



# SPAFID CONNECT

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Oggetto : The Board of Directors approves the 2019 Consolidated Financial Statements and the Draft Financial Statements of the Parent Company

*Testo del comunicato*

Vedi allegato.



Press release

**The Board of Directors approves the 2019 Consolidated Financial Statements and the Draft Financial Statements of the Parent Company**

**EBITDA MARGIN AT 10.3% REFLECTS STRENGTHENED OPERATING EFFICIENCIES  
NET PROFIT REFLECTS THE WRITE-DOWN OF THE FIXED ASSETS OF THE SUBSIDIARY “LA  
ROCHETTE” FOR €9.5 MILLION  
PROPOSED A 0.8 EURO CENT DIVIDEND PER ORDINARY SHARE**

- **CONSOLIDATED NET SALES OF €701.6 MILLION, UP 15.8% COMPARED WITH €606 MILLION AT DECEMBER 31, 2018<sup>1</sup>, THANKS TO THE CONTRIBUTION OF RDM BARCELONA CARTONBOARD, CONSOLIDATED AS OF OCTOBER 31, 2018.**
- **CONSOLIDATED EBITDA OF €72.4 MILLION, UP 14.6% COMPARED WITH €63.1 MILLION AT DECEMBER 31, 2018.**
- **CONSOLIDATED EBIT OF €30.4 MILLION, DOWN (-22.6%) COMPARED WITH €39.3 MILLION AT DECEMBER 31, 2018, MAINLY DUE TO THE WRITE-DOWN OF THE FIXED ASSETS OF THE SUBSIDIARY “LA ROCHETTE” FOR €9.5 MILLION.**
- **CONSOLIDATED NET PROFIT OF €15.6 MILLION, DOWN COMPARED WITH €28.4 MILLION AT DECEMBER 31, 2018 (-45%).**
- **NET FINANCIAL DEBT OF €52 MILLION (€66.8 MILLION AT DECEMBER 31, 2018).**
- **NET RESULT OF RENO DE MEDICI S.P.A. AT €15.9 MILLION (-11.2% COMPARED TO 31 DECEMBER 2018). PROPOSED A DIVIDEND OF €0.008 PER ORDINARY SHARE AND €0.0245 PER SAVINGS SHARE**

*Milan, March 16, 2020* - The Board of Directors of Reno De Medici S.p.A. examined and approved the Consolidated and Draft Financial Statements of the Parent Company for the year ending as of December 31, 2019, to be submitted to the Ordinary Shareholders' Meeting on 29 April 2020.

Michele Bianchi, CEO of the RDM Group commented:

*“In a far from simple market context, we recorded an EBITDA margin of 10.3% in 2019, continuing along our successful path of making the double-digit profitability achieved in 2018 structurally stable over the cycle.*

*The initiatives implemented over the past two years to optimize operations have proved essential in enabling us to best face the 2019 competitive scenario, which continues to be particularly challenging in the FBB segment, given the over-supply and increasingly specialized quality requirements. The write-down of the fixed assets of our French subsidiary, La Rochette, was in response to such a challenging environment in the FBB sector.*

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<sup>1</sup> Data at December 31, 2018 were restated due to the completion of Purchase Price Allocation of R.D.M. Barcelona Cartonboard S.A.U.

*The strong cash generation that has always characterized the Group, allowed net financial debt to decrease by almost €15 million, taking the Debt/EBITDA ratio to 0.72x, despite a year marked by significant capital expenditure.*

*In 2020 — said the CEO — we will remain confident and continue to pursue our strategy of strengthening leadership and optimizing production based on the multi-mill concept. In the meantime we will continue to reap ever-increasing benefits from the Barcelona Cartonboard integration process.”*

### **Group's performance at December 31, 2019**

In Q4 2019, the WLC sector consolidated the positive demand recorded in the previous quarter, albeit at a slower rate and with downward pressure on selling prices. In this context, RDM increased the volumes sold in 2019 thanks to a full year's contribution from the consolidation of Barcelona Cartonboard. In contrast, the FBB segment showed an overall decline of -3.3% relative to the previous year: within this highly competitive and challenging environment, RDM underperformed and reported a decline in volumes of -6.6%. At a consolidated level, reduction in the cost of raw materials and greater efficiencies in the use of both fibers and energy, leveraging on past capital expenditure, enabled the Group to maintain the spread at satisfactory levels, resulting in a double-digit EBITDA margin in 2019 as well.

The RDM Group's core business, WLC (White Lined Chipboard segment – coated paperboard for packaging based on recycled fibers) accounted for 84% of consolidated sales. Following the initial signs of recovery observed in Q3 2019, market demand continued to rise in terms of volumes and reached a high of +0.7% at the end of December 2019 compared with the same period for 2018. At the European level, some key differences persisted between countries reporting growth (Spain +2.5%; Eastern Europe +2.2%; Italy +0.6%) and countries where demand continued to decrease (France -3.9%; UK -3.2%; Germany -2.5%). With regard to RDM, the Group maintained stable volumes at an organic level compared with 2018, despite the dynamic differences between the various markets. Downward pressure on selling prices continued and had a greater impact in countries with a declining demand, as opposed to Italy and Spain, which benefited from more sustained order intake. In Q4 2019 overseas markets continued to show a sharper decline in selling prices, which was partially offset by the increased volumes that RDM achieved in this area.

In Q4 2019 the cost of recycled paper, a key factor in production, after a period of substantially stability in first half of the year, confirmed the downward trend begun in the previous quarter. EBITDA thus benefited from lower costs compared with 2018 as a result of both price trends and consolidated operating efficiencies in the use of raw materials and energy. In 2019, energy costs declined compared with 2018, particularly for the second half of the year.

FBB segment (Folding Box Board - cartonboard for folding boxboard based on virgin fibers) accounted for 16% of RDM's consolidated sales. In 2019, industry-wide market demand shrank (-3.3%) in terms of volumes compared with 2018. The downward trend of virgin pulp costs continued, as did the efficiency in their use and in biomass energy generation.

Despite the reduction of tons sold (-6.4%), the contribution of the FBB segment to the Group's EBITDA improved relative to 2018. EBITDA margin was 5.2% (compared with -0.3% for 2018), thanks to the higher spread between selling prices and cost of raw materials combined with production efficiencies. Notwithstanding the improved performance in 2019 financials, prospectively, the competitiveness of La Rochette's mill appears weak, mainly

due to the new market conditions. Therefore, the fixed assets of the French subsidiary were written-down for a total of 9.5 million.

The Group's net profit, which amounted to €15.6 million, down compared with €28.4 million at December 31, 2018 (-45%), reflects mainly the write-down of the fixed assets of the subsidiary La Rochette plus higher D&A of Barcelona Cartonboard and higher financial expenses, both partly offset by the positive EBITDA performance and lower tax burden. At December 31, 2018, consolidated net profit benefited from an income of €4.4 million from equity investments, mainly as a result of the PAC Service S.p.A fair value evaluation which amounted to €3 million.

In 2019, the Group's scope of consolidation included RDM Barcelona Cartonboard, with effect from November 1, 2018. Before intercompany eliminations, RDM Barcelona Cartonboard contributed €8.2 million to EBITDA and €-0.5 million to net profit. The subsidiary's results were in line with the Integration Plan set out at the time of its acquisition.

*The main consolidated Income Statement figures at December 31, 2019 follows:*

**Net consolidated sales** amounted to €701.6 million compared with €606 million for 2018. Net of the consolidation of RDM Barcelona Cartonboard S.A.U. (+€110.9 million), sales decreased by €15.3 million compared with the previous year. The decrease is attributable to the combined effect of lower selling prices in the WLC segment particularly in the second half of the year, and the decrease in FBB volumes.

In 2019, **volumes sold** stood at 1,174 thousand tons (figure includes Barcelona Cartonboard for the twelve months) compared with 1,020 thousand tons for 2018.

In terms of geographical markets, following the acquisition of Barcelona Cartonboard, the pro-rata contribution of Italian sales dropped from 33% to 29% of Group sales despite the fact that in absolute terms Italian sales were actually higher due to the increase in volumes sold in this market (€203.2 million compared to €200.1 million for 2018). Europe continued to represent the RDM Group's core market as its contribution increased from 55% (€333.2 million) to 57% (€401.2 million). Sales to the rest of the world also grew from 12% (€72.7 million) to 14% (€97.2 million) as a result of the exports that RDM Barcelona has always performed to these markets and the strategic decision to increase overseas exports in order to offset the decrease in volumes in some European markets.

The **cost of raw materials and services** amounted to €533.4 million compared to €459.4 million for 2018, up €74 million mainly due, in absolute terms, to the consolidation of Barcelona Cartonboard. Net of this effect, which had an impact of €90 million, the average cost of recycled paper, and virgin fibers in particular, was lower than in 2019. The only cost item that increased compared to the previous year was the cost of waste disposal.

In 2019, **personnel costs** were €104.1 million. The €13.3 million increase compared to €90.8 million for 2018 is chiefly a function of the inclusion of RDM Barcelona Cartonboard in the consolidation.

In 2019, **gross operating profit (EBITDA)** was €72.4 million compared to €63.1 million for 2018 (+14.6%). EBITDA margin was 10.3%, in line with 10.4% for 2018.

**Operating profit (EBIT)** amounted to €30.4 million, down (-22.6%) compared with €39.3 million at the end of December 2018, mainly as a result of the write-down of La Rochette's fixed assets for €9.5 million. The higher D&A reflects the expansion of the scope of consolidation to include Barcelona Cartonboard and the effect of the application, effective January 1, 2019, of the new IFRS 16 whereby the rentals and lease costs must be capitalized and depreciated.

**Consolidated net profit** for the period was €15.6 million, a decrease compared with €28.4 million at December 31, 2018 (-45%). As stated above, net profit reflects the write-down of La Rochette's fixed assets for €9.5 million plus higher D&A and financial expenses for Barcelona Cartonboard partly offset by the positive EBITDA performance and lower tax burden. At December 31, 2018, consolidated net profit benefited from an income of €4.4 million from equity investments, mainly as a result of the PAC Service S.p.A fair value evaluation amounting to €3 million.

**Consolidated net financial debt** at December 31, 2019 amounted to €52 million, down €14.8 million compared to December 31, 2018 (€66.8 million). This decrease was mainly attributable to the increased EBITDA and was achieved despite the application of the new IFRS 16, which had a negative impact of €12.5 million. Net operating cash flow amounted to nearly €60 million and allowed RDM to fund **capital expenditure** of €29.8 million (€24.4 million in 2018) and dividends of €2.6 million during the period.

#### *Subsequent events*

Following the seizure order applying to the Cosilam Consortium's wastewater treatment plant rendered by the competent judicial authority, starting from February 7, 2020, production at the Villa Santa Lucia plant was temporarily stopped.

On February 28, 2020, the Court of Review of Frosinone issued a judgment overturning the seizure of the wastewater treatment plant and granting Cosilam use of the system. Consequently, the Villa Santa Lucia plant resumed cartonboard production on March 1, 2020. The loss in terms of production was nearly 15,000 tons.

#### *Outlook*

RDM Group's short-term outlook remains positive in our core business (White Lined Chipboard - WLC) thanks to a modest recovery in demand and lower costs of both raw materials and energy. These factors are grounds for positive expectations in terms of profitability despite a competitive and challenging market scenario, particularly with regard to the demand trend. As for our FBB segment, we are more concerned about demand trend and profitability expectations due to a more competitive market environment.

Michele Bianchi, CEO of the RDM Group commented:

*"In a highly challenging market environment – due in part to the uncertain development of the Covid-19 pandemic – the production capacity utilization rate of all the Group's plants remains at maximum levels. Production trends reflect the sound performance at the level of order intake, backlog and shipments, at rates that are ahead of our expectations.*

*Moreover regarding Codiv-19, RDM Group is taking all necessary precautions to mitigate the impact on employees, production facilities and customers, adopting further and more specific hygiene and health-related dispositions.*

*During the period of forced closure of the Villa Santa Lucia plant, following the seizure of the wastewater treatment plant managed by a third party, RDM Group was able to ensure continuity of service for its customers, mitigating the most urgent needs with the support of its warehouse and products from the Group's other facilities. In the meantime, the Group promptly took a series of initiatives that in the coming months will mitigate the impact of the sales volumes lost due to the temporary mill closure."*

## **Financial statements of the parent company Reno De Medici S.p.A. as of December 31, 2019**

In the 2019 financial year the Parent Company Reno De Medici S.p.A. achieved **Net Revenues** of €223 Million, a decrease (-4.4%) compared to €233.3 Million in the previous year due to the decrease in selling prices while volumes sold were substantially in line with the last year.

The **Gross Operating Margin** (EBITDA) decreased from €37.5 Million in 2018 to €33.9 Million in 2019. The decrease, equal to €3.7 Million, reflects the decrease in selling prices, offset by the reduction in the cost of raw materials and greater efficiencies in the use of both fibers and energy.

The **Operating Result** (EBIT) is positive for €20.5 Million compared to €25.6 Million reported in 2018.

The **Profit for the Year** is positive for €15.9 Million, after net financial charges of €1 Million and income from investments of €0.6 Million. Tax expenses decreased from €7.1 Million to €4.2 Million, due to the reduction in taxable income.

The **Net financial debt** as at December 31, 2019 was €51.2 Million decreasing compared to €55.4 Million as at December 31, 2018. Net operating cash flow, positive for €25.6 million, was absorbed by some specific disbursements, for a total amount of €14.3 million, which include: dividends paid for €2.6 million and the buyback of part of the share owned by Friulia S.p.A. in R.D.M. Ovaro S.p.A. from for €0.7 million.

### **Allocation of 2019 Net Profit**

The Board of Directors will propose to the Ordinary Shareholders' Meeting, scheduled for first call on April 29 (April 30, 2020 possible second call), the following allocation of the net profit resulting from the Financial Statements as at December 31, 2019, equal to €15,937,450.85:

- €796,872.54 to be charged to the legal reserve pursuant to art. 2430 of the Italian Civil Code;
- €0.0245 as preferred dividend against each savings shares outstanding at the dividend "record date";
- €0.008 as dividend for each ordinary share in circulation at the dividend "record date";
- the remaining profits to be allocated to the "Available Reserve".

The dividend will be paid starting from May 13, 2020, subject to the release of coupon n. 13 on May 11, 2020 and "record date" on May 12, 2020.

### **Request for authorization to purchase and dispose of treasury shares**

**The Board of Directors also resolved to submit to the Ordinary Shareholders' Meeting the request for authorization to purchase and dispose of treasury shares to be used for the following purposes:** (i) servicing any further Stock Grant Plans — including the 2020-2022 Stock Grant Plan which will be subject to resolution by the Shareholders' Meeting of 29 April 2020 — and any other remuneration plans based on financial instruments as referred to in Article 114-*bis* of the CFA, reserved for the Directors and/or employees of the Company, as well as any possible plans for the free allocation of shares to the Shareholders; (ii) availing, where deemed strategically appropriate by the Board of Directors, of investment or divestment opportunities, including in relation to available liquidity; (iii) satisfying any obligations arising from financial instruments issued by the Company, its subsidiaries or third-parties; and (iv) carrying out activities to support market liquidity.

The authorization for the purchase of treasury shares is requested until the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2020, and in any event for a period not exceeding 18 months from the date of the resolution approving the proposal. The authorization relates to the purchase of a maximum number of ordinary shares with no nominal value which — taking into account the treasury shares already held by the Company and any shares that might be purchased by its subsidiaries — does not exceed, in total, 10% of the share capital.

The authorization to purchase and dispose of treasury shares is requested without any time limits.

The Company currently holds a total of 2,262,857 ordinary treasury shares corresponding to 0.599 % of the share capital. The subsidiaries do not own shares in the Company.

Purchases will be made in compliance with Articles 132 of the CFA and 144-*bis*, paragraph 1, letter b) of the Issuer's Regulation, and on regulated markets or multilateral trading systems, in accordance with the operating methods established in the actual market organization and management regulations which do not allow the direct combination of trading purchase proposals with fixed trading sales proposals.

The purchase unit price cannot be more than 10% higher or lower than the reference price recorded on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. in the stock exchange session prior to each individual transaction.

In any event, the purchase prices and volumes will be identified in accordance with the conditions established by Delegated Regulation (EU) No. 1052 of 8 March 2016 and in particular:

- shares may not be purchased at a price exceeding the higher of the price of the last independent transaction and the price of the current highest independent purchase offer on the trading platform where the purchase is made; and
- in terms of volumes, the daily purchase quantities will not exceed 25% of the daily average volume of trading in the Reno De Medici share recorded in the 20 trading days preceding the dates of purchase.

Any acquisitions involving activities to support market liquidity shall also be carried out in conformity with the conditions laid down by market practice in accordance with the combined provision of Article 180, paragraph 1, letter c) of the CFA and Article 13 of (EU) Regulation 596 of April 16, 2014.

### **Other resolutions**

Lastly, the Board of Directors approved the Report on Corporate Governance and Ownership Structure for the year 2018, as well as the Remuneration Report pursuant to art. 123-ter of Legislative Decree 58/98.

The first section of the Remuneration Report will be subject to a binding resolution by the Shareholders' Meeting in accordance with the aforementioned art. 123-ter of Legislative Decree 58/98.

For the year 2019, other Managers with Strategic Responsibilities have been identified and appointed, in addition to the CEO Mr. Michele Bianchi, the only one Executive Director.

The Board of Directors also approved the Group's Sustainable Value Report (Consolidated non-financial statement of the Company Reno de Medici S.p.A), which was audited by the external audit firm Deloitte, to verify the correspondence with the GRI Standards and with the provisions of Legislative Decree 254/2016.

The documentation concerning the 2019 Annual Financial Report and the Shareholders' Meeting will be made available within the terms of the law at the registered office of the Company, on the website [www.rdmgroup.com](http://www.rdmgroup.com) as well as through the authorized storage mechanism emarketstorage ([www.emarketstorage.com](http://www.emarketstorage.com)). The publications will be disclosed to the public in accordance with current legislation.

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*Mr. Luca Rizzo, 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.*

**Attached:**

- Consolidated statement of income at December 31, 2019
- Consolidated statement of comprehensive income at December 31, 2019
- Consolidated statement of financial position at December 31, 2019
- Consolidated statement of cash flows at December 31, 2019
- Statement of income of Reno De Medici S.p.A. at December 31, 2019
- Statement comprehensive income of Reno De Medici S.p.A. at December 31, 2019
- Statement financial position of Reno De Medici S.p.A. at December 31, 2019
- Statement of cash flows of Reno De Medici S.p.A. at December 31, 2019

**For further information**

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## CONSOLIDATED STATEMENT OF INCOME

	12.31.2019	12.31.2018 (*)
<b>(thousands of Euros)</b>		
Revenues from sales	701,591	605,980
- of which related parties	11,752	12,778
Other revenues and income	10,604	6,319
- of which related parties	88	112
Change in inventories of finished goods	3,637	6,282
Cost of raw materials and services	(533,446)	(459,415)
- of which related parties	(103)	(68)
Personnel costs	(104,132)	(90,847)
Other operating costs	(5,899)	(5,206)
<b>Gross operating profit</b>	<b>72,355</b>	<b>63,113</b>
Depreciation and amortization	(31,657)	(23,428)
Write-downs and Revaluations	(10,280)	(382)
<b>Operating profit</b>	<b>30,418</b>	<b>39,303</b>
Financial expense	(5,808)	(2,508)
Gains (losses) on foreign exchange	123	23
Financial income	311	41
Net financial income (expenses)	(5,374)	(2,444)
Gains (losses) on investments	179	4,414
Taxes	(9,626)	(12,906)
<b>Profit (loss) for the year before discontinued operations</b>	<b>15,597</b>	<b>28,367</b>
<b>Profit (Loss) for the period</b>	<b>15,597</b>	<b>28,367</b>
Total profit (loss) for the year attributable to:		
- Group	15,597	28,367
- Minority interests		
Average number of shares		
Basic	375,283,384	375,556,686
Diluted	375,283,384	375,556,686
Basic earnings (loss) per ordinary share (Euros)	0.04	0.07
Diluted earnings (loss) per ordinary share (Euros)	0.04	0.07

(\*) The data include the effect of the completion of the Purchase Price Allocation on R.D.M. Barcelona Cartonboard S.A.U.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	12.31.2019	12.31.2018 (*)
<b>(thousands of Euros)</b>		
<b>Profit (Loss) for the period</b>	<b>15,597</b>	<b>28,367</b>
<b>Other components of comprehensive profit (loss)</b>		
<b>Other components that may be transferred to the income statement in subsequent financial periods:</b>		
<i>Change in fair value of cash flow hedges</i>	(431)	(255)
<i>Profit (loss) on translation of financial statements of foreign investee companies</i>	12	23
<b>Other components that will not be transferred to the income statement in subsequent financial periods:</b>	<b>(3,082)</b>	<b>1,102</b>
<i>Actuarial gain (loss) on employee benefits</i>	(3,082)	1,102
<b>Total other components of comprehensive profit (loss)</b>	<b>(3,501)</b>	<b>870</b>
<b>Total comprehensive profit (loss)</b>	<b>12,096</b>	<b>29,237</b>
<b>Total comprehensive profit (loss) attributed to:</b>		
- <i>Group</i>	12,096	29,237
- <i>Minority interests</i>		

(\*) The data include the effect of the completion of the Purchase Price Allocation on R.D.M. Barcelona Cartonboard S.A.U.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	12.31.2019	12.31.2018 (*)
<b>(thousands of Euros)</b>		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Tangible fixed assets	232,586	245,900
Rights of use	12,371	
Goodwill	4,389	4,389
Intangible fixed assets	13,632	12,351
Intangible assets with an indefinite useful life	2,736	3,566
Equity investments	810	694
Deferred tax assets	389	678
Other receivables	5,518	8,710
<b>Total non-current assets</b>	<b>272,431</b>	<b>276,288</b>
<b>Current assets</b>		
Inventories	108,948	107,138
Trade receivables	70,317	73,191
Receivables from associates and joint ventures	6,812	6,778
Other receivables	16,552	11,766
Cash and cash equivalents	40,382	31,180
<b>Total current assets</b>	<b>243,011</b>	<b>230,053</b>
<b>TOTAL ASSETS</b>	<b>515,442</b>	<b>506,341</b>

(\*) The data include the effect of the completion of the Purchase Price Allocation on R.D.M. Barcelona Cartonboard S.A.U.

	12.31.2019	12.31.2018 (*)
<b>(thousands of Euros)</b>		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Shareholders' equity</b>		
Share capital	140,000	140,000
Other reserves	27,478	30,081
Retained earnings (losses)	22,403	(2,457)
Profit (Loss) for the period	15,597	28,367
<b>Shareholders' equity attributable to the Group</b>	<b>205,478</b>	<b>195,991</b>
Minority interests		
<b>Total shareholders' equity</b>	<b>205,478</b>	<b>195,991</b>
<b>Non-current liabilities</b>		
Payables to banks and other lenders	63,986	75,858
Derivative instruments	752	488
Other payables		104
Deferred taxes	8,660	11,547
Employee benefits	36,410	32,778
Non-current provisions for risks and charges	4,221	4,634
<b>Total non-current liabilities</b>	<b>114,029</b>	<b>125,409</b>
<b>Current liabilities</b>		
Payables to banks and other lenders	25,610	20,354
Derivative instruments	2,211	296
Trade payables	141,209	130,409
- of which related parties	2	1
Other payables	22,952	22,401
Other payables to associates and joint ventures	101	101
Current taxes	2,884	8,979
Employee benefits	98	212
Current provision for risks and charges	870	2,189
<b>Total current liabilities</b>	<b>195,935</b>	<b>184,941</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>515,442</b>	<b>506,341</b>

(\*) The data include the effect of the completion of the Purchase Price Allocation on R.D.M. Barcelona Cartonboard S.A.U.

## CONSOLIDATED STATEMENT OF CASH FLOWS

	12.31.2019	12.31.2018(*)
<b>(thousands of Euros)</b>		
Profit (Loss) for the period	15,597	28,367
Income taxes	9,626	12,906
Depreciation and amortization	41,937	23,810
Losses (gains) from equity investments	(179)	(4,265)
Financial income (expense)	5,374	2,444
Capital losses (gains) on sale of fixed assets	(115)	(287)
Change in provisions for in employee benefits and in other provisions including the provision for bad and doubtful receivables	(4,020)	(411)
Change in inventories	(1,626)	(4,628)
Change in receivables	3,373	12,664
- of which related parties		350
Change in payables	5,529	(11,268)
- of which related parties		(27)
<b>Total change in working capital</b>	<b>7,276</b>	<b>(3,232)</b>
<b>Gross cash flows</b>	<b>75,496</b>	<b>59,332</b>
Interest (paid) collected in the year	(1,999)	(1,455)
Taxes paid in the year	(12,376)	(5,445)
<b>Cash flow from operating activities</b>	<b>61,121</b>	<b>52,432</b>
Other equity investments	1	
Investment net of disinvestment in tangible and intangible assets	(29,170)	(24,514)
Change in scope of consolidation		(36,513)
Dividends received	62	103
<b>Cash flow from investing activities</b>	<b>(29,107)</b>	<b>(60,924)</b>
Dividends paid	(2,633)	(1,172)
Treasury shares		(577)
Change in other financial assets and liabilities and short-term bank debts		(5,448)
- of which related parties		
Change in medium/long-term loans	(20,168)	23,828
<b>Cash flow from financing activities</b>	<b>(22,801)</b>	<b>16,631</b>
<b>Exchange rate translation differences</b>	<b>(12)</b>	<b>23</b>
<b>Change in unrestricted cash and cash equivalents</b>	<b>9,201</b>	<b>8,162</b>
<b>Unrestricted cash and cash equivalents at the beginning of the period</b>	<b>31,181</b>	<b>19,128</b>
<b>Cash and cash equivalents acquired (**)</b>		3,891
<b>Unrestricted cash and cash equivalents at the end of the period</b>	<b>40,382</b>	<b>31,181</b>

(\*) The data include the effect of the completion of the Purchase Price Allocation on R.D.M. Barcelona Cartonboard S.A.U.

(\*\*) The item cash and cash equivalents acquired refers to the balance of cash and cash equivalents of PAC Service S.p.A. at January 1, 2018 and Barcelona Cartonboard S.A.U. at October 31, 2018.

## STATEMENT OF INCOME OF RENO DE MEDICI S.P.A.

	12.31.2019	12.31.2018
Revenues from sales	223,040,665	233,256,383
- of which related parties	16,664,337	18,198,415
Other revenues	15,311,670	10,043,911
- of which related parties	8,403,214	7,349,938
Change in inventories of finished goods	81,762	1,811,865
Cost of raw materials and services	(176,769,696)	(179,618,422)
- of which related parties	(3,462,181)	(3,877,287)
Personnel costs	(25,626,394)	(25,826,737)
Other operating costs	(2,155,093)	(2,118,971)
<b>Gross operating profit</b>	<b>33,882,914</b>	<b>37,548,029</b>
Depreciation and amortization	(13,371,510)	(11,972,743)
<b>Operating profit</b>	<b>20,511,404</b>	<b>25,575,286</b>
Financial expense	(1,599,613)	(1,350,092)
Gains (losses) on foreign exchange	(43,187)	150,998
Financial income	666,366	362,710
Net financial income (expenses)	(976,434)	(836,384)
Gains (losses) on investments	561,902	316,886
Taxes	(4,159,421)	(7,103,398)
<b>Profit (Loss) for the period</b>	<b>15,937,451</b>	<b>17,952,390</b>

## STATEMENT OF COMPREHENSIVE INCOME OF RENO DE MEDICI S.P.A.

	12.31.2019	12.31.2018
<b>Profit (Loss) for the period</b>	<b>15,937,451</b>	<b>17,952,390</b>
<b>Other components of comprehensive profit (loss)</b>		
<b>Other components that may be transferred to the income statement in subsequent financial periods:</b>		
	<b>(98,436)</b>	<b>(285,893)</b>
Change in fair value of cash flow hedges	(98,436)	(285,893)
<b>Other components that will not be transferred to the income statement in subsequent financial periods:</b>		
	<b>(154,640)</b>	<b>53,058</b>
Actuarial gain/(loss) on employee benefits	(154,640)	53,058
<b>Total other components of comprehensive profit (loss)</b>	<b>(253,076)</b>	<b>(232,835)</b>
<b>Total comprehensive profit (loss)</b>	<b>15,684,375</b>	<b>17,719,555</b>

## STATEMENT OF FINANCIAL POSITION OF RENO DE MEDICI S.P.A.

<b>ASSETS</b>	<b>12.31.2019</b>	<b>12.31.2018</b>
<b>Non-current assets</b>		
Tangible fixed assets	104,510,206	107,754,695
Rights of use	3,343,238	
Intangible fixed assets	9,134,443	6,962,430
Investments in subsidiaries	141,231,339	135,987,349
Investments in associates, joint ventures and other companies	152,454	151,059
Other receivables	1,650,251	1,200,590
<b>Total non-current assets</b>	<b>260,021,931</b>	<b>252,056,123</b>
<b>Current assets</b>		
Inventories	31,297,854	30,989,369
Trade receivables	25,586,370	27,545,203
Receivables from Group companies	13,648,447	13,828,635
Other receivables	4,418,213	2,244,964
Other receivables from Group companies	13,886,919	13,734,829
Cash and cash equivalents	33,652,687	26,835,193
<b>Total current assets</b>	<b>122,490,490</b>	<b>115,178,193</b>
<b>TOTAL ASSETS</b>	<b>382,512,421</b>	<b>367,234,316</b>



<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>12.31.2019</b>	<b>12.31.2018</b>
<b>Shareholders' equity</b>		
Share capital	140,000,000	140,000,000
Other reserves	48,302,271	33,236,183
Profit (Loss) for the period	15,937,451	17,952,390
<b>Total shareholders' equity</b>	<b>204,239,722</b>	<b>191,188,573</b>
<b>Non-current liabilities</b>		
Payables to banks and other lenders	38,172,253	49,321,674
Derivative instruments	415,979	320,333
Deferred taxes	1,776,363	3,034,785
Employee benefits	5,051,236	5,466,765
Non-current provisions for risks and charges	4,575,560	4,778,517
<b>Total non-current liabilities</b>	<b>49,991,391</b>	<b>62,922,074</b>
<b>Current liabilities</b>		
Payables to banks and other lenders	14,588,197	10,881,961
Derivative instruments	308,614	220,562
Trade payables	58,110,503	51,022,838
Payables to Group companies	2,965,719	2,441,579
Other payables	6,282,619	6,734,804
Other payables to Group companies	45,238,567	34,686,732
Current taxes		5,954,701
Employee benefits	68,161	68,411
Current provision for risks and charges	718,928	1,112,081
<b>Total current liabilities</b>	<b>128,281,308</b>	<b>113,123,669</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>382,512,421</b>	<b>367,234,316</b>

## STATEMENT OF CASH FLOWS OF RENO DE MEDICI S.P.A.

	12.31.2019	12.31.2018
<b>(thousands of Euros)</b>		
Profit (loss) for the year before tax	20,097	25,056
Depreciation and amortization	13,371	11,972
Losses (gains) from equity investments	(562)	(317)
Financial income (expense)	933	987
Capital losses (gains) on sale of fixed assets		(50)
Change in provisions for in employee benefits and in other provisions including the provision for bad and doubtful receivables	(1,069)	(101)
Change in inventories	(308)	166
Change in receivables	(8,884)	2,332
- of which related parties	(1,180)	(2,376)
Change in payables	9,702	(6,207)
- of which related parties	158	(2,908)
Total change in working capital	510	(3,709)
<b>Gross cash flows</b>	<b>33,280</b>	<b>33,838</b>
Interest paid in the year	(866)	(983)
- of which related parties	(156)	(161)
Interest received in the year	469	363
- of which related parties	422	147
Taxes paid in the year	(7,249)	(2,729)
<b>Cash flow from operating activities</b>	<b>25,634</b>	<b>30,489</b>
Investment in other companies	(1)	(6)
Investment net of disinvestment in tangible and intangible assets	(11,543)	(11,369)
Investment net of disinvestment in subsidiaries, joint venture and related parties	(670)	(36,980)
Dividends received	562	103
<b>Cash flow from investing activities</b>	<b>(11,652)</b>	<b>(48,252)</b>
Change in other financial assets and liabilities and short-term bank debts	7,496	1,648
- of which related parties	7,332	(2,452)
Change in medium/long-term loans	(12,027)	27,149
Dividends paid	(2,633)	(1,172)
Purchase of Treasury shares		(577)
<b>Cash flow from financing activities</b>	<b>(7,164)</b>	<b>27,048</b>
<b>Change in unrestricted cash and cash equivalents</b>	<b>6,818</b>	<b>9,285</b>
<b>Unrestricted cash and cash equivalents at the beginning of the year</b>	<b>26,835</b>	<b>17,550</b>
<b>Unrestricted cash and cash equivalents at the end of the year</b>	<b>33,653</b>	<b>26,835</b>

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