

Company Accsys Technologies PLC
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Accsys Technologies PLC
("Accsys")

Annual General Meeting Statement

Accsys, the fast-growing and eco-friendly company that combines chemistry and technology to create high performance, sustainable wood building products, announces the following trading update in advance of its Annual General Meeting, to be held at 11.45 a.m. (UK time) today.

For the five months to 31 August 2019, Accsys is pleased to report a 40% increase in total revenue compared to the same period last year to €35.8m (2018: €25.6m). The increase has been driven by Acccoya[®] sales volumes which increased by 33% to 22,916 cubic meters in the period, together with an improved product mix and the effect of price increases from January 2019 which resulted in a 43% increase in Acccoya[®] revenue to €32.6m (2018: €22.8m). This significant year-on-year growth for the period has benefited from the contribution of the third Acccoya[®] reactor which only commenced operations during the second quarter of the previous financial year but which has operated at full capacity in the current financial period.

Our increased sales volumes have driven further gross profit growth in the period. We are targeting further gross profit growth in the short to medium term given anticipated beneficial changes to our product and related sales price mix. Demand for Acccoya[®] wood remains strong with all customers remaining on allocation as production is constrained by our current capacity levels.

The preliminary design and planning in respect of the fourth Acccoya[®] reactor in Arnhem is progressing well. Once operational, the fourth reactor will provide much needed additional capacity to satisfy the growing demand for Acccoya[®]. We expect to provide a further update later this financial year as to the anticipated costs, funding arrangements and the timing for the construction of the new reactor.

During the period, demand for Tricoya[®] panels has remained strong, with sales limited by Acccoya[®] production capacity ahead of the Hull plant being completed. We now expect the Tricoya[®] plant in Hull to be operational in the second half of the 2020 calendar year with construction progressing and the previously reported issues concerning civil engineering works being addressed. The delay is expected to result in overall project costs for the project being significantly higher than initially expected and we are discussing the associated funding arrangements with our project partners noting that a portion of this is likely to be paid by Accsys. A further update on the Hull Tricoya[®] project will be made in due course when discussions are at a more advanced stage.

Notwithstanding the overall increase in project costs, there is no impact on the expected long-term profitability of the Tricoya[®] plant, with gross margins of approximately 40% achievable once the plant reaches near capacity levels over the next few years.

We are pleased by the continuing discussions with a potential partner concerning the construction of a new Accoya® plant in the USA. We are also progressing through the feasibility study being undertaken with PETRONAS Chemicals Group Berhad concerning the possible construction of a Tricoya® plant in Malaysia, with a conclusion likely to come after the Hull Tricoya® plant becomes operational.

A search for a new CEO is progressing well and we look forward to making a further announcement in that regard shortly.

Accsys Technologies PLC (“Accsys”)

Jaarlijkse Algemene Vergadering van Aandeelhouders

Accsys, de snelgroeiende en duurzame chemische technologiegroep die hoogwaardige en duurzame houtbouwproducten maakt, geeft een trading update. Deze gaat vooraf aan de jaarlijks algemene vergadering van aandeelhouders die Accsys vandaag om 11.45 uur (Engelse tijd) wordt gehouden.

Accsys is verheugd te kunnen melden dat de totale omzet in de vijf maanden tot 31 augustus 2019 met 40% is gestegen ten opzichte van dezelfde periode vorig jaar tot € 35,8 mln. (2018: € 25,6 mln). De stijging is te danken aan de verkoopvolumes van Accoya® die in deze periode met 33% stegen tot 22.916 kubieke meter, samen met een verbeterde productmix en het effect van prijsverhogingen vanaf januari 2019, wat resulteerde in een toename van de Accoya®-omzet met 43% tot € 32,6 mln. (2018: € 22,8 mln.). Deze significante jaar-tot-jaar groei voor deze periode is het gevolg van de bijdrage van de derde Accoya®-reactor, die pas in het tweede kwartaal van het vorige boekjaar in bedrijf is gegaan, maar die in de huidige financiële periode op volle capaciteit heeft gewerkt.

Onze toegenomen verkoopvolumes hebben geleid tot verdere groei van de brutowinst in deze periode. We richten ons op verdere groei van de brutowinst op korte tot middellange termijn, gezien de verwachte gunstige wijzigingen in ons product- en de bijbehorende verkoopprijsmix. De vraag naar Accoya® hout blijft sterk. Alle klanten blijven op allocate omdat de productie wordt beperkt door onze huidige capaciteitsniveaus.

Het voorlopige ontwerp en de planning met betrekking tot de realisatie van een vierde Accoya®-reactor in Arnhem verlopen vlot. Eenmaal operationeel zal de vierde reactor de nodige extra capaciteit leveren om aan de groeiende vraag naar Accoya® te kunnen voldoen. We verwachten later dit boekjaar een verdere update te geven over de verwachte kosten, de financieringsregelingen en de timing voor de bouw van de nieuwe reactor.

Gedurende deze periode bleef de vraag naar Tricoya®-panelen groot met een verkoop die werd beperkt door de productiecapaciteit van Accoya® voorafgaand aan de voltooiing van de Hull-fabriek. We verwachten nu dat de Tricoya®-fabriek in Hull in het tweede helft van het kalenderjaar 2020 operationeel zal zijn. De bouw van de fabriek vordert en de eerder gemelde problemen met civieltechnische werkzaamheden worden aangepakt. Verwacht wordt dat de vertraging ertoe zal leiden dat de totale projectkosten significant hoger zullen zijn dan aanvankelijk verwacht. We bespreken de gerelateerde financieringsregelingen met onze projectpartners en merken op dat een deel hiervan waarschijnlijk door Accsys zal moeten worden betaald. Een verdere update van het Tricoya®-project in Hull zal te zijner tijd worden gedaan wanneer de besprekingen in een meer gevorderd stadium zijn.

Ondanks de algemene toename van de projectkosten heeft dit geen invloed op de verwachte winstgevendheid op lange termijn van de Tricoya[®]-fabriek, met brutomarges van ongeveer 40% die haalbaar zijn, zodra de fabriek de komende jaren de maximale capaciteitsniveaus bereikt.

We zijn verheugd over het vervolg van de discussies met een potentiële partner betreffende de bouw van een nieuwe Accoya[®]-fabriek in de VS. We boeken ook voortgang met de haalbaarheidsstudie, die samen met de PETRONAS Chemicals Group Berhad wordt uitgevoerd, over de mogelijke bouw van een Tricoya[®]-fabriek in Maleisië, waarvan de conclusie wordt verwacht nadat de Tricoya[®]-fabriek in Hull in werking is getreden.

De werving van een nieuwe CEO vordert goed en we kijken ernaar uit om binnenkort hierover een aankondiging te doen.

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Notes to editors:

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.

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.

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.

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