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Oggetto : The Board of Directors approves the
Interim Report at March 31, 2021

Testo del comunicato

Vedi allegato.

Press release

This document contains the “Additional periodic financial information” that the Company makes available to the public, also in compliance with its regulatory obligations as an issuer listed on the STAR segment of Borsa Italiana.

The structure and content of the information contained in this document are unchanged relative to the Interim Reports already published, also in compliance with Article 154-ter, paragraph 5, of the Consolidated Financial Law.

The Board of Directors approves the Interim Report at March 31, 2021

THE INFLATION OF PAPER FOR RECYCLING AFFECTS THE GROUP MARGINS IN THE SHORT TERM

NET FINANCIAL POSITION POSITIVE AT €4.9 MILLION LA ROCHETTE RECLASSIFIED AS ASSET HELD FOR SALE

- **CONSOLIDATED NET SALES AT €153.4 MILLION, UP 1.8% COMPARED WITH €150.8 MILLION AT MARCH 31, 2020¹.**
- **CONSOLIDATED EBITDA AT €12.7 MILLION, DOWN 28.3% COMPARED WITH €17.7 MILLION AT MARCH 31, 2020¹.**
- **CONSOLIDATED EBIT AT €5.5 MILLION, DOWN 47.3% COMPARED WITH €10.4 MILLION AT MARCH 31, 2020¹.**
- **CONSOLIDATED NET PROFIT AT €4.9 MILLION, DOWN 48.1% COMPARED WITH €9.4 MILLION AT MARCH 31, 2020.**
- **NET FINANCIAL POSITION POSITIVE AT €4.9 MILLION COMPARED WITH A NET FINANCIAL DEBT OF €8.9 MILLION AT DECEMBER 31, 2020.**

Milan, April 29, 2021 - The Board of Directors of Reno De Medici S.p.A. examined and approved the Interim Report at March 31, 2021.

Michele Bianchi, CEO of the RDM Group commented:

“The results for Q1 2021 account for the increase in operating costs due to the main raw materials used for production, particularly to the rise in the price of paper for recycling that started to be felt at the end of 2020 and whose effect intensified at the beginning of 2021. However, Q1 financials do not yet reflect the sales increase as a result of the two subsequent price increases that we promptly announced in the previous months. The significant surge in the price of paper for recycling and the time mismatch between customers’ new purchase orders and the

¹ This item includes the WCL segment alone, as R.D.M. La Rochette S.A.S. was classified as “Asset held for sale” in accordance with IFRS 5, and its operating results were recognized under “Discontinued operations” in the Group’s Consolidated Income Statement at March 31, 2021. Accordingly, the figures at March 31, 2021 as well were restated to make them comparable with those at March 31, 2020.

issue of the invoices for the products sold that naturally characterize our business, inevitably influence our operating margins on a quarterly basis.

Our focus and prompt response to the business conditions” CEO Michele Bianchi continued “in line with our vision of being our customers’ partner of choice, allow us to pursue with optimism our medium-to-long term profitability growth, also on the strength of our solid market position and of the expected post-pandemic strong market recovery. The net financial position positive at €4.9 million confirms the cash generation of our Group.”

Group’s performance at March 31, 2021

Following the binding contract signed for the sale of a 100% interest in R.D.M. La Rochette S.A.S., the only Group plant operating in the FBB segment, the French subsidiary was classified as “Asset held for sale” in accordance with IFRS 5, and its operating results were recognized under “Discontinued operations” in the Group’s Consolidated Income Statement at March 31, 2021.

In Q1 2021, the trend of WLC market demand was favorable in volume terms, albeit at a slightly lower level (-0.9%) compared with the sharp growth reported in Q1 2020. Within this context, the Group increased the tons shipped (+2.8%), partially offset by slightly lower selling prices compared with Q1 2020, leading to a 1.8% increase in Consolidated Net Sales¹. The sudden rise in input costs, particularly in paper for recycling and, to a lower extent, in energy, led to an 8.2% EBITDA margin¹ in Q1 2021 compared with 11.7% in Q1 2020, as the Group’s selling prices have not yet reflected the new cost trends of production factors. The decline in EBITDA caused a drop in the Group’s Net Profit (-48.1%). This item included the result of R.D.M. La Rochette S.A.S., which amounted to €1.7 million at March 31, 2021 and was recognized under “Discontinued operations”.

Group’s performance in the WLC segment at March 31, 2021

The **WLC segment** (White Lined Chipboard – coated paperboard for packaging based on recycled fibers) accounted for 100% of consolidated sales at March 31, 2021, as a result of the classification of the subsidiary R.D.M. La Rochette S.A.S., operating in the FBB segment, as “Asset held for sale” in accordance with IFRS 5. In the Group’s core business, market demand in volume terms had grown sharply in Q1 2020 (+2.7% over Q1 2019), attributable to the outbreak of the Covid-19 pandemic and, more specifically, to the increased demand for packaging by essential sectors (e.g. food and cleaning) and concerns among packaging manufacturers of future shortages in the cartonboard supply chain. In Q1 2021, demand trend remained satisfactory, although slightly declining compared with the same period of 2020 (-0.9%).

Within this environment, the rise in **volumes shipped** by the RDM Group in Q1 2021 exceeded that of demand for the same period, compared with Q1 2020 (+2.8%). The increase in Consolidated Net Sales¹ (+1.8%) was attributable to higher volumes shipped, partially offset by lower **selling prices** in Q1 2021 compared with the same period of 2020.

Turning to the **main production factors**, in Q1 2021 the **cost of paper for recycling** was significantly higher than that for the same period of 2020. The upward trend of the cost of paper for recycling, which began in the fourth quarter of 2020, accelerated suddenly in the first month of 2021, fueled by the increased demand for containerboard, in turn driven by the growth of e-commerce, and the decline in urban collection following the

temporary closures due to the Covid-19 pandemic. The increase in the price of paper for recycling had effects in all the countries in which the RDM Group's production facilities are located, with a particularly severe impact in Germany and Spain. In detail, with regard to the Iberian peninsula, due to the temporary demand slowdown in terms of volumes (-5.9% compared with Q1 2020), along with the input cost inflation and the difficulties due to the current pandemic, the margins of the subsidiary RDM Barcelona Cartonboard S.A.U. were not yet in line with RDM Group's expectations.

With regard to **energy costs**, the price of all main energy sources (natural gas, electricity and coal) started to rise at the end of 2020 to then increase further in the first months of 2021. The effects of the rise will intensify in the forthcoming quarters of 2021 as, in Q1 2021, the RDM Group continued to benefit from its energy commodity forward purchasing policy, which partially offset the price increase.

In light of the sudden rise in the price of paper for recycling, the RDM Group promptly announced a first increase in **selling prices** in January 2021, followed by a second upward adjustment in March 2021. These increases will begin to generate effects in the second quarter of 2021, to then become fully effective starting in the third quarter. The time mismatch between the increase in the price of recycled fibers and the implementation of the new selling prices, currently underway, led to a decline in the Group's EBITDA margin in Q1 2021 compared with the same period of 2020. Accordingly, EBITDA margin¹ stood at **8.2%** at the end of Q1 2021 compared with 11.7% for Q1 2020.

Group's performance in the FBB segment at March 31, 2021

On March 30, 2021 a binding contract was signed for the sale of a 100% interest in R.D.M. La Rochette S.A.S., the only Group plant operating in the **FBB segment** (Folding Box Board - cartonboard for folding boxboard based on virgin fibers). For further information, reference should be made to the press release published by Reno De Medici S.p.A. on March 31, 2021.

As a result, R.D.M. La Rochette S.A.S. was classified as "Asset held for sale" in accordance with IFRS 5, and its operating results were recognized under "Discontinued operations" in the Group's Consolidated Income Statement at March 31, 2021. The figures at March 31, 2021 as well were restated to make them comparable with those at March 31, 2020.

In Q1 2021, FBB **demand** continued its positive trend, with volumes up +8.5% at the end of March 2021 compared with the same period of 2020.

Virgin pulp costs remained slightly lower than in the same period of 2020, confirming also for Q1 2021 the downward trend that had emerged in the second half of 2018 and essentially stabilized in 2020.

In Q1 2021, **energy costs** were in line with that reported in 2020.

In the context of a robust demand, the tons sold in Q1 2021 by the French subsidiary R.D.M. La Rochette S.A.S. rose by 3.2% compared with 2020. The volume increase offset the decline in **selling prices** compared with the same period of 2020. Together with the favorable price trend of virgin fibers, it also allowed the FBB segment's contribution to the Group's **Net Profit** to remain stable.

The **Group's Net Profit** amounted to €4.9 million, decreasing compared with €9.4 million at March 31, 2020 (-48.1%) and reflecting the decline in EBITDA margin¹ (€5 million), while also partially benefiting from lower income taxes¹ (€1.2 million) that allowed to fully offset a higher financial expense¹ (€0.8 million). The Net Profit generated by R.D.M. La Rochette S.A.S. contributed to the Group's Net Profit for €1.7 million at March 31, 2021 (in line with the same period of 2020) and was recognized under "**Discontinued operations**" in the Consolidated Income Statement at March 31, 2021.

Main consolidated Income Statement figures at March 31, 2021

Consolidated Net Sales¹ amounted to €153.4 million compared with €150.8 million for the previous year. The €2.7 million increase was attributable to higher volumes sold, partially offset by lower average selling prices in Q1 2021 compared with the same period of 2020. At March 31, 2021, the **tons** sold by the RDM Group in the **WLC segment** reached 287 thousand units compared with 279 thousand units in 2020 (+2.8%). Considering the tons sold in the FBB segment as well, the **tons** shipped by the RDM Group reached 327 thousand units compared with 318 thousand units in 2020 (+2.9%).

In terms of geographical markets, the pro-rata contribution of sales was in line with March 31, 2020. Europe continued to be the RDM Group's core market, accounting for 53% in Q1 2021 compared with 54% in 2020 (€81.2 million in 2021 compared with €82.6 million in 2020). Italian sales accounted for 33% (€50.7 million) compared with 32% (€47.7 million) at March 31, 2020. Sales to the rest of the world were stable at 14% (€21.5 million in 2021 compared with €20.5 million in 2020).

The **cost for raw materials and services**¹ amounted to €113 million, up €13.3 million compared with Q1 2020 (€99.7 million), essentially driven by the sharp rise in the price of paper for recycling.

Personnel costs¹ amounted to €22.7 million, in line with €22.1 million for Q1 2020.

At March 31, 2021, **Consolidated Gross Operating Profit (EBITDA)**¹ stood at €12.7 million compared with €17.7 million for the same period of 2020 (-28.3%). The Group's EBITDA margin was 8.2%, down compared with 11.7% for 2020.

Consolidated Operating Profit (EBIT)¹ amounted to €5.5 million, down (-47.3%) compared with €10.4 million at the end of March 2020. Amortization and depreciation for Q1 2021 were in line with the same period of 2020 (€7.2 million at March 31, 2021 compared with €7.3 million at March 31, 2020).

The **Group's Net Profit** amounted to €4.9 million, decreasing compared with €9.4 million at March 31, 2020 (-48.1%) and reflecting the decline in EBITDA margin¹ (€5 million), while also partially benefiting from lower income taxes¹ (€1.2 million) that allowed to fully offset a higher financial expense¹ (€0.8 million). The Net Profit generated by R.D.M. La Rochette S.A.S. contributed to the Group's Net Profit for €1.7 million at March 31, 2021, in line with the same period of 2020, and was recognized under "**Discontinued operations**" in the Consolidated Income Statement at March 31, 2020.

Consolidated Net Financial Position at March 31, 2021 was positive at €4.9 million, improving by €13.7 million compared with a net financial debt of €8.9 million at December 31, 2020. The improved net financial position reflected the positive effect arising from the €8 million proceeds collected for the sale of the land located in Boffalora sopra Ticino (former Magenta paper mill) and the cash generation for the reporting quarter.

In Q1 2021, the Group's **capital expenditure** amounted to €4.6 million, compared with €2.6 million for the same period of 2020.

Outlook

The current situation is still marked by considerable elements of uncertainty linked to the Covid-19 emergency, its possible end following the vaccine plans put in place and, with specific regard to the sector in which the RDM Group operates, the sharp rises in raw materials being recorded.

In the RDM Group's core business, **White Lined Chipboard (WLC)**, the short-term outlook (second quarter) remains very positive in volume terms, whilst it can be expected that the second quarter may also be impacted by the recent sharp increases in fibers and energy costs. In fact, the full effect of the price increases already implemented will only be felt from the end of the second quarter. A further, but more moderate, price increase for recycled fibers could occur in the second quarter.

In terms of profitability, the RDM Group has a moderately negative view in the short-term, due to the dynamics explained above. At the moment, the outlook for the second half of the year is positive, assuming that, once the selling price increases become fully operational, raw material and energy costs settle and decrease after the sharp rises in the first half of the year.

In 2021, the **RDM Group** will continue to pursue the program of initiatives already started in the three-year period 2018-2020, aimed at structurally increasing its profitability. Further benefits are expected from the new initiatives that will be launched in 2021, beginning with the integration of Paprinsa and the Iberian area, the start of the Lean Manufacturing program in a pilot paper mill and the following extension of the program to the rest of the Group, and the digitalization and automation plan. The closing of Paprinsa acquisition is expected to take place no later than June 30, 2021.

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.

The Interim Report at March 31, 2021 will be made available by today at the Company's registered office in Milan, Viale Isonzo 25, and on the corporate website www.rdmgroup.com (Investor Relations/Financial statements and reports). It will also be searchable on the authorized storage system accessible at the site www.emarketstorage.com.

Attached:

- Consolidated Income Statement at March 31, 2021
- Consolidated Statement of Financial Position at March 31, 2021
- Consolidated Net Financial Position at March 31, 2021

For further information

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Consolidated Income Statement at March 31, 2021

Consolidated Income Statement	03.31.2021	03.31.2020 (*)
(€ thousands)		
Sales	153,447	150,765
Other sales and income	3,002	1,811
Change in inventories of finished goods	(7,263)	(11,561)
Cost of raw materials and services	(112,990)	(99,689)
Personnel costs	(22,721)	(22,140)
Other operating costs	(816)	(1,520)
Gross operating profit (EBITDA)	12,659	17,666
Depreciation, amortization and write-downs	(7,182)	(7,281)
Operating profit (EBIT)	5,477	10,385
<i>Financial expense</i>	(893)	(674)
<i>Gains (losses) on foreign exchange</i>	236	165
<i>Financial income</i>		654
Net financial income/(expense)	(657)	145
Income (losses) from equity investments	48	99
Taxes	(1,695)	(2,915)
Profit (Loss) for the period ante discontinued operations	3,173	7,714
Discontinued Operations	1,692	1,662
Profit (Loss) for the period	4,865	9,376
Attributable to:		
Group's share of profit (loss) for the period	4,865	9,376
Minority interest in profit (loss) for the period		

(*) Following the classification of R.D.M. La Rochette S.A.S. as held for sale, their profits were reclassified for the period under discontinued operations, as required by IFRS 5. The figures as of March 31, 2020 were also reclassified to make them comparable to those as of March 31, 2021.

Consolidated Statement of Financial Position at March 31, 2021

Statement of Financial Position - ASSETS	03.31.2021	12.31.2020
(€ thousand)		
Non-current assets		
Property, plant and equipment	207,410	220,745
Right-of-use assets	10,757	15,166
Goodwill	4,389	4,389
Other intangible assets	16,456	16,749
Equity investments	661	950
Deferred tax assets	213	243
Other receivables	3,905	5,823
Total non-current assets	243,791	264,065
Current assets		
Inventories	76,793	102,231
Trade receivables	75,412	66,231
Other receivables	13,984	18,774
Derivative instruments	405	712
Cash and cash equivalents	69,871	62,985
Total current assets	236,465	250,933
Non current assets held for sales	43,470	
TOTAL ASSETS	523,726	514,998

Statement of Financial Position - EQUITY AND LIABILITIES	03.31.2021	12.31.2020
(€ thousands)		
Equity		
Equity attributable to the Group	239,460	234,127
Total equity	239,460	234,127
Non-current liabilities		
Payables to banks and other lenders	38,566	50,845
Derivative instruments	242	388
Deferred tax liabilities	6,897	7,231
Employee benefits	33,300	37,245
Non-current provisions	5,536	5,380
Total non-current liabilities	84,541	101,089
Current liabilities		
Payables to banks and other lenders	18,432	21,062
Derivative instruments	403	517
Trade payables	121,600	130,811
Other payables	20,945	23,306
Current taxes	4,358	2,447
Current provisions	1,387	1,526
Employee benefits		113
Total current liabilities	167,125	179,782
Non current liabilities held for sales	32,600	
TOTAL EQUITY AND LIABILITIES	523,726	514,998

Consolidated Net Financial Position at March 31, 2021

Net financial position	03.31.2021 Post discontinued	03.31.2021 Discontinued	03.31.2021 Total	12.31.2020 Total	Change
(€ thousands)					
Cash, cash equivalents and short-term financial receivables	70,594	987	71,581	63,228	8,353
Short-term financial debt	(18,432)	(2,666)	(21,098)	(21,062)	(36)
Valuation of current portion of derivatives	2	(31)	(29)	195	(224)
Short-term net financial position	52,164	(1,710)	50,454	42,361	8,093
Medium-term financial debt	(38,566)	(6,738)	(45,304)	(50,845)	5,541
Valuation of non-current portion of derivatives	(242)	(35)	(277)	(388)	111
Net financial position	13,356	(8,483)	4,873	(8,872)	13,745

Fine Comunicato n.0217-31

Numero di Pagine: 12