

... every single detail

Discussions with Investors

*UniCredit Emerging Europe Conference,
Istanbul*



September 2008

Cautionary Statement

This document has been prepared by PEGAS NONWOVENS S.A. (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 in the Czech Republic, the future macroeconomic situation, the development of market competition and the related demand for nonwovens and other products and services. 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.

Agenda

Company Introduction

The Market and Our Strategy

1H 2008 Financial Performance

Dividend Declaration

2008 Strategic Outlook

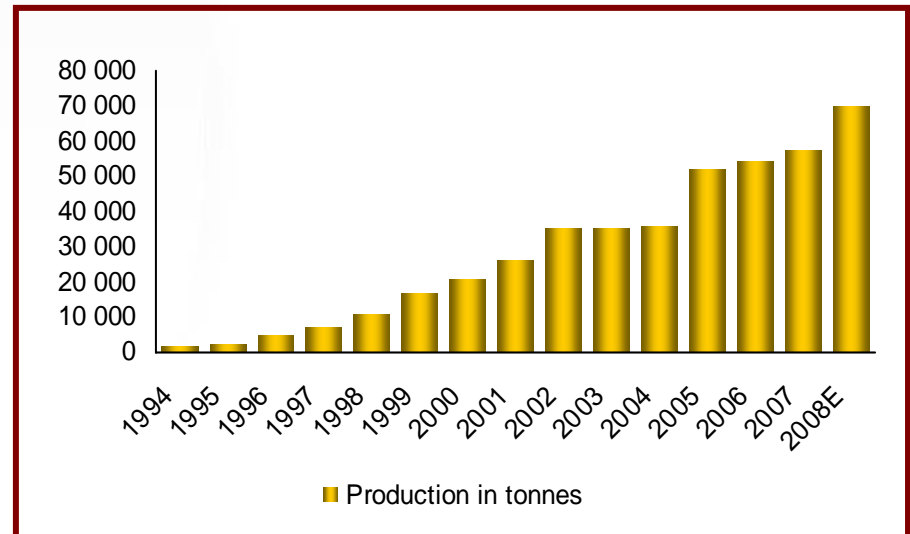
Appendix

Company Introduction

Overview

- **Product: Synthetic Nonwoven Textiles – Spunbond PP/PE**
- **Experienced and Growing: since 1990**
- **389 Employees**
- **8 Production Lines**
- **Approx. 70 000 tons production based on current product mix (2008e)**
- **Luxembourg entity listed in Prague and Warsaw**
- **100% Free Float (1.6% Mgt)**

Annual Production Development



Source: Company Data



Products

Nonwoven Synthetic Textiles

- Hygiene (87% production in 1H 2008)
 - Baby Diapers
 - Feminine Hygiene
 - Adult Incontinence
- Technical (13% production 1H 2008)
 - Medical
 - Resistant textiles for Building Industry
 - Furniture
 - Agriculture
 - Filtration
 - Wipes



Location

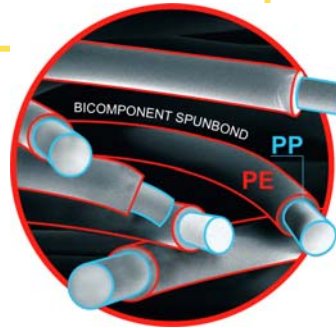
Optimal Location

- Central Geographic Location
- Low Cost Production Area
- Government Incentives
- Infrastructure
- Room for Expansion



Meeting the Market Needs

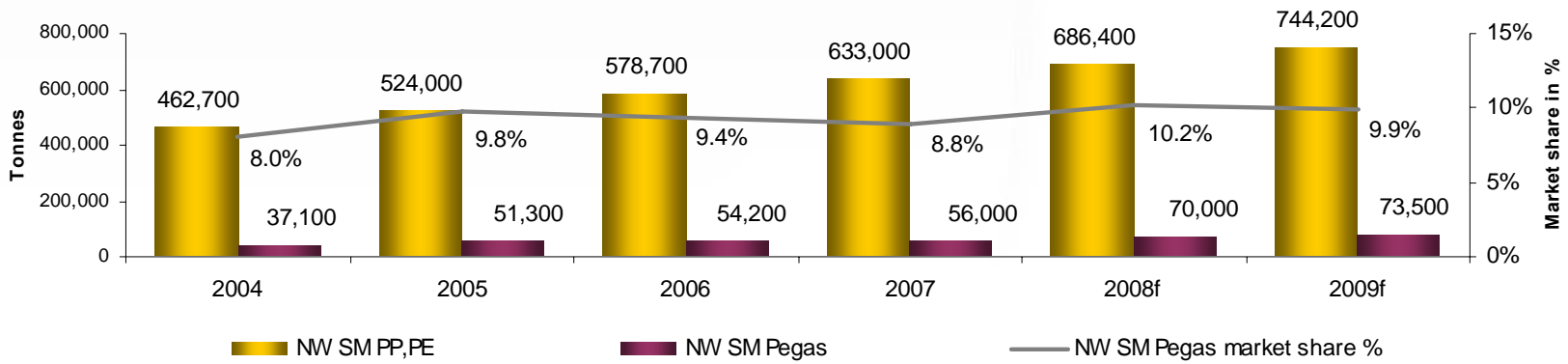
- Highest Quality
- Competitive Pricing
- Continuous Development
- Close cooperation with customers to identify and develop new products
- On time delivery
- Regular Increase in Production Efficiency
- Flexibility



The Market and Our Strategy

Relevant Market Overview - Spunmelt

European Spunmelt (SM) Nonwovens (PP/PE) Market (2004-2009e)

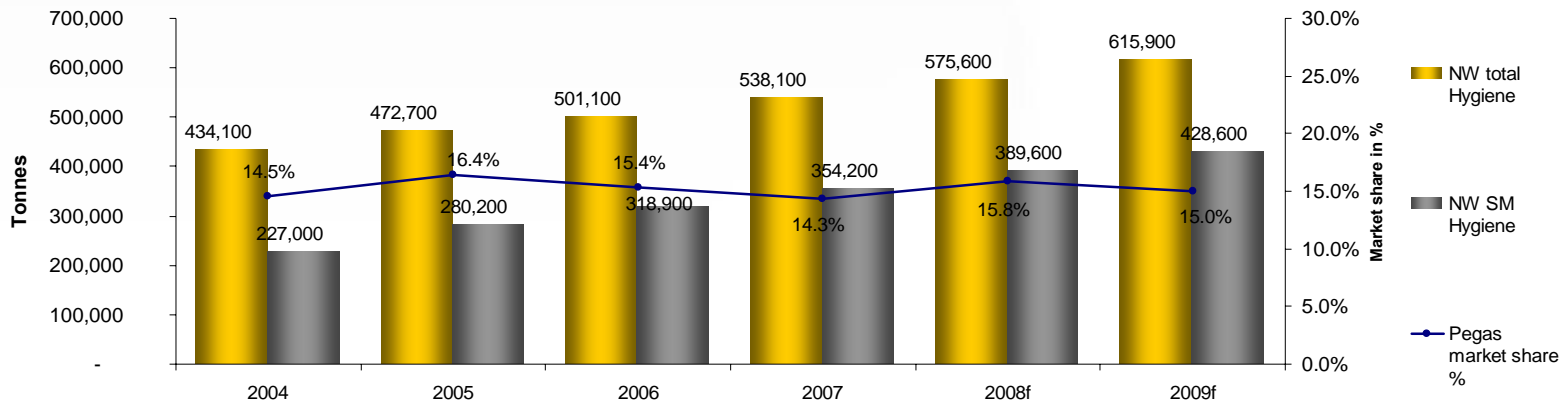


- Nonwovens spunmelt PP/PE market in Europe was growing 11% CAGR (2004-2007)
- PEGAS market share in Europe was rising by 14.7% CAGR (2004-2007) – faster than its core market as a result of regular capacity additions
- PEGAS market share in Europe is currently 10.2% based on 2008 production output

Source: EDANA, PEGAS

Market Overview - Hygiene

European Nonwovens Spunmelt Hygiene Market (2004-2009e)

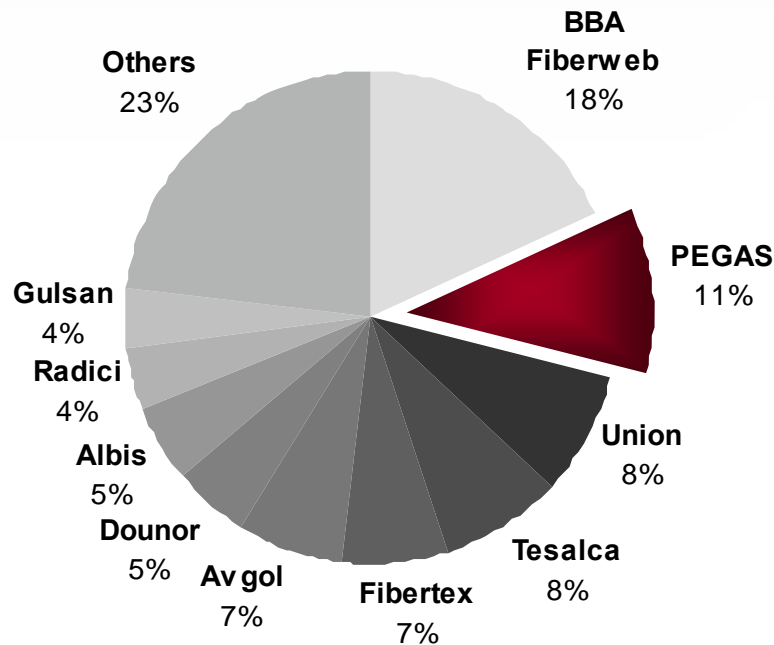


- European hygiene nonwovens market expanded 7.4% CAGR (2004-2007)
- European spunmelt hygiene nonwovens market grew 16% CAGR (2004-2007)
- PEGAS market share in European hygiene spunmelt market is anticipated to reach 15.8% in 2008
- PEGAS's production for the hygiene market grew 16% CAGR from 2004 to 2007 in line with the core hygiene market

Source: EDANA, PEGAS

Overview of European Production Capacity

Installed capacity¹ in % – 2008e EOP



- PEGAS is no. 2 producer of spunmelt nonwovens in Europe in terms of installed production capacity
- European market has a stable surplus of exports over imports in spunmelt nonwovens, app. 98 thousand tonnes in 2007
- Share of capacity base held by modern, state-of-art technology is expected to increase and equal approximately 87% in Europe at the end of 2008 driven by needs of hygiene customers
- European market is more fragmented than other region with over 30 producers in total

Source: PEGAS, John Starr

Note: 1) Installed spunmelt production capacity in Europe estimate, end of period 2008

Capacity vs. Demand in Europe

Position of PEGAS

**Supply vs.
Demand
proportion
creates
healthy market
competition**

- The annual capacity increase in the European spunmelt nonwoven market between 2003 – 2007 was approx. by 72k tonnes
- In 2007, 49k tonnes were added in Europe. In 2008 and 2009 capacity is expected to increase on average by 39k tonnes
- End market is growing by 5-6% p.a. (by 28-30k tonnes in spunbond hygiene demand), the difference is as usual balanced by less than 100% utilization of capacities and European exports

**Structure of
Capacity
Increase is
favourable for
PEGAS**

- 50% of new capacities to be added in 2008-2009 represent unattested technologies
- 37% of new capacities to be added in 2008-2009 represent new entrants into the industry
- Structure of new capacities to be added in 2008- 2009 is highly advantageous for PEGAS and represents new market opportunities for growth

Strategy for Success

- Innovating Technology
- Investing in People
- Optimal Location
- Financial Expertise
- Experienced Management
- Utilize our Strengths

Growing Market Share
Growing Production & Revenue
Maintaining Profitability



The Future

The Future

Technological Leadership

- To maintain technology leader position in Europe
- Develop and deliver technologically advanced products for the market
- To work with our customers and suppliers in developing new products ahead of the market

Market Share Growth

- New capacity installations in line with market demand
- To have sufficient capacity to satisfy the leading European manufacturers
- To continue to be a strategic supplier to major European manufacturers

Delivering Financial Performance

- Growing revenues in line with market growth
- To maintain our leading margin position in the industry
- Use cash flow to support expansion, repay debt and to pay out dividends

First Half and Q2 2008 Financial Performance

First Half and Q2 2008 Key Highlights

Financial Performance

- Revenue growth of 24.1% yoy in 1H 2008 and 27.9% yoy in Q2 2008 in line with Company's expectations
- EBITDA down by 0.9% yoy, without Euro 1.0 million one-off compensation from arbitration procedure in 2007, the EBITDA would have increased by 4.2%
- The increase in EBITDA (excluding the one-off item above) was the result of higher production capacity and a positive impact of delay in the pass-through mechanism
- High net profit of EUR 23.2 million in 1H 2008 and EUR 11.7 million in Q2 2008 mainly due to a positive impact of FX gains and lower interest expenses

Markets and Business

- Oversupply in the European market should gradually decline due to slower capacity expansion in the industry between 2008-2012
- European spunmelt nonwovens market is a fast growing market with 11% CAGR over last 3 years
- European nonwovens hygiene market – core market of PEGAS - grew 16% CAGR over last 3 years

Growth & Expansion

- Capacity growth and increase of market share are key strategic goals for PEGAS
- In 1H 2008 PEGAS was engaged in preliminary discussions about a potential acquisition
- PEGAS will continue monitoring investment opportunities which would lead to further market growth via organic investment or strategic acquisitions

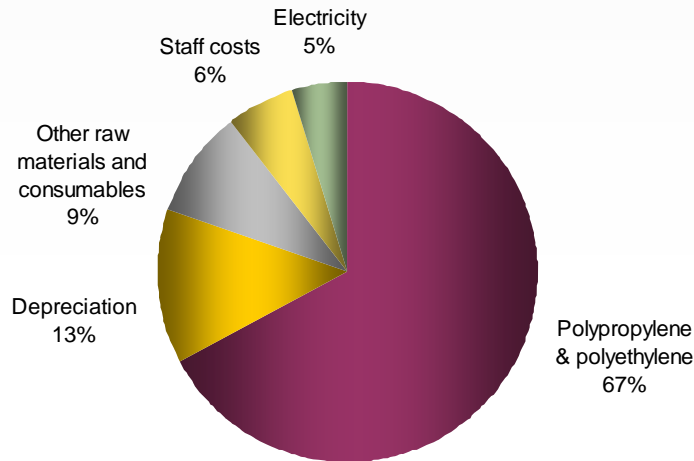
1H and Q2 2008 Profit and Loss Statement

(EUR'000s)	Q2			1H		
	2007	2008	% change	2007	2008	% change
Revenue	29,383	37,589	27.9%	60,717	75,344	24.1%
Raw materials & consumables	(18,774)	(25,749)	37.2%	(37,912)	(51,404)	35.6%
Staff costs	(1,431)	(1,624)	13.5%	(2,764)	(3,120)	12.9%
Of which Share price bonus	(57)	154	n/a	(57)	478	n/a
Other net operating income/(expense)	925	2	(99.8%)	844	(127)	n/a
EBITDA	10,103	10,218	1.1%	20,885	20,693	(0.9%)
EBITDA margin (%)	34.4%	27.2%	(7.2pp)	34.4%	27.5%	(6.9pp)
Depreciation	(3,014)	(4,209)	39.6%	(6,052)	(8,278)	36.8%
Profit from operations (EBIT)	7,089	6,009	(15.2%)	14,833	12,415	(16.3%)
EBIT margin (%)	24.1%	16.0%	(8.1pp)	24.4%	16.5%	(7.9pp)
FX gains and other financial income (net)	(3,343)	9,391	n/a	(6,147)	17,538	n/a
Interest costs (net)	(4,373)	(1,664)	(61.9%)	(6,441)	(3,171)	(50.8%)
Income tax expense	396	(2,055)	n/a	411	(3,541)	n/a
Net Profit	(231)	11,681	n/a	2,656	23,241	775.0%
Net Profit Margin (%)	n/a	31.1%	n/a	4.4%	30.8%	26.4pp

Note: Unaudited consolidated financial results in accordance with IFRS. 2Q 2007 Results include the one-off revenue from the arbitration proceeds of Euro 1.03 million

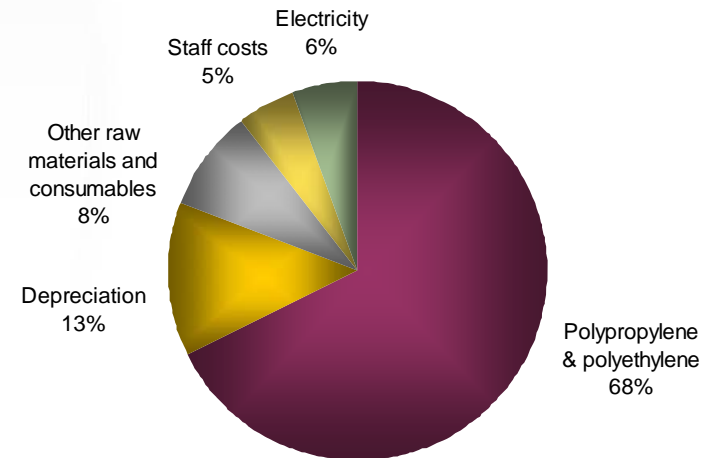
Cost Composition

Cost Breakdown in 1H 2007



Cost Breakdown in 1H 2008

+34.4%



- Overall cost level impacted by additional production capacity, higher prices of raw materials and energy and CZK appreciation
- Staff costs positively impacted by the fair value of phantom share option plan in 1H 2008
- Polymers and electricity up by 35.5% and 58.9% yoy respectively, due to higher consumed volumes based on the new production line and higher energy prices

Balance Sheet

(EUR'000s)	Jun 30 th , 2007 Unaudited	Dec 31 st , 2007 Audited	Jun 30 th , 2008 Unaudited	Jun 30 th , 2008/ Dec 31 st , 2007 change in %
Non-current assets	197,309	224,708	242,469	7.9%
Property, plant and equipment	116,437	137,355	145,187	5.7%
Intangible assets incl. goodwill	80,872	87,353	97,282	11.4%
Current assets	34,979	39,171	44,631	13.9%
Inventories	7,595	12,416	13,362	7.6%
Trade and other receivables	26,146	26,244	31,142	18.7%
Bank balances and cash	1,238	511	127	(75.1%)
Total assets	232,288	263,879	287,100	8.8%
Total share capital and reserves	78,521	93,885	124,087	32.2%
Non-current liabilities	129,664	128,799	116,639	(9.4%)
Bank loans due after 1 year	115,493	116,508	103,204	(11.4%)
Deferred tax	14,171	12,190	13,432	10.2%
Other payables	--	101	3	(97.0%)
Current liabilities	24,103	41,195	46,374	12.6%
Trade and other payables	18,338	33,218	21,682	(34.7%)
Tax liabilities	--	1,427	3,971	178.3%
Bank overdrafts and loans	5,765	6,550	20,721	216.4%

- Increase in goodwill on the back of CZK appreciation
- Short-term debt up due to expected acceleration of debt repayments in the upcoming year

Note: Unaudited consolidated financial results in accordance with IFRS

Cash Flow Statement

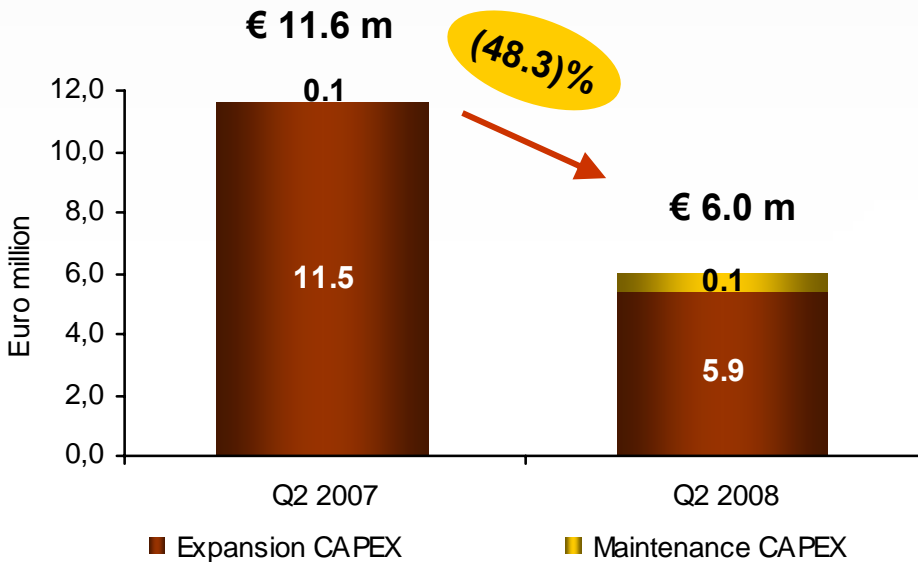
Six Months to June 30th

(EUR '000s)	2007 Unaudited	2008 Unaudited	Change in %
Profit before tax	2,245	26,782	1,093.0%
Amortization/ Depreciation	6,052	8,278	36.8%
Foreign Exchange	7,426	(5,544)	n/a
Interest Expense	6,634	3,179	(52.1%)
Fair value changes of interest rate swaps	809	(90)	n/a
Other financial (expense) / income	(162)	24	n/a
Change in inventories	768	445	(42.1%)
Change in receivables	(3,315)	(1,294)	(61.0%)
Change in payables	(4,745)	2,263	n/a
Income tax paid	(4)	(1,396)	n/a
Net Cash Flow from Operating activities	15,708	32,647	107.8%
Purchases of property, plant and equipment	(15,218)	(17,124)	12.5%
Net Cash Flow used in Investment activities	(15,218)	(17,124)	12.5%
Change in bank loans	(15,645)	(12,591)	(19.5%)
Change in long term debt	(275)	(98)	(64.4%)
Interest paid	(5,508)	(3,194)	(42.0%)
Other financial income / (expense)	162	(24)	n/a
Net Cash Flow used in Financing activities	(21,266)	(15,907)	(25.2%)
Bank balances and cash at the beginning of the year	22,014	511	(97.7%)
Change in cash and cash equivalents	(20,776)	(384)	(98.2%)
Bank balances and cash at the end of the period	1,238	127	(89.7%)

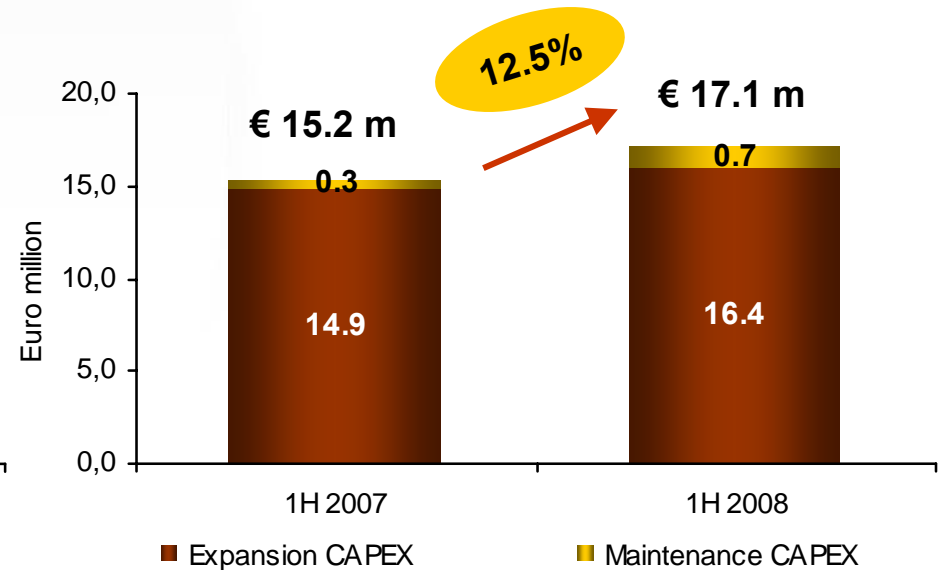
Note : Unaudited consolidated financial results in accordance with IFRS

CAPEX Development

CAPEX Breakdown Q2



CAPEX Breakdown 1H



Source: Company data

- Expansion CAPEX in 2008 related to the remaining payments for the 8th line project
- Full year 2008 CAPEX Guidance of Euro 18 million at constant currency

Dividend Declaration

Dividend Declaration

- On August 25, 2008, the Board of Directors of PEGAS NONWOVENS S.A. approved a dividend payment of Euro 7.8 million, i.e. Euro 0.85 per share (based on a total number of shares being 9,229,400)
- Dividend will be distributed from the share premium account
- GM approval is not required
 - **Record Date¹ is 23rd September 2008**
 - **Payment Date is 30th September 2008**

(1) Record Date is defined as a date at which the shares entitled to the dividend are registered at the accounts with the settlement systems of Univyc and NDS after the end of trading hours

2008 Strategic Outlook

2008 Guidance Comments

2008 Guidance Update

- The 2008 guidance introduced in March was based on the expected structure of the product mix, polymer prices and foreign exchange rates
- The current FX development indicates that the expected yearly exchange rate of CZK/Euro 26 might be not realistic
- In Q2 PEGAS detected a significant decline in the sales of technical materials for the construction industry compared with the Company's 2008 sales projections. The decrease partially eliminated the effect of newly gained orders since beginning of the year
- Several major projects nearing commercialization are providing confidence in sales for 2009
- Increase in the prices of polypropylene and polyethylene since end of Q2 will be passed through to the final prices with some delay
- In 2H 2008 management will be focused on maintaining operational performance by attempting to mitigate the current challenges in the market

2008 Outlook

2008 Strategic Outlook

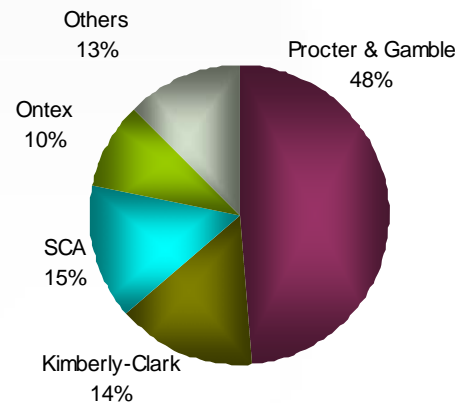
- Focus on production efficiencies and cost reductions to retain margins
- Intensive negotiations with customers focused on technologically advanced products
- Goal to increase proportion of technologically advanced products
- Negotiations with suppliers of raw materials
- R&D to support product differentiation
- Completion of the 9th line investment incentive process
- Create a strong platform for 2009 and 2010

Appendix

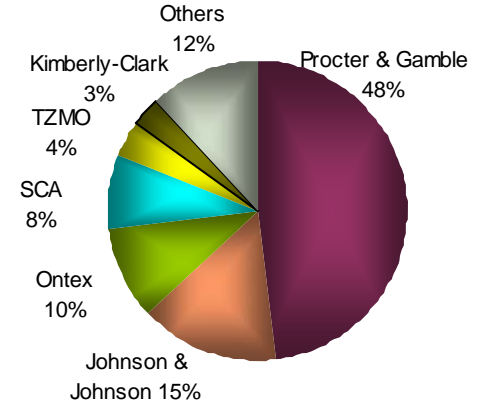
Personal hygiene market in Europe

- **Multinationals (P&G, Kimberly-Clark, SCA, Johnson&Johnson, Ontex, etc.)**
- **Regional leaders (e.g. TZMO in femcare in Poland)**
- **Market leader (P&G) commands nearly 50% market share where the top three players control approximately 75% of the market**
- **We supply most of the key players in Europe**
- **Market consists of three major groups:**
 - **Baby care (70% of consumption)**
 - **Feminine care (10% of consumption)**
 - **Adult incontinence (20% of consumption)**

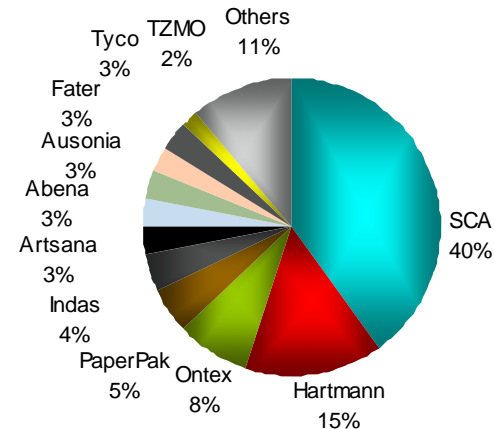
Baby care



Feminine care



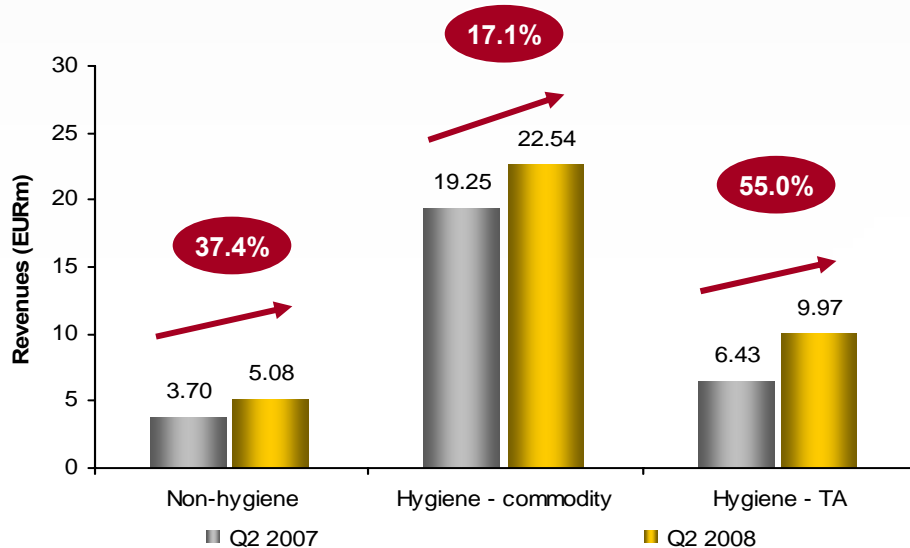
Adult incontinence



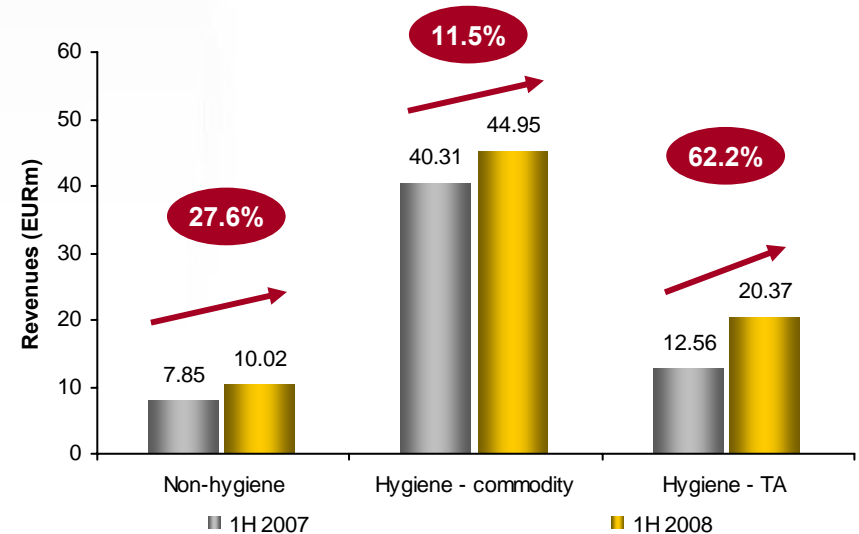
Revenue Breakdown by Product

Q2

1H



Source: Company data

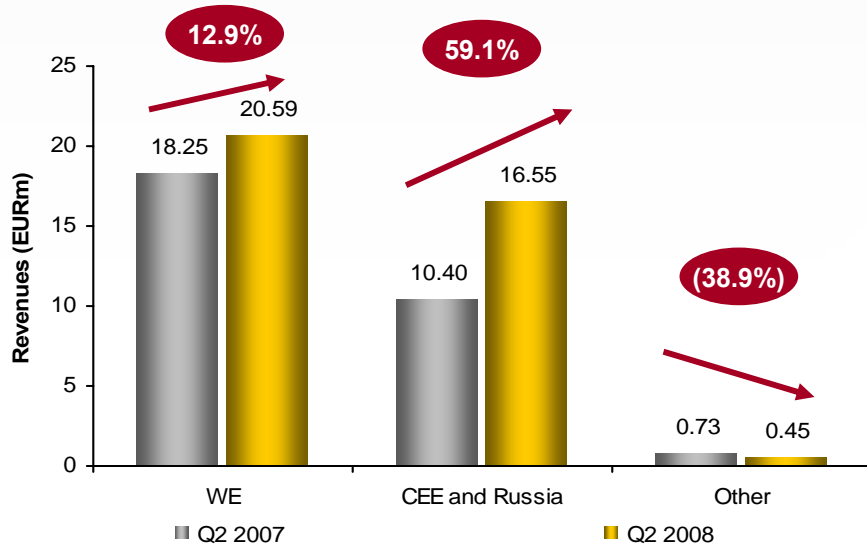


- Sales for the hygiene industry account for 86.7% in 1H 2008 of total sales and confirm the key focus on the segment
- Proportion of technologically advanced materials of total sales at 27.0% in 1H 2008 up from 20.7% in 1H 2007
- Retention of customers through higher added value products while achieving satisfactory margins

Note: Company defines technologically advanced products as those with higher added value in terms of either higher margins or material properties that protect the Company from easy substitution of its products by its competitors.

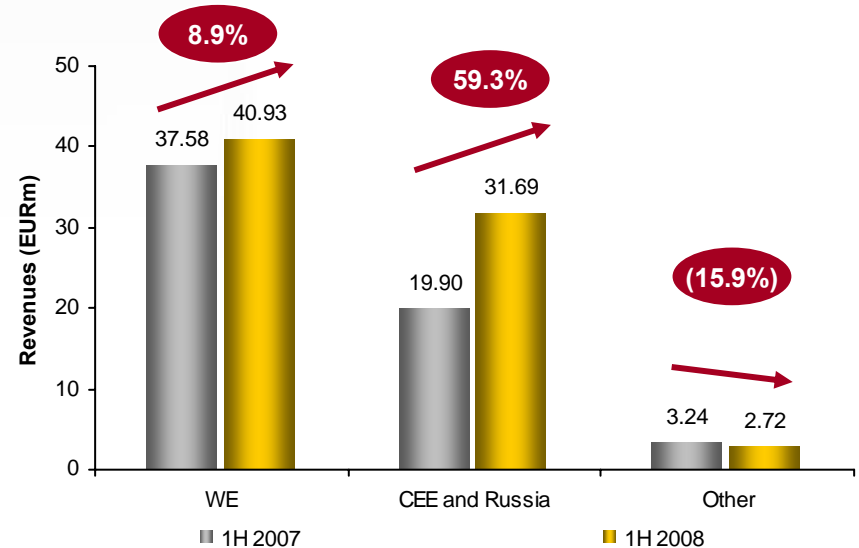
Revenue Breakdown by Geography¹

Q2



Source: Company data

1H

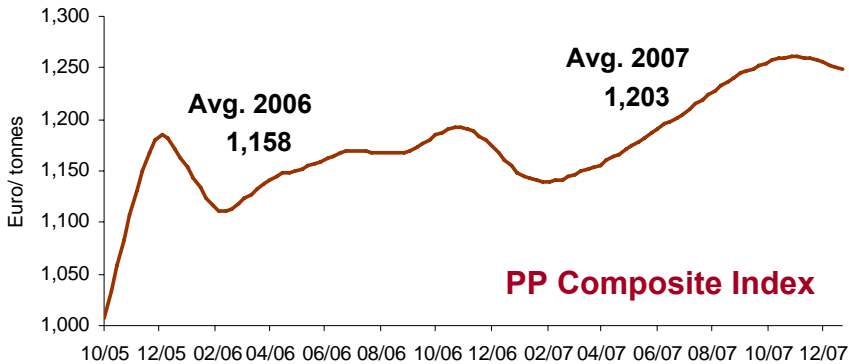


- Sales in Western Europe remain a key focus with over 50% of total sales in the period
- Sales in CEE and Russia substantially up due to higher sales to the Czech Republic and Poland

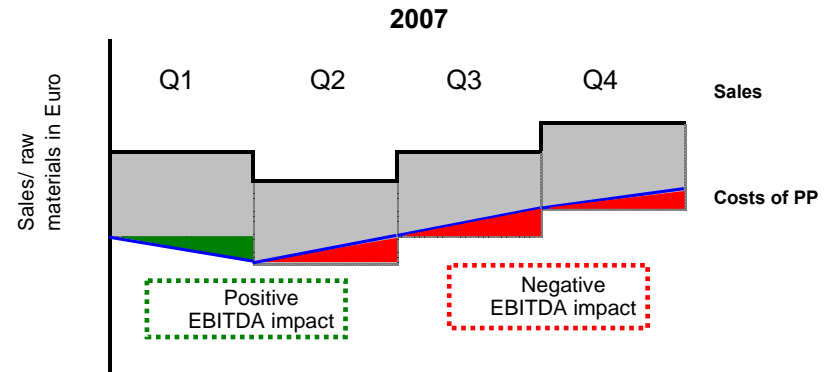
Note: (1) Revenues by geography are based on the final location of delivery

Pass-through mechanism delays

Development of PP Price Level¹



Illustrative Pass-through Delays



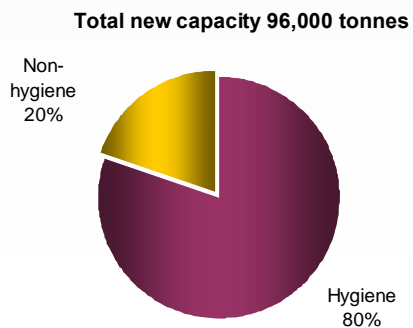
- Avg. 2007 prices of polymers increased by 4% yoy
- Regardless of other factors impacting the total costs, polymer costs remain its key driver
- Changes in polypropylene prices are transferred to revenues with a delay according to the contracts with customers
- Negative EBITDA impact of the delays for 2007 was Euro 0.8 million

Source: Company data

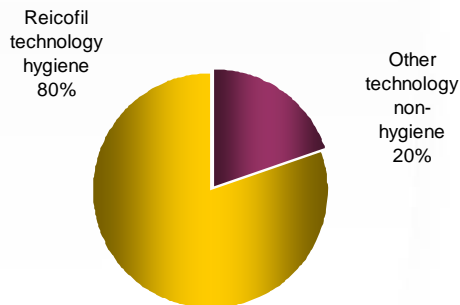
Note: (1) PP price level calculated on internal documents of PEGAS

European SB New Capacity Overview

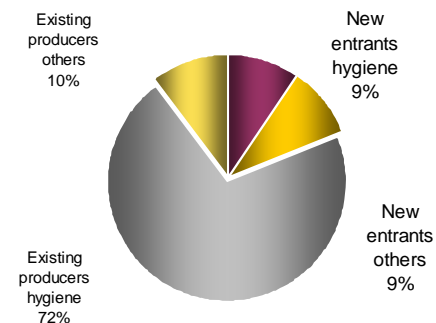
2006-2007 by Segment



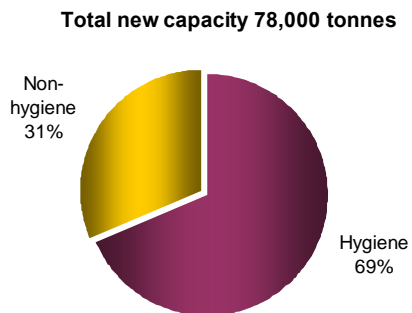
2006-2007 by Technology



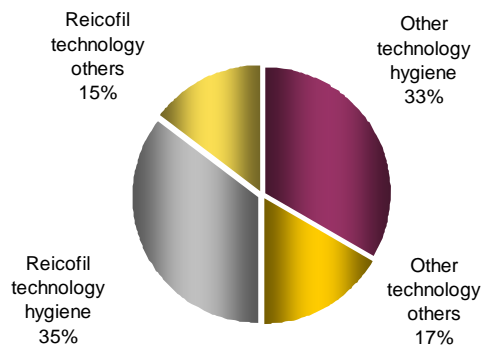
2006-2007 by New Entrants



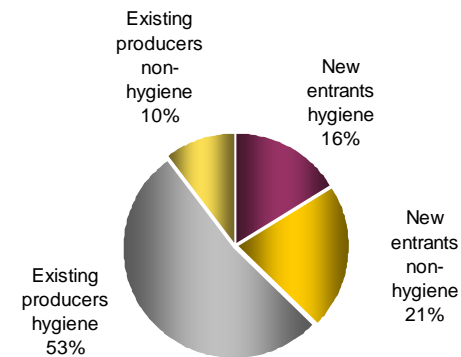
2008-2009 by Segment



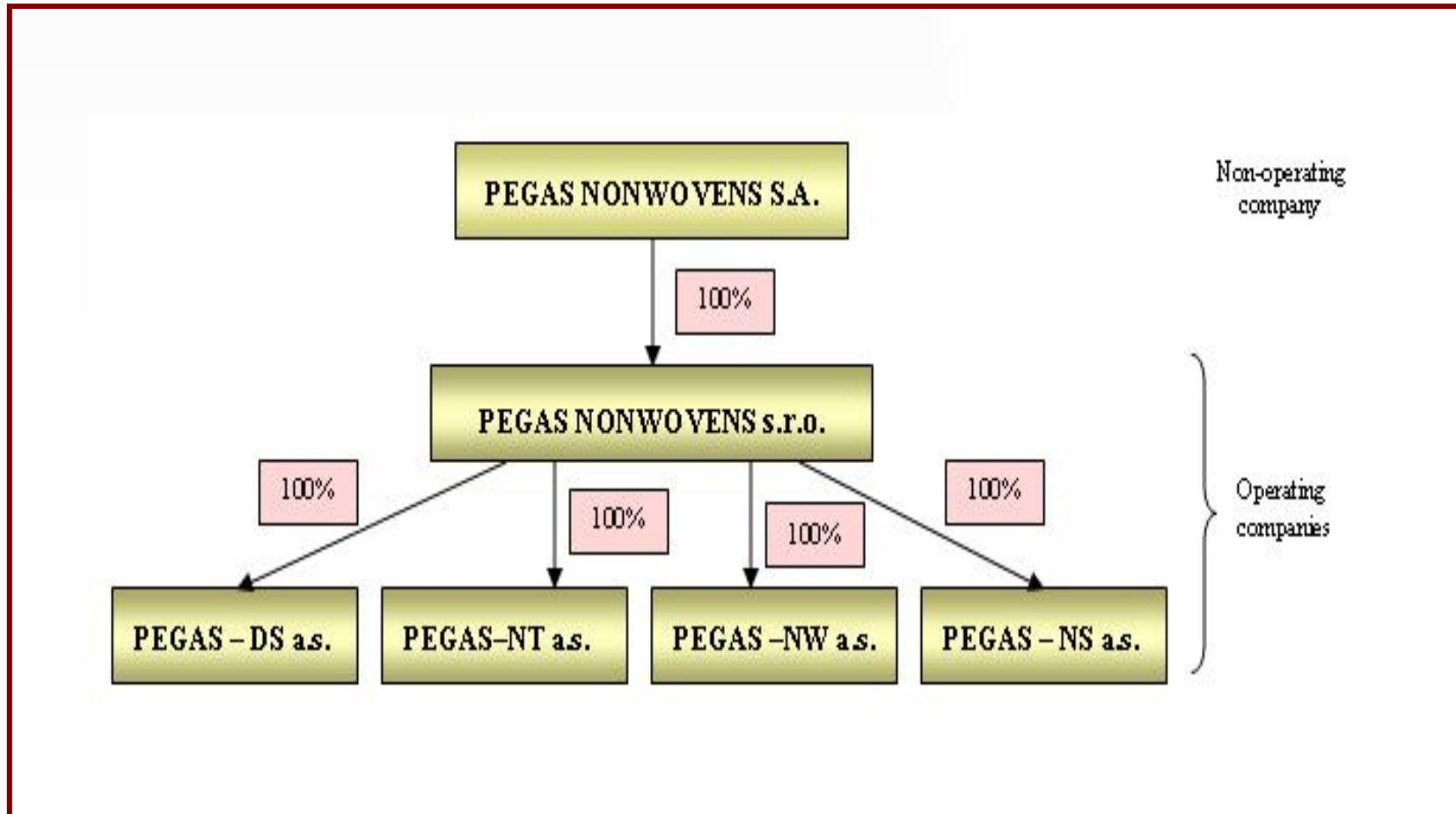
2008-2009 by Technology



2008-2009 by New Entrants



PEGAS Organizational Chart



Reporting Schedule and IR Contact

Reporting Schedule 2008

9M 2008 Results – unaudited

November 27th, 2008

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