

INVESTOR PRESENTATION

FINANCIAL HIGHLIGHTS

FY-2019



- Executive Summary
- Covid-19 health emergency
- Mantova plant
- AGCM fine
- Covenant waivers
- Financials



08.05.2020

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AGENDA

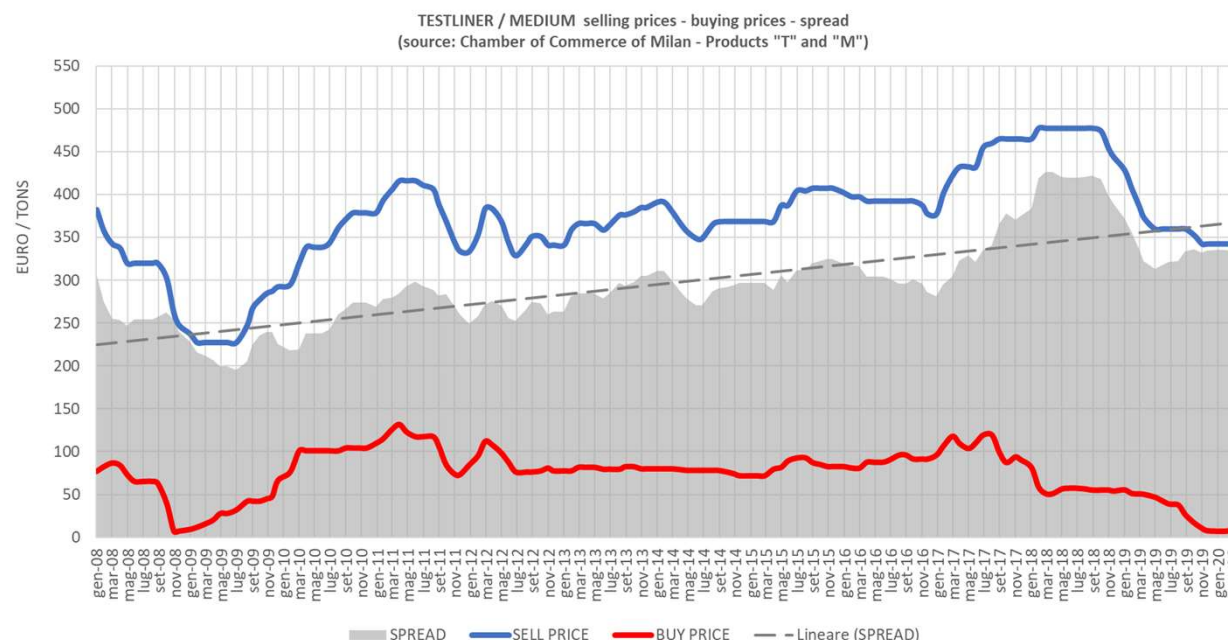
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EXECUTIVE SUMMARY

• GENERAL 2019 SITUATION AND 2020 MARKET TREND

- Total 2019 production of the paper: -3,3% vs previous year; of which:
 - Paper for graphic use (the Pro-Gest Group does not operate in this sector): -9,4% vs previous year
 - Corrugated cardboard (core business of the Pro-Gest Group): +1,4% vs previous year
 - Tissue paper for sanitary use (activity of some Pro-Gest Group companies): +0,8% vs previous year
- Selling prices have suffered a general weakness in both domestic and foreign demand with selling prices falling since the end of 2018 as well as falling raw material prices. The spread deteriorated in the mid-2019 and then recovered in the following months, however, on a level below the long-term historical average
- Strong negative tensions on the recycling raw material market were due to the measures taken in the Asian market aimed at controlling and limiting imports and consequentially strong imbalances due to an expanding offer generated by high collection levels.
- The drop of recycling raw materials led to a reduction in prices, which marked their historical lows in the final part of 2019
- The virgin raw materials market remained substantially more stable, returning to low prices after hitting historic highs in the previous year



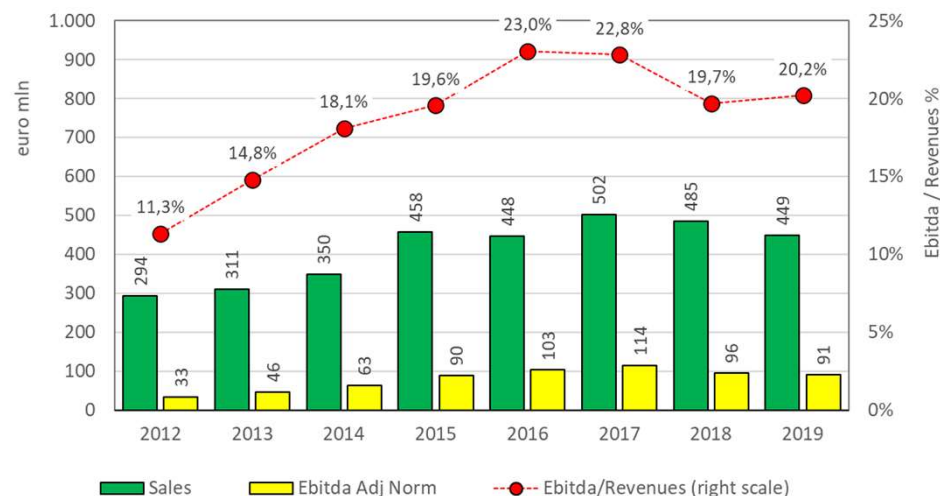
EXECUTIVE SUMMARY

• FINANCIAL PERFORMANCE 2019 *

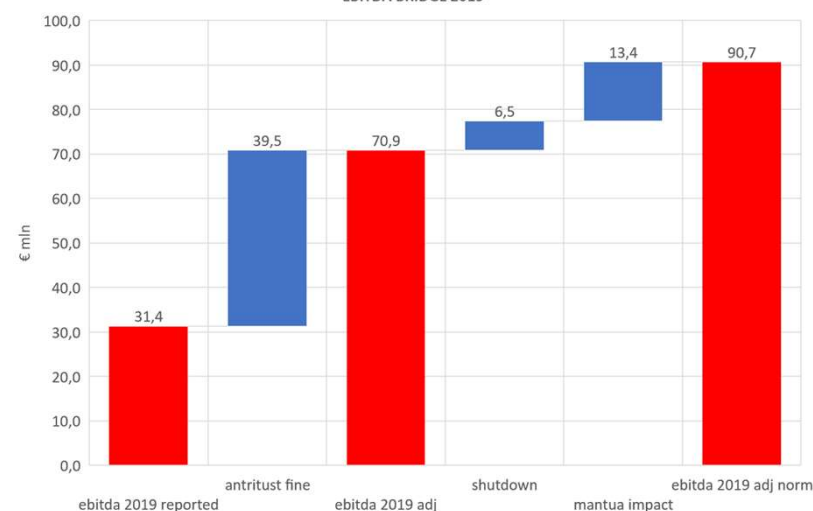
- Revenues: €449,1m
 - 7% vs €485,0m in 2018
 - Solid long term growth rate (Cagr % 2012 - 2019):
 - Revenues Cagr: +6,2%
 - Ebitda Cagr: +15,4%
- Ebitda Adjusted: €70,9m
 - Ebitda adjusted does not consider the 2019 provision of €39,5m related to Antitrust proceeding
- Ebitda Adjusted normalized: €90,7m
 - 5% vs €95,5m in 2018
 - 20,2% on 2019 revenues
 - Ebitda adjusted normalized considers Mantova impact (€13,4m) and extra August shut-down for some mills (€6,5m)

* Please consider that any differences between the data expressed in all this document and the official data are connected exclusively to a different reclassification of some balance sheet items. The differences are negligible and do not reduce the quality of the analyzes presented on these slides and in general on this document

REVENUES - EBITDA - EBITDA / REVENUES



EBITDA BRIDGE 2019



EXECUTIVE SUMMARY

- **KEY OPERATIONAL ELEMENTS**

- The Mantua plant suffered a production stoppage since April 2019
- The Mantova plant had a negative Ebitda 2019 impact equal to €13,4m, due to the renegotiation of Mantova plant gas penalty and the costs for the maintenance of the no-operating activity of Mantova plant
- For the first time since 2008, Villa Lagarina paper mill was shut down in August for 5 weeks due to extraordinary maintenance work to be done every 10 years and the same happened for some other plants, with a negative Ebitda 2019 impact equal to €6,5m

- **INVESTMENTS**

- Capex 2019: €86m of which:
 - €15m for acquisition of ex Papergroup
 - €71m for other investments (see page 16 for more details)

- **NET FINANCIAL POSITION**

- PFN: €465,9m (-€136,2m vs €330m in 2018)
 - Financial Debts: €527,3m (€504m in 2018) of which:
 - ~€250m HY Bond (due to dec-2024)
 - ~€75m for minibond
 - ~€98m for loans
 - ~€105m short term debts
 - Liquidity: €61,4m (€174m in 2018)
- Interest expenses: €18,2m (-3% vs €18,7m in 2018; the annual average cost of money is equal 3,6%)

COVID-19 HEALTH EMERGENCY

- **UPDATE**

- The directors reviewed the economic and financial business plans based on the actual extraordinary situation: since the situation is rapidly evolving, it is not possible to provide a quantitative estimate of the potential impact of this event on the Group's economic and financial situation but industry paper associations suggest an estimated total 9% annual decrease in production of all paper products can be linked to COVID-19
- Pro-Gest products are divided into two macro categories: recycled paper packaging and virgin paper Tissue products. About 80% of recycled paper packaging is intended for the food and food-service sectors and, among these types of products, the most representatives are pizza boxes, plateaux for fruit and vegetables and recycled paper food trays for the take away. The other large family of Tissue products derives from virgin fiber paper and consists of disposable products such as toilet paper, industrial rolls, tissues and napkins
- The spread of COVID-19 has changed consumption habits, forcing to increase domestic food consumption, to perform a much more thorough cleaning of the premises and to take better care of personal hygiene through frequent use of disposable paper tissues
- The Group products offering should allow to record a less significant economic impact deriving from COVID-19 compared to other production sectors, without prejudice to the impact that it may have on the world economic situation that is currently difficult to quantify
- In this first part of 2020, the group has not suspended its operations but has slowed down its production activity as a consequence of the coronavirus impact on the market in general

- **NEXT STEPS**

- In the first months of 2020 a substantial stagnation persists in Italy, in continuity with the last quarter of 2019
- The foreseeable evolution for the entire Group for 2020 cannot be separated from the main indicators typical of the sector and, of course, from the exceptional health emergency that exploded at the beginning of the year
- The sector in which the Group operates can be defined as strategic in this emergency, being part of the food and sanitation chain
- In the coming months the management will complete the optimization of the new plants located in Tuscany for the production of paper for sanitary use, synergistically integrating them with the rest of the Pro-Gest Group

MANTOVA MILL PLANT

- **UPDATE**

- Mantova mill started testing phase in early 2019
- In mid-May 2019, the Province of Mantova issued an order for the immediate suspension of testing activities
- Main concern for the civil Society and the Municipality is the incineration plant (there is a single authorization for the mill and the incinerator)
- A preventive denial of the EIA was issued by the Province of Mantova on 11 October 2019
- Subsequently, Pro-Gest made a new proposal whereby it gave away the possibility to construct the incinerator in order to resolve the matter
- On October 31 2019, the Province of Mantova announced that the new proposal made by Pro-Gest could have «important and positive effects on the environmental impacts already assessed»
- On November 12 2019, the technical documentation necessary to support the completion of the new assessments of environmental impacts and public health, was presented. In particular, the Group confirmed and formalized its intention to renounce the possibility of building a new waste-to-energy plant
- On 30 April 2020, the fourth session of the Conferenza dei Servizi took place in video conferencing mode. All the authorities expressed a favorable opinion and the Conferenza dei Servizi consequently considered that there are the conditions for expressing a positive opinion on the environmental compatibility of the project

- **NEXT STEPS**

- The next session of the Services Conference is set for May 13 for the approval and acquisition of the qualifications for the realization and running of the project, which include the authorization to double the production (up to 400k tons)
- The Company is now engaged in impact mitigation interventions, completion works and in planning the start of production with the aim of reaching the full production capacity of the Mantua plant as soon as possible

- **UPDATE**

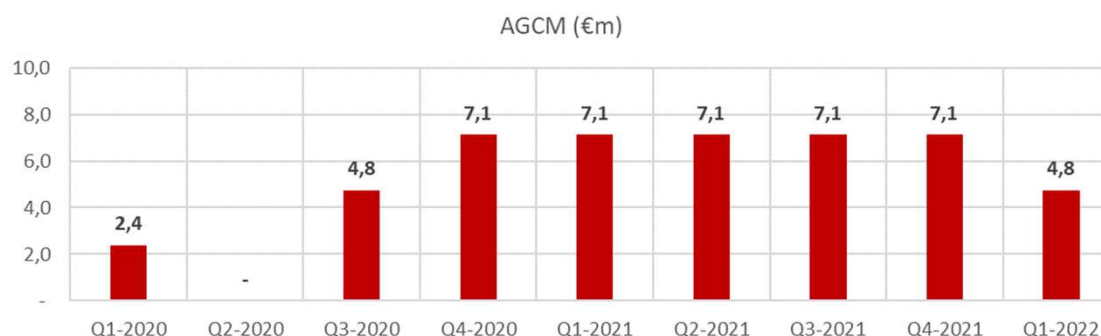
- The Italian Competition Authority (AGCM) imposed cartel fines of €287m on 30 major corrugated companies
- Pro-Gest collaborated with the authorities and as a result was charged a reduced fine of €47,5m, of which €39,5m set aside in 2019 and €8m set aside in the previous year
- A comprehensive compliance structure has been put in place to ensure that such an event does not repeat itself. Compliance process has been signed off by the AGCM as part of their verdict
- Pro-Gest has appealed to the Regional Administrative Court (TAR) the fine with the support of a leading law firm and has requested a precautionary suspension of the payments. Pro-Gest has requested to the AGCM the possibility of paying in 30 instalments
- On November 5, the AGCM granted the possibility to pay the fines in 20 monthly instalments of equal amount
- On November 7, the TAR suspended the payment of the fines provided that Pro-Gest gave a guarantee within 60 days.
- Pro-Gest asked for an extension of time to provide the guarantee
- On February 13, Pro-Gest has prudentially already paid the first instalment, while waiting the decision on the extension of the suspension
- Due to Covid-19 emergency,
 - Two Government decrees established that all the tax and sanctionary deadlines have been suspended from 23 February until 15 May
 - On March 30, Pro-Gest filed to the AGCM a request to obtain 30 instalments (instead of the 20 instalments already granted). Pro-Gest is still waiting for this decision.
 - On April 14, Pro-Gest filed to the TAR for a precautionary suspension of instalments payments until the final decision of the Administrative Tribunal regarding the appeal.
 - On May 7, the TAR granted Pro-Gest the suspension of all the instalments until the decision of the TAR. The TAR will decide on the merit of the appeal after the hearing of July 8th

- **NEXT STEPS**

- Next hearing on the merits of the appeal is scheduled for July 8, 2020

- **REPAYMENT PLAN**

- The graph shows the forecasted repayment plan.
- Pro-Gest considers that the first due instalment has already been prudentially paid in February, so the outflow in Q3 will be €4,8m (ie 2 instalments)
- Note that Pro-Gest remains confident that the TAR, after the hearing on July 8th, should deciding in favour of our appeal and so each instalment of the repayment plan shown below could be lower
- Furthermore, Pro-Gest is still waiting by AGCM for the decision regarding our request in order to increase the number of instalments up to 30 (instead of 20 instalments already granted). Also in this scenario, each instalment the repayment plan could be lower as well

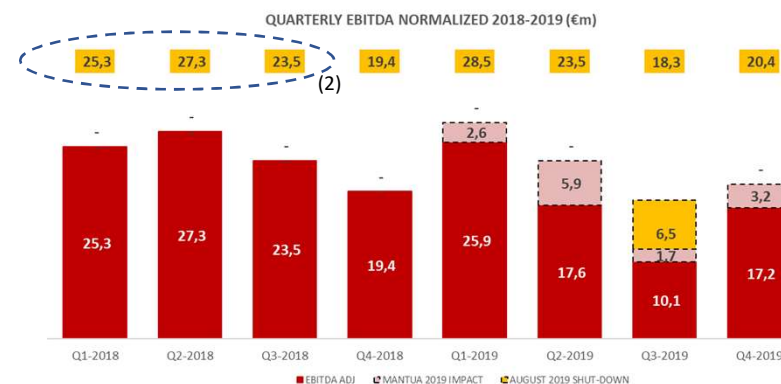
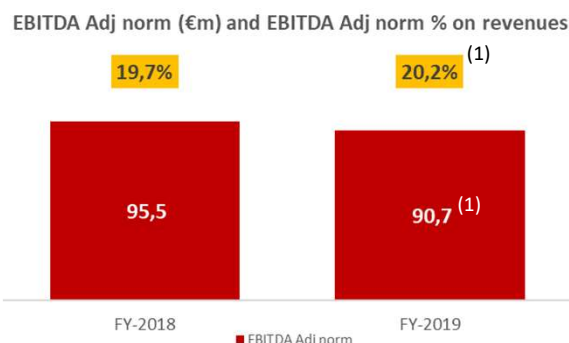
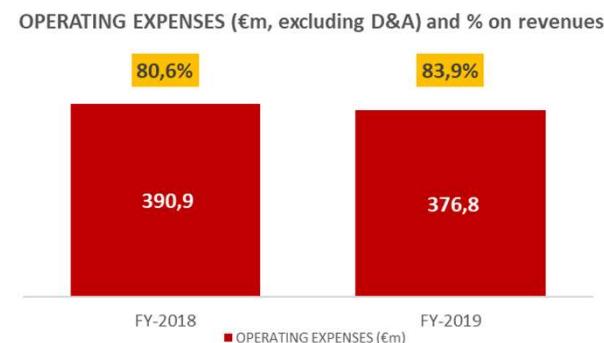
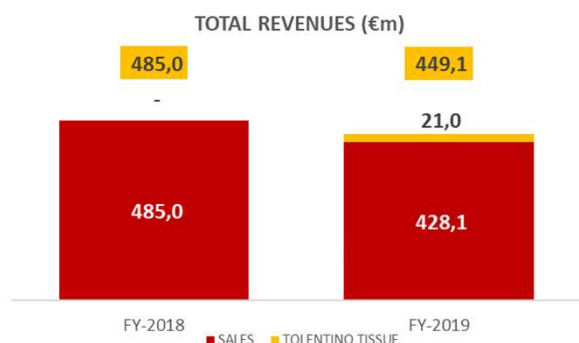


COVENANT WAIVERS

- **UPDATE**

- The company successfully obtained a waiver on certain financial covenants tested under the mini-bonds and other loans outstanding
- As part of the covenant waiver, the Company has agreed to an accelerated amortisation profile for one of the mini-bonds resulting in an incremental €7m total repayment already paid between March and April
- The amendments to the mini-bonds include the option to early repay any outstanding amounts
- The waivers are valid for 1-year with covenants to be tested again on basis of FY 2020 audited accounts

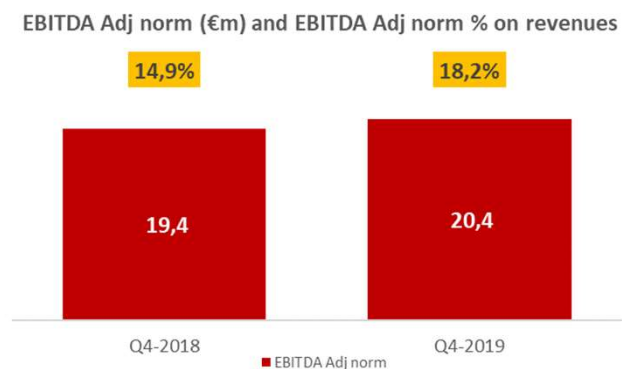
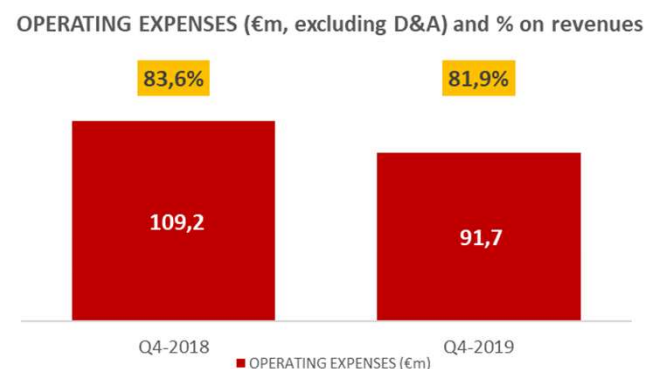
FINANCIALS FY-19



- In 2019, the revenues decreased by 7%, mainly driven by lower prices in the containerboard and packaging sectors. Tolentino revenues equal to €21.0m, so the revenues LFL decrease by 12%.
- Ebitda Adj Normalised (note 1) (equal to Ebitda reported plus €39,5m related to Antitrust proceeding) equal to €91m in FY 2019 and to 20% on revenues takes in account:
 - negative Ebitda impact of €13m related to Mantua (the production at Mantua stopped since mid-April; Pro-Gest continued to maintain the plant active to be able to restart it immediately one the authorities provide the necessary permits)
 - negative Ebitda impact of €7m in FY 2019 linked to down time and extraordinary maintenance in some plants

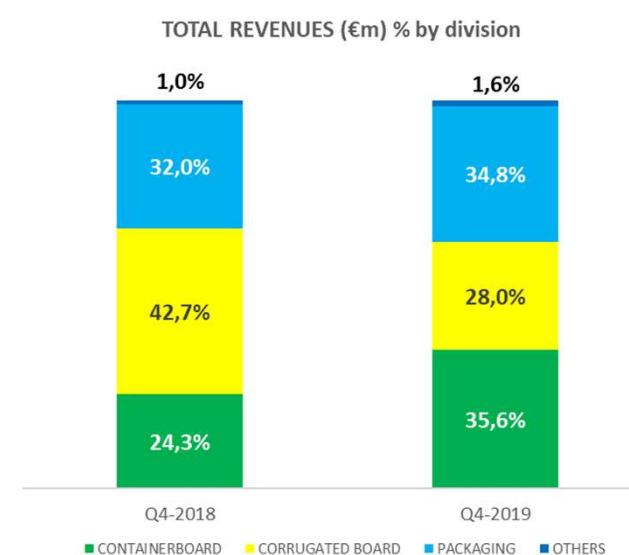
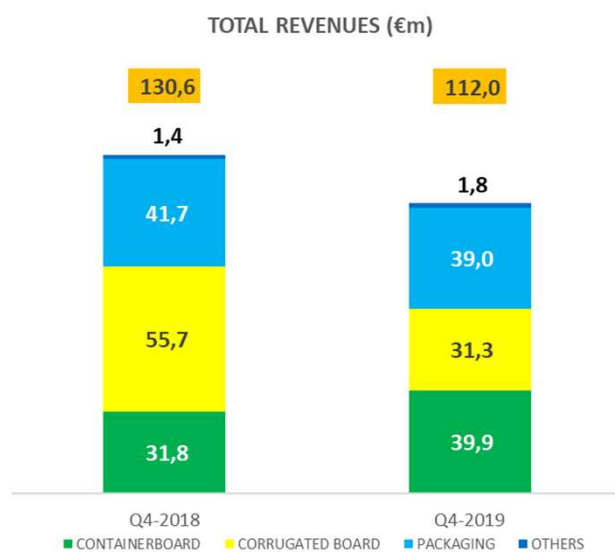
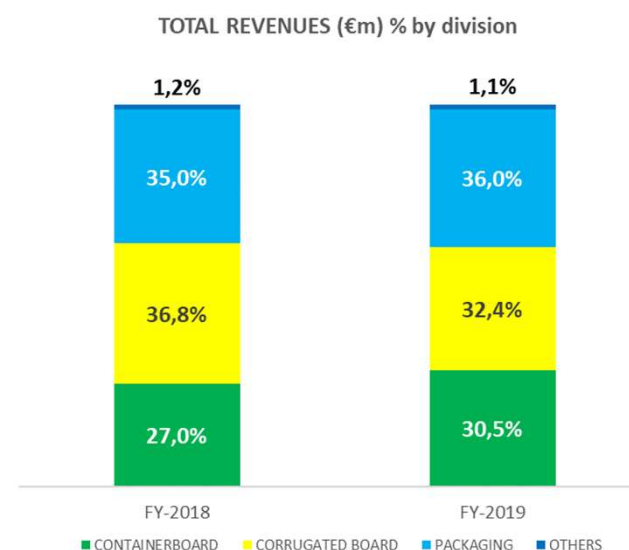
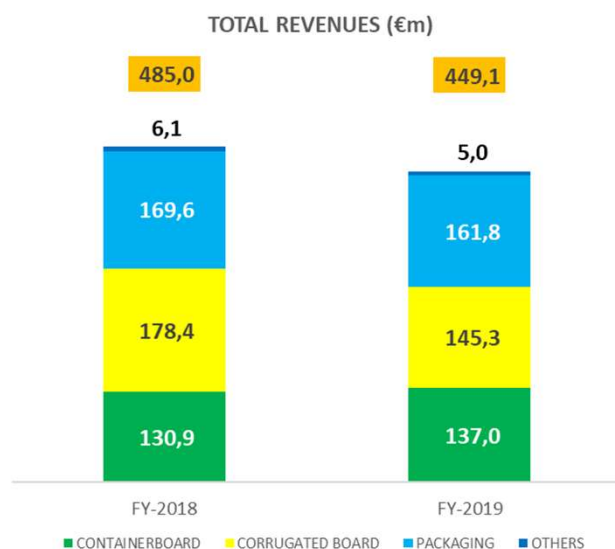
(2) Q1-Q3 2018 Ebitda % reflected the highest market selling prices (see the graph page 4)

FINANCIALS Q4-19 AND EBITDA BY QUARTER



- The reduction of operating expenses is mainly due to cost of raw material (item included in Operating Expenses) that decreased in FY 2019 thanks to lower paper for recycling

FINANCIALS FY-19 AND Q4-19 – REVENUES DETAILS

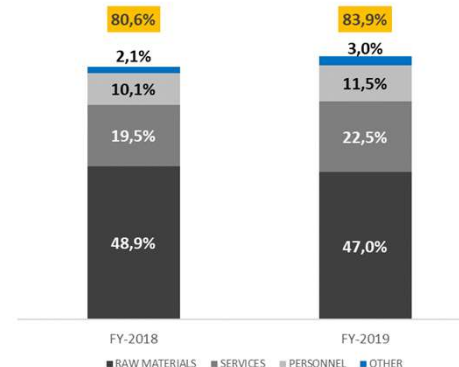


FINANCIALS FY-19 AND Q4-19 – OPEX DETAILS

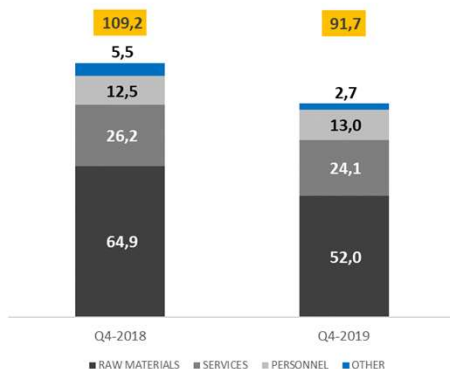
OPERATING EXPENSES EVOLUTION (€m, excluding D&A)



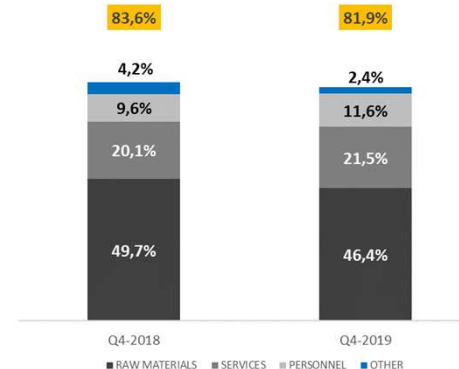
OPERATING EXPENSES EVOLUTION (excluding D&A) % on revenues



OPERATING EXPENSES EVOLUTION (€m, excluding D&A)



OPERATING EXPENSES EVOLUTION (excluding D&A) % on revenues



- Cost of raw material decreased in FY 2019 due to lower paper for recycling (Tolentino costs of raw material equal to €13,5m)
- Cost of services, as % on revenues, increased in FY 2019 due to: i) Mantua inefficiency; ii) higher cost of services for new acquisitions (ie Tolentino recorded structurally higher service costs than the Group; Tolentino costs of services equal to €3,6m)
- Cost of personnel, as % on revenues, increased in FY 2019 due to: Mantua plant semi-operational and with all workforce on force; ii) normal cost for the ramp up of new acquisitions (Tolentino). Tolentino costs of personnel equal to €2,3m.

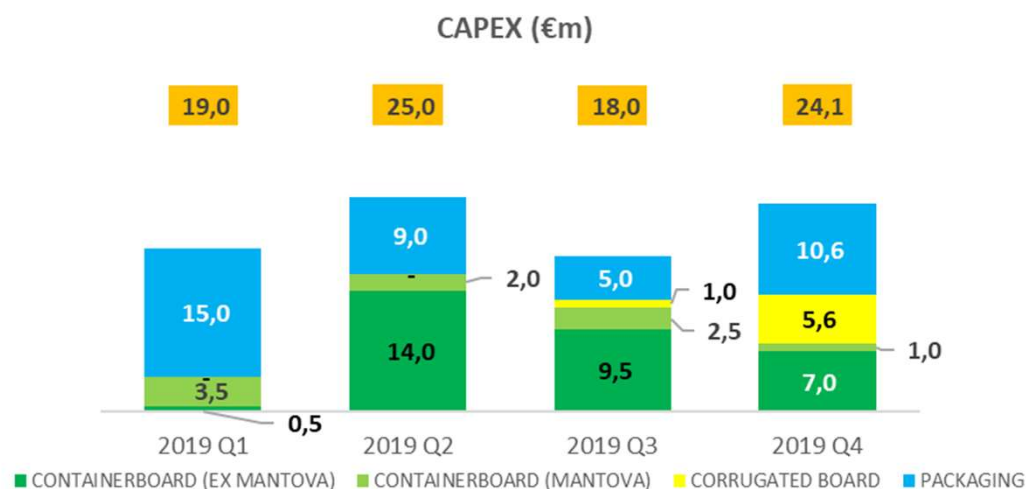
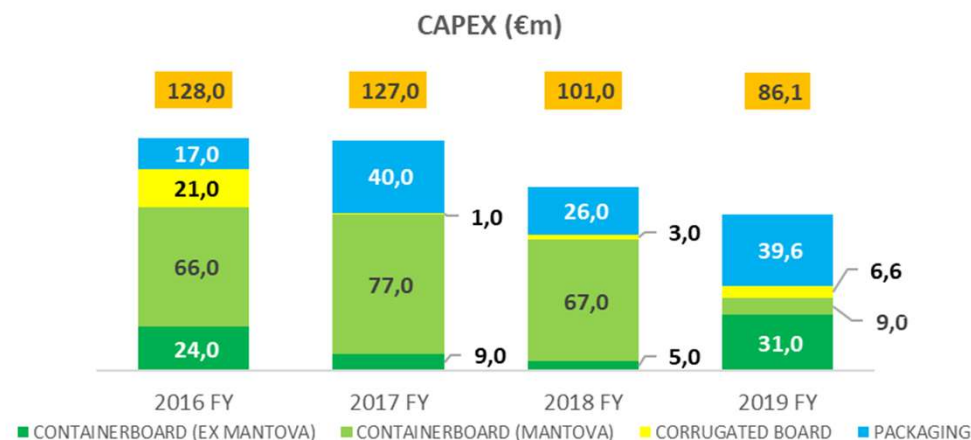
CAPEX

• ANNUAL CAPEX

- Containerboard 2019 total investments equal to €40m are related to:
 - €9m for Mantua
 - €10m for Villa Lagarina (of which 4,5 related to cogeneration upgrade)
 - €15m for the acquisition of ex Papergroup
 - €6m for investments in other mills
- Corrugated 2019 investments are related to:
 - €6m for acquisition of new machines
- Packaging 2019 investments are related to:
 - €10m new building in Grezzago for Cartonstrong
 - €8m new building in Ospedaletto for HQ and Trevikart
 - €17m the acquisition of new machines
- Total capex for the development of the Mantua site between 2015 and 2019 is equal to ~€240m

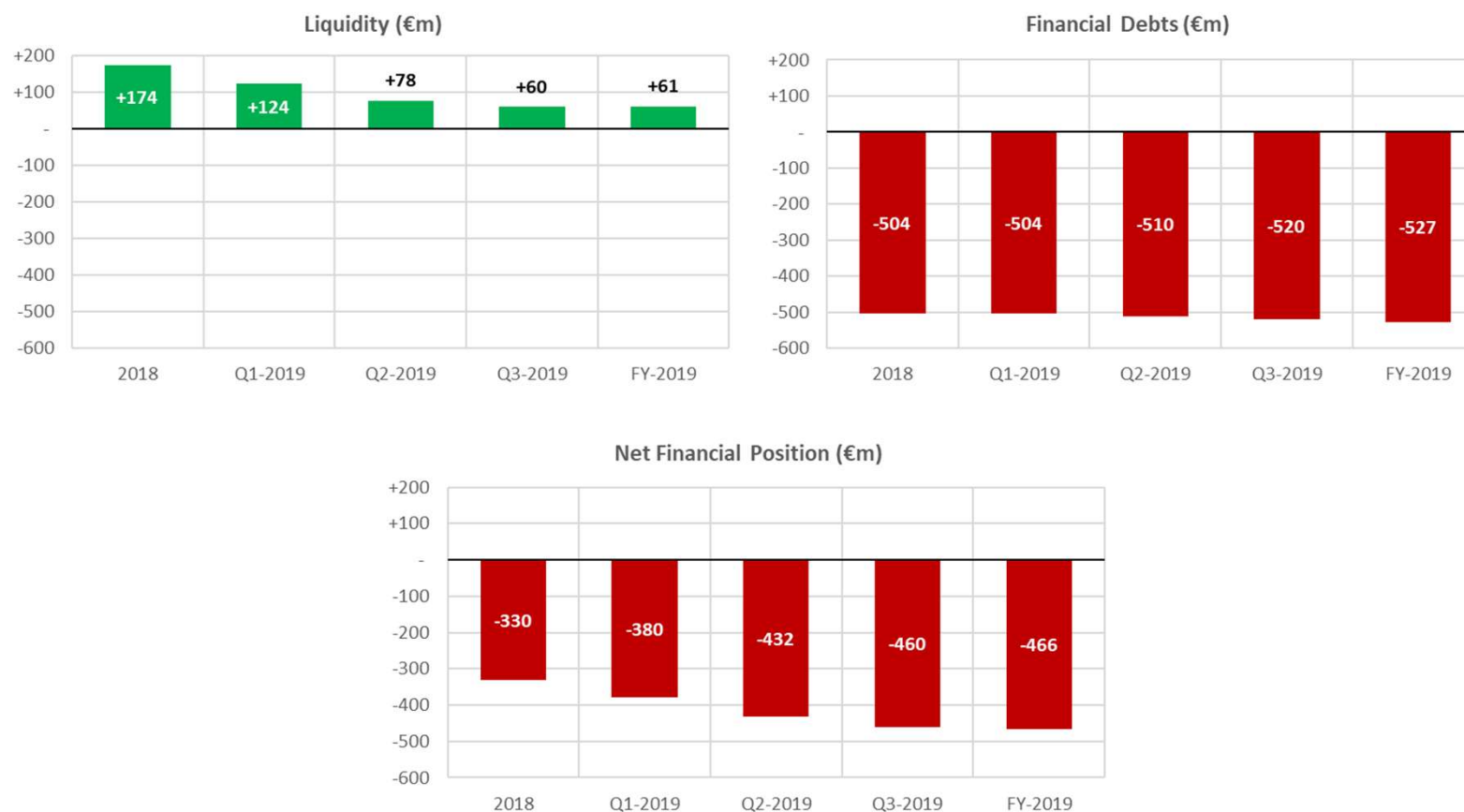
• QUARTERLY CAPEX

- The graph shows the quarterly capex during 2019



SUMMARY OF NET FINANCIAL POSITION

- The change in 2019 net financial position (equal to -€136m) is mainly due to working capital and capex absorption (included the acquisition of ex Papergroup)
 - The liquidity was used during 2019 mainly to pay the significant investments made in recent years, for the acquisition of the ex Papergroup plants in Tuscany and for working capital

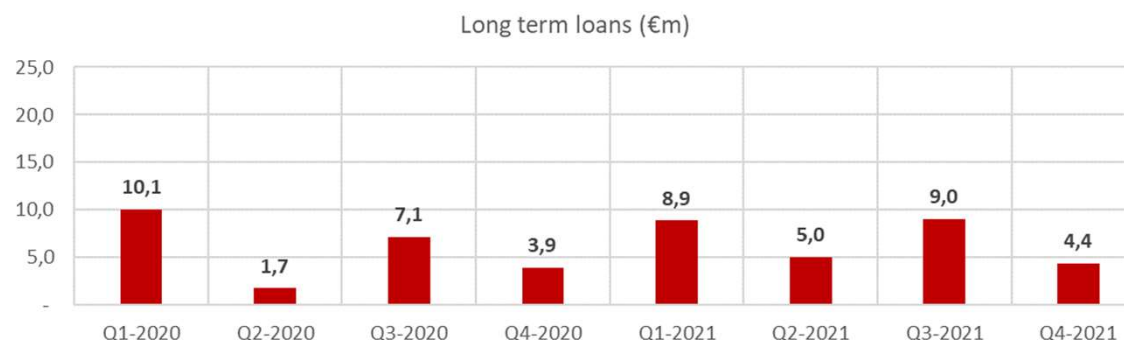


- Note: Liquidity and NFP do not include securities (€26,5) regarding related parties and bank bonds (€2,0m)

DEBTS 2020-2021 - REPAYMENT PLANS

• LOANS

- The loan outstanding at the end of Q1-2020 is equal to €88,2m (€10,1m is the amount already repayed during Q1-2020).
- The loan repayment plan considers the effects of Covid19 government decrees, in term of suspension of instalments already obtained; the next graph shows its quarterly evolution



• BONDS

- The bond outstanding at the end of Q1-2020 was equal to €72,4m (€2,4m is the amount already repayed during Q1-2020)
- The bond repayment plan considers the effects of recent waiver renegotiations; the next graph shows its quarterly evolution

