



PRESS RELEASE

APPROVED THE INTERIM REPORT AT SEPTEMBER 30, 2009

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CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2009 (VS. AT 30 SEPTEMBER 2008¹)

- ◆ **Net Revenues:** Euro 318.6 million (Euro 359.0 million at September 30, 2008).
- ◆ **Gross Operating Profit (EBITDA):** Euro 24.5 million (Euro 18.2 million at September 30, 2008, before the inclusion of Euro 21.2 million of 'badwill').
- ◆ **Net Operating Profit (EBIT):** Euro 4.1 million (Euro 1.9 million at September 30, 2008, before the inclusion of Euro 21.2 million of 'badwill').
- ◆ **Net Result:** negative by Euro 3.4 million (compared with a profit of Euro 9.9 million at 30 September 2008, that included Euro 21.2 million of 'badwill').
- ◆ **Net Financial Indebtedness:** Euro 132.5 million (Euro 128.5 at December 31, 2008).

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Milan, November 5, 2009

The Board of Directors of Reno De Medici S.p.A., met today under the chairmanship of Mr. Christian Dubé and approved the Interim Report for the period ended September 30, 2009 of the Reno De Medici Group ("**RDM Group**" or the "**Group**"), that reports a Net Loss of Euro 3.4 million.

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RDM GROUP CONSOLIDATED ACCOUNTS

The following table sets out the highlights of the profit and loss accounts for 30 September 2009 and 2008.

¹ Comparative figures have been 'revised' to take account of the final figures used in accounting for the business combination

	30 September 2009	30 September 2008
(thousands of Euros)		
Revenues from sales	318,571	359,029
EBITDA before badwill ⁽¹⁾	24,525	18,188
<i>Badwill</i>	-	21,178
EBITDA ⁽²⁾	24,525	39,366
EBIT before badwill ⁽³⁾	4,129	1,936
<i>Badwill</i>	-	21,178
EBIT ⁽⁴⁾	4,129	23,114
Result of operating activities before taxes ⁽⁵⁾	(2,298)	13,226
<i>Current and deferred taxes</i>	(1,102)	(3,296)
Profit (loss) for the period	(3,400)	9,930

(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 period" - "Taxation"

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In terms of tonnes sold the trends in the demand for coated cartonboard based on recycled fibre at European level was during the third quarter of 2009 more favourable than in the previous first two quarters. There still remains however a considerable reduction of approximately 8% over the corresponding period of the previous year. Concerning costs, the prices of pulp raw materials and energy both showed an upwards tendency, limited in the case of energy by a further weakening of the dollar. The fall over the previous year nevertheless remains significant.

At 30 September 2009, the Group's production for the nine months amounted to 628 thousand tonnes compared with 673 thousand tones registered during the same period in 2008; the two figures though refer to non-homogeneous operational scenarios. In fact, the RDM Group's 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. For those reasons, the RDM Group closed a production line in the Blendecques facility in France at the end of 2008 and halted production at the Marzabotto facility in Italy for the whole of 2009; in addition with other temporary halt in certain other factories.

In terms of volumes sold, approximately 637 thousand tons were shipped at 30 September 2009, compared with 675 thousand tons in the first nine months of 2008.

Therefore, at 30 September 2009, the Group performance should be considered as positive, especially in relation to the present general macro-economic situation.

In the present situation of the market, the EBITDA shows an improvement over the same period in 2008 (before badwill), rising from Euro 18.2 million to Euro 24.5 million. This is an objective rise, although it has been amplified by some distortive factors.

From an operational standpoint the variation in earnings compared to the previous accounting period is a reflection of the way in which its various components have evolved. The fall in revenues is attributable to reduction of sold volumes, pressure on prices and the temporary and permanent halting of certain production lines, to the advantage of better manufacturing efficiency. This effect, though, is more than recuperated by the increase in operating efficiency achieved and the falls in raw material and energy prices.

The Group incurred a net loss of Euro 3.4 million for the nine months of accounting period 2009, of which Euro 2.6 million arose in the third quarter; this has been caused mainly by the lower earnings contribution resulting from the normal suspension of production at many factories in August, when annual maintenance procedures are carried out, and halts in production as the consequence of the Group's decision to adjust production capacity to demand on a continuous basis.

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At 30 September 2009, the RDM Group reported **Net Revenues** of Euro 318.6 million, compared to Euro 359.0 million in the corresponding period of the previous year.

Consolidated **Gross Operating Profit (EBITDA)** reached in the first nine months of 2009 Euro 24.5 million, compared to Euro 39.4 million in the corresponding period in 2008. It has to be reminded that EBITDA at September 30, 2008 included a non-operational component of approximately Euro 21.2 million. The comparative figures at 2008 have been "revised" to take account of the figures used in accounting for the business combinations occurred at December 31, 2008. Therefore, the EBITDA amounted at September 30, 2008 to Euro 18.2 million before the inclusion of Euro 21.2 million of 'badwill'.

Operating Profit (EBIT) amounted at September 30, 2009 to Euro 4.1 million, vs. Euro 23.1 million for the corresponding period of 2008. Therefore, at 30 September 2008 the EBIT amounted to Euro 1.9 million at September 30, 2008, before the inclusion of Euro 21.2 million of 'badwill'.

At 30 September 2009, Earnings Before Taxes (EBT) is negative by Euro 2.3 million, compared to Euro 13.2 million for the same period of 2008.

The **Net Result** at 30 September 2009 is negative for Euro 3.4 million, compared to a Net Profit of Euro 9.9 million recorded at September 30, 2008, including Euro 21.2 million of 'badwill'. The Net Loss pertaining to the Group at 30 September 2009 amounts to Euro 3.6 million, compared to a Net Profit of Euro 9.8 million recorded at September 30, 2008.

The Group in the first nine months of 2009 made capital expenditures for an amount of Euro 12.3 million (8.7 million on 30 September 2008).

The consolidated **Net Financial Indebtedness** at 30 September 2009 amounted to Euro 132.5 million, compared to 128.5 million at December 31, 2008.

More specifically, the Gross Financial Indebtedness at 30 September 2009, measured at amortized cost amounted to 136.7 (compared to Euro 133.6 million at December 2008) and consisted of the non-current portion of long-term loans for about Euro 65.5 million, the

current position of long term loans for about Euro 6.6 million, and bank credit facilities and other financial liabilities for about Euro 64.6, consisting mainly of lines of credit supported by trade 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 the Modifying Agreement.

The Modifying Agreement confirms the terms and conditions of the Term Sheet signed on 3 August 2009 and as a consequence any need to reclassify the residual non-current portion of those loans as current as required by IAS 1, starting from the annual financial report for 2008 and continuing with subsequent reports, no longer applies.

Derivative instruments are recognized in the financial statements as an asset, with a carrying amount of Euro 2.1 million.

At September 30, 2009, cash and financial receivables with maturity within 12 months equaled Euro 6.6 million (compared to Euro 6.0 million in December 2008).

OUTLOOK FOR OPERATIONS

Market performance continues to be uncertain for the remaining months of the accounting period 2009 and the first few months of the accounting period 2010 although certain signs exist that enable us to make a preliminary assessment about the possible evolution.

Structural production overcapacity remains a feature of the whole sector at a European level and this indicates that we will be seeing further industrial rationalisations taking place.

In terms of trends in the short term both raw materials and energy costs are being driven upwards.

In the case of raw materials costs the phenomenon is clear to see, albeit in an overall picture of extremely persistent volatility.

Similar trends can be expected, mutatis mutandis, for energy costs, where the trend in an upwards direction could end up being mitigated by the weakness of the dollar, which moreover might undergo significant fluctuations.

In this context future revenues and earnings are also connected with the extent to which volumes are able to hold up, and this appears more uncertain now than in previous quarters. As a consequence the Company will adjust its sales prices for increases in costs to protect earnings, while still placing the necessary emphasis on production and sales volumes.

MAJOR OPERATIONS

As stated above the discussions that had been taking place with IntesaSanpaolo and Unicredit for the rescheduling of the loans originally arranged in 2006 were formally concluded with the signing on 9 October of the Modifying 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: after the repayments that have been made the outstanding balance amounts to Euro 49.9 million at 30 September 2009, that as the result of the rescheduling was entirely non-current at that date.

The Modifying Agreement is particularly important for the Group's strategic positioning and revenue prospects, as it enables 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.

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As at 30 July 2009, Reno De Medici S.p.A. subscribed an investment agreement finalized to the acquisition of a minority share of 22.75% in the capital of Manucor S.p.A., for an amount of Euro 4.5 million. The company operates in the production of plastic packaging, specifically BOPP. The acquisition is part of a broader restructuring and re-launching plan of Manucor S.p.A., that provides for a recapitalization of the company.

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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.

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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 Press Release correspond to the underlying documents, books and accounting entries.

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The Interim Management Reports at 30 September 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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CONSOLIDATED ACCOUNTING STATEMENTS

(thousands of Euros)	30 September 2009	30 September 2008 (*)
Revenues from sales	318,571	359,029
Other revenues	14,349	4,221
Changes in stocks of finished goods	(5,638)	(13)
Cost of raw materials and services	(242,449)	(286,866)
Staff costs	(56,328)	(55,489)
Other operating costs	(3,980)	(2,694)
Badwill	-	21,178
Gross Operating Profit	24,525	39,366
Depreciation and amortisation	(19,914)	(14,524)
Recovery of value and write-downs of assets	(482)	(1,728)
Operating Profit	4,129	23,114
	<i>Financial expense</i>	(8,561)
	<i>Exchange differences</i>	347
	<i>Financial income</i>	466
Financial income (expense), net	(6,423)	(7,748)
Income from investments	(4)	(2,140)
Taxation	(1,102)	(3,296)
Profit (loss) for the period	(3,400)	9,930
Attributable to:		
Profit (loss) for the period pertaining to the Group	(3,646)	9,781
Profit (loss) for the period pertaining to minority interests	246	149

(*) Comparative figures have been “revised” to take account of the final figures used in accounting for the business combination

	30 September 2009	31 December 2008
(thousands of Euros)		
ASSETS		
Non-current assets		
Tangible fixed assets	256,640	264,400
Goodwill	63	63
Other intangible assets	5,569	5,629
Investments and financial transactions currently	1,569	1,628
Deferred tax assets	1,604	1,488
Derivative financial instruments	-	11
Financial assets held for sale	376	309
Trade receivables	81	234
Other receivables	519	899
Total non-current assets	266,421	274,661
Current assets		
Stocks	73,172	82,073
Trade receivables	116,931	114,476
Other receivables	12,288	7,976
Liquid funds	2,306	4,314
Total current assets	204,697	208,839
TOTAL ASSETS	471,118	483,500
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity attributable to the group	156,682	160,666
Minority interests	569	566
Shareholders' equity	157,251	161,232
Non-current liabilities		
Bank loans and other financial liabilities	66,271	19,935
Derivative financial instruments	1,175	916
Other payables	2,505	3,445
Deferred tax liabilities	28,037	29,921
Employees' leaving entitlement	24,267	23,455
Non-current provisions for contingencies and charges	3,513	4,678
Total non-current liabilities	125,768	82,350
Current liabilities		
Bank loans and other financial liabilities	70,574	113,658
Derivative financial instruments	1,128	68
Trade payables	102,145	108,827
Other payables	12,065	13,315
Current taxation	1,111	-
Current provisions for contingencies and charges	1,076	4,050
Total current liabilities	188,099	239,918
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	471,118	483,500

RDM GROUP	30 September 2009	30 June 2009	31 December 2008
(thousand of Euros)			
Cash and cash equivalents and short-term financial receivables	6,629	3,448	6,040
Short-term financial payables	(70,574)	(120,705)	(113,657)
Valuation of current portion of derivatives	(1,128)	(1,011)	(68)
Short-term financial position, net	(65,073)	(118,268)	(107,685)
Long-term financial payables	(66,271)	(16,438)	(19,935)
Valuation of current portion of derivatives	(1,175)	(938)	(905)
Financial position, net	(132,519)	(135,644)	(128,525)