PEGAS NONWOVENS SA

First nine months of 2015 unaudited consolidated financial results

26 November 2015

PEGAS NONWOVENS SA announces its unaudited consolidated financial results for the first nine months of 2015 prepared according to International Financial Reporting Standards (IFRS).

"The operating results in the third quarter were affected by similar factors that were present in the preceding quarter. Despite the fact that polymer prices had stabilised, the impact of the polymer pass-through mechanism continued to be significantly negative. EBITDA was also unfavourably impacted by the revaluation of the share option plan, though to a lesser extent than in the prior quarter. The effect of lower production output was also quite evident, resulting namely from multiple scheduled technological shutdowns coinciding in this quarter.

On the other hand, sales results were positive and this trend will continue in the fourth quarter. In this respect, I would like to also comment on the progress of 2016 sales negotiations, which have resulted in practically all our production capacity being sold out for next year. By the end of the year, our financial results should also reflect the substantial decline in polymer prices that have fallen steeply since the start of August.

Despite the results for the third quarter not entirely meeting our expectations, the positive outlook for the upcoming quarter fills us with optimism and our main objective is to achieve the full year EBITDA outlook. Achievement of this objective presents us with a considerable challenge as due to the development of our share price and the resulting revaluation of the share option plan, this year's EBITDA is burdened with approximately EUR 3.5 million. Nevertheless, even with this effect, that is hard to predict, we hope that we will be able to achieve at least the lower boundary of the range that we have set ourselves for this year.

Apart from the financial results, I would also like to once again emphasise our successful completion of the refinancing of the Company by means of a bond issue. The very advantageous conditions that we received, in particular the long term character of these bonds provide us with security for financing further development of the Company and meeting our strategic goals. The first step in this respect has been the conclusion of a contract for the delivery of a second production line for the Egyptian plant. This production line presents an entirely new production platform which is suitable for penetration into new, especially developing markets.

I believe that we have pleased our shareholders, as every year, with a dividend in the amount of EUR 1.15 per share, which represents an annual return of approximately 4%. At the same time, the ongoing share buyback has resulted in the Company buying back more than 2% of its share capital as of 30 September 2015", said František Řezáč, CEO and Member of the Board of PEGAS NONWOVENS SA.

Overview of Financial Results

(mil. EUR)	January – September 2015		Third quarter July - September 2015	
		yoy		yoy
Revenues	169.6	(1.2%)	58.0	(4.0%)
Operating costs without depreciation and amortization	(139.9)	1.6%	(49.8)	2.8%
EBITDA	29.7	(12.7%)	8.2	(31.4%)
Depreciation and Amortization	(12.0)	7.5%	(4.0)	7.1%
Profit from operations (EBIT)	17.8	(22.5%)	4.2	(49.1%)
FX changes and other financial income / (expense) (net)	6.7	50.3%	(1.5)	n/a
Interest expense (net)	(5.7)	(2.2%)	(2.2)	32.1%
Income tax – (expense)/income	(1.9)	(7.7%)	0.1	n/a
Net profit	16.8	(13.5%)	0.5	(94.3%)
Capital expenditure	4.3	(45.1%)	2.8	(56.1%)
Number of employees (end of period)	563	(0.7%)	563	(0.7%)
No. of employees during period (average)	565	(0.7%)	569	(0.4%)
Net debt	154.0	7.0%	154.0	7.0%
Production output (in tonnes)	75,559	1.7%	23,723	(4.0%)
Average EUR/CZK exchange rate during period	27.355	(0.5%)	27.075	(2.0%)
End of period EUR/CZK exchange rate	27.187	(1.1%)	27.187	(1.1%)
Average EUR/USD exchange rate during period	1.114	(17.8%)	1.112	(16.1%)
End of period EUR/USD exchange rate	1.120	(11.0%)	1.120	(11.0%)

Consolidated Financial Results

Revenues, Costs and EBITDA

In the first nine months of 2015, consolidated revenues (revenues from sales of the Company's products) reached EUR 169.6 million, down by 1.2% yoy. In the third quarter of 2015, the total consolidated revenues were EUR 58.0 million, a 4.0% decrease compared with the same period last year. Sales volumes in tonnage terms were at comparable levels to last year. The effect of the price pass-through mechanism on revenues in the comparable periods was slightly negative. In the third quarter of 2015, the levels of inventories of finished products decreased.

In the first nine months of 2015, total consolidated operating costs without depreciation and amortization (net) went up by 1.6% yoy to EUR 139.9 million. In the third quarter of 2015, consolidated operating costs without depreciation and amortization were EUR 49.8 million, representing an increase of 2.8% yoy. The primary reason for the increase were higher wage expenses resulting from a revaluation of the share option plan.

In the first nine months of 2015, EBITDA amounted to EUR 29.7 million, down by 12.7% yoy. The year-on-year decline of EBITDA was to a significant degree caused by, in particular, the revaluation of the share option plan in the amount of EUR 3.5 million. In first nine months of 2014, the effect of the revaluation of the share option plan on EBITDA was also negative but only in the amount of EUR 0.5 million. Adjusted for this effect, EBITDA actually declined by 4.0% to EUR 33.2 million. Apart from this, the year-on-year development of EBITDA was positively affected by the increase in production by 1.7%. The polymer price pass-through mechanism had a negative effect on the year-on-year comparison.

In the first nine months of 2015, the EBITDA margin was 17.5%, which is 2.3 percentage points lower than in the same period in 2014. In the first nine months of 2015, the EBITDA margin, adjusted for the effect of the revaluation of the share option plan, was 19.6%, which is 0.5 percentage points lower than in the same period in 2014.

EBITDA amounted to EUR 8.2 million in the third quarter of 2015, down by 31.4% yoy. The most significant factor behind the year-on-year decline was the effect of the polymer price pass-through mechanism. Whereas in 2014 the net growth in polymer prices in the first nine months of the year was gradual, in 2015 prices fell at the beginning of the year and then from March to July grew rapidly to exceed the maximum levels reached in 2014. For the remainder of the third quarter they then remained near these maximum levels. The steep price increase and the built-in delay in the polymer price pass-through mechanism had a substantial impact on EBITDA. Another effect that had a negative impact on EBITDA in the third quarter was lower production output due to a concurrence of maintenance breaks on several production lines. Production output was approximately 8% lower than the average output in the preceding two quarters. The revaluation of the share option plan also had a negative impact (expense) in the amount of EUR 1.0 million in comparison to an expense in the amount of EUR 0.5 million in the third quarter of 2014.

Operating Costs

Total raw materials and consumables used in the first nine months of 2015 amounted to EUR 127.2 million, which is 1.7% less than in the preceding year. In the third quarter of 2015, this item reached EUR 45.5 million, which is a level comparable to that achieved in the same period in 2014.

In the first nine months of 2015, total staff costs reached an amount of EUR 11.1 million, i.e. up by 43.7% yoy, of which the revaluation of the share option plan presented EUR 3.5 million in this period, i.e. an increase of EUR 3.0 million with respect to the comparable period last year. Total staff costs expressed in local currencies and without the revaluation of the share option plan grew by approximately 2.6% yoy. The year-on-year increase in staff costs in local currencies resulted from an indexation of wages at the end of 2014.

In the third quarter of 2015, staff costs reached an amount of EUR 3.6 million, i.e. up by 29.1% yoy, of which the revaluation of the share option plan presented EUR 1.0 million in this period, i.e. an increase of EUR 0.5 million with respect to the comparable period last year.

In the first nine months of 2015, other operating income/expenses (net) reached EUR 1.6 million, i.e. up by EUR 1.0 million compared with the same period in 2014.

Depreciation and Amortization

Consolidated depreciation and amortization reached EUR 12.0 million in the first nine months of 2015, up by 7.5% yoy. In the third quarter of this year, consolidated depreciation and amortization amounted to EUR 4.0 million, up by 7.1% yoy. This increase was contributed to namely by the appreciation of USD against EUR, which had an effect on higher depreciation and amortization for the Egyptian production plant.

Profit from Operations

During the first nine months of this year, profit from operations (EBIT) reached EUR 17.8 million, down by 22.5% over the same period in 2014.

In the third quarter of 2015, profit from operations (EBIT) when compared on a year-on-year basis fell to EUR 4.2 million, down by 49.1% yoy.

Financial Income and Costs

In the first nine months of 2015, FX changes and other financial income/(expense) (net) amounted to an income of EUR 6.7 million compared with an income of EUR 4.5 million achieved in the same period last year. This item includes realized and unrealized FX gains/losses and other financial income and expenses. The year-on-year change was affected primarily by the development of the USD against the EUR in the first quarter of this year. The appreciation of the dollar led to unrealized exchange rate differences related to the revaluation of balance sheet items denominated in EUR, and in particular with respect to the intra-company loans to the subsidiary in Egypt.

In the third quarter of 2015, FX gains and other financial income/(expense) (net) represented an expense of EUR 1.5 million.

Interest expenses (net) related to debt servicing reached EUR 5.7 million in the first nine months of 2015, which is down by 2.2% relative to the same period last year. The year-on-year reduction of interest expenses was primarily the result of the lower interest rate payable on the bank debt due to improved indicators of indebtedness. In the third quarter of 2015, interest expenses (net) related to debt servicing amounted to EUR 2.2 million, a 32.1% increase compared with the same period last year. The reason for the increase in interest expenses was the increased volume of external debt in connection with the refinancing.

Income Tax

During the first nine months of 2015, income tax expense amounted to EUR 1.9 million, down by 7.7% compared with 2014.

In the third quarter of 2015, income tax amounted to an income of EUR 0.1 million.

Net profit

Net profit reached the amount of EUR 16.8 million in the first nine months of 2015, down by 13.5% yoy. The decline in net profit was caused, in particular, by the decline in EBITDA, where the revaluation of the share option plan had the greater impact on this decline. In the third quarter of 2015, the Company achieved a net profit of EUR 0.5 million, down by 94.3% yoy. The factors behind the decline in net profit between the comparable periods of 2015 and 2014 are namely lower unrealized FX gains and the lower EBITDA in 2015.

CAPEX and Investments

During the first nine months of 2015, total capital expenditure amounted to EUR 4.3 million, down by 45.1% compared with last year. In the third quarter of 2015, total consolidated capital expenditures amounted to EUR 2.8 million, down by 56.1% over the same period last year. Of this amount, capital expenditures related to expansion of production amounted to EUR 2.0 million, the rest was maintenance CAPEX.

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

Cash and Indebtedness

The amount of net debt as at 30 September 2015, was EUR 154.0 million, up by 8.5% compared with the level as at 31 December 2014. Net debt to EBITDA ratio equates to 3.59. Net debt grew namely in the first quarter and was related to the decline in trade payables, where the Company started to fully utilise the financial discounts for early payment of polymer purchases.

Business Overview for the first nine months of 2015

In the first nine months of 2015, the total production output (net of scrap) reached 75,559 tonnes, up by 1.7% compared with the same period in 2014. In the third quarter of 2015, the Company produced 23,723 tonnes, down by 4.0% over the same period last year.

During the first nine months of 2015, the share of revenues from sales of nonwoven textiles for the hygiene industry constituted an 85.3% share of total revenues, compared with an 86.6% share in the comparable period last year. The high share of products in this category confirms the important position the Company has in this market.

In the first nine months of 2015, revenues from sales of non-hygiene products (for construction, agricultural and medical applications) amounted to EUR 24.9 million, which represented a 14.7% share of total revenues.

In terms of geographical distribution, the Company confirmed its steady sales focus on the broader European area and its entry on to the markets of the Middle East. During the first nine months of 2015, revenues from sales to Western Europe amounted to EUR 60.8 million and represented a 35.8% share of total revenues. In the same period in 2014, they amounted to EUR 56.0 million, corresponding to 32.6% of total revenues.

In this period, revenues from sales to Central and Eastern Europe and Russia amounted to EUR 68.0 million and represented a 40.1% share of total revenues. During the first nine months of last year, these sales revenues reached EUR 79.6 million, representing a 46.3% share.

Revenues from sales to other territories amounted to EUR 40.9 million and represented a 24.1% share of total revenues, compared with revenues of EUR 36.2 million and an 21.1% share in the previous year.

Guidance for 2015

Based on the results achieved in the first nine months of 2015 and with respect to the developments in the European nonwoven textile market, including the expected development in the polymer market, the Company expects this year's EBITDA to reach the lower end of the previously announced range from EUR 44.0 to 48.5 million.

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

Interim Unaudited Consolidated Financial Statements of PEGAS NONWOVENS SA for the Nine Months Ended 30 September 2015

Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2015 and 30 September 2014

Unaudited financial statements prepared under IFRS and IAS 34 as adopted by the European Union (in thousands of EUR)

	Nine month period to		
	30 September 2014 (unaudited)	**30 September 2015** (unaudited)	**% change**
Revenues	171,786	169,641	(1.2%)
Raw materials and consumables used	(129,362)	(127,176)	(1.7%)
Staff costs	(7,746)	(11,127)	43.7%
Other operating income/(expense) (net)	(628)	(1,604)	155.4%
EBITDA	**34,050**	**29,734**	**(12.7%)**
EBITDA margin	***19.8%***	***17.5%***	***(2.3 pp)***
Depreciation and amortization expense	(11,118)	(11,955)	7.5%
Profit from operations	**22,932**	**17,779**	**(22.5%)**
FX gains and other financial income	9,181	11,096	20.9%
FX losses and other financial expenses	(4,726)	(4,401)	(6.9%)
Interest income	7	20	192.7%
Interest expense	(5,884)	(5,766)	(2.0%)
Profit before tax	**21,510**	**18,728**	**(12.9%)**
Income tax – (expense)/income	(2,052)	(1,894)	(7.7%)
Net profit after tax	**19,458**	**16,834**	**(13.5%)**
Other comprehensive income			
Other changes in equity	304	3,232	963.2%
Changes in translation reserves	2,184	(4,572)	n/a
Total comprehensive income for the period	**21,946**	**15,494**	**(29.4%)**
Net earnings per share			
Basic net earnings per share (EUR)	2.11	1.82	(13.5%)
Diluted net earnings per share (EUR)	2.11	1.80	(14.6%)

Condensed Consolidated Statement of Comprehensive Income for the three months ended 30 September 2015 and 30 September 2014

Unaudited financial statements prepared under IFRS and IAS 34 as adopted by the European Union (in thousands of EUR)

	Three month period ending		
	30 September 2014 (unaudited)	30 September 2015 (unaudited)	% change
Revenues	60,371	57,967	(4.0%)
Raw materials and consumables used	(45,556)	(45,529)	(0.1%)
Staff costs	(2,754)	(3,556)	29.1%
Other operating income/(expense) (net)	(147)	(709)	382.6%
EBITDA	**11,914**	**8,173**	**(31.4%)**
EBITDA margin	***19.7%***	***14.1%***	***(5.6 pp)***
Depreciation and amortization expense	(3,753)	(4,020)	7.1%
Profit from operations	**8,161**	**4,153**	**(49.1%)**
FX gains and other financial income	5,716	(217)	n/a
FX losses and other financial expenses	(2,370)	(1,284)	(45.8%)
Interest income	(10)	20	n/a
Interest expense	(1,666)	(2,234)	34.1%
Profit before tax	**9,831**	**438**	**(95.5%)**
Income tax – (expense)/income	(906)	69	n/a
Net profit after tax	**8,925**	**507**	**(94.3%)**
Other comprehensive income			
Other changes in equity	205	2,510	1124.4%
Changes in translation reserves	3,027	28	(99.1%)
Total comprehensive income for the period	**12,157**	**3,045**	**(75.0%)**
Net earnings per share			
Basic net earnings per share (EUR)	0.97	0.05	(94.3%)
Diluted net earnings per share (EUR)	0.97	0.05	(94.4%)

Condensed Consolidated Statement of Financial Position as of 30 September 2015, 31 December 2014 and 30 September 2014

Unaudited financial statements prepared under IFRS and IAS 34 as adopted by the European Union (in thousands of EUR)

	30 September 2014 (unaudited)	31 December 2014 (audited)	30 September 2015 (unaudited)
Assets			
Non-current assets			
Property, plant and equipment	179,601	178,939	179,658
Long term intangible assets	530	495	414
Goodwill	84,368	83,684	85,340
Total non-current assets	**264,499**	**263,118**	**265,412**
Current assets			
Inventories	34,786	41,666	34,311
Trade and other receivables	52,439	42,451	57,489
Tax assets	1	0	0
Cash and cash equivalents	6,495	8,962	29,447
Total current assets	**93,721**	**93,079**	**121,247**
Total assets	**358,220**	**356,197**	**386,659**
Total equity and liabilities			
Share capital and reserves			
Share capital	11,444	11,444	11,444
Legal reserves	9,138	9,187	9,187
Treasury shares	0	0	(6,711)
Translation reserves	(122)	11,855	7,283
Other changes in equity	(2,607)	(1,986)	1,246
Retained earnings	119,504	127,141	133,361
Total share capital and reserves	**137,357**	**157,641**	**155,810**
Non-current liabilities			
Bank loans	124,870	35,402	0
Deferred tax liabilities	13,628	15,583	17,272
Other non-current liabilities	0	89,036	183,420
Total non-current liabilities	**138,498**	**140,021**	**200,692**
Current liabilities			
Trade and other payables	56,751	31,792	29,579
Tax liabilities	114	233	578
Bank current liabilities	25,500	26,500	0
Reserves	0	10	0
Total current liabilities	**82,365**	**58,535**	**30,157**
Total liabilities	**220,863**	**198,556**	**230,849**
Total equity and liabilities	**358,220**	**356,197**	**386,659**

Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2015 and 30 September 2014

Unaudited financial statements prepared under IFRS and IAS 34 as adopted by the European Union (in thousands of EUR)

	2014 (unaudited)	**2015** (unaudited)
Profit before tax	**21,510**	**18,727**
Adjustment for:		
Depreciation and Amortization	11,118	11,955
Foreign exchange changes	(1,759)	(6,561)
Interest expense	5,884	5,766
Other changes in equity	304	3,232
Other financial income/(expense)	633	1,549
Cash flows from operating activities		
Decrease/(increase) in inventories	1,230	9,040
Decrease/(increase) in receivables	(12,471)	(9,074)
Increase/(decrease) in payables	(8,260)	(26,298)
Income tax (paid) / received	(619)	(712)
Net cash flows from operating activities	**17,570**	**7,624**
Cash flows from investment activities		
Purchases of property, plant and equipment	(7,878)	(4,325)
Net cash flows from investment activities	**(7,878)**	**(4,325)**
Cash flows from financing activities		
Increase/(decrease) in bank loans	(9,887)	(63,318)
Increase/(decrease) in long term payables	0	94,384
Other changes in equity	0	(6,711)
Distribution of dividends	0	0
Interest paid	(5,740)	(5,621)
Other financial income/(expense)	(633)	(1,549)
Cash flows from financing activities (net)	**(16,260)**	**17,185**
Cash and cash equivalents at the beginning of the period	13,063	8,962
Net increase (decrease) in cash and cash equivalents	(6,568)	20,484
Cash and cash equivalents at the end of the period	**6,495**	**29,446**

Condensed Consolidated Statement of Changes in Equity in the first nine months as at 30 September 2015 and as at 30 September 2014

Unaudited financial statements prepared under IFRS and IAS 34 as adopted by the European Union (in thousands of EUR)

	Share capital	Legal reserves	Treasury shares	Cash flow hedging	Translation reserves	Retained earnings	**Total equity attributable to equity holders of the Company**
as at 1 January 2014	**11,444**	**8,733**	**--**	**(2,911)**	**(2,306)**	**110,603**	**125,563**
Distribution	--	--	--	--	--	(10,152)	**(10,152)**
Other comprehensive income for the period	--	--	--	304	2,184	--	**2,488**
Net profit for the period	--	--	--	--	--	19,458	**19,458**
Legal reserves created from retained earnings	--	405	--	--	--	(405)	**--**
as at 30 September 2014	**11,444**	**9,138**	**--**	**(2,607)**	**(122)**	**119,504**	**137,357**
as at 1 January 2015	**11,444**	**9,187**	**--**	**(1,986)**	**11,855**	**127,141**	**157,641**
Distribution	--	--	(6,711)	--	--	(10,614)	**(17,325)**
Other comprehensive income for the period	--	--	--	3,232	(4,572)	--	**(1,340)**
Net profit for the period	--	--	--	--	--	16,834	**16,834**
Legal reserves created from retained earnings	--	--	--	--	--	--	**--**
as at 30 September 2015	**11,444**	**9,187**	**(6,711)**	**1,246**	**7,283**	**133,361**	**155,810**

Selected explanatory notes to the interim consolidated financial statements for the nine months ending 30 September 2015

Basis of preparation

These financial statements were prepared under International Financial Reporting Standards (IFRS) and International Accounting Standards IAS 34 for interim financial reporting as adopted by the European Union. Condensed interim financial statements do not include all the information and disclosures required in the annual financial statements. This interim report was not audited by the Company´s external auditors.

a. *Summary of Significant Accounting Policies*

The same basis of preparation, accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2014.

b. *Disclosures on seasonal and economic influences*

The business of PEGAS NONWOVENS SA is not typically subject to seasonal and economic influences other than the general economic cycle, although the hygiene market is to a large extent non-cyclical.

c. *Unusual items given their size, nature or frequency*

In the first nine months of 2015, consolidated revenues (revenues from sales of the Company's products) reached EUR 169.6 million, down by 1.2% yoy. Sales volumes in tonnage terms were at comparable levels to last year. The effect of the price pass-through mechanism on revenues in the comparable periods was slightly negative. In the third quarter of 2015, the levels of inventories of finished products decreased.

In the first nine months of 2015, EBITDA amounted to EUR 29.7 million, down by 12.7% yoy. The year-on-year decline of EBITDA was to a significant degree caused by, in particular, the revaluation of the share option plan in the amount of EUR 3.5 million. In first nine months of 2014, the effect of the revaluation of the share option plan on EBITDA was also negative but only in the amount of EUR 0.5 million. Adjusted for this effect, EBITDA actually declined by 4.0% to EUR 33.2 million. Apart from this, the year-on-year development of EBITDA was positively affected by the increase in production by 1.7%. The polymer price pass-through mechanism had a negative effect on the year-on-year comparison.

In the first nine months of 2015, FX changes and other financial income/(expense) (net) amounted to an income of EUR 6.7 million compared with an income of EUR 4.5 million achieved in the same period last year. This item includes realized and unrealized FX gains/losses and other financial income and expenses. The year-on-year change was affected primarily by the development of the USD against the EUR in the first quarter of this year. The appreciation of the dollar led to unrealized exchange rate differences related to the revaluation of balance sheet items denominated in EUR, and in particular with respect to the intra-company loans to the subsidiary in Egypt.

Interest expenses (net) related to debt servicing reached EUR 5.7 million in the first nine months of 2015, which is down by 2.2% relative to the same period last year. The year-on-year reduction of interest expenses was primarily the result of the lower interest rate payable on the bank debt due to improved indicators of indebtedness.

During the first nine months of 2015, total capital expenditure amounted to EUR 4.3 million, down by 45.1% compared with last year. Of this amount, capital expenditures related to expansion of production amounted to EUR 2.0 million, the rest was maintenance CAPEX.

d. Estimates

The preparation of interim financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors. The objective of making estimates is to present a true and fair view of the financial position of the Company, namely for determining the values of assets and liabilities for which this value is not readily available from other sources. The actual results may differ from these estimates.

There were no material changes in the nature or size of the estimates since the issue of the previous financial reports.

e. Repurchases and repayments of debt and equity securities

Refinancing of bank loans by means of a private bond issue
In the third quarter, the Company underwent a refinancing within the course of which as at 14 July 2015, three private bond issues amounting to a total nominal value of approximately EUR 100 million were issued.

The first issue in the amount of CZK 678,000,000 (six hundred and seventy-eight million Czech crowns) with an offer price of 100% matures on 14 July 2025 and bears a variable interest rate of 6M PRIBOR + 2.00% p.a.

The second issue in the amount of EUR 35,000,000 (thirty-five million euro) with an offer price of 100% matures on 14 July 2025 and bears a fixed interest rate of 3.39% p.a.

The manager of the first and second issue was Československá obchodní banka.

The third issue in the amount of CZK 1,080,000,000 (one billion and eighty million Czech crowns) with an offer price of 101.594% matures on 14 July 2022 and bears a fixed interest rate of 2.646% p.a. The manager of the issue was Česká spořitelna.

Both of the issues denominated in Czech crowns were hedged against foreign exchange risks using cross-currency swaps. The Company is thereby effectively a payer of a fixed interest rate in EUR.

As a result of the refinancing transaction, the Company was able to fully pay down the bank facilities utilised by the Company. The bank facilities consisted of a revolving credit facility of up to EUR 165 million and of an overdraft facility of up to EUR 15 million. As at the refinancing date, the balance of the revolving credit facility was EUR 50,000 thousand and the balance of the overdraft facility was EUR 13,686 thousand.

The Company did not conclude any new bank loans in the third quarter of 2015.

Buyback of issued public bonds

Furthermore, the Company is an issuer of unsecured bonds in the total nominal value of CZK 2,500,000,000 (two billion five hundred million Czech crowns) maturing on 14 November 2018 with a fixed interest rate of 2.85% p.a.

In the third quarter, the Company bought back these bonds in the nominal value of CZK 198 million.

Buyback of Company shares

On the basis of authorisation given by the Annual General Meeting of the Company held on 15 June 2011, the Board of Directors of the Company resolved on 31 July 2015 to proceed with a programme to acquire the Company's own shares. The purpose of the programme is either to lower the capital of the Company or to settle the liabilities arising from the share option plan for members of the Board of Directors and employees of the Company and/or its subsidiaries. The maximum number of shares that may be bought back within the scope of the programme is 5% of the Company's share capital, i.e. 461,470 shares. Shares may be bought back until 14 June 2016, whilst the maximum price per share must not exceed CZK 1,000.

As at 30 September 2015, the Company had bought back 205,057 of its own shares at the total acquisition value of CZK 181.7 million.

f. Dividend

The Annual General Meeting of the Company held on 15 June 2015 in Luxembourg, approved the payout of a dividend in the amount of EUR 10,613,810, i.e. EUR 1.15 per share.

The source of the dividend payout is 2014 profit and retained earnings of prior years. The record date (i.e. the day at the end of which shares entitled to a dividend are registered at accounts of the entitled persons held by the settlement systems of Centrální depozitář cenných papírů, a.s, Krajowy Depozyt Papierów Wartościowych Spółka Akcyjna or by other respective settlement systems) was set to 16 October 2015 and the dividend payment date was set to 28 October 2015.

g. Segment information

The IFRS 8 standard requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance. In accordance with IFRS 8, the Group identified one operating segment, the production of nonwoven textiles.

h. Material events subsequent to the end of the interim period

Within the scope of the ongoing share buyback programme, in the period from 1 October 2015 to 18 November 2015, the Company bought back 81,163 of its own shares at the total acquisition value of CZK 62.9 million. As at 18 November 2015, the Company thus bought back 286,220 of its own shares at the total acquisition value of CZK 244.5 million.

In accordance with the decision of the Annual General Meeting, on 28 October 2015, a dividend in the amount of EUR 1.15 per share was paid out. The dividend was not paid out on 229,558 of the Company's own shares, that it held at the record date for the dividend payout, i.e. on 16 October 2015. Therefore, the total dividend payout amounted to EUR 10,349,818.

The management of the Group is not aware of any further events that occurred subsequent to the end of the interim period, which would have a significant effect on the consolidated financial statements as at 30 September 2015.

i. Disclosures on changes in the composition of the entity / changes in consolidation

There were no changes in this field during the reporting period ended relative to the compared period.

j. Information about the fair value of financial instruments

During the period of the first nine months of this year no changes occurred in the valuation methodology for financial instruments.

Interest rate swaps

As at 30 September 2015, the Company had two interest rate swaps open, these were originally concluded in 2011 at a total nominal value of EUR 98,000 thousand. The objective of these swaps was to hedge the interest rate risk resulting from changes to interest rates on bank loans provided to the Company. The changes in the fair value of these swaps for the part that was considered hedge effective were reported in equity. The changes in the fair value of these swaps for the part that was considered hedge non-effective were booked in the profit and loss statement. As a result of the refinancing of the Company and the repayment of bank loans, the subject of the hedge ceased to exist and the amount EUR 1,385 thousand that had previously been booked in equity was transferred to the profit and loss statement.

Until the payment date of the swaps 14 July 2016, the changes in the fair value of these swaps will continue to be booked in the profit and loss statement.

The fair value of these swaps as at 30 September 2015 and 30 September 2014 is presented in the following table. Fair value of the swaps as at 30 September 2015, represents a payable of the Company.

Counterparty	as at 30 September 2014	as at 30 September 2015
Česká spořitelna	(1,658)	(796)
ING	(1,662)	(797)
Total	**(3,320)**	**(1,593)**

The fair value of the swaps is given by the euro yield curve valid at the balance sheet date and calculated using the discounted cash flow method. The inputs used in the fair value calculation are categorised in accordance with IFRS 7 into level 2 of fair value hierarchy, i.e. inputs other than unadjusted quoted prices in active markets, however, these inputs are observable for the assets or liability, either directly (as prices) or indirectly (derived from prices).

Currency forward contracts
As at 30 September 2015, the Company held no open currency forward contracts.

Cross currency swaps
As at 30 September 2015, the Company held three open cross currency swaps.

The first swap was concluded in November 2014 with a total nominal value of CZK 2,489,575 thousand (receiving leg) against EUR 90,201 thousand (paying leg) for the purpose of hedging the risk of the CZK denominated public bonds Pegas 2.85/2018.

The second swap was concluded in July 2015 with a total nominal value of CZK 678,000 thousand (receiving leg) against EUR 25,000 thousand (paying leg) for the purpose of hedging the currency risk of the CZK denominated private bond issue maturing on 14 July 2025 with a variable interest rate of 6M PRIBOR + 2.00% p.a.

The third swap was concluded in July 2015 with a total nominal value of CZK 1,080,000 thousand (receiving leg) against EUR 39,825 thousand (paying leg) for the purpose of hedging the currency risk of the CZK-denominated private bond issue maturing on 14 July 2022 with a fixed interest rate of 2.646% p.a.

The Company accounts for these cross currency swaps under hedge accounting principles. Changes in the fair value of these swaps are reported in equity. The fair value of these swaps, as at 30 September 2015, is presented in the following table (EUR thousand). A positive value represents a receivable of the Company, a negative value represents a payable of the Company.

Counterparty	as at 30 September 2014	as at 30 September 2015	% hedging of the underlying obligation
Česká spořitelna – EUR 90.201 mil.	--	2,249	108%
ČSOB - EUR 25 mil.	--	118	100%
Česká spořitelna – EUR 39.852 mil	--	-163	100%
Total	**--**	**2,204**	

The fair value of the swap is given by the EUR and CZK yield curve valid at the balance sheet date and calculated using the discounted cash flow method. The inputs used in the fair value calculation are categorised in accordance with IFRS 7 into level 2 of fair value hierarchy.

k. Earnings per share

Basic earnings per Share are calculated as the net profit for the period attributable to equity holders of the Company divided by the weighted average of the number of shares existing each day in the given period.

Diluted earnings per share are calculated based on a weighted average number of shares in circulation (determined similarly as in the case of basic earnings per share) adjusted by the effect of the expected issue of all potential diluting securities.

The basic and diluted earnings per share as at 30 September 2014 are equal due to the fact, that the Group did not have any agreement concluded to this date, which could cause a potential future issue of new securities. Resulting from changes to the share bonus scheme, the phantom options issued in years 2010-2013 were converted to 230,735 warrants and in 2014 a total of 230,735 new warrants were issued. All these warrants represent tools, which may lead to the potential issue of new shares in the future. The basic and diluted earnings per share as at 30 September 2015 are thus not equal. No changes to the number of shares issued by the Company occurred during the first nine months of 2015 or in the first nine months of 2014.

Basic earnings per share

		Three months ended		Nine months ended	
		30/09/2014	**30/09/2015**	**30/09/2014**	**30/09/2015**
Net profit attributable to equity holders	'000 EUR	8,925	507	19,458	16,834
Weighted average number of ordinary shares	number	9,229,400	9,229,400	9,229,400	9,229,400
Basic earnings per share	**EUR**	**0.97**	**0.05**	**2.11**	**1.82**

Diluted earnings per share

		Three months ended		Nine months ended	
		30/09/2014	**30/09/2015**	**30/09/2014**	**30/09/2015**
Net profit attributable to equity holders	'000 EUR	8,925	507	19,458	16,834
Weighted average number of ordinary shares	number	9,229,400	9,309,832	9,229,400	9,345,632
Diluted earnings per share	**EUR**	**0.97**	**0.05**	**2.11**	**1.80**

l. Related party transactions

Except for the information above there were no other new transactions between the Group and the executive managers or the non-executive directors concluded in the first nine months of 2015.

m. Approval of the interim financial statements

The interim financial statements were approved by the Company's Board of Directors on 25 November 2015.

Marek Modecki
Chairman of the Board of Directors
PEGAS NONWOVENS SA

František Řezáč
Member of the Board of Directors
PEGAS NONWOVENS SA