

# Quarterly Results January – March 2011

**Analyst Conference Call**  
**May 26, 2011**

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# Agenda

- **Q1 2011 Highlights**
- **Q1 2011 Financial Performance**
- **2011 Guidance Confirmation**

# Presentation Team

**Mr. František Řezáč**

**Mr. Marian Rašík**

**Chief Executive Officer**

**Chief Financial Officer**



# Q1 2011 Highlights



# Q1 2011 Key Highlights

## Financial Performance

- Revenues EUR 41.0 million up by 19.2% yoy primarily due to an increase in polymer prices
- EBITDA EUR 8.3 million down by 6.6% yoy, affected by the pass-through mechanism delay and higher staff costs
- EBIT EUR 6.1 million up by 28.9% yoy on the back of changed estimated useful lifetime of production technology
- Net profit EUR 6.4 million down by 16.5% yoy due to lower FX gains and higher tax expenses

## Market and Business

- The rise in polymer prices continues, average ICIS in Q1 2011 up 30% compared with Q1 2010 and up by 11% compared with Q4 2010

## Production & Technology

- Net production output of 17,302 tonnes up by 2.7% yoy, capacity fully utilised
- New line construction on time and the launch is anticipated in the third quarter of 2011

# Key Financial Highlights

Euro (000')	Three months to March 31		
	Q1 2010	Q1 2011	% change
Revenue	34,399	41,017	19.2%
Operating Costs	(25,562)	(32,762)	28.2%
<b>EBITDA</b>	<b>8,837</b>	<b>8,255</b>	<b>(6.6%)</b>
EBITDA margin (%)	25.7%	20.1%	(5.6 pp)
Profit from operations (EBIT)	4,763	6,141	28.9%
EBIT margin (%)	13.8%	15.0%	1.2 pp
Net Profit	7,650	6,384	(16.5%)
Net Profit Margin (%)	22.2%	15.6%	6.6%
Production (tonnes net of scrap)	16,851	17,302	2.7%
Number of Employees (end of period)	385	406	5.5%
	03/31/2010		
	03/31/2010	03/31/2011	% change
Total assets	244,600	270,517	10.6%
Net debt	96,641	98,028	1.4%

Source: Company data, consolidated unaudited results



# Q1 2011 Financial Performance





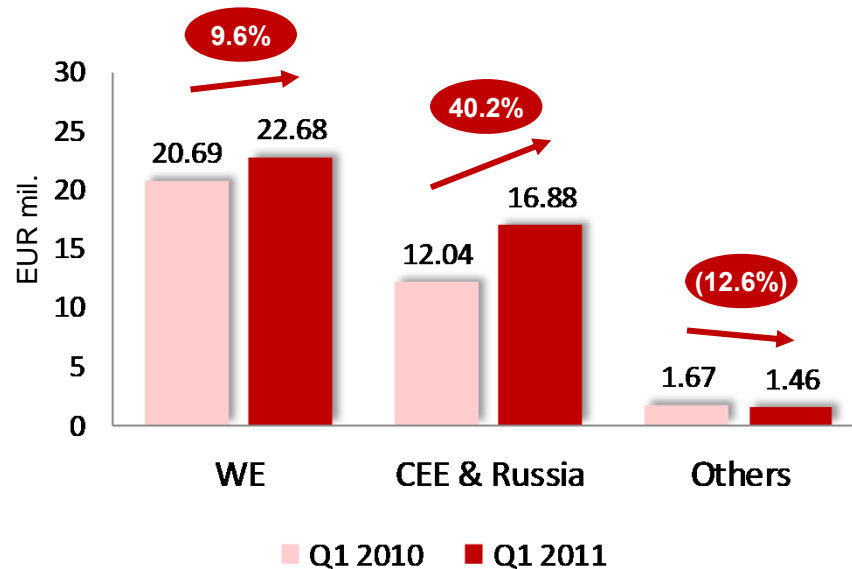
# Statement of Comprehensive Income

Euro (000')	Q1 2010 (unaudited)	Q1 2011 (unaudited)	% change
Revenue	34,399	41,017	19.2%
Raw materials & consumables	(23,987)	(30,644)	27.8%
Staff costs	(1,786)	(2,034)	13.9%
Of which Share price bonus	(7)	51	n/a
Other net operating income/(expense) (net)	211	(84)	n/a
<b>EBITDA</b>	<b>8,837</b>	<b>8,255</b>	<b>(6.6%)</b>
<b>EBITDA margin (%)</b>	<b>25.7%</b>	<b>20.1%</b>	<b>(5.6 pp)</b>
Depreciation	(4,074)	(2,114)	(48.1%)
<b>Profit from operations (EBIT)</b>	<b>4,763</b>	<b>6,141</b>	<b>28.9%</b>
<b>EBIT margin (%)</b>	<b>13.8%</b>	<b>15.0%</b>	<b>1.2 pp</b>
FX changes and other fin. income/(expense) (net)	4,376	2,240	(48.8%)
Interest (expense)/income (net)	(808)	(780)	(3.5%)
Income tax (expense)/income (net)	(681)	(1,217)	78.7%
<b>Net profit</b>	<b>7,650</b>	<b>6,384</b>	<b>(16.5%)</b>
<b>Net profit margin (%)</b>	<b>22.2%</b>	<b>15.6%</b>	<b>(6.6 pp)</b>
Other comprehensive income/(expense)	2,178	2,676	22.9%
<b>Total comprehensive income</b>	<b>9,828</b>	<b>9,060</b>	<b>(7.8%)</b>

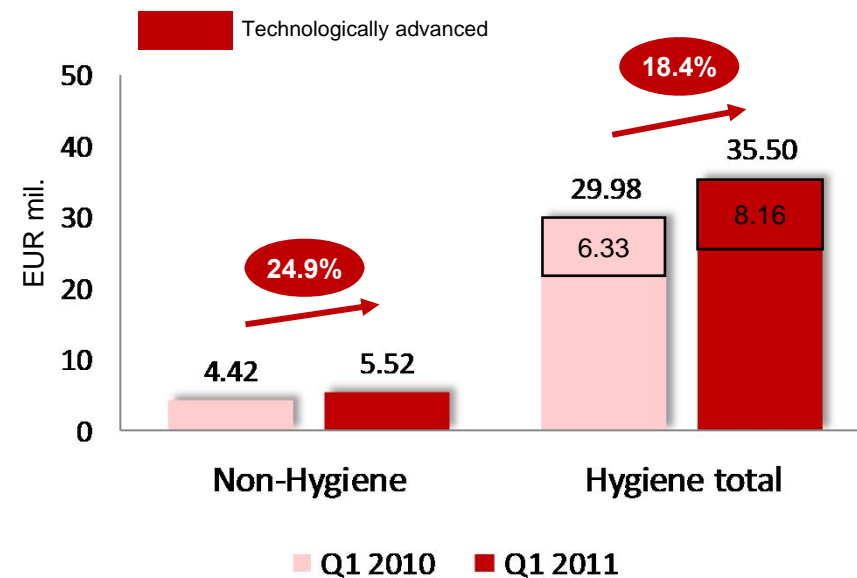
Source: Company data

# Revenue Breakdown

## Revenue by Geography



## Revenue by Product



- Geographical breakdown of sales remains steady and unchanged
- A high share of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe

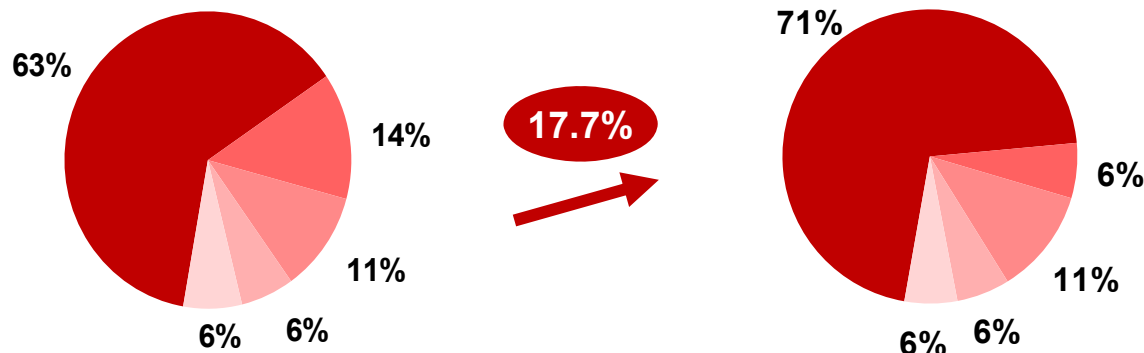
Source: Company data

# Cost Composition

Cost Breakdown in Q1 2010

Cost Breakdown in Q1 2011

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



- Substantial increase of PP/PE costs by 32.8% yoy due to higher polymer prices
- Staff costs up by 13.9% yoy as a result of CZK/EUR development and a higher number of employees
- Electricity up by 3.1% yoy due to an increased price for distribution on the account of renewable energy costs
- Lower depreciation due to a changed estimated useful lifetime of production technology

Source: Company data



# Statement of Financial Position

Euro (000')	March 31, 2010 (unaudited)	March 31, 2011 (unaudited)	% change
<b>Non-current assets</b>	<b>205,460</b>	<b>218,586</b>	<b>6.4%</b>
Property, plant and equipment	114,073	123,823	8.5%
Intangible assets (including goodwill)	91,387	94,763	3.7%
<b>Current assets</b>	<b>39,140</b>	<b>51,931</b>	<b>32.7%</b>
Inventories	12,528	16,385	30.8%
Trade and other receivables	26,395	31,853	20.7%
Bank balances and cash	217	3,693	1,601.8%
<b>Total assets</b>	<b>244,600</b>	<b>270,517</b>	<b>10.6%</b>
<b>Total share capital and reserves</b>	<b>123,101</b>	<b>138,101</b>	<b>12.2%</b>
<b>Non-current liabilities</b>	<b>107,271</b>	<b>106,735</b>	<b>(0.5%)</b>
Bank loans due after 1 year	95,881	95,543	(0.4%)
Deferred tax	11,357	11,067	(2.6%)
Other payables	33	125	278.8%
<b>Current liabilities</b>	<b>14,228</b>	<b>25,681</b>	<b>80.5%</b>
Trade and other payables	11,247	17,482	55.4%
Tax liabilities	2,004	2,021	0.8%
Bank overdrafts and loans	977	6,178	532.3%

Source: Company data

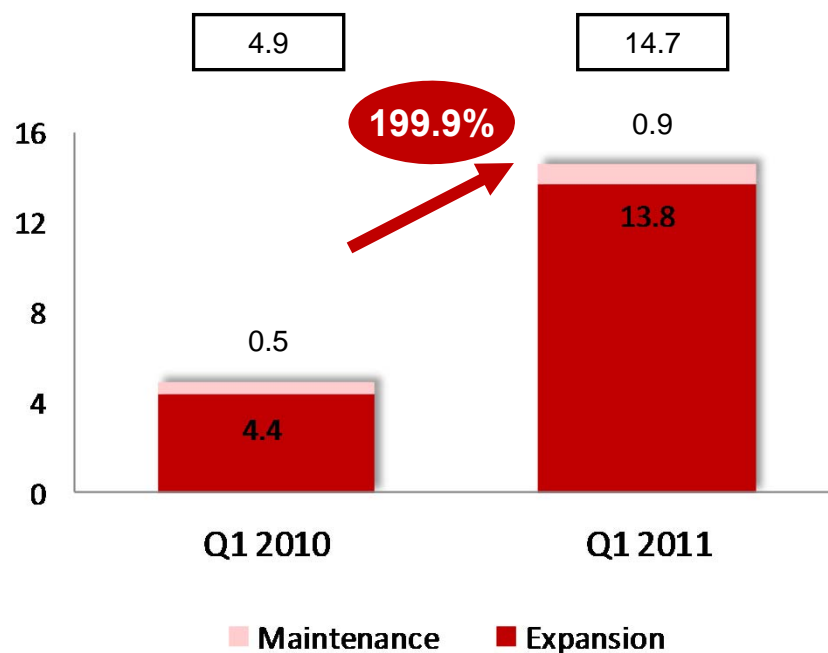
# Cash Flow Statement

Euro (000')	Three months to March 31		
	2010 (unaudited)	2011 (unaudited)	% change
<b>Profit before tax</b>	<b>8,331</b>	<b>7,601</b>	<b>(8.8%)</b>
Amortization / Depreciation	4,074	2,114	(48.1%)
FX	(3,532)	(784)	(77.8%)
Interest Expense	808	789	(2.4%)
Fair value changes of interest rate swaps	(1,123)	649	n/a
Other financial expense	10	(48)	n/a
Change in inventories	1,643	(1,053)	n/a
Change in receivables	(406)	(198)	(51.2%)
Change in payables	(1,404)	2,600	n/a
Income tax paid	(3)	(907)	n/a
<b>Net Cash Flow from Operating activities</b>	<b>8,398</b>	<b>10,763</b>	<b>28.2%</b>
Purchases of property, plant and equipment	(4,894)	(14,677)	199.9%
<b>Net Cash Flow from Investment activities</b>	<b>(4,894)</b>	<b>(14,677)</b>	<b>199.9%</b>
Change in bank loans	(3,142)	3,345	n/a
Change in long term debt	6	22	266.7%
Interest paid	(614)	(493)	(19.7%)
Other financial income	(10)	48	n/a
<b>Net Cash Flow from Financing activities</b>	<b>(3,760)</b>	<b>2,922</b>	<b>(177.7%)</b>
<b>Bank balances and cash at the beginning of the year</b>	<b>473</b>	<b>4,685</b>	<b>n/a</b>
<b>Change in cash and cash equivalents</b>	<b>(256)</b>	<b>(992)</b>	<b>287.5%</b>
<b>Bank balances and cash at the end of the period</b>	<b>217</b>	<b>3,693</b>	<b>1,601.8%</b>

Source: Company data

# CAPEX Development

## CAPEX Breakdown



- Substantial increase of expansion CAPEX due to the 9<sup>th</sup> production facility project
- Full year CAPEX guidance up to EUR 32 million (CZK/ EUR 24.50)

Source: Company data, consolidated results



# 2011 Guidance Confirmation



# 2011 Guidance Confirmation

**PEGAS confirms its full year guidance:**

- **Recorded Q1 2011 results in line with expectations and guidance**
- **Continuing growth in polymer prices affected Q1 2011 and will also have an impact in Q2 2011**
- **EBITDA guidance confirmed – 2011 EBITDA expected to grow 2% – 7% yoy (2010 EBITDA: 35.2 million)**
- **CAPEX guidance EUR 32 million**

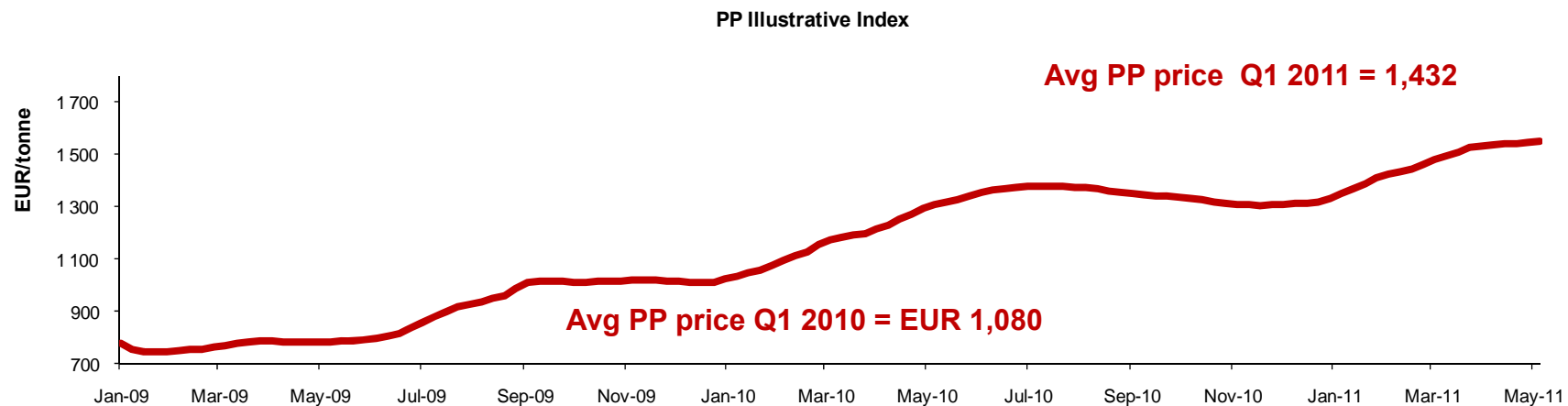
# Reporting Schedule

Event	Date
AGM	June 15, 2011
2011 Half Year Report	August 25, 2011
Q3/9M 2011 Results	November 24, 2011



# Appendix

# Development of Polymer Prices



- Development of polymer prices further impacted the Company's profitability
- On average, polymer prices went up by 30% compared with Q1 2010

Source: Company data