



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

PRESS RELEASE

M&C: small loss for Q1 2017

Treofan Group: Q1 2017 EBITDA slowed to €8.2 million

Growth objectives for the entire year confirmed

The board of directors of M&C approved the results for the first quarter of 2017 in their meeting of today chaired by Emanuele Bosio.

M&C S.p.A.

M&C recorded a loss of €0.1 million for the three months (profit of €0.1 million for the corresponding period of 2016), being the sum of income, mainly consisting of interest income on the shareholder loan given to Treofan (€0.6 million), financial expense accrued on the €3.0 million bridge loan (€0.1 million) and operating expenses (€0.6 million).

At 31 March 2017, M&C had net financial debt of €226 million (31 December 2016: net financial position of €23.9 million), equal to €0.06 per outstanding share, and equity of €80.1 million (31 December 2016: €80.2 million), equal to €0.20 per outstanding share.

The significant deterioration in the company's net financial position reflects the outlay of €45.8 million to acquire control of Treofan Group.

This was made possible by the agreement of 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.

At 31 March 2017, the company recognised the investment in Treofan for a carrying amount of €64.1 million, equal to 98.75% of the share capital of Treofan Holdings GmbH. In addition, it recognised the shareholder loan of €35.7 million, which is greater than that recognised at 31 December 2016 due to the company's taking over of the portion of the loan disbursed by the other two main shareholders of Treofan upon the sale of their investments therein.

The Treofan investment

Treofan Group saw a downturn in revenue and profitability in the quarter compared to the corresponding period of 2016. Its revenue decreased by 5.3% coming in at €103.8 million compared to €109.6 million for the first three months of 2016. The reduction in sales was recorded solely by the European division, while the US division's sales remained fairly stable at approximately USD41 million. The sectors for which sales decreased were the tobacco and metallised packaging product sectors.

With respect to profitability, normalised consolidated EBITDA came to €8.2 million for the three-month period compared to €12.3 million for the corresponding period of 2016, equal to 7.9% of revenue against 11.2% for the corresponding period. In addition to lower sales volumes, this result was affected by: 1) the steady upwards trend in the cost of commodities, which the Group has so far only been able to partly transfer to its sales costs; 2) lower production efficiency in January due to the shut-down for plant maintenance at the end of 2016. These issues are contingent and temporary and will be resolved in the next few months allowing the German Group to recoup the current difference with 2016. Accordingly, its objective of improving its results in 2017 has been confirmed.

M&C S.p.A. capitale sociale euro 80.000.000,00 i.v.

sede operativa: Via Ciovassino 1/A - 20121 Milano - Tel. +39 02 727371 - Fax +39 02 72737177

sede legale: Via Valeggio 41- 10129 Torino - C.F. e Registro Imprese di Torino n. 09187080016

Società soggetta all'attività di direzione e coordinamento di PER S.p.A.

M&C

Net financial debt at 31 March 2017 has improved to €53.9 million (excluding the shareholder loan of €6.7 million) from €57.0 million at the end of March 2016, after a reduction in working capital of €2.3 million. At 31 December 2016, Treofan Group's net financial debt was €48.0 million.

The forecast improvement in profitability in the second half of the year is bolstered by the positive order backlog at the end of the quarter, following the large increase in orders acquired in February and March, in terms of both quantity and price. The Group will also continue its cost cutting measures for the Neunkirchen plant and will start to market the TreoPore product line in China.

During the three months, Treofan Group continued negotiations to replace its current loan from a German bank syndicate, which expires at the end of 2017, with a new long-term loan of a higher amount and in line with its requirements as per the 2017-2020 business plan. The Group expects to finalise and sign the new loan agreement by the end of May.

Events after the reporting date

The period during which shareholders authorised to exercise their withdrawal right could do so expired on 6 April 2017 and the thirty-day period in which the shares for which the withdrawal period had been exercised were on offer to the other shareholders pursuant to article 2437-quater.1 of the Italian Civil Code, started on 3 May 2017. Shareholders exercised their withdrawal right for 34,719,989 shares, equal to 7.3224% of M&C's share capital for €5,853,790.15.

On 14 April 2017, the company concluded two credit facility agreements of €5 million each with two banks and offered 30 million treasury shares as guarantee.

Outlook

The company will implement the resolutions passed by the shareholders in their meeting of 31 January 2017 for the non-recurring transactions over the next few months and the steps to ensure the increasingly efficient and effective two-way communication between M&C and its subsidiary Treofan. It will optimise strategic planning and controls for the optimal implementation of the development and enhancement plans agreed with Treofan Group management.

As a result of acquisition of control of Treofan Group, the company's risks and uncertainties will become those of an industrial and financial nature related to the German Group, as M&C's financial position will be closely tied to that of this Group.

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M&C's interim statement of financial position and income statement, attached hereto, have been prepared applying the accounting policies used to prepare the 2016 separate financial statements. They have not been audited.

Milan, 4 May 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 31 March 2017		
STATEMENT OF FINANCIAL POSITION		
(in migliaia di Euro)		
ASSETS	31.03.2017	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	36,750	16,707
Total non-current assets	101,627	55,250
Current assets		
Loans and receivables	622	597
Current tax assets	628	628
Other current assets	947	839
Cash and cash equivalents	698	23,902
Total current assets	2,895	25,966
Total assets	104,522	81,216
LIABILITITES AND EQUITY		
	al 31.03.2017	al 31.12.2016
Equity		
Share capital	80,000	80,000
Treasury shares	(50,032)	(50,032)
Reserves	50,227	48,306
Valuation reserves	(14)	(14)
Profit (loss) for the period/year	(109)	1,921
Total equity	80,072	80,181
Liabilities		
Non-current liabilities		
Employee benefits	66	65
Total non-current liabilities	66	65
Current liabilities		
Financial liabilities	23,337	-
Trade payables	818	716
Other current liabilities	229	254
Total current liabilities	24,384	970
Total liabilities	24,450	1,035
Total equity and liabilities	104,522	81,216

M&C S.p.A.		
Additional periodic financial information for the three months ended 31 March 2017		
INCOME STATEMENT		
(€'000)	Q1 2017	Q1 2016
Other revenue	28	41
Personnel expense	(208)	(226)
Amortisation, depreciation and impairment losses	-	(1)
Other operating expenses	(366)	(164)
Operating loss	(546)	(350)
Financial income	569	531
Financial expense	(132)	-
Net financial income	437	531
Gains on equity investments and securities	-	-
Losses on equity investments and securities	-	(75)
Net gains (losses) on equity investments and securities	-	(75)
Pre-tax profit (loss)	(109)	106
Current and deferred taxes	-	(25)
Post-tax profit (loss) from continuing operations	(109)	81
Profit (loss) for the period	(109)	81
Basic earnings (loss) per share (*)	(0.0003)	0.0002
Diluted earnings (loss) per share (*)	(0.0003)	0.0002

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

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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.