



Milano, March 23, 2017

The Board of Directors approves the Draft of Statutory and Consolidated Annual Report as at December 31, 2016

Main Consolidated Financial Results of the 2016 Fiscal Year (vs 2015 Fiscal Year):

- ◆ **NET REVENUES:** 477.8 MILLION EURO
(COMPARED TO 438 MILLION EURO AS AT DECEMBER 31, 2015)
- ◆ **GROSS OPERATING PROFIT (EBITDA):** 30.4 MILLION EURO
(COMPARED TO 41.8 MILLION EURO AS AT DECEMBER 31, 2015)
- ◆ **OPERATING PROFIT (EBIT):** 8.8 MILLION EURO
(COMPARED TO 17.2 MILLION EURO AS AT DECEMBER 31, 2015)
- ◆ **NET PROFIT FOR THE PERIOD:** 3.2 MILLION EURO
(COMPARED TO 9.9 MILLION EURO AS AT DECEMBER 31, 2015)
- ◆ **NET FINANCIAL DEBT:** 44.4 MILLION EURO
(COMPARED TO 50.3 MILLION EURO AS AT DECEMBER 31, 2015)

Full Year 2016 Results of Parent Company Reno De Medici S.p.A. (vs Full Year 2015):

- ◆ **NET REVENUES:** 213.7 MILLION EURO
(COMPARED TO 217.5 MILLION EURO AS AT DECEMBER 31, 2015)
- ◆ **GROSS OPERATING PROFIT (EBITDA):** 15.7 MILLION EURO
(COMPARED TO 24.2 MILLION EURO AS AT DECEMBER 31, 2015)
- ◆ **OPERATING PROFIT (EBIT):** 4.3 MILLION EURO
(COMPARED TO 9.8 MILLION EURO AS AT DECEMBER 31, 2015)
- ◆ **NET PROFIT FOR THE PERIOD:** 6.8 MILLION EURO
(COMPARED TO 12.4 MILLION EURO AS AT DECEMBER 31, 2015)
- ◆ **NET FINANCIAL DEBT:** 32.9 MILLION EURO
(COMPARED TO 43.9 MILLION EURO AS AT DECEMBER 31, 2015)



A dividend of € 0.00265 per ordinary share and of € 0.0245 euro per savings share proposed. Dividend will be paid from May 10, 2017, with an ex-dividend date of May 8, 2017 and a record date of May 9, 2017.

Annual Report on Corporate Governance, Ownership Structure and Board of Directors Report on Remuneration approved.

Performance Stock Grant Plan 2017-2019 for the incoming Managing Director of the Company and Group CEO approved.

Integration of the agenda for the Shareholders Meeting - already called by notice as of March 17, 2017 - approved.

The Board of Directors of Reno De Medici S.p.A. (“**RDM**” or the “**Company**”), parent company of second largest European producer of recycled cartonboard, met today under the chairmanship of Mr. Michele Bianchi, examined and approved the **Draft of Statutory and Consolidated Annual Report as at December 31, 2016** of the Reno De Medici Group (“**RDM Group**” or the “**Group**”).

It should be noted that on June 30, 2016, the Reno De Medici Group acquired from Cascades Canada ULC, for an amount of 11.3 million euro, 100% of Cascades s.a.s. (now R.D.M. La Rochette s.a.s.), company that produces and distributes packaging cartonboard based on virgin fiber. As a consequence, from June 30, 2016 the Reno De Medici Group consolidates R.D.M. La Rochette s.a.s. on a full line-by-line basis. Its impact on the Group’s Income Statement is limited to the six months of H2 (EBITDA of 3 million euro and Net Income of 2.5 million euro) and to relevant acquisition costs, which amount to 505 thousands euro.

Introduction

In 2016, the evolution **in the two sectors** in which the Reno De Medici Group operates, **WLC** - White Lined Chipboard, and **FBB** – Folding Box Board, is broadly in line with the general trend of economy.

In the 12 months of 2016, the **European demand in the WLC segment** shows a **1.4% decrease** compared to the prior year. However, the **Q4** performance presents a **generally improving picture**, with indicators that are again substantially in line with the previous year, although with differentiated dynamics among Countries.



In the **FBB segment**, in which the newly acquired R.D.M. La Rochette s.a.s. operates, the **decrease of European demand** is marginal (-0.5% vs. 2015), also due to the temporary benefits for producers coming from the Tobacco Product Directive, which have now come to an end.

As regards the main **factors of production**, in Europe the average prices of **recycled fibers** recorded in 2016 were higher than the 2015 average.

The prices of **mechanical pulp** (the main raw material of R.D.M. La Rochette s.a.s.), in the last few months of the year resumed an upward trend.

In 2016, the **average cost of energy** for the RDM Group was **lower** than in the prior year, notwithstanding the increases recorded in H2.

Main Consolidated Results as at December 31, 2016

The following table summarizes key Income Statement indicators as at December 31, 2016 and 2015.

	12.31.2016	12.31.2015
(thousands of euros)		
Revenues from sales	477,764	438,037
OPERATING PROFIT (EBITDA) (1)	30,434	41,809
EBIT (2)	8,754	17,242
Pre-tax income (3)	6,410	14,652
<i>Current and deferred taxes</i>	<i>(3,030)</i>	<i>(3,676)</i>
Profit (Loss) for the period before discontinued operations	3,378	10,982
Discontinued operations	(188)	(1,114)
Profit (Loss) for the period	3,189	9,868

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



In 2016, the RDM Group **Revenues from Sales** amounted to **477.8 million euro**, a growth vs. 438 million euro in the same period of the previous fiscal year. The increase is attributable to the consolidation of the H2 Revenues of **R.D.M. La Rochette s.a.s.**, which amounted to **54.7 million euro**. In the **WLC** segment, Revenues **decreased by 15 million euro**, due to the decrease in average selling prices and, to a lesser extent, to slightly lower production than in 2015 also due to the investment carried out at the Arnsberg mill.

The **volumes sold** by the Reno De Medici Group in 2016 amount to **890,000 tons**, vs. 824,000 tons sold in 2015. Such **overall increase** benefits from the **consolidation** of the **69,000 tons sold by R.D.M. La Rochette s.a.s.** in H2 2016, while it reflects the **slight decrease** of **3,500 tons** in the **WLC** segment.

As at December 31, 2016 **Gross Operating Profit (EBITDA)** is **30.4 million euro**, compared to 41.8 million euro in 2015. The **EBITDA change** is substantially due to **following drivers**: the market scenario, which was more unfavourable than in the previous year, higher costs of non-energy raw materials, lower average selling prices, and lower production at certain mills.

In 2016, **Operating Profit (EBIT)** amounted to **8.8 million euro**, compared to 17.2 million euro in 2015. The negative change of EBITDA was partially offset by the decrease in the other operating costs and in depreciation.

Net Financial Expenses were **3.1 million euro**, basically **in line** with 2015. The consolidation of R.D.M. La Rochette s.a.s. and of the R.D.M. Marketing Group brought about an increase of 247,000 euro. Net of this effect, Financial Charges decreased by 324,000 euro, due to lower interests rates and other financial charges.

Consolidated **Net Profit** amounted to 3.2 million euro, vs. 9.9 million euro recorded in the prior year.

Group's **Capital Expenditure** in 2016 was 18.3 million euro, vs. 13 million euro in 2015.

Consolidated Net Financial Indebtedness as at December 31, 2016 was **44.4 million euro**, a decrease compared to 50.3 million euro as at December 31, 2015. The **extraordinary operations** carried out in the year – i.e. the acquisition of R.D.M. La Rochette s.a.s. and the consequent consolidation of the R.D.M. Marketing Group, the sale of Reno de Medici Ibérica S.A., as well as the sale of a 17% stake and the deconsolidation of the financial debt of Emmaus Pack S.r.l. - determined a total **increase** of the Group's Net Financial Indebtedness **by 10.4 million euro**. Net of this effect, Net Financial Indebtedness of the Group **improved by 16.3 million euro**, thanks to the **positive performance of operations**.



Statutory Report Parent Company Reno De Medici S.p.A. as of 31 December 2016

As of December 31, 2016 the **Parent Company Reno De Medici S.p.A.** reached Net Revenues of **213.7 million euro**, vs. 217.5 million euro in the previous fiscal year. The slight fall, equal to 3.8 million euro, is essentially due to the decrease in sales prices, owing to weak European demand and to higher sales in non-EU markets, which traditionally feature lower average prices.

Reno De Medici S.p.A. **EBITDA** declined from 24.2 million euro in 2015 to **15.7 million in 2016**. The fall was essentially due to the less favorable market situation, which led to declining average sales prices combined with increasing costs of raw materials.

As at December 31, 2016 Reno De Medici S.p.A. **EBIT** amounts to **4.3 million euro**, compared to 9.8 million euro in 2015.

As at December 31, 2016 **Net Profit** is **6.8 million euro**, after net financial expenses of 1.9 million euro and equity investment income of 5.4 million euro, mainly attributable to dividends received from the German subsidiary. Taxes had a negative balance of 1 million euro, mainly due to the release of deferred tax assets. In 2015 the Net Profit of the Parent Company was 12.4 million euro.

As at December 31, 2016 Net Financial Debt of RDM S.p.A. was 32.9 million euro, an improvement over 43.9 million euro as of December 31, 2015.

For further details, see the Management Report in the Annual Report that will be publicly available in compliance with the law.

Allocation of 2016 Net Profit

The Board of Directors will propose to the Ordinary Shareholders' Meeting, called for April, 27 and 28, 2016, by notice published on March 17, 2017, the following allocation of 2016 net profit, equal to euro 6,788,711.70, as follows:

- euro 339,435.59 to the legal reserve pursuant to Article 2430 of the Italian Civil Code;



- **euro 0.0245 for the preferred dividend** in favour of each outstanding **savings share** at the record date;
- **euro 0.00265 for the dividend in favour of each ordinary share** outstanding at the record date;
- regarding residual earnings, once the allocation to the legal reserve and the above distributions have been made, charged to the “Available Reserve”.

The share will trade ex-dividend on May 8, 2017; the **dividend will be paid from May 10, 2017**, with a “record date” of May 9, 2017.

Outlook

No major changes are expected in the short-term in the **general macroeconomic scenario**, whose outlook remains uncertain also for the possible consequences on economic activities of political discontinuities in some important Countries. In 2017 global growth should modestly pick up, with a 3.4% growth pace vs. that of 3.1% experienced in 2016, while in the Euro Area the expected growth rate is 1.6%.

The sectors in which the Reno De Medici Group operates share the development of the global economic scenario.

After the closing of the period, the European demand in the **Whiteline Chipboard (WLC)** has been satisfactory, and backlog seems to be improving. Prices of raw material are increasing, but it is too early to consider this as a lasting trend.

In this scenario, in order to restore profitability that in 2016 was eroded mainly by higher costs of recycled fibers, the Reno De Medici Group announced price increases, the effects of which will depend on the evolution of the market scenario.

Also in the European **Folding Box Board (FBB)** segment, in which the newly acquired RDM La Rochette s.a.s. operates, the order in-flow and backlog were satisfactory. The prices of mechanical pulp are stable and lower than in 2015, but their future evolution is uncertain, as it is linked to the fluctuations of the exchange rate with the US dollar.

In both sectors the **cost of energy**, and in particular that of natural gas, is expected to remain low, notwithstanding last months' price rebounds. No further material price increases are expected in the near future.



Other resolutions

The Board of Directors of Reno De Medici S.p.A. also approved the **Report on Corporate Governance and Ownership Structure** as well as the **Remuneration Report** pursuant Article 123-ter D.Lgs. 58/98.

The Draft Financial Statements as of December 31, 2016, together with the Directors' Report, the Report on Corporate Governance and Ownership Structure, the Report of the Statutory Auditors and Independent Auditors, as well as the Report on Remuneration, will be subjected to approval of shareholders at the Meeting that has been called for April 27, 2017 at first call, and for **April 28, 2017 at second call**.

Lastly, the Reno De Medici S.p.A. Board of Directors approved the **Performance Stock Grant Plan for the 2017-2019 period**, for the incoming **CEO**, which will be submitted for approval to shareholders at the next Meeting.

Such Performance Stock Grant Plan envisages the allocation to the Beneficiary of the right to receive, for free, **a maximum possible number of ordinary shares equal to 2,262,857**, at the end of the three-year performance period and subject to the achievement of predetermined performance targets for each year.

The Stock Grant Plan is **mainly aimed**:

- to align the CEO's remuneration with shareholders' interests and the guidance set out in the Code;
- to increase the loyalty to the Company of the new CEO;
- to guide the Executive Director towards decisions that facilitate the creation of value in the medium/long term.

Considering the approval of the Performance Stock Grant Plan for the three years 2017-2019, in order to partially amend the resolution taken by the Extraordinary Shareholders' Meeting on 2 November 2015, the Board of Directors will request authorization, at the next **Shareholders' Meeting, to dispose the treasury shares** repurchased under the Buyback Plan approved on November 2, 2015, for the execution of the Stock Grant Plan for the three-year period 2017-2019.

In the light of the above, in compliance with the law, the Company will ensure the publication of the Meeting's Notice of Call integrated with the aforementioned items.

All documents will be made available on the Company's website, in the Shareholders' Meeting section, as required by law. The same day, the Company will make available some documents



that had already been published on March 17, 2017 (Board of Directors' Report to the Shareholders, Proxy Form, Proxy Form for the Designated Representative), integrating them in the light of the resolutions taken by the Board today.

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 Annual Financial Report, including the draft Financial Statements, the Consolidate Financial Statements, the Management Report, the Declaration of the Financial Reporting Executive and the Delegated Body, the Report of the Board of Statutory Auditors and the Independent Auditors, as well as the Report on Corporate Governance and Ownership Structure pursuant to Article 123-bis of the CFA will be available to the public within the legal timescales at the Company's registered office at Viale Isonzo 25, Milan; shareholders have the right to obtain copies of the same. Such documents will be also available within the legal timescales on the authorized storage system NIS Storage, accessible at the site www.emarketstorage.com, and will be also consultable in the Investor Relations section of the corporate website, www.renodemedici.it.

For further information:

Investor Relations

Reno De Medici

Stefano Moccagatta

Tel: +39 02 89966111

E-mail: investor.relations@rdmgroup.com

Media Relations

Image Building

Simona Raffaelli, Alfredo Mele, Vanessa Corallino

Tel: +39 02 89011300

E-mail: RenoDeMedici@imagebuilding.it

IR Advisor

Blue Arrow

Maria Grazia Mantini

Tel: +39 3404980880

E-mail: mariagrazia.mantini@bluearrow.it