



Ag & Vet Weekly

Monday September 30 – Friday October 4, 2019

All the news on ASX-listed agriculture and veterinary companies

- * OCT 4: ASX, AVW-42 UP: ALTHEA UP 6.5%; CRESO DOWN 10%
- * SUMITOMO BUYS NUFARM SOUTH AMERICAN OPERATIONS FOR \$1.2b
- * NUFARM REVENUE UP 14% TO \$4b, PROFIT DOWN 10% TO \$90m
- * PHARMAUST RAISES \$2.4m
- * KOLABTREE HAS 10k SCIENCE FREELANCERS
- * SEAFARMS DELIVERS 33T BLACK TIGER PRAWNS TO JAPAN'S NISSUI
- * ROOTS \$87k RZTO MARIJUANA DEAL
- * ALCHEMIA BECOMES AUSTRALIAN PRIMARY HEMP
- * CLEAN SEAS FITZGERALD BAY FARM DELAY
- * WATTLE HEALTH TAKES ACQUISITION TRADING HALT TO SUSPENSION
- * ABUNDANT TO LAUNCH TWO NEW PAIN RELIEF PRODUCTS
- * PHARMACIELO, CRESO ACQUISITION SCHEME MEETING
- * MGC PASSES 400 CANNEPIL, MXP100 PRESCRIPTIONS
- * NANOLLOSE TO RELEASE 40m ESCROW SHARES, 25m OPTIONS
- * SCHRODER INCREASES, DILUTED BELOW 5% IN ELDERS
- * CEO DR CHRIS RICHARDS INCREASES, DILUTED TO 18% OF APIAM
- * BARRY LAMBERT TAKES 24% OF ECOFIBRE

MARKET REPORT

The Australian stock market was up 0.37 percent on Friday October 4, with the ASX200 up 24.1 points to 6,517.1 points. Sixteen of the AVW-42 stocks were up, 10 fell, 10 traded unchanged and six were untraded.

Althea was the best, up four cents or 6.45 percent to 66 cents with 1.3 million shares traded. Both Clean Seas and Clover climbed five percent; Roots improved 4.7 percent; Tasfoods was up 3.7 percent; Nanollose and Ridley improved three percent or more; Fonterra rose two percent; Ecofibre, Elixinol and THC were up more than one percent; with A2 Milk, Costa, Elders, Nufarm and Synlait up by less than one percent.

Creso led the falls, down 3.75 cents or 9.8 percent to 34.5 cents with 495,359 shares traded. Wide Open Agriculture lost 7.7 percent; Cannpal was down 6.7 percent; Ocean Grown Abalone was down 5.9 percent, Cann Group fell 5.7 percent; Apiam and Bubs shed two percent or more; with Food Revolution, National Veterinary and Select Harvests down by more than one percent.

NUFARM

Nufarm says Japan's Sumitomo Chemical Company will pay \$1,188 million for its South American crop protection and seed treatment operations.

Nufarm said in addition to selling its operations in Brazil, Argentina, Colombia and Chile to Sumitomo, it would extend its existing commercial agreements and enter into new commercial arrangements with the company.

The company said it would be the preferred commercialization partner for Sumitomo's proprietary fungicides, Pavecto and Indiflin in Germany, Poland and the UK.

Nufarm said it would purchase the \$97.5 million preference securities issued to Sumitomo in August 2019 at completion of the transaction.

The company said that the proceeds from the transaction would be used to pay down debt, reducing leverage of net debt to underlying earnings before interest, taxation, depreciation and amortization (Ebitda) and reduce group financing costs by \$60 million \$70 million.

Nufarm said it would review corporate costs following completion of the transaction to generate further savings.

Nufarm chief executive officer Greg Hunt, said the transaction was "compelling value for Nufarm shareholders and will provide an opportunity to refocus on other parts of the business where we can generate higher margins and stronger cash flow".

"The significant reinvestment we have made in our European, Nuseed and North American businesses in recent years, along with the next phase of transformation in our Australian business, is expected to deliver earnings growth and improved returns for shareholders in the coming years," Mr Hunt said.

Nufarm said it expected to complete the transaction by July 2020.

Nufarm was up three cents or 0.5 percent to \$6.49 with 4.1 million shares traded.

NUFARM

Nufarm says revenue for the year to July 31, 2019 was up 13.6 percent to \$3,757,590,000, taking last year's loss to a net profit after tax of \$38,310,000.

Nufarm said the revenue was mainly from the sale of agricultural chemical products and adjusted the figures for continuing operations as compared to non-continuing operations, which would have given a 9.5 percent reduction in net profit after tax of \$89,080,000.

The company said that there would be no fully-franked final dividend this year compared to last year's fully franked 5.0 cents a share dividend.

Nufarm said net tangible asset backing per share was up 110.4 percent from 86 cents at July 31, 2018 to \$1.81 at July 31, 2019, and a previous diluted loss per share for continuing operations of 8.5 cents turned to earnings of 7.4 cents per share for the year to July 31, 2019, with cash and cash equivalents of \$505,687,000 at July 31, 2019, compared to \$301,700,000 at July 31, 2018.

PHARMAUST

Pharmaust says it has raised \$2.4 million in a placement at 12 cents a share a 7.5 percent discount to the 30-day volume weighted average price.

The company said the funds would be used to progress its human trial program, including further development of its formulation and the manufacture of additional tablets.

Pharmaust said JP Equity Partners was the lead manager to the placement.

Pharmaust was unchanged at 15 cents.

KOLABTREE

Kolabtree says its science freelance platform has surpassed 10,000 registered scientists and academics providing specialist skills for business projects.

In a media release from Stone Junction public relations agency, the London-based Kolabtree said its experts provided specialist skills, including data analysis, clinical trial design, regulatory approval assistance and scientific writing, to help businesses develop products, conduct research and grow their businesses.

The company said the platform was launched in 2015, more than 400 projects were posted each month and more than 2,500 businesses had completed projects with Kolabtree experts.

Kolabtree chief executive officer Ashmita Das said, "access to specialist skills used to be a privilege reserved to large companies with extensive budgets".

"All businesses deserve to access the skills they need to thrive and Kolabtree provides a mechanism of linking small and medium sized businesses with scientific experts," Ms Das said. "As our pool of freelancers increases, we will be able to match the skills of the freelancer even more precisely with the requirements of a project."

For more information or to register, go to <https://www.kolabtree.com/>.

SEAFARMS GROUP

Seafarms says it has delivered its first 33 tonne shipment of black tiger prawns to the Tokyo, Japan-based Nippon Suisan Kaisha.

Seafarms said the delivery was part of an agreement to supply 15 percent of its Queensland prawn production to Nippon Suisan Kaisha, known as Nissui.

The company said the delivery was made by Seafarms' subsidiary Seafarm Queensland and followed a successful test shipment to Japan.

Seafarms said Nippon Suisan Kaisha is a strategic investor in Seafarms, and had invested \$25 million in the company this year, and had invested a further \$3 million this year.

Seafarms managing director Dr Chris Mitchell said that "commencing supply to Japan as a major export market and trade partner is an important strategic investment to support our export-focused Project Sea Dragon," Dr Mitchell said.

Seafarms was unchanged at 9.3 cents.

ROOTS SUSTAINABLE AGRICULTURAL TECHNOLOGIES

Roots says Israel medicinal marijuana company Univo has ordered \$87,000 of its root zone temperature optimization and heat exchange stub technology.

Roots said under the agreement it would install its root zone temperature optimization (RZTO) technology into cannabis pots at Univo's Israel growing facilities, with installation to start in October and to be completed in December, 2019.

The company said its technology included its newly developed heat exchange stub, which "significantly lowers the installation and maintenance costs of Roots' RZTO technology".

Roots said the heat exchange stubs would be inserted into the top of pots and grow bags and would enable the mobility of pots and grow bags during and between growing cycles.

Roots' chief executive officer Dr Sharon Devir said the sale to a marijuana producer was "a testament to the effectiveness of our RZTO technology within pots and grow bags."

"Suitable for all crops grown in pots or grow bags, we believe our heat exchange stub will open up new markets and opportunities for our two-in-one heating and cooling technology." Dr Devir said.

Roots was up 0.2 cents or 4.65 percent to 4.5 cents with 1.6 million shares traded.

ALCHEMIA

Alchemia says it has become Australian Primary Hemp, raising \$5.7 million at 20 cents a share and changing its ASX ticker code to APH.

In June, Alchemia said it would acquire the Geelong-based Australian Primary Hemp in a share sale agreement, would raise \$6 million and would conduct a 20-to-one consolidation to become a hemp growing company (BD: Jun 21, 2019).

Last month, the company said its annual general meeting voted for the company to become Australian Primary Hemp and to reduce the shares on offer by 20-to-one (BD: Sep 16, 2019).

Today, Alchemia said it had completed the acquisition.

The company said Pauline Gately, Charles Mann and James Hood would be appointed to the board effective from October 2, 2019, with Melanie Leydin and Lynden Polonsky resigning as directors.

Alchemia was untraded at a post-consolidation 22 cents.

CLEAN SEAS SEAFOOD

Clean Seas says there has been a delay to the opening of its new farm at Fitzgerald Bay, 25km north-east of Whyalla, South Australia.

Clean Seas said it expected to resume operations in the area by the middle of 2019, but had missed the operating window to commence farming this year, due to a “number of outstanding arrangements to be resolved in order to resume use of the Point Lowly Marina”.

The company said Point Lowly Marina was the closest suitable infrastructure to the Fitzgerald Bay aquaculture leases and the use of the facility was “key to the successful operation of the farm”.

Clean Seas said that the Point Lowly Marina was built as part of an initiative by South Australia Aquaculture Management, which Clean Seas acquired in 2006, and various levels of Government to aid the development of a local aquaculture industry.

The company said that it operated from the marina from 2006 to 2011.

Clean Seas said it was engaging with the marina owner, the South Australia Government and the local council, which is a licensee of the facility, to progress options for the use of the marina.

The company said that when this had been finalized it would be in a position to complete its investment, recruitment of additional staff and begin farming in the next operational window, in mid-2020.

Clean seas said it would continue to operate at its farm sites in Port Lincoln and Arno Bay and has offered to redeploy the Whyalla-based employees recruited earlier this year to these existing sites.

Clean Seas was up four cents or 5.0 percent to 84 cents.

WATTLE HEALTH AUSTRALIA

Wattle Health says it has requested a voluntary suspension to follow the September 30, 2019 trading halt pending an announcement regarding a proposed acquisition.

In September, Wattle Health said it had completed debt funding facility for its acquisition of Melbourne dairy processor Blend & Pack (AVW: Sep 6, 2019)

The company said it expected the suspension to last until October 9, 2019 or on the release of an earlier announcement.

Wattle Health was untraded at 53 cents.

ABUNDANT PRODUCE

Abundant says it will launch products for musculoskeletal pain and psoriasis, with trials planned for a third product for headaches and migraines.

Abundant said it would launch Ocean Soothe Psoriasis Relief and Magnesium Lotion, on October 29, 2019.

In a previous presentation, Abundant said along with natural medicines, it sold tomatoes, cucumbers and vegetable seeds.

The company said it had appointed the Fort Worth, Texas-based Market Solutions to help develop its US retail presence for its new products, with the agreement being mostly commission and remuneration based.

Abundant said it would exhibit its products at the China International Import Expo in November, 2019, which would facilitate distribution agreements with third party online sellers in China.

Abundant was untraded at 5.8 cents.

CRESO PHARMA

Creso says the Supreme Court of Western Australia has ordered it can proceed with the share and scheme meeting related to the proposed acquisition by Pharmaciolo.

Creso said it would release the scheme booklet on the ASX shortly.

The meetings will be held at Steinepreis Paganin, Level 4, The Read Buildings, 16 Milligan Street, Perth Western Australia on November 11, 2019 at 10:00am (AWST).

Creso was down 3.8 cents or 9.8 percent to 34.5 cents.

MGC PHARMACEUTICALS

MGC says it has passed 400 prescriptions for its 5.0 percent tetrahydrocannabinol Cannepil and 100 percent cannabidiol MXP100 products in Australia and the UK.

Last month, MGC said it passed 200 prescriptions, an increase on 100 prescriptions in mid-August 2019 (BD: Sep 18, 2019).

Today, the company said it had a 100 percent increase in two weeks, with 202 new prescriptions to September 30, 2019.

MGC was unchanged at 3.8 cents with 4 million shares traded.

NANOLLOSE

Nanollose says it will release 40,000,000 shares, 25,452,380 options and 500,000 performance rights from ASX escrow on October 18, 2019.

Nanollose said that of the options, 23,252,380 series A options would be exercisable at 30 cents each by December 31, 2020, 1,100,000 series C options would be exercisable at 30 cents each by September 30, 2020 and that 1,100,000 series D options would be exercisable at 40 cents each by September 30, 2021.

The company said it would release 250,000 class A performance rights and 250,000 class B performance rights.

The company told Ag & Vey Weekly that after the release from escrow there would be 74,999,993 shares available for trading.

Nanollose was up 0.2 cents or 3.0 percent to 6.8 cents.

ELDERS

Schroder Investment Management Australia says it has increased its holding in Elders from 6,080,206 shares (5.21%) to 6,355,642 shares but been diluted below five percent. The Sydney-based Schroder Investment said it bought and sold shares between June 25 and September 27, 2019, acquiring 982,189 shares for \$5,454,240 or \$5.55 a share, and selling 706,753 shares for \$4,575,891 or \$6.47 each.

In July, Elders announced that it had completed a one-for-6.7 shares, retail entitlement offer and placement which raised about \$100 million at \$5.55 each.

According to the company's most recent Appendix 3B filed on August 12, 2019, Elders had 141,650,621 shares and Ag and Vet Weekly calculated that Schroder Investment's 6,355,642 shares were equivalent to 4.49 percent of the company.

Elders was up two cents or 0.3 percent to \$6.21.

APIAM ANIMAL HEALTH

Apiam chief executive officer Dr Chris Richards says he has increased and been diluted in Apiam from 26,852,304 shares (27.27%) to 28,951,805 shares (25.86%).

The Bendigo, Victoria-based Dr Richards said the shares were held directly as well as through Cjoea Family Company Pty Ltd and CJR Super Company Pty Ltd.

Apiam previously said it had issued 251,994 shares for the acquisition of Gympie and District Veterinary Services on September 10 and 5,788,120 shares on October 2, 2019 for the acquisition of ACE Laboratory Services (AVW: Sep 6, 2019).

Apiam was down one cent or 2.0 percent to 47 cents.

ECOFIBRE

Ecofibre chairman Barry Lambert says he has increased his holding in the company from 69,088,677 shares (23.33%) to 74,236,900 shares (23.57%)

The Queensland-based Mr Lambert said he received 5,148,223 shares on September 30, 2019 with the settlement of a convertible loan into shares.

Ecofibre was up four cents or 1.3 percent to \$3.12.