

PERFORMANCE PRESENTATION

30 June
Second Quarter 2022





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AG EN DA

01. Progroup – Highlights 30/06 | Q2 2022
02. Progroup – Financial Performance
03. Progroup – Summary & Outlook

**PROGROU
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HIGHLIGHTS
30/06 | Q2 2022**

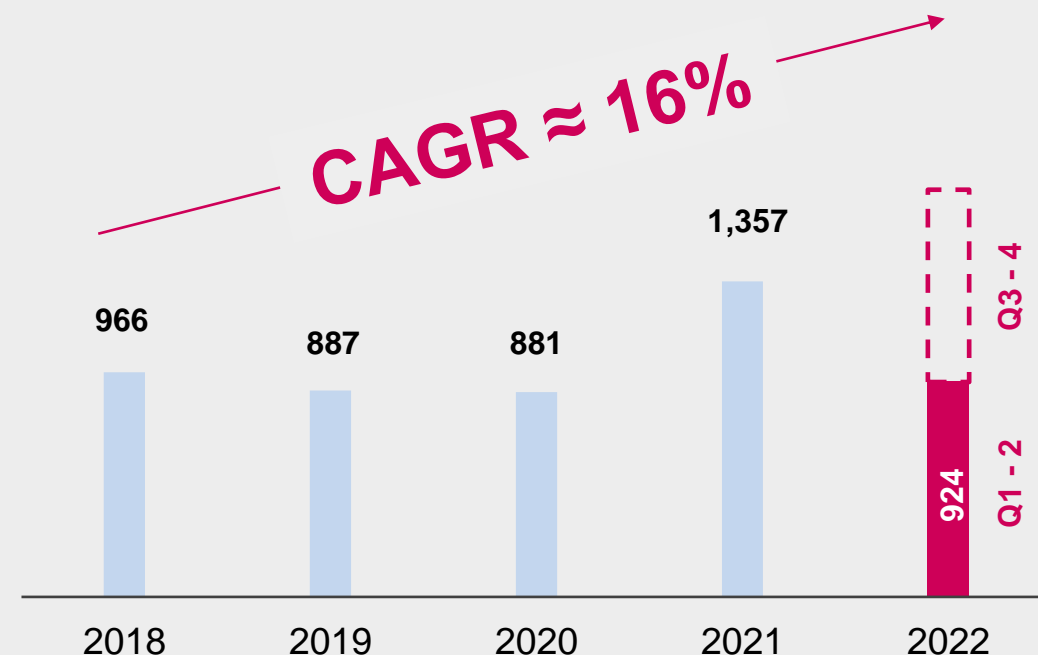


IMPROVING FINANCIAL PERFORMANCE

- Strong price increases and weaker market environment led to reduction in corrugated board sales volume
- Volume increases in our containerboard businesses (2.7%) in H1 2022 vs. H1 2021.
- **Sales** grew strongly by **43.0%** to **€460.2** mn in Q2 2022, and by **52.1%** in the first half of 2022.
- Exceptional **EBITDA** increase to **€119.7** mn in Q2 2022 (**+87.1%** vs. Q2 2021: €63.9 mn).
- **EBITDA margin at 26.0% in Q2 2022.**
- Dividend payment of €80 mn in May.
- Net financial debt decreased to €766.2 mn (31 December 2021: €779.9 mn).
- Once again improved **net leverage of 1.9** x LTM EBITDA.

Sales

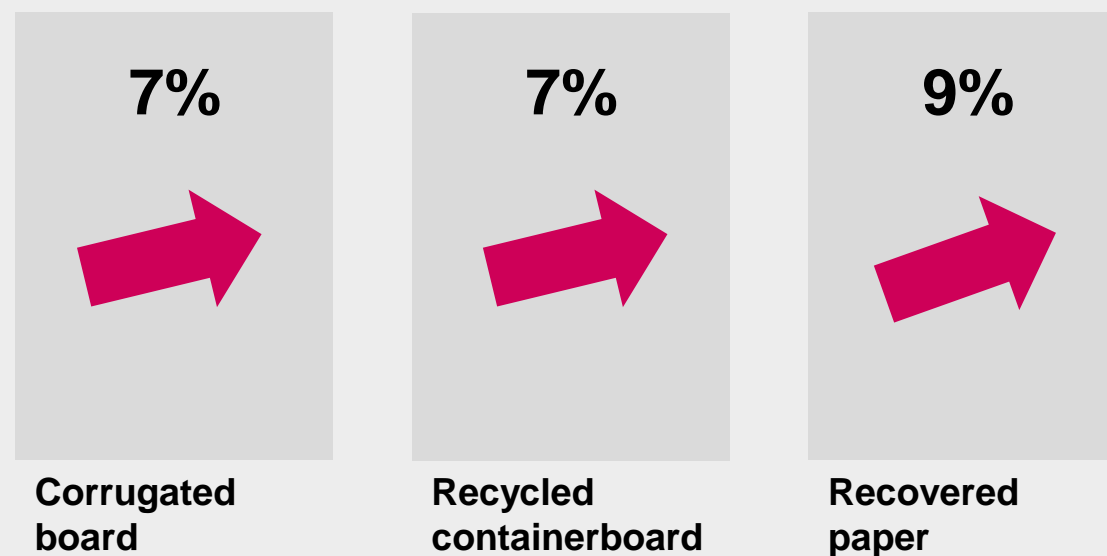
(in kt)



MARKET DEVELOPMENT

- Driven by higher input costs (e.g. energy costs and freight rates) prices for recycled containerboard and corrugated board increased further in Q2.
- Strong price increases led to a decline in corrugated board sales volumes.
- Recovered paper prices increased again in Q2 2022.
- Russian war against Ukraine has an increasing negative effect on inflation and consumer behavior. The economic outlook is subdued.

Price development Q2 2022 compared to Q1 2022



PROGROU FINANCIAL PERFORMANCE



Quarterly view

CORRUGATED BOARD VOLUME DROP

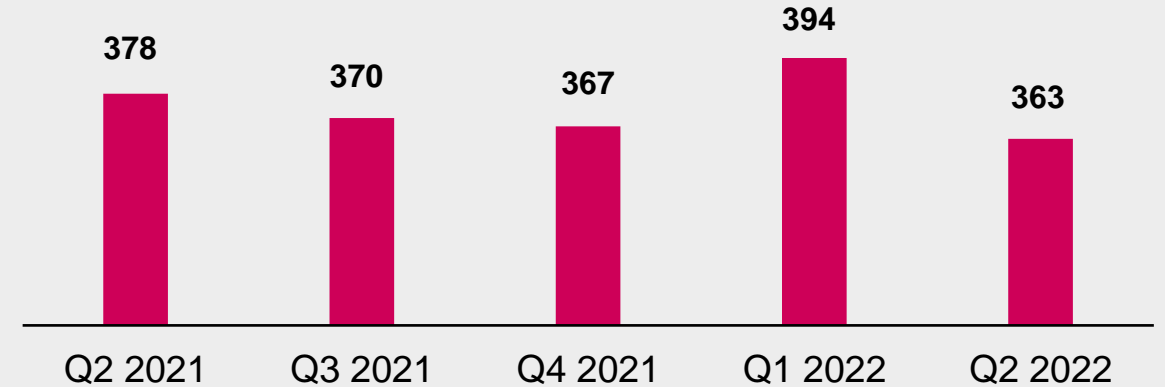
Development

Corrugated board sales volume decreased in Q2 2022 (-4.0%) compared to Q2 2021 and -1.2% year over year.

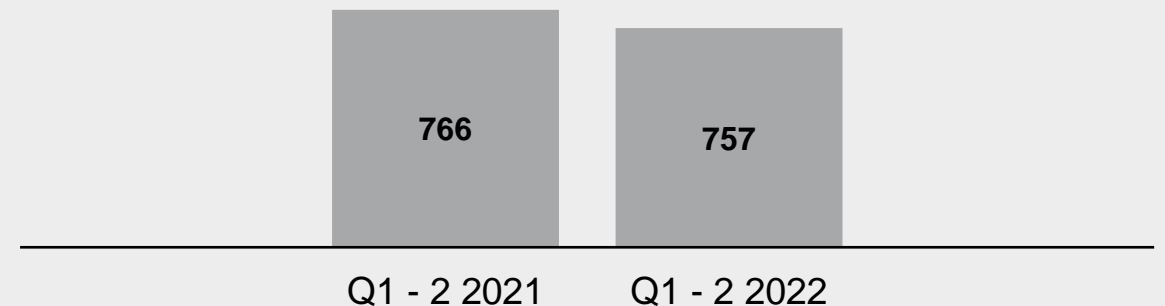
This decline is due to the strong price increase during Q2 2022, a subdued market environment and very strong volumes in Q2 2021.

Volume corrugated board

(in kt)



-1.2%



Quarterly view

INCREASING PAPER VOLUME

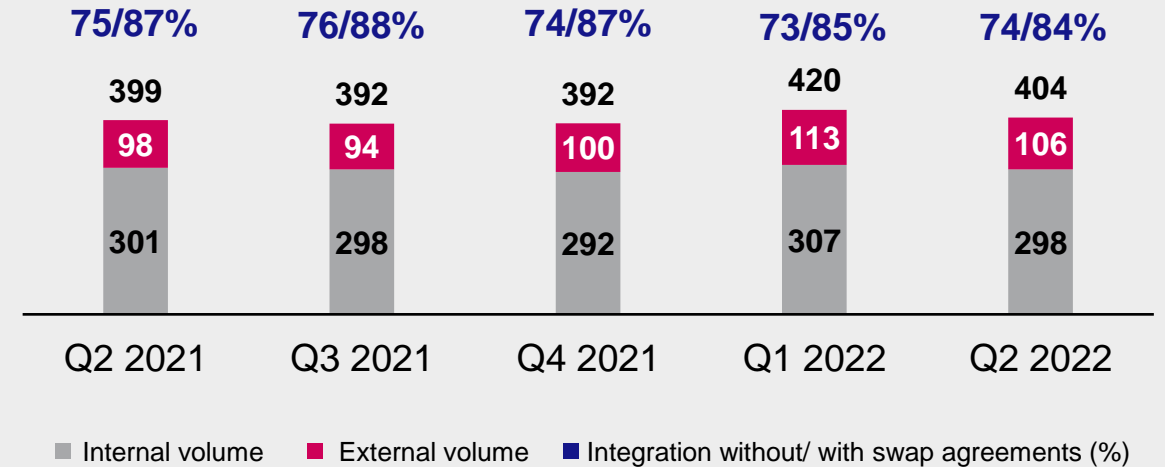
Development

Increase of **1.3%** in **Q2 sales volume** compared to Q2/2021 and **2.7% year-over-year**.

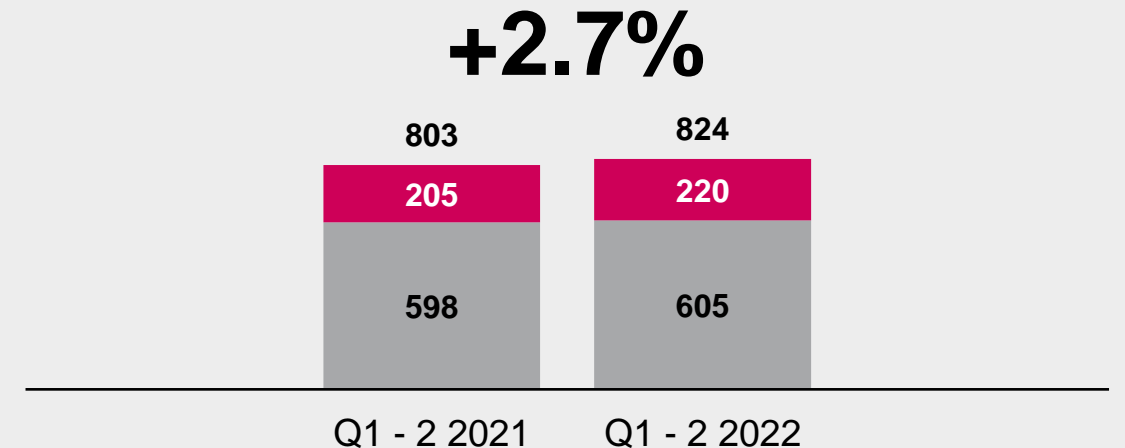
The level of integration between our containerboard business, including swap agreements, and the corrugated board business decreased slightly in Q2 2022 compared to Q1 2022.

Volume containerboard

(in kt)



■ Internal volume ■ External volume ■ Integration without/ with swap agreements (%)



Quarterly view

SALES DEVELOPMENT

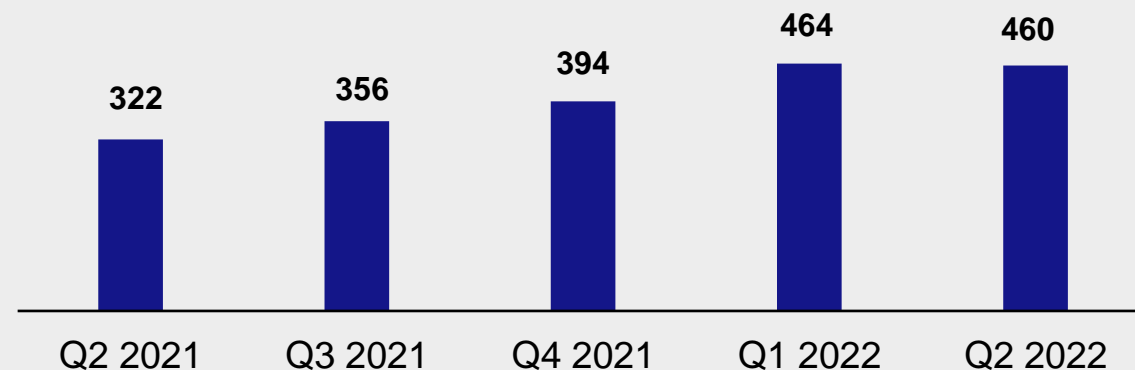
Strong sales increase compared to Q2 2021

Increased price levels led to strong sales growth in Q2 2022 compared to Q2 2021.

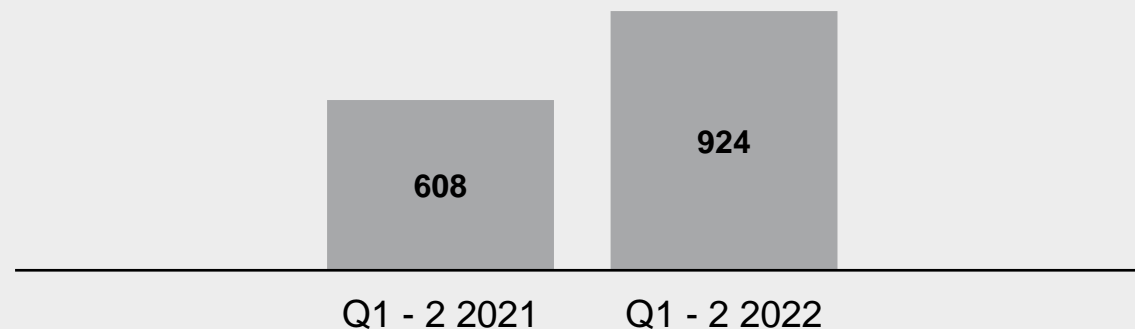
Year over year **sales were 52.1%** above prior year period

Sales

(in € mn)



+52.1%



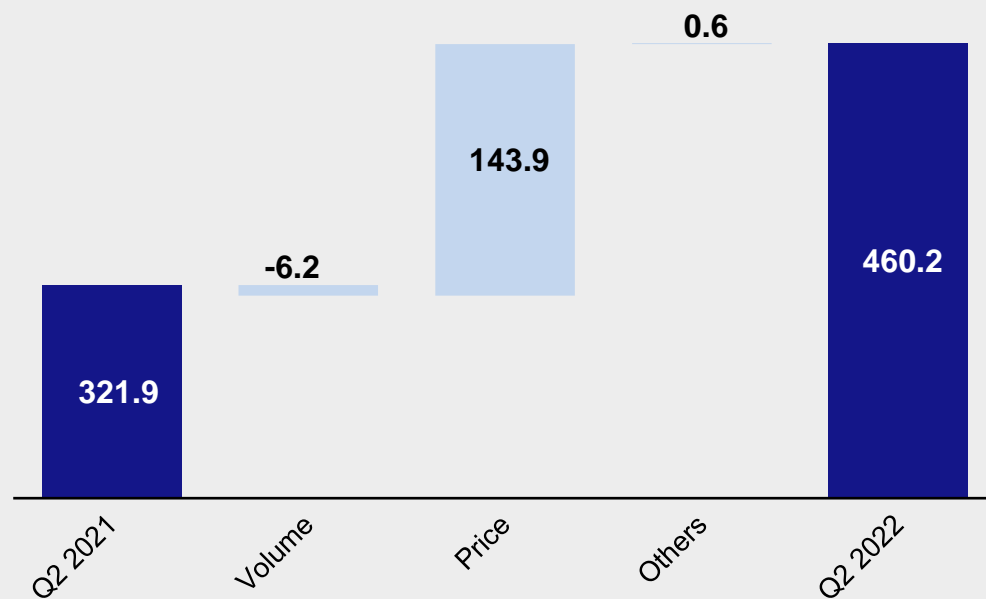
SALES



Sales Development – Q2 2021 / Q2 2022

(in € mn)

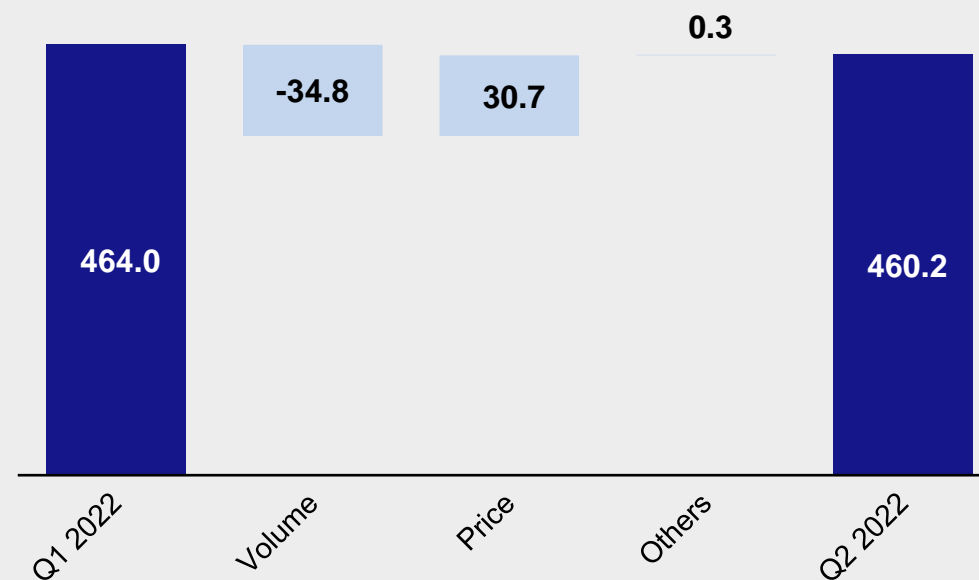
+43.0% →



Sales Development – Q1 2022 / Q2 2022

(in € mn)

-0.8% →



Quarterly view

DEVELOPMENT OF EBITDA/EBITDA MARGIN

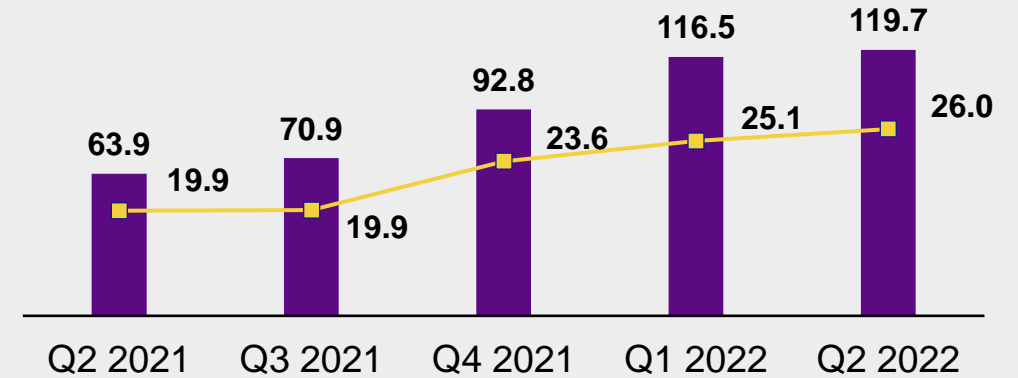
EBITDA in Q2 2022 increased significantly compared to the same quarter of the previous year, surpassing the record set in Q1 2022.

Strong **EBITDA increase of 87.1%** in Q2 compared to Q2/2021 and **115.7%** year-over-year.

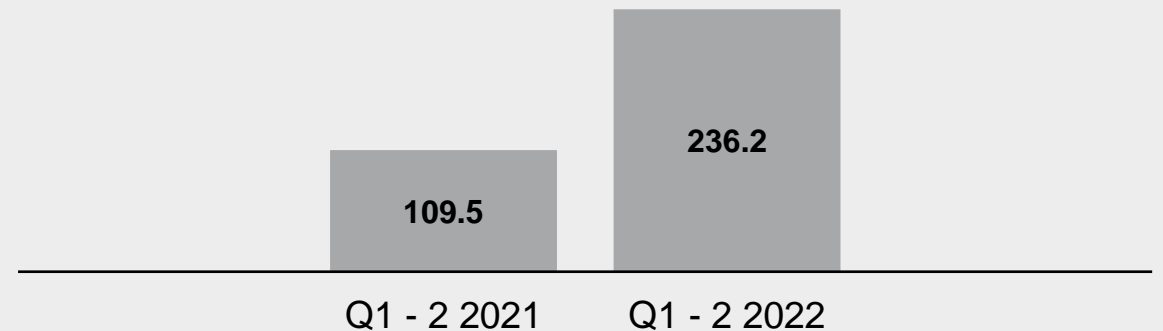
EBITDA margin increased in Q2 2022 to **26.0%** (+0.9%) compared to Q1 2022.

EBITDA

(in € mn) —■— EBITDA margin (%)



+115.7%



Long-term view

EBITDA MARGIN LONG-TERM AVERAGE

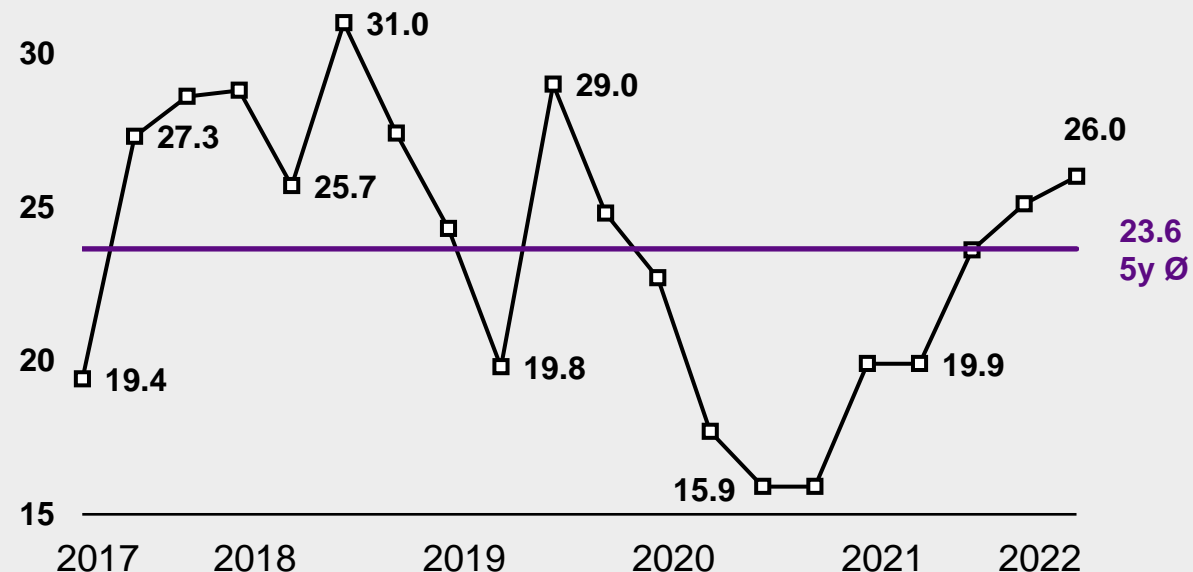
EBITDA margin in Q2 2022 2.4% above 5-year average. Strong recovery of nominal EBITDA is mainly driven by significantly higher sales and gross margins.

EBITDA margin again above the 5-year average in Q2 2022.

EBITDA margin well above the industry average.

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

Positive free cash flow development

Free cash flow increased significantly by €62.6 mn in Q2 2022 compared to Q2 2021.

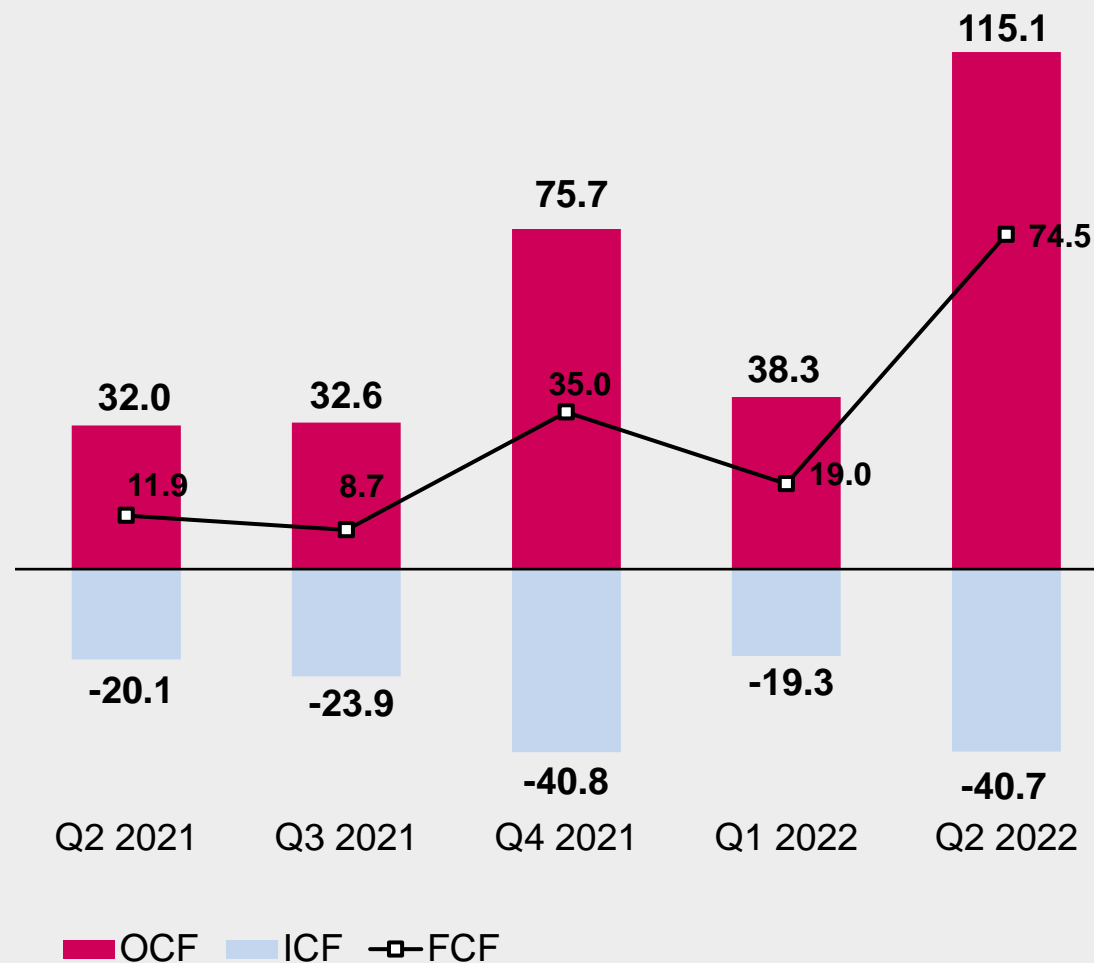
Operating cash flow **increased notably** in Q2 2022 compared to Q2 2021, mainly due to the higher EBITDA.

Cash flow from investing activities

amounted to €-40.7 mn in Q2 2022. CAPEX mainly attributable to our corrugated board plant projects. Included in the ICF are bond purchases in the open market with a nominal value of €13 mn.

Free cash flow

(in € mn)

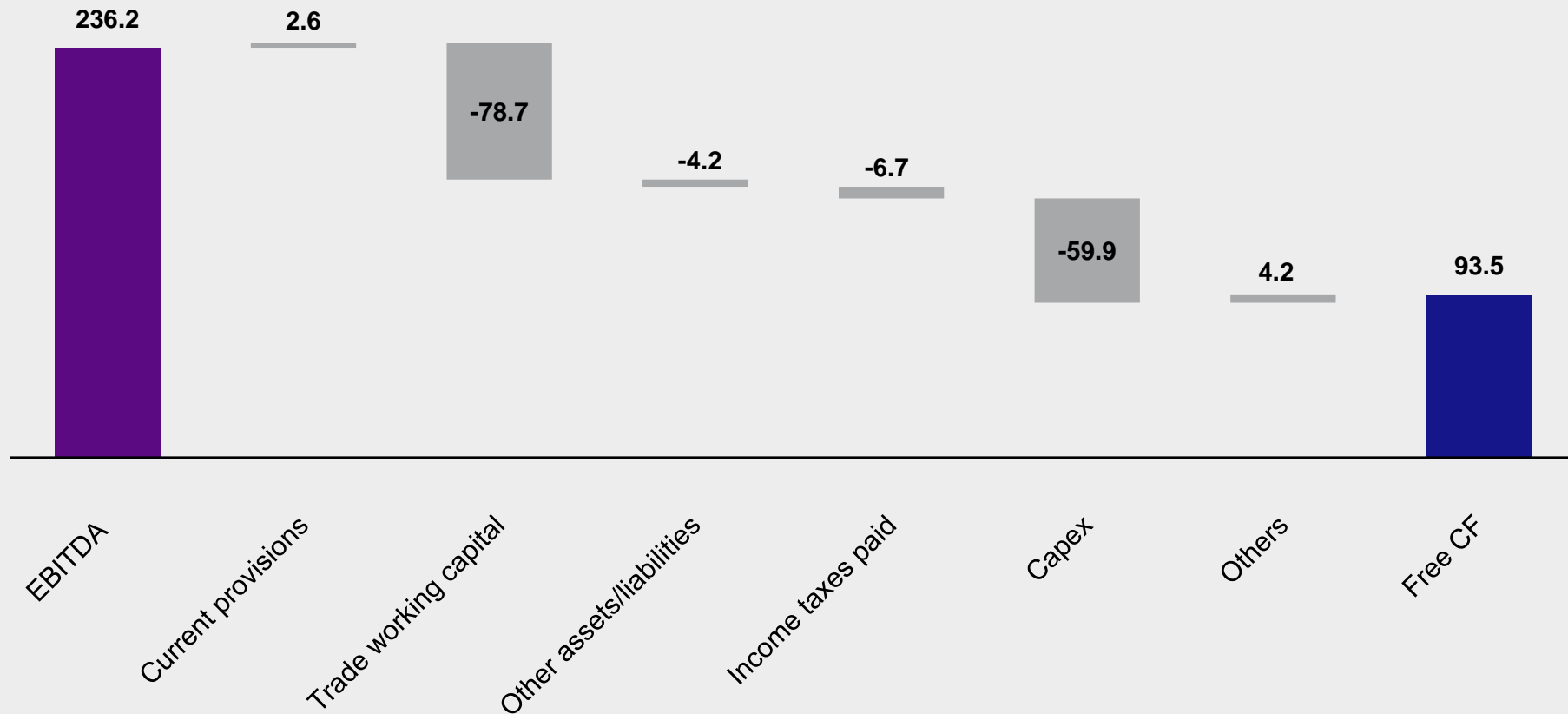




EBITDA TO FREE CASH FLOW

EBITDA to free cash flow

(in € mn)



Quarterly view

DEVELOPMENT OF NET FINANCIAL DEBT AND NET LEVERAGE

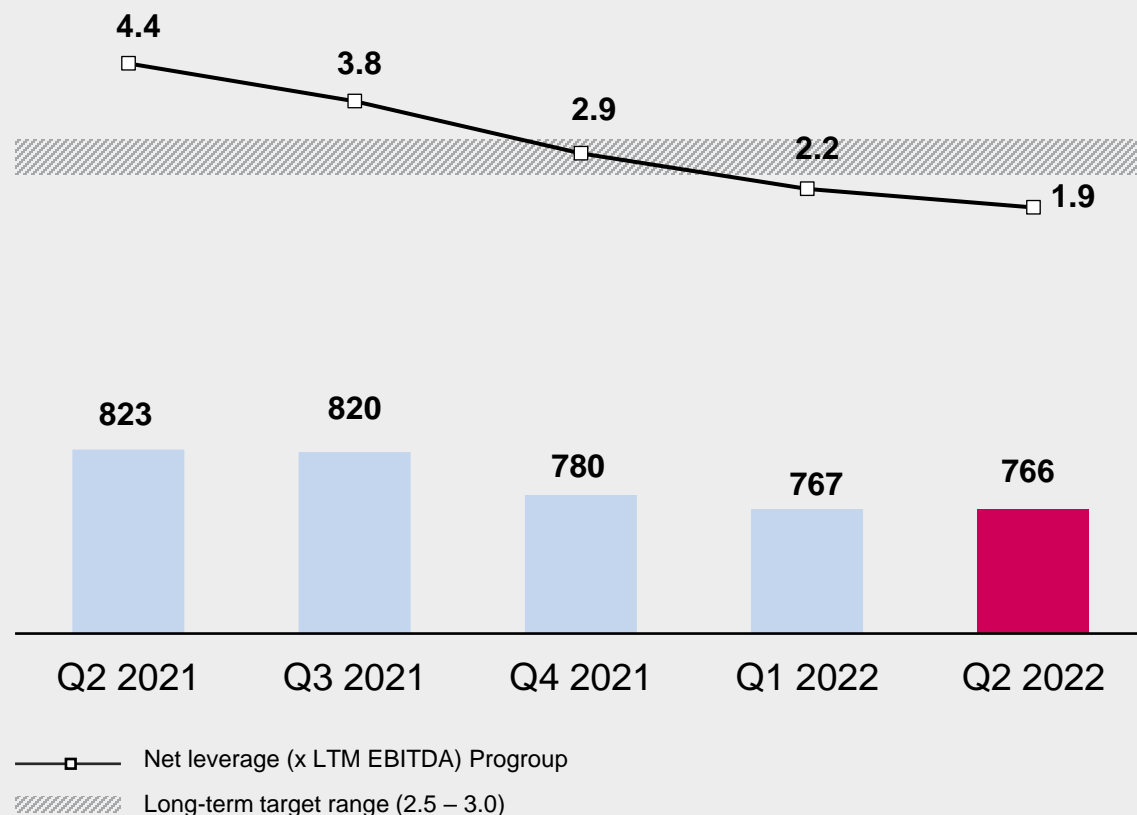
Steep decrease of net leverage to 1.9 due to higher LTM EBITDA and lower net debt.

Long-term net leverage target range of 2.5 – 3.0 was reached again in Q4 2021, only two years after we left the target corridor due to the PM3 expansion project and fell below the target range in Q1 2022. In addition to scheduled repayments of existing loans, own bonds with a nominal value of €13 mn were purchased in the open market.

The decrease was achieved despite the dividend payment of €80 mn in May.

Net financial debt Progroup

(in € mn)



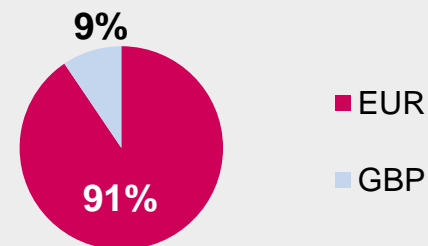
FINANCIAL DEBT AND FINANCE COSTS

Net financial debt slightly below year end 2021 due to regular repayments. In addition to scheduled repayments of existing loans, bonds with a nominal value of €13 million were purchased in the open market in June. The decrease was achieved despite the dividend payment of €80 mn in May.

Average interest rate slightly lower than 2021 at 2.9%.

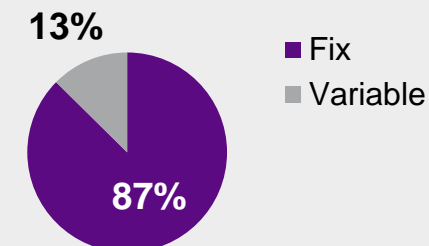
Currency split of current financial liabilities

(in %)



Interest split of current financial liabilities

(in %)



Financial debt and finance costs

(in € mn)

	31/12/2021	30/06/2022
Bonds	600	600
Committed bank facilities	325	308
thereof undrawn	50	50
Financial liabilities	879	851
Cash in hand, bank balances	100	84
Net financial debt	780	766
	Q1 – Q2 2021	Q1 - Q2 2022
Interest expenses*	14.4	12.7
Average interest rate	3.0%	2.9%

*excluding amortisation of lump sum fee payments

Quarterly view

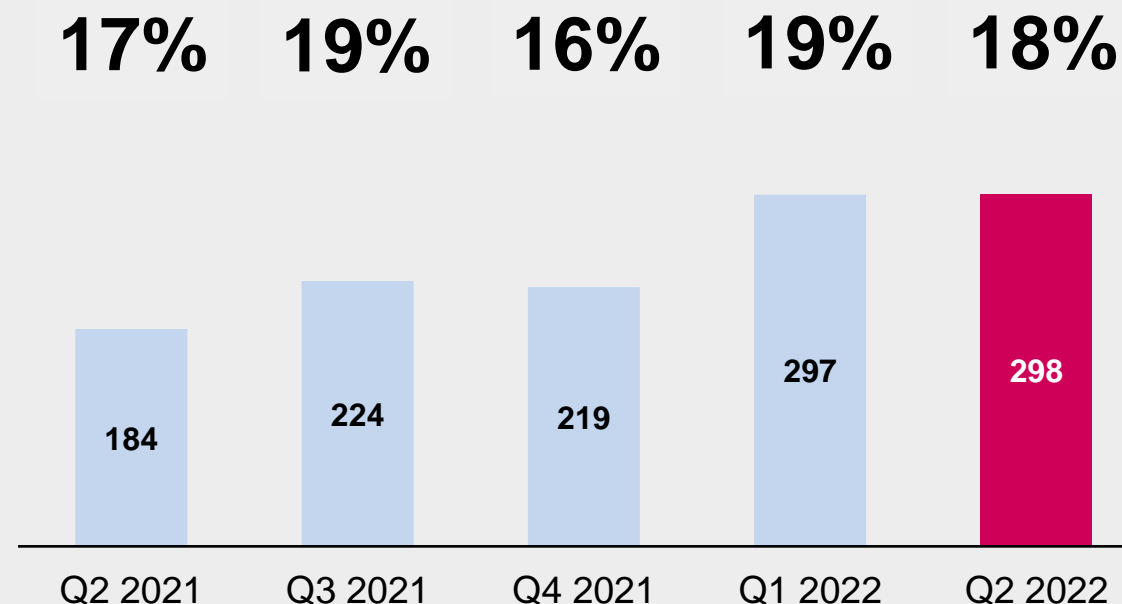
DEVELOPMENT OF WORKING CAPITAL

Stable working capital in Q2 2022 compared to Q1 2022.

Working capital increased significantly in Q2 2022 compared to Q2 2021, due to higher sales and therefore higher trade receivables as well as higher inventories.

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

- High economic uncertainty and seasonal effects will lead to lower sales volumes in Q3 2022
- Increasing stock levels and subdued demand will lead to a decline in containerboard prices in Q3 2022.
- Weaker demand and significantly higher energy prices leads to downtimes in the containerboard industry in Q3 2022
- EBITDA margin will be impacted by higher energy expenses and other cost items.
- PW14: installation of corrugator and conveyor system.
- PW15: Earth- and concrete works have started for the construction of the corrugated sheet feeder plant PW15.



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