

Accsys Technologies

Strong margin improvement expected

FY25 results

Accsys is on track in executing its Focus strategy, which it set out at its investor day in January 2025. Phase 1 of 3 is already yielding results, with a lean and mean organisation focused on accelerating volume growth and significantly improving adjusted EBITDA margins. The FY25 results were slightly better than we had expected, and the company had a good start to FY26. We have made small adjustments to our estimates but due to the roll-over of our discounted cash flow model by one year, the potential value per share is now €1.15 (up from €1.00).

Year end	Revenue (€m)	EBITDA (€m)	Net profit (€m)	EPS (€)	EV/sales (x)	EV/EBITDA (x)
3/24	136.2	4.4	(10.2)	(0.04)	1.6	51.0
3/25e	136.6	10.8	(11.9)	(0.05)	1.6	20.7
3/26e	147.7	20.5	1.7	0.01	1.5	10.9
3/27e	168.9	27.9	7.8	0.03	1.3	8.0

Note: EBITDA, net profit and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items. EBITDA includes 60% share of the Accoya USA joint venture.

Good volume growth in FY25

Despite ongoing challenging macroeconomic conditions, Accsys reported total volume growth of 13% y-o-y in FY25, driven by underlying volume growth at its plant in Arnhem, the Netherlands, and a successful start-up of the plant in the US in September 2024 (60–40% owned with Eastman Chemical). Consolidated volumes were up only 1% y-o-y as volumes are being transferred from Arnhem to the US JV, which is equity accounted for. For FY26 and FY27 we expect revenue growth of 8% (reflecting the continued impact of the transfer of volumes) and 15%, respectively, driven by strong market demand and increased commercial efforts. Accsys is on track to realise its targeted run-rate sales volume of 100,000m³ end FY27 (from 63,864m³ in FY25).

Margins significantly improved in FY25

In FY25, adjusted EBITDA improved from €4.8m in FY24 to €10.8m, driven by cost savings and lower operational costs at the Hull project, partly offset by higher start-up losses at Accoya USA. We expect further strong improvements in the next few years. In FY26, there will no longer be any recurring costs for Hull and management expects Accoya USA to break-even after a loss of €6m in FY25 (Accsys's 60% share of the JV), supporting our adjusted EBITDA estimate of €20.5m. With total volume growth maintained at a high level in FY27, we expect further significant improvement in adjusted EBITDA to €27.9m.

Financial position and valuation

Net debt increased €5.5m y-o-y to €42.6m at end FY25, mainly due to investment in the US JV and higher inventories to ensure product availability. Due to the higher adjusted EBITDA, the leverage ratio improved from 4.4x to 2.5x. Accsys aims to be net debt neutral by FY30, which seems achievable based on our estimated free cash flows. For our valuation we use a discounted cash flow (DCF) model, which is based on specific estimates for the Arnhem plant, and we add a separate DCF value for the Accoya USA plant. With small changes to our estimates and rolling over our model by one year, our total DCF points to a value of €1.15/share (up from €1.00).

General industrials

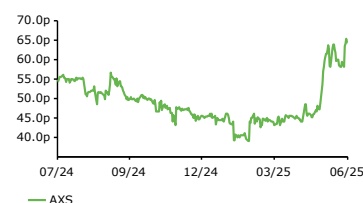
30 June 2025

Price¹ **64.40p**
Market cap² **£155m**

€ 1.17/£

Net cash/(debt) at 31 March 2025 €(42.6)m
 Shares in issue 240.4m
 Code AXS
 Primary exchange LSE
 Secondary exchange NXT AM
¹€0.75
²€180m

Share price performance



%	1m	3m	12m
Abs	20.1	47.2	14.2
52-week high/low		66.0p	38.9p

Business description

Accsys Technologies is a chemical technology company enhancing the natural properties of wood to make high-performance and sustainable building products. Its processes are based on the acetylation of solid wood and wood elements.

Next events

H1 results 26 November 2025

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FY25 results slightly better than our expectations

Accsys reported FY25 results (for the financial year ending 31 March) that were slightly better than consensus and our expectations. Revenues were flat year-on-year at €136.6m, slightly higher than our estimated €135.5m, which was caused by prices and mix, as volumes were already communicated in the company's pre-close trading update on 7 May 2025. Adjusted EBITDA improved from €4.8m in FY24 to €10.8m in FY25, slightly better than consensus of €10.5m and our estimate of €10.7m. The improvement was mainly driven by cost savings of €4.6m fuelled by the business transformation programme and operational efficiency improvements.

Related to the decision [to discontinue the Tricoya project in Hull](#) in September 2024, Accsys reported exceptional charges of €12m. These one-offs resulted in a reported EBIT loss of €4.4m versus a loss of €9.2m last year (which included one-offs of €8.2m). With higher financial and tax expenses, combined with the €7.8m y-o-y larger loss of the joint venture in the US, net loss widened from €17.9m in FY24 to €22.9m in FY25.

Exhibit 1: Summary FY25 results

€m	FY24	FY25	% change y-o-y
Sales	136.2	136.6	0%
Cost of sales	(95.3)	(95.2)	0%
Gross profit	40.9	41.4	1%
Gross margin	30.0%	30.3%	
Other operating expenses	(32.7)	(24.6)	-25%
EBITDA adjusted	8.2	16.9	106%
Depreciation	(8.4)	(8.2)	-3%
Amortisation	(0.8)	(1.0)	
EBIT adjusted	(1.0)	7.6	
Restructuring and other items	(1.2)	0.0	
Impairment	(7.0)	(12.0)	
Financial income and expenses	(3.8)	(4.6)	
Pre tax income	(13.0)	(8.9)	
Taxes	(0.8)	(2.0)	
Result Joint Venture	(4.1)	(11.9)	
Net profit reported	(17.9)	(22.9)	
Net profit adjusted	(10.2)	(11.9)	

Source: Accsys Technologies

Strong volume growth fuelled by expanded capacity

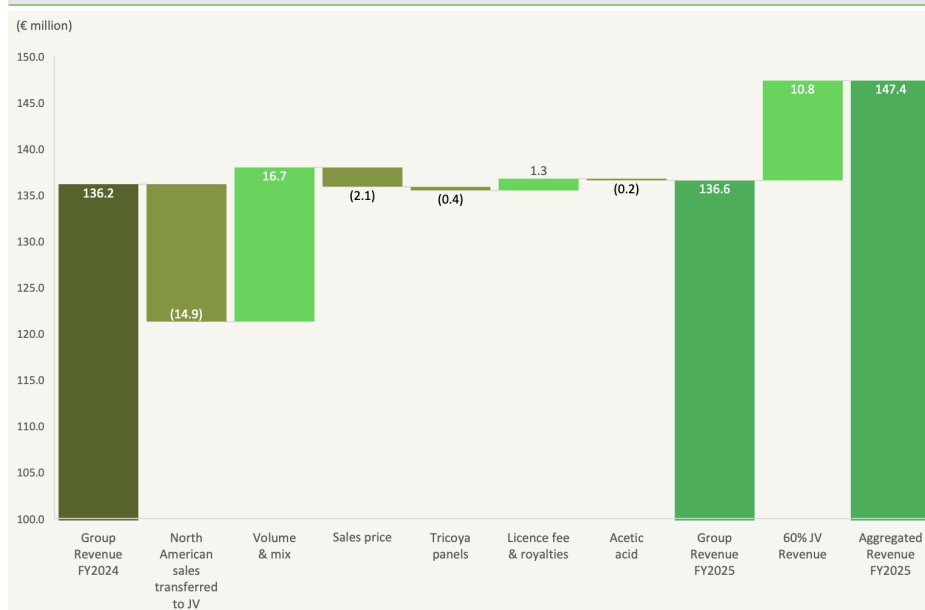
Accsys mentioned strong product demand despite the still challenging macroeconomic conditions. Group volumes were only up 1% y-o-y to 57,104m³, as since September 2024 the North American sales volumes from the Arnhem plant in the Netherlands (which is 100% consolidated) have been transferred to the new plant in the US, which is owned by the 60–40% joint venture with Eastman Chemical Company (not consolidated but equity accounted for). Accsys stated that, driven by strong growth in Europe, the sales volumes being transferred to the US have been fully replaced. This transfer of volumes also had a small negative price impact of €2.1m on revenues, as price levels in the US are about 20–25% higher than Europe. The Arnhem plant now sells its products worldwide except to the US, which is now served by the new plant in Tennessee, which has been operational since September 2024.

Looking at the total volumes of the two plants combined, Accsys showed solid growth of 13% y-o-y to 63,864m³ and further gained market share in the large wood market. Particularly strong growth was reported in the UK and Ireland (23% of total volumes) with 27% growth year-on-year. The rest of Europe (27% of volumes) reported 16% y-o-y growth despite still sluggish market conditions in Germany. Growth in North America (17% of volumes) was a solid 16%, thereby supporting the ramp-up of the new plant. Volumes of Accoya for Tricoya (27% of volumes) were flat for the year, which reflects a decline of 7% y-o-y in the second half after good growth in the first half, which is partly due to the annual maintenance shifting from the first half of FY24 to the second half of FY25.

Overall selling price levels have remained relatively stable, with reported pricing down 1.7%, but this was due to the impact of the transfer of volumes from Arnhem to Tennessee. The price levels of the two plants combined showed an increase of 1.2% y-o-y. Exhibit 2 shows the development of revenues in FY25, with the main components being the

transfer of volumes to Tennessee and the volume growth at the Arnhem plant. After the start of the joint venture plant in the US, Accsys is receiving royalties as a percentage of the Tennessee plant's revenues, which contributed €1m in FY25.

Exhibit 2: Revenue bridge FY25



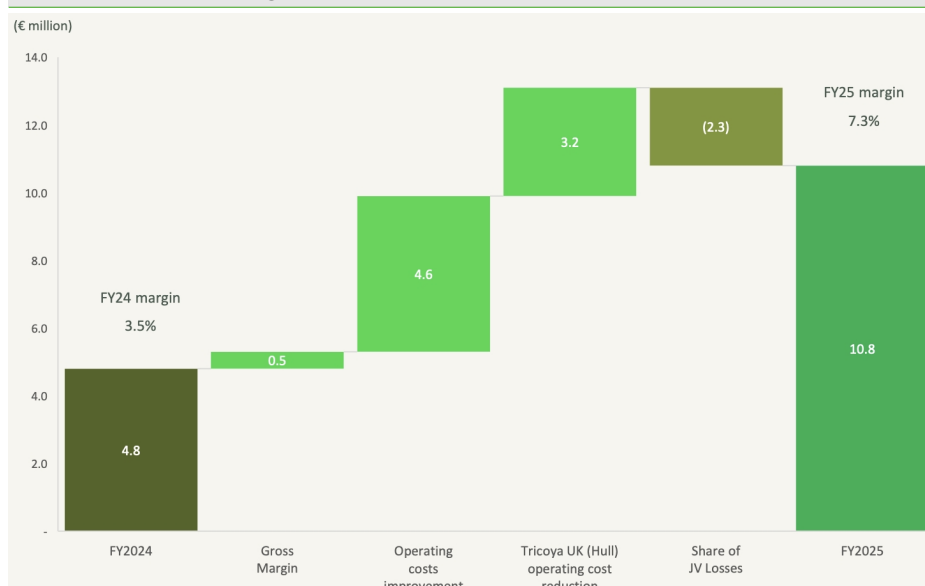
Source: Accsys Technologies

Improved profitability, supported by cost savings

Gross margin increased by 30bp y-o-y to 30.3%, due to the favourable sales mix with above-average growth of higher priced Accoya Color, and slightly lower costs for raw materials, which was supported by favourable wood purchase pricing and improved acetic anhydride usage in production.

Adjusted EBITDA more than doubled from €4.8m in FY24 to €10.8m in FY25. The EBITDA bridge is shown in Exhibit 3, with the main positive components being cost savings of €4.6m, fuelled by the business transformation programme (including €0.9m lower corporate costs) and operational efficiency improvements, and the €3.2m lower operating costs at Hull. This was partly offset by the €2.3m higher EBITDA loss of Accoya USA (Accsys's 60% share of the JV), related to its pre-revenue phase and costs associated with the ramp-up of production.

Exhibit 3: EBITDA bridge FY25



Source: Accsys Technologies

Financial position steadily improving

Net debt increased €5.5m y-o-y to €42.6m, primarily due to investment in the US JV and higher inventories ensuring product availability to support strong demand. Due to the strong increase in adjusted EBITDA, the leverage ratio improved from 4.4x to 2.5x. Free cash flow increased from €3.7m in FY24 to €8.8m in FY25, and we estimate further improvement to over €20m by FY30. Management reiterated that funding is in place to support its future growth prospects through to FY30.

For FY26, Accsys expects a further cash outflow for inventories, but less than the €5m in FY25 as the plant in Arnhem will not need high stock levels as it no longer delivers to the US. Part of the Focus strategy is to be net debt neutral by FY30, which seems achievable based on our estimated free cash flows for the next few years.

Outlook and valuation

Accsys is on track with its Focus strategy, with the first of three phases already yielding results. The company communicated its strategy at its [investor day](#) in January 2025. Accsys stated that it had a positive start to the year as it entered FY26 with good sales momentum. Management is confident that it can deliver sales growth and margin progression. For Accoya USA, investments are planned in sales and marketing to further build momentum. Accsys has started an architect education programme in the US, hoping to replicating the success in the UK. The focus is also on doubling distribution in the core sales areas of Florida, Texas and California.

In the first period after the commercial start of the plant in Tennessee in September 2024, the company offered discounts to help the start-up of the company, but these are no longer required. Accsys normally offers rebates of a few percentage points based on volumes. From 1 July 2025, sales prices in the US will be raised by an estimated 3–4% and so far the company has not experienced any slow down in order intake.

The global import tariff situation has not appeared to harm Accsys so far. Currently, there are exemptions in place for lumber imports into the US, while Accoya USA serves US customers with locally manufactured product.

Small changes to estimates

We have made small changes to our estimates for the next few years, as FY25 came in only a bit higher than we had anticipated. The main building blocks for our estimated jump in adjusted EBITDA from €10.8m in FY25 to €20.5m in FY26 are:

- Continued volume growth, driven by increased commercial efforts, a recovery in Germany, the reintroduction of products for windows and doors in the Netherlands and the introduction of a new finished decking product (first in France, followed by Switzerland and the Netherlands).
- Further operating efficiency compensating for inflationary pressure for saw mills and transportation of an estimated 3–4% and an almost double-digit increase in acetic anhydride prices in the year-to-date.
- No operating costs for Hull any longer, which will save €2.1m in costs annually.
- An improvement in the results at the Accoya USA JV. Management expects a loss in the first full year, which ends in September 2025. For FY26, the company expects EBITDA break-even or even a small profit, which reflects an improvement in Accsys's 60% share in the joint venture of at least €6m.

Exhibit 4: Estimate changes

€m	FY25e			FY26e			FY27e		
	Old	Actual	Change	Old	New	Change	Old	New	Change
Sales	135.5	136.6	0.8%	147.0	147.7	0.5%	172.2	168.9	-1.9%
Gross margin	30.1%	30.3%		30.8%	30.8%		31.6%	31.3%	
Adjusted EBITDA (incl 60% share JV)	10.7	10.8	1.5%	20.1	20.5	2.2%	29.8	27.9	-6.3%
Group EBITDA margin	12.1%	12.3%		13.3%	13.6%		15.1%	14.6%	
Adjusted EBITDA margin (incl 60% share JV)		7.3%			11.7%			14.1%	
Net profit	(29.5)	(22.9)		0.8	1.7	112.1%	9.2	7.8	-15.7%
Net profit adjusted	(8.6)	(11.9)	38.6%	0.8	1.7	112.1%	9.2	7.8	-15.7%

Source: Accsys Technologies, Edison Investment Research

Our FY26 estimates assume 8% revenue growth as another 3,800m³ in volumes will be transferred from Arnhem to the US (that were the sales volumes in Arnhem to North America in the period March to September 2024). Total volume

Distributed by London South East

growth is estimated at 14%. We expect an improvement in adjusted EBITDA from €10.8m to €20.5m, with Accoya USA reporting a small profit (with Accsys's 60% share at €0.4m). For FY27, we expect 15% y-o-y revenue growth as there will no longer be a negative effect of transferring volumes to the US, while growth will be supported by the increased commercial efforts. We expect total volume growth to be maintained at the high levels of FY25 and FY26, although we have lowered our previous forecast of 17% growth as this was too optimistic, and we now also assume a more gradual ramp-up in the US.

Phase 1 of the company's strategy is for the period until FY27, with financial targets of a run-rate volume of 100,000m³ for Arnhem and Tennessee combined at end FY27 and an adjusted EBITDA margin of 12% (that is group EBITDA and the 60% share in Accoya USA). In FY25, the adjusted EBITDA margin had already recovered 380bp to 7.3%, with the underlying adjusted EBITDA margin of the Arnhem plant up from 6.1% to 12.3% (including corporate costs and costs related to Hull). For FY26 we expect the adjusted EBITDA margin to improve 450bp to 11.8% followed by 190bp to 13.7% in FY27, thereby exceeding the company's ambition for that year.

Valuation

As there are no other listed companies that are comparable to Accsys, we use a DCF model for our valuation. This model is based on specific estimates for the Arnhem plant, and we add a separate DCF value for the Accoya USA plant. With small changes to our estimates, a WACC of 10.1% and rolling over our model by one year, our DCF points to a value per share of €1.15 (up from the previous €1.00).

Exhibit 5: Financial summary

€m	FY23	FY24	FY25	FY26e	FY27e
Year end 31 March	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT					
Revenue (reported)	162.0	136.2	136.6	147.7	168.9
Volumes Arnhem, in m ³	63,344	56,568	57,104	60,877	68,018
Gross Profit	55.2	40.9	41.4	45.5	52.8
EBITDA adjusted, incl share Accoya USA jv	22.9	4.4	10.8	20.5	27.9
EBITDA adjusted, excl share Accoya USA jv	23.6	8.2	16.9	20.1	24.7
EBITDA reported	22.1	7.0	16.9	20.1	24.7
Depreciation & Amortisation	(8.3)	(9.2)	(9.2)	(8.8)	(8.3)
EBIT adjusted	15.3	(1.0)	7.6	11.3	16.4
Exceptionals (Edison definition)	(87.5)	(8.2)	(12.0)	0.0	0.0
EBIT reported	(72.2)	(9.2)	(4.4)	11.3	16.4
Net Interest	6.1	(3.8)	(4.6)	(5.1)	(6.0)
Results of associates/Accoya USA jv	(1.0)	(4.1)	(11.9)	(3.6)	(1.5)
Profit Before Tax	(67.1)	(17.1)	(20.8)	2.6	10.3
Reported tax	(2.8)	(0.8)	(2.0)	(0.9)	(1.0)
Profit After Tax	(69.9)	(17.9)	(22.9)	1.7	9.3
Minority interests	30.8	0.0	0.0	0.0	0.0
Net profit (adjusted)	9.5	(10.2)	(11.9)	1.7	7.8
Net profit (reported)	(39.0)	(17.9)	(22.9)	1.7	7.8
Average number of shares (m)	210.7	227.9	238.0	240.4	240.4
Average number of shares, diluted (m)	219.1	234.9	245.0	247.4	247.4
EPS adjusted (€)	0.05	(0.04)	(0.05)	0.01	0.03
EPS reported (€)	(0.19)	(0.08)	(0.10)	0.01	0.03
Revenue growth	34%	-16%	0%	8%	14%
Gross Margin	34.0%	30.0%	30.3%	30.8%	31.3%
Adjusted EBITDA margin	14.6%	6.0%	12.3%	13.6%	14.6%
Adjusted operating margin	9.4%	-0.8%	5.6%	7.7%	9.7%
Reported EBIT margin	-44.5%	-6.8%	-3.2%	7.7%	9.7%
BALANCE SHEET					
Fixed Assets	151.4	138.9	117.1	109.2	104.0
Intangible Assets	10.5	10.0	6.2	5.9	5.6
Tangible Assets	110.1	97.2	77.1	72.1	67.9
Investments & other	30.9	31.7	33.9	31.2	30.5
Current Assets	75.1	71.0	63.8	71.5	84.1
Stocks	29.9	25.7	30.8	33.3	38.0
Debtors	14.4	14.0	12.9	13.9	15.9
Other current assets	4.1	3.8	2.7	2.9	3.3
Cash & cash equivalents	26.6	27.4	17.4	21.4	26.8
Current Liabilities	42.5	26.2	30.2	29.6	31.6
Creditors	17.9	11.8	8.4	8.2	8.9
Other current liabilities	14.0	13.7	15.2	14.8	16.1
Short-term borrowings	10.5	0.7	6.6	6.6	6.6
Long-Term Liabilities	61.6	65.0	53.4	50.1	45.7
Long-term borrowings	60.2	63.9	53.4	50.1	45.7
Other long-term liabilities	1.4	1.1	0.0	0.0	0.0
Shareholders' equity	122.5	118.8	97.3	101.0	110.9
Minority interests	0.0	0.0	0.0	0.0	0.0
Balance sheet total	226.5	210.0	180.9	180.7	188.1
CASH FLOW					
Op Cash Flow before WC and tax	28.2	3.6	12.9	20.1	24.7
Working capital	(6.1)	(1.8)	(7.0)	(4.4)	(5.2)
Other	0.6	1.5	1.7	1.7	1.7
Tax	0.1	0.1	(1.4)	(0.9)	(1.0)
Net interest	(6.1)	3.8	4.6	(4.4)	(5.2)
Net operating cash flow	16.6	7.1	10.7	12.1	20.2
Capex	(30.2)	(3.5)	(1.9)	(3.5)	(3.8)
Investments in financial assets/joint ventures	(29.0)	(4.9)	(14.7)	(0.9)	(0.9)
Equity financing	19.2	12.7	(0.5)	(0.5)	(0.5)
Other	6.6	(4.5)	0.8	0.0	0.0
Net Cash Flow	(16.8)	6.9	(5.5)	7.2	15.0
Opening net debt/(cash), including lease liabilities	27.3	44.1	37.1	42.6	35.4
Closing net debt/(cash), including lease liabilities	44.1	37.1	42.6	35.4	20.4

Source: Accsys Technologies, Edison Investment Research

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