

Ag & Vet Weekly



Monday August 24 – Friday August 28, 2020

All the news on ASX-listed agriculture and veterinary companies

- * ASX, AVW-44 DOWN: NANOLLOSE UP 14%; MEMPHASYS DOWN 11.5%
- * NSW FARMERS, FOOD FRONTIER, NFF PROTEIN INDUSTRY FORUM
- * BEGA REVENUE UP 5% TO \$1.5b, PROFIT UP 80% TO \$21.3m
- * RIDLEY REVENUE DOWN 3.5% TO \$968m, PROFIT TO \$8.7m LOSS
- * COSTA H1 REVENUE UP 7% TO \$612m, PROFIT UP 6% TO \$43.4m
- * HUON REVENUE UP 20.5% TO \$340m, PROFIT DOWN 48% TO \$5m
- * APIAM REVENUE UP 5.9% TO \$118.3m, PROFIT UP 36.2% TO \$4.3m
- * CLEAN SEAS REVENUE DOWN 13% TO \$40.3m, PROFIT TO \$14m LOSS
- * REGENEUS REVENUE \$1.7m, LOSS DOWN 82% TO \$1.1m
- * AP HEMP REVENUE UP 34% TO \$1.2m, LOSS UP 512% TO \$5.9m
- * CANN GROUP REVENUE DOWN 72% TO \$911k, LOSS UP 55% TO \$17m
- * HUON PLACEMENT RAISES \$64m, SHARE PLAN FOR \$4m MORE
- * ECOFIBRE COMPLETES \$59m TEXINNOVATE ACQUISITION
- * KYOCERA PAYS REGENEUS \$1.3m PROGENZA MILESTONE
- * BUBS: BEINGMATE TO MANUFACTURE GOAT MILK FORMULA IN CHINA
- * ROOTS RAISES \$2.51m
- * ROOTS TAKES RZTO TO ALTERNATIVE MEAT COMPANIES
- * TASFOODS RAISES \$650k, RIGHTS OFFER FOR \$3.4m MORE
- * AURORA CANNABIS DILUTED TO 12.3% OF CANN GROUP
- * RIDLEY APPOINTS MICK MCMAHON CHAIR, RHYS JONES DIRECTOR
- * CLEAN SEAS CEO DAVID HEAD RETIRES, ROBERT GRATTON INTERIM
- * FOOD REVOLUTION APPOINTS CEO TONY ROWLINSON M-D
- * CANN GLOBAL: MARION LESAFFRE COO, FRANC ZVONAR SALES
- * PHARMAUST: 'MONEPANTEL SUPPRESSES SARS-COV-2 UP-TO 95%'
- * MGC: 'RUSSIA J-V FOR ARTEMIC FOR SARS-COV-2'

MARKET REPORT

The Australian stock market was down 0.9 percent on Friday August 28, 2020, with the ASX200 down 52.4 points to 6,073.8 points.

Twelve of the AVW-44 stocks were up, 23 fell, seven traded unchanged and two were untraded.

Nanollose was the best, up 0.8 cents or 14.3 percent to 6.4 cents, with 704,405 shares traded.

Opyl climbed 13.0 percent; Costa was up 11.8 percent; Roots improved 8.7 percent; Regeneus rose 6.7 percent; Fonterra, Ridley, Tasfoods, Terragen and Wide Open were up two percent or more; Palla climbed 1.7 percent; with Tassal up 0.55 percent.

Memphasys led the falls, down 1.5 cents or 11.5 percent to 11.5 cents, with 2.4 million shares traded.

Avecho lost 11.1 percent; Anatara shed 8.7 percent; Murray Cod fell 7.1 percent; Clean Seas was down 6.7 percent; Apiam and Huon lost more than five percent; Cannpal shed 4.35 percent; A2 Milk, Food Revolution, MGC and Synlait were down more than three percent; Pharmaust and THC fell more than two percent; Althea, Bega, Bubs, Ecofibre and Elders lost one percent or more; with Clover, Next Science, Nufarm and Select Harvests down by less than one percent.

NSW FARMERS, FOOD FRONTIER, NATIONAL FARMERS' FEDERATION

New South Wales Farmers says it will launch a national forum to bring together livestock, plant and alternative protein producers to meet the projected demand for protein.

NSW Farmers said it had partnered with Food Frontier and the Barton, Australian Capital Territory-based National Farmers' Federation to host the forum, titled 'Future of Protein', with the hope that it would help protein industries learn from each other, develop research and development priorities and communicate back to producers and governments.

NSW Farmers chief executive officer Peter Arkle said "the global demand for protein in 2030 will be so high that traditional animal agriculture alone will come nowhere near meeting it".

"Alternative protein, such as plant-based products and cell-cultivated meat, will be complementary to our traditional agricultural industries rather than posing a direct threat to their viability," Mr Arkle said.

NSW Farmers said Deloitte Access Economics modelling forecast that Australia's plant-based meat alternative consumer market would be \$3 billion by 2030.

Food Frontier's director of policy and government relations Sam Lawrence said the forum presented a "lucrative opportunity for Australian farmers to supply a new high-value market, both domestically and internationally, as demand for Australian grown plant-protein increases."

"The economic case is clear and compelling, and we hope will encourage participation in the Forum nationwide," Mr Lawrence said.

To contact the Forum, email: sam.lawrence@foodfrontier.org.

BEGA CHEESE

Bega says revenue for the year to June 30, 2020 was up 5.15 percent to \$1,492,219,000, with net profit after tax up 79.95 percent to \$21,268,000.

Bega said it had adjusted last year's net profit after tax figure of \$11,819,000 and said the restated net profit after tax for the year to June 30, 2019 was \$4,447,000.

Bega said the revenue was mainly derived from processing, manufacturing and distributing dairy and other food-related products, with the company's financial performance not "materially impacted" by the Covid-19 pandemic.

The company said that a fully-franked final dividend of 5.0 cents would be paid on October 7, for holders on the record date of September 10, 2019, compared to last year's fully franked 5.5 cents a share dividend.

Bega said that diluted earnings per share rose 73.7 percent from 5.7 cents in the previous year, a figure now restated as 2.1 cents, to 9.9 cents for the year to June 30, 2020.

The company said that net tangible asset backing per share was down 11.8 percent from \$1.36 at June 30, 2019, a figure restated to \$1.258 at June 30, 2019 to \$1.199 at June 30, 2020, and it had cash and cash equivalents of \$22,882,000 at June 30, 2020, compared to \$28,760,000 at June 30, 2019.

Bega fell nine cents or 1.7 percent to \$5.15 cents with 1,191,906 shares traded.

RIDLEY CORP

Ridley says revenue for the year to June 30, 2020 fell 3.5 percent to \$967,942,000 with last year's \$23,162,000 net profit after tax turned to a \$8,740,000 loss.

Ridley said that profit from continuing operations before significant items and before income tax of \$27.4 million was up \$3.2 million or 13.2 percent from the prior year's \$24.2 million (AVW: Aug 23, 2019).

The company said that the fall in sales revenue was a reflection of the October 2018 expiry of the Inghams supply agreement, which was a year-on-year 65,000 tonnes reduction, the pass through of raw material price movements, and a tightening of sales arising from the Covid-19 pandemic.

Ridley said it had expended \$7.2 million on the Murray Bridge feedmill closure, \$21.6 million as an impairment for the Novacq cash generating unit, \$7.0 million on the restructure of Central Victoria operations and \$4.2 million on an internal restructure.

The company said that it would not pay a final dividend for the year to June 30, 2020 and instead apply the funds to the retirement of net debt.

Ridley said that it appointed Quinton Hildebrand as its chief executive officer on August 26, 2019 and had "set a new strategic direction, continued the disposal of surplus property assets, announced a number of restructuring initiatives to better align the group's operating model and site footprint to the new strategy, and has undertaken necessary investments to maximize the potential of Novacq".

The company said that "restructuring, repositioning and revaluing activities ... [had] been substantially concluded ... [and] the outlook for the coming year is positive, despite the general economic uncertainty prevailing in domestic and world markets."

Ridley said that last year it paid a final fully-franked dividend of 2.75 cents per share and on April 30, 2020 it paid a 1.50 cents per share fully-franked dividend.

The company said that net tangible asset backing per share fell 4.8 percent to 59 cents and last year's 7.6 diluted earnings per share turned to a 2.8 cents diluted loss per share.

Ridley said it had in cash and cash equivalents of \$45,818,000 at June 30, 2020, compared to \$17,483,000 at the end of the previous financial year.

Ridley was up two cents or 2.6 percent to 79.5 cents.

COSTA GROUP HOLDINGS

Costa says that revenue for the six months to June 30, 2020, was up 6.8 percent to \$612,356,000, with net profit after tax up 6.4 percent to \$50,346,000.

Costa said that the increase in revenue was led by sales in China and Morocco.

The company said it would pay a fully franked interim dividend of four cents per share for the six months to June 28, 2020 on October 8, for the record date of September 17, 2020.

The company said diluted earnings per share fell 14.9 percent to 10.81 cents for the six months to June 30, 2020, net tangible asset backing per share was up 34.1 percent to \$1.0054 at June 30, 2020, and it had cash and cash equivalents of \$83,037,000 at June 30, 2020, compared to \$50,366,000 at June 30, 2019.

Costa was up 35 cents or 11.8 percent to \$3.31 with 9,207,374 shares traded.

HUON AQUACULTURE

Huon says that revenue for the 12 months to June 30, 2019 was up 20.5 percent to \$339,869,000 with net profit after tax down 48.0 percent to \$4,915,000.

Huon said that, until the end of March 2020, it had made up for lost sales due to biological and weather events in the previous two years, but the closure of restaurants, clubs and the food catering industry due to the Covid-19 shutdown caused a "significant drop" in volumes of salmon for the wholesale market, with air freight services disrupting exports. Huon chief executive officer Peter Bender said revenue came from salmon sales, which had been impacted by challenging environmental conditions but "strong pricing in the domestic market mitigated some of the impact from reduced volumes".

The company said net tangible asset backing per share fell 2.24 percent to \$3.48, diluted earnings per share were down 48.0 percent to 5.63 cents, with cash and cash equivalents of \$5,934,000 million at June 30, 2020, compared to \$2,611,000 at June 30, 2019.

Huon fell 19 cents or 5.85 percent to \$3.06 with 450,767 shares traded.

APIAM ANIMAL HEALTH

Apiam says revenue for the year to June 30, 2020 was up 5.9 percent to \$118,335,000 with net profit after tax up 36.2 percent to \$4,291,000.

Apiam said revenue was from its dairy and mixed companion animal clinics, feedlots and from its pigs' segment, following the acquisition of Ace Laboratory Services, Grampians Animal Health and the Warragul-based Devoted Vets this year.

Apiam chief executive officer Dr Chris Richards told Ag & Vet Weekly that the veterinary sector had seen "a 15 to 20 percent increase across the industry" primarily due to a rise in the number of companion animal adoptions during the Covid-19 pandemic lock-down.

"We are an essential service and for some people it is an excuse to get out of the house," Dr Richards said. "We do home visits, even to Covid-positive households."

Dr Richards said that when companion animals were brought to one of the 46 Apiam clinics, staff took the animal from the owner's car and returned it after treatment.

He said the company had clinics in Victoria, New South Wales, Queensland, Western Australia and Tasmania and about 20 percent of revenue came from companion animals.

Apiam said it would pay a fully-franked 1.2 cent dividend on October 23, for a record date of September 18, 2020, following the fully-franked 0.8 cents interim dividend.

The company said diluted earnings per share was up 21.7 percent to 3.65 cents and it had cash and equivalents of \$2,509,000 at June 30, 2020 compared to \$1,873,000 at June 30, 2019.

Apiam fell three cents or 5.3 percent to 53.5 cents.

CLEAN SEAS SEAFOOD

Clean Seas says revenue for the year to June 30, 2020 was down 12.65 percent to \$40,313,000, with last year's \$1,446,000 net profit after tax turned to a loss of \$14,454,000.

Clean Seas said revenue came from the sales of its yellowtail kingfish, with profit tracking 14 percent ahead of the previous year going into April, until restaurants closed due to the Covid-19, causing a 20 percent loss of sales.

The company said it had focused on increasing sales in non-restaurant channels, which historically accounted for less than 20 percent of its sales and said that "ongoing disruptions due to Covid-19 [were] likely to affect Clean Seas sales for the foreseeable future".

Clean Seas said that last year's 1.69 diluted earnings per share turned to a 15.57 cents diluted earnings per share for the year to June 30, 2020.

The company said net tangible asset backing per share fell 22.4 percent to 65.6 cents, with cash and cash equivalents of 22,169,000 at June 30, 2020 compared to \$1,004,000 at June 30, 2019.

Clean Seas fell four cents or 6.7 percent to 56 cents.

REGENEUS

Regeneus say its revenue for the year to June 30, 2020 was \$1,663,345, with net loss after tax down 82.3 percent to 1,069,046.

Regeneus said the revenue came from milestone payments from licencing its Progenza for osteoarthritis to the Toyko-based Kyocera Corp.

The company said net tangible asset backing per share was up from negative 3.06 cents to negative 0.05 cents with diluted loss per share down 98.0 percent to 0.38 cents.

Regeneus said it had cash and cash equivalents of \$981,845 at June 30, 2020 compared to \$255,463 at June 30, 2019.

Regeneus was up one cent or 6.7 percent to 16 cents with 1,302,785 shares traded.

AUSTRALIAN PRIMARY HEMP (FORMERLY ALCHEMIA)

Australian Primary Hemp that revenue for the 12 months to June 30, 2020 was up 34.3 percent to \$1,158,785 with net loss after tax up 511.9 percent to \$5,914,274.

AP Hemp said that revenue was primarily from wholesale and retail hemp products, with a "significant one-off reverse acquisition" of \$3,998,488 accounting for its net loss, in which former shareholders of the private company obtained control, following its purchase by Alchemia (AVW: Aug 16, 2019).

The company said that net tangible asset backing per share increased from last year's negative 20.17 cents to 3.75 cents for the year to June 30, 2020, with diluted loss per share up 14.2 percent to 10.87 cents compared to 9.52 cents for the previous corresponding period.

Australian Primary Hemp said it had cash and cash equivalents of \$2,345,368 at June 30, 2020, compared to \$4,374 at the end of the previous financial year.

Australian Primary Hemp was unchanged at 14.5 cents.

CANN GROUP

Cann Group says its revenue for the 12 months to June 30, 2020 was down 77.2 percent to \$910,580 with net loss after tax up 55.0 percent to \$16,937,387.

Cann said its revenue from sales of marijuana-based products fell 72.4 percent to \$647,222, with the remaining revenue \$263,358 from interest.

Last year, the company said it had sales revenue of \$2,347,668 from a contract with the Victorian Government, which ended in October 2019 (BD: Aug 27, Oct 14, 2019).

Today, Cann said its net tangible assets per share were down 15.6 percent to 45.96 cents with diluted loss per share up 53.6 percent to 11.9 cents.

The company said it had cash and cash equivalents of \$1,553,995 at June 30, 2020 compared to \$46,388,192 at June 30, 2019.

Cann Group was unchanged at 40 cents with 4,124,142 shares traded.

HUON AQUACULTURE

Huon says it has raised \$64 million through a placement to institutional and sophisticated investors at \$3.00 a share and will offer a share plan for up to \$4 million.

Huon said the fully underwritten placement was expected to settle on September 1, 2020 with shares to be issued the following day.

The company said the funds would be used to reduce debt and strengthen its balance sheet.

Huon said that under the plan, shareholders at the record date of August 27, could apply for up to \$30,000 in new shares at a price of \$3.00 a share, a 2.5 percent discount to the five-day volume weighted average, with the plan opening on September 3 and closing on September 23, 2020.

ECOFIBRE

Ecofibre says it has completed the \$US42,000,000 (\$A58,605,540) acquisition of the five businesses and assets of its North Carolina manufacturer Texinnovate.

Last month, Ecofibre said it had a conditional agreement to acquire five businesses with "deep technical expertise" across textile disciplines, including Triad Polymers, Trident Fibers, Fibex, Knitmasters and Texinnovate (BD: Jul 29, 2020).

Today, the company said it had completed the transaction for \$US10,500,000 in cash and the equivalent in shares and a \$US21,000,000 earnout, payable in three equal tranches of \$US7,000,000 three, four and five years from the completion date.

Ecofibre fell four cents or 1.6 percent to \$2.53.

REGENEUS

Regeneus says it has received a \$1.3 million milestone from Kyocera for completing an agreement for its stem cell platform Progenza OA for knee osteoarthritis.

Earlier this month, Regeneus said it had a \$26.4 million licence and collaboration agreement with Tokyo's Kyocera Corp to develop and commercialize Progenza OA in Japan, which would be paid in upfront, development and regulatory milestones payments as well as royalty payments (BD: Aug 11, 2020).

Today, the company said it expected to receive a further US\$4 million (\$A5.5 million) from Kyocera in October 2020.

BUBS AUSTRALIA

Bubs says it has a memorandum of understanding with its Beihai, China-based joint venture partner Beingmate Co to manufacture goat milk infant formula.

Bubs said it would acquire an ownership interest in one of Beingmate's infant formula manufacturing facilities and would secure a China domestic State Administration for Market Regulation (SAMR) brand lot.

The company said it would sell an SAMR-approved product, made from 100 percent Australian goat milk, to the Beingmate joint venture, Bubs Brand Management Shanghai Co, to continue distribution of the product into China's general trade, including Beingmate's existing network of 30,000 shops.

Bubs chief executive officer Kristy Carr said that Beingmate was "one of the largest Chinese-owned enterprises in China's infant nutrition industry" and was the company's joint-venture distribution partner.

"This will ultimately provide Bubs with a faster route-to-market and full access into China's Mother and Baby stores," Ms Carr said.

"Given the current geo-political landscape and regulatory risks, this breakthrough localization strategy for a 'Created by Bubs' product to be packed in China exclusively from our own Australian premium goat milk mitigates key risks and provides a secure pathway to gaining full access to the world's largest and fastest growing infant formula market, valued at \$55 billion," Ms Carr said.

Bubs fell one cent or 1.1 percent to 91.5 cents with 2,646,324 shares traded.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has raised \$2.51 million through a private placement to sophisticated and professional investors at 1.6 cents per Chess depositary interest (CDI).

Roots said the price was a 20 percent discount to the five-day volume weighted average price to August 17, 2020.

The company said the funds would be used to expand "artificial meat market" initiatives, for commercialization of its root zone temperature optimisation (RZTO) system, sales and marketing, business development, intellectual property creation and management, to pay out existing debt and for working capital.

Roots said Everblu Capital was the lead manager to the placement and would receive a six percent fee.

Roots was up 0.2 cents or 8.7 percent to 2.5 cents with 264,662,738 shares traded.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has established a plant-based alternative meat department, following a study showing its root zone technology increased protein content by up to 77 percent.

Last December, Roots said a study, conducted at its Bet Halevi, Israel facility, showed its root zone temperature optimization (RTZO) to increase the number of pods grown on pea and bean plants by 57 percent to 67 percent (AVW: Dec 20, 2019).

The company said its new plant-based meat department would focus on collaborating with industry partners and developing market strategies for companies to use its technology for plants used in the artificial meat industry.

Roots said it would conduct another trial with beans and peas for the second stage growing cycle in an open field, in which the plants would be heated using the RTZO technology through winter.

TASFOODS

Tasfoods says it has raised \$650,000 through a placement and hopes to raise \$3.4 million through a three-for-20, partly-underwritten rights offer at 8.5 cents a share.

Tasfoods said Elsie Cameron Foundation, associated with substantial shareholder Jan Cameron and director Ben Swain, would underwrite the non-renounceable rights offer up to \$680,000 and substantial shareholders CVC Limited and Ms Cameron would support the offer.

The company said the price was at a 10 percent discount to the 30-day volume weighted average price to August 24, 2020.

Tasfoods said the record date for the rights offer would be August 27, with the retail offer opening on September 2 and closing on September 25, 2020.

The company said the retail offer would include a top-up facility and the funds raised would be used to support its new strategic direction, to be implemented following a review by KPMG in August 2020.

Tasfoods was up 0.2 cents or 2.2 percent to 9.3 cents.

CANN GROUP

Aurora Cannabis Inc says its 31,956,347 share-holding in Cann Group has been diluted from 22.9 percent to 12.29 percent.

The Edmonton, Alberta-based Aurora said it was diluted on August 20, 2020 in Cann's \$25.9 million oversubscribed share purchase plan and \$14.3 million placement at 40 cents a share (BD: Jul 17, Aug 19, 2020).

RIDLEY CORP

Ridley says Mick McMahon has been appointed chair replacing Dr Gary Weiss and Rhys Jones has been appointed as a director, effective from August 27, 2020.

Ridley said Mr McMahon had more than 35 years' management and director experience, including as Ingham's managing director, chief executive officer and executive chair.

The company said Mr McMahon was previously Skilled Group managing director and chief executive office, Coles Supermarkets chief executive officer and Coles Express managing-director, a Metcash director and chair of Red Rock Leisure.

The company said he held a Bachelor of Economics from the University of Tasmania and had completed the Harvard Business School's Advanced Management Program.

Ridley said Mr Jones had more than 30 years' experience in building, manufacturing and packaging and was currently the executive director and chairman of Vulcan and a director of Carbine Aginvest and Metro Performance Glass.

CLEAN SEAS SEAFOOD

Clean Seas says chief executive officer David Head will retire in October 2020, with chief financial officer Robert Gratton to be acting chief executive officer in the interim.

Clean Seas said Mr Head began working with the company in November 2015 and became chief executive officer in January 2016.

The company said Mr Head made his decision some months ago and, given the change in focus due to the Covid-19 pandemic, he brought forward his retirement to reduce costs.

Clean Seas said its joint company secretary David Brown would assume the role of acting chief financial officer while Mr Gratton, also joint company secretary, was acting chief executive officer.

THE FOOD REVOLUTION GROUP

Food Revolution says it has appointed its chief executive officer Tony Rowlinson managing director of the company.

Food Revolution said it had begun “major efficiency and cost saving projects”, including installing new software to improve line performance and production, the commissioning of a plan to limit the waste created during its manufacturing process, reviewing of utility costs and management, and introducing a homogenizing pulp usage process.

Food Revolution fell 0.2 cents or 3.85 percent to five cents with 1,180,065 shares traded.

CANN GLOBAL

Cann Global says it has appointed Marion Lesaffre as chief operating officer and Franc Zvonar as head of sales and marketing.

Cann said Ms Lesaffre had been with the company for almost 10 years and had been instrumental in the acquisition of the Medical Cannabis Limited business in March 2017.

The company said Mr Zvonar joined the company in June this year and had previously held marketing roles in the consumer goods and alternative medicines industries.

Cann Global was unchanged at 0.5 cents with 3,472,696 shares traded.

PHARMAUST

Pharmaust says monepantel and monepantel sulfone suppress severe acute respiratory syndrome-coronavirus-2 (Sars-Cov-2) particle counts by up to 95 percent.

In June, Pharmaust said that the Walter and Eliza Hall Institute had confirmed that monepantel and monepantel sulfone reduced Sars-Cov-2 infectivity in-vitro “by up-to ... 95 percent” (BD: Jun 18, 2020)

In April, Pharmaust said it would work with the Walter and Eliza Hall Institute to test the effects of monepantel on Covid-19, which was originally developed as a worm drench for sheep and later by Pharmaust for cancer in humans and dogs (BD: Apr 17, 2020).

Today, the company said it would pursue sequential in-vitro organoid and ex-vivo studies of monepantel and monepantel sulfone prior to formal clinical studies.

Pharmaust fell 0.5 cents or 2.4 percent to 20.5 cents.

MGC (MEDICAL GARDE CANNABIS) PHARMACEUTICALS

MGC says it has a joint-venture term sheet with Dr Svetlana Kopachevskaja to register Artemic for severe acute respiratory syndrome-coronavirus-2 (Sars-Cov-2)

MGC said it would own 70 percent of the joint venture, with the remaining 30 percent owned by Dr Kopachevskaja and key associated partners, who would manage the company with MGC’s European team.

The marijuana company said that Dr Kopachevskaja was formerly an executive in oncology divisions of the Russian Ministry of Health.

MGC said it expected to fast-track the registration process to between nine and 12 months due to the Covid-19 pandemic and the joint venture would develop Artemic and 15 formulations and generic oncology medicines in Russia.

MGC fell 0.1 cents or 3.7 percent to 2.6 with 5,778,668 shares traded.