



# CORPORATE PRESS RELEASE

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## RadiciGroup reports 2016 financial results: Sales EUR 946 million and EBITDA EUR 110 million

### Positive 2017 first half: Rising sales volume (+7%) and revenue (+ 23%)

Over **3,000 employees worldwide** and **2016 sales revenue of EUR 946 million**: these official figures help illustrate the size of RadiciGroup, a multinational engaged in the **chemicals, plastics and synthetic fibres** businesses and present in **16 countries**, in Europe, Asia, North America and South America, at **33 sites**, including sales and production units.

The Group closed 2016 with slightly lower sales revenue (- 6%), but with sales volume in line with 2015. EBITDA for the financial year was EUR 110 million (+8%).

*“The Group is solid and well organized,” Angelo Radici, president of RadiciGroup, stated. “The slight drop in sales revenue can be attributed to the falling trend in raw materials prices, which thus affected our figures. The Plastics Business Area made a significant contribution to Group results, but, in general, we managed to keep the sales volume of all Group business areas consistent with the prior financial year. Still ongoing is our action plan to put the Group in a position to achieve continuous growth: optimizing resources, increasing plant efficiency and reducing energy use. What’s more, our results for the first months of 2017 are very positive, with sales revenue up by over 23% and sales volume up by 7%.”*

**Economic performance** goes hand in hand with **sustainability performance**: for over 10 years, RadiciGroup has reported on its economic, environmental and social performance in its annual Sustainability Report, which has always received external assurance. In advance of the soon-to-be-released 2016 Report, to be available shortly on the Group’s website, some highlights are given below.

In the last 5 years, RadiciGroup **has reduced total energy** needed to process one ton of product **by 21%** (from 8.0 GJ/t in 2012 to 6.3 GJ/t in 2016). Moreover, in 2016, **51.6%** of the **electricity** used by the Group was from renewable sources. This achievement was made possible because of the specific decision of the Group to increasingly opt for energy sources with limited environmental impact. Hence,

in the last 5 years, the use of electricity from renewable sources has continued to rise from 41.3% in 2012 to 51.6% in 2016.

Lastly, as a result of the improved energy mix and a corporate strategy aimed at investing in *Best Available Techniques*, during the last 5 years **Group emissions have fallen** from 0.85 tCO<sub>2</sub>eq/t (2012) to 0.49 tCO<sub>2</sub>eq/t (2016): **a total decrease of 42%**. Also improved is the quality of emissions to air, with **a drop in pollutants of over 66%**, mostly due to the installation of the latest generation pollution abatement equipment, which has contributed greatly to the Group's improved environmental performance.

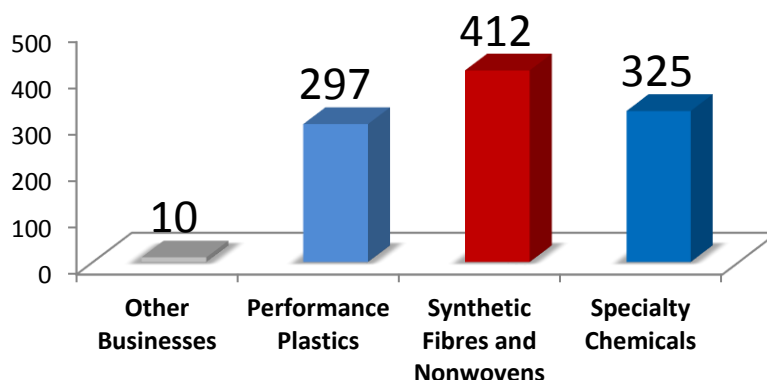
As regards the financial soundness of RadiciGroup, **Alessandro Manzoni, CFO of the Group**, had a positive comment: *"The financial condition of the Group is absolutely solid; financial debt decreased in 2016, despite an acquisition by our plastics business. The Group's financial position is sound and we are ready to take on further growth, as opportunities present themselves. The Group is supported by a reciprocal relationship of trust with the financial system, built through the years thanks to a continual and transparent flow of information."*

During 2016, RadiciGroup carried out transactions to reduce the number of shareholders by buying out minority shareholdings. Today the shareholders of Radici Partecipazioni SpA – the parent holding company of RadiciGroup – are the three brothers **Paolo, Angelo and Maurizio Radici**, who hold 100% of the shares.

Additionally, in 2016 the Group recorded **investments** of about **EUR 53 million**, including the acquisition of Invista Engineering Polymer Solutions.

More specifically, concerning the Group's business areas, sales revenue (in millions of euros) by business area (gross of intercompany sales among business areas) is given below:

- *Specialty Chemicals, 325*
- *Performance Plastics, 297*
- *Synthetic Fibres and Nonwovens, 412*
- *Other businesses, 10*



RadiciGroup operates in the **chemicals** industry with a plant in **Novara, Italy (300 employees)** and another in **Zeitz, Germany (180 employees)**, where **specialized staff** work on the production of chemical intermediates and PA 6.6 polymers, the raw materials used to manufacture a multitude of products in the plastics and synthetic fibres sectors. Besides these two production sites, the Group has a sales office in **Shanghai, China** for PA6 and PA 6.6 polymers, adipic acid and dicarboxylic acids. Among the strong points of the **Specialty Chemicals Business Area** are its delivery and technical assistance services, as well as the capability to develop innovative ad hoc solutions for other Group companies. Indeed, the Group's vertically integrated production is an added value recognized by the market.

Today RadiciGroup is the only European group able to control its entire production chain, from polymer chemistry to the production of synthetic fibres and engineering plastics, including end-of-life recycling. Vertical integration means process optimization and product performance enhancement. Moreover, it translates into a so-called "short production chain" with limited environmental impact due to materials recovery.

As regards the **Performance Plastics Business Area**, the acquisition of the American company INVISTA's *Engineering Polymer Solutions* was completed in 2016. The transaction has allowed RadiciGroup to strengthen its presence in the North American and European markets by increasing production capacity and synergistically optimizing competence, know-how, technologies, state-of-the-art systems and approvals usable in the global automotive, electrical/ electronics, industrial and consumer goods industries.

Therefore, financial year 2016 was full of great satisfaction for the **Plastics Business Area**. Sales revenue was in an uptrend, as was sales volume, in all the geographical areas where the Group has subsidiaries (Brazil, China, France, Germany, India, Italy, Mexico, Spain, the Netherlands, the UK and the USA).

In 2016, the **Synthetic Fibres and Nonwovens Business Area** – the Group's most highly segmented business area due to the variety and type of products, ranging from polyester yarn to nylon yarn, artificial grass yarn and nonwovens – recorded overall sales revenue of EUR 412 million.

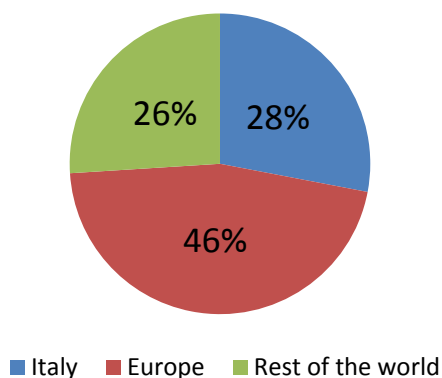
At the global level, the use of synthetic fibres is growing at a higher rate than natural fibres. The production of **polyamide** 6 and 6.6 yarn, better known as nylon, is the core business of RadiciGroup's Fibres Business Area. Taking into account the data for Europe, the Group is one of the main players in both the fashion yarn and carpet yarn markets.

Market demand for the man-made fibre **polyester** greatly exceeds the demand for cotton. Today the market requires about 50 million metric tons of polyester, but by 2030 the demand should reach 70 million metric tons. Although the market is dominated by Asian manufacturers, in Europe RadiciGroup is the second leading producer (24 thousand metric tons/year) and offers a range of thousands of

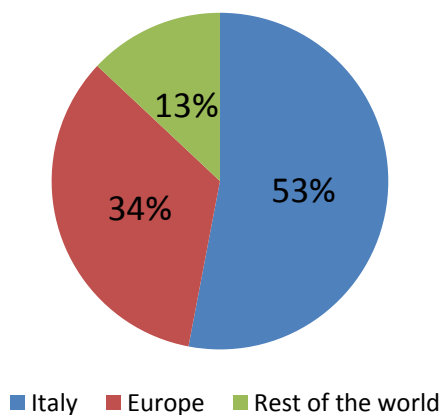
colours, counts and elasticities with excellent property retention – a product portfolio that is becoming ever more in tune to the needs of a truly sustainable textile industry.

As announced in 2016, by the end of 2017 a new **spunbond** production line will be started up at Tessiture Pietro Radici (TPR). Spunbond is a kind of nonwoven fabric developed for markets like agriculture, automotive, construction and HO.RE.CA. The new line will increase TPR's production capacity by about 50% and will allow for the development of products with a wider range of technical characteristics. TPR will also continue to manufacture artificial grass yarn, by developing materials to meet not only the highly technical sports performance characteristics and playing comfort required by synthetic turf football pitches but also the aesthetic properties needed for green spaces and leisure areas.

### Sales Revenue by geographical area



### Employees by geographical area



## RadiciGroup for Sustainability: Ecodesign of products for a circular economy



RadiciGroup is fully committed to the circular economy. In the circular economy, the value of products and materials is maintained for as long as possible. Waste and resource use are minimized, and, when a product reaches the end of its life, it is used again to create further value. Through recycling and recyclability, RadiciGroup intends to contribute to a sustainable industrial system, in which CO2 emissions are low, resources are efficiently used and competitiveness is maintained. The transition to the circular economy can radically transform the economic system, bringing major economic benefits and contributing to innovation, growth and job creation. The first and fundamental element of this process is the ecodesign of products.

To RadiciGroup, ecodesign means considering, at the design stage, a product's environmental impact throughout its whole life cycle. This strategy has a high potential to improve environmental performance in a cost-effective way, including the efficient use of resources and materials.

RadiciGroup has always paid great attention to the environmental impact of its business activities. Following the guidelines set out by the European Commission in Recommendation 2013/179/EU, which officially introduced the Product Environmental Footprint (PEF) in the European Union, RadiciGroup is concretely committed to documenting its products and processes along their entire lifecycle, from the extraction of the raw materials to the end of the service life of the products, by communicating data that are comparable and verifiable by third-parties. This entails responsible product management starting from product formulation, methodical documentation of every production stage and transparent communication by filing Environmental Product Declarations (EPDs).

The challenge the Group will face in the coming years is undoubtedly tied to the complete recyclability of synthetic fibres. The environmental strategy of RadiciGroup, supported by the know-how acquired over its 75-year history, has the objective of ensuring that all of its textile products are recycled mechanically and become new plastic materials suitable for technical and industrial use.

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**RADICIGROUP** – With approximately 3,000 employees, sales revenue of EUR 946 million in 2016 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 are the result of the Group's outstanding chemical expertise and vertical integration in the polyamide production chain, developed to be used 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.

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