Press Release

The document sets out the "Additional Periodic Financial Information" that the Company discloses also in relation to the regulatory obligations associated with the STAR issuer qualification.

The structure and contents of the document are unchanged compared to the Interim Financial Reports already published under art. 154 ter paragraph 5 of Consolidated Law on Finance (TUF).

The Board of Directors approves the Interim Management Report as of September 30, 2018

CONTINUES THE GROWTH OF ALL ECONOMIC - FINANCIAL INDICATORS WITH A SIGNIFICATIVE INCREASE IN MARGINALITY AND MORE THAN DOUBLED NET PROFIT

- **CONSOLIDATED NET REVENUES OF €444.8 MILLION, +3.5% COMPARED TO €429.7 MILLION AS OF SEPTEMBER 30, 2017.**
- **CONSOLIDATED GROSS OPERATING PROFIT (EBITDA) AT €49.8 MILLION, + 50.9% COMPARED TO €33 MILLION AS OF SEPTEMBER 30, 2017.**
- **DOUBLE DIGIT EBITDA MARGIN AT 11.2% COMPARED TO 7.7% OF THE FIRST NINE MONTHS OF 2017.**
- **CONSOLIDATED OPERATING PROFIT (EBIT) OF €32.9 MILLION, MORE THAN DOUBLED COMPARED TO THE €16.1 MILLION AS OF SEPTEMBER 30, 2017 (+104.2%).**
- **CONSOLIDATED NET PROFIT OF €24.7 MILLION, MORE THAN TWICE THE €12.1 MILLION AS OF SEPTEMBER 30, 2017 (+104.3%).**
- **NET FINANCIAL DEBT LOWERED TO €21.9 MILLION (€44.1 MILLION AS OF DECEMBER 31, 2017).**
- **LAUNCH OF THE BUY-BACK PROGRAMME RELATED TO THE 2017-2019 STOCK GRANT PLAN.**

Milan, October 31, 2018 - The Board of Directors of Reno De Medici S.p.A., which met today under the chairmanship of Eric Laflamme, examined and approved the Interim Management Report as of September 30, 2018.

Michele Bianchi, CEO of RDM Group commented*: "We are very satisfied with the performance of the RDM Group which reflects the new 'One Company' strategy and the transformed business model: the results arising from an upgrade of the sales mix are evident, as from an effective planning of production between the various plants and a supply chain optimization. The results approved today confirm the ability to seize the opportunities offered by good market conditions, characterized by a sustained demand and by the procurement costs of raw materials overall lower than last year."*

"With the closing of the acquisition of the first Spanish producer, Barcelona Cartonboard, we are convinced that the" Partner of Choice" formula applied on a European scale will be even more appreciated by our Customers, with benefits in terms of competitive positioning and geographical diversification."

The Group's performance as of September 30, 2018

The first nine months of 2018 are characterized by a positive trend over the three quarters, with a continuous increase in sales revenues and a significant increase in operating profitability in terms of EBITDA Margin, thanks to the significant improvement in the sales mix, the optimization of planning between the various production facilities and the overall lower incidence of variable costs.

In the first nine months of 2018, the segment in which the RDM Group traditionally operates, namely the WLC - White Lined Chipboard (coated board made of recycled fibers), which accounts for approximately 80% of the consolidated turnover, was characterized by a slightly lower demand compared to the same period of the previous year (-1%), which had been marked by a boom in demand. This contraction, together with a lower production efficiency of some plants, led to a reduction in the volumes sold: RDM Group kept its market shares unchanged and increased profitability, thanks to the improvement in the production mix and to average sales prices higher than in the same period of the previuos year.

With regards to the main factors of production, the price of recycled paper seems to have stabilized at levels higher than the lowest values reached in March, remaining at levels still significantly lower than the first nine months of 2017. The impact of the cost of energy on sales increased by one percentage point to reach 10.3%, as a result of the increase in the cost of commodities.

The FBB - Folding Box Board segment (cardboard for folding boxes made of virgin fibers), which accounts for approximately 20% of consolidated turnover, recorded an increase in market demand of 6.5%, fairly uniform among the different reference markets. The La Rochette subsidiary produced more tons compared to the previous year, which had been characterized by a long stop in August 2017 for the first phase of the revamping of the power plant. Sales volumes are in line with the first nine months of 2017, thanks to higher sales prices which offset a slight decrease in the tons sold.

The marginality of the segment continues to be eroded by the upward trend in prices of virgin cellulose fibers, with the peak registered in June this year and stabilized since then. RDM Group has announced a price increase aimed at offsetting the input costs, the effects of which will be visible starting from the first months of 2019. The FBB segment was characterized by increases in the cost of energy due to the commodity price inflations, similar to the WLC segment.

It should be noted that as from January 1, 2018 the newly acquired PAC Service S.p.A., a company operating in the paper cutting and processing sector, previously valued using the equity accounting method, was fully consolidated for the first time. The contribution made in terms of consolidated revenues was €15.9 million, while EBITDA was €1.3 million, before intercompany eliminations.

Below is an indication of the main consolidated financial and economic highlights as of September 30, 2018

Consolidated Net Revenues amounted to €444.8 million, up 3.5%, compared to €429.7 million in the corresponding period of the previous year. The increase in revenues is mainly due to the consolidation of PAC Service SpA, which contributed €15.9 million before intercompany eliminations, and the higher sales prices which more than offset the decrease in quantities sold. In particular, in the first nine months of the year **the volumes sold** amounted to 756 thousand tons compared to 766 thousand units in the same period of 2017.

In terms of geographical markets, the impact of European sales (excluding Italy) decreased slightly (from 55.2% to 54.2%), reaching €240.9 million. Italy represents 33.8% of total sales (€150.7 million), with a stable impact respect the same period of 2017. Lastly, sales outside the European Union, amounting to €53.2 million, represent 12% of the total value, and are in line with the same period of the previous year.

With regards to the **main factors of production**, the average cost of raw materials in the first nine months of 2018 was overall lower compared to the same period of the previous year.

In particular, during this period of time there was a considerable decrease in the costs of recycled paper used in the production of WLC, the production factor with the greatest impact at the consolidated level, with a consequent significant benefit in terms of operating margins. Prices remained broadly unchanged over the following two quarters, after reaching record lows at the end of March; stability is expected in the last part of 2018.

The FBB segment, on the other hand, has seen an upward trend in cellulose virgin fibers prices started in 2017, with a peak recorded at the end of June, and a gradual stabilization at those maximum levels since then. The main reasons are ascribed to the overall demand growth and in particular by the Chinese substitution of recycled paper. This trend led to a contraction in operating margins, only partially mitigated by the increase in average sales prices implemented at the beginning of 2018.

The improvement in the macroeconomic environment and the growing energy requirements in all its main components led to an increase in the prices of **energy factors**, leading to an increase in the average cost of energy for the RDM Group. The Group implemented improvement plans and investments aimed at increasing the efficiency of the manufacturing and mitigating the volatility by stipulating contracts with different durations.

In the reporting period, **personnel costs** amounted to €66.3 million, compared with €65.8 million in 2017, following higher expenses for €983 thousand as a result of the consolidation of PAC Service S.p.A. and the impact of the labor salary increases, partially offset by the sales organisation restructuring costs incurred in 2017 for an amount of €1.2 million.

In the first nine months of 2018, the **Consolidated Gross Operating Margin (EBITDA)**, reached €49.8 million, recording a significant increase (+50.9%) compared to €33 million in the same period of 2017. The operating margin stood at double digit, from 7.7% to 11.2%, thanks to the increase in revenues following higher average sales prices and the lower cost of waste paper in the WLC segment, offsetting the increase in procurement costs of the virgin cellulosic fibers and energy.

The **Consolidated Operating Result (EBIT)** amounted to €32.9 million, more than doubled compared to €16.1 million at the end of September 2017 (+ 104.2%).

The **Consolidated Net Profit** for the period is more than doubled, reaching €24.7 million compared to the net profit of €12.1 million in 2017 (+104.3%), due to the operating performance, decrease in financial charges and the positive impact deriving from the fair value accounting of PAC Service S.p.A. (+ €3 million), factors partially offset by higher tax charges (+€7.7 million).

Consolidated Net Financial Indebtness as of September 30, 2018 amounted to €21.9 million, down by €22.2 million compared to €44.1 million as of December 31, 2017. The net operating cash flow was positive for €28 million, of which €5 million generated from the factoring program of the La Rochette subsidiary, partially absorbed by the final payment of an investment made in previous years for €2.3 million and the payment of 2017 dividends for € 1.2 million. Furthermore, the cash flow is affected by the negative impact deriving from the factoring of the company PAC Service S.p.A. for around €3 million.

FURTHER DELIBERATIONS

Launch of the Buy-back Programme relating to the 2017-2019 Stock Grant Plan.

The Board of Directors of Reno De Medici S.p.A. resolved to launch a Buy-Back Programme, in accordance with the Article 5 of the European Regulation No. 596/2014, to be carried out in compliance with the conditions and modalities approved by the Ordinary Shareholders' Meeting of April 30, 2018, pursuant to Article 2357 of the Italian Civil Code, and already communicated to the Market on the same date.

In accordance with the Delegated European Regulation No. 2016/1052, the details of the Buy-Back Programme are as follows:

- **Purpose of the Buy-Back Programme and maximum number of shares to be purchased**

The Programme is aimed at purchasing its own ordinary shares in order to provide the Company with the necessary shares to fulfil the obligations relating to the "Stock Grant Plan" reserved to the Chief Executive Officer for the three-year period 2017/2018/2019, as resolved by the Shareholders' Meeting of April 28, 2017 pursuant to Article 114-bis of the TUF (the "**Plan**").

The Plan is based on the assignment to the beneficiary, at the end of three-year period and subject to the achievement of predetermined performance targets, of rights to the allocation, free of charge, up to a maximum of No. 2,262,857 ordinary shares of the Company.

Considering that, up today, Reno De Medici S.p.A. holds in portfolio No. 1,434,159 own shares equal to 0.38% of the share capital, the purchases relating to the Programme will have as object a maximum of additional No. 828,698 ordinary shares (representing 0.22% of the share capital).

The maximum number of shares relating to the Programme is restrained within the limits provided by the law and in accordance with the above-mentioned Shareholders' Meeting resolution of April 30, 2018, also taking into account the shares already held by the Company.

- **Maximum amount of money allocated to the Programme**

Purchases will be executed at a unit price that shall not differ, increasing or decreasing, for more than 10% compared to the reference price recorded on the Telematic Stock Exchange (Mercato Telematico Azionario) organized and managed by Borsa Italiana S.p.A. in the stock exchange session preceding each individual purchase transaction and, in any case, in compliance with the trading conditions set forth by the Delegated European Regulation No. 1052/2016.

In particular, no shares can be purchased at a price higher than the highest price between the price of the last independent transaction and the price of the highest current independent purchase offer at the stock exchange session where the purchase is executed.

The approximate value of the purchases as per the program is estimated, on the basis of the reference price of the share recorded on October 30, 2018, and considering the maximum deviation of the unit price as mentioned above, in a maximum total of € 707.376.

- **Duration of the Programme**

The Buy-Back Programme starts from November 5, 2018 and expires with the Shareholders' Meeting for approval of the Financial Statements as at December 31, 2018, coinciding with the term of the authorization as resolved by the aforementioned Shareholders' Meeting of April 30, 2018.

The Buy-Back Programme may be renewed upon further authorization by the Shareholders' Meeting.

- **Modalities through which purchases may be executed**

The Buy-Back Programme will be coordinated by a qualified Intermediary which will make purchases independently and without any influence of Reno De Medici S.p.A. with regard to the timing of such purchases.

Purchases will be made in compliance with Article 132 of the TUF and Article 144-bis, paragraph 1, letter b) of the Consob's Issuers' Regulations, thus on regulated markets or multilateral trading systems, in accordance with operating procedures set forth by the Regulations for the organization and management of the Markets, which do not allow direct matching of purchase negotiation proposals with predetermined sale bids, as well as in compliance with any other current legislation, including legislation at the European level.

In terms of volumes, the daily purchase quantities shall not exceed 25% of the average daily turnover volume of Reno De Medici S.p.A.'s share recorded in the 20 trading days prior to the purchase date.

Any subsequent amendments to the above-mentioned Buy-Back Programme will be promptly communicated by the Company to the public, in accordance with the terms and modalities of the current legislation.

The transactions carried out will be subject to disclosure to the Market within the terms and according to the modalities set forth by the applicable regulations.

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Mr. Luca Rizzo, 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 Financial Law") that the accounting information contained in this press release corresponds to documentary results and to accounting books and records.

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

Since today, the Interim Report as of September 30, 2018 will be available at the Company's registered office in Milan, Viale Isonzo 25, on the corporate website www.rdmgroup.com (Investor Relations/Financial statements and reports) and will be consultable on the authorized storage system, accessible at the site www.emarketstorage.com.

Attached:

- Consolidated Balance Sheet as of September 30, 2018
- Consolidated Income Statement as of September 30, 2018
- Net Financial Position as of September 30, 2018

For further information

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CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2018

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**

CONSOLIDATED INCOME STATEMENT AS OF 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		

NET FINANCIAL POSITION AS OF SEPTEMBER 30, 2018

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**