Q4

Reno De Medici

Interim Report 12.31.2014

NET REVENUES: €426.1 MILLION
(COMPARED TO €428.4 MILLION AS OF DECEMBER 31, 2013)

GROSS OPERATING PROFIT (EBITDA): €41.6 MILLION
(COMPARED TO €38.9 MILLION AS OF DECEMBER 31, 2013)

OPERATING PROFIT (EBIT): PROFIT OF €18.8 MILLION
(COMPARED TO A PROFIT OF €11.5 MILLION AS OF DECEMBER 31, 2013)

NET PROFIT (LOSS) BEFORE DISCONTINUED OPERATION: PROFIT OF €10.6 MILLION
(COMPARED TO A PROFIT OF €5.2 MILLION AS OF DECEMBER 31, 2013)

NET PROFIT (LOSS) FOR THE PERIOD: PROFIT OF €5.8 MILLION
(COMPARED TO A PROFIT OF €2 MILLION AS OF DECEMBER 31, 2013)

NET FINANCIAL DEBT: €65.9 MILLION
(€73.5 MILLION AS OF DECEMBER 31, 2013)

Reno De Medici S.p.A.
Viale Isonzo 25, Milan
Share capital €185,122,487.06
Tax code and VAT number 00883670150

CONTENTS

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Robert Hall	Chairman
Ignazio Capuano	CEO
Enrico Giliberti	Director
Laura Guazzoni	Director
Laurent Lemaire	Director

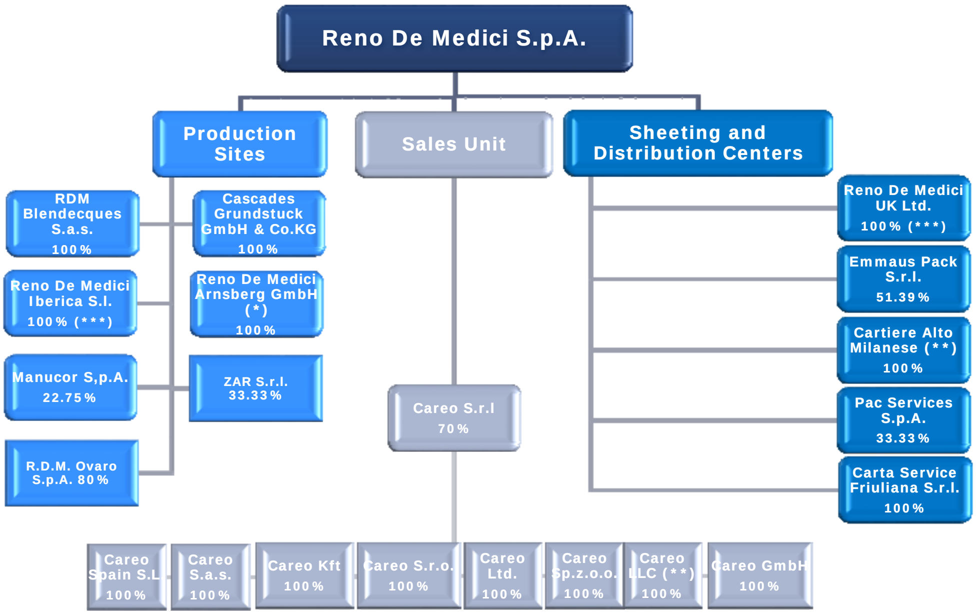
Board of Statutory Auditors

Carlo Tavormina	Chairman
Giovanni Maria Conti	Standing Auditor
Tiziana Masolini	Standing Auditor
Domenico Maisano	Alternate Auditor

Independent Auditors

Deloitte & Touche S.p.A.

GROUP OPERATING COMPANIES AS OF DECEMBER 31, 2014



(*) Company owned 94% by Reno De Medici S.p.A. and 6% by Cascades Grundstück GmbH & Co.KG.

(**) Company in liquidation

(***) Company presented as required by IFRS 5

DIRECTORS' REPORT ON OPERATIONS

Reno De Medici closes 2014 recording an EBITDA of €41.6 million, a growth of €2.7 million compared the €38.9 million of previous year. Net Profit before discontinued operations rises to €10.6 million, substantial improvement vs. €5.2 million recorded in 2013, while net profit raises to € 5.8 million from € 2.0 million one year ago.

In Q4 the global macroeconomic scenario confirms the trend of previous quarter: European recovery continues in a scattered way and, however at a slower pace than envisaged at the beginning of the year. The world economy grew in 2014 +3.3%, similar to the rate of the previous two years, but with a different mix between the contribution of Advanced Economies and Emerging Countries.

Emerging Countries have still driven the growth, but at a slower pace compared to previous year (+4.4% vs +4.7% in 2013), in a scenario very diversified among them. China is slowing down and seems more focused on reducing the vulnerability arising from recent rapid credit and investment growth; Russia is now much weaker due to the combination of several factors (very low oil price and increased geopolitical tensions); many Emerging Countries suffer from persisting structural problems, and commodity exporters are also penalized by low prices.

Advanced Economies grew +1.8%, a visible improvement compared to +1.3% in 2013. However, the growth was driven mainly by the United States, the only major economy where crisis seems to be definitively over. The Euro Area turned positive in 2014, with a growth of 0.8%, vs. -0,5% in 2013. Among largest European economies, only Italy remained on the negative side, with a contraction of -0,4%, however, a substantial improvement compared to -1.9% of previous year.

The IMF, that last October already revised downward the growth expectations for 2015 and 2016, has just further lowered them in January in every major area except the United States.
In the Euro Area, a limited growth of +1.2% is predicted for 2015, and economic activity should accelerate only in 2016. However, the dramatic fall of oil prices recorded since last September, the depreciation of the Euro, low interest rates and the "Expanded Asset Purchase Program" recently announced by the ECB, should boost growth by lifting the purchasing power of households, and increasing both internal demand and international trade. These factors should turn into an expanded demand for packaging material that are traditionally highly correlated to GDP.

In the 'White Lined Chipboard" sector, in which the Reno De Medici Group operates, the evolution of demand follows the general trend of the economy: in 2014 European demand resulted to be substantially aligned to the 2013 levels. The quarter over quarter comparison shows that in Q4 demand slightly grew (+2.9%) compared to the same period of previous year, driven by some countries (UK, Spain, East Europe), whilst Germany and France show slightly negative deviations. In the Italian market, in 2014 demand decreased -1.8% compared to 2013, but in Q4 it increased +2.1

compared to the same period of previous year.

As regards Reno De Medici, In Q4 the order inflow has remained satisfactory, and the mill operated at full production capacity, with the exception of the Santa Giustina mill, due to the long commissioning time required by the new equipment installed at the end of the Summer.

Tons-sold by in 2014 by the Reno De Medici Group were 805 thousand (without Reno De Medici Ibérica S.l.u.), substantially in line with the 807 thousand of previous year, notwithstanding the above mentioned lower production at the Santa Giustina mill.

The representation of the 2014 economic results of the Reno De Medici Group reflects the reclassification of the Spanish operation, Reno De Medici Ibérica S.l.u., among discontinued operations. Actually In Q4 the operation has been made available for sale, as also commented in the 'Key events' section further ahead.

Revenues from sales were €426.1 million, substantially in line with the €428.4 million of previous year.

As regards the main factors of production, prices of recycled fibers have been firm since September 2013 to date, in line with the evolution of global economy, and the decrease of exports to China.

As regards the cost of energy, oil prices, after the temporary peaks recorded at the end of the Summer due to the geopolitical tensions in Ukraine and the Middle East, since September have declined about 55%, to the effect of weak demand and stable supply, as OPEC countries decided not to reduce the current production levels.
The cost of natural gas (the main source of energy for the Reno De Medici Group), that constantly decreased until the month of August as a result from subdued economic activity and low demand, rebounded in the last months of the year due to normal seasonality. The average price in 2014 was in any case lower than in 2013. As regards specifically Reno De Medici, the contracts signed in Summer, mainly based on fixed prices, protected the Group from the price rebounds in the second part of the year.
The price of coal, the main source of energy for the Arnsberg's mill, remained firm at relatively low levels, and should remain stable also in the near future, apart from the possible variations associated to the fluctuations of the US dollar exchange rate.

Personnel costs amounted in 2014 to €65.7 million, compared to 67.5 million recorded in 2013.
The slight decrease by -1.8 million Euro is mainly due to the Mother Company Reno De Medici S.p.A., and arises from the reduction of average headcount, and the lower provisions posted to cover redundancy costs (mainly at the Magenta mill) following the revision of the agreement with the Unions.

These factors more than compensated the contractual salary raises that have been granted.

EBITDA maintained its steadily positive trend and reached €41.6 million, compared to €38.9 million recorded in 2013, and €26.8 million in 2012 (net of Reno De Medici Ibérica S.l.u.). The improvement results from lower costs of energy, lower fixed production costs, and the award of EEC – Energy Efficiency Certificates (relevant to the projects implemented at Italian Mills aimed at improving the energy efficiency of the production facilities).

Consolidated Operating Profit amounted to €18.8 million, a substantial improvement compared to the €11.5 million recorded in 2013, even taking into account that 2013 was penalized by assets write-downs for €3.6 million.

Net Financial Expenses were €4.6 million and decreased compared to €6.3 million of 2013, mainly due to lower Net Financial Indebtedness (€65.9 million at December 31, 2014 vs. €73.5 million at December 31, 2013), and higher income from exchange differences, for the revaluation of the US dollar.

Consolidated Result before Discontinued Operations was positive by € 10.6 million, vs. € 5.2 million of previous year.

Losses from Discontinued Operations amount to €4.8 million.
Losses are mainly associated to Reno De Medici Ibérica S.l.u., and include both the negative result of the year of the Company and the write-down of the operation, that has been made available for sales, in order to adjust its carrying value to the estimated selling price.

The Capital Expenditures made in the period by the Reno De Medici Group amounted to €19.7 million (€15.2 million in 2013).

The Consolidated Net Financial Indebtedness at December 31th, 2014 was €65.9 million (including Reno De Medici Ibérica), a decrease of -€7.6 million compared to €73.5 million at December 31st, 2013.
The contribution of the positive economic performance of operations more than offset the negative impact on indebtedness that resulted from the down sizing of factoring programs, due to the termination of the program in Germany, where short collection terms applied in that market and the consequent complex administrative management reduced the advantages and effectiveness of factoring.
From the financial point of view, 2014 was characterized by the restructuration of the long-term debt the Group, in order to extend its tenor, as a substantial portion of pre-existing debt was coming due in the first half of 2016.

Although the restructuration is still in progress, some important results have already been achieved, as two new loans, for a total amount of €15 million, were obtained in Summer.

These new loans require the approval of some pre-existing lenders, which was duly and timely filed. The relevant waiver is still pending, as the renegotiation of pre-existing loans is still in progress. As a consequence, in accordance with IAS 1, the long-term portion of such pre-existing loans, for an amount of €3.4 million, was reclassified as short-term debt. It must be specifically remarked that the obtainment of the pending waiver does not have any critical implication.

Consolidated results

The following table summarizes the key income statement indicators as of December 31, 2014 and 2013.

(thousands of Euros)	12.31.2014	12.31.2013 (*)
Revenues from sales	**426,134**	**428,419**
GROSS OPERATING PROFIT (EBITDA) (1)	**41,592**	**38,879**
EBIT (2)	**18,828**	**11,489**
Pre-tax income	**14,460**	**4,043**
Current and deferred taxes	*(3,887)*	*1,117*
Profit (Loss) for the period before discontinued operation	10,573	5,160
Discontinued operation	**(4,755)**	**(3,130)**
Profit (Loss) for the period	**5,818**	**2,030**

(*) Following the shutdown of operations of Reno De Medici UK and the classification of Reno De Medici Iberica as held for sale, their profits were reclassified for the period under discontinued operations, as required by IFRS 5. The figures as of December 31, 2013 were also reclassified to make them comparable to those as of December 31, 2014.

1) See 'Operating profit' in the Consolidated Financial Statements of the RDM Group

2) See 'Profit (loss) for the period' – 'Taxes' in the Consolidated Financial Statements of the RDM Group

The following table provides a breakdown of net revenues from the sale of cartonboard by geographical area of customers:

(thousands of Euros)	12.31.2014	% Inc.	12.31.2013	% Inc.
Italy	162,074	38.0 %	169,180	39.5 %
EU	194,330	45.6 %	192,477	44.9 %
Non-EU	69,730	16.4 %	66,762	15.6 %
Revenues from sales	**426,134**	**100 %**	**428,419**	**100 %**

Key events

On February 28, 2014, RDM UK ceased production activities. As a result, as required by IFRS 5, the result for the period was reclassified as Net Result from Discontinued Operations.

At the end of May the agreement was signed with the Italian Union, with the approval of the Lombardia Regional Agency for Education, Training and Labor, that finalized the 'mobility' procedure relevant to the redundancies at the Magenta mill. As a consequence and in application of such agreement, in the month of June, at the end of the CIGS period, the concerned employees have been collectively laid off.

As the reassessment of the Group's asset portfolio evidenced the need to focus the efforts and resources of the Group on the more efficient production facilities with a higher growth potential, the Board of Directors of Reno De Medici matured the decision that Reno De Medici Ibérica S.l.u. is no longer a strategic asset for the Group.
Reno De Medici Ibérica S.l.u. has thus been made available for sale, and according to IFRS 5 the relevant economic results have been recorded as Discontinued Operations. Negotiations with perspective buyers are in progress, and the sale of the asset should be completed in the course of the current year 2015.

Outlook

After the closing of the period, the order flow has continued to be satisfactory.

As previously commented at the opening of this report, Euro Area macroeconomic indicators don't show robust growth economic activity for 2015. However, recent ECB's expansive monetary policy in conjunction with lower energy price and more favorable exchange rate should accelerate the pace of economic recovery, increase the purchasing power of households and internal demand.
On the other hand, a solid growth can't rely solely on external factors and monetary policies, and in the meantime the investments activity remain subdued, unemployment high in some countries with no perspective of rapid improvement, and industrial confidence very prudent.

In this scenario, as regards the sector in which Reno De Medici operates, the first months of 2015 do not envisage major changes of the evolution of the main commercial and production factors (sale prices, cost of raw material, cost of energy) that should remain reasonably firm, although with a slightly downward trend.
In the first weeks of 2015 the order flow of the Group has remained satisfactory.

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2014

(thousands of Euros)	12.31.2014	12.31.2013 (*)
Revenues from sales	426,134	428,419
Other revenues and income	14,152	15,727
Change in inventories of finished goods	(3,294)	2,393
Cost of raw materials and services	(324,968)	(335,855)
Personnel costs	(65,674)	(67,475)
Other operating costs	(4,758)	(4,330)
Gross operating profit	**41,592**	**38,879**
Depreciation and amortization	(22,557)	(23,759)
Write-downs	(207)	(3,631)
Operating profit	**18,828**	**11,489**
Financial expense	*(5,364)*	*(6,308)*
Gains (losses) on foreign exchange	628	(171)
Financial income	88	153
Net financial income/(expense)	(4,648)	(6,326)
Gains (losses) from investments	280	(1,120)
Taxes	(3,887)	1,117
Profit (Loss) for the period before discontinued operation	**10,573**	**5,160**
Net result from discontinued operation	**(4,755)**	**(3,130)**
Profit (loss) for the period	5,818	2,030
attributable to:		
Group's share of profit (loss) for the period	5,878	1,775
Minority interest in profit (loss) for the period	(60)	255

(*) Following the shutdown of operations of Reno De Medici UK and the classification of Reno De Medici Iberica as held for sale, their profits were reclassified for the period under discontinued operations, as required by IFRS 5. The figures as of December 31, 2013 were also reclassified to make them comparable to those as of December 31, 2014.

Statement of Financial Position - ASSETS	12.31.2014	12.31.2013
(thousands of Euros)		
Non-current assets		
Tangible fixed assets	203,423	211,204
Goodwill		63
Other intangible assets	5,204	5,670
Equity investments	1,707	1,826
Deferred tax assets	3,036	4,665
Available-for-sale financial assets		
Trade receivables		41
Other receivables	989	958
Total non-current assets	**214,359**	**224,427**
Current assets		
Inventories	70,595	77,944
Trade receivables	60,011	67,603
Other receivables	8,520	14,585
Cash and cash equivalents	2,376	2,716
Total current assets	**141,502**	**162,848**
Non current assets held for sales	**10,570**	
TOTAL ASSETS	**366,431**	**387,275**

Statement of Financial Position - LIABILITIES	12.31.2014	12.31.2013
(thousands of Euros)		
Shareholders' equity		
Shareholders' equity attributable to the Group	141,598	139,276
Minority interests	362	668
Total shareholders' equity	**141,960**	**139,944**
Non-current liabilities		
Payables to banks and other lenders	26,725	32,322
Derivative instruments	18	297
Other payables	182	235
Deferred taxes	10,380	14,178
Employee benefits	30,674	27,557
Non-current provisions for risks and charges	4,780	6,906
Total non-current liabilities	**72,759**	**81,495**
Current liabilities		
Payables to banks and other lenders	36,196	42,728
Derivative instruments	286	430
Trade payables	87,814	105,894
Other payables	15,364	14,551
Current taxes	2,396	1,288
Employee benefits	924	945
Total current liabilities	**142,980**	**165,836**
Non current liabilities held for sales	8,732	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**366,431**	**387,275**

Net financial position	12.31.2014 Continuing	12.31.2014 Discontinued	12.31.2014 Total	12.31.2013	Change
(thousands of Euros)					
Cash, cash equivalents and short-term financial receivables	2,996	702	3,698	2,922	776
Short-term financial debt	(38,641)	(3,066)	(41,707)	(43,343)	1,636
Valuation of current portion of derivatives	(286)		(286)	(430)	144
Short-term net financial position	**(35,931)**	**(2,364)**	**(38,295)**	**(40,851)**	**2,556**
Medium-term financial debt	(26,725)	(856)	(27,581)	(32,322)	4,741
Valuation of non-current portion of derivatives	(18)		(18)	(297)	279
Net financial position	**(62,674)**	**(3,220)**	**(65,894)**	**(73,470)**	**7,576**

NOTES

The Interim Report of the RDM Group as of December 31, 2014 was prepared on the basis of Article 82, paragraph 1 of the Issuers' Regulations adopted by Consob Resolution 11971 of May 14, 1999, as subsequently revised and amended.
As a result this report is in compliance with the requirement described in Article 154-*ter* of the Consolidated Finance Act.

This Interim Report was not audited by the Independent Auditor.

ACCOUNTING PRINCIPLES

The operating, balance sheet and financial information was prepared in accordance with recognition criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to the procedure set forth in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament of July 19, 2002.
The recognition and measurement criteria used to prepare the financial statements for the first quarter remain unchanged from those used to prepare the Consolidated Financial Statements as at December 31, 2013. For a description of these criteria, see those financial statements.

RDM has applied the same accounting principles as for the Interim Report as at December 31, 2013. Starting from January 1, 2014 the new standards IFRS 10 and IFRS 11 went into effect. Their adoption had no impact on the Group's scope of consolidation.

The current scope of consolidation includes a company that uses a currency of account other than the Euro (Reno De Medici UK Ltd, which uses GBP).
For the purposes of translating the quarterly financial statements of Reno De Medici UK Ltd into a foreign currency, the Euro was selected as the functional currency (the same currency used by the parent company) based on the fact that the company's operations are closely integrated with those of the parent company (IAS 21).
As of December 31, 2014, all assets and liabilities were converted using the exchange rate in effect on the balance sheet reporting date (0.7789 GBP/EUR). Income and costs were converted at the average exchange rate for the period concerned (0.8061 GBP/EUR).

The exchange differences resulting from the use of this approach are classified as an equity reserve until the disposal of the investment.

Preparing the Interim Report in accordance with IFRS requires the use of estimates and assumptions including through the use of operating data that have an impact on reported asset and liability amounts and on the disclosure of contingent assets and liabilities at the reporting date. Final results may differ from the estimates made. Estimates are used to measure the contribution of discontinued operations, provisions for doubtful receivables, inventory obsolescence, depreciation and amortization, asset write-downs, employee benefits, restructuring funds, taxes, other provisions and funds, and the valuation of derivative instruments. Estimates and assumptions are reviewed periodically, and the impact of any change is reflected immediately in the income statement, with the exception of derivatives.

The balance sheet, income statement and financial situation are presented in thousands of Euros.

WORK FORCE

As of December 31, 2014, the RDM Group's staff (without Reno De Medici Ibérica S.l.u.) consisted of 1,171 employees compared to 1,302 employees as at December 31, 2013.

STATEMENT OF THE EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL REPORTS PURSUANT TO ARTICLE 154-*BIS*, PARAGRAPH 2 OF LEGISLATIVE DECREE 58/1998 (CONSOLIDATED FINANCE ACT)

Dr. Stefano Moccagatta, the executive responsible for the preparation of the company's financial reports, hereby states that pursuant to Article 154-*bis*, paragraph 2 of the Consolidated Finance Act, the accounting information contained in the Interim Report as at December 31, 2014 of Reno De Medici S.p.A. corresponds to the information contained in documents, ledgers and accounting entries.

Milan, February 12, 2015

Signed
Dr. Stefano Moccagatta