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PRO-GEST GROUP

Financial Highlights Q1-Q3 2018

11th December, 2018

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Introducing Pro-Gest

Presenters



Francesco Zago

- ➡ Managing Director and Owner
- ➡ Joined Pro-Gest in 2007



Paolo Facchin

- ➡ Chief Financial Officer
- ➡ Joined Pro-Gest in 1988

Key developments

Financial performance

- Achieved revenues of €359m (-2% compared to €365m in Q1-Q3 2017) and EBITDA of €76m (-4% compared to €80m in Q1-Q3 2017)
- ✓ Industry leading EBITDA margins of 21% in Q1-Q3 2018 (compared to 22% in Q1-Q3 2017)

Key operational elements

- During Q3 2018 the Carbonera plant has stopped the production for over a month due to a machinery revamp, with a reduction in revenues estimated in about €8m

Financial Position

- Closed Q3 2018 with Net Financial Indebtedness of €314m

Interest Expense

- Increased to €14m in Q1-Q3 2018 from €9m in Q1-Q3 2017: it reflects the impact of €250m notes

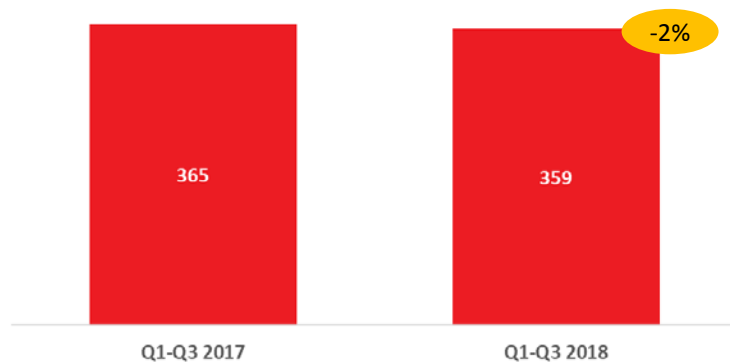
Update on Mantova

The Mantova Project continued to proceed as planned:

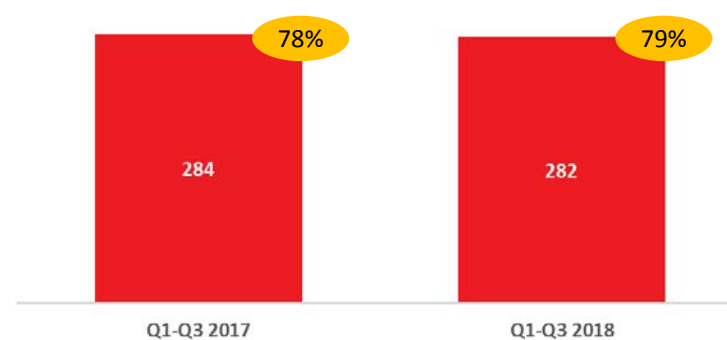
- Produced first rolls for testing in October 2018
- As of 30th September 2018, the Group has invested €208m in technical investments. The Group expects a total investment for the Mantova Project to be about €220m
- In Q1-Q3 2018 the operating expanses related to Mantova plant are equal to €4m

Q1-Q3 18 results update

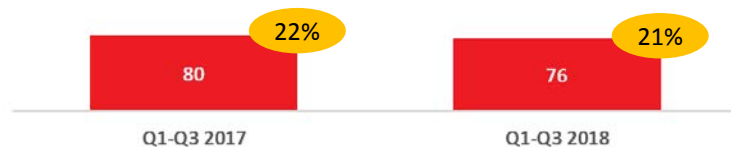
Historical Revenues (€m) and Var % YoY



Operating expenses (€m, excluding D&A) and % on revenues



EBITDA (€m) and EBITDA %

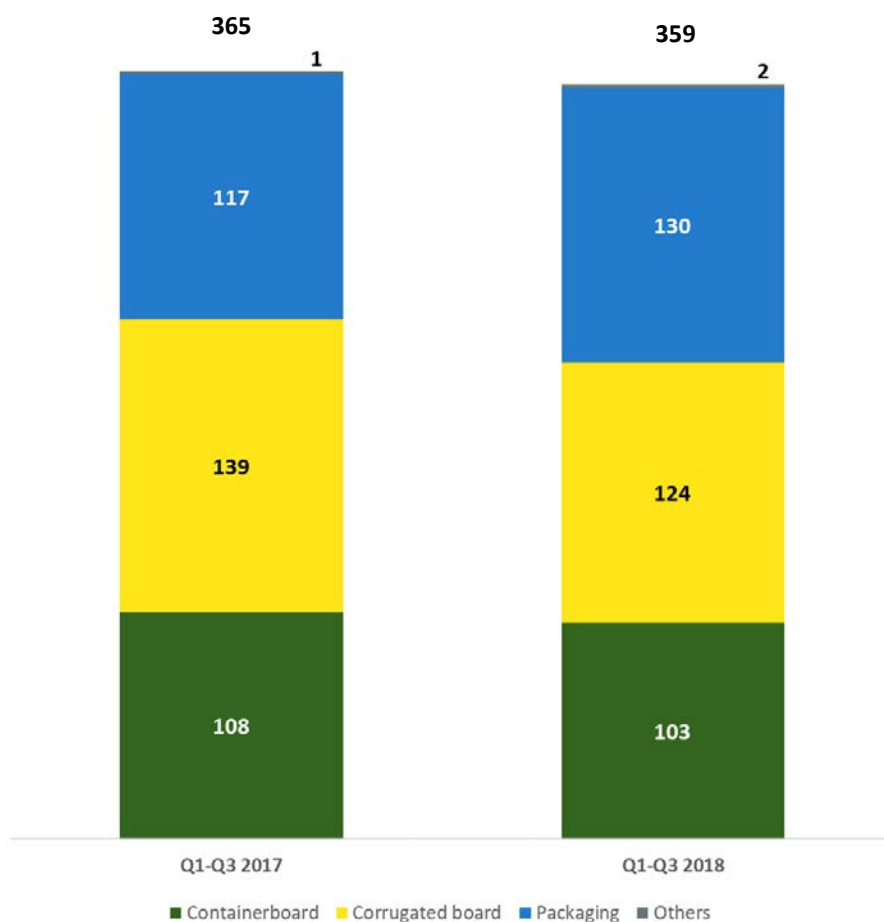


Net Income (€m) and Net Income %



Revenues Performance

Revenues breakdown (€m)

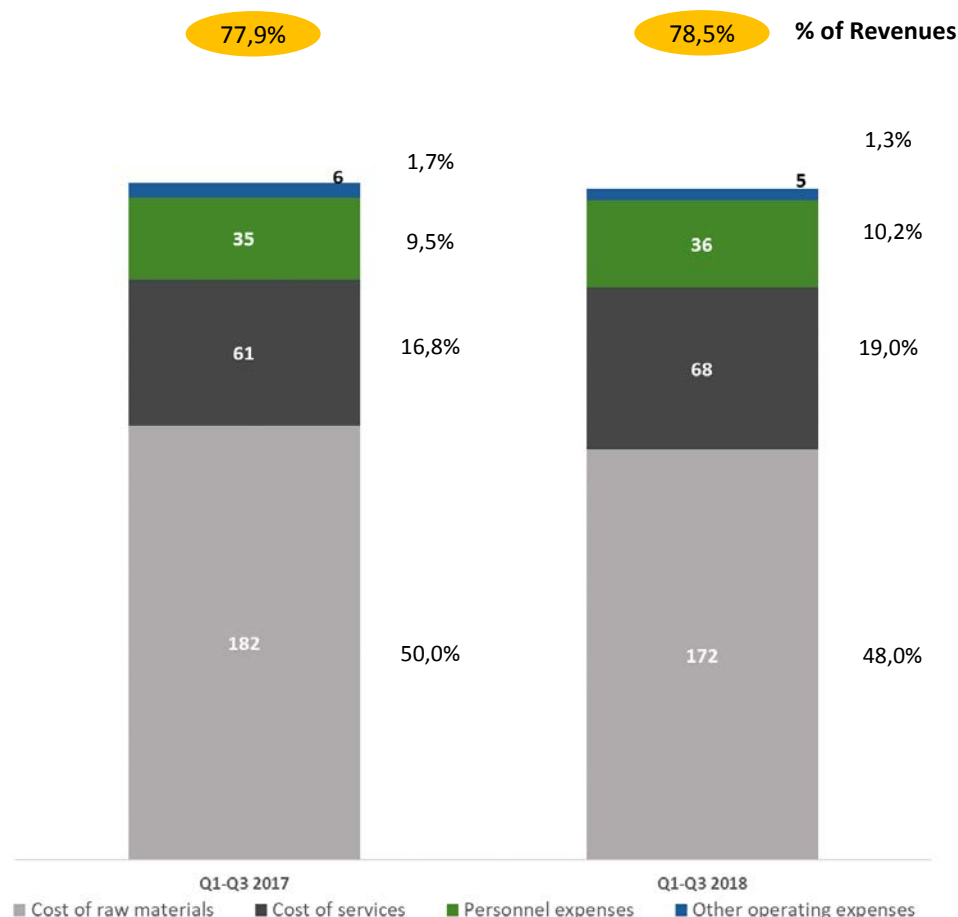


■ Revenues decreased to €359m in Q1-Q3 2018 compared to €365m in Q1-Q3 2017, mainly driven by:

- ✓ temporary production stoppage of Carbonera Plant with lower revenues of about €8m in Q3 2018

Cost structure

Operating expenses evolution (€m, excluding D&A)

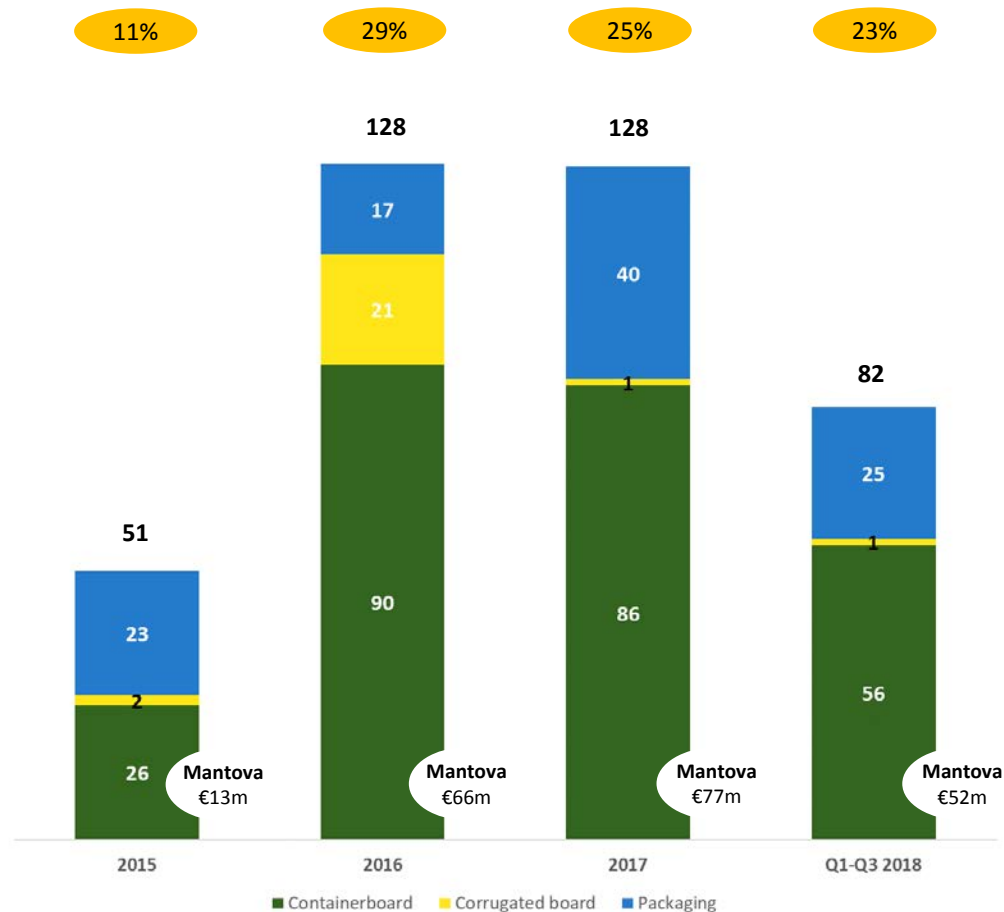


- The operating expenses, as percentage on revenues, increased by less than 1% in Q1-Q3 2018 compared Q1-Q3 2017
- Cost of raw materials:
 - ✓ equal to 48,0% (53,1% in Q1; 45,0% in Q2; 45,5% in Q3 2018), decreased by 2,0% as percentage on revenues due to the Chinese import ban for low quality waste paper
- The cost of services:
 - ✓ increased by €7m related mainly to:
 - €2m cost of renting related to buildings sold at the end of 2017 (plants of Altopascio and Sesto Fiorentino)
 - €2m ramp up of Mantova plant
- Personnel costs:
 - ✓ includes over €2m related to new workforce for Mantova paper mill

Breakdown of capital expenditure

Capex (€m)

Revenues (%)



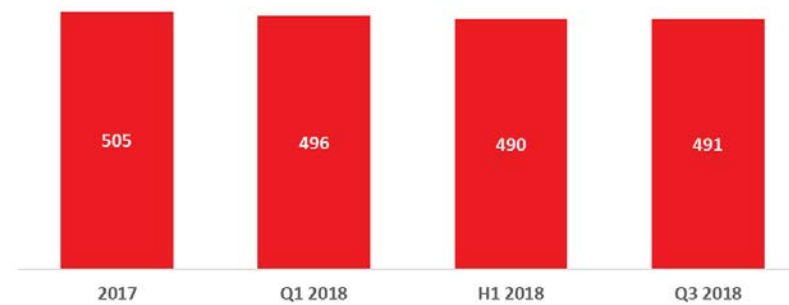
- The investments for the Mantova paper mill production site continued in Q1-Q3 2018
- These investments regard ancillary machinery and equipment necessary for the launch of the new Paper Production Line, for a total of €52m in Q1-Q3 2018
- Other investments for over €2m (Badia mill and others), not shown in the graph, for a total Capex of €84m in Q1-Q3 2018

Summary of Net Financial Indebtedness

Cash (€m)*



Financial Debts (€m)



Net Financial Indebtedness (€m)*



* Not included securities (€14m) and other financial receivables regarding related parties