

Ag & Vet Weekly



Monday March 1 - Friday March 5, 2021

All the news on ASX-listed agriculture and veterinary companies

- * ASX, AVW-44 DOWN: CLEAN SEAS UP 7%; REGENEUS DOWN 12%
- * ABARES OUTLOOK CONFERENCE
- * FOOD AGILITY 'MISSION FOOD FOR LIFE' CONFERENCE
- * HUON H1 REVENUE UP 24% TO \$220m, PROFIT TO \$95m LOSS
- * SEAFARMS H1 REVENUE DOWN 31% TO \$15m, LOSS UP 4.5% TO \$12.8m
- * KYOCERA TAKES REGENEUS H1 REVENUE TO \$7m, LOSS TO \$4m PROFIT
- * OCEAN GROWN H1 REVENUE UP 9% TO \$1.6m, LOSS TO \$149k PROFIT
- * TERRAGEN H1 REVENUE UP 73% TO \$1.4m, LOSS UP 45% TO \$3.4m
- * CRESO REVENUE DOWN 33% TO \$2.4m, LOSS UP 101% TO \$31m
- * PHARMAUST H1 REVENUE DOWN 37% TO \$1m, LOSS UP 72% TO \$832K
- * SYNLAIT: FY2021 PROFIT 'LESS THAN HALF FY2020'
- * PALLA \$4m PLACEMENT, \$8m INSTITUTIONAL RIGHTS ISSUE
- * FONTERRA INCREASES FARMGATE MILK PRICE
- * COSTA TO BUY 600ha LAND, PACKING FACILITY FROM KW ORCHARDS
- * MGC: SWISS PHARMACAN ARTEMIC ORDER INCREASE TO \$425k
- * COLES TO STOCK AP HEMP MT ELEPHANT PLANT MILK FROM APRIL
- * CRESO APPOINTS CERES US ANIBIDIOL DISTRIBUTOR
- * SELECT HARVESTS AGM: 32% OPPOSE DIRECTOR FRED GRIMWADE
- * ELIXINOL REQUESTS 'POTENTIAL TRANSACTION' TRADING HALT
- * FIL TAKES 7% IN BEGA
- * PERPETUAL REDUCES TO 10% OF COSTA
- * SPHERIA REDUCES TO 5% OF RIDLEY
- * SCOBIE DICKINSON WARD TAKES 14% OF TERRAGEN
- * ECOFIBRE APPOINTS PROF BRUCE ROBINSON DIRECTOR
- * ELDERS TO LOSE CFO RICHARD DAVEY

MARKET REPORT

The Australian stock market fell 0.74 percent on Friday March 5, 2021, with the ASX200 down 49.9 points to 6,710.8 points. Nine of the AVW-44 stocks were up, 28 fell, five traded unchanged and two were untraded.

Clean Seas was the best, up 4.5 cents or 6.8 percent to 70.5 cents, with 111,028 shares traded. Cann Global climbed 6.25 percent; Apiam was up 4.0 percent; Auscann, Food Revolution and Ridley rose more than three percent; Creso improved 2.6 percent; Fonterra climbed 1.5 percent; with Ecofibre up 0.8 percent.

Regeneus led the falls, down 1.5 cents or 12 percent to 11 cents, with 130,146 shares traded. Palla lost 10.3 percent; Epsilon (THC), Terragen and Wide Open shed six percent or more; MGC, Opyl and Roots fell five percent or more; Memphasys, Nanollose and Tasfoods were down four percent or more; Bubs, Cannpal and Select Harvests fell more than three percent; Anantara, AP Hemp, Clover and Seafarms shed more than two percent; Althea, Costa, Elders, Next Science, Nufarm and Tassal lost more than one percent; with A2 Milk, Huon, Ocean Grown and Synlait down by less than one percent.

BUREAU OF AGRICULTURAL AND RESOURCE ECONOMICS AND SCIENCES

Abares says specialized crops, traceable produce and meeting customer expectations are “key to prosperity”.

The Australian Bureau of Agricultural and Resource Economics and Sciences acting executive director Dr Jared Greenville told the on-line Outlook 2021 conference that value adding and “continuing to improve our clean, safe and green credentials” would pay dividends to the nation.

“Rising to this challenge will demand an unrelenting focus on skills and innovation,” Dr Greenville said.

“Australian agriculture has delivered a remarkable turnaround from drought with a near-record winter crop harvest and strong meat prices,” Dr Greenville said.

“We fared well during 2020, weathering many of the global disruptions created by the ongoing Covid-19 pandemic alongside the local impacts of drought and bushfires,” Dr Greenville said.

“With the sector’s growth targets there is a renewed focus on value adding as a means to help lift sector value and returns to producers,” Dr Greenville said.

“But there is more to value adding than just downstream processing,” Dr Greenville said. “Australian agricultural production has increasingly specialized what used to be bulk commodities be that specific grains for bespoke production, organic certification, clean meat and traceable produce.”

“The key is keeping the costs of meeting consumer expectations low and making sure our export systems are efficient,” Dr Greenville said.

“We also need to ensure trade rules and systems reward producers for their efforts and protect their brand in international markets,” Dr Greenville said. “That means innovation, upskilling the agriculture labor force and better and more efficient export systems, all areas of significant government and industry focus.”

Abares said that the conference, from March 2 to 5, 2021, had the theme ‘Growing Australian agriculture in an uncertain world’, with more than 1200 delegates registered.

The Bureau said the conference discussed food, fibre, fisheries and forestry industries, as well as water, climate, biosecurity, horticultural labor, trade and de-globalization.

“This year’s conference marks just over 12 months since the pandemic took a foothold in Australia, so it’s going to be a significant opportunity to share views on our response and recovery,” Dr Greenville said.

“With a boom winter crop, agricultural production is bouncing back from drought and defying a pandemic, but there are a number of challenges, not least of which are global instability and emerging Asia,” Dr Greenville said.

Abares said that agricultural production was on track to reach record \$65.9 billion and the Minister for Agriculture David Littleproud said the result was a “testament to our farmers’ hard work, resilience and ability to adapt quickly to a pandemic”.

“I’ve always said agriculture will lead Australia’s recovery out of Covid-19 and our farmers are on the frontline,” Mr Littleproud said.

Abares said that the seafood industry was “on the cusp of an aquaculture-led recovery” with salmon, prawns and oysters expected to help lift the sector into positive territory.

The Bureau said that production value was forecast to slide six per cent in 2020-’21 to \$2.9 billion because of Covid-19 and trade disruptions, but a projected uplift in aquaculture production, overall industry values were set to climb at an average annual rate of 1.6 percent to 2025-’26, with export values also rising.

Abares fisheries and aquaculture forecaster Robert Curtotti said the impact of the pandemic was “complex, disrupting usual trade, particularly for highly export-orientated products, such as rock lobster and abalone”.

“However, we are seeing signs that recovery is imminent, and the expected growth of aquaculture is set to contribute positively to industry overall,” Mr Curtotti said. “Products focused on the home market are expected to do better over the outlook period than those focused on exports,” Mr Curtotti said.

Mr Curtotti said that salmonid production was expected to increase at 4.4 percent a year, reaching \$1.1 billion in value by 2025-’26 and accounting for 35 percent of production, with other species expected to see growth including prawns, oysters, abalone, and other finfish varieties including barramundi and kingfish.

Mr Curtotti said that export value is projected to rise by 1.8 per cent to \$1.4 billion from 2021-’22 to 2025-’26, with an average annual growth of 0.4 percent.

OOD AGILITY COOPERATIVE RESEARCH CENTRE

The Food Agility Cooperative Research Centre says it will hold its annual conference, this year titled: 'Mission Food for Life' on the afternoons of March 15 and 16, 2021.

The Food Agility CRC said the meeting would explore how the Covid-19 pandemic "changed the way we buy food" along with the rise of carbon markets for Australian farmers and cybersecurity in food supply chains.

The CRC said that the online meetings would bring together leaders from across the agriculture, food, technology and research sectors "to explore the trends, opportunities, and challenges facing the Australian food system and the role of data and digital technology".

Food Agility said that more than 40 presenters and panellists, along with two keynote speakers would address the summit.

The CRC said that Woolworths chair Gordon Cairns would discuss how the pandemic drove changes in consumer behavior, with the US Defense Advanced Research Projects Agency's Dr Molly Jahn addressing cybersecurity in food supply chains.

Food Agility said that panel discussions would cover the rise of sustainability, climate change and carbon markets as supply chain drivers; venture capital and emerging agricultural technology scaleups; and industry-led innovation.

For more information and to book, go to: www.foodagilitysummit2021.com/tickets.

HUON AQUACULTURE GROUP

Huon says revenue for the six months to December 31, 2020 rose 23.55 percent to \$220,069,000 with net profit after tax turned to loss of \$95,330,000.

Last month, Huon said it expected its earnings to be "substantially lower" due to \$1.8 million of incurred damage to fish pens in two unrelated events, as well as the theft of up-to 250 tonnes of salmon valued at more than \$4 million from its Ingleburn, New South Wales facility, which was under police investigation with five employees charged by police (AVW: Nov 27, 2020, Jan 22, Feb 5, 2021).

Today, the company said revenue came from sales of its Atlantic salmon and ocean trout.

Huon said diluted earnings per share fell from 25.19 cents a share to a diluted loss per share of 93.23 cents, with net tangible assets per share down 41.6 percent to \$1.60.

Huon said it had cash and cash equivalents of \$4,931,000 at December 31, 2020 compared to \$15,466,000 at December 31, 2019.

Huon was down two cents or 0.8 percent to \$2.41.

SEAFARMS GROUP

Seafarms says revenue for the six months to December 31, 2020 fell 30.7 percent to \$14,937,260 with net loss after tax up 4.5 percent to \$12,810,687.

Seafarms said revenue was down as the Covid-19 pandemic had reduced food service sector sales of its black tiger prawns and banana prawns and the company had chosen to reduce Christmas period production of prawns to manage financial risks associated with Covid-19.

The company said diluted loss per share was down 13.1 percent to 0.53 cents with net tangible assets per share down 50.0 percent to 1.0 cent.

Seafarms said it had cash and cash equivalents of \$5,522,921 at December 31, 2020 compared to \$2,113,937 at December 31, 2019.

Seafarms fell 0.2 cents or 2.35 percent to 8.3 cents.

REGENEUS

Regeneus says Kyocera payments took revenue for the six months to December 31, 2020 to \$7,067,000, with last year's loss turned to a profit after tax of \$4,420,237.

Last year, Regeneus said it had received a total of \$6.9 million in milestones from Tokyo's Kyocera for its stem cell platform Progenza OA for knee osteoarthritis as part of a licence and collaboration agreement (BD: Aug 11, 28, Oct 29, 2020).

The company said diluted earnings per share from continuing operations was up 200 percent from 0.5 cents in the previous year to 1.5 cents in the six months to December 31, 2020.

Regeneus said that net tangible asset backing per share was up 1,400 percent to 1.5 cents, with cash and cash equivalents of \$4,095,163 at December 31, 2020, compared to \$818,047 at December 31, 2019.

Regeneus was down 1.5 cents or 12 percent to 11 cents.

OCEAN GROWN ABALONE

Ocean Grown says revenue for the six months to December 31, 2020 was up 9.45 percent to \$1,584,430 with net loss after tax turned to profit of \$149,022.

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

The company said last year's diluted loss per share of 0.55 cents was turned to earnings per share of 0.07 cents with net tangible assets per share down 18.1 percent to 7.7 cents a share, with cash and cash equivalents of \$3,629,607 at December 31, 2020 compared to \$4,034,479 at December 31, 2019.

Ocean Grown was down 0.05 cents or 0.6 percent to 8.75 cents.

TERRAGEN HOLDINGS

Terragen says revenue for the six months to December 31, 2020 was up 73.2 percent to \$1,376,796 with net loss after tax up 44.5 percent to \$3,411,053.

Terragen said revenue came from sales of its Mylo liquid microbial livestock feed supplement for cows and Great Land soil conditioner.

The company said diluted loss per share was down 11.2 percent to 1.82 cents with net tangible assets per share down 22.5 percent to 7.93 cents a share.

Terragen said it had cash and cash equivalents of \$14,098,638 at December 31, 2020 compared to \$19,029,363 at December 31, 2019.

Terragen fell three cents or 6.7 percent to 42 cents.

CRESO PHARMA

Creso says revenue for the year to December 31, 2020 was down 32.5 percent to \$2,447,761, with net loss after tax up 101.0 percent to \$30,779,581.

Creso said its revenue mainly came from the sales of its marijuana products, with sales from North America up 41.2 percent to \$1,214,843 and sales from Europe and the Middle East down 55.4 percent to \$1,232,918.

The company said diluted loss per share was down 20.7 percent from 10.47 cents in the previous year to 8.30 cents in the year to December 31, 2020.

Creso said that net tangible asset backing per share was down 81.4 percent to 1.37 cents, with cash and cash equivalents of \$6,047,091 at December 31, 2020, compared to \$2,800,318 at December 31, 2019.

Creso was up half a cent or 2.6 percent to 19.5 cents with 19.9 million shares traded.

PHARMAUST

Pharmaust says revenue for the six months to December 31, 2020 was down 37.1 percent to \$1,104,292, with net loss after tax up 72.0 percent to \$832,375.

Pharmaust said its revenue primarily came from its subsidiary Epichem's medicinal chemistry contracts and income activities.

The company said diluted loss per share was up 53.0 percent from 0.17 cents in the previous year to 0.26 cents in the six months to December 31, 2020, net tangible asset backing per share was up 17.0 percent to 1.92 cents, with cash and cash equivalents of \$3,594,871 at December 31, 2020, compared to \$2,922,555 at December 31, 2019. Pharmaust was unchanged at 9.6 cents.

SYNLAIT MILK

Synlait says that due to "significant uncertainty and volatility" its projected net profit after tax for the year to July 31, 2021 will be less than half of the previous year.

Last year, Synlait said revenue for the year to July 31, 2020 was \$NZ1,302,025,000 with net profit after tax \$NZ75,208,000 (\$A69,380,884) (AVW: Oct 2, 2020).

In December, the company said it expected infant formula sales to fall about 35 percent in the year to July 30, 2021 compared to the previous year, due to reduced demand from strategic customer and major shareholder A2 Milk (AVW: Jan 18, 2021).

Today, Synlait said it had withdrawn the financial guidance provided in December due to the ongoing uncertainty of A2 Milk, delays on international shipping caused by Covid-19 and the ongoing volatility in commodity prices.

The company said it would provide further guidance on March 29, 2021.

Synlait fell one cent or 0.3 percent to \$3.23 with 338,328 shares traded.

PALLA PHARMA

Palla says it has raised about \$4.0 million in a placement to institutional investors and about \$8.2 million in a two-for-nine non-renounceable rights issue at 50 cents a share.

Palla said Melbourne-based Morgans Corporate was the lead manager and had fully underwritten the \$18 million capital raising including the institutional rights offer.

The company said that the record date for the retail part of the rights issue was March 2, with the offer opening on March 5 and closing on March 22, 2021.

Palla said the funds would reduce debts and improve working capital for European growth.

Palla was down six cents or 10.3 percent to 52.5 cents.

FONTERRA CO-OPERATIVE GROUP

Fonterra says it has increased its 2020-'21 forecast farmgate milk price range to \$NZ7.30 to \$NZ7.90 (\$A6.80 to \$A7.35) per kilogram of milk solids (kg/MS).

Last month, Fonterra said it increased its 2020-'21 farmgate milk price range to \$NZ6.90 to \$NZ7.50 (\$A6.54 to \$A7.10) per kilogram of milk solids (kg/MS) (AVW: Feb 5, 2021).

Today, Fonterra chief executive officer Miles Hurrell said the increase in price was the result of "consistent strong demand for New Zealand dairy," particularly in China, South East Asia and the Middle East.

Mr Hurrell said the increase would allow the company to "contribute more than \$NZ11.5 billion to the New Zealand economy through milk price payments this year".

Fonterra said it maintained its plus or minus 30 cent range on the forecast milk price.

Fonterra rose seven cents or 1.5 percent to \$4.82.

COSTA GROUP

Costa says it will buy 600 hectares of citrus and wine grape plantings and the EJT citrus packing facility in the New South Wales Sunraysia region from KW Orchards.

Costa did not disclose the price of the acquisition but said the land included 312 hectares of citrus plantings, 45 hectares of wine grape vines, water assets including 1,076 megalitres of permanent water licences and a 100 megalitre dam.

The company said the majority of the orchard trees were less than four years old and about one quarter of the plantings were more than 10 years old, with the forecast earning set to grow year-on-year as the majority of the orchard matured and the yield increased. Costa said the agreement included the Curlwaa, New South Wales-based EJT packing facility which was "a medium scale citrus packing operation located 30 minutes from the KW farm and will provide a suitable interim packing solution".

Costa chief executive officer Harry Debney said the acquisition would take the company's total citrus in the Sunraysia region to about 700 hectares, with further acquisitions in the region planned by the end of 2021.

"KW Orchards has an attractive varietal mix well suited to the export market, and it will play an important role in our capacity to take further advantage of strong citrus export demand," Mr Debney said.

The company said the acquisition will be funded from existing debt facilities and was expected to be completed by April 2021.

Costa fell five cents or 1.1 percent to \$4.55 with 1.8 million shares traded.

MGC PHARMACEUTICALS

MGC says Swiss Pharmacan AG has increased the value of its initial purchase order of food additive Artemic Rescue by about 85 percent to \$425,000.

Last month, MGC Pharma said it had a three-year agreement with the Niederrohrdorf, Switzerland-based Swiss Pharmacan for the sale and distribution of its anti-inflammatory Artemic product line in Germany (BD: Feb 18, 2021).

The company said a 50-patient phase II trial showed that Artemic, containing artemisinin, curcumin, boswellia serrata, and vitamin C, was safe, could prevent deterioration of Covid-19 patients and achieve faster clinical improvement (AVW: Dec 18, 2020).

MGC was down 0.4 cents or 5.7 percent to 6.6 cents.

AUSTRALIAN PRIMARY HEMP

Australian Primary Hemp says its Mt Elephant brand plant-based milk substitute products will be available in Coles supermarkets from April 2021.

AP Hemp said that under the retail distribution agreement with Coles its oat and hemp-based milk substitutes would be available in more than 140 shops across New South Wales, Victoria, the Australia Capital Territory and Queensland.

In January, the company said its marijuana-based Mt Elephant baking products would be available in Woolworths supermarkets from March 2021, with expected yearly sales of \$2.31 million (AVW: Jan 22, 2021).

Today, AP Hemp said it expected the agreement with Coles to generate \$200,000 in revenue.

Australian Primary Hemp was down one cent or 2.1 percent to 46 cents.

CRESO PHARMA

Creso says it has a non-binding agreement with Ceres Natural Remedies for the distribution of its cannabidiol and hemp-based products in the USA

Creso said the Burlington, Vermont-based Ceres had three shops in the state, access to 50,000 distribution outlets in US and would distribute its animal health product Anibidiol. The company said the commercial agreement would be formalized by April 1, 2021

SELECT HARVESTS

Select Harvests says all resolutions at its annual general meeting passed, but with 32 percent of the meeting opposed to the re-election of director Fred Grimwade.

Select Harvests said the re-election of Mr Grimwade was opposed by 22,489,926 votes (32.19%) with 47,376,455 votes (67.81%) in favor.

According to the company's most recent Appendix 2A new issue announcement, Select Harvests had 120,224,370 shares on issue, meaning the votes against Mr Grimwade amounted to 18.7 percent of the company, sufficient to call extraordinary general meetings.

The company said the remaining resolutions were passed overwhelmingly, including the adoption of the remuneration report, the re-election of chair Michael Iwaniw, the ratification of previously issued shares, and the participation of managing-director Paul Thompson in the long-term incentive plan.

Select Harvests fell 18 cents or 3.3 percent to \$5.27 with 270,620 shares traded.

ELIXINOL GLOBAL

Elixinol has requested a trading halt pending "an announcement in relation to a potential transaction".

Trading will resume on March 8, 2021 or on an earlier an announcement.

Elixinol last traded at 19.5 cents.

BEGA CHEESE

FIL Investment Management says it has increased its substantial shareholding in Bega from 16,227,402 shares (5.37%) to 19,838,245 shares (6.65%).

Sydney's FIL said it bought shares between February 3 and 25, 2021 at prices ranging from \$5.811 to \$6.2648 a share.

Bega was unchanged at \$6.00 with 1.1 million shares traded.

COSTA GROUP HOLDINGS

Perpetual says it has reduced its substantial shareholding in Costa from 43,098,265 shares (10.75%) to 38,916,165 shares (9.71%).

The Sydney-based Perpetual said it sold shares between February 8 and 25, 2021 at prices ranging from \$4.23 to \$4.57 a share.

RIDLEY CORP

Spheria Asset Management Pty Ltd says it has reduced its substantial shareholding in Ridley from 20,460,127 shares (6.45%) to 16,657,047 shares (5.21%).

The Brisbane-based Spheria said that between November 24, 2020 and March 4, 2021 it bought and sold shares, with the largest sale 1,318,658 shares for \$1,318,658 or \$1.00 a share.

Ridley was up three cents or 3.05 percent to \$1.015.

TERRAGEN HOLDINGS

Scobie Dickinson Ward says he has increased his substantial shareholding in Terragen from 24,959,112 shares (13.15%) to 26,881,792 shares (14.17%).

The Dunedin, New Zealand-based Mr Dickinson Ward said he bought shares between February 22 and March 3, 2021 with the single largest purchase 712,759 shares for \$321,719 or 45.1 cents a share

Mr Dickinson Ward said his shares were held by Forsyth Barr Custodians.

ECOFIBRE

Ecofibre says it has appointed Prof Bruce Robinson as a director, effective from March 4, 2021.

Ecofibre said Prof Robinson was currently a director of Cochlear, Mayne Pharma and Qbiotics and the chair of the Federal Government's National Health and Medical Research Council.

The company said Prof Robinson was previously the dean of University of Sydney's Sydney Medical School, head of medicine at Sydney's Royal North Shore Hospital and head of the cancer genetics laboratory at the Kolling Institute for Medical Research.

Ecofibre rose one cent or 0.8 percent to \$1.24.

ELDERS

Elders says chief financial officer Richard Davey will retire no later than June 30, 2021, remaining in the role to allow for the appointment of a replacement.

Elders said Mr Davey was appointed as chief financial officer on February 1, 2013.

The company said it would begin the search for a new chief financial officer.

Elders fell 15 cents or 1.3 percent to \$11.53 with 498,413 shares traded.