

Neutrog is raising \$3m from new investors to expand its Adelaide Hills operations

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Angus Irwin, Neutrog managing director. Picture: Tricia Watkinson

Adelaide Hills fertiliser manufacturer Neutrog is looking to raise \$3m through equity crowd funding site OnMarket, with the company's loyal customers already digging deep to support the business.

The company, which makes biological fertiliser products such as Gogo Juice and Rocket Fuel at its Kanmantoo site, has already raised more than \$920,000 from an invitation-only call out to new investors, with the offer to go live to the broader public shortly.

The raising will value the company, majority-owned by managing director Angus Irwin, at more than \$30m.

Neutrog was founded in 1988 and turned over \$17m in FY21, having grown at a compound annual rate of 14 per cent for the past four years, the offer documents state.

Mr Irwin said the company was profitable and growing solidly, but the extra money would allow it to invest in a new laboratory and visitor centre and grow the business more rapidly.

He said he was contacted by keen investors such as private equity firms wanting to buy the company on an almost weekly basis, but he had had a keen interest in equity crowd-funding for many years.

“It really comes down to the fact that our business has very much been built on having advocates,” Mr Irwin said.

“Fairly early in the piece, trying to get out into the market, we stumbled across what I’d call ‘community-based marketing’. We really did see how passionate gardeners were, I think we’ve got something like 48,000 people on our database, and we only put people on our database who we have some connection with.”

The company’s garden club and database members got the first look at the investment opportunity and soon pushed the raise well past the minimum \$500,000 mark.

Mr Irwin said Neutrog was an R&D-driven business, led by its world-renowned microbiologist Dr Uwe Stroehrer.

“A key part of this is ongoing research into identifying and isolating bacteria and fungi that carry out specific roles in the soil,” Mr Irwin says in the offer document.

“Having gathered a substantial bank (500-plus) of bacteria and fungi, these microbes have demonstrated their ability to carry out specific functions including protecting plants from diseases and increasing nutrient availability by liberating nutrients such as phosphorous and potassium.

“In addition to our established range of products, looking forward we also have a lot in the development pipeline, including further R&D projects, new product development, commercial partnerships, and export initiatives.

“Most importantly, I believe that we are on the cusp of some substantial and sustained, expansion and growth, meaning there are some really exciting times ahead of us.”

Mr Irwin said the money raised would be used to upgrade the company’s existing laboratory into an expanded research centre with additional brewing capacity, and an education centre would also be built, which would host industry training, farming groups, agronomists and garden clubs.

Investors in Neutrog can contribute as little as \$500, with a cap of \$10,000 for retail investors, with the company offering product incentives for investors at some price points alongside their equity stake.

The company made a pre-tax net profit of \$2m in FY21 and is forecasting that to increase to \$2.4m this year. The offer is scheduled to close on June 16.