PAXTON HOUSE, UK - ACCOYA® CLADDING

ACCSYS
TECHNOLOGIES PLC

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

accoya

tricoya

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20th November 2018

GLOBAL CONTEXT- MATERIAL CHOICE

- Demand growing for sustainable alternatives to man-made and fossil-based materials
- Accoya® and Tricoya® enable consumers and specifiers to be more sustainable
- We actively seek respected eco labels and have been recognised as an exemplary product and company in the field of sustainability on many occasions
- Accoya® certified Cradle to Cradle ('C2C') overall Gold level since 2010 with Platinum certification for Material Health
- <u>**Green Building Certification**</u> - C2C contributes to credits in recognised Green Building Schemes such as LEED (originating from USA, applied worldwide) and BREEAM (mainly used in Europe)

Cradle to Cradle certified product scorecard for Accoya®

Material Health	Platinum
Material Reutilisation	Gold
Renewable Energy & Carbon Management	Gold
Water Stewardship	Gold
Social Fairness	Gold
Overall Certification Level	Gold

see full scorecard and certificate at www.c2ccertified.org

NOOSA BOARDWALK, AUS - ACCOYA® BOARDWALK AND SEATING

ACCSYS TECHNOLOGIES PLC

MAJOR CAPACITY EXPANSION AND STRATEGIC PROGRESS

accoya® tricoya®

OPERATIONAL HIGHLIGHTS - ACCOYA®

- Accoya® plant in Arnhem:
  - First part of expansion operational
  - Benefits expected in second half of year
  - Output increasing to run-rate reflecting 50% capacity increase by end of financial year
- Demand for Accoya® continues to exceed production
- Price increase from January 2019

OPERATIONAL HIGHLIGHTS - TRICOYA®

- Tricoya® plant in Hull:
  - €18.5m invested in period
  - Substantial work on key structures and all key equipment ordered
  - 11 new employees hired out of total of ~30
  - Construction expected to be complete around mid-2019
  - Operational following subsequent commissioning

- Tricoya® sales
  - Tricoya® panel sales undertaken by MEDITE, Finsa and Accsys
  - 63% increase in sales of Accoya® used for manufacture of Tricoya®

THE IVY, UK - ACCOYA® CLADDING

FINANCIAL OVERVIEW

FINANCIAL HIGHLIGHTS

- Total revenue increased 12%
- Accoya® sales volume up 8% to 21,379m³
- Gross margin improved to 22% reflecting price increases and licence income
- Underlying EBITDA improved to a €1.4m loss compared to €2.8m loss last year
- Increase in net debt reflects significant investment in capacity for both Accoya® and Tricoya®
- Positive cash-flow from operating activities

	6 months ended September 2018 €m		6 months ended September 2017 €m	
	Underlying	**Statutory**	Underlying	Statutory
Total Group Revenue	**31.6**	**31.6**	28.3	28.3
Accoya® EBITDA	**2.8**	**2.8**	1.2	0.9
EBITDA	**(1.4)**	**(1.4)**	(2.8)	(4.9)
Loss before tax	**(4.5)**	**(5.4)**	(5.2)	(6.8)
Period end cash balance		**22.0**		46.9
Period end net debt		**(34.2)**		23.1

SEGMENTAL ANALYSIS

6 months ended September 2018 €m	Accoya® €m	Tricoya® €m	Corporate €m	R&D €m	Total €m
Total revenue	31.1	0.5	-	-	31.6
Gross profit	6.9	0.1	-	-	7.0
EBITDA	2.8	(1.3)	(2.4)	(0.5)	(1.4)
Underlying EBITDA	2.8	(1.2)	(2.4)	(0.5)	(1.4)

6 months ended September 2017 €m	Accoya® €m	Tricoya® €m	Corporate €m	R&D €m	Total €m
Total revenue	28.3	-	-	-	28.3
Gross profit	5.6	-	-	-	5.6
EBITDA	0.9	(1.9)	(3.2)	(0.8)	(4.9)
Underlying EBITDA	1.2	(1.1)	(2.2)	(0.7)	(2.8)

ACCOYA® REVENUE AND MARGIN

- Accoya® segment revenue up 10% to €31.1m
- Licensing income of €0.5m
- Accoya® sales volume up 8% to 21,379m³
- Manufacturing margin increased to 21% from 20%
  - Benefit of price increases from January 2018
  - 25% of sales for Tricoya®, up from 17%; 48% of sales discounted
- H2 to benefit from:
  - Product mix
  - Price increase from January 2019
  - Higher production and sales volumes

BALANCE SHEET

	30 September 2018 €m	31 March 2018 €m
Non-current assets	104.2	71.5
Current assets	48.9	63.5
Current liabilities	(28.8)	(21.4)
Net current assets	**20.1**	**42.1**
Non-current liabilities	(49.6)	(40.1)
Net assets	**74.8**	**73.5**

CASH FLOW

	6 months ended September 2018 €m	6 months ended September 2017 €m
Cash flow from operating activities before changes in working capital	(1.2)	(2.5)
Exceptional items	-	(1.6)
Changes in working capital	1.1	(5.0)
Net cash used by operating activities before tax	(0.1)	(9.1)
Tax received/(paid)	0.8	(0.5)
Net cash absorbed by operating activities	0.7	(9.6)
Net cash used in investing activities	(34.7)	(7.2)
Net cash from financing activities	16.5	23.2
Cash at beginning of period	39.7	41.2
Cash at end of period	**22.0**	**46.9**

ACCOYA® AND TRICOYA® PLANT PROGRESS

Image: © Delta Millworks

ACCOYA® PLANT – ARNHEM, NL

- 3rd reactor now operational
- Capacity increased by 50% to in excess of 60,000m^3
- Currently increasing production volumes whilst working through post commissioning issues
- Record production volumes now being achieved
- Anticipate being at close to capacity run-rate by March 2019
- Considering addition of 4th reactor – decision in first half of 2019

Image: © Bruil

TRICOYA® PLANT – HULL, UK

- Substantial construction work undertaken - €18.5m invested
- All key equipment orders placed – deliveries started
- 11 of approx. 30 staff recruited for operational team
- Construction expected to be completed around mid-2019
- Operational following subsequent period of commissioning
- Sales of Tricoya® panels in period by MEDITE, Finsa and Accsys
- 63% increase in Accoya® sold to be used for Tricoya®
- Plant expected to break-even at 40% of production capacity

OUTLOOK

Image: © MEDITE® TRICOYA® EXTREME

OUTLOOK

- Demand exceeding current production capacity
- Increase in capacity to 100,000m^3 in 2019; more than doubled
- Targeting EBITDA positive in second half of financial year
- Looking ahead:
  - Planning for 4th reactor in Arnhem
  - Discussions progressing with partners for possible USA and Asia plants for Accoya® and Tricoya®

QUESTIONS

Image: © Oxford Planters and Fisher Tomlin & Bowyer

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