

H1/2008
August 11, 2008



THE FASCINATION OF WOOD



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Highlights in the first half of 2008

- Revenues up 3.5% year-on-year to €917 million
- At €119 million, EBITDA almost reaches prior-year level (€121 million)
- €10 million one-time expense due to plant relocation in North America
- Raw material cost increases partially cushioned
- Fall in selling prices
- Mixed regional performance
 - Stable development in Western Europe – margins improved significantly
 - Good performance in Russia, unsatisfactory earnings in Poland
 - Market share increased in weak North American market environment
- Guidance adapted: Revenues €1.8-1.9 billion, EBITDA up year-on-year



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Key figures for H1 and Q2 2008

Pfleiderer Group €m	H1			Q2		
	2008	2007	Change	2008	2007	Change
Revenues	916.9	886.2	3.5%	449.1	458.5	-2.1%
- International share (in percent)	71.9	70.4	2.2%	71.7	72.6	-1.2%
EBITDA	119.5	121.0	-1.3%	59.1	64.6	-8.5%
- EBITDA margin (in percent)	13.0	13.7	-4.6%	13.2	14.1	-6.6%
EBIT	54.8	70.5	-22.3%	22.6	36.5	-38.0%
EBT from continuing operations	22.9	48.1	-52.5%	8.5	23.2	-63.6%
Total EBT	22.7	47.9	-52.5%	8.4	23.0	-63.4%
Earnings per share (basic) (€)	0.10	0.43	-0.77%	0.00	0.20	--

- Q2 revenue down year-on-year due to plant relocation and exchange rate effects
- Q2 EBIT impacted by €9.8 million for plant relocation
- Excluding plant relocation, Q2 EPS would have been €0.14



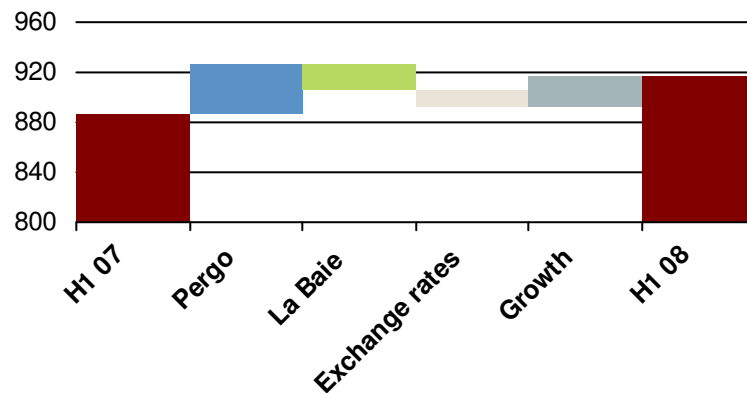
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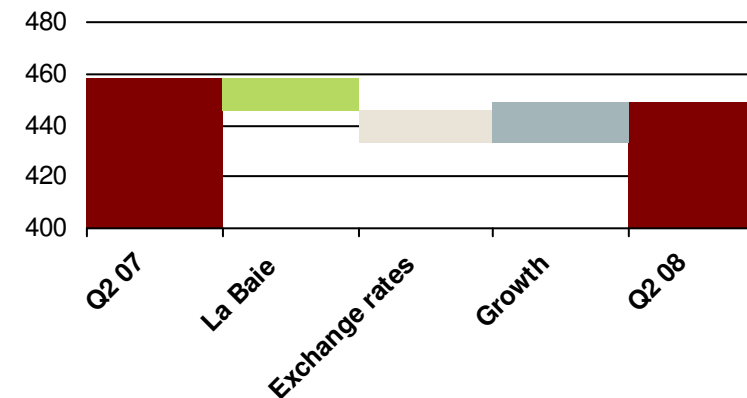
Like-for-like revenue growth

	H1	Q2
	€m	€m
Effect on revenues		
Exchange rates	-13.6	-12.3
La Baie closure	-19.9	-13.0
Pergo 2 months	+39.6	—
Like-for-like growth year-on-year	2.7%	3.6%

H1 revenues



Q2 revenues





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Pressure on earnings

	Difference H1/2008 vs. H1/2007
■ Negative factors	
- Year-on-year fall in selling prices in H1:	€-28.2 million
- Raw material cost increase in H1 versus prior year:	€ 9.5 million
- One-time expense for La Baie plant relocation:	€ 9.8 million
- Net financial expenses up year-on-year in H1:	€ 9.3 million
- Higher depreciation and amortization:	€ 5.9 million
- Interest on hybrid capital:	<u>€ 6.2 million</u>
■ Total effects:	€68.9 million



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Pressure on earnings

- Countermeasures
 - Cost-cutting programs are taking effect
 - Reduce costs, e.g., in Poland and North America
 - Improve productivity
 - Reduce material consumption
 - Volume effects, e.g., ramp-up of Grajewo MDF plant, expansion of U.S. flooring activities

- H1 earnings before taxes fall from €48.1 million to €22.9 million

- Around €44 million of the negative factors amounting to €69 million were absorbed



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One-time factors affecting net financial expenses in H1/2008

	H1/2008	H1/2007
	€m	€m
Interest rate hedges	-2.4	+0.5
Exchange rate hedges	+0.2	0
Measurement of foreign currency positions at reporting date	-5.7	--
Total	-7.9	+0.5

- Negative effect: loss on measurement of foreign currency positions and currency forwards at the reporting date, as well as interest rate hedges



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Total assets increase due to issuance of a corporate bond

	June 30, 2008	Dec. 31, 2007
	€m	€m
Total assets	2,038	1,921
Equity	772	801
Equity ratio	37.9%	41.7%
Net debt	675	618
Gearing	87%	77%
Operating cash flow	35	198

- Growth in total assets due to a new corporate bond amounting to €165 million
- Cash position up from €17.2 million to €138.7 million
- Corporate bond issued at investment grade terms to optimize debt maturities
- Fall in equity due to dividend payment, minority interests, and reduction in hybrid capital
- Higher net debt raises gearing to 87%



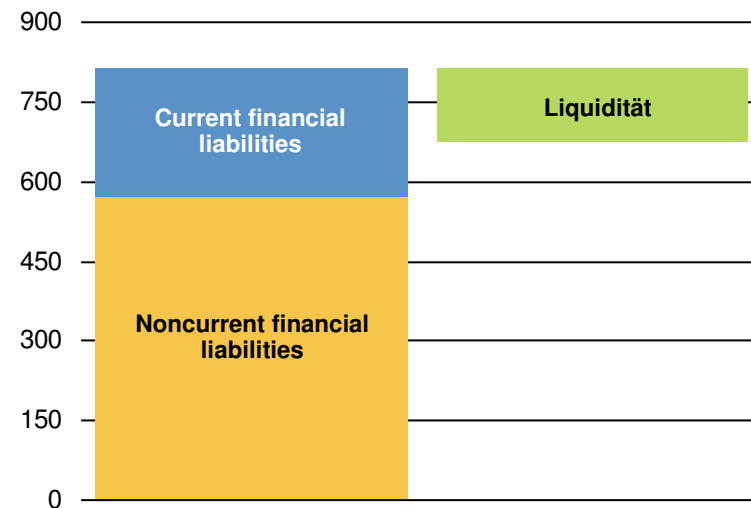
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Sound Group financing

- Favorable borrowing costs: majority of margins for individual credit lines below 100 bp
- Average interest rate on financial liabilities ~ 5.5%
- Cash inflow from corporate bond will be used to reduce current financial liabilities
- Available credit lines > €500 million
- Acquisition line of €800 million returned

Financial liabilities and liquidity

as of June 30, 2008 in €m





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Segment overview

	Western Europe		Eastern Europe		North America	
	H1/2008	H1/2007	H1/2008	H1/2007	H1/2008	H1/2007
	€m		€m		€m	
Revenues	516.0	491.4	206.0	185.3	210.4	221.0
EBITDA	89.0	74.5	28.2	34.3	10.0	16.3
- EBITDA margin in %	17.2%	15.2%	13.7%	18.5%	4.8%	7.4%
EBIT	63.7	50.6	12.0	23.1	-13.2	1.1
EBT	46.0	35.9	1.4	20.4	-24.7	-6.2
Capital expenditure	24.1	9.1	36.7	63.2	8.9	9.9

- Growth in Western and Eastern Europe
- Revenues down in North America due to plant closure and exchange rate effects
- Western Europe is a stable earnings driver, with a 55% share of consolidated revenues
- Earnings in North America unsatisfactory
- Investments in new MDF plant in Russia, and in new Moncure/NC location in North America



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Western Europe: Further margin improvement in Q2/2008

	Q2/2008	Q2/2007	Change (%)
	€m	€m	
Revenues	256	252	1.5
EBITDA	44	41	8.1
EBITDA margin in %	17.4	16.3	6.5
EBIT	32	28	13.6
EBT	24	18	31.2
Capital expenditure	16	7	134.3

- Demand settling at a high level
- Additional margin improvement in H2 due to:
 - Attractive product mix
 - Productivity gains
 - Marketing tailored to target groups
- Price pressure on raw particleboard and MDF boards

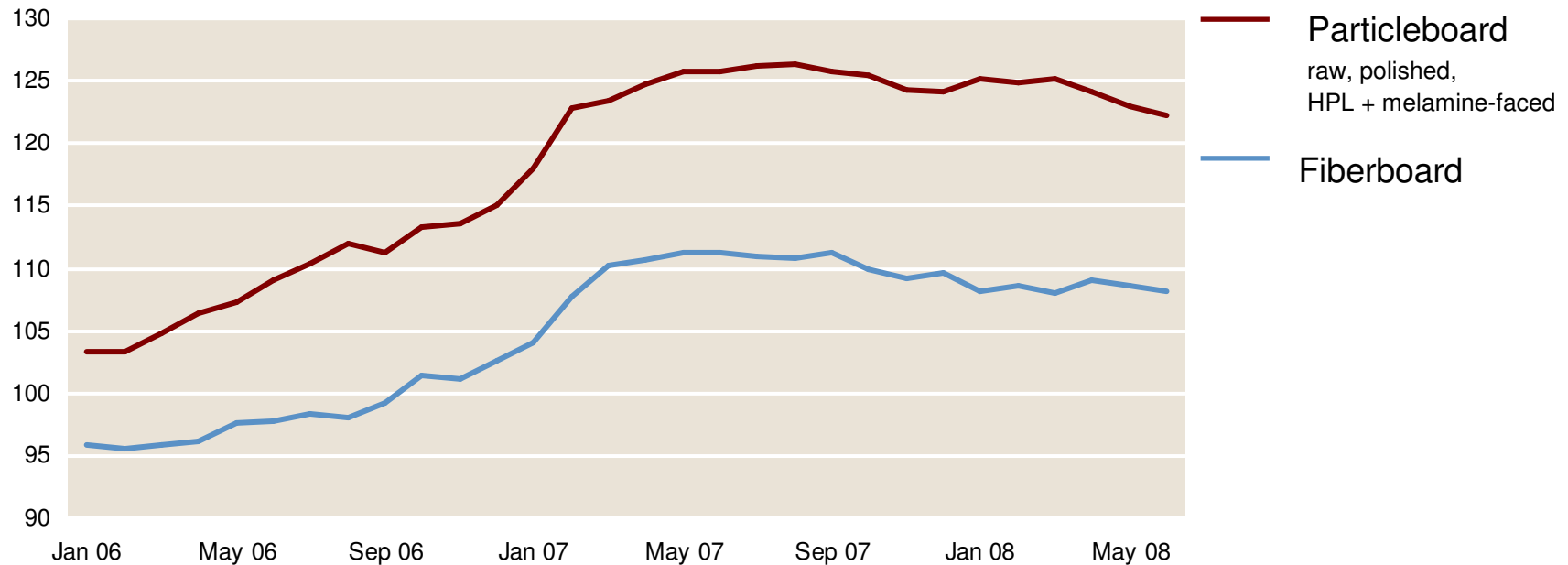


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Slight price pressure on particleboard and MDF boards

German Producer Price Index for particle- and fiberboard

2000 = 100



Source: German Federal Statistical Office



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Eastern Europe: Pressure on margins in Poland, high profits in Russia

	Q2/2008	Q2/2007	Change (%)
	€m	€m	
Revenues	101	92	9.4
EBITDA	15	16	-9.1
EBITDA margin in %	14.8	17.8	-16.9
EBIT	7	11	-38.0
EBT	0	9	
Capital expenditure	28	32	-12.7

- Differing performance in Poland and Russia
 - Growth and margin improvement in Russia
 - Prices squeezed by weak demand for MDF and particleboard in Poland
- Cost-cutting program taking effect, EBITDA margin up by a good 2 percentage points on previous quarter
- MDF business in Poland will gradually improve in the coming quarters



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North America: Market share increases despite weak market

	Q2/2008	Q2/2007	Change (%)
	€m	€m	
Revenues	100	120	-17.1
EBITDA	1	9	-84.7
EBITDA margin in %	1.3	7.1	-81.7
EBIT	-14	-1	
EBT	-16	-5	
Capital expenditure	6	6	7.1

- Fall in revenues in particular for panels due to La Baie plant closure and exchange rate effects
- Local currency revenues excluding La Baie: +8% vs. Q2/2007
- Panel revenues: H1/07* CAD 176.0 m → H1/08 CAD 182.5 m (* excl. La Baie)
Flooring revenues: H1/07** US\$ 140.8 m → H1/08 US\$ 158.3 m (** comparable, incl. Pergo Jan.+ Feb.)
- 13% volume growth in flooring vs. Q2/2007
- Market share in flooring up from 16% to approx. 25% year-on-year
- At €9.8 million, earnings hit by La Baie plant closure



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Current trends

Western Europe

- Productivity gains ensure margin quality
- Demand remains robust in Germany and key export markets, weak demand in Spain, UK, France
- Scope for price rises is decreasing

Eastern Europe

- Falling raw material costs
- Price pressure on raw particleboard due to capacity expansion
- Strong zloty impacting customer export business
- Continued growth in Russia

North America

- Volume growth despite weak market environment
- Gains in market share in laminate flooring and boards
- Agreed on price increases for laminate and boards for H2
- Plant relocation from La Baie/Canada → Moncure/U.S.A.



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Relocation of La Baie MDF plant

- Location in Moncure/NC acquired from competitor ATC as of August 1, 2008
- Production to begin in Q3/2009
- Planned total investment: €80 million
- Annual capacity: 360,000 m³ MDF and 350,000 m³ particleboard
- Advantages:
 - Significantly reduced wood costs
 - Lower transportation costs (approx. 50 km to our plant in Raleigh)
 - Integrated particleboard and MDF production
 - No exchange rate risk



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Outlook for FY 2008

- 2008 consolidated revenues of the order of €1.8-1.9 billion
- Further cost reductions in all regions
- 2008 EBITDA at least on a level with prior year (€249 million)
- Financing for growth path secured



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