

PFNonwovens a.s. reports the results for the first half of 2019

PRAGUE/ZNOJMO (22 August 2019) – Based on unaudited results, PFNonwovens a.s. (hereafter "Company"), a leading European producer of nonwovens textiles, recorded consolidated revenues of CZK 3,159.3 million in the first half 2019, which is comparable with the same period last year.

Negative impact on revenues on a year-on-year basis was due year-on-year impact of IFRS 15 adjustment, on the basis of which the Group recognizes revenues from finished products, which are produced on order for a specific customer, immediately following the production of the given product.

In the first half of 2019, EBITDA amounted to CZK 605.8 million, down by 8.5% yoy. The main reason for the year-on-year decline was lower production volume, declining by almost 1,300 tonnes relative to the comparable period last year, caused primarily by a very low level of inventories of finished products, which prevented effective production. The polymer price pass-through mechanism, likewise, had a negative effect on a year-on-year basis.

In the first half of 2019, profit from operations (EBIT) amounted to CZK 353.2 million, down by 18.0% over the same period in 2018.

In the first half of 2019, Net profit amounted to CZK 246.8 million, down by 11.8% yoy. In the second quarter of 2019, the Company achieved a net profit of CZK 44.6 million.

" The EBITDA of CZK 605.8 million achieved in the first half did not fully meet our expectations, falling by 8.5% year-on-year. Sales volumes grew on a year-on-year basis, which resulted in a reduction in inventories of finished products to long term record lows. This situation then led to low production effectiveness as a result of its frequent changes. It was primarily for this reason that we recorded a year-on-year decline in production volume by almost 1,300 tonnes in the first half and this loss then had a significant effect on the financial results of the Group.

The development of indebtedness saw the net debt declining by almost 11% compared with the end of last year. The net debt to EBITDA ratio at the end of the first half reached 3.23x.

Our investment projects are continuing according to plan. The production plant in South Africa is complete and commercial production was launched in June. The installation of a new semi-commercial production line in Znojmo-Přímětice is likewise continuing in line with our expectations and thus we continue to plan for its commercial operation during the fourth quarter of 2019," said Marian Rašík, Chief Financial Officer and Member of the Board of PFNonwovens a.s.

Consolidated Financial Results of PFNonwovens a.s. for the first half and the second quarter of 2019.

	1H 2018	1H 2019	Change in %
Revenues	3,160.6	3,159.3	(0.0%)
EBITDA	662.1	605.8	(8.5%)
Profit from operations	431.0	353.2	(18.0%)
Net profit	279.9	246.8	(11.8%)

In CZK mil.

	2Q 2018	2Q 2019	Change in %
Revenues	1,621.3	1,552.0	(4.3%)
EBITDA	335.0	258.3	(22.9%)
Profit from operations	218.9	130.3	(40.5%)
Net profit	171.7	44.6	(74.0%)

In CZK mil.

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PFNonwovens a.s. is a holding company based in the Czech Republic with operating companies based in the Czech Republic, Egypt and South Africa. 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 over 600 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.