

# RenoDeMedici

## RdM

### GROUP

**Star Conference 2010**

*London, October 7 2010*





**Christian Dubé**

*Chairman*

**Ignazio Capuano**

*Chief Executive Officer*

**Stefano Moccagatta**

*Chief Financial Officer*

**Guido Vigorelli**

*Investor Relations Officer*

*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.*



# Contents

- Overview
- Key 1H2010 financial results
- Market environment
- Outlook
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## Overview

RenoDeMedici



# Reno De Medici in pills

Our  
business

## ■ Market leadership:

- Leading Italian and second-ranked European producer of recycled cartonboard.

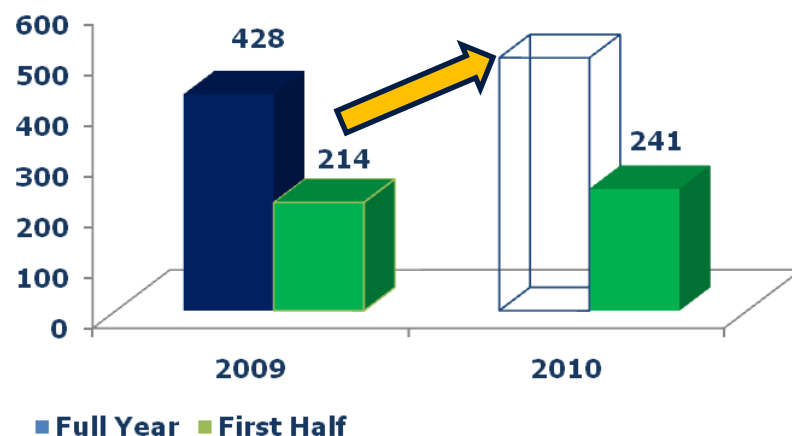
## ■ Production capacity:

- Reno De Medici's production capacity is spread among several mills in Italy, Spain, France and Germany.

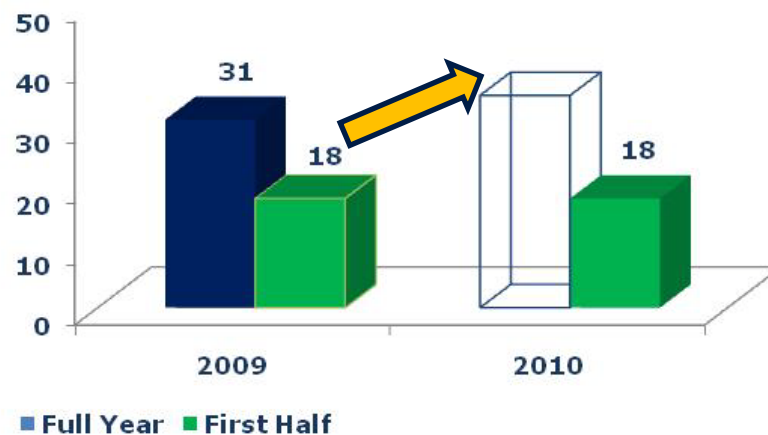
## ■ Product range:

- The different types of cartonboard that Reno De Medici produces target all packaging and graphic applications.
- Reno De Medici's products are offered through different brands to meet the customers' requirements and to achieve a widespread presence in Italy, as well as abroad.

Revenues from sales €ml



EBITDA €ml



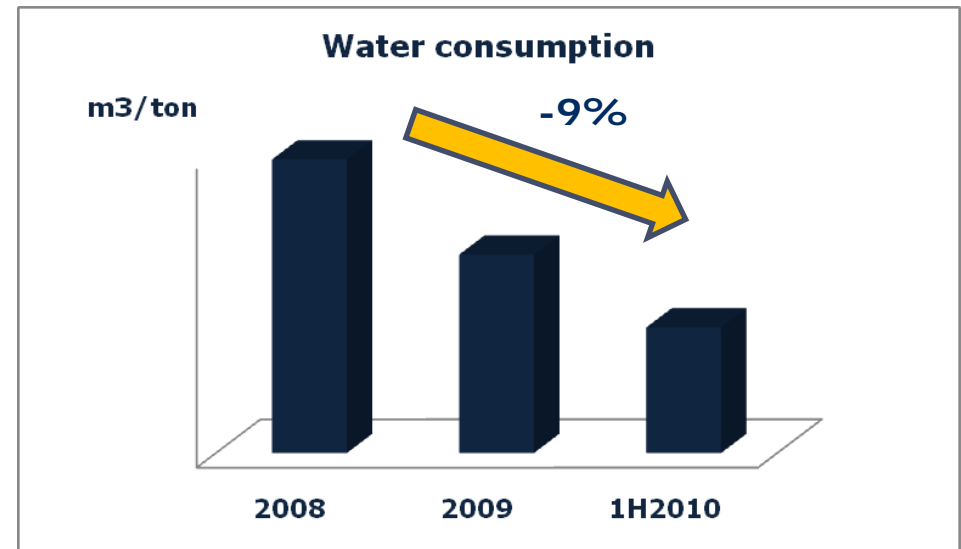
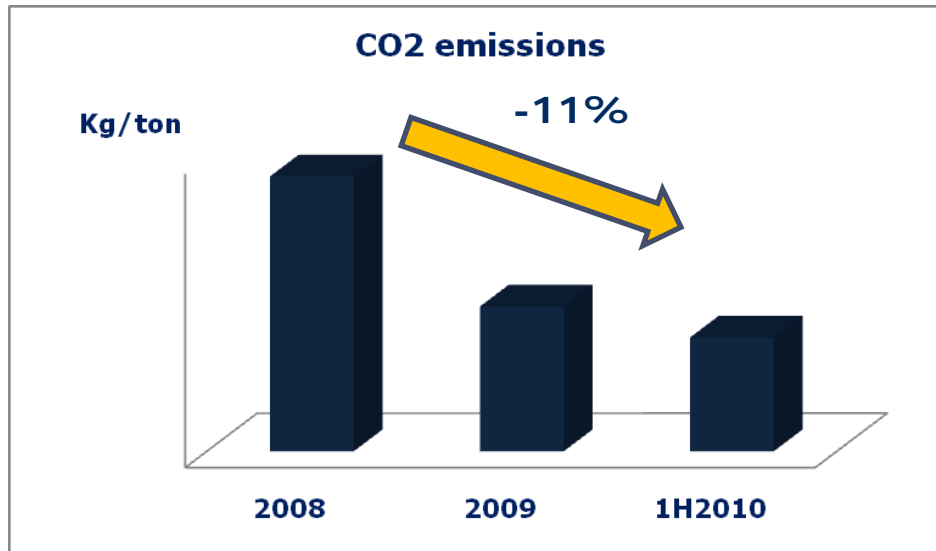
\*EBITDA includes non recurring revenues from asset disposals.



# Pioneer of recycling and sustainable development

## ■ Recycling and low environmental impact are core values for RDM:

- 95% of fibers input come from recycled fibers.
- Continuous reduction in energy consumption, CO2 emissions and water used per metric ton of paper.



# Proactively adjusting asset base

1996

- **1996: Reno de Medici** is listed on the Milan stock exchange.

1998

- **1997: Reno de Medici** and **Saffa** merge.

- **1998: Reno De Medici** merged with **Sarrio'**, becoming Europe's second largest producer of recycled cartonboard.

2001

- **1999: Europoligrafico**, resulting from the merger of **Grafiche Capretta** with **Bianchi Saffapack**, becomes the Italy's leading converter firm.

- **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 listing of RDM Realty.**

2008

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

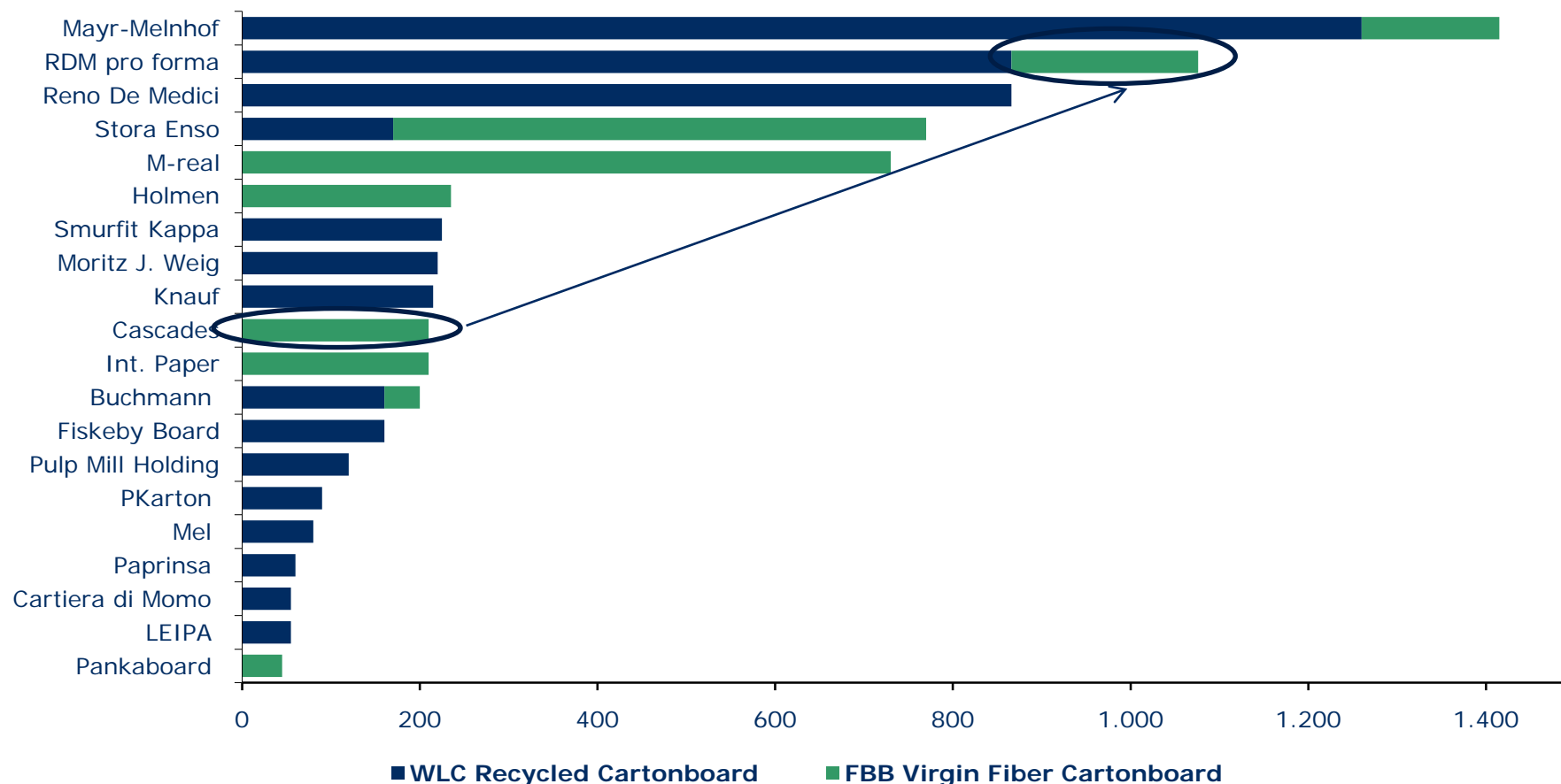
2009

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

**Proactively adjusting asset base to reduce costs, improve financial flexibility and redeploy capital towards core segments.**

# RDM's market positioning

## Ranking by capacity (tons/thousand)

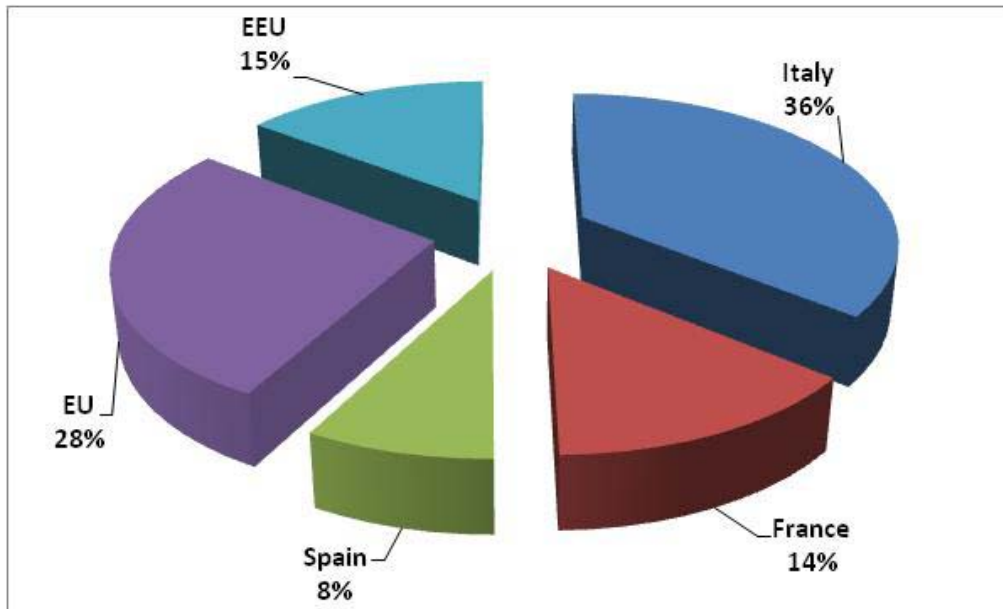


**RDM "pro forma" represents the total production capacity should the put and call option to acquire the European FBB assets of Cascades be exercised by Cascades/RDM, respectively. The option exercise period is 2012 for RDM and 2013 for Cascades.**



# A pan European player

## Geographical breakdown of sales 1H2010



**Well balanced sales portfolio and proximity to production sites.**

## Operating European production plants





# State of the art production plants



**Santa Giustina**

Production capacity 195,000 tons  
ISO 9001, ISO 14001, FSC



**Villa Santa Lucia**

Production capacity 210,000 tons  
ISO 9001, ISO 14001, FSC



**Ovaro**

Production capacity 110,000 tons  
ISO 9001, ISO 14001, FSC



**Magenta**

Production capacity 130,000 tons  
ISO 9001, FSC



**Almazan**

Production capacity 35,000 tons  
ISO 9001, FSC



**Blendecques**

Production capacity 105,000 tons  
ISO 9001, ISO 14001, OHSAS 18001, QSE,  
HACCP, FSC



**Arnsberg**

Production capacity 210,000 tons  
ISO 9001, ISO 14001, EMAS, FSC



## Key 1H2010 financial results

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# 1H2010 key results: back to net profit

| Eur 000s   | 1H2010  | 1H2009  |
|--|---------|---------|
| Revenues   | 241,586 | 214,066 |
| EBITDA*  | 18,061  | 18,035  |
| EBIT   | 4,640   | 4,750   |
| Net result**                                       | 892     | (726)   |
| FCF***   | 13,318  | 7,119   |
|  |         |         |
| Net Financial Position (cash)/<br>debt as of 30.06 | 117,523 | 135,644 |
|  |         |         |
| Tonnes sold (000s)                                 | 474     | 419     |

\* Includes margin from non recurring revenues from asset disposals

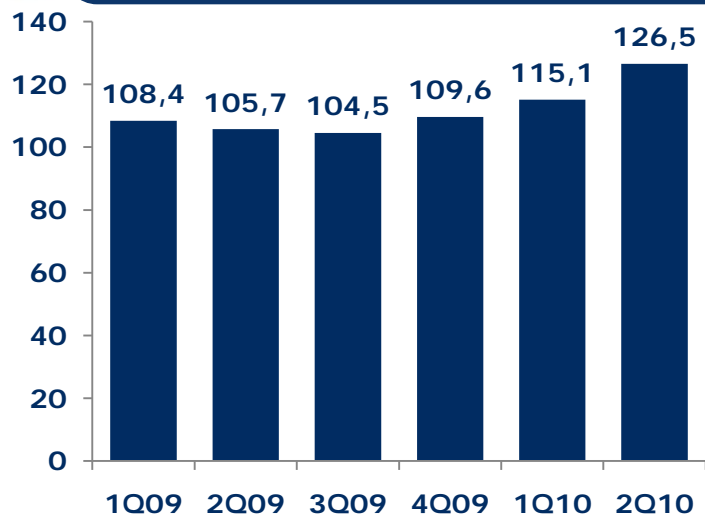
\*\* Before minorities' interest and fair value variations

\*\*\* NFP change in the six-month period (31.12- 30.06)

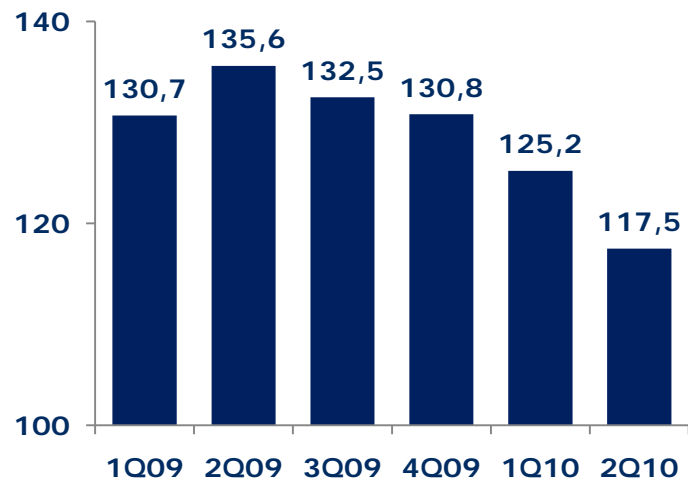
- Market demand improving, but still weaker than pre-crisis:
  - 8% increase in Europe.
  - Pick up of demand from the middle East/Far East.
- Improved efficiency in operations (volumes sold in 1H2010 at 474 thousand tonnes compared to 419 thousand tonnes in 1H2009).
- Sales price increases substantially offset increase in raw material prices and energy.
- **Due to the above effects, the company went back to profitability, with results steadily improving during the quarters.**
- Positive and higher FCF and NFP improvement due to:
  - Higher net result.
  - Lower net invested capital.

# Quarterly trend: KPIs improvement

## REVENUES (€ML)



## NET FINANCIAL DEBT (€ML)

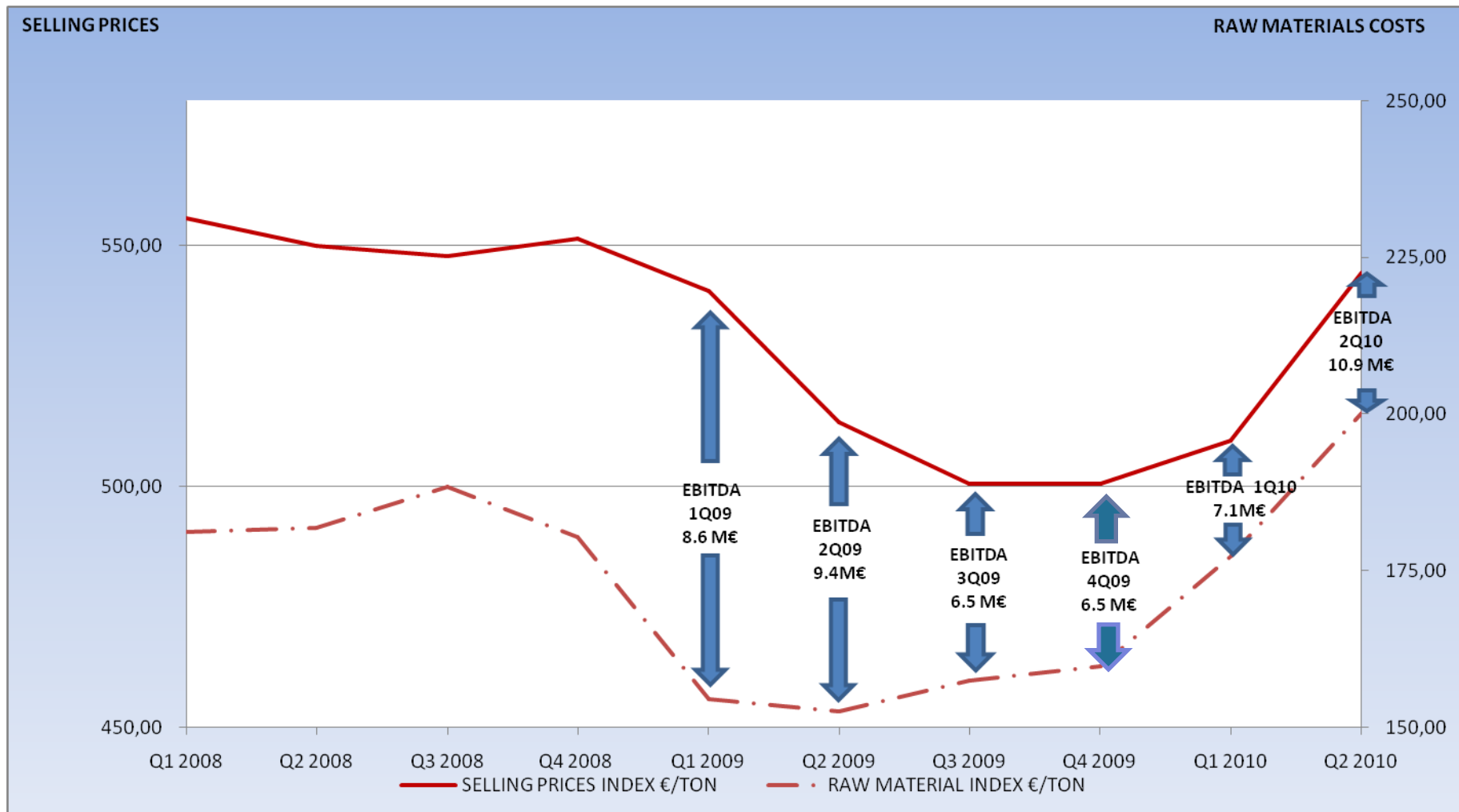


- Quarterly trend shows revenues improvement to Q3 2009 which is expected to continue in the next two quarters.
- Net debt mainly to reduction of net invested capital.
- Reduction in the cost of debt due to declining interest rates trend.
- **FCF\* generation (€13.3 million)** in 1H2010, of which €7.7 million in 2Q10, due to Net invested capital dynamics (Working Capital and Capex).
- Capex of €5.7 million in 1H2010 vs €7.4 million in 1H2009: reduction mainly due to timing effect.

\* NFP change

# Spread trend

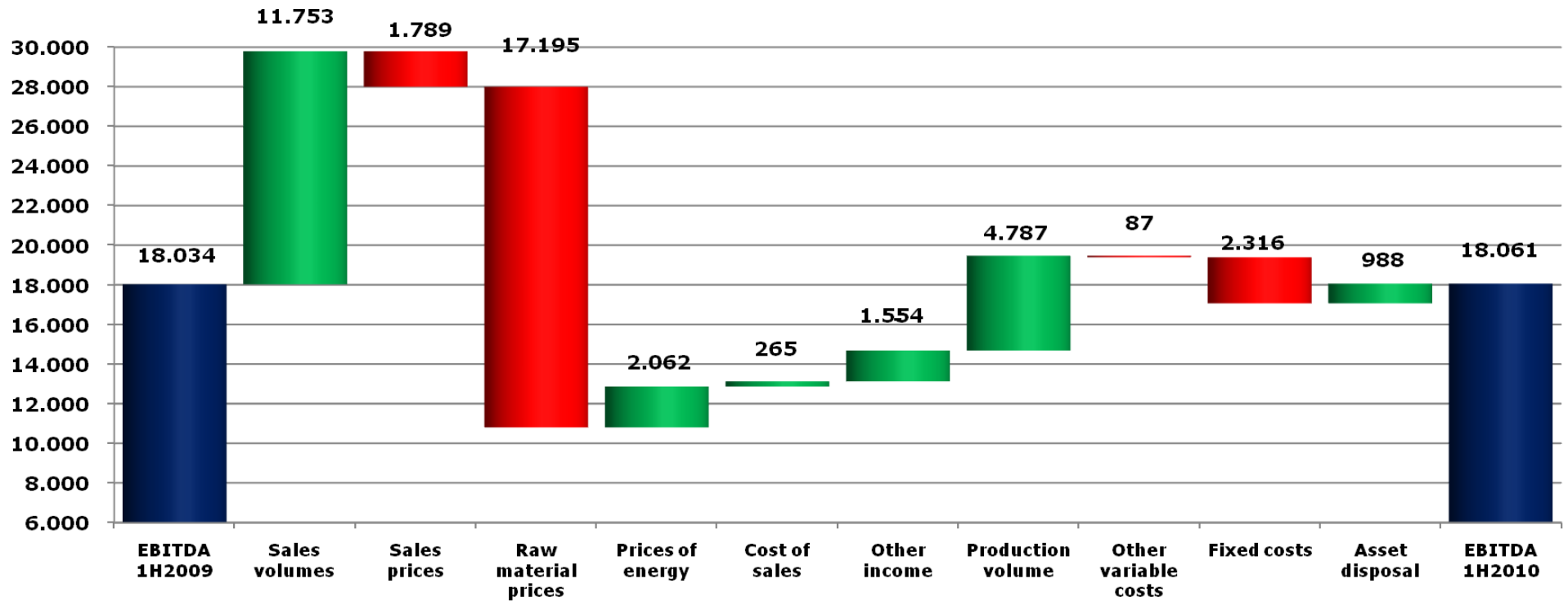
## RDM Group selling prices and raw material cost indexes (€/ton)





# EBITDA Bridge

## EBITDA YoY WATERFALL (€000s)





## Market environment

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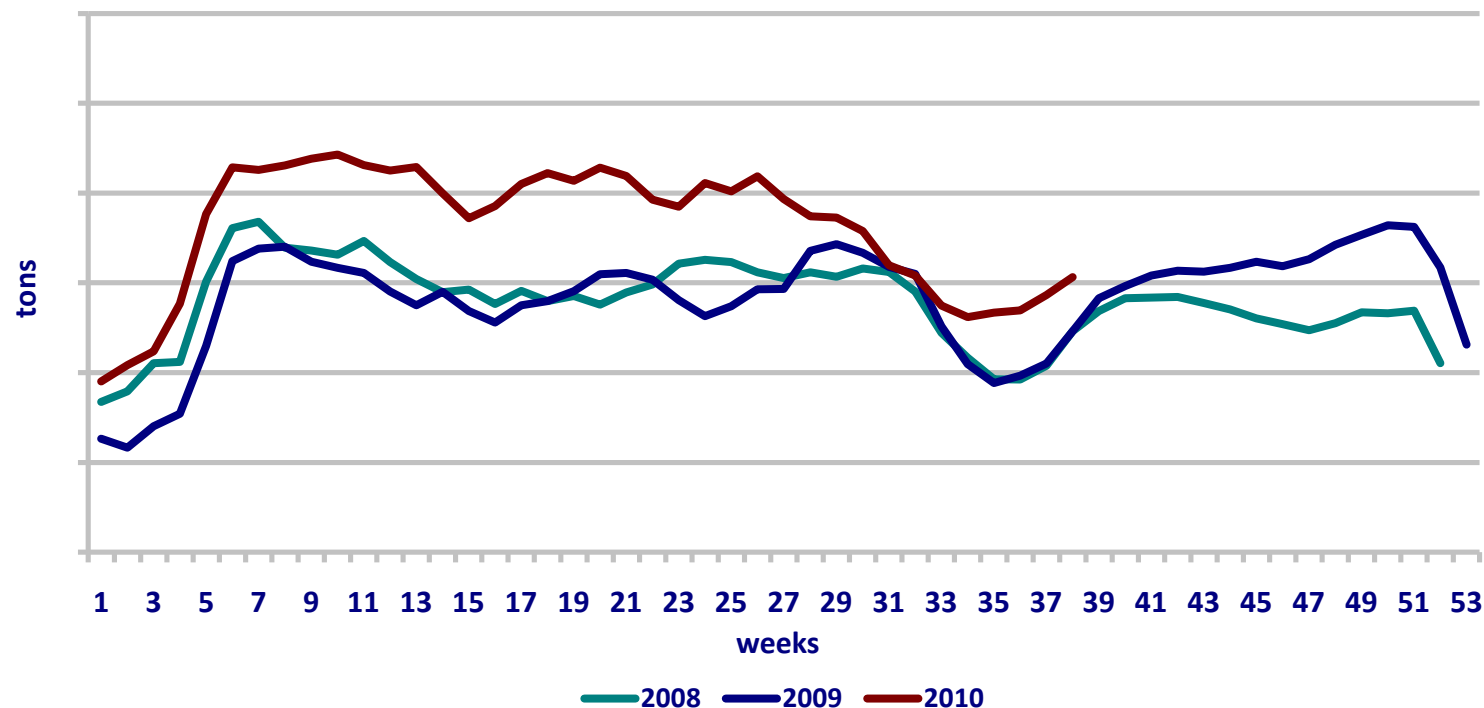
# Key trends

## Key sector highlights:

- WLC demand steadily increasing since Q42009.
- Raw materials prices have peaked, but further increases are still possible.
- Gradual transfer of raw materials' prices increases on final products' prices.
- Capacity reduction in the industry ongoing.

# Demand evolution

## EUROPEAN WLC MARKET DEMAND EVOLUTION (ORDER INFLOW)



The European boxboard industry, after a difficult 2009, is now up to a sharp rebound in 2010.



# Overcapacity reduction ongoing

PLANTS CLOSURE IN EUROPE: 615,000 TONS LESS CAPACITY SO FAR

2006

2007

2008

2009

2010

*Holland*  
Die  
Endracht:  
130,000 tons

*Spain*  
Romani:  
30,000 tons

*Spain*  
Papelera del  
Centro:  
30,000 tons

*France\*\**  
Blendeques:  
60,000 tons

*Switzerland\**  
Deisswil:  
150,000 tons

*Spain*  
Rio Verde:  
45,000 tons

*Bulgaria\**  
Nikopol:  
80,000 tons

*Italy\*\**  
Marzabotto:  
90,000 tons

\*MM plants \*\*RDM plants



## Outlook

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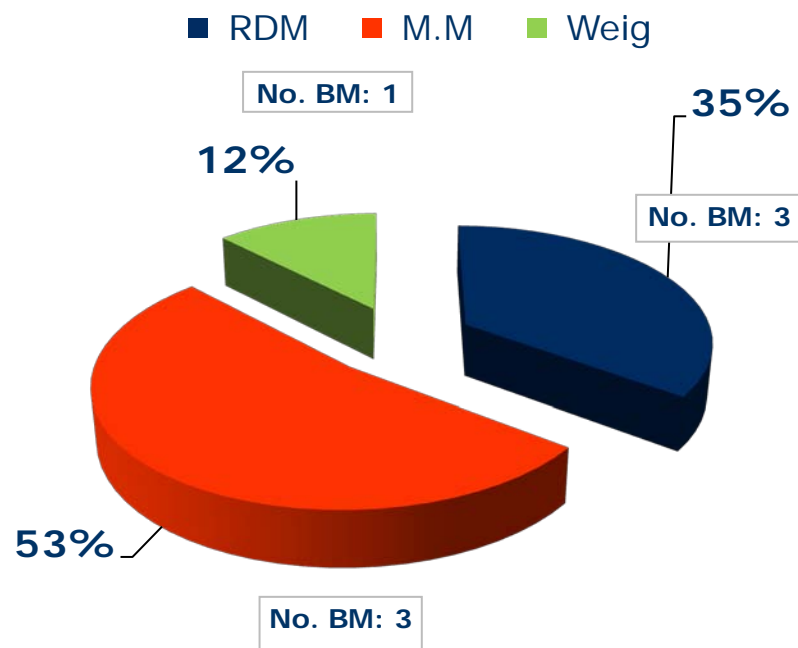




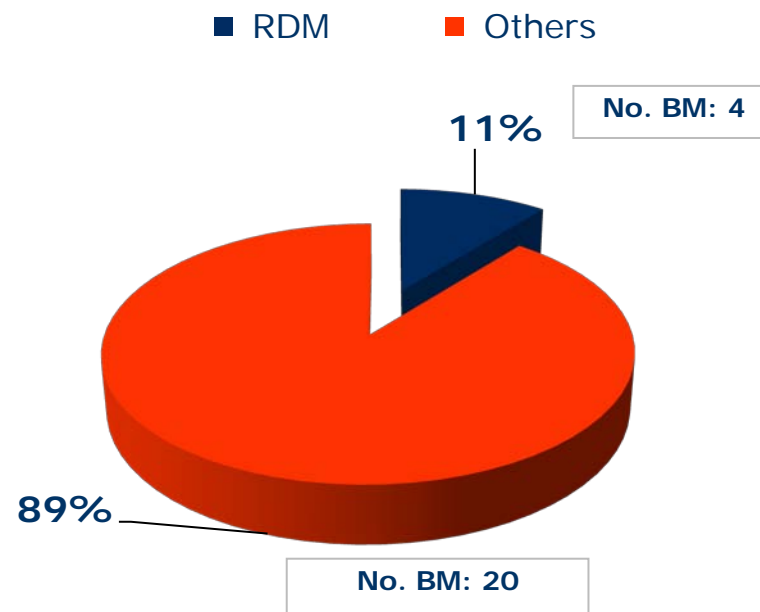
# Outlook

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

Board Machines >200k tons



Board Machines <200K tons



Number of board machines producing over 200,000 tons and respective production capacity.

Number of board machines producing under 200,000 tons and respective production capacity.

# Outlook

## PACKAGING VALUE CHAIN

GROWING

### PRODUCERS

Recycled  
Fibers



Virgin  
Fibers



Flexible



### CONVERTERS



### END-USERS



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



# Key investment highlights







## Appendix

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# Profit & Loss

| (Eur/million)                              | 1H2010       | 1H2009       | Var %       |
|--|--------------|--------------|-------------|
| <b>Revenues</b>                            | <b>241.6</b> | <b>214.1</b> | <b>13%</b>  |
| <b>EBITDA*</b>                             | <b>18.1</b>  | <b>18.0</b>  | <b>-</b>    |
| <i>% EBITDA margin</i>                     | <i>7.5%</i>  | <i>8.4%</i>  |             |
| Depreciation, amortization and write downs | (13.4)       | (13.3)       | 1%          |
| <b>EBIT</b>                                | <b>4.6</b>   | <b>4.7</b>   | <b>-2%</b>  |
| <i>% EBIT margin</i>                       | <i>1.9%</i>  | <i>2.2%</i>  |             |
| Financial charges***                       | (2.7)        | (4.4)        | -37%        |
| <b>EBT</b>                                 | <b>1.9</b>   | <b>0.4</b>   | <b>385%</b> |
| Taxation                                   | (1.0)        | (1.1)        | -9%         |
| <b>Net result for the period**</b>         | <b>0.9</b>   | <b>(0.7)</b> | <b>nm</b>   |
|  |              |              |             |
| <b>Tons sold (tons/thousands)</b>          | <b>474</b>   | <b>419</b>   | <b>13%</b>  |

\* Includes margin from revenues deriving from other activities (including energy resale and non recurring revenues from asset disposals)

\*\* Before minorities' interest and fair value variations

\*\*\* Include 1.245 ml of gains from foreign exchange differences



# Balance Sheet

| <b>(Eur/million)</b>          | <b>June 30 2010</b> | <b>Dec 31 2009</b> |
|-------------------------------|---------------------|--------------------|
| Stock                         | 78.6                | 74.3               |
| Trade receivables             | 123.9               | 110.4              |
| Trade payables                | (122.1)             | (102.7)            |
| <b>Total working capital</b>  | <b>80.5</b>         | <b>82.0</b>        |
| Other assets - current        | 4.4                 | 4.6                |
| Other liabilities - current   | (18.0)              | (14.9)             |
| Other non-current receivables | 0.7                 | 0.4                |
| Non-current assets            | 263.7               | 271.3              |
| Non-current liabilities       | (32.5)              | (33.6)             |
| Employees' leaving indemnity  | (25.4)              | (23.9)             |
| <b>Net capital invested</b>   | <b>272.7</b>        | <b>285.7</b>       |
| Net financial position        | (117.5)             | (130.8)            |
| Net Equity                    | 155.2               | 154.8              |
| <b>Total sources</b>          | <b>272.7</b>        | <b>285.7</b>       |





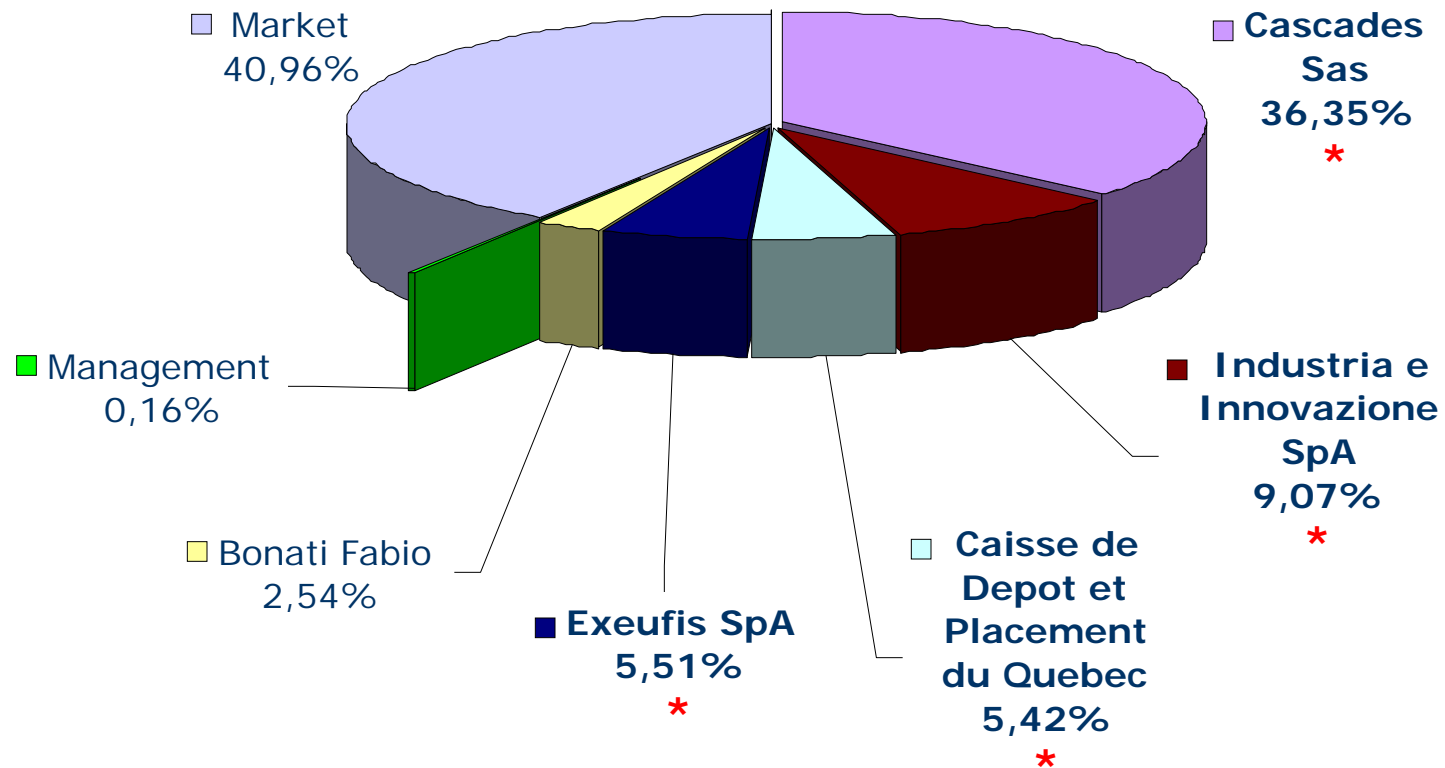
# Net Financial Position

(Eur/million)

|   | June 30 2010  | Dec 31 2009   |
|---|---------------|---------------|
| <b>Cash</b>   | 0.05          | 0.10          |
| Funds available at banks                                  | 1.71          | 1.60          |
| <b>A. Cash and cash equivalent</b>                        | <b>1.77</b>   | <b>1.71</b>   |
| Other Group receivables                                   | 0.52          | 0.35          |
| <b>B. Current financial receivables</b>                   | <b>0.52</b>   | <b>0.35</b>   |
| 1. Bank overdraft   | 46.94         | 57.82         |
| 2. Current portion of medium and long term loans          | 6.78          | 6.65          |
| 3. Other current financial liabilities                    | 0.36          | 0.43          |
| <b>Bank loans and other financial liabilities (1+2+3)</b> | <b>54.07</b>  | <b>64.90</b>  |
| Other Group payables                                      | 2.72          | 3.41          |
| Derivatives - current financial liabilities               | 0.96          | 1.07          |
| <b>C. Current financial liabilities</b>                   | <b>57.75</b>  | <b>69.38</b>  |
| <b>D. Current financial debt, net (C-A-B)</b>             | <b>55.46</b>  | <b>67.32</b>  |
| Bank loans and other financial liabilities                | 60.61         | 62.67         |
| Derivatives - non current financial liabilities           | 1.46          | 0.85          |
| <b>E. Non current financial payables</b>                  | <b>62.06</b>  | <b>63.52</b>  |
| <b>F. Net Financial Debt (D+E)</b>                        | <b>117.52</b> | <b>130.84</b> |



# Shareholders



Note: In August 2010 Industria e Innovazione SpA signed a put&call agreement with Cascades related to its stake in RDM.

\* **Shareholders' Agreement**



# 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          |
| Vincenzo Nicastro  | Director          |
| Carlo Peretti      | Director          |
| Emanuele Rossini   | Director          |

## BOARD OF STATUTORY AUDITORS

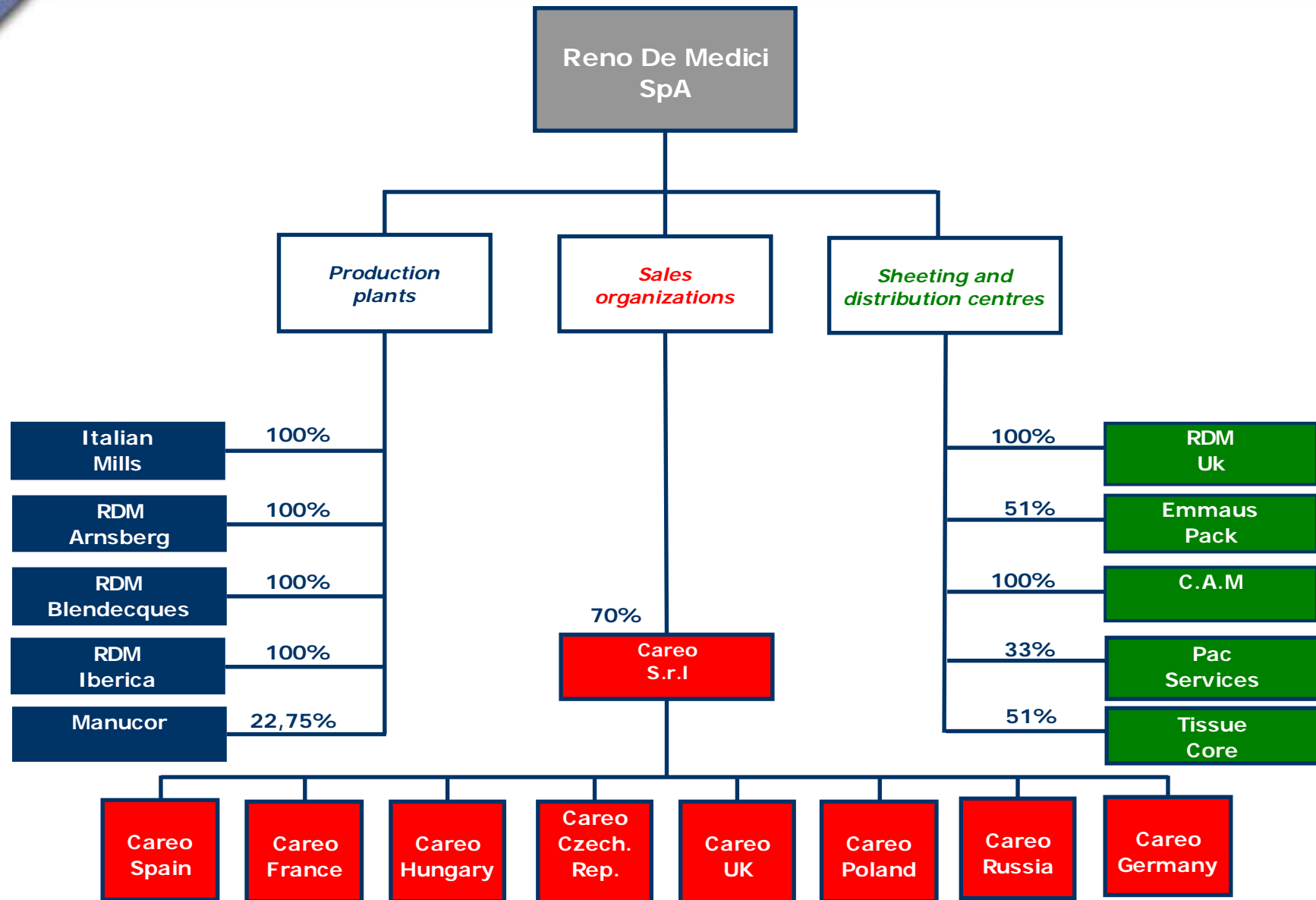
|                      |                  |
|----------------------|------------------|
| Sergio Pivato        | Chairman         |
| Giovanni Maria Conti | Standing auditor |
| Carlo Tavormina      | Standing auditor |

## INDEPENDENT AUDITORS

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



# Group's structure





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

[investor.relations@renodemedici.it](mailto:investor.relations@renodemedici.it)

[ir@imagebuilding.it](mailto:ir@imagebuilding.it)

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