

PRESENTATION
RESULTS 1Q 2017



09.05.2017

europacgroup.com

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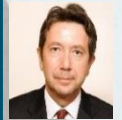
OLIVER HASLER

CEO of Europac



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CFO of Europac



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Director of Investor Relations and Communication of Europac

1 RESULTS 1Q 2017

2 MARKET

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4 SIGNIFICANT TRANSACTIONS

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Highlights

Growth in consolidated EBITDA to **€31m: +3.2% YoY**

Paper EBITDA of €26m, lower than in 1Q16 as a result of higher raw material prices and lower sales prices, which were partially offset by an increase in sales volume and improvements in internal management

Ongoing improvement in **YoY Packaging EBITDA of 4.7%** in 1Q17 due to the increase in sales volumes in every country and improvements in internal management

Reduction in **Finance costs: -45%** 1Q2017 vs 1Q16

Growth in **Net Profit to €11m: +10% YoY**

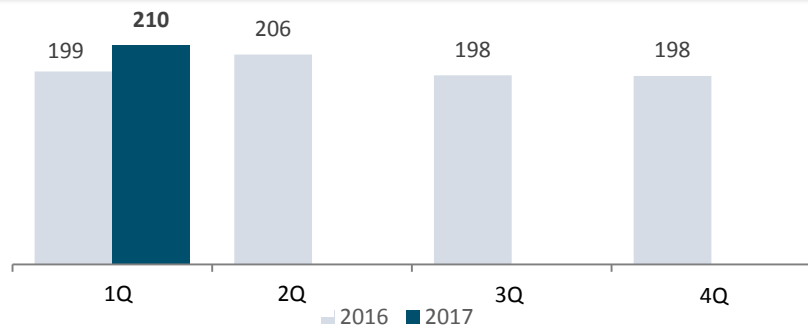
Increase in Net Profit of 10%

€ m	1 Q 2016	1 Q 2017	% diff.
Aggregate Revenue	263	282	7.2%
Consolidated Revenue	199	210	5.4%
Recurring EBITDA	31	29	-5.4%
Consolidated EBITDA	30	31	3.2%
<i>Consolidated EBITDA Margin</i>	<i>15.1%</i>	<i>14.8%</i>	<i>-0.3pp</i>
Recurring EBIT	19	17	-10.7%
Consolidated EBIT	18	19	4.3%
EBT	14	16	18.1%
Net Profit	10	11	9.5%
EPS	0.11	0.11	5.3%*

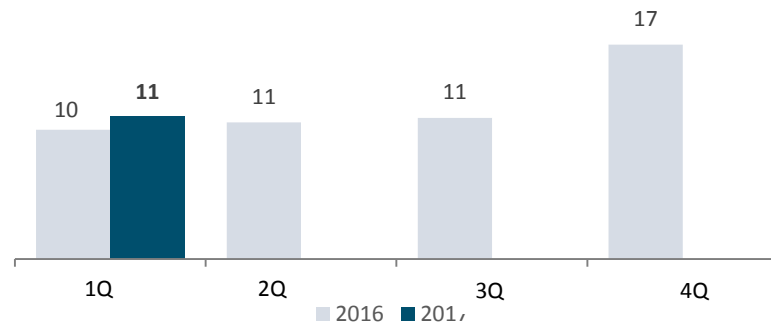
*The growth in EPS is lower than the growth in net profit due to the bonus issue in November 2016

Improvement in the quarterly results

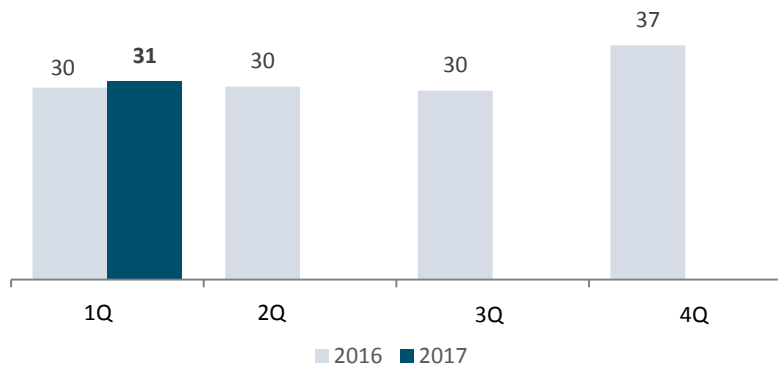
QUARTERLY SALES (€'000)



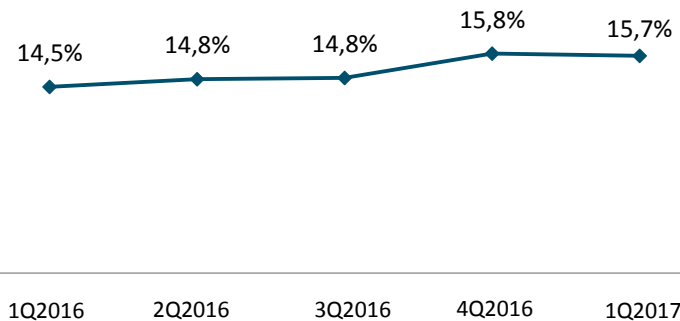
QUARTERLY NET PROFIT (€'000)



QUARTERLY EBITDA (€'000)



EBITDA MARGIN (LTM)



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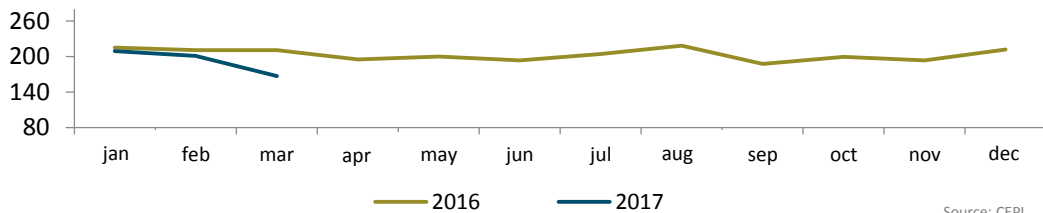
Kraft paper market

➤ **Reduction in stocks** which reflects the tension existing in the market

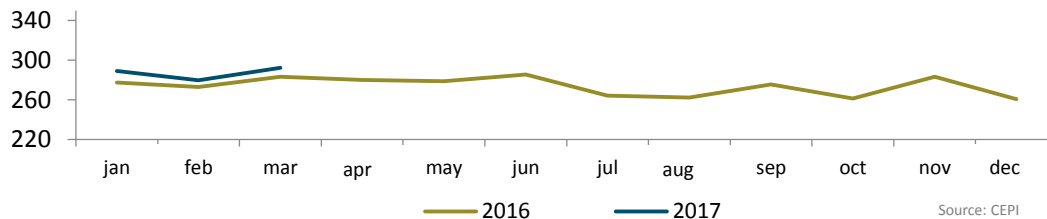
➤ **Solid growth in demand** in Europe, +3.3% in 1Q17 compared with the same period of the previous year

➤ **Price rise** of €60/tonne in March 2017 and announcement of additional price rise of €50/tonne in May.

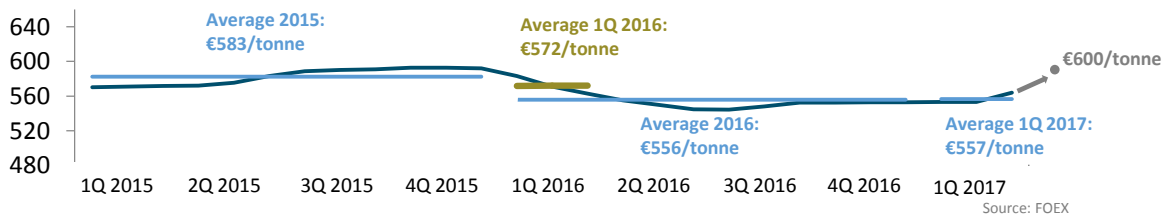
EUROPEAN STOCKS BKL (KTONNE)



SHIPMENTS OF BKL IN EUROPE (KTONNE)



PRICE (€/tonne)

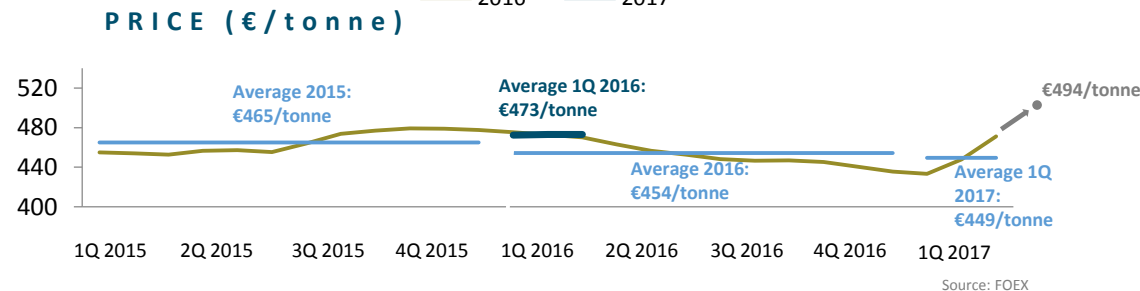
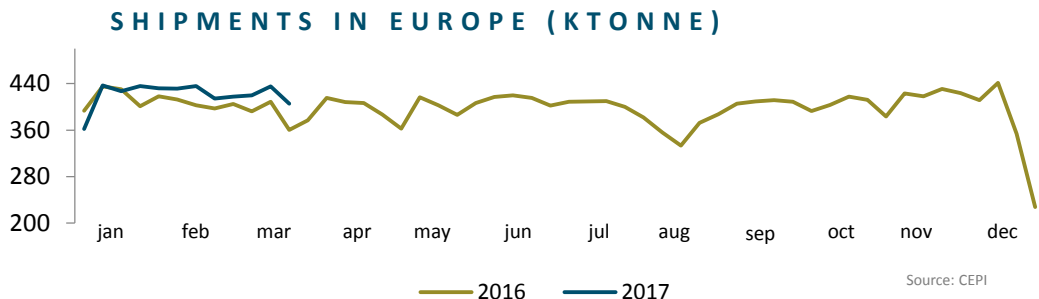
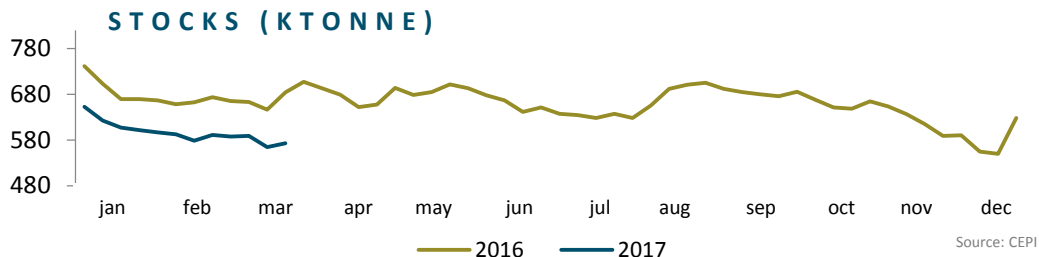


Recycled paper market

➤ **Significant reduction** in stocks in the first three months of 2017 as a result of the increase in European demand

➤ The trend of **strong demand** continued at the start of 2017, with an increase of 4% in 1Q17 on the previous year

➤ **Price increase** in all recycled paper grades in February and March 2017 (between €40 and €60/tonne in brown grades and between €30 and €50/tonne in white grades). Announcement of rise in white paper as from May



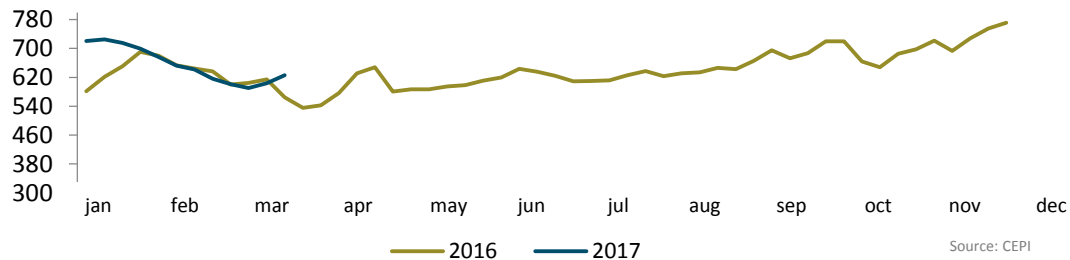
Recovered paper market

➤ Recovered paper stocks at **similar levels to previous years**

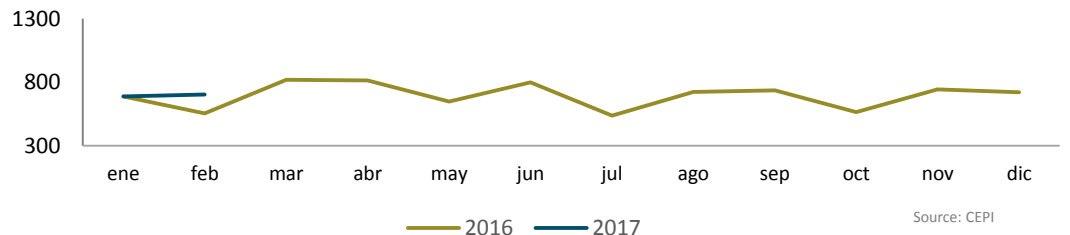
➤ **Exports** to China from CEPI countries grew by **12%** in January and February 2017 compared with the same period of the previous year

➤ **Tension in raw material prices** in the first three months of 2017

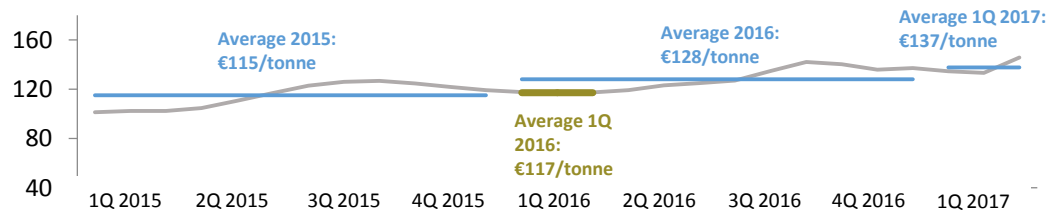
STOCKS (KTONNE)



EXPORTS (KTONNE)



PRICE (€/tonne)



1 2016 RESULTS

2 MARKET

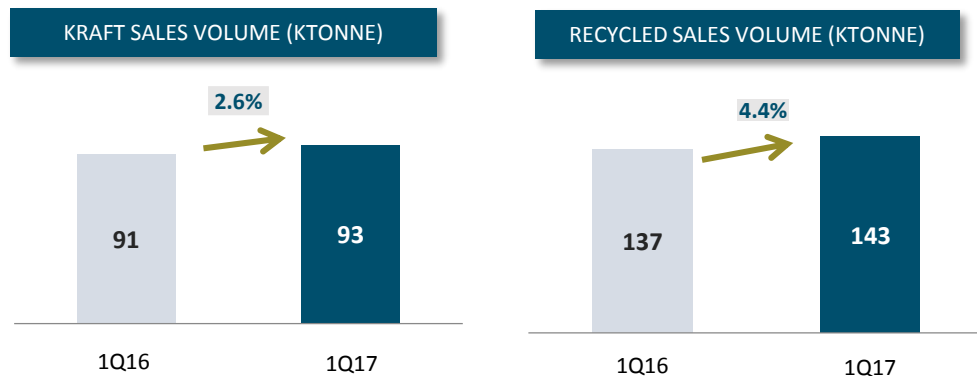
3 BUSINESS LINES

4 SIGNIFICANT TRANSACTIONS

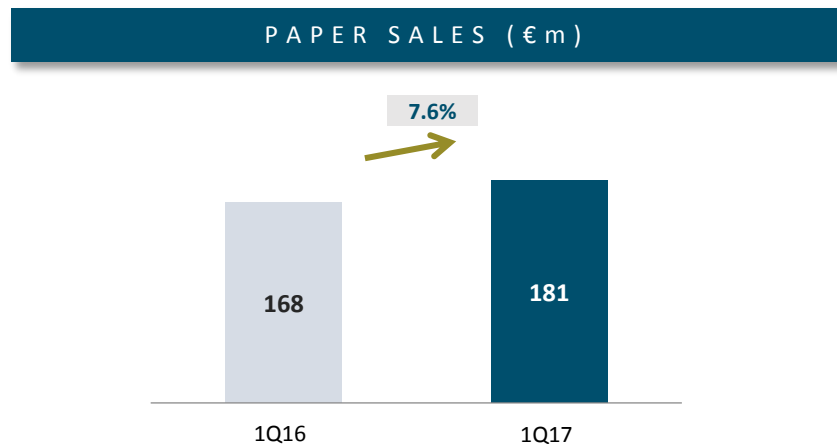
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Paper Revenue

- Increase in **volumes** in **Kraft** (+2.6%) and **recycled** (+4.4%) vs 1Q 2016

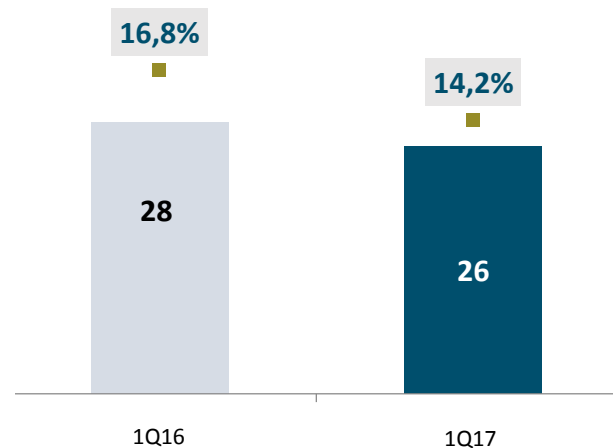


- **Paper sales** rose by **7.6%** on last year as a result of the increase in volumes, the rise in energy prices and the reduction in paper sales prices



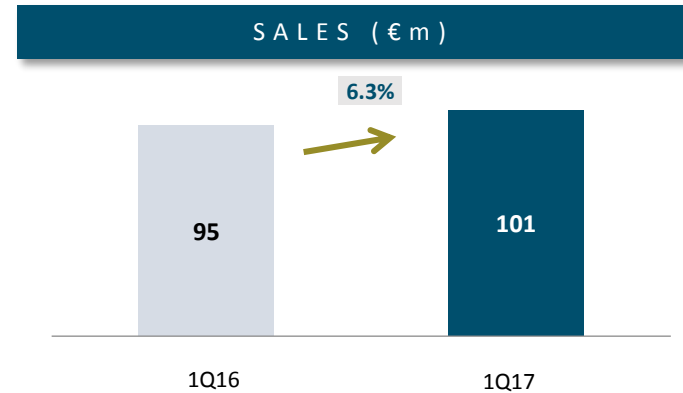
EBITDA (€ m) AND MARGINS (%)

- **EBITDA** influenced by the reduction in paper sales prices and the increase in raw material prices
- **Increase in sales volumes and improvements in internal management** that partially offset the effect of price changes
- **Operational and commercial management projects** continue having a positive impact on efficiency and margins

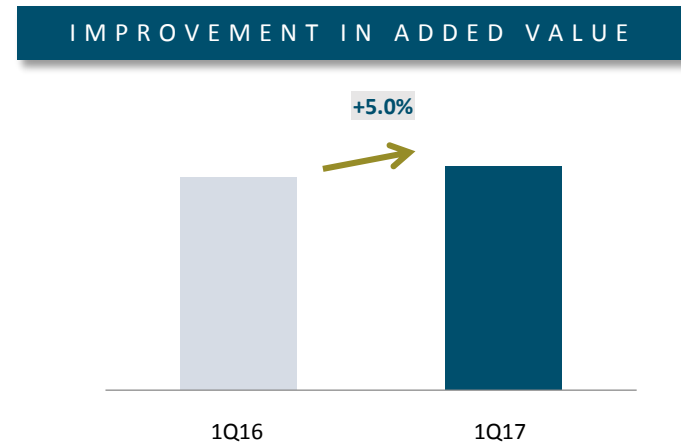


Packaging Revenue

- Increase in **sales volume** in every country and greater added value as a result of improvement in the customer mix



- Priority in executing added value projects to improve the margin, such as **high-quality printing, logistics solutions and specialised structural design**



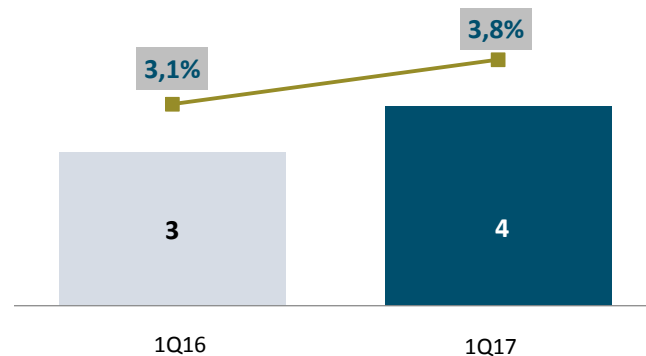
Packaging EBITDA

- Growth in EBITDA of 30% on 1Q 2016

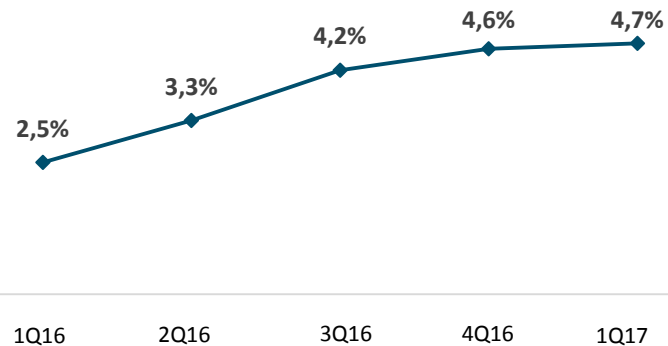
- Rise in Packaging YoY margins to 4.7%

- Improvement in EBITDA margin as a result of **internal management programmes** focused on commercial and operational efficiency

EBITDA (€m) AND MARGINS (%)



EBITDA MARGIN (LTM)



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Acquisition of Europac Packaging Lucena



STRENGTHENING COMMERCIAL PRESENCE OF THE PACKAGING DIVISION IN SPAIN

- Strategic sectors in Andalusia: agriculture and food
- Strategically located in the geographic centre of Andalusia
- **2016 Results:** Sales of €7.6m and EBITDA of €1.2m, giving a margin of 15.8%
- Corrugator and three converting lines in industrial unit of 15,000 m²
- 2016 consumption and production: 7,000 tonnes of paper and 16 million m² of sheet and packaging
- **Transaction cost:** €9.8m, post-synergies multiple of 5.5x EBITDA
- **Investment plan (2017-2020):** €10m

Acquisition of Transcon Valladolid, S.A.

POSITION AS AN END-TO-END WASTE MANAGER IN CASTILLA Y LEÓN



- **Europac Recicla:** optimise logistic routes, increase the offer of services and Access to new sectors of activity
- Logistical capacity: more than 30 lorries that will optimise Europac Recicla's current routes
- Accredited to manage and treat over 150 types of waste residues
- **Transaction cost:** 3,7 €M, post-synergies multiple of 5.3x EBITDA

Europac Logística Transaction

ASSETS DIVESTMENT

- Sale of Europac's logistics operator in the port of Viana do Castelo for €2.7m. Gain of €2.3m.
- Acquired by Servinoga, S.L. (Grupo Nogar) specialised in port, logistics and commercial activities
- The buyer guarantees provision of the services of operator, shipping agent and provider of port services in the long term with progressive discounts on the prices that Europac Kraft Viana previously had



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Reduction in **Finance costs: -45%** 1Q2017 vs 1Q16

Growth in **Net Profit to €11m: +10% YoY**

Outlook

PAPER

- Price rises implemented in kraft paper and brown grades of recycled paper. The price rises in white grades of recycled paper are pending implementation
- First reduction in recovered paper prices in April following rising prices in the first few months of 2017

PACKAGING

- Impact of the price rises on the raw material, which are gradually passed on to the market
- Expected increase in sales volumes in every country and positive impact on the margin based on commercial positioning, supply chain optimisation and operational excellence
- 50 projects in progress in the Packaging Division

GROUP

- Sustainable increase in cash generation from operations
- Continuous reduction in finance costs
- Greater shareholder remuneration
- Over 100 projects in progress

CONCLUSIONS

Q&A



THANK YOU VERY MUCH FOR YOUR ATTENTION



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