



An Indorama Ventures Company



Q3/2021 Financial Results

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We Aspire to Create Nonwoven Innovations to Enhance Quality of Life

Analyst Conference | Disclaimer

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- This information is forward-looking information, which is based on the information known by the Company at the time of this report is being published. This information might not materialize or might materialize in a way that differs from that anticipated, inter alia, if a material change in trend occurs, or due to other parameters that affect the Company's manufacturing costs or the Company's selling prices.
 - This presentation is based on the Company financial reports.
 - There is no data in this presentation that isn't presented in the public financial reports.
 - If there is any discrepancy between this presentation and the data in the financial report that was issued to the Israeli SEC and the TASE, the valid data is the one which appears in the formal reports.
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Analyst Conference I Who We Are

- **Avgol** is a world leader in the development, manufacturing and marketing of nonwoven fabrics for diapers, adult incontinence products, disposable feminine hygiene products, disposable medical products, wipes, etc. The Company also manufactures nonwoven fabrics used as raw material in various non-hygiene products
- Since 2020, the Company flexed into manufacturing and selling fabrics used to produce needed masks, gowns and additional medical products for the COVID-19 pandemic.



Analyst Conference | Who we are



Hygiene Market

Covering Baby diapers,
Feminine Care, Adult
Incontinence, PPE and medical



Raw material

Mainly
Polypropylene



Technology

Spunmelt
Meltblown



Consumer Focus

Working together with our
customer to bring innovative
solutions to the consumers

- Avgol aspires to continue to grow and strengthen its market position by expanding production capacity to meet the continues growth of the hygiene market.
- Our aspiration is to base our growth on developing nonwoven innovative products that will bring a solution to the fast changes in trends and preferences, with the ultimate goal to enhance the quality of life.
- Avgol will continue to focus on the Hygiene segment but will explore other niches within the nonwovens industry which are synergetic to our expertise and technology.



Analyst Conference | Who We Are

Our Vision: We Aspire to Create Nonwoven Innovations to Enhance Quality of Life



Our team

~800 employees in the Global commercial and technical team



Global

5 production sites in Israel, USA, China, Russia and India supplying more than 30 countries



Quality

Committed to serve our customers with on-time, in full supply of materials to specification



Strategy

Global leader in the Nonwovens industry, with broad application and end-use touch points

Indorama Ventures LTD
65.97%

+

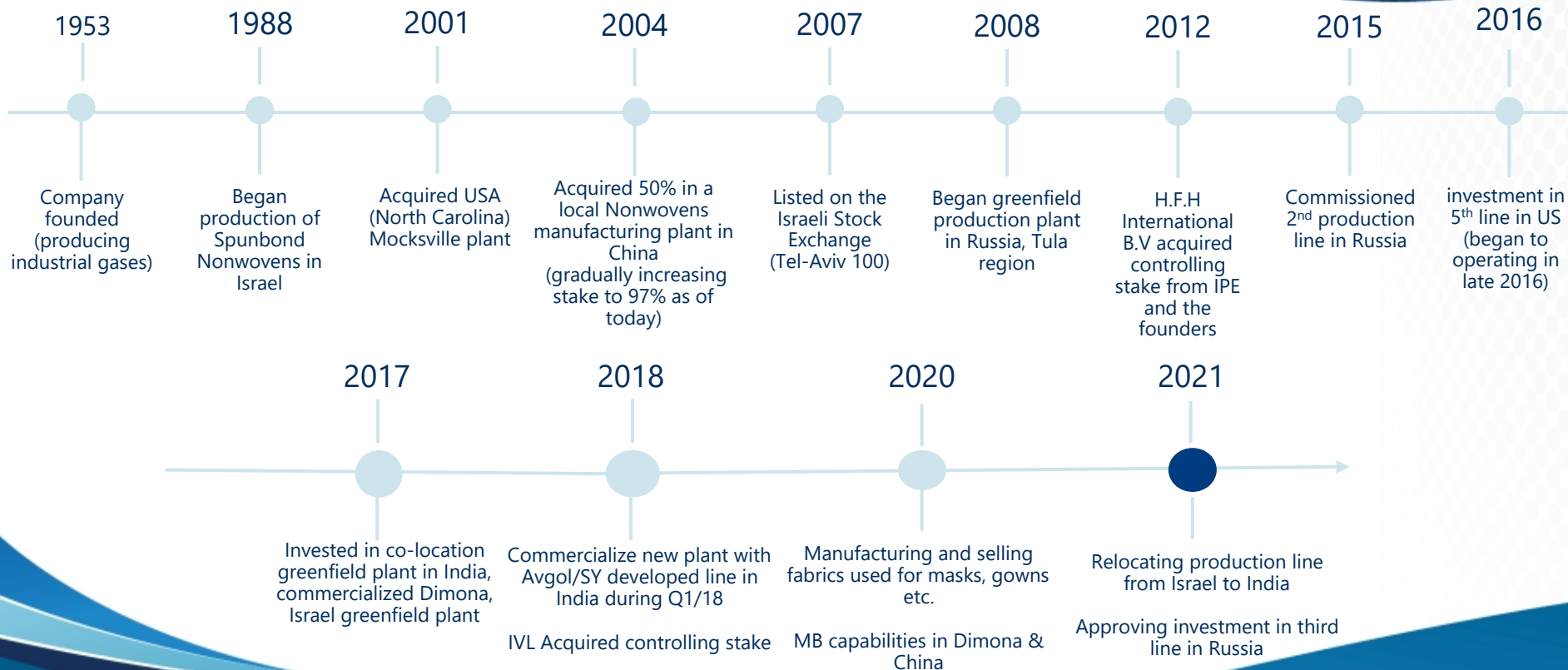
The Public
34.03%

=

AVGOL
Nonwovens



Analyst Conference | Milestones in Avgol's Growth



Analyst Conference | Global Footprint



Analyst Conference | What We Do



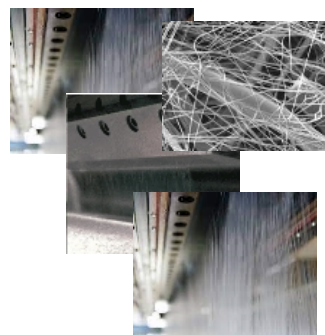
Spunbond

- Conversion of resin directly into fabric
- Forms essentially continuous filaments in the micron diameter range
- Provides strength and base performance



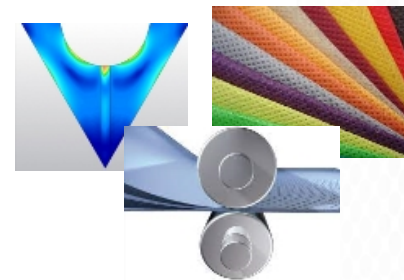
Meltblown

- Conversion of resin directly to a usable material
- Small diameter (micron/submicron) sprayed resin
- Structure useful in filtration and wipe materials



"SMS"

- Fabrics comprised of one or more Spunbond beams and one or more Meltblown beams
- Combination improves barrier, absorbency, and structural performance



Enhancement

- Additives, colorants, topical treatments and post-production modification can be used alone or in combination
- Reduced environmental impact resins and modifiers being advanced by Avgol

Analyst Conference | sustainability

- Avgol established collaboration with Algalife ,utilizing Avgol's nonwoven fabric and Algae technology to produce sustainable component materials and bring skin wellness attributes of algae, into personal care items.
- In Q2'2021 Avgol signed an exclusive partnership with Polymateria regarding a technology for bio transforming polyolefin resin to bioavailable wax (i.e. no micro plastics). Currently developing component materials for use in Hygiene, PPE and Wipe applications.
- Avgol is working with Zschimmer and Schwarz on an organically derived biosurfactant. Such surfactants are used to make polyolefins, which are naturally hydrophobic, to have a higher surface energy and better for fluid management.



Russia Project Update

- The company is investing in a new state of the art manufacturing line in Russia
- Avgol aims to continue to grow and support the CIS market with the newest and most developed products
- First lamination line within Avgol; will expand product catalog to include enhanced value barrier materials such as backsheet for absorbent hygiene products
- The line is targeted to start commissioning process during 2023.



India Project Update

- Avgol continues to focus on strategic growth plans to construct a new plant in India
- The new line will support the growing demand for our products in India
- Reduced reliance on international shipping and related logistic issues
- Commissioning planned for Q2/2022.



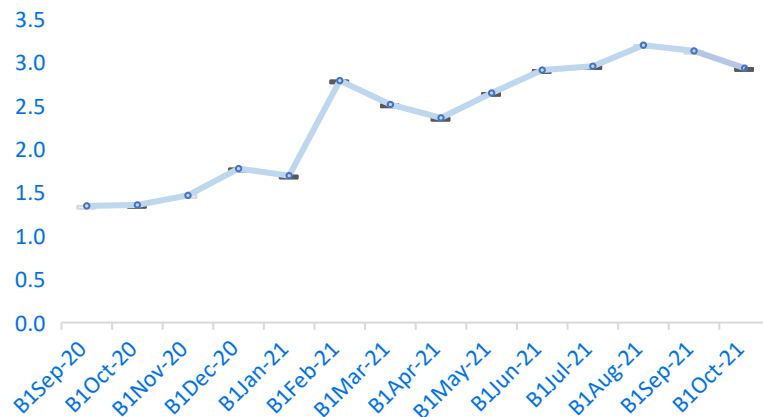


Raw Material Index

During the end of the third quarter of 2021 and the beginning of the fourth quarter, the raw materials price indices have begun an average downtrend. **If this trend continues**, the Company expects it to have a positive impact on the results of the fourth quarter of 2021 .

*CDI US

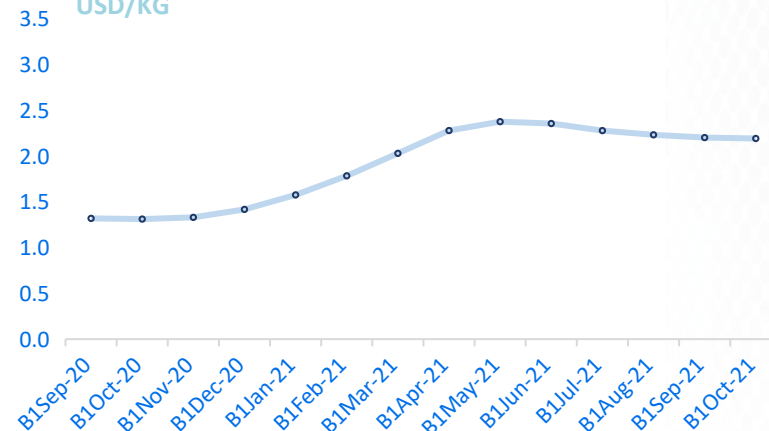
USD/KG



*CDI- North America Polypropylene price index

*ICIS Europe

USD/KG



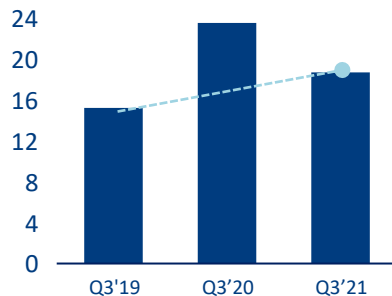
*ICIS Europe- European Polypropylene price index

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3Q'2021 Financial Result

Underlying EBITDA USD Million



Revenues of \$126.9M vs \$93.4M in 3Q'2020

The increase derived from the increase in the raw materials price indices, which triggered an upward revision of the average selling prices, and from a contract renewal with one of the Company's principal customers, which included an increase in the selling prices

Gross Profit of \$14.1M vs \$23.4M in 3Q'2020

The gross profit during the quarter was significantly affected by the surge in raw material prices. The decrease in the gross profit also resulted from the exceptional profitability during the corresponding period last year which demonstrated "above average" profitability due to the high demands for medical products as a result of the Covid-19 pandemic. During 2021, the said demands and the prices for nonwoven fabrics used for medical products began declining.

Underlying EBITDA of \$18.6M vs \$23.5M in 3Q'2020

we succeeded in improving our underlying profitability compared to pre-Covid periods, through better product mix, improved pricing and high operational efficiency

3Q'2021 Financial Result

EBITDA of \$11.8M vs \$22M in 3Q'2020

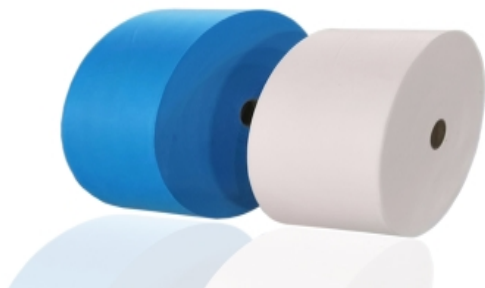
In the fourth quarter of 2020, as a result of the Covid-19 crisis, demands for PP increased significantly. This increase in demand as well as supply chain disruptions caused a surge in raw material prices and materially affected the Company's profitability

Net Financing of \$2.4M vs \$3.2M in 3Q'2020

The majority of the decrease in the net financial expenses derived mainly from a reduction in interest costs. Additionally, the exchange-rate differential expenses decreased by about USD 0.3 million.

Operating cash flow of \$23.7M vs \$11.8M in 3Q'2020

The increase in the cash flow during the third quarter of 2021 compared to the corresponding quarter last year is derived mainly from changes in the balances of working capital.





Analyst Conference I Quarterly Financials Highlights

USD Mn	Q3'21	Q2'21	Q1'21	Q4'20	Q3'20
Revenues, net	127.0	112.0	96.0	96.0	93.4
Gross Profit	14.1 <i>11.1%</i>	15.2 <i>13.6%</i>	10.4 <i>10.9%</i>	19.3 <i>20.1%</i>	23.4 <i>25.1%</i>
Net Profit	1.1 <i>0.8%</i>	0.6 <i>0.5%</i>	0.2 <i>0.2%</i>	2.4 <i>2.5%</i>	8.3 <i>8.9%</i>
EBITDA	11.8 <i>9.3%</i>	12.8 <i>11.4%</i>	8.2 <i>8.6%</i>	17.6 <i>18.4%</i>	22.0 <i>23.6%</i>
EBITDA Underlying	18.6 <i>19.5%</i>	21.8 <i>19.5%</i>	20.0 <i>20.8%</i>	21.2 <i>22.1%</i>	23.5 <i>25.1%</i>
Net Debt/EBITDA	2.79	2.46	1.70	1.41	1.47

Analyst Conference I Balance Sheet



	As on Sep 30 2021 000' USD	As on Dec 31 2020 000' USD
CURRENT ASSETS		
Cash and cash equivalents	69,603	75,471
Trade receivables	35,137	31,744
Other receivables and debit balances	5,904	4,132
Current tax assets	7,405	5,042
Derivatives	2,102	2,547
Inventories	55,303	41,453
Total Current Assets	175,454	160,389
NON-CURRENT ASSETS		
Property, plant and equipment, net	297,508	292,463
Derivatives	6,891	7,031
Deferred tax assets	1,266	555
Intangible assets	2,271	2,836
Long-term debit balances	590	557
Total Non-current Assets	308,526	303,442
TOTAL ASSETS	483,980	463,831

	As on Sep 30 2021 000' USD	As on Dec 31 2020 000' USD
CURRENT LIABILITIES		
Short-term credit and current maturities of long-term loans from banking corporations	20,080	10,866
Current maturities of long-term bonds	36,425	36,481
Trade payables	41,290	27,309
Current tax liabilities	1,828	1,565
Other payables and credit balances	28,594	24,545
Total Current Liabilities	128,217	100,766
NON-CURRENT LIABILITIES		
long term payables	3,767	5,386
Long-term loans from banking corporations	34,076	41,869
Bonds	120,498	120,658
Employee benefit liabilities	100	172
Deferred tax liabilities	19,948	20,188
Total Non-current Liabilities	178,389	188,273
EQUITY		
Equity attributable to shareholders of the parent company	176,933	174,385
Noncontrolling interests	441	407
Total Equity	177,374	174,792
Total LIABILITIES AND EQUITY	483,980	463,831