

prices as of July 12<sup>th</sup>, 2012

# RENO DE MEDICI

## 2<sup>nd</sup> Quarterly Preview

Price: Eu 0.11 - Target: Eu 0.15 - Recommendation: NEUTRAL

Results out: August 2<sup>nd</sup>  
 Expected Newsflow from Results: NEUTRAL  
 Our Estimates vs. Consensus: N.A.

**Key Issue on Results:** We expect sales to reach Eu120.4mn in 2Q12, -14.3% YoY and +3.3% QoQ. Volumes sold should come to 215,000 tons, -13.0% YoY and +2.9% QoQ as demand should have stabilised. We forecast an average sales price of Eu560 per ton, -1.6% YoY and +0.4% QoQ, as pressure on raw material and energy costs is unlikely to have eased yet. We estimate EBITDA will decrease 20.0% YoY to Eu8.1mn, or 6.7% of sales due to lower volumes (down compared to 7.2% in 2Q11 but up compared to 6.2% in 1Q12). The company should report a net loss of Eu1.1mn; the net financial position is expected to be basically unchanged QoQ at around Eu88mn.

**Action on the Stock:** We confirm our NEUTRAL view as visibility on demand is low and raw material and energy prices remain highly volatile, putting the company's profitability at risk. The comparison base is also tough in 1H and will only ease as of 2H.

Jacopo Tagliaferri +39-02-77115.230 e-mail: jacopo.tagliaferri@intermonte.it

(Eu mn)	2Q11	2Q12E	1H11	1H12E	2H11	2H12E	2011	2012E	2013E
SALES	141	120	279	237	228	245	507	482	525
YoY change (%)	11%	-14%	15%	-15%	-13%	7%	1%	-5%	9%
EBITDA	10	8.1	21	15	8.8	20	30	35	41
YoY change (%)	-8%	-20%	18%	-28%	-60%	128%	-25%	18%	16%
EBIT	3.5	1.6	8.2	2.2	-6.0	5.9	2.2	8.1	14
YoY change (%)	-19%	-55%	76%	-73%	n.m.	n.m.	-82%	n.m.	68%
Pretax Profit	1.3	-0.9	4.4	-2.7	-11	4.3	-6.3	1.7	7.7
YoY change (%)	-62%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Net Profit	0.8	-1.1	2.8	-3.3	-5.3	3.9	-2.5	0.7	4.3
YoY change (%)	-70%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Net Financial Position		-88					-87	-87	-73
EPS adj							-0.01	0.00	0.01
DVPS							0.00	0.00	0.00
P/E							nm	66.8	10.3
EV/Ebitda							4.3	3.7	2.9

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