PRESS ANNOUNCEMENT

Pegas Nonwovens boasts sales of over 120 mil. EUR for last year

ZNOJMO (20 March 2007) – The Pegas Nonwovens SA group had the highest takings in the history of the company for the year 2006. Revenues reached a level of 120,9 mil. EUR, which represents an interim growth of more than 10%, influenced in particular by the growth in the price of source raw materials transferred to market prices, and by the increase in the sale of special products. The EBITDA indicator also showed the highest values in the history of the firm, exceeding 42 mil. EUR.

"„In 2006 we achieved the best ever financial results in terms of total revenues and EBITDA and also, it was the first year of a cooperation with the new majority shareholder," points out Miloš Bogdan, member of the Board of Pegas Nonwovens SA and Chief Executive of Pegas Nonwovens, s. r. o. "*Total consolidated revenues of the company increased by more than 10% compared with 2005 mainly due to higher prices of input materials(which were fully passed through to customers) and due to an increase in sales of Specialty Products. EBITDA increased by 3.4% over 2005 mainly due to the increase in sales of Specialty Products which offer higher margins," added* Miloš Bogdan. The group's net profit amounted to 20,7 mil. EUR, which represents 22 % less than the previous year. The company also decreased its debts by 37,7 % to a level of 114,2 mil. EUR.

For the year 2007 Pegas Nonwovens anticipates the expansion of its production capacity with the launch of a new, modern production line, which will be put into operation in the fourth quarter of the year. The installation of technology for the production of ultra-light materials for use in the hygiene division, and also materials for application in healthcare, was begun in March. The company also recruited new staff to service this line. The launch of the eighth production line will increase annual production from 54,000 tonnes to around 69,000 tonnes in 2008; the number of employees will also increase to approximately 380.

"We are also very pleased to have completed the Initial Public Offering (IPO) of the company in December 2006. Despite an increase in one-off transaction costs related to the IPO process and finance costs related to the debt servicing, we managed to retain a high generation of net profit after tax," Bogdan adds.

Contact for the media:

Vladimír Bystrov
media representative, Pegas Nonwovens

Bison & Rose Public Relations
tel.: +420 233 014 040
GSM: +420 777 130 788

Contact for investors:

Klára Klímová
consultant for Investor Relations

Pegas Nonwovens
GSM: +420 602 244 838
kklimova@pegas.cz

PEGAS NONWOVENS SA
2006 Preliminary unaudited financial results

March 20th, 2007

PEGAS NONWOVENS SA is pleased to announce its preliminary unaudited consolidated financial results for the fiscal year to 31st December, 2006 prepared according to International Financial Reporting Standards (IFRS).

Overview of Financial Results[1]

- **Revenues Euro 120.9 million (+10.5%)**
- **Operating costs without depreciation and amortization Euro 78.9 million (+ 14.6%)**
- **EBITDA[2] Euro 53.3 million (+30.9%), EBITDA margin 44.0%**
- **Foreign Exchange related profit including hedging[3] Euro 11.2 million**
- **Adjusted EBITDA[4] Euro 42.1 million (+3.4%), adjusted EBITDA margin 34.8%**
- **Depreciation and amortization Euro 12.1 million (+ 22.6%)**
- **Profit from operations (EBIT) Euro 41.1 million (+33.6%)[5]**
- **Adjusted profit from operations (EBIT)[6] Euro 29.9 million (-2.8%)[5]**
- **Finance costs Euro 18.8 million**
- **Income tax Euro 1.6 million (-60.0%)**
- **Net Profit Euro 20.7 million (-22.3%)[5]**
- **Capital Expenditure into tangible assets Euro 5.7 million (-48.1%) – CAPEX/Revenues 4.7 %**
- **No. of employees 327 (+4.8%)**
- **Net Debt[7] Euro 114.2 million (-37.7%)**

Consolidated Financial Results

[1] Year on year comparison is between Pegas a.s. for 2005 and PEGAS NONWOVENS SA for 2006
[2] EBITDA include revenues for sold products, raw material and consumable used, staff costs and other operating income/(expense) (net), including realized and unrealized FX changes as of December 31, 2006 and mark-to-market revaluation of interest rate swap.
[3] Including realized FX changes and unrealized FX changes as of Dec 31st, 2006 and mark-to-market revaluation of interest rate swap
[4] Adjusted EBITDA is including revenues for sold products, raw material and consumable used, staff costs and other operating income/ expense net and does not include realized and unrealized FX changes as of December 31, 2006 and mark-to-market revaluation of interest rate swap.
[5] Year on year comparison is impacted by Depreciation and Amortization category (see paragraph on Depreciation and Amortization)
[6] Adjusted profit from operations (EBIT) does not include realized and unrealized FX changes as of December 31, 2006 and mark-to-market revaluation of interest rate swap
[7] Net debt includes long term financial debt, short term financial debt minus cash and cash equivalents. Year on year comparison for PEGAS NONWOVENS SA.

Revenues, Costs and EBITDA

Consolidated revenues (revenues from sales of products) reached Euro 120.9 million in 2006, up by 10.5 % yoy. The key drivers of this growth were higher polymer prices (which are fully passed through to customers) and higher sales mainly of Specialty Products.

Total consolidated operating costs without depreciation and amortization and after exclusion of realized and unrealized FX changes including hedging went up by 14.6% yoy to Euro 78.9 million. The main reason was the increase in polypropylene prices and consumed volume and also higher electricity prices.

Adjusted EBITDA amounted to Euro 42.1 million, up by 3.4 % yoy, which confirmed the Company's strong operating performance has continued from previous periods. Adjusted EBITDA margin amounted in 2006 34.8%, down by 2.4% in comparison 2005. This decline in percentage margins was a direct result of higher polymer prices and the ability of the Company to pass through polymer price rises to customers. When polymer prices rise, sales rise by the same amount while profit is unaffected. As a result percentage margins decrease..

Operating costs

Total raw materials and consumables used in 2006 amounted to Euro 73.7 million, a 16.5% increase on 2005.

Total staff costs amounted Euro 5.1 million in 2006, a 9.5% yoy increase. However, total staff costs, denominated in Czech korunas, went up by only 4.2% yoy. Total number of employees at Dec 31st, 2006 was 327, up by 4.8 % yoy.

Other net operating income / (expense) amounted to Euro 11.2 million in 2006 and mainly represented both realized and unrealized FX changes related to balance sheet re-calculations and a mark-to-market revaluation of our interest rate swap at December 31, 2006. This is an income which depends on Euro / CZK exchange rate development and on the level of the company's indebtedness.

Depreciation and amortization

Consolidated depreciation and amortization reached Euro12.1 million in 2006. This cannot be compared with PEGAS, a.s. in 2005 as assets (long-term tangible and intangible assets) of PEGAS NONWOVENS SA were revalued as part of the acquisition of PEGAS a.s. in December 2005.

Profit from Operations

Adjusted profit from operations (EBIT) amounted to Euro 29.9 million and cannot be compared with PEGAS, a.s. in 2005 owing to changes in the basis of Depreciation and Amortization discussed above.

Finance Costs

Finance costs related to the debt servicing amounted Euro 18.8 million in 2006. This related to interest charges on the senior term loans, mezzanine and shareholder loans which were taken on in December 2005 to finance the acquisition of PEGAS a.s. from its previous owners.

Income tax

In 2006, income tax amounted to Euro 1.6 million, a reduction of 60% yoy from the Euro 4.0 million charge in 2005 for PEGAS, a.s. The reduction is a result of the tax shield on interest costs resulting from the acquisition loans taken on in December, 2005.

Net Profit

Net profit in 2006 amounted to Euro 20.7 million, down by 22.3% yoy, due to higher finance costs.

CAPEX and Investments

In 2006, total consolidated capital expenditure amounted to Euro 5.7 million, a 48.1% reduction on 2005. Capital expenditure was focused on the construction of the new eighth production line and on improving the efficiency of the existing production lines. CAPEX to Revenues ratio was 4.7% in 2006.

Cash and Indebtedness

Total amount of the consolidated financial debt (both short-term and long-term) at December 31st, 2006 was Euro 136.2 million, a 35.2% reduction compared with December 31st, 2005[8]. Cash and cash equivalents reached Euro 22.0 million as of December 31st. 2006**.** Net debt at 31st December, 2006 was therefore Euro 114.2 million. This was equivalent to a Net Debt / Adjusted EBITDA ratio of 2.7 times.

The company hedges its interest rate risk related to its financial debt with interest rate swaps. The currency risk is not hedged since the company has a natural hedge having most of its revenues and costs in Euros.

Stronger Product Mix in 2006 – more Specialty Products

The main business of PEGAS NONWOVENS SA group is the production of nonwoven textiles for the European disposable hygiene products market. Our customers manufacture products such as babies' diapers and feminine hygiene and adult incontinence products.

Our principal focus is on growing revenues from Specialty Products where margins are normally higher. Speciality Products accounted for 23.6% of Revenues in 2006 compared with 16.3% in 2005. This percentage could be capable of being increased to c.40% once the new production line is introduced in the fourth quarter of 2007. The company defines Speciality Products as bi-component nonwovens (which are desirable for their softness) and super lightweight materials (which are demanded by customer for savings of costs of materials because they contain fewer polymers for a given area). Both these types of materials are very attractive to customers but are very difficult to manufacture (Pegas is the only manufacturer of bi-component nonwovens in Europe). Specialty Products therefore offer significantly higher margins than Standard textiles.

Although the company did not install any new production equipment in 2006, management were able to increase total output by 5.7% from 51.3 thousands tonnes in 2005 to 54.2 thousands tonnes in 2006 owing to improved production efficiencies.

Revenues from sales of nonwoven textiles for the hygiene industry were 88.8% of total revenues in 2006. This was similar to the proportion of hygiene revenues in 2005 which was 88.6%.

Revenues from sales of Standard textiles for hygiene products reached Euro 78.9 million, a reduction of 0.3% in comparison with 2005. Revenues from sales of non-hygiene products (for construction, agriculture and medicine) amounted to Euro 13.6 million in 2006, an increase of 8.9% over 2005.

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[8] Year on year comparison 2005 vs. 2006 for PEGAS NONWOVENS SA.

2007 Outlook

In 2007, the main priorities for PEGAS NONWOVENS SA will be:

- To successfully bring on its new production line on time and on Budget and therefore increase its capacity by 28%.
- To develop new, Specialty Products which will prove attractive to its customers;
- To improve further its production efficiency;
- To maintain its position as a leader in the market for spunbond nonwovens textiles for the disposable hygiene products market;
- To maintain its low production costs;

The new production line is currently under construction and due to enter service in the fourth quarter of 2007. It will be the company's eighth line and will enable a gradual increase of production capacity from the current 54.2 thousand tonnes pa to 69 thousands tonnes pa in 2008. The construction of the building which will house the new line started in October 2006 and, in March 2007, the line itself began being installed. The project, which has a total cost of approximately €40 million, is developing in line with its planned schedule.

The configuration and design of the new production line continues company's history of installing and commissioning world-leading technology at regular two to three year intervals. The line will again be the first of its kind in the world and is aimed at allowing Pegas to produce ultra lightweight materials for both the hygiene and the medical market. It is therefore a key component of the company's strategy of increasing its production of high margin Specialty Products. This strategy is designed to keep the company at the leading edge of nonwovens technology and to maintain its margins at a higher level. The line may allow the company to increase the proportion of its sales which are of Specialty Products from 24% in 2006 to approximately 40% in 2008.

The new production line will lead to an increase of the number of its employees from 327 at the end of 2006 to approximately 380 during 2007.

With respect to the expansion of production outside the Czech Republic, the company will continue to monitor development goals and programs of its customers, which may lead to a shift or opening of new production capacity in other territories.

The company will continue to focus on the development of new materials which may potentially become Specialty Products and will therefore increase the proportion of sales in this area.

Appendix 1

CONSOLIDATED INCOME STATEMENT	PEGAS NONWOVENS SA FY 2005	Unaudited FY 2006	Pegas a.s. FY 2005
Revenue	4,787	120,941	109,491
Raw materials & consumables	(3,981)	(73,739)	(63,296)
Staff costs	(209)	(5,111)	(4,669)
Other net operating income/(expense)	(460)	11,171	(846)
Of which FX gains and MtM revaluation of IRS		11,203	
EBITDA	**137**	**53,262**	**40,680**
Adjusted EBITDA		**42,059**	**40,680**
EBITDA margin %	***2.9%***	***44.0%***	***37.2%***
Adjusted EBITDA margin %		***34.8%***	***37.2%***
Depreciation	(535)	(12,146)	(9,910)
Profit from operations	**(398)**	**41,116**	**30,770**
Adjusted Profit from operations		**29,913**	**30,770**
Operating margin in %	***-8.3%***	***34.0%***	***28.1%***
Adjusted operating margin in %		**24.7%**	**24.7%**
Finance costs	(714)	(18,805)	(158)
Income tax expense	(255)	(1,601)	(3,975)
Minority interest	0	(432)	0
Net profit	**(1,367)**	**20,710**	**26,637**

Appendix 2

CONSOLIDATED BALANCE SHEET	PEGAS NONWOVENS SA 31/12/2005	PEGAS NONWOVENS SA Unaudited 31/12/2006	Pegas a.s. 31/12/2005
Non-Current Assets	**191,128**	**195,014**	**93,631**
Intangible Assets	80,015	84,404	192
Property, plant and equipment	111,113	110,610	93,439
Current Assets	**59,441**	**53,962**	**58,975**
Inventories	8,622	8,362	8,508
Trade and other receivables	23,785	23,586	25,101
Bank balances and cash	27,034	22,014	25,366
Total Assets	**250,569**	**248,976**	**152,606**
Equity	**3,186**	**76,955**	**124,147**
Non-Current Liabilities	**209,444**	**138,351**	**9,750**
Bank loans due after 1 year	157,268	122,851	0
Deferred tax	14,952	15,225	9,681
Other payables	37,224	275	69
Current Liabilities	**37,939**	**33,670**	**18,709**
Bank overdrafts and loans	16,250	13,320	2,000
Trade and other payables	21,670	20,158	16,691
Tax liabilities	19	192	18
Total Equity and Liabilities	**250,569**	**248,976**	**152,606**