

7 May 2024

<b>Price (NOK)</b>	<b>30</b>
Shares in issue (m)	96
Mkt Cap (NOKm)	2,861
Net debt (NOKm)	-91
EV (NOKm)	2,770
BVPS (NOK)	8.8

**Share price performance**

1m	-2.0%
3m	15.8%
12m	-0.7%
12 m high/low	32/19.2
Ave daily vol (30D)	61,320

**Shareholders**

Saffron Hill Venture	42.9%
Norris Peter Michael	4.4%
Nordea Bank Abp	4.1%
Cmu Seb	3.0%
Bnp Paribas Sa	2.6%
Mp Pensjon Pk	1.9%
Dnb Asa	1.8%
Ufi As	1.3%
Sundt As/Norway	1.3%
Ufi Capital As	1.2%
Total for top 10	64.4%
Free float	52.0%
Source: Bloomberg	24 Apr 24

**Next news** Ints Q4

**Business description**

Plastic waste recycling technology and feedstock management



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## CYCLYX POTENTIAL GIVES COMFORT

The Agilyx full year results showed revenue ahead of our expectations both at the core Agilyx business and at the Cyclyx upstream joint venture. The company is making good progress in both areas. While headwinds may impact timing, the long-term opportunity remains strong. Indeed, for Cyclyx the potential demand from signed counterparties, or members, has now reached over 6 mtpa by 2031, well ahead of our forecasts. We have kept our long-term forecasts conservative and adjusted opex near term to reflect improved operating costs but also more conservative timing on both projects and CCCs. Our central case valuation remains attractive at NOK 86 slightly down from NOK 89.

### Forecast Changes Reflect Costs and Timing

We have also adjusted our forecasts to reflect the accounting treatment of the Cyclyx business following the major restructuring which reduced the Agilyx holding to 50%. This means the company will still report the revenue and operating profit in the segmental statement but will only show investment income in the P&L. We had effectively already published our forecasts on this basis and have now brought the historic figures in line. We have also pushed back some timings on Agilyx projects and moderated the early income from Cyclyx. Additionally, we have brought opex down to reflect the strong progress made on costs.

### Comfort in Long-Term Potential

Further out we have not made major changes to our long term forecasts other than for timing. The results presentation shows a worked example of the potential impact of CCCs with up to 5 CCCs providing a net income to Agilyx of US\$67.4m. However, it also shows that the potential current demand from Cyclyx members would be over 6mtpa of recyclate which would equal 60 plants by 2031. Our existing forecast methodology uses a Bass Diffusion model out to 2031 and assume 4.1mtpa of demand at that point which we think is very achievable given the figures above. Our model also uses a conservative S curve so that even by FY 2027 demand is just 0.4 mtpa which feels achievable.

\$,000 Dec	2022a	2023e	2024e	2025e	2026e	2027e
Sales	7,362	5,895	10,739	43,354	70,353	83,611
EBITDA	-17,132	-16,073	-11,094	-282	14,276	31,559
PBT	-17,881	-17,157	-11,959	-1,353	13,005	30,075
EPS	-0.2	-0.2	-0.1	0.0	0.1	0.2
CFPS	-0.2	-0.3	-0.1	0.1	-0.1	-0.3
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt (Cash)	-12,939	-8,235	-638	-8,317	-5,921	-3,149
Debt/EBITDA	0.8	0.5	0.1	29.5	-0.4	-0.1
P/E	-13.3	-15.1	-21.9	-193.5	26.8	11.6
EV/EBITDA	-14.5	-15.8	-23.5	-897.9	17.9	8.2
EV/sales	33.8	43.0	23.6	5.8	3.6	3.0
FCF yield	-8.6%	-10.6%	-2.7%	2.5%	-5.1%	-10.5%
Div yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

## FINANCIAL MODEL

### Profit and Loss Account

US\$,000, Dec	2022a	2023a	2024e	2025e	2026e	2027e
<b>Turnover</b>						
Agilyx	7,362	5,895	10,739	43,354	70,353	83,611
Cyclyx	9,096	10,298	16,392	35,526	155,614	352,275
Cyclx adjustments	-9,096	-10,298	-16,392	-35,526	-155,614	-352,275
Other	0	0	0	0	0	0
<b>Total</b>	<b>7,362</b>	<b>5,895</b>	<b>10,739</b>	<b>43,354</b>	<b>70,353</b>	<b>83,611</b>
<b>Operating profit</b>						
Agilyx	-17,191	-15,760	-9,456	-434	4,143	7,502
Cyclyx	-4,692	-9,273	-5,016	-1,838	22,018	56,186
Cyclx adjustments	5,477	9,273	5,016	1,838	-22,018	-56,186
Other	-1,272	987	0	0	0	0
<b>Operating profit</b>	<b>-17,678</b>	<b>-14,774</b>	<b>-9,456</b>	<b>-434</b>	<b>4,143</b>	<b>7,502</b>
<b>P&amp;L Account</b>						
Turnover	7,362	5,895	10,739	43,354	70,353	83,611
Operating Profit	-17,678	-14,774	-9,456	-434	4,143	7,502
Investment income	0	-1,973	-2,508	-919	8,857	22,570
Net Interest	-204	-410	5	0	5	4
Pre Tax Profit (UKSIP)	-17,881	-17,157	-11,959	-1,353	13,005	30,075
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	0	0	0	0	0	0
Pre Tax Profit (IFRS)	-17,881	-17,157	-11,959	-1,353	13,005	30,075
Tax	0	0	0	0	-3,251	-7,519
Post tax exceptionals	-5,503	113,279	0	0	0	0
Minorities	1,376	1,351	0	0	0	0
Net Profit	-22,009	97,474	-11,959	-1,353	9,753	22,557
Dividend	0	0	0	0	0	0
Retained	-22,009	97,474	-11,959	-1,353	9,753	22,557
EBITDA	-17,132	-16,073	-11,094	-282	14,276	31,559
EPS (p) (UKSIP)	-0.21	-0.18	-0.12	-0.01	0.10	0.24
EPS (p) (IFRS)	-0.28	1.12	-0.12	-0.01	0.10	0.24
FCFPS (p)	-0.23	-0.29	-0.08	0.07	-0.14	-0.29
Dividend (p)	0.00	0.00	0.00	0.00	0.00	0.00

Source: Company data, Longspur Research estimates

### KEY POINTS

- FY 24 sees Aglyx early development fees
- FY 25 and beyond see strong development fees
- Cyclyx grows from a low start driving investment income from FY 25
- Company moves into profit in FY 26

## Balance Sheet

US\$,000, Dec	2022a	2023a	2024e	2025e	2026e	2027e
Fixed Asset Cost	2,939	2,372	3,061	3,768	4,492	5,235
Fixed Asset Depreciation	-610	-752	-1,622	-2,692	-3,969	-5,456
Net Fixed Assets	2,329	1,620	1,440	1,076	523	-222
Goodwill	0	0	0	0	0	0
Other intangibles	4,002	3,587	3,587	3,587	3,587	3,587
Investments	0	113,003	114,494	116,023	137,590	169,195
Stock	1,687	0	0	0	0	0
Trade Debtors	2,443	589	883	3,563	5,782	6,872
Other Debtors	457	2,975	809	809	809	809
Trade Creditors	-2,641	-1,831	-3,531	-14,254	-23,130	-27,488
Other Creditors <1yr	-7,855	-925	-925	-925	-925	-925
Creditors >1yr	-6,303	-3,293	-3,293	-3,293	-3,293	-3,293
Provisions	0	0	0	0	0	0
Pension	0	0	0	0	0	0
Capital Employed	-5,880	115,725	113,463	106,586	120,943	148,535
Cash etc	13,671	8,528	638	8,317	5,921	3,149
Borrowing <1yr	267	233	0	0	0	0
Borrowing >1yr	465	60	0	0	0	0
Net Borrowing	-12,939	-8,235	-638	-8,317	-5,921	-3,149
Share Capital	8,735	9,595	10,391	11,207	12,044	12,901
Share Premium	53,854	73,240	74,544	75,882	77,253	78,658
Retained Earnings	-56,125	41,349	29,390	28,038	37,791	60,348
Other	-101	-224	-224	-224	-224	-224
Minority interest	697	0	0	0	0	0
Capital Employed	-5,880	115,725	113,463	106,586	120,943	148,535
Net Assets	7,060	123,959	114,102	114,903	126,864	151,683
Total Equity	7,060	123,959	114,102	114,903	126,864	151,683

Source: Company data, Longspur Research estimates

## KEY POINTS

- Cash in FY 23 benefits from equity raise
- Working capital expands with sales growth although payment cycle relatively efficient

## Cashflow

US\$,000, Dec	2022a	2023a	2024e	2025e	2026e	2027e
Operating profit	-17,678	-14,774	-9,456	-434	4,143	7,502
Depreciation	545	674	870	1,071	1,277	1,488
Provisions	0	0	0	0	0	0
Other	-2,585	-4,996	0	0	0	0
Working capital	4,460	5,453	3,572	8,042	3,406	-999
Operating cash flow	-15,258	-13,643	-5,014	8,679	8,825	7,991
Tax paid	0	0	0	0	0	-3,251
Capex (less disposals)	-934	-8,005	-689	-707	-724	-742
Investments	-2,539	-3,670	-1,491	-1,529	-21,567	-31,606
Net interest	-1,323	-225	5	0	5	4
Net dividends	0	0	-2,508	-919	8,857	22,570
Residual cash flow	-20,054	-25,544	-9,698	5,525	-4,604	-5,035
Equity issued	13,418	19,404	2,101	2,154	2,208	2,263
Change in net borrowing	4,365	4,705	7,596	-7,679	2,396	2,772
Adjustments	1,432	1,435	0	0	0	0
Total financing	19,215	25,544	9,697	-5,525	4,604	5,035

Source: Company data, Longspur Research estimates

## KEY POINTS

- Operating cashflow becomes positive from FY 25
- Working capital positive but dependent on project timings
- Low capex reflects licencing business model
- Investments to support roll out of Cyclyx Circularity Centres
- Cyclyx as investment income from FY 24

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