

2011 Preliminary Results Presentation

Analyst Meeting Znojmo
March 16, 2012

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Agenda

- **2011 Key Highlights**
- **2011 Financial Performance**
- **2012 Guidance**
- **Update on the Investment in Egypt**

Presentation Team

Mr. František Řezáč

Mr. Marian Rašík

Chief Executive Officer

Chief Financial Officer

2011 Key Highlights



2011 Key Highlights

Financial Performance

- Total Revenues EUR 165.8 million up by 11.9% yoy due to higher polymer prices and output from the new line
- EBITDA EUR 36.1 million up by 2.4% yoy namely due to the launch of the new production line in 2H 2011; in line with the guidance range
- Net profit EUR 14.0 million down by 33.6% yoy, affected by unrealized FX changes and higher income tax

Market and Business

- Average ICIS in 2011 increased by 10%, prices declined in the second half of 2011
- Polymer prices currently experiencing significant growth and further volatility is expected
- Customer orders slowed down in the fourth quarter of 2011 and resulted in higher inventories of finished goods over the year end

Production & Technology

- 2011 production up by 4.6%, Q4 2011 up by 10.1% after the launch of the 9th production line
- New production line in Znojmo to increase production by 20% yoy in 2012
- Construction works in Egypt started, technology installation planned for Q4 2012

Key Financial Highlights

Euro (000´)	Q4			FY		
	2010	2011	% change	2010	2011	% change
Revenues	38,883	39,595	1.8%	148,150	165,848	11.9%
Operating Costs	(29,161)	(29,580)	1.4%	(112,932)	(129,782)	14.9%
EBITDA	9,722	10,015	3.0%	35,218	36,066	2.4%
<i>EBITDA margin (%)</i>	<i>25.0%</i>	<i>25.3%</i>	<i>0.3 pp</i>	<i>23.8%</i>	<i>21.7%</i>	<i>(2.1 pp)</i>
Profit from operations (EBIT)	5,698	7,212	26.6%	18,865	26,853	42.3%
<i>EBIT margin (%)</i>	<i>14.7%</i>	<i>18.2%</i>	<i>3.5 pp</i>	<i>12.7%</i>	<i>16.2%</i>	<i>3.5 pp</i>
Net Profit	3,449	(2,284)	n/a	21,039	13,966	(33.6%)
<i>Net Profit Margin (%)</i>	<i>8.9%</i>	<i>(5.8%)</i>	<i>(14.7 pp)</i>	<i>14.2%</i>	<i>8.4%</i>	<i>(5.8 pp)</i>
Production (tonnes net of scrap)	17,820	19,628	10.1%	70,182	73,412	4.6%
Number of Employees (EOP)				384	424	10.4%

	December 31, 2010	December 31, 2011	% change
Total assets	251,221	302,943	20.6%
Net debt	91,553	119,490	30.5%

Source: Company data, consolidated unaudited results

2011 Financial Performance



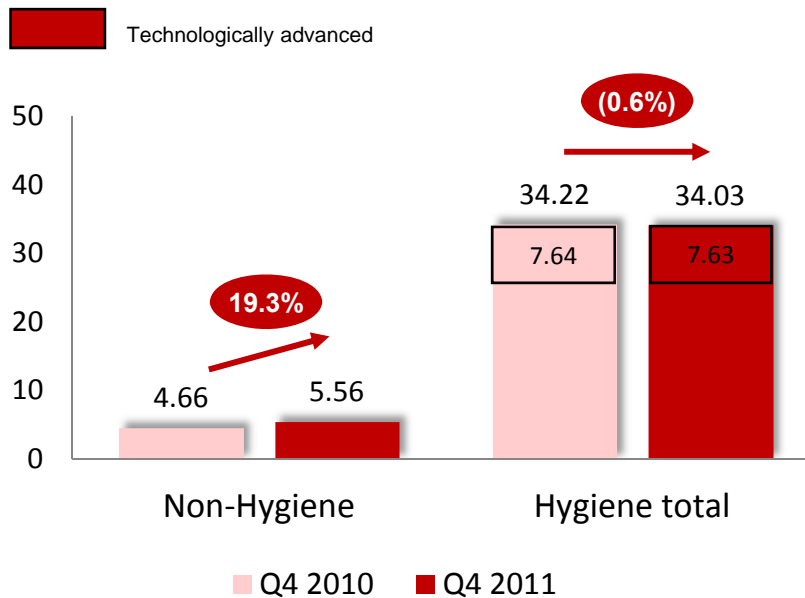
Statement of Comprehensive Income

Euro (000')	Q4			FY		
	2010	2011	% change	2010	2011	% change
Revenues	38,883	39,595	1.8%	148,150	165,848	11.9%
Raw materials & consumables	(26,756)	(27,596)	3.1%	(105,690)	(122,018)	15.4%
Staff costs	(2,318)	(2,253)	(2.8%)	(7,996)	(8,330)	4.2%
Of which Share price bonus	(179)	(138)	(22.9%)	(256)	73	n/a
Other net operating income/(expense)	(87)	269	n/a	754	566	(24.9%)
EBITDA	9,722	10,015	3.0%	35,218	36,066	2.4%
EBITDA Margin (%)	25.0%	25.3%	0.3 pp	23.8%	21.7%	(2.1 pp)
Depreciation	(4,024)	(2,803)	(30.3%)	(16,353)	(9,213)	(43.7%)
Profit from operations (EBIT)	5,698	7,212	26.6%	18,865	26,853	42.3%
EBIT Margin (%)	14.7%	18.2%	3.5 pp	12.7%	16.2%	3.5 pp
FX changes and other fin. income/(expense) (net)	(1,758)	(5,806)	230.3%	6,317	(4,313)	n/a
Interest (expense)/income (net)	(815)	(1,169)	43.4%	(3,284)	(4,257)	29.6%
Income tax (expense)/income (net)	324	(2,521)	n/a	(859)	(4,317)	402.6%
Net Profit	3,449	(2,284)	n/a	21,039	13,966	(33.6%)
Net Profit Margin (%)	8.9%	(5.8%)	(14.7 pp)	14.2%	8.4%	(5.8 pp)
Other comprehensive income/(expense)	(1,494)	(4,438)	197.1%	3,497	(3,014)	n/a
Total comprehensive income	1,955	(6,722)	n/a	24,536	10,952	(55.4%)

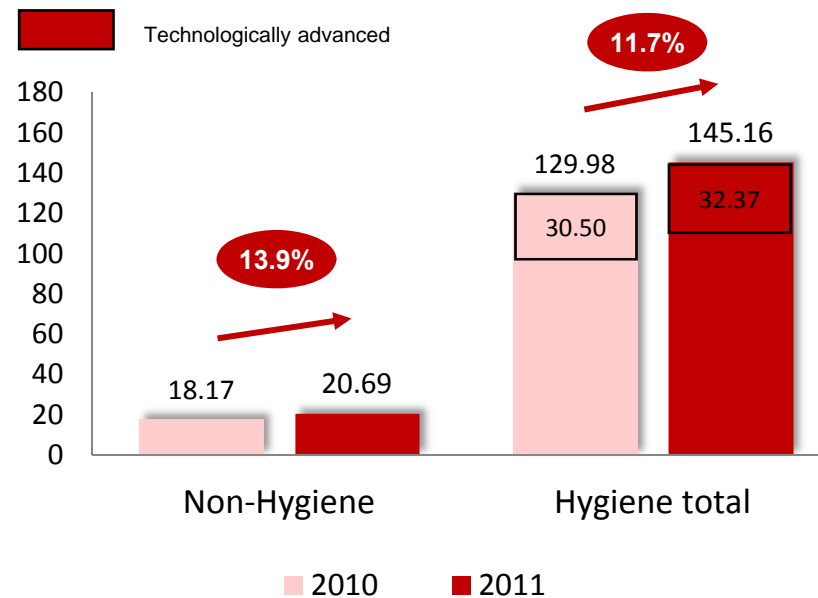
Source: Company data

Revenue Breakdown by Product

Q4



FY

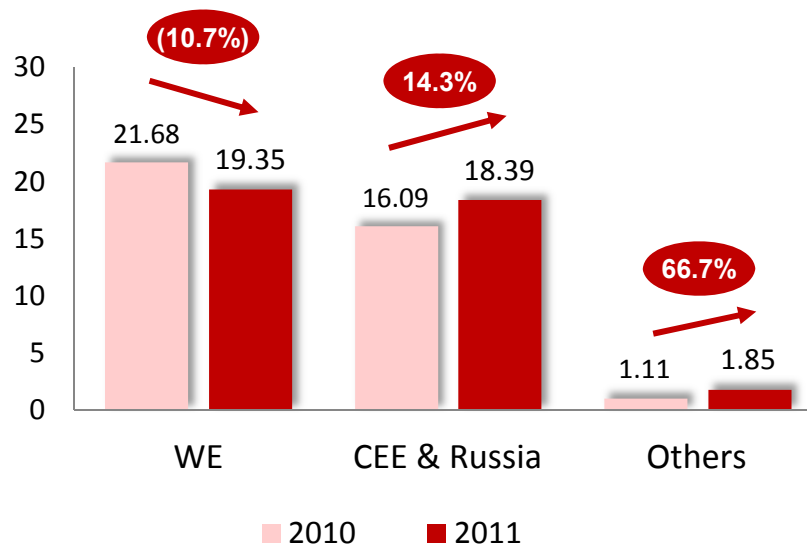


- A high share of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe

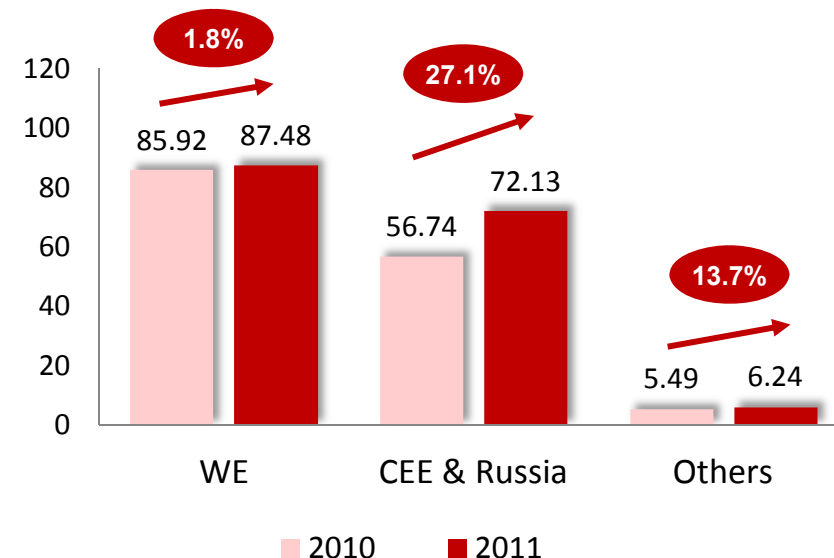
Source: Company data

Revenue Breakdown by Geography

Q4



FY

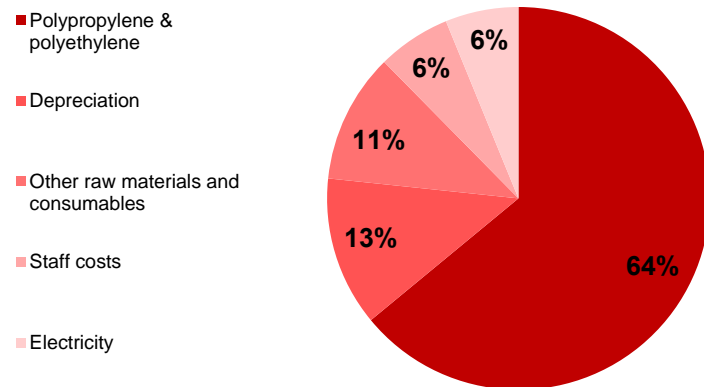


- Geographical breakdown of sales remains stable
- Strong sales into CEE & Russia

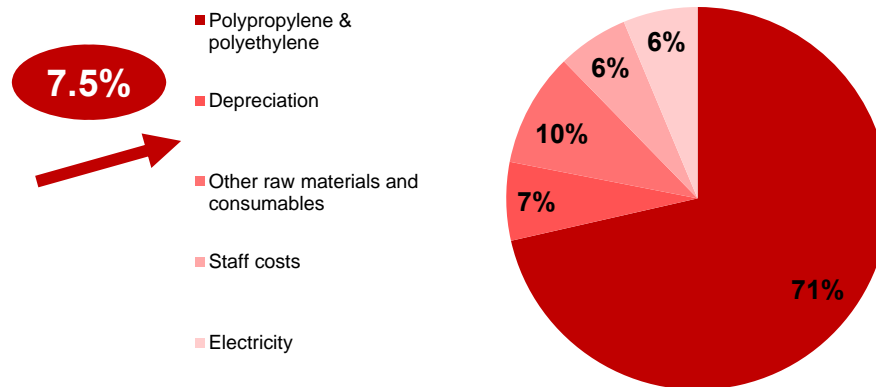
Source: Company data

Cost Composition

Cost Breakdown 2010



Cost Breakdown 2011



- An increase of PP/PE costs by 20.0% yoy due to higher polymer prices and the launch of the new production line
- Staff costs up by 4.2% yoy as a result of new hires for the 9th production line
- Electricity up by 9.5% yoy due to the ramp up of the new production line
- Lower depreciation due to the changed estimated useful lifetime of production technology

Source: Company data

Statement of Financial Position

Euro (000')	December 31, 2010	December 31, 2011	% change
	(audited)	(unaudited)	
Non-current assets	200,515	242,205	20.8%
Property, plant and equipment	107,713	151,826	41.0%
Intangible assets (including goodwill)	92,802	90,379	(2.6%)
Current assets	50,706	60,738	19.8%
Inventories	14,741	17,624	19.6%
Trade and other receivables	31,280	36,866	17.9%
Bank balances and cash	4,685	6,248	33.4%
Total assets	251,221	302,943	20.6%
Total share capital and reserves	129,041	130,764	1.3%
Non-current liabilities	106,239	137,904	29.8%
Bank loans due after 1 year	95,450	125,512	31.5%
Deferred tax	10,686	12,337	15.5%
Other payables	103	55	(46.6%)
Current liabilities	15,941	34,275	115.0%
Trade and other payables	13,419	33,943	152.9%
Tax liabilities	1,734	95	(94.5%)
Bank overdrafts and loans	788	226	(71.3%)
Provisions	--	11	n/a

Source: Company data

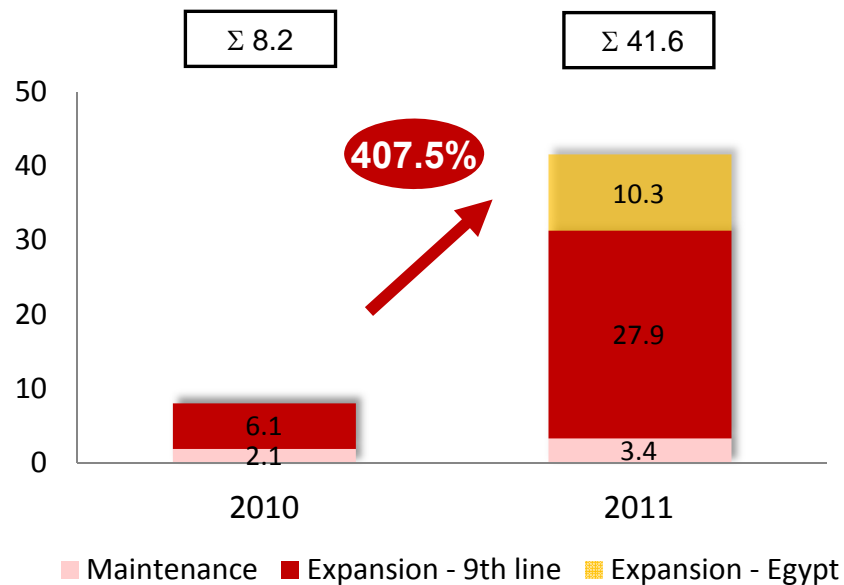
Cash Flow Statement

Euro (000´)	2010 (audited)	2011 (unaudited)	% change
Profit before tax	21,898	18,283	(16.5%)
Amortization / Depreciation	16,353	9,213	(43.7%)
FX	(2,095)	(172)	(91.8%)
Interest Expense	3,300	4,281	29.7%
Fair value changes of interest rate swaps	(1,162)	(765)	(34.2%)
Other Changes in Equity	(938)	(620)	n/a
Other financial income/(expense)	8	(55)	n/a
Change in inventories	(320)	(3,469)	n/a
Change in receivables	(4,511)	(6,811)	51.0%
Change in payables	(1,680)	6,440	n/a
Income tax paid	(1,358)	(5,427)	299.6%
Net Cash Flow from Operating activities	29,495	20,898	(29.1%)
Purchases of property, plant and equipment	(8,194)	(41,586)	407.5%
Net Cash Flow from Investment activities	(8,194)	(41,586)	407.5%
Change in bank loans	(5,657)	34,910	n/a
Change in long term debt	76	(48)	n/a
Distribution of dividends	(8,768)	(9,229)	5.3%
Interest paid	(2,732)	(3,437)	25.8%
Other financial income/(expense)	(8)	55	n/a
Net Cash Flow from Financing activities	(17,089)	22,251	n/a
Bank balances and cash at the beginning of the year	473	4,685	890.5%
Change in cash and cash equivalents	4,212	1,563	(62.9%)
Bank balances and cash at the end of the period	4,685	6,248	33.4%

Source: Company data

CAPEX Development

CAPEX Breakdown



- Substantial increase of expansion CAPEX due to the 9th production facility project and the start up investments in Egypt
- 2011 CAPEX increased from the initially planned EUR 32 mil. due to the investment in Egypt
- Higher number of maintenance breaks in 2011

Source: Company data, consolidated results

2012 Guidance



2012 Guidance

- **95% of 2012 production capacity sold**
- **20% annual increase in production compared with 2011 on the back of new capacity**
- **Temporary increase in stocks of finished goods is expected to be reduced in the second half of 2012**
- **2012 EBITDA expected to increase between 5 - 15% compared with 2011 (2011 EBITDA - EUR 36.1 million)**
- **Expenses connected with the investment in Egypt will reduce 2012 EBITDA by EUR 1 million**
- **Further volatility of polymer prices expected**
- **Total 2012 CAPEX up to EUR 46 million at a constant FX rate of CZK/EUR 24.50**

Update on the Investment in Egypt



Project development on plan

- **Concluded a contract with a key customer for long-term deliveries**
- **Bank financing & insurance against political risks**
- **Construction works on-site commenced**
- **Technology from Reicofil to be delivered by the end of 2012**
- **Launch of a new production line with an annual capacity of 20,000 tonnes planned in the second half of 2013**



Appendix



Development of Polymer Prices



- In 2011 polymer prices rose almost 10% on average although in 2H 2011 they declined to end of 2010 levels
- Since the beginning 2012, polymers have again been rising sharply

Source: Company data