



- METabolic EXplorer has signed a letter of intent with a financial partner to create a joint venture for the construction and operation of a PDO/butyric acid plant. This partner would provide about €19 million in funding.
- METabolic EXplorer thus confirms its decision to invest in the Carling/Saint-Avoid (Moselle) platform.
- This investment is subject to the usual conditions precedent and to obtaining before 30 June 2018 the final commitments of public financing needed to locate a first industrial biochemical plant on this petrochemical site.

Clermont-Ferrand, 29 January 2018 - (FR0004177046 METEX), METabolic EXplorer (METEX), an industrial biochemical company specializing in the development and industrial application of green and sustainable fermentation processes, today announces the signing of a letter of intent with a French financial partner to create a joint venture for the purpose of constructing and operating a 1,3 propanediol (PDO) and butyric acid (BA) production plant.

This plant 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).

METEX confirms its selection of the Carling Saint-Avoid petrochemical platform in Moselle (Greater East Region). This decision is based on preliminary studies carried out in the framework of assistance agreements signed in June 2017 with Total Développement Régional and in September 2017 with the *Communauté d'Agglomération de Saint-Avoid Synergie*. METEX notes that it will be necessary to install two buildings and utilities at the platform for the construction of this plant.

METEX emphasises that this investment, which is for the first stage of the project, is subject to the usual conditions precedent and in particular confirmation of the investment to be provided by the joint venture. The final amount of this investment will depend notably on the contributions from all public and private stakeholders to the financing of the buildings, utilities, and related studies. The corresponding financing documents are under review at the present time, and METEX is expecting local, regional, national, and European stakeholders to confirm their commitments by the end of June 2018. If this funding, estimated at approximately €15 million, is obtained by the planned date, construction should get underway at the end of the third quarter of 2018.

METEX's objective is to supply natural solutions that are competitive with conventional petrochemical products still in use today in the animal nutrition and cosmetics industries.

The total financing required for the project, excluding buildings, utilities, and studies, is estimated at a maximum of €37 million (*CAPEX: €29 million; WCR, contingencies, and diverse start-up expenses: €8 million*). The financial partner would provide a maximum of €19.6 million in equity capital. For its part, METEX undertakes to provide a maximum of €17.3 million in cash. METEX will grant an exclusive licence to the joint venture, along with sub-licencing rights. This licence will be remunerated by a royalty fee on revenues in the vicinity of a *mid-single-digit* percentage along with an upfront licence fee paid in equity to make METEX the majority partner, with 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.

To reiterate, 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.

The targeted markets are:

- **Preservatives for the cosmetics market**, which was worth €400 million in 2016. PDO is an ingredient that can replace controversial preservatives like parabens, formaldehydes, and halogens. METEX has 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 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. Accelerating this market growth are bans in Europe and the United States¹ on the use of antibiotics as growth factors. 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 raising. **METEX's ambition is to become the leading producer of natural BA for animal nutrition.**

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.**

¹ Strong demand driven by new regulations prohibiting the use of antibiotics as growth factors or promoters in Europe and the United States. Council Directive 95/53/EC, 2006, and FDA directive, January 2017.

Benjamin Gonzalez, Chairman and CEO of METEX, says: *"I am very pleased to have the support of a major financial partner to enable a company with a proven record in research and development in the field of industrial biochemistry to transition into a company that applies its innovations in manufacturing in France. My staff and I are proud that we are helping to create about 50 manufacturing jobs in Lorraine by exploiting a technology recognised as a priority for the energy transition and sustainable development of our country. This major project for the industrial redeployment of this platform in the Greater East Region will call for substantial funding from METEX, its partner, and stakeholders. We are now waiting for local authorities and public entities to confirm the financial commitments requested of them to launch the works on a schedule in line with the one presented when we announced our strategic plan. It is an ambitious project that will draw on a substantial share of our resources, but it will, I am sure, set METEX on a path that will be very beneficial to all stakeholders."*

Pursuit of R&D programmes

Since the sale of Inola™ to a global leader in the animal nutrition market, METEX has focused on exploiting the PDO/BA technology to satisfy the needs of the cosmetics and animal nutrition markets.

Accordingly, the company will continue to focus innovation on the development of a portfolio of animal nutrition and health products while diversifying the raw materials for the PDO/BA technology.

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About METabolic EXplorer – 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.

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 optimization 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.

Get free financial information on METabolic Explorer by registering with:

www.metabolic-explorer.com

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