

Liquid assets

UK metals and alloys technology innovator Metalysis recently raised a further £5.1m to scale up its economically and environmentally efficient production process. The new funding comes from venture capital firm Environmental Technologies Fund along with private equity firm 3i, early-stage investor Chord Capital, private investment company Seven Spires Investments and Cody Gate Ventures. ACQ's Charlotte Abbott talks to Harry Pepper, Chief Financial Officer at Metalysis about the deal and what the funding will be used for.

Metalysis is a leading technology business for the global speciality metals market. The company was established in 2001 and moved to a commercial footing in 2005, when they raised £5m from the VC community.

"As financial director since 2003 I have been responsible for raising finance and building and managing the company from its infancy, through its growing pains, into an organization on the cusp of commercial activity. This has involved working closely with my chief executive Mark Bertolini, with the board, and as part of our small management team."

Metalysis focuses on producing high value metals such as titanium and tantalum, as well as alloys, for global markets. By means of a breakthrough, exclusive technology called the FFC Cambridge Process the company aims to respond to ever increasing demand from some of the world's biggest industries.

"In short, we have a market disruptive technology whose use offers dramatically reduced capital and operating costs, and environmental impact, when compared against traditional, costly and 'dirty' production operations.

"Basically Metalysis specializes in commercialising its technology. We are already producing samples of titanium and tantalum. We plan to generate substantial revenues from the FFC Cambridge process through in-house production of low volume materials, and via joint ventures and licenses of higher volume metals and alloys."

Unique selling point

Metalysis holds the global Intellectual Property and commercial exploitation rights to the FFC Cambridge Process, a unique electrochemical method for reducing metal oxides to pure metal.

"This is done by placing a metal oxide electrode in a molten salt bath to form an electrochemical cell operated at specific voltages. The metal oxide converts to pure metal as the oxygen is drawn off through electrolysis. The process works for alloys as well as for metal oxides and results in a product in a powder form."

This a radically simplified, more efficient and less costly production process when set against established, traditional technology little changed over decades and used around the world. The FFC Cambridge Process also brings very significant environmental benefits. For example it has an approximately 50 per cent lower carbon footprint than the Kroll Process and its variants, commonly used at present in the production of titanium.

"On the technology front, the company is scaling up for commercial entry into both titanium and tantalum markets in 2010. In fact, ahead of our timetable, we are already starting to supply low volumes of metallurgical grade powders to various partners."

£5.1m funding round

If you include the seed capital provided by the University of Cambridge, the deal marks the company's fourth round of capital raising.

"Whilst this round was planned and forecast in early 2007 the financial climate has changed dramatically since then. So it's some considerable achievement for us, still in the pre-commercialisation phase, to have raised a very substantial tranche of new capital investment entirely from our existing Metalysis shareholders. That's a strong endorsement of the Company, its management team, the state of its technology and its scale-up and commercial exploitation strategy.

"Most of the funding will be used to support the scale-up of a novel semi-continuous pilot plant. This is a key part of our programme to prove viability at commercial production levels from 2010. The balance provides working capital and helps build the operations team in preparation for commercialisation."

Looking back

"Looking back at 2008, three highlights come to mind. First is the solid, rapid progress we made in progressing to the successful scale up of our technology and to small-scale production level. Second, we gained agreement from Cambridge Enterprise to our full ownership of the FFC Cambridge Process IPR. Third, the company dramatically changed its culture. We moved away from an R&D orientation towards being a commercially driven, revenue generating, profit making organization. To get there we recruited a new, highly experienced senior management team from relevant industries, in disciplines such as QA, engineering, process development, IPR management and technology scale up."

Looking Forward

"For the rest of 2009 and 2010, we expect Metalysis to continue on track in terms of our technology, production capability, and funding. We also expect to build on our rapid recent commercial progress which has seen a number of approaches by potential partners who had previously looked on us with some scepticism. Not now. "Looking into 2010, this is a critical year for us. We expect to enter into some major commercial partnerships and make significant steps away from our dependence on equity financing.

"We will, then, see a build up to significant revenues from our titanium and tantalum products and from bespoke alloys. Next year should mark a turning point both for Metalysis and very possibly for the markets we address." **ACQ**

DETAILS

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