

Q2 Results 2009

August 24, 2009



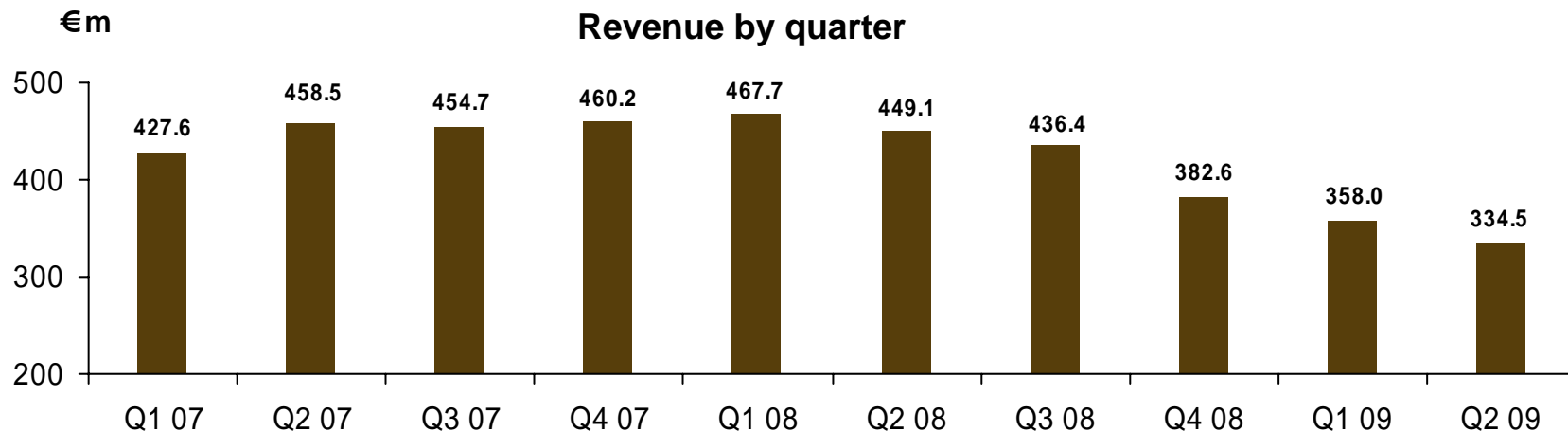
Enhancing Competitive
Advantages



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Q2 2009 highlights – sales stabilization at a low level?

- Trend of monthly improving sales of Q1 did not continue, but sales stabilized in the course of Q2
- Sales down by 25.5% yoy to €334.5m due to weak demand, price erosion, FX
- North America with slight sales growth over Q1 and previous year
- Well on track to achieve cost reductions of >€80m in 2009





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Q2 2009: Gross margin helped by heavy declines in raw materials prices and cost cuts

- FX had a negative impact of 5 percentage points on sales
- Gross margin only slightly down to 23.7% (Q2 08: 24.9%)
- EBITDA down to €26.4m (Q2 08: €59.1m)
 - 7.9% EBITDA margin affected by falling volumes and prices
 - Price erosion in Germany for particle board and MDF: -11% yoy
- Cost cutting in purchasing, production and G&A
- Tax gain of €10.6m as a result of capitalizing deferred tax assets mainly from Pergo

	Q2 2008	Q2 2009	Change
Revenue € million	449.1	334.5	-25.5%
EBITDA € million	59.1	26.4	-55.3%
- margin	13.2%	7.9%	
EBIT € million	22.6	-0.4	-
EBT € million	8.5	-10.4	-
Earnings per share (basic) €	0.00	-0.06	-
Earnings per share (diluted) €	0.00	-0.06	-



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Overview of the cost reduction initiative started end of 2008

Key Characteristics

- In the last quarter of 2008 management initiated the “Cost reduction initiative 2008” (CRI 2008) as a reaction to worsening market conditions
- Programme replacing former local cost reduction initiatives and combining the efforts throughout the group
- Large portion of the savings related to global purchasing and material consumption; hence volume driven and dependent on overall purchasing and material use volumes

Tracking Process

- Targets defined by a steering committee consisting of the Group’s board of directors and the management of each BC
- Monthly results reported to the steering committee based on a standard reporting tool
- Progress of the CRI 2008 controlled centrally on a monthly basis
- Total expected savings for 2009: €80 – 100m



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Market Mover

■ New products

- HPL SolidColor, topX-Oberfläche (Duropal)
- Designers' Collection, Flameprotect compact (Thermopal)

■ Customers

- Volkswagen, AIDA, ALNO, Poggenpohl, Hülsta, allmilmö, NOLTE, Nobilia et al.

■ Awards

- „HPL SolidColor“ rewarded with „interzum award 2009“ and the „Architektur und Office XXL“ award
- „Designers' Collection“ rewarded with „reddot design award 2009“
- „flameprotect compact“ rewarded with „Innovationspreis Architektur und Bauwesen“





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Segment overview

	Western Europe		Eastern Europe		North America	
	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009
	€ million		€ million		€ million	
Revenue*	255.8	175.3	100.8	59.3	99.5	107.0
EBIT	31.7	3.3	6.7	-2.5	-14.3	2.8
- margin in %	12.4%	1.9%	6.7%	-4.2%	-14.4%	2.6%
Investments**	15.7	4.3	27.5	12.4	6.0	14.5
Employees	2,853	2,715	1,762	1,609	1,119	1,165

*) not consolidated

**) not including acquisitions

Western Europe

- Downturn also affecting domestic furniture demand
- Sales stabilized in the course of the quarter
- Average price decline of 11%
- Value-added products with stable pricing

Eastern Europe

- Exchange rates contribute 24% points to sales decline

North America

- Sales growth in a shrinking market
- NA accounts for 31.3% of group sales
- Turnaround well under way



Balance sheet

- Balance sheet impacted by breach of covenants
 - Non-current financial liabilities amounting to €359m were moved to current liabilities
 - Negative operating cash flow €54m due to lower profitability, a reduction of trade accounts payable (€58m), lower factoring liabilities (€27m) and reduction of accruals (€26m)
 - Net debt increased consequently to €798m and gearing to 114.5%
- Received a waiver for credits with volume of €513m until September
- Will submit an application for a KfW loan
- Expecting a successful closing of bank negotiations



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The situation on our markets 2009

- Current trends
 - Slight growth in North America
 - Stabilization in Western Europe
 - Capacity shutdowns continuing within industry
 - Price erosion abating

- Outlook
 - Business environment remains difficult
 - Refinancing of debt will increase interest expenses
 - Cost reductions and cash management still top priority



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Pfleiderer is well positioned to benefit from the market recovery

- Cost leadership
 - Low age of production facilities
 - Continued cost savings measures
 - Competitors with less favourable cost structures may not survive crisis, which for Pfleiderer will lead to increased market shares and prices
 - Innovations will enable introduction of products with higher margins
- Market position
 - Global presence with well balanced portfolio
 - High market share in many countries; in some regions (e.g. Quebec, 70%) market share is very high due to limitations resulting from transport costs
 - Well established brands

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Thank you for listening



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