TOGETHER WE SHAPE THE FUTURE

Q1 2020 Results – Investor call

Milan, 29 April 2020

AGENDA

1 **Responding to Covid-19 outbreak**

2 Q1 2020 Financial Results

3 Final Remarks

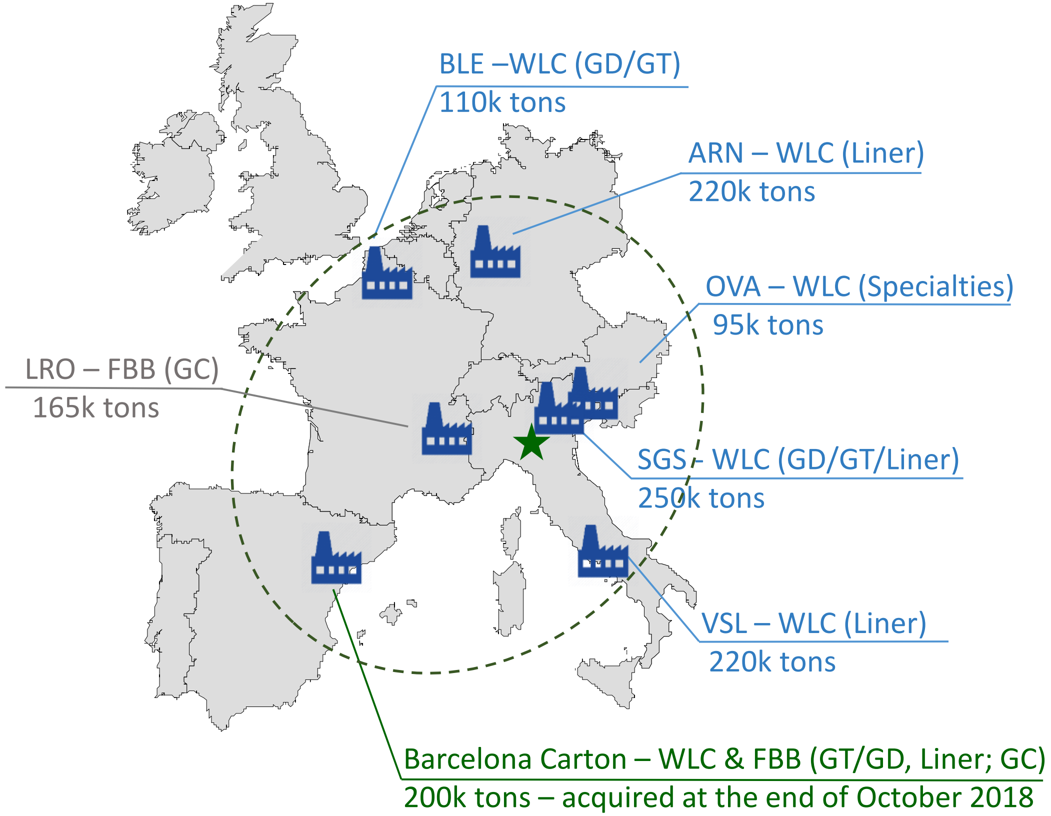
Michele Bianchi - CEO

Andrea Bettinelli – Head of Strategy

PROXIMITY TO CUSTOMERS IS KING IN THESE DAYS

A MULTI-COUNTRY PLATFORM

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

HOW WE ARE RESPONDING TO COVID-19 OUTBREAK

Meet new demand needs

Customers

Ensure people health & business continuity

HR & Operations

Finance & Risk Management

Manage challenges and focus priorities

Supply Chain

Handle input shortages and ensure deliveries

PROTECTING PEOPLE HEALTH WHILE ENSURING BUSINESS CONTINUITY

Counting on a well-rooted corporate culture

Health & Safety not just a today's priority at RDM Group…

Mills workers

Contingency plan and prevention measures quickly put into play and checked by public health officials.

Work shifts re-engineered and distance measures ensured.
Best-practice sharing among mills.
Early alert form the Italian experience.

HQ and back-office employees

New devices and set up made available in a few days to make people work from home when possible.
Fluid multi-channel internal comms.

Suspension of commercial travelling from 21 Feb. 2020.

No production discontinuity.

Sheeting and finishing activities partly affected by high absenteeism in the first two weeks.

ADDRESSING CHALLENGES ACROSS THE SUPPLY CHAIN

LIMITED ROOM FOR MANOEUVRE ON RAW MATERIALS

c. 20% reduction in urban waste collection.

Lockdown of non-essential manufacturing and retail activities limiting the availability of Paper for Recycling.

Shutdown of school and offices leading to a shortage of white recycled fibers.

Overstocking of chemicals not possible, as they have very close expiring date.

… apart from increasing RDM selling prices

AVOIDING DELIVERY DISRUPTIONS

More frequent use of intermodal transport.

Re-adaptation of transport lines.

Limited cross-border deliveries.

Serving customers' within enhanced complexity

… also leveraging on a multi-country asset base

CATCHING OPPORTUNITIES ON THE DEMAND SIDE

Positive impact on:

Hygiene products
Consumer health
Healthcare and hygiene also encouraged by government measures

eCommerce
Packed food & beverage
Work from home drives demand for home-cooking and pushes eCommerce sales

Nearly 70% of RDM Group production serves 'essential' uses

Negative impact on:

Foodservice / Quick Service Restaurants
Travel & tourism
Minimized outdoor activities plus government control in gathering and inter-city travelling

Big-box retailers
Fashion & luxury retailers
Work from home combined with minimized outdoor activities reduces traffic

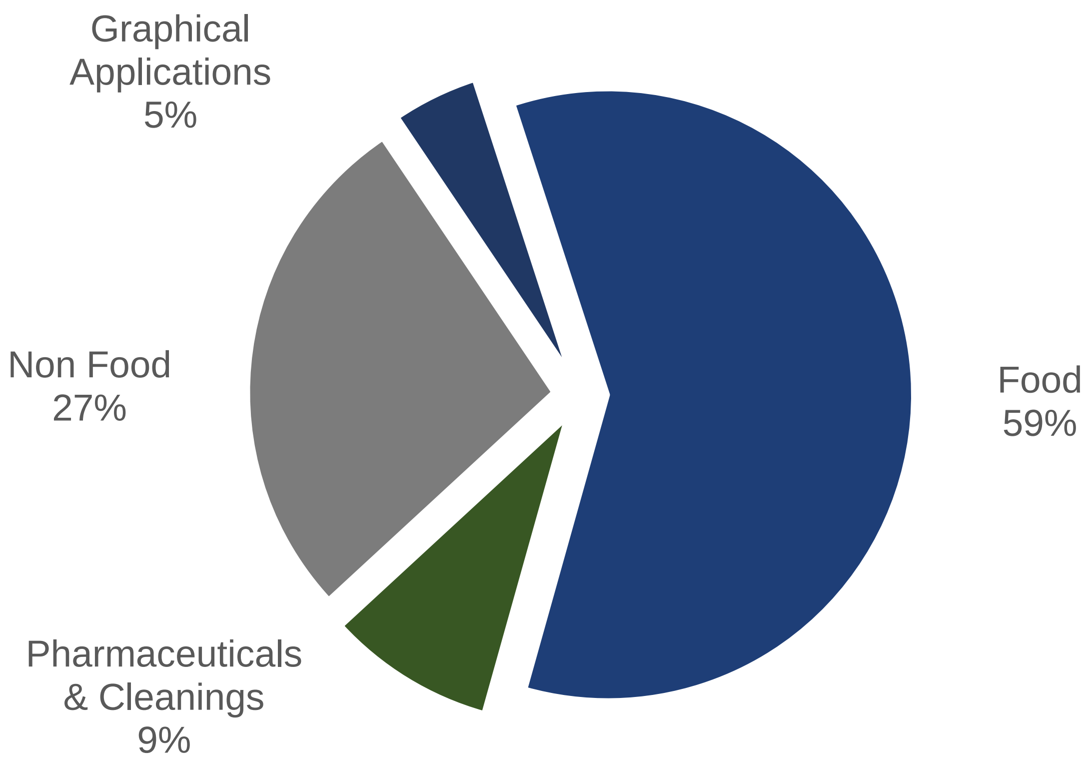
Ovaro products partially affected in March/April

Net effect for RDM Group

Strong increase in both demand and order intake fueling Q1 volumes and providing visibility on capacity utilization throughout July

RDM END-USES

Source: RDM internal analysis on 2020 data.



Value of fiber-based packaging recognized by governments, retailers and consumers during Covid-19 emergency.

FINANCE AND RISK MANAGEMENT

No substantial change in customers payment terms in Q1.

Capex projects limited as usual in Q1.

Sound cash flow generation continuing

Safe net cash position available (€38.4 m)

Committed unutilized credit facilities of €80 m

Additional decrease in the gearing ratio (0.19x)

Scenario analysis and sensitivity assessment conducted.

Identification of additional cost savings to protect margins.

Ready to activate further measures resulting from the scenario analysis, structured as follows:

Key risks identified and prioritized

Tailored scenarios developed

Stress testing conducted

Portfolio of intervention established

Cash repartition reviewed

Early decisions taken and effects under monitoring

Q1 2020 AT A GLANCE

Prompt reaction to Covid-19 outbreak
Multi-mill organization up and running

Business continuity

Strong demand momentum
driving volumes

Pressure on selling prices
continuing as experienced in H2 2019

Solid RDM Group market position
resulting in volumes that outperformed the pace of market growth

Broadly stable sales revenues in spite of VSL mill 25 days stop
(-0.6% vs. Q1 2019)

Efficiency and synergy plan
providing effective cost control.

Barcelona Cartonboard integration
continuing to be executed

Low input costs
supporting high spreads

EBITDA margin at 11.0%
(vs. 10.4% in Q1 2019)

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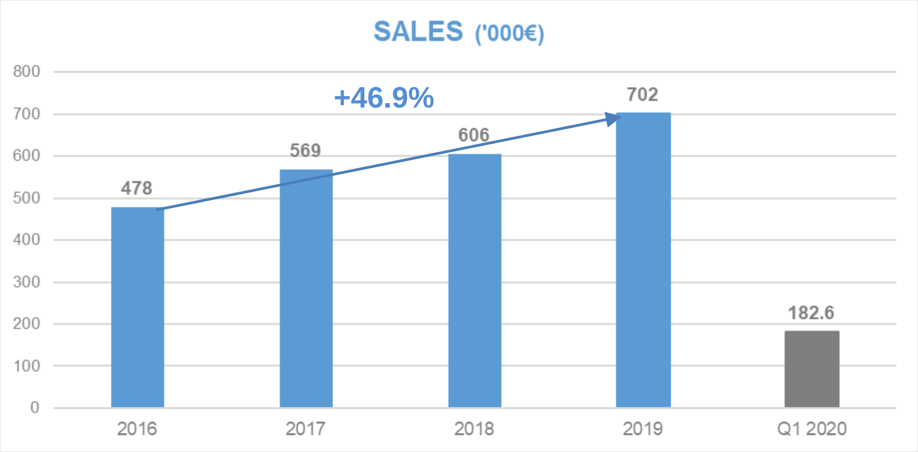
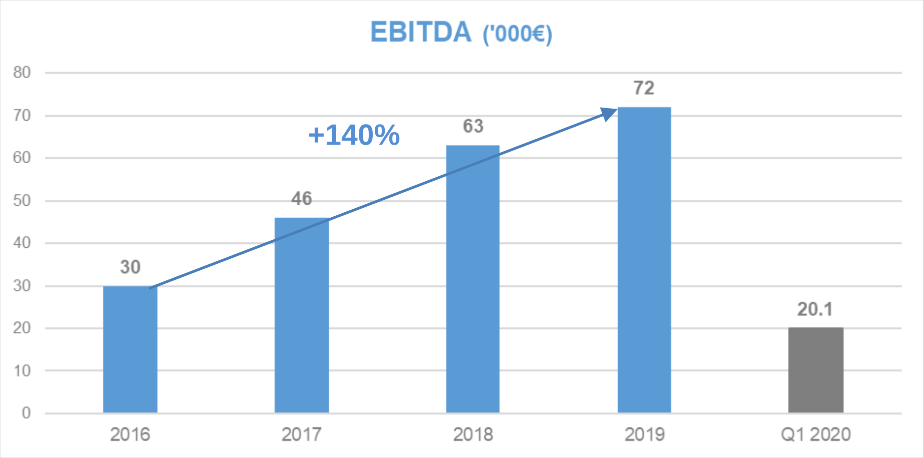
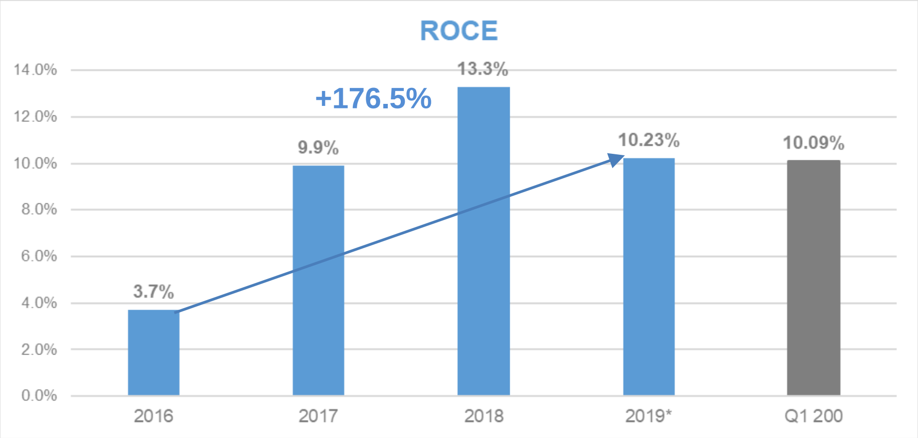
Luca Rizzo - CFO

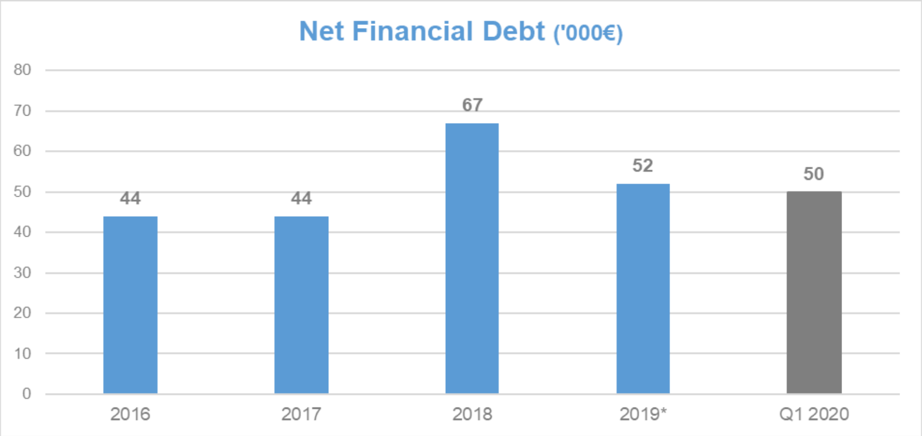
HIGHLIGHTS





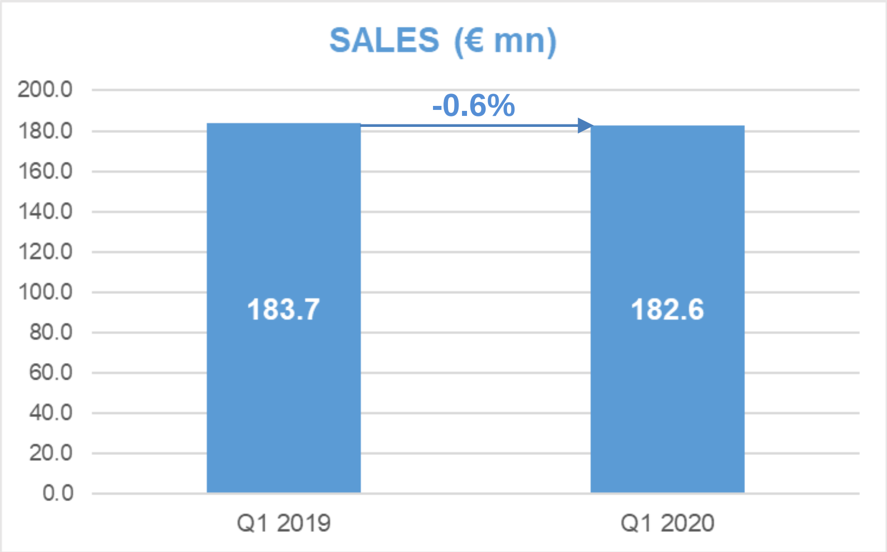


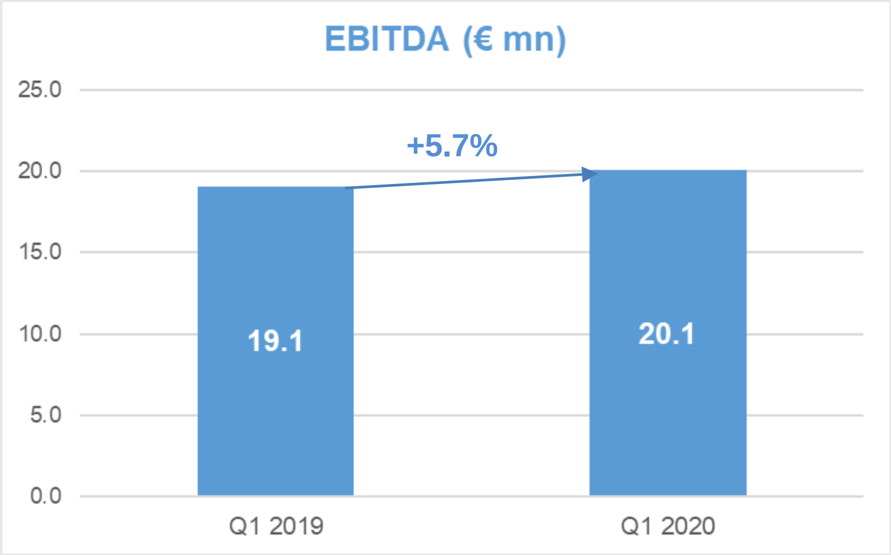
*2019 **ROCE** included the **write-down** of the fixed assets of La Rochette mill for **€9.5m**. Without this write-down, ROCE would have been 13%.



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

SALES AND EBITDA





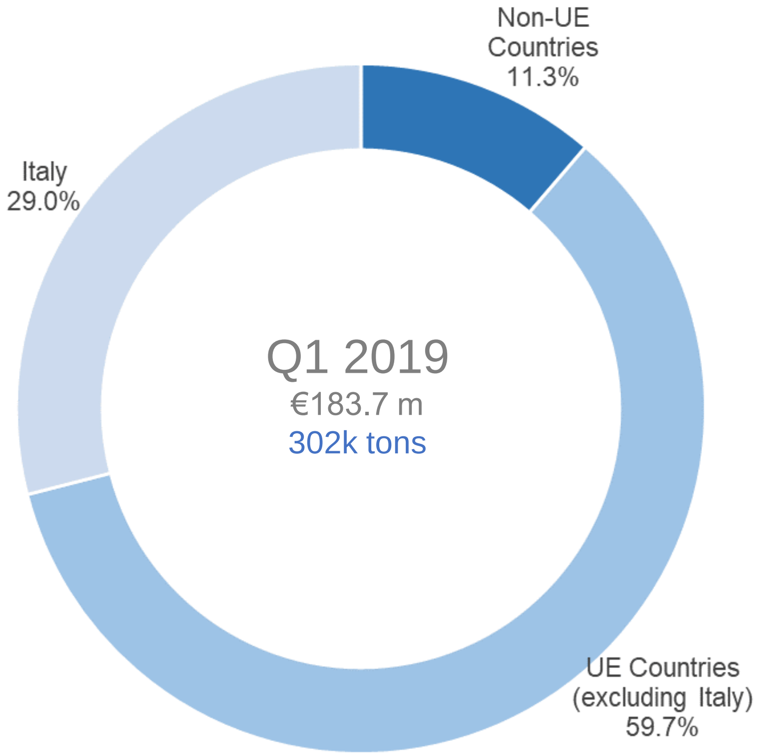
The **slight decrease in SALES** (-0.6%) is due to :

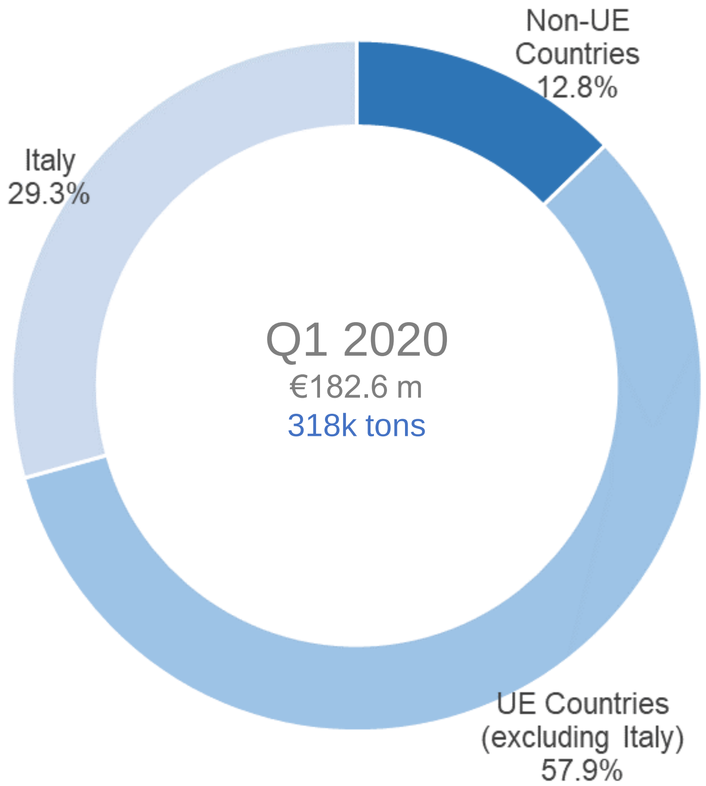
+ **Increase in tons sold**, both in WLC (+4.9%) and FBB (9.2%);
– **Reductions in selling prices**, mainly in WCL compared to Q1 2019;
– **Temporary stoppage of production in Villa Santa Lucia plant** - from 7 February to 1 March - following the seizure of the municipal consortium's wastewater treatment plant.

Higher EBITDA margin (11% in Q1 2020 compared to 10.4% in Q1 2019) reflects the following drivers:

– **Slight decrease in SALES (-0.6%)**;
+ **Lower costs of fibers** reflecting **lower prices** and **greater efficiency** in their use;
+ **Decline in energy costs** compared with Q1 2019.

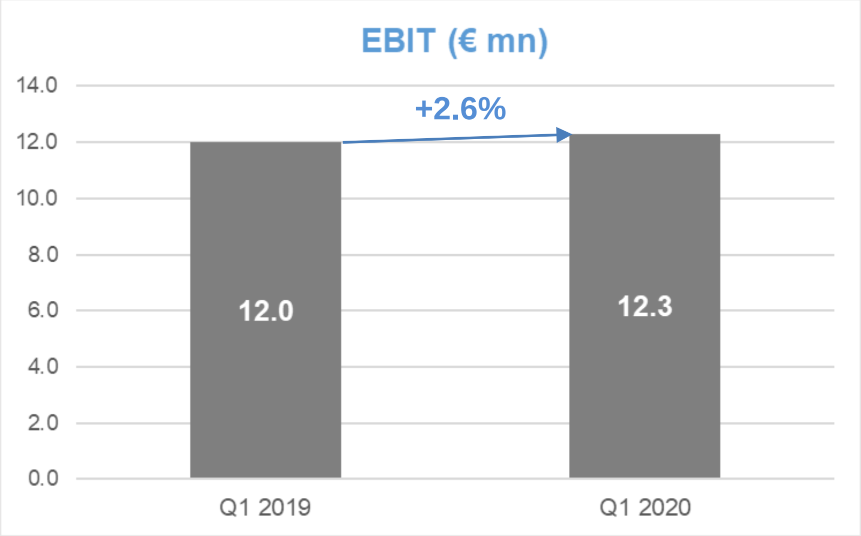
SALES BY GEOGRAPHY

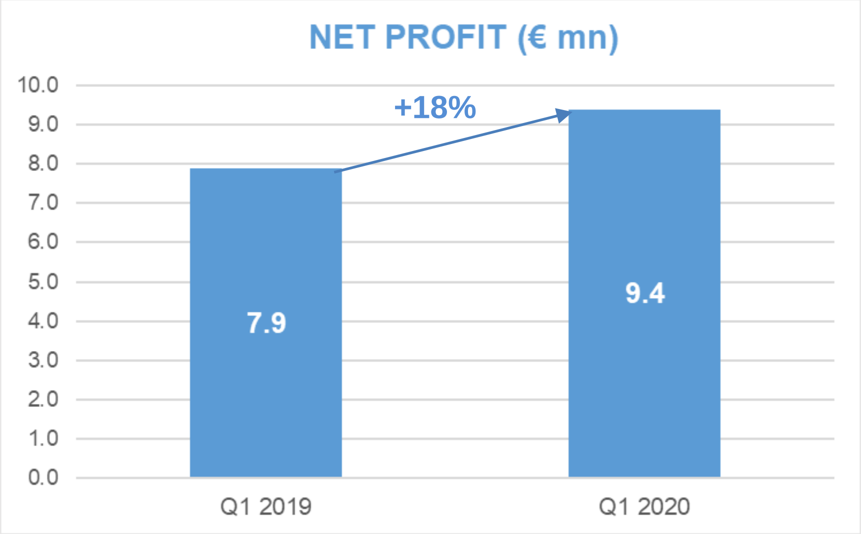




Sales reflects different mix in terms of volume and selling prices.

EBIT AND NET PROFIT



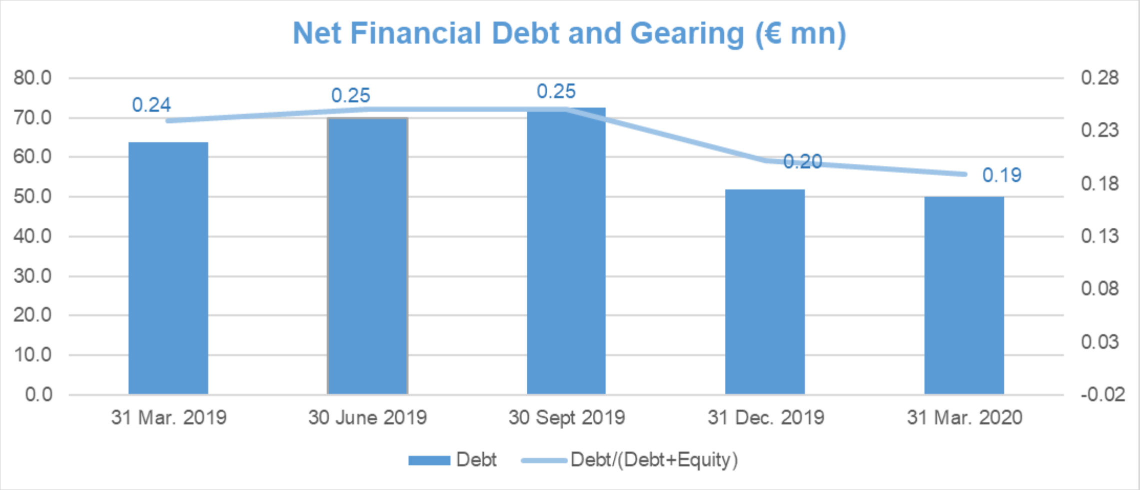


The low increase in **EBIT (+2.6%)** mainly reflects the increase in EBITDA, partially offset by **higher D&A costs** than those of 2019 (€7.9m in Q1 2020 vs €7.1m in Q1 2019).

Q1 2020 Net Profit increase **(€1.5m** vs. Q1 2019) combines the impact of higher EBIT (€0.3m vs. Q1 2019) with:

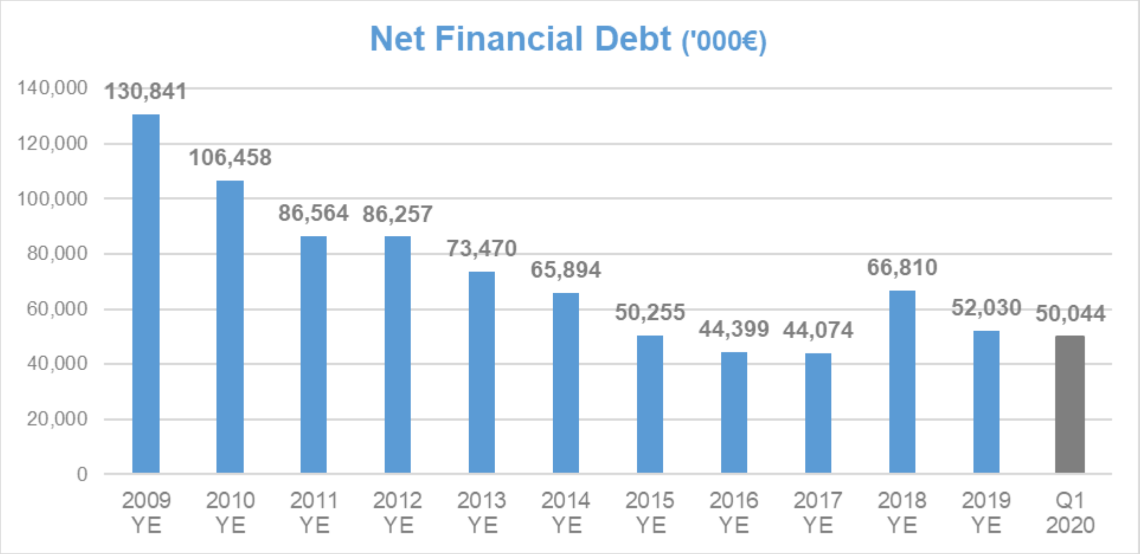
+ **a €0.9m decrease in financial expenses** vs. Q1 2019;
+ **lower tax rate** (24.4% vs. 28.8% in Q1 2019).

LOW GEARING RATIO



Decrease in NFD in Q1 2020 (from €52m at December 31, 2019 to €50m at March 31, 2020).

In Q1 2020 **capital expenditure** amounted to **€2.6m** compared with €4.8m in Q1 2019.



Over the 2016-2018 period, RDM made **three acquisitions** for a total amount of **€77 m**.

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

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Michele Bianchi - CEO

OUTLOOK

Covid-19 outbreak addressed so far. Future impacts depending on the features of pandemic evolution.

Positives

'Essentiality' of end-uses of our cartonboard.

LT drivers of demand still in place (sustainable packaging).

Multi-country and multi-mill **model** as valid as ever.

Significant **cash liquidity** available and committed facilities unutilized.

Risks/opportunities under stress scenarios already assessed and well understood.

Challenges

Scarce availability of **fibers** pushing up prices. Opportunity to increase price ongoing.

Converters **destocking** may materialize in 2H 2020.

New lockdowns and restrictions may **weaken consumer and luxury goods demand.**

More **flexible operational models** needed.

More complicated and costly **logistics.**

Relying on operational and financial strength to address future challenges,
RDM Group will stay focused on Long Term strategy execution.

STAYING FOCUSED ON LONG TERM STRATEGY

Stronger leadership via organic growth and M&A

Higher operating efficiency

Better customer service

TRANSFORMATION PLAN IN PLACE

Determined to remain Visionary … while mitigating Covid-19 risk impact

RDM

TOGETHER WE SHAPE THE FUTURE

Thank you!

For any further information, please contact:
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