

05.04.2019.

VALMIERAS STIKLA ŠĶIEDRA, AS

THE JOURNEY OF A
FOLLOW-ON PUBLIC OFFERING (FPO)

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AGENDA

Stefan Jugel, Chairman of the Board

- The Company overview
- Financial performance & investments
- Future plans 2019 - 2021
- The planned FPO

Liene Dubava, Nasdaq Riga Member of the Management Board

- FPO as a great opportunity for a business development

Ivars Bergmanis, LHV Bank Head of Institutional Markets

- Changes and opportunities after a FPO
- FPO marketing activities in the Baltics



**STEFAN JUGEL,
CHAIRMAN OF THE
BOARD
VALMIERAS STIKLA
ŠĶIEDRA, AS**



LATVIAN EXPORT SUCCESS STORY

With over 55 years of experience, AS VALMIERAS STIKLA ŠĶIEDRA is exporting to 47 countries across the world, with export sales portion reaching 97%.

The GROUP companies are located on two continents in three countries: in Latvia, the United Kingdom and the United States.



3 companies
324 000 m²

**A strong
manufacturing
infrastructure***



Employees
1700 +

**Knowledgeable,
highly skilled
employees***

*Overall combined data on
the GROUP level.

OUR MISSION CRAFTING THE IMPOSSIBLE

At VALMIERA GLASS GROUP we make impossible things possible and improve the quality of life for millions of people.

With our unique glass fibre we are supplying humans with unbelievable possibilities. We are shielding people from fire, making heavy products fly, creating forever lasting constructions and allowing one to explore the depths of oceans and the Earth.

**SHIELDING
PEOPLE
FROM FIRE**



**LETTING EXPLORE
THE DEPTHS OF
OCEANS AND EARTH**



**MAKE HEAVY
OBJECTS FLY**



**HELPING PEOPLE
TO REACH
THE STARS!
LITERALLY!**



**BEING IMMUNE
TO WATER**



**CREATING
CONSTRUCTIONS
THAT LAST**



FINANCIAL PERFORMANCE

- Solid financial performance in the last 20 years.
- The companies in Latvia and the UK reached their profit budgets in 2018. Nevertheless, these good results couldn't offset the losses of the US entity.
- Good demand continued in all market segments with consolidated net sales of the GROUP in the year 2018* reaching EUR 112.9 million.
- Strong financial support from main shareholders.

CONSOLIDATED NET SALES 1999-2018:



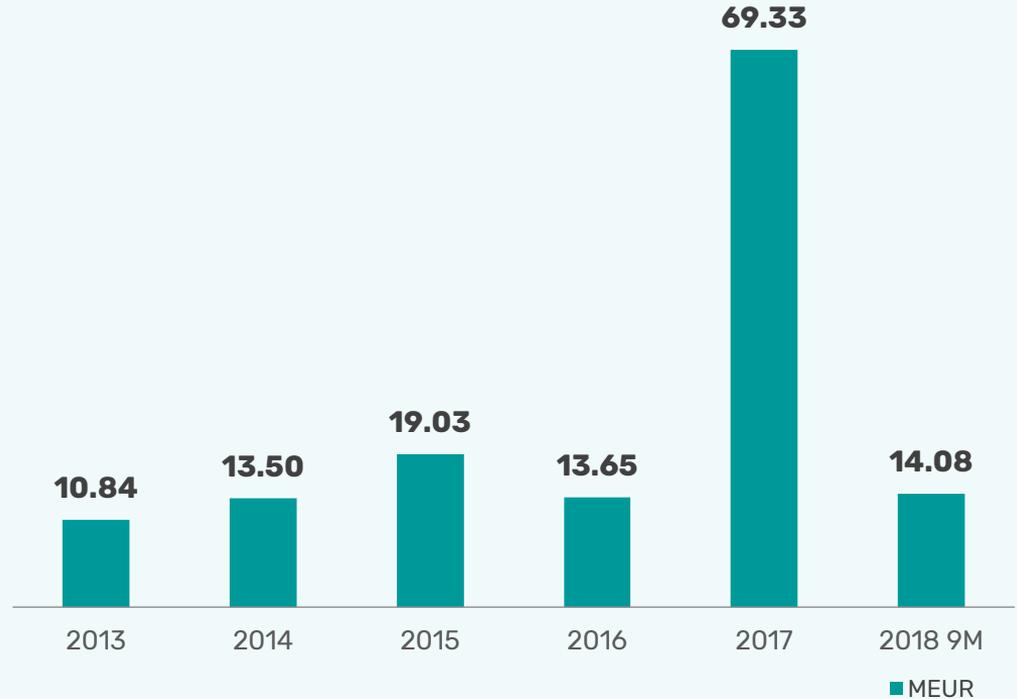
*Unaudited

INVESTMENTS GROWING FAST AND STABLE

VALMIERA GLASS GROUP has been undertaking very sizeable investments in order to expand its global presence, modernize technological solutions and develop new, innovative products.

Total investments in the GROUP from 1997 until 2018 [22 years]: more than 245 M EUR

Largest investment project: U.S.-based production plant; planned total investments from 2014 till 2022 [9 years]: 110 M USD



INVESTMENTS FIVE-YEAR OVERVIEW

2013 MEUR 10.84	2014 MEUR 13.50	2015 MEUR 19.03	2016 MEUR 13.65	2017 & 9M 2018 MEUR 83.41
MAIN PROJECTS:				
<p>Production capacity increase of impregnated mesh and silica-products (with thermal resistance of 1000+°C) (LV).</p>	<ul style="list-style-type: none"> • Insulation of production facilities to improve the energy efficiency of the buildings (LV). • New equipment for needle mat production (LV). • Investments in the US company Phase I. 	<ul style="list-style-type: none"> • Production capacity increase of furnace 3 (LV). • New machines for needle mat production (LV). • Environmentally-oriented investments into industrial wastewater treatment infrastructure (LV). 	<ul style="list-style-type: none"> • Reconstruction of furnace 1 (LV). • New furnace for HR-glass (LV). • Weaving capacity relocation from UK to LV. 	<p>Investments in the US company Phase II.</p>

FUTURE PLANS 2019 - 2021

- Increase employee know-how, productivity as well as employee satisfaction.
- Pursue profitability levels in the US subsidiary comparable to the company in Latvia.
- Implementation of the existing and new glass types.
- Increasing the level of automation in the companies in Latvia and the UK.
- Scheduled repair of the two glass melting furnaces in Latvia, planned investments up to EUR 10 million until 2021.
- Planning net sales of EUR 151.7 million and EBITDA EUR 23.5 million in 2019.
- It is planned to return to historical rates of profitability as of 2020.*

* The forecast is expected to be achieved, if the earnings situation of the US Company improves as described in the company's unaudited consolidated financial report.

FPO A LONG-TERM DECISION

The Company has taken a long-term decision to diversify its funding sources and undertake a greater engagement of capital markets.

The main purpose is to strengthen the Company's overall capital base as well as financing capital expenditure-related items at its operational locations.

In the annual shareholder meeting in 2018, it was allowed to issue up to 7.17 million new shares.

The plan is to address the issue of shares during H1 2019, subject to all corporate and regulatory approvals.

The Company also plans to move its shares to the Nasdaq Baltic Main List to increase their liquidity and appeal.



ANYONE CAN CONSIDER BECOMING AN INVESTOR

We are planning to attract international institutional investors as well as retail investors based in the Baltic region.

A rare opportunity to invest in a Latvian company operating in a fast growing industry of the future.

The majority shareholder retains an active presence in the company also after the intended FPO.

Subject to financial performance and lender approvals, it is planned to pay dividends as of 2021.

LIENE DUBAVA
MEMBER OF THE
MANAGEMENT BOARD,
NASDAQ RIGA



IVARS BERGMANIS
HEAD OF INSTITUTIONAL
MARKETS,
LHV BANK





CRAFTING
THE IMPOSSIBLE

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