

PERFORMANCE PRESENTATION

30 June
Second Quarter 2020





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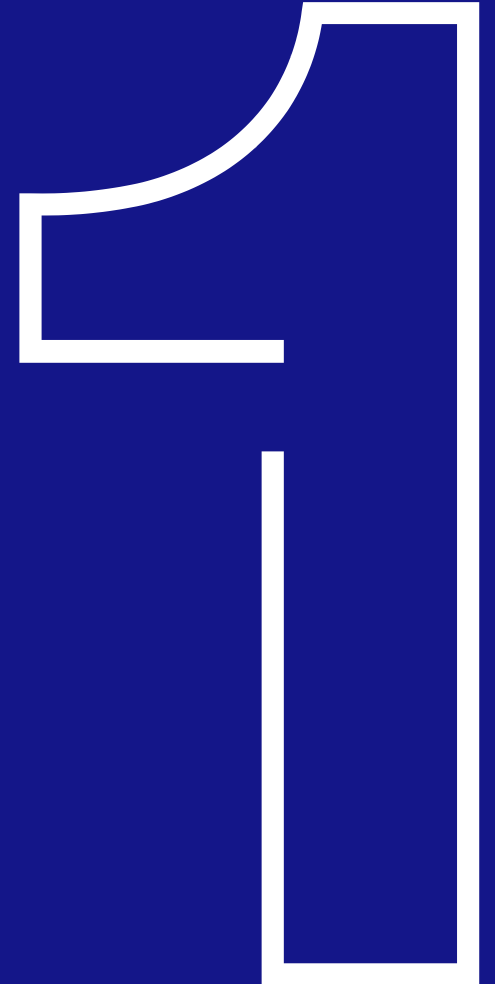
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AG EN DA

01. Progroup – Highlights 30/06 | Q2 2020
02. Progroup – Financial Performance
03. Progroup – Summary & Outlook

**PROGROU
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HIGHLIGHTS
30/06 | Q2 2020**

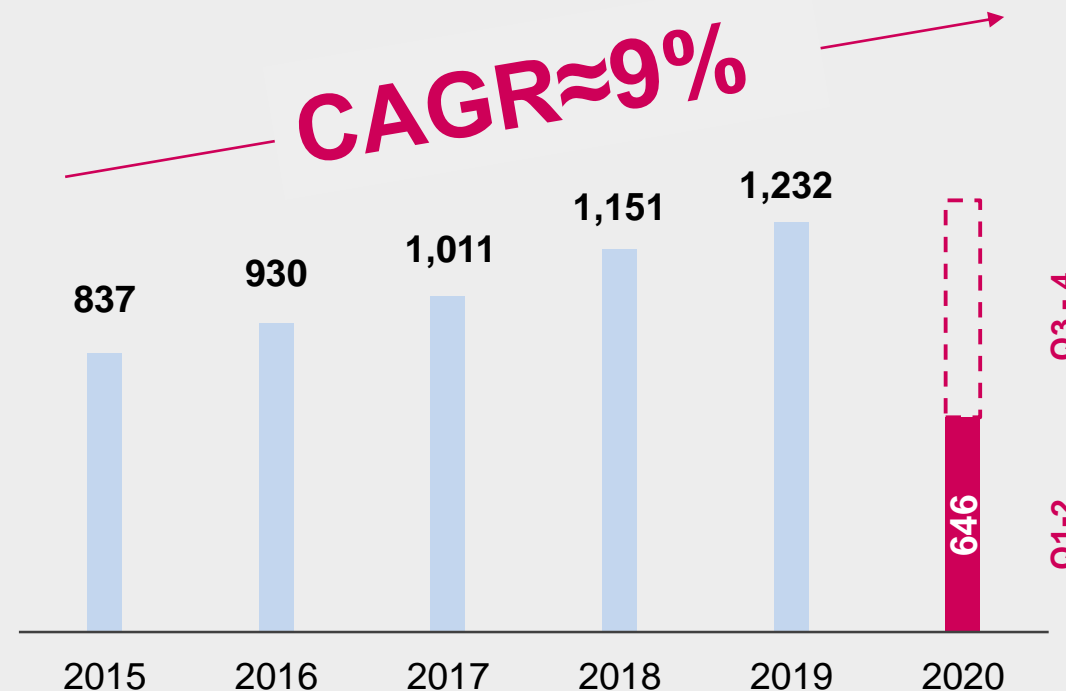


CONTINUING ROBUST PERFORMANCE

- Volume decline in our corrugated board (-4.6%) and containerboard businesses (-3.0%) in Q2 2020 compared to Q2 2019, due to the higher impact of the corona pandemic in April and May
- Sales decline to €196.7 mn in Q2 2020 (-12.1% compared to Q2 2019) due to lower price levels and lower sales volume
- Expected EBITDA decrease to €44.6 mn in Q2 2020 (-17.8% compared to Q2 2019: €54.2 mn)
- Despite the ongoing corona pandemic, EBITDA margin in Q2 remained strong at 22.7%
- Net financial debt at €780.7 mn (31 December 2019: €671.0 mn)
- Net leverage of 3.8 x LTM EBITDA

Volume corrugated board

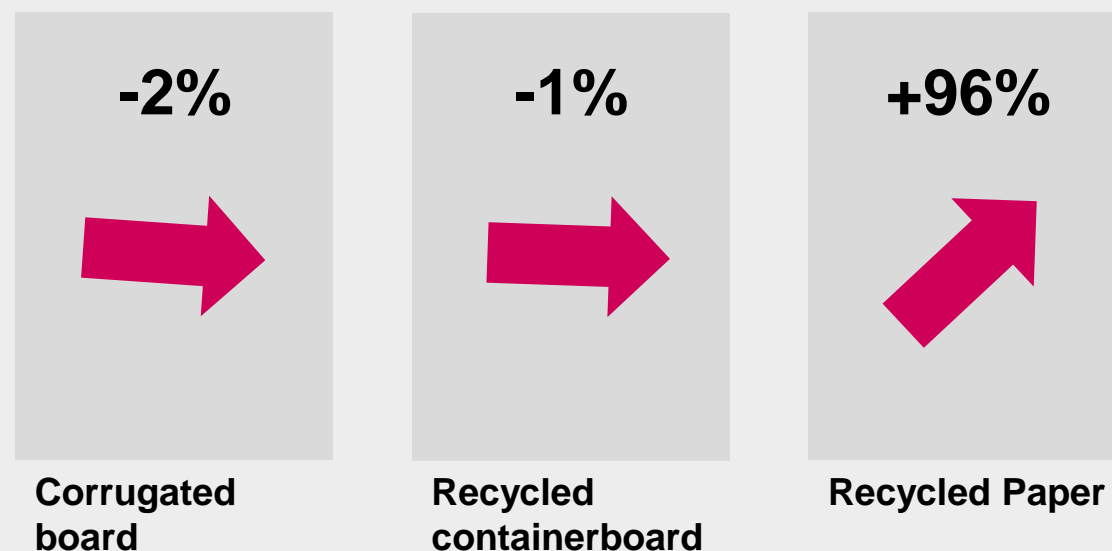
(in kt)



MARKET DEVELOPMENT

- Stronger impact of the corona pandemic in Q2 influenced corrugated board demand
- Volume development recovered at the end of Q2 2020 and beginning of Q3 with strong volume growth of corrugated board
- Mega-trends like e-commerce, plastic ban and the increased consumption of ready meals are supporting strong demand for corrugated board
- Slight downward adjustment of the price levels of corrugated board and containerboard
- Strong price increase for recycled paper in Q2, due to the temporary supply shortage as a consequence of the lockdown measures

Price development Q2 2020 compared to Q1 2020



PROGROU FINANCIAL PERFORMANCE



Quarterly view

HIGH LEVEL OF INTEGRATION

Development

Lower integration level due to increased external sales volume of containerboard

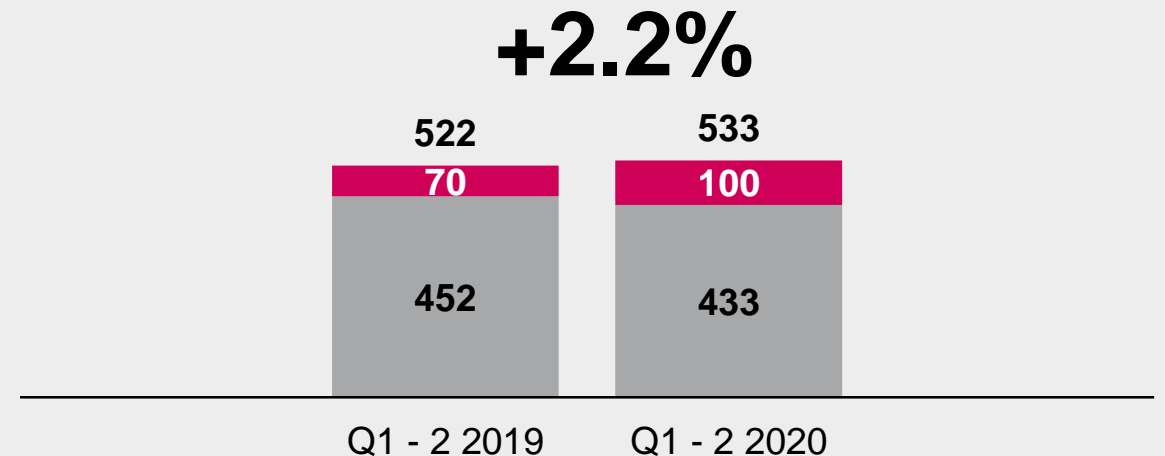
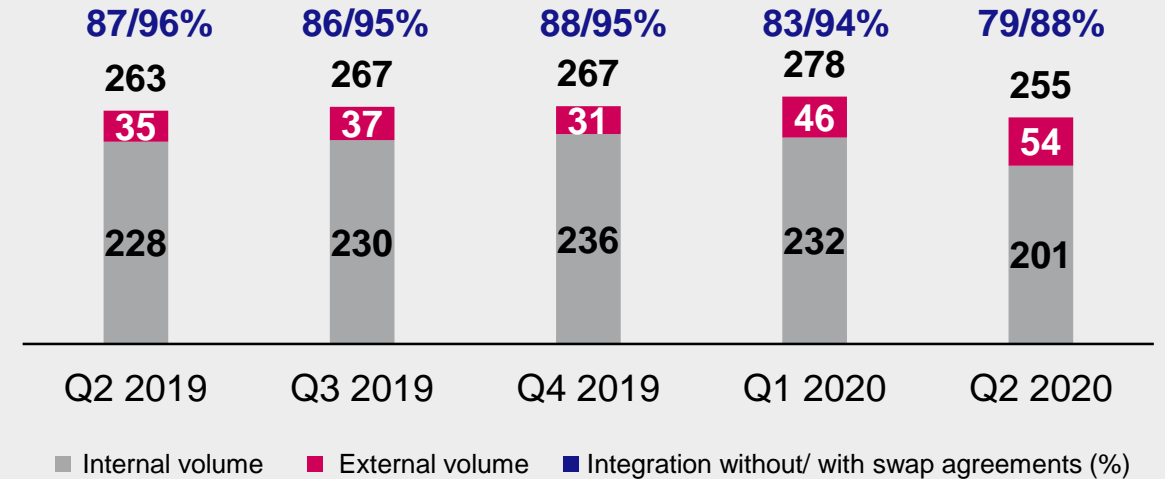
Decrease of -3.0% in Q2 sales volume compared to Q2/2019

Sales volume 2.2% up in the first half of 2020. Higher external sales volume supported this increase in sales volume

The increase in external sales volume serves to prepare for the expansion of external sales volume with the start-up of PM3

Volume containerboard

(in kt)



Quarterly view

VOLUME GROWTH

Development

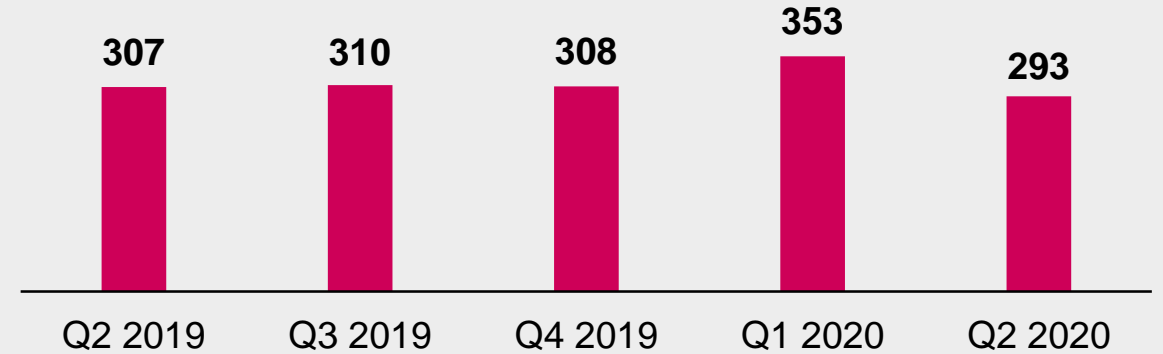
Corrugated board sales volume declined in Q2 2020 (-4.6%) compared to Q2 2019, due to the corona crisis and lower demand especially in April and May

Year to date growth rate of 5.2%, driven by higher production capacities and strong demand in the first quarter.

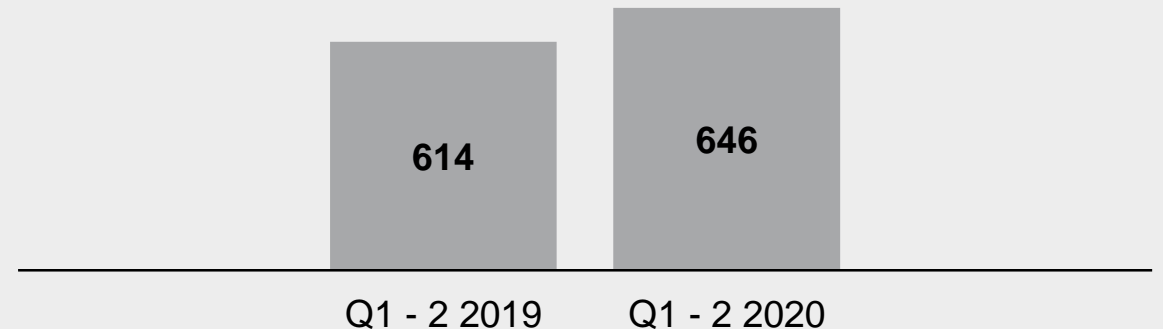
The main growth momentum coming from our growth projects

Volume corrugated board

(in kt)



+5.2%



Quarterly view

SALES DEVELOPMENT

Sales decline compared to Q2 2019

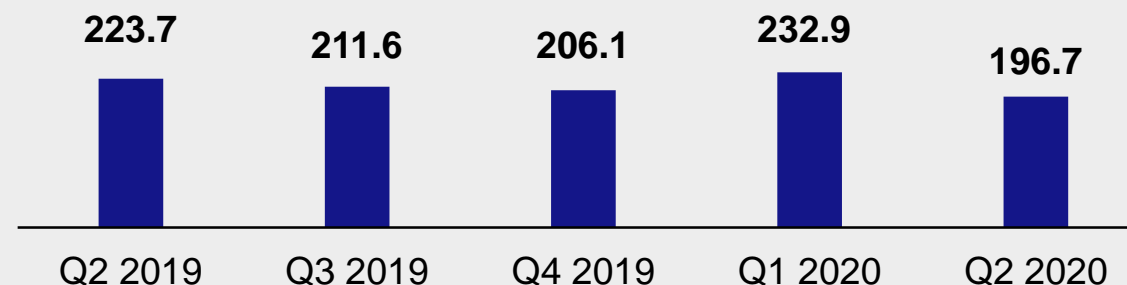
Normalisation of price levels and a decrease in sales volume of corrugated board reduced sales

Year to date sales were 8.4% below prior year period.

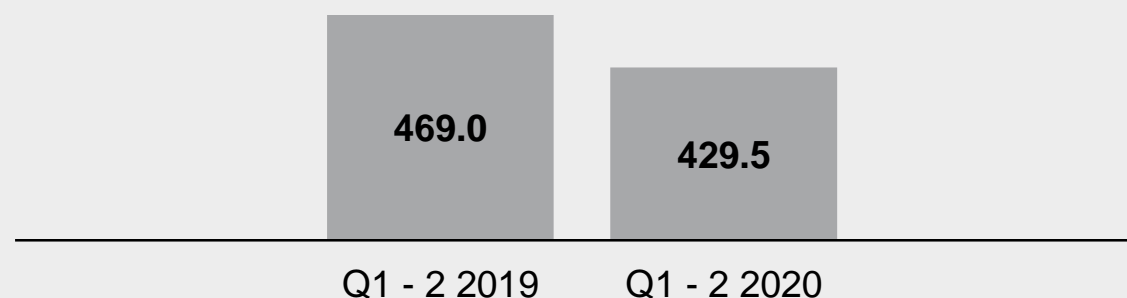
Positive volume effect of higher corrugated board sales volume and higher external containerboard sales volume could only partly offset the normalisation of price levels.

Sales

(in € mn)



-8.4%

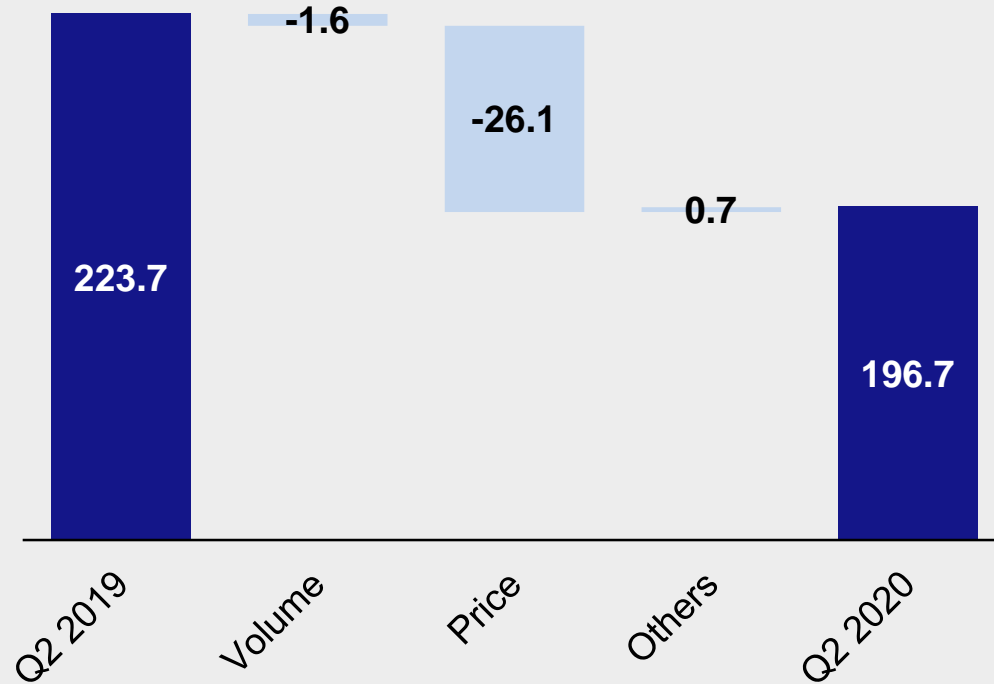




SALES DECLINE

Sales Development

(in € mn)



Sales

(in € mn)

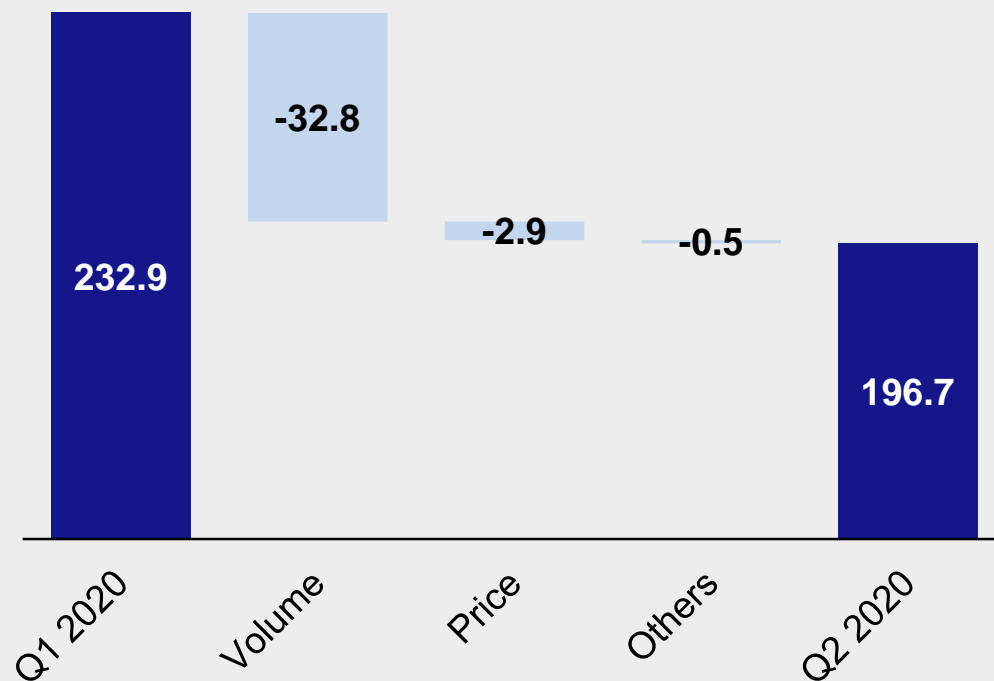


SALES DECLINE



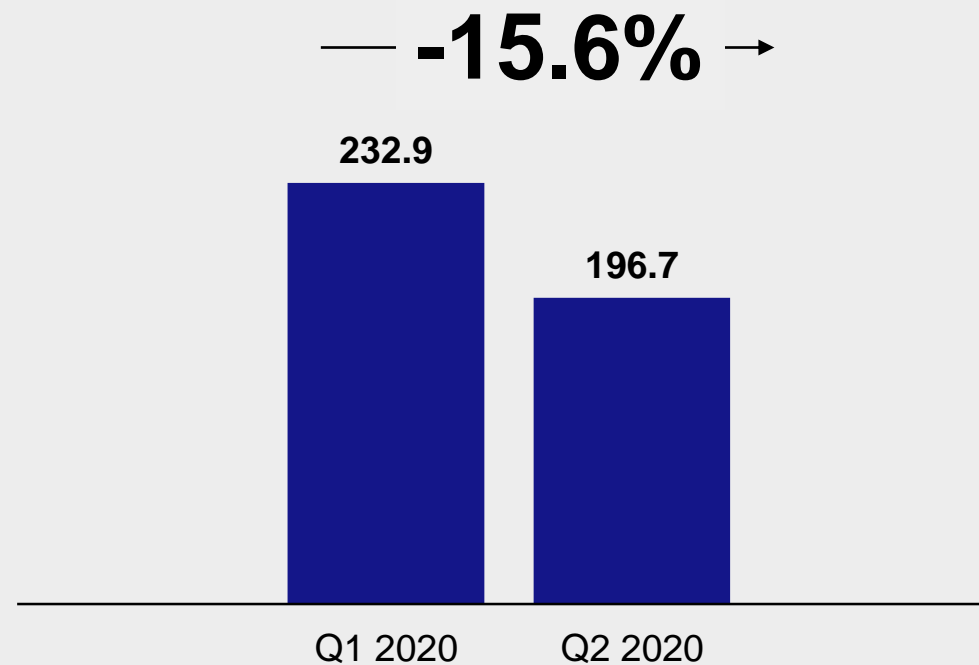
Sales Development

(in € mn)



Sales

(in € mn)



Quarterly view

DEVELOPMENT OF EBITDA/EBITDA MARGIN

EBITDA Q2 2020

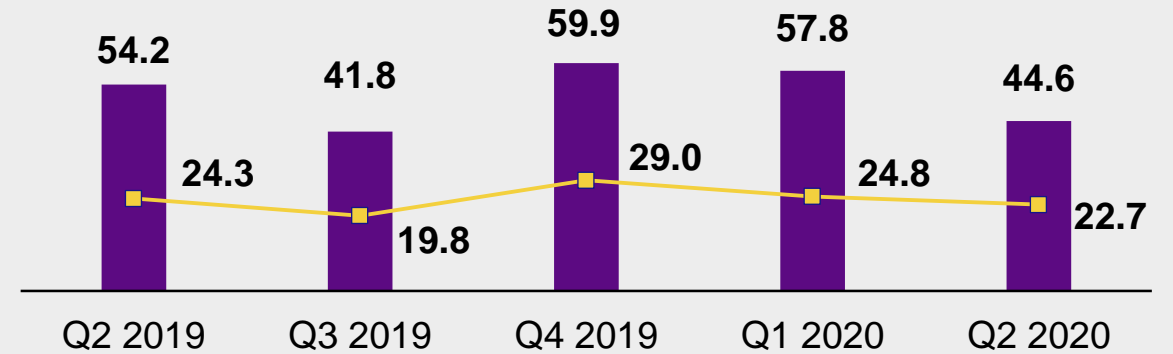
Amounting to €44.6 mn, following our operating performance with the normalisation of price levels and impacted by the corona crisis

Expected decrease compared to the first half of 2019, in light of normalising price levels

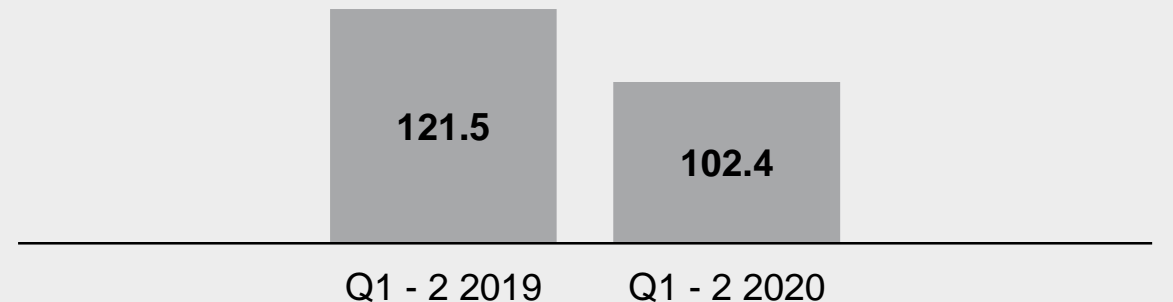
Despite the ongoing economic crisis and normalising market conditions, EBITDA margin in the first half of 2020 remained strong at 23.8%

EBITDA

(in € mn) —■— EBITDA margin (%)



-15.7%



Long-term view

EBITDA MARGIN LONG-TERM AVERAGE

Q2 2020 EBITDA margin on a good level

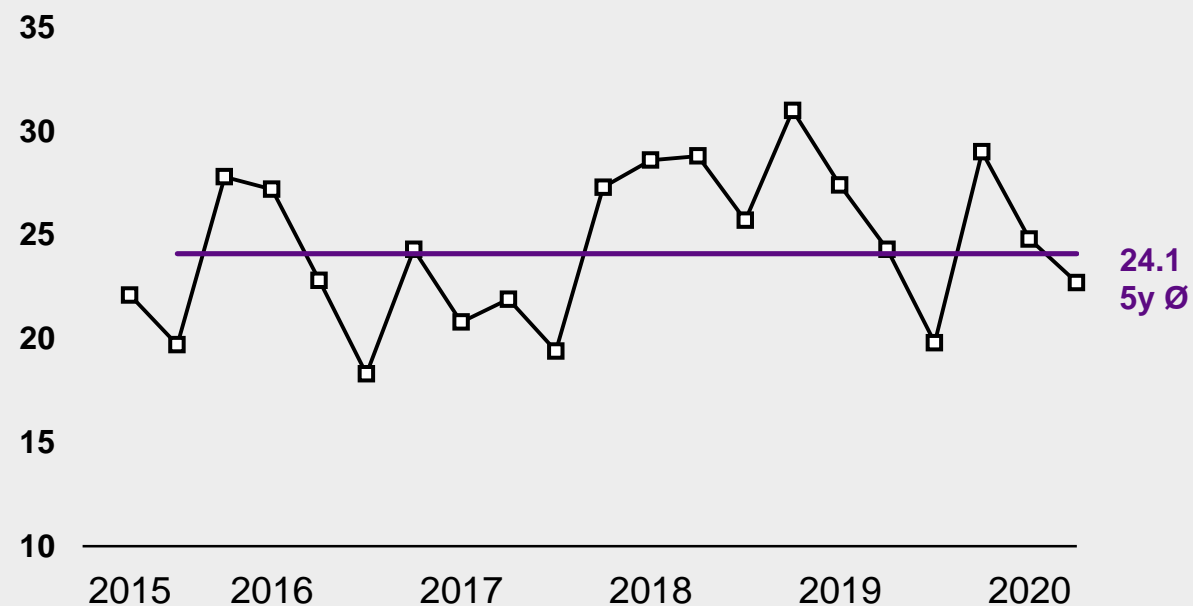
EBITDA margin followed the development of our EBITDA

Q2 2020 EBITDA margin only moderately below prior year margin in Q2

EBITDA margin again above the average margin in the industry

EBITDA margin

(in %)



Using adjusted EBITDA margin (%) for Q3 and Q4 of 2016
[based on EBITDA adjusted for unplanned maintenance shutdown extension of CHP]

Quarterly view

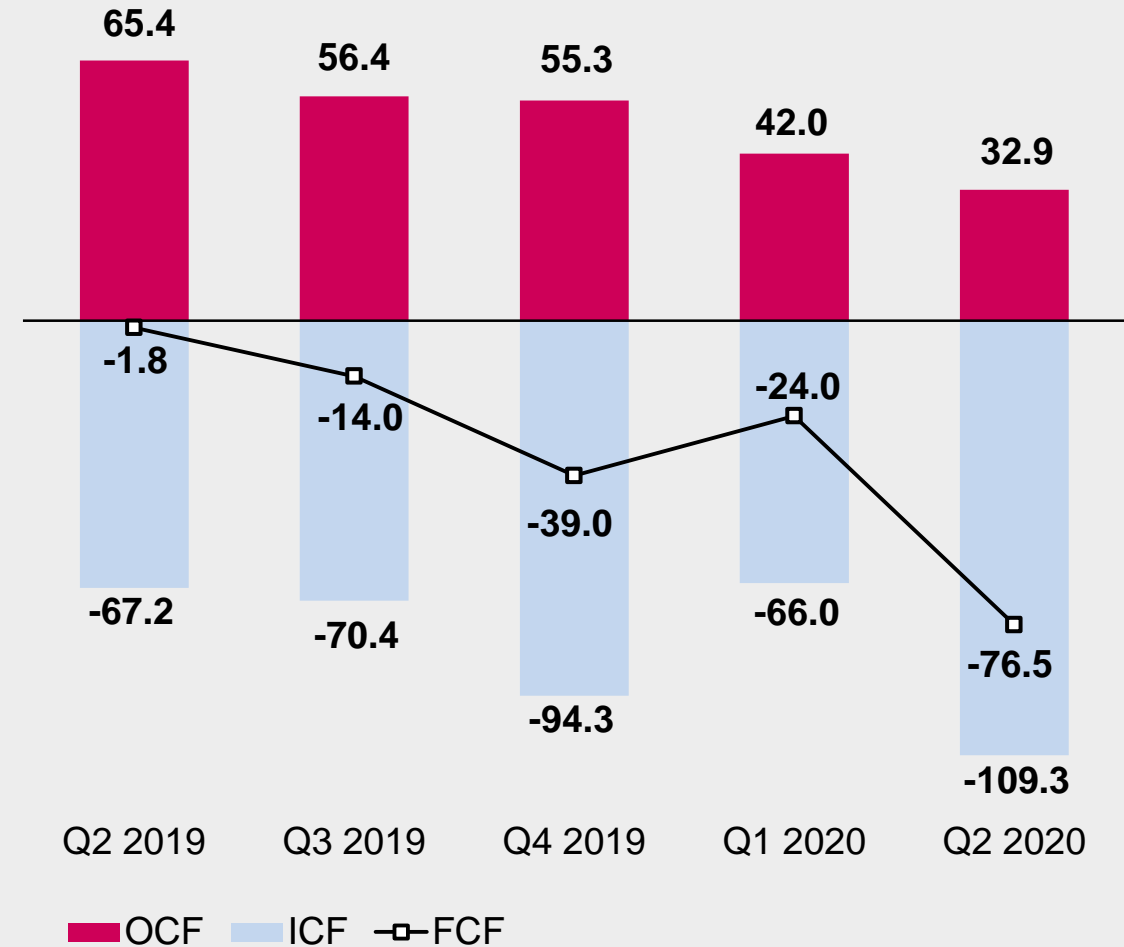
DEVELOPMENT OF FREE CASHFLOW

Free cash flow decreased in Q2 20 compared to Q2 19

Cash flows from operating activities more than offset by high cash outflows for investing activities resulting from our current accretive growth projects

Free cash flow

(in € mn)

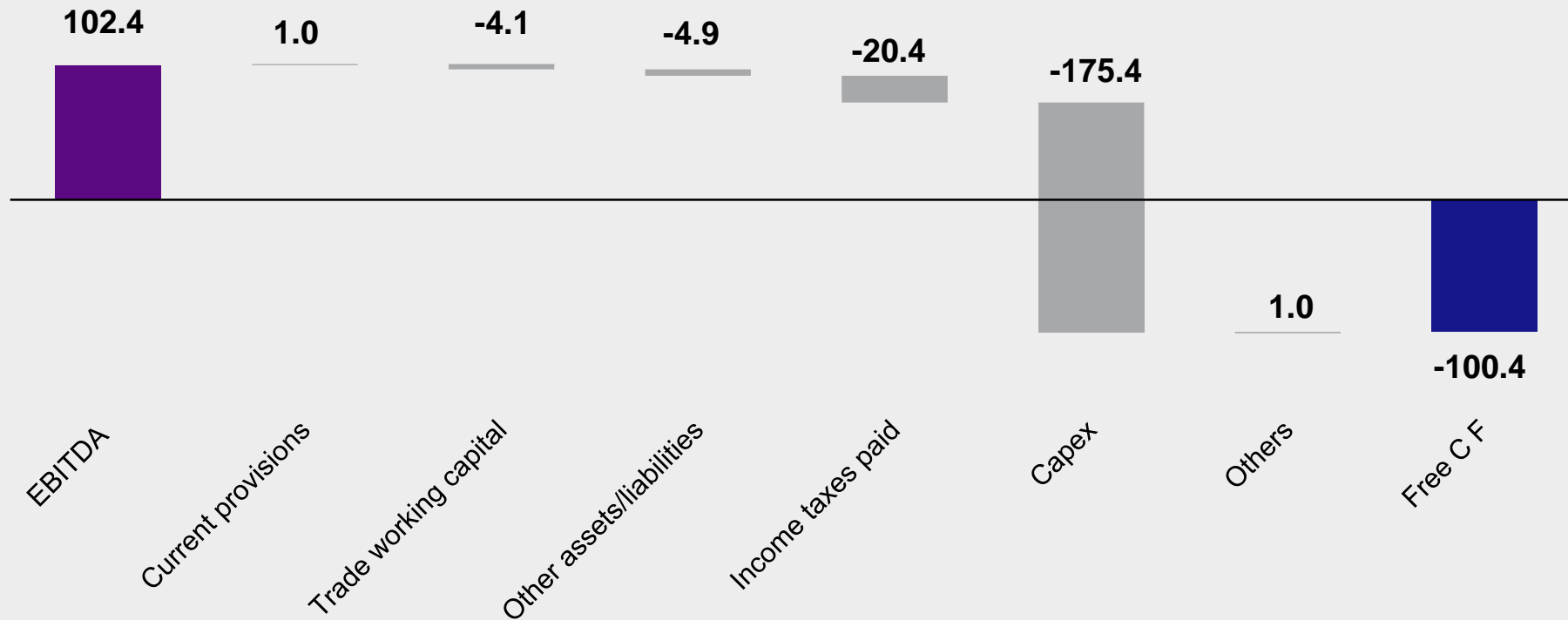




EBITDA TO FREE CASH FLOW

EBITDA to free cash flow

(in € mn)



Quarterly view

DEVELOPMENT OF NET FINANCIAL DEBT AND NET LEVERAGE

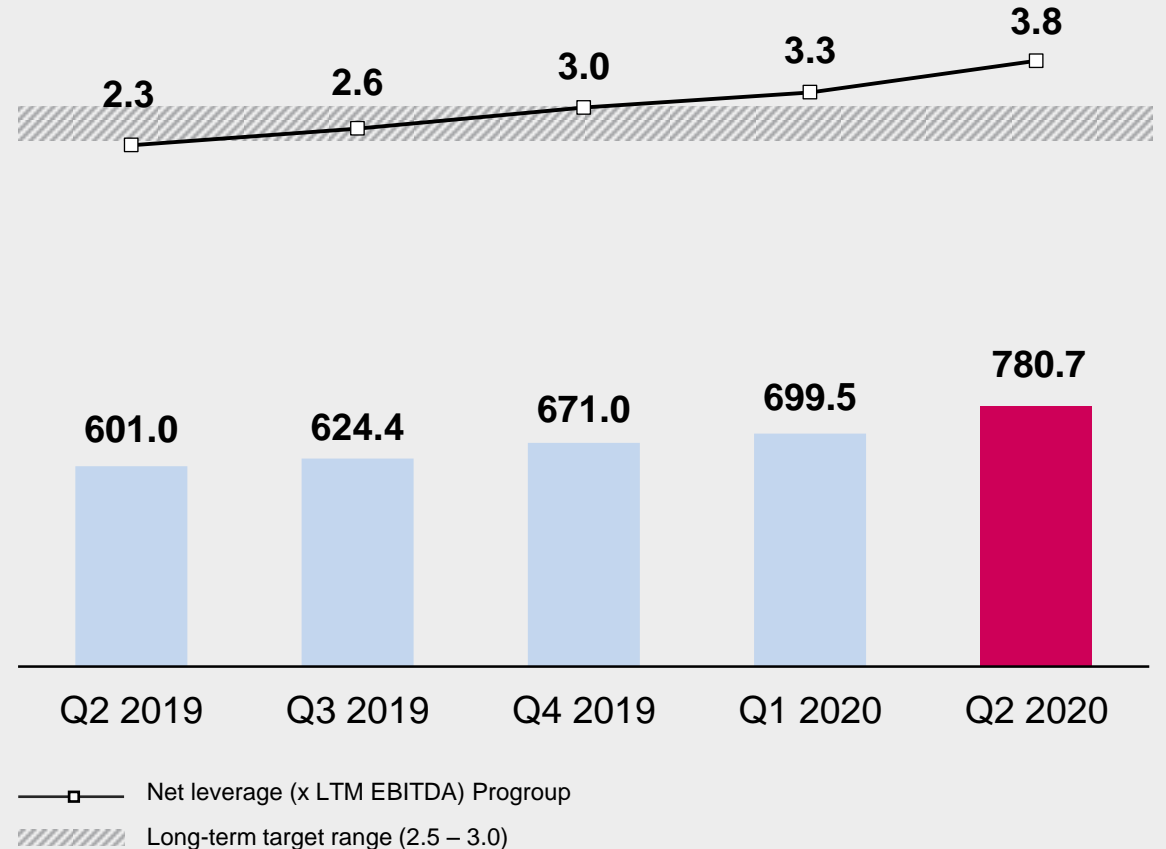
Net leverage increased to 3.8 due to higher net debt and lower LTM EBITDA

Long-term target net leverage range of 2.5 – 3.0 will be temporarily exceeded in context of strategic green field projects like PM3

Progroup fully committed to its long-term target corridor and intends to return to it in the mid-term

Net financial debt Progroup

(in € mn)



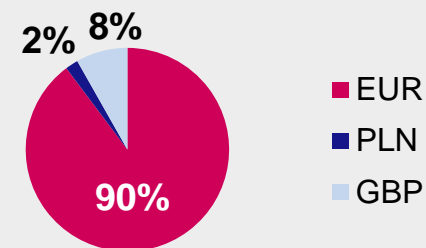
FINANCIAL DEBT AND FINANCE COSTS

Net financial debt increased in connection with the drawings of EUR facilities

Average interest rate slightly decreased compared to Q1 2020, due to lower commitment fees for undrawn facilities

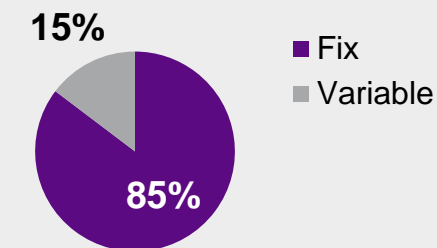
Currency split of current financial liabilities

(in %)



Interest split of current financial liabilities

(in %)



Financial debt and finance costs

(in € mn)

	31/12/2019	30/06/2020
Bonds	600	600
Committed bank facilities	424	410
thereof undrawn	155	80
Financial liabilities	874	935
Cash in hand, bank balances	203	154
Net financial debt	671	781
	Q1 – Q2 2019	Q1 – Q2 2020
Interest expenses*	11.4	13.9
Average interest rate	3.1%	3.1%

*excluding amortisation of lump sum fee payments

Quarterly view

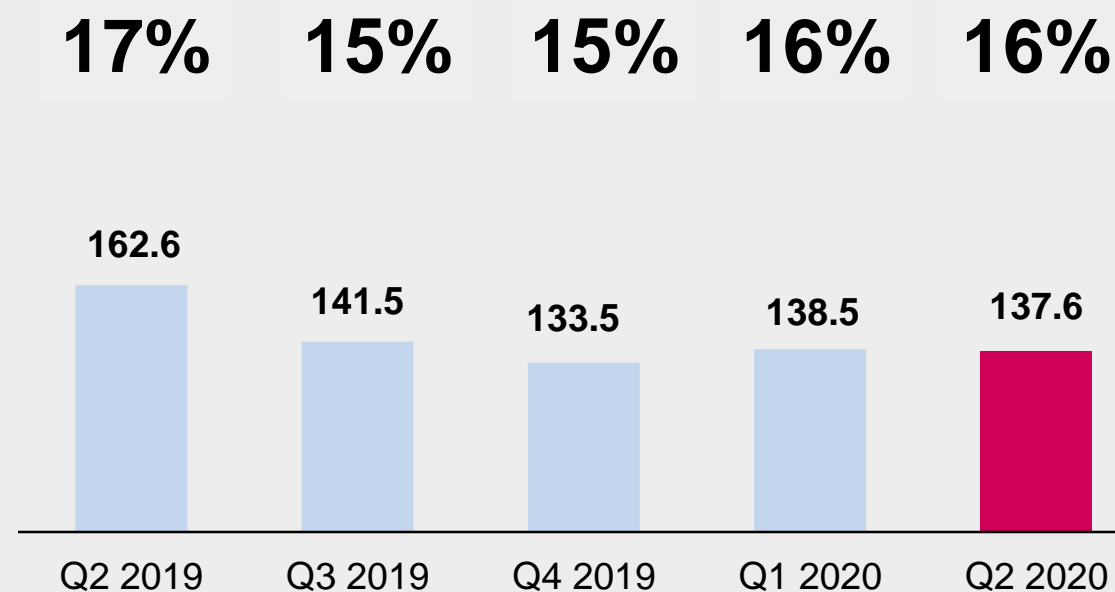
DEVELOPMENT OF WORKING CAPITAL

Decrease in working capital compared to Q2 2019, due to higher trade payables in connection with our current growth projects, lower trade receivables based on lower sales in Q2 2020 and lower inventories

Stable development compared to Q1 2020

Working capital*

(in € mn)



% of LTM Sales

*Working capital (not a German GAAP measure) is calculated as inventories plus trade receivables minus trade payables

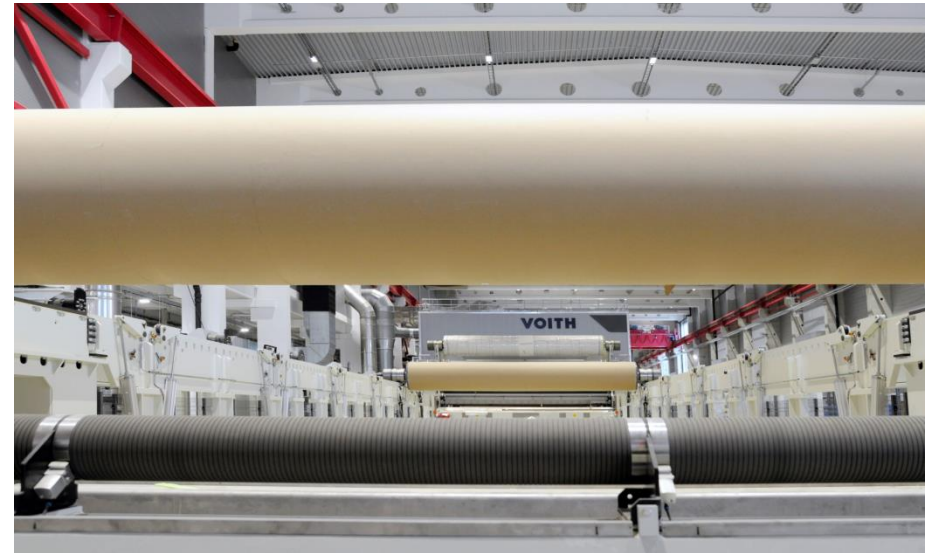
PROGROUP SUMMARY & OUTLOOK



SUMMARY & OUTLOOK

Expectations

- Improving market conditions for corrugated board in Q3 with strong demand
- Price decreases of containerboard in Q3 2020 due to increasing stock levels as a consequence of the corona pandemic
- Recycled paper prices normalised at the end of Q2 and continued to decline at the beginning of Q3 due to increasing supply; On the other side, demand in Europe is likely to increase in H2 2020 due to new capacities entering the market.
- Start of construction for another corrugated board production site PW14 will be put on hold for the time being
- Signing of a new credit facility in an amount of €100 mn in August





PROGROUP – DEALING WITH COVID-19

- Safety and wellbeing of our staff always has the highest priority for us
- Current events are constantly monitored and measures are taken if necessary
- After a major impact on our business in April and May, corrugated board volumes have improved significantly
- Order intake continues to rise compared to the previous quarter
- All plants run with the planned capacities
- Progroup assumes social responsibility

START-UP OF PM3

- Start of test production at our newest paper machine PM3 at the end of August 2020
- After only 18 months construction and assembly period the start of test production is on schedule despite the corona crisis
- In line with our growth strategy, PM3 will provide a further production capacity of around 750,000 tons of containerboard
- Within the context of its Green Hightech strategy, Progroup invested in resource-conserving technology
- Progroup received the EMAS certificate of the European Union regarding its PM3 factory
- New site create around 140 direct and up to 350 indirect jobs



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

