



PEGAS NONWOVENS 2014 Preliminary Results

Analyst Meeting Znojmo

20 March 2015

every single detail

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Agenda

- 2014 Key Highlights
 - 2014 Financial Performance
 - 2015 Guidance
 - Production Facility in Egypt
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Presentation Team



František Řezáč

Chief Executive Officer

Marian Rašík

Chief Financial Officer



2014 Key Highlights

Financial Performance

- Total Revenues in 2014 were EUR 230.5 million, up by 15.7% yoy as a result of sales from the new plant in Egypt and slightly higher polymer prices in a year-on-year comparison.
- 2014 EBITDA was EUR 47.2 million, up by 22.4 % yoy, and slightly surpassed the ceiling of the range set at 12-22% of last year EBITDA.
- Main contributors to the growth were production from the Egyptian plant, increase in sales of technologically advanced products and continuing weakness of the Czech koruna against EUR. On the other hand, raw material pass through mechanism had a negative impact in a year-on-year comparison. Impact of the revaluation of the share option plan to fair value amounted to EUR -0.5 million.
- 2014 EBIT EUR 32.2 million up by 26.3% yoy
- 2014 Net Profit amounted to EUR 27.1 million, up 1 820.3% yoy mainly due to FX changes

Market & Business

- Average polymer prices slightly up in 2014 with a considerable decline in the 4th quarter
- Favorably accepted inaugural bond issue
- 2014 Business Partner of the Year, resp. the Excellence Award from P&G were received for the third, resp. seventh time

Production & Technology

- 2014 production of 100,570 tonnes, up by 10.6% yoy due to new production in Egypt
- Favourable portfolio mix and an increased share of technologically advanced materials due to successful commercialization in 2012 and 2013

Key Financial Highlights

EUR (000')	Fourth Quarter			Full Year		
	2013	2014	% change	2013	2014	% change
Revenues	53,216	58,761	10.4%	199,210	230,547	15.7%
Operating costs	(42,591)	(45,609)	7.1%	(160,660)	(183,345)	14.1%
EBITDA	10,625	13,152	23.8%	38,550	47,202	22.4%
EBITDA margin (%)	20.0%	22.4%	2.4 pp	19.4%	20.5%	1.1 pp
Profit from operations (EBIT)	6,850	9,240	34.9%	25,471	32,172	26.3%
EBIT margin (%)	12.9%	15.7%	2.9 pp	12.8%	14.0%	1.2 pp
Net profit	(7,639)	7,637	n/a	1,411	27,096	1820.3%
Net profit margin (%)	(14.4%)	13.0%	27.4 pp	0.7%	11.8%	11.0 pp
Production (tons net of scrap)	25,060	26,286	4.9%	90,961	100,570	10.6%
Number of Employees (average)	577	564	(2.3%)	549	566	3.1%
Average EUR/CZK exchange rate	26.658	27.630	3.6%	25.974	27.533	6.0%
Average EUR/USD exchange rate	1.3610	1.2498	(8.2%)	1.3281	1.3286	0.0%
				31 December 2013	31 December 2014	% change
Total assets				356,742	356,197	(0.2%)
Net debt				149,323	141,976	(4.9%)

Note: Consolidated unaudited results

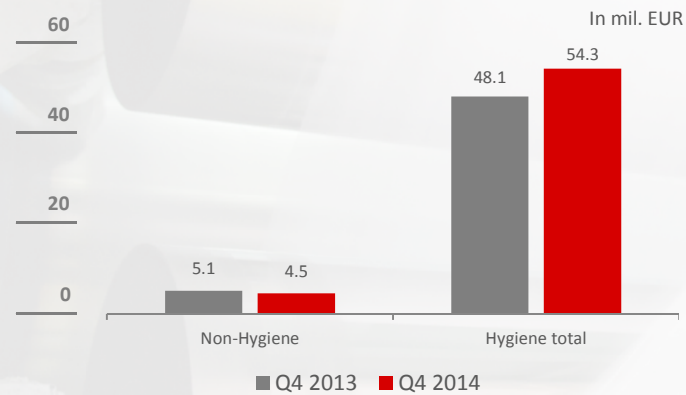
Statement of Comprehensive Income

EUR (000´)	Fourth Quarter			Full Year		
	2013	2014	% change	2013	2014	% change
Revenues	53,216	58,761	10.4%	199,210	230,547	15.7%
Raw materials and consumables	(40,615)	(42,482)	4.6%	(150,559)	(171,844)	14.1%
Staff costs	(2,337)	(2,993)	28.1%	(10,179)	(10,739)	5.5%
Of which FV revaluation of share options	(145)	44	n/a	(846)	(499)	(41.0%)
Other net operating income/(expense)	361	(134)	n/a	78	(762)	n/a
EBITDA	10,625	13,152	23.8%	38,550	47,202	22.4%
EBITDA margin (%)	20.0%	22.4%	2.4pp	19.4%	20.5%	1.1pp
Depreciation and amortization	(3,775)	(3,912)	3.6%	(13,079)	(15,030)	14.9%
Profit from operations (EBIT)	6,850	9,240	34.9%	25,471	32,172	26.3%
EBIT margin (%)	12.9%	15.7%	2.8pp	12.8%	14.0%	1.2pp
FX changes and other fin. income/(expense) (net)	(11,798)	2,311	n/a	(14,867)	6,766	n/a
Interest expense (net)	(2,079)	(1,888)	(9.2%)	(6,467)	(7,765)	20.1%
Income tax (expense)/income (net)	(612)	(2,026)	231.0%	(2,726)	(4,077)	49.6%
Net profit	(7,639)	7,637	n/a	1,411	27,096	1,820.3%
Net profit margin (%)	(14.4%)	13.0%	27.4pp	0.7%	11.8%	11.1pp
Other comprehensive income/(expense)	(6,361)	12,598	n/a	(7,581)	15,086	n/a
Total comprehensive income	(14,000)	20,235	n/a	(6,170)	42,182	n/a

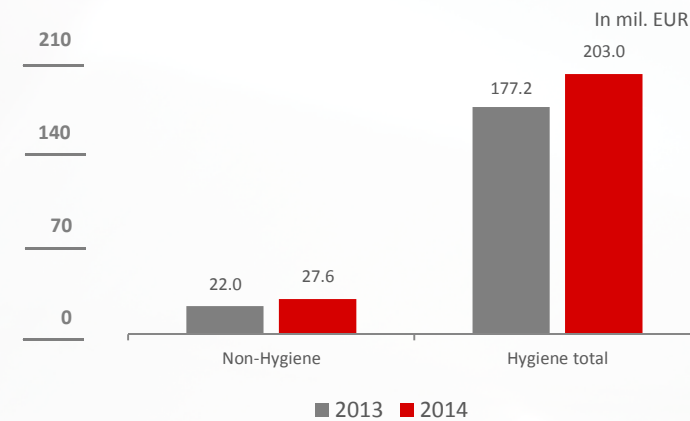
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Revenue Breakdown by Product

Fourth Quarter



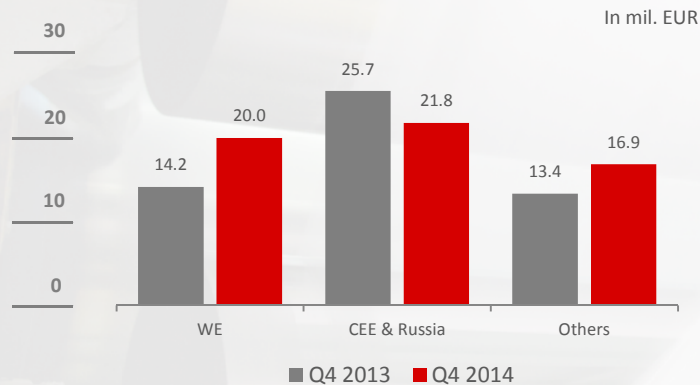
Full Year



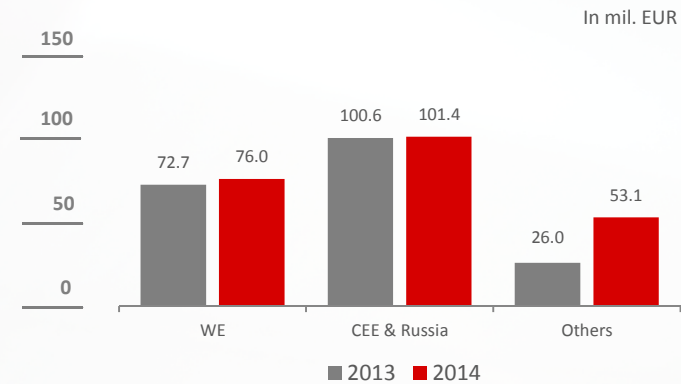
- The stable high proportion of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe

Revenue Breakdown by Geography

Fourth Quarter



Full Year

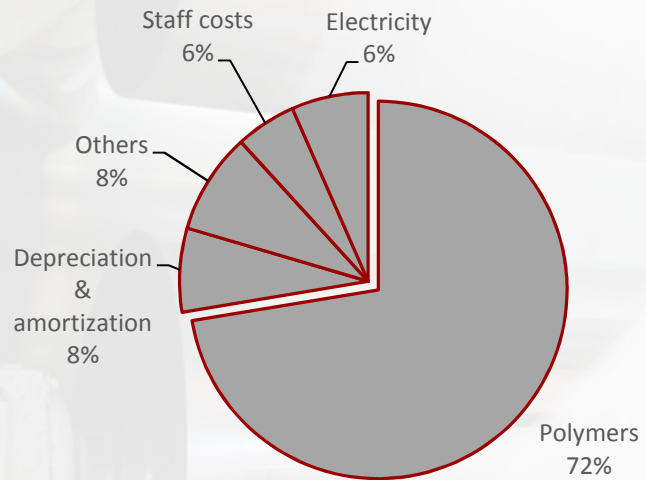


- Europe remains the key market for PEGAS
- Share of other territories rose due to the deliveries from the Egyptian line and due to the sales of products which are supplied even to more distant locations outside the European region

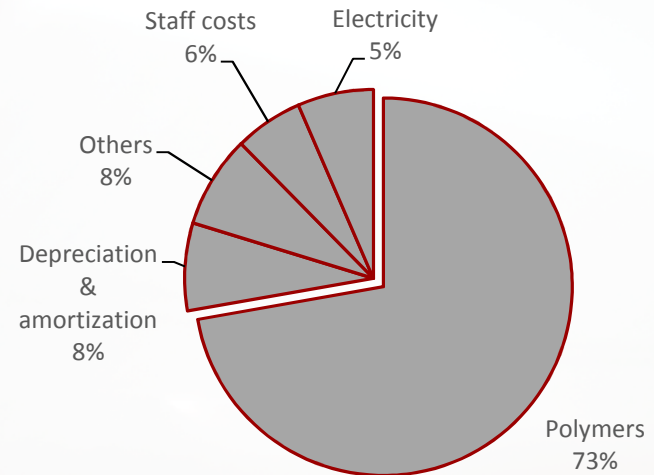
Cost Composition

2013

2014



14.1%



Statement of Financial Position

EUR (000´)	31 December 2013 (audited)	31 December 2014 (unaudited)	% change
Non-current assets	266,769	263,118	(1.4%)
Property, plant and equipment	181,584	178,939	(1.5%)
Intangible assets (including goodwill)	85,185	84,179	(1.2%)
Current assets	89,973	93,079	3.5%
Inventories	32,618	41,666	27.7%
Trade and other receivables	43,250	42,451	(1.8%)
Tax receivables	1,042	0	(100.0%)
Bank balances and cash	13,063	8,962	(31.4%)
TOTAL ASSETS	356,742	356,197	(0.2%)
Total share capital and reserves	125,633	157,641	25.5%
Non-current liabilities	159,326	140,021	(12.1%)
Bank loans due after 1 year	146,200	35,402	(75.8%)
Deferred tax	13,126	15,583	18.7%
Other long-term liabilities	0	89,036	n/a
Current liabilities	71,783	58,535	(18.5%)
Short-term financial debt	14,200	26,500	86.6%
Trade and other payables	56,489	31,792	(43.7%)
Tax liabilities	1,094	233	(78.7%)
Provisions	0	9	n/a
TOTAL LIABILITIES	356,742	356,197	(0.2%)

Note: Consolidated unaudited results

Cash Flow Statement

EUR (000')	2013 (audited)	2014 (unaudited)	% change
Profit before tax	4,137	31,173	653.5%
Depreciation and amortization	13,079	15,030	14.9%
FX	(12,035)	(234)	(98.1%)
Interest expense	6,470	7,785	20.3%
Other changes in equity	1,149	925	(19.5%)
Other financial expense/(income)	4,824	1,643	(65.9%)
Change in inventories	(10,730)	(7,265)	(32.3%)
Change in receivables	(8,650)	205	n/a
Change in payables	28,291	(13,245)	n/a
Income tax paid	(2,474)	(1,973)	(20.3%)
Net cash flow from operating activities	24,061	34,045	41.5%
Purchases of property, plant and equipment	(38,301)	(9,964)	(74.0%)
Net cash flow used in investment activities	(38,301)	(9,964)	(74.0%)
Change in bank loans	22,540	(97,831)	n/a
Change in long term debt	0	89,036	n/a
Other changes in share capital	0	49	n/a
Distribution (dividend)	(9,691)	(10,152)	4.8%
Interest paid	(6,325)	(7,640)	20.8%
Other financial income/(expense)	(4,824)	(1,643)	(65.9%)
Net cash flow from financing activities	1,700	(28,182)	n/a
Bank balances and cash at the beginning of the year	25,758	13,063	(49.3%)
Change in cash and cash equivalents	(12,540)	(4,101)	(67.3%)
Effect of FX fluctuation on cash held	(155)	0	(100.0%)
Bank balances and cash at the end of the period	13,063	8,962	(31.4%)

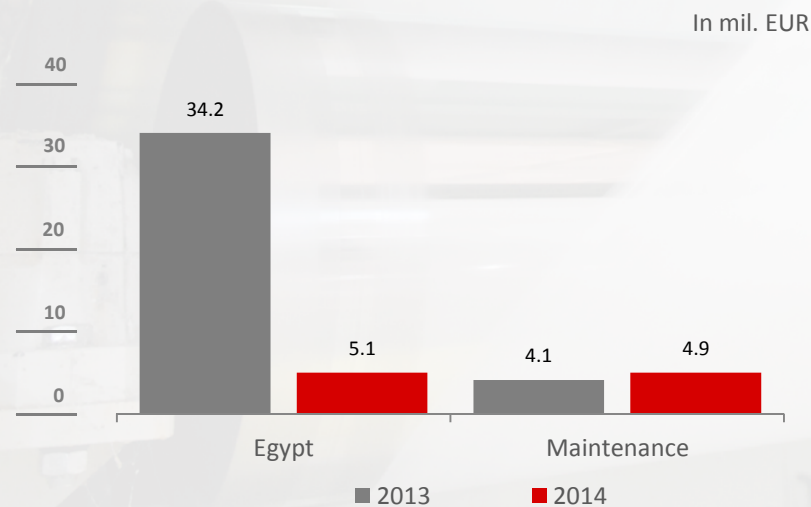
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CAPEX Development

Majority of Capital Investments Dedicated to Expansion

- Total capital expenditures in 2014 were EUR 10.0 million
- EUR 5.1 million represented the last instalment for the production line in Egypt, the rest was maintenance CAPEX
- The Company did not exceed its updated CAPEX guidance of EUR 10 million

2014 CAPEX



2015 Guidance

Overview

- 2015 production fully sold out
 - Slight increase in production based on successful implementation of optimization measures
 - Focus on the development of new technologically advanced products
 - As a result of sufficient cash flows, the Company would like to reduce the indebtedness in 2015
 - Refinancing of the existing bank debt planned in the 2nd half of 2015
 - The Company's Board of Directors will consider execution of the share buyback authorisation approved by the AGM in 2011 and recommendation for its potential extension
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EBITDA Guidance

- **Based on the above factors and information known to date, the Company has increased the guidance for EBITDA to EUR 44.0 to 48.5 million in 2015.**
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CAPEX Guidance

- The Company is planning for total CAPEX in 2015 not to exceed the EUR 10 million level.
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Dividend

- The Board of Directors feels comfortable to propose a dividend at the level of EUR 1.15 per share
- The proposal is in line with the progressive dividend policy

Production Facility in Egypt

- The Egyptian line ran problem-free throughout 2014
- Parameters comparable to the production lines in CZ
- No unexpected interruptions to production in 2014
- During 2015, the technology will continue to be optimised with the objective of achieving maximum efficiency



Development of Polymer Prices

Polymer Prices Illustrative Index

