Reno De Medici

press release

THE BOARD OF DIRECTORS APPROVES THE SEMI-ANNUAL REPORT AS OF JUNE 30, 2013

MAIN CONSOLIDATED FINANCIAL RESULTS OF THE FIRST HALF 2013 (VS. FIRST HALF 2012):

- NET REVENUES: €244.8 MILLION
  (COMPARED TO €237.5 MILLION AS OF JUNE 30, 2012)
- GROSS OPERATING PROFIT (EBITDA): €16.5 MILLION
  (COMPARED TO €14.0 MILLION AS OF JUNE 30, 2012)
- OPERATING PROFIT (EBIT): €4.1 MILLION
  (COMPARED TO €0.9 MILLION AS OF JUNE 30, 2012)
- NET PROFIT FOR THE PERIOD: €0.2 MILLION
  (COMPARED TO A LOSS OF €3.9 MILLION AS OF JUNE 30, 2012)
- NET FINANCIAL DEBT: €87.9 MILLION
  (COMPARED TO €86.3 MILLION AS OF DECEMBER 31, 2012)

Milan, August 1st, 2013

The Board of Directors of Reno De Medici S.p.A. ("**RDM**" or the "**Company**"), parent company of one of the world's largest producers of recycled cartonboard, met today under the chairmanship of Mr. Robert Hall, examined and approved the **Semi-Annual Report as of June 30, 2013 of the Reno De Medici Group** ("**RDM Group**" or the "**Group**").

* * *

Introduction

With respect to the general macroeconomic situation, the first half 2013 was characterised by the same scenario of the previous periods, with no significant changes. The IMF's most recent forecasts for forward-looking trends move recovery expectations back to the end of 2013, if not to the beginning of 2014.

With respect to the Italian market the reports issued by trade associations (Paper and Printing) show a more optimistic situation compared to previous months, particularly for companies whose business is geared more toward foreign markets. The situation appears instead stagnant for the domestic market.

The specific outlook for the cartonboard packaging sector is better as of today than the general macroeconomic one even in the presence of a stagnation of families conumptions.

During the first half of 2013, European demand for white lined chipboard for packaging made out of recycled fibers registered a limited growth, compared to the first half of the previous year (+1.8%), being more visible when comparing the second and first quarters of the year (+3%). Although limited, growth on the European markets has allowed for reducing sales to overseas markets, with positive effects on margins.

In the second quarter of 2013 Reno De Medici increased their price schedules to recover margins which had eroded progressively starting in the second half of 2012 due to the drop in sale prices. The increase in price schedules influenced results for the first half only marginally and should not be visible until the beginning of the third quarter.

Price trends for pulp raw materials, in recent months they have been favourable, continuing the trend already occurring at the end of 2012: they are dropping slightly, although not enough to absorb the negative impact on margins generated by the drop in sale prices.

As far as the trend with energy costs, during the second quarter prices for natural gas and coal basically remained stable, while prices for electricity dropped due to excess supply. The gap remains high between the prices applied in Italy and the European average, which recent studies of the sector quantify at approximately 30%, seriously penalizing domestic manufacturers. However, as far as Reno De Medici is concerned, the new natural gas supply agreements signed for 2013 allow for significant savings over the previous year.

The following table summarizes key income statement indicators as of June 30, 2013 compared to June 30, 2012.

(thousands of Euros)	06.30.2013	06.30.2012
Revenues from sales	244,824	237,456
GROSS OPERATING PROFIT (EBITDA) (1)	16,488	14,020
EBIT (2)	4,138	888
Pre-tax income (3)	980	(3,205)
Current and deferred taxes	*(735)*	*(685)*
Profit (loss) for the period	245	(3,890)

1) See “Gross Operating Profit” in the Consolidated Financial Statements of the RDM Group

2) See “Operating profit” in the Consolidated Financial Statements of the RDM Group

3) See “Profit (loss) for the period” – “Taxes” in the Consolidated Financial Statements of the RDM Group

* * *

Main consolidated results as of June 30, 2013

As of June 30, 2013, **Net Revenues** of the RDM Group totalled **€245 million**, up from €237 million generated in the first half of 2012, due largely to **higher sales volume: 455,000 tons sold in the first half 2013, compared to 423,000 tons in the first half of 2012**. Moreover, the first half 2013 saw an improvement in the geographic mix, with a drop in the volumes sold in overseas markets out of preference for sales in traditional European markets with greater margins.

Labor costs in the first half of 2013 remained essentially in line with the first half of the previous year, rising from €36.5 million as of June 30, 2012 to €36.7 million for the first half of 2013.

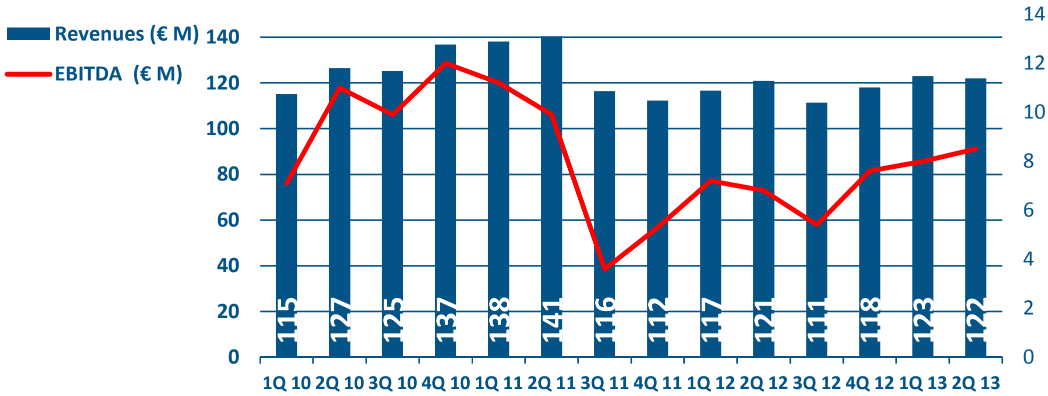
As of June 30, 2013 **total EBITDA** was **€16.5 million**, an appreciable improvement over the €14.0 million for the same period in the previous year. EBITDA is still impacted by €0.9 million in costs generated by establishments whose paper production activities have ceased.

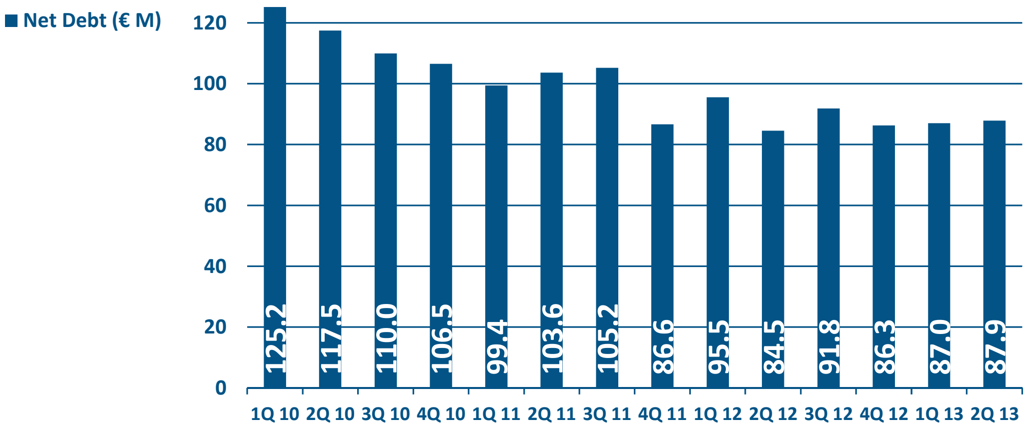
As of June 30, 2013, the **Consolidated Operating Profit (EBIT)** of the RDM Group was positive at **€4.1 million,** also an improvement compared to the profit of €0.9 million reported in the first half of 2012.

As of June 30, 2013 the RDM Group capital expenditures totaled €5.6 million (€5.8 million in the first half of 2012).

Reno De Medici ended the first half of 2013 with a **Profit** of **€0.2 million** at a consolidated level, compared to a loss of €3.9 million during the same period of the previous year.

Consolidated net financial debt of RDM Group at June 30, 2013 amounted to **€87.9**, compared to €86.3 million at December 31, 2012.





* * *

Key events as of June 30, 2013

On June 1, the continuous machine, and the related spare parties, of the closed Magenta mill was sold. The payment collection is expected, on the basis of disassembly timing, by the first months of 2014.

On June 18, 2013, after Industria ed Innovazione S.p.A. exercised the put option pursuant to the agreement of August 3, 2010, Cascades S.A.S. acquired a total of 34,241,364 Reno De Medici shares (including 4,800,000 already acquired on April 3, 2013).

The stake currently held by Cascades S.a.s. amounts to 57.61% of the share capital with voting rights.

* * *

Outlook

The outlook for the remainder of 2013 is related to the macroeconomic and sector scenario with a possible recovery of volumes sold in 2014.

The flow of orders, however, is expected to be satisfactory. Revenues and margins should benefit from the increases in the price schedule recently prepared.

As far as the trend in costs for the main production factors, recovered fiber prices could increase only in a case of a recovery of exports toward China, which, as of today, does not seem probable on the base of forecasts on the evolution of Chinese internal consumption.

Furthermore it’s reasonable to expect a decrease in energy costs (natural gas and electricity), due to current excess of supply of energy products and services.

* * *

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 Law on Financial Intermediation”) that the information contained in this press release corresponds to documentary results and to accounting books and records.

In addition to the financial indicators conventionally required by IFRS, this press release also presents a few alternate performance indicators (for example, EBITDA) in order to provide a better assessment of the trend of economic and financial performance. These indicators are calculated according to normal market practices.

* * *

This document is an English translation from Italian. The Italian original shall prevail in case of difference in interpretation and/or factual errors.

* * *

The Consolidated Financial Results for the period ended June 30, 2013 will be available to the public at the Company's registered office at Via Durini n. 16/18, Milan, Italy and at Borsa Italiana, from August 2nd, 2013. Copies can be obtained. Such documents are also consultable on the website: www.Renodemedici.it.

* * *

For further information

Reno De Medici

Investor Relator

Zaki Haned

Tel. +39 02 89966 234

E-mail: investor.relations@rdmgroup.com

Image Building

Media Relations

Simona Raffaelli, Alfredo Mele, Valentina Bergamelli

Tel: +39 02 89011300

E-mail: RenoDeMedici@imagebuilding.it

THE TABLES RELATIVE TO FINANCIAL STATEMENTS OF RDM GROUP AS OF JUNE 30, 2013 ARE ATTACHED BELOW

Consolidated income statement

(thousands of Euros)	06.30.2013	06.30.2012
Revenues from sales	244,824	237,456
- of which related parties	*4,175*	*4,065*
Other revenues and income	5,474	7,730
- of which related parties	*914*	*835*
Change in inventories of finished goods	(2,603)	1,513
Cost of raw materials and services	(191,905)	(193,764)
- of which related parties	*(10,895)*	*(7,752)*
Personnel costs	(36,657)	(36,471)
Other operating costs	(2,645)	(2,444)
Gross operating profit	16,488	14,020
Depreciation and amortization	(12,350)	(13,132)
Operating profit	4,138	888
Financial expense	(3,395)	(3,505)
Gains (losses) on foreign exchange	(40)	360
Financial income	105	77
Net financial income (expense)	(3,330)	(3,068)
Gains (losses) from investments	172	(1,025)
Taxes	(735)	(685)
Profit (loss) for the period	245	(3,890)
Total profit (loss) for the period attributable to:		
- Group	60	(4,030)
- Minority interests	185	140
Basic earnings (loss) per ordinary share (Euros)	0.001	(0.011)
Basic earnings (loss) per ordinary share (Euros)	0.001	(0.011)

Reno De Medici

Consolidated Statement of Comprehensive Income

(thousands of Euros)	06.30.2013	06.30.2012
Profit (loss) for the period	245	(3,890)
Other components of comprehensive profit (loss)		
Items that could be reclassified in profit and loss:		
Other variation		*(289)*
Change in fair value of cash flow hedges	*214*	*44*
Profit (loss) on translation of financial statements of foreign investee companies	*(71)*	*69*
Total other components of comprehensive profit (loss)	143	(176)
Total comprehensive profit (loss)	388	(4,066)
Total comprehensive profit (loss) attributable to:		
- Group	203	(4,206)
- Minority interests	185	140

Consolidated Statement of financial position

(thousands of Euros)	06.30.2013	12.31.2012
ASSETS		
Non-current assets		
Tangible fixed assets	218,451	228,929
Goodwill	63	63
Intangible Assets	2,471	2,970
Intangible assets with an indefinite useful life	3,293	3,293
Investments	3,291	2,979
Deferred tax assets	1,242	1,312
Trade receivables	41	41
Other receivables	1,212	693
Total non-current assets	230,064	240,280
Current assets		
Inventories	73,109	78,929
Trade receivables	82,153	85,377
- of which related parties	*711*	*621*
Receivables from parent, associates and joint ventures	822	966
Other receivables	10,442	6,390
Other receivables from associates and joint ventures	90	90
Cash and cash equivalents	2,945	3,137
Total current assets	169,561	174,889
TOTAL ASSETS	399,625	415,169

Consolidated Statement of financial position

(thousands of Euros)	06.30.2013	12.31.2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	185,122	185,122
Other reserves	(3,834)	(3,977)
Retained earnings (losses)	(44,983)	(32,649)
Profit (loss) for the year	60	(12,334)
Shareholders' equity attributable to the Group	136,365	136,162
Minority interests	599	560
Total shareholders' equity	136,964	136,722
Non-current liabilities		
Payables to banks and other lenders	39,328	37,042
Derivative instruments	492	765
Other payables	259	1,490
- of which related parties		*1,204*
Deferred taxes	14,632	15,487
Employee benefits	29,195	29,181
Non-current provisions for risks and charges	5,755	5,800
Total non-current liabilities	89,661	89,765
Current liabilities		
Payables to banks and other lenders	50,019	49,275
Derivative instruments	519	637
Trade payables	95,262	116,368
- of which related parties	*158*	*1,936*
Payables to parent, associates and joint ventures	9,067	7,030
Other payables	16,850	13,103
- of which parent	*1,204*	
Other payables from associates and joint ventures	538	2,120
Current taxes	713	124
Employee benefits	32	25
Total current liabilities	173,000	188,682
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	399,625	415,169

Consolidated Statement of Cash Flows

(thousands of Euros)	I semester 2013	I semester 2012
Profit (loss) for the period before tax	980	(3,205)
Depreciation, amortization and write-downs	12,350	13,133
Losses (gains) from investments	(172)	1,025
Financial (income) expense	3,290	3,428
Capital losses (gains) on sale of fixed assets	(344)	(212)
Change in provisions for employee benefits and in other provisions, including the provision for bad and doubtful receivables	(352)	(1,188)
Change in inventories	5,832	(554)
Change in trade receivables	(1,546)	(4,197)
- of which related parties	*54*	*(570)*
Change in trade payables	(16,882)	2,524
- of which related parties	*259*	
Change in total working capital	(12,596)	(2,227)
Gross cash flows	3,156	10,754
Interest paid in the period	(2,537)	(2,555)
- of which related parties	*(34)*	*(19)*
Interest received in the period	46	48
- of which related parties	*46*	*48*
Taxes paid in the period	(828)	(898)
Cash flows from operating activities	(163)	7,349
Other equity investments	(1)	
Net investment in non-current assets	(1,060)	(6,158)
Sale (purchase) of available-for-sale non-current assets		1,416
Investments in associates and joint ventures	(197)	(30)
Other variations		(289)
Cash flows from investing activities	(1,258)	(5,061)
Change in other financial assets and liabilities and short-term payables to banks	(845)	11,578
- of which related parties	*(1,582)*	*756*
Change in medium- and long-term loans	2,145	(5,069)
Cash flows from financing activities	1,300	6,509
Translation differences	(71)	70
Change in unrestricted cash and cash equivalents	(192)	8,867
Unrestricted cash and cash equivalents at the beginning of the period	3,137	2,564
Unrestricted cash and cash equivalents at the end of the period	2,945	11,431