



PEGAS NONWOVENS SA

1Q 2017 Financial Results

Analyst Conference Call

11 May 2017

every single detail

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Agenda

- 1Q 2017 Key Highlights
 - 1Q 2017 Financial Performance
 - 2017 Guidance Confirmation
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Presentation Team



František Řezáč

Chief Executive Officer

Marian Rašík

Chief Financial Officer



1Q 2017 Key Highlights

Financial Performance

- Total revenues in 1Q 2017 EUR 55.8 million, up by 1.2% yoy mainly as a result of slight growth in tons sold, the development in polymer prices did not have a significant effect
- EBITDA EUR 11.3 million, down by 3.0% yoy on lower production volumes resulting from regular maintenance breaks, slightly negative impact of the pass through mechanism and revaluation of the warrants
- 1Q 2017 EBITDA in line with the 2017 EBITDA guidance (EUR 43.0-50.0 million)
- EBIT EUR 7.1 million, down by 5.5% yoy due to the same reasons impacting EBITDA
- Net profit amounted to EUR 3.7 million, up by 679.8% primarily as a consequence of unrealized foreign exchange differences and also supported by lower interest and tax expense.

Market & Business

- ICIS in 1Q 2017 was rising during the period compared to the stable prices in 1Q 2016. Average value for 1Q 2017 increased by 15.0% in a year on year comparison
- The level of inventories of finished goods decreased moderately during 1Q 2017

Production & Technology

- 1Q 2017 production of 25,343 tons, down by 2.7% yoy , lower production was caused by regular maintenance breaks
- No major unexpected shutdowns or production disruptions in 1Q 2017
- Regular maintenance shutdowns performed on two production lines in 1Q 2017 (1Q 2016 no shutdowns)
- Improvement in production parameters achieved

Key Financial Highlights

EUR (000')	First quarter		
	2016	2017	% change
Revenues	55,081	55,756	1.2%
Operating costs	(43,478)	(44,504)	2.4%
EBITDA	11,603	11,252	(3.0%)
EBITDA margin (%)	21.1%	20.2%	(0.9 p.p.)
Profit from operations (EBIT)	7,543	7,128	(5.5%)
<i>EBIT margin (%)</i>	<i>13.7%</i>	<i>12.8%</i>	<i>(0.9 pp)</i>
Net profit	470	3,661	679.8%
<i>Net profit margin (%)</i>	<i>0.9%</i>	<i>6.6%</i>	<i>5.7 pp</i>
Production (tons net of scrap)	26,036	25,343	(2.7%)
Number of Employees (average)	569	583	2.5%
Average EUR/CZK exchange rate	27.040	27.021	(0.1%)
Average EUR/USD exchange rate	1.102	1.065	(3.4%)
	31 March 2016	31 March 2017	% change
Total assets	379,858	442,797	16.6%
Net debt	147,555	153,922	4.3%

Note: Consolidated unaudited results

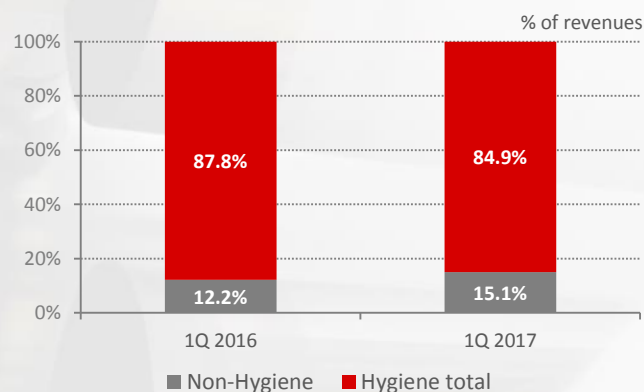
Statement of Comprehensive Income

EUR (000')	First quarter		
	2016	2017	% change
Revenues	55,081	55,756	1.2%
Raw materials and consumables	(40,012)	(41,431)	3.5%
Staff costs	(2,973)	(3,099)	4.2%
Of which FV revaluation of share options	(145)	(225)	55.2%
Other net operating income/(expense)	(492)	25	n/a
EBITDA	11,603	11,252	(3.0%)
EBITDA margin (%)	21.1%	20.2%	(0.9 pp)
Depreciation and amortization	(4,059)	(4,124)	1.6%
Profit from operations (EBIT)	7,543	7,128	(5.5%)
EBIT margin (%)	13.7%	12.8%	(0.9 pp)
FX changes and other fin. income/(expense) (net)	(3,706)	(1,085)	(70.7%)
Interest income/(expense) (net)	(2,109)	(1,796)	(14.9%)
Income tax income/(expense) (net)	(1,259)	(587)	(53.4%)
Net profit	470	3,661	679.8%
Net profit margin (%)	0.9%	6.6%	5.7 pp
Other comprehensive income/(expense)	(5,081)	(718)	(85.9%)
Total comprehensive income	(4,611)	2,944	n/a

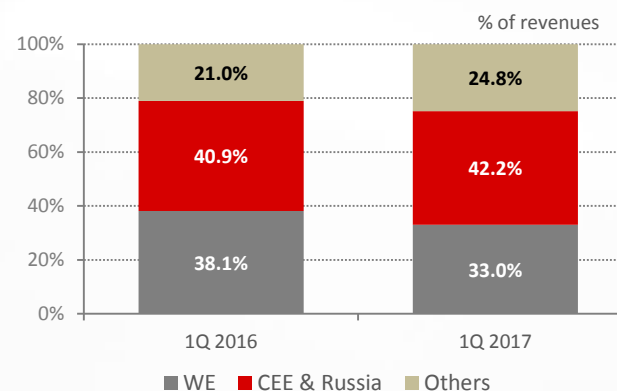
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Revenue Breakdown

By Product



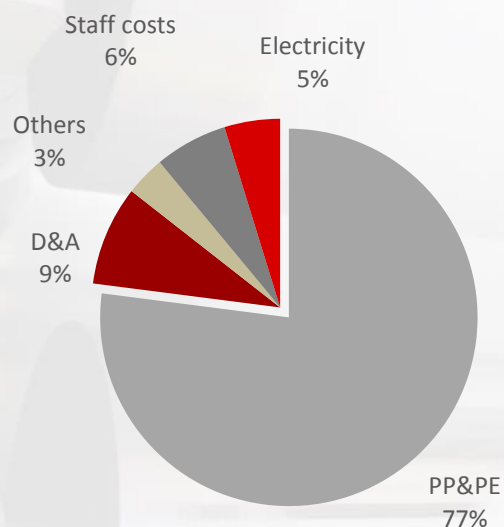
By Geography



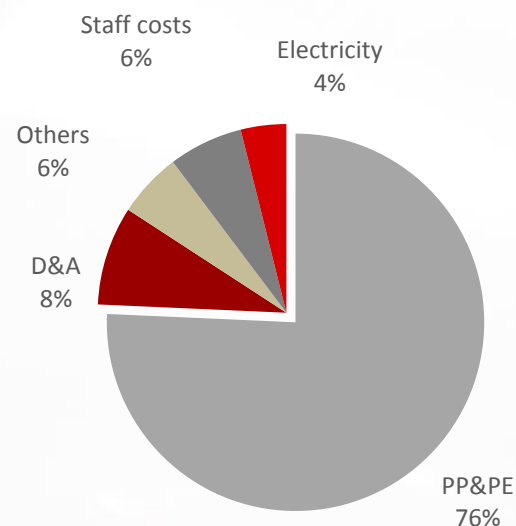
- The high proportion of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe
- Sales by geography reflect customer mix and their procurement needs

Cost Composition

1Q 2016



1Q 2017



2.3%

- Staff costs up 4% yoy mainly as a result of wages indexation and revaluation of warrants
- Electricity cost down 19% yoy mainly due to the lower prices for power electricity in the Czech Republic and weaker Egyptian pound

Statement of Financial Position

EUR (000')	31 March 2016	31 March 2017	yoy % change
Non-current assets	264,558	276,563	4.5%
Property, plant and equipment	176,437	186,682	5.8%
Intangible assets (including goodwill)	88,121	89,881	2.0%
Current assets	115,301	166,233	44.2%
Inventories	29,245	34,773	18.9%
Trade and other receivables	48,902	50,623	3.5%
Tax receivables	0	0	n/a
Bank balances and cash	37,154	80,837	117.6%
TOTAL ASSETS	379,858	442,797	16.6%
Total share capital and reserves	151,227	161,559	6.8%
Non-current liabilities	202,369	254,326	25.7%
Bank loans due after 1 year	0	0	n/a
Deferred tax	17,660	19,566	10.8%
Other long-term liabilities	184,708	234,760	27.1%
Current liabilities	26,263	26,913	2.5%
Short-term financial debt	0	0	n/a
Trade and other payables	24,030	26,239	9.2%
Tax liabilities	2,232	674	(69.8%)
Provisions	0	0	n/a
TOTAL LIABILITIES	379,858	442,797	16.6%

Note: Consolidated unaudited results

Cash Flow Statement

EUR (000')	Three-month period to		yoy % change
	31 March 2016	31 March 2017	
Profit before tax	1,729	4,248	145.8%
Depreciation and amortization	4,059	4,124	1.6%
FX	3,933	1,047	(73.4%)
Interest expense	2,135	1,810	(15.2%)
Other changes in equity	(2,038)	786	n/a
Other financial expense/(income)	(57)	155	n/a
Change in inventories	9,457	4,718	(50.1%)
Change in receivables	3,693	(2,997)	n/a
Change in payables	(2,554)	297	n/a
Income tax paid	(520)	(1,905)	266.2%
Net cash flow from operating activities	19,836	12,282	(38.1%)
Purchases of property, plant and equipment	(2,181)	(5,115)	134.5%
Net cash flow used in investment activities	(2,181)	(5,115)	134.5%
Change in bank loans	(7,204)	49,726	n/a
Other changes in share capital	(875)	(120)	(86.3%)
Interest paid	(560)	0	n/a
Other financial income/(expense)	57	(155)	n/a
Net cash flow from financing activities	(8,582)	49,451	n/a
Bank balances and cash at the beginning of the year	28,082	24,219	(13.8%)
Change in cash and cash equivalents	9,072	56,618	524.1%
Effect of FX fluctuation on cash held	0	0	n/a
Bank balances and cash at the end of the year	37,153	80,837	117.6%

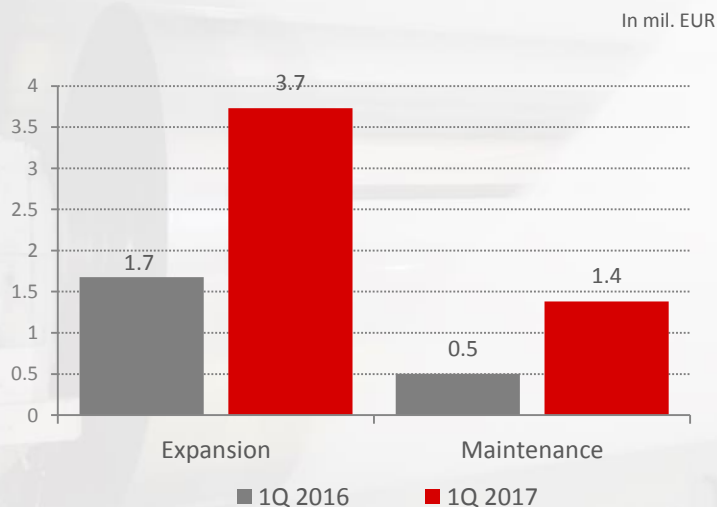
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CAPEX Development

CAPEX in 2017 includes investments into expansion as well as maintenance CAPEX

- Investments into expansion in Q1 2017 include an installment of a new BiCo Compact production line in Znojmo
- 2017 CAPEX guidance of up to EUR 30 million confirmed

CAPEX in 1Q



2017 Guidance Confirmation

Overview

- 1Q 2017 is in line with management expectations and outlook announced for the entire year 2017

EBITDA Guidance

- Based on the developments to date, the management confirms 2017 EBITDA guidance
 - 2017 EBITDA is estimated in range of EUR 43.0 to 50.0 million

CAPEX Guidance

- 2017 CAPEX guidance of up to EUR 30 million confirmed

Intention to Pay a Dividend

- The Board of Directors decided to propose to the upcoming AGM a dividend pay-out of EUR 1.30 per share
- The source of the dividend will be the 2016 profit and retained earnings from previous years
- The dividend pay-out will be voted on at the upcoming AGM which is to be held on 15 June 2017
- The Board of Directors further proposed to set the record date to 13 October 2017 and the payment date to 26 October 2017, subject to approval from AGM.
- 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

Development of Polymer Prices

Polymer Prices (illustrative Index)

