

24 November 2023

Commissioned research: Agilyx – Preparing for a new phase of growth

Marketing material commissioned by Agilyx

Agilyx will hold a Q3 trading update investor call on 28 November. We expect the primary focus to be on the recent transaction and strategy update announcements, as well as a brief update on operations. The first point includes a capital injection of around USD 135m by ExxonMobil and LyondellBasell in Cyclyx for a stake in the waste sourcing platform, with the use of proceeds meant to push the Cyclyx Circularity Center (CCC) forward to FID, as well as cover construction costs through commissioning. As part of this announcement, the company also highlighted an update to the strategy of Cyclyx, with the company moving to a build-own-operate model on the Cyclyx side in the form of the future CCC; we expect the company to touch upon further details regarding future CCC economics in the trading update call. Elsewhere, we expect to hear details around operational developments on both sides of the business (as this is just a trading update, we do not expect to see a full set of accounts); on the conversion side, we hope to hear about progress at the Toyo Styrene project, as well as any updates on the Kumho and Technip partnerships. On the Cyclyx side, we are looking for updates related to Cyclyx volume deliveries. Lastly, we expect the company to share progress on the search for a new CEO, after the departure of Tim Stedman.

AGILYX: H2 2023 SUMMARY OF FINANCIALS (Q3 NUMBERS LINEARLY IMPLIED)

USDm	H2 2023	Implied Q3 (linear)	H1 2023	% change H/H	H2 2022	% change Y/Y
Total Revenues	13.3	6.6	8.1	63%	8.6	54%
Gross profit	3.3	1.7	0.6	428%	1.3	149%
Gross margin %	25%	25%	8%	17.2pp	15%	9.5pp
Other costs	-11.2	-5.6	-11.1	-1%	-11.7	4%
EBITDA	-7.9	-4.0	-18.6	57%	-19.0	58%
EBITDA margin %	-60%	-60%	-228%	168.9pp	-220%	160.5pp
Adj. EBIT	-8.3	-4.2	-10.9	23%	-10.8	23%
EBIT margin %	-63%	-63%	-133%	70.8pp	-125%	62.6pp
Pre-tax profit	-9.4	-4.7	-11.0	15%	-13.9	32%
Net income	-9.4	-4.7	-11.0	15%	-13.9	32%

Source: Company data and Nordea estimates

Summary of recent announcements

1. LyondellBasell & ExxonMobil investment in Cyclyx ([click here for announcement](#))

- LyondellBasell and ExxonMobil invest USD 135m in Cyclyx
- Funding for ramp-up of first Cyclyx Circularity Center (CCC)
- LyondellBasell and ExxonMobil to provide intake and offtake for first CCC
- Agreement includes proposed second CCC
- Previous Cyclyx structure: 75% Agilyx, 25% ExxonMobil
- Structure post transaction: 50% Agilyx, 25% ExxonMobil, 25% LyondellBasell

2. USD ~20m (NOK 220m) placing of shares ([click here for announcement](#))

- Completion of NOK 220m equity raise at NOK 21.5 per share (1.6% discount to previous close)
- Net proceeds to support new strategic direction of Cyclyx (i.e. build-own-operate) and to support Agilyx in commercialization of key plastic conversion projects
- Agilyx notes that the net proceeds will fund both Agilyx and Cyclyx through 2024

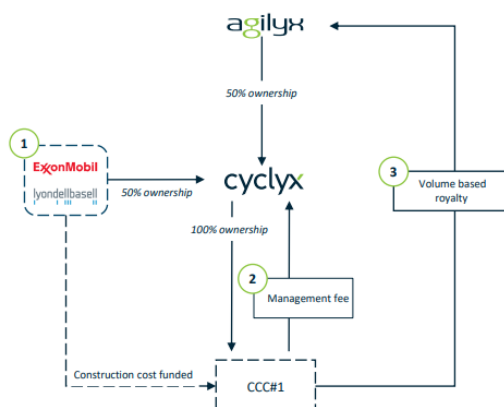
3. CEO Tim Stedman to step down ([click here for announcement](#))

- Agilyx has announced that Tim Stedman will step down as CEO
- Mr. Stedman will continue in his role until the end of the year
- A process for a successor to Mr. Stedman is under way

Future outlook of CCC economics

- 1c Cyclyx Circularity Center #1 is a first of its kind, fully funded industrial scale system unlocking the business opportunity, while still generating attractive earnings to Agilyx

Cyclyx Circularity Center #1



Cyclyx gains first operating plant, de-risked and also profitable

Industrial scale and fully vetted after close engineering cooperation with LB and EM through 12 months of detailed planning and costing

- 1 All CAPEX risk borne by LYB and EM
Operating risk mitigated by offtake agreements with EM and LYB for the life of the facility

- 2 CCC#1 will pay an annual USD 7m management fee to Cyclyx, and Agilyx's ownership in Cyclyx entitles it to 50% of Cyclyx earnings

- 3 CCC#1 also pay USD ~2.5m p.a. in royalties direct to Agilyx for use of the background intellectual property

Strong contribution from CCC#1 when operational 2025

Agreement with EM and LYB provides opportunity for additional capacity to meet their feedstock requirements

- Offtake commitments from EM and LYB
- Agilyx has option to participate in future CCCs with EM and LYB at its discretion

Example of future cash generation roll up attributable to Agilyx¹

USDm	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
CCC#1	3.5	3.5	3.5	3.5	3.5
CCC#2		11.5	11.5	11.5	11.5
CCC#3			11.5	11.5	11.5
CCC#4				11.5	11.5
CCC#5					11.5
Royalty to Agilyx	2.5	5	7.5	10	12.5
Total	6	20	34	48	62

- CCC#1: Agilyx is not investing in the asset, just shared services
- CCC#2 onwards: Investible return of ~15%
- Each 178kta CCC to generate royalties to Agilyx of USD ~2.5m pa

Significant growth opportunity with other customers

- New structure enables rapid scale up
 - Cyclcyx can build or license CCCs for other customers
 - Agilyx can choose to participate
- Agilyx does not take the operational risk in CCCs with EM and LYB and therefore returns are lower
 - Significant opportunity to sell output at market returns
 - Potential cash generation attributable to Agilyx USD ~30m p.a.²
- Funding for subsequent CCCs likely to be through project or debt finance
- All CCCs (licensed or BOO) will generate a volume-based royalty to Agilyx
- Agilyx entitled to 50% of Cyclcyx earnings
 - Cyclcyx will no longer be consolidated: will be accounted for using the equity method with projected \$200m carrying value



Source: Company images

SUMMARY TABLE - KEY FIGURES

USDm	2020	2021	2022	2023E	2024E	2025E
Total revenue	4	5	16	21	57	111
EBITDA (adj)	-6	-15	-21	-18	-10	-4
EBIT (adj)	-7	-16	-22	-19	-12	-5
EBIT (adj) margin	-154.3%	-321.1%	-133.0%	-89.6%	-20.3%	-4.7%
EPS (adj, USD)	-0.14	-0.22	-0.27	-0.25	-0.16	-0.08
EPS (adj) growth	n.a.	-59.6%	-26.1%	9.3%	36.9%	46.6%
DPS (ord, USD)	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	76.6	61.1	17.3	8.2	3.2	1.6
EV/EBIT (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
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%	-14.9%	-9.0%	-4.4%
Net debt	-36	-18	-13	-2	0	-6
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
ROIC after tax	n.m.	n.m.	n.m.	n.m.	n.m.	-73.0%

Source: Company data and Nordea estimates

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Nordea analyst: Elliott Jones

Elliott Geoffrey Peter Jones

Associate Director – Equity Research

Nordea | Investment Banking & Equities | Equity Research NO

Tel: +47 48236159 | Mob: +47 48236159

E-mail: elliott.geoffrey.peter.jones@nordea.com

Web: nordeamarkets.com

Nordea Bank Abp, filial i Norge, Essendrops gate 7, PO box 1166 Sentrum, 0107 Oslo, Norway, 920058817 MVA (Norwegian Register of Business Enterprises)

Nordea Bank Abp, Helsinki, Finland, 2858394-9 (Finnish Patent and Registration Office)

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