

2010 RESULTS

Europac increases Ebitda by 172%, exceeding 95 million euros

- 2010 EBITDA is the best in the company's history, together with an increase in aggregate sales of 40% compared with 2009
- The strength of the paper order book in the context of low stocks allowed us to consolidate the rises in the sales price of paper announced in 2010
- The new combined cycle plants in Dueñas and Viana do Castelo operated at full capacity from July and November 2010 respectively
- From a net profit of 26.4 million euros, the Board of Directors will propose to the General Meeting of Shareholders a dividend payment of 10 million euros (pay-out of 38%)

COMPARISON 2010 / 2009			
<i>(Units in thousand euros)</i>	2010	2009	% 2010 / 2009
Aggregates sales	806,859	578,198	40%
Consolidated sales	616,013	433,855	42%
Ebitda	95,254	35,027	172%
Ebit	54,764	-7,844	-
Net profit/loss attributable	26,420	-15,899	-
Net cash flow	66,910	26,971	148%

Madrid, 28 February 2011. The Board of Directors of Europac (Papeles y Cartones de Europa, SA) has approved the 2010 results, obtaining the best EBITDA in its history in an unfavourable economic environment. Ebitda grew 172% on 2009, reaching 95.25 million euros, while aggregate sales rose 40% to 806.85 million euros.

Furthermore, the Board has agreed to pay an interim gross dividend of 0.07 euros per share, corresponding to 2010 and, in addition, it has agreed to propose to the next General Meeting of Shareholders the payment of a supplementary gross dividend of 0.05 euros per share. Together this would mean a gross dividend of 0.12 euros per share and a total gross dividend of around 10 million euros, a pay-out of 38%.

BUSINESS PERFORMANCE

The order books for recycled paper and kraftliner paper remained strong in the context of low European stocks throughout 2010. This situation, in the context of a balance between paper supply and demand, made it possible to pass on to the market the announced rises in the sales price, which are in response to the increase in the price of raw materials and the recovery in European demand.

The growth in sales in the context of the improvement in the margins of the paper business, together with the start-up of the two combined cycle co-generation plants and the improvement in productivity in almost all the business lines allowed the company to achieve a net profit of 26.42 million euros, which was negatively affected by the poor performance of the corrugated cardboard business line.

According to Enrique Isidro, Europac's Chief Executive Officer, *"the significant improvement in the results is not only a consequence of the market situation, but also of meeting the commitments taken on in the 2007-2011 Strategic Plan. The Europac Group is now larger and more solid than before the start of the current crisis thanks to the organic and corporate growth undertaken over the last three years. Furthermore, the possibility for improvement in the margins of the recycled paper and corrugated cardboard business lines allows us to forecast better results in the coming years"*.

In this regard, it is important to point out the progressive improvement in results over 2010, with Ebitda in the second half of the year of 60.81 million euros compared with 34.44 million euros in the first half of the year, and a net profit of 24.23 million euros in the last six months of the year compared with 2.19 million euros recorded in the first half of the year.

KRAFTLINER PAPER

Turnover increased 46.7% compared with 2009 as a result of the 10.5% increases in sales volume and the 35.8% rise in the price of paper. Four rises in the sales price were announced in 2010 which, in a context of low stocks, responded to the increase in European demand, which is at an eight-year high, and the increase in the raw material costs.

With regards the raw materials, recovered wood and paper, following the rise in the first quarter of 2010, remained stable throughout the year with a new rise in recovered paper recorded in December, which continued into January 2011.

RECYCLED PAPER

The turnover for recycled paper rose 36.2% compared with the previous year thanks to a 7.9% increase in sales volume and a 20.3% rise in the sales price in Spain and a 27.9% rise in the sales price Europe. From February 2010 to date, Europac has announced four price rises for recycled paper. Two of these were applied in all markets and the other two in Spain and Portugal.

These price rises are a consequence of the favourable development of demand in a European context of a balance between supply and demand, low stocks and rises in raw material prices.

Following the rise in the first quarter of 2010, raw materials remained stable throughout the year until a new rise in the price of recovered paper in December, which continued in January 2011. Supported by this context, the company announced the latest price rise for recycled paper of €60 per tonne to be applied throughout Europe from 1 February.

ENERGY

The turnover for energy increased 80% as a result of several factors. Firstly, the start-up of the new combined cycle plants in Dueñas (Palencia) and Viana do Castelo (Portugal), which began to operate at full capacity from July and November 2010 respectively, increasing the installed power by 94%, from 79 MW in the first half of the year to 153 MW installed at the end of the year. 2011 will be the first full year of operation for these two plants.

Furthermore, 2010 was the first full year of application of the comprehensive energy export regime in the plant in Alcolea de Cinca (Huesca), with this system only having been applied for six months in 2009.

Finally, the increase in the sale of thermal energy arising from full use of the paper machines, the entry into effect of the new gas supply contract in Spain in July and the new tariffs negotiated in Portugal, which have been applied since the first half of 2010, with the subsequent cost savings, have also led to the business's improvement.

CARDBOARD

Turnover in 2010 increased 34.1% compared with 2009 as a result of the acquisition of Europac Cartonnerie Atlantique and Europac Cartonnerie Savoie. Despite the slow recovery in demand and consumption rates in our main markets, the company achieved an increase in sales volume, especially in France and Portugal, although the margins of the Cardboard Division were undermined by the sustained increase in the price of paper over 2010, which has been difficult to pass on to a depressed market which is currently in a timid recovery stage.

Continuing the strategy to integrate and convert Europac into a global supplier in the French market, in January 2009 the group acquired Europac Cartonnerie Val de Seine from the SCA Packaging group. With the contribution of 64 million m², it allows the group to consolidate its integration in France, where it has achieved a market share in corrugated cardboard of around 7%.

Further information:

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