



CORPORATE PRESS RELEASE

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**2017 results: Sales EUR 1,147 million, EBITDA EUR 160 million.
A year of strong growth for RadiciGroup.**

**A solid Group operating with respect for people and the environment.
Higher global net value added for stakeholders.**

RadiciGroup 2017 sales significantly exceeded one billion euros: the Group – with over 3,000 employees, companies in 16 countries and 33 sales and production units engaged in chemicals, plastics and synthetic fibres – recorded consolidated sales revenue of EUR 1,147 million, a 20% increase over the prior financial year.

Group net income rose by over 60% compared to 2016, driven by an increase in sales volume, while Group EBITDA was EUR 160 million (+ 45%).

*“Our competitive system operates with respect for people and the environment,” said **Angelo Radici, president of RadiciGroup.** “The financial statement figures show that our Group is sound and in excellent financial condition, in spite of the high levels of uncertainty that characterize some of the widely diverse scenarios in which the Group operates.”*

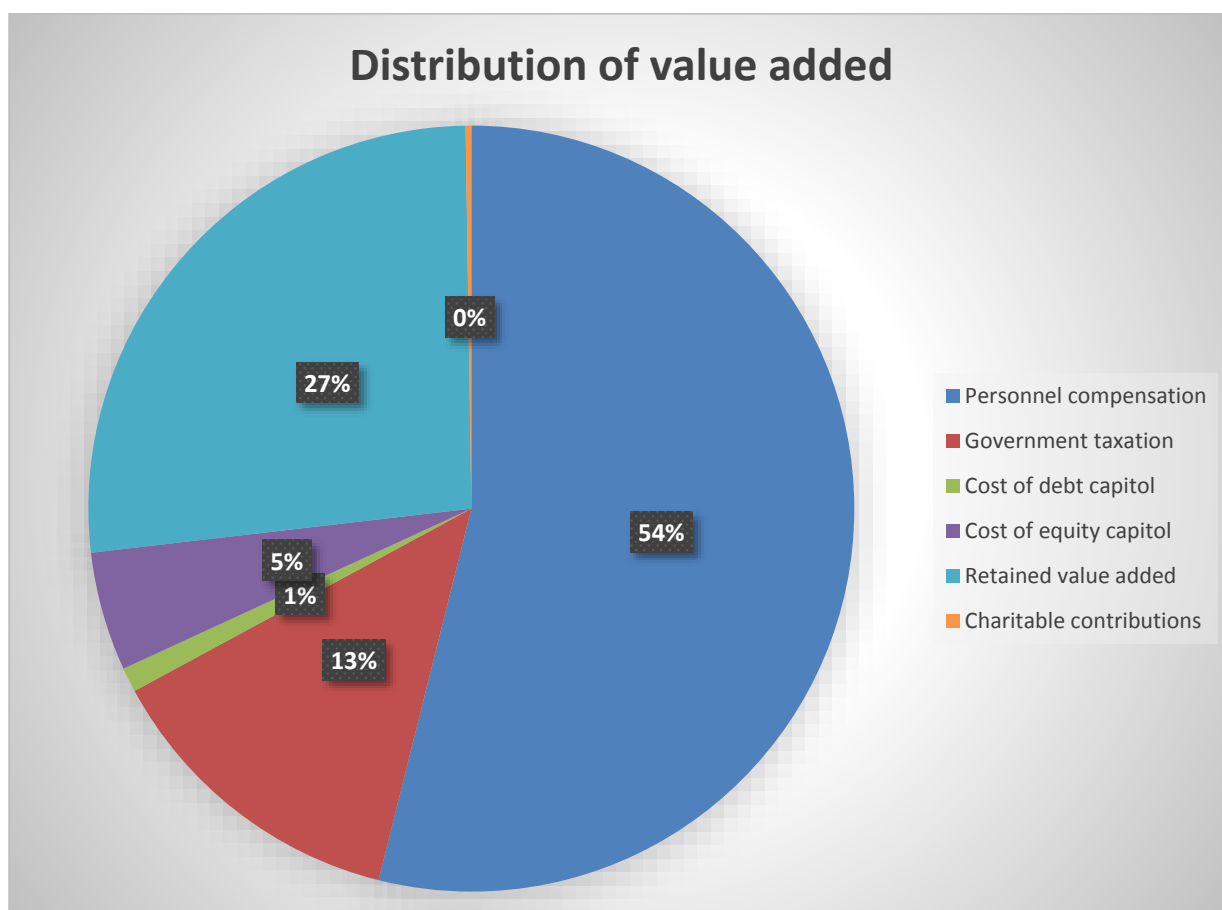
RadiciGroup’s strategy continues to focus on its strategic core business activities – nylon chemicals, engineering plastics and synthetic fibres – with the goal of improving its competitive position in the market and achieving an overall balance among the geographical areas where the Group operates in order to reduce dependency on single markets and boost cash flow to reduce debt and finance new initiatives in crucial markets.

*“Our 2017 results are very positive and show higher Group growth compared to 2016, which has strengthened our balance sheet,” stressed **Alessandro Manzoni, CFO of the Group.** “We are also very pleased with the results of the first half of 2018, which rose compared to the same period of 2017. However, in the second half of the year, we are in a*

more cautious position due to the new climate of political uncertainty, which, naturally, has an impact on markets, as well. The Group's financial position is extremely solid."

Moreover, in 2017 **global net value added** – i.e., the wealth created by a company to be distributed among stakeholders – recorded a further increase up to over **EUR 258 million** (EUR 206 million in 2016).

"Our Group is capable of creating wealth for all its stakeholders," **Angelo Radici** continued, "but, at the same time, is also engaged in cutting back on the resources used to create such wealth. I believe this virtuous interplay has allowed our enterprise to grow in a truly sustainable way. "Additionally," Mr. Radici concluded, "we continue investing to support the competitiveness of Group companies: towards this goal, during the last 5 years alone (2014-2018), we have invested EUR 210 million, of which EUR 50 million during the current year."



Going into more detail on the results of the individual business areas, sales revenue (in millions of euros) by business area (gross of intercompany sales among business areas) is as follows:

- *Specialty Chemicals, 439*
- *Performance Plastics, 360*
- *Synthetic Fibres and Nonwovens, 451*
- *Other businesses, 10*



Specialty Chemicals

The results of the Specialty Chemicals Business Area showed a positive trend in sales compared to 2016 in terms of both volumes and average prices for the two main product areas: polymers and adipic acid. **Sales revenue increased by 35% compared to 2016**, aided by average sales prices, which followed the main raw materials cost trend, and, most importantly, by high market demand.

The economic trend of the business area during the first quarter of 2018 remained positive. Market demand was at the same level as the prior year; production sites were optimizing plant production capacity utilization and managing to improve on monthly average production against 2017. Sales revenue was on the increase compared to the same period of 2017, as was gross operating margin.

Performance Plastics

During financial year 2017, the Performance Plastics Business Area was forced to deal with changing conditions in the raw materials market. Raw materials prices increased considerably in all segments of the business area, although at different rates depending on the country, inevitably resulting in shrinking margins. At the same time, however, sales volume improved. Furthermore, bringing the Invista business up to full operations in October 2016 allowed the business area to achieve a sizeable **increase in sales revenue (over +20%)** and a gross operating margin in line with budget expectations.

In June 2017, a **new production line** was put into operation in **Germany**: the line was the result of a very significant investment made to meet the constant growth in sales volume in Europe. Another part of the plan to increase production capacity is the **installation of two new production lines** (one actually replacing an old line) **scheduled for 2018 at the site in Villa d'Ogna** (Bergamo, Italy).

During the first quarter 2018, RadiciGroup Performance Plastics showed higher growth compared to the same period of the prior year. Raw materials cost as a percentage of sales was still rising, but an increase in volume and containment of fixed costs allowed the business area to achieve higher income than in the prior financial year.

Synthetic Fibres and Nonwovens

The Synthetic Fibres and Nonwovens Business Area produces numerous kinds of products, from polyester yarn to nylon yarn, artificial grass yarn and nonwovens, materials used in a variety of industries, among which automotive, apparel and furnishings. The global sales revenue of this business area went from EUR 412 million in 2016 to EUR 451 million in 2017, an increase of over 9%.

The business area does not produce products classified as commodities – the exclusive realm of Asian producers – and, therefore, has comfortably positioned itself in niche markets (specialties). These markets are harder for its Eastern competitors to attack, precisely because of the type of items and services requested by customers, and provide the opportunity to match revenues with high European production costs.

The geographical breakdown of the 2017 sales of the various products of the **Comfort Fibres** business line – engaged in the production of **nylon and polyester** – shows the prevalence of the Italian and European markets over the rest of the world. These are complex markets, which require highly customizable high-performance products. In this context, 2017 sales revenue was greater overall than in 2016, and significant increases were recorded in both sales value and volume.

In 2017, the **Performance Yarn Business Area** – engaged in the manufacture, processing and sale of polyamide 6 and 6.6 yarn used mostly for **textile flooring** – confirmed its leadership position in the automotive sector thanks to polyamide 6 solution-dyed yarn used for vehicle floor carpeting in the premium and SUV segments.

The high-tenacity polyamide 6.6 yarn sector was still another market that benefited from this favourable period in the automotive industry.

As regards BCF yarn for household and commercial textile flooring, 2017 sales were in line with forecasts and stable compared to 2016. In these markets, interest in solution-dyed coloured yarn was also on the rise.

Regarding the **Extrusion Yarn Business Area**, in financial year 2017, Tessiture Pietro Radici reported gross sales revenue basically consistent with the prior financial year.

As for nonwovens, in 2018 a new bicomponent production line was installed, which will allow for delivering specialty products for construction, automotive, agriculture and furnishing applications.



Data on the economic, environmental and social performance of the Group will be available shortly in Sustainability Report 2017.

RADICIGROUP – With over 3,000 employees, sales revenue of EUR 1,147 million in 2017 and a network of production and sales sites located throughout Europe, North America, South America and Asia, RadiciGroup is one of the world's leading producers of a wide range of chemical intermediates, polyamide polymers, engineering plastics, synthetic fibres and nonwovens. These products – the result of the Group's outstanding chemical expertise and vertically integrated polyamide production chain – have been developed for use in a variety of industrial sectors, such as: AUTOMOTIVE – ELECTRICAL AND ELECTRONICS – CONSUMER GOODS – APPAREL – FURNISHINGS – CONSTRUCTION – HOUSEHOLD APPLIANCES – SPORTS. The basis of the Group's strategy is a strong focus on innovation, quality, customer satisfaction and social and environmental sustainability. With its business areas - **Specialty Chemicals, Performance Plastics and Synthetic Fibres & Nonwovens** (Performance Yarn, Comfort Fibres and Extrusion Yarn), RadiciGroup is part of a larger industrial group that also includes textile machinery (ITEMA), energy (GEOGREEN) and hotel (SAN MARCO) businesses.
