



PEGAS NONWOVENS Second Quarter 2015 Financial Results Analyst Conference Call

27 August 2015

every single detail

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Agenda

- Q2 & H1 2015 Key Highlights
 - Q2 & H1 2015 Financial Performance
 - 2015 Guidance Confirmation and Outlook
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Presentation Team



František Řezáč

Chief Executive Officer

Marian Rašík

Chief Financial Officer



Q2 & H1 2015 Key Highlights

Financial Performance

- Total Revenues in Q2 2015 were EUR 51.1 million, down by 2.8% yoy as a result of development in polymer prices
- Q2 2015 EBITDA EUR 8.9 million, down by 9.6% yoy due to negative effect of polymer pass through mechanism and revaluation of the share option plan
- EBITDA in H1 in line with the guidance range of 44.0 to 48.5 million EUR
- Q2 2015 EBIT EUR 5.0 million, down by 19.2% mainly caused by lower EBITDA and slightly higher depreciation
- Q2 2015 net profit amounted to EUR 2.0 million down by 60.6% yoy due to FX changes

Market & Business

- Average ICIS in Q2 2015 - a significant double digit increase over the first quarter
- Polymer prices reached their high at the end of June and slightly declined since then
- The level of inventories of finished goods increased during Q2 2015 as a result of very good production performance and revaluation of finished goods inventories incorporating the growth in polymer prices

Production & Technology

- Q2 2015 production of 25,634 tonnes, up by 3.8% yoy
- Higher number of planned maintenance breaks during H1 2015 compared with the same period in 2014

Refinancing

- 100 million EUR in private bonds issued in July with maturity of 7 and 10 years

Key Financial Highlights

Key financial indicators

EUR (000´)	Second quarter			First half		
	2014	2015	% change	2014	2015	% change
Revenues	52,586	51,113	(2.8%)	111,415	111,674	0.2%
Operating costs	(42,702)	(42,177)	(1.2%)	(89,279)	(90,112)	0.9%
EBITDA	9,884	8,936	(9.6%)	22,136	21,561	(2.6%)
EBITDA margin (%)	18.8%	17.5%	(1.3 pp)	19.9%	19.3%	(0.6 pp)
Profit from operations (EBIT)	6,187	4,998	(19.2%)	14,771	13,626	(7.8%)
EBIT margin (%)	11.8%	9.8%	(2.0 pp)	13.3%	12.2%	(1.1 pp)
Net profit	4,997	1,969	(60.6%)	10,533	16,327	55.0%
Net profit margin (%)	9.5%	3.9%	(5.7 pp)	9.5%	14.6%	5.2 pp
Production (tons net of scrap)	24,685	25,634	3.8%	49,563	51,836	4.6%
Number of Employees (average)	566	561	(0.8%)	568	563	(0.8%)
Average EUR/CZK exchange rate	27.447	27.379	(0.2%)	27.444	27.502	0.2%
Average EUR/USD exchange rate	1.371	1.105	(19.4%)	1.370	1.116	(18.6%)
				30 June 2014	30 June 2015	% change
Total assets				350,020	359,203	2.6%
Net debt				145,236	142,162	(2.1%)

Note: Consolidated unaudited results

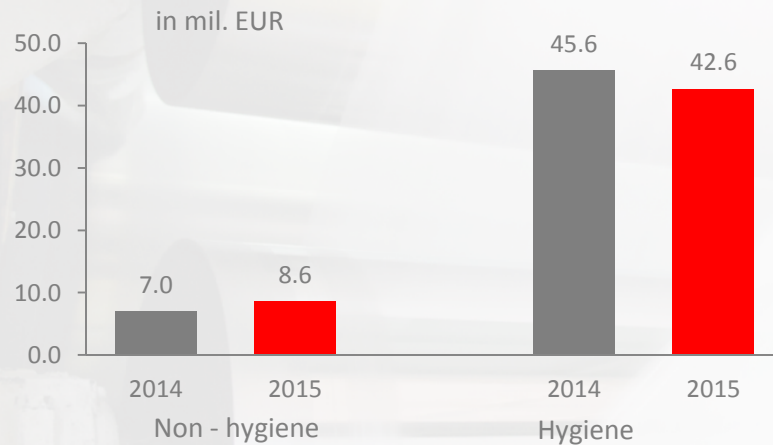
Statement of Comprehensive Income

EUR (000')	Second quarter			First half		
	2014	2015	% change	2014	2015	% change
Revenues	52,586	51,113	(2.8%)	111,415	111,674	0.2%
Raw materials and consumables	(39,765)	(37,516)	(5.7%)	(83,806)	(81,647)	(2.6%)
Staff costs	(2,328)	(4,145)	78.1%	(4,992)	(7,572)	51.7%
Of which FV revaluation of share options	46	(1,832)	(4082.6%)	(43)	(2,540)	5807.0%
Other net operating income/(expense)	(609)	(516)	(15.3%)	(481)	(894)	85.9%
EBITDA	9,884	8,936	(9.6%)	22,136	21,561	(2.6%)
EBITDA margin (%)	18.8%	17.5%	(1.3 pp)	19.9%	19.3%	(0.6 pp)
Depreciation and amortization	(3,697)	(3,938)	6.5%	(7,365)	(7,936)	7.7%
Profit from operations (EBIT)	6,187	4,998	(19.2%)	14,771	13,626	(7.8%)
EBIT margin (%)	11.8%	9.8%	(2.0 pp)	13.3%	12.2%	(1.1 pp)
FX changes and other fin. income/(expense) (net)	1,451	(347)	(123.9%)	1,109	8,196	639.0%
Interest income/(expense) (net)	(2,072)	(1,759)	(15.1%)	(4,201)	(3,532)	(15.9%)
Income tax income/(expense) (net)	(569)	(923)	62.3%	(1,146)	(1,962)	71.2%
Net profit	4,997	1,969	(60.6%)	10,533	16,327	55.0%
Net profit margin (%)	9.5%	3.9%	(5.7 pp)	9.5%	14.6%	5.2 pp)
Other comprehensive income/(expense)	(980)	(118)	(87.9%)	(744)	(3,878)	421.2%
Total comprehensive income	4,017	1,850	(53.9%)	9,789	12,449	27.2%

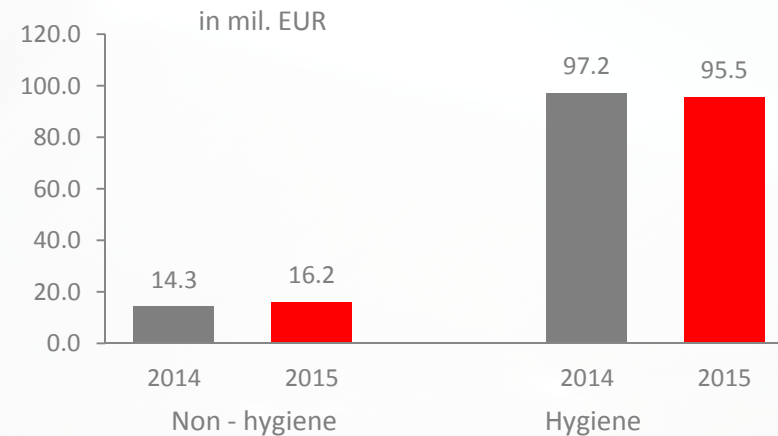
Note: Consolidated unaudited results

Revenue Breakdown by Product

Second Quarter



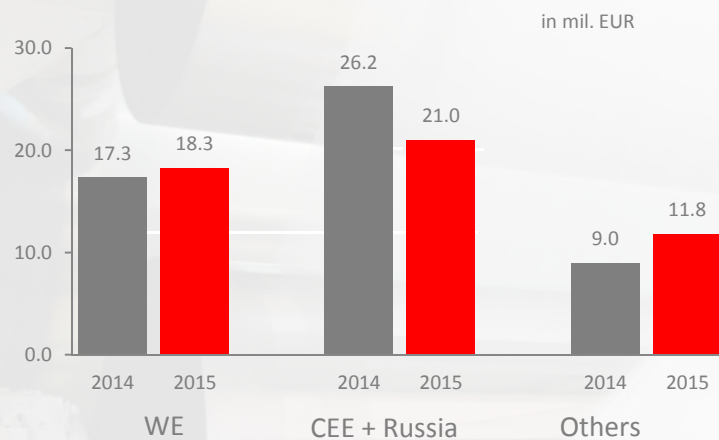
First Half



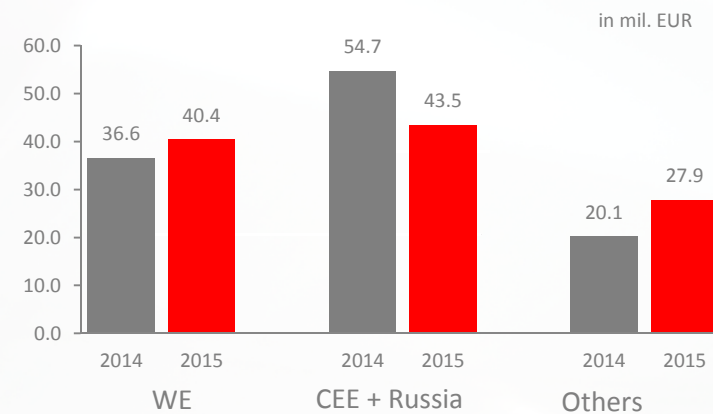
- The continued high proportion of hygiene sales on total revenues confirms a key focus on the hygiene market in EMEA
- A higher share of sales for non-hygiene applications mainly due to the polymer pass through mechanism

Revenue Breakdown by Geography

Second Quarter



First Half

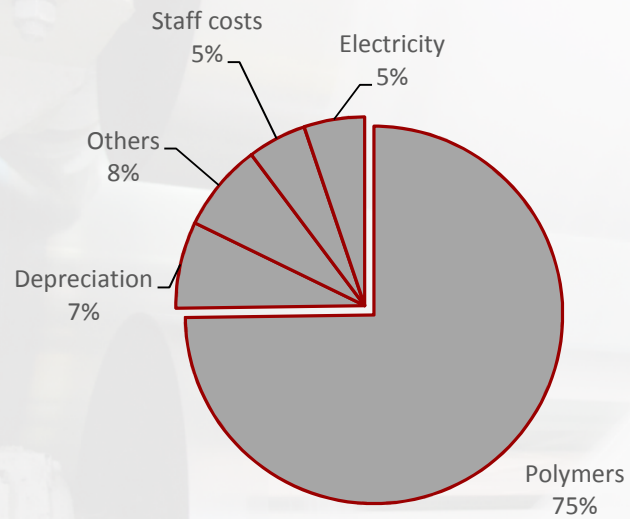


- Europe remains the key market for PEGAS
- Decline in sales within central Europe and Russia is compensated by increase of exports to countries outside Europe

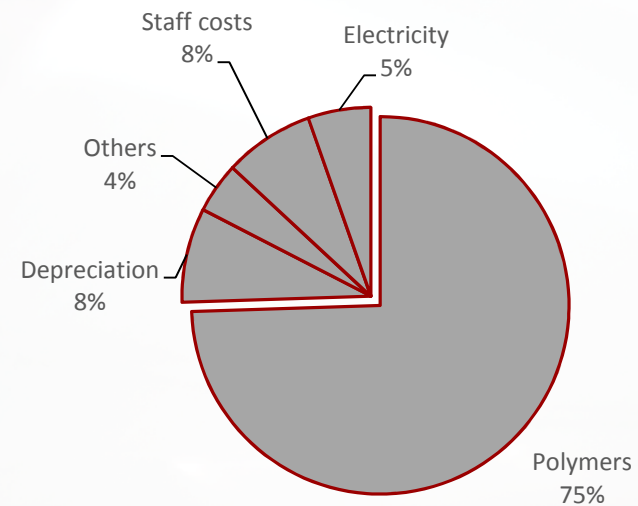
Cost Composition

H1 2014

H1 2015



1.5%



- Overall cost base virtually unchanged year-on-year, resp. up by 1.5%
- Proportion of staff costs increased as a result of the revaluation of phantom options
- Electricity expenses stable in year on year comparison

Statement of Financial Position

EUR (000')	30 June 2014 (unaudited)	30 June 2015 (unaudited)	% change
Non-current assets	261,936	266,122	1.6%
Property, plant and equipment	176,867	180,547	2.1%
Intangible assets (including goodwill)	85,069	85,575	0.6%
Current assets	88,084	93,081	5.7%
Inventories	32,692	38,450	17.6%
Trade and other receivables	44,544	45,404	1.9%
Tax receivables	1,185	0	(100.0%)
Bank balances and cash	9,663	9,227	(4.5%)
TOTAL ASSETS	350,020	359,203	2.6%
Total share capital and reserves	125,200	159,476	27.4%
Non-current liabilities	143,972	145,354	1.0%
Bank loans due after 1 year	130,913	38,209	(70.8%)
Deferred tax	13,059	16,462	26.1%
Other long-term liabilities	0	90,683	n/a
Current liabilities	80,848	54,373	(32.7%)
Short-term financial debt	22,000	22,495	2.3%
Trade and other payables	58,733	30,597	(47.9%)
Tax liabilities	115	1,281	1013.9%
Provisions	0	0	n/a
TOTAL LIABILITIES	350,020	359,203	2.6%

Note: Consolidated unaudited results

Cash Flow Statement

EUR (000')	Six-month period to		% change
	30 June 2014 (unaudited)	30 June 2015 (unaudited)	
Profit before tax	11,680	18,289	56.6%
Depreciation and amortization	7,365	7,936	7.7%
FX	(4,600)	(5,777)	25.6%
Interest expense	4,218	3,532	(16.3%)
Other changes in equity	99	722	629.3%
Other financial expense/(income)	(131)	274	(309.4%)
Change in inventories	2,518	4,858	92.9%
Change in receivables	(3,714)	(1,277)	(65.6%)
Change in payables	(6,103)	(21,973)	260.0%
Income tax paid	(1,710)	(319)	(81.4%)
Net cash flow from operating activities	9,622	6,265	(34.9%)
Purchases of property, plant and equipment	(1,539)	(1,540)	0.1%
Net cash flow used in investment activities	(1,539)	(1,540)	0.1%
Change in bank loans	(7,541)	(798)	(89.4%)
Interest paid	(4,073)	(3,388)	(16.8%)
Other financial income/(expense)	131	(274)	(309.4%)
Net cash flow from financing activities	(11,483)	(4,460)	(61.2%)
Bank balances and cash at the beginning of the year	13,063	8,962	(31.4%)
Change in cash and cash equivalents	(3,400)	265	(107.8%)
Effect of FX fluctuation on cash held	0	0	n/a
Bank balances and cash at the end of the year	9,663	9,227	(4.5%)

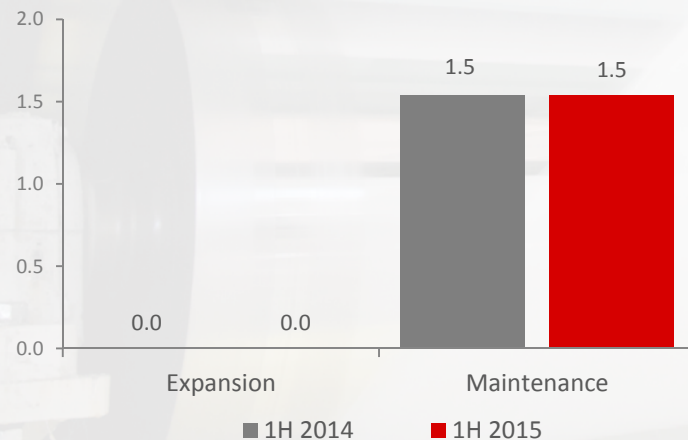
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CAPEX Development

CAPEX overview in 2015

- CAPEX in 1H 2015 was exclusively of operating nature
- 2015 CAPEX guidance of up to EUR 10 million confirmed

CAPEX in H1



2015 Guidance Confirmation

Overview

- 1H 2015 is in line with management expectation and announced outlook for the entire year 2015

EBITDA Guidance

- Based on the developments to date, the management confirms 2015 EBITDA guidance
 - 2015 EBITDA is estimated in range of EUR 44.0 to 48.5 million

CAPEX Guidance

- 2015 CAPEX guidance of up to EUR 10 million confirmed
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Dividend Declaration

- The AGM held in June approved a dividend payout of EUR 10,613,810, i.e. EUR 1.15 per share
 - The source of the dividend is the 2014 profit and retained earnings from previous years
 - The AGM approved the record date as 16 October 2015 and the payment date as 28 October 2015
 - 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
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Development of Polymer Prices

Polymer Prices Illustrative Index

