Progroup
Interim Financial Report
30 September / Third Quarter 2016

progroup
The Power of Innovation

Key Figures

Key operating figures (in € thousands)	July – September 2016	July – September 2015	January – September 2016	January – September 2015
Sales	177,960	173,558	556,450	515,356
EBITDA (1)	27,027	34,169	121,632	104,407
EBITDA margin (in % of net sales)	15.2%	19.7%	21.9%	20.3%
EBIT (2)	15,234	26,821	86,178	82,695
Consolidated net income for the period	7,126	15,645	49,660	25,607
Cash flows from operating activities (3)	31,690	34,642	119,394	117,839
Cash flows from investing activities (3)	-5,045	-7,015	-14,399	-16,020
Free cash flow (3) (4)	26,645	27,627	104,995	101,819

Key balance sheet figures (in € thousands)	30/09/2016	31/12/2015
Total assets	820,298	842,355
Equity	248,672	208,604
Cash in hand, bank balances	23,318	20,762
Financial liabilities (bonds, bank loans, finance leases and accrued interest)	464,366	535,263

Key financial figures (in € thousands)	30/09/2016	31/12/2015
Leverage (5)	2.6	3.4
LTM EBITDA	170,086	152,861
Net financial debt (6)	441,048	514,501

(1) EBITDA (not a German GAAP measure) is calculated as sales, plus increase/decrease in finished goods and work in process, plus other own work capitalised, plus other operating income (excluding any extraordinary income), minus costs of materials, minus personnel expenses, minus other operating expenses (excluding any extraordinary expenses), minus other taxes. In response to certain changes to the presentation of our financial statements as required by the "BilRUG", we have modified the way we calculate EBITDA to ensure consistency and comparability with our EBITDA reported for prior periods. See also section "Additional Explanatory Information – Accounting policies".
(2) EBIT (not a German GAAP measure) is calculated as EBITDA minus amortisation and depreciation of fixed intangible and tangible assets.
(3) Since 31 December 2015, we present our statement of cash flows in accordance with DRS 21 (German Accounting Standard – GAS 21), including the comparative figures for the prior period. Therefore, the presented cash flows for Q3 2015 and the period January - September 2015 differ from cash flows presented in the previous year.
(4) Free cash flow (not a German GAAP measure) is calculated as cash flows from operating activities plus cash flows from investing activities.
(5) Leverage (not a German GAAP measure) is calculated by dividing net financial debt as at 30 September 2016 and 31 December 2015, respectively, by EBITDA for the last twelve months (LTM) ended on the relevant date.
(6) Net financial debt (not a German GAAP measure) is calculated as financial liabilities (bank loans, bonds, finance leases and accrued interest) minus cash in hand, bank balances.

Highlights

- The first three quarters of 2016 saw a good performance, particularly with the new production site PW9 strongly contributing to the overall performance. Sales remain on a stable growth path, driven by the corrugated board business.

- Sales increased by 8.0%, reaching €556.5 mn in the first three quarters of 2016, compared to the previous year's first three quarters. In the third quarter of 2016, sales rose by 2.5% to €178.0 mn, compared to the same period in 2015.

- The corrugated board business continued on the ongoing growth path, increasing by 11.2% in sales volume in the first three quarters of 2016, compared to the respective period in 2015. In the third quarter of 2016, sales volume in corrugated board remained strong, rising by 9.9% compared to the third quarter of 2015. Sales volume in the containerboard business grew by 1.7% in the first three quarters of 2016, while growing by 0.9 % in the third quarter of 2016, compared to the respective periods of the previous year. Total containerboard sales volume reflects a strong growth in internal sales volume of 9.6% throughout the first three quarters, leaving less containerboard volume for external sales which declined by 13.5%.

- As anticipated in the first half of 2016, corrugated board and containerboard price levels experienced further declines in the third quarter of 2016. This resulted in a slight price decrease for both products compared to the third quarter of 2015. In contrast, prices for recycled paper increased notably in the third quarter of 2016.

- EBITDA rose by 16.5% to €121.6 mn in the first three quarters of 2016. The slight slowdown in the growth rate is mainly attributable to the declining price/margin developments as well as the planned maintenance shutdowns of the paper machine 2 (PM2) and especially the CHP plant. We decided to further expand the scheduled maintenance shutdown of the CHP plant to strengthen our investment by an expected improved runability. Consequently, EBITDA declined to €27.0 mn in the third quarter of 2016, after €34.2 mn in the previous year's third quarter.

- EBITDA margin remained above the three-year average, increasing by 1.6 percentage points to 21.9% compared to the first three quarters of the previous year. The market development as well as the scheduled maintenance shutdowns including the additional efforts with respect to the CHP plant had a dampening effect on EBITDA margin, leading to a result slightly below previous assumptions.

- Consolidated net income grew by 93.9% from €25.6 mn in the first three quarters of 2015 to €49.7 mn in the first three quarters of 2016. In the third quarter of 2016, consolidated net income reached €7.1 mn, after €15.6 mn in the third quarter of 2015.

- As at 30 September 2016, net financial debt decreased by 14.3% to €441.0 mn, after €514.5 mn as at 31 December 2015. This was primarily achieved by partial early redemptions of the Floating Rate Notes by €40 mn in June and another €35 mn in September. Consequently, leverage further decreased from 3.4 to 2.6 at the end of September 2016.

- As at 1 September 2016, Moody's upgraded Progroup's credit rating by two notches from B1 to Ba2. The rating agency acknowledged Progroup's stable growth figures and reduced leverage.

Content

Letter to Investors

Dear investors and business partners,

we are delighted to share with you our interim report for the first three quarters of the financial year 2016. Throughout the previous nine months, we saw a strong performance and generated continuous growth.

In the first three quarters of 2016, we experienced the anticipated normalising market conditions. As expected, prices saw a minor decline in the third quarter of 2016, mainly due to a lagged effect from the second quarter of 2016. On average, price levels remained roughly stable throughout the first three quarters of 2016, compared to the previous year's first three quarters. In contrast, prices for recycled paper and other intermediates increased notably in the third quarter of 2016. Sales further increased in the first three quarters, as our main growth driver corrugated board continued its strong performance. Sales volume of corrugated board increased by 11.2% throughout the first three quarters of 2016, compared to the previous year's first three quarters. In the third quarter of 2016, corrugated board sales volume increased by 9.9%, compared to the previous year's third quarter. As a major cornerstone of our strategy, we successfully continued the integration process of our containerboard business, with a strong increase by 9.6% in internal sales volume throughout the first three quarters, while external sales volume declined by 13.5% within the same timeframe. In total, containerboard sales volume increased by 1.7% throughout the first three quarters of 2016.

Total sales grew by 8.0% to €556.5 mn, after €515.4 mn in the first three quarters of 2015. The continuous sales growth was driven by the ongoing strong performance of our corrugated board business, further supported by our new production site PW9. In the third quarter of 2016, sales rose by 2.5% compared to the previous third quarter, reaching €178.0 mn. As expected, sales growth experienced a minor slowdown within this quarter, which is attributed to lower selling prices and the scheduled maintenance shutdown of our CHP (combined heat and power) plant.

EBITDA saw an increase by 16.5% to €121.6 mn, compared to €104.4 mn in the first three quarters of 2015. In the third quarter of 2016, EBITDA decreased to €27.0 mn, after €34.2 mn in the third quarter of 2015. The decrease is attributed to the declining price/margin developments as well as the scheduled maintenance shutdowns of PM2 and especially the CHP plant throughout the third quarter of 2016. We decided to further expand the scheduled maintenance shutdown of the CHP plant to strengthen our investment by an expected improved runability. The additional measures resulted in non-recurring expenses of approximately €6 mn in the third quarter.

EBITDA margin rose by 1.6 percentage points to 21.9% in the first three quarters of 2016, compared to the previous year's first three quarters. The third quarter of 2016 saw a drop in EBITDA margin by 4.5 percent points to 15.2%, mainly attributable to the abovementioned non-recurring effects to strengthen our CHP plant. Adjusted for these effects, we would have reached an EBITDA margin between 18% and 19%, which is only slightly below the level of the third quarter 2015. As a result, we now expect an EBITDA margin for the entire year of approximately 21% compared to the previously anticipated 23%, which is still on the level of our three-year average (20.7%).

Due to our strong EBITDA performance, consolidated net income continued its stable growth, reaching €49.7 mn in the first three quarters of 2016, thus increasing by 93.9% compared to €25.6 mn in the first three quarters of 2015. In the third quarter of 2016, consolidated net income decreased to €7.1 mn from €15.6 mn, as a result of scheduled maintenance shutdowns and non-recurring effects.

Free cash flow improved throughout the first three quarters of 2016 by 3.1% reaching €105.0 mn, compared to €101.8 mn in the same time period in 2015. This positive development is mainly attributable to the strong operational performance throughout the period. Net financial debt as at 30 September 2016 amounted to €441.0 mn, after €514.5 mn at 31 December 2015. The strong decrease by 14.3% resulted from partial early redemptions of the Floating Rate Notes by €40 mn in June and by another €35 mn in September 2016. As a result of diminishing debt, leverage decreased from 3.4 as at 31 December 2015 to 2.6 as at 30 September 2016. Further, our strong operational performance, as well as the significantly lowered leverage was acknowledged by rating agency Moody's, resulting in an upgrade of our rating by two notches from B1 to Ba2.

The strong operational performance throughout the first three quarters of 2016 underlines the success of our strategy, offering best-in-class corrugated board products and services. In the third quarter of 2016, we experienced the anticipated normalisation of sales growth due to scheduled maintenance shutdowns of PM2 and our CHP plant. We continue to rely on our consistent strategic greenfield approach, applying cutting-edge technology and facilities of highest technical standard in the vicinity of our customers.

Throughout the remainder of the financial year 2016, we will continue our successful greenfield strategy, operating state-of-the-art facilities and providing tailor-made solutions in close proximity to our key customers. In line with our strategic goals, we are currently constructing our new fully automated corrugated board production facility PW10 in Trzcinica, Poland, in a strategic partnership with local business partners. The new production site is expected to be launched in the beginning of 2017.

The engagement of Mr. Frank Gumbinger as CFO of Progroup AG and its subsidiaries ended on 30 September 2016. On 1 November the executive board has been enhanced by two new members: Dr. Volker Metz as CFO and Mr. Philipp Kosloh as COO. Both had already worked for Progroup AG, Dr. Metz as head of controlling (2009–2016) and Mr. Kosloh as member of the extended management board with responsibility for our supply chain management and as managing director of Progroup AG's subsidiary Prologistik GmbH (2001–2009). Meanwhile, both opted for different career opportunities and could be won back now as new members of the executive board. We believe the new board constellation gives us an excellent position to meet the challenges of the future and to continue the successful growth story of Progroup.

Yours sincerely,

Jürgen Heindl
Chief Executive Officer

Dr. Volker Metz
Chief Financial Officer

Disclaimer

Financial Information

The unaudited consolidated financial information of Progroup AG ("Progroup") as at and for the period ended 30 September 2016 included in this report, has been prepared in accordance with generally accepted accounting principles *(Grundsätze ordnungsgemässer Buchführung)* in the Ferderal Republic of Germany as in effect from time to time ("German GAAP"), which differ in certain respects from International Financial Reporting Standards as adopted by the European Union. Certain numerical figures included in this report have been rounded. Discrepancies or apparent inconsistencies between different amounts included in this report may occur due to such rounding.

Forward-Looking Statements

This report may contain forward-looking statements. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this report, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets in which we participate or are seeking to participate or anticipated regulatory changes in the markets in which we operate or intend to operate. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that our actual results of operations, including our financial condition and liquidity and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this report. Accordingly, prospective investors should not place undue reliance on these forward-looking statements, which speak only as at the date on which the statements were made (and in any case no later than the date of this report). We undertake no obligation, and do not intend, to update or revise any forward-looking statements, whether as a result of new information, future events or developments or otherwise.

Industry and Market Data

This report may contain information, data and predictions about our markets and our competitive position. We operate in an industry for which it is difficult to obtain precise industry and market information. Any market data and/or economic and industry data and forecasts used, and statements regarding our position in the industry made in this report are based upon market research, government and other publicly available information, reports prepared by independent industry consultants and independent industry publications. Any such information in this report that has been sourced from third parties has been accurately reproduced and, as far as we are aware and able to ascertain from the information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. While we believe the statements included in such third party publications to be reliable, they have not been independently verified, and we do not make any representation or warranties as to the accuracy or completeness of such information set forth in this report. In addition, certain market share information and other statements in this report regarding our industry and our position relative to competitors reflect our management's best estimates, based on our experience and knowledge of our industry. We cannot assure you that these statements and information are accurate or that they correctly reflect the state and development of our position in the industry.

Non-GAAP Financial Measures

In this report, we present certain non-GAAP measures and ratios, including EBITDA, EBITDA margin, EBIT, free cash flow, net financial debt, leverage and certain other financial data that are not required by, or presented in accordance with, German GAAP. Our management believes that the presentation of these non-GAAP measures is helpful for investors because these and other similar measures are widely used by certain investors, security analysts and other interested parties as supplemental measures of performance and financial position. However, you should not construe these non-GAAP measures as an alternative to net income determined in accordance with German GAAP or to cash flows from operating activities, investing activities or financing activities. In addition, the non-GAAP measures and ratios, including EBITDA, EBITDA margin, EBIT, free cash flow, net financial debt and leverage presented by us may not be comparable to similarly titled measures used by other companies.

Capital Market Activities

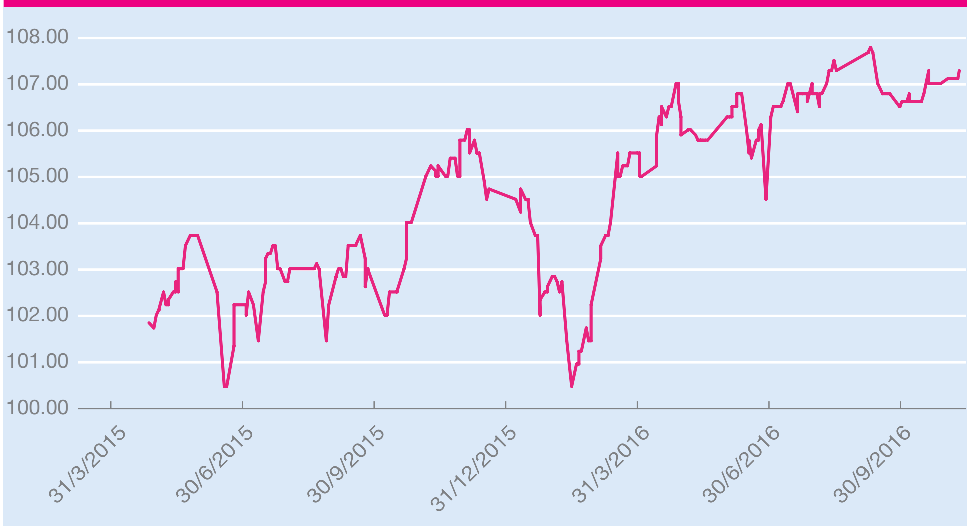
Progroup's capital market activities relate to the "Senior Secured Notes Offering" on 30 April 2015 (€400 mn) and the "Tap Offering" (€95 mn) in December 2015.

An overview of the features of our Senior Secured Fixed Rate Notes and our Senior Secured Floating Rate Notes and their market performance is presented below.

Capital market activities Progroup AG		
ISIN	DE000A161GDI (144A)/ DE000A161GC3 (Reg S) DE000A1687M5 (144A)/ DE000A1687L7 (Reg S)	DE000A161GF6 (144A)/ DE000A161GE9 (Reg S)
Issue	Senior Secured Fixed Rate Notes	Senior Secured Floating Rate Notes
Issuer	Progroup AG	Progroup AG
Listing	Luxembourg EURO MTF	Luxembourg EURO MTF
Distribution	144A/Reg S	144A/Reg S
Amount issued	€345,000,000	€150,000,000
Amount outstanding	€345,000,000	€75,000,000
Currency	EUR	EUR
Issue date	30 April 2015/8 December 2015	30 April 2015
Final maturity	1 May 2022	1 May 2022
Optional redemption	from 1 May 2018: 102.563%	from 1 May 2016: 101.000%
	from 1 May 2019: 101.281%	from 1 May 2017 and thereafter: 100.000%
	from 1 May 2020 and thereafter: 100.000%	
Issue price	100% of face amount/105% (tap)	100% of face amount
Coupon	5.125%	Three-month EURIBOR plus 4.50%
Interest payments	Semi-annually on 1 May and 1 Nov, commencing on 1 Nov 2015	Quarterly on 1 Feb, 1 May, 1 Aug and 1 Nov, commencing on 1 Aug 2015
Paying Agent	Deutsche Bank AG	Deutsche Bank AG
Security Agent	Wilmington Trust (London) Limited	Wilmington Trust (London) Limited
Ratings		
S&P	B+	B+
Moody's	Ba2	Ba2

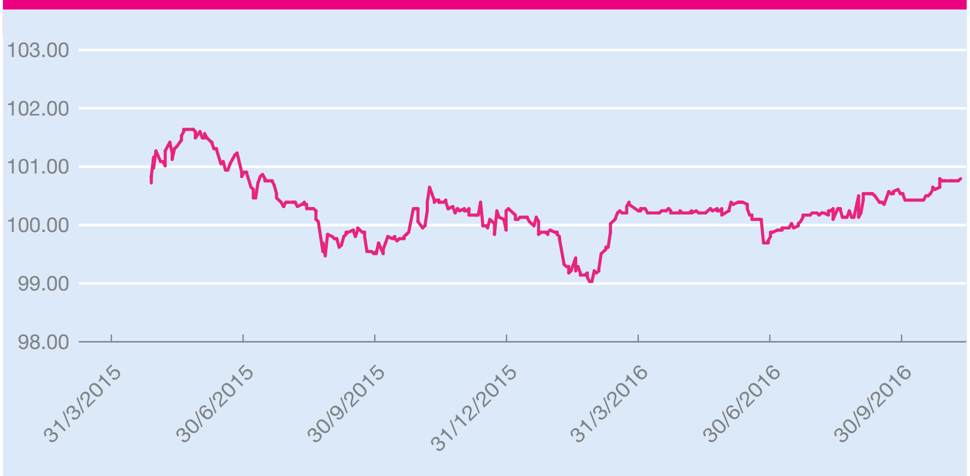
Under the conditions of issue (the "Conditions of Issue") governing our senior secured floating rate notes due 2022 (the "Floating Rate Notes"), we have the option to early redeem all or a part of the Floating Rate Notes at a redemption price equal to 101.00% of any Floating Rate Notes so redeemed, plus accrued and unpaid interest thereon up to, but excluding, the relevant redemption date. On 30 June 2016, we redeemed €40 mn in principal amount of Floating Rate Notes. On 30 September 2016, we further redeemed €35 mn in principal amount of Floating Rate Notes, so that €75 mn in principal amount of Floating Rate Notes currently remain outstanding. We redeemed the aggregate amount of €75 mn using a portion of our cash in hand.

Progroup Senior Secured Fixed Rate Notes



Source of price data: Deutsche Bank AG

Progroup Senior Secured Floating Rate Notes



Source of price data: Deutsche Bank AG

Business

Progroup Headquarter
Landau, Germany

We are a leading, family-owned producer and supplier of containerboard and corrugated board in Central Europe headquartered in Landau, Germany. By production capacity we believe we are the fourth largest producer of corrugated board in Europe through our Prowell business ("Prowell") and the sixth largest producer of recycled containerboard in Europe through our Propapier business ("Propapier"). We focus on the highly efficient production and processing of standardised grades and customised small batch series of corrugated board sheets for our mostly family-owned box manufacturing customers. In this core market segment, we believe we are the market leader in Germany, Austria, Belgium, the Netherlands and the Czech Republic. We believe we differentiate ourselves from other market participants (i.e., fully integrated paper and packaging producers) through our strategic focus on those elements of the value chain that bring added-value to our customers in the packaging industry, in particular on the automated and integrated production of containerboard and corrugated board.

Our customers serve various end markets, including industrial/manufacturing, consumer durables, processed foods, non-food manufactured consumer goods and fresh food. Unlike many fully integrated market players, we do not compete with our box manufacturing customers but instead focus solely on the production of containerboard and corrugated board.

Prowell Plant Stryków,
Poland

Through our large scale and highly flexible production, built up via a greenfield approach, we are able to realise significant economies of scale. Since we commenced operations in 1992, we have carefully selected the locations of our production sites and have grown organically by pursuing a pure greenfield strategy to create an optimal geographic set-up of our production sites across the markets in which we operate. As a result, we benefit from a well-invested asset base and production sites with high technological standards, resulting in a relatively low cost base compared to many of our competitors and relatively low requirements for maintenance capital expenditures in the short- to medium-term. Given the high technological standards of our production facilities, we believe we are well-positioned to benefit from major

Propapier PM1 plant Burg, Germany

growth trends in our industry, such as (i) increasing demand for light-weight packaging, (ii) the increasing importance of small-size packaging due to the growing importance of e-commerce, and (iii) the general trend towards a more efficient and sustainable use of raw materials and energy, which can help reduce both costs and CO_2 emissions.

Our core business comprises Propapier and Prowell. The focus of Propapier's operations is highly flexible containerboard production using almost exclusively recycled paper, with high output volumes to increase cost efficiency and short delivery times. Containerboard produced by Propapier accounts for most of the containerboard sourcing requirements of our corrugated board production within Prowell. We believe that a high degree of vertical integration and the ability of Prowell to internally source consistently high quality containerboard in a cost-efficient and highly flexible manner creates significant synergies for our business. In addition, our customers benefit from our integrated approach through short lead times, just-in-time delivery, online ordering and tracking options.

Propapier PM2 plant Eisenhüttenstadt, Germany

Propapier manufactures containerboard at our two paper mills in Germany, with an envisaged total annual production capacity of approximately 1,100,000 tons of containerboard. Our two paper machines, PM1 in Burg and PM2 in Eisenhüttenstadt, have complementary production layouts which allow us to produce brown containerboard with grammages between 60 and 230g/m^2 using almost exclusively recycled paper. This, in turn, allows us to internally source consistently high quality containerboard with the appropriate widths for Prowell's eight corrugated board production sites in the Czech Republic, France, Germany, Poland and the United Kingdom, with a total annual production capacity of approximately 990,000 tons of corrugated board. Our greenfield location strategy ensures close customer proximity and high production flexibility.

Recent Developments

Under construction:
PW10 in Trzcinica, Poland

Investment in the construction of new Prowell plant

In 2016, we will continue our successful greenfield strategy, operating state-of-the-art facilities and providing made-to-measure solutions in close proximity to our key customers and business partners. For this reason, we continue our commitment to growth by establishing a new, fully automated corrugated board production facility PW10 in Trzcinica, Poland. The new facility will be constructed as part of a strategic partnership with local business partners. At the time of the project start, we planned to launch the new facility towards the year-end of 2016. Due to slight delays in the acquisition process for the land, the new facility is expected to be launched at the beginning of 2017.

Market Developments

Demand for our products is generally driven by the level of economic growth and activity, since these factors typically result in higher per capita use of packaging materials through higher rates of consumption and transportation of goods. An increase in usage of packaging materials results in increasing demand for our recycled containerboard and corrugated board products.

In general, prices for corrugated board usually follow the development of containerboard prices, which in turn usually follow the price development of recycled paper.

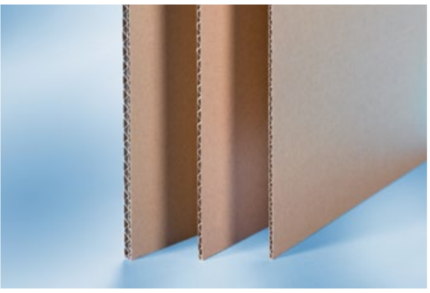
Prices for recycled paper, our primary raw material for the production of recycled containerboard, were higher during the first nine months of 2016 compared to the prior year's same period. The average price per ton for recycled paper grades we purchased was approximately €128 in 2016, compared to €117 in 2015. After slight increases in the second quarter, the price level for recycled paper increased somewhat stronger during the third quarter. The average price per ton in the third quarter 2016 was approximately €139, after €126 in the second quarter (Q3 2015: €128).

Recycled paper

Concerning the volume of Propapier's recycled containerboard sold externally, the average price was approximately €380 per ton in the first nine months of 2016, after an average of €377 per ton in the prior year's same period (for the overall product portfolio mix sold externally) and therefore still on a slightly higher level year-on-year. However, since the middle of the first quarter prices for containerboard decreased in most European markets including Germany, especially during the second quarter. In the third quarter, market conditions were almost stable again, but also showed slight decreases as lagged effects from price movements during the second quarter. The average price in the third quarter was approximately €364 per ton, after €374 per ton in the second quarter (Q3 2015: €396).

Containerboard

Since containerboard prices mainly decreased during the second quarter of 2016, prices for corrugated board products of Prowell typically followed this development with a slight time lag. In the third quarter of 2016, Prowell's average price for corrugated board was approximately €623 per ton, after €639 per ton in the second quarter (Q3 2015: €657). In the first nine months of 2016, Prowell's average price was approximately €642 per ton and since then slightly below the level of the same period in 2015 (€650 per ton).



Corrugated board

Results of Operations

Key operating figures (in € thousands)	July – September 2016	July – September 2015	January – September 2016	January – September 2015
Sales	177,960	173,558	556,450	515,356
EBITDA	27,027	34,169	121,632	104,407
EBITDA margin (in % of net sales)	15.2%	19.7%	21.9%	20.3%
EBIT	15,234	26,821	86,178	82,695
Consolidated net income for the period	7,126	15,645	49,660	25,607

Sales volume (in thousands of tons)	July – September 2016	July – September 2015	January – September 2016	January – September 2015
Corrugated board	**229.6**	**209.0**	**698.3**	**627.9**
Containerboard	**258.3**	**256.1**	**782.7**	**769.8**
– thereof external	77.3	85.0	229.1	264.9
– thereof internal	181.0	171.1	553.6	504.9

The corrugated board business is our main external sales driver. We were able to increase our sales volume of corrugated board by 9.9% (+20.6 thousand tons) in the third quarter of 2016, compared to the prior year's same quarter. In the nine months ended 30 September 2016, the volume sold increased by 11.2% (+ 70.4 thousand tons) compared to the prior year's same period.

Total sales volume of containerboard in the third quarter of 2016 is slightly above the level of the prior year's same quarter (+0.9% / +2.2 thousand tons). The higher volume of corrugated board sold led to a higher internal usage of containerboard (+5.8% or 9.9 thousand tons) and thus to a further decrease in the external volume sold (-9.1% or -7.7 thousand tons). In the nine months ended 30 September 2016, sales volume of containerboard slightly increased by 1.7% or 12.9 thousand tons compared to the prior year's same period. Internal volume rose by 9.6%, while external volume decreased by 13.5%.

Based on this development, the level of integration of our containerboard and corrugated board businesses increased from 67% in the third quarter of 2015 to 70% in the reference quarter of 2016.

Sales (in € thousands)	**July – September**		**January – September**	
	2016	**2015**	**2016**	**2015**
Corrugated board	143,105	137,370	448,080	407,989
Containerboard	28,180	33,630	87,036	99,736
Other	6,675	2,558	21,334	7,631
Total Sales	**177,960**	**173,558**	**556,450**	**515,356**

Total sales increased by 2.5% (€4.4 mn) to €178.0 mn in the third quarter of 2016, compared to €173.6 mn in the same quarter of the prior year. This increase in sales is attributable to further growth in our corrugated board sales (+4.2% or €5.7 mn) as a result of the higher volume sold, even with offsetting effects from a 5.2% lower price level. At the same time, our sales of containerboard decreased by 16.2% (€5.4 mn), due to the lower external sales volume and a 7.9% lower price level in comparison to the prior year's third quarter. In the nine months ended 30 September 2016, sales increased by 8.0%, also primarily driven by the higher volume of corrugated board. Other sales increased, mainly as a result of certain changes to German GAAP related to the implementation of the "BilRUG". The reclassification of several positions from other operating income had a positive impact on other sales (€3.1 mn for Q3 2016; €10.2 mn for 1-9 2016). The relevant 2015 figures are not reclassified. See also the related discussion with regard to our other operating income below. For more detailed information, see also section "Additional Explanatory Information – Accounting policies".

Other operating income (in € thousands)	July – September 2016	July – September 2015	January – September 2016	January – September 2015
Investment subsidies	43	107	130	321
Income from passing through the costs of gas	0	2,624	0	7,361
Income from sales of refuse-derived fuel and fuel oil	0	583	0	3,487
Income from exchange rate differences	720	739	1,653	5,189
Income from other periods	2,028	2,842	6,784	8,765
Extraordinary income*	0	0	0	0
Other income	306	750	1,932	1,897
Other operating income	**3,097**	**7,645**	**10,499**	**27,020**

*please refer to the footnote presented at the end of the section "Results of Operations" on page 23

Other operating income significantly decreased by 59.5% (€4.5 mn) to €3.1 mn in the third quarter 2016, mainly resulting from effects based on changes in German GAAP related to the implementation of the "BilRUG". Among other changes, the "BilRUG" required us to reclassify income from passing through the costs of gas and income from sales of refuse-derived fuel, which we now report as other sales within the income statement item sales. The relevant 2015 figures (income from passing through the costs of gas, income from sales of refuse-derived fuel and others) were not reclassified (€3.4 mn). See also the related discussion with regard to our sales above. Regarding the nine months ended 30 September 2016, other operating income also decreased significantly (-61.1% or €-16.5 mn), driven by the abovementioned facts and considerably lower income from exchange rate differences (-68.1% or €-3.5 mn).

Costs of materials (in € thousands)	July – September 2016	July – September 2015	January – September 2016	January – September 2015
Cost of raw materials, consumables and supplies	77,782	73,123	231,629	203,958
Cost of purchased services	16,559	30,583	46,976	87,295
Cost of materials	**94,341**	**103,705**	**278,605**	**291,253**

Costs of materials decreased by 9.0% (€9.4 mn) to €94.3 mn in the third quarter of 2016. Significantly lower costs of purchased services (-45.9%) in terms of lower energy costs as a result of the CHP plant integration were partly offset by higher costs for raw materials and supplies. In the third quarter of 2015, costs for purchased services contained a considerable amount of costs for steam for our paper machine PM2, based on charges under the long-term contract with EnBW Propower GmbH. Following the acquisition of the CHP plant, the related charges were mainly replaced by costs of raw materials and supplies, personnel expenses and other operating expenses. The increase in costs of raw materials and supplies by 6.4% in the third quarter 2016 primarily results from higher prices for recycled paper as well as from costs for ash and reject disposal related to the operation of the CHP plant. For the nine months ended 30 September 2016, costs of materials show a decrease of 4.3% or €12.6 mn.

Personnel expenses (in € thousands)	**July – September**		**January – September**	
	2016	**2015**	**2016**	**2015**
Wages and salaries	13,056	12,067	39,520	35,461
Social security and pensions	2,059	2,148	6,693	6,387
- thereof for pension expenses	51	37	164	124
Personnel expenses	**15,115**	**14,215**	**46,213**	**41,848**

Personnel expenses increased by 6.3% (€0.9 mn) to €15.1 mn in the third quarter 2016. This increase is mainly attributable to a higher average number of employees, primarily as a result of the CHP plant integration and the start of recruiting new staff for our production site PW10 in Poland. Regarding the nine months period ended 30 September 2016, personnel expenses increased by 10.4%, mainly driven by the abovementioned effects. The relatively higher increase of the nine months personnel expenses is attributable to the prior year's comparative figure, since the staff level for PW9 was built up in the course of the first half of 2015, while personnel expenses of the third quarter of 2015 were already based on the full staff of PW9.

Other operating expenses (in € thousands)	**July – September** 2016	2015	**January – September** 2016	2015
Maintenance and repair	15,004	8,099	36,450	27,046
Freight expenses	15,019	15,334	46,178	45,716
Paper machine clothings	1,673	1,448	4,500	4,217
Rental and leasing costs	1,543	1,445	4,684	4,217
Water and waste water treatment	1,111	1,155	4,402	3,680
Legal and consulting fees	735	420	1,793	1,146
Expenses from exchange rate differences	524	1,121	2,579	3,122
Expenses from other periods	665	28	1,926	1,750
Extraordinary expenses*	13	1,118	846	32,302
Others	4,611	3,896	13,216	13,416
Other operating expenses	**40,898**	**34,064**	**116,574**	**136,612**

*please refer to the footnote presented at the end of the section "Results of Operations" on page 23

Other operating expenses increased by 20.1% (€6.8 mn) to €40.9 mn in the third quarter of 2016, primarily in connection with significantly higher costs for maintenance and repair, especially caused within the scheduled maintenance shutdown of our CHP plant. Due to changes to German GAAP related to the implementation of the "BilRUG", we are required to classify any extraordinary expenses as other operating expenses since 2016. Regarding the nine months period ended 30 September, the development of other operating expenses (-14.7% or €-20.0 mn) is mainly influenced by the considerable amount of extraordinary expenses in 2015 (€32.3 mn), primarily incurred in connection with our refinancing. This significant decrease was partly offset by considerably higher costs for maintenance and repair (+ €9.4 mn), especially at our CHP plant.

Results of operations (in € thousands)	**July – September** 2016	2015	**January – September** 2016	2015
EBITDA	**27,027**	**34,169**	**121,632**	**104,407**
Amortisation and depreciation of fixed assets	-11,793	-7,347	-35,454	-21,712
Net interest result	-6,048	-5,248	-19,527	-16,115
*Extraordinary positions (other operating income/expenses)**	-13	-1,118	-846	-32,302
Taxes on income	-2,047	-4,810	-16,145	-8,671
Consolidated net income for the period	**7,126**	**15,645**	**49,660**	**25,607**

*please refer to the footnote presented at the end of the section "Results of Operations" on page 23

In the third quarter of 2016, EBITDA decreased by 20.9% (€7.1 mn) to €27.0 mn, mainly impacted by the declining price/margin development as well as the scheduled maintenance shutdowns of our PM2 and CHP plant. The EBITDA margin for the third quarter amounted to 15.2% (Q3 2015: 19.7%). Regarding the nine months ended 30 September 2016, EBITDA increased by 16.5% (€17.2 mn) to €121.6 mn through our strong sales performance and positive effects from the integration of the CHP plant. The considerably stronger results of the first two quarters could partly offset the impacted third quarter's result.

Amortisation and depreciation increased significantly by 60.5% (€4.4 mn) to €11.8 mn in the third quarter 2016, mainly as a result of the additional fixed assets we acquired and recorded as part of the CHP plant acquisition.

The net interest result declined by 15.2% (€0.8 mn) to €-6.0 mn in the third quarter, mainly as a result of the higher amount of financial liabilities since the CHP plant acquisition in December 2015 (financial liabilities amounted to €464.4 mn as at 30 September 2016, compared to €417.8 mn as at 30 September 2015).

Following the implementation of the "BilRUG", extraordinary income/expenses are not separate income statement items any more and are reclassified as other operating income/expenses. We show EBITDA without adding/deducting extraordinary income/expenses to ensure consistency and comparability with our EBITDA reported for prior periods.

In the third quarter of 2016, taxes on income decreased by €2.8 mn to €2.0 mn, mainly in connection with the lower results. Concerning the nine months period ended 30 September, taxes on income are significantly higher, since our results of 2015 were impacted by the considerable amount of extraordinary expenses in connection with our refinancing. Partly based on this fact, consolidated net income could increase significantly by 93.9% or €24.1 mn to €49.7 mn in 2016 compared to the prior year's same period.

* Since the "BilRUG" abolished the income statement item "extraordinary net income/loss" and therefore also "extraordinary income" and "extraordinary expenses" as separate income statement items, any items we might previously have recognised under "extraordinary income" or "extraordinary expenses", respectively, we are now required to recognise under either "other operating income" or "other operating expenses". Fore more detailed information about changes resulting from the "BilRUG", please refer to the section "Additional Explanatory Information".

Net Asset Position

The following statements describe the main changes in the balance sheet as at 30 September 2016 compared to 31 December 2015.

As at 30 September 2016, **fixed assets** amounted to €635.4 mn, after €657.5 mn as at 31 December 2015, a decrease of 3.4% as a result of amortisation and depreciation.

Inventories amounted to €74.8 mn as at 30 September 2016, which is almost on the same level as at 31 December 2015 (-0.3%). An increase of raw materials and supplies, driven by a higher quantity of spare parts, was offset by a decrease of work in process caused by lower stocks of internal purchased containerboard at our Prowell plants, partly as a result of reporting date factors.

Trade receivables increased by €7.9 mn or 13.7% to €65.5 mn as at 30 September 2016, mainly in connection with our higher sales.

Other assets decreased by €9.3 mn or 37.5% to €15.5 mn as at 30 September 2016, mainly as a result of the settlement of receivables related to the refunding of energy tax related to prior years, a refund of income tax receivables and lower sales tax prepayments, partly as a result of reporting date factors.

Since we used a material portion of our cash in hand to early redeem €75 mn of outstanding Floating Rate Notes in 2016, **cash in hand, bank balances** amounted to €23.3 mn as at 30 September which is only slightly above the level as at 31 December 2015.

As at 30 September 2016, **deferred taxes** decreased by €1.4 mn to €4.3 mn, mainly due to the usage of interest carryforwards in connection with the positive EBITDA development in 2016.

Shareholder's equity increased by 19.2% from €208.6 mn as at 31 December 2015 to €248.7 mn as at 30 September 2016 as a result of consolidated net income, reduced by distribution of dividends and negative exchange rate influences.

The increase in **tax provisions** is mainly attributable to the considerable higher amount of taxes on income in 2016 compared to the prior year.

Bonds decreased by €75.0 mn to €420.0 mn as at 30 September 2016 in connection with two partial early redemptions of our Floating Rate Notes (€40 mn as at 30 June and €35 mn as at 30 September 2016).

As at 30 September 2016, **bank loans** decreased by €9.2 mn or 25.3% to €27.0 mn, primarily resulting from a reclassification of the (former) bank loan relating to PW9 to the balance sheet item other liabilities. This bank loan was transferred into a finance lease agreement in the first quarter of 2016 and therefore has to be disclosed as 'other liability' under the applicable accounting policies. During the third quarter we started to utilise the PLN loan, raised in order to finance our new PW10 in Poland in line with the currency requirements, which partly offset the abovementioned decrease.

The increase in **trade payables** by €8.1 mn or 24.6% to €40.8 mn as at 30 September 2016 is due to working capital management as well as one-off effects as a result of reporting date factors.

The increase in **other liabilities** by €11.2 mn to €23.5 mn as at 30 September 2016 is mainly related to the abovementioned reclassification of the (former) bank loan and a higher amount of accrued interest for our senior secured notes.

Financial Position

Summary of cash flows (in € thousands)	July – September 2016	July – September 2015	January – September 2016	January – September 2015
Cash flows from operating activities	31,690	34,642	119,394	117,839
Cash flows from investing activities	-5,045	-7,015	-14,399	-16,020
Free cash flow	**26,645**	**27,627**	**104,995**	**101,819**
Cash flows from financing activities	-35,299	2,780	-100,992	-29,564

Since 31 December 2015, we present our statement of cash flows in accordance with DRS 21 (German Accounting Standard – GAS 21), including the comparative figures for the prior period. Therefore, the presented cash flows for Q3 2015 and the period January - September 2015 differ from cash flows presented in the previous year.

Cash flows from operating activities decreased by €3.0 mn to €31.7 mn in the third quarter of 2016 compared to the prior year's same period, mainly resulting from our lower results, described in the section "Results of Operations".

Cash flows from investing activities amounted to €-5.0 mn in the third quarter of 2016 and are attributable to the current construction of our new corrugated board plant PW10 in Poland (€2.3 mn) as well as several smaller investments in different plants as part of our continuous maintenance capital expenditures, especially within the scheduled shutdown of our PM2 and CHP plant during the reference period. The comparatively higher cash outflows in the third quarter of the previous year resulted from the final PW9 constructions then conducted.

Free cash flow for the third quarter, calculated as cash flows from operating activities plus cash flows from investing activities, slightly decreased, driven by the lower cash flows from operating activities.

Cash outflows from financing activities in the third quarter of 2016 were mainly related to a further partial redemption of the Floating Rate Notes (€35 mn). Interest paid mainly concerns the interest payments for our Floating Rate Notes in August. In contrast, we had €2.1 mn (PLN9.0 mn) cash inflows from the utilisation of the additional raised PLN loan (PLN107.0 mn) in order to finance the investment in our new Prowell plant PW10.

Regarding the nine months ended 30 September 2016, cash outflows from financing activities mainly contain €75 mn for partial redemptions of the Floating Rate Notes, €16.2 mn interest paid, €6.2 mn dividends distributed and €5.1 mn extraordinary expenses paid, which are related to costs (transaction costs, advisory and professional fees and others) in connection with the CHP plant acquisition in December 2015.

Cash funds (cash in hand, bank balances) increased by €2.5 mn and amounted to €23.3 mn as at 30 September 2016, compared to €20.8 mn as at 31 December 2015.

Under the conditions of issue (the “Conditions of Issue”) governing our senior secured floating rate notes due 2022 (the “Floating Rate Notes”), we have the option to early redeem all or a part of the Floating Rate Notes at a redemption price equal to 101.00% of any Floating Rate Notes so redeemed, plus accrued and unpaid interest thereon up to, but excluding, the relevant redemption date. On 30 June 2016, we redeemed €40 mn in principal amount of Floating Rate Notes. On 30 September 2016, we redeemed a further €35 mn in principal amount of Floating Rate Notes, so that €75 mn in principal amount of Floating Rate Notes currently remain outstanding. We redeemed the aggregate amount of €75 mn using a portion of our cash in hand.

Unaudited Consolidated Interim Financial Information

30 September / Q3 2016

Consolidated Balance Sheet

Assets

	Assets (in € thousands)	30/09/2016*	31/12/2015
A.	**Fixed assets**		
I.	**Intangible assets**		
1.	Purchased concessions, industrial property and similar rights and assets, and licenses in such rights and assets	22,876	24,737
		22,876	**24,737**
II.	**Tangible assets**		
1.	Land and buildings including buildings on leasehold land	177,727	183,689
2.	Technical equipment and machinery	417,121	437,426
3.	Other equipment, factory and office equipment	6,179	6,417
4.	Prepayments and constructions in process	11,424	5,179
		612,451	**632,712**
III.	**Financial assets**		
1.	Shares in affiliated companies	37	37
		37	**37**
		635,365	**657,486**
B.	**Current assets**		
I.	**Inventories**		
1.	Raw materials, consumables and supplies	50,222	45,908
2.	Work in process	19,787	24,339
3.	Finished goods	4,766	4,649
4.	Prepayments	56	129
		74,830	**75,025**
II.	**Receivables and other assets**		
1.	Trade receivables	65,491	57,593
2.	Receivables from affiliated companies	17	30
3.	Other assets	15,522	24,844
		81,030	**82,467**
III.	**Cash in hand, bank balances**	**23,318**	**20,762**
		179,179	**178,254**
C.	**Prepaid expenses and deferred charges**	**1,412**	**922**
D.	**Deferred taxes**	**4,343**	**5,694**
	Total assets	**820,298**	**842,355**

* Unaudited consolidated interim financial information

Consolidated Balance Sheet

Equity and Liabilities

	Equity and Liabilities (in € thousands)	30/09/2016*	31/12/2015
A.	**Shareholder's equity**		
1.	Subscribed capital	7,588	7,588
2.	Capital reserve	75,414	75,414
3.	Revenue reserves	1,408	1,408
4.	Currency translation adjustment	-2,460	910
5.	Consolidated net retained profits	166,722	123,284
		248,672	**208,604**
B.	**Investment grants for fixed assets**	**3,000**	**2,459**
C.	**Provisions**		
1.	Provisions for pensions	158	70
2.	Tax provisions	6,165	2,336
3.	Other provisions	45,928	46,842
		52,251	**49,247**
D.	**Liabilities**		
1.	Bonds	420,000	495,000
2.	Bank loans	27,037	36,210
3.	Trade payables	40,835	32,784
4.	Liabilities from affiliated companies	26	0
5.	Other liabilities	23,512	12,311
		511,411	**576,305**
E.	**Deferred income**	**4,963**	**5,740**
	Total equity and liabilities	**820,298**	**842,355**

* Unaudited consolidated interim financial information

Consolidated Income Statement

	Consolidated Income Statement (in € thousands)	July – September* 2016	July – September* 2015	January – September* 2016	January – September* 2015
1.	Sales	177,960	173,558	556,450	515,356
2.	Increase/decrease in finished goods and work in process	-3,600	3,728	-4,436	21
3.	Other own work capitalised	284	539	773	539
4.	Other operating income	3,097	7,645	10,499	27,020
5.	Costs of materials				
a)	Costs of raw materials, consumables and supplies	-77,782	-73,123	-231,629	-203,958
b)	Costs of purchased services	-16,559	-30,583	-46,976	-87,295
		-94,341	-103,705	-278,605	-291,253
6.	Personnel expenses				
a)	Wages and salaries	-13,056	-12,067	-39,520	-35,461
b)	Social security and pensions	-2,059	-2,148	-6,693	-6,387
		-15,115	-14,215	-46,213	-41,848
7.	Amortisation and depreciation of fixed intangible and tangible assets	-11,793	-7,347	-35,454	-21,712
8.	Other operating expenses	-40,898	-34,064	-116,574	-136,612
9.	Other interest and similar income	9	24	111	135
10.	Interest and similar expenses	-6,057	-5,272	-19,638	-16,250
11.	Taxes on income	-2,047	-4,810	-16,145	-8,671
12.	**Earnings after taxes**	**7,499**	**16,079**	**50,768**	**26,723**
13.	Other taxes	-373	-435	-1,108	-1,116
14.	**Consolidated net income for the period**	**7,126**	**15,645**	**49,660**	**25,607**
15.	Consolidated unappropriated retained earnings brought forward			117,062	76,687
16.	**Consolidated net retained profits**			**166,722**	**102,294**

* Unaudited consolidated interim financial information

Since changes have been introduced to German GAAP by the "BilRUG" with regard to the preparation of financial information for any period beginning after 31 December 2015, the structure of the presented income statement changed. For more detailed information please refer to the section "Additional Explanatory Information".

Consolidated Cash Flow Statement

	Consolidated Cash Flow Statement (in € thousands)	July – September* 2016	July – September* 2015	January – September* 2016	January – September* 2015
1.	**Cash flows from operating activities**				
	Consolidated net income for the period	7,126	15,645	49,660	25,607
	Amortisation and depreciation of fixed assets	11,793	7,347	35,454	21,712
	Increase (+)/decrease (-) in provisions	1,440	5,043	1,907	-1,939
	Other non-cash expenses (+)/income (-)	-588	-373	-1,081	-1,248
	Increase (-)/decrease (+) in inventories, trade receivables and other assets**	5,466	-2,366	425	3,501
	Increase (+)/decrease (-) in trade payables and other liabilities**	-2,660	-414	4,873	17,837
	Interest expenses (+)/income (-)	6,048	5,248	19,527	16,115
	Extraordinary expenses (+)/income (-)	13	1,118	846	32,302
	Income tax expenses (+)/income (-)	2,047	4,810	16,145	8,671
	Income taxes paid (-)	1,005	-1,416	-8,362	-4,719
	Cash flows from operating activities	**31,690**	**34,642**	**119,394**	**117,839**
2.	**Cash flows from investing activities**				
	Proceeds (+) from disposal of intangible and tangible fixed assets	43	3	78	13
	Payments (-) to acquire intangible fixed assets	-15	-20	-275	-390
	Payments (-) to acquire tangible fixed assets	-5,085	-7,021	-14,276	-15,762
	Interest received (+)	12	23	74	119
	Cash flows from investing activities	**-5,045**	**-7,015**	**-14,399**	**-16,020**
3.	**Cash flows from financing activities**				
	Proceeds (+) from the issuance of bonds and borrowings	2,081	6,554	2,081	410,670
	Cash repayments (-) of bonds and borrowings	-35,079	-125	-75,767	-394,260
	Proceeds (+) of grants received	0	0	313	0
	Extraordinary expenses paid (-)	-2	-1,601	-5,149	-25,473
	Interest paid (-)	-2,299	-2,048	-16,248	-9,119
	Dividends paid to shareholders of the parent entity (-)	0	0	-6,222	-11,382
	Cash flows from financing activities	**-35,299**	**2,780**	**-100,992**	**-29,564**
4.	**Cash funds at end of period**				
	Net change in cash funds	-8,654	30,407	4,003	72,255
	Effect on cash funds of exchange rate movements	574	-63	-1,447	293
	Cash funds at beginning of period	31,398	60,962	20,762	18,758
	Cash funds at end of period	**23,318**	**91,306**	**23,318**	**91,306**
5.	**Composition of cash funds**				
	Cash and cash equivalents	23,318	91,306	23,318	91,306
	Cash funds at end of period	23,318	91,306	23,318	91,306

* Unaudited consolidated interim financial information
** Not attributable to financing activities

Since 31 December 2015, we present our statement of cash flows in accordance with DRS 21 (German Accounting Standard – GAS 21), including the comparative figures for the prior period. Therefore, the presented cash flows for Q3 2015 and the period January - September 2015 differ from cash flows presented in the previous year.

Consolidated Statement
of Changes in Equity

Consolidated Statement of Changes in Equity (in € thousands)	**Subscribed capital**	**Capital reserve**	**Consolidated equity generated** Revenue reserves	**Consolidated equity generated** Consolidated net retained profits	**Currency translation adjustment**	**Group equity**
1 January 2016	**7,588**	**75,414**	**1,408**	**123,284**	**910**	**208,604**
Consolidated net profit for the period	0	0	0	49,660	0	49,660
Distribution of profit	0	0	0	-6,222	0	-6,222
Other changes	0	0	0	0	-3,370	-3,370
30 September 2016*	**7,588**	**75,414**	**1,408**	**166,722**	**-2,460**	**248,672**

* Unaudited consolidated interim financial information

Additional Explanatory Information

Accounting policies

The unaudited consolidated interim financial information of Progroup AG as at and for the period ended 30 September 2016 included in this report has been prepared in accordance with generally accepted accounting principles *(Grundsätze ordnungsgemäßer Buchführung)* in the Federal Republic of Germany as in effect from time to time ("German GAAP"), which differ in certain respects from International Financial Reporting Standards as adopted by the European Union.

The accounting policies in the period under review generally correspond to those used for the audited consolidated financial statements for the year ended 31 December 2015, except to the extent relevant changes have been introduced to German GAAP by the *Bilanzrichtlinie-Umsetzungsgesetz* ("BilRUG") with regard to the preparation of financial information for any period beginning after 31 December 2015.
The following is just a brief summary of the key changes introduced by the BilRUG that affect Progroup AG and the presentation of its financial information, as reflected in the consolidated interim information for the period ended 30 September 2016 included in this report.

In connection with the implementation of the changes introduced by the BilRUG, we made certain changes to the presentation of our income statement. In particular, we will not report "profit/loss on ordinary activities" and "extraordinary net income/loss" separately anymore and, as a result, also will not separately report "extraordinary income" and "extraordinary expenses" anymore. Instead, we now report "earnings after taxes" as a new line item.

In addition, the BilRUG introduced a new definition of "sales". As a result, we are now required to reclassify certain items as "sales" that we would previously have classified as "other operating income". The BilRUG does not require us to restate our financial information for any periods prior to 1 January 2016 to reflect this change. We have therefore not restated our sales and other operating income for the prior-year period. Instead, we have included relevant explanatory information in the notes to our consolidated interim financial information as at and for the period ended 30 September 2016.

Because the BilRUG abolished the income statement item “extraordinary net income/loss” and therefore also “extraordinary income” and “extraordinary expenses” as separate items, any items we might previously have recognised under “extraordinary income” or “extraordinary expenses”, respectively, we are now required to recognise under either “other operating income” or “other operating expenses”. With regard to this particular change, the BilRUG does require us to restate our financial information for the corresponding prior-year period. As a result, “other operating income” and “other operating expenses” for the period ended 30 September 2015 as reported in the consolidated interim financial information included in this report have been restated to include all relevant items we have previously reported as “extraordinary income” and “extraordinary expenses”, as applicable. As a result, the prior-period information for the period ended 30 September 2015 as presented in the consolidated interim financial information included in this report differs from our previously reported figures for such period.

For more detail on how these changes have affected the presentation of our results of operations for the period ended 30 September 2016, see section “Results of Operations”.

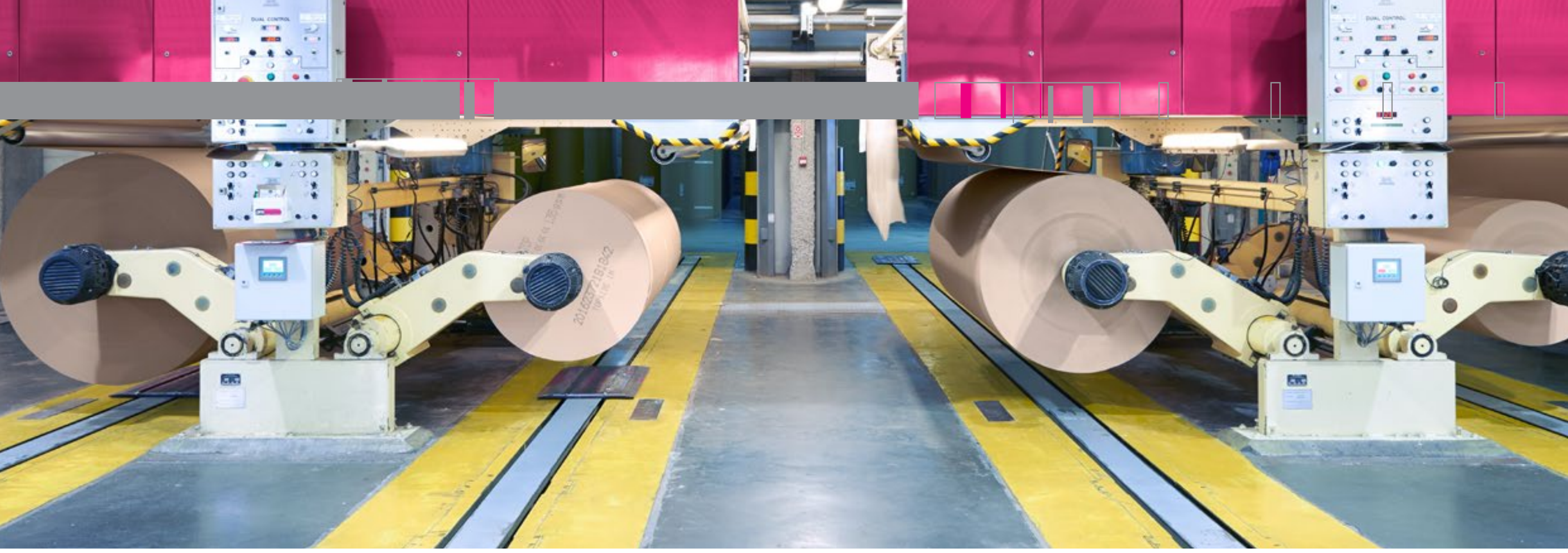
Beside the changes introduced by the BilRUG as described above, please also refer to the notes to the audited consolidated financial statements for the year ended 31 December 2015 for a detailed description of our significant accounting policies.

Scope of consolidation

In the period ended 30 September 2016, there have been no changes in the scope of consolidation compared to the year ended 31 December 2015. We began consolidating our new subsidiary Propower GmbH upon completion of the CHP Acquisition effective as at midnight on 31 December 2015. As a result, the results of operation of Propower GmbH are included for the first time in our income statement for the period ended 30 September 2016.

Information on material risks

As at 30 September 2016, there are no significant changes with regard to the risks for Progroup compared with the year ended 31 December 2015 and described in the respective annual financial statements.



Prowell corrugated board plant in Douvrin, France

Legal Notice and Information

www.progroup.ag

www.ir.progroup.ag

Progroup AG
Horstring 12
76829 Landau
Germany

Phone: +49 (0) 6341 / 55 76-0
Fax: +49 (0) 6341 / 55 76-109

ir@progroup.ag
www.ir.progroup.ag

Commercial Register:
Amtsgericht Landau, HRB Nr. 2268

Board:
Jürgen Heindl (CEO, Chairman)
Dr. Volker Metz (CFO)
Philipp Kosloh (COO)

Issue date of this report:
29/11/2016

pro group
The Power of Innovation