



Europe /
Middle East



North
America



Russia /
E. Europe



China /
Asia



Q4- 2013

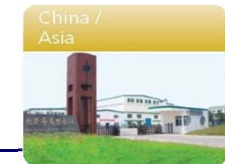
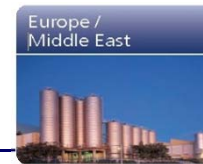
Financial Results

Analysts Conference Call

March 2014

AVGOL
Nonwovens

Analysts Conference Call



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.

This presentation is provided for information and as a matter of record only. It does not constitute an offer to sell or a solicitation of an offer to buy or sell securities or other financial instruments in any jurisdiction or any advice or recommendation with respect to such securities or other financial instruments of the company.

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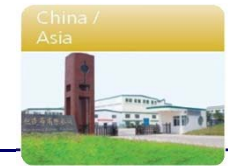
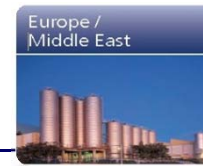
Agenda



- Key Highlights
- Financial highlights
- Revenue Breakdown
- COGS Breakdown
- Cash Flow
- Balance Sheet



Analysts Conference Call Presentation Team



Mr. Michael Teacher

Chairman

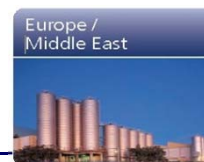


Mr. Shachar Rachim

CFO / Interim CEO

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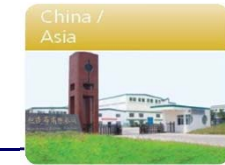
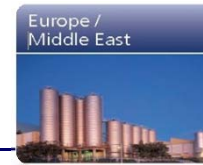
Financial Highlights



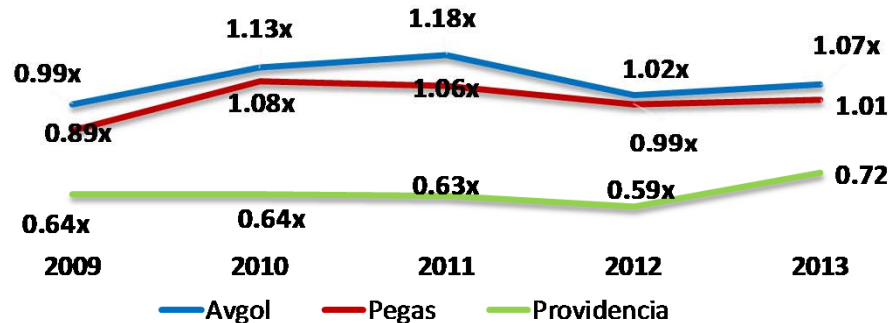
USD Million	Q4			FY		
	Q4 2013	%	Q4 2012	2013	%	2012
Revenue, net	89.6	14.5%	78.3	342.6	9%	315.1
Gross Profit	16.8	14.7%	14.6	57.5	-9%	63.1
	18.7%		18.7%	16.8%		20.0%
EBIT	9.6	30.6%	7.4	33.4	-10%	37.3
	10.8%		9.4%	9.7%		11.8%
Net Profit	6.0	64.2%	3.6	16.6	-24%	21.9
	6.7%		4.6%	4.9%		7.0%
EBITDA	15.4	15.8%	13.3	55.7	-3%	57.3
	17.2%		17.0%	16.3%		18.2%
				31-12-13		31-12-12
Total Assets				441.8	5%	422.4
Net Debt				164.5	10%	149.1
% Net Debt/ Total Assets				37.2%		35.3%
Net Debt/EBITDA				2.95		2.60

* Company's Net Profit before allocation to majority and minority shareholders.

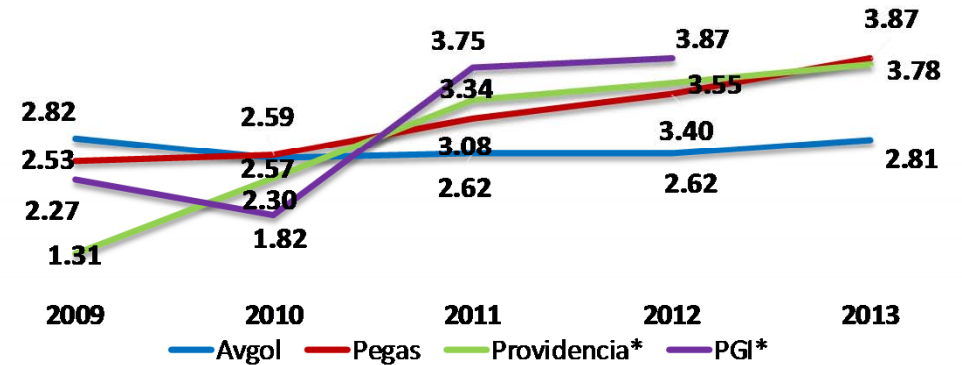
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Sales/Capital Employed Ratio

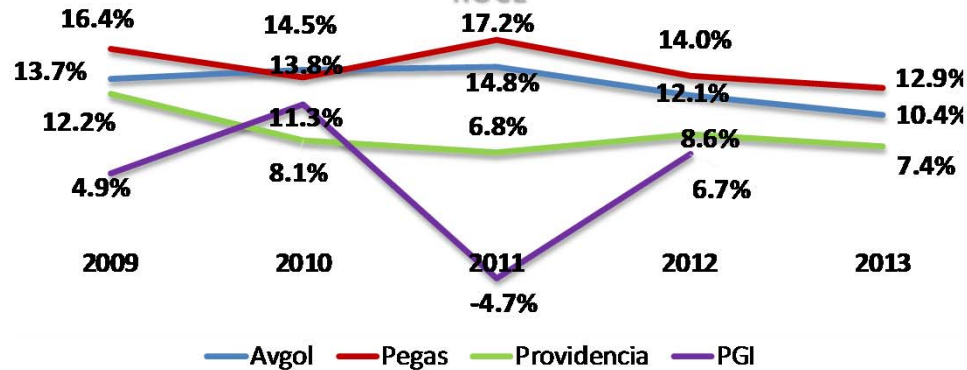


Net Debt/EBITDA*

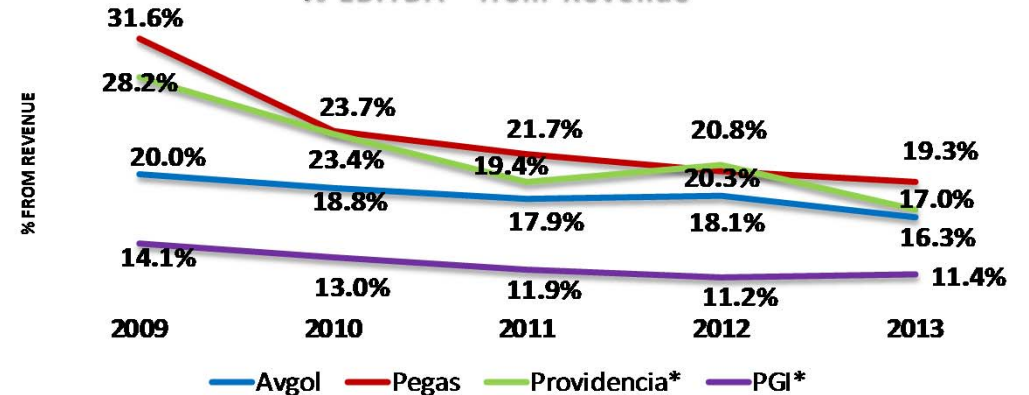


* PGI - Sales/CE ratio at 2.79 (2010), 2.57 (2011), 2.09 (2012), 2.07 (9M2013)

ROCE



% EBITDA* from Revenue

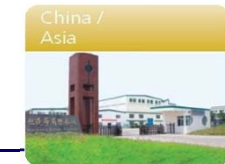
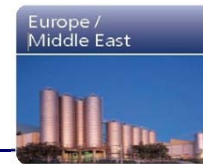


PGI data – base (except EBITDA)on Q3-13

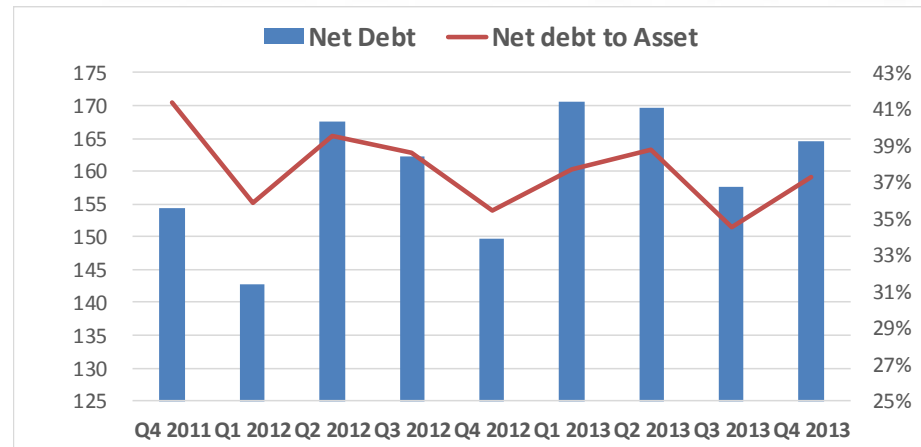
This presentation is based on the Company's financial reports. If there is any discrepancy between this presentation and the data in the financial reports, the valid data is the one which appears in the formal reports of the companies. Financial Results Currency translated by Avgol to USD - PEGAS in EUR, PROVIDENCIA in BRL and there might be foreign exchange translation impacts.

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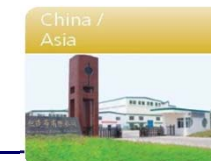
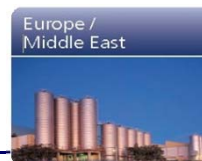
Investments & Net Debt



- **Net Debt/ EBITDA ratio increased to 2.95 during Q4/13 (vs 2.60 in Q4/13).**
- **The company initiate its investment in new line at Russia. Till now we already paid approximately USD21.6M.**



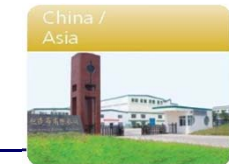
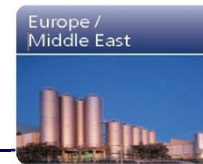
Key Highlights



Financial 2013 annual

- ✓ Revenues in 2013 totaled approximately USD 342.6 million, growth of about 8.7%, compared to 2012
- ✓ Volumes sold during 2013 were higher than in 2012, due to the increase in production capacities in China and the United States
- ✓ The gross profit margin however declined to 16.8% from 20.0% largely due to the effects of the fixed costs including depreciation charge on the new lines which was not yet balanced by higher sales.
- ✓ Consolidated EBITDA in 2013 totaled approximately USD 55.7 million (USD 57.1 million in 2012)
- ✓ Operating cash-flow for the year totaled approximately USD 34.2 with a year end cash balance of USD 48.1 million

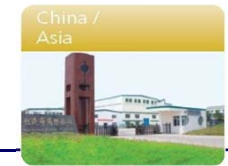
Key Highlights



Financial Q4 2013

- ✓ Avgol's revenues during the fourth quarter totaled approximately USD 89.6 million, growth of about 14.5%, compared to revenues totaling approximately USD 78.3 million during the corresponding period last year.
- ✓ The gross profit during the fourth quarter of 2013 totaled approximately USD 16.8 million, constituting about 18.7% out of the total income, compared to gross profit of approximately USD 14.6 million during the corresponding quarter in 2012.
- ✓ Operating profit during the fourth quarter of 2013 totaled approximately USD 9.6 million compared to operating profit of approximately USD 7.4 million during the corresponding period last year. The increase in operating profit during the fourth quarter of 2013, compared to the corresponding period last year, derived mainly from the increase in the quantities sold and from the higher output in China.
- ✓ Net financing expenses during the fourth quarter of 2013 totaled approximately USD 1.6 million, which is similar to the level of expenses during the corresponding quarter in 2012. During the quarter, the Company generated gains from exchange-rate differentials, mainly due to the USD-EUR exchange rates.

Key Highlights

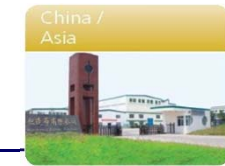


Market & Business

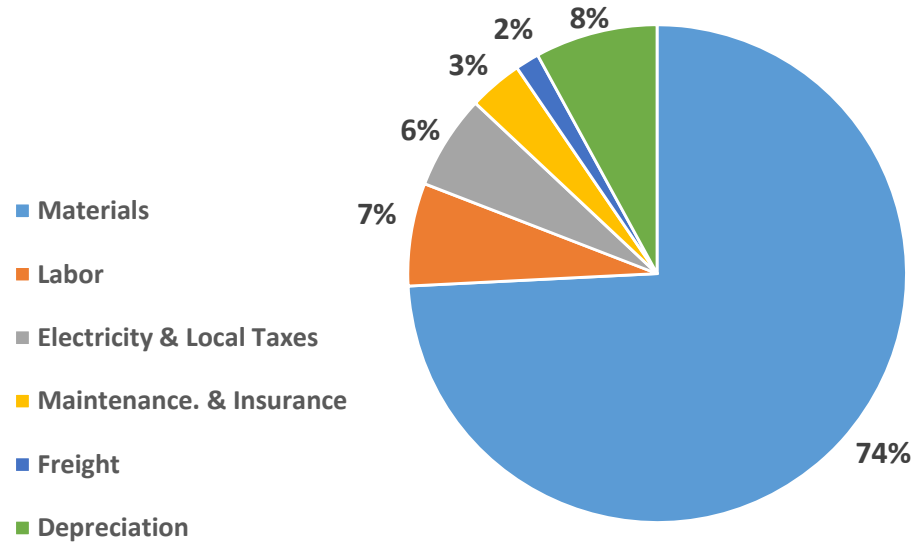
- ✓ **The company is continuing to work intensively to address the operational issues in US it is channeling considerable managerial efforts towards improving operating efficiency. The company assume to have ongoing volatility in the process before being confident to declare that the operating issues are fully addressed.**
- ✓ **Demand for the Company's products continues to be robust, and the company is confident that the focus on meeting the requisite operating efficiency targets will enable the Company to satisfy customer demand.**
- ✓ **Sales in China during the fourth quarter continued to show growth, but there is not yet full utilization of the production capacity of all three lines at the plant. At this stage, the company is continuing to support the demands of the United States and Russian operations from the plant in China although this does involve an additional logistics cost.**
- ✓ **The construction of the infrastructure for the new production line in Russia is underway. Customer demand in Russia continues to be robust and, in order to sustain its positioning as a market leader in this territory, the Company is supporting the supply of fabric to the Russian market from the Group's other plants.**

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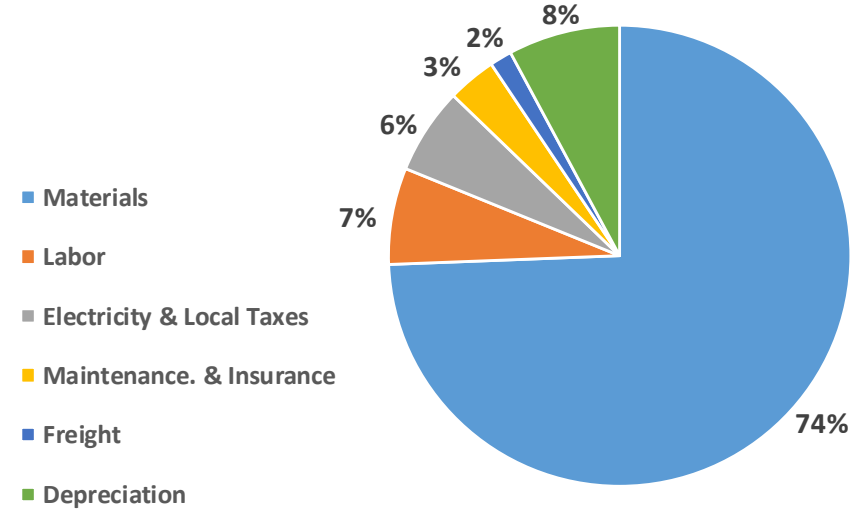
Cost of Goods Sold (COGS)



2013 COGS Breakdown



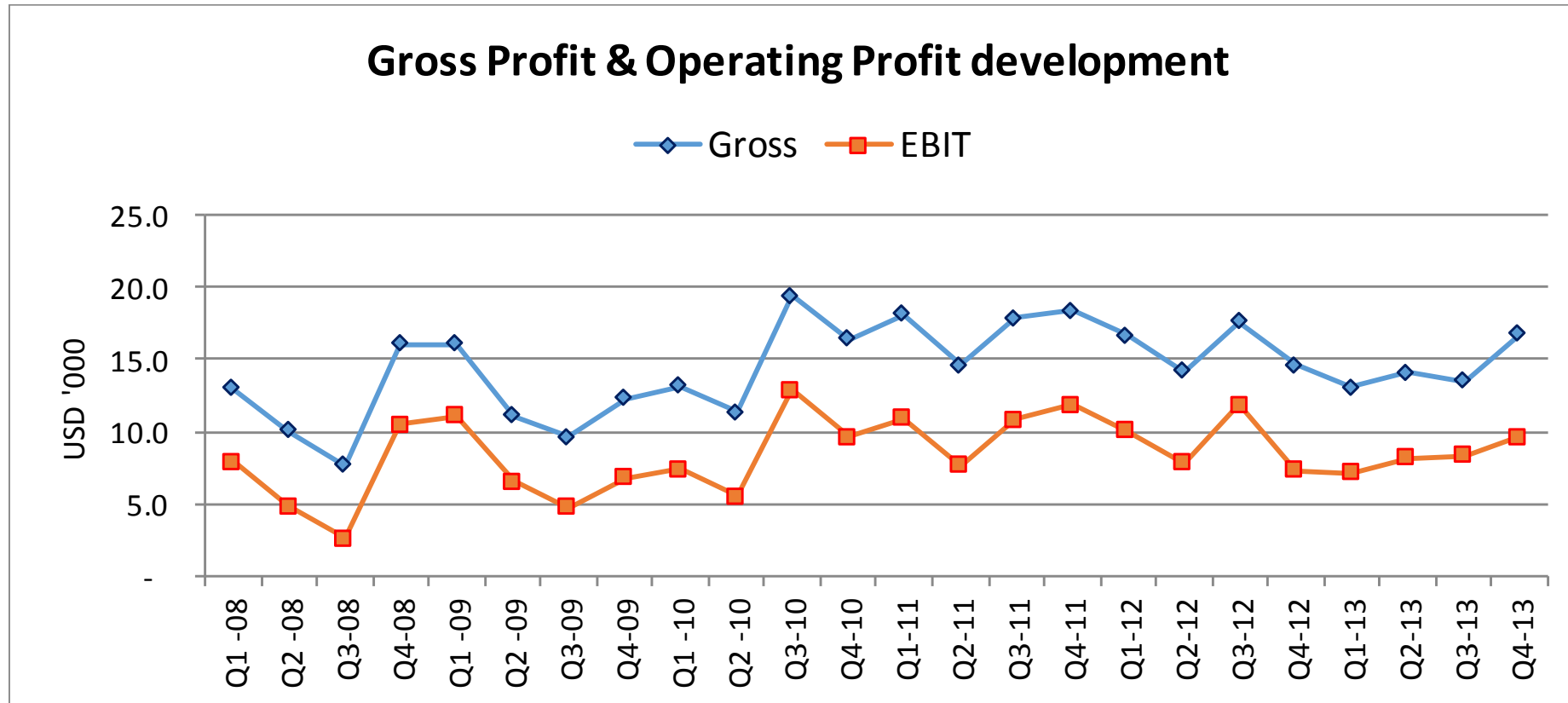
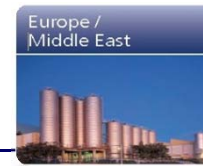
2012 COGS Breakdown



Source: Company Financial Reports

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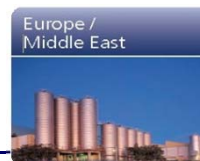
Profit Development



Source: Company Financial Reports

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Cash Flow



For the year ended December 31

2013	2012	2011
USD	USD	USD
thousands	thousands	thousands

Cash flows – operating activities

Income for the year according to Statement of Income	16,642	21,926	24,685
Adjustments to reconcile cash flows provided by operating activities (Appendix A)	17,542	23,534	13,046
Net cash provided by operating activities	34,184	45,460	37,731

Cash flows – investment activities

Investment in property, plant and equipment	(30,699)	(27,653)	(40,919)
Short-term deposits	-	2,498	(2,498)
Purchase of intangible assets	(253)	(804)	(925)
Proceeds from the sale of property, plant and equipment	1,341	1,470	78
Net cash used for investment activities	(29,611)	(24,978)	(44,264)

Cash flows – financing activities

Increase (decrease) in short-term credit from banking corporations, net	(7,805)	(16,085)	17,978
Repayment of long-term loans from banking corporations	(36,854)	(21,391)	(17,525)
Receipt of long-term loans from banking corporations	25,021	25,000	35,000
Proceeds from an issue of long-term bonds to the public (net of issue expenses)	42,364	58,474	-
Dividend distributed to noncontrolling interests in a consolidated company	-	(300)	-
Capital injection from noncontrolling interests	-	210	-
Repayment of bonds to the public	(16,327)	(16,326)	(16,471)
Receipts of an advance on account of hedge transactions	4,020	-	-
Purchase of shares from noncontrolling interests	(9,594)	-	-
Payments for a purchase of noncontrolling interests' shares of an investee company	-	(2,777)	-
Exercise of options for shares	380	-	-
Dividend paid	(12,200)	(12,000)	(10,000)

Net cash, provided by (used for) financing activities	(10,995)	14,805	8,982
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Increase (decrease) in cash and cash equivalents	(6,422)	35,777	2,449
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Balance of cash and cash equivalents at the beginning of the year	54,724	19,108	17,035
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Effect of exchange rate differences on cash balances held in foreign currency	(251)	(161)	(376)
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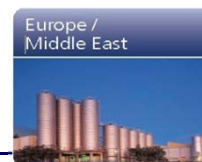
Balance of cash and cash equivalents at the end of the year	48,051	54,174	19,108
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Source: Company Financial Reports

ST = Short Term; LT = Long Term

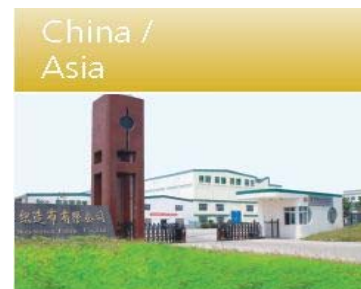
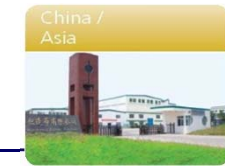
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Balance Sheet Highlights



	As on December 31	
	2013	2012
	USD	USD
	thousands	thousands
CURRENT ASSETS		
Cash and cash equivalents	48,051	54,724
Trade receivables	55,745	51,329
Other receivables and debit balances	5,704	3,895
Current tax assets	4,757	3,746
Derivatives	6,933	4,664
Inventories	46,617	38,947
Total current assets	167,807	157,305
NONCURRENT ASSETS		
Property, plant and equipment, net	257,291	251,119
Derivatives	13,200	6,187
Deferred tax assets	850	695
Intangible assets	1,573	2,204
Long-term debit balances	1,095	4,849
Total noncurrent assets	274,009	265,054
Total assets	441,816	422,359
CURRENT LIABILITIES		
Short-term credit from banking corporations	13,387	25,878
Liabilities in respect of derivatives	70	138
Current maturities of long-term bonds	22,188	19,405
Trade payables	37,361	31,352
Liabilities in respect of current taxes	1,864	794
Other payables and credit balances	12,123	9,949
Total current liabilities	90,993	87,516
NONCURRENT LIABILITIES		
Long-term loans from banking corporations	79,504	89,454
Bonds	109,282	79,778
Liabilities in respect of derivatives	269	582
Employee benefit liabilities	78	150
Deferred tax liabilities	27,767	25,021
Total noncurrent liabilities	216,900	194,985
TOTAL EQUITY	133,923	139,858
Total liabilities and equity	441,816	422,359

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Thank You

