

Ag & Vet Weekly



Monday May 10 - Friday May 14, 2021

All the news on ASX-listed agriculture and veterinary companies

- * **ASX, AVW-42 UP: REGENEUS UP 9%; CANN GLOBAL DOWN 8%**
- * **FEDERAL BUDGET 2021; NSW FARMERS**
- * **A2 MILK: REVENUE WARNING - DOWN 28%**
- * **TASSAL ACQUIRES MID FARM, SELLS SURPLUS EXMOOR LAND**
- * **WATTLE RIGHTS OFFER FOR \$2.9m**
- * **CRESO: HALUCENEX SECURES MORE SYNTHETIC PSILOCYBIN**
- * **ROOTS REQUESTS 'US PLANT, HEMP FOOD VENTURE' TRADING HALT**
- * **PERPETUAL TAKES 9% OF SELECT HARVESTS**
- * **SCOBIE DICKINSON WARD TAKES 16.5% OF TERRAGEN**
- * **HEATHER CAMERON INCREASES, DILUTED TO 19.4% OF TASFOODS**
- * **A2: PETER NATHAN OUT; ELEANOR KHOR IN; JARON MCVICAR UP**
- * **SYNLAIT LOSES CFO ANGELA DIXON, ROB STOWELL INTERIM**
- * **BUBS APPOINTS FABRIZIO JORGE COO**
- * **PHARMAUST DR KIM AGNEW TO LEAD MONEPANTEL DOG TRIAL**

MARKET REPORT

The Australian stock market was up 0.45 percent on Friday May 14, 2021, with the ASX200 up 31.5 points to 7,014.2 points. Seventeen of the AVW-42 stocks were up, 13 fell, 10 traded unchanged and two were untraded.

Regeneus was the best, up 0.9 cents or 9.4 percent to 10.5 cents, with 433,901 shares traded. Next Science was up 7.3 percent; Elixinol rose 6.7 percent; Auscann, Seafarms and Wide Open were up by more than four percent; Althea and Anantara climbed more than two percent; A2 Milk, Apiam, Nufarm, Tassal and Terragen were up more than one percent; with Clean Seas, Elders, Huon and Select Harvests up by less than one percent.

Cann Global led the falls, down 0.05 cents or 7.7 percent to 0.6 cents, with 5.9 million shares traded. Ecofibre and Murray Cod fell 7.1 percent; MGC was down 3.45 percent; AP Hemp, Creso, Ridley and Synlait shed two percent or more; Cann Group, Fonterra and Palla lost more than one percent; with Clover and Costa down by less than one percent.

FEDERAL BUDGET 2021

Federal Treasurer Joshua Frydenberg says the 2021 Budget provides \$15 billion for roads and rail with the business asset write offs to continue until June 30, 2021.

In his Budget address, Mr Frydenberg said that the ability to write off eligible business assets, begun in the 2020 budget, had “increased spending on machinery and equipment ... at the fastest rate in nearly seven years”.

Mr Frydenberg said that the extension of tax write-off ensured that “a tradie can buy a new ute, a farmer a new harvester and a manufacturer expand their production line”.

The Treasurer said that the Budget committed \$15 billion in additional infrastructure including \$1 billion in local road infrastructure projects and \$250 million of regional community infrastructure projects, creating more jobs.

Mr Frydenberg named one major road or rail project in each State and Territory.

Mr Frydenberg said the Budget would “strengthen border screening controls and improve our ability to fight an outbreak” with Australia’s biosecurity system protecting more than \$50 billion in agricultural exports and 1.6 million jobs from threats like African swine fever. In a media release, the Minister for Agriculture David Littleproud said that \$400.1 million would “be invested in biosecurity to build a more secure and resilient Australia”.

He said the funding was above the “record spending on biosecurity and export services, \$888.2 million in 2020-’21”.

Mr Littleproud said the budget included \$1.5 million for Agricultural Innovation Australia to develop investment strategies for four new priorities as well as \$11.9 million to support innovation in the forestry sector, extending the existing nine regional forestry hubs and creating two new hubs, and undertaking a forest products innovation feasibility study.

Mr Littleproud said \$25.2 million would be allocated to attract Australian workers to modern agriculture, particularly school leavers and young people.

The media release said the \$209.7 million would be allocated “to establish and operate the Australian Climate Service to support the climate and disaster risk information needs of our emergency management agencies Emergency Management Australia and the National Recovery and Resilience Agency”.

NEW SOUTH WALES FARMERS

New South Wales president James Jackson said the Budget measures “all indicate regional NSW and agriculture are valued aspects of Australia’s economy”.

“The duplication of the Great Western Highway will enhance safety and efficiency for the transport of primary produce from the Central West over the mountains and will also improve access to the Eastern Sea Ports,” Mr Jackson said.

Mr Jackson said that in response to “the systemic unfair trading issues” identified in the Perishable Agricultural Goods Inquiry, \$5.4 million to fund projects that improve market transparency in the perishable agriculture goods industry was a welcome first step.

The farmers organization said that the Budget gave regional connectivity “a much needed boost” with \$105.8 million for a second round of the Regional Connectivity Program and the commitment of \$24.6 million to fund additional shovel-ready projects.

Mr Jackson said significant opportunity lies in investment in skills and training, as well as in manufacturing, but “the devil lies in the detail in how this will benefit agriculture and regional [New South Wales]”.

“The Australian Government has announced 450,000 new training places for job seekers and young people, including 170,000 new apprenticeships and traineeships,” Mr Jackson said. “Education and jobs are central to strengthening regional areas and the agriculture sector, and NSW Farmers has flagged plenty of opportunities in this space.”

THE A2 MILK COMPANY

A2 Milk says it expects revenue for the year to June 30, 2021 to fall at least 27.8 percent to between \$NZ1.20 billion (\$A1.11 billion) and \$NZ1.25 billion (\$A1.16 billion).

Last year, A2 said revenue for the year to June 30, 2020 was \$NZ1,732,527,000 with net profit after tax of \$NZ385,837,000 (AVW: Aug 21, 2020).

The company said at that time that it expected “strong revenue growth” and earnings before interest, taxes, depreciation and amortization (Ebitda) for the year to June 30, 2021 to be in the order of 30 to 31 percent (AVW: Aug 21, 2020).

This week, A2 said it expected Ebitda for the year to June 30, 2021 to be about 11 to 12 percent due to “lower than expected” sales in the fourth quarter, the rebalance of channels to reduce sales in May and June, a stock provision of \$NZ80 million to \$NZ90 million and about \$NZ8 million in one-off costs for its internet cloud resource planning system.

A2 Milk said it expected the operating cash flow to be positive for the full year, but actions to address challenges had not resulted in a sufficient improvement in pricing, sales and inventory levels in the daigou/reseller and cross border electronic-commerce channels required to deliver the forecast significant uplift in sales for the fourth quarter.

The company said it would “take some time” to rebalance inventory levels.

“An immediate recovery is not expected,” A2 said.

A2 Milk rose seven cents or 1.3 percent to \$5.53 with 10.55 million shares traded.

TASSAL GROUP

Tassal says it has acquired Mid Farm, an 800-hectare (1976.8 acre) property for future prawn production and has sold its surplus land at Exmoor Station.

Tassal said the Northern Queensland Mid Farm property neighbored its existing Proserpine prawn farm and Billy Creek property, the area would be known as Proserpine farming precinct and would provide the potential to further pond production capacity, increase operational efficiencies and best practice biosecurity measures.

Tassal managing-director Mark Ryan said that securing Mid Farm created “the potential to substantially improve operational aspects for the whole Proserpine farming precinct” and deliver 20,000 tonnes of annual prawn production.

Tassal said it has retained the “most productive and economical” land at Exmoor Station for future farming development, and the divestment meant the transactions would be net cash positive for the year to June 30, 2021 and finance the Billy Creek and Mid Farm.

Tassal was up five cents or 1.4 percent to \$3.65 with 280,184 shares traded.

WATTLE HEALTH AUSTRALIA

Wattle says it hopes to raise \$2.88 million in a one-for-12, non-renounceable rights issue at 15 cents a share to complete the Brand Solutions Australia transaction.

Last month, Wattle said it would pay \$2.75 million in cash and \$2 million in shares at 15 cents a share for Brand Solutions Australia and Pharma Solutions Australia, together known as BSA, which included along with up to \$500,000 in cash to repay existing debt (AVW: Apr 16, 2021).

The company said the rights issue was at the same price as its \$4.86 million placement last year and the Brand Solutions Australia transaction (AVW: Apr 9, 2020; Apr 16, 2021).

Wattle Health said the record date was May 18, the offer would open on May 20 and close on June 7, 2021.

The company said Reach Markets were the advisers managing the rights issue.

Wattle was untraded at 53 cents.

CRESO PHARMA

Creso says that its subsidiary Halucenex Life Sciences Inc has secured an additional 10 grams of synthetic psilocybin supply, taking its inventory to 22.3 grams.

In March, Creso said it would pay \$500,000 in cash, 29,251,795 shares and 17,551,077 performance shares for the Windsor, Nova Scotia-based Halucenex and its psychedelic drug program (BD: Mar 15, 2021).

Today, the company said Halucenex was one of the largest holders of single batch synthetic psilocybin in Canada.

Creso fell half a cent or 2.8 percent to 17.5 cents with 43.4 million shares traded.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots has requested a trading halt "pending an announcement in relation to a US plant and hemp-based food venture".

Trading will resume on May 17, 2021 or on an earlier announcement.

Roots last traded at 1.5 cents.

SELECT HARVESTS

Perpetual Investment Management says it has increased its substantial shareholding in Select Harvests from 9,540,170 shares (7.94%) to 11,116,070 shares (9.25%).

Sydney's Perpetual says that between February 15 and May 5, 2021 it bought and sold shares at prices ranging from \$5.34 to \$6.30 a share.

Select Harvests was up four cents or 0.7 percent to \$6.04.

TERRAGEN HOLDINGS

Scobie Dickinson Ward says he has increased his substantial shareholding in Terragen from 28,899,761 shares (15.23%) to 31,345,761 (16.50%).

The Dunedin, New Zealand-based Mr Dickinson Ward said between March 25 and May 11, 2021 he bought 2,446,000 shares for \$819,540.30 or an average price of 33.5 cents a share.

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

Terragen was up half a cent or 1.7 percent to 30.5 cents.

TASFOODS

Janet Heather Cameron says she has increased but been diluted in Tasfoods from 59,347,784 shares (19.98%) to 66,160,137 shares (19.36%).

Ms Cameron said she bought the shares between September 30, 2020 and May 10, 2021, with the single largest purchase in September 2020, of 2,352,941 shares for \$200,000 or 8.5 cents a share.

Ms Cameron said that the shares were held directly and by the Sydney-based Bichano Investments Pty Ltd and Elsie Cameron Foundation Pty Ltd, and the Christchurch, New Zealand based Brightside.

Last year, Tasfoods said it raised \$4.1 million at 8.5 cents a share in a placement and rights issue (AVW: Oct 2, 9, 2020).

Tasfoods was unchanged at 14 cents.

THE A2 MILK COMPANY

A2 Milk says Asia Pacific chief executive officer for Peter Nathan has resigned, Eleanor Khor has been appointed chief strategy officer and Jaron McVicar has been promoted. A2 said that Mr Nathan would remain with the company to assist in the transition.

A2 Milk chair David Hearn said he acknowledged the significant contribution Mr Nathan had made.

Mr Hearn said that Mr Nathan had led the relaunch of A2 Milk in Australia and had been “instrumental in launching and establishing our A2 Platinum infant nutrition brand in Australia and China”.

A2 Milk said it would begin a search shortly.

The company said it had appointed Ms Khor as its chief strategy officer and extended Jaron McVicar’s role to chief legal and sustainability officer and company secretary.

SYNLAIT MILK

Synlait says chief financial officer Angela Dixon has resigned, with supply chain general manager Rob Stowell acting as interim chief financial officer.

Last year, Synlait said it had appointed chief financial officer Angela Dixon, effective from June 15, 2020, replacing Nigel Greenwood (AVW: Mar 13, 2020).

The company said Mr Stowell was one of the company’s “original employees” and had been a member of the senior leadership team for five years.

Synlait fell eight cents or 2.8 percent to \$2.80.

BUBS AUSTRALIA

Bubs says it has appointed Fabrizio Jorge as its chief operating officer.

Bubs said Mr Jorge has 24 years of experience in the consumer goods and dairy industry which included nutritional and specialty milk powders.

The company said Mr Jorge was previously Fonterra Brands general manager and he, was on the board of the Australian Dairy Industry Council and Australian Dairy Products Federation and was formerly with Nestlé.

Bubs said Mr Jorge held a Bachelor in Business and Post Graduate Degree in International Business from the University of California.

Bubs was unchanged at 33 cents with 1.7 million shares traded.

PHARMAUST

Pharmaust says it has appointed Dr Kim Agnew as the principal investigator of its second trial of monepantel for dogs with naïve B cell lymphoma.

Last year, Pharmaust said that monepantel for naïve B cell lymphoma in dogs was successful, with one of seven dogs having a 60 percent reduction in tumor size after treatment and in February it had begun recruitment of ‘several’ dogs in its second trial of monepantel (BD: May 12, 2020; Feb 15, 2021).

Today, the company said the previous principal investigator, Dr Claire Cannon, had stepped down after two years to join a private veterinary services position.

Pharmaust was unchanged at 9.6 cents.