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# CropLogic takes bold plan to ASX

Simon Evans

The internet of things has arrived on the farm and chief executive of ASX aspirant CropLogic, Jamie Cairns, has ambitious plans to harness technology to help farmers improve their crop yields and make more money.

CropLogic, a company formed in 2010 and which uses technology originally developed by a government body, the New Zealand Institute for Plant and Food Research, is aiming to list on the ASX in late August after a small initial public offering. It hopes to raise up to \$8 million through the issue of 40 million shares at 20¢ each.

While fintech is all the rage in the banking sector as financial services and technology collide head on, Mr Cairns, who was previously the chief executive of Snap Internet in New Zealand, said on Tuesday that agri-tech hadn't really been in the spotlight, but the opportunities were vast.

CropLogic uses an array of "internet of things" equipment including high-tech probes located in paddocks that continuously collect data on soil moisture, rainfall and below-ground temperatures, along with aerial imagery devices and other technologies, to both guide and predict crop outcomes, and the end dollar value to the producer.

However, the company acknowledges that it is a speculative investment, with directors stating clearly in the prospectus they aren't able to forecast future earnings because of the "speculative nature of its business".

Mr Cairns said while weather was still the main arbiter of whether crops were ultimately successful, the use of internet of things technology led to smarter decision-making and more-efficient farming.

"A small increase in your yield goes straight to the bottom line," he said.

This was increasingly important for farmers against a backdrop of globalisation of the food industry and rising power of supermarket chains that was putting downward pressure on food prices. The major focus in the initial

stages for the company are potato growers.

"Certainly, the technology is allowing us to transform the traditional

agronomy services model," Mr Cairns said. The company has some blue-chip customers including McCain, the world's largest supplier of french fries. The company has also conducted field trials with global food companies such as PepsiCo, which makes the Lays, Doritos and Ruffles potato chips brands, and US food giant Simplot.

At present CropLogic generates almost all of its revenues in the United States. It acquired US agronomy company Professional Ag Services Inc for \$2 million in April and is eyeing more acquisitions. Its major focus is Washington, Oregon and Idaho in the agricultural heartland of the US.

CropLogic generates revenue through a recurring subscription model offered to businesses based on a per-acre fee, and a fee from the grower per acre.

But its revenues are modest at the moment, with an investment overview from adviser Hunter Capital stating revenues are at \$2.3 million for the 2017 financial year. While agronomy services is a well-established sector, Mr Cairns said CropLogic's patented technology, which had been developed during 600 field trials in the US, New Zealand, China and Australia, was a step ahead of rivals and was protected by patents. There was also a high barrier to entry for any rivals because of a "complex algorithm" involved in the whole system.

Mr Cairns said CropLogic had opted for an ASX listing because its market capitalisation was too low for the New Zealand Stock Exchange main board. But the Australian Securities Exchange also offered a broader base of potential investors.



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The potato industry in the United States is a major focus for ASX aspirant CropLogic. PHOTO: EDWINA PICKLES