PRESS RELEASE

MILAN, 12TH FEBRUARY 2009

APPROVED THE QUARTERLY REPORT AT 31 DECEMBER 2008

- **NET REVENUES: 445.0 MILLION EUROS (342.5 MILLION EUROS AT 31 DECEMBER 2007)**
- **EBITDA: 41.0 MILLION EUROS, 19.8 OF WHICH REFERRED TO CURRENT OPERATIONS (29.6 MILLION EUROS AT 31 DECEMBER 2007)**
- **EBIT: 15.4 MILLION EUROS (9.9 MILLION EUROS AT 31 DECEMBER 2007)**
- **NET LOSS: 5.2 MILLION EUROS (PROFIT OF 0.8 MILLION EUROS AT 31 DECEMBER 2007)**

The Board of Directors of Reno De Medici S.p.A., met today under the chairmanship of Mr. Giuseppe Garofano, and approved the consolidated Quarterly Report at 31 December 2008.

INTRODUCTION

As already known, during the first quarter of 2008, the merging of activities was carried out relating to the Cascades Europe Group recycled cartonboard production business. In particular, on 26 February 2008 (with effective date 1 March 2008) the deed was signed for the merger of Cascades Italia S.r.l., company holding 100% of the shareholdings in Cascades Arnsberg GmbH (now: Reno De Medici Arnsberg Gmbh), Cascades Blendecques S.a.s. (now: R.D.M. Blendecques S.a.s.) and Cascades Cartonboard Ltd (now: Reno De Medici UK Ltd), with Reno De Medici S.p.A..

It has to be noted, therefore, that the consolidated figures related to the period January – December 2008 refer, for the first two months, to the consolidated RDM Group prior to the merger, and for the remaining period to the RDM Group as resulting from the merger with Cascades Italia.

The integration with the former Cascades companies continued into the fourth quarter for the sales, information systems and administrative sectors. The delay in the finalisation the merger, originally scheduled for the beginning of 2008, was caused by the request for additional information from the competent antitrust regulatory authorities, meant that it was impossible to draw up a common commercial policy for the year, with a consequent delay in the implementation of the operational synergies.

Turning to the market trends and the evolution of demand, there has been a sizable deterioration of the overall situation, caused by the general crisis rather than by a specific weakness of the sector. With future prospects uncertain, customers have sharply reduced their orders and resorted to the existing stocks. As a consequence, the accessible market in terms of tonnes has fallen by 15% compared to the corresponding period of the previous year. In annual terms the market has fallen by around 4.2%. In reality, there has been a drop of 6.7% at a European core business level, which was then tempered at a global market level thanks to sales on the overseas markets.

Production totalled 189 thousand tonnes in the fourth quarter, compared to 259 thousand tonnes in the same period of the previous year (a pro-forma figure including the former Cascades companies).
Volumes of 889 thousand tonnes were despatched in 2008 (of which 287 thousand tonnes relating to new facilities) compared to 665 thousand tonnes in 2007. On the price front average revenues per tonne despatched in 2008 rose by 3.4% over the prior year, reflecting the prices increases introduced in 2007, and the effect of a different geographical mix caused by the merger with the Cascades business. During the present period, the Company carried on the necessary down-time, in order to adjust the production to demand and reduce the negative effect on profitability. The operating date amounted to 72,7% compared to 86,9 in the precedent quarter

CONSOLIDATED RESULTS

Following the completion of the merger steps were taken to identify the fair value of the assets, liabilities and contingent liabilities involved.

As permitted by IFRS 3, fair value was determined on a final basis during the preparation of the financial statements of the RDM Group for the year ended 31 December 2008, and therefore within 12 months of the acquisition date.
The following table set out the highlights of the profit and loss accounts at 31 December 2008 and 2007:

Consolidated profit and loss account	31 December 2008	31 December 2007
Euro/000		
Revenues from sales	**455,004**	**342,474**
EBITDA (*)	**41,015**	**29,616**
-of wich non recurring badwill	*21,231*	
EBIT (**)	**15,357**	**9,919**
Result of operating activities before taxes (***)	**441**	**2,848**
Current and deferred taxes	*1,877*	*(267)*
Result of operating activities after taxes (****)	**2,319**	**2,581**
Discontinued operations	*(7,517)*	*(1,743)*
Profit of the period	**(5,198)**	**838**

(*) Cfr. Consolidated Financial Statement of RDM Group, "Gross Operating Profit "
(**) Cfr. Consolidated Financial Statement of RDM Group, "Operating Profit "
(***) Cfr. Consolidated Financial Statement of RDM Group, "Profit (loss) for the period before operating discontinued operations " - "Taxation"
(****) Cfr. Consolidated Financial Statement of RDM Group, "Profit (loss) for the period before operating discontinued operations "

The RDM Group achieved **net revenues** of Euro 445.0 million in the 2008, compared to Euro 342.5 million in the corresponding period of the previous year. The increase registered was attributable for Euro 166.1 million to the new facilities.

Consolidated **EBITDA** closed at Euro 41.0 million for the year ended 31 December 2008 compared to Euro 29.6 million in 2007. The increase is mainly due to "Negative goodwill" of Euro 21.2 million, which represents the excess of the fair value of the assets, liabilities and contingent liabilities identified at 31 December 2008 over the cost of the business combination.

Operating profit **(EBIT)** at 31 December 2008 amounted to Euro 15.4 million against Euro 9.9 million for the corresponding period of 2007, which also take advantage of non-recurring income above mentioned.

The Group therefore incurred a **loss** of Euro 5.2 million in 2008 compared to a profit of Euro 0.8 million in the previous year, a result which is affected by extraordinary costs of Euro 6.4 million arising from the above-mentioned closing of a line of production at the Blendecques facility.

Net consolidated financial indebtedness, as at 31 December 2008 amount to Euro 128.5 million, compared to Euro 114.1 at 31 December 2007.

At the end of 2008 the Group has not meet certain financial parameters and contractual obligations provided by two loans signed in 2006 with a pool of banks (at that time influenced by the distressed financial scenario due to the corporate bond of Euro 150 millions, finally paid in May 2006) for an initial amount of Euro 74.7 million, then reduced at 31 December 2008 to Euro 50.9 million which includes a medium-term portion of Euro 45.9 million.

The Group requested the banks to suspend the application of such financial covenants, and to redefine the application of certain contractual obligations.
Today, February 12, 2009, the Banks have acceded to the Group's requests to suspend the contract obligation concerning Financial Statement at 31 December 2008.

RELEVANT FACTS OCCURRED AFTER THE QUARTER ENDED AND OUTLOOK FOR OPERATIONS

Market trends in January and the first days of February, registered sales volumes higher than expected and prices in line with respect to the final months of 2008. It has to be noted the raw materials, as well as the energy costs, are going down compared to the last quarter of 2008.
Customers who during the last quarter of 2008 significantly reduced their existing stocks now appear to have returned to their normal levels of ordering. The market scenario remains difficult but the beginning to 2009 seems to represent a positive confirmation of the sales volumes.

The Group has therefore introduced measures affecting the production capacity, both by reducing unused capacity, as for example concentrating the production of the factory in Blendecques on one machine only, as well as taking other actions to ensure the balance between supply and demand. Other measures will be taken in order to enable the Group to face the 2009, following the objective to improve the profitability.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

Consolidated profit and loss account		31.12.2008	31.12.2007
	Euro/000		
Revenues from sales		455,004	342,474
Other revenues		6,905	5,486
-of wich non recurring		*-*	*2,000*
Changes in stocks of finished goods		(11,255)	4,187
Cost of raw materials and services		(361,035)	(265,026)
-of wich non recurring		*-*	*-*
Staff costs		(67,813)	(52,830)
-of wich non recurring		*-*	*(1,700)*
Other revenues (costs)		(2,022)	(4,676)
-of wich non recurring		*-*	*(1,000)*
Badwill		21,231	-
Gross Operating Profit		**41,015**	**29,616**
Depreciation and amortisation		(23,926)	(19,097)
Recovery of value and write-downs of assets		(1,732)	(600)
Operating Profit		**15,357**	**9,919**
	Financial expense	*(10,262)*	*(9,733)*
	Exchange differences	*13*	*(247)*
	Financial income	*449*	*1,106*
Financial income (expense), net		(9,800)	(8,874)
Income from investments		(1,713)	1,269
-of wich non recurring write-down of Termica Boffalora S.r.l.		*(994)*	*-*
Other income (expense)		352	-
Taxation		(1,877)	267
Profit (loss) for the period before discontinued operations		**2,318**	**2,581**
Profit (loss) for discontinued operations		(7,517)	(1,743)
Profit (loss) for the period		**(5,198)**	**838**
Attributable to:			
Profit (loss) for the period pertaining to the group		(5,462)	576
Profit (loss) for the period pertaining to minority interests		264	262

Consolidated balance sheet	31.12.2008	31.12.2007
Euro/000		
ASSETS		
Non-current assets		
Tangible fixed assets	264,384	174,702
Goodwill	63	146
Other intangible assets	4,609	1,388
Investments accounted for under the equity method	1,555	13,135
Deferred tax assets	1,036	1,681
Derivative financial instruments	11	418
Financial assets held for sale	309	482
Trade receivables	234	-
Other receivables	899	5,321
Total non-current assets	**273,100**	**197,273**
Current assets		
Stocks	83,684	64,625
Trade receivables	114,237	102,462
Other receivables	9,312	4,702
Derivative financial instruments	-	331
Liquid funds	4,314	8,248
Total current assets	**211,547**	**180,368**
Other non-current assets held for sale	**-**	**5,583**
TOTAL ASSETS	**484,647**	**383,224**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity attributable to the group	161,530	114,772
Minority interests	567	546
Shareholders' equity	**162,096**	**115,318**
Non-current liabilities		
Bank loans and other financial liabilities	19,935	70,002
Derivative financial instruments	924	-
Other payables	3,474	627
Deferred tax liabilities	29,660	6,310
Employees' leaving entitlement	22,828	14,781
Non-current provisions for contingencies and charges	4,826	6,174
Total non-current liabilities	**81,647**	**97,894**
Current liabilities		
Bank loans and other financial liabilities	113,656	52,544
Derivative financial instruments	60	-
Trade payables	108,740	97,718
Other payables	17,560	19,142
Current taxation	887	608
Total current liabilities	**240,904**	**170,012**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**484,647**	**383,224**

Consolidated net financial position	31 December 2008	30 September 2008	31 December 2007
Euro/000			
Cash and cash equivalents and short term financial receivables	6,039	2,834	8,401
Short term financial payables	(113,656)	(67,386)	(53,242)
Valuation of current portion of derivatives	(49)	102	331
Short-term financial position	**(107,666)**	**(64,450)**	**(44,510)**
long term financial payables	(19,935)	(64,928)	(70,002)
Valuation of non-current portion of derivatives	(924)	711	418
Net financial position	**(128,525)**	**(128,667)**	**(114,094)**

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The manager in charge of the preparation of the company's accounting records, pursuant to art.154 bis, paragraph 2, of "Testo Unico della Finanza", Mr. Stefano Moccagatta, declares that the figures contained in this press release correspond to the entries in the accounting books and records.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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