

M&C

(Translation from the Italian original which remains the definitive version)

PRESS RELEASE

Additional periodic financial reporting at 30 September 2017

- **M&C: Loss for the period €2.3 million (€0.1 million profit for the nine months of 2016)**
- **Treofan Group: slide in EBITDA confirmed at €23.8 million (€32.6 million for the nine months of 2016)**

The board of directors of M&C approved the additional periodic financial reporting for the nine months ended 30 September 2017 in its meeting of today chaired by Emanuele Bosio.

M&C's results

The parent made a loss of €2.3 million for the nine months compared to a profit of €0.1 million for the corresponding period of 2016, being the sum of:

- a) gains of €0.6 million (gains of €2.0 million for the corresponding period of 2016);
- b) operating expenses of €2.4 million (€1.3 million for the corresponding period of 2016);
- c) financial expense of €0.5 million. The parent recognised losses on equity investments and securities of €1.7 million and net deferred tax income of €1.1 million for the corresponding period of 2016.

At 30 September 2017, M&C had net financial debt of €14.7 million (31 December 2016: net financial position of €23.9 million), equal to €0.04 per outstanding share, and equity of €77.9 million (31 December 2016 €80.2 million), equal to €0.19 per outstanding share.

The significant deterioration in the parent's net financial position reflects the outlay of €45.8 million to acquire control of Treofan Group, partly offset by the repayment of €10.0 million of the Treofan shareholder loan. The parent financed the acquisition by agreeing a temporary credit facility of €25.0 million, to be repaid upon completion of the capital increase of €30.5 million resolved upon by the shareholders in their extraordinary meeting of 31 January 2017 and guaranteed for €25.0 million by the company's two main shareholders with the remainder guaranteed by an underwriting consortium to be set up by Directa SIM.

At 30 September 2017, the Treofan investment has a carrying amount of €64.1 million, equal to 98.75% of Treofan Holdings GmbH's share capital. In addition, the parent has recognised a receivable of €26.7 million for the shareholder loan, which increased during the nine months following its acquisition of the part of the loan (€19.5 million) that had been provided by the other two main shareholders, which sold their investments to M&C. On 24 July 2017, Treofan repaid part of the loan (€10.0 million), thus reducing its payable to €16.7 million.

Treofan Group results

Treofan Group's results continued to decline during the nine months, confirming the trend already seen at the end of June 2017. The adverse market conditions did not change substantially in the third quarter of the year compared to the first six months (repeated rises in commodity prices, a contraction in demand for some product

lines in Europe, tougher competition and the Euro's steady appreciation against the US dollar) and this led to a reduction in the German group's revenue and profitability.

Treofan Group's turnover for the first nine months of the year amounted to €319.1 million, a slight decrease (-0.3%) on the €319.9 million recorded for the corresponding period of 2016.

The steady hike in commodity prices in the period from January to April 2017 coupled with another jump in September had a negative effect on the group's profitability, leading to a reduction in its normalised EBITDA, which decreased from €32.6 million for the first nine months of 2016 to €23.8 million for the reporting period.

The group's net financial debt (excluding the liability for the shareholder loan) went from €48.0 million at 31 December 2016 and €50.7 million at 30 September 2016 to €75.8 million at 30 September of this year. This increase was due to repayment of the shareholder loan to M&C (€10.0 million) and outlays to start the investment project.

The management teams of Treofan and M&C are taking all measures possible to combat the negative market situation which will hinder implementation of the business plan (to 2020) and they will revise the plan's objectives in the next few weeks.

Events after the reporting period

No significant events have taken place in the period since 30 September 2017 and up until the date of this press release other than those already described in the previous section.

Outlook

During the last quarter of the year, M&C will engage in the activities required to complete the non-recurring transactions approved by the shareholders on 31 January 2017 and to deal with the negative situation in Treofan Group's markets. The achievement of the objectives set in the business plan up to 2020 may be rescheduled due to the less positive results achieved so far this year. M&C will revise these business plan objectives in the next few weeks.

M&C's statement of financial position at 30 September 2017 and income statement for the nine months then ended, attached hereto, have been prepared pursuant to the *International* Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission. They have been taken from the parent's separate financial statements at 30 September 2017. The accounting policies are unchanged with respect to those applied to prepare the 2016 annual separate financial statements.

Milan, 9 November 2017

M&C S.p.A.

Investor Relations

Marco Viberti Tel. +39 02 727371

ir@mecinv.com

www.mecinv.com

Community - Consulenza nella comunicazione

Tel. +39 02 89404231

Auro Palomba - Marco Rubino - Mob. +39 335 6509552

M&C S.p.A.		
Additional periodic financial information at 30 September 2017		
STATEMENT OF FINANCIAL POSITION		
(€'000)		
ASSETS	30.09.2017	31.12.2016
Non-current assets		
Property, plant and equipment	2	2
Equity investments	64,061	37,727
Other non-current assets	814	814
Loans and receivables	26,750	16,707
Total non-current assets	91,627	55,250
Current assets		
Loans and receivables	403	597
Current tax assets	646	628
Other current assets	1,029	839
Cash and cash equivalents	396	23,902
Total current assets	2,474	25,966
Total assets	94,101	81,216
LIABILITIES AND EQUITY	30.09.2016	31.12.2016
Equity		
Share capital	80,000	80,000
Treasury shares	(50,032)	(50,032)
Reserves	50,227	48,306
Valuation reserves	(18)	(14)
Profit (loss) for the period/year	(2,254)	1,921
Total equity	77,923	80,181
Liabilities		
Non-current liabilities		
Employee benefits	68	65
Total non-current liabilities	68	65
Current liabilities		
Financial liabilities	15,139	-
Trade payables	616	716
Other current liabilities	355	254
Total current liabilities	16,110	970
Total liabilities	16,178	1,035
Total liabilities and equity	94,101	81,216

M&C S.p.A.				
Additional periodic financial information for the nine months ended 30 September 2017				
INCOME STATEMENT				
	First nine months 2017	First nine months 2016	Q3 2017	Q3 2016
(€'000)				
Other revenue	61	125	5	42
Personnel expense	(621)	(670)	(207)	(217)
Amortisation, depreciation and impairment losses	(1)	(2)	-	-
Other operating expenses	(1,746)	(521)	(209)	(170)
Operating loss	(2,307)	(1,068)	(411)	(345)
Financial income	576	1,637	1	555
Financial expense	(534)	(1)	(172)	-
Net financial income (expense)	42	1,636	(171)	555
Gains on equity investments and securities	-	193	-	-
Losses on equity investments and securities	-	(1,660)	-	(85)
Net losses on equity investments and securities	-	(1,467)	-	(85)
Pre-tax profit (loss)	(2,265)	(899)	(582)	125
Current and deferred taxes	11	1,011	11	47
Post-tax profit (loss) from continuing operations	(2,254)	112	(571)	172
Profit (loss) for the period	(2,254)	112	(571)	172
Basic earnings (loss) per share (*)	(0.0055)	0.0003	(0.0014)	0.0004
Diluted earnings (loss) per share (*)	(0.0055)	0.0003	(0.0014)	0.0004

(*) Calculated using outstanding shares without considering treasury shares.

* * *

Pursuant to article 154-bis.2 of the Consolidated Finance Act, the manager in charge of financial reporting, Marco Viberti, states that the financial information presented in this press release is consistent with the accounting records, ledgers and documents.