

Company Presentation  
4-5 March 2015

# RenoDeMedici



# Agenda

**1. Key features**

2. FY2014 performance

3. RDM and the Stock Exchange

4. Final remarks

Annexes

# RDM is focused on the WLC business

Since 2008 RDM is focused on **one business segment**: White Lined Chipboard, “WLC”.

## WLC growth drivers



Marketing needs for establishing a strong product **brand image**.



Favourable regulatory environment: UE committed to reduce **food waste over the coming 10 years**, leveraging on proper packaging of goods.

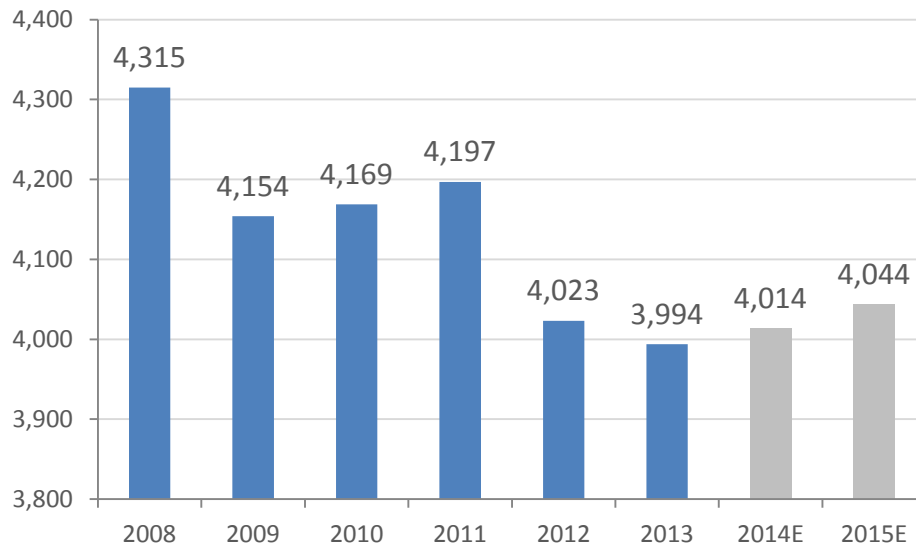
Recycled fibres well-perceived, since they contribute to forestry safeguard, CO<sub>2</sub> emissions' control and energy savings.

# Quite a stable demand profile

## WLC demand in Europe ( '000 tons)



## WLC capacity in Europe ( '000 tons)



Source: CEPI

Despite WLC demand is highly correlated to GDP evolution, **European WLC demand** is not expected to grow in the short term. Only a stronger increase in industrial production in 2016 can drive demand growth, according to RISI forecasts:

Western Europe	2015E	2016E
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Industrial production	+0.8%	+1.7%
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Cartonboard demand	-0.7%	+1.0%
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Small and inefficient producers exiting the market generated the 2012 **decline in capacity** and an improvement in the **utilisation rate**.

# Two players dominate competition

Mayr Melnhof and Reno De Medici as a whole represent a market share of ca. 50%. The rest of competition is atomistic.



No. of mills	Current installed capacity	2013 tons sold	2013 Revenues
7	1,660 mn tons (including virgin fiber)	1,599 mn tons	964.6 €mn



6	865 mn tons	807 mn tons	428.4 €mn
5		<i>805 mn tons</i>	<i>426.1 €mn</i>

2014\*

\* RDM 2013-2014 data exclude RDM Ibérica.



Several players with minor market shares...

**HOLMEN**

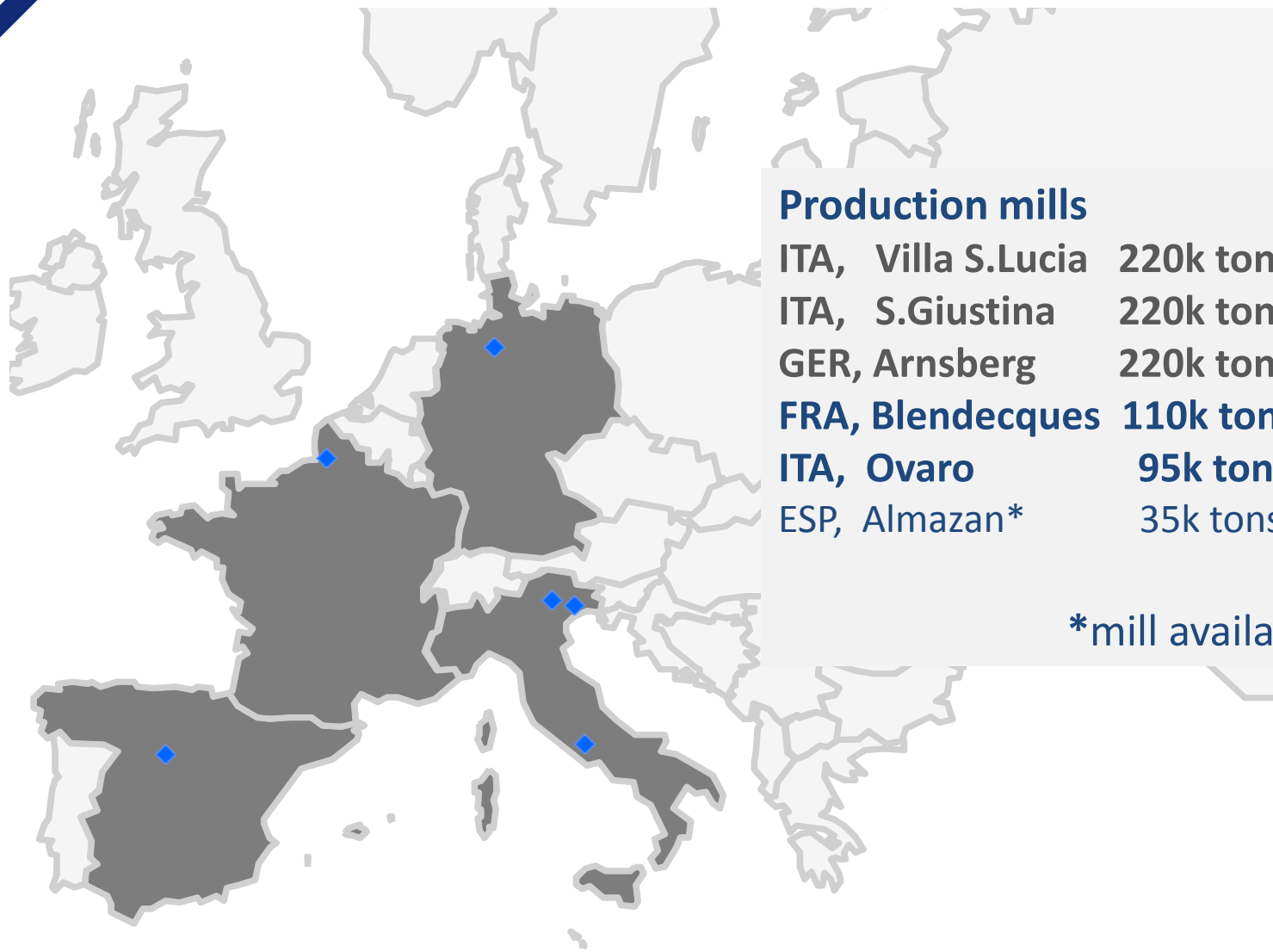


**WEIG**  
KARTON





# Three European top-class assets



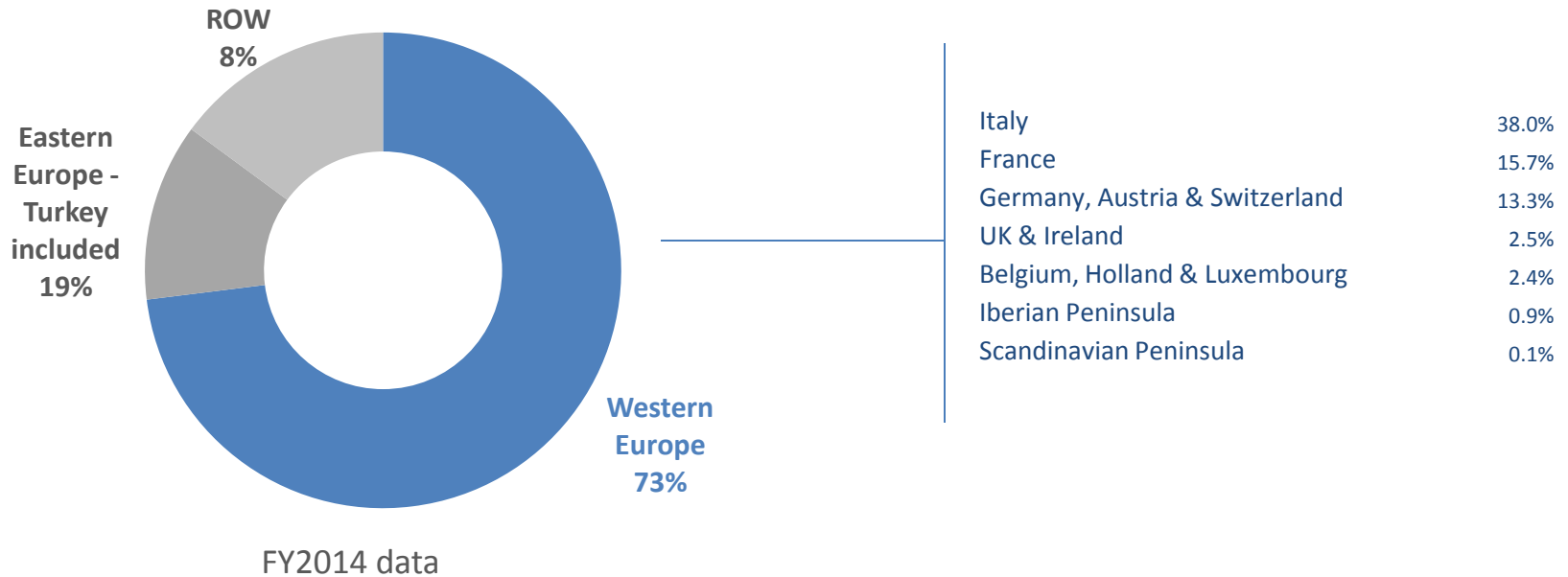
## Production mills

ITA, Villa S.Lucia	220k tons	LINER WLC
ITA, S.Giustina	220k tons	WLC
GER, Arnsberg	220k tons	LINER/GD WLC
FRA, Blendecques	110k tons	WLC
ITA, Ovaro	95k tons	WLC
ESP, Almazan*	35k tons	WLC

\*mill available for sale

# Western Europe is our core market

## Sales breakdown by geography



RDM ready to catch business opportunities out of its core market, both in **Western Europe** and in **RoW** (Middle East and Asia).

# RDM clients are converting companies



...providing a wide set of applications in **packaging**.



## RDM – a well-diversified client portfolio

No. of RDM clients > **1,400**

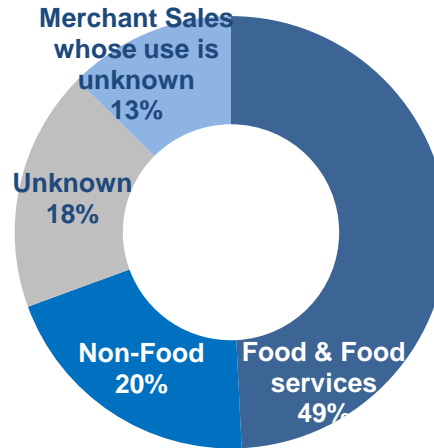
First 10 clients account for approx. **22.5%** of tons sold.

Clients ranking from 11 to 100 weight for another **45.5%** of tons sold.



# A well-diversified end-users' portfolio

## Breakdown of 2014 sales by end-user



Frozen & Chilled Food	26.8%
Unspecified Food	25.1%
Dry Food	24.3%
Beverages (A)	12.3%
Chocolate & Confectionary	9.9%
Fast Food & Convenience Food	1.6%



Unspecified Non-Food	37.6%
Pharmaceuticals & Healthcare	18.6%
Games, Toys, Sports Goods, Textiles	10.7%
Beauty & Cosmetics	9.6%
Household, Kitchen, Gardening, Do-it-Yourself	8.9%
IT, Electronics, Media, Technical	6.6%
Detergents & Cleanings	5.7%
Tobacco	1.8%
Pet Food	0.5%

Source: Company data



# A streamlined organization



## 2 Operating Plants:

- S. Giustina
- Villa S. Lucia

**Reno De Medici S.p.A.**  
(operating holding)

## Operations

RDM Blendecques S.a.s.  
100%

RDM Arnsberg GmbH (\*)  
100%

RDM. Ovaro S.p.A. 80%

Reno De Medici Iberica S.I.  
100%

ZAR S.r.l.  
33.33%

Manucor S.p.A.  
22.5%

## Marketing

Careo  
70%

## Distribution

Emmaus Pack S.r.l.  
51.39%

Pac Services S.p.A.  
33.33%



# Differentiated marketing channels

## A PanEuropean proprietary network

### 3 channels

Diversification of marketing channels to meet customer needs, improve service efficiency and control costs.

European  
Marketing Offices

100 people all over Europe.  
Italy, France, Germany, Spain, UK, Poland, Hungary, Czech Republic.

Distributors  
Sheeting centres

**Spain and UK,**  
exclusivity  
agreement.

Agents with exclusive  
contracts

Middle East, Asia, Latin America and Africa, and some European Countries, including Italy.

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# Focus on FY2014 performance / 1

## FY 2014 Highlights

Tons sold ('000)	<b>805</b>	(807 in FY 2013)
Revenues from sales	<b>426.1 € mn</b>	(-0.5% vs. FY 2013)
<b>EBITDA</b>	<b>41.6 € mn</b>	(+7.0% vs. FY 2013)
<i>EBITDA margin</i>	<b>9.8%</b>	(vs. 9.1% in FY 2013)
EBIT	<b>18.8 € mn</b>	(+63.9% vs. FY 2013)
Net profit before Discontinued Operations	<b>10.6 € mn</b>	(+104.9% vs. FY 2013)
Net profit	<b>5.9 € mn</b>	(vs. 2.0 € mn in FY 2013)

Volume stability in spite of S.Giustina production decrease due to capex underway. Slight decline in prices.

EBITDA benefiting from: higher efficiencies in production, lower energy prices and white certificates

Lower depreciation and write-downs vs 2013

Strong operating performance, benefits from lower net financial expense and higher income from equity investments offset higher taxes

# Focus on FY 2014 performance /2

## FY 2014 Highlights

Capex

**19.7 € mn** (vs. 15.2 € mn in FY 2013)

Investments mainly focused on the refurbishment of the wet area at the Santa Giustina mill

Net Financial Debt

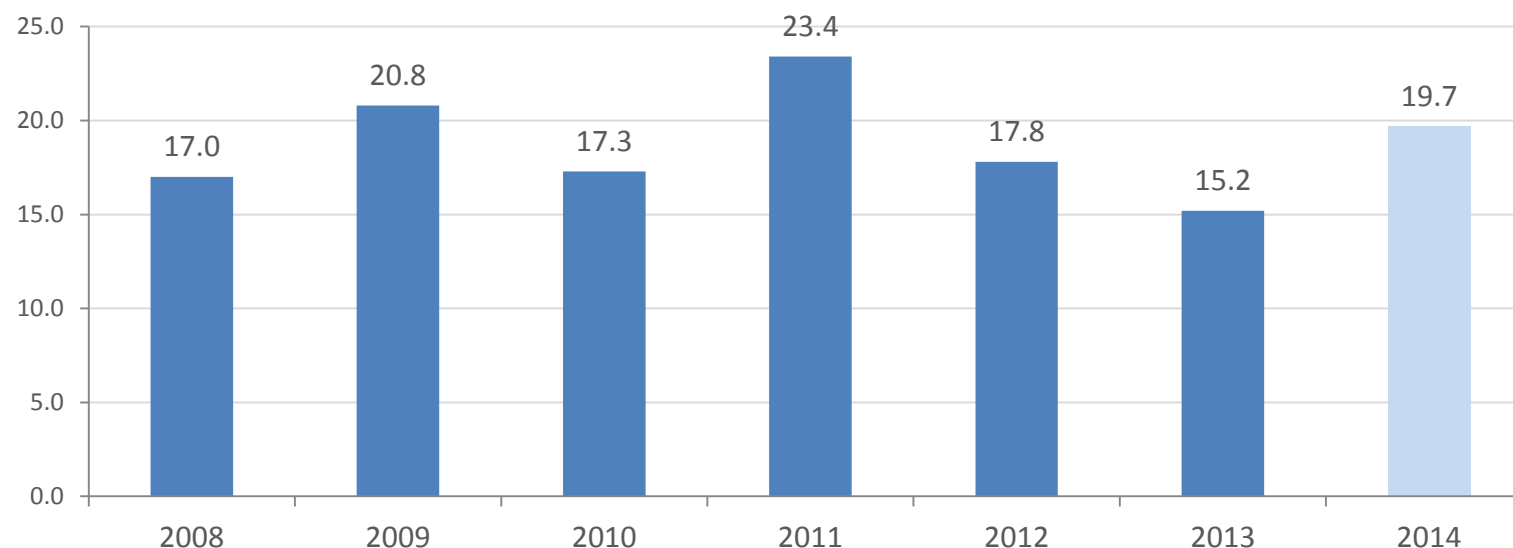
**65.9 € mn** (vs. 73.5 € mn as of 31 Dec. 2013)

Strong cashflow generation in excess of capex funding needs



# Continuous optimisation of capex

**Capex plan of 127.8 mn € (2008-2014)** focused on improving cost efficiency and maintaining quality of the asset base.

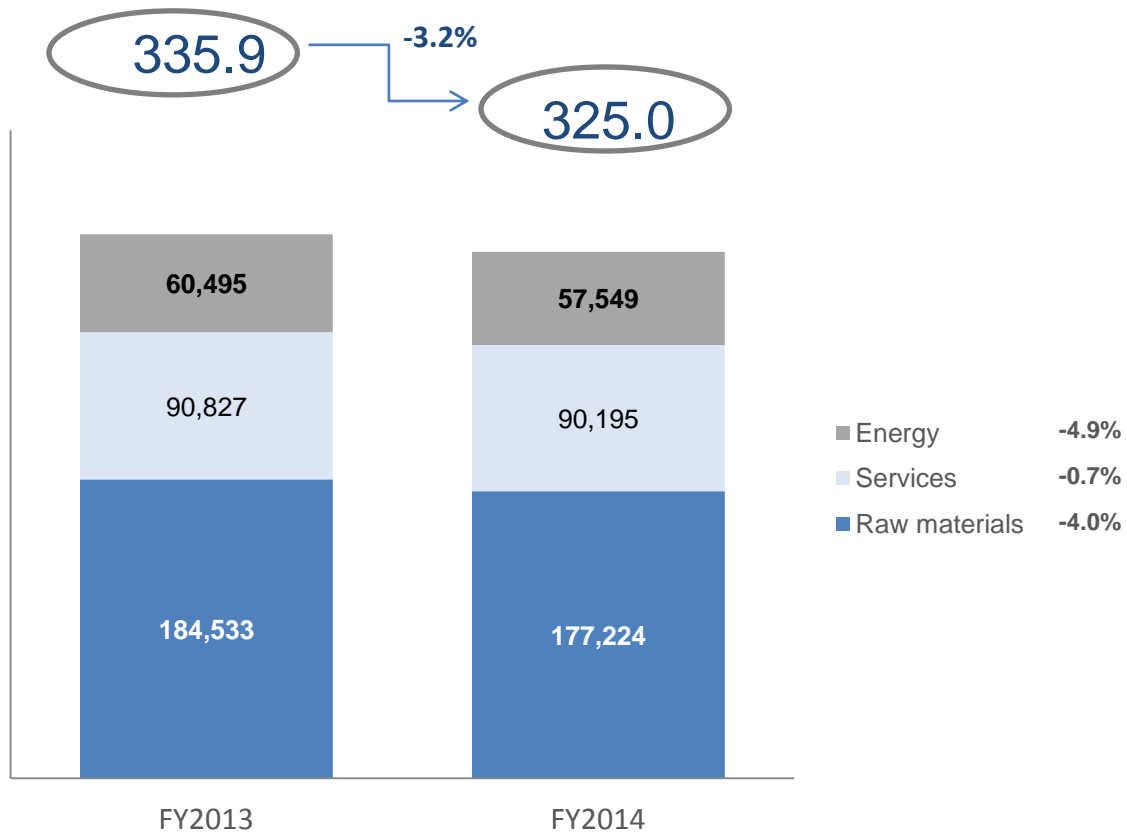


Annual **capex** has always been **lower than depreciation** over the 2008-2014 period.

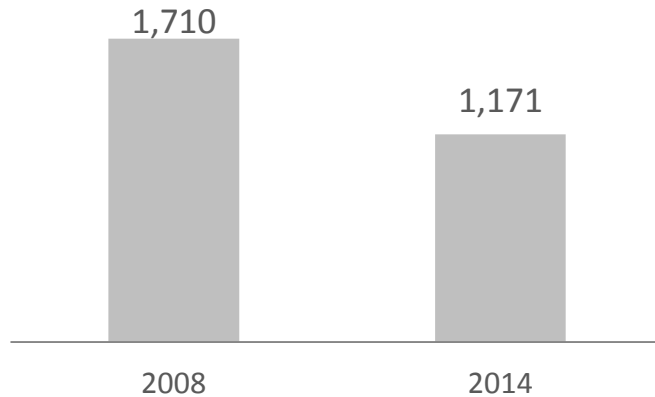
Investments mainly concentrated in upgrading **one plant** at a time.

# Key operating costs decline...

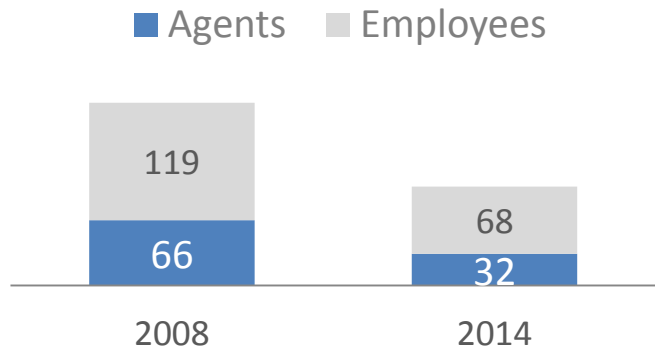
(data in €mn)



# ...as part of a wider plan of efficiency gains



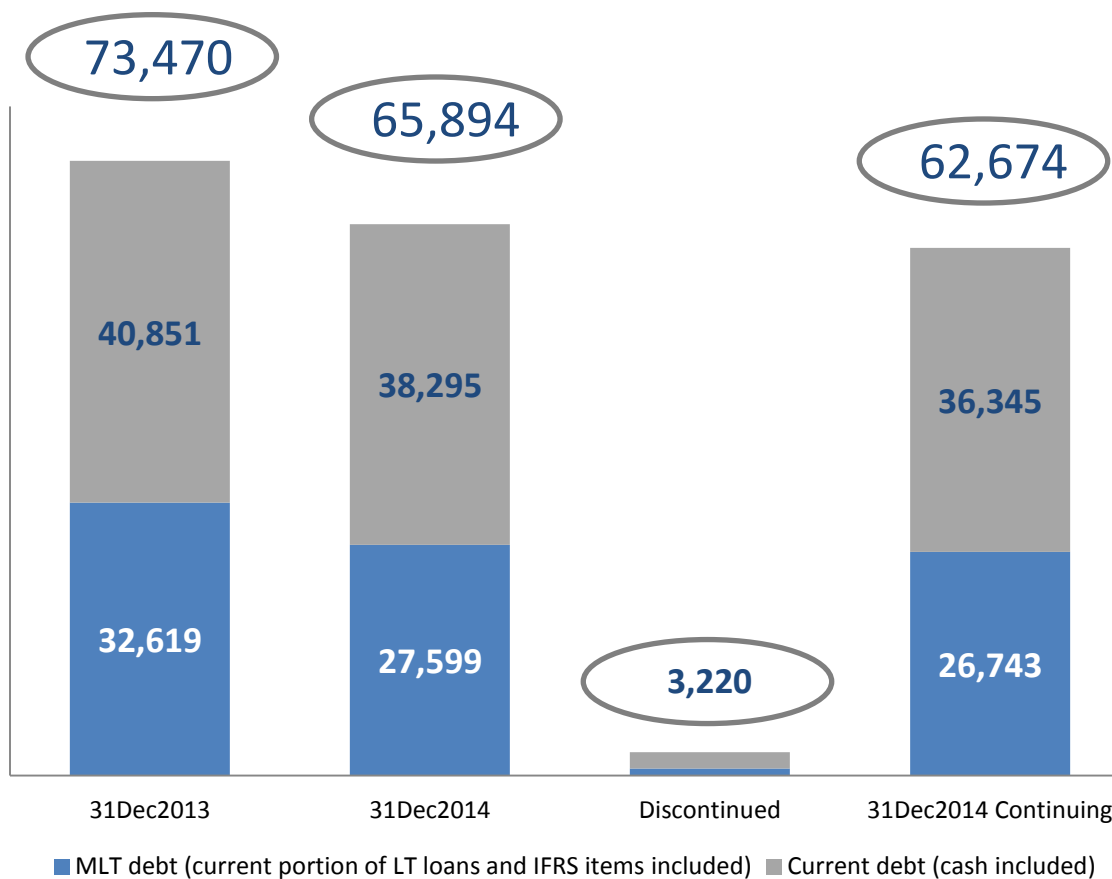
**Headcount decline** from 1,710 people in 2008 to 1,171 in 2014 (ex RDM Ibérica).



**Rationalization of marketing force:** from 185 to 100 people.

# Net Financial Debt

(data in € '000)



# Key historical figures

€ million	2008	2009	2010	2011	2012	2013**	2014**
<b>Tons sold ('000)</b>	889	864	946	878	834	807	805
<b>Revenues from Sales</b>	451.1	428.1	503.1	507.1	466.3	428.4	426.1
<b>Adjusted EBITDA</b>	18.8	34.7	41.6	34.1	32.9		
<b>Non-rec. &amp; shut-down mills</b>	21.2 (*)	(2.4)	(1.6)	(4.1)	(5.9)		
<b>EBITDA</b>	40.0	32.3	40.0	30.0	27.0	38.9	41.6
<b>EBITDA margin</b>	8.9%	7.5%	8.0%	5.9%	5.8%	9.1%	9.8%
<b>Discontinued Operations</b>						-3.1	-4.8
<b>Net Result</b>	0.6	(6.6)	2.0	(1.7)	(12.2)	2.0	5.8
<b>Net Equity</b>	161.2	154.8	156.6	153.3	136.7	139.9	142.0
<b>Net Financial Debt Discontinued</b>							2.8
<b>Net Financial Debt Continuing</b>	128.6	130.9	106.5	86.6	86.3	73.5	63.1
<b>Headcount</b>	1,716	1,618	1,595	1,502	1,430	1,302	1,171
<b>Active Board Machines</b>	7	7	7	6	6	5	5

(\*) Badwill generated by the business combination with Cascades

(\*\*)The representation of the 2014 and 2013 economic results of the Reno De Medici Group reflects the reclassification among the **Discontinued Operations** of the Reno De Medici Ibérica S.l.u., which in Q4 has been made available for sale, as it has been considered no longer a strategic asset for the Group.

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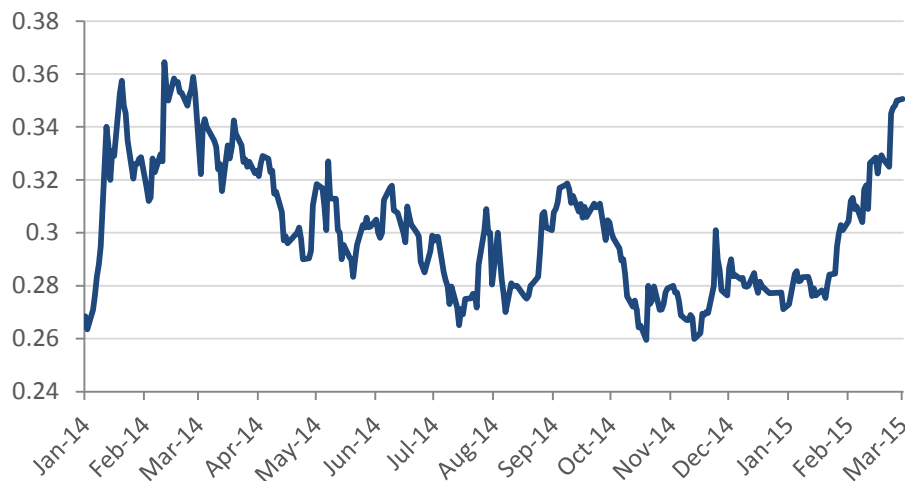
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# The RDM stock

## RDM ordinary share performance since 2 Jan. 2014



**Share Capital: 185,122,487.06 €**, o/w  
 184,977,867.97 ordinary  
 144,619.09 conv. svgs

**Outstanding shares: 377,509,870**, o/w  
 377,509,870 ordinary shares  
 291,124 convertible savings shares

### Listing markets

Milan Stock Exchange – MTA (STAR segment)  
 Madrid Stock Exchange (admitted capital  
 148,020,968.15 €)

### Codes

Bloomberg: RM IM; Reuters: RDM.MI

### Index Membership - Milan

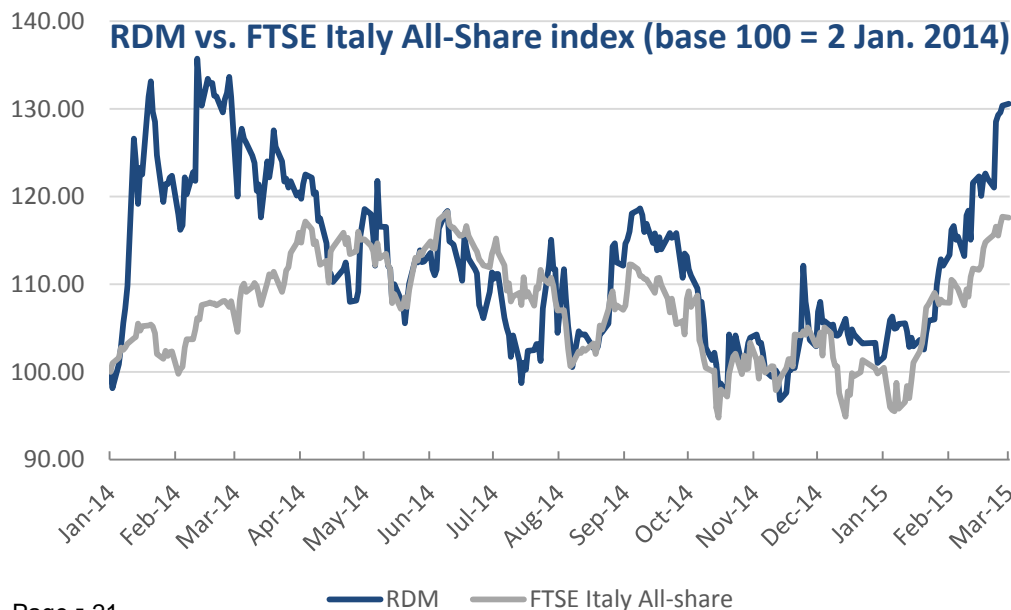
FTSE Italia: All-Share Capped, All-Share, STAR,  
 Small Cap, Industrials, Industrial Goods and  
 Services.

### Avg. volumes (last 3 months):

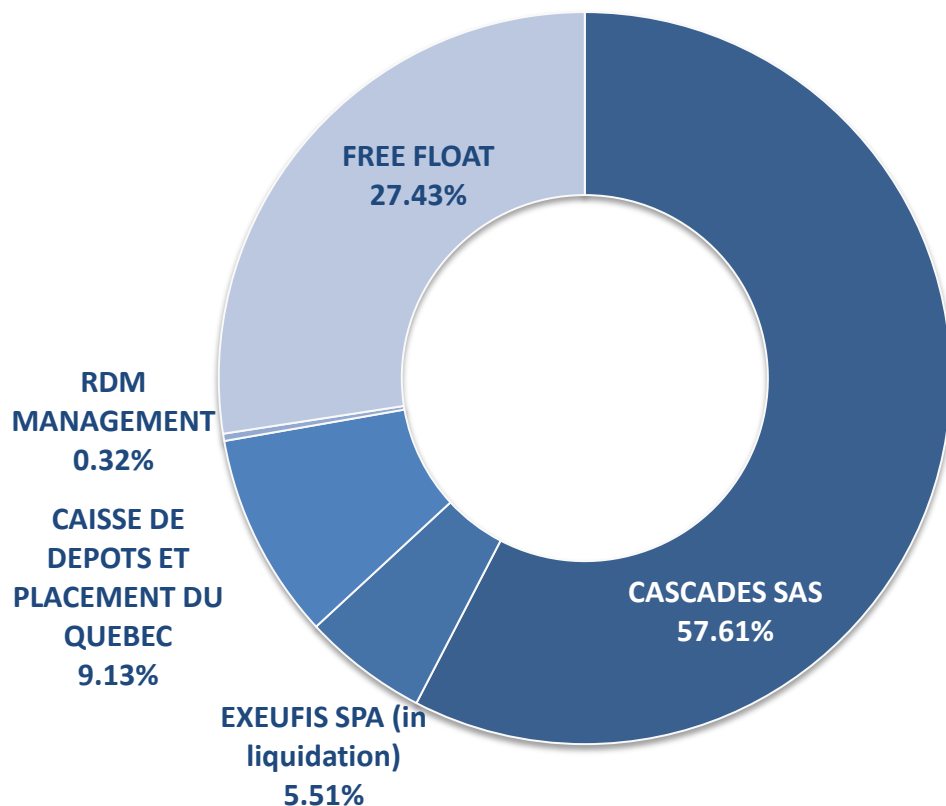
735,030 Milan SE

**Mkt cap.:** 132.5 € mn (2 March 2015)

## RDM vs. FTSE Italy All-Share index (base 100 = 2 Jan. 2014)



# An international shareholder base



*Source: RDM shareholder register as of 29 April 2014*

Share capital: 185,122,487.06 euro  
Total outstanding shares: 377,800,994  
377,509,870 ordinary shares, with no nominal value  
291,124 convertible savings shares, with no nominal value

# Lean and effective Governance

**Traditional administration and control system** (BoD, Statutory Auditors and Shrs' Meeting).  
Adoption of the **Code of Corporate Governance** of Listed Companies promoted by Borsa Italiana.

## Board of Directors



### **Robert Hall, Chairman**

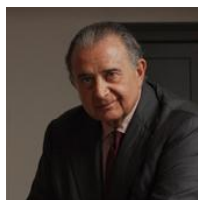
VP, Legal Affairs and Corporate Secretary at Cascades. Part of the senior management team, he works for Cascades since 1994.



### **Ignazio Capuano, CEO**

Engineer – Master in Economics (N.Y. University)  
Focused industry expertise.  
RDM CEO since 2004.

### **Enrico Giliberti, Independent Director**



Lawyer boasting deep expertise in M&A and Financial Markets

### **Laura Guazzoni, Independent Director**



Chartered accountant and business consultant. Bocconi University professor.

### **Laurent Lemaire, Director**



Founder, shareholder and past-CEO of Cascades. Presently Executive Vice President of the Company

**Board appointed on 29 April 2014. Term of office: 3 financial years.**  
**Number of Board Members reduced from 9 to 5.**

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# Final remarks



2014 results prove consistent execution of strategy.



RDM can capitalise on strong and efficient assets to deliver profitable results over time.



High operating leverage can enhance the benefits of lower energy costs.



Financial flexibility puts the Company in the best position to catch the momentum provided by sector consolidation.

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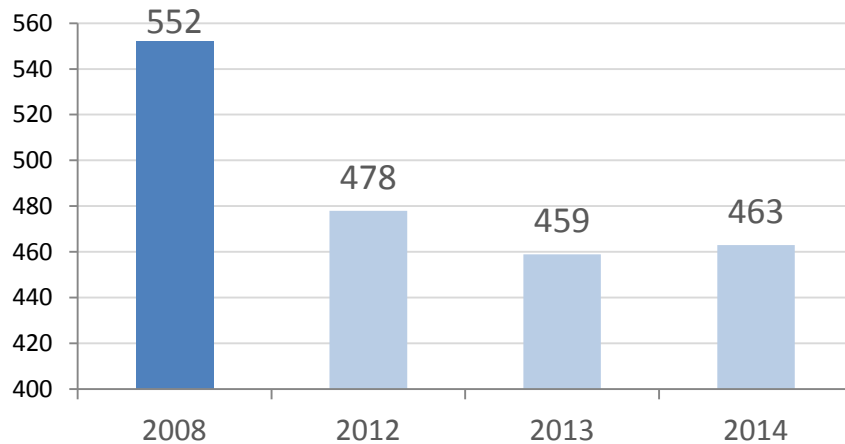
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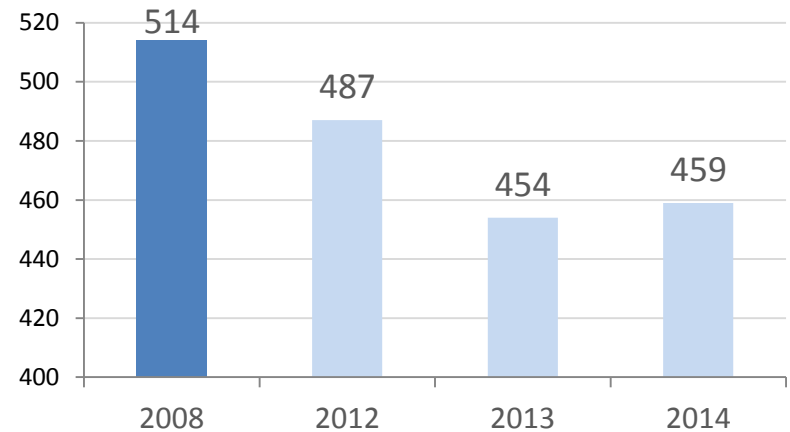


# Green ratios

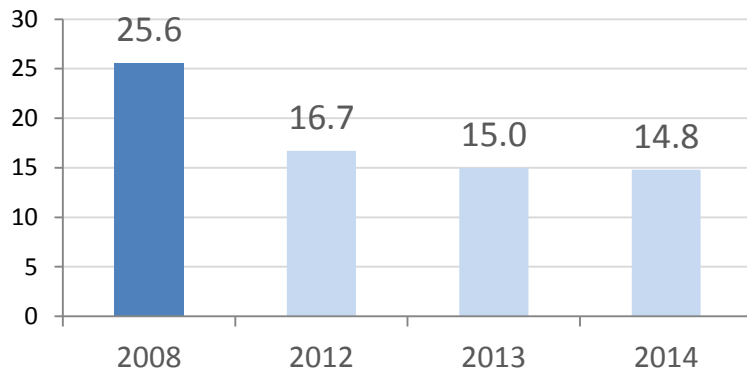
## Electricity consumptions (kWh/t)



## CO<sub>2</sub> emissions (kg/t)



## Water consumptions (m<sup>3</sup>/t)



We produce in a sustainable way. Benefits of restructuring and investments are visible in terms of green ratios achieved.

# A certified asset portfolio...

Asset	ISO 9001	ISO 14001	FSC	EN 15593	EPD (product)	OSHAS 18001	EMAS	HACCP
S.Giustina	X	X	X	X	X	X		
Villa S.Lucia	X	X	X	X	X			
Arnsberg	X	X	X				X	
Blendecque	X	X	X			X		X
Ovaro	X	X	X		X	X		
Almazan	X		X					



# Overview of group evolution

1947-2003

## Growing organically and through M&A

- 1928** Co.'s establishment
- 1947** Listing - Milan Stock Exchange
- 1954** Starting cartonboard production (Magenta).
- 1979** Acquisition Cartiera di Villa S.Lucia.
- 1985** Acquisition Cartiere di Verona.
- 1997-98** Saffa-RDM merger
- 2003** 72.6 €mn capital increase; new shareholders and management team.

2004-2008

## Deep financial restructuring

- 2005** Non-core assets disposals.
- 2006** De-merger of real estate assets.
- 2006** 150 €mn loan repayment.
- 2008** Business combination with Cascades.

2008-2014

## Consolidating and Focusing

- Rationalization** of production capacity.
- Capex** focused on core assets . Targets: to achieve top-class cost-efficiency, reduce energy consumptions and improve sustainability.
- Internationalization** of mkt presence and parallel re-organization of sales channels.