PEGAS NONWOVENS
every single detail

2008 Preliminary Financial Results

March 20th, 2009

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Agenda

2008 Highlights

2008 Financial Performance

2009 Outlook

Presentation Team

Mr František Řezáč
Chief Executive Officer

Mr Aleš Gerža
Chief Financial Officer

Ms Klára Klímová
Investor Relations

2008 Highlights

2008 Key Highlights

Financial Performance

- Revenues increased to EUR 142.8 million up by 17.1% due to higher volumes produced and sold
- EBITDA up by 2.9% yoy to EUR 39.5 million impacted by lower sales to the construction industry, CZK appreciation, higher energy costs and margin development in the nonwovens industry
- Net profit of EUR 14.9 million, yoy comparison impacted by currency fluctuations including their impact on the P&L and balance sheet items and also by the IRS mark-to-market
- Steady net debt levels after the dividend pay-out and intensive CAPEX program - financial stability

Markets and Business

- Nonwovens hygiene market proving its resilience during the global economic crisis by steady demand for volumes
- Slowdown in the non-hygienic segment creating more competition in the hygiene market
- PEGAS´s capacity utilization is high and supported by strong contracted sales for 2009

Growth & Technology

- Commitment for investment incentives for the new line received from the Czech Government
- Several R&D projects successfully completed and commercialized. This remains a key focus also going forward
- Monitoring of investment opportunities to support a further growth of the Company

Key Financial Highlights

(EUR'000s)	Q4			FY		
	2007 unaudited	2008 unaudited	% change	2007 audited	2008 unaudited	% change
Revenue	31,220	32,011	2.5%	121,971	142,771	17.1%
Operating Costs[1]	(23,067)	(22,944)	(0.5%)	(83,595)	(103,280)	23.5%
EBITDA	**8,153**	**9,067**	**11.2%**	**38,376**	**39,491**	**2.9%**
EBITDA margin (%)	26.1%	28.3%	2.2pp	31.5%	27.7%	(3.8pp)
Profit from operations (EBIT)	**4,925**	**4,895**	**(0.6%)**	**26,043**	**22,681**	**(12.9%)**
EBIT margin (%)	15.8%	15.3%	(0.5pp)	21.4%	15.9%	(5.5pp)
Net Profit	**9,652**	**(8,595)**	**n/a**	**22,138**	**14,889**	**(32.7%)**
Net Profit Margin (%)	30.9%	n/a	n/a	18.2%	10.4%	(7.8pp)
Production (tonnes net of scrap)	15,628	16,289	4.2%	57,464	66,349	15.5%
Number of Employees end of period				384	383	(0.3%)

	Dec 31st, 2007	Dec 31st, 2008	% change
Total assets	263,879	248,243	(5.9%)
Net debt	122,547	120,542	(1.6%)

(1) 2007 Results include one-off gain from arbitration proceedings of EUR 1.04 million

2008 Financial Performance

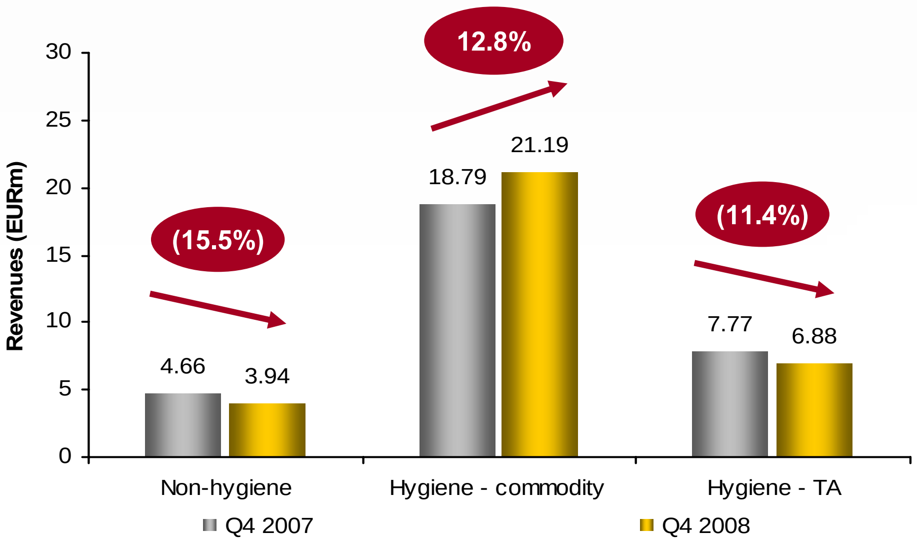
2008 Profit and Loss Statement

(EUR'000s)	Q4			FY		
	2007 unaudited	2008 unaudited	% change	2007 audited	2008 unaudited	% change
Revenue	31,220	32,011	2.5%	121,971	142,771	17.1%
Raw materials & consumables	(21,054)	(21,444)	1.9%	(78,421)	(97,098)	23.8%
Staff costs	(1,960)	(1,616)	(17.6%)	(6,279)	(6,545)	4.2%
of which Share price bonus	(387)	5	n/a	(494)	494	n/a
Other net operating income/(expense) (net)	(53)	116	n/a	1,105	363	(67.1%)
EBITDA	**8,153**	**9,067**	**11.2%**	**38,376**	**39,491**	**2.9%**
EBITDA margin (%)	**26.1%**	**28.3%**	**2.2pp**	**31.5%**	**27.7%**	**(3.8pp)**
Depreciation	(3,228)	(4,172)	29.2%	(12,333)	(16,810)	36.3%
Profit from operations (EBIT)	**4,925**	**4,895**	**(0.6%)**	**26,043**	**22,681**	**(12.9%)**
EBIT margin (%)	**15.8%**	**15.3%**	**(0.5pp)**	**21.4%**	**15.9%**	**(5.5pp)**
FX changes and other financial income/(expense) (net)	4,443	(15,290)	n/a	3,760	(2,230)	n/a
Interest costs (net)	(1,570)	(1,482)	(5.6%)	(9,756)	(6,288)	(35.5%)
Income tax (expense) / income (net)	1,854	3,282	77.0%	2,091	726	(65.3%)
Net Profit	**9,652**	**(8,595)**	**n/a**	**22,138**	**14,889**	**(32.7%)**
Net Profit Margin (%)	**30.9%**	**n/a**	**n/a**	**18.2%**	**10.4%**	**(7.8pp)**

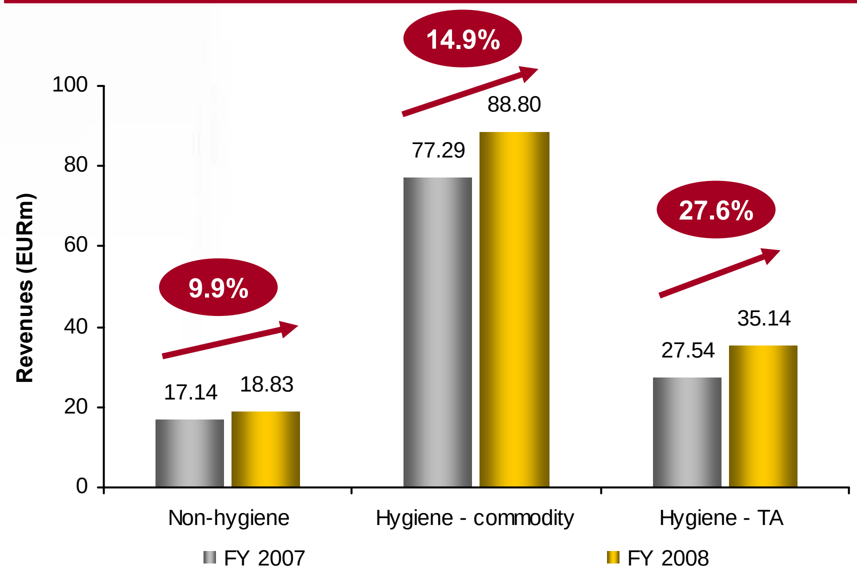
Note: 2007 Results include one-off gain from arbitration proceedings of Euro 1.04 million

Revenue Breakdown by Product

Q4



FY 2008



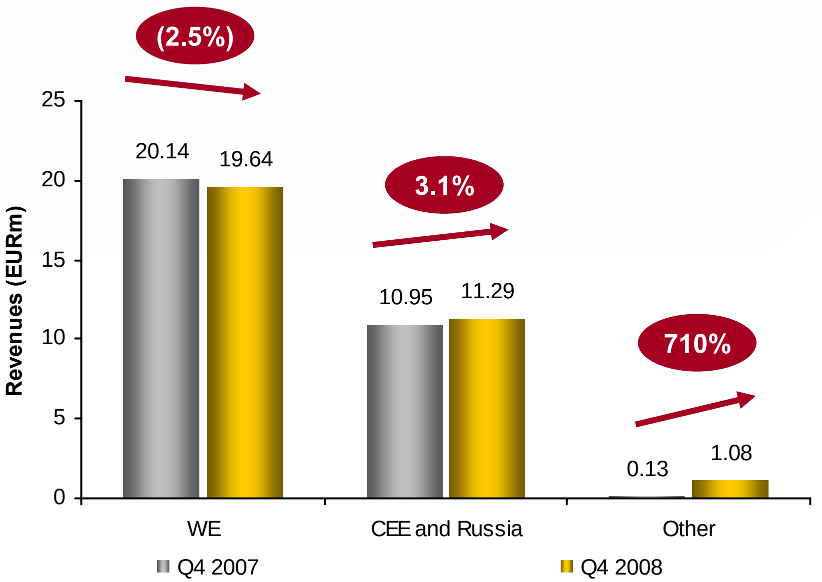
Source: Company data

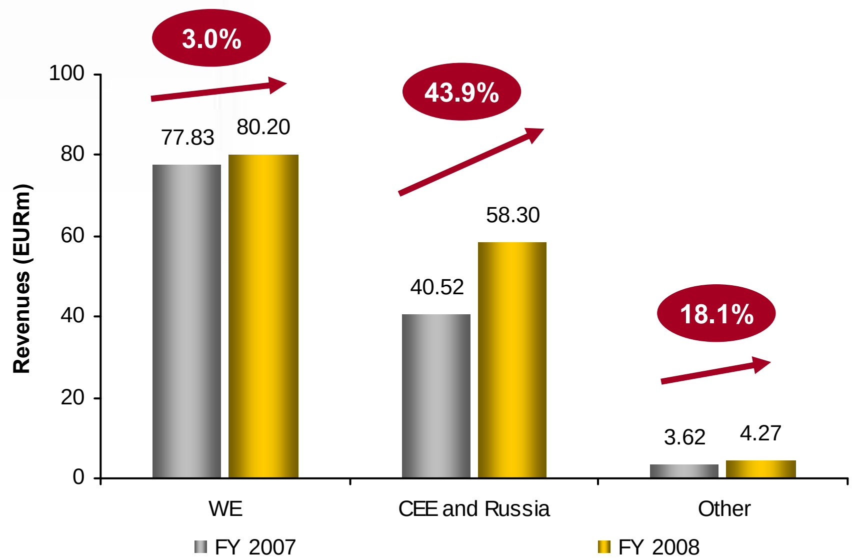
- **Sales for the hygiene industry in 2008 accounted for 86.8% share of total revenues confirming a continuous focus on this segment**
- **The proportion of technologically advanced materials of total sales in 2008 increased to 24.6%, compared with 22.6% in 2007**

Note: Company defines technologically advanced products as those with higher added value in terms of either higher margins or material properties that protect the Company from easy substitution of its products by its competitors.

Revenue Breakdown by Geography[1]

Q4	FY 2008





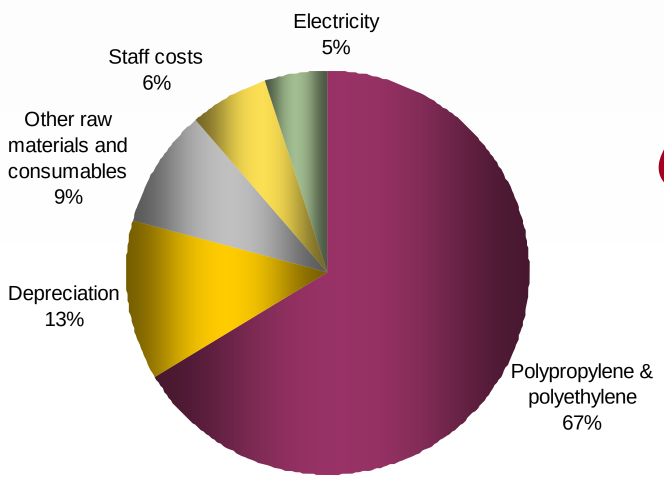
Source: Company data

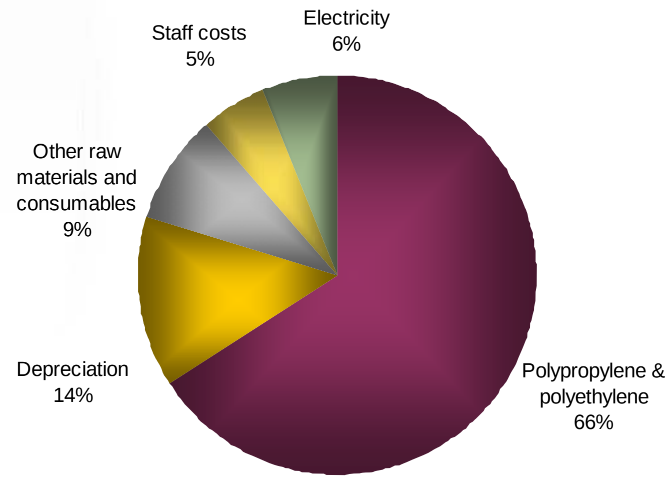
- **Sales in Western Europe remain a key focus with almost 60% share of total revenues in 2008**
- **Sales in CEE and Russia substantially up due to increased sales to the Czech Republic and Poland in 2008**

Note: (1) Revenues by georgraphy are based on the final location of delivery

Cost Composition

Cost Breakdown 2007	Cost Breakdown 2008





- **Overall cost level impacted by additional production capacity with the corresponding increase of consumption of raw materials and other consumables, higher prices of energy and CZK appreciation**
- **Staff costs were positively impacted by the fair value of the phantom share option plan**
- **The accumulated stock of finished goods towards the end of the year resulted in a slower growth of operating costs in the last quarter of 2008**

Note: 2007 Cost Breakdown excludes the one-off gain from arbitration proceedings of Euro 1.04 million

Balance Sheet

(EUR'000s)	Dec 31st, 2007 Audited	Dec 31st, 2008 Unaudited	Change in %
Non-current assets	**224,708**	**207,843**	**(7.5%)**
Property, plant and equipment	137,355	121,440	(11.6%)
Intangible assets incl. goodwill	87,353	86,403	(1.1%)
Current assets	**39,171**	**40,400**	**3.1%**
Inventories	12,416	12,731	2.5%
Trade and other receivables	26,244	27,360	4.3%
Bank balances and cash	511	309	(39.5%)
Total assets	**263,879**	**248,243**	**(5.9%)**
Total share capital and reserves	**93,885**	**99,179**	**5.6%**
Non-current liabilities	**128,799**	**107,514**	**(16.5%)**
Bank loans due after 1 year	116,508	96,131	(17.5%)
Deferred tax	12,190	11,378	(6.7%)
Other payables	101	5	n/a
Current liabilities	**41,195**	**41,550**	**0.9%**
Trade and other payables	33,218	16,751	(49.6%)
Tax liabilities	1,427	79	n/a
Bank overdrafts and loans	6,550	24,720	277.4%

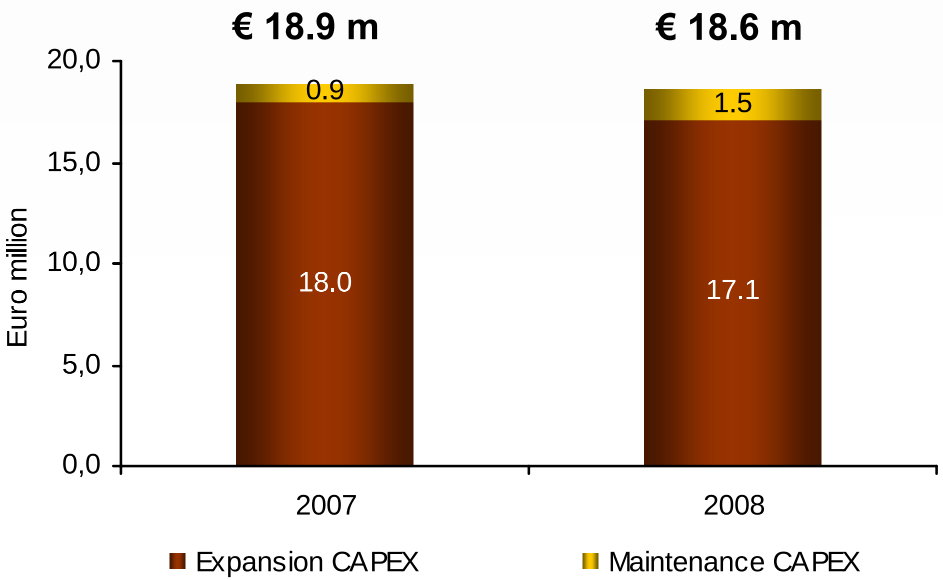
- **Inventories flat in EUR as a result of lower polymer prices (yoy increase in tons of finished goods)**
- **Trade and other payables reduced due to repayments for the 8th production line project**

Cash Flow Statement

(EUR '000s)	2007 audited	2008 unaudited	Change in %
Profit before tax	20,047	14,163	(29.4%)
Amortization/ Depreciation	12,333	16,810	36.3%
Foreign Exchange	(1,529)	(330)	(78.4%)
Interest Expense	9,955	6,362	(36.1%)
Fair value changes of interest rate swaps	(36)	2,055	n/a
Other financial (expense) / income	(251)	2,048	n/a
Change in inventories	(3,623)	(495)	(86.3%)
Change in receivables	(1,753)	(798)	(54.5%)
Change in payables	(3,462)	(2,581)	(25.4%)
Income tax paid	(140)	(2,119)	n/a
Net Cash Flow from Operating activities	**31,541**	**35,115**	**11.3%**
Purchases of property, plant and equipment	(18,878)	(18,619)	(1.4%)
Net Cash Flow used in Investment activities	**(18,878)**	**(18,619)**	**(1.4%)**
Change in bank loans	(17,735)	(1,314)	(92.6%)
Change in long term debt	(174)	(96)	(44.8%)
Distribution (Dividends)	(7,014)	(7,845)	11.8%
Interest paid	(9,490)	(5,395)	(43.2%)
Other financial income / (expense)	251	(2,048)	n/a
Net Cash Flow used in Financing activities	**(34,162)**	**(16,698)**	**(51.1%)**
Bank balances and cash at the beginning of the year	22,014	511	(97.7%)
Change in cash and cash equivalents	(21,499)	(202)	(99.1%)
Effect of FX fluctuation on cash held	(4)	0	n/a
Bank balances and cash at the end of the period	**511**	**309**	(39.5%)

CAPEX Development

CAPEX Breakdown 2007 and 2008



2007 CAPEX / Revenues 15.5%

2008 CAPEX / Revenues 13.0%

- **The entire capital expenditure was primarily related to the remaining payments for the 8th production line project**
- **The total achieved CAPEX in 2008 exceeded the indicated guidance level of EUR 18 million solely due to a lower than expected Czech koruna FX rate against EUR**

Source: Company data

2009 Outlook

2009 Outlook

- The total sales volume in 2009 should exceed the 2008 levels as a result of a different product mix and clearance of the accumulated stock of finished goods
- The competitive environment and slowdown in the non-hygienic segment in the European nonwovens market led to a further pressure on margins
- PEGAS expects that the 2009 EBITDA will be lower than that which was achieved in 2008 (EUR 39.5 million), however, it should not decrease by more than 10 % compared to 2008
- Thanks to exceptional sales volumes achieved and a positive effect from the polymer price pass-through mechanism, the first quarter 2009 EBITDA is likely to be significantly higher than those in the upcoming quarters
- 2009 CAPEX will be related to maintenance only and is planned at EUR 2 million
- PEGAS is currently greatly benefiting from its outstanding customer relations and long term focus on technological innovations as key drivers of the Company's effort to offset pricing pressures

Reporting Schedule and Investor Relations Contact

Reporting Schedule

Consolidated Audited 2008 Results

April 30th, 2009

Q1 2009 Results - unaudited

May 28th, 2009

1H 2009 Results - unaudited

August 27th, 2009

9M 2009 Results – unaudited

November 26th, 2009

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