



TOGETHER WE SHAPE THE FUTURE

# Frankfurt – European Midcap Event

9 February 2021

# AGENDA

- 1 **Strengths**
- 2 Proposed acquisition of Paprinsa
- 3 Environmental performance
- 4 Delivering on Strategy
- 5 RDM Shares



Michele Bianchi - CEO



Luca Rizzo - CFO

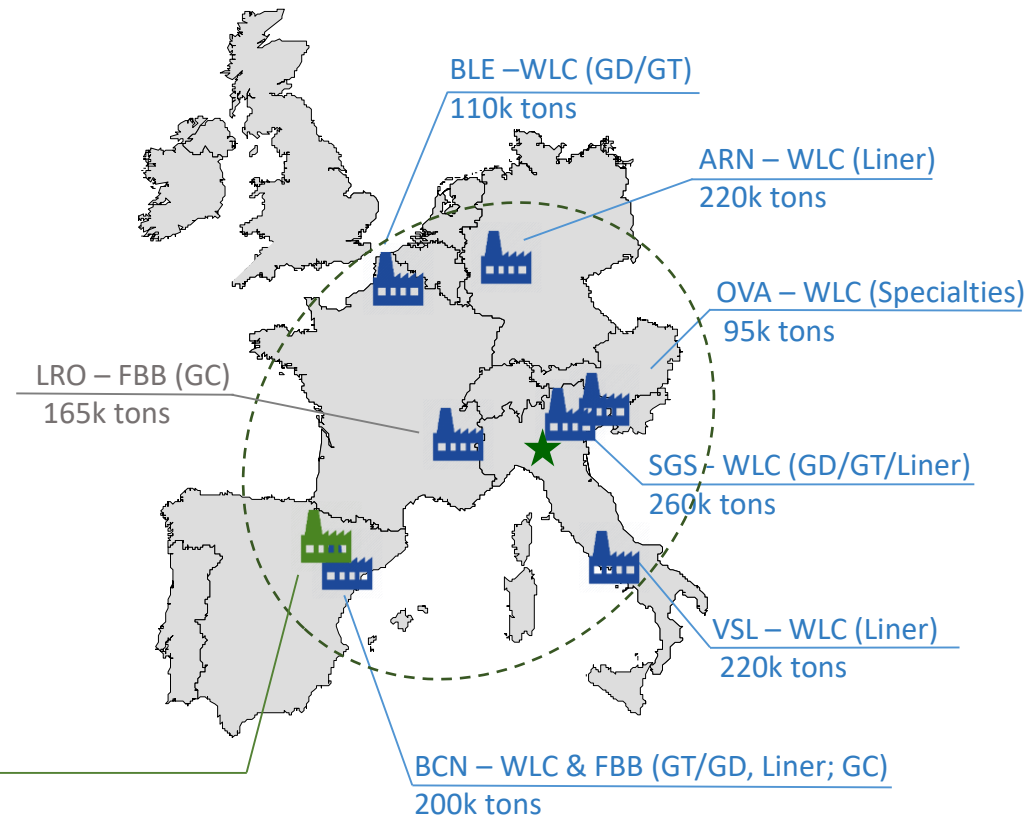
# PROXIMITY TO CUSTOMERS IS KING IN THESE DAYS

## A MULTI-COUNTRY PLATFORM

Total production capacity **1.27 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*

Paprina – WLC (GT/GD, Liner)  
 140k tons

Acquisition signed on September 30, 2020.

Closing is expected non later than March 31, 2020.

# 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

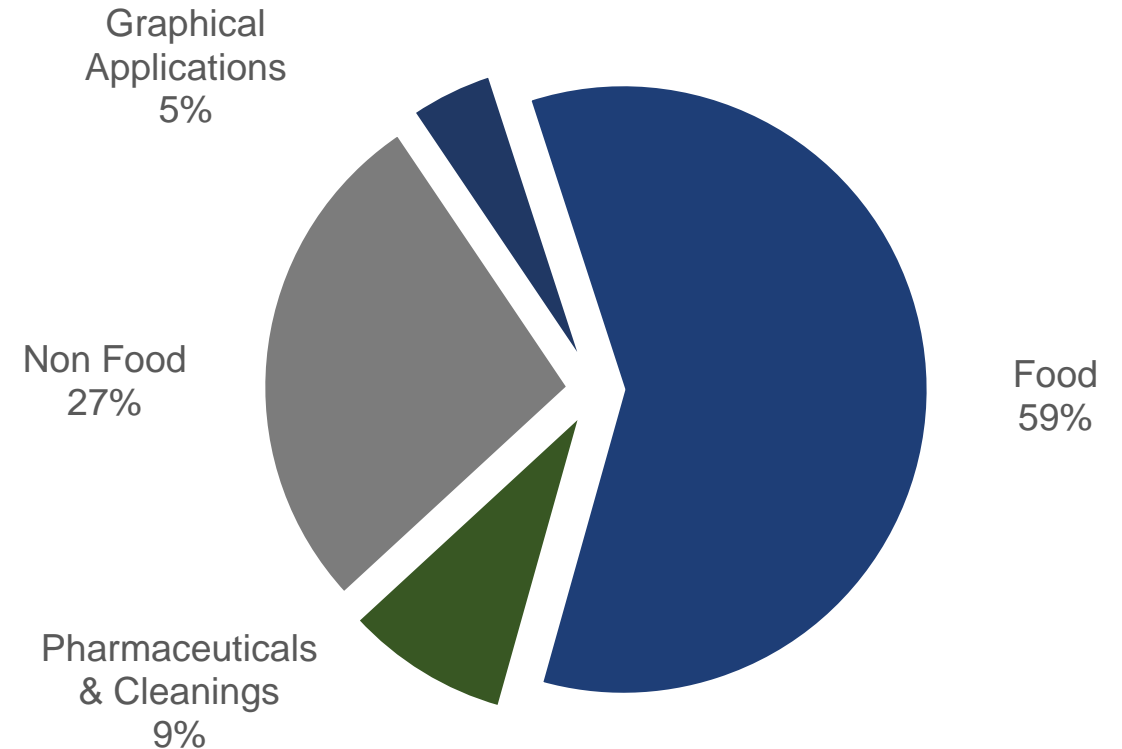


# RDM END-USES

Source: RDM internal analysis on 2020 data.

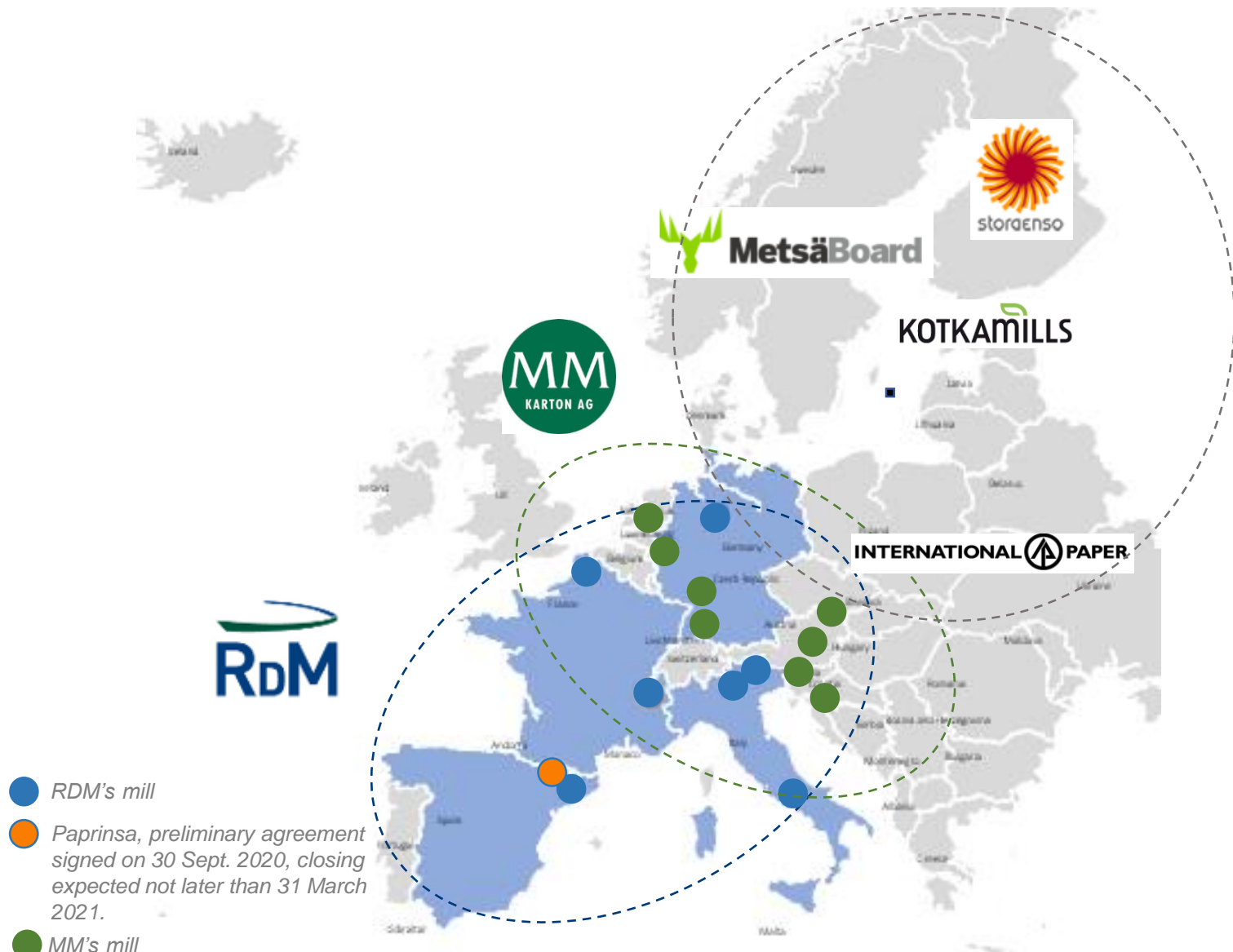
**Resilient end-use exposure** proven during Covid-19 outbreak, due to the **essentiality features** of both Food and Pharma (68% weight).

As counterevidence, weakening demand of **specialties** affected the production of Ovaro mill.



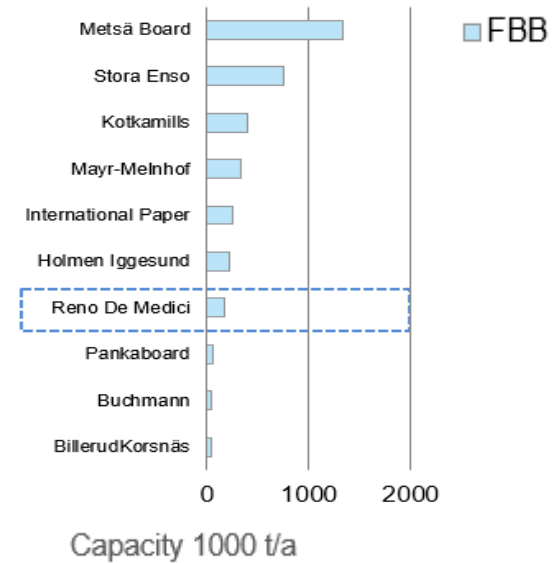
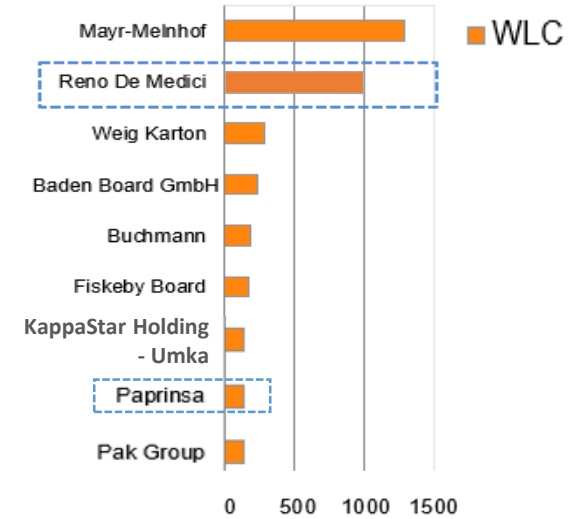
**Value of fiber-based packaging recognized by governments, retailers and consumers during Covid-19 emergency.**

# LEADING PRODUCERS IN EUROPE



- RDM's mill
- Paprinsa, preliminary agreement signed on 30 Sept. 2020, closing expected not later than 31 March 2021.
- MM's mill

Source: Company data

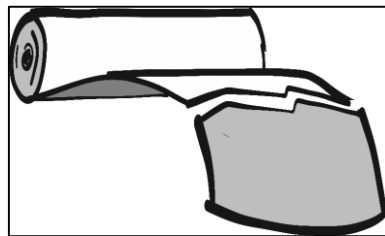


# TRANSFORMING THE COMPANY



## Becoming a stronger and larger player

- Rationalization of capacity
- Focused capex plan in strategic assets
- Internationalization
- Deleveraging



## Becoming more resilient through higher integration and efficiency

### 2018- 2021 TRANSFORMATION PLAN

- Integrating the Pan-European asset base and recent acquisitions
  - La Rochette – 2016
  - PAC Service – 2017
  - Barcelona Cartonboard – 2018
- through a portfolio of value-added initiatives to achieve goals as a One Company.
- Strategically transforming the cost structure

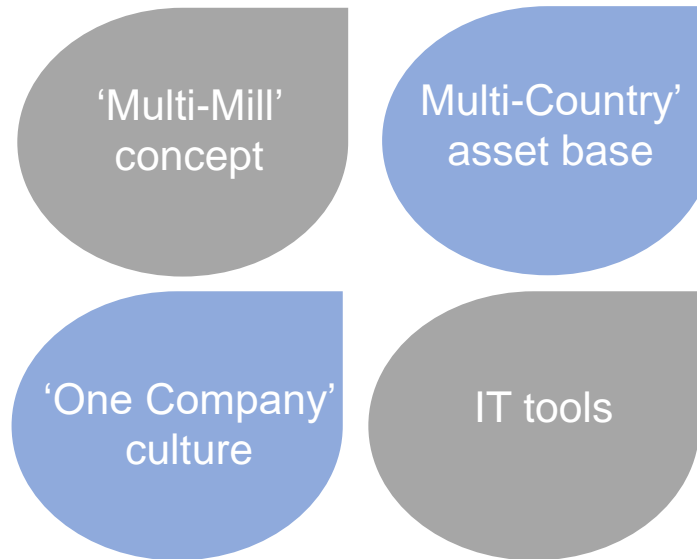
# OPERATING UNDER THE ‘MULTI-MILL’ CONCEPT

## Higher interchangeability

Specific types of RDM cartonboard can be produced in multiple mills

## Benefits

Flexibility in operations  
Timeliness in delivery



- ✓ Balancing the **availability of finished products** at the individual plant
- ✓ Minimizing **risks**
- ✓ Ensuring greater **proximity to customers** and **Security of Supply**

**Mitigating** market **volatility** that may arise from changes in:

- **demand** across markets
- **tons produced** across assets



# BENEFITS FROM TRANSFORMATION

## OUTCOME FROM THE THREE-YEAR PLAN

↑ **RESILIENCE** in operational performance  
in consolidated EBITDA margin

↑ **SPEED** in capturing signals and promptly turning them into:

1. Better solutions for the client
2. Higher margins for the Company

## COVID-19 OUTBREAK, AFTER THREE YEARS OF WORK...



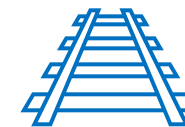
...PROVED THE **RESILIENCE** and **SUCCESS** ACHIEVED

## FROM 2021 ONWARDS, MOVING TOWARD CONTINUOUS IMPROVEMENT APPROACH



### Capitalizing on

- A maintained portfolio of focused initiatives
- An established network of teams and committees
- A plan-ahead attitude gained
- An evolved management of operations
- A more sophisticated demand/supply integration and optimization



### To improve further

- Optimization of sourcing and procurement
- Management of operations, unlocking growth and reducing costs per ton
- Exploitation of new recipes and energy efficiency solutions
- Optimization of price-mix
- Completion of Barcelona Cartonboard integration
- Accelerate Innovation of sustainable products and digitalization of manufacturing and service processes

# NURTURING AND LEVERAGING CLIENT LOYALTY

1,400+ CLIENTS

Converters and Distributors



CLIENT TOP PRIORITY

Security of supply

RDM GROUP PERCEIVED AS

a reliable partner, being a European  
large WLC producer

RDM GROUP APPRECIATED FOR ITS

**Quality**

Customer service

Diversified portfolio

Responsiveness

Deliveries / Lead times



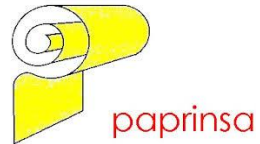
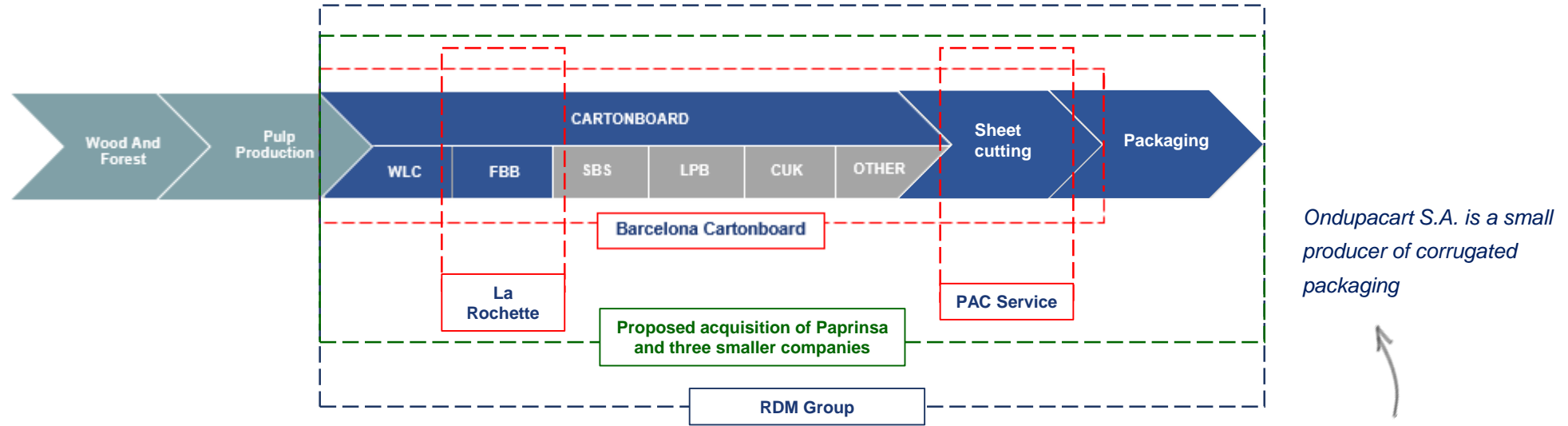
Findings from the last  
**CUSTOMER SURVEY** also prove  
professional handling of an  
unprecedented situation

# AGENDA

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# LATEST M&A DEALS

## Value Chain Positioning of acquired companies and proposed acquisition of Paprinsa:



The deal regards **Paprinsa**, the 2<sup>nd</sup> Spanish and 8<sup>th</sup> European producer of WLC and three smaller companies operating in the same site in Spain (Mollerussa), including **Ondupacart S.A.**, a small corrugator manufacturer. The closing is expected not later than march 31, 2021.



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.

# PAPRINSA ACQUISITION

## KEY FEATURES OF THE DEAL

### ACQUISITION

100% of Papelera del Principado SA, or **Paprinisa**, + three smaller companies from 15 sellers.

### INDICATIVE VALUE

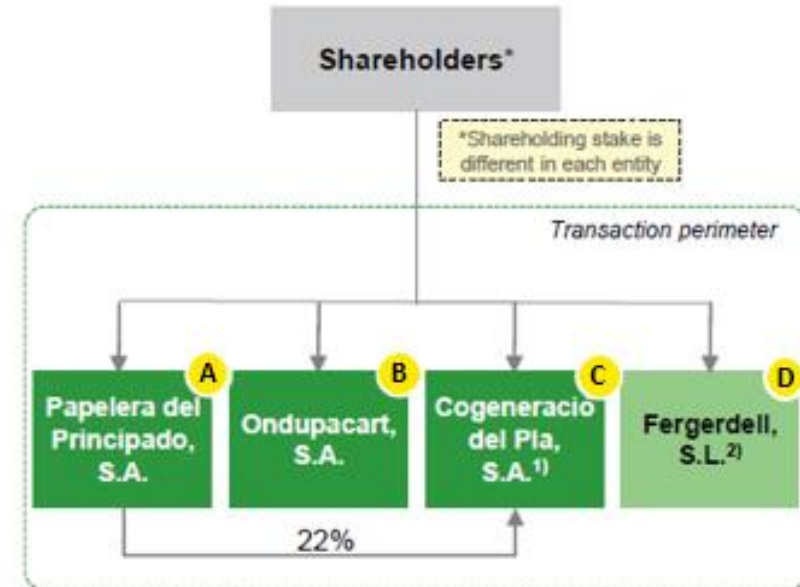
Total **Enterprise Value** of €31.2m, before NFP, WC and EBITDA adjustments.

### CLOSING

Expected **not later than March 31, 2021**.

### CLEARANCE

Closing subject to **Antitrust** clearance.



Note: 1) The Company provides maintenance services to Paprinisa; 2) The Company is the owner of the land and buildings in Mollerussa, where the HQ is located.

- A** No.2 cartonboard producer in Spain, no.8 in Europe
- B** Small corrugator producer
- C** Former owner of the cogeneration plant, now maintenance provider
- D** Real estate company

# PAPRINSA - BUSINESS PROFILE

One of the European mills with the **lowest technical age** (10-15 years) and the **largest trim width** (4.8 meters)

## The Group at a glance

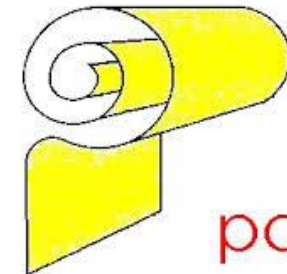
Based in Spain (Mollerussa), the Group is specialized in the production of cartonboard from recycled fibers (WLC), microflute and corrugated sheet, **servicing the packaging industry in Spain and abroad.**

The district is characterized by its **proximity to some key European converters** and distributors with cutting facilities.



## Paprinsa Features

- ✓ **Significant investments** in the last six years (**more than €30m of capex**) make Paprinsa **one of the most updated technology mills in Europe** (between 10 and 15 years in terms of technical age)
- ✓ **One of the European mills with the largest trim width** (4.8 meters). That size gives opportunity for future **production growth**, from the actual 120k tons/y **to over 200 k tons/y.**
- ✓ **Wide product range**, from 180 to 550 g.
- ✓ **Main products** offered:
  - Recycled Cartonboard
  - Recycled Linerboard



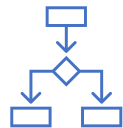
paprinsa

# VALUE CREATION RATIONALE

3 to 5 million euro  
EBITDA increase to  
be generated through  
the integration in  
RDM Group



Increased production output passing from 2 to 3 work shifts  
(quick win, with immediate benefits)



Optimization of legal, management and organisational  
structure (currently 4 companies)



Proximity with the RDM Barcelona mill (less than 1-hour drive)  
paves the way for a stronger and efficient integration on a  
number of functions



Group centralized procurement to leverage on economy on  
scale



Portfolio rationalization and manufacturing know-how exchange in  
the enlarged Group



Possibility to expand the capacity up and above 200 kT/year,  
reaching the top tier assets in the Group (additional capex  
required)

# TERMS OF THE DEAL

A well-invested asset,  
with an **EBITDA ramp up**

2020 expected **increase in EBITDA** based on **key drivers**:

- **lower gas price**, due to the newly-signed supply contract
- **more efficient fibre yield**, due to recent investment in stock pulping

## FY 2019 - KEY DATA based on Spanish GAAP

*Data of the four target-companies,  
aggregated by EY.  
Intercompany transactions eliminated.*

**Sales**  
€65.9m

**EBITDA**  
€3.5m

**EBITDA margin**  
5.3%

**Net Debt**  
€22.9m

## ENTERPRISE VALUE of the four target companies

**€31.2m** based on an estimated 2020 proforma EBITDA of **€5.2m**

**ACQUISITION MULTIPLE OF 6X FY2020 EBITDA** with a **minimum** Enterprise Value of **€27m** and a **maximum EV of €33m**.

**Price adjustments** in terms of NFP, NWC and EBITDA.

### Advance Payment

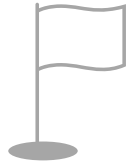
€5.9m cash-out at the closing of the deal (based on €27m EV and €21.1m NFP as at Aug. 31, 2020).

### Completion Payment

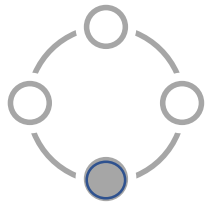
By 2021



# STRONG ACQUISITION RATIONALE



Another step to grow in our **core-business** (low execution risk and proven Group know-how), while consolidating the **WLC** market.



**Tangible advantages** to be unlocked within the extension of the multi-mill concept, also leveraging on the proximity to the Barcelona mill.



**Paprinosa** mill boasting **clear strengths**, per se, being one of the European mills with the lowest technical age and the largest trim width.



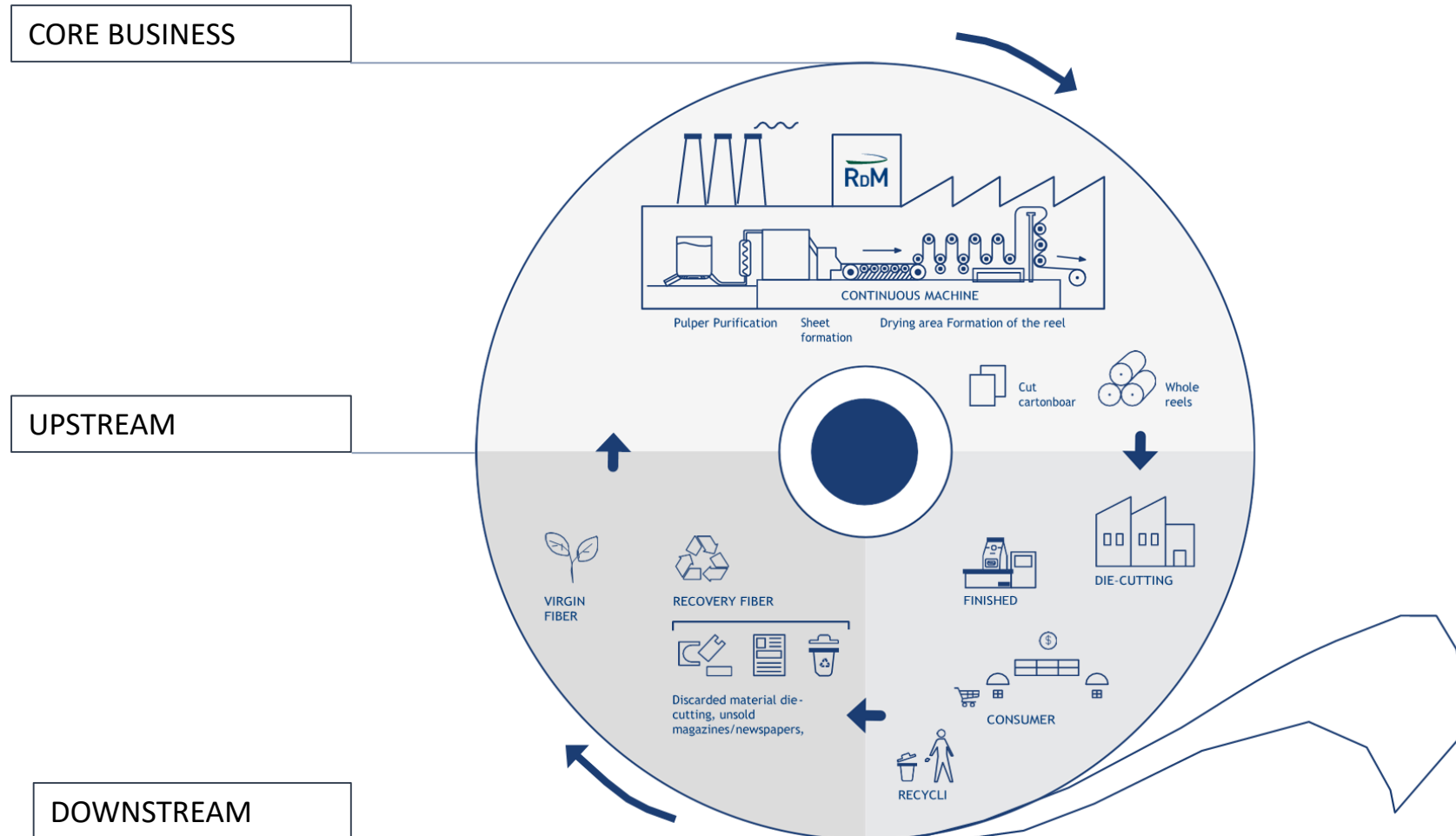
High level of expected **synergies** from Group integration (3 to 5 million euro of EBITDA).

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# OUR BUSINESS MODEL

A truly sustainable player with a CIRCULAR ECONOMY vision



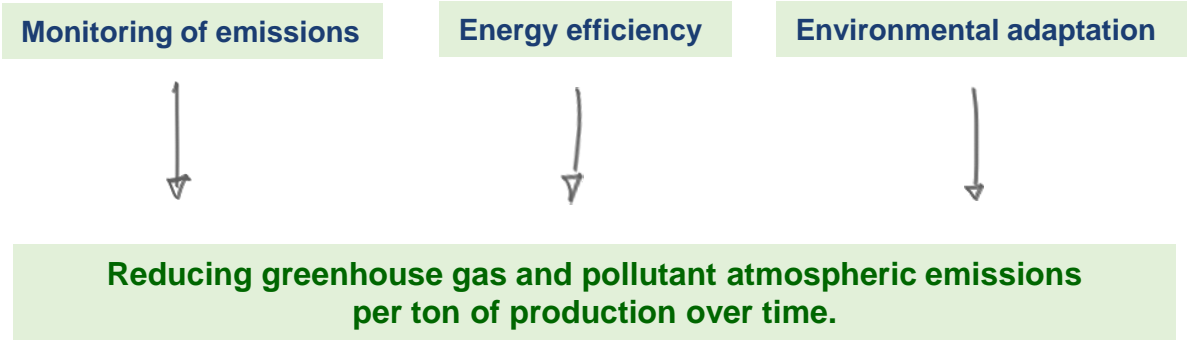
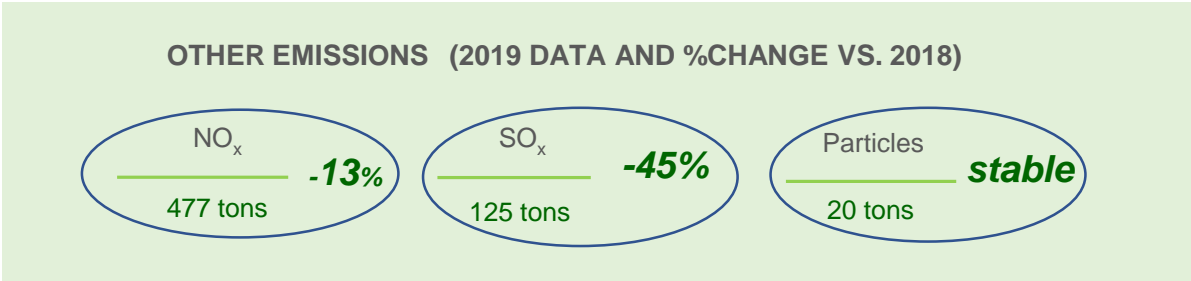
# REDUCING GHG EMISSIONS



**Our circular approach to business**

Sustainability Report 2019

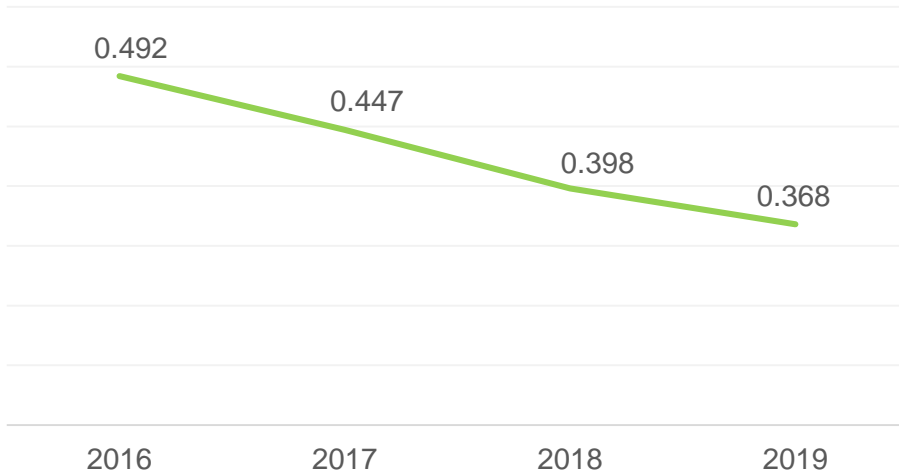
Consolidated Non-financial Statement pursuant to the Articles 3 and 4 of the Legislative Decree n. 254/2016



<http://rdmgroup.com/sustainability/reporting/>

# MINIMIZING CARBON AND ENERGY INTENSITY IN PRODUCTION PROCESSES

CARBON INTENSITY (tCO<sub>2</sub>e/ton)



Emissions in tCO<sub>2</sub>e per metric ton of gross production

Data exclude RDM Barcelona Cartonboard's natural gas consumption to produce electricity for the grid.

Electricity produced by cogeneration plants is not included to avoid double counting.

**Coal reduction (-26.4%)** reflects the first-stage benefits of the energy transition project underway at the **Arnsberg mill**.



Coal



Electricity purchased

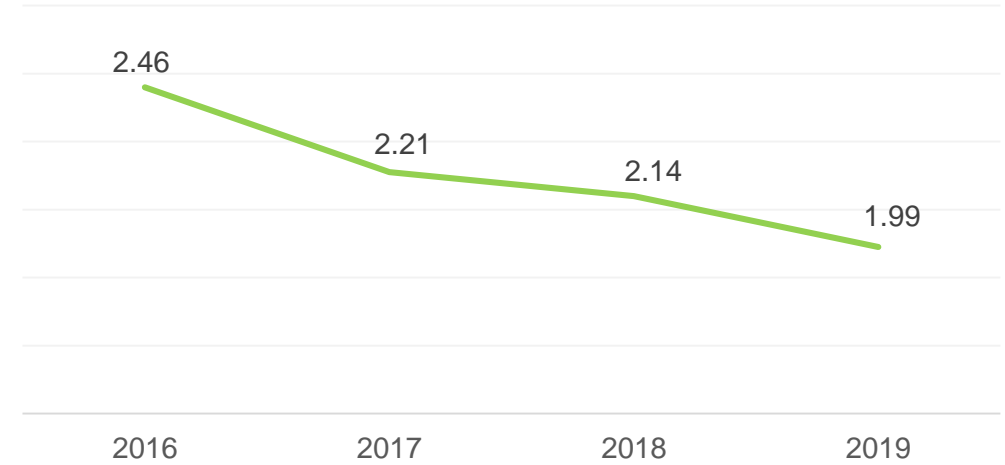


Biomass



Natural gas

SPECIFIC ENERGY CONSUMPTION (MWh/ton)



All the Group's production units 2016, 2017, 2018, 2019

Unit of measure: energy consumption in MWh per ton of gross production

## CARBON INTENSITY (tCO<sub>2</sub>e/ton)

**-25%**

2019 VS. 2016

**-7.5%**

2019 VS. 2018

## ENERGY INTENSITY (MWh/ton)

**-19%**

2019 VS. 2016

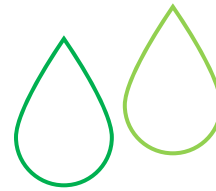
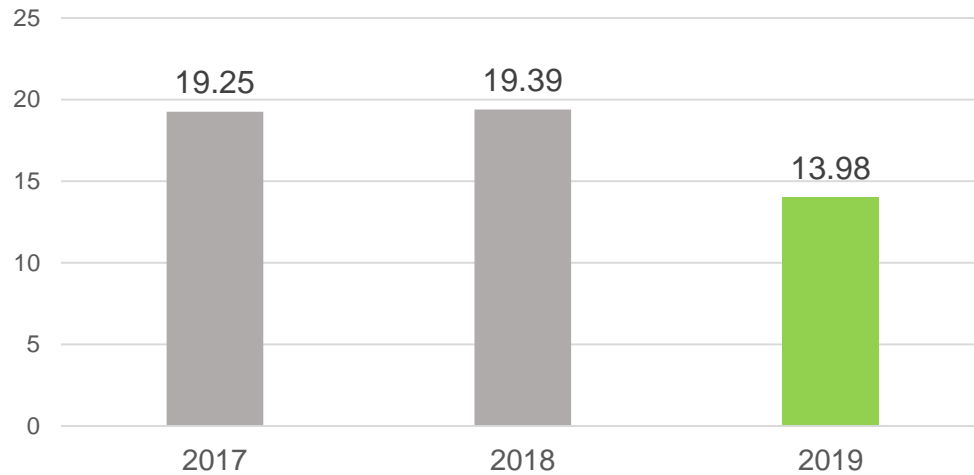
**-7%**

2019 VS. 2018

# COMMITTED TO REDUCE WATER USAGE

Through recovery of process water and reusing water in several production cycles.

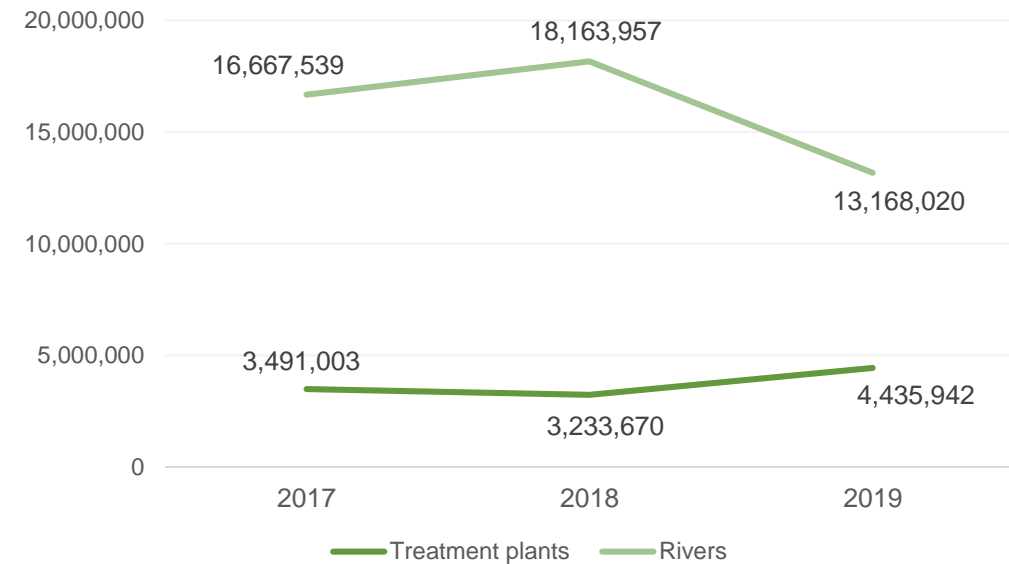
WATER WITHDRAWALS PER TON OF PRODUCTION (m<sup>3</sup>/ton)



The remaining share evaporates or is incorporated in the cartonboard.

91% of the water consumption returns to the environment after purification

VOLUMES OF DISCHARGED WATER (m<sup>3</sup>)



All the Group's production units / 2017, 2018, 2019  
Unit of measure: Cubic meters per ton of gross production (including water withdrawal for plant cooling)

# MINIMIZING WASTE SENT TO LANDFILL

## Our priority

Minimizing waste and maximizing the use of fiber raw materials.

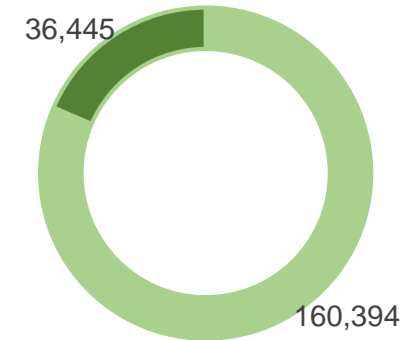
## From 20% to 5%

the fiber reduction in the rejects of production process, deriving from reject washing machines installed in the Italian mills



“ **A full 99.8% of the total waste produced by the Group is non-hazardous and mainly consists of plastics, glass, sand and metals.** ”

2019 WASTE (tons)



■ Waste sent for recovery - 81% ■ Waste sent for disposal - 19%

Circular economy system is for RDM Group “naturally” core. Recycling and reusing resources is par of every-day manufacturing life



Majority of RDM Group mills have waste management systems also certified according to ISO 14001 standard

Two mills are also certified according to the “Eco-Management and Audit Scheme” (EMAS)

# PRODUCT INNOVATION MEETS ENVIRONMENTALLY FRIENDLY DEMAND

## Market TRENDS

### Major Brands and Retailers

Requiring packaging with lower environmental impact

Switching to recycled-based packaging

Needing high-quality packaging to convey brand image and protect goods sold through more complex supply chains like e-Comm shopping

“  
*The world of packaging is going through a period of intense change that RDM Group sees as an opportunity to innovate, with a clear focus on sustainability.*”

Quality  
Safety  
Sustainability

## INNOVATION



Focusing on raw materials that are **re-usable, renewable or recyclable.**

Developing **new fiber-based multi-material products** coupled with renewable barrier solutions (**biodegradability** being the core feature).

**Barrier solutions** that create a layer of protection between the structure made of fibre-based material and the contained product, while maintaining its recyclability



### 4Ever Green Alliance (40+ European companies)

Initiative that promotes the use of **fiber-based packaging material** to foster **sustainability through circular economy.**

Supporting the development of:

- new packaging solutions through innovation and product design
- appropriate infrastructure and collection systems



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# 9M 2020 AT A GLANCE

## EBITDA margin improved in both business segments

EXTERNAL DRIVERS both in WLC and FBB

Higher demand

Higher organic volumes

Decrease in selling prices in 9M 2020 compared to 9M 2019

Lower raw materials costs both for recycled and pulp

Lower cost of energy

**Solid RDM Group market position**

**EBITDA margin at 13%**

(vs. 10.5% in 9M 2019)

**Efficiency and synergy plan**

boost a favorable scenario both in demand and input costs

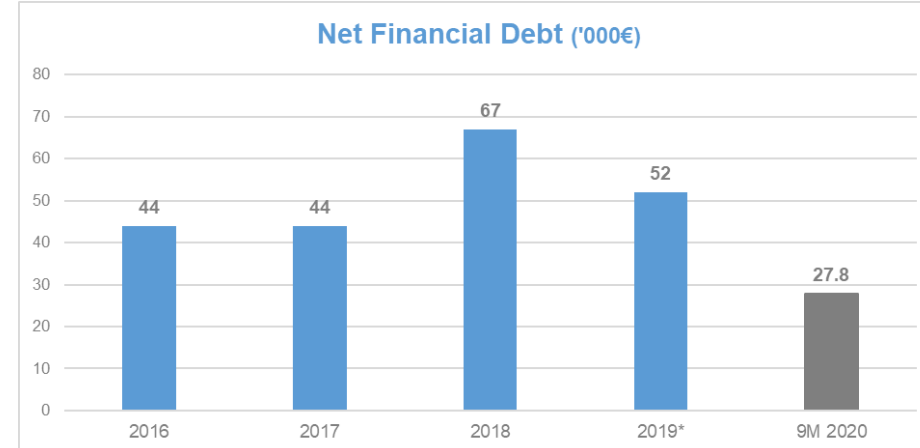
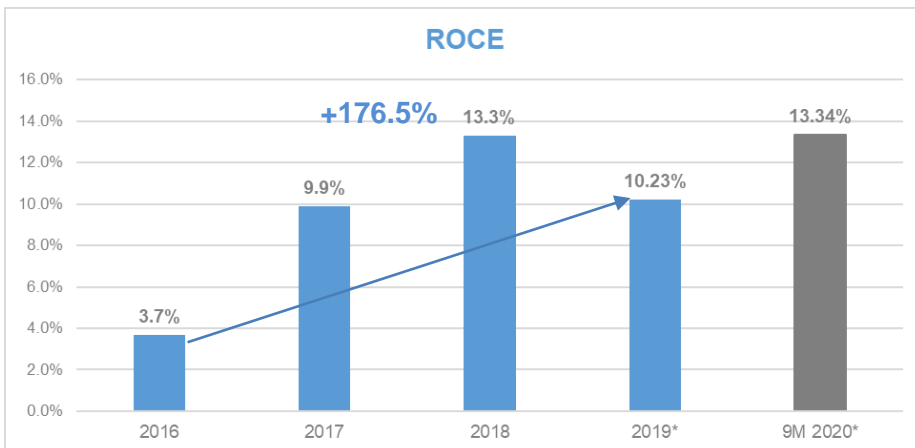
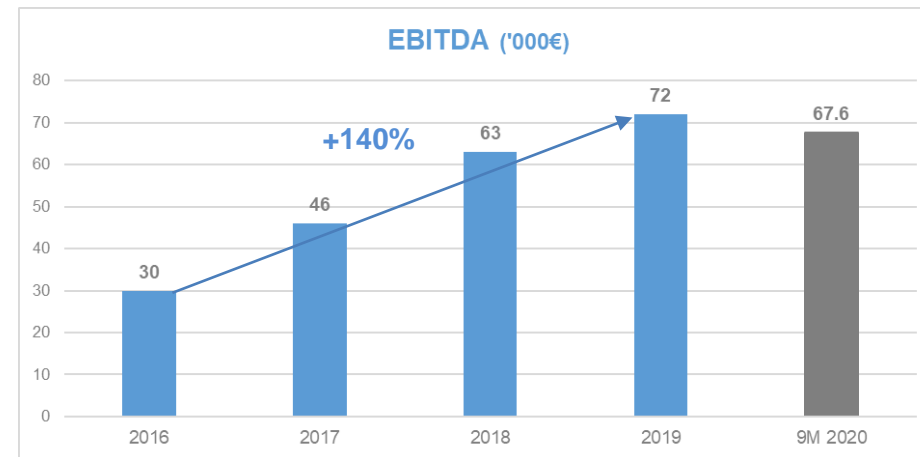
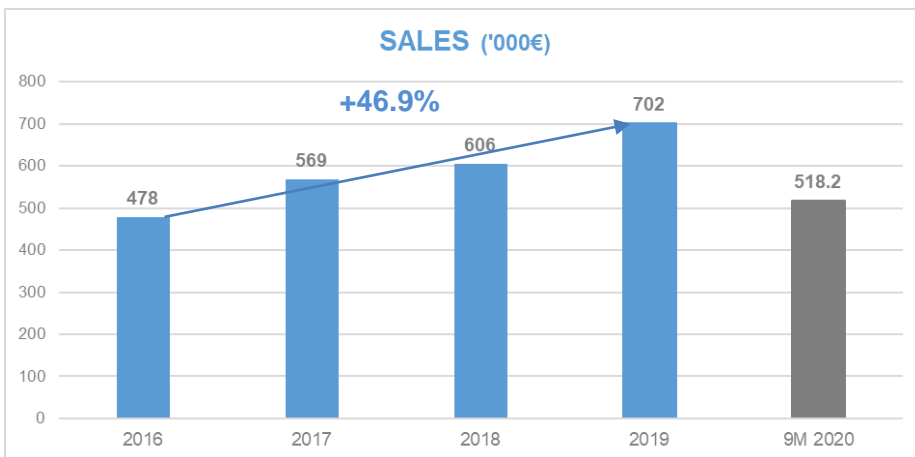
**High increase in NET PROFIT +43.8%**

(€33.9m vs. €23.6 in 9M 2019)

**Decrease in NFD**

(from €52m at December 31, 2019 to €27.8m at September 30, 2020)

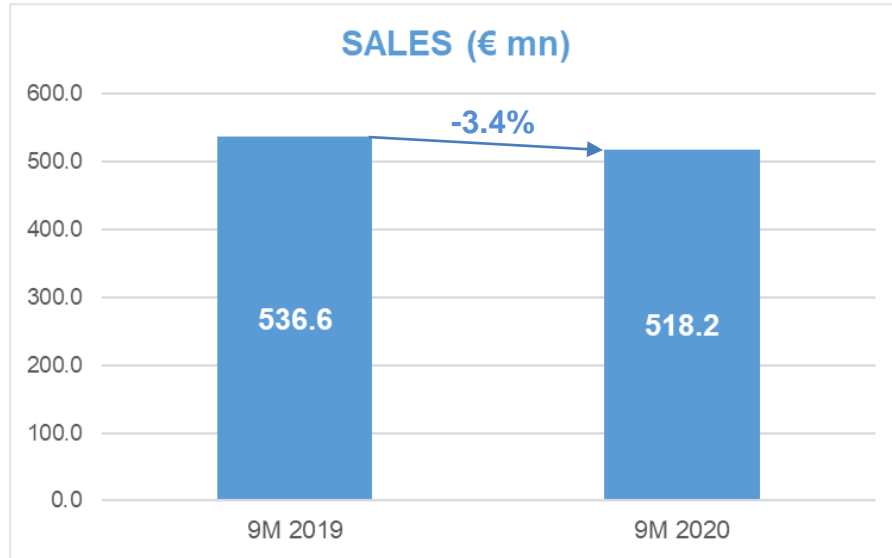
# HIGHLIGHTS



\*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% at December 31, 2019 and 16.4% at September 30, 2020.

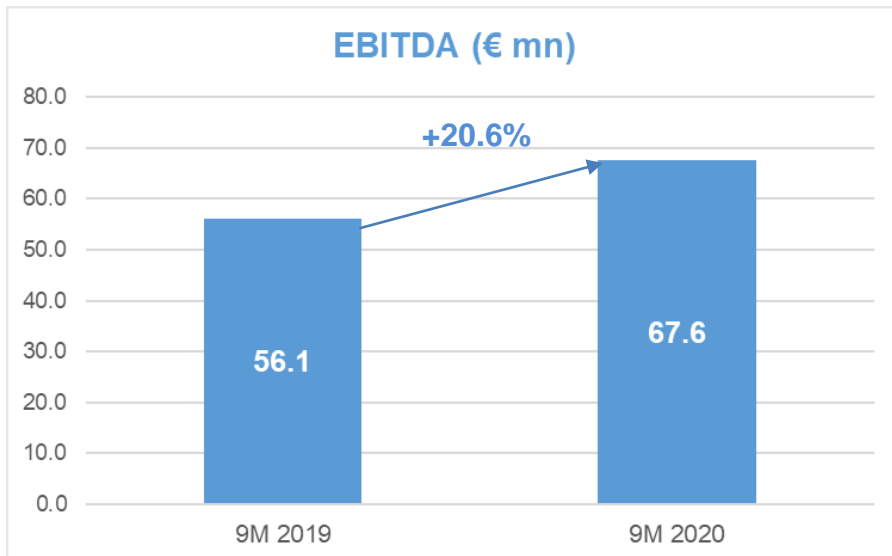
\*Net Debt as 31 December 2019 includes €12.5m liabilities due to the adoption of the new IFRS 16 "Leases".

# SALES AND EBITDA



The **decrease in SALES** (-3.4%) is due to :

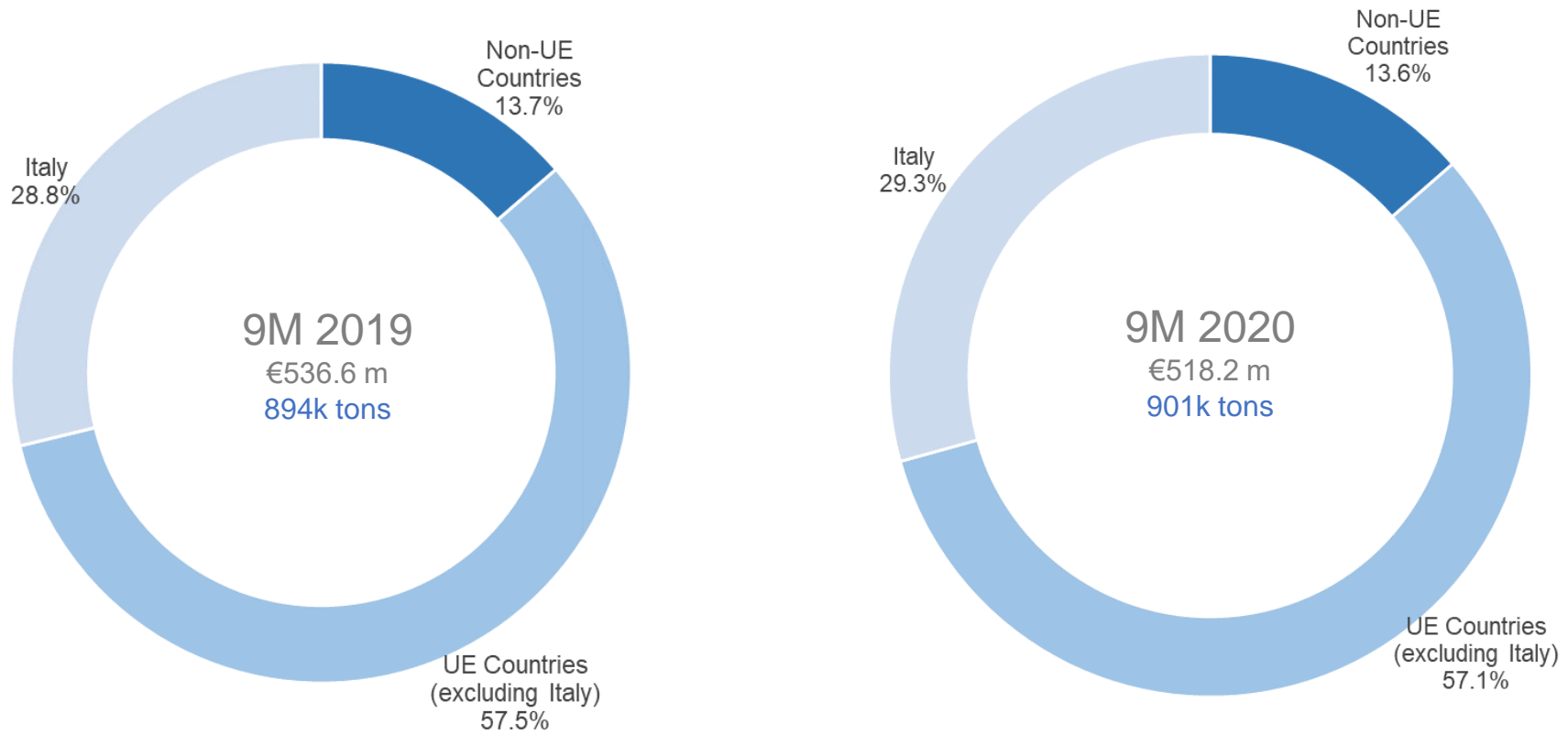
- + **Increase in tons sold**, both in WLC (+0.1%) and FBB (7.6%);
- **Reductions in selling prices**, mainly in WCL compared to 9M 2019;
- **Temporary stoppage of production in Villa Santa Lucia plant** following the seizure of the municipal consortium's wastewater treatment plant and **in Ovaro plant due to lower demand for specialties products**.



**Higher EBITDA margin** (13% in 9M 2020 compared to 10.5% in 9M 2019) reflects the following drivers:

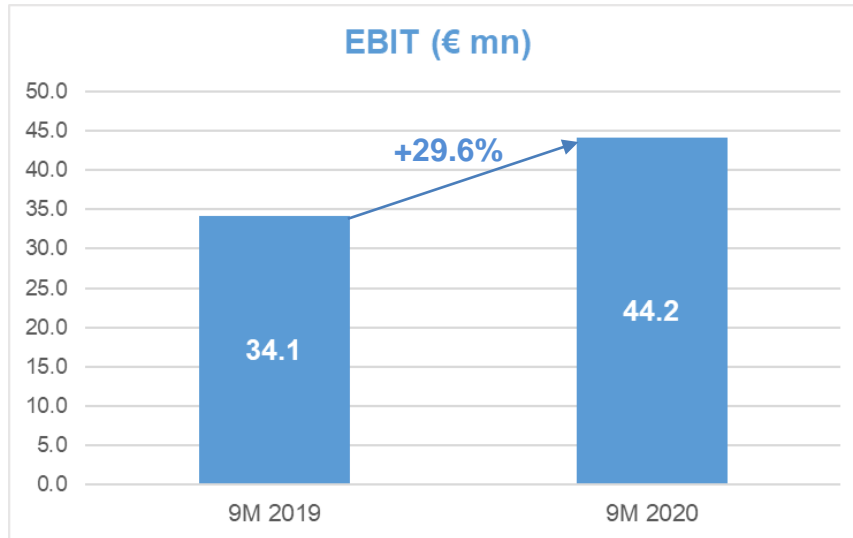
- **Slight decrease in SALES** (-3.4%);
- + **Lower costs of fibers** reflecting **lower prices** and **greater efficiency** in their use;
- + **Decline in energy costs** compared with 9M 2019.

# SALES BY GEOGRAPHY

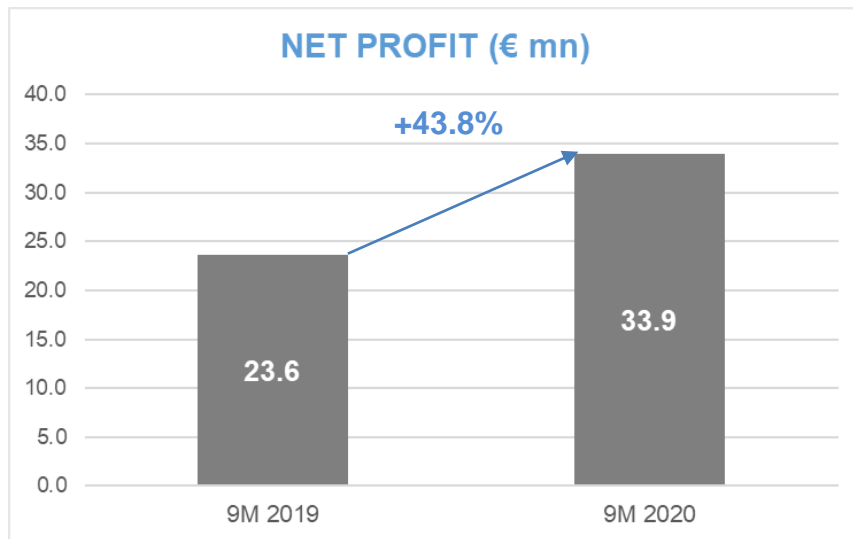


Stable mix in terms of volume and selling prices.

# EBIT AND NET PROFIT



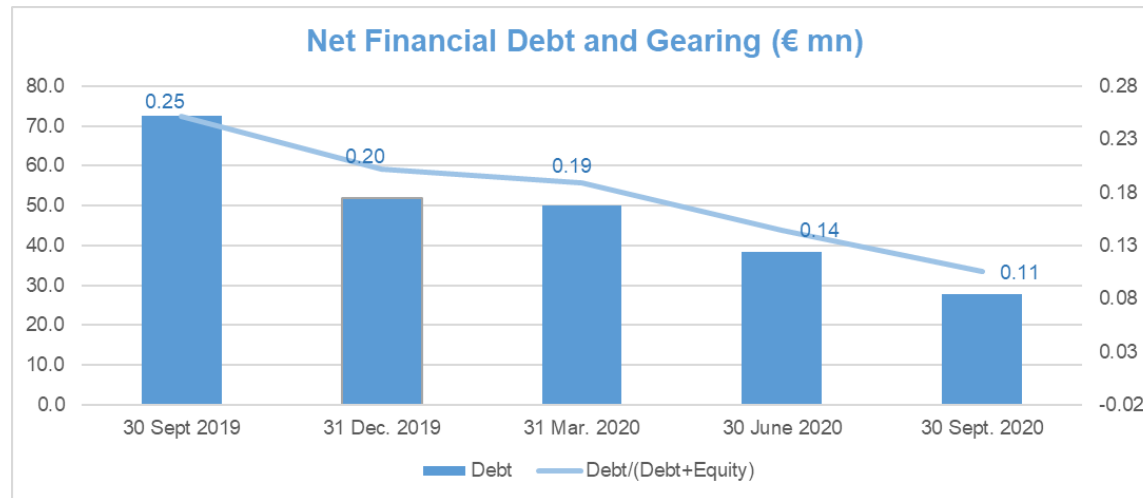
The strong increase in **EBIT (+29.6%)** mainly reflects the increase in EBITDA, partially offset by **higher D&A costs** than those of 2019 (€23.4 in 9M 2020 vs €22m in 9M 2019).



**High 9M 2020 Net Profit** increase (€10.3m vs. 9M 2019) combines the impact of higher EBIT (€10.1m vs. 9M 2019) with:

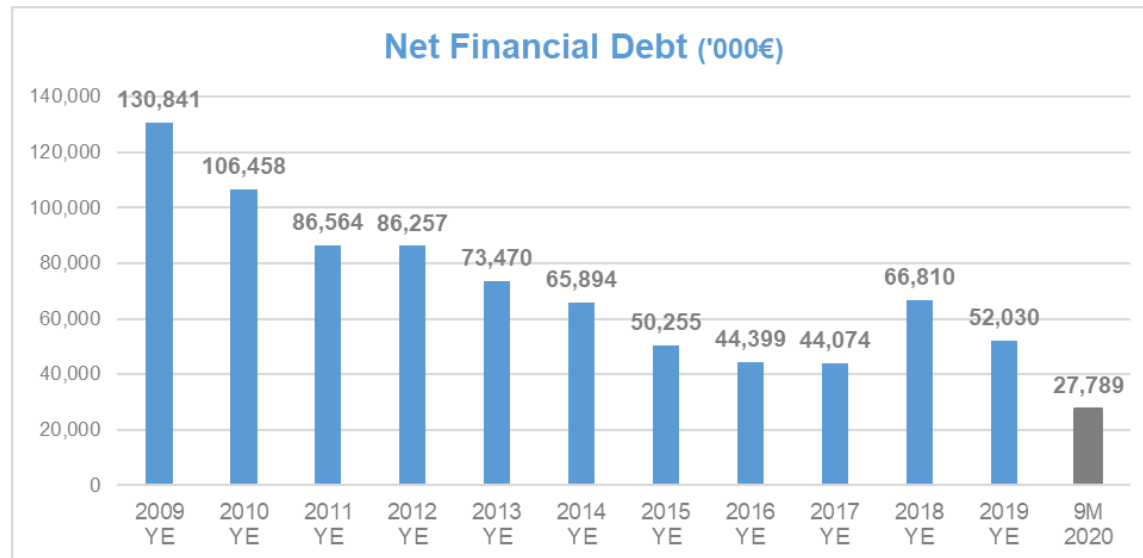
- + a **€1.6m decrease in financial expenses** vs. 9M 2019;
- a **€1.4m increase in taxes**.

# LOW GEARING RATIO



**Decrease in NFD in 9M 2020** (from €52m at December 31, 2019 to €27.8m at September 30, 2020).

In 9M 2020 **capital expenditure** amounted to **€13.4m** compared with €18.6m in 9M 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”**.

# 2020 CAPEX OVERVIEW

2020 capital expenditure: 22-23 € mn

Of which maintenance + H&S investments are 11-13 € mn

## ENERGY EFFICIENCY

€6m

- Villa S. Lucia  
Cogeneration Plant Revamping ✓
- S. Giustina  
New Steam Boiler ✓
- Others Mills  
Power Plants extraordinary  
maintenance ✓

## COST SAVINGS & QUALITY

€3m

- Villa S. Lucia  
Stock Preparation Revamping ✓
- Barcelona  
Top and Back Layer Headbox ✓
- Barcelona  
Winder Rebuilt ✓

## DIGITALIZATION

€2m

- All  
New ERP System  
1<sup>st</sup> Go-live in Ovaro ✓

## ENVIRONMENT

€1m

- La Rochette  
Wastewater Treatment ✓



# LOOKING FORWARD IN A PANDEMIC SCENARIO

## Positives

‘**Essentiality**’ of our cartonboard end-uses

Sustainable packaging **LT drivers demand** still in place

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

**Cash liquidity** and further financing capacity available

**Risks/opportunities** under stress scenarios assessed and well under control

## Challenges

Scarce availability of **fibers** pushing up prices  
Opportunity to revert on final product prices

Second wave of **Covid** impact

New lockdowns and restrictions may **weaken consumer and luxury goods demand**, Asia doing fine so far

**Logistics** complexity and cost

## RDM Group remains focused on Long Term strategy execution

by relying on operational and financial strengths to address potential challenges

# FINAL REMARKS

## TOP ON OUR CURRENT AGENDA

- ✓ Interpreting the 'new normal' scenario
- ✓ Continue assessing the impacts of business scenarios to be prepared to react as needed
- ✓ Responsibly managing the costs
- ✓ Remaining a forward-looking Company

## EMERGING EXTERNAL PATTERNS

- Greener UE agenda, supported by dedicated budget
- Digitalization challenge
- Growth of home delivery shopping and pickup in store

## IMPACTS ON OUR BUSINESS

- Increased demand for packed products
- Enhanced hygiene product protection
- Light and recyclable packaging while preserving physical strenghts

## Leverage on

Supporting **mega-trends** and **end-users** demand

Continuous **track record** of metric improvements and **sound financial performances**

Proven **resilience** to external events

Continue to generate strong **CASH FLOW** to **invest** and **grow** the company

# AGENDA

- 1 Strengths
- 2 Proposed acquisition of Paprinsa
- 3 Environmental performance
- 4 Delivering on Strategy
- 5 **RDM Shares**

# RDM AND THE STOCK EXCHANGE

**Share Capital: 140,000,000.00 €**

**Outstanding shares: 377,800,994**, o/w  
 377,551,889 ordinary shares  
 249,105 convertible savings shares

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

## Listing markets

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

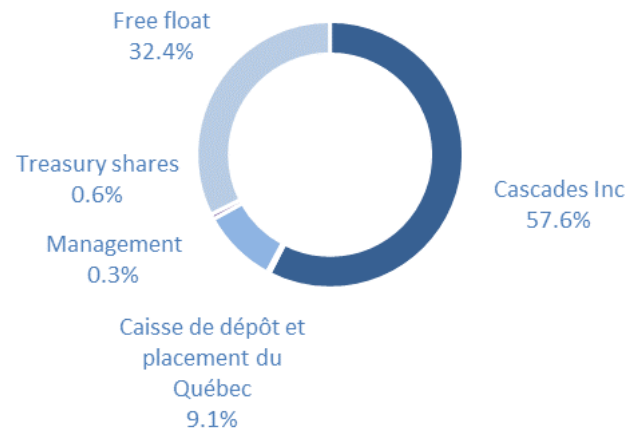
## Codes

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

**Mkt cap:** €403.5m

Free float mkt cap: **€130.7m**  
 (@1.068 € p.s. as of 3 February 2021)

## Main shareholders



Source: RDM shareholder register

## FY2019 dividend

### ORDINARY SHARE:

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

Payment date: **13 May 2020**

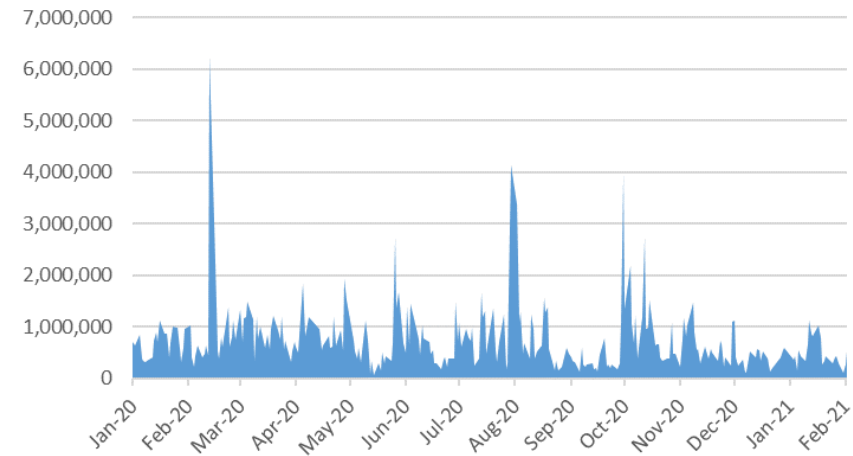
Dividend yield: **1.0%** (@YE2019 price of 0.823 €)

# SHARE PERFORMANCE

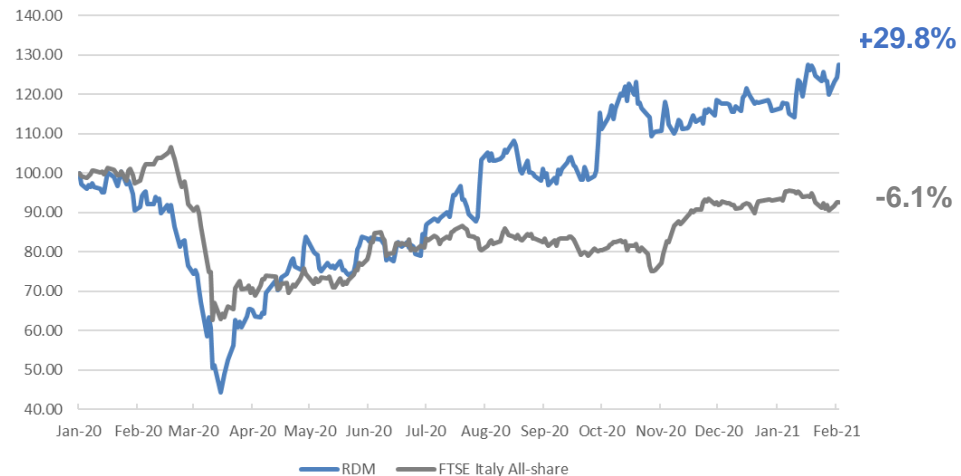
RDM share price (€)



RDM Daily Traded volumes



RDM vs. FTSE Italy All-Share Index  
(base: 2 Jan.2020=100)



Average daily traded volumes

Q1 2020: 849,784

Q2 2020: 745,584

Q3 2020: 745,010

Q4 2020: 722,924

1 Jan. – 3 Feb. 2021: 491,149

(Last update: 3 February 2021)

# ANALYST COVERAGE

BROKER	CITY	ANALYST	TARGET PRICE (€)	RECOMMENDATION	DATE
Intermonte	Milan - IT	Carlo Maritano	1.40	OUTPERFORM	1 December 2020
MidCap Partners	Paris - FR	Florent Thy-Tine	1.30	BUY	2 October 2020

# BOARD OF DIRECTORS

Board reconfirmed on 29 April 2020.

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.



# RdM

**TOGETHER WE SHAPE THE FUTURE**

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**Thank you!**

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For any further information, please contact:  
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