



SPAFID  
CONNECT

Informazione Regolamentata n. 0217-94-2021	Data/Ora Ricezione 08 Novembre 2021 16:57:28	Euronext Star Milan
--	--	---------------------

Societa' : RENO DE MEDICI  
Identificativo : 153822  
Informazione  
Regolamentata  
Nome utilizzatore : RENON01 - Buonanno  
Tipologia : REGEM  
Data/Ora Ricezione : 08 Novembre 2021 16:57:28  
Data/Ora Inizio : 08 Novembre 2021 16:57:29  
Diffusione presunta  
Oggetto : The Board of Directors approves the  
Financial Report at 30 September 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 Board of Directors approves the Financial Report at September 30, 2021

**EBIT STILL IMPACTED BY THE PRICE INCREASE IN FIBERS AND ENERGY,  
DESPITE THE POSITIVE CONTRIBUTION OF THE ACQUISITIONS CARRIED OUT IN RECENT MONTHS**

- **CONSOLIDATED NET SALES AT €544.1 MILLION, UP 26.6% COMPARED WITH €429.9 MILLION AT SEPTEMBER 30, 2020<sup>1</sup>.**
- **CONSOLIDATED EBITDA AT €28.6 MILLION, DOWN 52.1% COMPARED WITH €59.7 MILLION AT SEPTEMBER 30, 2020<sup>1</sup>.**
- **CONSOLIDATED EBIT AT €3.4 MILLION, DOWN 90.9% COMPARED WITH €37.5 MILLION AT SEPTEMBER 30, 2020<sup>1</sup>.**
- **CONSOLIDATED NET PROFIT AT €15.5 MILLION, DOWN 54.2% COMPARED WITH €33.9 MILLION AT SEPTEMBER 30, 2020.**
- **NET FINANCIAL DEBT AT €165.1 MILLION COMPARED WITH A NET FINANCIAL DEBT OF €8.9 MILLION AT DECEMBER 31, 2020, MAINLY REFLECTING ESKA’S ACQUISITION.**

*Milan, November 8, 2021* - The Board of Directors of Reno De Medici S.p.A. examined and approved the Financial Report at September 30, 2021.

Michele Bianchi, CEO of RDM Group commented:

*“RDM Group experienced exciting strategic changes in the first nine months of 2021 between closing of the divestiture of RDM La Rochette in April and acquisitions of Paprinsa and Eska in July, as well as the strategic investment by the funds managed by affiliates of Apollo Global Management, Inc.. The market environment showed strong and persistent demand for materials, resulting in a meaningful increase in RDM Group’s volumes and revenues, and was also characterized by shifts in the economic scenario with a strong input cost inflationary environment, common to most business sectors.*

*At a consolidated level, the performance for the first nine months of the year started to show the positive effects of the expanded scope of consolidation,”* Bianchi continued. *“While it did not yet fully benefit from the increases in selling prices, applied to offset the inflation in fiber and energy raw materials, we expect these effects to become visible in the results of the coming months. I wish to thank all our customers who, despite the challenging market conditions, continued to trust our Company and to support the structural adjustments required by the business in which we operate. A special thanks goes also to the whole RDM personnel, those already with the Company and*

---

<sup>1</sup> This item includes the Recycled Board segment alone, as 100% of the interest in R.D.M. La Rochette S.A.S. was sold on April 30, 2021. In accordance with IFRS 5, the subsidiary’s operating results were therefore recognized under “Discontinued operations” in the Group’s Consolidated Income Statement at September 30, 2021. Accordingly, the figures at September 30, 2020 as well were restated to make them comparable with those at September 30, 2021.

*those who recently joined us, who enabled the transformation and continued success of our Group. Now, we look to the future with confidence, more determined than ever before.”*

### **Group’s performance at September 30, 2021**

On April 30, 2021, RDM Group finalized the contract 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. In accordance with IFRS 5, the subsidiary’s operating results were recognized under “Discontinued operations” in the Group’s Consolidated Income Statement at September 30, 2021.

In July 2021, two acquisitions were finalized. On July 1, the Group announced the closing of the acquisition of the Spanish paper mill Papelera del Principado S.A. and three smaller companies operating in contiguous businesses Fergedell S.L., Cogeneració del Pla S.A. and Onducapart S.A. (hereinafter “Paprinosa”). For further information, reference should be made to the press releases published by Reno De Medici S.p.A. on September 30, 2020 and on July 1, 2021.

On July 13, 2021, the Group finalized the acquisition of Fineska B.V., holding company of Eska group, global leader in the production of solid board based on 100% recycled fibers. For further information, reference should be made to the press releases published by Reno De Medici S.p.A. on June 8, 2021 and on July 14, 2021.

The results at September 30, 2021 includes data of the income statement and statement of financial position of Eska Group and Paprinosa.

### **Group’s performance in the Recycled Board segment at September 30, 2021**

The **Recycled Board segment** accounted for 100% of consolidated sales at September 30, 2021, following the sale of the subsidiary R.D.M. La Rochette S.A.S., operating in the FBB segment.

At September 30, 2021, market demand continued to be strong and persistent, with market volumes in line with the same period of 2020 (+0.1%).

In this environment, RDM Group outperformed the market in the first nine months of 2021, reporting an increase in **volumes shipped** at organic level compared with the first nine months of 2020 (+3.8%), which had been impacted by the temporary production halts at the Villa Santa Lucia plant for external reasons and at the Ovaro plant due to the closure of non-essential businesses during the first wave of the pandemic. The increase in Consolidated Net Sales<sup>1</sup> (+26.6%) was attributable to higher volumes shipped and **selling price** increases, as well as the expansion of the scope of consolidation.

Turning to the **main production factors**, in the first nine months of 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 had begun in the fourth quarter of 2020, accelerated in 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.

With regard to **energy costs**, the price of the main energy sources (natural gas, electricity and coal) started to rise at the end of 2020 and increased further in 2021. This uptrend was more marked in the second and third quarter of 2021 than in the first quarter of 2021 as RDM Group renewed certain contracts to partially hedge its purchases of natural gas in the rising energy price environment.

In light of the increase in the cost of production factors, particularly paper for recycling and energy, RDM Group announced several increases in **selling prices**. These price increases started to generate effects on the income statement as of the end of the second quarter of 2021. These effects will be fully visible in the Group's results in the coming months, once the backlog orders have been invoiced. The ongoing inflationary trend of input costs combined with the time mismatch between the announced increases in selling prices and their effect on sales generated a decline in the Group's EBITDA<sup>1</sup> to €28.6 million at the end of September 2021 compared with €59.7 million for the first nine months of 2020.

In the first nine months of 2021, the Group's scope of consolidation included Eska group and Paprinsa, which have been consolidated as of their respective effective date of acquisition closing in July 2021. Before intercompany eliminations, these companies contributed €70.2 million to consolidated sales (€53.4 million and €16.8 million respectively), €6 million to EBITDA (€4.8 million and €1.2 million respectively), and €3.9 million to net profit (€3.1 million and €0.8 million respectively).

#### Group's performance in the FBB segment at April 30, 2021

On April 30, 2021, RDM Group finalized the contract 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 releases published by Reno De Medici S.p.A. on May 3, 2021 and August 2, 2021 concerning the H1 results.

\*\*\*

#### *Main consolidated Income Statement figures at September 30, 2021*

**Consolidated Net Sales**<sup>1</sup> amounted to €544.1 million compared with €429.9 million for the previous year. The €114.2 million increase was attributable for €70.2 million to the change in the scope of consolidation and for the remaining €44 million to higher volumes sold and to the first effects of the rises in selling prices in the first nine months of 2021 compared with the same period of 2020. At September 30, 2021, the **tons** sold by RDM Group **in the Recycled Board segment** reached 919 thousand units compared with 792 thousand for the first nine months of 2020 (+16.1%), mainly as a result of the expansion of the scope of consolidation as well as due to increased customer demand.

In terms of geographical markets, the pro-rata contribution of sales varied slightly compared with September 30, 2020 as a result of the change in the scope of consolidation. Europe continued to be RDM Group's core market, accounting for 54.3% (€295.7 million) for the first nine months of 2021 compared with 51.6% (€221.6 million) for the same period of 2020. Sales in Italy accounted for 28.6% (€155.5 million) compared with 33.1% (€142.5 million) at September 30, 2020. Sales to the rest of the world stood at 17.1% (€93 million) compared with 15.3% in the first nine months of 2020 (€65.7 million).

The **cost for raw materials and services**<sup>1</sup> amounted to €440.1 million, up €142.4 million compared with the first nine months of 2020 (€297.8 million), due to the expansion of the scope of consolidation as well as the rise in the price of paper for recycling and, to a lower extent, of energy and production factors.

**Personnel costs**<sup>1</sup> amounted to €79.7 million, up compared with €66.7 million for the first nine months of 2020, essentially attributable to the consolidation of Eska group and Paprinsa.

At September 30, 2021, **Consolidated Gross Operating Profit (EBITDA**<sup>1</sup>) stood at €28.6 million compared with €59.7 million for the same period of 2020 (-52.1%). Eska group and Paprinsa contributed €4.8 million and €1.2 million respectively to RDM Group's EBITDA.

**Consolidated Operating Profit (EBIT**<sup>1</sup>) amounted to €3.4 million, compared with €37.5 million at the end of September 2020 (-90.9%) and reflecting the contraction in gross operating margin and increase in amortization and depreciation. Amortization and depreciation for the first nine months of 2021 grew compared with the same period of 2020 (€25.2 million at September 30, 2021 compared with €22.2 million at September 30, 2020) as a result of the change in the scope of consolidation.

The **Group's Net Profit** amounted to €15.5 million, decreasing compared with €33.9 million at September 30, 2020 (-54.2%), reflecting the decrease in operating profit, while also partially benefiting from higher income from equity investments<sup>1</sup> attributable to the recognition of the badwill of Paprinsa (€8.9 million), lower income taxes<sup>1</sup> (€7.5 million) and lower financial expense<sup>1</sup> (€2 million). The Net Profit generated by R.D.M. La Rochette S.A.S. contributed to the Group's Net Profit for €4.3 million at September 30, 2021 (€5.6 million for the first nine months of 2020), allowing to offset the €1.7 million capital loss due to the disposal of the equity investment. The item "Discontinued Operations" at September 30, 2021 therefore totaled €2.6 million. The Group's Net Profit also benefited from the €3.9 million contribution by Eska group (€3.1 million) and Paprinsa (€0.8 million).

**Consolidated Net Financial Debt** at September 30, 2021 amounted to €165.1 million, up €156.2 million compared with December 31, 2020 (€8.9 million). The change in net financial debt was attributable to the financial effect of the acquisitions of Eska and Paprinsa. The acquisition price was €146.7 million and €8.9 million (of which €3 million to be paid in the fourth quarter of 2021), respectively, to which the net financial debt of the newly acquired companies at September 30, 2021 has to be added (€8.4 million for Eska group and €20.2 million for Paprinsa). These financial outflows were partially offset by the €8 million proceeds collected for the sale of the land located in Boffalora sopra Ticino (former Magenta paper mill), €5 million from the sale of the interest in R.D.M. La Rochette S.A.S. and the cash generation for the quarter. The Company distributed €5.3 million dividends in the second quarter of 2021.

In the first nine months of 2021, the Group's **capital expenditure** amounted to €18.5 million, compared with €13.4 million for the same period of 2020, which had been negatively impacted by the Covid-19 emergency.

#### *Subsequent events*

On October 26, 2021, Rimini BidCo S.p.A., an affiliate of funds managed by Apollo Global Management, Inc., announced that it finalized the acquisition of approximately 67% equity ownership in Reno De Medici S.p.A. from the Company's top two shareholders, Cascades Canada ULC and Caisse de dépôt et placement du Québec, for €1.45 per share. On the same date, Rimini BidCo S.p.A. announced that it filed with Consob the mandatory public

tender offer for the remaining shares. For further information, reference should be made to the press releases published on October 26 and November 3, 2021 by Reno De Medici S.p.A. on behalf of Rimini BidCo S.p.A.

### *Outlook*

In the RDM Group's core business, Recycled Board, outlook remains very positive in terms of volumes. In terms of profitability, while the fourth quarter may be expected to be impacted by the recent increases in the cost of fibres and energy, there is a positive outlook for next year when the increased selling prices and new increases, if any, linked to the trend in energy costs will come into full effect. The positive outlook linked to the economic recovery remains, also stimulated by significant European and global recovery plans, with resulting increases in consumed volume translating into higher revenues for the Group. While the 2021 performance compared with the previous financial year has been temporarily impacted by the input cost inflation described in detail above, the RDM Group is, and will be, ready to take further pricing actions should the trend in costs make it necessary.

The RDM Group will also continue to pursue initiatives aimed at structurally increasing its profitability in the last part of financial year 2021, and subsequent ones, and expects further benefits from the integration of Paprinsa and Barcelona Cartonboard, the strengthening of the segment of specialities covered by the Ovaro and Eska Group paper mills, the start of the Lean Manufacturing programme including a pilot paper mill programme to be later rolled out to the rest of the group, as well as the digitization and automation programme.

\*\*\*

*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.*

The Financial Report at September 30, 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](http://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](http://www.emarketstorage.com).

*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 Income Statement at September 30, 2021
- Consolidated Statement of Comprehensive Income at September 30, 2021
- Consolidated Statement of Financial Position at September 30, 2021
- Consolidated Statement of Cash Flows at September 30, 2021

## For further information

### **Reno De Medici**

#### **Investor Relations Officer**

Chiara Borgini

Tel: +39 02 89966204

E-mail: investor.relations@rdmgroup.com

### **IR Advisor**

#### **Blue Arrow**

Maria Grazia Mantini

Tel: +41 91 2291710

E-mail: mariagrazia.mantini@bluearrow.ch

### **Media Relations**

#### **Community Group**

Pasquo Cicchini

Tel: +39 3451462429

E-mail: pasquo.cicchini@communitygroup.it

Giovanni Fabbri

Tel: +39 3463255638

E-mail: giovanni.fabbri@communitygroup.it

Elena Zola

Tel: +39 3477034078

E-mail: elena.zola@communitygroup.it

## Consolidated Income Statement at September 30, 2021

	09.30.2021	09.30.2020*
<b>(thousands of Euros)</b>		
Revenues from sales	544,090	429,871
- of which related parties	11,757	8,809
Other revenues and income	11,424	7,769
- of which related parties	56	65
Change in inventories of finished goods	(4,304)	(9,345)
Cost of raw materials and services	(440,112)	(297,752)
Personnel costs	(79,721)	(66,651)
Other operating costs	(2,765)	(4,196)
<b>Gross operating profit</b>	<b>28,612</b>	<b>59,696</b>
Depreciation and amortization	(25,220)	(22,230)
<b>Operating profit</b>	<b>3,392</b>	<b>37,466</b>
Financial expense	(2,495)	(575)
Gains (losses) on foreign exchange	217	(511)
Financial income	3,182	10
Net financial income (expense)	904	(1,076)
Gains (losses) on investments	9,150	
Taxes	(565)	(8,114)
<b>Profit (loss) for the period before discontinued operations</b>	<b>12,881</b>	<b>28,276</b>
Discontinued operations	2,633	5,623
<b>Profit (loss) for the period</b>	<b>15,514</b>	<b>33,899</b>
Total profit (loss) for the period attributable to:		
- Group	15,514	33,899
- Minority interests		

(\*) As a result of the sale of a 100% interest in R.D.M. La Rochette S.A.S. and the subsequent reclassification of the subsidiary's results to "Discontinued operations" in accordance with IFRS 5, data at September 30, 2020 were restated to make them comparable with those at September 30, 2021.



## Consolidated Statement of Comprehensive Income at September 30, 2021

	09.30.2021	09.30.2020
<b>(thousands of Euros)</b>		
<b>Profit (loss) for the period</b>	<b>15,514</b>	<b>33,899</b>
<b>Other components of comprehensive profit (loss)</b>		
<b>Other components that may be transferred to the income statement in subsequent financial years:</b>	<b>783</b>	<b>31</b>
<i>Change in fair value of cash flow hedges</i>	559	169
<i>Profit (loss) on translation of financial statements of foreign investee companies</i>	224	(138)
<b>Other components that will not be transferred to the income statement in subsequent financial years:</b>		
<i>Actuarial gain (loss) on employee benefits</i>		
<b>Total other components of comprehensive profit (loss)</b>	<b>783</b>	<b>31</b>
<b>Total comprehensive profit (loss)</b>	<b>16,297</b>	<b>33,930</b>
Total comprehensive profit (loss) attributable to:		
- Group	16,297	33,930
- Minority interests		

## Consolidated Statement of Financial Position at September 30, 2021

	09.30.2021	12.31.2020
<b>(thousands of Euros)</b>		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Tangible fixed assets	287,970	220,745
Right-of-use asset	13,641	15,166
Goodwill	90,670	4,389
Intangible fixed assets	16,634	14,013
Intangible assets with an indefinite useful life	3,165	2,736
Equity investments	723	950
Deferred tax assets	3,796	243
Financial assets held for sale	374	
Trade receivables	230	
Other receivables	9,713	5,823
<b>Total non-current assets</b>	<b>426,916</b>	<b>264,065</b>
<b>Current assets</b>		
Inventories	116,010	102,231
Trade receivables	113,194	59,959
Receivables from associates and joint ventures	9,629	6,272
Other receivables	31,493	18,774
Other receivables from associates and joint ventures	1	
Derivative instruments	4,176	712
Cash and cash equivalents	25,357	62,985
<b>Total current assets</b>	<b>299,860</b>	<b>250,933</b>
<b>TOTAL ASSETS</b>	<b>726,776</b>	<b>514,998</b>

	09.30.2021	12.31.2020
<b>(thousands of Euros)</b>		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Shareholders' equity</b>		
Share capital	140,000	140,000
Other reserves	28,708	26,400
Retained earnings (losses)	61,563	34,176
Profit (loss) for the period	15,514	33,551
<b>Shareholders' equity attributable to the Group</b>	<b>245,785</b>	<b>234,127</b>
Minority interests		
<b>Total shareholders' equity</b>	<b>245,785</b>	<b>234,127</b>
<b>Non-current liabilities</b>		
Payables to banks and other lenders	136,949	50,845
Derivative instruments	138	388
Other payables	997	
Deferred taxes	8,121	7,231
Employee benefits	33,330	37,245
Non-current provisions for risks and charges	7,146	5,380
<b>Total non-current liabilities</b>	<b>186,681</b>	<b>101,089</b>
<b>Current liabilities</b>		
Payables to banks and other lenders	57,853	21,062
Derivative instruments	206	517
Trade payables	202,522	130,811
- of which related parties		1
Other payables	30,514	23,205
Other payables to associates and joint ventures	101	101
Current taxes	2,252	2,447
Employee benefits		113
Current provisions for risks and charges	862	1,526
<b>Total current liabilities</b>	<b>294,310</b>	<b>179,782</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>726,776</b>	<b>514,998</b>

## Consolidated Statement of Cash Flows at September 30, 2021

	09.30.2021	09.30.2020
<b>(Euro thousand)</b>		
Profit (Loss) for the year	15,514	33,899
Taxes	565	8,869
Depreciation and amortization	25,220	23,444
Financial charges (income)	(904)	1,413
Write-downs (write-ups) of financial assets	(299)	
Capital losses (gains) on the disposal of fixed assets	(448)	5
Capital loss on the disposal of the RDM La Rochette business unit	1,665	
Badwill on the acquisition of Paprinsa business unit	(8,852)	
Changes in employee severance indemnities, other provisions including the allowance for doubtful accounts	(311)	1,778
Change in inventories	319	9,085
Change in receivables	(31,920)	(6,534)
- of which to related parties	(3,357)	
Change in payables	47,993	(21,175)
<b>Overall change in working capital</b>	<b>16,392</b>	<b>(18,624)</b>
<b>Gross cash flow</b>	<b>48,542</b>	<b>50,784</b>
Interest (paid) collected during the year	(1,297)	(1,702)
Taxes paid during the year	(7,415)	(6,904)
<b>Cash flow from operating activities</b>	<b>39,830</b>	<b>42,178</b>
Investments in other investee companies		(6)
Investments after divestments of tangible and intangible fixed assets	(16,120)	(13,348)
Dividends collected	189	138
Cash from the disposal of the RDM La Rochette business unit	5,000	
Change in consolidation	(155,564)	
<b>Cash flow from investing activities</b>	<b>(166,495)</b>	<b>(13,216)</b>
Dividends paid	(5,263)	(3,009)
Change in other financial assets and liabilities and short-term bank payables	91,220	(18,680)
Repayments of lease liabilities	(2,361)	(2,498)
<b>Cash flow from financing activities</b>	<b>83,596</b>	<b>(24,187)</b>
<b>Currency exchange differences</b>	<b>224</b>	<b>(103)</b>
<b>Change in unrestricted cash and cash equivalents</b>	<b>(42,845)</b>	<b>4,672</b>
<b>Unrestricted cash and cash equivalents at the beginning of the period</b>	<b>62,985</b>	<b>40,382</b>
<b>Cash transferred following the disposal of the RDM La Rochette business unit</b>	<b>(7,831)</b>	
<b>Cash transferred following the acquisition of Eska and Paprinsa business unit</b>	<b>13,048</b>	
<b>Unrestricted cash and cash equivalents at the end of the period</b>	<b>25,357</b>	<b>45,054</b>

Fine Comunicato n.0217-94

Numero di Pagine: 13