

Treofan Group



Report to Bondholders as of December 31, 2007

Part B - Additional Financial Information &

Result of Operations

April 29, 2008





- *In July 2006, Treofan Germany GmbH & Co. KG issued €170 million Second Lien Notes which are listed on the Luxembourg Stock Exchange. The Notes, due August 1, 2013, bear interest of 11%, payable semi-annually on February 1 and August 1. Pursuant to the issue of the Notes we deliver reports containing financial statements, an operating and financial review of these statements and certain other information on the level of Treofan Holdings GmbH.*
- *On April 29, 2008, we released our Report to Bondholders as of December 31, 2007 including this part B - “Additional Financial Information & Result of Operations as of December 31, 2007”. This part B should be read in conjunction with the Offering Memorandum of Treofan Germany GmbH & Co. KG (Second Lien Notes due 2013, €170 million, 11%) and in conjunction with part A, C and D of our Report to Bondholders as of December 31, 2007.*
- *Regarding certain definitions, currency presentation, presentation of financial information and information of forward-looking statements see sections 1 and 4 of part A of our Report to Bondholders as of December 31, 2007.*



>>> Treofan Group 2007 Executive Summary 2007 vs 2006 (1/3)



Operational & Financial Highlights

- ♦ First grade production volume increased by 12.0 ktons, or 6.3% (result of yield, uptime, new line Mexico)
- ♦ First grade sales volume increased by 11.5 ktons, or 6.1%
- ♦ Specialty film sales volume increased by 5.6 ktons, or 5.2%

- ♦ Average resin purchase price increased by €0.02/kg, or 1.8%
- ♦ Utility cost increased by €4.4 million, or 15% [€25 million cost related, €1.9 million volume related]
- ♦ USD weakens versus € by 10% [affecting S&D balance of standard films and conversion into €]
- ♦ Overall spread slightly declined by €0.03/kg, from €1.09/kg to €1.06/kg [Grade1 from €1.20/kg to €1.17kg], related to Americas [weakening USD, at the same time relatively stronger increase of resin price and additional standard film volumes from ramp up of new line]

- ♦ Contribution increased by €1.1 million primarily due to higher volumes and improved yields, partly offset by increased resin costs and utility prices
- ♦ Adjusted EBITDA at €28.9 million for full year 2007, below previous year mainly due to increased personnel costs and unfavourable FX rate development; total FX impact of €2.4 million compared to 2006





Increased revolving credit facility

- ♦ Increase of total commitment from €60.0 million to €80.0 million, effective September 2007
- ♦ Access to incremental commitment of €20.0 million achieved in January 2008
- ♦ Additional facility provides liquidity to support our key strategic initiatives
- ♦ Financial covenants amended in September 2007, and again in April 2008, to provide additional headroom

New Mexican production line on-stream

- ♦ Start in October 2007
- ♦ 3.8 ktons of good quality produced in Q4, covering a range of 16 products; customer feedback very positive
- ♦ CAPEX in line with project budget





“Excellence / Transformation” initiatives in Europe on full steam

- ♦ “Productivity program / Personnel cost reduction” program internally communicated on Nov. 14, 2007; => up to 20% headcount reduction in Europe across all functions and sites, execution started early 2008, contracts in several areas already signed
- ♦ Value enhancement in Commercial activities (sales & marketing), Procurement & Supply Chain
- ♦ Above mentioned projects supported by McKinsey from July 2007 until early 2008, meanwhile program responsibility and execution transferred to internal resources
- ♦ Manufacturing Excellence initiative delivers continuous improvements

“BPI-Project” - Business process improvement (one common SAP)

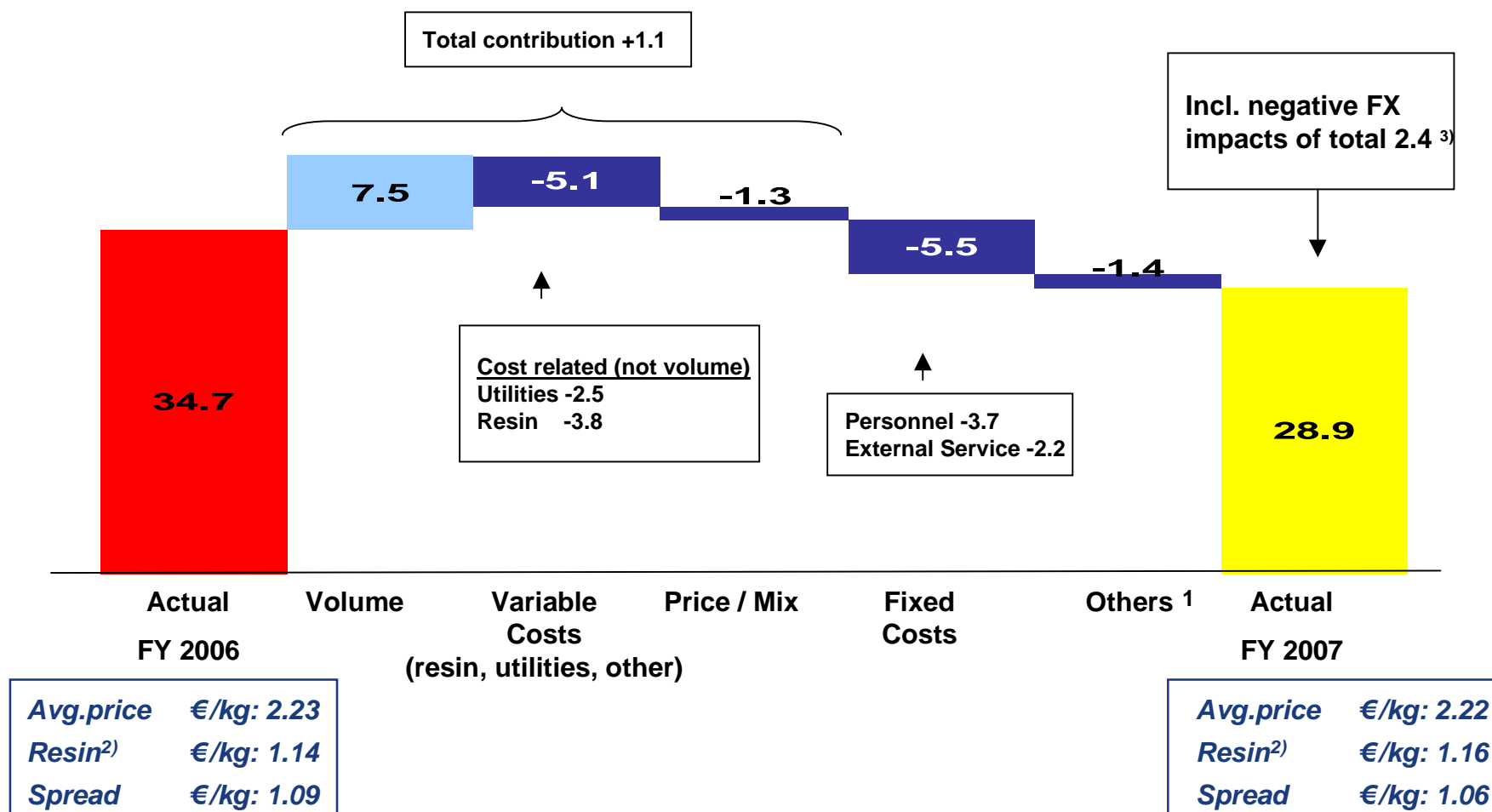
- ♦ Stage I-III Business plan / project definition / basic design - completed
- ♦ Stage IV Solution design-realisation - in process
- ♦ Stage V Technical implementation / prototyping / go live - to come

Key challenges

- ♦ Pass through of resin price increases still a challenge due to market price pressure
- ♦ Unfavourable FX rates, esp. USD/€ and GBP/€, still depreciating
- ♦ Increasing oil price & utility costs



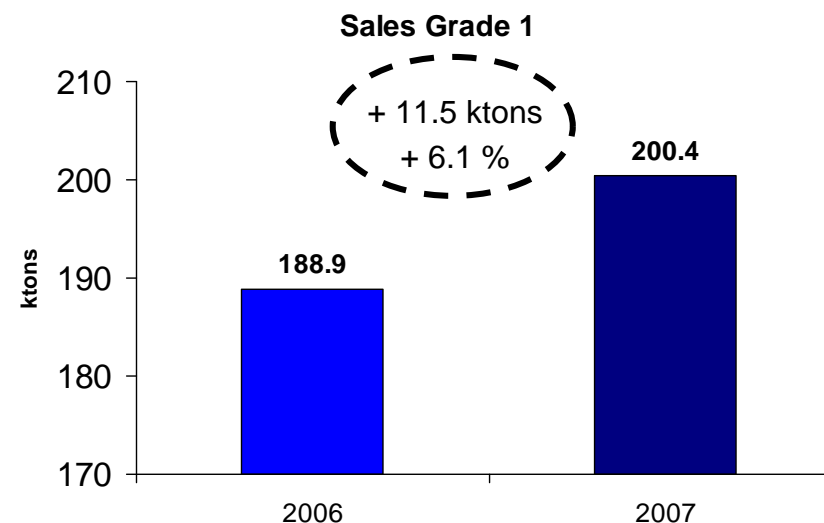
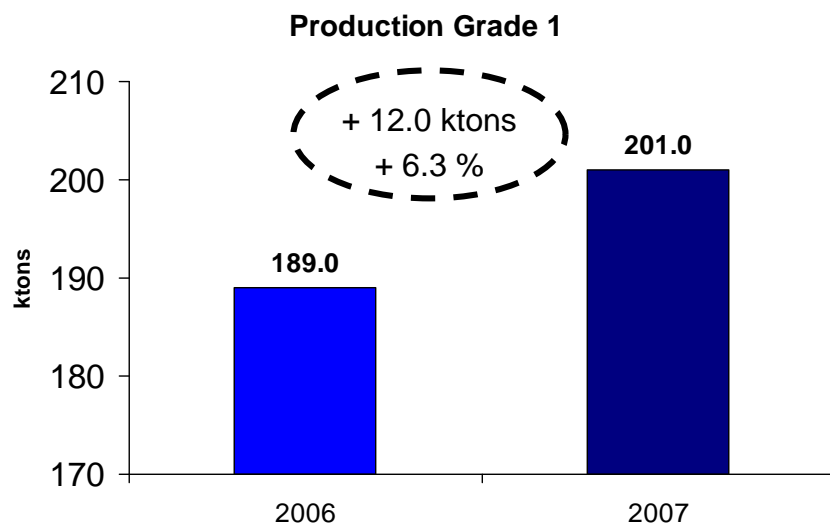
>>> EBITDA FY 2007 compared to FY 2006



¹⁾ Other income / expenses -0.6, change in overhead in stock due to stock movement -0.8 (total -1.4)

²⁾ Weighted average resin, incl. European and American resin costs

³⁾ FX impacts: valuation of assets +0.1, translation -1.8, exports from Europe to Americas -0.7 (total -2.4)



Production volume increase

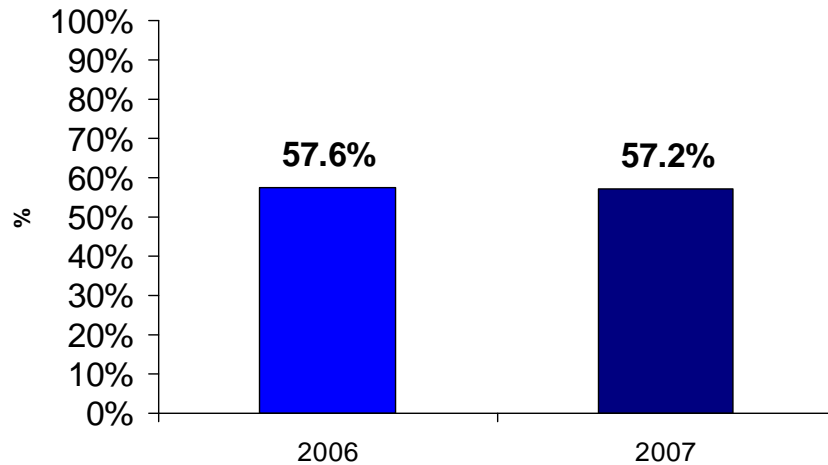
- New Line in Mexico, adding **3.8** ktons in Q4 07
- Production improvement, adding **8.2** ktons accross all other sites (yield, line uptime and quality)

Sales volume increase

- Nearly full amount of additional production volume was marketed in 2007, despite difficult market conditions



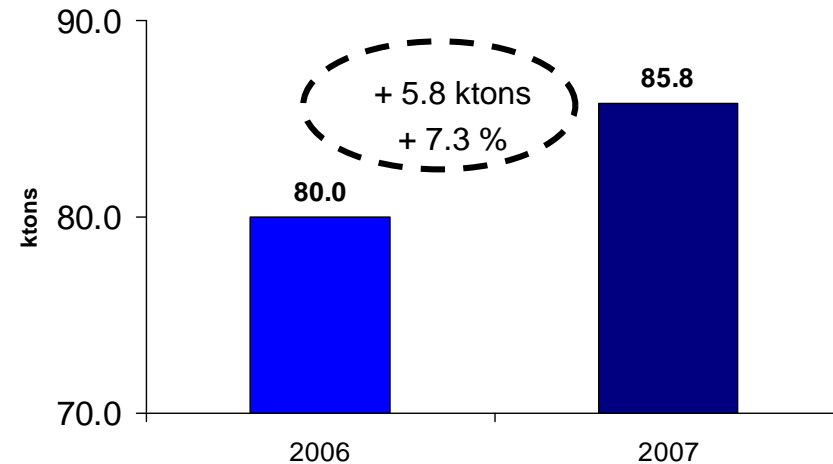
Specialty Share Grade 1



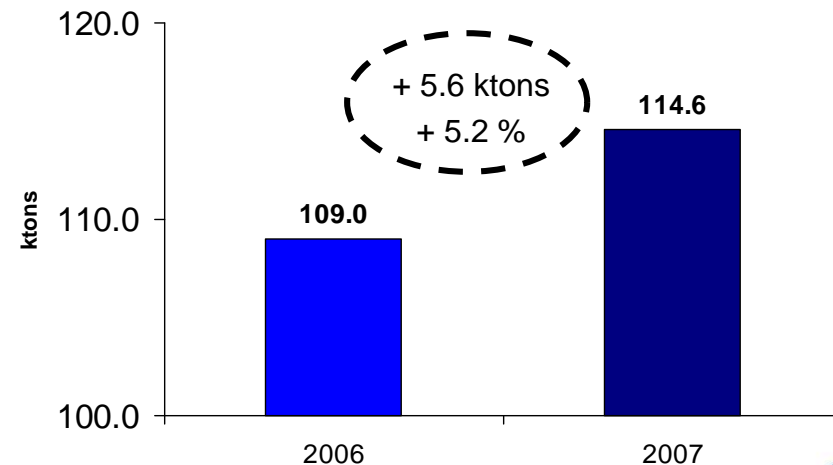
Overall Specialty share marginally declined

- New Line in Mexico, adding 3.8 ktons in Q4 07; primarily standard films to support technical line ramp up
- Excluding this, specialty film share is **58.3%**, on higher volumes than previous year

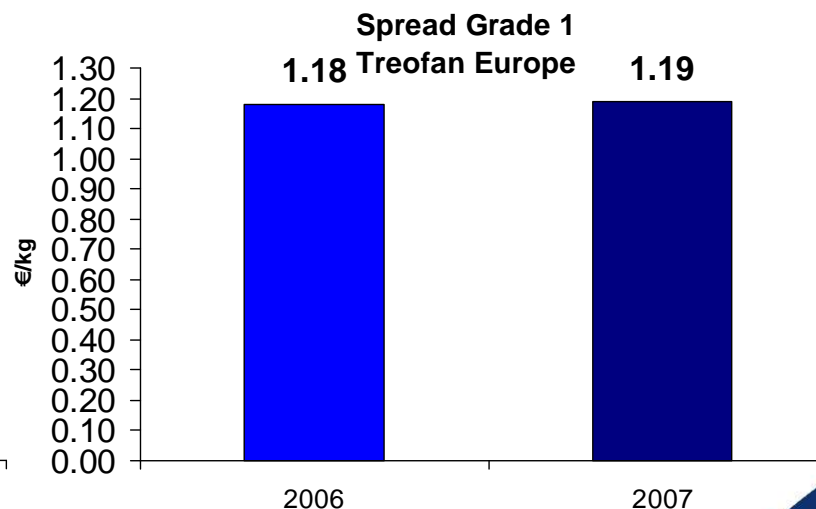
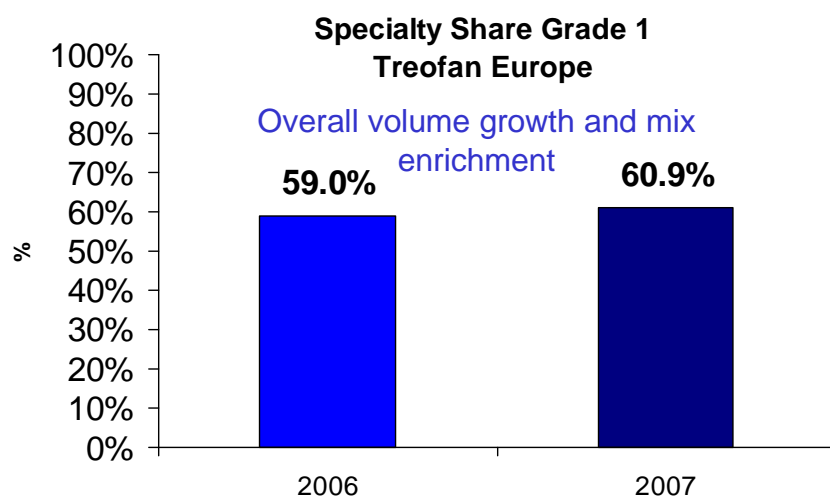
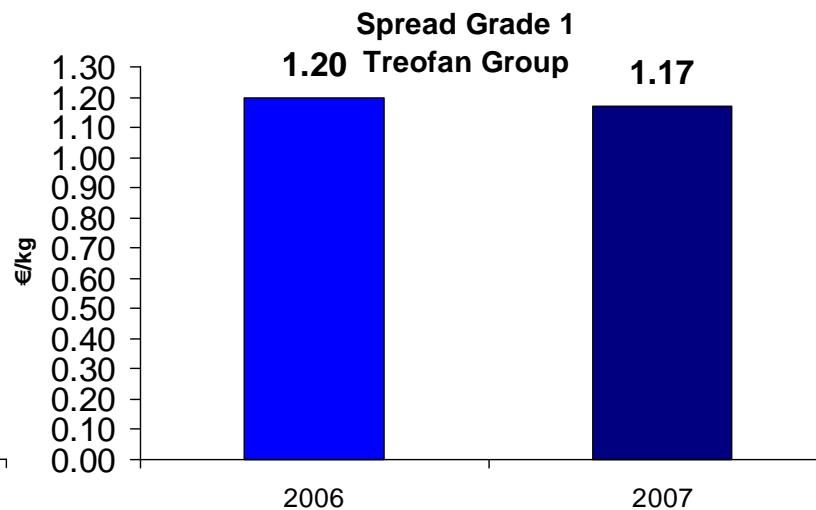
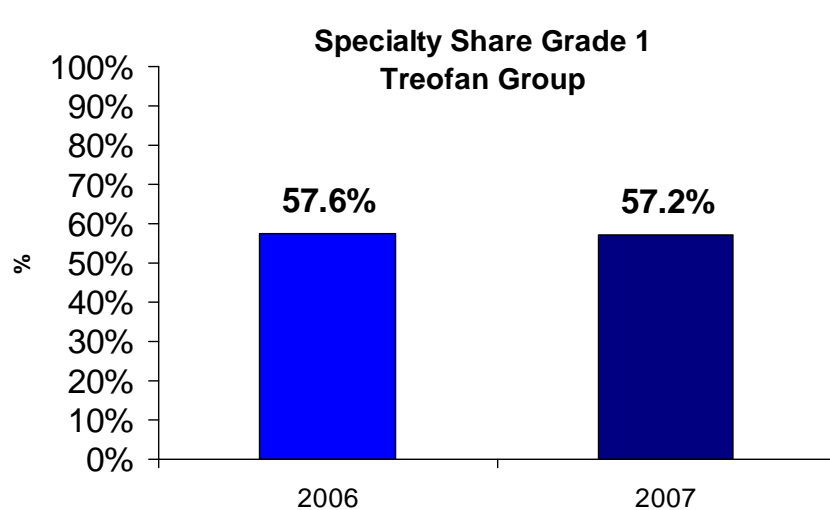
Standard Film Sales Grade 1



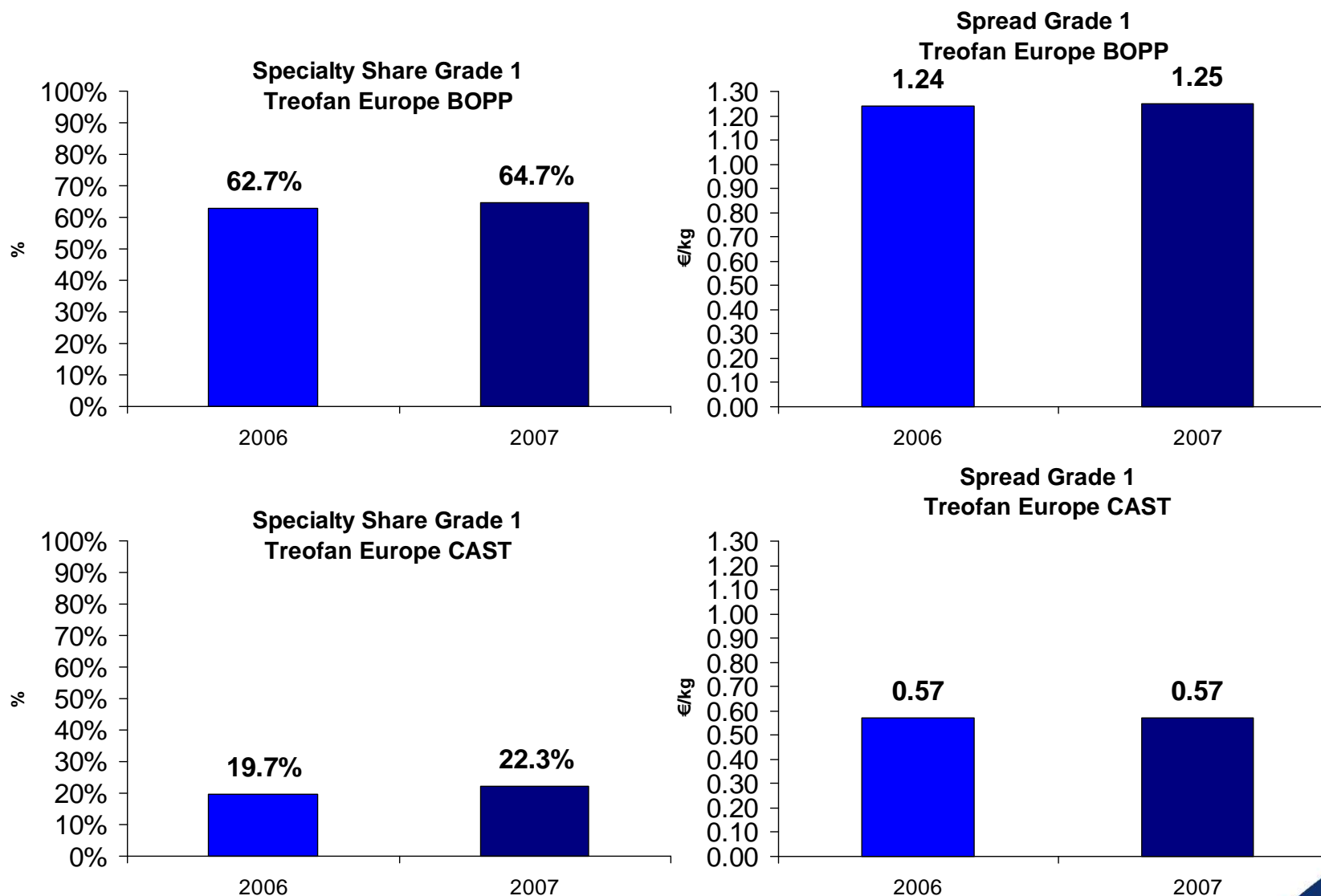
Specialty Film Sales Grade 1



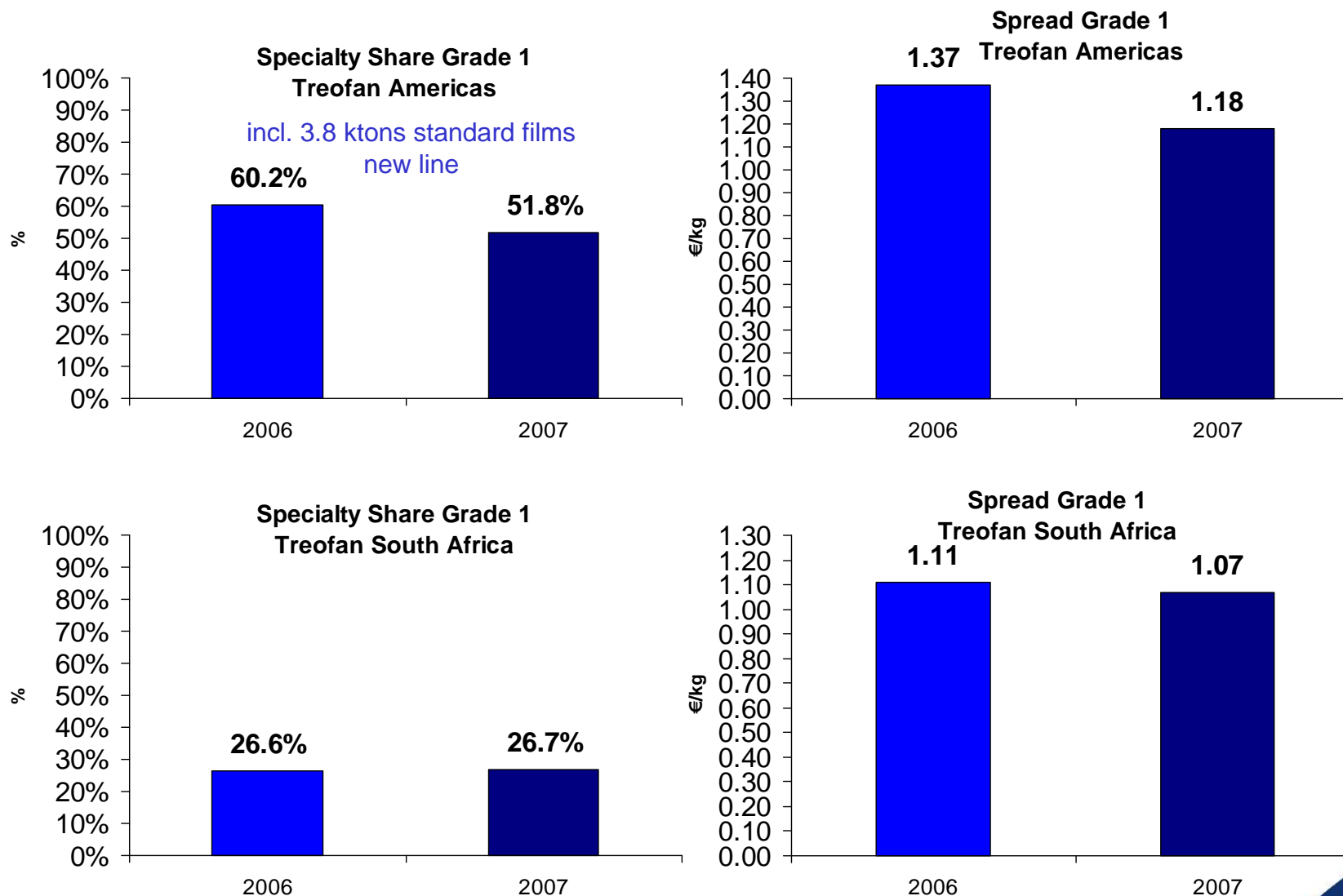
Product Mix & Spread by Region

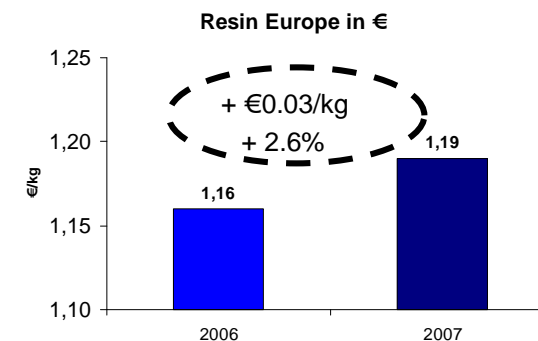
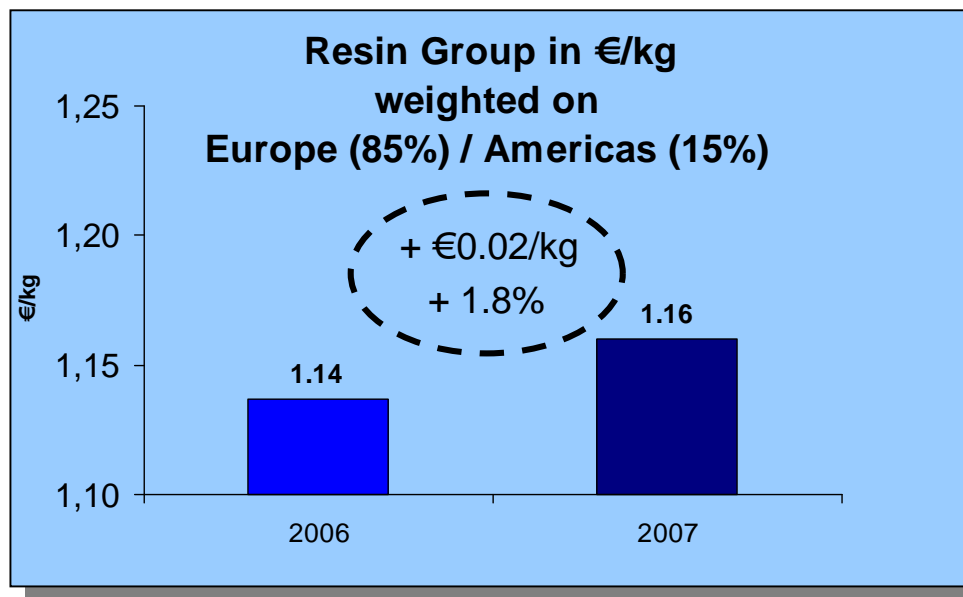


Product Mix & Spread by Region



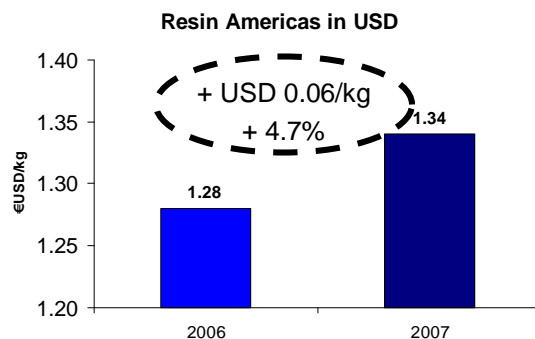
Product Mix & Spread by Region





Resin Europe

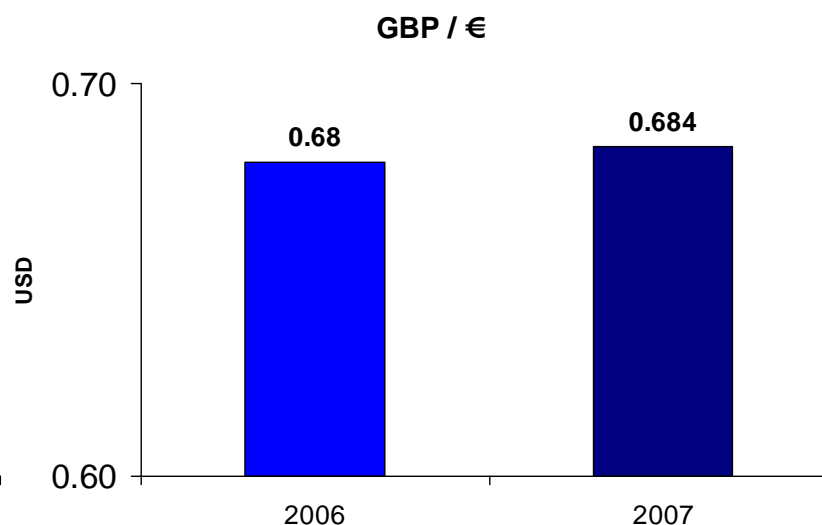
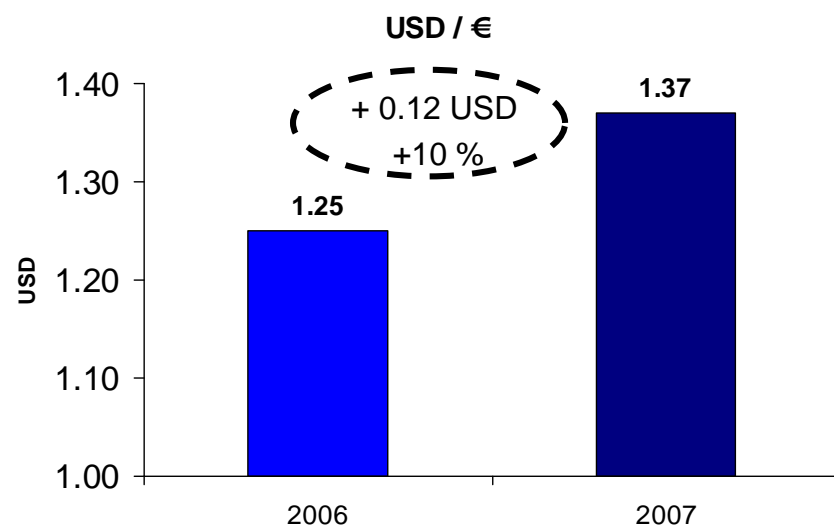
- Increase throughout the year, but relatively smoothly
- Moved from €1.15/kg in Q1 2007 to €1.22/kg in Q4 2007 (+6%)



Resin Americas

- Strong increase esp. in the second part of 2007
- Moved from USD1.23/kg in Q1 2007 to USD1.46/kg in Q4 2007 (+19%)

>>> Most important FX rates for Treofan

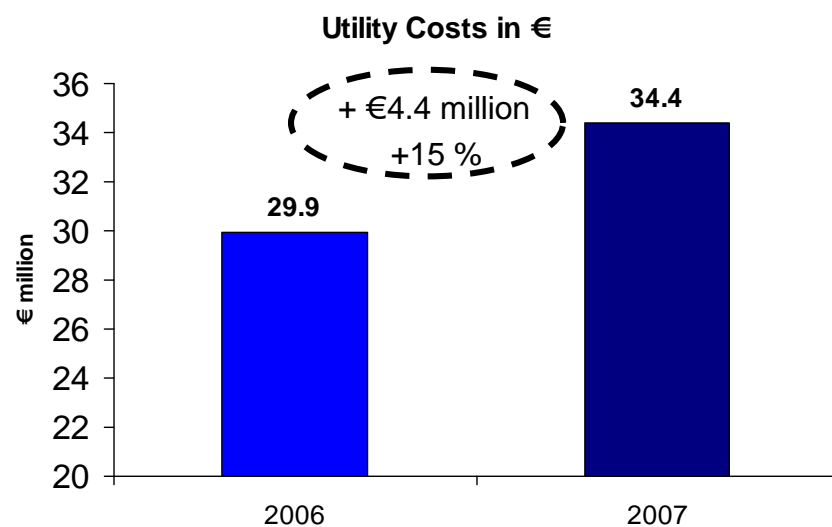


Continuously weakening USD

- Attracts standard film imports from USD cost based competitors into Europe => **price pressure**
- Affects translation of Financial results from overseas into €
- Affects USD invoiced Technical Films into Asia => **price decline**
- Moved from 1.31 in Q1 2007 to 1.45 in Q4 2007 (-10%)

Weakening GBP, as of Q4 07

- Affects GBP invoiced business in UK
=> **price decline in €**



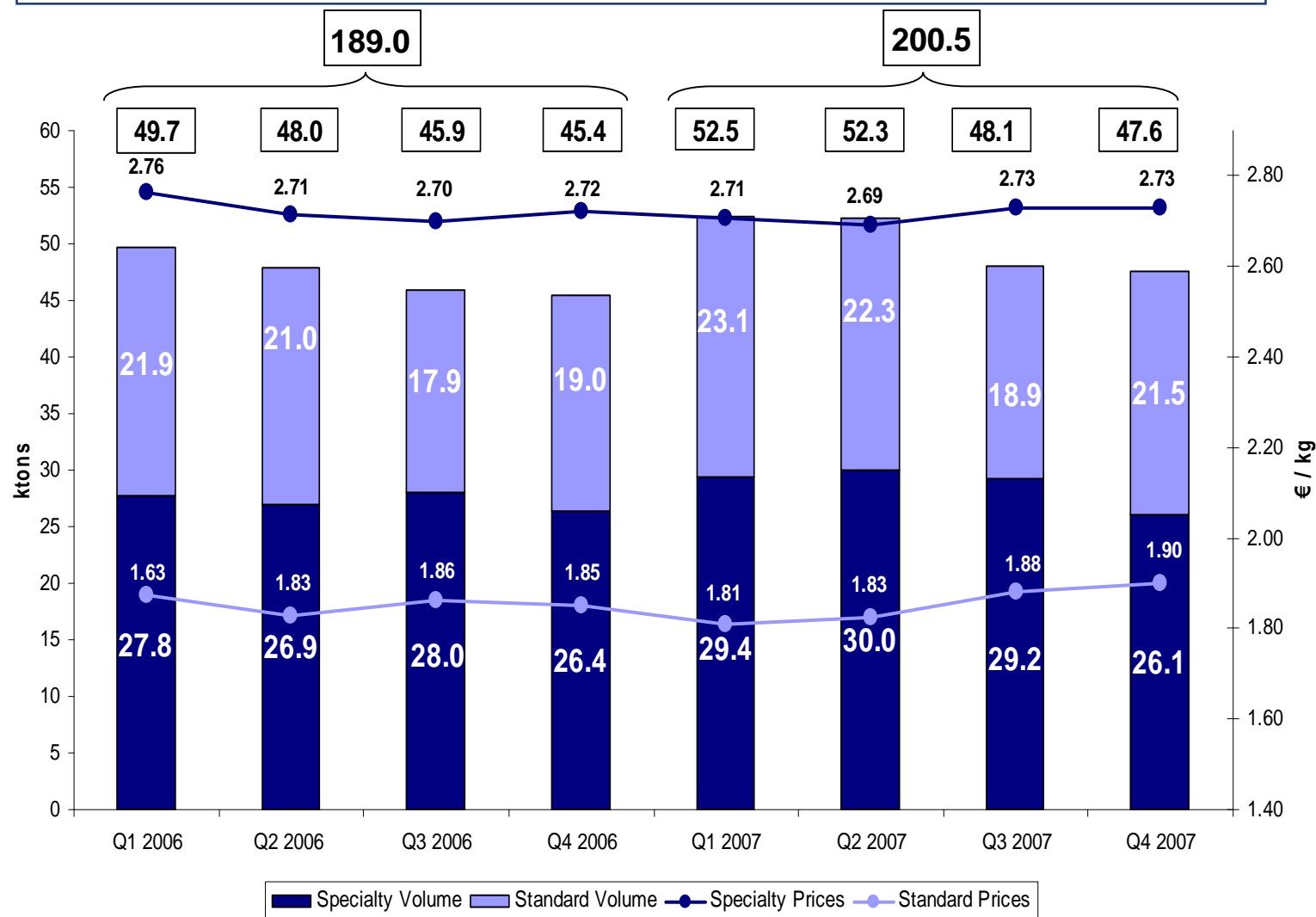
Utility cost increase

- volume related + €1.9 million
- cost related + €2.5 million

Successful Expansion of Total Sales Volume and of our Specialty Film Portfolio



Total sales volume in 2007 is growing again compared to 2006



1) First grade tons invoiced. Substandard products and scrap sales not considered.

Treofan Group, April 29, 2008

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Financial Performance

Selected Financial and Other Information



	As of and for the year ended 2007	2006
	(€ in millions)	
Sales volumes in tons	217.2	205.8
- thereof standard products	85.8 (43%)	80.0 (42%)
- thereof specialty products	114.6 (57%)	109.0 (58%)
 Sales	 483.0	 458.5
EBITDA	20.3	27.9
Adjusted EBITDA	28.9	34.7
 Working capital trade	 86.5	 93.2
 Capital expenditures in respect of property, plant and equipment	 38.9	 22.1
 Net debt	 206.6	 170.7
 Available liquidity (before inclusion of €20.0 million extra revolving credit facility)	 27.2	 40.7

- ⇒ Working capital reduced due to tight working capital management
- ⇒ CAPEX and net debt increased according to plan due to Mexico expansion





Key movements

- ♦ Higher yields & volumes in production
- ♦ Despite competitive market situation additional volumes sold
- ♦ Specialty film volumes further growing
- ♦ Price driven variable cost increases overcompensated
- ♦ European-wide activities to lower fixed costs on stream



Treofan Group



>>> thank you for your attention

