



PEGAS NONWOVENS 1Q 2015 Financial Results

Analyst Conference Call

28 May 2015

every single detail

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Agenda

- 1Q 2015 Key Highlights
 - 1Q 2015 Financial Performance
 - 2015 Guidance Confirmation
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Presentation Team



František Řezáč

Chief Executive Officer

Marian Rašík

Chief Financial Officer



1Q 2015 Key Highlights

Financial Performance

- Total revenues in 1Q 2015 EUR 60.6 million, up by 2.9% yoy mainly as a result of USD appreciation impacting the nominal value of sales of the Egyptian entity expressed in EUR
- EBITDA EUR 12.6 million, up by 3.0% yoy namely, production better than planned, very good sales and positive effect of the pass through mechanism; negative impact of revaluation of the share option bonus scheme
- 1Q 2015 EBITDA in line with the 2015 EBITDA guidance (EUR 44.0-48.5 million)
- EBIT EUR 8.6 million, up by 0.5% yoy, virtually unchanged
- Net profit amounted to EUR 14.4 million, up by 159.4% primarily as a consequence of unrealized foreign exchange gains related to appreciation of USD against EUR

Market & Business

- Average ICIS in 1Q 2015 significantly lower compared with 4Q 2014; polymer prices bottomed in February and since then returned to average levels seen in 2014
- Meeting product mix expectations
- The level of inventories of finished goods increased during 1Q 2015

Production & Technology

- 1Q 2015 production of 26,202 tons, up by 5.3% yoy on the back of continued successful implementation of optimization measures
- No major unexpected shutdowns or production disruptions in 1Q 2015

Key Financial Highlights

EUR (000')	First Quarter		% change
	2014	2015	
Revenues	58,829	60,561	2.9%
Operating costs	(46,577)	(47,936)	2.9%
EBITDA	12,252	12,625	3.0%
<i>EBITDA margin (%)</i>	20.8%	20.8%	0.0 pp
Profit from operations (EBIT)	8,584	8,627	0.5%
<i>EBIT margin (%)</i>	14.6%	14.2%	(0.4 pp)
Net profit	5,536	14,358	159.4%
<i>Net profit margin (%)</i>	9.4%	23.7%	14.3 pp
Production (tonnes net of scrap)	24,878	26,202	5.3%
Number of Employees (EOP)			

	31 March 2014	31 March 2015	% change
Total assets	351,026	365,162	4.0%
Net debt	146,151	149,237	2.1%

Note: Consolidated unaudited results

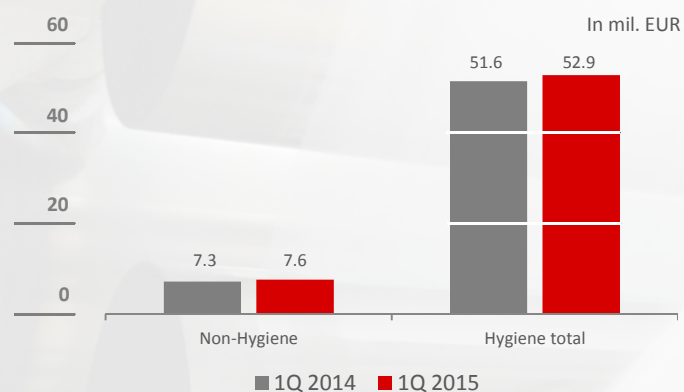
Statement of Comprehensive Income

EUR (000')	First Quarter		% change
	2014 (unaudited)	2015 (unaudited)	
Revenues	58,829	60,561	2.9%
Raw materials and consumables	(44,041)	(44,131)	0.2%
Staff costs	(2,664)	(3,426)	28.6%
Of which share price bonus	(89)	(708)	695.5%
Other net operating income/(expense)	128	(379)	n/a
EBITDA	12,252	12,625	3.0%
EBITDA margin (%)	20.8%	20.8%	0.0 pp
Depreciation	(3,668)	(3,998)	9.0%
Profit from operations (EBIT)	8,584	8,627	0.5%
EBIT margin (%)	14.6%	14.2%	(0.4 pp)
FX changes and other fin. income/(expense) (net)	(342)	8,543	n/a
Interest expense (net)	(2,129)	(1,773)	(16.7%)
Income tax (expense)/income (net)	(577)	(1,039)	80.1%
Net profit	5,536	14,358	159.4%
Net profit margin (%)	9.4%	23.7%	14.3 pp
Other comprehensive income/(expense)	236	(3,760)	n/a
Total comprehensive income	5,772	10,598	83.6%

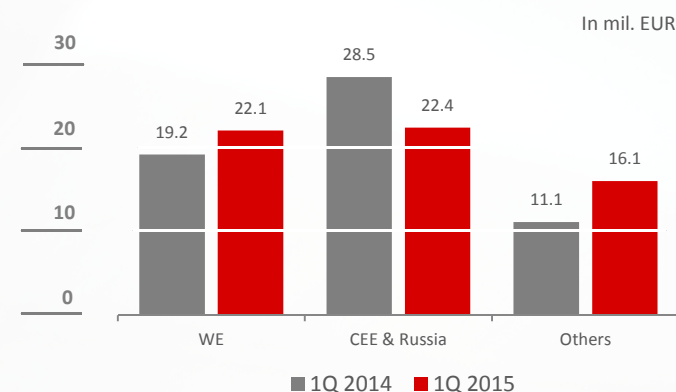
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Revenue Breakdown

By Product



By Geography



- The continued high proportion of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe
- Increase in other regions reflects the entry on to the markets of the Middle East

Statement of Financial Position

EUR (000')	31 March 2014	31 Dec 2014	31 March 2015	% change
	(unaudited)	(audited)	(unaudited)	
Non-current assets	263,847	263,118	270,490	2.5%
Property, plant and equipment	178,734	178,939	185,750	3.9%
Intangible assets (including goodwill)	85,113	84,179	84,740	(0.4%)
Current assets	87,179	93,079	94,672	8.6%
Inventories	29,409	41,666	31,538	7.2%
Trade and other receivables	45,356	42,451	54,236	19.6%
Tax receivables	1,122	0	0	(100.0%)
Bank balances and cash	11,292	8,962	8,899	(21.2%)
TOTAL ASSETS	351,026	356,197	365,162	4.0%
Total share capital and reserves	131,335	157,641	168,239	28.1%
Non-current liabilities	148,238	140,021	148,821	0.4%
Bank loans due after 1 year	135,157	35,402	42,785	(68.3%)
Deferred tax	13,081	15,583	16,285	24.5%
Other long-term liabilities	0	89,036	89,751	n/a
Current liabilities	71,453	58,535	48,102	(32.7%)
Short-term financial debt	20,300	26,500	25,600	26.1%
Trade and other payables	49,989	31,792	21,670	(56.7%)
Tax liabilities	1,164	233	832	(28.5%)
Provisions	0	10	0	n/a
TOTAL LIABILITIES	351,026	356,197	365,162	4.0%

Note: Consolidated unaudited results

Cash Flow Statement

EUR (000')	Three months to 31 March		% change
	2014 (unaudited)	2015 (unaudited)	
Profit before tax	6,113	15,397	151.9%
Depreciation and amortization	3,668	3,998	9.0%
FX	1,394	(17,507)	n/a
Interest expense	2,129	1,775	(16.6%)
Other changes in equity	115	1,228	967.8%
Other financial expense/(income)	106	129	21.7%
Change in inventories	2,886	11,794	308.7%
Change in receivables	(1,791)	(3,377)	88.6%
Change in payables	(7,525)	(17,219)	128.8%
Income tax paid	(670)	(317)	(52.7%)
Net cash flow from operating activities	6,425	(4,099)	n/a
Purchases of property, plant and equipment	(1,086)	(846)	(22.1%)
Net cash flow used in investment activities	(1,086)	(846)	(22.1%)
Change in bank loans	(5,020)	6,640	n/a
Interest paid	(1,984)	(1,630)	(17.8%)
Other financial income/(expense)	(106)	(129)	21.7%
Net cash flow from financing activities	(7,110)	4,881	n/a
Bank balances and cash at the beginning of the year	13,063	8,962	(31.4%)
Change in cash and cash equivalents	(1,771)	(64)	(96.4%)
Bank balances and cash at the end of the period	11,292	8,898	(21.2%)

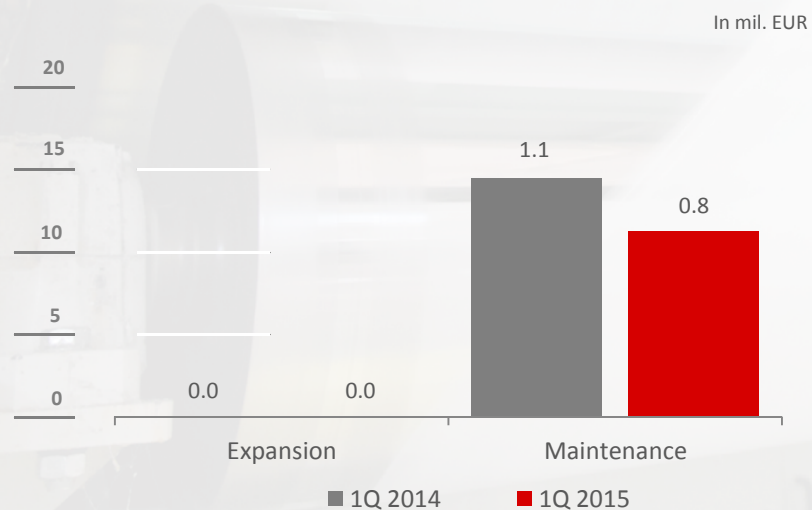
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CAPEX Development

No Major Capital Investments planned in 2015

- CAPEX in 1Q 2015 was exclusively of operating nature
- 2015 CAPEX guidance of up to EUR 10 million confirmed

CAPEX in 1Q



2015 Guidance Confirmation

Overview

- 1Q 2015 is in line with management expectation and announced outlook for the entire year 2015
- Very good production enabled to achieve an optimal level of inventories of finished products
- Positive effect of polymer pass through mechanism in 1Q 2015 expected to be eliminated in 2Q 2015 on the back of polymer prices returning to average levels from 2014

EBITDA Guidance

- Based on the developments to date, the management confirms 2015 EBITDA guidance
 - 2015 EBITDA is estimated in range of EUR 44.0 to 48.5 million

CAPEX Guidance

- 2015 CAPEX guidance of up to EUR 10 million confirmed
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Intention to Pay a Dividend

- The Board of Directors decided to propose to the upcoming AGM a dividend pay-out of EUR 10,613,810, i.e. EUR 1.15 per share
 - The source of the dividend will be the 2014 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 15 June 2015
 - The Board of Directors further proposed to set the record date to 16 October 2015 and the payment date to 28 October 2015
 - 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
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Development of Polymer Prices

Polymer Prices Illustrative Index

