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AMRS - Q4 2015 Amyris Inc Earnings Call

EVENT DATE/TIME: MARCH 09, 2016 / 9:30PM GMT

THOMSON REUTERS

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PRESENTATION

Operator

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Peter DeNardo *- Amyris, Inc. - Director of Investor Relations & Corporate Communications*

Thank you, Brian. Good afternoon and thank you for joining us this afternoon. With me today are John Melo, our Chief Executive Officer, and Raffi Asadorian, our Chief Financial Officer.

Please note that on this call you will hear discussions non-GAAP financial measures. Reconciliations of these non-GAAP measures to the most comparable GAAP financial measures is contained in the news release distributed today, which is available at investors.amyris.com. The current report on Form 8-K furnished with respect to our press release is also available on our website as well as the on the SEC's website at SEC.gov.

During this call we will make forward-looking statements about events and circumstances that have not yet occurred, including projections of Amyris' operating activities, our plans to potentially divest a business, and financial results for 2016 and beyond. These statements are based on management's current expectations and actual results of future events may differ materially due to risks and uncertainties, including those detailed in the Company's recent SEC filings and the risk factors section of its quarterly report on Form 10-Q filed with the SEC on November 9, 2015.

Amyris disclaims any obligation to update information contained in these forward-looking statements, whether as a result of new information, future events, or otherwise. Please refer to the Amyris SEC filings for a detailed discussion of the relevant risks and uncertainties.

Before we begin today, I'd like to note that included in our webcast is a slide presentation we will refer to in today's presentation. I'll now turn the call over to John Melo. John?

John Melo *- Amyris, Inc. - CEO*

Thank you, Peter. Good afternoon and thank you for joining us today. During 2015, we made significant progress in applying our technology to advance our mission of making renewable products mainstream. We are achieving this with a product mix that we believe is profitable at about $30 a barrel.

We are delivering better-performing products that are competitively priced and provide our partners better economics and the most confident path to delivering innovation to their consumers. We believe this is the best way to make renewable products mainstream.

We completed the year with our third consecutive quarter of double-digit product sales growth, and delivered 150% of sequential product revenue growth from the first quarter through the fourth quarter of 2015. We are on track to continue this growth for the next few years.

The fourth quarter was our most successful quarter to date in terms of new products being commercialized through our partners, and also our best performance in new customer orders and commitments. The combination of the successful commercialization and the new customer commitments has generated a product mix that enables us to be profitable on a gross margin basis at $30 a barrel, and underpins 88% of our anticipated 2016 product revenue and about 74% of our expected 2016 collaboration inflows.

Our commercial and operational performance has not been perfect. We continue to have challenges in predicting our GAAP revenues due to the complexity of our product finishing steps and the final acceptance process for some of our applications. We are delivering a wide range of very disruptive high-value products to our customers, and in some cases, this requires several different finishing steps at several different contracted sites.

We experienced shipping delays in the fourth quarter that negatively impacted our GAAP revenue for the quarter by over $15 million. We expect this will be recognized over the next few quarters as we ship and smooth out our revenue recognition. Despite this problem, our core engineering and fermentation manufacturing activities are delivering as expected and on time.

Over the next several minutes, I will review some of our performance highlights and our strategy and plan for the next several years. I will then pass it to Raffi for our 2015 financial results and then we will end our call with 2016 expectations. Now, let's talk about our 2015 and fourth-quarter performance highlights.

In 2015, and in the fourth quarter in particular, we advanced five major applications to commercialization. We generated our first revenue from the sale of farnesene for use as a monomer in making tires for commercial sales. We are very excited about the performance of our material in passenger car tires and the value of our partnership with Kuraray. We view this as a very good early success after three years of development.

We delivered farnesene as a better-performing raw material for two fragrance ingredients to two of the top five fragrance companies in the world. These are two disruptive applications where we are replacing the current raw material source and delivering value to our partners. Both of these are occurring after just two years of application development.

We delivered our first volume for the industrial scale up and commercialization of our first nutraceutical product. This is for a leading Chinese supplier where we are partnering to deliver a highly innovative solution into this particular end market.

In addition, we delivered our first farnesene for a large-scale industrial adhesive to Cray Valley for expected commercialization in 2016. And we contracted one of the largest DARPA collaborations to date, worth up to $54 million over four years. This has the potential to significantly increase the number of platform molecules in our portfolio, and supports our continued investment in our core technology and our ability to maintain our competitive advantage as the leading synthetic biology platform in the world, as recognized by our partners and collaborators.

In mid-2015, we entered into our first food ingredient collaboration where we are making very good progress and have an opportunity to also be very disruptive in the beverage business globally, while advancing a drive to healthier drinks. We successfully launched two new consumer brands and started applying our technology to the health sector where we have our roots from the original malaria project we started with the Gates Foundation. The Biossance consumer brand has been gaining strong acceptance, and in the first quarter of 2016 completed a very successful first show on the Home Shopping Network.

Our focus on the health sector has led to very advanced discussions with four major pharmaceutical collaboration opportunities, two of which we expect to close before mid year. In addition to these collaborations, we are in the early development of applying our technology to address the

Zika and malaria-carrying mosquitoes. This project is very interesting and, if successful, we believe can potentially provide a fast path, and what we believe is the safest deployment of a technology to control the spread and substantially eliminate these disease-carrying mosquitoes.

Our focus on the health sector is consistent with the rest of our business. We are providing strategic supply solutions to the world's leading pharmaceutical companies, and also providing them an opportunity to rapidly develop new innovation. We are not in the discovery business or in the business of commercializing new drugs. We're in the business of helping our customers and our partners deliver on their targets.

We reduced our exposure to diesel sales during the end of the fourth quarter and have exited most of our diesel sales at the start of this year. This will have a $6 million to $7 million positive impact on our gross margin dollars. And the revenue will be replaced by higher-value farnesene sales to our industrial partners.

We achieved our lowest farnesene manufacturing cost to date at $1.75 a liter during the year. And we expect to deliver for full year, 2016 pharmacy and production costs averaging about $1.85 a liter. We continued our track record of delivering on all our partner-paid collaboration milestones.

We improved our balance sheet by converting $175 million of debt to equity, while adding $82 million of fresh capital to continue supporting our growth. We did all this while facing significant headwinds for our sector, with oil prices reaching new lows during the year, and significant currency headwinds that combined drove a $6 million to, $7 million increase in cash losses beyond our plan, and $11 million in negative GAAP revenue impact for the year.

Now, let me cover our strategy and our business plan for the next few years. Our strategy is to apply the world's leading capability to engineer microbes that make chemicals the world needs at a lower cost and from a sustainable source material, and to continue delivering these renewable products to our partners by scaling them at our successful industrial fermentation factory in Brazil. This is the only industrial scale factory that has now successfully scaled production of four different commercial molecules from highly engineered organisms.

Our business model for doing this is through strategic partnerships with a partner, resolving a strategic supply chain problem with a sustainably sourced material that is higher performing and lower cost than their current raw material source, or when they're looking for significant and rapid innovation to their current product portfolio. These partnerships have more than covered our direct R&D costs for the last four years, and we expect these to keep growing into the future as we expand into new end markets.

So, in summary, we engineer renewable chemistry and deliver high-performance products at a competitive price that solve problems for the world's leading brands, while delivering better business results for them. We call this our ability to enable companies to do well by doing good. This is our path to making renewables mainstream. This is our core business.

We have several technologies and activities in our current portfolio that are not considered part of our core business going forward. We are in the process of divesting these activities and expect to generate $40 million to $60 million in net proceeds from the sale of these assets. We are in an active sales process for one of these assets that we expect to represent a significant portion of our target net proceeds.

The non-core activities in our portfolio have represented 10% of our sales and collaboration activity since 2012, and are about 20% of our cash expense. Cash expenses include production losses and OpEx cash, or operating expense, directly connected to these activities.

Simplifying our product and technology portfolio will enable much greater focus. And, I expect profitable future growth from our strategic partners and relationships where we have generated over $200 million of revenue and collaboration inflows since 2012. This is where we experienced significant growth in new applications during 2015 and where we believe we will be most successful in helping the world make renewables become mainstream.

So, let me translate these statements of strategy to some specific activities you can expect from us as a result of this focused strategy. First, $40 million to $60 million of net proceeds from the sale of assets, mostly in the second half of 2016 with some coming in early 2017. Exiting diesel sales, a product mix that is profitable at $30 a barrel oil. This should deliver $6 million to $7 million of improvement to our gross margin.

Third, continued strong partnership and collaboration with Total, as we supply farnesene for specialty fluids and high-value chemical applications, and continue to work toward long-term competitive biojet fuel production. Fourth, two to three new major collaborations yearly, supporting approximately $50 million to $60 million of collaboration inflows a year. We expect our cash operating expense, our cash OpEx, to be about $70 million to $75 million annually.

We expect farnesene demand to be sold out by the end of 2016. We're selling out our Brotas capacity by the end of 2016 based on the new customers and agreements that commercialize at the end of 2015.

We expect to implement a partner-funded flavor and fragrance plan at Brotas, enabling us to debottleneck Brotas and provide capacity, standard capacity, through middle of 2018. Currently, 88% of our 2016 and 2017 product demand is underpinned by existing customers, and 74% of our collaboration inflows are agreed or in the contracting stage.

We are focused on three core end markets -- health, consumer, and industrial specialty chemicals. We are focusing our go-to-market on a strategic collaboration model, what we call SCM, for product sales and technology partnerships.

We will continue to partner with some of the world's leading institutions to focus on applying our technology platform to address global health issues. We expect to be participating further in leveraging our original roots by helping to eradicate malaria, and are in process of developing a potential solution to control the spread of the Zika virus. We expect our partnership model and focused product portfolio to deliver on average 50% to 60% direct gross margin.

We are energized by our continued progress and the further focus of our business. 2015 provided us with a good opportunity to assess what we do best and evolve our path to grow and help make renewables mainstream. We have invested more in our technology than any of our peers, and have successfully achieved the scale and stability of our technology that has not yet been attained by anyone else.

We believe that the clarity we have regarding our strategy and the traction we're experiencing after several years of partnership and scaling our technology are finally coming through in the commercialization of disruptive products in the personal care and industrial specialty chemical markets. We are expecting some of the same success in the healthcare markets and continue to share in the strategy of our long-term partner, Total, of delivering competitive renewable jet fuel by 2020.

Let me now turn to Raffi for a detailed financial result and then I will provide our outlook for 2016.

Raffi Asadorian - *Amyris, Inc. - CFO*

Thank you, John, and good afternoon, everyone. We enter 2016 with positive momentum, having more collaborations and product sales opportunities in our pipeline than in previous years.

As John already discussed, we encountered a short-term delay in shipping our second F&F product in the fourth quarter, as well as a delay in executing a large collaboration agreement that was planned. Both are on track to be closed in 2016.

Finishing steps on the delayed F&F product are currently being completed, and product will begin shipping this month, which should contribute around $5 million of revenue, the majority of which will be recognized as revenue in Q1. We expect an additional $5 million to be shipped later this year. The closing of the collaboration agreement that was delayed from the end of 2015 is targeted for roughly the third quarter of this year.

Before reviewing our results for the quarter I would like to take a moment to discuss our recently closed financing, leverage and cash position. As we announced last month, we closed $20 million in financing with Board-affiliated investors, which was the first milestone of our plan to bridge to a positive free cash flow year in 2017.

This plan includes monetizing certain non-core assets to focus on our core product and technology portfolio. In line with this focus, on our core business, as mentioned earlier, we are reducing our operating costs to provide additional flexibility in our plan.

Finally, if required, we will continue to manage liquidity needs, as we have in the past, with the expected support of our shareholders, our equity facility with Nomis Bay and an ATM agreement that was recently agreed. We have no current plans on using these facilities.

We continue to focus on improving the balance sheet to ensure we are properly capitalized to support the expected ramp up in sales growth from existing and pipeline collaborations and the a product sales pipeline entering 2016. We successfully reduced our debt by $142 million in 2015 and are targeting further improvements during this year. We will update you on our efforts in the coming months.

Now, let's move on to the fourth quarter. Fourth-quarter GAAP revenues were $9.8 million compared to $8.6 million in Q3 and $11.6 million in the year-ago quarter. The $9.8 million consisted of $5.2 million in product revenue and $4.6 million in collaboration revenues.

Q4 recorded product revenues increased 24% over Q3 2015 and 11% over Q4 2014. This growth was evenly distributed between our personal care and industrial businesses, which benefited from the initial impact of new, long-term, high-volume farnesene supply contracts for new customer applications.

Q4 2015 represents our third quarter of consecutive double-digit product sales growth, increasing 150% from the first quarter of 2015. The product mix remained constant with Q3 as a result of the delayed F&F shipments. However, this mix is expected to improve significantly in 2016 as we wind down low-priced loss-making fuel sales.

Q4 collaboration inflows of $2 million increased 25% from Q3 and 60% from Q4 2014. The $2 million collaboration inflows in the quarter were related to milestones achieved across four different partnerships, illustrating improved collaboration and business diversification.

On a GAAP basis, Q4 collaboration revenues of $4.6 million increased 6% over Q3 and declined from $6.9 million in Q4 2014. The declined relates to the timing of certain F&F milestones achieved and the recognition of inflows in 2014.

In summary, Q4 was another consecutive revenue growth quarter but fell short from a GAAP revenue perspective. Adjusting for certain revenue recognition items plus the delay in shipping our F&F products, our revenues for Q4 2015 would have been $20.7 million. These adjusting items are expected to be recognized as revenue in 2016.

Q4 cost of products sold was $11.3 million compared with $9.3 million for the fourth quarter of 2014. Excluding inventory provisions, excess capacity and depreciation, adjusted cost of sales was $7.8 million in the fourth quarter.

Adjusted gross margin in the quarter was 25.5%, which was in line with Q3 2015 but lower than Q4 2014, which had higher collaboration revenues, driven by milestone timing, and due to an unfavorable mix of lower ASP fuel sales in 2015. With the decision to reduce our low ASP and loss-making fuel sales, gross margins are expected to return to historical levels.

During the year, we made significant progress in continuing to reduce our farnesene cash production costs. Our average cost per liter for the full year of 2015 was $2.51 per liter compared with an average of $3.40 per liter for the full year of 2014. As John mentioned, a new farnesene production producing strain was initially tested at Brotas in December and is showing promise in further reducing costs.

Moving to operating expenses, fourth-quarter adjusted operating expenses, representing combined R&D and SG&A expenses, excluding stock-based compensation and depreciation and amortization, were $20.3 million, which was in line with the same quarter last year as we reduced our R&D and G&A costs, offset by increased sales and marketing spend supporting the launches of our new direct-to-consumer brands. We have and will continue to reduce our overall operating expenses as we focus on our core business and improved efficiency.

Moving to cash flows, cash flows during the fourth quarter were higher than planned, driven largely by the delay in closing the large collaboration expected in Q4, which is now expected to be closed approximately mid 2016. And the delay in shipping our F&F product to our partner moved to 2016.

Collaborations remain key cash flow contributor in addition to fueling the Company's innovation engine and is a core part of our business model. Compared to Q4 of last year, the main driver of the decline relates primarily to working capital timing, combined with lower gross margins driven by an unfavorable product mix, as mentioned above.

Our reported a net loss for Q4 2015 was $41.9 million or $0.23 per basic share. There were several large non-cash, nonrecurring type charges negatively impacting the net loss for the quarter, including a gain on extension of debt and fair value accounting for the embedded derivative liability, offset by an impairment charge taken on the assets within our terminated SMA joint venture and other intangible asset impairment charges and reserves. After adjusting for these items, plus non-cash stock compensation, our adjusted net loss for the quarter was $34 million or $0.16 per share.

In summary, although fourth-quarter GAAP revenues were negatively impacted by the F&F shipment delay, we entered 2016 with positive momentum in our collaboration and customer product pipelines. This momentum, combined with the carryover of what was expected to be delivered in the fourth quarter, provides us confidence in delivering on our plan for the year. We've laid a solid foundation for sustainable growth, and, as our business outlook shows, we anticipate strong year-over-year revenue performance and improved gross margins.

Pioneering a new technology for commercial use will mean that we will almost certainly encounter short-term bumps in the road over the near term. However, we continue to remain confident as we believe we have the best technology, the best partners and the best employees in our space to deliver on our plans and our promises.

Now let me turn the call back to John to discuss our 2016 outlook and then open up for questions.

John Melo - *Amyris, Inc. - CEO*

Thanks, Raffi. We are well-positioned to move our business and benefit from our technology platform, industrial manufacturing and partnership business model. We need to continue our short-term focus on cost management while we grow our product revenue and collaboration inflows.

We expect our non-GAAP revenue for the year of between $90 million and $105 million. We have 88% of the product revenue underpinned by existing customers and about 74% of the collaboration inflows agreed are in contract stage. We expect the current partnerships in commercial applications to deliver a minimum of 50% annual revenue in collaboration inflow growth for 2017 and beyond.

We expect the quarterly timing and visibility of GAAP revenue to be somewhat choppy through mid 2016 as we continue to reach commercialization of additional product applications. We are seeing that once applications are commercial, and have some sales history, and we are through the early product delivery pains, the revenue becomes much more predictable.

We expect two to three major new collaborations yearly for the next two to three years as we continue to deepen our position in our target end markets. Each of these collaborations provide annual cash payments, and we expect will generate $30 million to $50 million in annual product revenue once the products we deliver reach commercial maturity.

We currently have 14 strategic agreements and are now in commercial production with half of these partners. We believe we are now reaching over 150 million consumers through more than 470 leading product brands. These consumers are experiencing better-performing products while doing better for our planet. This is a start. We have much more to do.

Our partners and customers recognize our technology platform and production capability as best in class. We continue to attract and retain the leading scientists and collaborators in the world. Over 80% of our Company is owned by seven shareholders who have continued to support our Company and who are committed to our long-term focus on maintaining our technology advantage and delivering renewable products for the mainstream.

We are not a portfolio management company. We are in the business of delivering disruptive technology to our partners. This focus is making us better and I believe is accelerating our growth.

Thank you for your support as we continue building our business and making renewable products the better choice. I would now like to open the line for any questions you may have. Brian, can you help us?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Amit Dayal, Rodman & Renshaw.

Amit Dayal - *Rodman & Renshaw - Analyst*

Thank you. Good evening, guys. In regards to the outlook, the $90 million to $105 million revenue range, could you break down what percentage is collaboration, products, and our own branded products that we have just recently launched?

John Melo - *Amyris, Inc. - CEO*

Sure. By the way, good afternoon, good evening to you. And I will break that down for you as the simplest way to say it is, it's about 50-50, half collaboration, half products. And in the products, it is about 50% -- 50% to 60% are flavor and fragrance and personal care sales. And then I'd say most of the rest is in industrial with a very small percentage coming out of health for the product side.

Amit Dayal - *Rodman & Renshaw - Analyst*

Got it. Perfect. Thank you so much. I missed some of your commentary on the shipment delays that were seen in the fourth quarter. Obviously you've indicated in the press release you're going to capture all of it hopefully by the end of the year. What drove these delays? Could you give us some color? Was it more on the customer side of things? Was it on our side? Are there possibilities for these types of hiccups to happen in the future? Just some color on what happened and what we've done to mitigate this for the future.

John Melo - *Amyris, Inc. - CEO*

Sure, I'm happy to do that. It was on our side, not the customer side. And it was a product that I might say was the majority. I'd say over 90% of this was a specific project that requires several finishing steps, and those finishing steps are done at contract manufacturing sites. And one of those sites, the development work was not complete on time by the third party, which required us to have to step in and finish the development work at the site to then be able to process the product. And that caught us by surprise going into early December.

We now have made the changes at the site. The site is processing the product correctly. The customer has validated and accepted product coming from that site and we expect to not have an issue going forward.

But the issue was on our side. It was related to the finishing of the product, and it was related to a contract manufacturing site that needed to do a chemical finishing step that they were not prepared to handle in the timing that they had committed to.

Amit Dayal - *Rodman & Renshaw - Analyst*

Got it. Moving on to your announcement with DARPA, could you give us any color on any progress with that agreement? Are you starting to potentially recognize some of that grant revenue, if you will? Is that part of the guidance, as well?

John Melo - *Amyris, Inc. - CEO*

We actually received payment for the first milestone today and are on track -- about $1 million, I think. So, the first $1 million got paid today, and are on track and really excited about that collaboration. What's exciting to us is, all the new products or new molecules that come out of that collaboration, we have rights to commercialize. And we see that as significantly expanding the platform in the future beyond pharmacy. And unlike our other collaborations where it's delivering for a partner, in this collaboration the product is ours to commercialize.

Amit Dayal - *Rodman & Renshaw - Analyst*

Got it. Understood. Breaking down this guidance for the year, should we expect this to be more heavily weighed towards the second half of the year? It's difficult to project quarterly estimates here, so any guidance in terms of how we can model 2016 out would really be helpful.

John Melo - *Amyris, Inc. - CEO*

Yes. You could almost think of it as 40/60 -- 40% first half, 60% second half. And when you think about that 40/60, think of it as building from where we finished the fourth quarter, not that different in the first quarter, and then a step up in the second, and then again equally divided for the remaining 60% in the third and the fourth quarter.

Amit Dayal - *Rodman & Renshaw - Analyst*

Got it. That's all I have. I will step back in queue. Thank you.

Operator

Sven Eenmaa with Stifel.

Sven Eenmaa - *Stifel Nicolaus - Analyst*

Thanks for taking my questions. First, I wanted to ask as a follow-up on the flavor and fragrance delay, is the contract manufacturing process requiring you to recertify the product with or get the new level of acceptance on that product from your customer and how long will that take?

John Melo - *Amyris, Inc. - CEO*

I know everyone in my room is saying the answer is no but I didn't hear the question, so would you mind repeating that question?

Sven Eenmaa - *Stifel Nicolaus - Analyst*

The question is whether you guys will need to recertify for your finishing steps.

John Melo - *Amyris, Inc. - CEO*

No. The process was certified and approved upfront and we validated off the first production that the process met the customer standard. The issue is really related to the factory not being ready to produce at the scale we needed. This is actually a major application. It's an important one for the partner, and the volume was such that the plant was not ready to meet our needs.

Sven Eenmaa - *Stifel Nicolaus - Analyst*

Got it. The second question I had was, in terms of your revenue guidance for the next year, you're prorating a non-GAAP rate range. The difference between GAAP and non-GAAP, only the revenue recognition on the collaboration revenues? Or is there something else?

John Melo - *Amyris, Inc. - CEO*

It's predominantly revenue recognition on the collaborations. We don't really have much else in the plan that affects the GAAP recognition.

A good assumption for you is the ratio of that recognition to actual inflows should not be that different this year, 2016, versus 2015. Those are always unpredictable. But, again, just looking at the standard, what we get in when milestones come in, I don't expect it to be that much different in the ratio of what the total inflows are to what gets recognized as GAAP.

Raffi Asadorian - *Amyris, Inc. - CFO*

Depending on how we end up closing any agreements and the structure of those agreements.

Sven Eenmaa - *Stifel Nicolaus - Analyst*

And the collaboration, what caused the collaboration delay in the fourth quarter? Was there something you needed to do on an R&D front or what was that? Because this just seems to be here from over six months shift out for one of the agreements you contemplated.

John Melo - *Amyris, Inc. - CEO*

Yes. We were actually moving down a path with a specific customer and then found another customer that was interested in the same platform, and ended up entering into a competitive process rather than closing with a partner we had. So, that just lengthened the process. It's unfortunate but we felt right business judgment to take a bit longer and create more of a competitive process rather than walking in with one partner.

Sven Eenmaa - *Stifel Nicolaus - Analyst*

I see. And, finally, I wanted to just ask a couple quick questions. In terms of asset sales you're contemplating, what did you specifically guide to? You mentioned some of the fuels. What is else included there? And the last question, what was average ASP in the quarter? Thank you.

John Melo - *Amyris, Inc. - CEO*

I think I got the first part of the question but not the second part. I think the first part of the question was related to, in the non-core, what's included, is that correct?

Sven Eenmaa - *Stifel Nicolaus - Analyst*

Yes.

John Melo - *Amyris, Inc. - CEO*

And then the second part of the question?

Sven Eenmaa - *Stifel Nicolaus - Analyst*

Average selling price in the fourth quarter for the products, renewal products sold.

John Melo - *Amyris, Inc. - CEO*

I will have Raffi take the second part and I will take the first part. We are not disclosing what is in the non-core bucket mainly because it obviously involves a lot of pieces both internally and externally. What I can tell you is that, although I call fuels being discontinued, I did not consider fuels as something we're actually monetizing.

So, when I think about non-core, I'm specifically talking about assets we're monetizing, and fuel is not in that bucket. And they are all activities that we are currently in the commercial phase with. That's probably all I can say about that at this time.

Raffi Asadorian - *Amyris, Inc. - CFO*

And on your second question, Sven, I think it was regarding the ASP, the average selling price, for the products, there will be some fluctuation because of such big differences on certain, for example, F&F products versus specific strain products. It will definitely be higher than we had in 2015 overall for the year, driven largely by much higher F&F products. I don't want to give specific numbers but it will be significantly higher in the first quarter, with an average for the year probably around the $6 per KG. But the first quarter will be much higher than that.

Sven Eenmaa - *Stifel Nicolaus - Analyst*

What was in the fourth quarter, if you don't mind disclosing?

Raffi Asadorian - *Amyris, Inc. - CFO*

The fourth quarter was around $3 per KG.

Sven Eenmaa - *Stifel Nicolaus - Analyst*

Thanks so much.

John Melo - *Amyris, Inc. - CEO*

Sven, just to highlight that and the point Raffi made, in the fourth quarter I believe we had minimal flavor and fragrance revenue. I'd say probably about $100,000 or so, but very minimal revenue. As we go into 2016, flavor and fragrance as a whole, if I think about payments as well as product shipments, will represent north of, or right around $30 million for us. So, about a third of the overall business.

And I think that just emphasizes where our shift in ASP comes from. That is a significant material part of the business and has a big impact on our ASP. I think our long-term ASP range, as this mix gets adjusted out, getting into that, call it, $4 to $6 range, is something we see now based on the agreements we have in place.

And then all of that translates into the picture I gave during the call about a 50% to 60% blended direct gross margin, meaning when you consider collaborations and products, about 50% to 60% are direct gross margin going forward. And that's really, call it, in the 50% range in the next couple of years and then in the back half, between now and 2020, getting up to about 60%.

Sven Eenmaa - *Stifel Nicolaus - Analyst*

Well understood. Thanks so much.

Operator

(Operator instructions).

Thomas Boyes, Cowen and Company.

Thomas Boyes - *Cowen and Company - Analyst*

Thanks for taking my call. I just had two quick questions. Obviously given the focus around commercializing all of these new avenues, the branding and things that are associated with that, how should we think about operating expenses over the next couple quarters?

John Melo - *Amyris, Inc. - CEO*

Thomas, thanks for being on the call. I think, and Raffi can jump in here also, I would say slightly down in the first quarter from the fourth quarter and then really hitting the run rate by the end of the second quarter. And the run rate that we indicated is this $70 million to $75 million in total spend for the year, which you could expect to be at that run rate by the end of the second quarter.

Thomas Boyes - *Cowen and Company - Analyst*

Okay. My other question was how many new strains are you working on currently that are under development? And do you expect to be able to commercialize any of them in 2016 or 2017?

John Melo - *Amyris, Inc. - CEO*

2016 and 2017 both will probably have three to four new products hitting commercialization. And this year there is one to two new strains that we expect to be new products to market.

Thomas Boyes - *Cowen and Company - Analyst*

Okay. Great. Thank you very much.

Operator

Thank you. There are no additional questions. I will turn the call back over to Amyris' Chief Executive Officer John Melo for closing comments.

John Melo - *Amyris, Inc. - CEO*

Thanks, Brian. And I really want to thank everybody for making the call. I'll give you back some time either this evening or this afternoon and I appreciate the continued support. We are looking forward to a strong 2016. Thank you.

Operator

Ladies and gentlemen, this does conclude today's program. You may all disconnect. Everybody have a wonderful day.