

Ag & Vet Weekly



Monday February 24 – Friday February 28, 2020

All the news on ASX-listed agriculture and veterinary companies

- * FEB 28: ASX, AVW-45 DOWN: TASFOODS UP 5%; NANOLLOSE DOWN 15%
- * A2 MILK H1 REVENUE UP 32% TO \$773m, PROFIT UP 21% TO \$181.7m
- * RIDLEY H1 REVENUE DOWN 7% TO \$487m, PROFIT DOWN 98% TO \$396k
- * COSTA REVENUE UP 6% TO \$1.0b, \$33.8m LOSS
- * NATIONAL VET H1 REVENUE UP 30% TO \$69m, PROFIT UP 56% TO \$4m
- * APIAM H1 REVENUE UP 0.4% TO \$56m, PROFIT DOWN 0.4% TO \$1.6m
- * PALLA PHARMA REVENUE UP 18% TO \$54.8m, LOSS UP 32% TO \$7.6m
- * BUBS H1 REVENUE UP 39% TO \$27.1m, LOSS DOWN 14% TO \$7.5m
- * TASFOODS REVENUE UP 24% TO \$51m, LOSS UP 155% TO \$3.5m
- * CLEAN SEAS H1 REVENUE UP 13% TO \$24m, LOSS TO \$4.6m PROFIT
- * ELIXINOL REVENUE DOWN 16% TO \$27.2m, LOSS UP TO \$83.3m
- * ALTHEA H1 REVENUE \$1.9m, LOSS UP 253% TO \$8.4m
- * OCEAN GROWN H1 REVENUE DOWN 14% TO \$1.5m, PROFIT TO \$1m LOSS
- * PHARMAUST H1 REVENUE DOWN 9% TO \$2m, LOSS UP 439% to \$485k
- * WATTLE RIGHTS RAISE \$9m, PHAM \$16m, EGM BACKS BLEND & PACK
- * BEGA REQUESTS 'RESULTS DELAY' TRADING HALT
- * ABUNDANT REQUESTS 'ASX DELISTING' TRADING HALT
- * PERPETUAL TAKES 9.5% OF ELDERS
- * THC REQUESTS 'MARIJUANA PERMIT' TRADING HALT
- * A2 MILK APPOINTS SUSAN MASSASSO 'CGBO'
- * ROOTS APPOINTS DR JAMES ELLINGFORD DIRECTOR

MARKET REPORT

The Australian stock market fell 3.25 percent on Friday February 28, with the ASX200 down 216.7 points to 6441.2 points.

Six of the AVW-45 stocks were up, 29 fell, five traded unchanged and five were untraded.

Tasfoods was the best, up 0.5 cents or 4.55 percent to 11.5 cents, with 236,196 shares traded. Cannpal and Ocean Grown Abalone climbed more than four percent; Huon and Memphasys were up three percent or more; with Fonterra up by 0.5 percent.

Nanollose led the falls, down 0.8 cents or 14.8 percent to 4.6 cents, with 150,000 shares traded.

Auscann and Elixinol fell more than 13 percent; Roots lost 10.7 percent; Althea, Apiam and Creso were down more than nine percent; Cann Global and Cann Group fell eight percent or more; Bubs, Pharmaust and Regeneus shed more than seven percent; Seafarms lost 6.8 percent, Anatara, Clean Seas, Elders and Food Revolution fell more than four percent; Ecofibre, Murray Cod, Nufarm and Ridley were down three percent or more; A2 Milk and Select Harvests shed more than two percent; Clover, Costa, Synlait, Tassal and THC lost one percent or more; with National Veterinary down by 0.3 percent.

A2 MILK

A2 Milk says revenue for the six months to December 31, 2019 was up 31.8 percent to \$NZ805,320,000 (\$A773,268,264) with net profit after tax from continuing operations up 21.4 percent to \$NZ188,194,000 (\$A180,703,878.80).

A2 Milk said revenue from its instant formula, liquid milk and other revenue was \$NZ460,205,000 for Australia and New Zealand, \$NZ317,160,000 for China and other Asian countries and \$NZ27,955,000 for the US.

The company said diluted earnings per share was up 21.3 percent to 24.90 NZ cents and it had cash and cash equivalents of \$NZ618,420,000 at December 31, 2019 compared to \$NZ287,932,000 at December 31, 2018.

A2 Milk was down 33 cents or 2.1 percent to \$15.42 with 5.8 million shares traded.

RIDLEY CORP

Ridley says revenue for the six months to December 31, 2019 was down 6.9 percent to \$487,342,000 with net profit after tax down 97.5 percent to \$396,000.

Ridley said revenue was from its agriproducts animal nutrition solutions and was down due to the Murray Bridge feed mill closure, an internal restructure and a legal settlement with Baiada (Feb 14, 2020; Sep 27, 2019).

The company said it had a dividend of 1.5 cents a share on the record date of April 9, 2020, payable on April 30.

Ridley said diluted earnings per share was down 98.1 percent to 0.1 cents, net tangible assets per share was down 3.3 percent to 59 cents and it had cash and cash equivalents of \$39,771,000 at December 31, 2019 compared to \$17,058,000 at December 31, 2018.

Ridley was down 3.5 cents or 3.9 percent to 86.5 cents.

COSTA GROUP

Costa says revenue for the year to December 31, 2019 was up 5.8 percent to \$1,047,873,000 with net profit after tax turned to a loss of \$33,763,000.

Costa said revenue included produce revenue from berries, mushrooms, glasshouse grown tomatoes, citrus and avocados of \$818,253,000, costa farms and logistics revenue of \$137,922,000 and international revenue of \$91,688,000.

The company said it had a final dividend of 2.0 cents a share on the record date of March 13, 2020, payable on April 8.

Costa said diluted earnings per share of 1.35 cents was turned to a loss per share of 10.75 cents and net tangible assets per share was up 70.6 percent to 110.59 cents.

The company said it had cash and cash equivalents of \$35,962,000 at December 31, 2019 compared to \$45,802,000 at December 31, 2018.

Costa fell four cents or 1.3 percent to \$2.96 with 5.1 million shares traded.

NATIONAL VETERINARY CARE

National Veterinary says that revenue for the six months to December 31, 2019 was up 30.1 percent to \$69,031,000 with net profit after tax up 56.4 percent to \$4,091,000.

National Veterinary said that revenue increased as the company grew from 98 to 102 veterinary service businesses including general practice clinics and business to business operations.

The company said diluted earnings per share were up 45.65 percent to 6.03 cents a share with negative net tangible assets per share up 10.8 percent from negative 78.02 cents to negative 86.47 cents at December 31, 2019.

National Veterinary said it has cash and cash equivalents of \$18,142,000 at December 31, 2019 compared to \$13,480,000 at December 31, 2018.

National Veterinary was down one cent or 0.3 percent to \$3.66 with 1.75 million shares traded.

APIAM ANIMAL HEALTH

Apiam says that revenue for the six months to December 31, 2019 was up 0.4 percent to \$56,280,000 with net profit after tax down 0.4 percent to \$1,644,000.

Apiam said that revenue increased “despite challenging and dry industry conditions in the pig and dairy segments, where reductions in animal numbers occurred”.

The company said that profit was down due to “additional costs incurred in the period associated with new product registrations, new licence fees of the recently implemented [practice management system] and some additional staff training and marketing”.

Apiam said diluted earnings per share was unchanged at two cents a share with negative net tangible assets per share up 400 percent from negative 5.0 cents to negative 25 cents at December 31, 2019.

The company said that a fully franked interim dividend of 8.0 cents a share for shareholders on the record date of March 23 would be paid on April 24, 2020.

Apiam said it has cash and cash equivalents of \$2,451,000 at December 31, 2019 compared to of \$1,662,000 at December 31, 2018.

Apiam was down five cents or 9.6 percent to 47 cents.

PALLA PHARMA

Palla Pharma says revenue for the year to December 31, 2019 was up 17.8 percent to \$54,843,483 with net loss after tax up 32.0 percent to \$7,639,443.

Palla Pharma said revenue included \$54,685,394 from contracts with customers from narcotic raw material (opium) and poppy seed in Australia and active pharmaceutical ingredient and finished dosage formulation in Norway, as well as \$158,089 from other income including rental income.

The company said diluted loss per share was up 1.6 percent to 8.66 cents, net tangible assets per share was constant at 43 cents and it had cash and cash equivalents of \$2,109,087 at December 31, 2019 compared to \$1,904,583 at December 31, 2018. Palla Pharma was unchanged at 80 cents.

BUBS AUSTRALIA

Bubs says revenue for the six months to December 31, 2019 was up 38.7 percent to \$27,098,050 with net loss after tax down 14.4 percent to \$7,557,846.

Bubs said revenue included \$12,027,363 from sales of instant formula, \$1,680,254 from sales of baby organic food, \$10,600,318 from sales of adult goat milk powder, \$1,774,856 from sales of fresh dairy products and \$1,015,259 from canning services.

The company said diluted loss per share was down 50 percent to 1.0 cent, net tangible assets per share was down 64.6 percent to 2.72 cents and it had cash and cash equivalents of \$39,130,489 at December 31, 2019 compared to \$19,714,931 at December 31, 2018.

Bubs was down 5.5 cents or 7.75 percent to 65.5 cents with 9.9 million shares traded.

TASFOODS

Tasfoods says revenue for the year to December 31, 2019 was up 31.3 percent to \$51,106,000 with net loss after tax up 154.7 percent to \$3,459,000.

Tasfoods said revenue included sales of its poultry, dairy and wasabi products, with poultry sales in 2019 worth \$34.9 million, dairy sales worth \$15.4 million and wasabi sales up eight percent to about \$350,000.

The company said diluted loss per share was up 120.9 percent to \$1.48 and it had cash and cash equivalents of \$2,209,000 at December 31, 2019 compared to \$6,658,000 at December 31, 2018.

Tasfoods was up half a cent or 4.55 percent to 11.5 cents.

CLEAN SEAS SEAFOOD

Clean Seas says revenue for the six months to December 31, 2019 was up 13.2 percent to \$24,437,000 with last year's loss turned to a \$4,596,000 net profit after tax.

Clean Seas said revenue came from sales of its Yellowtail Kingfish, Mulloway and wild caught Tuna.

The company said last year's 5.30 cents diluted loss per share was turned to diluted earnings per share of 5.05 cents in the six months to December 31, 2018, with net tangible assets per share up 15.6 percent to 89 cents.

Clean Seas said it had cash and cash equivalents of \$9,343,000 at December 31, 2019 compared to \$1,278,000 at December 31, 2018.

Clean Seas was down three cents or 4.35 percent to 66 cents.

ELIXINOL GLOBAL

Elixinol says revenue for the year to December 31, 2019 was down 16.2 percent to \$27,183,000 with net loss after tax up 9,591.0 percent to \$83,343,000.

Elixinol said revenue was from sales of its marijuana and hemp food additives, including \$24,915,000 from the Americas, down 23.1 percent, and \$2,268,000 from Europe and the UK, up 4,100.0 percent.

The company said diluted loss per share was up 7,877.2 percent to 63.02 cents, net tangible assets was up 14.8 percent to 52.99 cents, and it had cash and cash equivalents of \$20,244,000 at December 31, 2019 compared to \$42,922,000 at December 31, 2018. Elixinol was down 5.5 cents or 13.1 percent to 36.5 cents with 1.6 million shares traded.

ALTHEA GROUP

Althea says revenue for the six months to December 31, 2019 was up 963.8 percent to \$1,851,000 with net loss after tax up 253.0 percent to \$8,351,000.

Althea said revenue came for its sales and distribution of medical marijuana products in Australia and the UK, along with \$178,000 in interest and \$1,000 in other revenue.

The company said diluted loss per share was up 78.6 percent to 3.68 cents, net tangible asset backing per share was up 79.4 percent to 14.37 cents and it had cash and cash equivalents of \$22,361,000 at December 31, 2019 compared to \$14,874,000 at December 31, 2018.

Althea was down three cents or 9.5 percent to 28.5 cents with 1.2 million shares traded.

OCEAN GROWN ABALONE

Ocean Grown says revenue for the six months to December 31, 2019 was down 14.0 percent to \$1,447,580 with last year's net profit after tax turned to loss of \$998,435.

Ocean Grown said revenue was primarily from sales of live and frozen abalone.

The company said last year's diluted earnings per share of 0.16 cents was turned to a loss per share of 0.55 cents and it had cash and cash equivalents of \$4,034,479 at December 31, 2019 compared to \$6,106,598 at December 31, 2018.

Ocean Grown was up half a cent or 4.35 percent to 12 cents.

PHARMAUST

Pharmaust says revenue for the six months to December 31, 2019 was down 9.1 percent to \$1,750,513 with net loss after tax up 439.0 percent to \$484,701.

Pharmaust said revenue came primarily from subsidiary Epichem's medicinal chemistry contracts.

The company said diluted loss per share was 0.17 cents a share, up 240.0 percent from a loss of 0.05 cents a share in the six months to December 31, 2018, with net tangible assets per share down 16.3 percent to 1.64 cents.

Pharmaust said it had cash and cash equivalents of \$2,922,555 at December 31, 2019 compared to \$961,976 at December 31, 2018.

Pharmaust was down 0.7 cents or 7.8 percent to 8.3 cents with 1.1 million shares traded.

WATTLE HEALTH AUSTRALIA

Wattle Health says its rights issue raised \$9,316,105 from shareholders and its extraordinary general meeting approved its acquisition of 80 percent of Blend & Pack. In January, Wattle said it hoped to raise \$39.7 million through a two-for-one rights issue at 40 cents a share for the acquisition of 75 percent of dairy processor Blend & Pack, following the failure of its previous offer to secure the minimum funding required (AVW: Jan 24, 2020).

In February, the company said Xuan Khoa Pham had subscribed for any shortfall shares available up to the lower of the minimum subscription of \$25 million in shares or the number of shares equivalent to 19.9 percent of the issued share capital of the company at February 24, 2020, after the allotment of shares to eligible holders under the rights issue offer (AVW: Feb 21, 2020).

Wattle said that all resolutions to the extraordinary general meeting were carried with more than 99.3 percent on votes in favor.

Wattle Health was in a suspension and last traded at 48.7 cents.

BEGA CHEESE

Bega has requested a trading halt pending an announcement in relation to “a potential adjustment to its [full year] results”.

Bega said that the presentation of its result for the six months to December 29, 2019 was scheduled for February 27 but was “rescheduled to be presented on March 2, 2020 at 11am”.

Bega said the adjustment to the results related to its transition to a new management software and that it did not expect any impact on its earnings or its previous earnings forecast.

Trading will resume on March 2, 2020 or on an earlier announcement.

Bega last traded at \$4.05.

ABUNDANT PRODUCE

Abundant has requested a trading halt pending an announcement in relation to “an application to be removed from the official list”.

Trading will resume on March 2, 2020 or on an earlier announcement.

Abundant was untraded at 2.2 cents.

ELDERS

The Sydney-based Perpetual says it has increased its substantial shareholding in Elders from 13,039,439 shares (8.38%) to 14,770,459 shares (9.49%).

Perpetual said it bought the shares between February 13 and 25, 2020, at prices ranging from \$8.01 to \$8.33 a share.

Elders was down 34 cents or 4.2 percent to \$7.74 with 1.2 million shares traded.

THC GLOBAL GROUP

THC has requested a trading halt pending an announcement relating to “an additional permit for the company’s operations by the Australian Office of Drug Control”.

Trading will resume on March 3, 2020 or on an earlier announcement.

THC was down half a cent or 1.6 percent to 31 cents.

A2 MILK

A2 Milk says it has appointed former chief marketing officer Susan Massasso to the “newly created role of chief growth and brand officer”, effective February 24, 2020.

Last year, A2 Milk said Susan Massasso had resigned as chief marketing officer, effective from the end of February 2020, but would remain on the leadership team until the end of June (AVW: Nov 15, 2019).

Today, the company said the new role of chief growth and brand officer would “encompass broad responsibilities across innovation; new product and market development; and quality and regulatory affairs”.

A2 Milk said that a search was underway for a new head of group marketing and the role would report to Ms Massasso.

ROOTS SUSTAINABLE AGRICULTURE TECHNOLOGIES

Roots says it has appointed Dr James Ellingford as a non-executive director.

Roots said Dr Ellingford had experience in the software and cannabis industries and previously was the head of Take-Two Interactive Software.

The company said Dr Ellingford held a Graduate Diploma from Company Secretaries and Administrators Melbourne, a Master of Business Administration from the University of Western Sydney and a Doctor of Management from the Buckingham, UK-based Revans University.

Roots was down 0.3 cents or 10.7 percent to 2.5 cents with 1.3 million shares traded.