

Yovich & Co. Market Update

12 July 2021

As at 9 July	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week	12711.84	7587.07	3518.76	7123.27	34786.35	14639.33	0.9337	0.7027	0.25%
Week Close	12690.35	7545.25	3524.09	7121.88	34870.16	14701.92	0.9341	0.6982	0.25%
Change	-0.17%	-0.55%	0.15%	-0.02%	0.24%	0.43%	0.04%	-0.65%	0.00%

In summary, the NZX50G had 25 companies on the downside, 2 remained unchanged and 23 companies were on the upside. The Global Dairy Trade last week (6 July) was the 6-consecutive fall since 20 April 2021, with the index dropping 3.6% to US\$3,924/MT. Whole milk powder, and skim milk powder the greatest products effecting Fonterra’s farmgate milk price fell 3% (US\$3864/MT) and 7% (US\$3126/MT) respectively. Even with the recent falls, prices remain elevated over the previous year (whole milk powder US\$3,218/MT and skim milk powder US\$2,680/MT). The RBNZ will announce its view on the economy on 14 July at its Monetary Policy Review, two days before the CPI release on Friday. In the US, government Treasury yields have continued to decline (0.07% to 1.36%) to their lowest levels in four months as investor unwind bets on increasing inflation and interest rates. The Federal Reserve officials have started vigorously debating the timing of when a slowdown in the purchasing of Treasury’s and mortgage-backed securities will commence. Currently \$120b a month are being purchased.

The biggest movers of the week ending 9 July			
Down		Up	
Kathmandu Holdings Limited	6.25%	The a2 Milk Company Limited	8.42%
Serko Limited	6.15%	Precinct Properties New Zealand Ltd	4.94%
Pushpay Holdings Limited	5.14%	Synlait Milk Limited	4.10%

Investment News

Blis Technologies

Has announced a strategic partnership with Probi AB, a global company based in Sweden, and a global leader in probiotic innovation with strong presence in Europe and USA and growing presence across Asia Pacific, providing significant growth opportunities for Blis. The formation is that Probi will purchase \$9.18m of new shares, a 13% stake in Blis. Under the agreement Probi has the rights to manufacture and sell BLIS K12™ and BLIS M18™, leveraging their established global customer base. Tom Rönnlund, CEO of Probi says “This is a compelling business partnership for Probi, since Blis is an innovative, science-led company with leading market share in probiotic oral health. Through this partnership, we will broaden our portfolio and strengthen our position as leaders in the use of clinically documented bacterial strains. Beyond immediate commercial opportunities, this strategic partnership also includes research collaboration to leverage off each other’s strengths”.

Current Share Price: \$0.073.

Sydney Airport

Has received an unsolicited, indicative, conditional and non-binding proposal from a consortium of infrastructure investors to acquire, by way of scheme of arrangement and trust scheme, 100% of the stapled securities in Sydney Airport at an indicative price of A\$8.25 cash share. The Indicative Proposal has been made during a global pandemic which has deeply affected the aviation industry and the Sydney Airport security price. The indicative price is below where Sydney Airport’s security price traded before the pandemic. Most research houses are stating that the A\$8.25 is in the ballpark as there is still many uncertainties in this environment of when air travel/traffic will reach pre pandemic levels.

Current Share Price: \$7.75, **Forecasted Gross Dividend Yield:** 0.31%.

Seeka

Announces an equity investment in Fruitometry an innovative horticultural Agritech. In its first year Fruitometry successfully delivered a new commercial Digital Crop Estimation (DCE) service to kiwifruit growers, managers and packhouses in the North Island. Fruitometry's exclusive technology enables the \$3 billion kiwifruit industry by growers being able to measure fruit set and growth by row throughout the growing season. Seeka CEO Michael Franks says "We identified Fruitometry as an innovative start-up that will enable us to better manage our orchards and provide accurate pre-harvest fruit volume estimation. With his proven track record developing inventive America's Cup technologies, Chris and the team really bring the X-factor to designing innovative solutions. We believe there is a lot of value for both companies in this investment." Seeka's minority investment of \$2.6 million values Fruitometry at \$10 million. Fruitometry will continue to operate independently while expanding their service.

Current Share Price: \$4.99, Forecasted Gross Dividend Yield: 10.02%, Target Price: \$5.10.

The a2Milk Company

Will be reorganising the Asia Pacific division which comprises the vast majority of a2MC's business into three business units to provide more dedicated focus on its key components being; China label infant milk formula (IMF) and other domestic business. Importantly, the international team will be responsible for managing English label IMF products sold through all channels, principally via the daigou/reseller and cross-border eCommerce (CBEC) channels. The International team will also be responsible for developing the Company's business in emerging markets.

Current Share Price: \$7.63, Target Price: \$7.50.

Pacific Edge

Reached commercial agreement with Northland District Health Board (DHB) and Northland's primary health entity Mahitahi Hauora for the use of Cxbladder products. This will extend the national coverage of Cxbladder delivered through New Zealand's public healthcare providers. Under the new program, patients with blood in their urine (haematuria) will now be referred by their primary care physician (GP) for the Cxbladder Triage test and will be able to provide a urine specimen at their local diagnostic lab, potentially avoiding the need to travel long distances to the urology clinic or hospital for investigation. Also a new scientific and clinical paper validating the diagnostic performance of its fourth Cxbladder test, Cxbladder Resolve (CxbR), has been accepted for publication in the Journal of Urology. A peer-reviewed study which found the use of the Cxbladder products was 4.8 times more efficient than the latest American Urology Association guidelines.

Current Share Price: \$1.23, Target Price: \$1.50.

Radius Care

Is pleased to announce that it has successfully completed the bookbuild for the placement component (Placement) of the up to \$50 million equity raising announced on 8 July 2021 and has accepted the full amount of oversubscriptions available to raise \$30 million. The Placement was undertaken at a final price of \$0.52 per share, being \$0.02 per share above the underwritten floor price of \$0.50 per share. The Placement price represents a discount of 42.0% to the 5-day volume weighted average price (VWAP) of \$0.8969, and a discount to the theoretical post raise price of \$0.7660 of 32.1% based on the last close price of \$0.90 on Wednesday, 7 July 2021 and the Placement price of \$0.52 (and assuming a raise of \$50 million). The net proceeds of the Placement will be used to fund the cash component of the \$31.4 million acquisition of the land and buildings at four strategically important sites that Radius Care currently operates from Ohaupo Holdings Limited, and to reduce debt to create further headroom for potential future growth initiatives.

Current Share Price: \$0.84, Forecasted Gross Dividend Yield: 1.72%