

למסמך הנגיש לחץ כאן

Financial Results

Q4/2022

Tommi Bjornman – CEO

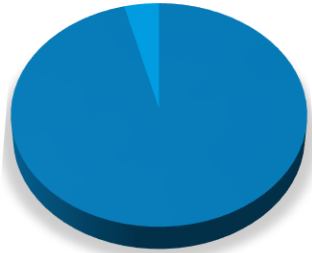
Sivan Yedidsion – CFO



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.
 - 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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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

USA Expansion | Project Update

In December 2022, the company's Board of Directors decided to establish a new production line in our **North Carolina, USA** facility, as an alternative to the originally planned expansion in Russia.

The addition of this new Reicofill 5 machine will expand the company's existing production capacity by 20KMT annually, offering better efficiency and more advanced products to serve the growing North American market.

Total planned investment : USD 90 million

Commissioning planned during Q4/2024



Excellence Award From P&G | News

In 2022, the company was awarded the prestigious **Supplier Excellence Award** by Procter & Gamble, a leading global brand.

The award was in recognition of Avgol's significant service performance as a supplier to the P&G Baby Care Business Unit, over the last fiscal year.

Avgol Honored by Procter & Gamble

Nonwovens producer named a notable and valuable supplier to P&G baby care business

Avgol® Wins Supplier Excellence Award From Procter & Gamble



Financial Results 2022



Analyst Conference | Quarterly Financials Highlights

USD Mn	Q4'22	Q3'22	Q2'22	Q1'22	Q4'21
Revenues, net	103	110	100	115	137
Gross Profit	19	18	13	26	25
	18.6%	16.8%	13.4%	22.5%	18.1%
EBIT	9.7	9	5	17	16
	9.5%	7.8%	5.3%	14.7%	11.5%
Net Profit	5	6	5	12	6
	4.6%	5.0%	5.1%	10.5%	4.7%
EBITDA	18	16	12	23	22
	17.1%	14.7%	12.0%	20.1%	16.2%
EBITDA Underlying	9	9	14	16	20
	9.2%	7.9%	14.4%	13.5%	14.5%
Net Debt/EBITDA	1.82	1.87	2.15	2.22	2.65

Financial Results

4Q'2022

Revenues of \$102.5M vs \$136.6M in 4Q'2021

The fourth quarter was largely impacted by the decline in polypropylene prices to which our sales prices are linked to, together with lower sales volumes, largely affected by the Russian invasion of Ukraine, as well as the global economic slowdown across other regions.

Gross Profit of \$19.0M vs \$24.7M in 4Q'2021

The Gross Profit in 4Q'22 includes a positive impact of about \$8.1M in lag effect, compared to a positive impact of \$2.4M in 4Q'21.

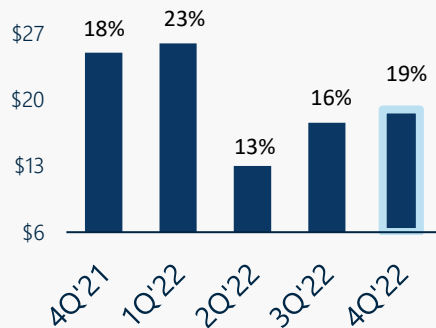
The gross profit was impacted mainly by lower sales volumes and increasing energy cost, together with the realization of relatively high-cost inventory, along the decline in raw material prices during the period.

SG&A expenses of \$8.1M vs \$8.8M in 4Q'2021

Despite inflationary pressures, operating costs remained stable, together with a gradual decrease in logistics costs.

Gross Profit

USDK



Financial Results

4Q'2022

EBITDA of \$17.6M vs \$22.2M in 4Q'2021

EBITDA includes a positive impact of about \$8.2M in the spread of the Polypropylene price indices, compared to a negative impact of \$2.4M in Q4'21.

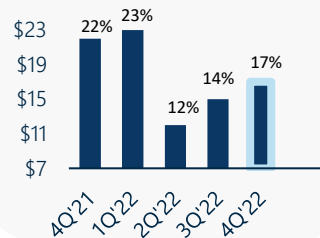
Underlying EBITDA of \$9.4M vs \$19.8M in 4Q'2021

2022 is characterized by macro-economic challenges affecting our customers' sales volumes throughout the world. The global economic slowdown together with the impact of the Russia-Ukraine war 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.

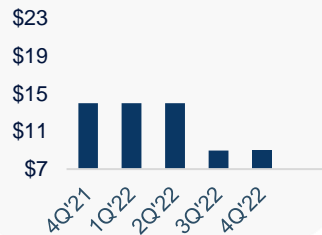
EBITDA

USDK



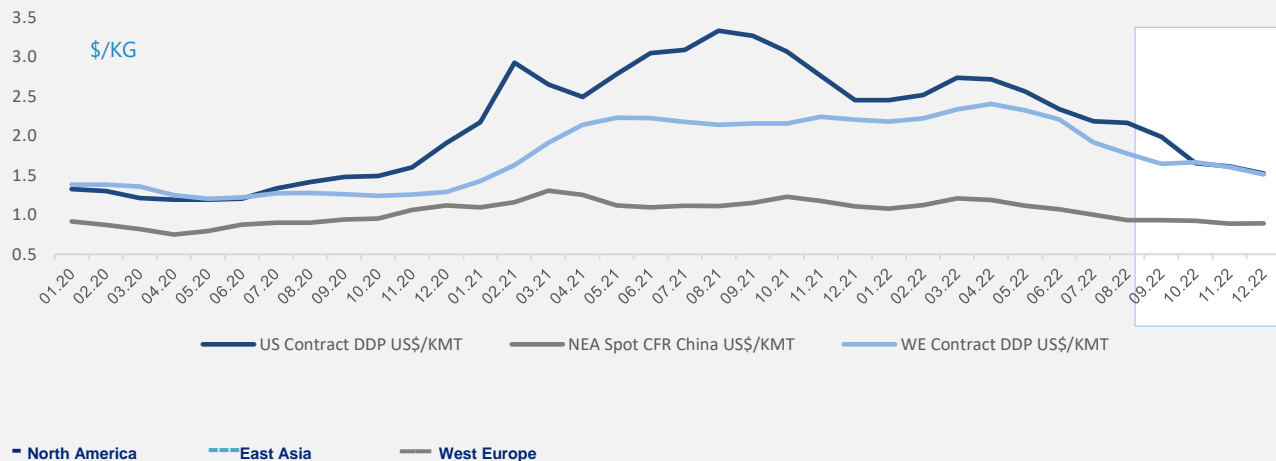
Underlying EBITDA

USDK



Raw Material | Polypropylene Price Index

During Q4'22 raw materials price indices continued the downward trend. If continues, the Company expects this trend to have a positive impact on its results in the first quarter of 2023.



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Financial Results

4Q'2022

Net Financing expense of \$3.3M vs \$5.6M in 4Q'2021

Net finance expense in Q4.22 included \$0.7M exchange rate differential expense, mainly related to the un-hedged portion of Bond C.

In Q4'21 we successfully refinanced \$50M at a fixed interest rate, which together with our fixed interest bonds, protected us from the increases in interest rates.

Net Profit of \$4.7M vs \$6.4M in 4Q'2021

Mainly affected by the decrease in the operating profit, partially offset by the decrease in income tax expenses., capping net profits of \$27.5 for the entire year.

Operating cash flow of \$21.7M vs \$8.0M in 4Q'2021

The increase derived due to meticulous control over working capital level, primarily reducing Inventory levels.



Analyst Conference | Balance Sheet



	As on Dec 31 2022 K'USD	As on Dec 31 2021 K'USD
CURRENT ASSETS		
Cash and cash equivalents	61,511	65,941
Deposits	-	-
Trade receivables	47,719	45,884
Other receivables and debit balances	3,913	6,068
Current tax assets	64	1,689
Derivatives	1,267	3,058
Inventories	29,918	43,409
Total Current Assets	144,392	166,049
NON-CURRENT ASSETS		
Property, plant and equipment, net	310,077	309,670
Derivatives	1,212	5,733
Deferred tax assets	489	790
Long-term Tax balances	4,346	3,882
Intangible assets	1,910	2,138
Long-term debit balances	3,255	752
Total Non-current Assets	321,289	322,965
TOTAL ASSETS	465,681	489,014

	As on Dec 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	13,017	19,443
Nonbank short-term credit	27,671	-
Liabilities in respect of derivatives	22	-
Current maturities of long-term bonds	34,382	37,429
Trade payables	23,450	38,800
Current tax liabilities	1,288	1,858
Other payables and credit balances	21,856	19,889
Total Current Liabilities	121,687	117,419
NON-CURRENT LIABILITIES		
long term payables	2,679	3,706
Long-term loans from banking corporations	66,217	77,918
Bonds	45,244	85,861
Employee benefit liabilities	161	198
Deferred tax liabilities	19,844	19,802
Total Non-current Liabilities	134,145	187,485
EQUITY		
Equity attributable to shareholders of the parent company	209,484	183,646
Noncontrolling interests	366	464
Total Equity	209,850	184,110
Total LIABILITIES AND EQUITY	465,681	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

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ISRAEL

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