

... every single detail

Discussions with Investors

“A Business Model that Works”



October 2007

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 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

Financial Performance

The Future

Conclusion

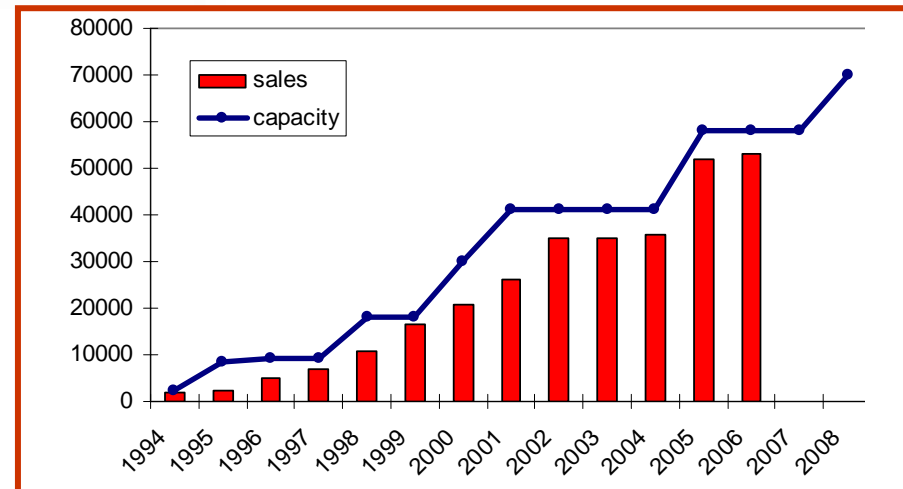
Company Introduction

Overview

- **Product: Synthetic Nonwoven Textiles – Spunbond PP/PE**
- **Experienced and Growing: since 1990**
- **380 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 (2% Mgt)**

Annual Sales and Capacity

Source: Company Data



Products

Nonwoven Synthetic Textiles:

- Hygiene (87% production 1H07)
 - Baby Diapers
 - Feminine Hygiene
 - Adult Incontinence
- Technical (13% production 1H07)
 - Medical
 - Resistant textiles for Building Industry
 - Furniture
 - Agriculture
 - Filtration
 - Wipes



Location

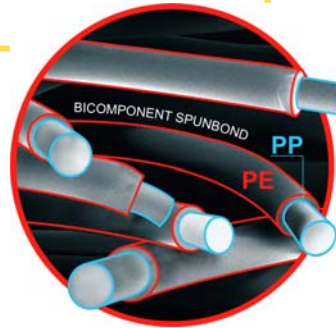
Optimal Location for the nonwoven market:

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



Meeting the Market Needs

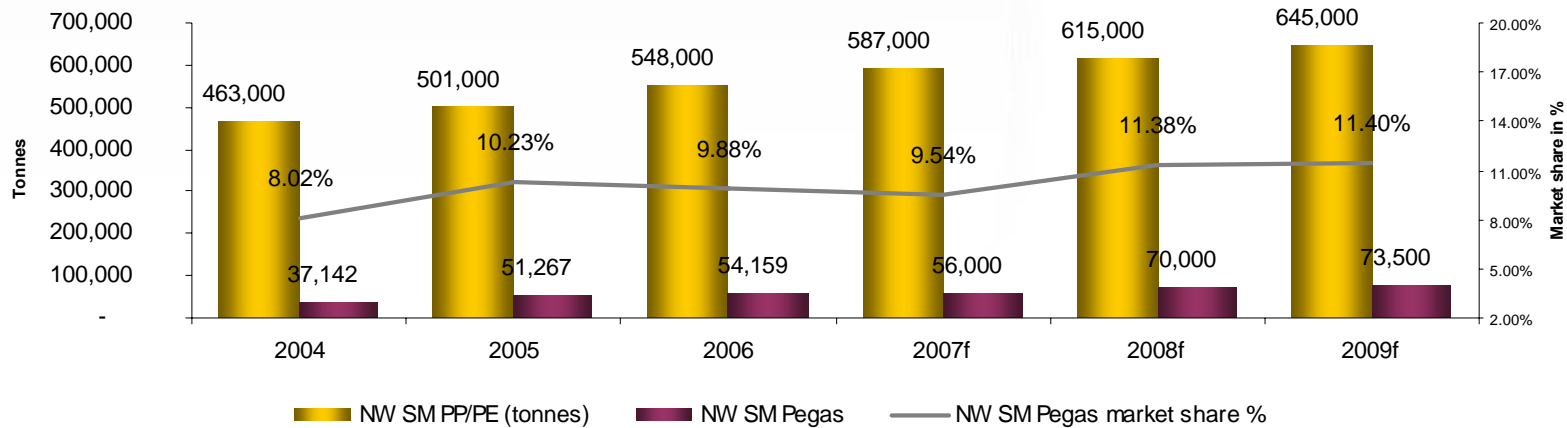
- Highest Quality
- Competitive Pricing
- Continuous Development
- Close cooperation with customers to identify and develop new products
- On time delivery
- Regular Increase in Production Efficiency
- Flexibility



The Market and Our Strategy

Market Overview - Spunmelt

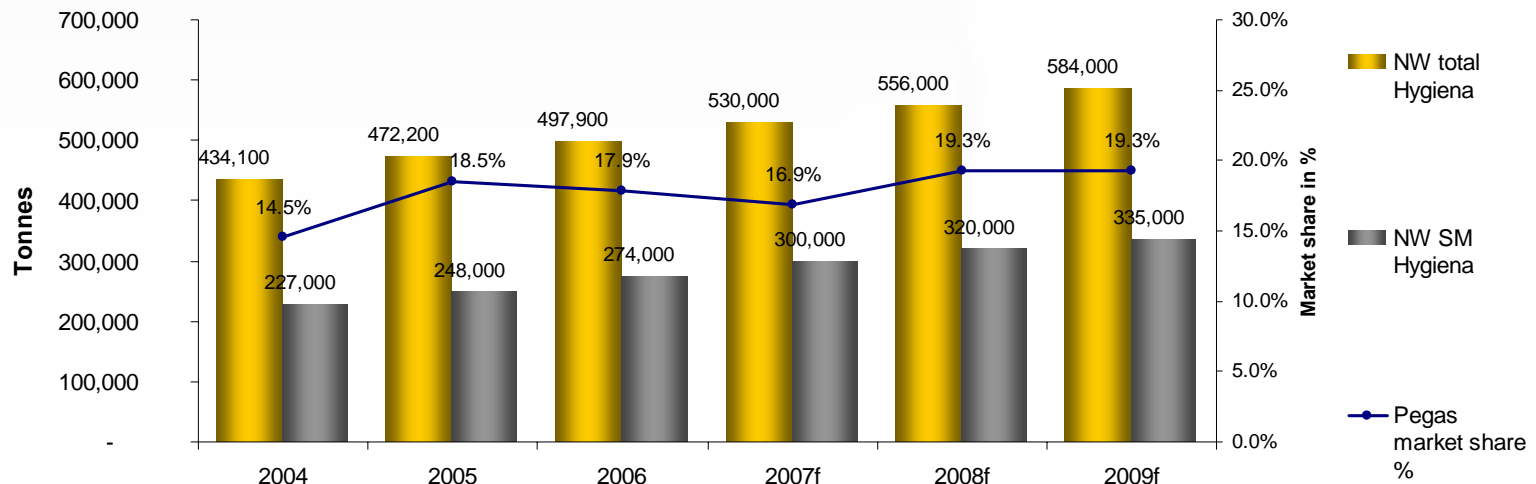
Total European Spunmelt Nonwovens (PP/PE) Market (2004-2009e)



- Nonwovens spunmelt PP/PE market in Europe is growing 8.8% CAGR (2004-2006)
- PEGAS market share in Europe is currently 9.9% based on 2006 production output and volume is growing 21.3% CAGR (2004-2006) – faster than its core market
- PEGAS market share in Europe is expected to grow to 11.4% when the 8th line is fully utilized (2008e)

Market Overview - Hygiene

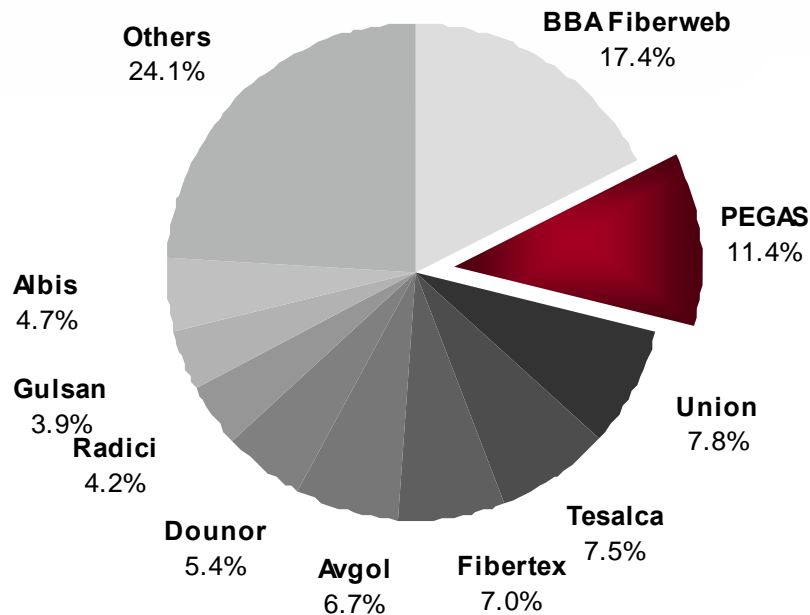
European Nonwovens Spunmelt Hygiene Market (2004-2009e)



- European hygiene nonwovens market has grown 7.1% CAGR (2004-2006)
- European spunmelt hygiene nonwovens market has grown 9.9% CAGR (2004-2006)
- PEGAS's market share in European hygiene spunmelt market is anticipated to reach 16.9% in 2007
- PEGAS's production for the hygiene market is estimated to grow over 15.4% CAGR from 2004 to 2007e

Overview of European Production Capacity

Installed capacity in % – 2008e EOP



- PEGAS is no. 2 producer of spunmelt nonwovens in Europe in terms of installed production capacity
- After the installation of the 8th line, PEGAS is expected to reach a 11.4% market share in terms of installed production capacity in Europe at the end of 2008
- In addition, European market has a stable surplus of exports over imports in spunmelt nonwovens, app. 80 thousand tonnes in 2006

Source: Edana, PEGAS, John Starr

Note: 1) Installed spunmelt production capacity in Europe estimate, end of period 2007

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



Financial Performance

Profit and Loss Statement

(EUR'000s)	Q2			1H		
	2006	2007	% change	2006	2007	% change
Revenue	30,527	29,383	(3.7%)	60,065	60,717	1.1%
Raw materials & consumables	(18,859)	(18,774)	(0.5%)	(36,865)	(37,912)	2.8%
Staff costs	(1,251)	(1,431)	14.4%	(2,462)	(2,764)	12.3%
Of which Share price bonus	0	(57)	n/a	0	(57)	n/a
Other net operating income/(expense)	1,144	(2,362)	n/a	5,126	(5,110)	n/a
Of which FX gains and MtM revaluation of IRS	1,288	(3,236)	n/a	5,069	(6,006)	n/a
EBITDA	11,561	6,816	(41.0%)	25,864	14,931	(42.3%)
Adjusted EBITDA¹	10,273	10,052	(2.2%)	20,795	20,937	0.7%
Adjusted EBITDA margin (%)¹	33.7%	34.2%	0.5%	34.6%	34.5%	(0.1%)
Depreciation	(3,088)	(3,014)	(2.4%)	(6,153)	(6,052)	(1.6%)
Profit from operations (EBIT)	8,473	3,802	(55.1%)	19,711	8,879	(55.0%)
Adjusted Profit from operations (EBIT)¹	7,185	7,038	(2.0%)	14,642	14,885	1.7%
Adjusted EBIT margin (%)¹	23.5%	24.0%	0.5%	24.4%	24.5%	0.1%
Finance costs	(4,120)	(4,429)	7.5%	(8,075)	(6,634)	(17.8%)
Income tax expense	36	396	n/a	(723)	411	n/a
Minority interest	(126)	0	n/a	(273)	0	n/a
Attributable Net Profit	4,263	(231)	n/a	10,640	2,656	(75.0%)
Net Profit Margin (%)	14.0%	n/a	n/a	17.7%	4.4%	(13.3%)
Adjusted Net Profit²	2,832	3,005	6.1%	5,894	8,662	47.0%

Note: Unaudited consolidated financial results in accordance with IFRS

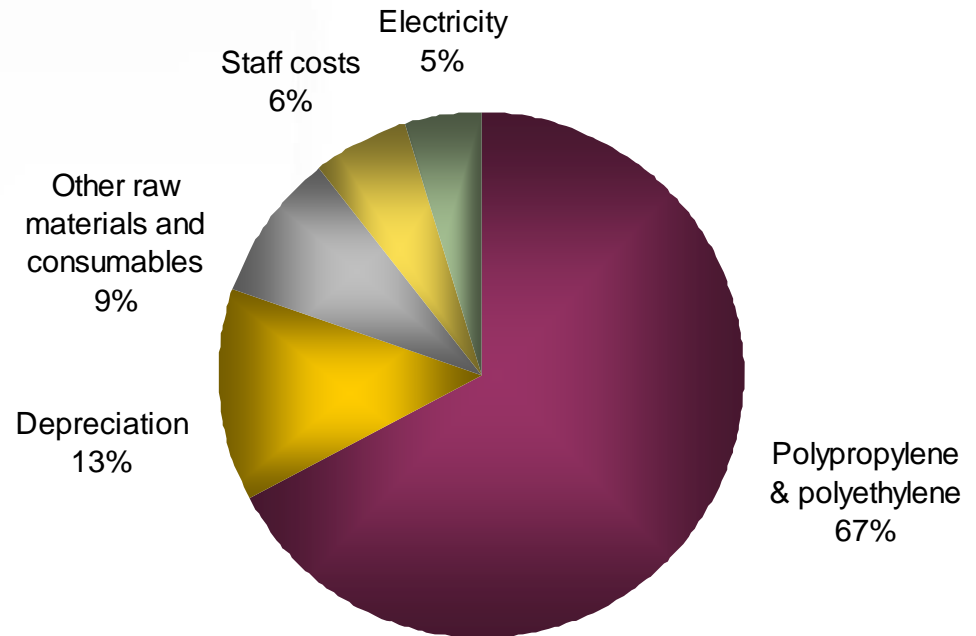
(1) Adjusted EBITDA and EBIT are adjusted by the impact of FX changes and revaluation of IRS in order to show the actual operating performance of the Company

(2) Adjusted Net profit is calculated as Net profit adjusted by the impact of FX changes and revaluation of IRS after recalculation of the income tax resulted from such adjustments in order to show the actual operating performance of the Company

Current Cost Composition

- Low Staff Costs
- Increasing Electricity Costs
- Low Cost Location
- Pass-through Mechanism
- Increasing Depreciation

Cost Composition 1H2007



Source: Company data

Balance Sheet

(EUR'000s)	Jun 30 th , 2006 Unaudited	Dec 31 st , 2006 Audited	Jun 30 th , 2007 Unaudited	Jun 30 th , 2007/ Dec 31 st , 2006 change in %
Non-current assets	192,628	195,008	197,309	1.2%
Property, plant and equipment	111,133	110,522	116,437	5.4%
Intangible assets	81,495	84,486	80,872	(4.3%)
Current assets	60,448	54,017	34,979	(35.2%)
Inventories	7,379	8,363	7,595	(9.2%)
Trade and other receivables	24,777	23,640	26,146	10.6%
Bank balances and cash	28,292	22,014	1,238	(94.4%)
Total assets	253,076	249,025	232,288	(6.7%)
Total share capital and reserves	14,081	76,950	78,521	2.0%
Non-current liabilities	205,753	138,351	129,664	(6.3%)
Bank loans due after 1 year	152,958	122,851	115,493	(6.0%)
Deferred tax	15,184	15,225	14,171	(6.9%)
Other payables	37,611	275	0	n/a
Current liabilities	33,242	33,724	24,103	(28.5%)
Trade and other payables	18,992	20,212	18,338	(9.3%)
Tax liabilities	0	192	0	n/a
Bank overdrafts and loans	14,250	13,320	5,765	(56.7%)

Note : Consolidated in accordance with IFRS

Cash Flow Statement

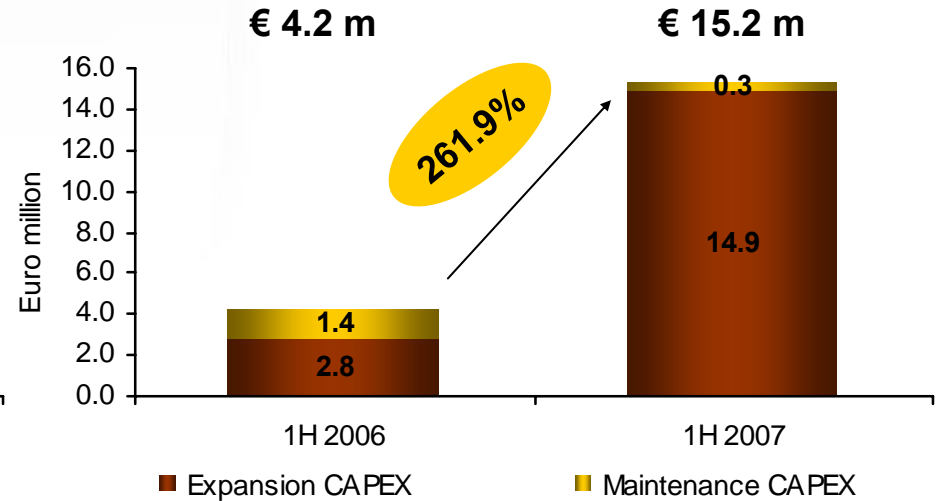
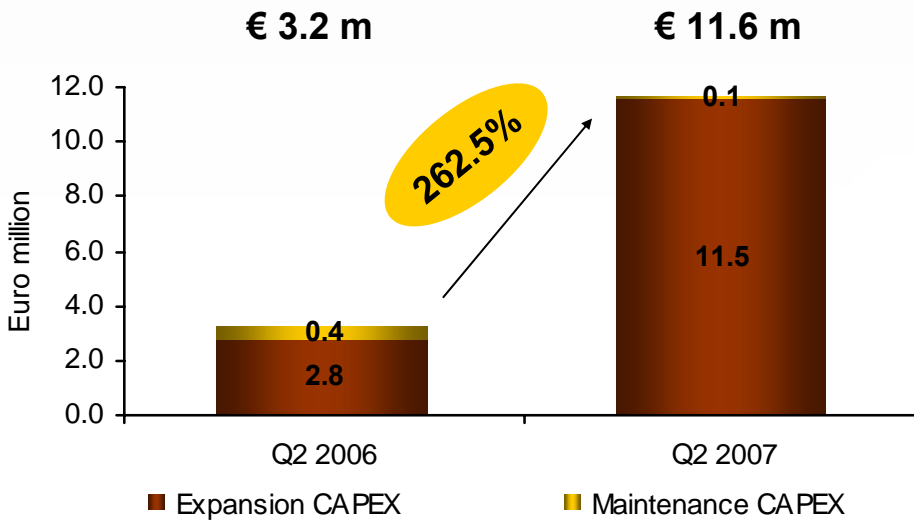
(EUR'000s)	Six months to June 30 th		
	1H 2006	1H 2007	Change in %
Profit before tax	11,636	2,245	(80.7%)
Amortization/ Depreciation	6,153	6,052	(1.6%)
FX	(3,482)	7,426	n/a
Interest Expense	8,075	6,634	(17.8%)
Fair value changes of interest rate swaps	1,775	809	(54.4%)
Change in inventories	1,243	768	(38.2%)
Change in receivables	(2,767)	(3,315)	19.8%
Change in payables	(5,050)	(2,356)	(53.3%)
Income tax paid	(528)	(4)	(99.2%)
IPO related costs paid	0	(2,389)	n/a
Net Cash Flow from Operating activities	17,055	15,870	(6.9%)
Purchases of property, plant and equipment	(4,171)	(15,218)	264.9%
Net Cash Flow from Investment activities	(4,171)	(15,218)	264.9%
Change in bank loans	(7,825)	(15,645)	99.9%
Change in long term liabilities	0	(275)	n/a
Interest paid	(3,801)	(5,508)	44.9%
Cash Flow from Financial activities	(11,626)	(21,428)	84.3%
Bank balances and cash at the beginning of the period	27,034	22,014	(18.6%)
Change in cash and cash equivalents	1,258	(20,776)	n/a
Bank balances and cash at the end of the period	28,292	1,238	(95.6%)

Note : Unaudited consolidated financial results in accordance with IFRS

CAPEX Development

CAPEX Breakdown Q2

CAPEX Breakdown 1H

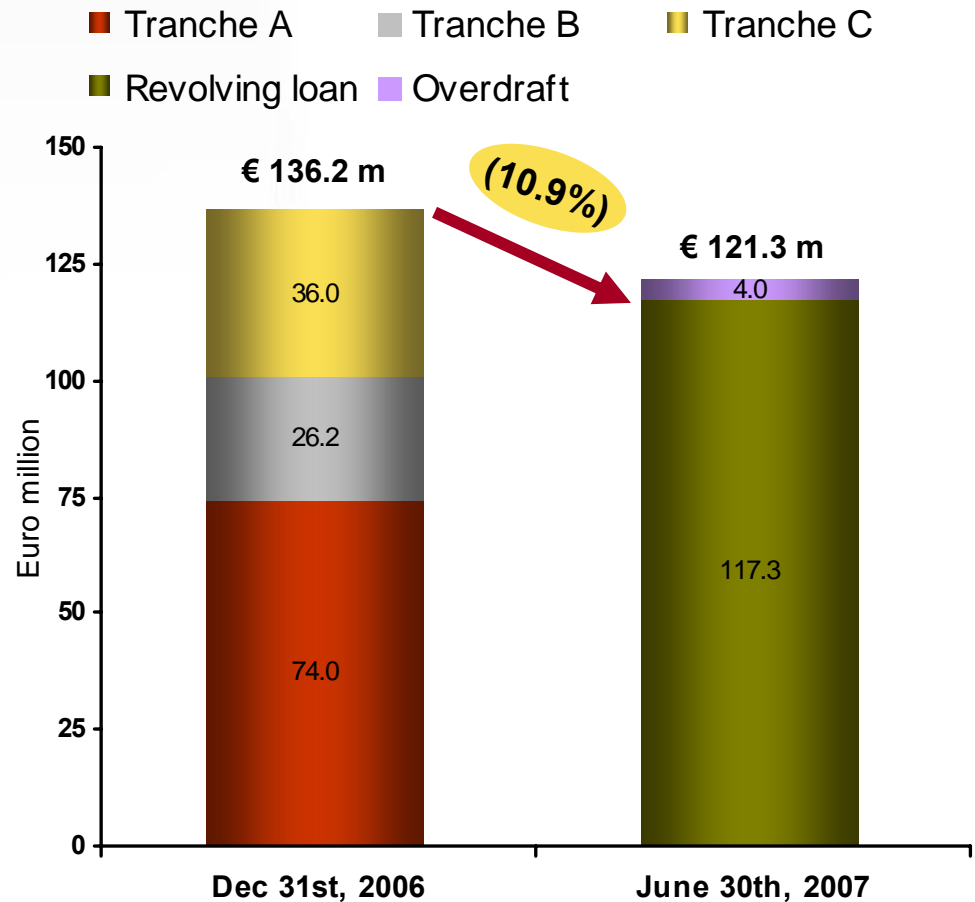


Source: Company data

- CAPEX in 2007 related mainly to the 8th production line project
- Investments in 2007 are concentrated mainly in the first nine months of the year
- Full 2007 CAPEX guidance remains Euro 20 m

Debt and Borrowings Development

- Bank loans were reduced over the last six months by 11% using free cash, hence further reducing finance costs
- A comfortable level of debt for the company with well sufficient level of financial reserve
- Net debt increased to Euro 120.0 million due to extended CAPEX



Source: Company data

The Future

The Future

Technological Leadership

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

Market Share Growth

- New capacity every 2-3 years, e.g. 8th and 9th line projects
- To have sufficient capacity to satisfy the leading European manufacturers
- To continue to be a strategic supplier to major European manufacturers

Delivering Financial Performance

- Increase absolute EBITDA
- To maintain our superior margin position in the industry
- Use cash flow to support expansion and to pay dividends

To Conclude

“A model that works”

Growing Market
Technological Leadership
Experienced Management
Powerful Competitive Advantages



Solid returns in a non cyclical industry



Strong Cash Generation for:
Expansion
Dividends
Debt Reduction



Reporting Schedule and Investor Relations Contact

Reporting Schedule

9M 2007 Results - November 29th, 2007

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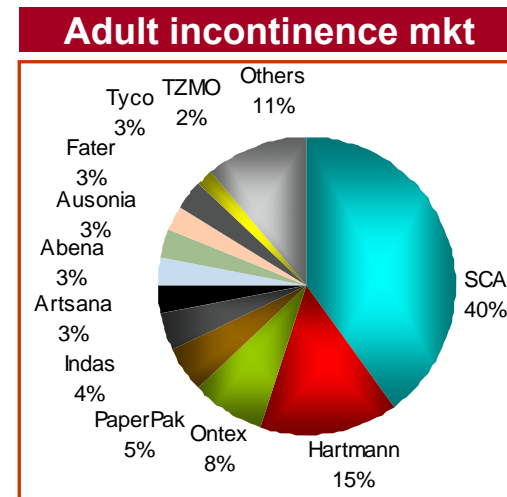
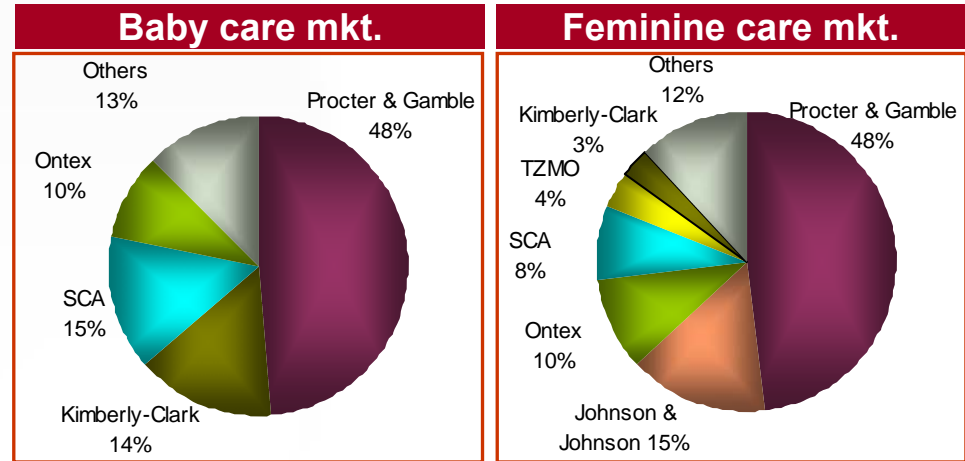
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Appendix

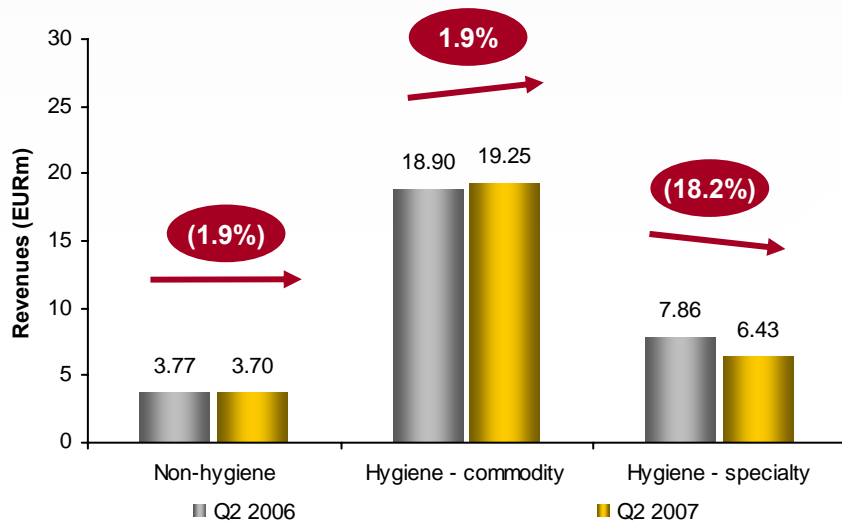
Personal hygiene market in Europe

- **Multinationals (P&G, Kimberly-Clark, SCA, Johnson&Johnson, Ontex,...)**
- **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)**



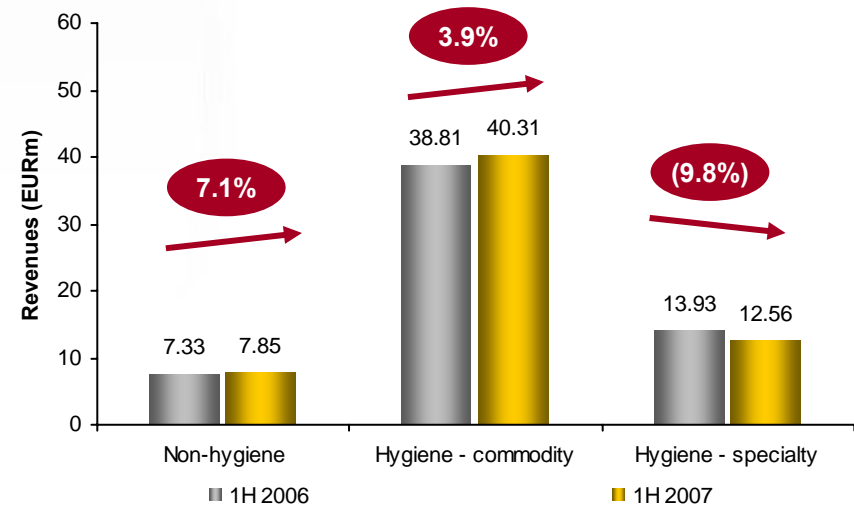
Revenue Breakdown by Product

Q2



Source: Company data

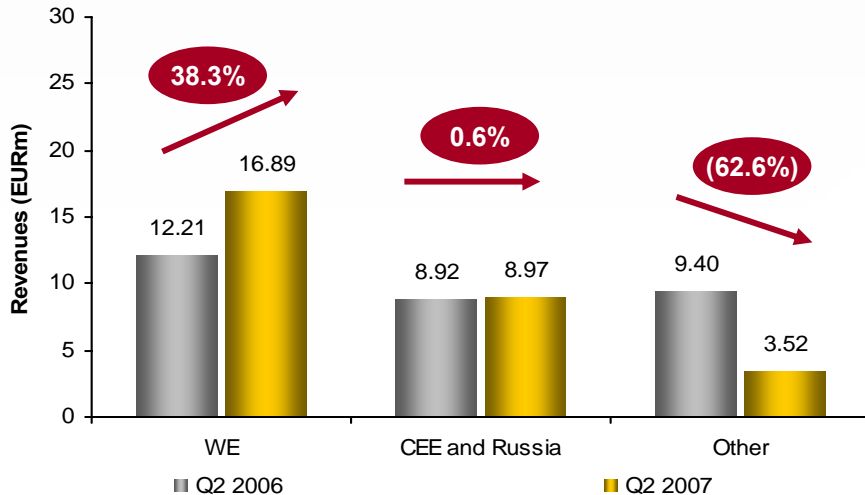
1H



- The decline in specialty sales by 9.8% in the first half and by 18.2% in the second quarter is related to a one-off contract with a overseas customer which was not repeated as fully anticipated
- When compared with Q1 2007, sales breakdown was more favourable in Q2, specialty sales in Q2 increased by 4.9% qoq

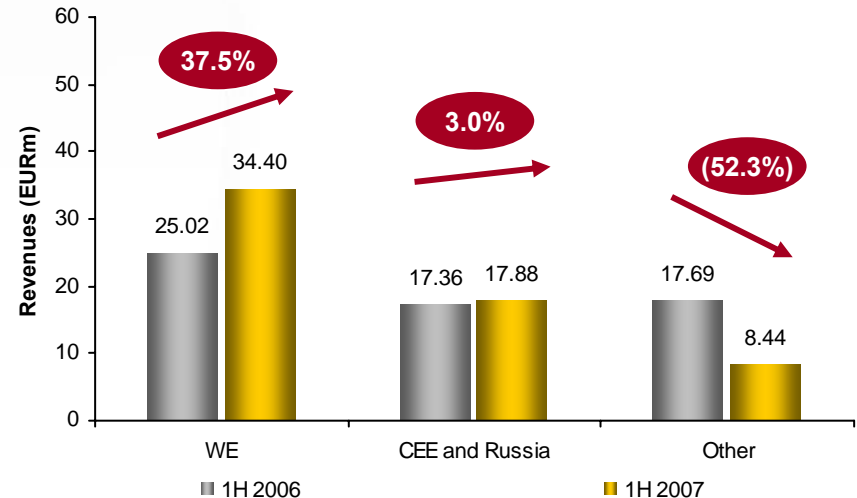
Revenue Breakdown by Geography

Q2



Source: Company data

1H



- Geographical breakdown confirms a shift of orders from other regions to Western Europe
- Europe remains a key market for PEGAS – most production capacities are still located in the western part of the continent
- Decline of sales to other territories fully in line with company's European focus and replacement of one-off contract with the overseas customer

Analyst estimates

Overview of analysts estimates for 2007 and target price as of 18th October, 2007

(Euro mil)

Research house	Date	Revenues	EBITDA	EBIT	Net profit	12M target
Atlantik FT	01.03.07	121,2	38,3	28,1	19,7	807
BH Securities	23.04.07	125,1	41,1	28,3	20,3	854
KB/ SocGen	18.05.07	117,3	40,2	28,5	20,0	908
ING	29.06.07	120,5	40,9	30,4	18,4	960
Erste Bank/CS	03.07.07	127,6	43,5	31,1	21,0	849
CAIB/ Unicredit	31.08.07	121,7	39,8	27,2	11,9	1070
Wood& Co.	13.07.07	126,7	41,7	28,6	19,8	1065
<i>Market median</i>		121,7	40,9	28,5	19,8	908,0
<i>Market Average</i>		122,9	40,8	28,9	18,7	930,4