PEGAS NONWOVENS SA

Second Quarter 2017 Financial Results

Analyst Conference Call

24 Aug 2017

every single detail

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Agenda

- Q2 and 1H 2017 Key Highlights
- Q2 and 1H 2017 Financial Performance
- 2017 Guidance Confirmation

Presentation Team

František Řezáč

Chief Executive Officer

Marian Rašík

Chief Financial Officer

Q2 and 1H 2017 Key Highlights

Financial Performance

- Total revenues in Q2 2017 EUR 56.0 million, up by 8.5% yoy mainly as a result of increase in polypropylene price
- EBITDA EUR 9.5 million, down by 15.6% yoy, due to the significantly negative effect of the pass through mechanism
- 1H 2017 EBITDA in line with the 2017 EBITDA guidance (EUR 43.0-50.0 million)
- Q2 2017 EBIT EUR 5.3 million, down by 26.1% yoy due to the same reasons impacting EBITDA
- Q2 2017 Net profit amounted to EUR 0.8 million, down by 88.7% primarily as a consequence of unrealized foreign exchange losses mainly related to the depreciation of USD against EUR

Market & Business

- ICIS in Q2 2017 was up by almost 15% compared to the prices in Q2 2016 and more that 10% since the beginning of the year.
- The level of inventories of finished goods increased slightly during Q2 2017 but still at optimal levels

Production & Technology

- Q2 2017 production of 27,085 tons, up by 5.6% yoy
- No major unexpected shutdowns or production disruptions in Q2 2017
- Regular maintenance shutdowns performed on two production lines in Q2 2017
- During Q2 2017 commercial production started on new line in the Czech Republic

Key Financial Highlights

EUR (000´)	Second quarter 2016	Second quarter 2017	Second quarter % change	First half 2016	First half 2017	First half % change
Revenues	51,584	55,967	8.5%	106,664	111,723	4.7%
Operating costs	(40,373)	(46,500)	15.2%	(83,851)	(91,004)	8.5%
EBITDA	**11,210**	**9,467**	**(15.6%)**	**22,813**	**20,719**	**(9.2%)**
EBITDA margin (%)	***21.7%***	***16.9%***	***(4.8 pp)***	***21.4%***	***18.5%***	***(2.8 pp)***
Profit from operations (EBIT)	7,163	5,296	(26.1%)	14,706	12,425	(15.5%)
EBIT margin (%)	*13.9%*	*9.5%*	*(4.4 pp)*	*13.8%*	*11.1%*	*(2.7 pp)*
Net profit	7,078	797	(88.7%)	7,548	4,458	(40.9%)
Net profit margin (%)	*13.7%*	*1.4%*	*(12.3 pp)*	*7.1%*	*4.0%*	*(3.1 pp)*
Production (tons net of scrap)	25,659	27,085	5.6%	51,695	52,428	1.4%
Number of Employees (average)	563	581	3.1%	566	582	2.8%
Average EUR/CZK exchange rate	27.061	26.553	(1.9%)	27.040	26.784	(0.9%)
Average EUR/USD exchange rate	1.123	1.100	(2.0%)	1.116	1.083	(3.0%)

	30 June 2016	30 June 2017	% change
Total assets	385,449	450,569	16.9%
Net debt	144,652	169,447	17.1%

Note: Consolidated unaudited results

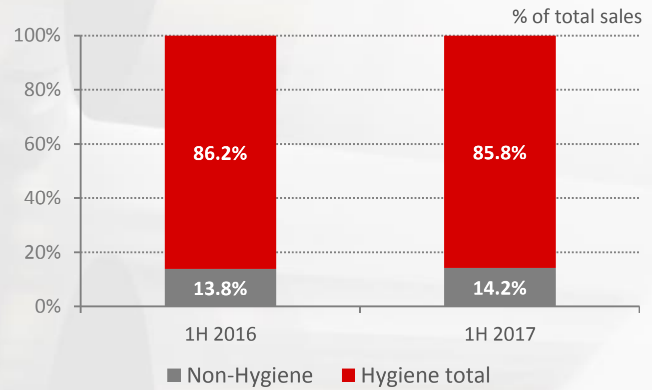
Statement of Comprehensive Income

EUR (000´)	Second quarter 2016	Second quarter 2017	% change	Full Year 2016	Full Year 2017	% change
Revenues	51,584	55,967	8.5%	106,664	111,723	4.7%
Raw materials and consumables	(36,834)	(42,414)	15.1%	(76,847)	(83,845)	9.1%
Staff costs	(3,181)	(3,596)	13.0%	(6,154)	(6,694)	8.8%
Of which FV revaluation of share options	(368)	(620)	68.5%	(513)	(845)	64.7%
Other net operating income/(expense)	(358)	(490)	36.9%	(851)	(465)	(45.4%)
EBITDA	**11,210**	**9,467**	**(15.6%)**	**22,813**	**20,719**	**(9.2%)**
EBITDA margin (%)	***21.7%***	***16.9%***	***(4.8 pp)***	***21.4%***	***18.5%***	***(2.8 pp)***
Depreciation and amortization	(4,047)	(4,171)	3.1%	(8,107)	(8,295)	2.3%
Profit from operations (EBIT)	**7,163**	**5,296**	**(26.1%)**	**14,706**	**12,425**	**(15.5%)**
EBIT margin (%)	***13.9%***	***9.5%***	***(4.4 pp)***	***13.8%***	***11.1%***	***(2.7 pp)***
FX changes and other fin. income/(expense) (net)	1,748	(2,052)	n/a	(1,957)	(3,137)	60.3%
Interest income/(expense) (net)	(2,038)	(1,912)	(6.2%)	(4,147)	(3,707)	(10.6%)
Income tax income/(expense) (net)	205	(535)	n/a	(1,054)	(1,047)	(0.6%)
Net profit	**7,078**	**797**	**(88.7%)**	**7,548**	**4,458**	**(40.9%)**
Net profit margin (%)	***13.7%***	***1.4%***	***(12.3 pp)***	***7.1%***	***4.0%***	***(3.1 pp)***
Other comprehensive income/(expense)	(1,065)	5,024	n/a	(6,145)	4,306	n/a
Total comprehensive income	**6,014**	**5,821**	**(3.2%)**	**1,403**	**8,765**	**524.8%**

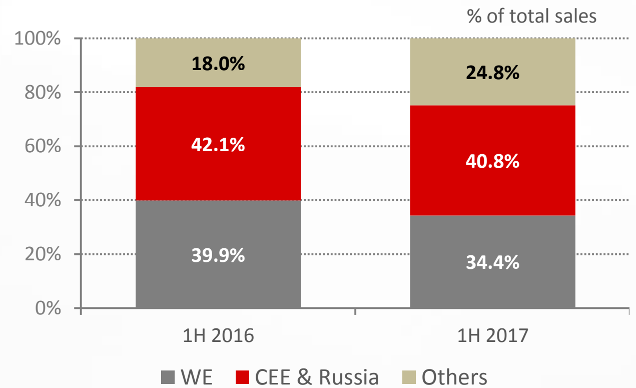
Note: Consolidated unaudited results

Revenue Breakdown

By Product



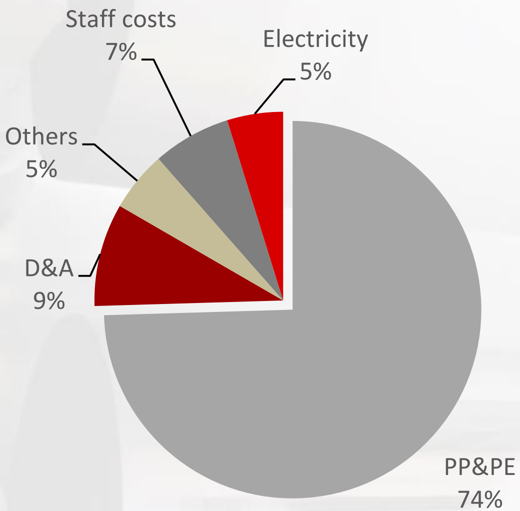
By Geography



- 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

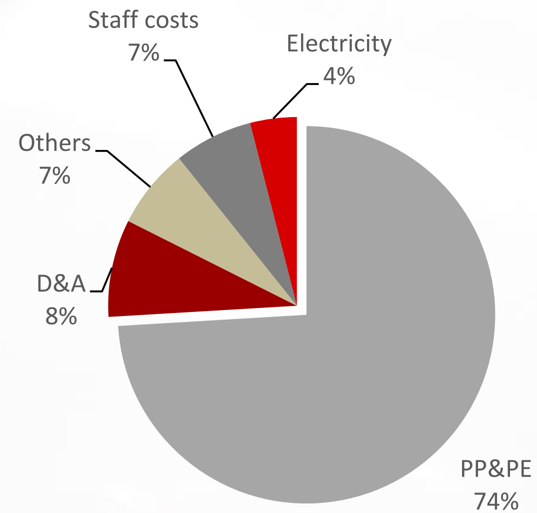
Cost Composition

1H 2016



8.0%

1H 2017



- Staff costs up 9% yoy mainly as a result of wages indexation and revaluation of warrants
- Electricity cost down 10% yoy mainly due to the lower prices for power electricity and depreciation of EGP

Statement of Financial Position

EUR (000´)	30 June 2016 (unaudited)	31 December 2016 (unaudited)	30 June 2017 (unaudited)	yoy % change
Non-current assets	**267,095**	**277,218**	**284,668**	**6.6%**
Property, plant and equipment	179,234	187,288	191,928	*7.1%*
Intangible assets (including goodwill)	87,861	89,930	92,740	*5.6%*
Current assets	**118,355**	**107,897**	**165,902**	**40.2%**
Inventories	29,952	39,913	36,540	*22.0%*
Trade and other receivables	48,739	43,764	58,831	*20.7%*
Tax receivables	0	0	517	*n/a*
Bank balances and cash	39,663	24,220	70,013	*76.5%*
TOTAL ASSETS	**385,449**	**385,115**	**450,569**	**16.9%**
Total share capital and reserves	**145,703**	**158,735**	**155,979**	**7.1%**
Non-current liabilities	**201,181**	**205,101**	**258,970**	**28.7%**
Bank loans due after 1 year	0	0	0	*n/a*
Deferred tax	16,866	20,067	19,510	*15.7%*
Other long-term liabilities	184,315	185,034	239,460	*29.9%*
Current liabilities	**38,565**	**21,279**	**35,621**	**(7.6%)**
Short-term financial debt	0	0	0	*n/a*
Trade and other payables	38,071	20,553	35,370	*(7.1%)*
Tax liabilities	493	726	251	*(49.2%)*
Provisions	0	0	0	*n/a*
TOTAL LIABILITIES	**385,449**	**385,115**	**450,569**	**16.9%**

Note: Consolidated unaudited results

Cash Flow Statement

EUR (000´)	Six-month period to 30 June 2016 (unaudited)	30 June 2017 (unaudited)	yoy % change
Profit before tax	**8,602**	**5,580**	**(35.1%)**
Depreciation and amortization	8,107	8,295	2.3%
FX	(1,615)	(4,983)	208.5%
Interest expense	4,196	3,734	(11.0%)
Other changes in equity	(3,101)	725	n/a
Other financial expense/(income)	(499)	(961)	92.5%
Change in inventories	8,788	2,588	(70.5%)
Change in receivables	1,957	(7,596)	n/a
Change in payables	2,784	11,563	315.4%
Income tax paid	(1,769)	(2,520)	42.5%
Net cash flow from operating activities	**27,449**	**16,425**	**(40.2%)**
Purchases of property, plant and equipment	(6,447)	(14,497)	124.9%
Net cash flow used in investment activities	**(6,447)**	**(14,497)**	**124.9%**
Increase/(decrease) in other long term payables	(7,597)	54,426	n/a
Other changes in share capital	(875)	(11,521)	1216.7%
Interest paid	(1,449)	0	n/a
Other financial income/(expense)	499	961	92.5%
Net cash flow from financing activities	**(9,421)**	**43,867**	**n/a**
Bank balances and cash at the beginning of the year	**28,082**	**24,219**	**(13.8%)**
Change in cash and cash equivalents	11,581	45,794	295.4%
Effect of FX fluctuation on cash held	0	0	n/a
Bank balances and cash at the end of the year	**39,663**	**70,013**	**76.5%**

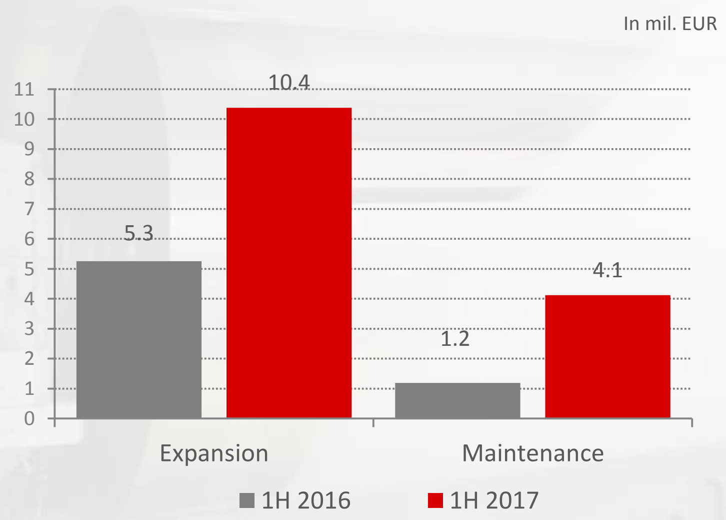
Note: Consolidated unaudited results

CAPEX Development

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

- Investments into expansion for 2017 includes the investment into a new BiCo Compact production line in the Czech Republic and into the new production plant in South Africa
- 2017 CAPEX guidance of up to EUR 30 million confirmed

CAPEX in 1H



2017 Guidance Confirmation

Overview	• 1H 2017 is in line with management expectation and announced outlook for the entire year
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

Dividend Declaration

- The AGM held in June approved a dividend payout of EUR 11,998,220, i.e. EUR 1.30 per share
- The source of the dividend is the 2016 profit
- The AGM approved the record date as 13 October 2017 and the payment date as 26 October 2017
- 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