

Active Energy Group PLC

17:29 12 Jan 2015

Active Energy wins two new contracts with major MDF manufacturer

Wood chip firm Active Energy Group (LON:AEG) has secured two significant high-volume supply contracts for 2015.

The company is also further expanding its Ukrainian production capabilities, and is introducing a new wood chip product line.

The two supply contracts have been signed with Turkish medium-density fibreboard (MDF) manufacturer Yildiz Entegre and require Active Energy to deliver up to 300,000 tonnes of its hardwood wood chip, and up to a further 300,000 tonnes of its new line of softwood wood chip, in 2015.

The company said its new softwood wood chip line can both meet its clients' stringent quality standards and the pest control requirements of the Turkish authorities.

Together, the two contracts are expected to generate revenues for the group of over US\$68 million, at an expected gross profit of over US\$12 million. Supply negotiations with other major Turkish MDF manufacturers are in progress and are at an advanced stage, Active Energy revealed.

To satisfy the new supply contracts and expand its product range, Active Energy (AEG) has agreed further raw material supply arrangements with its long-term partner, the Ukrainian State Forest Resources Agency (SAFRU).

The company has ordered new high-volume softwood chipping machinery, and this is scheduled to be operational in May 2015, which will more than double the group's total Ukrainian production capacity.

Chief executive Richard Spinks hailed the transformation of Active Energy into a big wood chip player in the region, despite the well-publicised difficulties of operating in Ukraine.

"Not so long ago, AEG was an insignificant player with little credibility and even less business activity. Today, we are a leading force in the European wood chip market that customers can rely upon to consistently deliver bulk volumes of high-quality feedstock, at the agreed price and in the agreed time," he said.

Global demand for wood chip continues to exceed supply, and all indications are that this situation will continue, Spinks ventured.

"Improvements in the financing components of this area of the group's business, including a significant reduction in interest charges per tonne from March 1st 2015, will flow directly to the bottom line, further improving our margins," he added.

Price: 0.65

Market Cap: £7.86 m

1 Year Share Price Graph



February 2014 August 2014 February 2015

Share Information

Code: AEG

Listing: LSE

52 week High Low
0.75 0.32

Sector: Energy

Website: www.aegplc.com

Company Synopsis:

Active Energy Group plc is a London listed (AIM:AEG) renewable energy company focused on traditional and second generation biomass products that have the potential to transform the traditional coal fired-power industry and develop an international forestry management business.

action@proactiveinvestors.com.au

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Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

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