Jean-Yves Berthon – CEO, GREENTECH, France



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Jean-Yves Berthon, CEO of French plant biotechnology pioneers GREENTECH discusses the key milestones in the company's development trajectory, diversification plans and potential M&A activity.

Could you please start by introducing GREENTECH and the key milestones in the company's development trajectory to date?

Today widely recognized as one of the early European pioneers of plant biotechnology, GREENTECH was originally conceived as a business venture back in 1992, but it was almost a decade until we attained official status as a pharmaceutical company from the French life sciences regulatory authority, the ANSM.

Our speciality is the extraction, purification and concentration of active molecules derived from plant matter and sourced from expert growers from more than 40 countries around the globe. Essentially we see our job as delving into the science and investigating traditional herbal-based medicine so as to ascertain what kind of active compounds are present in different plants and understand their corresponding therapeutic qualities. Then, harnessing state-of-the-art technologies usually only deployed in pharmacy, we are able to transform and convert these naturally occurring substances into active product ingredients.

A decisive moment in our development trajectory was, without doubt, the 2011 attainment of GMP accreditation, which unleashed us to start manufacturing pharmaceutical grade ingredients and thus enabled us to secure exclusive contracts with big brand pharma multinationals for the supply of plant extraction and APIs. Starting from the seed, we extract the oil and undertake various chemical processes to precipitate and crystalize, covering the full range of complexity and sophistication from extracting the plant “totum” all the way up to 99 percent purity of a single molecule.

How would you describe GREETECH’s core capabilities today?

We are proud to possess an extensive and well-rounded arsenal of skill sets in phytopharmacy encompassing fermentation, ethno-botanics, bio-informatics, molecular modelling and transcriptomic studies. Moreover, we leverage our own patented cryo-extraction technology, which allows us to preserve the quintessence of the plant’s activity. Few of our competitors can match such a comprehensive set of capabilities. We are additionally able to study the mechanisms deployed for the inhibition or stimulation of key enzymes and to define the structural scaffold of the molecules so that we can identify them in nature before extracting them to the necessary concentrations and quantities.

GREENTECH actually appears to comprise several clearly defined and autonomous enterprises each with their own spheres of focus. How do these entities fit together and reinforce each other?

That is absolutely correct. What we have is essentially a tripartite industrial group whose overriding purpose is to promote plant, marine and microbial resources through biotechnology. GREENTECH is devoted to plant active ingredients; GREENSEA, which is based out near Montpellier, deals in marine active ingredients; and BIOVITIS, created much later in 2000, is dedicated to microorganisms and the production of yeasts, fungi and bacteria.

GREENSEA actually operates at the intersection between GREENTECH and BIOVITIS. You could even say it is the bridge that brings the two sides of our business together. On the one hand, GREENSEA performs the extraction and purification of seaweeds and algae, which is very much an extension of what we do for soil-based plants in GREENTECH. On the other hand, it has cultivated an extensive collection of micro-algae and is able to put them in a reactor to create ferments that

modulate the physiology of the microorganism and produce very powerful antioxidants.

As I have already alluded to, one of our distinct competitive advantages is the sheer breadth and synergistic nature of our activities. We are providing simultaneous solutions for the same marketplace, but from different origins – plants, algae and biotech – and can mobilize our expertise around the different disciplines to identify novel solutions. In other words, each of the Group's companies, GREENTECH, GREENSEA and BIOVITIS can intersect their knowledge to open up new horizons and enrich their offering.

Tell us more about your client base and the types of industries that you strive to cater to.

Logically, given the breadth of our activities, we service quite a broad range of business sectors. Some 20 percent of our revenues derive from pharmaceutical players, which includes big-name client accounts such as Sanofi, Merck, Johnson & Johnson and Thea. Dermo-cosmetics is another very important industry sector for us and we are proud to have forged client relationships with small brands all the way up to household names like Pierre Fabre, L'Oreal, Dior and Clarins.

Then, in the nutraceutical or food supplement space, we have successfully positioned ourselves to be able to develop, produce and tailor-make upon request, botanical extracts for functional food applications. Because we exert full management and control over the agronomic production and extraction processes, we can guarantee a regular quality of ingredients and, as such, are performing a thriving business providing botanical extracts and micro-organisms such as prebiotics and probiotics useful in the management of metabolic disorders.

BIOVITIS, meanwhile, has become increasingly well recognized as one of the trailblazers of the concept of "new agronomy" and stands out as the first company to obtain a provisional sales authorization in France for a microbial fertilizer. We consider this to be a large and promising market with great growth potential Moreover, in the Agro-Industry segment, the company does a roaring trade supplying bacterial strains and ferments for the ripening and flavouring of cheese. Today we hold as much as 20 percent of the cheese maturation market in France. That means that one in every five French cheeses contains our microbes!

Are you contemplating any further diversifications?

Our most recent foray is into neurobiology. We are currently busy investigating the nexus between the gut microbiota and neurodegenerative diseases such as Alzheimer's and Parkinson's. Meanwhile, BIOVITIS is presently involved in a study on the axis between the gut microbiota and the lungs in which we compare the population of commensal, symbiotic and pathogenic microorganisms between lung cancer patients and healthy people. If all goes to plan, the conclusions of this study should be released next year.

How would you describe your strategy when it comes to geographic expansion and M&A?

GREENTECH is present indirectly through distributors across some 40 different countries and we have also established 3 subsidiaries outside of France: in Germany, the United States and Brazil respectively. The rationale behind the first two was simply that we were unhappy with the function that our distributors were playing as ambassadors of our brand and spied the opportunity to take over the reins ourselves and go direct.

The rationale in Brazil is slightly different. In 2016, we reinforced our Brazilian offering through the acquisition of an indigenous company called Mapric, which is an entity that was established in the 1980s and specializes in the manufacture and development of bio-actives for the cosmetics industry. When navigating a notoriously complex and tricky market like this, it certainly helps to possess deeper roots and more of an insider perspective. Moreover, Mapric aligns neatly with our own corporate ethos and values. They are, for example, staunchly committed to working sustainably with tribal communities in the rainforest when procuring raw plant material.

Our next target market for establishing a direct presence will actually be Japan, which is another very difficult country to make sense of and do business with, so unsuited to managing the business remotely. Here it is essential to enlist the support of local insiders who understand the very unique local dynamics, which is why we are in the process of teaming up with an indigenous player in the chemicals segment. The intention is to together found "GREENTECH Japan," which will initially focus more on food supplements and dermo-cosmetics than pharmaceuticals. My hunch is that this will be a steep learning curve because Japanese consumers tend to exhibit different behaviours and preferences compared to what we are familiar with in the West. In cosmetics, for example, they tend to eschew perfumed or coloured products and instead prefer neutral characteristics.

How strategically important, then, is the domestic market in France?

Right now, we secure some 40 percent of our revenues from our home market. Of the remaining 60 percent, half come from Europe plus Russia and Turkey. This means we are still very grounded within the European continent and the French market, where we enjoy excellent brand recognition as an iconic company, remains highly relevant to us.

Often people are surprised to learn that we are based out of Auvergne, but actually, this is a part of France with a longstanding industrial tradition especially in life sciences and agribusiness. Not only do we have companies like Thea and Merck within easy reach, but also a pool of 40 thousand students across a variety of disciplines. Also, people tend to forget that Clermont Limagne was the original life sciences Biopôle in France and actually pre-dated that of neighbouring Lyon. We are very proud to have been the first company to actually set up within the Clermont Limagne Biopôle.

How advantageous is it to a French SME like GREENTECH to finally have a pro-entrepreneurship and pro-innovation administration in the Elysee and Matignon?

I think small and mid-sized businesses will feel much emboldened by the Macron administration. This is a president who really understands what is needed to push a business and the sorts of impediments and constraints that one feels on a day-to-day basis as an entrepreneur. Dialogue with government is already much better than it has been for years and the Loi PACTE should go some way towards alleviating the regulatory and administrative burden on innovative SMEs and start-ups. GREENTECH is bigger than that and grapples with different issues, but we too are much encouraged at the arrival of a government that can finally relate to our situation.

We welcome a “government of rupture” that is going to finally attempt to reform a chronically underperforming French economy. My personal concern is that not enough has been done in the initial months of the new administration to reduce unemployment and that significant pushback to the reform agenda is now being felt. You can see this in the “yellow vest” protest movement and a prevailing sense amongst some members of the population that the Macron presidency is just for the rich. Already much of the initial goodwill and political capital of the honeymoon period, right after inauguration, has been expended and unfortunately there is not a lot to show for it in terms of the really radical items on the agenda.

Looking forward, what are your priorities for further developing the business?

In the agronomy sphere, my priority is to press ahead with securing the homologation for bio-control. We have already deposited the dossier and are making good progress towards this objective. I am confident that this is an excellent untapped business niche that can give us a bit of bounce and position the company for a new growth spurt.

In dermo-cosmetics, we are also making headway in consolidating our reputation as one of the leading suppliers of plant-based raw materials. The next step is clearly to win new business in strategically important power-markets like Brazil, the United States and Japan.

In the pharmaceuticals sphere, we are investing heavily in upgrading our hardware and infrastructure to increase capacity. We are actually in the middle of building a new GMP-certificated facility for BIOVITIS comprising 5000-liter fermenters, anaerobic fermentation and a dedicated R&D lab.

Finally, we are looking to partner with big pharma to take our R&D work on the gut microbiota and neurodegenerative disease like Parkinson’s to the next level. We are one of the few entities out there that possess the scientific understanding, the raw materials and the hardware and facilities. Most other actors in this field are start-ups that have been built around a professor and lack any kind of dedicated infrastructure and a secure supply chain. Where we are seeking a partnership is for the process of securing the INN and subsequent development.

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