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Oggetto : RDM: Board approved the Interim report at
30 September 2016

Testo del comunicato

Vedi allegato.



THE BOARD OF DIRECTORS
APPROVES THE INTERIM REPORT AS AT SEPTEMBER 30, 2016
AND
APPOINTS MR. MICHELE BIANCHI AS CHIEF EXECUTIVE OFFICER

MAIN CONSOLIDATED FINANCIAL RESULTS OF THE FIRST NINE MONTHS OF 2016 (VS. FIRST NINE MONTHS OF 2015):

- ◆ **NET REVENUES:** €345.9 MILLION
(COMPARED TO €334.8 MILLION AS AT SEPTEMBER 30, 2015)
- ◆ **GROSS OPERATING PROFIT (EBITDA):** €23.4 MILLION
(COMPARED TO €34.1 MILLION AS AT SEPTEMBER 30, 2015)
- ◆ **OPERATING PROFIT (EBIT):** €7.1 MILLION
(COMPARED TO €15.9 MILLION AS AT SEPTEMBER 30, 2015)
- ◆ **NET PROFIT BEFORE DISCONTINUED OPERATIONS:** €3.7 MILLION
(COMPARED TO 10.9 MILLION AS AT SEPTEMBER 30, 2015)
- ◆ **NET PROFIT FOR THE PERIOD:** €3.5 MILLION
(COMPARED TO €10.1 MILLION AS AT SEPTEMBER 30, 2015)
- ◆ **NET FINANCIAL INDEBTEDNESS:** €55.9 MILLION
(COMPARED TO €50.3 MILLION AS AT DECEMBER 31, 2015)

Milan, November 3, 2016

The Board of Directors of Reno De Medici S.p.A. ("**RDM**" or the "**Company**"), parent company of second largest European producer of recycled cartonboard, met today under the chairmanship of Mr. Robert Hall, examined and approved the **Interim Report as at September 30, 2016** of the Reno De Medici Group ("**RDM Group**" or the "**Group**").

The first nine months of 2016 have been characterized by the **acquisition** from Cascades Canada ULC, on June 30, 2016, of 100% of **Cascades S.A.S**, French company that produces and distributes packaging carton board based on virgin fiber.

The **Reno De Medici Group** has consolidated **Cascades S.A.S. on a line-by-line basis** starting from **June 30, 2016**; its impact on the Nine-Month 2016 Income Statement is therefore limited to the three



months of Q3. During that quarter, the Company has reached an **EBITDA of 1 million euro** and a **Net Profit of 552,000 euro**, with acquisition costs amounting to 505,000 euro.

Although the economic results of **Cascades S.A.S.** were only partially consolidated in the Reno De Medici accounts at September 30, with the aim of providing a more complete picture, it is worth underlining that **in the first nine months of 2016** the French Company recorded **Revenues from Gross Sales for 94 million euro**, slightly lower than those of the same period of 2015, while **EBITDA reached 4.4 million euro**, a substantial increase over 2.5 million euro of the first nine months of 2015, thanks to the decline in production costs offsetting the decrease in selling prices. The aforementioned data related to Cascades S.A.S. are unaudited management figures.

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Introduction

The evolution in the first nine months of 2016 **in the two sectors** in which the Reno De Medici Group operates, **WLC**- White Lined Chipboard, and **FBB** – Folding Box Board, is broadly in line with the general trend of economy.

In the first nine months of 2016, the European **demand** in the **White Lined Chipboard** sector recorded a **1.9% decrease** compared to the same period of the previous year, when the order in-flow was exceptionally high; the change is even more sizeable **(-2.6%)** in the **quarter-over-quarter** comparison. All major European markets show negative changes, including Germany, where demand until Q2 remained in line with the 2015 levels. Higher sales in the Overseas markets have not entirely compensated the weaker demand experienced on the European markets.

In the **FBB** segment, in which the newly acquired Cascades S.A.S. operates, the **decrease in European demand** was lower **(-0.5%** vs. the first nine months of 2015) than in the WLC segment, due to the temporary benefits generated for Scandinavian producers by the Tobacco Product Directive.

As regards the main **factors of production**, average prices of **recycled fibers** increased both in the third quarter and, cumulatively, in the first nine months of 2016. The prices of **mechanical pulp** (raw material of Cascades S.A.S) remained substantially stable in Q3 2016, after the increase recorded in Q2.

In the first nine months of 2016, the average cost of **energy components** for the Reno De Medici Group resulted in being lower than that of the same period of the previous year, despite the partial recovery of commodity prices from the bottom levels recorded in February and March 2016; the rebound was particularly strong in oil and coal.



The following table summarizes key Income Statement indicators as at September 30, 2016 and 2015.

	09.30.2016	09.30.2015
(‘000 euro)		
Revenues from sales	345,944	334,752
OPERATING PROFIT (EBITDA) (1)	23,369	34,057
EBIT (2)	7,090	15,854
Pre-tax income (3)	5,288	13,954
<i>Current and deferred taxes</i>	<i>(1,557)</i>	<i>(3,010)</i>
Profit (Loss) for the period before discontinued operations	3,731	10,944
Discontinued operations	(188)	(857)
Profit (Loss) for the period	3,543	10,087

1) See “Gross operating profit” in the Consolidated Financial Statements of the RDM Group

2) See ‘Operating profit’ in the Consolidated Financial Statements of the RDM Group

3) See ‘Profit (loss) for the period’ – ‘Taxes’ in the Consolidated Financial Statements of the RDM Group

Main Consolidated Results as at September 30, 2016

In the first nine months of 2016, the RDM Group **Revenues from Sales** amounted to **345.9 million euro**, vs. 334.8 million euro in the same period of the previous fiscal year. The increase is attributable to the consolidation of the Q3 Revenues of **Cascades S.A.S.**, which amounted to 26.8 million euro. In the **WLC** segment, Revenues **decreased by 15.6 million euro**, due to the lower production and to the decline in average selling prices.

The **volumes sold** by the Reno De Medici Group in the nine months of 2016 amount to **650,000 tons**, vs. 630,000 tons sold in first nine months of 2015. Such **overall increase** benefits from the **consolidation** of the **34,000 tons sold by Cascades S.A.S.** in Q3 2016, while it reflects the **decrease**, in the same quarter, of **14,000 tons** in the **WLC** segment, stemming from the **lower production**, for both the commissioning of the new equipment installed in the mills and some stand-stills aimed at preserving profitability.

As at September 30, 2016 **Gross Operating Profit (EBITDA)** is **23.4 million euro**, compared to 34.1



million euro in the first nine months of 2015. The **EBITDA change** is substantially due to **two drivers**: the market scenario, which was more unfavourable than in the previous year, and lower production in the Arnsberg mill, following the investment carried out in April 2016. In WLC, even the geographical revenues' market-mix was also less favourable, due to the higher weight of sales in Overseas markets.

In the first nine months of 2016, **Operating Profit (EBIT)** totalled **7.1 million euro**, compared to 15.9 million euro in the same period of 2015.

Net Financial Expenses amount to **2.5 million euro**, substantially **in line** with those of the first nine months of 2015. The benefits of the decrease in interest rates and in other financial charges were offset by the performance of **exchange differences**, which amounted to -165,000 euro in the first nine months of 2016, vs. +357,000 euro recorded in the same period of the previous year, as a result of the revaluation of US\$ and of GBP against the Euro.

Profits from Investments were 0.7 million euro, slightly higher than 0.6 million euro recorded in the first nine months of 2015. The amount includes a consolidated plus value of 0.5 million euro, generated by the sale of a 17% stake in Emmaus Pack S.r.l., which took place on 14 March 2016.

The provision for **Income Tax** amounts to 1.6 million euro, a decline compared to 3 million euro in the first nine months of 2015, due to the lower taxable income and to the lower IRAP charge in Italy.

Net Consolidated Profit ante Discontinued Operations is **3.7 million euro**, compared to 10.9 million euro in the first nine months of 2015.

Result from Discontinued Operations is **slightly negative, by 0.2 million euro**. It substantially represents the effect of the dissolution of the subsidiary Reno De Medici UK Ltd.. Such result compares with - 0.9 million euro result recorded in the first nine months of 2015, which was due to RDM Ibérica S.A..

In the first nine months of 2016, **Net Profit** was **3.5 million euro**, vs. 10.1 million euro as at 30 September 2015.

In the first nine months of 2016, the Group's **Capital Expenditure** amounted to 13.2 million euro, vs. 6.4 million euro in the same period of 2015.

Net Financial Indebtedness as at September 30, 2016 is **55.9 million euro**, vs. 50.3 million euro as at December 31, 2015. The extraordinary operations carried out in the current year – i.e. the acquisition of Cascades S.A.S., with the consequent consolidation of the R.D.M. Marketing Group, the sale of Reno De Medici Ibérica S.A. and, lastly, the sale of a 17% stake and the deconsolidation of the financial debt of Emmaus Pack S.r.l. – as a whole had a **negative impact of 10.4 million euro**. Net of this effect,



in the first nine months of 2016 the Group Net Financial Position improved by **4.8 million euro** thanks to the **positive performance of operations**.

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Other key events

On August 31, 2016, the **Magenta's sheeting and distribution center** of Reno De Medici S.p.A. was incorporated as a separate legal entity, **R.D.M. Magenta S.r.l.**, through the contribution to the Company of the relevant assets and liabilities. The Company is wholly owned by Reno De Medici S.p.A., and provides sheeting and distribution services to the Italian mills of the Group.

Outlook

No major changes are expected in the short-term in the general macroeconomic scenario, whose evolution remains uncertain, with risks more tilted on the down side. In 2017 global growth is projected to pick up, while in Europe a 1.5% growth is expected.

The sectors in which the Reno De Medici Group operates shares the uncertainties of the global economic scenario.

In the Whitelined Chipboard (**WLC**) segment, after the closing of the period European demand remained in line with prior years, but backlog is contained. The evolution of demand in the near future is very uncertain. However, in order to restore profitability, which during the year was mainly eroded by the higher prices of recycled fibers, the Reno De Medici Group announced a **selling price increase**, which will be effective for the orders taken **from November 1st, 2016**.

The **prices of raw materials**, and in particular of recycled fibers, are currently stable and high, after the increases of previous months. It remains difficult to predict their future evolution.

In the European Folding Box Board (**FBB**) segment, in which the newly acquired Cascades S.A.S. operates, the **order in-flow** is **satisfactory** and the backlog is strong. The **price of mechanical pulp** is **stable** and lower than in 2015; nonetheless, its future evolution is also linked to the US dollar exchange rate fluctuations.

The **cost of energy**, and in particular that of natural gas, is **expected to remain low**, notwithstanding the price rebounds of the last few months, which were particularly strong for oil and coal.

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Other BoD's resolutions

At today's meeting, the BoD of Reno De Medici has **co-opted Mr. Michele Bianchi, already appointed as RDM's Managing Director from November 1st, 2016, as new Member of the Board of Directors** until the next Shareholders' Meeting. The co-optation of Mr. Bianchi follows the **resignation** submitted on October 14, 2016, and effective from November 3rd, 2016, by **Mr. Allan Hogg**, who was co-opted as Non-Executive Member on June 29th, 2016.



After **Mr. Robert Hall returned powers and executive responsibilities** that had been conferred to him by the resolution of June 29, 2016, at today's meeting, the BoD of Reno De Medici, on the proposal of its Chairman and having received the favourable opinion of the Appointments Committee, has moreover **appointed as new Chief Executive Officer** of the Company **Mr. Michele Bianchi**, who will hold office until the next Shareholders' Meeting.

The **Curriculum Vitae** of Mr. Michele Bianchi is available on the corporate website www.renodemedici.it, in the Governance section.

At today's meeting, the BoD, having taken note of the opinion of the Appointments Committee and given the renunciation of powers and executive roles conferred, has lastly appointed **Mr. Robert Hall** as Chairman of the Internal Control Committee, Member of the Remuneration Committee, Chairman of the Related-Party Transactions Committee, and Member of the Appointments Committee, thus replacing Mr. Allan Hogg.

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Reno De Medici also notifies to have paid to the **previous Chief Executive Officer and Managing Director, Mr. Ignazio Capuano**, who left the Company on June 29, 2016, the gross amount of 89,651.43 euro as employment severance payments.

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Mr. Stefano Moccagatta, the officer in charge of drafting the Company's accounting documents, declares pursuant to Art. 154-bis, sub-section 2, of Italian Legislative Decree 58/1998 ("Consolidated Law on Financial Intermediation") that the information contained in this press release corresponds to documentary results and to accounting books and records.

In addition to the financial indicators conventionally required by IFRS, this press release also presents a few alternate performance indicators (for example, EBITDA) in order to provide a better assessment of the trend of economic and financial performance. These indicators are calculated according to normal market practices.

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This document is an English translation from Italian. The Italian original shall prevail in case of difference in interpretation and/or factual errors.

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Since today, the Interim Report as of September 30, 2016 will be available on the authorized storage system NIS Storage, accessible at the site www.emarketstorage.com, and will be consultable in the Investor Relations section of the corporate website, www.renodemedici.it.



For further
information

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THE TABLES RELATIVE TO FINANCIAL STATEMENTS OF RDM GROUP AS OF SEPTEMBER 30, 2016 ARE ATTACHED
BELOW



Consolidated
Income
Statement

Consolidated Income Statement		09.30.2016	09.30.2015
(thousands of Euros)			
Revenues from sales		345,944	334,752
Other revenues and income		3,555	4,544
Change in inventories of finished goods		(2,624)	(1,830)
Cost of raw materials and services		(267,766)	(251,828)
Personnel costs		(53,055)	(47,612)
Other operating costs		(2,685)	(3,969)
Gross operating profit		23,369	34,057
Depreciation and amortization		(16,279)	(16,886)
Write-downs and revaluations			(1,317)
Operating profit		7,090	15,854
	<i>Financial expense</i>	(2,368)	(2,864)
	<i>Gains (losses) on foreign exchange</i>	(165)	357
	<i>Financial income</i>	23	8
Net financial income/(expense)		(2,510)	(2,499)
Gains (losses) from investments		708	599
Taxes		(1,557)	(3,010)
Profit (loss) for the period before discontinued operations		3,731	10,944
Discontinued operations		(188)	(857)
Profit (loss) for the period		3,543	10,087
attributable to:			
Group's share of profit (loss) for the period		3,485	9,995
Minority interest in profit (loss) for the period		58	92



Consolidated
Statement of
Financial
Position-
Assets

Statement of Financial Position - ASSETS	09.30.2016	12.31.2015
(thousands of Euros)		
Non-current assets		
Tangible assets	197,347	190,452
Other intangible assets	6,196	5,828
Equity investments	2,487	1,981
Deferred tax assets	3,087	2,795
Other receivables	3,836	1,167
Total non-current assets	212,953	202,223
Current assets		
Inventories	80,991	68,391
Trade receivables	74,428	58,976
Other receivables	10,922	7,759
Cash and cash equivalents	9,221	23,146
Total current assets	175,562	158,272
Asset held for sale		8,129
TOTAL ASSETS	388,515	368,624



Consolidated
Statement of
Financial Position
– Liabilities and
Shareholders'
Equity

Statement of Financial Position - LIABILITIES AND SHAREHOLDERS' EQUITY	09.30.2016	12.31.2015
(thousands of Euros)		
Shareholders' equity		
Shareholders' equity attributable to the Group	156,102	151,979
Minority interests		440
Total shareholders' equity	156,102	152,419
Non-current liabilities		
Payables to banks and other lenders	44,539	53,280
Derivative instruments	381	50
Other payables	91	130
Deferred taxes	7,924	8,888
Employee benefits	33,251	29,063
Non-current provisions for risks and charges	4,271	2,657
Total non-current liabilities	90,457	94,068
Current liabilities		
Payables to banks and other lenders	19,699	14,839
Derivative instruments	135	146
Trade payables	99,134	84,879
Other payables	21,639	13,939
Current taxes	481	378
Current provisions for risks and charges	868	452
Employee benefits		31
Total current liabilities	141,956	114,664
Liabilities held for sale		7,473
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	388,515	368,624



Net Financial Position

Net financial position	09.30.2016	12.31.2015	Change
(thousands of Euros)			
Cash, cash equivalents and short-term financial receivables	9,495	24,026	(14,531)
Short-term financial debt	(20,952)	(20,148)	(804)
Valuation of current portion of derivatives	(135)	(146)	11
Short-term net financial position	(11,592)	3,732	(15,324)
Medium-term financial receivables	600		600
Medium-term financial debt	(44,539)	(53,936)	9,397
Valuation of non-current portion of derivatives	(381)	(50)	(331)
Net financial position	(55,912)	(50,254)	(5,658)

Fine Comunicato n.0217-72

Numero di Pagine: 13