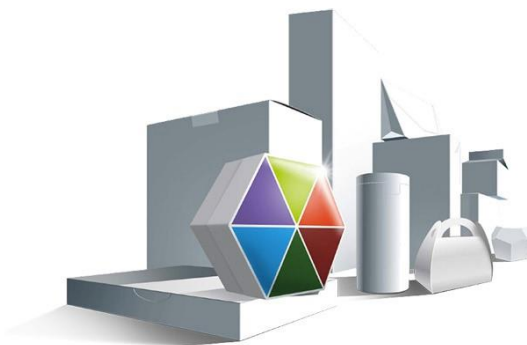


# Reno De Medici

Paris Midcap Partners Conference

17 May 2018



Born to be  
converted



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



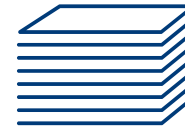
**2017 net  
revenues of  
€569 million**



**Milan and Madrid  
Stock Exchange**



**1,487  
employees  
(2017YE)**



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



**6 mills  
2 sheeting  
centers**

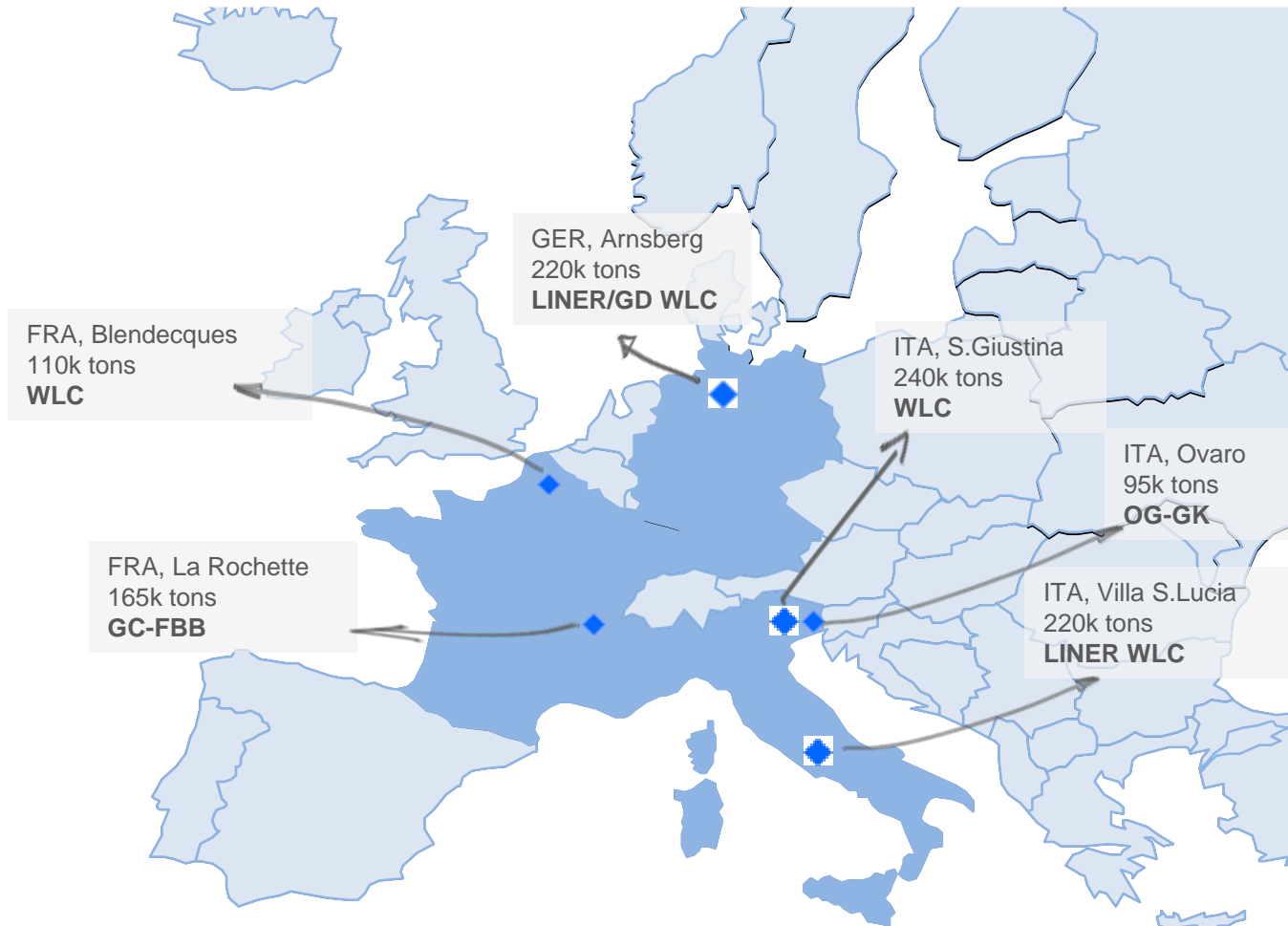


**Commercial  
network in 70  
Countries**



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



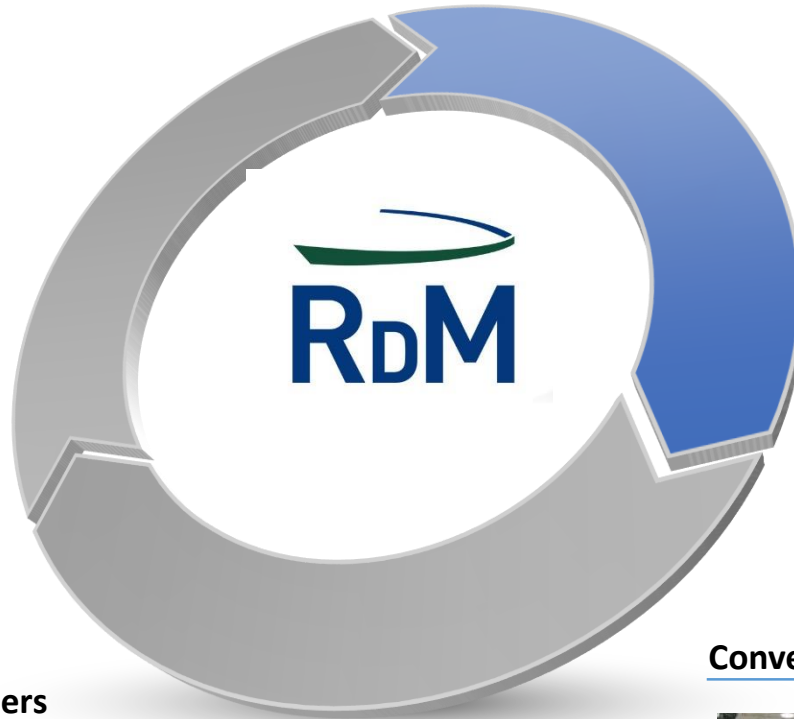
## Distributors



## End users



## Converters





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





Packaging applications and, to a lesser extent, graphic purposes drive cartonboard production.

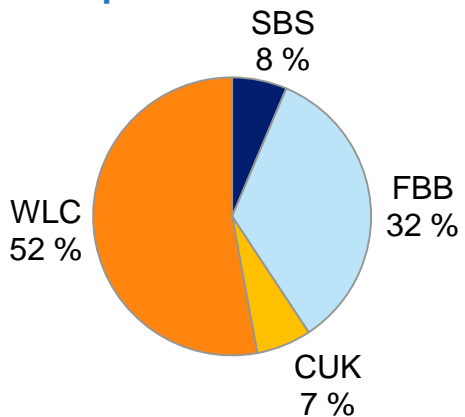
**SBB** - Solid Bleached Sulphate Board (GZ/UZ)  
**FBB** - Folding Boxboard (GC/UC);

Based on virgin fiber

**WLC** - White Lined Chipboard (GD/UD) and  
 Triplex Board (GT/UT).

Based on recycled fiber

## European cartonboard demand (2016)

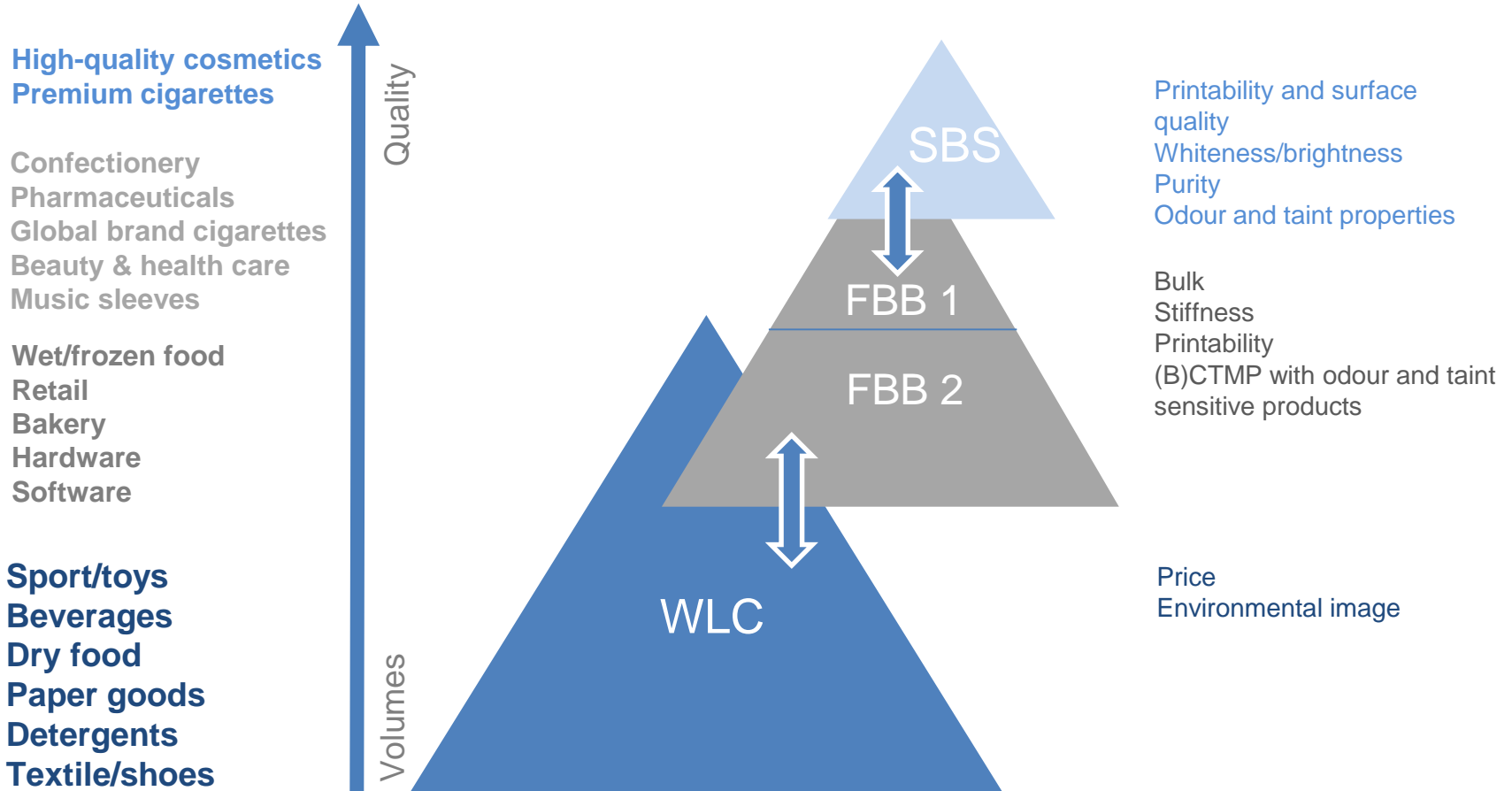


('000 tons)		
WLC	4,028	53%
FBB	2,432	32%
SBS	608	8%
CUK	532	7%
<b>TOTAL</b>	<b>7,600</b>	<b>100%</b>



In the last few years, until H1 2016, RDM production was focused on **one business segment**: White Lined Chipboard, “WLC”. Following to the acquisition of La Rochette mill (30 June 2016), RDM is also involved in the “FBB” business.

Source: Company's elaborations on market data

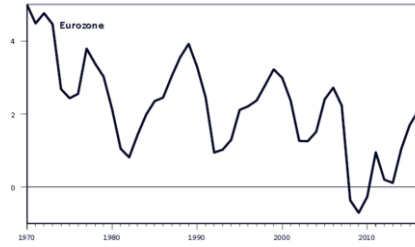


Source: Company's elaborations on market data





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

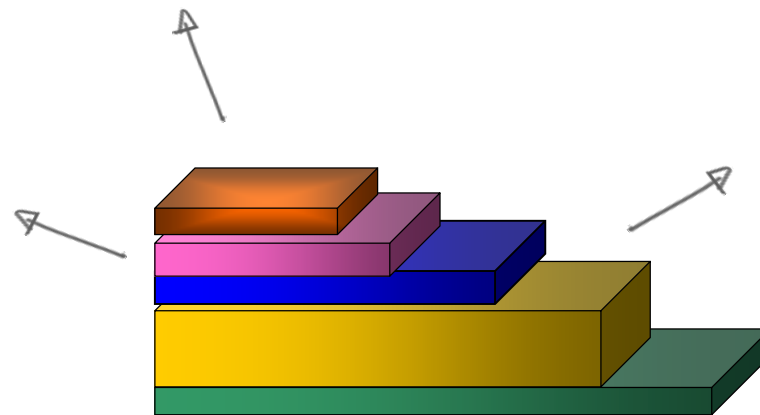
Finished products **export** opportunities



**Top layer**  
White grades



**Coating**  
Starch, calcium, carbonte, latex



**Back**  
White or brown grades

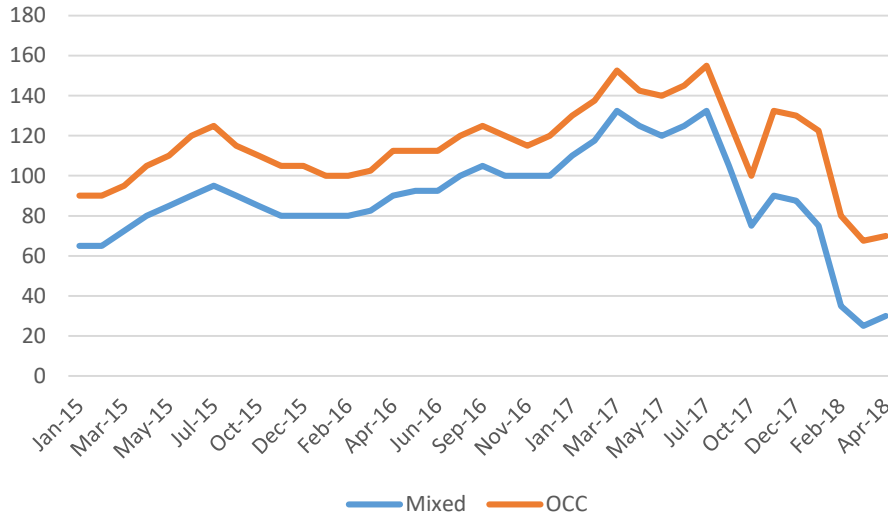


**Under top layer**  
**Middle layer**  
Brown grades (mainly mixed paper and OCC) groundwood

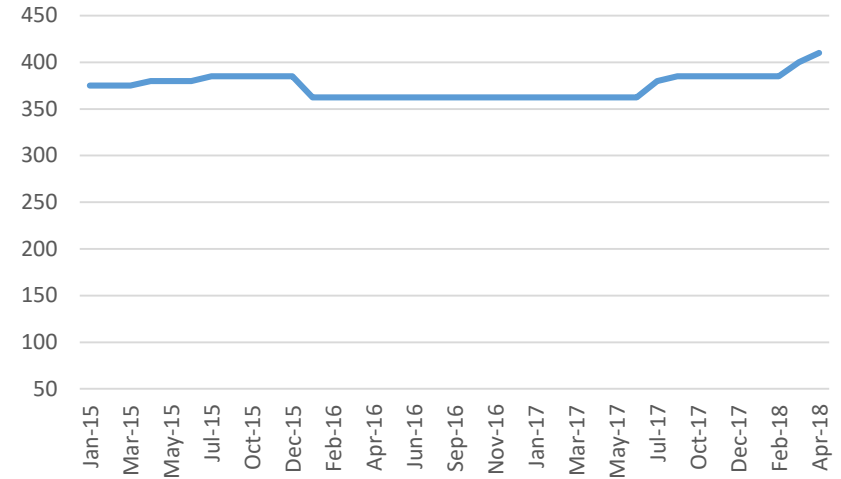




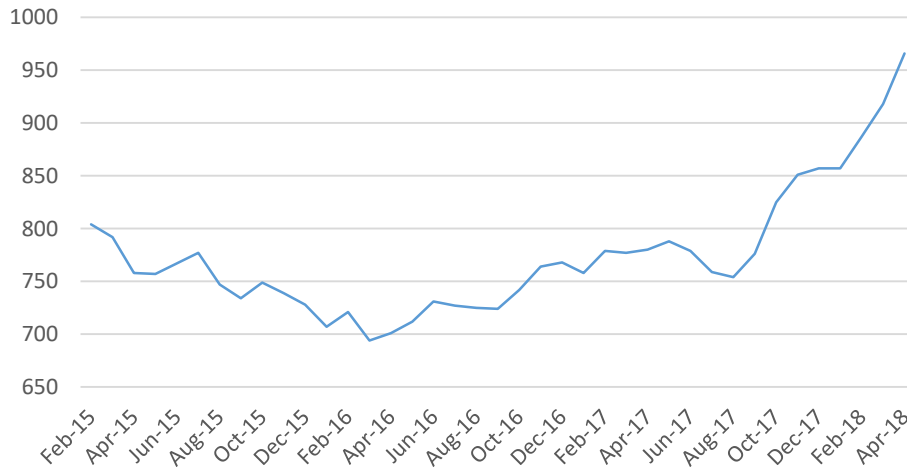
### Brown Recycled Fibers (€ per ton)



### White Recycled Fibers (€ per ton)



### Bleached Softwood Pulp (€ per ton)

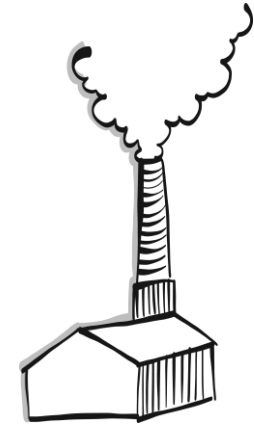
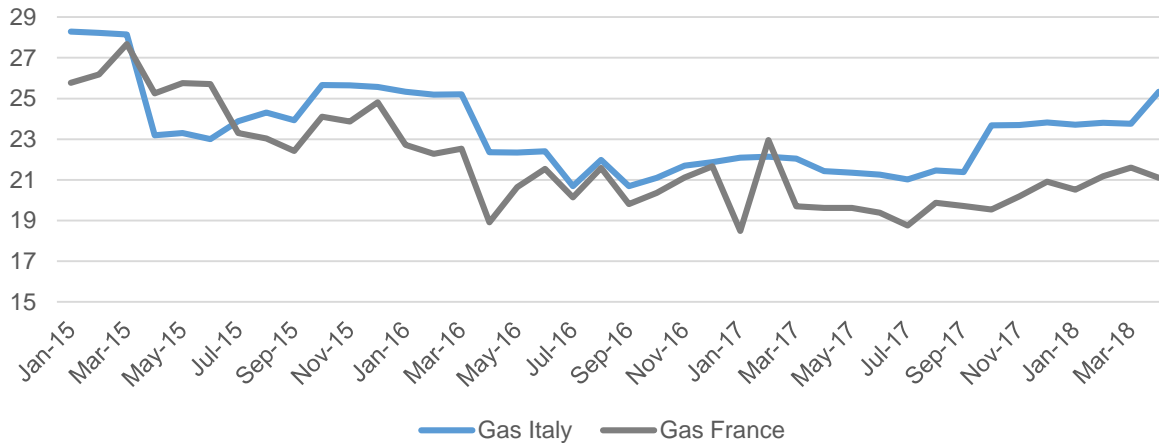


At the end of March, 2018 prices for recycled paper had reached levels defined as minimum.

The long period of pulp prices increase continues.

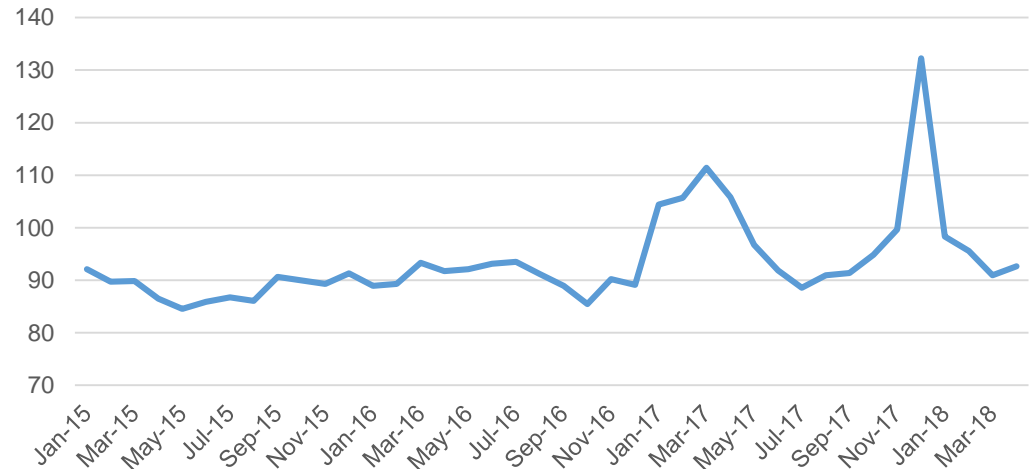


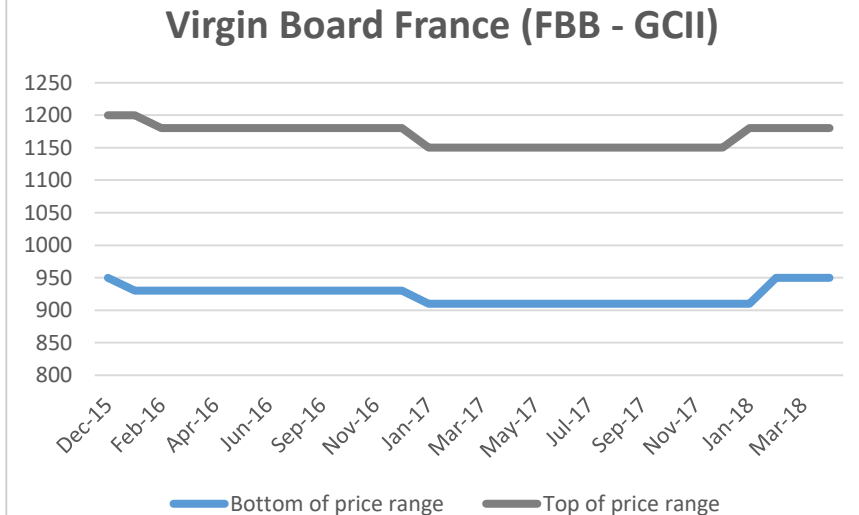
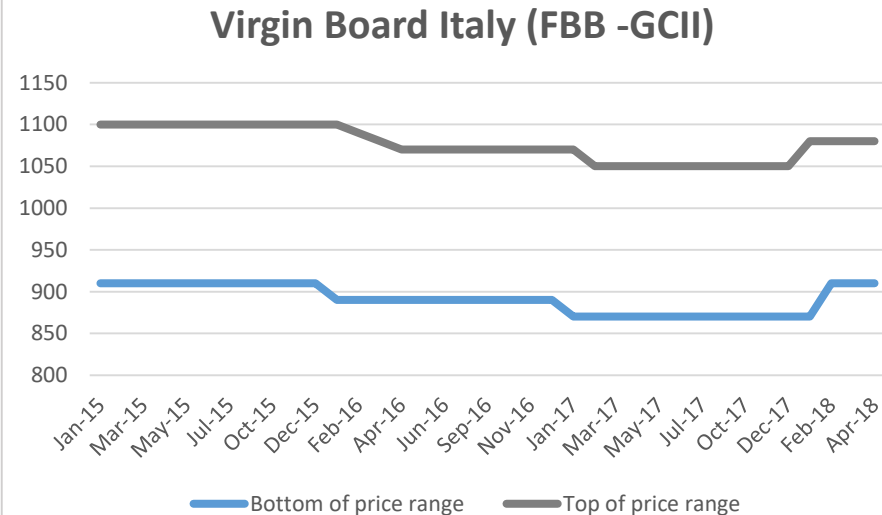
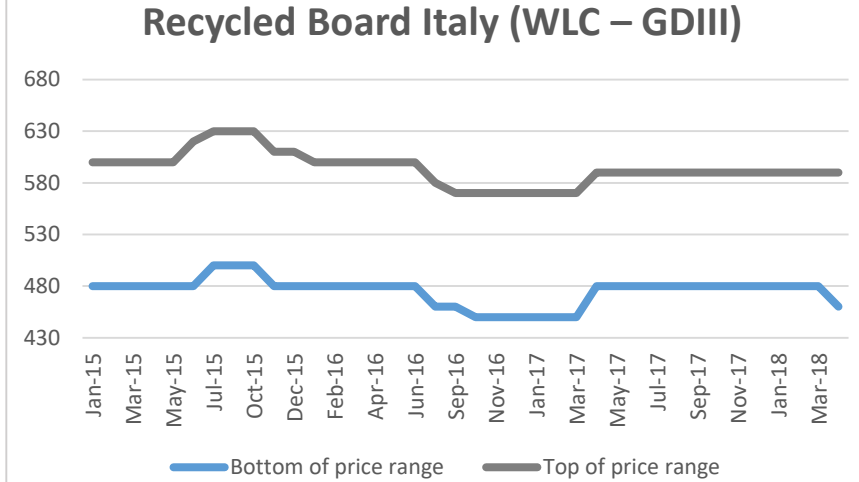
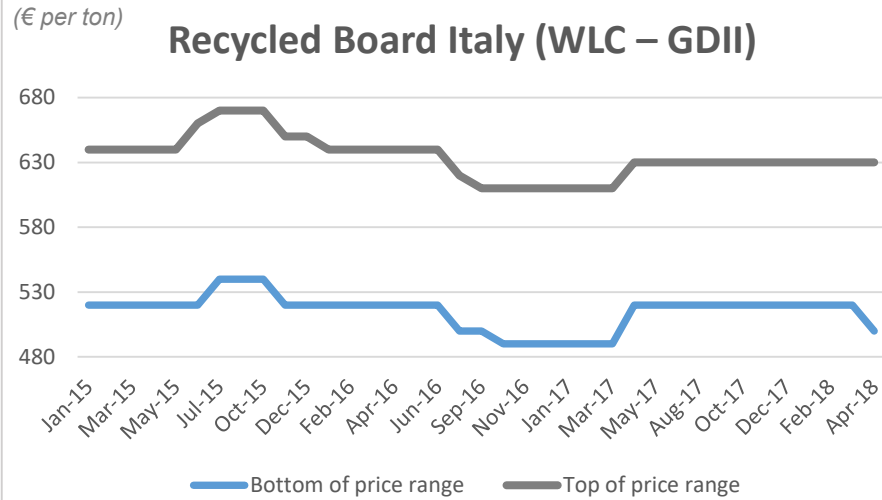
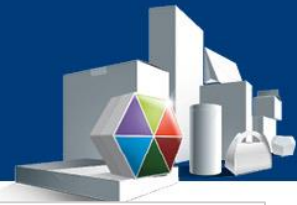
### Natural gas (€/MWh)



The trends are basically dependent to the improved macroeconomic scenario

### Coal price in Germany (€/ton)



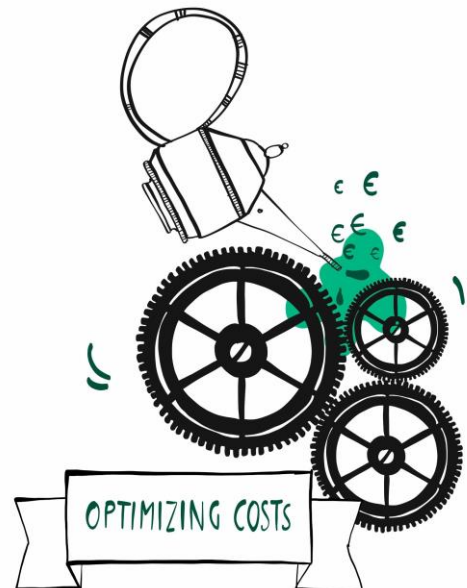




- 1 Overview
- 2 **RDM Features and Strategic Guidelines**
- 3 Delivering on Strategy
- 4 RDM Shares and Final Remarks



## 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

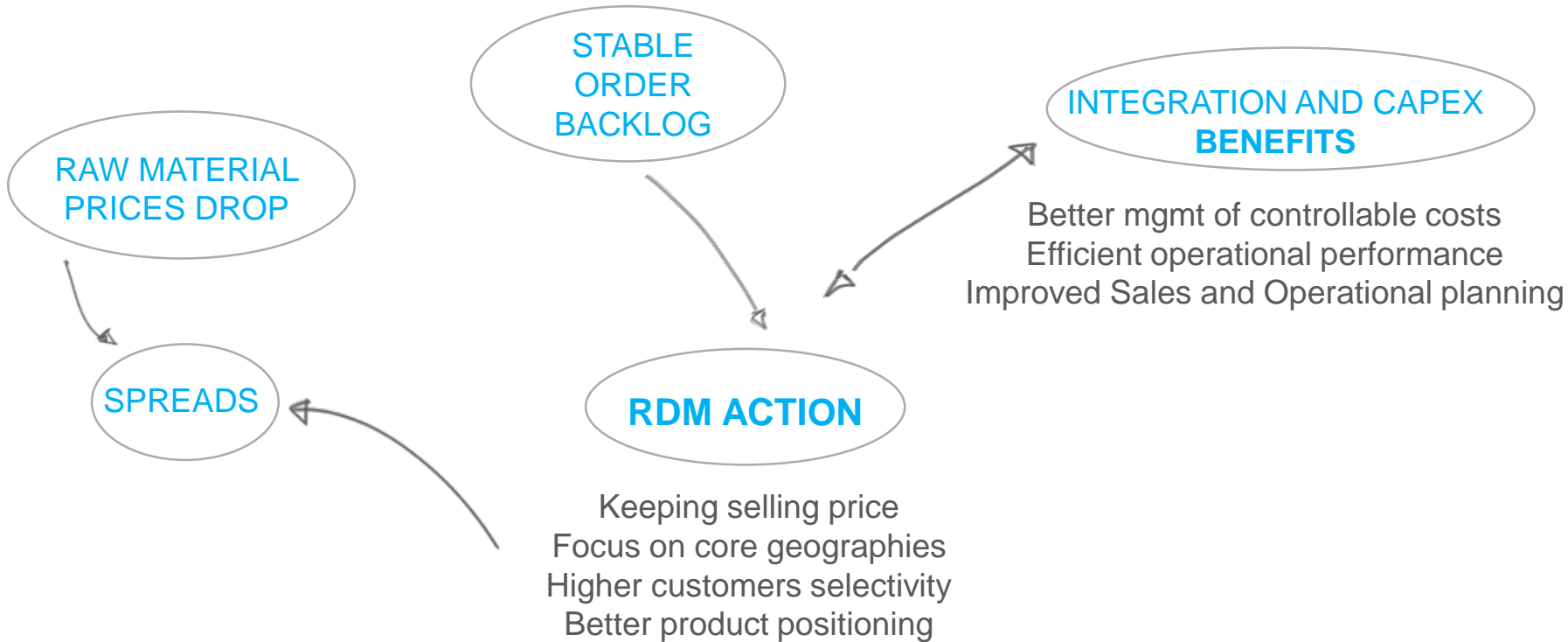
*Close prototype phase  
Go-live in Italian mills*



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



Increasing margins in a favorable market conditions



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



(% changes: 3M 2018 vs. 3M 2017)

157.6 € mn

Net Revenues  
from Sales  
( +5.5% )

18.1 € mn

EBITDA  
( +98.6% )

12.8 € mn

EBIT  
( 3.5x )

12.8 € mn

Net Profit  
( 5.1x )

0.19

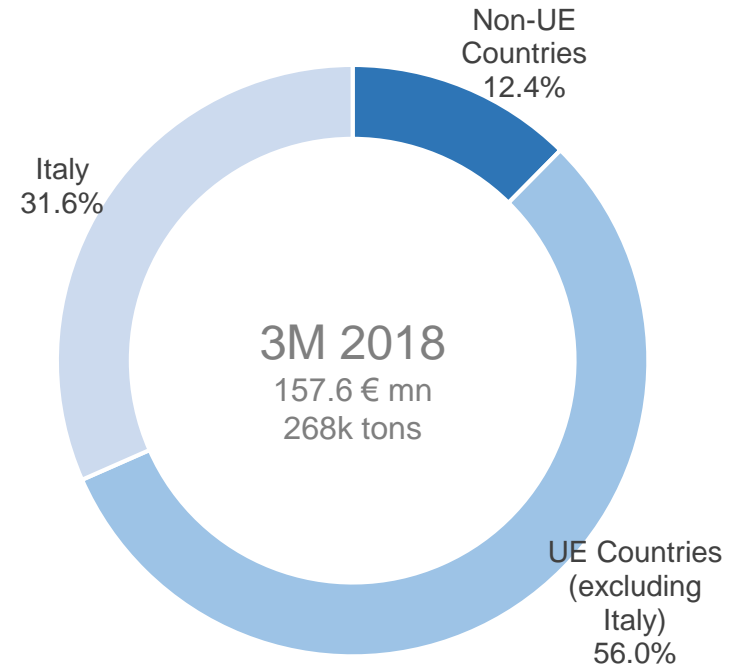
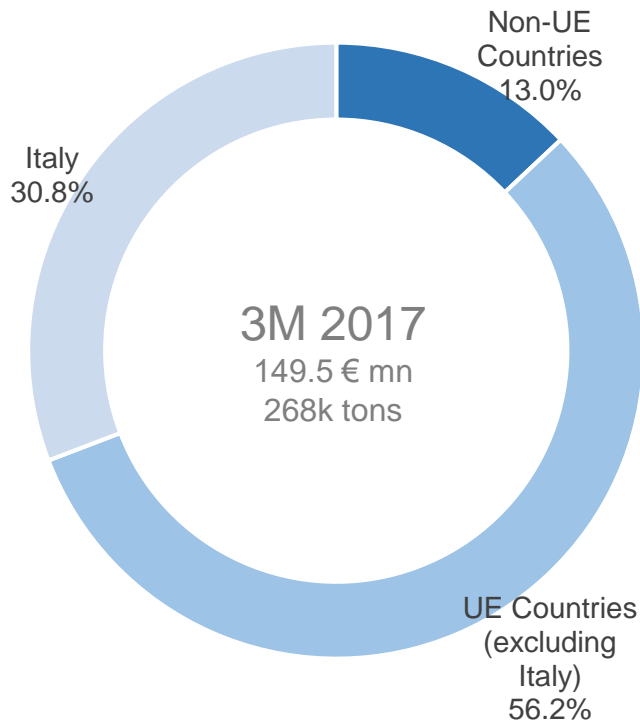
Gearing\*  
( 0.21x @ 2017YE )

12.6%

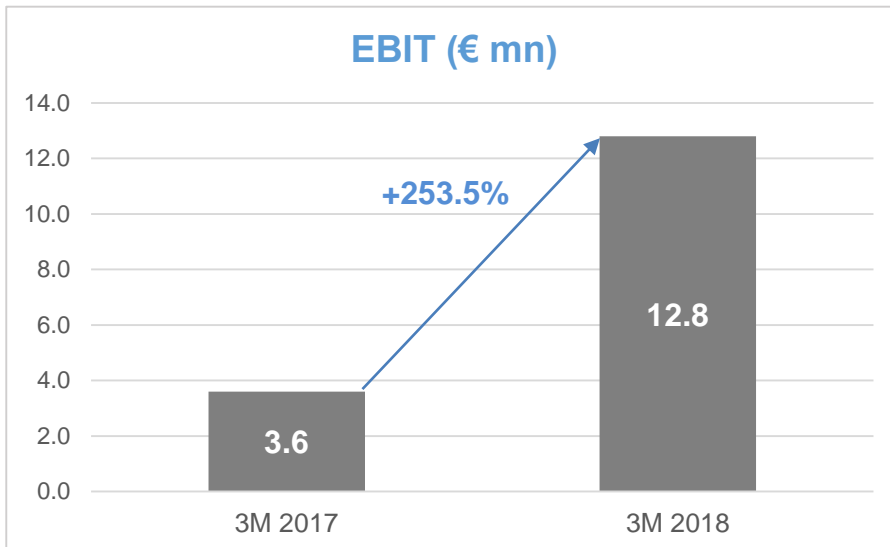
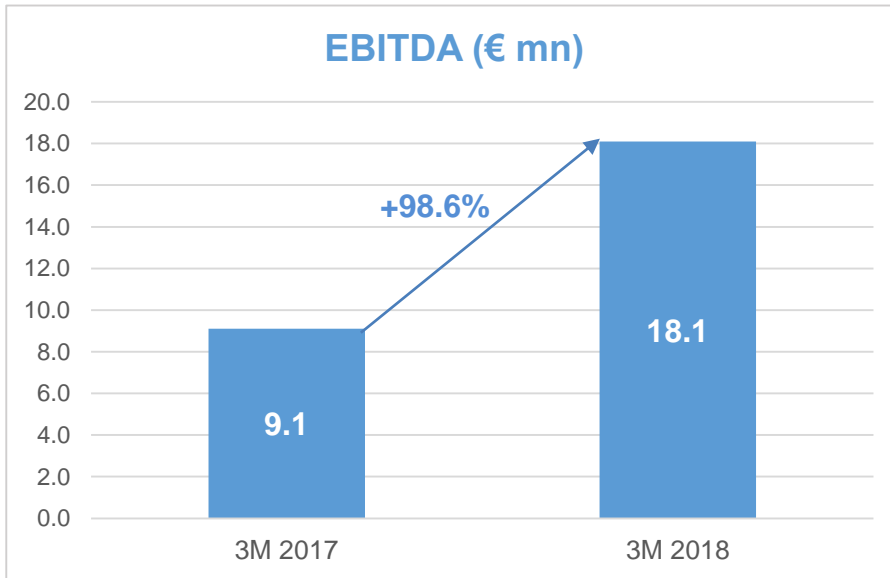
ROCE\*\*  
( 9.9% @ 2017YE )

\*Gearing: Debt/(Debt+Equity)

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



Revenue growth by **5.5%** due to the increase in the average sales prices and PAC Service consolidation that contributed to the result with **5.6 € mn** of revenues (before intercompany eliminations).



The **WLC EBITDA change (+98.6%)** reflects the following drivers:

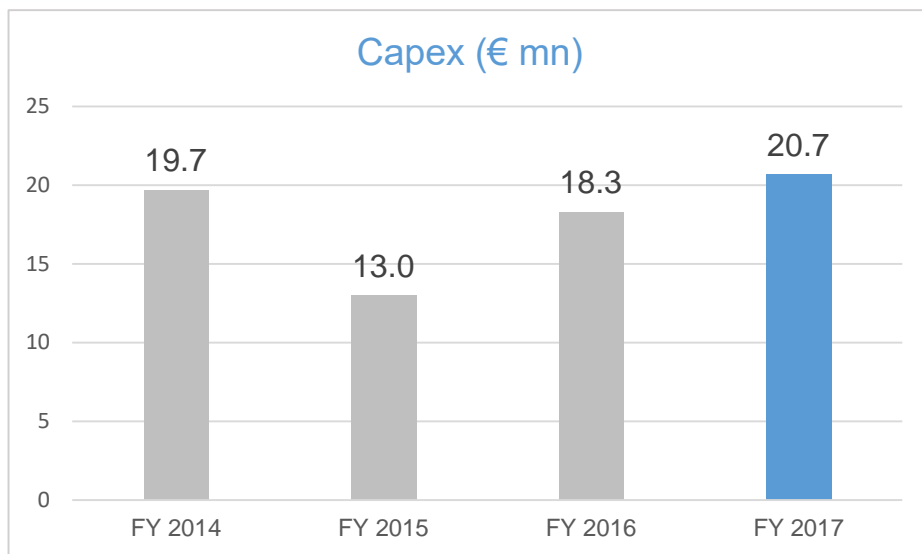
- + **Revenues** increase (+5.5%) led by **selling price increase** and **geographical mix improvement**;
- + Lower prices for recycled fibers;
- Higher cost of pulp;
- Slight increase in cost of energy.

Moreover, 1Q 2017 EBITDA reflected an **extraordinary item: 1.1 € mn restructuring costs** for the reorganization of the sales team.

PAC Service contributed to the result with **0.6 € mn** of EBITDA (before intercompany eliminations).

**EBIT increase (+253.5%)** resulted in being even stronger than EBITDA increase (+98.6%), due to the D&A reduction (-2.8%, up to 5.4 € mn from 5.5 € mn in 1Q 2017).



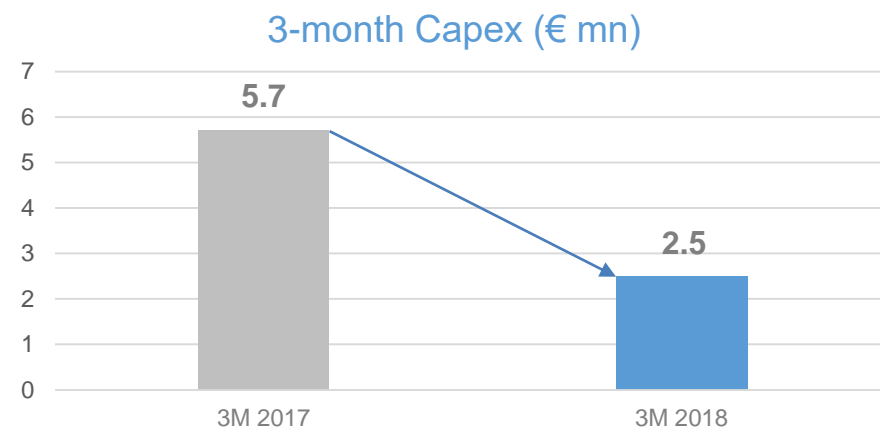


Typically, over the last ten years, RDM investments have been mainly concentrated in upgrading **one plant** at a time.

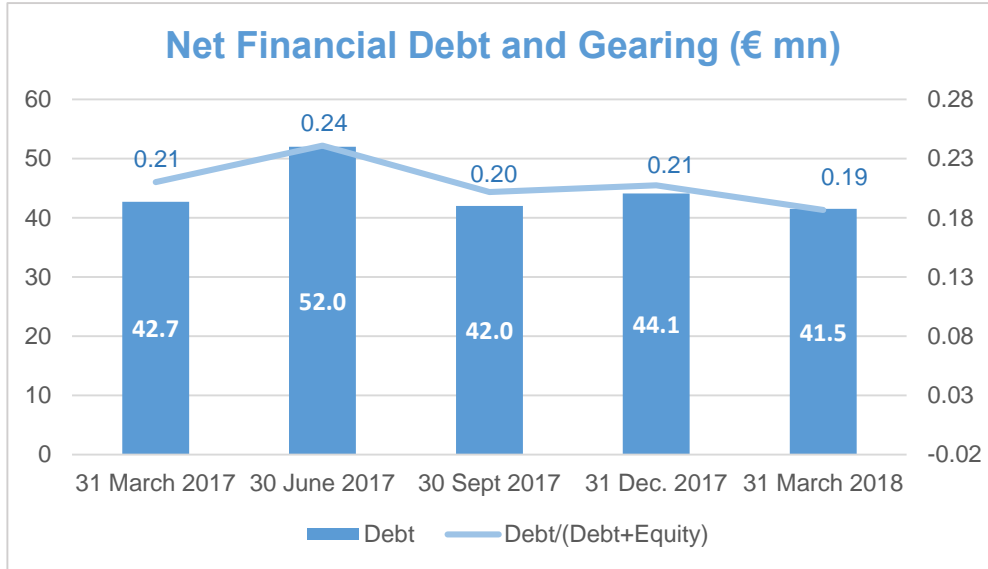
Instead in 2017, Capex were focused on three mills:

- **Santa Giustina** – steam turbine;
- **Blendecques** – shoepress section;
- **La Rochette** – power plant (1<sup>st</sup> step).

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

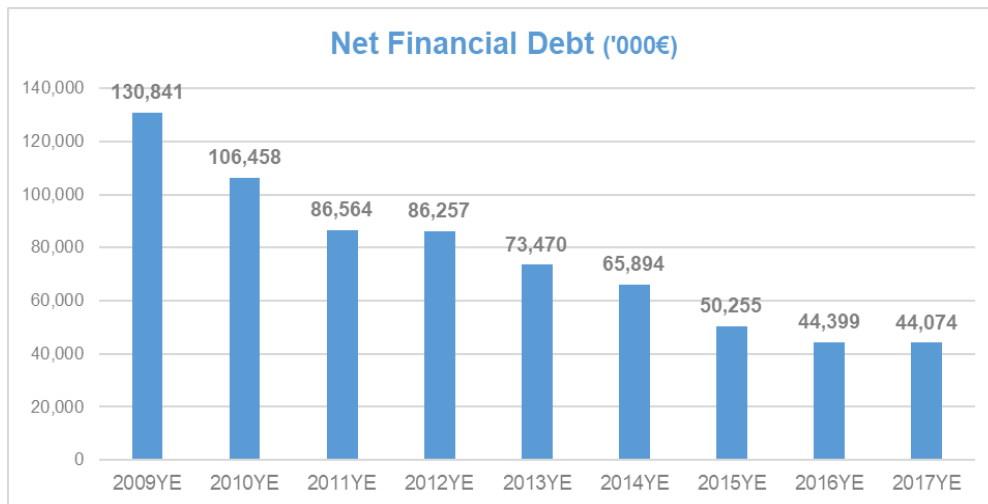


In Q1 2018 the main capex project was focused on the new sheeter at PAC Service.

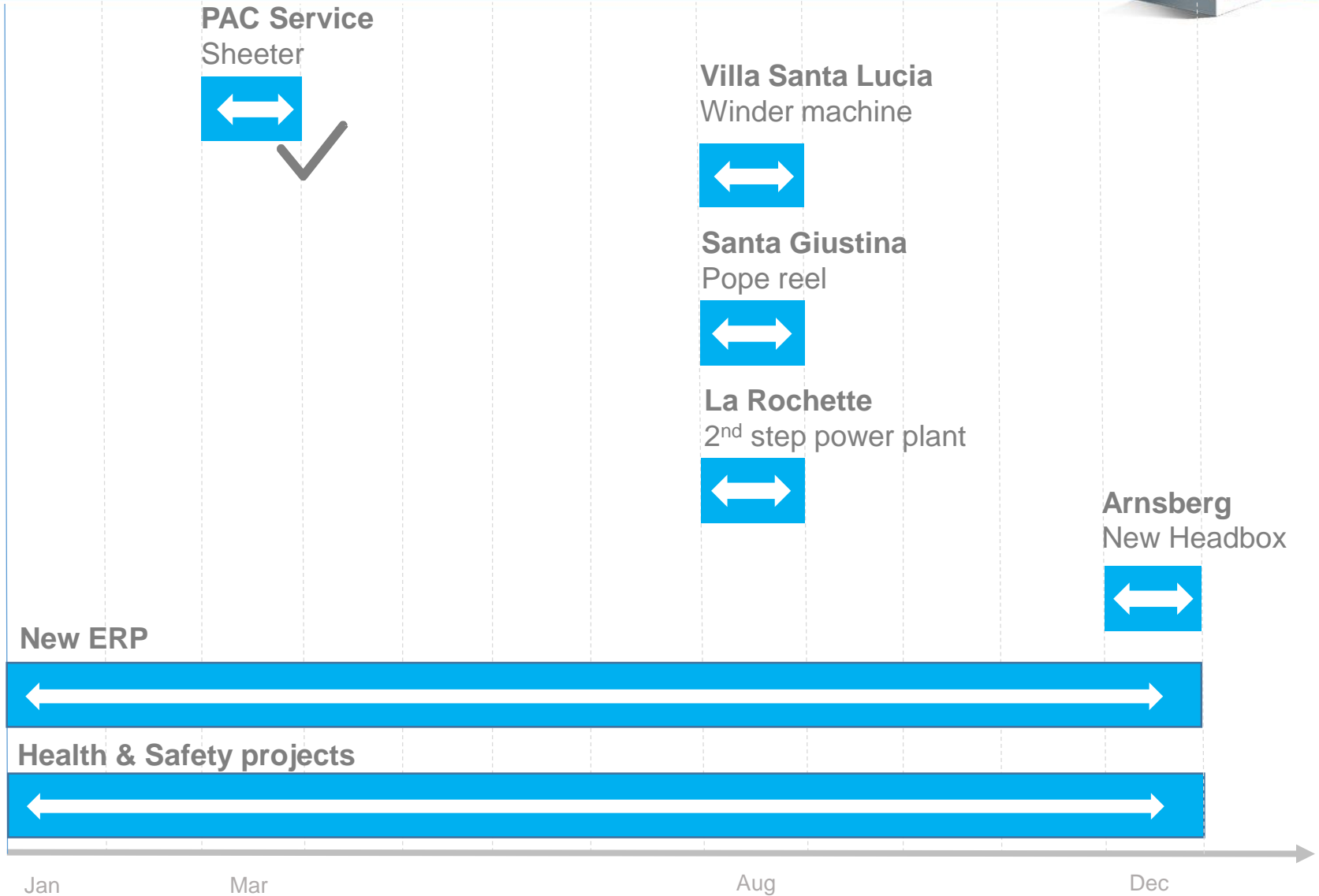


**Operational net cash-flow positive by 7.9 € mn and was partially reduced by (5.3 € mn):**

- Payment of the final balance of an investment put in place in previous years (2.3 € mn);
- Consolidation of PAC Service (3.0 € mn).



# Investment pipeline





- 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

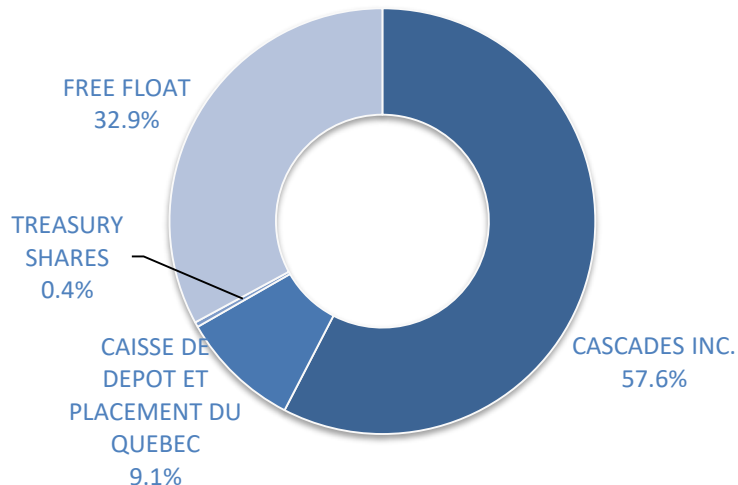
## Codes

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

**Mkt cap:** 310.6 € mn

**Free float mkt cap:** 102.2 € mn  
 (@0.822 € p.s. as of 11 May 2018)

## Main shareholders



Source: RDM shareholder register

## FY2017 proposed dividend

### ORDINARY SHARE:

**Dividend of 3.1 € cents**

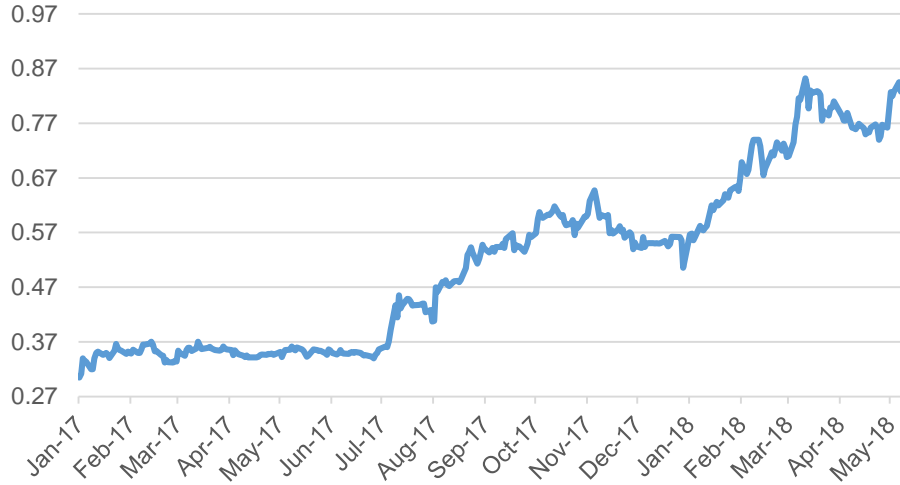
(FY2016 dividend was 2.65 € cents)

Payment date: **16 May 2017**

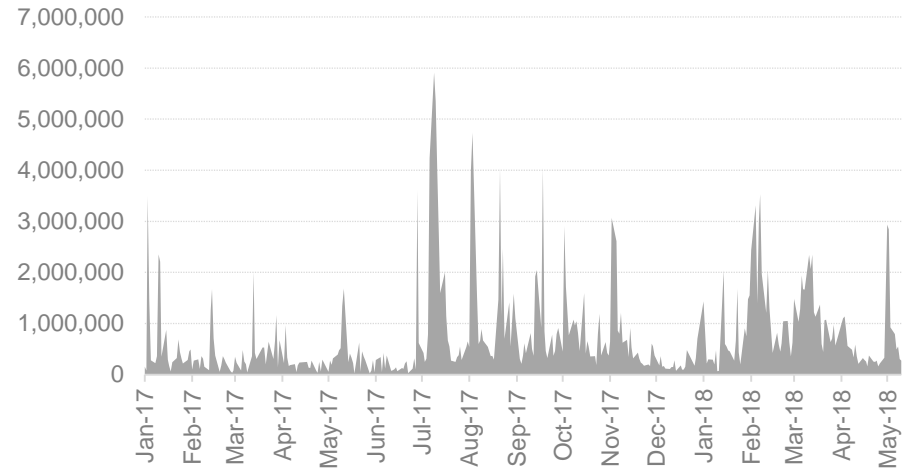
Dividend yield: **0.6%** (YE2017 price of 0.5055 €)



RdM share price

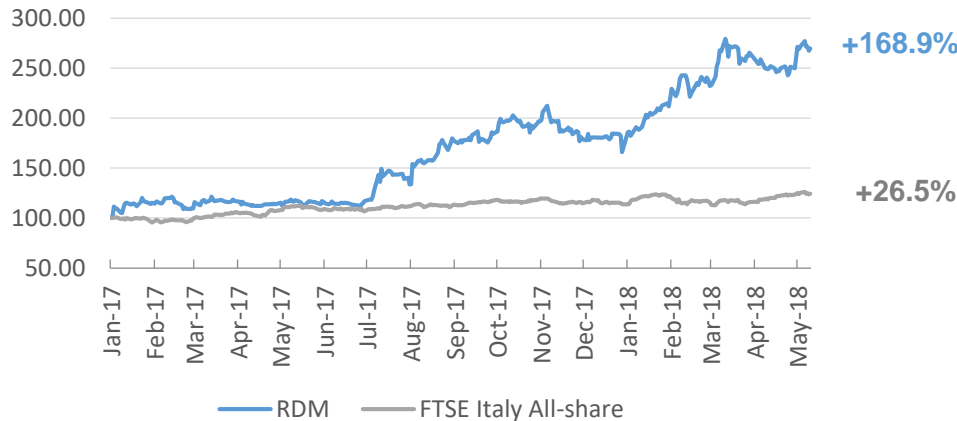


RdM traded volumes



RdM vs FTSE Italy All-share Index

(base: 2 Jan. 2017= 100)



Average daily traded volumes

FY 2017: 686,630 of which

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

Q1 2018: 1,097,588

3 Apr. 18-11 May 18: 630,491

(Last update: 11 May 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 €c (2.65 €c FY16)  
 96 investors met in 2017  
 43 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  
 People survey (entire group) in 2018



## CUSTOMERS

Tailored solutions in response to specific needs  
 Increased focus on products quality and service through  
 converting and finishing services  
 Customer 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