

PFNonwovens a.s. reports the results for the first half of 2018

PRAGUE/ZNOJMO (23 August 2018) – Based on unaudited results, PFNonwovens a.s. (hereafter "Company"), a leading European producer of nonwovens textiles, recorded consolidated revenues of CZK 2,984.2 million in the first half 2018, down by 0.3% yoy.

The appreciation of CZK had a negative impact on revenues denominated in CZK due to the fact that the vast majority of the Company's revenues are in EUR.

In the first half of 2018, EBITDA amounted to CZK 662.1 million, up by 19.3% yoy. The year-on-year increase in EBITDA was primarily the result of new production capacity being put into operation in the second quarter of 2017. Likewise, in the first half of this year, the polymer price pass-through mechanism had a positive impact as the price of polymers remained more or less stagnant compared with the growth in polymer prices registered in the first half of last year. A more significant increase in polymer price indices occurred only in June, however, this increase will be projected into the Company's financial results with a delay. On a year-on-year comparison basis, the effect of the revaluation of the share option plan was positive, where in the first half of 2018 it represented an expense in the amount of CZK 5.4 million compared with an expense of CZK 22.6 million in the first half of 2017. Thus, EBITDA, adjusted for the effect of the revaluation of the share option plan, increased by 15.6% yoy to CZK 667.4 million.

In the first half of 2018, profit from operations (EBIT) amounted to CZK 431.0 million, up by 29.5% over the same period in 2017.

In the first half of 2018, Net profit reached CZK 279.9 million, up by 134.4% yoy primarily due to improved operating results and lower reported unrealized foreign exchange changes in the compared periods.

"The financial results in the first half met our expectations. EBITDA reached CZK 662.1 million and compared with last year grew by almost 20%. The driving forces behind this growth were strong production and sales results and the positive impact of the polymer price pass-through mechanism year-on-year.

With respect to the achieved results in the first half of this year, we can confirm our outlook for full year EBITDA in the range from CZK 1.22 to 1.38 billion.

The Company's financial results were in line with our expectations, nevertheless, probably the most important event to have occurred in the past few months was the acquisition of the nonwoven textile manufacturer First Quality Nonwovens (FQN), which was announced in May and subsequently completed in June by our majority shareholder, family office R2G. That created a new global nonwoven textile producer PFNonwovens with a total annual production exceeding 210,000 tonnes of nonwoven textiles, with production plants located on four continents: Europe, Africa, North America and Asia. The whole group now forms PFNonwovens holding (concern) which is subject to single management by PFNonwovens Holding s.r.o.

In connection with the establishment of the new PFNonwovens holding (concern) with head office in Prague, the corporate identity is also undergoing changes, which are still underway and will be finished over the next couple of weeks.

Apart from this very important event, we will certainly also remain focused on our other strategic projects. In South Africa the construction of the plant is under way and the building works are running according to plan. We expect to commence the installation of the line in November and to start the commercial deliveries at the end of the first half of next year.

Our next project, a new semi-commercial production line at the Znojmo production plant is, likewise, entering the building phase. Within the next few months, building modification works will be carried out in the production-warehousing hall in Znojmo-Příměťice and the installation of the production line will then follow in January next year. We expect to start commercial production on the line during the third quarter of 2019," said František Řezáč, CEO and Chairman of the Board of Directors of PFNonwovens a.s.

Consolidated Financial Results of PFNonwovens a.s. for the first half and the second quarter of 2018.

	1H 2017	1H 2018	Change in %
Revenues	2,992.4	2,984.2	(0.3%)
EBITDA	554.9	662.1	19.3%
Profit from operations	332.8	431.0	29.5%
Net profit	119.4	279.9	134.4%

In CZK mil.

	2Q 2017	2Q 2018	Change in %
Revenues	1,485.9	1,523.9	2.6%
EBITDA	250.9	335.0	33.5%
Profit from operations	140.2	218.9	56.2%
Net profit	20.5	171.7	737.9%

In CZK mil.

Investor and Media Contact:

Jan Židek
Head of External Reporting

Tel.: +420 515 262 408
GSM: +420 727 964 218
jzidek@pfnonwovens.cz

PFNonwovens a.s. is a holding company based in the Czech Republic with operating companies based in Znojmo and Bucovice, Czech Republic and in the City of 6th October, Egypt. The Group manufactures polypropylene / polyethylene nonwoven textiles for the hygiene, industrial, construction, agricultural, medical and other specialised sectors. These textiles are primarily used for the manufacture of baby diapers, feminine hygiene and adult incontinence products. The Group is active in developing new products demanded by the market and thereby maintains its position of technology leader in the European nonwovens market. The Group currently has about 570 employees. PFNonwovens a.s. is a publicly traded company on the Prague stock exchange.

PFNonwovens a.s. is registered with the commercial register in the Czech Republic, maintained by the Municipal Court in Prague under file No. B 23154. Its registered office is at Hradčanské náměstí 67/8, Hradčany, 118 00 Praha 1, Czech Republic.