



## Agreement reached for the financing of the METEX PDO/AB production unit at Carling Saint-Avoid

- METEX signs an agreement for the financing of its PDO/AB project for a total of €47.7 million
- METEX has created the METEX NØØVISTA company, into which Bpifrance will invest, to construct and operate this plant

**Clermont-Ferrand, 3 July 2018 – (FR0004177046 METEX),** METabolic EXplorer (METEX), an industrial biochemical company specialising in the development and industrial application of green and sustainable fermentation processes, announces the financing of its planned propanediol (PDO) and butyric acid (BA) production unit at the Carling Saint-Avoid industrial platform. The METEX project will receive financing from local public and private stakeholders. METEX concurrently announces the signature of an agreement with Bpifrance for the creation of METEX NØØVISTA, a joint venture to be majority-held by METEX that will build and operate this unit. This agreement follows on the letter of intent signed on 29 January 2018.

METEX reiterates that the planned production unit will have a capacity of 24 kt/year, to be achieved in two stages: a first, 6-kt stage (5 kt of PDO and 1 kt of BA) and a second, 18-kt stage (15 kt of PDO and 3 kt of BA).

It is reminded that the total financing to be provided by the METEX NØØVISTA joint venture partners for the project, excluding buildings and utilities, will stay at the same maximum amount of €37 million as estimated in January 2018.

Bpifrance would make an equity investment alongside METEX. METEX is committed to providing €17.2 million in cash along with an exclusive licence and sub-licencing rights, to be remunerated by a royalty fee on revenues in the vicinity of a *mid-single-digit percentage* and an upfront fee in equity. METEX will have a 55% stake in the joint venture. The licencing agreement also provides for an additional valuation of the technology when the project moves into the second stage. Last, in the framework of the Voluntary Economic and Social Development Agreement signed by the Total group, the State, and the Region, local public and private stakeholders will provide financing for this project.

As a reminder, with the technology provided by METEX, it is possible to obtain two distinct products (PDO and BA) using a single process. These two products have several markets, the main ones being, for PDO, cosmetics and bio-based polymers, and for BA, animal nutrition and flavours and fragrances.

The targeted markets for PDO:

- **Preservatives for the cosmetics market**, which was worth €400 million in 2016<sup>1</sup>. PDO is an ingredient with bacteriostatic properties that can replace controversial petrochemical-based preservatives such as parabens, formaldehydes, and halogens. METEX will have a decisive advantage in this market, since its PDO, produced in France and guaranteed GMO-free, allows major cosmetics brands to offer their customers natural substitutes for products made with petrochemicals. **METEX's aim in this market is to become the leading producer of GMO-free PDO used in cosmetics.**
- **The global market for bio-based polymers** made from PDO, notably the textile fibre and, more specifically, PTT market, is assured strong growth because of the superiority of these polymers over PET. **METEX will be the primary European source of supply for bio-based polymers.**

The targeted markets for butyric acid:

- **The global market for organic acids used in animal nutrition** is put at more than €1 billion. In this market, BA has enjoyed extremely strong growth (up by a factor of 2.5 since 2010). The reasons for this increase are its nutritional, metabolic, and antimicrobial properties, which promote animal growth and health and make BA a natural alternative to antibiotics. In this market, where consumers are increasingly demanding natural products made with ethical and environmentally friendly methods, METEX offers manufacturers in the animal nutrition sector the first natural solution that contributes to responsible and sustainable livestock production. **METEX's ambition is to become the leading producer of natural BA for animal nutrition.**
- **The flavours and fragrances market** was estimated to be worth about €25 million in 2016<sup>2</sup>. Like the market for organic acids in animal nutrition, the flavours market in the agri-food industry is growing very rapidly, with consumers increasingly demanding natural ingredients. This trend toward natural products, which is clearly visible in the cosmetics sector, is also observed in the perfumes and fragrances industry. Manufacturers in this sector are indeed looking for natural BA that can replace the synthetic BA in current use in order to meet the expectations of customers in search of clean labels.

This production plant will allow marketing of PDO directly and BA for animal nutrition through distribution agreements. The plan is to launch marketing of these products no later than 24 months after construction of the plant begins. **METEX is ultimately targeting a 50% share of the PDO market for cosmetics and a 20% share of the natural BA market for animal nutrition.**

Confirmation of this financing for the construction of the production unit will be finally granted by the involved parties and public entities upon completion of the usual conditions precedent, in particular on obtaining the building permits and the environmental authorisation for its operation (*Autorisation Environnementale d'Exploiter*), which are currently under review. Considering that the public enquiry was opened on 28 June 2018, these permits and authorisations should be obtained by the end of 2018.

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**About METabolic EXplorer** – [www.metabolic-explorer.com](http://www.metabolic-explorer.com)

A pioneer in industrial biochemistry with some 20 years of experience, METabolic EXplorer (METEX) develops alternative solutions to the petrochemical processes used in manufacturing.

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<sup>1</sup> Source: Expert interviews, Advancy analysis

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Using renewable raw materials, it develops innovative industrial fermentation processes to produce competitive chemical compounds used in basic products of everyday life such as animal nutrition and health additives, plastics, textiles, cosmetics, and resins, among many others.

The company's ambition with its biotechnological innovations is to produce consumer goods in a different way, without oil, in order to meet consumers' new societal expectations and the objectives of the energy transition and sustainable development.

To create these innovative processes, METabolic EXplorer relies on a 70-person staff possessing the complementary competencies essential at every step of their development, from the optimisation of biochemical catalysts in the laboratory to the industrial validation and production of samples in an industrial demonstration unit in continuous operation.

Based at the Clermont Limagne technology park, near Clermont-Ferrand, METabolic EXplorer is listed on Euronext in Paris (Compartment C, METEX) and is included in the CAC Small Index.

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