

Roots triples its value on Australian Securities Exchange



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The Israeli agtech company has developed a unique environmentally friendly system for heating and cooling crop roots.

One of the hottest shares on the Australian Securities Exchange in recent weeks comes from the Hefer Valley in Israel. Agrotech company **Roots Sustainable Agricultural Technologies Ltd.**(ASX:ROO), which raised A\$5 million in its IPO in early December 2017, has since tripled its value. The company's shares, which were offered at A\$0.20 per share in its IPO, have now reached a high point of A\$0.60 per share, reflecting a market cap of A\$37 million (NIS 100 million). The company's share price leaped 11.1% today for no ostensible reason.



Agtech co Roots raises A\$5m in Australian IPO

Roots has developed a unique environmentally friendly system for heating and cooling crop roots that uses very little energy. The company was founded in 2012 by entrepreneur Boaz Wachtel and CEO Dr. Sharon Devir.

Wachtel is known in Israel as a founder of the Ale Yarok Party, which advocated the legalization of marijuana. In Australia, he is known to investors for conducting IPOs for two medical cannabis companies: **MMJ Phytotech Ltd.** (ASX: MMJ) and **Creso Pharma** (ASX: CPH). MMJ's current market cap is A\$106 million (NIS 288 million), while Creso's market cap is A\$117 million (NIS 317 million).

Roots raised NIS 8.6 million in 2017

Beyond the initial technology developed by Roots, which enables farmers to save on energy, the company is working on another technology that uses condensation exclusively for irrigation. Roots raised NIS 8.6 million before its Australian IPO.

Wachtel is the largest shareholder in Roots with a 7.9% stake. Roots had no revenue in the first half of 2017, and its net loss was \$197,000. He recently told "Globes," "It was the most difficult IPO I've had in Australia, and certainly more difficult than the young Australian companies that hold IPOs there. We sweated blood in the

prospectus. It should have taken us three months, and eventually took nine months. Australians are very reliable, very transparent, and extremely well organized, which isn't suitable for the Israeli mentality. At some stage, the lawyers had 1,200 comments for which they wanted feedback from us."

Nevertheless, when asked whether he would recommend an IPO in Australia for Israeli companies, Wachtel said he would, adding, "It's like basic training. It takes several months, but when it's over, you have reached the promised land, and the managers don't have to run all over looking for money a year or two later. The Australians really want to diversify their stock of companies, and investors there are very open to Israeli innovation."

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