



**THE BOARD OF DIRECTORS
APPROVES THE HALF-YEAR REPORT AS OF JUNE 30, 2015**

MAIN CONSOLIDATED FINANCIAL RESULTS OF THE FIRST-HALF 2015 (VS. FIRST-HALF 2014*)

- ◆ **NET REVENUES:** €226.0 MILLION
(COMPARED TO €221.4 MILLION AS AT JUNE 30, 2014)
- ◆ **GROSS OPERATING PROFIT (EBITDA):** €23.0 MILLION
(COMPARED TO €25.1 MILLION AS AT JUNE 30, 2014)
- ◆ **OPERATING PROFIT (EBIT):** €10.6 MILLION
(COMPARED TO €13.4 MILLION AS AT JUNE 30, 2014)
- ◆ **NET PROFIT FOR THE PERIOD:** €6.9 MILLION
(COMPARED TO €9.2 MILLION AS AT JUNE 30, 2014)
- ◆ **NET FINANCIAL INDEBTEDNESS:** €59.6 MILLION
(COMPARED TO €65.9 MILLION AS AT DECEMBER 31, 2014)

(*) Following the decision taken by management to hold Reno De Medici Ibérica for sale at December 31, 2014, confirmed for the period ending June 30, 2015, and the consequent reclassification of this company's results for the interim period under discontinued operations, as required by IFRS 5, the economic data as of June 30, 2014 were reclassified in order to make them comparable with those at June 30, 2015.

Milan, July 30, 2015

The Board of Directors of Reno De Medici S.p.A. ("**RDM**" or the "**Company**"), parent company of one of the world's largest producers of recycled cartonboard, met today under the chairmanship of Mr. Robert Hall, examined and approved the **Half-Year Consolidated Report as of June 30, 2015** of the Reno De Medici Group ("**RDM Group**" or the "**Group**"), which closes recording positive results. Indeed, 2015 first-half EBITDA, which amounts to 23.0 million euro, net of the effect of the Energy Efficiency Certificates (EECs) that in 2014 were granted for a higher amount following to the completion of the projects envisaged by the 5-year plan, shows a profitability improvement compared to 2014 first-half. Moreover, as at 30 June 2015 net financial indebtedness declines to 59.6 million euro, thanks to cash flow generation. Finally, **Net profit for the period** is equal to 6.9 million euro: a result providing a favourable comparison with the first half of the previous year, when excluding the EEC effect.



Introduction

The **macroeconomic scenario** continues to be characterised by forecasts of a sound growth of the world economy in 2015 (+3.3%), according to the latest estimates of international institutions. The **Eurozone** growth in the second half of 2015 is expected to reach +1.5%, thanks to the recovery of internal demand and to the Euro depreciation, in a context benefitting from the easing monetary policy of the ECB. In particular, presently the **Italian** GDP is expected to grow by 0.7% in 2015, vs. the 0.4% decline recorded in 2014.

In the **White Lined Chipboard** sector, in which Reno De Medici operates, the European demand in the first half of 2015 grew by 3.5% compared to the same period of the previous year, at a higher pace in Q1 2015 vs. Q2 2015.

As regards the main **production factors**, prices of recycled fibres, which remained unchanged for a long while, in Q2 started to rise in several European countries, also due to the resumption of exports to China. Moreover, the prices of certain chemical (latex) components showed an increase.

Prices of the **energy factors** (natural gas, coal, electricity) decreased compared to 2014, because of the excess of supply over demand. In Q2 2015 the price of natural gas - the main source of energy for the RDM Group - slightly increased compared to the bottom levels recorded in March, as an effect of both global recovery and speculative movements. However, it remained visibly lower compared to 2014. As regards specifically Reno De Medici and natural gas, its policy based on fix prices negotiated for the forthcoming quarters greatly mitigates the risks arising from unexpected upward fluctuations.

The price of electricity increased in the Italian mills, due to the mandatory contribution imposed even on self-produced energy, with the aim to support renewable energy sources.



The following table summarizes key income statement indicators as of June 30, 2015 and 2014.

	06.30.2015	06.30.2014 (*)
	(thousands of €)	
Revenues from sales	226,037	221,441
OPERATING PROFIT (EBITDA) (1)	23,041	25,146
EBIT (2)	10,580	13,406
Pre-tax income (3)	9,429	11,049
<i>Current and deferred taxes</i>	<i>(2,133)</i>	<i>(1,829)</i>
Profit (loss) for the period before discontinued operations	7,296	9,220
Discontinued operations	(391)	(63)
Profit (loss) for the period	6,905	9,157

(*) Following the decision taken by management to hold Reno De Medici Ibérica for sale at December 31, 2014, confirmed for the period ending June 30, 2015, and the consequent reclassification of this company's results for the interim period under discontinued operations, as required by IFRS 5, the economic data as of June 30, 2014 were reclassified in order to make them comparable with those at June 30, 2015.

- 1) See "Gross operating profit" in the consolidated financial statements of the RDM Group
- 2) See "Operating profit" in the consolidated financial statements of the RDM Group
- 3) See "Profit (loss) for the period – Taxes" in the consolidated financial statements of the RDM Group

Main Consolidated Results as at June 30, 2015

As at 30 June 2015, the RDM Group has reached **Revenues from Sales** of **226.0 million euro**, an increase compared to 221.4 million euro in H1 2014. The rise is substantially due to the **higher sold volumes (429,000 tons** in H1 2015 vs. 420,000 tons in H1 2014) as well as to the mix change linked to the Spanish operation restructuring, which have more than offset the slight decline in average sale prices.

The Reno De Medici Group, along with most European producers of packaging carton board based on recycled fibres, in spring has announced **a price increase**, whose effects on P&L are **visible starting from July 2015**.

In the first half of 2015, the RDM Group **Gross Operating Profit (EBITDA)** reached **23.0 million euro** compared to 25.1 million euro in H1 2014, mainly due to the difference in terms of Energy Efficiency Certificates. In 2014, EEC grants were higher, following to the completion of the projects



envisaged by the 5-year plan. Excluding such an effect, profitability slightly improved, thanks to both lower energy costs and to the reduction in variable production costs.

As at June 30, 2015, **Operating Profit (EBIT)** amounts to **10.6 million euro**, compared to 13.4 million euro recorded as at June 30, 2014.

In H1 2015 **Net Financial Expenses** were 1.7 million euro, a substantial decrease compared to 2.7 million euro in H1 2014. Such improvement reflects the decreased net financial indebtedness, the decline in interest rates and higher income from exchange differences, due to stronger US dollar and GBP in Q1 2015.

In the first half of 2015, the RDM Group reached a **Net Profit of 6.9 million euro**, vs. 9.2 million euro in H1 2014. Even such a change is mainly due to Energy Efficiency Certificates. Excluding that factor, Net Profit for the period would provide a favourable comparison with the first half of the previous year. Indeed, improved operating profitability and lower Financial Expenses have partially counterbalanced the decrease in Other Revenues and the asset Write-off.

As at June 30, 2015, **Net Financial Indebtedness** of the RDM Group was equal to **59.6 million euro**, a significant decline compared to 72.8 million euro as at June 30, 2014 and to 65.9 million euro as at December 31, 2014.

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Outlook

As regards the evolution of the macroeconomic scenario, recovery should continue and no major changes are expected in the short-term. The Euro Area, in particular, should continue to benefit from low energy prices, the Euro depreciation, and the ECB's accommodative monetary policy.

In the sector in which Reno De Medici operates, demand should remain strong, albeit it has stabilised after the rump up of the first months of the year.

The cost of raw material (recycled fibres and latex) should keep on increasing. Should the upward trend persist, producers of carton board based on recycled fibres might be considering a new selling price raise.

Finally, as regards the RDM Group, after the closing of the period, the order in-flow remained satisfactory.

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Mr. Stefano Moccagatta, the officer in charge of drafting the Company's accounting documents, declares pursuant to Art. 154-bis, sub-section 2, of Italian Legislative Decree 58/1998 ("Consolidated Law on Financial Intermediation") that the information contained in this press release corresponds to documentary results and to accounting books and records.



In addition to the financial indicators conventionally required by IFRS, this press release also presents a few alternate performance indicators (for example, EBITDA) in order to provide a better assessment of the trend of economic and financial performance. These indicators are calculated according to normal market practices.

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This document is an English translation from Italian. The Italian original shall prevail in case of difference in interpretation and/or factual errors.

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Since today, the Half-Year Financial Report as of June 30, 2015 will be available on the authorized storage system NIS Storage, accessible at the site www.emarketstorage.com, and will be consultable in the Investor Relations section of the corporate website, www.renodemedici.it.

For further information

Reno De Medici

Investor Relator

Reno De Medici

Stefano Moccagatta

Tel: +39 02 89966111

E-mail: investor.relations@rdmgroup.com

Media Relations

Image Building

Simona Raffaelli, Alfredo Mele, Valentina Bergamelli

Tel: +39 02 89011300

E-mail: RenoDeMedici@imagebuilding.it

IR Advisor

Blue Arrow

Maria Grazia Mantini

Tel: +39 3404980880

E-mail: mariagrazia.mantini@bluearrow.it

THE TABLES RELATIVE TO FINANCIAL STATEMENTS OF RDM GROUP AS OF JUNE 30, 2015 ARE ATTACHED BELOW


**Consolidated
Income
Statement**

	06.30.2015	06.30.2014(*)
(thousands of Euros)		
Revenues from sales	226,037	221,441
- of which related parties	2,909	3,200
Other revenues and income	3,116	8,026
- of which related parties	222	410
Change in inventories of finished goods	(2,580)	(1,101)
Cost of raw materials and services	(168,480)	(167,475)
- of which related parties	(8,701)	(8,932)
Personnel costs	(32,385)	(33,331)
Other operating costs	(2,667)	(2,414)
Gross operating profit	23,041	25,146
Depreciation and amortization	(11,143)	(11,328)
Write-downs	(1,318)	(412)
Operating profit	10,580	13,406
Financial expense	(2,122)	(2,931)
Gains (losses) on foreign exchange	429	145
Financial income	11	39
Net financial income (expense)	(1,682)	(2,747)
Gains (losses) from investments	531	391
Taxes	(2,133)	(1,829)
Profit (loss) for the period before net result from discontinued operations	7,296	9,220
Net result from discontinued operations	(391)	(63)
Profit (loss) for the year	6,905	9,157
Total profit (loss) for the period attributable to:	6,842	9,075
- Group	63	82
- Minority interests	0.02	0.02
Basic earnings (loss) per ordinary share (Euros)	0.02	0.02
Diluted earnings (loss) per ordinary share (Euros)	0.02	0.02
Basic earnings (loss) per ordinary share before discontinued operations (Euros)	0.02	0.02

(*) Following the decision taken by management to hold Reno De Medici Ibérica for sale at December 31, 2014, confirmed for the period ending June 30, 2015, and the consequent reclassification of this company's results for the interim period under discontinued operations, as required by IFRS 5, the economic data as of June 30, 2014 were reclassified in order to make them comparable with those at June 30, 2015.



Consolidated
Statement of
Financial
Position-
Assets

	06.30.2015	12.31.2014
(thousands of Euros)		
ASSETS		
Non-current assets		
Tangible fixed assets	192,987	202,768
Intangible assets	1,851	1,911
Intangible assets with an indefinite useful life	3,948	3,948
Equity investments	2,235	1,706
Deferred tax assets	2,777	3,245
Other receivables	968	990
Total non-current assets	204,766	214,568
Current assets		
Inventories	67,108	70,595
Trade receivables	73,128	59,368
- of which related parties	396	451
Receivables from associates and joint ventures	223	274
Other receivables	5,875	8,562
Other receivables from associates and joint ventures	376	372
Cash and cash equivalents	2,371	2,376
Total current assets	149,081	141,548
Total assets held for sale	9,353	10,425
TOTAL ASSETS	363,200	366,541



Consolidated
Statement of
Financial Position
– Liabilities and
Shareholders'
Equity

	06.30.2015	12.31.2014
(thousands of Euros)		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	185,122	185,122
Other reserves	(5,994)	(6,159)
Retained earnings (losses)	(37,936)	(43,243)
Profit (loss) for the period	6,842	5,478
Shareholders' equity attributable to the Group	148,034	141,198
Minority interests	425	362
Total shareholders' equity	148,459	141,560
Non-current liabilities		
Payables to banks and other lenders	34,319	26,725
Derivative instruments	4	18
<i>Other payables</i>	156	182
Deferred taxes	9,431	10,589
Employee benefits	30,517	30,674
Non-current provisions for risks and charges	2,804	4,780
Total non-current liabilities	77,231	72,968
Current liabilities		
Payables to banks and other lenders	21,979	36,196
Derivative instruments	203	286
<i>Trade payables</i>	83,305	85,752
<i>- of which related parties</i>	515	404
Payables to associates and joint ventures	3,674	2,780
<i>Other payables</i>	14,228	12,919
Other payables from associates and joint ventures	2,123	2,445
Current taxes	3,017	2,396
Employee benefits		924
Current provisions for risks and charges	644	
Total current liabilities	129,173	143,698
Total liabilities held for sale	8,337	8,315
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	363,200	366,541

Cash Flow
Statement

	First half of 2015		First half of 2014 (*)	
	Continuing	Discontinued	Continuing	Discontinued
(thousands of Euros)				
Profit (loss) for the period	7,296	(389)	9,221	(63)
Taxes	2,133		1,829	
Depreciation and amortization	11,143	290	11,330	370
Write-downs	1,317		404	
Losses (gains) from investments	(531)		(391)	
Financial (income) expense	2,110	94	2,894	45
Capital losses (gains) on sale of fixed assets	(249)		(208)	
Change in provisions for employee benefits and in other provisions, including the provision for bad and doubtful receivables	(3,068)	17	(321)	(387)
Change in inventories	3,500	344	1,710	1,873
Change in receivables	(10,749)	822	(10,243)	1,889
- of which related parties	106	(126)	(235)	(16)
Change in payables	(322)	(972)	(10,437)	(2,719)
- of which related parties	1,005	(63)	(4,787)	349
Overall change in working capital	(7,570)	194	(18,970)	1,044
Gross cash flows	12,581	206	5,787	1,099
Interest received/paid in the year	(1,922)	(94)	(2,172)	(45)
- of which related parties				
Taxes paid in the period	(2,167)		(720)	
Cash flows from operating activities	8,492	112	2,895	964
Other equity investments	3			
Investment net of disinvestment in tangible and intangible assets	(2,782)	(99)	(3,071)	69
Investments in associates and joint ventures			(25)	
Disinvestments in assets held for sale	1,555			
Dividends received			335	
Cash flows from investing activities	(1,224)	(99)	(2,761)	69
Dividends paid			(243)	
Change in other financial assets and liabilities and short-term payables to banks	(14,872)	(460)	11,576	(753)
- of which related parties	(326)		2,116	
Change in medium- and long-term loans	7,648	(121)	(10,263)	(105)
Cash flows from financing activities	(7,224)	(581)	1,070	(858)
Translation differences	(49)		(15)	
Change in unrestricted cash and cash equivalents	(5)	(568)	1,190	175
Unrestricted cash and cash equivalents at the beginning of the period	2,376	701	2,320	396
Unrestricted cash and cash equivalents at the end of the period	2,371	133	3,861	221

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