

RENO DE MEDICI

BUY

Price (Eu):

0.34

Target Price (Eu):

0.50

SECTOR: Industrials

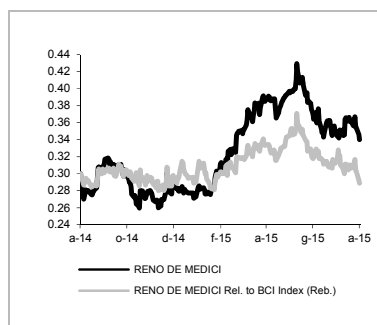
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Demand Should Remain Strong in 2H15

- 2Q15 results: EBITDA in line, net profit below due to asset write-downs.** Reno De Medici reported 2Q15 revenues of Eu111.6mn, +1.8% YoY. This figure was short of our estimate (Eu129.2mn). Volumes sold reached 212,000 tons, +1.0% YoY, with an implied average selling price of Eu526 per ton, +0.9% YoY. In Europe demand for cartonboard increased by 3.5% YoY in 1H15. Adjusted EBITDA (net of "white certificate" sales, which we estimate amounted to Eu0.8mn in 2Q14 and nil in 2Q15) came in at Eu12.4mn, up 17.1% YoY and almost in line with our estimate (Eu12.3mn); the margin on sales rose 140bps YoY to 11.1% on the back of lower energy costs and reduced variable production costs. Net income was equal to Eu3.3mn, 14.4% below our estimates due to Eu1.3mn of asset write-downs related to the Magenta mill. Finally, net debt was almost unchanged QoQ at Eu59.8mn and a touch higher than our forecast (Eu59.0mn).
- Order inflow remains satisfactory.** The company stated: "demand should remain strong also in the forthcoming months, albeit it has stabilized after the rump up of the first months of the year. The cost of raw material (recycled fibers and latex) should keep on increasing. Should the upward trend persist, producers of carton board based on recycled fibres might be considering a selling price raise."
- Estimates fine-tuned.** Following the release of 1H15 results, we have made minor changes to our 2015-17 EPS estimates: -6.1% in 2015, +5.2% in 2016, +3.4% in 2017. In particular, for 2015 we have factored in the Eu1.3mn asset write-down and the Eu0.4mn income from exchange differences booked in 1H15. In 2016 and 2017 we have factored in lower financial charges thanks to a lower cost of debt. So far, we have not assumed another price increase on top of the one announced in Spring and effective from July (already in our estimates). With regard to cash generation, the company is expected to reduce its net debt level by Eu12.7mn per year, down to Eu25.9mn by 2017 (our previous forecast was Eu23.0mn).
- BUY reiterated, target price kept at Eu0.50.** We confirm our positive view on the stock. Our target price, based on a EV/ROACE model, remains unchanged at Eu0.50 per share. The macroeconomic environment is showing material signs of improvement and demand for cartonboard has been increasing faster than previously estimated. Since the industry on a European level is amply consolidated and price discipline is quite strong, we are confident that in the current scenario Reno's profitability could improve further. This would imply a higher ROCE, leading to a stock re-rating. At the current share price level, FCF yield would be 9.0% on average from 2015 to 2017.

RENO DE MEDICI - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): Unchanged

| Change in EPS est: | 2015E | 2016E |
|--------------------|-------|-------|
| | -6.1% | 5.2% |

STOCK DATA

| | |
|-----------------|--------|
| Reuters code: | RDM.MI |
| Bloomberg code: | RM IM |

| Performance | 1m | 3m | 12m |
|----------------|-----------|--------|-------|
| Absolute | -2.4% | -14.4% | 13.3% |
| Relative | -7.7% | -16.3% | -4.3% |
| 12 months H/L: | 0.43/0.26 | | |

SHAREHOLDER DATA

| | |
|---------------------------|-------|
| No. of Ord. shares (mn): | 378 |
| Total No. of shares (mn): | 378 |
| Mkt Cap Ord (Eu mn): | 128 |
| Total Mkt Cap (Eu mn): | 128 |
| Mkt Float - ord (Eu mn): | 40 |
| Mkt Float (in %): | 31.2% |
| Main shareholder: | |
| Cascades | 57.6% |

BALANCE SHEET DATA

| | 2015 |
|---------------------------------|------|
| Book value (Eu mn): | 156 |
| BVPS (Eu): | 0.41 |
| P/BV: | 0.8 |
| Net Financial Position (Eu mn): | -55 |
| Enterprise value (Eu mn): | 182 |

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| Key Figures | 2013A | 2014A | 2015E | 2016E | 2017E |
|--------------------|-------|-------|-------|-------|-------|
| Sales (Eu mn) | 428 | 426 | 443 | 454 | 465 |
| Ebitda (Eu mn) | 39 | 41 | 46 | 50 | 55 |
| Net profit (Eu mn) | 2 | 5 | 13 | 16 | 20 |
| EPS - New (Eu) | 0.005 | 0.014 | 0.035 | 0.043 | 0.054 |
| EPS - Old (Eu) | | 0.014 | 0.038 | 0.041 | 0.052 |
| DPS (Eu) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |

| Ratios & Multiples | 2013A | 2014A | 2015E | 2016E | 2017E |
|--------------------|-------|-------|-------|-------|-------|
| P/E | 72.4 | 24.0 | 9.6 | 8.0 | 6.3 |
| Div. Yield | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| EV/Ebitda | 5.4 | 5.3 | 3.9 | 3.5 | 2.9 |
| ROCE | 5.3% | 8.9% | 10.8% | 13.0% | 15.3% |

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RENO DE MEDICI - KEY FIGURES

| | | 2013A | 2014A | 2015E | 2016E | 2017E |
|----------------------------------|--------------------------------------|------------|------------|------------|------------|------------|
| | Fiscal year end | 31/12/2013 | 31/12/2014 | 31/12/2015 | 31/12/2016 | 31/12/2017 |
| PROFIT & LOSS (Eu mn) | Sales | 428 | 426 | 443 | 454 | 465 |
| | EBITDA | 39 | 41 | 46 | 50 | 55 |
| | EBIT | 11 | 18 | 22 | 27 | 33 |
| | Financial income (charges) | (6) | (5) | (4) | (3) | (2) |
| | Associates & Others | (1) | 1 | 1 | 0 | 0 |
| | Pre-tax profit (Loss) | 4 | 14 | 19 | 24 | 30 |
| | Taxes | 1 | (4) | (6) | (8) | (10) |
| | Tax rate (%) | 27.6% | -27.6% | -30.0% | -33.0% | -33.0% |
| | Minorities & discontinue activities | 3 | 5 | 0 | 0 | 0 |
| | Net profit | 2 | 5 | 13 | 16 | 20 |
| | Total extraordinary items | 2 | 5 | 0 | 2 | 2 |
| | Ebitda excl. extraordinary items | 37 | 36 | 46 | 48 | 53 |
| | Ebit excl. extraordinary items | 11 | 18 | 22 | 27 | 33 |
| Net profit restated | 2 | 5 | 13 | 16 | 20 | |
| PER SHARE DATA (Eu) | Total shares out (mn) - average fd | 378 | 378 | 378 | 378 | 378 |
| | EPS stated fd | 0.005 | 0.014 | 0.035 | 0.043 | 0.054 |
| | EPS restated fd | 0.005 | 0.014 | 0.035 | 0.043 | 0.054 |
| | BVPS fd | 0.371 | 0.376 | 0.411 | 0.454 | 0.508 |
| | 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 | 26 | 23 | 37 | 39 | 42 |
| | Change in NWC | 2 | (3) | (3) | (1) | (4) |
| | Capital expenditure | (15) | (20) | (16) | (17) | (17) |
| | Other cash items | 3 | 6 | (9) | (6) | (6) |
| | Free cash flow (FCF) | 16 | 6 | 9 | 14 | 15 |
| | Acquisitions, divestments & others | 0 | 0 | 0 | 0 | 0 |
| | Dividend | 0 | 0 | 0 | 0 | 0 |
| | Equity financing/Buy-back | 0 | 0 | 0 | 0 | 0 |
| Change in Net Financial Position | 16 | 6 | 9 | 14 | 15 | |
| BALANCE SHEET (Eu mn) | Total fixed assets | 219 | 210 | 210 | 204 | 203 |
| | Net working capital | 40 | 43 | 46 | 48 | 52 |
| | Long term liabilities | (48) | (47) | (45) | (39) | (37) |
| | Net capital employed | 210 | 206 | 210 | 212 | 218 |
| | Net financial position | (70) | (64) | (55) | (41) | (26) |
| | Group equity | 140 | 142 | 155 | 171 | 192 |
| | Minorities | 1 | 0 | 0 | 0 | 0 |
| Net equity | 141 | 142 | 156 | 172 | 192 | |
| ENTERPRISE VALUE (Eu mn) | Average mkt cap - current | 128 | 128 | 128 | 128 | 128 |
| | Adjustments (associate & minorities) | 1 | 1 | 1 | 1 | 1 |
| | Net financial position | (70) | (64) | (55) | (41) | (26) |
| | Enterprise value | 198 | 191 | 182 | 168 | 153 |
| RATIOS(%) | EBITDA margin* | 8.5% | 8.5% | 10.4% | 10.6% | 11.4% |
| | EBIT margin* | 2.7% | 4.3% | 5.1% | 6.1% | 7.1% |
| | Gearing - Debt/equity | 50.2% | 45.1% | 35.4% | 23.7% | 13.5% |
| | Interest cover on EBIT | 1.9 | 3.5 | 5.2 | 7.9 | 13.6 |
| | Debt/Ebitda | 1.81 | 1.55 | 1.19 | 0.81 | 0.47 |
| | ROCE* | 5.3% | 8.9% | 10.8% | 13.0% | 15.3% |
| | ROE* | 1.3% | 3.8% | 9.0% | 9.8% | 11.2% |
| | EV/CE | 0.9 | 0.9 | 0.9 | 0.8 | 0.7 |
| | EV/Sales | 0.5 | 0.4 | 0.4 | 0.4 | 0.3 |
| | EV/Ebit | 17.2 | 10.4 | 8.1 | 6.1 | 4.5 |
| Free Cash Flow Yield | 12.6% | 4.9% | 7.0% | 11.3% | 11.6% | |
| GROWTH RATES (%) | Sales | -8.1% | -0.5% | 3.9% | 2.5% | 2.5% |
| | EBITDA* | 11.1% | -1.1% | 27.7% | 3.8% | 10.2% |
| | EBIT* | nm | 60.4% | 21.7% | 22.5% | 19.7% |
| | Net profit | nm | 202.1% | 149.2% | 20.5% | 26.9% |
| | EPS restated | nm | 202.1% | 149.2% | 20.5% | 26.9% |

* Excluding extraordinary items

Source: Intermonte SIM estimates

Results

Reno de Medici – Results

| (Eu mn) | Q2'14A | Q2'15A | YoY | Q2'15E | A vs E | 1H'14A | 1H'15A | YoY | 1H'15E | A v E |
|---------------------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Sales | 109.6 | 111.6 | 1.8% | 129.2 | -13.6% | 221.4 | 226.0 | 2.1% | 243.7 | -7.2% |
| Volumes ('000) | 210 | 212 | 1.0% | 241 | -12.0% | 420 | 429 | 2.1% | 458 | -6.3% |
| Average Prices (Eu) | 522 | 526 | 0.9% | 536 | -1.8% | 527 | 527 | -0.1% | 532 | -1.0% |
| Other Revenues | 0.9 | 1.4 | | 2.3 | | 8.0 | 3.1 | | 4.0 | |
| "White Certificates" | 0.8 | 0.0 | | 0.0 | | 4.3 | 0.0 | | 0.0 | |
| Δ Finished Goods | 0.9 | 1.9 | | 1.5 | | (1.1) | (2.6) | | (3.0) | |
| COGS | (82.9) | (84.6) | 2.1% | (99.2) | | (167.5) | (168.5) | | (183.0) | |
| % on sales | -75.7% | -75.9% | | -76.8% | | -75.6% | -74.5% | | -75.1% | |
| Personnel Costs | (16.7) | (16.2) | -2.8% | (19.8) | | (33.3) | (32.4) | | (36.0) | |
| % on sales | -15.2% | -14.5% | | -15.3% | | -15.1% | -14.3% | | -14.8% | |
| Other Operating Costs | (1.2) | (1.7) | | (1.7) | | (2.4) | (2.7) | | (2.7) | |
| % on sales | -1.1% | -1.5% | | -1.3% | | -1.1% | -1.2% | | -1.1% | |
| EBITDA | 11.4 | 12.4 | 8.8% | 12.3 | 0.5% | 25.1 | 23.0 | -8.4% | 23.0 | 0.3% |
| % on sales | 10.4% | 11.1% | | 9.5% | | 11.4% | 10.2% | | 9.4% | |
| Adjusted EBITDA | 10.6 | 12.4 | 17.1% | 12.3 | 0.5% | 25.1 | 23.0 | -8.4% | 23.0 | 0.3% |
| % on sales | 9.7% | 11.1% | | 9.5% | | 11.4% | 10.2% | 0.0% | 9.4% | 0.0% |
| Depreciations | (5.7) | (5.4) | | (5.5) | | (11.3) | (11.1) | | (11.3) | |
| Write offs | (0.4) | (1.3) | | 0.0 | | (0.4) | (1.3) | | 0.0 | |
| EBIT | 5.2 | 5.7 | 8.0% | 6.8 | -16.9% | 13.4 | 10.6 | -21.1% | 11.7 | -9.8% |
| % on sales | 4.8% | 5.1% | | 5.3% | | 6.1% | 4.7% | | 4.8% | |
| Financials and associates | (1.0) | (1.0) | | (1.9) | | (2.4) | (1.2) | | (2.0) | |
| Pre Tax Profit | 4.3 | 4.6 | 8.7% | 4.9 | -6.1% | 11.1 | 9.4 | -14.7% | 9.7 | -3.1% |
| Taxes | (0.7) | (1.3) | | (1.1) | | (1.8) | (2.1) | | (1.9) | |
| Discontinued | (0.1) | 0.0 | | 0.0 | | (0.1) | (0.4) | | 0.0 | |
| Minorities | (0.1) | (0.0) | | 0.0 | | (0.1) | (0.1) | | 0.0 | |
| Group Net Profit | 3.6 | 3.3 | -9.5% | 3.8 | -14.4% | 9.2 | 6.8 | -25.6% | 7.8 | -12.1% |
| Net Debt | (72.8) | (59.6) | | (58.0) | | (72.8) | (59.6) | | (58.0) | |

Source: Company data and Intermonte SIM estimates

Change in Estimates

Reno de Medici – Change In Estimates

| Eu mn | 2015 new | 2015 old | change % | 2016 new | 2016 old | change % | 2017 new | 2017 old | change % |
|---|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|--------------|
| Sales | 442.9 | 442.0 | 0.2% | 454.0 | 453.1 | 0.2% | 465.5 | 464.5 | 0.2% |
| <i>YoY growth %</i> | <i>3.9%</i> | <i>3.7%</i> | | <i>2.5%</i> | <i>2.5%</i> | | <i>2.5%</i> | <i>2.5%</i> | |
| Volumes | 824.3 | 814.7 | 1.2% | 836.7 | 826.9 | 1.2% | 849.2 | 839.3 | 1.2% |
| <i>YoY growth %</i> | <i>2.4%</i> | <i>1.2%</i> | | <i>1.5%</i> | <i>1.5%</i> | | <i>1.5%</i> | <i>1.5%</i> | |
| Average Prices | 537.3 | 542.6 | -1.0% | 542.7 | 548.0 | -1.0% | 548.1 | 553.5 | -1.0% |
| <i>YoY growth %</i> | <i>1.5%</i> | <i>2.5%</i> | | <i>1.0%</i> | <i>1.0%</i> | | <i>1.0%</i> | <i>1.0%</i> | |
| EBITDA | 46.2 | 47.7 | -3.1% | 50.0 | 50.0 | 0.0% | 54.9 | 54.9 | 0.0% |
| <i>EBITDA margin %</i> | <i>10.4%</i> | <i>10.8%</i> | | <i>11.0%</i> | <i>11.0%</i> | | <i>11.8%</i> | <i>11.8%</i> | |
| EBITDA Adjusted (Ex. White Certificates) | 46.2 | 45.7 | 1.1% | 48.0 | 48.0 | 0.0% | 52.9 | 52.9 | 0.0% |
| <i>EBITDA Adjusted margin %</i> | <i>10.4%</i> | <i>10.3%</i> | | <i>10.6%</i> | <i>10.6%</i> | | <i>11.4%</i> | <i>11.4%</i> | |
| EBIT | 22.4 | 25.2 | -11.1% | 27.5 | 27.5 | 0.0% | 32.9 | 32.9 | 0.0% |
| <i>EBIT margin %</i> | <i>5.1%</i> | <i>5.7%</i> | | <i>6.1%</i> | <i>6.1%</i> | | <i>7.1%</i> | <i>7.1%</i> | |
| Group Net Profit | 13.4 | 14.2 | -6.1% | 16.1 | 15.3 | 5.2% | 20.4 | 19.8 | 3.4% |
| Net Debt | (55.0) | (50.7) | 8.6% | (40.7) | (37.0) | 10.0% | (25.9) | (23.0) | 12.7% |

Source: Intermonte SIM estimates

Valuation

Reno de Medici – Valuation

| | 2015E | 2016E | 2017E |
|---------------------------------------|--------------|--------------|--------------|
| Capital Employed - year average | 210.3 | 212.1 | 217.7 |
| Ebit | 22.4 | 27.5 | 32.9 |
| ROACE | 10.8% | 13.0% | 15.3% |
| Tax load ratio (%) | 30.0% | 33.0% | 33.0% |
| <u>ROACEAT</u> | <u>7.5%</u> | <u>8.7%</u> | <u>10.3%</u> |
| WACC | 7.4% | 7.6% | 7.9% |
| <u>TG</u> | <u>0.5%</u> | <u>0.5%</u> | <u>0.5%</u> |
| <u>Required return</u> | <u>6.9%</u> | <u>7.1%</u> | <u>7.4%</u> |
| EV / CE | 1.1 | 1.2 | 1.4 |
| Enterprise Value (Eu mn) | 230.0 | 259.5 | 303.2 |
| NFP (+) | (55.0) | (40.7) | (25.9) |
| (Minorities) /Associates (+) | 0.0 | 0.0 | 0.0 |
| Fair Value (Eu mn) | 175.0 | 218.8 | 277.3 |
| Fair value per share (Eu) | 0.46 | 0.58 | 0.73 |
| Number of shares | 377.8 | 377.8 | 377.8 |
| Actualized Value | 0.43 | 0.50 | 0.58 |
| 2015 - 2017 Average Fair Value | | 0.50 | |

Source: Intermonte SIM estimates

Reno de Medici – Multiples At Target Price

| | 2015E | 2016E | 2017E |
|-----------|-------|-------|-------|
| P/E | 14.0 | 11.6 | 9.2 |
| EV/Sales | 0.5 | 0.5 | 0.5 |
| EV/EBITDA | 5.3 | 4.6 | 3.9 |
| EV/EBIT | 10.9 | 8.3 | 6.5 |
| P/BV | 1.2 | 1.1 | 1.0 |
| EV/CE | 1.2 | 1.1 | 1.0 |

Source: Intermonte SIM estimates

RENO DE MEDICI Peer Group - Absolute Performances

| Stock | Price | Ccy | Mkt cap | 1M | 3M | 6M | YTD | 1Y | 2Y |
|-------------------------|-----------------|------------|----------------|--------------|---------------|--------------|--------------|--------------|---------------|
| RENO DE MEDICI | 0.3 | EUR | 128.5 | -2.4% | -14.4% | 8.6% | 25.4% | 13.3% | 202.5% |
| HOLMEN | 250.8 | SEK | 21,066.2 | 3.0% | -10.7% | -14.1% | -5.7% | 8.4% | 30.1% |
| MAYR-MELNHOF | 104.8 | EUR | 2,095.0 | 2.6% | -0.6% | 13.1% | 21.8% | 19.6% | 26.2% |
| METSA | 6.5 | EUR | 2,293.1 | 15.0% | 20.6% | 28.0% | 48.6% | 90.3% | 160.5% |
| STORA ENSO OYJ | 82.3 | SEK | --- | -3.5% | -7.0% | 6.2% | 17.2% | 32.7% | 66.0% |
| UPM KYMMENE | 17.1 | EUR | 9,106.9 | 8.3% | 4.2% | 7.4% | 25.3% | 38.8% | 103.6% |
| Mean performance | | | | 3.9% | -1.3% | 8.2% | 22.1% | 33.8% | 98.1% |
| Italy Fixed | 23,473.3 | EUR | 320,947 | 4.3% | 1.1% | 12.1% | 23.5% | 15.2% | 39.9% |

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 |
|-----------------------|------------|------------|--------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| RENO DE MEDICI | 0.3 | EUR | 128.5 | 0.4 | 0.4 | 3.9 | 3.5 | 8.1 | 6.1 | 9.6 | 8.0 | 0.0% | 0.0% |
| HOLMEN | 250.8 | SEK | 21,066.2 | 1.7 | 1.6 | 8.8 | 8.2 | 14.3 | 13.1 | 15.7 | 14.6 | 4.3% | 4.5% |
| MAYR-MELNHOF | 104.8 | EUR | 2,095.0 | 0.9 | 0.8 | 6.7 | 6.2 | 10.0 | 9.2 | 15.0 | 14.2 | 2.5% | 2.7% |
| METSA | 6.5 | EUR | 2,293.1 | 1.3 | 1.3 | 9.1 | 8.0 | 13.9 | 11.5 | 19.0 | 15.0 | 2.1% | 2.5% |
| STORA ENSO OYJ | 82.3 | SEK | --- | 1.0 | 1.0 | 7.7 | 7.1 | 12.2 | 11.1 | 13.6 | 12.2 | 3.6% | 4.1% |
| UPM KYMMENE | 17.1 | EUR | 9,106.9 | 1.2 | 1.1 | 8.3 | 7.8 | 13.1 | 12.2 | 13.9 | 13.5 | 4.3% | 4.4% |
| Median | | | | 1.1 | 1.0 | 8.0 | 7.4 | 12.6 | 11.3 | 14.5 | 13.8 | 3.1% | 3.4% |

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

RENO DE MEDICI - Estimates Comparison with Consensus

| (Eu mn) | 2015 | | | 2016 | | |
|------------|------------|-----------|-------|------------|-----------|-------|
| | Intermonte | Consensus | %diff | Intermonte | Consensus | %diff |
| Revenues | 442.9 | 442.0 | 0.2% | 454.0 | 453.0 | 0.2% |
| Ebitda | 46.2 | 46.0 | 0.5% | 50.0 | 48.0 | 4.1% |
| Net Profit | 13.4 | 14.0 | -4.6% | 16.1 | 15.0 | 7.3% |
| EPS | 0.0 | 0.0 | -6.9% | 0.0 | 0.0 | 4.0% |
| Net Debt | (55.0) | (51.0) | 7.9% | (40.7) | (37.0) | 10.0% |

Source: Intermonte SIM estimates and Factset consensus estimates

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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 June 30 2015 Intermonte's Research Department covered 155 companies.

Intermonte's distribution of stock ratings is as follows:

BUY: 20.00%

OUTPERFORM: 38.71%

NEUTRAL: 37.06%

UNDERPERFORM: 3.23%

SELL: 1.29%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (41 in total) is as follows:

BUY: 31.71%

OUTPERFORM: 48.78%

NEUTRAL: 19.51%

UNDERPERFORM: 0.00%

SELL: 0.00%

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DETAILS ON STOCKS RECOMMENDATION

| Stock NAME | RENO DE MEDICI | | |
|----------------------|----------------|-----------------------|------------|
| Current Recomm: | BUY | Previous Recomm: | BUY |
| Current Target (Eu): | 0.50 | Previous Target (Eu): | 0.50 |
| Current Price (Eu): | 0.34 | Previous Price (Eu): | 0.40 |
| Date of report: | 05/08/2015 | Date of last report: | 04/05/2015 |

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