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Diffusione presunta

Oggetto : The Board of Directors approves the
Interim Management Report as of March
31, 2018

Testo del comunicato

Vedi allegato.



Press Release

The document sets out the "Additional Periodic Financial Information" that the Company discloses also in relation to the regulatory obligations associated with the STAR issuer qualification.

The structure and contents of the document are unchanged compared to the Interim Financial Reports already published under art. 154 ter paragraph 5 of Consolidated Law on Finance (TUF).

The Board of Directors approves the Interim Management Report as of March 31, 2018

CONTINUES THE STRONG PROGRESSION OF THE GROUP'S RESULTS

- **CONSOLIDATED NET REVENUES OF €157.6 MILLION, + 5.5 % COMPARED TO €149.5 MILLION AS OF MARCH 31, 2017.**
- **CONSOLIDATED GROSS OPERATING PROFIT (EBITDA) AT €18.1 MILLION, DOUBLED COMPARED TO THE €9.1 MILLION AS OF MARCH 31, 2017 (+98.6%).**
- **CONSOLIDATED OPERATING PROFIT (EBIT) AT €12.8 MILLION, OVER THREE TIMES MORE THAN €3.6 MILLION AS OF MARCH 31, 2017 (+253.5%).**
- **NET PROFIT FOR THE PERIOD OF €12.8 MILLION, OVER FIVE TIMES MORE THAN €2.5 MILLIONS AS OF MARCH 31, 2017.**
- **NET FINANCIAL INDEBTEDNESS LOWERED TO €41.5 MILLION (€44.1 MILLIONS AS OF DECEMBER 31, 2017).**
- **ERIC LAFLAMME CONFIRMED AS CHAIRMAN.**

Milan, May 2, 2018 - The Board of Directors of Reno De Medici S.p.A., which met today under the chairmanship of Eric Laflamme, examined and approved the Interim Management Report at 31 March 2018.

Michele Bianchi, CEO of RDM Group, commented: *"Just over a year after I joined RDM Group, I am satisfied with the Group's progression and with the results of this first quarter, which reflect the beginning of a structural change in terms of production planning, supply chain and organization that can be summarized in the 'One Company' strategy adopted since the beginning of 2017. The new organization has allowed to capitalize at best the favorable market conditions, characterized by a sustained demand and an average cost of raw materials reasonably reduced, strengthening our leadership on the reference markets".*

"Looking forward to the rest of the year, I am optimistic about the good performance of the Group, given the strong focus on optimization and efficiency of production, planning and volumes allocation, with an integrated approach among the various production facilities, as well as the constant attention on the sales and geographically mix oriented to an improvement of the Company's performances. In light of the renewed organizational set-up and an orientation to a 360 ° service upgrade to meet customer needs, in line with the "Partner of Choice" Group's Vision, I am confident that we will continue the strategic positioning path in order to mitigate the impact of the volatility of the macroeconomic environment, given signs of weakening of demand growth and an increase in the cost of raw materials already in place for the best quality types".

The Group's performances as of March 31, 2018

In the first quarter of 2018 the RDM Group confirmed a sustained acceleration, characterized by an increase in revenues and a more than proportional growth in profitability. Following the reorganization carried out at the beginning of 2017, the new corporate strategy and the integrated production and commercial structure at European level made it possible to fully seize the opportunities deriving from a favorable market environment, both in terms of order flows for both segments of business, the traditional WLC - White Lined Chipboard (coated board made of recycled fibers) and the FBB - Folding Box Board segment (cardboard for folding boxes made of virgin fibers), also in terms of raw material procurement costs.

In addition to the good organic performance of the Group, the results for the first quarter fully consolidate **the newly acquired PAC Service S.p.A.**, a company operating in the paper cutting and processing sector, previously valued using the equity method.

Below is an indication of the main consolidated financial and economic highlights as of March 31, 2018

Consolidated Net Revenues reached €157.6 Million compared to €149.5 Million recorded in the corresponding period of the previous year, equal to a growth of 5.5%, mainly due to an improvement in the customer portfolio of the WLC business, characterized by higher average sales prices compared to the same period of 2017. The consolidation of PAC Service contributed to the Group's revenues for €5.6 Million Euro, before intercompany eliminations.

In the first three months of the year the **volumes sold** amounted to 268 Thousand tons, in line with the same period of 2017.

In terms of geographical markets, growth in the main reference markets is confirmed, with an approach aimed at segmenting customer portfolio in terms of profitability. European sales (excluding Italy), amounting to €88.2 Million, grew by 5.0% and now represent 56.0% of the Group total, while Italy - which represents 31.6% of total sales - recorded an increase of 8.3%. Sales outside the European Union amounted to €19.5 Million (+0.8%).

Regarding the **main factors of production**, the average cost of raw materials for the first quarter of 2018 was lower overall compared to the same period of the previous year. Regarding WLC segment, the prices of recycled fibers confirmed the downward trend started last September, following the announcement of restrictions on the import of undifferentiated waste paper imposed by the Chinese Government and the limits in the issue of import licenses. The imbalance between supply and demand, deriving from the Chinese market, generated a significant drop in the supply prices recorded in the quarter, although there is a general uncertainty in the medium to long term, with a foreseeable increase, as already recorded on higher grade materials. A different situation for the FBB segment, where the prices of virgin cellulosic fibres were significantly higher compared to the same period of the previous year, due to the progressive increases started in 2017. To mitigate this impact, RDM la Rochette SAS, the subsidiary of the Group operating in the FBB sector, has announced an increase in sales prices at the end of 2017, with effects on revenues that should be fully realized in the second quarter.

Despite the greater energy needs deriving from the improvement in the macroeconomic environment, the RDM Group has managed at best the significant increase in the prices of energy components. The average cost of **energy factors** is slightly higher than the same period of the previous year, thanks to the containment of

consumption due to efficiency of production facilities, optimization of the contracts signed and the effect of the new regulations for large consumers of electricity introduced in Italy.

Personnel costs amounted to €22.3 Million in the period, with a decrease of €848 Thousands compared to €23.2 Million in the first quarter of 2017, which included the restructuring costs of the commercial structure for €1.1 Million, partially offset by higher consolidation costs as from January 1, 2018 of PAC Service S.p.A. equal to € 353 thousands.

In the first three months of 2018 the **Consolidated Gross Operating Profit (EBITDA)** amounted to €18.1 Million, almost doubled compared to €9.1 Million in the same period of 2017 (+98.6%), thanks to the improvement in the sales mix, production and management efficiency, the reduction of overall costs of raw materials in the WLC segment and to containment of the increase in energy costs. The contribution made by PAC Service S.p.A. amounted to €592 thousands.

The **Consolidated Operating Profit (EBIT)** amounted to €12.8 Million compared to €3.6 Million at the end of March 2017, up 253.5%.

Consolidated Net Profit for the period of €12.8 Million, over five times of the Net Profit of €2.5 Million recorded in the first quarter of 2017, benefited from the improvement in the operating result and the positive effect of €3.2 Million of the valuation at *fair value* of the existing investment in PAC Service S.p.A, previously valued using the equity method, partially offset by an increase in tax charges, which went from €768 Thousands in 2017 to €2.4 Million in the first quarter of 2018, following the greater taxable income.

Net Financial Indebtedness as of March 31, 2018, amounts to €41.5 Million, decreased by Euro €2.6 Million compared to €44.1 Million as of December 31, 2017, due to the positive generation of operating net cash flow for €7.9 Million, partially absorbed for €2.3 Million following the payment of final balance of an investment made in previous years, as well as the result of the consolidation effect of PAC Service S.p.A. for an amount of approximately €3 Million.

Eric Laflamme confirmed as Chairman.

The Board confirmed Mr. Eric Laflamme as Chairman, without attribution of individual management powers, which remain exclusively with the CEO, Mr. Michele Bianchi.

It is recalled that Mr. Laflamme had been co-opted and appointed Chairman, in replacement of the resigning Robert Hall, by the Board of Directors on November 3, 2017, with term of office, pursuant to art. 2386 cod. civ., until the next Shareholders' Meeting.

The Shareholders' Meeting held on April 30, 2018 therefore confirmed Mr. Laflamme as Director until the approval of the Financial Statements as of December 31, 2019, expiry of the term of office of the current Board of Directors.

Information on the professional skills of Mr. Laflamme, qualifying as a non-independent and non-executive director in compliance with the provisions of the Self-Regulatory Code of Borsa Italiana S.p.A., have already been disclosed in the press release issued on November 3, 2017 available on the website www.rdmgroup.com and through the authorized storage site eMarketStorage (ww.emarketstorage.com).

The Chairman does not hold shareholdings in Reno De Medici S.p.A..

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.

Since today, the Interim Report as of March 31, 2018 will be available at the Company's registered office in Milan, Viale Isonzo 25, on the corporate website www.rdmgroup.com (Company Section/Investor Relations) and will be consultable on the authorized storage system, accessible at the site www.emarketstorage.com.

Attached:

- Consolidated Balance Sheet as of March 31, 2018
- Consolidated Income Statement as of March 31, 2018
- Net Financial Position as of March 31, 2018

For further information

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CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

Statement of Financial Position - ASSETS	03.31.2018	12.31.2017
(thousands of Euros)		
<i>Non-current assets</i>		
Tangible assets	193,437	192,570
Goodwill	5,340	
Other intangible assets	8,770	8,561
Equity investments	2,631	4,577
Deferred tax assets	1,259	1,256
Other receivables	8,271	17,764
Total non-current assets	219,708	224,728
<i>Current assets</i>		
Inventories	83,654	83,659
Trade receivables	86,155	70,862
Other receivables	9,864	11,204
Cash and cash equivalents	26,428	19,128
Total current assets	206,101	184,853
TOTAL ASSETS	425,809	409,581

Statement of Financial Position - LIABILITIES AND SHAREHOLDERS' EQUITY	03.31.2018	12.31.2017
(thousands of Euros)		
Shareholders' equity		
Shareholders' equity attributable to the Group	180,871	168,465
Total shareholders' equity	180,871	168,465
Non-current liabilities		
Payables to banks and other lenders	47,586	44,277
Derivative instruments	72	138
Other payables	13	26
Deferred taxes	8,648	8,924
Employee benefits	34,646	33,950
Non-current provisions for risks and charges	4,860	4,701
Total non-current liabilities	95,825	92,016
Current liabilities		
Payables to banks and other lenders	20,910	19,512
Derivative instruments	130	133
Trade payables	100,978	105,979
Other payables	22,543	20,777
Current taxes	3,635	1,501
Current provisions for risks and charges	818	1,057
Employee benefits	99	141
Total current liabilities	149,113	149,100
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	425,809	409,581

Consolidated Income Statement	03.31.2018	03.31.2017
(thousands of Euros)		
Revenues from sales	157,627	149,453
Other revenues and income	1,574	1,463
Change in inventories of finished goods	(4,658)	(7,085)
Cost of raw materials and services	(113,116)	(110,499)
Personnel costs	(22,319)	(23,167)
Other operating costs	(986)	(1,042)
Gross operating profit	18,122	9,123
Depreciation and amortization	(5,361)	(5,513)
Operating profit	12,761	3,610
	<i>Financial expense</i>	(755)
	<i>Gains (losses) on foreign exchange</i>	26
	<i>Financial income</i>	2
Net financial income/(expense)	(711)	(727)
Gains (losses) from investments	3,172	378
Taxes	(2,393)	(768)
Profit (loss) for the period	12,829	2,493
attributable to:		
Group's share of profit (loss) for the period	12,829	2,493
Minority interest in profit (loss) for the period		

Net financial position	03.31.2018	12.31.2017	Variation
(thousands of Euros)			
Cash, cash equivalents and short-term financial receivables	27,164	19,986	7,178
Short-term financial debt	(20,910)	(19,512)	(1,398)
Valuation of current portion of derivatives	(130)	(133)	3
Short-term net financial position	6,124	341	5,783
Medium-term financial debt	(47,586)	(44,277)	(3,309)
Valuation of non-current portion of derivatives	(72)	(138)	66
Net financial position	(41,534)	(44,074)	2,540

Fine Comunicato n.0217-29

Numero di Pagine: 10