Interim Report
09.30.2018

NET REVENUES: €444.8 MILLION
(COMPARED TO € 429.7 MILLION AS AT SEPTEMBER 30, 2017)

GROSS OPERATING PROFIT (EBITDA): € 49.8 MILLION
(COMPARED TO € 33 MILLION AS AT SEPTEMBER 30, 2017)

OPERATING PROFIT (EBIT): € 32.9 MILLION
(COMPARED TO € 16.1 MILLION AS AT SEPTEMBER 30, 2017)

NET PROFIT (LOSS) FOR THE PERIOD: PROFIT OF € 24.7 MILLION
(COMPARED TO € 12.1 MILLION AS AT SEPTEMBER 30, 2017)

NET FINANCIAL DEBT: € 21.9 MILLION
(COMPARED TO €44.1 MILLION AS AT DECEMBER 31, 2017)

Reno De Medici S.p.A.
Viale Isonzo 25, Milan
Share capital €140,000,000
Tax code and VAT number 00883670150

CONTENTS

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Eric Laflamme	Chairman
Michele Bianchi	Chief Executive Officer
Allan Hogg	Director
Giulio Antonello	Director
Gloria Francesca Marino	Director
Laura Guazzoni	Director
Sara Rizzon	Director

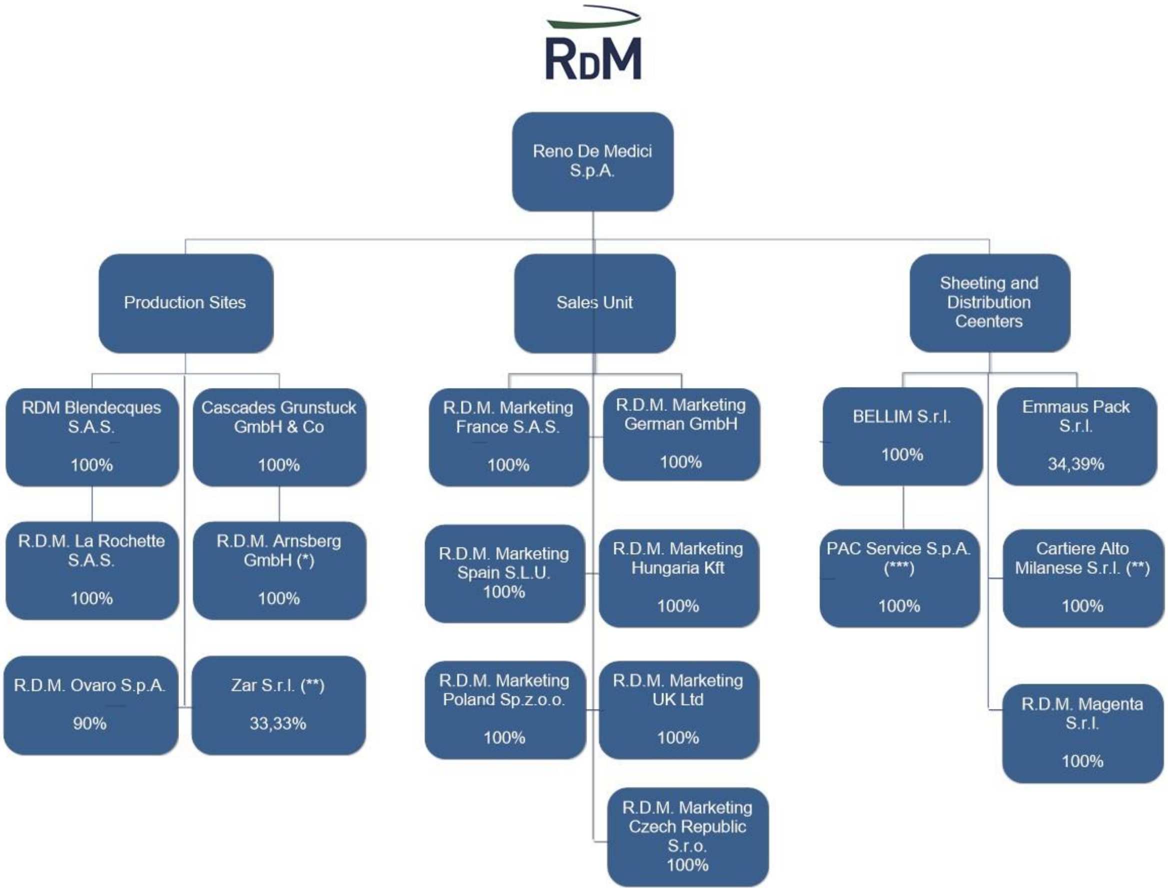
Board of Statutory Auditors

Giancarlo Russo Corvace	Chairman
Giovanni Maria Conti	Statutory Auditor
Tiziana Masolini	Statutory Auditor
Elisabetta Bertacchini	Deputy Statutory Auditor
Domenico Maisano	Deputy Statutory Auditor

Independent Auditors

Deloitte & Touche S.p.A.

GROUP OPERATING COMPANIES AS AT SEPTEMBER 30, 2018



(*) Company owned 94% by Reno De Medici S.p.A. and 6% by Cascades Grundstück GmbH & Co.KG.
(**) Company in liquidation
(***) Company owned 60% by Reno De Medici S.p.A. and 40% by BELLIM S.r.l.

DIRECTORS' REPORT ON OPERATIONS

The RDM Group ended Q3 2018 by recording, in line with the two previous quarters, a strong improvement in operating profitability with EBITDA of EUR 49.8 million, an increase of 16.8 million over the same period the previous year, operating income of EUR 32.9 million, versus 16.1 million the previous year and a net profit of EUR 24.7 million, versus 12.1 million in 2017. The EBITDA for 2018 represents 11.2% in revenues (EUR 445 million) compared with 7.7% last year.

The net financial position at 30 September amounted to EUR -21.9 million, an improvement over the previous financial year of EUR 22.2 million.

The results of the first three quarters, for the first time entirely consolidating **PAC Service S.p.A.**, acquired at the end of 2017 with effect starting 1st January 2018, previously using the equity accounting method, which contributes to the results, before the intercompany elimination, with revenues of EUR 15.9 million and EBITDA of EUR 1.3 million.

The very positive performance in Q3 2018 confirms favourable market conditions, with however different dynamics in the raw material costs of the two segments in which the Group operates, WLC - White Lined Chipboard (coated board made of recycled fibers) and FBB - Folding Box Board (cardboard for folding boxes made of virgin fibers).

The WLC segment, which accounts for about 80% of the RDM Group's turnover, in the first nine months of 2018 showed a decrease in demand with about 1% concentrated in the last quarter. The decrease was almost entirely due to Turkey, which reflects the known problems at the economic and political level, while other European countries overall show demand in line with the previous year and even growing in Western Europe. As regards the raw materials, the price of paper pulp was far below the previous year after a sharp decline occurring mainly in the first quarter of the year.

In the first nine months of 2018 the RDM Group recorded a decrease in sales volumes due to a decline in sales in Turkey and "overseas" and the pricing strategy adopted. In view of the above decreases in the price of raw materials and good demand, RDM Group did not make any substantially significant changes to the sales prices, with an average sales price higher than the previous year.

The FBB segment did however show a substantial increase in demand (6.5%) in the first nine months of the year, fairly uniform in the different geographical areas. Unlike the WLC segment, the raw materials, cellulose fibres, saw a steady and substantial increase in prices during the year.

In this scenario, the French Subsidiary La Rochette successfully carried forward an increase in the selling price end of last year and early this year, which was still not enough to fully cover the substantial increase in raw material costs. The sales volumes were slightly lower than the previous year, despite the good performance of the demand, as a result of assets utilization and efficiencies lower than the previous year.

In the two segments where the RDM Group operates, the flow of orders and the backlog were satisfactory even if the orders cumulatively recorded a decline compared to the previous year, in particular in the first quarter, while the last two quarters, though in slight decline, were in line with the previous year.

In the **WLC segment**, orders maintained satisfactory levels, particularly in the later part of Q2; the backlog also remained at a level slightly lower than the previous year.
In terms of shipments to European markets, the first nine months of 2018 recorded a drop of about 1%, concentrated in the last quarter, with a diverse trend across countries; we note the strong growth in Germany (+4.0% compared to 2017), the good performance of the countries in North and Eastern Europe (with growth rates between +2% and +3%), the slight decline in Italy, and the decline in some major markets: France (-4.7%), United Kingdom (-4.5%) and Spain (-4.9%).

In the **FBB segment** also, in which R.D.M. La Rochette S.A.S. operates, the flow of orders was satisfactory in the first nine months and aligned to that of the previous year; the backlog is positive and stable, with a decrease in the last quarter after being higher than the previous year in the first two quarters.
In terms of shipments in the first nine months of 2018, European demand grew overall by 6.4% over the same period last year, with a positive trend in all the major national markets, and significant growth in Spain and France.

As regards raw materials, from September 2017 **recycled paper** recorded a significant reduction in price up to the end of Q1 this year, in March 2018 reaching the lowest level recorded on the market since the 2009 crisis. In the next two quarters average prices remained substantially stable despite the upward trend in white grades, cellulose substitutes. The main reason for the low trend in recycled paper prices is due to the restrictions imposed by the Chinese Government on imports of mixed paper and restrictions in import licence. To date, it is difficult to predict when the Chinese domestic situation could change. The result of the drop-in prices for recycled paper, which is by far the raw material with the highest incidence in consumption in the RDM Group, has shown a significant decrease in costs in the first nine months of 2018 compared to the same period last year. The forecasts for the last quarter of this year are pointing to a substantial stability in prices.

With regard to **virgin cellulosic fibres**, the long period of price increases which started in 2017 continues, both in the "short fibre" sector, due to the difficulty the offer is experiencing in meeting demand, and in the "long fibre" sector, mainly because of the increase in Chinese demand, as a partial replacement for recycled paper. Virgin fibre prices reached a peak in June 2018 (about USD 1,230/TONNE) before stabilising in the third quarter. The weakness of the US dollar only partially offset the effect of the price increases.
The impact of the price increase in virgin fibre on cardboard manufacturers was significant, with a major increase in costs in the first nine months of 2018 compared to the same period last year. The Group subsidiary that operates in the field, R.D.M. La Rochette S.A.S., therefore arranged an increase in sales prices, announced at the end of 2017 and implemented starting in January 2018, aimed at rebalancing the income albeit partially. Starting in April the Subsidiary completed the prices increase, which still continues to be insufficient to counteract the continuing increase in raw materials. The expectations for the last quarter of 2018 are pointing also to price stability.

As for **chemicals**, those for the coating, representing the largest cost item, showed a price increase in the first two quarters of 2018 and stabilised in the third quarter. Current prices are back to the level of last year with however, a cumulative benefit in the first nine months of 2018 compared to the same period of 2017.

In summary, the first nine months of 2018 resulted with the average cost of raw materials for the Group lower than in the same period of 2017.

Energy costs in the first nine months in 2018 showed a significant increase over the previous year as a result of the constant increase in the price of the main components, namely natural gas, electricity and coal. The price trend is mainly related to the macroeconomic framework of the current year and the trend in oil prices.

As for **oil**, the Brent prices rose to those of today (in September) at USD 82 a barrel. The upward trend is linked to several factors: growth in demand, a general decline in inventories due to production problems in some areas (Venezuela, Libya, Algeria), production cuts by OPEC confirmed and followed also by the non-member oil-producing countries. The expectations for the coming months are not pointing to further increase in prices, which are largely stable in the last quarter of 2018.

Also increasing is the price of **natural gas**, the main energy source of the RDM Group, which appears again in correlation with the price of oil; to this are added the continuous and significant increases in the cost of coal, which are redirecting demand towards the production of energy obtained with natural gas. In Europe the average spot prices increased from EUR 20/MWh in December 2017 to the current (September), EUR 27-28/MWh, with a significant increase in the third quarter. The hedging contracts in place only partially mitigated the effect on costs.

As for **electricity**, the evolution of prices in the first nine months of 2018 in Europe was characterised by substantial increases, on average, close to 25% over the same period last year, as the quotations (both spot and futures) began to incorporate the price increases of raw materials needed for production and especially for CO_2 emission rights, which reached (September) all-time highs exceeding EUR 20/t.
The increase in costs was mitigated, in Italy, very much by the new regulations for large consumers of electricity and, in particular, taxation of network charges in support of renewable energy.

The price of **coal**, the main energy source of the Arnsberg plant, since August 2017 to date has been recording continued increases, surpassing in September, USD 100/tonne (API2), with a significant impact on the Group's income statement.

The average cost of electricity overall for the RDM Group in the first nine months of 2018 is thus higher than for the same period last year. The increase in costs was only partially offset by hedging contracts and by the actions/investments aimed at greater efficiency of the plants, among which we note at Santa Giustina the new turbine allowed keeping the site costs in line with the previous year.

The **tons sold** in the period by the RDM Group reached 756,000 units, compared to the 766,000 sold in the first nine months 2017. The decrease in sales volumes, mainly due to the WLC segment, follows the decrease in volumes in specific markets and, above all, the strategy in sales prices implemented by RDM Group.

The **Sales Revenues** amounted to EUR 444.8 million, compared to 429.7 million for the same period last year. Net of the line by line consolidation of PAC Service S.p.A. (EUR +15.9 million, net of consolidation adjustments), revenues are in line with the previous year, despite the decrease in volumes, thanks to the increase in the average sales prices and improved market mix.

The **Other Revenues** amounted to EUR 4.6 million, lower than the 5.6 million for the same period last year. Of these, the most representative component was represented by revenues associated to energy (sale of energy and interruptibility).

The **Personnel Cost** amounts to EUR 66.3 million, a slight increase compared to EUR 65.8 million total in the first nine months of 2017. The variation, amounting to EUR 0.5 million, on the one hand is associated with the higher costs arising from the line by line consolidation of PAC Service S.p.A., equalling EUR 983 thousand, and contractual increases; on the other hand, from the absence of restructuring the sales organisation costs set aside in 2017 for an amount of EUR 1.2 million.

In the first three quarters of 2018, the **EBITDA** reached EUR 49.8 million, a significant increase compared to 33 million in 2017, thanks to higher revenues resulting from higher average sales prices and the lower cost of paper pulp in the WLC segment. These factors more than offset the increased cost of cellulose pulp in the FBB segment, and the rising cost of energy.

EBIT amounted to EUR 32.9 million, compared to EUR 16.1 million in 2017.

The **Net Financial Expenses** amounted to EUR 1.6 million, down from 2.4 million in 2017, attributable to the decrease in Net Financial Debt, the decline in the average cost of money for the improved debt mix, and the lack of foreign exchange losses recorded in the previous year for the devaluation in the US dollar.

Incomes from Investments amounted to EUR 3.2 million, against EUR 450 thousand in 2017. The significant increase is due, in the amount of EUR 3 million, to the acquisition of the remaining shares of PAC Service S.p.A., with consequent impact at fair value previously held (33.33%), which was assessed using equity method.

The allocation for **taxes** amounted to EUR 9.8 million, compared with EUR 2.1 million in 2017, with a significant increase related to higher taxable income.

The **Consolidated Net Profit** reached EUR 24.7 million, with a significant increase over the EUR 12.1 million recorded in 2017 due to a better operating profitability and, as already mentioned before, the assessment of the fair value of PAC Service S.p.A., partly offset by higher tax charges.

In the first three quarters of 2018 the Group carried out **Investments** for EUR 16.5 million, compared to 15.3 million in 2017.

The **Consolidated Net Financial Indebtedness** at 30 September 2018 amounted to EUR 21.9 million, a decrease of 22.2 million compared to 44.1 million at 31 December 2017.
The net operating cash flow was positive at EUR 28 million and was positively impacted by the Subsidiary La Rochette's entry into the factoring programme (for about EUR 5 million), only partially mitigated by exit from the factoring programme of PAC Service S.p.A. for about EUR 3 million. The operating cash flow was also negatively affected by the payment of the outstanding of EUR 2.3 million, for an investment made in previous years.

Consolidated results

The following table summarizes key income statement indicators as at September 30, 2018 and 2017.

	09.30.2018	09.30.2017
(thousands of Euros)		
Revenues from sales	**444,762**	**429,653**
OPERATING PROFIT (EBITDA) (1)	**49,788**	**33,006**
EBIT (2)	**32,913**	**16,117**
Pre-tax income (3)	**34,529**	**14,169**
Current and deferred taxes	*(9,814)*	*(2,072)*
Profit (Loss) for the period	**24,715**	**12,097**

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

The following table provides a breakdown of net revenues from the sale of cartonboard by geographical area of customers:

	09.30.2018	% of total	09.30.2017	% of total
(thousands of Euros)				
Italy	150,698	33.8%	140,163	32.6 %
EU	240,887	54.2%	237,243	55.2 %
Non-EU	53,177	12.0%	52,247	12.2 %
Revenues from sales	**444,762**	**100%**	**429,653**	**100 %**

Key events

PAC Service S.p.A. starting 1 January 2018, effective date of the acquisition of the remaining stake thereof, was fully consolidated.

On 12 February 2018, the merger by incorporation into Reno De Medici S.p.A. of **R.D.M. Marketing S.r.l.** was completed, the related accounting and tax effects are effective from 1 January 2018, while legally it is effective from 1 April 2018.

On 28 March 2018 Reno De Medici S.p.A. sold its shareholding in **Manucor S.p.A.** This shareholding had been totally written off in the previous financial years and, therefore, the transfer of the same generated a non relevant capital gain.

On 19 June 2018, Reno De Medici S.p.A., by application of the agreements signed with **Friulia S.p.A.** in 2017, repurchased at the price of EUR 646,418 a further 5% shares of R.D.M. Ovaro S.p.A from Friulia S.p.A. stakeholding. Following this operation, the residual stake still owned by Friulia S.p.A., is equal to 10% and will be acquired back in two equal tranches on 30 June of the years 2019 and 2020.

On 2 July 2018 Reno De Medici S.p.A. entered into a preliminary agreement with the German private equity Fund Quantum Capital Partners to acquire 100% of **Barcelona Cartonboard S.A.U**., a Spanish company, the seventh-largest European player in the coated cardboard sector. The closing was subject to the condition precedent of legal authorisations from the relevant antitrust authorities which, on 27 September 2018, expressed their positive opinion.

On 11 September, the Board of Directors of Reno De Medici S.p.A. appointed Dr Luca Rizzo the Manager Responsible for preparing the Company's financial reports, pursuant to Art. 154-bis of Legislative Decree 58/98, within his role as Chief Financial Officer.

Subsequent events

The closing of the 100% acquisition of Barcelona Cartonboard S.A.U. was signed on October 31, 2018. Consolidation in the RDM Group’s Financial Statement is effective from the same data.

Outlook

In both areas where the RDM Group operates **White Lined Chipboard (WLC)** and **Folding Box Board (FBB)**, the short-term outlook remains positive with an even demand at good levels, although there has been some sign of weakness due to the seasonality of sales and some severe weather conditions.

The outlook and evolution is characterised by uncertainty, and only predictions for the short term can be made concerning the main production input costs, in particular for the prices of **recycled** and **virgin fibres**.

The recycled fibres prices for the last quarter of 2018 could continue to rise slightly, especially in the white paper grades, without however substantially changing the overall picture.

With regards to virgin fibres, prices should remain at the high current levels, perhaps falling slightly at year end.

On the sales price side, the WLC segment is expected to have a slight downward trend for the last quarter of 2018, though not generalised, but addressed to specific situations, mainly due to the overseas markets. In the FBB segment the first signs of price increase should be seen in a perspective of a rising trend in the early part of 2019.

The expected trend for **energy prices** in the last quarter of 2018 is stabilisation at high price levels of the various commodities.

CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

Consolidated Income Statement	09.30.2018	09.30.2017
(thousands of Euros)		
Revenues from sales	444,762	429,653
Other revenues and income	4,589	5,613
Change in inventories of finished goods	(975)	(5,129)
Cost of raw materials and services	(328,524)	(329,320)
Personnel costs	(66,306)	(65,793)
Other operating costs	(3,758)	(2,018)
Gross operating profit	**49,788**	**33,006**
Depreciation and amortization	(16,875)	(16,889)
Operating profit	**32,913**	**16,117**
Financial expense	(1,626)	(1,944)
Gains (losses) on foreign exchange	60	(457)
Financial income	10	3
Net financial income/(expense)	(1,556)	(2,398)
Gains (losses) from investments	3,172	450
Taxes	(9,814)	(2,072)
Profit (loss) for the period	**24,715**	**12,097**
attributable to:		
Group's share of profit (loss) for the period	24,715	12,097
Minority interest in profit (loss) for the period		

Statement of Financial Position – ASSETS	09.30.2018	12.31.2017
(thousands of Euros)		
Non-current assets		
Tangible assets	196,962	192,570
Goodwill	4,389	
Other intangible assets	11,132	8,561
Equity investments	749	4,577
Deferred tax assets	850	1,256
Other receivables	8,219	17,764
Total non-current assets	**222,301**	**224,728**
Current assets		
Inventories	85,950	83,659
Trade receivables	72,737	70,862
Other receivables	9,198	11,204
Cash and cash equivalents	70,761	19,128
Total current assets	**238,646**	**184,853**
TOTAL ASSETS	**460,947**	**409,581**

Statement of Financial Position - LIABILITIES AND SHAREHOLDERS' EQUITY	09.30.2018	12.31.2017
(thousands of Euros)		
Shareholders' equity		
Shareholders' equity attributable to the Group	192,060	168,465
Total shareholders' equity	**192,060**	**168,465**
Non-current liabilities		
Payables to banks and other lenders	74,297	44,277
Derivative instruments	53	138
Other payables	0	26
Deferred taxes	9,333	8,924
Employee benefits	34,336	33,950
Non-current provisions for risks and charges	4,869	4,701
Total non-current liabilities	**122,888**	**92,016**
Current liabilities		
Payables to banks and other lenders	19,491	19,512
Derivative instruments	109	133
Trade payables	96,747	105,979
Other payables	20,793	20,777
Current taxes	7,893	1,501
Current provisions for risks and charges	792	1,057
Employee benefits	174	141
Total current liabilities	**145,999**	**149,100**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**460,947**	**409,581**

Net financial position	09.30.2018	12.31.2017	Variation
(thousands of Euros)			
Cash, cash equivalents and short-term financial receivables	72,030	19,986	52,044
Short-term financial debt	(19,491)	(19,512)	21
Valuation of current portion of derivatives	(109)	(133)	24
Short-term net financial position	**52,430**	**341**	**52,089**
Medium-term financial debt	(74,297)	(44.277)	(30,020)
Valuation of non-current portion of derivatives	(53)	(138)	85
Net financial position	**(21,920)**	**(44,074)**	**22,154**

NOTES

The Interim Report of the RDM Group as at September 30, 2018 was prepared on the basis of Article 82, paragraph 1, of the Issuers' Regulations adopted by Consob Resolution 11971 of May 14, 1999, as subsequently amended and supplemented.
Thus, compliance with the requirement described in Article 154-*ter* of the Consolidated Finance Act is achieved with this report.

This Interim Report was not audited by the Independent Auditor.

ACCOUNTING PRINCIPLES

The statement of financial position and income statement were prepared in accordance with recognition criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to the procedure set forth in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament of July 19, 2002.
The recognition and measurement criteria used to prepare the financial statements for the third quarter remain unchanged from those used to prepare the consolidated financial statements as at December 31, 2017. For a description of these criteria, reference is made to those financial statements.

RDM Group has applied the same accounting principles as for the Interim Report as at December 31, 2017 except for the new principles IFRS 9 and IFRS 15 applied starting from January 1, 2018 which effects are highlighted in the Half-Year Financial Report as at June 30, 2018.

The preparation of the Interim Report in accordance with IFRS requires the use of estimates and assumptions including through the use of operating data that have an impact on reported asset and liability amounts and on the disclosure of contingent assets and liabilities at the reporting date. Final results may differ from the estimates made. Estimates are used to measure the contribution of discontinued operations, provisions for doubtful receivables, inventory obsolescence, depreciation and amortization, asset write-downs, employee benefits, restructuring funds, taxes, other provisions and funds, and the valuation of derivative instruments. Estimates and assumptions are reviewed periodically, and the impact of any change is reflected immediately in the income statement, with the exception of derivatives.

The statement of financial position and income statement are stated in thousands of Euros.

WORK FORCE

As at September 30, 2018, the RDM Group's staff consisted of 1,524 employees compared to 1,487 employees as at December 31, 2017. The increase is mainly due to the consolidation of PAC Service S.p.A.

STATEMENT OF EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL REPORTS PURSUANT TO ARTICLE 154-*BIS*, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998 (CONSOLIDATED FINANCIAL ACT)

Luca Rizzo, the executive responsible for the preparation of the company's financial reports, hereby states that pursuant to Article 154-*bis*, paragraph 2 of the Consolidated Finance Act, the accounting information contained in the Interim Report as at September 30, 2018 of Reno De Medici S.p.A. corresponds to information contained in documents, ledgers and accounting entries.

Milan, October 31, 2018

Signed
Luca Rizzo