

## Biotechnology

23:41 AEST 06 Sep 2019 

### Qponics to begin hearing advisory pitches for 2020 IPO - CEO

 Proprietary Intelligence

Headline:	<b>Qponics to begin hearing advisory pitches for 2020 IPO - CEO</b>
Main body:	<p><b>Qponics</b>, a public Queensland-based Australian agribusiness, will begin hearing advisory pitches for an initial public offering (IPO) in 2020 to scale algae cultivation, said Chief Executive Officer Graeme Barnett.</p> <p>The company is looking to list on a suitable Australian bourse in the second quarter next year, but will confirm the venue and timeline after taking guidance from its corporate advisor, Brisbane-based <b>BlueMount Capital</b>, Barnett said. BlueMount Capital will also assist with other details for the IPO, including the amount to be raised and specific advisors required, he said, adding that it is initially gauging interest from Australian stockbrokers for the proposed IPO.</p> <p>Qponics, which is gearing to become a major global producer of marine microalgae-sourced vegetarian alternative protein and EPA omega-3 oil, will use the funds to be raised from the proposed IPO to upgrade its Pinjarra Hills algae farm to a 10.8-hectare commercial-scale facility by the end of 2021, and to further expand capacity on a 167-hectare site in Ballina that it plans to acquire with pre-IPO funds, Barnett said.</p> <p>Annualised production from the Pinjarra Hills facility from 2022 is anticipated to be about 216 tonnes of EPA-rich oil and 503 tonnes of high-protein by-product, with total revenues estimated at AUD 51m (USD 35m) and EBIT of AUD 38m, the CEO said. The company also plans to expand capacity by building additional production modules across the Ballina site, he added.</p> <p>Additionally, Qponics is in the process of completing the AUD 7m pre-IPO round (equivalent to a 35.7% stake) to acquire the Ballina site and submit a development application, to continue small-scale commercial production in Pinjarra Hills, for ongoing R&amp;D projects, and to prepare for the proposed IPO, Barnett said.</p> <p>Barnett is the company's largest shareholder with 36.6% stake. Co-founder Geoff Wilson is the second largest with 23%. Incorporated in 2011, Qponics has 34 shareholders and has raised almost AUD 3m to date from equity, tax rebates and an AUD 1m Cooperative Research Centres Project (CRC-P) grant in late 2016, said Barnett.</p> <p>It has received interest from several investors in Australia and global markets like the US, Europe and China, including food and nutraceutical companies,</p>

to offtake the company's algal EPA oil and its high-protein by-product, he said.

With the United Nations predicting uncontrollable global protein deficiency by 2050, marine microalgae farming could become the next big thing in plant-based alternative protein production, Barnett said, noting that plant-based alternatives to animal protein are one of the fastest growing segments of the food market.

Qponics, which cultivates *Nannochloropsis oceanica*, is believed to be the only Australian company preparing to economically produce marine microalgae-sourced alternative protein by the co-production of high-value algal EPA omega-3 oil and a high-protein by-product, both of which can claim to be vegetarian, Australian-made, and sustainably produced in a semi-urban environment, Barnett said.

The only other current producer cultivating a species of *Nannochloropsis* for similar purposes is Texas-based **Qualitas Health**, which along with most other players in the algal EPA omega-3 industry, is still in early commercial production, he said. These include UK-based **AlgaeCytes**, San Diego, California-based **Cellana**, and Watsonville, California-based **Nordic Naturals**.

by Louise Weihart in Sydney

[See other intelligence on companies looking to buy in the \(sub-\)sector in the last three months](#)

[See intelligence on companies for sale in the \(sub-\)sector in the last three months](#)

[See recently announced transactions in the \(sub-\)sector in the last six months](#)

[League Table of top financial advisors to the sector in the last 12 months](#)

<b>Target:</b>	Qponics
<i>Financial advisor:</i>	BlueMount Capital
<b>Source :</b>	Proprietary Intelligence
<b>Size :</b>	< 50m (AUD)
<b>Value :</b>	7m AUD (Current deal value)
<b>Stake Value :</b>	N/A
<b>Grade :</b>	Confirmed
<b>Alert :</b>	General
<b>Intelligence ID:</b>	2898860



 **Proprietary Intelligence**