



# SPAFID CONNECT

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Oggetto : Pro-Gest Spa Press Release Rating  
Moody's

*Testo del comunicato*

Vedi allegato.

## COMUNICATO STAMPA



### **PRO-GEST: MOODY'S CONFERMA IL RATING B1 E CONFERMA OUTLOOK STABILE**

*Istrana (TV), Italia, 11 gennaio 2019*

Pro-Gest comunica che l'agenzia di rating Moody's ha rilasciato la valutazione annuale del profilo di credito di Pro-Gest confermando il rating a B1 del *long-term corporate family rating*.

Moody's ha inoltre confermato il rating B2 delle obbligazioni emesse nell'ambito del prestito obbligazionario *€250 million 3.25% senior unsecured*.

L'agenzia ha inoltre confermato l'outlook stabile.

Il comunicato integrale di Moody's è allegato.

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**PRESS RELEASE**



**PRO-GEST: MOODY’S CONFIRMS “B1” RATING AND CONFIRMS STABLE OUTLOOK**

*Istrana (TV), Italy, January 11, 2019*

Pro-Gest announces that the rating agency Moody’s has released its annual assessment of the credit profile of Pro-Gest confirming the long-term corporate family rating B1.

Moody’s has further confirmed the B2 rating for the €250 million senior unsecured fixed-rate notes due 2024.

The rating agency has also confirmed the stable outlook.

Here attached Moody’s press release.

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## CREDIT OPINION

9 January 2019

Update

✓ Rate this Research

### RATINGS

#### Pro-Gest S.p.A.

Domicile	Italy
Long Term Rating	B1
Type	LT Corporate Family Ratings
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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## Pro-Gest S.p.A.

Update on credit considerations following Q3 2018 trading

### Summary

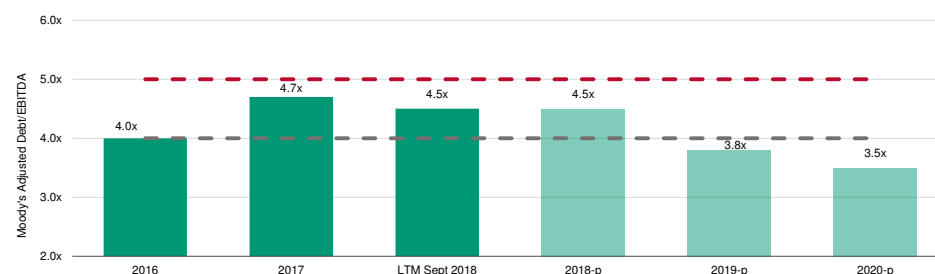
The B1 corporate family rating (CFR) to Pro-Gest S.p.A. ("Pro-Gest" or the "company") reflects (1) its limited scale and geographic diversity compared with that of its rated peers, such as [Smurfit Kappa Group plc](#) (Smurfit Kappa, Ba1 stable); (2) the risk of pricing pressure or volatility stemming from the highly competitive and fragmented paper packaging industry, particularly for more standardized containerboard products, supply-demand dynamics and growth in industrial production; (3) the company's exposure to fluctuations in input costs, namely for recycling paper and energy, and its ability to pass through the increases to customers; and (4) its high financial leverage of 4.5x but with potential for de-gearing to below 4.0x over the rating horizon from a combination of organic EBITDA growth and mandatory debt repayments under the existing Italian mini bonds and bank debt facilities, despite delays in the ramp-up of the Mantova plant.

Conversely, Pro-Gest's B1 rating is supported by (1) the company's defensive leading position as one of the largest and vertically integrated producers of containerboard and corrugated boards in Italy; (2) its well-diversified customer base, with ten of the largest customers accounting for 19% of H1 2018 revenue and no single customer accounting more than 3.2%; (3) the attractive features of the Italian paper packaging industry, Italy being a net importer and expected to remain so until at least 2020; and (4) its Moody's-adjusted EBITDA margin of around 24% in 2017, which is higher than that of most global competitors and could further improve from 2019 with the ramp-up of the Mantova mill. We consider Pro-Gest to be solidly positioned in the B1 category.

Exhibit 1

**Leverage is expected to decline below 4.0x by the end of 2019 owing to a combination of organic growth (subject to successful ramp up of Mantova mill) and repayment of amortizing debt**

Moody's-adjusted debt/EBITDA



Source: Moody's Investors Service

## Credit strengths

- » Highly profitable and vertically integrated producer of paper packaging in Italy
- » Diversified customer base, with 10 largest customers accounting for 19% of H1 2018 revenue and no single customer accounting for more than 3.2%
- » Attractive conditions in the Italian paper packaging industry
- » Positive free cash flow generation from 2019 onwards

## Credit challenges

- » Limited size and geographic diversity compared with that of peers
- » Exposure to volatile input costs
- » Volatility and pressure on pricing from competition and industry overcapacity
- » Financial leverage remains high but with potential for rapid deleveraging from the ramp-up of its Mantova mill despite some delays

## Rating outlook

The stable outlook reflects our view that Pro-Gest will be able to withstand competitive pressure even at times of declining testliner prices, owing to its vertical integration, and maintain its EBITDA margin at around 20%. The stable outlook also considers that the company will not engage in material debt-funded acquisitions or shareholder distributions.

## Factors that could lead to an upgrade

Positive rating pressure on Pro-Gest's ratings could develop if:

- » The company successfully ramp ups the production at its Mantova mill from mid-2018;
- » It maintains its Moody's-adjusted EBITDA margin at around 20%;
- » Debt/EBITDA trends below 4.0x;
- » Retained cash flow to debt remains above 15%;
- » It maintains a good liquidity profile.

## Factors that could lead to a downgrade

Negative pressure on the ratings could arise if:

- » The company's operating performance is strained as a result of increased competition, including prolonged periods of supply-demand imbalances, reflected in the decline of its EBITDA margin toward mid-teens in percentage terms;
- » Debt/EBITDA rises above 5.0x for an extended period;
- » Its liquidity materially deteriorates.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

## Key indicators

Exhibit 2

### Pro-Gest's historic and projected key indicators

	12/31/2015	12/31/2016	12/31/2017	12/31/2018E	12/31/2019E	12/31/2020E
Revenues (USD Billion)	\$0.5	\$0.5	\$0.6	\$0.6	\$0.7	\$0.7
EBITDA Margin %	18.0%	18.7%	23.8%	22.9%	22.0%	21.9%
RCF / Debt	29.2%	21.1%	15.0%	15.6%	19.5%	21.4%
(RCF - CAPEX) / Debt	7.3%	-2.0%	-8.6%	-0.6%	10.5%	15.3%
Debt / EBITDA	2.7x	4.0x	4.7x	4.5x	3.8x	3.5x
EBITDA / Interest	8.0x	6.4x	8.6x	6.6x	7.9x	8.4x

Note: All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Source: Moody's Financial Metrics™ and Moody's estimate.

## Profile

Headquartered in Treviso (Italy), Pro-Gest S.p.A. is an Italian vertically integrated producer of recycled paper, containerboard, corrugated cardboard and packaging solutions. The company operates two recycling plants, five paper mills, four corrugators and eight packaging plants, or overall 19 production facilities, all located in Italy, and employs around 1,000 people.

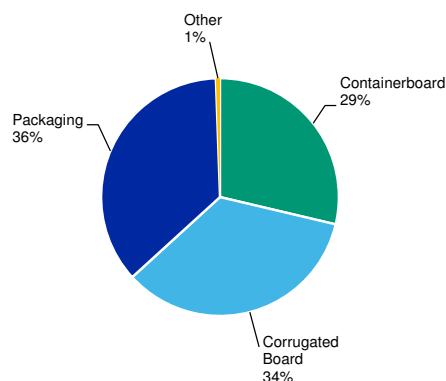
Pro-Gest's operations comprise the following four divisions:

1. Recycling: The collected waste paper is selected with the aim to remove unwanted materials. The recycled paper is then packaged into bales, ready to be transferred to the paper mills. This division started operating in 2016 and currently supplies 5% of its total paper requirements.
2. Containerboard: The recycled paper bales are processed through stages of pulping, screening and refining, and transformed into new sheets of paper, reeled into jumbo rolls. The division also manufactures virgin fiber tissue paper products for domestic use, hygiene and body care.
3. Corrugated board: Reels of containerboard are transformed into sheets of corrugated board that can be used for packaging and other end uses. Corrugated boards consist of two paper surfaces (liners) and a corrugated sheet of paper held together by natural adhesives.
4. Packaging: Sheets of corrugated board are used to manufacture boxes and other packaging solutions, which can be customized according to customers' needs.

The company serves a variety of end markets, including food and beverage, pharmaceutical and hygiene, paper, packaging and printed products, and industrial and manufacturing. Italy is Pro-Gest's largest market, representing 91% of its 2017 revenue.

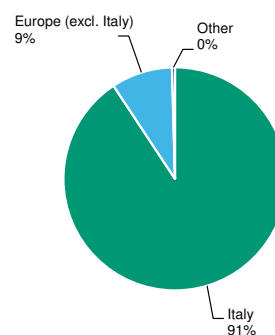
For the last twelve months ended 30 September 2018, Pro-Gest reported revenue of €497 million and EBITDA of €112 million. The company is family owned, and Bruno Zago, who founded Pro-Gest in 1973, is also its CEO.

Exhibit 3  
**Pro-Gest is vertically integrated**  
 LTM Sep 2018 revenue by division



Intercompany transactions, such as recycling, are excluded.  
 Source: Company

Exhibit 4  
**Italy is the largest market for Pro-Gest**  
 2017 revenue by geography



Source: Company

## Management strategy

The company seeks to achieve revenue and profitability growth through operational efficiencies and opportunistic investments. In this respect, the company has an established track record of turning around acquired businesses that were under-managed.

In June 2015, the company acquired a paper mill in Mantova (Italy) and reconverted it from newspapers to corrugated paper. The facility, which started production testing in October and expected to produce for the market in January 2019, will be the main growth driver for Pro-Gest over the next two years. The Mantova has the capability to produce lightweight recycled containerboard of 70 gr/m<sup>2</sup>-160 gr/m<sup>2</sup>. Pro-Gest is waiting for the regulatory approval to increase the plant's production to 400,000 tons per year.

## Detailed credit considerations

### Leading company in Italy, but limited size and geographic diversity compared with those of peers

With LTM Sep 2018 revenue of around €497 million, Pro-Gest is a small company within the global rated universe of paper-based packaging companies. The company is considerably smaller than its largest competitors such as Smurfit Kappa and DS Smith. In addition, the company lacks geographic diversity because almost the entirety of its earnings are generated in Italy.

The limited scale and geographic scope are, however, partly mitigated by Pro-Gest's leading position in the production of containerboard in Italy, with a 21.6% share (for the first 10 months of 2018), and its third position in the production of corrugated sheets and boxes in Italy, with a 14% share (13% in 2017), after Smurfit Kappa and DS Smith. With the exception of Smurfit Kappa and DS Smith, and other independent mills such as Cartiere del Polesine or Cardella, the containerboard landscape is dominated by smaller local producers that are not vertically integrated. In corrugated board and packaging, the three largest producers accounted for 44% of total 2017 production, with the rest produced by small local manufacturers.

Pro-Gest's market positions are relatively defensive owing to its vertical integration, proximity to its clients and the significant barriers to entry in this industry. These factors are driven by the need for substantial capital investment related to the purchase and start-up of paper mills and packaging plants, the lengthy and time-consuming processes to obtain regulatory authorizations to open new production facilities, and the established customer relationships on a local basis.

Also, the company has a well-diversified customer base, with a balanced mix across industries. The company's top 10 clients accounted for 21% of H1 2018 revenue, and no single client accounted for more than 3.2%.

Pro-Gest produces virgin fiber tissue paper products for domestic use, hygiene and body care. Despite being non-core, these products provide diversification because they account for about 10% of the company's revenue.

### Attractive market as Italy remains a net importer but...

Italy is the second-largest market by consumption of containerboard in Europe after Germany, but it is also the only European major market with a substantial shortfall of containerboard production compared with demand, which makes Italy a net importer.

Cepi Container Board (CCB), a European industry association of producers of corrugated case materials, expects the demand for containerboard in Italy to grow by 1.6% over 2017-20, in line with industrial growth rates, and to continue to exceed production by 1.2 million tonnes, despite production growing at 8%, driven by investments in the Mantova mill and other smaller ones. We believe the growing demand for containerboard is supported by increasing e-commerce transactions, availability of recycled paper and environmental awareness.

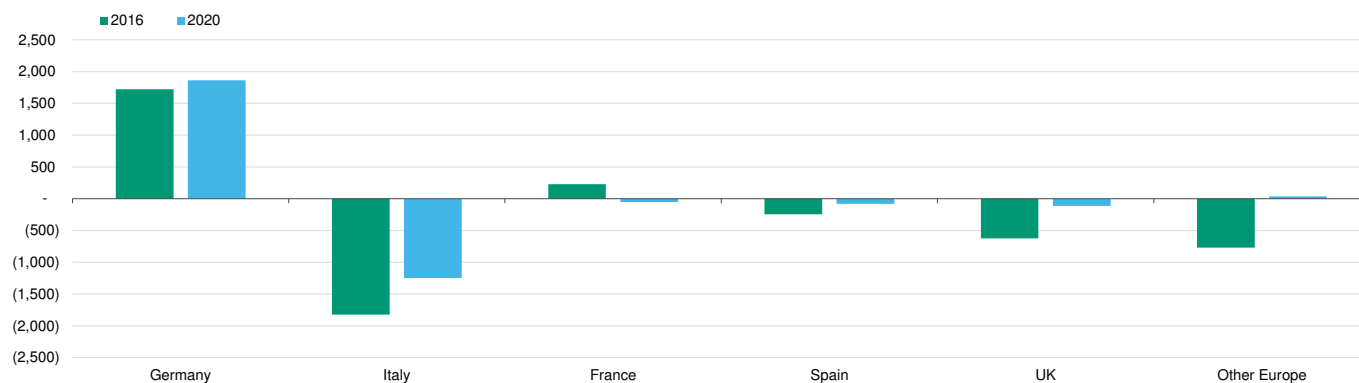
At the European level, CCB expects the production of containerboard to reach 40.7 million tonnes by 2020 from the current 35.5 million tonnes, driven by capacity expansion mainly in Germany, Spain and Italy. Demand in Europe is expected to reach 38.4 million tonnes in 2020, while supply exceeded demand by 0.7 million tonnes in 2016, and the gap will further widen to 2.3 million tonnes by 2020, with Italy remaining a net importer.

The excess capacity in various European countries such as Germany, Austria and Finland is not a major threat for domestic producers, given the inconvenience of shipping the products over long distances. As a low-value-added good characterized by high transport costs because of its bulkiness, containerboard is generally sold and shipped within a 400km-500km radius from the production facility, and it is one of those industries that have suffered limited impact from the competition from low-cost-country producers.

Exhibit 5

#### Italy is a net importer of containerboard and is expected to remain so at least until 2020

Surplus/shortfall of containerboard production (in kilotonnes)



Sources: Offering memorandum

Unlike containerboard, corrugated paper and packaging are less standardized products, and their demand has been more resilient, historically growing at 1.2% per annum between 2009 and 2010. Corrugated packaging has also proven to be resilient to economic downturns; total production of corrugated board and packaging declined by around 5.1% between 2008 and 2009, and fully recovered in 2010 with about 6.0% growth. This recovery was possible because around 66% of the demand for corrugated packaging comes from the more stable and less cyclical food and beverage, and pharmaceutical industries.

According to CCB, corrugated board shipments in Italy are expected to grow by 2.2% per annum between 2016 and 2020, driven by favorable local economic conditions and growing industrial activity, including increased preference for recycled paper over kraft paper packaging, increased use of paper packaging in the food and food service market segments, growth in e-commerce and growing relevance of lightweight packaging.

### ...risk of price volatility and pressure arises from competition and overcapacity

Paper packaging is a highly competitive and fragmented industry because of the commoditized nature of its products, particularly containerboard, leading to intensified price competition.



The prices of containerboard have historically been determined by local supply-demand dynamics and industrial production. Owing to the time difference between the planning and completion of new containerboard capacity, supply tends to lag the changes in demand. As a result, the industry has from time to time experienced periods of substantial overcapacity, which have weakened prices. Overcapacity in the European containerboard and corrugated board markets could be further increased by the rise in imports from other regions and the decline in exports by European producers to other regions. For example, in the event that producers from other regions (particularly the US and China) experience overcapacity in their own local and regional markets, they may seek to increase their level of exports to Europe at lower pricing levels, especially if transportation prices decline significantly.

Italy (Pro-Gest's core market) has been less exposed to pricing pressure owing to overcapacity than other European markets, given the structural imbalance between local demand and internal production in recent years. This scenario could, however, change in the future. For example, there is potential to convert graphic and newsprint machines into containerboard machines, which has happened lately both in Europe and the US, and may contribute to overcapacity.

Corrugated board and packaging prices generally move in the same direction as containerboard prices, which represent a considerable portion of the total cash costs of corrugated packaging production, but with a time lag. However, corrugated boards and packaging products face less pricing pressure, given the lower level of standardization.

### Solid profit margins but subject to input cost fluctuations

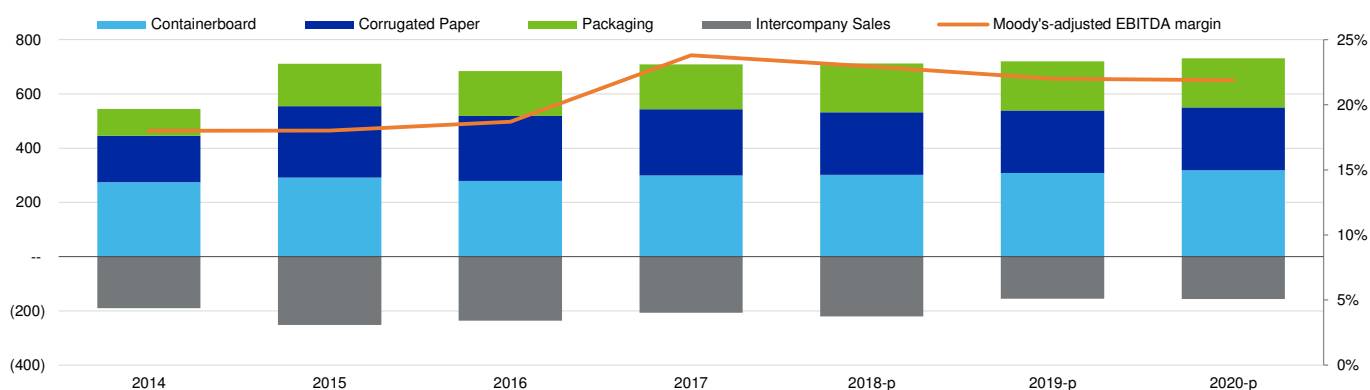
One of the key strengths of Pro-Gest is its profitability. The company's EBITDA margin of c.24% is above the industry average and higher than that of market-leading companies, such as Smurfit Kappa (c.17%) and [Stora Enso Oyj](#) (Stora Enso, Baa3 stable) (c.17%). Also, the profitability margins are underestimated because the company, which reports under the Italian GAAP, accounts for maintenance capital spending in its operating costs, thus reducing the ratio by 3%-4% compared with its international competitors.

However, Pro-Gest's profitability could be strained owing to volatile input costs, such as purchased energy or recycled paper, as well as the supply-demand dynamics explained above, and its ability to pass through the input cost increases, if at all, with a delay of several months. This is owing to the high fixed-cost base of the producers of cardboard and corrugated cardboard products. Swings in profitability margins are partially mitigated by the company's vertical integration.

Exhibit 6

### Pro-Gest's high profitability could be maintained with the ramp-up of the Mantova mill

Historic and projected revenues (€ million) by division and Moody's-adjusted EBITDA margin



Source: Moody's Investors Service

The primary raw material for containerboard (mainly composed by the paper for recycling or virgin fiber) accounts for 43.8% of the company's total production costs in 2017. While wood prices have been historically stable, prices of recycling paper can vary on a regional basis depending on demand, and can experience substantial volatility even in short periods. Fluctuations in Asian demand (particularly from China) and seasonal patterns of collection have been the principal factors driving the recycling prices in recent years.

Pro-Gest is marginally integrated in the recycling of paper and only 5% of the waste paper is recycled internally. The procurement of paper is secured through long-term agreements with municipal authorities and private collectors of waste paper. The company intends

to increase its presence in the recycling segment to become more integrated. It regularly participates in public auctions to acquire waste paper. We consider the raw material availability risk to be moderate, given the higher-than-demand production of waste paper in Italy, which is a net exporter of waste paper, mainly to the Far East. Containerboard producers currently benefit from a low price environment for waste paper due to the import restrictions imposed by China.

The cost of producing containerboard is also limited by the prices of energy, particularly electricity and gas. Energy prices have recorded substantial fluctuations in recent years, with a corresponding effect on containerboard production costs. Energy accounted for 8% of the company's revenue in 2017. Because we expect oil prices to moderately increase but to stay well below the levels reached in 2011-14, we do not believe it is likely to have a major impact on margins. The prices of gas and electricity are normally fixed for a few months.

All the company's paper mills (including the paper mill in Mantova) are producing energy via cogeneration turbogas plants, and they are self-sufficient. The company has also a few renewable energy plants in some of the corrugated cardboard and packaging facilities.

### **Steady historical growth despite the integration of underperforming companies and plant refurbishment**

Pro-Gest consistently grew its revenue and EBITDA over the period from 2014 to 30 September 2018 by approximately 9% and 14% per annum, respectively.

Growth was supported by acquisitions, increased focus on foreign sales, solid demand from the industrial packaging sector and decreasing input costs, particularly energy.

In 2016, the company's revenue declined by 2.4%, primarily owing to the temporary operational downtime of the Cartiera di Carbonera plant, and lower revenue from the sale of corrugated cardboard as a result of an increase in price competition and the decision to focus on margin instead of volumes, after the acquisition of Ondulati Giusti. However, despite lower revenue, the company's EBITDA remained broadly stable owing to lower energy prices.

In 2018, the company had another temporary production stoppage in its Carbonera plant which resulted in the loss of €8 million of revenue and broadly stable EBITDA.

### **Some delays in the ramp-up of the Mantova mill will postpone expected deleveraging**

The main driver of future growth is the new paper mill in Mantova. The facility, which has a production capacity of 400,000 tonnes, is currently authorized to produce 200,000 tonnes and will have the capability to produce lightweight recycled containerboard (of 70 gr/m<sup>2</sup>-160 gr/m<sup>2</sup>). The mill will also allow Pro-Gest to optimize its costs, including savings in transportation costs (owing to the reduced weight and greater compactness of the paper that the new machine will produce), as well as reduction in energy and water consumptions compared with traditional systems.

The ramp-up at the Mantova mill has however been delayed and the external production will commence in January 2019 after a testing phase which started in October, about six months as originally planned. The ramp up of the mill together the repayment of other amortizing operating-company debt will allow Pro-Gest to rapid delever below 4.0x over the next 12 to 18 months from the current Moody's adjusted leverage ratio of 4.5x LTM Sep 2018.

### **Cash flow generation constrained by investments in capacity, but expected to improve**

Historically, Pro-Gest's free cash flow generation was primarily constrained by significant investments toward capacity improvement and expansion. These investments increased to from €10 million in 2014 to €128 million both in 2016 and 2017 and €82 million in 2018. Pro-Gest has already invested €208 million in the Mantova mill and expects to spend other €12 million. Most of this capex has been pre-funded with the December 2017 refinancing.

Given that the majority of the planned capex has already been expensed, we expect free cash flow generation to turn positive in 2019.

### **Liquidity analysis**

We consider Pro-Gest's liquidity position to be good for its near-term requirements, including working capital needs and mandatory debt repayments. The company does not have a revolving credit facility, but Pro-Gest has approximately €177 million of cash in the balance sheet as at September 2018 and majority of the capital spending related to the Mantova mill already incurred. We expect the company to generate positive cash flow from 2019 and not distribute any dividends.

The majority of the credit agreements of the existing debt, in place post-refinancing, include financial covenants, consisting of a net leverage ratio of 4.0x and net debt/equity of 2.5x. Non-compliance with these covenants or other obligations will trigger a cross default. However, we expect the company to maintain good capacity on its covenants.

Additionally, Cartiere Villa Lagarina is prohibited from paying any dividends until 6 September 2019 and it can only make dividend payments not exceeding 50% of its net income after that date. Cartiere Villa Lagarina is a non-guaranteeing subsidiary representing a substantial part of the group EBITDA (31% of aggregated EBITDA for the 12 months ended 30 September 2017), and its contribution to the EBITDA is expected to increase further with the ramp-up of the Mantova mill.

Considering that the interest of the new notes will be in the region of €7 million and total interest expenses will be €17 million, we expect Pro-Gest, excluding Cartiere Villa Lagarina, to be able to comfortably service the debt.

### **Structural considerations**

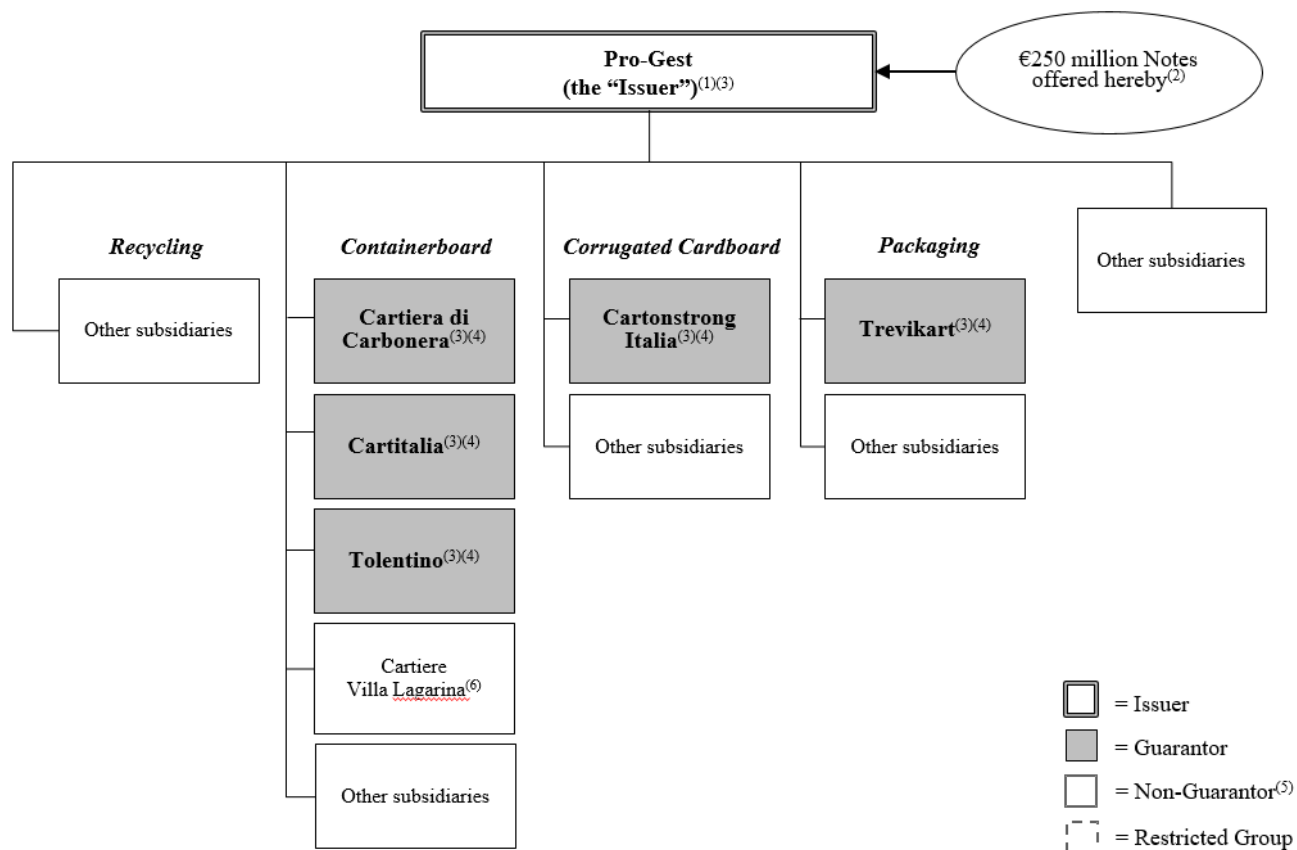
Using our Loss Given Default for Speculative-Grade Companies rating methodology, the B1-PDR is aligned to the B1 CFR. This is based on a 50% recovery rate, as is typical for transactions with both bond and bank debt. The B2 rating on the senior unsecured notes due 2024 is one notch below the CFR, reflecting the large amount of debt sitting in the operating subsidiaries that are not guaranteeing the notes and considered senior to the notes.

The capital structure includes an export credit facility of €50 million, medium- and long-term facilities of €49 million, Italian mini bonds of €90 million, and finance leases of €16 million.

The 2024 notes, issued by Pro-Gest, are unsecured and guaranteed by the issuer and certain subsidiaries, which accounted for 62.9% of total assets on an aggregated basis, 82.3% of consolidated revenue and other income, and 59.6% of EBITDA on an aggregated basis (gross of intragroup transactions) as of September 2018.

Exhibit 7

## Pro-Gest's corporate structure



Source: Offering memorandum

### Rating methodology and scorecard factors

The principal methodology used in rating Pro-Gest was the Paper and Forest Products Industry rating methodology, published in October 2018. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology. The difference between the B1 CFR rating assigned and the grid-indicated rating of Ba2 can be explained by overweighing the factors of the company's fairly small scale and geographic scope.

Exhibit 8

## Pro-Gest S.p.A.'s rating factors

## Pro-Gest S.p.A. -Private

Paper and Forest Products Industry Grid [1][2]	Current FY 12/31/2017		Moody's 12-18 Month Forward View As of December 2018 [3]	
	Measure	Score	Measure	Score
<b>Factor 1 : Scale (10%)</b>				
a) Revenue (USD Billion)	\$0.5	B	\$0.6 - \$0.7	B
<b>Factor 2 : Business Profile (30%)</b>				
a) Product Line Diversification	B	B	B	B
b) Geographic and Operational Diversification	B	B	B	B
c) Market Position, Cyclical and Growth Potential	Baa	Baa	Baa	Baa
<b>Factor 3 : Profitability and Efficiency (15%)</b>				
a) EBITDA Margin	23.8%	Baa	22% - 23%	Baa
b) Fiber and Energy Flexibility and Cost	Ba	Ba	Ba	Ba
<b>Factor 4 : Leverage and Coverage (30%)</b>				
a) RCF / Debt	15.0%	Ba	19% - 21%	Baa
b) (RCF - CAPEX) / Debt	-8.6%	Ca	11% - 15%	Baa
c) Debt / EBITDA	4.7x	B	3.5x - 4x	Ba
d) EBITDA / Interest	8.6x	Baa	7x - 8x	Baa
<b>Factor 5 : Financial Policy (15%)</b>				
a) Financial Policy	B	B	B	B
<b>Rating:</b>				
Indicated Outcome before Notching Adjustments		Ba3		Ba2
<b>Rating Lift</b>				
a) Indicated Outcome from Scorecard		Ba3		Ba2
b) Actual Rating Assigned		B1		B1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

[2] As of 12/31/2017.

[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Financial Metrics™

## Appendix

Exhibit 9

## Moody's Adjusted Debt breakdown

(in EUR Millions)	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17
<b>As Reported Debt</b>	<b>189</b>	<b>201</b>	<b>292</b>	<b>505</b>
Pensions	5	6	9	8
Operating Leases	4	12	7	7
Securitized Debt	0	0	8	11
<b>Moody's-Adjusted Debt</b>	<b>199</b>	<b>219</b>	<b>316</b>	<b>532</b>

Source: Moody's Financial Metrics™

Exhibit 10

## Moody's Adjusted EBITDA breakdown

(in EUR Millions)	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17
<b>As Reported EBITDA</b>	<b>62</b>	<b>77</b>	<b>87</b>	<b>115</b>
Operating Leases	1	4	2	2
Unusual	0	0	-10	-5
<b>Moody's-Adjusted EBITDA</b>	<b>63</b>	<b>81</b>	<b>79</b>	<b>113</b>

Source: Moody's Financial Metrics™

## Ratings

Exhibit 11

Category	Moody's Rating
<b>PRO-GEST S.P.A.</b>	
Outlook	Stable
Corporate Family Rating	B1
Bkd Senior Unsecured -Dom Curr	B2/LGD4

Source: Moody's Investors Service

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