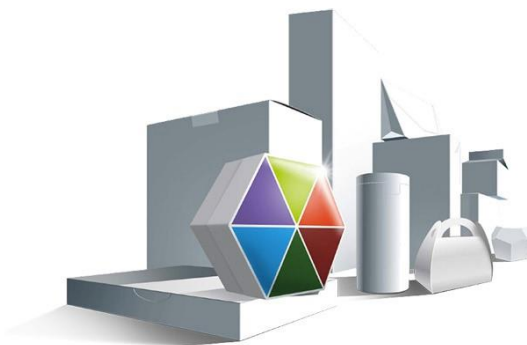


# Reno De Medici

Geneva European MidCap Event

29 November 2017




Born to be  
converted



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



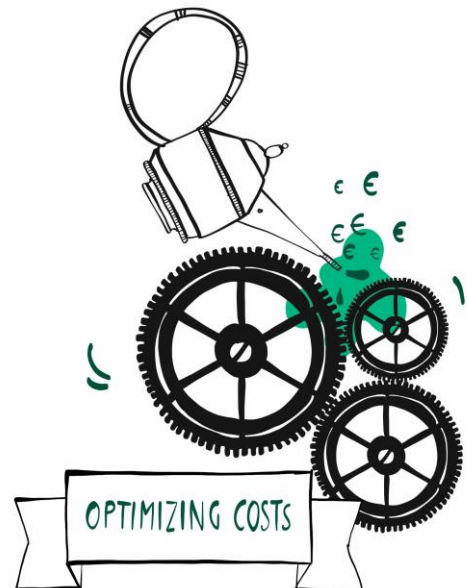
- **30 June 2016** **Acquisition of RDM La Rochette** (ex Cascades sas), producing cartonboard based on virgin fibers, dawning of a new integrated player.  
Careo – **RDM Marketing wholly owned** as a result of the integration of the FBB business.
- **2 November 2016** Appointment of the **new CEO**.
- **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:



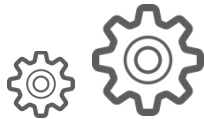
## MULTICOUNTRY

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



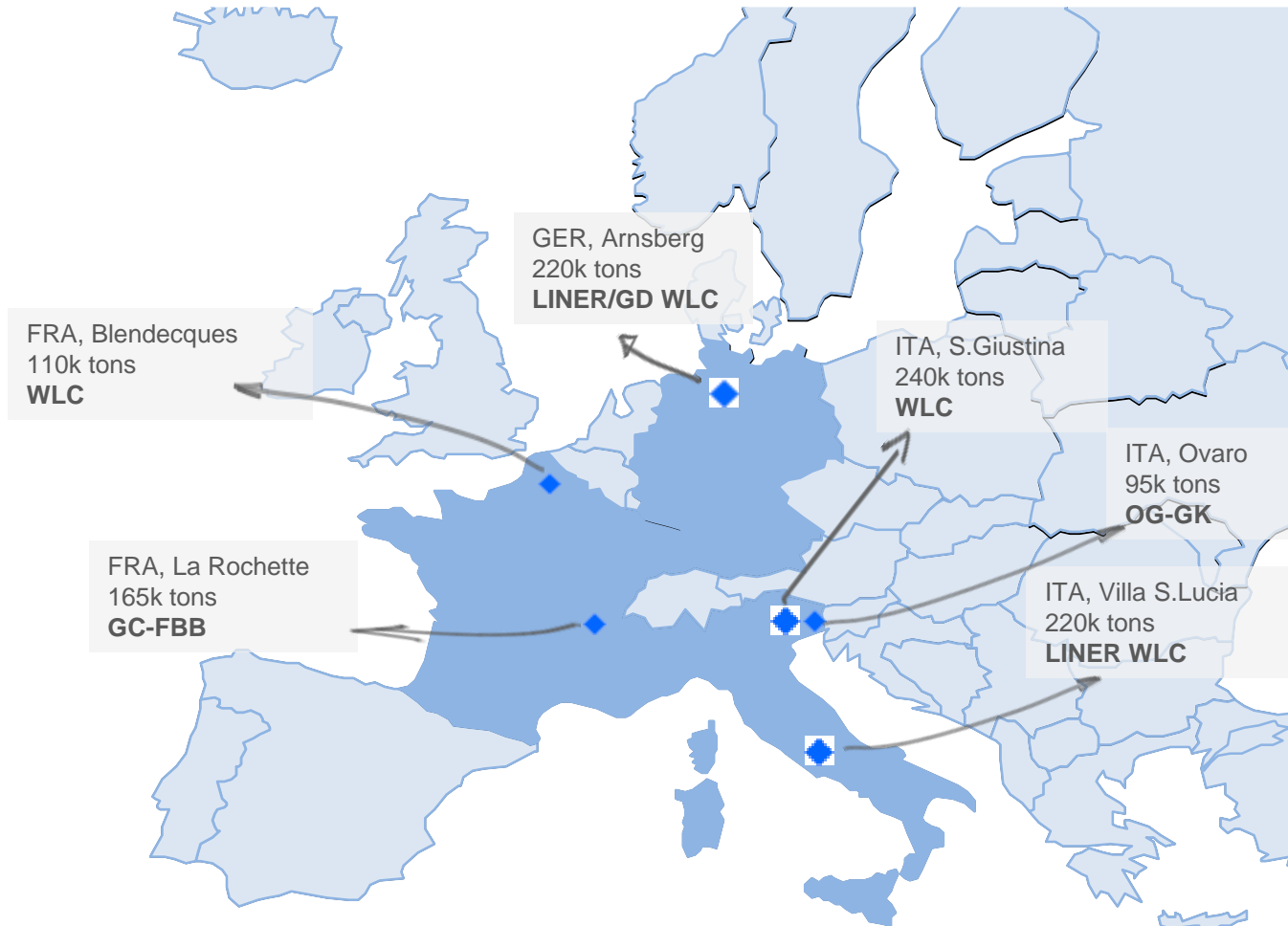
## GROWING BUSINESS

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.

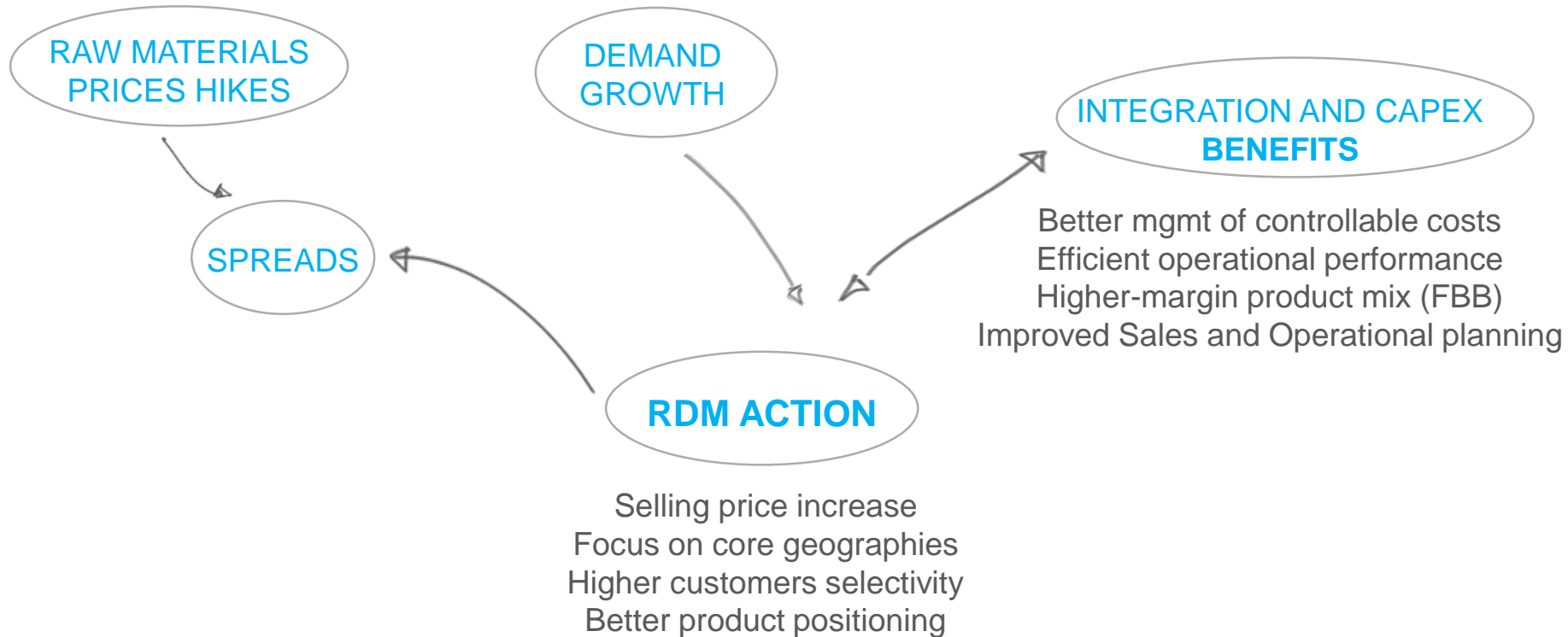


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Increasing margins in a tough input-cost scenario

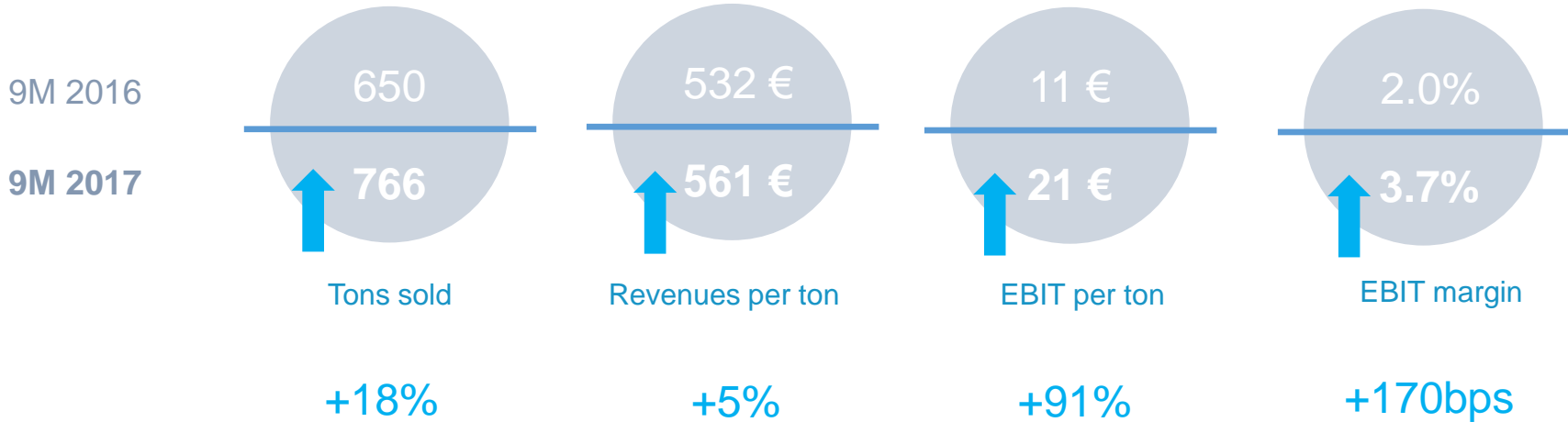


Demand trend helped, but **in-house levers** put into play were crucial.

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



A set of metrics consistently on the rise





(% changes: 9M 2017 vs. 9M 2016)

429.7 € mn

Net Revenues  
from Sales  
( +24.2% )

33.0 € mn

EBITDA  
( +41.0% )

16.1 € mn

EBIT  
( +127.3% )

12.1 € mn

Net Profit  
( 3.4x )

0.20x

Gearing\*  
( 0.22x @ 2016YE )

7.3%

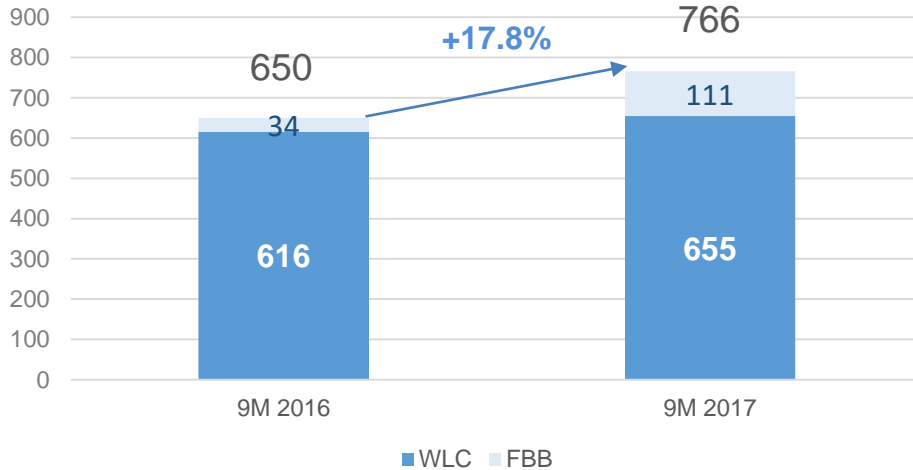
ROCE\*\*  
( 3.7% @ 2016YE )

\*Gearing: Debt/(Debt+Equity)

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



## Volumes sold ('000 tons)

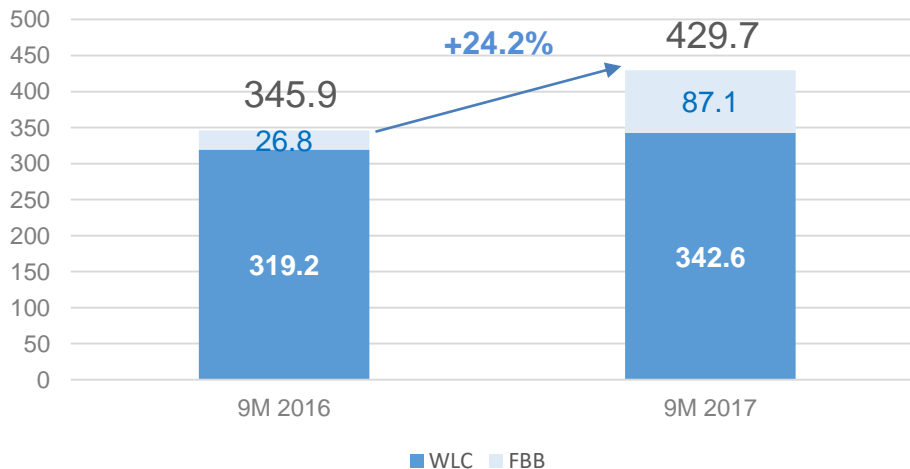


The increase in volumes reflects:

- the consolidation of the RDM La Rochette (FBB business) for 9 months in 2017 (while in 2016 it contributed just in Q3).
- The 6.3% increase in WLC volumes (+39k tons).

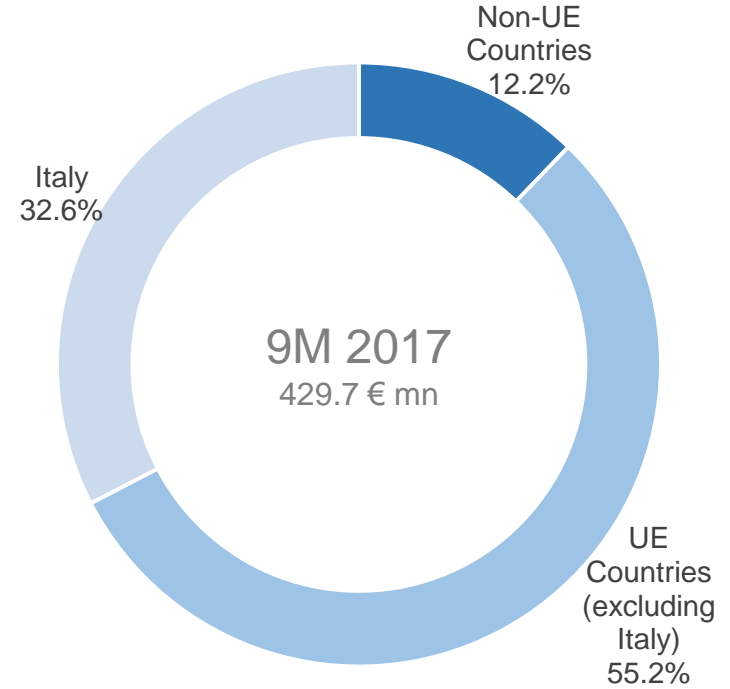
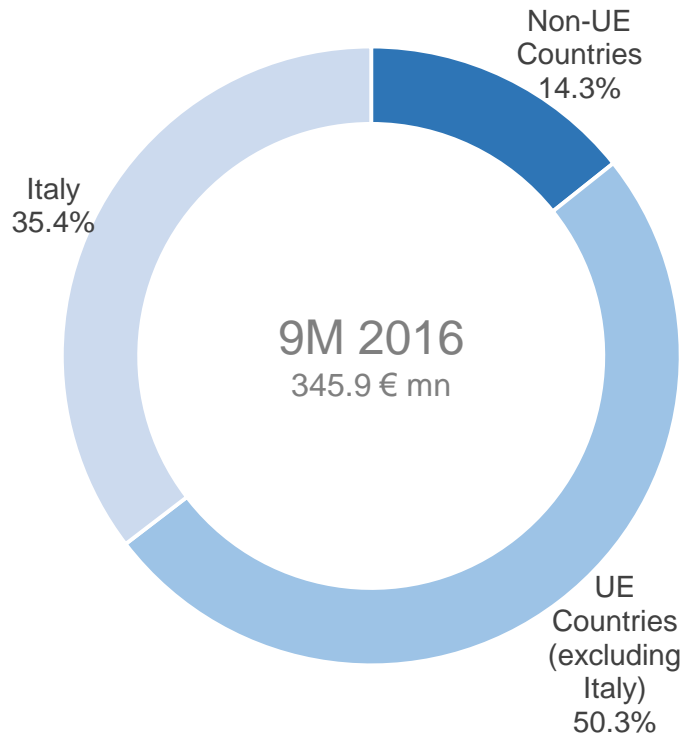
## Revenue growth outpaced volume increase

## Revenues from Sales (€ mn)



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

WLC revenues increased by 7.3%, at a higher pace than WLC volumes.

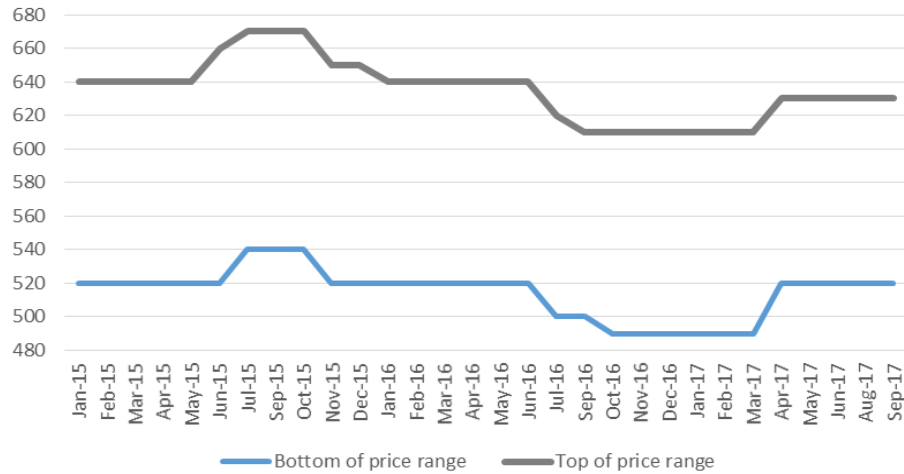


*FFB (La Rochette) products were not part of the RDM portfolio in H1 2016.*

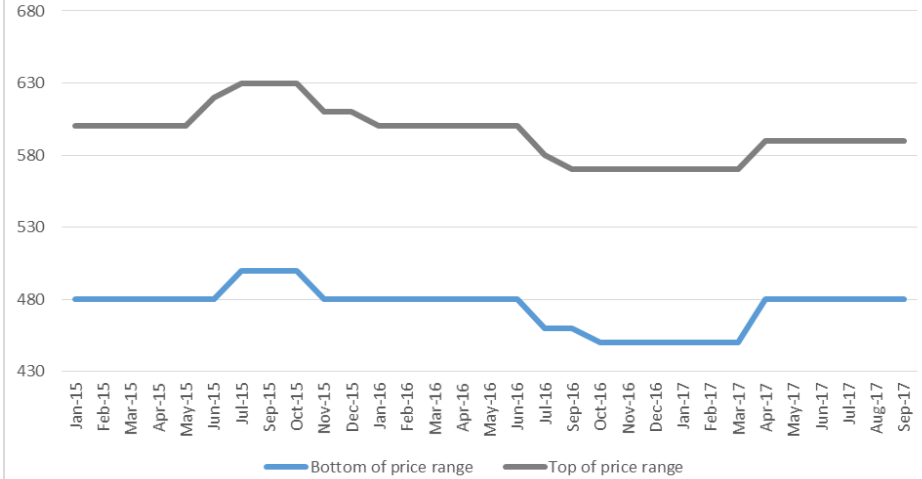
Strong position in core European countries



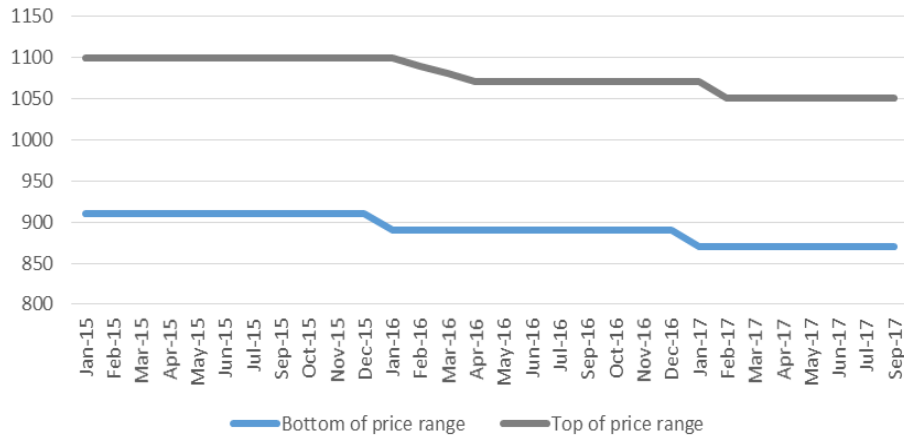
(€ per ton) **GDII in Italy (WLC)**



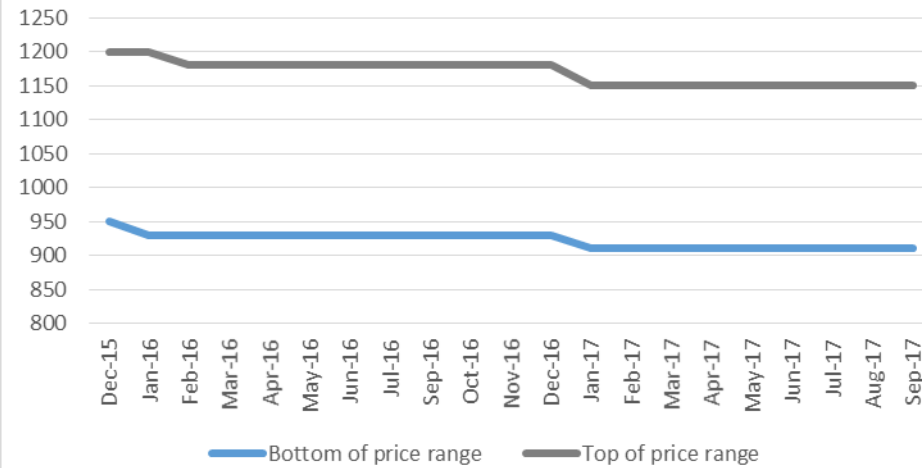
**GDIII in Italy (WLC)**



**GCII in Italy (FBB)**

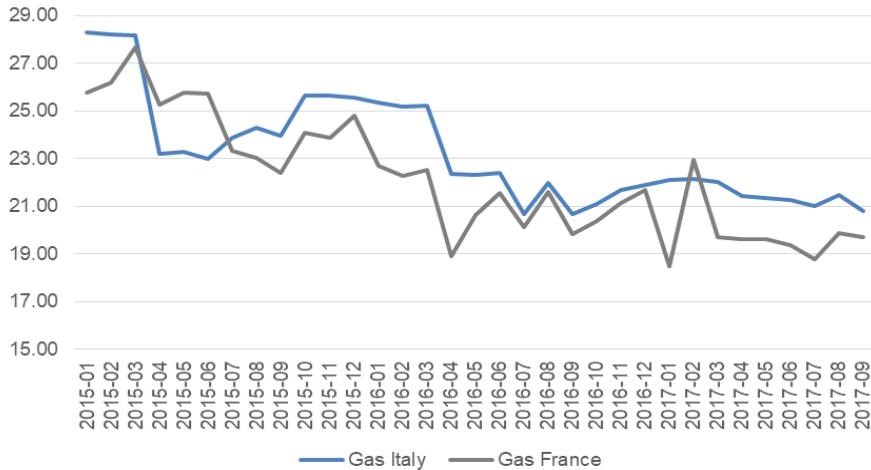


**GCII in France (FBB)**

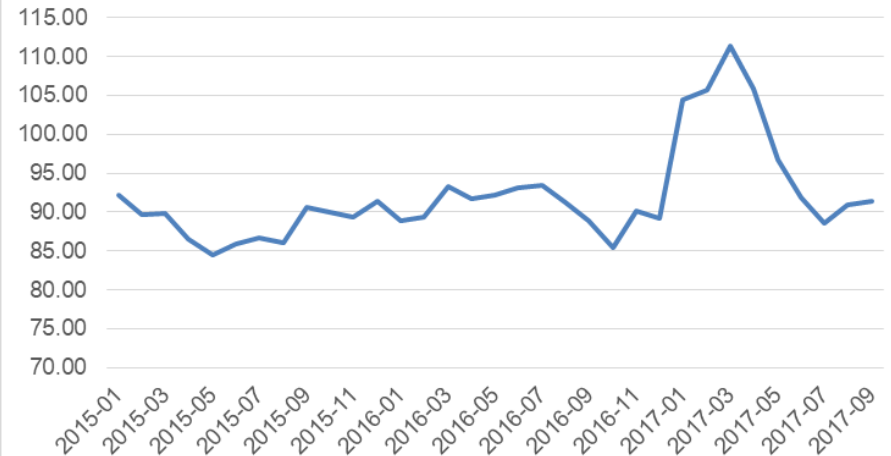




### Natural gas (€/MWh)



### Coal price in Germany (€/ton)



### Bleached softwood pulp (€ per ton)

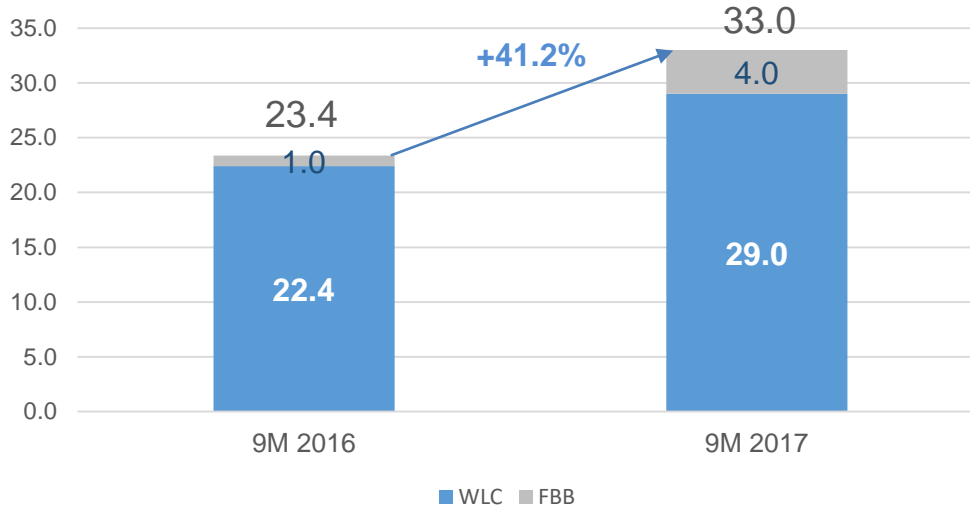


### Mixed paper and board (€ per ton)

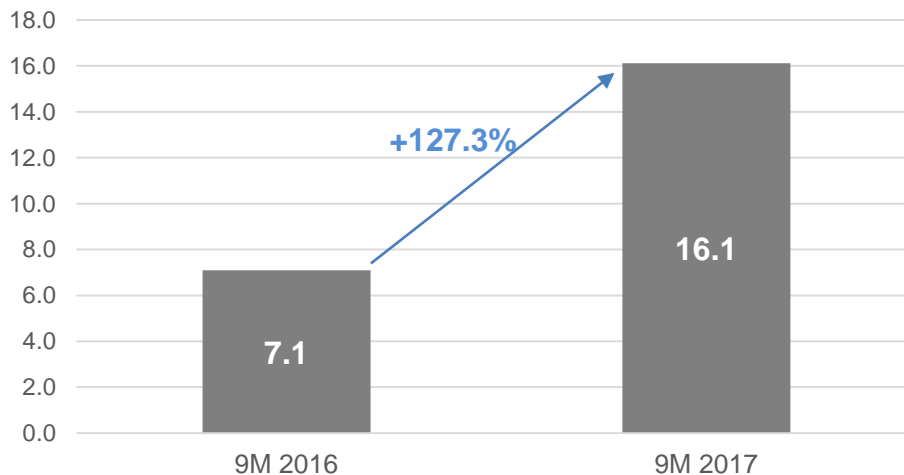




EBITDA (€ mn)



EBIT (€ mn)



The **WLC EBITDA change (+29.5%)** reflects the following drivers:

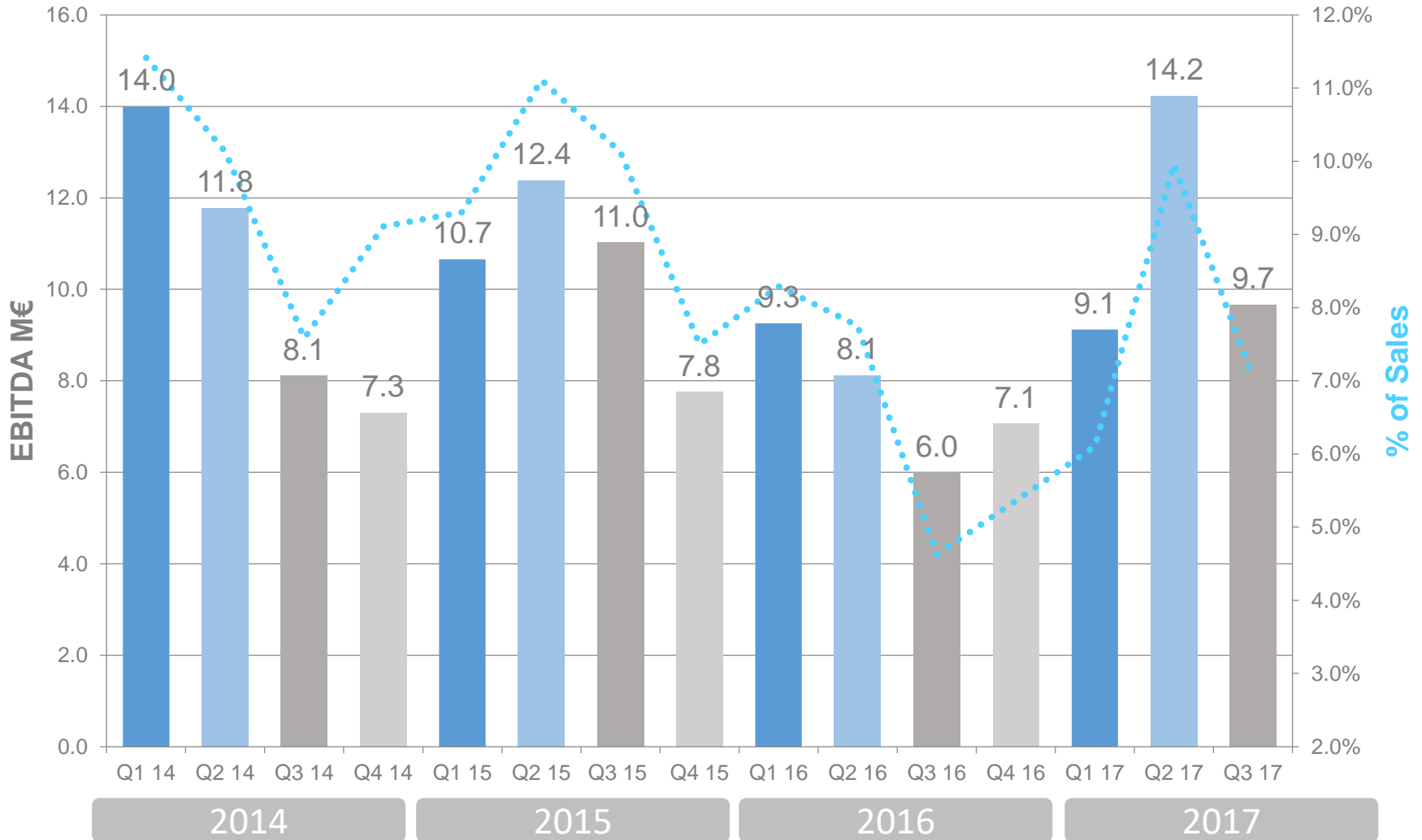
- + **WLC Revenues** increase (+7.3%) led by **volume** growth (+6.3%)
- + Lower **energy costs** than in 9M 2016;
- Higher cost of **non-energy raw materials**.

In Q3 2017 the **contribution from the FBB business** to consolidated EBITDA was **negative**, due to the longer-than-usual stop of La Rochette mill in August, aimed to carry out the **planned investment** in the new power plant.

9M 2017 EBITDA also reflects an **extraordinary item: 1.2 € mn restructuring costs** for the reorganization of the sales team.

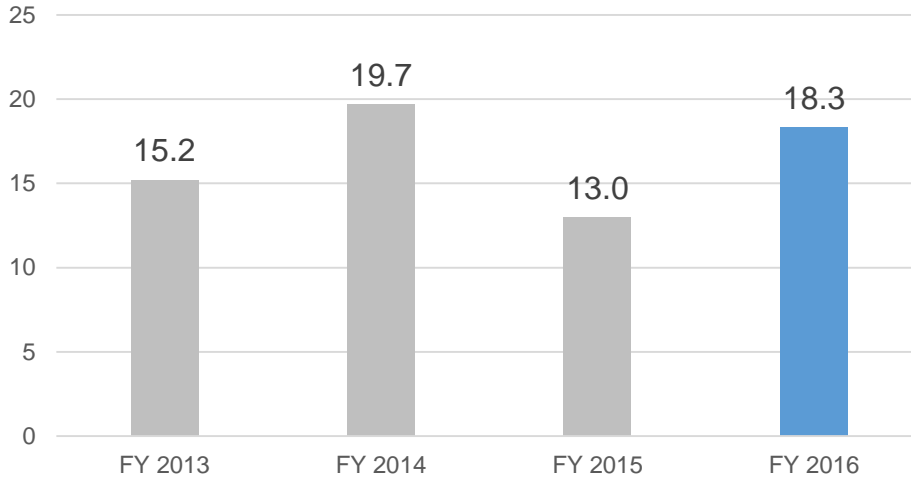
**EBIT increase (+127.3%)** resulted in being even stronger than EBITDA increase (+41.2%), due to limited D&A growth (+3.7%, up to 16.9 € mn from 16.3 € mn in 9M 2016).







Capex (€ mn)

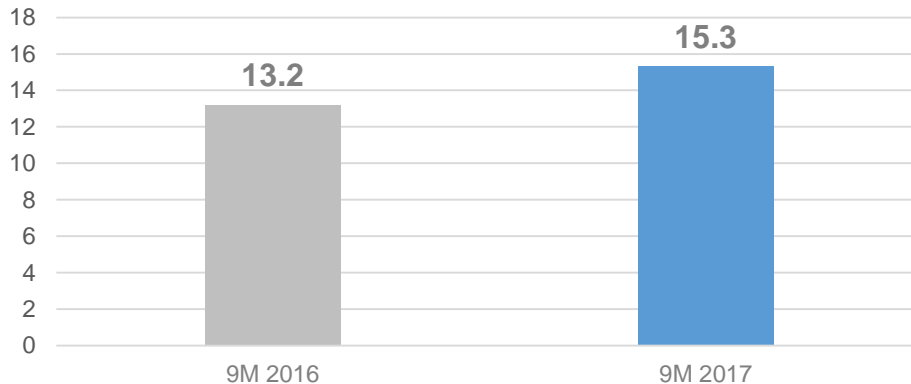


Typically, over the last eight years, RDM investments have been mainly concentrated in upgrading **one plant** at a time.

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**.

9-month Capex (€ mn)

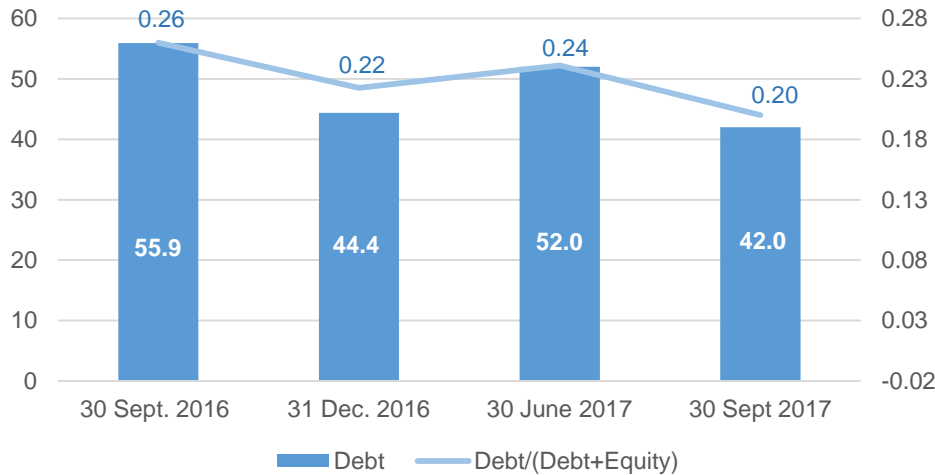


In 9M 2017 the two main capex projects were:

- the rebuild of the press section at **Blendecques (Jan.)**
- the replacement of the power plant at **La Rochette (Aug.)**



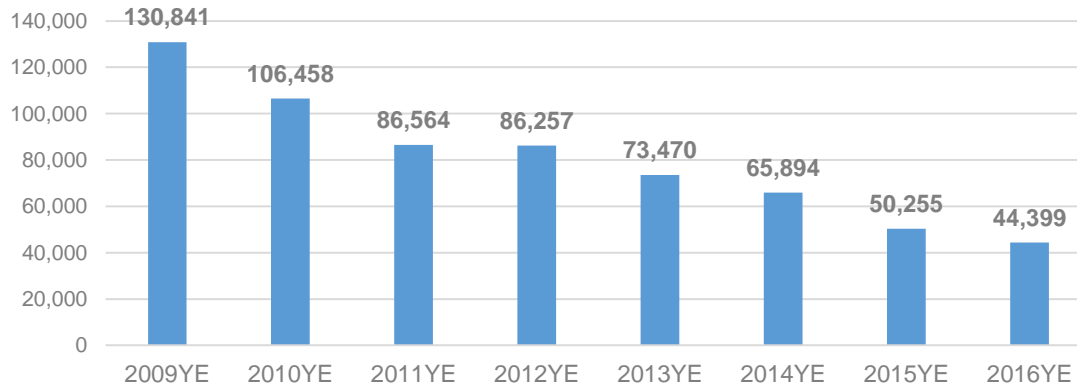
## Net Financial Debt and Gearing



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

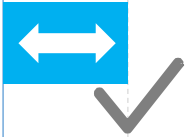
- Payment of annual bonuses to customers
- 2016 dividends paid and shares buyback (1.3 mn €)
- Equity investment in Paper Interconnector 1.7 € mn
- Restructuring costs 1.2 € mn
- RDM Arnsberg GmbH deposit on the 'logo fee' tax case (2.6 € mn).

## Net Financial Debt ('000€)





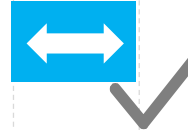
**Blendecques**  
shoepress section



**La Rochette**  
power plant



**Ovaro**  
converting machine



**Santa Giustina**  
steam turbine



**New ERP**



**Health & Safety projects**



Jan

Aug

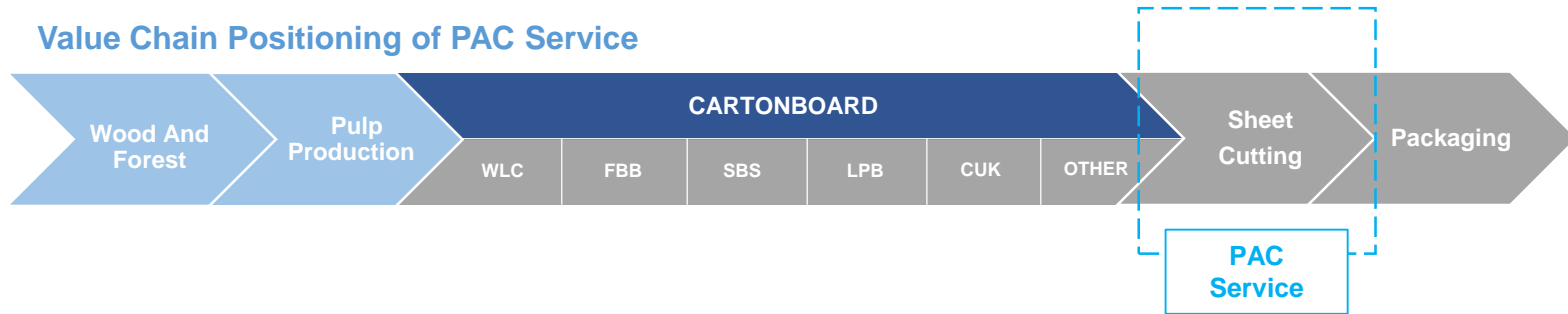
Dec

**Aug 2018: new rewinder machine in Villa Santa Lucia**



On 20 Nov. 2017 the BoD of RDM approved the acquisition of a 66.67% stake in PAC Service share capital.  
The target Company operates in the sheet cutting business.  
RDM has long been a strategic provider of PAC Service.

## Value Chain Positioning of PAC Service



## Terms of the deal

**Seller:** Bellon family  
**RDM stake previously held:** 33.33%  
**Closing:** expected by year-end  
**Total consideration (for 66.67%):** 10.05 € mn  
**2017 pro-forma EV/EBITDA pre-synergies:** 6.7x

## 2016 PAC Service key figures

**Revenues:** 20.5 € mn  
**EBITDA:** 1.9 € mn  
**EBIT:** 1.7 € mn  
**Net Profit:** 1.1 € mn  
**Net Financial Debt (2016 YE):** 1.2 € mn



## The PAC Service acquisition fits perfectly into RDM vision and strategy

By achieving the whole control of PAC service, **RDM has the opportunity to...**

### VISION: 'Partner of Choice'

*...Enrich and broaden customer offer and service*

### M&A STRATEGY

- ...Strengthen the supply chain integration*
- ...Fully consolidate a business that improves Group profitability*
- ...Smooth earnings fluctuations linked to demand and inputs dynamics throughout the cycle*



## KEY FEATURES

1 site  
23 employees  
22k tons p.a. processed

## MAIN PRODUCTS

Folding Boxboard (FBB)  
Recycled Paperboard (WLC)  
Solid Bleached Board (SBB)  
Solid Unbleached Board (SUB)

## KEY STRENGTHS

Constantly updated machines  
Quality, quickness and flexibility of deliveries  
Unexploited capacity

## CERTIFICATIONS

UNI EN ISO 9001/2000  
PEFC  
FSC



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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

**Conversion period:** in February and  
 September, each year

## Listing markets

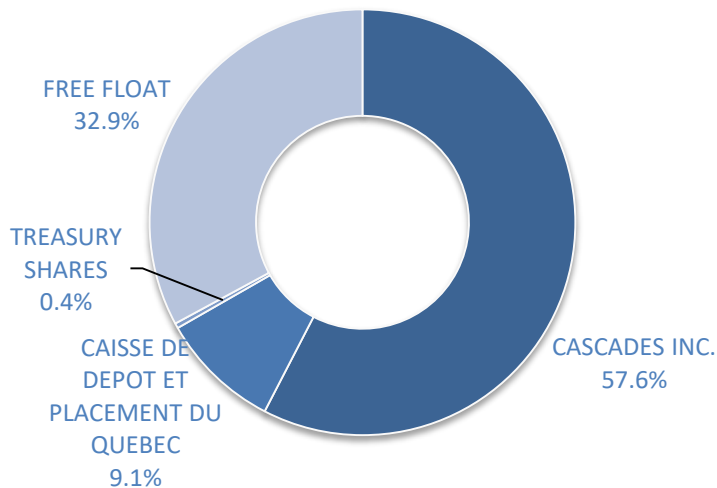
Milan Stock Exchange – MTA (STAR segment)  
 Madrid Stock Exchange

## Codes

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

**Mkt cap:** 211.6 € mn (@0.56 € p.s. as of 24 November 2017)

## Main shareholders



Source: RdM shareholder register

## Last dividend paid

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

Payment date: **10 May 2017**

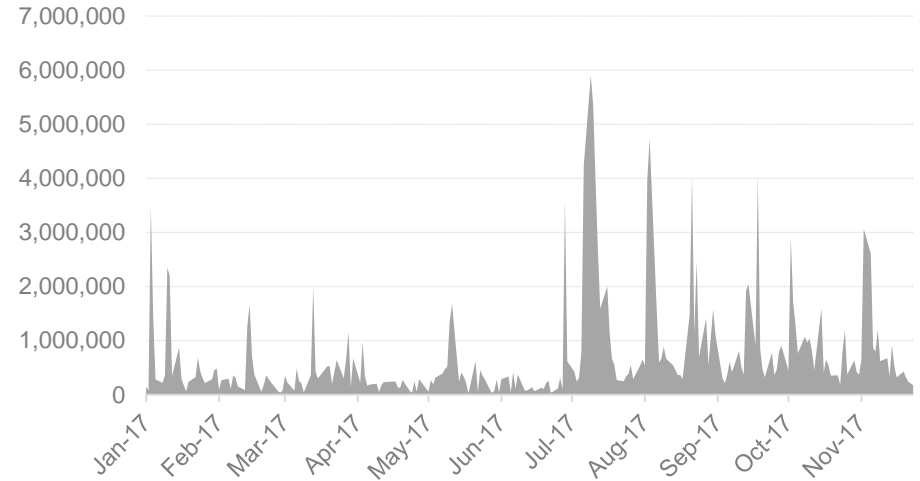
Dividend yield: **0.9%** (YE2016 price of 0.3055 €)



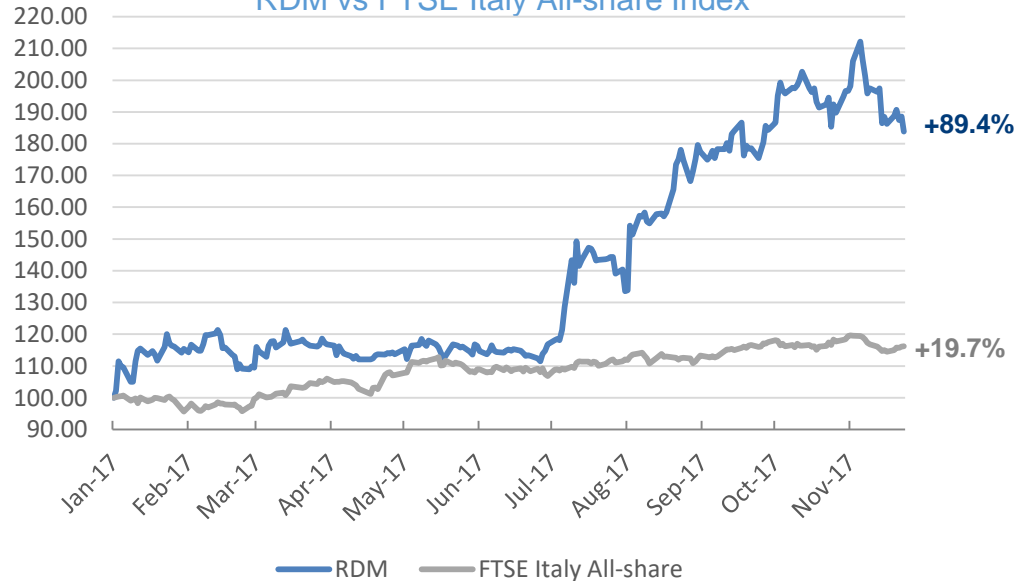
RdM share price



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: 24 Nov. 2017)



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



**Eric Laflamme, Chairman**

Entrepreneur (packaging business) since 2013. COO of Cascades Group in Montreal (2002-2008). Previously at Cascades SA Europe.



**Michele Bianchi, CEO**

Chemical engineer, with more than 19 years of experience in the European packaging industry.



**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

+246%: *EpS* increase in 9M 2017 vs.9M 2016  
 2016 dividend: 0.00265€, i.e. 0.9% yield  
 +89%: price increase in 2017 YTD  
 90 investors met in 2017 YTD



## 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