

# Ag & Vet Weekly



Monday January 24 – Friday January 28, 2022

*All the news on ASX-listed agriculture and veterinary companies*

- \* **ASX200, AVW-41 UP: SYNLAIT UP 11%; ANATARA DOWN 11%**
- \* **FEDERAL \$68m FOR AGRICULTURE TRACEABILITY**
- \* **NUFARM NOTES RAISE \$497m**
- \* **SYNLAIT INCREASES BASE MILK PRICE 15.6% TO \$8.64/kgMS**
- \* **FONTERRA FARMGATE MILK PRICE UP-TO \$8.65kgMS**
- \* **CANN GROUP H1 RECEIPTS UP TO \$3.24m**
- \* **TERRAGEN H1 RECEIPTS DOWN 21% TO \$1.2m**
- \* **CANN GROUP: TGA GMP LICENCE**
- \* **FOOD REVOLUTION 100% PLANT-BASED SMOOTHIES**
- \* **CRESO APPLIES FOR CANADA PSYLOCIBIN PTSD TRIAL**
- \* **ALLAN GRAY TAKES 10.8% OF NUFARM**
- \* **FIRETRAIL REDUCES TO 7% OF NUFARM**
- \* **M-D MATHEW RYAN TAKES 14.8% OF MURRAY COD**
- \* **SG HISCOCK TAKES 6% OF ALTHEA**
- \* **SELECT HARVESTS TO LOSE DIRECTOR NICKI ANDERSON**
- \* **SYNLAIT APPOINTS PAUL MCGILVARY DIRECTOR, LOSES CHRIS FRANCE**
- \* **AGRIFUTURES: EVOKE AG CONFERENCE BACK IN 2023 - ADELAIDE**

## MARKET REPORT

The Australian stock market rebounded 2.19 percent on Friday January 28, 2022, with the ASX200 up 149.8 points to 6,988.1 points. Seventeen of the AVW-41 stocks were up, 14 fell, nine traded unchanged and one was untraded.

Synlait was the best, up 31 cents or 10.65 percent to \$3.22, with 82,667 shares traded. Botanix was up 10.2 percent; Bubs climbed 9.9 percent; Avecho and Wide Open rose more than seven percent; Seafarms improved 6.7 percent; Bega and Costa were up more than five percent; Pharmaust was up 4.2 percent; Sustainable Nutrition improved 3.2 percent; Cann Group, Creso, Nanollose and Nufarm rose more than two percent; Elders and Tassal were up more than one percent; with Cobram up 0.6 percent.

Anatara led the falls, down 1.5 cents or 11.1 percent to 12 cents, with 189,878 shares traded. Food Revolution fell five percent; Althea, Auscann, Ecofibre, Elixinol, Ridley, Tasfoods and Terragen shed more than two percent; Fonterra and Murray Cod lost more than one percent; with A2, Apiam and Next Science down by less than one percent.

## FEDERAL GOVERNMENT

The Federal Government says it will provide \$68.4 million for agricultural traceability, to securing foreign market premiums for Australian producers.

A media release from the Federal Agriculture Minister David Littleproud said that the money would support a national traceability summit and establish a national agriculture traceability alliance.

Mr Littleproud said that “strong traceability frameworks and systems could add up to \$1 billion a year to the bottom line of Australian farmers”.

“Australia already has strong traceability systems in place, especially around food safety, origin and biosecurity,” Mr Littleproud said.

“But we can make these systems stronger by bringing them together with a national approach,” Mr Littleproud said.

Mr Littleproud said that a National Agricultural Traceability Alliance and National Agricultural Traceability Hub would “bring industry groups, research bodies, state and territory bodies and governments and together”.

“Traceability systems will continue to show consumers that our products are safe, clean and meet sustainability standards,” Mr Littleproud said.

“Customers have shown they are willing to pay more for a product that can meet provenance and sustainability standards so our farmers will get a better price for their product,” Mr Littleproud said. “On the other side of the coin, by using the latest technology and data we are helping our farmers reduce their costs of production.”

The media release said that Australia could have “between \$400 million and \$1 billion of additional value if traceability can demonstrate provenance, sustainability or organics”.

“For example, certified ‘grass fed beef’ gets an additional \$1 per kilogram in the US market, of which half goes back to the grower,” the media release said.

The Government said that the harmonization of traceability frameworks and regulatory technology could save businesses \$225 million to \$325 million a year by reducing staffing and streamlining paper processes.

The Federal Government said that enhancements to improve the speed and accuracy of traceability could reduce the economic impact of a biosecurity outbreak by 78 percent to 89 percent over 10 years, saving \$15 billion to \$17 billion.

## NUFARM

Nufarm says its “senior unsecured notes” convertible notes at five percent interest a year, maturing in 2030, have raised the expected \$US350 million (\$A497.3 million)

Last week, Nufarm said it intended to use the funds with cash on hand to “repay amounts outstanding plus accrued and unpaid interest and premium under the existing senior unsecured notes on issue”, which are due to mature in 2026 (AVW: Jan 21, 2022).

The company said the offer was “to qualified institutional buyers” under Rule 144A of the US Securities Act of 1933 and certain persons outside the US.

Today, Nufarm said the notes had been reduced in face value and were “an appropriately sized core debt ... following the divestment of the South American crop protection businesses in April 2020”.

“The new notes provide ongoing funding diversification, access to long-term unsecured debt which extends the debt maturity profile and further strengthens Nufarm’s capital structure,” the company said.

“The refinancing will realise ongoing interest savings from the lower fixed rate coupon and reduced face value of the new notes, contributing to improved cash flow,” Nufarm said.

Nufarm was up nine cents or 2.1 percent to \$4.38 with 2.7 million shares traded.

### SYNLAIT MILK

Synlait says it has increased its forecast base milk price for the 2021 to 2022 season 15.6 percent from \$NZ8.00 (\$A7.48) to \$NZ9.25 (\$A8.64) per kilogram of milk solids.

Synlait chief executive officer Grant Watson said that dairy commodity prices had “strengthened significantly as strong global demand has outrun restricted supply”.

“As seen in most commodities, Covid-19 is having a significant impact as illness and lockdowns impact production and supply chains,” Mr Watson said.

“This has been amplified by rising production costs driven by strong inflation and ongoing pressure on our industry to decarbonize,” Mr Watson said.

“The New Zealand milk price is also benefiting from a weakening New Zealand dollar against the US dollar,” Mr Watson said.

Synlait was up 31 cents or 10.65 percent to \$3.22.

### FONTERRA SHAREHOLDERS' FUND

Fonterra says it has increased its 2021-'22 forecast farmgate milk price range to \$NZ8.90 to \$NZ9.50 (\$A8.32 to \$A8.89) per kilogram of milk solids (kg/MS).

In December, Fonterra said it increased its 2021-'22 forecast farmgate milk price range to \$NZ8.40 to \$NZ9.00 (\$A8.07 to \$A8.65) kg/MS (AVW: Dec 3, 2021).

Today, the company said the midpoint was increased to \$NZ9.20, and that it was “comfortable” with the 2021-'22 guidance of 25 NZ cents to 35 NZ cents per share”.

Fonterra said it was monitoring inflationary pressures, as well as the potential for volatility as a result of high dairy prices and economic disruptions from Covid-19.

Fonterra fell four cents or 1.2 percent to \$3.32.

### CANN GROUP

Cann says customers receipts for its marijuana products for the six months to December 31, 2021 was \$3,241,000 compared to \$192,000 in the prior corresponding period.

Cann said it had a cash burn of \$1,335,000 for the three months to December 31, 2021, with cash of \$10,765,000 compared to \$27,736,000 at December 31, 2020.

Cann Group was up 0.75 cents or 2.7 percent to 28.25 cents.

### TERRAGEN

Terragen says receipts from customers for its environmental soil quality technologies, for the six months to December 31, 2021 fell 20.55 percent to \$1,214,000.

Terragen said it had a cash burn for the three months to December 31 of \$1,537,000 with cash and equivalents of \$9,030,000 compared to \$14,099,000 at December 31, 2020.

Terragen fell half a cent or 2.5 percent to 19.5 cents.

### CANN GROUP

Cann Group says it has received Australian Therapeutic Goods Administration good manufacturing practices licence for its Melbourne ‘Southern’ marijuana factory.

Cann Group said the licence authorized it to manufacture marijuana for therapeutic supply in Australia and overseas and it expected to offer its products to patients under the TGA's special access scheme and authorized prescriber scheme within the next few weeks.

Cann Group chief executive officer Peter Crock said the licence was “another important achievement for Cann as we develop our integrated supply chain”.

### THE FOOD REVOLUTION GROUP

Food Revolution says its 100 percent plant-based fava bean protein smoothie will be available in Coles shops around Australia by June 2022.

Food Revolution said the initial range would include two 350mL fresh chilled variants, both with 16gm of protein per serve, to be available in late February 2022.

Food Revolution fell 0.1 cents or five percent to 1.9 cents.

### CRESO PHARMA

Creso says it has applied to Health Canada for an up-to 20 patients, phase II trial of psilocibin for treatment-resistant post-traumatic stress disorder (PTSD).

Creso said the application for the single-arm trial would determine the feasibility of further clinical trials of psilocibin for PTSD, and it hoped to begin the study by June.

Creso was up 0.2 cents or 2.6 percent to eight cents with 2.9 million shares traded.

### NUFARM

Sydney's Allan Gray Australia says it has increased its substantial shareholding in Nufarm from 37,131,613 shares (9.78%) to 41,179,475 shares (10.84%).

Allan Gray said between July 27, 2021 and January 20, 2022 it bought 4,897,567 shares for an average of \$4.47 a share and sold 849,705 shares for an average of \$5.11 a share.

### NUFARM

Brisbane's Firetrail Investments says it has reduced its substantial shareholding in Nufarm from 30,241,799 shares (7.96%) to 26,311,869 shares (6.93%).

Firetrail said that between September 24, 2021 and January 21, 2022, it bought 5,559,053 shares for \$25,672,151 or an average of \$4.618 a share and sold 8,787,383 shares for \$40,591,470 or an average of \$4.619 a share.

### MURRAY COD AUSTRALIA

Murray Cod managing-director Mathew Ryan says he has increased his substantial holding from 73,608,761 shares to (11.00%) to 113,608,761 shares (14.8%).

The Griffith, New South Wales-based Mr Ryan said that on January 14, 2022 he bought 40,000,000 shares for \$3,000,000 or 7.5 cents a share (AVW Jan 21, 2022).

Murray Cod fell half a cent or 1.7 percent to 29.5 cents.

### ALTHEA

SG Hiscock says it has increased its substantial holding in Althea from 11,813,182 shares (5.06%) to 18,969,215 shares (6.07%).

SG Hiscock said that between July 1, 2021 and January 24, 2022 it bought and sold shares, with the largest acquisition 3,145,834 shares for \$755,000 or 24 cents a share.

Althea fell half a cent or 2.4 percent to 20 cents.

### SELECT HARVESTS

Select Harvests says that six-year non-executive director Nicki Anderson will not seek re-election at the annual general meeting on February 25, 2022.

Select Harvests said Ms Anderson “had provided a positive contribution ... particularly with respect to occupational health and safety, sustainability and human resources”.

Select Harvests was unchanged at \$5.39 with 710,077 shares traded.

### SYNLAIT MILK

Synlait says it has appointed Paul McGilvary as an independent director with the head of strategy and business transformation Chris France resigning.

Synlait said that Mr France joined the company in 2015 and was leaving “to pursue an opportunity outside of the company” but would remain with Synlait for six months to ensure a well-managed transition and handover.

The company said Mr McGilvary had extensive dairy experience and was currently Asure Quality’s deputy chair, chair of BVAQ Australia and a director of Waikato Milking Systems. Last year, the company said chair Graeme Milne would resign and be replaced by John Penno, with Grant Watson as chief executive officer (AVW: Oct 1, 2021).

This week Synlait confirmed that Mr Penno and Mr Watson had started their new roles.

The company said that Mr Watson was previously the chief executive officer of dairy company, Miraka and previously worked for Fonterra for 10 years.

### AGRIFUTURES AUSTRALIA

Agrifutures says that its agricultural food and technology conference Evoke Ag will be held in Adelaide on February 21 and 22, 2023 in South Australia.

Agrifutures said that following the 2021 and 2022 meeting cancellations due to the Covid-19 pandemic the two-day event expects “thousands of delegates” and more than 110 speakers to discuss food sustainability, supply chain demands and ways to increase agricultural capacity and profitability across the Asia-Pacific region.

The organization said the program aimed to bring together farmers, innovators, investors, scientists, corporates and government.

Agrifutures managing-director John Harvey said that “the disruptive impact of the pandemic has highlighted serious shortfalls in our food security systems, Mr Harvey said.

“There is an increasing sense of urgency around how we engage in global conversations, mitigate risk to our supply chain and challenge the conventions of what we grow, how we grow it and what we eat,” Mr Harvey said.

South Australia Premier Steven Marshall said his government was “proud to welcome the 2023 Evoke Ag event to Adelaide, the most liveable city in Australia and the third most liveable city in the world”.

Agrifutures said that after the two-year hiatus, the event was predicted to attract significant local and global funding opportunities for agricultural food technology start-ups, scale-ups and innovators and to connect farmers.

The organization said that further details would be released in the coming months, with tickets on sale in March 2022.

For more information or to sign-up, go to: <https://evokeag.com>.

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