



Press Release

Public information pursuant to CONSOB resolution n. 11971 dated May 14, 1999 as subsequently amended

The Board of Directors approves the half-year report as at June 30, 2017

- **CONSOLIDATED NET REVENUES OF 292.2 MILLION EURO, + 35.1 % COMPARED TO 216.3 MILLION EURO AS AT JUNE 30, 2016 [+ 5.5 % AT THE 2016 HOMOGENEOUS CONSOLIDATION AREA].**
- **CONSOLIDATED GROSS OPERATING PROFIT (EBITDA) OF 23.3 MILLION EURO, WITH AN INCREASE OF 5.9 MILLION COMPARED TO 17.4 MILLION EURO AS AT JUNE 30, 2016**
- **CONSOLIDATED OPERATING PROFIT (EBIT) OF 12.1 MILLION EURO, WITH AN IMPROVEMENT COMPARED TO 6,7 MILLION EURO AS AT JUNE 30, 2016.**
- **NET PROFIT FOR THE PERIOD OF 9.7 MILLION EURO, MORE THAN DOUBLED RESPECT TO 4.7 MILLION EURO AS AT JUNE 30, 2016**
- **NET FINANCIAL INDEBTEDNESS OF 52 MILLION EURO (44,4 MILLION EURO AS AT DECEMBER 31, 2016 AND 60.3 MILLION EURO AS AT JUNE 30, 2016.**

Milan, August 3, 2017 - The Board of Directors of Reno De Medici S.p.A. met today under the chairmanship of Mr. Robert Hall, examined and approved the Half-Year Consolidated Report as at June 30, 2017 – with Condensed Consolidated Half-Year Financial Statements and Interim Report.

Mr. Michele Bianchi, RDM's CEO, commented: *"The new corporate strategy and the Group's reorganization, focusing on production efficiency, supply chain integration and improved mix and geographical revenues, are delivering first positive results, both in terms of revenue growth and profitability. In a general macroeconomic scenario of moderate recovery, we are satisfied with the RDM group's performance in the first half of 2017, also thanks to the integration of R.D.M. La Rochette, which allowed an expansion of our product range offering in a business sector of Folding Box Board (FBB), benefiting today on higher growth rates than the White Lined Chipboard (WLC)".*

"For the rest of the year, we are positive on the growth prospects in light of the satisfactory backlog in the two business segments. We will constantly be focused on strengthening the business model by optimizing the commercial and operational performances and by managing the input costs to mitigate the rising trend of raw material prices" concluded Mr. Bianchi.

Results for the first half of 2017

The comparison with H1-2016 must consider the inclusion in the consolidation area of R.D.M. La Rochette S.A.S., acquired on June 30, 2016, and the change of the consolidation method – from equity to line-by-line method – of the R.D.M. Marketing Group; to that regard, the H1-2016 Interim Reports included only the Balance Sheet, and not the Profit & Loss account, of the above-mentioned Companies.

Although the Group's economic data growth is positively influenced by the afore-mentioned integral consolidation of RDM La Rochette S.A.S, the company registered an improvement in its business performance also in comparison at the homogeneous consolidation area of H1-2016.

In particular, the positive trend registered in Q1-2017 is confirmed in the first semester for both businesses where RDM group operates, in the traditional WLC segment - White Lined Chipboard made from recycled fibers – and in the FBB segment – Folding Box Board made from virgin fibers – driven by the increase of the European demand and by the good order-in-flow trend, in progression compared to 2016.

Here below key economic-financial highlights as at 30 June 2017

Revenues from Sales amounted to 292 million euro, compared to 216 million registered in the same period of previous fiscal year. The increase is mainly due to the consolidation of Revenues coming from R.D.M. La Rochette S.A.S., for 64 million euro.

Regarding volumes, tons sold passed from 417,000 in the H1 2016 to 521,000 in the same period of 2017, mainly thanks to the consolidation of 81,000 tons sold by R.D.M. La Rochette S.A.S..

In the WLC segment, Revenues from Sales, which represent RDM's traditional business, reached 228 million euro, with an increase of 12 million euro (+5.5%), thanks to higher volumes sold, equal to an additional of 23,000 tons.

In H1-2017 average selling prices were slightly lower compared to the same period of the previous fiscal year.

At a geographical level, since the acquisition of R.D.M. La Rochette S.A.S., a more balanced geographic mix was established, with an increasing share of European markets (excluding Italy), which now accounts for 56% of total revenues, compared to 48% in 2016.

Concerning the **main factors of production**, the average price of raw materials in H1 2017 for RDM group was significantly higher compared to the same period of the previous fiscal year. In particular, the evolution of fibre raw material prices were marked by significant hikes, driven by the re-acceleration of exports to the Far East and to China in particular. As regards of recycled fibres, the rising trend is also due to the higher demand generated by new production capacity, entered on the market in other contiguous sectors (mainly containerboard).

On **energy**, the other key input cost driver, the overall average cost accounted in H1-2017 by the Reno De Medici Group was still slightly lower than in the same period of prior year, even if higher in the Q2.

Personnel cost of H1 amounted to 45.2 million euro, with an increase of 12.8 million euro compared to 2016, out of which 11.6 million coming from the consolidation of R.D.M. La Rochette S.A.S. and of R.D.M.

Marketing. In addition, the increase of personnel cost for the period is affected by the reorganisation costs, incurred at the beginning of 2017 for an amount of 1.2 million euro.

Gross Operating Profit (EBITDA) in H1 2017 reached 23.3 million euro, compared to 17.4 million of the same period of 2016, with a contribution generated by R.D.M. La Rochette S.A.S. for 5.0 million euro. Excluding this, the EBITDA showed anyhow an improvement thanks to the reviewed strategy and management reorganization implemented at the beginning of the year. EBITDA also benefits for an amount of 1.1 million euro from the reversal of the provision for the 'energy renewable surcharge'.

Operating Profit (EBIT) was 12.1 million euro (of which 4.6 million generated by the subsidiary R.D.M. La Rochette S.A.S.) compared to 6.7 million of H1 2016.

Consolidated Net Profit reached 9.7 million euro, more than doubled compared to 4.7 million at the end of H1 2016, out of which 4.1 million contributed by R.D.M. La Rochette S.A.S. Net Profit.

Consolidated Net Financial Indebtedness as at 30 June 2017 amounts to 52 million euro, with an increase of 7.6 million euro compared to 44.4 million at December 31, 2016, but with a decrease of 8.3 million euro compared to the same period of the previous fiscal year (June 30, 2016). Notwithstanding the increase the Group leverage remains essentially unchanged.

The evolution of the Consolidated Net Financial Indebtedness in H1 2017 is affected both by seasonal factors, mainly represented by the payment of annual bonuses to customer, as well as by non-ordinary outflows for 6.6 million euro.

Non-ordinary outflows include dividends-paid and shares 'buyback' for 1.3 million euro, investment in Paper Interconnector S.c.r.l. for 1.7 million euro, restructuring costs for 1 million euro and the deposit made by RDM Arnsberg GmbH on the 'logo fee' tax case for 2.6 million euro.

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 Half-Year Report as of June 30, 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.

The Independent Auditors' Report will be available, with the same modalities, by August 4, 2017.

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In attachment:

- *Consolidated statement of financial position as at June 30, 2017*
- *Consolidated Income Statement as at June 30, 2017*
- *Consolidated Statement of Cash Flows as at June 30, 2017*

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Consolidated statement of financial position as at June 30, 2017

| | Note | 06.30.2017 | 12.31.2016 |
|--|------|----------------|----------------|
| (thousands of Euros) | | | |
| ASSETS | | | |
| Non-current assets | | | |
| Tangible assets | 10 | 193,295 | 196,633 |
| Intangible assets | 11 | 3,798 | 2,493 |
| Intangible assets with an indefinite useful life | 11 | 3,948 | 3,948 |
| Equity investments | 12 | 4,567 | 2,509 |
| Derivative instruments | | 1 | |
| Deferred tax assets | | 1,536 | 1,535 |
| Other receivables | 15 | 6,256 | 3,680 |
| Total non-current assets | | 213,401 | 210,798 |
| Current assets | | | |
| Inventories | 14 | 86,383 | 82,450 |
| Trade receivables | 13 | 76,519 | 60,786 |
| - of which related parties | | 170 | 414 |
| Receivables from associates and joint ventures | 13 | 8,367 | 6,619 |
| Other receivables | 15 | 11,594 | 12,862 |
| - of which related parties | | | |
| Other receivables from associates and joint ventures | | 0 | 4 |
| Cash and cash equivalents | 16 | 14,173 | 29,331 |
| Total current assets | | 197,036 | 192,052 |
| TOTAL ASSETS | | 410,437 | 402,850 |

| | Note | 06.30.2017 | 12.31.2016 |
|---|------|----------------|----------------|
| (thousands of Euros) | | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Shareholders' equity | | | |
| Share capital | | 140,000 | 140,000 |
| Other reserves | | 19,563 | 11,294 |
| Retained earnings (losses) | | (5,461) | 790 |
| Profit (loss) for the period | | 9,714 | 3,132 |
| Total shareholders' equity attributable to the Group | | 163,816 | 155,216 |
| Minority interests | | | |
| Total shareholders' equity | 17 | 163,816 | 155,216 |
| Non-current liabilities | | | |
| Payables to banks and other lenders | 16 | 50,798 | 57,627 |
| Derivative instruments | 16 | 80 | 268 |
| Other payables | | 53 | 78 |
| Deferred tax | | 6,725 | 7,493 |
| Employee benefits | 19 | 33,717 | 33,878 |
| Non-current provisions for risks and charges | 20 | 5,732 | 6,224 |
| Total non-current liabilities | | 97,105 | 105,568 |
| Current liabilities | | | |
| Payables to banks and other lenders | 16 | 16,060 | 16,174 |
| Derivative instruments | 16 | 219 | 154 |
| Trade payables | 21 | 109,183 | 103,075 |
| - of which related parties | | 1 | 9 |
| Payables to associates and joint ventures | 21 | 625 | 610 |
| Other payables | 18 | 21,578 | 20,543 |
| - of which related parties | | | |
| Current taxes | | 834 | 658 |
| Employee benefits | | 2 | 12 |
| Current provisions for risks and charges | 20 | 1,015 | 840 |
| Total current liabilities | | 149,516 | 142,066 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 410,437 | 402,850 |

Consolidated Income Statement as at June 30, 2017

| | Note | 06.30.2017 | 06.30.2016 |
|---|------|---------------|---------------|
| (thousands of Euros) | | | |
| Revenues from sales | 1 | 292,220 | 216,292 |
| - of which related parties | | 12,578 | 8,176 |
| Other revenues and income | 2 | 3,533 | 2,337 |
| - of which related parties | | 81 | 266 |
| Change in inventories of finished goods | 3 | (1,331) | 2,012 |
| Cost of raw materials and services | 4 | (224,923) | (169,216) |
| - of which related parties | | (2,679) | (6,104) |
| Personnel costs | 5 | (45,154) | (32,396) |
| Other operating costs | | (998) | (1,656) |
| Gross operating profit | | 23,347 | 17,373 |
| Depreciation and amortization | 6 | (11,250) | (10,710) |
| Write-downs and revaluations | | | |
| Operating profit | | 12,097 | 6,663 |
| Financial expenses | | (1,288) | (1,666) |
| Gains (losses) on foreign exchange | | (290) | (73) |
| Financial income | | 5 | 17 |
| Net financial income (expense) | 7 | (1,573) | (1,722) |
| Gains (losses) from investments | 8 | 426 | 680 |
| Taxes | 9 | (1,236) | (715) |
| Profit (loss) for the period before discontinued operations | | 9,714 | 4,906 |
| Net result from discontinued operations | | | (188) |
| Profit (loss) for the period | | 9,714 | 4,718 |
| Total profit (loss) for the period attributable to: | | | |
| - Group | | 9,714 | 4,660 |
| - Minority interests | | | 58 |
| Basic earnings (loss) per ordinary share (Euros) | | 0.03 | 0.01 |
| Diluted earnings (loss) per ordinary share (Euros) | | 0.03 | 0.01 |
| Basic earnings (loss) per ordinary share before discontinued operations (Euros) | | | 0.01 |
| Diluted earnings (loss) per ordinary share before discontinued operations (Euros) | | | 0.01 |

| | 06.30.2017 | 06.30.2016 |
|--|--------------|--------------|
| (thousands of Euros) | | |
| Profit (loss) for the period | 9,714 | 4,718 |
| Other components of comprehensive profit (loss) | | |
| <i>Other components that may be transferred to the income statement in subsequent financial periods:</i> | | |
| | 32 | (214) |
| <i>Change in fair value of cash flow hedges</i> | 35 | (214) |
| <i>Profit (loss) on translation of financial statements of foreign investee companies</i> | (3) | |
| <i>Other components that will not be transferred to the income statement in subsequent financial periods</i> | 0 | 0 |
| Total other components of comprehensive profit (loss) | 32 | (214) |
| Total comprehensive profit (loss) | 9,746 | 4,504 |
| Total comprehensive profit (loss) attributable to: | | |
| - Group | 9,746 | 4,446 |
| - Minority interests | | 58 |

All values in the table are stated net of related tax effects.

Consolidated Statement of Cash Flows as at June 30, 2017

| | 1H 2017 | 1H 2016 |
|--|-----------------|-----------------|
| <i>(thousands of Euros)</i> | | |
| Profit (loss) for the period | 9,714 | 4,718 |
| Taxes | 1,236 | 715 |
| Depreciation and amortization | 11,255 | 10,710 |
| Write-downs | | |
| Losses (gains) from Investments | (426) | (680) |
| Financial (Income) expense | 1,283 | 1,649 |
| Capital losses (gains) on sale of fixed assets | (14) | (43) |
| Change in provisions for employee benefits and in other provisions, including the provision for bad and doubtful receivables | (464) | (2,008) |
| Change in Inventories | (3,934) | (1,033) |
| Change in receivables | (18,633) | (14,631) |
| - of which related parties | (1,503) | (9,540) |
| Change in payables | 6,479 | 5,162 |
| - of which related parties | (620) | (2,794) |
| Change in total working capital | (16,088) | (10,502) |
| Gross cash flows | 6,496 | 4,559 |
| Interest paid in the period | (1,140) | (1,256) |
| Taxes paid in the period | (1,179) | (1,822) |
| Cash flows from operating activities | 4,177 | 1,481 |
| Equity Investments | (1,752) | (250) |
| Investment net of disinvestment in tangible and intangible assets | (9,205) | (8,274) |
| Change in scope of consolidation | | (7,304) |
| Disinvestment in assets held for sale | | |
| Dividends received | 120 | 270 |
| Cash flows from Investing activities | (10,837) | (15,558) |
| Dividends paid | (1,003) | (1,963) |
| Treasury shares | (301) | (182) |
| Change in other financial assets and liabilities and short-term payables to banks | (307) | 2,605 |
| - of which related parties | 4 | (2,474) |
| Change in medium- and long-term loans | (6,884) | (7,329) |
| Cash flows from financing activities | (8,495) | (6,889) |
| Translation differences | (3) | 221 |
| Change in unrestricted cash and cash equivalents | (15,158) | (20,746) |
| Unrestricted cash and cash equivalents at the beginning of the period | 29,331 | 23,146 |
| Unrestricted cash and cash equivalents at the end of the period | 14,173 | 2,397 |