

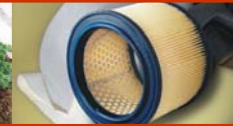


2006 Preliminary Financial Results



Analyst Meeting, Hotel Marriott Prague, March 20th 2007

... every single detail ...

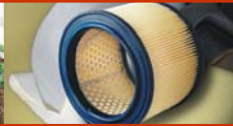


Cautionary Statement

By attending the meeting, you agree to be bound by the following limitations.

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Although the Company makes every effort to provide accurate information, we cannot accept liability for any misprints or other errors.



Agenda

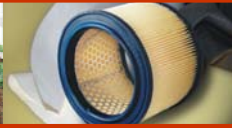
Company Introduction

2006 Highlights

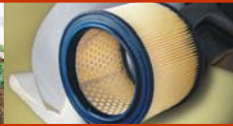
2006 Preliminary Financial Results

Strategic Outlook

Investment Case



Company Introduction



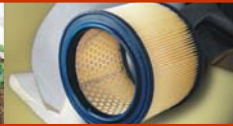
Presentation team

Mr Milos Bogdan
Chief Executive Officer

Mr Ales Gerza
Financial Director

Mr Henry Gregson
Non-Executive Director

Ms Klara Klimova
IR Officer

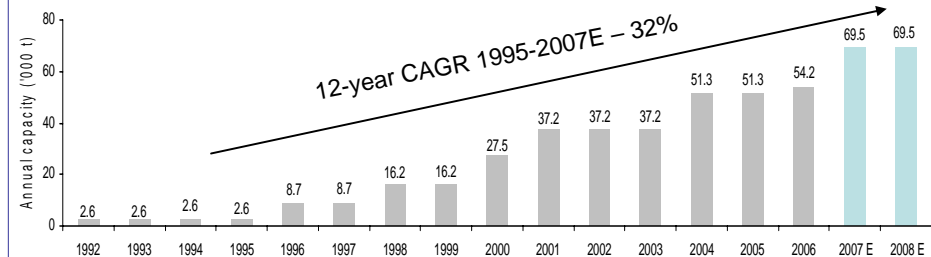


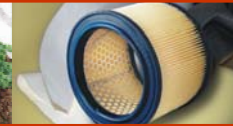
Market leader in 'spunbond' nonwovens

Overview

- PEGAS manufactures a range of non-woven textiles, mainly for the hygiene industry
- The European hygiene industry is worth €1.4 Billion and is growing at 6.2% pa.
- Demand in this industry is driven by:
 - Increasing disposable diaper use in CEE and Russia
 - Aging population in Western Europe
- PEGAS is the second largest manufacturer of nonwovens for this industry in tonnage terms
 - 19% share of European hygiene market
 - 10.3 % market share in Europe in spunbond
- Production output of c.54,200 tonnes (2006)
 - c.90% for personal hygiene industry
 - c.10% for construction, agricultural and medical
- PEGAS is the Technology market leader:
 - Europe's only manufacturer of high-margin, bi-component ('BiCo') spunmelt products
 - Most advanced equipment in Europe

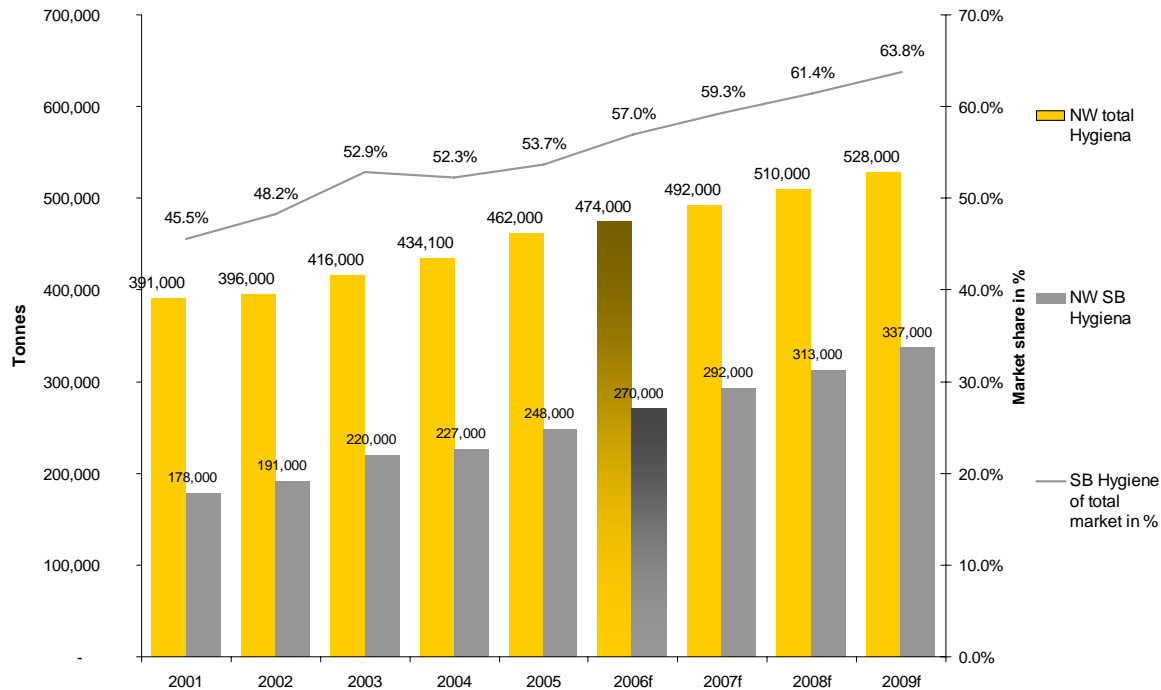
Growth of actual net output (year end capacity)





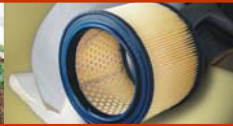
Market Overview - Hygiene

European Nonwovens spunbond Hygiene market (2001-2009e)



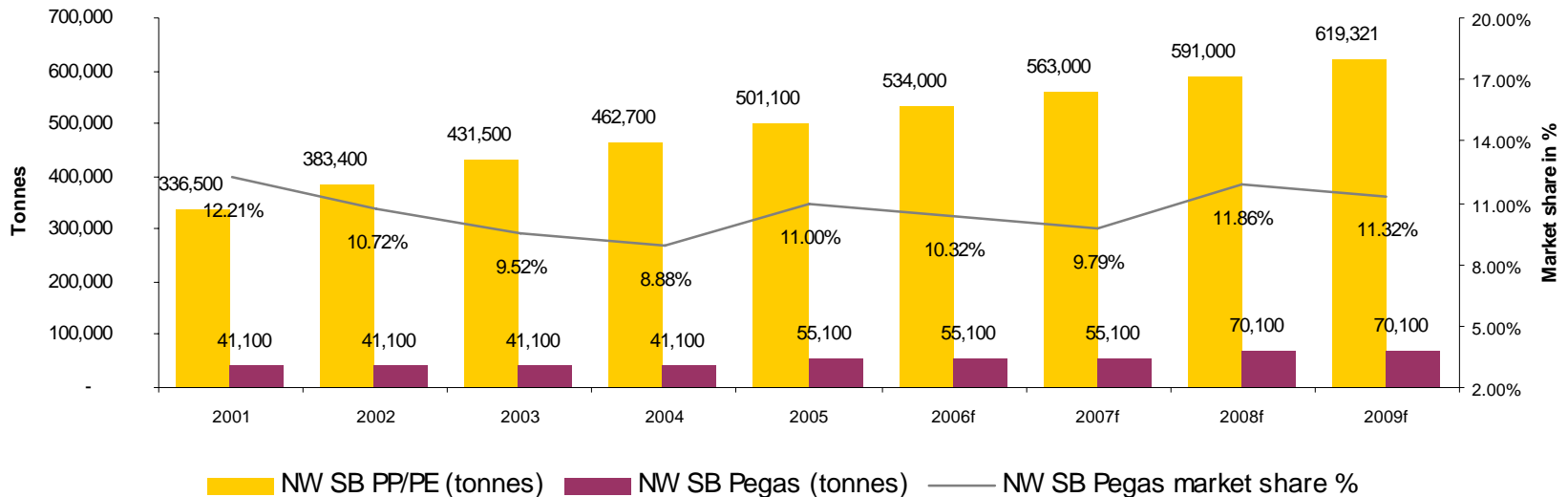
- European Hygiene nonwovens growing 4.6% pa
- European Spunbond nonwovens growing at 9.0% pa
- Spunbond technology winning market share – now accounts for 57% of the European hygiene nonwovens market.

Source: Edana, Pegas, John Starr

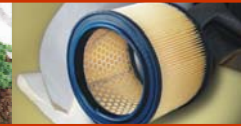


Relevant Market Overview - Spunbond

European Spunbond Nonwovens (PP/PE) Market (2001-2009e)



- Spunbond nonwovens in Europe growing at 9.0% pa
- PEGAS market share in Europe currently 10.3%.
- PEGAS market share in Europe will grow to 11.9% when new line is installed



Company Strengths

Our Key to Success

Technology Leader

- Newest, most technically advanced equipment in the world:
 - First Reicofil microfilament line for hygiene in the world (1998)
 - First BiCo machine in the world (Reicofil 3) (2000)
 - First Reicofil 4 machine in the world (2004)
 - First high speed Reicofil 4 Special in the world (2007)
- Proprietary recycling of scrap material

Cost Leader

- Low labour costs
- Low transport cost
- High machine utilization rates
- Scrap recycling
- Modern machinery

Specialty Products

Super Lightweights

- Customers want **cheap** materials – PP is expensive
- Lightweight materials contain less PP per sqm
- Super Lightweights offer:
 - Lower cost for Customers, and
 - Higher margins for Pegas
- But Super Lightweights are harder to manufacture.

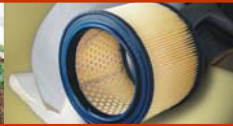
Bi-Component

- Customers want **softer** materials
- Bico is softer than regular PP material, but harder to manufacture
- PEGAS is the only Bico manufacturer in Europe

New machine can increase Specialties from 24% to 40%

Customers

- Long-term mutually beneficial customer relationships
- Annual contracts and agreements which specify volumes and pricing 12 months in advance
- Joint development of New Products
- Contractual PP/PE pass-through – no Polymer cost exposure
- Cost leadership allows us to supply customers over longer-than-standard distances
- Long-term cooperation with local transportation companies
- Concentration of our customers reflects structure of the hygiene industry



2006 Highlights

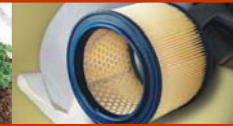


Financial Performance and Operational Indicators

(EUR'000s)	Year ending			
	2004 ¹	2005 ¹	2006 ² Prelim	Change 06/05 in %
Revenue	72,819	109,491	120,941	+10.5%
Operating Costs	(43,502)	(68,811)	(78,882)	+14.6%
FX gains and MtM revaluation of IRS	-	-	11,203	na
EBITDA	29,317	40,680	53,262	+30.9%
<i>Adj. EBITDA³</i>	<i>29,317</i>	<i>40,680</i>	<i>42,059</i>	<i>+3.4%</i>
<i>Adj. EBITDA³ margin (%)</i>	<i>40.3%</i>	<i>37.2%</i>	<i>34.8%</i>	<i>na</i>
Profit from operations (EBIT)	21,771	30,770	41,116	+33.6%
Adj. Profit from operations (EBIT) ³	21,771	30,770	29,913	(2.8%)
<i>Adj. Operating profit (EBIT)³ margin (%)</i>	<i>29.9%</i>	<i>28.1%</i>	<i>24.7%</i>	<i>na</i>
Net profit	18,021	26,637	20,710	(22.3%)
<i>Net Margin (%)</i>	<i>24.7%</i>	<i>24.3%</i>	<i>17.1%</i>	<i>na</i>
Capital expenditure into PPE	16,150	11,042	5,733	(48.1%)
Total assets	128,099	250,569 ⁴	248,976	(0.6%)
Net debt	na	183,200 ⁴	114,157	(37.7%)
Earnings per share (EPS)	na	na	Euro 2.24	na
P/E ratio ⁵	na	na	11.1	na

(thousands, %)	2004	2005	2006 Prelim	
Production (tonnes net of scrap)	37,142	51,267	54,159	+5.6%
Capacity Utilization (%)	100	100	100	na
Number of Employees year end	311	312	327	+4.8%

Note: (1). Source: Audited IFRS of Pegas a.s (2004-2005) and (2) unaudited IFRS of Pegas Nonwovens SA (2006), (3) adjusted by FX gains and MtM revaluation of IRSs, (4) PEGAS NONWOVENS SA, (5) based on closing price of CZK 716 March 16, 2007 at the Prague Stock Exchange



2006 Highlights

Financial Performance

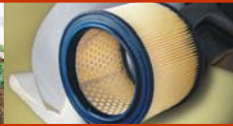
- PEGAS' operational and financial performance was strong in 2006
- 2006 Revenues 10.5% ahead of 2005 – higher polymer costs, more Specialty Products
- Adjusted EBITDA 3.4% ahead of 2005 – more Specialty Products
- Operating costs up by 14.6 % - higher polymer prices, maintenance and electricity (excl. FX gains and IRS MtM revaluation)
- Adjusted EBITDA margin 34.8% - impact of Specialty Products and low cost base
- Net debt reduced by 37.7%
- Net profit down 22.3% - impact of MBO acquisition debt service costs
- Earning per share of Euro 2.24 and P/E ratio of 11.1

Markets and Business

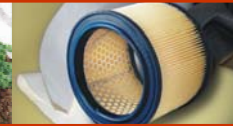
- European hygiene nonwovens market growing at 4.6% pa
- Key drivers remain growing penetration in CEE and Russia + aging WE population
- Polymer prices continued to rise – no profit impact on PEGAS
- PEGAS remains top rated supplier in Europe
- Exceptional year for Specialty Product sales
- Expansion into other territories on radar screen - driven by strategic needs of key customers

Technology and Production

- New line to be added in Q4 2007 – high speed Reicofil 4 Special - another world first
- Growth in production output of 28% - 54 thousandTonnes to 69 thousand Tonnes
- Focus on ultra lightweight Speciality Products – higher margins
- Project is on Budget and on Timetable



2006 Preliminary Financial Results



Summary Profit and Loss Statement

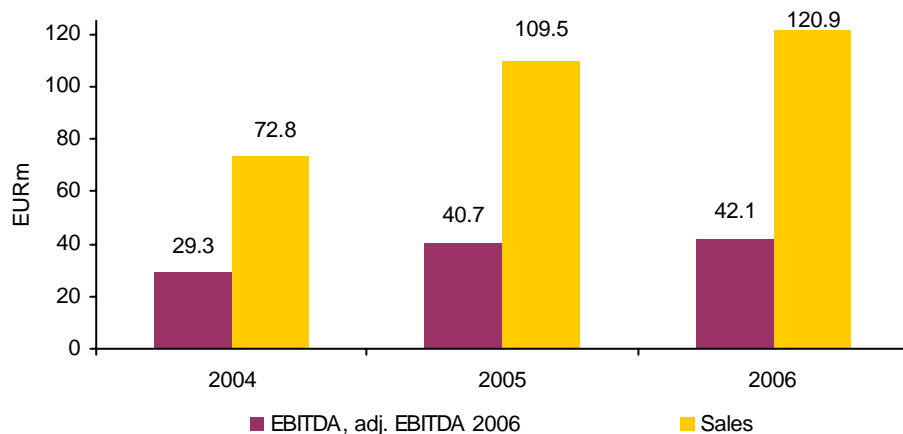
(EUR'000s)	Year ending			
	2004 ¹	2005 ¹	2006 ² Preliminary	Change 2006 vs.2005
Revenue	72,819	109,491	120,941	+10.5%
Raw materials & consumables	(40,770)	(63,296)	(73,739)	+16.5%
Staff costs	(3,899)	(4,669)	(5,111)	+9.5%
Other net operating income/(expense)	1,167	(846)	11,171	na
Of which FX gains and MtM revaluation of IRS	-	-	11,203	na
EBITDA	29,317	40,680	53,262	+30.9%
Adj. EBITDA³	29,317	40,680	42,059	+3.4%
Adj. EBITDA³ margin (%)	40.3%	37.2%	34.8%	na
Depreciation ⁴	(7,546)	(9,910)	(12,146)	+22.6%
Profit from operations (EBIT)	21,771	30,770	41,116	+33.6%
Adj. Profit from operations (EBIT) ³	21,771	30,770	29,913	(2.8%)
Adj. Operating (EBIT)³ margin (%)	29.9%	28.1%	24.7%	na
Finance costs	(438)	(158)	(18,805)	na
Income tax expense	(3,312)	(3,975)	(1,601)	(59.7%)
Minority interest	-	-	(432)	Na
Net profit	18,021	26,637	20,710	(22.3%)
Net Margin (%)	24.7%	24.3%	17.1%	na

Note: (1). Source: Audited IFRS of Pegas a.s (2004-2005) and (2) unaudited IFRS of Pegas Nonwovens SA (2006), (3) adjusted by FX gain and MtM revaluation of IRSs, (4) yoy comparisons distorted by IFRS adjustments linked with fixed assets fair value revaluation, hence depreciation and profits calculation affecting



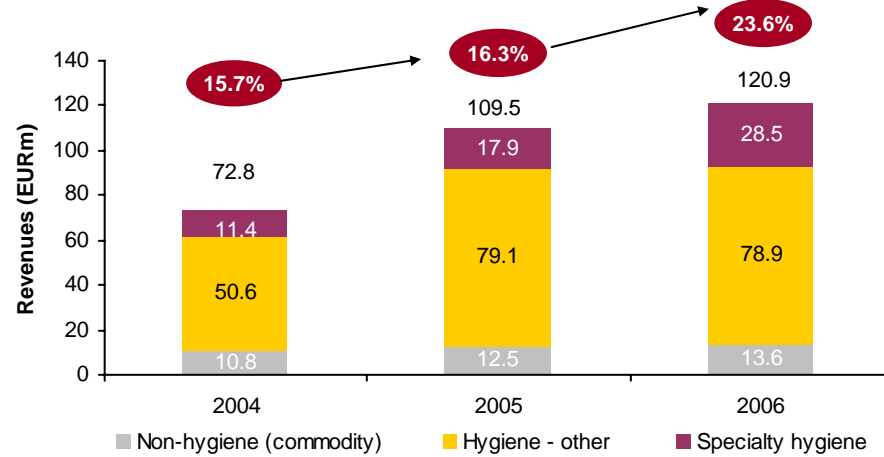
Revenue Breakdown and Margins

EBITDA and Revenues (2004- 2006)



Source: Company data

Specialty Hygiene as a % of revenues (2004- 2006)

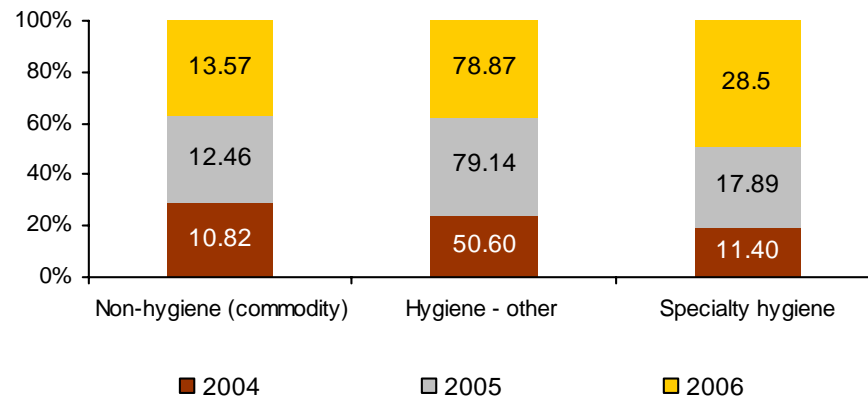


Source: Company data

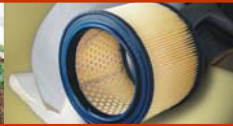
High and Stable Margins

- High and increasing proportion of sales in **Specialty Products** which offer higher margins
- **Specialty Products** were 23.6% of Sales in 2006.
- Line 09 can raise this proportion to c.40% in 2008
- **Low Labour Costs** owing to geographical location
- **High Utilisation Rates** of machinery
- **Modern Machinery** which is more efficient
- **Low Transport Costs** owing to geographical location

Revenues Breakdown (2004- 2006)

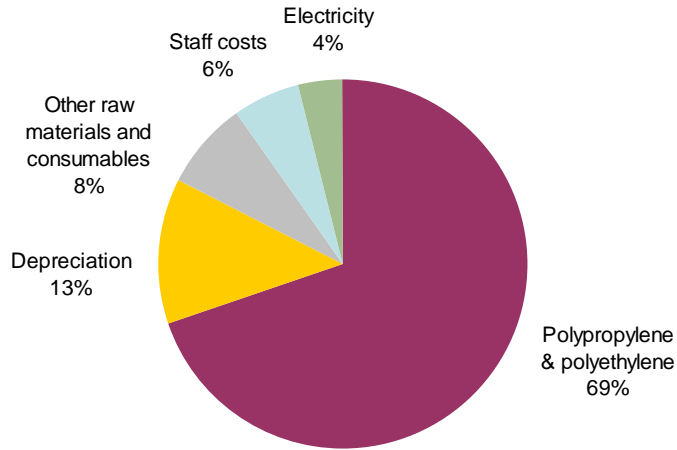


Source: Company data

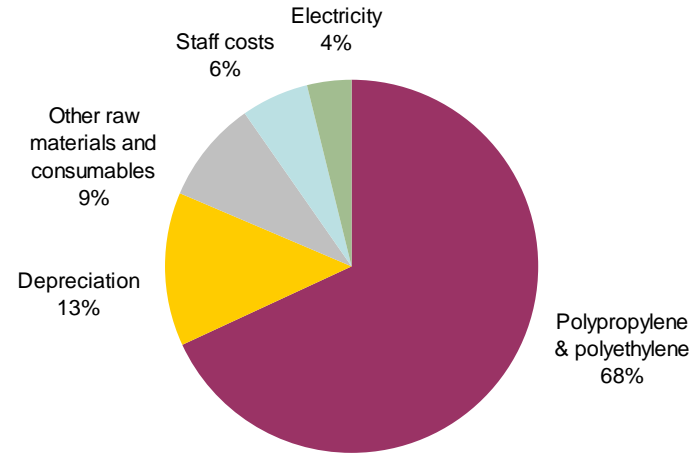


Cost Composition

Composition of costs 2005



Composition of costs 2006



Suppliers Overview

- Pegas sources polypropylene from five suppliers
- Competitive terms maintained through on-going benchmarking
- Annual and multi-year supply arrangements
- PP/PE cost passed through to customers

Cost Breakdown

- No major change in costs structure
- PP/PE +13.7 % yoy
- Other raw materials and consumables +39.5 % yoy
- Staff costs +9.5 % yoy
- Electricity +21.5 % yoy
- Depreciation +22.6 % yoy

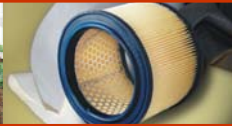
Source: Derived from IFRS financials of PEGAS a.s. and PEGAS NONWOVENS SA.



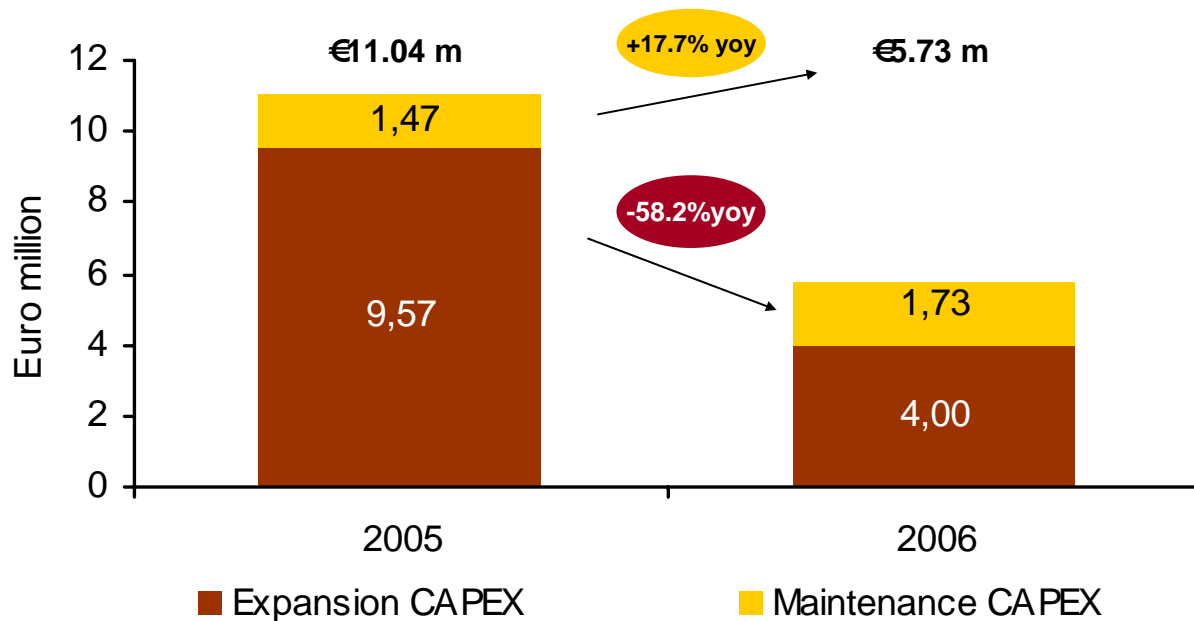
Balance Sheet

(EUR'000s)	Year ending		
	Dec 31 2005 ¹	Dec 31 2006 ¹ Preliminary	Change 2006 vs.2005
Non-current assets	191,128	195,014	+2.0%
Property, plant and equipment	111,113	110,610	(0.4%)
Intangible assets ²	80,015	84,404	+5.5%
Current assets	59,441	53,962	(9.2%)
Inventories	8,622	8,362	(3.0%)
Trade and other receivables	23,785	23,586	-0.8%
Bank balances and cash	27,034	22,014	(18.6%)
Total assets	250,569	248,976	(0.6%)
Total share capital and reserves	3,186	76,955	na
Non-current liabilities	209,444	138,351	(33.9%)
Bank loans due after 1 year	157,268	122,851	(21.9%)
Deferred tax ²	14,952	15,225	+1.8%
Other payables	37,224	275	na
Current liabilities	37,939	33,670	(11.3%)
Trade and other payables	21,670	20,158	(7.0%)
Tax liabilities	19	192	na
Bank overdrafts and loans	16,250	13,320	(18.0%)

Note 1: (1) PEGAS NONWOVENS SA; (2) Correction in the amount of EUR 1,042 thousand due to recalculation of deferred tax liability as at Dec 14, 2005 (the acquisition date of PEGAS a.s.)



Capital Investment in 2005 and 2006

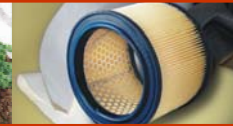


CAPEX Structure Summary

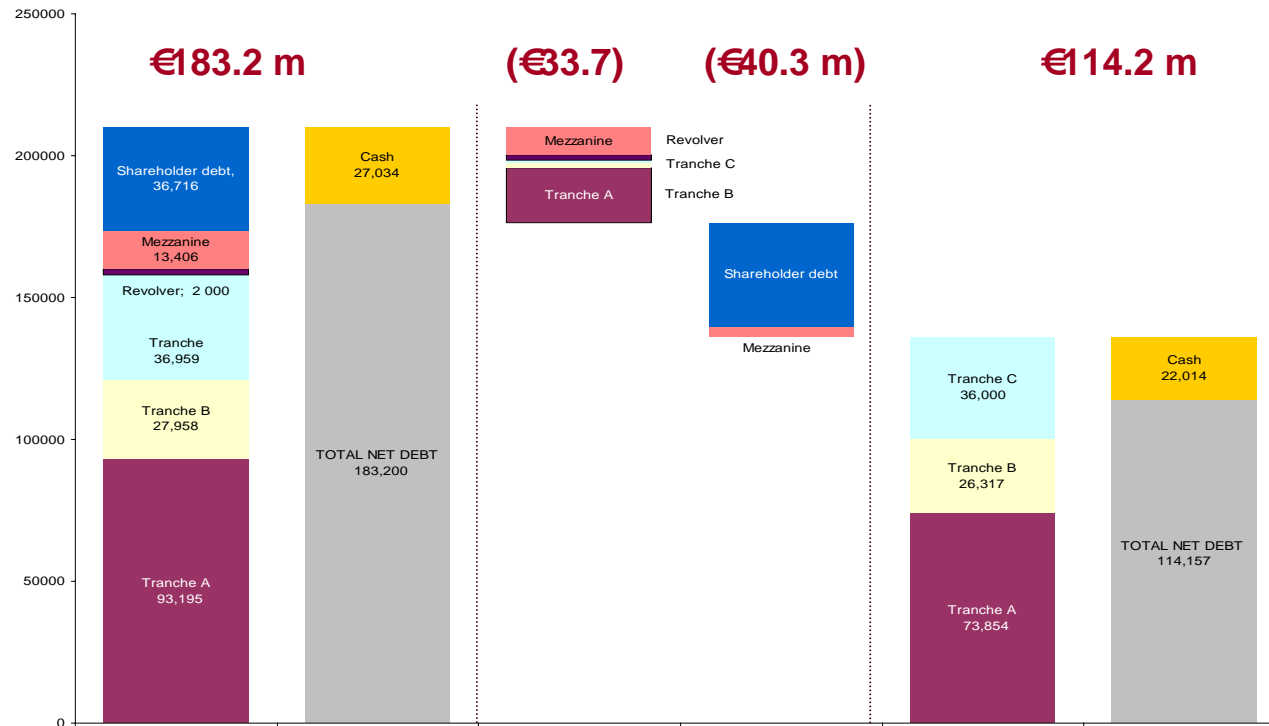
- **2005 CAPEX included:**
 - Residual payment to Reifenhäuser relating to the 7th production line
- **2006 CAPEX included:**
 - The 8th production line - advance payment to Reifenhäuser and payments related to the construction
- **Expected 2007 CAPEX:**
 - Anticipated expansion CAPEX approx. Euro 19 million
 - Anticipated maintenance CAPEX approx. Euro 2 million

2005 CAPEX / Revenues 10.1%

2006 CAPEX / Revenues 4.7%



Indebtness – Steady De-leveraging



December 31, 2005

2006 Debt
Repayment

December
2006
IPO

December 31, 2006

4.5x EBITDA



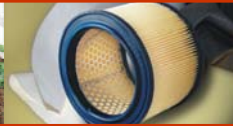
2.7x Adj. EBITDA

Source: Company data

... every single detail ...



Strategy



Our Strategy

Growth

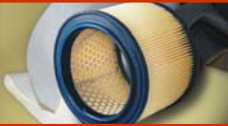
- Continue track record of growth
- 28% increase in capacity in Q4 2007 from new line
- Target growing countries for expansion – CEE and Russia

European Nonwovens Technology Leadership

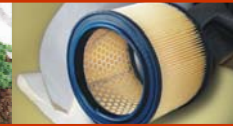
- Remain technology market leader
- Technical expertise of our key personnel
- Invest in newest, most technically advanced equipment in the world
- Close cooperation with customers and suppliers on new products and improved raw materials
- Continuous development of ever lighter weight materials (CHEAPER – higher margin)
- Leadership in BiCo materials (SOFTER - higher margin)

Superior Financial Performance

- Sales growth – PEGAS adds capacity as its markets grow
- Drive up margins
 - Increase proportion of high margin Speciality Products
 - Focus on low cost base
 - Operational efficiency (higher production speed, fewer interruptions)
 - Scrap material recycling project to further improve cost base
- Pass-through of raw material cost changes to customers
- Optimization of debt structure to enhance net profit
- Tax incentives locked in for 10 years (48-50% of capital costs set off against tax payments)



Investment Case



Investment Case

PEGAS – European market leader

Sales growth

Growing market

Diaper and femcare growth in CEE and Russia
Adult incontinence growth in Western Europe

Imminent new capacity

New line adds approximately 28% new capacity in 2007 – all sold
All new capacity is for high margin Specialty Products

Demand not cyclical or seasonal

End products demand not subject to economic or seasonal cycles

High Margins

Focus on high-margin Specialty Products

Leading technical know-how
Newest, most advanced production equipment in Europe
Close relationships with customers – co-operation partners
Close relationships with raw material and machinery suppliers

Low cost base

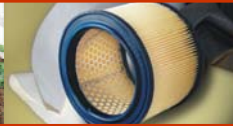
Low cost labour, electricity and distribution
Proprietary scrap recycling – designed in-house

Tax incentives

48% - 50% of capital costs set against tax payments

Low Scrap Rates

Very high utilisation rates - low downtime
Good balance of machinery – changeovers minimised



Investment Case (Continued)

PEGAS – European market leader

Protected
Margins

High barriers to entry

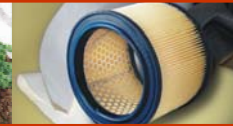
Capital barrier - €40 million per new line
Technical know-how which is difficult to copy
Customer relationships
Polymer supplier relationships
Machinery manufacturer relationships

Polymer pass-through

Contractual agreements with all major customers – no polymer exposure

BBA “Price Floor”

BBA is our largest industry competitor with high market share.
But high cost base and old machinery ensures very low margins.
BBA therefore unable/unwilling to reduce prices in market where demand is almost equal to supply



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