

CelluComp to scale up production



CelluComp uses a proprietary technology to extract nano-cellulose fibres from the waste streams of root vegetables.

In November CelluComp closed a funding round of £2.4 million. Sofinnova Partners' Green Seed Fund led the deal, joined by the Scottish Investment Bank's Scottish Venture Fund, Claridge, and Dundee angel group Discovery Investment Fund.

CelluComp was formed in 2004 by two material scientists, Dr Eric Whale and Dr David Hepworth, who wanted to produce eco-friendly materials using natural resources. Their nano cellulose product called Curran® is derived from carrots, which have a different cell structure from wood and cotton, the normal sources of cellulose. When used to reinforce resins and polymers, Curran® outperforms carbon fibre and glass fibre in terms of stiffness, strength, and weight. It is also easier and cheaper to produce than other forms of nano cellulose, providing an environmentally sound and economically viable solution to rheology (thickening) and reinforcement in many industries, such as paints and coatings, home and personal care, concrete, oil drilling and composites.

The company's first product was a fishing rod, which it developed and manufactured itself, and sold fully assembled under the Sharpe's of Aberdeen name to which it had acquired the rights. This product helped to validate CelluComp's claims for its materials, but it was recognised that there were larger markets for the use of Curran as a thickening agent in other industries. In paints, for example, Curran® can substantially increase the hardness and anti-cracking features of a product. CelluComp's CEO is Christian Kemp-Griffin, whose background was in the luxury clothing industry. He was referred to Drs Whale and Hepworth by a contact at the RCA while searching for new materials. When they decided to start CelluComp, Kemp-Griffin was one of the first investors, also bringing other angel investors to the company. Since incorporation, the company has had a number of angel rounds, and an investment from the Scottish Seed Fund in 2006. Kemp-Griffin became full-time CEO in 2011, and introduced new investor Claridge in 2012.

Claridge, founded in 1987 by Charles Bronfman, is an investment firm headquartered in Montreal which represents the interests of the Stephen Bronfman family (founders of Sea-

gram). The firm manages a diverse portfolio of third-party investments, as well as direct equity participations in the food industry, real estate, clean technology, renewable energy and entertainment sectors.

Kemp-Griffin had also had discussions with Sofinnova Partners (an independent venture capital firm based in Paris, with €1.3 billion of funds under management) before the current round was started, but at the time the VC did not have a seed stage investment fund. Once the Green Seed Fund was started, this contact was re-opened.

Joško Bobanović, partner at Sofinnova Partners responsible for the Green Seed Fund, commented "CelluComp's approach changes the paradigm in commercial use of nano-cellulose and opens up a range of new applications. We were attracted by its innovative product portfolio, numerous applications verticals and multi-billion dollar markets. Green Seed Fund focuses on European investments in renewable chemistry and I am thrilled to have the opportunity to work with the CelluComp team."

The Discovery Investment Fund, introduced to the deal by Scott Carnegie via Quest Corporate who were assisting the company in sourcing finance and writing their business plan, invested £150k over two tranches.

CelluComp has a range of routes to market. It manufactures the basic product Curran®, both in-house and through sub-contractors, and sells directly to end users. It also has collaboration agreements with companies that need to develop new materials.

The new funding will allow the company to scale up its production – including the development of new premises to provide more control over the operation – and to commercialise its products globally. To this end CelluComp, which currently employs six people, is looking to hire staff with process engineering and coating formulation skills.

CelluComp is open to consider additional collaborations and new ideas to make the most of its platform technology, which has many potential applications not yet investigated; any reader with proposals for such developments should contact Christian Kemp-Griffin at ckgriffin@cellucomp.com.

Company

Company: CelluComp
 Incorporated: August 2004
 Location: Burntisland
 Sector: materials

Contact

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Deal data

Deal date: 27 November 2013
 Amount: £2.4 million
 Investors: Sofinnova, Claridge, Discovery Investment Fund, SIB (SVF)
 Advisers: Linklaters LLP, Quest Corporate, Maclay Murray & Spens