



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

## **PRESS RELEASE**

### **Board of directors approves the 2017 budget and the 2018-2020 business plan of M&C Group**

In their meeting today chaired by Emanuele Bosio, the board of directors of M&C examined and approved the 2017 budget and the 2018-2020 business plan of the new M&C Group, recently created with M&C's acquisition of control of Treofan Group.

As can be seen from its figures for the last 24 months, Treofan Group's restructuring is nearly complete, paving the way for more development and prompting M&C to acquire it, increasing its stake in the German parent from 41.59% to 98.75%.

M&C Group's 2017 budget and 2018-2020 business plan mainly comprise data related to Treofan Group, continuing and strengthening its growth trend of the last two years.

In short, the objectives of Treofan Group's 2017 budget and the 2018-2020 business plan are to consolidate the positive results garnered by its restructuring in recent years and to improve its profitability through specific projects to be implemented both within the Group and through direct collaboration with its key customers.

Management has split these objectives to develop and enhance the value of the German group into three phases:

- 1) Treofan's repositioning: after the restructuring stage, the Group will focus on consolidating its results to create a solid base for future development. This phase will include changing the product mix to include special high-profit products, containing overheads and continuing the production efficiency plan for the Neunkirchen (Germany) plant, which was successfully commenced towards the end of 2016.
- 2) Treofan's transformation: introduction of the conditions necessary for greater product specialisation; increasing the Group's share of foreign markets, especially North America, where the outlook for the sector shows the highest potential rise in demand; strengthening relationships with the main customers, through direct collaboration with them by Treofan Group's R&D centres to meet their specific product technical requirements; commencing an investment plan to provide the Group with greater production capacity in both North America and Europe for the special products.
- 3) Global presence: ensuring greater interaction between the European and US divisions, also to be achieved through the development of a single management and commercial platform; building up Treofan's presence on Asian markets by promoting, including through joint ventures, development of the condenser film (capacitor) and lithium-ion battery separator membrane (TreoPore) business.

Implementation of the projects envisaged in Treofan Group's 2017 budget and the 2018-2020 business plan will lead to turnover of approximately €524 million, gross operating profit of roughly €61.5 million, a profit of roughly €19.9 million and net financial debt down to about €31.1 million (\*) in 2020.

# M&C

At present, the pre-actual figures for Treofan Group include turnover of approximately €414 million, adjusted gross operating profit of roughly €37.8 million, a profit of about €4.9 million and net financial debt of approximately €48.0 million (the independent auditors have not yet completed their audit of these figures and, therefore, they may be subject to change).

Milan, 22 February 2017

## **M&C S.p.A.**

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*(\*) Pursuant to article IA.2.6.6 of the Instructions to the Regulation for the stock markets organised and managed by Borsa Italiana S.p.A., the main assumptions used to prepare the prospected figures that cannot be controlled by management are:*

- 1) the Euro/US dollar exchange rates, which were assumed to be steady over the time horizon (1.06 Euro/USD);*
- 2) the US dollar/Mexican peso exchange rates, which were assumed to be steady over the time horizon (18.2 USD/MXN);*
- 3) the inflation rate, assumed to be steady over the time horizon (0.0%);*
- 4) the market's annual growth rate, assumed to be substantially steady in both Europe (2% pa) and the American continent (2.4% pa);*
- 5) the difference between ICIS (average indicator of the cost of polypropylene granules in Europe) and CDI (average indicator of the cost of polypropylene granules in America), assumed to be steady in both Europe (€1.35/kg) and the American continent (USD1.55/kg).*