



Press Release

The document sets out the "Additional Periodic Financial Information" that the Company discloses also in relation to the regulatory obligations associated with the STAR issuer qualification.

The structure and contents of the document are unchanged compared to the Interim Financial Reports already published under art. 154 ter paragraph 5 of Consolidated Law on Finance (TUF).

The Board of Directors approves the Interim Management Report as of December 31, 2017

- **DOUBLE DIGIT GROWTH OF ALL ECONOMIC INDICATORS, REFLECTING BOTH GOOD MARKET DEMAND AND THE NEW RDM GROUP'S STRATEGY AND STRUCTURE. OVER A MILLION TONS SOLD.**
- **CONSOLIDATED NET REVENUES OF €569.1 MILLION, +19.1% COMPARED TO €477.8 MILLION AS OF DECEMBER 31, 2016.**
- **CONSOLIDATED GROSS OPERATING PROFIT (EBITDA) OF €45.8 MILLION COMPARED TO €30.4 MILLION AS OF DECEMBER 31, 2016 (+50.5%).**
- **CONSOLIDATED OPERATING PROFIT (EBIT) OF €23.5 MILLION, + €14.7 MILLION COMPARED TO THE €8.8 MILLION AS OF DECEMBER 31, 2016 (+168.2%).**
- **NET PROFIT FOR THE PERIOD OF €14.6 MILLION, OVER FOUR TIMES ON THE NET PROFIT OF €3.2 MILLION AS OF DECEMBER 31, 2016.**
- **NET FINANCIAL INDEBTEDNESS OF €44.1 MILLION (€44.4 MILLION AS OF DECEMBER 31, 2016)**

Milan, February 13th 2018 - The Board of Directors of Reno De Medici S.p.A., meeting today under the chairmanship of Eric Laflamme, reviewed and approved the Interim Management Report as of December 31, 2017.

Michele Bianchi, CEO of RDM Group, commented: "The good results approved today confirm the effectiveness of the new Group's strategy based on a 'One Company' concept. This translates into an increasingly efficient and integrated organizational structure at the production, commercial and supply chain levels. And again: the product portfolio has been expanded, thanks to the consolidation of the business of R.D.M. La Rochette S.A.S., but we have also worked in a logic of supply chain integration, through for example the complete acquisition of PAC Service".

"The change, also cultural, which sees us as protagonists, is inspired by the Vision we have set for ourselves, that is to propose RDM Group as the 'Partner of Choice' for our stakeholders through an innovative and increasingly efficient approach. In this sense, we are making significant progress".

"The challenge of reorganization was successfully launched in the first half of 2017: after just over a year, the RDM Group is already in a position to enhance its competitive advantages on an international scale, even if it is a path whose fruits will unfold entirely in the medium term. Moreover, this has taken place within a macroeconomic framework that can be considered positive".

"The encouraging internal performance facilitated by the new configuration and new positioning, and combined with a favorable external context, allows us to look with optimism towards the future and further opportunities".

The Group's performances as of December 31, 2017

The comparison with the 2016 financial year should take into account the impact on the consolidation of operations of June 30, 2016, the acquisition of R.D.M. La Rochette S.A.S. and the integration of the R.D.M. Group Marketing, whose financial figures as of December 31, 2016 had been consolidated only for the second half of 2016.

In a favorable market environment, the RDM Group has worked with a renewed dynamism, an integrated business model on a wider range of products and a unique and more innovative managerial, production and commercial organization. The combination of favorable market dynamics and the new RDM Group's strategy focused on quality, efficiency and response to customer needs, have allowed to consolidate market positioning and increase sales, translating into greater benefits in 2017 in terms of operating margins.

In particular, the fourth quarter of 2017 confirms the good performance already recorded in the first nine months, driven by the growth of the economies in Italy and in Europe, and confirmed by the positive flow of orders recorded by both divisions where the RDM Group operates: the traditional WLC - White Lined Chipboard (coated board made of recycled fibers) and the FBB - Folding Box Board segment (cartonboard for folding boxes made of virgin fibers).

Below is an indication of the main consolidated financial and economic highlights as of December 31, 2017

Consolidated Net Revenues amounted to €569.1 Million compared to €477.8 Million in 2016 (+ 19.1%) thanks to the mix of higher units sold by both divisions and the introduction of an increase in sales price lists announced in February 2017 and applied starting from the end of the first quarter for WLC recycled fiber grades. The increase, equal to €91.3 Million, is attributable for €58.9 Million to the different consolidation period of the R.D.M. La Rochette S.A.S. and for €32.4 Million to the higher revenues in the traditional WLC segment.

As far as volumes, over the course of 2017, tons sold exceeded one million units (1,012 thousands) compared to 890 thousands in 2016, driven by the growth recorded in the traditional WLC segment and also to the twelve-month consolidation of units sold by the R.D.M. La Rochette S.A.S..

In terms of geographical markets, the path of international consolidation and the double-digit development in the main reference markets are confirmed, also thanks to the contribution of the integration of R.D.M. La Rochette S.A.S.. European sales (excluding Italy), amounting to €312.4 Million, grew by 25.6% and now represent 54.9% of the Group's total, while Italy - which represents 32.7% of total sales - recorded an increase of €23.9 Million (+ 14.8%). Sales outside the European Union, equal to €70.5 Million, are progressing by 5.7%.

Regarding the **main factors of production**, in 2017 the average price of raw materials was significantly higher than the previous year. In particular, until August prices of paper for recycling have been constantly evolving upwards, driven by an acceleration in exports to the Far East and mainly to China, together with the effect of an increase in demand resulting from higher production capacity in some contiguous business sectors (mainly containerboard). Since September 2017, following the announcement by the Chinese Government of restrictions on the import of unselected waste paper, whose import prohibition was announced to start from 2018, prices have decreased. In general, in the fourth quarter the price of paper for recycling remained stable and in line with those of September, lower than the average for the first nine months of the year, while for virgin fibers, the price constantly evolved at rise throughout the year, driven by a very strong demand, unbalanced by the capacity offered.

The average **cost of energy** is slightly lower than in 2016, thanks mainly to lower consumption following the investment and efficiency improvement plan adopted at Group-level over the last few years. In fact, the improvement in the macroeconomic environment and the associated higher energy demand have led to an increasingly growing trend in prices, driven by oil.

Personnel costs for the period amounted to €87.3 Million, an increase of €11.2 Million compared to 2016 following the different consolidation period of the R.D.M. La Rochette S.A.S for €9.2 Million and R.D.M. Marketing for €2 Million, including the costs of the reorganization plan of the commercial area carried out at the beginning of 2017, partially offset by the benefits deriving from the new managerial structure.

In 2017, the **Gross Operating Profit (EBITDA)** amounted to €45.8 Million, up by 50.5% compared to €30.4 Million in 2016 (+ €15.4 Million).

Following the increase in sales volumes for both business segments, the increase in sales prices and the optimization of the management and production structure, which more than offset the impact of the increase in raw material costs, in 2017 the operating margin reached 8.1% compared to 6.4% in 2016. It should be noted that the consolidated EBITDA benefits for €1.1 Million of the reversal of the provision for the energy renewable surcharge already recorded in the first half.

Operating Profit (EBIT) amounted to €23.5 Million compared to €8.8 Million recorded for 2016, with a 168.2% increase.

The **Consolidated Net Profit** for the period has more than quadrupled compared to 2016, amounting to €14.6 Million compared to €3.2 Million in the previous year (+ 356.4%). The increase of €11.4 Million is attributable for €3.2 Million to the net income of R.D.M. La Rochette S.A.S., compared to €2.6 Million for 2016 due to the different consolidation period.

During the period the Group made **technical investments** of €20.7 Million, up compared to €18.3 Million in 2016, considering the investments made at the RDM La Rochette paper mill.

Consolidated Net Financial Indebtedness as of December 31, 2017 amounted to €44.1 Million, substantially in line with the €44.4 Million as of December 31, 2016. The operational net cash-flow generated in the year was positive by €17.3 Million. The cash generated was absorbed by a number of specific outflows, for a total amount of €17 Million: €10.4 Million for the purchase of the 66.67% stake in PAC Service SpA (a company of which Reno De Medici already held a stake of 33.33% stake and will be fully consolidated starting from the financial year 2018); €1.3 Million for dividends-paid and shares 'buyback'; €1.7 Million for the investment in the Paper Interconnector Scrl; €1 Million for the restructuring costs of the organization and €2.6 Million for the deposit made by RDM Arnsberg GmbH on the 'Logo Fee' tax case.

Mr. Stefano Moccagatta, 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.

Since today, the Interim Report as of December 31, 2017 will be available at the Company's registered office in Milan, Viale Isonzo 25, on the corporate website www.rdmgroup.com (Company Section/Investor Relations) and will be consultable on the authorized storage system, accessible at the site www.emarketstorage.com.

Attached:

- Consolidated Balance Sheet as of December 31, 2017
- Consolidated Income Statement as of December 31, 2017
- Consolidated Net Financial Position as of December 31, 2017

Consolidated Income Statement	12.31.2017	12.31.2016	
(thousands of Euros)			
Revenues from sales	569,089	477,764	
Other revenues and income	8,870	6,932	
Change in inventories of finished goods	(3,489)	468	
Cost of raw materials and services	(438,096)	(373,659)	
Personnel costs	(87,282)	(76,067)	
Other operating costs	(3,279)	(5,004)	
Gross operating profit	45,813	30,434	
Depreciation and amortization	(22,332)	(21,680)	
Operating profit	23,481	8,754	
	<i>Financial expense</i>	(2,610)	(3,248)
	<i>Gains (losses) on foreign exchange</i>	(602)	168
	<i>Financial income</i>	81	29
Net financial income/(expense)	(3,131)	(3,051)	
Gains (losses) from investments	446	705	
Taxes	(6,228)	(3,030)	
Profit (loss) for the period before discontinued operations	14,568	3,378	
Discontinued operations		(188)	
Profit (loss) for the period	14,568	3,190	
attributable to:			
Group's share of profit (loss) for the period	14,568	3,132	
Minority interest in profit (loss) for the period		58	

Statement of Financial Position - ASSETS	12.31.2017	12.31.2016
(thousands of Euros)		
<i>Non-current assets</i>		
Tangible assets	192,570	196,633
Other intangible assets	8,561	6,441
Equity investments	4,577	2,509
Deferred tax assets	1,256	1,535
Other receivables	17,764	3,680
Total non-current assets	224,728	210,798
<i>Current assets</i>		
Inventories	83,659	82,450
Trade receivables	70,862	67,405
Other receivables	11,204	12,866
Cash and cash equivalents	19,128	29,331
Total current assets	184,853	192,052
TOTAL ASSETS	409,581	402,850

Statement of Financial Position - LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2017	12.31.2016
(thousands of Euros)		
Shareholders' equity		
Shareholders' equity attributable to the Group	168,465	155,216
Total shareholders' equity	168,465	155,216
Non-current liabilities		
Payables to banks and other lenders	44,277	57,627
Derivative instruments	138	268
Other payables	26	78
Deferred taxes	8,924	7,493
Employee benefits	33,950	33,878
Non-current provisions for risks and charges	4,701	6,224
Total non-current liabilities	92,016	105,568
Current liabilities		
Payables to banks and other lenders	19,512	16,174
Derivative instruments	133	154
Trade payables	105,979	103,685
Other payables	20,777	20,543
Current taxes	1,501	658
Current provisions for risks and charges	1,057	840
Employee benefits	141	12
Total current liabilities	149,100	142,066
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	409,581	402,850

Net financial position	12.31.2017	12.31.2016	Variation
(thousands of Euros)			
Cash, cash equivalents and short-term financial receivables	19,986	29,677	(9,691)
Short-term financial debt	(19,512)	(16,327)	(3,185)
Valuation of current portion of derivatives	(133)	(154)	21
Short-term net financial position	341	13,196	(12.855)
Medium-term financial receivables	0	300	(300)
Medium-term financial debt	(44,277)	(57,627)	13,350
Valuation of non-current portion of derivatives	(138)	(268)	130
Net financial position	(44,074)	(44,399)	325

For further information

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