

Discussion with Investors

ING 12th EMEA FORUM PRAGUE

December 2nd, 2009

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Agenda

- **Company Introduction**
- **9M & Q3 2009 Financial Performance**
- **2009 Guidance Update**
- **2010 Outlook**
- **Appendix**

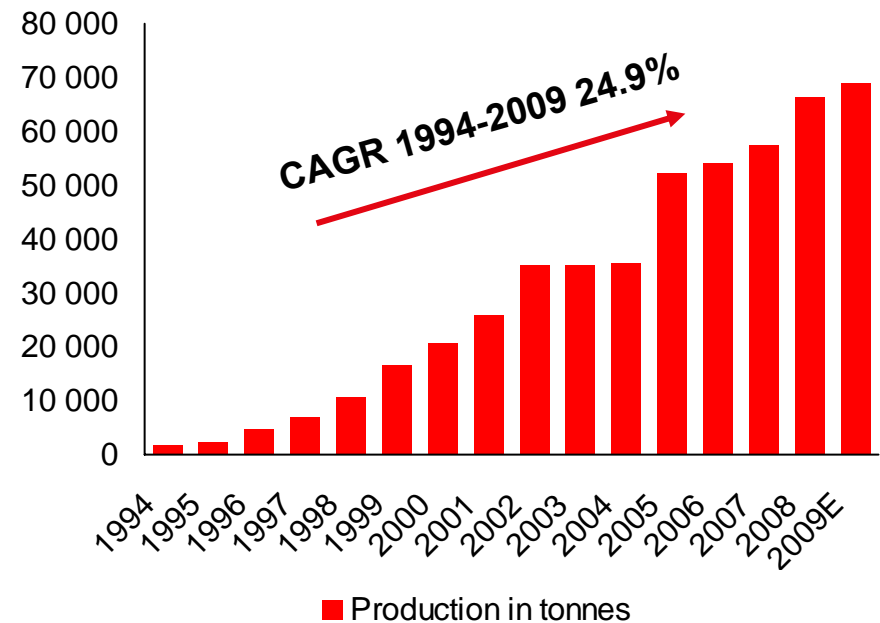
Company Introduction



Overview

- **Product: Synthetic nonwoven Textiles – Spunbond PP/PE**
- **Experienced and growing: since 1990**
- **Approximately 380 employees**
- **8 production lines**
- **Approx. 70 000 tons of production based on current product mix**
- **Luxembourg entity listed in Prague and Warsaw**
- **100% free float**

Annual Production Growth



Source: Company Data

Products

Nonwovens Spunmelt Textiles

- **Hygiene (89% in 9M 2009)**
 - Baby diapers
 - Feminine hygiene
 - Adult incontinence
- **Technical (11% in 9M 2009)**
 - Medical
 - Construction
 - Furniture
 - Agriculture
 - Filtration
 - Wipes



Geographical Advantage

Nonwovens Spunmelt Textiles

- Central european base
- Low cost area
- Government incentives
- Room for expansion in the current production site in Znojmo

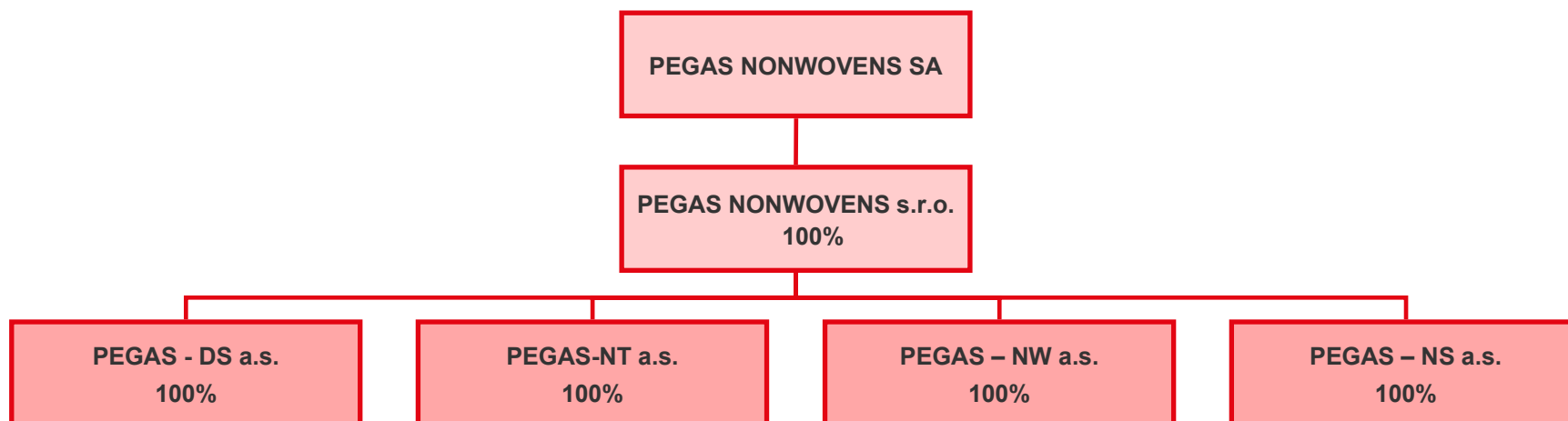


Meeting Market Needs

- Highest quality
- Competitive pricing
- Continuous development
- Close cooperation with customers to identify and develop new products
- On time delivery
- Regular increase in Production efficiency
- Flexibility

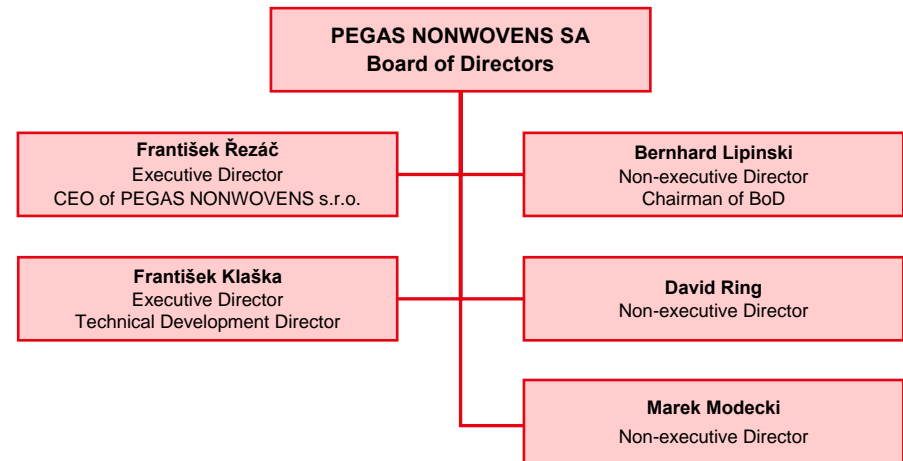


PEGAS Organizational Chart

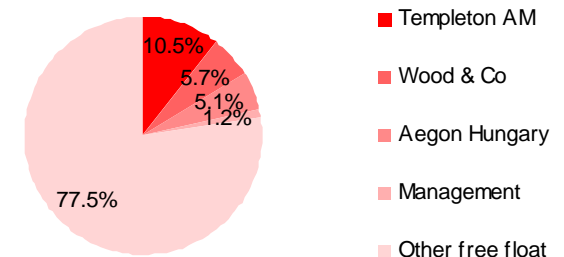


Corporate Governance & Ownership

- PEGAS NONWOVENS SA is managed by the Board of Directors incorporated under the Luxembourg law
- Executive Directors of PEGAS NONWOVENS SA = top management of the operating companies
- There is no Supervisory Board
- Since July 2007, 100% of the share capital is free float
- Largest shareholder Templeton AM holds 10.5% stake
- Based on our estimates, majority of investors are based in the UK, Czech Republic, Poland, Hungary, Austria and Germany



Ownership Structure Dec 09



Source: Company data

Strategic Objectives

Technological Leadership

- To maintain technology leader position in Europe
- Develop and deliver technologically advanced products for the market
- To work with our customers and suppliers in developing new products ahead of the market

Market Growth Opportunities

- New capacity installations in line with market demand
- To have sufficient capacity to satisfy the leading European manufacturers
- Monitoring M&A opportunities to become most strategic supplier to global customers

Delivering Financial Performance

- Delivering revenues in line with market growth
- To maintain our leading margin position in the industry
- Use cash flow to support expansion, repay debt and to pay out dividends

9M & Q3 2009 Highlights



9M & Q3 2009 Highlights

Financial Performance

- 9M 2009 Revenues EUR 93.3 million down by 15.8% yoy affected by declining polymer prices and output prices compared with last year
- 9M 2009 EBITDA EUR 30.8 million up by 1.1% yoy mainly as a result of a significant upswing in Q1, strong production and sales performance
- 9M 2009 EBIT EUR 18.9 million up by 6.3% yoy
- 9M 2009 Net Profit EUR 22.1 million down by 6.1%, on annual basis impacted by FX changes

Market and Business

- Production capacities fully sold out until the end of the year (2009)
- Rising polymer prices from Q2 2009

Production

- Production capacity fully utilised and growing to 51,603 tonnes, up by 3.1% yoy in 9M 2009

Key Financial Highlights

Euro (000')	Q3			9M		
	2008	2009	% change	2008	2009	% change
Revenues	35,421	30,061	(15.1%)	110,768	93,255	(15.8%)
Operating Costs	25,677	21,670	(15.6%)	80,334	62,472	(22.2%)
EBITDA	9,744	8,391	(13.9%)	30,434	30,783	1.1%
EBITDA margin (%)	27.5%	27.9%	0.4 pp	27.5%	33.0%	5.5 pp
Profit from operations (EBIT)	5,386	4,271	(20.7%)	17,798	18,913	6.3%
EBIT margin (%)	15.2%	14.2%	(1.0) pp	16.1%	20.3%	4.2 pp
Net Profit	265	6,017	2,170.6%	23,498	22,055	(6.1%)
Net Profit Margin (%)	0.7%	20.0%	19.3 pp	21.2%	23.7%	2.5 pp
Production (tonnes net of scrap)	17,138	17,270	0.8%	50,060	51,603	3.1%
Number of Employees (EOP)				389	381	(2.1%)

	09/30/2008	09/30/2009	% change
Total assets	276,915	251,230	(9.3%)
Net debt	123,538	103,662	(16.1%)

Source: Company data, consolidated unaudited results

9M & Q3 2009 Financial Performance



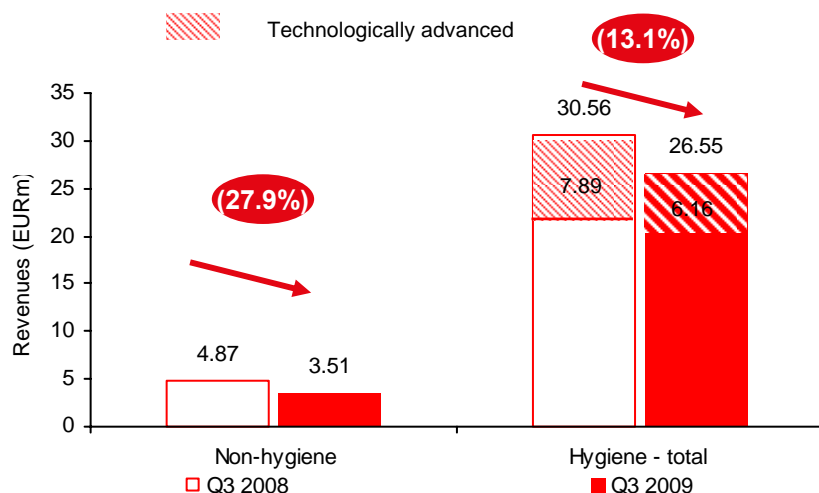
9M and Q3 2009 P&L

Euro (000')	Q3			9M		
	2008 (unaudited)	2009 (unaudited)	% change	2008 (unaudited)	2009 (unaudited)	% change
Revenues	35,421	30,061	(15.1%)	110,768	93,255	(15.8%)
Raw materials & consumables	(24,246)	(19,723)	(18.7%)	(75,651)	(57,130)	(24.5%)
Staff costs	(1,809)	(2,282)	26.1%	(4,929)	(5,756)	16.8%
Of which Share price bonus	11	(342)	n/a	489	(444)	n/a
Other net operating income/(expense)	378	335	(11.4%)	246	414	68.3%
EBITDA	9,744	8,391	(13.9%)	30,434	30,783	1.1%
EBITDA Margin (%)	27.5%	27.9%	0.4 pp	27.5%	33.0%	5.5 pp
Depreciation	(4,358)	(4,120)	(5.5%)	(12,636)	(11,870)	(6.1%)
Profit from operations (EBIT)	5,386	4,271	(20.7%)	17,798	18,913	6.3%
EBIT Margin (%)	15.2%	14.2%	(1.0pp)	16.1%	20.3%	4.2 pp
FX changes and other fin. income/(expense) (net)	(4,469)	3,437	n/a	13,066	7,854	(39.9%)
Interest (expense)/income (net)	(1,634)	(973)	(40.5%)	(4,805)	(2,929)	(39.0%)
Income tax (expense)/income (net)	982	(718)	n/a	(2,561)	(1,783)	(30.4%)
Net Profit	265	6,017	2,170.6%	23,498	22,055	(6.1%)
Net Profit Margin (%)	0.7%	20.0%	19.3 pp	21.2%	23.7%	(2.5pp)

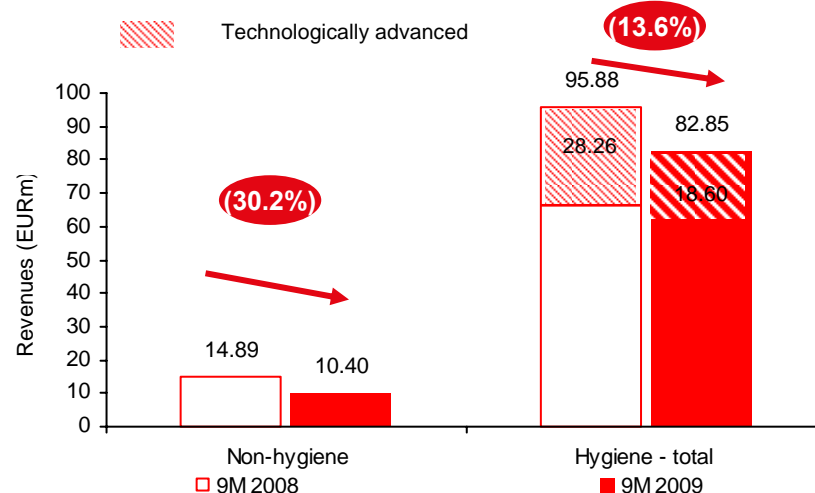
Source: Company data, consolidated unaudited results

Revenue Breakdown by Product

Q3



9M

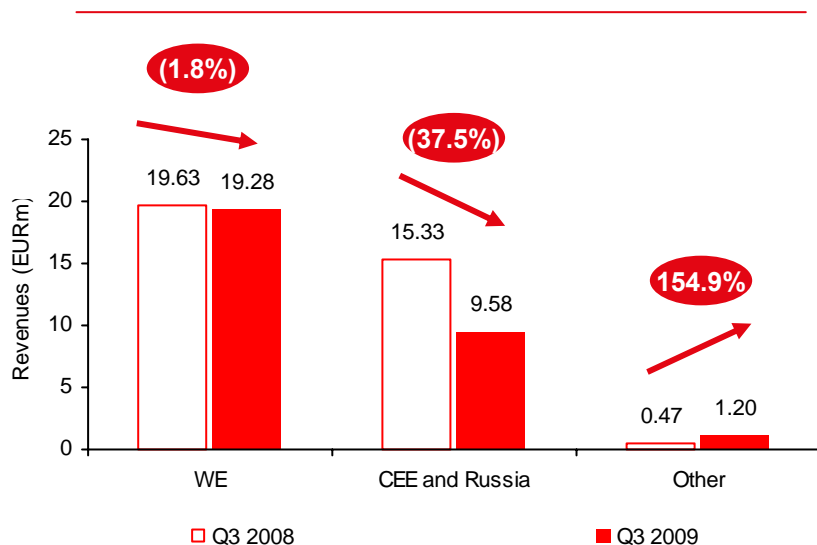


- Revenue decline due to lower polymer prices across the segments

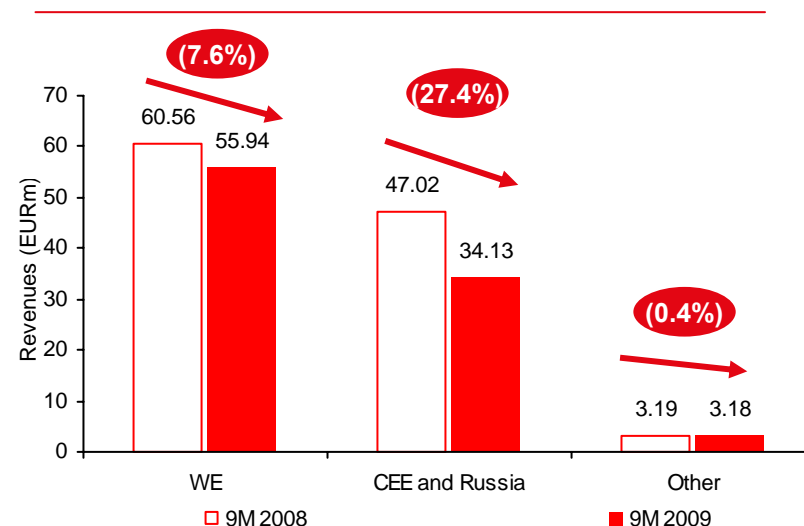
Source: Company data

Revenue Breakdown by Geography

Q3



9M



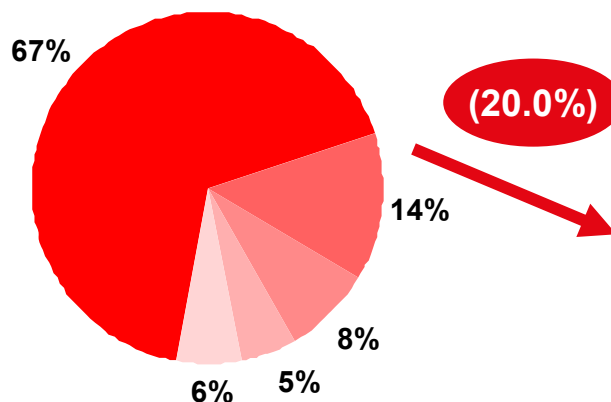
- Geographical distribution of sales confirms key focus on the broader European market

Source: Company data

Cost Composition

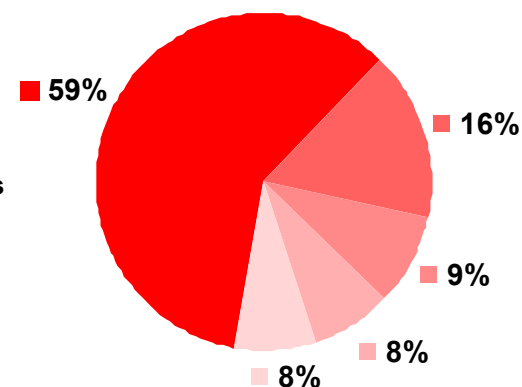
Cost Breakdown in 9M 2008

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



Cost Breakdown in 9M 2009

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



- Substantial decrease of PP/PE costs by 29.1% yoy due to low polymer prices
- Staff costs up due to the revaluation of the share option plan as a result of a higher share price
- Electricity costs up by 4.5% yoy due to an increase in the price of electricity

Source: Company data

Balance Sheet

Euro (000')	Sep 30th 2008 (unaudited)	Dec 31st 2008 (audited)	Sep 30th 2009 (unaudited)	% change Sep 09/ Sep 08
Non-current assets	230,948	207,843	210,456	(8.9%)
Property, plant and equipment	136,591	121,440	118,032	(13.6%)
Intangible assets (including goodwill)	94,357	86,403	92,424	(2.0%)
Current assets	45,967	40,400	40,774	(11.3%)
Inventories	15,437	12,731	14,944	(3.2%)
Trade and other receivables	30,165	27,360	25,467	(15.6%)
Bank balances and cash	365	309	363	(0.5%)
Total assets	276,915	248,243	251,230	(9.3%)
Total share capital and reserves	113,621	99,179	118,653	4.4%
Non-current liabilities	117,735	107,514	99,907	(15.1%)
Bank loans due after 1 year	104,777	96,131	87,495	(16.5%)
Deferred tax	12,957	11,378	12,207	(5.8%)
Other payables	1	5	205	n/a
Current liabilities	45,559	41,550	32,670	(28.3%)
Trade and other payables	23,946	16,751	14,225	(40.6%)
Tax liabilities	2,487	79	1,915	(23.0%)
Bank overdrafts and loans	19,126	24,720	16,530	(13.6%)

Source: Company data, consolidated unaudited results

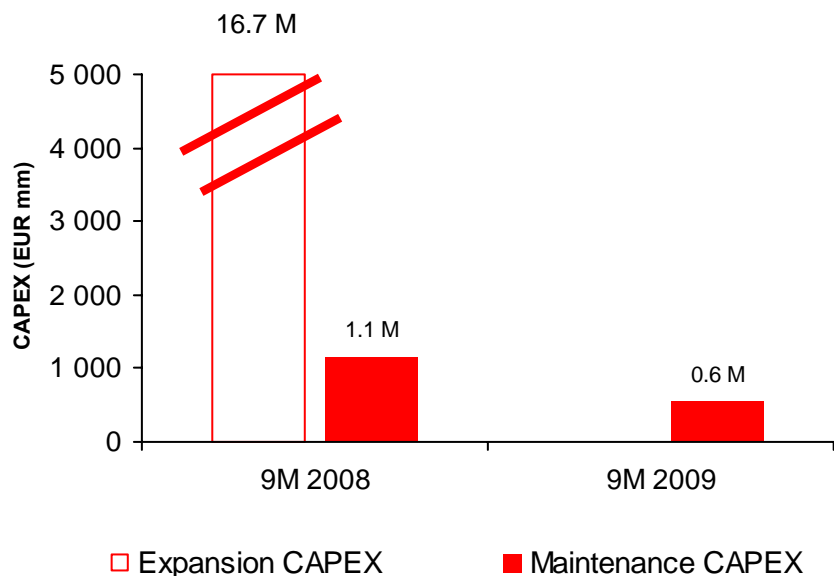
Cash Flow Statement

Euro ('000')	Nine months to September 30th		
	2008 (unaudited)	2009 (unaudited)	% change
Profit before tax	26,059	23,838	(8.5%)
Amortization/ Depreciation	12,636	11,870	(6.1%)
FX	(3,891)	(1,905)	(51.0%)
Interest Expense	4,816	2,938	(39.0%)
Fair value changes of interest rate swaps	219	175	(20.1%)
Other financial expense	130	262	101.5%
Change in inventories	(2,025)	(1,247)	(38.4%)
Change in receivables	(2,122)	3,676	n/a
Change in payables	5,614	(4,380)	n/a
Income tax paid	(1,774)	648	n/a
Net Cash Flow from Operating activities	39,662	35,875	(9.5%)
Purchases of property, plant and equipment	(17,824)	(551)	(96.9%)
Net Cash Flow from Investment activities	(17,824)	(551)	(96.9%)
Change in bank loans	(9,198)	(24,257)	163.7%
Change in long term debt	(100)	200	n/a
Distribution (dividends)	(7,845)	(8,306)	5.9%
Interest paid	(4,711)	(2,645)	(43.9%)
Other financial income	(130)	(262)	101.5%
Net Cash Flow from Financing activities	(21,984)	(35,270)	60.4%
Bank balances and cash at the beginning of the year	511	309	(39.5%)
Change in cash and cash equivalents	(146)	54	n/a
Bank balances and cash at the end of the period	365	363	(0.5%)

Source: Company data, consolidated unaudited results

CAPEX Development

CAPEX Breakdown 9M



- No expansion CAPEX until a decision about a new line is made
- Full year CAPEX will not exceed EUR 1.5 million (CZK/ EUR 26)

Source: Company data, consolidated unaudited results

2009 Guidance



2009 Guidance Update

PEGAS revises its initial full year guidance:

- **2009 EBITDA expected to decrease by max. 5% yoy**
- **Total sales and production in tonnes likely to be higher than in 2008**
- **Total 2009 CAPEX will not exceed EUR 1.5 million**

2010 Outlook



2010 Outlook

- **Production capacity likely to be sold out in 2010**
- **Anticipated further reduction of external debt**
- **Decision concerning the new production line to be made in early 2010**

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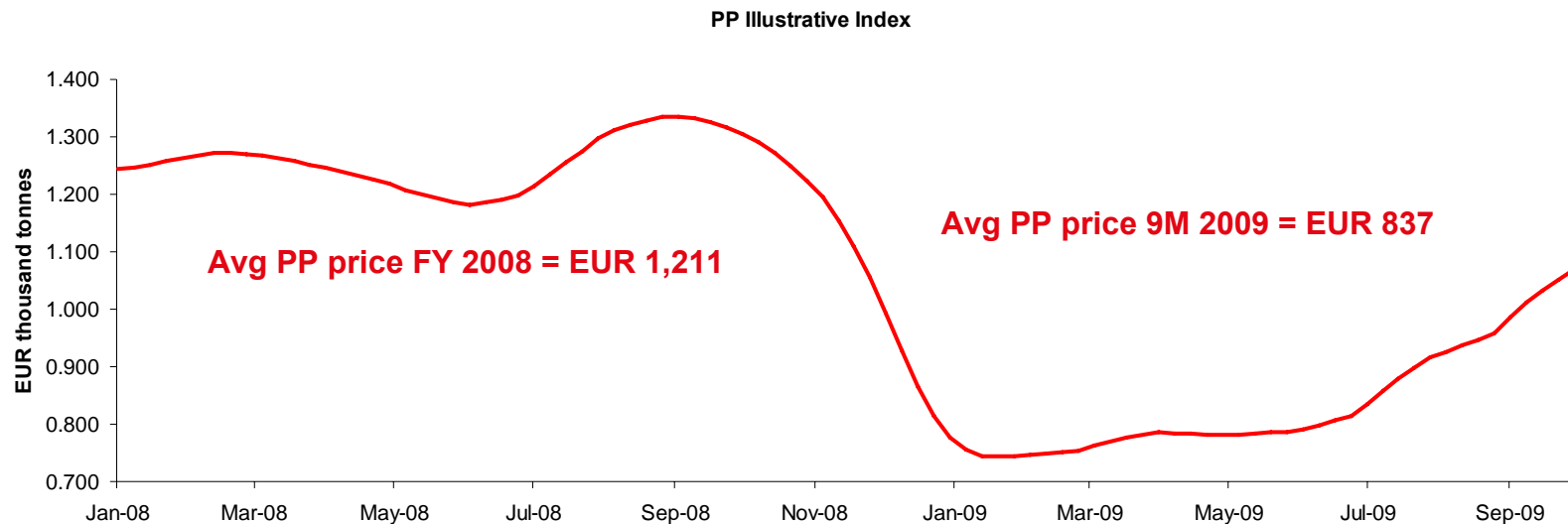
Appendix

Full Year P&L

Euro (000')	Full Year		
	2007 (audited)	2008 (audited)	% change
Revenues	121,971	142,771	17.1%
Raw materials & consumables	(78,421)	(97,098)	23.8%
Staff costs	(6,279)	(6,545)	4.2%
Of which Share price bonus	(494)	494	n/a
Other net operating income/(expense)	1,105	363	(67.1%)
EBITDA	38,376	39,491	2.9%
EBITDA Margin (%)	31.5%	27.7%	(3.8pp)
Depreciation	(12,333)	(16,810)	36.3%
Profit from operations (EBIT)	26,043	22,681	(12.9%)
EBIT Margin (%)	21.4%	15.9%	(5.5pp)
FX changes and other fin. income/(expense) (net)	3,760	(2,230)	n/a
Interest (expense)/income (net)	(9,756)	(6,288)	(35.5%)
Income tax (expense)/income (net)	2,091	726	(65.3%)
Net Profit	22,138	14,889	(32.7%)
Net Profit Margin (%)	18.2%	10.4%	(7.8pp)

Source: Company data, consolidated audited results

Development of Polymer Prices

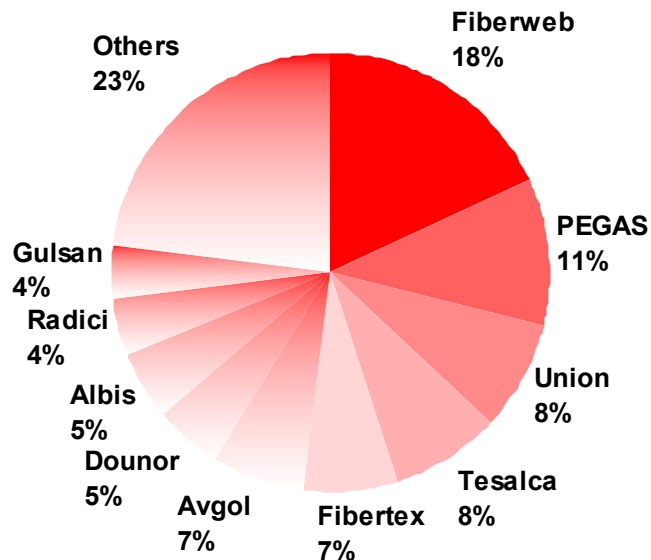


- Annual decline in revenues is driven by lower polymer prices / costs which are passed into final output prices
- On average, polymer prices declined by 31% in the 9M 2009 compared with full year 2008
- In Q3 2009, polymer prices were up on average by 20% compared with prices in Q2 2009

Source: Company data

Overview of European Production Capacity

Installed Capacity¹ in % - 2008 EOP



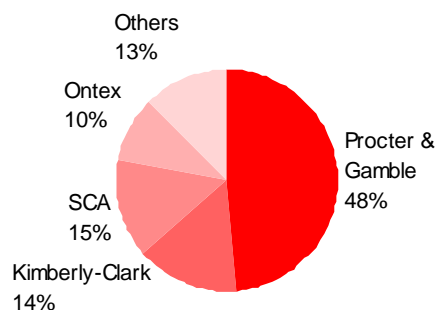
- PEGAS is no. 2 producer of spunmelt nonwovens in Europe in terms of installed production capacity
- European market has a stable surplus of exports over imports in spunmelt nonwovens, app. 98 thousand tonnes in 2007
- European market is more fragmented than other region with over 30 producers in total

Source: PEGAS, John Starr

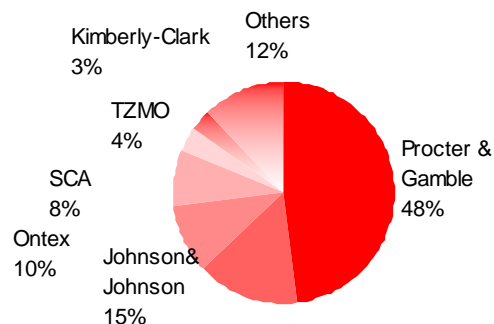
Note: 1) Installed spunmelt production capacity in Europe estimate, end of period 2008

Personal hygiene market in Europe

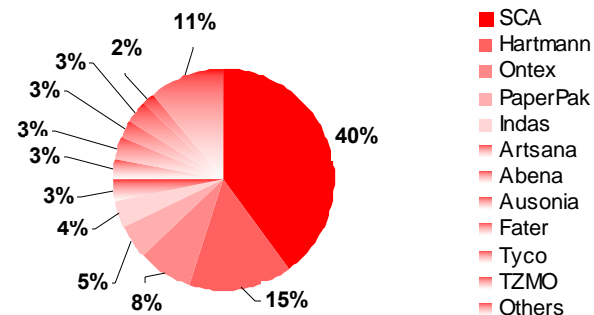
Baby Care



Feminine Care



Adult Incontinence



- Multinationals (P&G, Kimberly-Clark, SCA, Johnson&Johnson, Ontex, etc.)
- Regional leaders (e.g. TZMO in femcare in Poland)
- Market leader (P&G) commands nearly 50% market share where the top three players control approximately 75% of the market
- We supply most of the key players in Europe
- Market consists of three major groups:
 - Baby care (70% of consumption)
 - Feminine care (10% of consumption)
 - Adult incontinence (20% of consumption)

Source: Company