Renmatix Secures $14M Investment from Bill Gates and Total, the Global Energy Major, In Concert with Signing of 1 Million Ton Cellulosic Sugar License
It’s the latest energy company that the billionaire has invested in. Billionaire and Microsoft co-founder Bill Gates has invested his funds in yet another company that makes tech for biofuels and biochemicals.

On Thursday Renmatix, which is based in King of Prussia, Penn., announced that it’s raised a funding round of $14 million to continue the company’s long slog towards commercialization. The company has developed a process that converts plant waste and biomass into sugars that can be converted into biofuels and bio versions of chemicals.

Gates led the round, but it also included funds from French oil giant Total, which is a longtime partner of Renmatix. The funding is the first portion of likely a larger round.

Renmatix launched five years ago with an original investment by Silicon Valley venture capitalists Kleiner Perkins, ushered in by then-partner and Sun Microsystems co-founder Bill Joy. A short time later Renmatix managed to convince German chemicals giant BASF to get on board.

Now over the years the company has managed to raise $140 million in an effort to start selling its conversion tech at a commercial scale.

Renmatix CEO Mike Hamilton tells Fortune the company is now transitioning into selling its tech at a larger volume.

For example, Total recently signed a licensing agreement with Renmatix to use the company’s tech to produce one million tons a year of sugars for biofuels or biochemicals. Unlike some other biofuel companies, Renmatix is focused on licensing its technology, instead of building its own refineries. The company has a demonstration scale plant in Georgia which can make three tons of sugars per day, but which isn’t being run on a continuous basis.

The company’s technology uses high temperature and high pressure water to break down plant waste, like wood chips, into sugars that can be used for fuels or chemicals. The company calls it “supercritical hydrolysis,” and the conversion is supposed to be able to be done in minutes, while other conversion processes take days.

Biofuels have faced a difficult market over the past few years. As the price of oil has plummeted, biofuels, which commonly cost more than oil, have become less competitive. Car makers have also started to focus more heavily on electrifying cars, with batteries.

Bill Gates has had a long interest in biofuels. Previously he’s backed now bankrupt biofuel maker KiOR, algae fuel maker Sapphire Energy, and ethanol producer Pacific Ethanol. Gates also has a series of investments in battery companies.

Late last year Gates and a group of billionaires announced their commitment to invest in early-stage high-impact energy companies in an effort to create solutions to fight climate change.

A Renmatix machine that turns biomass into sugar in King of Prussia, Pennsylvania.

Link: http://fortune.com/2016/09/15/bill-gates-backs-renmatix/?iid=sr-link1
(Bloomberg) -- Renmatix Inc., a U.S. biotechnology company, component in this effort must be to decarbonize the industrial received $14 million to commercialize its system for converting wood into cellulosic material that can be processed into fuel and chemicals.

The lead investor in the Series E funding round was billionaire Bill Gates, according to a statement Thursday from King of Prussia, Pennsylvania-based Renmatix. The French oil Total SA also participated, its second investment in the Year. Renmatix’s Plantrose technology uses water at high temperature and pressure to break wood chips and other non-food biomass into sugars that can be converted into biofuels, chemicals and other products. The process reduces the cost of turning organic materials into cellulosic sugars, the company said.

“To effectively address climate change, we need to develop an energy infrastructure that doesn’t emit greenhouse gas and is cost-competitive,” Gates said in the statement. “A critical component in this effort must be to decarbonize the industrial sector. Another is the possibility of cost-competitive biofuels.”

Renmatix has raised more than $140 million to date from investors that also include chemical company BASF SE and the venture capital firm Kleiner Perkins Caufield & Byers LLC, Mike Hamilton, Renmatix’s chief executive officer, said in an interview.

Total also signed a licensing agreement with Renmatix for one million tons of annual cellulosic sugar-production capacity, according to the statement. The fossil fuel company is seeking to make low-carbon businesses account for 20 percent of its portfolio within 20 years.

Renmatix announced in November plans to develop the first Americas, Europe or Asia. It now expects design and construction in 2017. The plant will likely be commissioned by one of the company’s partners.

“The technology was ready,” Hamilton said. “The reality is, with the downturn in the energy complex, the hurdle has become a little higher. Our partners wanted to check their position and reaffirm.
Microsoft founder Bill Gates has joined French oil giant Total in a $14 million investment in Renmatix, a King of Prussia company that has been working since 2008 on processes for turning plant waste into non-petroleum sources for plastics, chemicals, and biofuels.

In a measured statement, Gates called Renmatix’s high-pressure Plantrose refining process for “cracking” waste matter from corn, sugar cane, or lumber into industrial raw materials “an innovative process that is an exciting pathway to pursue.”

Gates said he is betting on promising alternatives to carbon burning, which should make it more profitable for companies to adopt processes that don’t speed up the “climate change” that is boosting world temperatures.

Renmatix plans to announce the $14 million investment by Gates and Total on Thursday. Gates provided more than half that investment, Renmatix chief executive officer Mike Hamilton said in an interview. The company has raised more than $140 million from chemical companies and venture capitalists since 2008, said senior vice president Mark Schweiker, the former Pennsylvania governor.

Total has signed a licensing agreement to produce up to one million tons of cellulosic sugar using Renmatix processes each year. Total also invested as part of an $11 million round of Renmatix fundraising in 2015.

“We want to make low-carbon businesses a profitable growth driver accounting for 20 percent of our portfolio in 20 years,” Total chairman and chief executive Patrick Pouyanné said in a statement.

Total owns factories worldwide, including its Cray Valley USA LLC affiliate’s hydrocarbon-based specialty-chemicals plant in Exton.

At recent prices for similar industrial sugars of about $440 a ton, and under terms common in the chemical-feedstock industry, the licensing deal with Total could bring Renmatix more than $20 million a year, reducing its reliance on outside investors and bringing the Montgomery County company closer to profits for its shareholders as it signs more deals.

Renmatix employs 40 scientists, lawyers, and other professionals at its King of Prussia office and labs. It has acquired a processing plant near Rome, N.Y., and a production demonstration facility in Kennesaw, Ga., but mostly plans to license its expanding portfolio of patents and processes instead of producing materials directly, said Hamilton, a former Rohm & Haas executive.

Earlier Renmatix investors have included BASF, the German chemical company; Kleiner, Perkins, Caufield & Byers, the seminal Silicon Valley venture-capital firm, whose partner John Doerr is a Renmatix director; and David Haas, whose family sold Rohm & Haas to Dow Chemical Co. in 2009. Like Total, BASF plans to license Renmatix technology to produce materials for non-petroleum-based products.

Hamilton and Schweiker acknowledged that petroleum-based producers have felt less pressure to find alternative sources since the price of oil collapsed last year. But given the widespread availability of cheap biomass around the world, Hamilton said, they are confident low-cost processes such as Plantrose will find new markets as the technology is proven.

With its legacy of chemical employers including DuPont Co. and Rohm & Haas, the Philadelphia area has the potential to be an intellectual and business center of the growing biomaterials industry, Schweiker said. Renmatix is exploring licensing agreements with producers in India, Malaysia, Canada, and other markets as well as the United States and Europe, Hamilton said, adding that the Gates investment will be used to develop business agreements.

Renmatix is the leading technology licensor for the conversion of biomass into cellulosic sugar, an enabling feedstock for petroleum alternatives used in the global biochemical and biofuels markets. The company’s proprietary Plantrose™ process challenges conventional sugar economics by cheaply converting cellulosic biomass – from wood waste to agricultural residue – into useful, cost-effective sugars.

Renmatix’s supercritical hydrolysis technology deconstructs non-food biomass an order of magnitude faster than other processes and enhances its cost advantage by using no significant consumables. Renmatix is privately held, with operations in Georgia (USA) currently capable of converting three dry tons of cellulosic biomass to Plantro® sugar per day, and a world-class technical center in Pennsylvania (USA). For more information, visit renmatix.com.

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