

למסמך הנגיש לחץ כאן

Financial Results

Q3/2022

Tommi Bjornman – CEO

Sivan Yedidsion – CFO

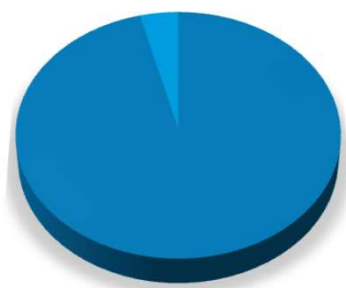


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- This presentation is based on the Company financial reports.
- There is no data in this presentation that isn't presented in the public financial reports.
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AVGOL Market



■ Hygiene ■ Other

Analyst Conference | Who We Are

AVGOL is a world leader in the development, manufacturing and marketing of spunlaid nonwoven fabrics for diapers, adult incontinence products, disposable feminine hygiene products, wipes, and component materials used to produce masks, gowns and other 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

Reducing demands on Crude Oil

Replacement of NW raw materials with Sustainable Alternatives

Higher performance from less raw material

We aspire to:

- develop and strengthen our commercial position by expanding production capacity to meet the continuous growth in the hygiene market
- introduce 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%

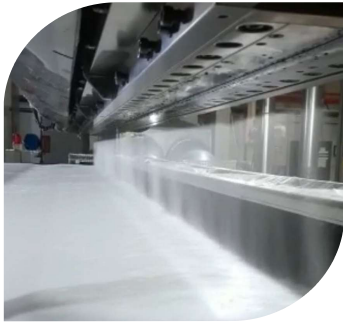
+

The Public
34.03%

=



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

Technical Advancement| Biotransformation

- Use of Biotransformation technology, originally sourced from Polymateria LTD in London, is being developed to achieve direct replacement into existing Spunbond, Meltblown, and SMS fabrics. Avgol is collaborating with key partners to develop new systems, applications, and products, where the end-of-life behaviors are more controllable in use or recycling without generating any formation of microplastics.

Project Update

- **New line Russia** | due to the war in Europe, and after examining the geopolitical and commercial situation, it is resolved that the Company will not continue its activities for the establishment of the Company's new line at the Company's site in Russia. We are currently evaluating several alternative locations for new line, including our existing sites as well as new geographies.
- **New line India** | we continue to focus on strategic growth in the Indian market. We recently concluded the construction and installation of the relocated manufacturing line from the plant in Barkan, and we are now focusing on commissioning the line and gradually ramp-up sales.



Analyst Conference | Quarterly Financials Highlights

USD Mn	Q3'22	Q2'22	Q1'22	Q4'21	Q3'21
Revenues, net	110	100	115	137	127
Gross Profit	18	13	26	25	14
	16.8%	13.4%	22.7%	18.1%	11.1%
EBIT	9	5	17	16	5
	7.8%	5.3%	14.7%	11.5%	3.7%
Net Profit	6	5	12	6	1
	5.0%	5.1%	10.7%	4.7%	0.8%
EBITDA	16	12	23	22	12
	14.7%	12.0%	20.3%	16.2%	9.3%
EBITDA Underlying	9	14	16	20	19
	7.9%	14.0%	13.7%	14.5%	14.7%
Net Debt/EBITDA	1.87	2.15	2.20	2.65	2.79

Financial Results

3Q'2022

Revenues of \$110M vs \$127M in 3Q'2021

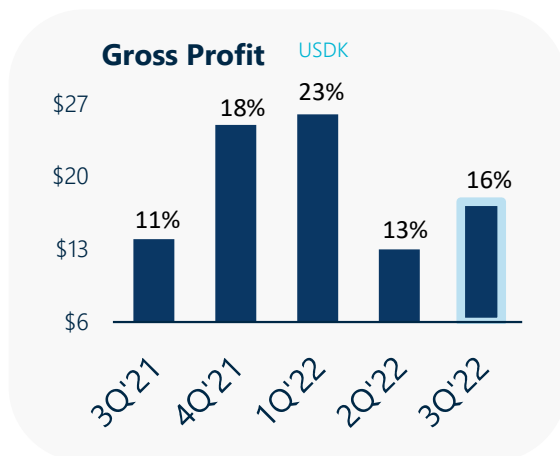
The third quarter was largely impacted by the Russian invasion of Ukraine, which led to a decrease in orders from Russian customers, as well as from the global economic slowdown across other regions, which negatively influenced sales volumes.

Gross Profit of \$18.4M vs \$14.1M in 3Q'2021

A decrease in the purchase price of raw material led to an increase in the gross profit due to the lag in our selling price update, linked to the raw material indices. This was partially offset by increasing costs and lower sales volumes.

SG&A expenses of \$9.0M vs \$8.9M in 3Q'2021

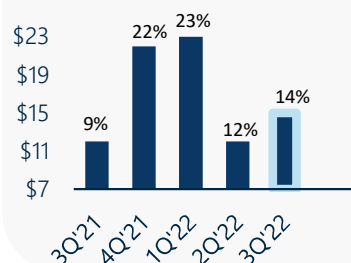
The company managed to maintain a balanced level of SG&A expenses despite inflationary pressures.



Financial Results

3Q'2022

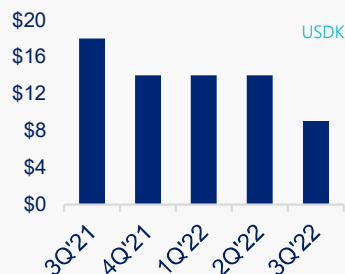
EBITDA USDK



EBITDA of \$16.2M vs \$11.8M in 3Q'2021

EBITDA includes positive impact of about \$7.5M in the spread of the Polypropylene prices indices, compared to a negative impact of \$6.7M in Q3'21.

Underlying EBITDA



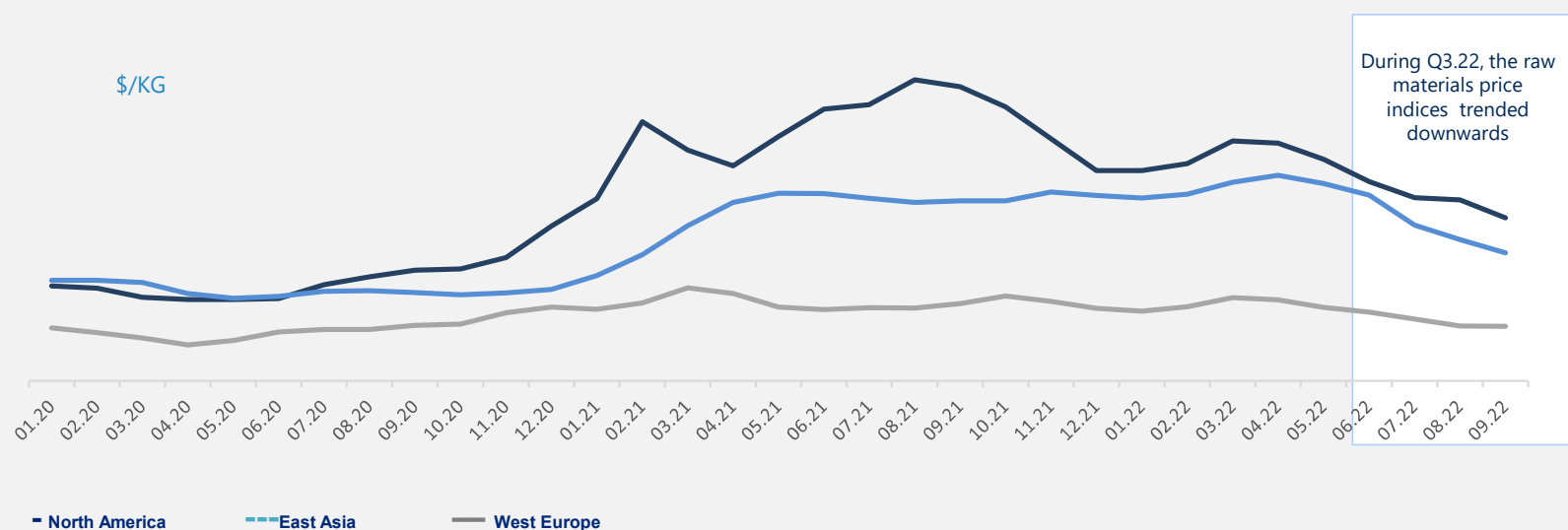
Underlying EBITDA of \$8.6M vs \$18.6M in 3Q'2021

2022 is characterized by macro-economic challenges that affected our customers' sales volumes throughout the world. The global economic slowdown together with the effects of the war between Russia and the Ukraine resulted in a decline in sales quantities and profitability.

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 are in an average downwards trend. **If this trend continues**, the Company expects it to have a favorable impact on its results during the fourth quarter of 2022.



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Financial Result

3Q'2022

Net Financing expense of \$1.2M vs \$2.3M in 3Q'2021

Net finance expense in Q3.22 included \$1.2M exchange rate differential income, mainly related to the un-hedged portion of Bond C. The company was not significantly affected by the increase in interest rates, since the majority of the its debt has a fixed interest rate.

Net Profit of \$5.5M vs \$1.1M in 3Q'2021

Mainly affected from the increase in the operating profit and lower finance expenses, partially offset by the increase in income tax expenses.

Operating cash flow of \$7.2M vs \$23.7M in 3Q'2021

The decrease derived mainly from the increase in the balance of trade receivables as a result of the reduction in the factoring levels executed by the Company during the period.



Analyst Conference I Balance Sheet

AVGOL®
Nonwovens

An Indorama Ventures Company

	As on Sep 30 2022 K'USD	As on Dec 31 2021 K'USD
CURRENT ASSETS		
Cash and cash equivalents	62,209	65,941
Trade receivables	49,822	45,884
Other receivables and debit balances	5,506	6,068
Current tax assets	154	1,689
Derivatives	1,192	3,058
Inventories	49,722	43,409
Total Current Assets	168,605	166,049
NON-CURRENT ASSETS		
Property, plant and equipment, net	324,329	309,670
Derivatives	2,239	5,733
Deferred tax assets	330	790
Long –term Tax balances	4,997	3,882
Intangible assets	1,782	2,138
Long-term debit balances	3,312	752
Total Non-current Assets	336,989	322,965
TOTAL ASSETS	505,594	489,014

	As on Sep 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	13,054	19,443
Liabilities in respect of derivatives	1,340	-
Current maturities of long-term bonds	34,196	37,429
Trade payables	32,841	38,800
Current tax liabilities	65	1,858
Other payables and credit balances	25,652	19,889
Total Current Liabilities	107,148	117,419
NON-CURRENT LIABILITIES		
long term payables	2,893	3,706
Long-term loans from banking corporations	70,077	77,918
Bonds	79,433	85,861
Employee benefit liabilities	124	198
Deferred tax liabilities	24,607	19,802
Total Non-current Liabilities	177,134	187,485
EQUITY		
Equity attributable to shareholders of the parent company	220,932	183,646
Noncontrolling interests	380	464
Total Equity	221,312	184,110
Total LIABILITIES AND EQUITY	505,594	489,014



SAY HELLO!

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

To find out more about how Avgol can support your baby care diaper range developments, please visit avgol.com or contact us at: avgolinfo@avgol.com

We Aspire to Create Nonwoven Innovations
to Enhance Quality of Life

INDORAMA
VENTURES

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ISRAEL

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