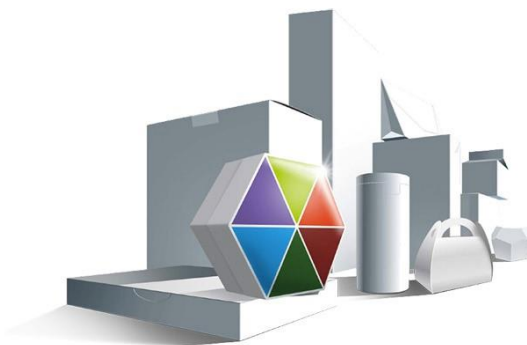


# Reno De Medici

Company Presentation

March 21, 2018



Born to be  
converted



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



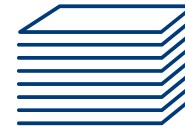
**2017 net  
revenues of  
€569 million**



**Star Segment of Borsa  
Italiana and Madrid  
Stock Exchange**



**1,509  
employees**



**Annual capacity of  
1,050,000 tonnes**



**6 mills  
2 sheeting  
centers**

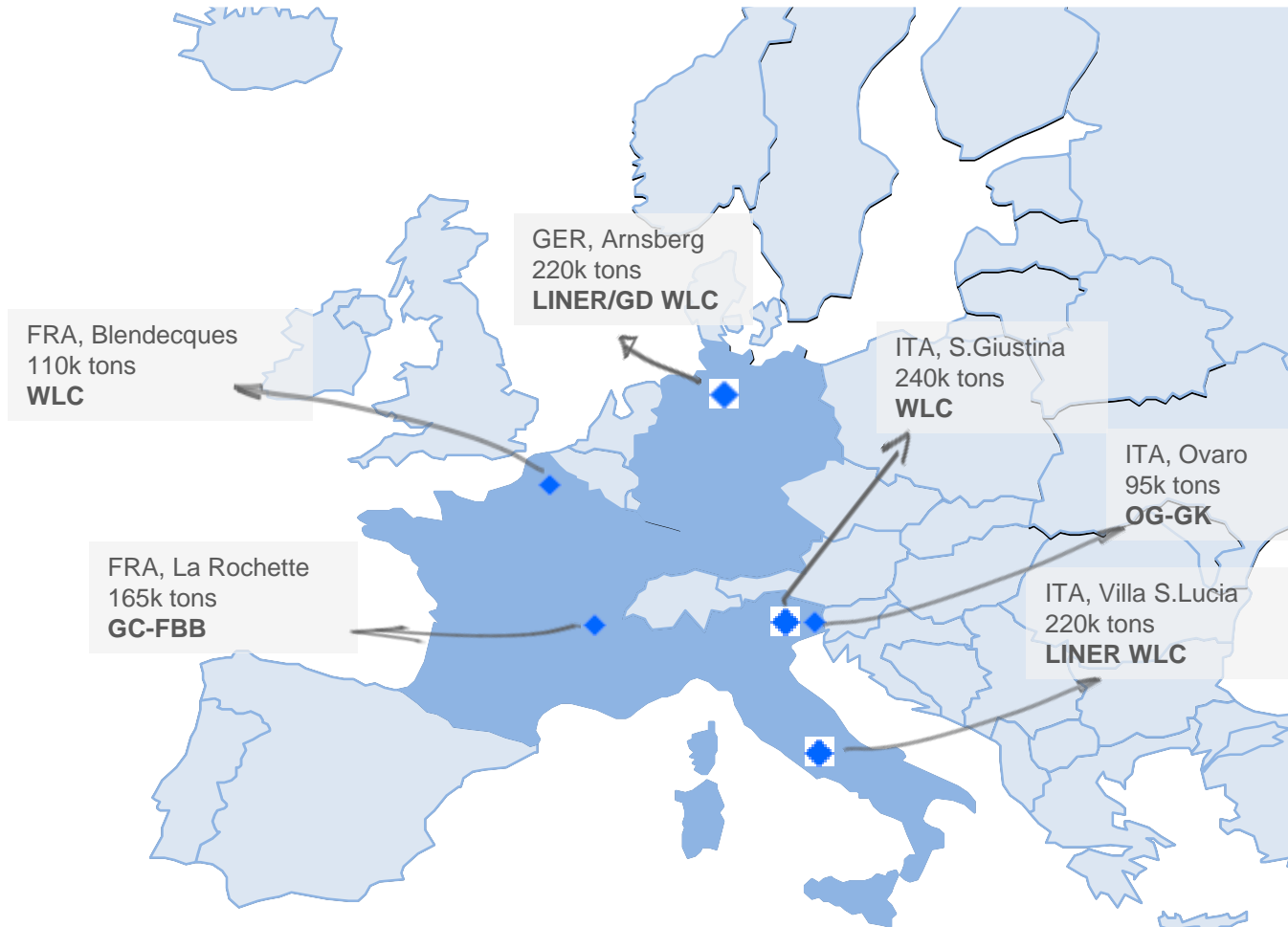


**Commercial  
network in 70  
Countries**



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.



## Consumers



## Recycled paper collectors



## Carton board producers



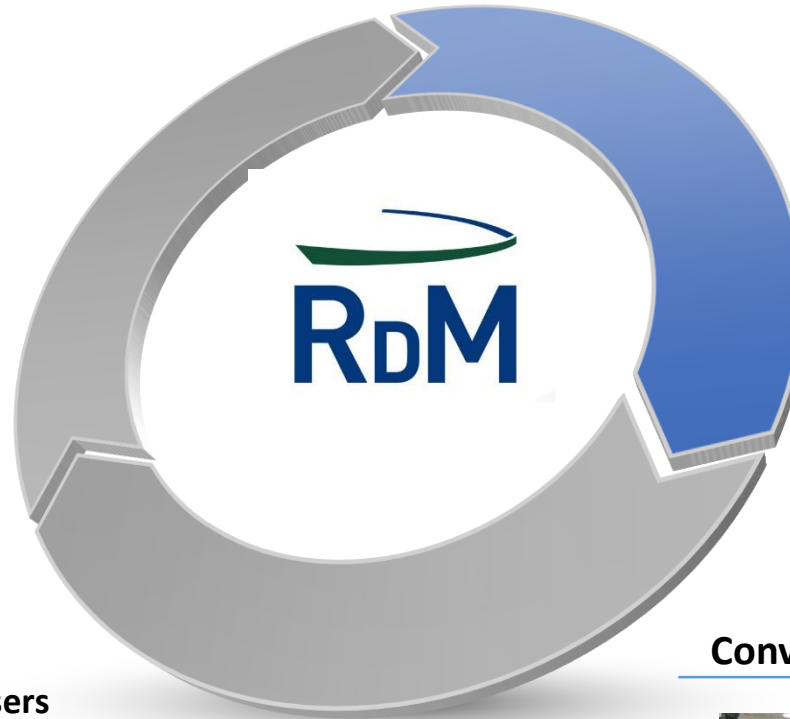
## Converters



## End users



## Distributors



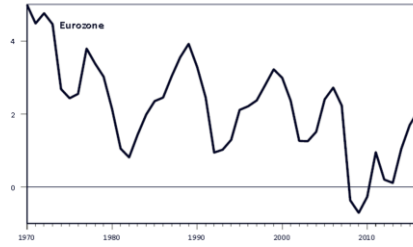


Our cartonboard is used to produce a huge quantity of product we use every day. Any examples?





WESTERN EUROPE - GROWTH OF GDP  
(three years moving averages)



Overall economic trend

E-commerce

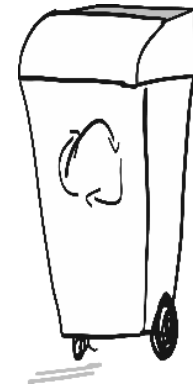
Brand recognition

Plastic substitutions

Cartonboard demand

Care for planet

Changes in lifestyles







OCC world flows



China is the **world's biggest consumer** and is **dependent on US (45.5%) and EU (29.4%) flows**

Announced **new Chinese regulation** about imports of unsorted waste paper (mostly mixed paper)

Drop of PFR import

React to the new standard

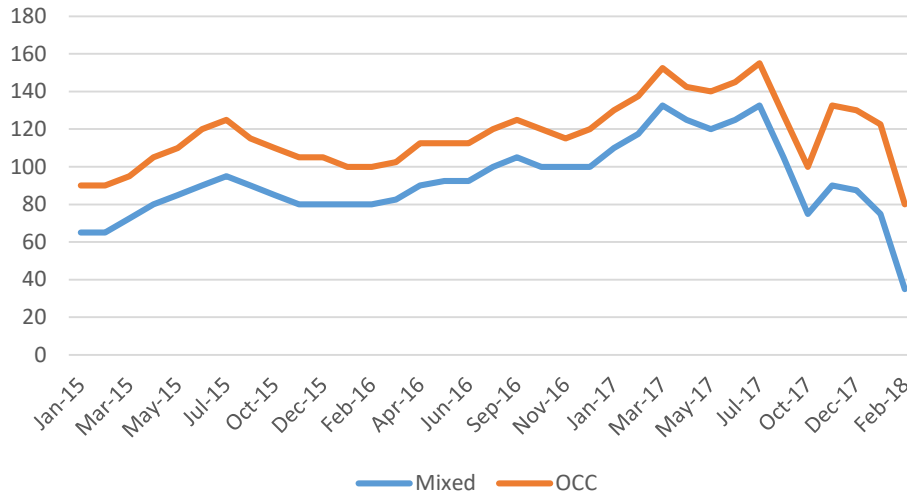
Increase in virgin pulp

Finished products **export** opportunities

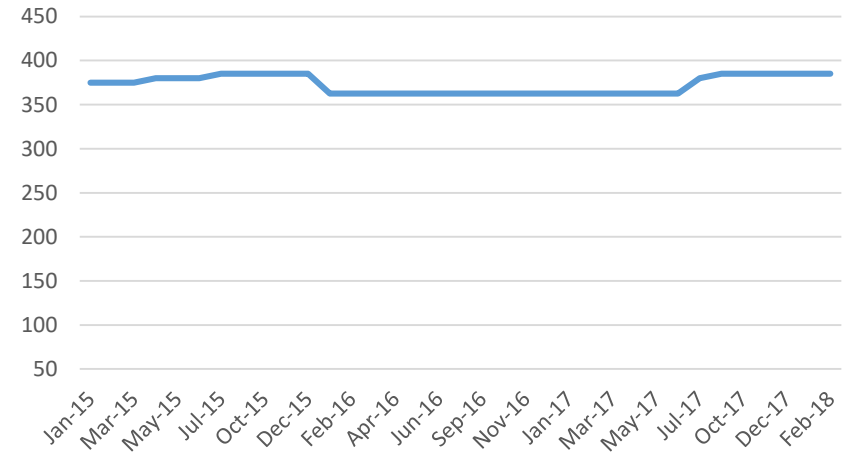




### Brown Recycled fibers (€ per ton)



### White Recycled Fibers (€ per ton)



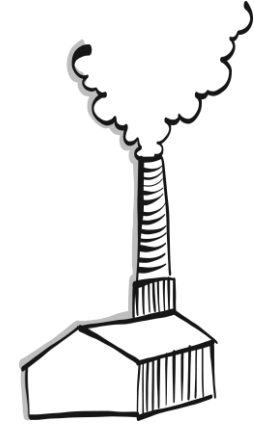
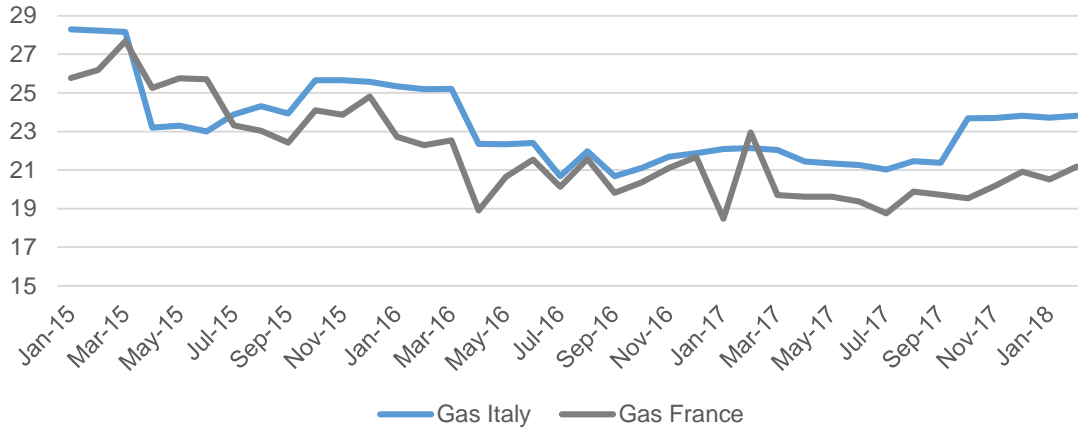
### Bleached Softwood Pulp (€ per ton)



Despite this downward pressure since Sept., the average price per tonne in 2017 was **higher** than of 2016

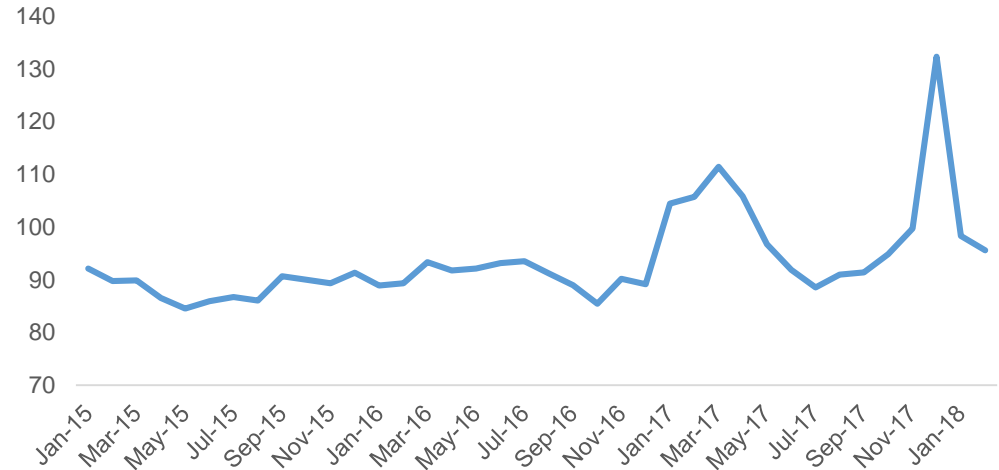


### Natural gas (€/MWh)



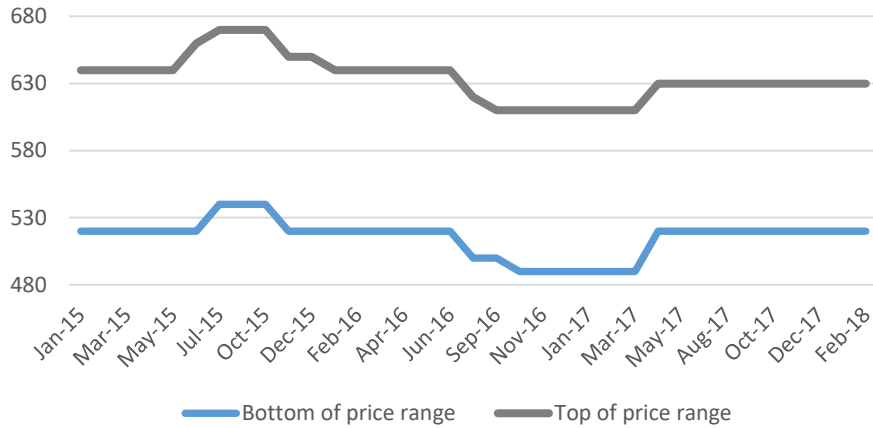
The trends are basically dependent to the improved macroeconomic scenario

### Coal price in Germany (€/ton)

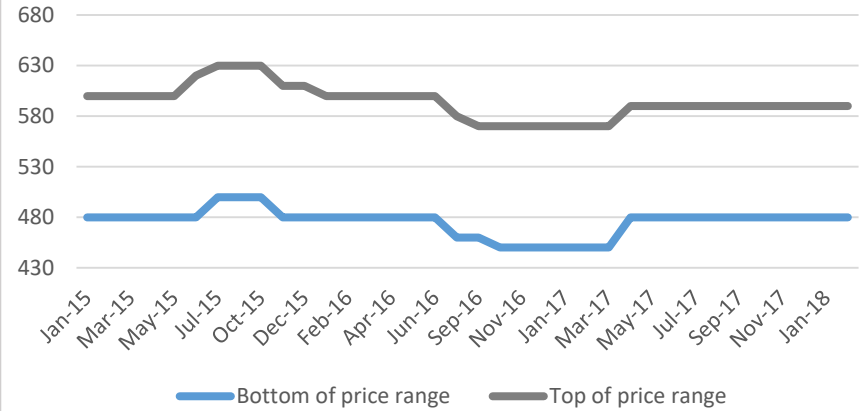




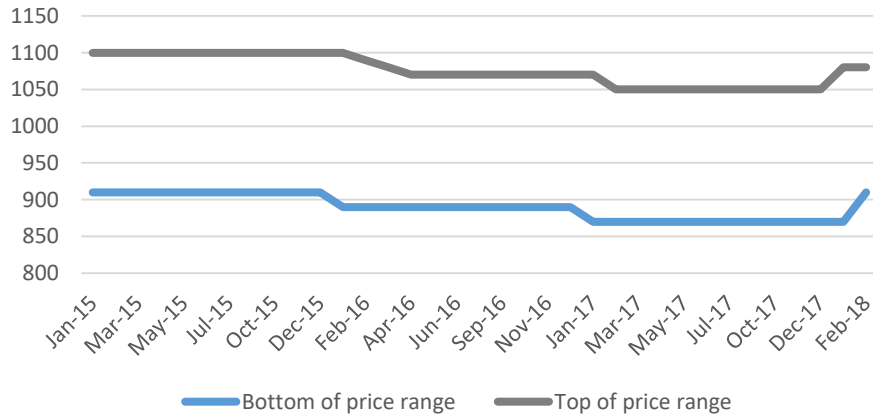
(€ per ton) **Recycled Board Italy (WLC – GDII)**



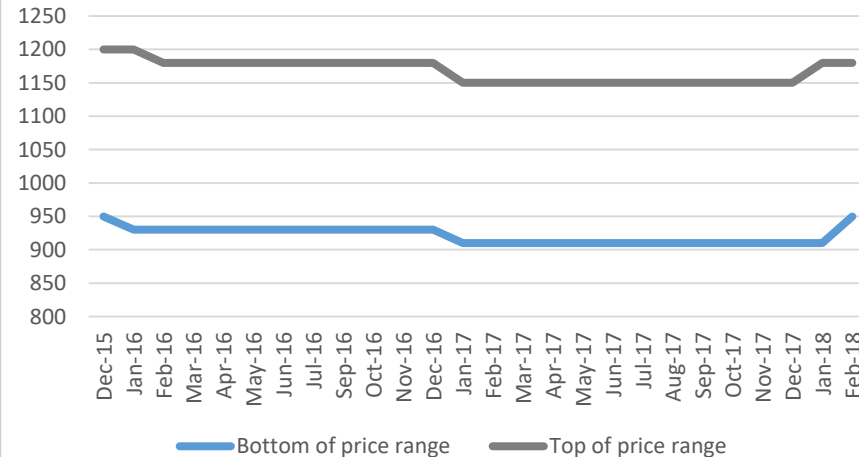
**Recycled Board Italy (WLC – GDIII)**



**Virgin Board Italy (FBB – GCII)**



**Virgin Board France (FBB - GCII)**





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



## Partner of Choice







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



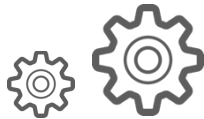
## MULTICOUNTRY

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





## ONE-COMPANY CULTURE

*Spread the new culture across RDM  
Benchmark internal/external activities  
Foster best-practice sharing and synergies*



## INTEGRATED SUPPLY CHAIN

*Enhance service and product quality  
Optimize volume allocation through customer segmentation  
Develop Integrated Business Planning*



## HEALTH & SAFETY

*Target “Zero Accident” vision  
Promote well-being mindset  
Encourage improvements in working environment*



## NEW ERP SYSTEM

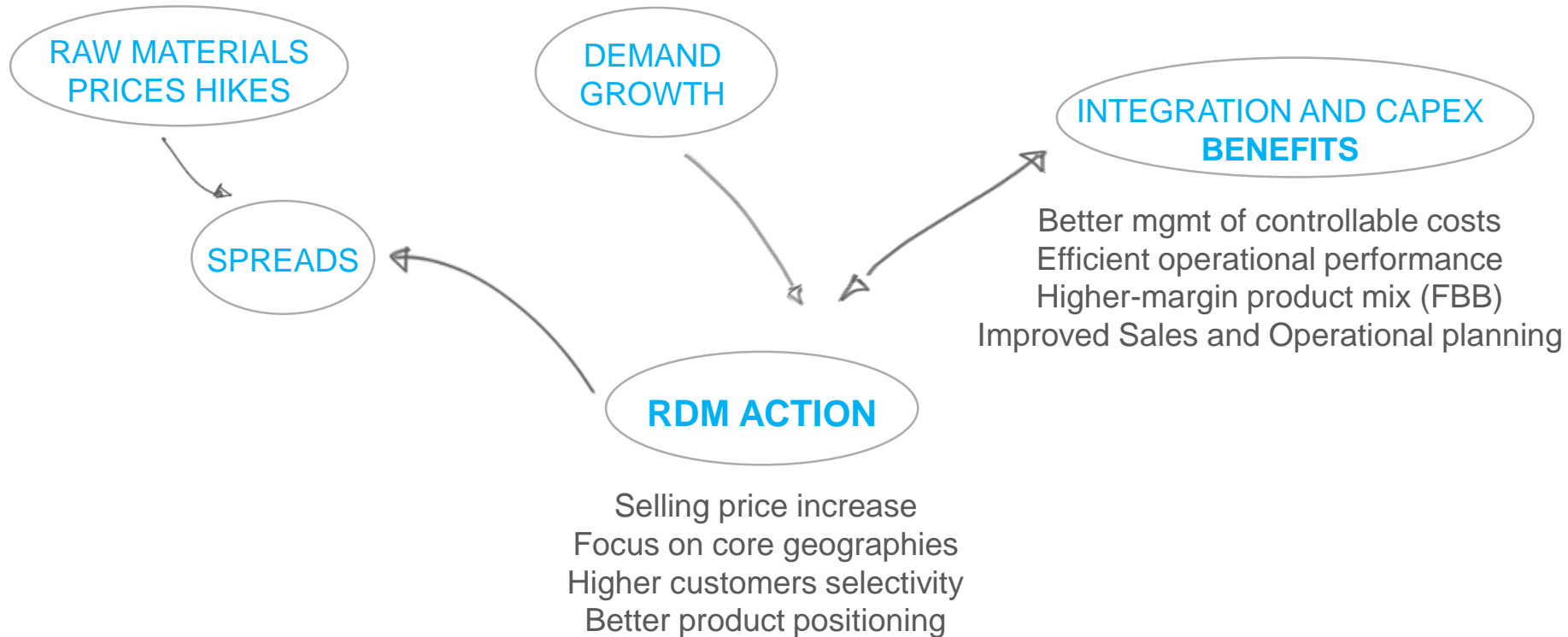
*Close prototype phase  
Go-live in Italian mills*



- 1 Overview
- 2 RDM Features and Strategic Guidelines
- 3 **Delivering on Strategy**
- 4 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.**

# 12-month 2017 highlights



(% changes: FY 2017 vs. FY 2016)

569.1 € mn

Net Revenues  
from Sales  
( +19.1% )

45.8 € mn

EBITDA  
( +50.5% )

23.5 € mn

EBIT  
( +168.2% )

14.6 € mn

Net Profit  
( 4.3x )

0.21

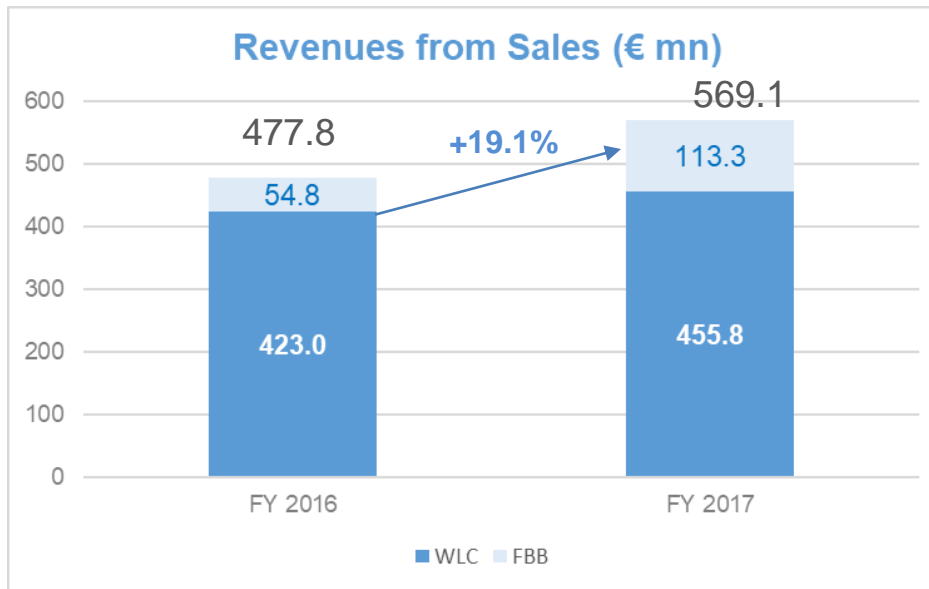
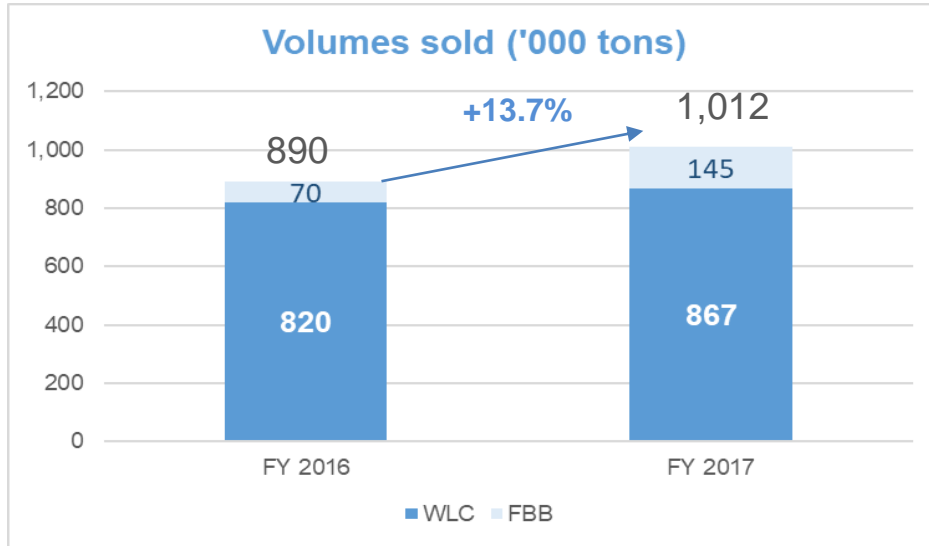
Gearing\*  
( 0.22x @ 2016YE )

9.9%

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

\*Gearing: Debt/(Debt+Equity)

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



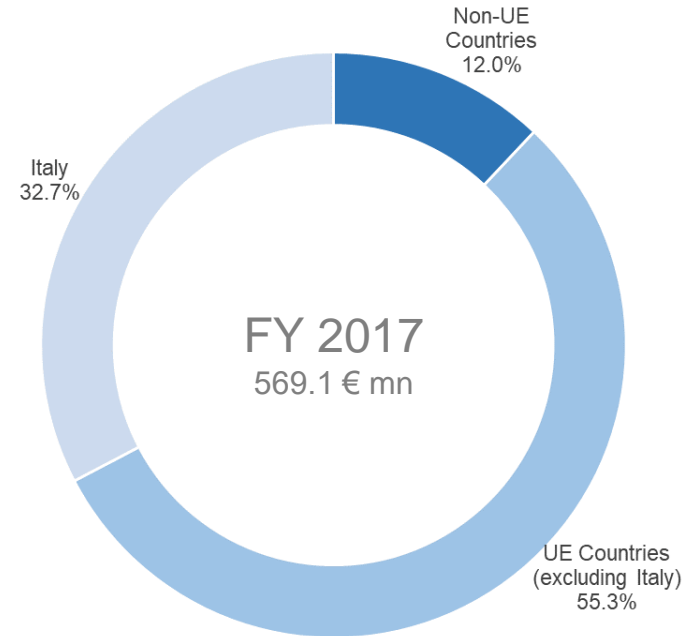
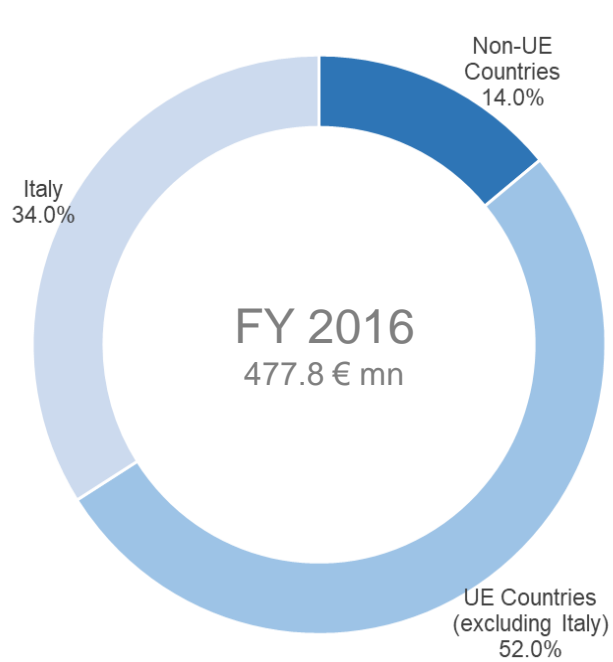
The increase in volumes reflects:

- the **consolidation of the RDM La Rochette** (FBB business) for 12 months in 2017 (while in 2016 it contributed just in Q3 and Q4).
- **The 5.7% increase in WLC volumes (+47k tons).**

Revenue growth outpaced volume increase

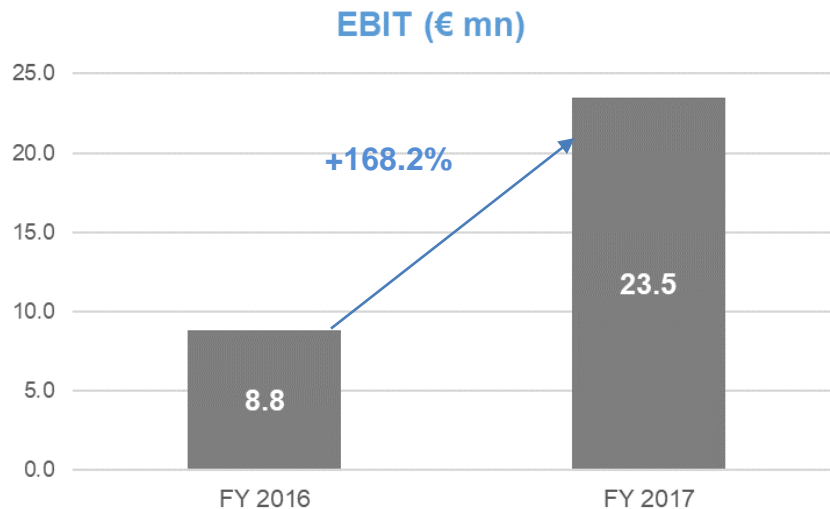
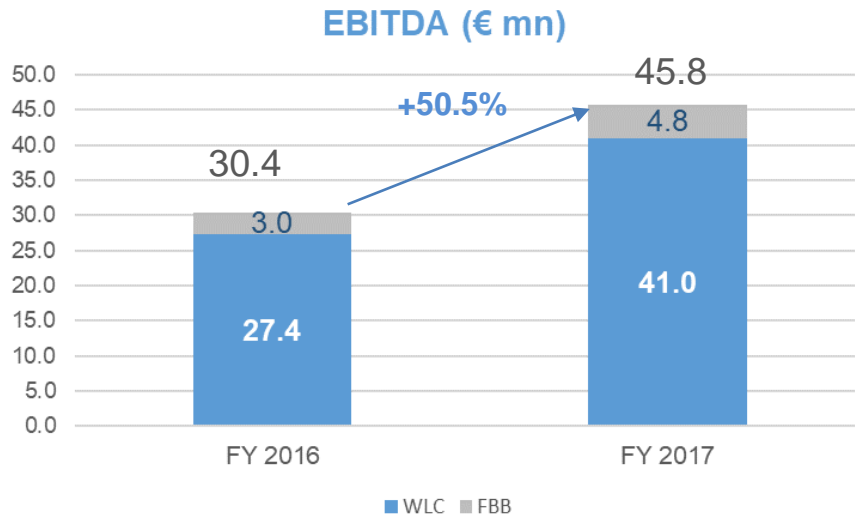
The topline growth was driven by the positive impact of the **RDM La Rochette consolidation**.

**WLC** revenues increased by **7.8%**, 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



The **WLC EBITDA change (+49.6%)** reflects the following drivers:

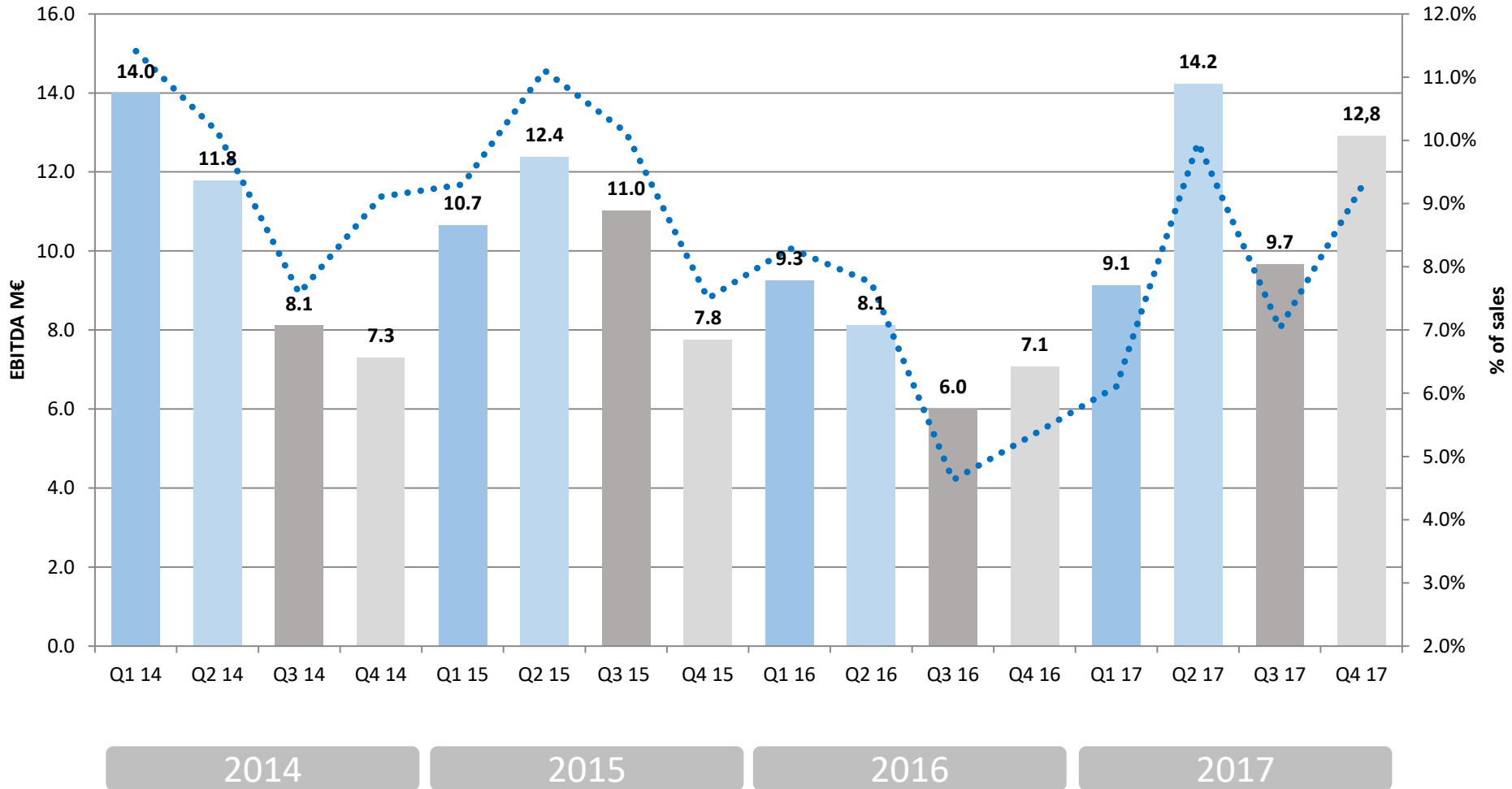
- + **WLC Revenues** increase (+7.8%) led by **volume** growth (+5.7%) and selling price increase;
- Increase in input costs;
- + Production increase (+12.5%).

In FY 2017 the **contribution from the FBB business** to consolidated EBITDA was **positive (+1.8 € mn)** due to the different consolidation period.

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

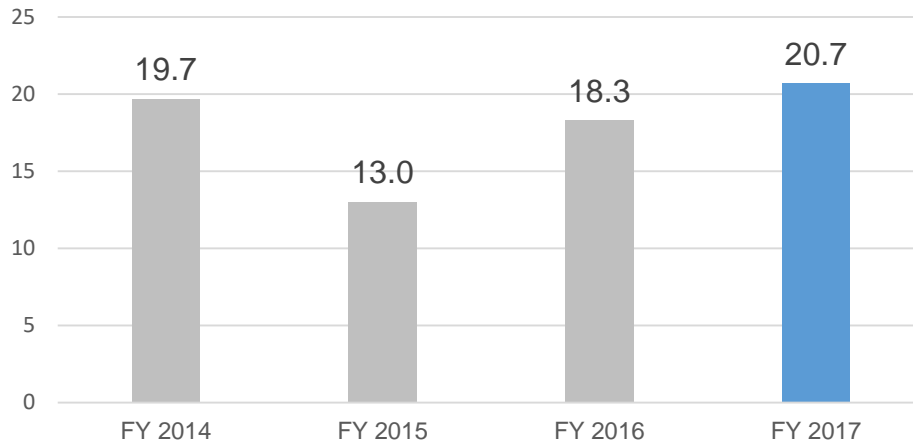
**EBIT increase (+168.2%)** resulted in being even stronger than EBITDA increase (+50.5%), due to limited D&A growth (+3.0%, up to 22.30 € mn from 21.7 € mn in 9M 2016).







Capex (€ mn)

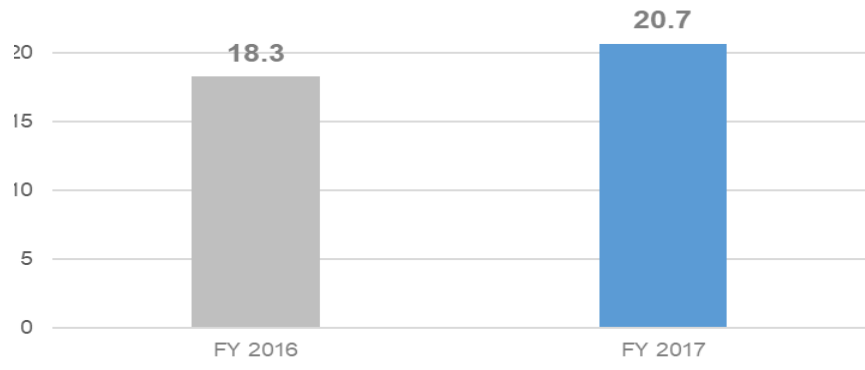


Typically, over the last ten years, RDM investments have been mainly concentrated in upgrading **one plant** at a time.

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

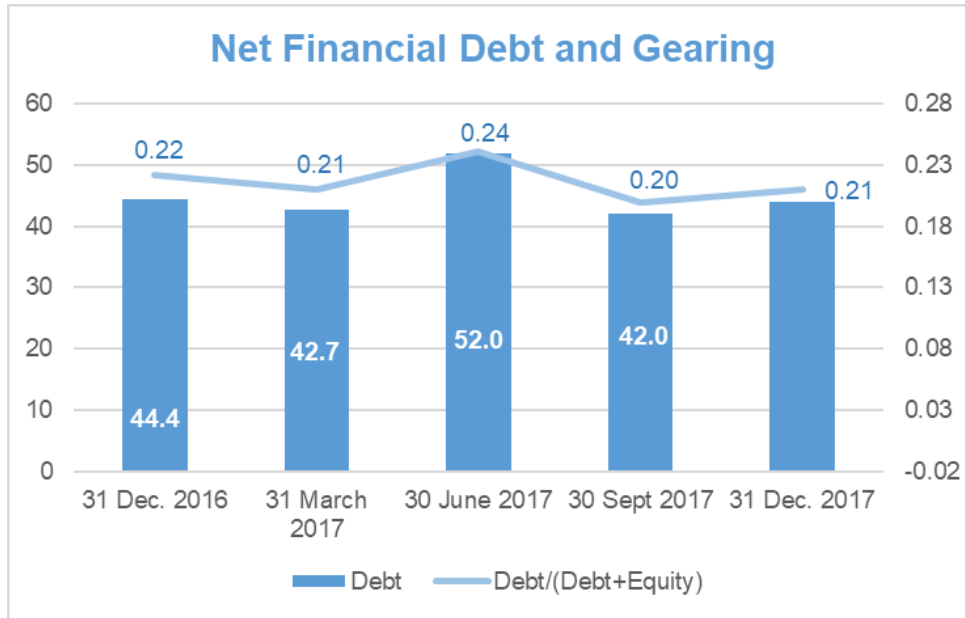
Cumulated capex of **179.3 million euro** over the 2008-2017 period, i.e. **17.9 million euro on average per year**.

12-month Capex (€ mn)



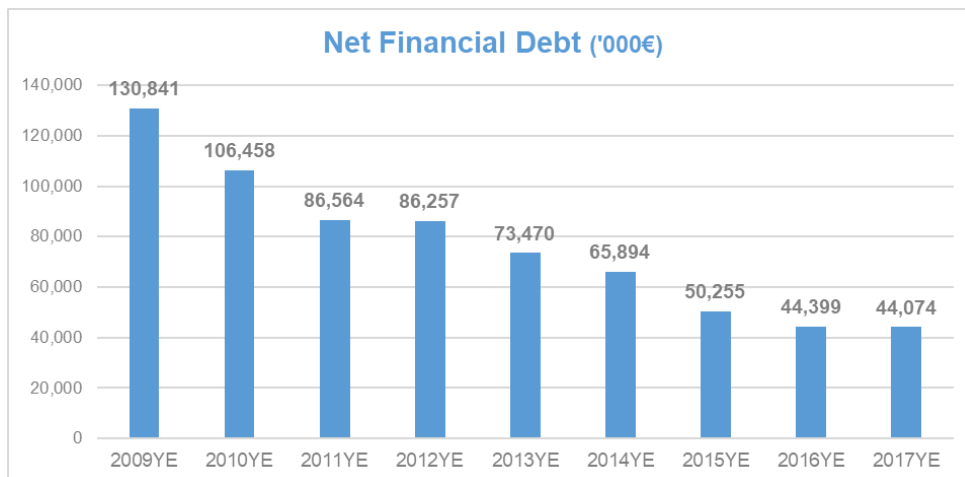
In FY 2017 the three main capex projects were:

- the rebuild of the press section at **Blendecques (Jan.)**
- the replacement of the power plant at **La Rochette (Aug.)**
- Steam turbine at **Santa Giustina (Dec.)**



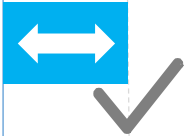
**Operational net cash-flow positive by 17.3 mn € and absorbed by a number of specific outflows (17.0 mn €):**

- Acquisition of 66.67% of PAC Service S.p.A. (10.4 mn €)
- 2016 dividends paid and shares buyback (1.3 mn €)
- Equity investment in Paper Interconnector 1.7 € mn
- Restructuring costs 1.0 € mn
- RDM Arnsberg GmbH deposit on the 'logo fee' tax case (2.6 € mn).

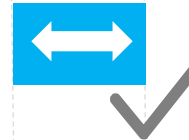




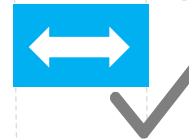
**Blendecques**  
shoepress section



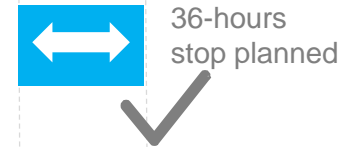
**La Rochette**  
power plant



**Ovaro**  
converting machine



**Santa Giustina**  
steam turbine



**New ERP**



**Health & Safety projects**



Jan

Aug

Dec

**2018: sheeter at PAC Service, winder machine in Villa Santa Lucia and pope reel in Santa Giustina**



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



**Share Capital: 140,000,000.00 €**

**Outstanding shares: 377,800,994**, o/w  
377,537,497 ordinary shares  
263,497 convertible savings shares

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

## Listing markets

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

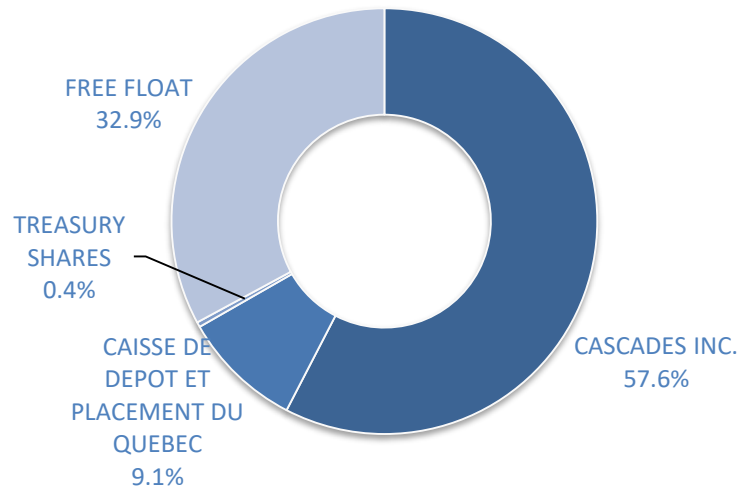
## Codes

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

**Mkt cap:** 311.7 € mn

**Free float mkt cap:** 102.5 € mn  
(@0.825 € p.s. as of 16 March 2018)

## Main shareholders



Source: RDM shareholder register

## FY2017 proposed dividend

### ORDINARY SHARE:

**Dividend of 3.1 € cents**

(FY2016 dividend was 2.65 € cents)

Payment date: **16 May 2017**

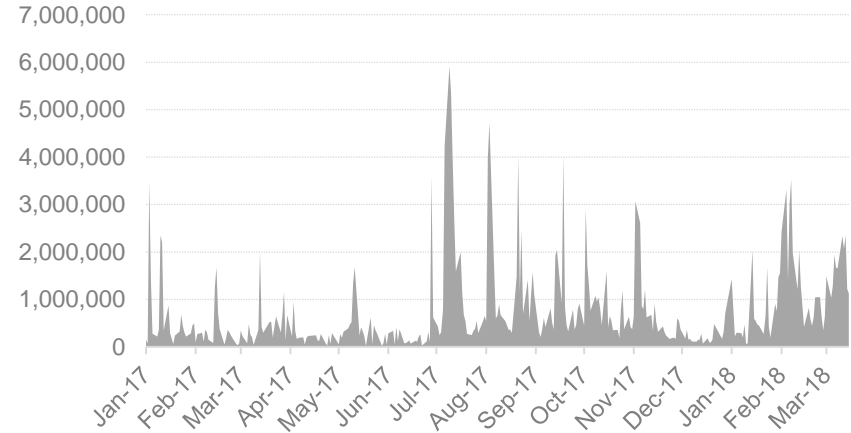
Dividend yield: **0.6%** (YE2017 price of 0.5055 €)



### RdM share price

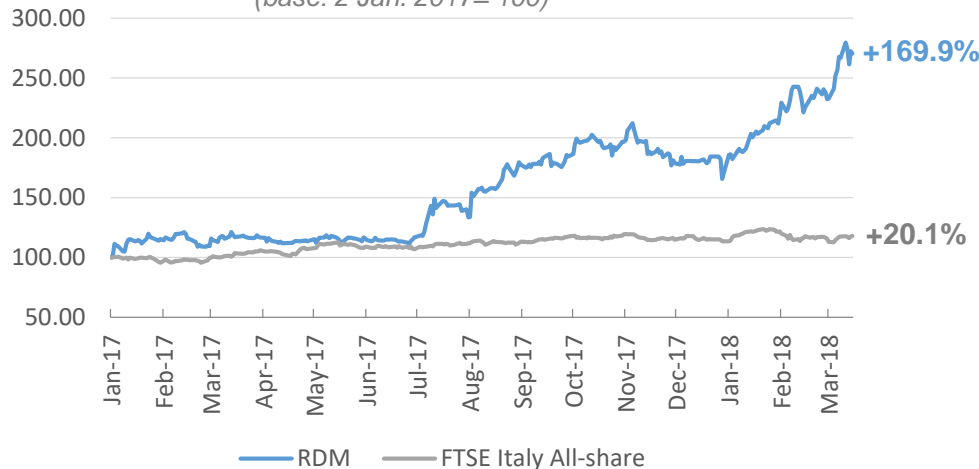


### RdM traded volumes



### RdM vs FTSE Italy All-share Index

(base: 2 Jan. 2017= 100)



### Average daily traded volumes

Q1 2017: 512,773

Q2 2017: 362,208

**Q3 2017: 1,270,890**

Q4 2017: 621,645

2 Jan.18-16 Mar.18: **1,142,925**

(Last update: 16 March 2018)





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

+357%: EpS increase in FY2017 vs. FY2016  
 2017 proposed dividend: 3.1 €, i.e. (2.65 €c FY16)  
 +65.4%: price increase in 2017  
 +63.2%: price increase in 2018 YTD  
 96 investors met in 2017  
 17 investors met in 2018 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 are selectively exploring **M&A opportunities**

to strengthen profitability and to improve resilience to cyclicity



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



Contribute to **smooth volatility** over the cycle  
Even through vertical integration