

Quarterly Results January – March 2010

Analyst Conference Call

May 20, 2010

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Agenda

- **Q1 2010 Highlights**
- **Q1 2010 Financial Performance**
- **2010 Guidance Confirmation**

Presentation Team

Mr František Řezáč
Chief Executive Officer

Mr Marian Rašík
Chief Financial Officer

Q1 2010 Highlights



Q1 2010 Key Highlights

Financial Performance

- Revenues EUR 34.4 million down by 3.5% yoy due to accumulated stock of goods sold in Q1 2009
- EBITDA EUR 8.8 million down by 37.0% yoy, the annual comparison distorted by the extraordinary high EBITDA achieved in 1Q 2009, 1Q 2010 EBITDA increased by 10.5% qoq
- Net profit EUR 7.7 million up by 13.0% yoy as FX gains offset the drop in the operating profit

Market and Business

- The rise of polymer prices continues, average ICIS in Q1 2010 up almost 50% compared with Q1 2009 and up by 12% compared with Q4 2009

Production & Technology

- Net production output of 16,851 tonnes down by 1.3% also affected by a higher number of maintenance breaks
- The new production facility project has commenced and its launch is anticipated in the second half of 2011

Key Financial Highlights

Three months to March 31			
Euro (000 ')	Q1 2009	Q1 2010	% change
Revenue	35,662	34,399	(3.5%)
Operating Costs	(21,644)	(25,562)	18.1%
EBITDA	14,018	8,837	(37.0%)
<i>EBITDA margin (%)</i>	39.3%	25.7%	(13.6 pp)
Profit from operations (EBIT)	10,206	4,763	(53.3%)
<i>EBIT margin (%)</i>	28.6%	13.8%	(14.8 pp)
Net Profit	6,769	7,650	13.0%
<i>Net Profit Margin (%)</i>	19.0%	22.2%	3.2%
Production (tonnes net of scrap)	17,077	16,851	(1.3%)
Number of Employees (end of period)	380	385	1.3%
03/31/2009			
	03/31/2009	03/31/2010	% change
Total assets	244,312	244,600	0.1%
Net debt	113,826	96,641	(15.1%)

Source: Company data, consolidated unaudited results

Q1 2010 Financial Performance



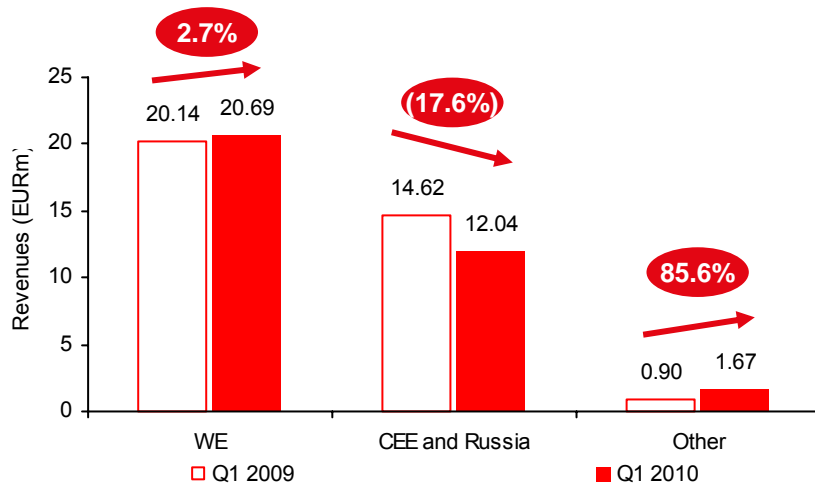
Statement of Comprehensive Income

Euro (000 ')	Q1 2009	Q1 2010	% change
	(unaudited)	(unaudited)	
Revenue	35,662	34,399	(3.5%)
Raw materials & consumables	(20,066)	(23,987)	19.5%
Staff costs	(1,614)	(1,786)	10.7%
Of which Share price bonus	--	(7)	n/a
Other net operating income/(expense) (net)	36	211	486.1%
EBITDA	14,018	8,837	(37.0%)
EBITDA margin (%)	39.3%	25.7%	(13.6 pp)
Depreciation	(3,812)	(4,074)	6.9%
Profit from operations (EBIT)	10,206	4,763	(53.3%)
EBIT margin (%)	28.6%	13.8%	(14.8 pp)
FX changes and other fin. income/(expense) (net)	(2,679)	4,376	n/a
Interest (expense)/income (net)	(1,132)	(808)	(28.6%)
Income tax (expense)/income (net)	374	(681)	n/a
Net profit	6,769	7,650	13.0%
Net profit margin (%)	19.0%	22.2%	3.2 pp
Other comprehensive income/(expense)	(993)	2,178	n/a
Total comprehensive income	5,776	9,828	70.2%

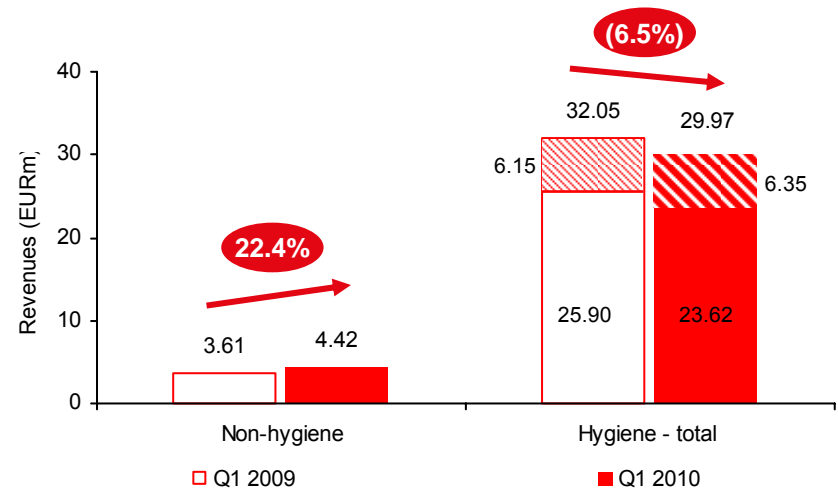
Source: Company data

Revenue Breakdown

Revenue by Geography



Revenue by Product

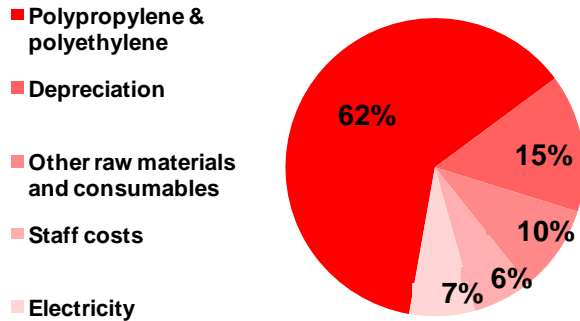


- Geographical breakdown of sales remains steady and unchanged
- A high share of hygiene sales on total revenues confirms a key focus on the hygiene market in Europe

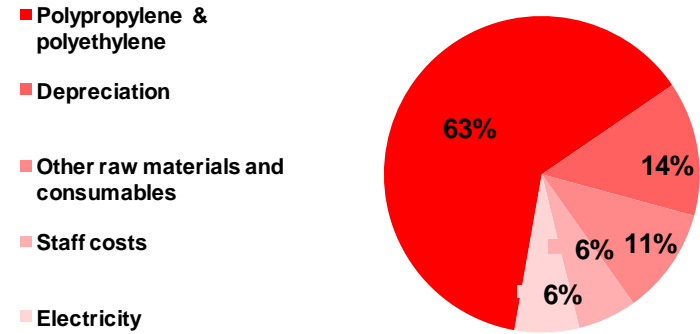
Source: Company data

Cost Composition

Cost Breakdown in Q1 2009



Cost Breakdown in Q1 2010



- Substantial increase of PP/PE costs by 17.6% yoy due to higher polymer prices
- Staff costs up by 10.7% yoy mainly as a result of CZK/EUR development
- Electricity up by 8.3% yoy due to an increase in prices charged for distribution and due to FX rate movements

Source: Company data

Statement of Financial Position

Euro (000 ')	March 31, 2009 (unaudited)	March 31, 2010 (unaudited)	% change
Non-current assets			
Property, plant and equipment	200,613	205,460	2.4%
Intangible assets (including goodwill)	115,642	114,073	(1.4%)
	84,971	91,387	7.6%
Current assets			
Inventories	43,699	39,140	(10.4%)
Trade and other receivables	12,288	12,528	2.0%
Bank balances and cash	31,074	26,395	(15.1%)
	337	217	(35.6%)
Total assets			
	244,312	244,600	0.1%
Total share capital and reserves			
	104,955	123,100	17.3%
Non-current liabilities			
Bank loans due after 1 year	102,124	107,271	5.0%
Deferred tax	91,300	95,881	5.0%
Other payables	10,814	11,357	5.0%
	10	33	230.0%
Current liabilities			
Trade and other payables	37,233	14,229	(61.8%)
Tax liabilities	14,314	11,248	(21.4%)
Bank overdrafts and loans	56	2,004	n/a
	22,863	977	(95.7%)

Source: Company data

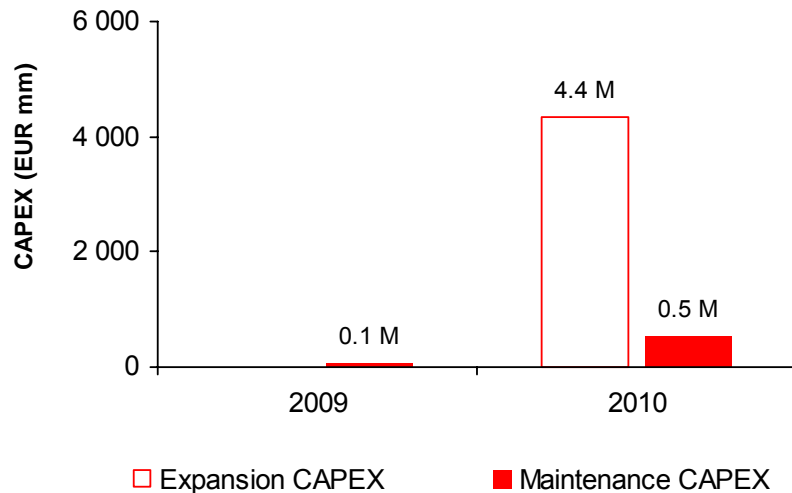
Cash Flow Statement

Euro (000')	Three months to March 31		
	2009 (unaudited)	2010 (unaudited)	% change
Profit before tax	6,395	8,331	30.3%
Amortization/ Depreciation	3,812	4,074	6.9%
FX	666	(3,532)	n/a
Interest Expense	1,138	808	(29.0%)
Fair value changes of interest rate swaps	214	(1,123)	n/a
Other financial expense	241	10	(95.9%)
Change in inventories	232	1,643	n/a
Change in receivables	(4,126)	(406)	(90.2%)
Change in payables	(2,206)	(1,404)	(36.4%)
Income tax paid	(3)	(3)	0.0%
Net Cash Flow from Operating activities	6,363	8,398	32.0%
Purchases of property, plant and equipment	(68)	(4,894)	7,097.1%
Net Cash Flow from Investment activities	(68)	(4,894)	7,097.1%
Change in bank loans	(4,772)	(3,142)	(34.2%)
Change in long term debt	5	6	20.0%
Interest paid	(1,259)	(614)	(51.2%)
Other financial income	(241)	(10)	(95.9%)
Net Cash Flow from Financing activities	(6,267)	(3,760)	(40.0%)
Bank balances and cash at the beginning of the year	309	473	53.1%
Change in cash and cash equivalents	28	(256)	n/a
Bank balances and cash at the end of the period	337	217	(35.6%)

Source: Company data

CAPEX Development

CAPEX Breakdown



- Q1 2009 – maintenance CAPEX only
- Q1 2010 – down payments related to the 9th production facility project
- Full year CAPEX up to EUR 9 million

Source: Company data, consolidated results

2010 Guidance confirmation

PEGAS confirms its full year guidance:

- **2010 production capacity sold out**
- **2010 EBITDA expected to decrease by up to 10% compared with 2009 (EUR 38.8 million)**
- **Total 2010 CAPEX up to EUR 9 million at a constant FX rate CZK/EUR 26**
- **Further reduction of bank debt planned**

IR Contact Details

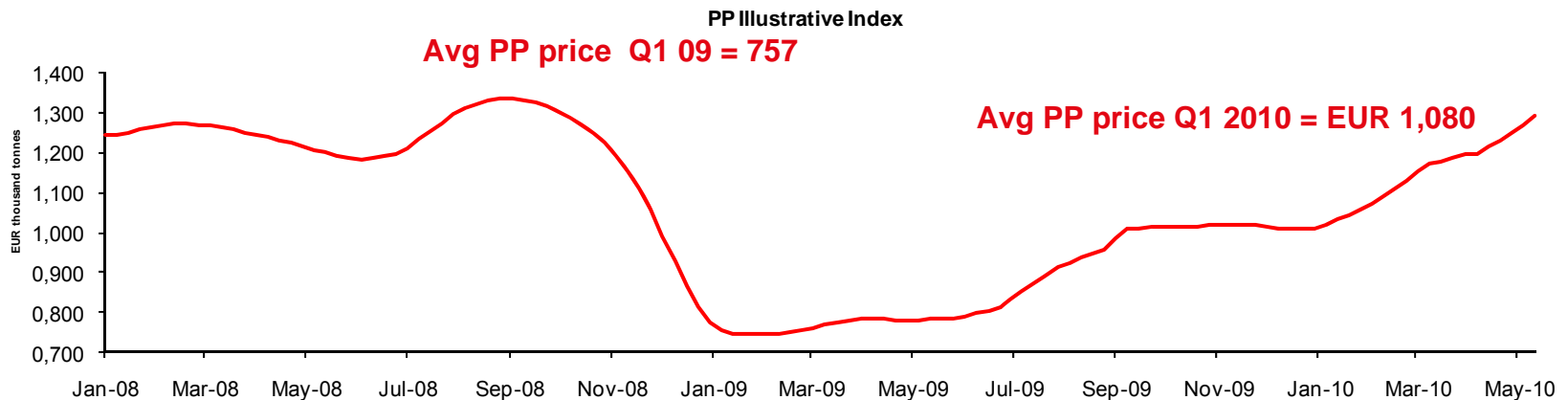
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Appendix

Development of Polymer Prices



- Annual decline in revenues is driven by lower polymer prices / costs which are passed into final output prices
- On average, polymer prices went up by almost 50%, if first quarters of 2009 and 2010 are compared

Source: Company data