

1<sup>st</sup> HALF-YEAR RESULTS 2011

# Europac achieves net profits of 32 million euros

- The consolidated Ebitda for the first half-year has been of 70.16M€ with a recurring Ebitda of 55.43M€, 104% and 60% respectively over that of the previous year
- Aggregate sales increased by 25% to 468.59M€, and the EBIT increased by 253% after reaching 47.93M€
- The stoppage of the paper machine in Rouen (PM5) in May increased the production capacity from 240,000 tons per year to 280,000

Units (millions of €)	1HY 2011	1HY 2010	% 1HY 2011/1HY 2010
Aggregate sales	468.59	374.45	25%
Consolidated Ebitda	70.16	34.44	104%
Recurring Ebitda	55.43	34.64	60%
Ebit	47.93	13.56	253%
Net profit	32.33	2.19	1,376%

**Madrid, 28 July 2011.-** The Board of Directors of Europac (Papeles y Cartones de Europa, SA) approved the accounts pertaining to the first semester of 2011, with a net profit of 32.33M€ and a consolidated EBITDA of 70.16M€, accounting for increases over the same period in the previous year of 1,376% and 104% respectively.

Without taking into account the adjustments made as a result of the purchase of the assets of Europac Cartonnerie Val de Seine on 1 January last, the net profit would have been of 18.73M€, 755% over the 2.19M€ posted a year ago, whilst the recurring EBITDA reached 55.43M€, 60% over that for the same period the previous year.

On the other hand, the half year was marked by an increase in aggregate sales in all business lines which, up to 30 June, increased by 25% over that of the first half year of 2010, reaching 468.59M€. Lastly, the company EBIT reached 47.93M€, 253% over the 13.56M€ obtained a year ago.

Enrique Isidro, CEO of the Europac Group, explains that *“the results maintain the upward trend that began in 2010”*. On the other hand, the director points out that *“these results can be considered good given the current economic situation but they are not satisfactory. The margins in corrugated cardboard are poor and that of recycled paper, although it has improved, continues to be far from where it should be in a normal economic situation, due to the high costs of raw materials. Therefore, there is an opportunity for improvement in both business lines”*.

### **Global waste management**

A 29% increase in production volume must be pointed out, due to the addition of Europac Recicla Valladolid to the group structure in November 2010, as well as to the increased volume in all facilities. On the other hand, aggregate sales increased by 82% compared to the first six months of 2010 in a context of rising prices.

### **Kraftliner and recycled paper**

As for the kraftliner and recycled paper business lines, the first half year has been marked by the drop in production volume and sales due to the stoppage of the machines at Viana do Castelo (MP4), yearly maintenance stoppage, and Rouen (MP5). In the case of the French machine, the stoppage has enabled an increase in the paper production capacity from 240,000 to 280,000 TPA, which shall be added to the group's production capacity in the second semester of this year.

Lastly, there are no stoppages planned for the rest of the year, which will enable the five paper production machines to operate at full capacity, given the current market situation.

### **Energy**

As for energy, this half year has been the first in which the new combined cycles at Dueñas and Viana do Castelo have worked at full capacity. With the 153 megawatts of power currently installed, the energy business has generated one third of the Ebitda for Europac during this semester, although there continues to be room for improvement during the second half of the year given the lack of stoppages of the paper machines and the ensuing increase in thermal energy.

### **Cardboard**

Lastly, in terms of the Cardboard Division it is worth mentioning the addition to the Group of Europac Cartonnerie Val de Seine, the latest acquisition in France, which took place on 1 January 2011. Moreover, an increase in aggregate sales has been achieved in all markets in which the company operates, although the business continues to suffer due to the rise in prices of raw materials, which is proving hard to pass on to the market.

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