



Hycrete Raises \$15 Million For International Growth

Sari Krieger
July 11, 2008

Hycrete Inc. closed a Series C round of financing, raising \$15 million for international expansion and hiring new staff, Clean Technology Investor has learned.

The Carlstadt, N.J.-based company makes a solution that waterproofs concrete when added to it, negating the need for a protective membrane on a building. Because membranes are petroleum-based, Hycrete's product provides environmental benefits too. Mohr Davidow Ventures was the lead investor in this round. Previous investors NGEN Partners and RockPort Capital Partners also participated. The company has raised \$25 million in all three rounds to date, it said.

"This company takes the biggest flaw of concrete, which is the most widely used building material on the planet, and fixes it," said Erik Straser, general partner of Mohr Davidow Ventures, in an interview with Clean Technology Investor.

Hycrete Chief Executive Officer David Rosenberg said in an interview that the company had six offers from venture capital firms and went with Mohr Davidow as the lead investor because "they have a long history of building excellent, sustainable companies, and that's our goal."

Rosenberg wouldn't disclose revenue or valuation figures for the company, but he said the company's average sale is \$300,000 and it recently made its 85th sale.

Rosenberg said the company makes a profit during some quarters, but it has mostly chosen to reinvest in its expansion. Hycrete has been moving into the Middle East and various other international markets, and plans to break ground on two new manufacturing facilities, one on the west coast of the U.S. and one at a yet-to-be-determined international location.

The company also plans to hire new personnel to direct its marketing and manufacturing operations.

The new capital will be used for the new facilities and staff as well as for other purposes. Future financing options have yet to be determined, but Rosenberg said they could include going public, as investment banks have been courting the company.

"We constantly keep doors open and explore different options, and an [initial public offering] is certainly one of them. We're continually approached by bankers," Rosenberg said.

Straser said he likes the company because many clean technology businesses are merely in development stages, whereas Hycrete is turning out a product and attracting repeat customers like Bovis Lend Lease Inc. and Turner Construction Co.

Also, he said, Hycrete doesn't face the challenge of offering a better but more expensive product, as do many clean technology companies. Rosenberg said the concrete allows builders to complete a structure faster and cheaper without a membrane. Hycrete's waterproofing also makes maintenance easier and helps improve the environmental qualities of the structure by eliminating the petroleum-based membranes that contain volatile organic compounds, he said. Straser said that he sees a large demand for this company's technology, whether in its current form or through other applications that are in research and development.

"At the end of the day, a whole bunch of the world [gross domestic product] goes into building materials around the rest of the world and they're going to need different and environmentally sustainable solutions," Straser said.

