

RenoDeMedici



PRESS RELEASE

MILAN, 8 MAY 2009

APPROVED THE QUARTERLY REPORT AT 31 MARCH 2009

**APPOINTED THE NEW CHAIRMAN AND DEPUTY-CHAIRMAN
OF THE BOARD OF DIRECTORS ACCORDING TO THE SHAREHOLDERS' AGREEMENT**

- **NET REVENUES: 108,4 MILLION EUROS (103.5 MILLION EUROS AT 31 MARCH 2008)**
- **EBITDA: 8.7 MILLION EUROS (16.8 MILLION EUROS AT 31 MARCH 2008 WHICH INCLUDED 8.4 MILLION EUROS AS NON-RECURRING INCOME)**
- **EBIT: 2.3 MILLION EUROS (12.9 MILLION EUROS AT 31 MARCH 2008)**
- **NET RESULT: LOSS OF 1 MILLION EUROS (PROFIT OF 8.8 MILLION EUROS AT 31 MARCH 2008)**

The Board of Directors of Reno De Medici S.p.A., met today under the chairmanship of Mr. Giuseppe Garofano, and approved the consolidated Quarterly Report at 31 March 2009.

INTRODUCTION

In terms of market and demand performance the first quarter of 2009 saw a moderate pick-up in demand following the sharp slowdown in orders which began in November 2008. This recovery is partly due to the needs of final customers to replace stocks. The fall compared to the corresponding quarter of 2008 is close to 9% at European level.

On the cost side the reduction of the prices of raw materials and energy contributed to recovery of the margins.

The production of the Group in the quarter amounted to 201 thousand tons, compared to 202 thousand tons of the same period of 2008 (it is recalled that the consolidation of the former Cascades operations was effective starting from March 2008). The steps taken of both a structural and contingent nature to adjust manufacturing capacity to demand, and in particular the closure of one of the two production lines at the Blendecques facility in France, enabled a more efficient production of the mills.

Volumes shipped in the quarter totaled 209 thousand tons compared to 193 tons in the same period of 2008.

There was a considerable improvement in economic performance in the first quarter of 2009 compared to the fourth quarter of 2008, both as regards sales revenues and profitability. EBITDA reached Euro 8.6 million compared to Euro 723 thousand in the preceding quarter (relating to ordinary operations only) and Euro 8.3 million in the same period of 2008 (again relating to ordinary operations only). This result is the consequence of the measures taken to improve manufacturing efficiency, to which should also be added the favourable trend in the cost of paste used as a raw material and energy. The result achieved is even more worthy of note considering the fact that the earnings for the quarter had to pay the price for the adverse effects of the extraordinary shutdowns in the period at all of the Group's factories, without which the quarter would have closed with a better result (net profit).

CONSOLIDATED RESULTS

The following table sets out the highlights of the profit and loss accounts for 31 March 2009 and 2008. It should be recalled that there were significant items of a non-operational nature in the period ended 31 March 2008 which can affect the reading of the results from ordinary operations. To that regard, it has to be highlighted the need to compare the results by making reference to the EBITDA relevant to the ordinary operations, before the non-recurring items relevant to the business combination with Cascades.

Consolidated profit and loss account	31 March 2009	31 March 2008 (*)
<i>(thousands of Euros)</i>		
Revenues from sales	108,374	103,524
EBITDA before badwill and non-recurring income (expenses) (1)	8,642	8,346
<i>Badwill and non-recurring income (expenses)</i>	-	8,445
EBITDA (2)	8,642	16,791
EBIT before badwill and non-recurring income (expenses) (3)	2,281	4,488
<i>Badwill and non-recurring income (expenses)</i>	-	8,445
EBIT (4)	2,281	12,933
Result of operating activities before taxes (5)	(214)	10,159
<i>Current and deferred taxes</i>	(812)	(1,339)
Result of operating activities after taxes	(1,026)	8,820

(1) Cfr. Consolidated Financial Statement of RDM Group, "Gross Operating Profit" - "Badwill and non-recurring income (expenses)"

(2) Cfr. Consolidated Financial Statement of RDM Group, "Gross Operating Profit"

(3) Cfr. Consolidated Financial Statement of RDM Group, "Operating Profit" - "Badwill and non recurring income (expenses)"

(4) Cfr. Consolidated Financial Statement of RDM Group, "Operating Profit"

(5) Cfr. Consolidated Financial Statement of RDM Group, "Profit (loss) for the period" - "Taxation"

(*) Comparative figures have been "rendered pro-forma" to take account of the final figures used in accounting for the business combination

The RDM Group obtained, in the first quarter of 2009, **net revenues** of Euro 108.4 million, compared to the Euro 103.5 million figure registered for the same period in the previous financial year, amount that included only one month (the month of March 2008) of the former Cascades mills.

Consolidated **EBITDA** for the quarter ended 31 March 2009, stated before badwill and non-recurring income (expenses), amounted to Euro 8.7 million compared to Euro 8.3 million in the corresponding period of 2008. The total EBITDA of the first quarter of 2008 included Euro 8.4 million referring to badwill and non-recurring expense; the amount stated as badwill has been "rendered pro-forma" and is recognised at Euro 21.2 million euros to take into account the final accounting for the business combination at 31 December 2008; this compares with the

balance of Euro 15.3 million provisionally recognised for the business combination at 31 March 2008.

The Operating Result (**EBIT**) as of 31 March 2009 amounted to Euro 2.3 million, compared to Euro 12.9 million for the same period in the prior fiscal year, which due to the *pro-forma* reclassification was also affected by the above mentioned non-recurring income for an amount of Euro 8.4 million.

The current taxes reported in the period amounted to Euro 1.3 million, compared to Euro 1.1 as at 31 March 2008. Pre-paid taxes amounted to Euro 0.5 million, compared to deferred taxes for an amount of Euro 0.3 million reported in the same period of 2008.

The **net result** at 31 March 2009 was negative in the amount of Euro 1 million, compared to the mainly non-recurring profit Euro 8.8 million reported for the same period in 2008.

Net consolidated **financial indebtedness**, as at 31 March 2009, was Euro 130.2 million, compared to Euro 128.5 million as at 31 December 2008.

APPOINTED THE NEW CHAIRMAN AND DEPUTY-CHAIRMAN OF THE BOARD OF DIRECTORS ACCORDING TO THE SHAREHOLDERS' AGREEMENT

As provided by the Shareholders' Agreement became effective with the merger with Cascades Italia S.r.l., the Board of Directors appointed Mr. Christian Dubè as Chairman according to the Cascades' nomination.

Therefore, the Board appointed Mr. Giuseppe Garofano as Deputy Chairman replacing Mr. Bernard Lemaire who resigned as Director. In accordance to the Cascades' appointment, the Board co-opted Mr. Robert Hall as new Director.

* * *

The manager in charge of the preparation of the company's accounting records, pursuant to art.154 bis, paragraph 2, of "Testo Unico della Finanza", Mr. Stefano Moccagatta, declares that the figures contained in this press release correspond to the entries in the accounting books and records.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2009

Consolidated profit and loss account		31.03.2009	31.03.2008 (*)
(thousands of Euros)			
Revenues from sales		108,374	103,524
Other revenues		4,230	1,376
Changes in stocks of finished goods		(4,218)	2,789
Cost of raw materials and services		(80,071)	(82,300)
Staff costs		(18,432)	(16,054)
Other operating costs		(1,241)	(989)
Badwill and non-recurring income (expenses)		-	8,445
Gross Operating Profit		8,642	16,791
Depreciation and amortisation		(6,361)	(3,858)
Operating Profit		2,281	12,933
	<i>Financial expense</i>	(2,836)	(2,651)
	<i>Exchange differences</i>	169	(267)
	<i>Financial income</i>	172	144
Financial income (expense), net		(2,495)	(2,774)
Taxation		(812)	(1,339)
Profit (loss) for the period		(1,026)	8,820
Attributable to:			
Profit (loss) for the period pertaining to the Group		(1,112)	8,740
Profit (loss) for the period pertaining to minority interests		86	80

(*) Comparative figures have been “rendered pro-forma” to take account of the final figures used in accounting for the business combination.

Consolidated balance sheet	31.03.2009	31.12.2008
(thousands of Euros)		
ASSETS		
Non-current assets		
Tangible fixed assets	261,946	264,400
Goodwill	63	63
Other intangible assets	5,527	5,629
Investments and financial transactions currently	1,679	1,628
Deferred tax assets	995	1,488
Derivative financial instruments	5	11
Financial assets held for sale	328	309
Trade receivables	234	234
Other receivables	1,092	899
Total non-current assets	271,869	274,661
Current assets		
Stocks	73,735	82,073
Trade receivables	107,561	114,476
Other receivables	7,538	7,976
Liquid funds	2,745	4,314
Total current assets	191,579	208,839
TOTAL ASSETS	463,448	483,500
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity attributable to the group	159,184	160,666
Minority interests	653	566
Shareholders' equity	159,837	161,232
Non-current liabilities		
Bank loans and other financial liabilities	19,806	19,935
Derivative financial instruments	1,493	916
Other payables	4,067	3,445
Deferred tax liabilities	29,276	29,921
Employees' leaving entitlement	23,879	23,455
Non-current provisions for contingencies and charges	4,252	4,678
Total non-current liabilities	82,773	82,350
Current liabilities		
Bank loans and other financial liabilities	112,990	113,658
Derivative financial instruments	516	68
Trade payables	90,388	108,827
Other payables	13,637	13,315
Current taxation	302	-
Current provisions for contingencies and charges	3,005	4,050
Total current liabilities	220,838	239,918
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	463,448	483,500

RDM GROUP	31.03.2009	31.12.2008	Variation
(thousand of Euros)			
Cash and cash equivalents and short-term financial receivables	4,618	6,040	(1,422)
Short-term financial payables	(112,991)	(113,657)	666
Valuation of current portion of derivatives	(516)	(68)	(448)
Short-term financial position, net	(108,889)	(107,685)	(1,204)
Long-term financial payables	(19,806)	(19,935)	129
Valuation of current portion of derivatives	(1,493)	(905)	(588)
Financial position, net	(130,188)	(128,525)	(1,663)