



**Papeles y Cartones de Europa**

THIRD QUARTER RESULTS 2010

## Europac triples EBITDA to September

- EBITDA for the third quarter of 2010 amounted to €33.24 million, compared with €34.44 million in the whole of the first half of the year.
- EBITDA for the first nine months of the year amounted to €66.68 million, 229% up on the €20.27 million recorded in 2009.
- Aggregate sales to 30 September amounted to €589.41 million, 39% up on the same period last year.
- The improvement is due to strict cost containment and the purchasing policy in operation, combined with a steady consolidation of the rise in paper prices.
- The positive influence of the entry into operation of the two new combined cycle plants began to have an impact on results in the third quarter.

<b>9M 2010 vs. 9M 2009</b>			
<i>(thousand €)</i>	<b>9M 2010</b>	<b>9M 2009</b>	<b>2010 / 2009</b>
<b>Aggregate sales</b>	589,419	423,154	39%
<b>Consolidated sales</b>	449,615	314,601	43%
<b>Gross operating earnings (EBITDA)</b>	66,684	20,274	229%
<b>Net operating earnings (EBIT)</b>	37,334	-16,792	-
<b>Net attributable profit</b>	16,543	-19,186	-
<b>Net cash flow</b>	45,893	16,716	175%

<b>QUARTERLY FIGURES 2010</b>			
<i>(thousand €)</i>	<b>1Q 2010</b>	<b>2Q 2010</b>	<b>3Q 2010</b>
<b>Aggregate sales</b>	176,510	197,944	214,965
<b>Consolidated sales</b>	135,423	149,284	164,908
<b>Gross operating earnings (EBITDA)</b>	12,023	22,416	32,245
<b>Net operating earnings (EBIT)</b>	1,402	12,165	23,767
<b>Net attributable profit</b>	- 2,020	4,215	14,348
<b>Net cash flow</b>	8,601	14,466	22,826

**Madrid, 4 November 2010.** The Board of Directors of the Europac Group (Papeles y Cartones de Europa SA) has approved the results for the third quarter of the year. Between 1 January and 30 September, the company posted EBITDA of €66.68 million, three times the figure for the same period last year. In the third quarter of 2010 alone, EBITDA amounted to €32.24 million, while in the first half of this year it only amounted to €34.44 million.

Aggregate sales amounted to €589.41 million, 39% up on the same period in 2009. EBIT in the first nine months of the year amounted to €37.33 million, compared with the negative €19.18 million recorded in the third quarter of 2009. In the third quarter of 2010 alone, net income amounted to €14.35 million, 555% up on the €2.19 million recorded in the whole of the first half-year.



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Enrique Isidro, chief executive of Europac, announced that, “the third-quarter results reflect the positive performance of EBITDA in 2010, with figures of €12 million in the first quarter, €22 million in the second and €32 million in the third.” He added that, “the improvement of the group’s results in the third quarter of the year can be explained by the conclusion of the investment projects planned between 2007 and 2010, particularly those related to increasing the paper production capacity and the installed cogeneration capacity and their steady successful entry into operation, together with the consolidation of the operating margins for kraft-liner paper.”

### **Paper Division**

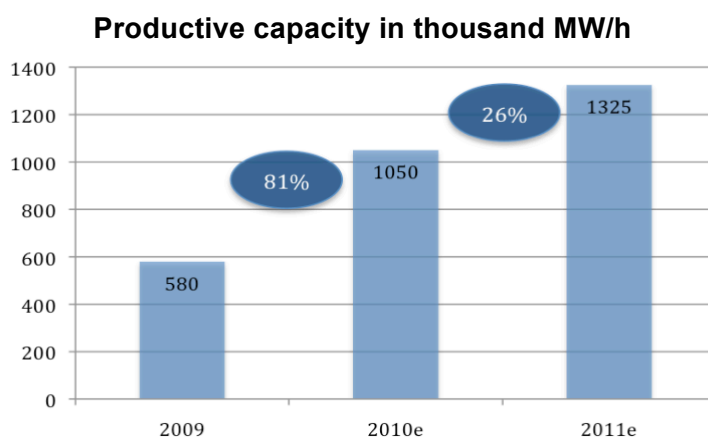
The Paper Division in the third quarter maintained factors such as stocks at minimum levels, with strong order books in an environment of balanced supply and demand. As a result, the increase in prices has been gradually consolidated, as announced.

Currently, European recycled paper stocks stand at 407,733 tonnes, 9% down on the 445,722 tonnes at the same time in 2009 and 38% down on the 665,260 tonnes on 1 January 2009. European stocks of kraft-liner paper stocks stood at 163,583 tonnes at the end of August, 13% down on the same period last year. Both are minimum operational levels and lower than those recorded in 2008 and 2009.

With regard to raw materials, both wood and the price of recycled paper in Europe remained stable in the third quarter of 2010.

### **Energy Division**

The 35-megawatt combined-cycle plant in Dueñas (Palencia) came into operation in March and has been operating at full output since July. The new 39-megawatt combined-cycle plant in Viana do Castelo (Portugal) began to operate fully on 1 November. These two facilities have enabled Europac to double its installed capacity in less than a year, from 79 MW at the close of 2009 to 153 MW at present.



### **Cardboard Division**

Finally, in the cardboard business, the cost increases resulting from the rises in the price of paper as a raw material continue to be gradually passed on to the market. It is important to note that the time taken to pass on prices across the production model varies. Rises in the prices of raw materials used for paper are transferred to the market immediately, while a rise in the price of paper can take between two and three months to affect the market; in the case of cardboard it takes a minimum of six months.



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*Warning: Should any information in this notice be identified as a forecast, estimate or projection, it should be noted that, as such, they are not guarantees of future performance and are constrained by risks, uncertainties and other factors that could determine that the final developments and profits differed from those contained in such forecasts, estimates or projections.*

Further information:

José Luis González / Gonzalo Torres

KREAB & GAVIN ANDERSON

Tlf: 91 702 71 70 / 661 850 384 / 610 275 845

[jlgonzalez@kreabgavinanderson.com](mailto:jlgonzalez@kreabgavinanderson.com)

[gtorres@kreabgavinanderson.com](mailto:gtorres@kreabgavinanderson.com)

Ángel Palencia

EUROPAC

Tlf: 91 350 34 17 / 627 33 67 15

[apalencia@europac.es](mailto:apalencia@europac.es)