



**PRESS RELEASE**

**THE BOARD OF DIRECTORS APPROVED  
THE INTERIM REPORT FOR THE PERIOD ENDED MARCH 31, 2011**

**CONSOLIDATED FINANCIAL RESULTS OF THE FIRST QUARTER 2011 (VS. 1 Q 2010)**

- ◆ **NET REVENUES:** EURO 138.1 MILLION (EURO 115.1 MILLION AT 31 MARCH 2010)
- ◆ **GROSS OPERATING PROFIT (EBITDA):** EURO 11.2 MILLION (EURO 7.1 MILLION AT 31 MARCH 2010)
- ◆ **OPERATING PROFIT (EBIT):** EURO 4.7 MILLION (EURO 0.3 MILLION AT 31 MARCH 2010)
- ◆ **NET PROFIT OF THE PERIOD:** EURO 2.2 MILLION (NEGATIVE BY EURO 1.9 MILLION AT 31 MARCH 2010)
- ◆ **NET FINANCIAL INDEBTEDNESS:** EURO 99.4 MILLION (EURO 106.5 MILLION AT 31 DECEMBER 2010)

*Milan, May 3, 2011*

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 Interim Report for the period ended March 31, 2011 of the Reno De Medici Group (“**RDM Group**” or the “**Group**”), which showed positive results in the first quarter of 2011, with growing revenues and Net Profit of Euro 2.2 million (compared to a loss of Euro 1.9 million in the same period of the previous year). EBITDA grew considerably as well, increasing to Euro 11.2 million as at March 31, 2011 (compared to Euro 7.1 million in the first quarter of 2010).

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**INTRODUCTION**

The following table sets out the highlights of the consolidated profit and loss accounts of the RDM Group for 31 March 2011, compared to the first quarter of 2010:

	31.03.2011	31.03.2010
(thousands of Euros)		
<b>Revenues from sales</b>	<b>138,070</b>	<b>115,108</b>
<b>EBITDA (1)</b>	<b>11,157</b>	<b>7,086</b>
<b>EBIT (2)</b>	<b>4,681</b>	<b>346</b>
<b>Results of operating activities before taxes (3)</b>	<b>3,059</b>	<b>(1,597 )</b>
<i>Current and deferred taxes</i>	<i>(875 )</i>	<i>(348 )</i>



<b>Profit (loss) for the period</b>	<b>2,184</b>	<b>(1,945 )</b>
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- 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"

During the first quarter of 2011, European demand, in terms of tonnes dispatched, rose by 2.5%, compared to the corresponding period for the previous year, despite a positive trend of the market, although orders fell slightly compared to the final quarters of 2010.

The first quarter of 2011 registered an increase in the cost of the main production factors: virgin and recycled cellulose fibre, gas and electricity. In order to maintain margins, the Company announced a price increase of its products across all markets, effective for deliveries from 15 April 2011. The effects of this increase will be seen in subsequent quarters.

Group production in the first quarter 2011 reached 243 thousand tonnes (compared to 226 thousand in the same quarter of 2010). As regard the volumes sold, about 241 thousand tonnes were shipped in the first quarter 2011 (compared to 235 thousand tonnes in the same quarter of 2010).

In the first quarter of 2011, the Group's geographic mix of revenues registered a stronger growth on extra-EU markets (driven especially by sales in Turkey) and, to a lesser degree, on Overseas markets and in Italy, with consequent increase in the importance of extra-EU markets.

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## **MAIN CONSOLIDATED RESULTS**

The RDM Group as at March 31, 2011 achieved consolidated **Net Revenues** of Euro 138.1 million, representing a rise of 20% compared to Euro 115.1 million in the first quarter of the year 2010, thanks to the increased unit revenues and higher sales volumes.

With regard to cost items (other than energy and raw materials for pulp), there was a slight increase, in absolute terms, of labour costs compared to the same period of previous year. On the other hand, productivity (tonnes produced per employee) and efficiency indicators (cost of labour per unit) improved.

Also consolidated **Gross Operating Profit (EBITDA)** as at March 31, 2011 of the RDM Group grew, increasing to Euro 11.2 million (compared to Euro 7.1 million in the first quarter of 2010).

Consolidated **Operating Profit (EBIT)** of the RDM Group in the first quarter of 2011 amounted to Euro 4.7 million, compared to Euro 0.3 million as at March 31, 2010.

The Result of operating activities before taxes of the RDM Group as at March 31, 2011 was positive for an amount of Euro 3.1 million, compared to a negative amount of Euro 1.6 million for the first quarter of 2010.

The Group as at March 31, 2011 made capital expenditures of Euro 6.7 million (Euro 2.2 million at 31 March 2010).



The **Net Profit** for the period pertaining to the Group as at March 31, 2011 amounted to Euro 2.2 million, compared to a negative result by Euro 1,9 million recorded as at March 31, 2010.

Consolidated **Net Financial Indebtedness** of the RDM Group as at March 31, 2011 amounted to Euro 99.4 million, a further improvement compared to Euro 106.5 million as at 31 December 2010, thanks to positive economic performance and to management of working capital (down approximately Euro 5 million).

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### **OUTLOOK FOR OPERATIONS**

The outlook for operations depends on factors which are hard to quantify at now, linked to exogenous factors such as the crisis in North Africa and its repercussions on energy prices,. The greatest uncertainties in the sector are linked to the trend in production factor costs (especially of waste paper for pulp and energy), whose rise could continue for the next few months. The Company will do all efforts to hold down the negative impact of higher production factor costs also by increased selling prices of products.

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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 Interim Report for the period ended 31 March 2011 will be available to the public at the Company's registered office at Via Durini n. 16/18, Milan, Italy and at Borsa Italiana, in the terms and conditions required by law. Copies can be obtained. Such documents are also consultable on the website: [www.Renodemedici.it](http://www.Renodemedici.it).*

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RenoDeMedici



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**THE TABLES RELATIVE TO FINANCIAL STATEMENTS OF RDM GROUP AS AT MARCH 31, 2011 ARE ATTACHED BELOW<sup>1</sup>**

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<sup>1</sup> The Interim Report for the period ended 31 March 2011 has not been audited by the Independent Auditors.


**CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2011**

Consolidated Income Statement	31.03.2011	31.03.2010
	(thousands of Euros)	
Revenues from sales	138,070	115,108
Other revenues and income	3,559	4,547
Changes in stocks of finished goods	4,627	(1,400)
Cost of raw materials and services	(113,679)	(90,403)
Staff costs	(19,899)	(19,347)
Other operating costs	(1,521)	(1,419)
<b>Gross Operating Profit</b>	<b>11,157</b>	<b>7,086</b>
Depreciation and amortisation	(6,476)	(6,740)
<b>Operating Profit</b>	<b>4,681</b>	<b>346</b>
	<i>Financial expenses</i>	<i>(2,210)</i>
	<i>Exchange rate differences</i>	<i>433</i>
	<i>Financial Income</i>	<i>4</i>
Financial income (expenses), net	(1,762)	(1,773)
Income (loss) from investments	140	(170)
Taxation	(875)	(348)
<b>Profit (loss) for the period</b>	<b>2,184</b>	<b>(1,945)</b>
Attributable to:		
Profit (loss) for the period pertaining to the Group	2,043	(2,115)
Profit (loss) for the period pertaining to minority interests	141	170



Consolidated Statement of financial position - ASSETS	31.03.2011	31.12.2010
(thousand of Euros)		
<b><i>Non-current assets</i></b>		
Tangible fixed assets	244,027	244,241
Goodwill	63	63
Other intangible assets	6,441	5,990
Investments	6,829	6,689
Deferred tax assets	1,233	1,369
Financial assets held for sale	191	191
Trade receivables	81	81
Other receivables	1,499	370
<b>Total non-current assets</b>	<b>260,364</b>	<b>258,994</b>
<b><i>Current assets</i></b>		
Stocks	88,400	81,925
Trade receivables	115,847	121,016
Other trade receivables	4,355	4,247
Liquid funds	2,874	2,210
<b>Total current assets</b>	<b>211,476</b>	<b>209,398</b>
<b>Non-current assets held for sale</b>	<b>1,290</b>	<b>1,290</b>
<b>TOTAL ASSETS</b>	<b>473,130</b>	<b>469,682</b>



Consolidated Statement of financial position - LIABILITIES	31.03.2011	31.12.2010
(thousands of Euros)		
<b><i>Shareholders' Equity</i></b>		
Shareholders' equity attributable to the Group	157,866	155,565
Minority interests	1,150	1,010
<b>Total shareholders' equity</b>	<b>159,016</b>	<b>156,575</b>
<b><i>Non-current liabilities</i></b>		
Bank loans and other financial liabilities	55,492	55,531
Derivative financial instruments	670	1,011
Other payables	1,595	1,596
Deferred tax liabilities	25,344	25,536
Employee benefits	24,375	24,175
Non-current provisions for contingencies and charges	5,948	6,087
<b>Total non-current liabilities</b>	<b>113,424</b>	<b>113,936</b>
<b><i>Current liabilities</i></b>		
Bank loans and other financial liabilities	44,569	50,416
Derivative financial instruments	739	794
Trade payables	133,893	127,227
Other payables	17,321	16,398
Current taxation	1,462	1,630
Employee benefits	2,706	2,706
<b>Total current liabilities</b>	<b>200,690</b>	<b>199,171</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>473,130</b>	<b>469,682</b>



Net financial position	31.03.2011	31.12.2010	Variations
(thousands of Euros)			
Cash and cash equivalents and short-term financial receivables	3,265	2,601	664
Short-term financial payables	(45,767)	(51,723)	5,956
Valuation of current portion of derivatives	(739)	(794)	55
<b>Short-term financial position, net</b>	<b>(43,241)</b>	<b>(49,916)</b>	<b>6,675</b>
Long-term financial payables	(55,492)	(55,531)	39
Valuation of current portion of derivatives	(670)	(1,011)	341
<b>Financial position, net</b>	<b>(99,403)</b>	<b>(106,458)</b>	<b>7,055</b>