Nordea

Commissioned Equity Research

Flash comment

22 August 2023

Commissioned research: Agilyx – Progress in place and an improved H2 on the cards, but macroeconomic backdrop starts to bite

Marketing material commissioned by Agilyx

Agilyx published its H1 2023 report this morning, with progress in place and a back-end loaded 2023 on the cards, however a tough macro backdrop has caused an impact on pipeline conversion. The company posted revenues of USD 8.1m (4% growth y/y, 12% below NDA), with an almost doubling of conversion revenues (driven by Toyo Styrene) offsetting a decline in Cyclyx revenues. The reasons for this decline was due to lower customer production capacity due to facility maintenance. Down the P&L, gross margins remained positive (8%), and EBITDA came in at USD -10.5m, remaining negative as the company expands its footprint. Cash came in at USD 8m, which includes around USD 4m in pre-payments for the Cyclyx Circularity Centre in H2. Going forward, the company has noted that the macroeconomic backdrop has caused a slowdown to pipeline conversion, and alongside a sharpening of strategy (Agilyx will focus on select waste-to-product projects across polystyrene, PMMA and BTX) will target the development of three new projects per year (down from four).

On a first take, we are encouraged by the progress in place and see the sharpened conversion strategy as a positive, which will result in Agilyx focusing on its core strengths and partnerships (i.e. TruStyrenyx) while lowering costs. However, we note the slower pipeline conversion commentary and expect a focus around the decrease to three projects into development per year. Going forward, we expect consensus estimates to therefore come down for the year, however we maintain that we expect a back-end loaded 2023 and a strong long-term outlook. The company will be presenting its report at 09:00 CET – click here to tune in.

Agilyx: H1 2023 financial results summary

USDm	H1 2023	H1 2023E	% change	H1 2022	% change Y/Y	H2 2022	% change H/H
Total Revenues	8.1	9.2	-12 %	7.8	4 %	8.6	-6 %
Gross profit	0.6	1.3	-53 %	-0.8	-183 %	1.3	-53 %
Gross margin %	8 %	15 %	-6.8pp	-10 %	17.3pp	15 %	-7.7pp
Other costs	-11.1	-10.7	-3 %	-10.0	-11 %	-11.7	5 %
EBITDA	-10.5	-9.4	-11 %	-18.5	44 %	-19.0	45 %
EBITDA margin %	-128 %	-202 %	73.1pp	-237 %	108.3pp	-220 %	91.6pp
Adj. EBIT	-10.9	-9.8	-11 %	-11.1	2 %	-10.8	-1 %
EBIT margin %	-133 %	-106 %	-27.1pp	-142 %	8.0pp	-125 %	-8.3pp
Pre-tax profit	-11.0	-11.5	4 %	-9.6	-15 %	-13.9	21 %
Net income	-11.0	-11.5	4 %	-9.6	-15 %	-13.9	21 %

Source: company, Nordea

SUMMARY TABLE - KEY FIGURES

USDm	2020	2021	2022	2023E	2024E	2025E
Total revenue	4	5	16	35	74	149
EBITDA (adj)	-6	-15	-21	-15	-8	5
EBIT (adj)	-7	-16	-22	-16	-10	4
EBIT (adj) margin	-154.3%	-321.1%	-133.0%	-44.7%	-13.1%	2.4%
EPS (adj, USD)	-0.14	-0.22	-0.27	-0.22	-0.15	0.00
EPS (adj) growth	n.a.	-59.6%	-26.1%	18.8%	33.2%	97.4%
DPS (ord, USD)	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	76.6	61.1	17.3	6.2	3.1	1.5
EV/EBIT (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	60.3
P/E (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
P/BV	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease adj	-2.9%	-5.9%	-6.3%	-7.3%	-7.0%	-0.2%
Net debt	-36	-18	-13	-8	-5	-19
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	-3.5
ROIC after tax	n.m.	n.m.	n.m.	n.m.	n.m.	-48.0%

Source: Company data and Nordea estimates

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