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Testo del comunicato

Vedi allegato.

Press Release

Info to the public pursuant a CONSOB n. 11971 of May 14, 1999 and following amendments

The Board of Directors approves the Interim Management Report as of June 30, 2018

STRONG PROGRESSION OF THE GROUP'S RESULTS CONTINUES

- **SIGNIFICANT IMPROVEMENT OF THE EBITDA MARGIN (12.2%) DRIVEN BY THE GROWTH OF REVENUES AND THE LOWER INCIDENCE OF VARIABLE COSTS.**
- **CONSOLIDATED NET REVENUES OF €307.9 MILLION, +5.4% COMPARED TO €292.2 MILLION AS OF JUNE 30, 2017.**
- **CONSOLIDATED GROSS OPERATING PROFIT (EBITDA) AT €37.4 MILLION, GROWING BY +60.2% COMPARED TO THE €23.3 MILLION AS OF JUNE 30, 2017.**
- **CONSOLIDATED OPERATING PROFIT (EBIT) AT €26.1 MILLION, MORE THAN DOUBLING THE €12.1 MILLION AS OF JUNE 30, 2017 (+115.6%).**
- **NET PROFIT OF €21.3 MILLION, MORE THAN DOUBLING THE €9.7 MILLION AS OF JUNE 30, 2017 (+118.8%).**
- **NET FINANCIAL INDEBTEDNESS LOWERED TO €30 MILLION (€44.1 MILLION AS OF DECEMBER 31, 2017).**

Milan, July 31, 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 Half-Year Consolidated Report as of June 30, 2018 with Condensed Consolidated Half-Year Financial Statements and Interim Report on operations.

Michele Bianchi, CEO of RDM Group commented: *"The performance in the first semester represents the confirmation of the undertaken new strategic path validity, which is transforming RDM Group into a real " One Company ". We are therefore very satisfied with the results achieved, which can be summarized in a strengthening of our European positioning. In fact, thanks to more punctual production planning and an optimization of the supply chain, we have been able to improve the sales mix with a rewarding premium price. In this way, we have seized the opportunities of a favourable market condition, characterized by good demand and a lower overall cost of raw materials."*

"The acquisition announcement of the number one Spanish producer, Barcelona Cartonboard, whose closing is expected by the end of the year, demonstrates our ability to seize market opportunities with a view to consolidating leadership and geographic diversification".

"In light of the strong results of this first half of the year, we believe we have a solid business model and a clear strategy that will allow us to manage risks and seize the opportunities in the second half of the year as well".

The Group's performance as of June 30, 2018

The positive trend already recorded in the first quarter of 2018 is also confirmed by the six-month results, highlighting a strong improvement in operating margins in terms of EBITDA, revenue growth and a lower incidence of variable costs.

The segment in which RDM Group traditionally operates, namely the WLC - White Lined Chipboard (coated board made of recycled fibers), which accounts for approximately 80% of consolidated turnover, was characterized by a demand in line with that of the first half of 2017. As far as the main factors of production, the price of waste paper, after the minimum levels reached in March, started to rise slightly, recording overall lower levels compared to the first quarter of 2018. The cost of procuring raw materials in the first half of 2018 was therefore lower than in the same period of 2017.

In this context of stable demand, the Group managed to increase its sales volumes, with higher average sales prices than the first half of 2017. In particular, in the second quarter of 2018 RDM maintained profitable price levels even against the lowest prices of raw material, improving sale mix thanks to careful production planning and an optimization of the supply chain.

The FBB - Folding Box Board segment (cardboard for folding boxes made of virgin fibers), which accounts for approximately 20% of consolidated turnover, recorded an increase in market demand of 5.9%, confirming a current trend. The prices of virgin cellulose fibers continued to increase, penalizing margins. In this context the subsidiary R.D.M. La Rochette has completed the implementation of the price increase announced in January, which proved to be insufficient to cover the simultaneous increase in pulp costs. In addition, the production performance of the paper mill was lower than in the first half of 2017, not allowing the use of the full production capacity.

Furthermore, as from January 1, 2018 the newly acquired PAC Service S.p.A., a company operating in the paper cutting and processing sector, previously valued using the equity method, was fully consolidated for the first time. The contribution, before intercompany eliminations, was equal to €11.1 Million in terms of revenues and €930 Thousand in terms of EBITDA level.

Below is an indication of the main consolidated financial and economic highlights as of June 30, 2018

Consolidated Net Revenues reached €307.9 Million, up by 5.4%, compared to €292.2 Million recorded in the corresponding period of the previous year. The improvement is mainly attributable to the WLC segment and derives from the combination of higher volumes and average sales prices, thanks also to the upgrade of product portfolio mix. The line-by-line consolidation of PAC Service contributed €8.3 Million, net of intercompany eliminations.

In the first six months of the year the **volumes sold** amounted to 523 Thousand tons, compared with 521 Thousand sold in the same period of 2017.

In terms of geographical markets, European sales (excluding Italy), amounting to €167.2 Million, grew by 1.6% and now represent 54% of the Group's total. Italy continues to represent 34% of total sales (€103.5 Million), registering an increase of 9.2%. Lastly, sales outside the European Union, amounting to €37.2 Million, despite having increased in absolute terms, show a lower incidence on total value, from 14% in the first half of 2017 to 12% in the half-year just ended.

As far as the **main factors of production**, the average cost of raw materials for the first half of 2018 was lower overall compared to the same period of the previous year.

With reference to the WLC segment, the historical lows at the end of March, due to 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, was followed by an increase in the second quarter in some markets, especially in Germany, while it is still contained in Italy and France.

For the FBB segment, on the other hand, the upward trend in virgin cellulosic fibers prices started in 2017, mainly due to the increase in Chinese demand, with a significant impact on supply costs for virgin carton producers.

The improvement in the macroeconomic environment and the growing energy needs in all its main components led to an increase in the prices of **energy factors**, resulting into a higher average cost of energy for RDM Group, partially mitigated by the consumption thanks to the effect of efficiency of the WLC production facilities.

Personnel costs amounted to €45.4 Million in the reporting period, in line with the €45.2 Million posted in the first half of 2017. The change, equal to €0.2 Million, reflects the expenses of €700 Thousand following the consolidation of PAC Service S.p.A. and the impact of the contractual increases, but has benefited from the absence of restructuring costs of the commercial structure for €1.1 Million recorded in 2017.

In the first half of 2018 the **Consolidated Gross Operating Profit (EBITDA)** amounted to €37.4 Million, with a significant increase compared to €23.3 Million in the same period of 2017. The operating margin exceeded double digits, reaching 12.2% compared to 8.0% in the first half of 2017, driven by the increase in revenues due to higher average sales prices and the lower cost of waste paper.

The **Consolidated Operating Profit (EBIT**) amounted to €26.1 Million, more than double compared to €12.1 Million at the end of June 2017 (+ 115.6%).

Consolidated Net Profit for the period was €21.3 Million, more than double compared to the Net Profit of €9.7 Million recorded for the first half of 2017 (+ 118.8%), thanks to the improvement in the operating profit and the positive impact of the fair value measurement of PAC Service S.p.A. (+€3 Million), partially offset by higher tax charges (+€5.8 Million).

Consolidated Net Financial Indebtedness as of June 30, 2018 amounted to €30 Million, down by €14.1 Million compared to €44.1 Million as of December 31, 2017. The Net operating cash flow amounted to a positive of €20.6 Million, partially absorbed by the final balance of an investment made in previous years of €2.3 Million, and by the negative impact of the exit from the factoring program of PAC Service S.p.A. of around €3 Million, alongside the payment of dividends of €1.2 Million.

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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.

Since today, the Half-Year Report as of June 30, 2018 will be available at the Company's registered office in Milan, Viale Isonzo 25, on the corporate website www.rdmgroup.com (Investor Relations/Financial Statements and reports) and will be available on the authorized storage system, accessible at www.emarketstorage.com.

Attached:

- Consolidated Statement of Financial Position as of June 30, 2018
- Consolidated Income Statement as of June 30, 2018
- Consolidated Statement of Cash Flows as of June 30, 2018

For further info

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2018

	06.30.2018	12.31.2017
(thousands of Euro)		
ASSETS		
Non-current assets		
Tangible fixed assets	192,534	192,570
Goodwill	4,389	
Intangible fixed assets	7,044	4,613
Intangible assets with an indefinite useful life	3,948	3,948
Equity investments	749	4,577
Deferred tax assets	870	1,256
Other financial receivables	8,304	17,764
Total non-current assets	**217,838**	**224,728**
Current assets		
Inventories	84,811	83,659
Trade receivables	79,887	63,736
- of which related parties	*3*	*350*
Receivables from associates and joint ventures	8,353	7,126
Other financial receivables	8,212	11,204
Cash and cash equivalents	29,504	19,128
Total current assets	**210,767**	**184,853**
TOTAL ASSETS	**428,605**	**409,581**

	06.30.2018	12.31.2017
(thousands of Euro)		
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Shareholders’ equity		
Share capital	140,000	140,000
Other reserves	29,496	19,363
Retained earnings (losses)	(2,432)	(5,466)
Profit (loss) for the period	21,257	14,568
Shareholders’ equity attributable to the Group	**188,321**	**168,465**
Minority interests		
Total shareholders’ equity	**188,321**	**168,465**
Non-current liabilities		
Debts to banks and other lenders	39,911	44,277
Derivative instruments	81	138
Other payables		26
Deferred taxes	9,418	8,924
Employee benefits	34,532	33,950
Non-current provision for risks and charges	4,994	4,701
Total non-current liabilities	**88,936**	**92,016**
Current liabilities		
Debts to banks and other lenders	20,263	19,512
Derivative instruments	152	133
Trade payables	101,180	105,027
- of which *related parties*	*6*	*28*
Payables to associates and joint ventures	17	952
Other payables	21,915	20,777
Current taxes	6,935	1,501
Employee benefits	94	141
Current provision for risks and charges	792	1,057
Total current liabilities	**151,348**	**149,100**
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	**428,605**	**409,581**

CONSOLIDATED INCOME STATEMENT AS OF JUNE 30,2018

	06.30.2018	06.30.2017
(thousands of Euro)		
Revenues from sales	307,917	292,220
- of which related parties	*7,027*	*12,578*
Other revenues and income	3,372	3,533
- of which related parties	*57*	*81*
Change in inventories of finished goods	(1,631)	(1,331)
Cost of raw materials and services	(224,364)	(224,923)
- of which related parties	*(45)*	*(2,679)*
Personnel cost	(45,358)	(45,154)
Other operating costs	(2,526)	(998)
EBITDA	**37,410**	**23,347**
Amortization and depreciation	(11,329)	(11,250)
Operating profit	**26,081**	**12,097**
Financial charges	*(1,090)*	*(1,288)*
Gains(losses) on foreign exchange	*78*	*(290)*
Financial income	10	*5*
Net financial income (expenses)	(1,002)	(1,573)
Gains (losses) on investments	3,172	426
Taxes	(6,994)	(1,236)
Profit (loss) for the period	**21,257**	**9,714**
Total profit (loss) for the period attributable to:		
- Group	21,257	9,714
- Minority interests		
Average number of shares		
Basic	377,535,453	377,522,561
Diluted	377,535,453	377,522,561
Basic earnings (loss) per ordinary share (Euros)	0.06	0.03
Diluted earnings (loss) per ordinary share (Euros)	0.06	0.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS OF JUNE 30, 2018

	06.30.2018	06.30.2017
(thousands of Euro)		
Profit (loss) for the period	**21,257**	**9,714**
Other components of comprehensive profit (loss)		
Other components that may be transferred to the income statement in subsequent financial periods:	**15**	**32**
Change in fair value of cash flow hedges	21	*35*
Profit (loss) on translation of financial statements of foreign investee companies	(6)	*(3)*
Other components that will not be transferred to the income statement in subsequent financial periods:		
Actuarial gain (loss) on employee benefits		
Total other components of comprehensive profit (loss)	**15**	**32**
Total comprehensive profit (loss)	**21,272**	**9,746**
Total comprehensive profit (loss) attributed to:		
- Group	**21,272**	**9,746**
- Minority interests		

All values in the table are stated net of related tax effects.

CONSOLIDATED STATEMENT OF CASH FLOWS AS OF JUNE 30, 2018

	06.30.2018	06.30.2017
(thousands of Euro)		
Profit (Loss) for the period	21,257	9,714
Taxes	6,994	1,236
Amortization and depreciation	11,329	11,255
Losses (gains) from equity investments	3,172	(426)
Financial income (expense)	1,002	1,283
Write-downs (revaluations) of financial assets	(24)	
Capital losses (gains) on sale of fixed assets	(272)	(14)
Change in provisions for in employee benefits and in other provisions including the provision for bad and doubtful receivables	454	(464)
Change in inventories	3,223	(3,934)
Change in trade receivables	(8,323)	(18,633)
- of which related parties	*347*	*(1,503)*
Change in trade payables	(9,271)	6,479
- of which related parties	*(22)*	*(620)*
Total change in working capital	**(14,371)**	**(16,088)**
Gross cash flows	**23,196**	**6,496**
Interest paid in the year	(740)	(1,140)
Taxes paid in the year	(881)	(1,179)
Cash flow from operating activities	**21,576**	**4,177**
Other equity investments		(1,752)
Investment net of disinvestment in tangible and intangible assets	(6,070)	(9,205)
Dividends received	103	120
Cash flow from investing activities	**(5,967)**	**(10,837)**
Dividends paid	(1,172)	(1,003)
Treasury shares		(301)
Change in other financial assets and liabilities and short-term bank debts	(768)	(307)
- of which related parties		*4*
Change in medium/long-term loans	(6,006)	(6,884)
Cash flow from financing activities	**(7,946)**	**(8,495)**
Exchange rate translation differences	**(6)**	**(3)**
Change in unrestricted cash and cash equivalents	**7,657**	**(15,158)**
Unrestricted cash and cash equivalents at the beginning of the period	**19,128**	**29,331**
Cash and cash equivalents acquired (*)	**2,719**	
Unrestricted cash and cash equivalents at the end of the period	**29,504**	**14,173**

(*) The item “Cash and cash equivalents acquired” is related to the balance of cash and cash equivalents of PAC Service S.p.A. as of January 1, 2018.

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