



TOGETHER WE SHAPE THE FUTURE

# **Leading while Growing**

## **Paprinisa Acquisition**

1 October 2020

# AGENDA

- 1** Overview
- 2** Strategic rationale for the deal
- 3** Features of the acquisition
- 4** Final remarks



Michele Bianchi - CEO



Andrea Bettinelli – Head of Strategy

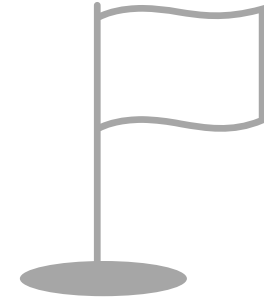
# ANOTHER STEP TOWARDS A CONSISTENT GROWTH IN SIZE AND LEADERSHIP



Paprinisa acquisition **perfectly fits with our**

LONG-TERM GROWTH STRATEGY

Reinforcing RDM Group's positioning in the WLC market



## Enhanced South-European Leadership

### Opportunity to leverage RDM Group's strengths



Proven **resilience of our business** even during Covid-19 peak, thanks to essential end-use applications

**Financial solidity as a result of continuous deleverage** (gearing of 0.14x as at 30 June 2020)

Solid **Group Efficiency Platform** in place, delivering on long-term objectives

Even in tough times, we remain strategic in building on successful opportunities

# PAPRINSA ACQUISITION

## KEY FEATURES OF THE DEAL

### ACQUISITION

100% of Papelera del Principado SA, or **Paprinisa**, + three smaller companies from 15 sellers.

### INDICATIVE VALUE

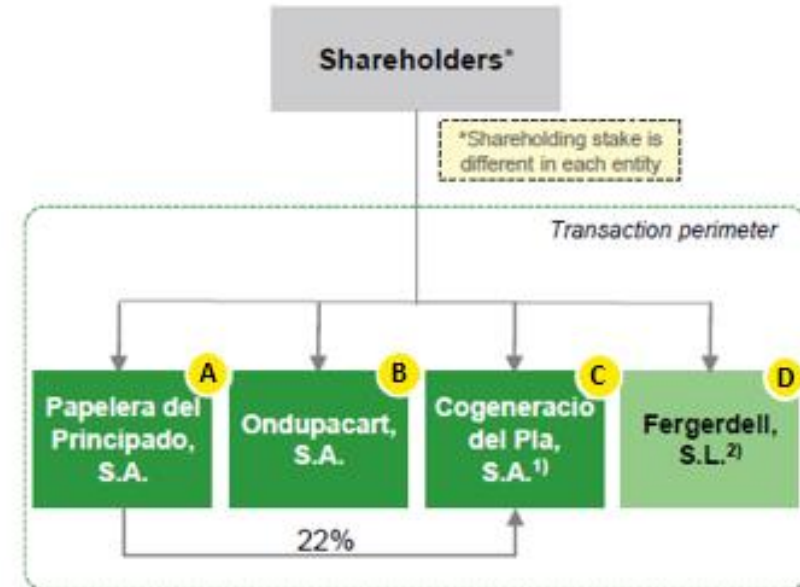
Total **Enterprise Value** of €31.2m, before NFP, WC and EBITDA adjustments.

### CLOSING

Expected **not later than March 31, 2020**.

### CLEARANCE

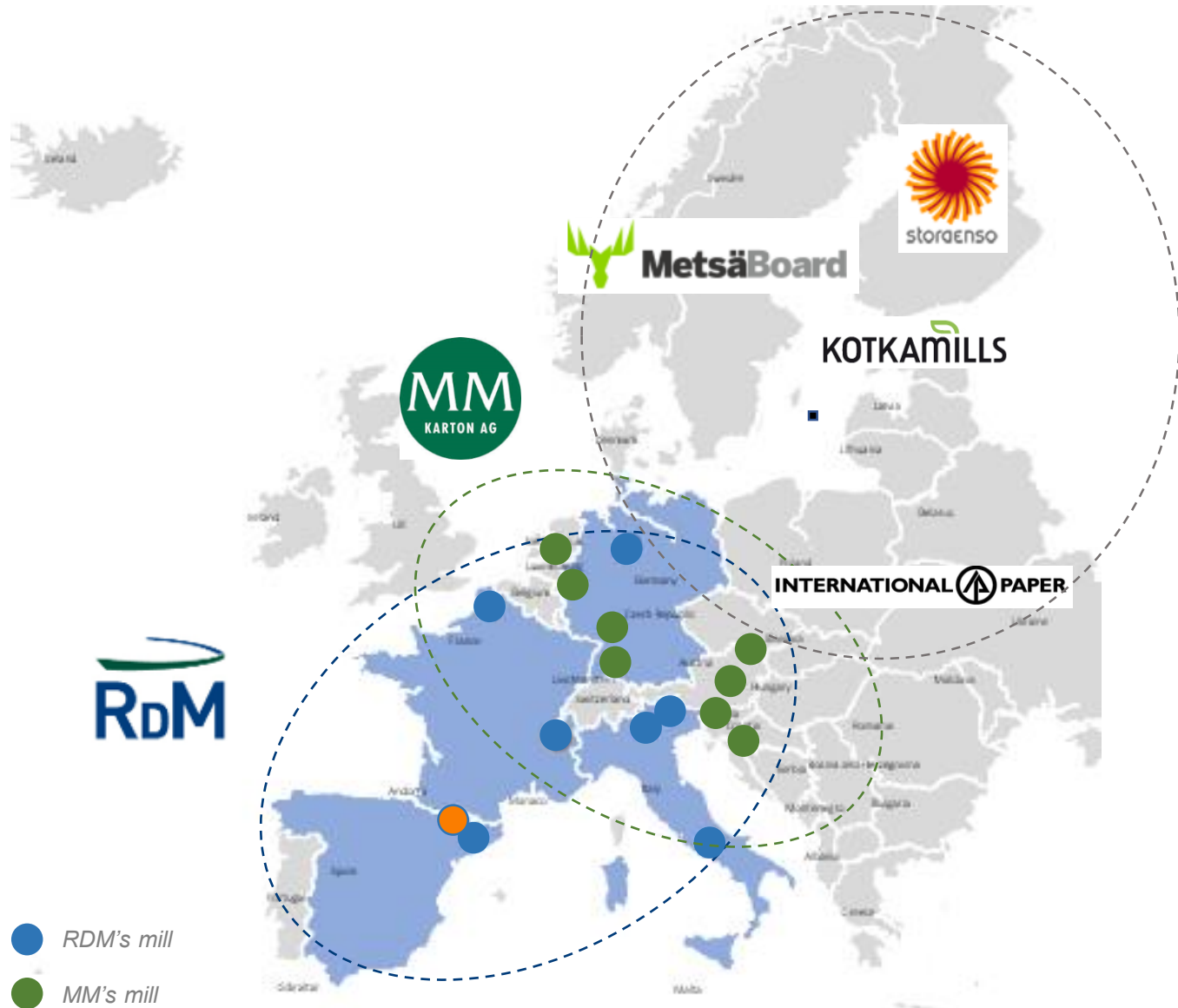
Closing subject to **Antitrust** clearance.



Note: 1) The Company provides maintenance services to Paprinisa; 2) The Company is the owner of the land and buildings in Mollerussa, where the HQ is located.

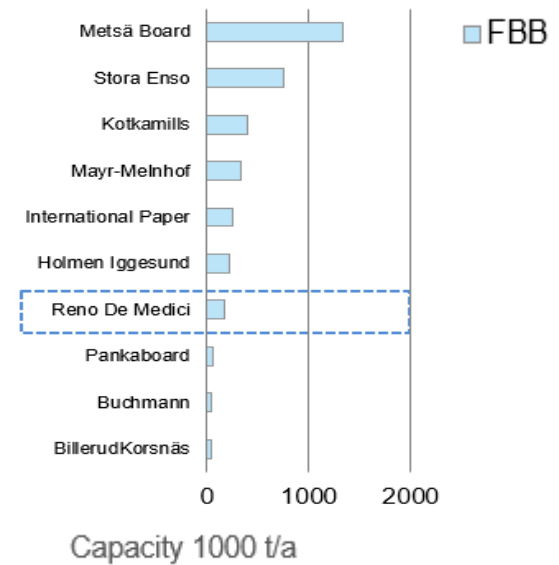
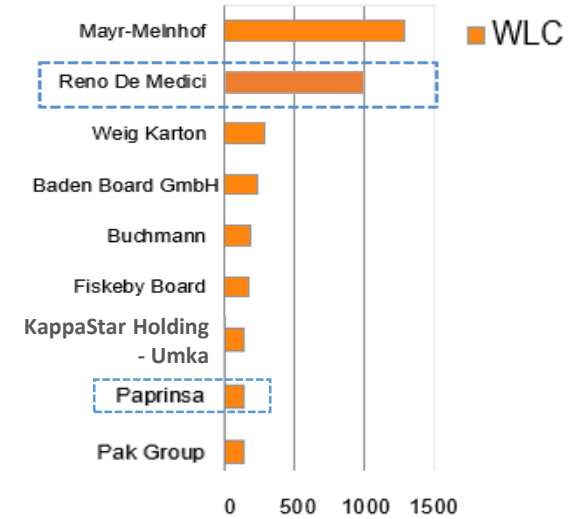
- A** No.2 cartonboard producer in Spain, no.8 in Europe
- B** Small corrugator producer
- C** Former owner of the cogeneration plant, now maintenance provider
- D** Real estate company

# STRENGTHENING OUR LEADERSHIP POSITION IN EUROPE



- RDM's mill
- MM's mill

Source: Company data



# BOOSTING THE MULTI-MILL CONCEPT VALUE

The Paprinsa acquisition **boost advantages** into the RDM Group **multi-mill journey**

## More flexibility to plan and serve customers



With an additional asset in its portfolio, RDM will gain even higher **interchangeability**

Specific types of RDM cartonboard can be produced in multiple mills

- Flexibility in Operations
- Security of Supply to Customers

## Reduced market and performance volatility



RDM will better handle market **volatility** that may arise from changes in:

- demand** across markets
- production output** across assets

reinforced by the newly-acquired asset

# PAPRINSA - BUSINESS PROFILE

One of the European mills with the **lowest technical age** (10-15 years) and the **largest trim width** (4.8 meters)

## The Group at a glance

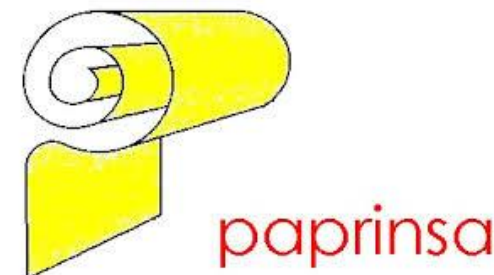
Based in Spain (Mollerussa), the Group is specialized in the production of cartonboard from recycled fibers (WLC), microflute and corrugated sheet, **servicing the packaging industry in Spain and abroad.**

The district is characterized by its **proximity to some key European converters** and distributors with cutting facilities.



## Paprinsa Features

- ✓ **Significant investments** in the last six years (**more than €30m of capex**) make Paprinsa **one of the most updated technology mills in Europe** (between 10 and 15 years in terms of technical age)
- ✓ **One of the European mills with the largest trim width** (4.8 meters). That size gives opportunity for future **production growth**, from the actual 120k tons/y **to over 200 k tons/y.**
- ✓ **Wide product range**, from 180 to 550 g.
- ✓ **Main products** offered:
  - Recycled Cartonboard
  - Recycled Linerboard

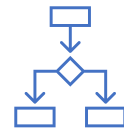


# VALUE CREATION RATIONALE

3 to 5 million euro  
EBITDA increase to  
be generated through  
the integration in  
RDM Group



Increased production output passing from 2 to 3 work shifts  
(quick win, with immediate benefits)



Optimization of legal, management and organisational  
structure (currently 4 companies)



Proximity with the RDM Barcelona mill (less than 1-hour drive)  
paves the way for a stronger and efficient integration on a  
number of functions



Group centralized procurement to leverage on economy on  
scale



Portfolio rationalization and manufacturing know-how exchange in  
the enlarged Group



Possibility to expand the capacity up and above 200 kT/year,  
reaching the top tier assets in the Group (additional capex  
required)



# TERMS OF THE DEAL

A well-invested asset,  
with an **EBITDA ramp up**

2020 expected **increase in EBITDA** based on **key drivers**:

- **lower gas price**, due to the newly-signed supply contract
- **more efficient fibre yield**, due to recent investment in stock pulping

## FY 2019 - KEY DATA based on Spanish GAAP

*Data of the four target-companies,  
aggregated by EY.  
Intercompany transactions eliminated.*

**Sales**  
€65.9m

**EBITDA**  
€3.5m

**EBITDA margin**  
5.3%

**Net Debt**  
€22.9m

## ENTERPRISE VALUE of the four target companies

**€31.2m** based on an estimated 2020 proforma EBITDA of **€5.2m**

**ACQUISITION MULTIPLE OF 6X FY2020 EBITDA** with a **minimum** Enterprise Value of **€27m** and a **maximum EV of €33m**.

**Price adjustments** in terms of NFP, NWC and EBITDA.

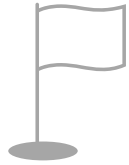
### Advance Payment

€5.9m cash-out at the closing of the deal (based on €27m EV and €21.1m NFP as at Aug. 31, 2020).

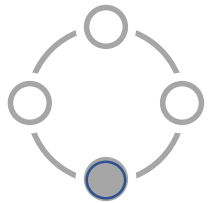
### Completion Payment

By 2021

# STRONG ACQUISITION RATIONALE



Another step to grow in our **core-business** (low execution risk and proven Group know-how), while consolidating the **WLC** market.



**Tangible advantages** to be unlocked within the extension of the multi-mill concept, also leveraging on the proximity to the Barcelona mill.



**Paprinosa** mill boasting **clear strengths**, per se, being one of the European mills with the lowest technical age and the largest trim width.



High level of expected **synergies** from Group integration (3 to 5 million euro of EBITDA).



# RdM

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**Thank you!**

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