

RENO DE MEDICI OUTPERFORM

Price (Eu): **0.30**

Target Price (Eu): **0.40**

SECTOR: Industrials

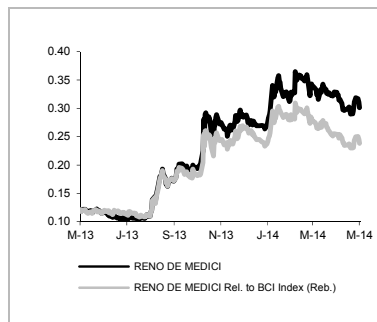
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Upgrade To OUTPERFORM On Valuation Basis

- 1Q14 results in line net of positive one-off.** Reno De Medici reported 1Q14 revenues of Eu122.6mn, flattish YoY and 6.2% below our estimate. Volumes sold reached 228,000 tons, +0.4% YoY, with an average sales price of Eu538 per ton, -0.5% YoY and -1.5% QoQ. In Europe demand for cartonboard increased by 2.4% YoY in the quarter. EBITDA came in at Eu14.0mn, up 74.7% YoY and 21.2% above our estimate; the margin, equal to 11.4% of sales, was boosted by the earning of Eu3.0mn of "White Certificates" (Energy Efficiency Certificates), a reward for efficiency improvement measures undertaken by the company to reduce the consumption of energy at its industrial plants. Net of this non-recurring item, EBITDA benefited from savings achieved in the cost of raw materials and energy (COGS decreased by 3.5% YoY), a better geographic mix (as sales in Europe increased and sales overseas decreased), and the reduction in fixed costs. EBIT amounted to Eu8.2mn, 48.1% above our estimate. Net income was equal to Eu5.6mn after net financial charges of Eu1.4mn and taxes of to Eu1.2mn. Finally, net debt went up marginally QoQ from Eu73.5mn at December 2013 to Eu74.5mn at March 2014 as a result of greater seasonal working capital needs and it resulted higher than expected.
- Constructive company outlook.** According to the company, "After the end of the quarter, the flow of orders remained at satisfactory levels and the costs of the main factors of production did not suffer major changes. It is assumed that this performance will continue in the immediate future". In the long term the company reaffirms that it is difficult to formulate predictions, because of the uncertainty of the macroeconomic situation, in particular in Europe, and the weakness of demand.
- Changes to our estimates.** We have revised our 2014 - 2015 revenue estimates slightly downwards to factor in lower volumes and average sales prices, but we assume no erosion of operating profit. We have lifted our 2014 EPS estimate by 32.9% to take into account Eu3.0mn of additional profit coming from the sale of "White Certificates", a non-recurring item (and therefore not included in 2015 forecasts), and lower net financial charges. Indeed, we have cut our net debt expectations to Eu67.0mn in 2014 and Eu62.0mn in 2015 (from Eu70.0mn and Eu65.0mn respectively). Our 2015 EPS estimate is now 3.2% higher.
- Upgrade to OUTPERFORM, target price raised to Eu0.40.** We are moving our recommendation from Neutral to OUTPERFORM on a valuation basis: our updated EV/ROACE model yields a target price of Eu0.40 per share, as a result of a lower risk free rate and a higher long term growth rate. Our call is underpinned by a stable macroeconomic environment: demand and supply in the cartonboard market are well balanced, and raw material and energy prices remain stable. At target, Reno De Medici would be trading at a fairly large discount to Mayr-Melnhof, given structural differences in profitability and ROCE to its main competitor, and would still be among the cheapest stocks (in terms of P/BV and EV/CE) in our coverage.

RENO DE MEDICI - 12m Performance



RATING: From Neutral to OUTPERFORM

TARGET PRICE (Eu): From 0.28 to 0.40

Change in EPS est: 2014E 2015E
32.9% 2.3%

STOCK DATA

Reuters code: RDM.MI
Bloomberg code: RM IM

Performance	1m	3m	12m
Absolute	-8.2%	-6.8%	148.8%
Relative	-6.4%	-16.6%	122.4%
12 months H/L:	0.36/0.10		

SHAREHOLDER DATA

No. of Ord. shares (mn):	378
Total No. of shares (mn):	378
Mkt Cap Ord (Eu mn):	114
Total Mkt Cap (Eu mn):	114
Mkt Float - ord (Eu mn):	35
Mkt Float (in %):	31.2%
Main shareholder:	
Cascades	57.6%

BALANCE SHEET DATA

	2014
Book value (Eu mn):	151
BVPS (Eu):	0.40
P/BV:	0.8
Net Financial Position (Eu mn):	-67
Enterprise value (Eu mn):	180

Key Figures	2012A	2013A	2014E	2015E	2016E
Sales (Eu mn)	466	469	485	502	520
Ebitda (Eu mn)	27	38	42	42	43
Net profit (Eu mn)	-12	2	11	11	10
EPS - New (Eu)	-0.033	0.005	0.028	0.029	0.028
EPS - Old (Eu)	-0.017	0.005	0.021	0.028	
DPS (Eu)	0.000	0.000	0.000	0.000	0.000

Ratios & Multiples	2012A	2013A	2014E	2015E	2016E
P/E	nm	64.1	10.7	10.5	10.8
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Ebitda	6.0	4.7	4.2	4.2	3.9
ROCE	-0.6%	3.9%	8.7%	8.6%	9.0%

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RENO DE MEDICI - KEY FIGURES

	2012A	2013A	2014E	2015E	2016E	
	31/12/2012	31/12/2013	31/12/2014	31/12/2015	31/12/2016	
Fiscal year end						
PROFIT & LOSS (Eu mn)	Sales	466	469	485	502	520
	EBITDA	27	38	42	42	43
	EBIT	(1)	8	19	19	20
	Financial income (charges)	(7)	(6)	(6)	(5)	(5)
	Associates & Others	(3)	(1)	0	0	0
	Pre-tax profit (Loss)	(12)	1	13	14	16
	Taxes	(1)	1	(3)	(3)	(5)
	Tax rate (%)	6.3%	102.2%	-19.1%	-21.8%	-33.0%
	Minorities & discontinue activities	(0)	(0)	0	0	0
	Net profit	-12	2	11	11	10
	Total extraordinary items	(6)	(2)	(1)	0	0
	Ebitda excl. extraordinary items	33	40	43	42	43
	Ebit excl. extraordinary items	(1)	8	19	19	20
	Net profit restated	(12)	2	11	11	10
PER SHARE DATA (Eu)	Total shares out (mn) - average fd	378	378	378	378	378
	EPS stated fd	-0.033	0.005	0.028	0.029	0.028
	EPS restated fd	-0.033	0.005	0.028	0.029	0.028
	BVPS fd	0.362	0.371	0.399	0.427	0.455
	Dividend per share (ord)	0.000	0.000	0.000	0.000	0.000
	Dividend per share (sav)	0.000	0.000	0.000	0.000	0.000
	Dividend pay out ratio (%)					
CASH FLOW (Eu mn)	Gross cash flow	16	32	34	34	33
	Change in NWC	5	2	(4)	(2)	(2)
	Capital expenditure	(18)	(15)	(16)	(16)	(16)
	Other cash items	(5)	(6)	(8)	(11)	(10)
	Free cash flow (FCF)	(1)	13	6	5	5
	Acquisitions, divestments & others	2	0	0	0	0
	Dividend	0	0	0	0	0
	Equity financing/Buy-back	0	0	0	0	0
	Change in Net Financial Position	0	13	6	5	5
BALANCE SHEET (Eu mn)	Total fixed assets	238	219	211	203	197
	Net working capital	42	40	44	46	47
	Long term liabilities	(48)	(45)	(37)	(26)	(15)
	Net capital employed	223	213	218	223	229
	Net financial position	(86)	(73)	(67)	(62)	(57)
	Group equity	137	140	151	161	172
	Minorities	1	1	1	1	1
	Net equity	137	141	151	162	172
ENTERPRISE VALUE (Eu mn)	Average mkt cap - current	114	114	114	114	114
	Adjustments (associate & minorities)	2	1	1	1	1
	Net financial position	(86)	(73)	(67)	(62)	(57)
	Enterprise value	198	186	180	175	170
RATIOS(%)	EBITDA margin*	7.1%	8.5%	8.9%	8.3%	8.3%
	EBIT margin*	nm	1.8%	3.9%	3.8%	3.9%
	Gearing - Debt/equity	63.1%	52.5%	44.5%	38.4%	33.2%
	Interest cover on EBIT	nm	1.4	3.3	3.7	4.3
	Debt/Ebitda	3.19	1.92	1.59	1.48	1.33
	ROCE*	-0.6%	3.9%	8.7%	8.6%	9.0%
	ROE*	-8.5%	1.3%	7.3%	6.9%	6.3%
	EV/CE	0.9	0.9	0.8	0.8	0.8
	EV/Sales	0.4	0.4	0.4	0.3	0.3
	EV/Ebit	nm	21.9	9.6	9.2	8.3
	Free Cash Flow Yield	-1.2%	11.4%	5.7%	4.4%	4.4%
GROWTH RATES (%)	Sales	-8.0%	0.5%	3.5%	3.5%	3.5%
	EBITDA*	9.7%	21.2%	8.3%	-3.0%	2.6%
	EBIT*	nm	nm	120.5%	1.3%	7.8%
	Net profit	nm	nm	496.8%	1.8%	-2.7%
	EPS restated	nm	nm	496.9%	1.8%	-2.7%

* Excluding extraordinary items

Source: Intermonte SIM estimates

Results

Reno De Medici - Quarterly Results

(€ mn)		Q1'13 A	Q1'14A	YoY	Q1'14E	A v E
Sales		122.7	122.6	0.0%	130.8	-6.2%
	Yoy Growth	5.2%	0.0%		6.6%	
Volumes ('000)		227	228	0.4%	237	-3.9%
	Yoy Growth	9.1%	0.4%		4.5%	
Average Prices (Eu)		540	538	-0.5%	551	-2.4%
	Yoy Growth	-3.6%	-0.5%		2.0%	
Other Revenues		3.1	6.4		2.5	
	<i>of which "White Certificates"</i>	0.0	3.0		0.0	
Δ Finished Goods		1.3	(3.5)		0.0	
COGS		(95.7)	(92.3)		(102.0)	
	<i>as a % of total sales</i>	-78.0%	-75.3%		-78.0%	
Labour Costs		(18.2)	(17.9)		(18.4)	
Other Operating		(1.2)	(1.3)		(1.3)	
EBITDA		8.0	14.0	74.7%	11.5	21.2%
	<i>Margin %</i>	6.5%	11.4%		8.8%	
Depreciations		(6.2)	(5.8)		(6.0)	
Write offs		0.0	0.0		0.0	
EBIT		1.8	8.2	n.m.	5.5	48.1%
	<i>Margin %</i>	1.5%	6.7%		4.2%	
Financials and associates		(1.6)	(1.4)		(1.4)	
Pre Tax Profit		0.3	6.8	n.m.	4.1	63.5%
Taxes		(0.5)	(1.2)		(1.1)	
Minorities		(0.1)	(0.0)		0.0	
Group Net Profit		(0.3)	5.6	n.m.	3.0	84.4%
Net Debt		(87.0)	(74.5)	-14.3%	(69.6)	7.0%

Source: Company data and Intermonte Sim

Company Outlook

According to the company: "After the end of the quarter, the flow of orders remained at satisfactory levels and the costs of the main factors of production did not suffer major changes. It is assumed that this performance will continue in the immediate future"

Estimates

Reno De Medici - Change in estimates

(€ mn)	2014 old	2014 new	change %	2015 old	2015 new	change %	2016 new
Sales	496.5	485.1	-2.3%	521.6	502.2	-3.7%	519.9
YoY growth %	6.0%	3.5%		5.1%	3.5%		3.5%
EBITDA Adjusted	40.2	43.2	7.5%	41.9	41.9	0.0%	43.0
Ebitda margin %	8.1%	8.9%		8.0%	8.3%		8.3%
EBITDA	39.2	42.2	7.7%	41.9	41.9	0.0%	43.0
Ebitda margin %	7.9%	8.7%		8.0%	8.3%		8.3%
Total D&A	(23.5)	(23.5)		(23.0)	(23.0)		(22.6)
EBIT	15.7	18.7	19.1%	18.9	18.9	0.0%	20.4
Ebit margin %	3.2%	3.9%		3.6%	3.8%		3.9%
Net financials & Participations	(5.7)	(5.6)		(5.4)	(5.2)		(4.8)
Pre Tax profit	10.0	13.1	31.3%	13.5	13.8	1.8%	15.7
Taxes	(2.0)	(2.5)		(3.0)	(3.0)		(5.2)
Minorities	0.0	0.0		0.0	0.0		0.0
Group Net Profit	8.0	10.6	32.9%	10.5	10.8	2.3%	10.5
Net Debt	(70.0)	(67.0)	-4.3%	(65.0)	(62.0)	-4.6%	(57.0)

Source: Company data and Intermonte Sim

In 2016 revenues are expected to increase to Eu519.9mn, EBITDA is forecast to reach Eu43.0mn (with an implied margin on sales of 8.3%), and net profit to come to Eu10.5mn.

Financials

Reno De Medici Basic Assumptions							
	2010A	2011A	2012A	2013A	2014E	2015E	2016E
Volumes (k)	946.0	878.0	834.0	863.0	880.3	902.3	924.8
YoY growth %	11.8%	-7.2%	-5.0%	3.5%	2.0%	2.5%	2.5%
Average selling price (Eu/ton)	532	578	559	543	551	557	562
YoY growth %	5.2%	8.5%	-3.2%	-2.9%	1.5%	1.0%	1.0%
Sales (Eu mn)	503.6	507.1	466.3	468.5	485.1	502.2	519.9
YoY growth %	17.6%	0.7%	-8.0%	0.5%	3.5%	3.5%	3.5%
Raw materials (Eu mn)	230.5	238.8	214.0	209.0	215.4	223.0	230.8
YoY growth %	36.1%	3.6%	-10.4%	-2.3%	3.0%	3.5%	3.5%
as a % of sales	45.8%	47.1%	45.9%	44.6%	44.4%	44.4%	44.4%
Energy (Eu mn)	59.4	65.4	69.2	64.6	64.5	64.8	66.0
YoY growth %	-1.9%	10.1%	5.8%	-6.7%	-0.1%	0.4%	1.9%
as a % of sales							
SPREAD (Eu/ton)*	288.7	305.6	302.5	300.7	306.4	309.5	312.5
SPREAD (Eu mn)	273.1	268.3	252.3	259.5	269.7	279.2	289.0

Source: Company data and Intermonte Sim * SPREAD = (Sales - Raw Materials) / Volumes

Reno De Medici P&L							
(€ mn)	2010A	2011A	2012A	2013A	2014E	2015E	2016E
Sales	503.6	507.1	466.3	468.5	485.1	502.2	519.9
YoY growth %	17.6%	0.7%	-8.0%	0.5%	3.5%	3.5%	3.5%
EBITDA Adjusted	40.0	30.0	32.9	39.9	43.2	41.9	43.0
Ebitda Adj. margin %	7.9%	5.9%	7.1%	8.5%	8.9%	8.3%	8.3%
EBITDA	40.0	30.0	27.0	38.2	42.2	41.9	43.0
Ebitda margin %	7.9%	5.9%	5.8%	8.2%	8.7%	8.3%	8.3%
D&A and Provisions	(28.0)	(27.9)	(28.5)	(29.7)	(23.5)	(23.0)	(22.6)
EBIT	12.0	2.1	-1.5	8.5	18.7	18.9	20.4
Ebit margin %	2.4%	0.4%	-0.3%	1.8%	3.9%	3.8%	3.9%
Net financials & Participations	(7.5)	(8.1)	(10.1)	(7.4)	(5.6)	(5.2)	(4.8)
Pre Tax profit	5.2	(5.5)	(11.5)	0.9	13.1	13.8	15.7
Taxes	(3.2)	3.8	(0.7)	1.1	(2.5)	(3.0)	(5.2)
Minorities	(0.7)	(0.3)	(0.1)	(0.3)	0.0	0.0	0.0
Group Net Profit	1.4	-2.5	-12.3	1.8	10.6	10.8	10.5

Source: Company data and Intermonte Sim

Reno De Medici Cash Flow							
(€ mn)	2010A	2011A	2012A	2013A	2014E	2015E	2016E
Net Income	2.0	-2.2	-12.2	2.0	10.6	10.8	10.5
D&A	26.1	27.5	26.3	24.5	23.5	23.0	22.6
Other non-cash items	1.9	0.4	2.2	5.2	0.0	0.0	0.0
Op. Cash Flow	30.0	25.7	16.3	31.8	34.1	33.7	33.1
Change in NWC	6.3	27.8	5.5	2.2	(4.0)	(1.9)	(1.6)
Capex	(15.8)	(23.7)	(17.8)	(15.2)	(15.5)	(15.6)	(16.1)
Acquisitions	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Others	(25.6)	19.5	(3.7)	(6.0)	(8.1)	(11.2)	(10.3)
Net Cash Flow	(5.0)	49.2	0.3	12.8	6.5	5.0	5.0
Initial NFP	(130.8)	(135.8)	(86.6)	(86.3)	(73.5)	(67.0)	(62.0)
Final NFP	(135.8)	(86.6)	(86.3)	(73.5)	(67.0)	(62.0)	(57.0)

Source: Company data and Intermonte Sim

Reno De Medici Balance Sheet							
(€ mn)	2010A	2011A	2012A	2013A	2014E	2015E	2016E
Net Working Capital	75.7	47.9	41.9	39.7	43.6	45.6	47.2
Net Fixed Assets	257.0	251.8	238.2	218.8	210.8	203.4	197.0
Other assets/liabilities	(69.7)	(59.9)	(48.4)	(45.0)	(36.9)	(25.6)	(15.3)
Net Capital Employed	263.0	239.9	231.7	213.4	217.5	223.3	228.8
Net Debt	(106.5)	(86.6)	(86.3)	(73.5)	(67.0)	(62.0)	(57.0)
Group's Net Equity	156.6	153.3	136.7	139.9	150.5	161.3	171.8
Gearing (%)	68.0%	56.5%	63.1%	52.5%	44.5%	38.4%	33.2%
Leverage (x)	2.7	2.9	3.2	1.9	1.6	1.5	1.3

Source: Company data and Intermonte Sim

Valuation

We are moving our recommendation from Neutral to OUTPERFORM on a valuation basis: our updated EV/ROACE model yields a target price of Eu0.40 per share, as a result of a lower risk free rate and a higher long term growth rate. Our call is underpinned by a stable macroeconomic environment: demand and supply in the cartonboard market are well balanced, and raw material and energy prices remain stable. At target, Reno De Medici would be trading at a fairly large discount to Mayr-Melnhof, given structural differences in profitability and ROCE to its main competitor, and would still be among the cheapest stocks (in terms of P/BV and EV/CE) in our coverage.

Reno De Medici Ev/Roace			
	2014E	2015E	2016E
Capital Employed - year average	217.5	223.3	228.8
Ebit	18.7	18.9	20.4
ROACE	8.7%	8.6%	9.0%
	<u>Tax load ratio (%)</u>	<u>19.1%</u>	<u>21.8%</u>
<u>ROACEAT</u>	<u>7.0%</u>	<u>6.7%</u>	<u>6.1%</u>
WACC	7.8%	7.8%	7.7%
<u>TC</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>
<u>Required return</u>	<u>6.3%</u>	<u>6.3%</u>	<u>6.2%</u>
EV / CE	1.1	1.1	1.0
Enterprise Value (€ mn)	240.9	236.7	224.0
NFP (+)	(67.0)	(62.0)	(57.0)
(Minorities) /Associates (+)	1.2	1.2	1.2
Fair Value (€ mn)	175.1	175.9	168.2
Fair value per share (€)	0.42	0.47	0.45
Number of shares	377.8	377.8	377.8
Actualized Value	0.43	0.40	0.36
2014 - 2016 Average Fair Value		0.40	

Source: Intermonte Sim

Reno De Medici multiples given current price	2014E	2015E	2016E
P/E	10.7	10.5	10.8
EV/Sales	0.4	0.3	0.3
EV/EBITDA	4.3	4.2	3.9
EV/EBIT	9.6	9.2	8.3
P/BV	0.8	0.7	0.7
EV/CE	0.8	0.8	0.7
Reno De Medici multiples at TP	2014E	2015E	2016E
P/E	14.1	13.9	14.2
EV/Sales	0.4	0.4	0.4
EV/EBITDA	5.2	5.1	4.8
EV/EBIT	11.6	11.2	10.2
P/BV	1.0	0.9	0.9
EV/CE	1.0	1.0	0.9

Source: Intermonte Sim

Currently, Reno De Medici is among the cheapest stocks (in terms of P/BV and EV/CE 2014 multiples) in our coverage. At our target price, the stock would be trading at 1.0x P/BV and EV/CE.

Intermonte Panel - Ranking by EV/CE and P/BV multiples

Stock	2014 EV/CE	Average 14'-15' ROCE	Stock	2014 P/BV	Average 14'-15' ROE
EL.EN.	0.43	9.2%	CIR	0.39	1.7%
CIR	0.58	4.5%	IGD	0.63	4.4%
ITALCEMENTI	0.69	5.6%	BENI STABILI	0.66	4.0%
PRELIOS	0.69	1.0%	FIAT	0.73	6.0%
FIAT	0.72	13.5%	RENO DE MEDICI	0.78	7.2%
BENI STABILI	0.74	5.1%	IREN	0.83	8.9%
FALCK RENEW ABLES	0.79	6.6%	EL.EN.	0.87	3.4%
IGD	0.84	4.5%	GEFRAN	0.91	5.7%
RENO DE MEDICI	0.85	8.6%	ITALCEMENTI	0.90	3.2%
IREN	0.88	7.7%	A2A	0.95	5.8%
SIAS	0.89	8.0%	TELECOM ITALIA	0.98	7.3%
TELECOM ITALIA	0.90	9.3%	ENEL	0.99	5.7%
ERG	0.93	8.6%	CEMENTIR	1.02	6.9%
A2A	0.94	7.6%	EMAK	1.04	8.9%
GEFRAN	0.94	7.8%	FALCK RENEW ABLES	1.04	5.0%
ENI	0.98	17.3%	FINMECCANICA	1.08	4.5%
BUZZI-UNICEM	0.99	7.5%	ERG	1.11	4.1%
FINMECCANICA	1.02	9.6%	BUZZI-UNICEM	1.16	6.0%
EMAK	1.03	11.7%	L'ESPRESSO	1.14	6.0%
TERNIENERGIA	1.03	12.5%	SAFILO	1.15	6.8%
ENEL	1.04	10.6%	SIAS	1.18	9.0%
SAFILO	1.06	10.2%	TBS group	1.19	7.9%
CEMENTIR	1.07	9.1%	SERVIZI ITALIA	1.19	10.8%
TREVI	1.09	10.6%	ASTALDI	1.20	17.0%
ASTALDI	1.10	21.4%	PRIMA INDUSTRIE	1.26	10.0%

Source: Intermonte Sim

RENO DE MEDICI Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
RENO DE MEDICI	0.3	EUR	113.7	-8.2%	-6.8%	9.7%	11.6%	148.8%	137.9%
HOLMEN	231.9	SEK	19,478.7	-2.4%	1.0%	3.7%	-0.9%	29.4%	29.2%
MAYR-MELNHOF	85.7	EUR	1,713.4	-5.6%	-5.2%	1.5%	-4.8%	2.0%	9.6%
METSA	3.3	EUR	1,076.4	-0.3%	8.3%	9.7%	4.1%	36.7%	56.9%
STORA ENSO OYJ	66.8	SEK	52,654.0	-6.1%	-2.3%	6.0%	3.4%	39.8%	54.7%
UPM KYMMENE	12.6	EUR	6,675.6	-0.2%	1.5%	-2.3%	2.2%	53.1%	37.2%
Mean performance				-3.8%	-0.6%	4.7%	2.6%	51.6%	54.3%
Italy Fixed	21,240.7	EUR	271,693	-3.4%	7.9%	12.6%	12.0%	24.1%	48.8%

Source: FactSet

RENO DE MEDICI Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales	EV/Sales	EV/Ebitda	EV/Ebitda	EV/Ebit	EV/Ebit	P/E	P/E	Div Yield	Div Yield
				2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
RENO DE MEDICI	0.3	EUR	113.7	0.4	0.3	4.2	4.2	9.6	9.2	10.7	10.5	0.0%	0.0%
HOLMEN	231.9	SEK	19,478.7	1.6	1.5	8.5	7.9	14.8	13.3	16.7	15.2	4.3%	4.5%
MAYR-MELNHOF	85.7	EUR	1,713.4	0.8	0.7	5.8	5.3	9.0	8.1	13.8	12.9	2.8%	2.9%
METSA	3.3	EUR	1,076.4	0.8	0.7	6.9	6.4	12.5	11.0	16.2	13.7	3.1%	3.5%
STORA ENSO OYJ	66.8	SEK	52,654.0	0.9	0.8	7.1	6.7	12.4	11.3	14.3	11.8	4.2%	4.3%
UPM KYMMENE	12.6	EUR	6,675.6	0.9	0.9	7.4	6.9	12.5	11.5	12.6	12.3	4.8%	4.9%
Median				0.8	0.8	7.0	6.5	12.4	11.2	14.1	12.6	3.6%	3.9%

Source: Intermonte SIM estimates for covered companies, FactSet consensus estimates for peer group

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OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

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OUTPERFORM: 38.93%

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DETAILS ON STOCKS RECOMMENDATION

Stock NAME	RENO DE MEDICI		
Current Recomm:	OUTPERFORM	Previous Recomm:	NEUTRAL
Current Target (Eu):	0.40	Previous Target (Eu):	0.28
Current Price (Eu):	0.30	Previous Price (Eu):	0.35
Date of report:	08/05/2014	Date of last report:	14/02/2014

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