



TOGETHER WE SHAPE THE FUTURE

## **Paris – European Midcap Event**

23-24 June 2020

# AGENDA

- 1** Strengths
- 2** Environmental performance
- 3** Delivering on Strategy
- 4** RDM Shares



Michele Bianchi - CEO



Andrea Bettinelli – Head of Strategy



Luca Rizzo - CFO

For any further information, please contact:  
Chiara Borgini – IRO – [investor.relations@rdmgroup.com](mailto:investor.relations@rdmgroup.com)

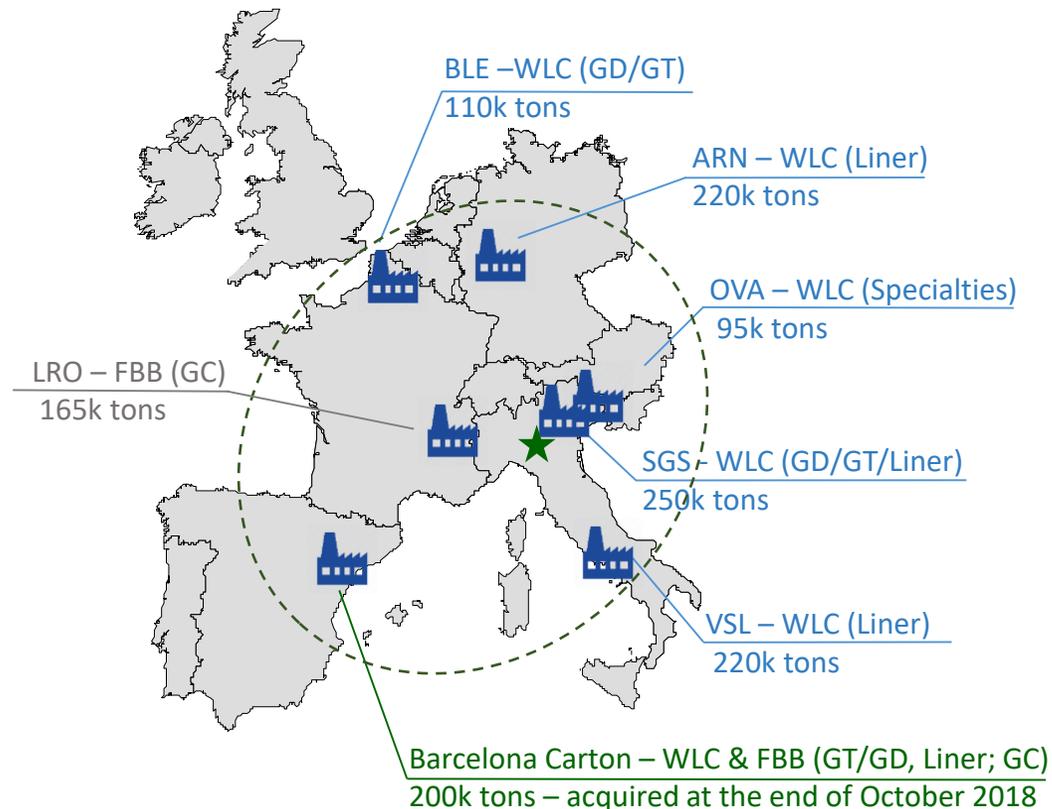
# A PANEUROPEAN ASSET BASE

Total production **capacity 1.26 M tons/y**

**Four assets** with capacity over **200 k tons/y**



Santa Giustina plant



## WLC

White Lined Chipboard  
Based on **recycled fibers**

No. of mills: **6**  
Production capacity: **1.1 mn tons/p.a.**  
equal to **87%**

## FBB

Folding Boxboard  
Based on **virgin fibers**

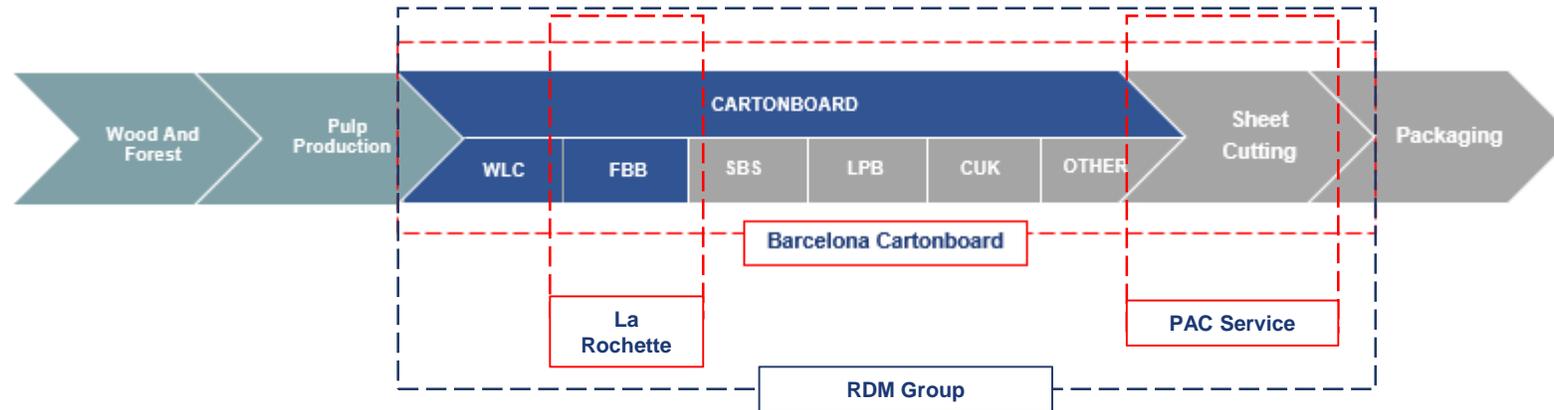
No. of mills: **1**  
Production capacity: **0.165 mn tons/p.a.**  
equal to **13%**

★ *Headquarters in Milan*

🏭 *Mill*

# LATEST M&A DEALS

## Value Chain Positioning of acquired companies:



Based in Spain (Barcelona), the company is producing recycled Cartonboard (WLC) and if needed also virgin board (FBB), serving the packaging industry in Spain and abroad.

The acquisition is effective as of 31 Oct. 2018.



Based in Italy, the company operates in the sheet cutting business. RDM has long been a strategic supplier of PAC Service.

The acquisition is effective as of 1 Jan. 2018.



Based in the South of France, the company (La Rochette mill) is involved in the production of Cartonboard from virgin fibers (FBB).

The acquisition is effective as of 30 June 2016.

# PORTFOLIO

## RECYCLED FIBRES (WLC)

Price  
Eco friendly image

## VIRGIN FIBRES (FBB)

Printability  
Bulk & Stiffness

### RECYCLED BOARD (GD)

### LINER

### SPECIALTIES

### VIRGIN BOARD (GC)

Sport/toys  
Food  
Detergents  
Beverage

Hardware  
Software  
Display  
Microflute laminate

Textile / shoes  
Paper Goods

Pharmaceuticals  
Beauty & Health care  
Food  
Retail  
Bakery

#### Overall economic trend along with specific drivers:

Brand recognition  
E-commerce  
Plastic substitution  
Care for planet  
Changes in lifestyles

Brand recognition  
Microcorrugated  
Growing market (+11% from 2015 to 2018)

Luxury package

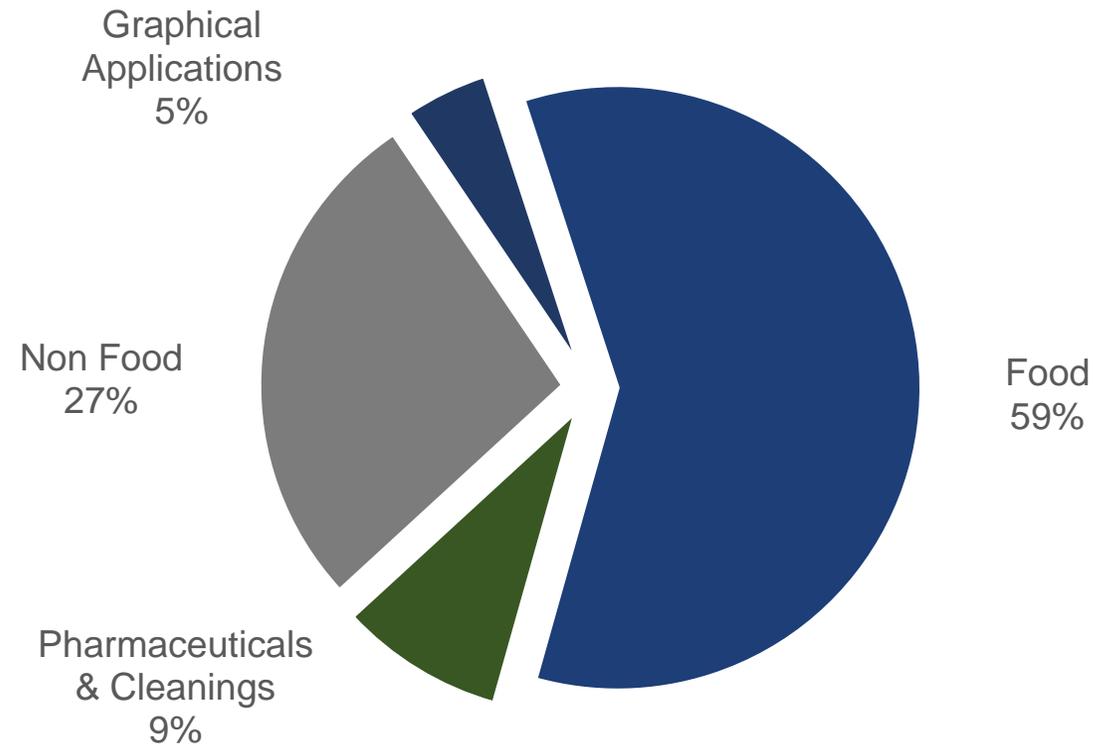
#### Overall economic trend

Brand recognition  
Changes in lifestyles



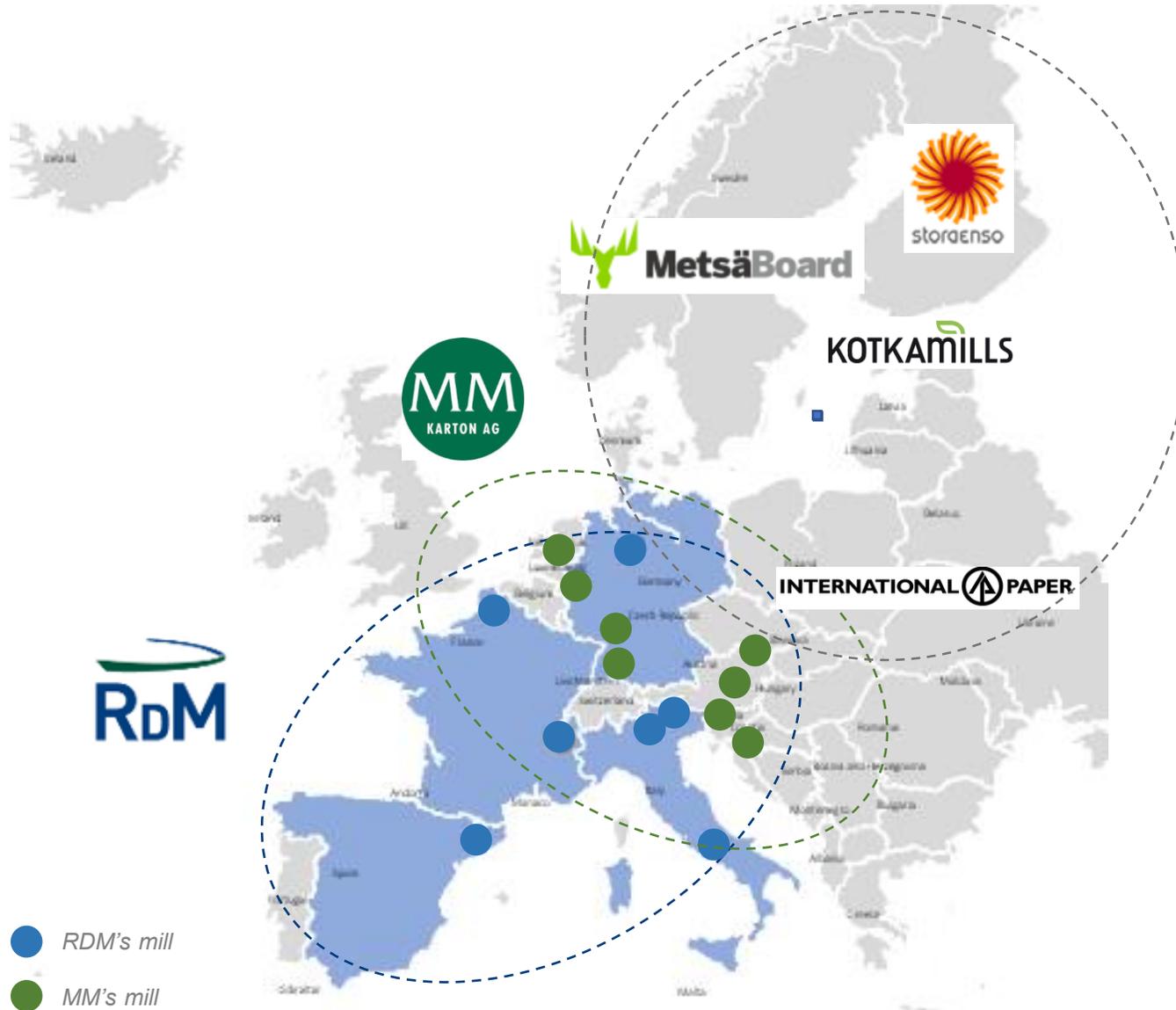
# RDM END-USES

Source: RDM internal analysis on 2020 data.

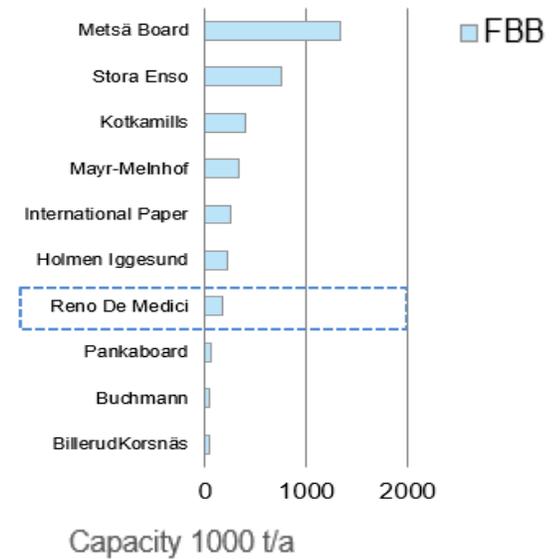
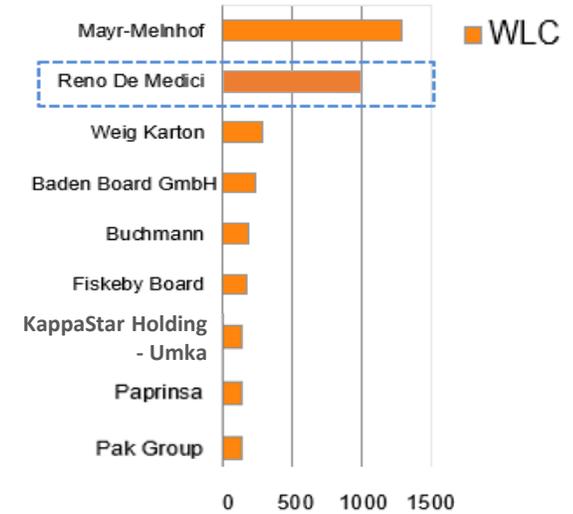


**Value of fiber-based packaging recognized by governments, retailers and consumers during Covid-19 emergency.**

# LEADING PRODUCERS IN EUROPE



Source: Company data

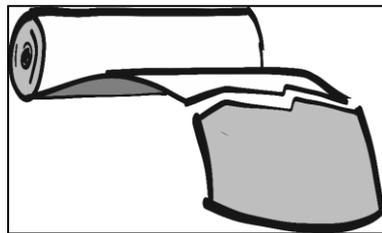


# TRANSFORMING THE COMPANY



## Becoming a stronger and larger player

- Rationalization of capacity
- Focused capex plan in strategic assets
- Internationalization
- Deleveraging



## Becoming more resilient through higher integration and efficiency

### 2018- 2021 TRANSFORMATION PLAN

- Integrating the Pan-European asset base and recent acquisitions
  - La Rochette – 2016
  - PAC Service – 2017
  - Barcelona Cartonboard – 2018
- through a portfolio of value-added initiatives to achieve goals as a One Company.
- Strategically transforming the cost structure

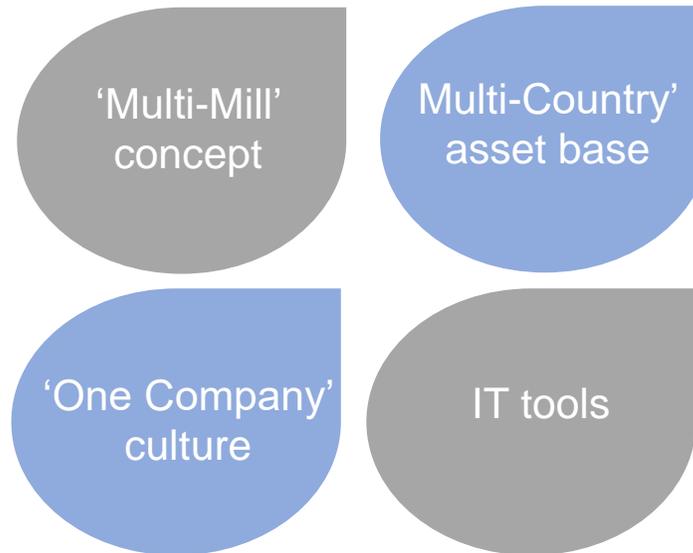
# OPERATING UNDER THE 'MULTI-MILL' CONCEPT

## Higher interchangeability

Specific types of RDM cartonboard can be produced in multiple mills

## Benefits

Flexibility in operations  
Timeliness in delivery



- ✓ Balancing the **availability of finished products** at the individual plant
- ✓ Minimizing **risks**
- ✓ Ensuring greater **proximity to customers** and **Security of Supply**

**Mitigating** market **volatility** that may arise from changes in:

- **demand** across markets
- **tons produced** across assets

# BENEFITS FROM TRANSFORMATION

## OUTCOME FROM THE THREE-YEAR PLAN

↑ **RESILIENCE** in operational performance  
in consolidated EBITDA margin

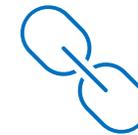
↑ **SPEED** in capturing signals and promptly  
turning them into:  
1. Better solutions for the client  
2. Higher margins for the Company

## COVID-19 OUTBREAK, AFTER THREE YEARS OF WORK...



...PROVED THE **RESILIENCE** and **SUCCESS**  
**ACHIEVED**

## FROM 2021 ONWARDS, MOVING TOWARD CONTINUOUS IMPROVEMENT APPROACH



### Capitalizing on

- A maintained portfolio of focused initiatives
- An established network of teams and committees
- A plan-ahead attitude gained
- An evolved management of operations
- A more sophisticated demand/supply integration and optimization



### To improve further

- Optimization of sourcing and procurement
- Management of operations, unlocking growth and reducing costs per ton
- Exploitation of new recipes and energy efficiency solutions
- Optimization of price-mix
- Completion of Barcelona Cartonboard integration
- Accelerate Innovation of sustainable products and digitalization of manufacturing and service processes

# NURTURING AND LEVERAGING CLIENT LOYALTY



**1,400+ CLIENTS**

Converters and Distributors



**CLIENT TOP PRIORITY**

Security of supply

**RDM GROUP PERCEIVED AS**

a reliable partner, being a European  
large WLC producer

**RDM GROUP APPRECIATED FOR ITS**

**Quality**

Customer service

Diversified portfolio

Responsiveness

Deliveries / Lead times



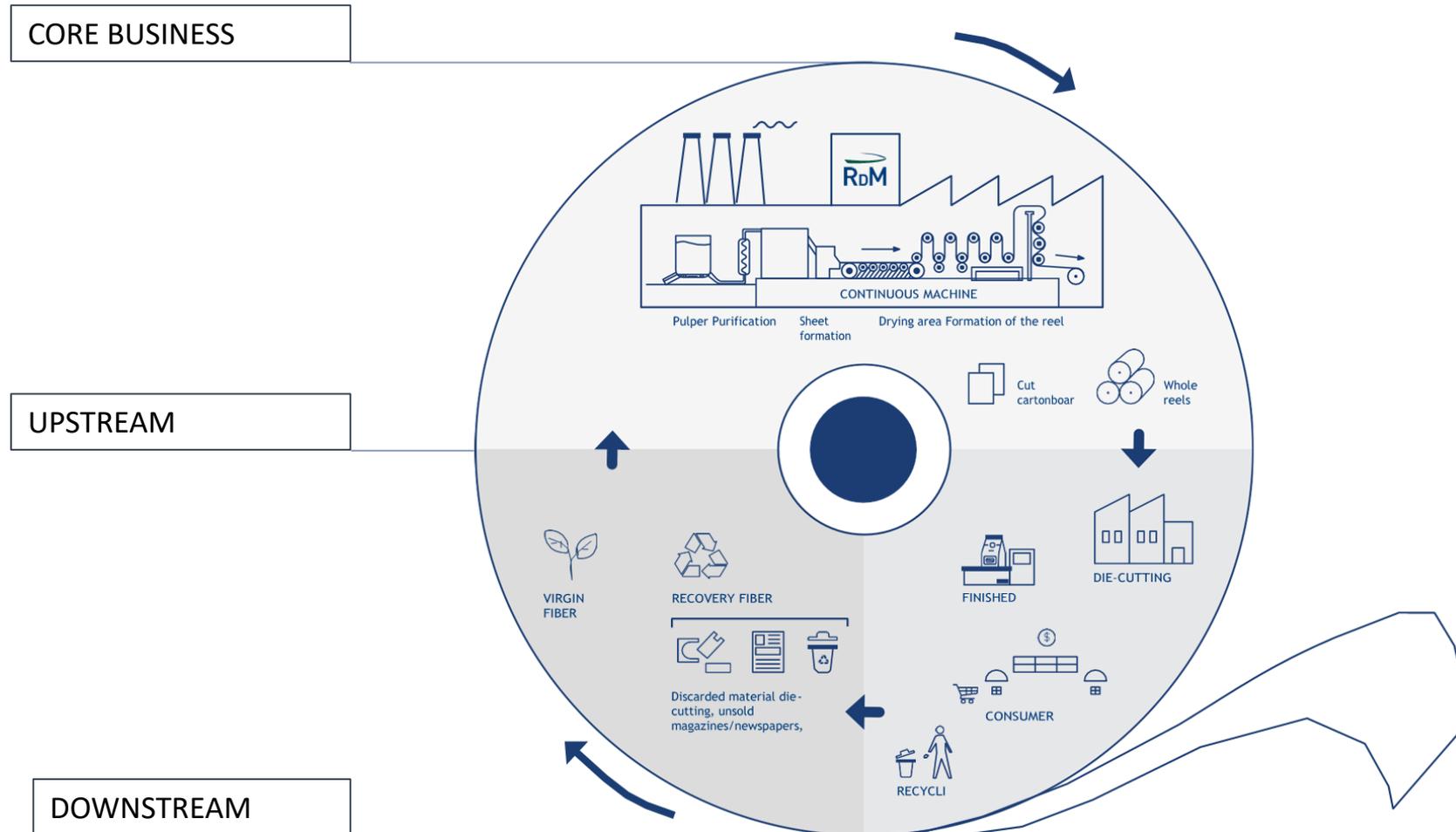
Findings from the last  
**CUSTOMER SURVEY** also prove  
professional handling of an  
unprecedented situation

# AGENDA

- 1 Strengths
- 2 **Environmental performance**
- 3 Delivering on Strategy
- 4 RDM Shares

# OUR BUSINESS MODEL

A truly sustainable player with a CIRCULAR ECONOMY vision



# REDUCING GHG EMISSIONS



**Our circular approach to business**

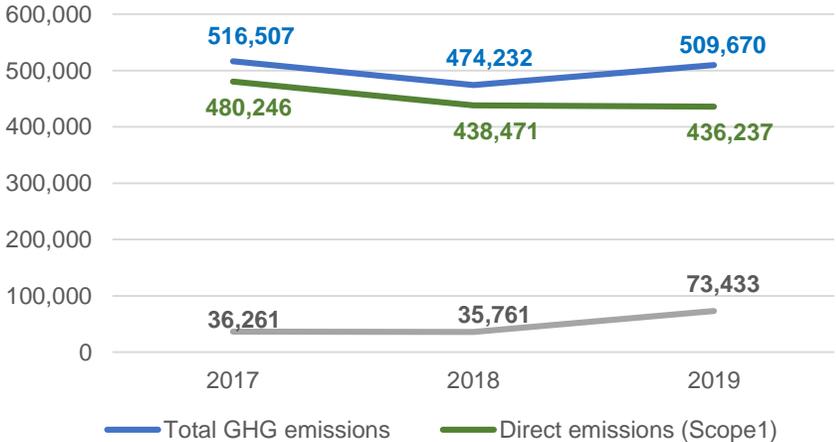
Sustainability Report 2019

Consolidated Non-financial Statement pursuant to the Articles 3 and 4 of the Legislative Decree n. 254/2016

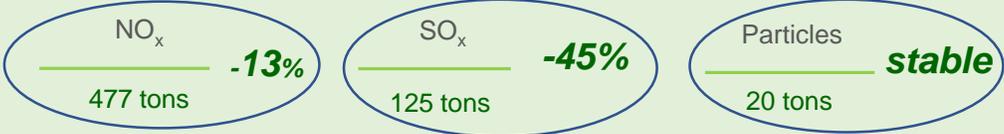


<http://rdmgroup.com/sustainability/reporting/>

## TOTAL, DIRECT AND INDIRECT GHG EMISSIONS (tCO2e)



## OTHER EMISSIONS (2019 DATA AND %CHANGE VS. 2018)



Monitoring of emissions

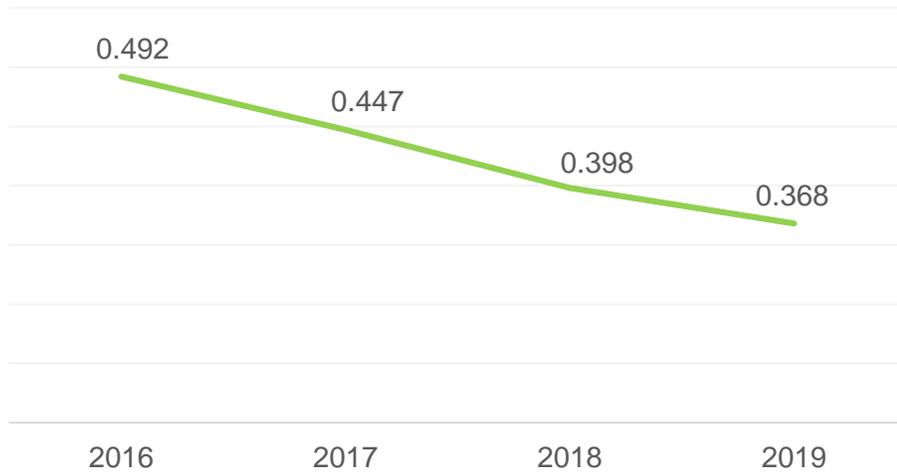
Energy efficiency

Environmental adaptation

**Reducing greenhouse gas and pollutant atmospheric emissions per ton of production over time.**

# MINIMIZING CARBON AND ENERGY INTENSITY IN PRODUCTION PROCESSES

CARBON INTENSITY (tCO<sub>2</sub>e/ton)



Emissions in tCO<sub>2</sub>e per metric ton of gross production

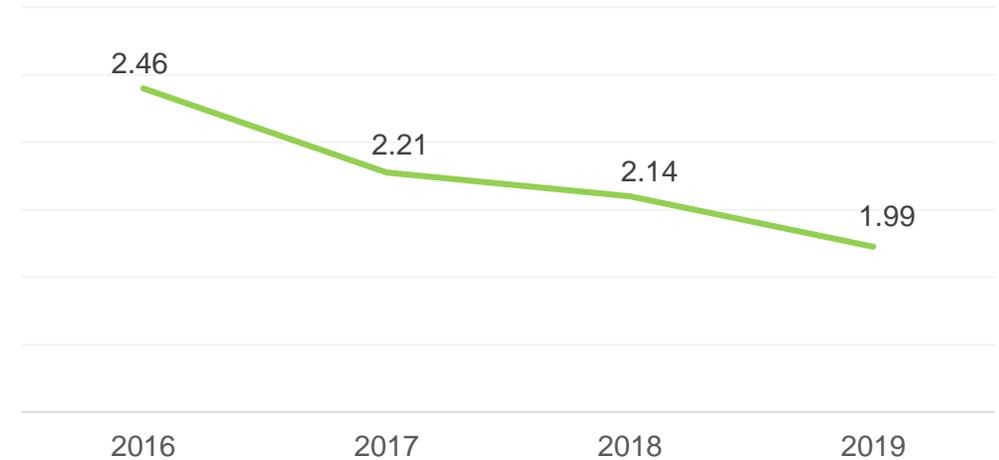
Data exclude RDM Barcelona Cartonboard's natural gas consumption to produce electricity for the grid.

Electricity produced by cogeneration plants is not included to avoid double counting.

**Coal reduction (-26.4%)** reflects the first-stage benefits of the energy transition project underway at the **Arnsberg mill**.



SPECIFIC ENERGY CONSUMPTION (MWh/ton)



All the Group's production units 2016, 2017, 2018, 2019

Unit of measure: energy consumption in MWh per ton of gross production

## CARBON INTENSITY (tCO<sub>2</sub>e/ton)

**-25%**

2019 VS. 2016

**-7.5%**

2019 VS. 2018

## ENERGY INTENSITY (MWh/ton)

**-19%**

2019 VS. 2016

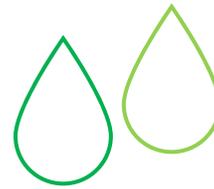
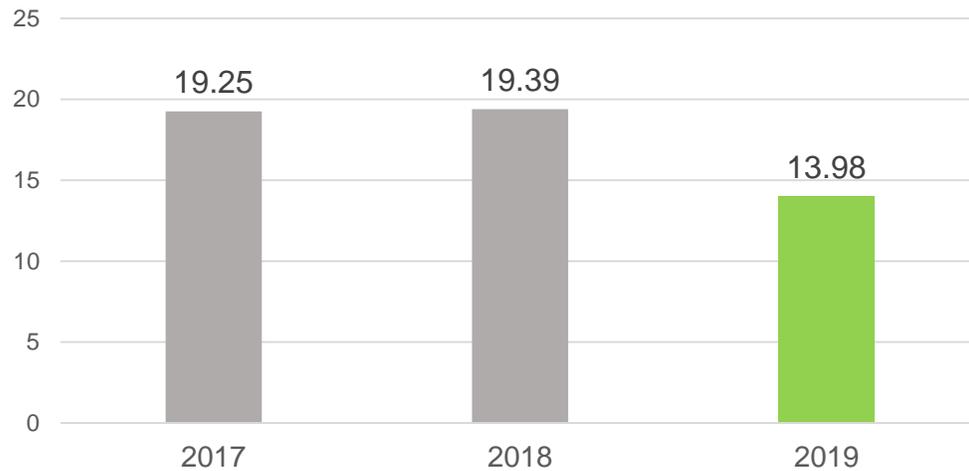
**-7%**

2019 VS. 2018

# COMMITTED TO REDUCE WATER USAGE

Through recovery of process water and reusing water in several production cycles.

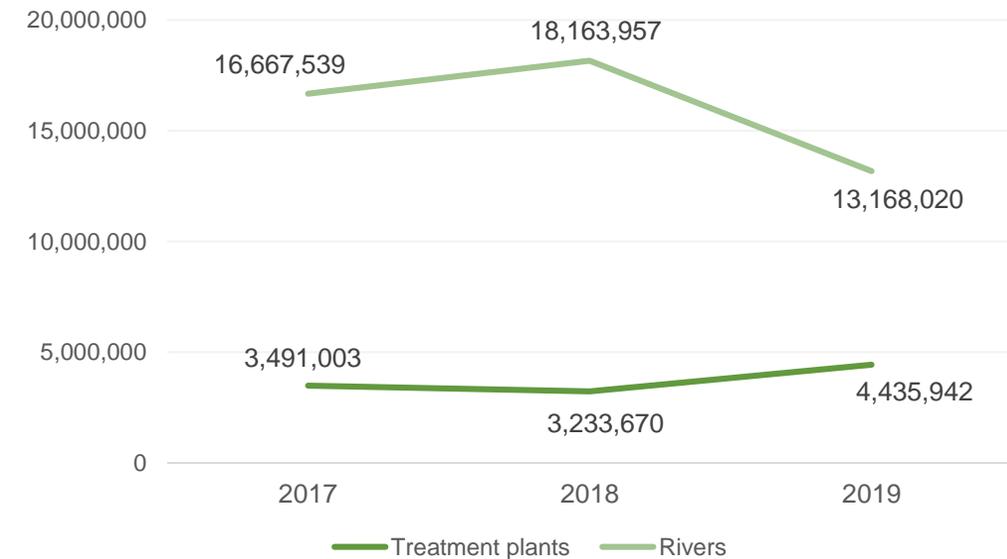
WATER WITHDRAWALS PER TON OF PRODUCTION (m<sup>3</sup>/ton)



The remaining share evaporates or is incorporated in the cartonboard.

91% of the water consumption returns to the environment after purification

VOLUMES OF DISCHARGED WATER (m<sup>3</sup>)



All the Group's production units / 2017, 2018, 2019  
Unit of measure: Cubic meters per ton of gross production (including water withdrawal for plant cooling)

# MINIMIZING WASTE SENT TO LANDFILL

## Our priority

Minimizing waste and maximizing the use of fiber raw materials.

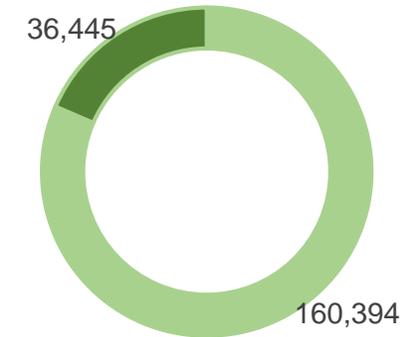
## From 20% to 5%

the fiber reduction in the rejects of production process, deriving from reject washing machines installed in the Italian mills



**“ A full 99.8% of the total waste produced by the Group is non-hazardous and mainly consists of plastics, glass, sand and metals. ”**

2019 WASTE (tons)



■ Waste sent for recovery - 81% ■ Waste sent for disposal - 19%

Circular economy system is for RDM Group “naturally” core. Recycling and reusing resources is par of every-day manufacturing life



Majority of RDM Group mills have waste management systems also certified according to ISO 14001 standard

Two mills are also certified according to the “Eco-Management and Audit Scheme” (EMAS)

# PRODUCT INNOVATION MEETS ENVIRONMENTALLY FRIENDLY DEMAND



## Market TRENDS

### Major Brands and Retailers

Requiring packaging with lower environmental impact

Switching to recycled-based packaging

Needing high-quality packaging to convey brand image and protect goods sold through more complex supply chains like e-Comm shopping

## INNOVATION



Focusing on raw materials that are **re-usable, renewable or recyclable**.

Developing **new fiber-based multi-material products** coupled with renewable barrier solutions (**biodegradability** being the core feature).

**Barrier solutions** that create a layer of protection between the structure made of fibre-based material and the contained product, while maintaining its recyclability

Quality  
Safety  
Sustainability

“  
*The world of packaging is going through a period of intense change that RDM Group sees as an opportunity to innovate, with a clear focus on sustainability.*”



### 4Ever Green Alliance (40+ European companies)

Initiative that promotes the use of **fiber-based packaging material** to foster **sustainability through circular economy**. Supporting the development of:

- new packaging solutions through innovation and product design
- appropriate infrastructure and collection systems

# AGENDA

- 1 Strengths
- 2 Environmental performance
- 3 **Delivering on Strategy**
- 4 RDM Shares

# Q1 2020 AT A GLANCE

**Prompt reaction** to Covid-19 outbreak  
**Multi-mill organization** up and running

## Business continuity

**Strong 2020 demand momentum**  
driving volumes

**High customer sensitivity on selling prices**  
continuing as experienced in H2 2019

**Solid RDM Group market position**  
resulting in volumes that outperformed  
the pace of market growth



**Broadly stable sales revenues  
in spite of VSL mill 25 days stop**  
(-0.6% vs. Q1 2019)

**Efficiency and synergy plan**  
providing effective and resilient cost control.

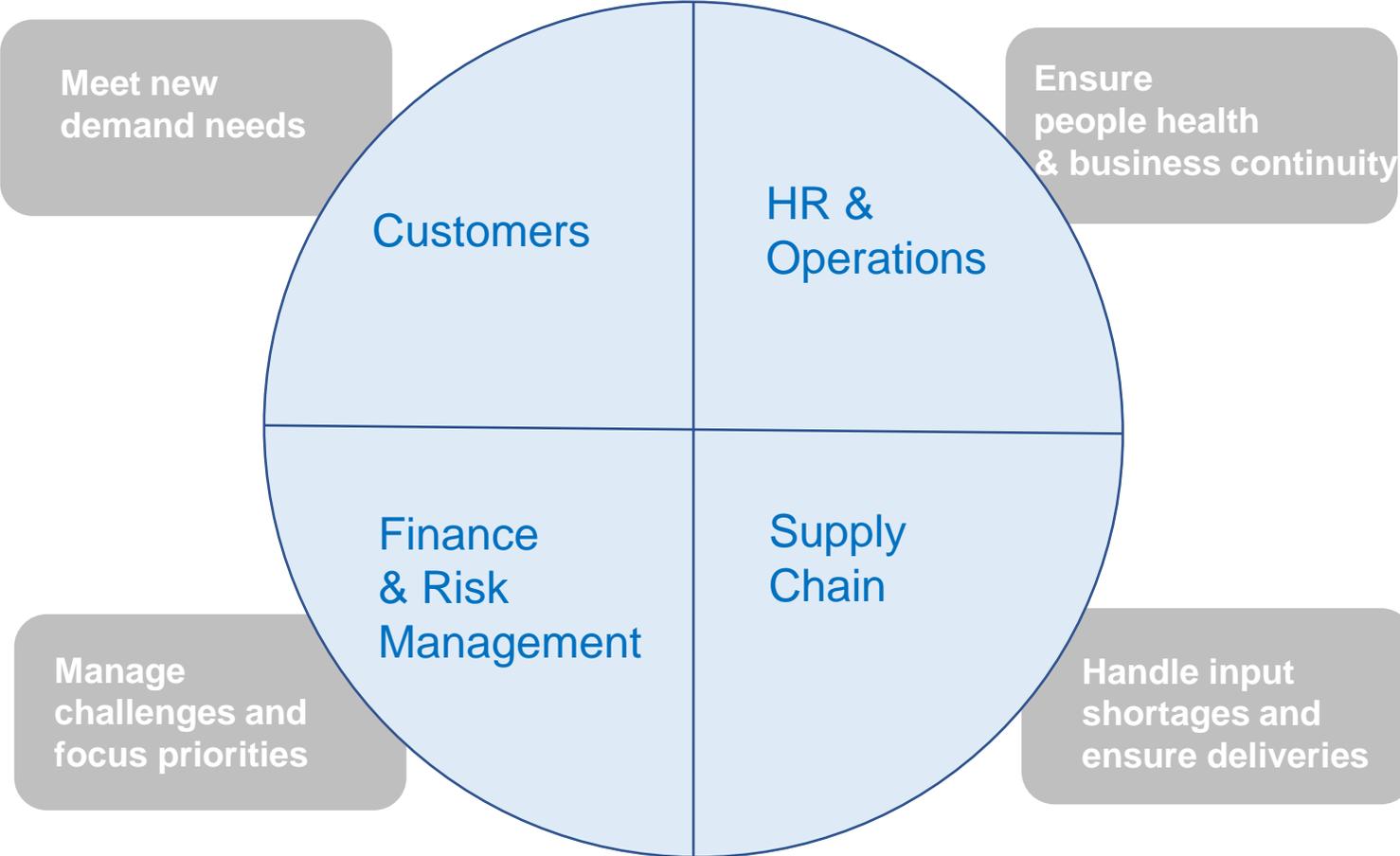
**Barcelona Cartonboard integration**  
reinforcing the manufacturing multi-mill system

**Input costs**  
supporting better spread

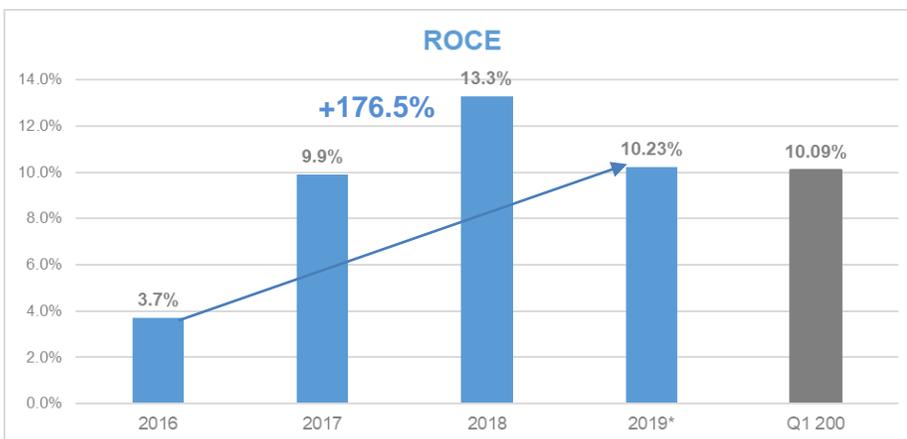
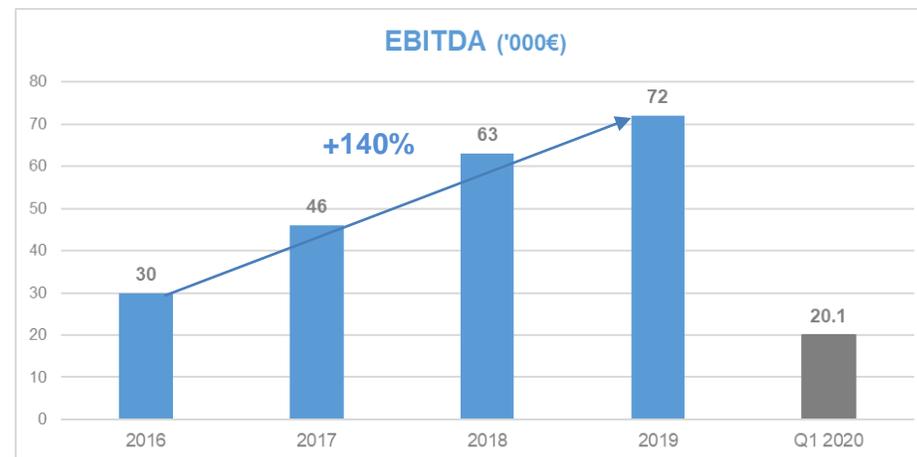
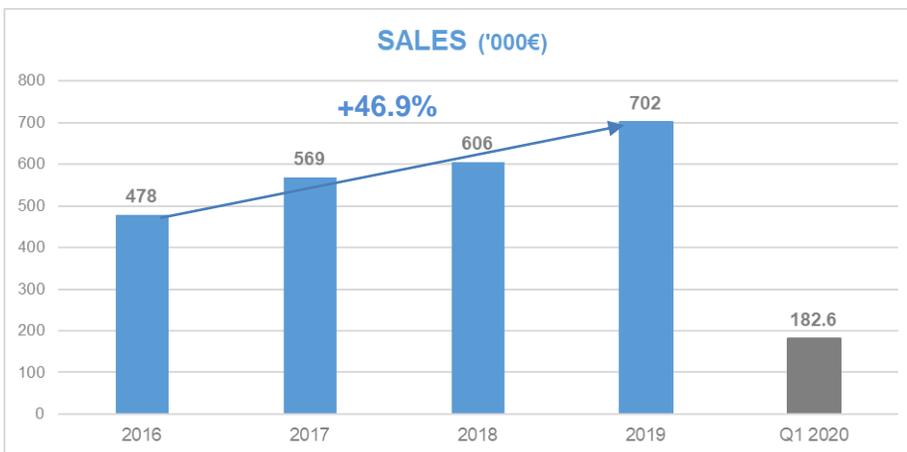


**EBITDA margin at 11.0%**  
(vs. 10.4% in Q1 2019)

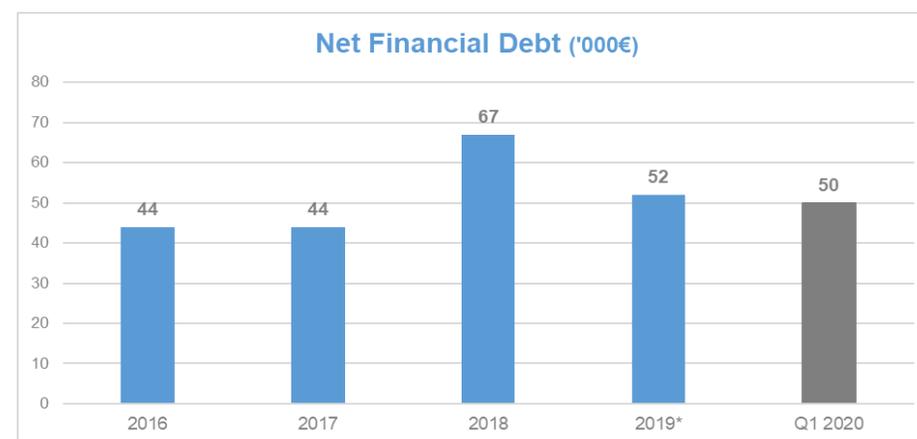
# HOW WE ARE RESPONDING TO COVID-19 OUTBREAK



# HIGHLIGHTS

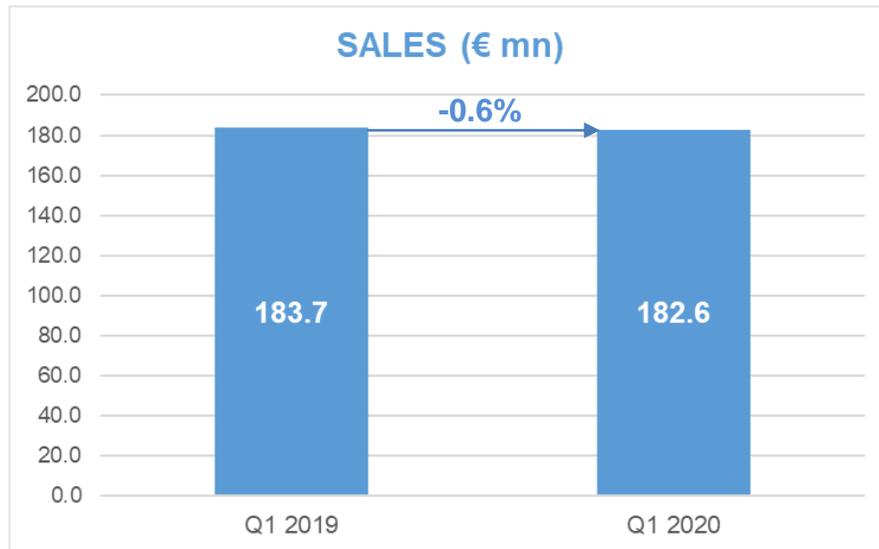


\*2019 ROCE included the **write-down** of the fixed assets of La Rochette mill for **€9.5m**. Without this write-down, ROCE would have been 13%.



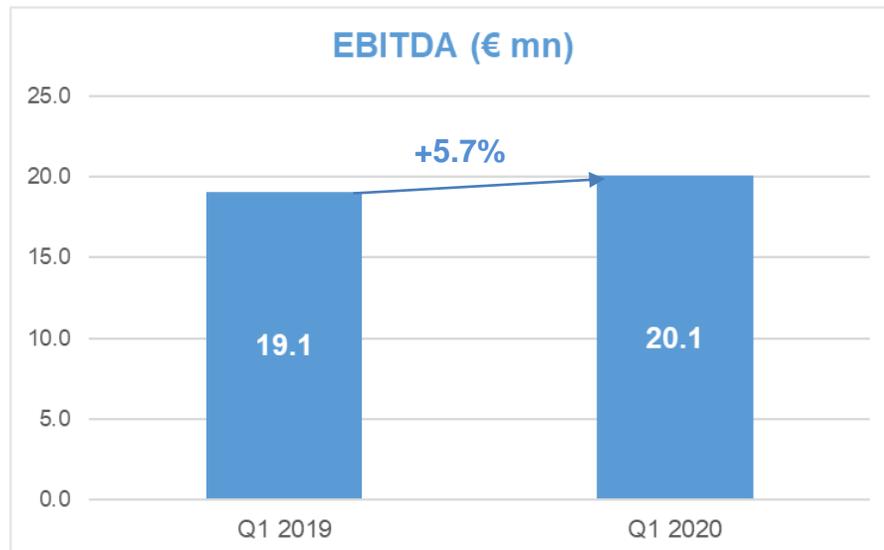
\*Net Debt as 31 December 2019 includes €12.5m liabilities due to the adoption of the new IFRS 16 "Leases".

# SALES AND EBITDA



The **slight decrease in SALES** (-0.6%) is due to :

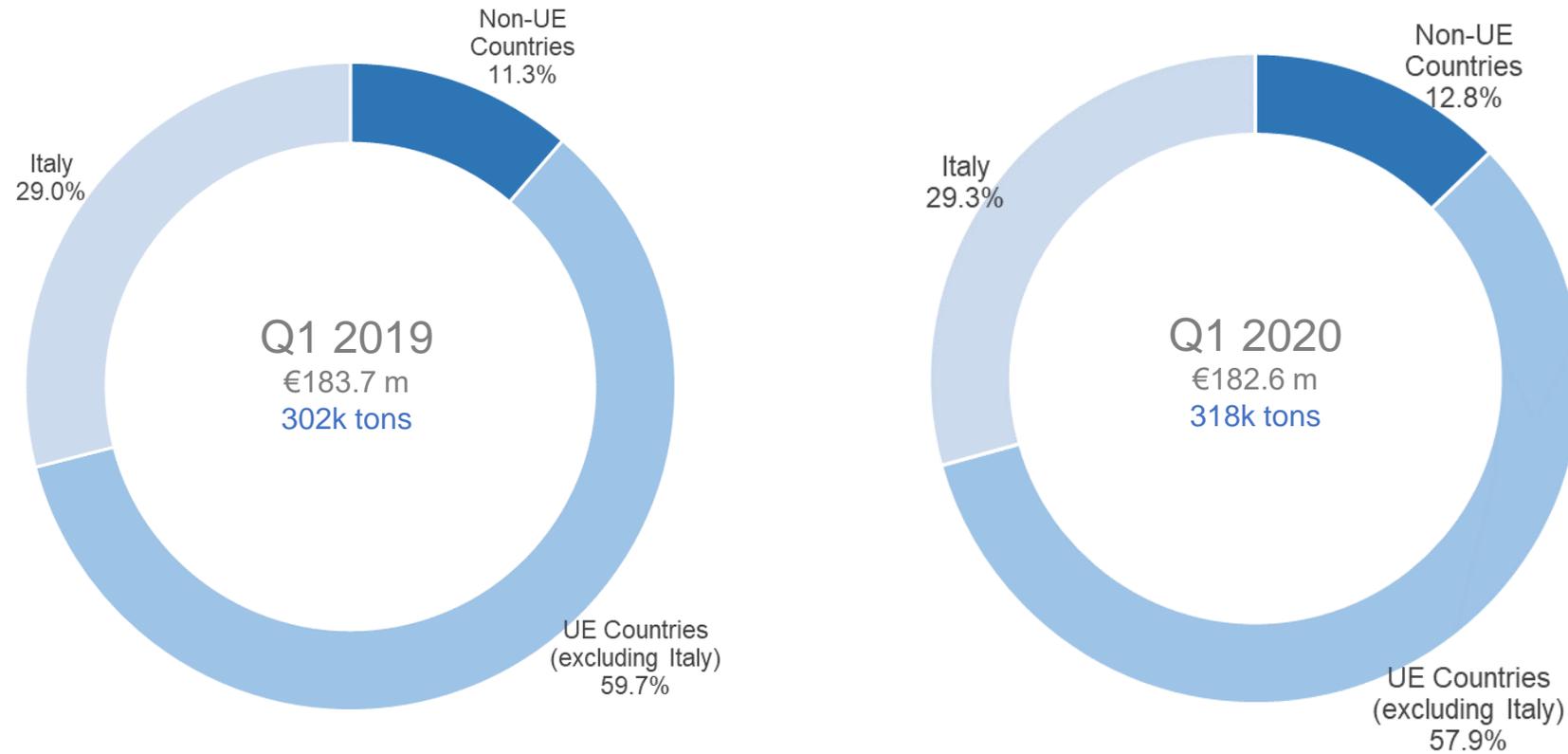
- + **Increase in tons sold**, both in WLC (+4.9%) and FBB (9.2%);
- **Reductions in selling prices**, mainly in WCL compared to Q1 2019;
- **Temporary stoppage of production in Villa Santa Lucia plant** - from 7 February to 1 March - following the seizure of the municipal consortium's wastewater treatment plant.



**Higher EBITDA margin** (11% in Q1 2020 compared to 10.4% in Q1 2019) reflects the following drivers:

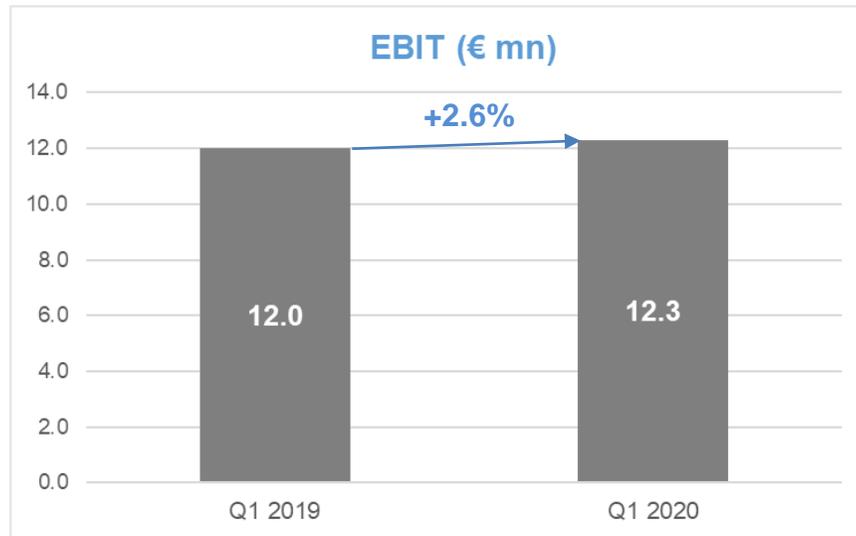
- **Slight decrease in SALES** (-0.6%);
- + **Lower costs of fibers** reflecting **lower prices** and **greater efficiency** in their use;
- + **Decline in energy costs** compared with Q1 2019.

# SALES BY GEOGRAPHY

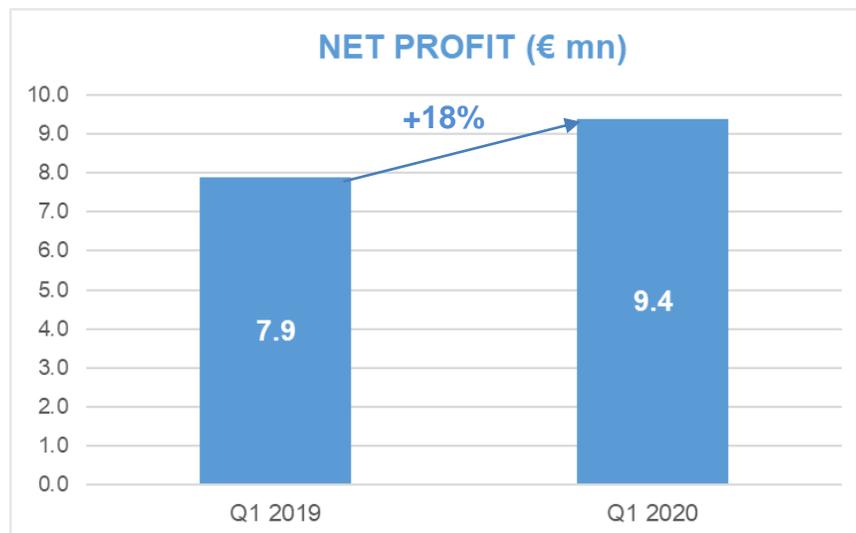


Sales reflects different mix in terms of volume and selling prices.

# EBIT AND NET PROFIT



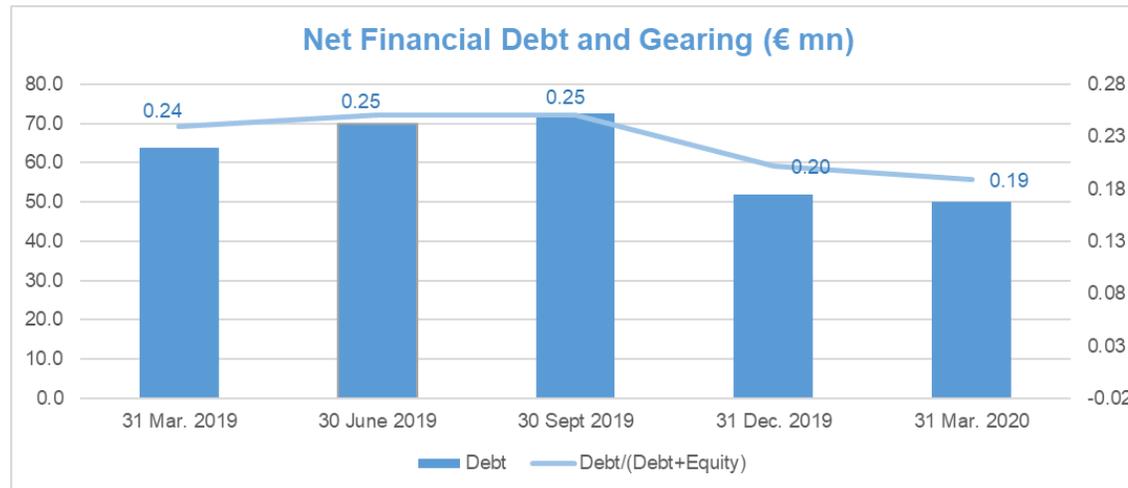
The low increase in **EBIT (+2.6%)** mainly reflects the increase in EBITDA, partially offset by **higher D&A costs** than those of 2019 (€7.9m in Q1 2020 vs €7.1m in Q1 2019).



**Q1 2020 Net Profit** increase (**€1.5m** vs. Q1 2019) combines the impact of higher EBIT (€0.3m vs. Q1 2019) with:

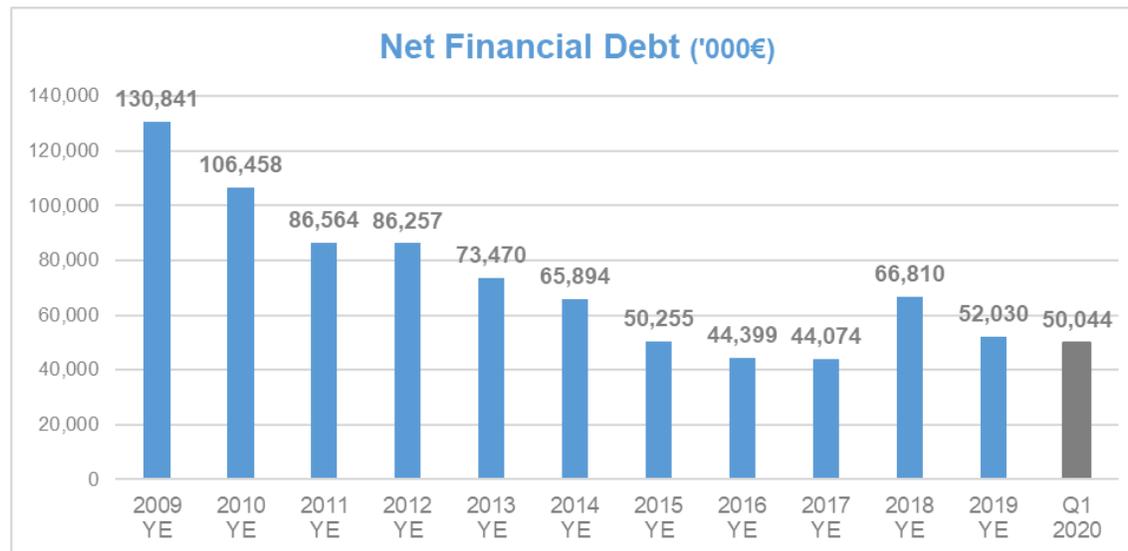
- + a **€0.9m decrease in financial expenses** vs. Q1 2019;
- + **lower tax rate** (24.4% vs. 28.8% in Q1 2019).

# LOW GEARING RATIO



**Decrease in NFD in Q1 2020** (from €52m at December 31, 2019 to €50m at March 31, 2020).

In Q1 2020 **capital expenditure** amounted to **€2.6m** compared with €4.8m in Q1 2019.



**Over the 2016-2018 period, RDM made three acquisitions** for a total amount of **€77 m**.

**Net Debt as at 31 December 2019** included **€12.5m liabilities** due to the adoption of the **new IFRS 16 “Leases”**.

# FINAL REMARKS

## TOP OF OUR CURRENT AGENDA

- ✓ Assessing the impacts of multiple business scenarios to be prepared to react properly
- ✓ Right sizing controllable costs
- ✓ Interpreting the 'new normal' scenario
- ✓ Remaining a forward-looking Company

## EMERGING EXTERNAL PATTERNS

- Greener UE agenda, underpinned by huge budget
- Digitalization challenge
- Growth of home delivery shopping and pickup in store

## IMPACTS ON OUR BUSINESS

- Increased demand for packaging that ensures protection to purchased goods
- Preference for light and non-plastic packaging

We will leverage on

Encouraging **mega-trends supporting demand**

Established **track record of sound financial performance**

Proven **resilience** to external shocks

An **unlevered balance sheet**

to continue to generate **CASH FLOW** deployable for **strategic investments.**

# AGENDA

- 1 Strengths
- 2 Environmental performance
- 3 Delivering on Strategy
- 4 **RDM Shares**

# RDM AND THE STOCK EXCHANGE

**Share Capital: 140,000,000.00 €**

**Outstanding shares: 377,800,994**, o/w  
 377,546,253 ordinary shares  
 254,741 convertible savings shares

**Conversion period:** in February and September, each year

## Listing markets

Milan Stock Exchange – MTA (STAR segment)  
 Madrid Stock Exchange

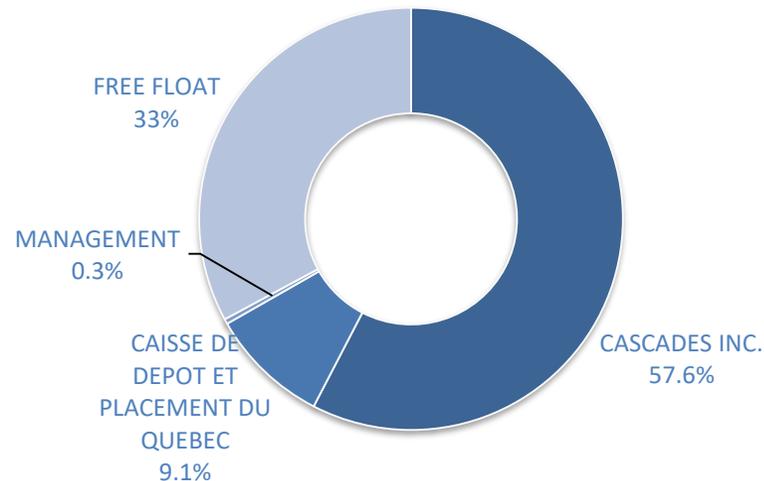
## Codes

Bloomberg: RM IM; Reuters: RDM.MI  
 ISIN: IT0001178299

**Mkt cap: 255.9 € mn**

**Free float mkt cap: 84.5 € mn**  
 (@0.677 € p.s. as of 19 June 2020)

## Main shareholders



Source: RDM shareholder register

## FY2019 dividend

### ORDINARY SHARE:

**Dividend of 0.8 € cents**  
 (FY2018 dividend was 0.7 € cents)

Payment date: **13 May 2020**

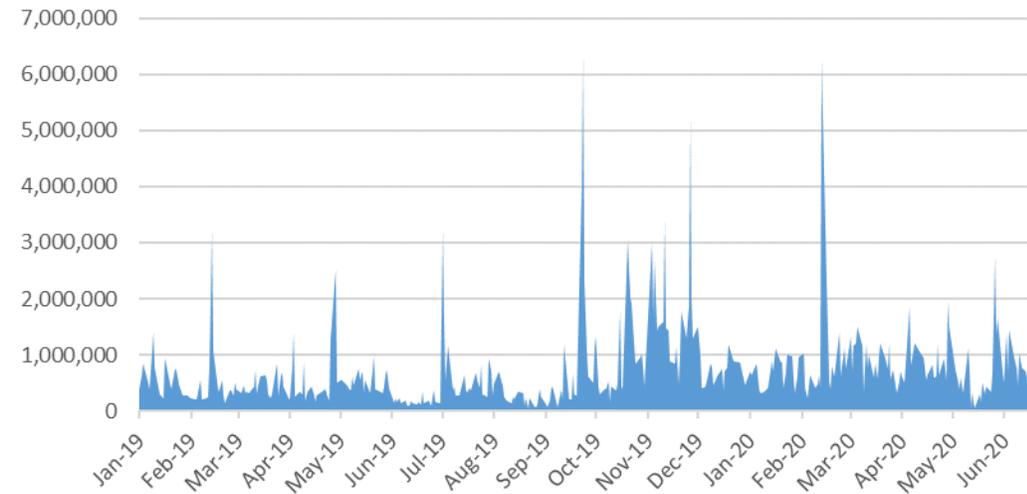
Dividend yield: **1.0%** (@YE2019 price of 0.823 €)

# SHARE PERFORMANCE

RDM share price (€)



RDM daily traded volumes



RDM vs. FTSE Italy All-Share Index

(base: 2 Jan. 2019=100)



Average daily traded volumes

Q1 2020: 849,784

1 April 2020 – 19 June 2020: 779,060

# ANALYST COVERAGE

BROKER	CITY	ANALYST	TARGET PRICE (€)	RECOMMENDATION	DATE
Intermonte	Milan - IT	Carlo Maritano	1.00	OUTPERFORM	26 May 2020
MidCap Partners	Paris - FR	Pierre Buon	0.83	BUY	30 April 2020

# BOARD OF DIRECTORS

Board reconfirmed on 29 April 2020.

Term of office: 3 financial years.

The CEO is the only executive member of the Board.



## **Eric Laflamme, Chairman**

Entrepreneur (packaging business) since 2013. COO of Cascades Group in Montreal (2002-2008). Previously at Cascades SA Europe.



## **Michele Bianchi, CEO**

Chemical engineer, with more than 19 years of experience in the European packaging industry.



## **Laura Guazzoni, Independent Director**

Chartered accountant and business consultant. Bocconi University professor.



## **Sara Rizzon, Director**

Lawyer at the Jones Day Milan office. Expert in M&A and corporate compliance



## **Gloria F. Marino, Independent Director**

Chartered accountant and statutory auditor.



## **Allan Hogg, Director**

CFO of Cascades Group since 2010 – Bachelor's Business Administration in Accounting.



## **Giulio Antonello, Independent Director**

In the past, investment banker and CEO of a listed Company. Presently, strategic advisor in the asset management field.



# RdM

TOGETHER WE SHAPE THE FUTURE

---

**Thank you!**

---