

4 Jun 2021



# PRO-GEST

## INVESTOR PRESENTATION Q1-2021

- 1) Market Highlights
- 2) Q1-2021 Pro-Gest Topics
- 3) Current Trading Apr-May 2021

**PLEASE CHECK NEW  
CONFERENCE CISCO WEBEX  
CALL SYSTEM DETAILS ON  
PAGE 2 OF THIS PRESENTATION**



## NEW CONFERENCE CALL SYSTEM: CISCO WEBEX

- Please note that starting from this Investor Presentation, the Pro-Gest conference call will be made using the Cisco Webex system
- This is a different system than the one previously used: each participant will have the opportunity to interact with the Pro-Gest management sending questions exclusively in writing form, through the Cisco Webex Q&A chat, at any time during the call
- At the end of the presentation, Pro-Gest management will answer all the main and most relevant questions received through the Cisco Webex Q&A chat (requests received by e-mail will not be considered)
- The adoption of this new system, which no longer provides for the direct voice question session as in the past, will allow Pro-Gest to:
  - provide the financial community with broader and more widespread information
  - answer all the main written questions received from the participants during the conference call, as long as they are relevant
  - improve the quality of information for the financial markets
  - give all participants, on an equal position, the effective opportunity to ask Pro-Gest management questions on the published documentation
- The meeting with the financial community is scheduled for June 4, 2021 at 10:30 am CET through a conference call at the following link: <https://progest.webex.com/progest-it/onstage/g.php?MTID=ee3345d97ad5fd83c4ea6e351339c42bc>; if you wish to participate by telephone, to locate the telephone number to dial, consult: <https://progest.webex.com/cmp3300/webcomponents/widget/globalcallin/globalcallin.do?siteurl=progest-it&serviceType=EC&eventID=1399068147&tollFree=0> ID conference: 163 064 3609 #
- **It is strongly recommended you check in advance the correct functioning of your computer system with the Cisco Webex platform**

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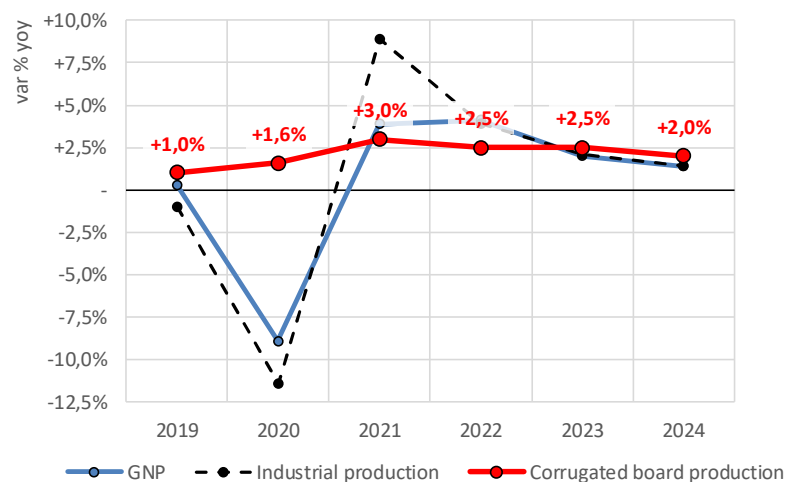
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## MARKET HIGHLIGHTS

# PAPER INDUSTRY MONITOR – ITALY (source: CEPI)

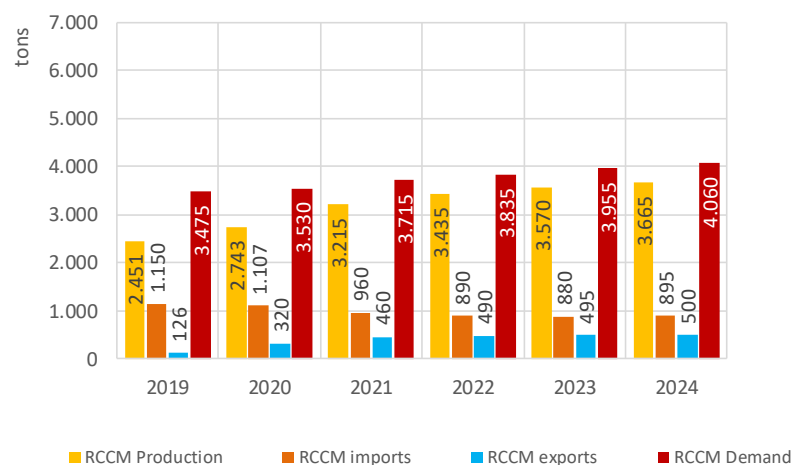
MACROECONOMICS TRENDS - ITALY



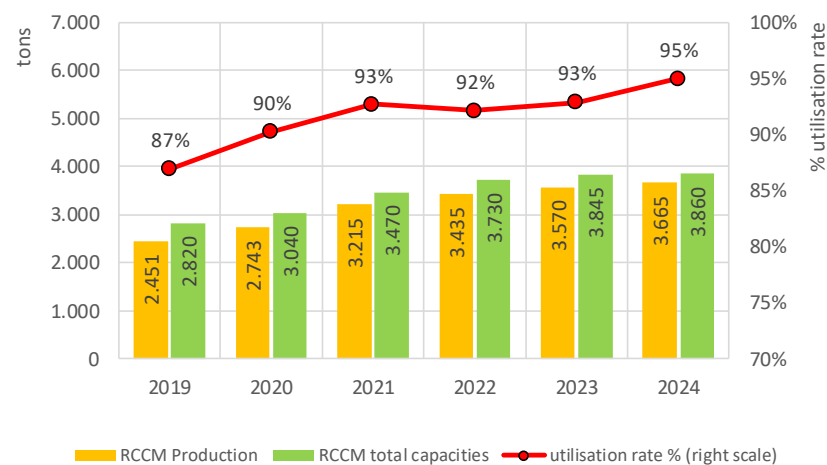
ITALY (data source: CEPI)

New KL & RCCM series from 2015	2019	2020	2021	2022	2023	2024
GNP	+0,3%	-8,9%	+3,9%	+4,1%	+2,0%	+1,4%
Industrial production	-1,0%	-11,4%	+8,9%	+3,9%	+2,1%	+1,4%
Corrugated board production	+1,0%	+1,6%	+3,0%	+2,5%	+2,5%	+2,0%
<b>RCCM Demand</b>	<b>3.475</b>	<b>3.530</b>	<b>3.715</b>	<b>3.835</b>	<b>3.955</b>	<b>4.060</b>
changes % yoy	-0,8%	+1,6%	+5,2%	+3,2%	+3,1%	+2,7%
cagr % 2024 vs 2020						+3,6%
changes % 2024 vs 2020						+15,0%
RCCM imports	1.150	1.107	960	890	880	895
RCCM exports	126	320	460	490	495	500
<b>RCCM Production</b>	<b>2.451</b>	<b>2.743</b>	<b>3.215</b>	<b>3.435</b>	<b>3.570</b>	<b>3.665</b>
changes % yoy	+1,2%	+11,9%	+17,2%	+6,8%	+3,9%	+2,7%
cagr % 2024 vs 2020						+7,5%
changes % 2024 vs 2020						+33,6%
RCCM total capacities	2.820	3.040	3.470	3.730	3.845	3.860
utilisation rate %	87%	90%	93%	92%	93%	95%
Δ capa total	+70	+220	+430	+260	+115	+15
Burgo / Avezzano	+60	-	-	-	-	-
Burgo / Verzuolo	-	+200	+200	+90	-	-
Progest	-	-	+220	+150	+90	-
others	+10	+20	+10	+20	+25	+15

SUPPLY VS DEMAND - ITALY



PLANT UTILIZATION RATE - ITALY





## MARKET TREND

- Positive medium-term outlook for the paper market (e-commerce, plastic replacement, etc.)
- The Covid-19 pandemic had and continues to have less impact in the sectors where Pro-Gest operates (food, fruit & vegetables, pharma)
- Raw material prices increased significantly in Q1-2021, followed by also the selling prices of both paper and packaging
- The spread between selling prices and raw material costs has proved to be stable / slightly growing with an improving trend, thus creating the conditions for greater profitability for companies like Pro-Gest that carefully and effectively manage the sales price - cost of raw material ratio

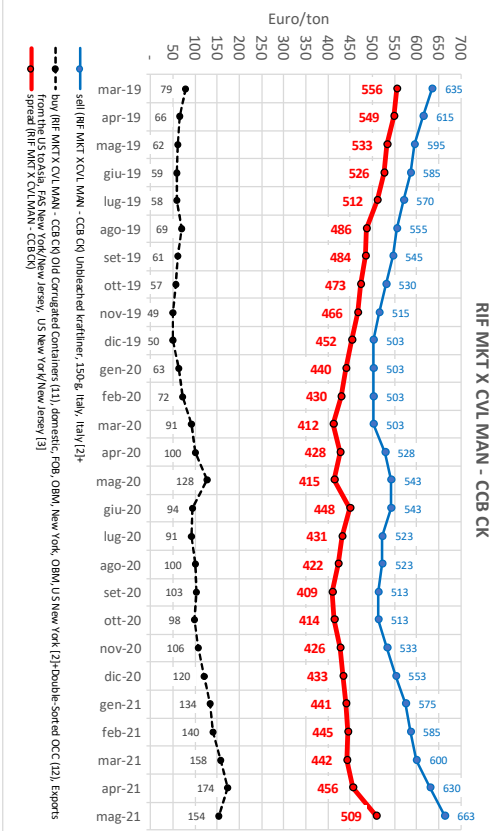
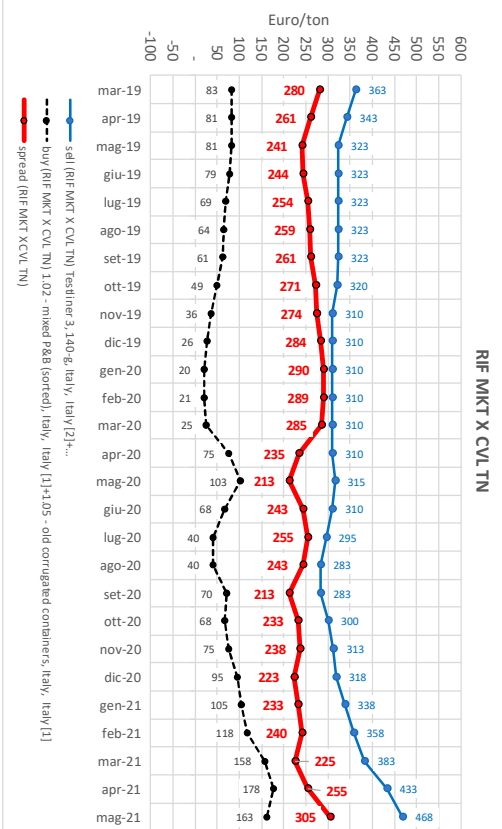
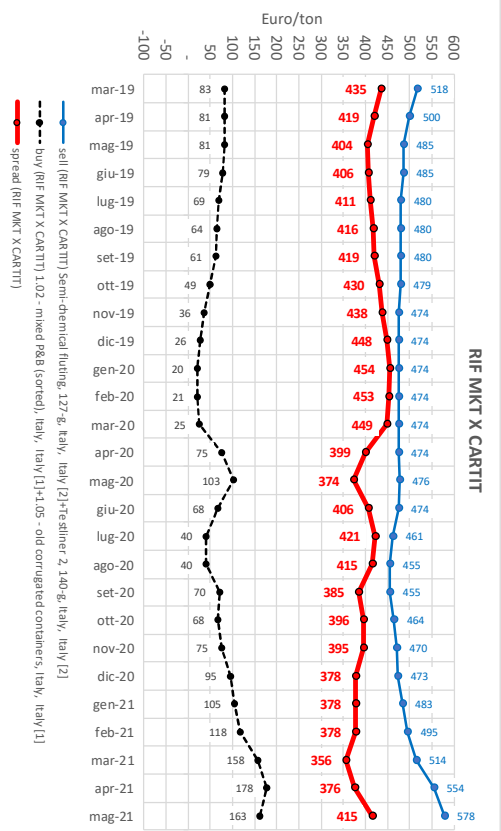
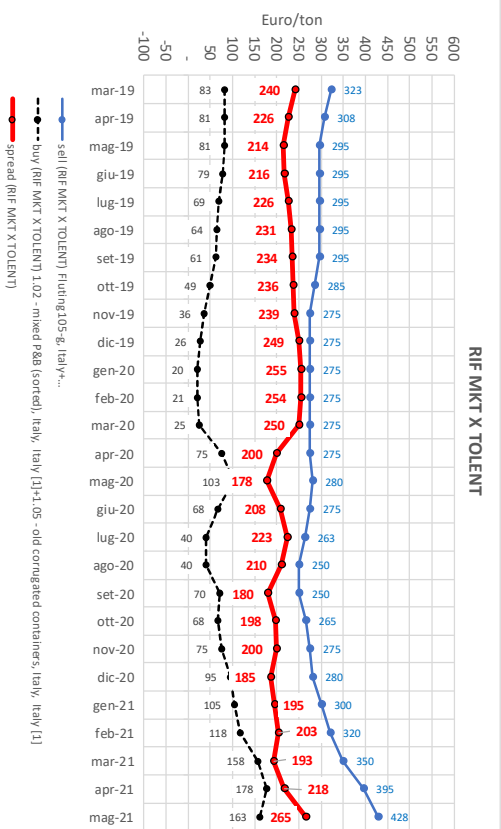


# MARKET PRICES AND SPREADS TREND



## SELLING PRICES - RAW MATERIAL PRICES - SPREAD (REFERRING TO PRO-GEST MILLS)

Source: RISI



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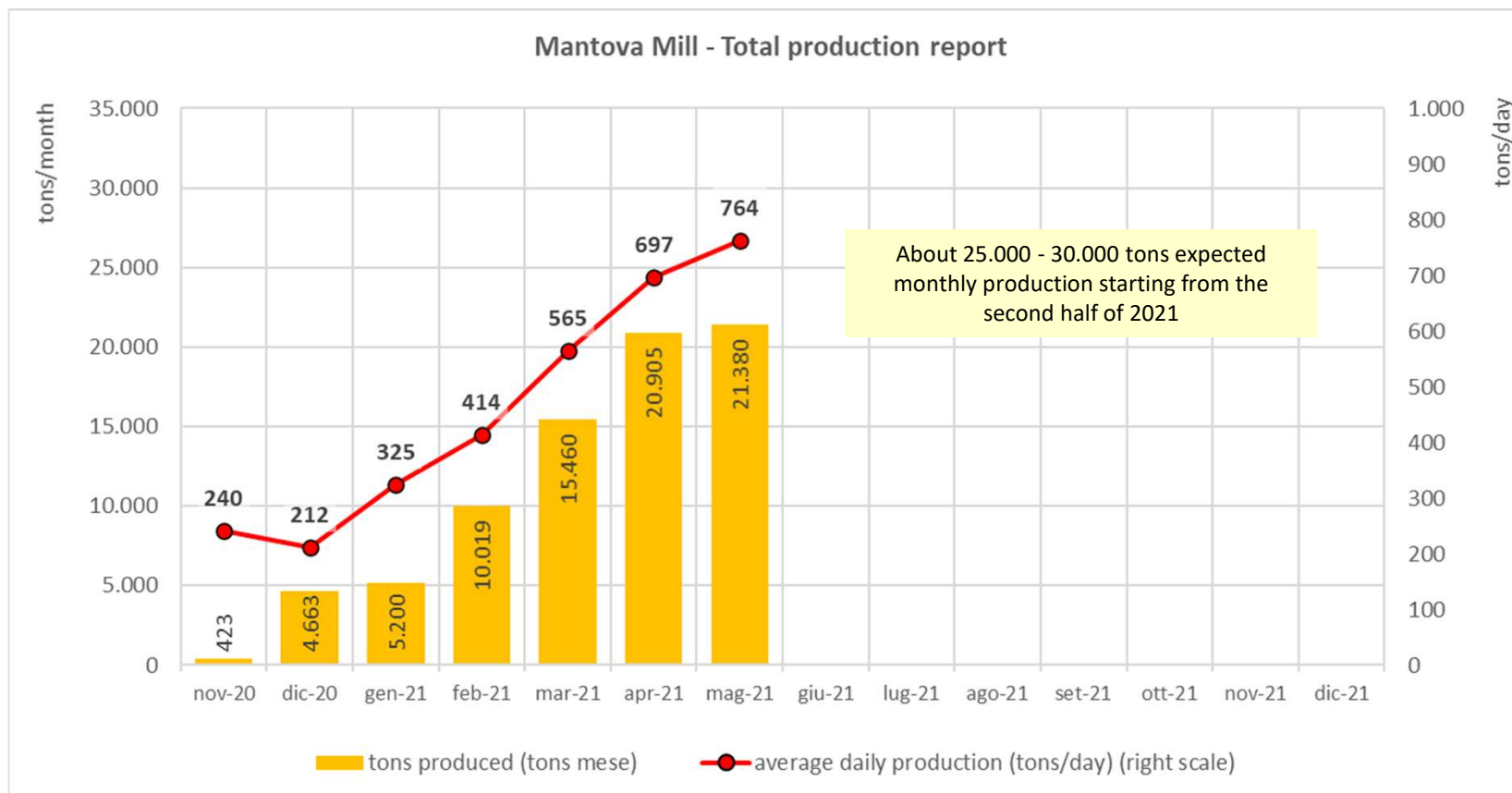
CONFIDENTIAL DATA

04/06/2021

## Q1-2021 PRO-GEST TOPICS



## FOCUS ON MANTOVA MILLS



### Note

- Mantova production increased significantly every month from opening in November 23<sup>rd</sup> 2020
- May 2021 average daily production reached about 800 tons/day (from about 230-250 tons/day in November 2020); expected target around 1.000 - 1.100 tons/day per working day in the next months

## Q1-2021 PRO-GEST TOPICS



### PRO-GEST GROUP

- Positive economic and financial results compared to the previous period for most of the business segments and in line with the plan expectations
- Mantova mill: during the first three months of activity (between the end of November and the end of February) it operated with production capacity reduced to about 50% in line with the requests of the local authorities; starting from March the plant is operating at higher capacity, although still in a start-up phase that is not yet fully expressing its maximum efficiency and profitability which will happen from second half of 2021
- The “Full Potential Project” has been launched with Afry Poyry, a leading consultancy company operating worldwide; the progress of both the market competitiveness part (called workstream A) and the of the part concerning the improvement of the production plants performance (called workstream B) are in line with the agreed timetable. The project should be completed by fall this year
- The strengthening of governance (new four board members, of which two independents) and the management team was implemented starting from the second half of 2020 and first quarter of 2021 and is developing the qualitative agreed program with the Board of Directors
- AGCM: on May 25, 2021, the Regional Administrative Court (“TAR”) of Lazio, following the outcome of the appeal against the fines imposed by the Antitrust Authority (“AGCM”), rejected the appeal of the Pro-Gest Group companies. This scenario is in line with the Group's medium-term plans and, therefore, this decision has no impact on the financial component of the Group envisaged in the Group business plan

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# Q1-2021 FINANCIALS – EXECUTIVE SUMMARY

- Profit & Loss data
  - All the Group's segments showed an increase in turnover as well as in profitability, in line with budget assumptions, with the exception of the Tissue segment which was most affected by the Covid pandemic (in particular on the HoReCa industry, the largest consumer of tissue products)
  - Mantova is slightly delayed in the start-up and fine-tuning times of the plant (the re-start was originally planned at the beginning of September 2020), but during the months of April and May it is strongly recovering both as production and sales
- Balance sheet topics
  - Liquidity proved to be good and amounted to approximately €77m at the end of March
  - The working capital is stable despite the increases in raw materials prices and finished products sales prices and thanks to the start of the stock reduction process following the production of the Mantova plant, the rationalization of the others plants and the strategic and pricing policies on the management of the Group's stocks
  - Investments in the first quarter are limited and in line with the new Group capex strategy (see following pages)
- The following table summarizes all economic and financial data of the Group; in particular, it includes the impact on the net equity due to the 2020 asset revaluation (Law no. 126-2020) equal to about €172m.

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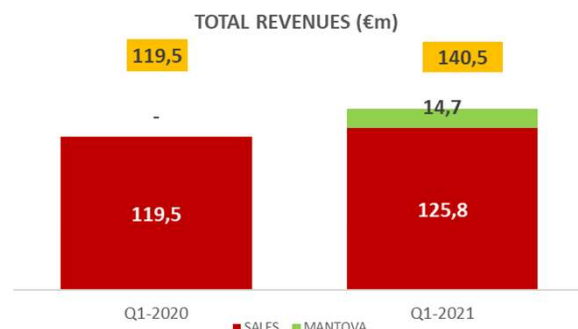
# Q1-2021 FINANCIALS – EXECUTIVE SUMMARY

consolidated data €mil	Q1-2021 actual	Q1-2020 actual	21 vs 20 change %	FY-2020 actual	FY-2019 actual
<b>AREA ECONOMICA</b>					
SALES A1 - PRODUCTS	135,4	107,8	+25,6%	419,1	426,8
SALES A5 - OTHERS (exclud capital gains)	5,1	3,3	+52,7%	21,3	21,9
SALES A5 (capital gains)	-	8,3	nc	8,1	0,3
<b>TOTAL SALES</b>	<b>140,5</b>	<b>119,5</b>	<b>+17,6%</b>	<b>448,5</b>	<b>449,0</b>
EBITDA (existing business)	21,8	18,4	+18,5%	66,4	70,4
EBITDA (Mantova)	2,7	-	-	-2,9	-
EBITDA (capital gains)	-	8,3	nc	8,1	0,3
<b>EBITDA</b>	<b>24,5</b>	<b>26,7</b>	<b>-8,4%</b>	<b>71,6</b>	<b>70,7</b>
% on total sales	17,4%	22,4%		16,0%	15,8%
MANTOVA non recurr costs normaliz	-	1,7	nc	9,0	13,4
OTHER NON RECURRING COST	-	0,6	nc	0,6	6,5
<b>EBITDA NORMALIZED</b>	<b>24,5</b>	<b>29,0</b>	<b>-15,7%</b>	<b>81,2</b>	<b>90,6</b>
% on total sales	17,4%	24,3%		18,1%	20,2%
<b>OPERATING EBITDA</b>	<b>24,5</b>	<b>18,4</b>	<b>+32,9%</b>	<b>63,5</b>	<b>70,4</b>
% on total sales	17,4%	15,4%		14,2%	15,7%
(depreciation and amortization)	-17,0	-8,4			
(interest expense)	-6,6	-4,5			
(tax)	1,0	-3,5			
<b>NET INCOME</b>	<b>1,9</b>	<b>10,3</b>	<b>nc</b>	<b>18,4</b>	<b>-26,0</b>
<b>OPERATING NET INCOME PROFORMA</b>	<b>1,9</b>	<b>4,0</b>	<b>nc</b>	<b>12,2</b>	<b>-26,2</b>
<b>AREA PATRIMONIALE E FINANZIARIA</b>					
(increase)/decrease working capital	+0,0	+13,8	-100,0%	+19,6	-90,8
(increase)/decrease capex	-4,1	-7,2	-42,9%	-53,1	-88,0
<b>NET INVESTED CAPITAL</b>	<b>901,3</b>	<b>725,3</b>	<b>+24,3%</b>	<b>914,1</b>	<b>741,9</b>
<b>NET EQUITY</b>	<b>468,6</b>	<b>286,3</b>	<b>+63,7%</b>	<b>466,6</b>	<b>276,0</b>
(GROSS FINANCIAL POSITION)	-504,3	-502,1	+0,4%	-510,5	-527,3
LIQUIDITY	71,6	63,2	+13,3%	62,9	61,4
<b>(NET FINANCIAL POSITION)</b>	<b>-432,7</b>	<b>-438,9</b>	<b>-1,4%</b>	<b>-447,5</b>	<b>-465,9</b>
PFN / EBITDA (LTM)	6,2x	6,1x		6,3x	6,6x
PFN / EQUITY	0,9x	1,5x		1,0x	1,7x

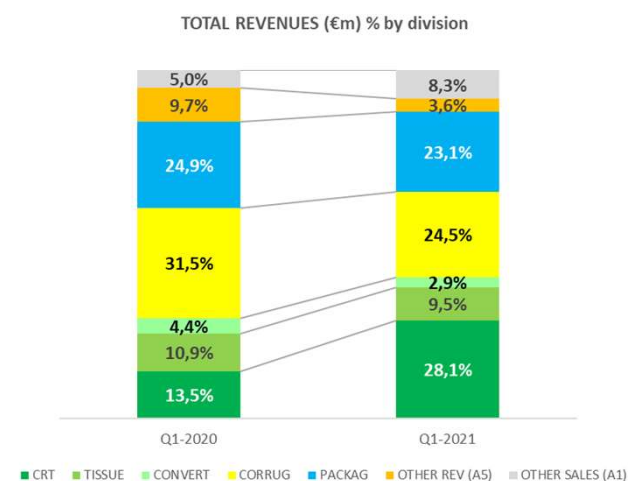
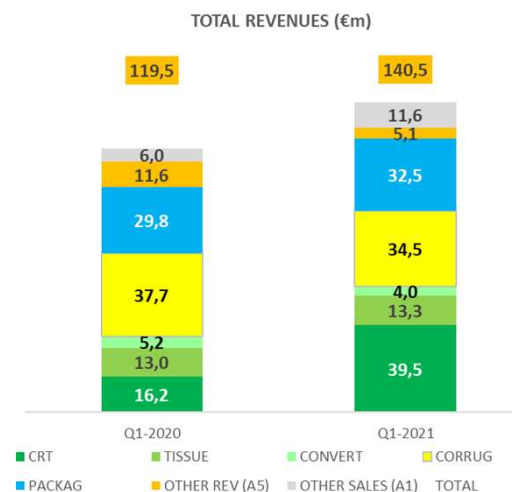
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# Q1-2021 FINANCIALS – REVENUE DETAILS

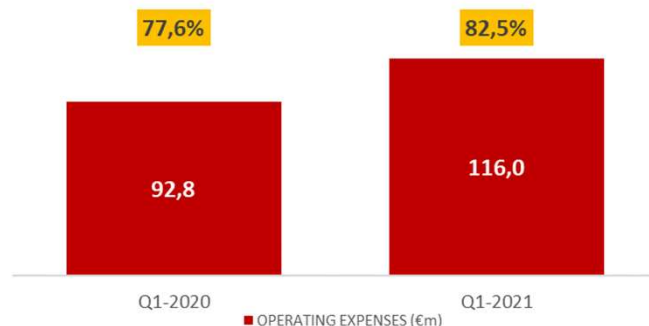


- Sales in Q1-2021 amounted to €140.5m (compared to €119.5m in Q1-2020)
- The main changes are:
  - The paper mill sector, which represents approximately 37% of the Group's turnover (compared to 24% in Q1-2020), grew significantly mainly due to volumes and, to a lesser extent, also due to selling prices (which only started to grow in the second part of the quarter)
  - Mantova plant contributed with sales of €14.7m in the quarter, thus favoring the increase in the weight of paper mills on global turnover
  - The corrugated and packaging sector, which represents about 50% of the Group's turnover (compared to 61% in Q1-2020), is overall stable in the period



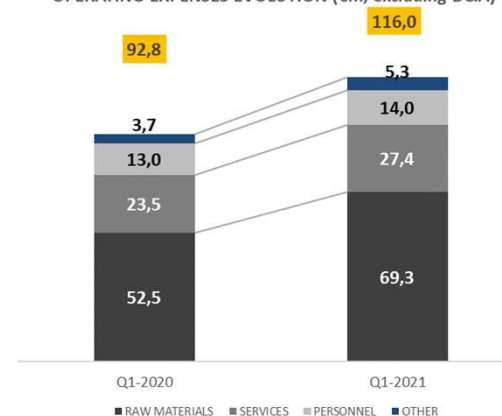
# Q1-2021 FINANCIALS – OPEX DETAILS

OPERATING EXPENSES (€m, excluding D&A) and % on revenues

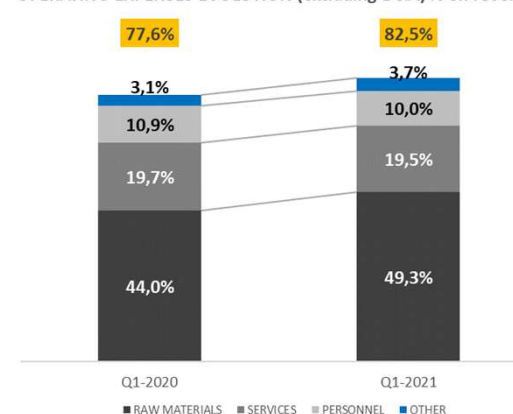


- Operating costs in Q1-2021 were €116.0m (compared to €92.8m in Q1-2020)
- The main changes are:
  - The incidence of the cost of raw materials on revenues was 49.3% (compared to 44% in Q1-2020) due to the temporal misalignment of price increases between raw materials and finished products (which is believed to have a better balance in subsequent quarters, if current market conditions will remain confirmed)
  - The incidence of personnel costs on revenues was 10.0% (compared to 10.9% in Q1-2020) due to the different growth rate between personnel costs (compared to the end of 2020, the workforce increased by 23 units, mainly due to the start-up of Mantova) and revenues

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

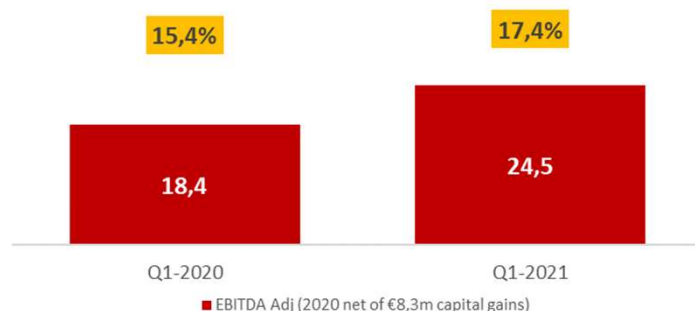


OPERATING EXPENSES EVOLUTION (excluding D&A) % on revenues

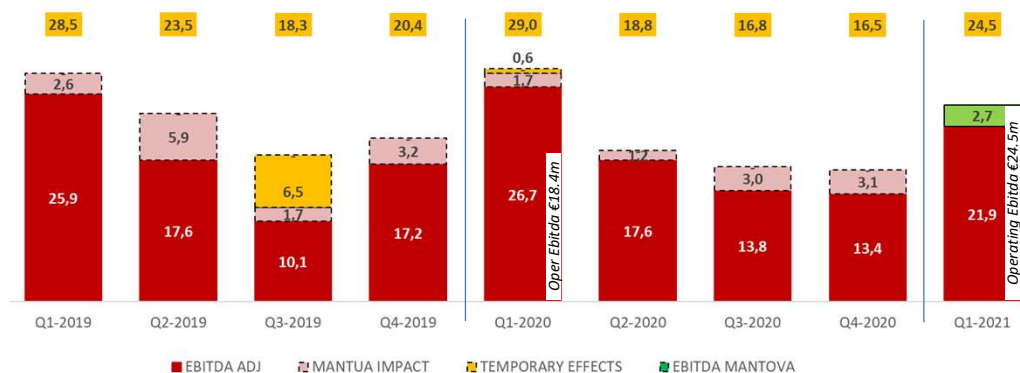


# Q1-2021 FINANCIALS – EBITDA BY QUARTER

EBITDA Adj (€m) and EBITDA Adj % on revenues

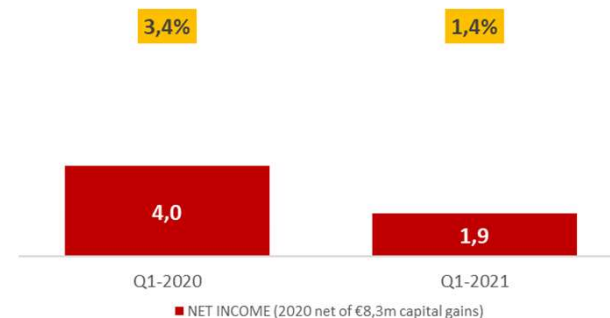


QUARTERLY EBITDA ADJUSTED NORMALIZED 2019-2021 (€m)



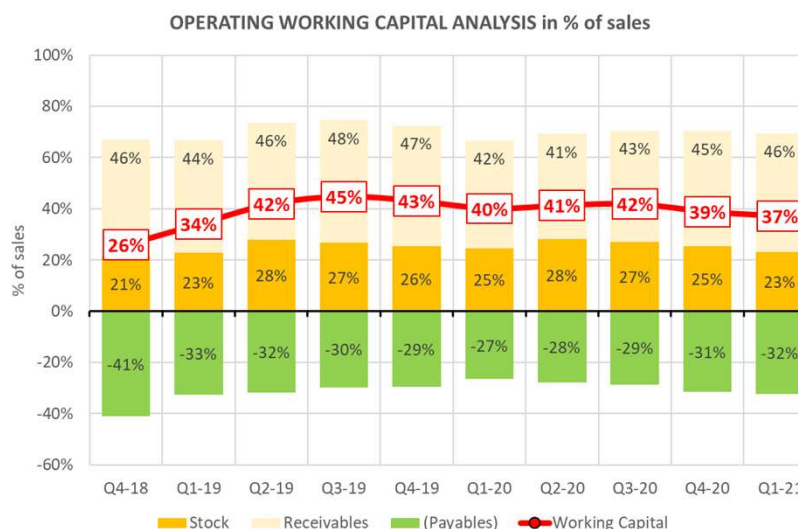
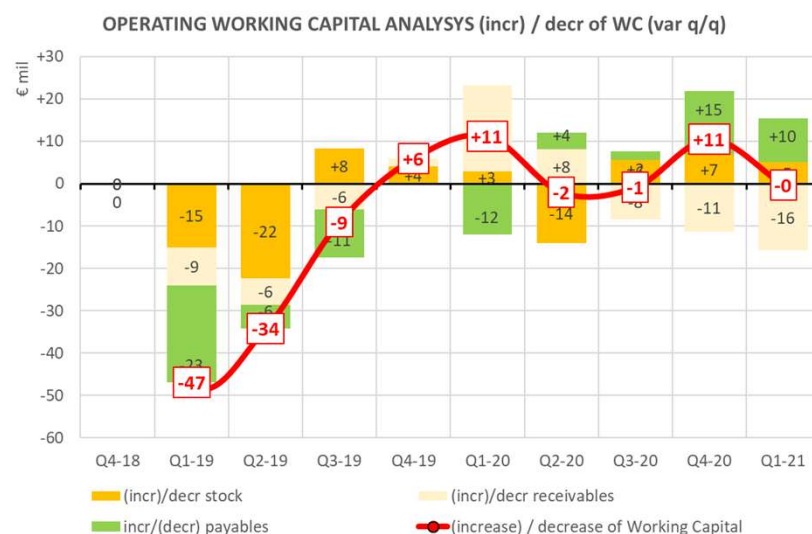
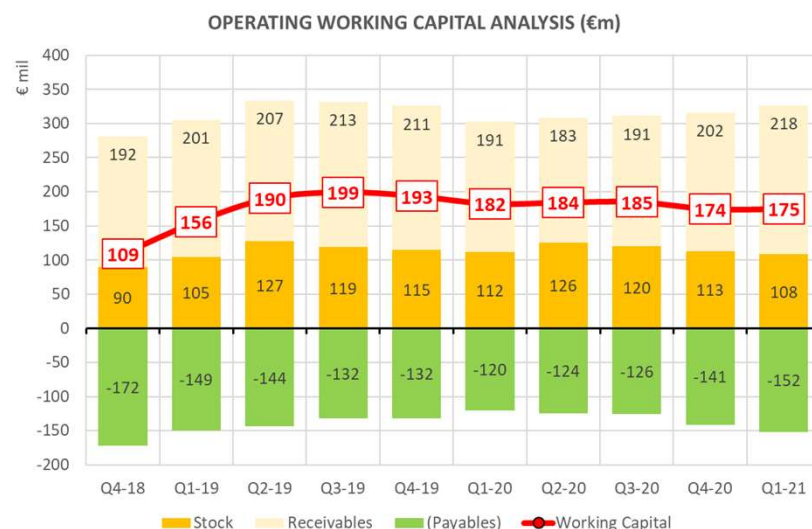
- The Q1-2021 EBITDA is equal to €24.5m (compared to €18.4m in Q1-2020, the latter figure is calculated net of the capital gains realized in that period for €8.3m) recording an increase of +33%; it should be noted that the Q1-2021 data does not show any normalization (unlike Q1-2020 in which normalizations for a total of €2.3m related to the costs to keep the Mantova plant semi-operational and the shutdown of the Trento plant occurred in February 2020 were considered, as better highlighted in the quarterly chart at the top right)
- The Q1-2021 EBITDA also includes the positive results of the first quarter of the Mantova plant, equal to €2.7m, which, although positive, still reflect the impacts from the delayed start-up (end of November 2020) compared to the initial plans (early September)
- The Net Income of Q1-2021 is €1.9m (compared to €4.0m in Q1-2020; the latter figure is calculated net of capital gains realized with taxes in that period for €8.3m). It should be considered that on Q1-2021 there is an impact of amortization for €17.0m (compared to €8.4m in Q1-2020) and financial charges for €6.6m (compared to €4.5m in Q1-2020). Depreciation increased due to both the revaluation of assets carried out at the end of 2020 (Law n. 126/2020) and the entry into operation of the Mantova plants

NET INCOME (€m) and NET INCOME % on revenues



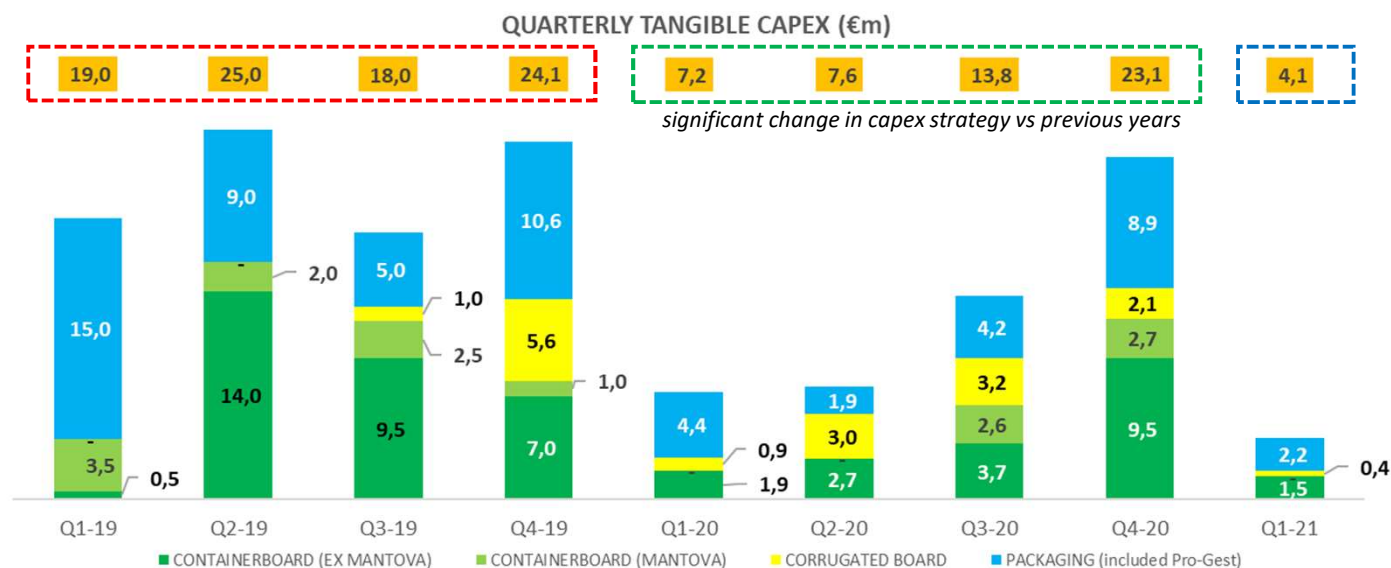


# Q1-2021 FINANCIALS – OPERATING WORKING CAPITAL



- At the end of Q1-2021, the Group reduced the percentage of operating working capital on total sales to 37.2% (from 38.9% at the end of 2020), confirming the Group's overall strategy of reducing the operating working capital
- The analysis shows that in Q1-2021 the Group increased the amount of receivables and payables, mainly due to higher prices of both product sold and raw materials, with no significant impact on the results of the total operating working capital
- In Q1-2021 the Group reduced inventories by approximately €5.0m, confirming that the restart of the Mantova plant is creating the conditions for a further future reduction in stocks of raw materials

# Q1-2021 FINANCIALS – TANGIBLE CAPEX



- The graph shows quarterly investments in tangible fixed assets from Q1-2019 to Q1-2021, divided by main industrial segments
- Total investments in Q1-2021 are equal to €4.1m and confirm the change in capex strategy compared to previous years

# Q1-2021 FINANCIALS – EBITDA TO CASH FLOW BRIDGE

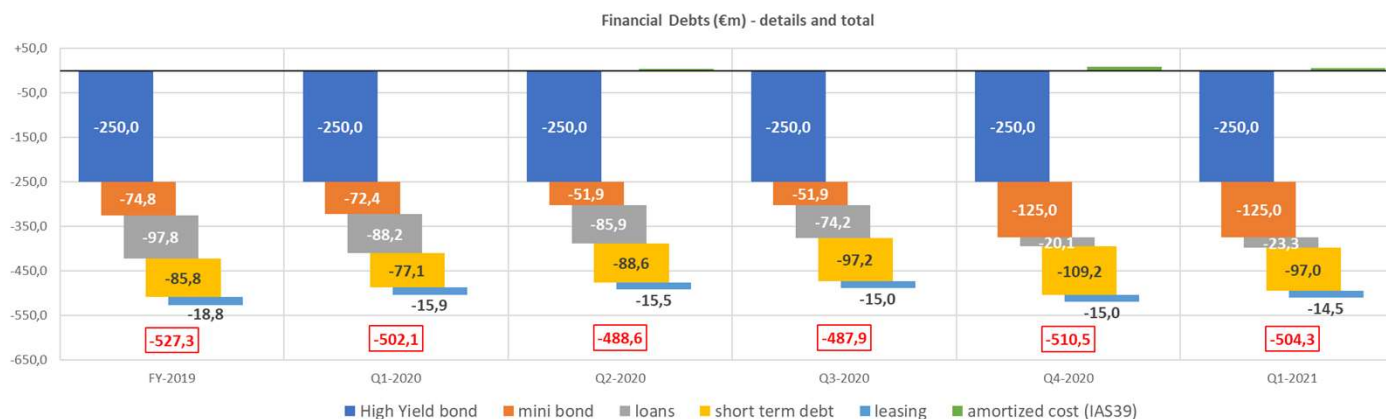
(€/m)	Q1-2021
<b>EBITDA adjusted</b>	<b>24,5</b>
(increase) / decrease of working capital	-0,3
(increase) / decrease of other items	0,4
<b>Operating cash flow</b>	<b>24,5</b>
(investment cash out)	-14,3
divestment cash in	0,0
(capex net cash out)	-14,3
<b>Cash flow after capex</b>	<b>10,2</b>
(increase) / decrease of financial investment	0,1
increase / (decrease) of AGCM fine / TFR / others	0,0
(increase) / decrease of other asset / investment	0,0
<b>Cash flow after extraordinary items</b>	<b>10,3</b>
(taxes)	1,0
<b>Operating Post-tax free cash flow</b>	<b>11,4</b>
(interest)	-6,6
<b>Cash flow</b>	<b>4,8</b>
(PFN) at the beginning of the period	-447,5
(PFN) at the end of the period	-432,7
<b>Variation</b>	<b>14,8</b>

(€/m)	Q1-2021
<b>increase / (decrease) of PFL</b>	<b>-6,1</b>
<b>increase / (decrease) of EQUITY</b>	<b>0,0</b>
<b>increase / (decrease) of LIQUIDITY</b>	<b>8,7</b>
LIQUIDITY at the beginning of the period	62,9
LIQUIDITY at the end of the period	71,6
<b>Variation</b>	<b>8,7</b>

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# Q1-2021 FINANCIALS – NET FINANCIAL POSITION



- The improvement in NFP in Q1-2021 (+€14.8m compared to December 31, 2020) confirms that the business, despite the impact of Covid-19, generated liquidity in Q1-2021 (it should be noted that there are no delays in payments / collections from banks, suppliers, employees or other creditors)
- The amount of financial debt in Q1-2021 shows a decrease in the utilization of short-term debt; short-term debt of €97m represents approximately 55% of available credit lines (€177m); the average annual cost of money is about 5%
- Liquidity at the end of Q1-2021 is equal to €71.6m, an improvement compared to the end of 2020, confirming the Group's ability to manage liquidity even in a period of economic slowdown

Note: Cash and NFP do not include related party securities (€ 26.5 million) and bank bonds (€ 2.0 million).

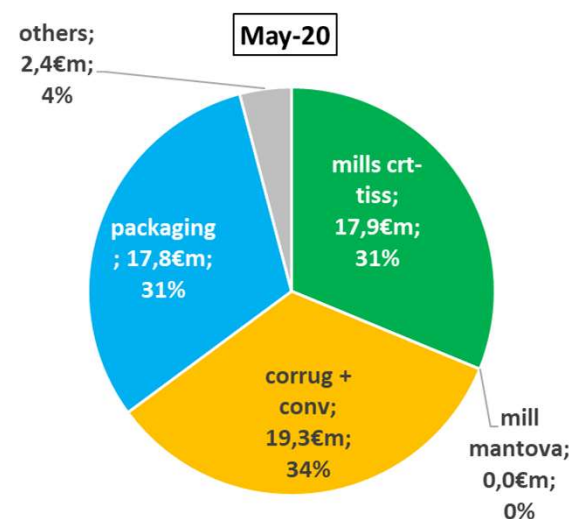
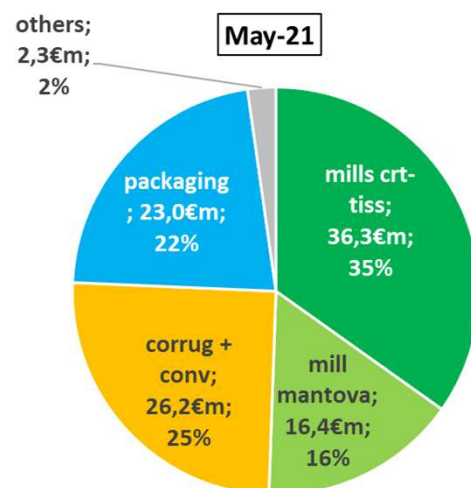
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## CURRENT TRADING APR-MAY 2021

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# CURRENT TRADING 2021 – SALES 2m (APR+MAY)

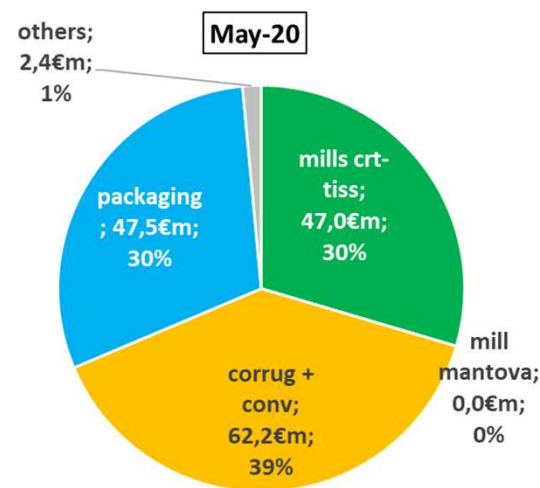
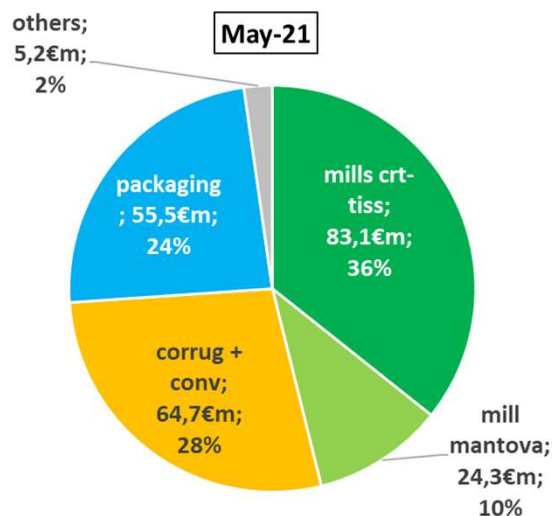
consolidated data	value € mil e var %			changes in volume/prices		
COMPANY/PLANTS	May-21	May-20	ac/ap	volume	price	value (*)
(*) actual (first column) vs previous (second column)						
<b>TOTAL SALES A1 PRODUCTS</b>	<b>104,2</b>	<b>57,3</b>	<b>+82%</b>	<b>+37,6</b>	<b>+9,3</b>	<b>+46,9</b>
of which Mantova	16,4	0,0	-	+16,4	-	+16,4
of which overall (ex Mantova)	87,8	57,3	+53%	+21,3	+9,3	+30,5



- Changes % (excluding Mantova):
  - Containerboard: +103%
  - Corrugated + converting: +36%
  - Packaging: +29%
  - Overall: +53%
- Changes % containerboard (considering Mantova): €52,7m vs €17,9m (+195%)

# CURRENT TRADING 2021 – SALES 5m (MAY YTD)

consolidated data	value € mil e var %			changes in volume/prices		
COMPANY/PLANTS	May-21	May-20	ac/ap	volume	price	value (*)
(*) actual (first column) vs previous (second column)						
<b>TOTAL SALES A1 PRODUCTS</b>	<b>232,7</b>	<b>159,1</b>	<b>+46%</b>	<b>+60,9</b>	<b>+12,7</b>	<b>+73,6</b>
of which Mantova	24,3	0,0	-	+24,3	-	+24,3
of which overall (ex Mantova)	208,5	159,1	+31%	+36,6	+12,7	+49,4

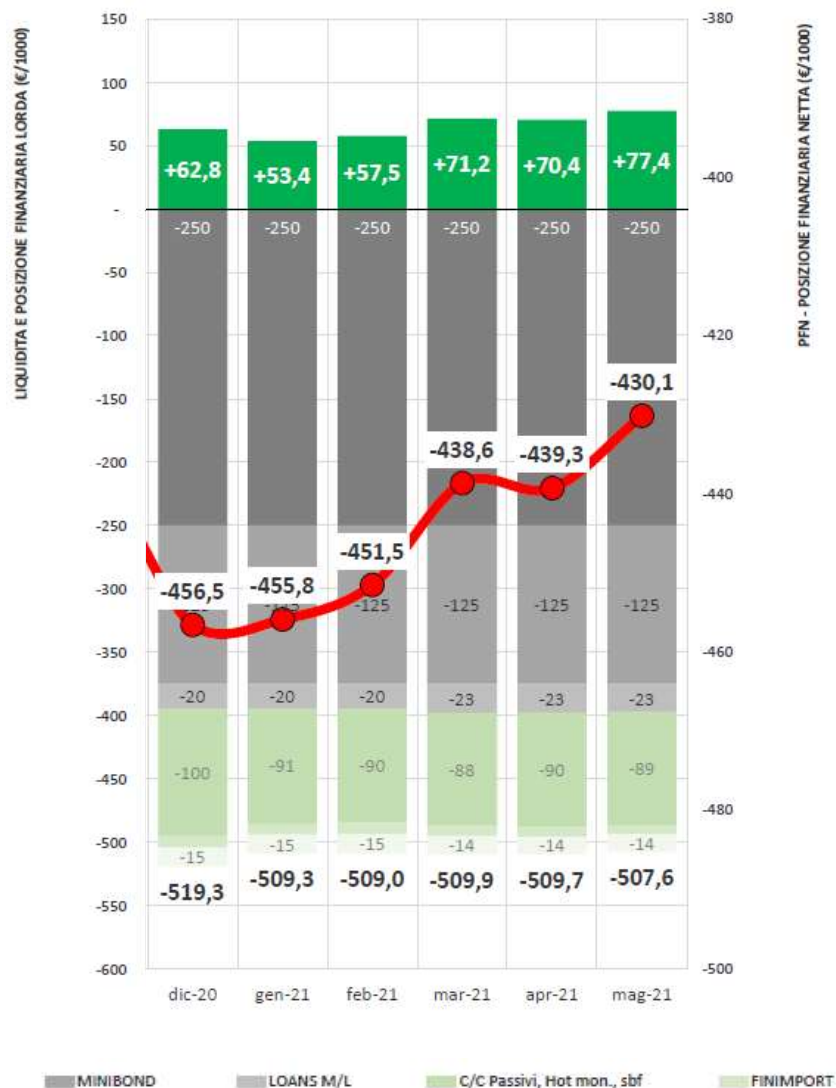


- Changes % (excluding Mantova):
  - Containerboard: +77%
  - Corrugated + converting: +4%
  - Packaging: +17%
  - Overall: +31%
- Changes % containerboard (considering Mantova): €107,3m vs €47,0m (+128%)



# CURRENT TRADING 2021 – NFP AT THE END OF MAY

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- NFP (1) at the end of May is equal to € 430.1 million (compared to € 456.5 million at the end of 2020) with a liquidity that remains high and equal to € 77.4 million (compared to € 62.8 million at the end of 2020)
- These results benefit from:
  - 1) profit and loss profitability
  - 2) management of working capital which, during the period, did not absorb cash
  - 3) limited level of investments recorded during Q1-2021 and the Apr-May period

*Note 1: these data are not expressed by adopting IAS39 accounting standard (amortized cost) and consequently they are slightly different compared to the data reported in the annual financial statement and interim financial statements as well as in the previous slide (page 19) illustrating the quarterly trend of the NFP*

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## Q2-2021 QUALITATIVE OVERVIEW

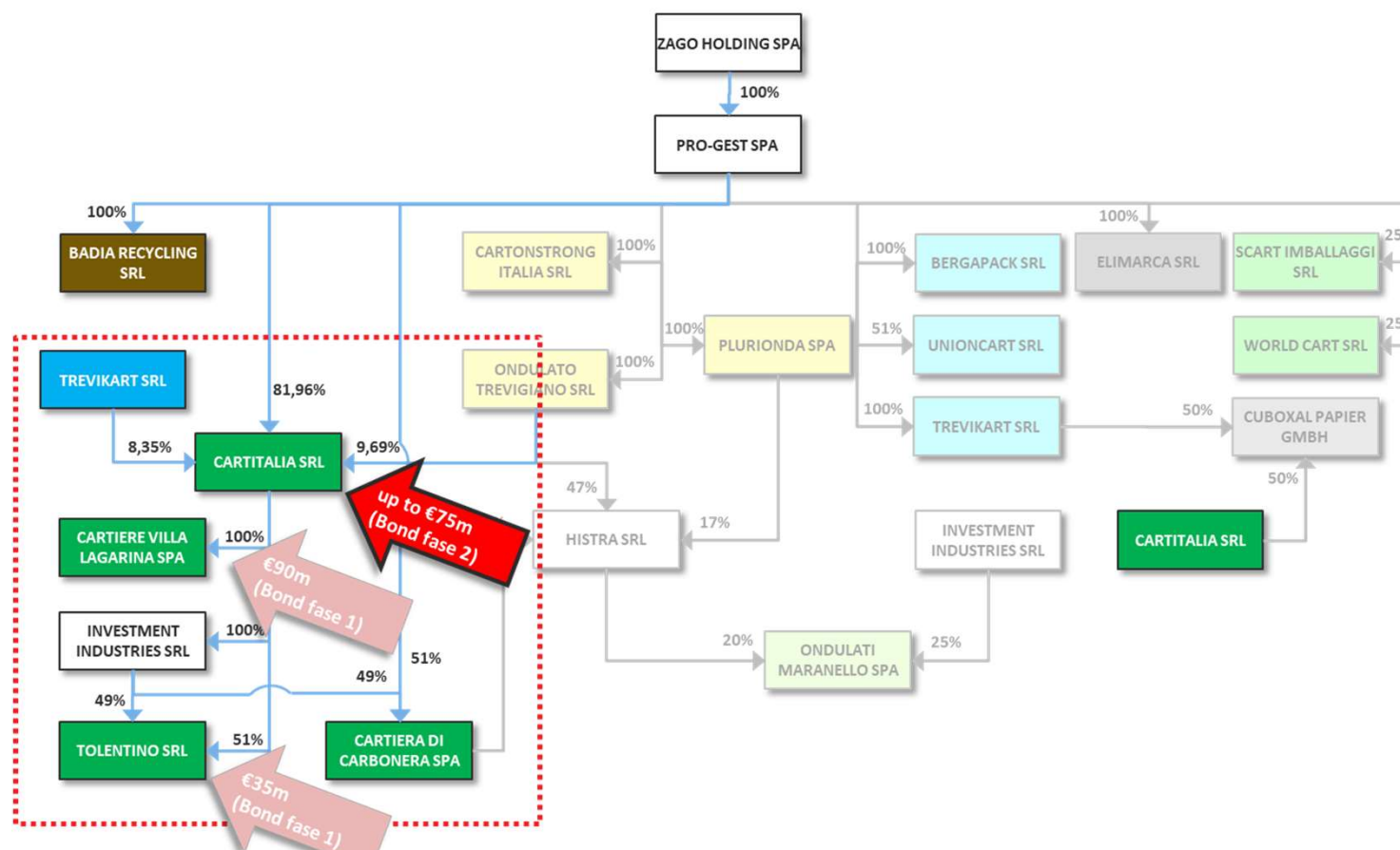
- Month of June continues with pricing and volumes in line with April and May
- Spread is also in line with recent improvements
- Working Capital is stable
- Capex is under control and shows limited investments
- Liquidity is projected stable/improving by the end of June
- Profitability of Q2-2021 should improve

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## Q1-2021 PRO-GEST TOPICS

- The corporate company mills reorganization necessary to the issue of the notes by Cartitalia (up to €75 m) is almost completed and the agreements for the issue of the notes by Cartitalia, which is expected to take place by June 30, 2021, are being prepared by layers and will be soon signed; the reorganization process has been done thorough fairness opinion issued by independent advisor and approved by involved Board of Directors



- Fase 1: €125m, of which €90m in Cartiere Villa Lagarina and €35m in Tolentino
- Fase 2: (up to) €75m in Cartitalia

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# BUSINESS PLAN IMPLEMENTATION MANAGER

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- The results of Q1-2021 confirm that the business is performing in line with the targets foreseen in the Pro-Gest 2020-2024 Business Plan, both from an economic and a financial point of view. Therefore, the cash flow objectives to support the repayments expected at the end of 2024 of High Yield bond and at the end of 2025 of Carlyle Notes appear reasonably achievable.
- In fact:
  - After having completed five years of high investments for more than €500m, the technological level of all plants is *state of the art* with consequent high competitiveness
  - Market trend seems well established and expectations are for a continuity also in 2022, both for volume and prices
  - Spreads on the market is consolidating / reinforcing compared to previous year
  - Mantova plant has completed in February 2021 its startup period and from March is operating at almost full capacity and better efficiency
  - The organization of the Group is strengthening both in terms of governance, management team and planning systems

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4 Jun 2021

 **PRO·GEST**  
GROUP

