

*Press information*

## **Pfleiderer Grajewo S.A. with EUR 215.5 million of revenues in Q1 2016 as the Group's integration progresses**

- **Pfleiderer Grajewo Group revenues in the first quarter of 2016 amounted to EUR 215.5 million**
- **However, excluding all extraordinary effects, sales of the Group have been EUR 246.3 million for the full first quarter**
- **In Q1 2016, the Group reported EBITDA of EUR 19.3 million (+54% vs. previous year) and net profit (after tax) of EUR 4.3 million,**
- **Sustainable EBITDA (without extraordinary effects) increased to EUR 33.9 million, which is 13.3% of Q1 2015 on a comparable basis**
- **Several non-sustainable factors influenced the results, however management expects the sustainable EBITDA to increase on a low double digit percentage number over the year**

**Grajewo, Poland, 11 May 2016** – The Pfleiderer Grajewo Group's revenues increased to EUR 215.5 million in the first quarter of 2016 from EUR 96.2 million in Q1 2015, due to first time consolidation after the capital increase and take over of western european businesses.

The sustainable EBITDA – the EBITDA adjusted by non-sustainable issues - well-developed to EUR 33.9 million equals to 13.8% of sales and exceeded slightly initial expectations for the reporting period. Several non-sustainable influencing factors burdened the EBITDA "as reported", nevertheless it rose from EUR 12.5 million to EUR 19.3 million y/y. The Group generated a net profit (after tax) of EUR 4.3 million in the first quarter of 2016.

In January 2016, the Pfleiderer Grajewo Group successfully completed the legal and financial integration of the Eastern and Western European businesses. This created ONE PFLEIDERER, a group which offers a wide range of diversified products in a fast growing markets at the heart of Europe. Currently Group is concentrating on organizational and operational integration of the Core East and Core West in order to finalize multi-level cooperation within the Pfleiderer Group and to unlock the potential for further synergies from joint operations. It is important to highlight that several non-sustainable factor, implicated from the acquisition of Pfleiderer GmbH, affected the Q1 results.

*"Due to creation of ONE PFLEIDERER the operational performance and the net assets of Pfleiderer Grajewo Group are hardly comparable to the prior year's reporting. However, the first quarter of 2016 developed satisfactorily from an operational*

*point of view” - said Michael Wolff, President and CEO of Pfleiderer Group. “The results are influenced by several non-sustainable issues, inter alia deriving from the first consolidation of the Pfleiderer GmbH acquisition, which can be attributed to accounting-related specifics. We are on track and expect the sustainable EBITDA to increase on a low double digit percentage number over the year,” he added.*

All products group contributed to the increase of sales, in particular value added products like HPL and MFC. In the Western Europe positive sales performance was mainly driven by higher volumes across all segments. Q1 2016 sales results in Core West markets were higher by 2.6% than in the previous year, despite the ongoing light reductions on sales prices, mainly as a result of low material purchase prices.

The overall development in Eastern European segments is less positive – revenues fell from EUR 96.2 million to EUR 86.3 million in the first three months (including intercompany sales) of the fiscal year 2016. Results were mainly driven by a negative exchange rate effect of EUR 3.5 million and the decrease in turnover of HDF-plant MDF Grajewo and the pricing pressure from the import of particle boards from Belarus and Ukraine.

*“The available capacities at our key production lines were almost fully utilized, permitting an efficient distribution of fixed costs. Optimizing our Product –mix, we plan to sell more value added products with higher margin. This should protect us from the need of price competition” - said Michael Wolff. “Almost all groups of our clients are demanding more complex and high quality products, so we believe that our strategy will support further positive results. Market development is strongly supported by the growth of the national economies and shows positive outlook for the construction markets in both DACH and Poland,” he added.*

For the year 2016, the Group is planning several investments, such as customized back wall solutions in Grajewo to introduce more lacquered, sanded and customized product variants to reduce future market risks. Secondly, the “Worktop Line” in Wieruszow, where the new press line will allow to boost sales volume by improvements in the production process and thus to increase Pfleiderer’s competitiveness on the worktop market.

The main objective for 2016 is a strong focus on internal integration of processes to push the important operative projects such as first integrated collection the ONE Collection, implementation of unified processes, the ONE SAP in connection with the overall-project ONE PFLEIDERER and the realization of the efficiency gains. In addition to utilize the young talents from Poland a new R&D department will be located in Wieruszow.

On March 21, 2016, The Management Board recommended dividend payment of PLN 64,701,007 (equals EUR 15,194,807 translated at the exchange rate of the date



of the recommendation) in total, and corresponds to PLN 1.00 of the dividend per one share.

**About Pfleiderer Group:**

The Pfleiderer Group is a leading wood panel manufacturer in Europe, with annual sales of approximately EUR 1 billion and over 3,300 employees. The company is headquartered in Wrocław (Poland) and operates nine production sites in both Germany and Poland as well as sales branches in England, the Netherlands, Switzerland and France. The Pfleiderer Group offers a complete range of products with a focus on state-of-the-art furniture and interior fittings. Pfleiderer combines the product ranges of Duropal, Wodego, Thermopal and PFL under the Pfleiderer brand and is a partner to industry, trade, crafts, designers and architects. The Pfleiderer Group is listed as Pfleiderer Grajewo S.A. on the Warsaw Stock Exchange.

<https://www.pfleiderer.com/en/>

<http://www.pfleiderer.pl>

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