



# EcoSynthetix Inc.

**Q3 2014 Results Conference Call**

John van Leeuwen, CEO

Robert Haire, CFO



# Forward-looking Statements

Certain statements contained in this document and any amendment or supplement hereto constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. These statements relate to, but are not limited to, future events or future performance, our expectations regarding the Company's growth, results of operations, estimated future revenues, requirements for additional capital, production costs, future demand for latex-based products, business prospects and opportunities. Forward-looking statements are often, but not always, identified by use of words such as "may", "will", "should", "could", "seek", "anticipate", "contemplate", "continue", "expect", "intend", "plan", "potential", "budget", "target", "believe", "estimate" and similar expressions. Such statements reflect the Company's current views and beliefs with respect to future events, are subject to risks and uncertainties, and are based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements.

Specific forward-looking information contained in this document includes, among others, statements regarding: (i) the price of oil and SB Latex; (ii) the demand for the Company's products including the Company's ability to guarantee successful mill trials; (iii) the Company's competitive advantages and ability to compete successfully; (iv) the nature and characteristics of the Company's intellectual property; (v) the Company's ability to expand production capacity; and (vi) general economic conditions.

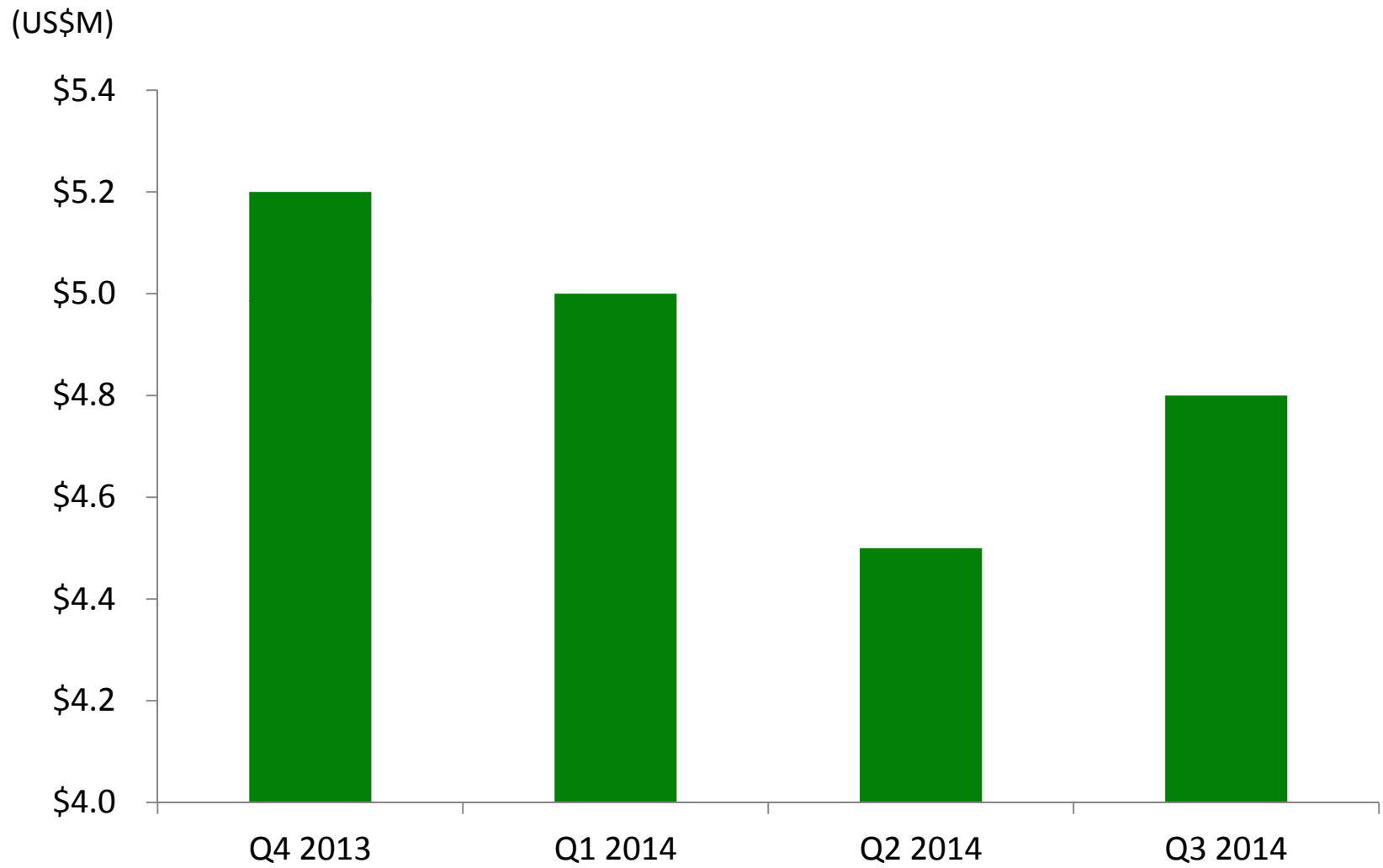
With respect to forward-looking information contained in this document, the Company has made material assumptions regarding, among other things: (i) that the general business, economic and competitive conditions remain favourable; (ii) that our intellectual property rights are adequately protected; (iii) our ability to obtain the materials necessary for the production of our products; (iv) our ability to market products successfully to our customers; (v) that we will continue to face no direct competition; (vi) changes in demand for and prices of our products or the materials required to produce those products; (vii) labour and material costs remaining consistent with our current expectations; and (viii) that we do not and will not infringe third party intellectual property rights. Some of our assumptions are based upon internal estimates and analyses of current market conditions and trends, management plans and strategies, economic conditions and other factors and are necessarily subject to risks and uncertainties inherent in projecting future conditions and results.

Some of the risks that could affect the Company's future results and could cause those results to differ materially from those expressed in the forward-looking information include: (i) an inability to protect, defend, enforce or use our intellectual property and/or infringement of third-party intellectual property; (ii) our dependence on certain customers and changes in customer demand; (iii) the availability and price of natural feedstocks used by us in the production of our products; (iv) the inability to effectively expand our production facilities; (v) variations in our financial results; (vi) increase in industry competition; (vii) the risk of volatility in global financial conditions, as well as significant decline in general economic conditions; (viii) our ability to effectively commercially market and sell our products; (ix) our ability to protect our know-how and trade secrets; (x) company growth and the impact of significant operating and capital cost increases; (xi) changes in the current political and regulatory environment in which we operate; (xii) the inability to retain key personnel; (xiii) changes to regulatory requirements, both regionally and internationally, governing development, production, exports, taxes, labour standards, waste disposal, and use, environmental protection, project safety and other matters; (xiv) enforcement of intellectual property rights; (xv) a significant decrease in the market price of petroleum; (xvi) a shortage of supplies, equipment and parts; (xvii) the inability to secure additional government grants; (xviii) a deterioration in our cash balances or liquidity; (xix) the inability to obtain equity or debt financing; (xx) the ability to acquire intellectual property; (xxi) the risk of litigation; (xxii) changes in government regulations and policies relating to our business; (xxiii) losses from hedging activities and changes in hedging strategy; (xxiv) insufficient insurance coverage; (xxv) the inability to expand technology; (xxvi) the impact of issuance of additional equity securities on the trading price of the Common Shares; (xxvii) the impact of ethical, legal and social concerns relating to genetically modified organisms and the food versus fuel debate; (xxviii) the risk of business interruptions; (xxix) lack of a public market; (xxx) fluctuations in the market price of the Common Shares; (xxxi) our intent to retain earnings; (xxxii) the costs of being a reporting issuer; (xxxiii) the company is a holding company; (xxxiv) tax risks; (xxxv) the impact of changes in interest rates; (xxxvi) the impact of changes in foreign currency exchange; and (xxxvii) credit risk. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors are not intended to represent a complete list of the risk factors that could affect us. Risk factors should be considered carefully and prospective investors should not place undue reliance on forward-looking information.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those anticipated in such forward-looking statements.

Although the forward-looking statements contained herein are based upon what the Company believes to be reasonable assumptions, the Company cannot assure that actual results will be consistent with these forward looking statements. Accordingly, readers should not place undue reliance on forward-looking statements.

# LTM sales





## Convert

Mill trials in paper  
and paperboard into  
customers

## Commercialize

New product-lines  
in building materials

## Accelerate

Product development  
into new additional  
market categories



Strong, late-stage mill trial activity

EcoSphere 2330 driving increased activity

Global top 10 accounts investing in trials

One new customer – 3 wins YTD

Returning to growth with higher  
substitution rates and customer wins

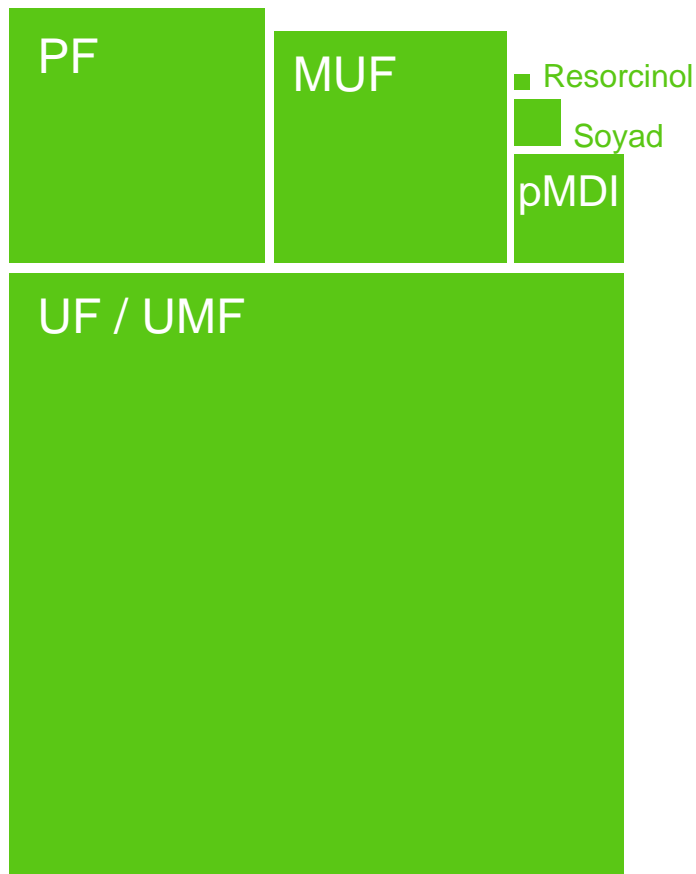


2 new  
product launches

Fast  
growing segment

100%  
drop-in solution

# Wood composites dwarf paper and paperboard



Wood Composite Adhesive Volume

**>32B lbs**

global wood composites adhesive market

**>4B lbs**

global paper & paperboard latex market

Paper & paperboard

Paper & Paperboard Binder Volume

# Wood Composites

The background of the slide features several stacks of wood composite panels, likely oriented strand board (OSB), arranged in a perspective view. The panels are light brown with a visible wood chip texture. The top of the slide has a green gradient background.

Attracting key industry players

Moving closer to commercialization

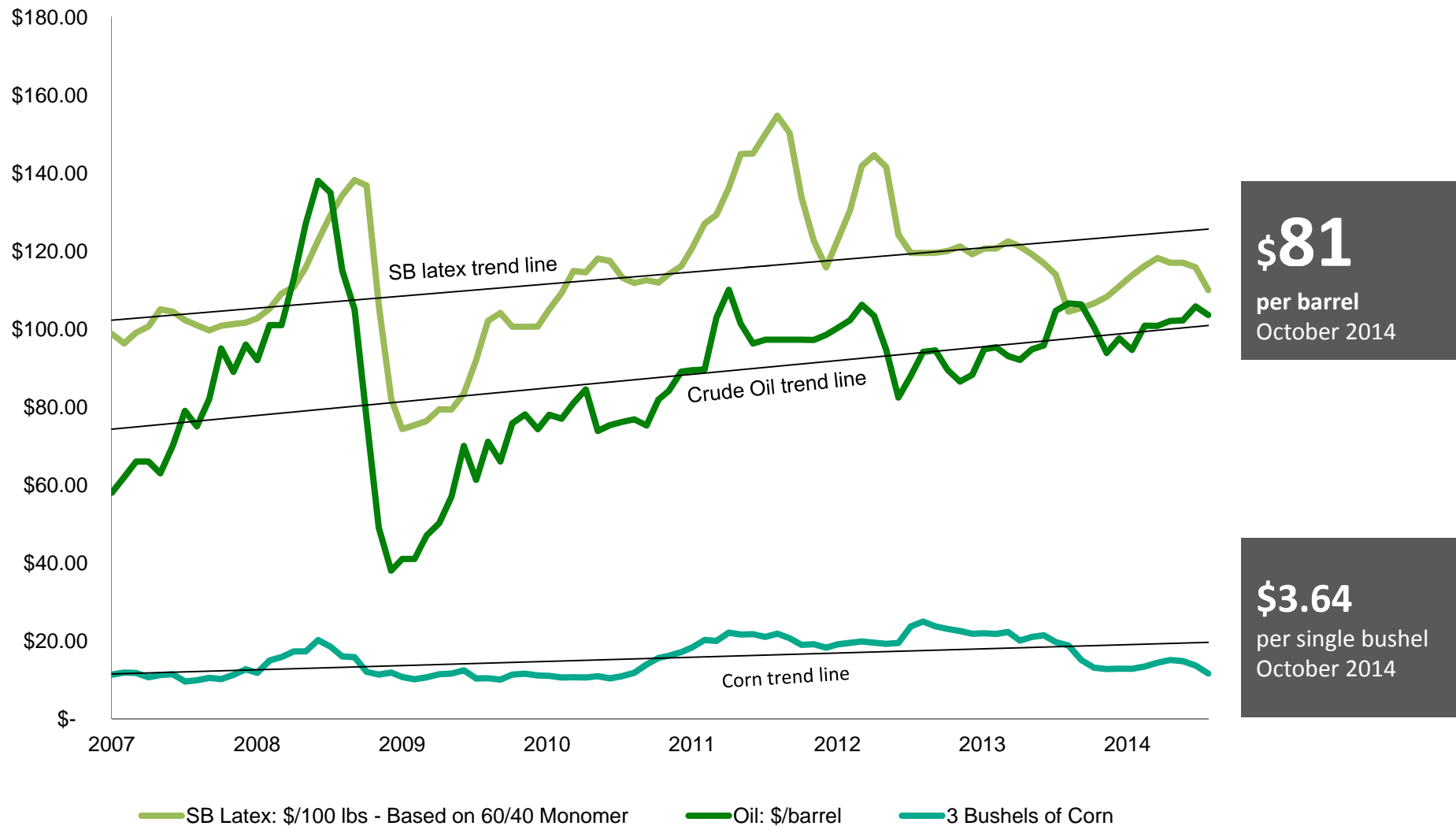
Significant investment from prospects in trials



# Financial summary

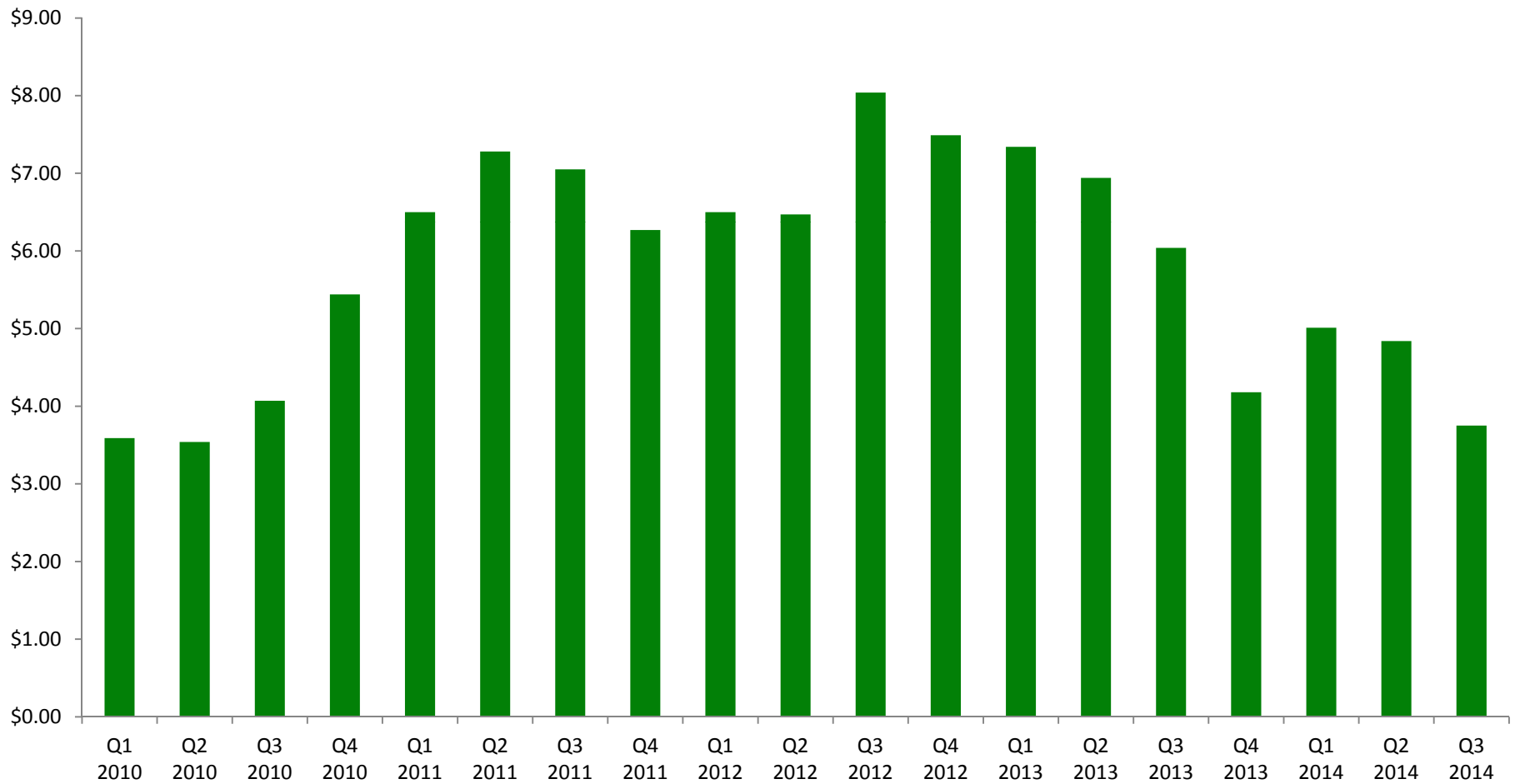
USD millions (except gross margin)	<b>Q3 2014</b>	<b>Q3 2013</b>	<b>YTD 2014</b>	<b>YTD 2013</b>
Revenue	<b>4.8</b>	<b>5.4</b>	<b>14.4</b>	<b>17.1</b>
Gross Profit	<b>0.5</b>	<b>0.8</b>	<b>2.4</b>	<b>2.7</b>
Gross Margin	<b>10.2%</b>	<b>15.5%</b>	<b>16.9%</b>	<b>15.9%</b>
Gross Margin adjusted for manufacturing depreciation and \$0.3M charge to cost of sales	<b>21.2%</b>	<b>20.4%</b>	<b>24.8%</b>	<b>20.8%</b>
Adjusted EBITDA	<b>(3.6)</b>	<b>(3.2)</b>	<b>(9.7)</b>	<b>(9.2)</b>
Cash Balance (September 30, 2014)	<b>70.2 with no debt</b>			

# SB latex prices stalled below historical range



# Quarterly corn prices (\$ per bushel)

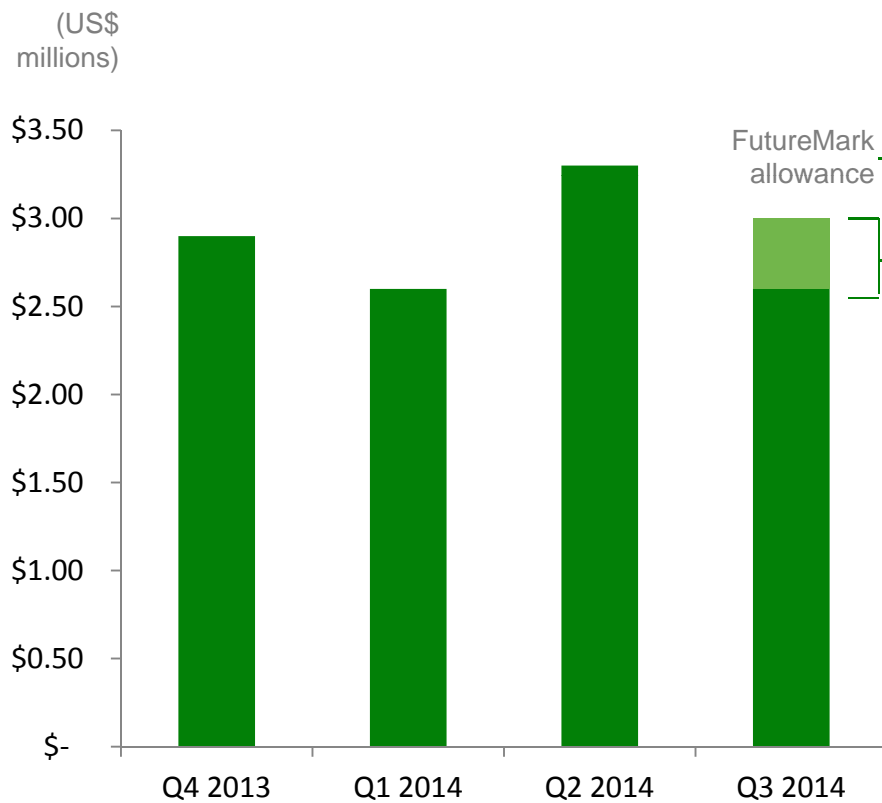
Q3 2014 results based on lower corn prices



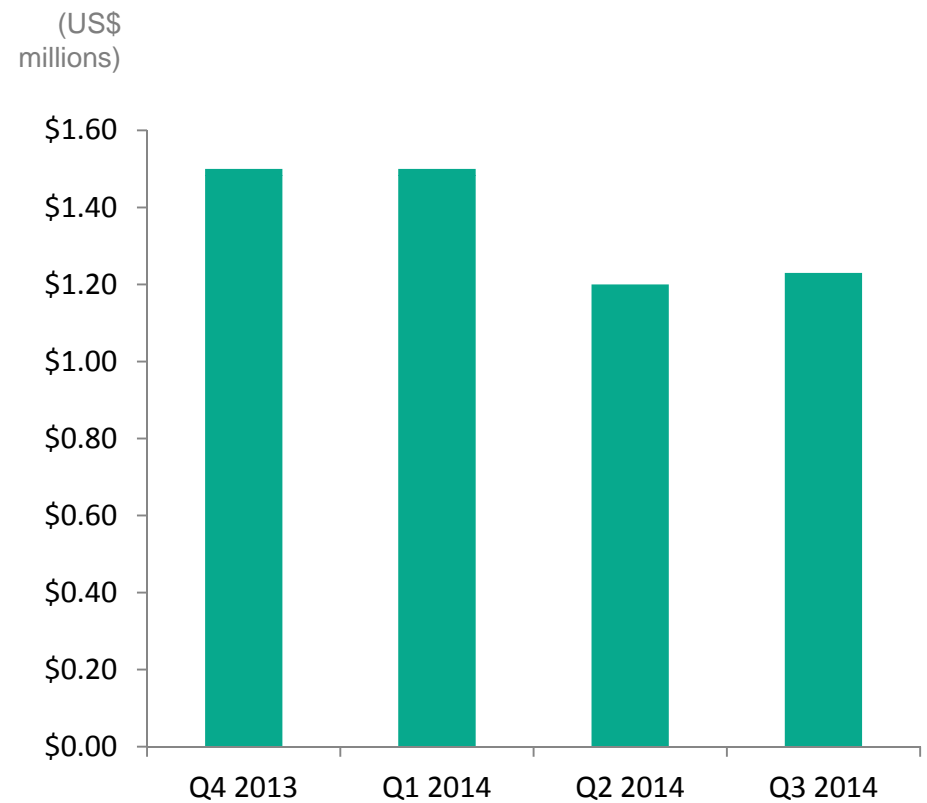
Historical quarterly average price (USDA)

# SG&A and R&D cost structure

## Selling, General & Administrative

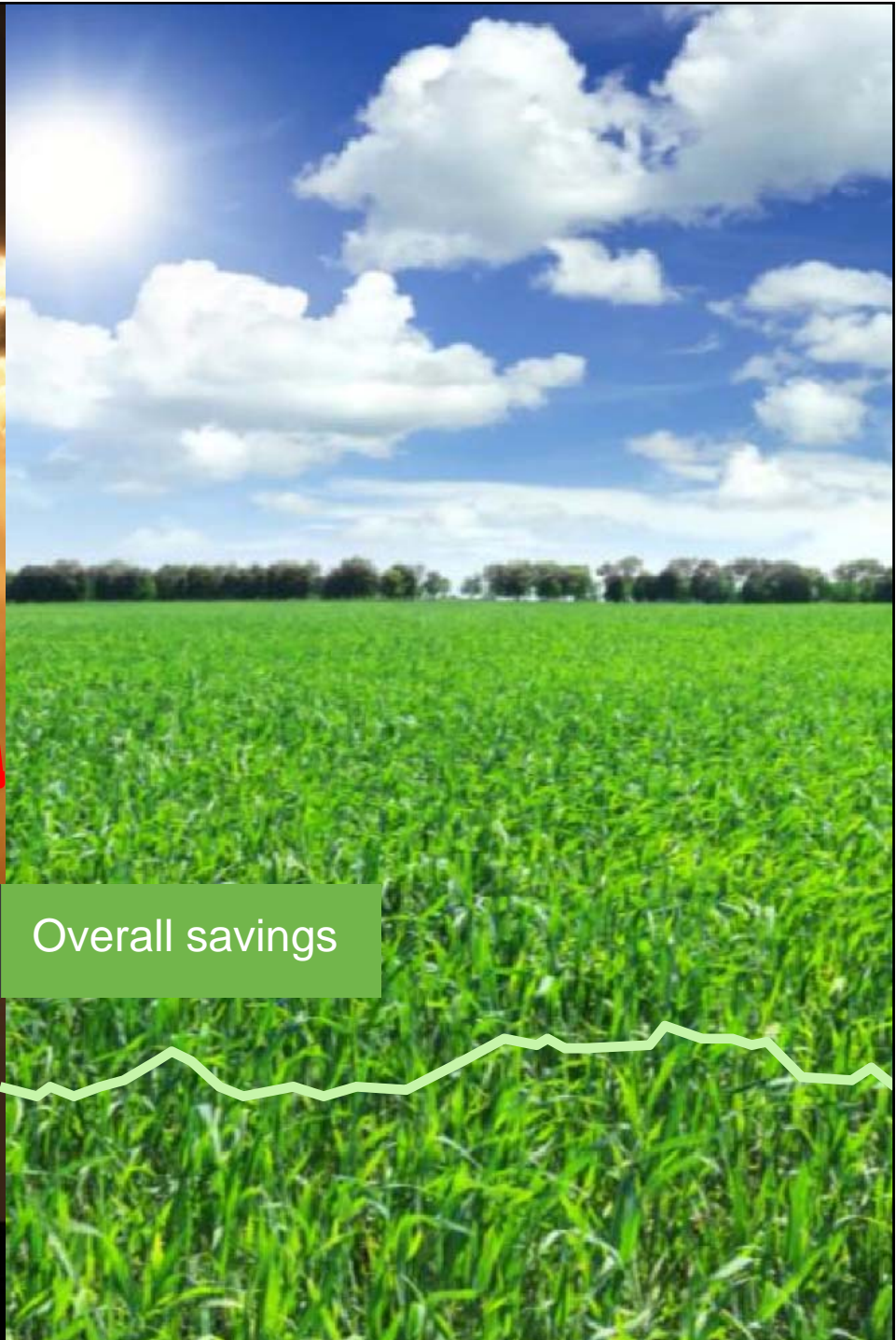


## Research & Development





Volatile price



Overall savings

Well positioned with existing relationships and trial activity

Expanding product offering (EcoSphere 2330, Inkjet)

New products winning business

More product launches are coming (building products, paper)

