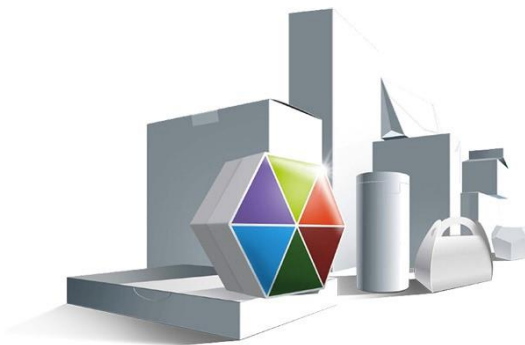


# Reno De Medici

Madrid – European Midcap Event

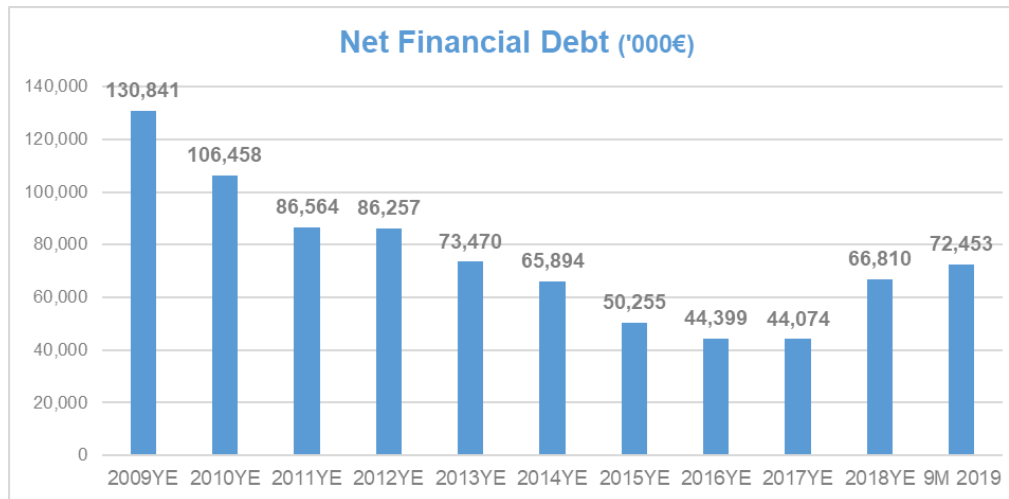
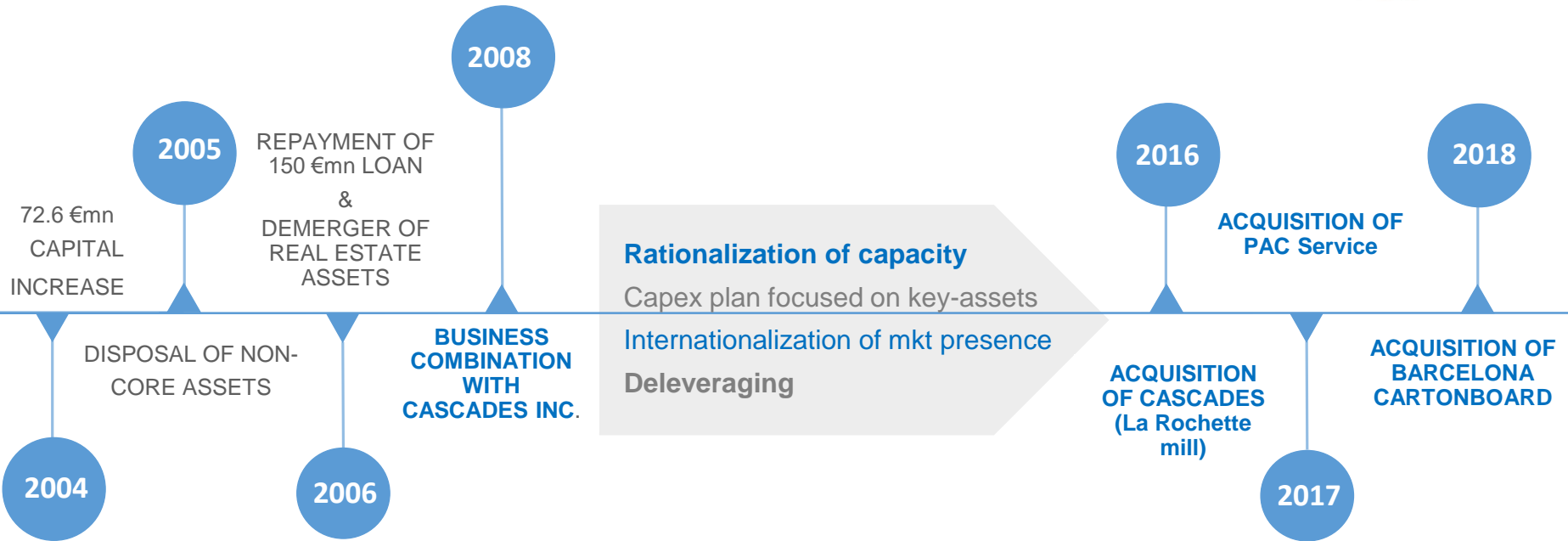
19 November 2019



Born to be  
converted

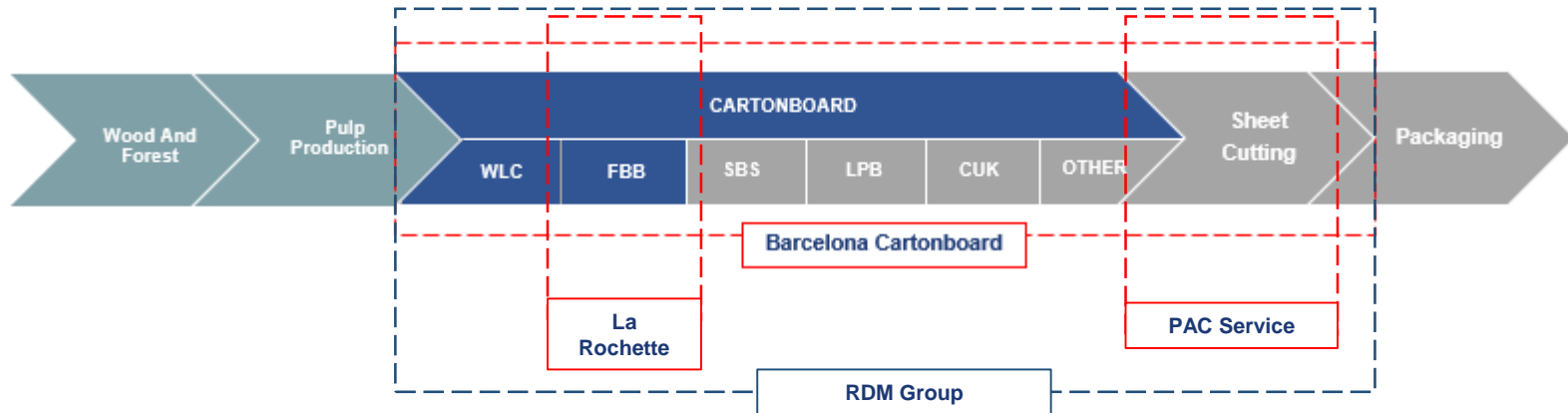


- 1 Strengths**
- 2 Delivering on Strategy
- 3 RDM Shares





## 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:

---

## 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. No.1 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 **1.26 mn tons/p.a.**

Four assets with capacity over **200k tons/p.a.**



Santa Giustina's plant

## WLC

White Lined Chipboard  
Based on **recycled fibers**

No. of mills: **6**

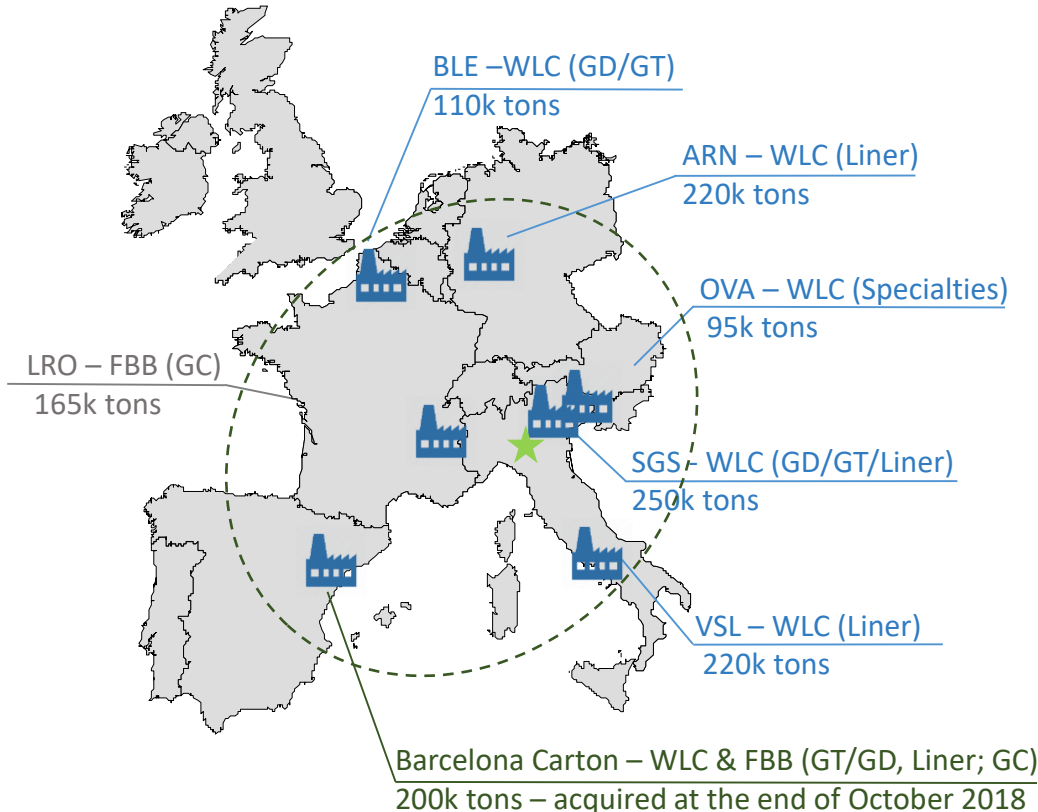
Production capacity: **1.1 mn tons/p.a.**  
equal to **87%**

## FBB

Folding Boxboard  
Based on **virgin fibers**

No. of mills: **1**

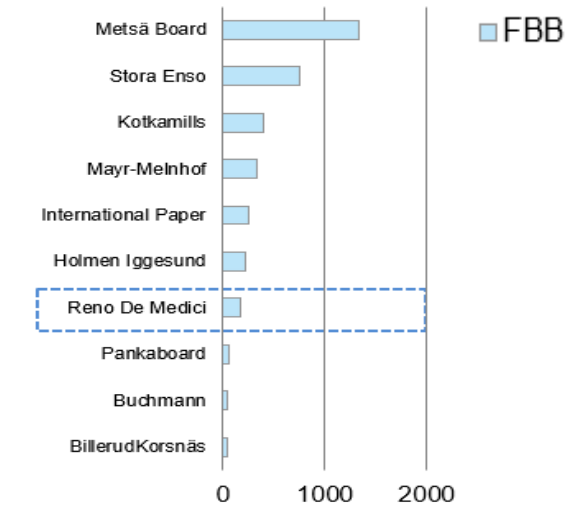
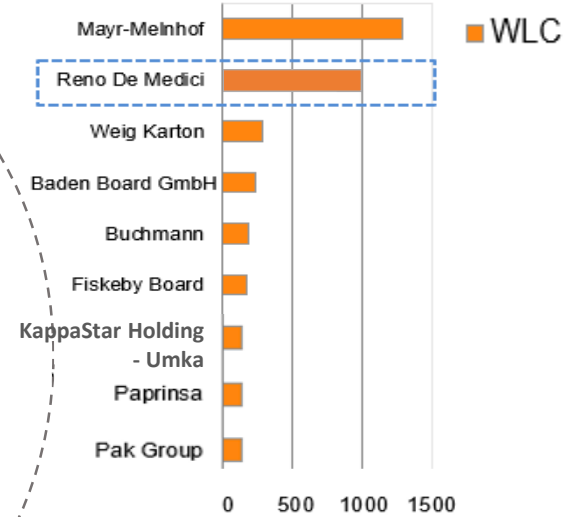
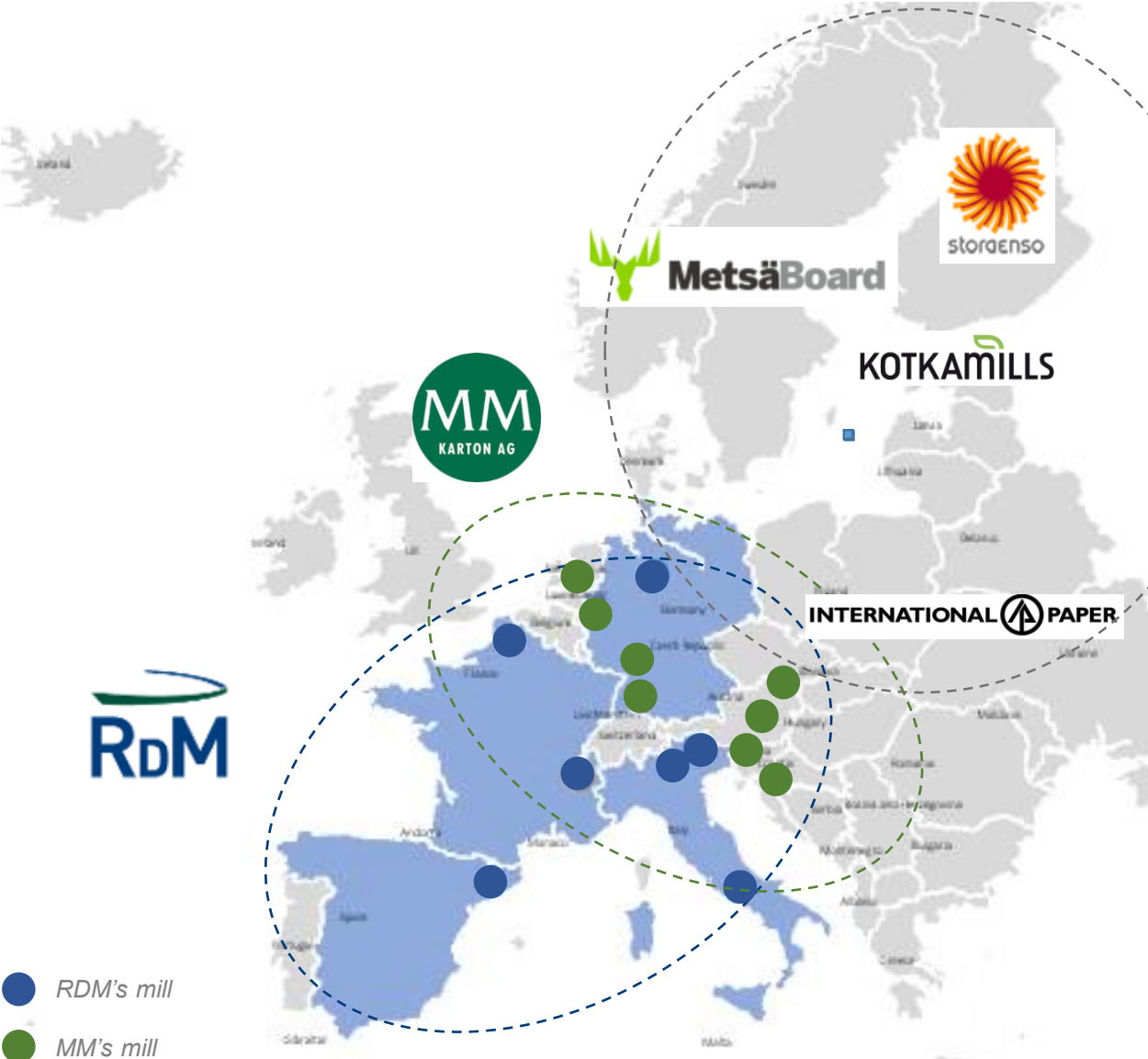
Production capacity: **0.165 mn tons/p.a.**  
equal to **13%**



★ Headquarters in Milan



Mill



● RDM's mill  
● MM's mill

Source: Company data



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  
Eco friendly image

## FBB (virgin fibers)

Printability  
Bulk & Stiffness

### RECYCLED BOARD (GD)

### LINER

### SPECIALTIES (GT)

### VIRGIN BOARD (GC)

Sport/toys  
Food  
Detergents  
Beverage

Hardware  
Software  
Display  
Microflute laminate

Textile / shoes  
Paper Goods

Pharmaceuticals  
Beauty & Health care  
Food  
Retail  
Bakery

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

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

Brand recognition  
Microcorrugated  
Growing market (+11% from 2015 to 2018)

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

4<sup>th</sup> **Customers survey** (September 2019)

**43 markets** surveyed (EMEA).

**1206** customer contacts of which **25** are Key accounts.

**Good and slightly increased response rate** (54%  
 compared to previous round 51%).

**76%** added **feedback**.

Customer Contact Rating of **7.57** (7.55 in March 2019).



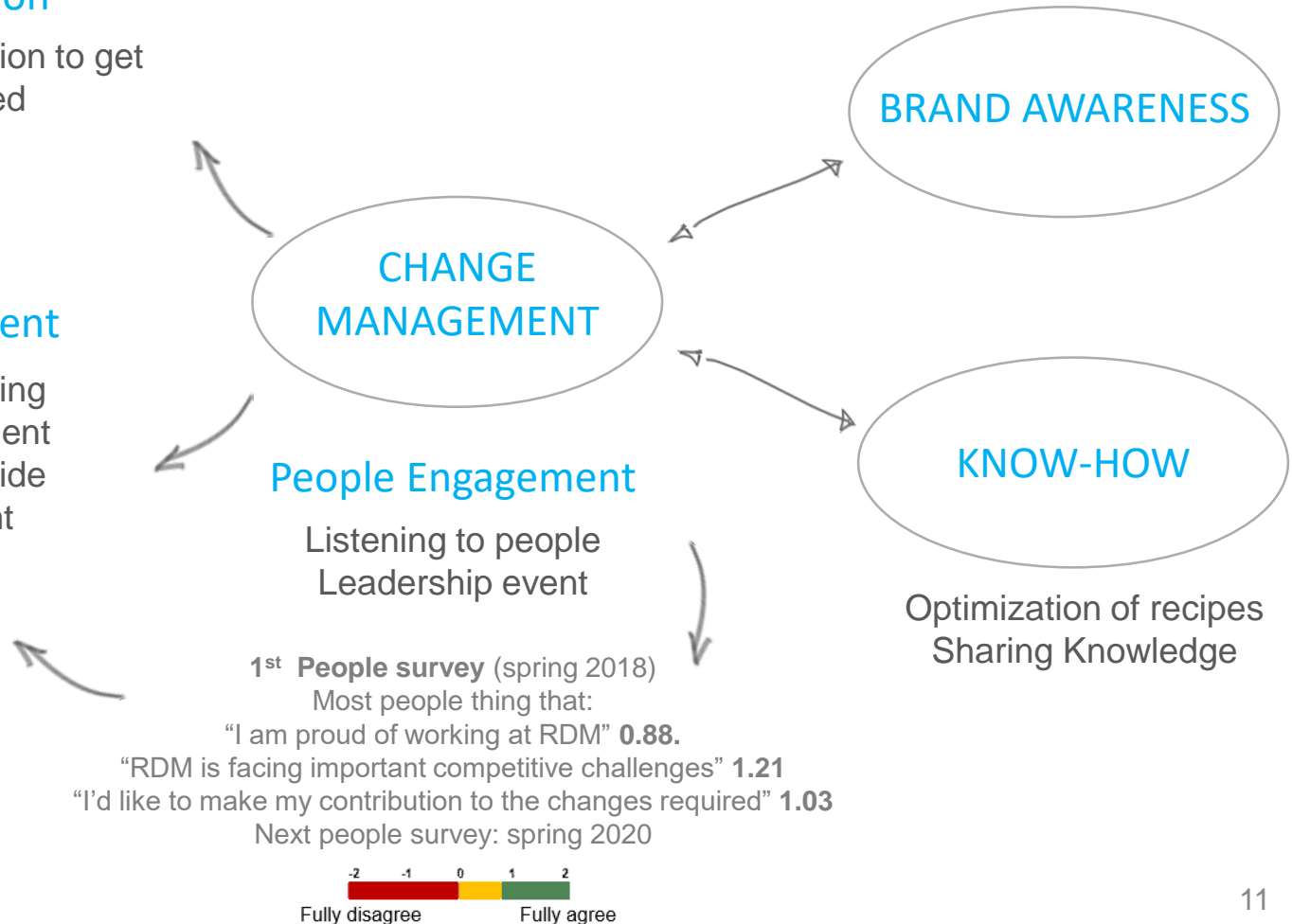
RDM assures the transformation through **result delivery approach**.

## Communication

Effective communication to get people involved

## People Management

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





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

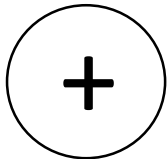


10.5%

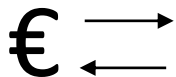
Double-digit EBITDA margin driven by efficiencies



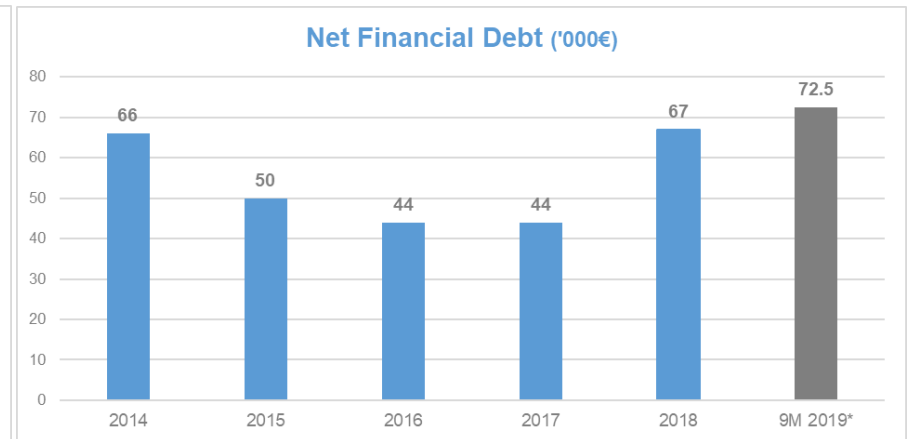
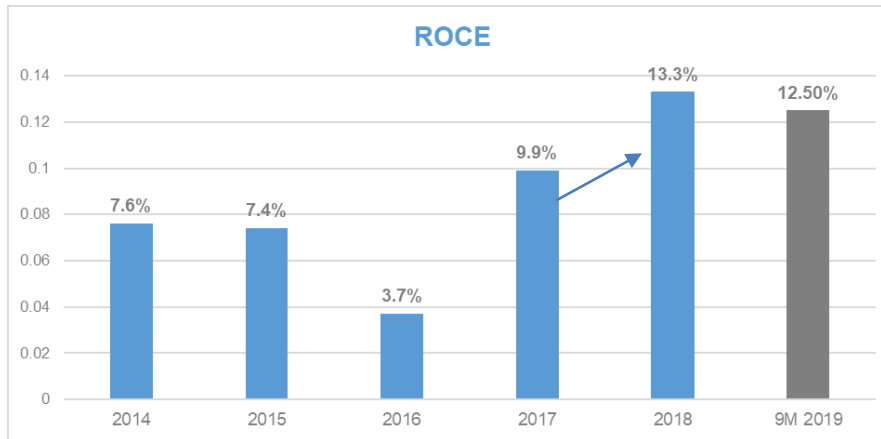
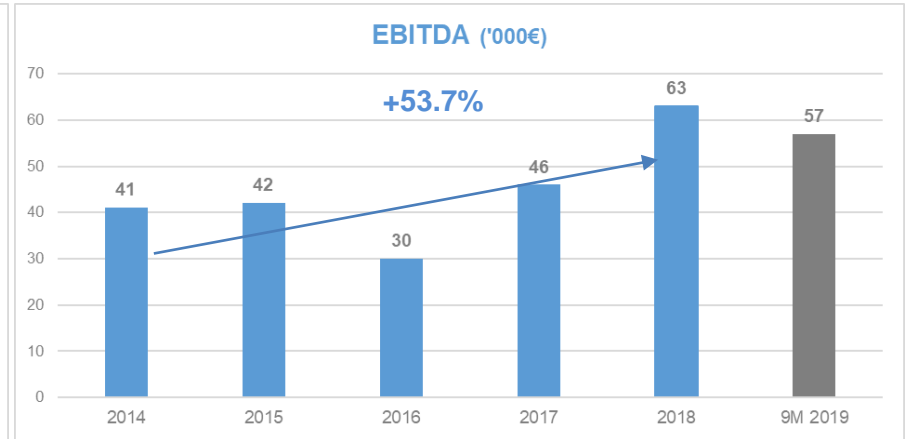
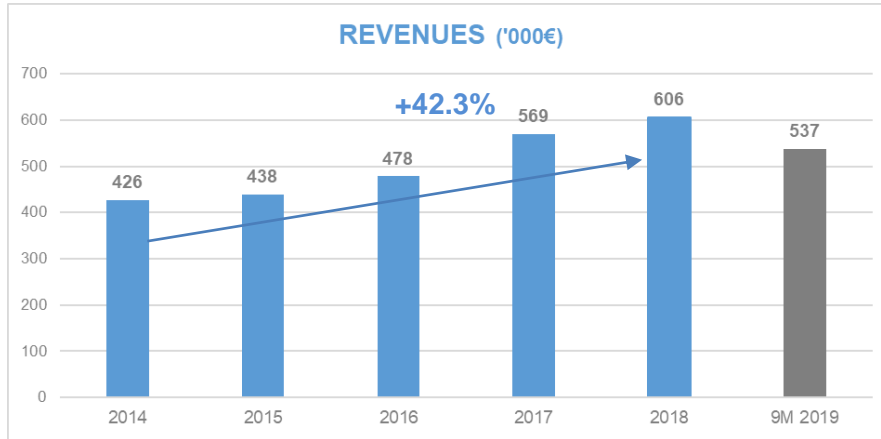
Mixed-bag scenario. More favorable demand in certain European countries and favorable fiber costs



Additional sales and EBITDA from Barcelona Cartonboard consolidation, synergies to be extracted in coming quarters

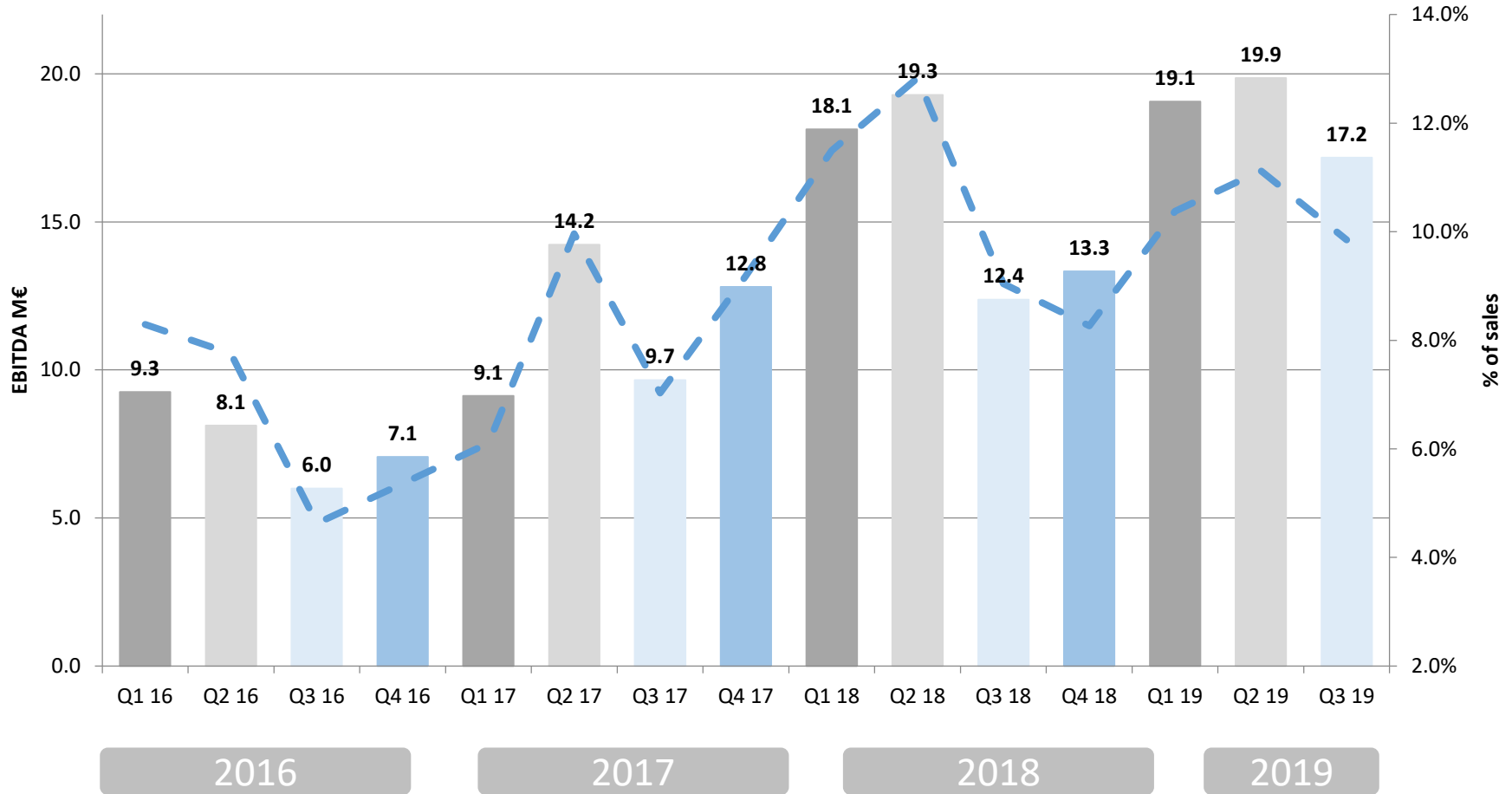


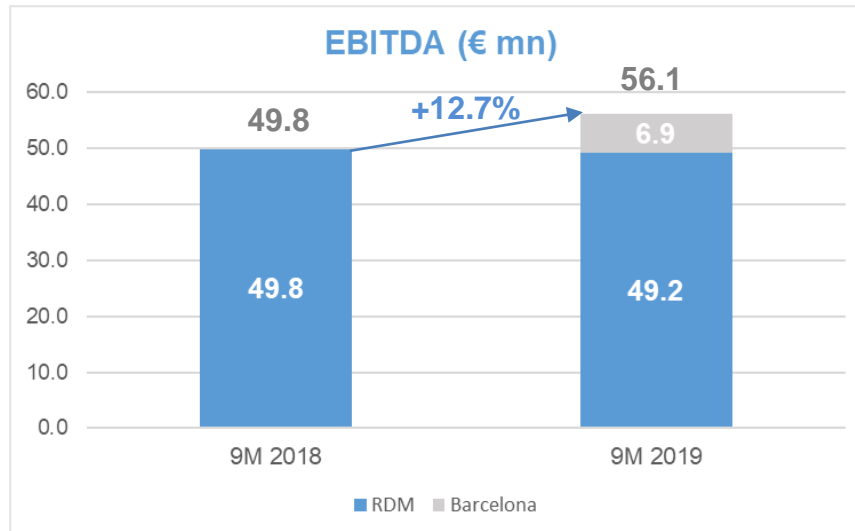
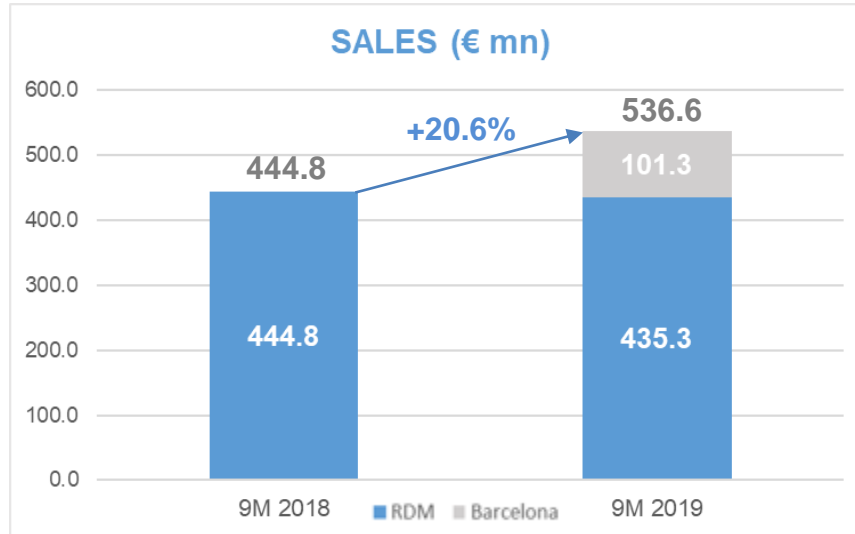
Continued cash flow generation funding capex and shareholder remuneration



**2018 Net Debt reflects the costs of three acquisitions over the 2016-2018 period.**

\*Net Debt as at 30 September 2019 includes 13 € mn liabilities due to the adoption of the new IFRS 16 "Leases".





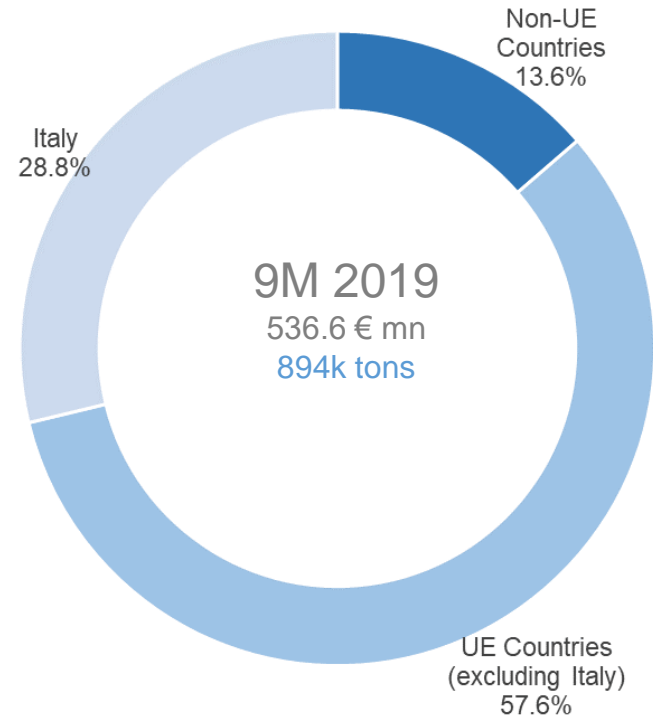
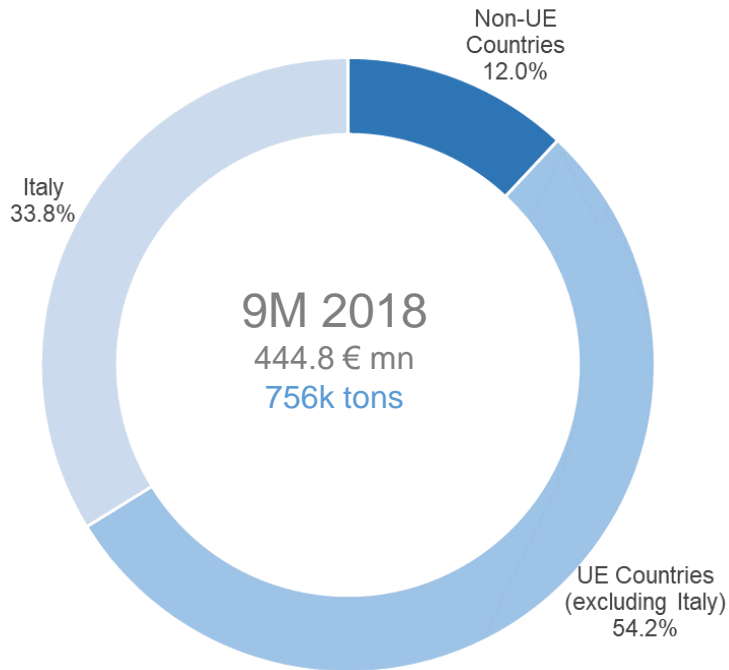
The **EBITDA change** (+12.7%) reflects the following drivers:

- + **Sales** increase (+20.6%) led by the Barcelona Cartonboard acquisition;
- + **WLC more favorable demand** (+0.3%) in overseas and European markets;
- + **Selling prices increase in FBB** and slight decrease in those of WLC products;
- **Higher cost of energy**;
- + **Lower prices for both virgin and recycled fibers.**

**Increase in 9M 2019 EBITDA** leverages on:

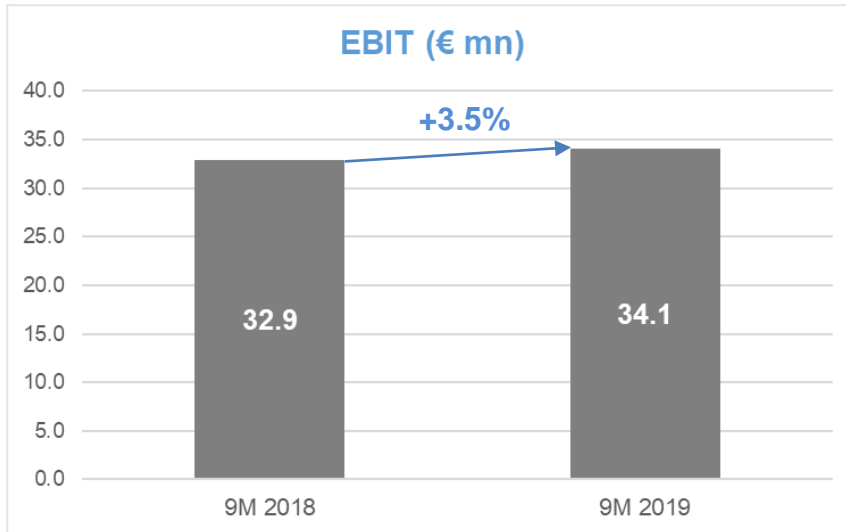
- **Recent M&A** driving the **top line** growth
- **RDM** following its transformation plan **to achieve operating efficiencies**, in the use of energy and raw materials to safeguard **operating profitability.**





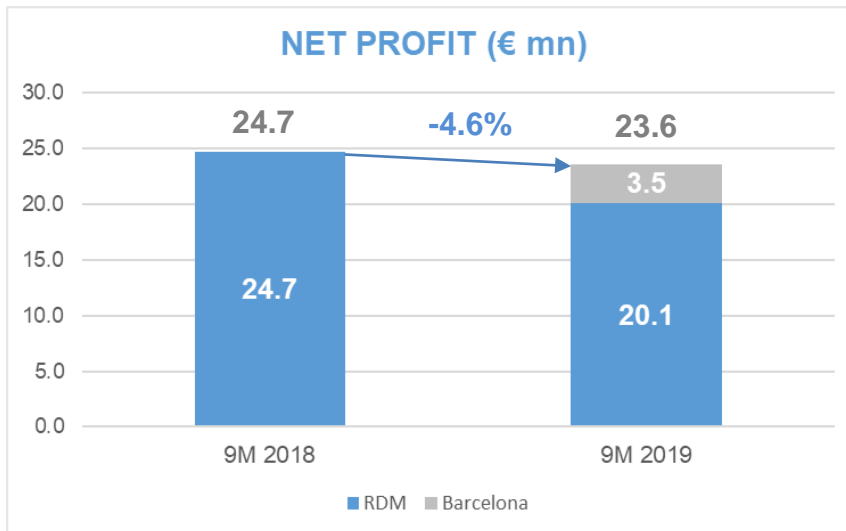
Sales growth of **20.6%** reflecting the larger scope of consolidation (Barcelona Cartonboard).

The **lower weight of Italian market** reflects the recent M&A deal in Spain.



**EBIT increase (+3.5%)** reflects higher EBITDA, partially offset by **higher D&A costs** (€ 22 mn in 9M 2018 vs. 16.9 € mn in 9M 2019).

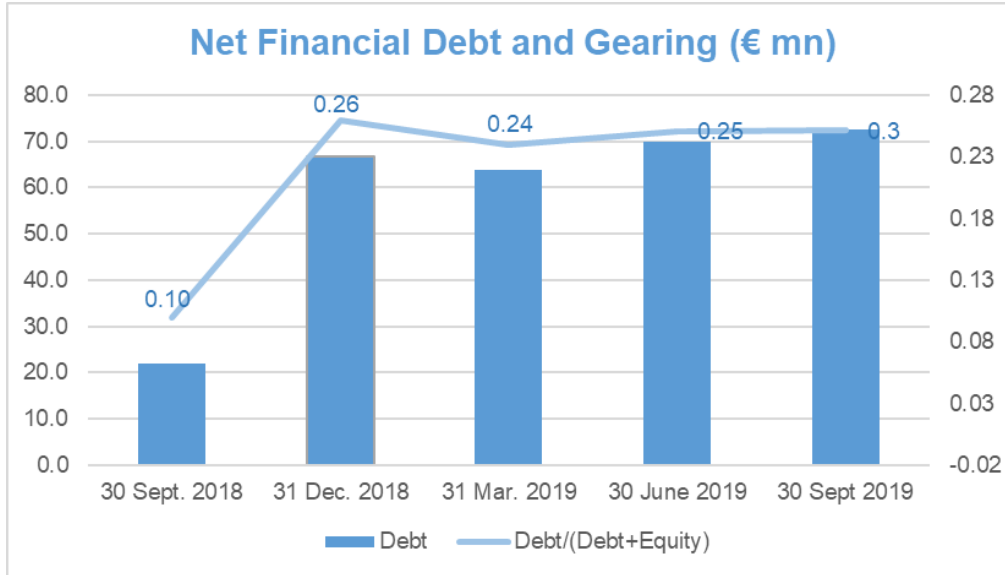
**Net Profit** slightly decrease (**-1.1 € mn** vs. 9M 2018) mainly due to lower income from equity investments (**-3.1 € mn** vs. 9M 2018) and higher interest costs (**+1.5 € mn**).



*In Q1 2018, the acquisition of 100% of PAC Service, previously consolidated with the equity method, led to an income from equity investments of 3 mn€ .*

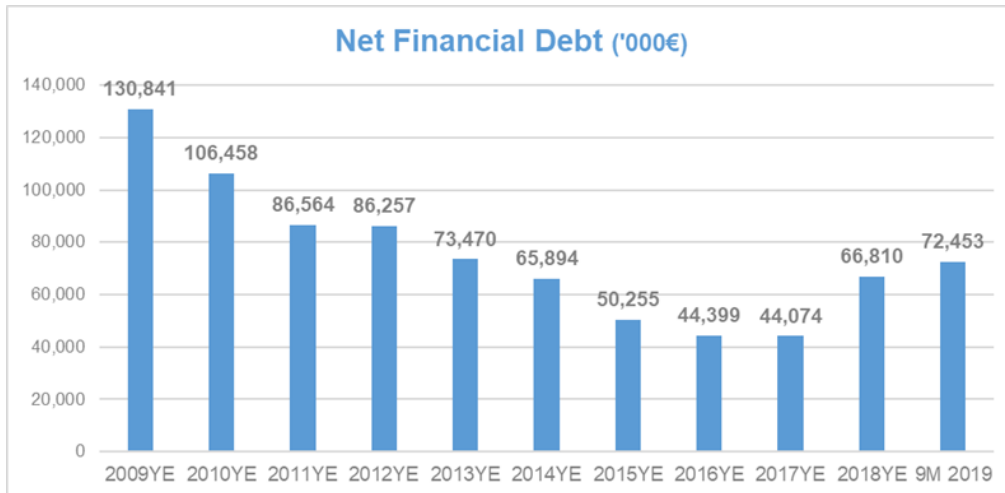
Interest costs were higher due to Barcelona debt and new IFRS 16.

**Net Profit** decline was partially offset by a **lower taxes** (**-2.2 € mn** vs. 9M 2018), as a result of lower taxable profit.



**Operational net cash-flow positive by 23.3 € mn**, funding capex (18.6 € mn) and dividends (2.6 € mn).

**Net Debt as at 30 September 2019** includes **13 € mn liabilities** due to the adoption of the **new IFRS 16 “Leases”**.



**2018 Net Debt** reflects the costs of **three acquisitions over the 2016-2018 period**.



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

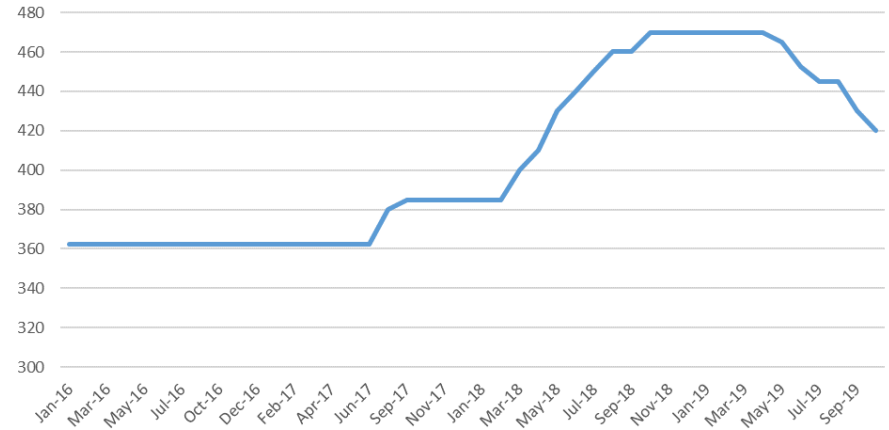
Finished products **export** opportunities



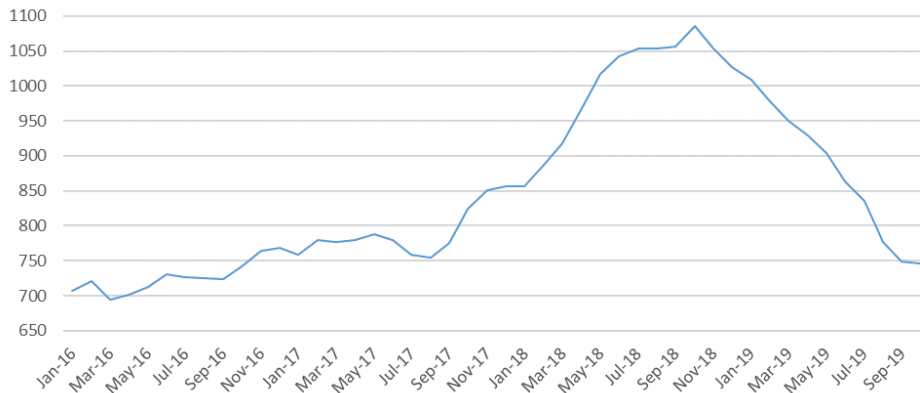
**Brown Recycled Fibers (€ per ton)**



**White Recycled Fibers (€ per ton)**



**Bleached Softwood Pulp (€ per ton)**

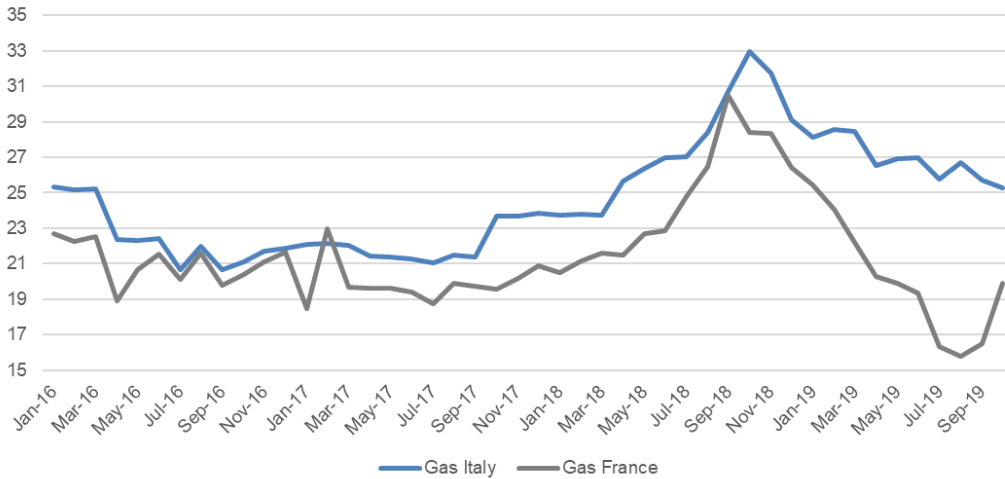


Prices for PFR\* slightly decreased in Q3 2019.

Pulp prices reached top values in October 2018.



Natural gas (€/MWh)

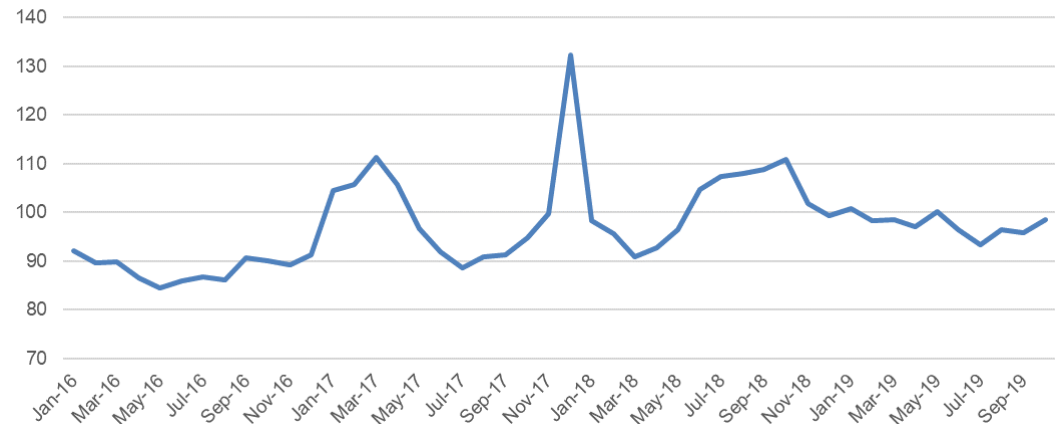


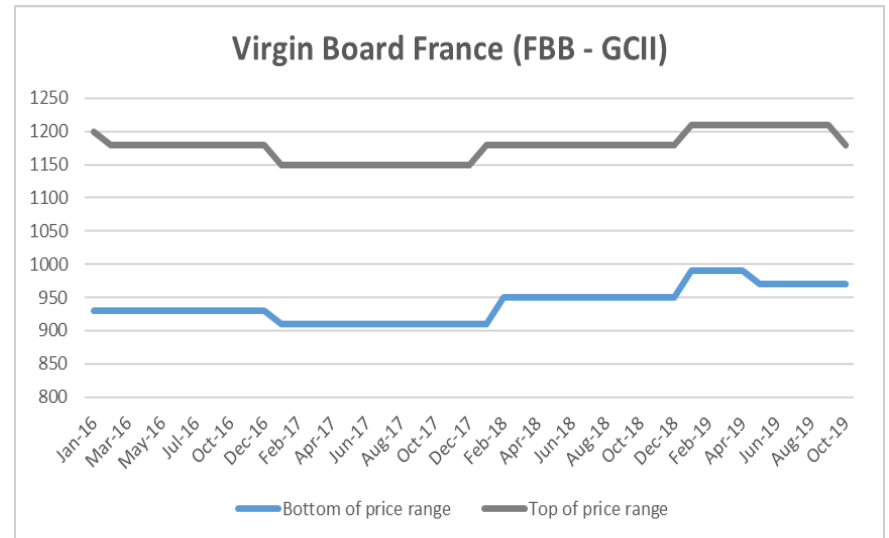
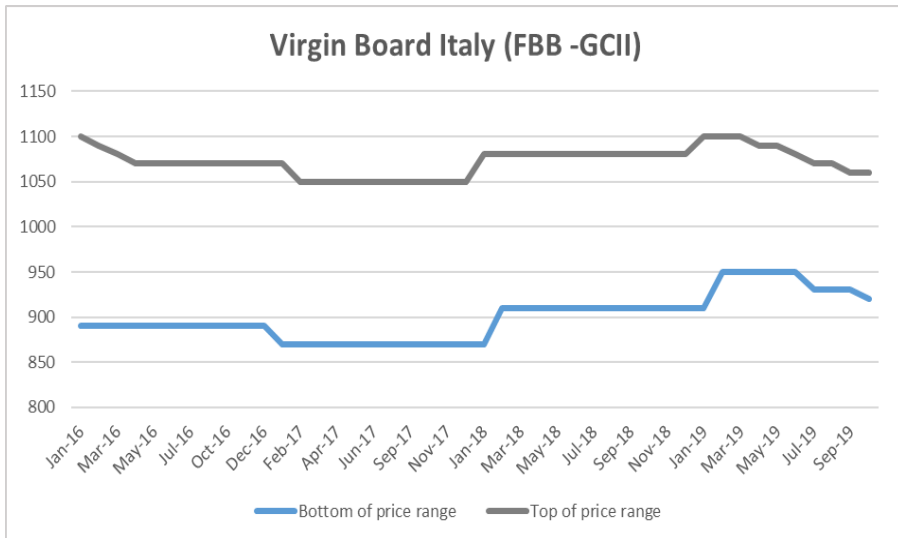
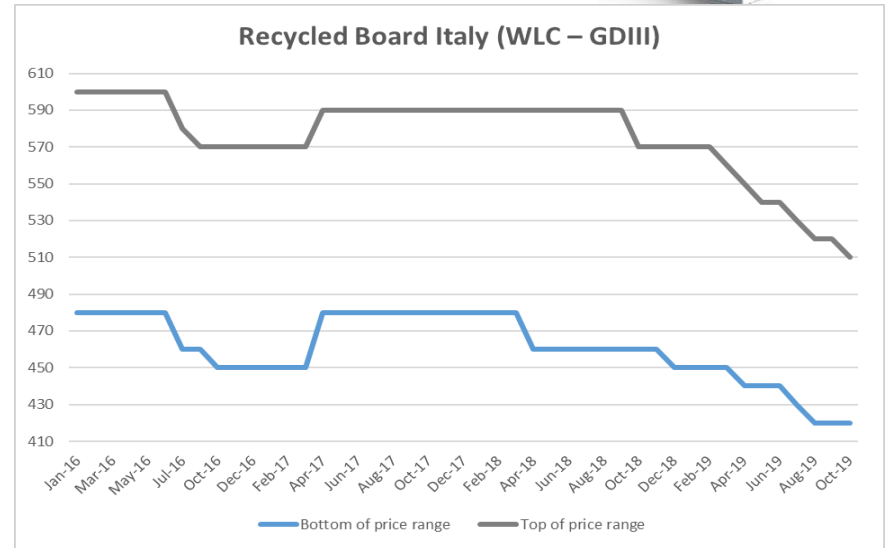
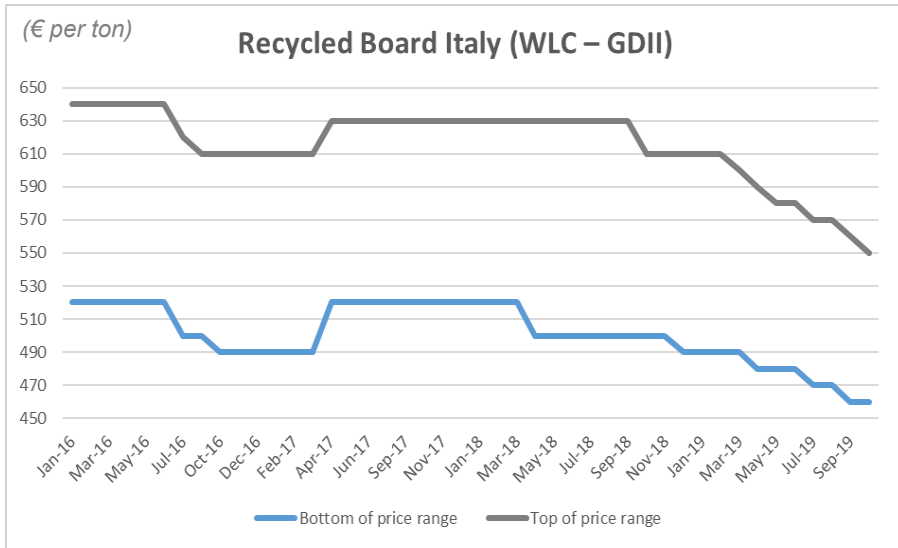
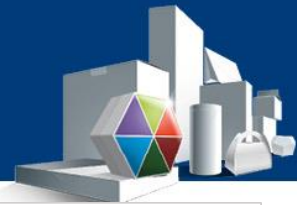
RDM smooths the volatility of gas prices through a portfolio of contracts with different maturities.

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 9.4% in 2018 Gas consumptions.

Coal price in Germany (€/ton)







**2019 capital expenditure: 26-28 € mn**  
 Of which maintenance + H&S investments are 10 € mn

## CAPACITY

**4 € mn**

- Magenta (Apr.)** ✓  
Sheeter
- S. Giustina (Aug.)** ✓  
Board Machine Speed Up
- Barcelona (Dec.)**  
Winder Machine

## COST SAVINGS

**5 € mn**

- Italian Mills (Aug./Oct.)**  
Fiber Recovery System
- La Rochette (Aug.)** ✓  
New Headbox

## ENERGY EFFICIENCY

**5 € mn**

- Barcelona (May.)** ✓  
Overhaul Hot Section  
Cogeneration Plant
- Others Mills (Aug.)** ✓  
Power Plants extraordinary  
maintenance

## DIGITALIZATION

**3 € mn**

- All**  
New ERP System





## Strengthening our leadership position through two pillars:

---

### MAXIMIZING THE PROFITABILITY OF BC INTEGRATED IN RDM

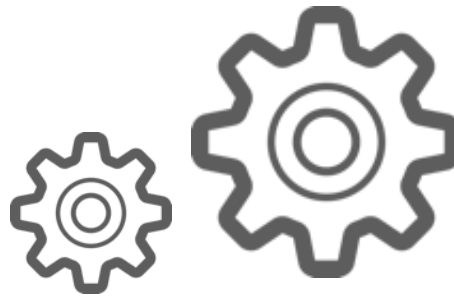
Optimization of recipes

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

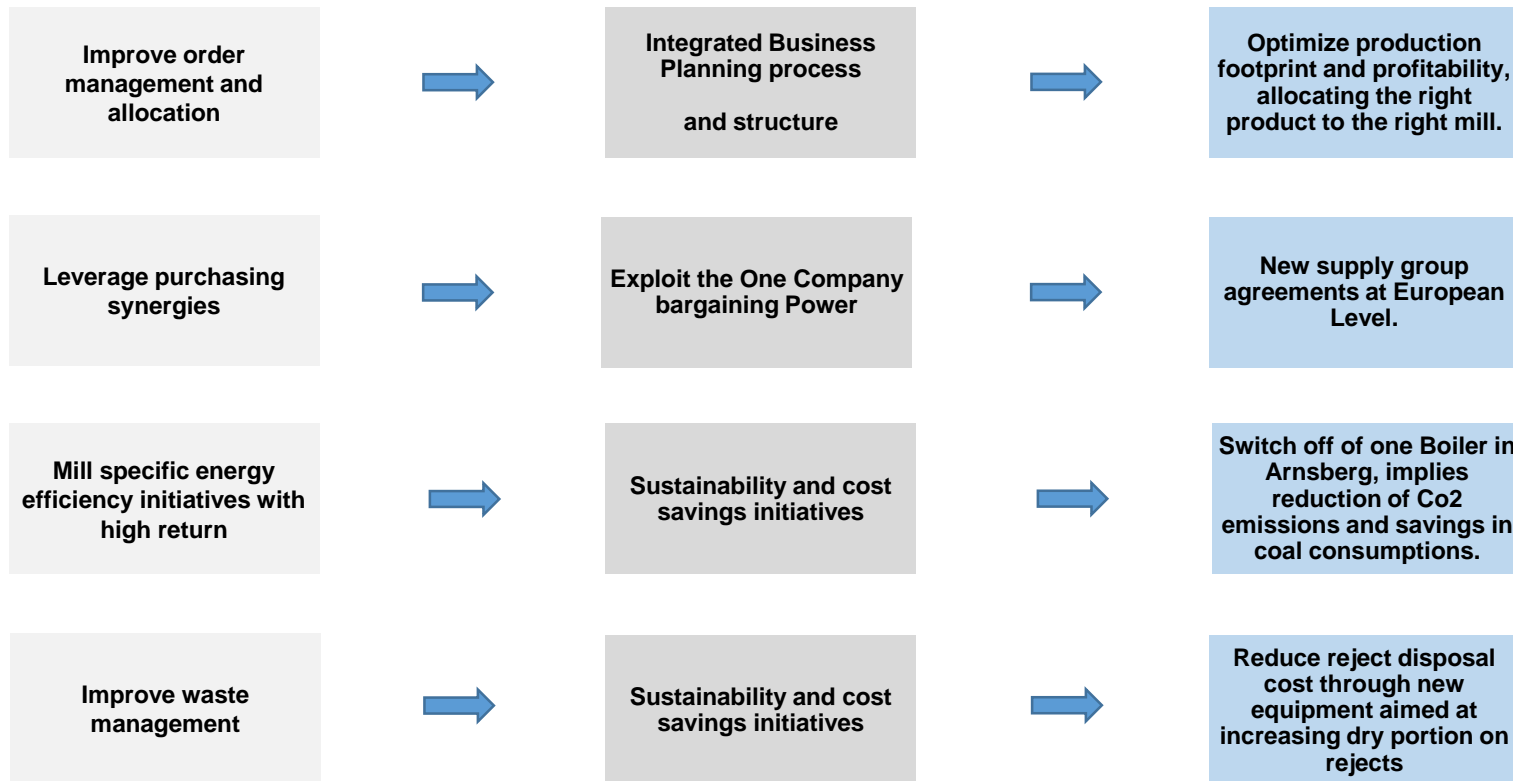
Reallocation of customers' portfolio

Benefit from an enhanced economy of scale

Synergies to be fully achieved as of 2021



In 2019-20 RDM will continue to pursue the transformation project in order to make the profitability levels achieved in 2018 structurally stable over the economic business cycle.





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



**Share Capital: 140,000,000.00 €**

**Outstanding shares: 377,800,994**, o/w  
 377,546,217 ordinary shares  
 254,777 convertible savings shares

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

## Listing markets

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

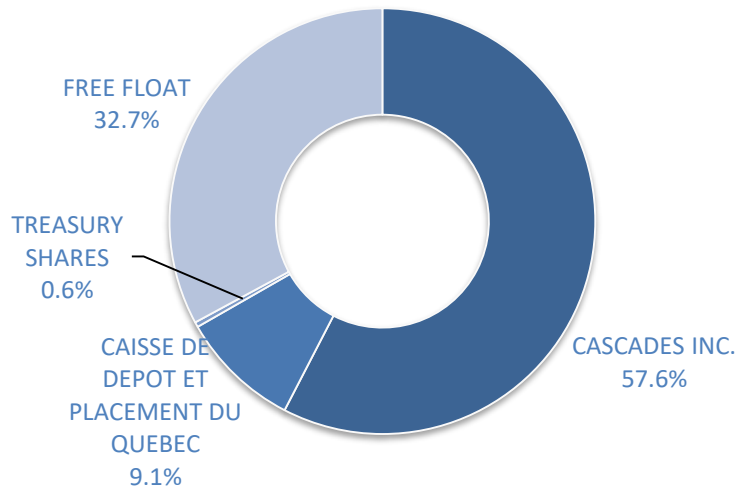
## Codes

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

**Mkt cap:** 321.9 € mn

**Free float mkt cap:** 105.3 € mn  
 (@0.852 € p.s. as of 14 November 2019)

## Main shareholders



Source: RDM shareholder register

## FY2018 dividend

### ORDINARY SHARE:

**Dividend of 0.7 € cents**

(FY2017 dividend was 0.31 € cents)

Payment date: **15 May 2019**

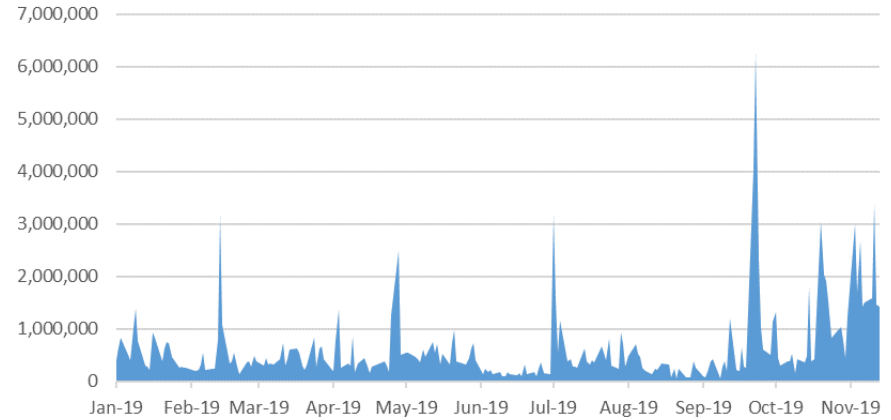
Dividend yield: **1.1%** (@YE2018 price of 0.62 €)



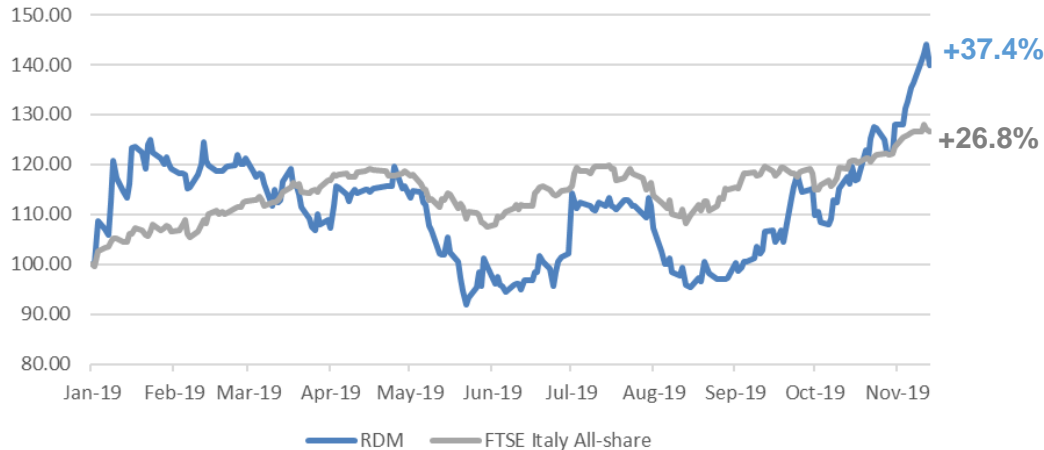
RdM share price (€)



RdM daily traded volumes



RdM vs. FTSE Italy All-Share Index  
(base: 2 Jan. 2019=100)



Average daily traded volumes

Q1 2019: 518,846

Q2 2019: 426,394

Q3 2019: 620,838

1 Oct. 2019 – 14 Nov. 2019: 1,227,696



BROKER	CITY	ANALYST	TARGET PRICE (€)	RECOMMENDATION	DATE
Intermonte	Milan - IT	Carlo Maritano	1.15	OUTPERFORM	7 Nov. 2019
MidCap Partners	Paris - FR	Pierre Buon	0.93	BUY	5 Nov. 2019



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.



**Stronger leadership**

**Higher operating efficiency**

**Better customer service**

RdM outlook for 2019:

Modest recovery in **demand**

Pressure on **WLC selling price**

Stabilization of **FBB selling price**

Lower **fiber costs**

Decrease in **energy costs**

Addressing external drivers

Steady-state double-digit EBITDA margin from 2021 onwards

BC integration

Optimization of **asset base** and **product portfolio**

TRANSFORMATION PLAN IN PLACE

