

First Half Results January – June 2012

Analyst Conference Call
30 August 2012

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Agenda

- **2Q & 1H 2012 Key Highlights**
- **2Q & 1H 2012 Financial Performance**
- **2012 Guidance Confirmation**
- **Update on the Investment in Egypt**

Presentation Team

Mr. František Řezáč

Mr. Marian Rašík

Chief Executive Officer

Chief Financial Officer

2Q & 1H 2012 Key Highlights



2Q & 1H 2012 Key Highlights

Financial Performance

- 2Q revenues EUR 48.0 million up by 15.4% yoy due to increased capacity
- 2Q EBITDA EUR 8.1 million up by 15.2% yoy mainly due to the launch of the new production line
- 2Q EBIT EUR 5.0 million up by 2.3%, solid yoy EBITDA performance reduced by higher depreciation
- 2Q net profit EUR 0.4 million down by 89.8 % yoy on the back of unrealized FX losses in 2Q 2012

Market and Business

- Average ICIS in 2Q 2012 increased by 5 % compared with 1Q 2012 but 6% lower on an annual basis
- Further volatility of polymer prices is expected
- Higher inventories of finished goods from the year end were partially reduced in 2Q

Production & Technology

- 2Q 2012 production 21,612 tonnes up by 23.2% yoy – resulted from the new production line in Znojmo
- The construction of the first line in Egypt is on track – installation of technology will commence in 4Q 2012

Key Financial Highlights

Euro (000´)	2Q			1H		
	2011	2012	% change	2011	2012	% change
Revenues	41,572	47,967	15.4%	82,589	92,269	11.7%
Operating Costs	(34,540)	(39,869)	15.4%	(67,303)	(74,683)	11.0%
EBITDA	7,032	8,098	15.2%	15,286	17,586	15.0%
<i>EBITDA margin (%)</i>	16.9%	16.9%	0 pp	18.5%	19.1%	0.6 pp
Profit from operations (EBIT)	4,917	5,029	2.3%	11,057	11,429	3.4%
<i>EBIT margin (%)</i>	11.8%	10.5%	(1.3 pp)	13.4%	12.4%	(1.0 pp)
Net Profit	4,412	449	(89.8%)	10,796	9,124	(15.5%)
<i>Net Profit Margin (%)</i>	10.6%	0.9%	(9.7 pp)	13.1%	9.9%	(3.2 pp)
Production (tonnes net of scrap)	17,546	21,612	23.2%	34,848	42,686	22.5%
Number of Employees (EOP)				423	448	5.9%

	31 December 2011	30 June 2012	% change
Total assets	302,943	322,696	6.5%
Net debt	119,490	128,612	7.6%

Source: Company data, consolidated unaudited results

2Q & 1H 2012 Financial Performance

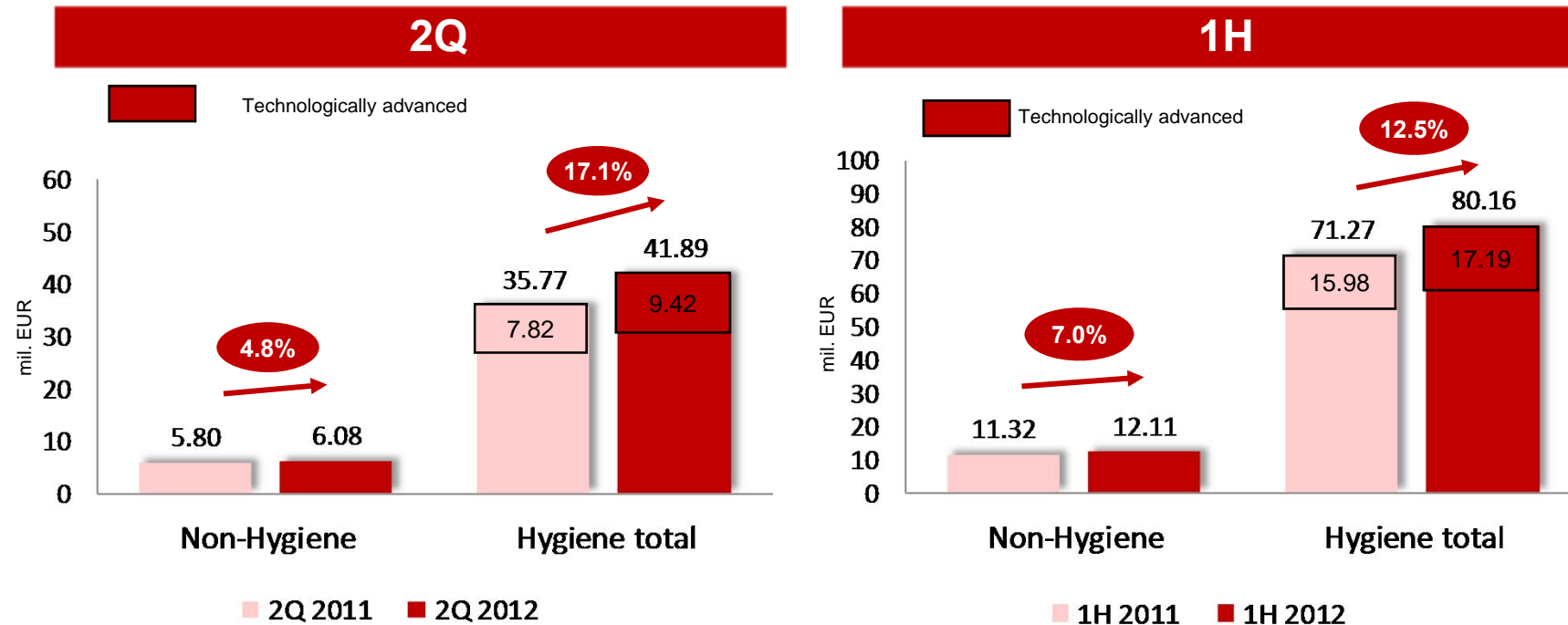


Statement of Comprehensive Income

Euro (000')	2Q			1H		
	2011	2012	% change	2011	2012	% change
Revenues	41,572	47,967	15.4%	82,589	92,269	11.7%
Raw materials & consumables	(32,640)	(37,626)	15.3%	(63,283)	(70,282)	11.1%
Staff costs	(2,232)	(2,171)	(2.7%)	(4,267)	(4,304)	0.9%
of which Share price bonus	(113)	144	n/a	(62)	183	n/a
Other net operating income/(expense)	332	(72)	n/a	247	(97)	n/a
EBITDA	7,032	8,098	15.2%	15,286	17,586	15.0%
EBITDA Margin (%)	16.9%	16.9%	0 pp	18.5%	19.1%	0.6 pp
Depreciation	(2,115)	(3,069)	45.1%	(4,229)	(6,157)	45.6%
Profit from operations (EBIT)	4,917	5,029	2.3%	11,057	11,429	3.4%
EBIT Margin (%)	11.8%	10.5%	(1.3 pp)	13.4%	12.4%	(1.0 pp)
FX changes and other fin. income/(expense) (net)	1,101	(3,779)	n/a	3,343	1,424	(57.4%)
Interest (expense)/income (net)	(1,302)	(1,310)	0.6%	(2,082)	(2,331)	12.0%
Income tax (expense)/income (net)	(304)	509	n/a	(1,522)	(1,398)	(8.1%)
Net Profit	4,412	449	(89.8%)	10,796	9,124	(15.5%)
Net Profit Margin (%)	10.6%	0.9%	(9.7pp)	13.1%	9.9%	(3.2 pp)
Other comprehensive income/(expense)	865	(4,073)	n/a	3,541	(523)	n/a
Total comprehensive income	5,277	(3,624)	n/a	14,337	8,601	(40.0%)

Source: Company data

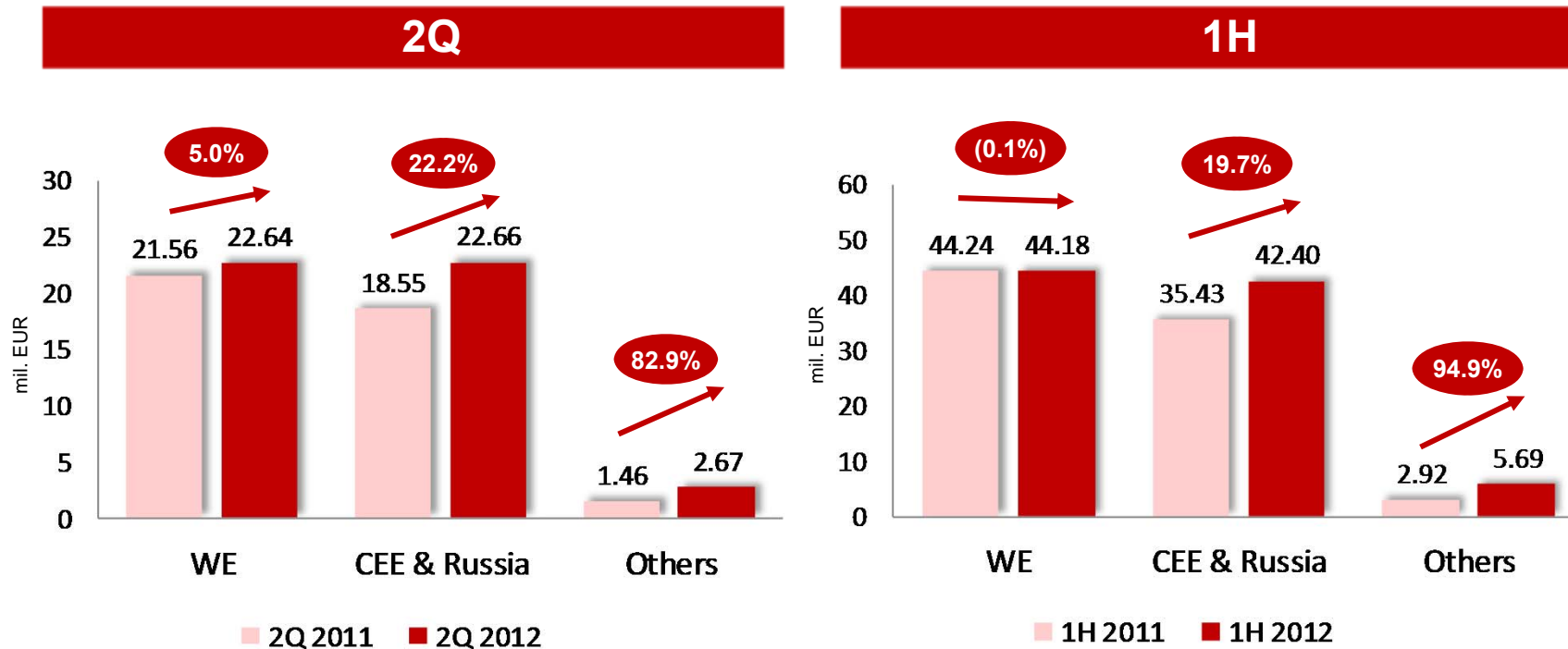
Revenue Breakdown by Product



- A continuously high proportion of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe

Source: Company data

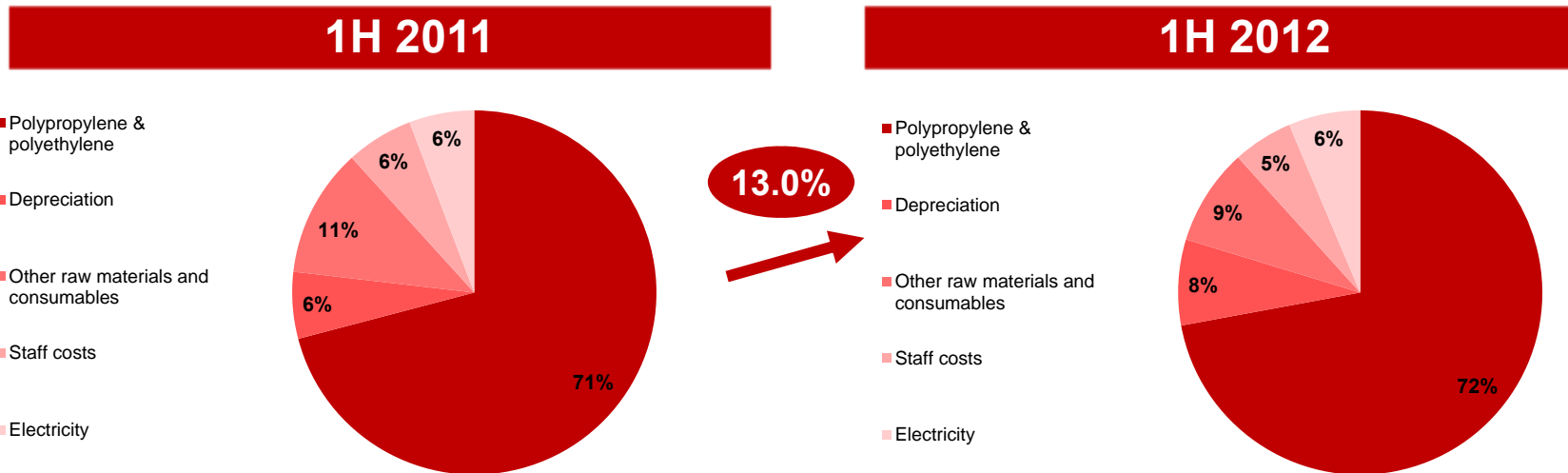
Revenue Breakdown by Geography



- Geographical breakdown of sales remains steady and unchanged
- Strong sales into CEE & Russia

Source: Company data

Cost Composition



- An increase of PP/PE costs by 14.9 % yoy due to higher material consumption for the new line
- Staff costs up by 0.9% yoy as CZK increase was compensated by FX changes and phantom options
- Electricity up by 24.7% yoy due to the ramp up of the new production line and a yoy price increase
- Depreciation up by 45.6% yoy due to the 9th line technology and buildings being newly depreciated

Source: Company data

Statement of Financial Position

EUR (000')	31 December 2011 (audited)	30 June 2012 (unaudited)	% change
Non-current assets	242,205	251,074	3.7%
Property, plant and equipment	151,826	160,133	5.5%
Intangible assets (including goodwill)	90,379	90,941	0.6%
Current assets	60,738	71,622	17.9%
Inventories	17,624	18,518	5.1%
Trade and other receivables	36,866	45,501	23.4%
Bank balances and cash	6,248	7,603	21.7%
Total assets	302,943	322,696	6.5%
Total share capital and reserves	130,764	139,365	6.6%
Non-current liabilities	137,904	143,729	4.2%
Bank loans due after 1 year	125,512	131,673	4.9%
Deferred tax	12,337	11,977	(2.9%)
Other payables	55	79	43.6%
Current liabilities	34,275	39,602	15.5%
Trade and other payables	33,954	35,012	3.1%
Tax liabilities	95	48	(49.5%)
Bank overdrafts and loans	226	4,542	1,909.7%

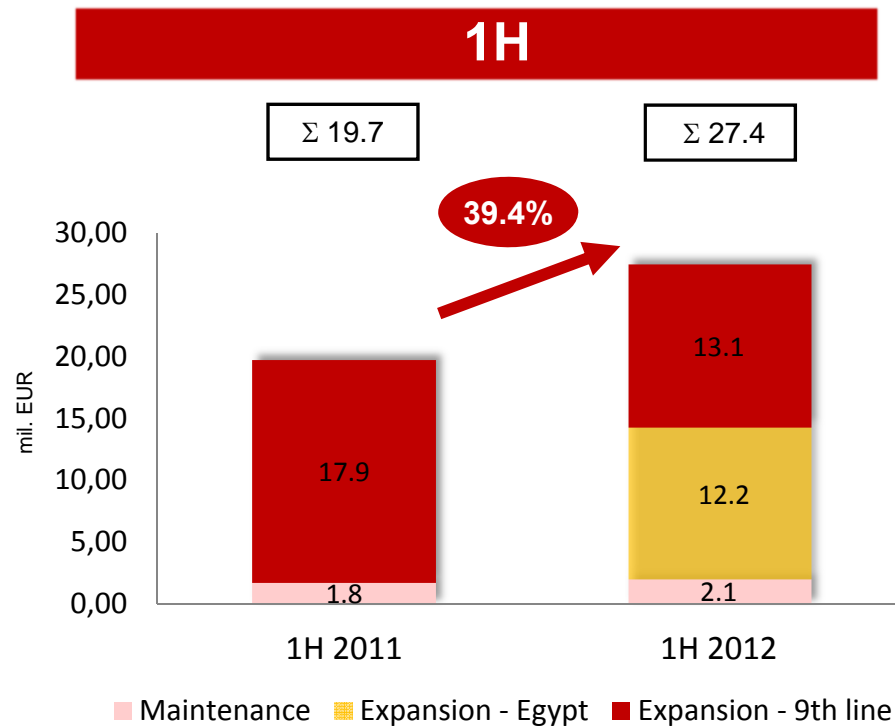
Source: Company data

Cash Flow Statement

EUR (000')	Six months to 30 June		
	2011 (unaudited)	2012 (unaudited)	% change
Profit before tax	12,318	10,522	(14.6%)
Amortization / Depreciation	4,229	6,157	45.6%
FX	(2,412)	1,034	n/a
Interest Expense	2,096	2,333	11.3%
Fair value changes of interest rate swaps	667	(1,611)	n/a
Other financial expense	(36)	(432)	1,100.0%
Change in inventories	(2,788)	(799)	(71.3%)
Change in receivables	(4,175)	(8,557)	105.0%
Change in payables	1,451	13,956	861.8%
Income tax paid	(3,486)	(1,927)	(44.7%)
Net Cash Flow from Operating activities	7,864	20,676	162.9%
Purchases of property, plant and equipment	(19,652)	(27,393)	39.4%
Net Cash Flow from Investment activities	(19,652)	(27,393)	39.4%
Change in bank loans	12,188	9,684	(20.5%)
Change in long term debt	(4)	24	n/a
Interest paid	(1,319)	(2,068)	56.8%
Other financial income	36	432	1,100.0%
Net Cash Flow from Financing activities	10,901	8,072	(26.0%)
Bank balances and cash at the beginning of the year	4,685	6,248	33.4%
Change in cash and cash equivalents	(887)	1,355	n/a
Bank balances and cash at the end of the period	3,798	7,603	100.2%

Source: Company data

CAPEX Development



- Expansion CAPEX invested in the Czech Republic and Egypt
- 2012 CAPEX guidance EUR 46 million (CZK/EUR 24.5)
- Current investments into the optimisation of existing production facilities

Source: Company data, consolidated results

Declaration of Dividend

- The AGM held in Luxembourg on 15 June 2012 approved a dividend payment in the total amount of EUR 9,690,870, i.e. EUR 1.05 per share
- The record date was set to 19 October 2012 and the payment date to 30 October 2012
- The dividend will be paid from 2011 net profit and retained earnings from previous years

2012 Guidance Confirmation



2012 Guidance Confirmation

PEGAS confirms its full year guidance:

- **20% annual increase in production compared with 2011 on the back of new capacity**
- **A decrease in polymer prices will provide support to 3Q 2012 results**
- **PEGAS confirms its 2012 EBITDA guidance: 5 - 15% growth compared with 2011 (2011 EBITDA - EUR 36.1 million)**
- **Total 2012 CAPEX up to EUR 46 million at a constant FX rate of CZK/EUR 24.50**

Update on the Investment in Egypt



Investment in Egypt

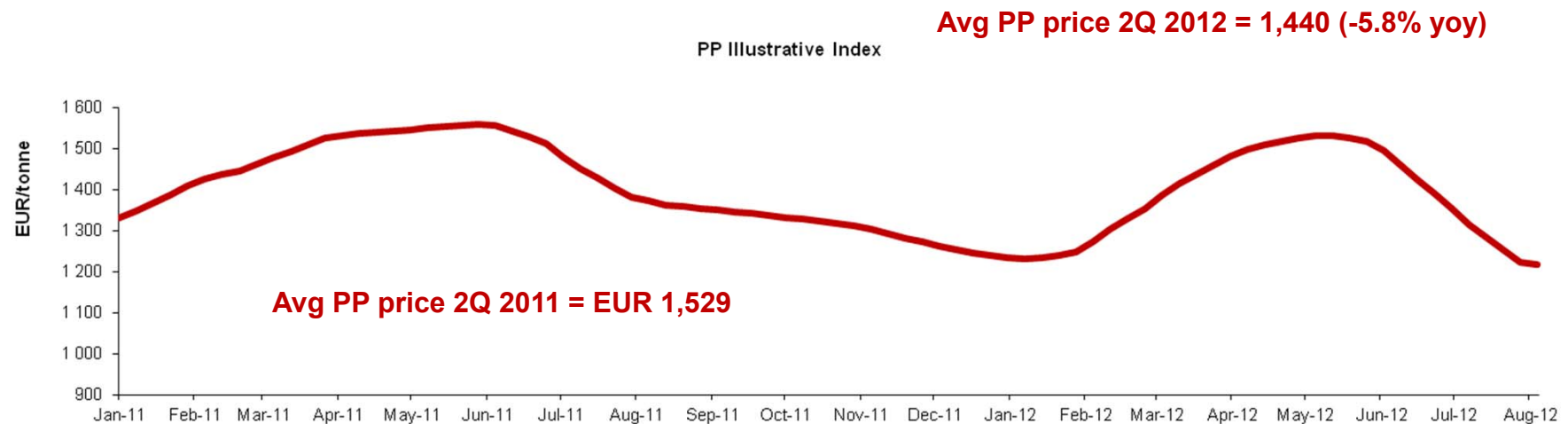


- **The project is running according to the time schedule**

Appendix



Development of Polymer Prices



- In 2Q 2012 polymer prices rose by app. 5% on average compared with 1Q 2012 but declined on an annual basis
- Current decline in polymer prices will support profitability in 3Q 2012

Source: Company data