



PEGAS NONWOVENS SA 2016 Preliminary Results

23 March 2017

every single detail

Cautionary Statement

This document has been prepared by PEGAS NONWOVENS SA (the “Company”) solely for use at the Presentation. Any forward looking statements concerning future economic and financial performance of the Company contained in this Presentation are based on assumptions and expectations of future development of factors having a material influence on the future economic and financial performance of the Company. These factors include, but are not limited to, the legal environment, the future macroeconomic situation, the market competition, the future demand for nonwoven textiles and other related products and services and development of raw material prices. The actual development of these factors, however, may be different. Consequently, the actual future financial performance of the Company could materially differ from that expressed in any forward looking statements contained in this Presentation.

Although the Company makes every effort to provide accurate information, we cannot accept liability for any misprints or other errors. In preparation of this document we used certain publicly available data. While the sources we used are generally regarded as reliable we did not verify their content. PEGAS does not accept any responsibility for using any such information.

This document is provided for information and as a matter of record only. It does not constitute an offer to sell or a solicitation of an offer to buy or sell securities or other financial instruments in any jurisdictions or any advice or recommendation with respect to such securities or other financial instruments of the Company.

The distribution of this document in certain jurisdictions may be restricted by law. This document may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any securities or other financial instruments of the Company in any jurisdiction in which such offer or invitation would be unlawful. Persons in possession of this document are required to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Agenda

- 2016 Key Highlights
 - 2016 Financial Performance
 - 2017 Guidance
-

Presentation Team



František Řezáč

Chief Executive Officer

Marian Rašík

Chief Financial Officer



2016 Key Highlights

Financial Performance

- Total revenues in 2016 EUR 206.4 million, down by 10.0% yoy mainly as a result of lower polymer prices
- 2016 EBITDA of EUR 46.7 million, up by 5.3% yoy, impacted positively by external factors accompanied by strong production and sales in line with the production
- The annual target which was set in the range of EUR 43.0-49.0 million was met.
- 2016 EBIT of EUR 30.6 million, up by 8.2% yoy
- 2016 Net profit amounted to EUR 14.8 million, down by 40.6% yoy, mainly due to FX differences

Market & Business

- ICIS in Q4 2016 increased slightly from 3Q 2016 levels
- The level of inventories of finished goods increased insignificantly during Q4 2016 and remains at near optimal levels

Production & Technology

- 2016 production of 102,691 tons, up by 1.0% yoy
- No major unexpected shutdowns or production disruptions in Q4 2016

Key Financial Highlights

EUR (000´)	Fourth quarter			Full Year		
	2015	2016	% change	2015	2016	% change
Revenues	59,559	48,582	(18.4%)	229,200	206,353	(10.0%)
Operating costs	(44,982)	(36,004)	(20.0%)	(184,889)	(159,686)	(13.6%)
EBITDA	14,577	12,578	(13.7%)	44,311	46,668	5.3%
EBITDA margin (%)	24.5%	25.9%	1.4 pp	19.3%	22.6%	3.3 pp
Profit from operations (EBIT)	10,473	8,522	(18.6%)	28,252	30,561	8.2%
<i>EBIT margin (%)</i>	<i>17.6%</i>	<i>17.5%</i>	<i>(0.0 pp)</i>	<i>12.3%</i>	<i>14.8%</i>	<i>2.5 pp</i>
Net profit	8,145	1,820	(77.7%)	24,978	14,847	(40.6%)
<i>Net profit margin (%)</i>	<i>13.7%</i>	<i>3.7%</i>	<i>(9.9 pp)</i>	<i>10.9%</i>	<i>7.2%</i>	<i>(3.7 pp)</i>
Production (tons net of scrap)	26,106	25,961	(0.6%)	101,665	102,691	1.0%
Number of Employees (average)	570	568	(0.3%)	565	568	0.5%
Average EUR/CZK exchange rate	27.057	27.029	(0.1%)	27.279	27.034	(0.9%)
Average EUR/USD exchange rate	1.095	1.079	(1.5%)	1.110	1.107	(0.2%)
				31 December 2015	31 December 2016	% change
Total assets				391,788	384,939	(1.7%)
Net debt				163,835	160,818	(1.8%)

Note: Consolidated unaudited results

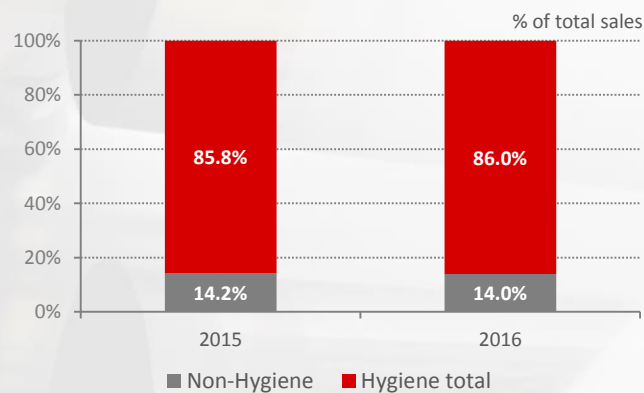
Statement of Comprehensive Income

EUR (000')	Fourth quarter			Full Year		
	2015	2016	% change	2015	2016	% change
Revenues	59,559	48,582	(18.4%)	229,200	206,353	(10.0%)
Raw materials and consumables	(42,962)	(32,807)	(23.6%)	(170,138)	(146,853)	(13.7%)
Staff costs	(2,485)	(4,040)	62.6%	(13,613)	(12,646)	(7.1%)
Of which FV revaluation of share options	497	(991)	n/a	(2,994)	(1,318)	(56.0%)
Other net operating income/(expense)	465	843	81.2%	(1,139)	(187)	(83.6%)
EBITDA	14,577	12,578	(13.7%)	44,311	46,668	5.3%
EBITDA margin (%)	24.5%	25.9%	1.4 pp	19.3%	22.6%	3.3 pp
Depreciation and amortization	(4,104)	(4,056)	(1.2%)	(16,059)	(16,107)	0.3%
Profit from operations (EBIT)	10,473	8,522	(18.6%)	28,252	30,561	8.2%
EBIT margin (%)	17.6%	17.5%	(0.0 pp)	12.3%	14.8%	2.5 pp
FX changes and other fin. income/(expense) (net)	2,025	(1,422)	n/a	8,720	(3,188)	n/a
Interest income/(expense) (net)	(2,229)	(1,568)	(29.7%)	(7,975)	(7,272)	(8.8%)
Income tax income/(expense) (net)	(2,125)	(3,712)	74.7%	(4,018)	(5,254)	30.8%
Net profit	8,145	1,820	(77.7%)	24,978	14,847	(40.6%)
Net profit margin (%)	13.7%	3.7%	(9.9 pp)	10.9%	7.2%	(3.7 pp)
Other comprehensive income/(expense)	(1,420)	5,600	n/a	4,182	(581)	n/a
Total comprehensive income	6,724	7,419	10.3%	29,160	14,266	(51.1%)

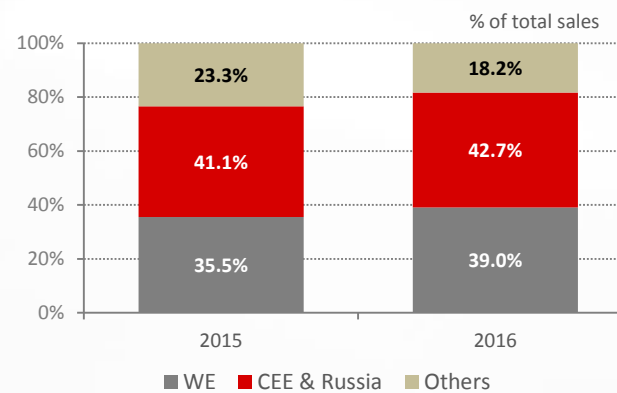
Note: Consolidated unaudited results

Revenue Breakdown

By Product



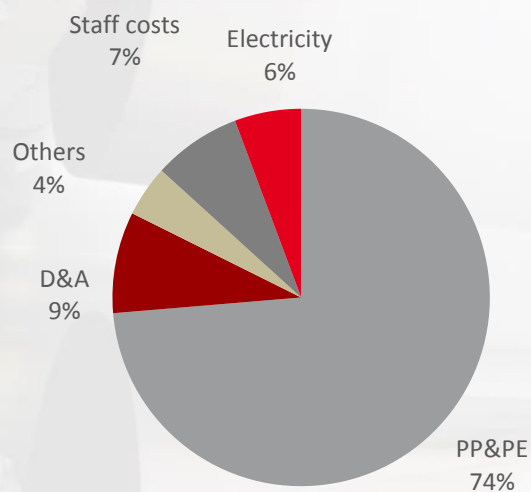
By Geography



- The continued high proportion of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe
- Sales by geography reflect customer mix and their procurement needs

Cost Composition

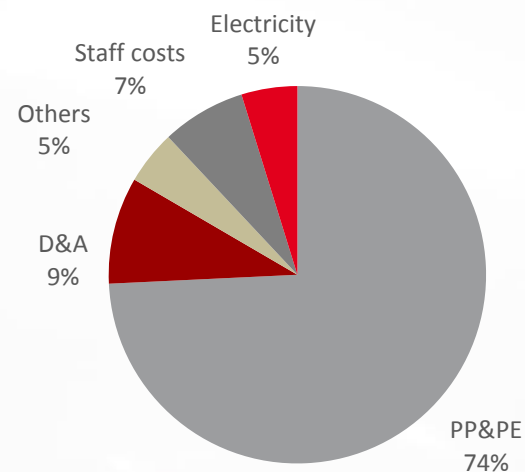
FY 2015



(4.9%)



FY 2016



- Staff costs down 9.5% yoy mainly as a result of revaluation of the share option plan
- Electricity cost down 20% yoy mainly due to the lower prices for power electricity

Statement of Financial Position

EUR (000´)	31 December 2015	31 December 2016	yoy % change
Non-current assets	269,476	277,218	2.9%
Property, plant and equipment	181,250	187,288	3.3%
Intangible assets (including goodwill)	88,226	89,930	1.9%
Current assets	122,312	107,721	(11.9%)
Inventories	39,538	39,914	1.0%
Trade and other receivables	54,692	43,588	(20.3%)
Tax receivables	0	0	n/a
Bank balances and cash	28,082	24,220	(13.8%)
TOTAL ASSETS	391,788	384,939	(1.7%)
Total share capital and reserves	156,712	159,144	1.6%
Non-current liabilities	202,246	205,104	1.4%
Bank loans due after 1 year	0	0	n/a
Deferred tax	17,440	20,067	15.1%
Other long-term liabilities	184,806	185,038	0.1%
Current liabilities	32,830	20,691	(37.0%)
Short-term financial debt	7,111	0	n/a
Trade and other payables	23,895	19,965	(16.4%)
Tax liabilities	1,824	726	(60.2%)
Provisions	0	0	n/a
TOTAL LIABILITIES	391,788	384,939	(1.7%)

Note: Consolidated unaudited results

Cash Flow Statement

EUR (000')	Twelve-month period to		yoy % change
	31 December 2015	31 December 2016	
Profit before tax	28,997	20,101	(30.7%)
Depreciation and amortization	16,059	16,107	0.3%
FX	(22,683)	3,234	n/a
Interest expense	8,019	7,366	(8.1%)
Other changes in equity	3,404	(811)	n/a
Other financial expense/(income)	1,045	(252)	n/a
Change in inventories	4,701	183	(96.1%)
Change in receivables	(9,677)	7,582	n/a
Change in payables	(10,538)	(8,707)	(17.4%)
Income tax paid	(642)	(1,905)	196.6%
Net cash flow from operating activities	18,684	42,897	129.6%
Purchases of property, plant and equipment	(9,320)	(20,961)	124.9%
Net cash flow used in investment activities	(9,320)	(20,961)	124.9%
Change in bank loans	39,319	(6,876)	n/a
Other changes in share capital	(12,797)	(875)	(93.2%)
Interest paid	(5,374)	(7,339)	36.6%
Other financial income/(expense)	(1,045)	252	n/a
Net cash flow from financing activities	20,104	(14,838)	n/a
Bank balances and cash at the beginning of the year	8,962	28,082	213.3%
Change in cash and cash equivalents	19,120	(3,862)	n/a
Effect of FX fluctuation on cash held	0	0	n/a
Bank balances and cash at the end of the year	28,082	24,220	(13.8%)

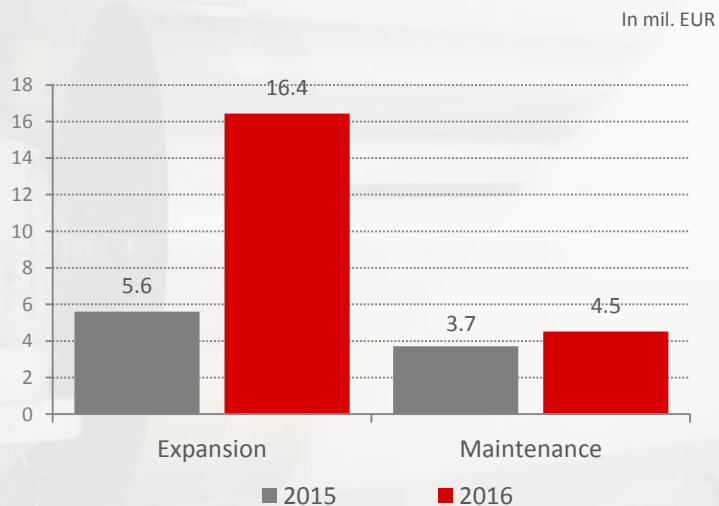
Note: Consolidated unaudited results

CAPEX Development

CAPEX in 2016 includes investments into expansion as well as maintenance CAPEX

- Investments into expansion in 2016 included the construction of a warehouse/production hall in the Czech Republic and an investment into a new BiCo Compact production line
- 2016 CAPEX guidance of up to EUR 25 million was met

CAPEX for 2016



2017 Guidance

Overview

- Agreements with customers indicate full utilisation of production capacity in 2017
 - Slight increase in production planned, depending on successful implementation of optimization measures
 - Production volume is expected to increase as a result of installation of a new production line with an annual capacity of 10,000 tons which is expected to be in full commercial mode from the start of the second half 2017.
-

EBITDA Guidance

- **Based on facts and information known to date, the Company has set the guidance for EBITDA to EUR 43.0 to 50.0 million in 2017.**
-

CAPEX Guidance

- The Company is planning for total CAPEX in 2017 not to exceed the EUR 30 million level.
-

Dividend

- The Board of Directors will propose a dividend at the level of EUR 1.30 per share
- The proposal is in line with the progressive dividend policy

Development of Polymer Prices

Polymer Prices Illustrative Index

