



Sydney, Australia

INTERIM RESULTS PRESENTATION

For the six months ended
30 September 2019

Architect: Kengo Kuma



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28 November 2019

ACCSYS EXECUTIVE TEAM



Paul Clegg
Chief Executive Officer

Paul assumed the role of Chief Executive Officer in August 2009.

Prior to this, he was CEO of Cowen International, subsequent to its sale by Société Générale in 2006. Before this, he ran SG Cowen International, part of the Société Générale Group, from 2000 to 2006.

Paul will remain a board member until 31 December 2019 to ensure a smooth transition of responsibilities to Rob Harris.



William Rudge
Executive Finance Director

Will was appointed Financial Director in October 2012; previously he was Financial Controller between 2010-12.

Prior to this he qualified as a chartered accountant with Deloitte in 2002 and subsequently gained a further six years' experience in their audit and assurance department.



Robert Harris
Chief Executive Officer Designate

Rob will become CEO on 20 November 2019. He brings significant experience from across several industrial sectors, including chemicals, oil, metals, renewables and speciality products.

He spent c.20 years with BP PLC and Exxon-Mobil and most recently was CEO, Europe at Eco-Bat Technologies Limited, a global energy storage product recycling business with sustainable values and annual revenues exceeding £1bn.

OVERVIEW OF ACCSYS

Changing wood to change the world

We use our unique patented technology to create consistently high performing, sustainable wood products that enable new opportunities for the built environment.

Our process is extremely efficient and locks carbon into long-life products that give the world a choice to build sustainably.



Our products are

Durable

They are highly durable and outperform the very best tropical hardwoods

Stable

With resistance to shrinkage and swelling, our products offer outstanding dimensional stability for use outdoors and in varying moisture conditions.

Sustainable

They are produced from fast-growing, abundantly available FSC® certified wood species.

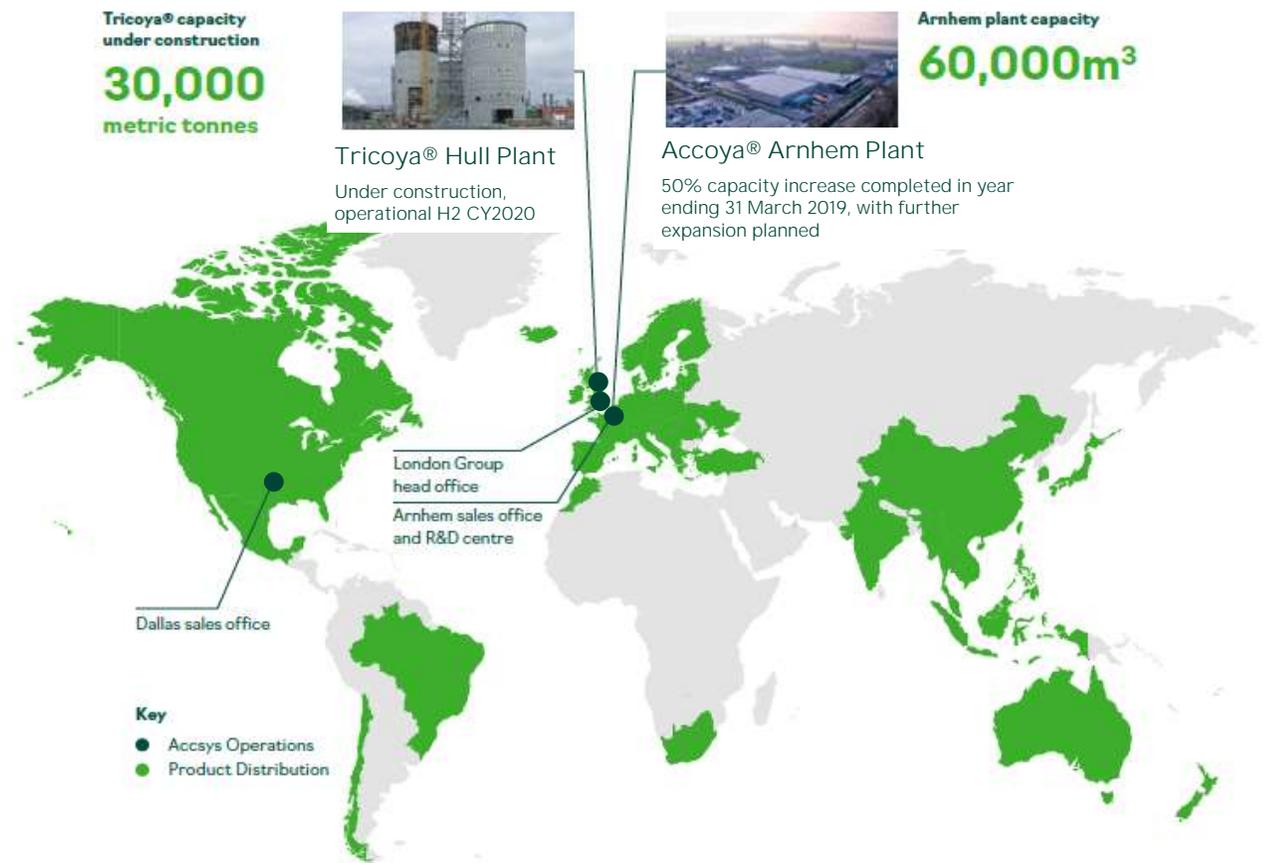
50 year

warranty above ground and 25 years in ground or freshwater

Over **75%** reduction in swelling caused by moisture uptake



Where we operate



OVERVIEW – INTERIM RESULTS

- Strong demand, increased manufacturing capacity & higher selling prices driving revenue growth
- Higher volumes, economies of scale, improved margin - increasing profit
- Group EBITDA up €3.9m to €2.5m (H1 FY19: loss of €1.4m)
- Accoya® EBIT up 303% to €5.3m (H1 FY19: €1.3m) reflecting the benefit of 3rd Accoya® reactor coming on stream
- Preliminary design and planning progressing well to add a 4th Accoya® reactor expected to increase capacity by 33% to 80,000 m³
- Hull Tricoya® plant construction progressing, expected to be operational in second half of 2020 calendar year – delay resulted in emphasis of matter in interim results
- Positive start to second half of financial year with Board's expectations unchanged

REVENUE

€44.0m +39%
from H1 FY 19

GROSS MARGIN

29.1% 22.2%
H1 FY 19

ACCOYA® EBITDA

€7.6m +171%
from H1 FY 19

INTERIM FINANCIAL RESULTS

Six months ended 30 September 2019

FINANCIAL HIGHLIGHTS

€ million	H1 FY20	H1 FY19	Change %
Sales volume (m ³)	28,113	21,379	32%
Total Group Revenue	44.0	31.6	39%
Gross Profit	12.8	7.0	83%
Gross Margin	29.1%	22.2%	
Underlying EBITDA	2.5	(1.4)	
Underlying EBIT	(0.4)	(3.0)	
Period end net (debt) balance	(59.3)	(34.2)	

Strong financial performance for H1 FY20 – Group EBITDA: **€2.5m**
12 months of positive EBITDA

SEGMENTAL SUMMARY

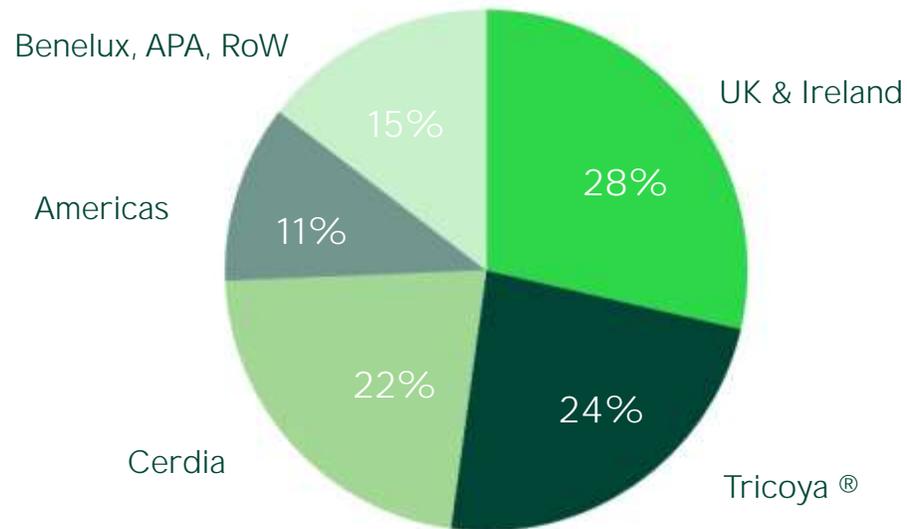
H1 FY20	€m	Accoya®	Tricoya®	R&D and Corporate	Group
Total revenue		43.7	0.3	0.0	44.0
Gross profit		12.5	0.3	0.0	12.8
Underlying EBITDA		7.6	(1.1)	(4.0)	2.5
Underlying EBIT		5.3	(1.3)	(4.4)	(0.4)

H1 FY19	€m	Accoya®	Tricoya®	R&D and Corporate	Group
Total revenue		31.1	0.5	0.0	31.6
Gross profit		6.9	0.1	0.0	7.0
Underlying EBITDA		2.8	(1.2)	(3.0)	(1.4)
Underlying EBIT		1.3	(1.3)	(3.0)	(3.0)

SIGNIFICANT REVENUE GROWTH

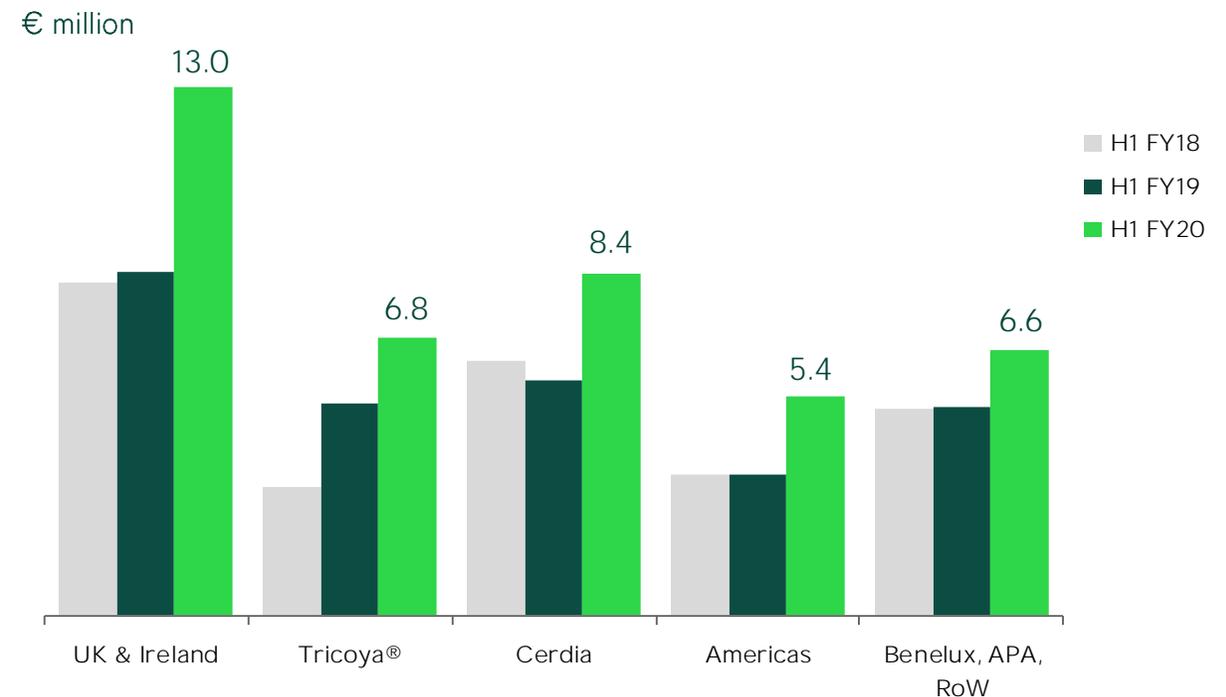
- Revenue growth across all regions – Accoya® wood revenue up 43% for the period vs H1 FY19
- 22% increase in volumes to MEDITE & FINSA to support Tricoya® market seeding

Sales volume by region/purpose



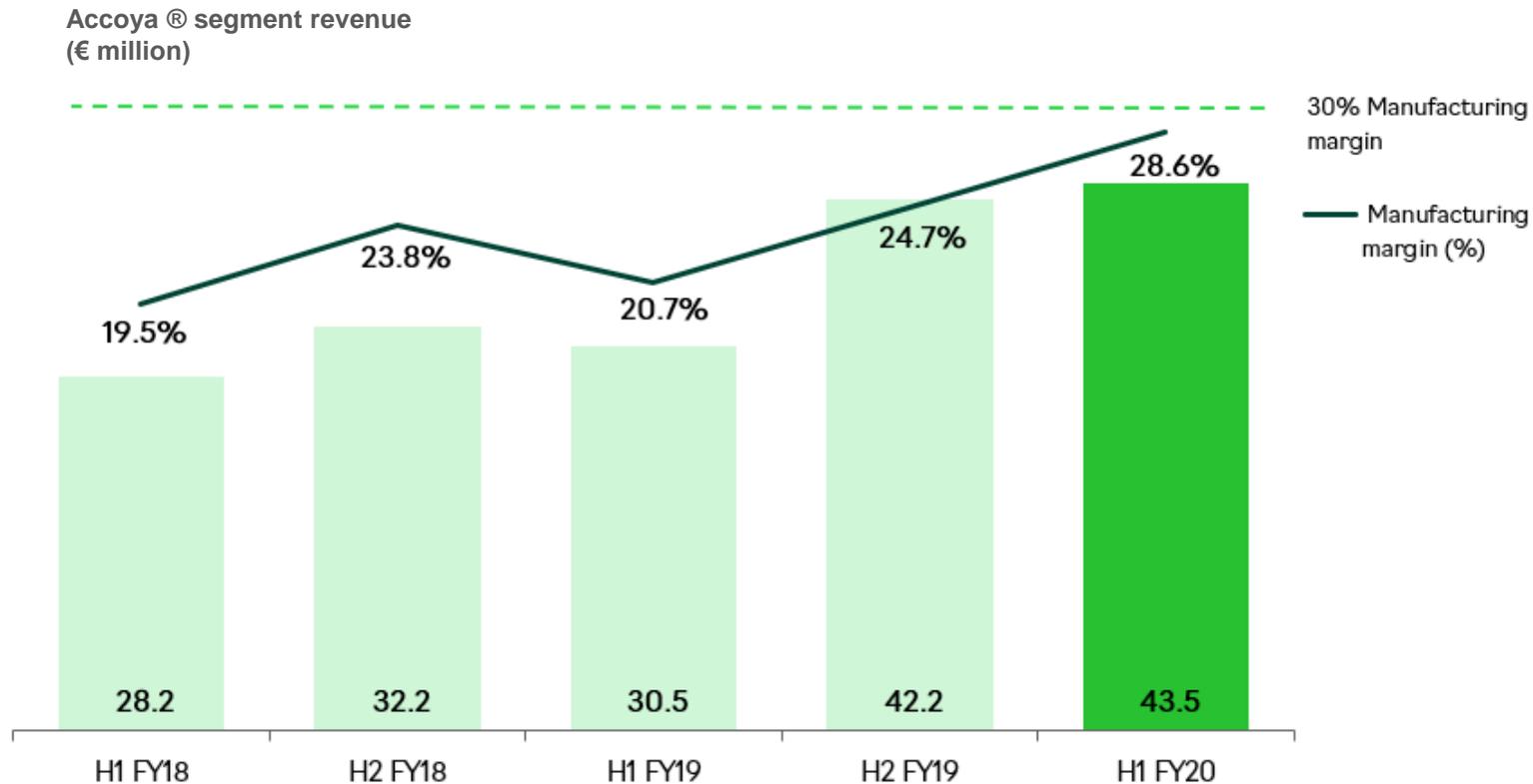
Total volume sold : 28,113 m³ (H1 FY19: 21,379 m³)

Accoya® wood revenue by region/purpose



PROFITABILITY

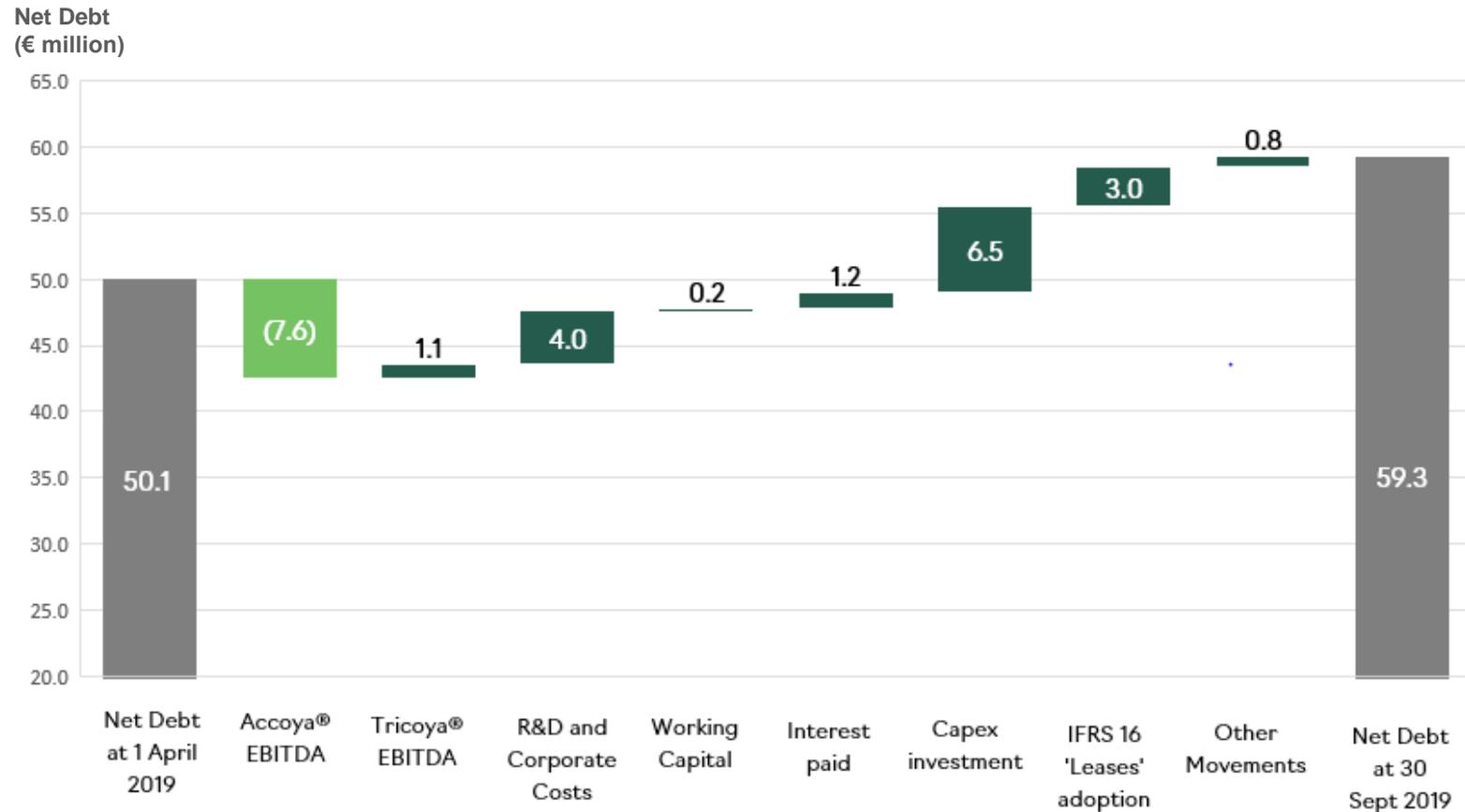
Accoya® segment revenue, and manufacturing margin



- Accoya® manufacturing margin increased to 28.6% from 20.7% (H1 FY19) as a result of:
 - Sales volumes up 32%
 - Higher sales prices
 - Improved sales product mix
- Annual maintenance stop completed in the first half
- 46% of H1 FY20 Accoya® volumes sold for Tricoya® production & market seeding, or to Cerdia (discounted, lower margin sales)
- On track to deliver 30% Accoya® gross margin

Accoya® segment revenue above excludes licence income and other income, predominantly for marketing services.

MOVEMENT IN NET DEBT



- Accoya® underlying EBITDA up 171% to €7.6m
- Tricoya® EBITDA reflects its pre-operating position
- Capex investment of €6.5m reflecting continued progress on the Tricoya® plant in Hull
- IFRS 16 'Leases' standard adopted

Other movements include tax received, investment in intangible assets, interest received, proceeds from sale of own shares, other operating cash flows, other financing costs

ACCSYS IN ACTION

Helsinki, Finland

The 'Wood City' complex in Helsinki uses wood extensively for both structure and finish, with Accoya® cladding.

Architect:
Anttinen Oiva



STRATEGIC INVESTMENT FOR FURTHER PROFITABLE GROWTH

Arnhem Accoya® Plant Expansion:

- Arnhem plant operating at full capacity from end of FY19, planning underway for fourth reactor – to increase capacity from 60,000m³ to 80,000m³

Tricoya® Hull Plant Completion:

- Construction work at Hull progressing – c. €54m capex invested to date by TVUK; expected to be operational in H2 2020 calendar year, with targeted capacity of 30,000 metric tonnes of Tricoya® wood elements

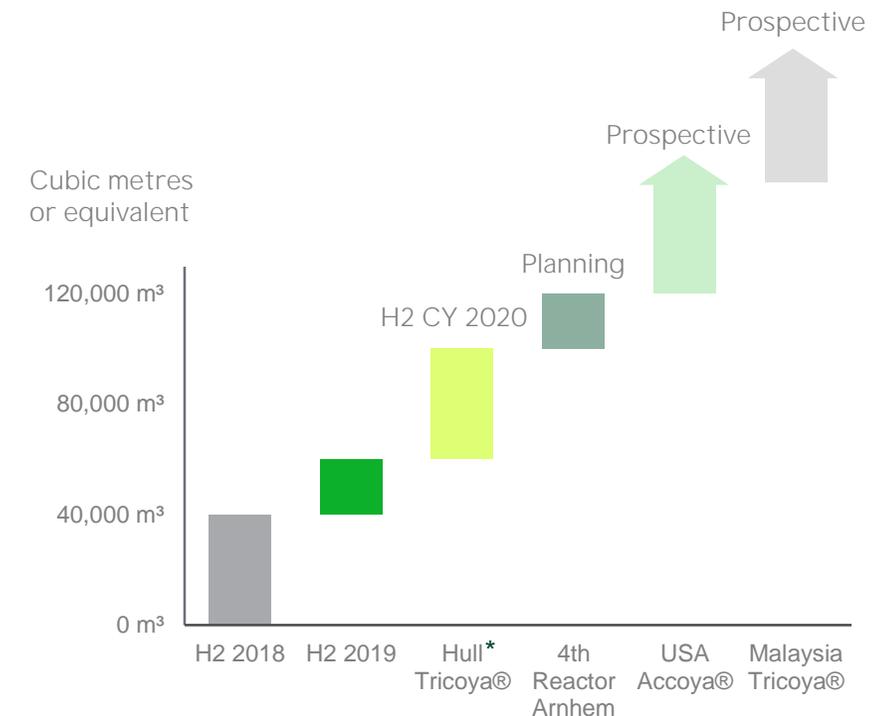
Further international expansion opportunities:

- Initial feasibility plans progressing in US and Malaysia

Announcement today of Firm placing and Placing and Open offer to raise proceeds of c. **€43m net of fees**

- Expand and enhance the Arnhem Accoya® plant – c.€26 million
- Complete construction of Tricoya® plant at Hull – c.€12 million
- Fund preliminary work in United States – c.€1.5 million
- Fund working capital requirements resulting from (i) and (ii) above – c.€3.5 million

Total Production Capacity Growth



*Hull site planned in a way to allow for future expansion

INVESTING TO MEET ACCOYA[®] DEMAND

- Reactor 3 expansion (50% increase to 60,000m³) completed July 2018 – full capacity reached within 9 months
- Reactor 4 and other enhancements to Arnhem will:
 - Increase annual production capacity by c.33% to 80,000m³
 - Enable further growth from existing distributor base and repeat business
 - Provide greater flexibility for targeting new customers and markets
- Required Arnhem investment of c.€26m:
 - Design, construction and commissioning of Reactor 4: c.€20m
 - New chemical storage, wood stacker and automated handling equipment: c.€6m
- Gross margin target of c.30% and improved operating margins from economies of scale
- Reactor 4 payback approximately 3 years



Arnhem plant interior – Reactor 3 loading

Key indicative development milestones

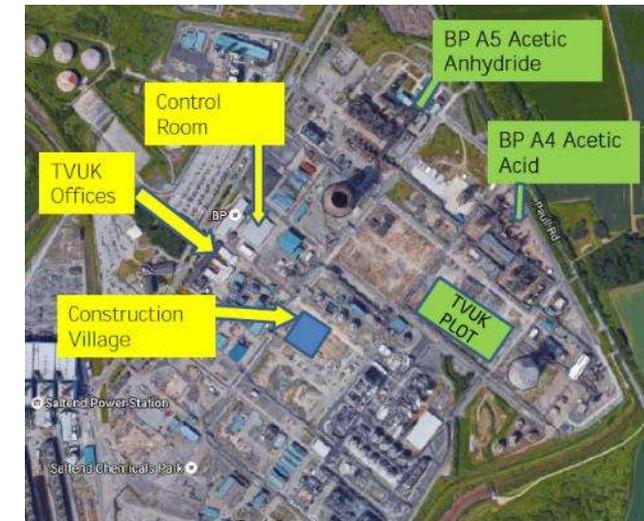


HULL PLANT PROGRESS

- Construction work in Hull progressing
 - c.€54m invested to date by TVUK
 - Engineering almost complete; construction substantially progressed
 - Previously reported issues concerning civil engineering works being addressed
- Delay in construction has resulted in additional forecast costs associated with the lead contractor, the project team and related activities being required for longer
- Plant expected to be operational in H2 CY20
- Long term profitability expectations for the plant remain unchanged
 - expected 40% gross margins once plant reaches near capacity
- Recruited first employees to make up total operations team of 31 to assist planning the commissioning of plant start-up
- Modular design to allow for efficient future expansion

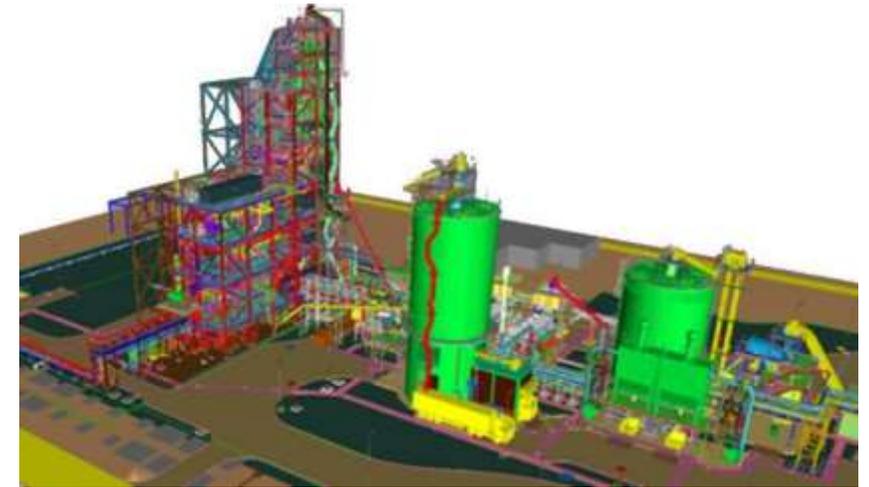


TVUK Plant under construction (June 2019)



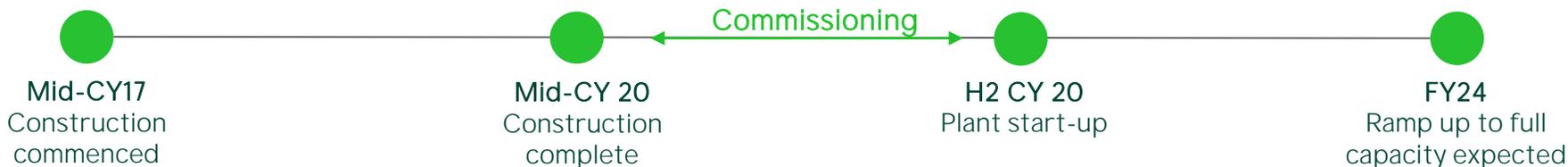
HULL FUNDING REQUIREMENT

- Additional forecast project costs of c.€28 million
 - Accsys share is c.€12 million
 - Balance expected from Tricoya® Consortium (incl. BP, MEDITE) plus RBS debt
- MEDITE and FINSA expected to utilise the majority of the capacity of the Hull Plant as it ramps up operation
- Hull Plant targeted initial annual capacity of 30,000 metric tonnes of Tricoya® chips, enabling production of c.40,000m³ of Tricoya® panel products per annum
- Hull Plant anticipated to reach EBITDA breakeven at approximately 40% capacity



TVUK Plant model from South-East corner

Key development milestones



FURTHER INTERNATIONAL EXPANSION OPPORTUNITIES

United States

- North America identified as largest Accoya® market opportunity
- Increasing demand with sales volumes up 39% in H1 FY20
- Progressing discussions with Eastman Chemical Company concerning a potential joint venture Accoya® production facility
- Preliminary site-specific engineering and economic evaluation work underway, leveraging Group's existing expertise
- Up to c.€1.5m to be invested over 12-18 months prior to final investment decision

Malaysia

- Asian market growth potential identified, given number of panel manufacturers in region
- Feasibility evaluation underway with Petronas Chemical Group for an integrated acetic anhydride and Tricoya® production plant
- Decision to invest in plant and possible JV structure to follow on from commencement of Hull plant operations



POSITIONED FOR ONGOING GROWTH

- Proven strong market demand for Accoya® and Tricoya® with customers remaining on allocation
- Investment in Arnhem will increase capacity by 33% and further improve plant efficiency with 30% gross margin
- Hull construction completion expected by H2 CY20, targeting initial global market >1.6 million m³ p.a. and 40% gross margin
- Initial feasibility plans progressing in US and Malaysia to underpin longer term growth potential
- Ongoing R&D reflecting investment in platform technology and product development with further potential for growth

Key Group development milestones



Note: FY refers to the Company's Financial Year ending on 31 March and CY refers to Calendar Year

ACCSYS IN ACTION

Wiltshire, UK

Accoya® wood window frames on the modular housing pods at the Dyson Institute of Engineering and Technology campus.

Architect:
WilkinsonEyre



APPENDIX

Changing wood to change the world

OUR PRODUCTS



- Our solid timber product, acetylated at our Arnhem plant
- A high performance, sustainable alternative to tropical hardwoods, treated softwoods, PVC & aluminium
- Locks away carbon, while generations of new trees can grow in the extended lifetime of an Accoya® product
- Acetylation makes the sustainably-sourced wood resistant to swelling, shrinking and decay

Current manufacturing capacity (2019):

60,000m³
(2018: 40,000m³)

Total revenue: (FY19)

€73.9m
(2018:€60.7m)



- Tricoya® wood elements are made into durable, stable Tricoya® panels by our licensees (MEDITE & FINSA); the panels are expected to be high-value and high-margin products
- Currently made by chipping Accoya® to seed the market
- The Hull plant will acetylate wood chips expected to be sourced from the UK & Ireland
- Tricoya® is ideal for use in wet or humid areas: it opens up new markets which are unsuited to standard MDF

Capacity under construction

30,000 metric tonnes

Product categories



Windows & Doors



Cladding

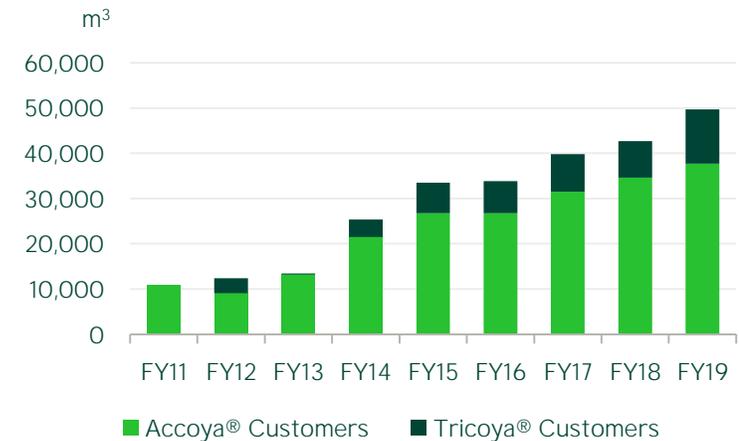


Decking



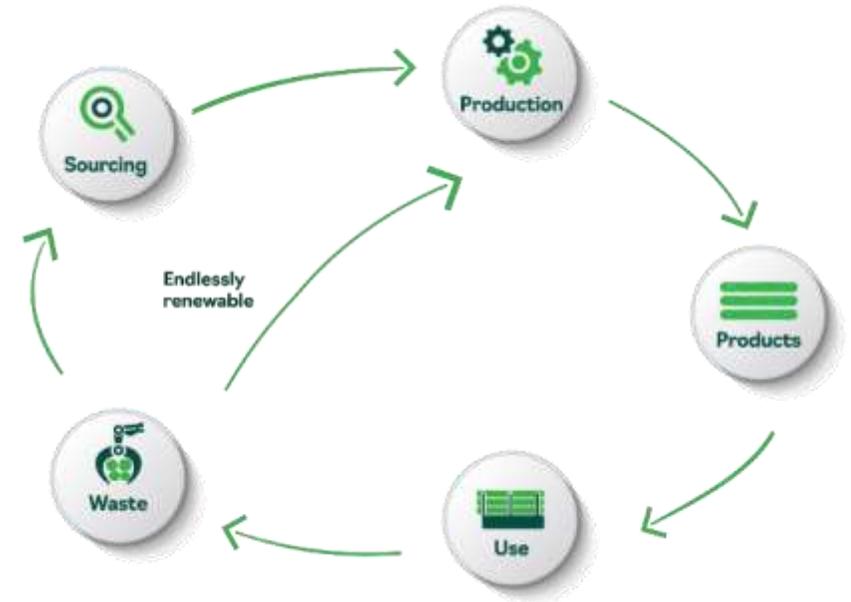
Structural

Sales growth



SUSTAINABILITY

- Demand growth for sustainable alternatives to man-made, non-renewable and high carbon footprint materials
- We give the world a choice to build more sustainably
- Our products fit perfectly into the sustainable circular economy 'bio-cycle', while having the same performance as non-renewable 'techno-cycle' building products
- Proven sustainability credentials, with certification from many respected eco-labels
- Accoya® is Cradle to Cradle Certified® ('C2C') overall Gold level since 2010, with Platinum certification for Material Health, contributing to green building programmes
- One of the first cohort of companies awarded the London Stock Exchange's Green Economy Mark



BREEAM®



The mark of responsible forestry



INVESTMENT PROPOSITION

Substantial market opportunity

Potential sales for Accoya® and Tricoya® estimated to be in excess of 2.6 million cubic metres per annum.
Accoya® sales in FY2019: 49,716m³

Sustainability

Our products meet the growing demand for environmentally-friendly alternatives, seen in everyday life and in every sector of manufacturing.

World leaders in wood technology

We have developed innovative, proprietary and protected technologies, and our products are first in class and leading the revolution of modified woods in a growing building industry.

Scalable growth

Our manufacturing process and modular industrial design is based upon confidential know-how and protected IP which can be expanded and replicated world-wide.

Strong management team

Our Board and Senior Management team are highly committed and experienced, with varied backgrounds.

TRICOYA CONSORTIUM STRUCTURE

The Tricoya® Consortium is based on two entities:

- Tricoya Technologies Limited (“TTL”) will continue to benefit from all Tricoya® related intellectual property
- Tricoya Ventures UK Limited (“TVUK”) incorporated as TTL’s subsidiary and will own and operate the Tricoya® plant in Hull
- TTL to benefit from all other future Tricoya® related revenues generated outside the Hull plant

Impact of the delay at Hull:

- TVUK additional expenditure of up to c.€28 million
- The Group’s expected share amounts to c.€12 million
- The balance of equity into TTL is being funded by other members of the Tricoya® Consortium and then into TVUK by TTL, BP Chemicals and MEDITE

