

# PERFORMANCE PRESENTATION

31 December  
Fourth Quarter 2022





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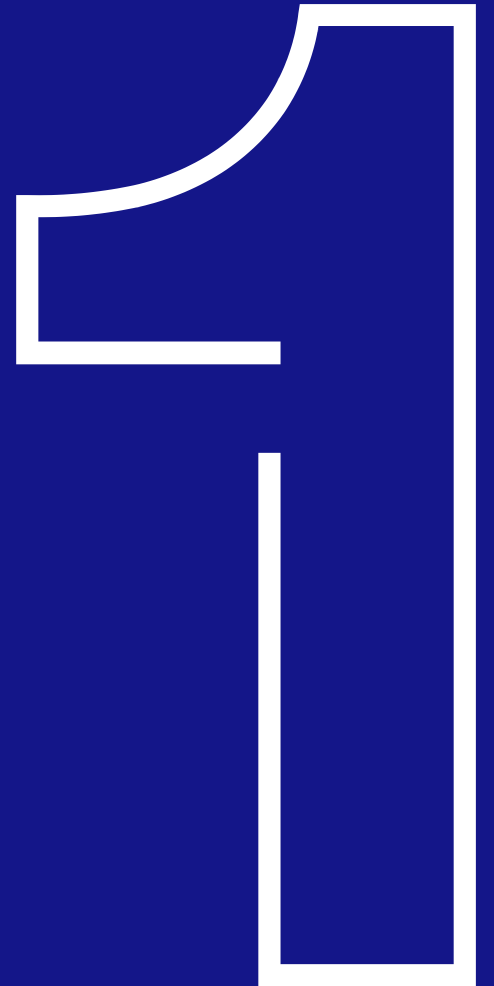
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# AG EN DA

01. Progroup – Highlights 31/12 | Q4 2022
02. Progroup – Financial Performance
03. Progroup – Summary & Outlook

**PROGROU  
P  
HIGHLIGHTS  
31/12 | Q4 2022**

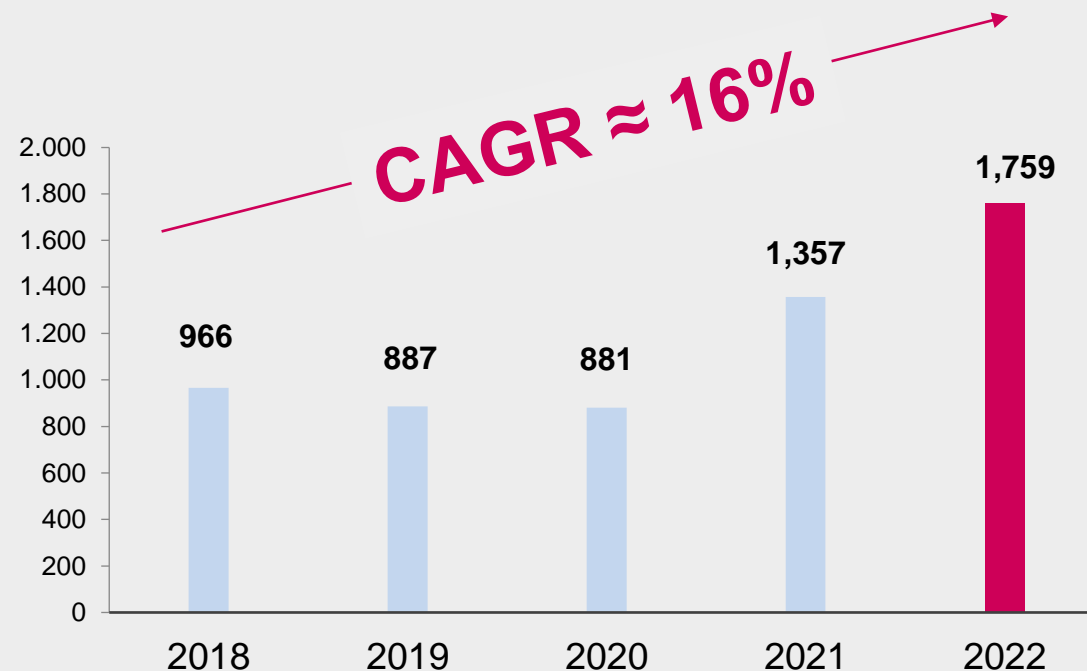


# STRONG FINANCIAL PERFORMANCE

- Weaker market environment led to reduction in corrugated board sales volume (-4.7%) in 2022.
- Slight volume decreases in our containerboard businesses (-1.2%) in 2022 vs. 2021.
- **Sales** grew by **2.6%** to **€403.7** mn in Q4 2022 and by **29.6%** for the full year 2022.
- **EBITDA** increased to **€102.6** mn in Q4 2022 (+**10.6%** vs. Q4 2021: €92.8 mn).
- **EBITDA** of **€412.0** mn exceeds former EBITDA record for the full year 2018.
- **EBITDA margin** at **25.4%** in **Q4 2022** and **23.4%** in **2022**.
- Net financial debt decreased to €655.1 mn (31 December 2021: €779.9 mn).
- **Net leverage** of **1.6x** LTM EBITDA improved once again.

## Sales

(in kt)

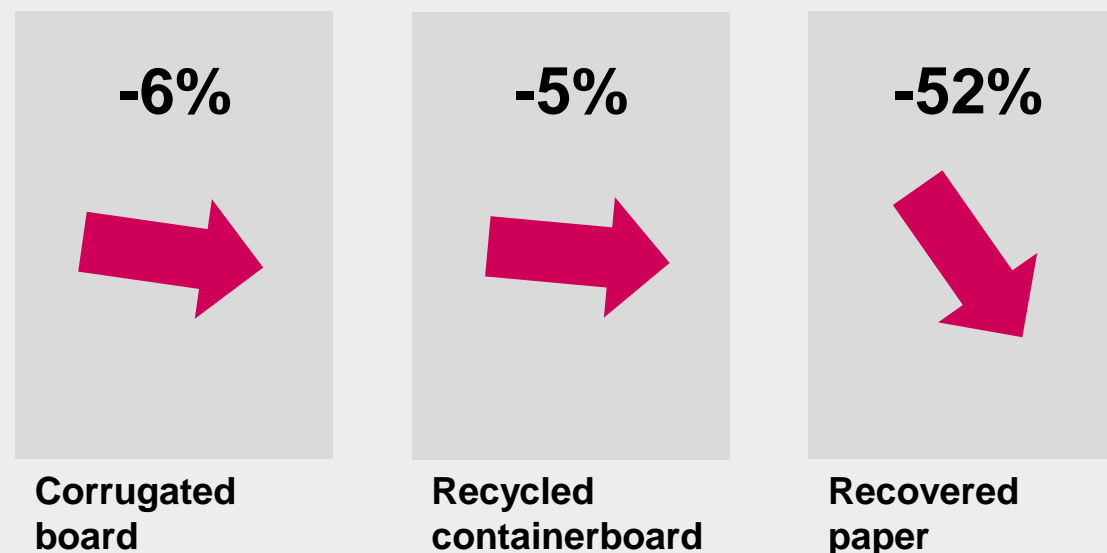


# MARKET DEVELOPMENT

- Prices for recycled containerboard and corrugated board decreased in Q4 2022, driven by the weakness of the general market environment and lower raw material and energy costs.
- Recovered paper prices decreased by more than 50% in Q4 2022. The price decrease was driven by a significant drop in demand due to industry-wide containerboard production cuts in the second half of the year.
- Russia's war against Ukraine has negative effects on inflation and consumer behavior; subdued economic outlook.

## Price development Q4 2022 compared to Q3 2022

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# PROGROUP FINANCIAL PERFORMANCE



Quarterly view

# DROP IN CORRUGATED BOARD VOLUME

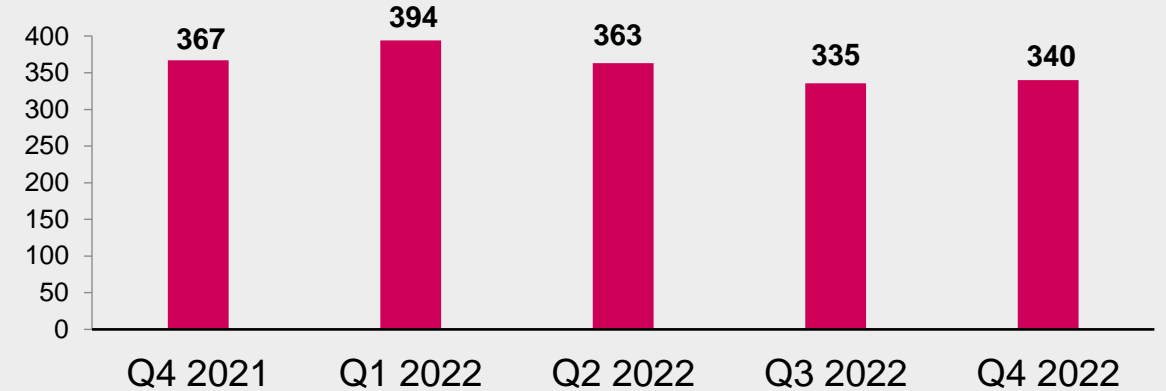
## Development

Corrugated board sales volume decreased in **Q4 2022 (-7.4%)** compared to Q4 2021 and **-4.7% year over year**.

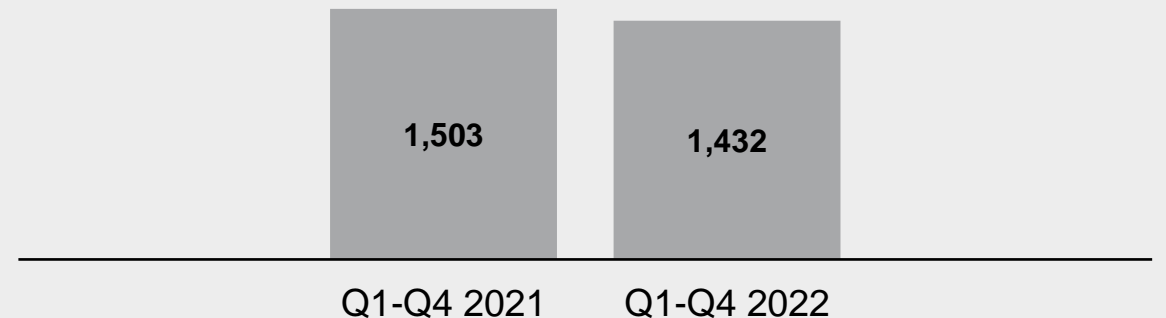
The typical volume recovery in the fourth quarter after the seasonally lower demand over summer was much weaker than normal. Additionally, demand in the third and fourth quarter of the previous year was exceptionally strong.

Corrugated board volume

(in kt)



**-4.7%**





Quarterly view

# PAPER VOLUME DEVELOPMENT

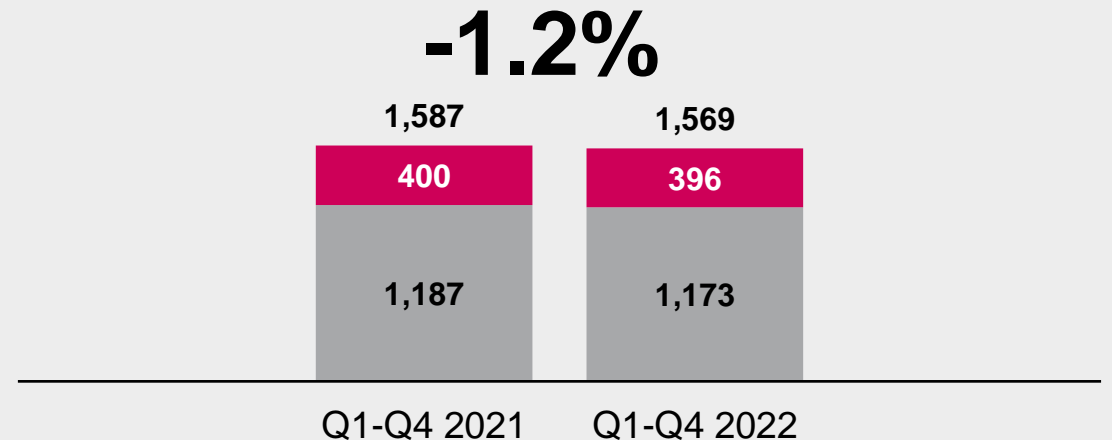
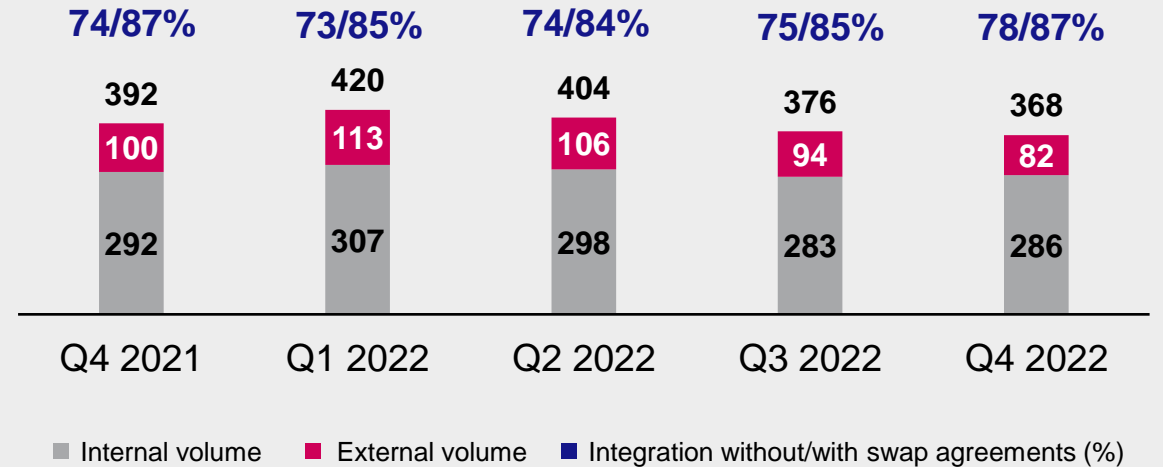
## Development

**Sales volume decreased by 6.2% in Q4** compared with Q4 2021. Main reason was the comparably weak demand in the corrugated packaging market in Q4 2022. **Year over year, sales volumes decreased by 1.2%.**

The level of integration between our containerboard business, including swap agreements, and the corrugated board business increased in Q4 2022 compared to Q3 2022.

## Containerboard volume

(in kt)



Quarterly view

# SALES DEVELOPMENT

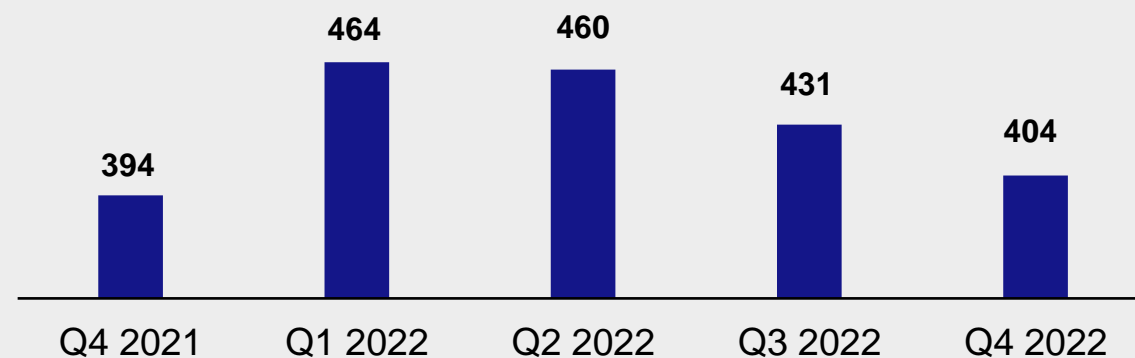
## Strong sales increase compared to 2021

Increased price levels led to strong sales growth of **29.6%** in 2022 compared to 2021.

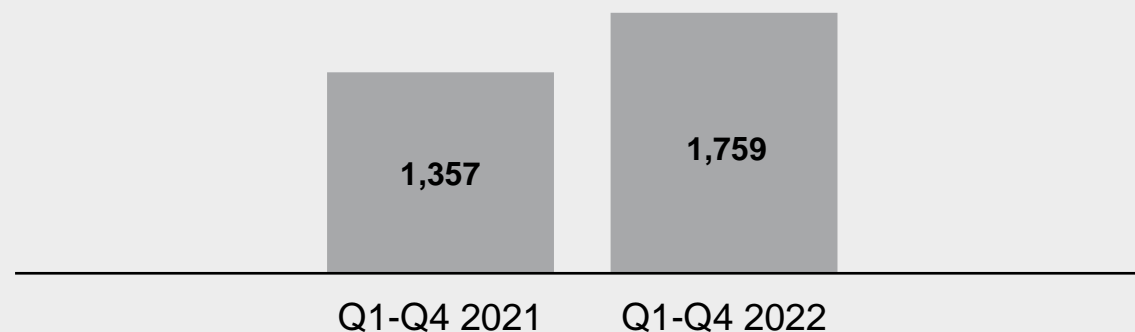
Compared to Q4 2021, **sales were up 2.6%** over the prior year's fourth quarter.

### Sales

(in € mn)



**+29.6%**



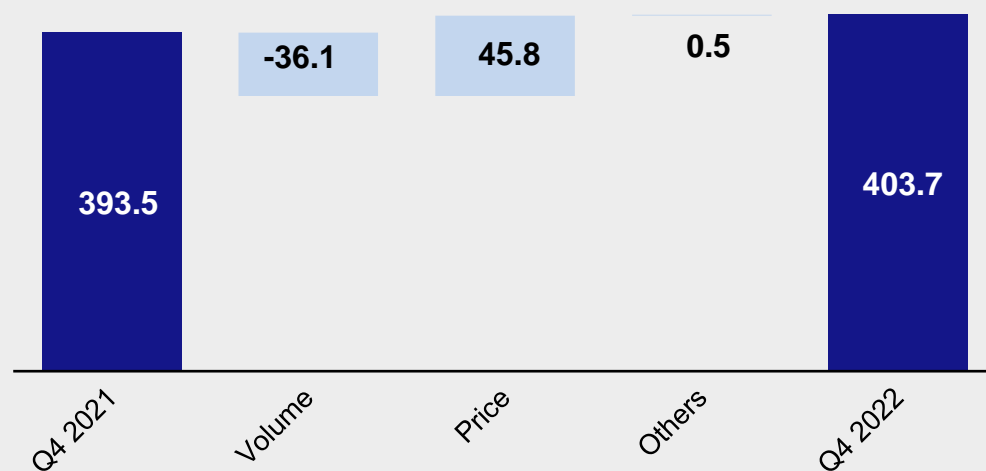
# SALES



Sales development – Q4 2021 / Q4 2022

(in € mn)

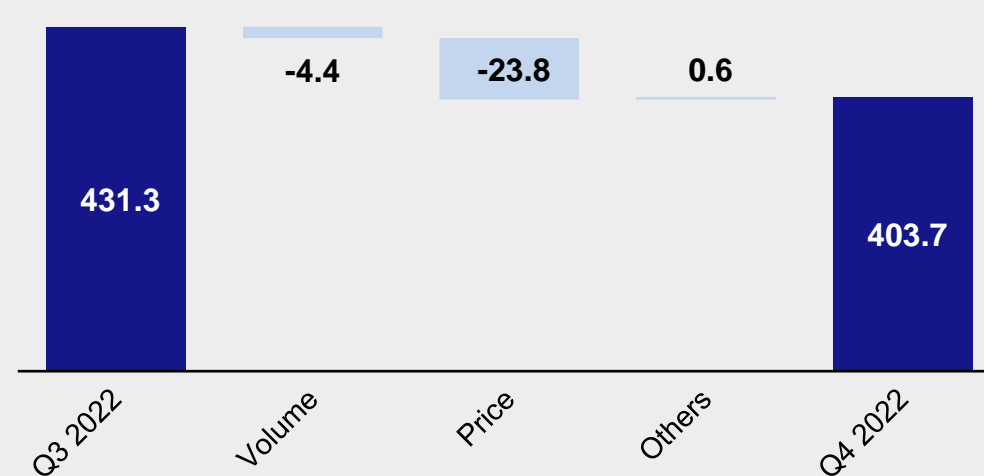
————— **+2.6%** —————→



Sales development – Q3 2022 / Q4 2022

(in € mn)

————— **-6.4%** —————→



Quarterly view

# DEVELOPMENT OF EBITDA/EBITDA MARGIN

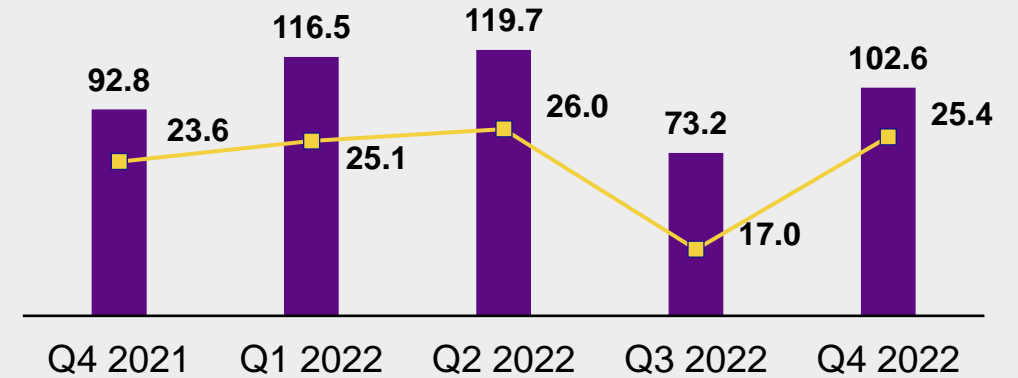
**EBITDA in Q4 2022** increased by **10.6%** to **102.6mn** compared to the same quarter of the previous year.

Strong **EBITDA increase of 50.8%** year over year.

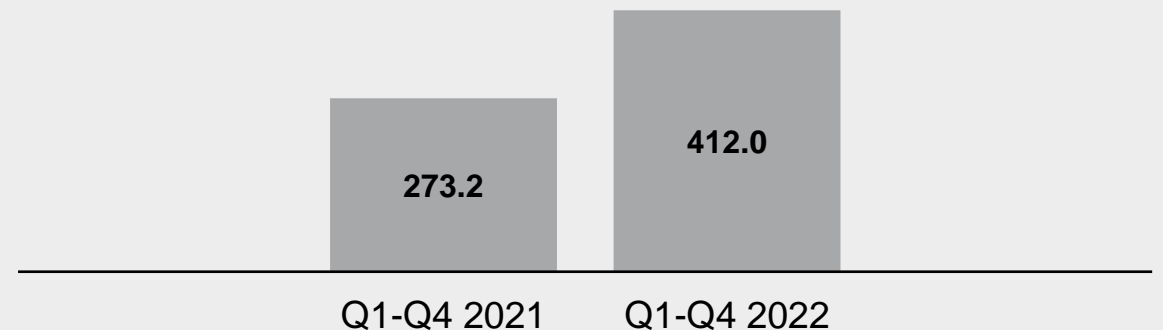
**EBITDA margin** increased in Q4 2022 to **25.4%** compared to Q4 2021. Year-end EBITDA margin reached **23.4%**

## EBITDA

(in € mn) —■— EBITDA margin (%)



**+50.8%**



Long-term view

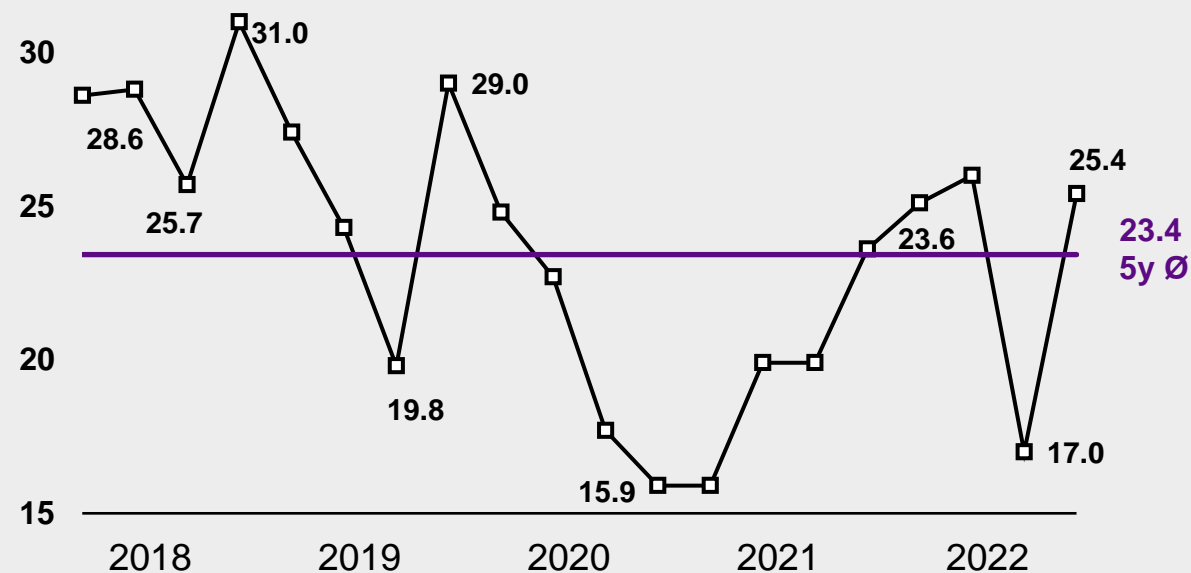
# EBITDA MARGIN LONG-TERM AVERAGE

EBITDA margin in Q4 2022 well above 5-year average.

In Q4 2022, the lower raw material and energy costs as well as energy-related refunds supported EBITDA. This led to the typical recovery of the margin in Q4 2022.

## EBITDA margin

(in %)



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

# DEVELOPMENT OF FREE CASHFLOW

## Strong free cash flow development

Free cash flow increased by €3.9 mn in Q4 2022 compared to Q4 2021.

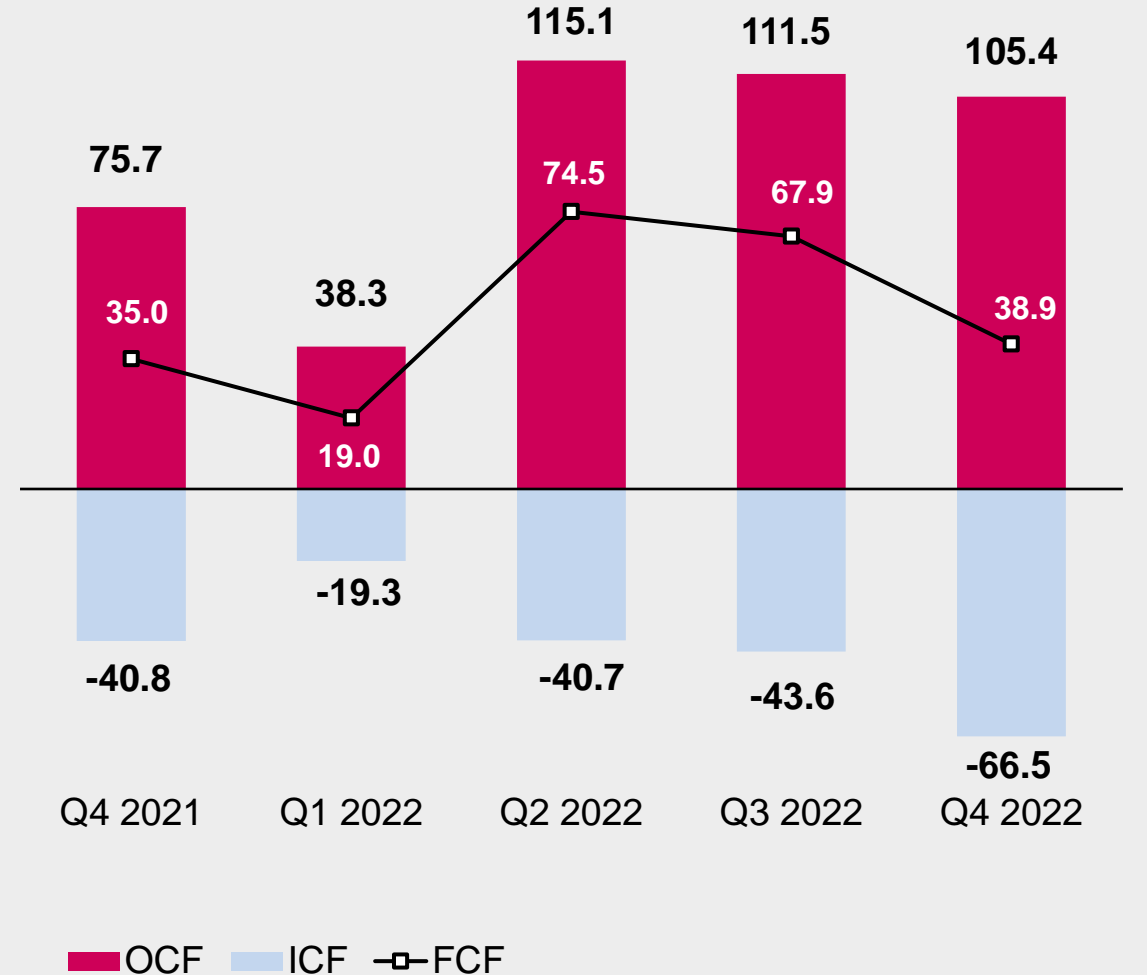
Operating cash flow **increased notably** in Q4 2022 compared to Q4 2021, mainly due to higher EBITDA and working capital effects.

## Cash flow from investing activities

amounted to €-66.5 mn in Q4 2022. CAPEX mainly refers to our corrugated board plant projects.

## Free cash flow

(in € mn)

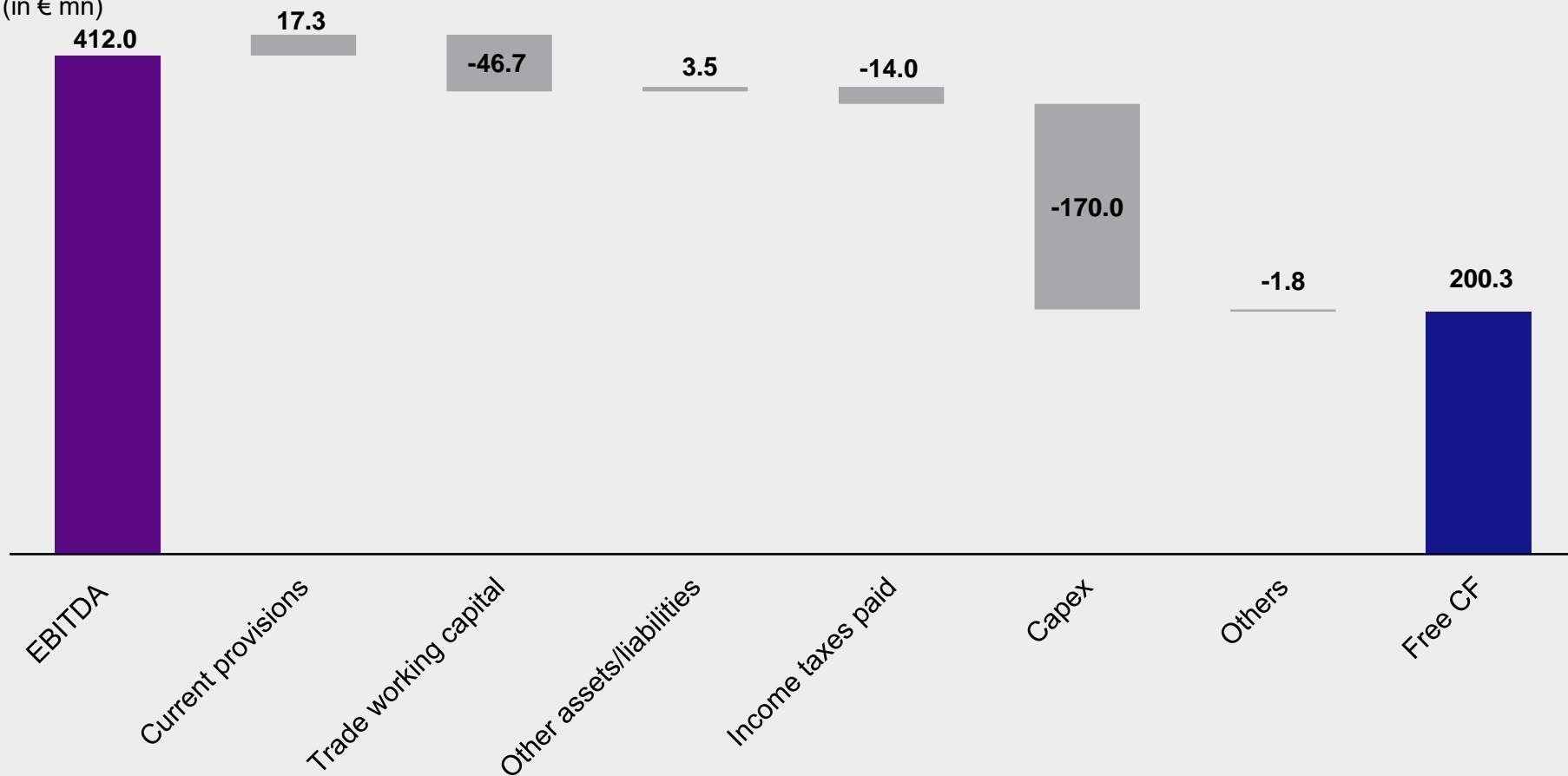




# EBITDA TO FREE CASH FLOW

## EBITDA to free cash flow

(in € mn)



Quarterly view

# DEVELOPMENT OF NET FINANCIAL DEBT AND NET LEVERAGE

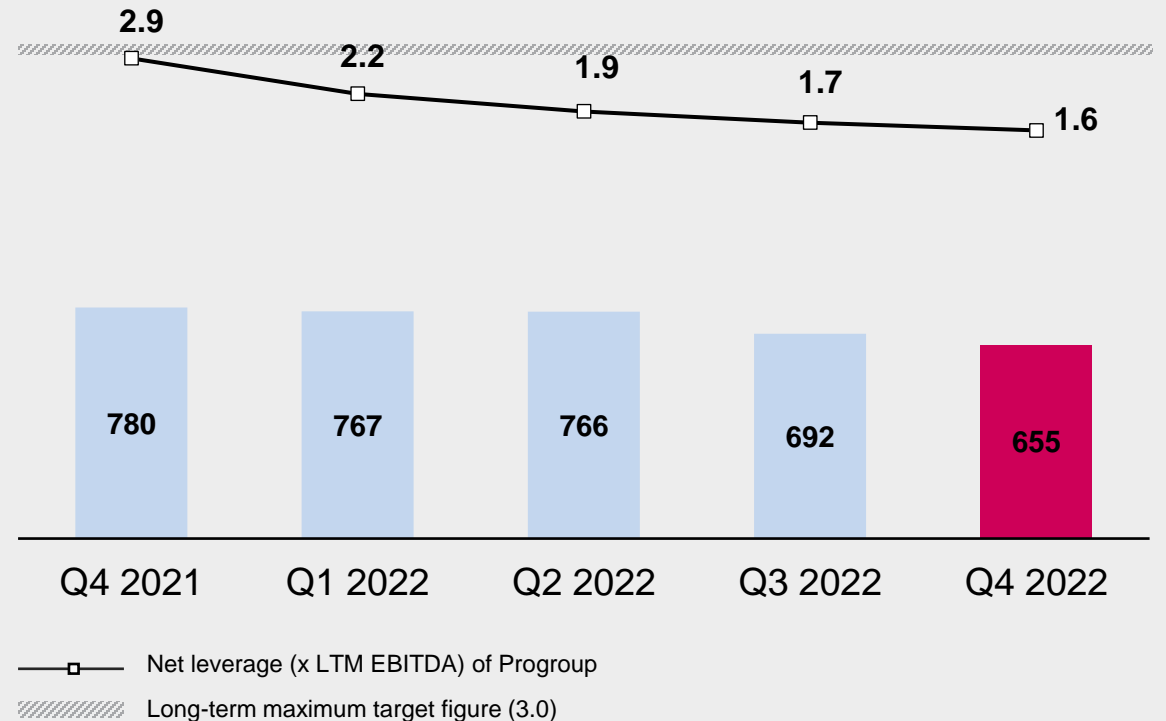
**Steep decrease of net leverage to 1.6** due to higher LTM EBITDA and lower net debt.

Net leverage is therefore well below the long-term maximum target figure of 3.0. In addition to scheduled repayments of existing loans, own bonds with a nominal value of €32 mn were purchased in the open market.

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

## Net financial debt

(in € mn)





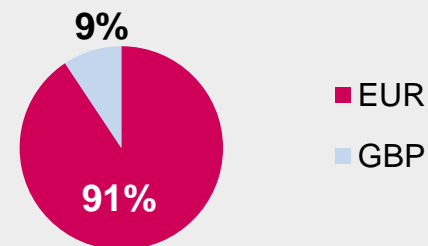
# FINANCIAL DEBT AND FINANCE COSTS

Net financial debt as at 31 December 2022 was below year end 2021 due to scheduled repayments. In addition to scheduled repayments of existing loans, bonds with a nominal value of €32 million were purchased in the open market in June, July and October. The decrease was achieved despite the dividend payment of €80 mn in May.

Average interest rate of 3.0% is on the same level than in 2021.

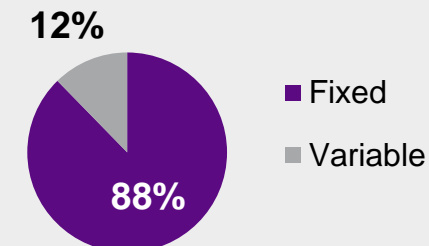
## Currency split of current financial liabilities

(in %)



## Interest split of current financial liabilities

(in %)



## Financial debt and finance costs

(in € mn)

	31/12/2021	31/12/2022
Bonds	600	600
Committed bank facilities	325	291
thereof undrawn	50	50
Financial liabilities	879	818
Cash in hand, bank balances	100	163
Net financial debt	780	655
	<b>Q1–Q4 2021</b>	<b>Q1–Q4 2022</b>
Interest expenses*	29.4	25.6
Average interest rate	3.0%	3.0%

\*excluding amortisation of lump sum fee payments

Quarterly view

# DEVELOPMENT OF WORKING CAPITAL

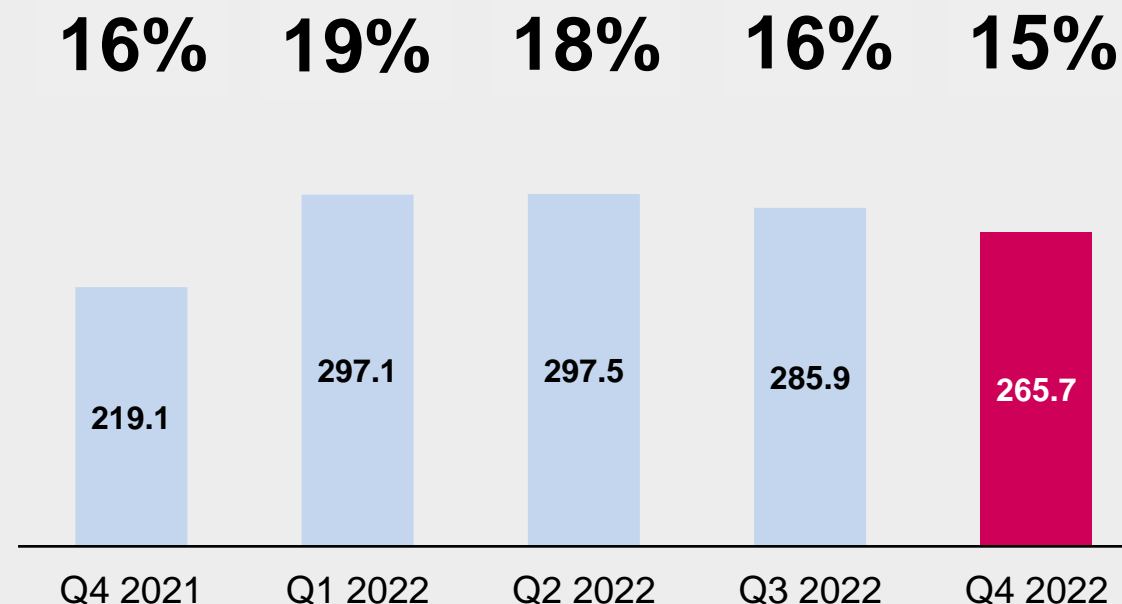
Decrease in working capital in Q4 2022 compared to Q3 2022.

Working capital increased significantly in Q4 2022 compared to Q4 2021, due to higher sales and therefore higher trade receivables as well as higher inventories.

Working capital as percentage of sales decreased to 15%.

## 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 weaker seasonal effects will lead to slightly lower sales volumes in Q1 2023.
- Subdued demand will lead to a further decline in containerboard and corrugated board prices in Q1 2023.
- Prices for recovered paper expected to stabilise in Q1 2023.
- Lower sales price levels will lead to lower EBITDA margins in Q1 2023.
- PW14: commercial production started at the beginning of 2023.
- PW15: construction of the high-bay warehouse and the production hall progressed slightly behind plan.
- PW16: construction work will begin in spring for the next corrugated sheet feeder plant PW16 in Italy.



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