



THE BOARD OF DIRECTORS
APPROVES THE HALF-YEAR REPORT AS AT JUNE 30, 2016

MAIN CONSOLIDATED FINANCIAL RESULTS OF THE FIRST-HALF 2016 (VS. FIRST-HALF 2015):

- ◆ **NET REVENUES:** €216.3 MILLION
(COMPARED TO €226.0 MILLION AS AT JUNE 30, 2015)
- ◆ **GROSS OPERATING PROFIT (EBITDA):** €17.4 MILLION
(COMPARED TO €23.0 MILLION AS AT JUNE 30, 2015)
- ◆ **OPERATING PROFIT (EBIT):** €6.7 MILLION
(COMPARED TO €10.6 MILLION AS AT JUNE 30, 2015)
- ◆ **NET PROFIT BEFORE DISCONTINUED OPERATIONS:** €4.9 MILLION
(COMPARED TO 7.3 MILLION AS AT JUNE 30, 2015)
- ◆ **NET PROFIT FOR THE PERIOD:** €4.7 MILLION
(COMPARED TO €6.9 MILLION AS AT JUNE 30, 2015)
- ◆ **NET FINANCIAL INDEBTEDNESS:** €60.3 MILLION
(COMPARED TO €50.3 MILLION AS AT DECEMBER 31, 2015)

Milan, July 28, 2016

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. Robert Hall, examined and approved the **Half-Year Consolidated Report as at June 30, 2016** of the Reno De Medici Group ("**RDM Group**" or the "**Group**").

The Reno De Medici Group ends the first half of 2016 recording a positive result, with net profit at 4.7 million euro, compared to 6.9 million euro reached in H1-2015, when it benefited from an exceptionally favourable market environment.

The first half of 2016 has been characterized by the acquisition from Cascades Canada ULC, on June 30, 2016, of 100% of **Cascades S.A.S**, French company that produces and distributes packaging carton board based on virgin fiber. The consideration was 11.3 million euro offset of the Net Indebtedness of the acquired Company at the acquisition date, which amounts to 8.7 million euro.



Such a transaction represents the completion of the 2008 business combination with the European assets of Cascades Group. Thanks to the acquisition, the Reno De Medici Group will consolidate its market position by expanding its activities to a new segment, carton board packaging products based on 'virgin' fiber. In addition, the branding strategy of the Group will benefit from the transaction, as all the products will be marketed under the Reno De Medici brand, including the products currently marketed with the Cascades brand. Moreover, synergies are expected in various operating areas. As a consequence, from June 30, 2016, the Reno De Medici Group consolidates Cascades S.A.S. on a line-by-line basis. As the transaction was carried out at the end of the six-month period, its impact on the Half-Year Income Statement is only represented by the acquisition costs, for an amount of 505,000 euro. Conversely, the Balance Sheet and the related reports fully consolidate Cascades S.A.S.'s balances.

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Introduction

In the **White Lined Chipboard** sector, in which Reno De Medici operates, the evolution of H1-2016 European **demand** weakened compared to the same period of the previous year, when the order inflow was exceptionally high, recording a 1.5% decrease. In all major European countries the comparison shows negative changes, except for Germany, where demand remains broadly stable. Higher sales to *Overseas* markets have partially, yet not entirely, compensated for the decline experienced on the European markets.

As regards the main **factors of production**, in the first half of 2016 average prices of **recycled fibers** were higher than in H1-2015, even though prices at the end of June 2016 came back in line with those at the end of June 2015.

In the first half of 2016, the average prices of **energy components** resulted in being substantially lower than those of the same period of the previous year, despite the rebound occurred in Q2-2016 from the bottom levels recorded in February and March 2016. Such bouncing back movement characterized the whole energy sector (oil, gas, electricity, coal), although with different drivers and to different extents.



The following table summarizes key Income Statement indicators as at June 30, 2016 and 2015.

	06.30.2016	06.30.2015
(Thousands of euros)		
Revenues from sales	216,292	226,037
OPERATING PROFIT (EBITDA) (1)	17,373	23,041
EBIT (2)	6,663	10,580
Pre-tax income (3)	5,621	9,429
<i>Current and deferred taxes</i>	<i>(715)</i>	<i>(2,133)</i>
Profit (loss) for the period before discontinued operations	4,906	7,296
Discontinued operations	(188)	(391)
Profit (loss) for the period	4,718	6,905

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

As at June 30, 2016, the RDM Group **Revenues from Sales** amount to **216.3 million euro**, vs. 226.0 million euro in the H1 of the previous fiscal year. In a weaker market scenario, the change is also due to lower volumes produced and sold by the Arnsberg mill (Germany), where a technical stand-still was needed for allowing an important investment, aimed to the rebuilding of an equipment, and the relevant following commissioning. The investment will both increase the production capacity of the mill, and reduce the per-unit production costs. The project, which was successfully completed, generated inevitable temporary inefficiencies, with consequent impact on Q2-2016 results. All other mills worked at full production capacity.

The **volumes sold** by the Reno De Medici Group in the first half of 2016 amount to **417,000 tons**, vs. 429,000 tons solid in first-half 2015.

As at June 30, 2016 **Gross Operating Profit (EBITDA)** is **17.4 million euro**, compared to 23.0 million euro in H1-2015. The **EBITDA change** is basically due to two drivers: weaker market scenario compared to the previous year, and lower production in the Arnsberg mill, following the investment carried out in April 2016. The demand in first-half 2016 was much weaker compared to H1-2015, especially in February, March and in early April; it stabilized in the following months at more satisfactory levels; at the end of June 2016 the demand came close to the levels of the end of June 2015, although remaining still lower. The geographical revenues' market-mix was also less favourable,

Main Consolidated Results as at June 30, 2016



due to the higher weight of sales in Overseas markets.

In H1-2016 **Operating Profit (EBIT)** totalled **6.7 million euro**, compared to 10.6 million euro in H1-2015.

Net Financial Expenses amount to 1.7 million euro, in line with those of H1-2015. The decrease of interests and other financial charges was offset by the lack of profit from **exchange differences** recorded in H1-2015 as a result of the revaluation of US\$ and of the devaluation of GBP against the Euro.

Profits from Investments were 0.7 million euro, slightly higher than 0.5 million euro recorded in H1-2015. The amount includes a consolidated plus value of 0.5 million euro, generated by the sale of a stake in Emmaus Pack S.r.l., which took place on 14 March 2016.

The provision for **Income Tax** amounts to 0.7 million euro, a decline compared to 2.1 million euro in the first half of 2015, due to the lower taxable income, and to the lower IRAP charge in Italy.

Net Consolidated Profit ante Discontinued Operations amounts **4.9 million euro**, compared to 7.3 million euro in H1-2015.

Result from Discontinued Operations was **slightly negative, by 0.2 million euro**, vs. -0.4 million euro in H1-2015, due to the dissolution of the subsidiary Reno De Medici UK Ltd.

In H1-2016, **Net Profit** is equal to **4.7 million euro**, vs. 6.9 million euro in H1-2015.

Capital Expenditures made in the period by the Reno De Medici Group were €8.3 Million (€3.1 Million in the first-half of 2015).

Net Financial Indebtedness as at June 30, 2016 is **60.3 million euro**, vs. 50.3 million euro as at December 31, 2015. The 10 million euro increase is due to the acquisition of Cascades S.A.S., which produced an overall financial impact on Group's Indebtedness of approximately 19.9 million euro. Without considering the Cascades S.A.S.'s acquisition, the Group's Net Financial Indebtedness would amount to 42.6 million euro, a 7.6 million euro improvement compared to December 31, 2015.

Outlook

As regards the general macroeconomic scenario, no major changes are expected in the short-term; its evolution however remains uncertain, also considering the geopolitical crisis that are affecting some part of the world, and lastly Turkey. The Brexit represents a source of specific uncertainty for Europe. In both cases, the political crisis in Turkey and the Brexit, presently their effects cannot be easily predicted.



In the European White Line Chipboard (WLC) segment, after 30 June 2016 in Europe the order in-flow seems stable, at levels that are in any case lower than in 2015; compared to the previous year, also the backlog is shorter.

In the European Folding Box Board (FBB) segment, in which the newly acquired Cascades S.A.S. operates, the order in-flow is stable; backlog seems to be stronger than in the WLC segment. However, this trend is also due to new *Tobacco Products Directive*, which benefits mainly Scandinavian producers.

The prices of raw materials, and in particular of recycled fibers, are currently firm; however, it remains difficult to predict what would be the evolution in the Fall. Energy prices are expected to remain low and stable at the current levels.

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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.

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

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Since today, the Half-Year Report as of June 30, 2016 will be available on the authorized storage system NIS Storage, accessible at the site www.emarketstorage.com, and will be consultable in the Investor Relations section of the corporate website, www.renodemedici.it.



For further
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THE TABLES RELATIVE TO FINANCIAL STATEMENTS OF RDM GROUP AS OF JUNE 30, 2016 ARE ATTACHED BELOW



Consolidated
Income
Statement

	06.30.2016	06.30.2015
(thousands of Euros)		
Revenues from sales	216,292	226,037
- of which related parties	8,176	2,909
Other revenues and income	2,337	3,116
- of which related parties	266	222
Change in inventories of finished goods	2,012	(2,580)
Cost of raw materials and services	(169,216)	(168,480)
- of which related parties	(6,104)	(8,701)
Personnel cost	(32,396)	(32,385)
Other operating costs	(1,656)	(2,667)
Gross operating profit	17,373	23,041
Depreciation and amortization	(10,710)	(11,143)
Write-downs and revaluations		(1,318)
Operating profit	6,663	10,580
Financial expense	(1,666)	(2,122)
Gains (losses) on foreign exchange	(73)	429
Financial income	17	11
Net financial income (expense)	(1,722)	(1,682)
Gains (losses) from investments	680	531
Taxes	(715)	(2,133)
Profit (loss) for the period before net result from discontinued operations	4,906	7,296
Net result from discontinued operations	(188)	(391)
Profit (loss) for the year	4,718	6,905
Total profit (loss) for the period attributable to:		
- Group	4,660	6,842
- Minority interests	58	63
Basic earnings (loss) per ordinary share (Euros)	0.01	0.02
Diluted earnings (loss) per ordinary share (Euros)	0.01	0.02
Basic earnings (loss) per ordinary share before discontinued operations (Euros)	0.01	0.02
Diluted earnings (loss) per ordinary share before discontinued operations (Euros)	0.01	0.02



Consolidated
Statement of
Financial
Position-
Assets

	06.30.2016	31.12.2015
(thousands of Euros)		
ASSETS		
Non-current assets		
Tangible Assets	198,230	190,452
Intangible Assets	2,046	1,880
Intangible Assets with an indefinite useful life	3,948	3,948
Equity investments	2,459	1,981
Deferred tax assets	3,096	2,795
Other receivables	3,841	1,167
Total non-current assets	213,620	202,223
Current assets		
Inventories	83,195	68,391
Trade receivables	73,686	58,861
- of which related parties	1,562	229
Receivables from associates and joint ventures	8,321	115
Other receivables	14,185	7,289
- of which related parties	1,870	
Other receivables from associates and joint ventures	373	470
Cash and cash equivalents	2,397	23,146
Total current assets	182,157	158,272
Total assets held for sale		8,129
TOTAL ASSETS	395,777	368,624



Consolidated
Statement of
Financial Position
– Liabilities and
Shareholders'
Equity

	06.30.2016	31.12.2015
(thousands of Euros)		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	140,000	150,399
Other reserve	11,808	(6,761)
Retained earnings (losses)	790	790
Profit (loss) for the period	4,660	9,790
Use of period profits to cover losses		(2,239)
Residual profit (loss) for the period	4,660	7,551
Shareholders' equity attributable to the Group	157,258	151,979
Minority interests		440
Total shareholders' equity	157,258	152,419
Non-current liabilities		
Payables to banks and other lenders	46,411	53,280
Derivative instruments	323	50
Other payables	104	130
Deferred taxes	8,324	8,888
Employee benefits	33,180	29,063
Non-current provisions for risks and charges	4,263	2,657
Total non-current liabilities	92,605	94,068
Current liabilities		
Payables to banks and other lenders	17,401	14,839
Derivative instruments	151	146
Trade payables	103,962	81,985
- of which related parties	114	496
Payables to associates and joint ventures	483	2,894
Other payables	22,329	11,985
- of which related parties	1,253	
Other payables to associates and joint ventures		1,954
Current taxes	957	378
Employee benefits	68	31
Current provisions for risks and charges	563	452
Total current liabilities	145,914	114,664
Total liabilities held for sale		7,473
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	395,777	368,624



Cash Flow Statement

(thousands of Euros)	First half of 2016	First half of 2015	
		Continuing	Discontinued
Profit (loss) for the period	4,718	7,296	(389)
Taxes	715	2,133	
Depreciation and amortization	10,710	11,143	290
Write-downs		1,317	
Losses (gains) from investments	(680)	(531)	
Financial (income) expense	1,649	2,110	94
Capital losses (gains) on sale of fixed assets	(43)	(249)	
Change in provisions for employee benefits and in other provisions, including the provision for bad and doubtful receivables	(2,008)	(3,068)	17
Change in inventories	(1,033)	3,500	344
Change in receivables	(14,631)	(10,749)	822
- of which related parties	(9,540)	106	(126)
Change in payables	5,162	(322)	(972)
- of which related parties	(2,794)	1,005	(63)
Overall change in working capital	(10,502)	(7,570)	194
Gross cash flows	4,559	12,581	206
Interest paid in the period	(1,256)	(1,922)	(94)
Taxes paid in the period	(1,822)	(2,167)	
Cash flows from operating activities	1,481	8,492	112
Equity investments	(250)	3	
Investment net of disinvestment in tangible and intangible assets	(8,274)	(2,782)	(99)
Change of consolidation area	(7,304)		
Investments in associates and joint ventures		1,555	
Disinvestment in non- current assets held for sale and spare parts			
Dividends received	270		
Cash flows from investing activities	(15,558)	(1,224)	(99)
Dividends paid	(1,983)		
Treasury shares	(182)		
Change in other financial assets and liabilities and short-term payables to banks	2,605	(14,872)	(460)
- of which related parties	(2,474)	(326)	
Change in medium- and long-term loans	(7,329)	7,648	(121)
Cash flows from financing activities	(6,889)	(7,224)	(581)
Translation differences	221	(49)	
Change in unrestricted cash and cash equivalents	(20,746)	(5)	(568)
Unrestricted cash and cash equivalents at the beginning of the period	23,146	2,376	701
Unrestricted cash and cash equivalents at the end of the period	2,397	2,371	133