

Geneva European MidCap Event – 9/10 December 2015  
Company Presentation

# RenoDeMedici



# Agenda

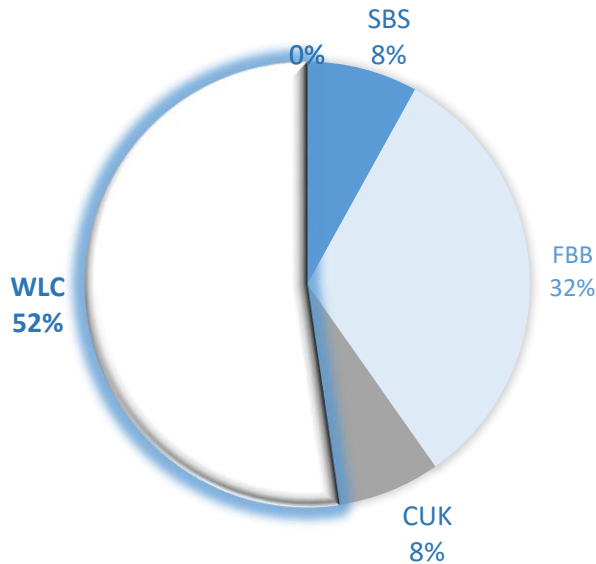


1. **Overview**
2. Managing the Company
3. Managing the shares



# RDM business – focus on WLC

## WLC in the cartonboard market



Total demand 6.8 million tons in 2014

RDM production currently focused on **one business segment**:  
White Lined Chipboard, “WLC”.

## Main characteristics of WLC

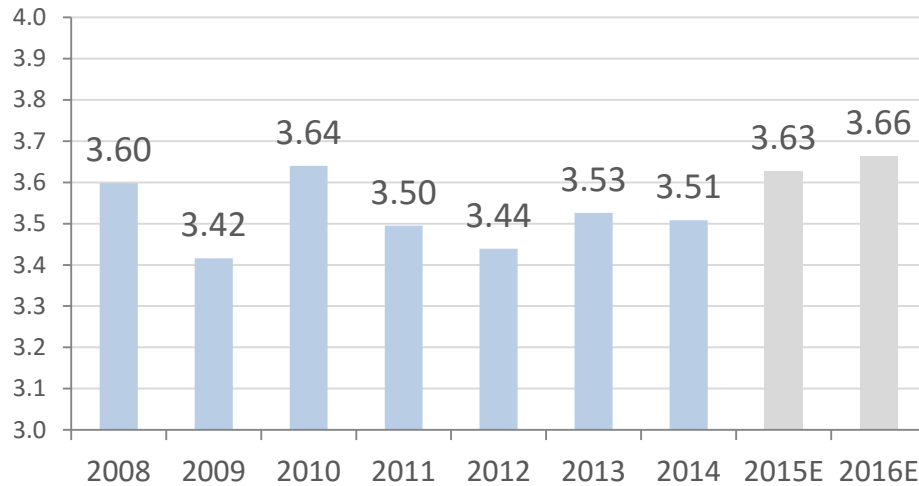
- Based on recycled fibre
- Top coating in 2-3 layers
- Main use in liners, food and industrial packaging
- Large international brands as main final clients
- Local presence is key
- Environmental image
- Low-price

# WLC business drivers



# Improving demand profile

## WLC demand in Europe (mn tons)



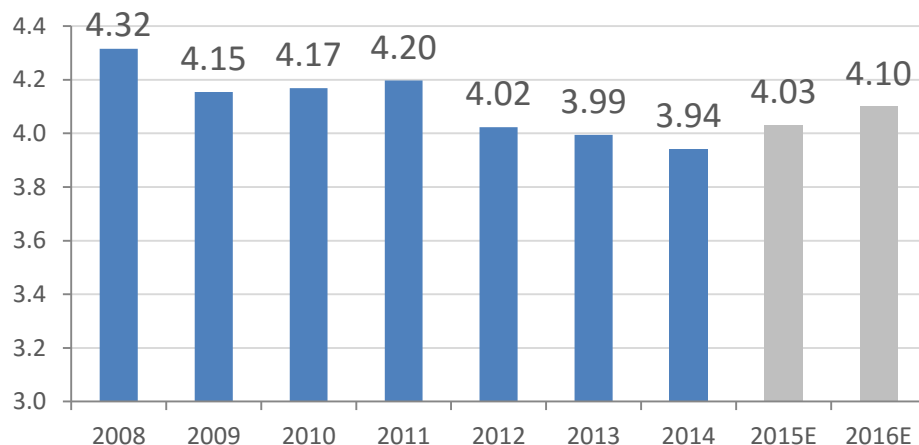
European cartonboard demand stable over the last two years.

In early 2015 WLC demand upturned, anticipating the recovery in consumptions expected for the following months.

WLC growth remains strong in CEE, where supply fails to cover the regional demand. Similar situation in UK & Ireland.

Leading players with strong market positions in CEE, like Reno De Medici, benefit from such an outlook.



## WLC capacity in Europe (mn tons)



Source: Company's estimates

# WLC competition – two key players

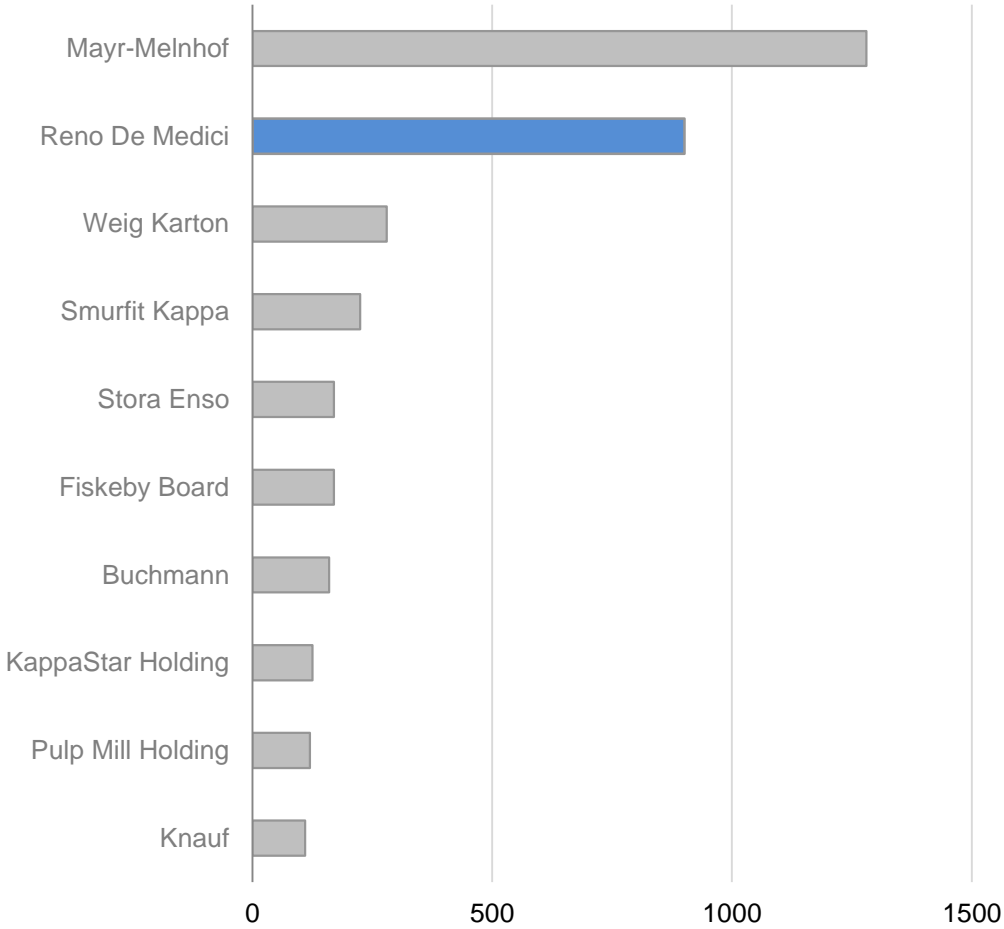
**Mayr Melnhof** and **Reno De Medici** as a whole represent over 55% of total production capacity in WLC.

No. of mills	Current installed capacity (mn tons)	FY14 mn tons sold	FY14 Revenues (€mn)	9M15 (mn tons sold)	9M15 Revenues (€mn)	
	7	ca. 1,600 (including virgin fiber)	1,586	1,002.8	1,252	787.4
	5	885 mn tons	805	426.1	630	334.8

RDM data exclude RDM Ibérica.

The rest of competition is fragmented in terms of size. Differently from MM and RDM, minor players in the WLC market do not have a PanEuropean asset base.

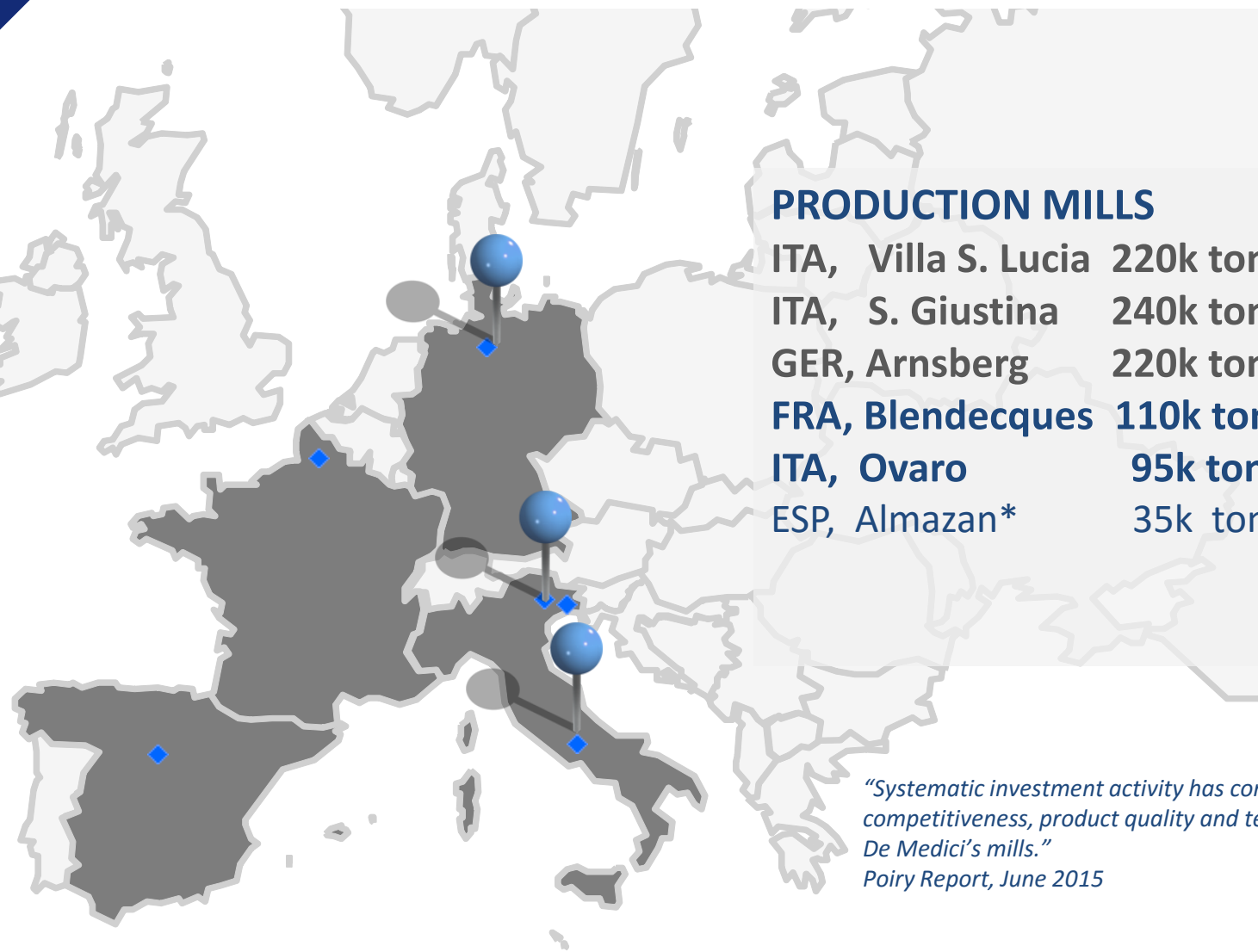
# Leading WLC producers in Europe



Source: Company estimates. Capacity data in '000 tons.



# Three European top-class assets



## PRODUCTION MILLS

ITA, Villa S. Lucia	220k tons	LINER WLC
ITA, S. Giustina	240k tons	WLC
GER, Arnsberg	220k tons	LINER/GD WLC
FRA, Blendecques	110k tons	WLC
ITA, Ovaro	95k tons	OG-GK
ESP, Almazan*	35k tons	WLC

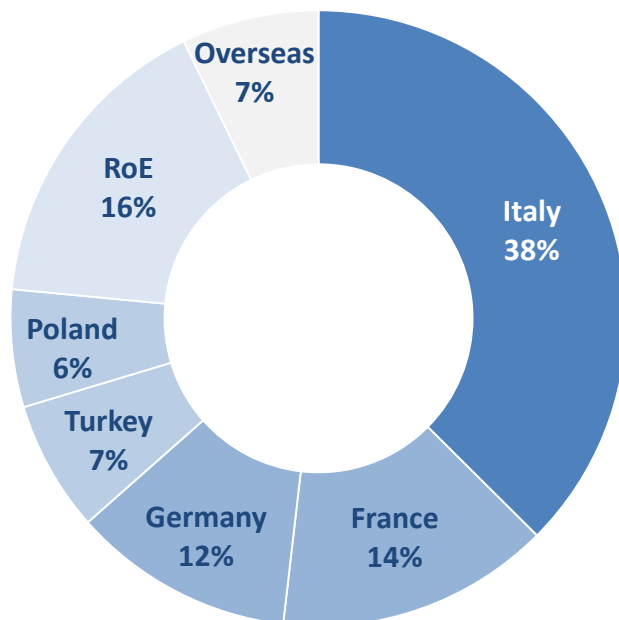
*\*mill held for sale*

*"Systematic investment activity has contributed the good cost competitiveness, product quality and technological level of Reno De Medici's mills."  
Poiry Report, June 2015*



# Western Europe is our core market

## 9M 2015 Revenues by geography



RDM boasts a robust position in core European countries.

Strong geographic reach leverages on a well-diversified asset base.

# 1,400+ converting companies in the RDM client portfolio



DSSmithPackaging  
THINK OF THE POSSIBILITIES



antalis<sup>EM</sup>  
Just ask Antalis



Smurfit Kappa

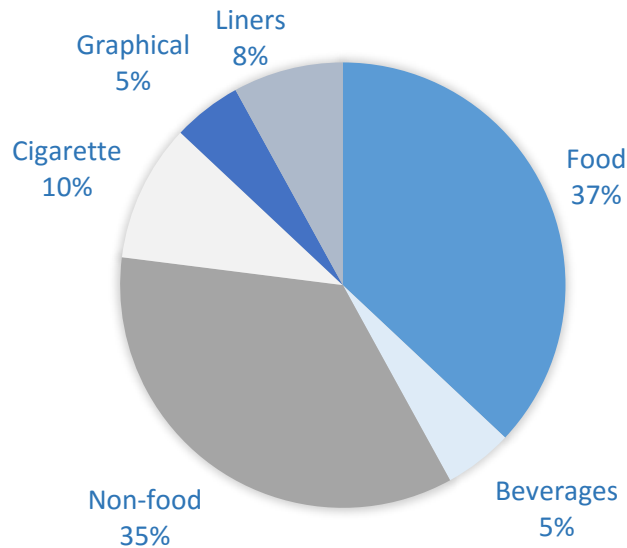
## Low-risk concentration

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

First 100 clients account for **68%** of tons sold.

# Outlook for user's typology

## European cartonboard market by end-use



Total demand of 6.8 mn tons in 2014

«With the exception of cigarettes and graphical, **none of the main end-uses' segments for folding cartons is expected to decline.**»

«Some end-uses like confectionary and dry food are facing substitution pressure from plastics, but there are transfers back to cartonboard.»

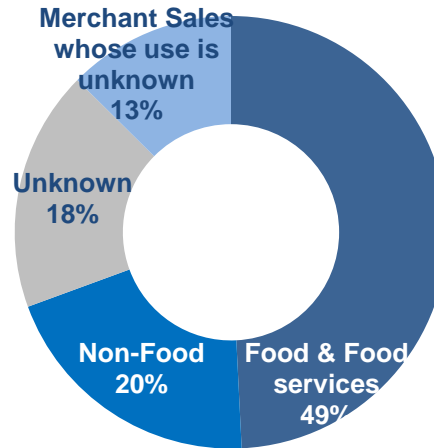
«...Good prospects for **frozen food, pharmaceuticals and cosmetics**. Demand for high quality topliners, like **cartonboard liners that RDM is producing, will grow steadily.**»

Source: Poiry Report, June 2015

# Strong position in food use



## 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%

Source: Company data



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%



# Differentiated marketing channels

A PanEuropean  
PROPRIETARY NETWORK  
articulated into three channels

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## European Marketing Offices

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

## Distributors Sheeting centres

**Spain, Italy and UK**, exclusivity  
agreements.

## Agents with exclusive contracts

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

# Agenda



# Focus on 9M 2015 performance /1

## 9M 2015 Highlights

**Tons sold** **630,000** (611,000 in 9M 2014)

**Revenues from sales** **334.8 € mn** (+3.7% vs. 9M 2014)

**EBITDA** **34.1 € mn** (+1.0% vs. 9M 2014)

*EBITDA margin* **10.2%** (vs.10.4% in 9M 2014)

**EBIT** **15.9 € mn** (-5.6% vs. 9M 2014)

**Net profit** **10.1 € mn** (-4.4% vs. 9M 2014)

Higher volumes sold reflecting the demand upturn experienced especially in early months of 2015.

Higher operating efficiency and lower energy costs have counterbalanced the surge in raw material prices and the much lower amount of EECs granted vs. 2014.

No major change in depreciation (-0.2%). 1.3 € mn write-downs (vs. almost nil in 9M 2014) mainly related to the buildings at the Magenta mill.

Healthy operating performance and lower net financial expense have partly counterbalanced lower EECs contribution.

# Focus on 9M 2015 performance /2

## 9M 2015 Highlights

Capex

**6.4 € mn**

(vs. 17.3 € mn in 9M 2014)

Capex program mainly focused on maintenance and recurring update of plants.

Net Financial Debt

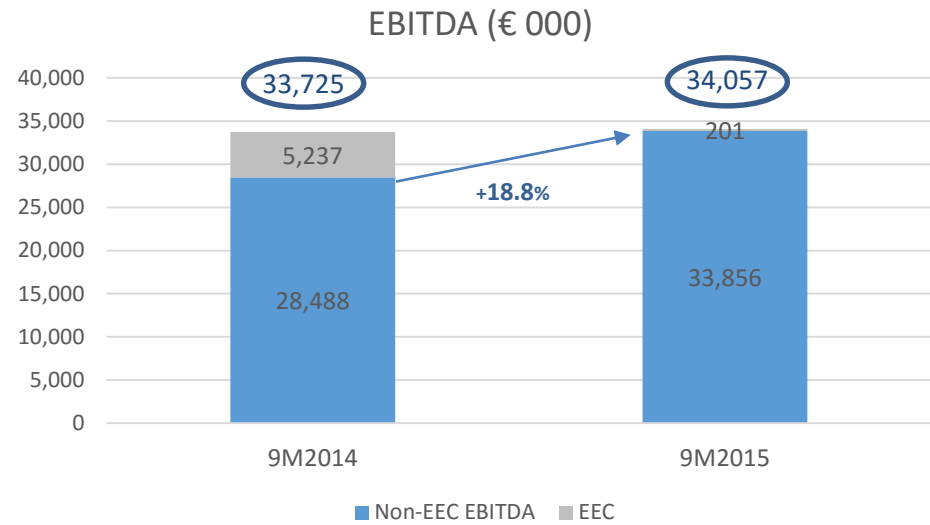
**55.0 € mn**

(vs. 65.9 € mn as of 31 Dec. 2014)

Sound cashflow generation, in excess of capex funding needs



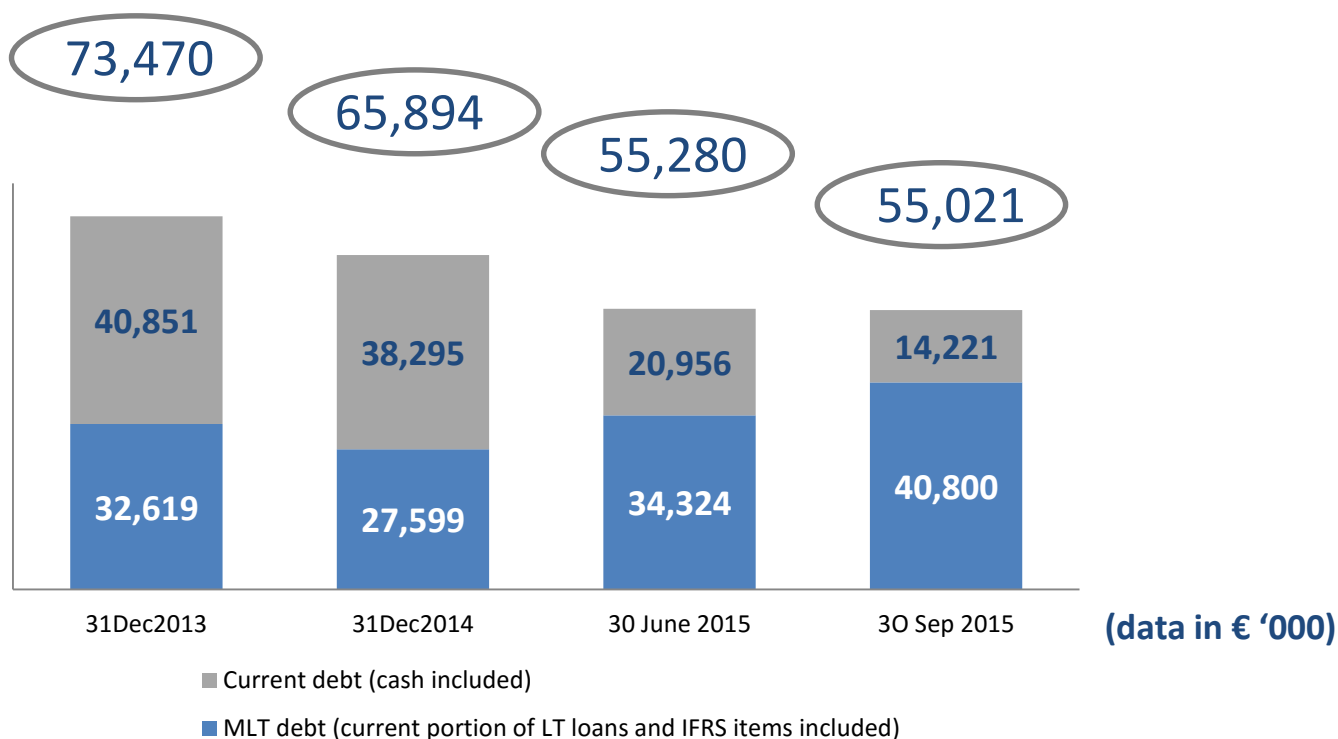
# Excluding the EEC impact...



...core operating performance improved

# Optimisation of the financial profile

Free cash flow generation driving Company's deleveraging.  
Lengthening of debt maturity starting from Q2 2015.



# Agenda



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# Healthy results from restructuring could not be shared with shareholders so far

- ✓ Extensive **RESTRUCTURING**
- ✓ Investments focused on mills with best growth perspectives (75 mn€ cumulative **CAPEX PLAN** in the 2011-2014 period)
- ✓ Improvement of the financial profile – FCF generation allowing continuous **DELEVERAGING**: net debt from 106.5 mn€ at 2010YE to 55.0 mn€ at 30 Sept. 2015



Despite sound results, the presence of cumulated past losses (approx. 38.7 mn € to date) has prevented

- any earnings' distribution
- any policy buyback.



# A two-step operation paving the way to future initiatives

1. Voluntary **coverage of all previous losses**, partly using earnings and available reserves, and partly reducing the share capital.

2. Constitution of an «**Available Reserve**» of **10,399,255.80 €** through voluntary reduction of share capital.

## Future uses of the “AVAILABLE RESERVE”



Stabilisation of the **dividend policy** in the medium-to-long term



Purchase of **treasury shares**

# Effects on Total Shareholders' Equity

RDM SPA SHAREHOLDERS' EQUITY	Shareholders' Equity 12.31.2014	Shareholders' Equity 06.30.2015	Voluntary Operation to cover losses (* )	Operation to constitute an available reserve (**)
(amounts in Euro)				
Share capital	185,122,487	185,122,487	150,399,256	140,000,000
Other reserve	2,794,561	3,007,538	1,243,709	11,642,964
- Available reserve	1,592,602	1,763,830	0	10,399,256
- Hedging reserve	29,161	70,910	70,910	70,910
- Reserve for actuarial gain (loss)	(1,932,202)	(1,932,202)	(1,932,202)	(1,932,202)
- Ovaro sale reserve	3,105,000	3,105,000	3,105,000	3,105,000
Retained earnings (losses)	(41,979,589)	(38,726,258)	0	
Profit (loss) for the period	3,424,558	2,239,197	0	0
<b>Total shareholders' equity</b>	<b>149,362,017</b>	<b>151,642,964</b>	<b>151,642,964</b>	<b>151,642,964</b>

Share capital  
reduction

Total number  
of issued  
shares  
unchanged

Net equity  
unchanged

# Share buy back

## OBJECTIVES

- ✓ Payment under any extraordinary transaction (**M&A** deals).
- ✓ Further instrument, made available to shareholders, to **monetise** their own investment.
- ✓ Purchase in a view to **medium- and long-term investment**.
- ✓ Prevention of **excessive price volatility** or **poor liquidity** of traded volumes.

## KEY FEATURES

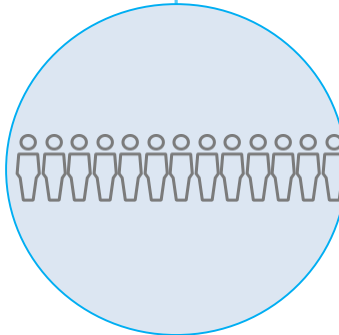
- 📍 The total number of treasury shares that require authorisation for purchase **cannot exceed one fifth of the share capital**.
- 📍 Authorisation for the purchase of treasury shares is requested **for a period of 18 months** from the date of the Shareholders' Meeting.
- 📍 Authorisation for the disposal of treasury shares is requested **without any time limits**.

# Timeline

28 Sept. 2015  
**BOARD OF DIRECTORS**  
resolving on the proposal  
and calling the Shareholders'  
Meeting

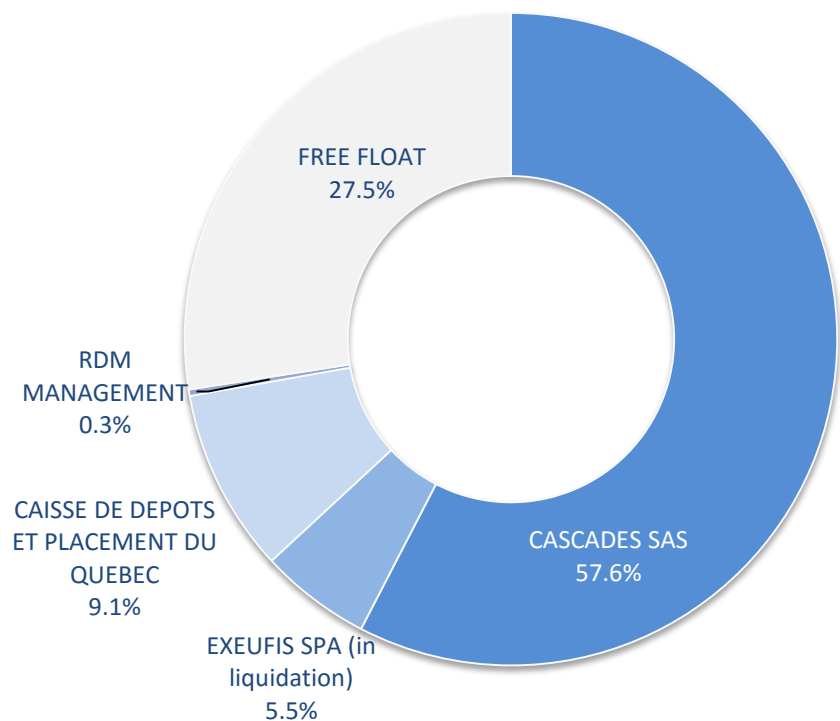


30 Oct. 2015 or  
2 Nov. 2015  
(1st or 2nd call)  
**ORDINARY AND  
EXTRAORDINARY  
SHAREHOLDERS'  
MEETING**



From February 2016  
**"AVAILABLE RESERVE"**  
recorded in the statement of  
Financial Position

# RDM and the Stock Exchange



Source: RDM shareholder register as of 29 April 2015 integrated with Public Filings for Exeufis

**Share Capital: 185,122,487.06 €**, o/w  
184,981,061.3 ordinary shares, no nominal value  
141,425.76 conv.svgs shares, no nominal value

**Outstanding shares: 377,800,994**, o/w  
377,512,370 ordinary shares  
288,624 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  
ISIN: IT0001178299

## Index Membership - Milan

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

**Mkt cap.:** 140 € mn (@0.37 € p.s. as of  
3 Dec 2015)

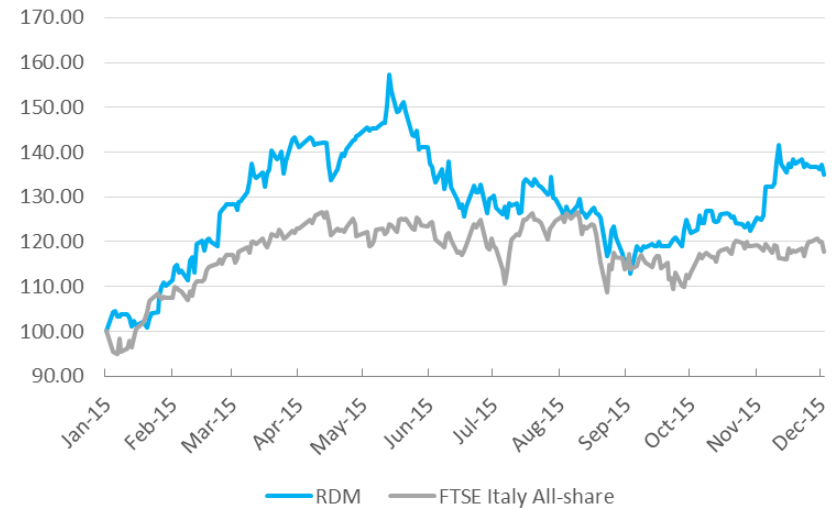


# The shares

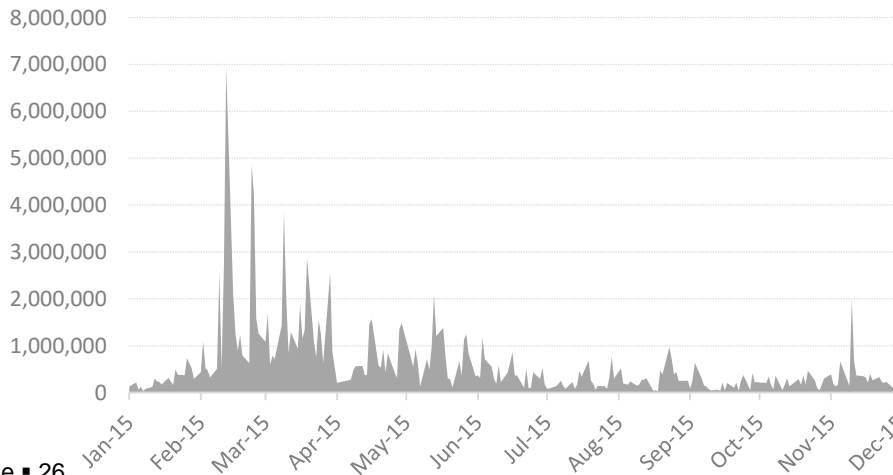
### RDM share price



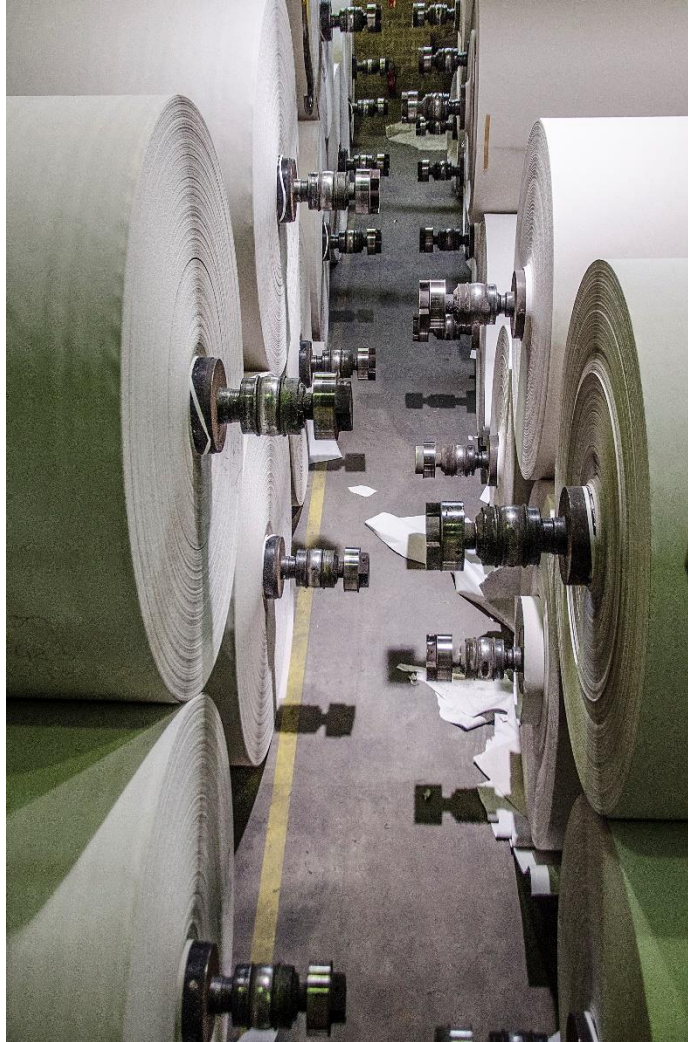
### RDM vs FTSE Italy All-share Index



### RDM traded volumes



# Appendix



# Organisational chart



## 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%

(\*) Company owned 94% by Reno De Medici S.p.A. and 6% by Cascades Grundstück GmbH & Co.KG.

(\*\*) Held for sale



# 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.

### **Matteo Rossi, Independent Director**



Lawyer boasting deep expertise in M&A and International Affairs. Co-opted on 19 Nov. 2015.

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



Chartered accountant and business consultant. Bocconi University professor.

### **Laurent Lemaire, Director**

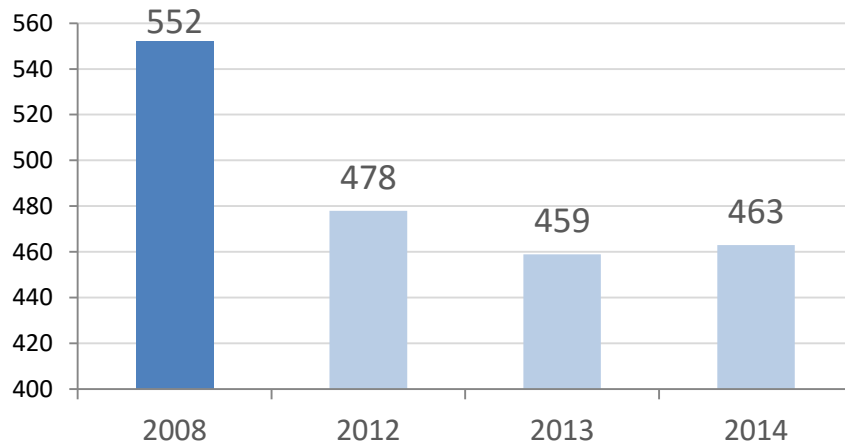


Founder, shareholder and past-CEO of Cascades. Presently Executive Vice President of the Company

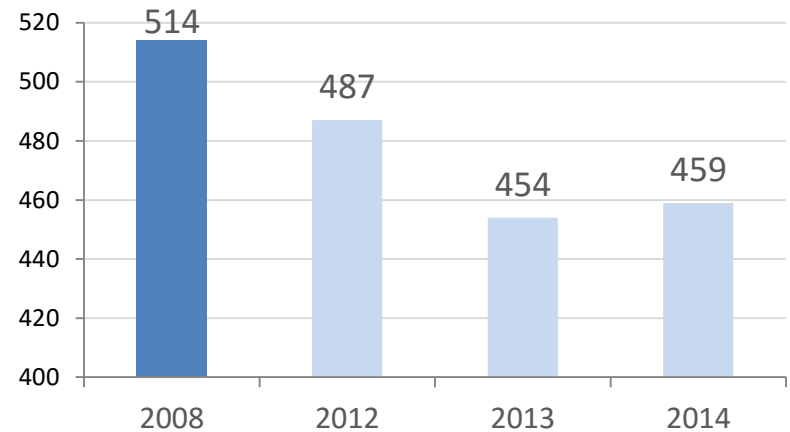
**Board appointed on 29 April 2014. Term of office: 3 financial years.**

# Green ratios

## Electricity consumptions (kWh/t)



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



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

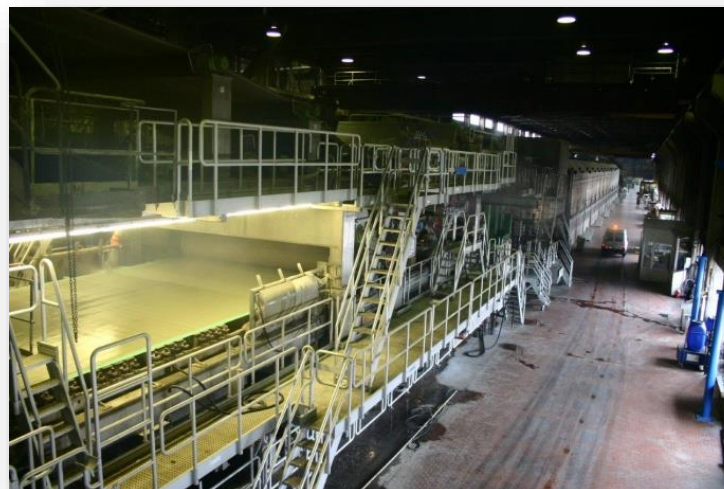


We produce in a sustainable way. Benefits of restructuring and investments are visible in terms of green ratios achieved.



# 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.