J.R. Simplot set to expand deal, inject $20 million into Eco Soil

By ANDREW OVERBECK

RANCHO BERNADO, Calif. — Building on November’s marketing and distribution alliance, Eco Soil Systems, Inc. and J.R. Simplot Co. have strengthened their relationship by entering into a multi-faceted letter of intent. Under the agreement, Simplot would acquire $20 million of a new series of Eco Soil preferred stock. Simplot would also agree to commence field trials of Eco Soil’s proprietary products in agricultural markets. The deal also grants Simplot the option of acquiring an interest in Eco Soil’s Turf Partners subsidiary during the spring of 2001, depending on Turf Partners’ 2000 financial performance.

“Simplot is investing in the parent company,” said Eco Soil President and Chief Executive Officer Bill Adams. “But they retain the option of converting that investment into Turf Partners or putting some additional money into the subsidiary so they have some level of shares. We have to make that decision in the next 12 months.”

“We are interested in the Bioject and FreshPack products,” said Hiromi Yamasaki, senior vice president of marketing for J.R. Simplot. “But we need to look at it financially to see if it makes sense.”

While a 12-month valuation period is unusual, Adams remains unfazed. “Simplot is not sure whether they want to be fully invested in a distribution company,” he said. “At this stage of the game it doesn’t matter to us. We wanted to make sure they made a commitment to us since we had made a distribution commitment to them, and in addition, we have some technology that we wanted to show into their agricultural markets and this was an easy way to do it.”

Building a relationship with a vendor also makes a lot of sense to Adams. “The working capital helps, but the bottom line is that we want to get closer to our major vendors because we have always presented ourselves as a value-added sales force,” said Adams. “In the final analysis, it is all about positioning someone’s product over someone else’s. You have to have favorites and Simplot is one of them.”

Concurrently, Eco Soil will be working to cut costs after losing $11 million in the fourth quarter due to restructuring costs and operating losses in Mexico. While Eco Soil continues to expand its revenues — $22 million in the fourth quarter — it faced overhead expenses of $17 million in 1999. By streamlining operations and using the proceeds of the Simplot investment to retire debts, Eco Soil expects to trim 2001 costs to $9 million.

“When you consolidate all the business, it doesn’t matter to us. We wanted to shove into their budget operations, but the bottom line is that we bottom line is that we want to see the effect of this agreement in Europe with Castor. Redexim to distribute Carraro tractors

By ANDREW OVERBECK

PITTSON, Pa. — Redexim Charterhouse has entered into an exclusive marketing and distribution pact with Padova, Italy-based tractor manufacturer Antonio Carraro. Redexim Charterhouse has had a distribution agreement in Europe with Carraro since August 1998.

“The success of the European joint venture led us to roll out U.S. operations,” said Philip Threadgold, executive vice president of Redexim Charterhouse. "Carraro was looking to get into the U.S. market and we offered the distribution.”

The tractors will be distributed in the United States through Redexim Charterhouse’s network of 47 distributors. Replacement parts will be stocked at the company’s new warehouse facilities in Pittsburgh.

Golfsat plans to be one-stop online source for supers

By ANDREW OVERBECK

NEW ORLEANS — Looking to fill the Internet gap that exists in the golf course maintenance industry, Golfsat has launched its website (www.golfsat.com) and industry portal to golf course superintendents.

Golfsat Chief Executive Officer Mike Scott equates the site’s unveiling to the Oklahoma land rush.

“Everyone is running to the Internet and is not sure where they are going,” said Scott. “The Internet has embraced this industry. There are a lot of manufacturer and distributor websites. But by and large there has not been a formation of e-commerce or a virtual community for superintendents. That is what we are creating at Golfsat.”

Scott aims to get superintendents online, create a high-speed industry network and design and develop industry-specific software and content.

CONTENTS

Registered Golfsat users can use the Golfsat search engine to locate information on turfgrasses and cultivars, diseases and insects, biological and chemical

continued on page 68