

**ATHEX Mid Cap
CONFERENCE 2018**

CORPORATE PRESENTATION

26 April 2018

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



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

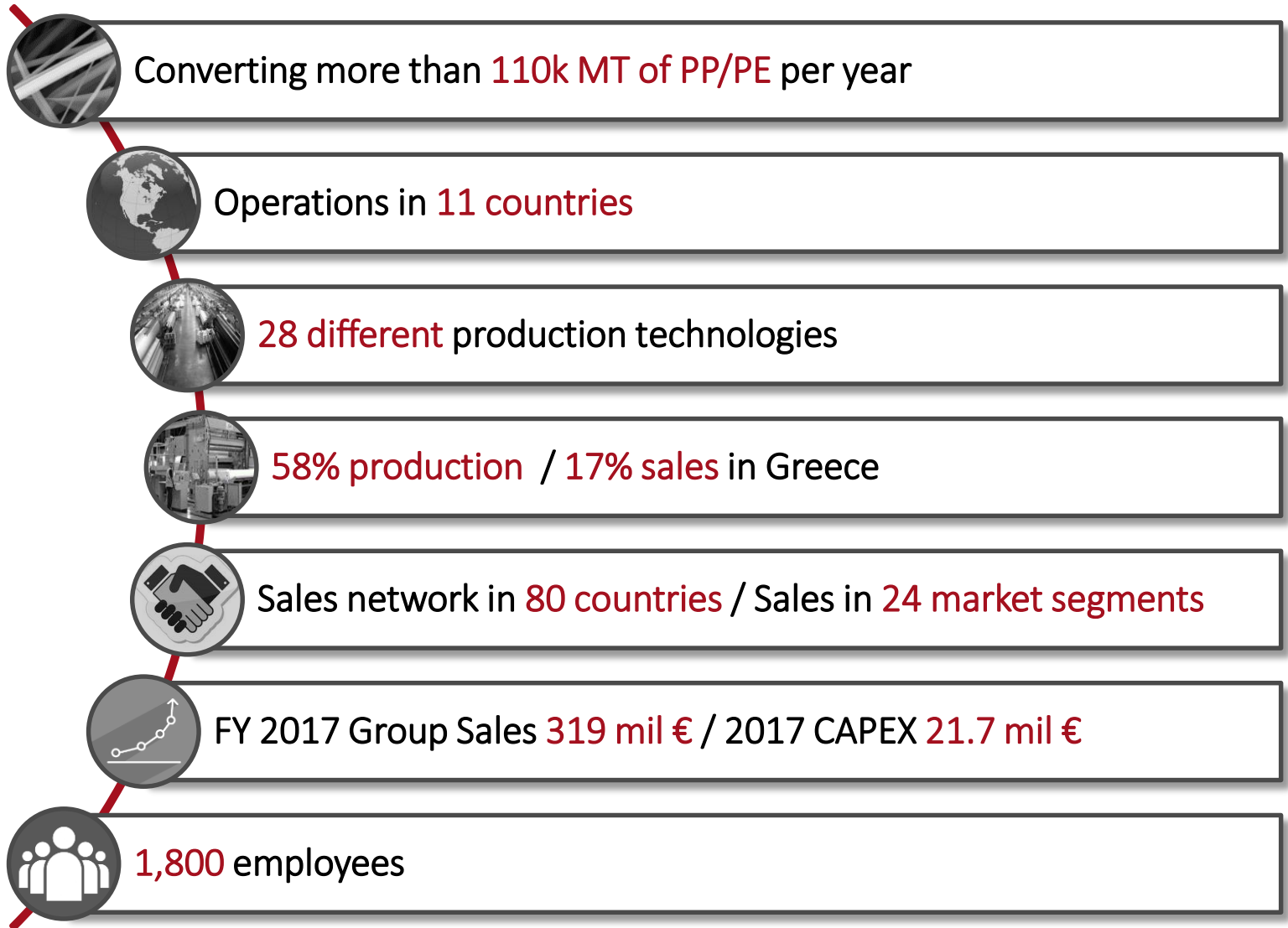


TECHNICAL FABRICS



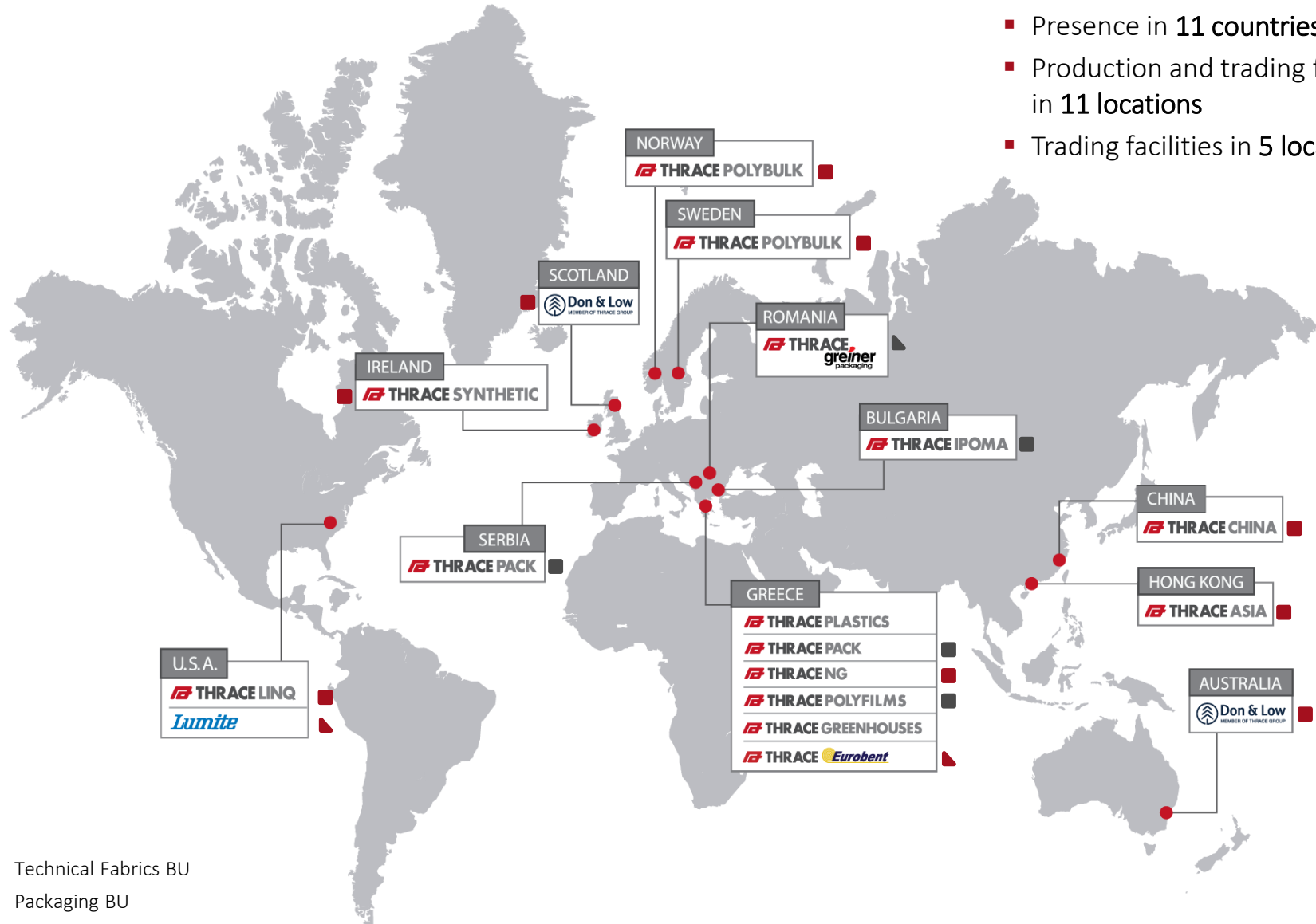
PACKAGING SOLUTIONS





THRACE GROUP | GLOBAL PRESENCE

- Presence in 11 countries
- Production and trading facilities in 11 locations
- Trading facilities in 5 locations

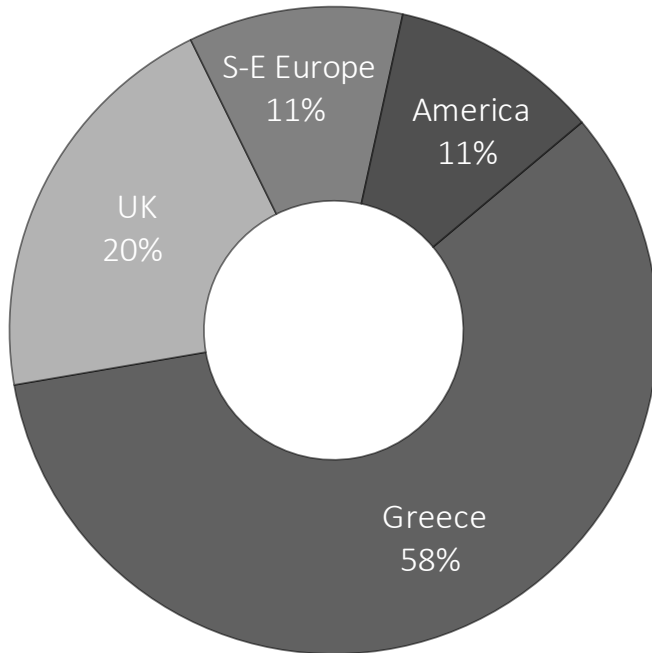


100% JV
 ■ ▲ Technical Fabrics BU
 ■ ▲ Packaging BU

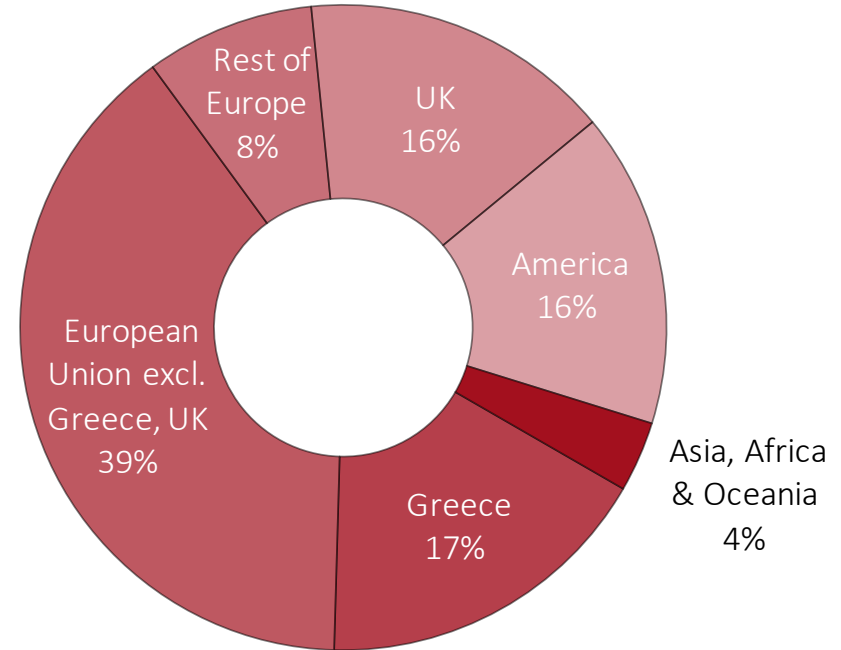
● Production / Distribution Facilities

THRACE GROUP | PRODUCTION & REVENUE BREAKDOWN

Production Geographical Breakdown



Sales Geographical Breakdown



- **58% 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 through our global presence. Only **17% of sales in Greece**.



TECHNICAL FABRICS

BUSINESS UNIT

TECHNICAL FABRICS BU | PRODUCTS BY APPLICATION



GEOSYNTHETICS



CONSTRUCTION



AGRI/HORTICULTURE
AQUACULTURE



LANDSCAPE-
GARDENING



SPORT & LEISURE



MEDICAL & HYGIENE



FILTRATION



FURNITURE &
BEDDING



AUTOMOTIVE



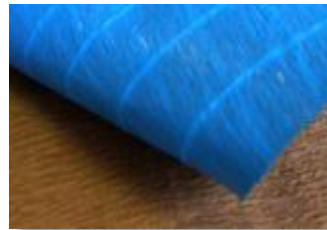
FIBC / PACKAGING
FABRICS



ADVANCED FABRICS/
COMPOSITES



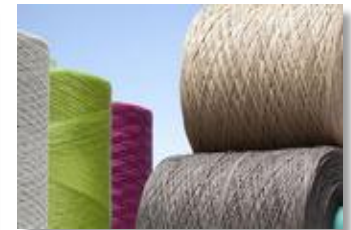
FLOOR COVERING



INDUSTRIAL FABRICS



ARNO WEBBINGS/
STRAPS/ ROPES

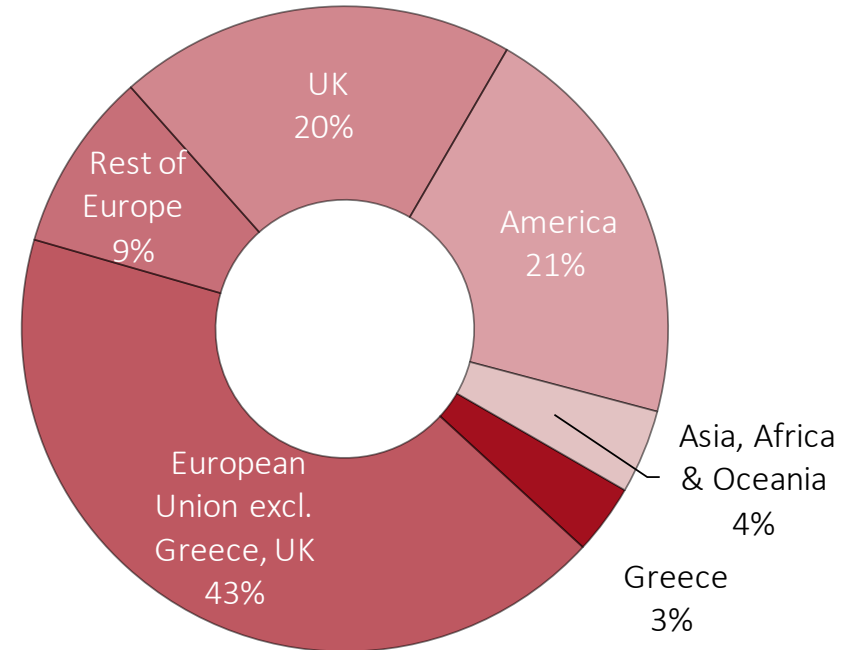


INDUSTRIAL YARNS &
FIBERS

Production Geographical Breakdown



Sales Geographical Breakdown



- 56% of production in Greece (following the investments of 2015-2016) but only 3% of sales in Greece
- Global sales presence but mainly Europe (well diversified within Europe) and America

TECHNICAL FABRICS BU | COMPETITION



PACKAGING SOLUTIONS

BUSINESS UNIT

PACKAGING BU | PRODUCTS



BAGS/FFS FILMS



PALLET COVERING/
PACKAGING FILM



CONTAINER LINERS/
CARGO PROTECTION



FABRICS



INJECTION/BUCKETS/
PAISL/CONTAINERS



THERMOFORMING
CUPS



EPS CONTAINERS &
TRAYS



CRATES



BAG IN BOX

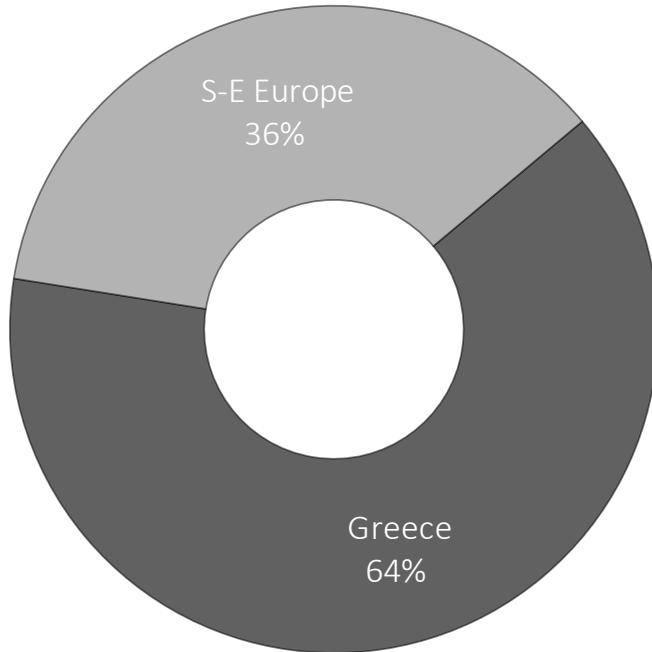


GARBAGE BAGS

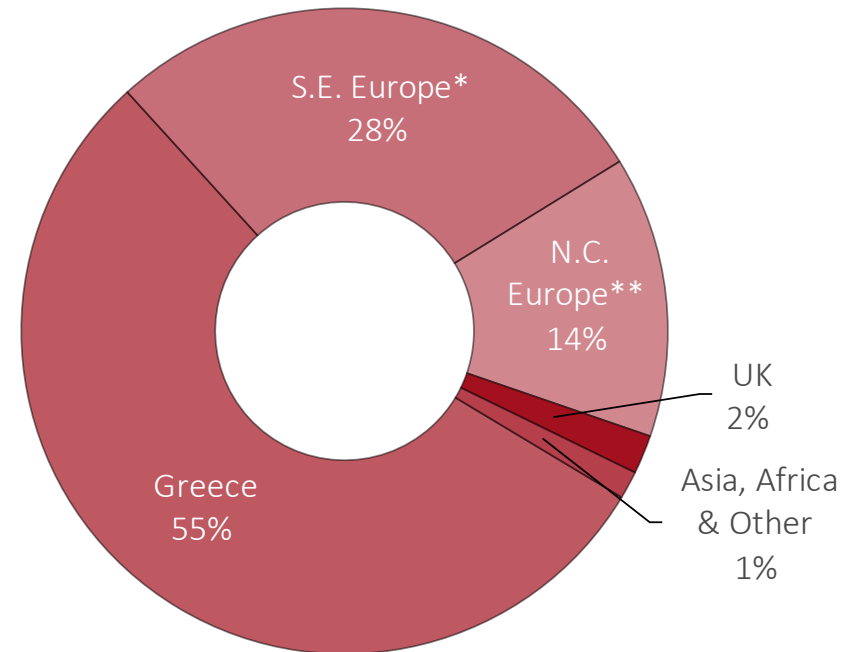


ROPES & TWINES

Production Geographical Breakdown



Sales Geographical Breakdown



* Includes Bulgaria, Albania, Romania, Serbia, Slovenia, Croatia, FYROM, Bosnia-Herzegovina, Montenegro, Kosovo

** Includes all other European countries plus Russia, Ukraine and Georgia

- **64%** of production and **55%** of sales in Greece
- Main markets are Greece and SE Europe (90%)
- Exports are limited to a specific radius (local production is major advantage)
- From mid 2017 production in Ireland for the UK and Irish markets



Huhtamaki



POLARCUP



WOLF PLASTICS





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

CAPEX (in mil €)	2015 - 2016	2017 - 2018
Technical Fabrics	40.7	31.6
Packaging	14.4	11.9
Agricultural & Other	1.6	-
Total CAPEX	56.7	43.5
CAPEX in Greek subsidiaries	42.7	13.7
CAPEX in subsidiaries abroad	14.0	29.9
Additional Volumes (in tons)	25.600	15.000

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 3 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 various financial charts, including a bar chart with several bars of increasing height, a pie chart with several slices, and a line graph with a fluctuating white line. The charts are rendered in a light gray, semi-transparent style, giving a sense of depth and data analysis.

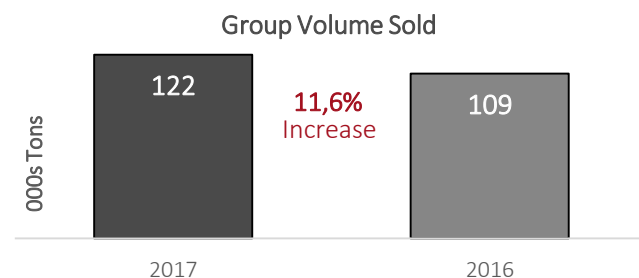
FINANCIAL REVIEW

FY 2017 IFRS FINANCIAL RESULTS | P&L SUMMARY

amounts in 000s €	2017	2016	y-o-y
Turnover	318.509	291.900	9,1%
Cost of Goods Sold	(251.619)	(225.497)	11,6%
Gross profit	66.890	66.403	0,7%
<i>Gross profit margin</i>	<i>21,0%</i>	<i>22,7%</i>	
Operating Expenses	(49.711)	(43.498)	14,3%
EBIT	17.179	22.905	-25,0%
<i>EBIT margin</i>	<i>5,4%</i>	<i>7,8%</i>	
Financial Income/Expenses	(5.439)	(5.854)	
Profit/(Losses) from equity consolid.	996	1.276	
Profit/(Losses) from M&A	1.098	0	
EBT	13.834	18.327	-24,5%
<i>EBT margin</i>	<i>4,3%</i>	<i>6,3%</i>	
<i>EBT underlying *</i>	<i>13.679</i>	<i>15.878</i>	<i>-13,8%</i>
<i>EBT underlying * margin</i>	<i>4,3%</i>	<i>5,4%</i>	
EBITDA	30.130	35.160	-14,3%
<i>EBITDA margin</i>	<i>9,5%</i>	<i>12,0%</i>	
<i>EBITDA underlying *</i>	<i>31.244</i>	<i>34.895</i>	<i>-10,5%</i>
<i>EBITDA underlying * margin</i>	<i>9,8%</i>	<i>12,0%</i>	

* underlying = excluding FX differences and profit/loss from M&A

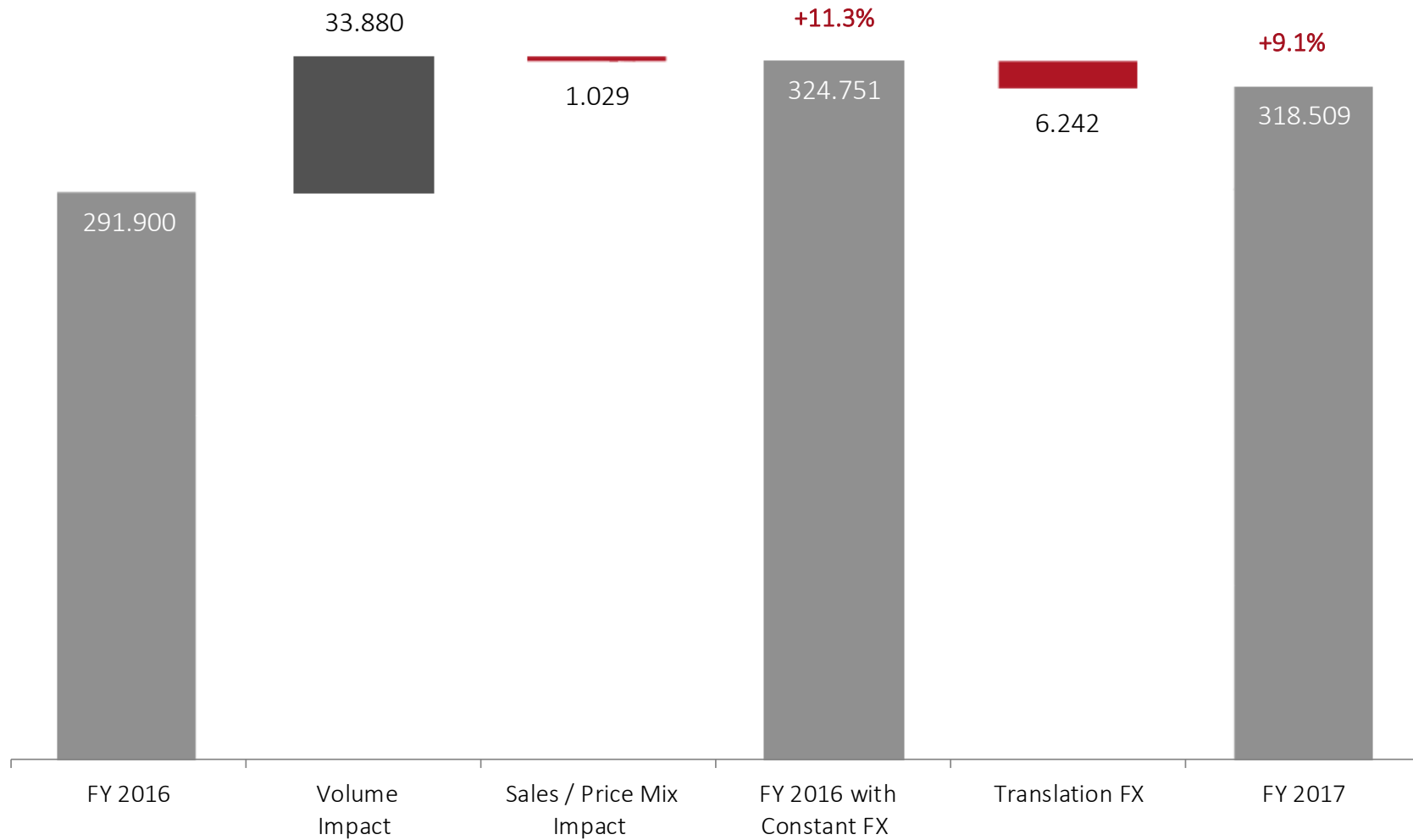
Operating Expenses	2017	2016	y-o-y
Administration Expenses	(16.839)	(16.080)	4,7%
<i>% of Sales</i>	<i>5,3%</i>	<i>5,5%</i>	
Selling Expenses	(30.146)	(26.727)	12,8%
<i>% of Sales</i>	<i>9,5%</i>	<i>9,2%</i>	
R&D Expenses	(1.948)	(1.134)	71,8%
Other Op. Income/Expenses	336	178	88,8%
Other Profit/Losses	(1.114)	265	-520,4%



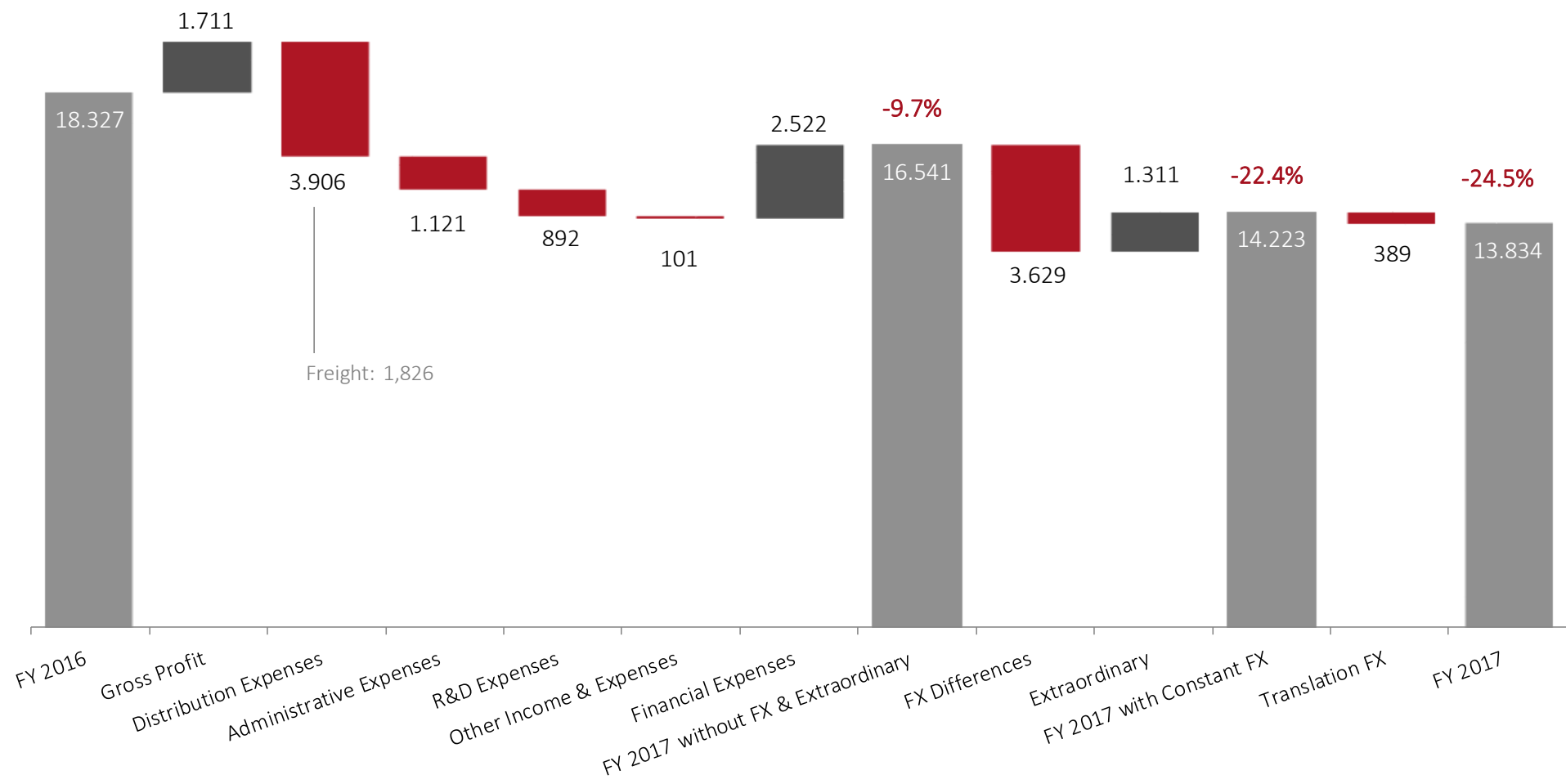
Year under review highlights:

- Growth in the consolidated sales volume (+11.6%) as a result of the investments in new production lines during the 2-year period 2015-2016. The Sales volume increase refers to both business units of the Group (Technical Fabrics +12.1% and Packaging +9.1%).
- Increase of consolidated Turnover - the sales volume growth was not fully reflected into the value of the consolidated sales due to a more elastic pricing policy followed by the Group in order to sell the additional production volumes. Also, a negative effect on consolidated turnover emerged from foreign exchange translation due to the depreciation of the dollar and the English pound against the Euro.
- Lower demand for the products of Technical Fabrics Unit in the American market
- Gross profit margin contraction mainly due to the following factors:
 - Following the efforts to achieve the main objective which was the exploitation of the production capacity and the sale of the increased product volumes, a more elastic pricing policy was followed which resulted to lower profit margins.
- The fact that the raw material prices increased gradually during the first four months of 2017 did not enable the transfer of the higher cost into the sale prices. The particular factor was more evident in the Group's subsidiary in Scotland where the raw material prices were further increased due to the exchange rate GBP/EUR.
- Higher Distribution Expenses due to the reinforcement of the sales divisions with new personnel, necessary in order to support the higher sales volumes.
- Effect on the operating results from the negative foreign exchange differences due to the depreciation of the dollar and the English pound against the Euro.

FY 2017 IFRS FINANCIAL RESULTS | GROUP REVENUE BRIDGE (€ '000)

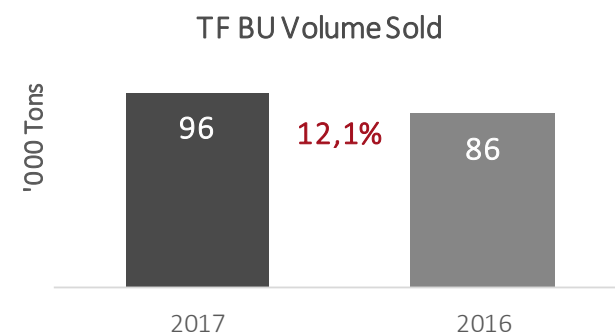


FY 2017 IFRS FINANCIAL RESULTS | GROUP EBT BRIDGE (€ '000)

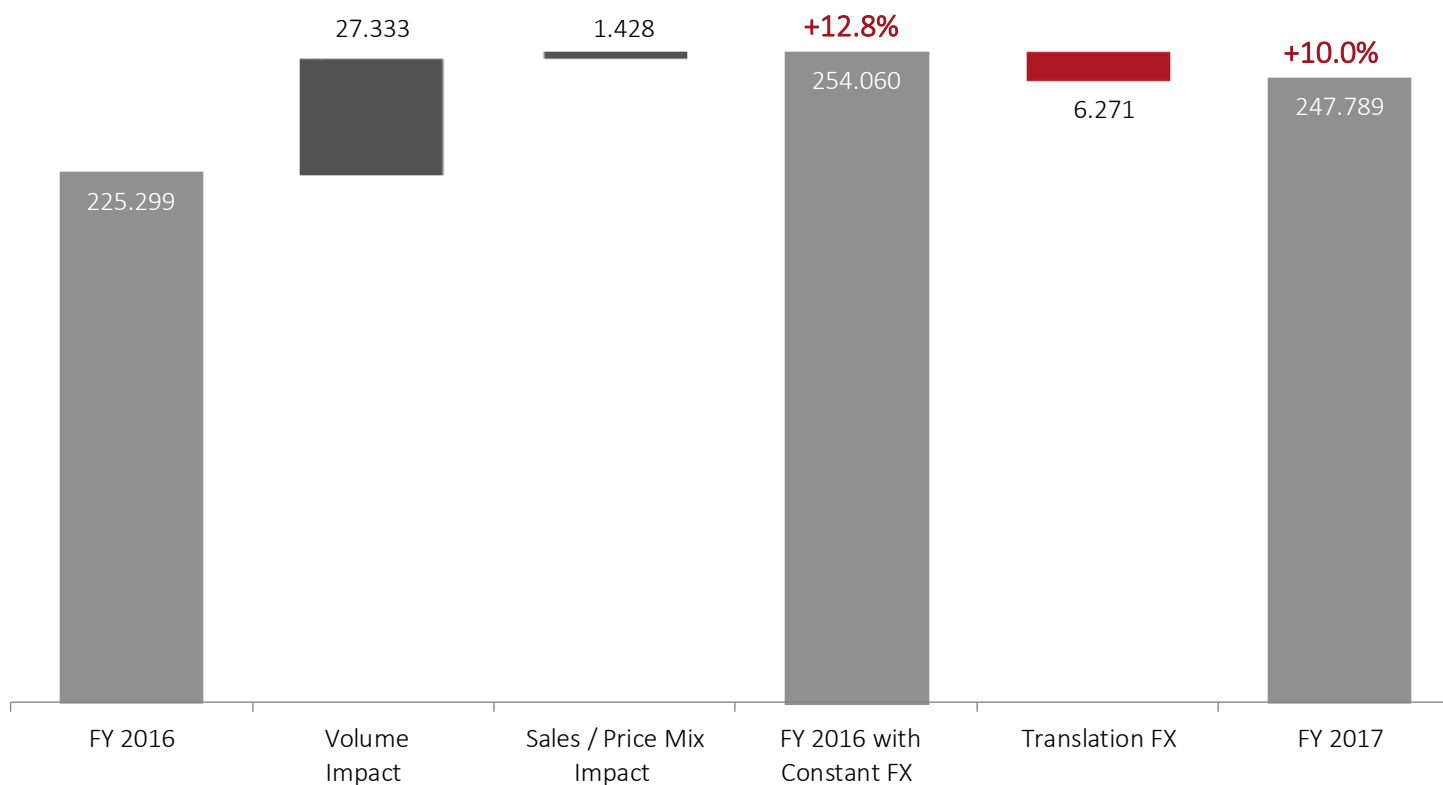


FY 2017 TECHNICAL FABRICS BUSINESS UNIT | OVERVIEW

Key P & L Items (amounts in €'000)	FY 2017	FY 2016
Sales	247.789	225.299
<i>y-o-y Change %</i>	<i>+10.0%</i>	
EBITDA	18.907	22.560
<i>EBITDA margin</i>	<i>7.6%</i>	<i>10.0%</i>

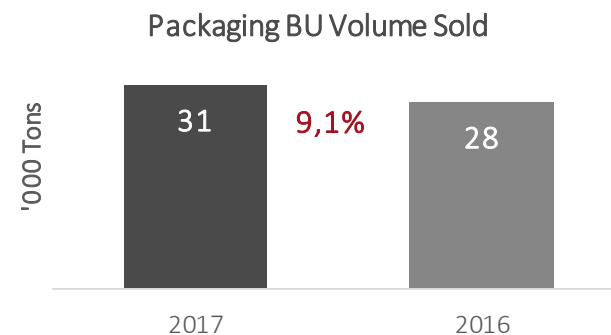


TF BU 2017 Sales Bridge

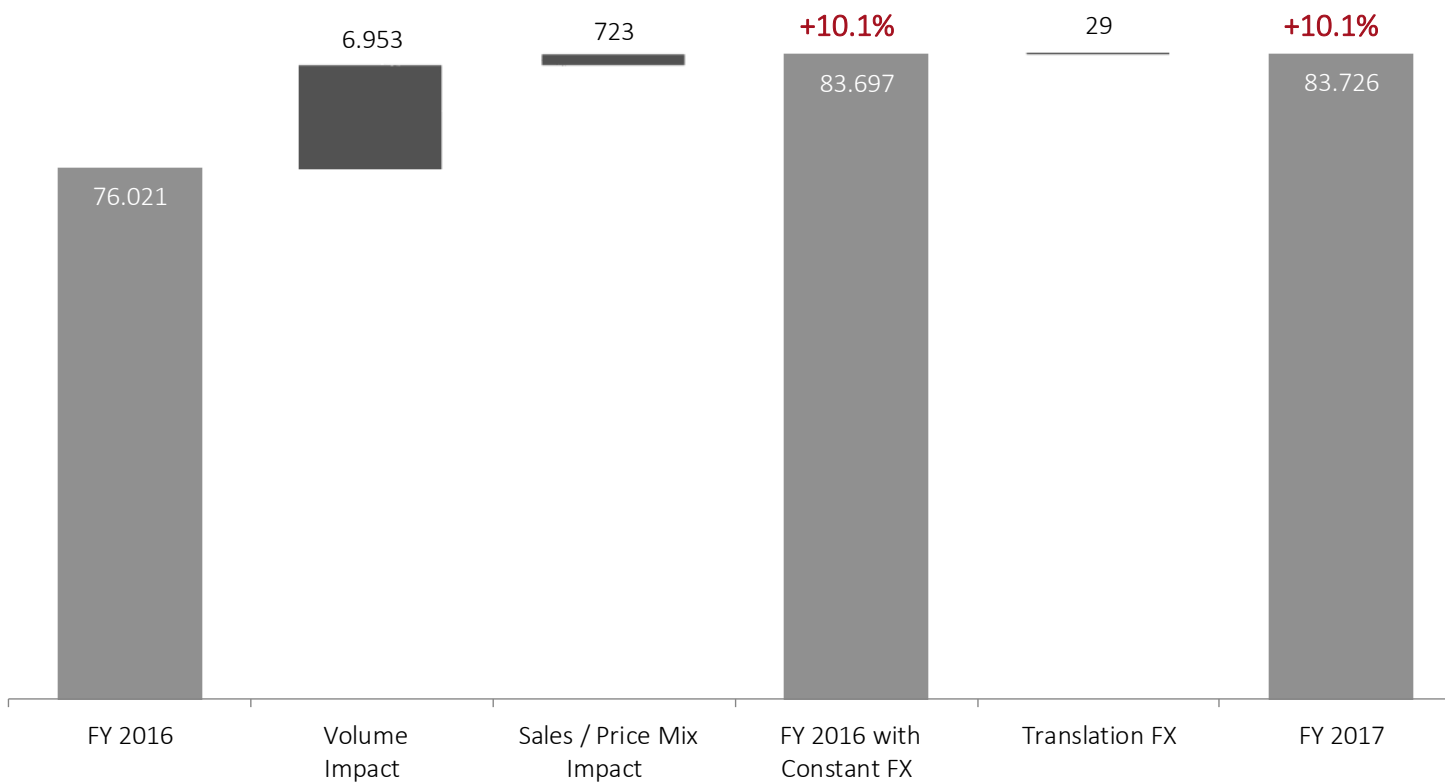


FY 2017 PACKAGING BUSINESS UNIT | OVERVIEW

Key P & L Items (amounts in €'000)	FY 2017	FY 2016
Sales	83.726	76.021
<i>y-o-y Change %</i>	<i>+10.1%</i>	
EBITDA	11.519	10.825
<i>EBITDA margin</i>	<i>13.8%</i>	<i>14.2%</i>



Pack BU 2017 Sales Bridge



FY 2017 IFRS FINANCIAL RESULTS | BS SUMMARY

<i>amounts in 000s €</i>	2017	2016
Tangible Assets	114.507	107.550
Intangible Assets	11.424	11.605
Other NC Assets	21.842	21.367
Non Current Assets	147.773	140.522
Inventories	59.634	57.695
Receivables	57.332	50.640
Cash & Cash Equivalents	30.593	31.080
Other Currents Assets	9.374	9.554
Current Assets	156.933	148.969
Total Assets	304.706	289.491
Bank Loans	88.400	85.802
Payables	37.021	31.799
Provisions for Pension Plans	15.847	24.369
Other Liabilities	25.960	24.733
Total Liabilities	167.228	166.703
Share Capital	28.869	29.762
Reserves	41.671	44.065
Retained Earnings	64.573	46.845
Minority Interests	2.365	2.116
Equity	137.478	122.788
Equity & Liabilities	304.706	289.491

Key Ratios	2017	2016
Total Bank Debt	88.400	85.802
Cash	30.593	31.080
Net Debt	57.807	54.722
Net Debt/Sales	0,18	0,19
Net Debt/Equity	0,42	0,45
EV/EBITDA	5,7	4,8
ROCE	8,1%	10,6%
ROE	7,9%	11,1%
ROIC	7,2%	10,3%
Operating WC	79.945	76.536
<i>as a % of Sales</i>	<i>25,1%</i>	<i>26,2%</i>

* For the calculation of EV/EBITDA the market capitalization of April 25th 2018 was used

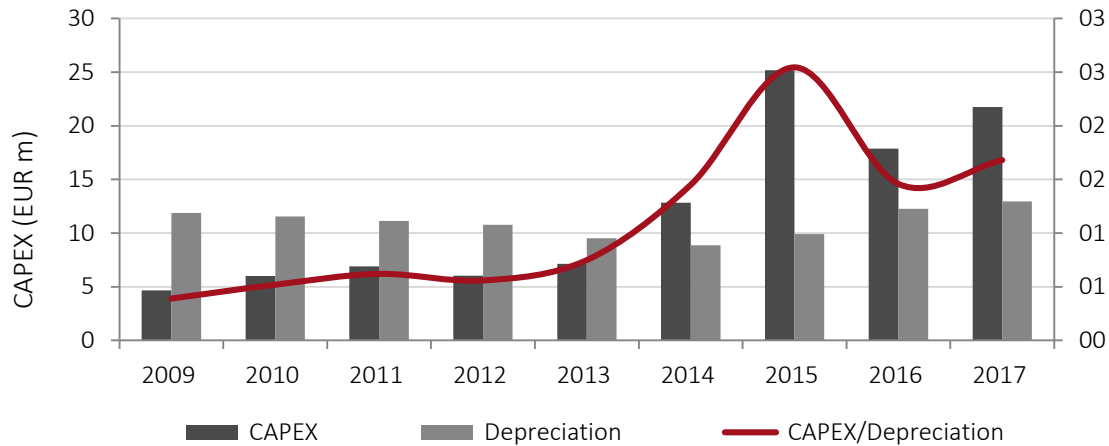
FY 2017 IFRS FINANCIAL RESULTS | CASH FLOW SUMMARY

<i>amounts in 000s €</i>	2017	2016
Profit before Taxes & MI	13.834	18.327
Depreciation	12.952	12.255
Interest & related (income)/expense	5.439	5.833
Other	(543)	(698)
Adjusted EBITDA	31.682	35.717
(Increase)/Decrease in WC	(3.510)	(6.499)
Interest & Taxes paid	(8.926)	(10.047)
Capital Expenditure	(21.754)	(17.870)
Free Cash Flow	(2.508)	1.301
Other investing activities	(985)	404
Proceeds from Loans	12.524	7.928
Repayment of Loans	(8.662)	(3.145)
Other financing activities	(14)	(757)
Net increase/(decrease) in Cash	355	5.731
Opening Cash	31.080	26.411
FX effect on cash reserves	(842)	(1.062)
Cash & CEs at end of period	30.593	31.080

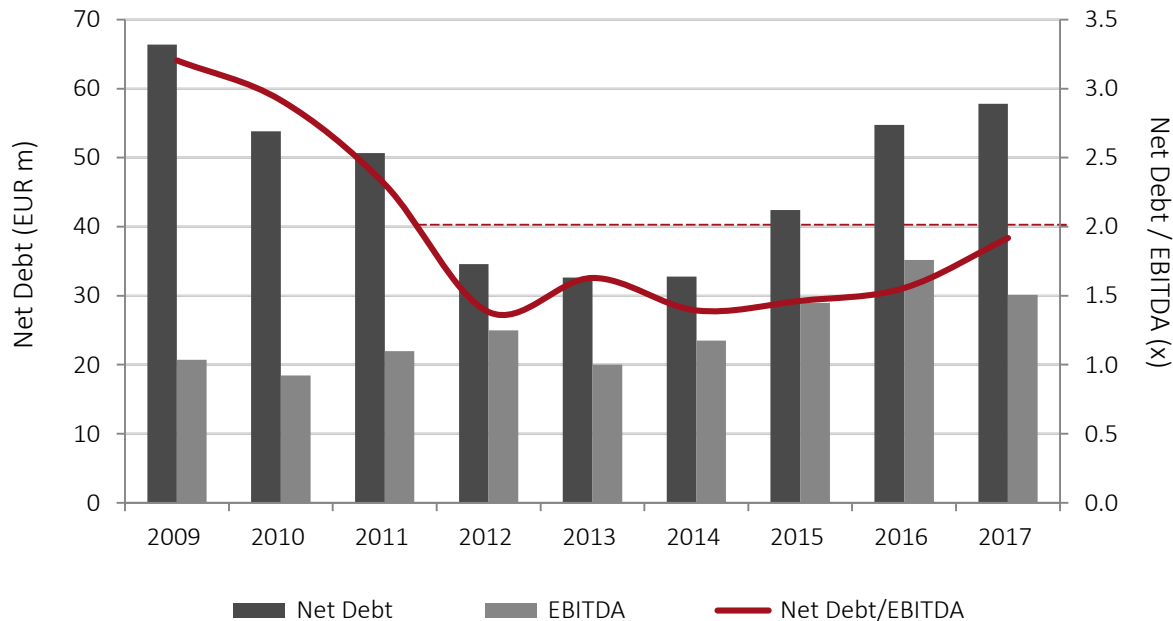
→ excluding financial leases for equipment purchased

CAPEX (in mi €)	2017-2018	2015-2016
Technical Fabrics	31,6	40,7
Packaging	11,9	14,4
Agricultural & Other	0,0	1,6
Total CAPEX	43,5	56,7
CAPEX of Greek Subsidiaries	13,7	42,7
CAPEX of subsidiaries abroad	29,9	14,0

FY 2017 IFRS FINANCIAL RESULTS | NET DEBT



- The high investment plan that started in 2015 resulted in increased Net Debt in 2016 and 2017.
- Net Debt/EBITDA remains below 2x which is the max set by the Group.

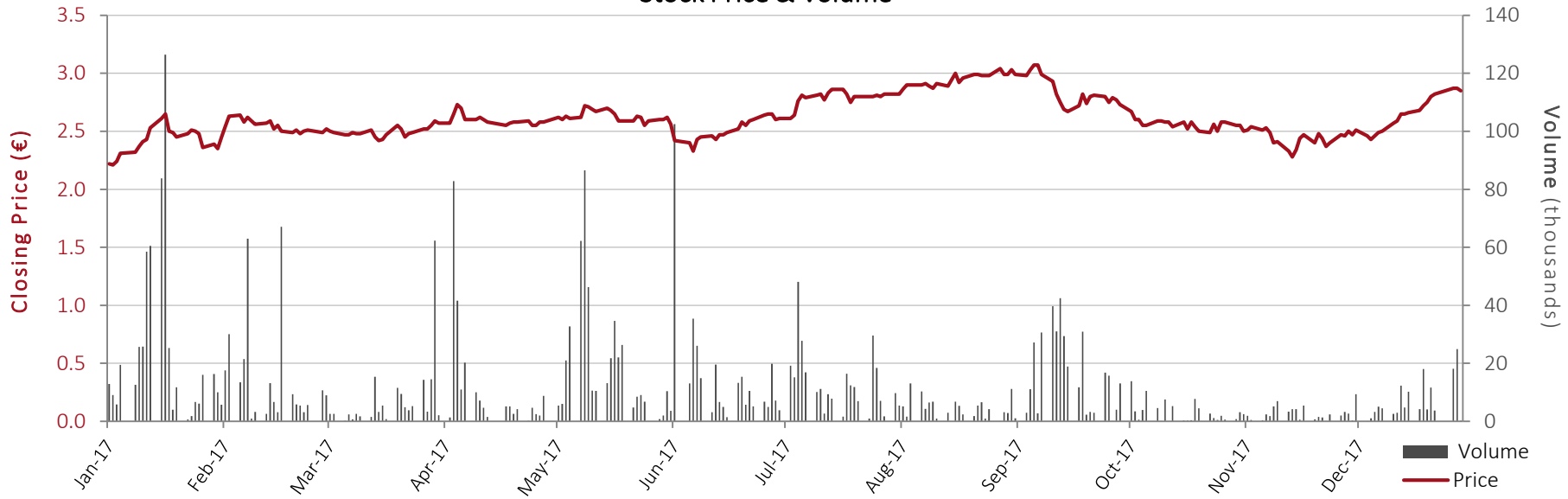


FY 2017 IFRS FINANCIAL RESULTS | EARNINGS PER SHARE

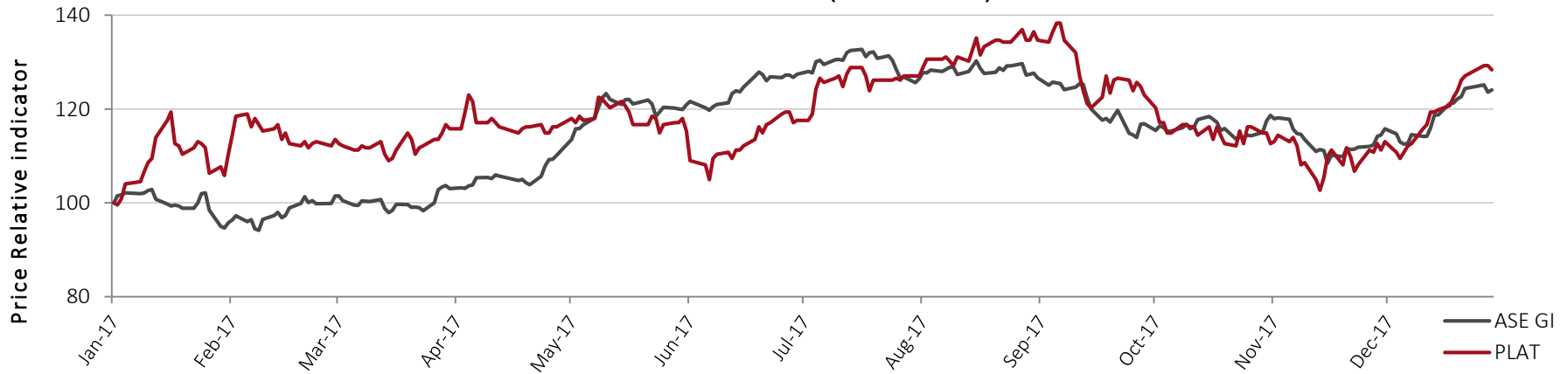
	2017	2016
Earnings Before Taxes	13.834	18.327
Income Tax	3.025	4.668
Minority Interest	258	275
Profit Attributable to Shareholders	10.551	13.384
Adjusted # of Shares	43.741	44.022
EPS (in euro)	0,2412	0,3040

GROUP FINANCIAL PERFORMANCE | STOCK DATA

Stock Price & Volume



Relative Performance (vs ASE index)



Market Making: On March 26, 2018, the Company started Market Making with Alpha Finance and Eurobank Equities

BOARD OF DIRECTORS

Constantinos Chalioris:	Chairman & Group CEO
Theodosios Kolyvas:	Executive Vice-Chairman
George Braimis:	Executive Member & Group COO
Dimitris Malamos:	Executive Member & Group CFO
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 divided by the Total Assets minus the 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)

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This Presentation contains illustrative returns, projections, estimates and beliefs and similar information (the "forward-looking statements"), based on current beliefs and expectations about future events. Forward-looking statements reflect the Company's current views with respect to future events and financial performance and may include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts, and are, therefore, subject to certain risks and uncertainties regarding the operations, financial condition, liquidity etc. of the Company.

The forward-looking statements in the Presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties.

Although the Company believes the expectations reflected in such forward-looking statements are based on assumptions that were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the control of the Company, the latter cannot assure that its expectations, beliefs or projections will be attained, achieved or accomplished.

The forward-looking statements are made as of the date of the Presentation, and the Company undertakes no obligation to update or revise or amend or keep current any forward-looking statement or to correct any inaccuracies in the Presentation, in light of new information or future events or otherwise.

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 **THRACE GROUP**
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