Interim Report
12.31.2018

NET REVENUES: €606 MILLION
(COMPARED TO € 569.1MILLION AS AT DECEMBER 31, 2017)

GROSS OPERATING PROFIT (EBITDA): € 63.1 MILLION
(COMPARED TO € 45.8 MILLION AS AT DECEMBER 31, 2017)

OPERATING PROFIT (EBIT): € 39.3 MILLION
(COMPARED TO PROFIT OF € 23.5 MILLION AS AT DECEMBER 31, 2017)

NET PROFIT (LOSS) FOR THE PERIOD: PROFIT OF € 27.2 MILLION
(COMPARED TO A PROFIT OF € 14.6 MILLION AS AT DECEMBER 31, 2017)

NET FINANCIAL DEBT: € 66.8 MILLION
(COMPARED WITH €44.1 MILLION AS AT DECEMBER 31, 2017)

Reno De Medici S.p.A.
Viale Isonzo 25, Milan
Share capital €140,000,000
Tax code and VAT number 00883670150

CONTENTS

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Eric Laflamme	Chairman
Michele Bianchi	Chief Executive Officer
Allan Hogg	Director
Giulio Antonello	Director
Gloria Francesca Marino	Director
Laura Guazzoni	Director
Sara Rizzon	Director

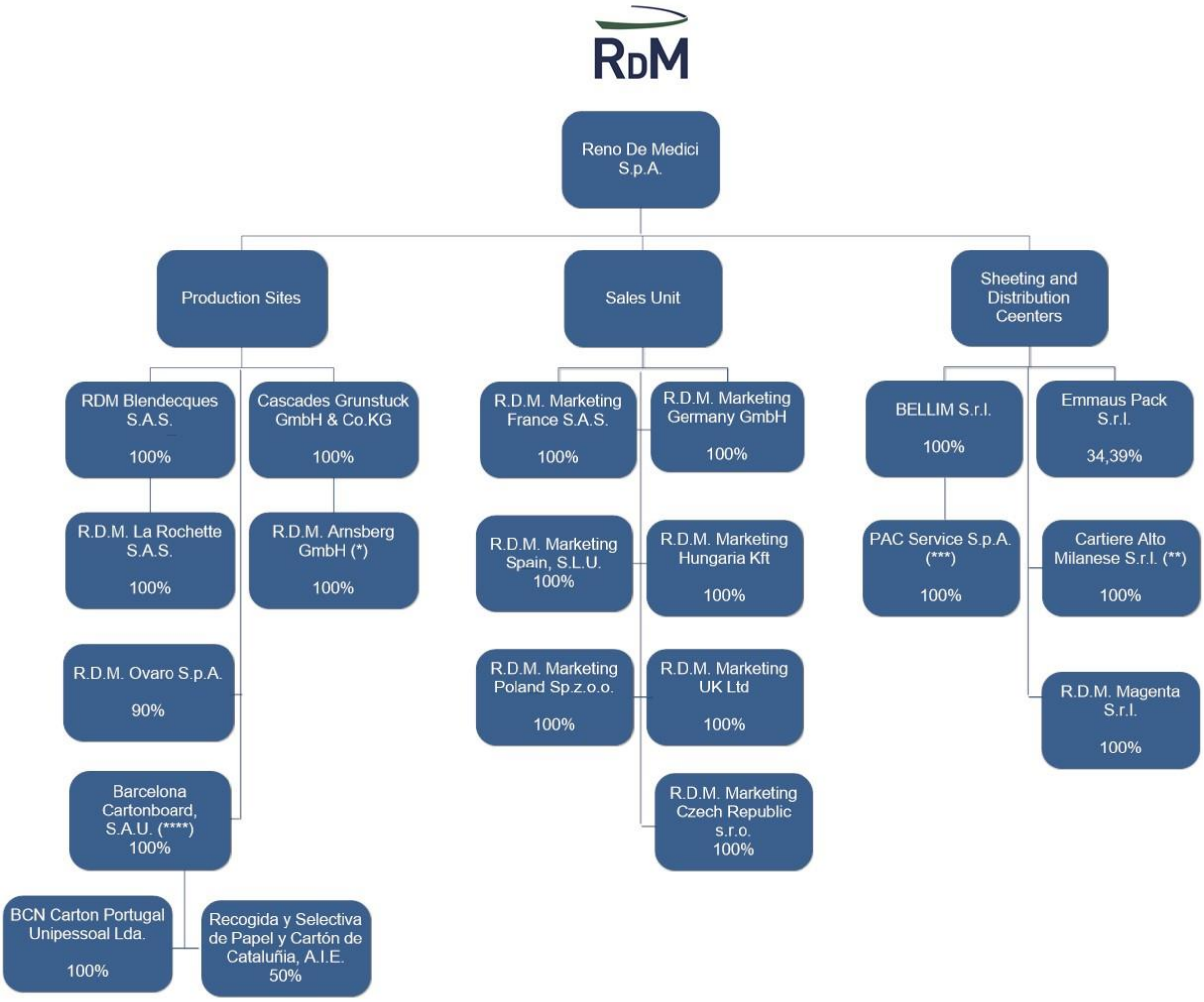
Board of Statutory Auditors

Giancarlo Russo Corvace	Chairman
Giovanni Maria Conti	Statutory Auditor
Tiziana Masolini	Statutory Auditor
Elisabetta Bertacchini	Deputy Statutory Auditor
Domenico Maisano	Deputy Statutory Auditor

Independent Auditors

Deloitte & Touche S.p.A.

GROUP OPERATING COMPANIES AS AT DECEMBER 31, 2018



(*) Company owned 94% by Reno De Medici S.p.A. and 6% by Cascades Grundstück GmbH & Co.KG.
(**) Company in liquidation
(***) Company owned 60% by Reno De Medici S.p.A. and 40% by BELLIM S.r.l.
(****) In the process of changing name in RDM Barcelona Cartonboard, S.A.U.

DIRECTORS' REPORT ON OPERATIONS

In a context such as that of 2018, characterized by the low prices of recycled fiber raw materials and a vigorous demand in the first part of the year, but which gradually slowed in the second, RDM Group reported a significant increase in EBITDA margin and net profit, proving its success in seizing the opportunities offered by its market position and in preserving the level of margins even while facing pressures on sales prices.

In the year 2018, the EBITDA stood at EUR 63.1 million, compared to 45.8 million in the year 2017, while its impact on sales revenue reached 10.4%, compared to 8.1% in 2017.
Net profit was equal to EUR 27.2 million – nearly doubled compared to 14.6 in the previous year.

In accordance with the strategy set in 2017, RDM Group continued working in 2018 to bring its profitability in terms of EBITDA margin to structurally higher levels, implementing additional initiatives aimed at smoothening the impact on the financial results of the variations of the different economic business cycles. In particular, a number of initiatives, intended to increase margins, was launched through the optimization of the production mix, the distribution of orders between the various production units and the streamlining of costs. These actions, which have already brought some advantages in 2018, will continue in the 2019-2020 two-year period with the objective of consolidating further results in terms of operating margin.

Alongside the organic profitable growth policies, at the end of October 2018, RDM Group concluded its acquisition of the biggest paperboard manufacturer on the Iberian Peninsula – **Barcelona Cartonboard S.A.U.** – strengthening its leadership in Southern Europe. The strong generation of cash covered for a large part the acquisition operating cost (Enterprise Value of EUR 46.4 million): the net financial debt at 31 December 2018 was in fact equal to EUR 66.8 million, with an increase of 22.7 million compared to the 44.1 million at the end of 2017.
The gearing[1], albeit having increased from 0.26% to 0.21%, remained at contained levels.

[1] The gearing was calculated as the ratio between "net financial position / (net financial position + net worth)".

BUSINESS STRATEGY

The sector in which RDM Group traditionally operates, namely WLC – White Lined Chipboard (paperboard coated by packaging on a recycled base), representing a consolidated percentage on revenues of over 80%, in 2018 was characterized by a demand that was overall lower by 1.6% than the previous year, which had seen a boom in demand. RDM Group succeeded in keeping its market share substantially unchanged, only decreasing by half a percent. Some facilities, in particular Villa Santa Lucia mill in Southern Italy, were affected by lower production efficiency following the "multi-mill" redistribution of products, producing grammages that were overall lighter, in line with market trends. This led to a decline in the volumes shipped, especially in the last quarter.
To protect and increase its margins, RDM Group optimized its orders portfolio through a new sales organization and a dedicated company department function.

As regards the main production factors, the price of waste paper recorded, as of September 2017, a significant reduction in price until the first quarter of 2018, in March reaching the lowest level on the market since the crisis in 2009. In the following quarters, the average prices remained substantially stable despite the uptrend, especially for white grades, replacements for virgin cellulose. The decrease in prices of recycled paper is due to the restrictions imposed by the Chinese Government on unselected waste paper importation and to the limitations in licence volume issuing. In Europe, however, an excess in supply was created, which led to decrease in prices.

The FBB sector (Folding Box Board – paperboard for folding boxes made from virgin fibres), representing a consolidated percentage on revenues of just less than 20%, recorded a 6.6% growth in market demand. Overall, La Rochette mill produced fewer tons in 2018, even if in the last quarter the trend reversed slightly. The revenues were nevertheless higher, due to the increased sales prices charged. In fact, the Company announced an increase in prices at the end of the year 2017, which entered into force during 2018.
This increase was not sufficient to preserve the profitability of the sector, which had been entirely eroded by the bullish trend in the prices of virgin cellulose fibres.
In 2018, in the wake of 2017, the price of these fibres continued to increase, both in the "short fiber" sector, due to the difficulty the supply was experiencing in meeting demand, and in the "long fiber" sector, mainly because of the increase in Chinese demand, as a partial

replacement for recycled paper. In June 2018, the prices of virgin fibres reached the maximum peak (around 1,230 US$/TON), before stabilizing in the third and fourth quarters. The weakness of the US Dollar only partially compensated for the effect of the price increases.

As of the end of 2018, decreasing trends were recorded on both types of virgin fibres and there remains an expectation of falling prices, albeit slight.

At the end of 2018, RDM Group announced an additional increase in prices, which is to be implemented in the first months of 2019.

The **energy costs** in 2018 recorded a significant increase compared to the previous year due to the price increase of the main sources of energy supply, namely natural gas, electricity and coal. The price trend is substantially connected to the macro-economic framework of the ongoing year and to oil price trends. The deterioration of growth expectations led, in the last quarter, to a halt in the rising trend of raw materials prices, especially energy.

GROWTH FOR EXTERNAL LINES

In 2018, the Group strengthened its leadership in Southern Europe by acquiring the biggest board mill on the Iberian Peninsula – **Barcelona Cartonboard S.A.U.** – and becoming the main manufacturer of paperboard for recycled fiber packaging in Italy, France and Iberian Peninsula.

The transaction was concluded on 31 October 2018, with the payment to the seller of EUR 36.5 million and the assumption of the financial debt of the subsidiary amounting to EUR 9.7 million.

The 2018 results then consolidate the Company **Barcelona Cartonboard S.A.U.** for a period of two months, from 1 November to 31 December 2018. The contribution of the newly acquired company to the results for the year 2018 was equal to EUR 21.9 million in terms of revenue and EUR 1.5 million of EBITDA.

Being part of RDM Group will allow the subsidiary to maximize its profitability thanks to the sharing of know-how within the Group and to the review of the products - markets served portfolio. Furthermore, in coming years Reno De Medici will be able to bolster its presence in an already known market and improve the level of service offered to customers, including in light of the geographical proximity to some of the main converters in France and Spain.

The 2018 results also fully consolidate for the first time **PAC SERVICE S.p.A.**, acquired at the end of 2017 with effect as of 1 January 2018, previously evaluated with the equity method, which contributed to the result, before intercompany adjustment, with revenues of EUR 21.1 million and an EBITDA of EUR 1.7 million.

OPERATING INVESTMENTS

In 2018, the Group put in place **Capital Investments** for EUR 24.4 million, compared to EUR 20.7 million in 2017. Again, in the year 2018, the Company continued to invest in increasing capacity and improving quality, in optimizing costs, in addition to energy efficiency and the Group’s digitalization project. Some of the largest investments included the new headbox installed in Arnsberg, the rewinder in Villa Santa Lucia, the pope reeler in Santa Giustina, the sheeter in PAC Service, the second step in energy streamlining in La Rochette and the continuation of rolling out the new ERP.

NET FINANCIAL POSITION

Consolidated Net Financial Debt at 31 December 2018 amounted to EUR 66.8 million, with an increase of EUR 22.7 million compared to the 44.1 million at 31 December 2017. The net operating cash flow was positive for EUR 52.4 million and allowed RDM Group to largely absorb the financial impact deriving from the acquisition of **Barcelona Cartonboard S.A.U.** (Enterprise Value of EUR 46.4 million).

In addition to the normal dynamics of the working capital connected to the positive performance of the year, the operating cash flow was positively impacted by the increase in the use of factoring, mainly due to the entry of the subsidiary La Rochette S.A.S. into the factoring program. The most relevant negative impact derived from the increased amount, towards vs. 2017, of investments.

The expenses included: the dividends paid and the purchase of own shares for an overall EUR 1.7 million, in addition to the acquisition of an additional 5% of the subsidiary R.D.M. Ovaro S.p.A. from Friulia S.p.A. for EUR 0.6 million.

CONSOLIDATED RESULTS

The following table summarizes key income statement indicators as at December 31, 2018 and 2017.

	12.31.2018	12.31.2017
(thousands of Euros)		
Revenues from sales	**605,980**	**569,089**
OPERATING PROFIT (EBITDA) (1)	**63,113**	**45,813**
EBIT (2)	**39,336**	**23,481**
Pre-tax income (3)	**40,084**	**20,796**
Current and deferred taxes	*(12,914)*	*(6,228)*
Profit (Loss) for the period	**27,170**	**14,568**

1) See "Gross operating profit" in the Consolidated Financial Statements of the RDM Group

2) See 'Operating profit' in the Consolidated Financial Statements of the RDM Group

3) See 'Profit (loss) for the period' – 'Taxes' in the Consolidated Financial Statements of RDM Group

Sales Revenues amounted to EUR 606 million, compared to EUR 569.1 million for the same period in the previous year. Net of the line-by-line consolidation of PAC Service S.p.A. (EUR +21.1 million, before intercompany transactions) and of Barcelona Cartonboard S.A.U. for the last two months of 2018 (EUR +21.9 million), the sales revenues were stable compared to the previous year.

The **tons sold** in 2018 by RDM Group reached 1,020,000 units, compared to the 1,012,000 units sold in 2017. On the one hand, the variation reflects the tons sold by the two Companies consolidated for the first time in 2018; on the other, the decrease of volumes sold on a like-for-like basis with 2017. This decrease was mainly attributable to the WLC sector and reflects both a weakening of demand in the second part of the year and lower volumes shipped following the production redistribution of some types of paperboard from one facility to another.

The **average sales prices**, in both divisions, were higher than in 2017.

The following table provides a breakdown of net revenues from the sale of cartonboard by geographical area of customers:

	12.31.2018	% of total	12.31.2017	% of total
(thousands of Euros)				
Italy	200,105	33%	186,140	33%
EU	333,202	55%	312,403	55%
Non-EU	72,673	12%	70,546	12%
Revenues from sales	**605,980**	**100%**	**569,089**	**100%**

Other Revenues amounted to EUR 6.3 million, with a decrease of EUR 2.6 million compared to the previous year, due mainly to the lower energy efficiency certificates for the Italian mills (“white certificates”).

The **Cost for raw materials and services** amounted to EUR 459.4 million with an increase of EUR 21.3 million compared to the previous year, mainly due to the different consolidated Companies. Net of this effect, the entry was affected by a significant decrease of the cost of waste paper and by an increase in the price of virgin fiber, energy costs and some services including waste disposal.

Personnel Costs amounted to EUR 90.8 million, with an increase of EUR 3.6 million compared to the overall 87.3 million in 2017. The variation mainly reflects the full consolidation of PAC Service S.p.A. and Barcelona Cartonboard S.A.U., in addition to the contractual increases.

In 2018, the **EBITDA** reached EUR 63.1 million, a significant increase compared to the 45.8 million in 2017 with a percentage on revenues of 10.4% compared to 8.1% in 2017.

EBIT amounted to EUR 39.3 million, compared to EUR 23.5 million in 2017. Depreciation and amortization increased by EUR 1.4 million, mainly due to the change in the scope pf consolidation.

The **Net Financial Expenses** were equal to EUR 2.4 million, a decrease compared to the 3.1 million in 2017, mainly due to the decrease of foreign currency expenses, due to the devaluation of the American Dollar, with a positive balance of EUR 23k in 2018 compared to a loss of 602k recorded in 2017. The average cost of debt remained at limited levels.

Incomes from Investments amounted to EUR 3.2 million, against EUR 0.4 million in 2017. The relevant increase is attributable, for an amount of EUR 3 million, to the acquisition of the remaining shares of PAC Service S.p.A., with the consequent evaluation of the fair value of the investment previously held (33.33%), which was evaluated using the equity method.

The provisions for **Taxes** were equal to EUR 12.9 million, compared to the EUR 6.2 million in 2017, with a significant increase related to the increased taxable income and to the full use in the year 2018 of the losses carry forward by the Parent Company Reno De Medici S.p.A.

The **Consolidated Net Profit** reached EUR 27.2 million, with a major increase compared to the 14.6 million in 2017, driven by the increased operating profitability, partially compensated by higher amortizations and taxation.

KET EVENTS

PAC Service S.p.A., starting 1 January 2018, effective date of the acquisition of the remaining stake thereof, was fully consolidated.

On 12 February 2018, the merger by incorporation into Reno De Medici S.p.A. of **R.D.M. Marketing S.r.l.** was completed, the related accounting and tax effects are effective from 1 January 2018, while legally it is effective from 1 April 2018.

On 28 March 2018 Reno De Medici S.p.A. sold its shareholding in **Manucor S.p.A.** This shareholding had been totally written off in the previous financial years and, therefore, the transfer of the same generated a non-relevant capital gain.

On 19 June 2018, Reno De Medici S.p.A., by application of the agreements signed with **Friulia S.p.A.** in 2017, repurchased at the price of EUR 646,418 a further 5% shares of R.D.M. Ovaro S.p.A from Friulia S.p.A. stakeholding. Following this operation, the residual stake still owned by Friulia S.p.A. is equal to 10% and will be acquired back in two equal tranches on 30 June of the years 2019 and 2020.

On 2 July 2018 Reno De Medici S.p.A. entered into a preliminary agreement with the German private equity Fund Quantum Capital Partners to acquire 100% of **Barcelona Cartonboard S.A.U.**, a Spanish Company, the seventh-largest European player in the coated cardboard sector. The transaction was terminated on 31 October 2018; starting from that date the Company was fully consolidated.

On 11 September, the Board of Directors of Reno De Medici S.p.A. appointed Dr Luca Rizzo the Manager Responsible for preparing the Company's financial reports, pursuant to Art. 154-bis of Legislative Decree 58/98, within his role as Chief Financial Officer.

Other information

Purchase of treasury shares in 2018

In 2018, in compliance with the authorization granted on November 2, 2015 by the Ordinary Shareholders' Meeting pursuant to Article 2357 of the Italian Civil Code, Reno De Medici S.p.A. purchased a total of 828,698 ordinary treasury shares at an average unit price of €0.70 for a total amount of €576,711.

These purchases were carried out on regulated markets in compliance with Article 132 of Legislative Decree 58 of February 24, 1998 and Article 144-bis, 1b) of Consob Regulation 11971/1999.

Following the purchases made in 2018, that add to the shares already held, RDM Group holds a total of 2,262,857 treasury shares, or 0.599% of share capital.

No treasury shares were offloaded and no Reno De Medici shares were purchased by its Subsidiaries.

SUBSEQUENT EVENTS

No major events were recorded after the end of the quarter.

OUTLOOK

The general macro-economic scenario for 2019 presents many elements of uncertainty, including the effect of Brexit, relations between China and the USA, the geopolitical situation of some countries (Turkey and Venezuela) and the upcoming European elections. It is difficult to predict the impact of these elements on the European economic performance, which is the main end market for RDM Group.

In both sectors where RDM Group operates, **White Lined Chipboard (WLC)** and **Folding Box Board (FBB**), the short-term outlook remains moderately positive. On the one hand, there is a contraction in demand that already occurred in the last quarter of 2018; on the other, the difference between raw materials cost and sales prices, though decreasing, remains at satisfying levels.

The prices of **waste paper** should remain stable in the first part of the year, in a general context characterised by the persisting restrictions imposed by the Chinese Government on importations.
As regards **virgin fibers**, it is expected that prices, following the trend recorded in the final months of 2018, will continue to fall slightly.

In terms of **sales prices**, for the **WLC** sector, the first quarter of 2019 is facing some price challenges, while in the **FBB** sector the price increases, announced at the end of 2018, will be implemented in the first part of 2019.

The development expected for **energy prices** in the first part of 2019 sees a decline from the maximum levels reached during 2018.

RDM Group will continue, in the 2019-2020 two-year period, to pursue the program of initiatives previously started in 2018, strengthening its leadership, optimizing production and improving the service offered to customers, in order to make the profitability levels achieved in 2018 structurally stable over the economic business cycle. One part of the program will include the “multi-mill” integration of **Barcelona Cartonboard** which will fully contribute to the results in 2019, including potential synergies captures.

.

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

Consolidated Income Statement	12.31.2018	12.31.2017
(thousands of Euros)		
Revenues from sales	605,980	569,089
Other revenues and income	6,319	8,870
Change in inventories of finished goods	6,282	(3,489)
Cost of raw materials and services	(459,415)	(438,096)
Personnel costs	(90,847)	(87,282)
Other operating costs	(5,206)	(3,279)
Gross operating profit	**63,113**	**45,813**
Depreciation and amortization	(23,777)	(22,332)
Operating profit	**39,336**	**23,481**
Financial expense	(2,508)	(2,610)
Gains (losses) on foreign exchange	23	(602)
Financial income	41	81
Net financial income/(expense)	(2,444)	(3,131)
Gains (losses) from investments	3,192	446
Taxes	(12,914)	(6,228)
Profit (loss) for the period	**27,170**	**14,568**
attributable to:		
Group's share of profit (loss) for the period	27,170	14,568
Minority interest in profit (loss) for the period		

Statement of Financial Position - ASSETS	12.31.2018	12.31.2017
(thousands of Euros)		
Non-current assets		
Tangible assets	245,900	192,570
Goodwill	4,845	
Other intangible assets	13,745	8,561
Equity investments	694	4,577
Deferred tax assets	678	1,256
Other receivables	8,710	17,764
Total non-current assets	**274,572**	**224,728**
Current assets		
Inventories	107,138	83,659
Trade receivables	79,969	70,862
Other receivables	11,766	11,204
Cash and cash equivalents	31,180	19,128
Total current assets	**230,053**	**184,853**
TOTAL ASSETS	**504,625**	**409,581**

Statement of Financial Position - LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2018	12.31.2017
(thousands of Euros)		
Shareholders' equity		
Shareholders' equity attributable to the Group	194,818	168,465
Total shareholders' equity	**194,818**	**168,465**
Non-current liabilities		
Payables to banks and other lenders	75,858	44,277
Derivative instruments	488	138
Other payables	104	26
Deferred taxes	11,004	8,924
Employee benefits	32,778	33,950
Non-current provisions for risks and charges	4,634	4,701
Total non-current liabilities	**124,866**	**92,016**
Current liabilities		
Payables to banks and other lenders	20,354	19,512
Derivative instruments	296	133
Trade payables	130,409	105,979
Other payables	22,502	20,777
Current taxes	8,979	1,501
Current provisions for risks and charges	2,189	1,057
Employee benefits	212	141
Total current liabilities	**184,941**	**149,100**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**504,625**	**409,581**

Net financial position	12.31.2018	12.31.2017	Variation
(thousands of Euros)			
Cash, cash equivalents and short-term financial receivables	31,686	19,986	11,700
Short-term financial debt	(21,854)	(19,512)	(2,342)
Valuation of current portion of derivatives	(296)	(133)	(163)
Short-term net financial position	**9,536**	**341**	**9,195**
Medium-term financial debt	(75,858)	(44,277)	(31,581)
Valuation of non-current portion of derivatives	(488)	(138)	(350)
Net financial position	**(66,810)**	**(44,074)**	**(22,736)**

NOTES

The Interim Report of RDM Group as at December 31, 2018 was prepared on the basis of Article 82, paragraph 1, of the Issuers' Regulations adopted by Consob Resolution 11971 of May 14, 1999, as subsequently amended and supplemented.
Thus, compliance with the requirement described in Article 154-*ter* of the Consolidated Finance Act is achieved with this report.

This Interim Report was not audited by the Independent Auditor.

ACCOUNTING PRINCIPLES

The statement of financial position and income statement were prepared in accordance with recognition criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to the procedure set forth in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament of July 19, 2002.
The recognition and measurement criteria used to prepare the financial statements for the first quarter remain unchanged from those used to prepare the consolidated financial statements as at December 31, 2017. For a description of these criteria, reference is made to those financial statements.

RDM Group has applied the same accounting principles as for the Interim Report as at December 31, 2017 except for the new principles IFRS 9 and IFRS 15 applied starting from January 1, 2018 which effects are highlighted in the Half-Year Financial Report as at June 30, 2018.

The preparation of the Interim Report in accordance with IFRS requires the use of estimates and assumptions including through the use of operating data that have an impact on reported asset and liability amounts and on the disclosure of contingent assets and liabilities at the reporting date. Final results may differ from the estimates made. Estimates are used to measure the contribution of discontinued operations, provisions for doubtful receivables, inventory obsolescence, depreciation and amortization, asset write-downs, employee benefits, restructuring funds, taxes, other provisions and funds, and the valuation of derivative instruments. Estimates and assumptions are reviewed periodically, and the impact of any change is reflected immediately in the income statement, with the exception of derivatives.

The statement of financial position and income statement are stated in thousands of Euros.

WORK FORCE

As at December 31, 2018, RDM Group's staff consisted of 1.744 employees compared to 1,487 employees as at December 31, 2017.

STATEMENT OF EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL REPORTS PURSUANT TO ARTICLE 154-*BIS*, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998 (CONSOLIDATED FINANCIAL ACT)

Luca Rizzo, the executive responsible for the preparation of the Company's financial reports, hereby states that pursuant to Article 154-*bis*, paragraph 2 of the Consolidated Finance Act, the accounting information contained in the Interim Report as at December 31, 2018 of Reno De Medici S.p.A. corresponds to information contained in documents, ledgers and accounting entries.

Milan, February 14, 2019

Signed
Luca Rizzo