

REGULATORY ANNOUNCEMENT

PEGAS expects to sell its entire 2013 production capacity

LUXEMBOURG/ZNOJMO, October 31, 2012 – PEGAS NONWOVENS (hereafter "PEGAS" or "Company") is responding to speculations about the potential impact of the decision by Kimberly-Clark to halt selling Huggies baby diapers in most Western and Central European countries.

Kimberly-Clark is one of PEGAS's major customers and there is a large probability that this new information will have an impact on the volume of business conducted between both companies. Nevertheless, publically available information that Kimberly-Clark will continue with its production at its plant in Jaroměř in the Czech Republic can be viewed as positive.

The decision by Kimberly-Clark to stop selling Huggies baby diapers in Europe has elicited various speculations about the impact of this on the Company's financial performance. It is clear that this decision will affect the market share of the individual producers of disposable hygiene products. PEGAS supplies nonwoven textiles to a wide portfolio of customers and so as was the case until now, it will continue to provide services at such a level so as to remain the preferred supplier and to help its customers to grow.

PEGAS hereby announces that based on the currently known facts, it does not expect a decline in production volume or sales in 2013. The current state of sales negotiations for 2013 indicates that as in prior years the production capacity of the Company should be fully sold out.

The company will provide an update about the state of sales within the scope of the announcement of the financial results for the third quarter of this year.

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PEGAS NONWOVENS SA, société anonyme, is a holding company based in Luxembourg with operating companies based in Znojmo and Bucovice, Czech Republic. PEGAS NONWOVENS is a manufacturer of polypropylene / polyethylene nonwoven textiles for the hygiene, industrial, construction, agricultural, medical and other specialized sectors. These textiles are primarily used for the manufacture of baby diapers, feminine hygiene and adult incontinence products. The Company is active in developing new products demanded by the market and thereby maintains its position of technology leader in the European nonwovens market. PEGAS NONWOVENS currently has more than 440 employees.

PEGAS NONWOVENS SA is a publicly traded company on the Prague and Warsaw stock exchanges.

PEGAS NONWOVENS SA (*société anonyme*) is registered in the registry of commerce and companies R.C.S. in Luxembourg under number B 112.044. The seat of the company is 68-70, boulevard de la Pétrusse, L-2320 Luxembourg, Luxembourg.

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