

11 August 2016

*Press release*

**Good results were reported for the Pfleiderer Group in first half of 2016, thanks to their focus on value-added products and favorable market conditions**

- **Sustainable EBITDA (without extraordinary effects) increased by 9.2% to EUR 70.4 million**
- **EBITDA margin was 14.4%, better than expected**
- **Revenues were EUR 489.3 million, slightly down against the same period in 2015 due to negative exchange rates**
- **The Group's performance was supported by strong growth of the national economies and a positive outlook for the construction markets in DACH, Poland and also in France and the UK**
- **Management confirmed its expectation to achieve a low double-digit increase in EBITDA in 2016**

*Presented financial data are comparable in connection with the legal and financial process of integration of the Group.*

**11.08.2016 Grajewo, Poland.** In the first half of this year, the Pfleiderer Group generated a solid set of financial results after the process of legal and financial integration of the Eastern and Western European divisions at the beginning of 2016.

Revenues amounted to EUR 489.3 million in the first half, slightly below the level posted in the same period last year (EUR 497.5 million). Revenues were negatively affected by lower sales prices and negative exchange rate effects amounting to EUR 14.6 million. However, Pfleiderer has grown in volume by EUR 9.2 million.

Sustainable EBITDA amounted to EUR 70.4 million and was 9.2% higher compared to the same period last year, due to volume growth, favorable material costs and synergies from the integration of ONE PFLEIDERER. EBITDA margin stood at 14.4% (compared to 13% EBITDA margin in the first half of 2015) and overachieved expectations for the reporting period. The current year is regarded as extraordinary concerning non-sustainable items, due to the expenses in H1 2016 for the re-IPO (EUR 10.2 million) and in connection with the integration of Eastern and Western businesses (EUR 4.2 million).

Including the non-sustainable expenses reported, EBITDA stood at EUR 51.8 million (H1 2015: EUR 60.5 million). Net profit (after tax) amounted to EUR 4.1 million in the first half of 2016 compared to EUR 14 million in the same period of 2015.

*“As expected and communicated to the market, the first half of the year was influenced by several non-sustainable issues related to expenditures on the re-IPO process and the full integration of the Eastern and Western segments. However, due to consistent strategic focus on the development of the sales of value-added products and the growing impact of synergies arising from the integration of the Pfleiderer organization, we have achieved very satisfying results in the first six months.”*

*“The main objective for the second half of 2016 is a strong focus on the Group's internal integration to push faster decision-making processes and a more streamlined operational structure. We are happy to confirm our target of realizing cost savings of at least EUR 30 million by the end of 2018.”*

**Michael Wolff, President and CEO of the Pfleiderer Group**

In the Western European segment, the Group recorded steady growth both in terms of sales (up 3.2% to EUR 336.6 million) and the sustainable EBITDA (up 14.9% to EUR 43.1 million). This is mainly the result of higher sales volumes, particularly for value-added products, which achieved the highest margins (sales growth of MFC and HPL). The results improved despite growing pressure on sales prices, overcompensated by lower material costs.

In the Eastern Europe segment, Pfleiderer generated revenues of EUR 169.7 million in the first half of 2016, compared to EUR 190 million in the same period last year. Sustainable EBITDA amounted to EUR 25.7 million and was 4.8% lower (H1 2015: EUR 27 million). The performance of the segment is mainly related to the decrease in revenues of the HDF-plant MDF in Grajewo (a negative contribution of EUR 11.7 million due to overcapacity in the market), price pressure associated with the import of cheaper particle boards from Belarus and Ukraine to the Polish market, and a negative exchange rate effect (EUR 4.4 million). Conversely, value-added products, such as HPL, had a positive impact on the eastern segment. Production capacity in key lines was almost fully utilized, allowing for the efficient distribution of fixed costs. In the first half of the year, the Group took additional measures to increase operational efficiency, especially in terms of productivity and costs associated with improving quality. This led to a 2.8 percentage point increase in raw gross margin ex works.

In the first half, capital expenditure amounted to EUR 15.8 million and all strategic projects were implemented according to plan. At the end of July, four weeks ahead of schedule, a new lacquering line was launched at the Grajewo plant. This investment of EUR 5 million will increase the production capacity for lacquered HDF boards in Grajewo by 30%. The investment was realized within the framework of the Pfleiderer program 4Pack Project, which will cost EUR 10 million and will finish at the end of 2016. With this investment the Group will shift commodities into value-added products and overcome HDF-plant difficulties. In March the investment in the worktop



line in Wieruszów was finalized. Thanks to this, the Group can increase and improve its competitiveness in the segment of kitchen worktops.

#### **About Pfleiderer Grajewo Group**

The Pfleiderer Grajewo Group, with over 120 years of experience, is now a leading European manufacturer of wood-based products, specializing in the production of materials in the furniture industry, the interior industry and construction. The Group manufactures standard particle board, worktops, HPL laminates, artificial wall coverings and wood-based panels. After completion of the reverse acquisition of the parent company (Pfleiderer GmbH), which took place in January 2016, Pfleiderer Grajewo has grown into one of Europe's leading manufacturers of wood-based products, with revenues amounting to 1 billion euros. The Group is the leading producer of chipboard in Germany, and is ranked second in the Polish market. Pfleiderer Grajewo operates from nine manufacturing facilities located in Poland and Germany, employing approximately 3,300 people. The Group is able to sell products all across Europe. It also manages commercial departments in the UK, the Netherlands, Switzerland and France.

<http://www.pfleiderer.pl>

<https://www.pfleiderer.com>

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