

10 Jun 2022

# PRO-GEST

## INVESTOR PRESENTATION Q1-2022

- 1) Market Highlights
- 2) Q1-2022 Pro-Gest Topics
- 3) Current Trading Apr-May 2022



**PRO·GEST** GROUP

*paper back to life*



## CONFERENCE CALL SYSTEM: CISCO WEBEX

- Please note that 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 **Jun 10th, 2022 at 10:30 am CEST** through a conference call at the following link: <https://progest.webex.com/progest-it/onstage/g.php?MTID=e73cbabdfef02f6cdbc7109594df360b> ; 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=1605905632&tollFree=0> ID conference: 2743 269 2527 #
- It is recommended you check in advance the correct functioning of your computer system with the Cisco Webex platform

# DISCLAIMER

The information contained in this presentation has been prepared by Pro-Gest S.p.A. (the “Company”) and has not been independently verified and will not be updated. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein and nothing in this Presentation is, or shall be relied upon as, a promise or representation. None of the Company nor any of its affiliates, nor their respective employees, officers, directors, advisers, representatives, agents or other parties shall have any liability whatsoever (in negligence or otherwise, whether direct or indirect, in contract, tort or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation.

The information and opinions in this presentation is provided as at the date hereof and subject to change without notice. It is not the intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the Company’s financial or trading position or prospects.

This presentation does not constitute investment, legal, accounting, regulatory, taxation or other advice and does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and for making your own independent assessment of the Company. You are solely responsible for seeking independent professional advice in relation to the Company. No responsibility or liability is accepted by any person for any of the information or for any action taken by you or any of your officers, employees, agents or associates on the basis of such information.

This presentation contains financial information regarding the businesses and assets of the Company. Such financial information may not have been audited, reviewed or verified by any independent accounting firm. The inclusion of such financial information in this presentation or any related presentation should not be regarded as a representation or warranty by the Company, its affiliates, advisors or representatives or any other person as to the accuracy or completeness of such information’s portrayal of the financial condition or results of operations by the Company and should not be relied upon when making an investment decision. This presentation includes certain non-GAAP financial measures and other metrics which have not been subject to a financial audit for any period.

Certain information relating to the time period analyzed in this presentation is based solely on management accounts and estimates of the Company. The Company’s consolidated financial results may differ from its management accounts and estimates and remain subject to normal end-of-period closing and review procedures. Those procedures have not been completed. Accordingly, such information may change and such changes may be material. The foregoing information has not been audited or reviewed by the Company’s independent auditors and should not be regarded as an indication, forecast or representation by the Company or any other person regarding the Company’s performance for the abovementioned period.

Certain financial and statistical information in this presentation has been subject to rounding off adjustments. Accordingly, the sum of certain data may not conform to the expressed total.

Certain statements in this presentation are forward-looking. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changing economic, business or other market conditions, changing political conditions and the prospects for growth anticipated by the Company’s management. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation.

The market and industry data and forecasts included in this presentation were obtained from internal surveys, estimates, experts and studies, where appropriate as well as external market research, publicly available information and industry publications. The Company, its affiliates, directors, officers, advisors and employees have not independently verified the accuracy of any such market and industry data and forecasts and make no representations or warranties in relation thereto. Such data and forecasts are included herein for information purposes only. Accordingly, undue reliance should not be placed on any of the industry or market data contained in this presentation.

THIS PRESENTATION DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER FOR SALE OR SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES NOR SHALL IT OR ANY PART OF IT FORMS THE BASIS OF OR BE RELIED ON IN CONNECTION WITH ANY CONTRACT OR COMMITMENT TO PURCHASE SECURITIES.

## **MARKET HIGHLIGHTS**



## MARKET SCENARIO AND TRENDS - MOST SIGNIFICANT EVENTS IN JANUARY 2022

- In **January 2022**, the market demonstrates a resilience in sales prices and related volumes/consumption - continuing the trends recorded in the last part of 2021 - while expressing the need for selectivity on more interesting opportunities in the market
- As can be seen from the graphs of the following pages, the **pricing strategies** and consequently of the Pro-Gest Group margins are perfectly aligned with market trends (source Risi), after a process of progressive realignment developed in the last six months
- The **sales** achieved by the Pro-Gest Group in January 2022 are, in absolute value and in unit value, in line with the budget forecasts for the two macro business units (paper mills and corrugators/packaging) while, compared to January 2021, the unit selling prices of paper mills are more than double and the unit selling prices of corrugators + packaging have grown by almost + 50% and this is usual for the industry dynamics (the prices increase in the paper mills reach the packaging area after 2 to 4 months)
- The cost of **gas** in January 2022 remained around € 225 / ton (equivalent to about 90-92 €/smc), in line with budget forecasts and about € 70 / ton lower than the average values of December 2021 (December is the month in which the maximum peak in the quotations of the whole of 2021 was recorded)



## MARKET SCENARIO AND TRENDS - MOST SIGNIFICANT EVENTS IN FEBRUARY 2022

- In **February** 2022, the market confirms a phase of leveling of sales prices and related volumes/consumption compared to January 2022, expressing the need for selectivity on the most attractive customers
- As can be seen from the graphs of the following pages, the pricing strategies and consequently of the Pro-Gest Group margins remain substantially aligned with market trends (source Risi), after a process of progressive realignment developed in the last six months
- The **sales** (in value) achieved by the Pro-Gest Group in February 2022 towards the market are:
  - as for paper mills: -27% vs budget and +51% vs historical
  - as for corrugators/packaging: +8% vs budget and +85% vs historicalIt means that the paper mills have sold less to the external market and transferred more to the internal supply chain (packaging in particular)
- The cost of **gas** in February 2022 decreased slightly compared to January, placing itself in a circle of € 225 / ton (equivalent to about 90-92 €/smc), slightly lower than budget forecasts, generating a savings valued in a total of € 1,5/2,0 mil and improving the profitability of the month

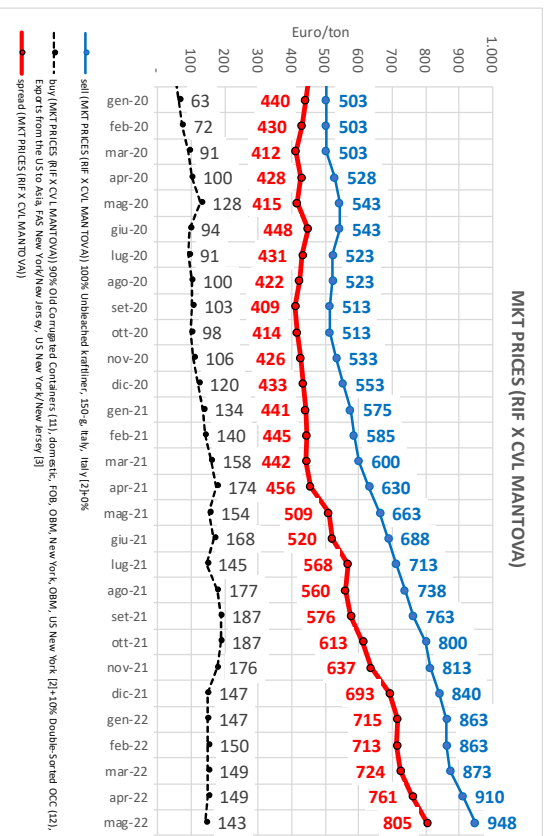
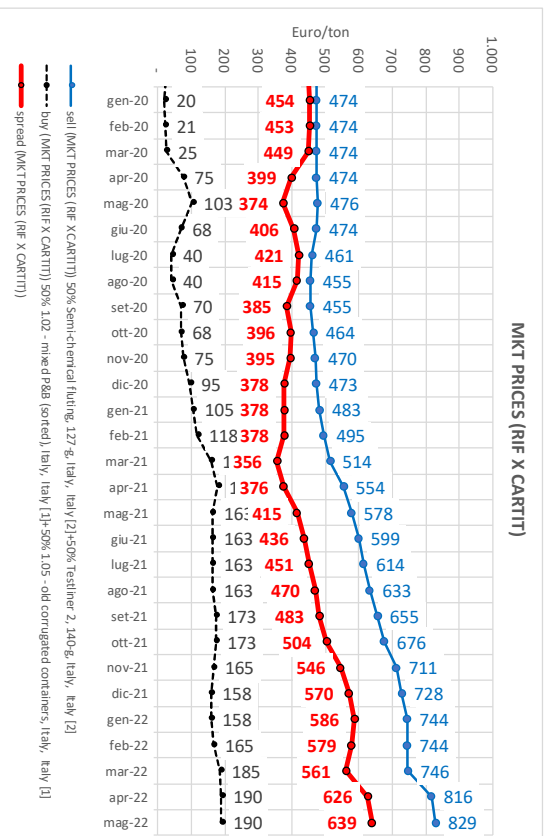
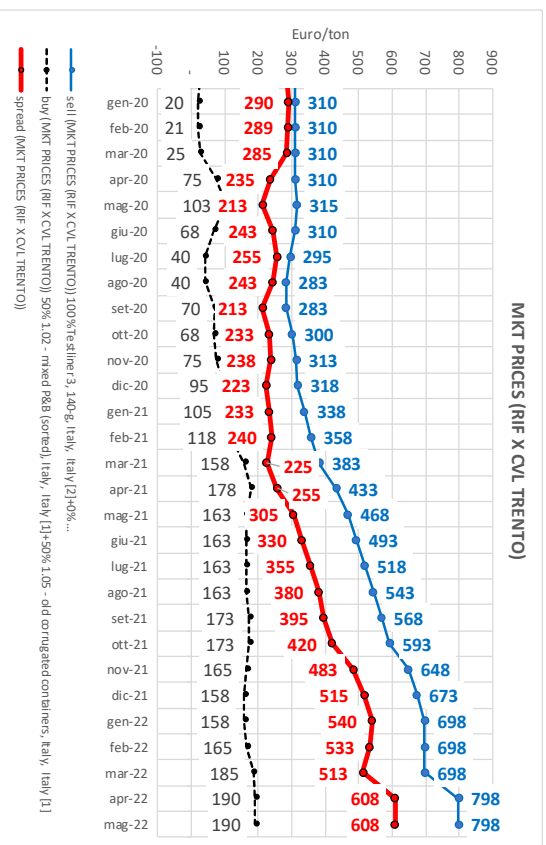
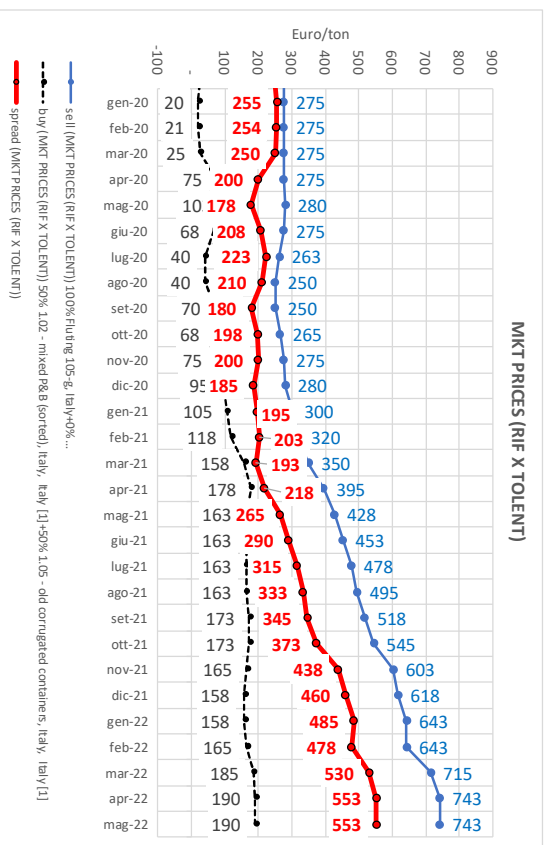


## MARKET SCENARIO AND TRENDS - MOST SIGNIFICANT EVENTS IN MARCH 2022

- The month of **March** 2022 experienced extraordinary dynamics that characterized first of all the trend of the gas price and consequently the selling prices to customers and the related consumption, as well as the downtime production of a few days of paper mills
- The trend in **gas** prices during the month went from an initial market price of about 130 €/smc at a peak of over 330 €/smc, and then return at the end of the month to 130 €/smc, marking overall an average monthly figure of about 140 €/smc (against a budget that estimates a market price of approximately 100 €/smc); March profitability has been normalized by higher price of gas for an amount equal to € 6,6 mil:
  - the gas bill for March 2022 is € 23,3 mil
  - the corresponding bill for March 2021 was € 3,6 mil
  - the cost of gas in March 2022 was therefore 6,5 times higher than the cost of gas in March 2021
- As can be seen from the graphs of the following pages, the **pricing strategies** and consequently of the Pro-Gest Group margins remain substantially aligned with market trends (source Risi), after a process of progressive realignment developed in the last six months

# MONTHLY REPORTING PACKAGE - MAY 2022

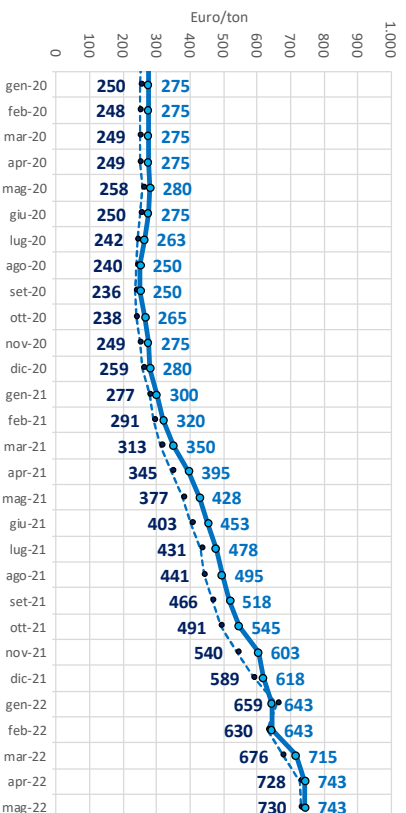
PREZZI DI VENDITA/SELLING PRICES - PREZZI ACQUISTO MATERIE PRIME/RAW MATERIAL PRICES - DIFFERENZA/SPREAD  
(RIFERIMENTO/BENCHMARK PER PRO-GEST CORRUGATED INDUSTRY) - Fonte/Source: RISI (www.risinfo.com)



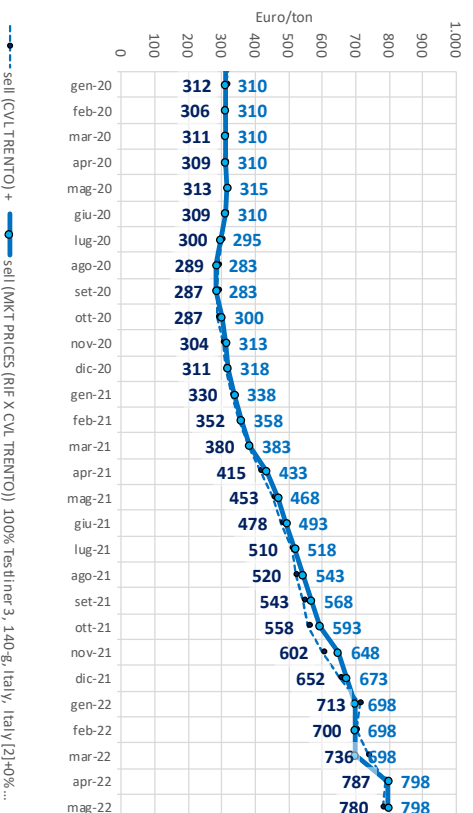
# MONTHLY REPORTING PACKAGE - MAY 2022

PREZZI DI VENDITA / SELLING PRICES DEL MERCATO DI RIFERIMENTO (linea blu/blue line) vs PREZZI DI VENDITA / SELLING PRICES DI PRO-GEST  
(riga blu tratteggiata/blue dotted line) - Fonte/Source: RISI ([www.risiinfo.com](http://www.risiinfo.com))

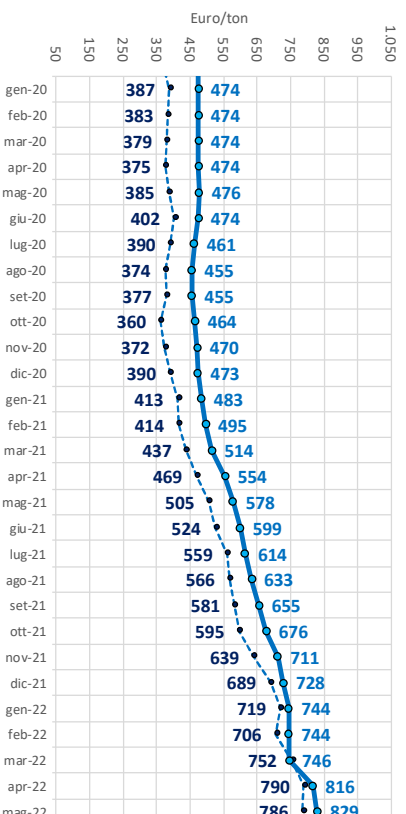
TOLENTINO SELLING PRICES VS MKT SELLING PRICES



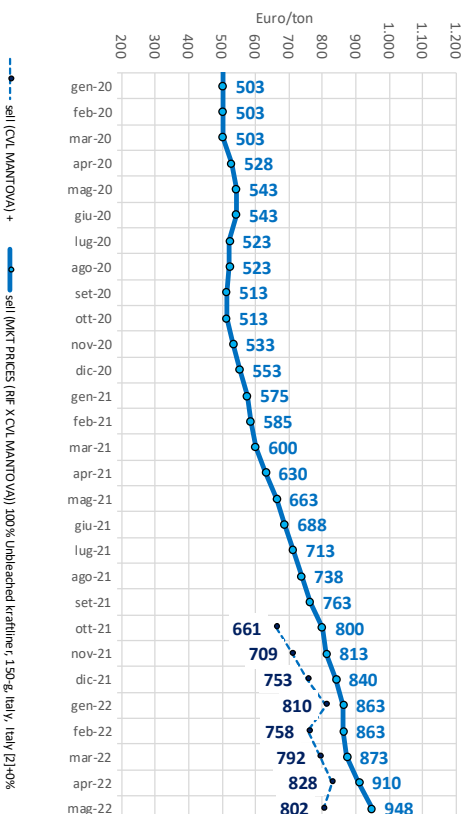
CVL TRENTO SELLING PRICES VS MKT SELLING PRICES



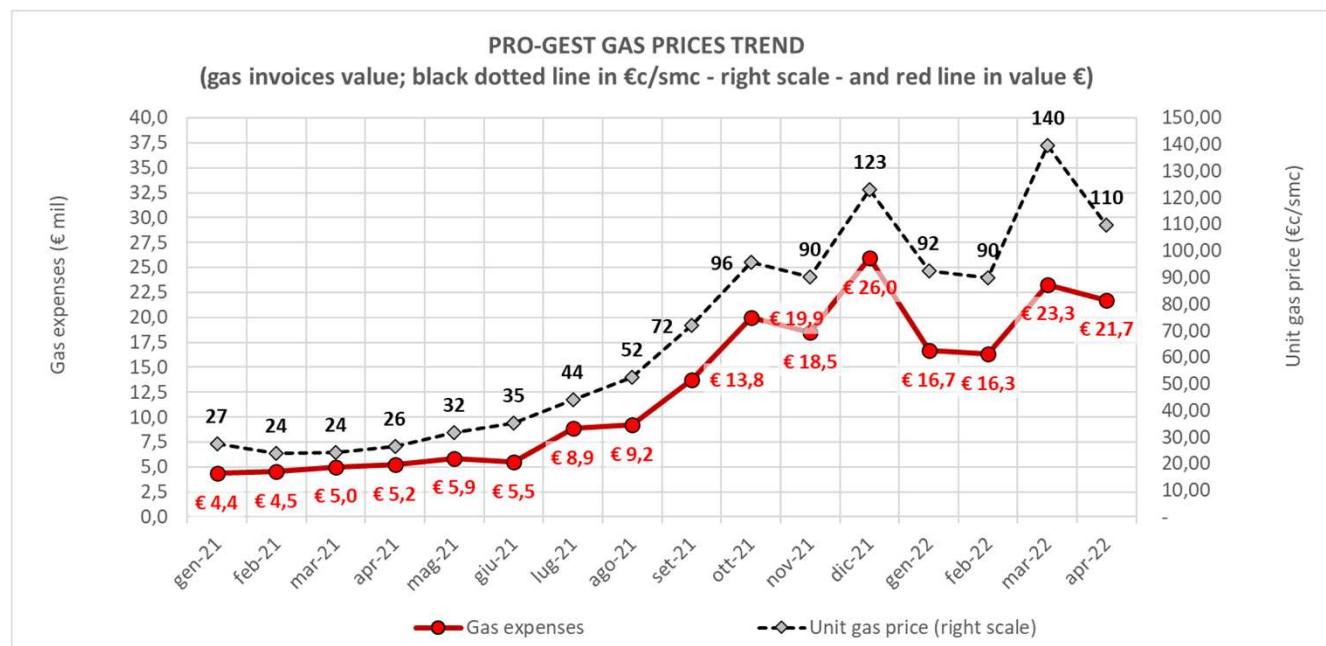
CARTITALIA SELLING PRICES VS MKT SELLING PRICES



CVL MANTOVA SELLING PRICES VS MKT SELLING PRICES



# FOCUS ON GAS PRICES TREND 2021 AND 2022



The **gas prices** recorded sudden and unexpected increase starting from July 2021 with no advanced signals of this unusual phenomenon (the Pro-Gest March 2022 gas expenses is - in value - slightly lower than December 2021, even if with a higher unit gas price, due to the temporary stop of the mills of the Group and consequent lower consumption)

- The **energy cost hedging policy** of the Group has always been not to assume speculative position on the gas prices, mainly when the increase are so high in a very short time as never seen in past
- When the gas prices started to increase, the cost of hedging (with sky rocketing hedging prices) was considered by the Group too expensive to be adopted; this particular situation has continued in the first quarter of 2022 as well, also for the fact there is no possibility/offer to hedge the future gas consumptions
- Gas costs experienced in **March 2022 the highest peak ever** equal to about 330 €/smc corresponding to about 750 €/ton (more than 3 times the Jan-2022 prices, which itself has been 4 times the Q1-2021 level); this situation created the condition for a temporary stop of paper mill in order to give to the Government and all involved Authorities a precise signal of the very difficult momentum. Starting from the end of March, the gas cost is positioned, even if still high, in the area of €90-100 €/smc
- The gas scenario is changing continuously and therefore any forecast at present on this topic is of difficult definition

## FOCUS ON GOVERNMENT GAS SUBSIDIES

---

- **Government Legislative Decree no. 4/2022** provides for an extraordinary contribution, in the form of a tax credit, in favor of those companies characterized by a high impact of energy costs compared to the activity carried out, to guarantee them a partial compensation for the extra costs incurred due to the exceptional increase in the price of energy
- The impact of this decree in Q1 has been calculated in € **5,7 mil** (about 10% of the total gas bill for Q1-2022)
- The calculation of the impact of this decree in Q2 and Q3 (for the time being these are the two quarter where the government foresees to guarantee contribution) are prudentially estimated in € **15m per quarter** (this amount will be proportionally positively charged to Ebitda of each month); the calculation is based on 25% of the total gas bill

## **PRO-GEST TOPICS**

### **Q1-2022**



## PRO-GEST Q1-2022 QUALITATIVE TOPICS

- The Group is working in order to take benefit from the implementation of the new qualitative projects which have been presented during last meeting:
  - **Communication/advertising project** which is elaborating an updated campaign for the second half of the year
  - The implementation of the **“Full Potential Project”** developed with international consultant Afry Poyry in order to obtain **an improvement of the operational activity of paper mills thus generating an Ebitda annual increase - from 2023 on - of about €15m/€20m**
  - **Environmental factors** are important for the Group; Pro-Gest has started to work on these topics with the assistance of Ernst Young; the huge investments done in the last five years by the Group should afford to be in a quite good position/competitiveness to manage this process; the first draft of **ESG Report** based on 2021 picture is expected to be completed by November 2022

# Q1-2022 FINANCIALS – EXECUTIVE SUMMARY

consolidated YEAR TO DATE data (€ mil) dati PROGRESSIVI consolidati alla data (€ mil)	Mar-2022 act	Mar-2022 bdg	act vs bdg change in %	act vs bdg change in val	Mar-2021 act	act vs prev change in %	act vs prev change in val
<b>PROFIT &amp; LOSS</b>							
<b>TOTAL SALES A1+A5 (excluded capital gains)</b>	<b>227,9</b>	<b>243,6</b>	<b>-6,5%</b>	<b>-15,7</b>	<b>140,6</b>	<b>+62,1%</b>	<b>+87,3</b>
EBITDA operating	36,4	28,1	+29,6%	+8,3	24,5	+48,8%	+11,9
EBITDA normalization	8,7	-		+8,7	8,1	+7,4%	+0,6
<b>OPERATING EBITDA NORMALIZED</b>	<b>45,1</b>	<b>28,1</b>	<b>+60,6%</b>	<b>+17,0</b>	<b>32,6</b>	<b>+38,5%</b>	<b>+12,5</b>
in % total sales	19,8%	11,5%			23,2%		
SALES A5 (capital gains)	-	-		-	-		-
(depreciation, amortization and others)	-16,6	-16,3		-0,3	-17,0		+0,5
(interest expense)	-9,6	-9,3		-0,3	-6,6		-3,0
(others)	-	-1,0		+1,0	-0,0		+0,0
<b>INCOME BEFORE TAX NORMALIZED</b>	<b>19,0</b>	<b>1,6</b>			<b>9,0</b>		<b>+10,0</b>

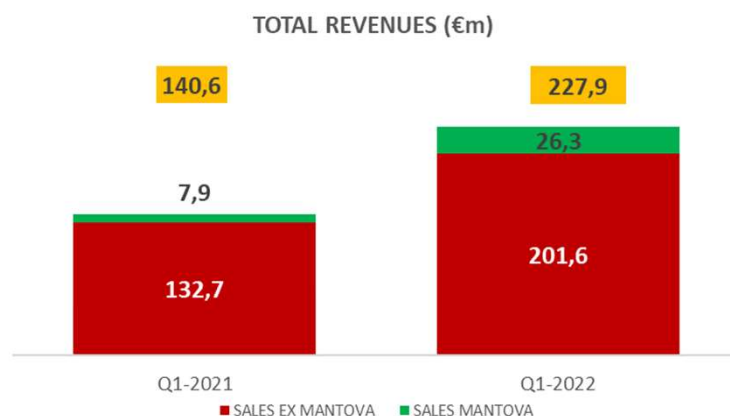
- **Q1-2022 sales** are equal to € 228m, lightly lower than budget (€ 244m) but significantly better than Q1-2021, equal to about € 140m (+62%); the Q1-2022 sales consider the temporary stop of paper mills in the first part of March, due to unexpected very high price of gas; the Government gas subsidies are equal to € 5,7m (as other revenues)
- **Profitability** of Q1-2022 (including normalization and Government subsidies) is equal to € 45,1m (19,8% on revenues), higher than both budget (€ 28,1m) and the previous year (€ 32,6m); excluding normalization, Q1-2022 Ebitda is equal to €36,4m (16,0% on revenues) compared to budget data equal to € 28,1m (11,5% on revenues)
- **The Q1-22 normalization** includes:
  - i) the impact on P&L of ramp up of Ondulati Maranello (equal to € 2,1m)
  - ii) the impact on P&L (equal to € 6,6m) of the lower gas Government subsidy in the first quarter of 2022 (€5,7m) vs the run rate Government gas subsidy in the second and third quarter of 2022 (€15,0m)

# Q1-2022 FINANCIALS – EXECUTIVE SUMMARY

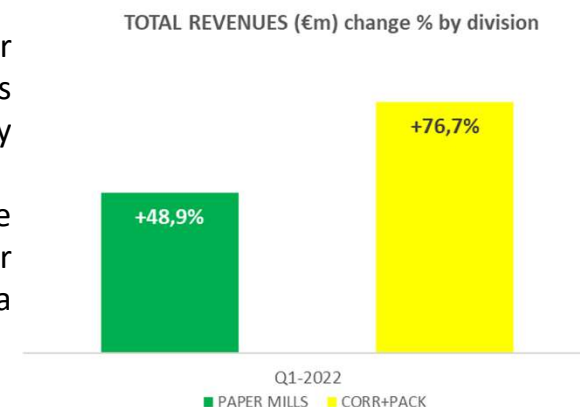
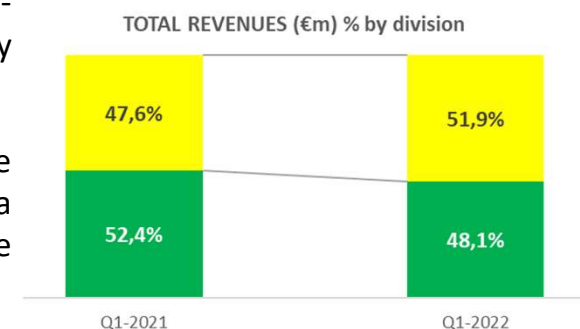
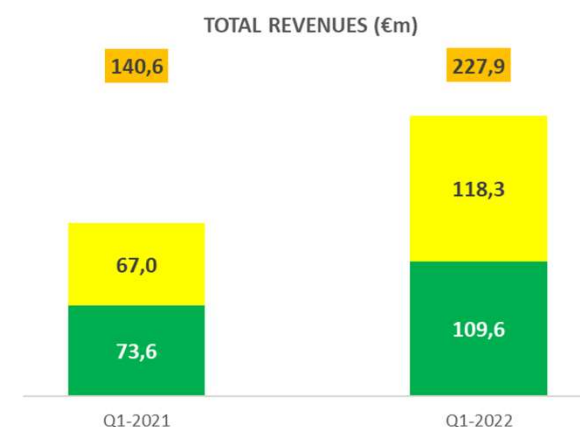
<i>consolidated data €mil</i>	<b>Mar-2022 act</b>	<b>Mar-2021 act</b>	<b>21 vs 20 change in %</b>	<b>21 vs 20 change in value</b>
<b>BALANCE SHEET</b>				
<b>NET INVESTED CAPITAL</b>	<b>961,0</b>	<b>901,2</b>		<b>+59,8</b>
<b>NET EQUITY</b>	<b>473,3</b>	<b>468,5</b>		<b>+4,8</b>
(GROSS FINANCIAL POSITION)	-625,2	-504,3		-120,8
LIQUIDITY	137,4	71,6		+65,8
<b>(NET FINANCIAL POSITION)</b>	<b>-487,7</b>	<b>-432,7</b>		<b>-55,0</b>
<i>PFN / EBITDA REPORTED</i>	<i>5,11x</i>	<i>6,24x</i>		<i>-1,13x</i>
<i>PFN / EBITDA NORMALIZED</i>	<i>4,51x</i>	<i>5,11x</i>		<i>-0,60x</i>

- The interim balance sheet **budget** (during the year) is not available but the cash flow analysis is shown on the following pages
- **Net Financial Position** at 31.03.2022 is equal to €487m and the **ratio PFN / Ebitda normalized** is equal to 4,51x (significantly better than 4,83x normalized at the end of 2021)
- See the following pages for detailed cash flow analysis

# Q1-2022 FINANCIALS – REVENUE DETAILS

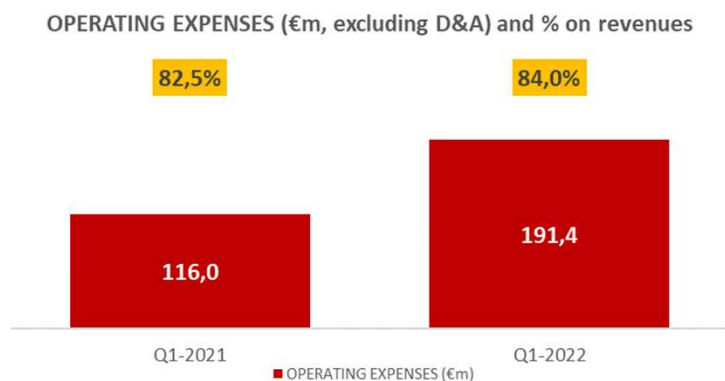


- **Total revenues** (A1+A5) in Q1-2022 amounted to €228m (compared to €140m in Q1-2021; growth is equal to +62%); Mantova revenues is equal to €26m and consequently the LFL growth is equal to +52%
- **Paper mills** revenues (A1+A5) increased by +49% vs Q1-2021 while **Corrugators/Packaging** revenues increased by +77% vs Q1-2021; growth data confirmed that the increase in paper mills selling prices is now impacting positively the final part of production chain (corrugators/packaging)
- The analysis of business unit, considering only to A1 product sales, is the following:
  - The **paper mills**, which represents about 48% of the Group's turnover (compared to 52% in Q1-2021), grew significantly (+52%) due to selling prices and mix (+91%) and despite the reduction in volume (-21% vs Q1-2021) mainly due to the temporary stop of paper mill activity in the first part of March
  - The **corrugators/packaging** business unit, which represents about 52% of the Group's turnover (compared to 48% in FY-2020), grew a bit more than paper mills (+79% vs Q1-2021) due to both an increase in volume (+11%) and a significant increase in selling prices and mix (+61% vs Q1-2021)



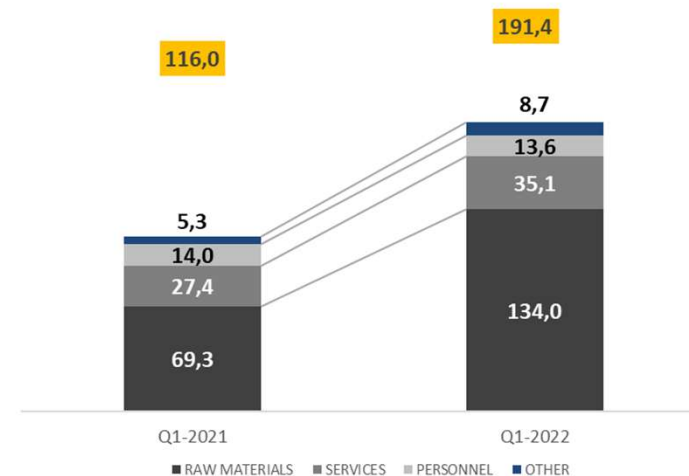
Note: A5 sales represents White certificates, other raw material sales, revenues other than products

# Q1-2022 FINANCIALS – OPEX DETAILS

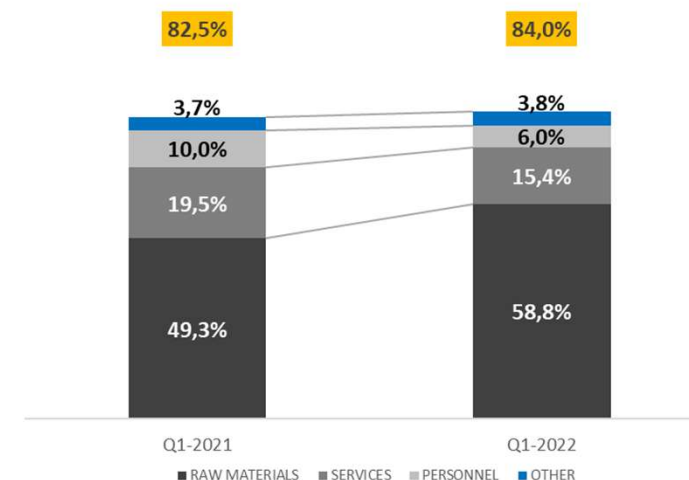


- **Operating expenses** in Q1-2022 were €191m (compared to €116m in Q1-2021) with a % on revenues equal to 84% (compared to 83% in Q1-2021)
- The main changes are:
  - The % of **cost of raw materials** (including gas costs) on revenues was 59% (compared to 49% in Q1-2021); an increase in the incidence of cost during the actual upward dynamics of both sales and cost prices is normal for this industry because the margin/spread in value/unit price tends to remain substantially stable
  - The % of **service costs** on revenues was 15% (compared to 20% in Q1-2021) and the % of personnel costs on revenues was 6% (compared to 10% in Q1-2021) due to both the capability of the management to keep under control fixed costs and higher revenues effect (the opposite of what explained above)
  - **Personnel count** is as follows:
    - 31.03.2021: 1174
    - 31.12.2021: 1270 (the increase is due to Ondulati Maranello)
    - 31.03.2022: 1251 (reduction vs 31.12.2021 is due to restructuring of Ondulati Maranello)

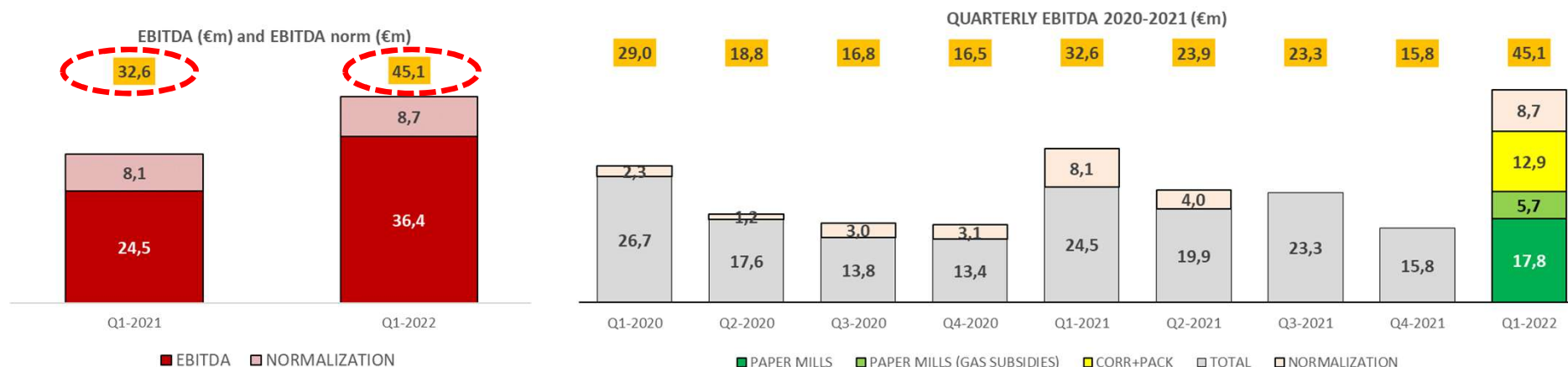
OPERATING EXPENSES EVOLUTION (€m, excluding D&A)



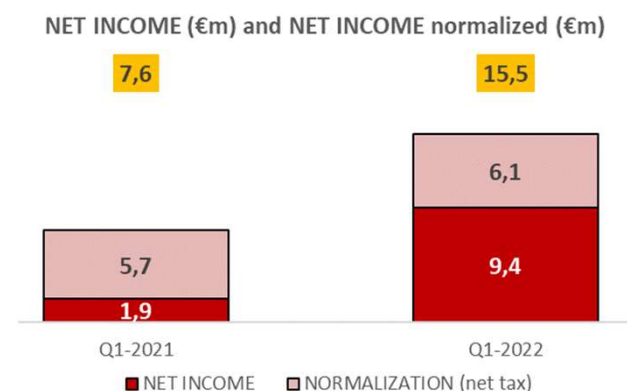
OPERATING EXPENSES EVOLUTION (excluding D&A) % on revenues



# Q1-2022 FINANCIALS – EBITDA BY QUARTER

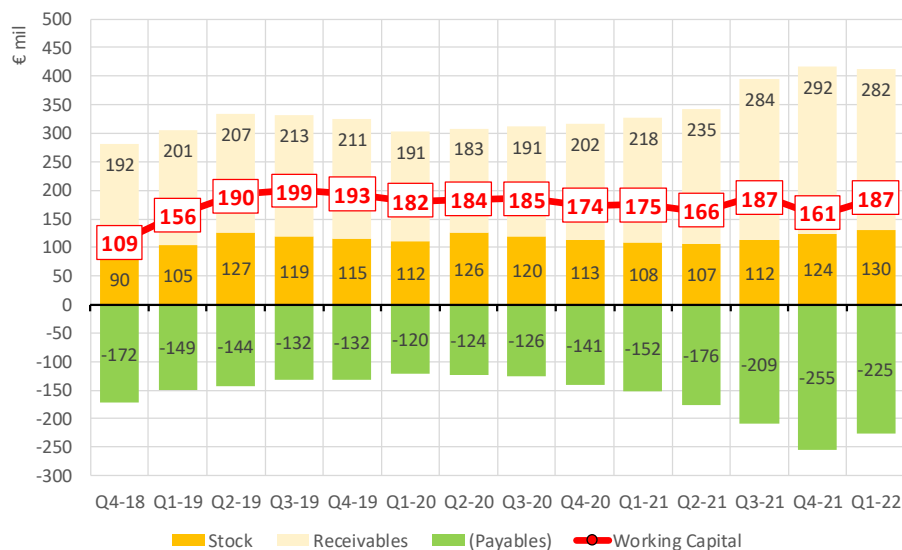


- The **Q1-2022 EBITDA normalized** is equal to €45,1m (19,8% on revenues) compared to €32,6m in Q1-2021 (+38%; excluding normalization, operating Ebitda growth is equal to +48%, corresponding to €36,4m vs €24,5m); the normalization in Q1-2022 equal to € 8,7m is related to:
  - € 6,6m: **gas impact** generated both by lower government subsidies (10% in Q1 of gas costs instead of 25% of gas costs in Q2 and in Q3) and the peak of gas cost during the month of March
  - € 2,1m: **startup cost of Ondulati Maranello** new plant in Castelforte equal to € 0,7m a month for the first six months to 2022
- Starting from this presentation, the quarterly Ebitda chart above (on the left) shows the results from Q1-2020 and the **breakdown of Group Ebitda by business unit** starting from Q1-2022 (comparison with last year is not available): in Q1-2022 the paper mills Ebitda normalized (including subsidies for €5,7m which are allocated only to paper mills business unit) is equal to €30,1m (27% on paper mills revenues) and the corrugator/packaging Ebitda normalized is equal to €15,0m (13% on corrugator/packaging revenues)
- The **Net Income normalized of Q1-2022 is equal to €15,5m** (compared to €7,6m in Q1-2021 (for the normalization of Q1-2022, see above)

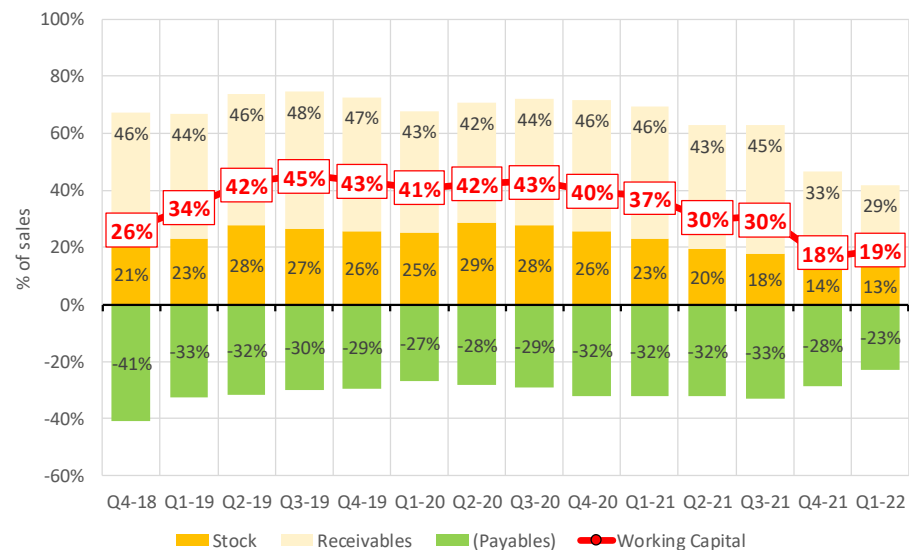


# Q1-2022 FINANCIALS – OPERATING WORKING CAPITAL

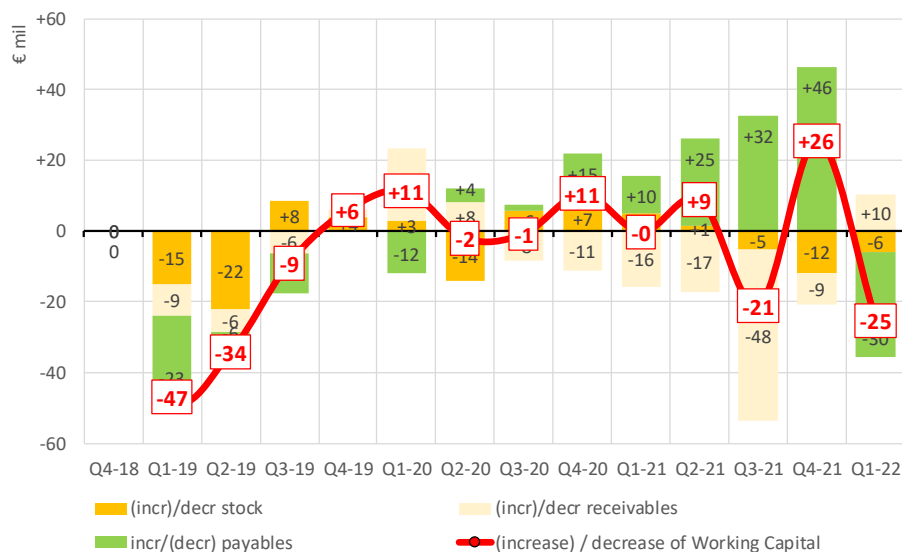
OPERATING WORKING CAPITAL ANALYSIS (€m)



OPERATING WORKING CAPITAL ANALYSIS in % of sales

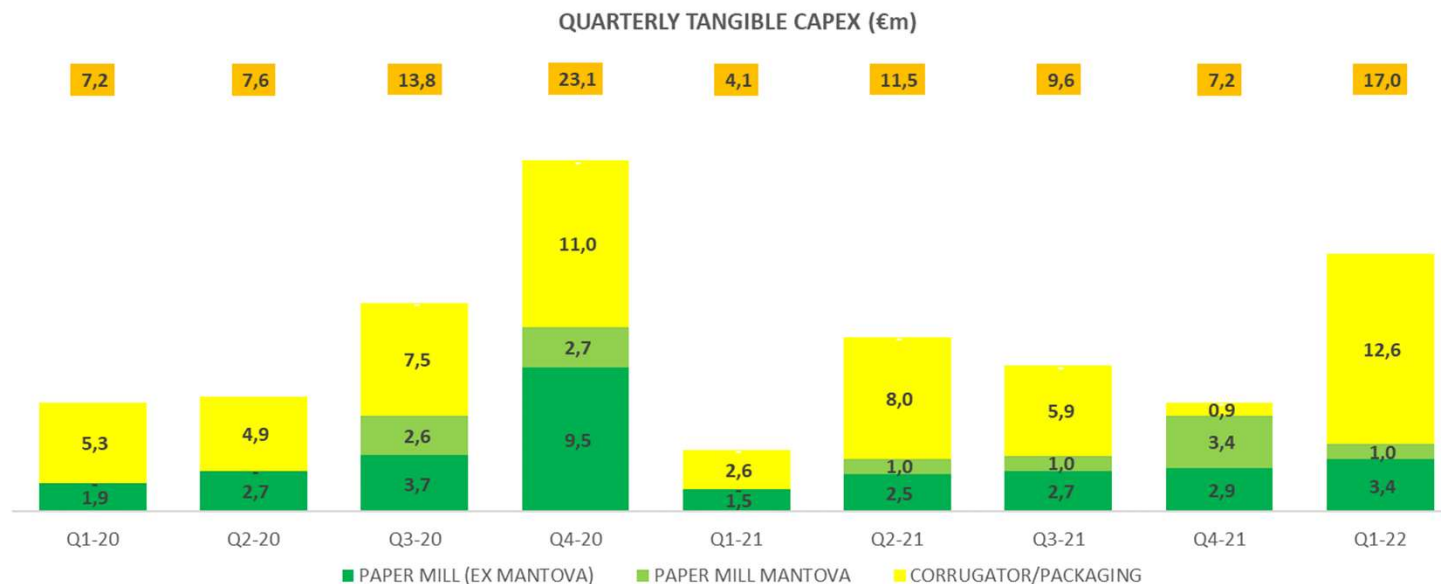


OPERATING WORKING CAPITAL ANALYSIS (incr) / decr of WC (var q/q)



- The operating working capital of Pro-Gest Group (including Ondulati Maranello from Q4-2022; consequently the Q4-21 changes are not significant, as explained in FY-2021 presentation) at 31.03.2022 is equal to €187m (vs € 161m at the end of FY-21) and the cash absorption is equal to €25m. The change in Q1-2022 is strictly connected with the acquisition of Ondulati Maranello in Dec-2021 which impacted both Q4-2021 and Q1-2022
- The management of operating working capital continues to remain virtuous: the incidence on sales in Q1-22 has remained under 20%, stable vs previous quarter and significantly lower than in the previous quarters

# Q1-2022 FINANCIALS – TANGIBLE CAPEX



- The graph shows **quarterly investments** in assets from Q1-2020 to Q1-2022, divided by paper mill and corrugator/packaging business units
- Total investments in Q1-22 is equal to €17,0m:
  - Paper mill** capex is equal to €4,4m mainly due to technical improvements to the equipment
  - Corrugator/packaging** is equal to €12,6m (of which €8,5m referred to Ondulati Maranello - planned plant completion)

# Q1-2022 FINANCIALS – EBITDA TO CASH FLOW BRIDGE

(€/m)	Q1-2021	Q4-2021	FY-2021	Q1-2022
<b>EBITDA adjusted</b>	+24,5	+15,8	+83,5	+36,4
(increase) / decrease of working capital	-0,3	+25,6	+13,0	-25,3
(increase) / decrease of other items	+0,4	+0,3	+0,5	-5,1
<b>Operating Cash Flow (OCF)</b>	<b>+24,5</b>	<b>+41,7</b>	<b>+96,9</b>	<b>+6,1</b>
(capex tangible and intangible)	-4,3	-72,3	-98,1	-17,0
<b>Cash flow after capex</b>	<b>+20,3</b>	<b>-30,6</b>	<b>-1,1</b>	<b>-10,9</b>
(increase) / decrease of financial investment	+0,1	+19,8	+17,5	-0,0
increase / (decrease) of others / AGCM / TFR	-	-4,5	-6,1	-5,0
<b>Cash flow after extraordinary items</b>	<b>+20,4</b>	<b>-15,3</b>	<b>+10,3</b>	<b>-16,0</b>
(taxes)	+1,0	+5,1	+7,9	-0,8
<b>Operating Post-tax free cash flow</b>	<b>+21,4</b>	<b>-10,2</b>	<b>+18,2</b>	<b>-16,8</b>
(interest cash out)	-6,6	-9,6	-32,0	-9,6
<b>Cash Flow (CF)</b>	<b>+14,8</b>	<b>-19,7</b>	<b>-13,8</b>	<b>-26,4</b>
CF conversion period rate	60%	(neg)	(neg)	(neg)
(PFN) at the beginning of the period	-447,5	-441,6	-447,5	-461,4
(PFN) at the end of the period	-432,7	-461,4	-461,4	-487,7
<b>Change in PFN</b>	<b>+14,8</b>	<b>-19,7</b>	<b>-13,8</b>	<b>-26,4</b>

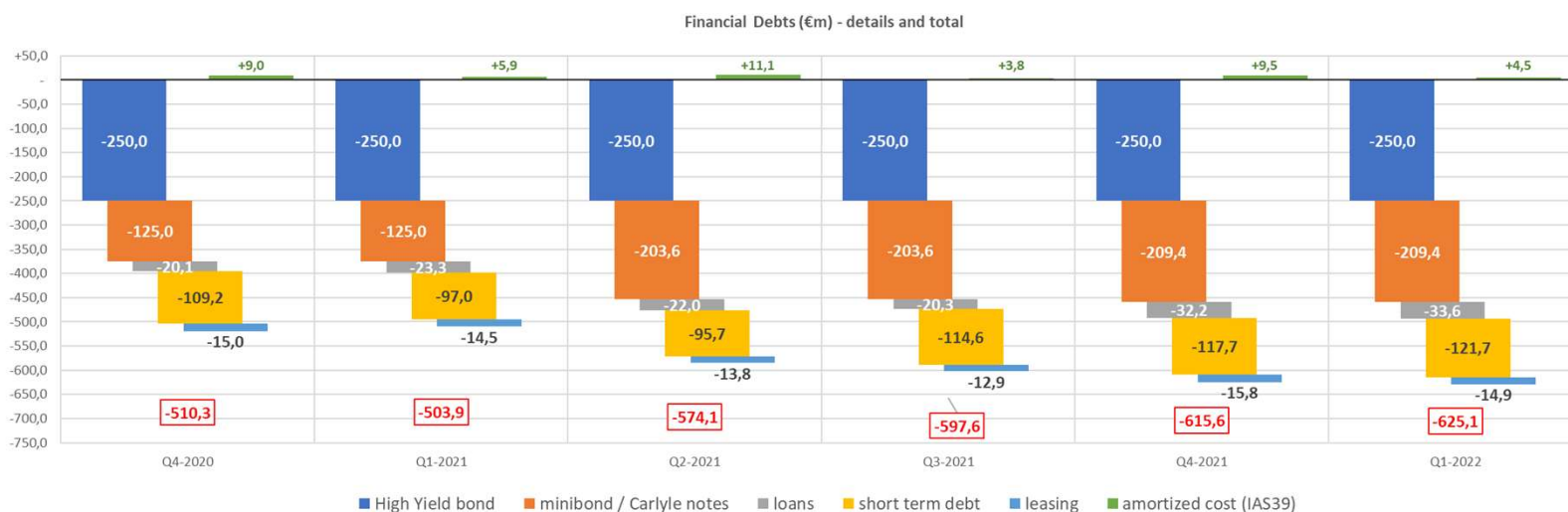
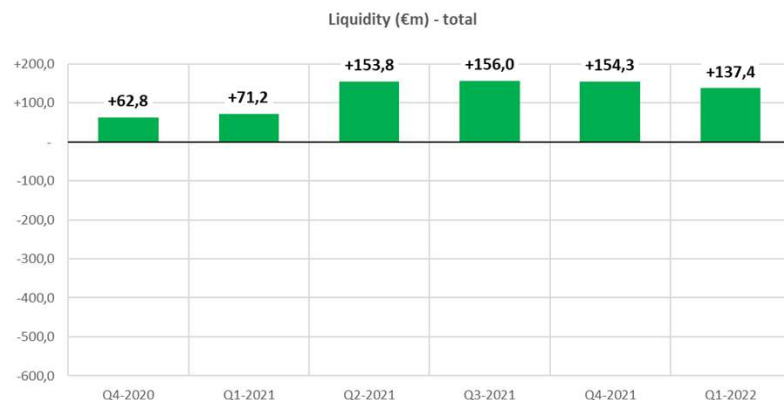
  

(€/m) - PFN detailed change analysis	Q1-2021	Q4-2021	FY-2021	Q1-2022
increase / (decrease) of PFL	-6,1	+18,0	+105,2	+9,5
increase / (decrease) of EQUITY	-	-	-	-
increase / (decrease) of LIQUIDITY	+8,7	-1,8	+91,3	-16,8

- Q1-2022 Pro-Gest Group data includes also Ondulati Maranello items, following the equity acquisition finalized in Dec-21
- The main changes are the following:
  - Working capital:** €25,3m is strictly connected with the acquisition of Ondulati Maranello in Dec-2021 and the payment of high gas costs of Nov-Dec 2021 paid in Jan-Feb 2022
  - Capex:** €17,0m mainly related to Ondulati Maranello acquisition
  - the changes in “other/AGCM/TFR” item (€5,0m) is strictly related to the **monthly instalments paid to AGMC, as per agreed reimbursement amortization plan**; Pro-Gest Group is still waiting for the final decision of “Consiglio di Stato” on the merit and value of this matter
  - For all the above, the NFP of the Group is equal to about €488m which is in line with the budget

- The Government Subsidies in Q1-2022 (€5,7m) will be collected during H2-2022

# Q1-2022 FINANCIALS – NET FINANCIAL POSITION



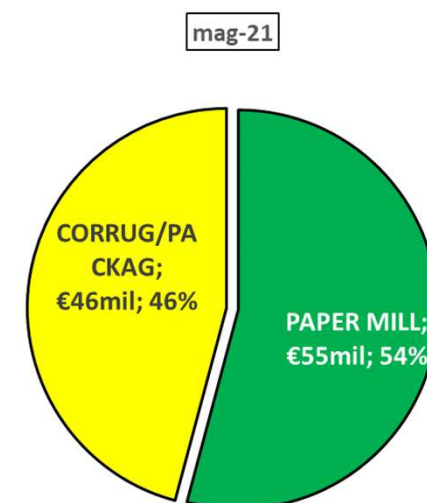
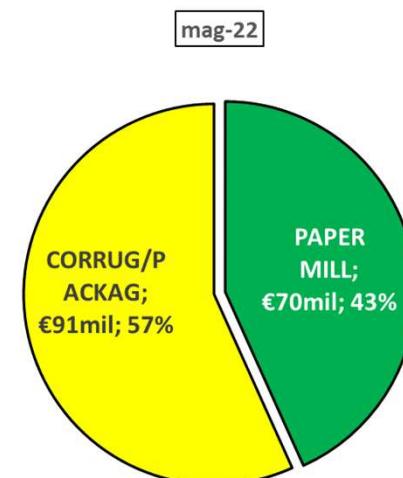
- **NFP** at 31.03.2022 is equal to €487,7m (higher by €26,4m compared to December 31, 2021); during the Q1-2022, as explained in the previous page, NFP has been affected by the working capital and the capex as well as gas payments
- **There are no delays in payments / collections** from banks, suppliers, employees or other creditors
- The **short-term debt** equal to €121,7m represents approximately 60% of available credit lines

Cash and NFP do not include related party securities (€ 26.5m) and bank bonds (€ 2.0m)

## **CURRENT TRADING** **APR-MAY 2022**

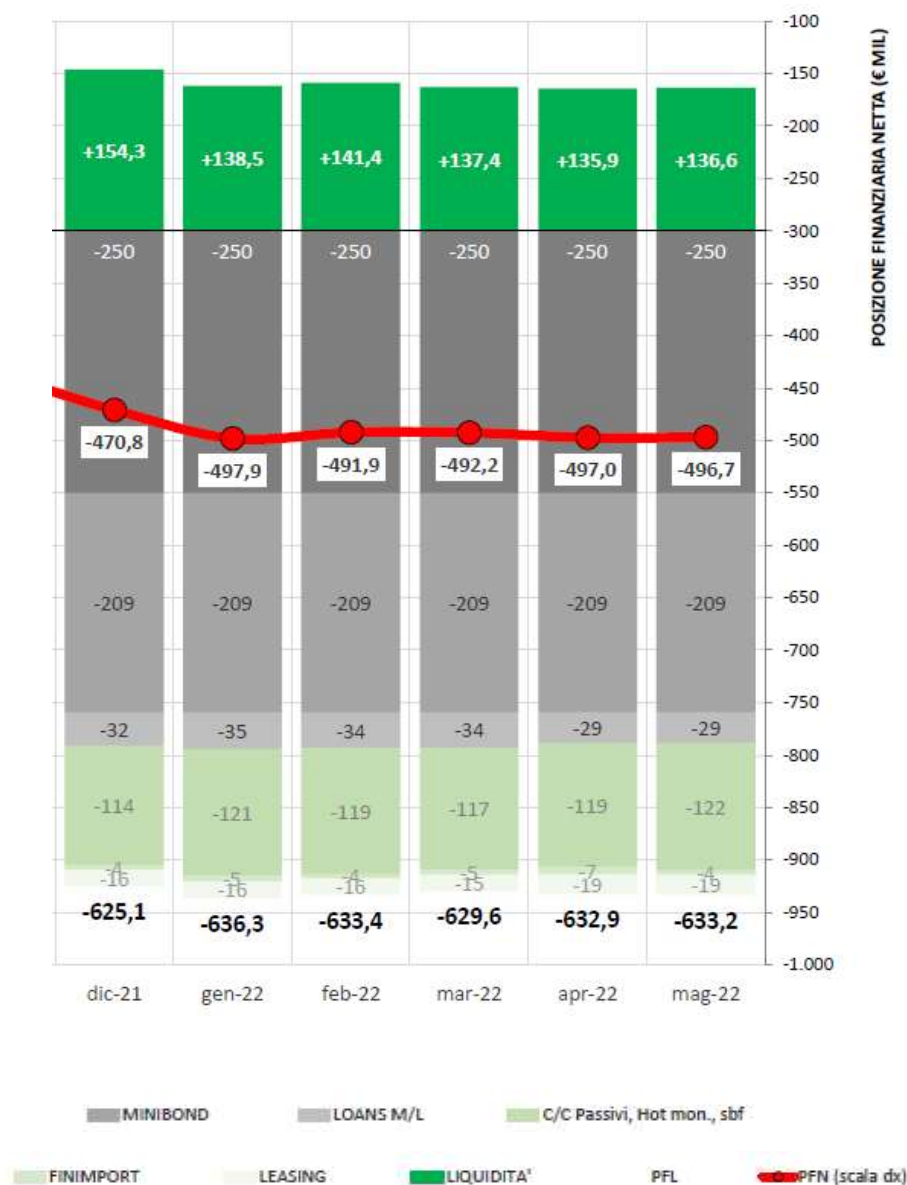
# CURRENT TRADING – SALES APR-MAY 2022 (2 months)

CONSOLIDATED DATA	value (€ mil, var %, var val)				changes vs PY (€ mil)		
	mag-22	mag-21	AC vs PY in %	AC vs PY in val (€mil)	vol	prz+mix	tot
	AC consunt	AC storico					
PAPER MILL	69,6	54,9	+27%	+14,6	-13,7	+28,4	+14,6
CORRUG/PACKAG	91,2	46,5	+96%	+44,7	+8,6	+36,1	+44,7
<b>TOTAL (A1 CORE)</b>	<b>160,8</b>	<b>101,4</b>	<b>+59%</b>	<b>+59,4</b>	<b>-5,1</b>	<b>+64,5</b>	<b>+59,4</b>



- Total revenues** (the chart show sales of A1 core products, excluded other sales): sales positively affected in Q1-2022 (+59% increase corresponding to +59m vs the same period of 2021) mainly by increase of selling prices following the lift of raw material and above all gas costs during 2021 and in the first quarter of 2022 as well; the performance in substance has to be evaluated at consolidated basis since value chain of the Group is flexible and this is the strength of Pro-Gest system
  - Paper mills** slightly affected by lower sales to the market since higher part of the production has been absorbed by intercompany corrugator and packaging business unit, which show an important growth (+96% vs previous year)
  - Corrugator/Packaging** increased significantly thanks to higher selling prices and also to growth in volume (Cuboxal, Cartonstrong and Ondulati Maranello as well as Trevikart)
- Actual data are generally in line with the budget**

# CURRENT TRADING – NFP AT 31.05.2022



- **Net Financial Position (1)** at the end of May 2022 is equal to €496,7m (compared to €470,8m at the end of 2021)
- The **liquidity** remains high and equal to €136,6m (compared to €154,3m at 31.12.2021)
- NFP at 31.05.2022 has been affected by:
  - **High gas payment** relevant to Nov-Dec 2021 (peak of the year for a total of about € 45m)
  - **Working capital growth** connected with higher sales in the first part of 2022 (€25m)
  - **Capex** equal to €17m for the first quarter plus an estimate of €8m for Apr-May
  - **Government subsidies** (about €16m up to the end of May) not yet collected
- In **H2-2022**, NFP should be positively affected by:
  - Ordinary positive **cash generation from Ebitda** growth, which is expected to be +25%/+30% vs 2021
  - **Working capital stabilization** (no further increase expected)
  - **Cash in from disposal of assets** (Monza in primis equal to about €30m)
  - **Government Subsidies** relevant to H1-2022 and H2-2022 that will be collected within year end (equal to €36m of cash-in before year end)

*Note (1): the data showed in this page are not expressed adopting IAS39 accounting standard (i.e. 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 previous slides illustrating the quarterly trend of NFP*



- **Q1-2022 market trends** show a very competitive environment. Anyway Pro-Gest Group has shown very encouraging results for the Pro-Gest Group. Sales grew significantly compared to the same period of 2021, mainly due to selling price increase to cover higher energy expenses and logistic costs; at the same time, the raw material remained rather stable, contributing to the protection of profitability
- **Italian Government has recently decided to support the high gas consumption industries** with some subsidies (granted through compensation with tax/social contribution) which have been defined as follows:
  - Q1-2022: 10% of total gas cost of the period; positive impact on Q1-2022 P&L equal to €5,7m
  - Q2-2022: 25% of total gas cost of the period: positive impact on Q2-2022 P&L estimates in €15m
  - Q3-2022: 25% of total gas cost of the period: positive impact on Q3-2022 P&L estimates in €15m
- **Q1-2022 profitability: Ebitda** for the period is better than budget and last year, even before the normalization as well as Government Subsidies (that we consider as a part of the value created by the Group through all the initiatives taken by the management in the first part of the year)

## PRELIMINARY PERSPECTIVES FOR H1-2022 RESULTS

### INCOME STATEMENT

- **H1-2022:** the most probable scenario, considering the actual sales data of May and some sales and profitability assumptions for June, is the following:
  - **Total consolidated sales** in the area of €480m-€490m (vs €322m in H1-2021; +51%)
  - **Ebitda normalized** in the area of €90m-€95m (vs €57m in H1-2021; +58%)
  - **Ebitda operating** (excluding normalization) should be in the area of €80m-€85m (vs €44m in H1-2021; +80%)
- **NFP/Ebitda LTM normalized at 30.06.2022** is estimated in the area of 3,8x

**All data and information of this slide can not be considered as a reliable objective but are only a reference point for the activities that the Group intend to implement in H2-2022**



**PRO·GEST** GROUP

*paper back to life*

