

# PANNONPLAST

*in the light of numbers*



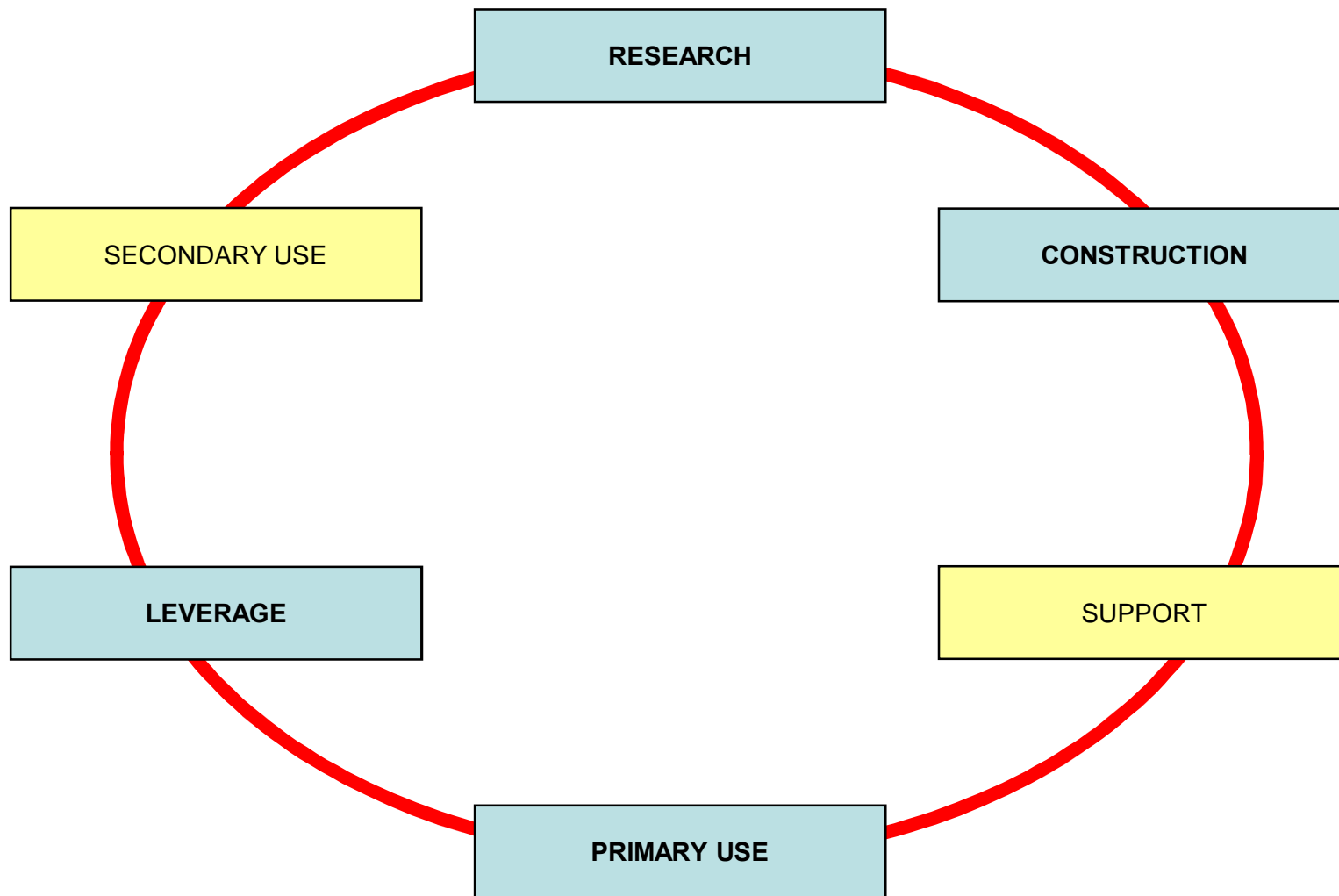
28 September

2007

**Budapest**

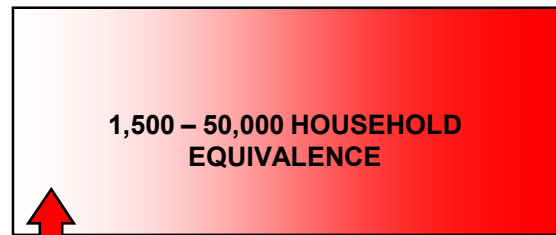
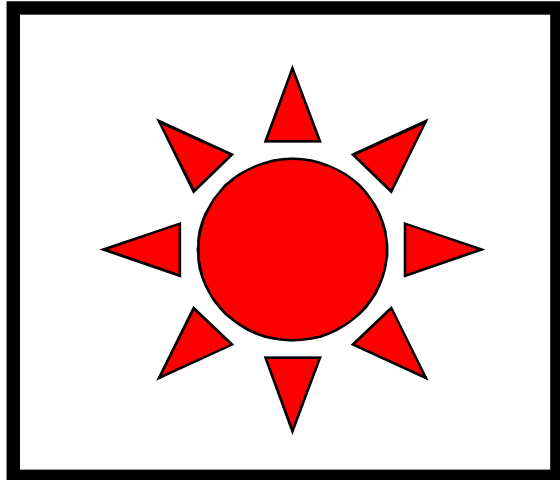
*Kogart*

# CONSTITUENTS OF PROFITABILITY



# PRIMARY USE

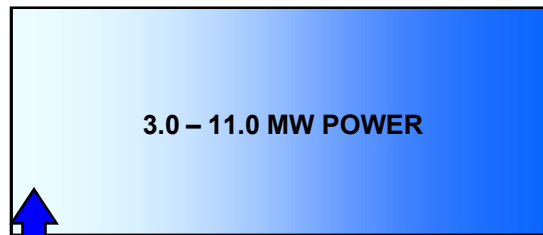
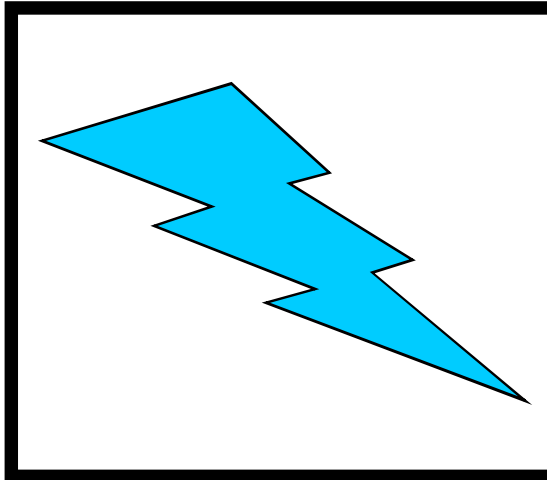
HEATING



3,000



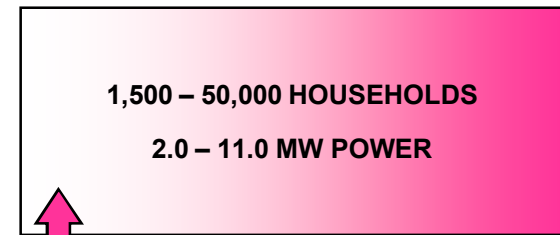
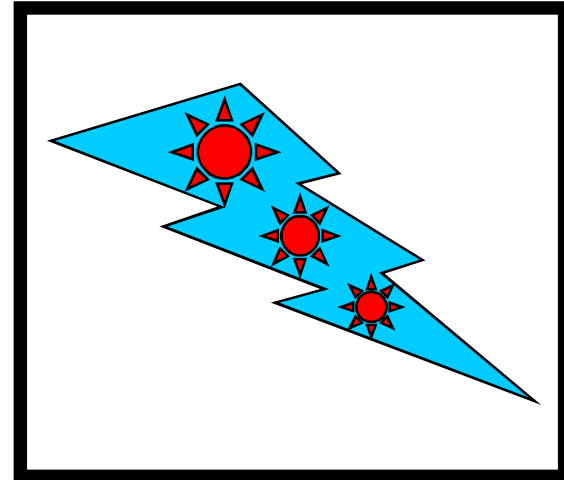
ELECTRIC POWER GENERATION



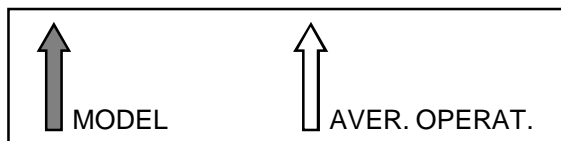
3.2



HEAT AND ELECTRIC POWER CO-GENERATION



3,000 / 3.2



## BASIC ASSUMPTIONS

Inflation-based increase of costs and prices

20% capital (own sources) for the investment

1.5 years of investment time span

6 months of heating season

EUR-based financing, 1% margin

15 years of financing (annuity / variable interest rates)

Depreciation according to the expected useful lifetime for the individual components

(max. 30 years, typically approx. 20 years)

Supports are not considered

Effective corporate income tax rate – 20%

Productive time p.a. – 8,300 hours (approx. 95%)

No cash withdrawal or early repayment

Working capital demand is not material

The "co-generational" system does not work at the rated performance in the heating season

In the case of heating, the calculations do not contain any technical conversion cost of the communal district heating system

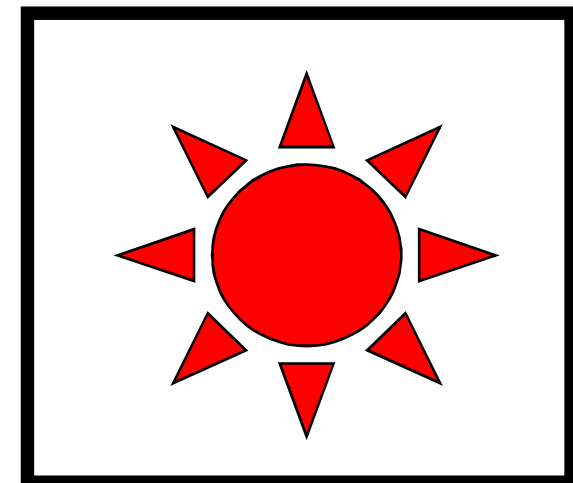
The price of the heating has been established on a competitive basis, from the sales price of gas-based heating

# HEAT SUPPLY 3,000 household equivalence (for industrial use)

Data in EUR

Investment demand of the project	5 152 200
<b>Own sources / Capital demand</b>	<b>1 030 440</b>

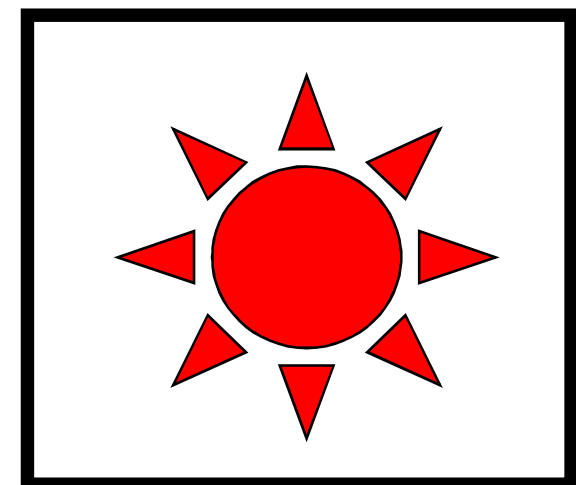
<u>P&amp;L and cash flow data</u>	<u>Year 5</u>	<u>Year 10</u>
<b>Net sales</b>	<b>1 821 020</b>	<b>2 226 279</b>
Material costs	-127 471	-155 840
Personnel costs	-54 631	-66 788
Depreciation	-304 883	-327 550
Other income	0	0
Other expenditures	-36 420	-44 526
<b>Operating profit (EBIT)</b>	<b>1 297 615</b>	<b>1 631 576</b>
<i>EBITDA</i>	<i>1 602 498</i>	<i>1 959 126</i>
Income from financial transactions	58 863	284 949
Expenditures on financial transactions	-166 927	-102 002
<b>Profit on ordinary activities</b>	<b>1 189 551</b>	<b>1 814 522</b>
Extraordinary profit	0	0
<b>Profit before taxes</b>	<b>1 189 551</b>	<b>1 814 522</b>
Taxes	-237 910	-362 904
<b>Profit after taxes</b>	<b>951 641</b>	<b>1 451 618</b>
Dividends, profit-sharing	0	0
<b>Retained profit</b>	<b>951 641</b>	<b>1 451 618</b>
Changes in fixed assets (-)	-191 820	-195 838
Changes in loans	-234 997	-299 922
<b>Cash Flow</b>	<b>908 464</b>	<b>1 347 534</b>



# HEAT SUPPLY cont.

<u>Balance sheet figures</u>	<u>Year 5</u>	<u>Year 10</u>
Fixed assets	4 151 800	3 183 484
Current assets	2 309 968	8 132 026
Deferred income and accrued expenses	n/m	n/m
<b>Total assets</b>	<b>6 461 768</b>	<b>11 315 511</b>
<b>Equity</b>	<b>3 358 218</b>	<b>9 575 390</b>
<i>Registered capital</i>	<i>1 030 440</i>	<i>1 030 440</i>
<i>Reserves</i>	<i>1 376 137</i>	<i>7 093 332</i>
<i>Profit of the year</i>	<i>951 641</i>	<i>1 451 618</i>
Provisions	n/m	n/m
Liabilities	3 103 550	1 740 120
Accrued income and deferred expenses	n/m	n/m
<b>Total sources</b>	<b>6 461 768</b>	<b>11 315 511</b>

*data in EUR*

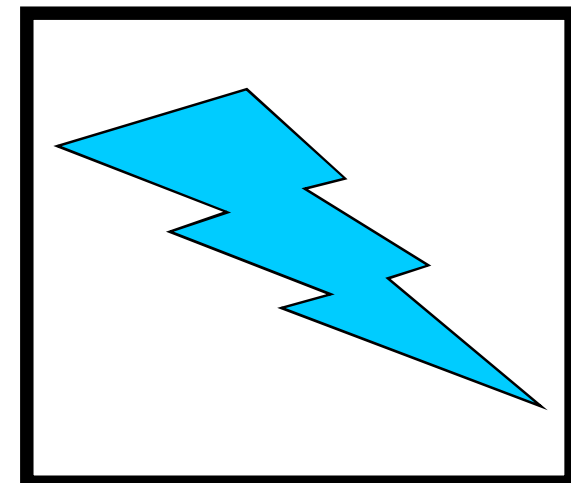


# ELECTRIC POWER GENERATION 3.2 MW

Data in EUR

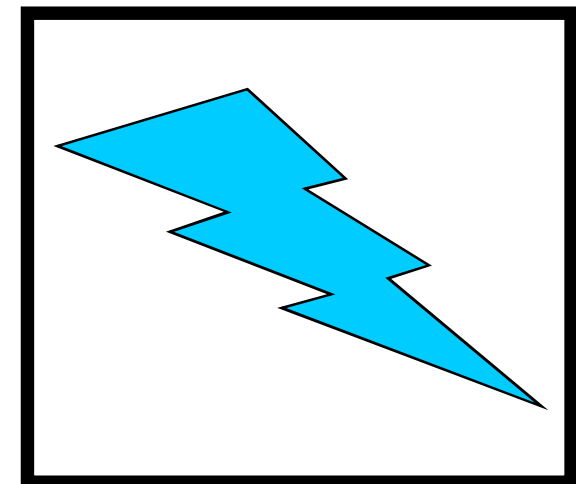
Investment demand of the project	17 316 622
<b>Own sources / Capital demand</b>	<b>3 463 324</b>

<u>P&amp;L and cash flow data</u>	<u>Year 5</u>	<u>Year 10</u>
<b>Net sales</b>	<b>3 222 763</b>	<b>3 939 973</b>
Material costs	-225 593	- 275 798
Personnel costs	-96 683	-118 199
Depreciation	-797 605	-820 272
Other income	0	0
Other expenditures	-96 683	-118 199
<b>Operating profit (EBIT)</b>	<b>2 006 199</b>	<b>2 607 504</b>
<i>EBITDA</i>	<b>2 803 804</b>	<b>3 427 776</b>
Income from financial transactions	15 548	289 047
Expenditures on financial transactions	-585 128	-359 013
<b>Profit on ordinary activities</b>	<b>1 436 619</b>	<b>2 537 539</b>
Extraordinary profit	0	0
<b>Profit before taxes</b>	<b>1 436 619</b>	<b>2 537 539</b>
Taxes	-287 324	-507 508
<b>Profit after taxes</b>	<b>1 149 295</b>	<b>2 030 031</b>
Dividends, profit-sharing	0	0
<b>Retained profit</b>	<b>1 149 295</b>	<b>2 030 031</b>
Changes in fixed assets (-)	-684 542	-688 560
Changes in loans	-783 810	-1 009 926
<b>Cash Flow</b>	<b>1 050 027</b>	<b>1 708 665</b>



# ELECTRIC POWER GENERATION CONT.

<u>Balance sheet figures</u>	<i>data in EUR</i>	
	<u>Year 5</u>	<u>Year 10</u>
Fixed assets	13 975 791	10 543 863
Current assets	1 420 225	8 590 742
<u>Deferred income and accrued expenses</u>	<u>n/m</u>	<u>n/m</u>
Total assets	15 396 016	19 134 605
<b>Equity</b>	<b>4 927 356</b>	<b>13 240 443</b>
<i>Registered capital</i>	<i>3 463 324</i>	<i>3 463 324</i>
<i>Reserves</i>	<i>314 737</i>	<i>7 747 088</i>
<i>Profit of the year</i>	<i>1 149 295</i>	<i>2 030 031</i>
Provisions	n/m	n/m
Liabilities	10 468 660	5 894 162
<u>Accrued income and deferred expenses</u>	<u>n/m</u>	<u>n/m</u>
Total sources	15 396 016	19 134 605



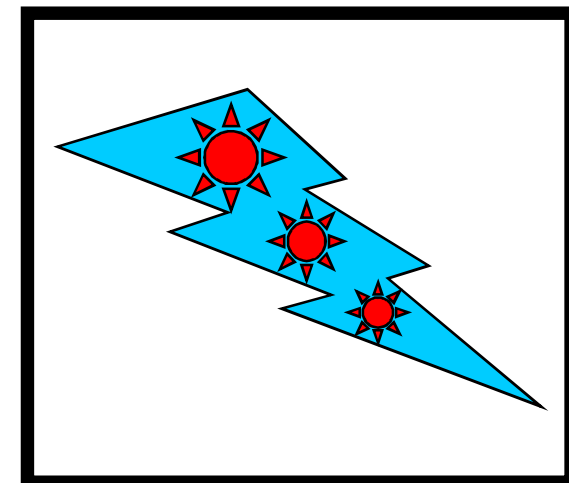


# HEAT AND ELECTRIC POWER CO-GENERATION 3,000 / 3.2 MW

Data in EUR

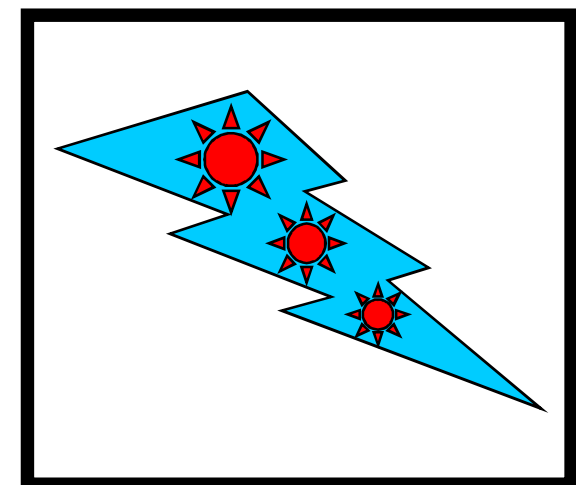
Investment demand of the project	19 041 335
<b>Own sources / Capital demand</b>	<b>3 808 267</b>

<u>P&amp;L and cash flow data</u>	<u>Year 5</u>	<u>Year 10</u>
<b>Net sales</b>	<b>4 038 284</b>	<b>4 936 984</b>
Material costs	-282 680	-345 589
Personnel costs	-121 149	-148 110
Depreciation	-953 613	-976 280
Other income	0	0
Other expenditures	-201 914	-246 849
<b>Operating profit (EBIT)</b>	<b>2 478 928</b>	<b>3 220 156</b>
<i>EBITDA</i>	<b>3 432 541</b>	<b>4 196 436</b>
Income from financial transactions	33 227	414 769
Expenditures on financial transactions	-635 803	-390 105
<b>Profit on ordinary activities</b>	<b>1 876 352</b>	<b>3 244 821</b>
Extraordinary profit	0	0
<b>Profit before taxes</b>	<b>1 876 352</b>	<b>3 244 821</b>
Taxes	-375 270	-648 964
<b>Profit after taxes</b>	<b>1 501 082</b>	<b>2 595 857</b>
Dividends, profit-sharing	0	0
<b>Retained profit</b>	<b>1 501 082</b>	<b>2 595 857</b>
Changes in fixed assets (-)	-840 550	-844 568
Changes in loans	-851 692	-1 097 390
<b>Cash Flow</b>	<b>1 489 940</b>	<b>2 343 034</b>

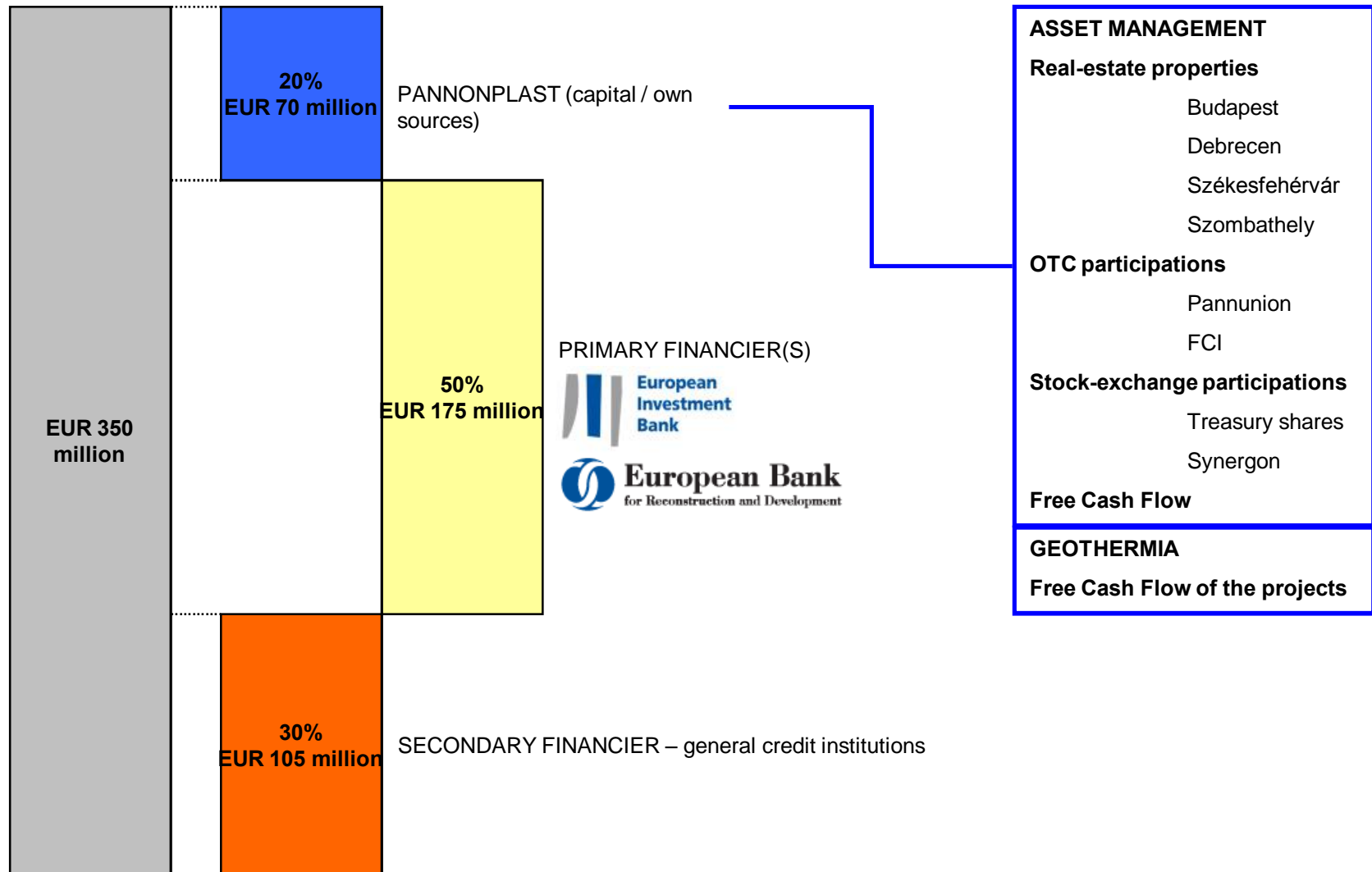


# HEAT AND ELECTRIC POWER CO-GENERATION CONT.

<u>Balance sheet figures</u>	<i>data in EUR</i>	
	<u>Year 5</u>	<u>Year 10</u>
Fixed assets	14 722 970	10 511 003
Current assets	2 281 070	12 218 497
<u>Deferred income and accrued expenses</u>	n/m	n/m
Total assets	17 004 040	22 729 500
<b>Equity</b>	<b>5 628 742</b>	<b>16 324 874</b>
<i>Registered capital</i>	<i>3 808 267</i>	<i>3 808 267</i>
<i>Reserves</i>	<i>319 393</i>	<i>9 920 751</i>
<i>Profit of the year</i>	<i>1 501 082</i>	<i>2 595 857</i>
Provisions	n/m	n/m
Liabilities	11 375 298	6 404 626
<u>Accrued income and deferred expenses</u>	n/m	n/m
Total sources	17 004 040	22 729 500



# FINANCING



## RISKS of investments in geothermal power plants / heating plants and MITIGANTS I

In our opinion, from the perspective of the investors the largest single risk of the establishment of a geothermal power plant is represented by the costs of **boring (production)**.

Estimated costs of boring:

To a depth of <b>2,000 m</b>	<b>HUF 200 m</b>
To a depth of <b>2,500 m</b>	<b>HUF 350 m</b>
To a depth of <b>3,000 m</b>	<b>HUF 550 m</b>

Data available before the commencement of boring (estimations):

- Temperatures as depending on the depth
- Permeability of the rocks

**The permeability of the rocks is indicative of the expectable water output, yet basically PRODUCTION WILL REVEAL THE EXACT QUANTITIES.**

## RISKS of investments in geothermal power plants / heating plants and MITIGANTS II

The electric capacities to be installed are proportionate to:

- **The difference of the temperature of water inflowing to and outflowing from the power plant (dT)**
- **The water output**

**The water output of the production well is to reach the 50 liter/ second volume** in order to generate electric power economically.

**If the water output of the production well reaches the 20 liter/second volume, it will serve hot water that is suitable for heating purposes.**

The given heat volume is likely to be sold due to the cooperation of Municipalities, the calculable energy prices and the geographical vicinity of towns.

**In our opinion, the real risk is that the 20 l/s water output cannot be achieved!**

## CONTACT DETAILS

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Köszönjük megtisztelő figyelmüket!  
Thank You very much for you attention

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## JOGI FELELŐSSÉGET KIZÁRÓ NYILATKOZAT

A jelen prezentáció a Pannonplast Nyrt. („Pannonplast”) új stratégiájáról nyújtott általános tájékoztatást. Jóllehet, a Pannonplast mindent megtett annak érdekében, hogy a prezentáció keretében helytálló információkat nyújtson, sem a Pannonplast, sem annak kapcsolt vállalkozásai, sem ezen személyek munkavállalói, illetve tanácsadói nem vállalnak semmilyen jogi felelősséget a prezentáció során -akár írásban, akár szóban- kommunikált információk („Információ”) pontosságáért vagy teljességéért.

A Pannonplast, kapcsolt vállalkozásai, ezen személyek munkavállalói, illetve tanácsadói a jogszabályok által lehetővé tett legteljesebb mértékben kizárják felelősségüket minden olyan kárért, amely az Információ felhasználásából, vagy a jelen prezentáció esetleges hiányosságaiból származik.

A jelen prezentáció semmilyen körülmények között sem tekinthető a Pannonplast értékpapírjaiba történő befektetésre történő felhívásnak, vagy erre vonatkozó tanácsadásnak, illetve ajánlatnak. Befektetési döntései meghozatala előtt mindenképpen kérje ki olyan szakember véleményét, aki mind az ön pénzügyi helyzetét, mind befektetési céljait, mind az érintett iparágat ismeri.

A jelen prezentáció a Pannonplast, kapcsolt vállalkozásai, ezen személyek munkavállalói, illetve tanácsadói és harmadik személyek között semmilyen jogviszonyt nem kívánt létrehozni.