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# Farmer's friend could be a growing concern

TIM BOREHAM



## CropLogic (not yet listed)

A feature of this upcoming agrarian IPO is that unlike the last several hundred small-cap tech listings, it's not being spruiked as a "cloud" or "software as a service" based offering or a robotics story.

While the Kiwi-based CropLogic is all about predictive analytics to help growers achieve better yields, there's no agenda to put agronomists out of work with a fully automated approach.

As for clouds, the most relevant ones are in the sky.

CropLogic's IP is based on gathering data from sensors in the field (and other sources such as aerial pictures) to devise a crop management plan.

"The technology allows agronomists to spend less time in the field while still getting the same level of reliable data," says managing director Jamie Cairns.

"There's no point in them sitting in a car going from field to field — that's not what they were trained for."

The sensors pick up soil moisture and multiple depths and measure soil temperature, which gives a steer on the crop's sugar development. The sensors also include a rain gauge, which usually only Eric Olthwaite of Ripping Yarns fame would get excited about. But in this case, the gauges measure not just normal precipitation, but the moisture from irrigators.

While even small-acre cockies are more likely to wield GPS trackers than gumboots these

days, CropLogic is squarely aimed at big producers with 1000 acres (400ha) or more. CropLogic has also been working closely with the crop processors: giants such as PepsiCo (maker of Doritos), Simplot, ConAgra and McCain Foods.

Product trialling to date has centred on the humble spud — which is one of the highest-value crops and most difficult to manage — in the chip-loving US.

The company estimates 29 million addressable acres in the US and 60 million elsewhere. In other words, these tracts of land are in packages of at least 1000 acres (and often much more).

In the state of Washington, CropLogic has captured a 30 per cent share of the 170,000 acres under spud cultivation. The company gained this foothold (and just over \$2 million of existing revenue) via the recent acquisition of agronomy business Professional Ag Services.

CropLogic expects to earn a \$US35 (\$44) per acre fee per annum for its deluxe service that includes a flying squad of agronomists to sort out any bacterial soft rot or root-knot nematode problems on the spot. If every large-scale farmer in the US were to adopt the service — which they won't — CropLogic would be a \$1 billion a year business.

But penetrate 5 per cent of this market and that's a handy \$50m-a-year business. And with the

average potato crop returning \$US3657 an acre, \$US35 is small beer if the service results in improved yields. Field testing to date suggest an average yield improvement of 6.25 per cent, which would lift revenue by \$US200,000 for every 1000 acres cultivated.

The company is also eyeing the cotton, corn, wheat and soybean sectors as logical

expansions and it also has a foothold in China.

CropLogic is currently doing the rounds for \$5m-\$6m at 20c apiece, ahead of a planned listing on August 31 under the proposed ASX code CLI. The offer closes next Friday.

## Fluence Corporation (FLC) 81c

Speaking of water, about the only Australian aspect of the globalised Fluence (formerly Emefcy) is it happens to be listed on the ASX.

But foreign provenance didn't preclude us from owning Russell Crowe and the late John Clarke and we would claim Lorde if we could. So on these precedents, we shamelessly declare Fluence an Aussie company taking on the world with its patented reverse-osmosis water purification technology.

Backed by US venture capitalist Richard Irving, predecessor Emefcy listed via the back door in late 2015, raising \$14m at 20c apiece in the process. Shareholders of the ASX-listed Emefcy recently approved the acquisition of US counterpart RWL Water, owned by billionaire entrepreneur Ronald Lauder.

Emefcy stock had done well since listing, racing to as high as \$1.07 on management's promise of selling low-maintenance purification units to users such as resorts and small towns.

Emefcy's units are based on membrane aerated biofilm reactors, which push the unpure water through the filters using 90 per cent less energy than traditional reverse osmosis.

Earlier Emefcy cited an average set-up cost of \$US277,000 for a 100 cubic metre a day plant, compared with around \$US660,000 for a standard facility.

Fluence (former Emefcy) director Ross Haghigat says



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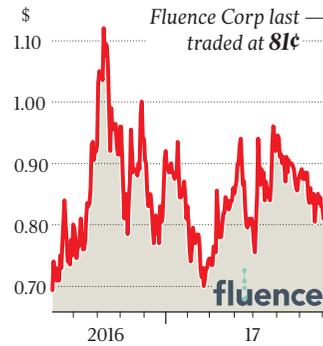
Chinese buyers want the packaged kit, rather than having to acquire bits and pieces to build a plant. “It’s like a Lego kit with all the critical components,” he says.

Recently the \$US13bn water treatment sector has undergone consolidation, with the bigger operators such as GE and Veolia taking out mid-tier companies.

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