

Majority of Chemical Companies Want to Reduce Dependence on Oil, Finds Survey by ICIS and Genomatica

Chemical Customers Already Asking For Sustainably Produced Chemicals

SAN DIEGO and LONDON – June 29, 2009 – Genomatica Inc., a sustainable chemical company, today unveiled the results of a survey conducted with ICIS, the chemical and energy market intelligence firm, finding that 57 percent of chemical industry respondents believe their companies should reduce exposure to the petroleum-based commodity market. The same majority reported their customers were already inquiring about the availability of sustainably produced chemicals.

Even during a period of contracted demand that has tested the viability of some chemical firms, respondents overwhelmingly identified the environmental qualities of their end products and the carbon footprint of the processes that make their products as equally important measures of sustainability. Forty-seven percent recognize an economic advantage to switching chemical manufacturing process inputs to renewable feedstocks.

“It is clear that all of the stakeholders in our industry, including executives, employees, and most importantly the customers, are demanding sustainably produced chemicals to play a major role in the industry going forward,” said Christophe Schilling, chief executive officer of Genomatica. “Diversifying the feedstock base of the industry and reducing the reliance on hydrocarbons makes sense now more than ever, particularly if doing so delivers the benefits of improved economics and environmental stewardship.”

Predictably, chemical companies are in survival mode, citing raw material pricing, sourcing, and strategic cost reductions as the most significant short-term priorities. Yet even in today’s challenging environment, 80 percent of chemical professionals cite sustainable chemistry as a priority for long-term survival, and 71 percent believe their company should be a green front-runner. Overall, the survey found that six in 10 companies are already engaged with sustainable chemical practices, and nearly all of these chemical companies (93 percent) are maintaining such programs during the economic downturn.

“ICIS has recognized a growing interest in sustainable chemistry among its members, even as critical pressures like materials pricing, staff reductions and cash flow intensify,” said John Baker, global editor for the ICIS custom publishing unit. “The survey shows that executives understand limiting their company to oil-based solutions is not a long-term strategy.”

Over 86 percent of respondents believe that it would take less than 10 years from the time a sustainable chemical development program was launched to the time when the process would be commercial, with nearly equal numbers believing it would take less than five years versus taking 5-10 years. This is consistent with the current development programs and commercialization timelines that Genomatica is aiming for with its process technologies, including its breakthrough process for the direct production of 1,4-butanediol from sugar.

Nearly half of the respondents claim to have already incorporated a renewable feedstock into a chemical manufacturing process. Of that number, the most commonly used alternative inputs include sugar or other carbohydrates as well as plant biomass. Despite current use of these renewable feedstocks in some processes, the greatest reservation cited about using a sustainable chemical process is the availability and pricing of the feedstock. Of less concern was the need to invest in new facilities, the quality of the chemical produced, and predictable scalability of the process (in that order).

“Whether it is a petrochemical process or a bio-based process, the sourcing and pricing of the feedstock is a central component to ensure attractive financial returns,” added Schilling. “Unlike corn, sugar is an example of a renewable feedstock that has stable pricing due to the elasticity of supply. The sugar market has an established infrastructure and global supply chains. Ultimately, other lower cost renewable feedstocks such as cellulosic biomass should also become accessible on a wider scale to produce chemicals, building on the significant efforts currently underway to unlock this as a feedstock source for fuels.”

Nearly half (47 percent) of the respondents described sustainable chemical programs as a company-wide priority – not just the purview of marketing, management or certain business units. BASF, Dow and DuPont were cited as the most recognizable companies involved in sustainable chemical practices.

“As the first official survey devoted to sustainable chemical processes, this research sheds new light on a topic that has been gathering force for years,” added Baker of ICIS. “Clearly, chemical companies are already engaged with sustainable programs and view green chemicals as a route to long-term success, but few understand how practical and achievable sustainable processes are today.”

The survey was completed by over 900 ICIS subscribers and readers working globally in the petrochemicals, specialty chemicals, and polymers segments of the chemical industry. The respondents’ roles spanned across strategic (at least 31 percent) and operational (at least 38 percent) functions. Fifteen percent of respondents were in the CEO, chairman or president role.



About Genomatica

Genomatica is focused on producing sustainable chemicals. Genomatica is revolutionizing the chemical industry with groundbreaking technologies that sustainably transform chemical production processes through bio-manufacturing. Founded in 2000 by research scientists from the University of California at San Diego, Genomatica develops a broad range of biologically produced industrial chemicals from a variety of renewable feedstocks at a fraction of the cost.

A privately held company, Genomatica is backed by top Silicon Valley venture capital firms Mohr Davidow Ventures, Alloy Ventures and Draper Fisher Jurvetson. Genomatica is based in San Diego.

About ICIS

ICIS is the world's largest information provider for the chemical and oil industry. It aims to help companies in global commodity markets improve their revenues and profits by providing high quality, timely, commercially useful information, business leads and brand positioning across the globe.

A global team of around 200 people based in London, Houston, Singapore, New York, Washington, San Francisco, Shanghai, Moscow and Mumbai provides its members with definitive global chemical intelligence.

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