Discussions with Investors
July 2007

July 5th, 2007

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Agenda

1. Trading Update
2. Refinancing
3. Growth Plans
4. CEE Enterprise Merger
5. Dividend Policy
6. Pamplona

2007 Strategic Focus

Growth	– Continue to grow in line with the market by 6.1% in Q1 2007 – Expect 28% production capacity growth in 2008 with new production line – strongly ahead of the market
Technology Leadership	– Installation of the new line continues within budget and timetable – PEGAS is installing the new advanced capacities ahead of its main competitors in Europe – The new line will again be a World First and is expected to boost PEGAS's production of higher margin specialty products – New materials, such as nonwoven elastics, are currently being developed
Delivery of Financial Performance	– Solid growth in Revenues and EBITDA – Operating costs under control – Polymer pass-through mechanism remains – Refinancing of existing debt with cheaper, non-amortizing facility boosts cash flow by almost Euro 15 million in total, cuts interest costs by Euro 1.5 million per annum and offers enormous flexibility

Trading Update - Q1 2007 Key Operating Highlights

Financial Performance	– Revenues growth of 6.1% yoy on the back of a higher sold tonnage – Increase in adjusted EBITDA by 3.3% yoy – Finance costs reduced by 44.5% yoy owing to substantial repayments – Net profit down by 54.5% yoy due to the impact of FX changes/ Adjusted Net profit up by 64.1% yoy
Markets and Business	– CEE and Russia remain the fastest growing markets for end products – Usage of nonwoven materials in baby diapers is expected to increase by 2.5% p.a. – Demand for advanced features is driving sales in developed markets – Installation of new capacities is proving to be the right strategy for growth
Technology and Production	– Production output increased by 4.1% yoy owing to higher production efficiencies, despite no additional capacity was added – Imminent introduction of another world leading production line – 28% increase in production capacity in 2008 – Launch of new R&D projects to remain at the forefront of market development

Trading Update

	Three months to March 31st		
(EUR'000s)	Q1 2006	Q1 2007	Change in % yoy
Revenue	29,548	31,339	+6.1%
Operating Costs	(19,025)	(20,468)	+7.6%
FX gains and MtM revaluation of IRS	3,773	(2,752)	na
EBITDA	14,296	8,119	(43.2%)
Adjusted EBITDA[1]	10,523	10,871	+3.3%
Adjusted EBITDA margin (%)[1]	35.6%	34.7%	(0.9%)
Profit from operations (EBIT)	11,231	5,081	(54.8%)
Adjusted Profit from operations (EBIT)[1]	7,458	7,833	+5.0%
Adjusted EBIT margin (%)[1]	25.2%	25.0%	(0.2%)
Net Profit	6,373	2,899	(54.5%)
Net Profit Margin (%)	21.6%	9.3%	(12.3%)
Adjusted Net Profit[2]	3,327	5,461	+64.1%
Total assets	257,044	247,730	(3.6%)
Net debt	181,610	115,427	(36.4%)
Production (tonnes net of scrap)	13,219	13,757	+4.1%
Number of Employees end of quarter	318	330	+3.8%

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

Trading Update

- Pegas Nonwovens continues to trade well:
  - After 5 months, sales and profits are in line with management expectations
- Our expectation for 2007 includes only very modest sales in 2007 from the eighth production line. However, we are now reasonably certain that this contribution will be better than expected depending on the timing of the completion of the production line.
- Hence, we expect to achieve better results than planned for 2007.
- Outlook for 2008:
  - We expect the new capacity to be fully sold out.
  - Expect a significant increase in sales and profits owing to the new eighth line.
  - Production capacity will rise from 54,000 tonnes pa to 69,000 tonnes pa.

Refinancing

- The debt facilities at the time of the IPO were the facilities used to fund the MBO in 2005.
- Since then:
  - The Company has degeared (4.5x EBITDA to 2.7x LTM EBITDA), and
  - Debt markets have become more favourable to borrowers.
- We therefore decided to refinance.
- These new facilities were fully syndicated last week:
  - Heavily oversubscribed.
  - Downward flex on interest rates.

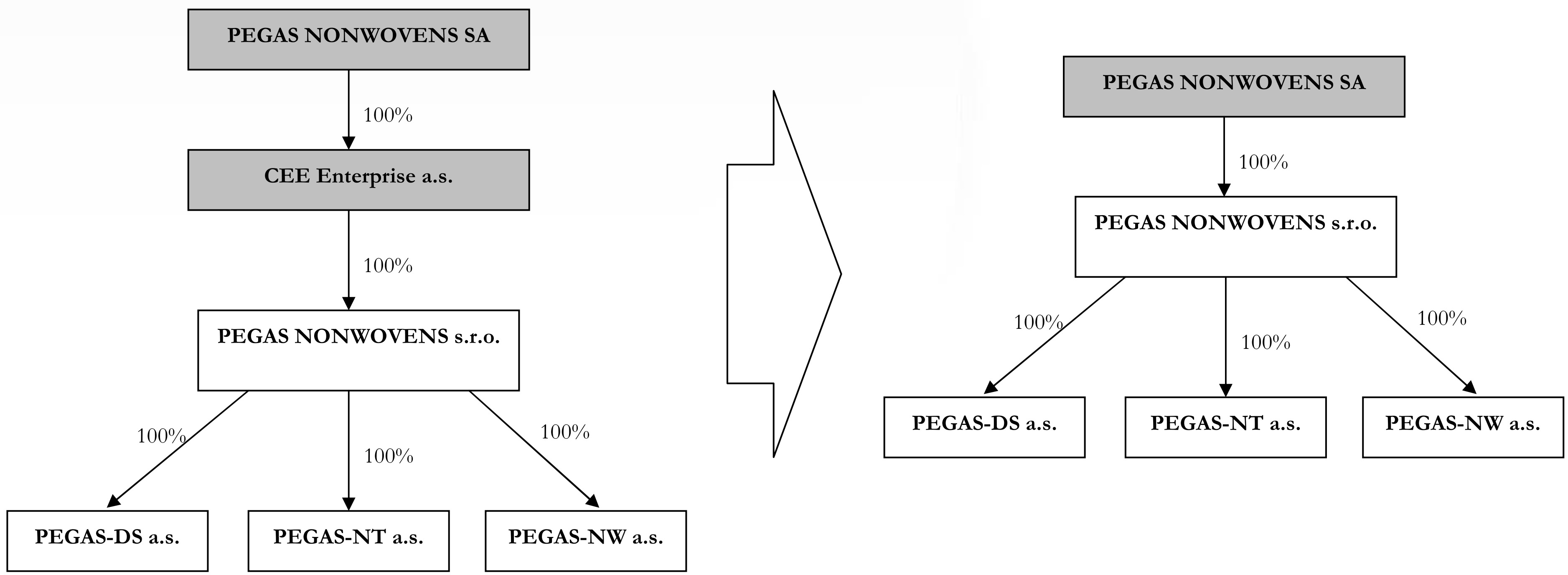
Refinancing

- New facilities offer two big benefits:
  - Cheaper:
    - The Company saves €1.5 million p.a.
    - 5.5% EPS boost p.a. (2006 net profit)
  - More Flexible:
    - Non-amortising – almost €15 million p.a. cash flow boost
    - Committed for 5 years
    - Revolver and Overdraft – hence able to “Borrow Net”.
- Conclusion:
  - Pegas will now be able to:
    - Accelerate CAPEX for growth
    - Pay dividends
    - Reduce debt

Growth Plans

- **The new Bank facilities will allow Pegas to fund an accelerated CAPEX programme to accelerate growth**
- **Eighth production line:**
  - **New production hall in Znojmo now complete**
  - **New machine currently being assembled**
  - **Project is within Budget**
  - **Project is within timetable**
  - **First commercial production October 2007**
  - **Full utilisation assumed 1st January, 2008**
  - **First machine of its kind in the world**
  - **Aimed at high volume, low scrap production of super-lightweight specialty materials**
- **Ninth production line:**
  - **Application for tax incentives made to Czechinvest, May 2007**
  - **Likely to be located in Znojmo**

Merger of CEE Enterprise a.s. into Pegas Nonwovens s.r.o.



Non-operating companies

Merger of CEE Enterprise a.s. into Pegas Nonwovens s.r.o.

- Structure currently includes an intermediate holding company – CEE Enterprise a.s.
  - Wholly owned by PEGAS NONWOVENS SA
  - Sole function is to hold 100% of the principal operating subsidiary, PEGAS NONWOVENS s.r.o.
  - No assets other than a software operating licence
  - Relic of the MBO
  - Now no benefit – just a cost
- Management intends to merge CEE Enterprise a.s. into PEGAS NONWOVENS s.r.o.
- Benefits to the Group include:
  - Simplified structure
  - Escape from audit and legal costs – approximately €200,000 p.a.
- Expect to complete August 2007

Dividend Policy

- Pegas expects to make a dividend payment to shareholders in Quarter 3 2007
- This is some 12 months earlier than expected at the IPO
- It is the result of:
  - Better than expected trading, and
  - Additional flexibility resulting from the recent refinancing
- The Board expects the dividend to be:
  - €7 million
  - Progressive

Pamplona’s Shareholding

- Pamplona currently has 43.4% shareholding in Pegas
  - The IPO lock-up expired on 18th June
- Pegas has been notified by Pamplona of a potential sale of shares.
- ING is acting as adviser to Pamplona in connection with the potential sale

Reporting Schedule and Investor Relations Contact

Reporting Schedule

6M 2007 Results – August 30th, 2007

9M 2007 Results - November 29th, 2007

Investor Relations Contact:

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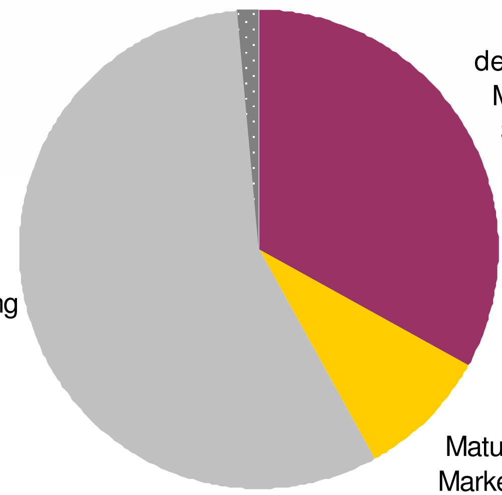
Appendix Material

Market Trends Update

Global Infant Population (up to 30 months) 2006

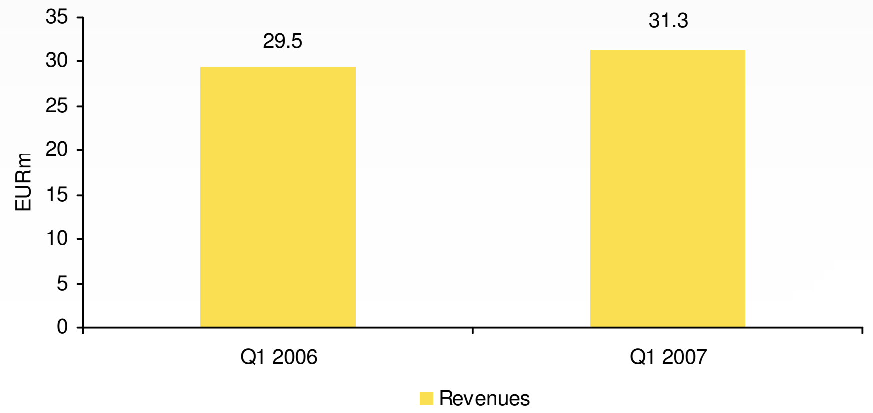


Source: John R. Starr
Note: (1) Mature markets incl. North America, Western Europe, Japan and other high penetration countries in Asia Pacific, Developing Markets incl. Latam, CEE, Middle East, China, India and low penetration countries in Asia Pacific, Undeveloped markets inc. Africa and rest of Asia Pacific, (2) forecast of global infant population 305 million in 2006

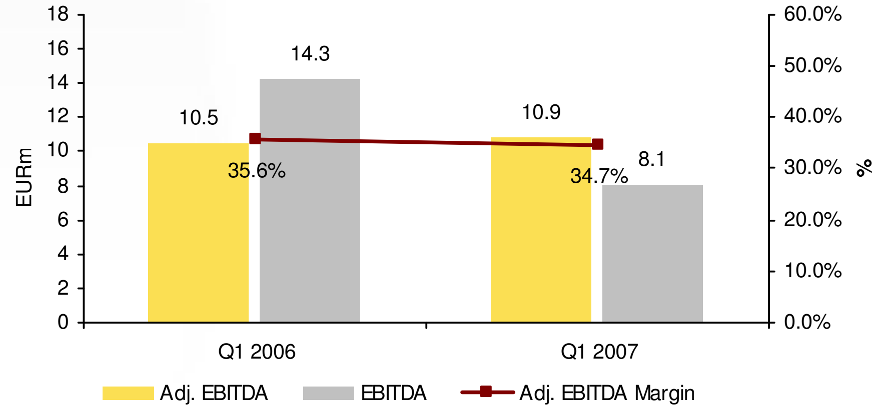
- Greatest growth opportunities of personal hygiene market in developing countries
  - *Highest user (infant) population worldwide*
  - *Growing disposable income per capita*
  - *High GDP growth rates*
- Russia represents c.1.5% of global infant population
- CEE has just 27% of disposable diapers consumption per capita than in Western Europe
- Nonwoven usage per diaper is to increase at an average rate of 2.5% per year on the back of higher use of advanced feature products
- High material demand growth has been evident from the pace of nonwoven spunmelt line installation worldwide (Latin America, CEE, Middle East)
- Early development of leading market positions is crucial and will be rewarded by profit growth
- The largest players in the personal hygiene sector (P&G, Kimberly-Clark, SCA) reported double digit growth in sales from developing and emerging markets in 2006

Revenues and Margins

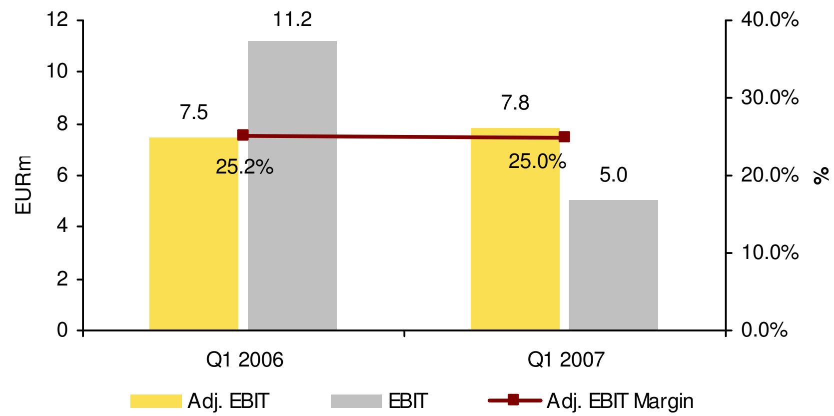
Revenues by Quarter (Q1 2006- Q1 2007)



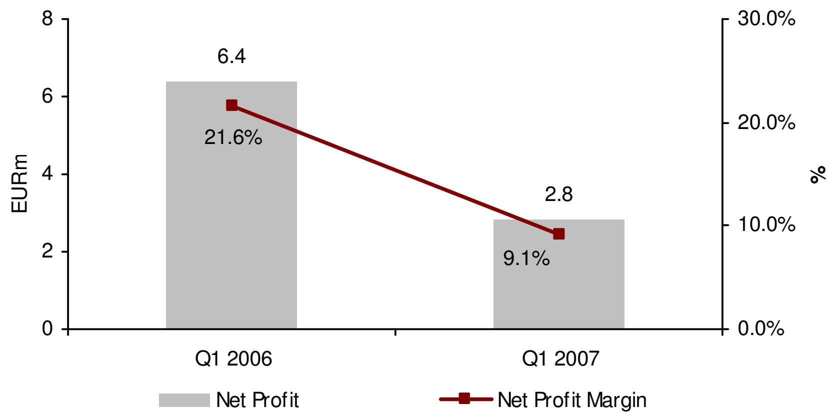
EBITDA by Quarter (Q1 2006- Q1 2007)



EBIT by Quarter (Q1 2006- Q1 2007)



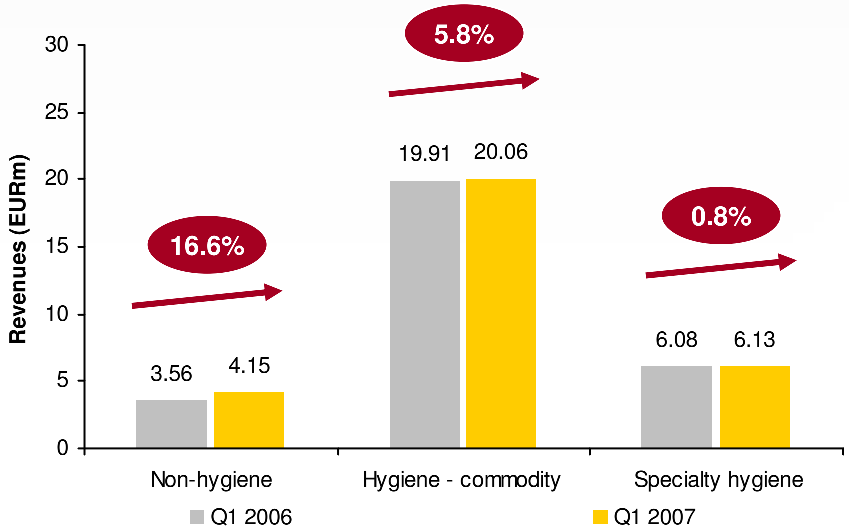
Net Profit by Quarter (Q1 2006- Q1 2007)



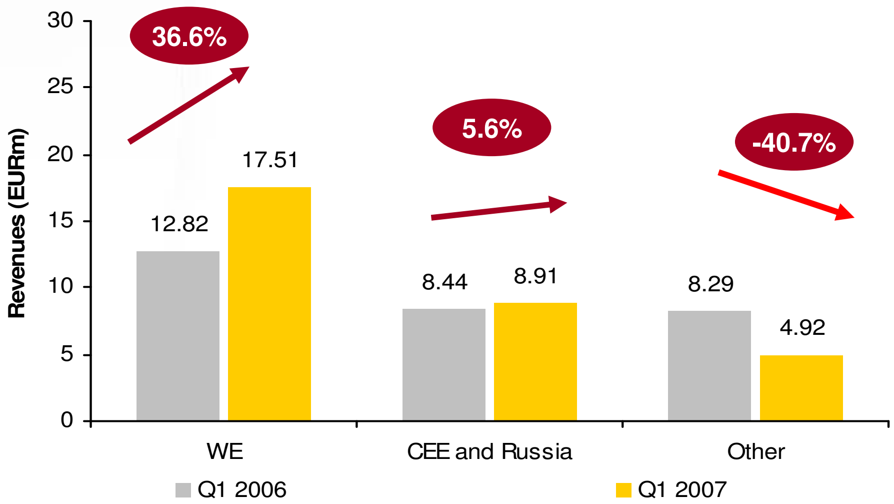
Source: Company data, Note: Unaudited consolidated in accordance with IFRS, adjusted numbers excluding the impact of FX changes and IRS revaluatiion

Revenue Breakdown

Revenue Breakdown by Product Type



Revenue Breakdown by Geography

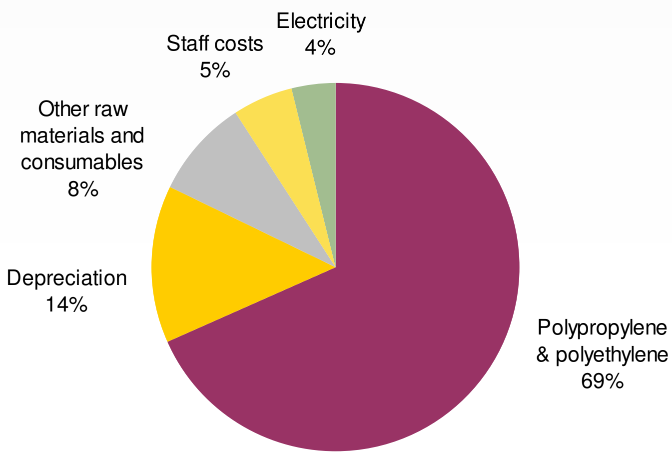


- Total revenues up by 6.1% yoy
- Growth driven by rising sales in our core markets - Western Europe (up 36.6%) and CEE& Russia (up 5.6%)
- Non-hygiene sales up 16.6% yoy owing to PLEASE ADD COMMENTS
- Specialty hygiene sales grow modestly by 0.8% yoy as a result of the planned replacement of one-off orders from the U.S. by local production

Source: Company data

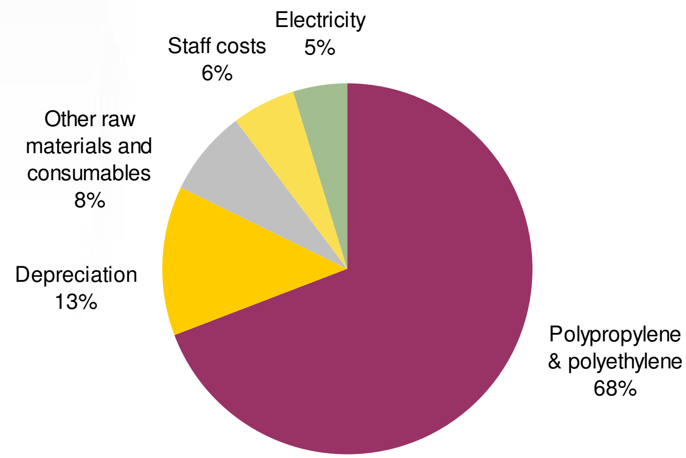
Cost Composition

Cost Breakdown in Q1 2006



+6.4%

Cost Breakdowns in Q1 2007



Source: Company data

- **Cost composition remains stable on yoy basis, annual increase of 6.4% in line with the sales growth**
- **Polymer expenses up by 7.7% yoy**
- **Electricity expenses up by 29.7% yoy**
- **Staff costs remain significantly below those of main Western European competitors, up by 10.1% yoy**

Balance Sheet

(EUR'000s)	Q1 2006	Q1 2007	Change in %
	Three months to March 31st		
Non-current assets	**193,174**	**193,210**	**0.0%**
Property, plant and equipment	111,956	110,256	(1.5%)
Intangible assets	81,218	82,954	+2.1%
Current assets	**63,870**	**54,520**	**(14.6%)**
Inventories	7,131	6,698	(6.1%)
Trade and other receivables	27,767	26,954	(2.9%)
Bank balances and cash	28,972	20,868	(28.0%)
Total assets	**257,044**	**247,730**	**(3.6%)**
Total share capital and reserves	**9,695**	**79,419**	**na**
Non-current liabilities	**212,151**	**138,310**	**(34.8%)**
Bank loans due after 1 year	159,709	122,975	(23.0%)
Deferred tax	15,085	15,060	(0.2%)
Other payables	37,357	275	na
Current liabilities	**35,198**	**30,001**	**(14.8%)**
Trade and other payables	21,291	16,501	(22.5%)
Tax liabilities	29	180	na
Bank overdrafts and loans	13,878	13,320	(4.0%)

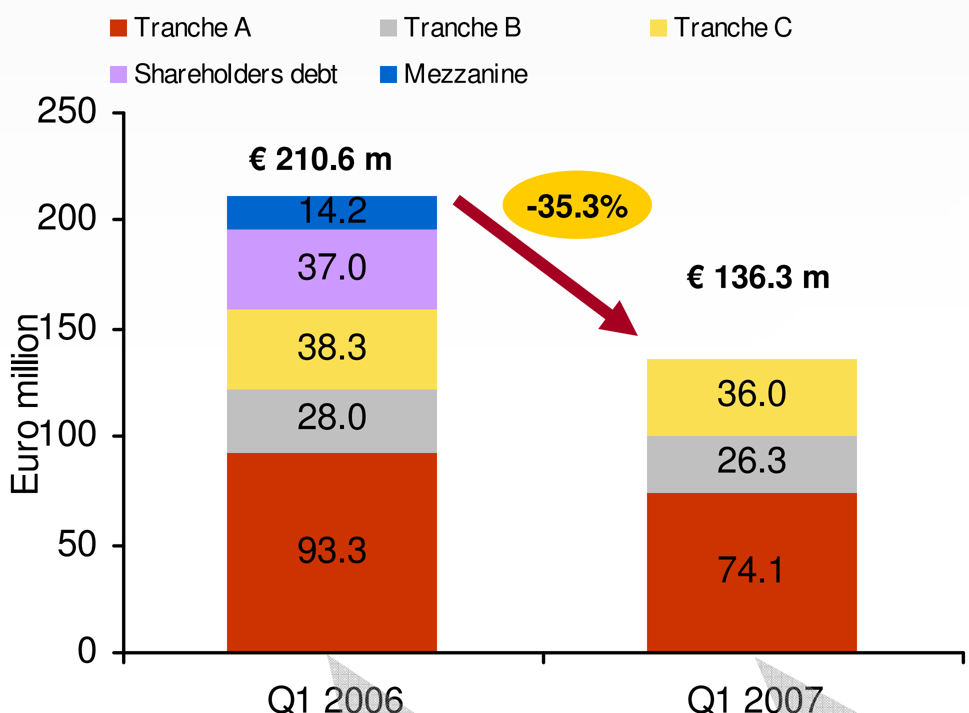
Note : Unaudited consolidated financial results in accordance with IFRS

Cash Flow Statement

(EUR'000s)	Q1 2006	Q1 2007	Change in %
	Three months to March 31st		
Profit before tax	7,349	2,886	(60.7%)
Amortization/ Depreciation	3,065	3,038	(0.9%)
FX	(3,864)	3,092	na
Interest Expense	3,954	2,195	(44.5%)
Change in inventories	1,491	1,665	11.7%
Change in receivables	(4,065)	(3,299)	(18.8%)
Change in payables	(966)	(4,939)	na
Income tax paid	(1,329)	(2)	(99.8%)
Interest paid	(2,015)	(2,175)	7.9%
Net Cash Flow from Operating activities	**3,620**	**2,461**	**(32.0%)**
Purchases of property, plan and equipment	(982)	(3,607)	267.3%
Net Cash Flow from Investment activity	**(982)**	**(3,607)**	**267.3%**
Change in loans	(700)	0	na
Issuance of share capital	0	0	na
Cash Flow from Financial activity	**(700)**	**0**	**na**
Bank balances and cash at the beginning of the period	27,034	22,014	(18.6%)
Change in cash and cash equivalents	1,938	(1,146)	na
Bank balances and cash at the end of the period	**28,972**	**20,868**	**(28.0%)**

Note : Unaudited consolidated financial results in accordance with IFRS

Debt and Borrowings Development



Net Debt/ Adj. EBITDA[1] 4.3x

Net Debt/ Adj. EBITDA[1] 2.7x

- **Pegas has reduced its absolute level of debt by 35.3% yoy**
- **The most expensive debt (Mezzanine Debt and Shareholder debt) has been fully repaid**
- **Interest costs have therefore been reduced by 44.5% yoy**
- **YoY decrease of Debt/ 12-months adj. EBITDA by 37.2%**
- **In May 2007, PEGAS replaced all of its Bank Debt with new Bank Debt Facilities (details on next slide)**

Source: Company data
(1) Adjusted EBITDA calculated for the last 12-months from April 1st, 2006 to March 31st, 2007