



PRESS RELEASE

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For immediate release

RadiciGroup Plastics reports 2011 results

- The **Plastics Business Area** of RadiciGroup – an Italian industrial multinational with diversified businesses focusing on chemicals, plastics and synthetic fibres – closed the year 2011 with **consolidated sales of EUR 259 million** (+10% compared to 2010).
- The engine of growth was the automotive sector, for which RadiciGroup Plastics developed major **new PA6, PA66 and PA610 products** (Radilon® engineering plastics).
- The positive trend of 2011 continued during the first quarter of 2012.

With six plants strategically located in Italy, Brazil, the United States, Germany and China, and a global network of sales units, RadiciGroup Plastics (www.radicigroup.com/plastics) reported 2011 consolidated sales revenue of EUR 259 million, a 10% increase compared to 2010.

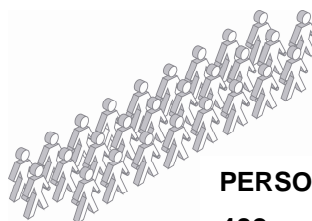
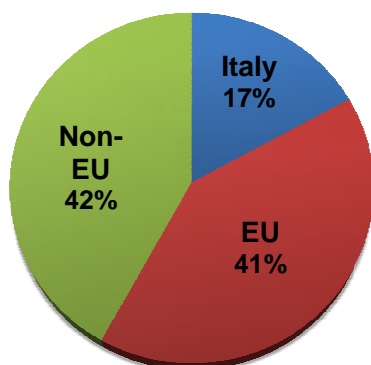
RADICIGROUP PLASTICS CONSOLIDATED SALES REVENUE*

**The figures include intercompany sales with other RadiciGroup business areas.*

(In millions of euros)

2009	2010	2011 (preliminary)
132	235	259

2011 SALES BY GEOGRAPHICAL AREA



PERSONNEL

409 employees

After the excellent results achieved in 2010 (consolidated sales of EUR 235 million against EUR 132 million in 2009), RadiciGroup Plastics continued its upward trend in 2011. Despite a downturn that affected, albeit to a varying degree, all areas of the world economy, the plastics producer closed 2011 with consolidated sales of EUR 259 million, a 10% increase over the prior financial year. The positive trend of 2011 continued during the first quarter of 2012.

▪ **The engine of RadiciGroup Plastics' growth during the past year was the automotive sector,** which was responsible for the more than satisfactory results obtained by the Group (US, China, and Germany did particularly well in the auto market). In fact, the automotive market accounted for about 60% of RadiciGroup Plastics' total sales; it was followed by the electrical/electronics sector with 20% of total sales. Other target markets for the Plastics Area are railways, household appliances, construction, machinery and furnishings.

▪ **58% of total sales were in Europe, broken down into Italy (17%) and other European countries (41%).** In European markets RadiciGroup Plastics was basically able to hold on to, and sometimes increase its market share. Sales increased in Germany and France, which, together with Italy, are the main European outlet markets for RadiciGroup Plastics. Market share rose in Turkey, profiting from the industrial uptrend in that country. The general slowdown in the European economy, triggered by the confidence crisis of last summer, penalized RadiciGroup Plastics' overall performance – which nonetheless remained good. The lack of confidence brought about a reduction in inventory that persisted until year-end. Although 2012 started off with higher demand than anticipated in Europe and the Mediterranean area, the prices of raw materials took off immediately.

▪ **Sales revenue in non-European countries was 42% of the total.** Outstanding results were achieved in the United States of America (where RadiciGroup Plastics recorded a 25% rise in sales compared to 2010) and China (+20%). In Brazil and India, which were hit by an economic slowdown, the Group was able to retain the same plastics market share held in 2010. At the beginning of the year, Radici Plastics (Suzhou) Co., Ltd.'s move to a new production site was completed. The new and larger facility, also in Suzhou, will allow for further expansion of production capacity.

▪ **The development plan for new products with improved sustainability, performance and quality is in full swing.** Innovation has focused primarily on the Radilon® product range for the automotive sector: PA6, PA66 and PA610 engineering plastics, whose trademarks are innovation, reduced environmental impact and high performance.

"In 2011 we reached the milestone of thirty years in business," said **Luigi Gerolla**, *managing director of RadiciGroup Plastics and RadiciGroup Chemicals*, "and the year was marked by very good results for RadiciGroup Plastics. The key to our growth of 10% over 2010 was the positive trend in the automotive market. This segment is extremely important to us, as it comprises 60% of our turnover."

"The first quarter of 2012 ended on an upnote," Mr. Gerolla continued, "in line with the results of first quarter 2011. We're cautious, as to be expected. The prospects for the international economy are uncertain, and we are going through a phase where many signs – mainly the slowdown in the Asiatic countries – are hard to decipher. But we are optimistic. During our thirty years in business, our global manufacturing strategy of following international customers and simultaneously developing local markets has been a winning one. This action plan has allowed us to build and now rely on a solid, truly global organization. We are recognized as a highly vertically integrated manufacturer, with a production base that effectively covers not only the European market but also the global one. And our worldwide presence is now our key competitive advantage. In 2012 we expect to match last year's growth.

Equally upbeat were the comments of **Cesare Clausi**, *European business manager of RadiciGroup Plastics* and **Danilo Micheletti**, *COO of RadiciGroup Plastics North America, South America and China*.

"Our performance in Europe, was better than good," Mr. Clausi stated. "Thanks to our global structure, we can deliver our international customers high-quality products in distant markets, quickly and with the lowest possible supply chain costs. For instance, in 2011 we earned a Top Supplier Award from Robert Bosch – number one in the world automotive industry – for our quality performance and service during the past two years. Overall, our sector is still growing at a good clip. In the European market, the growth prospects are not so much dependent on the gradual recovery of pre-crisis consumption, but on the opportunity to replace high-environmental-impact materials with reduced-footprint engineering plastics guaranteeing the same performance. Research aimed at lighter and more resistant materials, the use of production processes that improve the energy balance and a global presence to cut unnecessary transport costs: these are the key factors you need to stay competitive in both the European and world markets. Our research and development, technical marketing and production teams have been focused in this direction for a long time now."

Pressure on margins and a downward revision of the expected growth rate for the global economy," Mr. Clausi concluded, "make our 2012 forecast more uncertain. In the short term, for the rest of the first half year we expect a trend in line with the first quarter."

"As for the United States," Mr. Micheletti said, "2011 was a really positive year. We started reaping the benefits of our MDE acquisition, positioning ourselves in market segments – electrical/electronics, in particular – where we had never ventured before. At the same time we have been able to better serve European customers that have production facilities in the USA. In the automotive sector, we have strengthened our communications with the carmakers, building direct relationships to lay the groundwork for long-term development collaboration. During the last few years, thanks to the innovation factor, we have transformed our approach from being a simple follower to a leader able to offer the market decidedly innovative solutions. Thus, despite our concerns about the market's holding up during the second half of the year, we expect good results for 2012 as a whole."

"In Brazil, on the other hand," Mr. Micheletti continued, "although we managed to maintain our market share, we faced a difficult 2011. We found ourselves in a weak economy that put a damper on our growth

prospects. Brazil's GDP expanded by only 2.7%, in other words, less than half of the 7.5% recorded in 2010. What's more, the entry of new competitors in our target market didn't help. We predict that the first half will be just as painful, but we are optimistic about the second part of the year. Given that the Brazilian government has taken steps to control inflation and now stimulate the slowing economy, an upturn is expected in the second half. The major sports events planned for the future, the World Cup in 2014 and the Rio Olympics in 2016, will surely give the market new momentum."

"There's a very different scenario in China where we experienced growth of over 20% compared to 2010," Mr. Micheletti concluded. "Indeed, we expect the growth rate to remain steady in 2012. In the Chinese market, particularly in the automotive segment, we are also benefiting from the expansion of Radici Plastics USA. We are collaborating on projects conceived in the US that take advantage of over 250 American automotive source approvals. Our product development network is backed by our Italian research and development team, and the raw materials needed for our production processes are directly available from other RadiciGroup companies. Generally speaking, we expect positive results from our three big markets – the USA, Brazil and China – over the next few years."

IN THE PLASTICS INDUSTRY RadiciGroup is one of the most highly regarded manufacturers of polyamide and polyester engineering plastics. With six plants strategically located in Italy, Brazil, the United States, Germany and China, RadiciGroup Plastics offers processing, quality control, research and development, and technological development support. A network of sales units – with a strong presence in Italy, Germany, France, Spain, Great Britain, the USA, Brazil, China and India – makes RadiciGroup Plastics a truly global organization, capable of meeting the needs of its customers worldwide on a timely basis. WWW.RADICIGROUP.COM/PLASTICS

RADICIGROUP 3,500 employees and 2012 sales revenue of EUR 1.238 billion. Production and sales sites in Europe, North America, South America and Asia. Diversified businesses focusing on chemicals, plastics and synthetic fibres. Know-how. Vertically integrated nylon production. Constant commitment to guaranteeing its customers quality, sustainable innovation and reliability. All this is RadiciGroup, a leader in nylon chemicals. RadiciGroup products are used in applications such as apparel, sports, furnishings, automotive, electrical/electronics, household appliances and consumer goods. WWW.RADICIGROUP.COM RadiciGroup, with its Chemicals, Plastics and Synthetic Fibres Business Areas controlled by parent company Radici Partecipazioni SpA, is part of a larger industrial group that also includes textile machinery and energy businesses. WWW.RADICI.COM

PRESS OFFICE

Cristina Bergamini - *Corporate Marketing&Communication*
E-mail: cristina.bergamini@radicigroup.com
Mobile: +39 347-8602397