

19 February 2015

ASX ANNOUNCEMENT

WORLD'S FIRST FOOD GRADE SHEEP COLLAGEN

On the first day of the Chinese Lunar Year of the Sheep, Holista Colltech Limited (ASX:HCT) has commercially launched a new food grade sheep collagen under the brand Ovinex™ (www.ovinex.com).

Food grade or oral collagen, often referred to as collagen peptide is made by enzymatic cleavage of the much larger collagen molecule under specific conditions of time, temperature and acidity/alkalinity.

“This process makes the collagen highly soluble and easily digestible and Ovinex™ is as a result of three years of research and development in Australia, the United States and Malaysia,” said Holista Colltech Limited CEO, Dr Rajen Manicka.

The launch at HCT’s plant in Collie represents a major move into a large and growing global food grade collagen market.

“Sheep as a source of collagen is unique and does not present the cultural and religious barriers seen with collagen from cows and pigs. Ovinex™ is also “Halal” certified and we have tremendous protection of our differentiation in terms of a strong patent and several related proprietary technologies,” Dr Manicka said.

The move represents a new and significant source of revenue for the company.

“We are now able to better utilize our collagen extraction patent and our collagen processing facility in Collie. So far, we have only been in cosmetics. This is a business where we merely sell 1 per cent or one gram of collagen a month. With this new food grade collagen, we sell the 5 grams a day or 150 grams a month – that is a potential growth of 150 times. The beauty is that the hydrolyzed collagen can also be turned in cosmetics in many instances,” Dr Manicka said.

Director Daniel O’Connor who had lead much of the development work in Australia including the effort to upgrade the plant said that “we were able to complete this innovation because of some dedicated scientists across Australia and with some financial help of the Australian Government.”

According to a market report published by U.S. based market research company, Transparency Market Research “**Collagen Peptide and Gelatin Market - Global Industry Analysis, Size, Share, Growth, Trends & Forecast, 2014 - 2020**” the global collagen peptide market was valued at USD 0.7 billion in 2013. It is estimated to reach a market worth of USD 1.1 billion in 2020 - growing at a CAGR of 6.8 per cent from 2014 to 2020.

Geographically the collagen peptide market is segmented as North America, Europe, Asia-Pacific and the rest of the World.

North America accounts for the largest market share in the global collagen peptide market in 2013, owing to large number of R&D practices, strong awareness about nutraceuticals and wide use of cosmeceuticals.

“The Asia-Pacific, driven by largely by China, Taiwan and Japan, is estimated to grow strongly and emerge as the most promising and fastest growing market during the forecast period from 2014 to 2020. This growth is expected to be driven by factors such as the strong use of collagen in traditional Chinese Medicine, steadily increasing industrialization and increased awareness towards nutrition and personal well-being,” Dr Manicka said.

The global collagen peptide market is consolidated and is dominated by selective players operating at the global level, such as, Rousselot International, PB Gelatin, GELITA AG, Nitta Gelatin and Weishardt International Group. Rousselot International was the market leader in collagen peptide market in 2013, followed by GELITA AG and Roxlor LLC.

Holista's patent on the process is valid until 2023 and another sheep collagen player is not likely to emerge on the strength of the patent.

The global collagen peptide market is segmented into Bovine, Porcine, Marine and Chicken.

"We expect massive demand for this product in applications such as bone and joint health, pet food, pharmaceuticals, cosmeceuticals, nutraceuticals, food and beverages, the wound healing market and regenerative medicines," said Dr Manicka.

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