



PEGAS NONWOVENS

Third Quarter 2014

Financial Results

Analyst Conference Call

27 November
2014

every single detail

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Agenda

- Q3 & 9M 2014 Key Highlights
 - Q3 & 9M 2014 Financial Performance
 - 2014 Guidance Confirmation and Outlook
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Presentation Team



František Řezáč

Chief Executive Officer

Marian Rašík

Chief Financial Officer



Q3 & 9M 2014 Key Highlights

Financial Performance

- Total Revenues in Q3 2014 were EUR 60.4 million, up by 25.9% yoy as a result of new capacity in Egypt and very good sales
- Q3 2014 EBITDA EUR 11.9 million, up by 35.9% yoy on the back of Egypt and reduction in inventories during Q3 2014
- EBITDA in 9M in line with the guidance range of 12% to 22%
- Q3 2014 EBIT EUR 8.2 million, up by 56.4%
- Q3 2014 net profit amounted to EUR 8.9 million up by 283.5% yoy due to contribution of Egypt and FX changes

Market & Business

- Average ICIS in Q3 2014 – similar average level compared to Q2 2014, single digit increase compared to Q3 2013
- Polymer prices culminated in July, then dropped at the beginning of September
- The level of inventories of finished goods decreased significantly during Q3 2014 well below EOY 2013 level

Production & Technology

- Q3 2014 production of 24,721 tonnes, up by 9.1% yoy
- Lower number of planned maintenance breaks during 9M and 3Q 2014 compared to the same periods in 2013

Key Financial Highlights

EUR (000')	Third Quarter			Nine Months		
	2013	2014	% change	2013	2014	% change
Revenues	47,942	60,371	25.9%	145,994	171,786	17.7%
Operating costs	(39,174)	(48,457)	23.7%	(118,069)	(137,736)	16.7%
EBITDA	8,768	11,914	35.9%	27,925	34,050	21.9%
<i>EBITDA margin (%)</i>	<i>18.3%</i>	<i>19.7%</i>	<i>1.4bp</i>	<i>19.1%</i>	<i>19.8%</i>	<i>0.7bp</i>
Profit from operations (EBIT)	5,218	8,161	56.4%	18,621	22,932	23.2%
<i>EBIT margin (%)</i>	<i>10.9%</i>	<i>13.5%</i>	<i>2.6bp</i>	<i>12.8%</i>	<i>13.3%</i>	<i>0.5bp</i>
Net profit	2,327	8,925	283.5%	9,050	19,458	115.0%
<i>Net profit margin (%)</i>	<i>4.9%</i>	<i>14.8%</i>	<i>9.9bp</i>	<i>6.2%</i>	<i>11.3%</i>	<i>5.1bp</i>
Production (tonnes net of scrap)	22,649	24,721	9.1%	65,901	74,284	12.7%
Number of Employees (average)	572	571	(0.2%)	538	569	5.8%

	31 December 2013	30 September 2014	% change
Total assets	356,742	358,220	0.4%
Net debt	149,323	143,875	(3.6%)

Note: Consolidated unaudited results

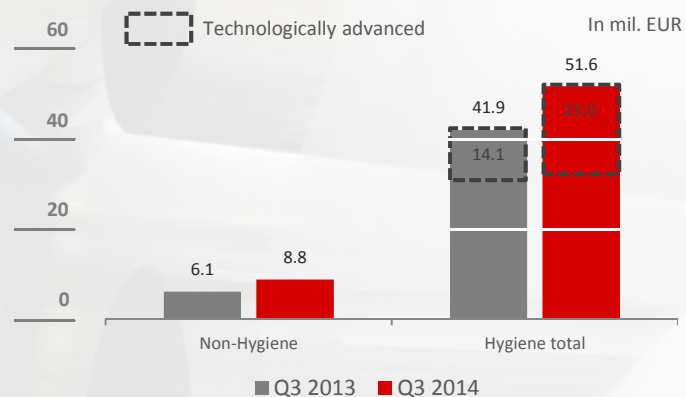
Statement of Comprehensive Income

EUR (000´)	Third Quarter			Nine Months		
	2013	2014	% change	2013	2014	% change
Revenues	47,942	60,371	25.9%	145,994	171,786	17.7%
Raw materials and consumables	(36,266)	(45,556)	25.6%	(109,944)	(129,362)	17.7%
Staff costs	(2,843)	(2,754)	(3.1%)	(7,842)	(7,746)	(1.2%)
Of which FV revaluation of share options	(485)	(500)	3.1%	(701)	(543)	(22.5%)
Other net operating income/(expense)	(65)	(147)	126.2%	(283)	(628)	121.9%
EBITDA	8,768	11,914	35.9%	27,925	34,050	21.9%
EBITDA margin (%)	18.3%	19.7%	(1.4bp)	19.1%	19.8%	0.7bp
Depreciation and amortization	(3,550)	(3,753)	5.7%	(9,304)	(11,118)	19.5%
Profit from operations (EBIT)	5,218	8,161	56.4%	18,621	22,932	23.2%
EBIT margin (%)	10.9%	13.5%	2.6bp	12.8%	13.3%	0.5bp
FX changes and other fin. income/(expense) (net)	290	3,346	1 053.8%	(3,069)	4,455	n/a
Interest expense (net)	(2,259)	(1,676)	(25.8%)	(4,388)	(5,877)	33.9%
Income tax (expense)/income (net)	(922)	(906)	(1.7%)	(2,114)	(2,052)	(2.9%)
Net profit	2,327	8,925	283.5%	9,050	19,458	115.0%
Net profit margin (%)	4.9%	14.8%	9.9bp	6.2%	11.3%	5.1bp
Other comprehensive income/(expense)	686	3,232	371.1%	(1,220)	2,488	n/a
Total comprehensive income	3,013	12,157	303.5%	7,830	21,946	180.3%

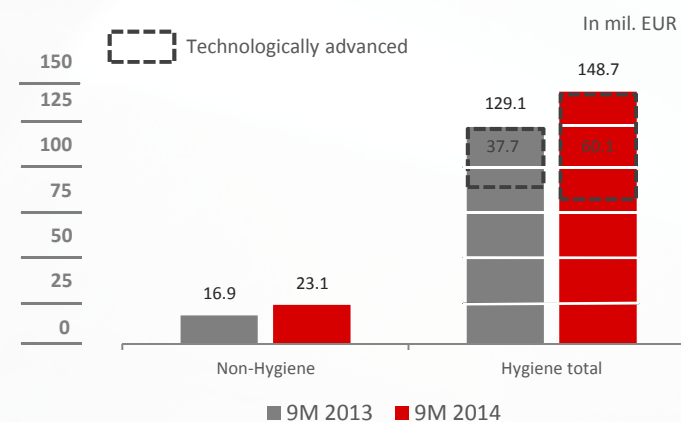
Note: Consolidated unaudited results

Revenue Breakdown by Product

Third Quarter



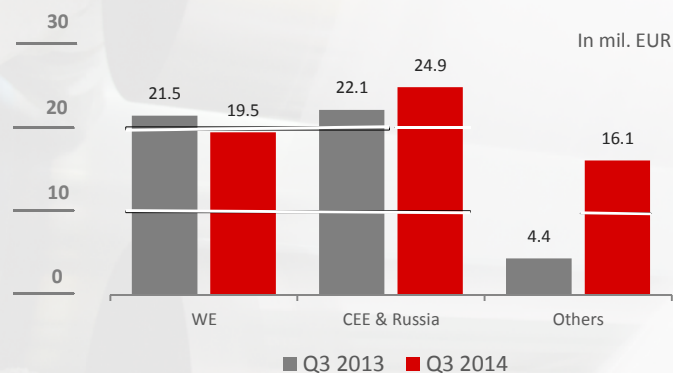
Nine Months



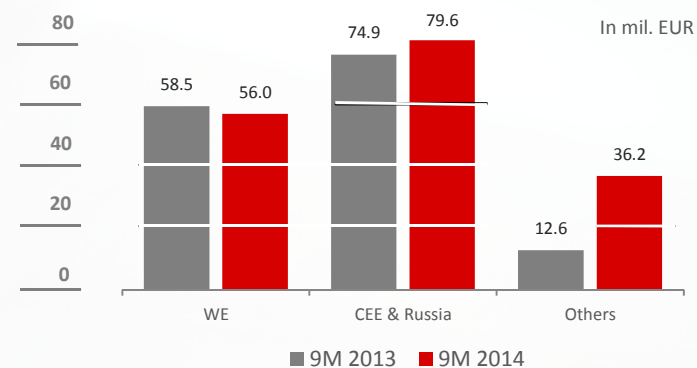
- The continued high proportion of hygiene sales on total revenues confirms a key focus on the hygiene market in EMEA
- A higher share of technologically advanced materials on total sales based on the successful commercialisation of new materials in 2012 and 2013

Revenue Breakdown by Geography

Third Quarter

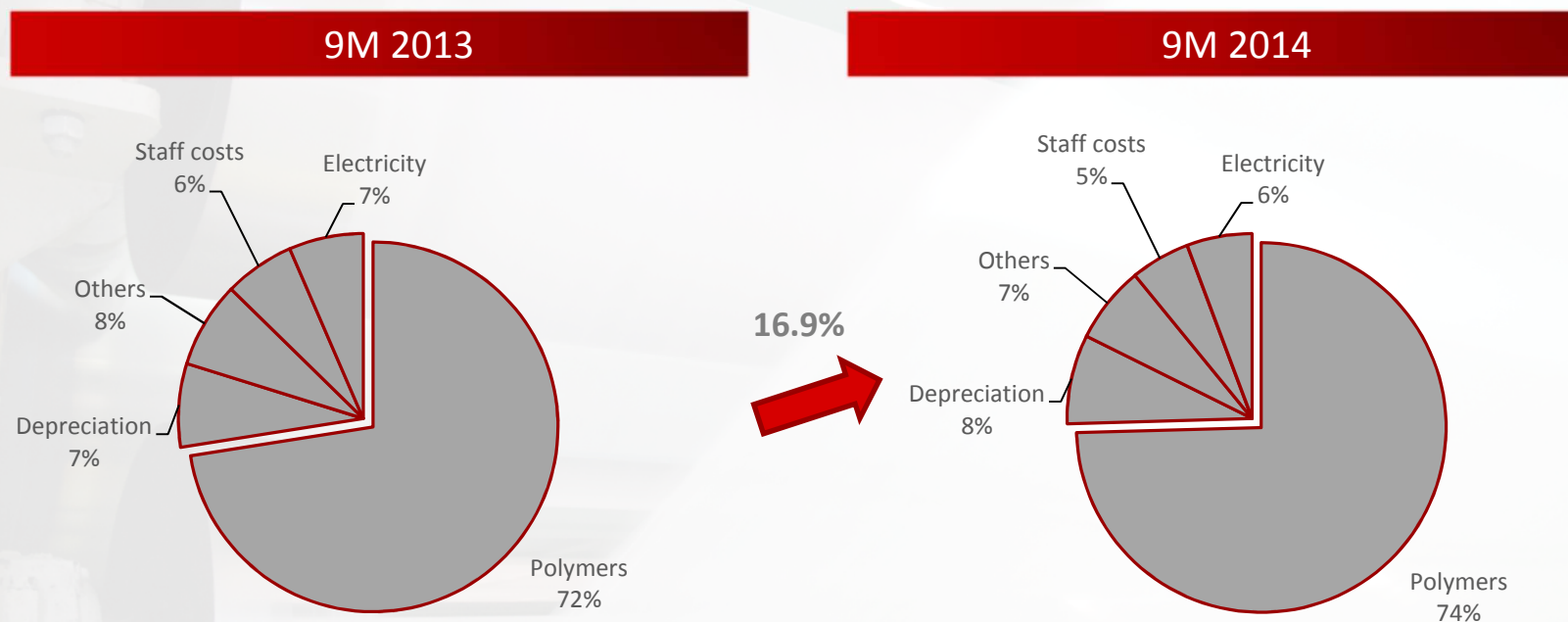


Nine Months



- Europe remains the key market for PEGAS
- Sharp increase in other regions reflects the entry on to the markets of the Middle East

Cost Composition



- An increase in PP/PE costs of 22% yoy due to production in Egypt and higher polymer prices
- Staff costs virtually unchanged as a result of the revaluation of phantom options and depreciation of CZK against EUR
- Electricity costs down by 4% 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)	30 September 2014 (unaudited)	% change
Non-current assets	266,769	264,499	(0.9%)
Property, plant and equipment	181,584	179,601	(1.1%)
Intangible assets (including goodwill)	85,185	84,898	(0.3%)
Current assets	89,973	93,721	4.2%
Inventories	32,618	34,786	6.6%
Trade and other receivables	43,250	52,439	21.2%
Income tax receivables	1,042	1	(99.9%)
Bank balances and cash	13,063	6,495	(50.3%)
TOTAL ASSETS	356,742	358,220	0.4%
Total share capital and reserves	125,633	137,357	9.3%
Non-current liabilities	159,326	138,498	(13.1%)
Bank loans due after 1 year	146,200	124,870	(14.6%)
Deferred tax	13,126	13,628	3.8%
Current liabilities	71,783	82,365	14.7%
Trade and other payables	56,489	56,751	0.5%
Tax liabilities	1,094	114	(89.6%)
Bank overdrafts and loans	14,200	25,500	79.6%
TOTAL LIABILITIES	356,742	358,220	0.4%

Note: Consolidated unaudited results

Cash Flow Statement

EUR (000´)	Nine Months to 30 September		
	2013 (unaudited)	2014 (unaudited)	% change
Profit before tax	11,163	21,510	92.7%
Depreciation and amortization	9,304	11,118	19.5%
FX	(3,189)	(1,759)	(44.8%)
Interest expense	4,409	5,884	33.5%
Fair value changes of interest rate swaps	571	304	(46.8%)
Other financial income/(expense)	4	633	15 725.0%
Change in inventories	(3,889)	1,230	(131.6%)
Change in receivables	(3,594)	(12,471)	247.0%
Change in payables	10,780	(8,260)	(176.6%)
Income tax paid	(1,758)	(619)	(64.8%)
Net cash flow from operating activities	23,801	17,570	(26.2%)
Purchases of property, plant and equipment	(36,322)	(7,878)	(78.3%)
Net cash flow used in investment activities	(36,322)	(7,878)	(78.3%)
Change in bank loans	10,552	(9,887)	n/a
Change in long term debt	--	--	--
Interest paid	(4,264)	(5,740)	34.6%
Other financial income/(expense)	(4)	(633)	15725.0%
Net cash flow from financing activities	6,284	(16,260)	n/a
Bank balances and cash at the beginning of the year	25,758	13,063	(49.3%)
Change in cash and cash equivalents	(6,237)	(6,568)	5.3%
Bank balances and cash at the end of the period	19,521	6,495	(66.7%)

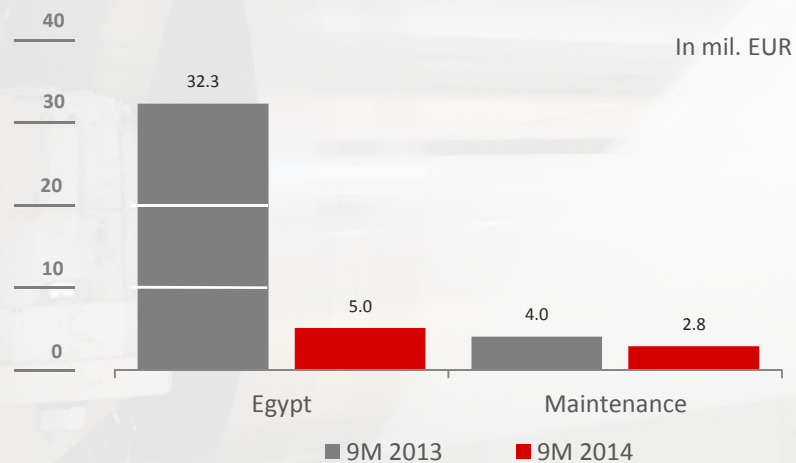
Note: Consolidated unaudited results

CAPEX Development

Majority of Capital Investments Dedicated to Expansion

- Current investment in 9M 2014 boosted by projects related to the optimisation of existing production facilities and to the implementation of an additional quality control system in the Czech Republic
- 2014 CAPEX guidance reduced from EUR 12 million to EUR 10 million

CAPEX in 9M



2014 Guidance Confirmation

Overview

- 9M 2014 financial results in line with the announced guidance for the entire year 2014
- Substantial reduction of inventories in Q3 2014 as a result of very good sales

EBITDA Guidance

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

CAPEX Guidance

- 2014 CAPEX guidance reduced from EUR 12 to EUR 10 million (at constant FX rate CZK/EUR 27)
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Development of Polymer Prices

Polymer Prices Illustrative Index

