



PEGAS NONWOVENS 2015 Preliminary Results

18 March 2016

every single detail

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Agenda

- 2015 Key Highlights
 - 2015 Financial Performance
 - 2016 Guidance
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Presentation Team



František Řezáč

Chief Executive Officer

Marian Rašík

Chief Financial Officer



2015 Key Highlights

Financial Performance

- Total Revenues in 2015 were EUR 229.2 million, down by 0.6% yoy as a result of the unchanged capacity year-on-year.
- 2015 EBITDA was EUR 44.3 million, down by 6.1 % yoy.
- The annual target which was set for between EUR 44.0-48.5 million was met.
- EBITDA adjusted for the effect of revaluation of the share option plan reached EUR 47.3 million, down by 0.8 % yoy.
- 2015 EBIT EUR 28.3 million down by 12.2% yoy
- 2015 Net Profit amounted to EUR 25.0 million, down 7.8% yoy

Market & Business

- Very good sales and production levels were recorded in the 4th quarter
- Polymer prices dropped considerably in the 4th quarter and the Company thus benefitted from the polymer pass through mechanism

Production & Technology

- 2015 production of 101,665 tonnes, up by 1.1% yoy
- No unexpected major production disruptions in the 4th quarter

Key Financial Highlights

EUR (000')	Fourth quarter			Full Year		
	2014	2015	% change	2014	2015	% change
Revenues	58,761	59,559	1.4%	230,547	229,200	(0.6%)
Operating costs	(45,609)	(44,982)	(1.4%)	(183,345)	(184,889)	0.8%
EBITDA	13,152	14,577	10.8%	47,202	44,311	(6.1%)
EBITDA margin (%)	22.4%	24.5%	2.1 pp	20.5%	19.3%	(1.1 pp)
Profit from operations (EBIT)	9,240	10,473	13.3%	32,172	28,252	(12.2%)
<i>EBIT margin (%)</i>	<i>15.7%</i>	<i>17.6%</i>	<i>1.9 pp</i>	<i>14.0%</i>	<i>12.3%</i>	<i>(1.6 pp)</i>
Net profit	7,638	8,145	6.6%	27,096	24,978	(7.8%)
<i>Net profit margin (%)</i>	<i>13.0%</i>	<i>13.7%</i>	<i>0.7 pp</i>	<i>11.8%</i>	<i>10.9%</i>	<i>(0.9 pp)</i>
Production (tons net of scrap)	26,286	26,106	(0.7%)	100,570	101,665	1.1%
Number of Employees (average)	564	570	1.0%	566	565	(0.2%)
Average EUR/CZK exchange rate	27.624	27.057	(2.1%)	27.533	27.279	(0.9%)
Average EUR/USD exchange rate	1.250	1.095	(12.4%)	1.329	1.110	(16.5%)
				31 December 2014	31 December 2015	% change
Total assets				356,197	391,788	10.0%
Net debt				141,976	163,835	15.4%

Note: Consolidated unaudited results

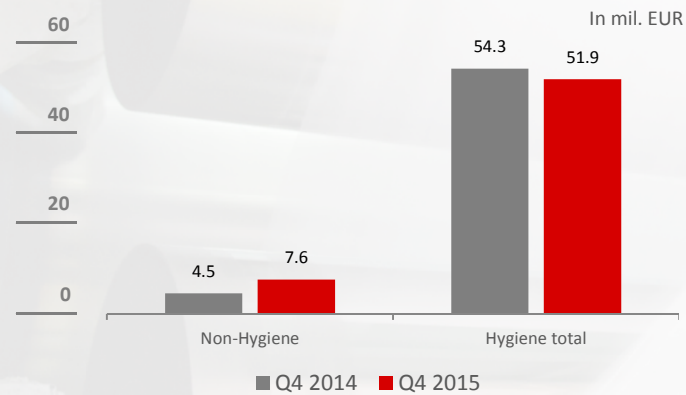
Statement of Comprehensive Income

EUR (000')	Fourth quarter			Full Year		
	2014	2015	% change	2014	2015	% change
Revenues	58,761	59,559	1.4%	230,547	229,200	(0.6%)
Raw materials and consumables	(42,481)	(42,600)	0.3%	(171,843)	(169,776)	(1.2%)
Staff costs	(2,993)	(2,847)	(4.9%)	(10,739)	(13,974)	30.1%
Of which FV revaluation of share options	44	497	1029.5%	(499)	(2,994)	500.0%
Other net operating income/(expense)	(135)	465	(444.5%)	(763)	(1,139)	49.2%
EBITDA	13,152	14,577	10.8%	47,202	44,311	(6.1%)
EBITDA margin (%)	22.4%	24.5%	2.1 pp	20.5%	19.3%	(1.1 pp)
Depreciation and amortization	(3,912)	(4,104)	4.9%	(15,030)	(16,059)	6.8%
Profit from operations (EBIT)	9,240	10,473	13.3%	32,172	28,252	(12.2%)
EBIT margin (%)	15.7%	17.6%	1.9 pp	14.0%	12.3%	(1.6 pp)
FX changes and other fin. income/(expense) (net)	2,311	2,025	(12.4%)	6,766	8,720	28.9%
Interest income/(expense) (net)	(1,888)	(2,229)	18.1%	(7,765)	(7,975)	2.7%
Income tax income/(expense) (net)	(2,025)	(2,124)	4.9%	(4,077)	(4,019)	(1.4%)
Net profit	7,638	8,145	6.6%	27,096	24,978	(7.8%)
Net profit margin (%)	13.0%	13.7%	0.7 pp	11.8%	10.9%	(0.9 pp)
Other comprehensive income/(expense)	12,598	(1,422)	n/a	15,086	(2,761)	n/a
Total comprehensive income	20,236	6,723	(66.8%)	42,182	22,217	(47.3%)

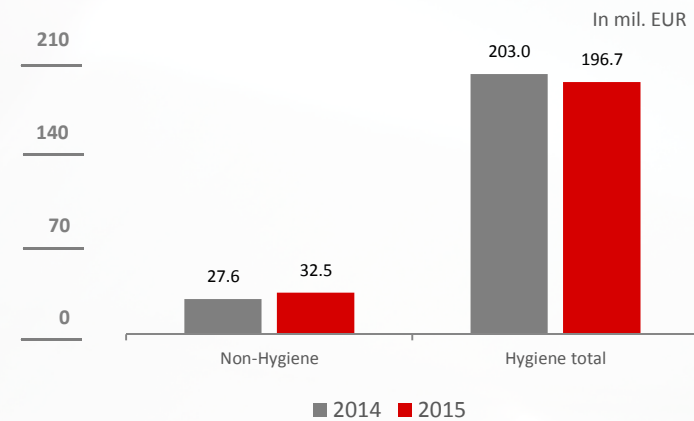
Note: Consolidated unaudited results

Revenue Breakdown by Product

Fourth Quarter



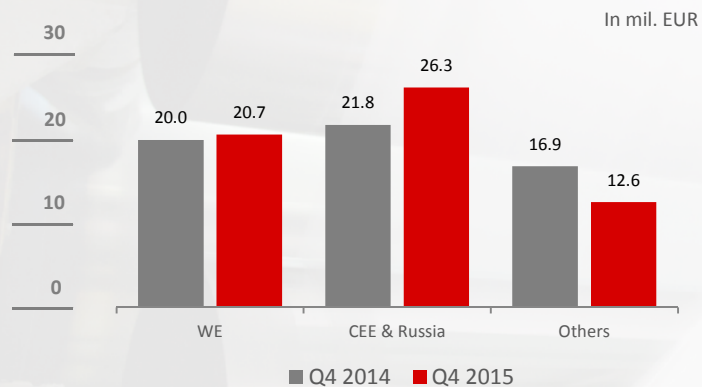
Full Year



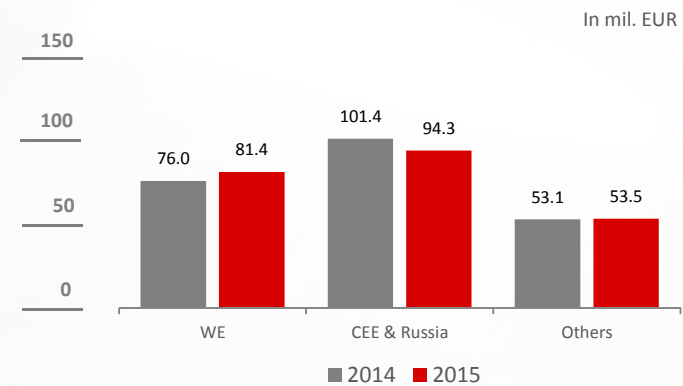
- The stable high proportion of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe

Revenue Breakdown by Geography

Fourth Quarter



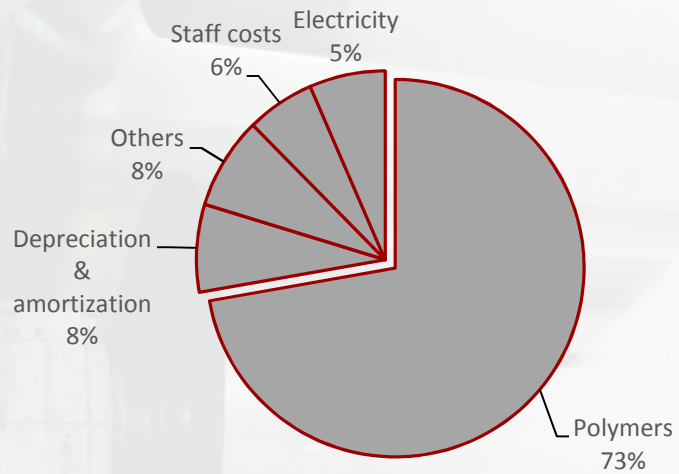
Full Year



- Europe remains the key market for PEGAS

Cost Composition

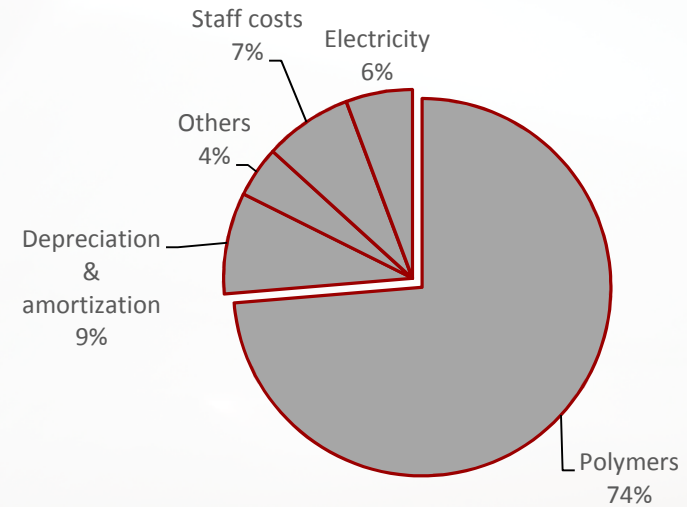
2014



0.8%



2015



Statement of Financial Position

EUR (000´)	31 December 2014 (audited)	31 December 2015 (unaudited)	% change
Non-current assets	263,118	269,476	2.4%
Property, plant and equipment	178,939	183,208	2.4%
Intangible assets (including goodwill)	84,179	86,268	2.5%
Current assets	93,079	122,312	31.4%
Inventories	41,666	39,538	(5.1%)
Trade and other receivables	42,451	54,692	28.8%
Tax receivables	0	0	n/a
Bank balances and cash	8,962	28,082	213.3%
TOTAL ASSETS	356,197	391,788	10.0%
Total share capital and reserves	157,641	156,712	(0.6%)
Non-current liabilities	140,021	202,246	44.4%
Bank loans due after 1 year	35,402	0	(100.0%)
Deferred tax	15,583	17,440	11.9%
Other long-term liabilities	89,036	184,806	107.6%
Current liabilities	58,535	32,830	(43.9%)
Short-term financial debt	26,500	7,111	(73.2%)
Trade and other payables	31,792	23,895	(24.8%)
Tax liabilities	233	1,824	682.7%
Provisions	10	0	(100.0%)
TOTAL LIABILITIES	356,197	391,788	10.0%

Note: Consolidated unaudited results

Cash Flow Statement

EUR (000')	Twelve-month period to		
	31 December 2014	31 December 2015	% change
	(audited)	(unaudited)	
Profit before tax	31,173	28,997	(7.0%)
Depreciation and amortization	15,030	16,059	6.8%
FX	(234)	(22,683)	9593.7%
Interest expense	7,785	8,019	3.0%
Other changes in equity	925	3,404	268.0%
Other financial expense/(income)	1,643	1,035	(37.0%)
Change in inventories	(7,265)	4,701	(164.7%)
Change in receivables	205	(9,677)	(4820.3%)
Change in payables	(13,245)	(8,389)	(36.7%)
Income tax paid	(1,973)	(642)	(67.4%)
Net cash flow from operating activities	34,044	20,824	(38.8%)
Purchases of property, plant and equipment	(9,964)	(8,968)	(10.0%)
Net cash flow used in investment activities	(9,964)	(8,968)	(10.0%)
Change in bank loans and long-term liabilities	(8,795)	39,319	(547.1%)
Other changes in share capital	49	(23,146)	(47337.0%)
Interest paid	(7,640)	(7,874)	3.1%
Other financial income/(expense)	(1,643)	(1,035)	(37.0%)
Net cash flow from financing activities	(18,029)	7,264	(140.3%)
Bank balances and cash at the beginning of the year	13,063	8,962	(31.4%)
Change in cash and cash equivalents	(4,101)	19,120	(566.2%)
Effect of FX fluctuation on cash held	0	0	n/a
Bank balances and cash at the end of the year	8,962	28,082	213.3%

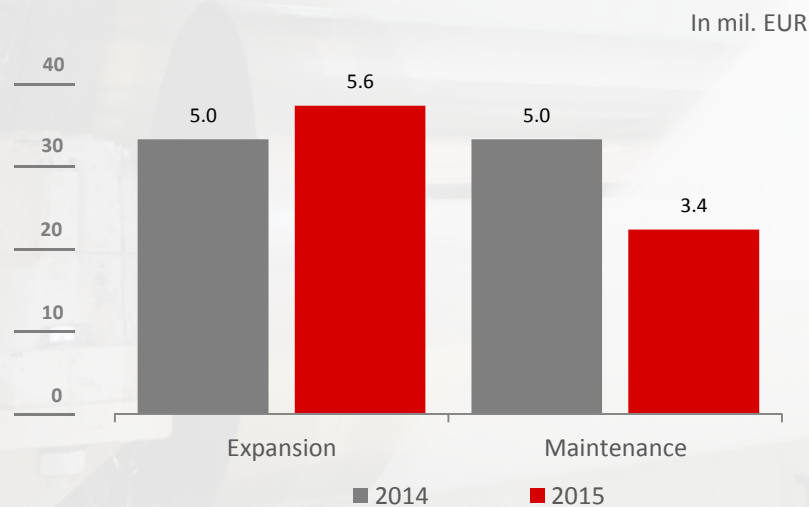
Note: Consolidated unaudited results

CAPEX Development

Majority of Capital Investments Dedicated to Expansion

- Total capital expenditures in 2015 were EUR 9.0 million
- EUR 5.6 million represented the capital expenditure related to the expansion of production capacity, the rest was maintenance CAPEX
- The Company did not exceed its updated CAPEX guidance of EUR 10 million

2015 CAPEX



2016 Guidance

Overview

- Agreements with customers indicate full utilisation of production capacities in 2016
 - Slight increase in production based on successful implementation of optimization measures
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EBITDA Guidance

- Based on the above factors and information known to date, the Company has set the guidance for EBITDA to EUR 43.0 to 49.0 million in 2016.
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CAPEX Guidance

- The Company is planning for total CAPEX in 2016 not to exceed the EUR 25 million level.
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Dividend

- The Board of Directors will propose a dividend at the level of EUR 1.25 per share
- The proposal is in line with the progressive dividend policy and considers the benefit to shareholders resulting from the realisation of the share buyback program

Development of Polymer Prices

Polymer Prices Illustrative Index

