

Annual Shareholders' Meeting of Pfleiderer AG  
June 23, 2009



Enhancing Competitive  
Advantages

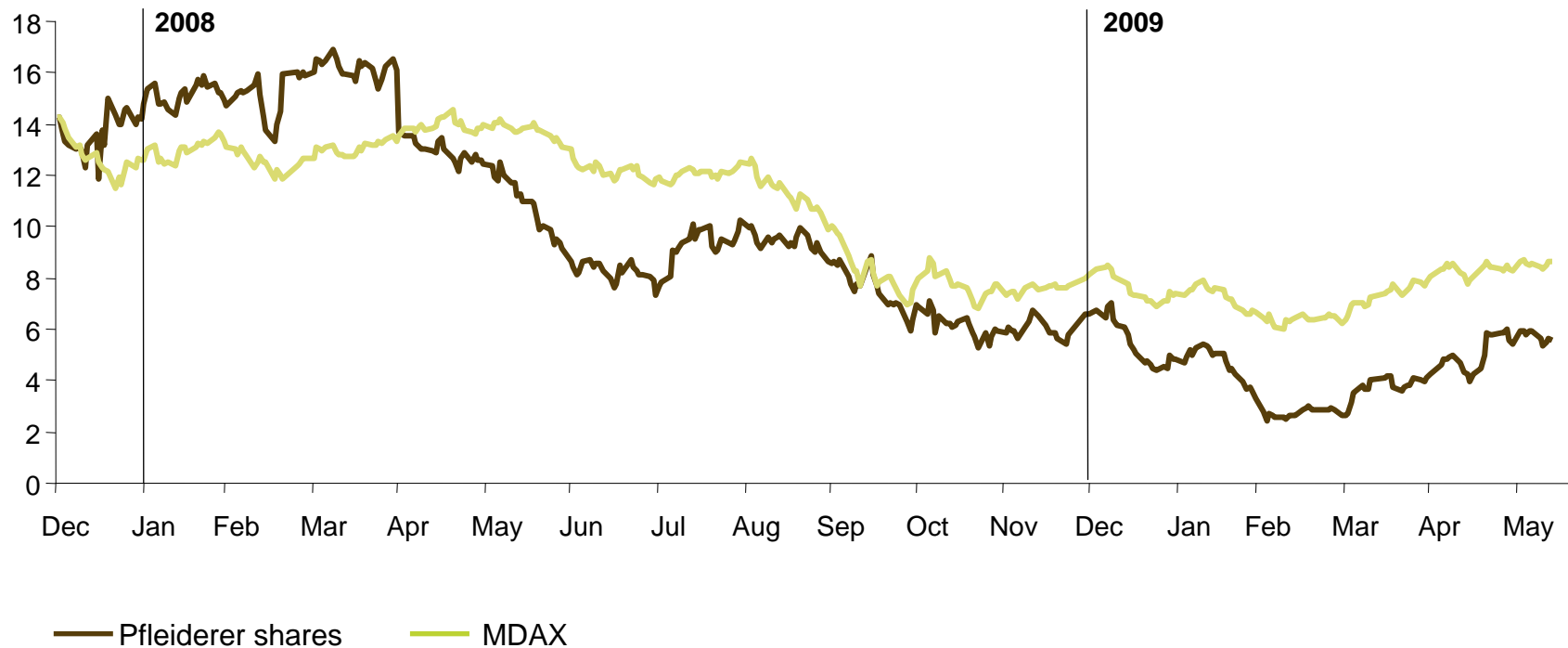


## Pfleiderer shares recovered from low

### Price performance of Pfleiderer shares as against MDAX

December 1, 2007 – June 12, 2009

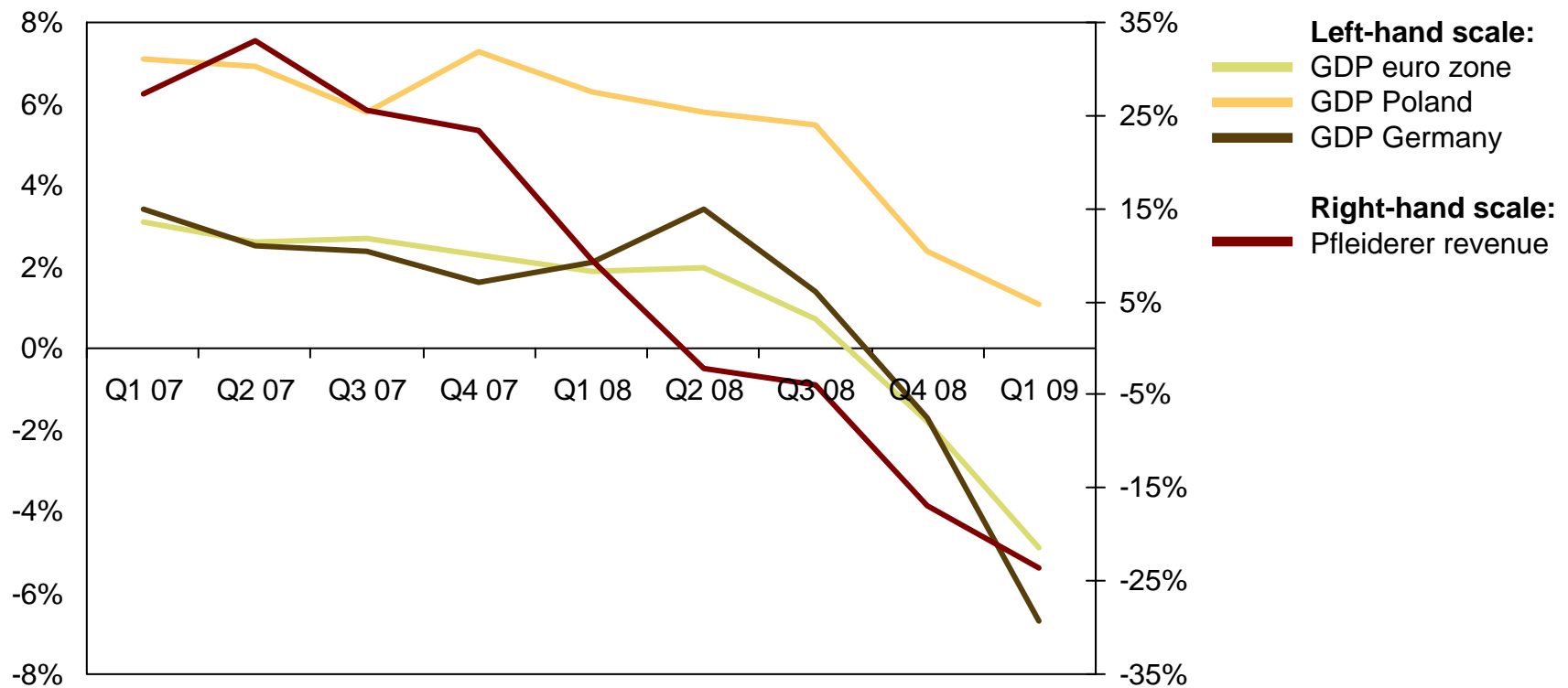
Share price in €





## Economic slump impairing Pfeleiderer business

GDP and rates of change in revenue as against same quarter of the previous year



Source: Eurostat, Pfeleiderer



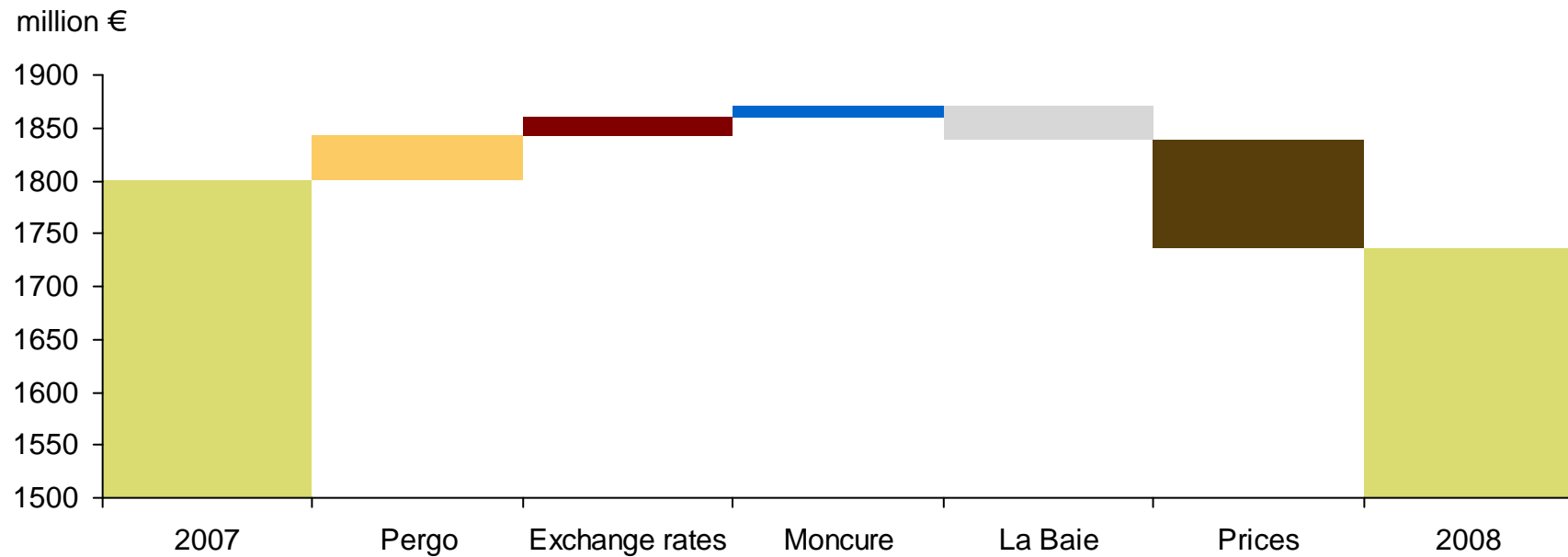
## Market share gains in weak market

- Pfleiderer production volume almost constant year-on-year
- Markets in decline
  - Particleboard Germany: **-6.5%**
  - MDF Germany: **-9%**
  - Particleboard Europe: **-9%**
  - Flooring North America: **-15%**
  - Particleboard N. America: **-17%**
  - MDF North America: **-10%**
  - Furniture industry in Poland: **-15%**
- Market share gains in:
  - Flooring in North America (due to restructuring and import substitution)
  - Particleboard in Germany (high-quality products for property business, kitchens and office furniture)
  - MDF in Poland (start-up of new factory)



## Price slump squeezes revenue

- Concentration on finished products allows market share gains
- Price erosion drives down revenue by 3.6% to €1.74 billion

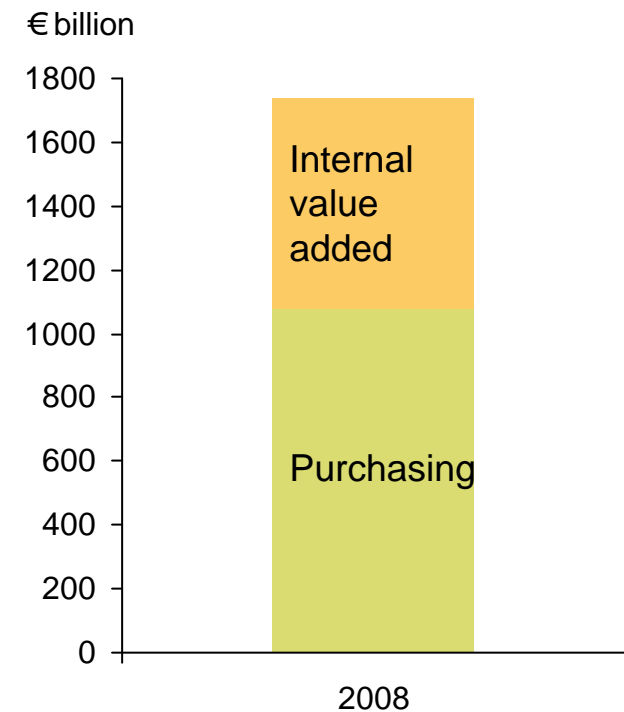




## Cost control the key to success

- Glue and chemicals prices roughly double following rise in price of oil
- Purchased goods and services equal to around 62% of revenue
- Efficient purchasing management is the most important criterion in success
- Successful cost saving of €80 million can partially compensate for raw materials

### Purchasing the largest cost block





## Net financial income

- Net financial income of €-80.0 million influenced by:
  - Net interest income of €51.6 million (average interest rate: 5.75%)
  - Loss of €28 million from balance sheet date measurement of:
    - Zloty and CAD currency hedges
    - Foreign-currency financial items
    - Interest rate hedging
- No hedging of translation risks – translation risks are offset against equity
- Net debt: €635.5 million (2007 : 618.2)
- Gearing (net debt : equity): 89.4 (2007 : 77.2)
- Leverage (net debt : EBITDA): 2.8 (2007 : 2.5)



## Income statement, earnings per share

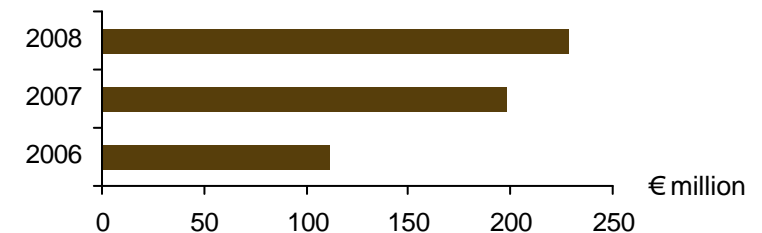
- Revenue decline of 3.6% mainly due to price erosion
- Gross margin down to 25.1% due to lower revenue and higher raw materials prices (2007: 27.3%)
- Sales and administrative costs reduced
- EBITDA margin virtually constant year-on-year at 12.9% (2007: 13.8%)
- Earnings per share from continuing activities: €0.24
- Earnings per share from discontinued activities: €-0.13
- Profit to be carried forward to new account



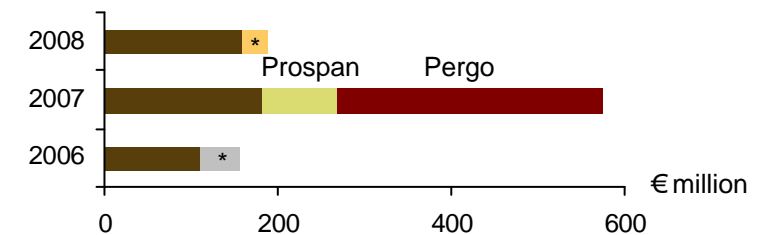
## Cash flow and investments

- Operating cash flow grows 15% to €228.4 million:
  - Reduction in inventories (€47 million)
  - Receivables management (€35 million)
- Decline in investment activities (€158.7 million plus €30.6 million for acquisitions) significantly below figure for the previous year (2007: investments of €182.6 million and acquisitions of €392.1 million)

### Operating cash flow



### Investments and acquisitions



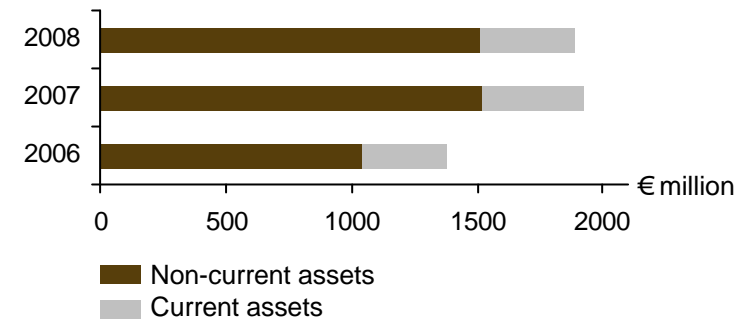
\*) Various acquisitions



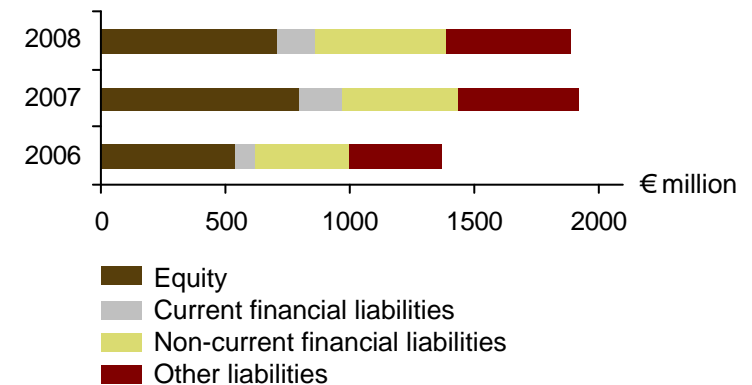
## Balance sheet

- Total assets down 1.8% to €1.887.5 million
  - Reduction in current assets
  - Decline in property, plant and equipment and Intangible assets
- Shift in financial structure towards longer-term debt
- Equity of €710.9 million, equity ratio of 37.7%

### Assets



### Equity and liabilities





## Segment overview

	Western Europe		Eastern Europe		North America	
	2007	2008	2007	2008	2007	2008
	€ million		€ million		€ million	
Revenue	987	946	393	420	443	405
EBIT	110	113	52	29	-16	-20
- margin in %	11.1	11.9	13.2	6.9	-3.5	-5.0
Investments*	34	59	128	60	19	37
Employees	2.843	2.830	1.730	1.734	1.163	1.080

\*) not including acquisitions

### Western Europe:

- Market share gains
- Record margin
- Value-added products stable
- Clear volume decline as of year-end

### Eastern Europe:

- Revenue growth lifted by exchange rates
- Sound development in Russia
- Price erosion in Poland

### North America:

- Market share gains in laminate and boards
- La Baie and exchange rates squeeze revenue
- Revenue with laminate: +24%



## Q1 2009: Income statement

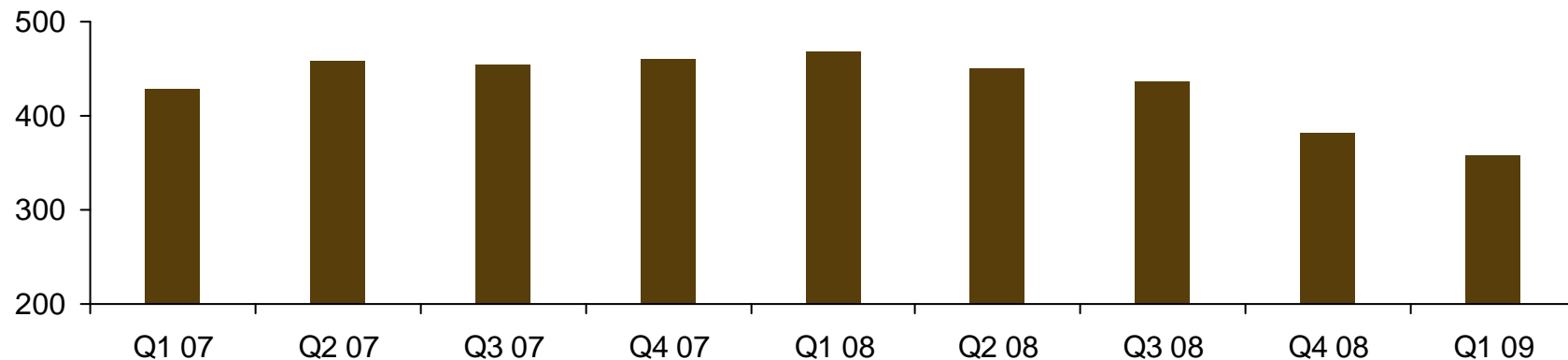
- Reduction of inventories at customer weakened unit sales in Q1
- Price erosion of 7-10% as against the previous year
- Exchange rate effects impair revenue at €14 million
- Raw materials costs, cost savings and non-recurring effects raise gross margin to 28.7%
- EBIT declines by 28.5% to €23 million, includes €4 million of extraordinary write-downs
- Measurement of foreign-currency financial items, forward exchanges and interest rate hedging transactions at fair value as of balance sheet date leads to expenses of €5 million
- Regional distribution of income and minimum taxation in Germany raise overall tax rate to 40.2%



## Q1 2009: Regional variations in revenue development

- Revenue decline of 23% as against same quarter of previous year to €358 million due to weak demand, price erosion and exchange rate effects
  - Revenue in Eastern Europe hit heavily by exchange rate depreciation (down 15%)
  - Particularly weak demand from Western European export markets
  - North American revenue virtually constant on previous year

**Revenue by quarter in € million**





## Q1 2009: Margin boosted by heavy declines in raw materials prices

- EBITDA down by 13% as against same quarter of previous year to €52.7 million
  - 14.7% EBITDA margin affected by falling raw materials prices and non-recurring effects
  - Prices for glue and chemicals down by more than 50% as against peak prices in 2008
- Demand rose throughout entire quarter after revenue hit bottom in December 2008 – but still no turnaround

	Q1 2009	Q1 2008	Change
Revenue € million	358.0	467.7	-23.5%
EBITDA € million	52.7	60.4	-12.7%
- margin in %	14.7%	12.9%	+1.8 p.p.
EBIT € million	23.0	32.2	-28.5%
EBT € million	6.6	14.4	-54.2%
Earnings per share (basic) €	0.00	0.10	--
Earnings per share (diluted) €	0.00	0.10	--



## Reference projects and awards

### Reference projects

- wodego and Duropal furnish new cruise liner AIDAluna
- Volkswagen car showrooms fitted with flooring, decorative panels and high-pressure laminate

### Awards

- Duropal receives “XXL Office Award” and “interzum Award”
- Thermopal receives “red dot Award”
- Thermopal and Duropal nominated for German Design Prize 2010



## Moncure and Novgorod investment projects

- Plant relocation from La Baie to Moncure completed
  - Work currently in progress on foundations and building, first items of equipment already installed
  - Production scheduled to start in Q4 2009
- Construction work in Novgorod
  - Construction work behind schedule, contract with developer terminated
  - Construction activities expected to continue next year



Moncure (US)



Novgorod (RUS)



## Human Resources

- Company's success based on dedicated and motivated employees
- Integration of different corporate cultures successful
- 164 trainees in 17 career paths
- Successful trainee program for young executives
- Innovative employees have so far made more than 2,000 suggestions for improvement
- Trainees take first place in nationwide "Youth Research" contest
- Economic situation may call for personnel adjustments going beyond short-time working



## Environment

- Support for sustainable forestry  
e.g. with FSC-certified wood sources
- Environmental protection pays off –  
saving resources saves costs
- Pfleiderer plants below emissions targets
- Closed materials cycles reduce waste volumes



## The situation on our markets 2009

### **Current trends:**

- Still no turnaround on sales markets
- Significant revenue declines on European export markets
- Lack of capacity utilization in all regions putting further pressure on prices
- Capacity shutdowns continuing within industry
- No further relief in raw materials prices

### **Outlook:**

- Business environment remains difficult, no short-term improvement in sight
- Refinancing of debt will increase interest expenses
- Cost reductions and cash management still top priority



## 2009 – How is Pfleiderer positioned?

- Aiming for savings of a similar order to 2008 (€~80 million) to maintain most competitive cost position in the industry
  - Sales and administrative costs of around €20 million
  - Savings through central purchasing
  - Reduction of materials consumption by best practice transfer at all locations (GPPS)
  - Utilization of all staff cost management options
- Capacity management beyond temporary shutdowns required
- Structural surplus capacity increasing consolidation pressure in industry
- Strict cash flow management
- Increasing share of high-margin products
- Broad regional presence
- Economies of scale due to company size

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Thank you for listening