

למסמך הנגיש לחץ כאן

Financial Results

Q1/2022

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Analyst Conference | Disclaimer

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 - 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.
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Analyst Conference | 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, fabrics used to produce masks, gowns and additional medical products.

The Company also manufactures nonwoven fabrics used as raw material in various non-hygiene products.





Hygiene Market

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



Raw material

Mainly Polypropylene



Technology

Spunmelt / Meltblown



Consumer Focus

Working to bring innovative solutions

We aspire to:

- grow and strengthen our position by expanding production capacity to meet the continuous growth in the hygiene market
- bring innovative nonwoven products that will bring better solutions to regional trends and preferences
- be the definitive leader in the commercialization of nonwoven spunlaid materials that have reduced impact on the environment

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.
- A production site under construction in India that is expected to commence commercial operations during Q2.22.



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 | What We Do



Spunbond

- Provides strength and base performance
- Structure useful in filtration and wipe materials



Meltblown



"SMS"

- Combination of one or more Spunbond beams and one or more Meltblown beams



Enhancement

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

Analyst Conference | sustainability

- We are continuing our efforts to achieve our innovation strategy targets and to lead the nonwoven fabrics market towards unique solutions in the field of sustainability, including our collaboration with Polymateria to develop Biodegradable Nonwoven fabrics.
- In 2022 Avgol began a key initiative to reduce the amounts of plastic resin used in certain products by incorporating newly developed fillers and related agents. The use of such fillers allows for less resin to achieve same or similar physical performance in the fabrics with a more natural appearance.



New Plant India | Project Update

- Avgol continues to focus on strategic growth ,including the construction of a new plant in India, we completed the construction stage of the building, and the production line is now in the trial-run stage
- The new plant will support the growing demand for our products in India with reduced reliance on international shipping and related logistic issues.

Total planned investment : USD 18 million

Commissioning planned during Q2/2022

New Line in Russia | Project Update

- The uncertainty created following the Russian invasion of the Ukraine and the sanctions imposed on Russia prompted great uncertainty on the Russian market landscape, and in specific, our ability to import equipment into Russia. The company continues to closely monitor the situation there, while in parallel consider alternative locations for the new production line, originally planned to be established in the Company's plant in Russia.



Analyst Conference | Quarterly Financials Highlights

USD Mn	Q1'22	Q4'21	Q3'21	Q2'21	Q1'21
Revenues, net	115	137	127	112	96
Gross Profit	26	25	14	15	10
Net Profit	12	6	1	1	-
	10.7%	4.7%	0.8%	0.5%	0.2%
EBITDA	23	22	12	13	8
	20.3%	16.2%	9.3%	11.4%	8.6%
EBITDA Underlying	16	20	19	22	20
	13.7%	14.5%	14.7%	19.5%	20.8%
Net Debt/EBITDA	2.20	2.65	2.79	2.46	1.70

Financial Results

1Q'2022

Revenues of \$114.7M vs \$96.0M in 1Q'2021

The price level of the raw materials at the end of 2021 was higher than the price level at the end of 2020, leading to an increase in the company's revenues during the quarter compared to the corresponding period last year. Quantity sold was down 10% due to lower demands in China and due to disruptions in the supply chain, which were caused, inter alia, by the Russian invasion of the Ukraine and affected the sales out of the Company's plants in Russia and in Dimona.

Gross Profit of \$26.0M vs \$10.4M in 1Q'2021

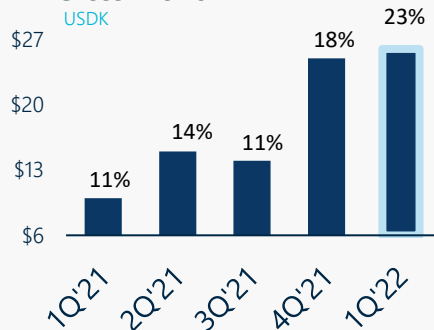
A downtrend in the raw materials price indices began during the fourth quarter of 2021, after continuous increases during the first 3 quarters of 2021, resulting in an increase in the gross profit during the period.

SG&A expenses of \$9.1M vs \$9.1M in 1Q'2021

selling and marketing expenses remained stable despite the sharp increase in logistics and transportation rates, offsetting other G&A savings.

Gross Profit

USDK

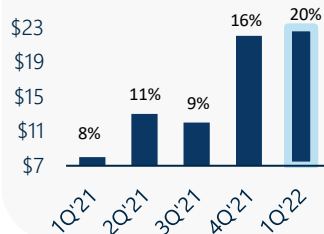


Financial Results

1Q'2022

EBITDA

USDK

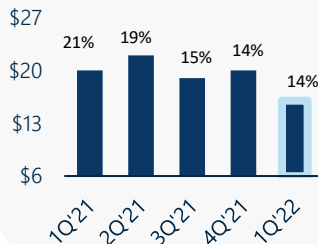


EBITDA of \$23.2M vs \$8.2M in 1Q'2021

The decrease in Polypropylene prices during the fourth quarter of 2021, positively affected our margins during the period, resulting in \$7.5M of Lag effect gains, compared to a sharp increase in Raw material prices during the corresponding period last year, which had a sever negative effect over the financial results in Q1'21.

Underlying EBITDA

USDK



Underlying EBITDA of \$15.7M vs \$20.0M in 1Q'2021

The decrease in the underlying EBITDA compared to the corresponding period last year derived mainly from the decrease in quantity sold, and an increase in shipping expenses.

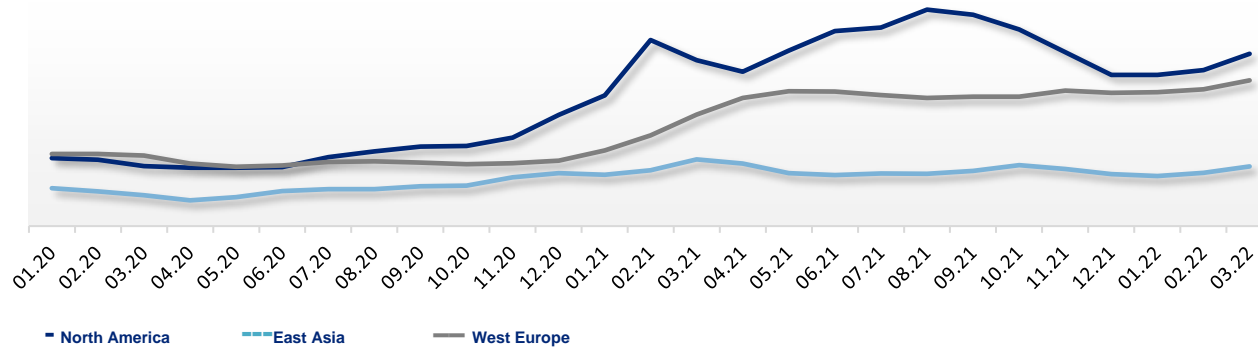
The underlying EBITDA is the EBITDA after neutralizing the effects of the changes in the raw materials price indices during the period, which derive both from the change in the purchase prices of the raw materials and from the update of the selling prices, which are updated quarterly as a result of the changes in the indices.

Raw Material | Polypropylene Price Index

During the fourth quarter of 2021, the raw materials price indices began an average downward trend. At the end of the current quarter, the raw materials prices indices began rising again, which derived, inter alia, as a result of the war between Russia and the Ukraine and the sanctions imposed on Russia, which constitutes a major player in the energy market.

If this trend continues, the Company expects it to have a negative impact on the results of the second quarter of 2022.

\$/KG



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Financial Result

1Q'2022

Net Financing of \$1.2M vs \$0.4M in 1Q'2021

Exchange-rate differential income decreased during the period by about USD 1.1 million compared to the corresponding period last year.

The interest expenses in respect of long-term loans, bonds and factoring decreased by about USD 0.1 million compared to the corresponding period last year.

Net Profit of \$12.3M vs \$0.1M in 1Q'2021

The increase derived mainly from the increase in gross profit, which were partially offset by the higher income tax expenses.

Operating cash flow of \$4.3M vs \$(6.3)M in 1Q'2021

The increase derived from the increase in profit and was partially offset by an increase in inventories.

Analyst Conference | Balance Sheet



	As on Mar 31 2022 K'USD	As on Dec 31 2021 K'USD
CURRENT ASSETS		
Cash and cash equivalents	48,890	65,941
Deposits	1,042	-
Trade receivables	44,791	45,884
Other receivables and debit balances	5,843	6,068
Current tax assets	3,539	1,689
Derivatives	3,235	3,058
Inventories	56,315	43,409
Total Current Assets	163,655	166,049
NON-CURRENT ASSETS		
Property, plant and equipment, net	305,396	309,670
Derivatives	5,190	5,733
Deferred tax assets	314	790
Long-term Tax balances	3,708	3,882
Intangible assets	2,034	2,138
Long-term debit balances	3,000	752
Total Non-current Assets	319,642	322,965
TOTAL ASSETS	483,297	489,014

	As on Mar 31 2022 K'USD	As on Dec 31 2021 K'USD
CURRENT LIABILITIES		
Short-term credit and current maturities of long-term loans from banking corporations	10,960	19,443
Current maturities of long-term bonds	37,682	37,429
Trade payables	41,013	38,800
Current tax liabilities	1,172	1,858
Other payables and credit balances	21,614	19,889
Total Current Liabilities	112,441	117,419
NON-CURRENT LIABILITIES		
long term payables	3,443	3,706
Long-term loans from banking corporations	75,585	77,918
Bonds	83,996	85,861
Employee benefit liabilities	170	198
Deferred tax liabilities	19,546	19,802
Total Non-current Liabilities	182,740	187,485
EQUITY		
Equity attributable to shareholders of the parent company	187,652	183,646
Noncontrolling interests	464	464
Total Equity	188,116	184,110
Total LIABILITIES AND EQUITY	483,297	489,014



SAY HELLO!

Avgol is proud to support our clients with outstanding technical service and support

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We Aspire to Create Nonwoven Innovations
to Enhance Quality of Life

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