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PRO-GEST GROUP

Financial Highlights 1Q 2018

11th July, 2018

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Introducing Pro-Gest

Presenters



Bruno Zago

- ➡ Chief Executive Officer, Founder and Owner
- ➡ Established the first Company of the Pro-Gest Group in 1973



Francesco Zago

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



Paolo Facchin

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

Key developments

A number of milestones were achieved in 1Q 2018:

Financial performance

- Achieved revenues of €127m (+11% vs. 1Q 2017) and EBITDA of €25m (+13% vs 1Q 2017)
 - ✓ Industry leading EBITDA margins of 20% in 1Q 2018 (compared to 19% in 1Q 2017)

Financial Position

- €250m Senior Secured Notes issuance completed in December 2017
 - ✓ Closed 1Q 2018 with Net Financial Indebtedness of €260m

Asset Disposal

- Sale of a building purchased in 2017 (book value €3.5m, capital gain €1.8m)

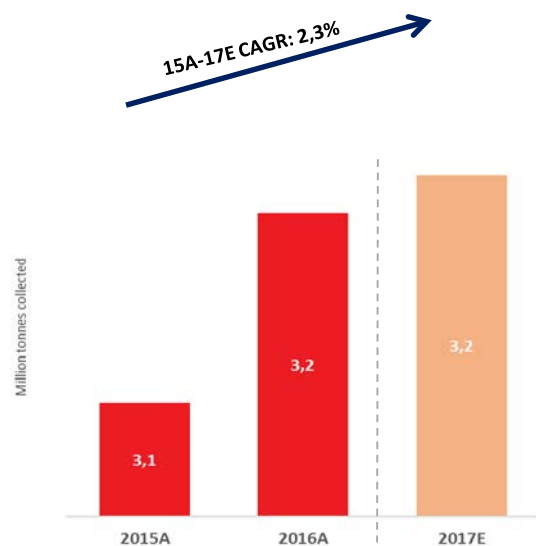
Update on Mantova

The Mantova Project continued to proceed as planned:

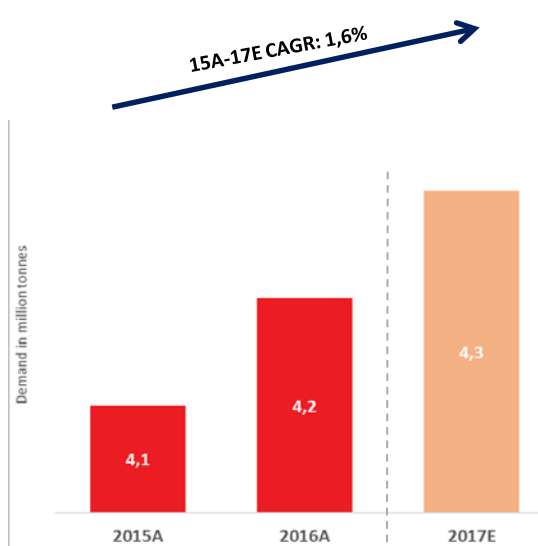
- Started the production of energy and steam in order to clean the plant's pipes
- The procedures regarding the plant's testing phase are currently at 80% and will be completed in the end of July
- Expected to start production of containerboard in August and get first rolls in mid-August
- As of 31st March 2018, the Group has invested €171m in technical investments. The Group expects that the total investment for the Mantova Project will be generally around €200m

Market update

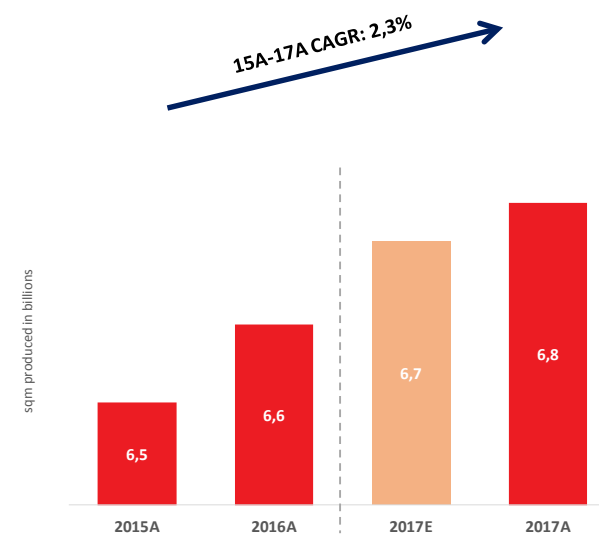
Municipal Recycling (Italy)



Containerboard (Italy)



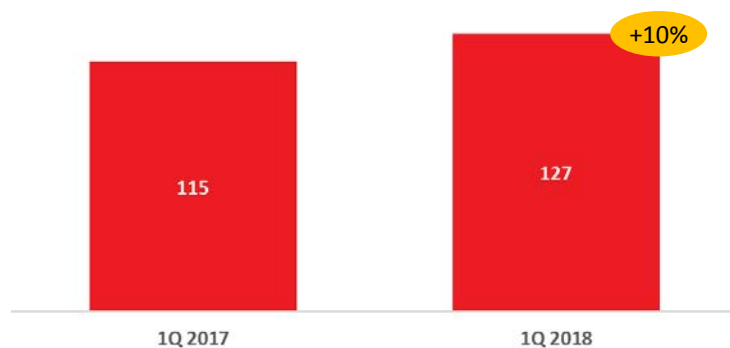
Corrugated sheets and boxes (Italy)



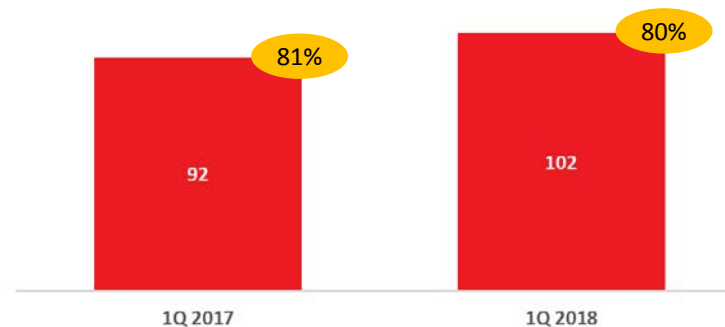
The Italian paper industry in the first 4 months of 2018 grew by 1.5% (+ 2.3% for packaging), as well as the revenue increased by 6.5%, partially recovering the record prices of cellulose prices

1Q 18 results update

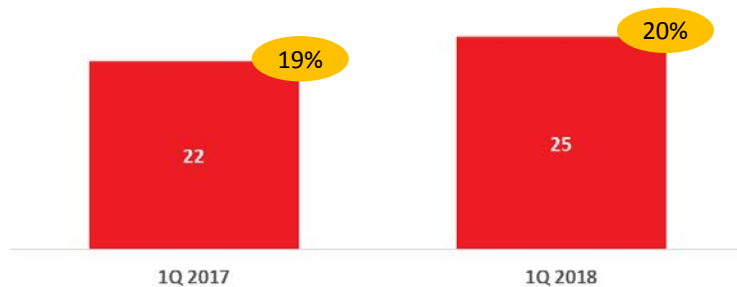
Historical Revenues (€m) and Var YoY



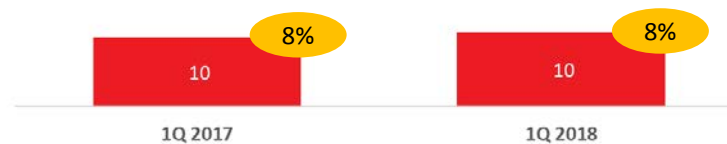
Operating expenses (€m, excluding D&A) and % on revenues



EBITDA (€m) and EBITDA %

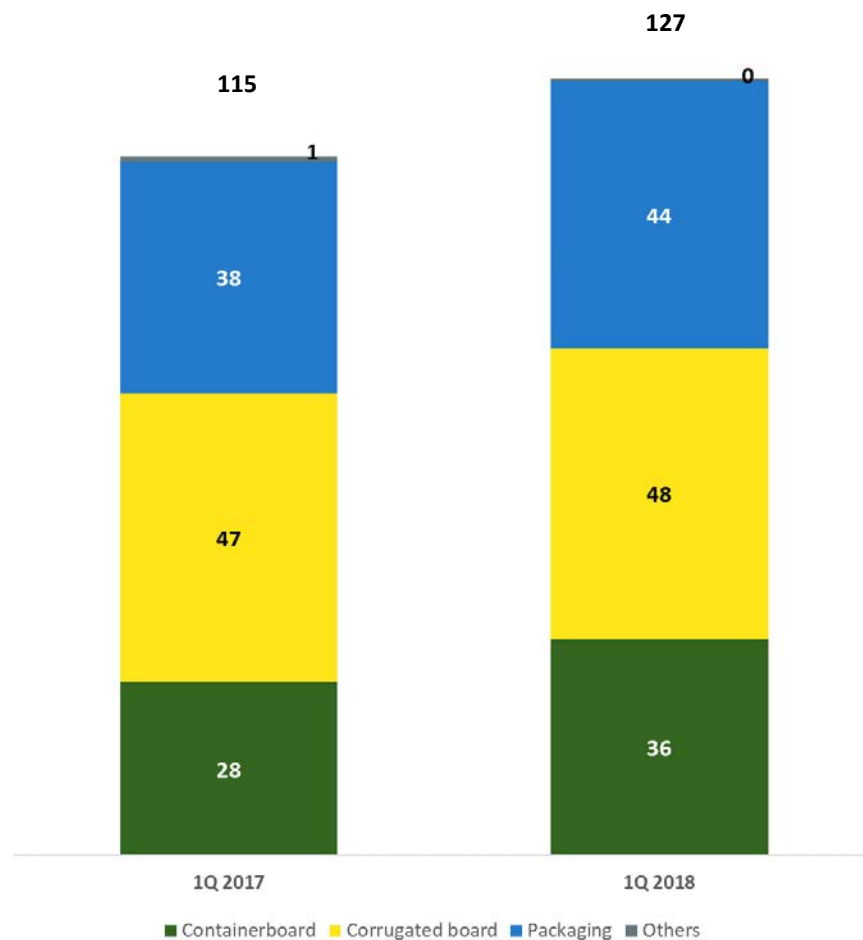


Net Income (€m) and Net Income %



Revenue Performance

Revenue breakdown (€m)

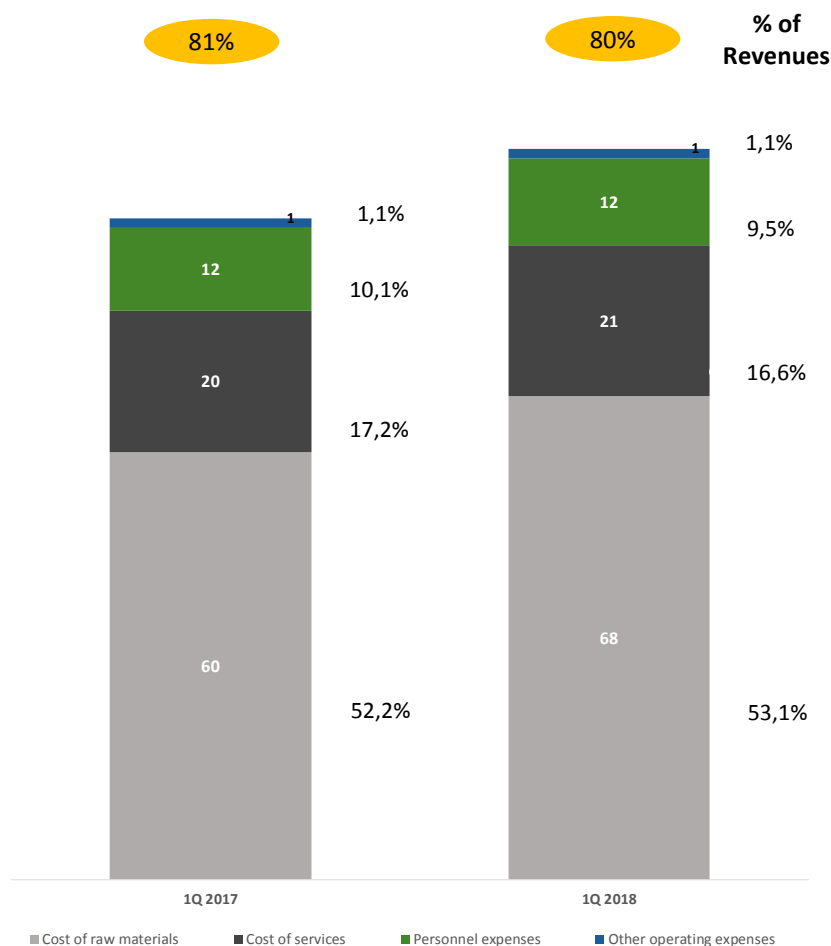


■ Revenue reached €127m in 1Q 2018 compared to €115m in 1Q 2017, mainly driven by:

- ✓ average sales prices increase that involved the sector starting from the second part of the previous year
- ✓ higher sales volumes

Cost structure

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

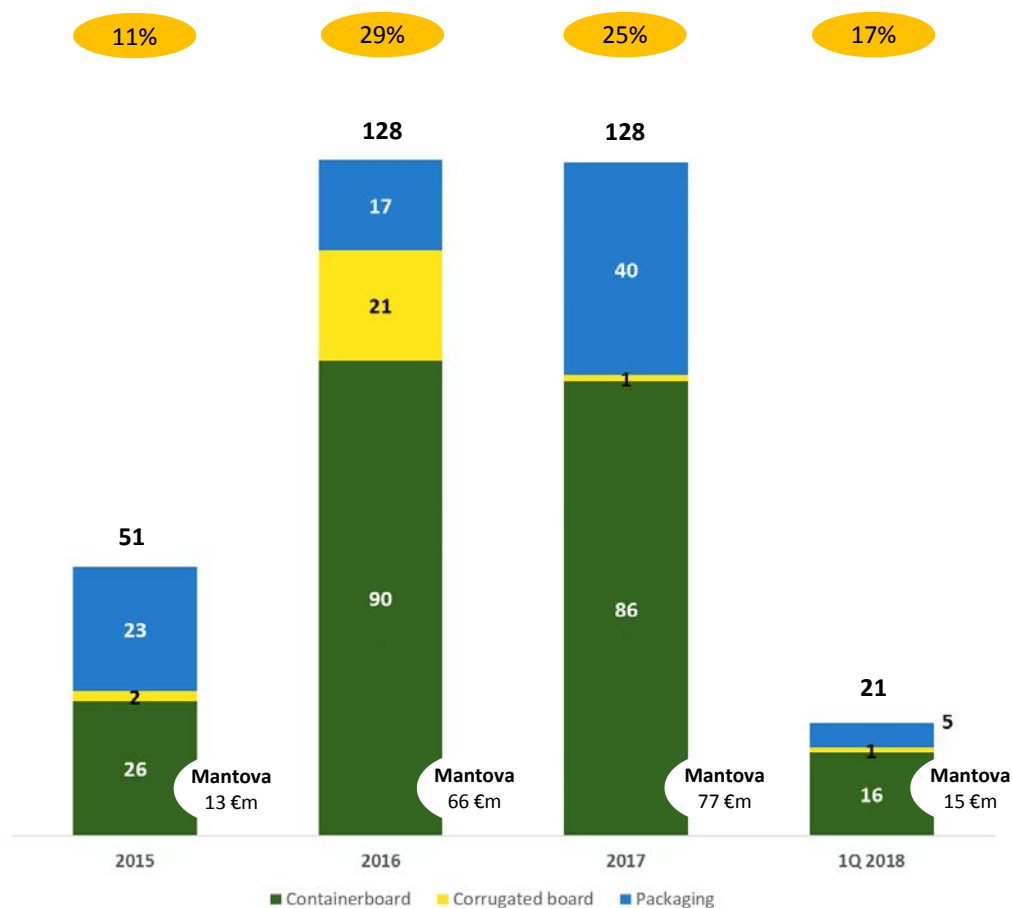


- Operating expenses have decreased of 1% in 1Q 2018 vs 1Q 2017, mainly due to continued focus on the company's cost structure
- Cost of raw materials:
 - ✓ linked to the sales variation and market turbulence
- The cost of the services:
 - ✓ close correlation to the increase in revenues
- Personnel costs:
 - ✓ increase in absolute terms (+€600k) mainly related to new workforce on the Mantova paper mill

Breakdown of capital expenditure

Capex (€m)

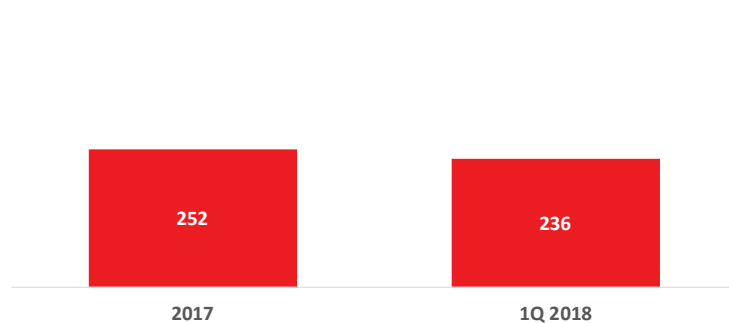
Revenues (%)



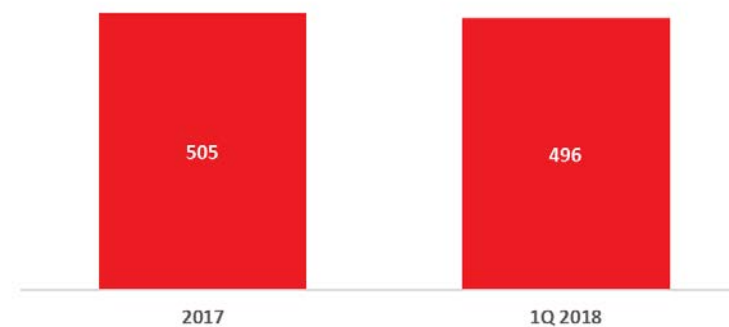
- The investments in the Mantova paper mill production site, where most of the investments of the Pro-Gest Group are concentrated, continued in 1Q 2018
- These investments relate to ancillary machinery and equipment necessary for the launch of the new Paper Production Line, for a total of about €15m in 1Q 2018.
- There are also investments in the Badia mill for around €650k (not shown in the graph) for a total Capex of 22 million in 1Q 2018.

Summary of Net Financial Indebtedness

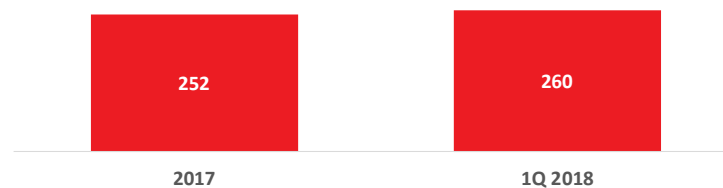
Cash (€m)*



Financial Debts (€m)



Net Financial Indebtedness (€m)*



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