
BRAIN Group

Capital Markets Day

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Targeting the High-Growth & High-Margin Ingredients Sweet Spot

Zwingenberg, September 15th, 2020



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BIOCATALYSTS –who are we?



74

£ 13.4M sales - 15% growth*

£ EBITDA Margin high 10'S



10m³ fermenter - £7M investment, on line 2020



85% Exported



2019

2020

2021

2022

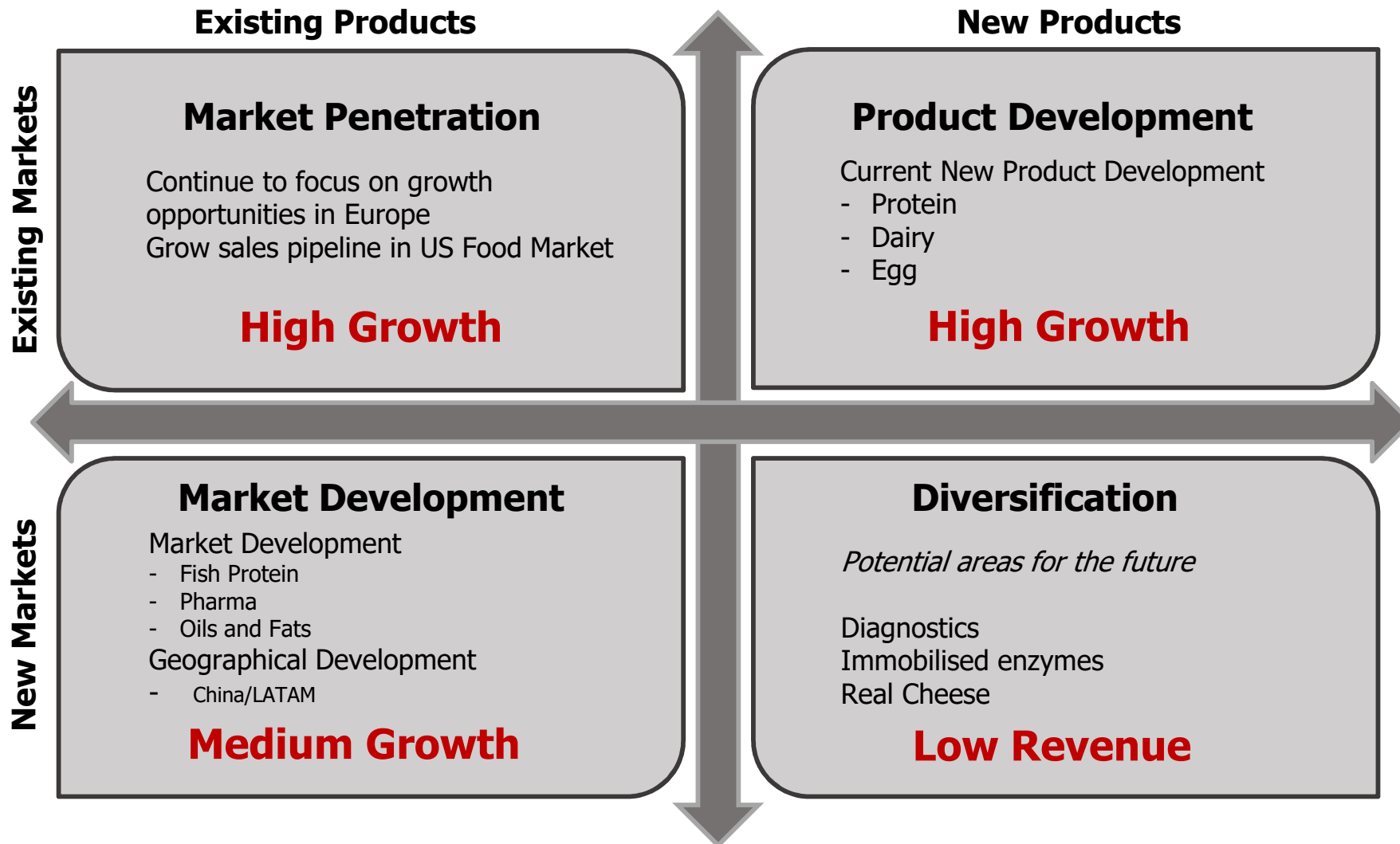
2023



What got us here won't take us there....



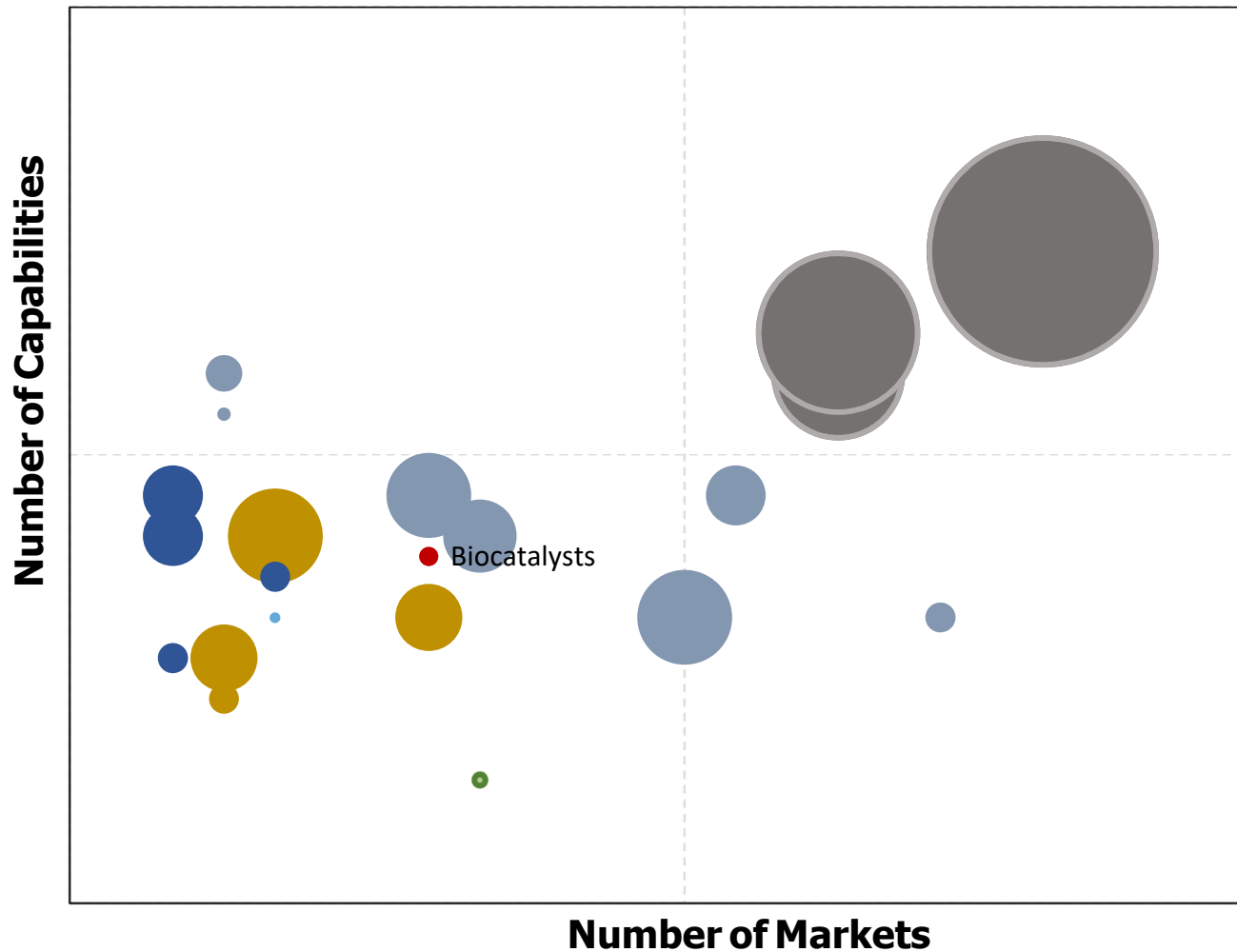
Sales
x2



How do we position ourselves?

Market Segmentation and Targets	Competitive Landscape	Market Positioning	Sales Model	Product Launch Strategy
<p>Biocatalysts cannot, nor does it want to, compete in mainstream sectors against the giants so we focus on niche segments or sub-segments.</p> <p>Multi-Niche</p>	<p>The industry giants do not play in the Biocatalysts space and similarly sized organisations do not have the capability, scope nor the technical strength of BRAIN behind. Mid scale fermentation is a significant barrier to entry in this end to end space</p> <p>Mid-Scale Fermentation</p>	<p>Rapid, flexible enzyme discovery and development</p> <p>Speciality and high value opportunities, strongly food based currently with extension strategy in place, in Life Science in particular.</p> <p>Rapid & Focused</p>	<p>Focus on key account model in selected customers globally</p> <p>Concentrated on solution selling to global players in foods and CMO mode in Pharma.</p> <p>Establishing Life Science range for relevance in a new sector</p> <p>Targeted Sales Approach</p>	<p>Rolling programmes for core and EDM strategic products</p> <p>Target 2 fermentation launches per year in the Biocatalysts portfolio</p> <p>Continuous New Product Launches</p>

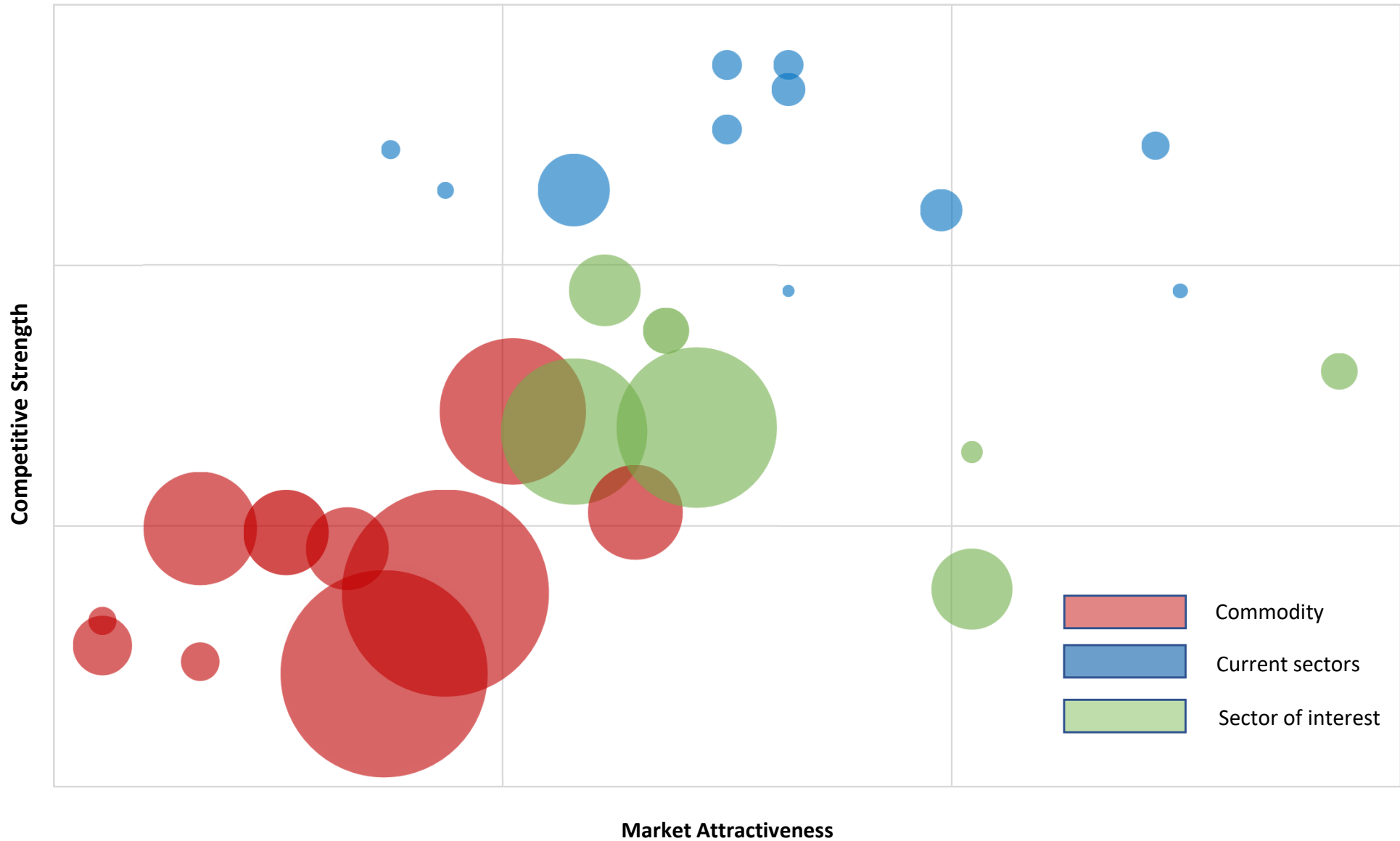
Where do Biocatalysts sit?



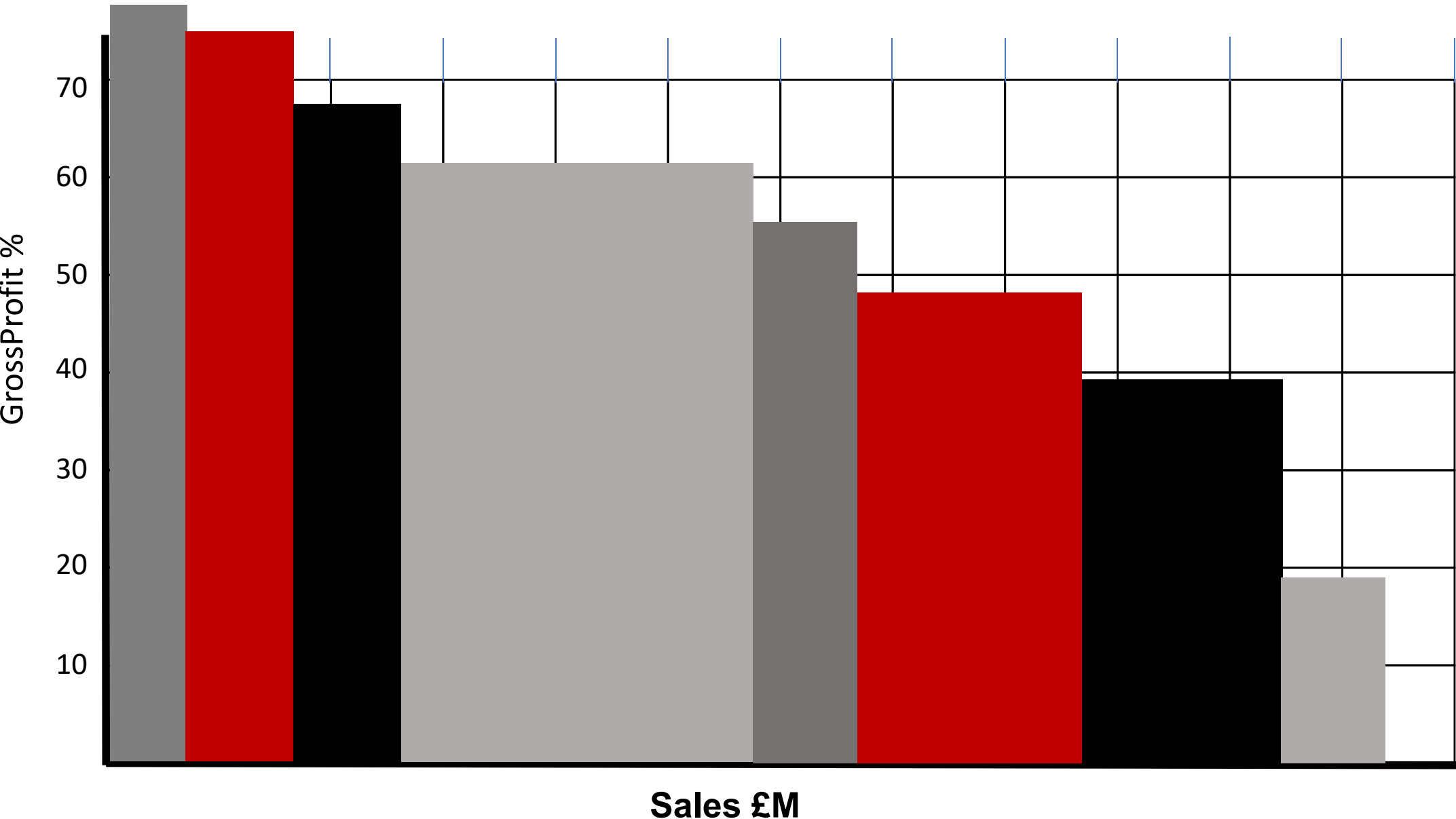
Uncontested space for Biocatalysts

- Scale up and commercial manufacture of novel enzymes
- There are no identified companies in the speciality enzyme space that match Biocatalyst's capabilities in enzyme discovery to manufacture
- Many of the larger 'Giants' shift to developing a product portfolio rather than isolated enzymes, creating space for Biocatalysts to capture some of this market
- Giants operate in all enzyme markets with resource focused on markets where large sales can be achieved. No innovation creates gaps for the Specialists and Capability Players

Where are the sector targets?



Why those sectors? Our Gross Profit by sector



Where and how will we play?

Market sectors

- Dairy, grow in Europe, key sector
- Egg – Establish new markets for strategic products, USA, Russia
- Protein – Farm European growth
- Life science - explore and develop
- Flavour, dietetics - grow

Platforms

- Blended product
- Current- *E.Coli*, *Pichia*, *Yarrowia*
- New- *Bacillus*, *Filamentous fungi*
- Enzyme discovery
- Protein engineering

Geography

- Europe - Growth driver
- North America – Primary target for the future
- China, partnership, sourcing
- Latin America – explore potential

Our go to market models

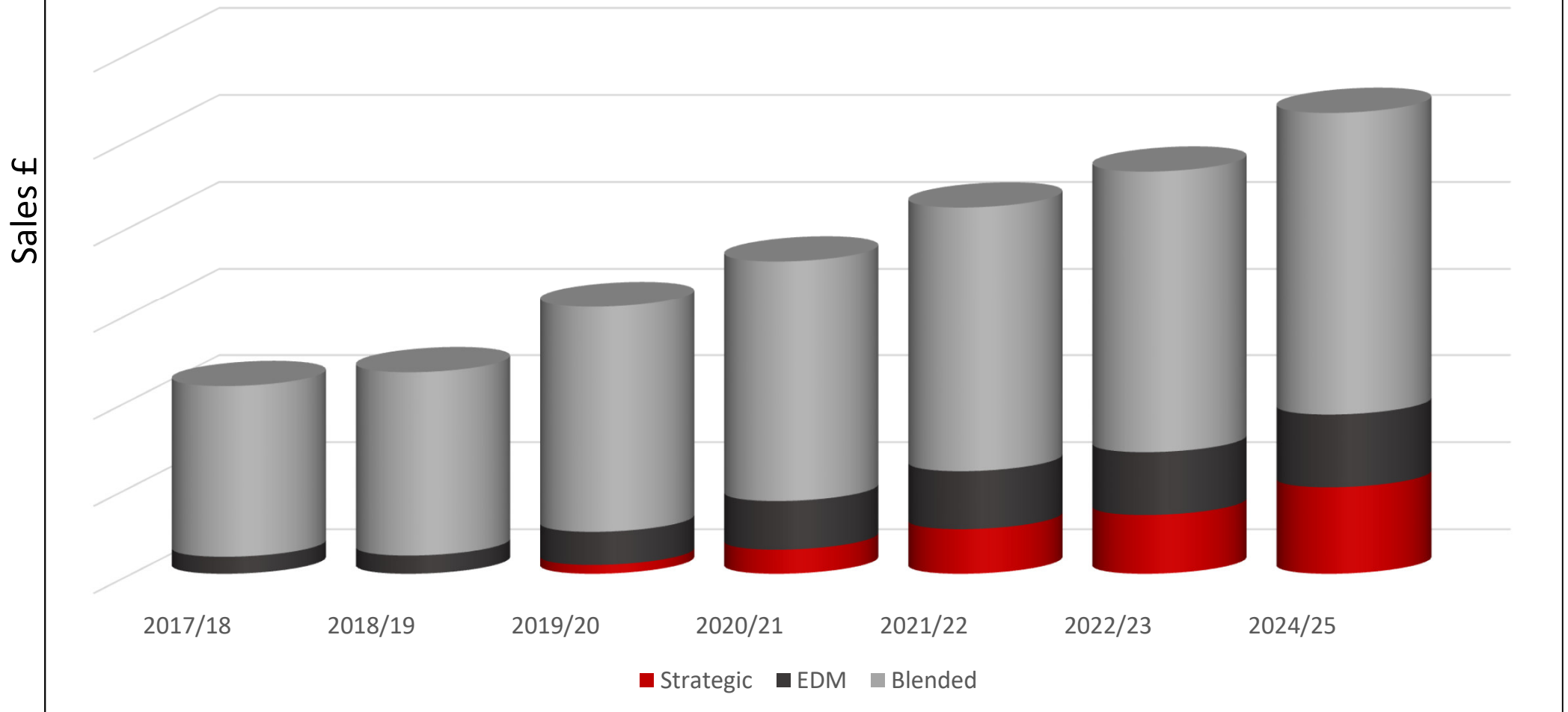
- **Customer Led:** Custom blended or EDM development focussed on unique manufactured products. Exclusive product development & regulatory costs funded by customer.
- **Market Driven:** Blended or Fermented product development based on customer or market intelligence. Non- exclusive product development & regulatory costs funded by Biocatalysts.
- **Technology Driven:** Development or in-licencing of new capabilities or products based on technology scouting. Costs can be covered by funding, shared with partners or covered by Biocatalysts.

The critical launch pipeline, future prosperity

	Sector	Launch Date	Development	Scale up	Commercialisation	Launch
	Egg	Jun-20	[Red bar spanning Development, Scale up, Commercialisation, and Launch]			
	Dairy / Protein	Mar-20	[Red bar spanning Development, Scale up, Commercialisation, and Launch]			
	Protein	Jun-20	[Red bar spanning Development, Scale up, and Commercialisation]			
	Digestive aids	Jun-20	[Red bar spanning Development, Scale up, and Commercialisation]			
	Oils and fats	Dec-20	[Red bar spanning Development, Scale up, and Commercialisation]			
	Life Science	Dec-20	[Red bar spanning Development, Scale up, and Commercialisation]			
	EMC	Dec-20	[Red bar spanning Development and Scale up]			
	EMC / Flavour	Mar-21	[Red bar spanning Development and Scale up]			
	EMC	Jun-21	[Red bar spanning Development]			
	Diagnostics	Mar-21	[Red bar spanning Development]			
	Life Science	May-21	[Red bar spanning Development]			
	Oils and fats	Sep-21	[Red bar spanning Development]			

2020 to 2025 Sales 2x growth, fermentation 6x, Strategic products 10x

Pillar growth – the journey

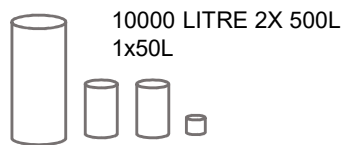


- Fermentation sales drive margins
- Blending remains the largest pillar
- Strategic products essential to re-balance the portfolio and enhance the brand

Fermentation development

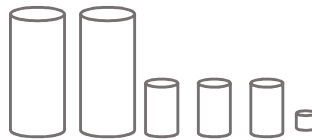


FERMENTATION



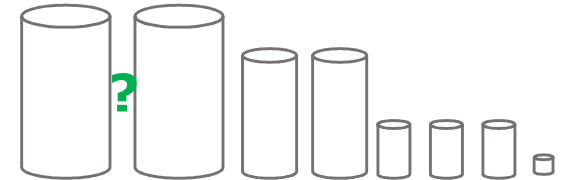
First mid scale fermenter, in the currently unoccupied scale up and manufacturing space at this capacity

2X 10000 LITRE 3X 500L 1x50L



Completion of phase 2 of the site development in Cardiff

ADDITIONAL 2X 35-50M³ ON SECOND SITE



Where to next, build or buy?

Cardiff site expansion designed for 2nd 10m³ fermenter as a drop in addition, physical space for up to 2 more at the same scale

Second site would be required for phase 3 with the move to mid scale manufacture

Where is the Biocatalysts “sweet spot”

- Customers – 6 of the world’s top 10 FMCG* businesses and 4 of the world’s top 5 flavour companies, key accounts drive volume. Relationship driven model maximises return
- Blended core product strongly focussed on the food industry, many products are unique solution based enzymes. Still a strongly growing, stable market
- Enzyme discovery to manufacture capability, is a strong draw to established big business and to start ups alike to take product from concept to reality
- Intermediate scale, multiple host, fermentation capability in a state of the art facility allied to BRAIN research resource gives unparalleled scope across multiple sectors. Life science and pharma are ideally matched to this capability
- Mid term a move to self-supply to reduce external dependence for some materials will secure the supply chain and enable external sales in key sectors

**Thank you for
your attention.**

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