Transcript FID process update analyst call

Date: 27th January 2021

Tom van Aken – CEO Avantium:
Good evening everyone and welcome to this conference call. We hope everyone is doing well and staying safe in these unprecedented times.

I am joined tonight on this call by our CFO Bart Welten. I will first give a short introduction, after which we will open the line for questions.

As always, I need to point out that this conference call may contain forward-looking statements. You can find the disclaimers about forward-looking statements in today's press release, also published on the Avantium website.

Today we provided an update to the market about our process towards a final investment decision - or FID - for the construction of our 5 kilotons FDCA flagship plant, which we plan to build in Delfzijl, The Netherlands.

We had set our ambitions for 2020 high and we had anticipated that we would be in the position to take an investment decision on the construction of the flagship plant by the end of 2020. However, as it turned out, the COVID-19 pandemic has impacted negotiations with financial, commercial and other strategic partners. Those negotiations have taken longer than previously foreseen. Avantium will therefore take additional time to determine whether it will be in a position to meet all key conditions required for a positive FID. Those key conditions are 1) securing €150 million financing; 2) obtaining offtake commitments for approximately 50% of the capacity of the flagship plant; and 3) finalizing the engineering and the supply chain is in place.

In spite of challenging circumstances, we are pleased to have formed partnerships to shape the value chain of PEF. Avantium signed a term sheet with engineering company Worley to make a €10 million equity investment in Avantium's Renewable Polymers subsidiary, which we abbreviate to RNP. This term sheet is structured as a contribution in kind aligning the economic interests of both parties in the execution phase of the FDCA flagship plant.

Furthermore, the Groningen consortium signed a term sheet for a €20 million equity investment in RNP as part of the previously agreed conditional financing of €30 million for the construction of the FDCA flagship plant. Additionally, the Groningen consortium intends to support RNP with €2.5 million of subordinated debt to add to a €7.5 million grant awarded by National Programme Groningen, which we already announced on 7 December 2020.

We now have conditionally secured €95 million of the €150 million target for the flagship plant. To be able to secure the total funding needed, we are currently actively discussing debt and equity financing with banks and other parties and we have applied for support from national and EU instruments.

As stated before, Avantium had earlier committed a €35 million investment covering operating expenses during the period 2019 -2023. Roughly €22 million of this €35 million has been invested in RNP at the end of 2020.

Avantium's cash position ultimo December 2020 was at circa €26 million and we are therefore exploring multiple financing options to provide for our remaining investment commitments to RNP.

In addition to equity commitments, we are also in discussions with consumer brands and converters on the capacity allocation of the planned flagship plant. We are pleased to announce that we signed the first two conditional offtake agreements for the supply of PEF resin to manufacture food packaging for bottles and films. This represents around 20% of the total capacity of the FDCA flagship plant. We are in active discussions with multiple potential partners for additional offtake commitments.

The third pillar for a positive Final Investment Decision is the engineering of the FDCA flagship plant as well as the organisation of the supply chain for the FDCA flagship plant. The front-end-engineering and design or so-called FEED phase of the flagship plant is now in its final stages. We agreed with Worley on the heads of terms of the execution contract for the FDCA flagship plant. We also foresee to collaborate with Worley in the execution phase of Avantium's licensing strategy.

Furthermore, we agreed with Selenis on the principal terms for a multi-year commercial polymerisation agreement. With this agreement, Selenis will become a strategic FDCA polymerisation partner to Avantium.

Putting all elements in place for our FDCA flagship plant is a complex puzzle and we have to ensure that all the pieces are fully aligned before we can press ahead. While we have made progress, we recognize that there is still work to do to meet all the conditions in order to be in the position to take a positive FID. Let me assure you that we remain fully committed to reach all targets for a positive FID.

That was my statement. I would now like to ask the operator to open the line for questions to Bart or to me.

QUESTIONS AND ANSWERS

Wim Hoste - KBC Securities: I wanted to dive a little bit into the financing and how you see that. There is on slide number 5 mentioning you need an additional €55 million from debt, equity, grants. Can you elaborate a little bit more on that, for example the applications you made to national and EU instruments. Do you have a kind of agreed, foreseen timeline for that? You know for example that the EU will take a decision on funds by March or I don't know April. Is there anything set in stone that you can share with us? And additionally the other part of the funding that you are looking at, is that going to be at Avantium RNP level or are you also looking at funding for the Avantium Group and that could serve for the funding of the flagship plant? How do you see that structure?

Bart Welten – CFO: Thank you Wim for your questions and I hope I will answer you. Let me first state indeed that the total flagship funding need is €150 million plus the 20% contingency on the capex and so far we have indeed secured about €20 million of the PEFerence horizon 2020 grant. We have also secured the €30 million package of Groningen of which €20 million is now labeled as equity. And we, as Avantium, have committed €35 million of which €22 million so far we have contributed as Tom was explaining by paying for operating expenses. So that leaves that we have now conditionally secured €95 million, so that is the €55 million you referred to. So we are now discussing actively with banks and other parties debt and equity financing options to get this full funding of the RNP flagship in place. And you also mentioned it, we are also actively investigating support from National and EU grant programs like the EU innovation fund. It is for us at this moment impossible to make further announcements on that nor on timing nor on the chance of success.
Your second question was on Avantium group and indeed Avantium group NV is always analysing and exploring all financing options and also all strategic options that we can have.

Wim Hoste - KBC Securities: Can I follow up on what you said in the beginning? There's the €150 million project and you mentioned 20% contingency on the capex. Can you quantify what that means? Is that included in the €150 million or is that coming on top of the €150 million and I guess out of the €150 million there's only a portion like €100 million as capex. Are you referring to that or €20 million on top of the €150 million that you want to secure or how should we see your comment on that in light of that, the FID decision?

Bart Welten – CFO: Yes, I think you said that right, Wim. The 20% contingency is on the capex that we are finalising as we speak, but we do not have the final figure so we cannot comment on that. And about roughly out that €150 million about €100 million with this contingency is capex.

Wim Hoste - KBC Securities: Included?

Bart Welten – CFO: No, that's €150 million plus the 20% contingency on the capex out of that €150 million.

Wim Hoste - KBC Securities: OK, fine. Thank you.

Reg Watson – ING: I'm slightly confused right now. Does that mean that there's the possibility that you aren't going to raise enough because the €150 million + 20% is going to be €180 million?

Bart Welten – CFO: Yes, so as we have been saying we are exploring all financing options for both debt and equity and you can imagine that we will for sure make sure that our funding plan also covers contingency.

Reg Watson – ING: OK, OK. I was under the impression like Wim was that the €150 million included the contingency.

Tom van Aken – CEO: Reg, can I add something to this because I think it's important to understand that the deal we have made with Worley - without going into the specifics - we have really included there in that deal I think a good alignment of the interests to make sure that the costs, capex of that project are under control. So in that sense we have now a fully committed EPC partner that is going to help us to avoid that we're going to have any type of ...you know that we're really minimising the chance of cost overruns. Let's put it like that.

Reg Watson – ING: OK and can I ....Wim are you finished, can I jump in? So Tom can I take you back to the pie chart that you presented at the CMD in 2019. The BBI grant of €20 million that's ticked off, the Avantium equity €35 million that's ticked off, the strategic equity partners am I right in thinking because the Groningen has been converted into €20 million of equity, the €20 million from Groningen and the €10 million from Worley is €30 million out of the €30 to €35 million strategic equity partners now ticked off. Is that correct?

Tom van Aken – CEO: That's correct.

Reg Watson – ING: OK, so what's remaining is €30 to €35 million of commercial debt, €15 to €20 million in debt and grants and €15 to €20 million of regional and national EU grants. So it's really all grant and debt funding, the strategic equity is now done. Is that fair?

Tom van Aken – CEO: Correct, well if you compare it to that pie chart you are fully right, Reg. Of course we will always be, you know if there are possibilities to secure additional equity we would not exclude that but that is currently not the focus of our discussions and so in that sense you are completely right, we are looking now in particular at securing the debt financing and as Bart said also looking at options to secure additional grants.

Reg Watson – ING: Ok, so debt financing I think banks can move pretty quickly, strategic equity, commercial bodies can move pretty quickly but if we now looking to deal with the final bit of debt and grants and national and EU grants, presumably that time scale is not in your control. So and these bodies have a history of moving at quite a slow pace because they need everything to line up in the firmament and get the right optics and all the rest of it. How confident can you be that you are getting all this stuff in by 24th March.

Tom van Aken – CEO: Well, to be very clear the 24th of March we plan to give you an update. I'm not saying that by the 24th of March this will be in place, so that is something I want to be very clear about. Clearly if you look at in particular at the EU innovation fund that Bart just eluded to that is an application that is in progress and I always find it extremely hard to make statements about when you actually hear when you have successfully qualified for such a grant and when that's going to be confirmed. These are most of the time fluid processes, much more difficult to forecast. So I totally understand what you are saying, the debt financing in that sense is much more manageable in terms of timing it. So that I think is something we have more under control than the grant part. So I guess what I am saying is that I agree with your assessment there.

Reg Watson – ING: Ok and then final question for me before I let my colleagues ask questions. The equity stake then you've given up €30 million, oh sorry you brought in €30 million. What percentage of RNP did you have to give up in order to secure that €30 million?

Bart Welten – CFO: Let me please take that. Thank you for that question, it's a very good question. Still at this moment we cannot give you more detail on the percentage that we have given by these equity stakes in RNP BV. And the reason is that we have not yet finalised the full funding of the flagship plant and therefore it is an open funding. And when we have full FID we will be able to communicate that to you.

Reg Watson – ING: Right, ok. Is there a range in which you can give an indication?

Tom van Aken – CEO: I think it's best if we come back to that later on, Reg. If that's OK. I wanted to make one more comment, I realise that on the grant and debt financing you know that we are pursuing here multiple tracks. So in that sense I want take away an impression if you think that the EU innovation fund is the only grant that we are pursuing. We are pursuing multiple tracks, so in that sense I think we are maximising the chance to get let's say that type of financial support. It can come in different structures clearly, in the form of a grant, but as you know there are also government programs in place to help to get other soft loans or guarantees in place in order to help us with the debt financing. I just wanted to make sure that is something you are also taking into consideration.

Fernand de Boer – Degroof Petercam: Yes, good evening. I'm a little puzzled about this equity. Because I thought let's say that at half year when you had that presentation for investors you had still €65 million to fund of which I thought that a large part, almost half of that was equity. But that's now done, all by Groningen and by the other one with this €10 million. So if it is all full now with equity, why can't you give us these percentages? If you just said that €30 out of the €30 to €35 million is done. We now that the €5 million is not going to be materially different, then you can now more or less actually give the percentages or at least the range. So what I'm missing.

Bart Welten – CFO: Ok, let me comment. It is not that we are not anymore not pursuing equity for the flagship. It's still open. And still part of the options to get to the full funding of the flagship plant. I think that's the most important comment I would like to make. And with that it is still open what percentage we can give to the shareholders that enter the flagship plant.

Fernand de Boer – Degroof Petercam: OK and where are they going to produce the PEF? Is that in Portugal or in Groningen. And the other question I have is what is now happening to Toyobo? Because I actually thought that was your Polymerisation partner.

Tom van Aken – CEO: Well Fernand, you have as I expected of course good memory of this. So we are going to be working with Selenis, as you know Selenis is a European polyester company. They have plants in Italy and in Portugal. So I think in that sense we have multiple options where we can make PEF. But I think it's likely that it's going to be in Portugal. So it's going to be in Delfzijl for clarity, because we're going to be using their existing assets which I think is the main driver for us to use a manufacturing partner rather than someone build new assets. There are sufficient polyester assets out there we can use to make PEF. On the discussions with Toyobo: we clearly would like to have multiple partners, so I think in that sense we continue discussions with other partners such as Toyobo. But we cannot make any further comments today about specific partners such as you mentioned. So that is not part of the press release that we issued today.

Fernand de Boer – Degroof Petercam: May I ask a question about the cash position and then I stop. I thought that at midyear you had a cash position of 24, you end up with 26. Well normally speaking there should be a cash outflow in the second half, so does the 26 million include the grants you announced in December, the 7.5 and 5.4 million. How do you arrive at 26 million?

Bart Welten – CFO: Let me try to answer you. I think at half year 2020 our cash position was not €24 million but somewhere around €34 million, I don't have the exact figure. But we are consistently more or less in the cash burn rate 1st half, 2nd half. And we ended at €26 million and we started this year 2020 with €45.4 million so that tells we had about a €19 million cash burn in the year 2020. I want to say that the €26 million cash approximately as we indicated in the press release is not yet audited but it is not yet in our bank account. So I make this disclaimer that we don't yet provide audited figures, but we feel sufficiently to communicate it.

Fernand de Boer – Degroof Petercam: OK, thank you. Sorry that I was wrong.

Bart Welten – CFO: Can I make another comment on grant income. Grant incomes are recognised in line with the work we do for those grants and the cost we make and the milestones we make. So it's not that we have if we have a grant awarded to us that we recognise that full amount in one go or that we get the cash in one go.

Fernand de Boer – Degroof Petercam: OK, last question and then I really stop. The €10 million for Worley in the equity and the pay in kind or contribution in kind. Was that already for services executed by them in 2020 or is this for future expenses?

Tom van Aken – CEO: It is for future expenses.

Fernand de Boer – Degroof Petercam: OK, thank you.

Bart Welten – CFO: It is for future expenses and it is for the full contract that we have and Tom also gave some indications of other goodies they bring to the company. Like this balanced construction risk between the companies, which financially derisks us very much. And provides both parties an incentive for optimal execution. So it is a full complete package of cooperation and working together with the same objective.

Fernand de Boer – Degroof Petercam: OK, thank you.

Patrick Roquas – Kepler Cheuvreux: So, two questions. Firstly a follow-up on Fernand's question on the equity. Because I perceived that previously you were pretty confident in attracting equity partners that potentially also could be FMCGs and now I perceive that you are not ruling that out and you would like to have it but the chance for it is somewhat less. Is that right?

Tom van Aken – CEO: Well, I think it's a good question, Patrick. I'm not sure if we have given that impression or that other people concluded that impression. But that is something...I certainly understand the point so I think for us if we look at partners from brand owners or let's say from more downstream to us...what we have concluded already earlier on in 2020 is that the most important thing to us is they commit themselves in form of off-take. Because that is the ultimate validation of the product and that is the most important thing for everyone around the table. So we have directed the discussions therefore much more towards these off-take commitments rather than to the financing of the plant. So I think that's been quite a conscious decision from our side. So when we look at the brand owners I think, if you talk about circularity and sustainability. This is clearly, these are some of the hottest topics that you can read of if you read the Twitter feeds and the websites of the fast moving consumer goods companies. This is the only thing that they are talking about. So I think it describes the importance of the direction of where this industry is heading. Nevertheless we have also seen that it is actually more difficult to actually really get them to the point of commitment. And that is because their time horizon is typically somewhat short and we're looking for commitments that start in 2023 and then go a few years out. Now I think the important news here in the press release is that we found the first two partners that are willing to commit to this. So I think that is really important and it tells us really where this market is going. And of course I hope this is the first sign of the dam breaking and I am anxiously awaiting for the flood to come in. And I think it's really positive to see the first partners come in and we are in advanced discussions with other companies but they are very much focused on getting their off-take commitment. Because ultimately I believe that is really the important criteria that we need to fulfill in order to make a positive final investment decision.

Patrick Roquas – Kepler Cheuvreux: On the off-take commitments, Tom. This is a commitment, these guys will look at the product by then at the right quality at a certain cost. But it is still a commitment. So then why only 20%, because it's a kind of rather free option. But if I'm a brand owner of plastic conveyor and the product is there at the right quality I will take it. To me the 20% actually sounds low still. It's a commitment, it's not a guarantee that they will buy it.

Tom van Aken – CEO: Well of course that is what we have been discussing with them, Patrick. And I find it hard to actually make comments on behalf of brand owners and these fast moving consumer companies. I think it's not due to a lack of interest. The interest is seriously overwhelming, it is actually getting them to the point where they are going to commit and it's not only for the year 2023 it's also for the years thereafter. And that in all fairness is something that they are so used to and in that sense of course they are looking at it from various viewpoints, from a performance perspective, from a technical perspective, but also from a commercial and a communication perspective, from a sustainability perspective, from a financial perspective so you will be surprised at how many things need to come together at these sizeable organisations and unfortunately they do not all work so fast and so quickly as I would have want them to work.

The only thing I can say we are in advanced discussions with a number of brand owners, so I think in that sense you can understand that my personal confidence here remains high. But I also recognise we're not there yet and in all fairness I had expected that we would have already been there. Now actually do not like to hide behind any excuses here. But what we have seen last year is that due to COVID we were not able to travel, our people were not able to do trials with customers. And that has made a significant impact on these type of discussions, in particular if you talk about customers for example in the Far East that you can't meet and have dinners with. The relationship is critical in getting some of these deals done, so this is something clearly at the beginning of 2020 that we did not anticipate that there would be a pandemic which would make travelling practically impossible, that made doing trials much more difficult. So in that sense I have been somewhat disappointed by the impact and the effect of the pandemic on doing these type of deals. So I think that has actually been more significant than I had previously expected.

Patrick Roquas – Kepler Cheuvreux: OK and then final question. For how long can you delay the final investment decision? Is there a kind of point in time where you would say okay if we do not have the financing secured, if we do not have the 50% off-take commitments, we need to look for other scenarios?

Tom van Aken – CEO: Well, I think Patrick that is a very logical question. I think of course we look at these type of timelines, but these are more timelines that we are setting for ourselves rather than that there are real timelines on behalf of the project itself or partners. I think everyone expects that we are going to be doing this as soon as possible, but they all expect of course that this decision will be made in 2021. But I cannot be more specific about this on when we will be able to do it. As I stated at the beginning, we will coming to you with further updates when we release our annual results of 2020 on March 24th. And at that time of course we will give you an update on where are on the three pillars, financing, off-take, engineering and supply chain.

Patrick Roquas – Kepler Cheuvreux: OK, thanks a lot, Tom

Reg Watson – ING: I have got a few follow-up questions if no one else wants to jump in. Tom, you mentioned the additional funding applications. Can you give us an idea of the total size of the grant applications that you have got in and got pending?

Bart Welten – CFO: It's a difficult one, but if I had to give it a label then I would say that the total size of applications is a material figure. I would stop at that label.
Reg Watson – ING: Sorry, Bart. Your idea of material and my idea of material are two different things.

Bart Welten – CFO: Yes that could be and that's why I stop there and I also add timing and chance of success, as your next question will be when and what chance of success. And then it even gets more complex.

Reg Watson – ING: I wasn't even necessarily looking for that, but maybe you can indicate one or three times the size of the amount you need?

Bart Welten – CFO: I can look in the dictionary what material means, but it clearly has an impact on decision making and that would be my phrasing of material. So these are impactful figures that we are talking about.

Reg Watson – ING: Yes, I appreciate that. At the very least I would have hoped that it was material. It is the order of safety margin that you have got, if material is just the amount you need that's material, if it's two times the amount you need that's still material. Is it one, two, three times the amount you need? What is it?

Bart Welten – CFO: I cannot further comment on your question. I think I gave you the indication that we are discussing material applications with a risk profile if they succeed or not and that is out of our control, I think you know that and in a certain way very digital, you get it or you don't get it. So that makes it a more risky part of funding.

Reg Watson – ING: OK, Bart I'll give you a rest and I'll focus on Tom now. Tom, it's your time to get roasted. I was very much under the impression when we last spoke that you were fighting off potential customers with a stick in terms of off-take agreements and here we at this stage with only 20%. And to paraphrase Patrick, it's less than what we would perhaps have hoped for at this stage. Where is the variance kicking in here, why are we not sitting here...at some point I recall you wanted to withhold capacity as you hoped in time you'd be able to sell more capacity at higher prices. 20% off-take doesn't sound like, maybe you are withholding 80...who knows.

Tom van Aken – CEO: Well it's all a matter of timing, Reg. Because clearly we had anticipated that some of these partners would have committed and clearly it's taking longer as I said. So I think in that sense the doors have not been closing or something, but it's taking more time than we had anticipated.

Reg Watson – ING: OK, fair enough. So it's not like these avenues are now dead, they just haven't materialised in time. Fair enough and who are the first two to have signed?

Tom van Aken – CEO: I was really expecting that question, so it's not that we don't want to disclose it, they don't want to disclose it. This is very logical. Why? These are customers that have consumers that they are serving and if you make an announcement like this, the first thing that is going to happen tomorrow is that people are going to call and say well where is this PEF film or packaging or PEF bottle. So they want to make that announcement actually when it is closed to the launch of the product. That is really what is driving them. So in that sense that is something that is very logical, it's really a matter of time and communications around this and clearly they have their own plans. They find their own communication plans more important than what we think.

Reg Watson – ING: Is it fair to say that they're not exactly household names? They're intermediaries, processors on behalf of brand owners.

Tom van Aken – CEO: I am not going to comment on that, Reg. I really hope that at a later point in time we can give you more information on that, but at this moment I am not entitled to say that.

Reg Watson – ING: Can you give us a feel of what product they're displacing? Or what the intention is, you mentioned food packaging and films. Any particular applications?

Tom van Aken – CEO: It is food packaging and it is beverage packaging. That's really all I can say at this moment.

Reg Watson – ING: Ok, films was mentioned in the press release.

Tom van Aken – CEO: Yes, but film and food packaging really go well together.

Reg Watson – ING: Ok, fair enough. Point taken. On Worley's participation, what's in it for them?

Tom van Aken – CEO: Well, I'm glad you asked. I think if you from their point of view of course we have a shared interest to execute this project in Delfzijl in the right way and building this first of a kind FDCA plant. But that is just really the start, because as you know our long term business model is selling licenses that is really the way we want to monetise this technology. No actually having the technology meaning that we basically know how it works, we have the know-how, the patents but ultimately when you are in the licensing business, you actually need someone that can design factories and determine the size of the reactors, the pumps, the distillation towers, etc. So I think that from the beginning we knew had to work together with engineering companies and now working together with Worley really enables us to start selling licenses once we have demonstrated the technology on this scale. They are a company operating worldwide and we now have a shared interest in making this technology be successful and they help us to sell these licenses. So in that sense I think it’s not only important for this first phase of building the flagship, it is even more important for the next phase which is going to be the monetisation of the technology.

Reg Watson – ING: OK, would they actually have exclusive rights to design the larger scale plants or is it simply an expectation on their part because their involvement in the success of the demonstration that they would then be invited by whoever builds the larger plant to do the design.

Tom van Aken – CEO: Well, we have made agreements with Worley on how that is going to work when we start selling these licenses. But at this moment in time I am not at liberty to disclose details of that agreement, but clearly we want to make sure that also for other EPC companies in the future that are interested in this that they can also build these type of plants. But we now have a partner that can really help us worldwide, enabling us to sell these licenses and can help our licensees to actually build these plants. So I think in that sense it’s a major step forward in our business model.

Reg Watson – ING: OK, thanks and that’s it for me in case anyone else wants to step in.

Wim Hoste - KBC Securities: Yes, it’s Wim here. I have a follow-up question, a little bit on the earlier discussion with regards to off-take agreements, etc. The fact that it’s taking maybe a little longer than you initially thought with regards to securing off-take agreements. Does that have any kind of consequences on the commercialization strategy, meaning you initially kind of pointed that you were aiming for really high end applications, maybe in small volumes and have a lot of that? If I hear you now say that you are looking at food, films, but also beverages. I expect that beverages is maybe a bit more of a mass market kind of industry. So I am looking a little bit at your commercialisation strategy and financial returns that you can expect for the FDCA plant if you direct more volume towards that kind of business. Any thoughts on that would be welcome.

Tom van Aken – CEO: Thank you, Wim. I think in that sense, when we talk about these high end applications in my world that also includes certain what I would call more specialty bottles, so bottles where you really have performance advantages. We typically look at bottles where PET bottles can’t do the trick, so we look at bottles where you need additional technology where you actually make sure that the bottle gives you the shelf life or performance that you are looking for. So this has been part of the strategy so I think in that sense, we do not deviate from that strategy. So clearly films is high end, but also specialty bottles where you look at the barrier performance, it can also be high end from my perspective. And I think there is a ton of business opportunities waiting for us in that field, so that is absolutely something that we want to break open by the flagship plant, Wim.

Wim Hoste - KBC Securities: Ok and so is the ambition for the flagship plant to be profitable? Or would you accept other kind of products in order to just have the thing going and then start selling licenses as a key profit generator. Or are you really sticking to the ambition to make the FDCA plant profitable in itself.

Bart Welten – CFO: Let me comment on that, Wim. I think in the past we said that the FDCA plant will be cash positive in operations and out of there the real value will come out of selling licenses. And so we are still on that with the capacity of 5 kilotonnes. So I think we are still fully on track with what we said before on the financials of that flagship plant.

Wim Hoste - KBC Securities: Ok, with cash positive to be 100% sure we talk about the same thing, you mean just excluding the depreciation, etc....just the cash it generates when it's up and running and kind of forgetting about the money you already put in.

Bart Welten – CFO: That's correct. Non cash depreciation that's true. It includes all costs, working capital and normal capex that you have in a factory.

Wim Hoste - KBC Securities: Ok, clear and thank you.

Tom van Aken – CEO: Wim, I now realise that the first question you asked about applications, I actually would like to come back to something that Patrick wrote about before. It's funny to actually to use analysts' reports here in discussions like this, but I think that it's an important one to highlight. There is quite a bit of dynamic going on in the industry about certain materials that are now being used within the PET industry that are under scrutiny. So if you now for example look at nylon layers, that actually help to give bottles their performance there is actually a big drive to ban some of these materials or to reduce their use, etc., etc. No clearly those are material developments in our markets that can really help to embrace new technologies such as PEF, as we have very high barrier and we really provide a solution to the recycling that is impossible with materials like nylon and is possible if you apply PEF.

Wim Hoste - KBC Securities: Ok, clear and thank you, I will follow up with Patrick.

Reg Watson – ING: One final question. Given that you're still not quite there in terms of funding, why don't you just use the sub20 that you've got and get the money in that way. The banks will pony up and you won't have to go begging.

Bart Welten – CFO: We are exploring all our financing options and we also have our sub20 mandate from May last year and that is part of the total pack of options that we have.

Reg Watson – ING: OK

Tom van Aken – CEO: OK, so now we can close the call. Thank you for participating and if you have any questions do not hesitate to contact us.

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