

# INTERIM RESULTS PRESENTATION

For the six months ended  
30 September 2020

Over 2km above sea level, ice and snow pose no problems for Accoya® wood decking

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30 NOVEMBER 2020

# AGENDA

**1 Results Overview**

**2 Financial Results**

**3 Business Review & Outlook**

# OVERVIEW

## H1 FY21: FURTHER STRATEGIC PROGRESS

- **Excellent financial results:** resilient sales, improved profitability and strong cashflow
- **Effectively managed COVID-19** enabling improved performance
- **Strong market demand** and robust market fundamentals
- **Executing** on our expansion projects and plans
- **Building** our organisation for sustainable growth

# EFFECTIVELY MANAGING COVID-19



## Ensuring our people are safe

- New working practices and on-site protection
- Changing work spaces and site workflow
- Embracing remote working



## Operating with agility

- Agile sales actions and marketing to mitigate disruption and target changing consumer trends
- Increased resource at Hull
- Optimising shutdown timing
- Maintained flexibility over Arnhem construction timeline



## Protecting our growth plans

- H1 cost control
- Working capital management: inventory & receivables
- Prioritising capital for long-term growth projects

# REACHING NEW MILESTONES...



## Profitability

2 consecutive years of EBITDA profitability



## Tricoya®

Top 3 floors of tower at Hull added



## USA

JV with Eastman signed in August to progress towards Accoya® USA plant

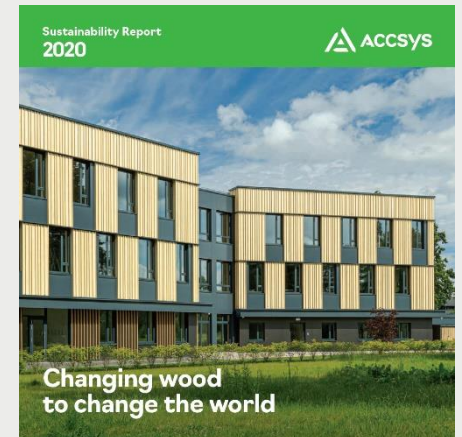


## >6000m<sup>3</sup>

Highest-ever global and North American monthly volume in October


# ...AND BUILDING OUR ORGANISATION FOR SUSTAINABLE GROWTH

- Transitioning to becoming a multi-site organisation
- Enhancing operational processes and capability
- Developing our people to manage growth
- Staying true to our purpose and values



# FINANCIAL RESULTS

Will Rudge,  
Finance Director



Accoya® clads the Stadtcasino Basel's expansion by architects Herzog & De Meuron

# FINANCIAL HIGHLIGHTS

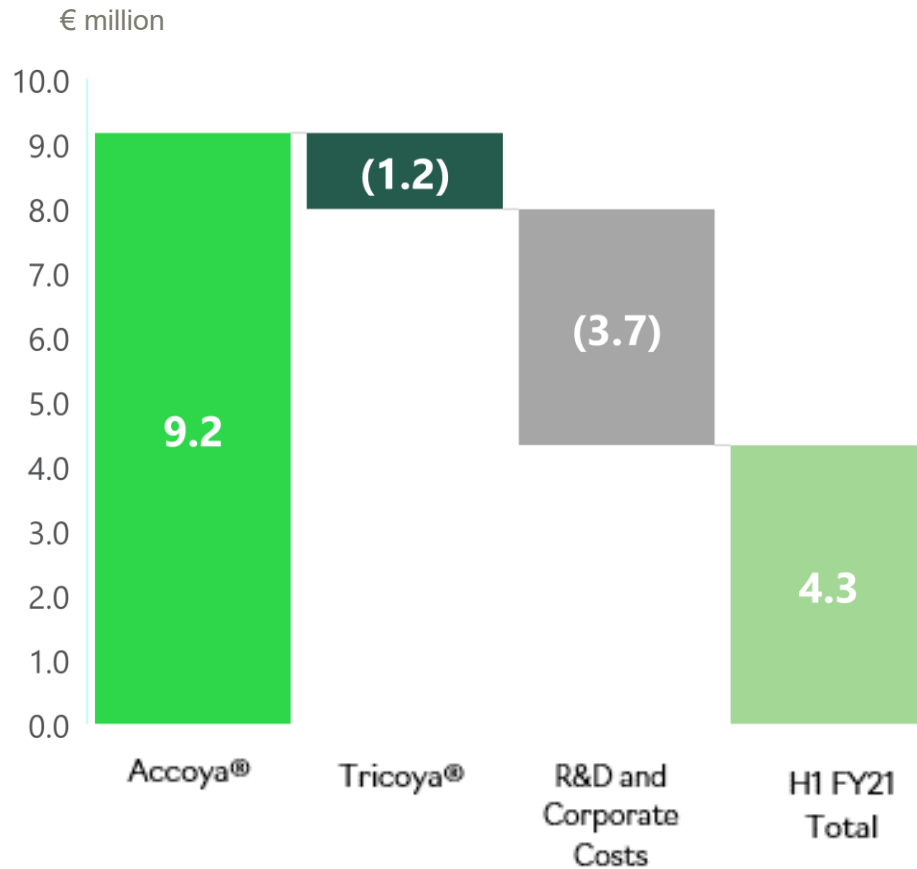
€ million	H1 FY21	H1 FY20	Change %
Sales volume (m <sup>3</sup> )	26,422	28,113	(6%)
Total Group Revenue	42.9	44.0	(3%)
Underlying Gross Profit <sup>1</sup>	14.3	12.8	12%
Underlying Gross Margin <sup>1</sup>	33%	29%	4%
Underlying EBITDA <sup>1</sup>	4.3	2.5	72%
Underlying EBIT <sup>1</sup>	1.6	(0.4)	
Underlying (loss) before tax	(0.1)	(2.2)	
Period end net (debt) balance	(16.3)	(59.3)	

<sup>1</sup> Underlying results exclude COVID-19 related staff support funding from the Netherlands and UK governments totalling €0.6m

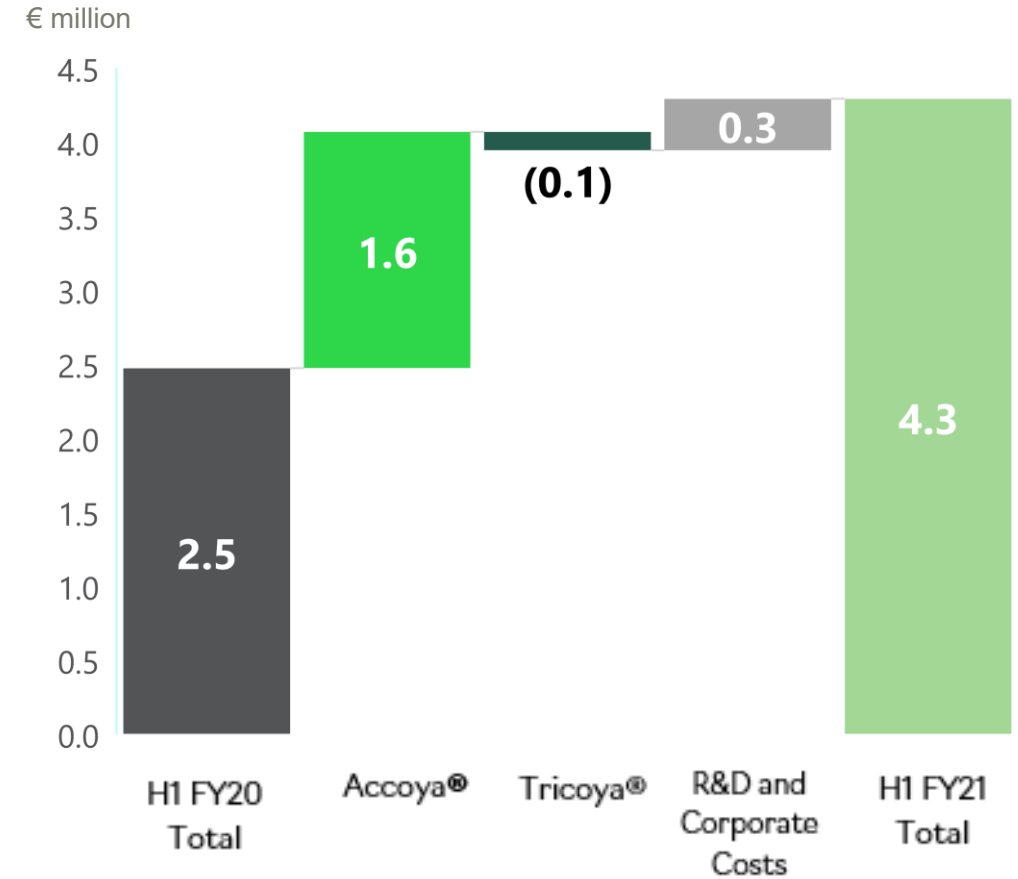
**12 months of positive Group EBIT - Strong cashflow generation**

# IMPROVED PROFITABILITY

## Underlying EBITDA by Segment



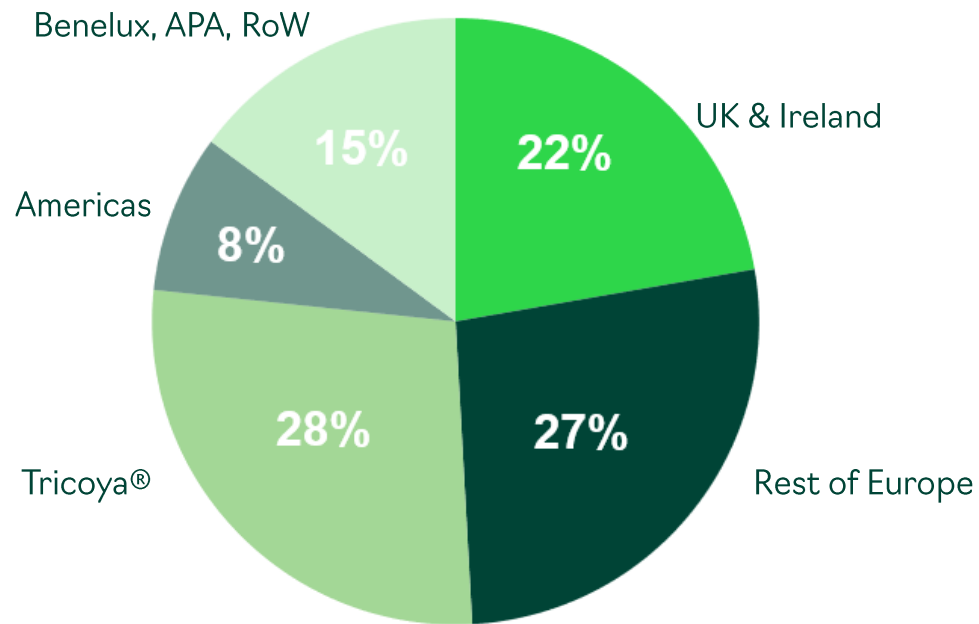
## Underlying EBITDA – H1 FY21 vs H1 FY20



# RESILIENT SALES PERFORMANCE

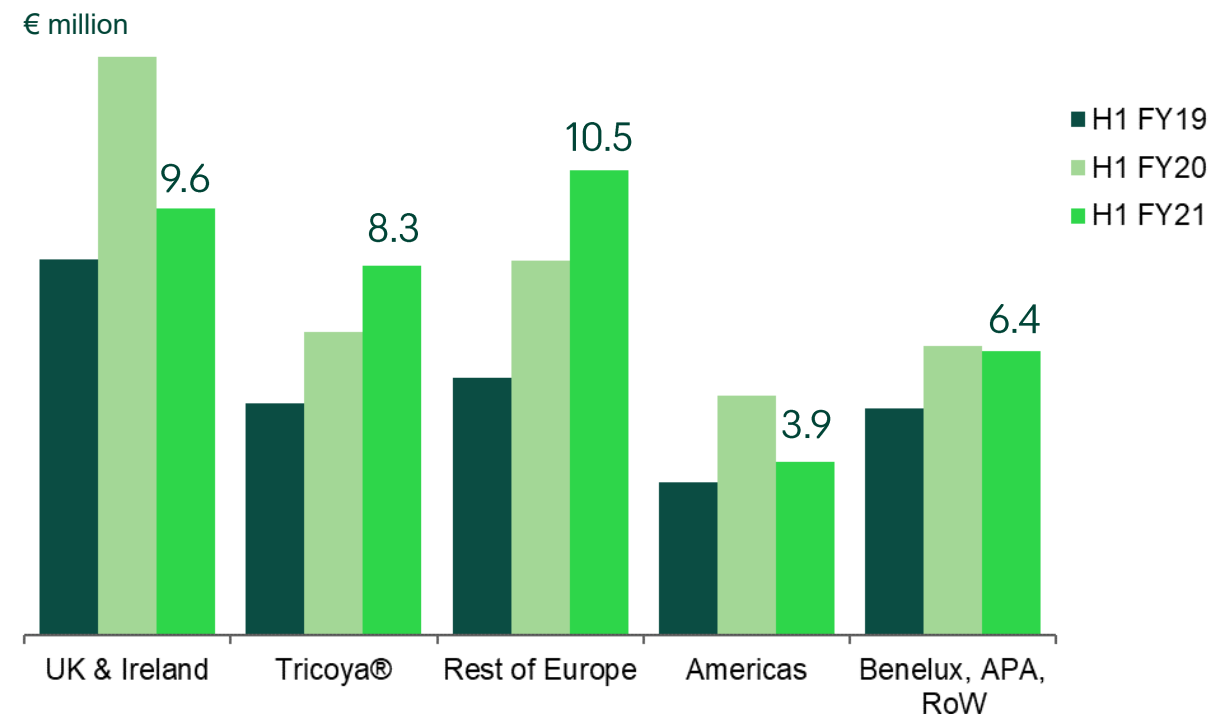
- Global distribution of sales supported resilient sales performance
- Adjusted regional focus and marketing to compensate for COVID-19 disruption in Q1

## Sales volume by region



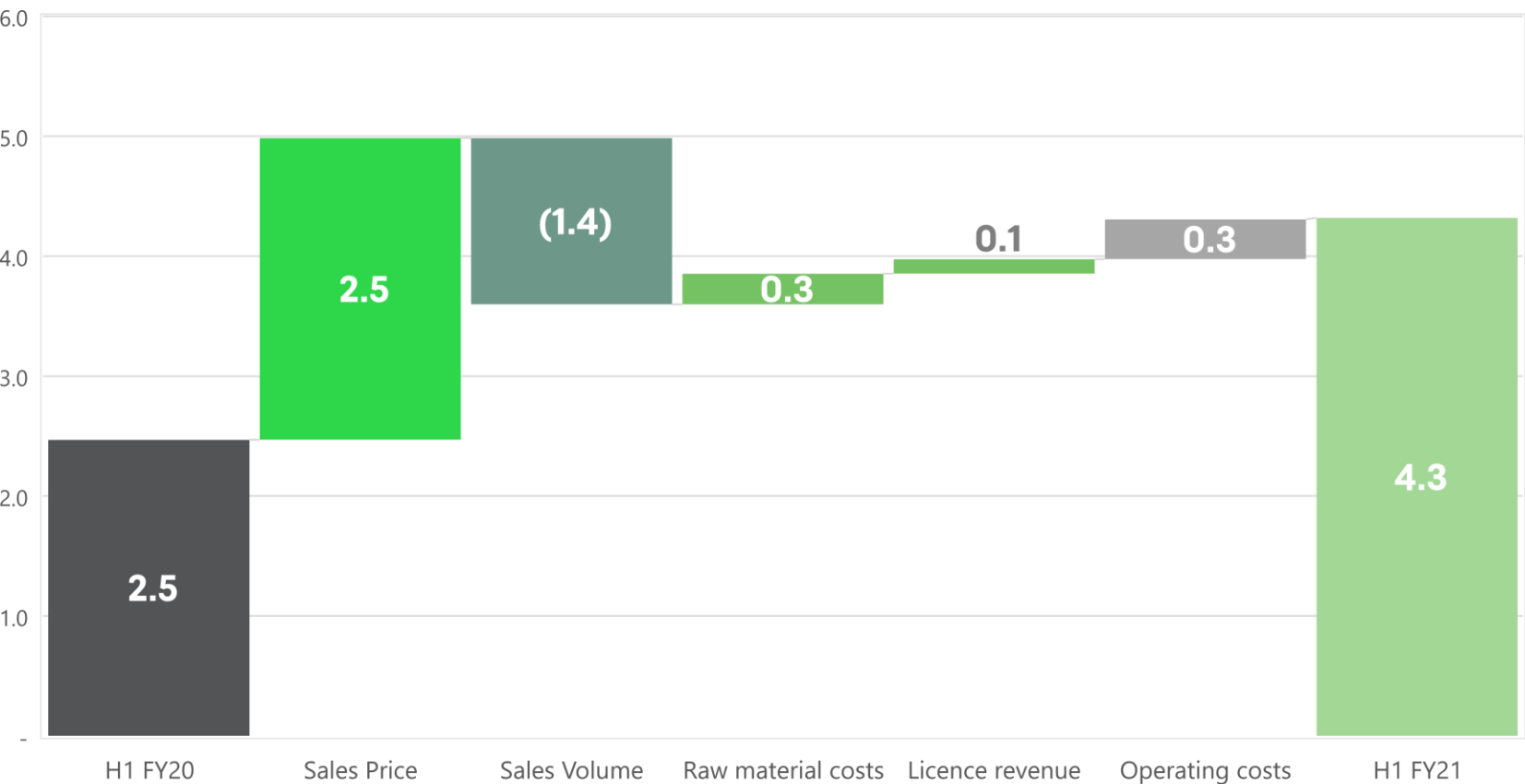
Total volume sold : 26,422 m<sup>3</sup> (H1 FY20: 28,113 m<sup>3</sup>)

## Accoya® wood revenue by region



# EBITDA PROGRESSION

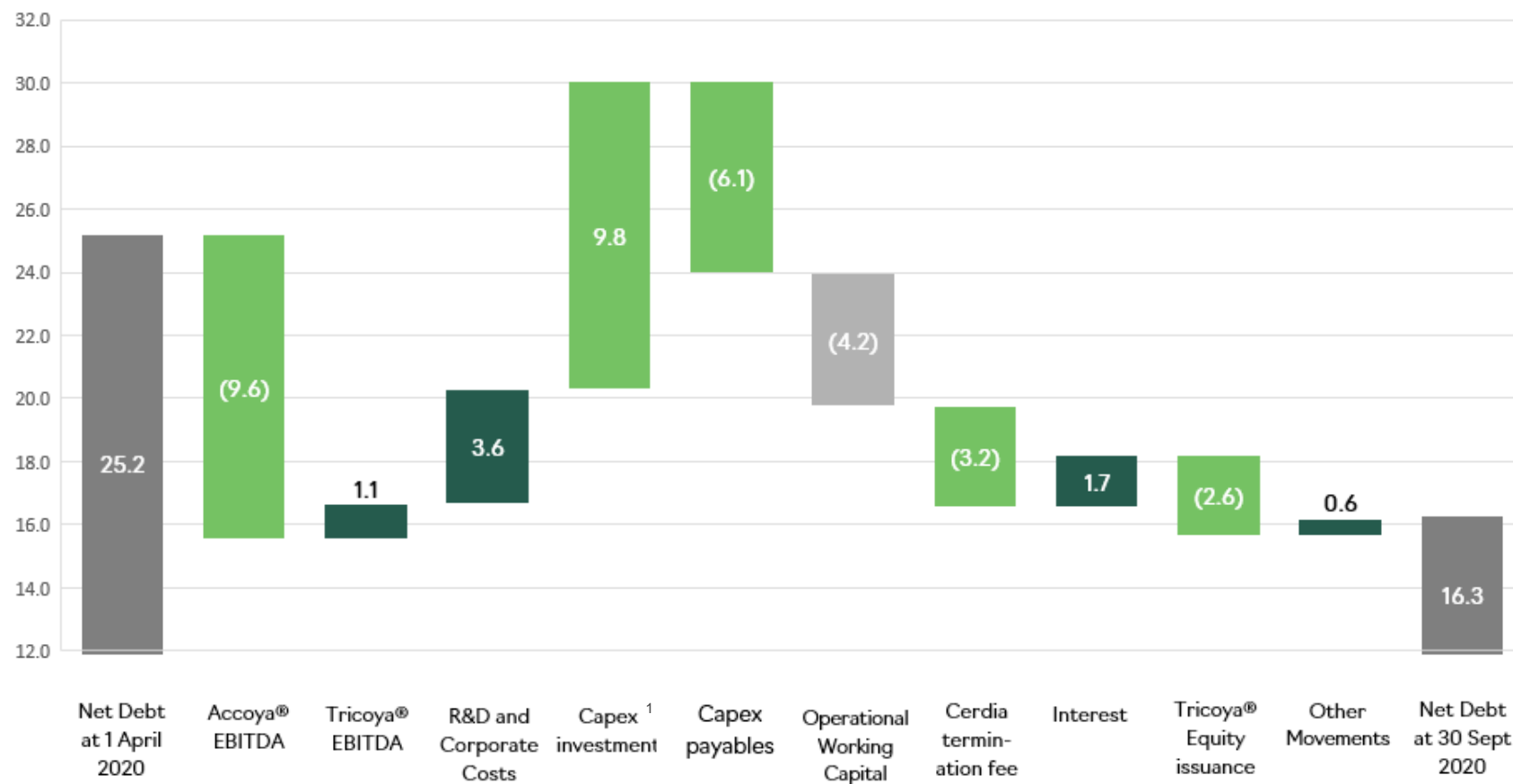
Group underlying EBITDA  
(€ million)



- Accoya® Manufacturing margin increased 4.9% to 33.5% as a result of :
  - Higher average selling prices
  - Lower net acetyls prices, although partially set-off by higher other variable input costs
- Operating costs stable – includes €0.3m temporary salary decrease effect
- Licence revenue of €0.4m related to new Joint venture with Eastman. €0.3m Licence fee revenue recognised in the prior year related to Tricoya® segment

# STRONG CASHFLOW GENERATION

Net Debt  
(€ million)



- Accoya® EBITDA up 26% to €9.6m
- Tricoya® EBITDA reflects its pre-operating position
- Capex investment<sup>1</sup> of €9.8m includes €8.3m reflecting continued progress on the Tricoya® plant in Hull, and €0.8m relating to the further expansion of the Arnhem Accoya® plant.
- Close management of working capital during the period

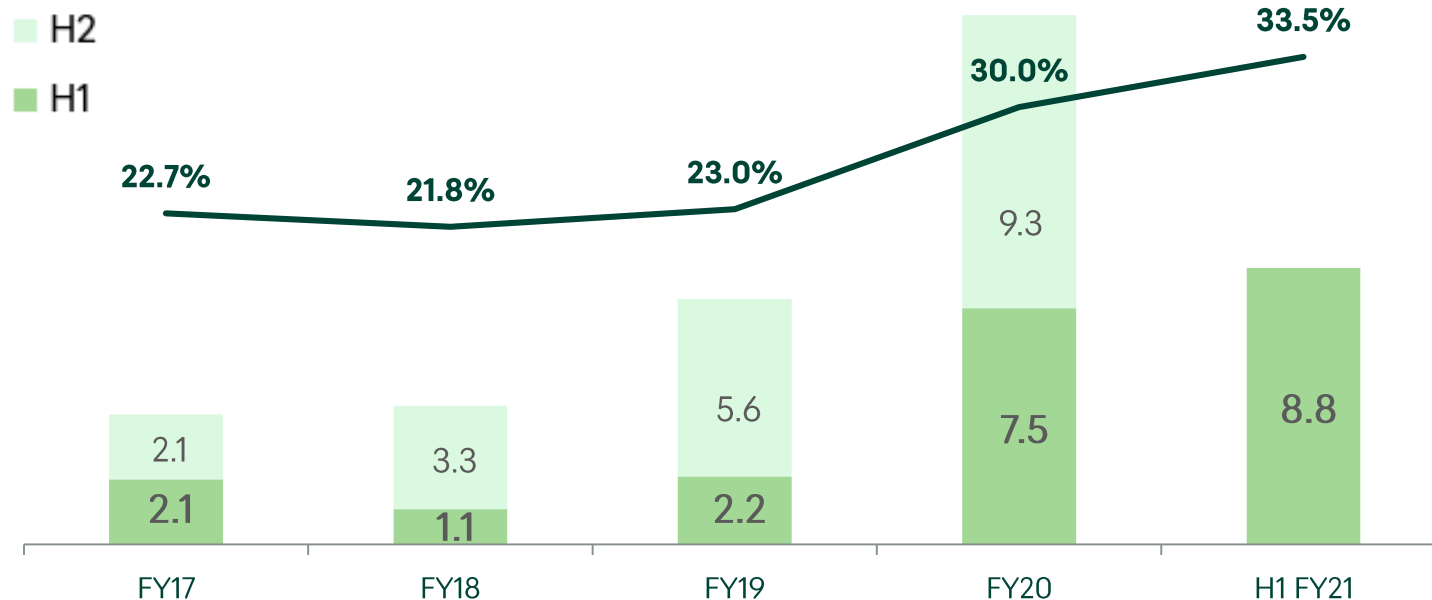
<sup>1</sup> Capex investment includes Property, plant and equipment additions excluding capitalised interest  
Other movements include tax received, investment in intangible assets, interest received, other operating cash flows and other financing costs.  
The €3.2m Cerdia termination fee reduced our loan with Cerdia (and Net Debt) from 1<sup>st</sup> April 2020.

# CONTINUED PROFITABILITY IMPROVEMENT

## Accoya® segment underlying EBITDA\*

Accoya® segment underlying EBITDA\*  
(€ million)

Manufacturing margin  
(%)




- Accoya® manufacturing margin ↑ 10.8% vs FY17
- 12 months of Accoya® manufacturing margin over 30%
- Accoya® sales for Tricoya® panel production (28% of H1 FY21 sales) at non-discounted prices after Hull start-up
- FY 20 increase reflects benefit from 3<sup>rd</sup> Accoya® reactor coming on stream

**Accoya® profit improvement driven by economies of scale**

\* Accoya® segment underlying EBITDA & Manufacturing margin above excludes licence income and other income, predominantly for marketing services.

# BUSINESS REVIEW & OUTLOOK

Rob Harris,  
Chief Executive



Over 200 Accoya® wood windows for restoration of State Capitol Building

# OVERVIEW

## CHANGING WOOD TO CHANGE THE WORLD

### 1 **World-leading product & technology**

High performance, sustainable wood products, with world leading technology

### 2 **Significant market opportunity**

Currently ~2% penetration of our 2.6 million m<sup>3</sup> achievable market

### 3 **Global growth strategy**

Delivering 5X production capacity growth by 2025

# OUR PRODUCTS

## CHANGING WOOD



**Our unique  
technology**



**Creating superior  
performance wood**



**Our  
Products**



### World leading

Our world-leading process and technology is unique.

### Acetylation

Our process uses acetic anhydride to enhance the fundamental properties and performance characteristics of wood.

### Protected IP

We have extensive know-how and over 330 patents covering 27 distinct inventions in over 40 countries.

### Durable

Outperforming the best tropical hardwoods.  
50 year warranty above ground and 25 year under ground or in water.

### Stable

Outstanding dimensional stability, indoors or outdoors.  
Over 75% reduction in swelling from moisture uptake.

### Sustainable

Produced from fast-growing, FSC® certified wood sources.  
Locks away carbon for longer.



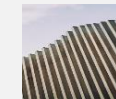
- Solid timber product
- High performance & sustainability
- Alternative to hardwoods, softwoods, PVC & aluminium etc
- Produced at Arnhem plant



- Tricoya® wood elements for panel production
- Versatile material for use even in wet conditions
- Value-enhancing for panel manufacturers
- World-first plant under construction in Hull



Windows



Cladding



Decking



Doors

# OUR MARKET

## SIGNIFICANT GROWTH OPPORTUNITY

### A Large Global Market



The global wood production market produces over 800 million m<sup>3</sup> annually across lumber and engineered wood products<sup>1</sup>.

Our products also compete within adjacent construction materials markets, as a substitute for non-wood materials and panels: PVC, aluminium etc.

### Significant Demand

Penetrating these significant markets by targeting **latent substitutional demand** for our products based on their superior qualities:

- Quality & Performance
- Sustainability
- Product lifecycle

### Market focus

Regions:

- UK, Western Europe & Nordics
- North America
- Asia Pacific

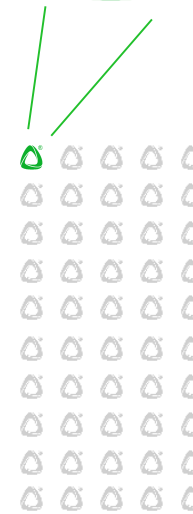
Categories:

- Windows
- Doors
- Cladding
- Decking

### Achievable Market



**57,842m<sup>3</sup>**  
Accoya<sup>®</sup>  
sold in FY 2020



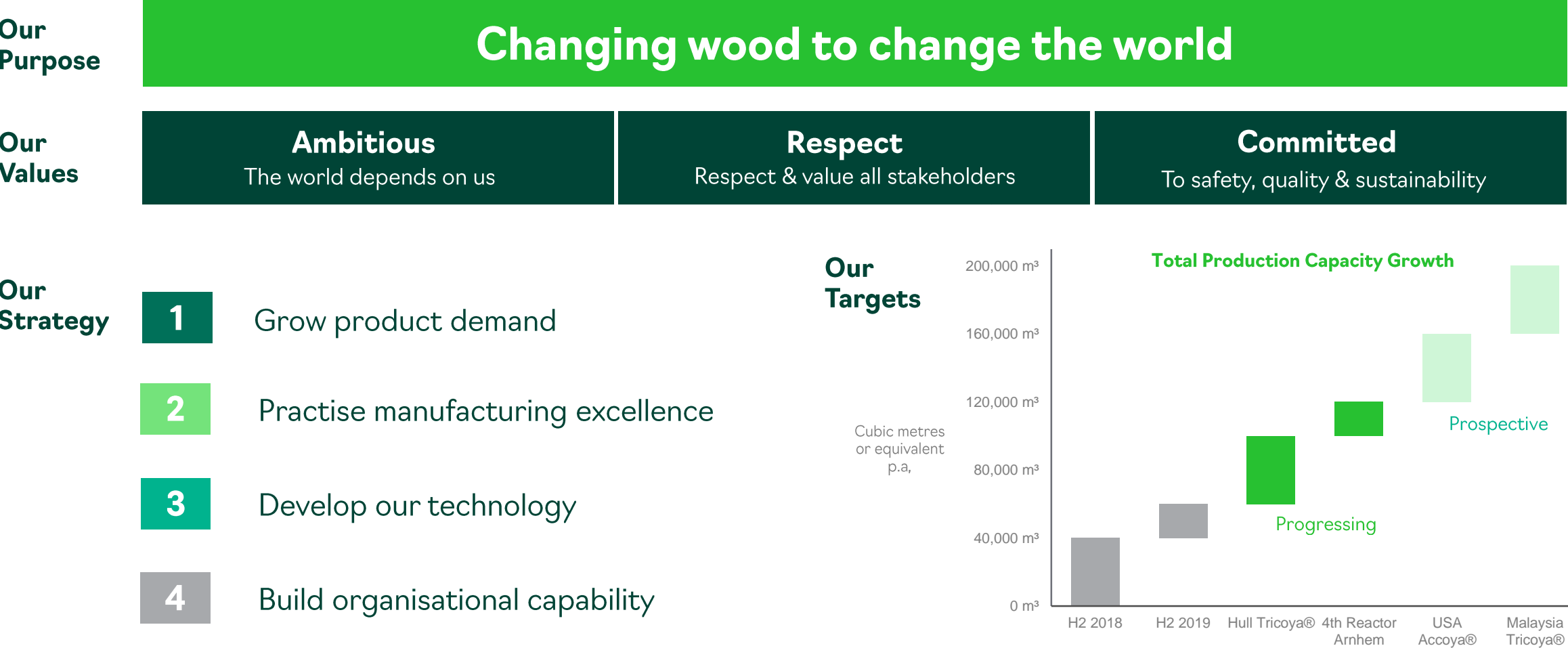
**~2% of**

**2.6+ million m<sup>3</sup>** total achievable market estimation for Accoya<sup>®</sup> and Tricoya<sup>®</sup>

1. Source: Food and Agriculture Organisation of the United Nations (FAO)

# OUR STRATEGY

## DRIVEN BY OUR PURPOSE



# ACCOYA

## H1 FY21 PERFORMANCE



- Revenue & sales resilience: rapid rebound, Q2 at pre-COVID levels after peak disruption in April
- Price increase and improved product margin
- DACH region and Nordics good growth
- European markets transitioned successfully
- Increased North America sales & marketing
- Operations: Increased safety focus
- 'Accoya® Color' new product
- Continuing strong market demand



**EBITDA<sup>1</sup>**  
**€9.2m** +21%

**MARGIN<sup>2</sup>**  
**33.5%** vs 28.6% H1 FY20

1. Underlying Accoya® EBITDA H1 FY21 vs H1 FY20 2. Accoya® Manufacturing Margin

# ACCOYA

## STRATEGIC DEVELOPMENT & GLOBAL EXPANSION



### Adding capacity at existing Arnhem plant

- 4<sup>th</sup> reactor will increase production capacity by 33% to 80,000 m<sup>3</sup>. 3 year payback.
- EPCM contract entered & key long lead-time orders placed (including reactor)
- Completion in Q1 CY2022

### Expanding into large North American market

- Initial JV with Eastman Chemicals to develop plans for an Accoya® plant in the USA
- Plant being designed to produce ~40,000m<sup>3</sup> p.a. with cost-effective expansion
- Investment evaluation work progressing including site-specific engineering, detailed capex estimates and funding options
- Targeting investment decision and related funding in H1 CY2021



# TRICOYA

## H1 FY21 & STRATEGIC DEVELOPMENT



### Good progress on Hull construction – completion on track for Q1

- World-first Tricoya® plant being constructed at Hull, UK
- H1 FY21: Good progress after initial Covid-19 impact
  - Strong execution focus for work completing as quickly and safely as possible
  - Key milestone: final floors of acetylation tower lifted into place in October
- Construction completion remains on track for Q1 CY2021 with commissioning to follow
- 3 year ramp up to full capacity; break-even expected at ~40% capacity

### Initial market seeding progressing well

- Good panel sales in US, Australasia & South East Asia; feedstock sales to Licensees up 22%

### Targeting 40% gross margin

### Malaysia

- Agreement with Petronas Chemical Group Berhad in place to evaluate feasibility of an integrated acetic anhydride and Tricoya® production plant
- Investment decision in plant and possible JV after Hull plant becomes operational



# OUR ESG FRAMEWORK

We have aligned our issues and impacts with our purpose, values, business strategy and external frameworks such as the UN SDGs:



# ACCSYS SUSTAINABILITY REPORT 2020

## HOW WE GOT HERE

### Our products give the world a choice to build more sustainably

- Sustainability is a core competitive advantage for our business and products.
- We offer a sustainable solution for the challenges facing the growing building materials industry.
  - 60% of the urban development required by 2030 is yet to be built<sup>1</sup>
  - 39% of global energy use is accounted for by buildings and construction<sup>2</sup>.
- Our products support decarbonisation, helping our direct and indirect customers closer to Net Zero.

<sup>1</sup> Source: World Economic Forum

<sup>2</sup> Source: Global Alliance for Building and Construction

### 2020: Our new ESG Report and strategy development

In 2020, we reviewed our sustainability and ESG strategy and launched a new Sustainability Report:

- Worked with expert outside consultancy and engaged with our stakeholders
- 10 material issues identified
- New strategy developed, aligned with our purpose, UN Sustainable Development Goals and other global standards.
- Over 30 themes and goals identified and action plans developed
- Substantially expanded disclosure and reporting with over 5 times more data, establishing baseline for future target setting.

### Report highlights:

**53,603 tonnes CO<sub>2</sub>e locked in to our products** sold in FY2020

**5,002 tonnes** CO<sub>2</sub>e net GHG emissions in FY2020

**Total net beneficial CO<sub>2</sub>e impact: 48,601 tonnes** in FY2020



#### Environmental and ecological impact

Reduced CO<sub>2</sub>e intensity per cubic metre of Accoya® by 6% year on year

#### Health & safety lead and lag indicators

Over 600 safety inductions over the year

#### Policies and Codes

Relating to fairness, employment, regulatory and supplier conduct

#### Sourcing and responsible supply

100% of our products made from certified sustainable wood sources

# SUMMARY

## Excellent H1 Performance

- Strong financial position; increasing profitability
- Resilience during COVID-19
- Investing for growth & executing on our strategy
- Strong market demand in large market
- Continued ESG focus

## Outlook

- H2 started with continuing strong demand & capacity-level production despite COVID-19
- H2 resuming some spending to support growth, marginal cost base increase
- Continuing profitability improvements with increasing capacity
- Delivering 5X production capacity growth by 2025:
  - 2021 Tricoya<sup>®</sup> (Hull) online
  - 2022 Accoya<sup>®</sup> (Arnhem expansion) online

**Executing our strategy to capture our significant growth opportunity**

# APPENDIX

Changing wood to change the world

# SEGMENTAL SUMMARY

H1 FY21	€m	Accoya®	Tricoya®	R&D and Corporate	Group
Total revenue		41.8	1.1	0.0	42.9
Underlying Gross profit		14.3	0.0	0.0	14.3
Underlying EBITDA		9.2	(1.2)	(3.7)	4.3
Underlying EBIT		7.0	(1.4)	(4.0)	1.6

H1 FY20	€m	Accoya®	Tricoya®	R&D and Corporate	Group
Total revenue		43.7	0.3	0.0	44.0
Underlying 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)

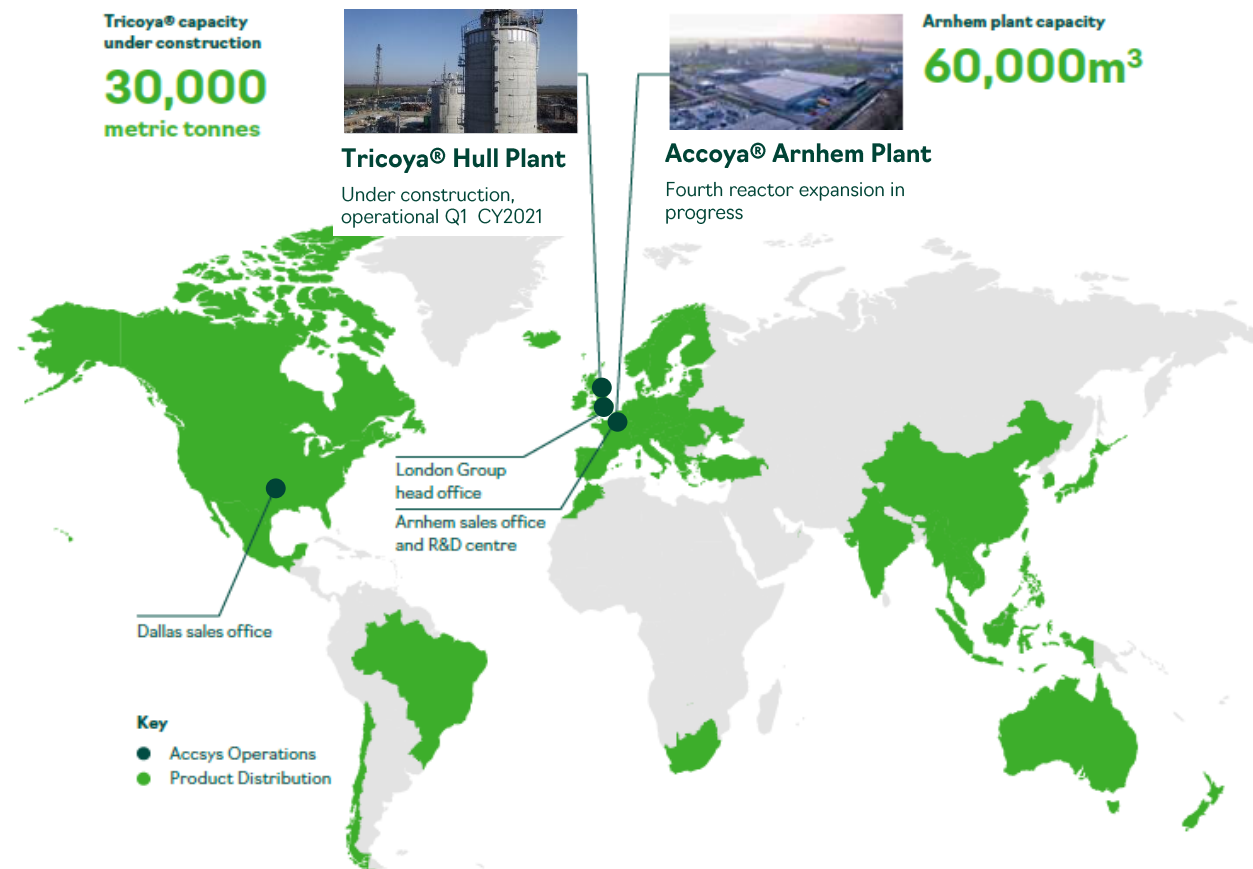
# OVERVIEW OF ACCSYS

## About us

- Annual revenues of €91m<sup>1</sup>
- 3 key sites:
  - Arnhem, The Netherlands
  - Hull & London, UK
- Market cap of ~€190m<sup>2</sup>
- Listed on the London & Amsterdam stock exchanges
  - Euronext Amsterdam: ASX
  - London AIM: ASX
- Awarded LSE Green Economy Mark



## Where we operate



1. Full year 2020    2. As at 27 November 2020

# 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 FY2020: 57,842m<sup>3</sup>

## 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. Growth ambition to reach annual production capacity of 200,000m<sup>3</sup> in next 5 years.

## Strong organisational capability

Talented people are at the core of Accsys, with skilled employees at all levels and committed and experienced leadership.

### FY20 UNDERLYING GROUP REVENUE

**€90.9m** +21%  
FY20 vs FY19

### FY20 UNDERLYING GROUP EBIT

**€1.4m** +€4.5m  
FY20 vs FY19

### FY20 UNDERLYING ACCOYA® EBIT

**€12.6m** +€7.1m  
FY20 vs FY19

# 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 UK Limited ("TUK") 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

