

# Nine Months Results January – September 2012

**Analyst Conference Call**  
**22 November 2012**

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# Agenda

- **3Q 2012 Highlights**
- **9M & 3Q 2012 Financial Performance**
- **2012 Guidance Confirmation**
- **Update on the Investment in Egypt**

# Presentation Team

**Mr. František Řezáč**

**Mr. Marian Rašík**

**Chief Executive Officer**

**Chief Financial Officer**



# 3Q Key Highlights



# 3Q 2012 Key Highlights

## Financial Performance

- 3Q revenues EUR 47.9 million up by 9.7% yoy driven by increased capacity
- 3Q EBITDA EUR 11.3 million up by 4.8% yoy due to capacity increase and positive pass-through
- 3Q EBIT EUR 8.4 million down by 2.1% yoy reduced by higher depreciation
- 3Q net profit EUR 8.6 million up by 56.8% yoy on the back of high FX gains

## Market and Business

- PEGAS obtained the “Excellence Award” from P&G
- Average ICIS in 3Q 2012 decreased by 7% compared with the previous quarter, almost unchanged on an annual basis
- Polymer prices started to rise again which will impact 4Q

## Production & Technology

- 3Q 2012 production 20,982 tonnes up by 10.8% yoy – resulted from the new production line in Znojmo
- The construction of the first line in Egypt is on track – installation of technology commenced in 4Q 2012

# Key Financial Highlights

Euro (000')	3Q			9M		
	2011	2012	% change	2011	2012	% change
Revenues	43,664	47,914	9.7%	126,257	140,173	11.0%
Operating Costs	(32,911)	(36,641)	11.3%	(100,214)	(111,323)	11.1%
EBITDA	10,753	11,273	4.8%	26,043	28,850	10.8%
EBITDA margin (%)	24.6%	23.5%	(1.1 pp)	20.6%	20.6%	0.0 pp
Profit from operations (EBIT)	8,593	8,411	(2.1%)	19,654	19,830	0.9%
EBIT margin (%)	19.7%	17.6%	(2.1 pp)	15.6%	14.1%	(1.5 pp)
Net Profit	5,480	8,594	56.8%	16,273	17,700	8.8%
Net Profit Margin (%)	12.6%	17.9%	5.3 pp	12.9%	12.6%	(0.3 pp)
Production (tonnes net of scrap)	18,936	20,982	10.8%	53,784	63,668	18.4%
Number of Employees (EOP)				417	438	5.0%

	31 December 2011	30 September 2012	% change
Total assets	302,943	331,686	9.5%
Net debt	119,490	132,856	11.2%

Source: Company data, consolidated unaudited results



# 3Q & 9M 2012 Financial Performance



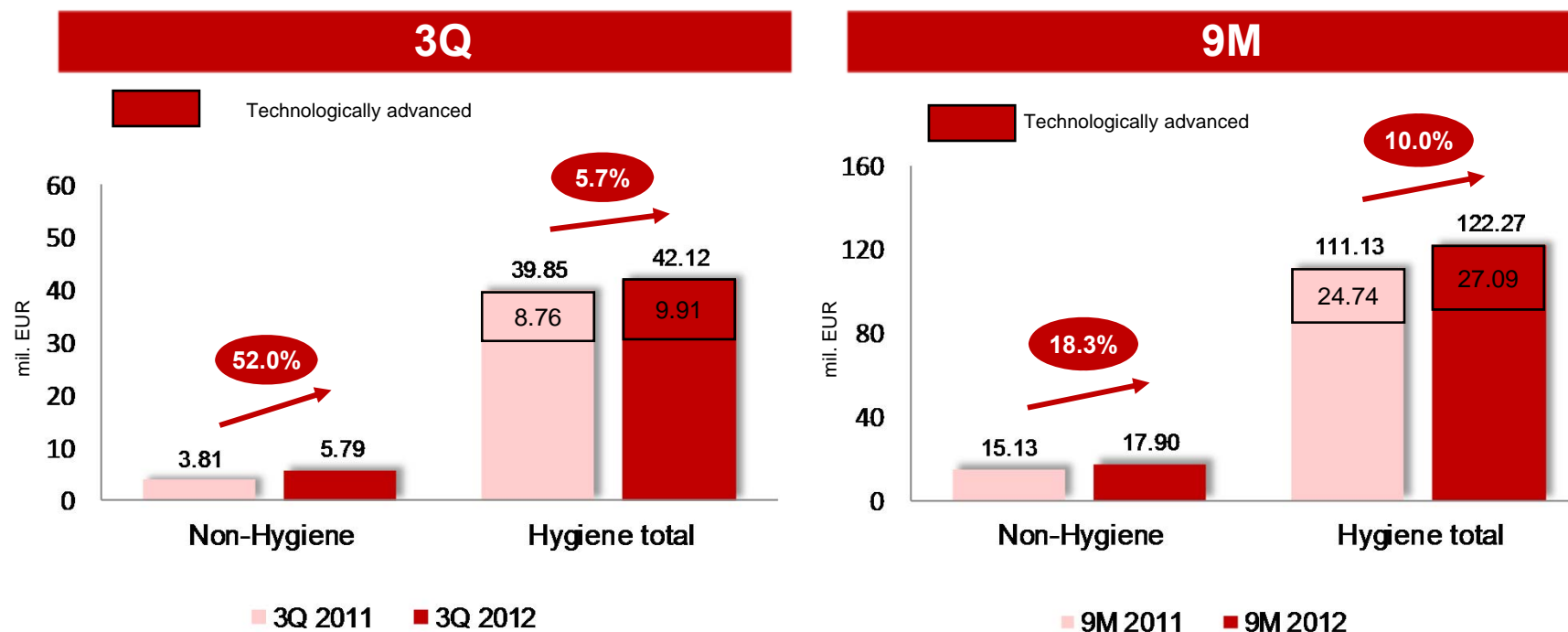


# Statement of Comprehensive Income

Euro (000')	3Q			9M		
	2011	2012	% change	2011	2012	% change
Revenues	43,664	47,914	9.7%	126,257	140,173	11.0%
Raw materials & consumables	(31,150)	(34,377)	10.4%	(94,432)	(104,657)	10.8%
Staff costs	(1,807)	(2,090)	15.7%	(6,074)	(6,395)	5.3%
of which Share price bonus	273	(176)	n/a	211	7	(96.7%)
Other net operating income/(expense)	46	(174)	n/a	292	(271)	n/a
<b>EBITDA</b>	<b>10,753</b>	<b>11,273</b>	<b>4.8%</b>	<b>26,043</b>	<b>28,850</b>	<b>10.8%</b>
<b>EBITDA Margin (%)</b>	<b>24.6%</b>	<b>23.5%</b>	<b>(1.1 pp)</b>	<b>20.6%</b>	<b>20.6%</b>	<b>0.0 pp</b>
Depreciation	(2,160)	(2,862)	32.5%	(6,389)	(9,020)	41.2%
<b>Profit from operations (EBIT)</b>	<b>8,593</b>	<b>8,411</b>	<b>(2.1%)</b>	<b>19,654</b>	<b>19,830</b>	<b>0.9%</b>
<b>EBIT Margin (%)</b>	<b>19.7%</b>	<b>17.6%</b>	<b>(2.1 pp)</b>	<b>15.6%</b>	<b>14.1%</b>	<b>(1.5 pp)</b>
FX changes and other fin. income/(expense) (net)	(1,864)	2,910	n/a	1,474	4,325	193.4%
Interest (expense)/income (net)	(1,000)	(1,154)	15.4%	(3,085)	(3,486)	13.0%
Income tax (expense)/income (net)	(249)	(1,573)	531.7%	(1,770)	(2,969)	67.7%
<b>Net Profit</b>	<b>5,480</b>	<b>8,594</b>	<b>56.8%</b>	<b>16,273</b>	<b>17,700</b>	<b>8.8%</b>
<b>Net Profit Margin (%)</b>	<b>12.6%</b>	<b>17.9%</b>	<b>5.3 pp</b>	<b>12.9%</b>	<b>12.6%</b>	<b>(0.3 pp)</b>
Other comprehensive income/(expense)	(2,117)	2,187	n/a	1,424	1,664	16.9%
Total comprehensive income	3,363	10,781	220.6%	17,697	19,364	9.4%

Source: Company data

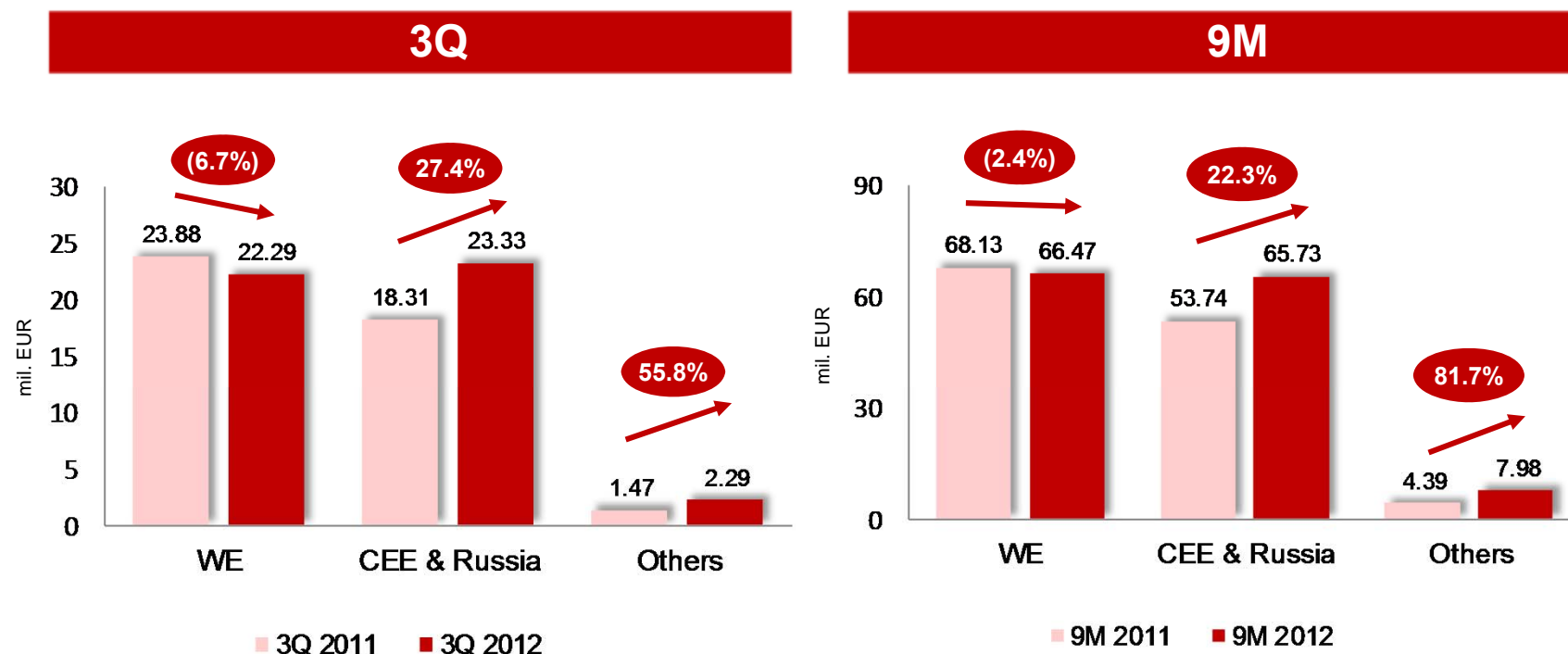
# Revenue Breakdown by Product



- A continuously high proportion of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe

Source: Company data

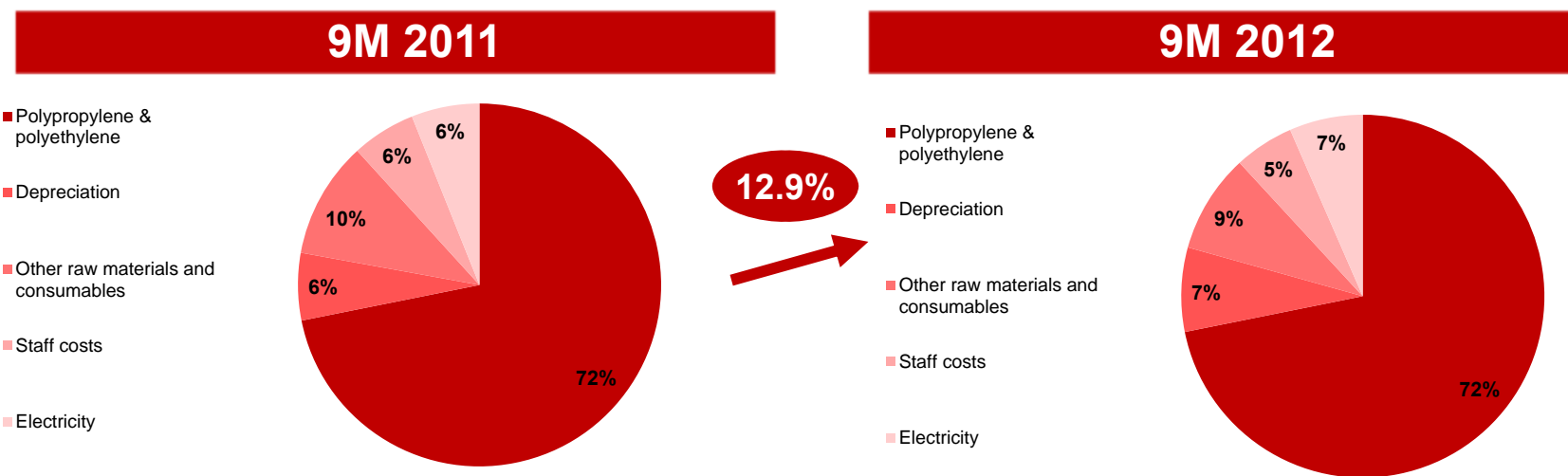
# Revenue Breakdown by Geography



- Geographical breakdown of sales remains relatively steady
- Strong sales into CEE & Russia

Source: Company data

# Cost Composition



- An increase of PP/PE costs by 12.9% yoy due to higher material consumption for the new line
- Staff costs up by 5.3% yoy as a result of new hires for the 9th production line and wage indexation
- Electricity up by 21.9% yoy driven by the ramp up of the new production line and a yoy price increase
- Depreciation up by 41.2% yoy due to the 9th line technology and buildings being newly depreciated

Source: Company data



# Statement of Financial Position

EUR ('000')	31 December 2011 (audited)	30 September 2012 (unaudited)	% change
<b>Non-current assets</b>	<b>242,205</b>	<b>259,607</b>	<b>7.2%</b>
Property, plant and equipment	151,826	165,829	9.2%
Intangible assets (including goodwill)	90,379	93,778	3.8%
<b>Current assets</b>	<b>60,738</b>	<b>72,079</b>	<b>18.7%</b>
Inventories	17,624	19,327	9.7%
Trade and other receivables	36,866	42,933	16.5%
Bank balances and cash	6,248	9,819	57.2%
<b>Total assets</b>	<b>302,943</b>	<b>331,686</b>	<b>9.5%</b>
<b>Total share capital and reserves</b>	<b>130,764</b>	<b>140,438</b>	<b>7.4%</b>
<b>Non-current liabilities</b>	<b>137,904</b>	<b>153,234</b>	<b>11.1%</b>
Bank loans due after 1 year	125,512	140,711	12.1%
Deferred tax	12,337	12,472	1.1%
Other payables	55	51	(7.3%)
<b>Current liabilities</b>	<b>34,275</b>	<b>38,014</b>	<b>10.9%</b>
Trade and other payables	33,954	35,997	6.0%
Tax liabilities	95	53	(44.2%)
Bank overdrafts and loans	226	1,964	769.0%

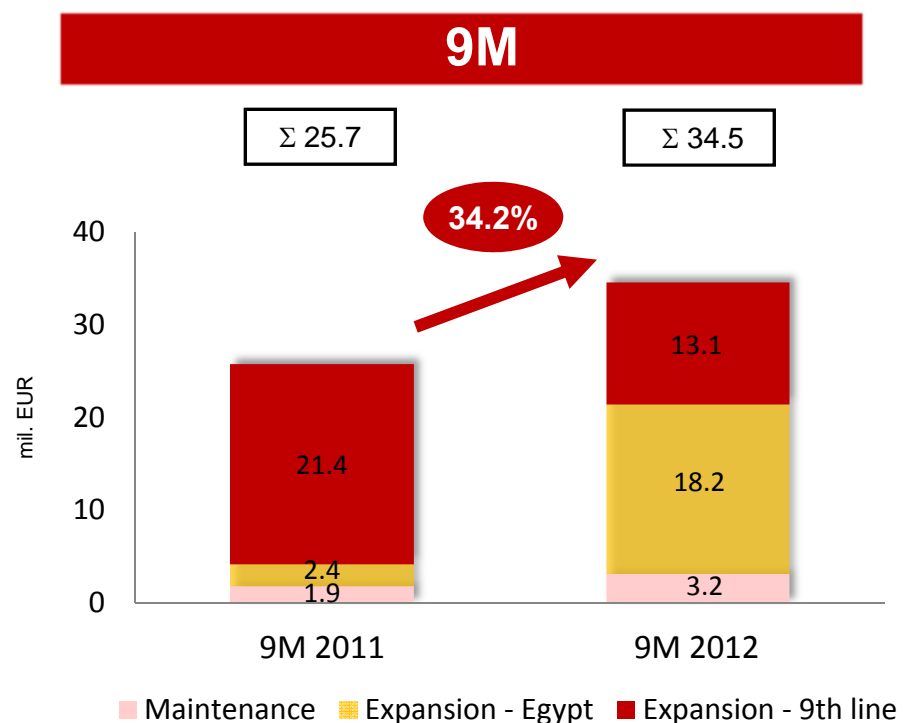
Source: Company data

# Cash Flow Statement

EUR ('000')	Nine months to 30 September		
	2011 (unaudited)	2012 (unaudited)	% change
<b>Profit before tax</b>	<b>18,043</b>	<b>20,669</b>	<b>14.6%</b>
Amortization / Depreciation	6,389	9,020	41.2%
FX	(566)	1,152	n/a
Interest Expense	3,102	3,488	12.4%
Fair value changes of interest rate swaps	279	(2,655)	n/a
Other financial expense	(304)	(382)	25.7%
Change in inventories	(1,837)	(1,030)	(43.9%)
Change in receivables	(6,503)	(4,627)	(28.8%)
Change in payables	3,723	4,013	7.8%
Income tax paid	(4,481)	(903)	(79.8%)
<b>Net Cash Flow from Operating activities</b>	<b>17,845</b>	<b>28,745</b>	<b>61.1%</b>
Purchases of property, plant and equipment	(25,728)	(34,516)	34.2%
<b>Net Cash Flow from Investment activities</b>	<b>(25,728)</b>	<b>(34,516)</b>	<b>34.2%</b>
Change in bank loans	21,367	11,802	(44.8%)
Change in long term debt	(48)	(4)	(91.7%)
Interest paid	(2,117)	(2,838)	34.1%
Other financial income	304	382	25.7%
<b>Net Cash Flow from Financing activities</b>	<b>19,506</b>	<b>9,342</b>	<b>(52.1%)</b>
<b>Bank balances and cash at the beginning of the year</b>	<b>4,685</b>	<b>6,248</b>	<b>33.4%</b>
<b>Change in cash and cash equivalents</b>	<b>11,623</b>	<b>3,571</b>	<b>(69.3%)</b>
<b>Bank balances and cash at the end of the period</b>	<b>16,308</b>	<b>9,819</b>	<b>(39.8%)</b>

Source: Company data

# CAPEX Development



- Majority of CAPEX currently being invested in Egypt
- 2012 CAPEX guidance EUR 40 million down from previously estimated EUR 46 million due to an updated payment schedule in Egypt

Source: Company data, consolidated results

# 2012 Guidance Confirmation





# 2012 Guidance Confirmation

**PEGAS confirms its full year guidance:**

- **High volatility of polymer prices and increase of indexes since August 2012 will impact results in 4Q**
- **2012 EBITDA guidance of 5 - 15% growth compared with 2011 (2011 EBITDA EUR 36.1 million) should be achieved - at its lower end**
- **2012 CAPEX will not exceed EUR 40 million due to an updated payment schedule in Egypt**
- **Almost 20% annual increase in production compared with 2011 on the back of new capacity**

# Update on the Investment in Egypt



# Investment in Egypt



- The first phase of the project is on track

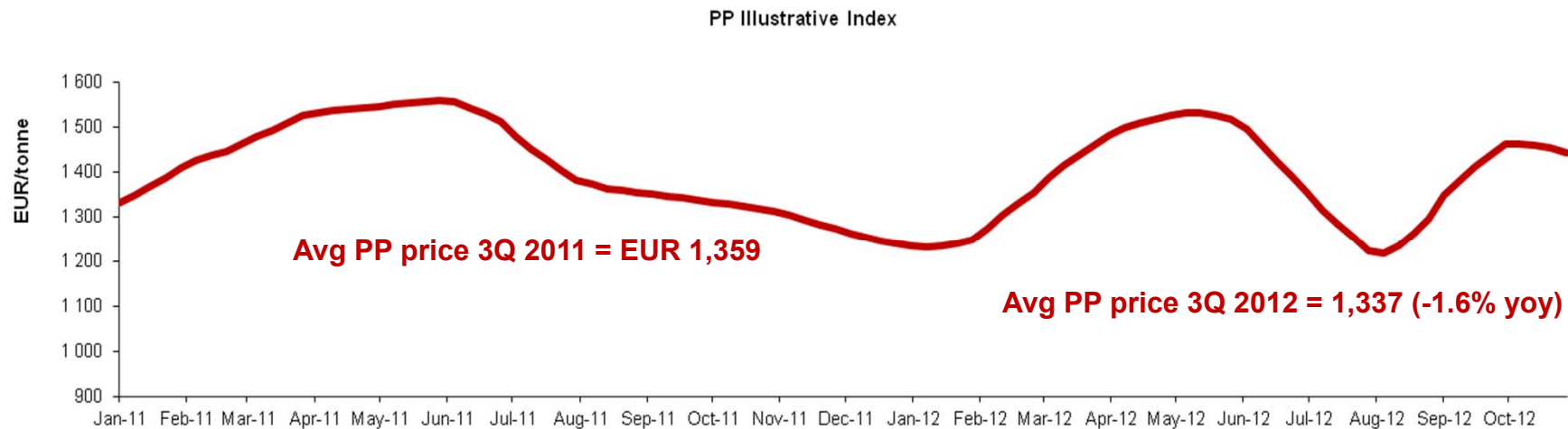


# Appendix





# Development of Polymer Prices



- In 3Q 2012 polymer prices declined app. 7% on average compared with 3Q 2011 which had a positive effect on 3Q performance
- Since August, price indexes have risen again which will be reflected in 4Q results

Source: Company data