



An Indorama Ventures Company

Financial Results

Q2/2023

Sivan Yedidsion – Interim CEO and CFO

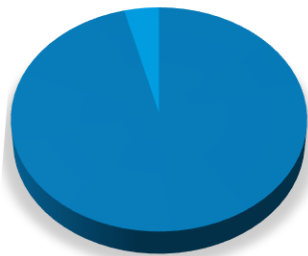
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AVGOL Market



■ Hygiene ■ Other



An Indorama Ventures Company

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 or component materials in various non-hygiene products.

Our products are based on polyolefin resins, specifically those in the Polypropylene (PP) family.



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 | 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 | 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



Financial Results

Q2-2023



Analyst Conference | Quarterly Financials Highlights

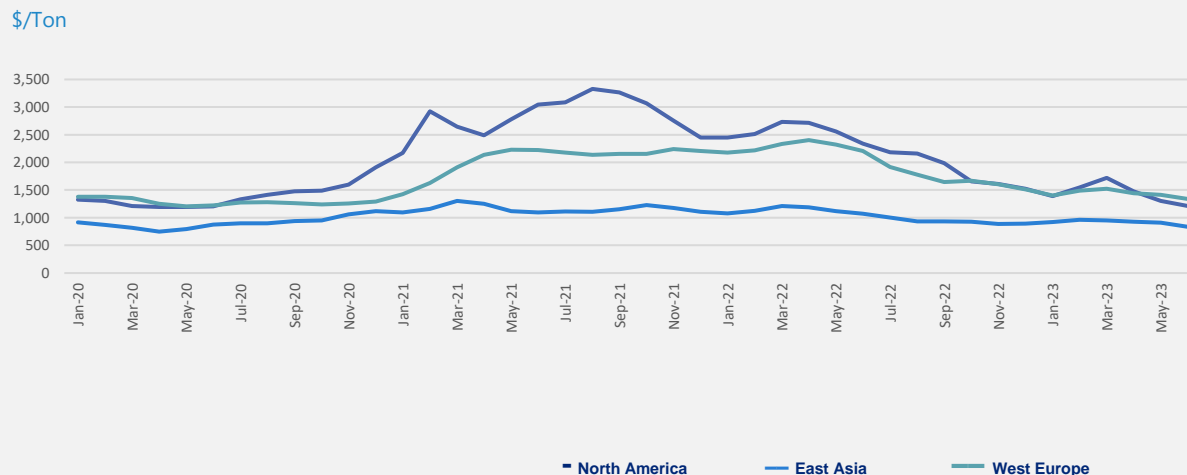
USD Mn	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22
Revenues, net	78	80	103	110	100
Gross Profit	11	12	19	18	13
	13.9%	14.8%	18.6%	16.8%	13.4%
EBIT	3.4	4	9.7	9	5
	4.4%	5%	9.5%	7.8%	5.3%
Net Profit	1.5	1	5	6	5
	1.9%	1.0%	4.6%	5.0%	5.1%
EBITDA	10	11	18	16	12
	13.1%	13.1%	17.1%	14.7%	12.0%
EBITDA Underlying	12	10	9	9	14
	15.3%	12.5%	9.2%	7.9%	14.4%
Net Debt/EBITDA	2.29	2.20	1.82	1.87	2.15

AVGOL[®]
Nonwovens

An Indorama Ventures Company

avgol.com

During the second quarter of 2023 and correct to the publication date of this report, the downtrend in the raw materials price indices is continuing. The Company expects it to have a positive impact on its results during the third quarter of 2023.



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Financial Results

PL Results

Q2'23

Key highlights

Revenues

\$78.3M vs \$99.8M in Q2'2022

- Drop in polypropylene prices, to which our sales prices are linked.
- A decrease of 2.5% in sales volumes .

Gross Profit

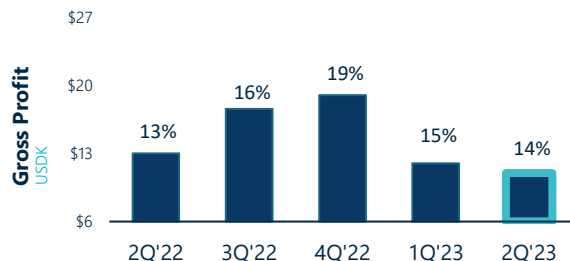
\$10.9M vs \$13.4M in Q2'2022

- The Gross Profit in Q2'23 includes a negative impact of about **\$1.7M** in lag effect, compared to a negative impact **of \$2.3M** in Q2'22.
- The gross profit was impacted mainly by lower sales volumes.

SG&A expenses

\$7.4M vs \$8.0M in Q2'2022

- Driven by significant decrease in logistic costs.



Financial Results

PL Results

Q2'23

Key highlights

EBITDA

\$10.3M vs \$12.0M in Q2'2022

- EBITDA includes a negative impact of about \$1.7M in lag, compared to a negative impact of \$2.3M in Q2'22.

Underlying EBITDA

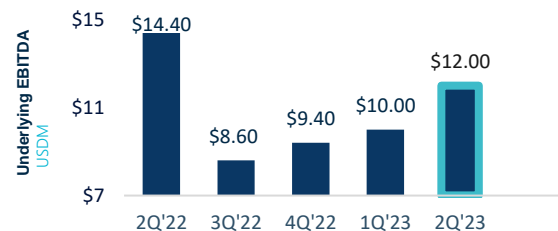
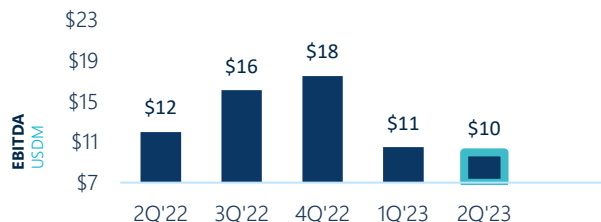
\$12.0M vs \$14.3M in Q2'2022

- Global economic slowdown together with decline in sales quantities.

Net Financing ,Expense (Revenue)

\$1.3M vs (\$1.2M) in Q2'2022

- Sharp interest rate hikes compensated by decrease in exchange-rate differential leads to financing expenses as compared to financing income during the corresponding period last year.



Financial Results

PL Results	Q2'23	Key highlights
Net Profit	\$1.5M vs \$5.0M in Q2'2022	<ul style="list-style-type: none">• Mainly affected by the decrease in the operating profit and an increase in financing expense, partially offset by lower income tax expenses.
Operating Cash Flow	\$2.8M vs \$17.5M in Q2'2022	<ul style="list-style-type: none">• Mainly affected by changes in working capital and the decrease in profit.
Net Working Capital	\$44M vs \$67M in Q2'2022	<ul style="list-style-type: none">• Mainly as a result of decrease in the balances of trade receivables and Inventory value.
Leverage Ratio	2.3 vs 1.8 in Q4'2022	<ul style="list-style-type: none">• Net debt / EBITDA

Analyst Conference | Balance Sheet

	As on June 30 2023 K'USD	As on Dec 31 2022 K'USD
CURRENT ASSETS		
Cash and cash equivalents	52,867	61,511
Trade receivables	30,886	47,719
Other receivables and debit balances	3,458	3,913
Current tax assets	786	64
Derivatives	587	1,267
Inventories	37,704	29,918
Total Current Assets	126,288	144,392
NON-CURRENT ASSETS		
Property, plant and equipment, net	302,037	310,077
Derivatives	550	1,212
Deferred tax assets	1,084	489
Long-term Tax balances	4,192	4,346
Intangible assets	2,000	1,910
Long-term debit balances	3,777	3,255
Total Non-current Assets	313,640	321,289
TOTAL ASSETS	439,928	465,681

	As on June 30 2023 K'USD	As on Dec 31 2022 K'USD
CURRENT LIABILITIES		
Short-term credit and current maturities of long-term loans from banking corporations	13,549	13,017
Nonbank short-term credit	26,959	27,671
Liabilities in respect of derivatives	89	22
Current maturities of long-term bonds	33,256	34,382
Trade payables	25,385	23,450
Current tax liabilities	409	1,288
Other payables and credit balances	19,465	21,856
Total Current Liabilities	119,112	121,686
NON-CURRENT LIABILITIES		
long term payables	2,301	2,679
Long-term loans from banking corporations	58,869	66,217
Bonds	44,131	45,244
Employee benefit liabilities	167	161
Deferred tax liabilities	18,001	19,844
Total Non-current Liabilities	123,469	134,145
EQUITY		
Equity attributable to shareholders of the parent company	197,006	209,484
Noncontrolling interests	341	366
Total Equity	197,347	209,850
Total LIABILITIES AND EQUITY	439,928	465,681



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**We Aspire to Create Nonwoven Innovations
to Enhance the Quality of Life**

AVGOL®
Nonwovens

An Indorama Ventures Company

Avgol Industries 1953 Ltd.

9 Shimshon St. Lexus House, 7th floor,
Petah Tikva, 4952707 Israel

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