

# PRESS RELEASE

## THE BOARD OF DIRECTORS APPROVED THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED SEPTEMBER 30TH, 2012

Consolidated Results for the third quarter of 2012 (Vs. third quarter 2011):

- **NET REVENUES:** EURO 111.3 MILLION (WITH RESPECT TO EURO 116.3 MILLION RECORDED IN THE THIRD QUARTER 2011)
- **GROSS OPERATING PROFIT (EBITDA):** EURO 5.4 MILLION (WITH RESPECT TO EURO 3.5 MILLION RECORDED IN THE THIRD QUARTER 2011)
- **OPERATING PROFIT (EBIT):** NEGATIVE FOR EURO 1.2 MILLION (WITH RESPECT TO A NEGATIVE VALUE OF EURO 3.1 MILLION RECORDED IN THE THIRD QUARTER 2011)
- **NET PROFIT OF THE PERIOD:** NEGATIVE BY EURO 3.1 MILLION (NEGATIVE BY EURO 4.6 MILLION IN THE THIRD QUARTER 2011)
- **NET FINANCIAL INDEBTEDNESS:** EURO 91.8 MILLION (EURO 105.2 MILLION AS AT 30 SEPTEMBER 2011)

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- **ROBERT HALL APPOINTED NEW CHAIRMAN OF THE BOARD OF DIRECTORS**
- **APPOINTMENT OF THE NOMINATION COMMITTEE**

*Milan, November 2, 2012*

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 cardboard, met today, examined and approved the **Interim financial report for the period ended September 30th, September 2012 of the Reno De Medici Group ("RDM Group" or the "Group")**.

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### Introduction

The macroeconomic scenario in the third quarter of 2012 is similar to the previous quarters, with continuing contraction in both demand for consumer and semi-durable goods. Consequently, demand for packaging has fallen, as well as, more specifically, the coated cartonboard packaging sector made of recycled fiber.

As regards trends in production factors, recycled fibre prices, maintained at medium to high levels, was characterised in the third quarter by a certain volatility.

The cost of natural gas, the main energy source for RDM Group, remains high, representing the single most negative cost factor affecting the financial results of the quarter and the year. Natural gas price is considerably higher than the current price in other European countries.

Despite this difficult situation, RDM Group has been able to improve the spread (namely the difference between unit sales prices and the unit cost of fibrous raw

## Main consolidated results for the third quarter of 2012

## Main consolidated results for the nine months of 2012

The following table sets out the highlights of the profit and loss accounts for 30 September 2012 and 2011.

materials), but this benefit has been essentially absorbed by the increase in the cost of natural gas in Italy compared the same period in 2011.

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During the third quarter of 2012 the RDM Group achieved consolidated **Net Revenues of Euro 111.3 million, essentially in line** with Euro 116.3 million recorded in the third quarter of the year 2011. This result is essentially attributable to higher sales volumes (202 thousand tonnes sold in 2012 compared to 190 thousand tonnes in the same period of the previous year).

The Consolidated **Gross Operating Profit (EBITDA)** for the third quarter of 2012 of the RDM Group is equal to Euro 5.4 million, compared to Euro 3.5 million recorded in the third quarter of 2011, mainly due to the improvement of the difference between unit sales prices and the unit cost of fibrous raw materials.

Consolidated **Operating Profit (EBIT)** of the RDM Group in the third quarter of 2012 is negative for Euro 1.2 million, compared to a loss of Euro 3.1 million recorded in the third quarter of 2011.

During the third quarter of 2012, the RDM Group recorded a negative **Net Result** of Euro 3.1 million, compared to a negative result of Euro 4.6 million recorded in the third quarter of 2011.

(thousands of Euros)	30.09.2012	30.09.2011
Revenues from sales	348,785	394,850
EBITDA (1)	19,451	24,758
EBIT (2)	(272)	5,071
Results of operating activities before taxes (3)	(7,003)	(431)
Current and deferred taxes	40	(1,030)
Profit (loss) for the period	(6,963)	(1,461)

1) Cfr. Consolidated financial statement of RDM Group, "Gross Operating Profit"

2) Cfr. Consolidated financial statement of RDM Group, "Operating Profit"

3) Cfr. Consolidated financial statement of RDM Group, "Profit (loss) for the period" – "Taxation"

The RDM Group as at September 30, 2012 achieved consolidated **Net Revenues of Euro 348.8 million**, compared to Euro 394.8 million in the first nine months of the year 2011 due to lower sales volumes; 625 thousand tonnes sold in the nine months of 2012 compared to 675 thousand tonnes in the same period of the previous year.

The cost of labour dropped from Euro 56.2 million in the first nine months of 2011 to Euro 53.9 million in the same period of 2012.

The Consolidated **Gross Operating Profit (EBITDA)** as at September 30, 2012 is equal to Euro 19.5 million, compared to Euro 24.8 million recorded as at September 30, 2011. However, it is important to highlight that without the increase in the cost of natural gas in Italy, in 2012 the EBITDA on September 30, 2012 would have been approximately to Euro 26 million, higher than the one recorded as at September 30, 2011.

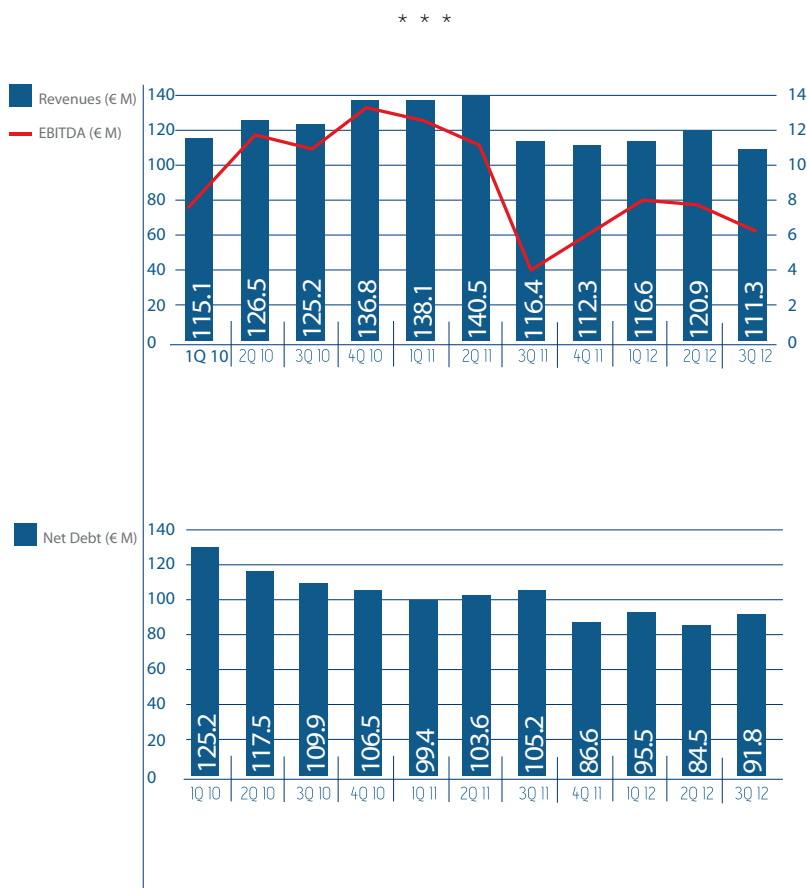
Consolidated **Operating Profit (EBIT)** of the RDM Group in the first nine months of 2012 is negative for Euro 0.3 million, compared to Euro 5.1 million as at September 30, 2011.

There was a pre-tax current loss of Euro 7 million as at September 30, 2012, compared to a loss of Euro 0.4 million for the first nine months of 2011.

The Group as at September 30, 2012 made capital expenditures of Euro 13.7 million (Euro 18.9 million at 30 September 2011).

The **Net Result** as at September 30, 2012 was negative by to Euro 7 million, compared to a negative result by Euro 1.5 million recorded as at September 30, 2011.

The Consolidated **Net Financial Indebtedness** of the RDM Group as at September 30, 2012 amounted to Euro 91.8 million, compared to Euro 86.6 million as at December 31, 2011. The increase is due to changes in working capital.



### Other resolutions:

During the meeting held today, the Board of Directors of Reno De Medici S.p.A. also took note of the resignation of Mr. Christian Dubé as Member and Chairman of the Board of Directors of the Company.

On the basis of communications made to the Company and to the public, Mr. Christian Dubé is holding directly n. 225 000 ordinary shares of Reno De Medici S.p.A.

Given that all of the directors in office were chosen from the list presented to the majority shareholder Cascades and that there are no other names in the list, the Board of Directors has resolved to postpone the appointment by cooptation of a new director at a future meeting of the board.

The Board also resolved to appoint Mr. Robert Hall, director of the Board since May 2009, as new Chairman of the Board of Directors of Reno De Medici S.p.A.

On the basis of communications made to the Company and to the public, Mr. Robert Hall is not holding, directly and/or indirectly, any shares of Reno De Medici S.p.A.

Following the appointment as new Chairman of the Board of Directors of Reno De Medici S.p.A., Mr. Robert Hall resigned as member of the Remuneration Committee.

The Board of Directors of the Company, in accordance with the provisions of the Code of Conduct for Listed Companies issued by Borsa Italiana S.p.A., the Remuneration Committee resolved to appoint Mr Giulio Antonello as new Non-Executive member.

The Remuneration Committee of Reno De Medici S.p.A. is therefore composed of: Mr. Vincenzo Nicastro (Independent) as President, and by Mr. Carlo Peretti (Independent) and Giulio Antonello.

Also in today's meeting, the Board of Directors of Reno De Medici S.p.A. appointed the Nomination Committee, pursuant to art. 5 of Borsa Italiana's Corporate Governance Code.

The Nomination Committee is made up of non executive directors.

The new Nomination Committee, is now composed of the following non executive members:

- Carlo Peretti, President;
- Vincenzo Nicastro, member;
- Sergio Garribba, member.

Who will remain in office until the approval of the financial statements as at 31 December 2013

\* \* \*

## Outlook for operations

The fourth quarter 2012 is expected to show improvement over the same period of the prior year in both production and earnings, despite an overall context that remains negative. Operating rates are expected to remain at higher levels, as the fourth quarter of 2011 paid for the effects of the temporary stoppages that were carried out at certain factories to maintain manufacturing efficiency.

No significant variations are expected for the main production factors: the prices of recovered fibre are volatile and increases cannot be ruled out; energy prices should decline from the high levels.

In 2013, we can expect an improvement in some of negative trends that has been characterizing the macroeconomic situation since the end of 2008. In particular, a different and more efficient natural gas market would have in 2013 a positive economic effect for the Group.

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## Significant events as at September 30, 2012

The transfer of the Reno De Medici S.p.A plant in Ovaro (Udine) from Reno De Medici S.p.A to RDM Ovaro S.p.A become effective as of July 1st, 2012.

Furthermore, on August 2nd, 2012, the Board of Directors of Reno De Medici S.p.A., with the favourable opinion of the Related-Party Committee and confirming its strong interest in the acquisition of such assets, resolved not to exercise the Call Option relevant to the acquisition of two Cascades' (hereinafter "Cascades") mills. For more information see the press release issued by Reno de Medici S.p.a on August 2nd, 2012, and available on Company's web site in the section "press release".

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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 Decree Law 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) to provide better assessment of the economic-financial performance trend. 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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*The Consolidated Financial Results for the period ended 30 September 2012 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 November 3rd, 2012. Copies can be obtained. Such documents are also consultable on the website: [www.Renodemedici.it](http://www.Renodemedici.it).*

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## For further information:

Reno De Medici Investor Relator                      Zaki Haned  
Tel, +39 02 89966 234  
E-mail: [investor.relations@rdmgroup.com](mailto:investor.relations@rdmgroup.com)

Image Building Media Relations                      Simona Raffaelli.  
Alfredo Mele.  
Valentina Bergamelli  
Tel: +39 02 89011300  
E-mail: [RenoDeMedici@imagebuilding.it](mailto:RenoDeMedici@imagebuilding.it)

The tables relative to Consolidated Condensed Interim Financial Statements as at September 30, 2012 are attached below

Consolidated income  
statementConsolidated condensed interim consolidated  
financial statements at 30 September 2012

(thousands of Euros)	30.09.2012	30.09.2011
Revenues from sales	348,785	394,850
Other revenues and income	9,508	10,602
Changes in stocks of finished goods	2,930	2,402
Cost of raw materials and services	(284,347)	(323,738)
Staff costs	(53,856)	(56,174)
Other operating costs	(3,569)	(3,184)
<b>Gross Operating Profit</b>	<b>19,451</b>	<b>24,758</b>
Depreciation and amortisation	(19,723)	(19,687)
<b>Operating Profit</b>	<b>(272)</b>	<b>5,071</b>
<i>Financial expenses</i>	<i>(5,384)</i>	<i>(5,607)</i>
<i>Exchange rate differences</i>	<i>282</i>	<i>231</i>
<i>Financial Income</i>	<i>93</i>	<i>96</i>
Financial income (expenses), net	(5,009)	(5,280)
Income (loss) from investments	(1,722)	(222)
Taxation	40	(1,030)
<b>Profit (loss) for the period</b>	<b>(6,963)</b>	<b>(1,461)</b>
Attributable to:		
Profit (loss) for the period pertaining to the Group	(7,147)	(1,724)
Profit (loss) for the period pertaining to minority interests	184	263

Consolidated statement of  
Financial position

(thousand of Euros)	30.09.2012	31.12.2011
<b>Non-current assets</b>		
Tangible fixed assets	234,163	239,831
Goodwill	63	63
Other intangible assets	6,121	6,066
Investments	4,119	5,810
Deferred tax assets	1,280	399
Financial assets held for sale	191	195
Trade receivables	41	82
Other receivables	287	328
<b>Total non-current assets</b>	<b>246,265</b>	<b>252,774</b>
<b>Current assets</b>		
Stocks	77,967	77,982
Trade receivables	93,125	93,836
Other receivables	8,654	6,584
Cash and cash equivalent	2,266	2,564
<b>Total current assets</b>	<b>182,012</b>	<b>180,966</b>
<b>Non-current assets held for sale</b>		<b>1,290</b>
<b>TOTAL ASSETS</b>	<b>428,277</b>	<b>435,030</b>

(thousands of Euros)	30.09.2012	31.12.2011
<b>Shareholders' Equity</b>		
Shareholders' equity attributable to the Group	145,277	152,575
Minority interests	614	713
<b>Total shareholders' equity</b>	<b>145,891</b>	<b>153,288</b>
<b>Non-current liabilities</b>		
Bank loans and other financial liabilities	41,042	45,934
Derivative financial instruments	969	1,022
Other payables	3,977	1,543
Deferred tax liabilities	16,347	18,399
Employee benefits	23,885	24,363
Non-current provisions for contingencies and charges	6,094	6,716
<b>Total non-current liabilities</b>	<b>92,314</b>	<b>97,977</b>
<b>Current liabilities</b>		
Bank loans and other financial liabilities	55,933	42,764
Derivative financial instruments	763	601
Trade payables	117,109	123,879
Other payables	14,853	15,899
Current taxation	1,032	358
Employee benefits	382	264
<b>Total current liabilities</b>	<b>190,072</b>	<b>183,765</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>428,277</b>	<b>435,030</b>



## Net financial position

(thousands of Euros)	30.09.2012	30.06.2012	31.12.2011
Cash and cash equivalents and short-term financial receivables	6,862	11,867	3,756
Short-term financial payables	(55,933)	(53,825)	(42,764)
Valuation of current portion of derivatives	(763)	(686)	(601)
<b>Short-term financial position, net</b>	<b>(49,834)</b>	<b>(42,644)</b>	<b>(39,609)</b>
Long-term financial payables	(41,042)	(41,022)	(45,934)
Valuation of current portion of derivatives	(969)	(874)	(1,022)
<b>Financial position, net</b>	<b>(91,845)</b>	<b>(84,540)</b>	<b>(86,565)</b>