



PEGAS NONWOVENS SA

Third Quarter 2017 Financial Results

Analyst Conference Call

16 Nov 2017

every single detail

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Agenda

- Q3 and 9M 2017 Key Highlights
 - Q3 and 9M 2017 Financial Performance
 - 2017 Guidance Confirmation
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Presentation Team



František Řezáč

Chief Executive Officer

Marian Rašík

Chief Financial Officer



Q3 and 9M 2017 Key Highlights

Financial Performance

- Total revenues in Q3 2017 EUR 55.7 million, up by 9.0% yoy mainly as a result of higher polymer prices
- Q3 2017 EBITDA of EUR 10.3 million, down by 9.0% yoy, mainly due to warrant revaluation
- 9M 2017 EBITDA in line with the 2017 EBITDA guidance (EUR 43.0-50.0 million)
- Q3 2017 EBIT of EUR 5.8 million, down by 20.6%
- Q3 2017 Net profit amounted to EUR 0.7 million

Market & Business

- ICIS in Q3 2017 eased from the highs recorded in the previous quarter
- The level of inventories of finished goods increased slightly during Q3 2017

Production & Technology

- Q3 2017 production of 27,893 tons, up by 11.4% yoy
- No major unexpected shutdowns or production disruptions in Q3 2017
- Regular maintenance shutdowns performed on two production lines in Q3 2017
- No regular maintenance of the production lines is scheduled for the rest of 2017

Key Financial Highlights

EUR ('000')	Third quarter			Full Year		
	2016	2017	% change	2016	2017	% change
Revenues	51,107	55,691	9.0%	157,771	167,414	6.1%
Operating costs	(39,830)	(45,435)	14.1%	(123,681)	(136,438)	10.3%
EBITDA	11,277	10,257	(9.0%)	34,090	30,976	(9.1%)
EBITDA margin (%)	22.1%	18.4%	(3.6 pp)	21.6%	18.5%	(3.1 pp)
Profit from operations (EBIT)	7,333	5,822	(20.6%)	22,039	18,247	(17.2%)
<i>EBIT margin (%)</i>	<i>14.3%</i>	<i>10.5%</i>	<i>(3.9 pp)</i>	<i>14.0%</i>	<i>10.9%</i>	<i>(3.1 pp)</i>
Net profit	5,479	720	(86.9%)	13,027	5,178	(60.3%)
<i>Net profit margin (%)</i>	<i>10.7%</i>	<i>1.3%</i>	<i>(9.4 pp)</i>	<i>8.3%</i>	<i>3.1%</i>	<i>(5.2 pp)</i>
Production (tons net of scrap)	25,035	27,893	11.4%	76,730	80,321	4.7%
Number of Employees (average)	573	583	1.8%	568	582	2.4%
Average EUR/CZK exchange rate	27.022	26.085	(3.5%)	27.036	26.548	(1.8%)
Average EUR/USD exchange rate	1.121	1.114	(0.6%)	1.116	1.175	5.2%
				30 September 2016	30 September 2017	% change
Total assets				386,962	451,570	16.7%
Net debt				148,684	167,728	12.8%

Note: Consolidated unaudited results

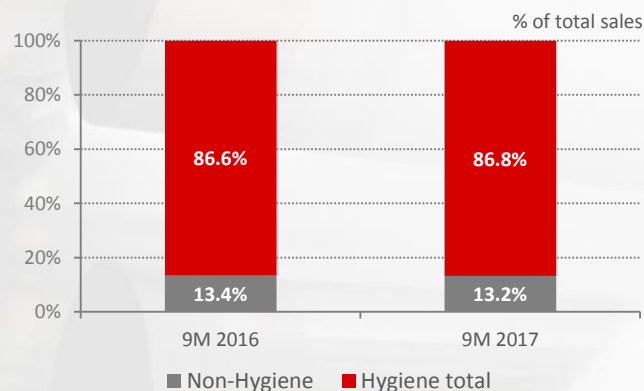
Statement of Comprehensive Income

EUR (000')	Third quarter			Nine months		
	2016	2017	% change	2016	2017	% change
Revenues	51,107	55,691	9.0%	157,771	167,414	6.1%
Raw materials and consumables	(37,199)	(40,046)	7.7%	(114,046)	(123,891)	8.6%
Staff costs	(2,452)	(5,029)	105.1%	(8,606)	(11,723)	36.2%
Of which FV revaluation of share options	186	(2,040)	n/a	(327)	(2,885)	782.3%
Other net operating income/(expense)	(179)	(360)	101.2%	(1,030)	(825)	(19.9%)
EBITDA	11,277	10,257	(9.0%)	34,090	30,976	(9.1%)
EBITDA margin (%)	22.1%	18.4%	(3.6 pp)	21.6%	18.5%	(3.1 pp)
Depreciation and amortization	(3,944)	(4,435)	12.4%	(12,051)	(12,729)	5.6%
Profit from operations (EBIT)	7,333	5,822	(20.6%)	22,039	18,247	(17.2%)
EBIT margin (%)	14.3%	10.5%	(3.9 pp)	14.0%	10.9%	(3.1 pp)
FX changes and other fin. income/(expense) (net)	191	(2,531)	n/a	(1,766)	(5,668)	220.9%
Interest income/(expense) (net)	(1,557)	(1,929)	23.9%	(5,704)	(5,636)	(1.2%)
Income tax income/(expense) (net)	(488)	(642)	31.7%	(1,542)	(1,764)	14.5%
Net profit	5,479	720	(86.9%)	13,027	5,178	(60.3%)
Net profit margin (%)	10.7%	1.3%	(9.4 pp)	8.3%	3.1%	(5.2 pp)
Other comprehensive income/(expense)	(35)	(3,397)	9573.0%	(6,180)	909	n/a
Total comprehensive income	5,444	(2,677)	n/a	6,847	6,088	(11.1%)

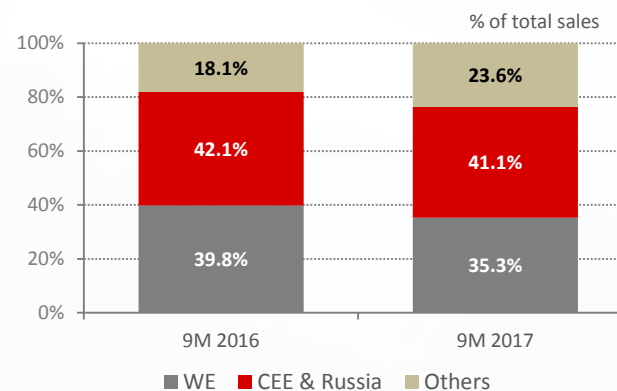
Note: Consolidated unaudited results

Revenue Breakdown

By Product



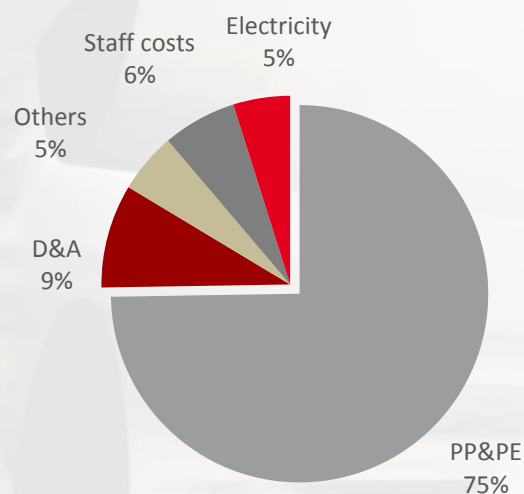
By Geography



- 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

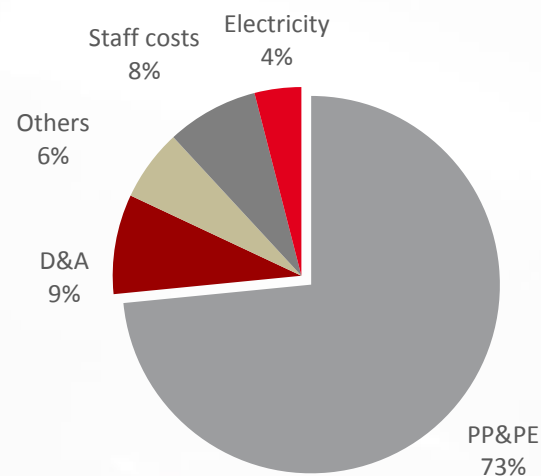
9M 2016



9.8%



9M 2017



- Staff costs up 36% 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 September 2016 (unaudited)	30 September 2017 (unaudited)	yoy % change
Non-current assets	274,128	283,222	3.3%
Property, plant and equipment	185,917	189,712	2.0%
Intangible assets (including goodwill)	88,211	93,510	6.0%
Current assets	112,833	168,348	49.2%
Inventories	28,371	37,053	30.6%
Trade and other receivables	48,166	57,419	19.2%
Tax receivables	0	811	n/a
Bank balances and cash	36,297	73,065	101.3%
TOTAL ASSETS	386,962	451,570	16.7%
Total share capital and reserves	151,148	153,415	1.5%
Non-current liabilities	201,574	260,434	29.2%
Bank loans due after 1 year	0	0	n/a
Deferred tax	16,593	19,641	18.4%
Other long-term liabilities	184,981	240,793	30.2%
Current liabilities	34,240	37,721	10.2%
Short-term financial debt	0	0	n/a
Trade and other payables	33,861	37,473	10.7%
Tax liabilities	379	248	(34.5%)
Provisions	0	0	n/a
TOTAL LIABILITIES	386,962	451,570	16.7%

Note: Consolidated unaudited results

Cash Flow Statement

EUR (000')	Nine-month period to		yoy % change
	30 September 2016 (unaudited)	30 September 2017 (unaudited)	
Profit before tax	14,569	6,942	(52.3%)
Depreciation and amortization	12,051	12,729	5.6%
FX	3,783	1,509	(60.1%)
Interest expense	5,776	5,662	(2.0%)
Other changes in equity	(3,457)	(1,094)	(68.3%)
Other financial expense/(income)	(837)	(1,232)	47.2%
Change in inventories	10,454	1,733	(83.4%)
Change in receivables	4,415	(7,338)	n/a
Change in payables	(6,804)	9,603	n/a
Income tax paid	(1,905)	(2,615)	37.2%
Net cash flow from operating activities	38,045	25,901	(31.9%)
Purchases of property, plant and equipment	(18,122)	(19,349)	6.8%
Net cash flow used in investment activities	(18,122)	(19,349)	6.8%
Changes in other long term payables	(6,932)	55,759	n/a
Other changes in share capital	(875)	(11,408)	1203.9%
Interest paid	(4,738)	(3,289)	(30.6%)
Other financial income/(expense)	837	1,232	47.2%
Net cash flow from financing activities	(11,708)	42,293	n/a
Bank balances and cash at the beginning of the year	28,082	24,219	(13.8%)
Change in cash and cash equivalents	8,215	48,845	494.6%
Effect of FX fluctuation on cash held	0	0	n/a
Bank balances and cash at the end of the year	36,296	73,064	101.3%

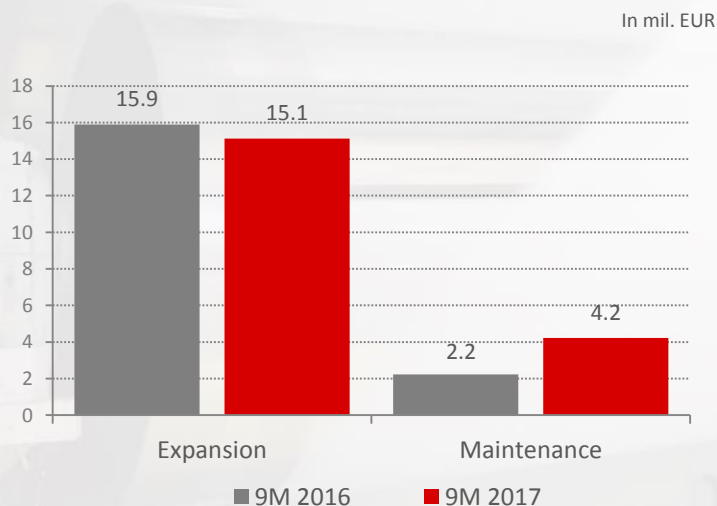
Note: Consolidated unaudited results

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 for 9M



2017 Guidance Confirmation

Overview

- 9M 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 of EUR 1.30 per share and the dividend was paid in the total amount of 11,393,017 EUR on 26 October 2017
- The source of the dividend was the 2016 profit

Development of Polymer Prices

Polymer Prices Illustrative Index

