

# RenoDeMedici

RdM

GROUP

**Star Conference 2009**

*London, 8<sup>th</sup> October, 2009*





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**Christian Dubé**

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*Chairman*

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**Ignazio Capuano**

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*Chief Executive Officer*

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**Stefano Moccagatta**

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*Chief Financial Officer*

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**Guido Vigorelli**

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*Investor Relations Officer*

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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 - Company 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 – Who is Reno De Medici?

- The leading Italian and second-ranked European producer of recycled cartonboard.
- Reno De Medici's packaging and binding products meet most end uses.
- Emphasis on quality and service by focusing on additional technical customer service and product innovation.
- A pioneer of sustainable development:
  - Core activity is 100% sustainable.
  - Energy savings are our day to day issue.
  - Water is managed and offered back to environment.



# Section I – Transforming into an European Player

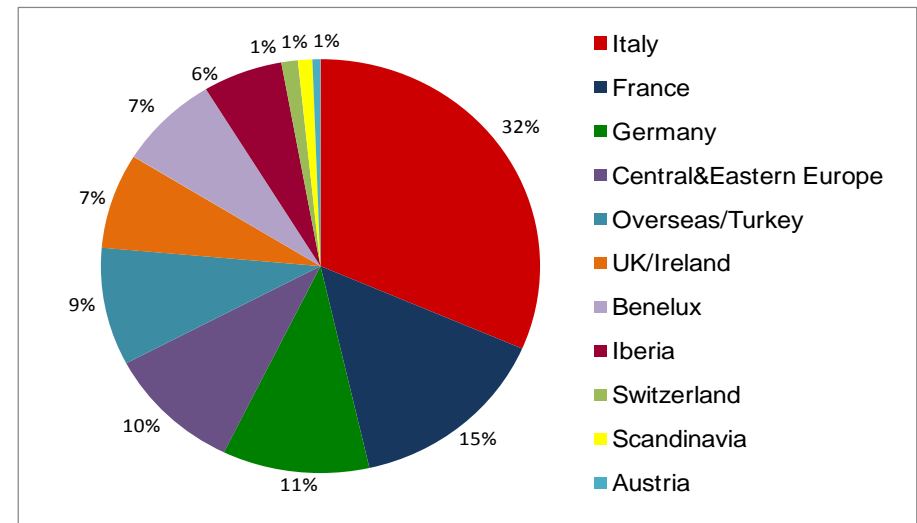


*Past*



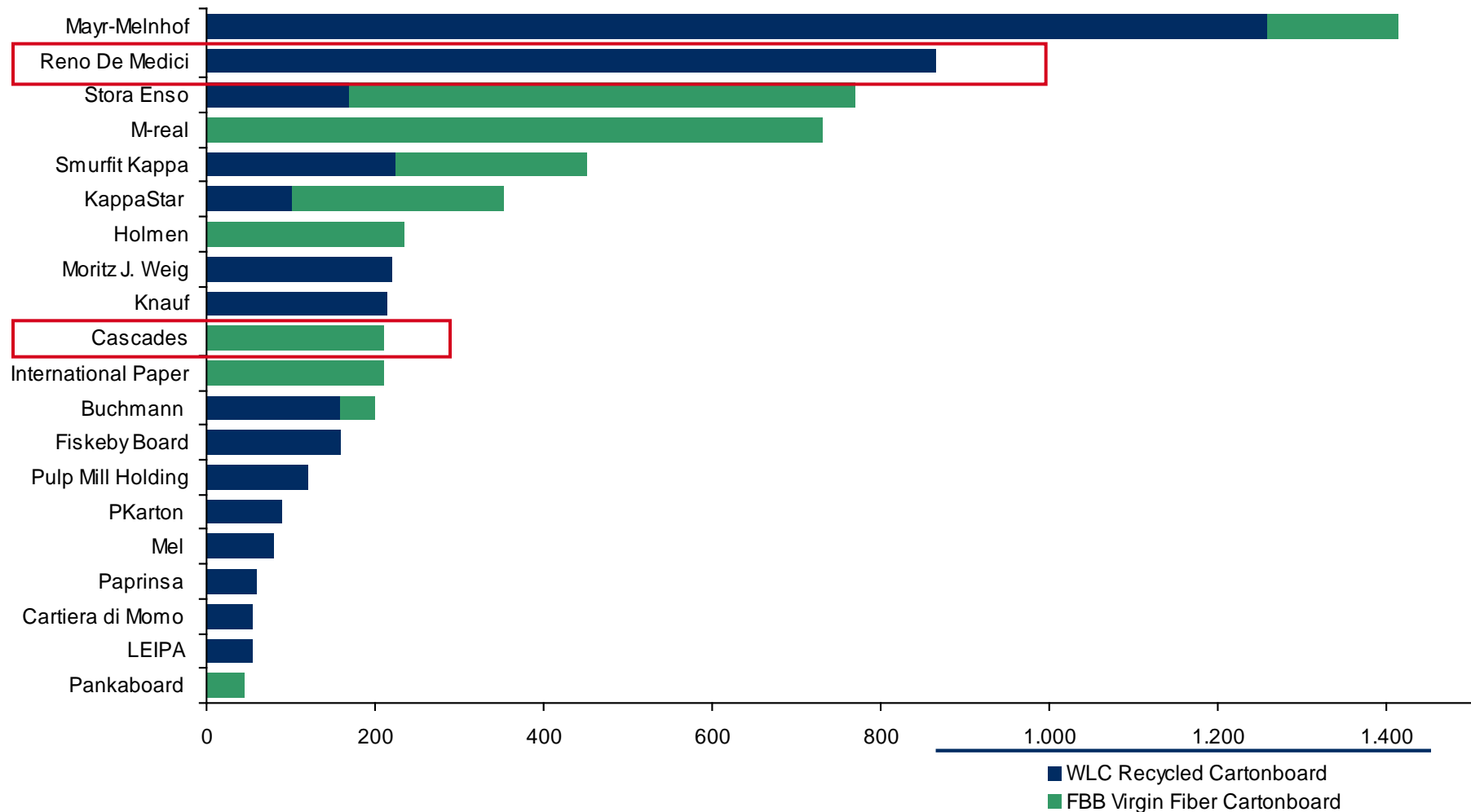
*Present*

- Merger by incorporation of the European recycled cartonboard business of the Canadian group **Cascades**.
- Creation of **CAREO**, a commercial joint-venture to support the sale of all kind of cartonboard from virgin to recycled fibres worldwide:



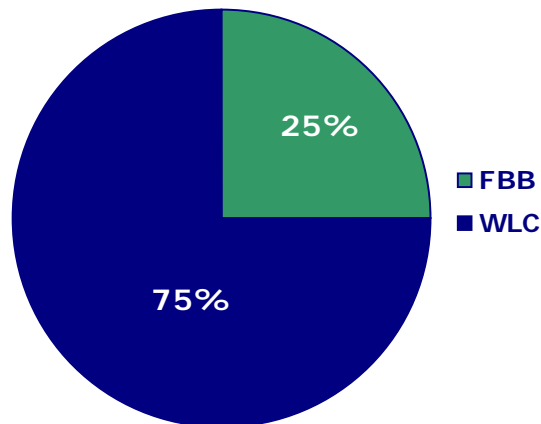
# Section I – Pan-European Market Presence

## RANKING BY CAPACITY (tons/thousands)





# Section I – Production & Sales



is marketing:

**Recycled  
Cartonboard  
(WLC)**

**Virgin Fiber  
Cartonboard  
(FBB)**

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## Section II - Market Environment

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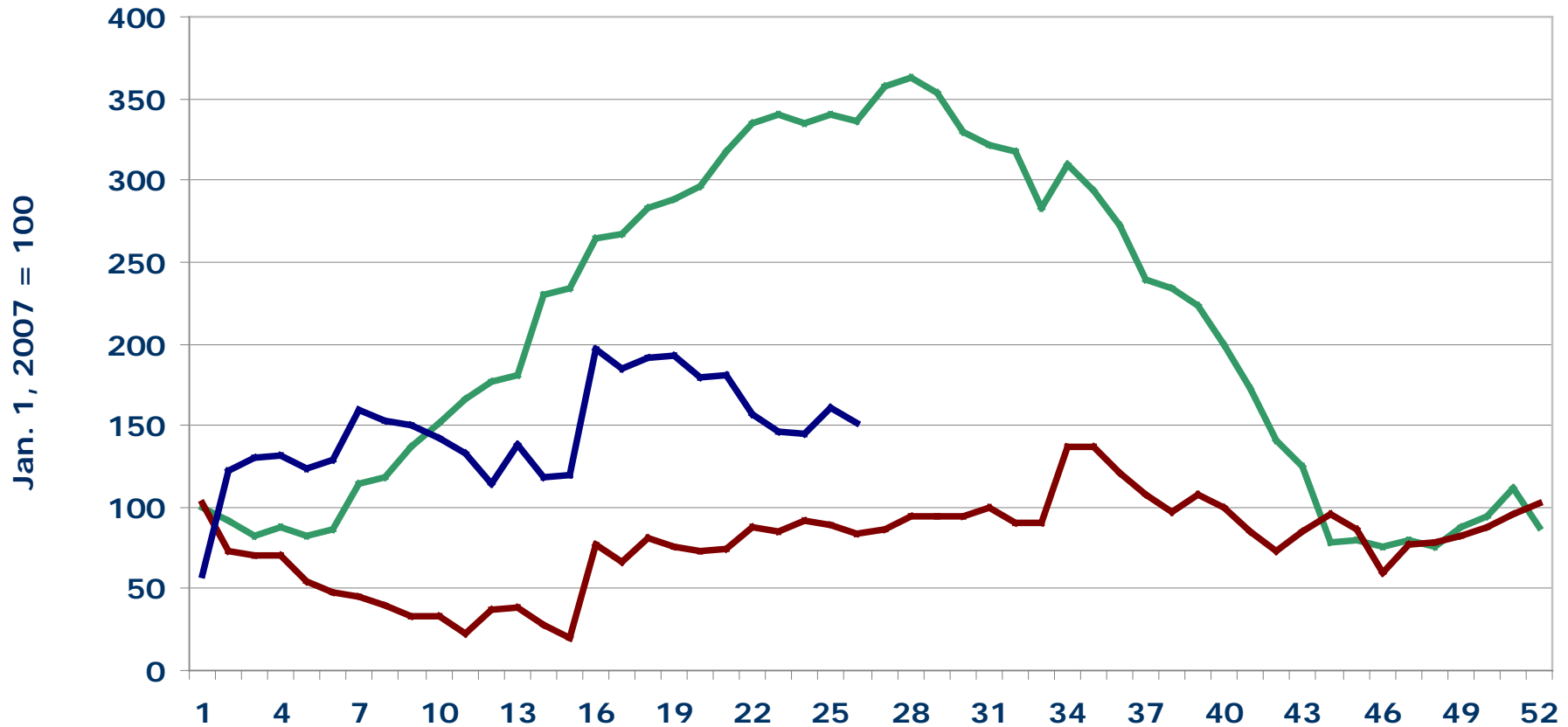




## Section II – Order Backlog

### VOLUMES

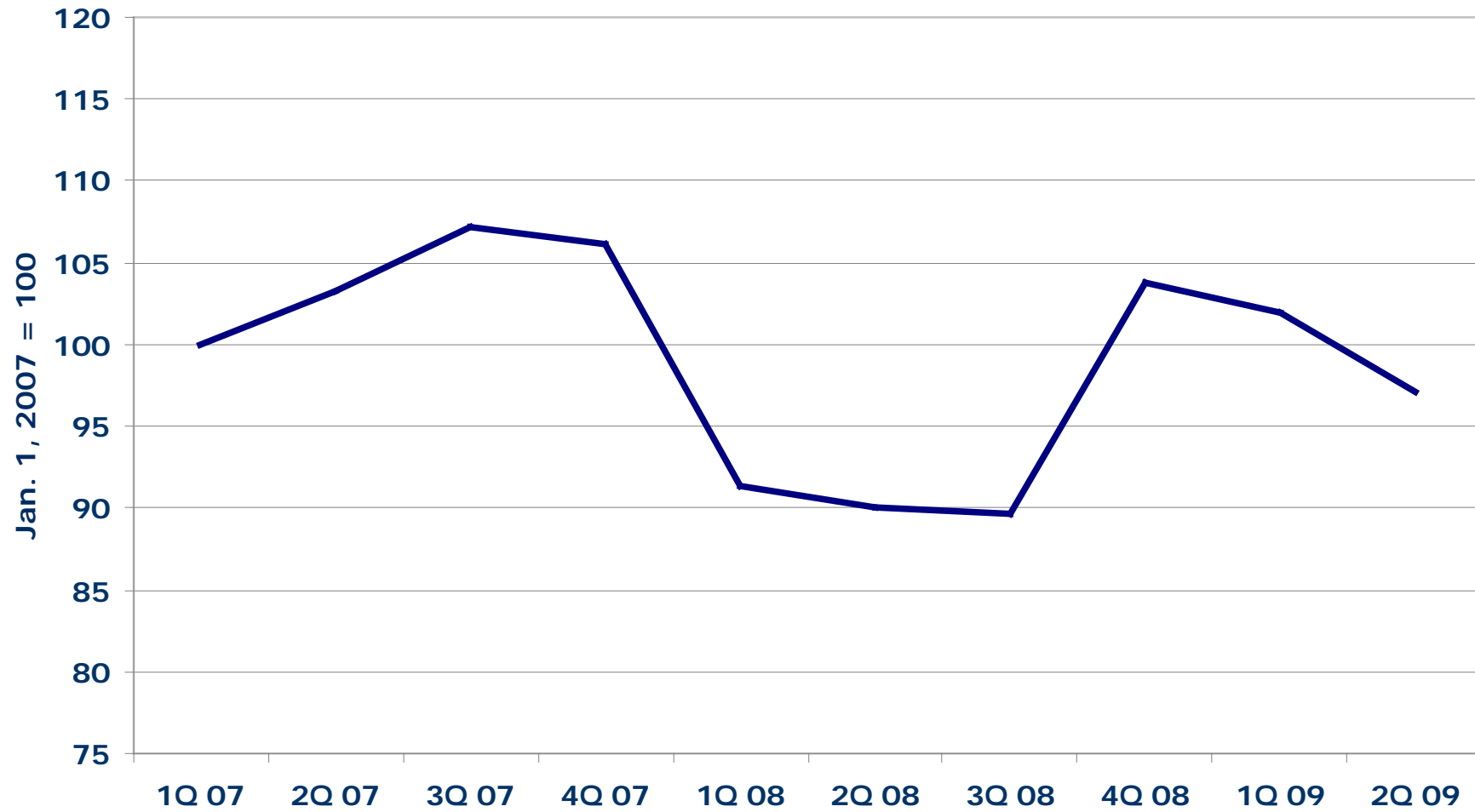
— 2007 — 2008 — 2009





## Section II – Order Inflow

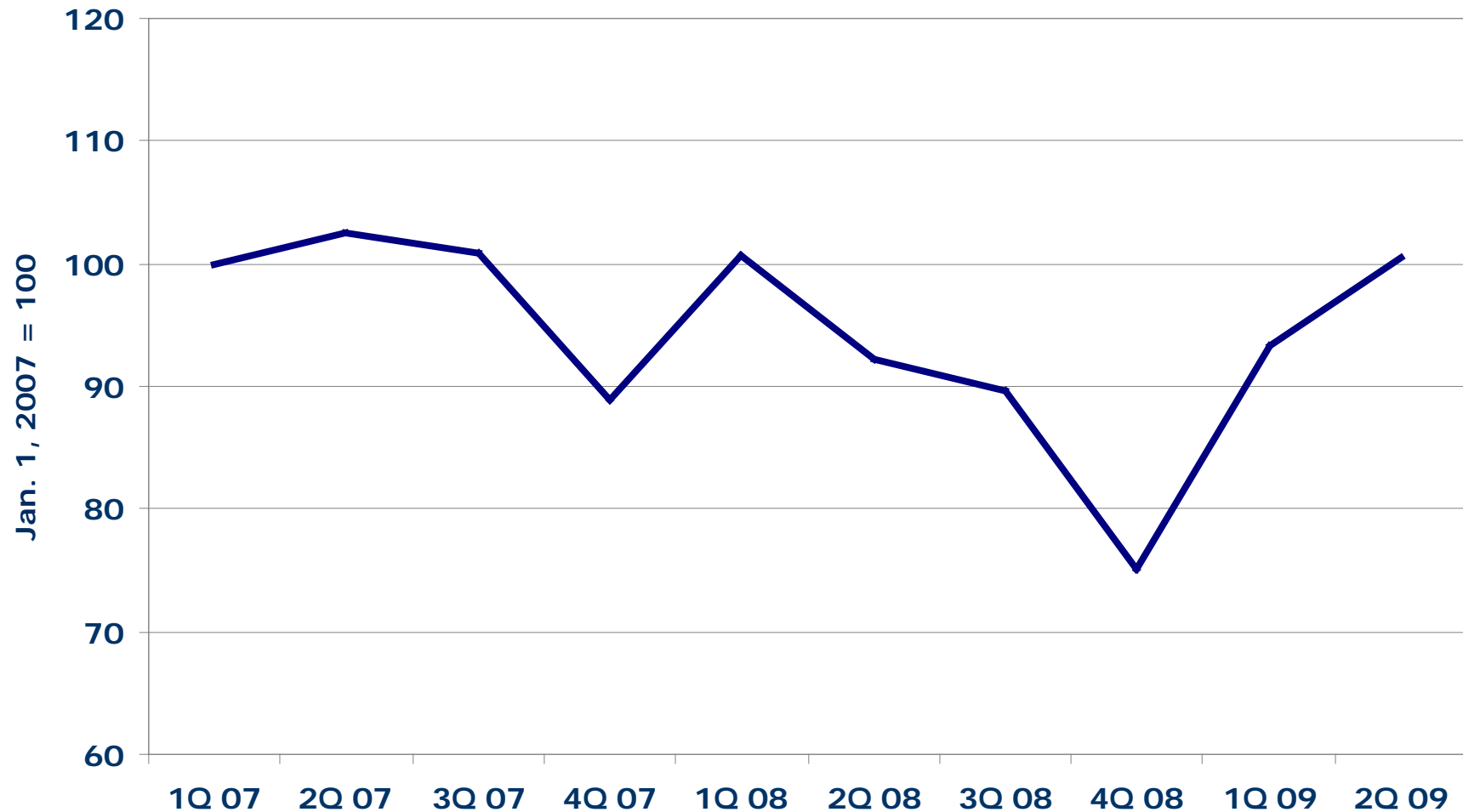
### PRICES





## Section II – Production Efficiency

### OPERATING RATE





## Section III - 2009 Highlights

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## Section III – 2009 Highlights

- ❑ Against a tough market environment, profitability has improved thanks to the integration of the Cascades business, a favourable cost level (energy and fibers) and the Group operational restructuring.
- ❑ The company has gone through a financial restructuring to rebalance its debt profile.
- ❑ A new business opportunity: the acquisition of a minority stake in Manucor.



## Section III – Financial restructuring

**RDM restructured two long-term lines of credit signed in 2006:**

✓ **finance additional investments** for the restructuration of the production facilities (approximately Euro 15 million in 2010 and 2011).

✓ maintain the current sound **balance** between **short-term and long-term** financings.

✓ **redefine the financial parameters** (covenants) set for RDM, as provided by the Loan Agreements signed in 2006.

### RESULTS

The **reimbursement** of the two major lines of credit was rescheduled, providing a **two-year grace period** while maintaining the original 2016 expiry date.

The **waiver** to the December 2008 and June 2009 financial covenants has been obtained, and a new set of financial parameters has been defined.

within the new financial agreement, the **put and call options** for the acquisition of two virgin-fiber mills from Cascades have been postponed to **2013**.



## Section III – The acquisition of a stake in Manucor



- In July 2009, Reno De Medici announced the acquisition of a minority stake in Manucor, the leading Italian plastic film producer.
- The closing is expected to take place by year-end.
- The investment will amount to 4,5 million euro for a 22,75% share of the capital.



**RENO DE MEDICI**



**MANUCOR**

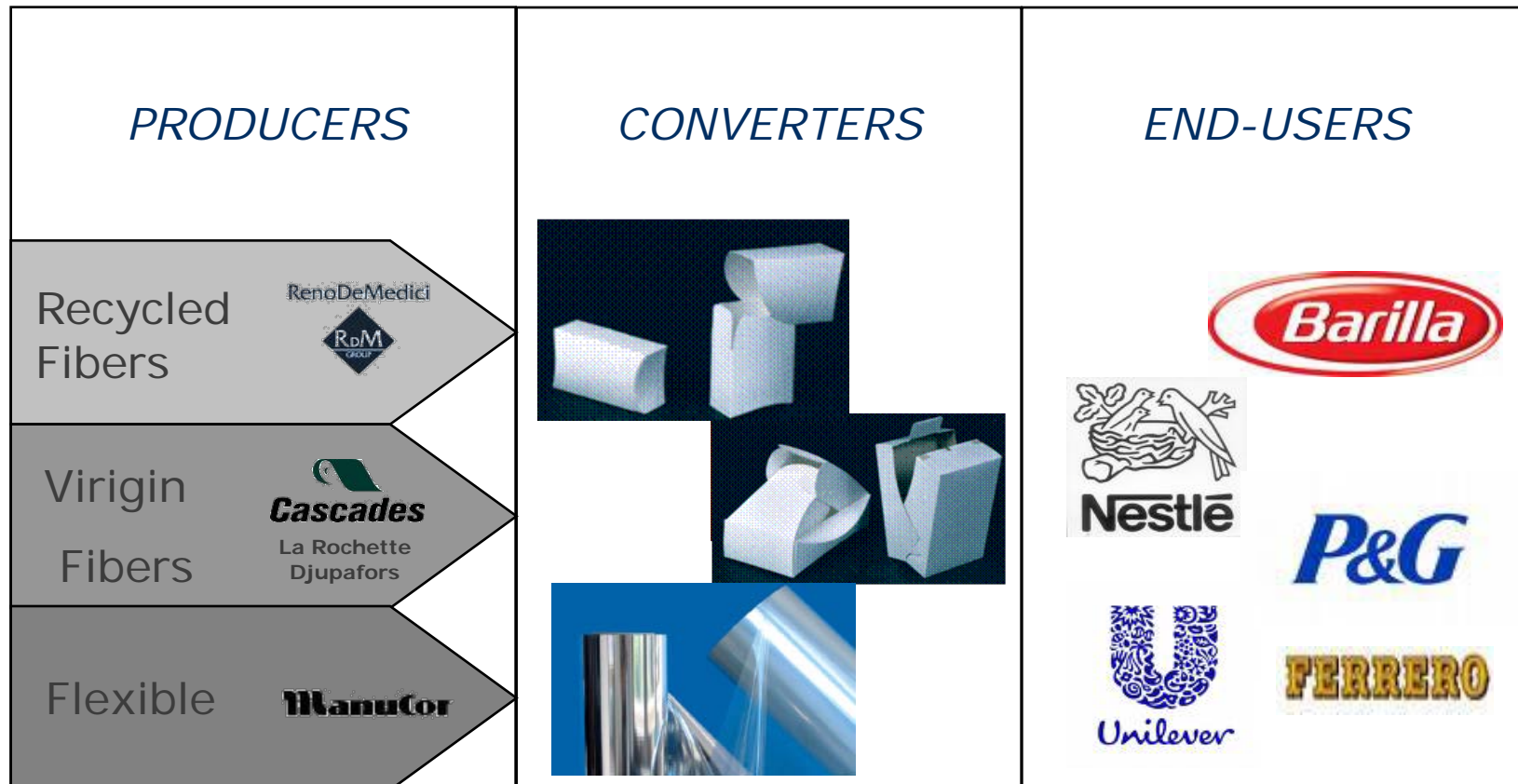
**Creation of commercial synergies through cross-selling opportunities**



# Section III – The acquisition of a stake in Manucor

## PACKAGING VALUE CHAIN

GROWING



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



## Section IV - 1H 09 Results

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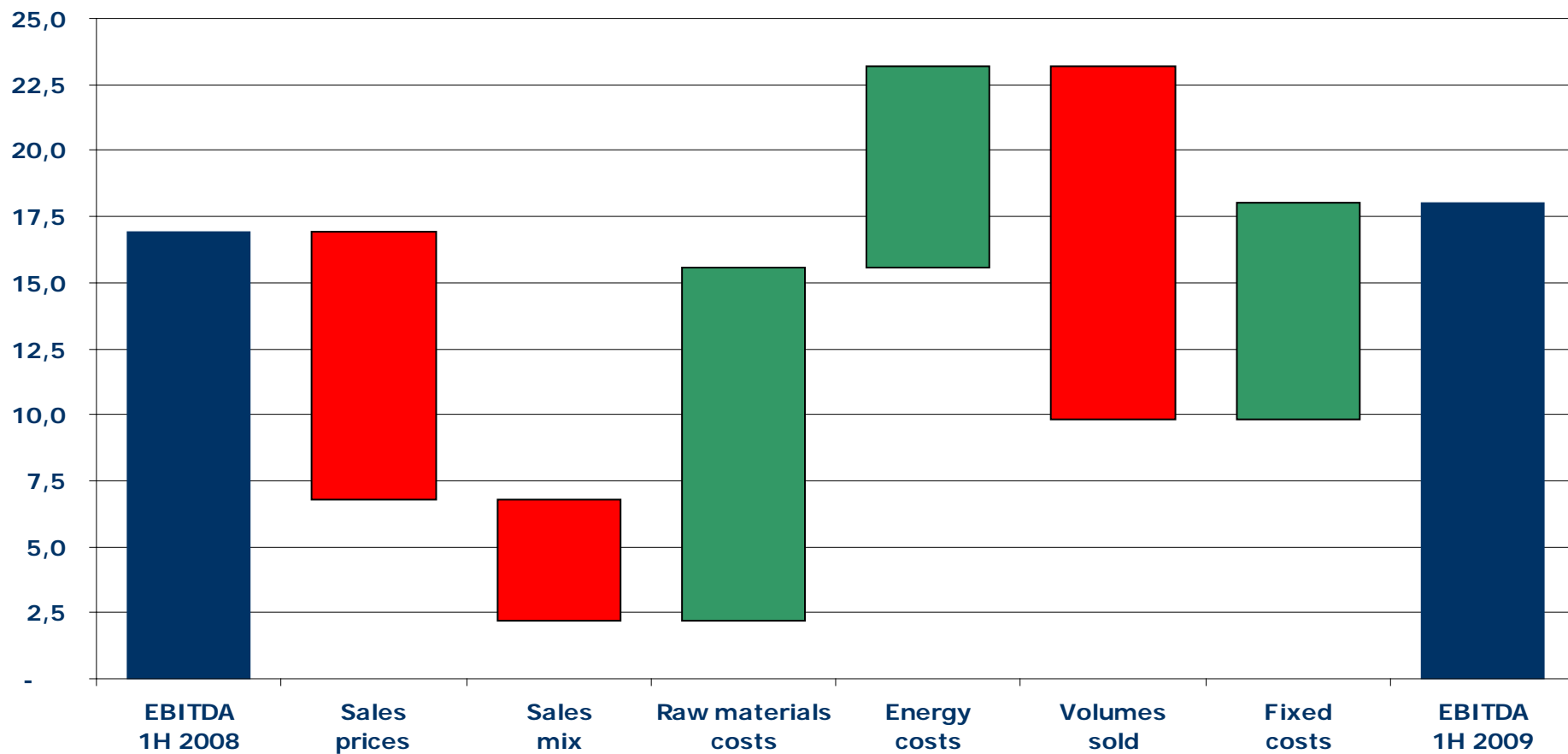
# Section IV – Profit & Loss

<i>(Euro/millions)</i>	1H 09	1H 08	FY 2008
<b>Revenues from sales</b>	<b>214,1</b>	<b>239,8</b>	<b>455,0</b>
<b>EBITDA adj</b> <i>before badwill and non recurrent items</i>	<b>18,0</b>	<b>16,9</b>	<b>18,8</b>
<i>% EBITDA margin adj</i>	<i>8,4%</i>	<i>7,1%</i>	<i>4,1%</i>
<i>Badwill (*)</i>		21,2	21,2
<b>EBITDA</b>	<b>18,0</b>	<b>38,1</b>	<b>40,0</b>
<i>% EBITDA margin</i>	<i>8,4%</i>	<i>15,9%</i>	<i>8,8%</i>
Depreciation, amortisation and write downs	(13,3)	(11,0)	(25,7)
Financial charges	(4,4)	(7,3)	(11,7)
Discontinued operations	0,0	0,0	(6,8)
<b>EBT</b>	<b>0,4</b>	<b>19,8</b>	<b>(4,1)</b>
Taxation	(1,1)	(2,5)	(2,1)
<b>Result for the period</b>	<b>(0,7)</b>	<b>17,3</b>	<b>(6,2)</b>
<b>Tons sold</b> <i>(tons/thousands)</i>	<b>429</b>	<b>454</b>	<b>889</b>

(\*) 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.

## Section IV – EBITDA bridge (Adjusted)

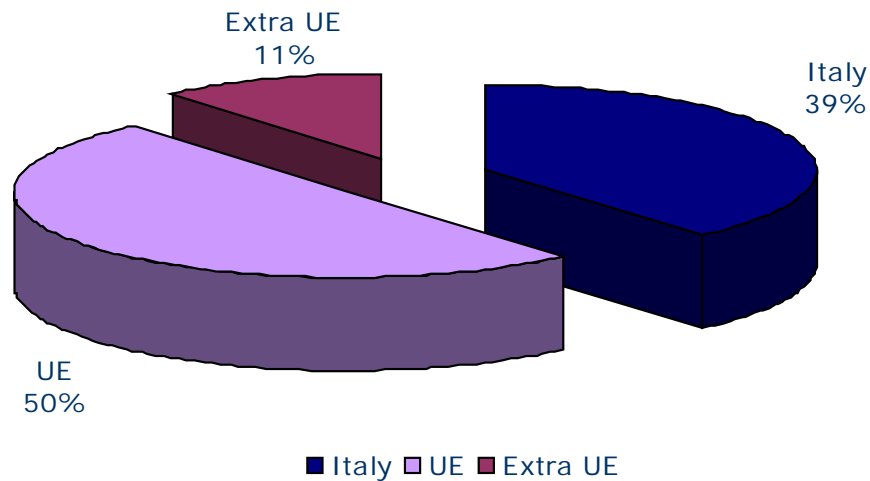
### YoY WATERFALL



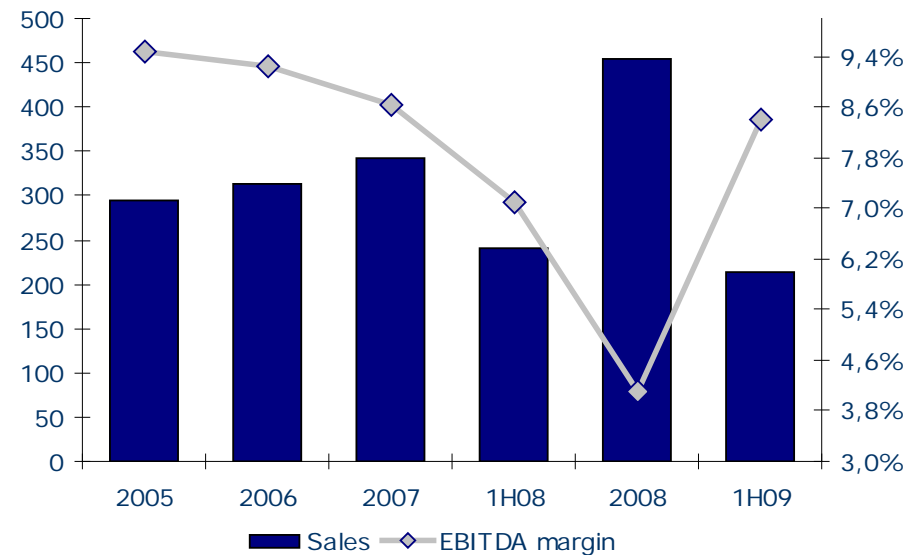


## Section IV – Sales overview

Sales by geographic area – 1H09



Sales – EBITDA margin



Note: 1H08 and FY2008 EBITDA margin are adjusted, before badwill and non-recurrent items.



## Section IV – Balance Sheet

<i>(Euro/millions)</i>	<b>1H 09</b>	<b>FY 2008</b>
Trade receivables	118,3	114,7
Stocks	77,0	82,1
Trade payables	(97,5)	(108,8)
<b>Total working capital</b>	<b>97,9</b>	<b>88,0</b>
Other assets	4,3	6,3
Other liabilities	(14,0)	(13,3)
Non-current assets	268,8	274,4
Non-current liabilities	(33,6)	(37,4)
Employees' leaving entitlement and other provisions	(27,5)	(28,2)
<b>Net capital invested</b>	<b>295,9</b>	<b>289,7</b>
Net financial position	(135,7)	(128,5)
Shareholders' funds	160,2	161,2
<b>Total sources</b>	<b>295,9</b>	<b>289,7</b>



## Section IV – Net Financial Position

<b>(Euro/millions)</b>	<b>1H 09</b>	<b>FY 2008</b>	<b>FY 2007</b>
Cash and cash equivalents and short-term financial receivables	3,4	6,0	8,4
<i>Short-term financial payables (*)</i>	(120,7)	(113,6)	(53,2)
Valuation of current portion of derivatives	(1,0)	(0,1)	331,0
<b>Short-term financial position</b>	<b>(118,3)</b>	<b>(107,7)</b>	<b>(44,5)</b>
<i>Medium-term financial payables (*)</i>	(16,4)	(19,9)	(70,0)
Valuation of non-current portion of derivatives	(0,9)	(0,9)	0,4
<b>Net financial position</b>	<b>(135,7)</b>	<b>(128,5)</b>	<b>(114,1)</b>

(\*) In the 1H09 and 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.



## Conclusion

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# Conclusion – Why invest?

## UPSIDE IN THE SHARE PRICE MID TO LONG-TERM DUE TO:





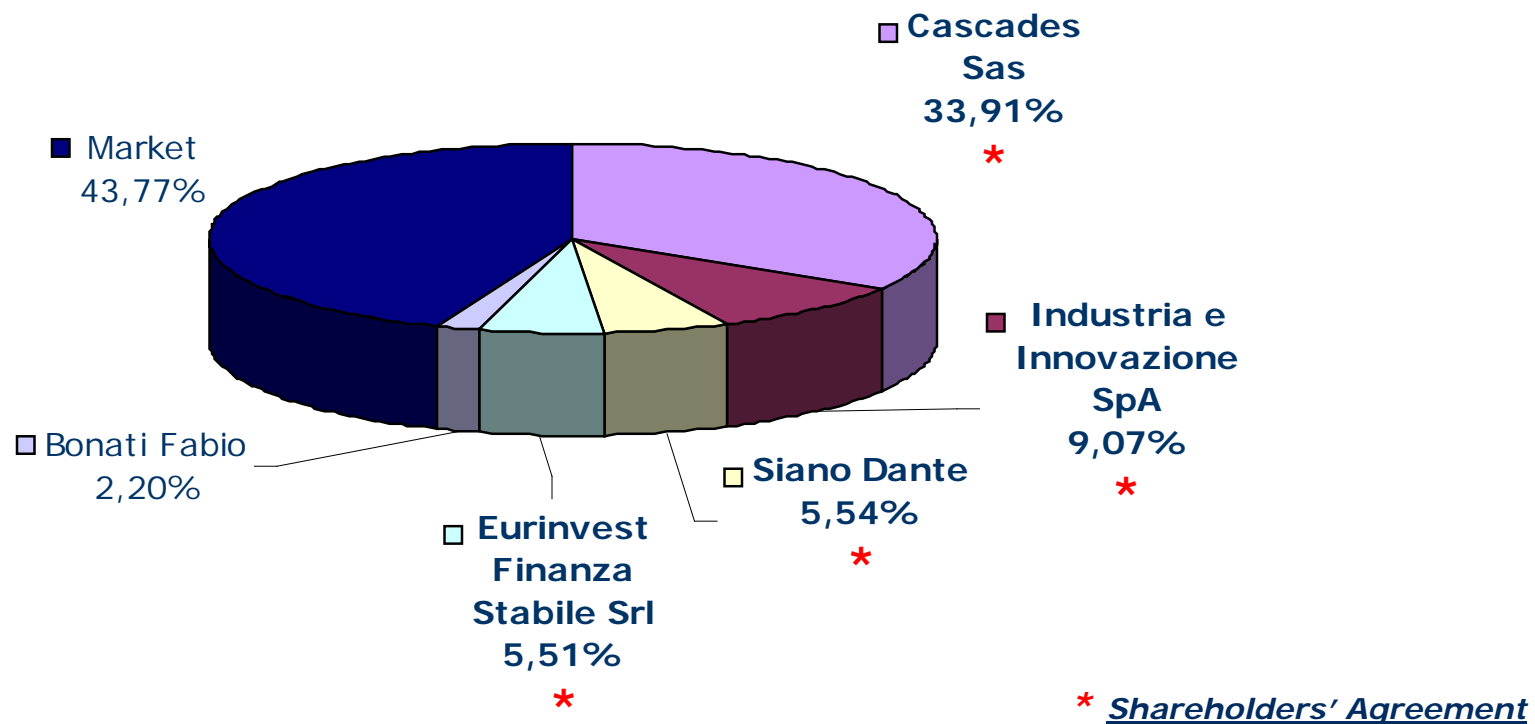
## Appendices

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# Appendices – Shareholders



On October 16, 2009, the Shareholders meeting will approve long term incentive plans for management and employees in order to align their interest with the one of 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

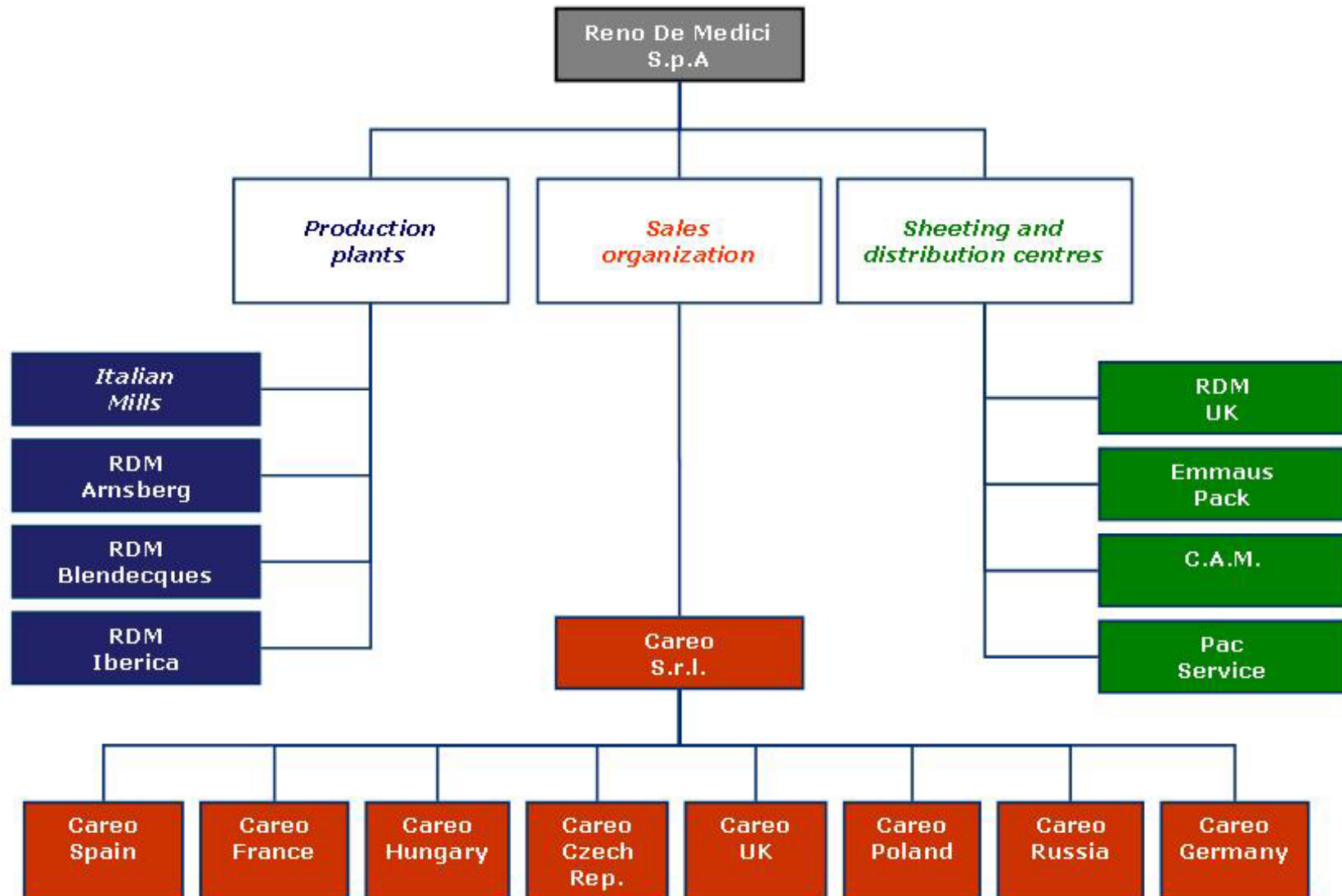
Sergio Pivato	Chairman
Giovanni Maria Conti	Standing auditor
Carlo Tavormina	Standing auditor

## INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A
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# Appendices – Group's Organization





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

**Guido Vigorelli – [investor.relations@renodemedici.it](mailto:investor.relations@renodemedici.it)**

**Laurence Duretz – [investorelations@imagebuilding.it](mailto:investorelations@imagebuilding.it)**

**RenoDeMedici**

