



Presentation Results 1H 2016

28 July 2016

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Highlights

Improved results in line with the targets of the **2018 strategic plan**

Strong growth in the Group's EBITDA in 1H2016: **+17.3%** on 1H 2015

Paper EBITDA improves thanks to higher production and improved management

Packaging confirms its recovery with improving EBITDA and achieves a margin of 5.6% in 2Q 2016

The Group's EBITDA Margin reaches 14.9%, +2.1pp on 1H 2015

Net Profit grows by 75.7% on 1H 2015 / Net Finance Expense falls by 19.1% on 1H 2015

EBITDA grew by 17.3% on the first half of 2015

2Q 2016	2Q 2015	% diff.
272.7	276.7	-1.4%
206.3	202.7	+1.7%
31.3	29.8	+5%
30.2	27.1	+11.4%
14.6%	13.3%	+1.3pp
18.0	15.2	+18.4%
14.6	10.8	+35.1%
10.7	7.6	+40.7%
0.115	0.084	+36.9%*

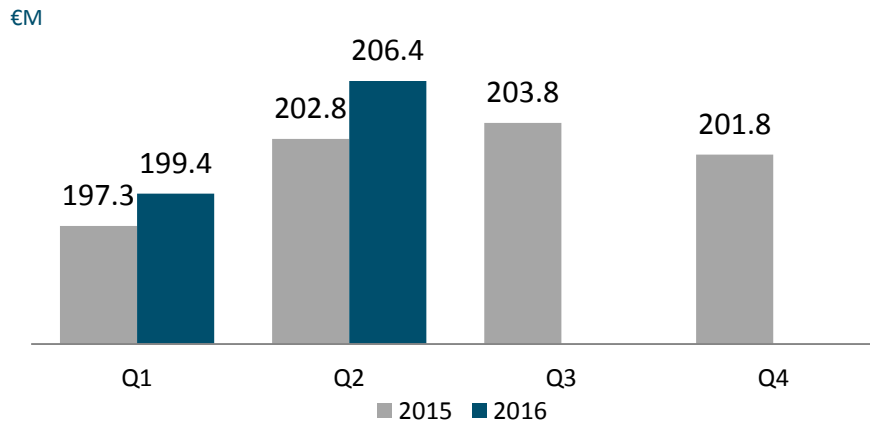
€m
Aggregate Revenue
Consolidated Revenue
Recurring EBITDA
Consolidated EBITDA
Consolidated EBITDA Margin
Consolidated EBIT
EBT
Net Profit
EPS

1H 2016	1H 2015	% diff.
535.7	540.7	-0.9%
405.7	400.1	+1.4%
62.5	55.4	+12.8%
60.3	51.4	+17.3%
14.9%	12.8%	+2.1pp
35.9	27.4	+30.9%
28.5	18.2	+56.8%
20.9	11.9	+75.7%
0.22	0.13	+68.9%*

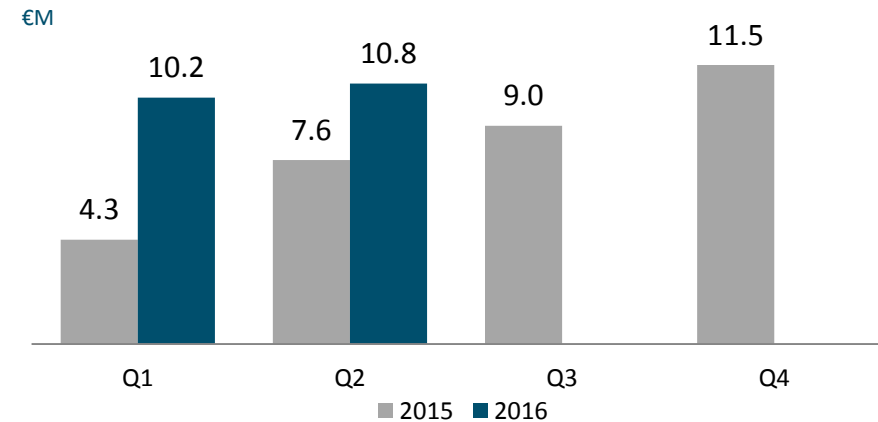
*The growth in EPS is lower than the growth in net profit due to the bonus issue in November 2015

The quarterly results show that we are on track for achieving the targets of the 2018 plan

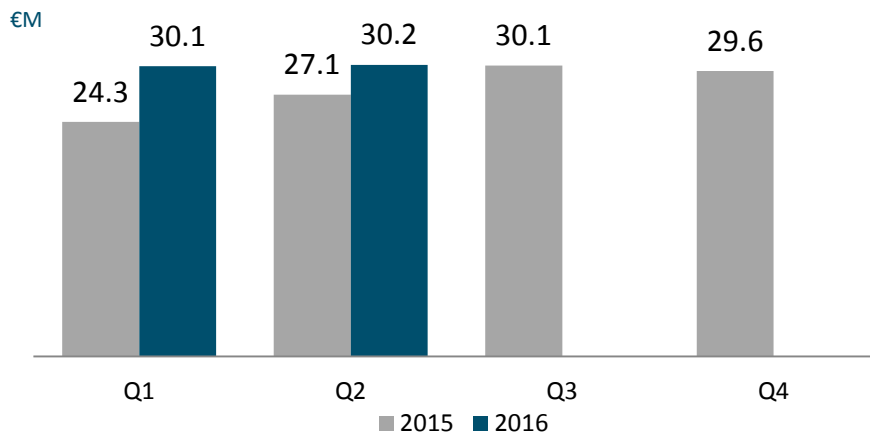
QoQ Sales Performance



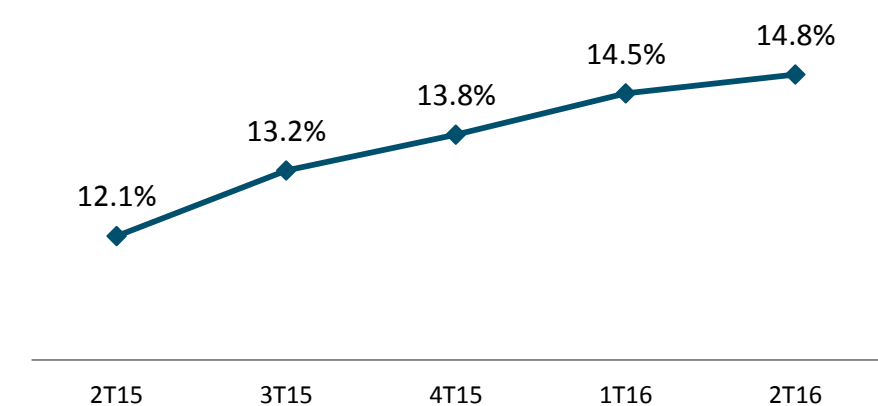
QoQ Net Profit Performance



QoQ EBITDA Performance



YoY EBITDA Margin Performance (moving average)



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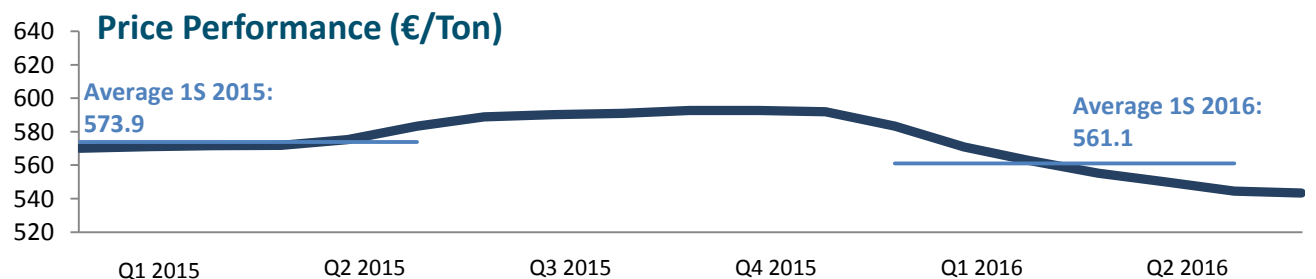
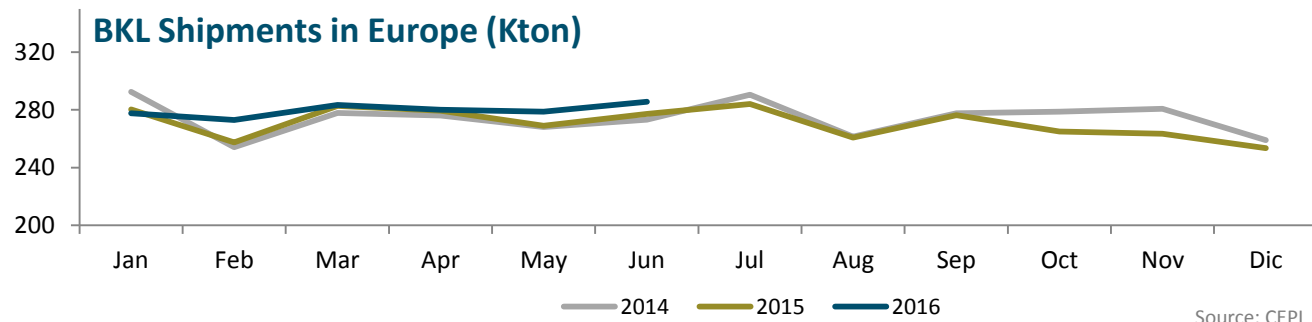
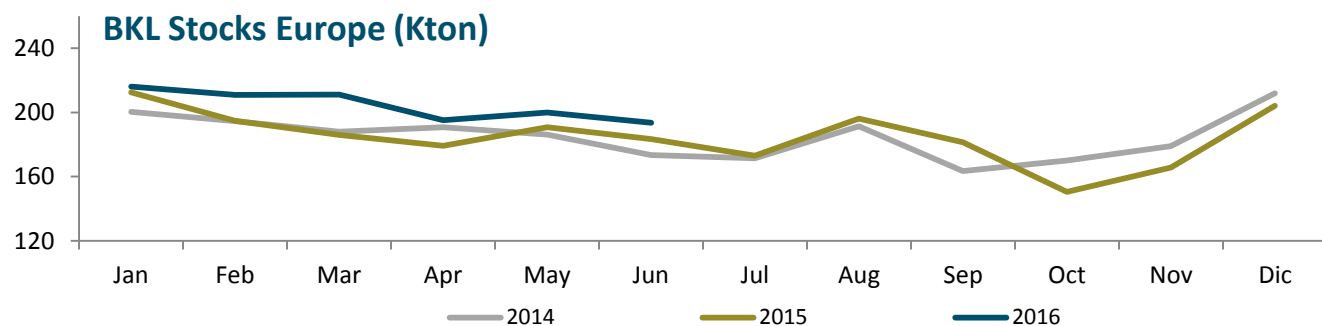
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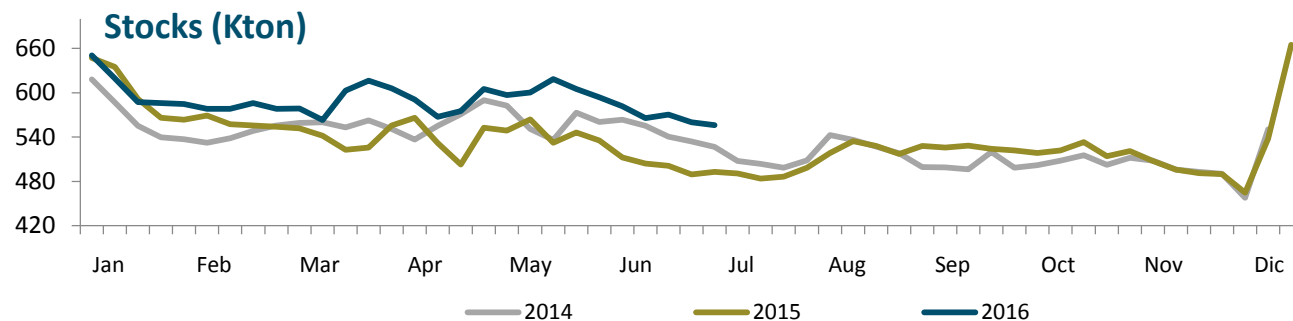
Kraft paper market

- **Stocks** in Europe are at **controlled levels** in line with the seasonal nature of previous years
- The **demand** for kraft paper has been higher than in previous years, offsetting the increase in capacity and even reducing stocks
- **Prices** of kraft paper have **suffered in 1H2016**. Upturn in July of €20/tonne in North and Central Europe

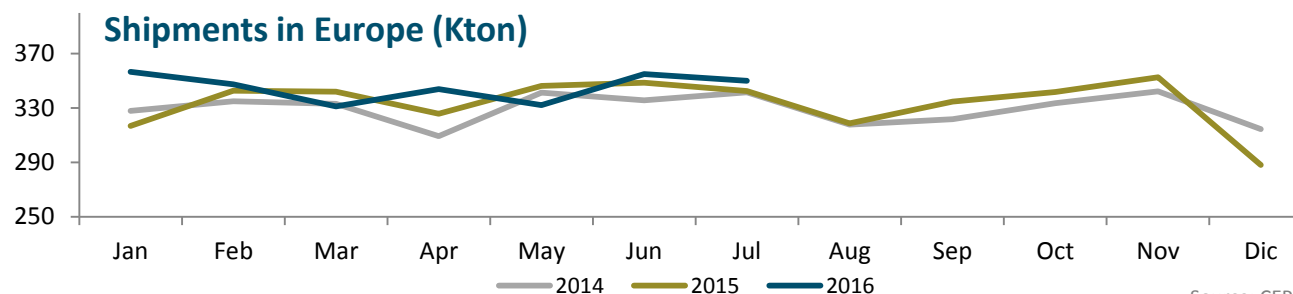


Recycled paper market

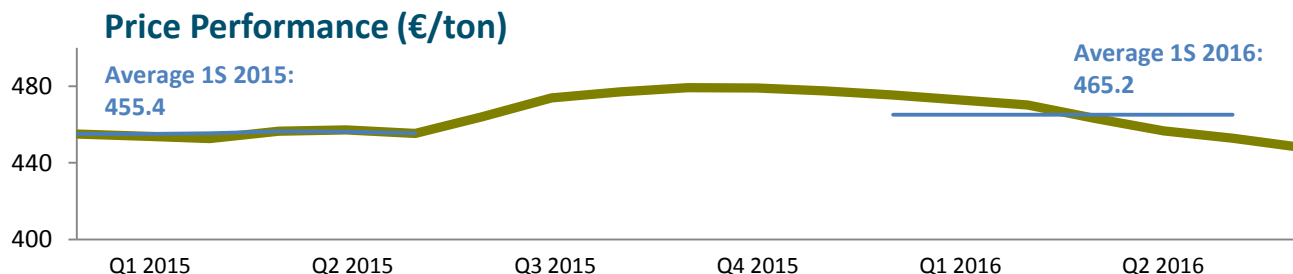
- Stocks have followed the seasonal pattern for the year, except in February, when stocks did not fall as much as in previous periods
- Shipments are almost 2,5% higher than previous period.
- Stocks continue to fall but remain at **controlled levels**.
- Demand remains **solid** with shipments at levels above previous years



Source: CEPI



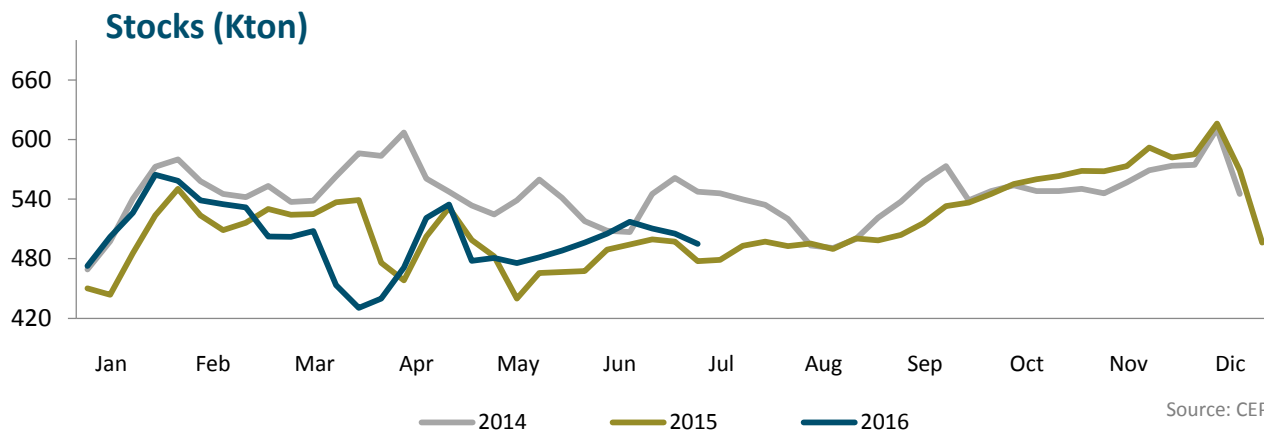
Source: CEPI



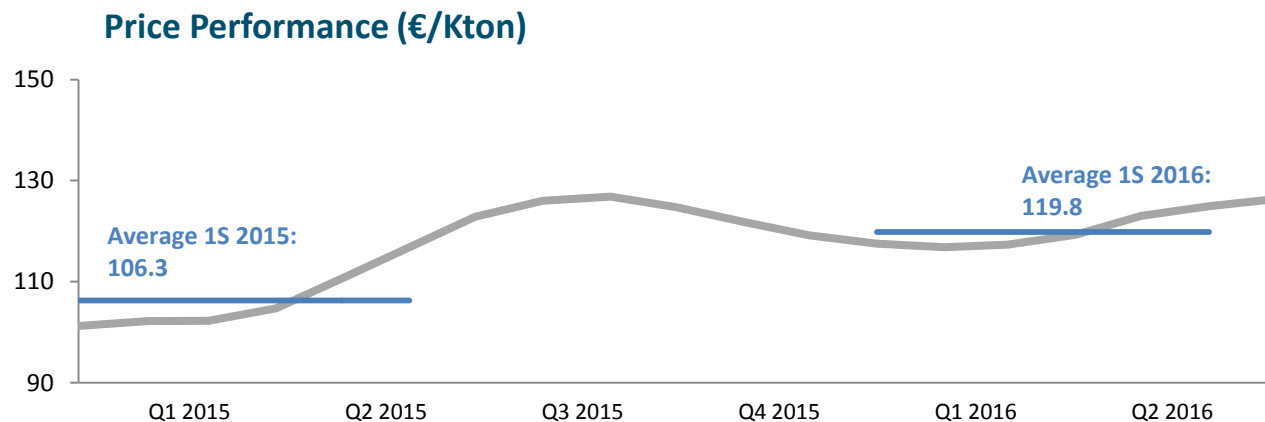
Source: FOEX

Recovered paper market

- **Stable stock levels** of recovered paper



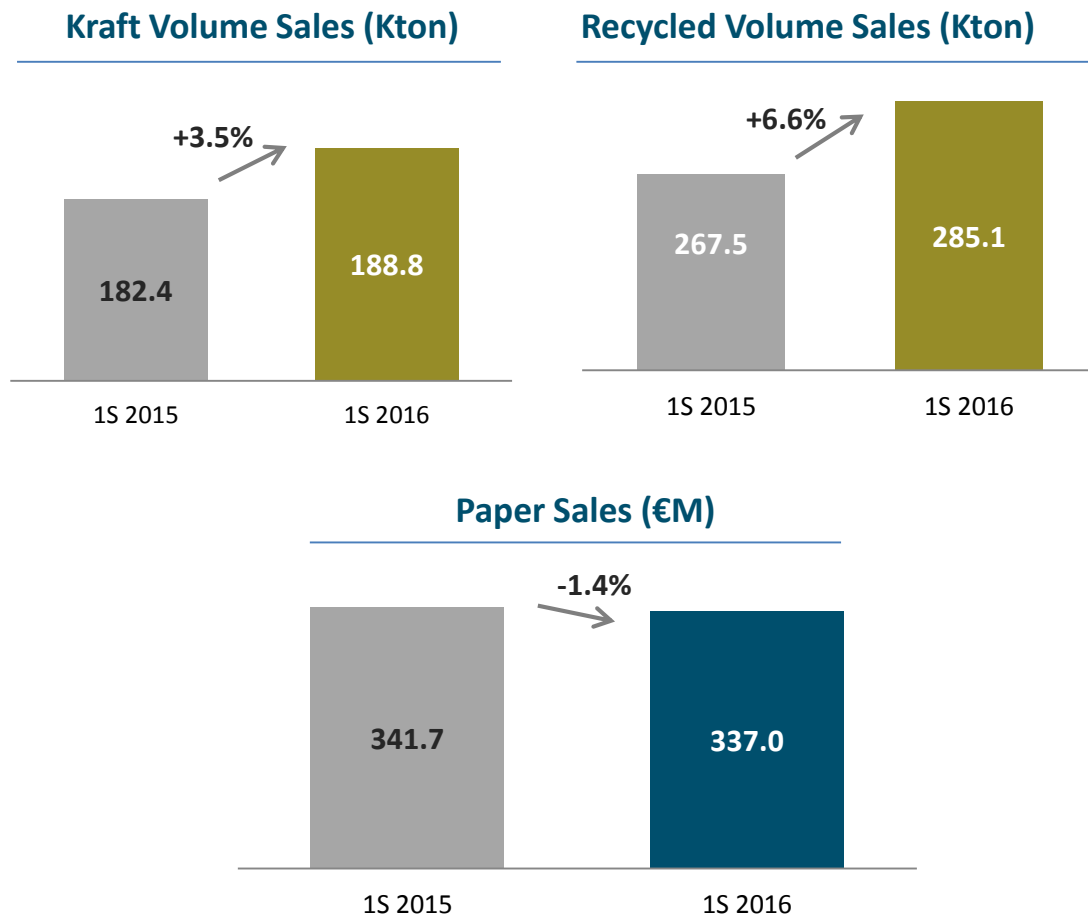
- **Slight contextual fall** in prices during the quarter
- Raw material market under pressure



Paper Revenue

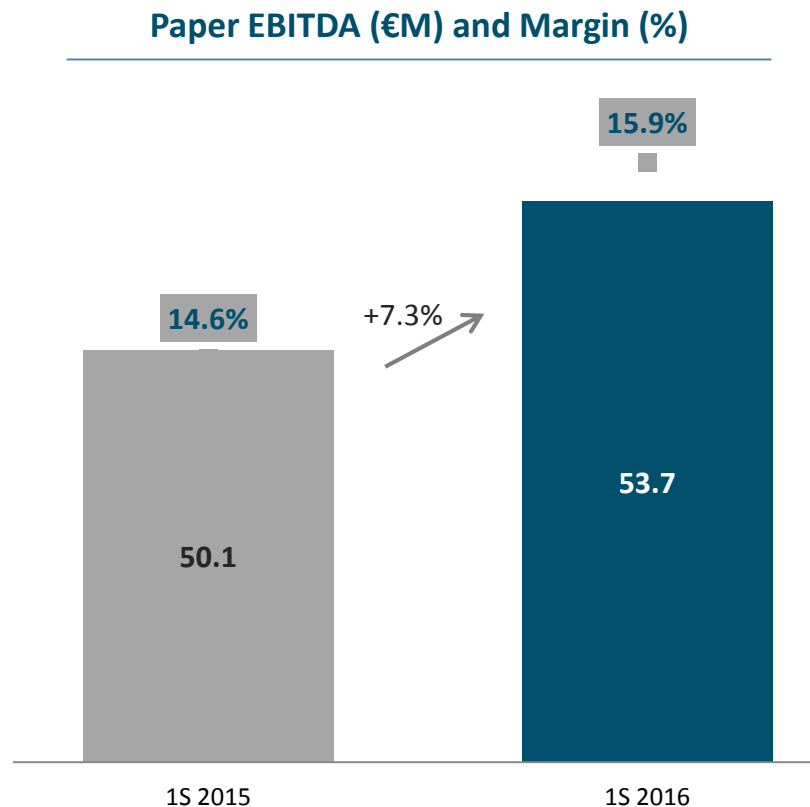
- Increase in **volumes of Kraft and recycled paper** compared with 1H15 due to improvements in productivity.
- Increase in levels of **efficiency** achieved in paper machines

- **Paper sales** fell by 1.4% mainly as a result of the paper and energy price adjustments, which were partially offset by the rise in volumes
- If we exclude the falls in energy prices, paper sales would have risen by 4.7%.



Paper EBITDA

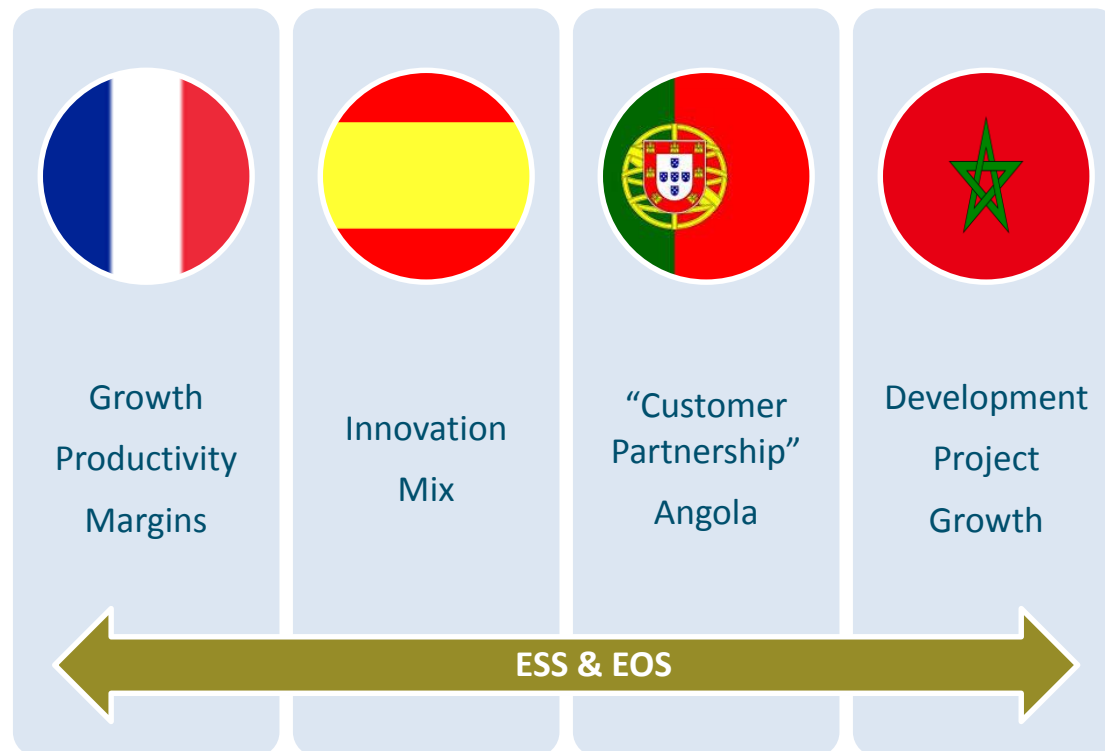
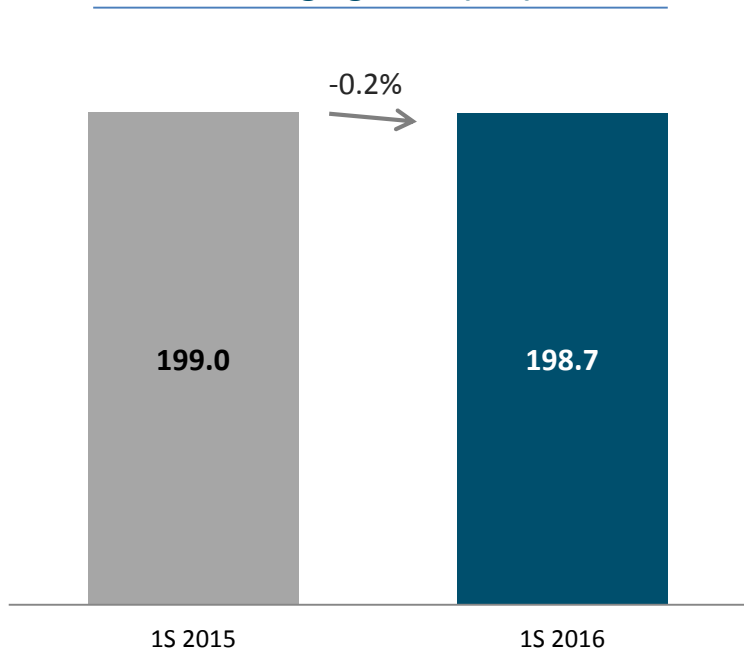
- **The improvements in production and management** have led to growth in EBITDA of 7.3%, against a backdrop of stable prices in 1H2016 compared with 1H2015 and with rising raw material prices
- **The management projects under EOS** (Europac Operations System) and **ESS** (Europac Sales System) continue to have a positive impact on operational efficiency and margins
- Reduction in unit costs as a result of the improvement in operations and lower energy costs



MARKET AND ACTIVITIES

Packaging Revenue

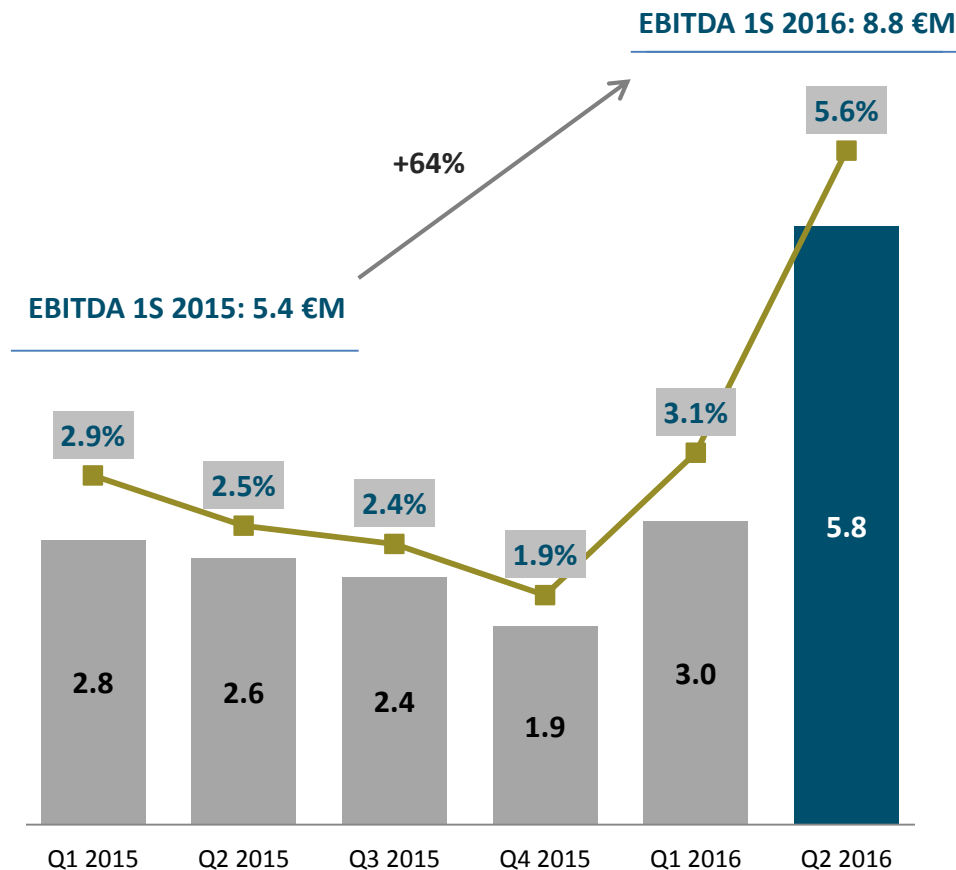
Packaging Sales (€M)



Packaging EBITDA

- **Margin rises to 5.6%**
- **Improvement in management with the ESS and EOS programmes**, focused on commercial and operating efficiency
- Strategy of **changing customer mix**
- **Priority in executing added value projects** to improve the margin, such as high-quality printing, logistics solutions and specialised structural design

Packaging EBITDA (€M) and Margin (%) Performance



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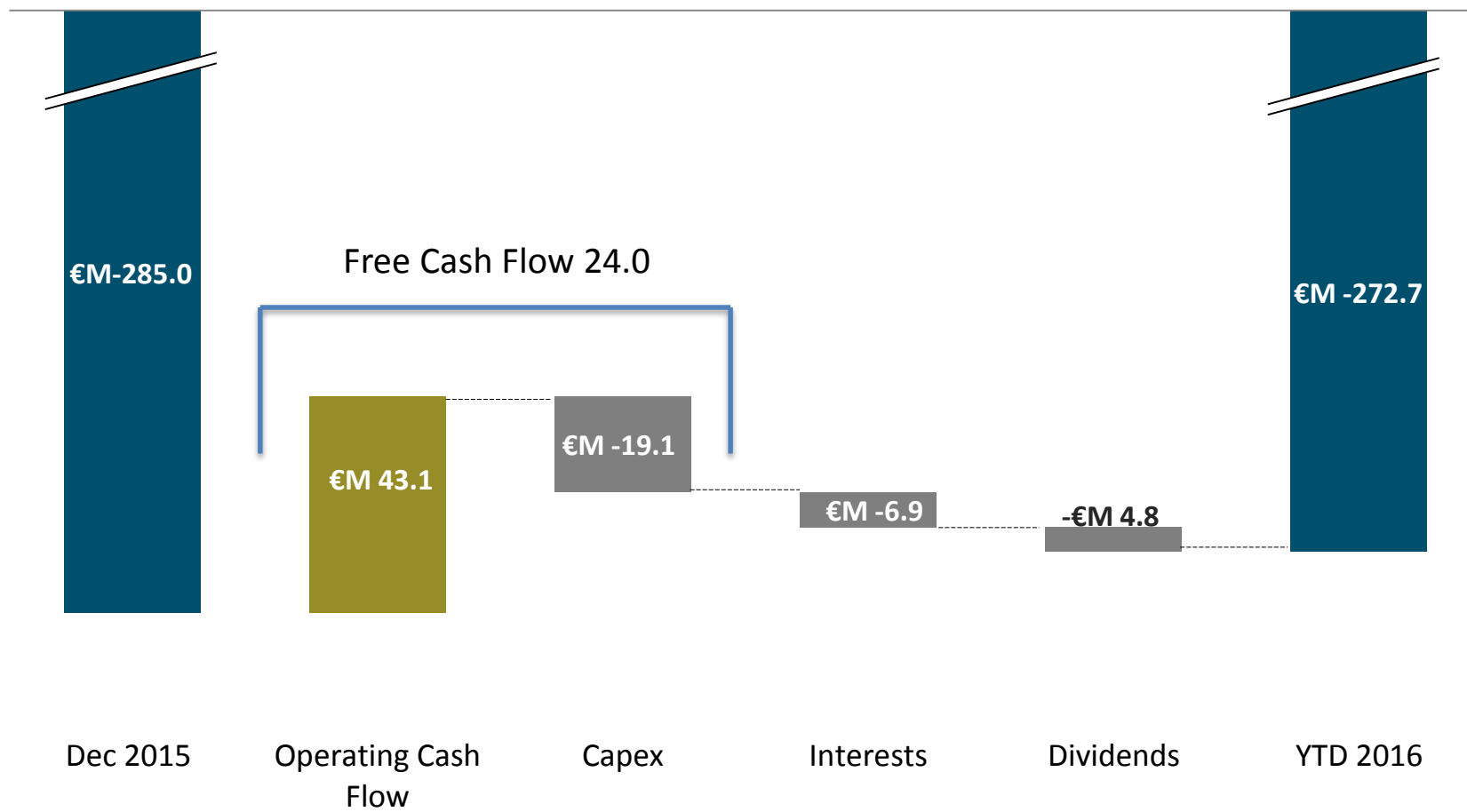
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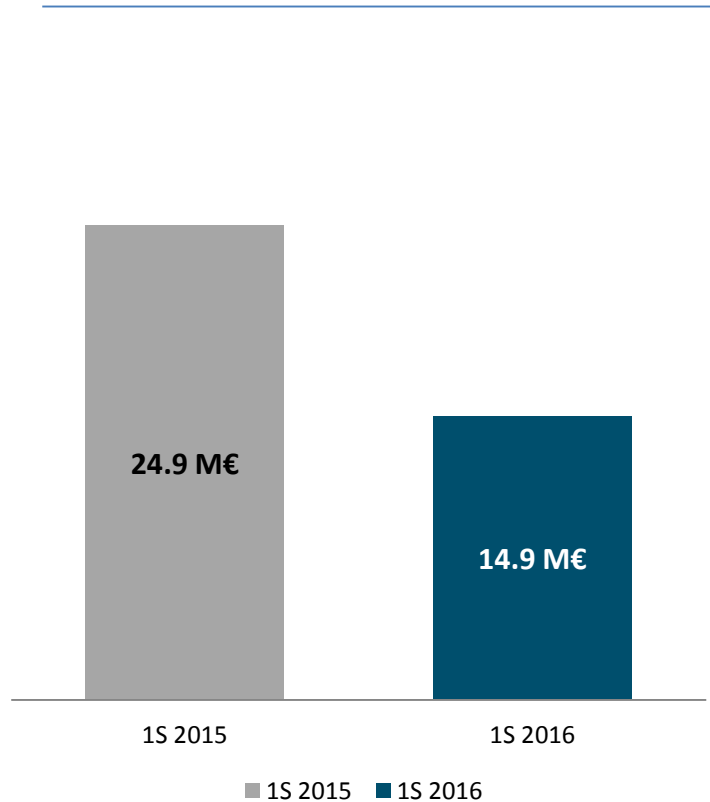
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Cash generation



Capex

Total Capex



Investment Projects 2016



PLANT DEVELOPMENT PLAN

Rouen (France)

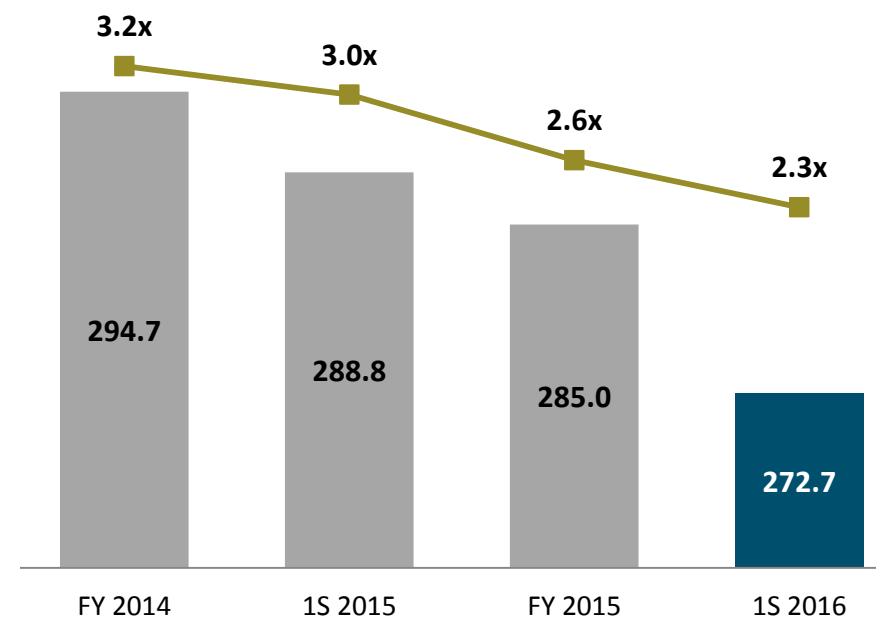


PROJECTS FOR INCREASING PACKAGING PRODUCTIVITY

Debt performance

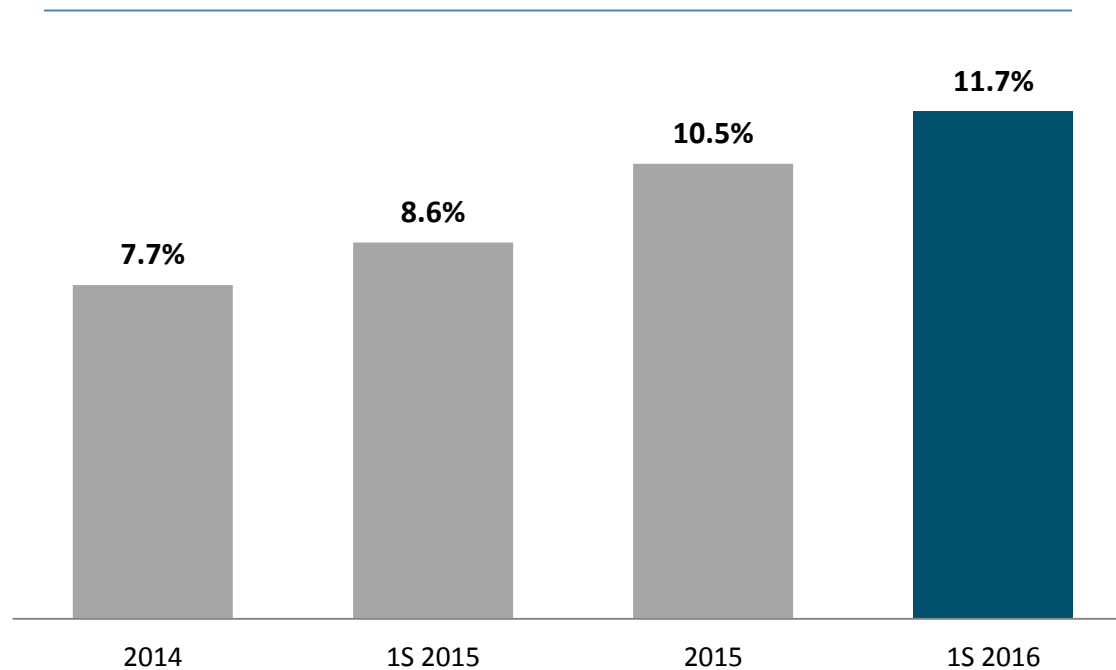
- Continued cash generation from operations, which allows:
 - Compliance with our **investment plan**
 - Remuneration of our shareholders through **dividends**
 - **Reduction in the level of debt** in line with our strategic plan

Net Debt (€M) and ND/EBITDA (x) Performance



Ongoing improvement of ROCE

ROCE Performance



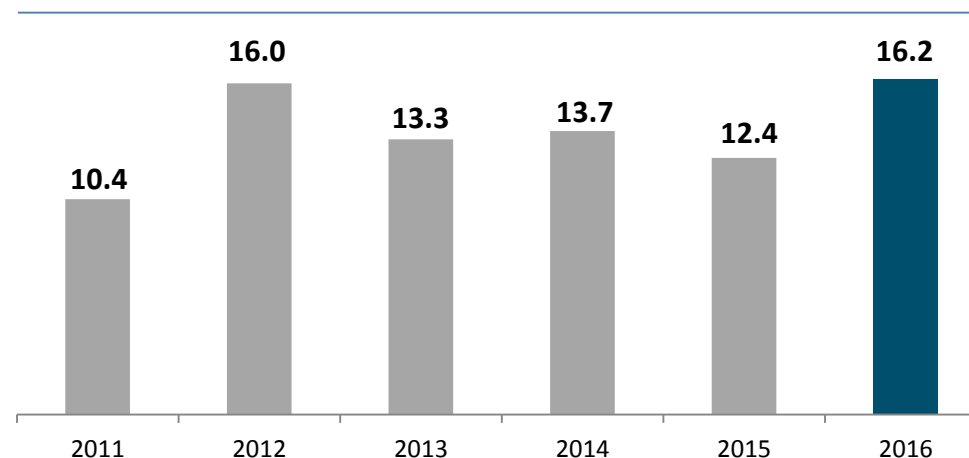
➤ Ongoing **improvement in profitability:**

- Increase in **operating profit**
- Fall in **capital employed**

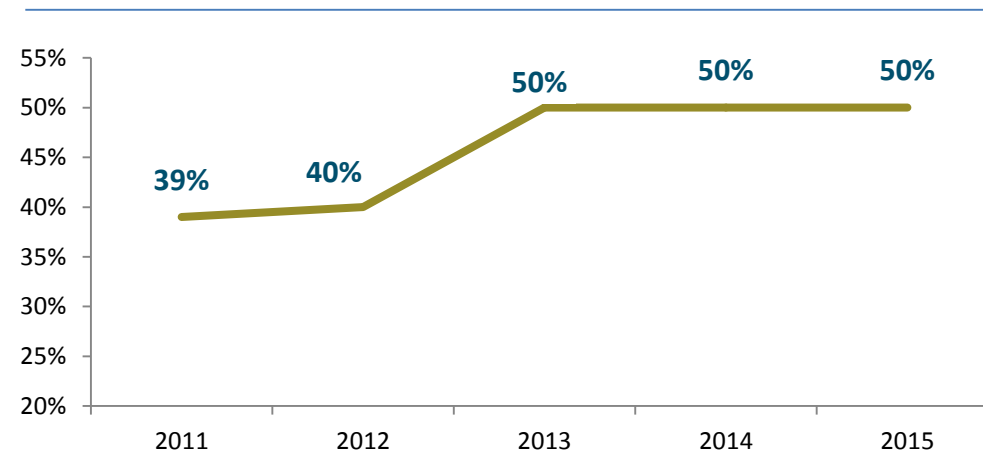
Dividends performance

- Continued **COMMITMENT** to shareholders – dividend growth of +30.9%
- **Dividend per share: €0.18**
- Dividend yield: **3.8%***
- Dividend: **€16.2m**
 - Interim dividend paid on 26 February: **€4.8m**
 - Dividend paid on 12 July: **€11.4m**
- **BONUS ISSUE** 1x 25 in 2016

Dividend Performance (€M)



Pay-Out%



*Dividend yield calculated at 30 June 2016

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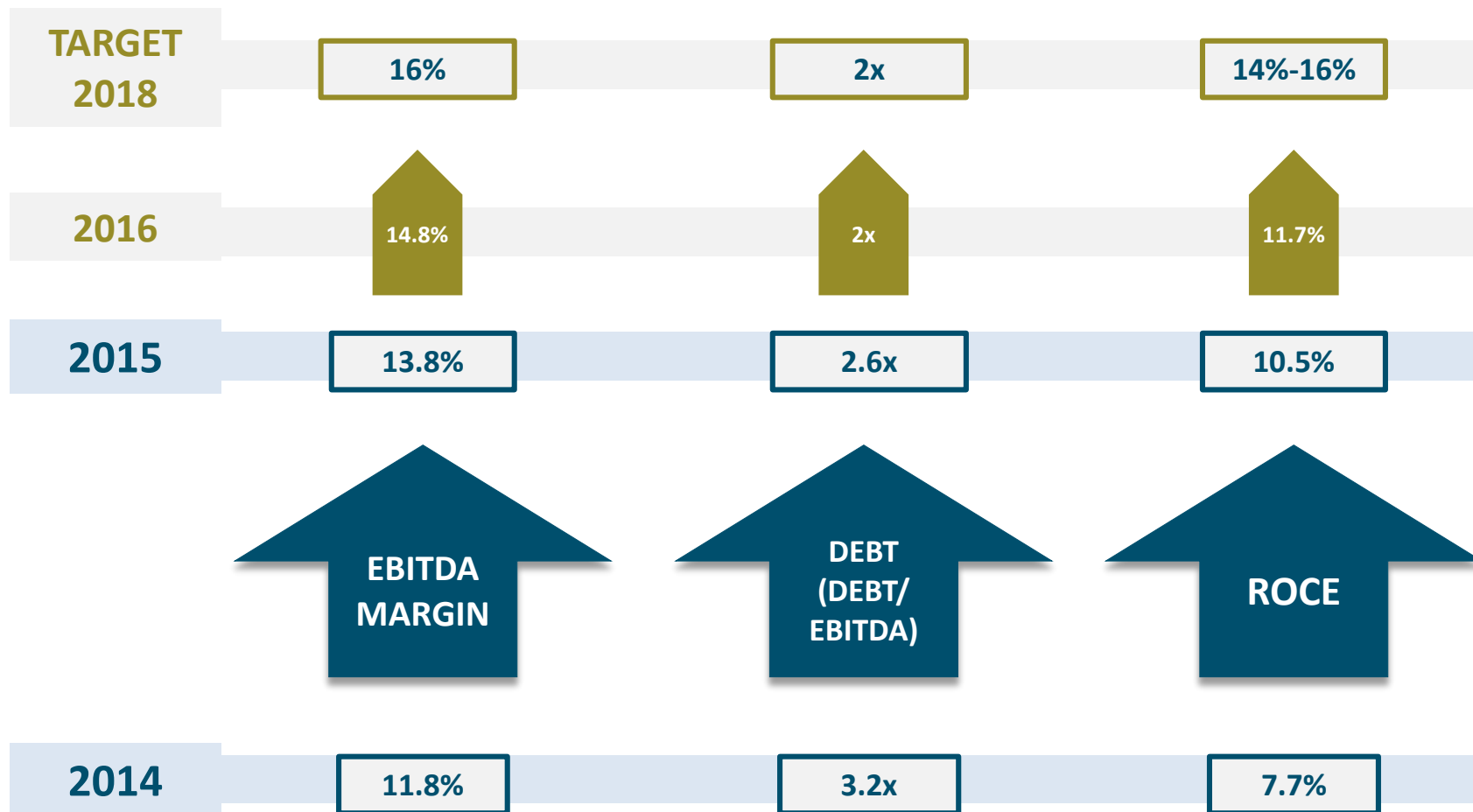
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Results in line with our strategic targets



Conclusions

Growth in the Group's **EBITDA** based on the **management effort** (EOS and ESS)

Improvement in Paper EBITDA

Acceleration in growth of Packaging EBITDA

Cash generation that allows **debt to be reduced**

Compliance with the strategic plan

