

Ag & Vet Weekly



Monday May 23 – Friday May 27, 2022

All the news on ASX-listed agriculture and veterinary companies

- * ASX UP, AVW-42 UP: MEMPHASYS UP 13%; ROOTS DOWN 10%
- * ELDERS H1 REVENUE UP 38% TO \$1.5b, PROFIT UP 34% TO \$91m
- * SELECT HARVESTS H1 REVENUE DOWN 19% TO \$69m, PROFIT UP 58% TO \$2m
- * APIAM RIGHTS OFFER FOR \$20.25m
- * FONTERRA WIDENS FARMGATE MILK PRICE RANGE TO \$7.54-\$8.91/kgMS
- * NANOLLOSE TO SUPPLY SPAIN'S INDITEX NULLARBOR SAMPLES
- * BEGA PORT MELBOURNE FACTORY SALE, LEASEBACK
- * WIDE OPEN: DKSH TAIWAN OAT MILK DISTRIBUTOR; \$650k ORDER
- * WIDE OPEN PLANT-BASED BUTINE PROTEIN FOR MONDE NISSIN
- * CRESO, DR PICKLES TATTOO HERBAL SALVE DEAL
- * ELIXINOL AGM: 49% OPPOSE CEO RIGHTS; 22% REMUNERATION REPORT
- * CITIGROUP TAKES SUMITOMO CHEMICAL'S 16% OF NUFARM
- * VINVA INVESTMENT TAKES 5.4% OF NUFARM
- * AUSTRALIAN RETIREMENT TAKES 5% OF NUFARM
- * TATTARANG, DR 'TWIGGY' FORREST TAKE 8% OF AUST AGRICULTURAL
- * SCHRODER REDUCES TO 6.23% OF RIDLEY
- * REGAL REDUCES TO 5.5% OF ALTHEA
- * RLF TO RELEASE 3m ASX ESCROW SHARES
- * AUSTRALIAN AGRICULTURAL LOSES CFO NIGEL SIMONSZ; CFO WANTED
- * TRAVIS DILLON REPLACES SELECT HARVESTS CHAIR MICHAEL IWANIW
- * NEXT SCIENCE TO LOSE CEO JUDITH MITCHELL IN 2023
- * SUSTAINABLE NUTRITION LOSES M-D NEALE JOSEPH
- * PHARMAUST TO LOSE CSO DR RICHARD MOLLARD

MARKET REPORT

The Australian stock market climbed 1.08 percent on Friday May 27, 2022, with the ASX200 up 76.8 points to 7,182.7 points.

Sixteen of the AVW-42 stocks were up, 11 fell, 11 traded unchanged and four were untraded.

Memphasys was the best, up 0.5 cents or 12.8 percent to 4.4 cents, with 764,003 shares traded.

Food Revolution climbed 8.7 percent; Bubs and Seafarms were up more than six percent; RLF was up 3.1 percent; Murray Cod, Rare Foods and Wide Open rose more than two percent; Elders, Costa Group, Tassal and Wellnex were up one percent or more; with Australian Agricultural, Fonterra, Nufarm and Synlait up by less than one percent.

Roots led the falls, down 0.05 cents or 10.0 percent to 0.45 cents, with 350,000 shares traded.

Select Harvests fell 5.85 percent; Cann Group, Nanollose and Next Science lost more than three percent; Althea, Cobram and Ecofibre shed more than two percent; Bega and Clean Seas were down more than one percent, with Clover down by 0.8 percent.

ELDERS

Elders says revenue for the six months to March 31, 2022 was up 37.6 percent to \$1,514,837,000 with net profit after tax up 33.65 percent to \$91,155,000.

Elders said it would pay an interim 30 percent franked dividend of 28 cents to holders on the record date of May 31 to be paid on June 17, 2022, compared to a 20 percent franked interim dividend of 20 cents in 2021.

Elders said its agency services were driven up by high livestock prices caused by favorable seasonal conditions, real estate services showed "significant growth" in farmland agency, residential agency and property management operations, and financial services were up, driven by an increase in gross written premiums in Elders Insurance and improved livestock-in-transit product penetration rates.

The company said its feed and processing business operated a top-tier beef cattle feedlot in New South Wales and a small premium meat distribution model in China.

Elders said for the half year to March 31, 2022 and to date, it had "fulfilled strong demand for its products and services by engaging in extended forward orders, mitigating the international supply chain constraints for farm supply inputs".

"Elders did not access any government support such as Jobkeeper during the half year ended March 31, 2022," the company said.

In its outlook, Elders said it expected to "benefit from a positive winter cropping outlook with sufficient soil moisture for improved production in the second half", with cattle and sheep prices expected to remain high, "benefitting the agency business and offsetting anticipated lower volumes resulting from feed availability and livestock restocking".

The company said diluted earnings per share was up 34.0 percent to 58.3 cents, with net tangible assets per share up 34.4 percent to \$2.58 and it had cash and equivalents of \$12,958,000 at March 31, 2022 compared to \$29,568,000 at March 31, 2021.

Elders rose by 15 cents or 1.1 percent to \$13.53 with 865,808 shares traded.

SELECT HARVESTS

Select Harvests says that revenue for the six months to March 31, 2022 fell 18.9 percent to \$68,734,000 with net profit after tax up 58.0 percent to \$2,011,000.

Select Harvests said revenue came primarily from growing, processing and sale of almonds and the processing, packaging, marketing and distribution of edible nuts, dried fruits, seeds, muesli and a range of natural health foods.

The company said diluted earnings per share for the six months to March 31, 2022 was up 54.5 percent to 1.7 cents compared to the prior period, net tangible asset backing per share rose 2.2 percent to \$3.67, with cash and equivalents of \$1,120,000 at March 31, 2022, compared to \$2,834,000 at March 31, 2021.

Select Harvests fell 35 cents or 5.85 percent to \$5.63 with 595,344 shares traded.

APIAM ANIMAL HEALTH

Apiam says it hopes to raise \$20.25 million in a one-for-4.8 pro-rata non-renounceable institutional and retail entitlement offer at 70 cents a share.

Apiam said the offer price was a 9.1 percent discount to the last traded price of 77 cents on May 25 and a 10.6 percent discount to the 5-day volume-weighted average trading price to May 25 of 78.3 cents.

The company said it had a "firm underwriting commitment" from joint lead managers - Shaw & Partners and Morgans Corporate, with Apiam managing-director Dr Chris Richards taking up an entitlement of about \$4.5 million.

Apiam said that the net proceeds would support its accelerated acquisition strategy as well as debt repayment

The company said that the results of the institutional entitlement offer would be announced on Monday May 30, 2022.

Apiam said that the record date for the retail rights offer would be May 30, it would open on June 2 and close on June 17, 2022.

Apiam was in a trading halt and last traded at 77 cents.

FONTERRA SHAREHOLDERS' FUND

Fonterra says it has widened its 2021-'22 forecast farmgate milk price range to \$NZ8.25 to \$NZ9.75 (\$A7.54 to \$A8.91) per kilogram of milk solids (kgMS).

Two weeks ago, Fonterra said it had decreased its 2021-'22 forecast farmgate milk price range to \$NZ9.10/kgMS to \$NZ9.50/kgMS (BD: May 13, 2022).

This week, the company said the midpoint of the range, from which farmers were paid, was reduced from \$NZ9.30/kgMS to \$NZ9.00/kgMS.

Fonterra chief executive officer Miles Hurrell said the long-term outlook was positive, despite geopolitical and Covid-19 related events impacting short-term global demand.

"On the supply side, growth from key milk producing regions is expected to remain constrained as high feed, fertilizer and energy costs continue to impact production volumes," Mr Hurrell said. "These demand and supply dynamics are expected to support dairy prices in the medium to long-term [but] we are operating in an increasingly volatile global environment and are managing a wider range of risks than usual."

"This includes the potential for further impacts from COVID-19, financial markets and foreign exchange volatility, global inflationary pressures, a tightening labor market, increasing interest rates, geopolitical events, as well as the possible impact on demand from higher dairy prices," Mr Hurrell said.

Fonterra was up two cents or 0.8 percent to \$2.61.

NANOLLOSE

Nanollose says it will deliver samples of the Nullarbor tree-free lyocell from its pilot program with Birla Cellulose to the Galicia, Spain-based Inditex.

Last year, Nanollose said it sent its first shipment of microbial cellulose to India's Birla Cellulose for processing to be spun into tree-free lyocell fibre (AVW: May 28, 2021).

Today, the company said that under the memorandum of understanding it had signed with Inditex, it would provide samples of the Birla fabric to Inditex, initially at no cost, with larger samples to be priced by mutual agreement as needed.

Nanollose said it would provide the samples for testing and prototyping to allow Inditex to determine the potential for use in their various brands, a process which Nanollose said would provide it with "valuable commercial feedback".

Nanollose fell 0.3 cents or 3.2 percent to nine cents.

BEGA CHEESE

Bega says it has begun "an expression of interest campaign" for the sale and leaseback of its 1 Vegemite Way, Port Melbourne, Victoria property.

Bega said the property, about five kilometres from the Melbourne central business district manufactured of Vegemite, peanut butter and other products.

The company said the sale and leaseback would enable it to continue to manufacture Vegemite and other products at the site under a long-term lease arrangement.

Bega fell five cents or 1.05 percent to \$4.69 with 535,232 shares traded.

WIDE OPEN AGRICULTURE

Wide Open says it has a \$650,000, exclusive two-year agreement with DKSH Taiwan to distribute its plant-based milk substitute, Dirty Clean Food oat milk.

Wide Open said that the Taipei-based DKSH Taiwan would become the exclusive distribution partner for sales, marketing and management of its oat milk in Taiwan for two years, with estimated annual sales of \$650,000.

The company said the first shipment was expected to arrive in Taiwan by July 2022 and would provide several different flavors of its oat milk to DKSH Taiwan.

Dirty Clean Food chief executive officer Jay Albany said that "our focus will be to continue to build our pipeline of sales to support what we expect to be the world's lowest carbon plant-based milks facility, right here in Western Australia".

Wide Open was up 1.5 cents or 2.3 percent 66.5 cents.

WIDE OPEN AGRICULTURE

Wide Open says it will supply its lupin-derived concentrate Butine protein to Monde Nissin Australia Pty Ltd for plant-based food and drink substitutes.

Wide Open said it would supply Butine protein to Melbourne's Monde Nissin Australia for 24 months, with the first shipment expected in June 2022.

The company said it expected Monde Nissin to buy up-to 60 percent of its total Butine protein production but did not disclose the commercial terms of the agreement.

Wide Open chief executive officer Dr Ben Cole said that the company was "excited to be working with [Monde Nissin Australia] who share our passion to develop the market for regenerative lupin products".

"This agreement has the potential to catalyze farmers to grow more regenerative lupins and offer consumers a range of innovative, delicious plant-based products," Dr Cole said.

CRESO PHARMA

Creso says it has an agreement with Brisbane's Dr Pickles to commercialize its herb-based tattoo post-care and sunscreen salves in Australia.

Creso said the agreement would commercialize products from its target acquisition company, the Lyons, Colorado-based Sierra Sage Herbs LLC for sale throughout the more than 800 Dr Pickles' tattoo studios in Australia, its electronic commerce database of more than 20,000 customers and its sales network in Australian pharmacies and Woolworths supermarkets.

The company said that it would also "explore the opportunity to bring select products from the Dr Pickles range to North American markets" but did not disclose the financial details of the agreement.

Creso managing-director William Lay said the company was "looking forward to working closely with the Dr Pickles team on exploring multiple product and branding opportunities which have the potential to drive sales for both parties".

Creso was unchanged at 5.3 cents with 2.2 million shares traded.

ELIXINOL WELLNESS

Elixinol says 48.7 percent of its annual meeting opposed free share rights for chief executive officer Oliver Horn, with the remuneration report passing narrowly.

Elixinol said the resolution to issue the 144,689 short-term incentive rights to Mr Horn was opposed by 3,748,730 votes (48.72%), with 3,945,987 votes (51.28%) in favor.

The company said the issue of performance rights to chair Helen Wiseman and directors Paul Benhaim and David Fenlon were opposed by more than 30 percent of votes.

Elixinol said it narrowly missed a remuneration 'first strike' with 21.55 percent opposition to adoption of its remuneration report.

The Corporations Act (Section 250U) provides for a 'two strikes and re-election' process if a remuneration report is opposed by more than 25 percent of votes at two consecutive annual general meetings, taking the company to a vote on a board spill motion.

Elixinol said that the election of Mr Horn and Mr Fenlon as directors, a termination benefit for Ronald Dufficy, the equity plan and the share issue capacity passed more easily.

According to its most recent filing, Elixinol said it had 316,265,571 shares on issue, meaning that the opposition to the issue of rights to Mr Horn amounted to 1.2 percent of the company, not sufficient to requisition extraordinary general meetings.

Elixinol was unchanged at 4.8 cents.

NUFARM

Citigroup Global Markets Australia says it has bought Sumitomo Chemical Company's 60,271,136 (15.86%) holding in Nufarm, taking its total to 61,596,429 shares (16.21%).

Earlier this week, Nufarm said that Sumitomo Chemical Company would sell its 15.9 percent substantial share-holding in Nufarm.

Last month, a separate company, Sumitomo Mitsui Trust Holdings, and its subsidiaries said they had reduced their substantial holding in Nufarm from 30,577,548 shares (8.05%) to 25,032,160 shares (6.59%) (AVW: Apr 9, 2022).

Later, Sumitomo Mitsui Trust Holdings and subsidiaries said they had ceased their substantial holding in Nufarm, with most of their shares taken by Yarra Funds but with its Tokyo and Sydney associates, Nikko AM, Nikko Asset Management Australia and Nikko AM Equities Australia, retaining 24,830,348 shares (6.5385%) (AVW: Apr 16, 2021).

Nufarm was up four cents or 0.75 percent to \$5.37 with three million shares traded.

NUFARM

Vinva Investment Management says it has become substantial in Nufarm with 20,450,873 shares or 5.38 percent.

The Sydney-based Vinva Investment said between January 24, and May 24, 2022 it transferred shares, bought 4,944,732 shares for \$24,755,328 or an average of \$5.01 a share, and sold 297,521 shares for \$1,832,537 or an average of \$6.16 a share.

NUFARM

Australian Retirement Fund says it has become substantial in Nufarm with 19,087,908 shares or 5.023 percent.

The Brisbane-based Australian Retirement said it bought and sold shares between February 28 and May 24, 2022, with the most recent purchase on May 24 of 703,214 shares for \$3,785,788 or \$5.38 a share.

AUSTRALIAN AGRICULTURAL CO

Dr Andrew 'Twiggy' Forrest says he has increased his substantial holding in Australian Agricultural from 31,998,695 shares (5.31%) to 47,596,569 (7.90%).

The Perth-based Dr Forrest said that, with Tattarang Pty Ltd as trustee for the Peepinee Trust, between February 15 and May 23, 2022, he bought 15,597,874 shares for \$30,791,283, or \$1.97 a share.

Australian Agricultural was up one cent or 0.5 percent to \$2.07.

RIDLEY CORP

Schroder Investment Management says it has reduced its substantial holding in Ridley from 23,802,289 shares (7.45%) to 19,888,828 shares (6.23%).

The Sydney-based Schroder said that between September 11, 2021 and May 23, 2022, it bought and transferred shares and sold 5,289,316 shares for \$8,066,416, or \$1.53 a share.

Ridley was unchanged at \$1.70.

ALTHEA

Regal Funds says it has reduced its substantial share-holding in Althea from 20,435,513 shares (6.48%) to 17,295,221 shares (5.47%).

The Sydney-based Regal said that between March 15 and May 19, 2022, it sold shares in Althea, with the largest single sale 488,777 shares for \$73,561, or 15.1 cents a share.

Althea fell 0.25 cents or two percent to 12 cents.

RLF AGTECH

RLF says it will release 2,999,760 shares from ASX escrow on June 3, 2022.

According to its most recent filing RLF would have 82,303,250 shares available for trading, with a further 102,630,028 shares held in ASX escrow, for a total of 184,933,278 shares on issue.

RLF was up half a cent or 3.1 percent to 16.5 cents.

AUSTRALIAN AGRICULTURAL CO

Australian Agricultural says Nigel Simonsz will resign as chief financial officer, effective from July 28, 2022.

Australian Agricultural said that it would begin the search to appoint a new chief financial officer.

SELECT HARVESTS

Select Harvests says Travis Dillon will replace Michael Iwaniw as chair, effective from today May 27, 2022.

Select Harvests said Mr Iwaniw had joined the company in June 2011, and would continue as a non-executive director until June 30, 2022.

NEXT SCIENCE

Next Science says managing-director and chief executive officer Judith Mitchell will retire by June 30, 2023, with her replacement to be US-based.

Next Science said that Ms Mitchell had advised the company that for personal reasons, she would not be able to make the long-term commitment to reside in the US and that the company would benefit from a chief executive officer based at its Jacksonville, Florida office.

The company said Ms Mitchell was committed to supporting an orderly transition to a new chief executive officer and would continue as US-based chief executive officer, until a successful transition has been achieved.

Next Science was down three cents or 3.55 percent to 81.5 cents.

SUSTAINABLE NUTRITION

Sustainable Nutrition says its managing-director Neale Joseph resigned “effective immediately” on May 26, 2022.

Sustainable Nutrition said chair Pauline Gately would assume the position of interim executive director, with Karun Moses as chief operating officer.

Sustainable Nutrition was untraded at 14 cents.

PHARMAUST

Pharmaust says chief scientific officer Dr Richard Mollard will resign, following the completion of six months’ notice required by his contract.

Pharmaust said Dr Mollard was the chief executive officer of its subsidiary Pitney Pharmaceuticals and had been with the company for five years.

Pharmaust executive chair Dr Roger Aston said the company thanked Dr Mollard “for his efforts for us and wish him well in his future endeavors”.

Pharmaust was unchanged at nine cents.