



## PRESS RELEASE

### The Board Of Directors Approves The Consolidated First Half Year 2012 Financial Report and Resolves to non-exercise the Call option.

Consolidated Financial Results as at 30 June 2012  
(Vs. 1 H 2011):

- **NET REVENUES:** EURO 237.5 MILLION (EURO 278.6 MILLION AS AT 30 JUNE 2011)
- **GROSS OPERATING PROFIT (EBITDA):** EURO 14.0 MILLION (EURO 21.2 MILLION AS AT 30 JUNE 2011)
- **OPERATING PROFIT (EBIT):** EURO 0.9 MILLION (EURO 8.2 MILLION AS AT 30 JUNE 2011)
- **NET PROFIT OF THE PERIOD:** NEGATIVE BY EURO 3.9 MILLION (POSITIVE BY EURO 3.2 MILLION AS AT 30 JUNE 2011)
- **NET FINANCIAL INDEBTEDNESS:** EURO 84.5 MILLION (AN IMPROVEMENT OVER EURO 86.6 MILLION AS AT 31 DECEMBER 2011)

Milan, August 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 under the chairmanship of Mr. Christian Dubé and approved the **Half Year Financial Report at 30 June 2012** of the Reno De Medici Group ("**RDM Group**" or the "**Group**").

In the same session, the Board of Directors of Reno De Medici S.p.A has resolved to non-exercise the Call option for the purchase of the Virgin Assets from Cascades s.a.s (hereinafter, "Cascades"), as provided by the Combination Agreement signed in 2007 and amended in 2009. The related-party committee of RDM has also recommended today the non-exercise of this transaction.

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### Introduction

The following table sets out the highlights of the consolidated profit and loss accounts of the RDM Group for the six months ended on 30 June 2012, compared to the first half of 2011:

(thousands of Euros)	30.06.2012	30.06.2011
Revenues from sales	237,456	278,594
EBITDA (1)	14,020	21,222
EBIT (2)	888	8,162
Results of operating activities before taxes (3)	(3,205)	4,405
Current and deferred taxes	(685)	(1,235)
Profit (loss) for the period	(3,890)	3,170

1) Cfr. Consolidated income statement of RDM Group, "Gross Operating Margin"

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

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

As at June 30, 2012, the macroeconomic situation remains alarming, and demand for consumer and semi-durable goods is contracting. Consequently, demand for packaging has fallen as well.

With reference to the folding box board sector, the most positive sign is the end of destocking, which characterised the second half of 2011 and augmented the effects of the overall crisis. There has been a slight recovery in the flow of orders in 2012, which have an improvement effect on the scheduling and production efficiency.

In summary, European demand for folding box board fell 3.6% in the first half of 2012 compared to the previous year, which had not yet suffered the full effects of the economical crisis that deteriorated especially in the second half.

With regard to the trend in principal production factors in the first half, the first months of 2012 were marked by an increase in the price of pulp, which stabilised at medium-high levels in later months, with consequent erosion of the difference between unit selling prices and unit costs of fibrous raw materials. This upward trend seems to have halted at the end of the first half, with the prices of some types of fibrous raw materials slightly lower (but not yet sufficient to restore the revenue balance).

Energy components were essentially unchanged, with confirmation of significantly higher prices in the first half compared to the same period of the previous year and to late 2011. The price of natural gas, the main source of energy used by RDM, is considerably higher in Italy than in other European countries, which seriously penalises domestic production.

\* \* \*

## Main consolidated results

The RDM Group as at June 30, 2012 achieved consolidated **Net Revenues** from sales of Euro 237.5 million, compared to **Euro 278.6 million** in the first half of the year 2011. This drop is essentially attributable to lower sales volumes (423 thousand tonnes sold in 2012 compared to 485 thousand tonnes in the same period of the previous year).

The cost of labour dropped from Euro 38.8 million in the first half of 2011 to Euro 36.5 million in the same period of 2012.

The increase in the cost of natural gas, about Euro 5 million in Italy compared 2011, to a lesser extent, reduced sales volumes reduced Consolidated **Gross Operating Profit (EBITDA)** as at June 30, 2012 of the RDM Group to Euro 14.0 million, compared to Euro 21.2 million as at June 30, 2011.

Consolidated **Operating Profit (EBIT)** of the RDM Group in the first half of 2012 amounted to Euro 0.9 million, compared to Euro 8.2 million as at June 30, 2011.

There was a pre-tax current loss of Euro 3.2 million as at June 30, 2012, compared to a profit of Euro 4.4 million for the first half of 2011.

The Group as at June 30, 2012 made capital expenditures of Euro 5.8 million (Euro 13.2 million at 30 June 2011).

The **Net Result** as at June 30, 2012 was negative by to Euro 3.9 million, compared to a positive result by Euro 3,2 million recorded as at June 30, 2011.

The Consolidated **Net Financial Indebtedness** of the RDM Group as at June 30, 2012 amounted to Euro 84.5 million, an improvement compared to Euro 86.6 million as at December 31, 2011 and to Euro 95.5 million at 31 March 2012. This improvement derives from the Euro 2.5 million capital contribution of Friulia S.p.A. in RDM Ovaro S.p.A. from approximately Euro 1.3 million due to greater use of factoring.



Outlook for operations

The economic and financial context regarding the demand for consumer goods, to which the packaging market is closely connected, is expected to be difficult for the second half of 2012 as well, also if it should confirm the slight positive signs noted in the first half. A clear sign of recovery in the demand of packaging cardboard is expected only in 2013.

However, there is a high risk of relapse into recession, not linked to the specific sector but to the economic and financial situation in general. Therefore, the short-term outlook remains characterized by high volatility.

With specific reference to the folding box board sector, positive signs derive mainly from conclusion of the destocking policy adopted for the entire second half of 2011 by customers and converters, with consequent return to a normal flow of orders to the benefit of production efficiency.

With reference to the production factors, the greatest element of uncertainty foreseen in the second half 2012 regards the price of pulp raw materials and, specifically, confirmation of the trend seen at the end of the first half, with slightly lower prices. On the other hand, no significant reductions in energy costs are expected in Italy, taking into account of the lack of access to the spot market and to supply that are not indexed to the price of crude oil. In Italy there are not infrastructural and market conditions that could enable the energy-consuming industries (as for the paper one) to compete on equal terms in the international market.

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Significant events as  
at June 30, 2012

Regarding the transfer to R.D.M Ovaro S.r.l of the company branch composed by Ovaro Plant and subsequent company's transactions, reference is made to: 1) The press release of June 20<sup>th</sup> 2012; 2) The information document concerning the transaction with related party, published on June 26<sup>st</sup> 2012; 3) The information document ex art. 71 RE. published on July 6<sup>th</sup> 2012.

Call option as per the  
Combination  
agreement signed in  
2007:

In the same session, the Board of Directors of Reno De Medici S.p.A has resolved to non-exercise the Call option for the purchase of the Virgin Assets from Cascades s.a.s (hereinafter, "Cascades"), as provided by the Combination Agreement signed in 2007 and amended in 2009. The related-party committee of RDM has also recommended today the non-exercise of this transaction.

RDM confirms its strong interest in acquiring such assets in order to diversify into carton board manufacturing based on virgin fibers, and acknowledges the strategic and marketing importance of such acquisition to broaden and complete the products basket for its the customers.

However, the current macro-economic situation and the difficulties related to borrowing in the current situation of financial market has led the board of directors of RDM to not execute this Call option in 2012. Cascades may in any case exercise next year its put option under the terms defined in the combination agreements.

Cascades, the major shareholder of RDM, has reinforced their stakeholder's position by reaching the 45% of RDM share capital during the second quarter of 2012, continuing to support the original RDM's industrial project.

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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.*

\* \* \*

*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 June 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 3th August, 2012. Copies can be obtained. Such documents are also consultable on the website: [www.Renodemedici.it](http://www.Renodemedici.it). The independent statutory auditors’ report on the simplified half-yearly statements shall be published starting from 5 August, 2012 in the same way; while the eventual report of Statutory Auditors will be published in compliance with the time limit set by law.*

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For further  
information:

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

Consolidated  
income  
statementConsolidated condensed interim financial  
statements at 30 June 2012

(thousands of Euros)	30.06.2012	30.06.2011
Revenues from sales	237,456	278,594
- of which related parties	4,065	4,819
Other revenues and income	7,730	7,765
- of which related parties	835	792
Changes in stock of finished goods	1,513	7,460
Cost of raw materials and services	(193,764)	(231,240)
- of which related parties	(7,752)	(10,269)
Staff costs	(36,471)	(38,841)
Other operating costs	(2,444)	(2,516)
<b>Gross Operating Profit</b>	<b>14,020</b>	<b>21,222</b>
Depreciation and amortisation	(13,132)	(13,060)
<b>Operating Profit</b>	<b>888</b>	<b>8,162</b>
Financial expense	(3,505)	(3,633)
Exchange rate differences	360	(398)
Financial income	77	132
Financial income (expenses), net	(3,068)	(3,899)
Income (loss) from investments	(1,025)	142
Taxation	(685)	(1,235)
<b>Profit (loss) for the period</b>	<b>(3,890)</b>	<b>3,170</b>
Total profit (loss) for the period attributable to:		
- Owners of the company	(4,030)	2,927
- Minority interests	140	243
Profit (loss) per ordinary share (Euros)	(0,011)	0,008
Profit (loss) per ordinary share diluted (Euros)	(0,011)	0,008

Consolidated statement of  
financial position

(thousands of Euros)	30.06.2012	31.12.2011
<b>ASSETS</b>		
Non-current assets		
Tangible fixed assets	232,691	239,831
Goodwill	63	63
Intangible assets	2,642	2,476
Intangible assets with an indefinite useful life	3,590	3,590
Investments	4,831	5,810
Deferred tax assets	432	399
Financial assets held for sale	194	195
Trade receivables	41	82
Other receivables	296	328
<b>Total non-current assets</b>	<b>244,780</b>	<b>252,774</b>
Current assets		
Stock	78,621	77,982
Trade receivables	93,945	92,289
- of which related parties	832	886
Associated companies and joint ventures trade receivables	2,384	1,547
Other receivables	6,908	5,392
Other associated companies and joint ventures receivables	436	1,192
Cash and cash equivalent	11,431	2,564
<b>Total current assets</b>	<b>193,725</b>	<b>180,966</b>
<b>Non-current assets held for sale</b>		<b>1,290</b>
<b>TOTAL ASSETS</b>	<b>438,505</b>	<b>435,030</b>

(thousands of Euros)	30.06.2012	31.12.2011
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Shareholders' equity		
Share capital	185,122	185,122
Share premium		
Other reserves	528	504
Retained earnings (losses) brought forwards	(33,251)	(29,926)
Profit (loss) for the period	(4,030)	(3,125)
<b>Shareholders' equity attributable to the Group</b>	<b>148,369</b>	<b>152,575</b>
Minority interests	572	713
<b>Total Shareholders' equity</b>	<b>148,941</b>	<b>153,288</b>
Non-current liabilities		
Bank loans and other financial liabilities	41,022	45,934
Derivative financial instruments	874	1,022
Other payables	3,943	1,543
- of which related parties	1,204	1,204
Deferred tax liabilities	16,761	18,399
Employee benefits	24,352	24,363
Non-current provisions for contingencies and charges	6,391	6,716
<b>Total non-current liabilities</b>	<b>93,343</b>	<b>97,977</b>
Current liabilities		
Bank loans and other financial liabilities	53,825	42,764
Derivative financial instruments	686	601
Trade payables	117,568	116,813
- of which related parties	1,840	1,416
Associated companies and joint ventures trade payables	6,925	7,066
Other payables	15,911	15,899
Current taxation	1,224	358
Employee benefits	82	264
<b>Total current liabilities</b>	<b>196,221</b>	<b>183,765</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>438,505</b>	<b>435,030</b>

Consolidated statement of  
cash flow

(thousands of Euros)	30.06.2012	30.06.2011
Profit (loss) for the period before taxation	(3,205)	4,405
Depreciation and amortisation	13,133	13,060
Losses (gains) from investments	1,025	(142)
Financial (income) expense	3,428	3,899
Losses (gains) on disposal of non-current assets	(212)	
Change in the employees' leaving entitlement, other provision fund including provision for bad and doubtful debts	(1,188)	26
Change in stocks	(554)	(11,153)
Change in receivables	(4,197)	(2,303)
- of which related parties	(570)	(339)
Change in payables	2,254	13,311
- of which related parties	0	1,409
<b>Change in total working capital</b>	<b>(2,227)</b>	<b>(145)</b>
<b>Gross cash flows</b>	<b>10,754</b>	<b>21,103</b>
Interests paid in the period	(2,555)	(4,223)
- of which related parties	(19)	(15)
Interests received in the period	48	1,297
- of which related parties	48	3
Taxes paid in the period	(898)	(2,164)
<b>Cash flows from operating activities</b>	<b>7,349</b>	<b>16,013</b>
Sale (purchase) of financial assets held for sale		(3)
Investments and disinvestments in non current assets	(6,158)	(13,017)
Investments and disinvestments in non current assets held for sale	1,416	
Discontinued operations		(35)
Investments in joint venture	(30)	
Other variations	(289)	
<b>Cash flows from investing activities</b>	<b>(5,061)</b>	<b>(13,055)</b>
Change in financial assets and liabilities and short-term bank borrowings	11,578	3,625
- of which related parties	756	(2,601)

(thousands of Euros)	30.06.2012	30.06.2011
Change in long-term bank borrowings	(5,069)	(4,965)
Cash flows from financial activities	6,509	(1,340)
Exchange difference from conversion	70	(98)
Change in liquid funds	8,867	1,520
Liquid funds at beginning of the period	2,564	2,210
Liquid funds at end of the period	11,431	3,730