

Company Accsys Technologies PLC
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ACCSYS TECHNOLOGIES PLC

TRADING UPDATE

Accsys, the chemical technology group, today announces a trading update, based on the unaudited figures for the year ended 31 March 2018.

- Accoya[®] sales volumes up by 7% to 42,676m³, with a 15% increase in the second half following resolution of some operational and expansion related matters in the first half;
- Total revenue up 8% to €61m;
- Accoya[®] gross margin improved in the second half as expected, following price increases, although reflecting significant volumes sold to Medite and Rhodia at lower prices and without the benefit of any Accoya[®] licence income which is now expected in next financial year;
- Accoya[®] plant expansion construction nearing completion with commissioning commenced to increase annual capacity by 50% to at least 60,000m³, with additional volumes expected to be available later this quarter;
- Continued and strong pent up demand for Accoya[®]; significant increase in sales volume, largely from repeat customers, together with gross margin benefit is expected following the increase in capacity; and
- Construction of Tricoya[®] plant in Hull remains on track for completion mid calendar 2019; supported by continued strong sales of Tricoya[®] panels and the new licence agreement with FINSA, announced in March.

Commenting, Paul Clegg, CEO of Accsys, said *"It has been a strong finish to the year, although we have been capacity constrained with all our customers on allocation. Our revenues, sales volumes and margins were all up in the second half. We have also made good progress with our two significant building projects, which are on track to increase our manufacturing capacity of both Accoya[®] in Arnhem and Tricoya[®] in Hull. Good demand for both Accoya[®] and Tricoya[®] continues to drive sales momentum. I am also encouraged by the continued high level of interest for potential partnerships for both Accoya[®] and Tricoya[®] from around the world highlighted by the recent licence agreement with FINSA giving us confidence that we can increase our manufactured sales to take advantage of our new capacity and our IP, for the benefit of shareholders and customers alike in the current year."*

On 1 May, we announced the purchase of the land and buildings occupied by the Accoya® plant in Arnhem, conditional upon finalising financing terms. Ownership of the land will secure greater flexibility over the use of the land for a comparable financial commitment to the previous lease arrangement, as well as any potential value appreciation.

Our preliminary announcement of financial results for the year ended 31 March 2018 is expected to be made on 19 June, 2018.

ACCSYS TECHNOLOGIES PLC

TRADING UPDATE

Accsys, de chemische technologiegroep, kondigt vandaag de trading update aan over de niet-gecontroleerde cijfers voor het jaar eindigend op 31 maart 2018.

- De verkoopvolumes van Accoya® stegen met 7% tot 42.676m³, met een groei van 15% in het tweede halfjaar na het oplossen van enkele operationele en uitbreiding gerelateerde kwesties in het eerste halfjaar;
- De totale omzet is gestegen met 8% tot € 61 miljoen;
- De brutomarge van Accoya® verbeterde in het tweede halfjaar zoals verwacht, na de prijsverhogingen, maar weerspiegelt ook de significante volumes die aan Medite en Rhodia werden verkocht tegen lagere prijzen en zonder het profijt van de Accoya®-licentie-inkomsten, die nu voor het komende boekjaar worden verwacht;
- De bouw van de uitbreiding van de Accoya®- fabriek is nagenoeg gereed en de voorbereidingen voor de inbedrijfstelling om de jaarlijkse capaciteit met 50% te verhogen tot ten minste 60.000m³ zijn in volle gang. Naar verwachting zullen later dit kwartaal extra volumes beschikbaar komen;
- Een aanhoudende en sterk stijgende vraag naar Accoya®; een aanzienlijke toename van het verkoopvolume, grotendeels met terugkerende klanten, samen met een brutowinstmarge-verbetering wordt verwacht als gevolg van de capaciteitsverhoging;
- De bouw van de Tricoya®-fabriek in Hull verloopt volgens plan om midden 2019 voltooid te zijn; ondersteund door de aanhoudend sterke verkopen van Tricoya-panels en de nieuwe licentieovereenkomst met FINSA, die in maart werd aangekondigd.

In zijn commentaar merkte Paul Clegg, CEO van Accsys, hierbij op *“Het was een sterke afsluiting van het jaar, en ondanks het feit dat wij levering aan al onze klanten moesten limiteren in verband met de beperkte productiecapaciteit, waren onze inkomsten, verkoopvolumes en marges allemaal hoger in het tweede halfjaar. Wij hebben ook goede vooruitgang geboekt met onze twee belangrijke bouwprojecten, die goed op weg zijn om onze productiecapaciteit van zowel Accoya® in Arnhem als Tricoya® in Hull te vergroten. Goede vraag naar zowel Accoya® als Tricoya® blijft het verkoopmomentum stimuleren.*

Ik ben ook bemoedigd door de aanhoudend grote belangstelling uit de hele wereld voor mogelijke partnerschappen met zowel Accoya[®] als Tricoya[®], hetgeen benadrukt wordt door de recente licentieovereenkomst met FINSA, die ons het vertrouwen geeft dat wij de verkoop van gefabriceerde producten kunnen verhogen om voordeel te trekken van onze nieuwe capaciteit en ons intellectuele eigendom ten behoeve van aandeelhouders en klanten in het huidige jaar.”

Op 1 mei hebben we de koop van de grond en gebouwen van de Accoya[®]-fabriek in Arnhem aangekondigd, onder voorbehoud van afronding van de financiering. Eigendom van de grond en gebouwen verschaft ons, tegen vergelijkbare financiële verplichtingen dan huur, meer flexibiliteit voor de toekomst en mogelijke waardevermeerdering.

Onze preliminaire aankondiging van de financiële resultaten voor het jaar eindigend op 31 maart 2018 zal naar verwachting plaatsvinden op 19 juni 2018.

Ends

For further information, please contact:

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Notes to editors:

Tricoya[®] Consortium In March 2017, Accsys announced the formation of the Tricoya[®] Consortium to fund, build and operate the Tricoya[®] plant in Hull, UK. Members of the consortium include BP and the leading manufacturer of sustainable wood-based panels, Medite Europe DAC. Tricoya Ventures UK Ltd (TVUK), a subsidiary of Accsys, owns and will operate the Tricoya[®] plant. TTL exploits all Tricoya[®] related intellectual property and benefits from any Tricoya[®] related revenues other than those generated by the Tricoya[®] plant. The Tricoya[®] plant is expected to have an initial capacity of 30,000 metric tonnes of Tricoya[®] chips per annum, enough to produce approximately 40,000m³ of Tricoya[®] panel products per annum. The Tricoya[®] plant is expected to reach EBITDA breakeven at approximately 40% design capacity and to take approximately four years to reach full capacity following completion. The location of the Tricoya[®] plant at Saltend Chemicals Park in Hull allows for expansion when market conditions dictate.

Accsys Technologies PLC (www.accsysplc.com) is a chemical technology group whose primary focus is on the production of Accoya[®] wood and Tricoya[®] wood elements, technology licensing via its subsidiary, Titan Wood Limited, which has manufacturing operations in Arnhem, the Netherlands (through its subsidiary Titan Wood B.V.), a European office in London, United Kingdom, an American office in Dallas, Texas (via its subsidiary Titan Wood, Inc.) and technology licensing associated with the acetylation of wood elements via its subsidiary Tricoya Technologies Limited. Any references in this announcement to agreements with Accsys shall mean agreements with either Accsys or its subsidiary entities unless otherwise specified. Accsys Technologies PLC is listed on the

London Stock Exchange AIM market and on Euronext Amsterdam, under the symbols 'AXS'. Accsys' operations comprise four principal business units: (i) Accoya[®] wood production; (ii) building and operating of Tricoya[®] wood chip acetylation plant in Hull; (iii) technology development, focused on a programme of continuous development of and improvements to the process engineering and operating protocols for the acetylation of solid wood and the development of technology for the acetylation of wood elements; and (iv) the licensing of technology for the production of Accoya[®] wood and Tricoya[®] wood elements across the globe.

Accoya[®] Wood (www.accoya.com) is produced using Accsys' proprietary patented acetylation technology that effectively converts sustainably grown softwoods and non-durable hardwoods into what is best described as a "high technology wood". Distinguished by its durability, dimensional stability and, perhaps most importantly of all, its reliability (in terms of consistency of both supply and quality), Accoya[®] wood is particularly suited to exterior applications where performance and appearance are valued. Moreover, the Accoya[®] wood production process does not compromise the wood's strength or machinability. The combination of dimensional stability, durability and retained strength means that Accoya[®] wood offers a wealth of new opportunities to architects, designers and specifiers. These benefits result in lower maintenance and total cost of ownership while using a higher sustainable and environmental responsible building material. For a full archive of Accoya[®] news, visit www.accoya.com/news.

Tricoya[®] Wood Elements (www.tricoya.com) are produced using Accsys' proprietary technology for the acetylation of wood chips and particles for use in the fabrication of panel products such as medium density fibreboard and particle-board. These products demonstrate enhanced durability and dimensional stability which allow them to be used in a variety of applications that were once limited to solid wood or man-made products. Exploitation of Accsys' proprietary technology relating to Tricoya[®] Wood Elements is carried out through Tricoya Technologies Limited. Tricoya[®] Wood Elements are lauded as the first major innovation in the wood composites industry in more than 30 years.

Wood Acetylation is a process which increases the amount of 'acetyl' molecules in wood, thereby changing its physical properties. When carried out to a sufficient level throughout the wood, this process protects wood from rot by making it "inedible" to most micro-organisms and fungi, without - unlike conventional treatments - making it toxic. It also greatly reduces the wood's tendency to swell and shrink, making it less prone to cracking and ensuring that, when painted, it requires dramatically reduced maintenance.

Accsys Technologies is the trading name of Titan Wood Limited. ACCOYA[®], TRICOYA[®] and the Trimarque Device are registered trademarks owned by Titan Wood Limited ("TWL"), a wholly owned subsidiary of Accsys Technologies PLC, and may not be used or reproduced without written permission from TWL, or in the case of the Tricoya[®] registered trademark, from Tricoya Technologies Limited, a subsidiary of TWL with exclusive rights to exploit the Tricoya[®] brand.