

# RENO DE MEDICI OUTPERFORM

Price (Eu): **0.28**

Target Price (Eu): **0.40**

SECTOR: *Industrials*

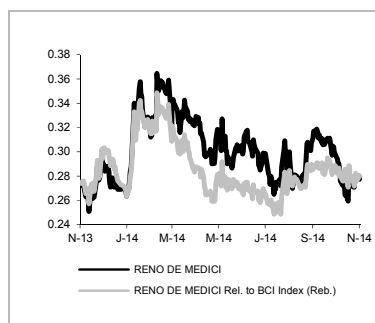
Jacopo Tagliaferri +39-02-77115.230  
e-mail: jacopo.tagliaferri@intermonte.it

Giovanni Ovi +39-02-77115.432  
e-mail: giovanni.ovi@intermonte.it

## Positive Quarterly Results, Stable Company Outlook

- Positive quarterly results.** Reno De Medici reported 3Q14 revenues of Eu107.8mn, flattish YoY and 2.3% below our estimate. Volumes sold rose 1.5% YoY to 201,000 tons, for an implicit average sale price of Eu536 per ton (-1.0% YoY and +1.9% QoQ). In Europe, demand for cartonboard decreased by 2.8% YoY in the quarter. EBITDA came in at Eu8.1mn, down 2.9% YoY and 11.3% above our estimate. The EBITDA margin came to 7.5% thanks to "white" certificates (energy efficiency certificates, a reward for the company's efforts to reduce energy consumption at its manufacturing plants), as well as thanks to savings on raw material and energy costs (COGS decreased by 2.9% YoY). EBIT amounted to Eu2.3mn, +0.9% YoY, thanks to lower D&A. Net income was Eu1.6mn, up sharply YoY after Eu0.7mn in net financial charges and Eu0.7mn in taxes. Finally, net debt went down QoQ from Eu72.8mn at the end of June to Eu68.8mn at the end of September.
- Stable company outlook.** According to the company, "after the closing of the nine months of 2014, the order flow has continued to be satisfactory and the cost of the main production factors has not shown appreciable changes. [...] Perspective evolution beyond year-end mostly depends on the pace of the 2015 recovery, with expectations that remain moderate, only slightly above the 2014 growth rate".
- EPS estimates unchanged for 2014-2016.** We have revised our 2014-2016 sales estimates slightly downward to incorporate the deconsolidation of the cutting and distribution centre at Wednesbury (UK), which accounted for Eu6.9mn in FY13. We have not changed our 2014-16 EBITDA estimates even though they appear to be on the conservative side (at least for FY14); indeed, the boarding machine in Santa Giustina has not started producing at full capacity yet after its modernisation project. We still expect the company to generate around Eu10mn of FCF on average from 2014 to 2016; hence, net debt is forecast to land at Eu42.6mn in 2016. No dividend payments are included in our estimates, as the company has not released any indications on this issue.
- OUTPERFORM reaffirmed, target price unchanged.** We confirm our positive view on Reno De Medici as: 1) the macroeconomic environment is stable: demand is forecast to gradually pick up in 2015 and there appear to be no major risks related to raw material or energy price volatility; 2) company management is strongly committed to following through with a CAPEX policy to enhance manufacturing plant efficiency and hence increase production savings. Our target price remains unchanged at Eu0.40. At our target, Reno De Medici would still be trading at a discount to Mayr-Melnhof, which would be justified given structural differences in profitability and ROCE to its main competitor; it would also still be among the cheapest stocks we cover in terms of P/BV and EV/CE.

### RENO DE MEDICI - 12m Performance



RATING: **Unchanged**

TARGET PRICE (Eu): **Unchanged**

Change in EPS est:	2014E	2015E
	0.0%	0.0%

#### STOCK DATA

Reuters code: RDM.MI  
Bloomberg code: RM IM

Performance	1m	3m	12m
Absolute	-6.9%	-7.5%	0.9%
Relative	-2.6%	-1.4%	1.9%
12 months H/L:	0.36/0.25		

#### SHAREHOLDER DATA

No. of Ord. shares (mn):	378
Total No. of shares (mn):	378
Mkt Cap Ord (Eu mn):	105
Total Mkt Cap (Eu mn):	105
Mkt Float - ord (Eu mn):	33
Mkt Float (in %):	31.2%
Main shareholder:	
Cascades	57.6%

#### BALANCE SHEET DATA

	2014
Book value (Eu mn):	150
BVPS (Eu):	0.40
P/BV:	0.7
Net Financial Position (Eu mn):	-65
Enterprise value (Eu mn):	169

Please see important disclaimer on the last page of this report

Key Figures	2012A	2013A	2014E	2015E	2016E
Sales (Eu mn)	466	469	459	477	486
Ebitda (Eu mn)	27	38	40	43	45
Net profit (Eu mn)	-12	2	10	11	11
EPS - New (Eu)	-0.033	0.005	0.025	0.029	0.030
EPS - Old (Eu)	-0.033	0.005	0.025	0.029	0.030
DPS (Eu)	0.000	0.000	0.000	0.000	0.000

Ratios & Multiples	2012A	2013A	2014E	2015E	2016E
P/E	nm	59.0	11.0	9.5	9.3
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Ebitda	5.7	4.4	4.8	3.9	3.4
ROCE	-0.6%	3.9%	7.9%	8.9%	10.1%

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein, and of any of its parts, is strictly prohibited. None of the contents of this document may be shared with third parties without Company authorization.

**RENO DE MEDICI - KEY FIGURES**

		2012A	2013A	2014E	2015E	2016E
	Fiscal year end	31/12/2012	31/12/2013	31/12/2014	31/12/2015	31/12/2016
<b>PROFIT &amp; LOSS (Eu mn)</b>	Sales	466	469	459	477	486
	EBITDA	27	38	40	43	45
	EBIT	(1)	8	17	19	22
	Financial income (charges)	(7)	(6)	(6)	(6)	(5)
	Associates & Others	(3)	(1)	1	1	1
	Pre-tax profit (Loss)	(12)	1	12	14	17
	Taxes	(1)	1	(2)	(3)	(6)
	Tax rate (%)	6.3%	102.2%	-17.3%	-21.4%	-33.0%
	Minorities & discontinue activities	(0)	(0)	0	0	0
	Net profit	-12	2	10	11	11
	Total extraordinary items	(6)	(2)	5	2	2
	Ebitda excl. extraordinary items	33	40	35	41	43
	Ebit excl. extraordinary items	(1)	8	17	19	22
Net profit restated	(12)	2	10	11	11	
<b>PER SHARE DATA (Eu)</b>	Total shares out (mn) - average fd	378	378	378	378	378
	EPS stated fd	-0.033	0.005	0.025	0.029	0.030
	EPS restated fd	-0.033	0.005	0.025	0.029	0.030
	BVPS fd	0.362	0.371	0.396	0.425	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 (%)						
<b>CASH FLOW (Eu mn)</b>	Gross cash flow	16	32	34	35	35
	Change in NWC	5	2	(5)	(4)	(3)
	Capital expenditure	(18)	(15)	(17)	(18)	(18)
	Other cash items	(5)	(6)	(3)	(3)	(3)
	Free cash flow (FCF)	(1)	13	8	10	12
	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	8	10	12	
<b>BALANCE SHEET (Eu mn)</b>	Total fixed assets	238	219	212	206	201
	Net working capital	42	40	45	49	52
	Long term liabilities	(48)	(45)	(43)	(40)	(38)
	Net capital employed	223	213	214	216	215
	Net financial position	(86)	(73)	(65)	(54)	(43)
	Group equity	137	140	149	160	172
	Minorities	1	1	1	1	1
Net equity	137	141	150	161	172	
<b>ENTERPRISE VALUE (Eu mn)</b>	Average mkt cap - current	105	105	105	105	105
	Adjustments (associate & minorities)	2	1	1	1	1
	Net financial position	(86)	(73)	(65)	(54)	(43)
	Enterprise value	189	177	169	159	147
<b>RATIOS(%)</b>	EBITDA margin*	7.1%	8.5%	7.7%	8.5%	8.9%
	EBIT margin*	nm	1.8%	3.7%	4.0%	4.5%
	Gearing - Debt/equity	63.1%	52.5%	43.5%	33.6%	25.0%
	Interest cover on EBIT	nm	1.4	2.9	3.4	4.1
	Debt/Ebitda	3.19	1.92	1.61	1.27	0.95
	ROCE*	-0.6%	3.9%	7.9%	8.9%	10.1%
	ROE*	-8.5%	1.3%	6.6%	7.1%	6.8%
	EV/CE	0.8	0.8	0.8	0.7	0.7
	EV/Sales	0.4	0.4	0.4	0.3	0.3
	EV/Ebit	nm	20.9	10.0	8.3	6.8
Free Cash Flow Yield	-1.3%	12.3%	8.2%	9.6%	11.2%	
<b>GROWTH RATES (%)</b>	Sales	-8.0%	0.5%	-2.0%	3.8%	2.0%
	EBITDA*	9.7%	21.2%	-11.5%	15.0%	6.4%
	EBIT*	nm	nm	98.4%	13.6%	13.6%
	Net profit	nm	nm	437.6%	15.4%	2.8%
	EPS restated	nm	nm	437.7%	15.4%	2.8%

\* Excluding extraordinary items

Source: Intermonte SIM estimates

## Results

Reno De Medici reported 3Q14 revenues of Eu107.8mn, flattish YoY and 2.3% below our estimate. Volumes sold rose 1.5% YoY to 201,000 tons, for an implicit average sale price of Eu536 per ton (-1.0% YoY and +1.9% QoQ). In Europe, demand for cartonboard decreased by 2.8% YoY in the quarter. EBITDA came in at Eu8.1mn, down 2.9% YoY and 11.3% above our estimate. The EBITDA margin came to 7.5% thanks to "white" certificates (energy efficiency certificates, a reward for the company's efforts to reduce energy consumption at its manufacturing plants), as well as thanks to savings on raw material and energy costs (COGS decreased by 2.9% YoY). EBIT amounted to Eu2.3mn, +0.9% YoY, thanks to lower D&A. Net income was Eu1.6mn, up sharply YoY after lower net financial charges (Eu0.7mn) and Eu0.7mn in taxes. Finally, net debt went down marginally QoQ from Eu72.8mn at the end of June to Eu68.8mn at the end of September.

### Reno De Medici – Results

(Eu mn)	Q3'13 A	Q3'14A	YoY	Q3'14E	YoY	9M'13A	9M'14A	YoY	9M'14E	A v E
Sales	107.2	107.8	0.5%	110.3	-2.3%	348.8	346.6	-0.6%	349.2	-0.7%
Volumes ('000)	198	201	1.5%	199	1.2%	653	650	-0.5%	648	0.4%
Average Prices (Eu)	542	536	-1.0%	555	-3.4%	534	533	-0.2%	539	-1.1%
Other Revenues	3.3	3.1		0.0		8.3	11.1		8.1	
Δ Finished Goods	1.3	(5.0)		0.0		(0.8)	(6.8)		(1.8)	
COGS	(82.7)	(80.4)	-2.9%	(85.6)		(274.6)	(261.5)		(266.8)	
	<i>% on sales</i>	<i>-77.2%</i>	<i>-74.6%</i>	<i>-77.6%</i>		<i>-78.7%</i>	<i>-75.5%</i>		<i>-76.4%</i>	
Personnel Costs	(16.2)	(16.6)	2.5%	(16.3)		(52.8)	(52.2)		(51.9)	
	<i>% on sales</i>	<i>-15.1%</i>	<i>-15.4%</i>	<i>-14.8%</i>		<i>-15.1%</i>	<i>-15.1%</i>		<i>-14.9%</i>	
Other Operating Costs	(1.1)	(0.8)		(1.1)		(3.7)	(3.3)		(3.6)	
	<i>% on sales</i>	<i>-1.0%</i>	<i>-0.7%</i>	<i>-1.0%</i>		<i>-1.1%</i>	<i>-1.0%</i>		<i>-1.0%</i>	
<b>EBITDA</b>	<b>8.4</b>	<b>8.1</b>	<b>-2.9%</b>	<b>7.3</b>	<b>11.3%</b>	<b>25.1</b>	<b>33.9</b>	<b>35.2%</b>	<b>33.1</b>	<b>2.5%</b>
	<i>% on sales</i>	<i>7.8%</i>	<i>7.5%</i>	<i>6.6%</i>		<i>7.2%</i>	<i>9.8%</i>		<i>9.5%</i>	
Depreciations	(6.0)	(5.7)		(5.9)		(18.4)	(17.4)		(17.6)	
Write offs	0.0	(0.0)		0.0		0.0	(0.4)		(0.4)	
<b>EBIT</b>	<b>2.3</b>	<b>2.3</b>	<b>0.9%</b>	<b>1.4</b>	<b>68.2%</b>	<b>6.7</b>	<b>16.0</b>	<b>n.m.</b>	<b>15.1</b>	<b>6.3%</b>
	<i>% on sales</i>	<i>2.2%</i>	<i>2.2%</i>	<i>1.3%</i>		<i>1.9%</i>	<i>4.6%</i>		<i>4.3%</i>	
Financials and associates	(1.9)	(0.7)		(1.3)		(5.0)	(3.1)		(3.7)	
<b>Pre Tax Profit</b>	<b>0.5</b>	<b>1.6</b>	<b>n.m.</b>	<b>0.1</b>	<b>n.m.</b>	<b>1.7</b>	<b>12.9</b>	<b>n.m.</b>	<b>11.3</b>	<b>13.4%</b>
Taxes	(0.3)	(0.7)		(0.0)		(1.0)	(2.5)		(1.8)	
Discontinued		0.3		(0.3)		0.3	0.3		(0.3)	
Minorities	0.1	(0.0)		0.1		0.2	(0.1)		0.0	
<b>Group Net Profit</b>	<b>0.1</b>	<b>1.6</b>	<b>n.m.</b>	<b>0.2</b>	<b>n.m.</b>	<b>0.2</b>	<b>10.7</b>	<b>n.m.</b>	<b>9.2</b>	<b>15.4%</b>
<b>Net Debt</b>						<b>(85.1)</b>	<b>(68.8)</b>		<b>(71.8)</b>	

Source: Company data and Intermonte SIM estimates

## Company Outlook

The company has reaffirmed its outlook for the last quarter of the year:

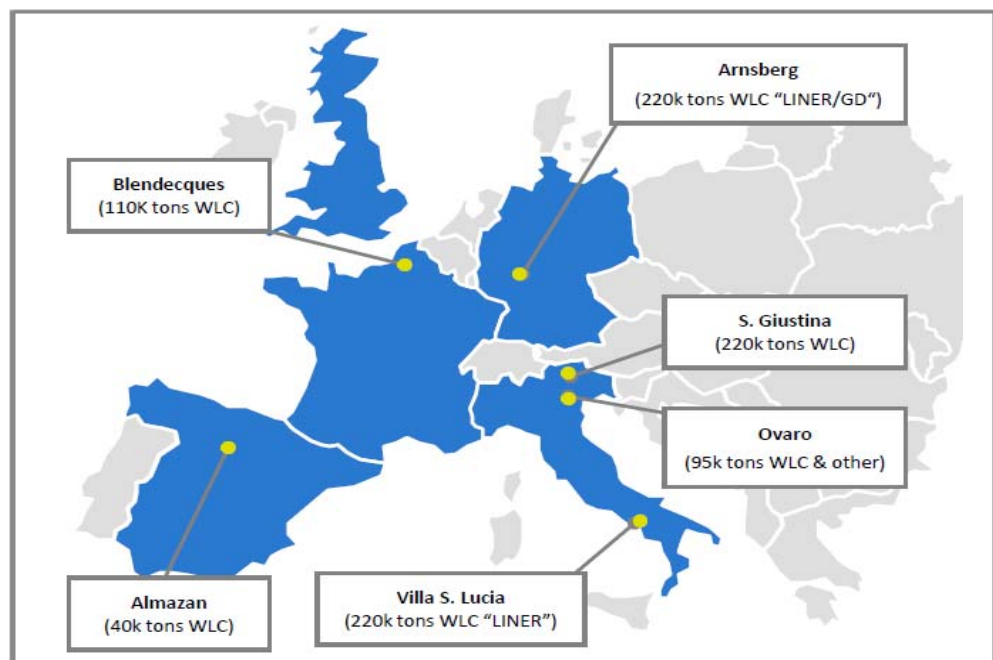
- 1) Order flow remains satisfactory but it is unclear whether demand will improve amidst the fragile macroeconomic environment in Italy and the rest of Europe. A modest recovery is currently foreseen next year, with growth slightly above 2014 levels (but again, this outlook contains some degree of uncertainty).
- 2) On the plus side, prices of the main production inputs (raw materials, which amounted to 44.6% of sales in FY13, and energy, 13.8% of sales) are forecast to remain broadly stable and the risk of an increase in volatility is rather small.

## Company Strategy

In a recent dialogue we had with company management, they reaffirmed their strategic guidelines:

- 1) RDM's management is committed to maintaining high production standards and increasing efficiency. The company currently operates six mills, at the following locations: Arnsberg, Germany (220k ton capacity), Santa Giustina, Italy (220k tons), Villa Santa Lucia (220k tons), Blendecques, France (110k tons), Ovaro, Italy (95k tons) and Almazan, Spain (40k tons). The plan is to upgrade the entire industrial footprint continuously, investing substantially to make improvements at one plant at a time. At the moment, their efforts are concentrated on Santa Giustina, which is already among the most efficient mills in Europe (in terms of board machine capacity, age and speed) along with Arnsberg and Villa Santa Lucia. The Almazan and Blendecques mills produce for their respective specific geographical areas, while the Ovaro plant is used to make certain high-quality products (for instance, boxes for luxury shoemaker Tod's).
- 2) Management is also focused on keeping other costs under control, such as personnel costs (the incidence was 15.6% of sales in FY13) and SG&A (10.5% in FY13), to reduce the breakeven point.

### Reno De Medici – Industrial Footprint



Source: Company presentation

## Estimates

We have revised our 2014-16 sales estimates slightly downward to incorporate the deconsolidation of the cutting and distribution centre at Wednesbury (UK), which accounted for Eu6.9mn in FY13.

We did not change our 2014-16 EBITDA estimates even though they appear to be on the conservative side (at least for FY14); indeed, the boarding machine in Santa Giustina has not started producing at full capacity yet after its modernisation project.

Excluding white certificate revenues, we expect the EBITDA margin to increase from 7.7% in 2014 to 9.0% in 2016, as a consequence of lower energy prices and the efficiency enhancement measures undertaken.

We still expect the company to generate around Eu10mn of FCF on average in 2014-2016; hence, net debt is forecast to land at Eu42.6mn in 2016.

No dividend payments are included in our estimates, as the company has not released any indications on this issue.

### Reno De Medici – Change in Estimates

(Eu mn)	2014 old	2014 new	change %	2015 old	2015 new	change %	2016 old	2016 new	change %
<b>Sales</b>	<b>466.2</b>	<b>459.3</b>	<b>-1.5%</b>	<b>476.7</b>	<b>469.8</b>	<b>-1.5%</b>	<b>486.3</b>	<b>479.4</b>	<b>-1.4%</b>
<i>YoY growth %</i>	<i>-0.5%</i>	<i>-2.0%</i>		<i>2.3%</i>	<i>2.3%</i>		<i>2.0%</i>	<i>2.0%</i>	
<b>EBITDA</b>	<b>40.3</b>	<b>40.3</b>	<b>0.0%</b>	<b>42.6</b>	<b>42.6</b>	<b>0.0%</b>	<b>45.2</b>	<b>45.2</b>	<b>0.0%</b>
<i>EBITDA margin %</i>	<i>8.7%</i>	<i>8.8%</i>		<i>8.9%</i>	<i>9.1%</i>		<i>9.3%</i>	<i>9.4%</i>	
<b>EBITDA Adjusted (Ex. White Certificates)</b>	<b>35.3</b>	<b>35.3</b>	<b>0.0%</b>	<b>40.6</b>	<b>40.6</b>	<b>0.0%</b>	<b>43.2</b>	<b>43.2</b>	<b>0.0%</b>
<i>EBITDA Adjusted margin %</i>	<i>7.6%</i>	<i>7.7%</i>		<i>8.5%</i>	<i>8.6%</i>		<i>8.9%</i>	<i>9.0%</i>	
<b>EBIT</b>	<b>16.8</b>	<b>16.8</b>	<b>0.0%</b>	<b>19.1</b>	<b>19.1</b>	<b>0.0%</b>	<b>21.7</b>	<b>21.7</b>	<b>0.0%</b>
<i>Ebit margin %</i>	<i>3.6%</i>	<i>3.7%</i>		<i>4.0%</i>	<i>4.1%</i>		<i>4.5%</i>	<i>4.5%</i>	
<b>Pre Tax profit</b>	<b>11.5</b>	<b>11.5</b>	<b>0.0%</b>	<b>14.0</b>	<b>14.0</b>	<b>0.0%</b>	<b>16.9</b>	<b>16.9</b>	<b>0.0%</b>
<b>Group Net Profit</b>	<b>9.5</b>	<b>9.5</b>	<b>0.0%</b>	<b>11.0</b>	<b>11.0</b>	<b>0.0%</b>	<b>11.3</b>	<b>11.3</b>	<b>0.0%</b>
<b>Net Debt</b>	<b>(65.1)</b>	<b>(65.1)</b>	<b>0.0%</b>	<b>(54.2)</b>	<b>(54.2)</b>	<b>0.0%</b>	<b>(42.6)</b>	<b>(42.6)</b>	<b>0.0%</b>

Source: Intermonte SIM estimates

## Valuation

We value Reno De Medici using a profit-based model (EV/ROACE) based on 2014-2016 estimates.

### Reno De Medici –EV/Roace

	2014E	2015E	2016E
Capital Employed - year average	214.6	214.7	214.4
Ebit	16.8	19.1	21.7
ROACE	7.9%	8.9%	10.1%
Tax load ratio (%)	33.0%	33.0%	33.0%
<u>ROACEAT</u>	<u>5.3%</u>	<u>6.0%</u>	<u>6.8%</u>
<b>WACC</b>	<b>7.3%</b>	<b>7.4%</b>	<b>7.4%</b>
<u>TG</u>	<u>1.5%</u>	<u>1.5%</u>	<u>1.5%</u>
<u>Required return</u>	<u>5.8%</u>	<u>5.9%</u>	<u>5.9%</u>
EV / CE	0.9	1.0	1.1
<b>Enterprise Value (€ mn)</b>	<b>194.6</b>	<b>217.1</b>	<b>245.3</b>
NFP (+)	(65.1)	(54.2)	(42.6)
(Minorities) /Associates (+)	1.2	1.2	1.2
<b>Fair Value (€ mn)</b>	<b>130.7</b>	<b>164.1</b>	<b>203.8</b>
<b>Fair value per share (€)</b>	<b>0.35</b>	<b>0.43</b>	<b>0.54</b>
Number of shares	377.8	377.8	377.8
<b>Actualized Value</b>	<b>0.34</b>	<b>0.40</b>	<b>0.46</b>
<b>2014 - 2016 Average Fair Value</b>		<b>0.40</b>	

Source: Intermonte SIM estimates

## Investment Case

We confirm our positive view on Reno De Medici as: 1) the macroeconomic environment is stable: demand is forecast to pick up in 2015 and there appear to be no major risks related to raw material or energy price volatility; 2) company management is strongly committed to following through with a CAPEX policy to enhance manufacturing plant efficiency and hence increase production savings.

At our target price (Eu0.40), Reno De Medici would still be trading at a discount to Mayr-Melnhof, which would be justified given structural differences in profitability and ROCE to its main competitor.

### Reno De Medici – Implied Multiples At Target Price

	2014E	2015E	2016E
P/E	16.0	13.8	13.5
EV/Sales	0.5	0.4	0.4
EV/EBITDA	5.4	4.9	4.3
EV/EBIT	13.0	10.9	9.0
P/BV	1.0	1.0	0.9
EV/CE	1.0	1.0	0.9

Source: Intermonte SIM estimates

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

#### Reno De Medici – Ranking by P/BV and EV/CE

Stock	2014 EV/CE	Average 14'-15' ROCE	Stock	2014 P/BV	Average 14'-15' ROE
ITALCEMENTI	0.65	4.3%	TREVI	0.49	4.9%
TREVI	0.72	8.9%	ITALCEMENTI	0.64	-1.0%
FALCK RENEWABLES	0.74	6.6%	EMAK	0.69	8.4%
FIAT CHRYSLER	0.75	11.3%	<b>RENO DE MEDICI</b>	<b>0.71</b>	<b>6.8%</b>
ERG	0.77	8.3%	CEMENTIR	0.71	7.0%
IREN	0.79	7.4%	SAFILO	0.73	7.6%
SAFILO	0.79	10.9%	GEFRAN	0.73	4.9%
<b>RENO DE MEDICI</b>	<b>0.79</b>	<b>8.4%</b>	FALCK RENEWABLES	0.76	5.0%
EMAK	0.80	10.7%	FIAT CHRYSLER	0.78	4.9%
CEMENTIR	0.81	8.9%	EL.EN.	0.79	5.4%
GEFRAN	0.82	7.7%	ERG	0.79	4.8%
ENI	0.86	14.3%	ASTALDI	0.86	15.8%
BUZZI-UNICEM	0.88	6.8%	KINEXIA	0.86	6.2%
TELECOM ITALIA	0.90	9.4%	ENI	0.96	6.4%
CNH INDUSTRIAL	0.92	17.9%	SALINI IMPREGILO	0.95	10.2%
TERNIENERGIA	0.93	11.2%	TELECOM ITALIA	0.96	7.3%
LANDI RENZO	0.94	1.5%	BUZZI-UNICEM	0.96	5.2%
SIAS	0.95	7.8%	ENEL	0.97	5.7%
ASTALDI	1.00	18.2%	DANIELI	0.98	10.1%
FINMECCANICA	1.06	10.4%	TERNIENERGIA	1.04	13.6%
SAIPEM	1.07	7.5%	SARAS	1.07	-6.9%
SARAS	1.07	-6.7%	LANDI RENZO	1.08	-0.2%
ENEL	1.09	10.0%	SIAS	1.09	8.4%
STMICROELECTRONICS	1.10	6.6%	SAIPEM	1.11	7.5%
CARRARO	1.11	5.1%	STMICROELECTRONICS	1.12	4.2%

Source: IntermonTE SIM estimates

**RENO DE MEDICI Peer Group - Absolute Performances**

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
<b>RENO DE MEDICI</b>	<b>0.3</b>	<b>EUR</b>	<b>104.8</b>	<b>-6.9%</b>	<b>-7.5%</b>	<b>-12.9%</b>	<b>2.8%</b>	<b>0.9%</b>	<b>102.3%</b>
HOLMEN	243.9	SEK	20,486.7	15.4%	5.4%	6.5%	4.3%	11.9%	23.4%
MAYR-MELNHOF	85.5	EUR	1,710.0	1.8%	-2.4%	-6.2%	-5.0%	5.0%	9.8%
METSA	3.6	EUR	1,168.3	4.7%	2.0%	6.9%	13.0%	21.9%	65.6%
STORA ENSO OYJ	60.6	SEK	---	3.9%	-2.3%	-9.0%	-6.1%	-2.1%	40.1%
UPM KYMMENE	12.5	EUR	6,670.3	12.8%	2.0%	-1.3%	2.1%	3.4%	47.7%
<b>Mean performance</b>				<b>5.3%</b>	<b>-0.5%</b>	<b>-2.7%</b>	<b>1.9%</b>	<b>6.8%</b>	<b>48.1%</b>
<b>Italy Fixed</b>	<b>18,934.6</b>	<b>EUR</b>	<b>247,502</b>	<b>-6.3%</b>	<b>-7.1%</b>	<b>-13.1%</b>	<b>-0.2%</b>	<b>-1.9%</b>	<b>20.1%</b>

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
<b>RENO DE MEDICI</b>	<b>0.3</b>	<b>EUR</b>	<b>104.8</b>	<b>0.4</b>	<b>0.3</b>	<b>4.8</b>	<b>3.9</b>	<b>10.0</b>	<b>8.3</b>	<b>11.0</b>	<b>9.5</b>	<b>0.0%</b>	<b>0.0%</b>
HOLMEN	243.9	SEK	20,486.7	1.6	1.6	8.8	8.0	15.2	13.4	16.6	15.2	4.1%	4.4%
MAYR-MELNHOF	85.5	EUR	1,710.0	0.8	0.7	6.0	5.4	9.3	8.3	14.1	13.1	2.8%	3.0%
METSA	3.6	EUR	1,168.3	0.9	0.8	7.3	6.6	12.8	11.0	16.2	13.0	2.9%	3.3%
STORA ENSO OYJ	60.6	SEK	---	0.8	0.8	6.7	6.3	11.2	10.3	13.3	10.9	4.7%	4.8%
UPM KYMMENE	12.5	EUR	6,670.3	1.0	0.9	7.3	6.8	11.9	11.4	11.6	11.9	5.0%	5.2%
<b>Median</b>				<b>0.9</b>	<b>0.8</b>	<b>7.0</b>	<b>6.5</b>	<b>11.5</b>	<b>10.7</b>	<b>13.7</b>	<b>12.4</b>	<b>3.5%</b>	<b>3.9%</b>

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



**DISCLAIMER** (for more details go to <http://intermonte.it/disclosures.asp>)

#### **IMPORTANT DISCLOSURES**

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte. This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution. The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by the Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities. This disclaimer is constantly updated on Intermonte's website [www.intermonte.it](http://www.intermonte.it) under DISCLOSURES. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question.

#### **ANALYST CERTIFICATION**

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report. The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities. Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

#### **GUIDE TO FUNDAMENTAL RESEARCH**

Reports on all companies listed on the S&PMB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

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;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

The stock price indicated is the reference price on the day prior to the publication of the report.

#### **CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS**

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms. As at September 30th 2014 Intermonte's Research Department covered 159 companies.

Intermonte's distribution of stock ratings is as follows:

BUY: 22.01%

OUTPERFORM: 35.22%

NEUTRAL: 39.88%

UNDERPERFORM: 1.89%

SELL: 0.63%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (31 in total) is as follows:

BUY: 21.88%

OUTPERFORM: 43.75%

NEUTRAL: 34.37%

UNDERPERFORM: 0.00%

SELL: 0.00%

#### **CONFLICT OF INTEREST**

In order to disclose its possible conflicts of interest Intermonte SIM states that:

- o within the last year, Intermonte SIM managed or co-managed/is managing or is co-managing (see companies indicated in bold type) an Institutional Offering and/or , managed or co-managed/is managing or is co-managing (see companies indicated in bold type) an offering with firm commitment underwriting of the securities of the following Companies: Ascopiave, Banca Ifis, Banca Carige, Banca Popolare di Sondrio, Creval, Fincantieri, GreentItaly1, MPS, Poltrona Frau, Salini Impreglio, Tecnoinvestimenti, Tribuo Media.
- o Intermonte SIM is Specialist and/or Corporate Broker and/or Broker in charge of the share buy back activity of the following Companies: Banca Etruria, Banca Ifis, Be, Biancamano, B&C Speakers, Bolzoni, Carraro, Cattolica Assicurazioni, Credito Varesino, Datalogic, DeA capital, Digital bros, EL.En, Emak, ERG, Ferrovie Nord Milano, Milano, Fiera Milano, Fintel Energia Group, Gefran, GreentItaly1, IGD, Innovatec, Kinexia, Lucisano, Mondo TV, Primi sui Motori, QF Alpha Immobiliare, QF Beta Immobiliare, Recordati, Reno de Medici, Reply, Saes Getters, Servizi Italia, Sesa, Snai, Tamburi Investment Partners, Tecnoinvestimenti, TESMEC, TBS Group, Ternienergia, TXT e-solutions, Vittoria Assicurazioni, VRWay Communication.
- o Intermonte SIM acted as Global Coordinator in the GreentItaly1 IPO on the AIM Italia market and will receive a success fee if a business combination is approved by the shareholders.
- o Intermonte SIM SpA and its subsidiaries do not hold a stake equal to or over 1% of common equity securities and/or warrants of any of the aforementioned subject companies, with the exception of: GreentItaly1.
- o Intermonte SIM SpA has provided in the last 12 months / provides / may provide investment banking services to the following companies: Atlantia, Carraro, Cattolica, Kinexia, RCS Media, Saes Getters

#### **DETAILS ON STOCKS RECOMMENDATION**

Stock NAME	RENO DE MEDICI		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	0.40	Previous Target (Eu):	0.40
Current Price (Eu):	0.28	Previous Price (Eu):	0.30
Date of report:	05/11/2014	Date of last report:	02/10/2014

© Copyright 2010 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization. Intermonte Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid. Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [www.intermonte.it/mifid](http://www.intermonte.it/mifid)  
Further information is available