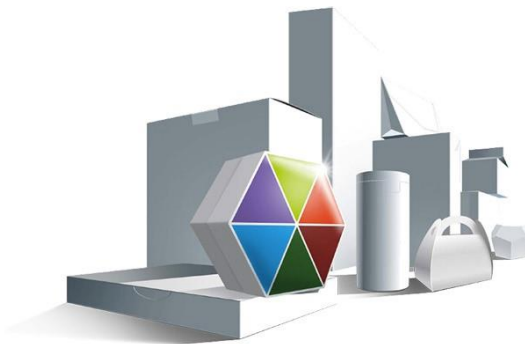


# Reno De Medici

Geneva - European Midcap Event

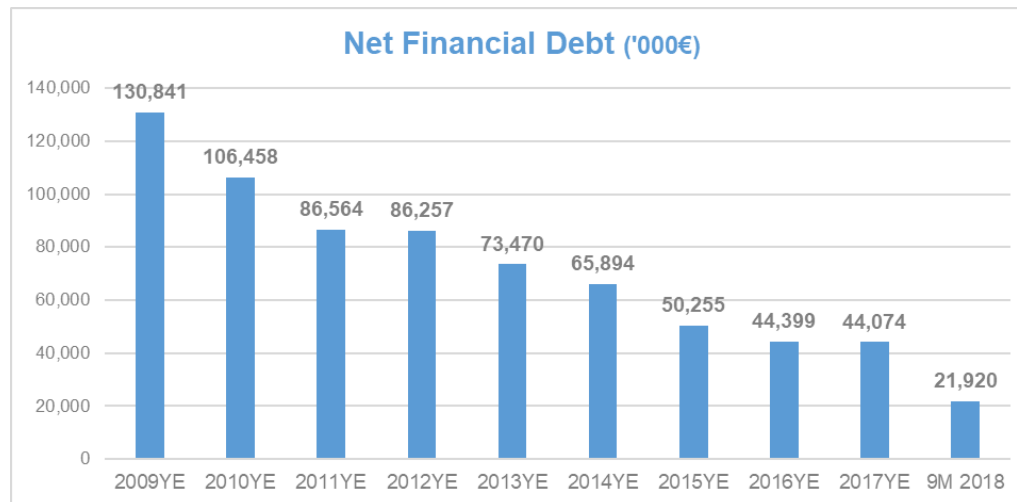
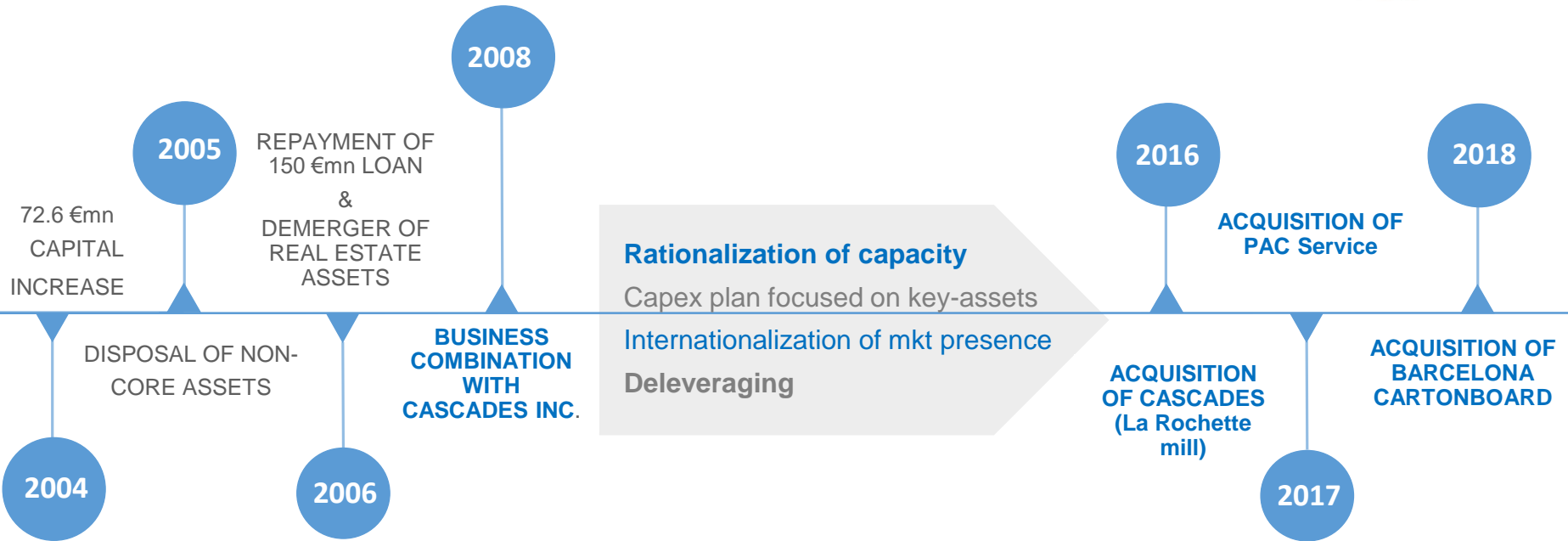
4 December 2018



Born to be  
converted

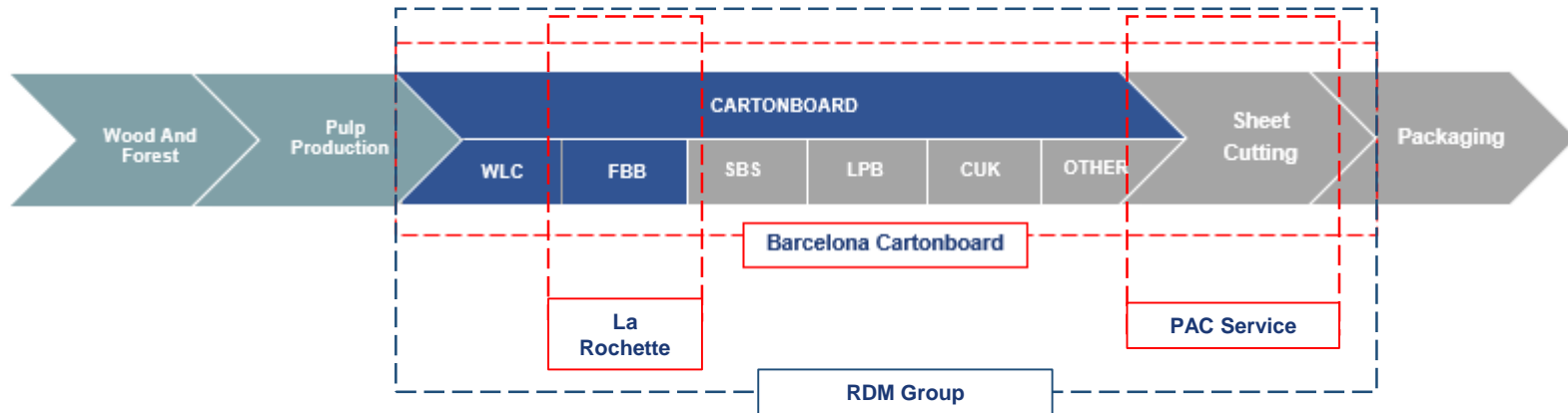


- 1** **Strenghts**
- 2** Delivering on Strategy
- 3** RDM Shares





## Value Chain Positioning of acquired companies:



Based in Spain (Barcelona), the company is involved in the production of Cartonboard from both recycled (WLC) and virgin fibers (FBB), serving the packaging industry in Spain and abroad. The acquisition is effective from 1 Nov. 2018.



Based in Italy, the company operates in the sheet cutting business. RDM has long been a strategic supplier of PAC Service. The acquisition is effective from 1 Jan. 2018.



Based in the South of France, the company (La Rochette mill) is involved in the production of Cartonboard from virgin fibers (FBB). The acquisition is effective as of 30 June 2016.



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

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## PORTFOLIO

Cartonboard portfolio based on recycled, virgin fibres and specialties, meeting the full range of customer needs

## INTANGIBLE ASSETS

One-Company approach unlocking potential and allowing for best-in-class performance.

## ASSETS BASE

PanEuropean asset base and sales network

## CLIENTS

Strong position in European markets. N1 producer of Recycled grades in Italy, France, Spain; second in Europe. Making RDM the **partner of choice** for key brands and multinational corporations

## STRONG CASH GENERATION

Presence in the packaging business, sector in which healthy organic growth generates high return on investments

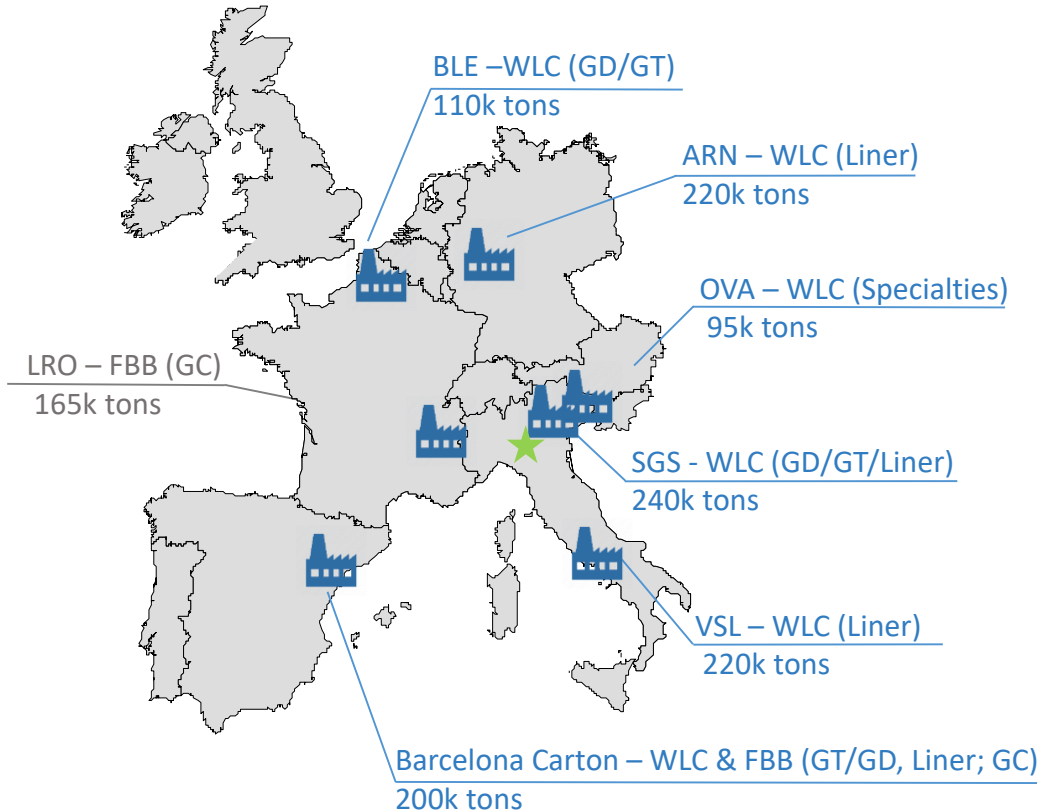


Total production capacity 1,25 mil tons/p.a.

Three assets with capacity well above 200k tons/p.a.



Santa Giustina's plant

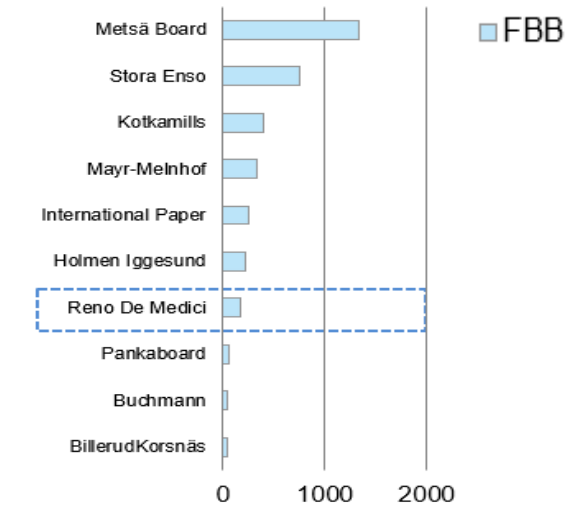
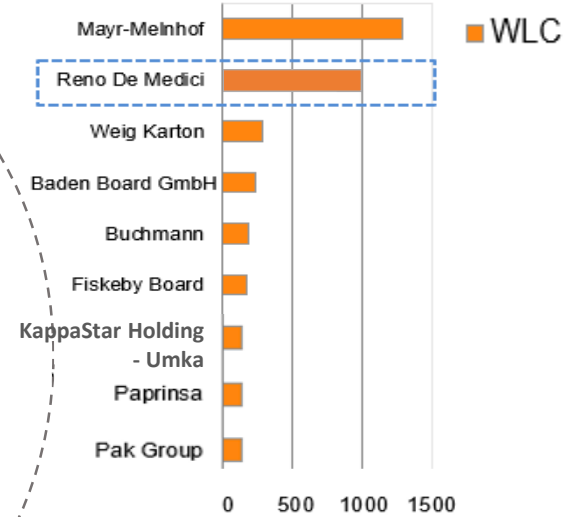
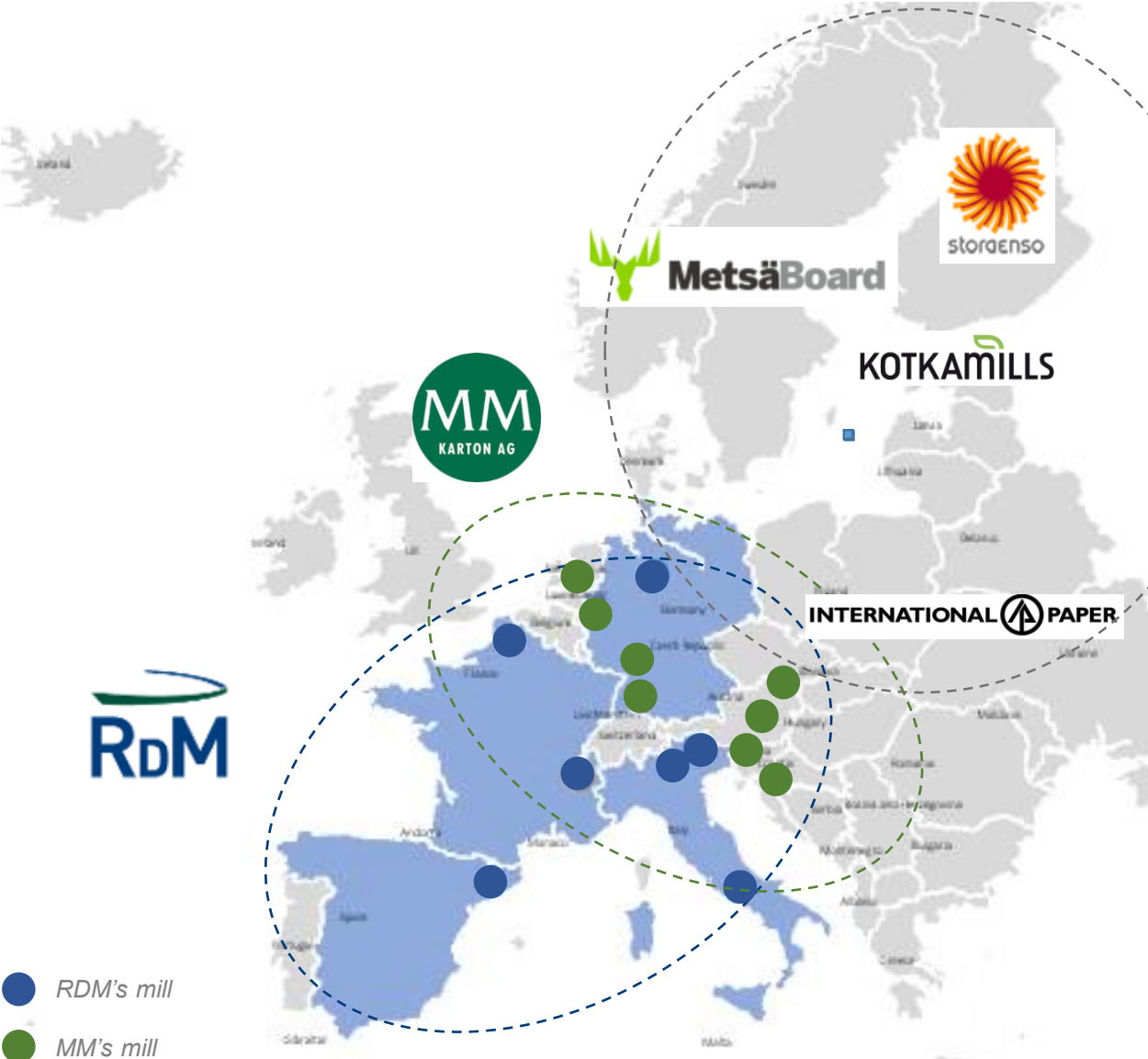


## WLC

White Lined Chipboard  
Based on **recycled fibers**

## FBB

Folding Boxboard  
Based on **virgin fibers**



● RDM's mill  
● MM's mill

Source: Company data

Capacity 1000 t/a 7



RdM production volume is based on **client orders**.  
 We **innovate** the way we operate through:

**IBP  
 (Integrated Business  
 Planning)**

Integrate and align the supply  
 and demand planning

**Service  
 improvements**

Reduce delivery lead times  
 Offer bespoke production runs

**Asset  
 optimization**

Optimize plant production mix  
 Customize capex plan

**Transformation**

Launch a portfolio of value-  
 added initiatives to support the  
 strategic goals as a One  
 Company







## WLC (recycled fibers)

Price  
Environmental image

## FBB (virgin fibers)

Printability  
Bulk & Stiffness

### RECYCLED BOARD (GD)

### LINER

### SPECIALTIES (GT)

### VIRGIN BOARD (GC)

Sport/toys  
Food  
Detergentes  
Beverage

Hardware  
Software  
Display  
Microflute laminate

Textile / shoes  
Paper Goods

Pharmaceuticals  
Beauty & Health care  
Food  
Retail  
Bakery

#### Overall economic trend along with specif drivers:

Brand recognition  
E-commerce (protezione)  
Plastic substitution  
Care for planet  
Changes in lifestyles

Brand recognition  
Microcorrugated  
Growing market (+17% from 2014 to 2017)

Luxury package

#### Overall economic trend

Brand recognition  
Changes in lifestyles





Our clients come in two types: converters and distributors.

---

Our clients look for **security of supply**.  
 Which **we guarantee** as we are the 2<sup>nd</sup>  
 largest WLC producer in Europe.  
 Our **key assurances** are:

CUSTOMER  
SERVICES

RESPONSIVENESS

QUALITY

DIVERSIFIED  
PORTFOLIO

DELIVERIES / LEAD  
TIMES

2<sup>nd</sup> **Customers survey** (July 2018)

**33 markets** surveyed (EMEA).

**934** accounts of which **25** are Key accounts.

**Good response rate (51% vs. 48% in Nov.2017)**

Key accounts responses (**71%**).

**85%** added **feedback**.

Customer Contact Rating of **7.49**.



RDM assures the transformation through **result delivery approach**.

## Communication

Effective communication to get people involved

## People Management

Talent and job mapping  
 Personality assessment  
 Review soft skills guide  
 Performance mgmt

**CHANGE MANAGEMENT**

## People Engagement

Listening to people  
 Leadership event

**BRAND AWARENESS**

**KNOW-HOW**

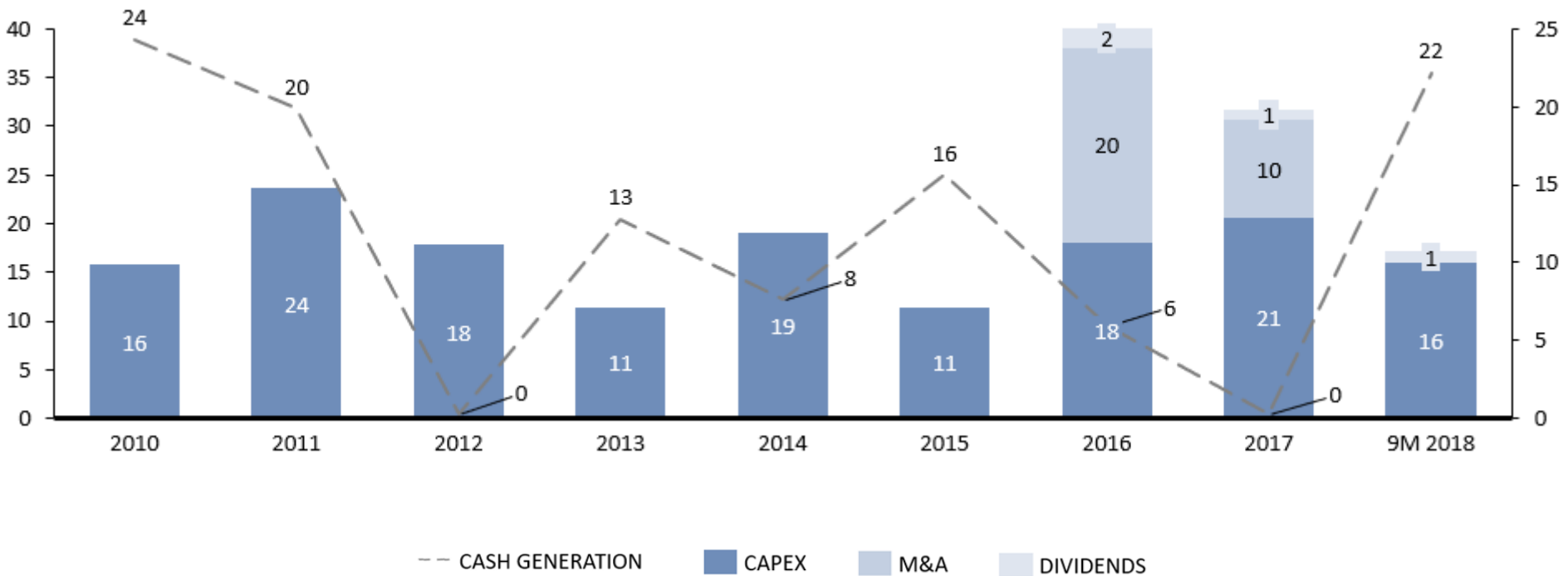
Optimization of recipes  
 Sharing Knowledge

1<sup>st</sup> **People survey** (spring 2018)  
 Most people thing that:  
 "I am proud of working at RDM" **0.88**.  
 "RDM is facing important competitive challenges" **1.21**  
 "I'd like to make my contribution to the changes required" **1.03**  
 Next people survey: spring 2020





Over **108.9 € mn** generated in **less than 9 years**, including **two acquisitions**.





RdM leverages on clear strengths to deliver strategy:

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## CUSTOMER CENTRICITY

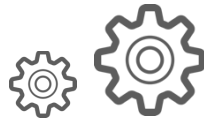
Improve service  
Bespoke offer  
Wide portfolio  
Multi mill concept



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## COST OPTIMIZATION

Efficiency  
Continuous improvement  
Lean manufacturing



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## DIGITALIZATION

ERP System  
Traceability  
EDI



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## GROWTH

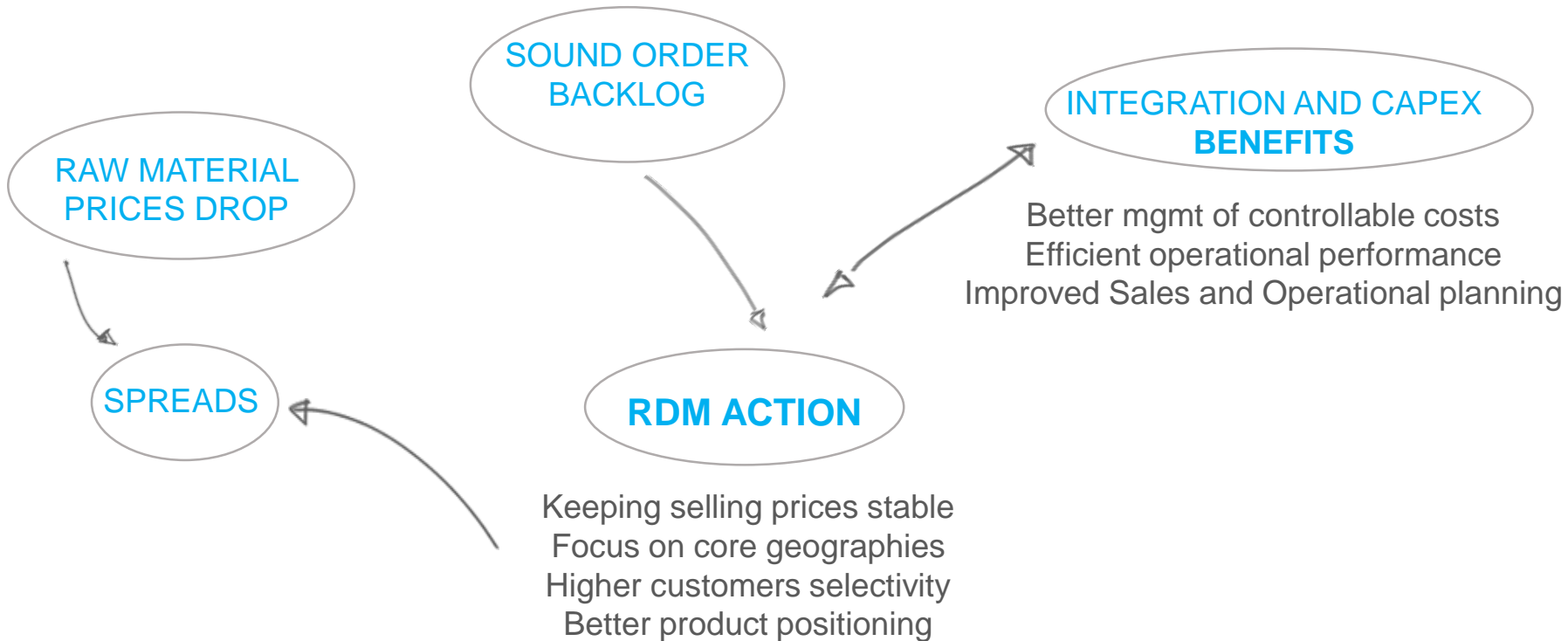
Capex plan  
M&A  
Transformation project



- 1 Strengths
- 2 **Delivering on Strategy**
- 3 RDM Shares



Increasing margins in a quite favorable environment



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



(% changes: 9M 2018 vs. 9M 2017)

444.8 € mn

Net Revenues  
from Sales  
( +3.5% )

49.8 € mn

EBITDA  
( +50.9% )

32.9 € mn

EBIT  
( 2x )

24.7 € mn

Net Profit  
( 2x )

0.10

Gearing\*  
( 0.21x @ 2017YE )

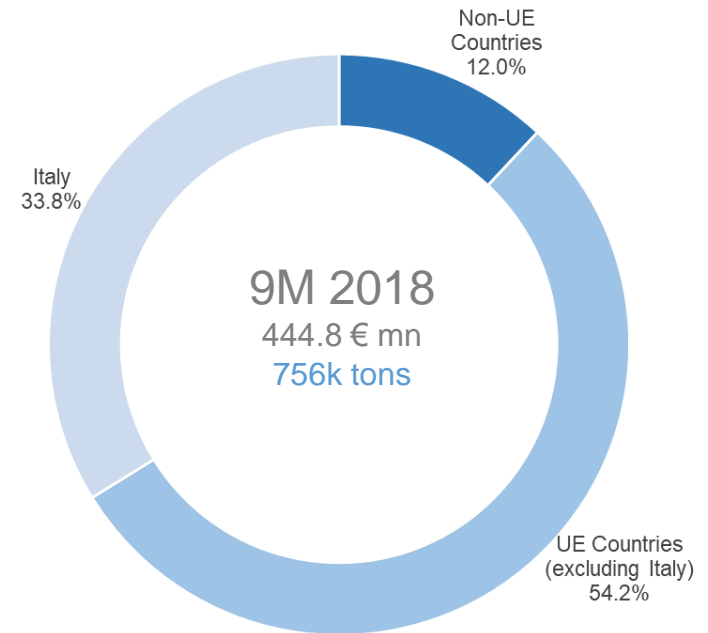
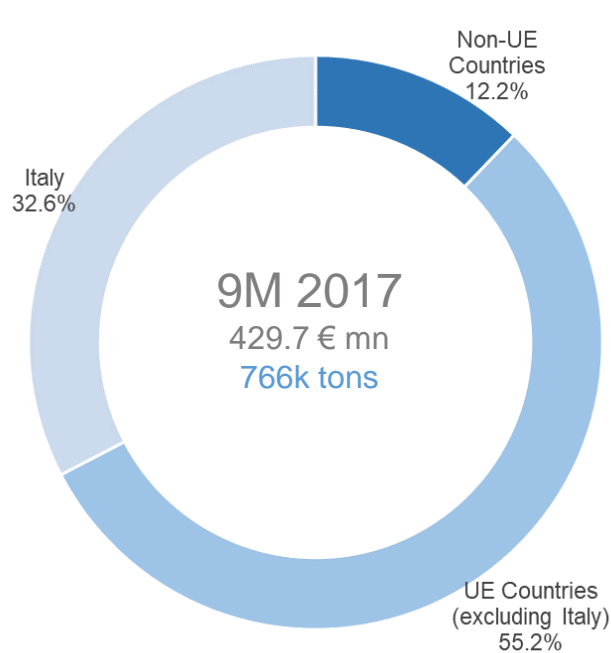
16.0%

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

\*Gearing: Debt/(Debt+Equity)

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

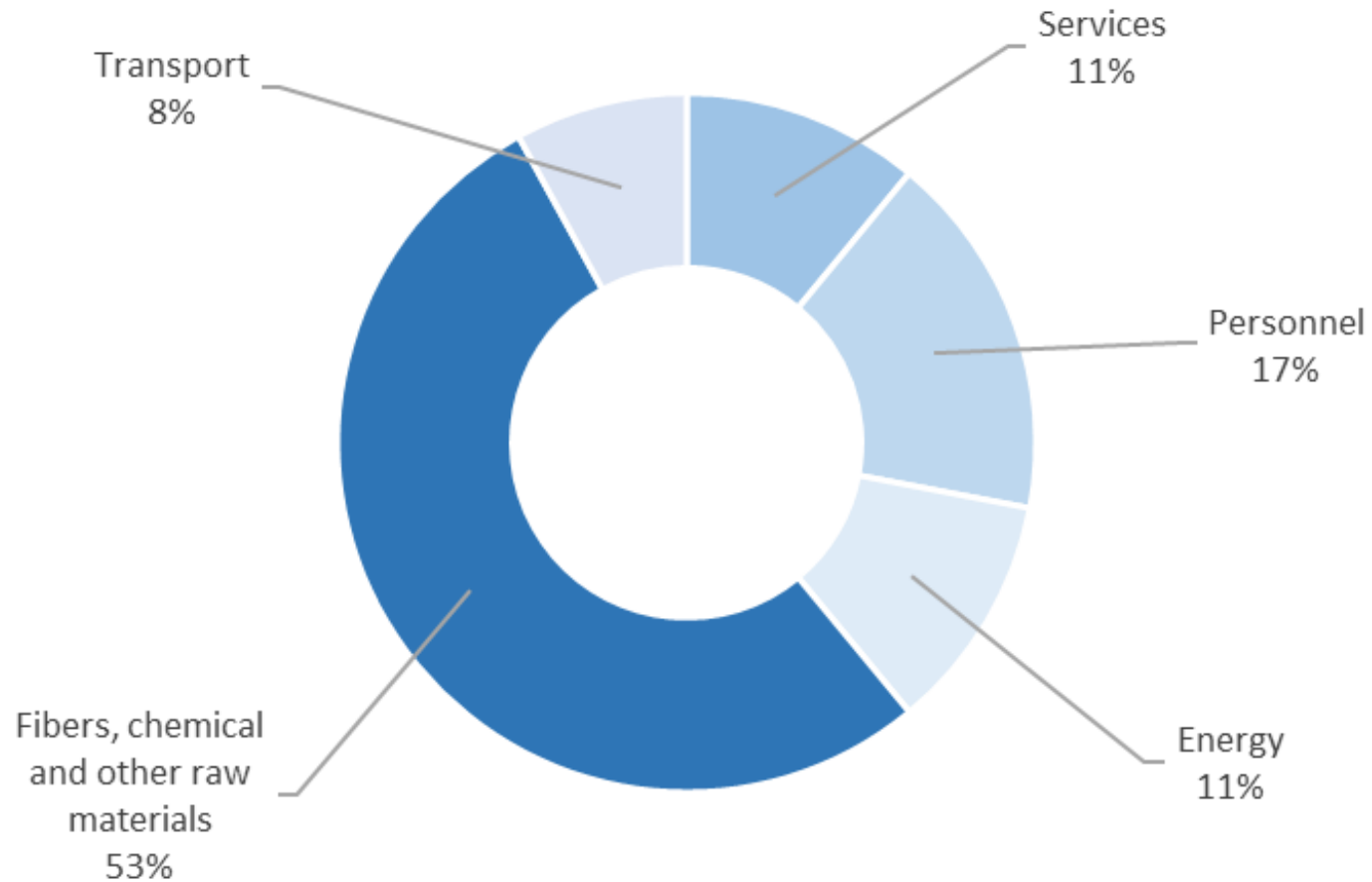




Revenue growth of **3.5%** due to the increase in average sales prices and PAC Service consolidation (revenues of **12.0 € mn**).



Data as at 31 December 2017





OCC world flows



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

Sept. 2017: Announcement of **new Chinese regulation** about imports of unsorted waste paper (mostly mixed paper)

**Drop** of Paper For Recycling (PFR) import until March 2018

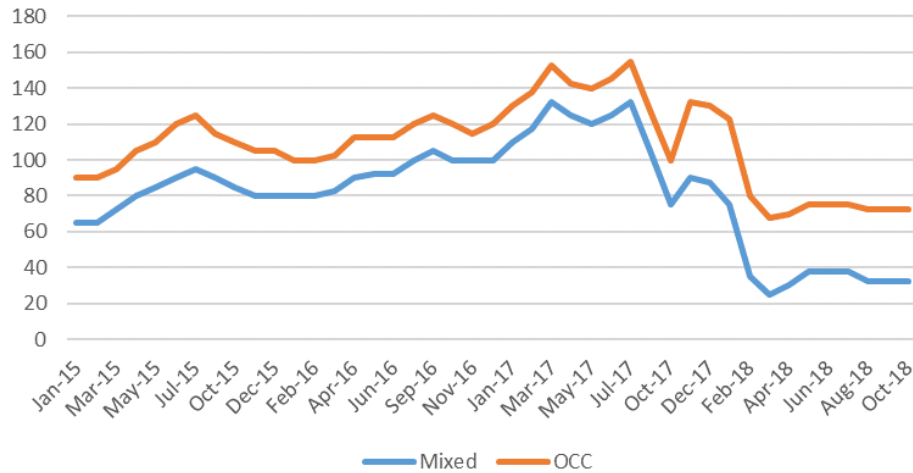
**Reaction** to the new standard

**Continuous increase** in virgin pulp prices

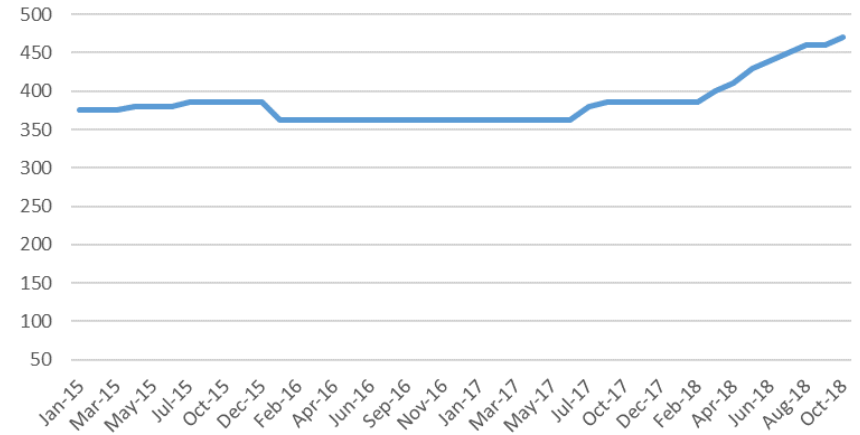
Finished products **export** opportunities



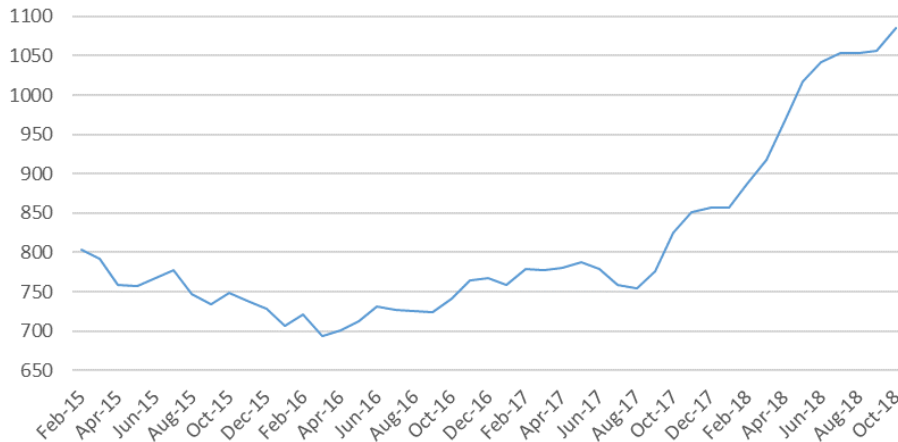
### Brown Recycled Fibers (€ per ton)



### White Recycled Fibers (€ per ton)



### Bleached Softwood Pulp (€ per ton)

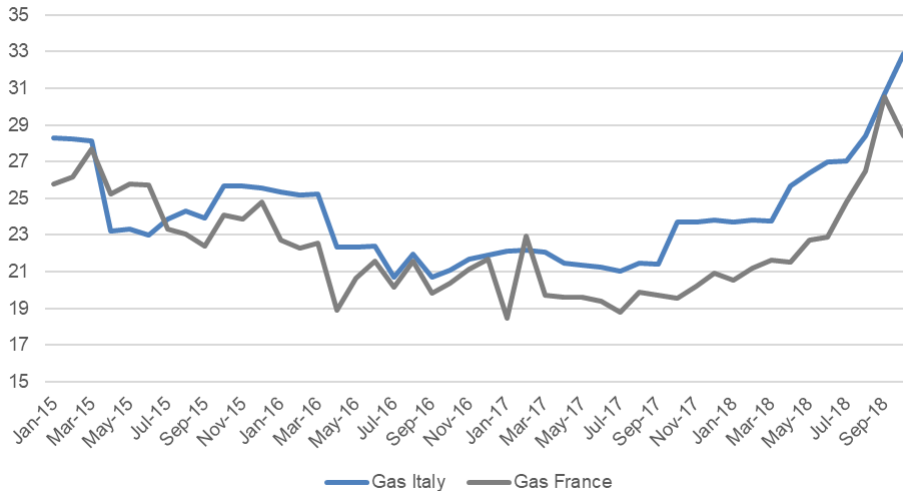


Prices for PFR have stabilized at levels higher than the minimum reached in March 2017.

Pulp prices have reached top values.



Natural gas (€/MWh)

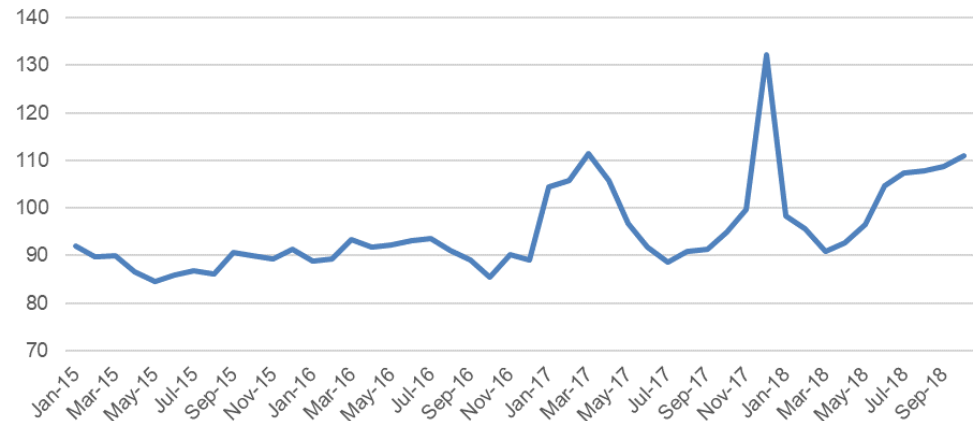


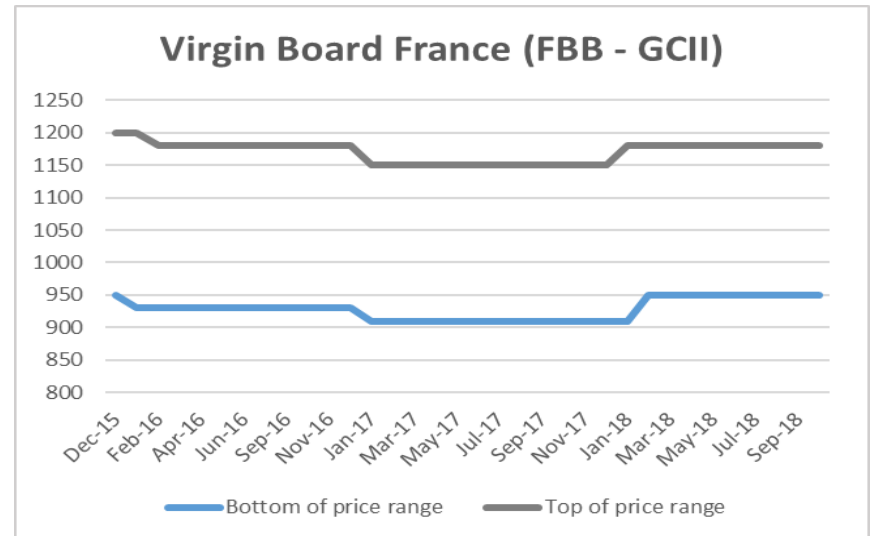
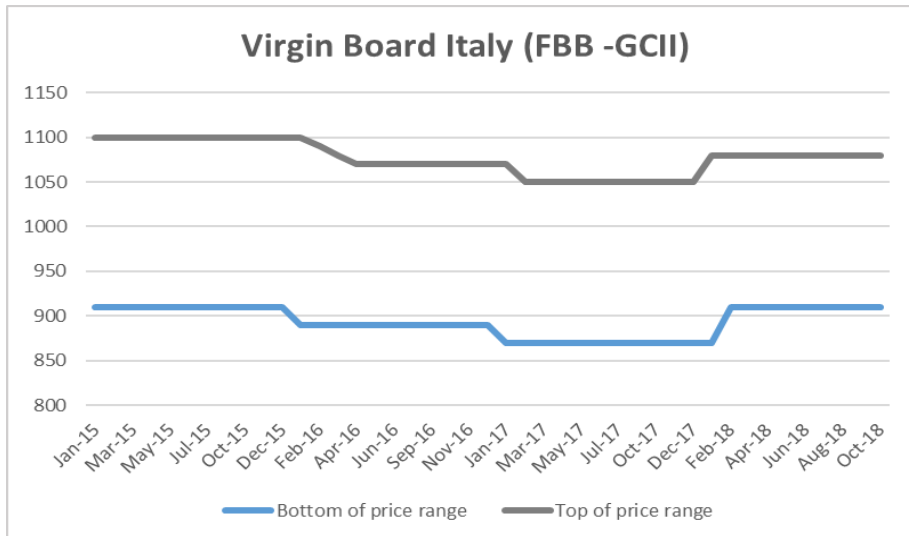
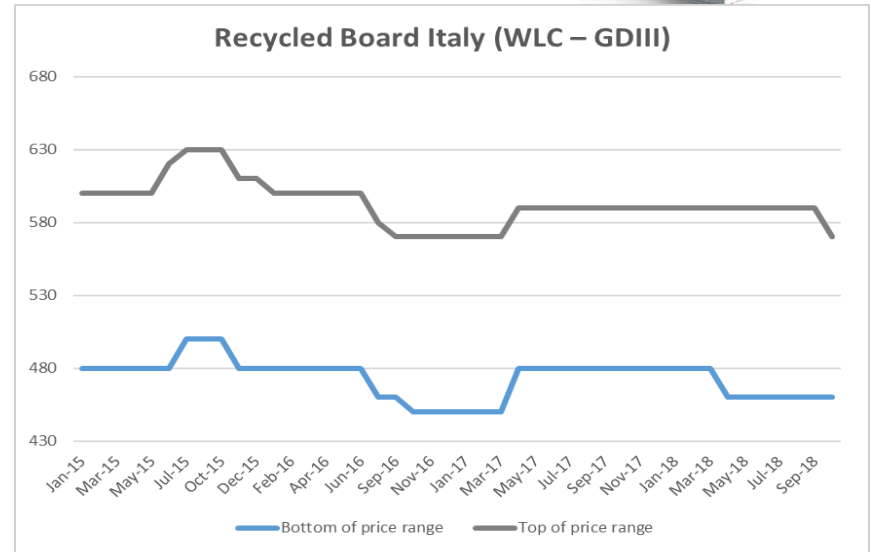
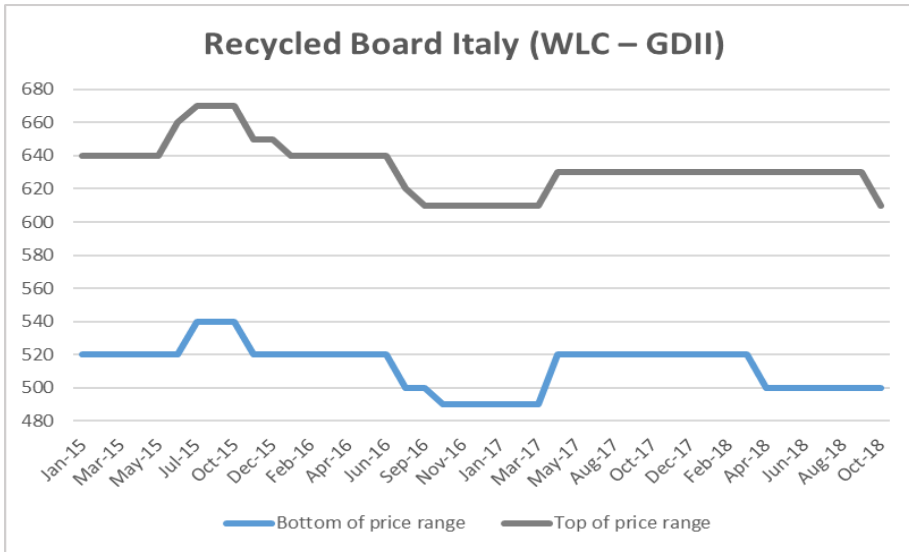
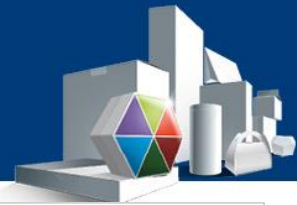
RDM smooths the volatility through a **portfolio** of contracts with **different maturities**.

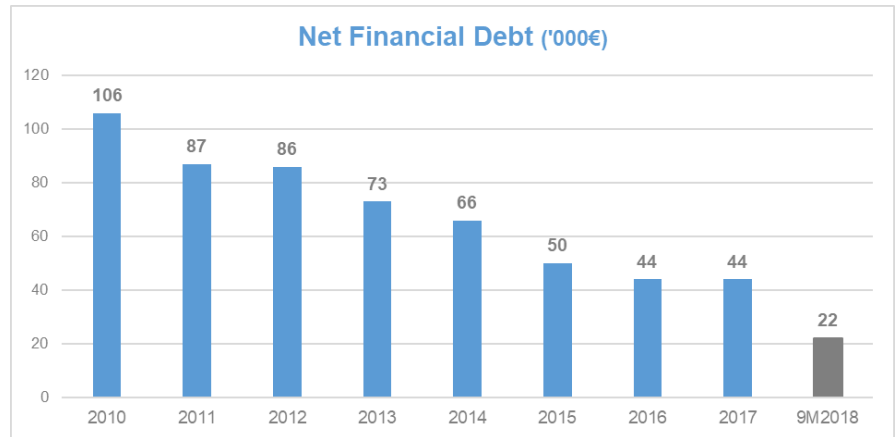
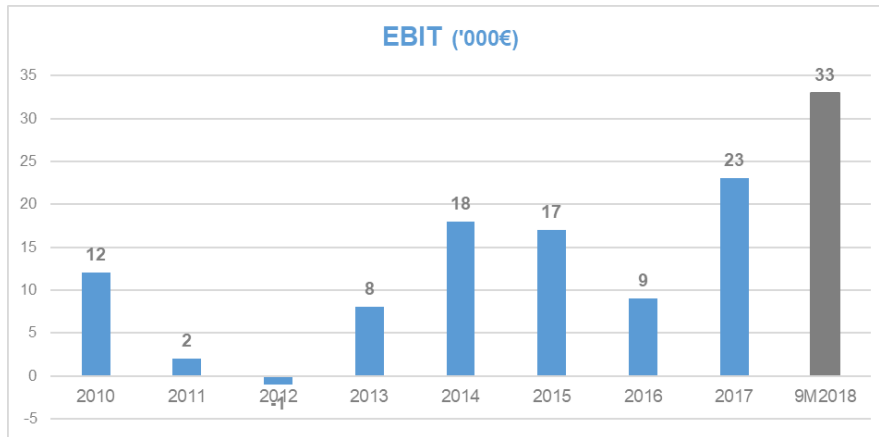
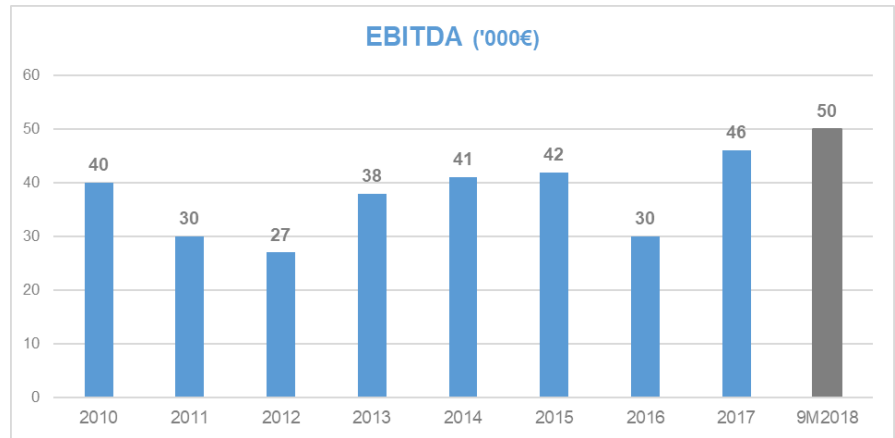
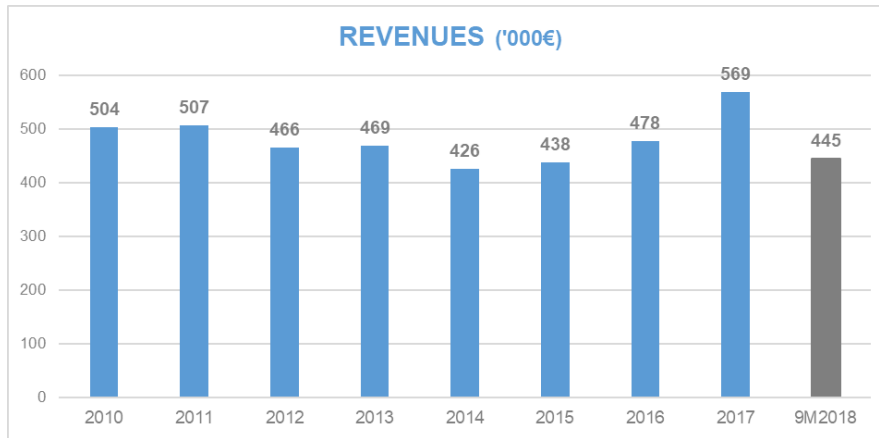
Lower consumption thanks to the **efficiency gains in WLC** facilities.

**New steam turbine installed at Santa Giustina in Dec. 2017 paved the way to a reduction of -15.0% in Gas consumptions.**  
 The ratio of electricity conso PDM is pretty stable (+0.8%) due to lower production efficiency (9M 2018 vs. 9M 2017).

Coal price in Germany (€/ton)









**2018 capital expenditure: 24 € mn**

Of which maintenance investments are 10.6 € mn

## CAPACITY

**4.6 € mn**

**PAC Service (Mar.)** ✓  
Sheeter

**Villa Santa Lucia (Aug.)** ✓  
Winder Machine

## COST SAVINGS

**4.7 € mn**

**Santa Giustina (Aug.)** ✓  
Pope reel

**Arnsberg (Dec.)**  
New Headbox

## ENERGY EFFICIENCY

**1.5 € mn**

**La Rochette (Aug.)** ✓  
2<sup>nd</sup> step power plant

## DIGITALIZATION

**2.6 € mn**

**All**  
New ERP System





## Strengthening our leadership position through two pillars:

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### MAXIMIZING THE PROFITABILITY OF BC INTEGRATED IN RDM

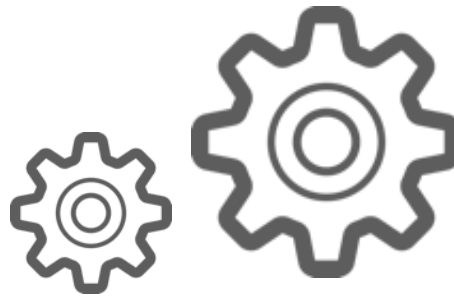
Optimization of recipes

Share of companies' know-how

Maximize the 2016 & 2017 executed strategic investments

Review the next years investment plan

Targeting double digits EBITDA margin as of 2021



### EXTRACTING SYNERGIES

Enhance product portfolio optimization, leveraging on the multi-mill concept

Reallocation of customers' portfolio

Benefit from an enhanced economy of scale

Synergies to be fully achieved as of 2021



- 1 Strengths
- 2 Delivering on Strategy
- 3 **RDM Shares**



**Share Capital: 140,000,000.00 €**

**Outstanding shares: 377,800,994**, o/w  
 377,542,567 ordinary shares  
 258,427 convertible savings shares

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

## Listing markets

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

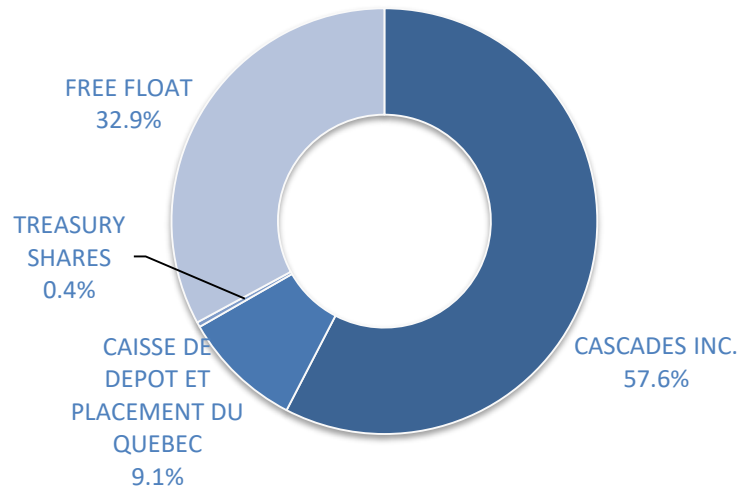
## Codes

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

**Mkt cap:** 256.1 € mn

**Free float mkt cap:** 84.3 € mn  
 (@0.678 € p.s. as of 30 Nov. 2018)

## Main shareholders



Source: RDM shareholder register

## FY2017 dividend

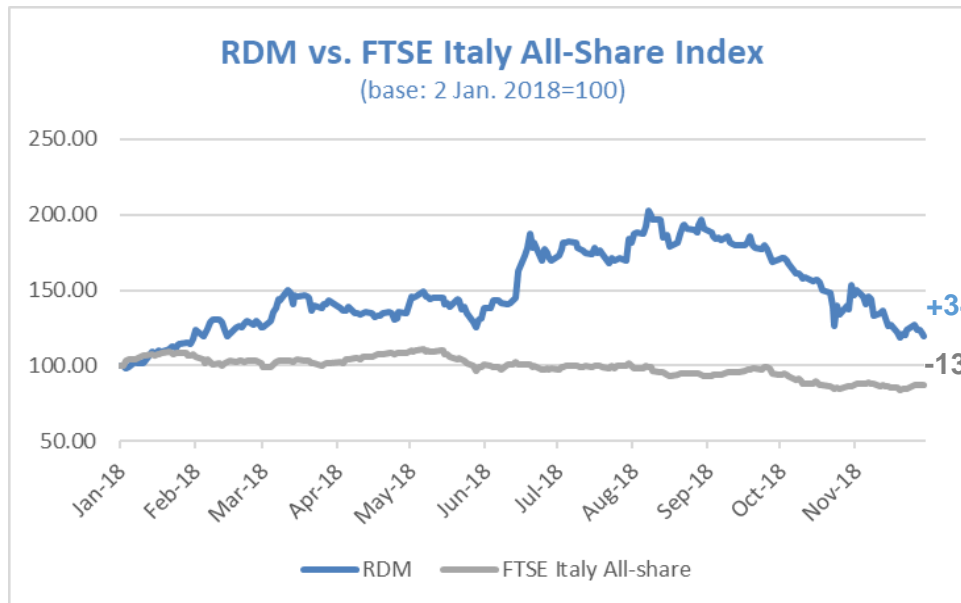
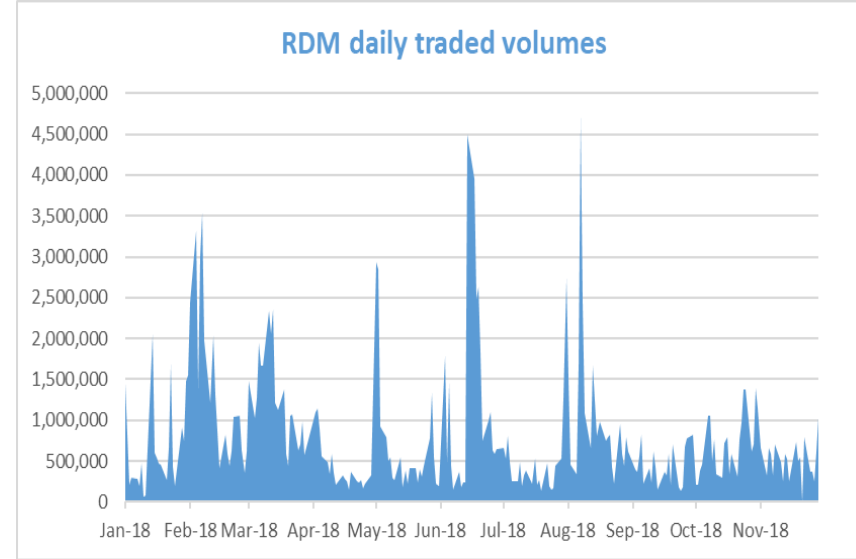
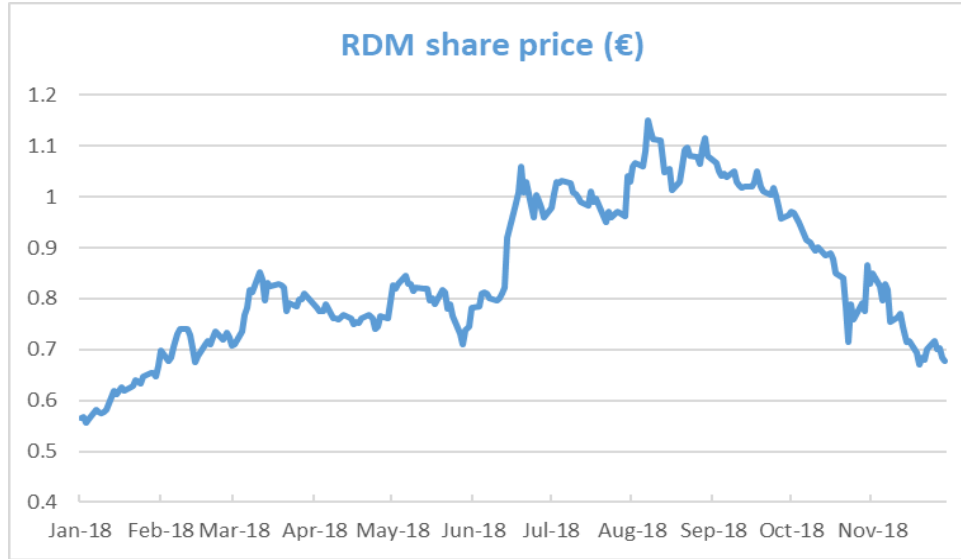
### ORDINARY SHARE:

**Dividend of 3.1 € cents**

(FY2016 dividend was 2.65 € cents)

Payment date: **16 May 2018**

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



### Average daily traded volumes

FY 2018: 830,477 of which

- Q1 2018: 1,097,588**
- Q2 2018: 789,615
- Q3 2018: 668,867

1 Oct. 18 – 30 Nov.18: 617,876

*(Last update: 30 Nov. 2018)* 28



BROKER	CITY	ANALYST	TARGET PRICE (€)	RECOMMENDATION	DATE
Intermonte	Milan - IT	Carlo Maritano	1.10	OUTPERFORM	13 Nov. 2018
MidCap Partners	Paris - FR	Pierre Buon	1.10	BUY	2 Nov. 2018
Alantra	Milan - IT	Jacopo Tagliaferri	0.95	HOLD	14 Nov. 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.