

Tom Van Aken – CEO Avantium: Good morning everyone and thank you for calling in today. Frank Roerink, our CFO, is also in the call to answer any of your questions after my opening statement.

This morning we announced our 2019 half year results and let me run you through the key developments. Avantium is progressing to deliver the milestones on our journey to commercialise our technologies in renewable chemistries and renewable polymers. We have given you an update on our Technology and Markets Day in June, so I will first talk about the financials and then detail the investments that we have made in the first half of 2019.

At the end of the first half of 2019, our cash totalled EUR 53.1 million, which means that the cash flow of EUR 33.02 million in the first half was mainly attributable to the one-off payments of EUR 17.4 million in January 2019 for regaining full ownership of Synvina, which is now called Avantium Renewable Polymers.

The underlying EUR 12.8 million cash outflow is driven by adjusted EBITDA for renewable polymers of minus EUR 4.3 million in the first half of 2019. Secondly, it results from investments in our renewable chemistry programs, such as investments in constructing our Mekong demonstration plant of EUR 3.1 million. Overall, this is in line with our strategic plan and guidance that we provided in our previous communications of EUR 20 million to EUR 25 million cash outflow in 2019.

The acquisition of 100% ownership of Synvina and its incorporation into Avantium's cost base as the business unit Avantium Renewable Polymers impacted the results in two ways. First, in 2018 we reported only our 49% share in the Synvina result as part of the "share in the loss of joint venture", which has now become part of Avantium's operating expenses. Secondly, we have now included 100% instead of 49% of these expenses in our first half year results 2019.

The increase in Avantium's operating expenses compared to 2018 is also driven by continued investments in renewable chemistries and a EUR 700,000 non-cash charge for onerous contract. Consequently, the operating expenses increased from EUR 9.9 million in 2018 to EUR 17.4 million in 2019.



In the first half of 2019, our consolidated revenues from operations decreased by EUR 1.2 million to EUR 5.2 million. This is mainly due to the later-than-anticipated signing of several sales transactions for our Catalysis Systems business 2018. New sales in the first half of 2019 total EUR 7 million. This decrease in Catalysis' revenues was partly mitigated by Avantium Renewable Chemistries and Avantium Renewable Polymers revenues in the first half of 2019. We still aim to deliver top line growth in Catalysis in the mid- to high single-digit range.

The year 2019 started for Avantium with the acquisition of 100% ownership of the Synvina joint venture, which has led to a review of the company strategy, the technology portfolio and the financing moving forward. In the first half of 2019, we successfully integrated Renewable Polymers within Avantium. During our Technology and Markets Day in the beginning of June, we updated you about a revised scale-up and market-launch strategy for YXY technology to produce FDCA and PEF. We intend to build a cash flow positive flagship plant with a planned annual capacity of 5 kilotons of FDCA and PEF. Worley, formerly known as Jacobs Engineering, is conducting detailed pre-engineering studies for this flagship plant. We aim to secure the funding and making investment decisions for the construction of this flagship plant by the end of 2020. Discussions between Avantium Renewable Polymers and potential partners are progressing.

We also progress with our promising technologies, such as Mekong technology. In November 2019, Avantium will officially open the demonstration plant for Mekong in Delfzijl, the Netherlands. This demonstration plant has an estimated nameplate capacity of 10 tons of plant-based mono-ethylene glycol per year. As of yesterday, 19th of August, we have started to transfer the fully assembled skids for the demonstration from engineering partners Zeton in Enschede to the Avantium site at the Chemie Park in Delfzijl.

We progressed our renewable chemistry programs towards commercialisation by signing several collaboration agreements around the globe. In the first half of 2019, revenues from those collaboration agreements of our renewable chemistry programmes have more than doubled.

I am pleased that we have been awarded EUR 3 million in EU grants for our Mekong and Dawn technologies in the first half of 2019. This support is a strong signal for us to continue our work to create commercialised sustainable chemistry technology solutions and we expect to secure further financial support for these programmes in the coming months.

This was my statement and I would now like to ask the operator to open the call for questions.

QUESTIONS AND ANSWERS

- **Patrick Roquas – Kepler Cheuvreux**

Good morning. I have two questions to start with. First, to what extent is the loss in the first half indicative for the full year? So, aside from Catalysis what other elements are there in the second half that will make the picture of the second half look different?

Second, on Catalysis. You reiterated a top line growth target for the full year; do you expect that EBITDA for 2019 will be comparable to what you have achieved in 2018?

Frank Roerink – CFO Avantium: Thank you Patrick and good morning. I hope you had a good holiday and it is good to have you back.

Your first question was whether the first half year results are indicative for the full year. In cash flow terms they are. You see that we have invested EUR 12.8 million underlying in the first half and that is still in line with the guidance of EUR 20 million to EUR 25 million for the full year. Yes, there is one element, one exception, which is the charge you have seen for the onerous contract of EUR 700,000. That is a one-off element; all the rest is quite reflective of what the business looks like.

Regarding your second question on Catalysis: yes, the first half has not been in line with our expectations but we reiterated the – as Tom stated – the mid- to high single-digit top line growth in Catalysis. That means that profitability should be above the 2018 levels and therefore substantially better than they were last year.

Patrick Roquas – Kepler Cheuvreux: That is clear, thank you. Perhaps one follow-up: are there any recent developments related to bio-plastics that are important to flag for us?

Tom Van Aken – CEO Avantium: Overall, there continues to be a very high level of interest for the plastic pollution problem. The problem is only getting more apparent than it was before. Also, if you look at the overall attention to CO₂ -emissions from products you see that not only fuels but also from products like plastics are getting increasing attention. These are overall

long-term trends and they are not so much related to anything that has changed in the first half of 2019. I think it is all very much aligned with trends that we spoke about before. If you have a specific thing in mind, then please let me know so I can respond to that.

Patrick Roquas – Kepler Cheuvreux: No, I was wondering whether I missed something. That is important because you are so close to the market. Thank you, I now leave the floor to others in the call.

Tom Van Aken – CEO Avantium: Thank you, Patrick.

- **Reg Watson – ING**

Good morning. I just have a question on the BOPEF film and the multilayer laminate that has been jointly developed by Toyobo. What is the reason for having the two layers there? I was always under the impression that one of the advantages of PEF was that it was more recyclable because you could use single layers instead of a multilayer product.

Tom Van Aken – CEO Avantium: We are working on multiple types of films. The reason why people are using multilayers is because you need different functionalities in the film. Part of the layer has to provide structure or rigidity, part of it has to provide barrier but also parts have to provide things like printing or sealing the packaging. We are still in the process of looking if all these elements can be provided by PEF and for that reason we are also including another layer of plastic on there to provide some of that functionality, but we are ultimately looking to have a monolayer of PEF film, but that basically requires further testing to make sure that PEF can also for example provide the sealing that is required for this type of packaging. Of course, if you have a monolayer-type of PEF film, it is the ultimate goal.

Reg Watson – ING: Thank you. I also have a question on the Dawn technology. What is the latest status update there in terms of dealing with the engineering issues that you have had at Dawn?

Tom Van Aken – CEO Avantium: With Dawn the pilot plant is fully operational. We have implemented certain changes in the first half of the year that we are now in the process of testing and of making sure that they are meeting our expectations in terms of the process performance. In parallel, we continue to work with partners on developing the Dawn business



cases around the globe. I do not have a real update for you specifically with regards to the technology other than these adaptations and modifications that have been successfully implemented. We are now really in the process to fully understand if the process works according to our expectations.

Reg Watson – ING: Thank you. Then the final question, for Frank. The grants that you received in the first half, were those in line with what you presented at the Technology Day earlier this year?

Frank Roerink – CFO Avantium: Yes.

Reg Watson – ING: Thank you.

Tom Van Aken – CEO Avantium: As there are no further questions, thank you for calling in to this conference call. I realise that there was relatively little news from the business side and it was a press release more on our financials. I hope we have provided you with the insight and also with the guidance for the second half of this year and we look forward to talking again soon, when we have more updates on the business.

Thank you very much and talk soon!

End of call