

Ag & Vet Weekly



Monday September 14 – Friday September 18, 2020

All the news on ASX-listed agriculture and veterinary companies

- * **ASX DOWN, AVW-44 EVEN: OPYL UP 22%; AVECHO DOWN 12.5%**
- * **FONTERRA REVENUE UP 4% TO \$18.8b, LOSS TO PROFIT OF \$660m**
- * **CLOVER REVENUE UP 15% TO \$88m, PROFIT UP 24% TO \$12.5m**
- * **AUSTRALIAN PRIMARY HEMP MARIJUANA FACE MASKS**
- * **ROOTS: HUMBOLDT TAKES ROOT ZONE TECH TO CALIFORNIA**
- * **AUSCANN: NEUVIS THC, CBD CAPSULES MEET ENDPOINTS**
- * **AVECHO RECEIVES \$615k R&D TAX INCENTIVE**
- * **PERPETUAL REDUCES TO 7% IN BEGA**
- * **JP MORGAN CHASE TAKES 7% IN TASSAL**
- * **AGC ASAHI GLASS TAKES 7.5% OF REGENEUS**
- * **CLEAN SEAS LOSES DIRECTOR DAVID HEAD**
- * **CANN GROUP CONFIRMS JENNI PILCHER DIRECTOR**
- * **SIMON ROBERTSON REPLACES SYNLAIT DIRECTOR BILL ROEST**
- * **NUFARM LOSES CFO PAUL BINFIELD**

MARKET REPORT

The Australian stock market was down 0.3 percent on Friday September 18, 2020, with the ASX200 down 18.7 points to 5,864.5 points. Eighteen of the AVW-44 stocks were up, 19 fell, six traded unchanged and one was untraded.

Opyl was the best, up four cents or 22.2 percent to 22 cents, with 299,583 shares traded. Althea climbed 11.5 percent; Ocean Grown was up 10 percent; AP Hemp improved eight percent; Tasfoods rose 5.5 percent; Pharmaust and Wide Open were up more than four percent; Clean Seas and Synlait climbed more than three percent; Memphasys and Ridley improved two percent or more; Bubs, Tassal and Terragen rose more than one percent; with Apiam, Elders, Fonterra and Huon up by less than one percent.

Avecho led the falls, down 0.1 cents or 12.5 percent to 0.7 cents, with 4,186,629 shares traded. Anatara lost 10.2 percent; Clover, Regeneus and Seafarms shed more than eight percent; Auscann was down 6.25 percent; MGC fell 4.2 percent; Elixinol lost 3.3 percent; Creso and Food Revolution were down more than two percent; Bega, Cann Group, Ecofibre, Nanollose and Select Harvests shed more than one percent; with A2 Milk, Costa, Next Science and Nufarm down by less than one percent.

FONTERRA CO-OPERATIVE GROUP

Fonterra says revenue for the year to July 31, 2020 was up 4.3 percent to \$NZ20,282,000,000 (\$A18,768,200,000) with net loss after tax turned to profit of NZ659,000,000 (\$A609,659,000).

Fonterra said revenue was mainly derived from the sale of its milk products.

Fonterra chief executive officer Miles Hurrell said the year to July 31, 2020 was a good year for the Co-op, with profit up, debt down and a milk price of \$NZ7.14 per kilogram of milk solids (kgMS).

"We increased our profit after tax by more than \$NZ1 billion, reduced our debt by more than \$NZ1 billion and this has put us in a position to start paying dividends again," Mr Hurrell said.

"We have seen significant growth across the Anchor Food Professional product range in China ... however ... our foodservice businesses across Asia, Oceania and Latin America were impacted by Covid-19 in the [three months to July 31 and] all three markets reported losses in the second half," Mr Hurrell said.

Fonterra said it would pay a 5.0 NZ cents dividend for shareholders on the record date of September 26 to be paid on October 15, 2020.

The company said that diluted earnings per share was 43 NZ cents a share, compared to last year's 35 NZ cents diluted loss per share in the year to July 31, 2019, with net tangible asset backing per share up 37.8 percent to \$NZ2.77.

Fonterra said it had cash and cash equivalents of \$NZ788,000,000 at July 31, 2020, compared to \$NZ550,000,000 at July 31, 2019.

Fonterra was up one cent or 0.3 percent to \$3.73.

CLOVER CORP

Clover says that revenue for the 12 months to July 31, 2020 rose 15.1 percent to \$88,281,000 with net profit after tax up 23.6 percent to \$12,487,000.

Clover said revenue principally came from sales of its fish oil and omega-3 products in Australia, New Zealand, China, and the Americas and manufacturing encapsulated products for human health in Australia, along with infant milk formula.

The company said it would pay a 2.5 cents fully franked dividend to shareholders on the record date of October 28 to be paid on November 18, 2020, which was up from the dividend for the year to July 31, 2019 of 1.75 cents.

Clover said net tangible asset backing per share was up 21.9 percent to 33.18 cents, with diluted earnings per share improving 22.7 percent to 7.45 cents.

The company said it had cash and cash equivalents of \$9,241,000 at July 31, 2020 compared to \$8,271,000 at July 31, 2019.

Clover was up 20 cents or 8.2 percent to \$2.25 with 2.1 million shares traded.

AUSTRALIAN PRIMARY HEMP

Australian Primary Hemp says it has launched a marijuana-based face mask, which it will supply alongside a marijuana-based hand sanitizer.

Australian Primary Hemp said the masks were reusable, biodegradable and provided 99.9 percent microbial reduction.

The company said that it had orders for more than \$315,000 to date.

Australian Primary Hemp was up 1.5 cents or 8.1 percent to 20 cents.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says it has a letter-of-intent with Humboldt CCTV to market, sell and distribute its root zone heat exchange device in Northern California.

Roots said that the McKinleyville, California-based Humboldt would import the kits, which regulate the temperature of crop roots, including marijuana crops, either in pots or in the ground.

The company said that Humboldt would handle logistics, provide installation services, post-sale services and maintenance to its customer base and would identify subcontractors, manufacturers and suppliers.

Roots said it would receive licensing fees for technology usage for every system sold, as well as a fixed price per part for those bought by Humboldt for system installations.

The company said Humboldt would initially target the Lake, Mendocino and Humboldt counties and on meeting milestones, would expand the letter of intent to a binding agreement for the remainder of California and other US states.

Roots said it expected to reach a binding agreement "in the coming weeks".

Roots executive chairman Boaz Wachtel said the agreement was "an important milestone for Roots and the first step in creating a permanent beachhead for our technology in North America".

"California represents a huge agricultural sector and importantly, a rapidly growing cannabis market," Mr Wachtel said.

"Roots has extensive experience in providing solutions to growers that provide higher yields, shorter growing cycles and production security so we have no doubt our products will be well received," Mr Wachtel said.

Roots was unchanged at 2.3 cents with 7.9 million shares traded.

AUSCANN GROUP HOLDINGS

Auscann says its 25-patient, phase I, pharmacokinetic and safety study of its hard-shell marijuana capsules, using the Neuvis platform, achieved all its primary endpoints.

Auscann said the two-arm, randomized, open-label, crossover study enrolled 28 healthy volunteers, with 25 patients completing the study, to compare the effect of a single dose of either its tetrahydrocannabinol (THC) and cannabidiol (CBD) combination capsule, Sativex or a pre-formulation oil comparator, with a 14-day washout period between treatments.

The company said the primary endpoint was to assess the pharmacokinetics of tetrahydrocannabinol and cannabidiol and the main active metabolite of tetrahydrocannabinol, 11-hydroxy-THC.

Auscann said its capsules showed a lower peak concentration than the oil comparator and were statically significant ($p < 0.05$) at the 2.5mg dose of tetrahydrocannabinol and 2.5mg cannabidiol.

The company said the total drug exposure for the 10mg THC and 10mg CBD capsule was similar to the comparator oil and to patients receiving a comparable dose of the Sativex oral spray, which contained 10.8mg tetrahydrocannabinol and 10.0mg cannabidiol.

Auscann said 16 patients experienced adverse events following treatment with the oil comparator, compared to seven patients with its capsules, though all events were either mild or moderate.

The company said it expected to finalize the full report in October 2020 and would begin an investigator-led phase IIa study for chronic neuropathic pain by the end of the year.

Auscann was up one cent or 6.25 percent to 15 cents with 2.6 million shares traded.

AVECHO (FORMERLY PHOSPHAGENICS)

Avecho says it has received \$615,000 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Avecho said the rebate related to research and development expenditure for the year to June 30, 2019.

Avecho fell 0.1 cents or 12.5 percent to 0.7 cents with 4.2 million shares traded.

BEGA CHEESE

Perpetual says it has reduced its substantial shareholding in Bega from 17,022,606 shares (7.94%) to 14,594,677 shares (6.81%).

The Sydney-based Perpetual said that between May 20 and September 15, 2020 it bought and sold shares at prices ranging from \$4.38 to \$5.55 a share.

Bega fell six cents or 1.1 percent to \$5.31 with 956,898 shares traded.

TASSAL GROUP

New York's JP Morgan Chase says it has become a substantial shareholder in Tassal with 14,202,087 shares or 6.79 percent of the company.

JP Morgan Chase said that between May 15 and September 14, 2020 it bought, sold, borrowed and returned shares at prices ranging between \$3.45 and \$4.11 a share.

Tassal was up four cents or 1.1 percent to \$3.60 with 1.3 million shares traded.

REGENEUS

Tokyo's AGC Asahi Glass says it has become a substantial shareholder in Regeneus with 22,459,393 shares or 7.5 percent of the company.

In December, Regeneus said AGC had agreed to terminate its manufacturing licence and joint venture agreement for Progenza in Japan (AVW: Dec 20, 2019).

Last month, Regeneus said it had a \$26.4 million agreement with Tokyo's Kyocera Corp for its Progenza platform for knee osteoarthritis (AVW: Aug 14, 2020)

AGC said that on September 10, 2020 it acquired the shares for \$3,593,503 or 16 cents a share.

Regeneus fell 1.5 cents or 8.1 percent to 17 cents.

CLEAN SEAS SEAFOOD

Clean Seas says director David Head retired on September 14, 2020 and will remain employed by the company until the October 2020 annual general meeting.

Clean Seas was up two cents or 3.45 percent to 60 cents.

SYNLAIT MILK

Synlait says director Bill Roest will retire at its November 25, 2020 annual meeting, replaced by Simon Robertson.

Synlait said Mr Roest had been a director since 2013 and Mr Robertson had executive and governance experience in strategy, risk, operations, technology and stakeholder management.

Synlait was up 17 cents or 3.15 percent to \$5.57.

NUFARM

Nufarm says chief financial officer Paul Binfield has resigned “to pursue the next step in his career”, effective from December 31, 2020.

Nufarm said it had begun the search for a replacement.

Nufarm fell four cents or 0.9 percent to \$4.20 with 1.4 million shares traded.

CANN GROUP

Cann Group says it has formally appointed Jenni Pilcher as a director.

In July, Cann Group said it had appointed Ms Pilcher, pending statutory clearance from the Department of Health’s Office of Drug Control (AVW: Jul 17, 2020).

Cann Group fell 0.5 cents or 1.2 percent to 42.5 cents with 1.2 million shares traded.