

# RenoDeMedici



**STAR COMPANY PRESENTATIONS**  
**London – October 14, 2005**



## STATEMENTS DISCLAIMER

*Certain statements in this presentation, including statements regarding target results and performance, are forward-looking statements based on current analyses/assumptions. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the effect of general economic conditions, decreases in demand for the Company's products, increases in raw material and energy costs, changes in the relative values of certain currencies, fluctuations in selling prices, adverse changes in general market and industry conditions and other factors.*



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***Restructuring plan***

# Restructuring plan

## WHERE IT WAS

### Before the restructuring plan


**NET FINANCIAL POSITION**

**- 364 M€**

**EBITDA margin**

**5.6 %**

### Actions taken

- |   |         |
|---|---------|
| • Capital increase                                | 72 M€   |
| • Sale of Real Estate in Barcelona (cash portion) | 50 M€   |
| • Villa S. Lucia finally productive               |         |
| • Ciriè plant shutdown                            |         |
| • Pompei production stopped                       |         |
| • Headquarters reorganization                     |         |
| • Restructuring of packaging plants               |         |
| • Sale of general packaging business              | ≈ 50 M€ |
- 
 Headcount reduction  
 500 people approx.  
 (Jun. 03 ÷ Jun. 05)



# Restructuring plan

## WHAT HAS BEEN DONE

### Other actions taken or to be taken within 2005

#### MANUFACTURING

- Magenta:
  - headcount reduction (80 people approx.)
  - steam supply renegotiation
  - virgin fiber cartonboard production stopped
- Villa S. Lucia:
  - headcount reduction (30 people approx.)
  - recipes efficiency improvement
- On going negotiations with Unions for:
  - discontinuing manufacturing in Prat (Spain) by year end
  - headcount reduction in Marzabotto (40 people approx.)



# Restructuring plan

## WHAT HAS BEEN DONE

### Other actions taken or to be taken within 2005

#### SALES AND DISTRIBUTION

- Customers directly managed:

increased direct customers in terms of volumes, now representing the 60% of revenues.

- Italian agents network:

new sale network, spread within the country on a regional driver, with a sizable reduction of sales agents.

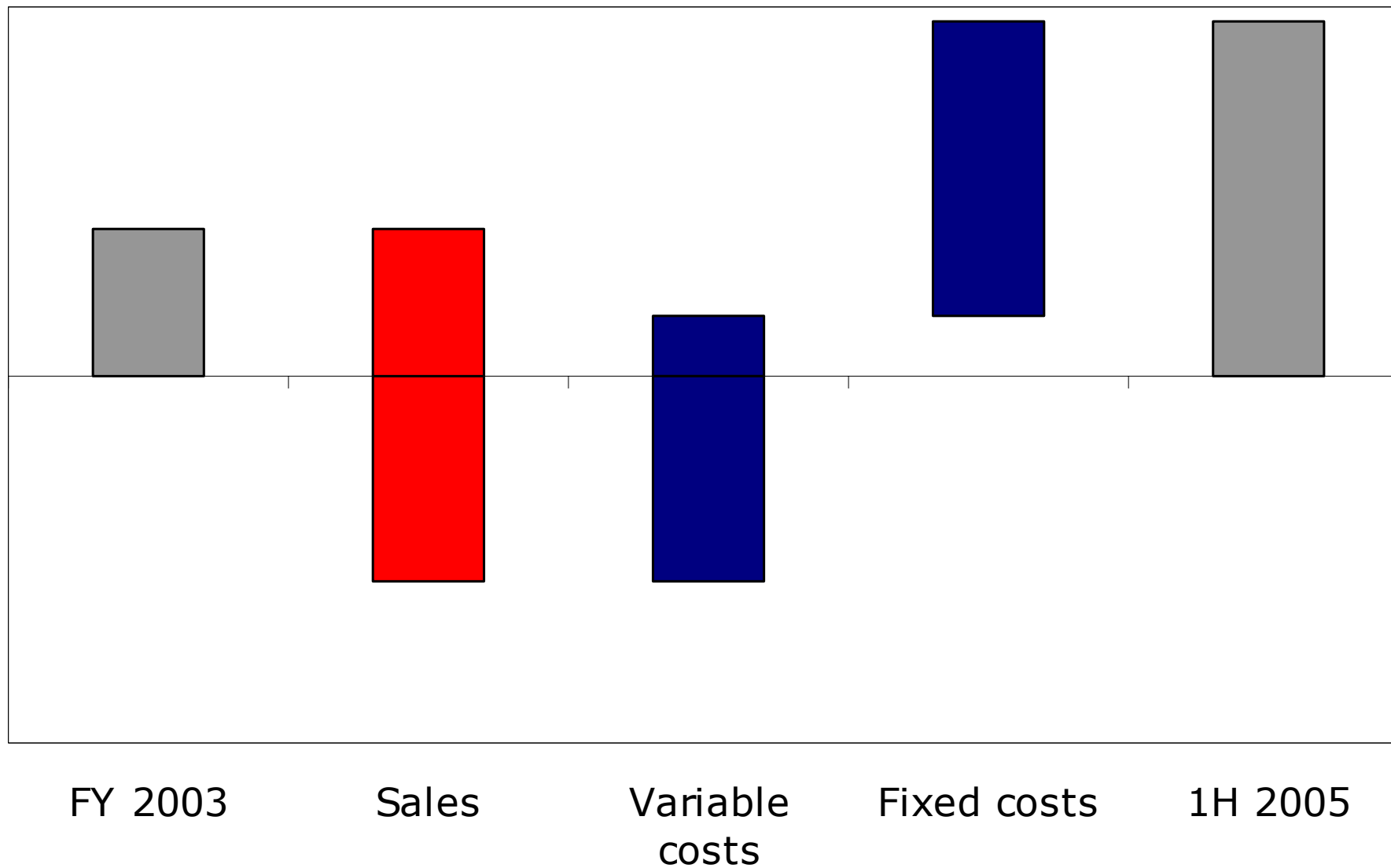
- Distribution project:

coordination agreement, involving some of the major sheeting plants operating in the domestic market, under definition.

# Restructuring plan

## EBITDA BUILD-UP

€/TON



## Restructuring plan

### CARTONBOARD RESULTS

Eur. Million	FY 2002	FY 2003	FY 2004	1H 2005
SALES	500.6	443.3	387.4	188.3
EBITDA	17.4	18.7	26.4	17.5
EBITDA margin	3.5%	4.2%	6.8%	9.3%

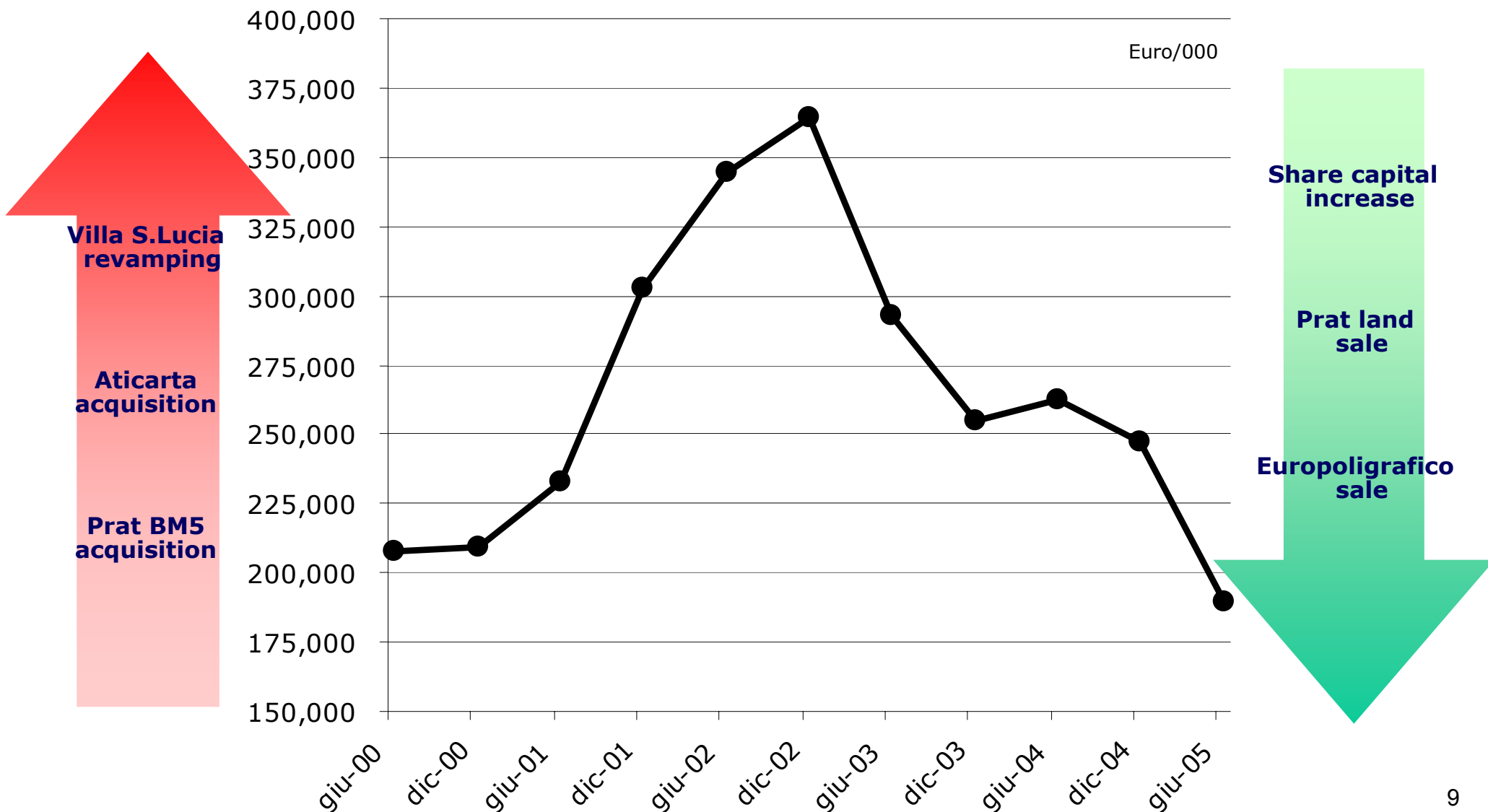






# Restructuring plan

## NFP TREND





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***Financial highlights***



# Financial highlights

## PROFIT & LOSS

Profit and loss account	First half 2005	First half 2004
	Euro/000	
Revenues from sales	200,376	217,487
Other revenues	3,087	2,813
Changes in stocks of finished goods	2,630	2,432
Cost of raw materials and services	(148,815)	(156,673)
Staff costs	(35,571)	(39,318)
Other operating costs	(3,084)	(4,663)
Income (expense) from non-current assets held for sale	(54)	(78)
Unusual income (expense)	(457)	(190)
<b>Gross Operating Profit (EBITDA)</b>	<b>18,112</b>	<b>21,810</b>
Depreciation and amortisation	(16,763)	(17,260)
Write-downs	(9,173)	0
<b>Operating Profit (Loss) (EBIT)</b>	<b>(7,824)</b>	<b>4,550</b>
	<i>Net financial expenses</i>	(7,293)
	<i>Gain on purchase of RDM International debentures</i>	0
	<i>Present value adjustment of Grupo Torras receivable</i>	610
Financial income (expense), net	(6,683)	(5,840)
Income from equity investments	1,181	1,171
Other income (expense)	(15,728)	0
Taxation	(1,833)	(1,465)
<b>Profit (loss) for the period before discontinued operations</b>	<b>(30,887)</b>	<b>(1,584)</b>
	<i>Net gain from Europoligrafico sale</i>	27,259
	<i>Result for the period of Europoligrafico</i>	3,313
Discontinued operations	30,572	55
<b>Profit (loss) for the period</b>	<b>(315)</b>	<b>(1,529)</b>



# Financial highlights

## BALANCE SHEET

Balance Sheet	30 June 2005	31 December 2004
	Euro/000	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Tangible fixed assets	231,551	267,193
Investment property	1,284	1,284
Goodwill	759	1,297
Other intangible fixed assets	3,963	4,739
Investments accounted for under the equity method	13,547	17,825
Deferred tax assets	0	0
Derivative financial instruments	0	5,183
Available-for-sale financial assets	235	256
Trade receivables	200	262
Other receivables	10,741	28,086
Non-current assets held for sale	5,209	8,883
<b>Total non-current assets</b>	<b>267,489</b>	<b>335,008</b>
<b>Current assets</b>		
Stocks	113,487	119,613
Trade receivables	124,498	141,755
Other receivables	38,479	6,925
Derivative financial instruments	2,222	2,105
Available-for-sale financial assets	675	144
Financial assets with fair value adjusted in profit and loss	0	0
Cash and cash equivalents	30,738	25,003
<b>Total current assets</b>	<b>310,099</b>	<b>295,545</b>
<b>TOTAL ASSETS</b>	<b>577,588</b>	<b>630,553</b>

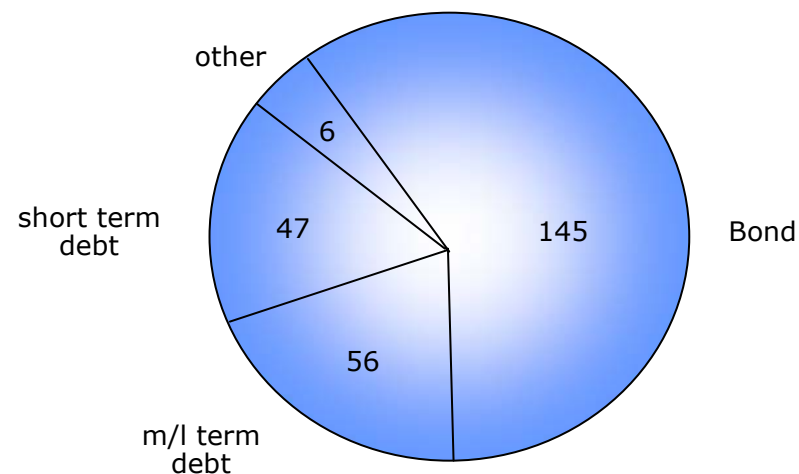
Balance Sheet	30 June 2005	31 December 2004
	Euro/000	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Group interest in equity	154,953	155,512
Minority interest in equity	512	560
<b>Shareholders' equity</b>	<b>155,465</b>	<b>156,072</b>
<b>Non-current liabilities</b>		
Bank loans and other financial liabilities	41,057	198,751
Derivative financial instruments	25	1,247
Other payables	552	553
Deferred tax liabilities	4,611	3,314
Employees' leaving entitlement	26,275	29,823
Non-current provisions for contingencies and charges	20,067	22,069
Liabilities attributable to non-current assets held for sale	0	981
<b>Total non-current liabilities</b>	<b>92,587</b>	<b>256,738</b>
<b>Current liabilities</b>		
Bank loans and other financial liabilities	206,771	71,979
Derivative financial instruments	2,914	2,859
Trade payables	89,360	108,024
Other payables	27,829	33,461
Current taxation	2,662	1,420
<b>Total current liabilities</b>	<b>329,536</b>	<b>217,743</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>577,588</b>	<b>630,553</b>

# Financial highlights

## FINANCIAL POSITION

Net financial position	30 June 2005	31 December 2004
Euro/000		
Cash and cash equivalents and short-term financial receivables	64,446	25,137
Short-term financial payables	(212,323)	(77,092)
Valuation of current portion of derivatives	(692)	(754)
<b>Short-term financial position</b>	<b>(148,569)</b>	<b>(52,709)</b>
Cash and cash equivalents and long-term financial receivables	0	0
Long-term financial payables	(41,057)	(198,751)
Valuation of non-current portion of derivatives	(25)	3,936
<b>Net financial position</b>	<b>(189,651)</b>	<b>(247,524)</b>

**Gross financial position  
at 30 June 2005: 254 M€**





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***Indebtedness restructuring***

# Indebtedness restructuring

## BOND REPAYMENT

### First half 2005

Net Financial Position	- 190 M€
EBITDA margin	9.3 %

### ASSETS DISPOSAL

*under analysis/in execution*

- Industrial non core ≈ 20 M€
- Real Estate ≈ 40 M€

### INDEBTEDNESS RESTRUCTURING

*under analysis/in execution*

- New term debt 90÷100 M€
- Working capital lines ≈ 50 M€

**PROCEEDS TO BOND REPAYMENT ≈ 145 M€**

# Indebtedness restructuring

## EBITDA TARGET NORMALIZED

### Restructuring actions

- |   |          |
|---|----------|
| • Plant and Cogeneration Prat shutdown    | ≈ 3.0 M€ |
| • Magenta virgin fiber production stopped | ≈ 2.3 M€ |
| • Steam supply renegotiation              | ≈ 2.6 M€ |
| • Recipes efficiency improvement          | ≈ 4.1 M€ |
| • Central cost reduction                  | ≈ 3.3 M€ |
| • Factories headcount reduction           | ≈ 2.1 M€ |

**EBITDA target normalized**

**42 M€**

**Projected Net Financial Position ≤ 4x EBITDA target**



# Indebtedness restructuring

## TARGET CASH FLOW PROFILE

<b>EBITDA target normalized</b>	<b>42</b>	<b>M€</b>
<b>Maintenance CAPEX</b>	<b>(10÷12)</b>	<b>M€</b>
<b>Estimated Interest charges</b>	<b>≈ (10)</b>	<b>M€</b>

**Δ: 20÷22 M€**



<b><u>Term debt repayment</u></b>	<b><u>10÷12</u></b>	<b><u>M€</u></b>
<b><u>Excess cash before taxes</u></b>	<b><u>≈ 10</u></b>	<b><u>M€</u></b>



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## **Q & A**