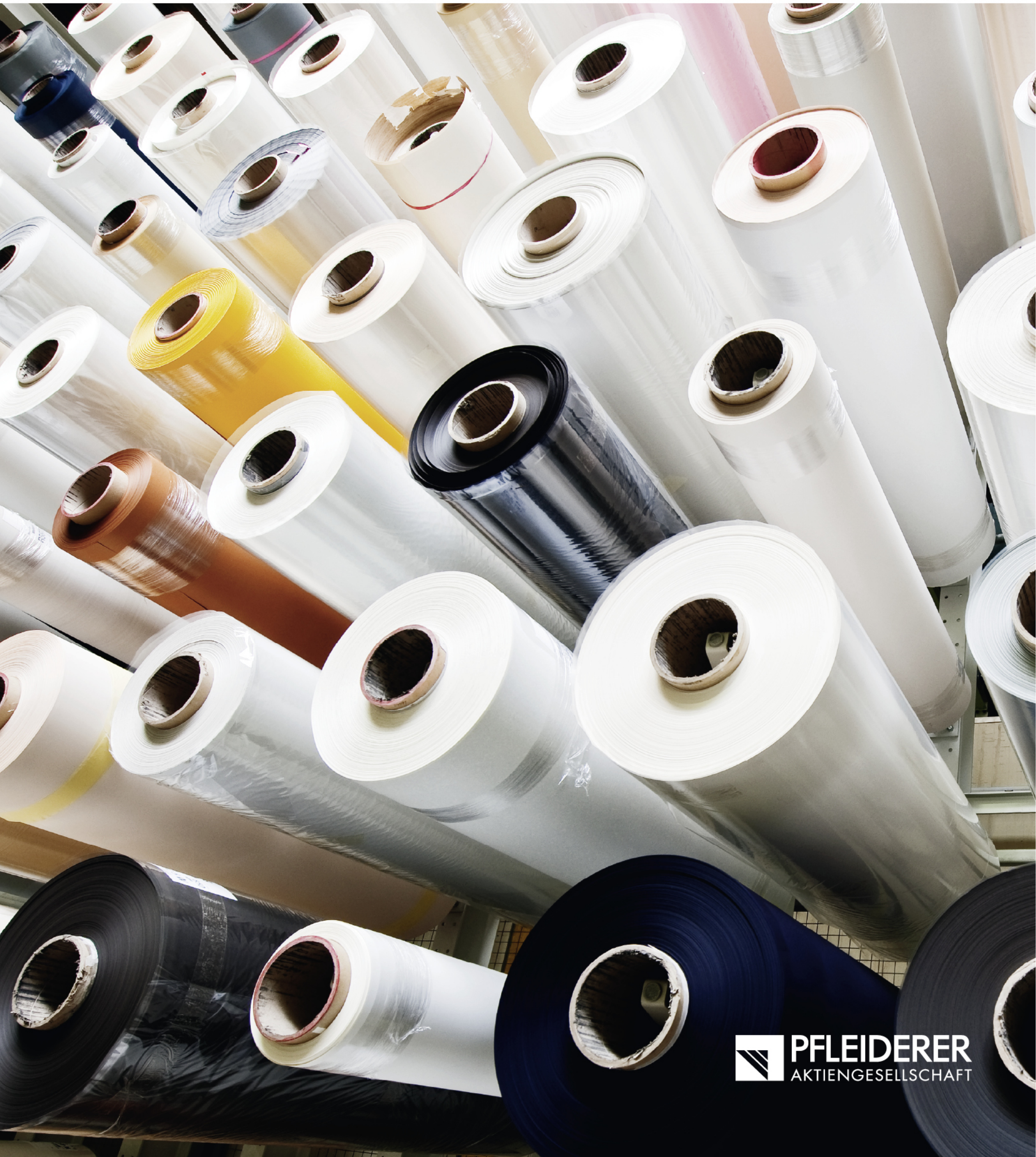
Three-Month-Report

JANUARY 1 – MARCH 31, 2010



PFLEIDERER AKTIENGESELLSCHAFT

Interim Report on the Three Months Ended March 31, 2010

- First-quarter revenue of 356 million euros at level of prior-year quarter (358 million euros)
- Rising orders compared with prior year and prior quarter
- Ongoing improvements in sales prices and capacity utilization
- Significant increases in raw-material costs, EBITDA down to 22.2 million euros (Q1 2009: 52.7 million euros)
- EBITDA margin of 6.3 percent
- Western Europe with rising unit sales compared to prior-year period and ongoing price recovery
- Revenue growth in Eastern Europe boosted by exchange-rate effects
- North America shows growth in panels
- Laminate in North America with significant structural shift towards low-cost products

Pfleiderer Group: Key Figures at March 31, 2020

Amounts in millions of euros, except per share amounts (in euros)	Jan. 1 - Mar. 31, 2010	Jan. 1 - Mar. 31, 2009	Change in percent
Revenue	355.6	358.0	-0.7
International share (in percent)	70.9	70.6	
EBITDA	22.2	52.7	-57.8
EBITDA margin (in percent)	6.3	14.7	
EBIT	-6.1	23.0	--
EBT from continuing operations	-18.6	6.6	--
Profit/loss for the period	-16.4	3.4	--
Net profit/loss attributable to shareholders of Pfleiderer AG	-19.9	0.1	--
Earnings/loss per share – basic	-0.35	0.00	--
Earnings/loss per share – diluted	-0.35	0.00	--
Number of employees at end of period	5,591	5,720	-2.3
Germany	2,460	2,547	-3.4
Outside Germany	3,131	3,173	-1.3
Average number of shares outstanding – basic	56,026,848	50,682,642	10.5

Amounts in millions of euros	Mar. 31, 2010	Dec. 31, 2009	Change in percent
Total assets	2,107.6	1,971.2	6.9
Equity	693.9	631.7	9.8
Equity ratio	32.9%	32.0%	
Net debt	898.7	854.2	5.2

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Foreword by the Chairman of the Executive Board

Dear Shareholders, Ladies and Gentlemen,

The global recession has been ended with the help of massive state debt, to which there was no alternative, however. But it will take a while longer to return to normality, as can be seen from the only moderate growth forecasts for the industrialized countries. Nonetheless, meanwhile we also have good reason for cautious optimism. This optimism is based on two factors: on the one hand, growth in volumes; and on the other hand, rising prices for our products once again.

The volume growth we have seen since summer 2009 is continuing, and we were able to produce more by volume than in the prior-year quarter for the first time since the recession. The duration of this demand revival indicates that it is more than mere restocking of empty warehouses, and is more likely a normalization of the economic situation.

For some months now, we have also been able to achieve higher prices for our products in all regions, although there are still differences by region and over time. The fact that this is possible is due on the one hand to rising demand, but on the other hand also to the capacity adjustments that have been actively carried out in our industry. In March, we were able to achieve good or at least satisfactory capacity utilization in all regions, which will allow us to make further price adjustments. Our regained ability to realize higher prices in the market is a sign of a market in equilibrium, which was still far away during 2009. The volumes of orders received also indicate a good level of capacity utilization in the industry in the coming months. This is a prerequisite for further price increases in the months ahead, which are required to compensate for significant increases in raw-material costs, especially since the fourth quarter of last year.

Against this background, were we able to increase our revenue compared with the fourth quarter 2009 by a good 4 percent, so that with 355.6 million euros we nearly matched the level of the first quarter 2009. We achieved volume growth in all three regions, and were positively surprised by the growth in Western Europe. But despite the latest price increases, the low level of prices for our products was still a burden, as it was still significantly below the prior-year level. First-quarter EBITDA fell from 52.7 million euros in 2009 to 22.2 million euros this year, equivalent to a margin of 6.3 percent. Due to short contractual periods, higher raw-material prices affected our income statement more quickly than the longer running customer contracts. Furthermore, the hard winter in all regions had a negative impact on productivity in January and February.

On the costs side, we are increasingly focusing on fixed costs in administrative areas and intend to reduce them again by up to 30 million euros this year. We have initiated several projects to help us achieve this target and are confident we will be able to realize a significant amount by the end of the year.

Cost reductions on the one hand, price increases with our customers on the other hand – combined with stable or growing volumes, our operating profitability should improve again substantially in the second half of the year. This improvement will counteract the higher interest expense resulting from the Group's new financing, which was completed in the first quarter. With the sale of treasury shares in January and the 10 percent capital increase this February, we have taken the first step in reducing our debt, with a cash inflow for Pfleiderer of 52.6 million euros. In 2011, we anticipate a significant net cash inflow from operating activities, which will reduce our net debt. By the end of 2013, we intend to reduce net debt by a total of 350 million euros from our business operations. Overall, we are confident that our markets and our business are moving in the right direction. This should allow us to successfully overcome the consequences of the recession.

Neumarkt, April 30, 2010

Hans H. Overdiek
Chairman of the Executive Board

Interim Group Management Report

Economic Situation

Economic developments in the first quarter of 2010 were weaker than had been expected at the end of 2009. According to estimates in the spring expertise of leading German economic research institutes, gross domestic product (GDP) in Germany probably decreased by 0.1 percent compared with the previous quarter, in which there was also zero growth. The unusually long and cold winter hindered construction activities, but consumption and net foreign trade probably developed only moderately. For full-year 2010, the research institutes expect GDP in Germany to grow by 1.5 percent. Stimulus is to come from exports, in particular from exports to the emerging markets. Growth in 2011 is expected to continue at a rate of 1.4 percent.

According to preliminary figures, GDP in the United States grew in the first quarter of 2010 by 3.2 percent at an annualized rate, compared with 5.6 percent in the previous quarter. The expansionary trend of the US economy thus continued. Growth was aided by impetus from inventory cycles and the economic stimulus programs. This is now apparent from the significant falls in first-time applications for unemployment benefit. Despite unfavorable weather conditions, new construction activities stabilized and are likely to continue growing in the coming months, according to estimates by RISI, the industry information service.

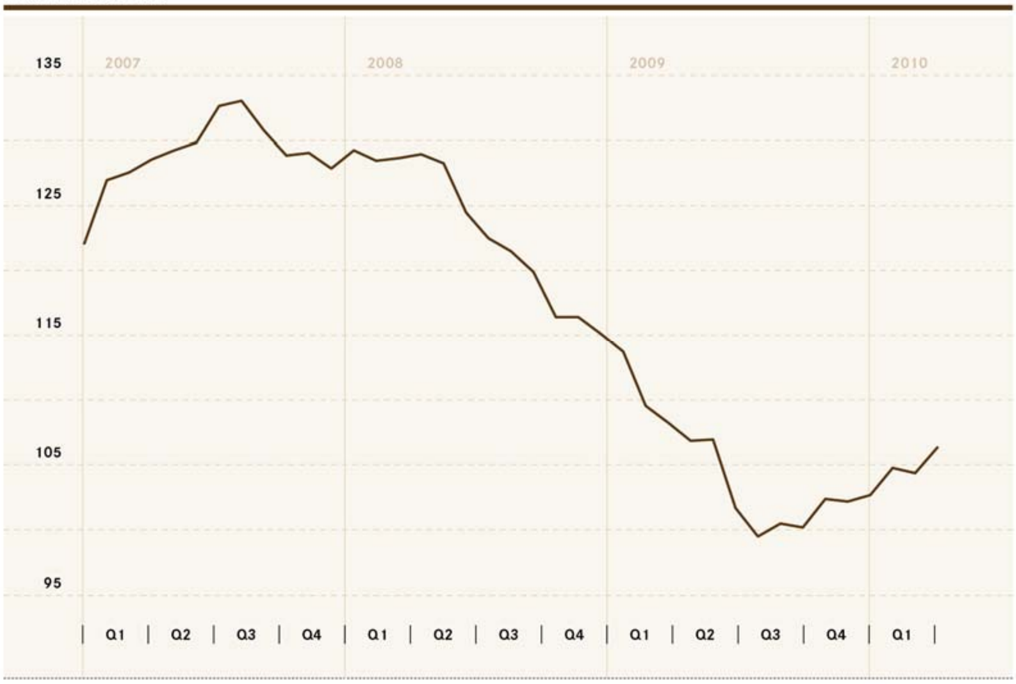
The economic upturn continued also in Eastern Europe. After Russia was still in deep recession last year, the government now expects growth of about 3.5 percent this year. Other estimates are for significantly higher rates. The worldwide raw-material boom has returned and is thus driving the country's growth. Poland was the only European country that was able to avoid recession last year, and will probably continue its growth by approximately 1.8 percent in 2010. This is also reflected by a significant appreciation of the zloty.

The business confidence index of the German wood industry has been improving continuously for months now, and reached its highest level in March since June 2007. The sub-index of the furniture industry turned down distinctly in March, primarily due to the negative situation of kitchen-furniture manufacturers. In North America, some engineered-wood markets are beginning to stabilize. Although demand for MDF fell by a good 7 percent in the first quarter year on year, it actually increased compared with the prior quarter due to the temporary loss of supplies from Chile caused by the earthquake. Demand for particleboard actually increased by 2.9 percent compared with the first quarter of last year.

Revenue and Earnings

In the first quarter of 2010, the Pfleiderer Group generated **revenue** of 355.6 million euros, which is very close to the 358.0 million euros of the prior-year period; compared with the previous quarter, revenue grew by just over 4 percent. Although the average level of prices for our products was lower than in the first quarter of 2009, we compensated for this price effect with volume growth of nearly 2 percent and positive exchange-rate effects of 13.3 million euros, primarily from the zloty and the Canadian dollar. According to Germany's Federal Statistical Office, for example, prices of raw particleboard in Germany were 5 percent lower than in the first quarter of last year and MDF prices were 6 percent lower. But prices have been rising again in recent months. The price of one cubic meter of raw particleboard rose from its low of approximately 90 euros in summer 2009 to around 135 euros for new orders in April 2010. The return to rising prices has been caused on the one hand by stronger demand and on the other hand by better capacity utilization due to capacity adjustments in the industry. The proportion of revenue generated outside Germany was 70.9 percent, compared with 70.6 percent in the prior-year quarter.

RAW PARTICLEBOARD GERMANY
Price index 2005=100



Source: Federal Statistical Office

The year-on-year significant increase in raw-material prices – in particular for wood and chemicals (glue and input materials) – had a significant negative impact on the **gross margin**. For example, wood prices increased year-on-year by 10 to 30 percent, depending on site and type of wood, and prices of chemical products were about 10 percent higher than a year earlier. It is true that wood prices normally increase in winter because reduced construction activity means that sawmills are less active and there is less felling of trees. But the price increases this winter were far above the normal level. Paper prices also increased again, after remaining flat for a long time. This resulted in a total additional expense of 23 million euros. In combination with the aforementioned lower sale prices, gross profit fell from 102.6 million euros to 74.4 million euros, equivalent to gross margin of 20.9 percent, compared with 28.7 percent in the prior-year quarter.

EBITDA fell by more than half to 22.2 million euros from 52.7 million euros in the first quarter of 2009. Positive exchange-rate effects contributed 1.4 million euros towards earnings. Due to cost savings in the previous quarters, we reduced administrative expenses by a significant 11.1 percent.

EBIT fell to minus 6.1 million euros from plus 23.0 million euros in the prior-year period. Depreciation and amortization amounted to 28.4 million euros (Q1 2009: 29.7 million euros).

The **net financial expense** of 12.5 million euros includes an amount of 3 million euros of interest expense for the recognition of accrued transaction costs for the Group's refinancing. Other financial income of 6.8 million euros primarily comprises income from the translation into euros on the balance sheet date of financial items denominated in foreign currencies. In the prior-year quarter, there was other financial expense of 5.0 million euros.

In the first quarter of this year, we recognized **deferred tax income** which contributed to an overall positive tax balance of 2.2 million euros.

Due to the factors listed above, the **result of continuing operations after taxes** amounted to a loss of 16.4 million euros, compared with a profit of 4.0 million euros in the prior-year quarter. Of that total, a loss of 1.1 million euros is attributable to minority interest. The statement of income also includes the claims of hybrid bondholders of 4.6 million euros; this amount was not paid out but it was recognized as a liability in the balance sheet. A loss of 19.9 million euros is therefore attributable to the shareholders of Pfleiderer AG, compared with a profit of 0.1 million euros in the first quarter of last year. This results in a basic **loss per share** of 35 euro cents, compared with 0 euro cents profit/loss in the first quarter of 2009.

Financial Position

Compared with the end of 2009, the balance sheet total increased by 6.9 percent to 2,107.6 million euros. On the **assets side**, this was due almost equally to current and non-current assets. Current assets increased sharply by 15.8 percent to 489.4 million euros. Receivables and other assets rose by 16 percent to 205.3 million euros, because business volumes in the last weeks of the calendar year are always relatively weak, while the last weeks of the first quarter are seasonally strong. The increase in receivables is primarily due to this seasonal effect. The increase in inventories is due on the one hand to the larger volume of business, but on the other hand also to higher raw-material prices and exchange-rate effects on the inventories of foreign subsidiaries due to the weak euro.

Non-current assets rose by 4.5 percent to 1,618.2 million euros, mainly because of positive effects of currency translation after movements in exchange rates.

Following the completion of financing negotiations during the first quarter, the structure of the **liabilities side** normalized. As credit agreements are linked to financial covenants, one of which was breached as of June 30, 2009, those non-current financial liabilities were reclassified as current until a new long-term agreement was reached. Mainly as a result of the new credit agreements, current financial liabilities decreased by 618.3 million euros while non-current financial liabilities increased by 673.9 million euros. Equity increased by 62.2 million euros to 693.9 million euros. While the earnings development reduced equity by 19.9 million euros, the 10 percent capital increase and the sale of treasury shares raised equity by 52.5 million euros. Currency translation accounted for 29.5 million euros of the increase. The equity ratio thus improved from 32.0 percent to 32.9 percent.

The Group's **net debt** increased compared with the end of 2009 by 44.5 million euros to 898.7 million euros. This was the result of the loss for the period (16.4 million euros), the increase in receivables and other assets described above (28.3 million euros), the increase in inventories due to higher prices and volumes (excluding currency effects) (9.7 million euros), and exchange-rate effects from translating financial liabilities denominated in foreign currencies into euros (39.5 million euros). There were positive effects from the capital increase and the sale of treasury shares (52.5 million euros). The ratio of net debt to equity (gearing) fell from 135.2 percent to 129.5 percent.

Cash Flows

In the quarter under review, the cash inflow from operating activities amounted to 21.2 million euros, compared with a net cash outflow of 37.6 million euros in the prior-year quarter. This net cash inflow is due on the one hand to an increase in trade payables, and on the other hand to the level of depreciation and amortization.

Capital Expenditure

Capital expenditure including advance payments amounted to 24.6 million euros, compared with 29.4 million euros in the first quarter of last year. 2.9 million euros was invested in the Western Europe region, 3.7 million euros in the Eastern Europe region and 18.0 million euros in North America. Capital expenditure in North America was mainly for the development of the new MDF plant in Moncure, USA.

Workforce

The number of 5,591 employees at the end of the quarter was 2.3 percent lower than at the end of 2009. While the North American workforce increased by 8.5 percent due to ramping up the MDF plant in Moncure, there was a reduction of 6.6 percent in Eastern Europe as a result of cost-cutting actions. The number of employees in Western Europe decreased by 3.8 percent.

Segment Report

Segment overview

	Western Europe		Eastern Europe		North America		Group*	
Amounts in millions of euros	Q1 10	Q1 09	Q1 10	Q1 09	Q1 10	Q1 09	Q1 10	Q1 09
Revenue	193.7	197.0	76.6	65.5	95.1	104.5	355.6	358.0
EBIT	5.7	8.4	-3.5	4.4	-4.2	6.1	-6.1	23.0
EBIT margin	2.9%	4.2%	-4.5%	6.8%	-4.4%	5.8%	-1.7%	6.4%
EBT	-4.4	-1.9	-4.8	-4.3	-11.0	2.0	-18.6	6.6
Capital expenditure	2.9	6.1	3.7	4.9	18.0	18.3	24.6	29.4
Employees (March 31)	2,649	2,754	1,578	1,689	1,239	1,142	5,591	5,720

* Figures for the Group differ from the totals for the regions due to consolidation adjustments.

Western Europe
In the Western Europe region, the order situation continued its recovery in the first quarter of 2010, and revenue of 193.7 million euros was close to the prior-year level of 197.0 million euros. Due to good utilization of capacity, there were no further adjustments of capacity in the market, and it was possible to increase the prices of nearly all products in the course of the quarter. The market for laminate flooring is still an exception, as it is still under considerable price pressure despite volume growth. This is especially the case in the lower-quality market segments, while prices of high-quality products remained stable. With regard to the second economic stimulus package, we noticed positive effects on demand for multifunction panels and formaldehyde-free glued Livingboard panels. The mood in the furniture industry has weakened again somewhat. This applies in particular to the kitchen industry. The office-furniture market is still very weak and posted a disappointing 20 percent drop in revenue compared with the prior-year quarter. The situation for exports was different, with significant growth, due also to more favorable exchange rates with the weaker euro. Business with home-improvement stores and wholesalers was positive with increased demand for renovation products. The project business also developed better.

On the product side, unit sales of raw particleboard decreased compared with the prior-year quarter, while surface-finished products, HPL, MDF and laminate flooring all showed growth. With laminate flooring, the complete renewal of the product range and the presentation at the Domotex trade fair in January resulted in lively customer orders.

The region's EBIT fell to 5.7 million euros from 8.4 million euros in the first quarter of 2009. This development reflects higher raw-material costs as well as lower sales prices than in the prior-year quarter. The ongoing idling of the plant in Gschwend due to short-time work also impacted earnings. Good capacity utilization is still indicated for the second quarter, but ongoing increases in the prices of raw materials will remain a challenge.

Eastern Europe
In Eastern Europe, we achieved revenue growth of 16.9 percent compared with the first quarter of last year to 76.6 million euros. Of that total, 7.6 million euros was the result of exchange-rate effects, so despite falling prices, we still achieved revenue growth of a good 5 percent. Growth in Russia was particularly strong as demand in that market has revived again significantly. In Poland, we achieved

higher unit sales in particular of raw particleboard and raw MDF/HDF, while there was hardly any growth for surface-finished board. Although sales prices for most of our products have increased recently, they are still lower than a year ago.

Raw-material costs, especially for wood, represent an increasing problem in Poland because demand meanwhile exceeds local supply. Wood prices in this market increased by about 30 percent. In combination with a difficult environment for our sales prices, this led to a worsening of first-quarter EBIT from plus 4.4 million euros to minus 3.5 million euros. The ongoing development of the zloty-euro exchange rate will influence the future sales possibilities of our furniture-producing customers, who are highly dependent on exports. And the relation of the zloty to other Eastern European currencies will influence import volumes and our unit-sales prices in Poland.

North America

In the North America region, revenue fell by 9.0 percent compared with the prior-year period to 95.1 million euros. Currency translation boosted revenue by 3.9 million euros. Markets for panels and laminate flooring developed differently. Demand for panels increased slightly with some supply shortages, especially for MDF, and rising prices. The shortages were partially the result of the lack of Chilean competitors, who were still struggling with production losses caused by the earthquake. According to the figures of the Composite Panel Association, MDF volumes were still a good 7 percent lower than in the prior-year quarter. Also according to those figures, North American demand for particleboard was 2.9 percent higher than in the prior-year quarter, representing the first volume growth for several years. This led to increasing utilization of capacity in the industry for both particleboard and MDF; in March, it was about 5 percentage points higher than a year earlier. Despite this recent revival, prices of particleboard and MDF in the first quarter were approximately 7 percent lower than a year earlier.

With laminate flooring, the trend towards low-price products intensified, while the fall in prices continued across all market segments. Demand increasingly shifted towards home-improvement stores, partially due to house renovations following auctions.

Despite falling prices and weaker demand for MDF than a year earlier, we succeeded in raising our revenue from particleboard and MDF. The new MDF plant in Moncure started production in the middle of February and will be ramped up during the year. Its effect on first-quarter revenue was negligible, however. Due to continuous gains in market share in North America, we were able to better utilize our particleboard capacities and were 20 percentage points above the market level. Demand for particleboard from manufacturers of flat-pack furniture was good. Manufacturers of office furniture continued to suffer from falling revenue, however, so their demand for high-quality surface-finished panels was rather weak. In geographic terms, demand in Canada developed better than in the United States.

We recorded a significant decrease in revenue from laminate flooring due to a less favorable product mix and falling prices. The proportion of low-cost products increased significantly. In addition, there was a noticeable trend of shifting orders from customers who have now rescheduled their planned sales actions into the second quarter.

Rising raw-material prices had a negative impact on earnings also in North America. Together with a less favorable product mix, this resulted in EBIT falling from plus 6.1 million euros to minus 4.2 million euros. As the year progresses, we expect rising demand again for laminate flooring and stabilization of the panel market due to increasing construction activity.

Events after the Interim Balance Sheet Date

At the editorial deadline of this interim report, no events worth reporting had occurred since the interim balance sheet date of March 31, 2010.

Risk Report

One of the fundamental management tasks is to establish and manage an effective internal control (IC) and risk-management (RM) environment in compliance with the applicable requirements of corporate governance and best practices.

Like other companies, Pfleiderer AG is also exposed to a large number of risks connected with entrepreneurial activities. In order to counteract such uncertainties and in view of constant changes in the applicable laws and regulations of various jurisdictions, Pfleiderer AG has established IC, RM and internal auditing systems that are uniform throughout the Group. They are continually further developed and adapted to changing conditions.

As part of the existing process, the Executive Board and the Supervisory Board are regularly informed about risks that could significantly influence the business development of the business units or of the entire Group.

The tasks and organization of risk management at Pfleiderer and the risks to which the company is exposed were described in detail in the 2009 Management Report. That document can be seen on the website of Pfleiderer AG at www.pfleiderer.com under the heading Investor Relations/Reports and Presentations, and can be downloaded if required.

Within the context of an anti-trust investigation, offices of Pfleiderer AG, some subsidiaries and competing companies in the engineered-wood industry were searched on March 4, 2009. In an ad-hoc disclosure on March 10, 2010, Pfleiderer AG announced in this context that it had received notifications of accusations and hearings from Germany’s Federal Antitrust Authority. Pfleiderer AG is examining the accusations and will state its position to the Federal Antitrust Authority. Due to the pending proceedings, the company cannot make any further statements on this matter.

Following successful negotiations in 2009, Pfleiderer agreed with its banks on new credit conditions for an amount of approximately 800 million euros. This means that Pfleiderer is financed until the end of 2013. In addition, the Polish subsidiary reached an agreement with its banks on March 16, 2010 on further credit of approximately 180 million euros. Financial covenants that are usual in the market were agreed and must be observed during the term of the credit.

On the basis of the information currently available, in the first quarter of 2010, there were no significant changes to the risk situation as described in Annual Report 2009.

However, as the further development of the global crisis and its impact on the world economy cannot yet be finally assessed, the potential risk of not observing the agreed financial covenants cannot be completely ruled out. Observance of these covenants will be continually monitored and controlled with suitable instruments.

Opportunities and Outlook

Pfleiderer plans to focus its business on the three regions of Western Europe, Eastern Europe and North America also in the future. Particularly in Western Europe and North America, we expect ongoing market consolidation along with a reduction in production capacities. This will present us with opportunities to raise our sale prices to an acceptable level once again and to pass on the pressure of rising raw-material costs to our customers, even if the revival of demand is only moderate.

The consequences of the financial market crisis will affect economic growth in our sales markets also in 2010. Banks and companies will continue to reduce their levels of debt in 2010, thus dampening growth to less than its potential. For these reasons, we anticipate a regionally differentiated development of demand in 2010.

Demand in Western Europe in the first quarter of 2010 developed better than we expected, and it can be hoped that this development will continue from the present level during the rest of the year. In Eastern Europe, demand should continue to grow and we should continue to have good utilization of capacity. One risk factor is the development of the zloty's exchange rate against the euro, because our Polish customers export a large proportion of their production to Western Europe. In North America, there are indications from the real-estate market of stabilization or even slight revival of new construction activity, which should lead – after a certain time lag – to increasing demand for our products in the second half of 2010. Furthermore, growing substitution of solid-wood or plywood furniture with less expensive particleboard furniture is taking place in the United States. Our business in North America will be additionally boosted in terms of revenue and earnings by the ramping up of MDF production in Moncure, USA in the second half of this year.

Total revenue in 2010 should be higher than in 2009, whereas profitability will probably remain unsatisfactory. Despite additional cost reductions of up to 30 million euros solely in administrative areas, a further net loss is likely in 2010, due not least to higher interest expenses. This means that a dividend is unlikely to be paid for the year 2010. But in 2011, significantly better prices for our products, a revival of demand and lower interest expenses due to gradual debt reduction should lead to positive earnings once again.

For the years 2010 and 2011, we do not plan any investment in capacity expansion, but only maintenance expenditure for existing plants, which should be significantly less than 100 million euros each year. If the market situation continues to stabilize in Russia, however, we will continue the construction of the new MDF plant in Novgorod with further investment of 50 to 60 million euros. The capital expenditure of the past three years will provide us with significant growth opportunities, as we now have more and more efficient production plants than in the particularly successful year 2007 for example. In comparison with then, we now have the capacity of the MDF plant in Grajewo, Poland, the particleboard plant and the MDF plant in Moncure, USA, and additional surface-finishing capacity in Novgorod, Russia and Val d'Or, Canada. At a later date, we will also have the new MDF plant in Novgorod.

The Pfleiderer Group will focus in the coming years on debt reduction, cash management and further strengthening its market position. Despite the difficult market situation, we believe that compared with our competitors, we are well prepared to achieve our goals.

Disclaimer

This report contains forward-looking statements that are based on current assessments by the Pfleiderer management and on specific assumptions concerning future developments. Such statements are subject to risks and uncertainties that are beyond Pfleiderer's ability to control and/or its sphere of influence, and that therefore cannot be precisely assessed by Pfleiderer. These risks and uncertainties may lead to actual developments differing substantially from our assessments. Among other things, such risks and uncertainties include the future market environment and economic conditions, the behavior of other market players, the successful integration of new acquisitions, and the realization of expected synergy effects.

Neumarkt, April 30, 2010

Hans H. Overdiek | Heiko Graeve | Pawel Wyrzykowski

Responsibility statement

Statement pursuant to Section 37y of the German Securities Trading Act (WpHG) in conjunction with Section 37w Subsection 2 No. 3 of the WpHG

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group's interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining months of the financial year.

Neumarkt, April 30, 2010

Hans H. Overdiek   Heiko Graeve   Pawel Wyrzykowski

Pfleiderer Shares

Key Figures

		Q1 2010	Q1 2009
Share price:			
lowest	euros	4.89	2.44
highest	euros	7.33	6.86
closing	euros	4.89	2.66
Number of shares at March 31		58,658,700	53,326,100
Market capitalization at March 31	million euros	287	142
Earnings/loss per share (continuing operations)	euros	-0.35	0.00
Average daily trading [1]	shares	401,819	152,406

German securities identification number		676474
ISIN		DE0006764749
Reuters symbol		PFDGn.DE
Bloomberg symbol		PFD4 GY
Stock exchanges		Xetra, Frankfurt am Main, regional stock exchanges
Free float at March 31, 2010	percent	70.7
MDAX weighting at March 31, 2010	percent	0.3047
Stock-exchange segment		Prime Standard

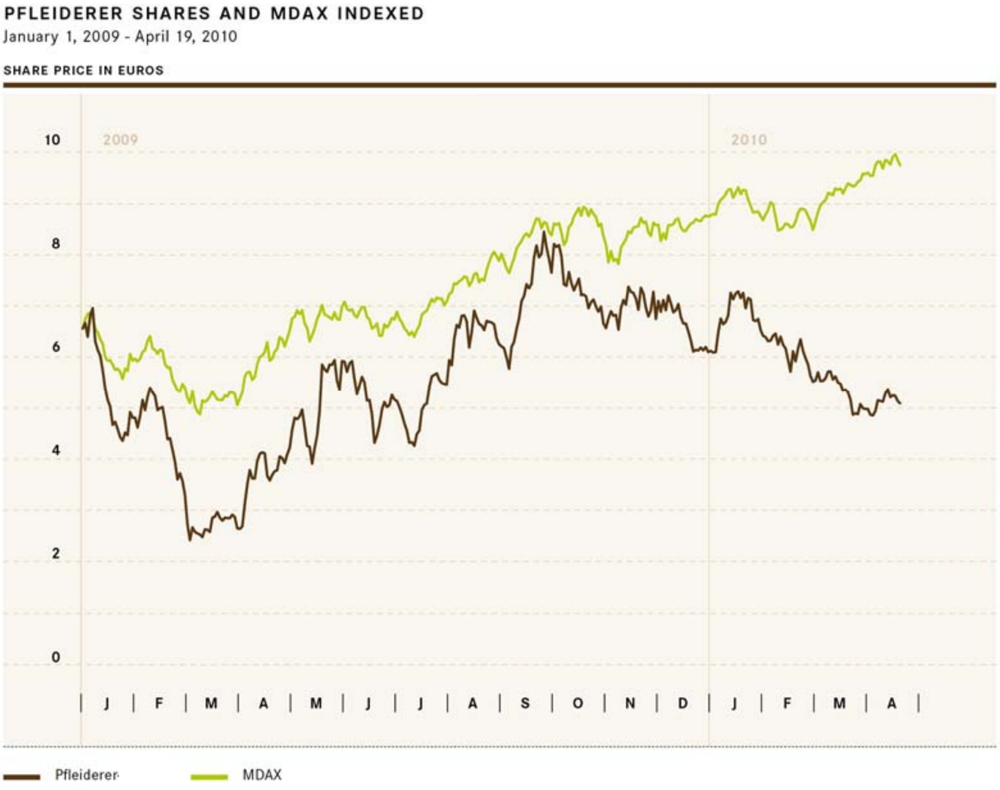
1) Per day on Xetra

In the first quarter of 2010, our share price profited only at the beginning of the year from the positive stock-exchange sentiment and the news that the financing negotiations had been completed. Since then, the share price has come under pressure because shareholders expected first-quarter earnings to be reduced by increased raw-material prices and some investors were upset by the Group's ongoing high level of debt. The share price fell by 20.4 percent in the first quarter, compared with climbs of 8.5 percent for the MDAX and 3.3 percent for the DAX.

Another factor depressing the share price was the possibility of our stock being moved from the MDAX to the SDAX. Recent initial public offerings have created some new candidates for inclusion in the MDAX. Measured by the criterion of market capitalization, Pfleiderer was in 62nd position at the end of March, compared with 61st at the end of 2009. By the criterion of trading volume, we improved to 46th place, compared with 50th at year-end. Trading volume benefited more in the first quarter from the 10 percent capital increase and the sale of treasury shares in an amount of nearly 5 percent of the share capital than did the free-float market capitalization, which was 219.2 million euros at the end of the quarter according to the calculations of the German Stock Exchange. As a result of the general market revival, the capital market transactions and the higher free float, trading volume in our shares increased again and reached an average of just over 400,000 shares per day, compared with 152,406 in the first quarter of last year.

On January 19, 2010, Pfleiderer sold 2,643,458 treasury shares, representing 4.96 percent of the share capital, through the stock exchange. Pfleiderer AG thus disposed of all its treasury shares for a total price of 18.5 million euros.

On February 4, 2010, Pfleiderer AG increased its share capital by 13,651,456.00 euros from 136,514,816.00 euros to 150,166,272.00 euros by issuing 5,332,600 new shares from the approved capital against cash contributions at a price of 6.50 euros per share. The shares were placed with qualified institutional investors in Germany and abroad by way of an accelerated book-building process. Shareholders' subscription rights were excluded for this issue. Pfleiderer AG obtained gross issue proceeds of 34.7 million euros, which are being used to repay the financial liabilities of the Pfleiderer Group. After the execution of the capital increase was filed with the Commercial Register, the new shares were admitted for trading without a prospectus in the official market (Prime Standard) of the Frankfurt Stock Exchange.



Condensed Interim Consolidated Financial Statements

Consolidated Statement of Income (IFRS)

Amounts in thousands of euros, except per share amounts (in euros)	Jan. 1 - Mar. 31, 2010	Jan. 1 - Mar. 31, 2009
Revenue	355,579	357,954
Cost of sales	-281,225	-255,397
Gross profit	**74,354**	**102,557**
Selling expenses	-52,990	-50,639
Administrative expenses	-28,877	-32,477
Research and development expenses	-826	-792
Other operating income and expenses	2,193	4,366
Operating profit	**-6,146**	**23,015**
Interest income	67	479
Interest expense	-19,337	-11,818
Other financial income/expense	6,775	-5,035
Financial expense, net	**-12,495**	**-16,374**
Profit/loss from continuing operations before taxes	**-18,641**	**6,641**
Income taxes	2,214	-2,668
Profit/loss from continuing operations	**-16,427**	**3,973**
Profit/loss from discontinued operations	0	-134
Income tax on discontinued operations	0	-415
Profit/loss for the period	**-16,427**	**3,424**
thereof attributable to minority interests	-1,113	-1,248
thereof attributable to hybrid bondholders	4,550	4,550
thereof attributable to shareholders of Pfleiderer AG	**-19,864**	**122**
Earnings/loss per share – basic	-0.35	0.00
Earnings/loss per share – diluted	-0.35	0.00
Earnings/loss per share from continuing operations after minority interests	-0.35	0.00
Earnings/loss per share from discontinued operations	0.00	-0.01
Average number of shares issued (basic)	56,026,848	50,682,642

Consolidated Statement of Comprehensive Income

In thousands of euros	Jan. 1 - Mar. 31, 2010	Jan. 1 - Mar. 31, 2009
Profit/loss for the period after taxes	**-16,427**	**3,424**
Currency translation differences	29,513	-13,936
Derivative financial instruments	503	-3,589
Total of income and expense recognized directly in equity (after taxes)	**30,016**	**-17,525**
Total of income and expense recognized in equity	**13,589**	**-14,101**
Thereof attributable to:		
Minority interests	3,951	-9,903
Hybrid bondholders	4,550	4,550
Shareholders of Pfleiderer AG	5,088	-8,748
	13,589	**-14,101**

Consolidated Balance Sheet

Assets

In thousands of euros	Mar. 31, 2010	Dec. 31, 2009
Cash and cash equivalents	70,412	59,292
Receivables and other assets	205,257	177,011
Inventories, net	184,671	166,386
Income tax receivables	2,555	2,460
Other assets	16,176	5,806
Assets from discontinued operations	10,280	11,602
Current assets	**489,351**	**422,557**
Property, plant and equipment, net	912,266	866,084
Intangible assets, net	561,109	535,173
Financial assets	4,954	4,888
Deferred tax assets	124,814	128,862
Other assets	15,086	13,652
Non-current assets	**1,618,229**	**1,548,659**
Total assets	**2,107,580**	**1,971,216**

Equity and liabilities

In thousands of euros	Mar. 31, 2010	Dec. 31, 2009
Payables and other debt	264,285	234,834
Financial liabilities	181,921	800,202
Provisions	34,967	46,880
Tax liabilities	8,566	8,604
Other debt	1,755	468
Liabilities from discontinued operations	14,331	14,331
Current liabilities	**505,825**	**1,105,319**
Financial liabilities	787,156	113,294
Retirement benefit obligation	17,601	15,800
Deferred tax liabilities	79,096	81,761
Other debt	5,825	5,684
Provisions	18,168	17,659
Non-current liabilities	**907,846**	**234,198**
Share capital	150,166	136,515
Reserves including retained earnings and profit for the period	278,661	302,078
Treasury shares	0	-43,073
Other comprehensive income	-27,617	-52,569
Equity of shareholders of Pfleiderer AG	**401,210**	**342,951**
Hybrid capital	260,204	260,204
Minority interests	32,495	28,544
Total equity	**693,909**	**631,699**
Total equity and liabilities	**2,107,580**	**1,971,216**

Consolidated Statement of Cash Flows (IFRS)

In thousands of euros	Jan. 1 - Mar. 31, 2010	Jan. 1 - Mar. 31, 2009
Earnings before interest and taxes (EBIT)	-6,146	23,015
Net income taxes paid	247	-2,409
Depreciation and amortization	27,882	29,686
Gain/loss on the disposal of fixed assets	21	15
Change in retirement benefit obligation	331	-675
Cash inflow	**22,335**	**49,632**
Change in current assets	-43,507	-70,922
Change in other non-current assets	5,293	1,211
Change in current liabilities excluding financial debt	36,541	-32,330
Change in non-current liabilities excluding financial debt	-95	14,249
Other non-cash expense and income	656	582
Cash flow from operating activities	**21,223**	**-37,578**
Payments for intangible assets	-1,608	-82
Payments for property, plant and equipment	-27,220	-29,906
Proceeds from the sale of property, plant and equipment	1,570	1,122
Cash flow from investing activities	**-27,258**	**-28,866**
Cash flow from operating activities and investing activities	**-6,035**	**-66,444**
Change in financial liabilities	6,440	94,013
Change in externally factored receivables	-33,457	-16,820
Capital increase	34,229	0
Sale of treasury shares	18,165	0
Interest paid	-12,226	-8,204
Interest received	67	479
Other financing activities	-100	-5,037
Cash flow from financing activities	**13,118**	**64,431**
Net change in cash and cash equivalents	7,083	-2,013
Effects of exchange-rate changes on cash held in foreign currencies	4,037	407
Change in cash and cash equivalents from discontinued operations	0	-549
Cash and cash equivalents at January 1	59,292	46,288
Cash and cash equivalents at March 31	70,412	44,133

Consolidated Statement of Changes in Equity (IFRS)

In thousands of euros	Issued share capital	Reserves including retained earnings and profit for the period	Treasury shares	Other comprehensive income: Foreign currency translation	Other comprehensive income: Valuation of financial derivates	**Subtotal**	Hybrid capital	Minority interests	**Total**
Balance at January 1, 2010	**136,515**	**302,078**	**-43,073**	**-50,533**	**-2,036**	**342,951**	**260,204**	**28,544**	**631,699**
Increase in issued capital	13,651	20,700				**34,351**			**34,351**
Treasury shares		-24,908	43,073			**18,165**			**18,165**
Change in adjustment item from									
currency translation				24,449		**24,449**		5,064	**29,513**
Valuation of financial derivatives					503	**503**			**503**
Profit/loss for the period		-19,864				**-19,864**	4,550	-1,113	**-16,427**
Deferred payment to hybrid									
bondholders						**0**	-4,550		**-4,550**
Effect of stock option plans		655					655		**655**
Balance at March 31, 2010	**150,166**	**278,661**	**0**	**-26,084**	**-1,533**	**401,210**	**260,204**	**32,495**	**693,909**

In thousands of euros	Issued share capital	Reserves including retained earnings and profit for the period	Treasury shares	Other comprehensive income: Foreign currency translation	Other comprehensive income: Valuation of financial derivates	**Subtotal**	Hybrid capital	Minority interests	**Total**
Balance at January 1, 2009	**136,515**	**369,070**	**-43,073**	**-41,730**	**-3,793**	**416,989**	**260,204**	**33,745**	**710,938**
Increase in issued capital						**0**			**0**
Treasury shares						**0**			**0**
Change in adjustment item from									
currency translation				-6,814		**-6,814**		-7,122	**-13,936**
Valuation of financial derivatives					-2,056	**-2,056**		-1,533	**-3,589**
Profit/loss for the period		122				**122**	4,550	-1,248	**3,424**
Deferred payment to hybrid									
bondholders						**0**	-4,550		**-4,550**
Effect of stock option plans		582					582		**582**
Balance at March 31, 2009	**136,515**	**369,774**	**-43,073**	**-48,544**	**-5,849**	**408,823**	**260,204**	**23,842**	**692,869**

Consolidated Segment Report (IFRS)

January 1 – March 31, 2010 In thousands of euros	External revenue	Internal revenue	Segment earnings (EBIT)	Segment assets at March 31
Region Western Europe	187,843	5,866	5,701	692,519
Region Eastern Europe	72,368	4,214	-3,467	558,483
Region North America	95,079	0	-4,203	628,430
Subtotal	**355,290**	**10,080**	**-1,969**	**1,879,432**
Headquarters	0	22,361	-4,249	50,513
Other	289	92	1	7,998
Discontinued activities	0	0	0	10,280
Consolidation	0	-32,533	71	159,357
Pfleiderer Group	**355,579**	**0**	**-6,146**	**2,107,580**

January 1 – March 31, 2009 In thousands of euros	External revenue	Internal revenue	Segment earnings (EBIT)	Segment assets at March 31
Region Western Europe	191,610	5,367	8,368	728,038
Region Eastern Europe	61,572	3,973	4,425	493,509
Region North America	104,503	0	6,079	517,690
Subtotal	**357,685**	**9,340**	**18,872**	**1,739,237**
Headquarters	0	21,794	-5,130	29,985
Other	269	92	-393	8,361
Discontinued activities	0	0	-133	10,280
Consolidation	0	-31,226	9,799	183,353
Pfleiderer Group	**357,954**	**0**	**23,015**	**1,971,216**

Internal reporting takes place on the basis of IAS/IFRS financial statements. Therefore, no explanation of the reconciliation to the consolidated financial statements is necessary. The composition of the segments has not changed compared with the previous periods. Corporate-financing activities and holding-company functions are reported under “Headquarters.” “Other” includes those companies that do not fulfill the definition criteria of a reportable segment.

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended March 31, 2010

1. Basis of presentation

The condensed interim consolidated financial statements and the interim group management report have been prepared in accordance with IAS 34 Interim Reporting and German Accounting Standard No. 16 (DRS 16). Please refer to our Annual Report 2009 for further information. The consolidated financial statements and the group management report for the year ended December 31, 2009, as published in our Annual Report 2009, form the basis for these interim consolidated financial statements.

The condensed interim consolidated financial statements have been prepared in compliance with the International Accounting Standards / International Financial Reporting Standards (IAS/IFRS) and their interpretations, which have to be applied according to Regulation No. 1606/2002 of the European Parliament and Council on the application of international accounting standards in the EU.

The consolidation methods have not changed compared with December 31, 2009.

The condensed interim consolidated financial statements do not contain all of the notes and disclosures that are required for annual consolidated financial statements, and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2009 (www.pfleiderer.com). Where no notes or disclosures have been made in this first-half report, no material changes have occurred compared with the notes and disclosures contained in the consolidated financial statements for the year ended December 31, 2009.

Material occurrences and transactions are explained in the interim group management report.

2. Accounting principles

Recognition and measurement, as well as the notes and disclosures, are based on the same accounting policies and calculation methods that were applied in the preparation of the consolidated financial statements for the year 2009. Please therefore refer to Annual Report 2009. The amendments to IAS 27 Consolidated and Separate Financial Statements and to IAS 39 Financial Instruments: Recognition and Measurement will not lead to any changes in the consolidated financial statements of Pfleiderer AG. The revision of IFRS 3 Business Combination will only lead to changes in the case of companies being acquired. IFRIC 12 Service Concession Arrangements, IFRIC 15 Agreements for the Construction of Real Estate, and IFRIC 16 Hedges of a Net Investment in a Foreign Operation will not have any effects on the consolidated financial statements of Pfleiderer AG.

3. Earnings per share

Amounts in millions of euros, except per share amounts (in euros)	Jan. 1 - Mar. 31, 2010	Jan. 1 - Mar. 31, 2009
Profit/loss for the period	-16,427	3,424
Less profit/loss attributable to minority interests	-1,113	-1,248
Less payment due to hybrid bondholders	4,550	4,550
Profit/loss attributable to shareholders of Pfleiderer AG	**-19,864**	**122**
Average number of shares issued, basic	56,026,848	50,682,642
Average number of shares issued, diluted	56,026,848	50,682,642
Earnings/loss per share, basic	**-0.35**	**0.00**
Earnings/loss per share, diluted	**-0.35**	**0.00**

4. Dividends

Pfleiderer AG will not pay a dividend for the year 2009; neither was a dividend paid for the year 2008.

5. Shares held by Executive Board and Supervisory Board members and stock option plans

At March 31, 2010, the members of the Executive Board of Pfleiderer AG held 552,794 shares and 1,134,504 options. The members of the Supervisory Board held 1,877,468 shares and 6,580 options.

Within the framework of the stock option plan of Pfleiderer AG, the members of the Executive Board were not granted any options to subscribe for shares in return for an equity investment in the first three months of 2010.

No share options were in the money at March 31, 2010; therefore, no share options contributed towards an arithmetical dilution of earnings per share.

6. Treasury shares

All of the 2,643,458 treasury shares were sold through the stock exchange on January 19, 2010, resulting in sale proceeds of 18.5 million euros.

Neumarkt, April 30, 2010

Hans H. Overdiek   Heiko Graeve   Pawel Wyrzykowski