



# SPAFID CONNECT

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Identificativo : 100393

Informazione  
Regolamentata

Nome utilizzatore : RENONSS01 - Bianchi

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Oggetto : The Board of Directors approves the 2017 Consolidated Financial Statements and Draft Financial Statements of the Parent Company

*Testo del comunicato*

Vedi allegato.



## Press Release

### The Board of Directors approves the 2017 Consolidated Financial Statements and Draft Financial Statements of the Parent Company

- **DOUBLE DIGIT GROWTH OF ALL ECONOMIC INDICATORS, REFLECTING BOTH GOOD MARKET DEMAND AND THE NEW RDM GROUP'S STRATEGY AND STRUCTURE. OVER A MILLION TONS SOLD**
- **CONSOLIDATED NET REVENUES OF €569.1 MILLION, +19.1% COMPARED TO €477.8 MILLION AS OF DECEMBER 31, 2016**
- **CONSOLIDATED GROSS OPERATING PROFIT (EBITDA) OF €45.8 MILLION COMPARED TO €30.4 MILLION AS OF DECEMBER 31, 2016 (+50.5%)**
- **CONSOLIDATED OPERATING PROFIT (EBIT) OF €23.5 MILLION, + €14.7 MILLION COMPARED TO THE €8.8 MILLION AS OF DECEMBER 31, 2016 (+168.2%)**
- **CONSOLIDATED NET PROFIT FOR THE PERIOD OF €14.6 MILLION, OVER FOUR TIMES ON THE NET PROFIT OF €3.2 MILLION AS OF DECEMBER 31, 2016**
- **CONSOLIDATED NET FINANCIAL INDEBTEDNESS OF €44.1 MILLION (€44.4 MILLION AS OF DECEMBER 31, 2016) AFTER THE PAYMENT OF PAC SERVICE ACQUISITION PRICE (€10 MILLION)**
- **PARENT COMPANY, RENO DE MEDICI S.P.A., NET RESULT OF €10.4 MILLION (+52.6% COMPARED TO DECEMBER 31, 2016). PROPOSED A DIVIDED OF € 0.0031 PER ORDINARY SHARE AND OF €0.0245 FOR SAVINGS SHARE**

*Milan, March 16, 2018* – The Board of Directors of Reno De Medici S.p.A., meeting today under the chairmanship of Michele Bianchi, reviewed and approved the Consolidated and Draft Financial Statements of the Parent Company for the year ending as of December 31, 2017, to be submitted to the Ordinary Shareholders' Meeting on April 30, 2018.

#### **The Group's performances in Fiscal Year 2017**

The comparison with the 2016 financial year should take into account the impact on the consolidation of operations of June 30, 2016, the acquisition of R.D.M. La Rochette S.A.S. and the integration of the R.D.M. Marketing, whose financial figures as of December 31, 2016 had been consolidated only for the second half of 2016.

In a favourable market environment, the RDM Group has implemented with a renewed dynamism, an integrated business model based on a wider range of products and a unique and more innovative managerial, production and commercial organization. The combination of favourable market dynamics and the new RDM Group's strategy focused on quality, efficiency and satisfactory response to customer needs,

has allowed to consolidate market positioning and increase sales, translating into greater benefits in 2017 in terms of operating margins.

In particular, the fourth quarter of 2017 confirms the good performance already recorded in the first nine months, driven by the growth of the economies in Italy and in Europe, also confirmed by the positive flow of orders recorded by both divisions where the RDM Group operates: the traditional WLC - White Lined Chipboard (coated board made of recycled fibers) and the FBB - Folding Box Board Segment (cartonboard for folding boxes made of virgin fibers).

Below is an indication of the main Full Year 2017 consolidated financial and economic highlights.

**Consolidated Net Revenues** amounted to €569.1 Million compared to €477.8 Million in 2016 (+ 19.1%) thanks to both the mix of higher units sold by both divisions and the introduction of an increase in sales price lists announced in February 2017 and applied starting from the end of the first quarter for WLC recycled fiber grades. The increase, equal to €91.3 Million, is attributable for €58.9 Million to the different consolidation period of R.D.M. La Rochette S.A.S. and for €32.4 Million to the higher revenues in the traditional WLC segment.

As far as volumes, over the course of 2017, tons sold exceeded one million units (1,012 thousands) compared to 890 thousands in 2016, driven by the growth recorded in the traditional WLC segment and also to the twelve-month consolidation of units sold by R.D.M. La Rochette S.A.S..

In terms of geographical markets, international consolidation and the double-digit development in the main reference markets are confirmed, also thanks to the contribution of the integration of R.D.M. La Rochette S.A.S.. European sales (excluding Italy), amounting to €312.4 Million, grew by 25.6% and now represent 54.9% of the Group's total, while Italy - which represents 32.7% of total sales - recorded an increase of €23.9 Million (+ 14.8%). Sales outside the European Union, equal to €70.5 Million, increased by 5.7%.

Regarding the **main factors of production**, in 2017 the average price of raw materials was significantly higher than the previous year. In particular, until August prices of paper for recycling have been constantly evolving upwards, also thanks to an acceleration in exports to the Far East and mainly to China, along with the effect of an increase in demand resulting from higher production capacity in some contiguous business sectors (mainly containerboard). Since September 2017, following the announcement by the Chinese Government of restrictions on the import of unselected waste paper, whose import prohibition was announced to start from 2018, prices have decreased. In general, in the fourth quarter the price of paper for recycling remained stable and in line with those of September, lower than the average for the first nine months of the year, while for virgin fibers, the price constantly evolved at rise throughout the year, driven by a very strong demand, unbalanced by the capacity offered.

The average **cost of energy** is slightly lower than in 2016, thanks mainly to lower consumption following the investment and efficiency improvement plan adopted at Group-level over the last few years. In fact, the improvement in the macro-economic environment and the associated higher energy demand have led to an increasingly growing trend in prices, driven by oil.

**Personnel costs** for the period amounted to €87.3 Million, an increase of €11.2 Million compared to 2016 following the different consolidation period of R.D.M. La Rochette S.A.S for €9.2 Million and R.D.M. Marketing for €2 Million, including the costs of the reorganization plan of the commercial area carried out at the beginning of 2017, partially offset by the benefits deriving from the new managerial structure.

In 2017, the **Gross Operating Profit (EBITDA)** amounted to €45.8 Million, up by 50.5% compared to €30.4 Million in 2016 (+ €15.4 Million).

Following the increase in sales volumes for both business segments, the increase in sales prices and the optimization of the management and production structure, which more than offset the impact of the increase in raw material costs, in 2017 the operating margin reached 8.1% compared to 6.4% in 2016. It should be noted that the consolidated EBITDA benefits for €1.1 Million of the reversal of the provision for the energy renewable surcharge already recorded in the first half.

**The Operating Profit (EBIT)** amounted to €23.5 Million compared to €8.8 Million recorded for 2016, with a 168.2% increase.

The **Consolidated Net Profit** for the period has more than quadrupled compared to 2016, amounting to €14.6 Million compared to €3.2 Million in the previous year (+ 356.4%). The increase of €11.4 Million is attributable for €3.2 Million to the net income of R.D.M. La Rochette S.A.S., compared to €2.6 Million for 2016 due to the different consolidation period.

During the period the Group made **technical investments** of €20.7 Million, up compared to €18.3 Million in 2016, considering the investments made at the R.D.M. La Rochette paper mill.

**Consolidated Net Financial Indebtedness** as of December 31, 2017 amounted to €44.1 Million, substantially in line with the €44.4 Million as of December 31, 2016. The operational net cash-flow generated in the year was positive by €17.3 Million. The cash generated was absorbed by a number of specific outflows, for a total amount of €17 Million: €10.4 Million for the purchase of the 66.67% stake in PAC Service SpA (a company of which Reno De Medici already held a stake of 33.33% stake and will be fully consolidated starting from the financial year 2018); €1.3 Million for dividends-paid and shares 'buyback'; €1.7 Million for the investment in the Paper Interconnector Scrl; €1 Million for the restructuring costs of the organization and €2.6 Million for the deposit made by R.D.M. Arnsberg GmbH on the 'Logo Fee' tax case.

### **Statutory Report of the Parent Company, Reno De Medici S.p.A., as of December 31, 2017**

In 2017, the Parent Company Reno De Medici S.p.A. achieved **Net Revenues** of €236.2 million, up by 10.5% on the €213.7 million of the previous year, driven by higher sales volumes and improved sales and geographical mix.

The **Gross Operating Margin (EBITDA)** grew by 73.8%, from €15.7 million in 2016 to €27.3 million in 2017. The improvement of €11.6 million is attributable to higher sales revenues and the optimization of operating performance of the plants, in terms of higher energy efficiency, increased daily output and lower waste

disposal costs.

The **Operating Result (EBIT)** was a positive €15.8 million, compared to €4.3 million recorded in 2016 (+ 267.1%).

**Profit for the year** was a positive €10.4 million, up from €6.8 million of the previous year (+ 52.6%), after net financial charges of €1.6 million and income from investments of €0.4 million. Tax expense increased from €1.1 million to €4.3 million due to the increase in taxable amount resulting from higher profitability and the release of deferred tax assets following the use of previous tax losses.

**Net financial debt** as of December 31, 2017 stood at €34.7 million, essentially in line with €32.9 million as of December 31, 2016.

### **Allocation of profit for FY 2017**

The Board of Directors will propose to the Ordinary Shareholders' Meeting, scheduled on first call for next April 30th (May 2, 2018 on second call, if applicable), that the net profit reported in the Financial Statements for the year ended December 31, 2017, amounting to €10,362,253.37 be allocated as follows:

- €518,112.67 to be booked to the legal reserve pursuant to art. 2430 of the Italian Civil Code;
- €0.0245 as preferred dividend in favour of each of the savings shares outstanding at the dividend "record date";
- €0.0031 as dividend for each of the ordinary shares outstanding at the dividend "record date";
- the remaining profits to the "Available Reserve".

The dividend will be paid starting from May 16, 2018, after detachment of the dividend coupon no. 11 on May 14, 2018 and "record date" on May 15, 2018.

### **Outlook**

The outlook for 2018 envisages a further improvement of global economic activity, with an upward revision of IMF's growth forecasts to +3.9% for both 2018 and 2019.

The 2018 forecast for the Euro Area a growth of +2.2%, with a +0.3% upward adjustment compared to last October forecast, despite a slight slowdown compared to +2.4% estimated for 2017 as positive effects of some factors that have been supporting the recovery will gradually fade away.

In both sectors in which the RDM Group operates, **White Lined Chipboard (WLC)** and **Folding Box Board (FBB)** the current outlook remains positive and in line with the general trend of economy, supported by strong demand and backlog.

Considering the favourable outlook of the macroeconomic scenario and of the sectors in which it operates, the RDM Group is ready to seize any further market opportunity, thanks to the new organization implemented

with the “One Company” vision, to an improved business model based on a diversified product portfolio, a more efficient organizational structure from productive and supply chain standpoints and to a unique and integrated commercial strategy at European level.

As for **raw materials**, in the first months of 2018 the evolution of prices for **paper for recycling** envisages a downward adjustment because of the reduction of exports to China. Looking further ahead, the evolution is marked by uncertainty still connected to exports to China and, in particular, to the actual implementation of the new rules decided by the Chinese Government: on the one hand, several batches of import licenses have recently been granted; on the other hand, China’s stricter import rules for waste and scrap seem to be an enduring change, with a substantial reduction in the imports of recycled paper compared to the 2017 levels and consequent positive effects on prices. As to **pulp**, the unbalance between supply and demand, and the consequent upward pressure on prices should be confirmed for most of 2018. To offset this effect, at the end of 2017 RDM Group announced a price increase for the FBB grades, whose benefits will be recorded in Q1 2018.

The expected evolution of the prices of energy for 2018 envisages in the short-term some further price increases compared to the current levels. The strategy of the RDM Group to face the expected upward trend, and possible price volatility, is based on the continuous effort to improve the energy efficiency of the mills and on a timely implemented hedging policy, in particular as regards the cost of natural gas.

The 2018 results will include the line by line consolidation of PAC Service S.p.A. and the expected integration synergies.

### **Proposal to authorize the purchase and disposal of treasury shares**

The Board of Directors also approved a proposal to be submitted to the Ordinary Shareholders' Meeting to authorize the purchase and disposal of treasury shares, for the following purposes: (i) to settle the Stock Grant Plan reserved for the Company's Chief Executive Officer, as well as any additional share-based compensation plans reserved for directors and/or employees of Reno De Medici, and any plans for the free allocation of shares to Shareholders; (ii) to establish a treasury shares portfolio ("Securities in inventory"), to be used for extraordinary transactions; (iii) for investment or disinvestment opportunities, where deemed strategic by the Board of Directors, also in relation to available liquidity; (iv) to meet any obligations under the financial instruments issued by the Company, the subsidiaries or third parties; (v) support market liquidity where necessary.

The purchase authorization is requested for the period up to the Meeting called to approve the 2018 Financial Statements and in any case not exceeding 18 months from the authorization resolution, for a maximum number of ordinary shares that - taking into account the treasury shares already held by the Company and any shares that may be acquired by the subsidiaries - is not overall greater than one fifth of the share capital.

Authorization for the disposal of treasury shares is requested without time limits.

The Company currently holds 1,434,519 ordinary treasury shares, corresponding to 0.379% of the share capital. The subsidiaries do not hold any shares of the Company.

The purchases will be made on regulated markets pursuant to art. 132 of Italian legislative decree no. 58 of February 24, 1998 and art. 144 bis, paragraph 1, B of Consob Regulation 11971/99 according to the operating procedures established by the market organization and management rules, which bar the direct matching between bids and specific offers.

The minimum and maximum purchase price will be determined in a unit price that is not more than 10% higher or lower than the price recorded on the Italian MTA (Mercato Telematico Azionario) organized and managed by Borsa Italiana SpA in the stock exchange session prior to each purchase transaction.

In terms of prices and daily volumes, purchase transactions will in any case be executed in compliance with the trading conditions set forth in Delegated Regulation (EU) no. 1052 of March 8, 2016 and specifically:

- Shares cannot be purchased at a price higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out; and
- in terms of volumes, the volume of daily purchases will not exceed 25% of the average daily volume of Reno De Medici shares traded in the 20 trading days preceding the date of purchase.

Any purchases made to support market liquidity and to set up an "inventory" of securities, will also be executed in compliance with the conditions established by market practices as referred to in the combined provisions of art. 180, paragraph 1, C) of the TUF and art. 13 of Regulation (EU) 596/2014.

### **Stock Grant Plan for the three-year period 2017-2019 reserved for the CEO.**

#### **Assessment of the achievement of performance targets for FY 2017**

The Board of Directors, with the support of the Remuneration Committee, ascertained the achievement of the performance targets set for FY 2017 with regard to the 2017-2019 Stock Grant Plan reserved for the Chief Executive Officer.

Accordingly, the rights assigned to the beneficiary - for Fiscal Year 2017 - for the free allocation of a total of 935,872.40 Reno De Medici ordinary shares will be fully exercisable at the end of the three-year period of the Plan, subject to continuing to hold the position of Chief Executive Officer on the same date.

For more information on the contents of the Plan, see the Information Document submitted and approved by the Ordinary Shareholders' Meeting on April 28, 2017.

#### **Other resolutions**

The Board of Directors approved the Report on Corporate Governance and Ownership Structure for Fiscal Year 2017, as well as the Remuneration Report pursuant to art. 123-ter of Italian Legislative Decree 58/98.

The first section of the Remuneration Report will be submitted to a non-binding resolution of the Shareholders' Meeting in accordance with the aforementioned art. 123-Ter of Italian Legislative Decree 58/98.

The Shareholders' Meeting will also be called to resolve on the appointment of the Board of Statutory Auditors for the three-year period 2018-2020, as the term of office of the current Board is expiring.

The Board of Directors also approved the Group's Sustainable Value Report (consolidated non-financial

Statement of Reno De Medici S.p.A.), which was audited for the first time by an external auditing company, Deloitte, to verify compliance with the international sustainability reporting standard - GRI Standards - and with Italian Legislative Decree 254/2016.

The documentation relating to the Annual Financial Report for FY2017 and the Shareholders' Meeting will be made available within the legal time limits at the registered office of the Company, on the website [www.rdmgroup.com](http://www.rdmgroup.com) and through the authorized storage mechanism emarketstorage ([www.emarketstorage.com](http://www.emarketstorage.com)). Notice of publication of the documents will be disclosed to the public in compliance with current legislation.

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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 Financial Law") that the accounting information contained in this press release corresponds to documentary results and to accounting books and records.*

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

**Attached:**

- RDM Group's Financial Statements as of December 31, 2017
- Statutory Report of Reno De Medici S.p.A as of December 31, 2017

**For further information:**

**Reno De Medici  
Investor Relations**  
Stefano Moccagatta  
Tel: +39 02 89966 202  
E-mail: investor.relations@rdmgroup.com

**Media Relations  
Barabino&Partners**  
Marina Riva, Stefania Bassi  
Tel: +39 02 72023535  
E-mail: s.bassi@barabino.it; m.riva@barabino.it

**IR Advisor  
Blue Arrow**  
Maria Grazia Mantini  
Tel: +39 3404980880  
E-mail: mariagrazia.mantini@bluearrow.it



## CONSOLIDATED STATEMENT OF INCOME

|  | 12.31.2017    | 12.31.2016    |
|--|---------------|---------------|
| <b>(thousands of Euros)</b>                                      |               |               |
| Revenues from sales  | 569,089       | 477,764       |
| - of which related parties                                       | 21,305        | 17,596        |
| Other revenues and income  | 8,870         | 6,932         |
| - of which related parties                                       | 515           | 359           |
| Change in inventories of finished goods                          | (3,489)       | 468           |
| Cost of raw materials and services                               | (438,096)     | (373,659)     |
| - of which related parties                                       | (4,502)       | (7,418)       |
| Personnel costs  | (87,282)      | (76,067)      |
| Other operating costs  | (3,279)       | (5,004)       |
| <b>Gross operating profit</b>                                    | <b>45,813</b> | <b>30,434</b> |
| Depreciation and amortization                                    | (22,332)      | (21,680)      |
| <b>Operating profit</b>  | <b>23,481</b> | <b>8,754</b>  |
| Financial expense  | (2,610)       | (3,248)       |
| Gains (losses) on foreign exchange                               | (602)         | 168           |
| Financial income   | 81            | 29            |
| Net financial income (expense)                                   | (3,131)       | (3,051)       |
| Gains (losses) from investments                                  | 446           | 705           |
| Taxes  | (6,228)       | (3,030)       |
| <b>Profit (loss) for the year before discontinued operations</b> | <b>14,568</b> | <b>3,378</b>  |
| Discontinued operations  |               | (188)         |
| <b>Profit (loss) for the year</b>                                | <b>14,568</b> | <b>3,190</b>  |
| Total profit (loss) for the year attributable to:                |               |               |
| - Group  | 14,568        | 3,132         |
| - Minority interests   |               | 58            |
| Average number of shares   |               |               |
| Basic  | 377,534,217   | 377,522,561   |
| Diluted  | 377,534,217   | 377,522,561   |
| Basic earnings (loss) per ordinary share (Euros)                 | 0,04          | 0             |
| Diluted earnings (loss) per ordinary share (Euros)               | 0,04          | 0             |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   | 12.31.2017    | 12.31.2016   |
|---|---------------|--------------|
| (thousands of Euros)  |               |              |
| <b>Profit (loss) for the year</b>   | <b>14,568</b> | <b>3,190</b> |
| <b>Other components of comprehensive profit (loss)</b>  |               |              |
| <b>Other components that may be transferred to the income statement in subsequent financial periods:</b>      | <b>146</b>    | <b>(158)</b> |
| <i>Change in fair value of cash flow hedges</i>   | 112           | (178)        |
| <i>Profit (loss) on translation of financial statements of foreign investee companies</i>                     | 34            | 20           |
| <b>Other components that will not be transferred to the income statement in subsequent financial periods:</b> | <b>(562)</b>  | <b>(571)</b> |
| Actuarial gain (loss) on employee benefits  | (562)         | (571)        |
| <b>Total other components of comprehensive profit (loss)</b>  | <b>(416)</b>  | <b>(729)</b> |
| <b>Total comprehensive profit (loss)</b>  | <b>14,152</b> | <b>2,461</b> |
| Total comprehensive profit (loss) attributable to:  |               |              |
| - Group   | 14,152        | 2,403        |
| - Minority interests  |               | 58           |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|  | 12.31.2017     | 12.31.2016     |
|--|----------------|----------------|
| <b>(thousands of Euros)</b>                          |                |                |
| <b>ASSETS</b>  |                |                |
| <b>Non-current assets</b>                            |                |                |
| Tangible assets                                      | 192,570        | 196,633        |
| Intangible assets                                    | 4,613          | 2,493          |
| Intangible assets with an indefinite useful life     | 3,948          | 3,948          |
| Equity investments                                   | 4,577          | 2,509          |
| Deferred tax assets                                  | 1,256          | 1,535          |
| Other receivables                                    | 17,764         | 3,680          |
| <b>Total non-current assets</b>                      | <b>224,728</b> | <b>210,798</b> |
| <b>Current assets</b>                                |                |                |
| Inventories  | 83,659         | 82,450         |
| Trade receivables                                    | 63,736         | 60,786         |
| - of which related parties                           | 350            | 414            |
| Receivables from associates and joint ventures       | 7,126          | 6,619          |
| Other receivables                                    | 11,204         | 12,862         |
| Other receivables from associates and joint ventures |                | 4              |
| Cash and cash equivalents                            | 19,128         | 29,331         |
| <b>Total current assets</b>                          | <b>184,853</b> | <b>192,052</b> |
| <b>TOTAL ASSETS</b>                                  | <b>409,581</b> | <b>402,850</b> |

|   | 12.31.2017     | 12.31.2016     |
|---|----------------|----------------|
| <b>(thousands of Euros)</b>                           |                |                |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>           |                |                |
| <b>Shareholders' equity</b>                           |                |                |
| Share capital   | 140,000        | 140,000        |
| Other reserves  | 19,363         | 13,893         |
| Retained earnings (losses)                            | (5,466)        | (1,809)        |
| Profit (loss) for the year                            | 14,568         | 3,132          |
| <b>Shareholders' equity attributable to the Group</b> | <b>168,465</b> | <b>155,216</b> |
| Minority interests                                    |                |                |
| <b>Total shareholders' equity</b>                     | <b>168,465</b> | <b>155,216</b> |
| <b>Non-current liabilities</b>                        |                |                |
| Payables to banks and other lenders                   | 44,277         | 57,627         |
| Derivative instruments                                | 138            | 268            |
| Other payables  | 26             | 78             |
| Deferred tax liabilities                              | 8,924          | 7,493          |
| Employee benefits                                     | 33,950         | 33,878         |
| Non-current provisions for risks and charges          | 4,701          | 6,224          |
| <b>Total non-current liabilities</b>                  | <b>92,016</b>  | <b>105,568</b> |
| <b>Current liabilities</b>                            |                |                |
| Payables to banks and other lenders                   | 19,512         | 16,174         |
| Derivative instruments                                | 133            | 154            |
| Trade payables  | 105,027        | 103,075        |
| - of which related parties                            | 28             | 9              |
| Payables to associates and joint ventures             | 952            | 610            |
| Other payables  | 20,777         | 20,543         |
| Current taxes   | 1,501          | 658            |
| Employee benefits                                     | 141            | 12             |
| Current provisions for risks and charges              | 1,057          | 840            |
| <b>Total current liabilities</b>                      | <b>149,100</b> | <b>142,066</b> |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>     | <b>409,581</b> | <b>402,850</b> |

## CONSOLIDATED STATEMENT OF CASH FLOWS

|  | 12.31.2017      | 12.31.2016      |
|--|-----------------|-----------------|
| <b>(thousands of Euros)</b>  |                 |                 |
| Profit (loss) for the year   | 14,568          | 3,190           |
| Taxes  | 6,228           | 3,030           |
| Depreciation and amortization  | 22,332          | 21,680          |
| Losses (gains) from investments  | (446)           | (705)           |
| Financial (income) expense   | 2,530           | 3,219           |
| Capital losses (gains) on sale of fixed assets   | 179             | (88)            |
| Change in provisions for employee benefits and in other provisions, including the provision for bad and doubtful receivables | (1,586)         | (110)           |
| Change in inventories  | (592)           | (366)           |
| Change in receivables  | (5,604)         | 1,758           |
| - of which related parties   | (442)           | (6,690)         |
| Change in payables   | 2,380           | 2,146           |
| - of which related parties   | 360             | (2,771)         |
| <b>Change in total working capital</b>   | <b>(3,816)</b>  | <b>3,538</b>    |
| <b>Gross cash flow</b>   | <b>39,989</b>   | <b>33,754</b>   |
| Interest paid in the year  | (1,696)         | (2,285)         |
| Taxes paid in the year   | (4,115)         | (3,130)         |
| <b>Cash flows from operating activities</b>  | <b>34,178</b>   | <b>28,339</b>   |
| Other equity investments   | (1,742)         | (255)           |
| Investment net of disinvestment in tangible and intangible assets  | (20,573)        | (18,051)        |
| Other investments  | (10,050)        |                 |
| Change in scope of consolidation   |                 | (7,304)         |
| Dividends received   | 120             | 270             |
| <b>Cash flows from investing activities</b>  | <b>(32,245)</b> | <b>(25,340)</b> |
| Dividends paid   | (1,003)         | (1,983)         |
| Treasury shares  | (301)           | (182)           |
| Change in other financial assets and liabilities and short-term payables to banks  | 2,591           | 1,281           |
| - of which related parties   | 4               | (986)           |
| Change in medium- and long-term loans  | (13,457)        | 3,829           |
| <b>Cash flows from financing activities</b>  | <b>(12,170)</b> | <b>2,945</b>    |
| <b>Translation differences</b>   | <b>34</b>       | <b>241</b>      |
| <b>Change in unrestricted cash and cash equivalents</b>  | <b>(10,203)</b> | <b>6,185</b>    |
| <b>Unrestricted cash and cash equivalents at the beginning of the period</b>   | <b>29,331</b>   | <b>23,146</b>   |
| <b>Unrestricted cash and cash equivalents at the end of the period</b>   | <b>19,128</b>   | <b>29,331</b>   |

## STATEMENT OF INCOME

|   | <b>12.31.2017</b> | <b>12.31.2016</b> |
|---|-------------------|-------------------|
| Revenues from sales                     | 236,195,898       | 213,669,172       |
| - of which related parties              | 19,873,340        | 19,111,231        |
| Other revenues and income               | 10,237,310        | 8,106,602         |
| - of which related parties              | 5,351,306         | 4,382,707         |
| Change in inventories of finished goods | (3,340,516)       | (1,494,607)       |
| Cost of raw materials and services      | (190,807,748)     | (175,613,352)     |
| - of which related parties              | (13,741,497)      | (7,282,737)       |
| Personnel costs                         | (23,928,086)      | (26,147,619)      |
| Other operating costs                   | (1,081,866)       | (2,827,430)       |
| <b>Gross operating profit</b>           | <b>27,274,992</b> | <b>15,692,766</b> |
| Depreciation and amortization           | (11,478,462)      | (11,390,155)      |
| <b>Operating profit</b>                 | <b>15,796,530</b> | <b>4,302,611</b>  |
| Financial expense                       | (1,606,832)       | (2,336,109)       |
| Gains (losses) on foreign exchange      | (334,822)         | 106,853           |
| Financial income                        | 353,760           | 361,098           |
| Net financial income (expense)          | (1,587,894)       | (1,868,158)       |
| Gains (losses) from investments         | 408,596           | 5,431,236         |
| Taxes                                   | (4,254,979)       | (1,076,977)       |
| <b>Profit (loss) for the year</b>       | <b>10,362,253</b> | <b>6,788,712</b>  |

## STATEMENT OF COMPREHENSIVE INCOME

|   | 12.31.2017        | 12.31.2016       |
|---|-------------------|------------------|
| <b>Profit (loss) for the year</b>   | <b>10,362,253</b> | <b>6,788,712</b> |
| <b>Other components of comprehensive profit (loss)</b>  |                   |                  |
| <b>Other components that may be transferred to the income statement in subsequent financial periods:</b>      |                   |                  |
|   | <b>109,971</b>    | <b>(111,018)</b> |
| <i>Change in fair value of cash flow hedges</i>   | <i>109,971</i>    | <i>(111,018)</i> |
| <b>Other components that will not be transferred to the income statement in subsequent financial periods:</b> |                   |                  |
|   | <b>23,522</b>     | <b>(161,708)</b> |
| <i>Actuarial gain (loss) on employee benefits</i>   | <i>23,552</i>     | <i>(161,708)</i> |
| <b>Total other components of comprehensive profit (loss)</b>  | <b>133,493</b>    | <b>(272,726)</b> |
| <b>Total comprehensive profit (loss)</b>  | <b>10,495,746</b> | <b>6,515,986</b> |

## STATEMENT OF FINANCIAL POSITION

|   | 12.31.2017         | 12.31.2016         |
|---|--------------------|--------------------|
| <b>ASSETS</b>   |                    |                    |
| <b>Non-current assets</b>                                     |                    |                    |
| Tangible assets   | 109,527,291        | 114,531,623        |
| Other intangible assets                                       | 3,956,483          | 1,728,643          |
| Investments in Subsidiaries                                   | 84,925,234         | 81,089,094         |
| Investments in Associates, Joint Ventures and Other Companies | 2,344,078          | 707,417            |
| Other receivables   | 11,024,521         | 1,011,834          |
| <b>Total non-current assets</b>                               | <b>211,777,607</b> | <b>199,068,611</b> |
| <b>Current assets</b>   |                    |                    |
| Inventories   | 31,155,111         | 32,723,750         |
| Trade receivables   | 32,857,383         | 30,277,653         |
| Receivables from Group companies                              | 9,062,719          | 9,018,891          |
| Other receivables   | 3,288,670          | 2,913,987          |
| Other receivables from Group companies                        | 6,417,532          | 255,670            |
| Cash and cash equivalents                                     | 17,550,312         | 28,101,370         |
| <b>Total current assets</b>                                   | <b>100,331,727</b> | <b>103,291,321</b> |
| <b>TOTAL ASSETS</b>   | <b>312,109,334</b> | <b>302,359,932</b> |



|   | 12.31.2017         | 12.31.2016         |
|---|--------------------|--------------------|
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                    |                    |
| <b>Shareholders' equity</b>                       |                    |                    |
| Share capital                                     | 140,000,000        | 140,000,000        |
| Other reserves                                    | 25,438,661         | 19,419,809         |
| Profit (loss) for the year                        | 10,362,253         | 6,788,712          |
| <b>Total shareholders' equity</b>                 | <b>175,800,914</b> | <b>166,208,521</b> |
| <b>Non-current liabilities</b>                    |                    |                    |
| Payables to banks and other lenders               | 21,164,406         | 31,178,190         |
| Derivative instruments                            | 60,273             | 187,421            |
| Other payables                                    | 26,051             | 78,154             |
| Deferred tax liabilities                          | 3,447,349          | 193,725            |
| Employee benefits                                 | 5,486,018          | 5,881,376          |
| Non-current provisions for risks and charges      | 2,218,944          | 3,428,068          |
| <b>Total non-current liabilities</b>              | <b>32,403,041</b>  | <b>40,946,934</b>  |
| <b>Current liabilities</b>                        |                    |                    |
| Payables to banks and other lenders               | 14,006,480         | 12,147,218         |
| Derivative instruments                            | 108,326            | 129,447            |
| Trade payables                                    | 55,159,799         | 54,713,900         |
| Payables to Group companies                       | 3,796,480          | 4,028,635          |
| Other payables                                    | 5,020,842          | 5,472,090          |
| Other payables to Group companies                 | 24,081,598         | 18,268,860         |
| Current taxes                                     | 954,429            | 3,404              |
| Employee benefits                                 | 7,121              |                    |
| Current provisions for risks and charges          | 770,304            | 440,923            |
| <b>Total current liabilities</b>                  | <b>103,905,379</b> | <b>95,204,477</b>  |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> | <b>312,109,334</b> | <b>302,359,932</b> |

## STATEMENT OF CASH FLOWS

|  | 12.31.2017      | 12.31.2016      |
|--|-----------------|-----------------|
| <b>(thousands of Euros)</b>  |                 |                 |
| Profit (loss) for the year before tax  | 14,617          | 7,866           |
| Depreciation and amortization  | 11,478          | 11,390          |
| Losses (gains) from investments  | (409)           | (5,431)         |
| Financial (income) expense   | 1,253           | 1,975           |
| Capital losses (gains) on sale of fixed assets   | (37)            | (59)            |
| Change in provisions for employee benefits and in other provisions, including the provision for bad and doubtful receivables | (533)           | 317             |
| Change in inventories  | 1,421           | 2,181           |
| Change in trade receivables  | (4,130)         | 846             |
| - of which related parties   | (231)           | (1,797)         |
| Change in trade payables   | 180             | 4,219           |
| - of which related parties   | (365)           | 1,073           |
| <b>Change in total working capital</b>   | <b>(2,529)</b>  | <b>7,246</b>    |
| <b>Gross cash flow</b>   | <b>23,840</b>   | <b>23,304</b>   |
| Interest paid in the year  | (1,030)         | (1,900)         |
| - of which related parties   | (112)           | (320)           |
| Interest received in the year  | 120             | 361             |
| - of which related parties   | 94              | 126             |
| Taxes paid in the year   | (696)           | (1,332)         |
| <b>Cash flows from operating activities</b>  | <b>22,234</b>   | <b>20,433</b>   |
| Investment in other Companies  | (1,758)         | (34)            |
| Investment net of disinvestment in tangible and intangible assets  | (8,663)         | (6,264)         |
| Investment net of disinvestment in subsidiaries, joint venture and related parties   | (627)           | (3,935)         |
| Other investments  | (10,050)        |                 |
| Disinvestments in assets held for sale   |                 | 800             |
| Dividends received   | 120             | 4,985           |
| <b>Cash flows from investing activities</b>  | <b>(20,978)</b> | <b>(4,448)</b>  |
| Change in other financial assets and liabilities and short-term payables to banks  | (230)           | 5,997           |
| - of which related parties   | (1,926)         | 6,575           |
| Change in medium- and long-term loans  | (10,273)        | (14,517)        |
| Dividends paid   | (1,003)         | (1,983)         |
| Treasury shares  | (301)           | (182)           |
| <b>Cash flows from financing activities</b>  | <b>(11,807)</b> | <b>(10,685)</b> |
| <b>Change in unrestricted cash and cash equivalents</b>  | <b>(10,551)</b> | <b>5,300</b>    |
| <b>Unrestricted cash and cash equivalents at the beginning of the period</b>   | <b>28,101</b>   | <b>22,801</b>   |
| <b>Unrestricted cash and cash equivalents at the end of the period</b>   | <b>17,550</b>   | <b>28,101</b>   |

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