



Press Release

RDM GROUP ACQUIRES PAPELERA DEL PRINCIPADO S.A. (“PAPRINSA”), THE SECOND SPANISH PLAYER, AND STRENGTHENS ITS LEADERSHIP IN SOUTHERN EUROPE

Preliminary agreements signed for the acquisition of 100% of the share capital of Papelera del Principado S.A. “Paprinosa”, Ondupacart S.A., Cogeneració del Pla S.A., and Fergerdell S.L.

- **Total Enterprise Value of the four target companies amounts to €31.2 million, based on an estimated 2020 proforma EBITDA of €5.2 million.**
- **Proforma EBITDA expected to increase between €3 to €5 million over the next three years, driven by Group synergies.**
- **Closing expected not later than March 31, 2021.**

Milan, September 30, 2020 - RDM Group announces that its subsidiary RDM Barcelona Cartonboard S.A.U. has signed four preliminary agreements for the acquisition of 100% of the share capital of four companies incorporated in Spain. The deal covers the acquisition of one of the main European players of the coated chipboard industry, Papelera del Principado S.A. (“**Paprinosa**”), and three smaller companies operating in contiguous businesses based in the same site: **Fergerdell S.L., Cogeneració del Pla S.A. and Ondupacart S.A.** The 15 sellers, owners of the holdings in the companies to be acquired, include both legal entities and individuals.

Michele Bianchi, CEO of RDM Group, stated: *“The acquisition we are announcing today confirms that RDM Group continues to invest with the target of profitable growth, by selecting companies that fit a consistent business approach. We keep strengthening our competitive positioning as the leading company in Southern Europe in the segment of recycled cartonboard, as part of a clear long-term strategy and leveraging on a solid financial position. This allows us to be ready to grasp the utmost benefits from a demand that has proven to be solid even in the most critical times of the Covid-19 pandemic, due to the essentiality of the material we produce.”*

Founded in 1977, **Paprinosa** operates in the recycled White Lined Chipboard (WLC) business. The company has both its headquarters and mill in Mollerussa, just 130 km from Barcelona and less than one hour from the plant of RDM Barcelona Cartonboard. It manufactures 120,000 tons of recycled chipboard, with a potential capacity of 140,000 tons. Over the past six years, Paprinosa has made significant investments for more than €30 million in its plant. Production includes a wide range of grades and grammages (from 180 to 550g).

Today, **Paprinosa** is the No. 2 chipboard producer in Spain, and the eighth WLC producer in Europe. The paper mill has a trim width of 4.8 meters, which will make it the widest plant in RDM Group, as it is one of the largest paper mills of this sector in Europe. By further exploiting this size, RDM Group can count on a potential increase in the factory’s production capacity from the current 140,000 tons a year to over 200,000 tons a year, in line with the other top plants today part of the Group.

Ondupacart S.A. is a small corrugator manufacturer.

Fergerdell S.L. is the real estate company that owns the 30,000 sqm area on which the two manufacturing companies stand.

Cogeneració del Pla S.A. is the former cogeneration plant recently sold to Paprinsa. The company currently provides both plants with maintenance services.

The four companies have an overall workforce of 140 employees.

Over the past financial year, ended December 31, 2019, based on Spanish GAAP, the four companies to be acquired reported¹ revenues of €65.9 million, EBITDA of €3.5 million and a net loss of €456 thousand. At December 31, 2019, net financial debt was €22.9 million.

The provisional price for the acquisition of the four companies is based on a total Enterprise Value of €31.2 million, calculated on proforma EBITDA for 2020 of €5.2 million, and on an estimated NFP of about €20.9 million.

In detail, the preliminary contracts provide that the final price will be calculated by applying a multiple of six times the total 2020 EBITDA of the four companies, with an Enterprise Value of a minimum of €27 million and a maximum of €33 million.

At the closing of the deal, an initial amount of €5.9 million will be paid, calculated on a minimum Enterprise Value of €27 million and a NFP of €21.1 million as at the end of August 2020. The price will be subject to adjustments as provided in the agreements, based on the NFP, the working capital, and the overall EBITDA of the four target companies at the effective date of the transaction.

RDM Group will fund the acquisition from its own cash resources.

Based on an estimated proforma EBITDA of €5.2 million for 2020, the RDM Group expects to reach an EBITDA increase of between 3 and 5 million euro over the integration process of the coming three years. Such benefits will be achieved mainly thanks to the full utilization of Paprinsa's production capacity, the synergies with the Barcelona plant and the revision of certain procurement contracts.

Mr. Bianchi also commented: *"This is not only an attractive transaction in absolute terms. It is also an ideal acquisition to further strengthen our Group performance, when considering the value we can generate by including Paprinsa in the multi-mill approach of our asset portfolio, and the visible synergies that we can achieve by leveraging on the proximity with the Barcelona Cartonboard mill."*

The transaction closing is expected not later than March 31, 2021, subject to the fulfillment of some conditions precedent, including, besides the obtainment of some authorizations of labor-law and administrative nature, the obtainment of: (i) legal authorizations by the competent Antitrust authorities; and (ii) the Integrated Environmental Authorization to increase the production capacity of the Paprinsa mill.

¹ The data refer to the aggregate figures of the four companies, adjusted for intercompany transactions, as processed by the Advisor EY

Under the agreements reached with the sellers, Reno De Medici S.p.A. has committed to be a guarantor of the subsidiary RDM Barcelona Cartonboard S.A.U. for all obligations arising from the acquisition contracts underwritten by the latter.

Reno De Medici S.p.A. has appointed EY and Osborne Clarke as its financial and legal advisors. Gasso Capital Market acted as financial advisors to the Sellers.

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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