



**2<sup>nd</sup> Quarter 2011**  
**Financial Results**  
Analysts Conference Call

Europe /  
Middle East



North  
America



Russia /  
E. Europe



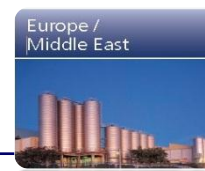
China /  
Asia



August 2011

**AVGOL**  
Nonwovens

# Q2 2011 Financial Results 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.

# Analysts Conference Call

## Agenda

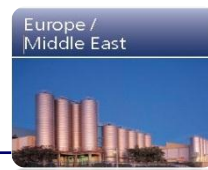
---



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



# Analysts Conference Call Presentation Team



**Mr. Shlomo Liran**

CEO

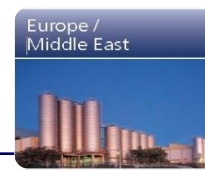


**Mr. Shachar Rachim**

CFO

# Analysts Conference Call

## Financial Highlights



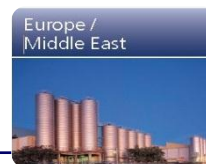
USD Million	By quarter			H1			FY
	Q2/10	Q2/11	%	2010	2011	%	2010
Revenue, Net	66.1	81.9	24%	129.9	164.7	27%	277.5
Gross Profit	11.3 <i>17.2%</i>	14.6 <i>17.8%</i>	29%	24.5 <i>18.8%</i>	32.7 <i>19.9%</i>	34%	60.2 <i>21.7%</i>
EBIT	5.5 <i>8.4%</i>	7.7 <i>9.4%</i>	39%	12.9 <i>10.0%</i>	18.6 <i>11.3%</i>	44%	35.5 <i>12.8%</i>
EBITDA	9.1 <i>13.7%</i>	12.0 <i>14.7%</i>	33%	20.0 <i>15.4%</i>	27.1 <i>16.5%</i>	35%	52.1 <i>18.8%</i>
Net Profit*	3.1 <i>4.7%</i>	5.0 <i>6.1%</i>	61%	6.7 <i>5.2%</i>	12.1 <i>7.3%</i>	80%	21.0 <i>7.6%</i>
	<b>30/06/2010</b>	<b>30/06/2011</b>	<b>%</b>				<b>31/12/10</b>
Total Assets	298.4	363.3	22%				346.4
Net Debt	129.7	141.0	9%				134.0
<i>% Net Debt/Total Assets</i>	<i>43.5%</i>	<i>38.8%</i>					<i>38.7%</i>
<i>Net Debt/EBITDA**</i>	<i>3.36</i>	<i>2.44</i>					<i>2.57</i>

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

\*\* Last Twelve Months EBITDA.

Source: Company Financial Reports

## Key Highlights



### Financial\*

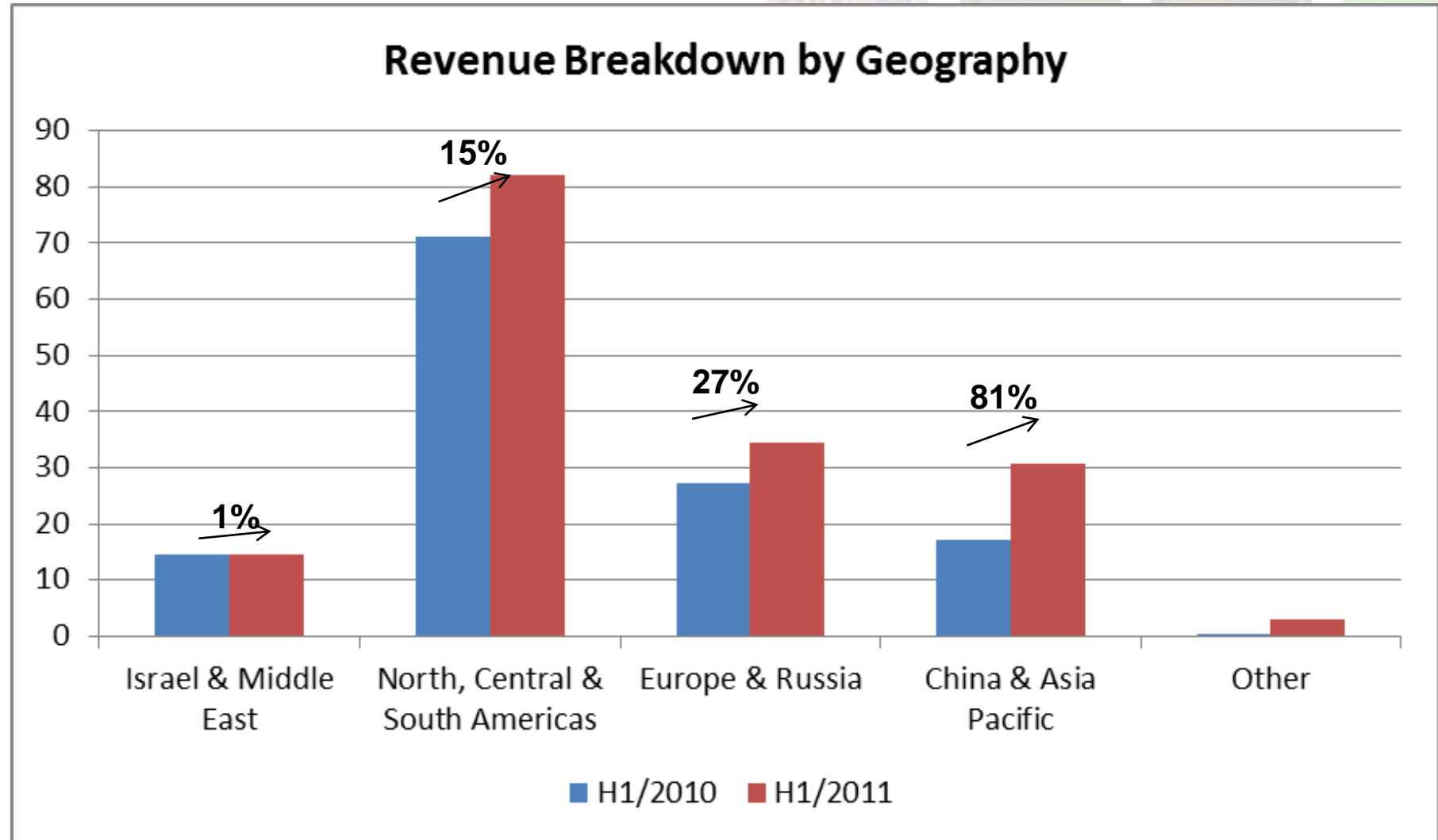
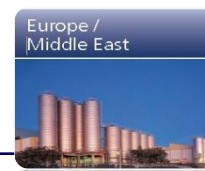
- Q2 2011 revenues USD 82 million, up by 24% YoY due to an increase in the production and higher polymer prices.
- Q2 2011 EBITDA USD 12 million, up by 33% YoY.
- H1 2011 Net Profit USD 11.6 million, up by 79% YoY.
- Net Debt/EBITDA decreased to 2.44 in Q2/2011 (2.57 in FY/2010).
- Net debt - USD 141 Million compare to USD 134 million to the end of 2010 (25 million investments in the 2 new lines)

### Market & Business

- The Polypropylene prices increased in the quarter until end of May, and started a decrease since then.
- The company proceed on schedule with its investment in two line in USA and China.

# Analysts Conference Call

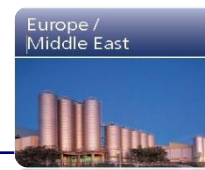
## Revenue Breakdown



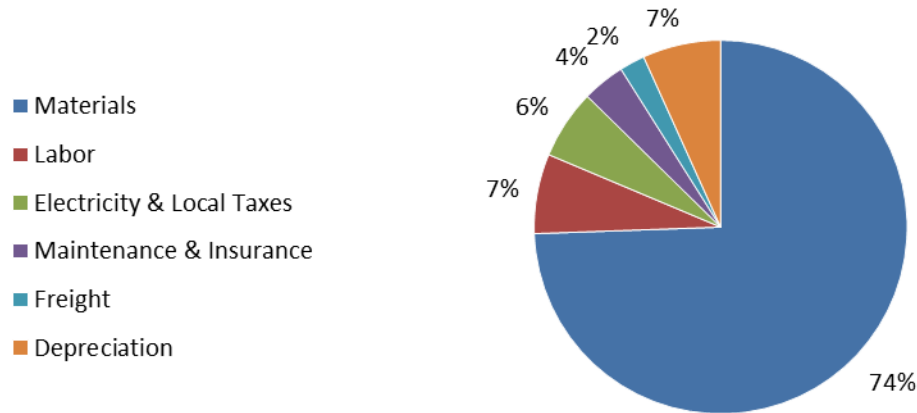
- Company continue fast growth in all markets. Israel & middle-east stable**

# Analysts Conference Call

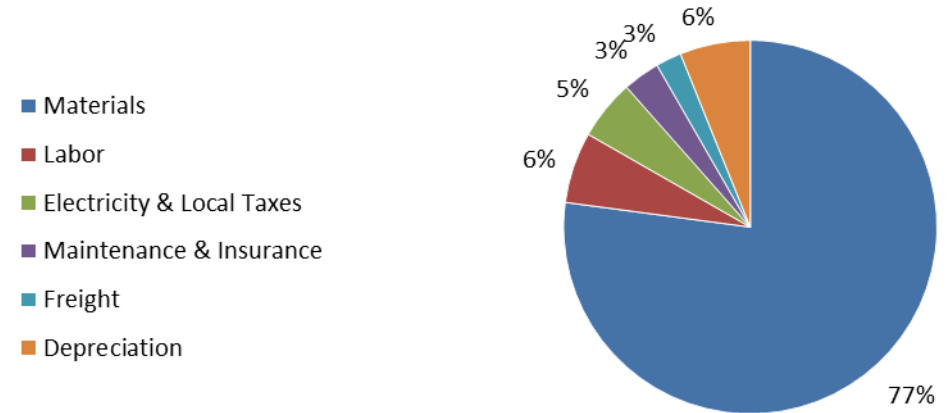
## Cost of Goods Sold (COGS)



### 2010 COGS Breakdown



### H1/2011 COGS Breakdown

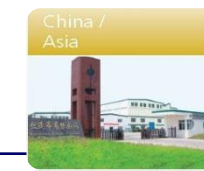
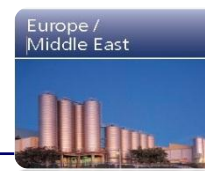


***The rise in Polypropylene prices during the 1<sup>st</sup> & 2<sup>nd</sup> quarters, increased the materials portion from the total COGS expenses in H1/2011 compared to 2010.***

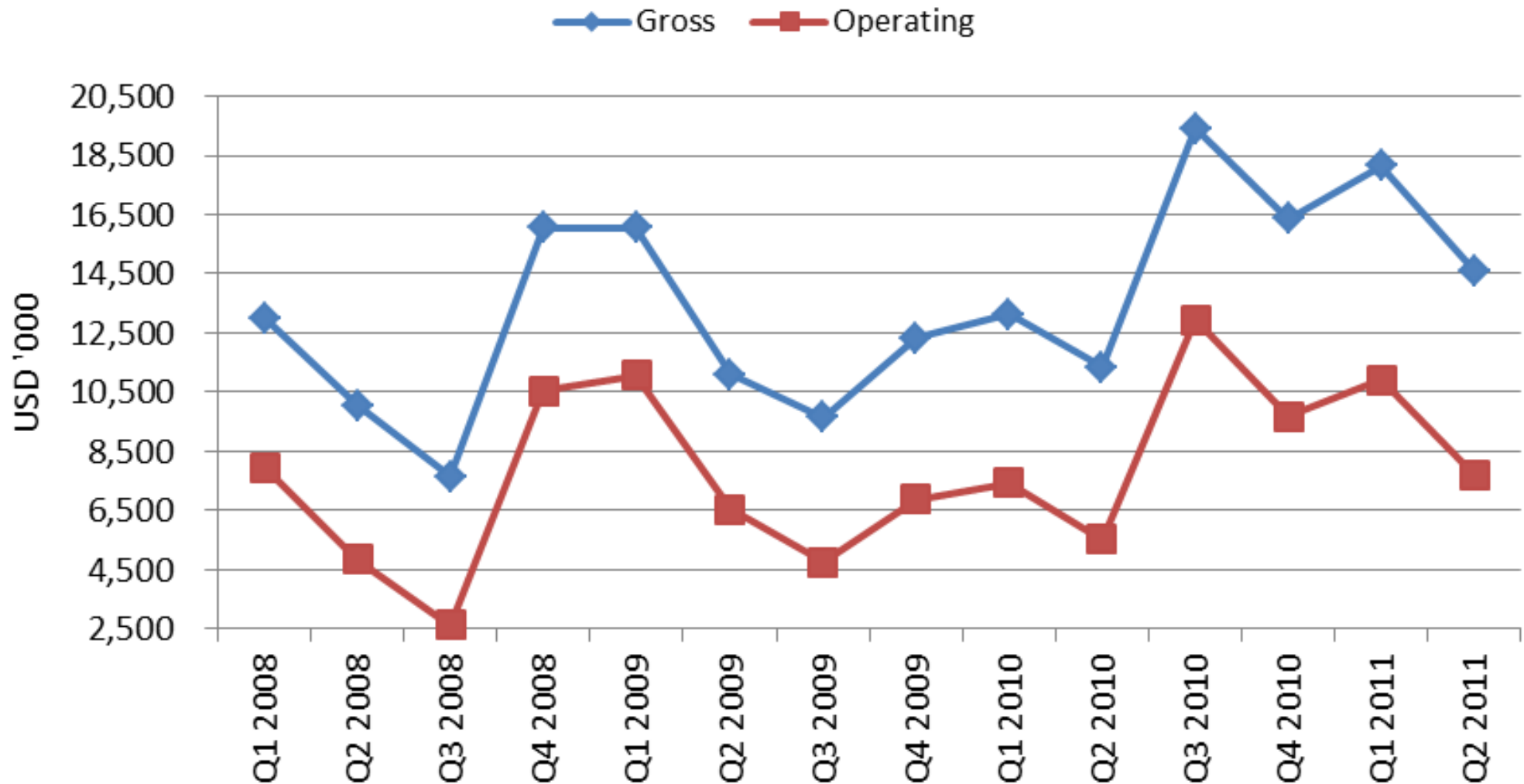


# Analysts Conference Call

## Profit Development

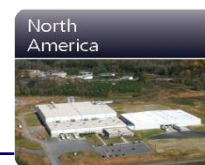
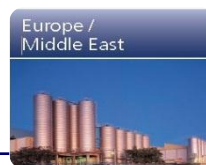


### Gross Profit & Operating Profit development



Source: Company Financial Reports FY 2008, FY 2009, FY2010 & Q2 2011

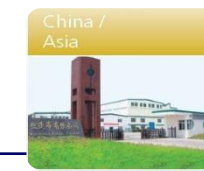
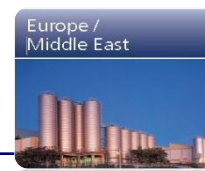
## Cash Flow



USD Million	Q2		% Change	FY 2010
	2010	2011		
<u>Current Operations</u>				
<b>Net Income</b>	<b>3.1</b>	<b>5.0</b>	<b>61%</b>	21.2
Depreciation/Amortization	3.6	4.5	25%	16.7
Other non-CF income/expenes	-1.4	0.0		4.4
Change in Working Capital	5.9	-7.2		-6.5
<b>Net CF from Current Operations</b>	<b>11.2</b>	<b>2.3</b>	<b>-80%</b>	<b>35.8</b>
<u>Investments Activities</u>				
CAPEX	-4.1	-5.2	28%	-35.1
Purchase of Intangible assets	-	-		-1.5
Other	-	-		-
<b>Net CF from Investments Activities</b>	<b>-4.1</b>	<b>-5.2</b>	<b>28%</b>	<b>-36.6</b>
<u>Financing Activities</u>				
Increase (decrease) in ST Bank Loans	4.1	-2.4		4.7
Repayment of LT Bank Loans & Bonds	-2.8	-6.9	145%	-33.9
Receipt of LT Bank Loans & Bonds	-	-		45.0
Purchase of Minority Intrests	-2.9	-		-2.9
Dividend Paid	-8.0	-		-8.0
Other	0.9	-		-
<b>Net CF from Financing Activities</b>	<b>-8.8</b>	<b>-9.3</b>		<b>4.9</b>
<b>Increase in Cash &amp; Cash equivalents</b>	<b>-1.7</b>	<b>-12.3</b>	<b>630%</b>	<b>4.1</b>
<b>Closing Balance</b>	<b>6.1</b>	<b>5.9</b>	<b>-4%</b>	<b>17.0</b>

# Analysts Conference Call

## Balance Sheet Highlights

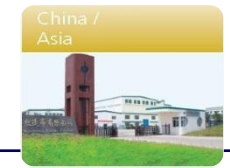
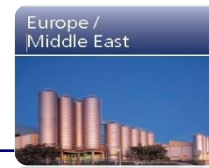


<b>USD Million</b>	<b>31/12/10</b>	<i>FY/10&gt;Q2/11 % Change</i>	<b>30/06/10</b>	<b>30/06/11</b>	<i>Q2/10&gt;Q2/11 % Change</i>
<i><u>Assets</u></i>					
Cash & Cash equivalents	17.0	-66%	6.1	5.9	-4%
Inventory	35.6	19%	21.6	42.3	96%
Trade Receivables	40.7	13%	37.4	45.9	23%
Derivatives	19.3	24%	14.0	23.9	70%
Fixed Assets, Net	214.3	2%	203.8	217.9	7%
<i><u>Liabilities &amp; Equity</u></i>					
Bank Loans & Bonds	170.4	1%	149.9	171.8	15%
Trade payables	37.5	7%	30.2	40.2	33%
Tax Liabilities	22.9	0%	18.3	23.0	26%
Equity	109.2	3%	93.0	112.6	21%

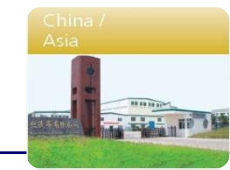
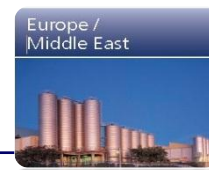
Source: Company Financial Reports for Q1/2011 and FY/2010

# Analysts Conference Call

## Share price – one year



Source: Globes website



# Thank You