series VI corporate bond offering for \$ 16.1 MM in the Argentine market. The bonds will be issued in two tranches:
 - Class A: \$ 12.7 MM maturing in March 2023 and a nominal annual interest rate of 3.75%; and
 - Class B: \$ 3.4 MM maturing in September 2024 and an annual nominal interest rate of 5.25%.

The profits will be used to support working capital and for general corporate purposes.

- **Agrofina S.A.** issued on July 5, 2021 a Class X CB of US \$ 10,996,922 MM, fixed rate, initial TNA 14.5%, for a term of 24 months.
- **Grupo Agroempresa Colón S.A.** (export of specialties and commodities; chickpeas, peas, corn, chopped grain, balanced food, etc.) issued on July 21, a Series V CB, for \$ 22,7777,777, under the Guaranteed SME issuance regime, Margin + rate Badlar, initial TNA 35.06%, for a term of 24 months.
- **Ledesma S.A.A.I.** (a leading agro-industrial company in the production of sugar and paper) issued on July 27, a Class 10 CB of \$ 3,000,000,000, Margen + Badlar rate, initial TNA 38.87%, for a term of 10 months.
- **Petroagro S.A.** (organic products, oil and meat) issued on July 29 a Class III CB, Linked Dollar US \$ 5,187,007, fixed rate, initial TNA 6.25%, for a term of 28 months.
- **Celulosa Argentina S.A.** (sustainable forestry development) issued on August 6, a Class 16 NO, Linked Dollar US \$ 6,000,000, fixed rate, initial TNA 9.52%, for a term of 24 months.
- **Molinos Agros S.A.** (producer and exporter of soybean and cereal milling products) issued on September 3, two Corporate Bonds:

- Class III, Linked Dollar US \$ 33,539,700, fixed rate, initial TNA 1.00%, for a term of 24 months.
- Class IV, Linked Dollar US \$ 36,460,300, fixed rate, initial TNA 2.49%, with a term of 37 months.
- **San Miguel**, issued on September 7, an CB, series VI, Linked Dollar US \$ 50,006,468, fixed rate, initial TNA 4.00%, for a term of 18 months.
- **Alto Real Viñedos S.A. (vine cultivation for winemaking)**, issued on September 3, an ON, Class I, Dollar Linked US \$ 5,000,000, CB SME issuance regime, fixed rate, initial TNA 4.00%, for a term of 61 months.
- **Cresud S.A.C.I.F.A.**, issued on September 13, a CB Class XXXV, Linked Dollar US \$ 41,853,821, fixed rate, initial TNA 3.5%, for a term of 37 months.

Financial Trusts

Agrofina SA

- Agrofina XXIV for \$ 564,427.00. Rate type Margin + Badlar, initial TNA of 35.13% Term is 11 months.
- Agrofina XXV for \$ 489,120,490. Margin + Badlar rate type, initial TNA of 35.13% Term is 12 months.

Red Surcos SA

- Red Surcos XVI for an amount of \$ 314,763,705.00. Margin + Badlar rate type, initial TNA of 35.13% Term is 10 months.
- Red Surcos XVII for an amount of \$ 318,375,724.00. Rate type Margin + Badlar, initial TNA of 35.19% Term is 13 months
- Red Surcos XVIII for an amount of \$ 320,975,041.00. Rate type Margin + Badlar, initial TNA of 35.13% Term is 10 months
- Red Surcos XIX for an amount of \$ 305,653,127. Rate type Margin + Badlar, initial TNA of 35.19% Term is 10 months

Ruralco Soluciones SA

- Ruralco II for an amount of \$ 438,437,646. Rate type Margin + Badlar, initial TNA of 35.13% Term is 11 months

Federation of Wine Cooperatives of Argentina Cooperativa Limitada (FECOVITA)

- Fecovita Internal Market I for an amount of \$ 357,000,000. Margin + Badlar rate type, initial TNA of 35.19% Term is 13 months.

SALES, MERGERS and ADQUISITIONS (M&A)

Global Scope

- **Syngenta** announced the acquisition of **Dipagro** (an agro-inputs distributor in Mato Grosso, Brazil). This will ensure greater access to Syngenta technologies and services for farmers in the region. The confirmation of the transaction is subject to the approval of the Administrative Council for Economic Defense (CADE), a Brazilian authority.
- **Cibus** (a leader in agricultural biotechnology) and **GDM** (a world leader in soy genetics), announced a strategic collaboration focused on the development of products designed to improve soy production and profitability.
- **JBS** is expanding into the fish protein sector and agreed to acquire **Huon Aquaculture**, Australia's second largest salmon producer, for US \$ 313.5 MM. This agreement marks the São Paulo-based JBS's first foray into the direct production of seafood.
- **Cargill** and **Continental Grain** announced an agreement to acquire **Sanderson Farms** (third largest chicken producer in the USA) for US \$ 203 per share, for a total of US \$ 4.53 billion. With the transaction, Sanderson Farms will merge with Wayne Farms (a subsidiary of Continental Grain). The operation will be carried out by the end of 2021. The new resulting entity will control a 15% stake in chicken production in the USA.
- **Molec Science** (uses plants to create animal proteins) and **Grupo Insud** (manufacture of biosimilars and other active ingredients for the pharmaceutical industry), launch a food technology joint venture. The Joint Venture was designed to leverage Grupo Insud's world-class fermentation research and production capabilities with Molec's food science expertise.
- **Bunge** and **Chevrón** (the largest oil company in the USA) join forces to produce raw materials to make biofuels. The capital injection will be used to double the combined

capacity of Bunge's facilities (today 7,000 tons per day). Chevron will use the oil as a renewable raw material to make renewable diesel and biofuel. The works are expected to be completed by the end of 2024.

- **NotCo** (producer of meat substitutes based on protein isolates) completed a Series D round of US \$ 235 MM with a valuation of US \$ 1,500 MM. The financing is intended to accelerate the growth of the company in new geographies, products, and technologies.
- **Sound Agriculture** (a company that addresses sustainability through innovative advances in food and agriculture) announced that it has secured a US \$ 45 MM investment led by Leaps by Bayer (Bayer's VC arm). Also participating were Northpond Ventures (a leader in science and technology driven venture capital), Cavallo Ventures (technology in agriculture, animal feed, fertilizer and advisory), Fall Line Capital, S2G Ventures and Syngenta Group Ventures.

Local Scope

- **Agrofy** partners with **Muu** (digital livestock market) to facilitate the purchase and sale of livestock and new financing plans (up to 180 days off, payments with credit and debit cards, transfers, DEBIN, Pago mis cuentas). Based on this alliance, Muu offers agreements with the banks Procampo, Galicia Rural, Santander, Macro, Patagonia and BBVA.
- **Cono Sur Inversiones SA** (Advice on investments in the country or abroad) and other Argentine investors (Empower SGR and Alfa Pyme SGR), through a controlled company, acquired the Reciprocal Guarantee Company (**SGR**) belonging to Los Grobo Agropecuaria SA. It will be renamed to Promote SGR. The amount of the operation did not transcend.
- The **Bemberg Family** acquired a majority stake in **WX Brands**, one of the largest wine distributors in the United States. The operation was closed on July 30 through Terold, Grupo Peñaflor's controlling shareholder.
- The **government of Chaco** made an agreement with the company of Chinese-Argentine capital **Feng Tian Food** for the start-up of three integrated pig production complexes for

export. The total investment would be US \$ 129 MM and would allow the generation of 360 jobs in each complex (northeast of the province, center and southwest).

- **ZoomAgri** has raised US \$ 3.3 MM in a "pre-Series A" round from SP Ventures, Artesian, Grain Innovate and Glocal. This round raises the total financing of the company to US \$ 4.75 MM. The company developed the leading platform for the determination of physical quality and varietal purity of different agricultural commodities, pre-sowing and post-harvest, through Image Processing and Artificial Intelligence (AI). It has offices in Argentina, Spain and Australia.
- **Tomorrow Foods** (food company based on protein isolates) received investments of US \$ 3 MM at the close of its second investment round to set up a research and development center.

REPORT SUMMARY

The **AGRIFEX Q3-2021 REPORT**, like the previous quarter, shows a continuous investment by local companies to develop exports and efficiency. Three months ago, we mentioned Arcor, Newsan and Simplot, and in this line now the government of Chaco, **Trivento, Alican, San Ignacio, Sociedad comercial del Plata** and **Morixe** are added.

At the international level, in the previous Agrifex Report we highlighted an important acquisition of JBS to enter the world of vegetable proteins, now, the same company takes its first steps in the world of fish proteins through the acquisition of a company salmon producer in Australia.

On the other hand, and globally, we continue to see sustained investments in the start-up ecosystem. In a context of high liquidity, the search for efficiencies and the use of new available technologies, these ventures continue to emerge and consolidate. Companies like **NotCo, Agrofy, ZoomAgri** and **Moolec** are some of them. The incursion of large multinationals stands out, joining the wave of investors through their VC (Venture Capital) arms, as Syngenta and Bayer did this quarter.

