

# Quarterly Results January – March 2012

**Analyst Conference Call**  
**24 May 2012**

# Cautionary Statement

**This document has been prepared by PEGAS NONWOVENS SA (the “Company”) solely for use at the Presentation. Any forward looking statements concerning future economic and financial performance of the Company contained in this Presentation are based on assumptions and expectations of future development of factors having a material influence on the future economic and financial performance of the Company. These factors include, but are not limited to, the legal environment, the future macroeconomic situation, the market competition, the future demand for nonwoven textiles and other related products and services and development of raw material prices. The actual development of these factors, however, may be different. Consequently, the actual future financial performance of the Company could materially differ from that expressed in any forward looking statements contained in this Presentation.**

**Although the Company makes every effort to provide accurate information, we cannot accept liability for any misprints or other errors. In preparation of this document we used certain publicly available data. While the sources we used are generally regarded as reliable we did not verify their content. PEGAS does not accept any responsibility for using any such information.**

**This document is provided for information and as a matter of record only. It does not constitute an offer to sell or a solicitation of an offer to buy or sell securities or other financial instruments in any jurisdictions or any advice or recommendation with respect to such securities or other financial instruments of the Company.**

**The distribution of this document in certain jurisdictions may be restricted by law. This document may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any securities or other financial instruments of the Company in any jurisdiction in which such offer or invitation would be unlawful. Persons in possession of this document are required to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.**

# Agenda

- **1Q 2012 Key Highlights**
- **1Q 2012 Financial Performance**
- **2012 Guidance Confirmation**
- **Update on the Investment in Egypt**
- **Proposal for Dividend**

# Presentation Team

**Mr. František Řezáč**

**Mr. Marian Rašík**

**Chief Executive Officer**

**Chief Financial Officer**

# 1Q 2012 Key Highlights



# 1Q 2012 Key Highlights

## Financial Performance

- Revenues EUR 44.3 million up by 8.0% yoy due the increased capacity from the latest production line
- EBITDA EUR 9.5 million up by 15.0% yoy mainly due to the launch of the new production line
- EBIT EUR 6.4 million up by 4.3% as a result of higher EBITDA, but reduced by higher depreciation
- Net profit EUR 8.7 million up by 36.4 % yoy at the back of higher EBITDA and unrealized FX gains

## Market and Business

- Average ICIS in 1Q 2012 increased by 9 % compared with 4Q 2011
- Polymer prices have been rising in 1Q 2012 and further volatility is expected
- Higher inventories of finished goods from the year end still continued in the first quarter

## Production & Technology

- 1Q 2012 production 21,074 tonnes up by 21.8% yoy – influenced by the new production line in Znojmo
- The construction of the first line in Egypt on track – installation of technology expected by the end of 2012

# Key Financial Highlights

EUR (000')	Three months to 31 March		
	1Q 2011	1Q 2012	% change
Revenue	41,017	44,302	8.0%
Operating Costs	(32,762)	(34,810)	6.3%
<b>EBITDA</b>	<b>8,255</b>	<b>9,492</b>	<b>15.0%</b>
EBITDA margin (%)	20.1%	21.4%	1.3 pp
Profit from operations (EBIT)	6,141	6,404	4.3%
<b>EBIT margin (%)</b>	<b>15.0%</b>	<b>14.5%</b>	<b>(0.5) pp</b>
Net Profit	6,384	8,706	36.4%
<b>Net Profit Margin (%)</b>	<b>15.6%</b>	<b>19.7%</b>	<b>4.1 pp</b>
Production (tonnes net of scrap)	17,302	21,074	21.8%
Number of Employees (end of period)	406	429	5.7%
	<b>31 December 2011</b>	<b>31 March 2012</b>	<b>% change</b>
Total assets	302,943	320,889	5.9%
Net debt	119,490	125,578	5.1%

Source: Company data, consolidated unaudited results

# 1Q 2012 Financial Performance





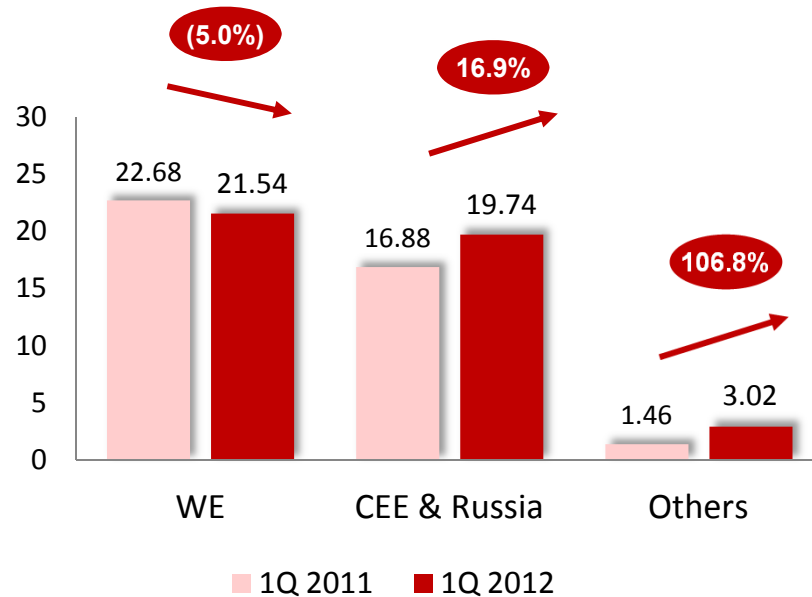
# Statement of Comprehensive Income

EUR (000')	1Q 2011	1Q 2012	
	(unaudited)	(unaudited)	% change
Revenue	41,017	44,302	8.0%
Raw materials & consumables	(30,644)	(32,652)	6.6%
Staff costs	(2,034)	(2,133)	4.9%
Of which Share price bonus	51	39	(23.5%)
Other net operating income/(expense) (net)	(84)	(25)	(70.2%)
<b>EBITDA</b>	<b>8,255</b>	<b>9,492</b>	<b>15.0%</b>
<b>EBITDA margin (%)</b>	<b>20.1%</b>	<b>21.4%</b>	<b>1.3 pp</b>
Depreciation	(2,114)	(3,088)	46.1%
<b>Profit from operations (EBIT)</b>	<b>6,141</b>	<b>6,404</b>	<b>4.3%</b>
<b>EBIT margin (%)</b>	<b>15.0%</b>	<b>14.5%</b>	<b>(0.5) pp</b>
FX changes and other fin. income/(expense) (net)	2,240	5,239	133.9%
Interest (expense)/income (net)	(780)	(1,021)	30.9%
Income tax (expense)/income (net)	(1,217)	(1,916)	57.4%
<b>Net profit</b>	<b>6,384</b>	<b>8,706</b>	<b>36.4%</b>
<b>Net profit margin (%)</b>	<b>15.6%</b>	<b>19.7%</b>	<b>4.1 pp</b>
Other comprehensive income/(expense)	2,676	3,550	32.7%
Total comprehensive income	9,060	12,256	35.3%

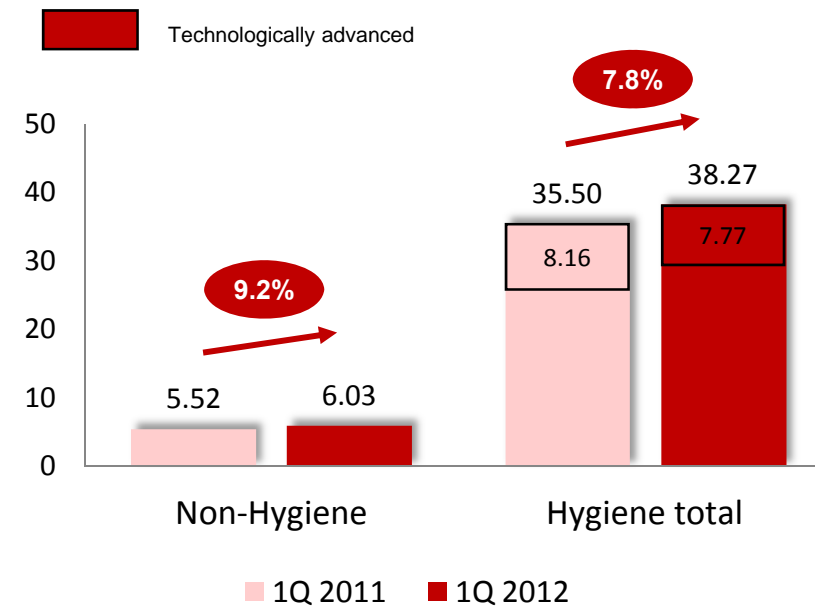
Source: Company data

# Revenue Breakdown

## Revenue by Geography



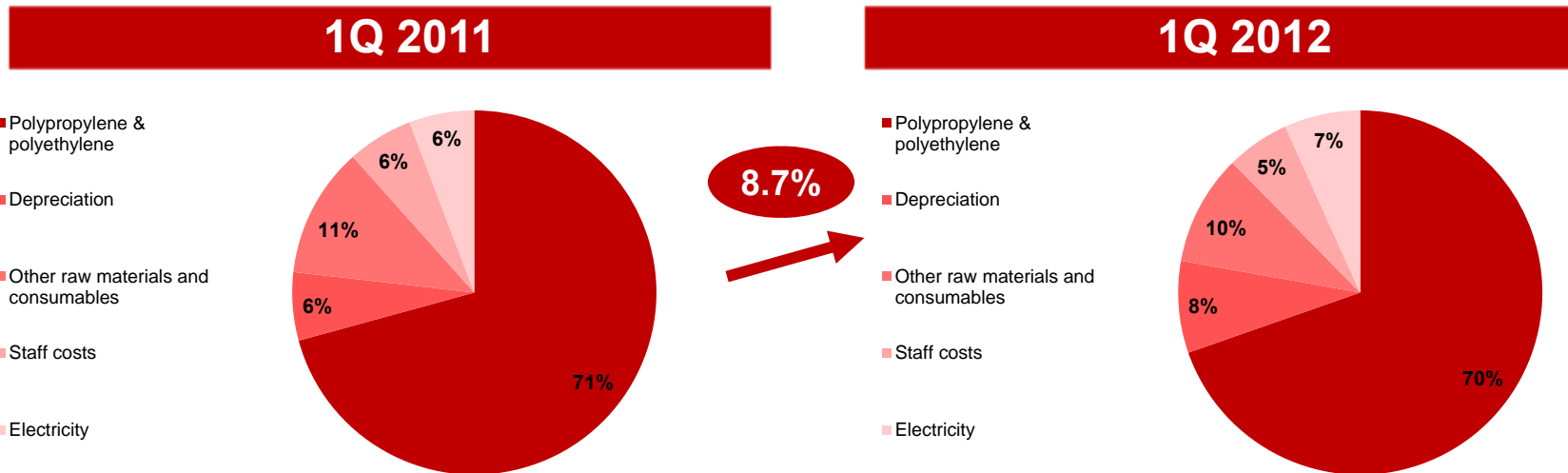
## Revenue by Product



- Strong sales into CEE & Russia
- Hygiene market in Europe remains a core market for PEGAS

Source: Company data

# Cost Composition



- An increase of PP/PE costs by 7.0% yoy due to higher material consumption for the new line
- Staff costs up by 4.9% yoy as a result of new hires for the 9th production line
- Electricity up by 26.7% yoy due to the ramp up of the new production line and a yoy price increase
- Depreciation up 46.1% yoy due to the 9th line technology and buildings being newly depreciated

Source: Company data

# Statement of Financial Position

EUR (000')	31 December 2011 (unaudited)	31 March 2012 (unaudited)	% change
<b>Non-current assets</b>	<b>242,205</b>	<b>252,817</b>	<b>4.4%</b>
Property, plant and equipment	151,826	158,525	4.4%
Intangible assets (including goodwill)	90,379	94,292	4.3%
<b>Current assets</b>	<b>60,738</b>	<b>68,072</b>	<b>12.1%</b>
Inventories	17,624	20,389	15.7%
Trade and other receivables	36,866	40,581	10.1%
Bank balances and cash	6,248	7,102	13.7%
<b>Total assets</b>	<b>302,943</b>	<b>320,889</b>	<b>5.9%</b>
<b>Total share capital and reserves</b>	<b>130,764</b>	<b>143,020</b>	<b>9.4%</b>
<b>Non-current liabilities</b>	<b>137,904</b>	<b>145,699</b>	<b>5.7%</b>
Bank loans due after 1 year	125,512	132,680	5.7%
Deferred tax	12,337	12,983	5.2%
Other payables	55	36	(34.5%)
<b>Current liabilities</b>	<b>34,275</b>	<b>32,170</b>	<b>(6.1%)</b>
Trade and other payables	33,954	32,079	(5.5%)
Tax liabilities	95	91	(4.2%)
Bank overdrafts and loans	226	--	n/a

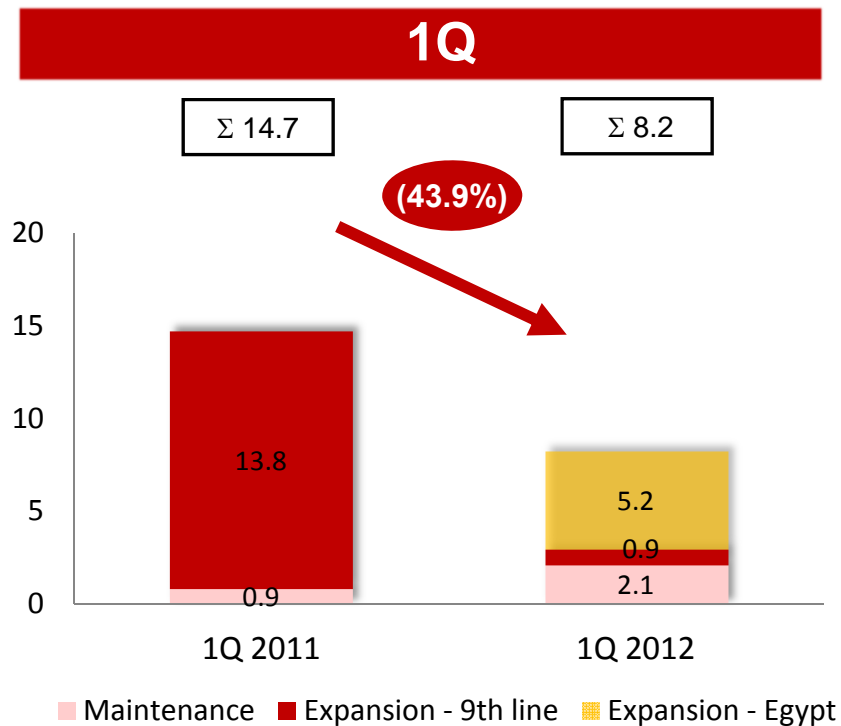
Source: Company data

# Cash Flow Statement

EUR (000')	Three months to March 31		
	2011 (unaudited)	2012 (unaudited)	% change
<b>Profit before tax</b>	<b>7,601</b>	<b>10,622</b>	<b>39.7%</b>
Amortization / Depreciation	2,114	3,088	46.1%
FX	(784)	572	n/a
Interest Expense	789	1,022	29.5%
Fair value changes of interest rate swaps	649	(807)	n/a
Other financial expense	(48)	(237)	393.8%
Change in inventories	(1,053)	(1,974)	87.5%
Change in receivables	(198)	(2,085)	953.0%
Change in payables	2,600	(1,011)	n/a
Income tax paid	(907)	(967)	6.6%
<b>Net Cash Flow from Operating activities</b>	<b>10,763</b>	<b>8,223</b>	<b>(23.6%)</b>
Purchases of property, plant and equipment	(14,677)	(8,232)	(43.9%)
<b>Net Cash Flow from Investment activities</b>	<b>(14,677)</b>	<b>(8,232)</b>	<b>(43.9%)</b>
Change in bank loans	3,345	1,480	(55.8%)
Change in long term debt	22	(19)	n/a
Interest paid	(493)	(835)	69.4%
Other financial income	48	237	393.8%
<b>Net Cash Flow from Financing activities</b>	<b>2,922</b>	<b>863</b>	<b>(70.5%)</b>
<b>Bank balances and cash at the beginning of the year</b>	<b>4,685</b>	<b>6,248</b>	<b>33.4%</b>
<b>Change in cash and cash equivalents</b>	<b>(992)</b>	<b>854</b>	<b>n/a</b>
<b>Bank balances and cash at the end of the period</b>	<b>3,693</b>	<b>7,102</b>	<b>92.3%</b>

Source: Company data

# CAPEX Development



- Large share of expansion CAPEX taken by investment in 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

# 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**
- **Further volatility of polymer prices will effect 2Q 2012**
- **PEGAS confirms its 2012 EBITDA guidance: 5 - 15% growth compared with 2011 (2011 EBITDA - EUR 36.1 million)**
- **Expenses connected with the investment in Egypt will reduce 2012 EBITDA by EUR 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**

# Proposal for Dividend



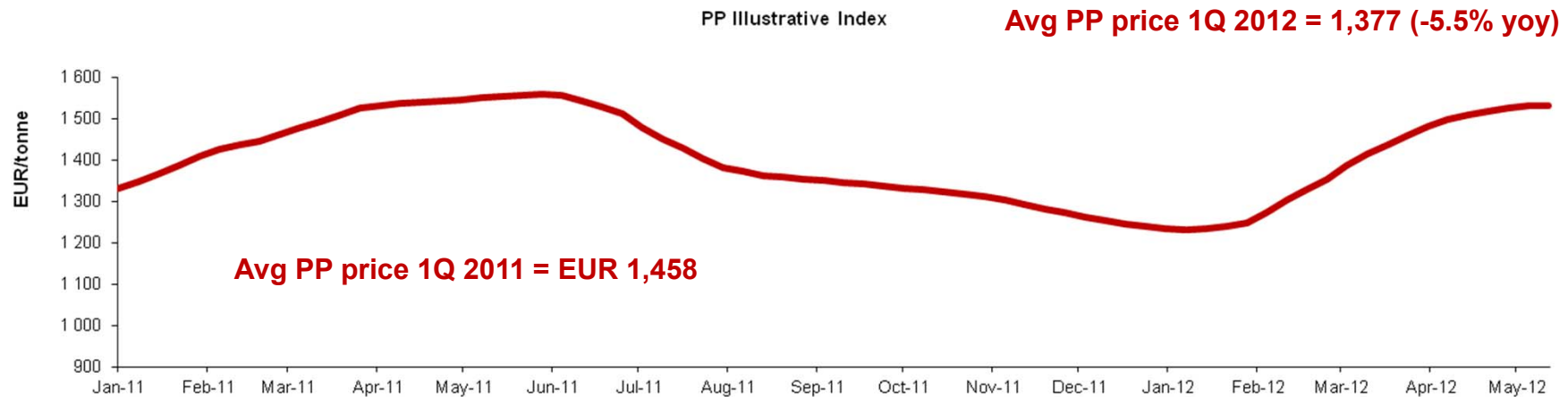
# Proposal for Dividend

- **The Board of Directors decided to propose a dividend payment of almost EUR 9.7 million, i.e. EUR 1.05 per share**
- **The dividend payment is subject to the approval of the AGM, which will be held on 15 June 2012 in Luxembourg**
- **The record date is proposed to be set to 19 October 2012 and the payment date to 30 October 2012**
- **The dividend will be paid from 2011 Profit and from Retained Earnings of previous years**

# Appendix



# Development of Polymer Prices



- In 1Q 2012 polymer prices rose app. 9% on average compared with 4Q 2011 avg.
- This will affect PEGAS's profitability in 2Q 2012

Source: Company data