



PEGAS NONWOVENS 2013 Preliminary Results

Analyst Meeting Znojmo

21 March 2014

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

- 2013 Key Highlights
 - 2013 Financial Performance
 - 2014 Guidance
 - Production Facility in Egypt
-

Presentation Team



František Řezáč

Chief Executive Officer

Marian Rašík

Chief Financial Officer



2013 Key Highlights

Financial Performance

- Total Revenues in 2013 were EUR 199.2 million, up by 6.1% yoy as a result of production starting in Egypt and stable polymer prices on an annual basis
- 2013 EBITDA was EUR 38.6 million, up by 1.1 % yoy. Slightly higher than the updated guidance after excluding the revaluation of the share option plan to FV. Yoy development positively affected by the pass-through mechanism and a weaker CZK/EUR exchange rate. Lower than planned production results and the revaluation of the share option plan had a negative impact.
- 2013 EBIT EUR 25.5 million down by 4.0% yoy due to higher depreciation
- 2013 Net Profit amounted to EUR 1.4 million, 93.3% yoy less mainly due to FX changes

Market & Business

- Polymer prices relatively stable in 2013
- The level of inventories of finished goods up due to the start of production in Egypt
- 2013 the Excellence Award from P&G was received for the sixth time in a row

Production & Technology

- 2013 production of 90,961 tonnes, up by 5.7% yoy due to new production in Egypt (especially in Q4 2013)
- Favourable portfolio mix and an increased share of technologically advanced materials due to successful commercialization in 2012 and 2013

Key Financial Highlights

EUR (000')	Fourth Quarter			Full Year		
	2012	2013	% change	2012	2013	% change
Revenues	47,586	53,219	11.8%	187,745	199,210	6.1%
Operating costs	(38,325)	(42,629)	11.2%	(149,633)	(160,660)	7.4%
EBITDA	9,261	10,590	14.3%	38,112	38,550	1.1%
EBITDA margin (%)	19.5%	19.9%	0.4 pp	20.3%	19.4%	(0.9 pp)
Profit from operations (EBIT)	6,711	6,796	1.3%	26,542	25,471	(4.0%)
EBIT margin (%)	14.1%	12.8%	(1.3 pp)	14.1%	12.8%	(1.3 pp)
Net profit	3,226	(7,582)	n/a	20,924	1,411	(93.3%)
Net profit margin (%)	6.8%	(14.2%)	(21.0 pp)	11.1%	0.7%	(10.4 pp)
Production (tonnes net of scrap)	22,388	25,060	11.9 %	86,056	90,961	5.7%
Number of Employees (EOP)				451	574	27.3%

	31 December 2012	31 December 2013	% change
Total assets	374,223	356,742	(4.7%)
Net debt	125,946	149,323	18.6%

Note: Consolidated unaudited results

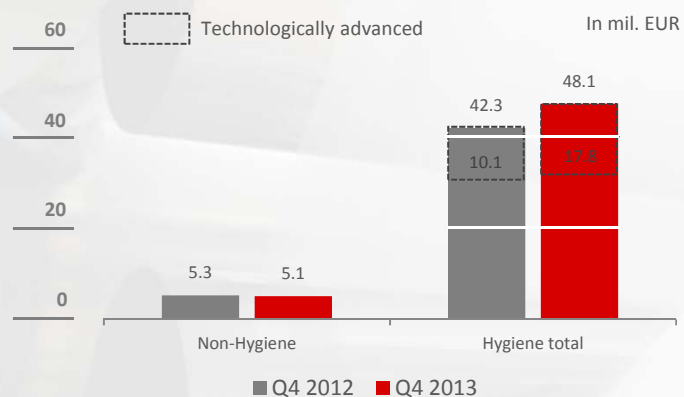
Statement of Comprehensive Income

EUR (000')	Fourth Quarter			Full Year		
	2012	2013	% change	2012	2013	% change
Revenues	47,586	53,219	11.8%	187,745	199,210	6.1%
Raw materials and consumables	(36,322)	(40,731)	12.1%	(140,964)	(150,634)	6.9%
Staff costs	(1,956)	(2,338)	19.5%	(8,351)	(10,179)	21.9%
Of which FV revaluation of share options	270	(145)	n/a	277	(846)	n/a
Other net operating income/(expense)	(47)	440	n/a	(318)	153	n/a
EBITDA	9,261	10,590	14.3%	38,112	38,550	1.1%
EBITDA margin (%)	19.5%	19.9%	0.4 pp	20.3%	19.4%	(0.9 pp)
Depreciation and amortization	(2,550)	(3,794)	48.8%	(11,570)	(13,079)	13.0%
Profit from operations (EBIT)	6,711	6,796	1.3%	26,542	25,471	(4.0%)
EBIT margin (%)	14.1%	12.8%	(1.3 pp)	14.1%	12.8%	(1.3 pp)
FX changes and other fin. income/(expense) (net)	(1,685)	(11,716)	595.3%	2,637	(14,867)	n/a
Interest expense (net)	(1,125)	(2,047)	82.0%	(4,611)	(6,467)	40.3%
Income tax (expense)/income (net)	(675)	(615)	(8.9%)	(3,644)	(2,726)	(25.2%)
Net profit	3,226	(7,582)	n/a	20,924	1,411	(93.3%)
Net profit margin (%)	6.8%	(14.2%)	(21.0 pp)	11.1%	0.7%	(10.4 pp)
Other comprehensive income/(expense)	(2,167)	(6,361)	193.5%	(503)	(7,581)	1,407.2%
Total comprehensive income	1,059	(13,943)	n/a	20,421	(6,170)	n/a

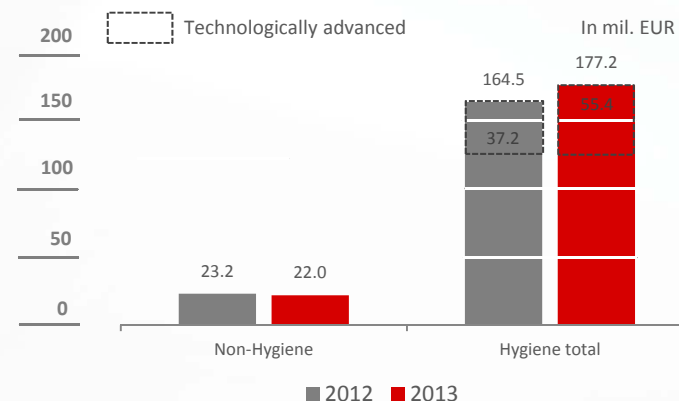
Note: Consolidated unaudited results

Revenue Breakdown by Product

Fourth Quarter



Full Year



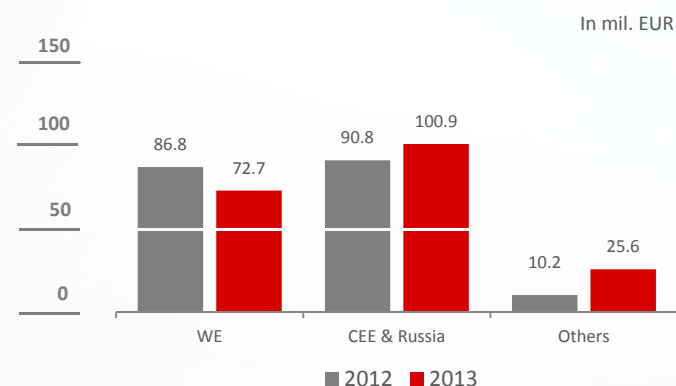
- The proportion of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe
- A higher share of technologically advanced materials on total sales in connection with the commercialization of new materials

Revenue Breakdown by Geography

Fourth Quarter

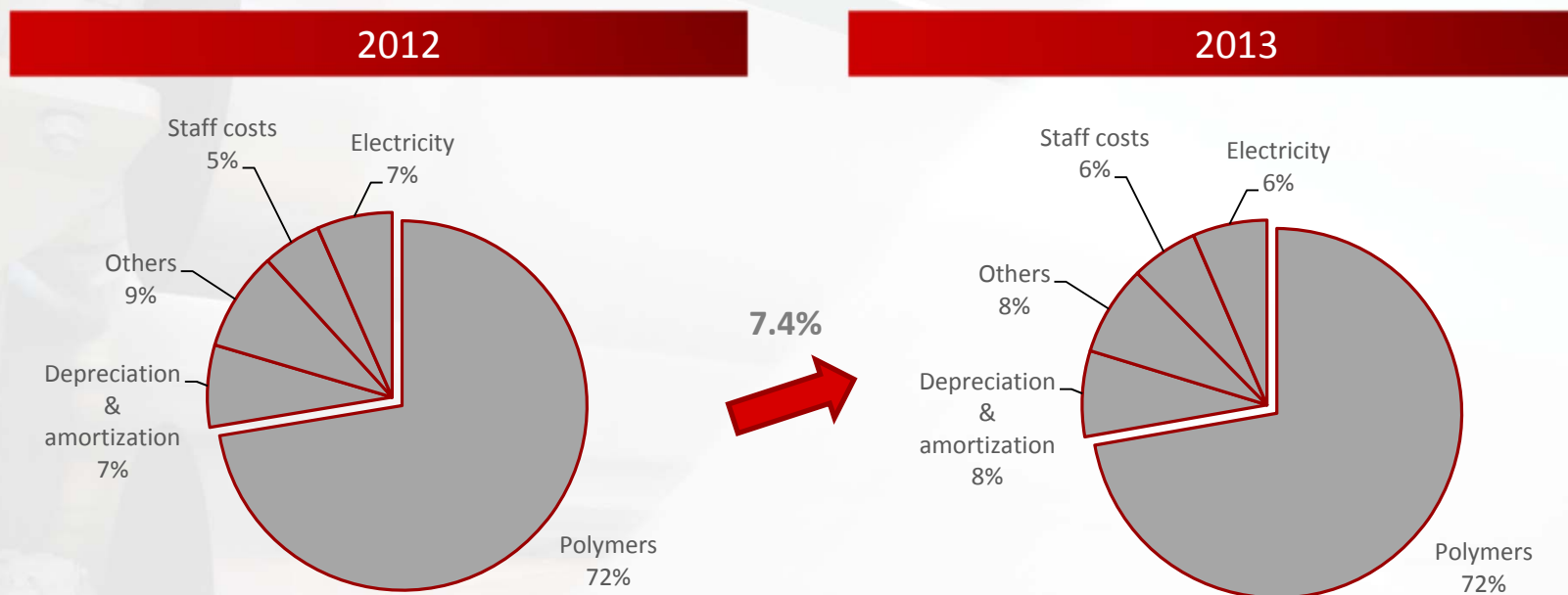


Full Year



- Europe remains the key market for PEGAS
- Strong sales into CEE & Russia
- Share of other territories will continue to rise due to the Egyptian line

Cost Composition



- An increase in PP/PE costs of 7.3% yoy due to the production ramp-up in Egypt
- Staff costs up by 21.9% yoy as a result of the revaluation of phantom options and new employees for the Egyptian plant
- Electricity up by 6.0% yoy due to a yoy price increase related mainly to the mandatory support of renewable resources

Statement of Financial Position

EUR (000')	31 December 2012 (audited)	31 December 2013 (unaudited)	% change
Non-current assets	284,214	266,769	(6.1%)
Property, plant and equipment	191,226	181,584	(5.0%)
Intangible assets (including goodwill)	92,988	85,185	(8.4%)
Current assets	90,009	89,973	(0.0%)
Inventories	20,448	32,618	59.5%
Trade and other receivables	43,803	38,925	(11.1%)
Tax receivables (Egypt sales tax)	--	5,367	n/a
Bank balances and cash	25,758	13,063	(49.3%)
TOTAL ASSETS	374,223	356,742	(4.7%)
Total share capital and reserves	141,494	125,633	(11.2%)
Non-current liabilities	164,376	159,326	(3.1%)
Bank loans due after 1 year	151,704	146,200	(3.6%)
Deferred tax	12,672	13,126	3.6%
Current liabilities	68,353	71,783	5.0%
Short-term financial debt	--	14,200	n/a
Trade and other payables	66,695	56,489	(15.3%)
Tax liabilities	1,658	1,094	(34.0%)
TOTAL LIABILITIES	374,223	356,742	(4.7%)

Note: Consolidated unaudited results

Cash Flow Statement

EUR (000´)	2012 (audited)	2013 (unaudited)	% change
Profit before tax	24,568	4,137	(83.2%)
Depreciation and amortization	11,570	13,079	13.0%
FX	1,622	(12,190)	n/a
Interest expense	4,614	6,470	40.2%
Other changes in equity	(2,683)	1,149	n/a
Other financial income/(expense)	1,092	4,824	341.8%
Change in inventories	(2,362)	(10,730)	354.3%
Change in receivables	(7,248)	(8,650)	19.3%
Change in payables	19,902	28,291	42.2%
Income tax paid	(1,506)	(2,474)	64.3%
Net cash flow from operating activities	49,569	23,906	(51.8%)
Purchases of property, plant and equipment	(37,300)	(38,301)	2.7%
Net cash flow used in investment activities	(37,300)	(38,301)	2.7%
Change in bank loans	22,292	22,540	1.1%
Change in long term debt	(55)	--	n/a
Distribution (dividend)	(9,691)	(9,691)	0%
Interest paid	(4,213)	(6,325)	50.1%
Other financial income/(expense)	(1,092)	(4,824)	341.8%
Net cash flow from financing activities	7,241	1,700	(76.5%)
Bank balances and cash at the beginning of the year	6,248	25,758	312.3%
Change in cash and cash equivalents	19,510	(12,695)	n/a
Bank balances and cash at the end of the period	25,758	13,063	(49.3%)

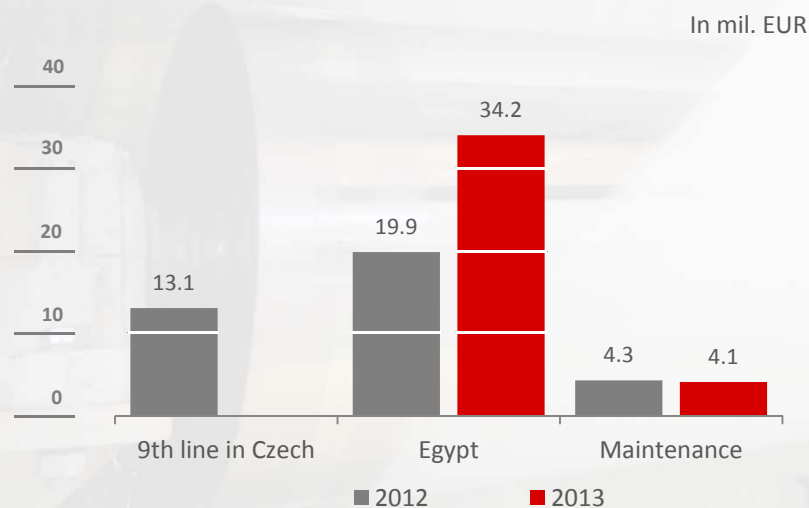
Note: Consolidated unaudited results

CAPEX Development

Majority of Capital Investments Dedicated to Expansion

- Total capital expenditures in 2013 were EUR 38.3 million
- 90% of the CAPEX spent in 2013 went to the Egyptian project
- The Company did not exceed its CAPEX guidance of EUR 41 million

2013 CAPEX



2014 Guidance

Overview

- 2014 production increase of more than 10% anticipated on the back of the new facility in Egypt
- 2014 production is fully sold out
- A slight increase in inventories at the beginning of 2014 in Egypt
- Favourable portfolio mix in favour of technologically advanced materials

EBITDA Guidance

- 2014 EBITDA expected to increase between 12% to 22% compared with the level achieved in 2013 (EUR 38.6 million)

CAPEX Guidance

- The Company estimates that in 2014, total capital expenditure will not exceed EUR 12 million (at the constant exchange rate of CZK/EUR 27)
-

Production Facility in Egypt

- Standard production mode started in January 2014
- During 2014, the technology will continue to be optimised with the objective of achieving maximum efficiency



Development of Polymer Prices

Polymer Prices Illustrative Index

