



METabolic EXplorer presents its new development project and discloses its new ambitions.

- 1. Become the market leader for natural butyric acid (BA) for animal feed**
- 2. Become the benchmark producer of GMO-free PDO (1,3 propanediol) for cosmetics applications**

To fulfil these ambitions, METEX plans to build a PDO/AB production facility.

Clermont-Ferrand, 12 May 2017 – (FR0000032526 GBT). METabolic EXplorer (METEX), an industrial biochemicals company specializing in the development and sale of industrial fermentation processes, announces its strategic priorities.

METEX CEO Benjamin Gonzalez: *“The sale of inola™ proved the quality and industrial maturity of our solutions, and gave us the financial means for redeployment. Our technology opens new fields of application, with butyric acid in animal feed and PDO for the cosmetics and polymer/textile markets. The next step will involve building the first 6 kt stage of a production facility for developing these markets.*

A breakthrough technological process: oil-free, pollution-free production of consumer products (textiles, plastics, animal feed, etc.) having similar or higher performance, with better competitive cost conditions.

METEX technology is a breakthrough solution whereby the same process can be used for making two different products (butyric acid and PDO). It addresses various markets, the two main ones being animal feed, with butyric acid, and cosmetics, with PDO:

- The world market for organic acids in animal feed is estimated at more than €1 bn. Within this, butyric acid is particularly experiencing a strong growth (of 250% since 2010). This growth rate is linked to its nutritional, metabolic and antimicrobial qualities that make it beneficial to animal growth and health. This growth is expected to rise with the introduction of new regulations banning the use of antibiotics as growth promoters in Europe and the USA¹.

¹ High demand, driven by new regulations banning the use of antibiotics as growth factors or promoters in Europe and the USA. EC Dir. 95/53 in 2006 and FDA in January 2017

- The market for preservatives in cosmetics applications is estimated at €400 million in 2016. The METEX PDO can be substituted as an ingredient to controversial preservatives such as parabens, formaldehydes and halogenated. METEX has a decisive edge here, with the only GMO-free PDO, enabling major cosmetics producers to offer their customers natural, GMO-free alternatives to oil-derived products.
- PDO production will also open access to the world bio-polymers market, starting with the textile fibres market, especially as regards PTT, which offers superior properties to PET and can thus expect high growth. METEX will be offering a natural, proprietary alternative to the sole current manufacturer here.

Ready for a new phase: direct industrial production of its products

To keep the whole of the value generated by its technology, METEX wishes to build a production facility having a 24 kt capacity, in two stages: an initial 6 kt section (5 kt of PDO and 1 kt of butyric acid), and a second 18 kt phase (15 kt of PDO and 3 kt of butyric acid).

Construction of this new production facility requires an agreement with a top-ranking industrial player. Discussions are under way with two such players in Europe with a view to hosting the new production unit at industrial sites under redevelopment. The key points under discussions are:

- Costs to be borne by the industrial partner for the investments needed at the platform in order to accommodate the METEX project (METEX CAPEX for phase 1 estimated at around €25 million)
- Amount of participation from financial partners and stakeholders (banks, industrial companies, public sector)
- Regulatory aspects regarding the authorisations needed by the project

Construction work should start toward the end of the first half of 2018 (with a latitude of around three months). By this time the company will have selected the prime contractor, project management assistance and financial partners for the project.

With the new production facility, METEX will be able to sell butyric acid for animal feed directly, and PDO through its own distribution agreements, with market release under these conditions set for around 24 months after the start of works on the new plant.

On the textile and polymer markets, METEX is considering a co-licence model with Technip, and is going ahead with its joint offering project.

METEX is targeting an eventual 20% share of the market for naturel butyric acid in animal feed, a 50% share of the market for PDO in cosmetics, and a 40% share of the market for PDO in the PTT textile market.

METEX is also pushing ahead with its R&D initiatives. The primary research focus is on raw materials diversification in its new flagship process. Another concerns the development through to maturity of an MPG manufacturing process under the European Valchem project, in partnership with UPM, Darmstadt University and SEKAB.

Financial information, first quarter 2017

In the first quarter of 2017, METabolic Explorer posted net sales of €1.1 million, from contractual revenues received under the agreement with Finnish group UPM on development of a process for making MPG from second-generation cellulosic sugars, and from a technology transfer contract with Evonik on sale of L-methionine/inoLa™ technology.

At 31 March 2017, gross cash stood at €39.4 million (IFRS), vs €41.8 million at 31 December 2016, and the net cash position was €32.5 million (against €35 million at 31 December 2016).

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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 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 environmental challenges and consumers' new societal expectations.

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 strains in the laboratory to the pilot-scale production of samples.

Based at the Clermont Limagne technology park, on the outskirts of 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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