

evolva

**Exane BNP Paribas Consumer Ingredients Conference**

19 March 2019

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- Transformation process completed
- Company both strategically and operationally aligned
- Foundation laid for more significant product sales growth in the mid-term
  - New markets covered
  - Expansion into Pest Control for Nootkatone
  - Identification of “ready-to-go-to-market” (late development stage) compounds
- On track to reach cash break-even in the 2021/23 timeframe



## Sales

**Product sales growth +70%**

Total revenue +30%



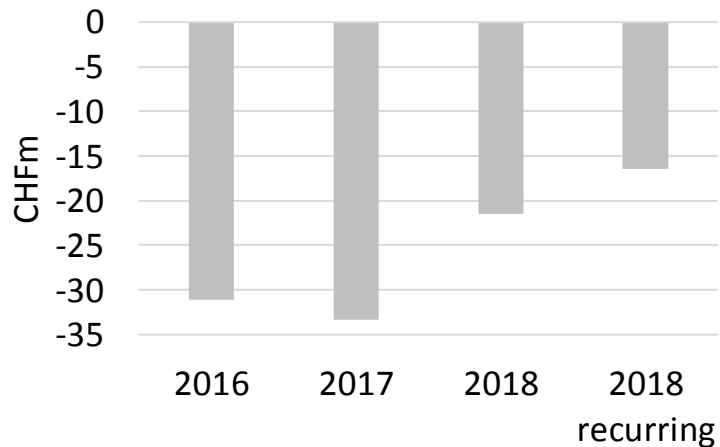
## Innovation

Expansion of ingredient systems  
(Variants of Resveratrol and Valencene)

New markets covered  
(Valencene for F&F)

Well developed product pipeline

## EBITDA

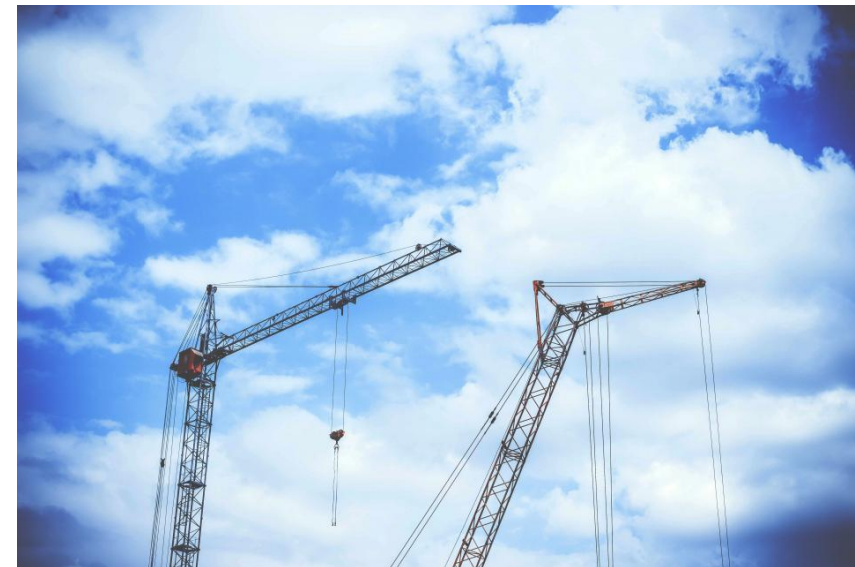


## Cash



Cash at year-end  
CHF 60m

- Focus on sales execution delivers growing customer pipeline
- Open up Pest Control market opportunity
- Evaluation of a solid product pipeline delivering 1 to potentially 3 new compounds over the foreseeable future
- A full supply chain and network of service providers is being put in place to enable the ramp up of volumes
- First royalty payment, albeit modest, received from Cargill



# Improving the financial profile

- Latest steps in restructuring will deliver expenses in the coming years lower than earlier communicated levels
- Combined efforts in R&D and manufacturing have resulted in a focused program to significantly lower manufacturing costs over the coming years
- Total revenue required to cash break-even lower than communicated earlier



## Nootkatone

- Continued strong revenue growth in 2018, solid pipeline for growth in 2019
- New product variants – driving additional growth by providing unique flavor & aroma characteristics for customers
- Expanded key global customers base and added to our network of distributors including Latin America and Asia

## Valencene

- Rapid strong revenue growth in 2018, customers desire the flavor profile
- New product variants – provides unique flavor & aroma characteristics, enabling F&F companies to formulate unique products for their customers





## Resveratrol

- Continued solid revenue growth in 2018
- Veri-te™ branded Resveratrol is gaining traction and is known for delivering purity, consistency, and competitive price
- Primary market is in dietary supplements – researching new potential applications
- Launch of an innovative cold-water dispersible product to expand customer's ability to use in new products and may increase the bioavailability
- Our global commercial network continues to expand



## Pest Control

- EPA identified one study for which it could not complete its review and has requested further information
- Evolva is in close interaction with EPA to resolve the identified issue and to determine the next steps which will include extension of the regulatory deadline
- Initial commercial focus on mosquitoes (Zika) and ticks (Lyme disease) prevention
- 98 active customer opportunities engaged across numerous markets and segments: public health, personal repellents, back yard/garden sprays, household use applications
- The active ingredient for pest control applications is branded as NootkaShield™
- Evolva development program is funded by the USA Center for Disease & Control (CDC) and Biomedical Advanced Response Research & Development Authority (BARDA)



# Update on EverSweet™




- ✓ Cargill has started commercial production and shipped the first customer orders
- ✓ Evolva received the first royalty payment, albeit modest, in Q4 of 2018

Cargill and DSM announced a new joint venture:

- combining technologies for producing steviol glycoside products through fermentation
- market its products under one brand name, EverSweet™
- Evolva's royalty rights on all EverSweet™ sales and the existing agreement between Cargill and Evolva remain in place and unchanged

## AMAZING TASTE & APPLICATIONS

Cargill's EverSweet™ sweetener is made with the same sweetness that is found in the stevia leaf, to delight your taste buds with *calorie-free joy*.



**REB D and M**  
Make up less than **1% PERCENT** of the actual stevia leaf

At a time when more consumers are watching their calorie intake and striving to live a healthier lifestyle, EverSweet™ sweetener offers a new, delicious choice for reduced and zero calorie food and beverages.

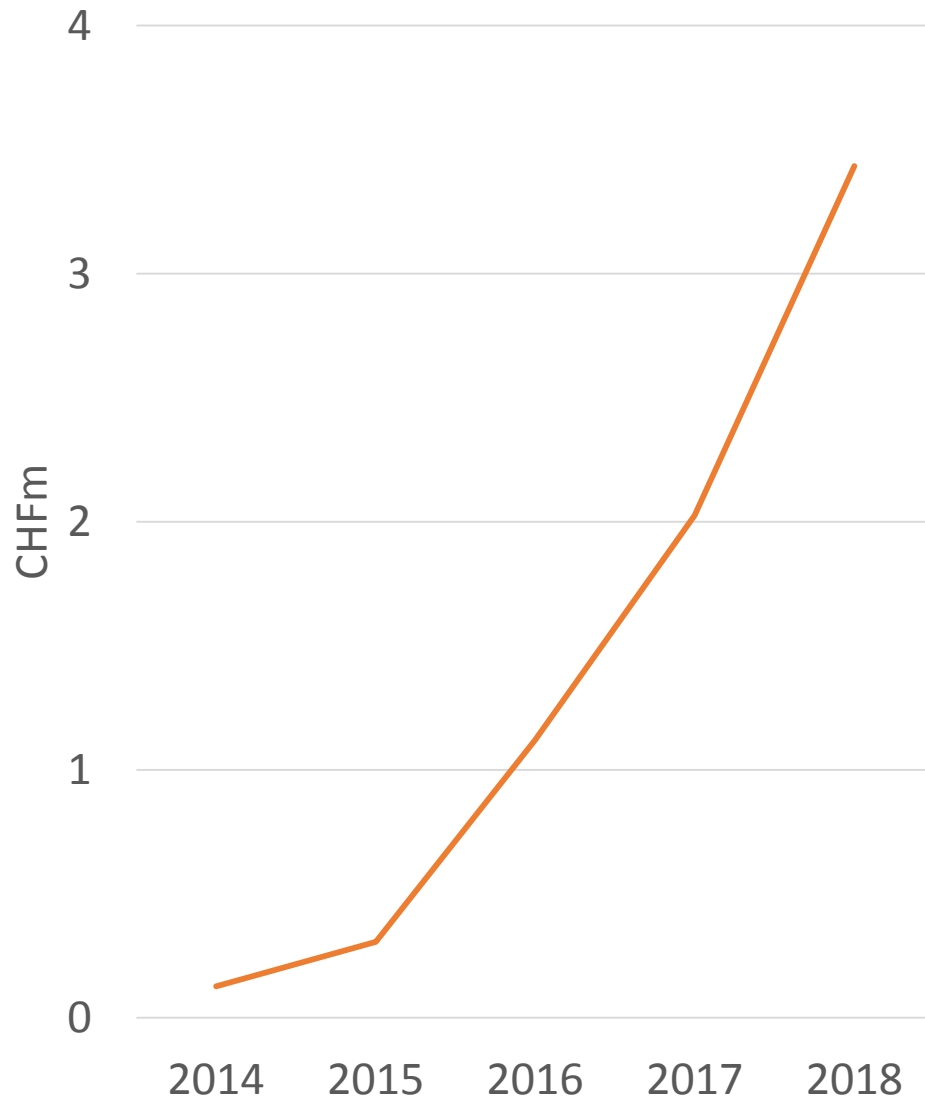


# Key financials



| CHF million                      | 2018         | 2017         | %-change    |
|----------------------------------|--------------|--------------|-------------|
| Revenues from R&D                | 5.5          | 4.8          | +15%        |
| <b>Product sales</b>             | <b>3.4</b>   | <b>2.0</b>   | <b>+70%</b> |
| Total revenue                    | 8.9          | 6.8          | +31%        |
| Gross profit                     | 2.1          | 2.1          |             |
| Total operating expenses         | -32.9        | -47.0        | -30%        |
| <b>EBITDA</b>                    | <b>-23.2</b> | <b>-36.6</b> | <b>+37%</b> |
| <b>Cash position at year-end</b> | <b>60.4</b>  | <b>97.2</b>  |             |
| Operating free cash flow         | -23.7        | -35.4        | +33%        |

# Product sales continue robust growth trend



- **Total revenues** of CHF 8.9m in 2018, +30% versus 2017
- **Product sales** of CHF 3.4m, +70% versus 2017
  - Both nootkatone and resveratrol grew strongly
  - Valencene fully commercial
  - Increasing pace building customer pipeline
- **Revenues from R&D** broadly in line with prior year (+15%)

# Streamlined customer facing activities



| CHF million                                  | 2018         | 2018<br>recurring <sup>1)</sup> | 2017         | %-change    |
|--|--------------|---------------------------------|--------------|-------------|
| <b>Total revenue</b>                         | <b>8.9</b>   |                                 | <b>6.8</b>   | <b>+31%</b> |
| R&D expenses <sup>2)</sup>                   | -11.3        | -7 to -8                        | -20.4        | -44%        |
| CG&A expenses <sup>2)</sup>                  | -14.1        | -11 to -12                      | -18.5        | -24%        |
| <b>Total operating expenses<sup>2)</sup></b> | <b>-25.4</b> | <b>-18 to -20</b>               | <b>-38.8</b> | <b>-34%</b> |

<sup>1)</sup> considering full-year effect of restructuring measures

<sup>2)</sup> excluding depreciation and amortization as well as share-based compensation expenses (IFRS2)

# Cash flow



| CHF million                      | 2018                | 2018 recurring <sup>1)</sup> | 2017         | %-change    |
|----------------------------------|---------------------|------------------------------|--------------|-------------|
| Cash position at beginning       | 97.2                |                              | 47.5         |             |
| <b>Operating free cash flow</b>  | <b>-23.7</b>        | <b>-17 to -18</b>            | <b>-35.4</b> | <b>+33%</b> |
| Contribution EverSweet™ license  | -12.0 <sup>2)</sup> |                              | -            |             |
| Financing activities             | -1.0                |                              | 85.1         |             |
| <b>Cash position at year-end</b> | <b>60.4</b>         |                              | <b>97.2</b>  |             |

<sup>1)</sup> considering full-year effect of restructuring measures

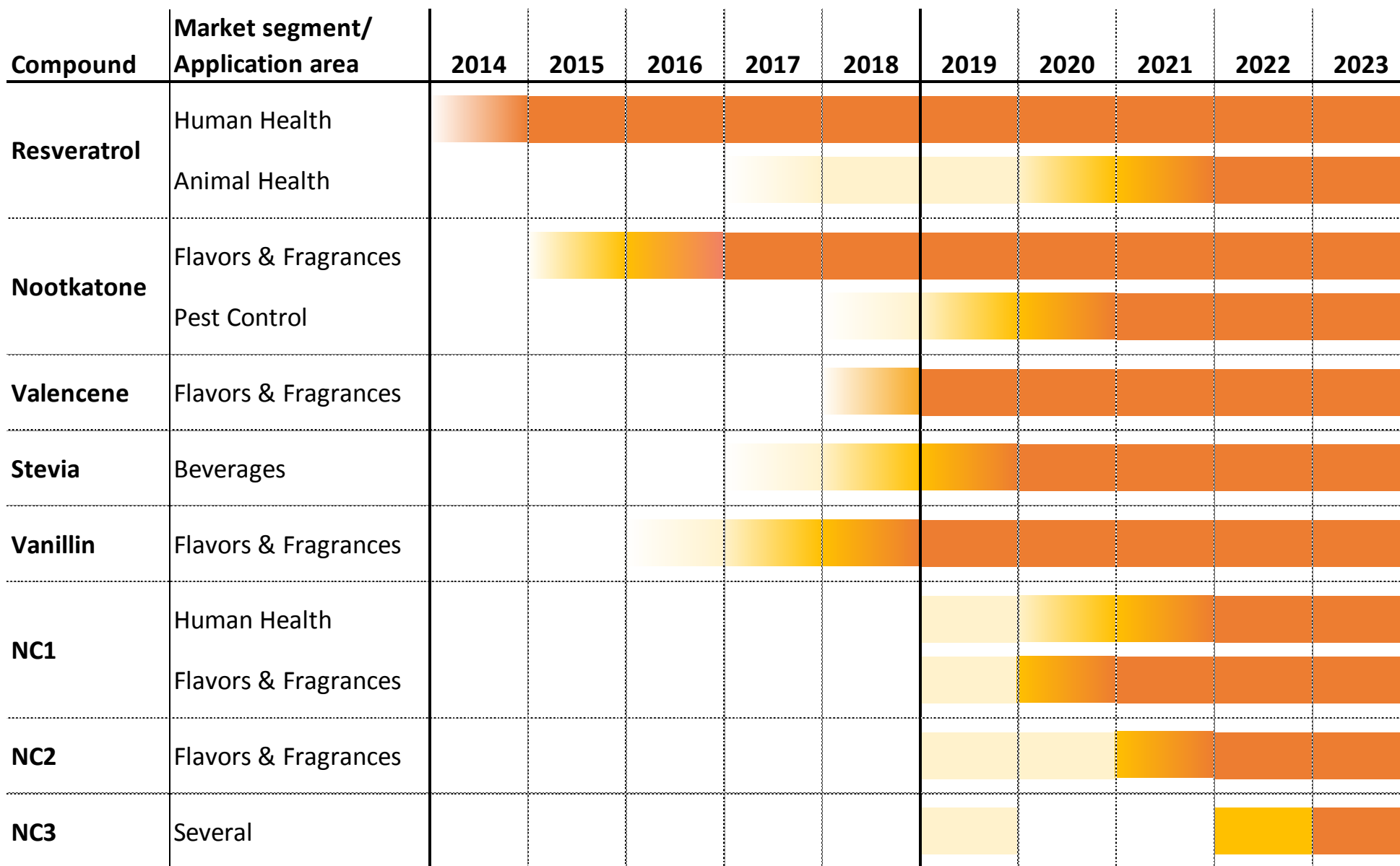
<sup>2)</sup> CHF 5.5 million remaining to be paid in 2019

- **Bringing ingredients successfully to market** through the development of proprietary strains, early fermentation/DSP processes, and their upscaling at CMOs
- No major investments in developing new functional ingredients over the mid-term. **Identify late stage development products** that require limited investment
- **Capture as much of the value in use as possible** by building differentiated products, ingredient systems and, where applicable/possible, by developing applications and formulations
- **Find strategic partners** for areas where we cannot become the leader or expert
- Enter **R&D partnerships** that add experience/technology and provide a commercial upside





# Product and market pipeline update



Note: schedule may change over time

NC = new compound

Tests/sampling

Initial sales

Full commercial sales

- Trend in product sales growth to continue
- R&D revenues around the 2018-level
- EverSweet™-related royalty payments should start to increase in the course of the year
- Cash outflow to be clearly below the level of 2018. Cash balance at the end of 2019 of between CHF 30 and CHF 35 million



# Upcoming events

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|                 |   |
|-----------------|---|
| March 19-20     | Exane BNP Consumer Ingredients Conference, London           |
| March 21-22     | Kepler 2019 Swiss Conference, Zürich                        |
| April 8         | AGM, Basel  |
| April 9-10      | Supply Side East Trade Show, New Jersey                     |
| May 7-9         | VitaFoods Trade Show, Geneva                                |
| June 2-5        | IFT(Institute of food technologist) Trade Show, New Orleans |
| August 21       | Results first half of 2019                                  |
| September 11-12 | Berenberg Food Ingredients & Chemicals Conference, London   |



# evolva

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