Accsys Technologies

H125 results

Upgrading guidance for the full year

General industries

Accsys Technologies had a strong H125 with a return to revenue growth and gross margin exceeding its target of 30%. Adjusted EBITDA improved on the back of better than expected volume growth from the plant in Arnhem. The company has simplified and de-risked the group through the successful start-up of the plant in the United States and the decision to discontinue the project in Hull. After the good start of the year, Accsys increased guidance for the full year, with underlying profitability expected to improve in H2 as Accoya USA continues to ramp up.

Year end	Revenue (€m)	EBITDA* (€m)	Net profit* (€m)	EPS* (€)	EV/sales (x)	EV/EBITDA (x)
03/23	162.0	22.9	9.5	0.05	1.1	7.6
03/24	136.2	4.8	(10.2)	(0.04)	1.3	20.8
03/25e	137.4	10.0	(4.8)	(0.02)	1.0	10.4
03/26e	152.4	18.3	5.3	0.02	0.8	6.1

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

Trading improved throughout the first half (ending 30 September), despite continued challenging market conditions in the global construction market. Group revenues increased 1% y-o-y to €72.2m, with stronger than expected volume growth in the Arnhem plant of 5% to 30,372m³. Including sales volumes from the new plant in the US, which started in September, total volumes reached 31,553m³, reflecting growth of 10% y-o-y, with strong growth of 18% y-o-y in the large American market, which the company has started serving directly from the JV plant in Kingsport. Accsys is operating in the US via the 60%/40% JV with Eastman, which will be equity accounted, but the company provides combined sales volumes and aggregated revenues (€74.1m in H1).

Following the decision to discontinue the Tricoya project in Hull, England at the end of the first half, Accsys wrote off the remaining book value of €18m and incurred a one-off charge of €3.9m for the discontinuation and winding up of the plant.

Gross margin recovered from last year's decline and was up 210bp y-o-y to 30.7%, driven by increased sales volumes and optimisation of wood procurement. Adjusted EBITDA improved from €1.6m to €4.0m, mainly driven by higher sales volumes. It was supported by the realisation of €2.5m in cost savings from the business transformation programme and €1.4m lower opex in Hull, while absorbing the €3.3m higher loss from the US JV, which has just started commercial operations. Net debt increased to €40.2m from €37.1m at the end of FY24, mainly due to investments of €7.2m into the US JV.

After a strong start to the year, Accsys expects FY25 results to be significantly ahead of market consensus (adjusted EBITDA of €7.6m). Despite ongoing difficult market conditions, the company expects volumes to maintain momentum. Accelerating sales and marketing activities should support volume growth. The operational turnaround is in progress, which should deliver the full €3m in planned cost savings, while the closure of the Hull project delivers €3m in savings. Accsys remains committed to reach around 100,000m³ in volumes across Arnhem and Kingsport by the end of FY27. It also announced an investor strategy day in Arnhem on 30 January 2025.

26 November 2024

Price	**43p/€0.54**
Market cap	**£103m/€130m**
	€1.20/£
Net debt (€m) at 30 September 2024	40.2
Shares in issue	240.4m
Free float	60%
Code	AXS
Primary exchange	LSE
Secondary exchange	Euronext Amsterdam

Share price performance

Business description

Accsys Technologies is a chemical technology company focused on the development and commercialisation of a range of transformational technologies based on the acetylation of solid wood and wood elements for use as high-performance, environmentally sustainable construction materials.

Analyst

Johan van den Hooven +44 (0)20 3077 5700

industrials@edisongroup.com

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Accsys Technologiesis a research client of Edison Investment Research Limited

EDISON

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom