

למסמך הנגיש לחץ כאן

Financial Results

Q2/2022

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Analyst Conference | Disclaimer

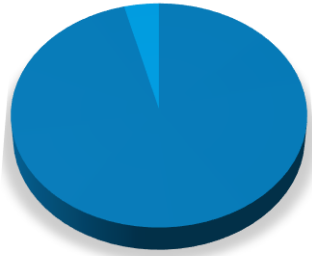
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- This information is forward-looking information, which is based on the information known by the Company at the time of this report is being published. This information might not materialize or might materialize in a way that differs from that anticipated, 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.
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AVGOL Market



■ Hygiene ■ Other

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.



Analyst Conference | Who we are

Hygiene Market



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

Raw Material



Mainly Polypropylene

Technology



Spunmelt / Meltblown

Sustainability



Biodegradable NW

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

6 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%

=



Analyst Conference | What We Do

Spunbond



Provides strength and base performance

Meltblown



Structure useful in filtration and wipe materials

"SMS"



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

New Plant India | Project Update

- we continue to focus on strategic growth ,including the construction of a new plant in India, we have completed the construction stage of the building, and the production line is now in the trial-run stages. The grand opening of the plant has been done during June, 2022 in presence of esteemed customers, senior management & stakeholders.

Total planned investment : USD 18 million

Commissioning planned during Q3/2022

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	Q2'22	Q1'22	Q4'21	Q3'21	Q2'21
Revenues, net	100	115	137	127	112
Gross Profit	13	26	25	14	15
	13.0%	22.7%	18.1%	11.1%	13.5%
Net Profit	5	12	6	1	1
	5.0%	10.7%	4.7%	0.8%	0.5%
EBITDA	12	23	22	12	13
	12.0%	20.3%	16.2%	9.3%	11.4%
EBITDA Underlying	14	16	20	19	22
	14.0%	13.7%	14.5%	14.7%	19.5%
Net Debt/EBITDA	2.15	2.20	2.65	2.79	2.46

Financial Results

2Q'2022

Revenues of \$100M vs \$112M in 2Q'2021

Order from Russian customers decreased, due to crisis between Russia and Ukraine and its impact on the business operations of the Company's customers in Russia, which had difficulties importing raw materials and equipment needed for their manufacturing operations.

The persistent disruptions in the supply chain, which intensified following the crisis affected the sales at the Company's plants, particularly at the Company's plant in Dimona, since most of its sales are export sales.

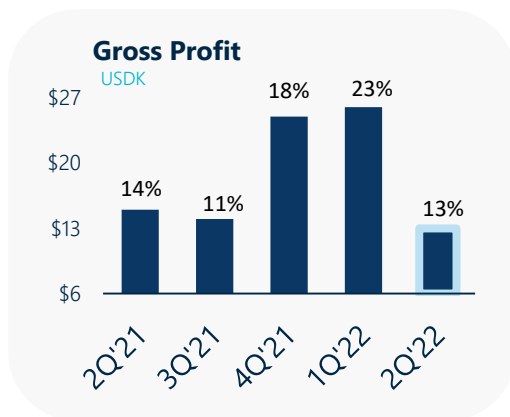
Gross Profit of \$13.4M vs \$15.2M in 2Q'2021

The continuing crisis between Russia and Ukraine and its local and global repercussions resulted in damage to the Company's profitability due to the decrease in the sales quantities

The raw materials price indices during the second quarter of 2022 resulted in a negative impact of about USD 2.3 million compared to USD 9.0 million in the corresponding quarter last year.

SG&A expenses of \$8.1M vs \$9.4M in 2Q'2021

Selling and marketing expenses decrease mostly affected by a decrease in transport and storage costs as a result of the lower quantities sold, mainly with overseas customers due to high shipping rates.

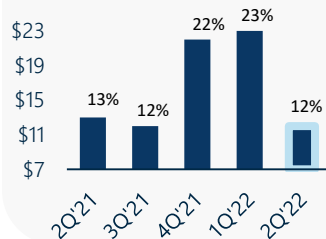


Financial Results

2Q'2022

EBITDA

USDK

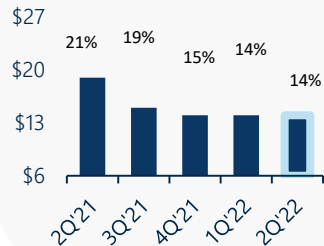


EBITDA of \$12.0M vs \$12.8M in 2Q'2021

The spread in Polypropylene prices indices caused a negative impact on our margins during the quarter, of about \$2.3M compared to the corresponding quarter last year when the impact was negative of about \$9.0 million.

Underlying EBITDA

USDK



Underlying EBITDA of \$14.3M vs \$21.8M in 2Q'2021

The decrease in the underlying EBITDA compared to the corresponding period last year derived mainly from the decrease in quantity sold, partially offset by the decrease in the operating expenses.

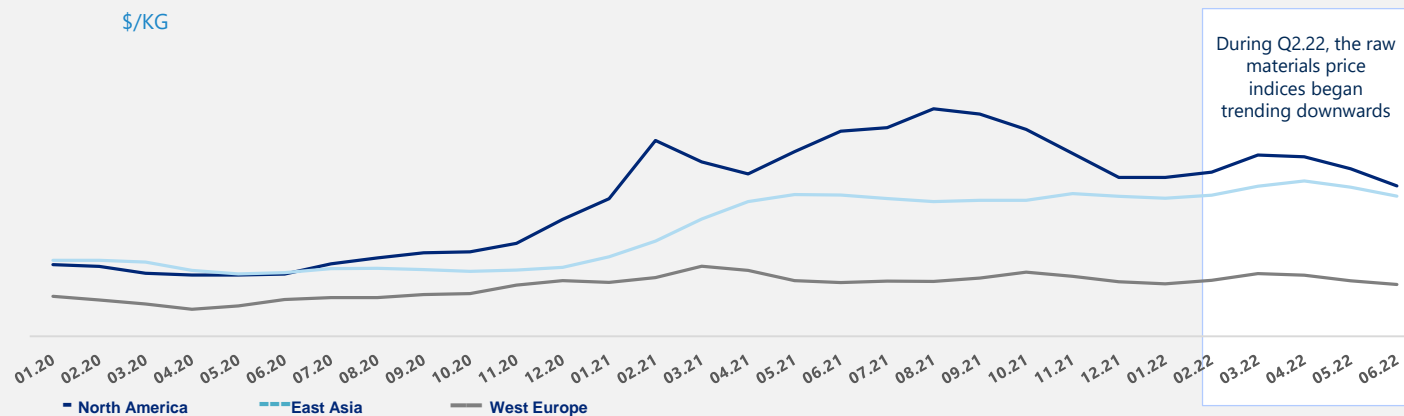
The decrease in sales due to our customers' production shutdowns in Russia negatively affected the Underlying EBITDA by \$2.6M

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 current quarter and correct to the publication date of this report, the raw materials price indices began falling.

If this trend continues, the Company expects it to have a favorable impact on its results during the third quarter of 2022.



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Financial Result

2Q'2022

Net Financing income of \$1.2M vs Net Financing expense \$4.6M in 2Q'2021

Exchange-rate differential income increased during the period by about \$ 4.8 million compared to the corresponding period last year, Exchange-rate differentials are mainly related to our Shekel denominated bonds.

The interest expenses in respect of long-term loans, bonds and factoring decreased by about \$ 0.4 million compared to the corresponding period last year.

Net Profit of \$5.0M vs \$0.6M in 2Q'2021

The increase derived mainly from the increase in net financing income , which were partially offset the decrease in the gross profit.

Operating cash flow of \$17.6M vs \$0.3M in 2Q'2021

The increase derived from the increase in profit and reduction in working capital.

Analyst Conference I Balance Sheet



	As on June 30 2022 K'USD	As on Dec 31 2021 K'USD
CURRENT ASSETS		
Cash and cash equivalents	59,188	65,941
Deposits	672	-
Trade receivables	37,291	45,884
Other receivables and debit balances	6,264	6,068
Current tax assets	464	1,689
Derivatives	1,396	3,058
Inventories	63,470	43,409
Total Current Assets	168,745	166,049
NON-CURRENT ASSETS		
Property, plant and equipment, net	338,003	309,670
Derivatives	2,617	5,733
Deferred tax assets	291	790
Long-term Tax balances	5,369	3,882
Intangible assets	1,913	2,138
Long-term debit balances	3,246	752
Total Non-current Assets	351,439	322,965
TOTAL ASSETS	520,184	489,014

	As on June 30 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	10,980	19,443
Liabilities in respect of derivatives	1,249	-
Current maturities of long-term bonds	34,469	37,429
Trade payables	39,969	38,800
Current tax liabilities	291	1,858
Other payables and credit balances	19,086	19,889
Total Current Liabilities	106,044	117,419
NON-CURRENT LIABILITIES		
long term payables	3,028	3,706
Long-term loans from banking corporations	72,418	77,918
Bonds	79,969	85,861
Employee benefit liabilities	147	198
Deferred tax liabilities	26,438	19,802
Total Non-current Liabilities	182,000	187,485
EQUITY		
Equity attributable to shareholders of the parent company	231,709	183,646
Noncontrolling interests	431	464
Total Equity	232,140	184,110
Total LIABILITIES AND EQUITY	520,184	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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