

RenoDeMedici



PRESS RELEASE

**APPROVED THE INTERIM REPORT FOR THE PERIOD ENDED
DECEMBER 31, 2009**

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CONSOLIDATED FINANCIAL RESULTS AS AT 31 DECEMBER 2009 (VS. AT 31 DECEMBER 2008)

- ◆ **Net Revenues:** Euro 428.2 million (Euro 451.1 million at December 31, 2008)
- ◆ **Gross Operating Profit (EBITDA)¹:** Euro 31.0 million (Euro 18.8 million at December 31, 2008²)
- ◆ **Net Operating Profit (EBIT):** Euro 4.0 million (negative by Euro 6.8 million at December 31, 2008³)
- ◆ **Net Result:** negative by Euro 6.8 million (negative by Euro 6.2 million at 31 December 2008⁴)

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Milan, February 12, 2010

The Board of Directors of Reno De Medici S.p.A. (“**RDM**” or the “**Company**”), holding company of a main world-wide producer of cartonboard based on recycled material, met today under the chairmanship of Mr. Christian Dubé and approved the Interim Report for the period ended December 31, 2009 of the Reno De Medici Group (“**RDM Group**” or the “**Group**”).

INTRODUCTION

The following table sets out the highlights of the profit and loss accounts for 31 December 2009 and 2008. It should be recalled that there were significant items of a non-operational nature in the period ended 31 December 2008 which can affect the reading of the results from ordinary operations:

¹ Before ‘badwill’.

² Before the inclusion of Euro 21.2 million of ‘badwill’.

³ Before the inclusion of Euro 21.2 million of ‘badwill’.

⁴ Included Euro 21.2 million of ‘badwill’.



	31.12.2009	31.12.2008
(thousands of Euros)		
Revenues from sales	428,235	451,096
	-	
EBITDA before badwill (1)	31,021	18,849
<i>Badwill</i>	-	21,178
EBITDA (2)	31,021	40,027
EBIT before badwill (3)	3,959	(6,802)
<i>Badwill</i>	-	21,178
EBIT (4)	3,959	14,376
Result before taxes (5)	(5,098)	2,685
<i>Current and deferred taxes</i>	(1,684)	(2,094)
Result after taxes (6)	(6,782)	591
<i>Discontinued operations</i>	-	(6,777)
Profit (loss) for the year	(6,782)	(6,186)
(1) Cfr. Consolidated financial statement of RDM Group, "Gross Operating Profit" - "Badwill" (2) Cfr. Consolidated financial statement of RDM Group, "Gross Operating Profit" (3) Cfr. Consolidated financial statement of RDM Group, "Operating Profit" - "Badwill" (4) Cfr. Consolidated financial statement of RDM Group, "Operating Profit" (5) Cfr. Consolidated financial statement of RDM Group, "Profit (loss) for the year before discontinued operations" - "Taxation" (6) Cfr. Consolidated financial statement of RDM Group, "Profit (loss) for the year before discontinued operations"		

In the fourth quarter of 2009, RDM Group maintained its trend of improved operating results compared to the same period of 2008 (net of non-recurring income), confirming the progress made in previous quarters. This progress was achieved despite a 5% annual drop in demand for coated board from recycled fibre, but with a 5% recovery in the final quarter compared to the same period of 2008, when the crisis was at its height. The recovery derives from higher revenues recorded in fourth quarter of 2009 and from lower fixed costs (structural and contingent), since the fourth quarter of 2008 was also penalized by shut-downs at year-end.

With regard to costs, in the fourth quarter of 2009, raw materials for pulp confirmed their gradual price increase begun in late summer, due to both a lower waste production and a higher import level from Far Eastern countries (especially China). In any case, there was a significant drop in raw materials cost compared to the previous year. With regard to energy prices, there was no significant change in the fourth quarter of 2009. On the other hand, there was a significant drop on a year-to-year basis, especially with respect to natural gas and electricity, mostly in relation to the effects of indexing rules that govern the majority of industrial supply agreements and due to a situation marked by oversupply.

In terms of volumes, the RDM Group production in 2009 amounted to 854 thousand tons compared with 863 thousand tons for the same period in 2008. The two figures, though, refer to non-homogeneous operational scenarios. First and foremost, production in 2008 does not include the volumes produced by the former Cascades companies in January and February 2008 due to the fact that they were consolidated for the first time in March 2008. Furthermore, as part of a commercial and industrial strategy aimed at safeguarding profitability, the Group has concentrated its manufacturing



activities on the more efficient factories and on reducing fixed costs, closing a production line in the Blendecques facility in France at the end of 2008 and suspending the production at Marzabotto facility in Italy for the whole of 2009. In addition, production was also brought to a temporary halt in certain other factories. There has therefore been a drop in volumes produced compared to the previous year, although the measures of both a structural and contingent nature taken to adjust production capacity to demand have enabled a considerable increase in production efficiency. In terms of volumes sold, approximately 854 thousand tons were shipped in 2009, compared with 889 thousand tons in 2008.

Therefore, the 2009 fiscal year closed positively, with considerably better results than in 2008 – even more remarkable in consideration of the present market macroeconomic conditions. In the fourth quarter of 2009, RDM Group's EBITDA registered a positive result amounting to Euro 31.0 million, compared to Euro 18.8 million in 2008 (before badwill). In particular, the drop in revenues is attributable to the reduction in volumes, to price pressure, and to stops (both permanent and temporary) of some production lines to achieve more efficient production. This impact was more than recovered thanks to more efficient production and to lower prices of raw materials for pulp and energy.

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CONSOLIDATED RESULTS

In the fourth quarter 2009, RDM Group achieved **Net Revenues** of Euro 428.2 million, compared to Euro 451.1 million registered in the corresponding period of 2008.

Consolidated Gross Operating Profit (EBITDA) in 2009 reached Euro 31.0 million compared to Euro 18,8 million from ordinary operations in the corresponding period in 2008. Consolidated EBITDA, including items of a non-operational nature at 31 December 2008, amounted to Euro 40.0 million. In fact, it should be recalled that In the fourth quarter 2008, EBITDA included a non-operational profit of approximately Euro 21.2 million.

The **Operating Profit (EBIT)** in 2009 amounted to Euro 4.0 million, compared to a negative result by Euro 6.8 million in the corresponding period in 2008 (before Euro 21.2 million of Badwill).

The **Net Result** in 2009 was negative by Euro 6.8 million, compared to a negative result by Euro 6.2 million at 31 December 2008, including Euro 21.2 million of Badwill. The Net Loss pertaining to the Group at 31 December 2009 was negative for Euro 7.2 million, compared to a negative result by Euro 6.5 million recorded at 31 December 2008.

The Group at December 31, 2009 made **capital expenditures** of Euro 19.7 million (Euro 15.5 million at 31 December 2008).

The **Consolidated Net Financial Indebtedness** at December 31, 2009 amounted to Euro 130.8 million, with very slight growth compared to Euro 128.5 million at 31 December 2008, even with absorption of the Euro 4.5 million cost for acquiring the interest in Manucor. The positive trend also derives from actions taken with regard to the reduction of working capital.

More specifically, the gross financial indebtedness at December 31, 2009, measured at amortized cost amounted to 131.0 (compared to Euro 133.6 million at December 2008) and consisted of the non-current portion of long-term loans for Euro 62.7 million, the current position of long term loans for



about Euro 7.1 million and bank credit facilities and other financial liabilities of about Euro 61.2, consisting mainly of credit lines based trade accounts receivables. On 9 October the negotiations with the Lending Banks for the rescheduling of the loans originally arranged in 2006 were formally concluded with the signing of a Modification Agreement. The Modification Agreement confirms the terms and conditions of the Term Sheet signed on 3 August 2009.

Derivatives instruments entered into in order to provide cash flow hedge have been noted on the balance sheet for a total negative amount of Euro 1.9 million. As at December 31, 2009 liquidity and financial credits due within 12 months amount of Euro 2.0 million (compared to Euro 6.0 million at 31 December 2008).

OUTLOOK FOR OPERATIONS

In early 2010 the European cartonboard market trend appears in line with that of 2009, with steady volumes even though the overall macroeconomic context remains uncertain. At the European level, the entire industry is marked by structural overcapacity, which leads one to predict additional industrial rationalisation operations.

On the other hand, prices of raw materials for pulp continue to rise. Energy prices do not show significant changes. Despite reductions recorded in 2009, current average prices could still be high in relation to the level of manufacturing activities for the main industrialized economies. Operators will tend to reduce inventories and, in the short term, this will expose the industry to the negative impact of possible sudden increases.

The outlook for the 2010 are affected by high volatility due to the general macroeconomic situation, the contraction on final consumption determined by reduction of household disposable income, and the price of cellulosic materials, both virgin and recycled.

As for RDM Group, the Company has announced price increases, the effects of which should be fully effective starting in the spring 2010.

MAJOR OPERATIONS DURING THE FOURTH QUARTER 2009

On 9 October 2009 the rescheduling of the loans originally arranged in 2006 were formally concluded with the signature of the Modification Agreement, which confirms the terms and conditions set out in the Term Sheet signed on 3 August 2009. The two loans originally totalled Euro 74.7 million of which Euro 68.4 million has been disbursed: following repayments there was an outstanding balance of Euro 51.2 million at 31 December 2009. The new terms provide, inter alia, the re-modulation of debt service, that provides for a grace period of two years for the reimbursement of the principal installments, based on the capital expenditures of the Reno De Medici Group, that will be subsequently reimbursed on a straight line basis, maintaining the original maturity date (2016). Such terms will enable the Group to meet the financial commitments generated by RDM's capital expenditures that in the period 2009-2011 exceed the normal levels of investment (for a total amount of approximately Euro 15 million), that are necessary in order to continue the optimization of the production activities; moreover those will allow to balance the allocation of RDM's financial debt between short-term and medium/long-term sources.



On 16 October 2009 shareholders meeting in ordinary general meeting approved two incentive plans for Group employees and for management based on financial instruments, pursuant to and to the effects of article 114-bis of Legislative Decree no. 58/98, as proposed by the Board of Directors on 1 September 2009.

On 25 November 2009, Reno De Medici S.p.A. acquired a minority interest in the share capital of Manucor S.p.A.. The company operates in the production of plastic flexible packaging, specifically BOPP. This acquisition, coming at integrating the product portfolio by extending it to flexible packagings to complement the range of products to customers, are substantially in conformity with the investment agreement undersigned on the past 30 July 2009. RDM acquired a share of 22.75% of Manucor's capital by subscribing increase a capital with an investments of approximately 4.5 million Euros (including additional paid-in capital). The acquisition pursues the implementation of a new five-years industrial plan of Manucor, also sustained by the rescheduling of the residual financial indebtedness, and is aimed to adequately increase the value of the company in terms of business volumes growth, profitability, global positioning and internationalization, also through the creation of commercial synergies with RDM, arising from potential cross-selling opportunities.

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The manager in charge of the preparation of the company's accounting records, Stefano Moccagatta, declares, in accordance with the provisions of the second paragraph of article 154-bis of Italian Legislative Decree no. 58/1998 (the Consolidated Finance Act - TUF), that the accounting information in this Interim Report of Reno De Medici S.p.A. at 31 December 2009 corresponds to the underlying documents, books and accounting entries.

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The Interim Management Reports at 31 December 2009 will be made available to the public at the Company's registered office and at Borsa Italiana S.p.A., with the possibility for copies to be obtained. This documentation will also be available within the terms of law for consultation on the website www.renodemedici.it, under the section Investor Relation.

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Reno De Medici S.p.A.

Reno De Medici Group is listed on the Star segment of Borsa Italiana Stock Exchange, since 1996.

The Group is the leading Italian and second-ranked European producer of cartonboard based on recycled material. Its annual production capacity is above one million tones, splitted among five mills in Italy and three plants in Spain, France and Germany and counts around 1,700 employees.

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RenoDeMedici



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**THE TABLES RELATIVE TO INCOME STATEMENT, BALANCE SHEET AND CASH
FLOW STATEMENT ARE ATTACHED BELOW**



INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

Consolidated profit and loss account	31.12.2009	31.12.2008
(thousands of Euros)		
Revenues from sales	428,235	451,096
Other revenues	20,428	10,821
Changes in stocks of finished goods	(5,187)	(12,607)
Cost of raw materials and services	(330,071)	(357,216)
Staff costs	(77,030)	(67,862)
Other operating costs	(5,354)	(5,383)
Badwill	-	21,178
Gross Operating Profit	31,021	40,027
Depreciation and amortisation	(26,222)	(23,919)
Recovery of value and write-downs of assets	(598)	(1,732)
Operating Profit	4,201	14,376
	<i>Financial expense</i>	<i>(9,207)</i>
	<i>Exchange differences</i>	<i>432</i>
	<i>Financial income</i>	<i>54</i>
Financial income (expense), net	(8,721)	(9,955)
Income from investments	(436)	(1,736)
Taxation	(1,684)	(2,094)
Profit (loss) for the year before discontinued operations	(6,640)	591
Discontinued operations	-	(6,777)
Profit (loss) for the year	(6,640)	(6,186)
Attributable to:		
Profit (loss) for the year pertaining to the Group	(7,008)	(6,449)
Profit (loss) for the year pertaining to minority interests	368	263



Consolidated balance sheet	31.12.2009	31.12.2008
(thousands of Euros)		
ASSETS		
Non-current assets		
Tangible fixed assets	256,457	264,400
Goodwill	63	63
Other intangible assets	6,207	5,629
Investments and financial transactions currently	6,359	1,628
Deferred tax assets	1,481	1,488
Derivative financial instruments	-	11
Financial assets held for sale	192	309
Trade receivables	81	234
Other receivables	364	899
Total non-current assets	271,204	274,661
Current assets		
Stocks	74,327	82,073
Trade receivables	110,529	114,476
Financial assets held for sale	188	-
Other receivables	4,630	7,976
Liquid funds	1,707	4,314
Total current assets	191,381	208,839
TOTAL ASSETS	462,585	483,500
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity attributable to the Group	153,403	160,666
Minority interests	692	566
Shareholders' equity	154,095	161,232
Non-current liabilities		
Bank loans and other financial liabilities	62,672	19,935
Derivative financial instruments	846	916
Other payables	3,054	3,445
Deferred tax liabilities	28,173	29,921
Employees' leaving entitlement	24,500	23,455
Non-current provisions for contingencies and charges	3,282	4,678
Total non-current liabilities	122,527	82,350
Current liabilities		
Bank loans and other financial liabilities	64,901	113,658
Derivative financial instruments	1,069	68
Trade payables	102,682	108,827
Other payables	15,738	13,315
Current taxation	734	-
Current provisions for contingencies and charges	839	4,050
Total current liabilities	185,963	239,918
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	462,585	483,500



RDM GROUP	31.12.2009	30.09.2009	31.12.2008
(thousand of Euros)			
Cash and cash equivalents and short-term financial receivables	2,053	6,629	6,040
Short-term financial payables	(68,307)	(70,574)	(113,657)
Valuation of current portion of derivatives	(1,069)	(1,128)	(68)
Short-term financial position, net	(67,323)	(65,073)	(107,685)
Long-term financial payables	(62,672)	(66,271)	(19,935)
Valuation of current portion of derivatives	(846)	(1,175)	(905)
Financial position, net	(130,841)	(132,519)	(128,525)