



PEGAS NONWOVENS a.s. 2017 Preliminary Results

22 March 2018

every single detail

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Agenda

- 2017 Key Highlights
 - 2017 Financial Performance
 - 2018 Guidance
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2017 Key Highlights

Financial Performance

- Total revenues in 2017 EUR 220.8 million, up by 7.0% yoy mainly as a result of higher polymer prices and growth in sales volumes
- 2017 EBITDA of EUR 44.7 million, down by 5.3% yoy, mainly due to the revaluation of the share option plan and its acceleration related to the change of control of the Company
- The annual target for EBITDA which was set in the range of EUR 43.0-50.0 million was achieved.
- 2017 EBIT of EUR 27.3 million, down by 10.8% yoy
- 2017 Net profit amounted to EUR 8.7 million, down by 38.3% yoy, due to lower EBITDA, higher depreciation and amortization and higher FX differences

Market & Business

- ICIS in Q4 2017 increased slightly from 3Q 2017 levels, up by 4.7% qoq
- The level of inventories of finished goods increased slightly during Q4 2017

Production & Technology

- 2017 production of 109,157 tons, up by 6.3% yoy
- No major unexpected shutdowns or production disruptions in Q4 2017
- No regular maintenance of the production lines in Q4 2017

Key Financial Highlights

EUR (000')	Fourth quarter			Full Year		
	2016	2017	% change	2016	2017	% change
Revenues	48,582	53,420	10.0%	206,353	220,834	7.0%
Operating costs	(36,004)	(39,743)	10.4%	(159,686)	(176,181)	10.3%
EBITDA	12,578	13,677	8.7%	46,668	44,653	(4.3%)
EBITDA margin (%)	25.9%	25.6%	(0.3 pp)	22.6%	20.2%	(2.4 pp)
Profit from operations (EBIT)	8,522	9,028	5.9%	30,561	27,274	(10.8%)
EBIT margin (%)	17.5%	16.9%	(0.6 pp)	14.8%	12.4%	(2.5 pp)
Net profit	1,052	3,507	233.5%	14,079	8,685	(38.3%)
Net profit margin (%)	2.2%	6.6%	4.4 pp)	6.8%	3.9%	(2.9 pp)
Production (tons net of scrap)	25,961	28,836	11.1%	102,691	109,157	6.3%
Number of Employees (average)	568	588	3.5%	568	584	2.8%
Average EUR/CZK exchange rate	27.029	25.650	(5.1%)	27.034	26.326	(2.6%)
Average EUR/USD exchange rate	1.079	1.177	9.1%	1.107	1.130	2.1%
				31 December 2016	31 December 2017	% change
Total assets				385,115	450,904	17.1%
Net debt				160,814	195,009	21.3%

Note: Consolidated unaudited results

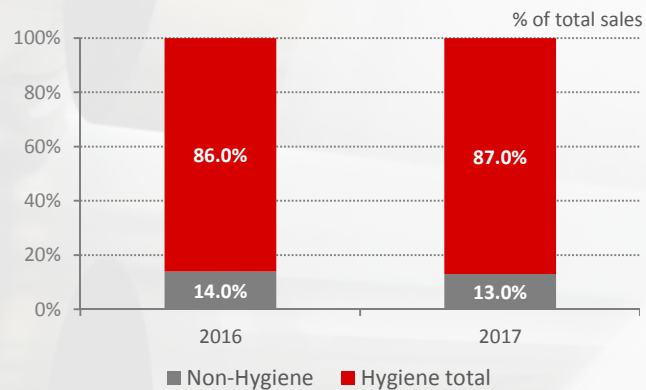
Statement of Comprehensive Income

EUR (000´)	Fourth quarter			Full Year		
	2016	2017	% change	2016	2017	% change
Revenues	48,582	53,420	10.0%	206,353	220,834	7.0%
Raw materials and consumables	(32,807)	(36,996)	12.8%	(146,853)	(160,887)	9.6%
Staff costs	(4,040)	(3,041)	(24.7%)	(12,646)	(14,764)	16.8%
Of which impact of share option plan	(991)	163	n/a	(1,318)	(2,722)	106.5%
Other net operating income/(expense)	843	294	(65.1%)	(187)	(531)	183.9%
EBITDA	12,578	13,677	8.7%	46,668	44,653	(4.3%)
EBITDA margin (%)	25.9%	25.6%	(0.3 pp)	22.6%	20.2%	(2.4 pp)
Depreciation and amortization	(4,056)	(4,649)	14.6%	(16,107)	(17,378)	7.9%
Profit from operations (EBIT)	8,522	9,028	5.9%	30,561	27,274	(10.8%)
EBIT margin (%)	17.5%	16.9%	(0.6 pp)	14.8%	12.4%	(2.5 pp)
FX changes and other fin. income/(expense) (net)	(1,422)	(1,414)	(0.6%)	(3,188)	(7,082)	122.1%
Interest income/(expense) (net)	(1,569)	(1,826)	16.4%	(7,273)	(7,462)	2.6%
Income tax income/(expense) (net)	(4,480)	(2,280)	(49.1%)	(6,021)	(4,045)	(32.8%)
Net profit	1,052	3,507	233.5%	14,079	8,685	(38.3%)
Net profit margin (%)	2.2%	6.6%	4.4 pp	6.8%	3.9%	(2.9 pp)
Other comprehensive income/(expense)	5,958	5,854	(1.8%)	(222)	6,763	n/a
Total comprehensive income	7,010	9,361	33.5%	13,857	15,448	11.5%

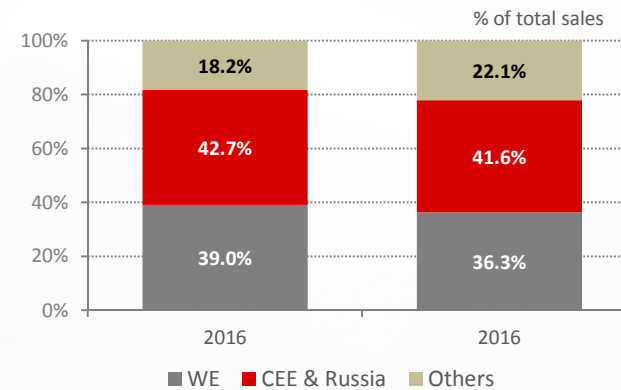
Note: Consolidated unaudited results

Revenue Breakdown

By Product



By Geography

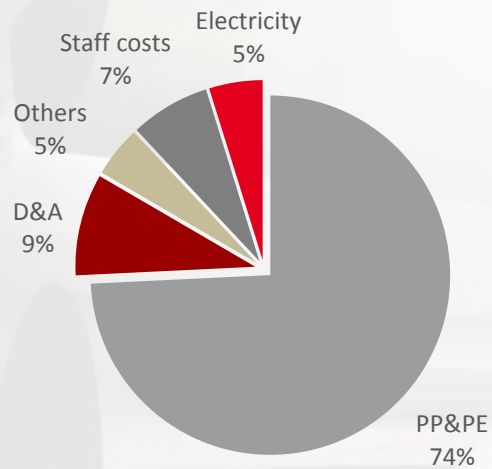


- The continued high proportion of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe
- Sales by geography reflect customer mix and their procurement needs

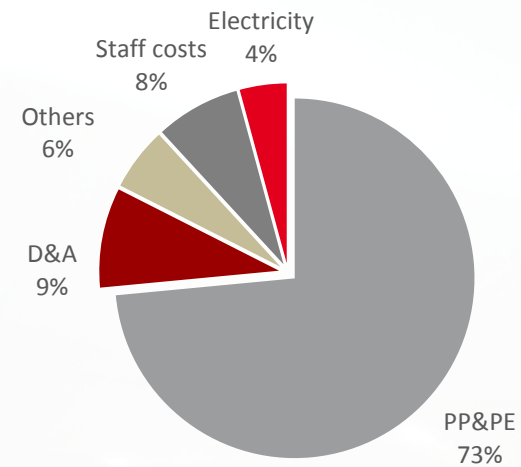
Cost Composition

FY 2016

FY 2017



10.1%



- Staff costs up 16.7% yoy mainly as a result of revaluation of the share option plan
- Electricity cost down 3.2% yoy mainly due to the lower prices for power electricity

Statement of Financial Position

EUR (000')	31 December 2016 (audited)	31 December 2017 (unaudited)	yoy % change
Non-current assets	277,218	290,076	4.6%
Property, plant and equipment	187,288	192,985	3.0%
Intangible assets (including goodwill)	89,930	97,091	8.0%
Current assets	107,897	160,828	49.1%
Inventories	39,914	41,517	4.0%
Trade and other receivables	43,764	60,021	37.1%
Tax receivables	0	0	n/a
Bank balances and cash	24,220	59,290	144.8%
TOTAL ASSETS	385,115	450,904	17.1%
Total share capital and reserves	158,735	162,909	2.6%
Non-current liabilities	205,101	173,767	(15.3%)
Bank loans due after 1 year	0	0	n/a
Deferred tax	20,067	20,248	0.9%
Other long-term liabilities	185,034	153,519	(17.0%)
Current liabilities	21,279	114,228	436.8%
Short-term financial debt	0	100,780	n/a
Trade and other payables	20,553	13,013	(36.7%)
Tax liabilities	726	435	(40.1%)
Provisions	0	0	n/a
TOTAL LIABILITIES	385,115	450,904	17.1%

Note: Consolidated unaudited results

Cash Flow Statement

EUR (000´)	Twelve-month period to		yoy % change
	31 December 2016 (audited)	31 December 2017 (unaudited)	
Profit before tax	20,100	12,730	(36.7%)
Depreciation and amortization	16,107	17,378	7.9%
FX	4,122	(4,246)	n/a
Interest expense	7,367	7,486	1.6%
Other changes in equity	(810)	1,008	n/a
Other financial expense/(income)	(252)	171	n/a
Change in inventories	183	(2,490)	n/a
Change in receivables	7,477	(6,084)	n/a
Change in payables	(9,370)	(10,031)	7.1%
Income tax paid	(1,906)	(4,867)	155.4%
Net cash flow from operating activities	43,018	11,054	(74.3%)
Purchases of property, plant and equipment	(21,078)	(27,595)	30.9%
Net cash flow used in investment activities	(21,078)	(27,595)	30.9%
Change in bank loans	(6,880)	68,946	n/a
Other changes in share capital	(875)	118	n/a
Interest paid	(7,339)	(5,889)	(19.8%)
Other financial income/(expense)	252	(171)	n/a
Net cash flow from financing activities	(14,842)	63,004	n/a
Bank balances and cash at the beginning of the year	28,082	24,219	(13.8%)
Change in cash and cash equivalents	(3,862)	35,071	n/a
Effect of FX fluctuation on cash held	0	0	n/a
Bank balances and cash at the end of the year	24,220	59,290	144.8%

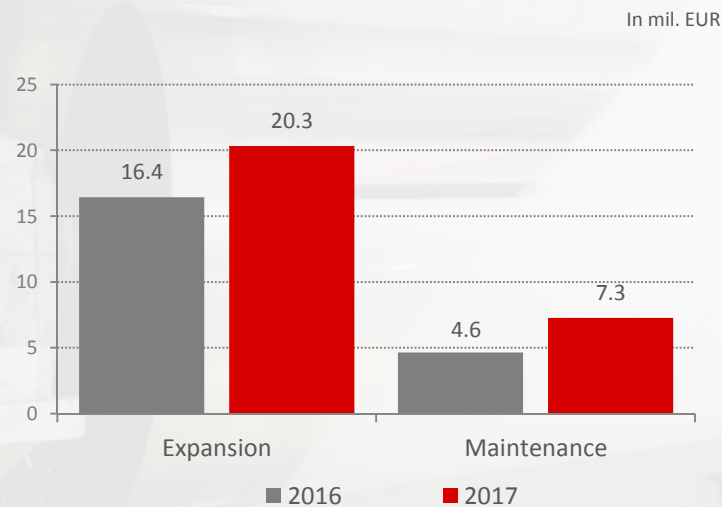
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CAPEX Development

CAPEX in 2017 includes investments into expansion as well as maintenance CAPEX

- Investments into expansion for 2017 included investment into a new BiCo Compact production line in the Czech Republic and into the new production line in South Africa
- 2017 CAPEX guidance of up to EUR 30 million was met

CAPEX for 2017



2018 Guidance

Overview

- Agreements with customers indicate full utilisation of production capacity in 2018
 - Production volume is expected to increase since the production line launched in the second quarter of 2017 will be in operation for the full length of 2018
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EBITDA Guidance

- Based on facts and information known to date, the Company has set the guidance for EBITDA to **CZK 1.22 to 1.38 billion in 2018.**
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CAPEX Guidance

- The Company is planning for total CAPEX in 2018 not to exceed the CZK 1.05 billion level.
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Dividend

- Taking into account the level of net debt and with the objective of strengthening the financial stability of the Company and the accumulation of resources for long-term growth, the Board of Directors shall propose to the annual general meeting that dividends not be paid out for 2017.

Development of Polymer Prices

Polymer Prices Illustrative Index

