



PEGAS NONWOVENS SA

1Q 2017 Financial Results

Analyst Conference Call

11 May 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

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

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

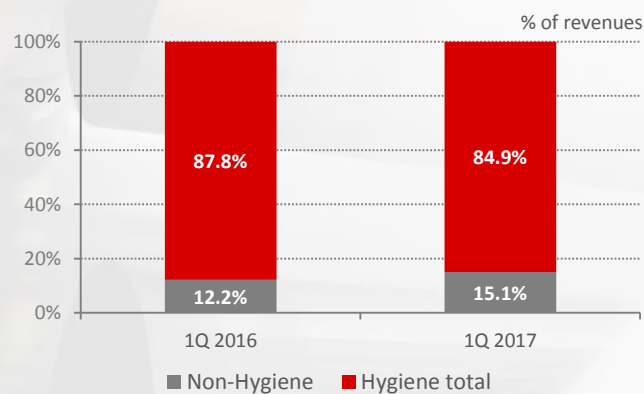
Statement of Comprehensive Income

| 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 |

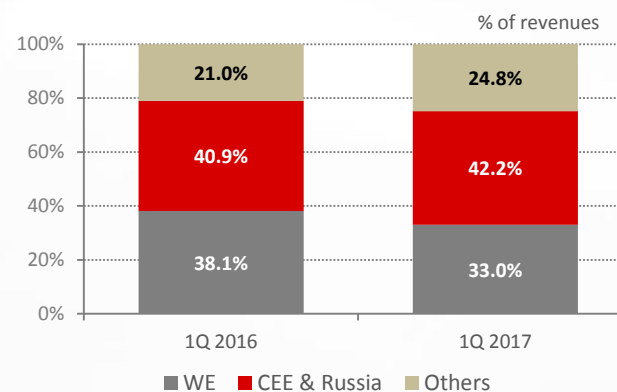
Note: Consolidated unaudited results

Revenue Breakdown

By Product



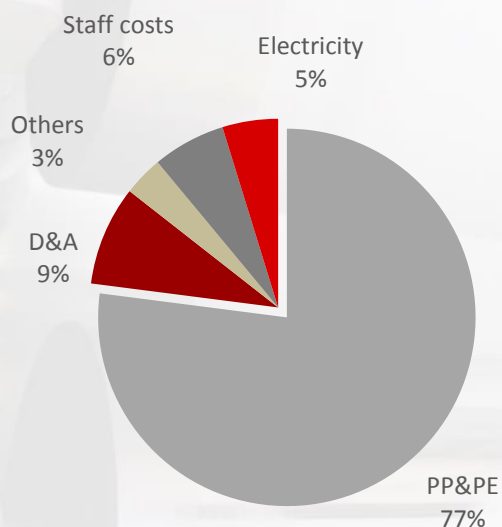
By Geography



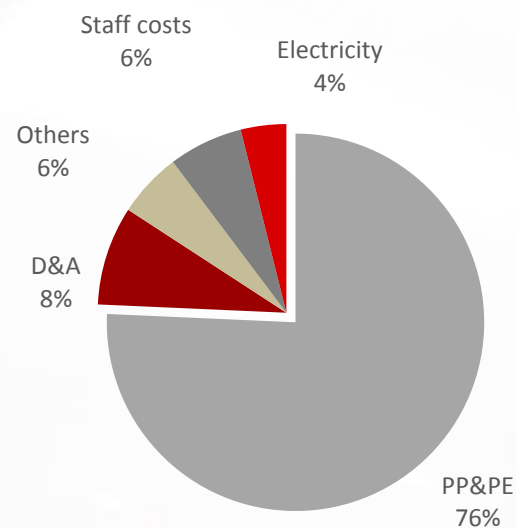
- The high proportion of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe
- Sales by geography reflect customer mix and their procurement needs

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% |

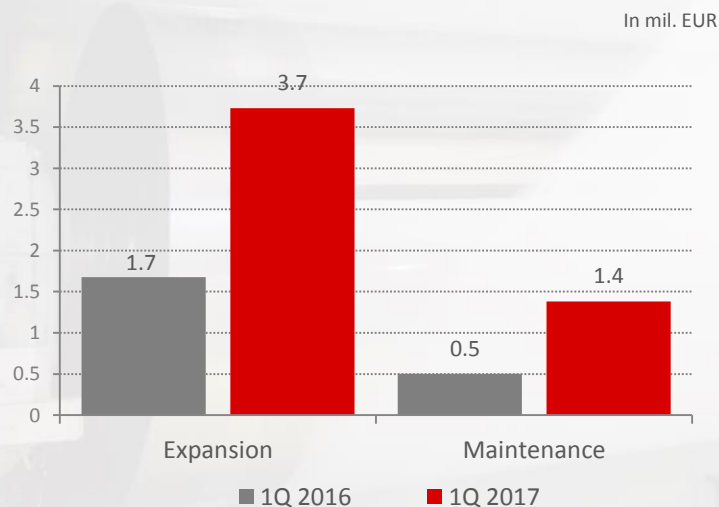
Note: Consolidated unaudited results

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)

