



TOGETHER WE SHAPE THE FUTURE

**J.P.Morgan Pan-European
Small/Mid Cap CEO Conference**

18 March 2020

AGENDA

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



Michele Bianchi - CEO



Luca Rizzo - CFO

For any further information, please contact:
Chiara Borgini – IRO – investor.relations@rdmgroup.com

STRENGTHS

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

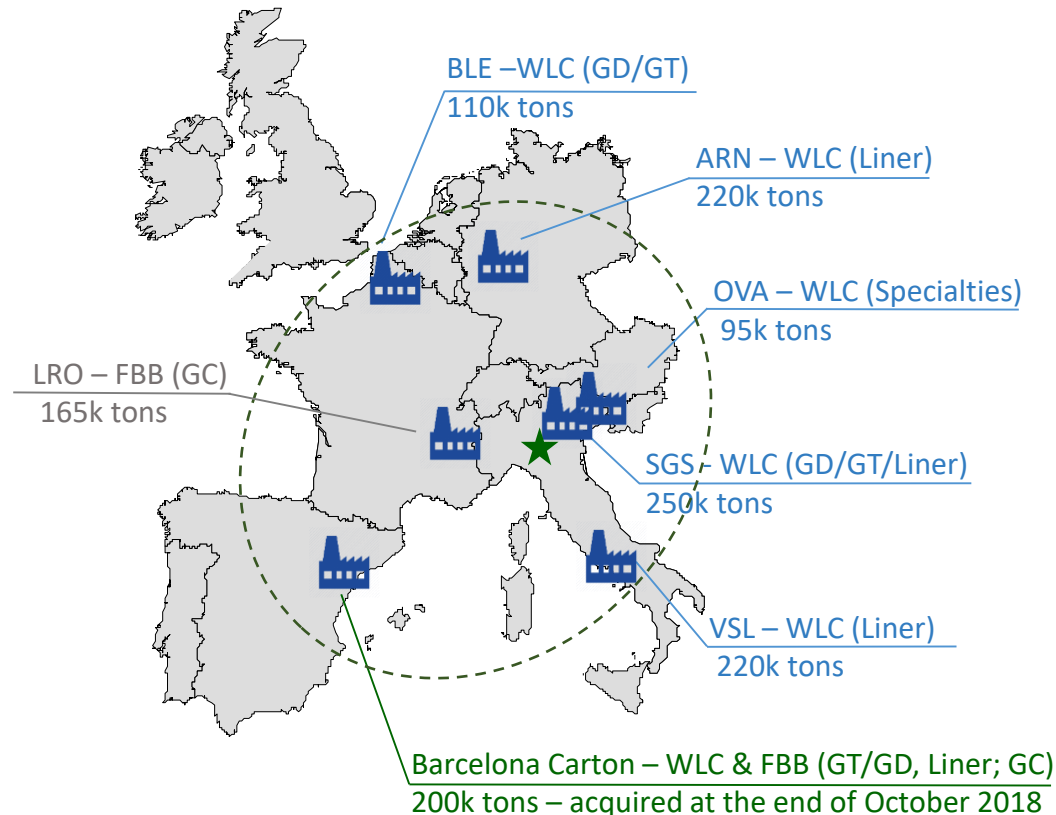
A PANEUROPEAN ASSET BASE

Total production **capacity 1.26 M tons/y**

Four assets with capacity over **200 k tons/y**



Santa Giustina 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

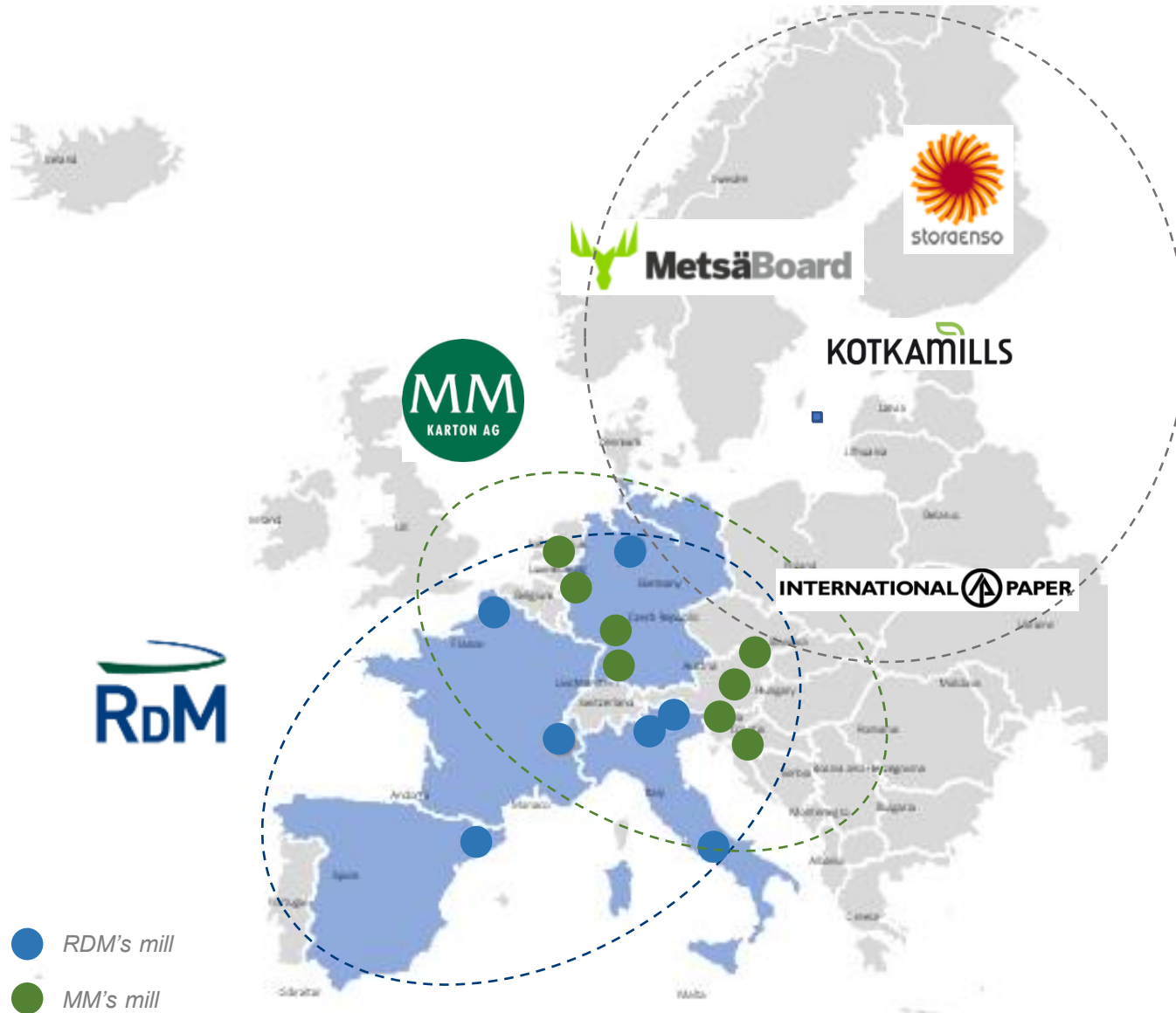
Folding Boxboard
Based on **virgin fibers**

No. of mills: **1**
Production capacity: **0.165 mn tons/p.a.**
equal to **13%**

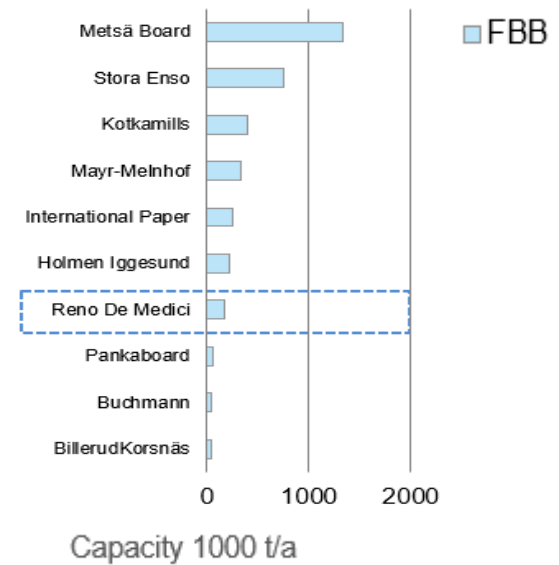
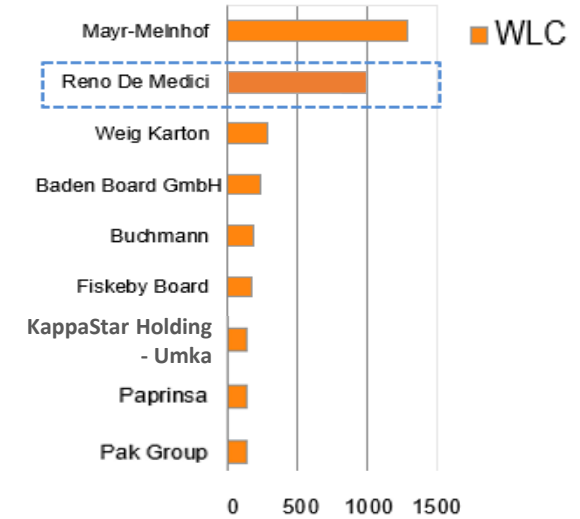
★ *Headquarters in Milan*

🏭 *Mill*

LEADING PRODUCERS IN EUROPE

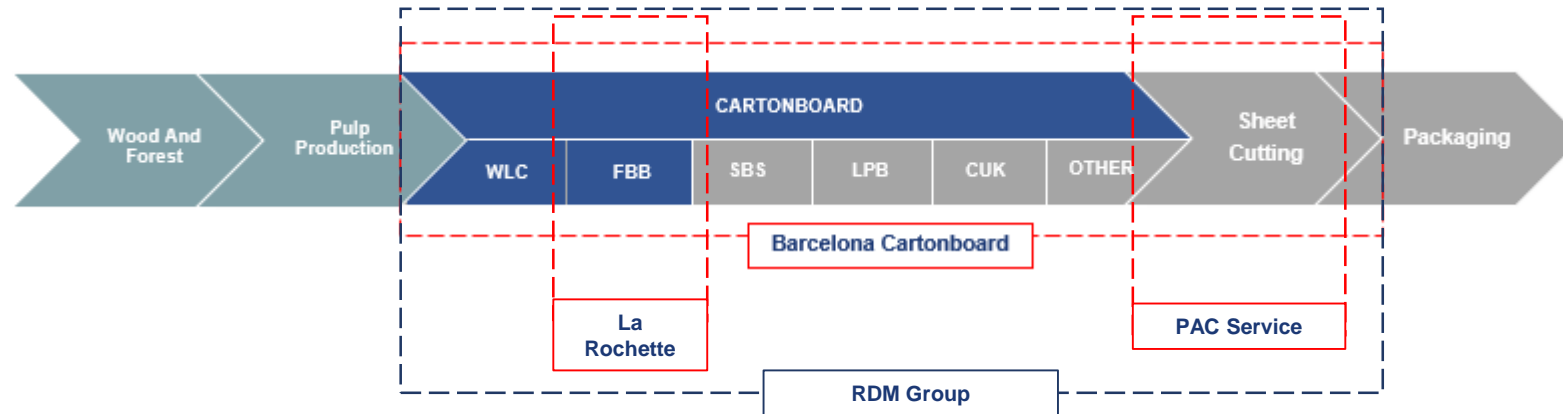


Source: Company data



LATEST M&A DEALS

Value Chain Positioning of acquired companies:



Based in Spain (Barcelona), the company is producing recycled Cartonboard (WLC) and if needed also virgin board (FBB), serving the packaging industry in Spain and abroad.

The acquisition is effective as of 31 Oct. 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 as of 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.

PORTFOLIO

RECYCLED FIBRES (WLC)

Price
Eco friendly image

VIRGIN FIBRES (FBB)

Printability
Bulk & Stiffness

RECYCLED BOARD (GD)

LINER

SPECIALTIES

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

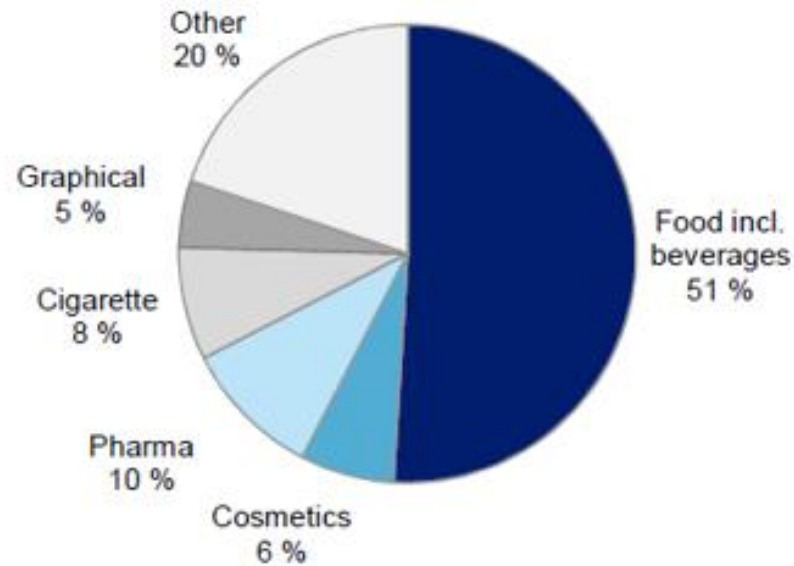
Overall economic trend

Brand recognition
Changes in lifestyles



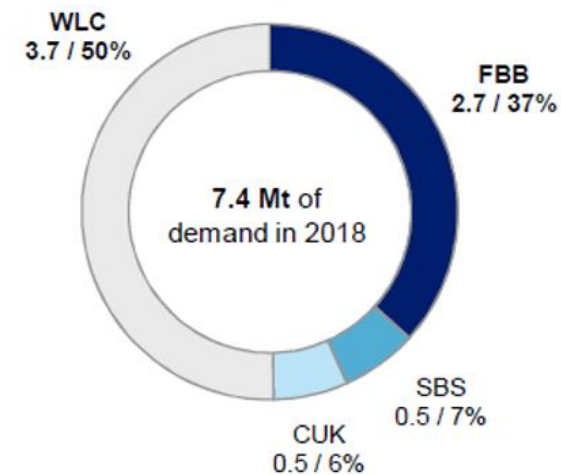
DIFFERENT END-USES

2018 END-USES*



Food end-uses cover more of 50% of the European demand. Recycled (WLC) and Virgin Board (FBB) are used in **all the folding cartonboard segments.**

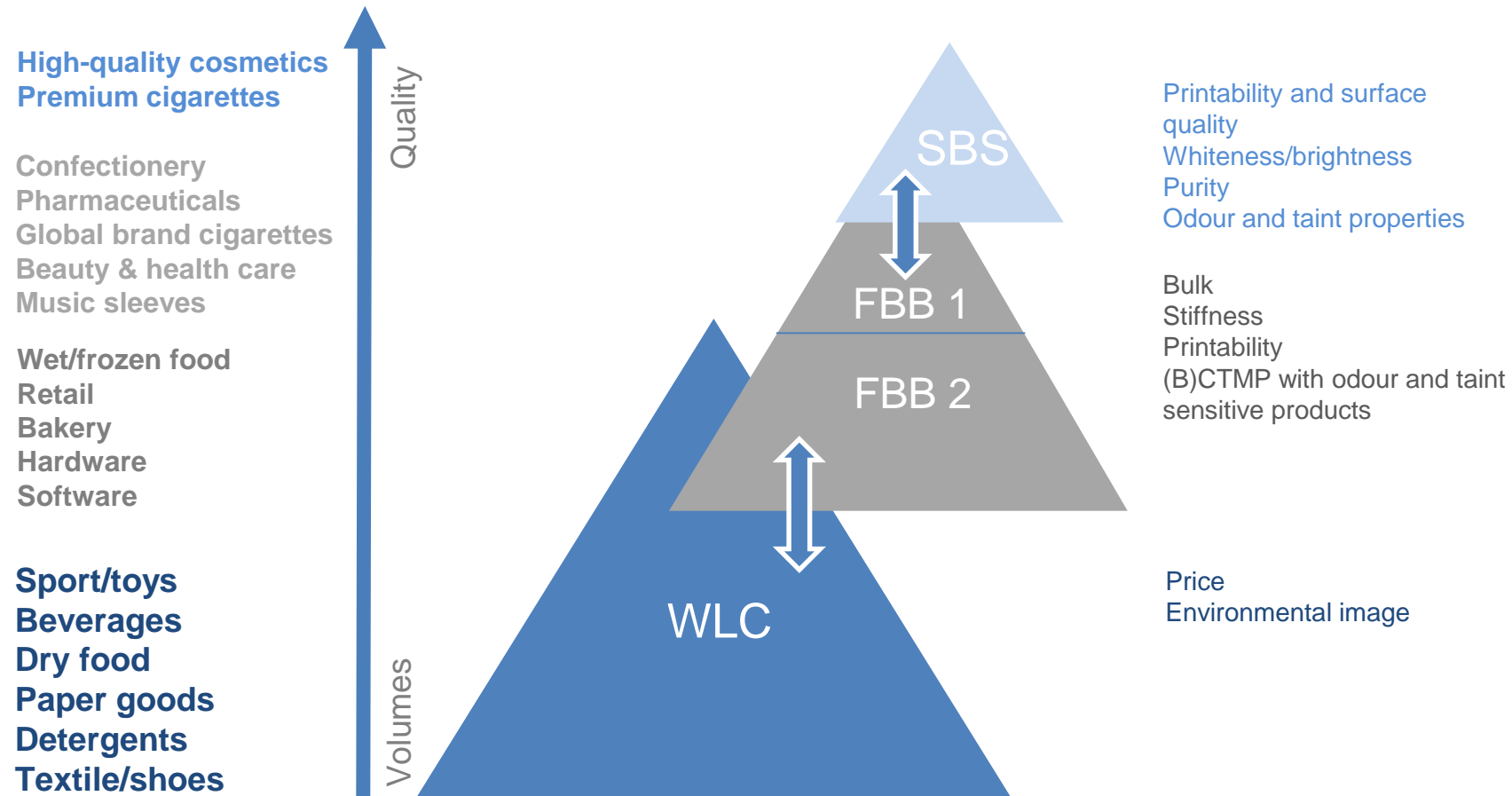
Considering 2018 European demand:



Source: Company's elaborations on PÖYRY data.

* The graphic represents the whole European Cartonboard market, including WLC – FBB - SBS – CUK segments for a total of 7.4 mil tons in 2018.

DIFFERENT END-USES



Source: Company's elaborations on market data

AGENDA

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

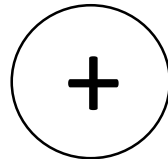
FY 2019 AT A GLANCE

10.3%

Double-digit EBITDA margin driven by **efficiencies**



Mixed-bag scenario. More favorable Recycled demand in certain European countries and favorable fiber costs. In Virgin, increasingly challenging scenario.



Additional sales and EBITDA from **Barcelona Cartonboard** consolidation. Most synergies to be extracted in coming quarters.



Continued **cash flow generation** funding capex and shareholder remuneration.

RECYCLED (WLC) V.S. VIRGIN (FBB)

RECYCLED BOARD - 2nd player in Europe

Coated board made from recycled fibers

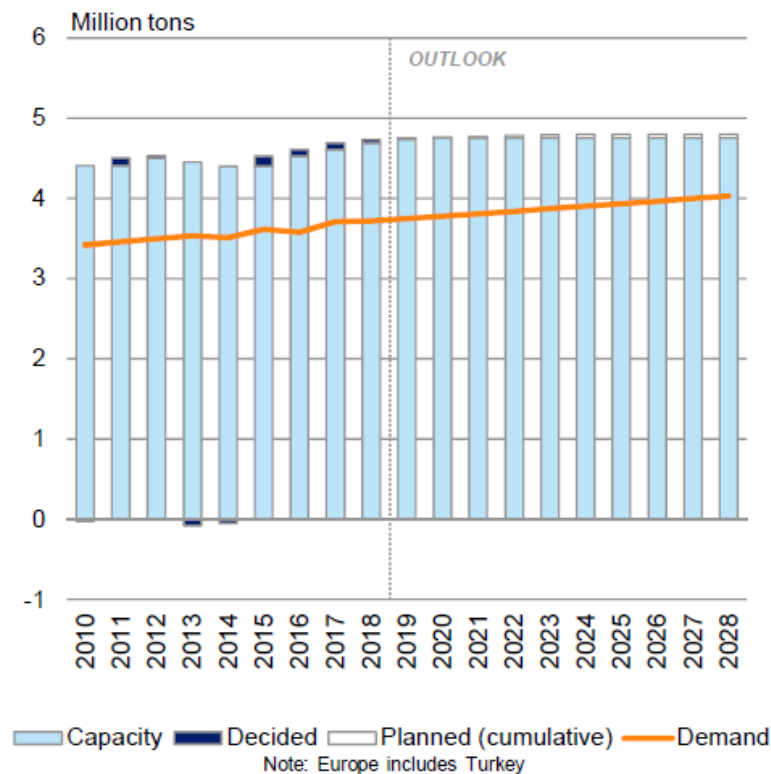
No. of mills: 6
Production capacity: 1.1 M tons/y (87%)

VIRGIN BOARD

Cardboard for folding boxes made from virgin fibers

No. of mills: 1
Production capacity: 0.165 M tons/y (13%)

Recycled demand and capacity in Europe (M tons)

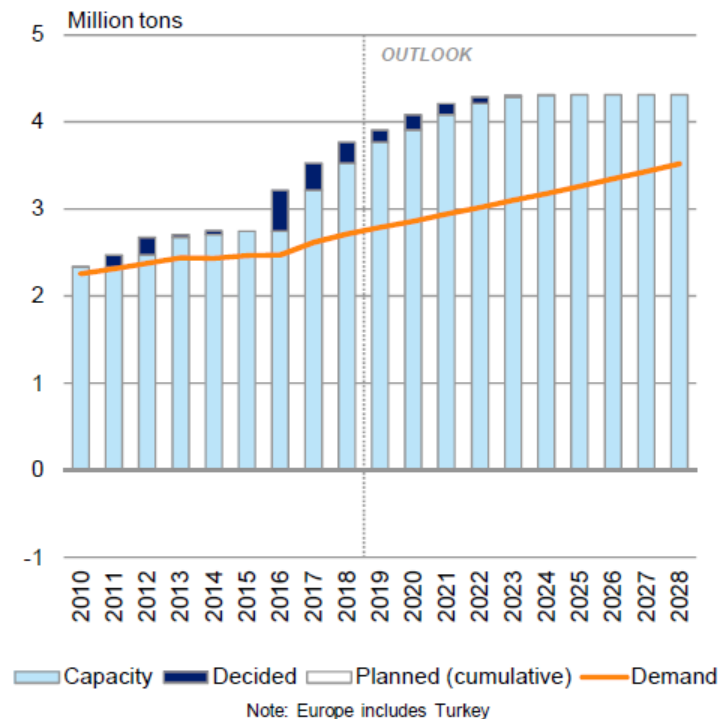


2019 RDM FINANCIAL RESULTS, CONTRIBUTION RECYCLED BOARD

Stronger demand
Higher volumes thanks to Barcelona acquisition
Pressure on selling prices

Lower raw materials costs
Lower prices
Greater material yield

Virgin demand and capacity in Europe (M tons)



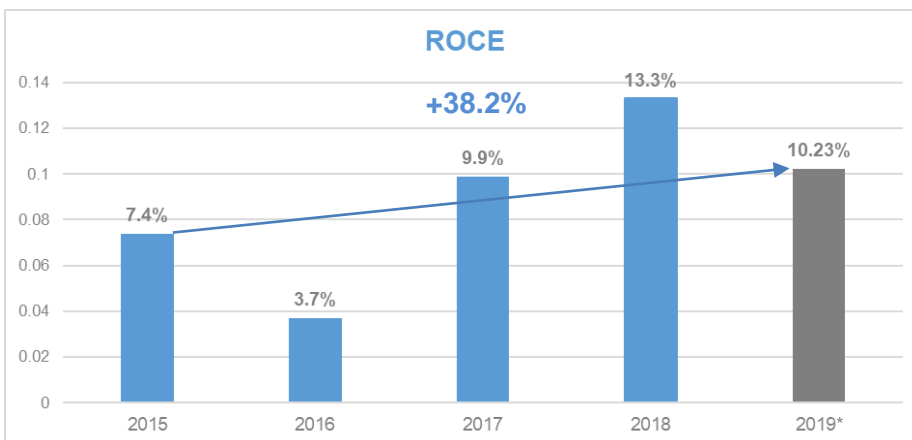
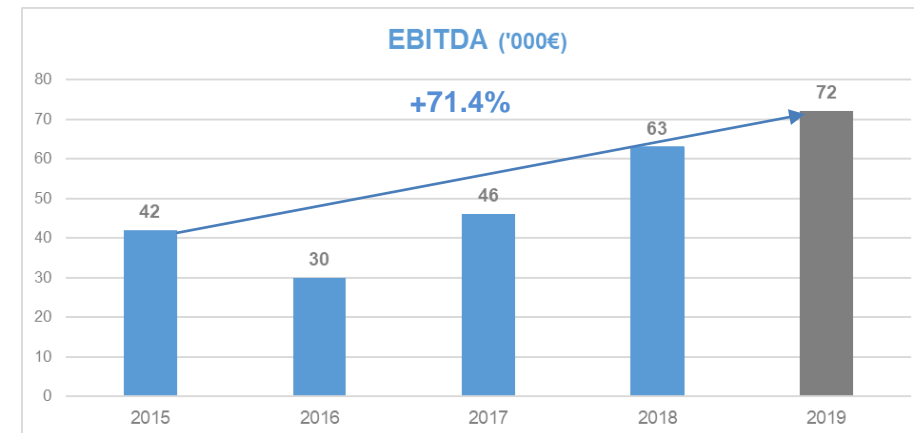
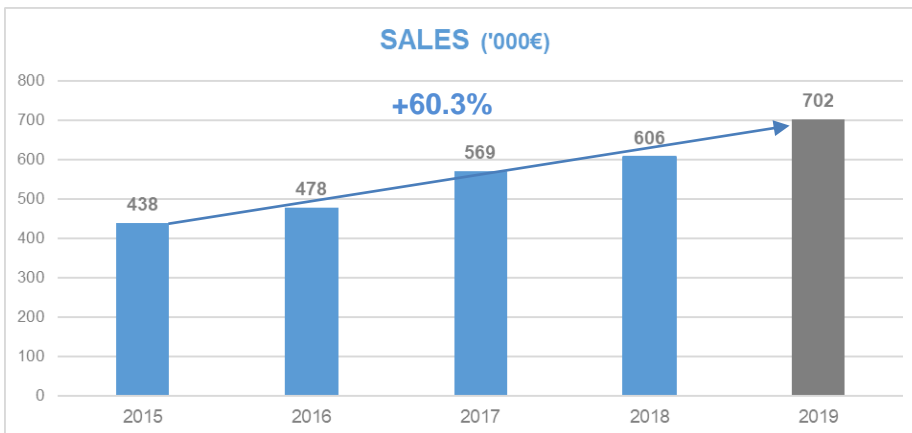
2019 RDM FINANCIAL RESULTS, CONTRIBUTION VIRGIN BOARD

Weaker demand
Lower organic volumes
Higher selling prices

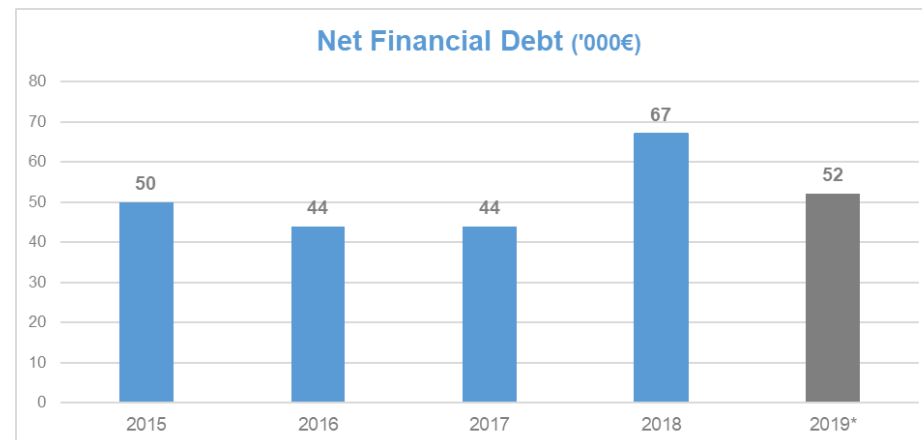
Challenging market
Higher specialized quality requirements

Lower raw materials costs
Pulp price reduction

HIGHLIGHTS



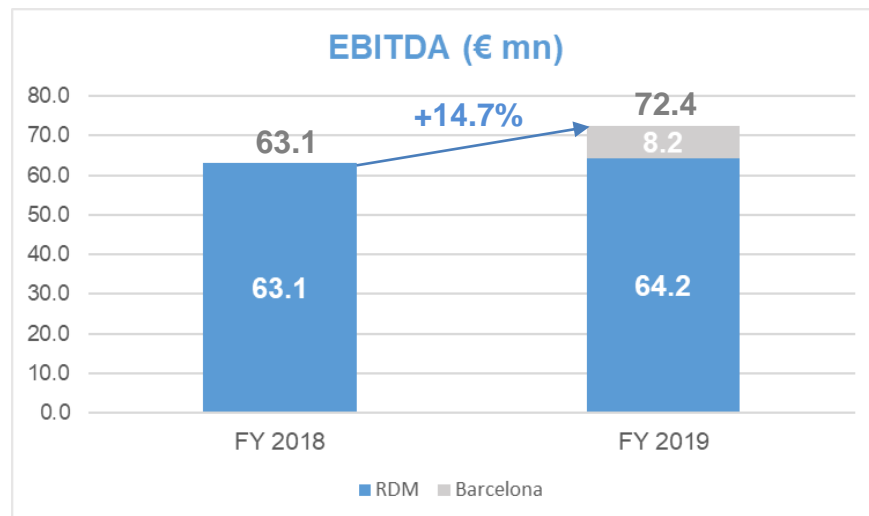
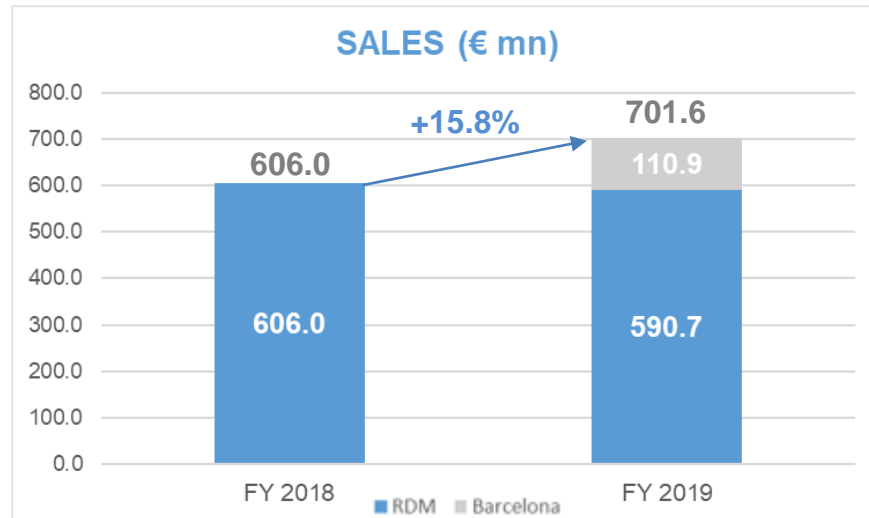
*2019 ROCE included the **write-down** of the fixed assets of La Rochette mill for **9.5 € mn**. Without this write-down, ROCE would have been 13%.



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

*Net Debt as 31 December 2019 includes 12.5 € mn liabilities due to the adoption of the new IFRS 16 "Leases".

SALES AND EBITDA



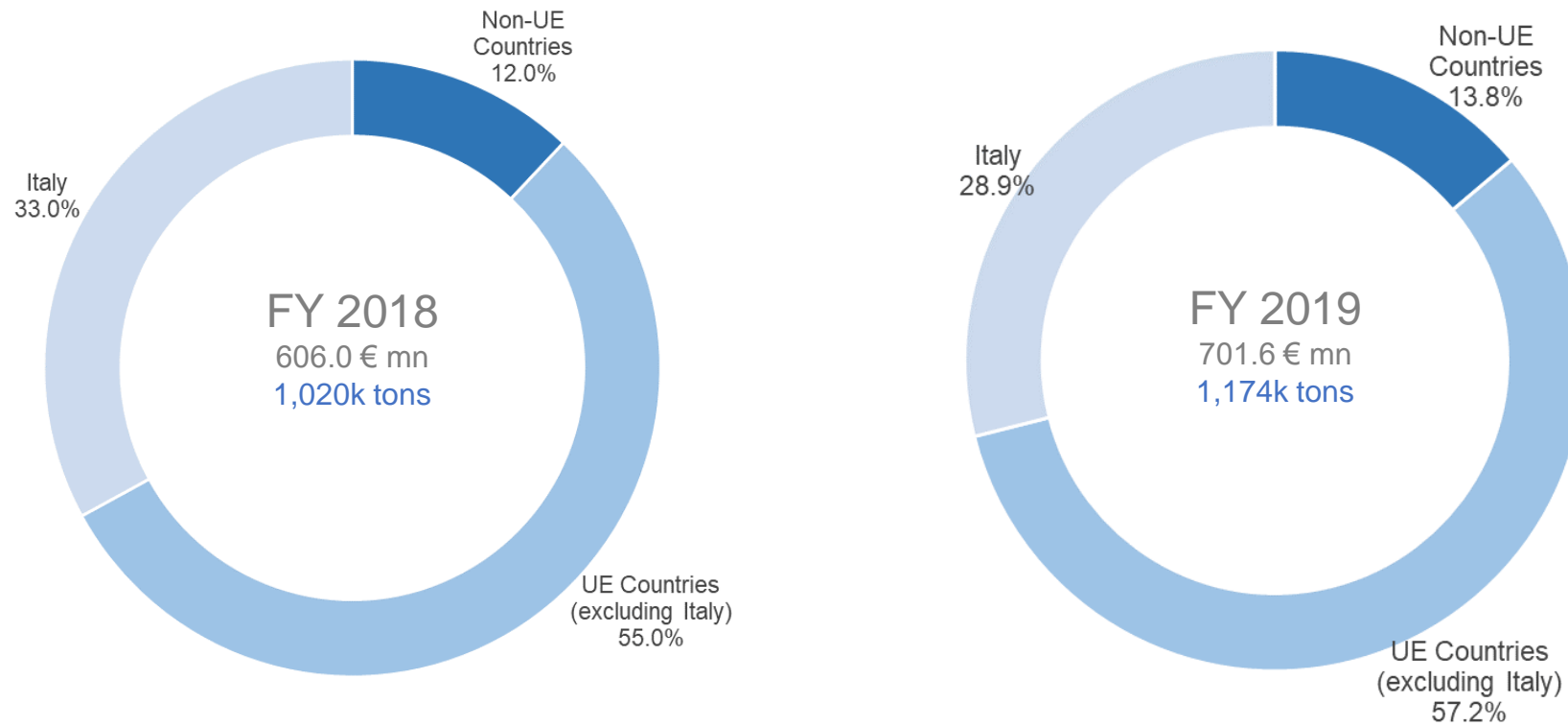
The **EBITDA change (+14.7%)** reflects the following drivers:

- + **Sales** increase (+15.8%) led by the Barcelona Cartonboard acquisition;
- + **WLC: more favorable demand** (+0.7%) in overseas and European markets, despite **downward pressure on selling prices**;
- **FBB: decrease in volumes** (-6.4%), partly offset by **selling prices increase**;
- + **Lower costs of raw materials** reflecting **lower prices** and **greater efficiency** in their use.

Increase in **FY 2019 EBITDA**:

- **Recent M&A** driving the **top line** growth
- **RDM** executing its transformation plan **to achieve operating efficiencies** in the use of energy, raw materials and **demand/supply allocation in a multi-mill concept**, with the aim to safeguard **operating profitability**.

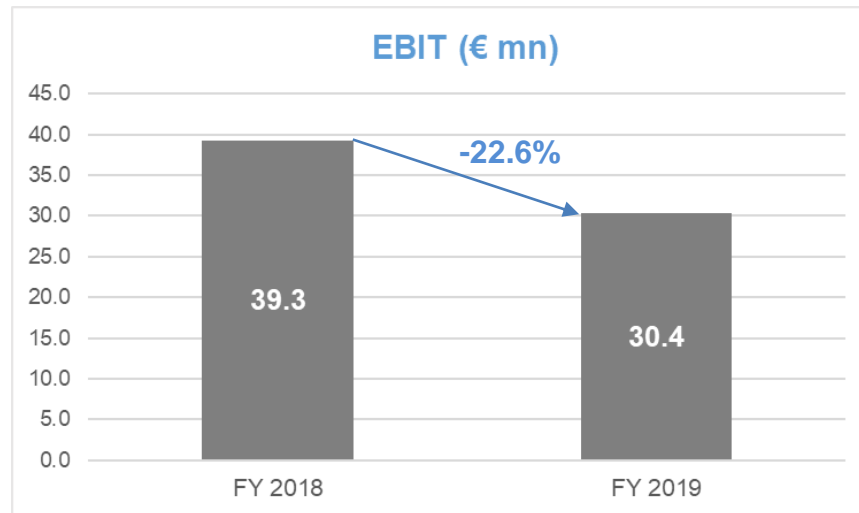
SALES BY GEOGRAPHY



Sales growth of **14.7%** reflecting the larger consolidation perimeter (Barcelona Cartonboard).

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

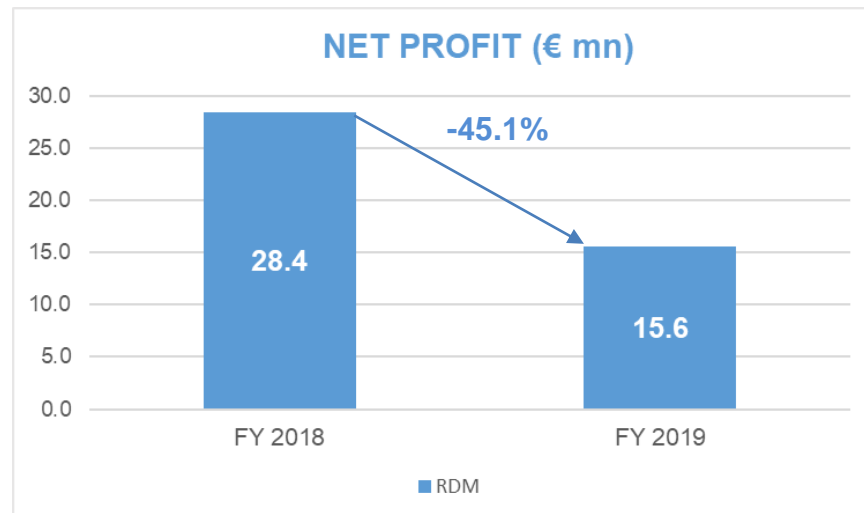
EBIT AND NET PROFIT



Due to a **highly competitive and challenging market** in the **VIRGIN** segment, the **competitiveness of La Rochette** mill becomes **weaker**. Therefore, **fixed assets** have been **written-down** for a total of **€9.5m**.

The decrease in **EBIT (-22.6%)** mainly reflects the impact of the **€9.5m write-down**.

FY19 EBIT performance was also affected by **higher D&A costs** than those of 2018 (€32.4m in 2019 vs €23.8m in 2018), as a result of the consolidation of Barcelona for the whole year.

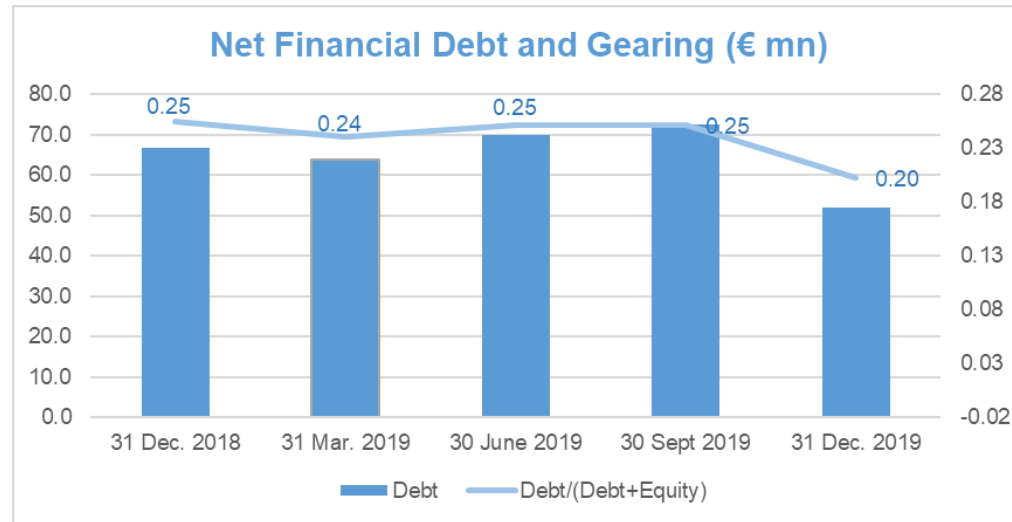


FY19 Net Profit decrease (**€-12.8m** vs. FY18) combines the impact of lower EBIT (€-8.9m vs. FY18) with:

- a **€3.1m decrease in equity investments** vs. FY18
- a **€3.0m increase in financial expenses** vs. FY18
- + **lower tax burden** (€9.6m in 2019 vs. €12.9m in 2018).

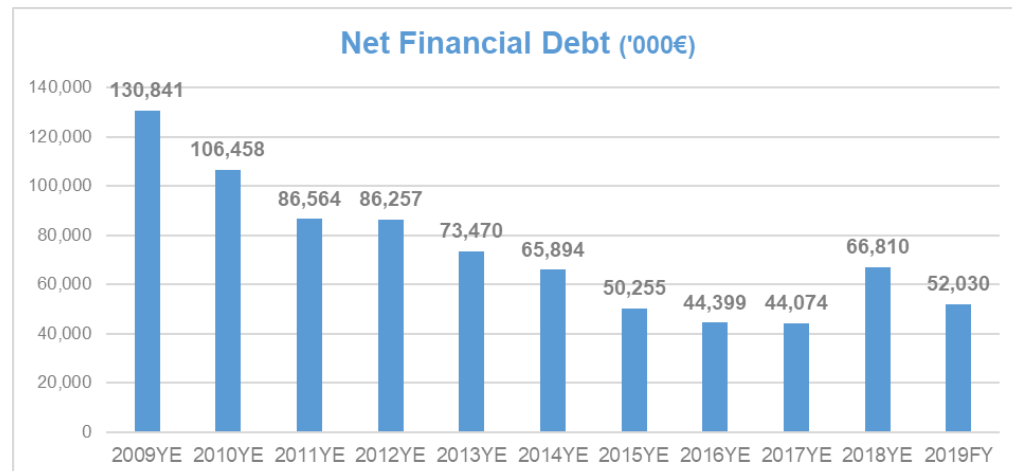
In Q1 2018, the acquisition of 100% of PAC Service, previously consolidated with the equity method, led to an income from equity investments of €3m .

LOW GEARING RATIO



Operational net cash-flow positive by nearly €60m, funding capex (€29.8m) and dividends (€2.6m).

Net Debt as at 31 December 2019 includes €12.5m liabilities due to the adoption of the new IFRS 16 “Leases”.



2019 Net Debt reflects the costs of three acquisitions over the 2016-2018 period.

CHINA FACTOR

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

OCC world flows



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

Stop of Paper For Recycling (PFR) **import** by End of 2020

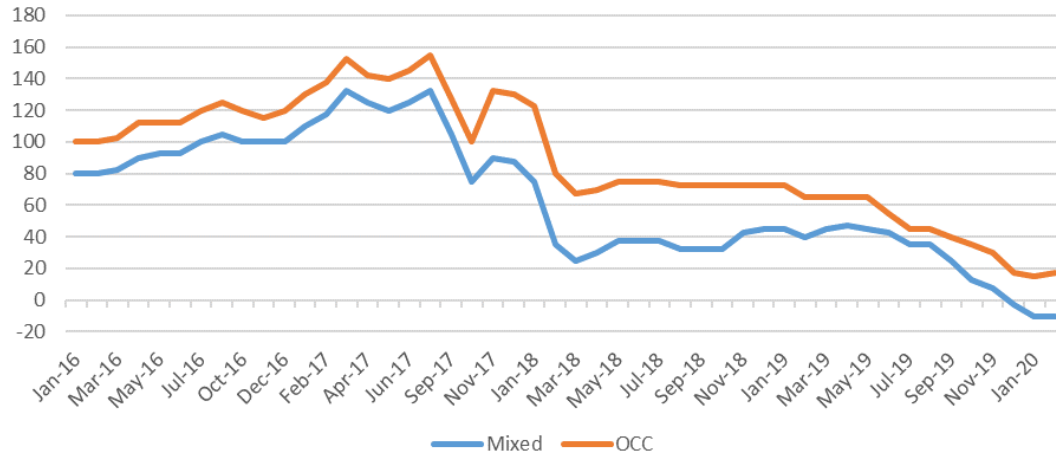
Massive impact on virgin pulp prices, first up and then down

Finished products **export** opportunities

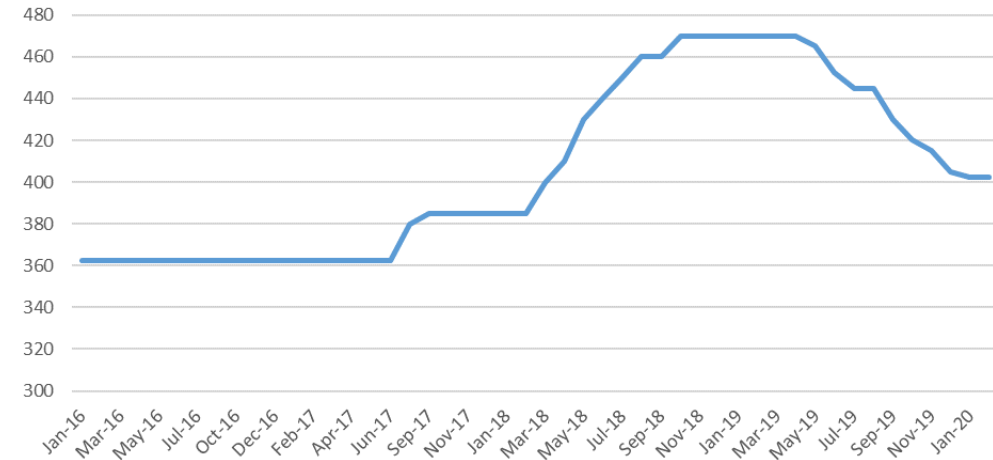
Reaction to the new quality standard

FIBERS – MARKET PRICES

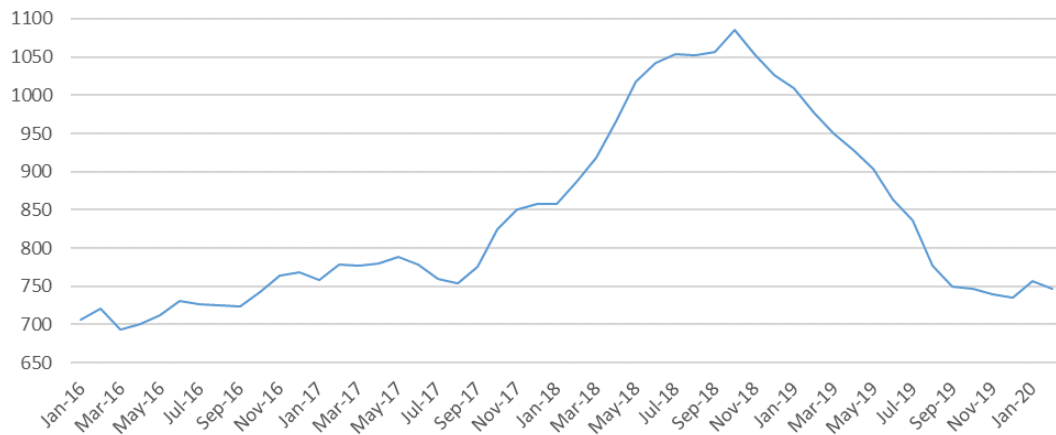
Brown Recycled Fibers in the Italian market (€ per ton)



White Recycled Fibers in the Italian market (€ per ton)



Bleached Softwood Pulp (€ per ton)



Prices for PFR* continued decreasing in Q4 2019.

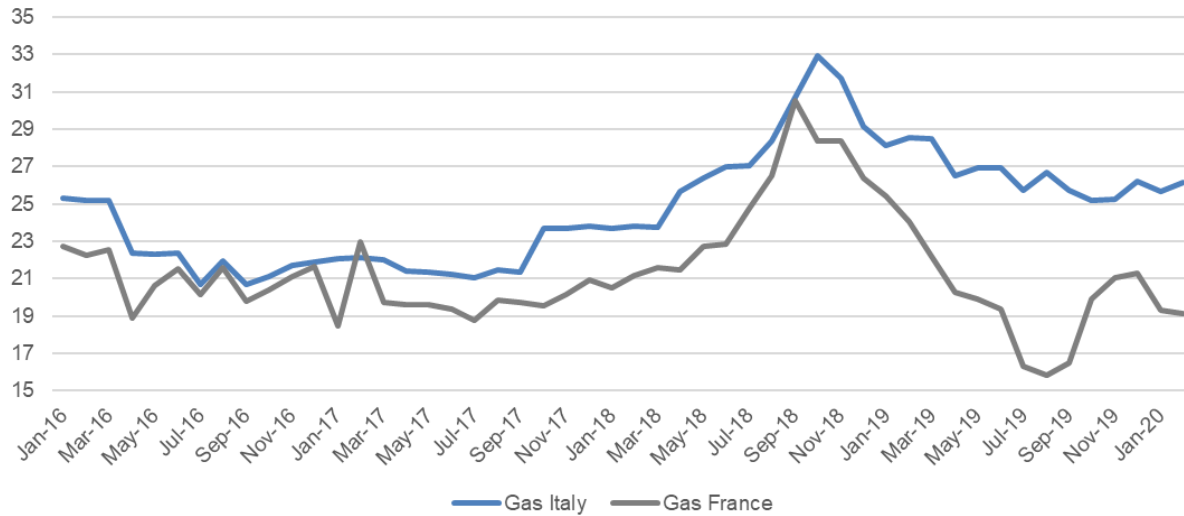
Pulp prices reached top values in October 2018.

*Brown and white recycled fibers are part of the "Paper For Recycling"

(Last update: 29 February 2020)

ENERGY

Natural gas (€/MWh)

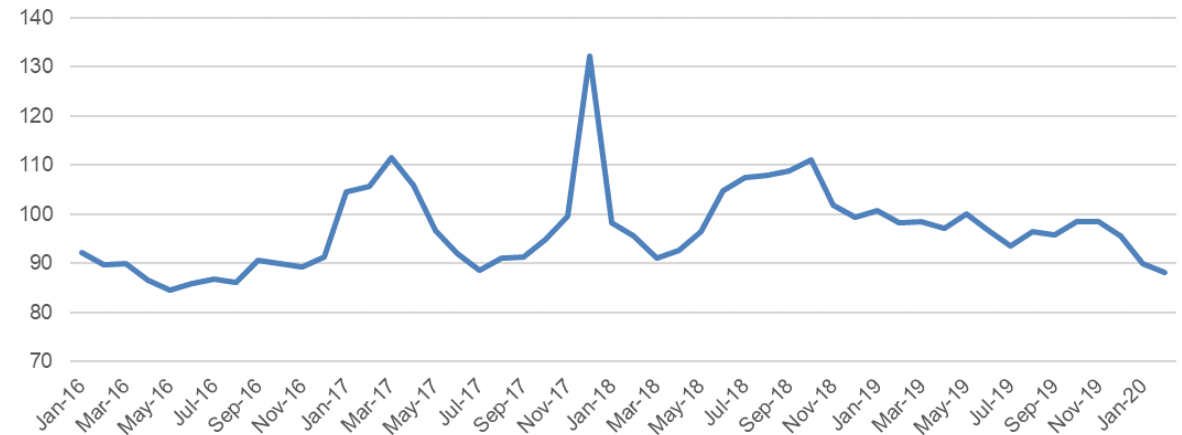


RDM smooths the volatility of gas prices through a portfolio of contracts with different maturities.

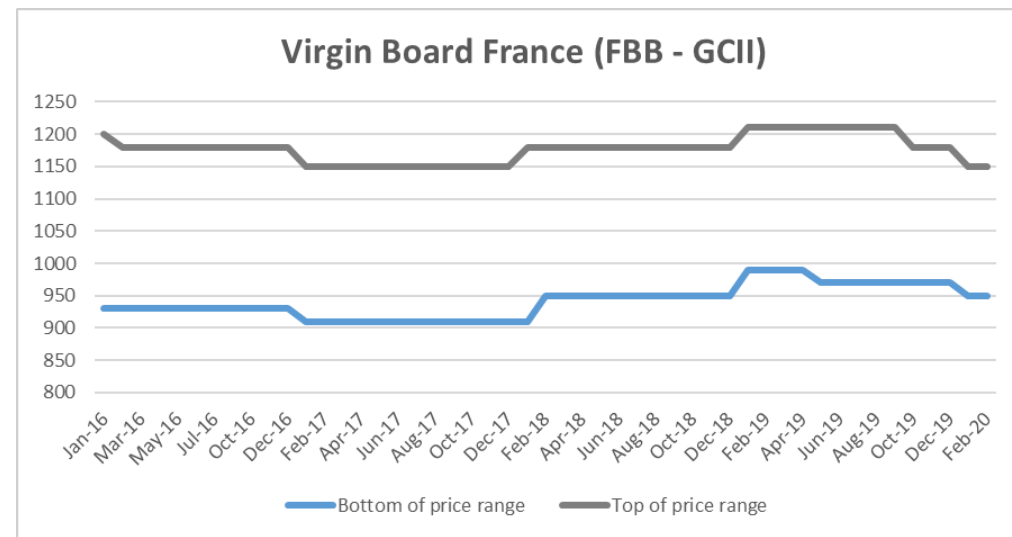
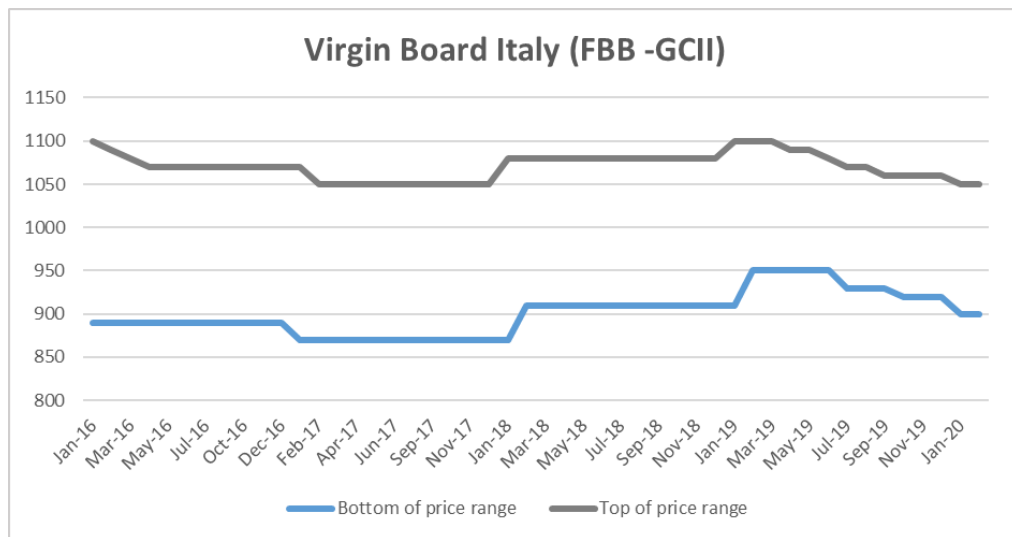
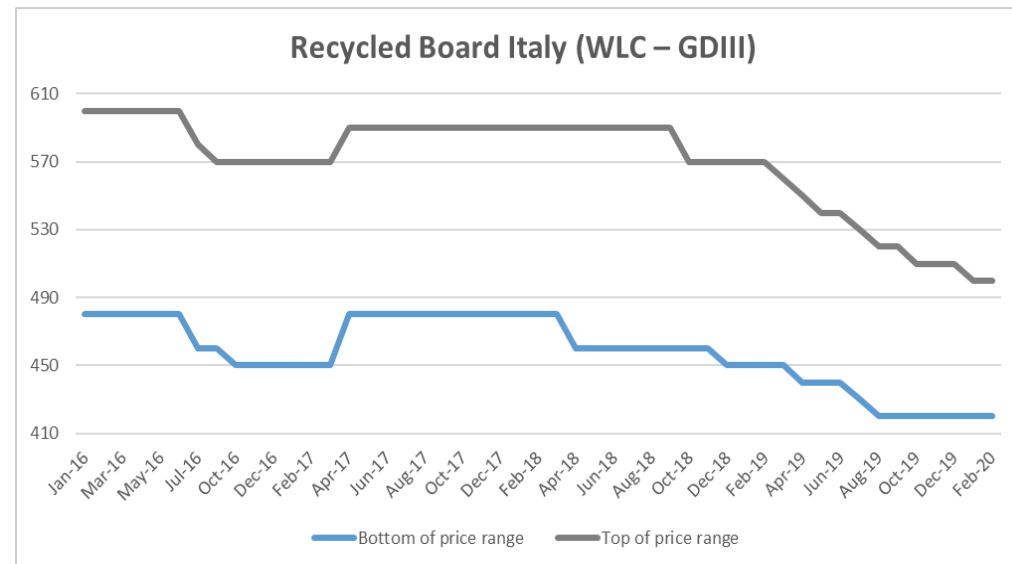
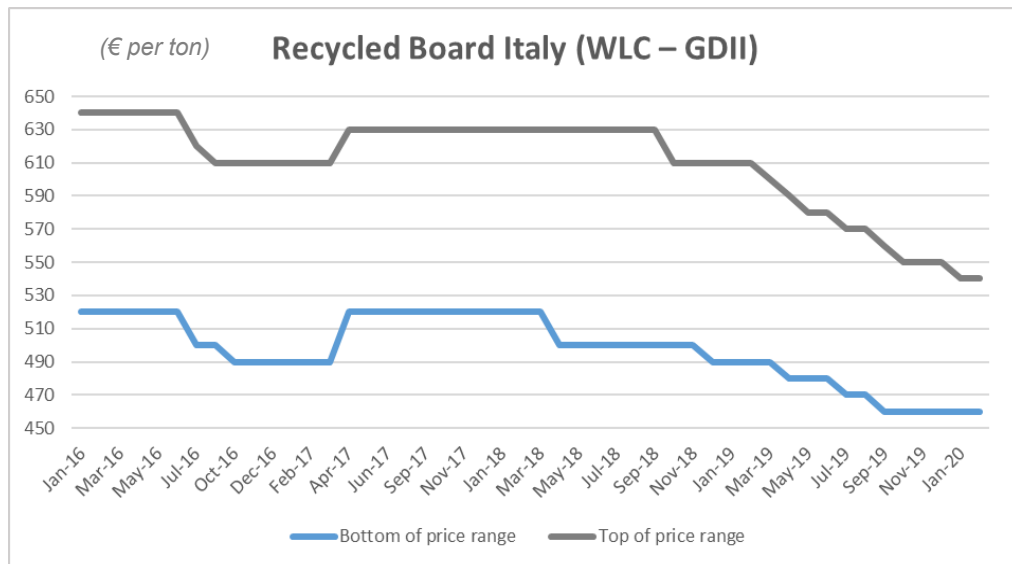
Lower consumption thanks to the efficiency gains in Recycled mill facilities.

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)



MARKET SELLING PRICES



2019 CAPEX OVERVIEW

2019 capital expenditure: 29.8 € mn

Of which maintenance + H&S investments are 14.2 € mn

CAPACITY

4.9 € mn

Magenta (Apr.)

Sheeter

S. Giustina (Aug.)

Board Machine Speed Up

Barcelona (Dec.)

Winder Machine

COST SAVINGS

4.8 € mn

Italian Mills (Aug./Oct.)

Fiber Recovery System

La Rochette (Aug.)

New Headbox

Barcelona (Dec.)

New Top Headbox

ENERGY EFFICIENCY

4.5 € mn

Barcelona (May.)

Overhaul Hot Section

Cogeneration Plant

Others Mills (Aug.)

Power Plants extraordinary

maintenance

DIGITALIZATION

1.4 € mn

All

New ERP System

AGENDA

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

RDM AND THE STOCK EXCHANGE

Share Capital: 140,000,000.00 €

Outstanding shares: 377,800,994, o/w
 377,546,253 ordinary shares
 254,741 convertible savings shares

Conversion period: in February and September, each year

Listing markets

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

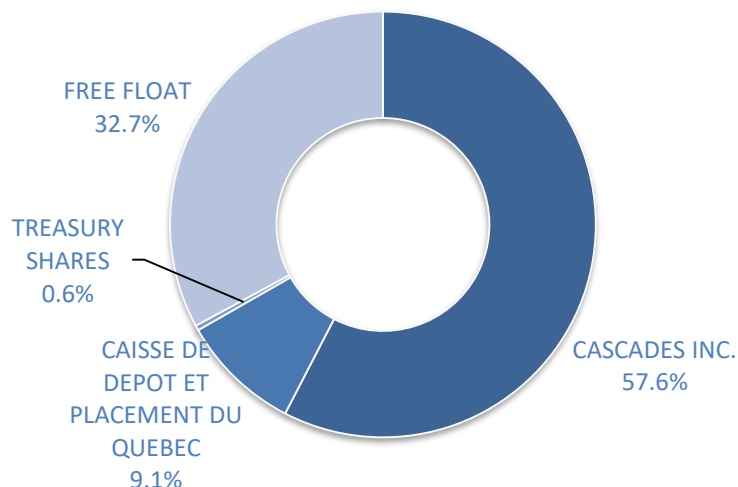
Codes

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

Mkt cap: 162.1 € mn

Free float mkt cap: 53.0 € mn
 (@0.429 € p.s. as of 14 March 2020)

Main shareholders



Source: RDM shareholder register

FY2019 dividend proposed

ORDINARY SHARE:

Dividend of 0.8 € cents
 (FY2018 dividend was 0.7 € cents)

Payment date: **13 May 2020**

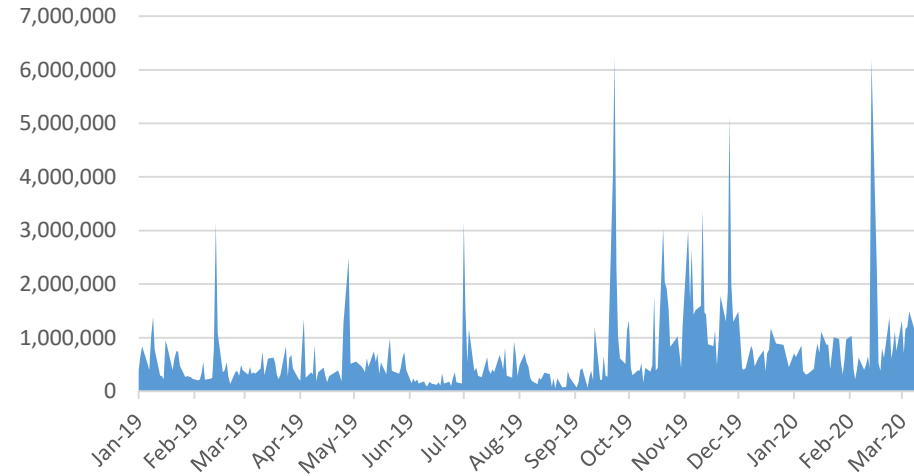
Dividend yield: **1.0%** (@YE2019 price of 0.823 €)
1.9% (@14 March 2020 price of 0.429 €)

SHARE PERFORMANCE

RDM share price (€)

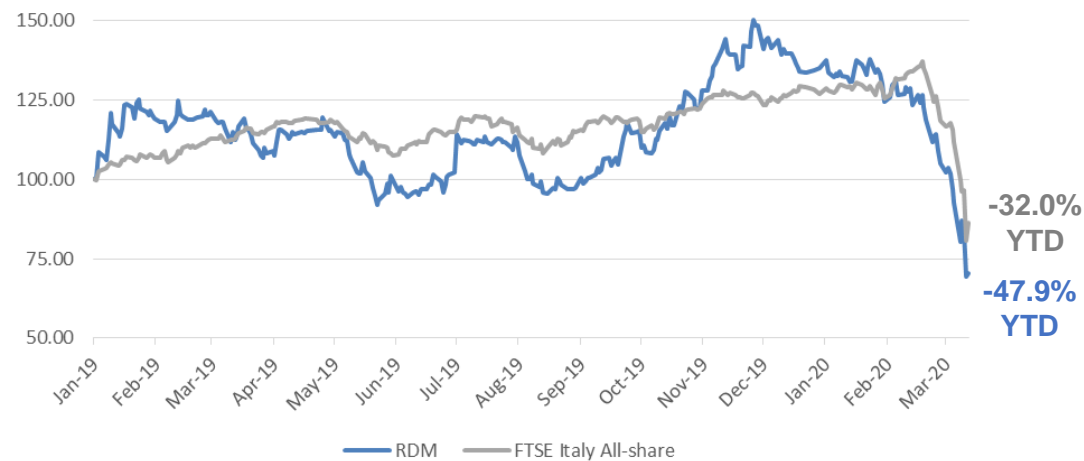


RDM daily traded volumes



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

Q4 2019: 1,149,087

1 Jan. 2020 – 14 March 2020: 860,781

ANALYST COVERAGE

BROKER	CITY	ANALYST	TARGET PRICE (€)	RECOMMENDATION	DATE
Intermonte	Milan - IT	Carlo Maritano	1.05	OUTPERFORM	4 March 2020
MidCap Partners	Paris - FR	Pierre Buon	0.83	BUY	13 March 2020

BOARD OF DIRECTORS

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.

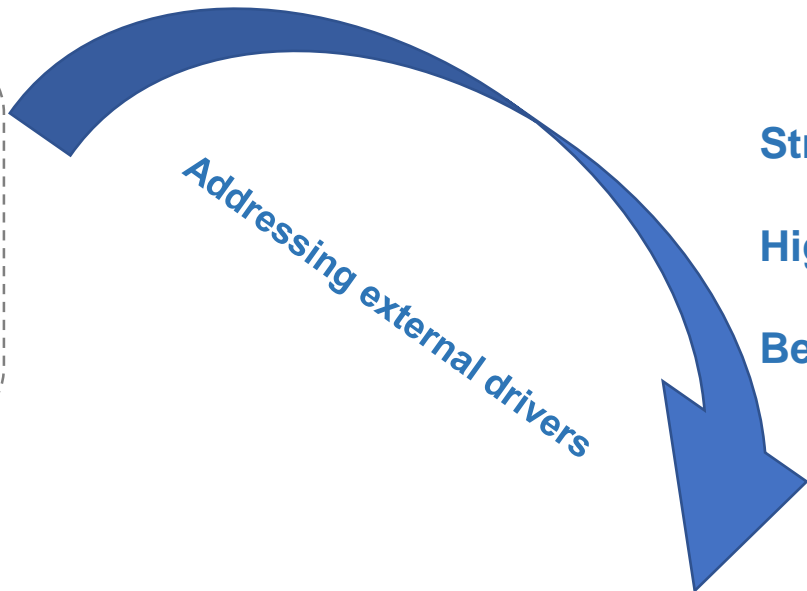


Giulio Antonello, Independent Director

In the past, investment banker and CEO of a listed Company. Presently, strategic advisor in the asset management field.

FINAL REMARKS

RdM outlook for 2020:
 Modest recovery in **demand**
 Lower **fiber costs**
 Decrease in **energy costs**
Virgin Board higher spread



- Stronger leadership**
- Higher operating efficiency**
- Better customer service**

TRANSFORMATION PLAN IN PLACE

Steady-state double-digit EBITDA margin from 2021 onwards

BC integration

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





RdM

TOGETHER WE SHAPE THE FUTURE

Thank you!
