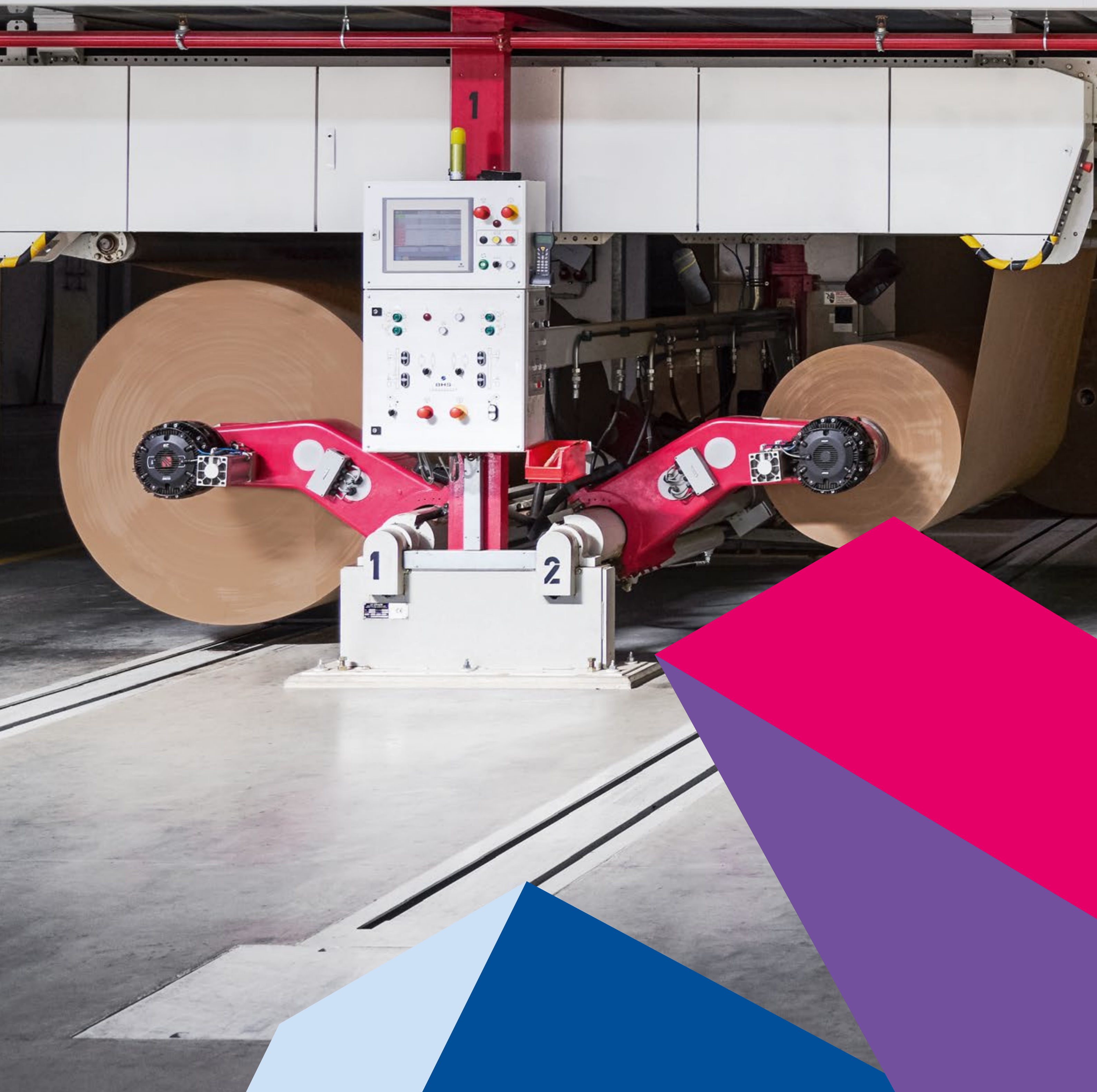
progroup

CONDENSED INTERIM REPORT

31 December / Fourth Quarter 2018



KEY FIGURES

(in € thousands)

SALES
January – December 2018

966,118

Reported EBITDA
January – December 2017

180,354

Reported EBITDA
January – December 2018

275,478

Reported EBITDA margin
January – December 2018

28.5%

Net leverage
31/12/2018

1.9

Net financial debt
31/12/2018

530,007

Key operating figures

(in € thousands)

	October – December		January – December	
	2018	2017	2018	2017
Sales	236,614	211,805	966,118	804,256
Reported EBITDA [(1)]	73,423	57,832	275,478	180,354
Reported EBITDA margin (in % of net sales)	31.0%	27.3%	28.5%	22.4%
EBIT [(2)]	53,977	45,373	217,325	130,321
Consolidated net income for the period	36,901	26,046	126,965	72,412
Cash flows from operating activities	60,256	30,454	197,214	122,706
Cash flows from investing activities	-46,093	-15,013	-158,949	-47,735
Free cash flow [(3)]	14,163	15,441	38,265	74,971

Key balance sheet figures

(in € thousands)

	31/12/2018	31/12/2017
Total assets	1,147,504	946,356
Equity	315,519	277,314
Cash in hand, bank balances	148,431	117,946
Financial liabilities (bonds, bank loans and accrued interest)	678,438	540,465

Key financial figures

(in € thousands)

	31/12/2018	31/12/2017
Net leverage [(4)]	1.9	2.3
LTM EBITDA	275,478	180,354
Net financial debt [(5)]	530,007	422,519

(1) Reported 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.

(2) EBIT (not a German GAAP measure) is calculated as reported EBITDA minus amortisation and depreciation of fixed intangible and tangible assets.

(3) Free cash flow (not a German GAAP measure) is calculated as cash flows from operating activities plus cash flows from investing activities.

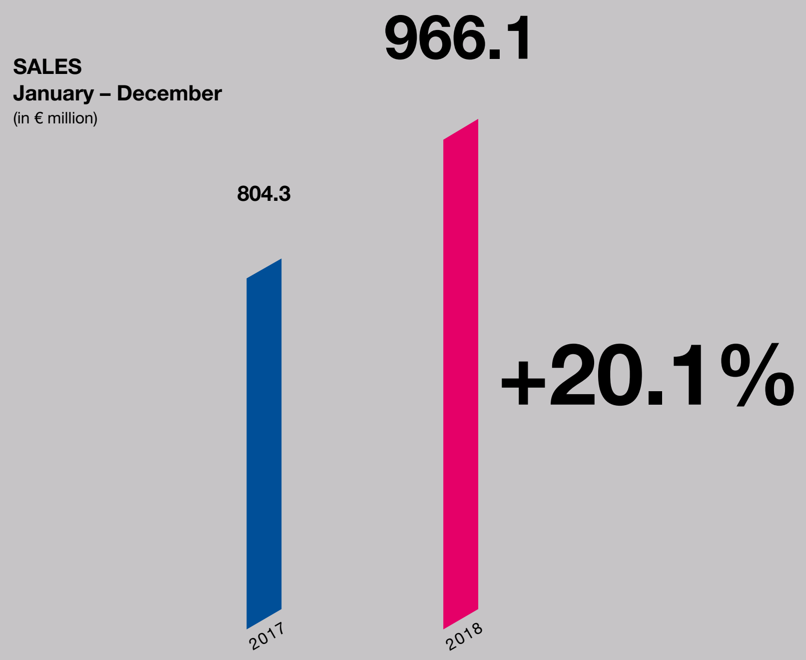
(4) Net leverage (not a German GAAP measure) is calculated by dividing net financial debt as at 31 December 2018 and 2017, respectively, by EBITDA for the last twelve months (LTM) ended on the relevant date.

(5) Net financial debt (not a German GAAP measure) is calculated as financial liabilities (bonds, bank loans and accrued interest) minus cash in hand, bank balances.

HIGHLIGHTS

01

In line with the previous quarters, Progroup achieved strong growth in the fourth quarter of 2018. The strong performance was driven by a continued expansion of sales volume in corrugated board, as well as favourable market conditions.



02

In the financial year 2018, sales rose by 20.1% to a new all-time high of €966.1 mn, after €804.3 mn in 2017. In the fourth quarter, sales grew by 11.7% from €211.8 mn in 2017 to €236.6 mn in the fourth quarter of 2018.

The strong sales growth throughout the entire year is attributable to a steady increase in sales volume of corrugated board as well as favourable price developments.

03

Corrugated board sales volume increased by 13.9% in the financial year 2018 and by 10.9% in the fourth quarter of 2018 compared to the fourth quarter of 2017. Sales volume in containerboard business, however, remained slightly below the previous year and declined by 3.1%. In comparison to the previous fourth quarter, sales volume of containerboard diminished by 1.8% in the fourth quarter of 2018. While the produced volume of containerboard remained widely stable throughout the financial year, the lowered sales volume is attributed to an intended increase in stocks towards the end of the year.

04

In the fourth quarter of 2018, the level of integration between our two key businesses corrugated board and containerboard reached a new all-time high of 96% including swap agreements, after 89% in the fourth quarter of 2017. Excluding swap agreements, integration increased from 79% in the fourth quarter of 2017 to 86% in the respective quarter of 2018.

05

Throughout the entire financial year 2018, price developments for the main resource recycled paper as well as for the key products corrugated board and containerboard remained very favourable. While price levels for recycled paper declined between the fourth quarter of 2017 and the second quarter of 2018 and remained at a comparatively low level for the rest of the year, corrugated board and containerboard price levels increased in the beginning of the year and remained on a steady level over the year. Only in the fourth quarter of 2018, a slight normalisation of price levels in corrugated board and containerboard occurred, with further normalisation to be expected for the upcoming quarters.

53%

EBITDA growth
January – December 2018

06

EBITDA grew by 52.7% from €180.4 mn in 2017 to €275.5 mn in the financial year 2018. The steep increase was driven by lower purchasing prices for recycled paper and continuously high sales prices for corrugated board and containerboard throughout the year as well as a strong increase in external sales volume in the corrugated board business. In the fourth quarter of 2018, EBITDA reached a new all-time high of €73.4 mn, after €57.8 mn in the respective quarter of 2017.

07

EBITDA margin improved strongly in the financial year 2018, reaching 28.5%, after 22.4% in 2017. In the fourth quarter of 2018, EBITDA margin went up to a new record high for Progroup of 31.0% due to the unusual pricing conditions throughout 2018.

08

Progroup AG successfully launched fixed rate notes in an amount of €450 mn in March 2018 and redeemed the existing €345 mn fixed rate notes and distributed a dividend of €86.5 mn. JH-Holding used the dividend proceeds to redeem the remaining PIK toggle notes, resulting in JH-Holding to become debt free. Consequently, net financial debt increased year-on-year from €422.5 mn as at the end of the financial year 2017 to €530.0 mn on 31 December 2018. Due to the strongly improved EBITDA over the last twelve months, net leverage dropped in the same time period from 2.3 to 1.9, reaching a new all-time low since the first issuance of capital market bonds in April 2015.

09

Underlined by the excellent operational performance of Progroup AG in the financial year 2018, we will continue to deliver best-in-class corrugated board products and services, relying on our well-established greenfield strategy in 2019. Constructions on the production site PW12 in the UK have been concluded with the first trial runs at the end of December 2018 and test production started in January 2019. PW12 replaced our production site PW8, which was decommissioned at the end of January. Constructions on our newest site PW13 in Eisfeld, Germany, are progressing well within schedule, with first test production expected for the fourth quarter of 2019 or the first quarter of 2020. Lastly, earthworks on the new paper machine PM3 in Germany have begun at the beginning of 2019. PM3 is scheduled to launch production in the second half of 2020 and will extend Progroup's annual containerboard capacity by approximately 750,000 tons per year. Progroup will continue to grow its production in Central Europe, aiming at maintaining and expanding its leading position in corrugated board in Europe, while retaining cost leadership and serving the specific requirements of customers.

CONTENT

OVERALL ASSESSMENT OF BUSINESS PERFORMANCE

from l.t.r.:
Philipp Kosloh, Chief Operating Officer
Maximilian Heindl, Chief Development Officer
Dr. Volker Metz, Chief Financial Officer
Jürgen Heindl, Chief Executive Officer

Progroup AG is a leading European corrugated board and containerboard manufacturer, providing standardised small batch series for small- and medium-sized customers in a wide range of markets. Headquartered in Landau, Germany, Progroup AG operates at eleven locations across six countries with about 1,150 employees.

After a record-setting year and a strong performance in the last quarter, we would like to welcome you to our condensed interim report for the financial year and the fourth quarter of 2018. Just recently in the fourth quarter of 2018, we achieved a milestone in our corporate history by implementing our new corporate layout and a changed company name. To strengthen our core brand Progroup, we consolidated our brands Prowell, Propapier and Prologistik in a central strong brand – Progroup. This move will reveal the full potential of Progroup to the markets and provide clearer focus and intent.

Market conditions throughout the financial year 2018 remained very favourable, with purchasing prices for recycled paper diminishing in the first and second quarter of 2018, while remaining at a low level throughout the rest of the year. Sales prices for our key products containerboard and corrugated board saw a continuous increase between the first and the third quarter of 2018, only normalising slightly in the fourth quarter, while remaining well above the average price levels of the previous financial year. Both developments had a positive impact on our sales and earnings performance in the financial year 2018. With a first slowdown in market conditions towards the end of 2018, the normalisation of price levels is expected to continue throughout the upcoming quarters.

In March 2018, we launched our production site PW11 in Italy, adding further production capacity to our corrugated board business and enhancing our strong performance. While external sales volume of our key product corrugated board increased by 13.9% in the financial year 2018, external sales volumes of our containerboard business remained almost stable with a slight decline of 3.1% due to build-up of stock. The level of integration between our two main products containerboard and corrugated board reached a new all-time high at 96% including swap agreements with other containerboard manufacturers in the fourth quarter of 2018, after 89% in the previous fourth quarter.

In the financial year 2018, sales grew by 20.1% to €966.1 mn, after €804.3 mn in 2017. In the fourth quarter of 2018, sales rose to €236.6 mn and increased by 11.7% compared to €211.8 mn in the previous year's fourth quarter. Favourable market conditions as well as the added production volume of PW11 drove our strong sales performance in the financial year 2018.

Compared to the previous financial year, EBITDA improved strongly by 52.7% to €275.5 mn, after €180.4 mn in 2017. The fourth quarter marked a new record-high EBITDA of €73.4 mn, which increased by 27.0% from €57.8 mn in the fourth quarter of 2017. Our strong EBITDA performance was driven by both favourable purchasing and sales price levels as well as the added sales volume.

Much in line with the EBITDA performance on the back of the unusual high price-/margin conditions throughout 2018, EBITDA margin improved from 22.4% in the financial year 2017 to 28.5% in 2018. Further, EBITDA margin reached a new all-time peak in the fourth quarter of 2018 at 31.0%. In the fourth quarter of 2017, EBITDA margin amounted to 27.3%.

Fueled by our strong EBITDA performance in 2018, consolidated net income continued on its sound growth path, rising by 75.3% to €127.0 mn in the financial year 2018. In the fourth quarter 2018, consolidated net income reached €36.9 mn, an increase by 41.7% compared to €26.0 mn in the previous year's fourth quarter.

Throughout the financial year 2018, free cash flow decreased against the backdrop of a strong increase in cash outflows for investing activities to €38.3 mn, after €75.0 mn in 2017. The positive operating cash flow development resulted from the strong operational performance, partially offsetting the increase in cash outflows from investing activities for investments in our new production sites PW12 in the UK, PW13 in Eisfeld, Germany as well as our new paper machine PM3 in Germany.

In the financial year 2018, net financial debt increased from €422.5 mn as at 31 December 2017 to €530.0 mn as at 31 December 2018. The increase is attributable to our successful launch of fixed rate notes in an amount of €450 mn. The proceeds were used to redeem the existing €345 mn fixed rate notes as well as to distribute a dividend of €86.5 mn. Using the dividend proceeds, JH-Holding became debt free by redeeming the remaining PIK toggle notes. Despite the increase in net financial debt, net leverage improved to 1.9 as at the end of the financial year 2018 due to the strong EBITDA performance over the last twelve months. This marks a new all-time low since the first issuance of bonds in April 2015. At the end of 2017, net leverage had reached 2.3.

In the third quarter of 2018, we entered into long-term bank loan agreements of €155 mn in bilateral facilities. The bilateral facilities are part of the financing plan for our paper machine PM3 in Germany.

The success of the financial year 2018 has further strengthened our strong believe in our well-established greenfield strategy, providing best-in-class corrugated board products and services in the direct vicinity to our customers. After the finalisation of our most recent production facility PW11 in Italy, constructions on our site PW12 in the UK entered the final stage, with trial runs being launched at the end of December. PW12 replaced our previous site PW8, which was discontinued at the end of January 2019. Constructions on our new production site PW13 in Eisfeld, Germany, are well on track with expected launch of production in the fourth quarter of 2019 or the first quarter of 2020. At the site of our new paper machine PM3 we have started earthworks in January 2019. With completion planned for the second half of 2020, PM3 is expected to provide additional 750,000 tons of containerboard production capacity per year.

CAPITAL MARKET ACTIVITIES

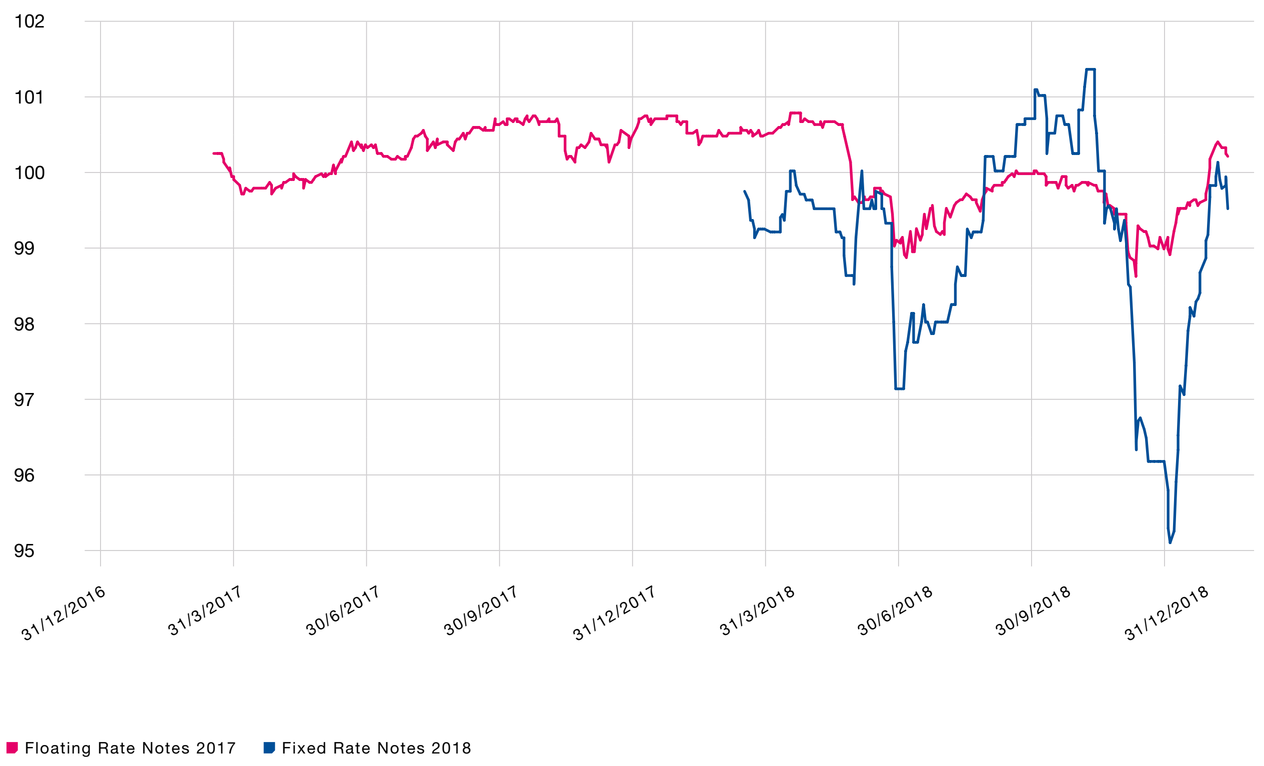
An overview of the features of our senior secured fixed rate notes and our senior secured floating rate notes and their market performance as at 31 December 2018 is presented below.

Capital market activities Progroup AG

ISIN	DE000A2E4YZ7 (144A) / DE000A2E4YY0 (Reg S)	DE000A2G8WB1 (144A) / DE000A2G8WA3 (Reg S)
Issue	Senior Secured Floating Rate Notes	Senior Secured Fixed Rate Notes
Issuer	Progroup AG	Progroup AG
Listing	The International Stock Exchange	The International Stock Exchange
Distribution	144A/Reg S	144A/Reg S
Amount issued	€150,000,000	€450,000,000
Amount outstanding	€150,000,000	€450,000,000
Currency	EUR	EUR
Issue date	27 March 2017	27 March 2018
Final maturity	31 March 2024	31 March 2026
Optional redemption	from 31 March 2018: 101.000%	from 31 March 2021: 101.500%
	from 31 March 2019 and thereafter: 100.000%	from 31 March 2022: 100.750%
		from 31 March 2023 and thereafter: 100.000%
Issue price	100% of face amount	100% of face amount
Coupon	Three-month EURIBOR (subject to a zero-floor) plus 2.50%	3.000%
Interest payments	Quarterly on 31 Mar, 30 Jun, 30 Sep and 31 Dec, commencing on 30 Jun 2017	Semi-annually on 31 Mar and 30 Sep, commencing on 30 Sep 2018
Paying agent	Deutsche Bank AG	Deutsche Bank AG
Security agent	Wilmington Trust (London) Limited	Wilmington Trust (London) Limited

Ratings		
S&P	BB-	BB-
Moody's	Ba3	Ba3

Progroup Senior Secured Notes Prices



Source of price data: Deutsche Bank AG

In March 2018, Progroup successfully issued senior secured fixed rate notes in an amount of €450 mn. The proceeds from the offering were predominantly used to redeem in full the €345 mn outstanding principal amount of existing fixed rate notes due 2022 on 1 May 2018 and to pay a special cash dividend of €86.5 mn to JH-Holding and our minority shareholders for the purpose of enabling JH-Holding to redeem all of the remaining €81.1 mn outstanding principal amount of the PIK toggle notes on 1 June 2018.

RECENT DEVELOPMENTS

Start of our new corrugated sheetboard production site
Ellesmere Port, United Kingdom

Four additional corrugated board production sites between 2019 and 2022

After we announced the construction of two corrugated sheetboard plants in Italy and the United Kingdom at the beginning of 2017, our new corrugated sheetboard plant in Drizzona (Italy) started operations during the first quarter of 2018, while our new mega-corrugated sheetboard plant in Ellesmere Port (United Kingdom) started operations in January 2019. This means that from the beginning of 2019 the production capacity for corrugated sheetboard is approximately 3,000 million m²/year.

In order on the one hand to retain and consolidate our cost leadership and our position as one of the leading manufacturers of corrugated board in Europe and on the other hand to ensure that we continue to be able to maintain the expected level of market growth and meet our customers' requirements in respect of reliability of supply and the quality of products, we intend to open up four more corrugated sheetboard plants in Central Europe between 2019 and 2022, leading to an expected total capacity of approximately 4,200 million m²/year.

Start of our new corrugated sheetboard production site in UK

Our new mega-corrugated sheetboard plant in Ellesmere Port (PW12) successfully completed trail runs during December 2018 and January 2019 and started commercial production at the end of January. On 29 January 2019, PW8 was shut down and PW12 took over the full production for the UK market.

Next corrugated board production site in Germany

The first of the abovementioned four projects is already in the concrete implementation phase. The new state-of-the-art corrugated sheetboard plant is being constructed on a plot of land covering around 87,000 square meters in Eisfeld (Thuringia) with an annual capacity of 140,000 tons. The total level of investment for the project is around €50 mn. The plant will be equipped with the similar technical innovations that already have been deployed at the new corrugated sheet board mega plant in Ellesmere Port (UK). The key innovations include the oneman dry-end concept, a highly efficient high-bay warehouse with 11,000 storage spaces and three storage and retrieval machines, the automatic handling of pallets, edge protection and strapping as well as the optimisation of waste disposal and the gluing system. The corrugator will be equipped to operate at a speed of up to 400 m/min and with a working width of 2.80 m will blend seamlessly into the Progroup mill system. Single-wall and double-wall Next Board® grades of varieties B, C, E and resulting combinations will be produced. Operating in four shifts, the plant will create a total of 52 new jobs and three apprenticeships. Production is scheduled to start in the fourth quarter of 2019 or the first quarter of 2020. Recently, we started with earth works for the preparation of the building site.

Additional state-of-the-art paper machine

The increasing demand for consistently high-quality containerboard, owing to the growing production capacity for corrugated sheetboard at Progroup Board, is to be covered predominantly by cost-efficient and highly flexible production in-house. We have therefore begun the realisation of a further paper machine project in Germany. The current expectation is that the start of production for the new, state-of-the-art paper machine is set for the second half of 2020 and, following a start-up phase, it will provide a further production capacity of around 750,000 tons of containerboard. Together with the two paper machines PM1 in Burg and PM2 in Eisenhüttenstadt, which are already manufacturing products in Germany, the total annual production capacity of containerboard will then increase from 1,100,000 tons to around 1,850,000 tons. This project to establish a new additional paper machine (PM3) in Germany is well on track, proceeding according to plan. We predominantly finished the process of the detail engineering. Currently, we are in the tendering and contracting process for further components of the project. As at the end of January 2019 more than half of the project volume is awarded and earthworks have been started.

PM3 project financing

At the end of the third quarter 2018, we closed the financing for our PM3 project. The long-term bank loans amount to €155 mn and contain four bilateral facilities. With an amount of €125 mn the majority are amortising loans with a tenor of 10 years and one maturing loan with an amount of €30 mn. The €125 mn contain €95 mn of subsidised loans.

Executive Board

We are pleased to announce that Philipp Kosloh and Maximilian Heindl became regular members of our Executive Board effective from 1 January 2019 and formally assumed the roles of Chief Operating Officer and Chief Development Officer, respectively. Mr. Kosloh rejoined the group in November 2016 and was appointed as a Deputy Member of our Executive Board. Maximilian Heindl joined the group in August 2016 as the manager in charge of production and technology at Propapier (PM1 and PM2) and with overall responsibility for Propower. From 1 August 2017, Maximilian Heindl took over further responsibility within the group as a Deputy Member of the Executive Board.

Supervisory Board

On 24 January 2019, the composition of our Supervisory Board changed. Prof. Dr. Hermut Kormann (member since 2015) retired from the Supervisory Board. His successor Christian Buchel was appointed by the extraordinary general meeting on 24 January 2019. Mr. Buchel is Member of the Board of ENEDIS, the national French distribution network operator.

New brand

In 2018 we reached another milestone in the company's history: Progroup emerges with a new, fresh image and a change to the company name. The primary objective of these changes is to strengthen the Progroup brand. This is why the previous individual brands Prowell, Propapier and Prologistik were consolidated under one strong brand – Progroup. The strong new brand will help us to convey Progroup's power to the market with greater focus and intent.

As well as consolidating the brand, on or around 27 November 2018 we changed the company trading names. The former "Prowell" is now called "Progroup Board", the former "Propapier" is called "Progroup Paper", the former "Propower" is called "Progroup Power" and the former "Prologistik" is called "Progroup Logistics".

CON DENSED INTERIM RE PORT

UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION

31 December/Q4 2018

CONSOLIDATED BALANCE SHEET

Assets

(in € thousands)

		31/12/2018*	31/12/2017
A.	**Fixed assets**		
I.	**Intangible assets**		
1.	Purchased concessions, industrial property and similar rights and assets, and licenses in such rights and assets	17,415	19,774
		17,415	**19,774**
II.	**Tangible assets**		
1.	Land and buildings including buildings on leasehold land	187,652	184,497
2.	Technical equipment and machinery	388,189	397,049
3.	Other equipment, factory and office equipment	7,872	6,904
4.	Prepayments and contructions in process	141,056	32,720
		724,769	**621,169**
III.	**Financial assets**		
1.	Shares in affiliated companies	0	37
		0	**37**
		742,184	**640,980**
B.	**Current assets**		
I.	**Inventories**		
1.	Raw materials, consumables and supplies	54,352	53,985
2.	Work in process	50,136	27,671
3.	Finished goods	5,957	5,061
4.	Prepayments	67	147
		110,512	**86,864**
II.	**Receivables and other assets**		
1.	Trade receivables	108,756	78,859
2.	Receivables from affiliated companies	3	39
3.	Other assets	18,214	19,893
		126,973	**98,791**
III.	**Cash in hand, bank balances**	**148,431**	**117,946**
		385,916	**303,602**
C.	**Prepaid expenses and deferred charges**	**19,367**	**917**
D.	**Deferred tax assets**	**36**	**857**
	Total assets	**1,147,504**	**946,356**

* Unaudited consolidated interim financial information

Equity and liabilities

(in € thousands)

		31/12/2018*	31/12/2017
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	-2,709	-454
5.	Consolidated net retained profits	233,817	193,358
		315,519	**277,314**
B.	**Investment grants for fixed assets**	**3,779**	**2,685**
C.	**Provisions**		
1.	Provisions for pensions	280	173
2.	Tax provisions	33,951	13,732
3.	Other Provisions	57,514	47,628
		91,746	**61,533**
D.	**Liabilities**		
1.	Bonds	600,000	495,000
2.	Bank loans	74,033	42,519
3.	Trade payables	49,787	51,524
4.	Other liabilities	12,558	12,161
		736,378	**601,204**
E.	**Deferred income**	**83**	**3,620**
F.	**Deferred tax liabilities**	**0**	**0**
	Total equity and liabilities	**1,147,504**	**946,356**

* Unaudited consolidated interim financial information

Consolidated Income Statement

(in € thousands)

		October – December		January – December	
		2018*	2017*	2018*	2017
1.	Sales	236,614	211,805	966,118	804,256
2.	Increase/decrease in finished goods and work in process	15,762	7,890	23,361	10,298
3.	Other own work capitalised	4,199	651	7,573	2,637
4.	Other operating income	8,182	5,353	17,725	17,603
5.	Costs of materials				
a)	Costs of raw materials, consumables and supplies	-100,219	-95,114	-400,079	-361,659
b)	Costs of purchased services	-26,023	-13,336	-93,563	-68,822
		-126,242	-108,450	-493,641	-430,481
6.	Personnel expenses				
a)	Wages and salaries	-18,477	-16,824	-67,541	-58,294
b)	Social security and pensions	-2,828	-2,782	-11,385	-10,032
		-21,305	-19,606	-78,925	-68,326
7.	Amortisation and depreciation of assets	-19,446	-12,459	-58,153	-50,032
8.	Other operating expenses	-37,888	-42,182	-168,800	-160,425
9.	Other interest and similar income	43	32	86	65
10.	Interest and similar expenses	-4,287	-6,001	-32,062	-23,678
11.	Taxes on income	-18,359	-10,618	-54,865	-28,058
12.	**Earnings after taxes**	**37,276**	**26,415**	**128,418**	**73,861**
13.	Other taxes	-375	-369	-1,453	-1,449
14.	**Consolidated net income for the period**	**36,901**	**26,046**	**126,965**	**72,412**
15.	Consolidated unappropriated retained earnings brought forward			**106,852**	**120,947**
16.	**Consolidated net retained profits**			**233,817**	**193,358**

* Unaudited consolidated interim financial information

Progroup AG **Interim Financial Report** 31 December / Fourth Quarter 2018

Consolidated Cash Flow Statement

(in € thousands)

		October – December		January – December	
		2018*	2017*	2018*	2017
1.	**Cash flows from operating activities**				
	Consolidated net income for the period	36,901	26,047	126,965	72,412
	Amortisation and depreciation of fixed assets	13,046	12,459	51,753	50,032
	Increase (+)/decrease (-) in provisions	-2,284	-4,255	13,102	6,183
	Other non-cash expenses (+)/income (-)	-1,187	-1,280	-830	-1,228
	Increase (-)/decrease (+) in inventories, trade receivables and other assets**	5,398	-1,763	-53,407	-32,056
	Increase (+)/decrease (-) in trade payables and other liabilities**	882	-16,263	3,307	-10,431
	Gain (-)/ loss (+) on disposal of fixed assets	94	0	166	0
	Interest expenses (+) /income (-)	4,243	5,970	31,976	23,613
	Expenditure (+) /income (-) of exceptional size or incidence	-5,526	2,740	3,519	6,240
	Income tax expenses (+) /income (-)	18,359	10,618	54,865	28,058
	Cash payments (-) relating to expenditure of exceptional size or incidence	0	0	0	-2,178
	Income taxes paid (-)	-9,670	-3,819	-34,202	-17,939
	Cash flows from operating activities	**60,256**	**30,454**	**197,214**	**122,706**
2.	**Cash flows from investing activities**				
	Proceeds (+) from disposal of intangible and tangible fixed assets	275	0	375	150
	Payments (-) to acquire intangible fixed assets	-95	-97	-407	-176
	Payments (-) to acquire tangible fixed assets	-46,288	-14,936	-158,965	-47,762
	Interest received (+)	15	20	48	53
	Cash flows from investing activities	**-46,093**	**-15,013**	**-158,949**	**-47,735**
3.	**Cash flows from financing activities**				
	Proceeds (+) from the issuance of bonds and borrowings	37,155	0	490,575	173,187
	Cash repayments (-) of bonds and borrowings	-1,941	-4,873	-352,867	-83,642
	Proceeds (+) from grants received	1,345	0	1,345	0
	Cash payments (-) relating to expenditure of exceptional size or incidence	-584	-959	-8,702	-3,317
	Interest paid (-)	-8,855	-10,944	-50,112	-24,891
	Dividends paid to shareholders of the parent entity (-)	0	-2,504	-86,506	-57,519
	Cash flows from financing activities	**27,120**	**-19,280**	**-6,267**	**3,818**
4.	**Cash funds at end of period**				
	Net change in cash funds	41,283	-3,839	31,998	78,789
	Effect on cash funds of exchange rate movements	-482	1,399	-1,513	1,787
	Cash funds at beginning of period	107,630	120,386	117,946	37,370
	Cash funds at end of period	**148,431**	**117,946**	**148,431**	**117,946**
5.	**Composition of cash funds**				
	Cash and cash equivalents	148,431	117,946	148,431	117,946
	Cash funds at end of period	148,431	117,946	148,431	117,946

* Unaudited consolidated interim financial information

** Not attributable to investing or financing activities

DISCLAIMER

Financial information
The unaudited consolidated financial information of Progroup AG ("Progroup") as at and for the period ended 31 December 2018 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, net 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 net leverage presented by us may not be comparable to similarly titled measures used by other companies.

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ADDITIONAL EXPLANATORY INFORMATION

Accounting policies
The unaudited consolidated interim financial information of Progroup AG as at and for the period ended 31 December 2018 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 2017.

Please refer to the notes to the audited consolidated financial statements for the year ended 31 December 2017 for a detailed description of our significant accounting policies.

Scope of consolidation
In the period ended 31 December 2018, the newly founded companies Progroup Paper PM3 GmbH (former Propapier PM3 GmbH) and Progroup Power 2 GmbH were added to the scope of consolidation.

On 11 September 2018, the fully consolidated Proservice GmbH as well as the unconsolidated Profund GmbH were merged into Progroup AG with retroactive effect from 1 January 2018.

Furthermore, the unconsolidated Projekt 3 CZ Beteiligungs GmbH was merged into Prowell GmbH (now Progroup Board GmbH), which is a wholly owened subsidiary of Progroup AG.

New brand
In 2018 we reached another milestone in the company's history: Progroup emerges with a new, fresh image and a change to the company name. The primary objective of these changes is to strengthen the Progroup brand. This is why the previous individual brands Prowell, Propapier and Prologistik will be consolidated under one strong brand – Progroup. The strong new brand will help us to convey Progroup's power to the market with greater focus and intent.

As well as consolidating the brand, on or around 27 November 2018 we changed the company trading names. The former "Prowell" is now called "Progroup Board", the former "Propapier" is called "Progroup Paper", the former "Propower" is called "Progroup Power" and the former "Prologistik" is called "Progroup Logistics".

Information on material risks
As at 31 December 2018, there are no significant changes with regard to the risks for Progroup AG compared with the year ended 31 December 2017 and described in the respective annual financial statements.

LEGAL NOTICE AND INFORMATION

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