



PEGAS NONWOVENS 1Q 2014 Financial Results

Analyst Conference Call

29 May 2014

every single detail

Cautionary Statement

This document has been prepared by PEGAS NONWOVENS SA (the “Company”) solely for use at the Presentation. Any forward looking statements concerning future economic and financial performance of the Company contained in this Presentation are based on assumptions and expectations of future development of factors having a material influence on the future economic and financial performance of the Company. These factors include, but are not limited to, the legal environment, the future macroeconomic situation, the market competition, the future demand for nonwoven textiles and other related products and services and development of raw material prices. The actual development of these factors, however, may be different. Consequently, the actual future financial performance of the Company could materially differ from that expressed in any forward looking statements contained in this Presentation.

Although the Company makes every effort to provide accurate information, we cannot accept liability for any misprints or other errors. In preparation of this document we used certain publicly available data. While the sources we used are generally regarded as reliable we did not verify their content. PEGAS does not accept any responsibility for using any such information.

This document is provided for information and as a matter of record only. It does not constitute an offer to sell or a solicitation of an offer to buy or sell securities or other financial instruments in any jurisdictions or any advice or recommendation with respect to such securities or other financial instruments of the Company.

The distribution of this document in certain jurisdictions may be restricted by law. This document may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any securities or other financial instruments of the Company in any jurisdiction in which such offer or invitation would be unlawful. Persons in possession of this document are required to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Agenda

- 1Q 2014 Key Highlights
 - 1Q 2014 Financial Performance
 - Update on the Investment in Egypt
 - 2014 Guidance Confirmation
-

Presentation Team



František Řezáč

Chief Executive Officer

Marian Rašík

Chief Financial Officer



1Q 2014 Key Highlights

Financial Performance

- Total revenues in 1Q 2014 EUR 58.8 million, up by 17.8% yoy as the result of increased sales in connection with the new production line in Egypt
- EBITDA EUR 12.3 million, up by 21.8% yoy namely due to the contribution of the new Egyptian production plant
- In line with the 2014 EBITDA guidance (12-22% yoy increase)
- EBIT EUR 8.6 million, up by 19.7% yoy, affected by the higher EBITDA level
- Net profit amounted to EUR 5.5 million, up by 85.7% primarily as a consequence of higher EBITDA and lower unrealized foreign exchange losses

Market & Business

- Average ICIS in 1Q 2014 slightly higher compared with 4Q 2013; polymer prices continue to rise in April and May
- Meeting product mix expectations
- The level of inventories of finished goods substantially decreased in the Czech Republic during 1Q 2014 and fully compensated for the expected increase in Egypt

Production & Technology

- 1Q 2014 production of 24,878 tonnes, up by 16.2% yoy on the back of Egypt
- Egyptian production line commenced standard commercial production in January
- Improvement in production efficiency in 1Q 2014

Key Financial Highlights

EUR (000')	First Quarter		
	2013	2014	% change
Revenues	49,942	58,829	17.8%
Operating costs	(39,879)	(46,577)	16.8%
EBITDA	10,063	12,252	21.8%
<i>EBITDA margin (%)</i>	20.1%	20.8%	0.7 pp
Profit from operations (EBIT)	7,174	8,584	19.7%
<i>EBIT margin (%)</i>	14.4%	14.6%	0.2 pp
Net profit	2,981	5,536	85.7%
<i>Net profit margin (%)</i>	6.0%	9.4%	3.4 pp
Production (tonnes net of scrap)	21,405	24,878	16.2%
Number of Employees (average)	492	571	16.2%
	31 December 2013	31 March 2014	% change
Total assets	356,742	351,026	(1.6%)
Net debt	149,323	146,151	(2.1%)

Note: Consolidated unaudited results

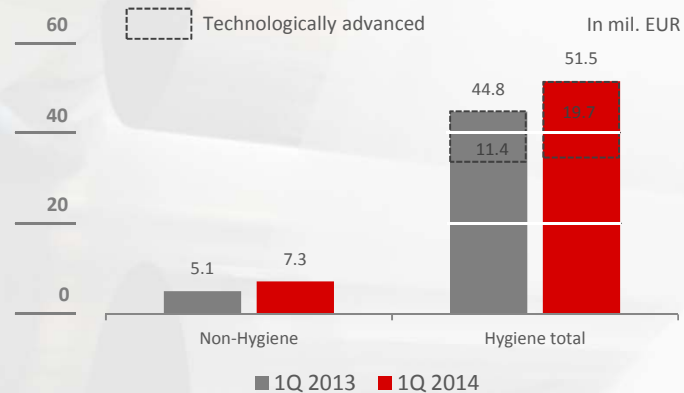
Statement of Comprehensive Income

EUR (000´)	First Quarter		
	2013	2014	% change
Revenues	49,942	58,829	17.8%
Raw materials and consumables	(37,514)	(44,041)	17.4%
Staff costs	(2,432)	(2,664)	9.5%
Of which share price bonus	(126)	(89)	(29.4%)
Other net operating income/(expense)	67	128	91.0%
EBITDA	10,063	12,252	21.8%
EBITDA margin (%)	20.1%	20.8%	0.7 pp
Depreciation	(2,889)	(3,668)	27.0%
Profit from operations (EBIT)	7,174	8,584	19.7%
EBIT margin (%)	14.4%	14.6%	0.2 pp
FX changes and other fin. income/(expense) (net)	(3,030)	(342)	(88.7%)
Interest expense (net)	(1,029)	(2,129)	106.9%
Income tax (expense)/income (net)	(134)	(577)	330.6%
Net profit	2,981	5,536	85.7%
Net profit margin (%)	6.0%	9.4%	3.4 pp
Other comprehensive income/(expense)	(198)	236	n/a
Total comprehensive income	2,783	5,772	107.4%

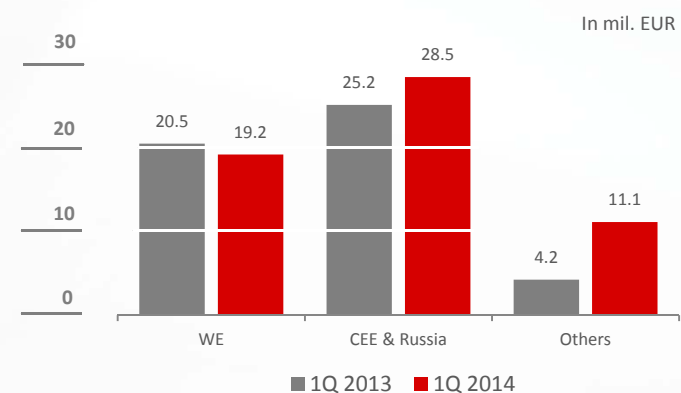
Note: Consolidated unaudited results

Revenue Breakdown

By Product



By Geography

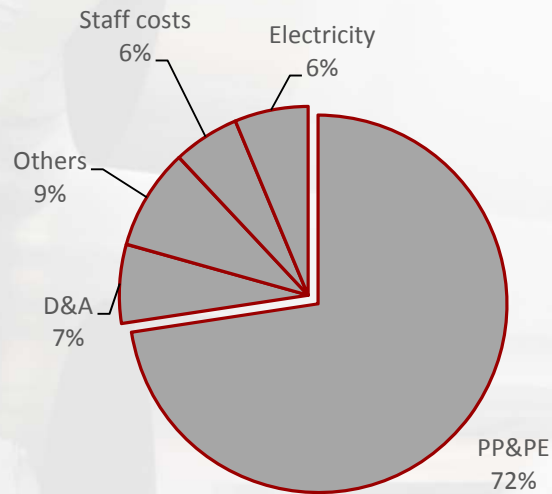


- The continued high proportion of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe
- Sharp increase in other regions reflects the entry on to the markets of the Middle East

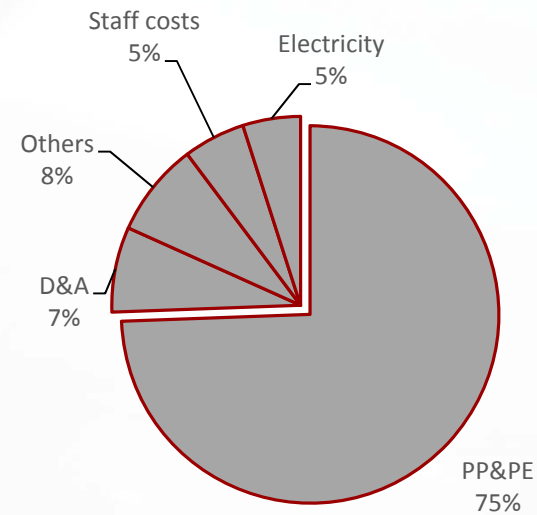
Cost Composition

1Q 2013

1Q 2014



17.5%



- An increase in PP/PE costs of 20.4% yoy due to increased consumption connected with new capacity in Egypt
- Staff costs up by 9.5% yoy as a result of a higher number of employees in Egypt
- Electricity down by 7.8% yoy due to yoy price decrease related to a limitation of the mandatory support of renewable resources

Statement of Financial Position

EUR (000´)	31 December 2013 (audited)	31 March 2014 (unaudited)	% change
Non-current assets	266,769	263,847	(1.1%)
Property, plant and equipment	181,584	178,734	(1.6%)
Intangible assets (including goodwill)	85,185	85,113	(0.1%)
Current assets	89,973	87,179	(3.1%)
Inventories	32,618	29,409	(9.8%)
Trade and other receivables	43,250	45,356	4.9%
Income tax receivables	1,042	1,122	7.7%
Bank balances and cash	13,063	11,292	(13.6%)
TOTAL ASSETS	356,742	351,026	(1.6%)
Total share capital and reserves	125,633	131,335	4.5%
Non-current liabilities	159,326	148,238	(7.0%)
Bank loans due after 1 year	146,200	135,157	(7.6%)
Deferred tax	13,126	13,081	(0.3%)
Current liabilities	71,783	71,453	(0.5%)
Trade and other payables	56,489	49,989	(11.5%)
Tax liabilities	1,094	1,164	6.4%
Bank overdrafts and loans	14,200	20,300	43.0%
TOTAL LIABILITIES	356,742	351,026	(1.6%)

Note: Consolidated unaudited results

Cash Flow Statement

EUR (000´)	Three months to 31 March		
	2013 (unaudited)	2014 (unaudited)	% change
Profit before tax	3,115	6,113	96.2%
Amortization and depreciation	2,889	3,668	27.0%
FX	1,211	1,394	15.1%
Interest expense	1,030	2,129	106.7%
Fair value changes of interest rate swaps	823	115	(86.0%)
Other financial income/(expense)	209	106	(49.3%)
Change in inventories	1,118	2,886	158.1%
Change in receivables	(3,767)	(1,791)	(52.5%)
Change in payables	(1,723)	(7,525)	336.7%
Income tax paid	(524)	(670)	27.9%
Net cash flow from operating activities	4,381	6,425	46.7%
Purchases of property, plant and equipment	(17,692)	(1,086)	(93.9%)
Net cash flow used in investment activities	(17,692)	(1,086)	(93.9%)
Change in bank loans	928	(5,020)	n/a
Interest paid	(885)	(1,984)	124.2%
Other financial income/(expense)	(209)	(106)	(49.3%)
Net cash flow from financing activities	(166)	(7,110)	4,183.1%
Bank balances and cash at the beginning of the year	25,758	13,063	(49.3%)
Change in cash and cash equivalents	(13,477)	(1,771)	(86.9%)
Bank balances and cash at the end of the period	12,281	11,292	(8.1%)

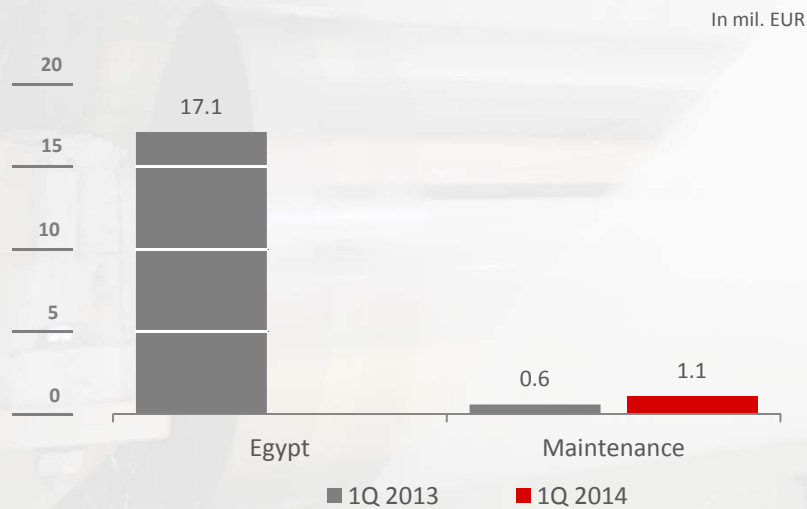
Note: Consolidated unaudited results

CAPEX Development

No Major Capital Investments planned in 2014

- Current investment in 1Q 2014 boosted by projects related to the optimisation of existing production facilities
- 2014 CAPEX guidance of up to EUR 12 million confirmed (FX rate CZK/EUR 27)

CAPEX in 1Q



2014 Guidance Confirmation

Overview

- 1Q 2014 is in line with management expectation and announced outlook for the entire year 2014
- Higher sales leading to a substantial reduction of inventories in the Czech Republic fully compensated for the expected increase in Egypt
- In order to ensure effective production planning the Company will take steps to partially increase inventory levels during the second quarter

EBITDA Guidance

- Based on the developments to date, the management confirms 2014 EBITDA guidance
 - 2014 EBITDA should increase by 12 – 22% compared to 2013 (EUR 38.6 million)

CAPEX Guidance

- 2014 CAPEX guidance of up to EUR 12 million confirmed (at constant FX rate CZK/EUR 27)

Intention to Pay a Dividend

- The Board of Directors decided to propose to the upcoming AGM a dividend pay-out of EUR 10,152,340, i.e. EUR 1.10 per share
 - The source of the dividend will be the 2013 profit and retained earnings from previous years
 - The dividend pay-out will be voted on at the upcoming AGM which is to be held on 16 June 2014
 - The Board of Directors further proposed to set the record date to 17 October 2014 and the payment date to 29 October 2014
 - Subject to maintaining satisfactory financial performance and the absence of other attractive opportunities, PEGAS will endeavour to continue with a progressive dividend policy in the future
 - No specific payout ratio in terms of Net profit or an anticipated dividend yield for future years has been set
-

Development of Polymer Prices

Polymer Prices Illustrative Index

