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Reno De Medici



Interim Report

03.31.2013

NET REVENUES: €122.7 MILLION

(COMPARED TO €116.6 MILLION AS AT MARCH 31, 2012)

GROSS OPERATING PROFIT (EBITDA): €8.0 MILLION

(COMPARED TO €7.2 MILLION AS AT MARCH 31, 2012)

OPERATING PROFIT (EBIT): PROFIT OF €1.8 MILLION

(COMPARED TO A PROFIT OF €0.7 MILLION AS AT MARCH 31, 2012)

NET PROFIT (LOSS) FOR THE PERIOD: LOSS OF €0.2 MILLION

(COMPARED TO LOSS OF €2.1 MILLION AS AT MARCH 31, 2012)

NET FINANCIAL DEBT: €87.0 MILLION

(COMPARED TO €86.3 MILLION AS AT DECEMBER 31, 2012)

Reno De Medici S.p.A.
Via Durini 16/18, Milan
Share capital €185,122,487.06
Tax code and VAT number 00883670150

CONTENTS

BOARD OF DIRECTORS AND AUDITORS.....	2
GROUP OPERATING COMPANIES AS OF MARCH 31, 2013.....	3
DIRECTORS' REPORT ON OPERATIONS	4
CONSOLIDATED RESULTS.....	6
KEY EVENTS	7
OUTLOOK	7
CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2013	8
NOTES	12
ACCOUNTING PRINCIPLES	12
STATEMENT OF EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL REPORTS PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998 (CONSOLIDATED FINANCIAL ACT)	14

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Robert Hall	Chairman
Giuseppe Garofano	Deputy Chairman
Ignazio Capuano	CEO
Giulio Antonello	Director
Sergio Garribba	Director
Laurent Lemaire	Director
Vincenzo Nicastro	Director
Carlo Peretti	Director

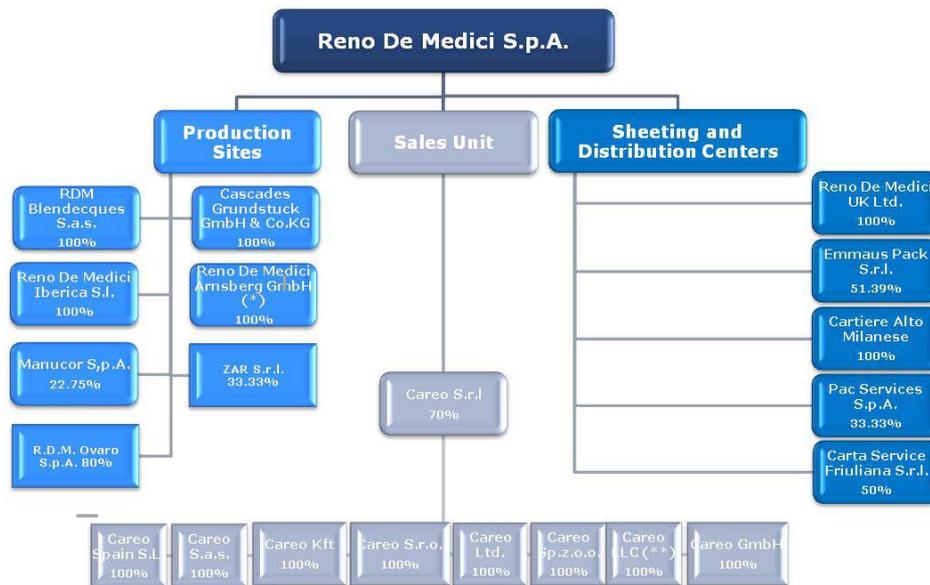
Board of Statutory Auditors

Carlo Tavormina	Chairman
Giovanni Maria Conti	Acting statutory auditor
Laura Guazzoni	Acting statutory auditor
Domenico Maisano	Deputy statutory auditor
Tiziana Masolini	Deputy statutory auditor

Independent Auditors

Deloitte & Touche S.p.A.

GROUP OPERATING COMPANIES AS OF MARCH 31, 2013



(*) Company owned 94% by Reno De Medici S.p.A. and 6% by Cascades Grundstück GmbH & Co.KG.

(**) Company in liquidation

DIRECTORS' REPORT ON OPERATIONS

The general macroeconomic context of the first quarter of 2013 does not display any substantial changes compared with the last quarter of 2012, but the most recent economic forecasts of the IMF predict a slight worsening of the outlook for the rest of the year compared with initial expectations. All growth forecasts have, in effect, been revised downwards: a fall in GDP of -0.3%, compared with the -0.1% estimated at the beginning of the year is predicted for the Eurozone. This decrease is featured in all the major countries with the exception of Germany, where growth is anticipated to be a modest +0.6%. It should be noted that the recession is currently also apparent in countries such as France and The Netherlands. The forecasts for Italy envisage a fall in GDP in 2013 of -1.5%, and, for Europe, only Spain is anticipated to have worse figures (a fall of -1.6%). In any case, the downgrading involves all other areas of the world, even the United States, where performance is however expected to be significantly better than in the Eurozone, with anticipated growth of +1.9%. Other significant specific indicators demonstrate the same facts, such as unemployment rates, which in the Eurozone should reach 12% in 2013, and private consumption, which should fall by 0.4%.

In this context, European demand for white lined chipboard for packaging produced from recycled fibers still remains very weak for the quarter, at around the same levels as the first quarter of the previous year, but with significant growth of +6.6% compared with the previous quarter. The specific outlook for the sector is better than the general macroeconomic picture: production is at full capacity and the backlog of orders is satisfactory to the benefit of production efficiency, thanks to the reduction in global production capacity and the end of the destocking stage which featured throughout 2012; it should also be recognized that this performance is closely linked to the growth of the German and North European markets.

Reno De Medici Group revenues in the first quarter of 2013 reached €122.7 million, an increase of €116.6 million compared with the first quarter of 2012, for 227,000 tons sold, compared with 208,000 tons sold in the first quarter of 2012. The quarter saw an improvement in the geographic mix, with the fall in tons sold in overseas markets, and the increase in sales in markets with greater margins.

As far as the performance of the main factors of production is concerned, the anticipated increase in the price of fibers from recycling has not emerged for the time being, due to the stability of demand and exports to China. Prices remained essentially stable at the same levels as at the end of 2012, however with a significant fall, almost 10%, compared with the first quarter of the previous year.

With regard to the cost of energy components, the market price of natural gas showed a tendency to increase in the first quarter, especially in March. As far as Reno De Medici is concerned, and the Italian mills specifically, the quarter saw the first benefits from the new contracts.

Labor costs in the first quarter of 2013 remain essentially in line with the first quarter of the previous year, rising from €18.1 million to €18.2 million for the first quarter of 2013.

Total actual EBITDA in the first quarter of 2013 stands at €8.0 million, an improvement over the €7.2 million for the same period in the previous year.

Investments recorded a profit of €177,000, mainly attributable for €273,000 to the adjustment of the investment in Pac Service S.p.A., which is offset against the cost of €156,000 relating to the adjustment of the equity investment in Manucor S.p.A.: note that although the performance of the investment remains negative, thanks to the actions undertaken, performance in the first quarter has shown an appreciable improvement.

Consolidated EBIT was positive at €1.8 million, also an improvement compared to the profit of €0.7 million reported in the first quarter of 2012.

As of March 31, 2013, Net Financial Expense totaled €1.7 million, which was largely in line with the same period in the previous year.

Consolidated pre-tax income/expense was negative by €0.2 million, compared to a loss of €2.1 million reported at March 31, 2012.

At March 31, 2013 the RDM Group capital expenditures totaled €2.2 million (€3.3 million in the first quarter of 2012).

Consolidated Net Financial Debt as of March 31, 2013 stood at €87.0 million, substantially in line with the €86.3 million as of December 31, 2012.

Consolidated results

The following table summarizes key income statement indicators as of March 31, 2013 and 2012.

	03.31.2013	03.31.2012
(thousands of Euros)		
Revenues from sales	122,676	116,637
OPERATING PROFIT (EBITDA)	8,010	7,180
EBIT (1)	1,827	657
Pre-tax income (2)	270	(1,777)
<i>Current and deferred taxes</i>	(496)	(342)
Profit (loss) for the period	(226)	(2,119)

1) See "Operating profit" in the Consolidated Financial Statements for the RDM Group.

2) See Consolidated Financial Statements for the RDM Group, "Profit (loss) for the period" - "Taxes"

The following table provides a breakdown of net revenues from the sale of cartonboard by geographical area of customers:

	03.31.2013	% of total	03.31.2012	% of total
(thousands of Euros)				
Italy	43,828	35.7%	37,890	32.5%
EU	61,606	50.2%	59,599	51.1%
Non-EU	17,242	14.1%	19,148	16.4%
Revenues from sales	122,676	100%	116,637	100%

Key events

On February 18, 2013, banks Intesa Sanpaolo S.p.A. and UniCredit S.p.A. approved the cancellation of the special lien on the assets involved in the sale of the Ovaro mill by RDM S.p.A. to R.D.M. Ovaro S.p.A.

On March 6, 2013, Reno De Medici S.p.A., the Italian Ministry of Labor and Social Policy and the trade union associations signed an agreement pursuant to which Reno De Medici S.p.A. will be able to make use of the wage guarantee fund (CIGS) for some employees, particularly at the Magenta mill, which is the subject of a study for industrial reconversion following the cessation of paper-making activities.

Outlook

Performance at the start of 2013 is essentially in line with the final months of 2012, against a background of recession and permanent uncertainty, both at a macroeconomic and sector level.

The flow of orders, however, is satisfactory.

Regarding the development of the costs of the main factors of production, the forecasted short-term rise in the cost of recycled fibers, reinforced by lower production and by the increase in demand for recycled fibers from Far Eastern producers following the launch of the new production capacity is confirmed. In order to balance this increase in cost and restore adequate margins, in April the Group announced an increase in its list prices.

However, the air of uncertainty, which weighs heavily on the prospects of recovery, continues in 2013. It would appear that any recovery has been postponed until 2014.

CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2013

Consolidated Income Statement	03.31.2013	03.31.2012
(thousands of Euros)		
Revenues from sales	122,676	116,637
Other revenues and income	3,066	5,213
Change in inventories of finished goods	(2,611)	(470)
Cost of raw materials and services	(95,687)	(94,688)
Personnel costs	(18,211)	(18,095)
Other operating costs	(1,223)	(1,417)
Gross operating profit	8,010	7,180
Depreciation and amortization	(6,183)	(6,523)
Operating profit	1,827	657
<i>Financial expense</i>	(1,832)	(1,688)
<i>Gains (losses) on foreign exchange</i>	82	(95)
<i>Financial income</i>	16	28
Net financial income/(expense)	(1,734)	(1,755)
Gains (losses) from investments	177	(679)
Taxes	(496)	(342)
Profit (loss) for the period	(226)	(2,119)
attributable to:		
Group's share of profit (loss) for the period	(323)	(2,200)
Minority interest in profit (loss) for the period	97	81

Statement of Financial Position - ASSETS	03.31.2013 (*)	12.31.2012 (*)
(thousands of Euros)		
<i>Non-current assets</i>		
Tangible fixed assets	225,018	228,929
Goodwill	63	63
Other intangible assets	6,238	6,263
Equity investments	3,099	2,979
Deferred tax assets	1,253	1,312
Trade receivables	41	41
Other receivables	1,055	693
Total non-current assets	236,767	240,280
<i>Current assets</i>		
Inventories	76,292	78,929
Trade receivables	85,173	86,343
Other receivables	12,872	6,480
Cash and cash equivalents	2,682	3,137
Total current assets	177,019	174,889
TOTAL ASSETS	413,786	415,169

(*) For a better understanding of the financial statements the item "Financial assets available for sale" has been reclassified under "Investments". For the purpose of comparing the data for the two financial years, the same reclassification has taken place for the previous year.

Statement of Financial Position - LIABILITIES AND SHAREHOLDERS' EQUITY	03.31.2013	12.31.2012
(thousands of Euros)		
Shareholders' equity		
Shareholders' equity attributable to the Group	135,942	136,162
Minority interests	657	560
Total shareholders' equity	136,599	136,722
Non-current liabilities		
Payables to banks and other lenders	43,634	37,042
Derivative instruments	620	765
Other payables	1,478	1,490
Deferred taxes	15,110	15,487
Employee benefits	29,215	29,181
Non-current provisions for risks and charges	5,658	5,800
Total non-current liabilities	95,715	89,765
Current liabilities		
Payables to banks and other lenders	50,109	49,275
Derivative instruments	688	637
Trade payables	114,665	123,398
Other payables	15,420	15,223
Current taxes	590	124
Employee benefits		25
Total current liabilities	181,472	188,682
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	413,786	415,169

Net Financial Position	03.31.2013	12.31.2012	Change
(thousands of Euros)			
Cash, cash equivalents and short-term financial receivables	8,080	3,582	4,498
Short-term financial debt	(50,109)	(51,395)	1,286
Valuation of current portion of derivatives	(688)	(637)	(51)
Short-term net financial position	(42,717)	(48,450)	5,733
Medium-term financial debt	(43,634)	(37,042)	(6,592)
Valuation of non-current portion of derivatives	(620)	(765)	145
Net Financial Position	(86,971)	(86,257)	(714)

NOTES

The Interim Report of the RDM Group as of March 31, 2013 was prepared on the basis of Article 82, paragraph 1, of the Issuers' Regulations adopted by Consob Resolution 11971 of May 14, 1999, as subsequently revised and amended.

Thus, compliance with the requirement described in Article 154-ter of the Consolidated Finance Act is achieved with this report.

This Interim Report was not audited by the Independent Auditor.

ACCOUNTING PRINCIPLES

The operating, balance sheet and financial information was prepared in accordance with recognition criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to the procedure set forth in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament of July 19, 2002.

The recognition and measurement criteria used to prepare the financial statements for the first quarter remain unchanged from those used to prepare the consolidated financial statements as of December 31, 2012. For a description of these criteria, see those financial statements.

RDM has applied the same accounting principles as for the Interim Report as of December 31, 2012.

The current scope of consolidation includes a company that uses a currency of account other than the euro (Reno De Medici UK Ltd, which uses GBP).

For the purposes of translating the quarterly financial statements of Reno De Medici UK Ltd into a foreign currency, the euro was selected as the functional currency (the same currency used by the parent company) based on the fact that the company's operations are closely integrated with those of the parent company (IAS 21).

As of March 31, 2013, all assets and liabilities were converted using the exchange rate in effect on the balance sheet reporting date (0.8456 GBP/EUR). Income and costs were converted at the average exchange rate for the period concerned (0.8511 GBP/EUR).

The exchange differences resulting from the use of this approach are classified as an equity reserve until the disposal of the investment.

Preparing the Interim Report in accordance with IFRS requires the use of estimates and assumptions including through the use of operating data that have an impact on reported asset and liability amounts and on the disclosure of contingent assets and liabilities at the reporting date. Final results may differ from the estimates made. Estimates are used to measure the contribution of discontinued operations, provisions for doubtful receivables, inventory obsolescence, depreciation and

amortization, asset write-downs, employee benefits, restructuring funds, taxes, other provisions and funds, and the valuation of derivative instruments. Estimates and assumptions are reviewed periodically, and the impact of any change is reflected immediately in the income statement, with the exception of derivatives.

The balance sheet, income statement and financial situation are presented in thousands of Euros.

WORK FORCE

As of March 31, 2012, the RDM Group's staff consisted of 1,421 employees compared to 1,430 employees as of December 31, 2012.

STATEMENT OF EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL REPORTS PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998 (CONSOLIDATED FINANCIAL ACT)

Stefano Moccagatta, the executive responsible for the preparation of the company's financial reports, hereby states that pursuant to Article 154-*bis*, paragraph 2 of the Consolidated Finance Act, the accounting information contained in the Interim Report as of March 31, 2013 of Reno De Medici S.p.A. corresponds to information contained in documents, ledgers and accounting entries.

Milan, May 2, 2013

Signed
Stefano Moccagatta