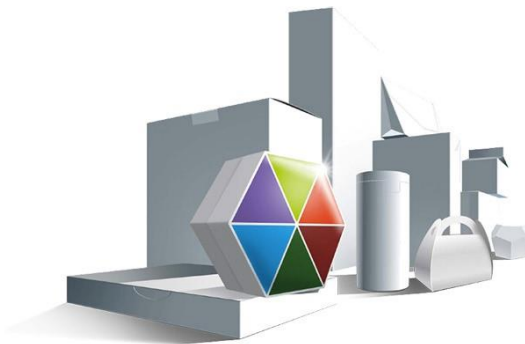


# Reno De Medici

Lucheon Presentation

Milan – 4 October 2017



Born to be  
converted



- 1 RDM Features and Strategic Guidelines**
- 2 Delivering on Strategy
- 3 RDM Shares and Final Remarks



30 June 2016

**Acquisition of RDM La Rochette** (ex Cascades sas), producing cartonboard based on virgin fibers, dawning of a new integrated player.  
Careo – **RDM Marketing wholly owned** as a result of the integration of the FBB business.

2 November 2016

Appointment of the **new CEO**.

Q1 2017

**Restructuring of the organization** with emphasis on integrating the way sales and operations link each other.

Today  is

A single integrated company  
Operating with a single brand  
Marketing products through a single sales structure  
Headed by a single management team  
Executing a single strategy

With the aim of maximising the satisfaction of ALL our STAKEHOLDERS.



## Partner of Choice







RDM leverages on **clear strengths** to deliver strategy:



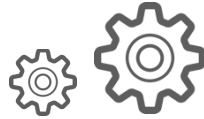
## MULTICOUNTRY

PanEuropean asset base  
and sales network



## BROAD OFFER

Cartonboard portfolio  
based on recycled, virgin  
fibres and specialties,  
meeting the full range of  
customer needs



## SIZE

Strong position on the  
European market  
making RDM the **partner  
of choice** for key brands  
and multinational  
corporations



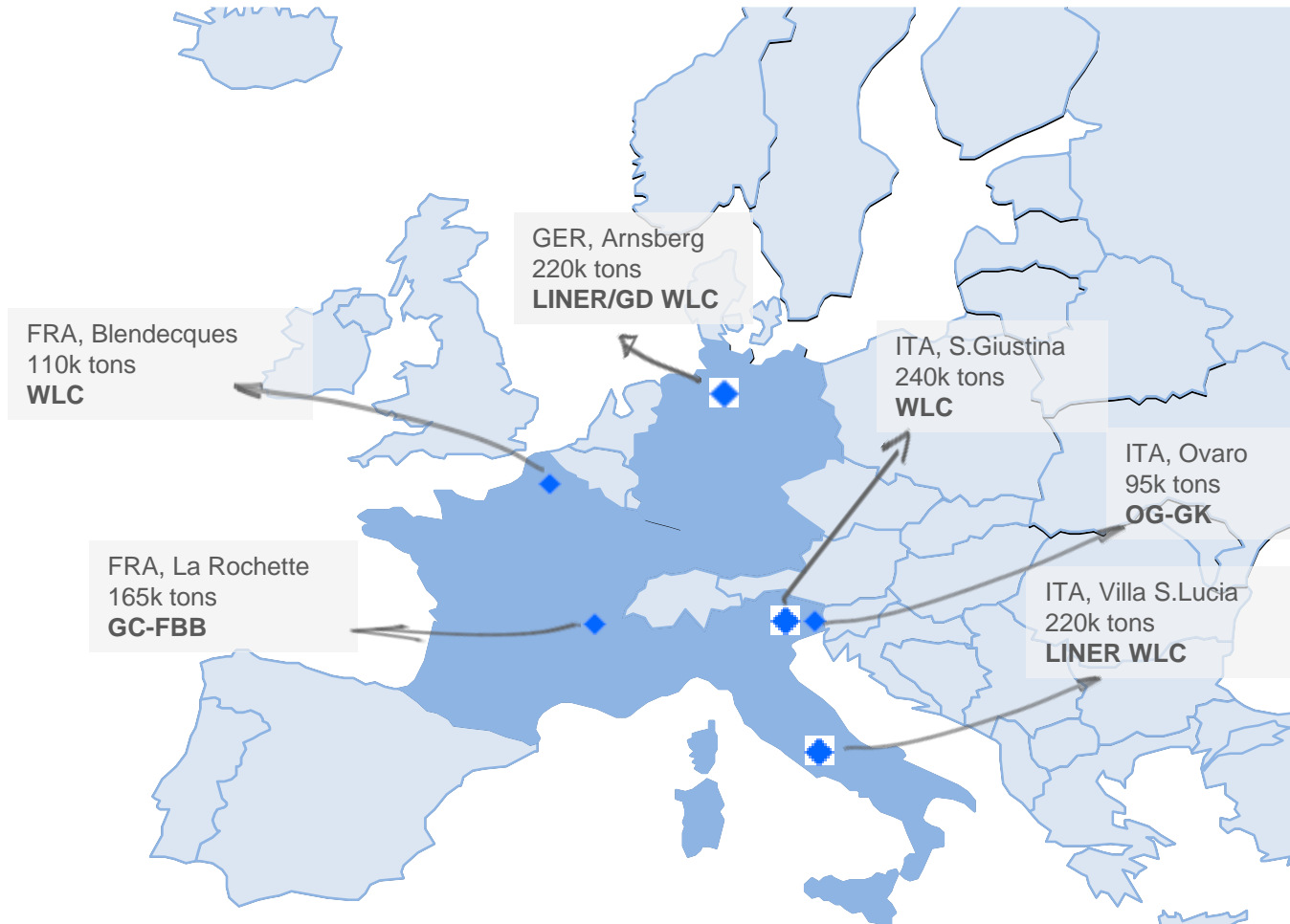
## GROWING BUSINESS

Presence in the packaging  
business, sector in which  
organic growth can be  
healthy as returns on  
investment prove to be high



Three assets with capacity well above 200k tons/p.a.

Ovaro mill focused on high-margin specialties.



**WLC** –  
White Lined Chipboard

**FBB** –  
Folding Boxboard

**RDM La Rochette (FBB business)** included in the P&L consolidation perimeter of RDM starting from H2 2016.

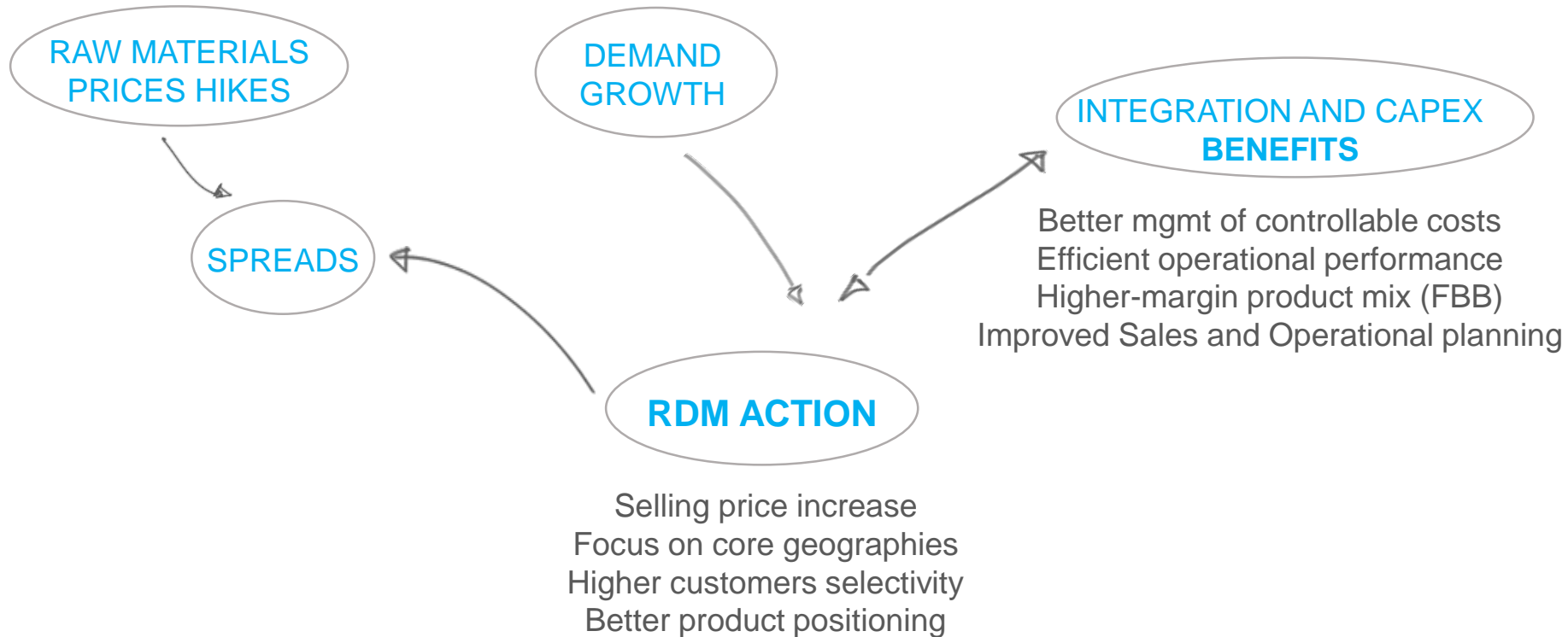


- 1 RDM Features and Strategic Guidelines
- 2 **Delivering on Strategy**
- 3 RDM Shares and Final Remarks





Increasing margins in a tough input-cost scenario

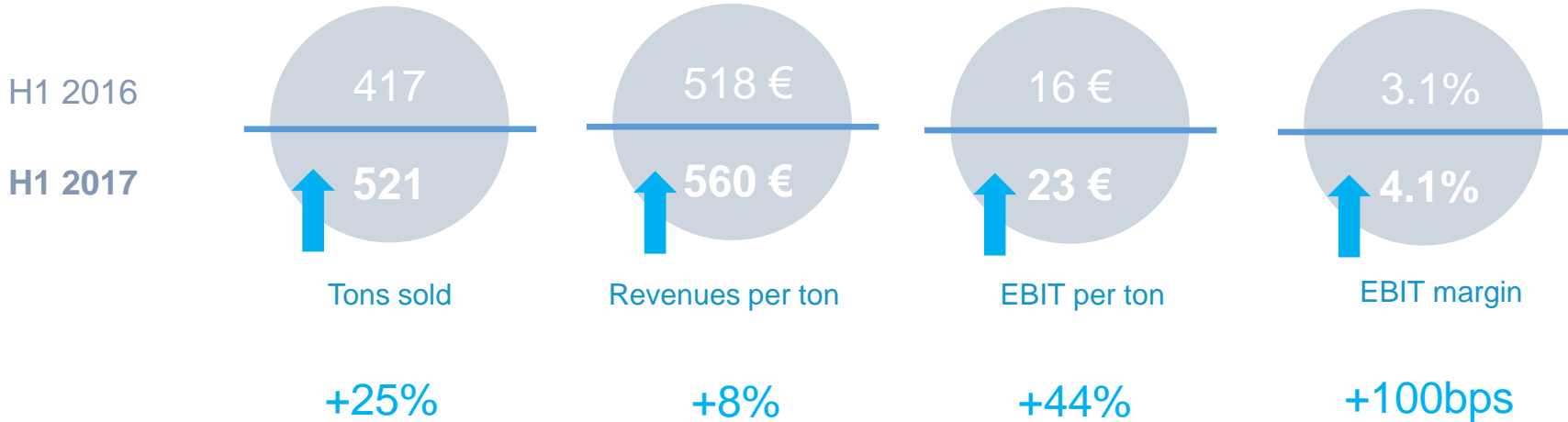


Demand trend helped, but **in-house levers** put into play were crucial.

**We successfully adapted response to spread challenges, while increasing mkt share in core countries.**

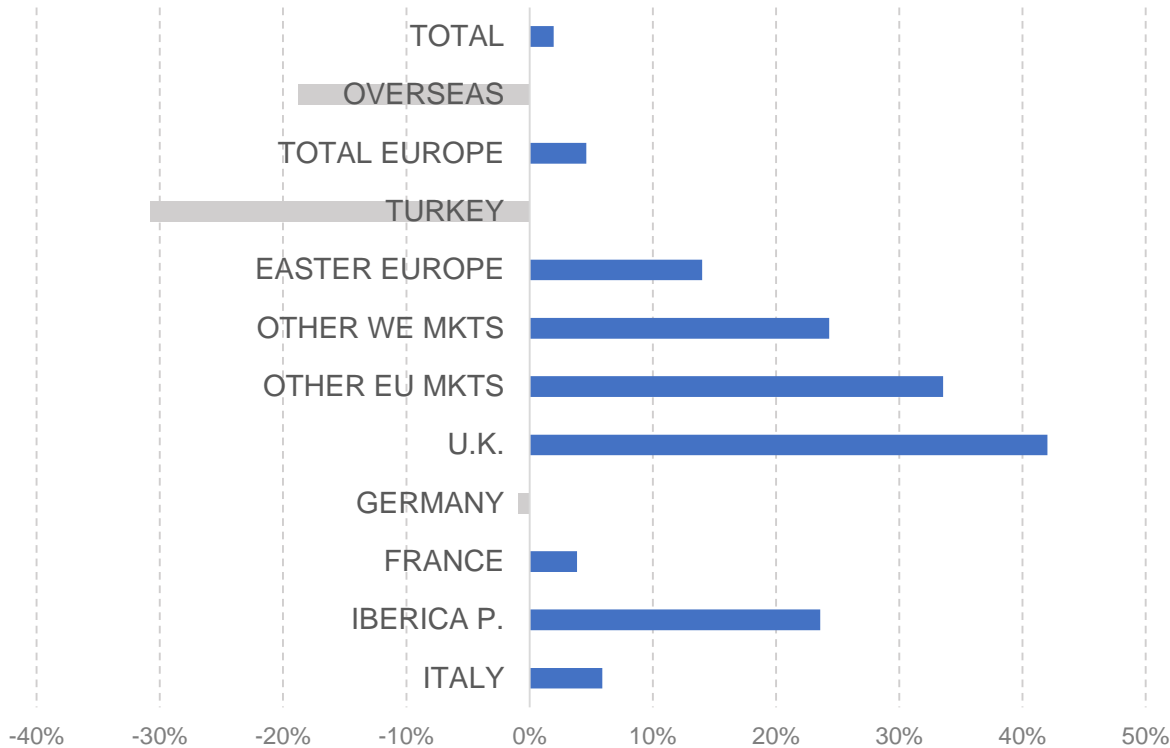


A set of metrics consistently on the rise





RDM - Change in WLC mkt share H1 '17/H1 '16



WLC mkt share  
increase

+0.4  
pct points

**RDM market share in WLC increased (+0.4 percentage points) in H1 2017 vs. H1 2016.**  
The strongest increases were experienced in **core European markets**.



(% changes: H1 2017/H1 2016)

292 € mn

Net Revenues  
from Sales  
( +35.1% )

23.3 € mn

EBITDA  
( +33.9% )

12.1 € mn

EBIT  
( +80.6% )

9.7 € mn

Net Profit  
( +105.9% )

0.24x

Gearing Ratio  
( 0.22x @ 2016YE )

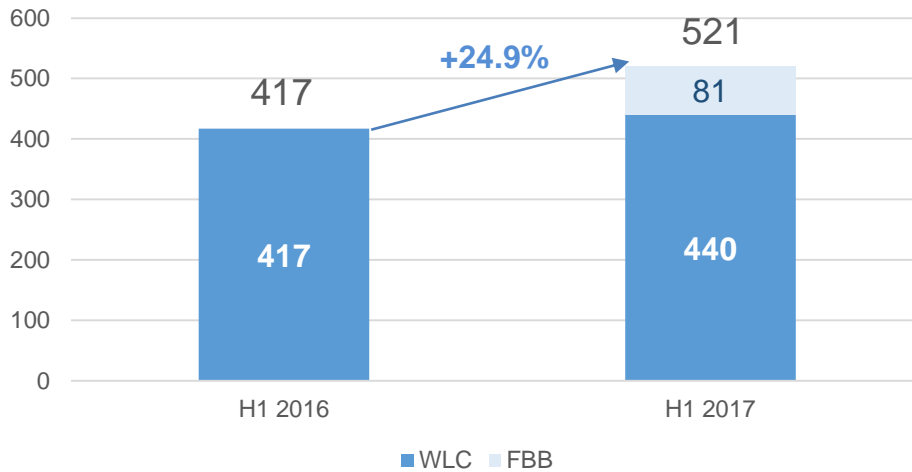
5.7%

ROCE\*  
( 3.7% @ 2016YE )

\*ROCE: Last 12-month EBIT/Capital Employed Adjusted (for Equity Investments & LT Liabilities)



Volumes sold ('000 tons)

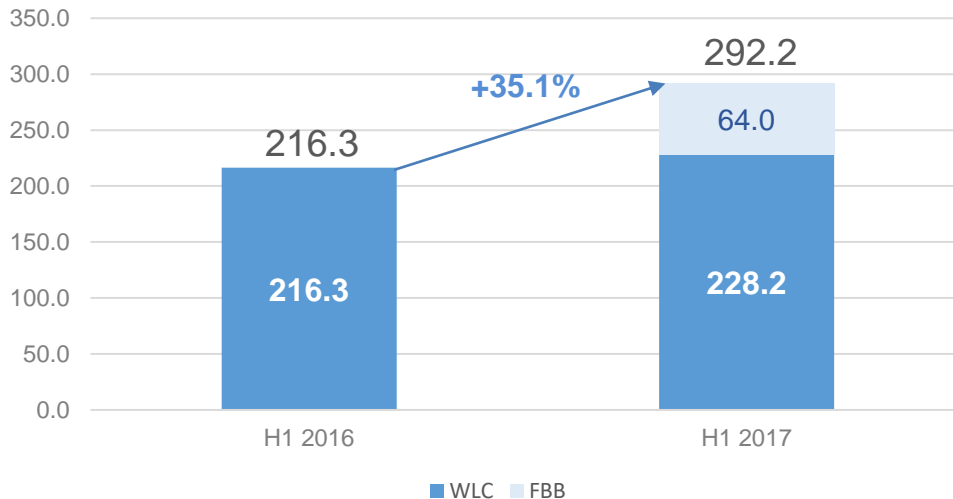


The increase in H1 2017 volumes mainly reflects the **benefits of the RDM La Rochette consolidation** (FBB business).

**WLC** volumes increased by **5.5%** (+23k tons).

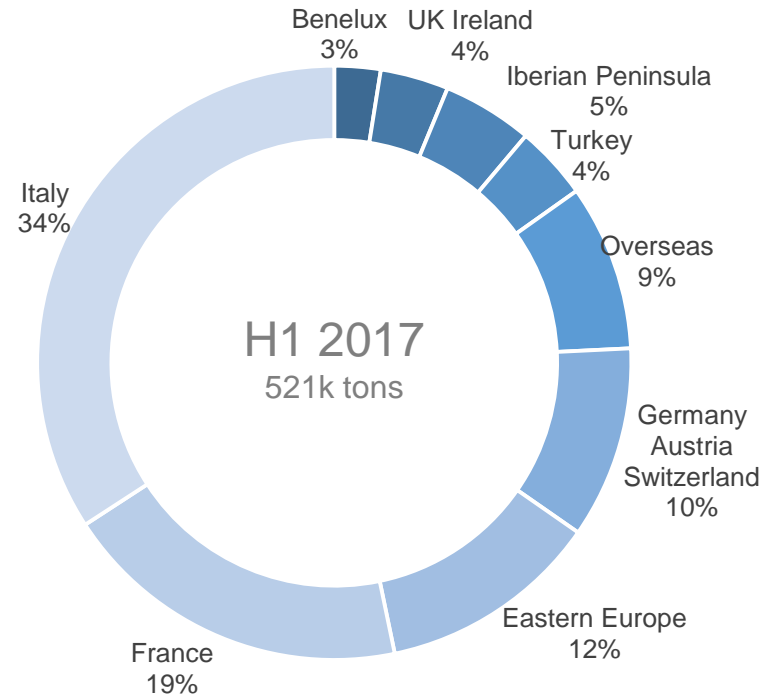
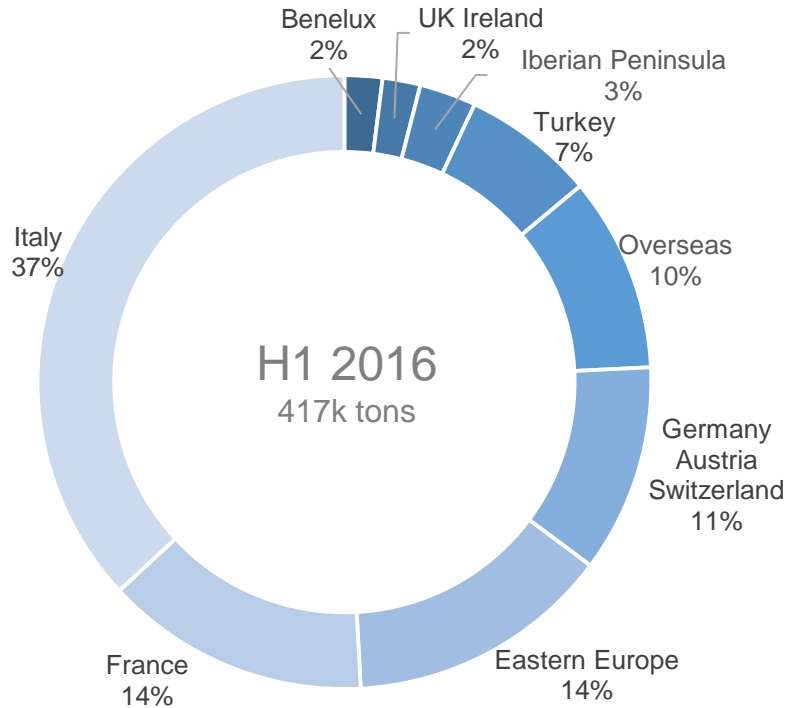
Revenue growth outpaced volume increase

Revenues from Sales (€ mn)



The topline growth was driven by the positive impact of the **RDM La Rochette consolidation**.

**WLC** revenues increased by **5.5%**, in line with volumes.



*FFB (La Rochette) products were not part of the RDM portfolio in H1 2016.*

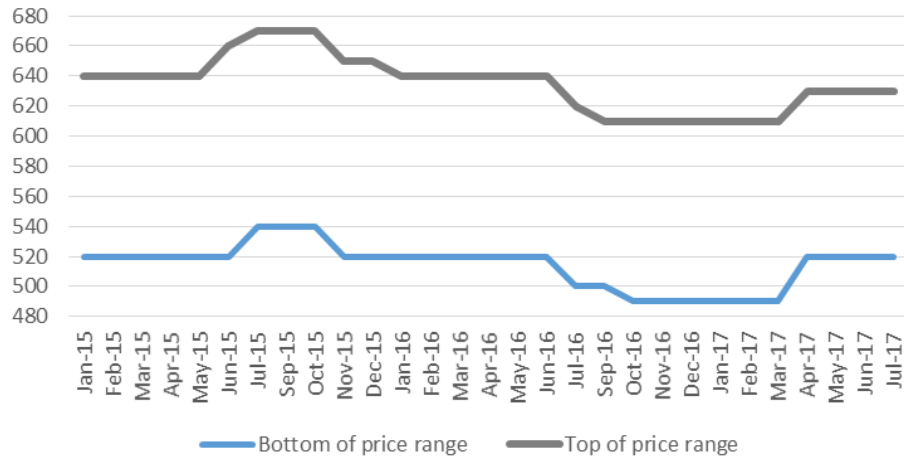
Significant improve of domestic Sales.

Stronger position in core European countries.

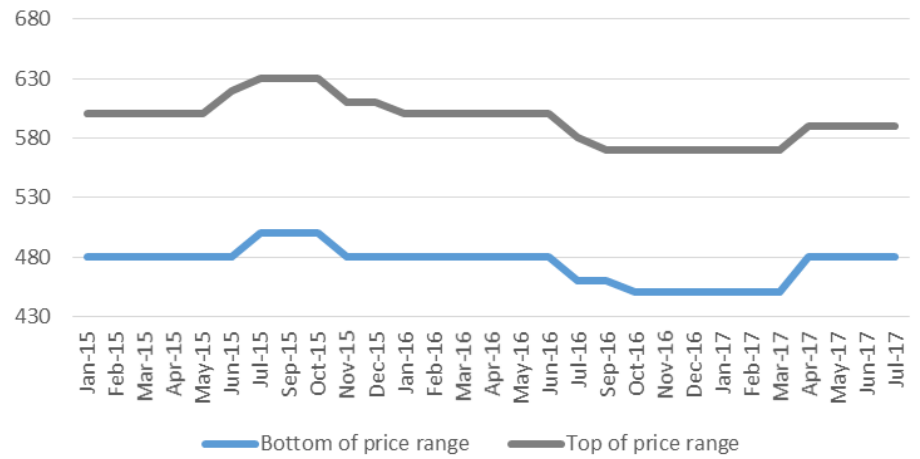


(€ per ton)

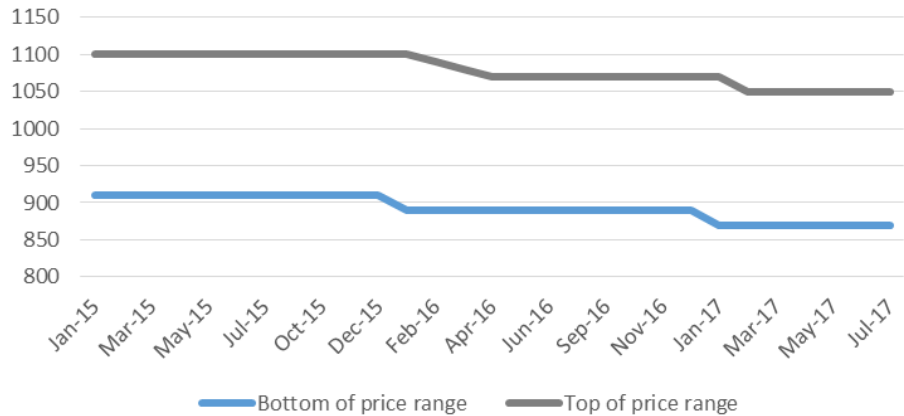
### GDII in Italy (WLC)



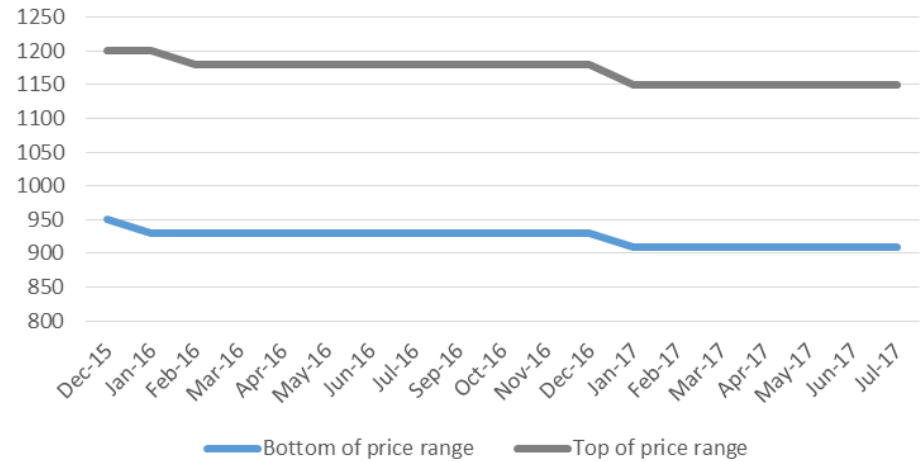
### GDIII in Italy (WLC)



### GCII in Italy (FBB)

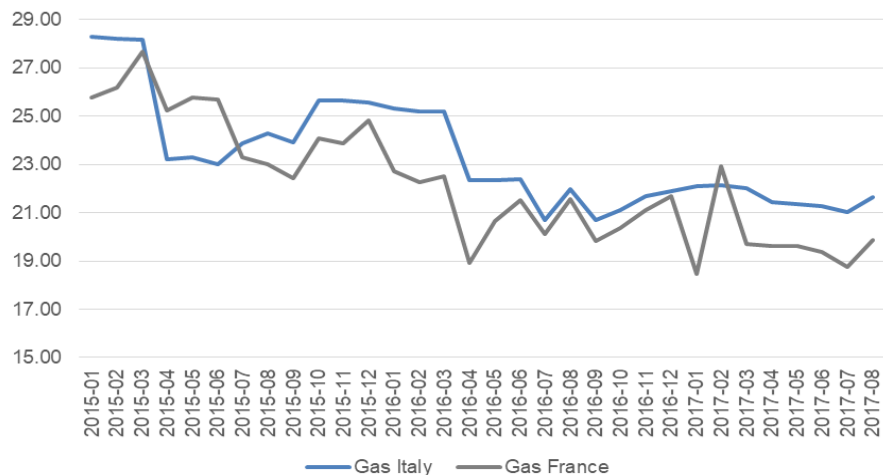


### GCII in France (FBB)

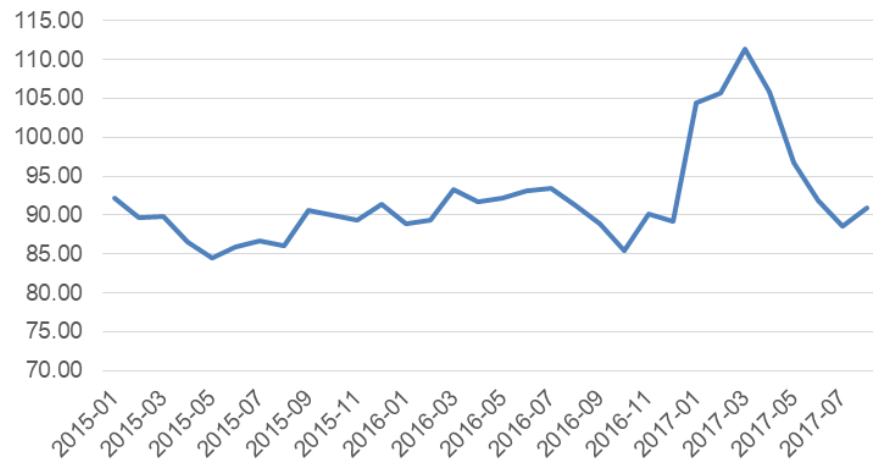




### Natural gas (€/MWh)



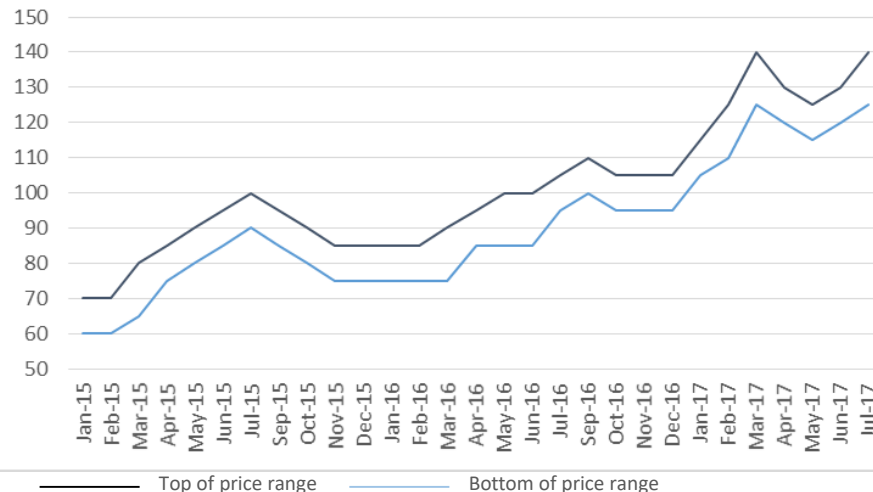
### Coal price in Germany (€/ton)



### Bleached softwood pulp (€ per ton)



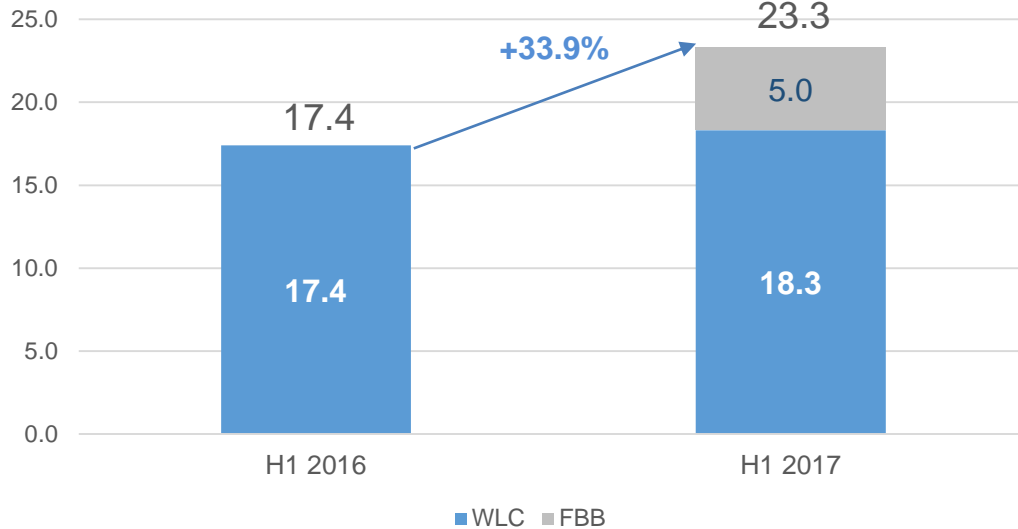
### Mixed paper and board (€ per ton)







### EBITDA (€ mn)

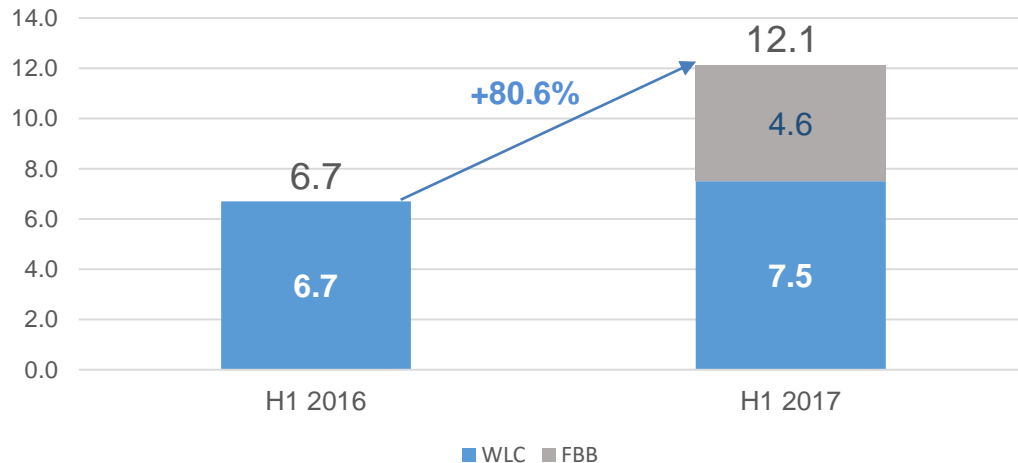


The **WLC EBITDA change (+5.2%)** reflects the following drivers:

- + WLC **Revenues** increase (+5.5%) led by **volume** growth (+5.5%)
- + Lower **energy costs** than in H1 2016;
- Higher cost of **non-energy raw materials** **mainly** due to re-acceleration of export towards China.

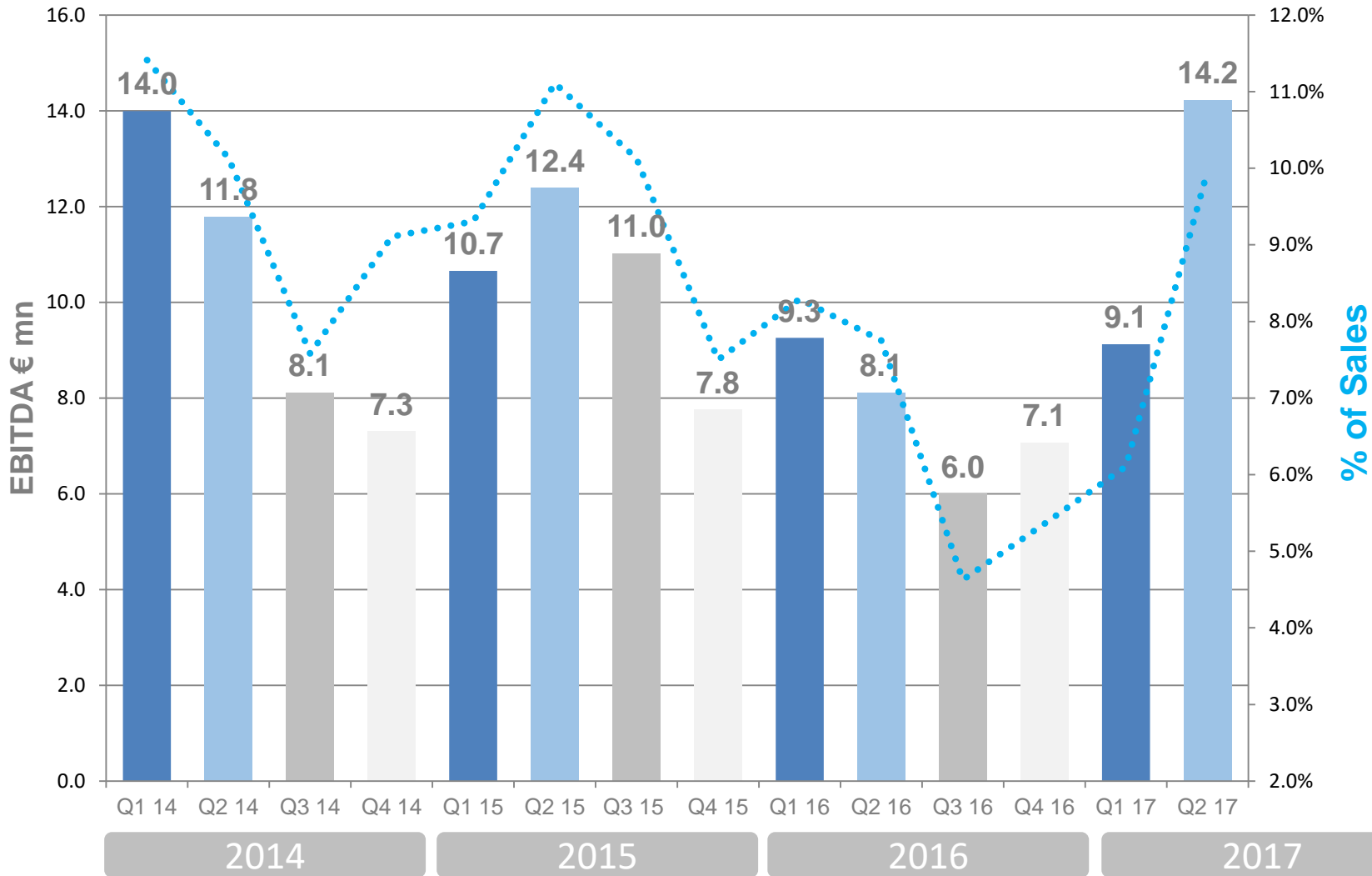
H1 2017 EBITDA also reflects an **extraordinary item: 1.2 € mn restructuring costs** for the reorganization of the sales team.

### EBIT (€ mn)



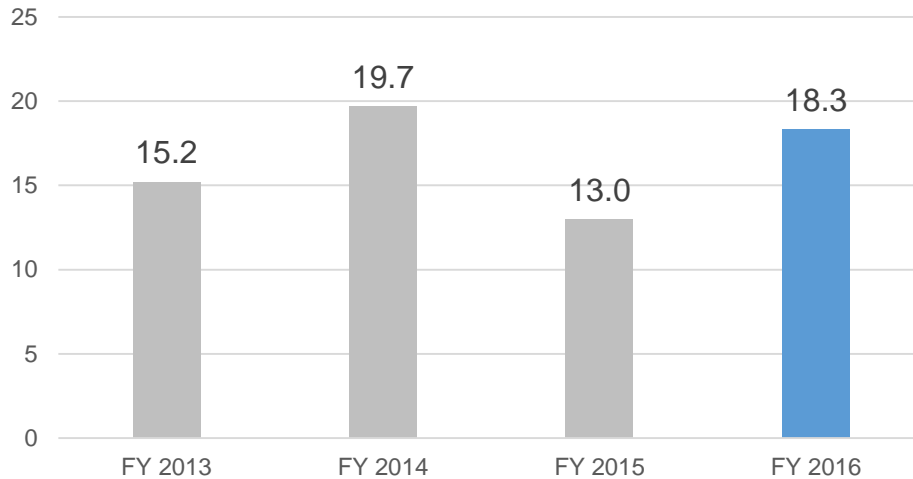
**EBIT increase (+80.6%)** resulted in being even stronger than EBITDA increase (+33.9%) due to limited D&A growth (+4.7%, up to 11.2 € mn from 10.7 € mn in 1H 2016).

# EBITDA leap in Q2 2017





### Capex (€ mn)

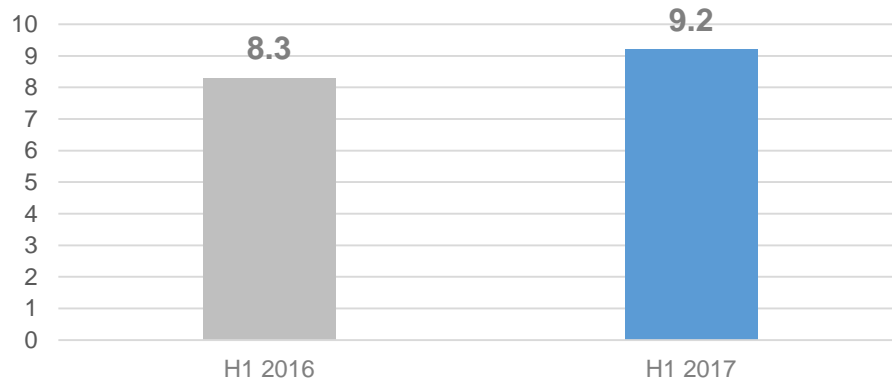


Typically, over the last eight years, RDM investments have been mainly concentrated in upgrading **one plant** at a time.

In 2016, Capex was mainly focused on the **Arnsberg mill** rebuild.

Cumulated capex of **144.2 million euro** over the 2008-2015 period, i.e. **18.0 million euro on average per year**.

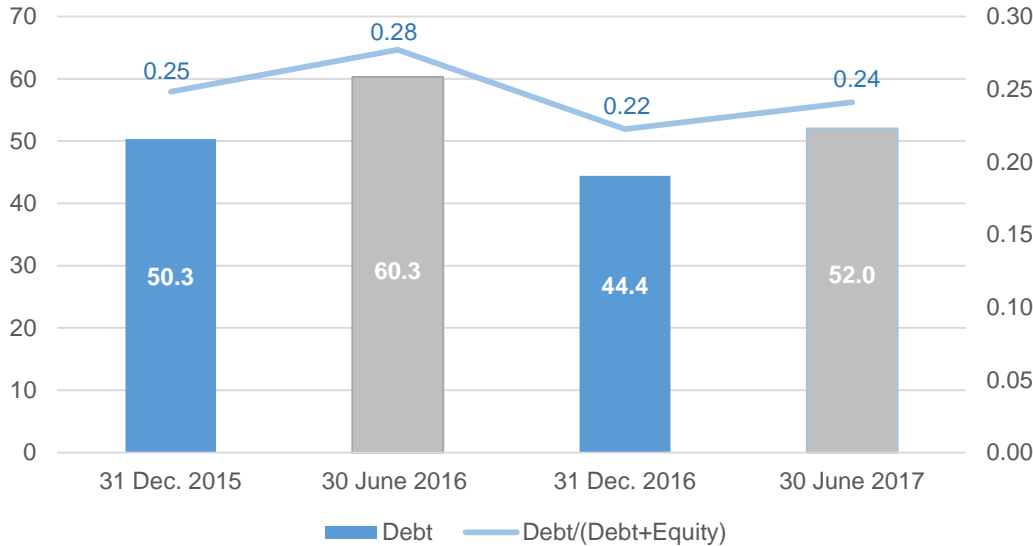
### Capex in H1 (€ mn)



In H1 2017 the main capex project was the rebuild of the press section at the **Blendecques mill**.



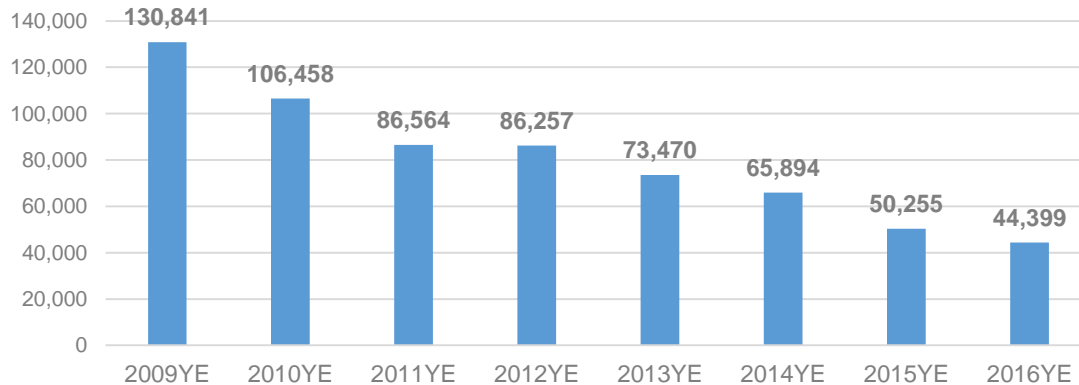
Net Financial Debt (€ mn) and Gearing (x)



Concentration of outflows in H1 2017 led to a substantial absorption of operating cash flow.

- Payment of annual bonuses to customers
- 2016 dividends paid and shares buyback (1.3 mn €)
- Equity investment in Paper Interconnector 1.7 € mn
- Restructuring costs 1.2 € mn
- RDM Arnsberg GmbH deposit on the 'logo fee' tax case (2.6 € mn).

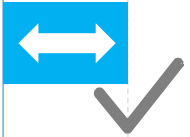
Net Financial Debt ('000€)



The trend of excess cash generation, which has driven the decrease in Net Financial Debt over time, is expected to continue in FY 2017.



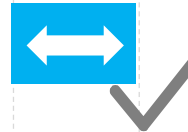
**Blendecques**  
shoepress section



**La Rochette**  
power plant



**Ovaro**  
converting machine



**Santa Giustina**  
steam turbine



**New ERP**



**Health & Safety projects**



Jan

Aug

Dec

**Aug 2018: new rewinder machine in Villa Santa Lucia (Industria 4.0 super-depreciation scheme)**



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**Share Capital: 140,000,000.00 €**

**Outstanding shares: 377,800,994**, o/w  
 377,531,909 ordinary shares  
 269,085 convertible savings shares

## Listing markets

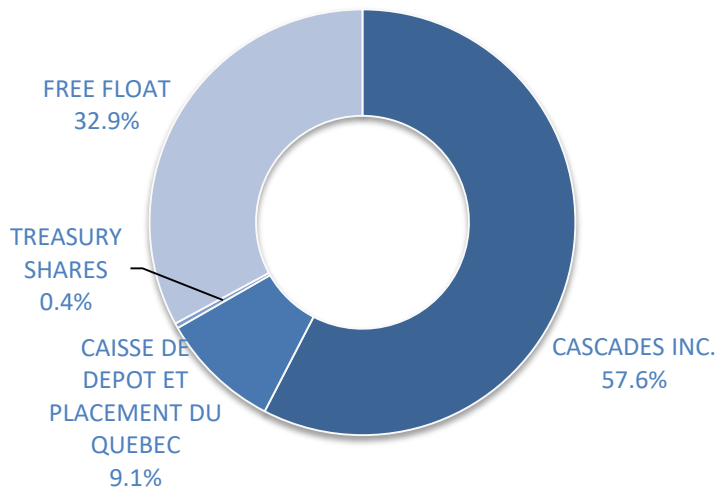
Milan Stock Exchange – MTA (STAR segment)  
 Madrid Stock Exchange

## Codes

Bloomberg: RM IM; Reuters: RDM.MI  
 ISIN: IT0001178299

**Mkt cap.:** 212.3 € mn (@0.562 € p.s. as of 29 September 2017)

## Main shareholders



Source: RDM shareholder register

## Last dividend paid

**ORDINARY SHARE: Dividend of 2.65 € cents**

Payment date: **10 May 2017**

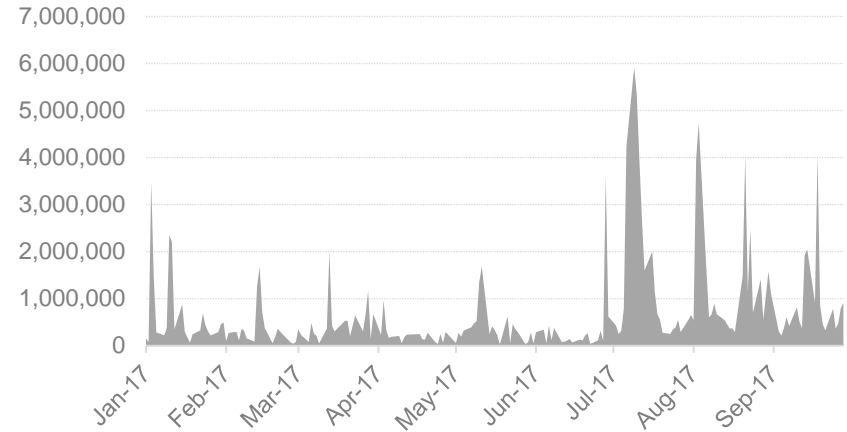
Dividend yield: **0.9%** (YE2016 price of 0.3055 €)



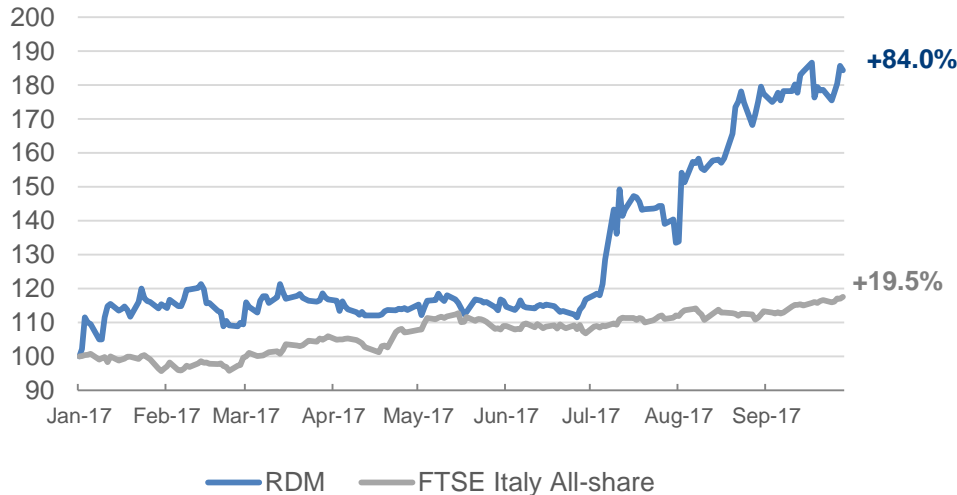
### RDM share price



### RDM traded volumes



### RDM vs FTSE Italy All-share Index



### Average daily traded volumes

Q1 2017: 512,773  
 Q2 2017: 362,208  
**Q3 2017: 1,270,890**

*(Last update: 29 Sept. 2017)*





Board appointed on 28 April 2017. Term of office: 3 financial years.  
The CEO is the only executive member of the Board.



**Robert Hall, Chairman**

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



**Michele Bianchi, Chief Executive Officer**

Chemical engineer, with more than 18 years of experience in the European packaging industry. Coopted on 3 November 2016.



**Laura Guazzoni, Independent Director**

Chartered accountant and business consultant. Bocconi University professor.



**Sara Rizzon, Director**

Lawyer at the Jones Day Milan office. Expert in M&A and corporate compliance



**Gloria F. Marino, Independent Director**

Chartered accountant and statutory auditor.



**Allan Hogg, Director**

CFO of Cascades Group since 2010 – Bachelor's Business Administration in Accounting.



**Giulio Antonello, Independent Director**

In the past, investment banker and CEO of a listed Company. Presently, strategic advisor in the asset management field.



## SHAREHOLDERS

+106%: *EpS* increase in H1 '17 vs. H1 '16  
 2016 dividend: 0.00265€, i.e. 0.9% yield  
 +84%: price increase YTD  
 55+ investors met in H1 2017



## SUPPLIERS

Procurement integrated on a single platform  
 Smarter planning



## EMPLOYEES

Cultivation of the "One-Company" culture  
 Promotion of a digitalized mindset  
 New MBO system also based on Co.'s EBIT  
 New incentivizing remuneration policy  
 Satisfaction survey (entire staff) in 2018



## CUSTOMERS

Tailored solutions in response to specific needs  
 Improved quality and service of products  
 Differentiation through converting and finishing services  
 Satisfaction survey in Nov. 2017

Listening, engaging and creating value for stakeholders



We will continue to deploy our plan to pursue **organic growth** and **improve profitability**

- 1 Thorough evaluation and management of **capex**.  
Priorities: higher EBIT margin, ROCE expansion and sustainability improvements.
- 2 Optimization of **the way we produce and sell**, through further integration and by leveraging on digitalization.

We will selectively explore **M&A opportunities** that can open-up new business segments, even through **vertical integration**, as long as they can...



Increase Company's **returns** in a reasonable time span



Contribute to **smooth volatility** over the cycle