

# RenoDeMedici

**Star Conference 2010**

*Milan, 18<sup>th</sup> March 2010*

**RdM**

**GROUP**





|                           |                                   |
|---------------------------|-----------------------------------|
| <b>Christian Dubé</b>     | <i>Chairman</i>                   |
| <b>Giuseppe Garofano</b>  | <i>Deputy Chairman</i>            |
| <b>Ignazio Capuano</b>    | <i>Chief Executive Officer</i>    |
| <b>Stefano Moccagatta</b> | <i>Chief Financial Officer</i>    |
| <b>Guido Vigorelli</b>    | <i>Investor Relations Officer</i> |

DISCLAIMER: *Certain statements in this presentation, including statements regarding target results and performance, are forward-looking statements based on current analysis and/or assumptions. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the effect of general economic conditions, decrease in demand for the Company's products, increase in raw material and energy costs, changes in the relative value of certain currencies, fluctuations in selling prices, adverse changes in general market and industry conditions and other factors.*

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## Section I - Overview

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# Section I – Milestones

1967

- **1967** Establishment of the Company **Cartiera del Reno**, based in Milan with production unit in Marzabotto (Bologna). Output capacity of 8,000 tons.

- **1985** Acquisition of **Ovaro**, capacity 32,000 tons.

- **1986** Acquisition from **Cartiera Binda de Medici** of the Ciriè (Turin) plant, output 60,000 tons. The Company changed name to **Reno de Medici**.

- **1992** Equity holding in **Grafiche Capretta**, a converting firm with a potential output capacity of 15,000 tons.

- **1995** **Ovaro** merged into **Reno de Medici**. Equity holding in **Grafiche Capretta** raised to 70%.

1996

- **1996** **Reno de Medici** listed on the Milan stock exchange. Global output capacity up to 270,000 tons.

- **1997** **Reno de Medici** and **Saffa** merge. The Company take the name **Reno De Medici**, acquiring the **Bianchi Saffapack** converting division, **Saffa Immobiliare**, **Italmatch**, a number of smaller holdings and a controlling interest in **Sarrío'** (Spain).

1998

- **1998** **Reno De Medici** merged with **Sarrío'**, the main holding of the former **Saffa**, becoming Europe's second largest maker of mainly recycled cardboard with an output capacity of over 950,000 tons and a market share in Europe of around 20%.

- **1999** The company **Grafiche Capretta** merged with **Bianchi Saffapack**, changing name to **Europoligrafico** and becoming Italy's leading paper-transformation firm with 4 production units and an output capacity of 60,000 tons.

- **2001** Acquisition of **Aticarta** with a paper mill in Pompei and a converting mill in Rovereto.

2005

- **2005** Non-core assets disposal and sale of the share capital owned in **Europoligrafico** and **Aticarta**.

2006

- **2006** Demerger of some real estate assets, through the creation and simultaneous listing of **RDM Realty**.

2008

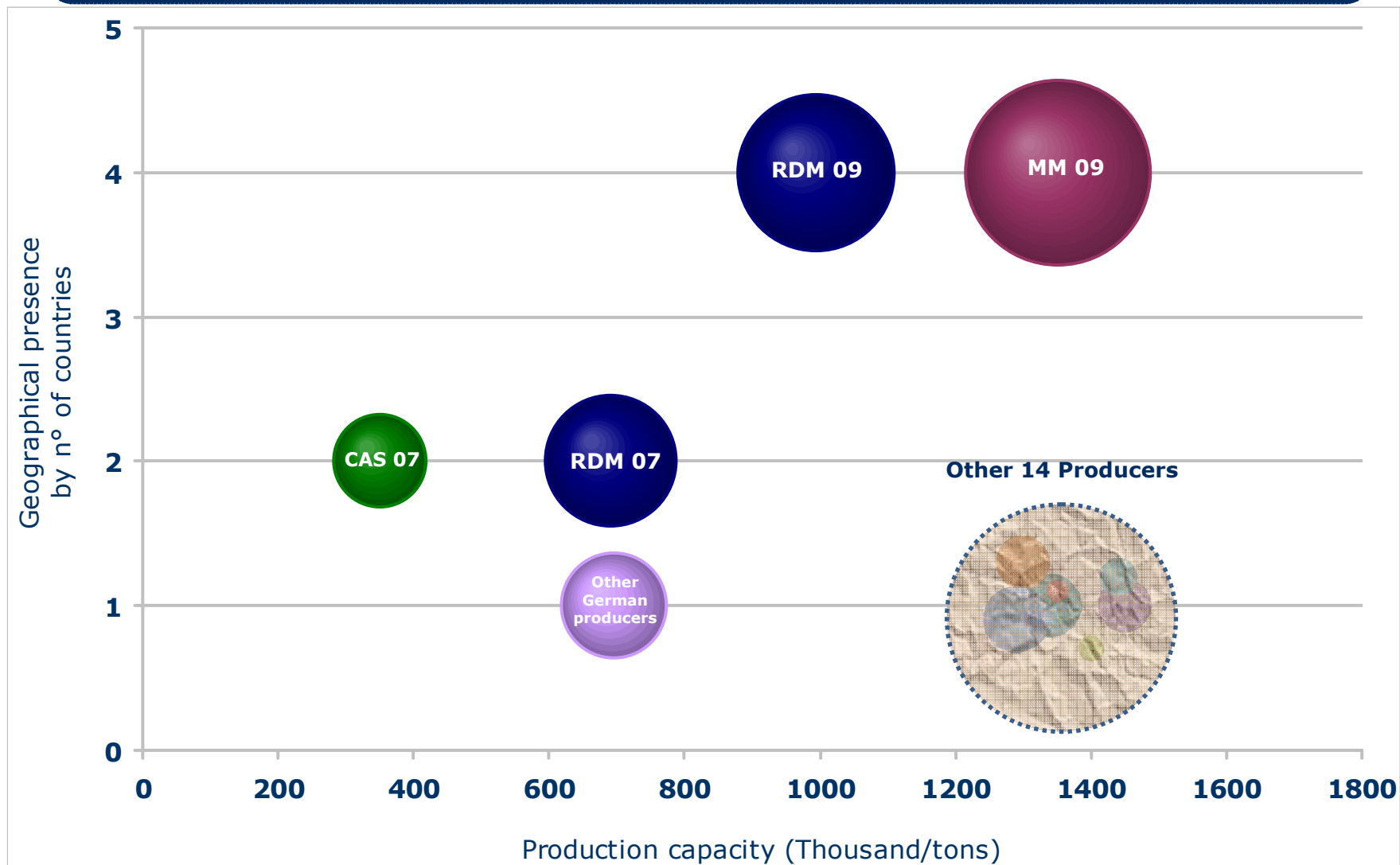
- **2008** Merger by incorporation of the European recycled cartonboard business of the **Cascades Group**. Creation of a commercial joint-venture (**Careo**) for the sale of all kind of cartonboard both from virgin and recycled fibres.

2009

- **2009** Acquisition of a minority stake in **Manucor**, the leading Italian plastic film producer.

# Section I – Competitiveness is improving

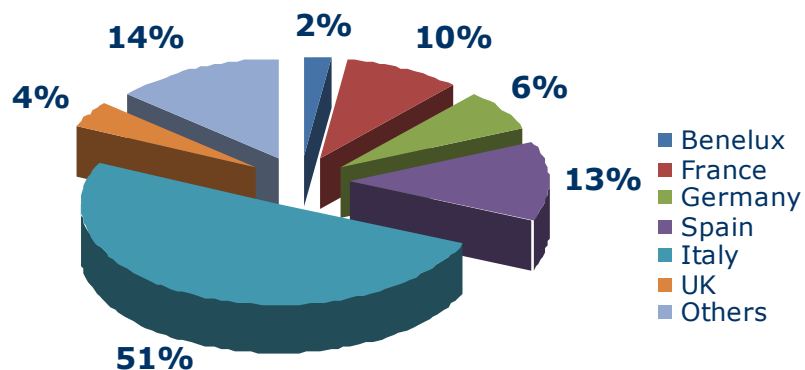
## MARKET PRESENCE BEFORE AND AFTER THE MERGER WITH CASCADES



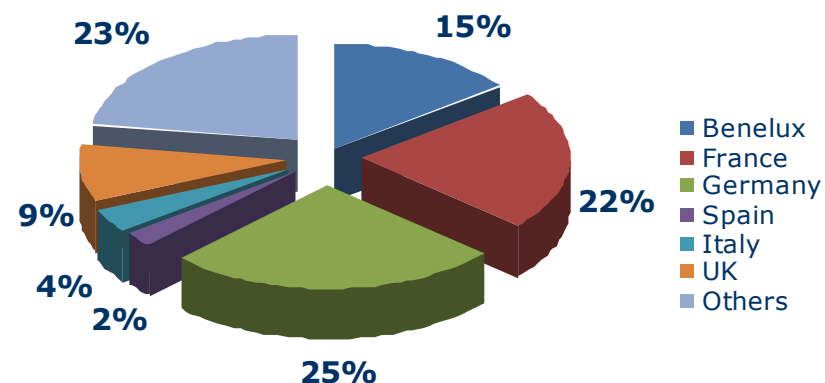
# Section I – European coverage is more balanced

## EVOLUTION OF RDM GROUP SALES GEO MIX

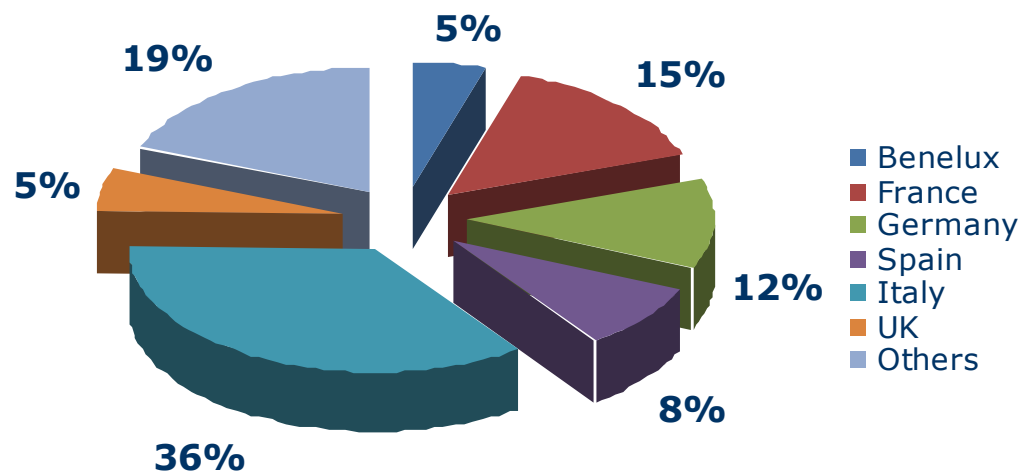
**RDM 2007**



**Cascades 2007**



**RDM Group 2009**





## **Section II - FY09 Results**

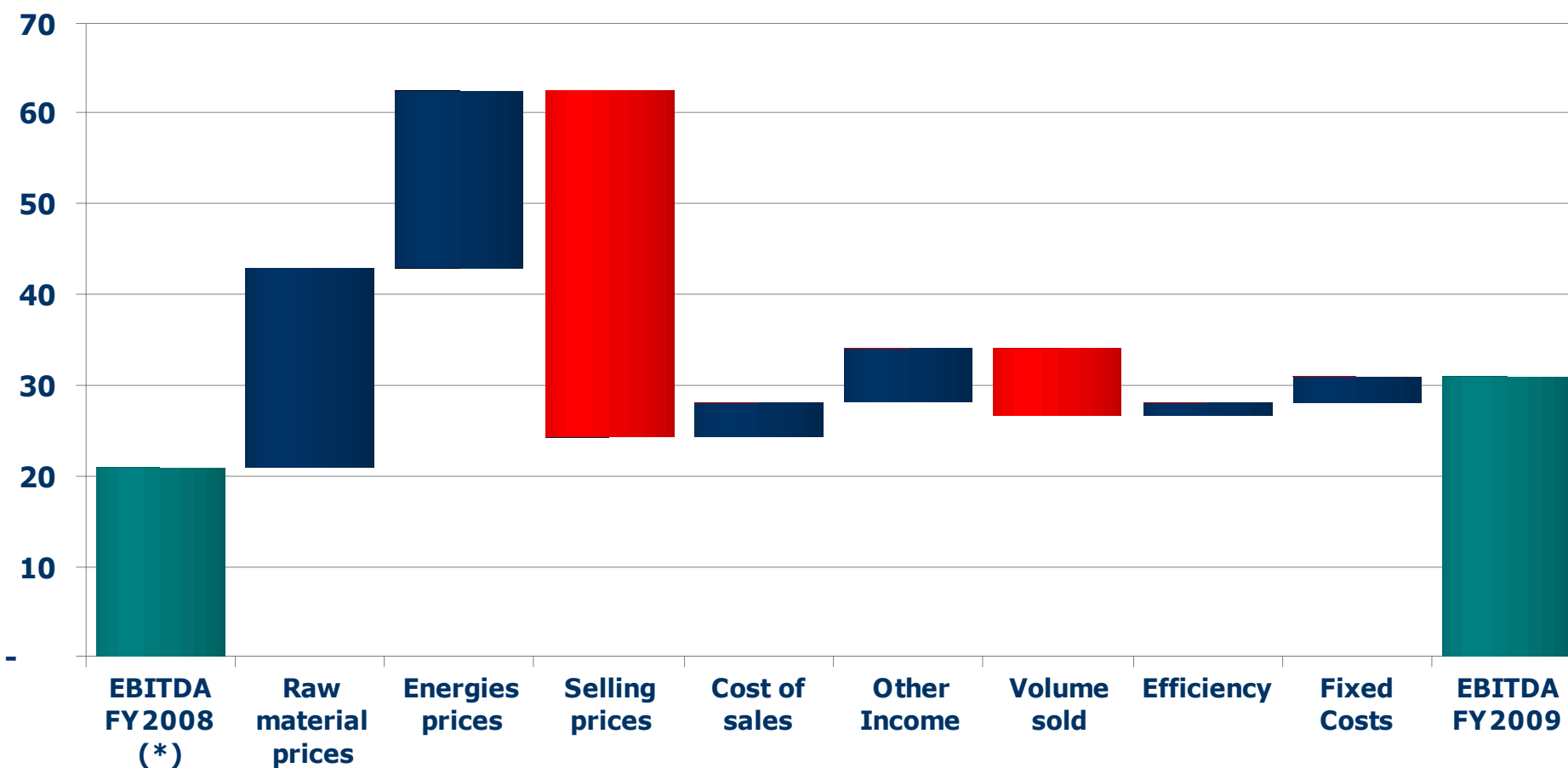
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## Section II – EBITDA Bridge (adjusted)

### YoY WATERFALL



(\*) FY2008 EBITDA adjusted includes Blendecques and Arnsberg contribution also for Jan and Feb 2008 (pre merger).

## Section II – Profit & Loss

| (Eur/million)   | FY2009 (*)   | FY2008           |
|---|--------------|------------------|
| <b>Revenues from sales</b>                                      | <b>428,2</b> | <b>455,0</b>     |
| <b>EBITDA</b> <i>adj before badwill and non recurrent items</i> | <b>31,0</b>  | <b>18,8</b>      |
| <i>% EBITDA margin adj</i>                                      | <i>7,2%</i>  | <i>4,1%</i>      |
| <i>Badwill (**)</i>   | <i>0,0</i>   | <i>21,2</i>      |
| <b>EBITDA</b>   | <b>31,0</b>  | <b>40,0</b>      |
| % EBITDA margin   | 7,2%         | 8,8%             |
| Depreciation, amortisation and write downs                      | (27,1)       | (25,7)           |
| Financial charges   | (9,1)        | (11,7)           |
| Discontinued operations   | 0,0          | (6,8)            |
| <b>EBT</b>  | <b>(5,1)</b> | <b>(4,1)</b>     |
| Taxation  | (1,7)        | (2,1)            |
| <b>Result for the period</b>                                    | <b>(6,8)</b> | <b>(6,2)</b>     |
| <b>Tons sold (tons/thousands)</b>                               | <b>864</b>   | <b>889 (***)</b> |

(\*) FY2009 financial data have not yet been audited by an Independent Auditor.

(\*\*) Due to the excess of the fair value of the assets, liabilities and contingent liabilities identified at 31 December 2008, over the cost of the business combination with Cascades.

(\*\*\*) This figure does not include the volumes sold by Blendecques and Arnsberg mills in January and February 2008 (pre merger). If this was to be included, total volumes sold by the Group for FY2008 would amount to 958,000 tons.

## Section II – Balance Sheet

| <b>(Eur/million)</b>          | <b>FY2009 (*)</b> | <b>FY2008</b> |
|-------------------------------|-------------------|---------------|
| Stock                         | 74,3              | 82,1          |
| Trade receivables             | 110,5             | 114,5         |
| Trade payables                | (102,7)           | (108,8)       |
| <b>Total working capital</b>  | <b>82</b>         | <b>88</b>     |
| Other assets - current        | 4,6               | 6,3           |
| Other liabilities - current   | (13,9)            | (17,4)        |
| Other non-current receivables | 0,0               | 0,2           |
| Non-current assets            | 271,2             | 274,9         |
| Non-current liabilities       | (34,5)            | (38,0)        |
| Employees' leaving indemnity  | (24,5)            | (23,5)        |
| <b>Net capital invested</b>   | <b>285</b>        | <b>290</b>    |
| Net financial position        | <b>(131)</b>      | (128,5)       |
| Net Equity                    | 154,1             | 161,2         |
| <b>Total sources</b>          | <b>285</b>        | <b>290</b>    |

(\*) FY2009 financial data have not yet been audited by an Independent Auditor.

## Section II – Net Financial Position

| <b>(Eur/million)</b>   | <b>FY 2009 (*)</b> | <b>FY 2008</b> |
|--|--------------------|----------------|
| Cash and cash equivalents and short-term financial receivables | 2,2                | 6,0            |
| Short-term financial debt                                      | (68,3)             | (113,6) (**)   |
| Valuation of current portion of derivatives                    | (1,1)              | (0,1)          |
| <b>Short-term financial position</b>                           | <b>(67,2)</b>      | <b>(107,7)</b> |
| Medium-term financial debt                                     | (62,7)             | (19,9) (**)    |
| Valuation of non-current portion of derivatives                | (0,8)              | (0,9)          |
| <b>Net financial position</b>                                  | <b>(130,7)</b>     | <b>(128,5)</b> |

(\*) FY2009 financial data have not yet been audited by an Independent Auditor.

(\*\*) In the FY2008 Financial Statements, according to IAS 1, a portion of the non-current loans has been reclassified as a short-term loan, for an amount respectively of 44,4 and 45,9 millions of Euro.





## **Section III – Market Environment**

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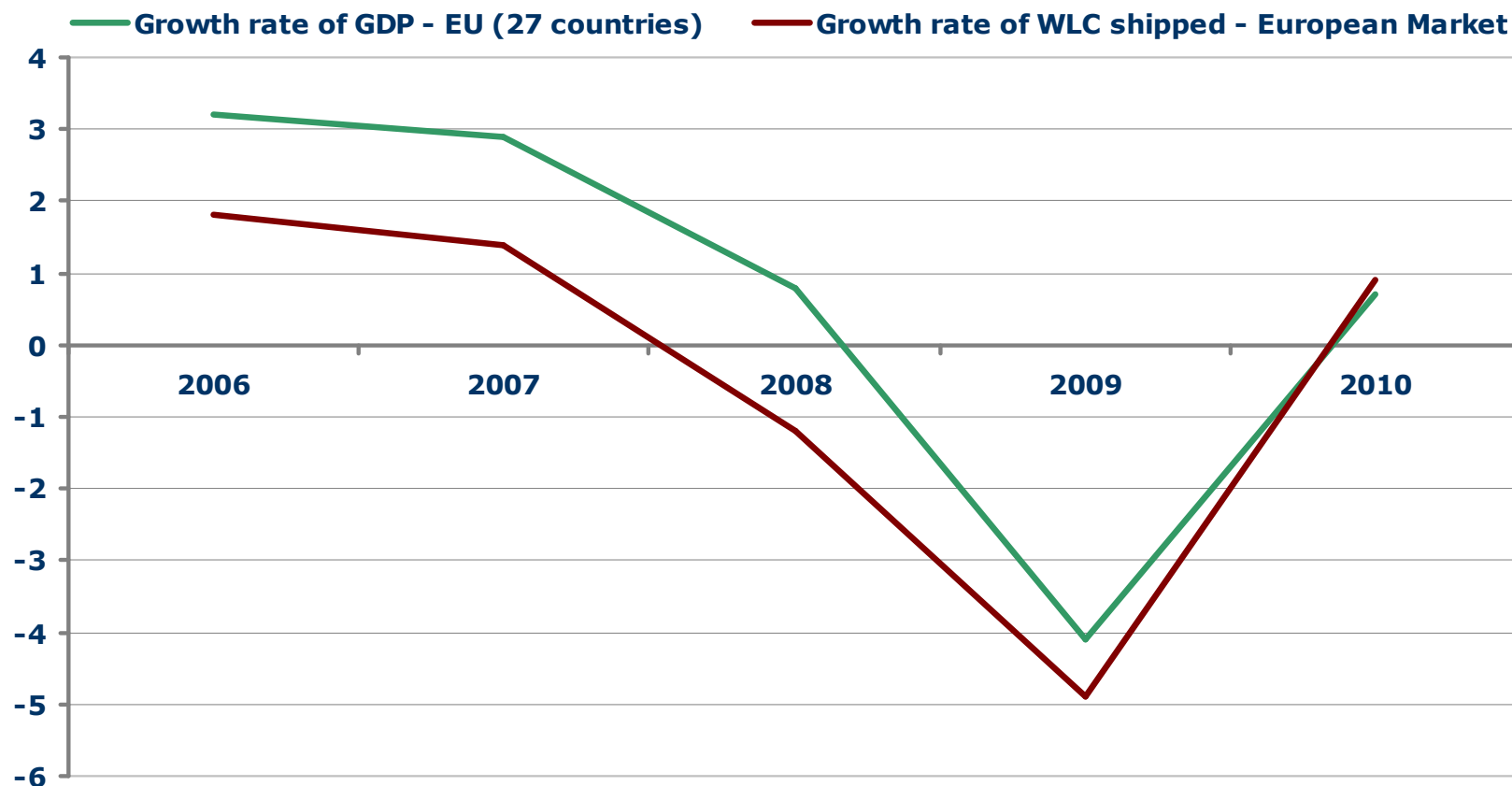
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## Section III - Market environment

- ✓ WLC demand is picking up since Q4 2009
- ✓ Raw material cost is increasing
- ✓ Transfer of price increase on final product will take place during Q2 2010
- ✓ This might lead to capacity reduction on the WLC market

## Section III - Market environment

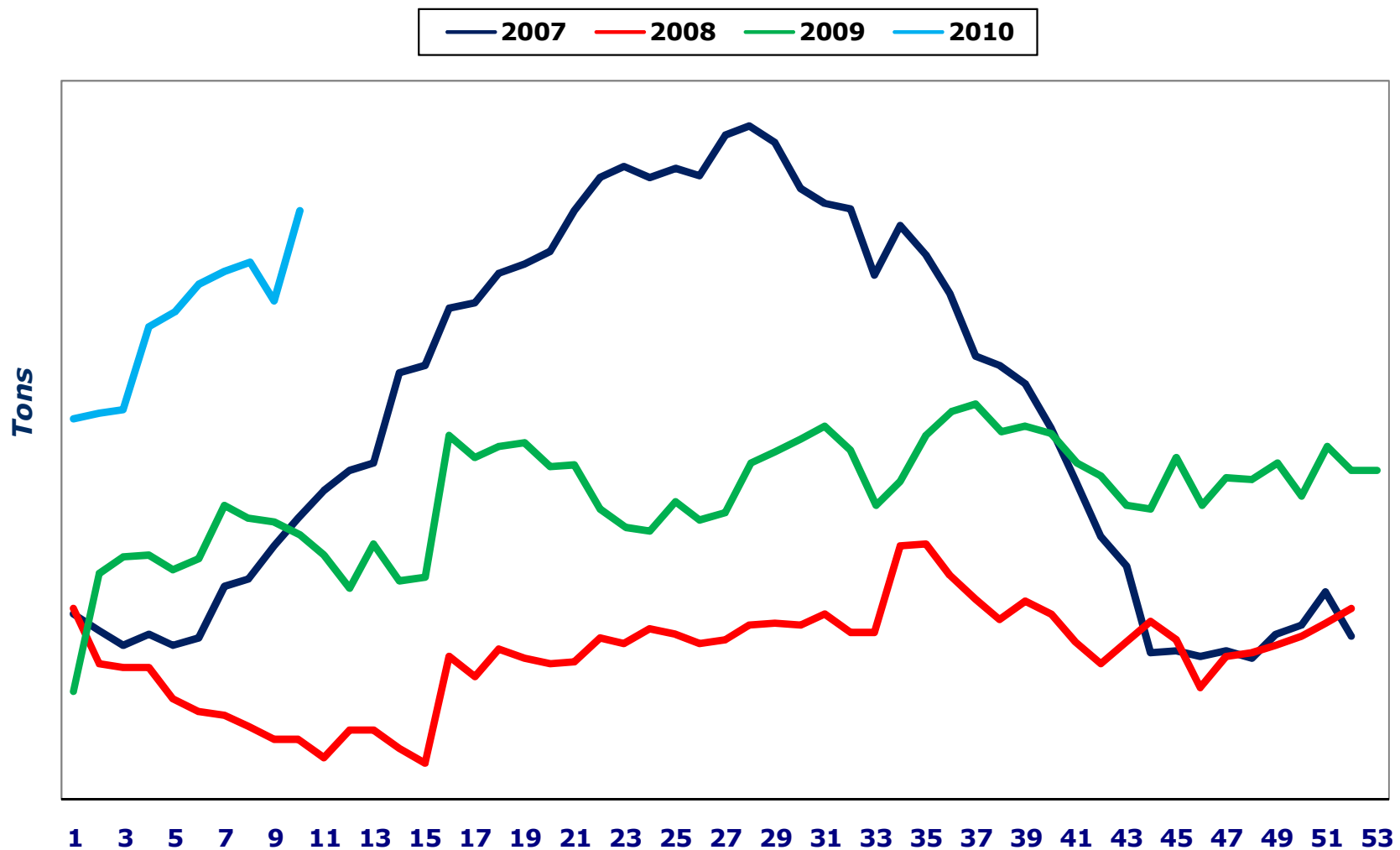
### WLC MARKET DEMAND EVOLUTION



The experienced correlation between WLC consumption and GDP seems to be confirmed. Assuming there will be no major "pipeline effects", 2010 should mark a modest growth.

## Section III – Order Backlog

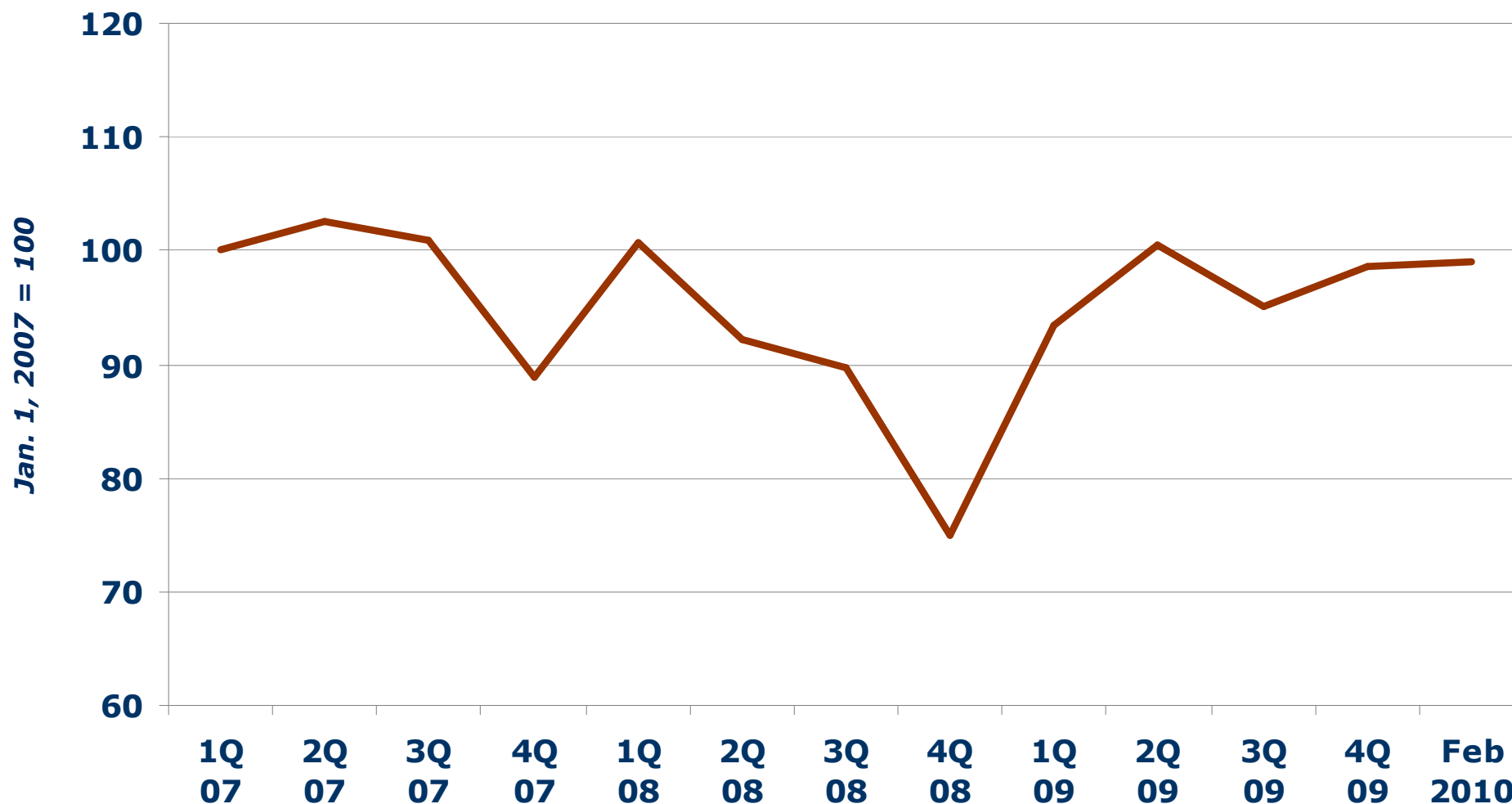
### VOLUMES





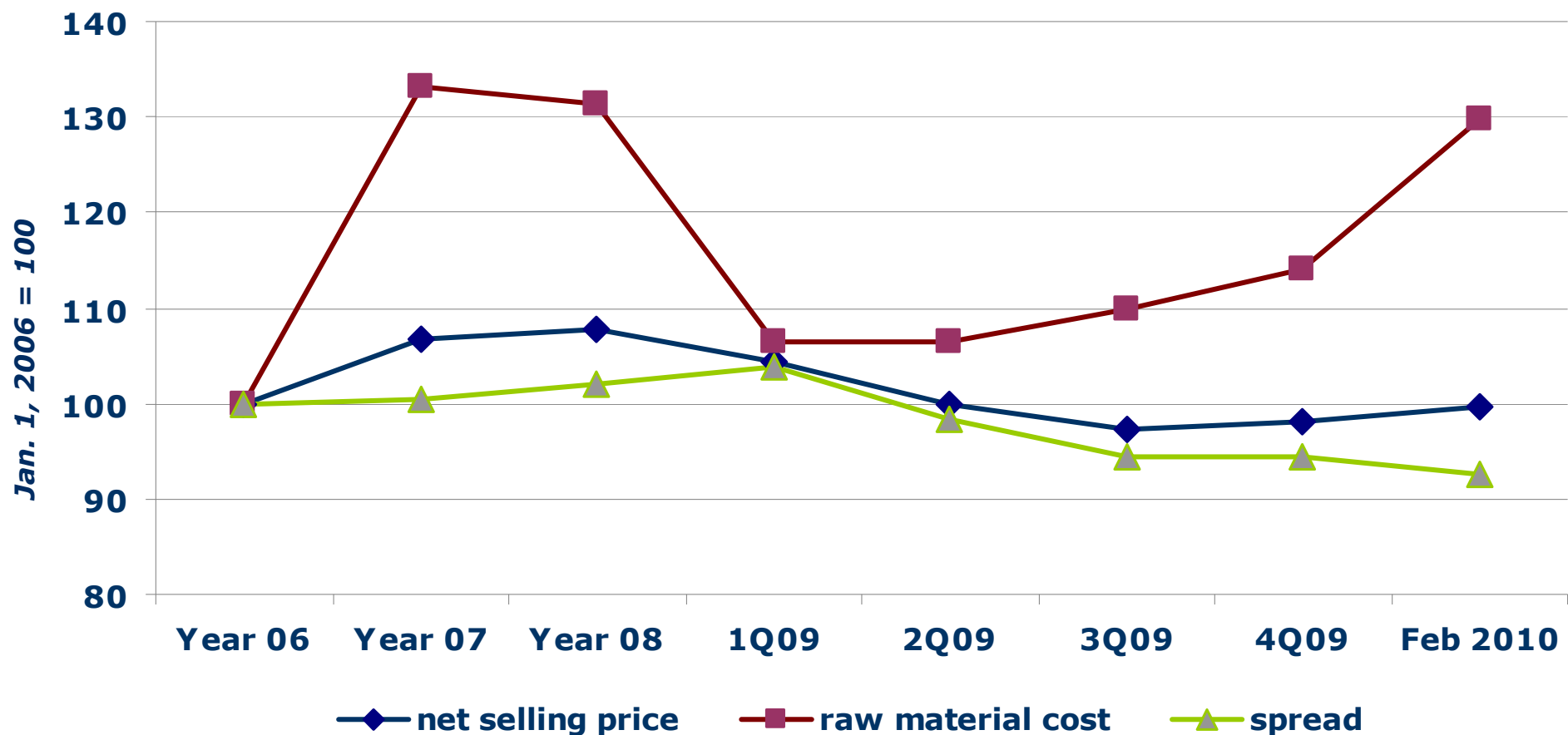
## Section III – Production Efficiency

OPERATING RATE IS IMPROVING THANKS TO INTERNAL ASSETS RATIONALISATION



## Section III - Trend of the spread

A NARROWING SPREAD CAUSED BY GROWING COSTS WILL HELP REDUCE OVERCAPACITY...



## Section III - Reducing overcapacity

**...A TREND THAT STARTED 4 YEARS AGO, AMOUNTING TO 480,000 TONS SO FAR:**

**2006: De Endracht (Holland) closure: 130,000 tons**

**2006: Rio Verde (Spain) closure: 45,000 tons**

**2007: Romani (Spain) closure: 30,000 tons**

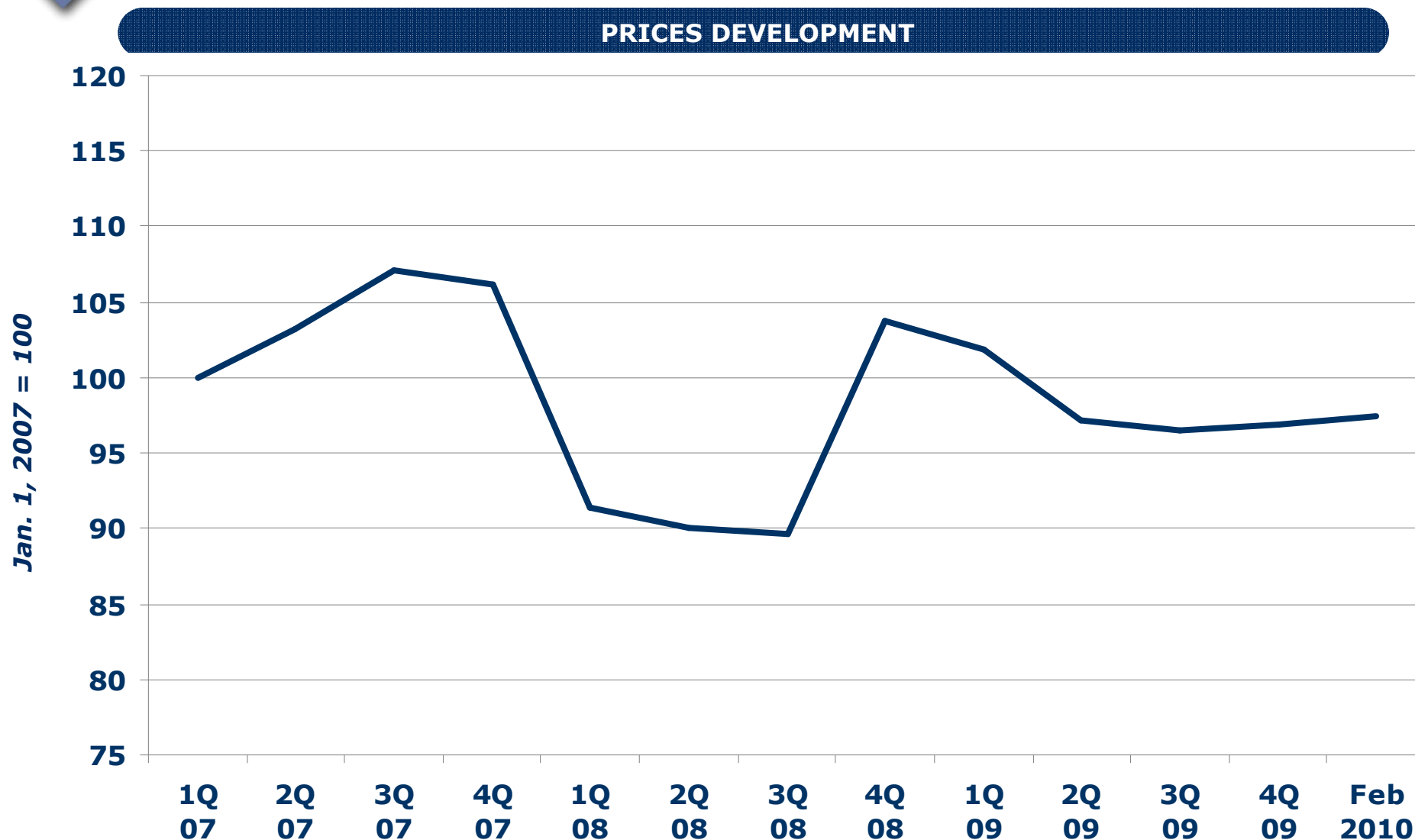
**2007: Nikopol (MAYR MELNHOF - Bulgaria) closure: 80,000 tons**

**2008: Papelera del Centro (Spain) closure: 45,000 tons**

**2009: Blendecques BM5 (RENO DE MEDICI - FR) closure: 60,000 tons**

**2009: Marzabotto (RENO DE MEDICI - ITALY) closure: 90,000 tons**

## Section III – Order Inflow







## Conclusion

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# Conclusion

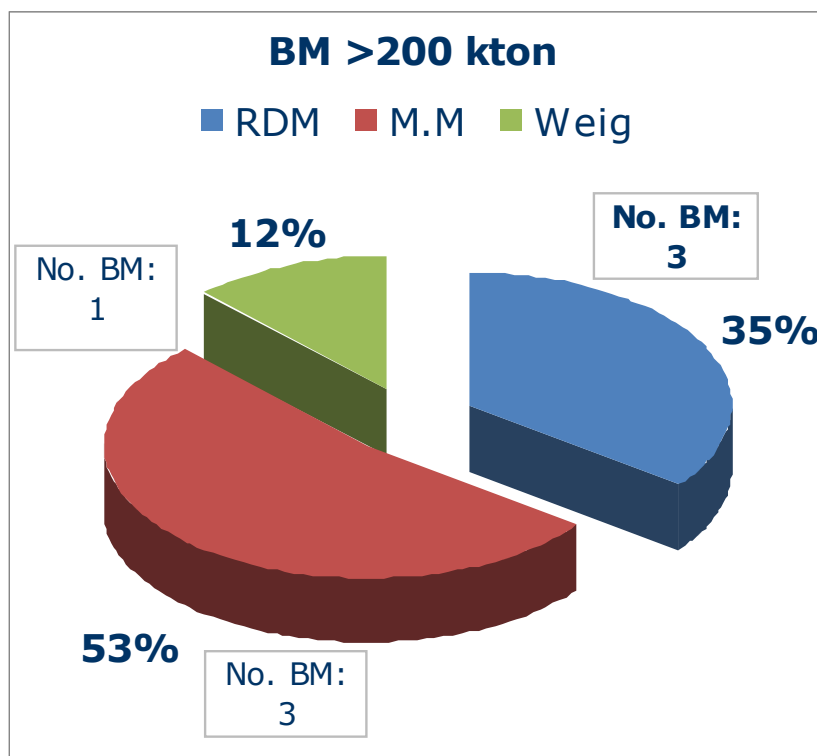
- ✓ Strong asset base and continue capex expenditure to strengthen our best performing mills

- ✓ Improvement of the product portfolio to customer
- ✓ Specialisation by market and by product to offer a wide spectrum of packaging solutions

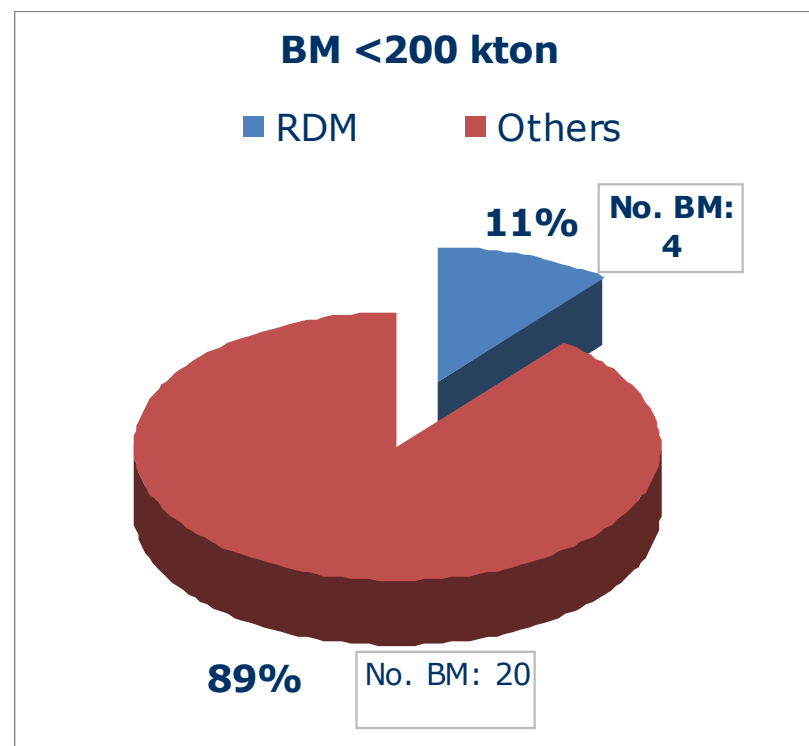
- ✓ R&D to help maximise cross-selling opportunities

# Conclusion

**IN THE CURRENT ENVIRONMENT ONLY THE BEST PERFORMING MACHINES WILL CREATE VALUE**



**Board Machine producing over 200,000 tons and respective production capacity**



**Board Machine producing less than 200,000 tons and respective production capacity**

# Conclusion

## PACKAGING VALUE CHAIN

### PRODUCERS

Recycled  
Fibers



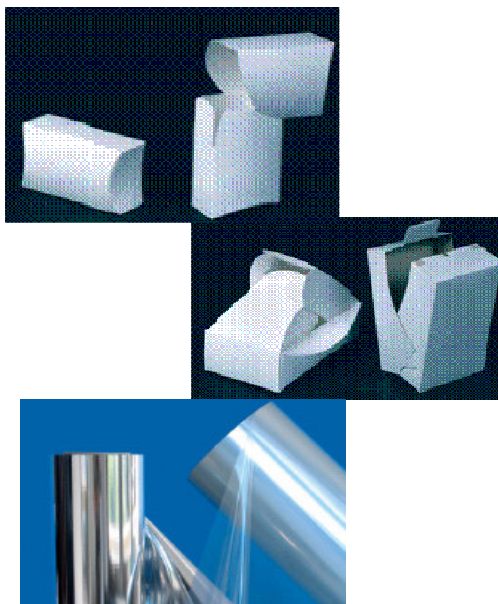
Virgin  
Fibers



Flexible



### CONVERTERS



### END-USERS



**GROWING**

**Growing opportunity to improve products portfolio, better serving end-users**



# Conclusion

## VALUATION MULTIPLES

| <u>"Market value"</u> |     | <u>"Book value"</u> |              |     |           |
|-----------------------|-----|---------------------|--------------|-----|-----------|
| Market Cap.           | 78  | 257                 | Fixed Assets | 28  | Lands     |
| N.F.P.                | 131 | 70                  | N.W.C        | 45  | Buildings |
|                       | 209 | 327                 |              | 184 | Machinery |
|                       |     |                     |              |     |           |
|                       |     |                     |              |     |           |

Diagram showing the calculation of a target valuation multiple:

Market value components (209) and Book value components (327) are compared to a target value of **~ 118**.

Increase profitability will come from:

- ✓ adjust supply to demand
- ✓ reduce fixed costs
- ✓ Increase selling prices

**which should lead to better valuation**

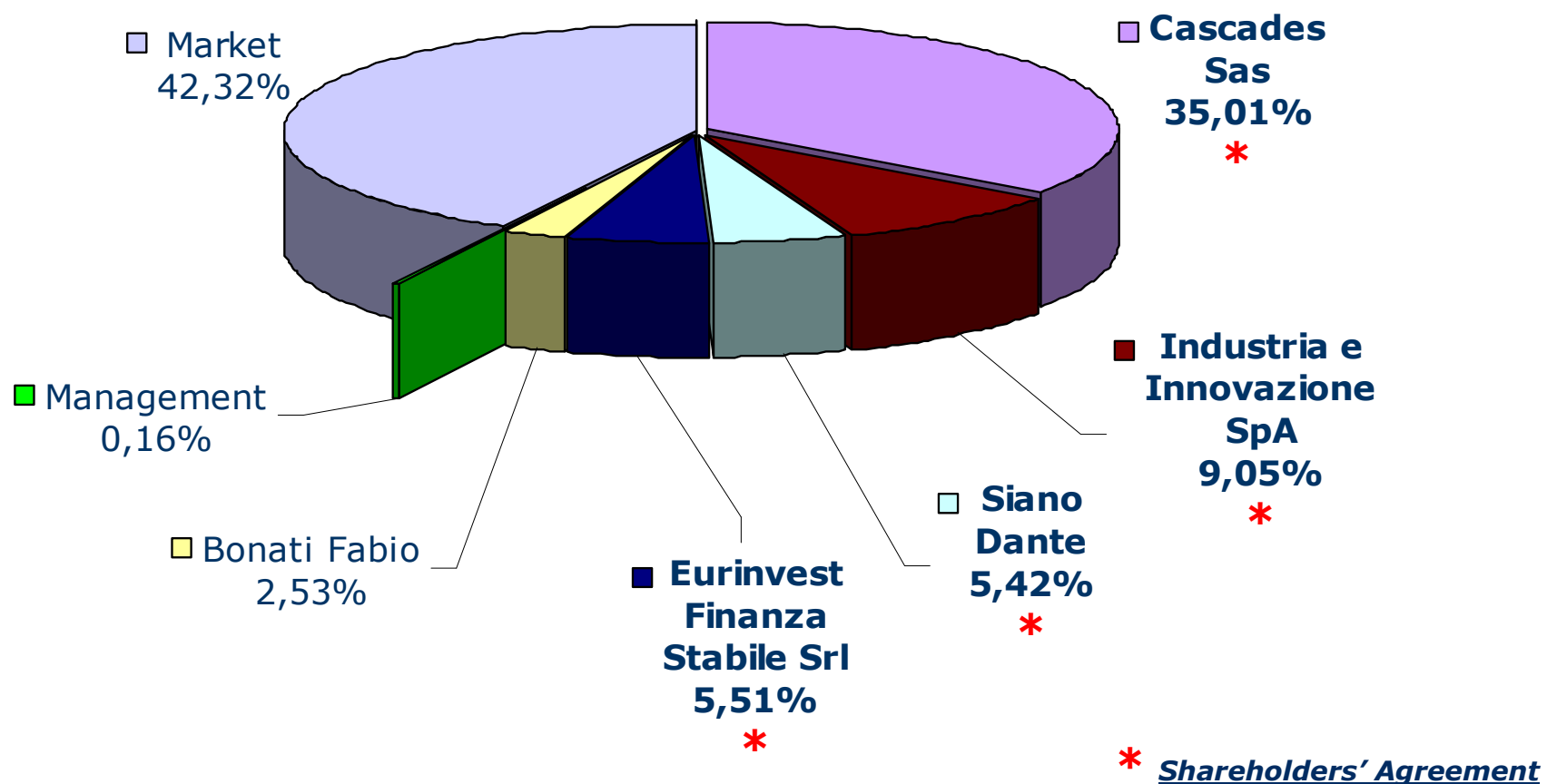


## Appendices

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# Appendices – Shareholders



# Appendices – Corporate Governance

## BOARD OF DIRECTORS

|                    |                   |
|--------------------|-------------------|
| Christian Dubé     | Chairman          |
| Giuseppe Garofano  | Deputy Chairman   |
| Ignazio Capuano    | Managing Director |
| Riccardo Ciardullo | Director          |
| Sergio Garribba    | Director          |
| Robert Hall        | Director          |
| Laurent Lemaire    | Director          |
| Mirko Leo          | Director          |
| Vincenzo Nicastro  | Director          |
| Carlo Peretti      | Director          |
| Emanuele Rossini   | Director          |

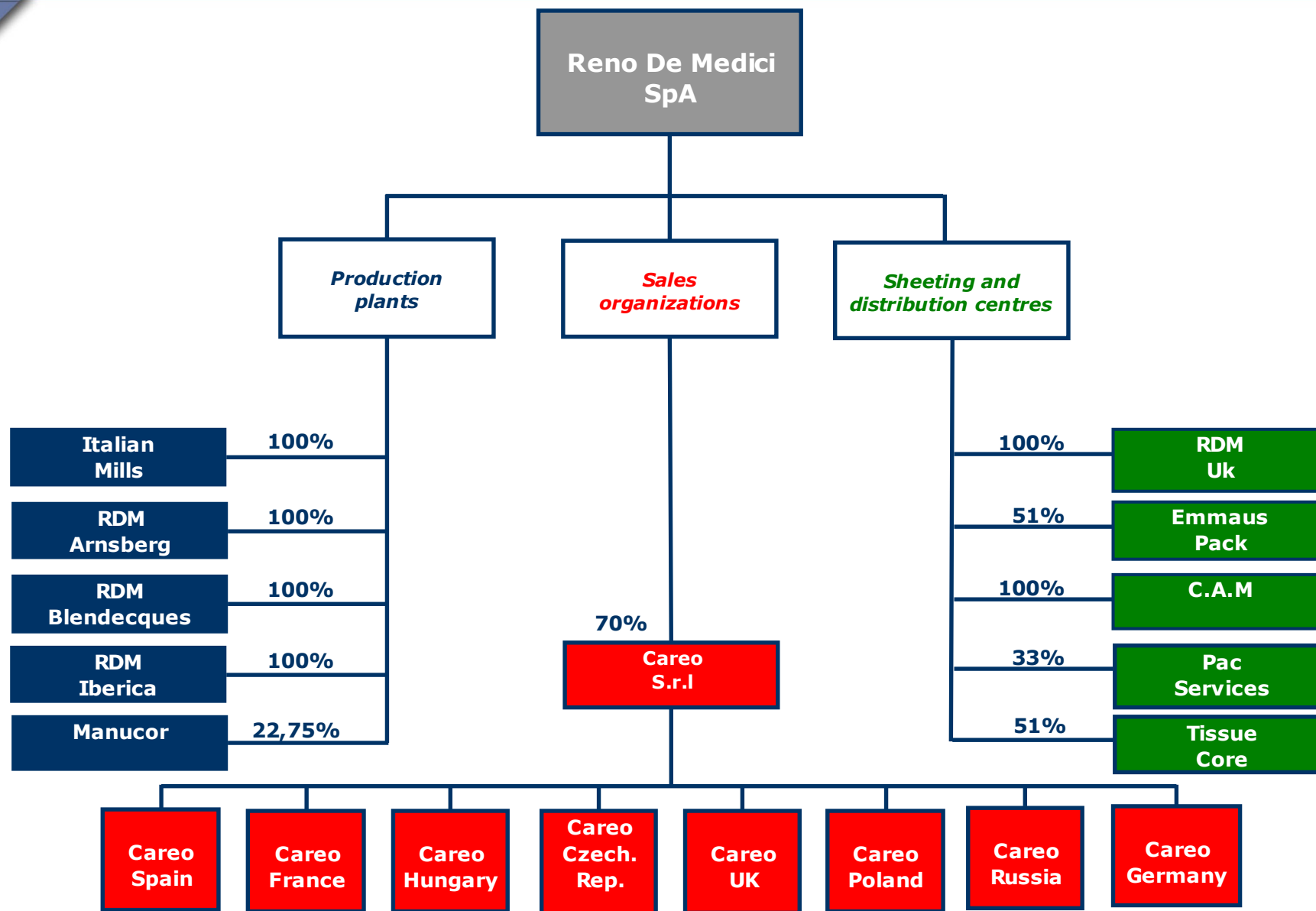
## BOARD OF STATUTORY AUDITORS

|                      |                  |
|----------------------|------------------|
| Sergio Pivato        | Chairman         |
| Giovanni Maria Conti | Standing auditor |
| Carlo Tavormina      | Standing auditor |

## INDEPENDENT AUDITORS

|                              |
|------------------------------|
| PricewaterhouseCoopers S.p.A |
|------------------------------|

# Appendices – Group's structure







**For more information:**  
**[www.renodemedici.it](http://www.renodemedici.it)**

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