



*Milano, February 15, 2017*

**The Board of Directors approves the Interim 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 438.2 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)
- ◆ **GROSS 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)

**The BoD approves the merger by absorption of R.D.M. Marketing S.r.l. into Reno De Medici S.p.A..**

**Shareholders of Reno De Medici S.p.A. will be called to the Ordinary and Extraordinary Shareholders' Meeting, to be held on April, 27 and 28, respectively at first and second call.**

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 **Interim 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, company that produces and distributes packaging carton board based on virgin fiber. As a consequence, from June 30, 2016 the Reno De Medici Group consolidates Cascades 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.

The economic results of Cascades S.A.S. were only partially consolidated in the Reno De Medici Group accounts as at December 31. With the aim of providing a more complete picture, it is worth underlining that in 2016 the French Company recorded Revenues from Gross Sales for 117.2 million euro, slightly lower than those of the previous year. Cumulated EBITDA was 6.5 million euro, an increase over 4.1 million euro of 2015, as the decline in average selling prices was more than compensated by the reduction of production costs. The aforementioned data related to Cascades S.A.S. are unaudited management figures.

## 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. Such decline – which affected all major European markets – was negligible in Germany, while it was much more evident in both France and in Italy. Sales in *Overseas* markets, which increased dramatically, did not completely offset the decline in European demand, especially in terms of profitability, due to the high competition on prices that historically characterizes those markets. 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 Cascades S.A.S. operates, the **decrease of European demand** is marginal (**-0.5%** vs. 2015), also due to the temporary benefits for Scandinavian producers coming from the Tobacco Product Directive, which have now come to an end.



As regards the main **factors of production**, in Europe prices of **recycled fibers** started to increase in Q2 and rose even more in Q3. In October the upward trend halted, while prices marginally decreased to then remain firm in the last few months of the year. The average prices recorded in 2016 were higher than the 2015 average.

The prices of **mechanical pulp** (the main raw material of Cascades S.A.S), which in the first three quarters have decreased or remained stable, depending on pulp types, 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, mainly as a result of the provisioning policy that had been timely adopted for natural gas.

## 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)		
<b>Revenues from sales</b>	<b>477,764</b>	<b>438,235</b>
<b>OPERATING PROFIT (EBITDA) (1)</b>	<b>30,435</b>	<b>41,803</b>
<b>EBIT (2)</b>	<b>8,755</b>	<b>17,236</b>
<b>Pre-tax income (3)</b>	<b>6,410</b>	<b>14,652</b>
<i>Current and deferred taxes</i>	<i>(3,030)</i>	<i>(3,676)</i>
Profit (Loss) for the period before discontinued operations	<b>3,380</b>	<b>10,976</b>
<b>Discontinued operations</b>	<b>(188)</b>	<b>(1,114)</b>
<b>Profit (Loss) for the period</b>	<b>3,192</b>	<b>9,862</b>

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. 438.2 million euro in the same period of the previous fiscal year. The increase is attributable to the consolidation of the H2 Revenues of **Cascades 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.

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 Cascades S.A.S.** in H2 2016, while it reflects the **decrease of 3,500 tons** in the **WLC** segment, stemming from the **lower production**, for both the commissioning of the new equipment installed in the mills and some stand-stills aimed at preserving profitability.

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, especially at Arnsberg (Germany), following the investment successfully carried out in April 2016.

In 2016, **Operating Profit (EBIT)** amounted to **8.8 million euro**, compared to 17.2 million euro in 2015. The negative change 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 full consolidation of Cascades 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, where lower interests rates and other financial charges were partially offset by exchange differences, which in 2016 were positive by 169,000 euro, vs. 450,000 euro recorded in 2015.

The provision for **Income Taxes** amounts to 3 million euro, a decline vs. 3.7 million euro in 2015, due to lower taxable income.



**Consolidated Profit before Discontinued Operations** amounts to 3.4 million euro, compared to 11 million euro recorded in 2015.

The **Result from Discontinued Operations**, which is slightly negative (-0.2 million euro), is relevant to the dissolution of the subsidiary Reno De Medici UK Ltd.. Such results compares with the negative amount of 1.1 million euro recorded in 2015, which was due to Reno De Medici Ibérica S.A..

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 Cascades 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**.

### **Other key events**

On December 19, 2016, the Reno De Medici Group announced the introduction of the **new RDM brand and logo**, which have been launched on January 1<sup>st</sup>, 2017. All the products of the Group will be marketed under the RDM brand; the Cascades brand and logo, as well as the Careo logo, will be discontinued.

The new identity represents the final step of the strategic business combination between the European operations of the Reno De Medici and Cascades Groups that started in 2008 and was completed in June 2016, with the acquisition of Cascades S.A.S. by the Reno De Medici Group.



## 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 uncertainties 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 a price increase, to be applied to the orders received after November 1<sup>st</sup>, 2016, the effects of which are still uncertain, and will depend on the evolution of the market scenario.

Also in the European **Folding Box Board (FBB)** segment, in which the newly acquired Cascades 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 also 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 **merger by absorption of R.D.M. Marketing S.r.l. into Reno De Medici S.p.A.**, in respect to the Assets and Liabilities Statements of the two companies as at December 31, 2016.

Since the share capital of the company to be merged is wholly-owned by the acquiring company, the Merger Plan will follow the simplified procedure envisaged by art. 2505 of the Italian Civil Code.



The merger by absorption of R.D.M. Marketing into Reno De Medici S.p.A. will be submitted to the approval of Shareholders at the next Extraordinary Meeting.

## Call of Shareholders' Meeting

Shareholders of Reno De Medici S.p.A. will be called to Ordinary and Extraordinary Meeting, to be held on April 27, 2017 at first call, and, if necessary, on April 28, 2017, at second call.

*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.*

*Since today, the Interim Report as of December 31, 2016 will be available on the authorized storage system NIS Storage, accessible at the site [www.emarketstorage.com](http://www.emarketstorage.com), and will be consultable in the Investor Relations section of the corporate website, [www.renodemedici.it](http://www.renodemedici.it)*

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**The tables relative to the Financial Statements of RDM Group as of December 31, 2016, are attached below.**

<b>Consolidated Income Statement</b>	<b>12.31.2016</b>	<b>12.31.2015</b>
<b>(thousands of Euros)</b>		
Revenues from sales	477,764	438,235
Other revenues and income	6,932	6,488
Change in inventories of finished goods	468	(2,375)
Cost of raw materials and services	(373,659)	(331,376)
Personnel costs	(76,067)	(63,663)
Other operating costs	(5,003)	(5,506)
<b>Gross operating profit</b>	<b>30,435</b>	<b>41,803</b>
Depreciation and amortization	(21,680)	(22,345)
Write-downs and revaluations		(2,222)
<b>Operating profit</b>	<b>8,755</b>	<b>17,236</b>
<i>Financial expense</i>	(3,248)	(3,597)
<i>Gains (losses) on foreign exchange</i>	169	450
<i>Financial income</i>	29	20
Net financial income/(expense)	(3,050)	(3,127)
Gains (losses) from investments	705	543
Taxes	(3,030)	(3,676)
<b>Profit (loss) for the period before discontinued operations</b>	<b>3,380</b>	<b>10,976</b>
Discontinued operations	<b>(188)</b>	<b>(1,114)</b>
<b>Profit (loss) for the period</b>	<b>3,192</b>	<b>9,862</b>
attributable to:		
Group's share of profit (loss) for the period	3,134	9,784
Minority interest in profit (loss) for the period	58	78





Statement of Financial Position - ASSETS	12.31.2016	12.31.2015
(thousands of Euros)		
<b>Non-current assets</b>		
Tangible assets	196,633	190,452
Other intangible assets	6,441	5,828
Equity investments	2,509	1,981
Deferred tax assets	1,536	2,795
Other receivables	3,679	1,167
<b>Total non-current assets</b>	<b>210,798</b>	<b>202,223</b>
<b>Current assets</b>		
Inventories	82,450	68,391
Trade receivables	67,405	58,976
Other receivables	12,866	7,759
Cash and cash equivalents	29,331	23,146
<b>Total current assets</b>	<b>192,052</b>	<b>158,272</b>
<b>Asset held for sale</b>		<b>8,129</b>
<b>TOTAL ASSETS</b>	<b>402,850</b>	<b>368,624</b>



Statement of Financial Position - LIABILITIES AND SHAREHOLDERS' EQUITY	12.31.2016	12.31.2015
(thousands of Euros)		
<b>Shareholders' equity</b>		
Shareholders' equity attributable to the Group	155,216	151,979
Minority interests		440
<b>Total shareholders' equity</b>	<b>155,216</b>	<b>152,419</b>
<b>Non-current liabilities</b>		
Payables to banks and other lenders	57,627	53,280
Derivative instruments	268	50
Other payables	79	130
Deferred taxes	7,492	8,888
Employee benefits	33,878	29,063
Non-current provisions for risks and charges	6,224	2,657
<b>Total non-current liabilities</b>	<b>105,568</b>	<b>94,068</b>
<b>Current liabilities</b>		
Payables to banks and other lenders	16,174	14,839
Derivative instruments	154	146
Trade payables	103,685	84,879
Other payables	20,543	13,939
Current taxes	657	378
Current provisions for risks and charges	841	452
Employee benefits	12	31
<b>Total current liabilities</b>	<b>142,066</b>	<b>114,664</b>
Liabilities held for sale		7,473
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>402,850</b>	<b>368,624</b>



Net financial position	12.31.2016	12.31.2015	Change
<b>(thousands of Euros)</b>			
Cash, cash equivalents and short-term financial receivables	29,677	24,026	5,651
Short-term financial debt	(16,327)	(20,148)	3,821
Valuation of current portion of derivatives	(154)	(146)	(8)
<b>Short-term net financial position</b>	<b>(13,196)</b>	<b>3,732</b>	<b>9,464</b>
Medium-term financial receivables	300		300
Medium-term financial debt	(57,627)	(53,936)	(3,691)
Valuation of non-current portion of derivatives	(268)	(50)	(218)
<b>Net financial position</b>	<b>(44,399)</b>	<b>(50,254)</b>	<b>5,855</b>