



PEGAS NONWOVENS 1Q 2013 Financial Results

Analyst Conference Call

23 May 2013

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 2013 Key Highlights
 - 1Q 2013 Financial Performance
 - Update on the Investment in Egypt
 - 2013 Guidance Confirmation
-

Presentation Team



František Řezáč

Chief Executive Officer

Marian Rašík

Chief Financial Officer



1Q 2013 Key Highlights

Financial Performance

- Total revenues in 1Q 2013 EUR 49.9 million, up by 12.7% yoy due to very good sales performance including the sale of inventories accumulated in prior periods
- EBITDA EUR 10.1 million, up by 6.0% yoy driven by the higher sales volumes and a lower number of planned maintenance breaks; reduced by higher staff costs
- In line with the 2013 EBITDA guidance (5-15% yoy increase)
- EBIT EUR 7.2 million, up by 12.0% yoy, affected by the EBITDA level and a decrease in depreciation and amortization
- A weaker CZK as at 31 March 2013 resulted in non-cash FX losses of EUR 3.0 million
- Net profit amounted to EUR 3.0 million, down 65.8% due to non-cash FX changes in the compared periods

Market & Business

- Average ICIS in 1Q 2013 virtually unchanged from 4Q 2013, a single digit increase compared to 1Q 2012
- Polymer prices stable since the beginning of the year, a modest drop in prices very recently
- The level of inventories of finished goods was substantially reduced in 1Q 2013 due to strong sales

Production & Technology

- 1Q 2013 production of 21,405 tonnes, up by 1.6% yoy
- Lower number of planned maintenance breaks during 1Q 2013 compared to the same period in 2012
- The construction of the new production line in Egypt is on track - launch of the line expected in the third quarter of this year

Key Financial Highlights

EUR (000')	First Quarter		
	2012	2013	% change
Revenues	44,302	49,942	12.7%
Operating costs	(34,810)	(39,879)	14.6%
EBITDA	9,492	10,063	6.0%
<i>EBITDA margin (%)</i>	<i>21.4%</i>	<i>20.1%</i>	<i>(1.3 pp)</i>
Profit from operations (EBIT)	6,404	7,174	12.0%
<i>EBIT margin (%)</i>	<i>14.5%</i>	<i>14.4%</i>	<i>(0.1pp)</i>
Net profit	8,706	2,981	(65.8%)
<i>Net profit margin (%)</i>	<i>19.7%</i>	<i>6.0%</i>	<i>(13.7 pp)</i>
Production (tonnes net of scrap)	21,074	21,405	1.6%
Number of Employees (EOP)			
	31 December 2012	31 March 2013	% change
Total assets	374,223	368,780	(1.5%)
Net debt	125,946	136,931	8.7%

Note: Consolidated unaudited results

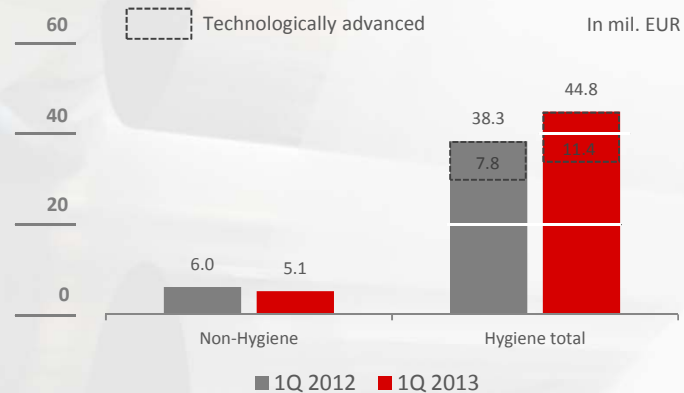
Statement of Comprehensive Income

EUR (000´)	First Quarter		
	2012	2013	% change
Revenues	44,302	49,942	12.7%
Raw materials and consumables	(32,652)	(37,514)	14.9%
Staff costs	(2,133)	(2,432)	14.0%
Of which share price bonus	39	(126)	n/a
Other net operating income/(expense)	(25)	67	n/a
EBITDA	9,492	10,063	6.0%
EBITDA margin (%)	21.4%	20.1%	(1.3pp)
Depreciation	(3,088)	(2,889)	(6.4%)
Profit from operations (EBIT)	6,404	7,174	12.0%
EBIT margin (%)	14.5%	14.4%	(0.1 pp)
FX changes and other fin. income/(expense) (net)	5,239	(3,030)	n/a
Interest expense (net)	(1,021)	(1,029)	0.8%
Income tax (expense)/income (net)	(1,916)	(134)	(93.0%)
Net profit	8,706	2,981	(65.8%)
Net profit margin (%)	19.7%	6.0%	(13.7 pp)
Other comprehensive income/(expense)	3,550	(198)	n/a
Total comprehensive income	12,256	2,783	(77.3%)

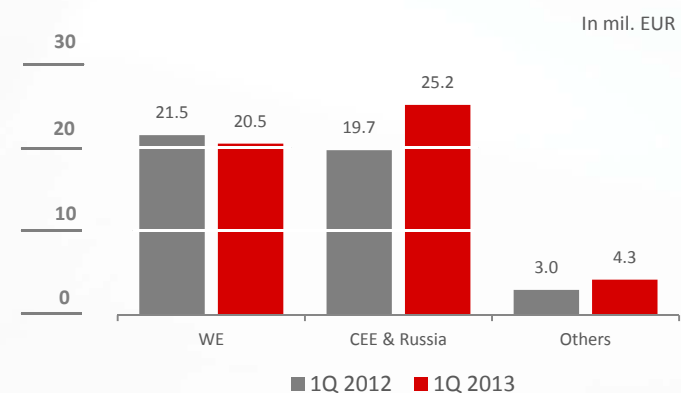
Note: Consolidated unaudited results

Revenue Breakdown

By Product



By Geography

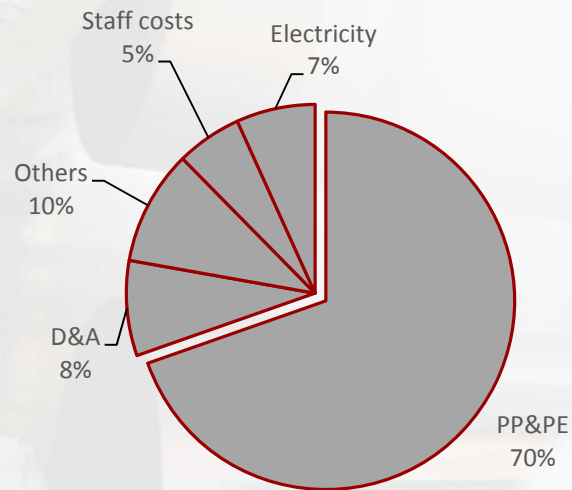


- The continued high proportion of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe
- Strong sales into CEE & Russia

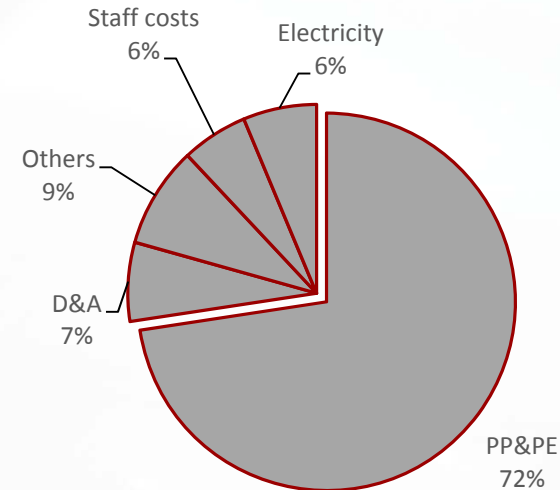
Cost Composition

1Q 2012

1Q 2013



12.9%

- An increase in PP/PE costs of 17.6% yoy due to increased consumption in connection with the good sales levels
- Staff costs up by 14.0% yoy as a result of the revaluation of phantom options and new hires for the Egypt plant
- Electricity up by 5.2% yoy due to yoy price increase related to the mandatory support of renewable resources

Statement of Financial Position

EUR (000´)	31 December 2012 (audited)	31 March 2013 (unaudited)	% change
Non-current assets	284,214	291,074	2.4%
Property, plant and equipment	191,226	200,256	4.7%
Intangible assets (including goodwill)	92,988	90,818	(2.3%)
Current assets	90,009	77,706	(13.7%)
Inventories	20,448	18,870	(7.7%)
Trade and other receivables	43,803	46,555	6.3%
Bank balances and cash	25,758	12,281	(52.3%)
TOTAL ASSETS	374,223	368,780	(1.5%)
Total share capital and reserves	141,494	144,277	2.0%
Non-current liabilities	164,376	156,528	(4.8%)
Bank loans due after 1 year	151,704	143,925	(5.1%)
Deferred tax	12,672	12,603	(0.5%)
Current liabilities	68,353	67,975	(0.6%)
Trade and other payables	66,695	60,698	(9.0%)
Tax liabilities	1,658	1,990	20.0%
Bank overdrafts and loans	--	5,287	n/a
TOTAL LIABILITIES	374,223	368,780	(1.5%)

Note: Consolidated unaudited results

Cash Flow Statement

EUR (000´)	Three months to 31 March		
	2012 (unaudited)	2013 (unaudited)	% change
Profit before tax	10,622	3,115	(70.7%)
Amortization and depreciation	3,088	2,889	(6.4%)
FX	572	1,211	111.7%
Interest expense	1,022	1,030	0.8%
Fair value changes of interest rate swaps	(807)	823	n/a
Other financial income/(expense)	(237)	209	n/a
Change in inventories	(1,974)	1,118	n/a
Change in receivables	(2,085)	(3,767)	80.7%
Change in payables	(1,011)	(1,723)	70.4%
Income tax paid	(967)	(524)	(45.8%)
Net cash flow from operating activities	8,223	4,381	(46.7%)
Purchases of property, plant and equipment	(8,232)	(17,692)	114.9%
Net cash flow used in investment activities	(8,232)	(17,692)	114.9%
Change in bank loans	1,480	928	(37.3%)
Change in long term debt	(19)	--	n/a
Interest paid	(835)	(885)	6.0%
Other financial income/(expense)	237	(209)	n/a
Net cash flow from financing activities	863	(166)	n/a
Bank balances and cash at the beginning of the year	6,248	25,758	312.3%
Change in cash and cash equivalents	854	(13,477)	n/a
Bank balances and cash at the end of the period	7,102	12,281	72.9%

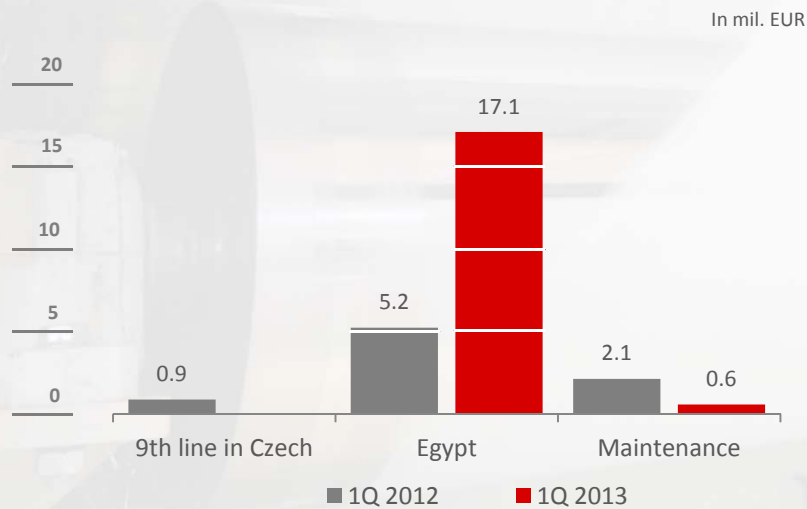
Note: Consolidated unaudited results

CAPEX Development

Majority of Capital Investments Dedicated to Expansion

- 97% of the CAPEX spent in 1Q 2013 went to the Egyptian project
- Current investment in 1Q 2012 boosted by one-off projects related to the optimisation of existing production facilities
- 2013 CAPEX guidance of up to EUR 41 million confirmed (FX rate CZK/EUR 25)

CAPEX in 1Q



2013 Guidance Confirmation

Overview

- 1Q 2013 is in line with management expectations
- Higher sales leading to a substantial reduction of accumulated inventories
- Higher share of technologically advanced materials as a result of new materials commercialisation
- Volatility of polymer price low so far – minor impact of pass-through mechanism on the results

EBITDA Guidance

- Based on the developments to date, the management confirms 2013 EBITDA guidance
 - 2013 EBITDA should increase by 5 – 15% compared to 2012 (EUR 38.1 million)

CAPEX Guidance

- 2013 CAPEX guidance of up to EUR 41 million confirmed (at constant FX rate CZK/EUR 25)

Intention to Pay a Dividend

- The Board of Directors decided to propose to the upcoming AGM a dividend pay-out of EUR 9,690,870, i.e. EUR 1.05 per share
 - The Company decided to pay-out the same dividend amount as last year, taking into account the current high CAPEX requirements
 - The source of the dividend will be the 2012 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 17 June 2013
 - The Board of Directors further proposed to set the record date to 18 October 2013 and the payment date to 29 October 2013
 - 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
-

Egyptian Project - Current Status



Development of Polymer Prices

Polymer Prices Illustrative Index

EUR/tonnes

