Translating leadership into financial performance

Geneva Midcap Event - 10 December 2014

RenoDeMedici

Agenda

1. **Playing a leading role in the WLC business**
2. Financials – How we performed
3. RDM share
4. Final remarks

Annexes

Focus on one business: WLC

Long-term trends indicate that we are in a good business

An historical player in the industry of carton-board based packaging, since 2008 RDM is focused on **one business segment**: White Lined Chipboard, "**WLC**".

INDUSTRY DRIVERS

Evergreen role of packaging in conveying **brand image** from the marketing perspective.

UE commitment to cut 50% of present annual **food waste** by 2025, mostly through better packaging of goods.

WLC is a **'green' solution** in terms of forestry safeguard, CO_2 emissions and energy savings.

A European leader in our business

Strong position in recycled cartonboard

Consolidated Size

Annual production capacity close to 1 million tons
RDM 2nd largest producer in Europe (No. 1 in Italy and France).
6 production plants in 4 countries – 3 in Italy, 1 respectively in Germany, Spain and France.

Strength of Competitive Position

High entry barriers, in a highly capital-intensive business. Relevant logistic costs make entry less attractive to new comers in Italy.

International footprint

RDM is among the top three players in the most important geographies in Europe. What is more, we are **the only real international player** boasting a widespread geographical diversification of sites.

Two players dominating competition

A scattered competitive framework, apart from the two largest operators

	Current installed capacity	2013 tons sold	2013 Revenues
MM KARTON AG	1,660 mn tons (including virgin fiber)	1,599 mn tons	964.6 €mn
RDM GROUP	900 mn tons	862 mn tons	468.5 €mn

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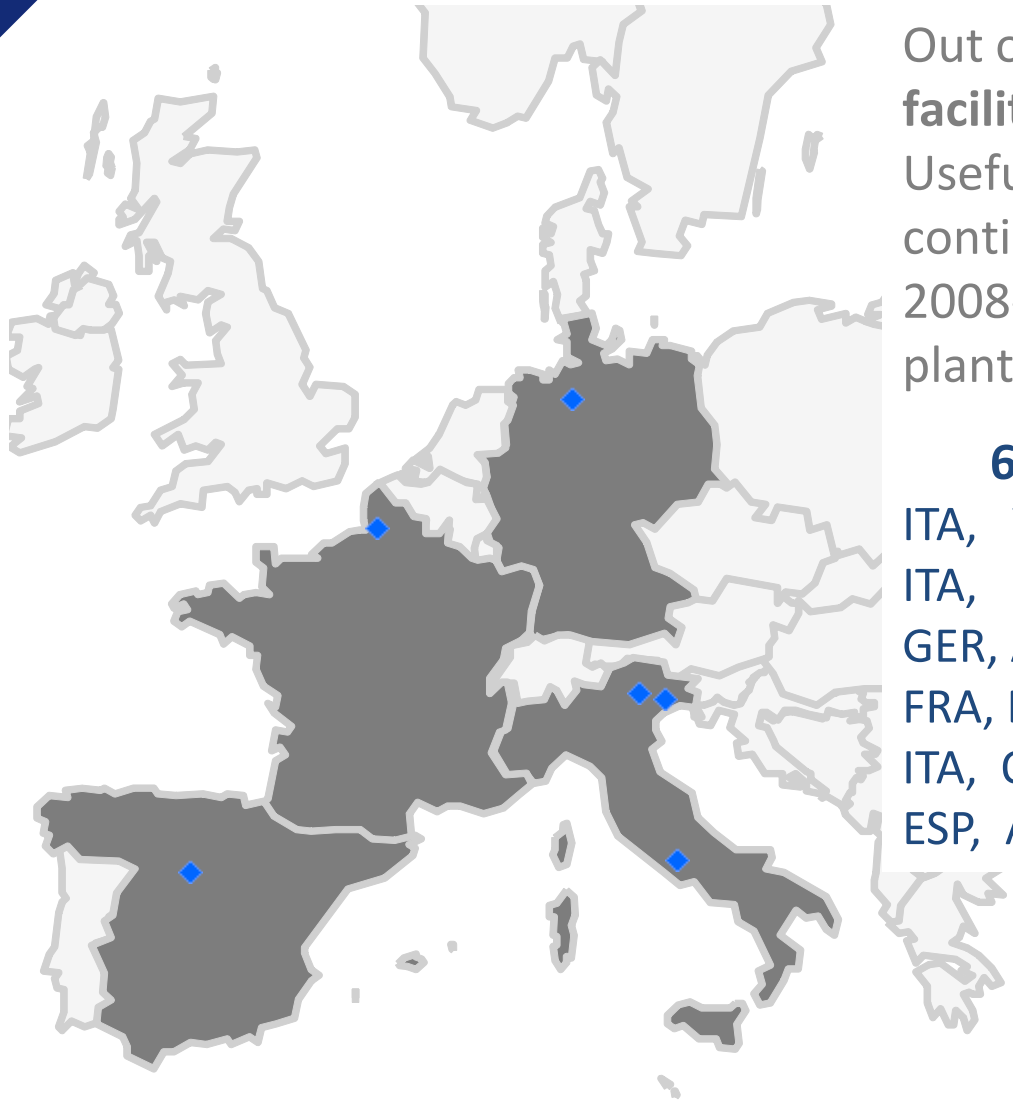
Several players with minor market shares

RDM GROUP

Where and how we produce



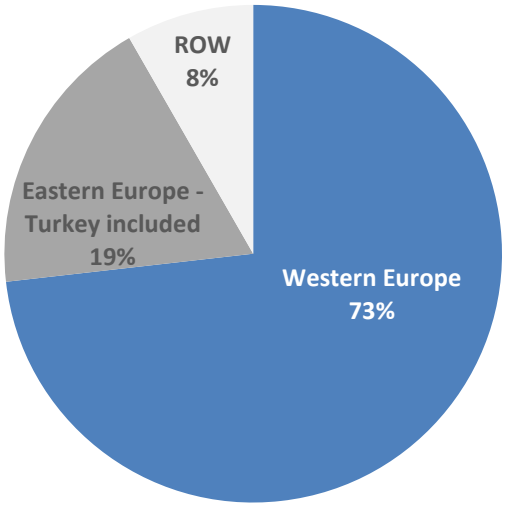
Out of 6 plants, **3 European top-class facilities** (production > 220k tons).
Useful life of plants: 50-60 years, provided continuous upgrade over time.
2008-2014 capex focused on more efficient plants.

6 production mills

ITA,	Villa S.Lucia	220k tons	LINER WLC
ITA,	S.Giustina	220k tons	WLC
GER,	Arnsberg	220k tons	LINER/GD WLC
FRA,	Blendecques	110k tons	WLC
ITA,	Ovaro	95k tons	WLC
ESP,	Almazan	35k tons	WLC

Where we sell

Sales breakdown by geography



9M 2014 data

Western Europe is our core market.

Eastern Europe demand expected to grow in coming years. RDM ready to expand in those areas.

RoW: attractive markets in Middle East and Asia.

Who are our clients

Converters

RDM products used in several applications in the **packaging** sectors.

Low risk concentration

Over 1,400 clients as a whole.
First 10 clients account for approx. 21% of tons sold.
Clients ranking from 11 to 100 weight for another 45% of ton sold.

DS Smith Packaging
THINK OF THE POSSIBILITIES

Van Genechten Packaging

Smurfit Kappa

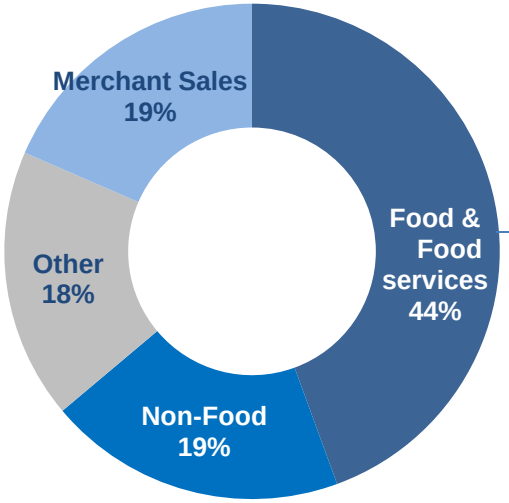
antalis EM
Just ask Antalis

RPACKAGING

RDM GROUP

Who are our end-users

Breakdown of sales by end user



Dry Food	44.5%
Unspecified Food	19.4%
Frozen & Chilled Food	19.2%
Chocolate & Confectionary	9.6%
Beverages	4.3%
Fast Food & Convenience Food	3.0%

Source: CEPI Cartonboard, 2013 data

Pharmaceuticals & Healthcare	27.3%
Household, Kitchen, Gardening, Do-it-Yourself	19.5%
Beauty & Cosmetics	14.9%
Unspecified Non-Food	14.7%
IT, Electronics, Media, Technical	12.2%
Games, Toys, Sports Goods, Textiles	6.2%
Tobacco	2.1%
Pet Food	1.7%
Detergents & Cleanings	1.4%

How we sell

A PanEuropean proprietary sales network

3 channels

Diversification of sales channels to meet customer needs, improve service efficiency and control costs.

European offices Sales force	Distributors Sheeting centres	Agents with exclusive contracts
85 people all over Europe. Italy, France, Spain, UK, Poland, Hungary, Czech Republic.	**Italy**, owned network. **Spain and UK**, exclusivity agreement.	Middle East, Asia, Latin America and Africa.

How we have streamlined our organization

2 Operating Plants:
- S. Giustina
- Villa S. Lucia

Reno De Medici S.p.A.
(operating holding)

Operations	Sales	Distribution
RDM Blendecques S.a.s. 100%	Careo 70%	Emmaus Pack S.r.l. 51.39%
Reno De Medici Arnsberg GmbH (*) 100%		Pac Services S.p.A. 33.33%
Reno De Medici Iberica S.l. 100%		
ZAR S.r.l. 33.33%		
R.D.M. Ovaro S.p.A. 80%		
Manucor S,p.A. 22.5%		

How we manage the Company

16 executives
369 white collars
1,020 blue collars

1,405 headcount (as of 31 Dec. 2013)

1,318 headcount (as of 30 Sept. 2014)

- Long-term **commitment** and **corporate seniority** of key-managers providing **continuity** to execution of strategy.
- Careful management of **human capital** favoring **strong business identity** in a multi-cultural company.
- Attention to **knowledge management**. Monthly meetings among key-people from the 6 production plants at the heart of continuous improvement of **efficiency** and diffusion of **best practices**.

Leveraging on strong assets

Strategy: leverage on existing strengths to achieve profitable growth

Competitiveness

Widespread geographic outreach
Increasing weight of high-value offer
Eco-sustainable products

Clear roles and responsibilities

Streamlined organization

Efficient Production

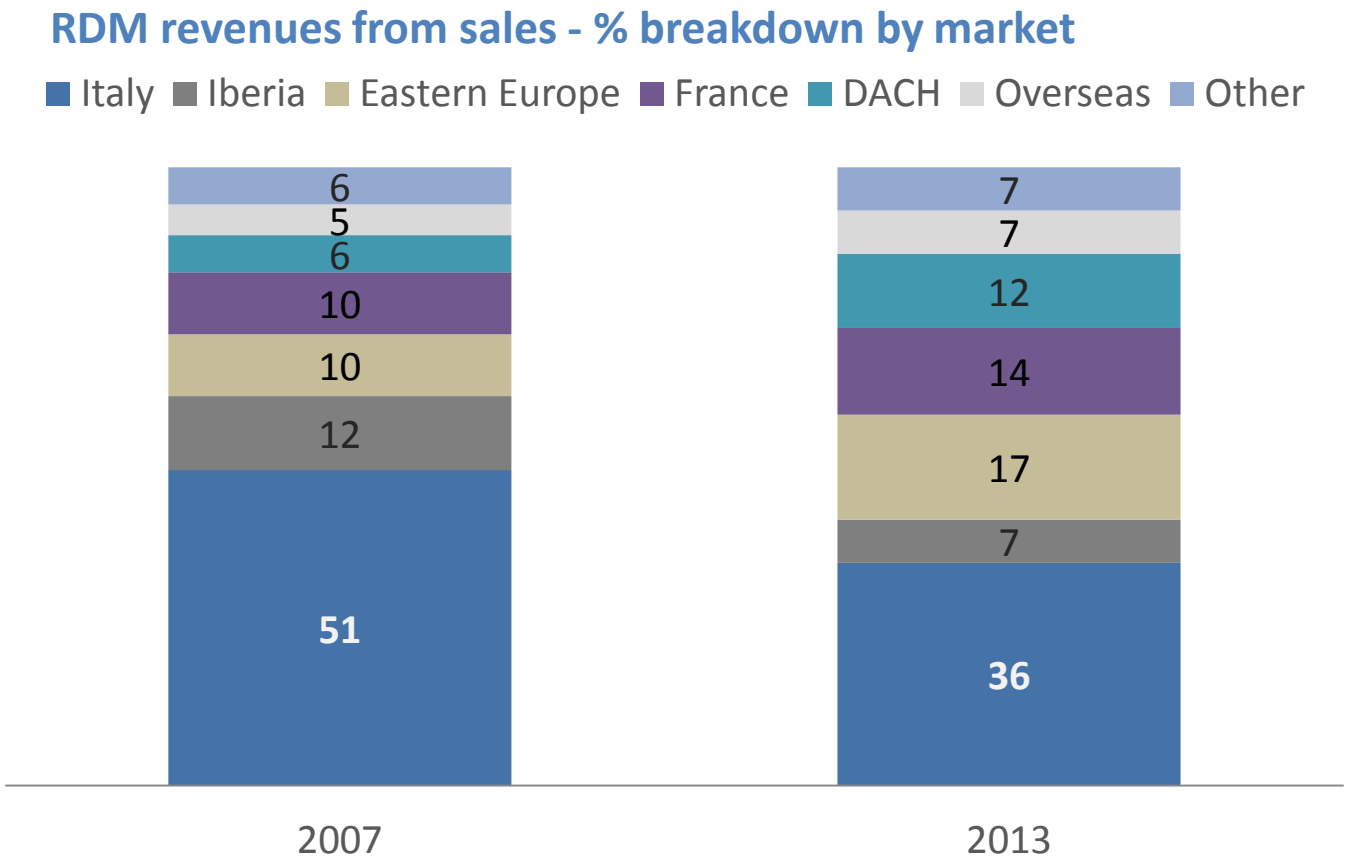
World-class technological competencies
Strategic location of plants
Efficient asset base

Focusing on key plants and markets

Rationalization of asset base: investments concentrated in upgrading key-plants and parallel shutdown/disposals of non-core assets.

Focus on **more profitable clients and markets**.

Commercial effort leading to **wider geographical diversification** of sales.



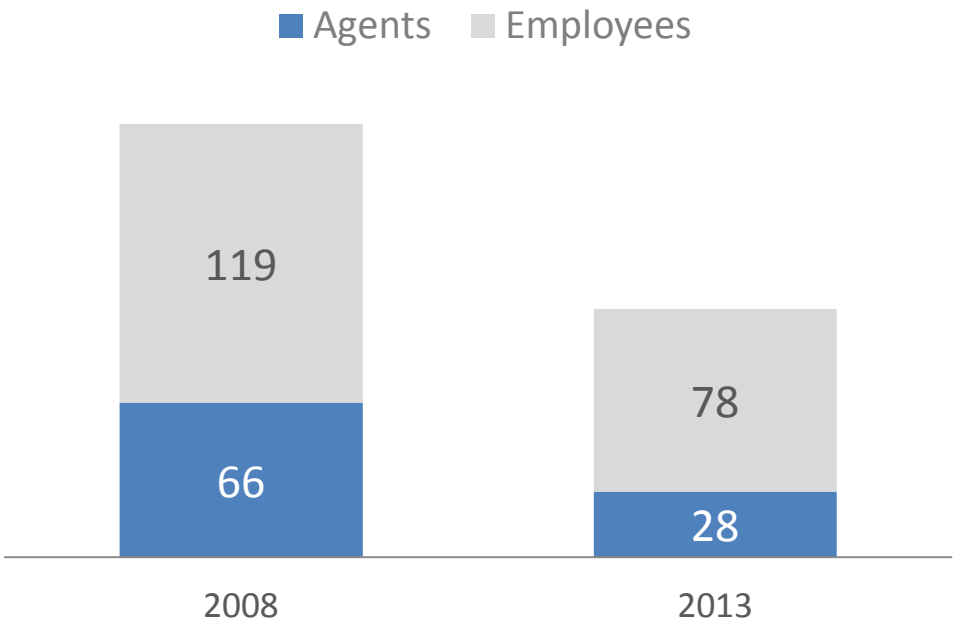
Achieving efficiency gains

107.6 €mn capex plan to improve cost efficiency and maintain quality of the asset base.

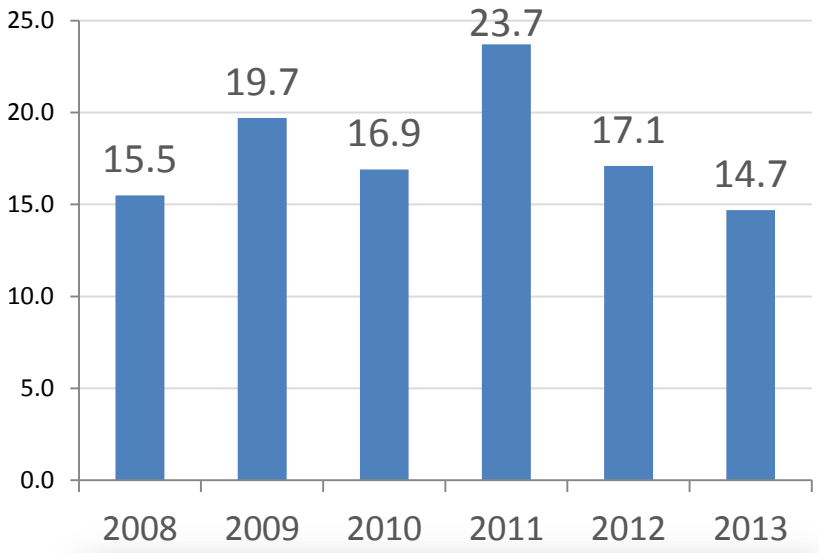
Optimization of **commodity and energy purchases**.

Headcount decline from 1,710 people in 2008 to 1,405 in 2013.

Rationalization of **sales force** (4 €mn savings over the 2008-2013 period).



Optimizing the capex plan

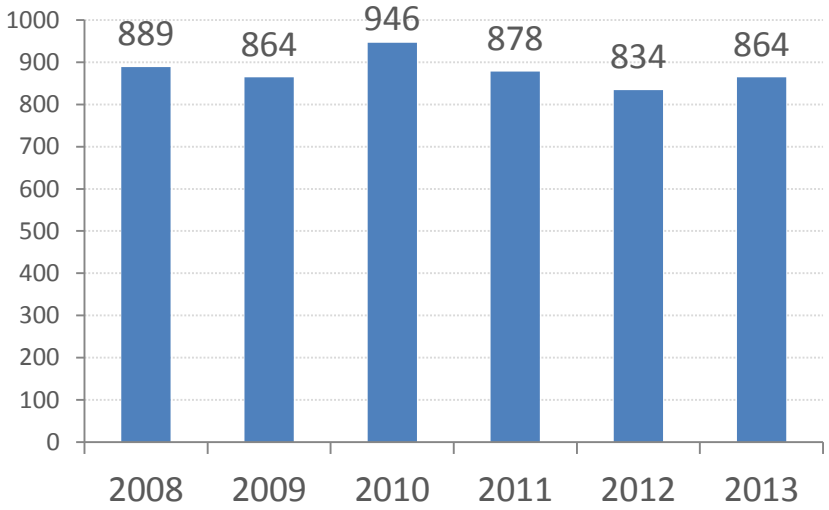


Annual **capex** has always been **lower than depreciation** over the 2008-2013 period.

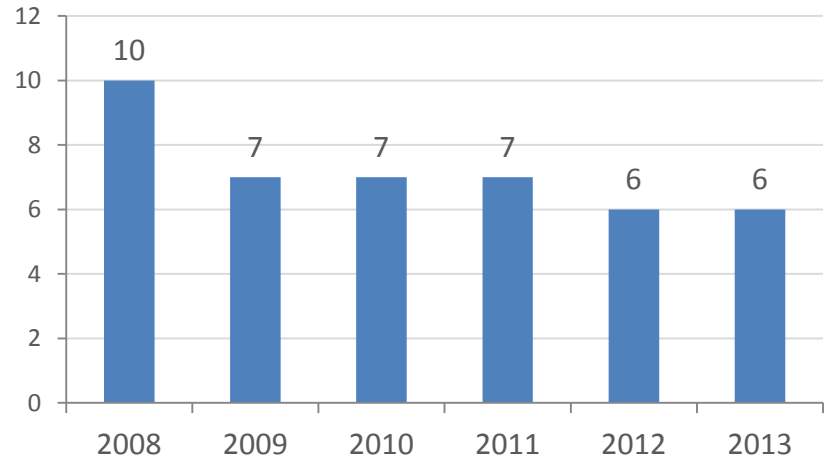
Yearly investments have been mainly focused in upgrading **one plant** at a time.

Keeping mkt shares while rationalizing

Tons sold ('000)



# of board machines



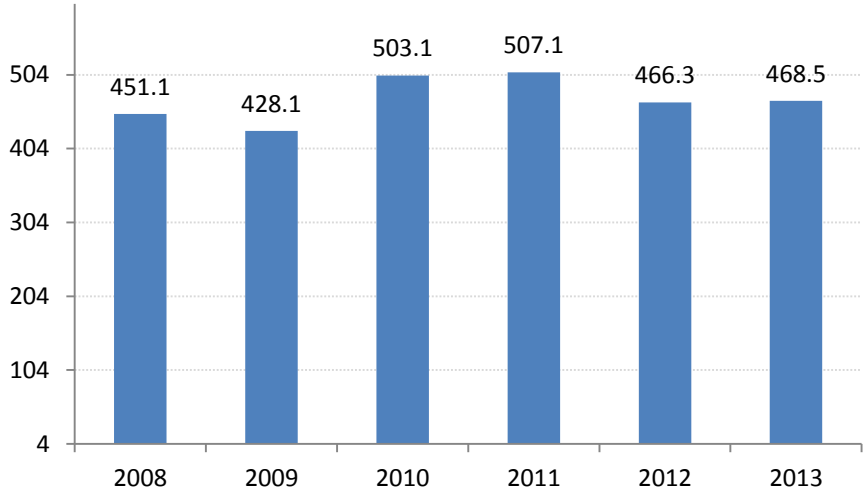
Rationalization of production capacity **did not affect volumes sold,** which stayed well above 800k tons throughout the 2008-2014 period.

2013 and 2009 tons sold were the same (864k), but in 2013 production was based on **6 board machines** (vs. 7 in 2009).

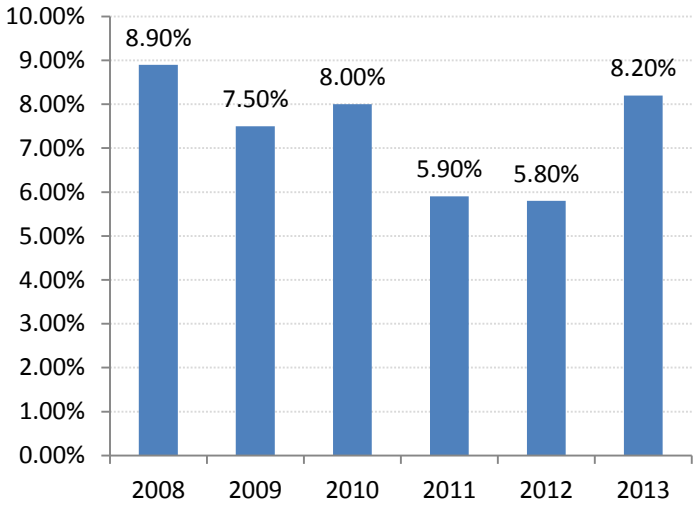
The real challenge was **to keep market share stable in European countries**.

Delivering thanks to consistent strategy

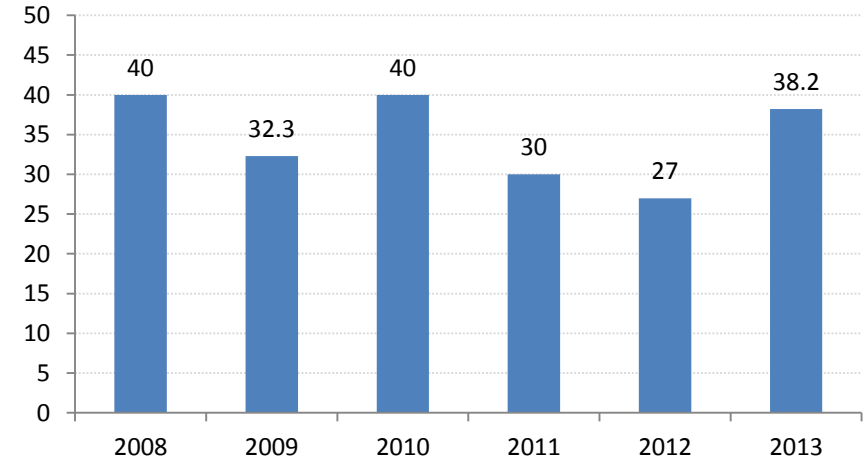
Revenues from sales (€ mn)



EBITDA margin



EBITDA (€ mn)



A substantial part of **benefits** from 2008-2013 restructuring is **structural**.

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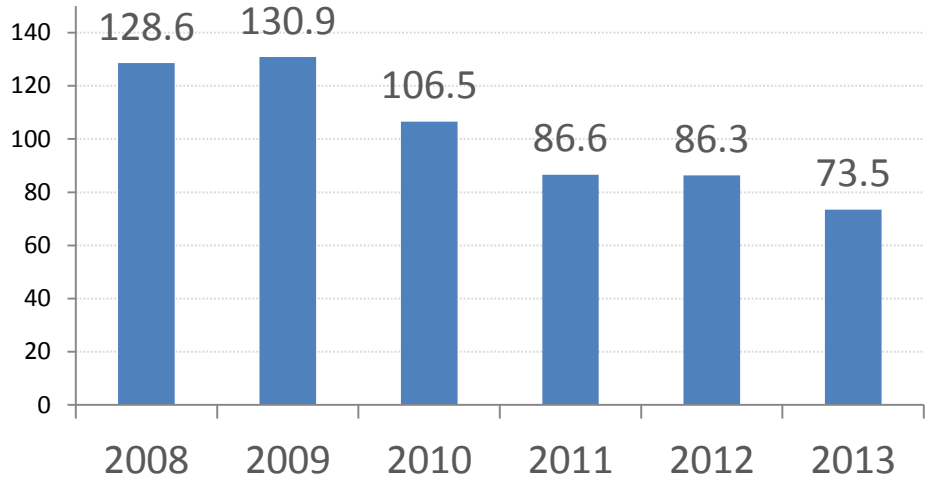
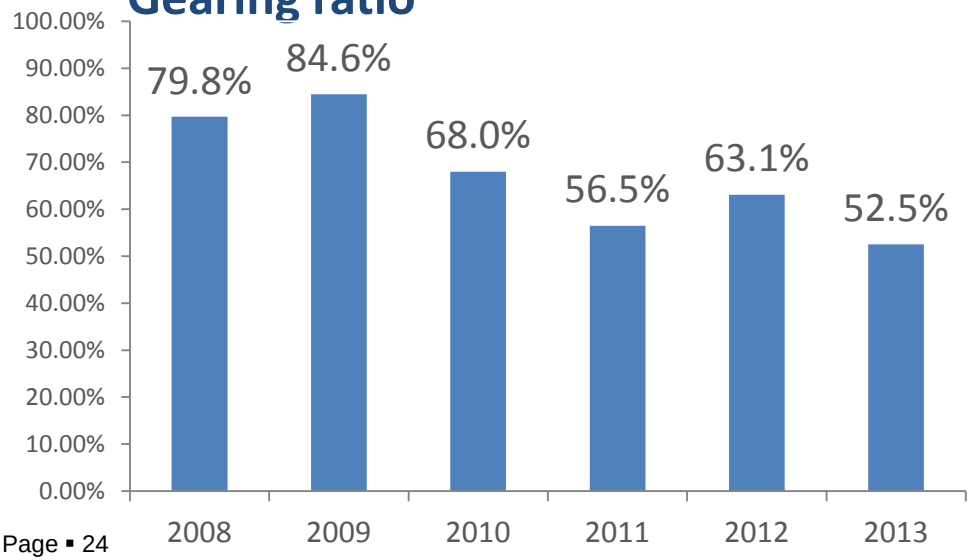
Net Financial Indebtedness (€ mn)



Gearing ratio



Strong cashflow generation allowing to **fully fund** annual **capex** over time.

RDM resulted in being **cash-positive** in most fiscal year.

Focus on 9M 2014 performance /1

9M 2014 Highlights

Tons sold (‘000)	**650**	(-0.5% vs. 9M 2013)
Revenues from sales	**346.6 € mn**	(-0.6% vs. 9M 2013)
EBITDA	**33.9 € mn**	(+35.2% vs. 9M 2013)
EBITDA margin	***9.8%***	(vs. 7.2% in 9M 2013)
EBIT	**16.0 € mn**	(+138.6% vs. 9M 2013)
Net profit	**10.6 € mn**	(vs. 0.4 € mn in 9M 2013)

Slight revenue decline reflecting lower volumes sold in Western Europe, where average price is higher.

EBITDA increase benefiting from: higher efficiencies in production, lower energy prices and white certificates

In 9M 2013 P&L , write-down of closed plants was included

Benefits from lower net financial expense and higher income from equity investments were offset by higher taxes

Focus on 9M 2014 performance /2

9M 2014 Highlights

Capex **17.3 € mn** (vs. 10.9 € mn in 9M 2013)

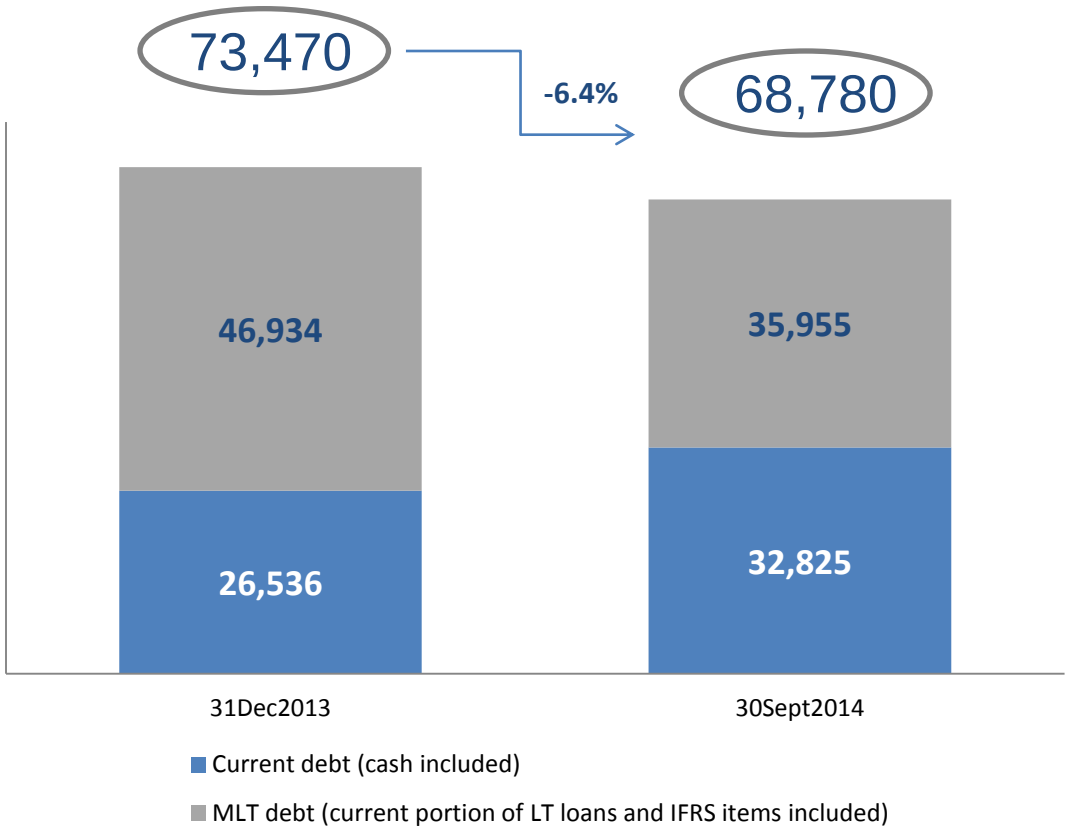
Investments mainly focused on the refurbishment of the wet area at the Santa Giustina mill

Net Financial Debt **68.780 € mn** (vs. 73.470 € mn as of 31 Dec.2013)

Positive operating performance offsetting the negative impact of reduced factoring programs

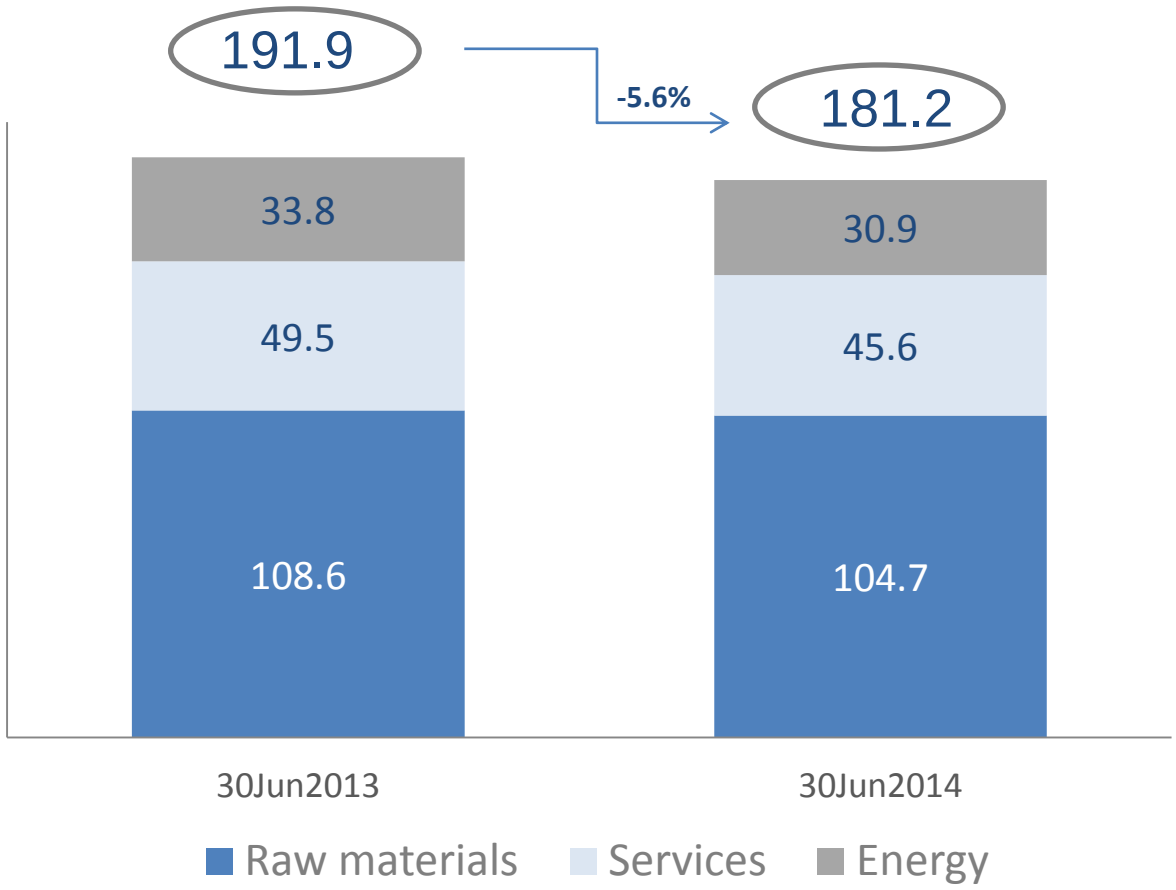
Net Financial Debt

(data in € '000)



Key operating costs declining

(data in €mn)



Weight of costs for raw materials, services and energy declined from **79.2%** in H1 2013(*) to **76.4% in** H1 2014.

(*)
For comparison reasons, H1 2013 P&L has been restated in H2 2014 interim financial report, since operating costs do not include anymore the RDM UK operation (shut down in February 2014).

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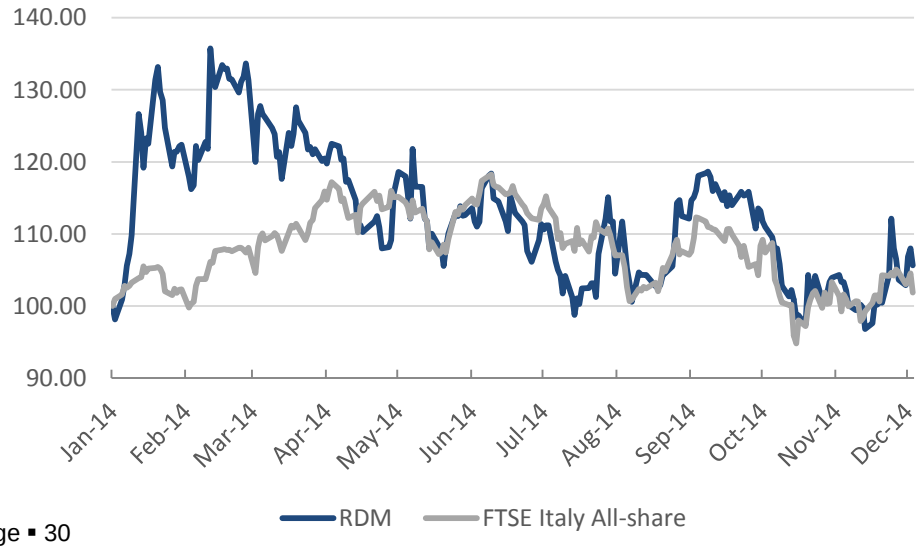
The RDM stock

RDM ordinary share performance since 2 Jan. 2014

RDM vs. FTSE Italy All-Share index (base 100 = 2 Jan. 2014)



Share Capital: 185,122,487.06 €, o/w
184,977,867.97 ordinary
144,619.09 conv. svgs

Outstanding shares: 377,509,870, o/w
377,509,870 ordinary shares
291,124 convertible savings shares

Listing markets
Milan Stock Exchange – MTA (STAR segment)
Madrid Stock Exchange (admitted capital 148,020,968.15 €)

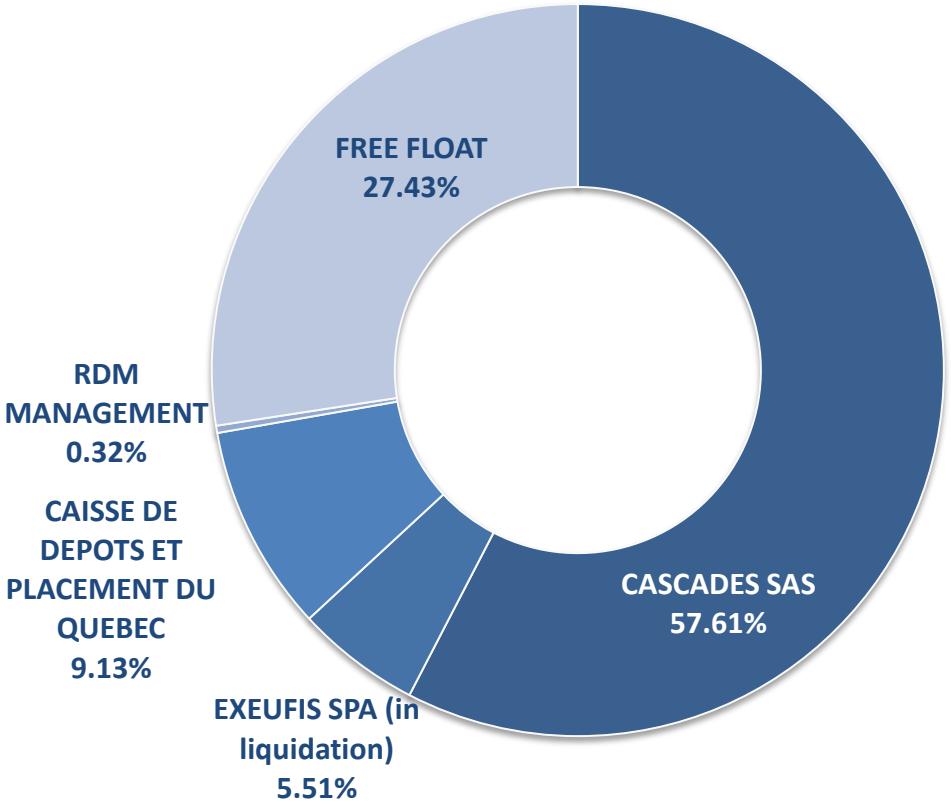
Codes
Bloomberg: RM IM; Reuters: RDM.MI

Index Membership - Milan
FTSE Italia: All-Share Capped, All-Share, STAR, Small Cap, Industrials, Industrial Goods and Services.

2014 Avg. volumes (until 4 Dec.):
735,751 Milan SE
101,013 Madrid SE

Mkt cap.: 107.1 €mn (4 Dec. 2014)

An international shareholder base



Source: RDM shareholder register as of 29 April 2014

Share capital: 185,122,487.06 euro
Total outstanding shares: 377,800,994
377,509,870 ordinary shares, with no nominal value
291,124 convertible savings shares, with no nominal value

Lean and effective Governance

Traditional administration and control system (BoD, Statutory Auditors and Shrs' Meeting).
Adoption of the **Code of Corporate Governance** of Listed Companies promoted by Borsa Italiana.

Board of Directors

Robert Hall, Chairman
VP, Legal Affairs and Corporate Secretary at Cascades. Part of the senior management team, he works for Cascades since 1994.

Ignazio Capuano, CEO
Engineer – Master in Economics (N.Y. University)
Focused industry expertise.
RDM CEO since 2004.

Enrico Giliberti, Independent Director

Lawyer boasting deep expertise in M&A and Financial Markets

Laura Guazzoni, Independent Director

Chartered accountant and business consultant. Bocconi University professor.

Laurent Lemaire, Director

Founder, shareholder and past-CEO of Cascades. Presently Executive Vice President of the Company

Board appointed on 29 April 2014. Term of office: 3 financial years.
Number of Board Members reduced from 9 to 5.

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Final remarks

- RDM can capitalize on a strong asset portfolio to deliver profitable results in the coming years.
- Capex continues to be focused in strengthening efficiency and product quality.
- A streamlined cost structure ensures high operating leverage.
- Opportunities arising from sector consolidation will be evaluated sticking to strict capital discipline.

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Key historical figures

€ million	2008	2009	2010	2011	2012	2013	9M 2014
Tons sold ('000)	889	864	946	878	834	862	650
Revenues from Sales	451.1	428.1	503.1	507.1	466.3	468.5	346.6
Adjusted EBITDA	18.8	34.7	41.6	34.1	32.9	39.9	34.3
Non-rec. & shut-down mills	21.2 (*)	(2.4)	(1.6)	(4.1)	(5.9)	(1.7)	(0.4)
EBITDA	40.0	32.3	40.0	30.0	27.0	38.2	33.9
EBITDA margin	*8.9%*	*7.5%*	*8.0%*	*5.9%*	*5.8%*	*8.2%*	*9.8%*
Net Result	0.6	(6.6)	2.0	(1.7)	(12.2)	2.0	10.6
Net Equity	161.2	154.8	156.5	153.3	136.7	139.9	150.4
Net Financial Position	128.6	130.9	106.5	86.6	86.3	73.5	68.8
Headcount	1,716	1,618	1,595	1,502	1,430	1,405	1,318
Active Board Machines	10	7	7	7	6	6	6

(*) Badwill generated by the business combination with Cascades