



Milano, April 28, 2017

Resolutions adopted by the Board of Directors of Reno De Medici S.p.A.

- ◆ **MR. MICHELE BIANCHI CONFIRMED AS CHIEF EXECUTIVE OFFICER**
- ◆ **MEMBERS OF COMMITTEES AND OF SUPERVISORY AUTHORITY APPOINTED**
- ◆ **INTERIM REPORT AS OF 31 MARCH 2017 APPROVED**

Main Consolidated Financial Results of the First Quarter 2017 (vs. First Quarter 2016):

- ◆ **NET REVENUES:** 149.5 MILLION EURO
(COMPARED TO 111.6 MILLION EURO AS AT MARCH 31, 2016)
- ◆ **GROSS OPERATING PROFIT (EBITDA):** 9.1 MILLION EURO
(COMPARED TO 9.3 MILLION EURO AS AT MARCH 31, 2016)
- ◆ **OPERATING PROFIT (EBIT):** 3.6 MILLION EURO
(COMPARED TO 4.0 MILLION EURO AS AT MARCH 31, 2016)
- ◆ **NET PROFIT FOR THE PERIOD:** 2.5 MILLION EURO
(COMPARED TO 2.7 MILLION EURO AS AT MARCH 31, 2016)
- ◆ **NET FINANCIAL DEBT:** 42.7 MILLION EURO
(COMPARED TO 44.4 MILLION EURO AS AT DECEMBER 31, 2016)

“Today the new Board makes the commitment to lead the RDM Group towards a solid future over the coming three years” – Mr. Michele Bianchi, Reno De Medici CEO, commented. “First-quarter 2017 results already provide encouraging evidence about the value of our asset, as well as about the effectiveness of the new Group organization. Thanks to the acquisition of RDM La Rochette - which widened our product portfolio through the entry into the FBB business - and to the significant reorganization in Company’s marketing and operations, in Q1 2017 we have already succeeded in facing a challenging scenario. In a quarter characterized by an increase of recycled fiber prices in the region of 60% compared to 12 months ago, we reached a net profit not so far from that of Q1 2016.”

Looking at the coming months of 2017, Reno De Medici concluded: *“The investments completed in January 2017, the selling prices increased in February – whose effects will be*



visible from May 2017 onwards – and, last but not least, the new organization make us confident to capitalize on the favourable momentum provided by the current order backlog”.

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, following the Shareholders’ Meeting, for the appointment of the members of the Company’s Bodies, the allocation of powers and the division of remuneration.

The Board of Directors appointed **Mr. Michele Bianchi** as **Chief Executive Officer**, being the **only executive member**.

The Board of Directors of Reno De Medici S.p.A., which will stay in office for the 2017-2019 period, until the Shareholders’ Meeting that will approve the 2017 Financial Statements, consists of the following members:

- ♦ **Robert Hall – Non-Executive Chairman**
- ♦ **Michele Bianchi – Chief Executive Officer**
- ♦ **Laura Guazzoni – Non-Executive and Independent Director**
- ♦ **Sara Rizzon – Non-Executive Director**
- ♦ **Allan Hogg – Non-Executive Director**
- ♦ **Gloria Francesca Marino – Non-Executive and Independent Director**
- ♦ **Giulio Antonello – Non-Executive and Independent Director.**

At the same meeting, the Board of Directors also constituted the Board Committees, appointing their members.

The **Internal Control Committee** consists of the following members: Laura Guazzoni (Chairman), Gloria Francesca Marino, and Giulio Antonello.

The **Remuneration Committee** consists of the following member: Giulio Antonello (Chairman), Laura Guazzoni, and Gloria Francesca Marino.

The **Nominating Committee** consists of the following members: Giulio Antonello (Chairman), Laura Guazzoni, and Gloria Francesca Marino.

The **Committee for Third Party Transactions** consists of the following members: Laura Guazzoni (Chairman), Gloria Francesca Marino, and Giulio Antonello.



The **Supervisory Authority** consists of the following members: Laura Guazzoni (Chairman) and Gloria Francesca Marino.

The Board assessed the requirements of independence pursuant to Article 148, subsection 3 of the CLF (applicable to directors pursuant to Art. 147-ter, subsection 4 of the CLF), of the new code on Corporate Governance promoted by Borsa Italiana, and pursuant to Article 37, subsection 1, paragraph d), of Consob Regulation No. 16191 of October 29, 2007, and subsequent amendments and/or integrations, of the following Directors: Laura Guazzoni, Gloria Marino, and Giulio Antonello.

In assessing the requirements of independence pursuant to the new Corporate Governance Code promoted by Borsa Italiana, the Board of Directors adopted the criteria indicated in the aforementioned code. The Board of Auditors in turn verified the correctness of the criteria adopted by the Board of Directors.

The Board of Directors eventually proceeded to the distribution of the annual aggregate remuneration of 140,000 euro, approved by Shareholders at the today's Meeting, fixing an annual remuneration of 20,000 euro for each Director.

On a proposal from the Remuneration Committee and with the favorable opinion of the Statutory Auditors, the Board: (i) attributed to the Executive Officer, also pursuant Article 2389 of the Italian Civil Code, the overall annual amount of 150,000 euro; (ii) determined the performances for the year 2017 for the Stock Grant attribution, as provided by the 2017-2019 Incentive Plan, and (iii) fixed the annual remuneration for the members both of the Committees and the Supervisory Board.

Q1 2017 results

Today the Board of Directors also examined and approved the **Interim Report** of the Reno De Medici Group **as at March 31, 2017**.

In the first quarter of 2017, **Revenues from Sales** of the RDM Group amounted to **149.5 million euro**, compared to 111.6 million euro in the first quarter of the previous fiscal year. The increase is mainly due to the consolidation of 33 million euro Revenues, coming from RDM La Rochette, the company operating in the FBB business, acquired on June 30, 2016. In the WLC segment, Revenues from Sales increased by 4.4 million euro, due to higher volumes; their positive impact was partly offset by average selling prices that were lower than in Q1 2016.

Volumes sold by the Reno De Medici Group in Q1 2017 reached **268,000 tons**, vs. 213,000 tons sold in Q1 2016. Such increase mainly reflects the consolidation of the 42,000 tons sold by R.D.M. La Rochette S.A.S.. In the WLC segment, volumes increased by 13,000 tons compared



to Q1 2016.

In Q1 2017, **prices of raw materials** - both recycled and virgin fibers – continued to increase significantly, mainly because of the re-acceleration of export to China. Also average prices of **chemicals** rose. As regards the prices of **energy raw materials**, they remained stable during a significant part of the period, while showing new hikes at the end of the first quarter.

As at March 31, 2017, **Gross Operating Profit (EBITDA)** was 9.1 million euro, vs. 9.3 million euro in Q1 2016. The contribution from R.D.M. La Rochette S.A.S. was 2.6 million euro; net of such effect, EBITDA generated by the WLC business decreases if compared with the first quarter of the previous year, due both to lower average selling prices and to higher raw material costs vs. Q1 2016.

In Q1 2017 **Operating Profit (EBIT)** was 3.6 million euro, compared to 4.0 million euro in Q1 2016.

Net Financial Expenses amounted to 0.7 million euro, vs. 1.1 million euro in Q1 2016, while **Income from Equity Investments** was 0.4 million euro, vs. 0.7 million euro in the Q1 of the previous year. The provisions for **Income Taxes** amounted to 0.8 million euro, in line with the previous year.

In Q1 2017, **Consolidated Net Profit** was **2.5 million euro**, slightly below 2.7 million euro in Q1 2016, with a contribution of 2 million euro from the Net Profit of R.D.M. La Rochette S.A.S..

In Q1 2017 the Reno De Medici Group **Capital Expenditure** was **5.7 million euro**, vs. 2.7 million euro in Q1 2016.

As at March 31, 2017, **Consolidated Net Financial Indebtedness** was **42.7 million euro**, a decrease compared to 44.4 million euro as at December 31, 2016, notwithstanding the payments for the investments carried out, in particular by R.D.M. Blendecques S.A.S. .

Other key events

The RDM Group **re-organization both of sales&marketing and operations** took place during the first quarter of 2017. Starting from January 1, 2017, all Group products are **marketed only under the RDM brand**, while commercial activities have been based on **three different geographical areas**, each of them responsible for marketing the **whole product portfolio** of the Group.



Outlook

In the **Whiteline Chipboard (WLC)** segment, after the closing of the first quarter, European demand is strong and backlog is improving. Prices of recycled fibers seem to have stabilized, despite they remain high. With the aim of restoring an adequate level of profitability, in a scenario with higher costs of raw materials and energy, in February the RDM Group announced a new selling price increase, to be applied to the deliveries as of April 3, 2017. Its first effects will be visible from May 2017 onwards.

Also in the **Folding Box Board (FBB)** segment, in which R.D.M. La Rochette S.A.S. operates, the order in-flow and backlog is satisfactory. The prices of mechanical pulp seem to be still slightly increasing, but they remain at low levels, given the persistent excess of supply on the market.

In both the operating sectors the prices of energy, in particular that of natural gas, should remain low, notwithstanding the rebounds occurred over the last few months.

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 Financial Law" 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.

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

The Interim Report as at March 31, 2017, will be available to the public at the Company's registered office and at Borsa Italiana S.p.A.; shareholders have the right to obtain copies of the same. Such documents will be also available on the authorized storage system, accessible at the site www.emarketstorage.com, and will be also consultable in the Investor Relations section of the corporate website, www.rdmgroup.it, starting from today.

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The tables relative to the Financial Statements of RDM Group as of December 31, 2016, are attached below.

Consolidated Income Statement		03.31.2017	03.31.2016
(thousands of Euros)			
Revenues from sales		149,453	111,617
Other revenues and income		1,463	1,256
Change in inventories of finished goods		(7,085)	(3,913)
Cost of raw materials and services		(110,499)	(82,712)
Personnel costs		(23,167)	(16,096)
Other operating costs		(1,042)	(897)
Gross operating profit		9,123	9,255
Depreciation and amortization		(5,513)	(5,210)
Write-downs and revaluations			
Operating profit		3,610	4,045
	<i>Financial expense</i>		
	<i>Gains (losses) on foreign exchange</i>	(755)	(850)
	<i>Financial income</i>	26	(225)
Net financial income/(expense)		2	19
		(727)	(1,056)
Gains (losses) from investments			
Taxes		378	729
		(768)	(796)
Profit (loss) for the period before discontinued operations		2,493	2,922
Discontinued operations			(188)
Profit (loss) for the period		2,493	2,734
attributable to:			
Group's share of profit (loss) for the period		2,493	2,676
Minority interest in profit (loss) for the period			58



Statement of Financial Position - ASSETS	03.31.2017	12.31.2016
(thousands of Euros)		
Non-current assets		
Tangible assets	196,441	196,633
Other intangible assets	6,832	6,441
Equity investments	2,887	2,509
Deferred tax assets	1,523	1,536
Other receivables	6,394	3,679
Total non-current assets	214,077	210,798
Current assets		
Inventories	77,392	82,450
Trade receivables	75,131	67,405
Other receivables	13,169	12,866
Cash and cash equivalents	29,682	29,331
Total current assets	195,374	192,052
Asset held for sale		
TOTAL ASSETS	409,451	402,850



Statement of Financial Position - LIABILITIES AND SHAREHOLDERS' EQUITY		03.31.2017	12.31.2016
	(thousands of Euros)		
Shareholders' equity			
Shareholders' equity attributable to the Group		157.645	155,216
Total shareholders' equity		157.645	155,216
Non-current liabilities			
Payables to banks and other lenders		56.492	57,627
Derivative instruments		241	268
Other payables		64	79
Deferred taxes		7.084	7,492
Employee benefits		33.908	33,878
Non-current provisions for risks and charges		6.245	6,224
Total non-current liabilities		104.034	105,568
Current liabilities			
Payables to banks and other lenders		16.078	16,174
Derivative instruments		149	154
Trade payables		107.444	103,685
Other payables		21.524	20,543
Current taxes		788	657
Current provisions for risks and charges		1.778	841
Employee benefits		11	12
Total current liabilities		147.772	142,066
Liabilities held for sale			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		409.451	402,850



Net financial position	03.31.2017	12.31.2016	Variation
(thousands of Euros)			
Cash, cash equivalents and short-term financial receivables	29,982	29,677	305
Short-term financial debt	(16,078)	(16,327)	249
Valuation of current portion of derivatives	(149)	(154)	5
Short-term net financial position	13,755	(13,196)	559
Medium-term financial receivables	300	300	0
Medium-term financial debt	(56,492)	(57,627)	1,135
Valuation of non-current portion of derivatives	(241)	(268)	27
Net financial position	(42,678)	(44,399)	1,721

Fine Comunicato n.0217-41

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