

# 9 Months Results January – September 2009

Analyst Conference Call

November 26th, 2009

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# Agenda

- **9M & Q3 2009 Highlights**
- **9M & Q3 2009 Financial Performance**
- **2009 Guidance Update**
- **2010 Outlook**

# 9M & Q3 2009 Highlights



# 9M & Q3 2009 Highlights

## Financial Performance

- 9M 2009 Revenues EUR 93.3 million down by 15.8% yoy affected by declining polymer prices and output prices compared with last year
- 9M 2009 EBITDA EUR 30.8 million up by 1.1% yoy mainly as a result of a significant upswing in Q1, strong production and sales performance
- 9M 2009 EBIT EUR 18.9 million up by 6.3% yoy
- 9M 2009 Net Profit EUR 22.1 million down by 6.1%, on annual basis impacted by FX changes

## Market and Business

- Production capacities fully sold out until the end of the year (2009)
- Rising polymer prices from Q2 2009

## Production

- Production capacity fully utilised and growing to 51,603 tonnes, up by 3.1% yoy in 9M 2009

# Key Financial Highlights

Euro (000')	Q3			9M		
	2008	2009	% change	2008	2009	% change
Revenues	35,421	30,061	(15.1%)	110,768	93,255	(15.8%)
Operating Costs	25,677	21,670	(15.6%)	80,334	62,472	(22.2%)
EBITDA	9,744	8,391	(13.9%)	30,434	30,783	1.1%
<i>EBITDA margin (%)</i>	<i>27.5%</i>	<i>27.9%</i>	<i>0.4 pp</i>	<i>27.5%</i>	<i>33.0%</i>	<i>5.5 pp</i>
Profit from operations (EBIT)	5,386	4,271	(20.7%)	17,798	18,913	6.3%
<i>EBIT margin (%)</i>	<i>15.2%</i>	<i>14.2%</i>	<i>(1.0) pp</i>	<i>16.1%</i>	<i>20.3%</i>	<i>4.2 pp</i>
Net Profit	265	6,017	2,170.6%	23,498	22,055	(6.1%)
<i>Net Profit Margin (%)</i>	<i>0.7%</i>	<i>20.0%</i>	<i>19.3 pp</i>	<i>21.2%</i>	<i>23.7%</i>	<i>2.5 pp</i>
Production (tonnes net of scrap)	17,138	17,270	0.8%	50,060	51,603	3.1%
Number of Employees (EOP)				389	381	(2.1%)

	09/30/2008	09/30/2009	% change
Total assets	276,915	251,230	(9.3%)
Net debt	123,538	103,662	(16.1%)

Source: Company data, consolidated unaudited results

# 9M & Q3 2009 Financial Performance



# 9M and Q3 2009 P&L

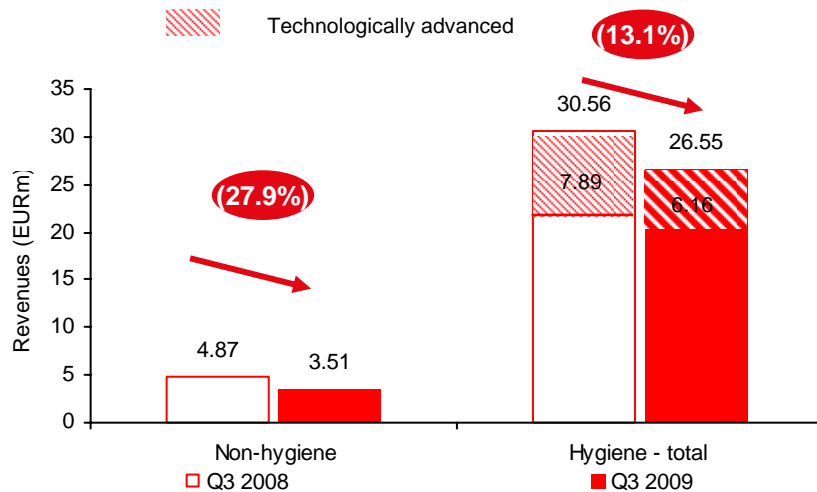
Euro (000 `)	Q3			9M		
	2008 (unaudited)	2009 (unaudited)	% change	2008 (unaudited)	2009 (unaudited)	% change
Revenues	35,421	30,061	(15.1%)	110,768	93,255	(15.8%)
Raw materials & consumables	(24,246)	(19,723)	(18.7%)	(75,651)	(57,130)	(24.5%)
Staff costs	(1,809)	(2,282)	26.1%	(4,929)	(5,756)	16.8%
Of which Share price bonus	11	(342)	n/a	489	(444)	n/a
Other net operating income/(expense)	378	335	(11.4%)	246	414	68.3%
<b>EBITDA</b>	<b>9,744</b>	<b>8,391</b>	<b>(13.9%)</b>	<b>30,434</b>	<b>30,783</b>	<b>1.1%</b>
<b>EBITDA Margin (%)</b>	<b>27.5%</b>	<b>27.9%</b>	<b>0.4 pp</b>	<b>27.5%</b>	<b>33.0%</b>	<b>5.5 pp</b>
Depreciation	(4,358)	(4,120)	(5.5%)	(12,636)	(11,870)	(6.1%)
<b>Profit from operations (EBIT)</b>	<b>5,386</b>	<b>4,271</b>	<b>(20.7%)</b>	<b>17,798</b>	<b>18,913</b>	<b>6.3%</b>
<b>EBIT Margin (%)</b>	<b>15.2%</b>	<b>14.2%</b>	<b>(1.0pp)</b>	<b>16.1%</b>	<b>20.3%</b>	<b>4.2 pp</b>
FX changes and other fin. income/(expense) (net)	(4,469)	3,437	n/a	13,066	7,854	(39.9%)
Interest (expense)/income (net)	(1,634)	(973)	(40.5%)	(4,805)	(2,929)	(39.0%)
Income tax (expense)/income (net)	982	(718)	n/a	(2,561)	(1,783)	(30.4%)
<b>Net Profit</b>	<b>265</b>	<b>6,017</b>	<b>2,170.6%</b>	<b>23,498</b>	<b>22,055</b>	<b>(6.1%)</b>
<b>Net Profit Margin (%)</b>	<b>0.7%</b>	<b>20.0%</b>	<b>19.3 pp</b>	<b>21.2%</b>	<b>23.7%</b>	<b>(2.5pp)</b>

Source: Company data, consolidated unaudited results

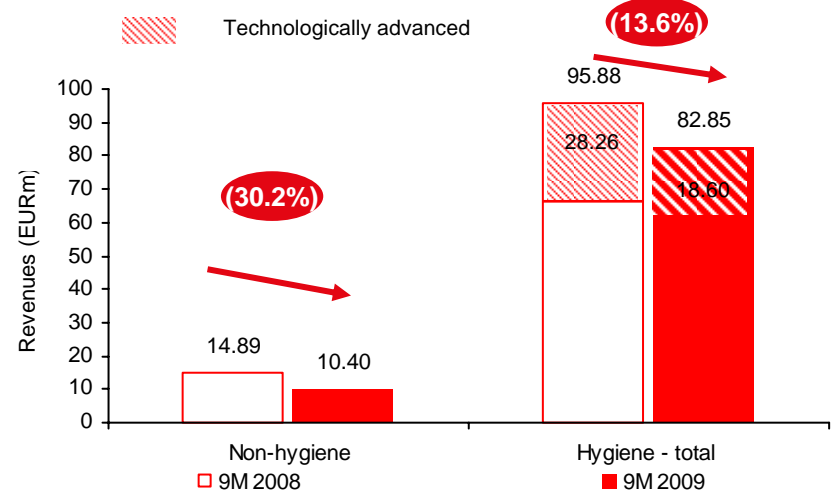


# Revenue Breakdown by Product

**Q3**



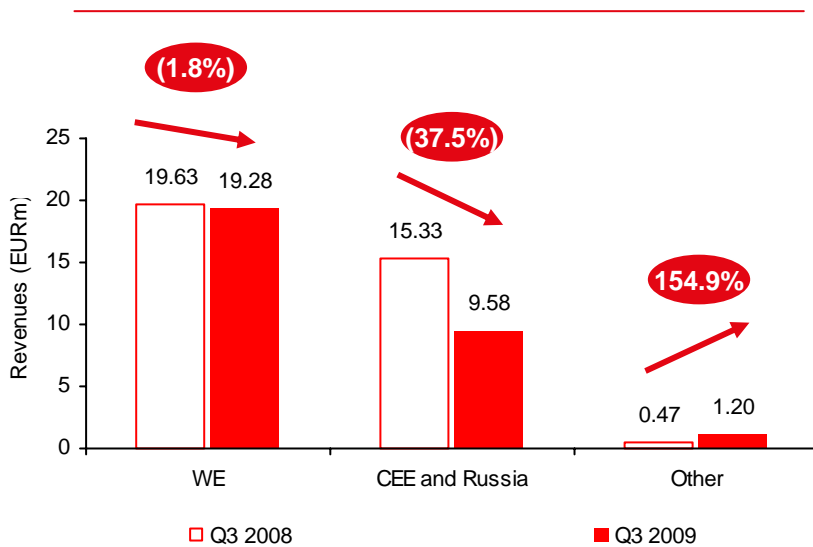
**9M**



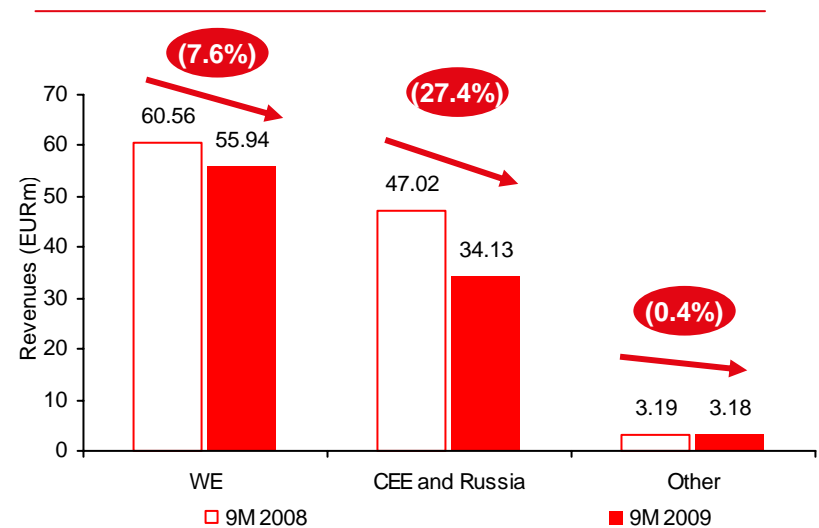
- Revenue decline due to lower polymer prices across the segments

# Revenue Breakdown by Geography

Q3



9M



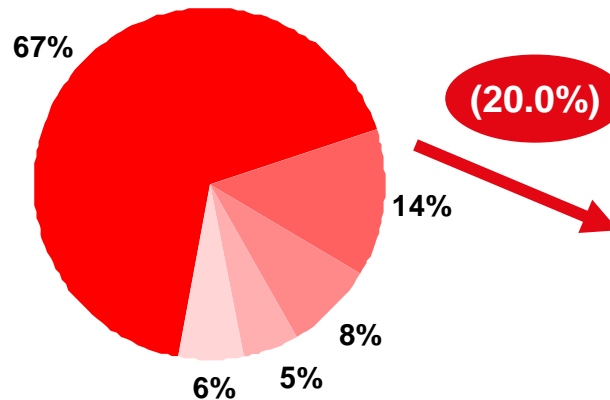
- Geographical distribution of sales confirms key focus on the broader European market

Source: Company data

# Cost Composition

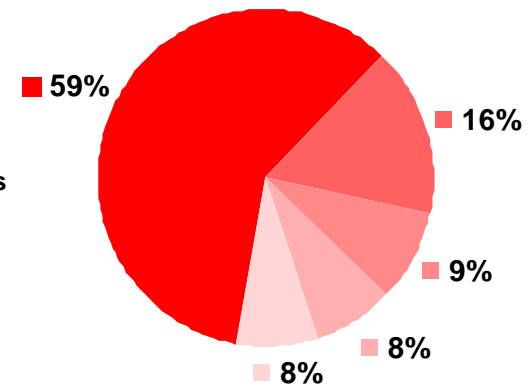
## Cost Breakdown in 9M 2008

- Polypropylene & polyethylene
- Depreciation
- Other raw materials and consumables
- Staff costs
- Electricity



## Cost Breakdown in 9M 2009

- Polypropylene & polyethylene
- Depreciation
- Other raw materials and consumables
- Staff costs
- Electricity



- Substantial decrease of PP/PE costs by 29.1% yoy due to low polymer prices
- Staff costs up due to the revaluation of the share option plan as a result of a higher share price
- Electricity costs up by 4.5% yoy due to an increase in the price of electricity

Source: Company data

# Balance Sheet

Euro (000´)	Sep 30th 2008 (unaudited)	Dec 31st 2008 (audited)	Sep 30th 2009 (unaudited)	% change Sep 09/ Sep 08
<b>Non-current assets</b>	<b>230,948</b>	<b>207,843</b>	<b>210,456</b>	<b>(8.9%)</b>
Property, plant and equipment	136,591	121,440	118,032	(13.6%)
Intangible assets (including goodwill)	94,357	86,403	92,424	(2.0%)
<b>Current assets</b>	<b>45,967</b>	<b>40,400</b>	<b>40,774</b>	<b>(11.3%)</b>
Inventories	15,437	12,731	14,944	(3.2%)
Trade and other receivables	30,165	27,360	25,467	(15.6%)
Bank balances and cash	365	309	363	(0.5%)
<b>Total assets</b>	<b>276,915</b>	<b>248,243</b>	<b>251,230</b>	<b>(9.3%)</b>
<b>Total share capital and reserves</b>	<b>113,621</b>	<b>99,179</b>	<b>118,653</b>	<b>4.4%</b>
<b>Non-current liabilities</b>	<b>117,735</b>	<b>107,514</b>	<b>99,907</b>	<b>(15.1%)</b>
Bank loans due after 1 year	104,777	96,131	87,495	(16.5%)
Deferred tax	12,957	11,378	12,207	(5.8%)
Other payables	1	5	205	n/a
<b>Current liabilities</b>	<b>45,559</b>	<b>41,550</b>	<b>32,670</b>	<b>(28.3%)</b>
Trade and other payables	23,946	16,751	14,225	(40.6%)
Tax liabilities	2,487	79	1,915	(23.0%)
Bank overdrafts and loans	19,126	24,720	16,530	(13.6%)

Source: Company data, consolidated unaudited results

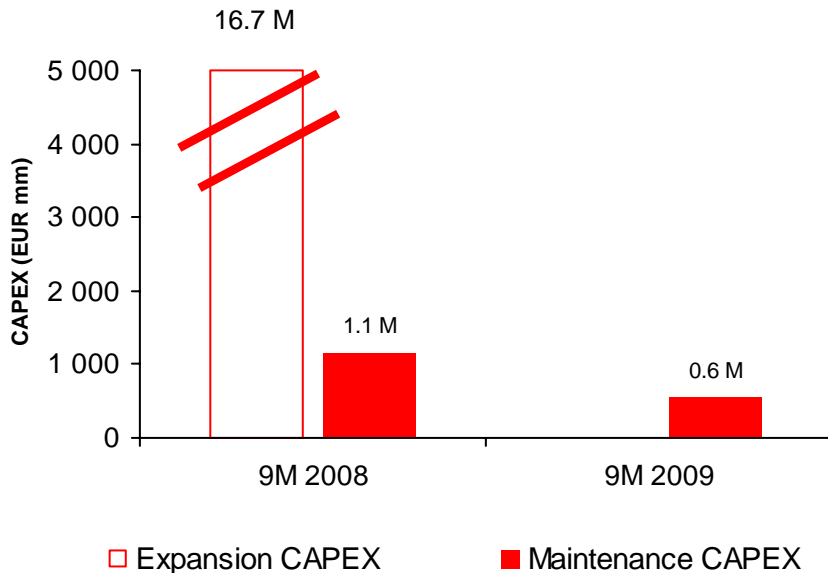
# Cash Flow Statement

Euro ('000')	Nine months to September 30th		
	2008 (unaudited)	2009 (unaudited)	% change
<b>Profit before tax</b>	<b>26,059</b>	<b>23,838</b>	<b>(8.5%)</b>
Amortization/ Depreciation	12,636	11,870	(6.1%)
FX	(3,891)	(1,905)	(51.0%)
Interest Expense	4,816	2,938	(39.0%)
Fair value changes of interest rate swaps	219	175	(20.1%)
Other financial expense	130	262	101.5%
Change in inventories	(2,025)	(1,247)	(38.4%)
Change in receivables	(2,122)	3,676	n/a
Change in payables	5,614	(4,380)	n/a
Income tax paid	(1,774)	648	n/a
<b>Net Cash Flow from Operating activities</b>	<b>39,662</b>	<b>35,875</b>	<b>(9.5%)</b>
Purchases of property, plant and equipment	(17,824)	(551)	(96.9%)
<b>Net Cash Flow from Investment activities</b>	<b>(17,824)</b>	<b>(551)</b>	<b>(96.9%)</b>
Change in bank loans	(9,198)	(24,257)	163.7%
Change in long term debt	(100)	200	n/a
Distribution (dividends)	(7,845)	(8,306)	5.9%
Interest paid	(4,711)	(2,645)	(43.9%)
Other financial income	(130)	(262)	101.5%
<b>Net Cash Flow from Financing activities</b>	<b>(21,984)</b>	<b>(35,270)</b>	<b>60.4%</b>
<b>Bank balances and cash at the beginning of the year</b>	<b>511</b>	<b>309</b>	<b>(39.5%)</b>
<b>Change in cash and cash equivalents</b>	<b>(146)</b>	<b>54</b>	<b>n/a</b>
<b>Bank balances and cash at the end of the period</b>	<b>365</b>	<b>363</b>	<b>(0.5%)</b>

Source: Company data, consolidated unaudited results

# CAPEX Development

## CAPEX Breakdown 9M



- **No expansion CAPEX until a decision about a new line is made**
- **Full year CAPEX will not exceed EUR 1.5 million (CZK/ EUR 26)**

Source: Company data, consolidated unaudited results

# 2009 Guidance



# 2009 Guidance Update

*PEGAS revises its initial full year guidance:*

- **2009 EBITDA expected to decrease by max. 5% yoy**
- **Total sales and production in tonnes likely to be higher than in 2008**
- **Total 2009 CAPEX will not exceed EUR 1.5 million**



# 2010 Outlook



# 2010 Outlook

- **Production capacity likely to be sold out in 2010**
- **Anticipated further reduction of external debt**
- **Decision concerning the new production line to be made in early 2010**

## **IR Contact Details**

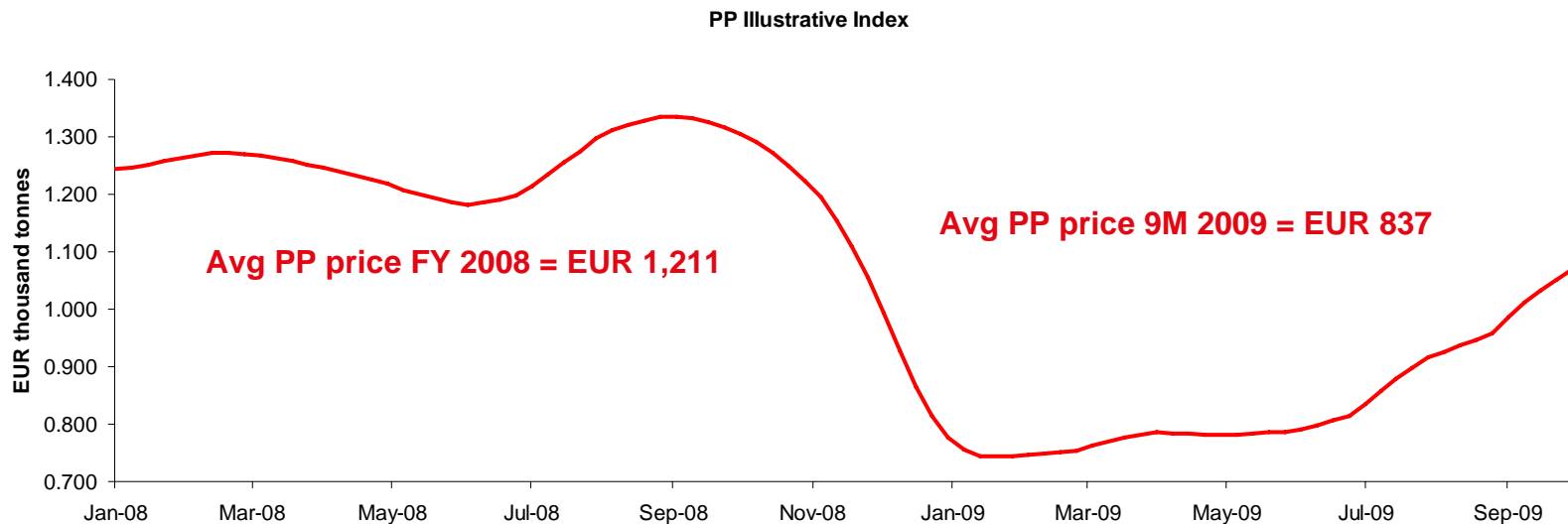
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# Appendix

# Development of Polymer Prices



- Annual decline in revenues is driven by lower polymer prices / costs which are passed into final output prices
- On average, polymer prices declined by 31% in the 9M 2009 compared with full year 2008
- In Q3 2009, polymer prices were up on average by 20% compared with prices in Q2 2009

Source: Company data