Nordea

Commissioned Equity Research

Flash comment

7 December 2023

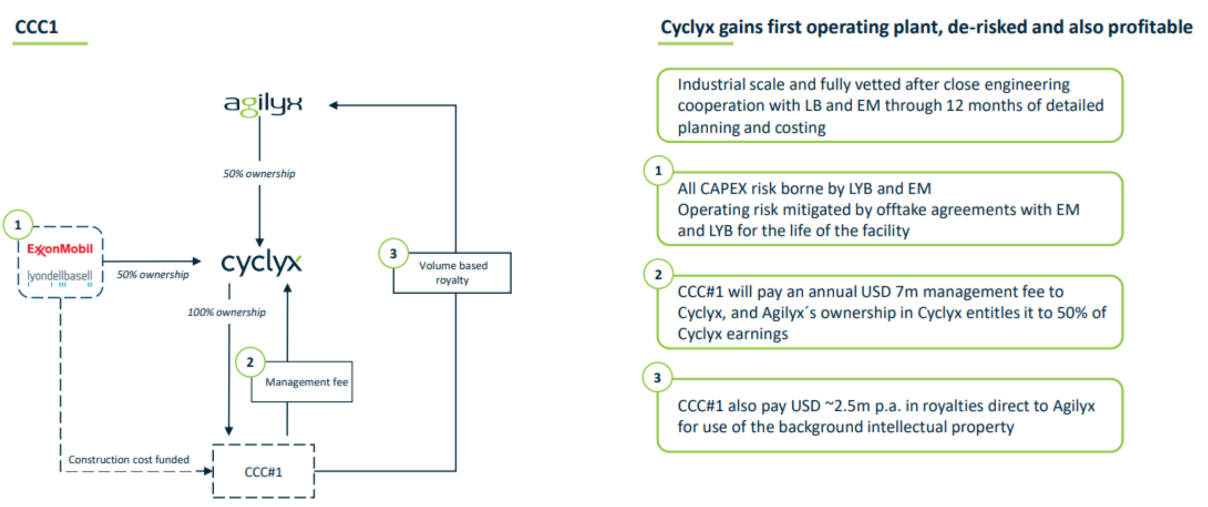
Commissioned research: Agilyx – First Cyclyx Circularity Centre FID reached, with approval to move forward to construction

Marketing material commissioned by Agilyx

Agilyx has announced that Cyclyx, alongside Cyclyx partners ExxonMobil and LyondellBasell, have reached FID for their first Cyclyx Facility (Cyclyx Circularity Centre, or "CCC") and have approved to move forward into the construction phase. As a reminder, the Cyclyx Circularity Centre will be able to take on board a range of plastics currently going into landfill, process them, and produce 136ktpa of plastic feedstock for advanced and mechanical recycling. The company will receive cash flows in the form of a management fee (c. USD 7m to Cyclyx which is then distributed to Cyclyx's partners on a proportional basis – this quantum could rise in the future if Agilyx provides project capital), as well as a royalty (USD 2.5m relating to use of background intellectual property) that goes straight to Agilyx.

While the FID for the first facility was expected in short order, we see this as a significant milestone for the company's development going forward. As a reminder, Cyclyx recently raised USD 135m through an equity injection from blue-chip partners ExxonMobil (25% owner of Cyclyx) and LyondellBasell (25% owner of Cyclyx), thus we expect the facility construction to be fully funded. Furthermore, we see this as validation of the partners' belief in the Cyclyx offering, with the potential for a further CCC FID before operations begin in the first CCC (we assume construction will take around 18 months) as we have it. Given this, we see the announcement as a positive for the company and its equity story going forward.

Overview of economics for the first CCC



Source: Company image

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	7.5	2.9	1.5
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%	-16.2%	-9.7%	-4.8%
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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