



CORPORATE PRESENTATION

8 June 2017

 **THRACE GROUP**
A WORLD OF MATERIALS & SOLUTIONS



**Converting polypropylene into a
World of Material & Solutions for over 38 years**



2 BUSINESS UNITS

TECHNICAL FABRICS



PACKAGING SOLUTIONS



**THRACE GROUP
AT A GLANCE**



Converting more than **100k MT of PP/PE** per year



Operations in **11 countries**



28 different production technologies



59% production / 18% sales in Greece



Sales network in **80 countries** / Sales in **24 market segments**

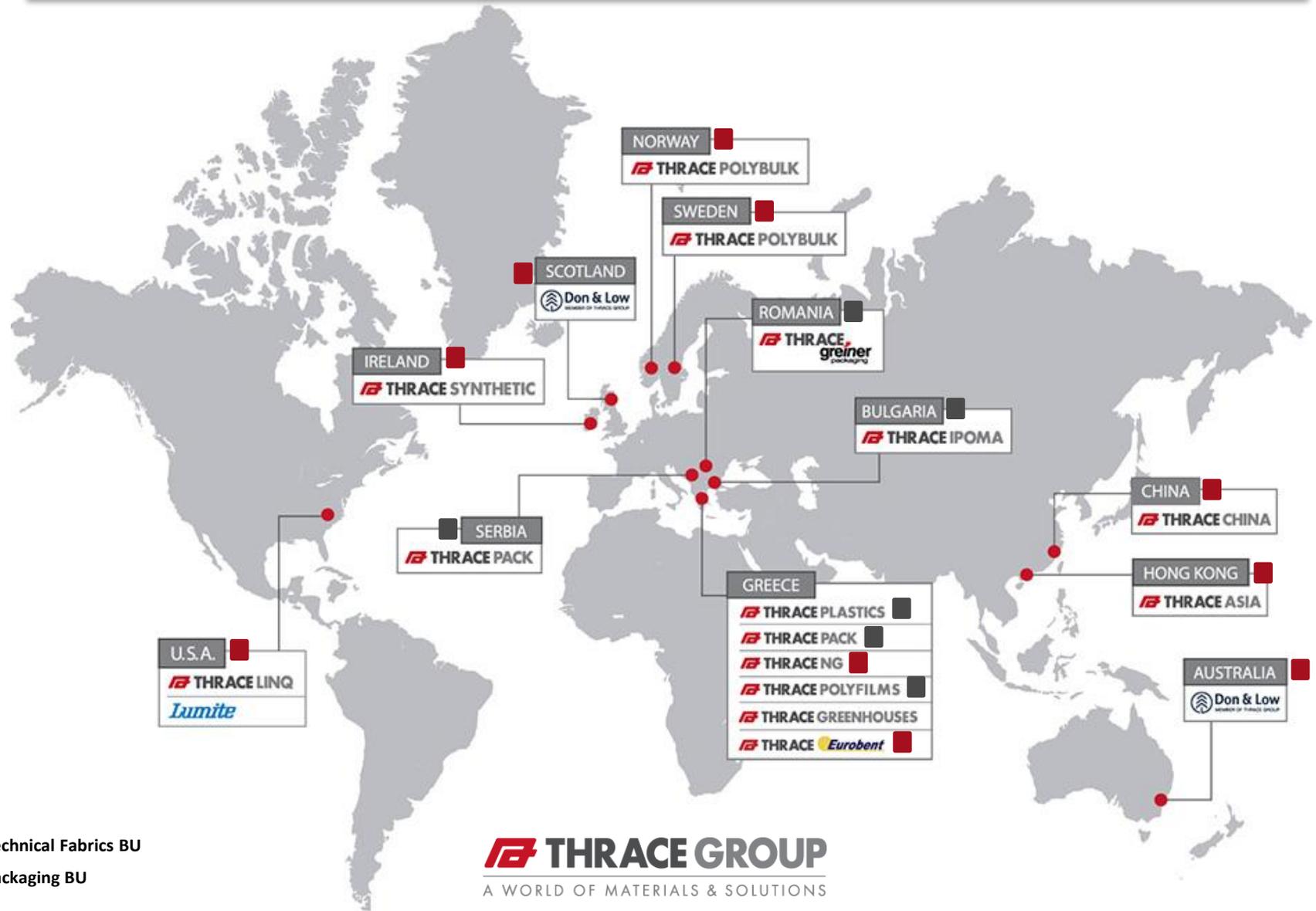


FY 2016 Group Sales **292 mil €** / 2015-2016 CAPEX **57 mil €**



1,709 employees

PRESENCE



- Technical Fabrics BU
- Packaging BU



TECHNICAL FABRICS

BUSINESS UNIT

TECHNICAL FABRICS BUSINESS UNIT | PRODUCTS BY APPLICATION



GEOSYNTHETICS



CONSTRUCTION



**AGRI/HORTICULTURE
AQUACULTURE**



**LANDSCAPE-
GARDENING**



SPORT & LEISURE



MEDICAL & HYGIENE



FILTRATION



**FURNITURE &
BEDDING**



AUTOMOTIVE



**FIBC / PACKAGING
FABRICS**



**ADVANCED FABRICS/
COMPOSITES**



FLOOR COVERING



INDUSTRIAL FABRICS



**ARNO WEBBINGS/
STRAPS/ ROPES**

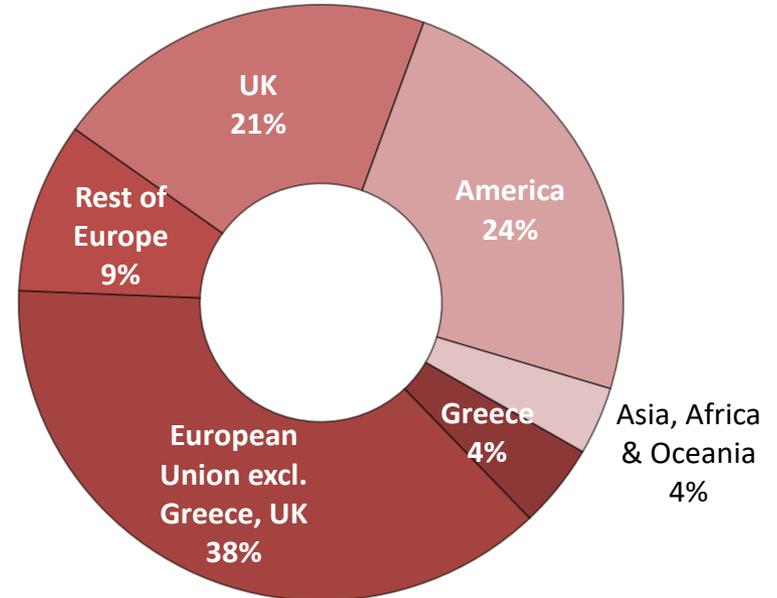


**INDUSTRIAL YARNS &
FIBERS**

Production Geographical Breakdown



Sales Geographical Breakdown



- 57% of production in Greece (following the investments of 2015-2016) but only 4% of the sales in Greece.
- Global sales presence but mainly Europe (very much diversified within Europe), and the USA.



PACKAGING SOLUTIONS

BUSINESS UNIT

PACKAGING BUSINESS UNIT | PRODUCTS



BAGS/FFS FILMS



**PALLET COVERING/
PACKAGING FILM**



**CONTAINER LINERS/
CARGO PROTECTION**



FABRICS



**INJECTION/BUCKETS/
PAILS/CONTAINERS**



**THERMOFORMING
CUPS**



**EPS CONTAINERS &
TRAYS**



CRATES



5 GAL BOTTLES & CAPS



BAG IN BOX

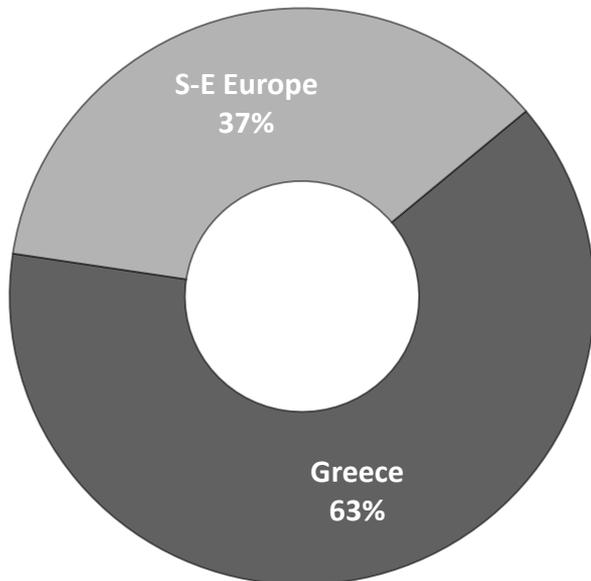


GARBAGE BAGS

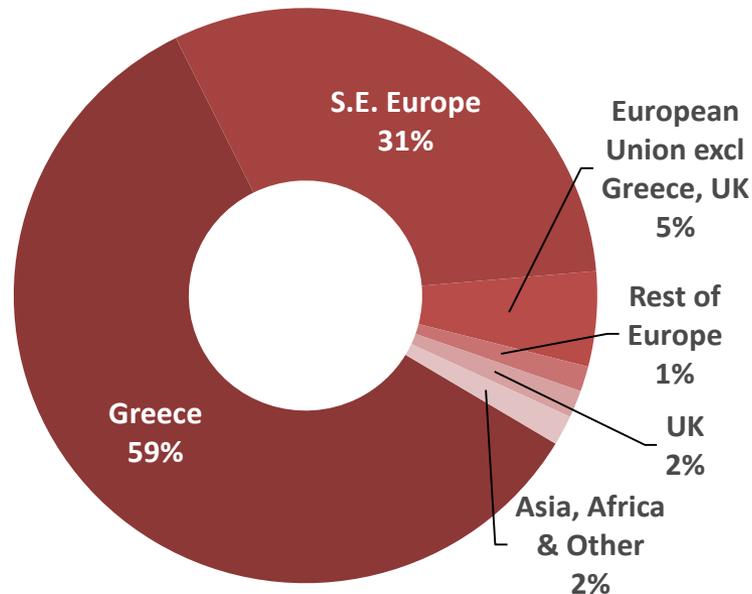


ROPES & TWINES

Production Geographical Breakdown



Sales Geographical Breakdown



- 63% of production and 59% of the sales in Greece.
- Main markets are Greece and SE Europe (90%).
- Exports are limited to a specific radius (local production is major advantage)



STRATEGY

Pursuing **profitable growth** through investment in **capacity & innovation**

Profitable Growth

Market-driven Organic growth

- Increase Capacity
- Geographical expansion

- Focus on two major growth markets:
 - Nonwovens (spunbond & needlepunch)
 - Expand the Rigid Packaging in SE Europe and UK & Ireland

Value Capture (increase margins)

- Further reduce production cost
- Improvement of Product Mix (shift of sales to the high margin products)
- Development of new high margin products
- Going downstream to the production chain
- Development of Branded Consumer products

| Market-driven Organic Growth | Cost ('000 Euros) | Capacity ('000 tons) |
|--|---------------------|----------------------|
| CAPEX 2015 – 2016 | 56.742 | 25.600 |
| Fiber line expansion (for Needle-punch fiber production) | Technical Fabric BU | Greece |
| Needle-punch line | Technical Fabric BU | Greece |
| Spunbond line | Technical Fabric BU | Greece |
| Geogrid line | Technical Fabric BU | Greece |
| New Creel | Technical Fabric BU | Greece |
| Monofilament line | Technical Fabric BU | Greece |
| Extrusion line | Technical Fabric BU | Scotland |
| Melt-blown line | Technical Fabric BU | Scotland |
| Thermoforming lines (4) | Packaging BU | Greece |
| Thermoforming line | Packaging BU | Bulgaria |
| Injection lines (5) | Packaging BU | Greece |
| Injection lines (2) | Packaging BU | Bulgaria |
| Expansion of Greenhouses | Agricultural BU | Greece |

| Market-driven Organic Growth | Cost ('000 Euros) | Capacity ('000 tons) |
|------------------------------|---------------------|----------------------|
| CAPEX 2017 – 2018 | 28.800 | 15.000 |
| Grass yarn line | Technical Fabric BU | Scotland |
| New Building | Technical Fabric BU | Scotland |
| Spunbond line | Technical Fabric BU | Scotland |
| Yarns | Technical Fabric BU | Scotland |
| Slit-film line | Technical Fabric BU | Scotland |
| Printing line | Technical Fabric BU | Scotland |
| Needlepunch line | Technical Fabric BU | USA |
| Injection lines (4) | Packaging BU | Greece |
| Injection lines (2) | Packaging BU | Bulgaria |

Note: CAPEX for 2017-2018 includes only the CAPEX approved so far (expenditure committed)

Additional CAPEX

Implementation of SAP ERP system to all Group Companies within the next 4 years (total cost 2.5 mil Euros)

Value Capture (increase margins)

| | |
|---|---|
| Further reduce Production Cost | Energy Management: target to reduce kwh/kg by 30% |
| | Control cost per man-hour: improve competitiveness |
| | Reduce scrap rates |
| Improvement of Product Mix | Increase the number of sales people |
| | Add new channels to markets where needed |
| | Training for the sales people (Kellogg University) |
| | Focus on customer insight |
| | Each of our product families to be offered together with a service |
| Development of new high margin products | Innovation training for product development (Kellogg University) |
| | Monitor product development with the Horizons concept |
| Going downstream to the production chain | Melt-blown line |
| | Hot-melt line |
| | MDO line |
| Branded Consumer products | OKI DOKI (cups and garbage bags) and TERRA HOME (DIY technical fabrics) |

The background features a 3D rendering of financial data. On the left, there is a bar chart with several vertical bars of varying heights. To the right, a pie chart is shown with one slice separated from the rest. The entire scene is set against a grid pattern and is rendered in shades of gray with highlights and shadows, giving it a three-dimensional appearance.

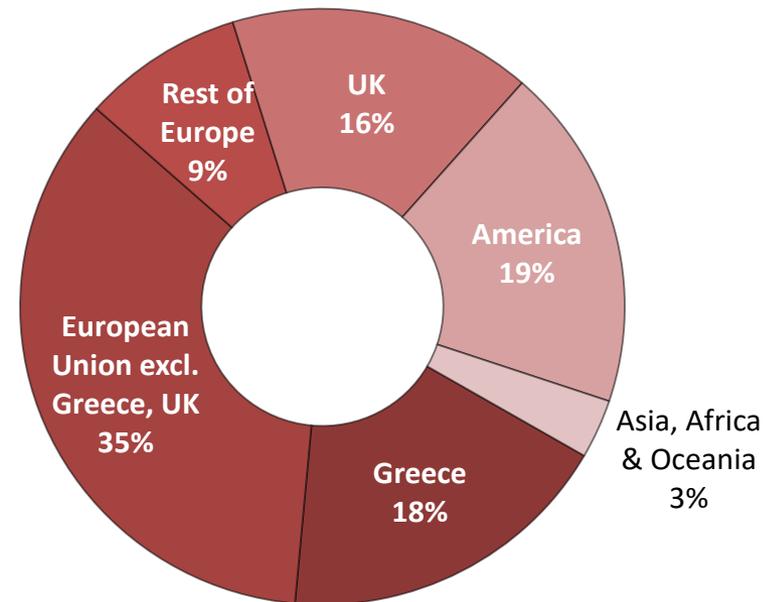
FINANCIALS

Statutory Financial Statements: The change of standards with regard to the consolidation of joint ventures (IFRS 10, 11 and 12) resulted into the change of the consolidation method. IFRS 11 abolishes the concept of the proportional consolidation of the jointly controlled entities. Instead, the jointly controlled entities are now consolidated with the Equity method.

Production Geographical Breakdown

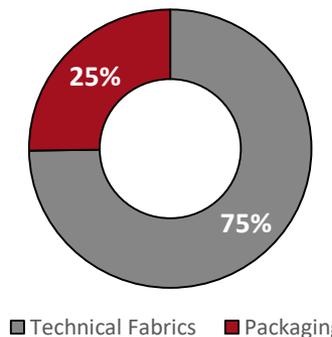


Sales Geographical Breakdown



- 59% of group production in Greece (increased due to the investment plan of 2015 – 2016 which was focused in Greece. This will be reduced due to the investment plan of 2017 – 2018 that is focused abroad.
- Strong sales diversification – only 18% of sales in Greece.

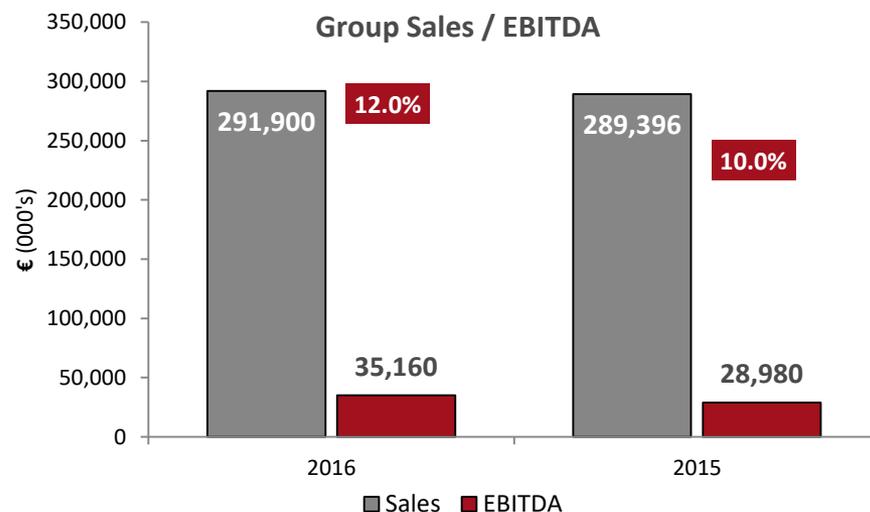
Sales Contribution of each BU 2016



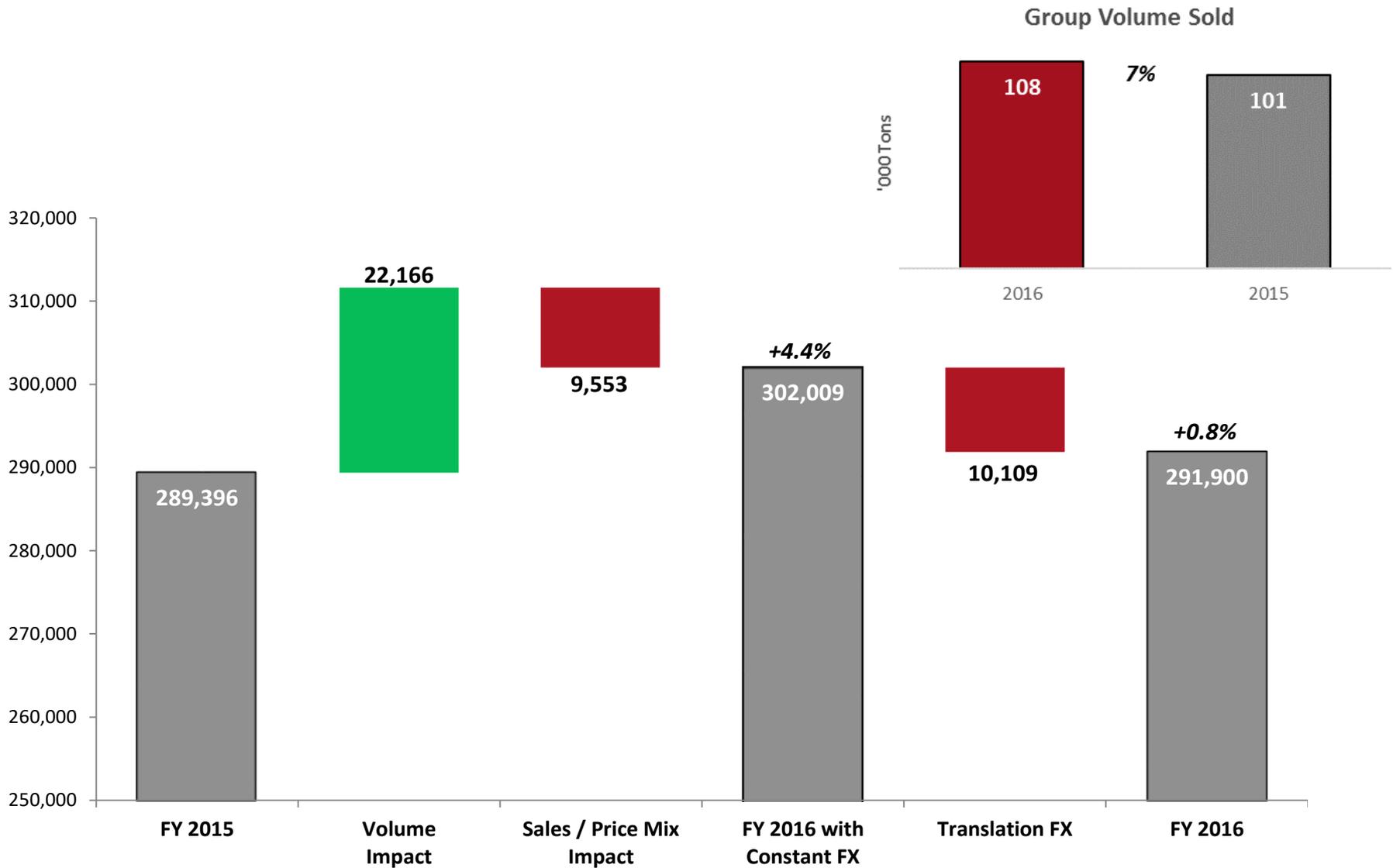
| P&L (amounts in 000s €) | 2016 | 2015 |
|--------------------------------------|-------------|-------------|
| Turnover | 291,900 | 289,396 |
| Gross Profit | 66,403 | 59,374 |
| EBIT | 22,905 | 19,080 |
| EBITDA | 35,160 | 28,980 |
| EBT | 18,327 | 13,284 |
| EAT&MI | 13,384 | 9,788 |
| Earnings per Share (in €) | 0.304 | 0.2204 |
| Margins (%) | 2016 | 2015 |
| Gross Profit Margin | 22.7% | 20.5% |
| EBIT Margin | 7.8% | 6.6% |
| EBITDA Margin | 12.0% | 10.0% |
| EBT Margin | 6.3% | 4.6% |
| EAT&MI Margin | 4.6% | 3.4% |
| Cash Flows | 2016 | 2015 |
| Cash Flows from Operations | 19.171 | 19.184 |
| Cash Flows from Investments | -17.466 | -24.521 |
| Cash Flows from Financial Activities | 4.026 | -1.787 |
| Cash & Cash Equivalents | 31.080 | 26.411 |
| FCF | 6.123 | 1.753 |

Improved Group Financial Performance driven by:

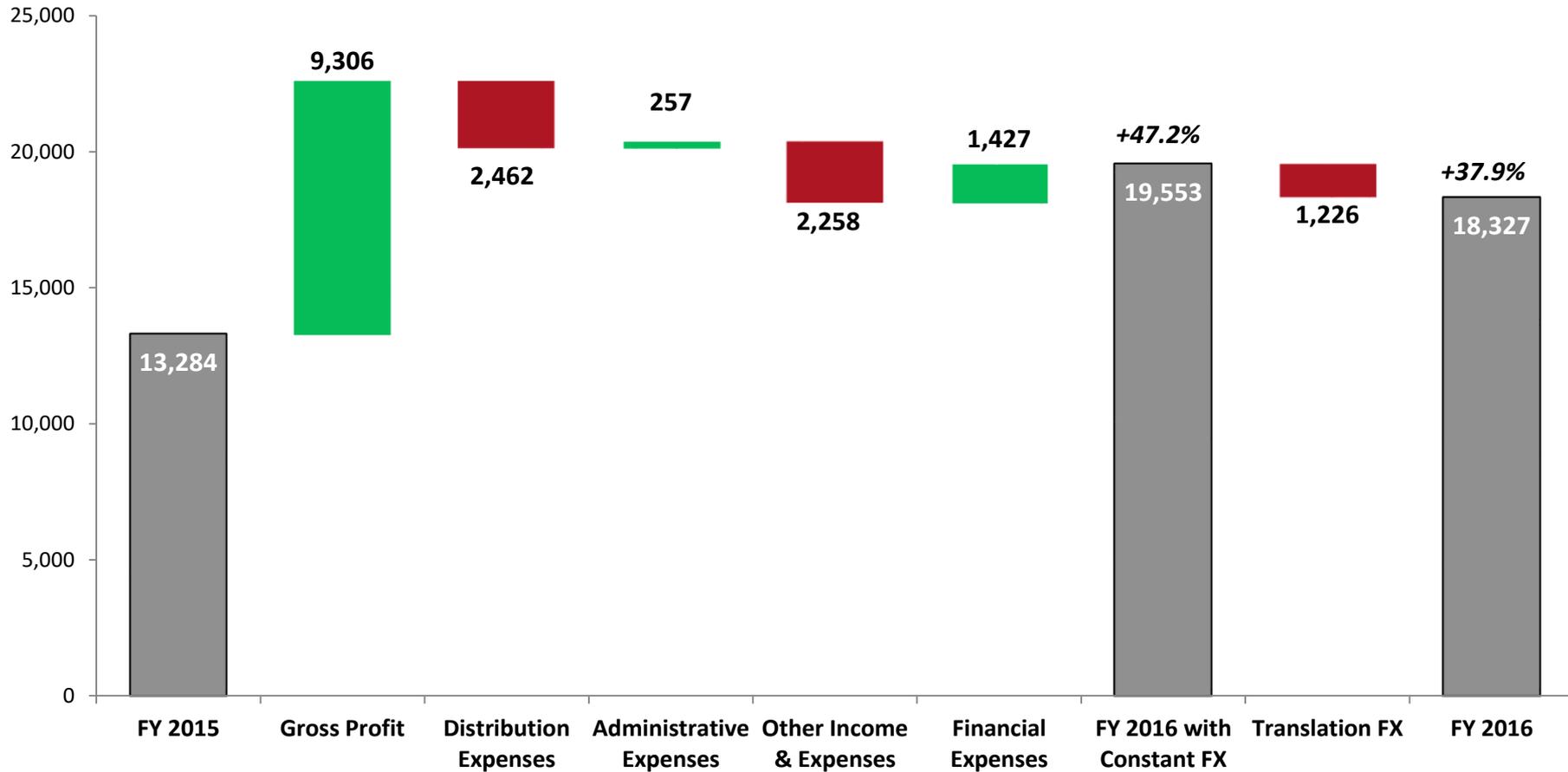
- Increase of sales volume in both sectors of business activity (Technical Fabrics & Packaging)
- Reduction of raw material prices
- Further containment of the fixed production expenses
- Improvement of the product mix in both sectors of the Group's business



FY 2016 IFRS FINANCIAL RESULTS | GROUP REVENUE BRIDGE (€ '000)

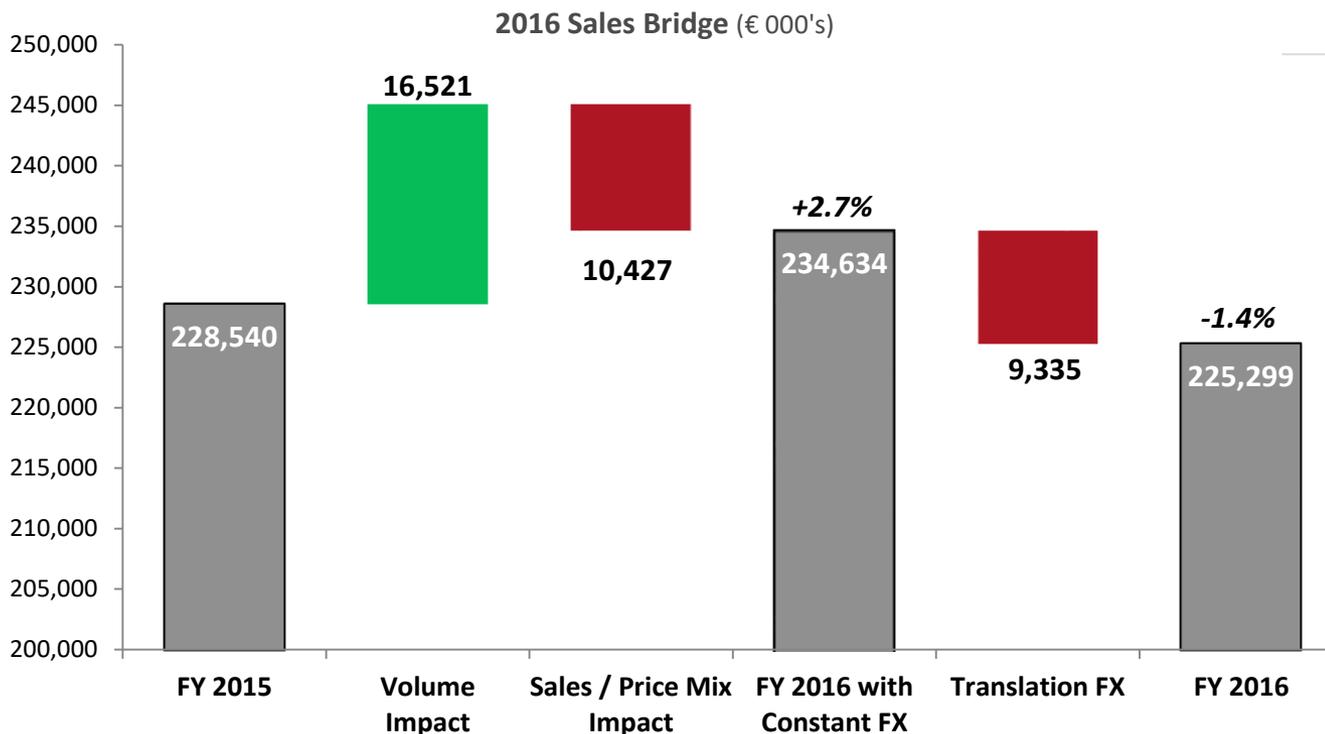
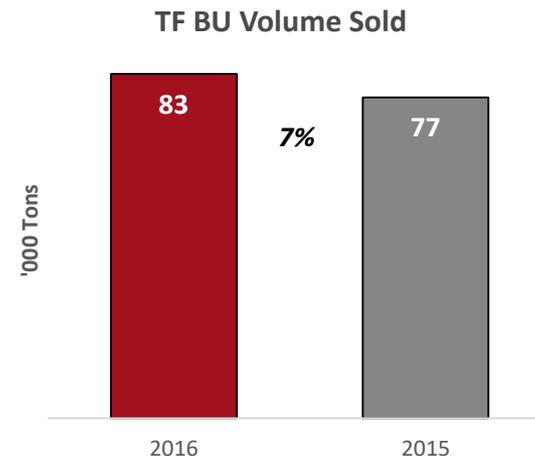


FY 2016 IFRS FINANCIAL RESULTS | **GROUP EBT BRIDGE** (€ '000)



TECHNICAL FABRICS BUSINESS UNIT | OVERVIEW

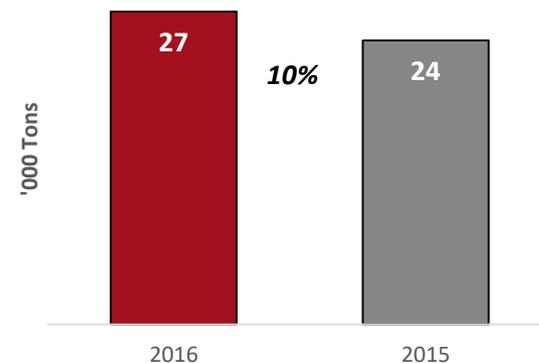
| Key P & L Items (amounts in €'000) | FY 2016 | FY 2015 |
|---------------------------------------|------------|------------|
| Sales | 225,299 | 228,540 |
| y-o-y Change % | -1.4% | |
| EBITDA | 22,560 | 19,746 |
| EBITDA Margin | 10.0% | 8.6% |



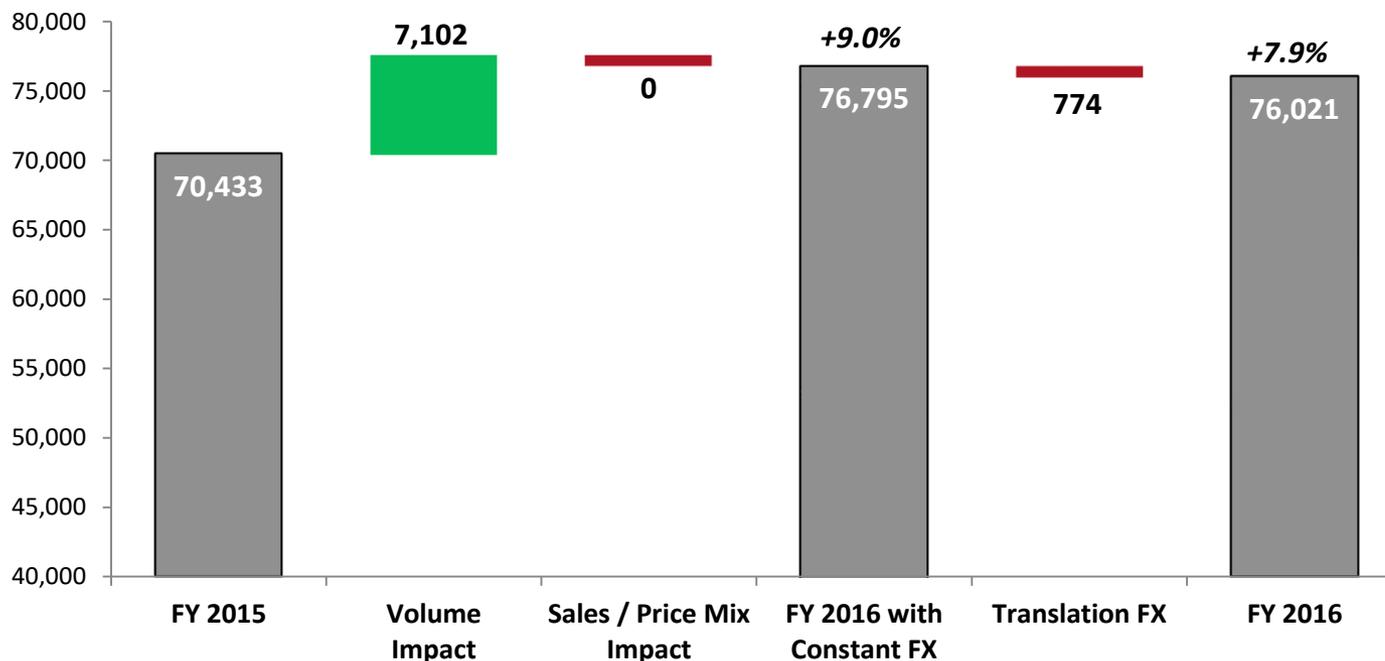
PACKAGING BUSINESS UNIT | OVERVIEW

| Key P & L Items (amounts in €'000) | FY 2016 | FY 2015 |
|---------------------------------------|------------|------------|
| Sales | 76,021 | 70,433 |
| y-o-y Change % | +7.9% | |
| EBITDA | 12,357 | 9,018 |
| EBITDA Margin | 16.3% | 12.8% |

Packaging BU Volume Sold



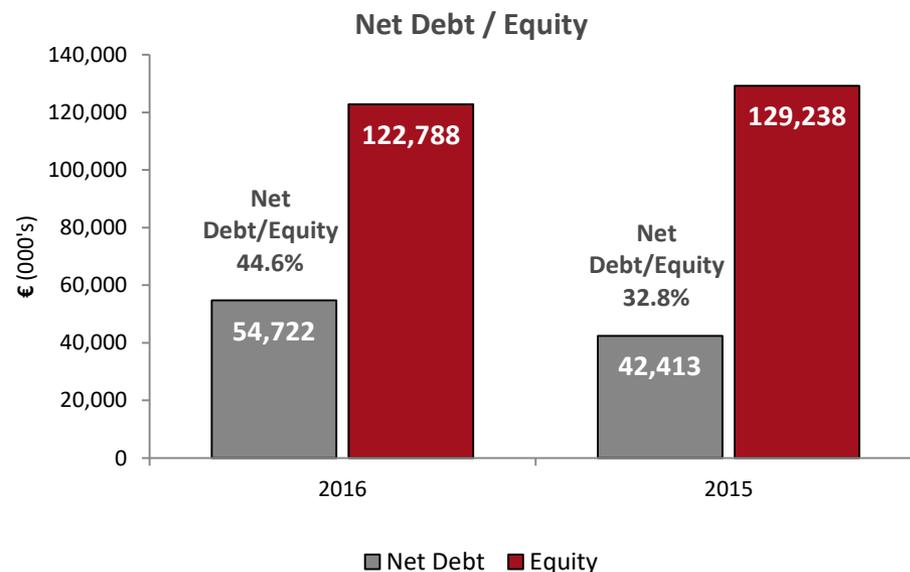
2016 Sales Bridge (€ 000's)

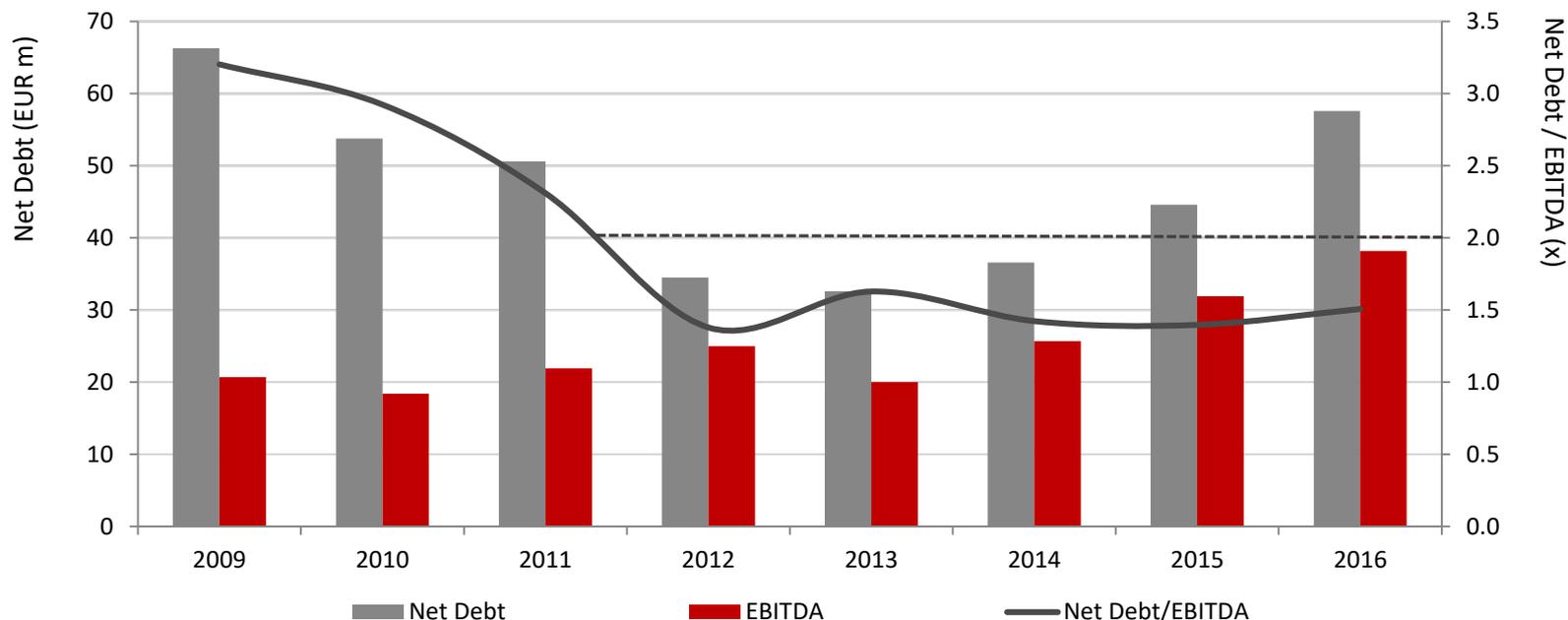


| Balance Sheet Items | 2016 | 2015 |
|-------------------------|----------------|----------------|
| Non Current Assets | 140,522 | 122,669 |
| Current Assets | 148,969 | 141,862 |
| Total Assets | 289,491 | 264,531 |
| Loans | 85,802 | 68,824 |
| Cash & Cash Equivalents | 31,080 | 26,411 |
| Net Debt | 54,722 | 42,413 |
| Equity | 122,788 | 129,238 |

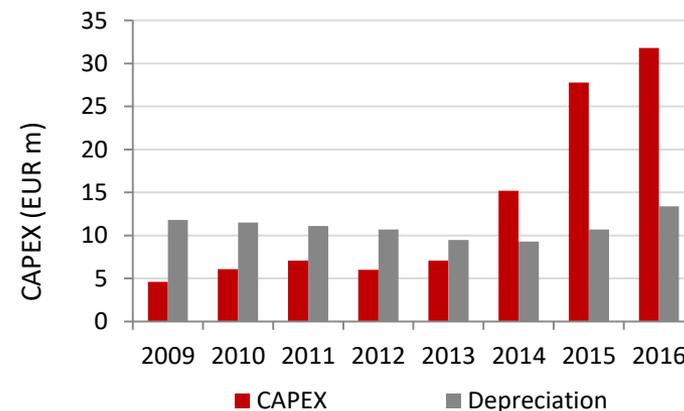
| Key Ratios | 2016 | 2015 |
|----------------------------|-------|-------|
| Net Debt/Sales | 18.7% | 14.7% |
| Net Debt/Equity | 44.6% | 32.8% |
| EV/EBITDA | 4.8 | 5.3 |
| ROCE | 10.6% | 10.2% |
| ROE | 11.1% | 7.8% |
| ROIC | 10.3% | 9.2% |
| Avg Inventories Days | 90 | 81 |
| Avg Trade Receivables Days | 65 | 67 |
| Avg Suppliers Days | 52 | 48 |

| CAPEX (in mi €) | 2016 | 2015 |
|------------------------------|-------------|-------------|
| Technical Fabrics | 22.5 | 18.2 |
| Packaging | 7.4 | 7.0 |
| Agricultural & Other | 0 | 1.6 |
| Total CAPEX | 29.9 | 26.8 |
| CAPEX of Greek Subsidiaries | 23.8 | 18.9 |
| CAPEX of subsidiaries abroad | 6.1 | 7.9 |





- High investment plan of 2015 – 2016 resulted in increased Net Debt in 2016.
- Net Debt/EBITDA remains below 2x even though the new investments generated a small portion of their EBITDA in 2016.

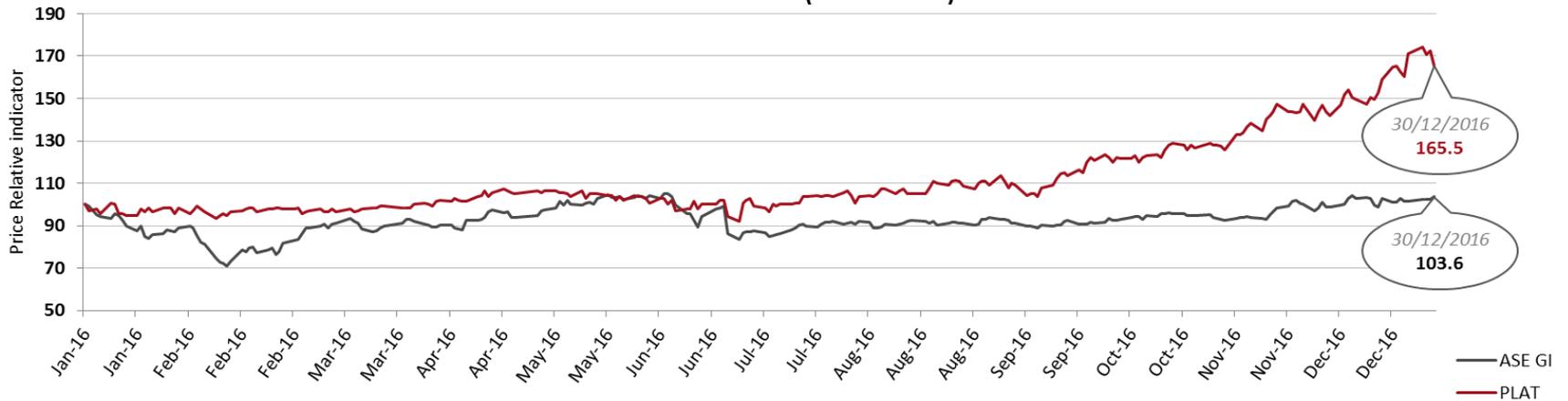


| | 2016 | 2015 |
|-------------------------------------|--------|--------|
| Earnings Before Taxes | 18,327 | 13,284 |
| Income Tax | 4,668 | 3,263 |
| Minority Interest | 275 | 233 |
| Profit Attributable to Shareholders | 13,384 | 9,788 |
| Adjusted # of Shares | 44,022 | 44,406 |
| EPS (in euro) | 0.304 | 0.2204 |

Stock Price & Volume



Relative Performance (vs ASE index)



Q1 2017 IFRS FINANCIAL RESULTS | KEY FINANCIAL FIGURES (€ '000)

| | Q1 2017 | Q1 2016 | Δ % | |
|----------------|---------|---------|-------|---|
| VOLUMES (tons) | 29.412 | 24.942 | 17.9% | ↑ |
| TURNOVER | 76.545 | 70.305 | 8.9% | ↑ |
| GROSS PROFIT | 16.765 | 16.177 | 3.6% | ↑ |
| EBITDA | 7.794 | 7.736 | 0.7% | ↑ |
| EAT & MI | 2.147 | 3.280 | 34.5% | ↓ |

BOARD OF DIRECTORS

| | |
|--------------------------------|----------------------------------|
| Constantinos Chalioris: | Chairman & CEO |
| Theodosios Kolyvas: | Executive Vice-Chairman |
| George Braimis: | Executive Member |
| Dimitris Malamos: | Executive Member |
| Vassilis Zairopoulos: | Non-Executive Member |
| Christos Chiatis: | Independent Non-Executive Member |
| Petros Fronistas: | Independent Non-Executive Member |
| Constantinos Gianniris: | Independent Non-Executive Member |
| Ioannis Apostolakos: | Independent Non-Executive Member |
| Nikitas Glykas: | Independent Non-Executive Member |
| Theodoros Kitsos: | Independent Non-Executive Member |

AUDIT COMMITTEE

| | |
|--------------------------------|--|
| Christos Chiatis: | Independent Non-Executive Member, Chairman of the Committee |
| Constantinos Gianniris: | Independent Non-Executive Board Member |
| Ioannis Apostolakos: | Independent Non-Executive Board Member |

The Company, in compliance with the provisions and regulations of Law, compiled and applies its own Corporate Governance Code, the text and the content of which are generally available to the website of the Company www.thracegroup.com.

Alternative Performance Measures (APM)

During the description of the developments and the performance of the Group, ratios such as the EBIT and the EBITDA are utilized.

- **EBIT (The indicator of earnings before the financial and investment activities as well as the taxes)**
 - The EBIT serves the better analysis of the Group's operating results and is calculated as follows: Turnover plus other operating income minus the total operating expenses, before the financial and investment activities. The EBIT margin (%) is calculated by dividing the EBIT by the turnover.
- **EBITDA (The indicator of operating earnings before the financial and investment activities as well as the depreciation, amortization, impairment and taxes)**
 - The EBITDA serves the better analysis of the Group's operating results and is calculated as follows: Turnover plus other operating income minus the total operating expenses before the depreciation of fixed assets, the amortization of grants and the impairments, as well as before the financial and investment activities. The EBITDA margin (%) is calculated by dividing the EBITDA by the turnover.

| Ratios | Explanation |
|---|---|
| Net Bank Debt / Sales | Relation between Bank Debt and Sales |
| Net Bank Debt / Equity | Relation between Bank Debt and Equity |
| EV/EBITDA: Value of the Company / Operating Earnings before Financial and Investment Activities, Depreciation, Amortization, Impairments and Taxes | Current Market Capitalization, plus the Company's Debt, minus its Cash, divided by the Operating Earnings before Financial and Investment Activities, Depreciation, Amortization, Impairments and Taxes |
| ROCE: Return on Capital Employed | Operating Earnings before Financial and Investment Activities and Taxes minus the Taxes / Total Assets minus Current Liabilities |
| ROE: Return on Equity | Earnings after Taxes and Minority Rights / Equity attributable to shareholders of the Company |
| ROIC: Return on Invested Capital | Operating Earnings before Financial and Investment Activities and Taxes minus the Taxes divided by the Invested Capital (Bank Debt + Equity – Cash) |
| Receivables and Turnover Ratios (in days) | |
| Average Customer Turnover (days) | $[(\text{Customers 2016} + \text{Customers 2015})/2] / \text{Sales 2016} * 365 \text{ days}$ |
| Average Inventory Turnover (days) | $[(\text{Inventory 2016} + \text{Inventory 2015})/2] / \text{Cost of Goods Sold 2016} * 365 \text{ days}$ |
| Average Suppliers Turnover (days) | $[(\text{Suppliers 2016} + \text{Suppliers 2015})/2] / \text{Cost of Goods Sold 2016} * 365 \text{ days}$ |

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 **THRACE GROUP**
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