Biotech Daily's

Ag & Vet Weekly

Monday August 12 – Friday August 16, 2019

All the news on ASX-listed agriculture and veterinary companies

*** AUG 16: ASX, AV-30 DOWN: NANOLLOSE UP 21%; REGENEUS DOWN 8%**

*** FONTERRA: 'NO DIVIDEND, LOSS UP, $820m WRITE-DOWN'**

*** NANOLLOSE, CODI TO DEVELOP RAYON WIPES**

*** ABUNDANT SHARE PLAN RAISES $345k OF HOPED-FOR $2.5m**

*** REGENEUS REDUCES STAFF, PAY, COSTS BY 50%**

*** SEAFARMS EXPECTS TO COMPLETE FACILITY THIS YEAR**

*** FONTERRA: '2020 DAIRY ASSISTANCE LESS THAN $3.1m'**

*** MGC: TREATS 100 CANNEPIL PATIENTS, TETRA DEAL**

*** ALCHEMIA TO BECOME AUSTRALIAN PRIMARY HEMP AGM**

*** LEAFCANN WINS AUSTRALIAN MEDICAL MARIJUANA LICENCES**

*** YARRA FUNDS TAKES 9.5% OF ELDERS**

*** SCHRODER BELOW 5% IN NUFARM**

*** COMMONWEALTH BANK BELOW 5% IN COSTA**

*** PENDAL TAKES 5% OF COSTA**

MARKET REPORT

The Australian stock market slipped 0.04 percent on Friday August 16, with the ASX200 down 2.6 points to 6,405.5 points. Eight of the Ag & Vet 30 stocks were up, 15 fell, six traded unchanged and one was untraded.

Nanollose was the best, up 1.5 cents or 21.4 percent to 8.5 cents with 1.3 million shares traded. Abundant climbed 5.3 percent; Wide Open Agriculture was up 4.2 percent; Tasfoods improved 3.7 percent; Murray Cod rose 2.9 percent; Costa and Memphasys were up more than one percent; with Ridley Corp up 0.5 percent.

Regeneus led the falls, down 0.7 cents or 8.1 percent to 7.9 cents with 20,000 shares traded. Pharmaust lost 5.1 percent; Auscann fell four percent; Bega, Creso and Tassal were down more than three five percent; Cannpal, Elders, Vital harvest and Wattle Health shed more than two percent, Clean Seas and Seafarm were down more than one percent; with A2 Milk, Fonterra and Nufarm down by less than one percent.

FONTERRA CO-OPERATIVE GROUP

Fonterra says it will write-down up-to $NZ860 million ($A819.8 million) of assets, expects a loss of up-to $NZ675 million and will not pay a dividend for this year.
Fonterra said significant adverse one-off accounting adjustments would be made, including write-downs, for the financial year to July 31, 2019.
A Fonterra spokesperson told Biotech Daily that the write-downs were a reduction in the book value of the assets, reflect current valuations.
Fonterra chief executive officer Miles Hurrell said it was “clear that Fonterra needs to reduce the carrying value of several of its assets and take account of other one-off accounting adjustments, which total approximately $NZ820 million to $NZ860 million”.
“We have taken a hard look at our end-to-end business, including selling and reviewing the future of a number of assets that are no longer core to our strategy,” Mr Hurrell said.
“The review process has also identified a small number of assets that we believe are over-valued, based on the outlook for their expected future returns,” Mr Hurrell said.
Mr Hurrell said considering write-downs the company expected “to make a reported loss of $NZ590 million to $NZ675 million this year, which [was] a 37 to 42 cent loss per share”.
Last year, Fonterra posted revenue for the 12 months to July 31, 2018 of $NZ20,438 million and a net loss after tax of $NZ196 million.
“The majority of the one-off accounting adjustments [were] related to non-cash impairment charges on four specific assets and the divestments that the Co-op has made this year as part of the portfolio review,” Mr Hurrell said.
Fonterra said the valuation for both its DPA (Dairy Partners Americas) Brazil and China Farms would be impaired by about $NZ200 million due to the economic changes and slower than expected performance, the sale of its Venezuelan consumer business and closing of the Venezuelan Ingredients business had been adjusted to $135 million less than the expected amount.
Fonterra said its New Zealand consumer business was slower than expected and would be written-down by about $NZ200 million.
The company said its Australian Ingredients business had been adapting to continued drought and would be written-down by $NZ70 million, including $NZ50 million lost from the closure of its Dennington, Victoria factory.
Fonterra chairman John Monaghan said that withholding dividends to shareholders would reduce company debt “which [was] in everybody’s long term interests”.
Fonterra fell one cent or 0.3 percent to $3.34.

NANOLLOSE

Nanollose says it has a three-year agreement with wet-wipe manufacturer Codi International BV to develop wipes using its non-woven rayon fibre.
Nanollose said the Veenendaal, Netherlands-based Codi had been granted exclusive rights for the development of personal and homecare wipes using its ‘Tree-Free’ rayon fibre, made from a naturally occurring cellulose polymer, not harvested from trees, but acquired from food and beverage production waste products.
The company said Codi would help commercialize its rayon fibre wipes, with the two companies to seek a formal long-term agreement once the fibre had undergone further production and commercial testing.
Nanollose said Codi International was part of Codi Group, a wet wipes company that sold more than seven billion wipes each year, with two production facilities in the Netherlands and one in Germany.
Nanollose was up 1.5 cents or 21.4 percent to 8.5 cents.

ABUNDANT PRODUCE

In an Appendix 3B new share issue announcement, Abundant says it has raised $345,000 of a hoped-for $2.5 million in a share plan at six cents a share.
On July 8, Abundant said the share plan price of six cents a share was a 10.4 percent discount to its July 5 closing price.
Abundant was up 0.3 cents or 5.4 percent to 5.9 cents.

REGENEUS

Regeneus says it has restructured operations to reduce its monthly operating costs by up to $250,000, or 50 percent, through remuneration and employee cutbacks.
Regeneus said chief executive officer Leo Lee would reduce his yearly compensation by $650,000 to $290,000 a year, but would receive equity to offset the cash reduction, subject to board and shareholder approval
The company said director and chief scientific officer Prof Graham Vesey had agreed to reduce his executive role and reduce his remuneration to $140,000 a year, with chief financial officer and chief operating officer John Bird agreeing to reduce his role and salary.
Regeneus said the executive pay changes would deliver a total of $605,000 or 50 percent saving to the company.
The company said that it would reduce the “headcount of employees”, replacing in-house resources with partnerships with universities and research organizations.
Regeneus said it would relocate to a smaller officer which would deliver further savings.
Mr Lee said the cost reductions would allow the company to bring Progenza to market in Japan for osteoarthritis by 2023.
“The resulting 50 percent reduction in costs from these initiatives and the restructuring of the business is expected to provide us with sufficient runway to finalize our Japanese commercialization deal and commercially launch Progenza to this timeline,” Mr Lee said.
Regeneus fell 0.7 cents or 8.1 percent to 7.9 cents.

SEAFARMS GROUP

Seafarms says its ‘founder stock center’ fish pathogen testing facilities in Exmouth, Western Australia should be completed by the end of 2019.
Seafarms said the Exmouth building was the first of three expanded facilities, and that construction was within budget and near completion.
The company said construction had begun on other two facilities, a breeding centre and maturation facility both in Bynoe Harbour, near Darwin.
Seafarms fell 0.1 cents or 1.3 percent to 7.8 cents.

FONTERRA CO-OPERATIVE GROUP

Fonterra says its milk supplier financial assistance to the New Zealand Guardian Trust Co for the 12 months to May 31, 2020 is not expected to exceed $3,100,000.
Fonterra said that milk it purchased from non-shareholder farmers came with a contract fee of five dollars for every kilogram of milk, and that an amount equal to the contract fee was paid to the Auckland-based New Zealand Guardian Trust Company, which would then be transferred back to the farmers if they became shareholders.

MGC PHARMA

MGC says 100 patients have been prescribed its Cannepil for epilepsy, and has a distribution agreement with the Sydney-based Tetra Health.
Last year, MGC said that the Australian Therapeutic Goods Administration had made Cannepil available through the authorized prescriber scheme for drug-resistant epilepsy (BD: Oct 11, 2018).
Today, the company said that Tetra would buy its products from distributor Health House International for its network of pharmacies, physicians and partnered clinics.
MGC said there were “no specified minimum contract amounts or volumes under this agreement”.
MGC fell 0.1 cents or two percent to five cents.

ALCHEMIA

Alchemia’s annual general meeting will vote to change the company’s name to Australian Primary Hemp support for a change to the nature and scale of activities.
In 2014, Alchemia’s share price fell as much as 86.1 percent to 8.6 cents on news that its 415-patient, phase III trial of HA-irinotecan for metastatic colorectal cancer failed to meet its phase III primary endpoint (BD: Oct 27, 2014).
In 2015, the company’s share price fell a further 51.8 percent to four cents on lower than expected revenue for its generic fondaparinux and a dispute with distribution partner Dr Reddy’s (BD: May 29, 2015)
This year, Alchemia said it would acquire the Geelong-based Australian Primary Hemp to become a marijuana-growing company (BD: Jun 21, 2019).
Alchemia said that shareholders would also vote to replace its constitution, to hold a 20-for-one consolidation, as well as a range of resolutions relating to the toe proposed changes and required funding measures.
The company said shareholders would vote to elect directors Charles Mann, James Hood, Pauline Gately and Cameron Petricevic; and pending the possible failure of the change of company resolutions, elect directors Lynden Polonsky and Melanie Leydin.
The meeting will be held at Holding Redlich Lawyers, Level 8, 555 Bourke Street, Melbourne, on September 16, 2019, at 10am (AEST).
Alchemia was untraded at 1.1 cents.

LEAFCANN

Leafcann says it has received its Australian cannabis research and medicinal cannabis (cultivation) licences from the Australian Office of Drug Control.
The Perth-based Leafcann said that the licences, combined with its existing manufacturing licence, would allow it to begin producing marijuana-based medicine.
Leafcann chief executive officer Elisabette Faenza said that during the next 12 to 18 months the company would “roll-out our detailed plans and turn these licences into a business that produces person-centred, precision medicines for Australian patients, creating exceptional value for our customers, staff and investors.”
The company said it “expected to be fully operational by the beginning of 2021”.
Leafcann is a private company.

ELDERS

The Melbourne-based Yarra Funds Management says it has increased its holding in Elders from 8,740,427 shares (7.49%) to 12,788,686 shares (9.48%).
Yarra Funds said that between March 21 and August 7, 2019 the group bought 1,516,043 shares for $8,414,039 or $5.55 a share, sold 644,978 shares for $4,579,728 or $7.10 a share and transferred 3,177,194 shares for no cost.
Yarra Funds said co-holders included HSBC Custody Nominees, National Australia Bank, BNP Paribas Australia, JP Morgan Chase Bank, Citigroup and State Street Australia.
Elders fell 14 cents or 2.1 percent to $6.49 with 567,828 shares traded.

NUFARM

Schroder Investment Management says it has ceased its substantial shareholding in Nufarm.
On April 16, 2019, the Sydney-based Schroder filed a substantial shareholder notice saying it held 19,280,932 shares or 5.08 percent of Nufarm.
On Thursday, Schroder said that between April 17 and August 15, 2019 it bought 2,062,857 shares for $9,229,998, or $4.47 a share, and sold 2,568,381 shares for $11,668,228, or $4.54 a share.
Ag & Vet Weekly calculates a net sale of 505,524 shares, and believes this leaves Schroder with 18,775,408 shares, or 4.95 percent of Nufarm.
Nufarm fell two cents or 0.5 percent to $4.36 with 1.96 million shares traded.

COSTA GROUP HOLDINGS

The Sydney-based Commonwealth Bank of Australia and its associated entities say they have ceased their substantial shareholding in Costa Group.
The Commonwealth Bank said it bought and sold shares between June 13 and August 12, 2019, with the single largest sale 541,936 shares for $2,012,859, or $3.71 a share on August 9, 2019.
Costa was up five cents or 1.4 percent to $3.57 with 2.5 million shares traded.

COSTA GROUP HOLDINGS

Pendal Group says it has become a substantial shareholder in Costa with 16,080,498 shares or 5.02 percent of the company.
The Pendal substantial shareholder said that between April 8 and August 7, 2019 it bought and sold shares on behalf of HSBC Custody Nominees, Australia and New Zealand Banking Group, BNP Fund Services, Citicorp Nominees, JP Morgan Chase Bank, National Australian Bank and State Street Australia.
The company said the single largest purchase was on May 30 through HSBC which bought 841,846 Costa shares for $3,451,569 or $2.91 a share.