



Pro-Gest - Deadline To File Counter-Arguments On Mantua Plant Increased EIA Authorization Extended. Buy

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Massimiliano Zanetti Bottarelli & Rupesh Tailor, Everest Research, 30 October 2019

- According to the local newspaper “La Gazzetta di Mantova” (see [here](#)), **Pro-Gest has been granted a further extension by the Province of Mantua to file its counter-arguments to the rejection of its application for an increased EIA¹ authorization for its Mantua containerboard mill (to operate at 400k tons per year from the current 200k tons per year authorization). The deadline has been extended from 28.10.19 to 12.11.19**
- In order to gain the favour of the authorities, Pro-Gest is working on a relevant modification of the original proposal that was preventively denied on 11.10.19. **Rumours suggest that Pro-Gest will scrap the incinerator from the plan, a change that would significantly reduce the prospective emission profile of the mill operating at its proposed increased capacity**
- **We believe this is a significant change that materially improves the probability of Pro-Gest obtaining the revised EIA authorization.** It is clear that both parties are constructively negotiating – Pro-Gest by making concessions and the authorities by providing more time. **According to our model and [note](#), the impact of doubling production, even without the incinerator, would be very positive for Pro-Gest’s 3.25% 2024 senior unsecured notes (expected recovery both in bear and base case of 100% if the Mantua plant’s application to double its capacity is approved). As such, we increase our position in the “model portfolio” by a further 1% of our model portfolio “AUM” at a price of 46.85 (21.5% yield), taking our average to 3% at a price of 47.94. See our [note](#) for further details**

1. EIA = Integrated Environmental Authorization

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