

EARNINGS PRESENTATION

9M 2018



europacgroup.com



DISCLAIMER. RISKS AND FORWARD-LOOKING STATEMENTS

This document has been prepared by Papeles y Cartones de Europa S.A. (the “Company”) for information purposes only and it is not a regulated information or information which has been subject to prior registration or control by the Spanish Securities Market Commission. This document is neither a prospectus nor implies a bid or recommendation for investment. This document includes summarised audited and unaudited information. The financial and operational information, as well as the data on the acquisitions which have been carried out, included in the presentation, correspond to the internal recordings and accounting of the Company. Such information may be subject to audit, limited review or any other control by an auditor or an independent third party. Therefore, this information may be modified or amended in the future.

The information contained herein has been obtained from sources that the Company considers reliable, but the Company does not represent or warrant that the information is complete or accurate, in particular with respect to data provided by third parties. Neither the Company nor its legal advisors and representatives assure the completeness, impartiality or accuracy of the information or opinions included herein. In addition, they do not assume responsibilities of any kind, whether for misconduct or negligence, with regard to damages or losses that may derive from the use of this document or its contents. The internal analysis has not been subject to independent verification. This document may include forward-looking representations or statements on purposes, expectations or forecasts of the Company or its management up to the date of release of this document. Said forward-looking representations and statements or forecasts are mere value judgments of the Company and do not imply undertakings of future performance. Additionally, they are subject to risks, uncertainties and other factors, which were unknown or not taken into account at the time this document was produced and released and which may cause such actual results, performance or achievements, to be materially different from those expressed or implied by these forward-looking statements.

Under no circumstances does the Company undertake to update or release the review of the information included herein or provide additional information. Neither the Company nor any of its legal advisors or representatives assume any kind of responsibility for any possible deviations that the forward-looking estimates, forecasts or projections used herein may suffer .

This document neither discloses all risks nor other material issues regarding investment in the shares of the Company. The information included in this presentation is subject to, and should be understood together with, all publicly available information. Any person acquiring shares of the Company shall do so at their own risk and judgment regarding the merits and suitability of the shares of the Company, after having received professional advisory or any other kind of advice that may be needed or appropriate, not only on the grounds of this presentation. By delivering this presentation, the Company is not providing any advisory, purchase or sale recommendation, or any other negotiation instrument over the shares or any other securities or financial instrument of the Company. This document does not constitute an offer, bid or invitation to acquire or subscribe shares, in accordance with the provisions of Article 35 of Royal Legislative Decree 4/2015, of 23 October, approving the recast text of the Securities Market Act, and/or Royal Decree 1310/2005, of 4 November and its implementing regulations. Furthermore, this document does not imply any purchase or sale bid or offer for the exchange of securities or a request for the vote or authorisation in any other jurisdiction. The delivery of this document within other jurisdictions may be forbidden.

Consequently, recipients of this document or those persons receiving a copy thereof shall become responsible for being aware of, and complying with, such restrictions.

By accepting this document you are accepting the foregoing restrictions and warnings.

All the foregoing shall be taken into account with regard to those persons or entities which have to take decisions or issue opinions relating to the securities issued by the Company. All such persons or entities are invited to consult all public documents and information of the Company registered with the Spanish Securities Market Commission.

Neither the Company nor any of its advisors or representatives assume any kind of responsibility for any damages or losses derived from any use of this document or its contents.



OLIVER HASLER

—
CEO



JORGE BONNIN

—
CFO



FERNANDO VIDAL

—
Director of Investor Relations and
Corporate Affairs

CONTENTS

RESULTS 9M 2018

Page 05

MARKET

Page 10

BUSINESS LINES

Page 14

SHAREHOLDER REMUNERATION

Page 16

CONCLUSION

Page 18

DS SMITH TAKEOVER BID

Page 20

RESULTS

9M 2018



Growth in recurring EBITDA to €157m (+51% vs. 9M2017)

Stability in sales prices of recycled and kraftliner paper in third quarter. The purchase prices of recovered paper remain at low levels

Selling price increase in Packaging in line with forecasts

Increase in EBITDA despite rising energy costs in a context of growth of economic activity, although at a lower pace

Net Profit grew to €79m (+36% vs. 9M2017)

The process of the voluntary takeover bid by DS Smith for 100% of the shares of the Europac Group continues as scheduled

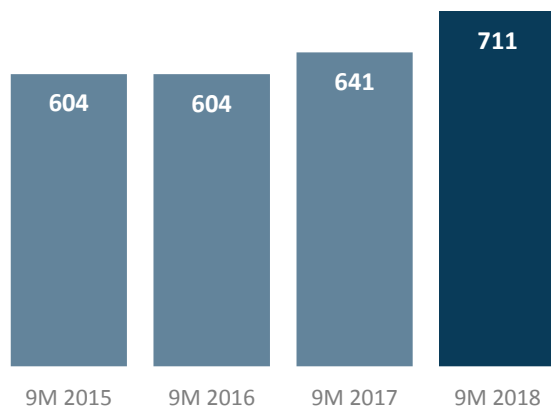
Net Profit grew by +36% vs. 9M2017



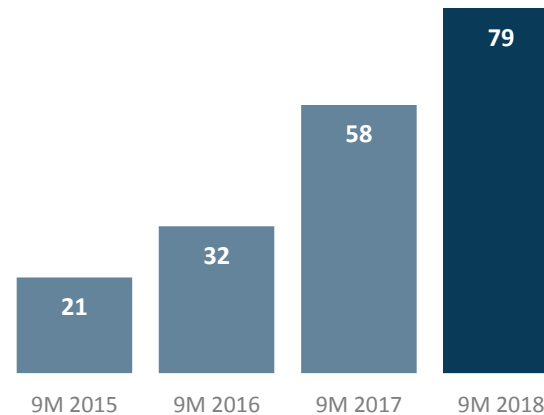
3Q 2017	3Q 2018	% diff.	€m	9M 2017	9M 2018	% diff.
313.0	303.0	-3.2%	Aggregate Revenue	876.9	943.6	7.6%
224.0	231.7	3.4%	Consolidated Revenue	641.1	711.4	11.0%
41.1	51.4	25.0%	Recurring EBITDA	104.0	157.0	50.9%
46.2	47.9	3.8%	Consolidated EBITDA	118.3	150.2	27.0%
20.6%	20.7%	0.1 pp	Consolidated EBITDA Margin	18.5%	21.1%	2.6 pp
34.3	35.6	3.6%	Consolidated EBIT	78.0	113.6	45.7%
32.4	33.9	4.8%	EBT	74.6	107.8	44.4%
26.0	24.7	-4.7%	Net Profit	58.2	79.1	35.8%
0.27	0.25	-6.5%	EPS*	0.60	0.80	33.3%

*The growth in EPS is lower than the growth in net profit due to the bonus issue in November 2017

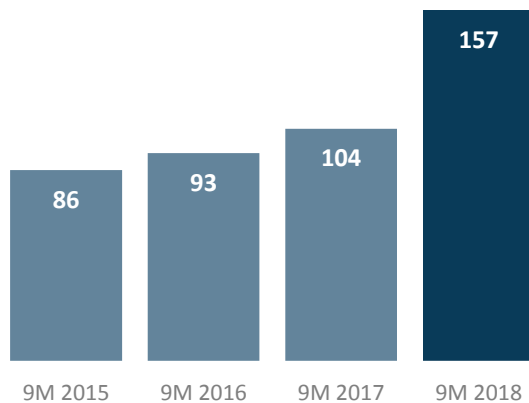
CONSOLIDATED SALES (€m)



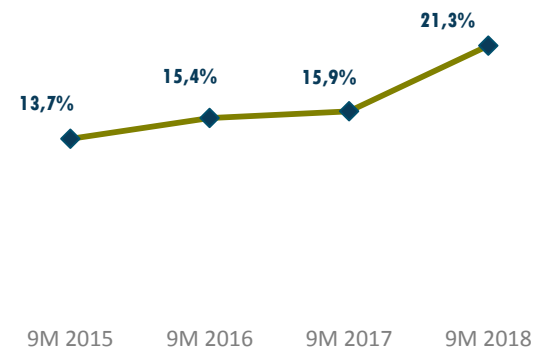
NET PROFIT (€m)



RECURRING EBITDA (€m)



RECURRING EBITDA MARGIN (LTM)



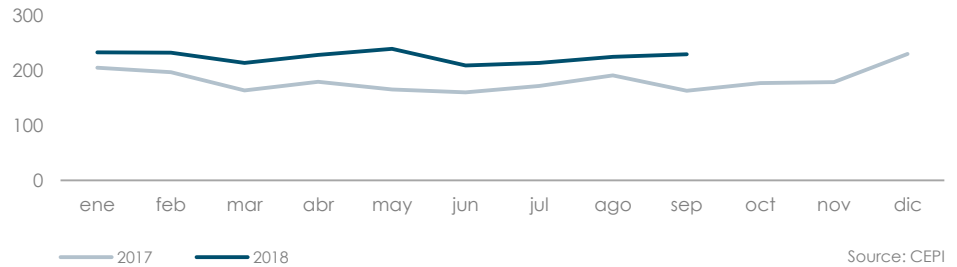
MARKET



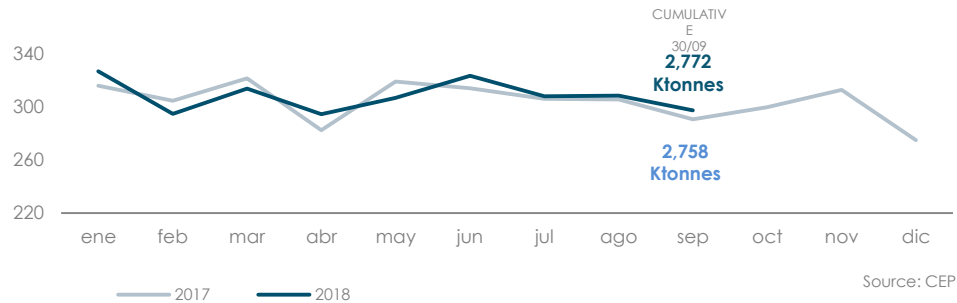
Market: kraft paper

- Stock at the end of September at higher levels than in the same month of the previous year. Higher availability of paper in the market, mainly due higher presence of American paper in Europe (+1.0% as at August 18) and moderation in the growth of economic activity
- Shipments at the same levels compared to the same period of the previous year (+0.5% cumulative to September).
- Prices have remained stable since May 2018.
- Increase in average prices in 9M2018 of €121/tonne compared with 9M2017
- From 31/12/17 to 25/09/2018, the price rose by €42/tonne to €740/tonne.

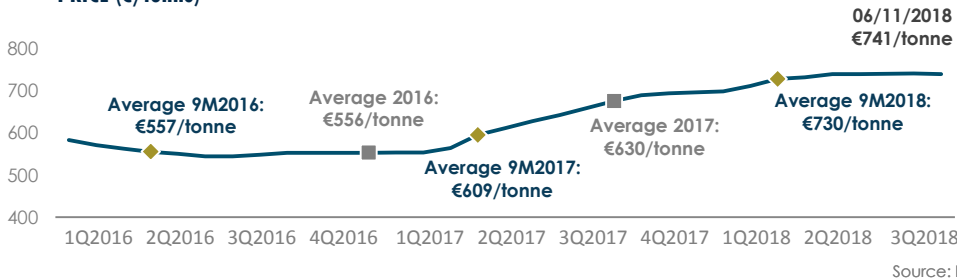
STOCKS (KTONNE)



SHIPMENTS (KTONNE)



PRICE (€/tonne)



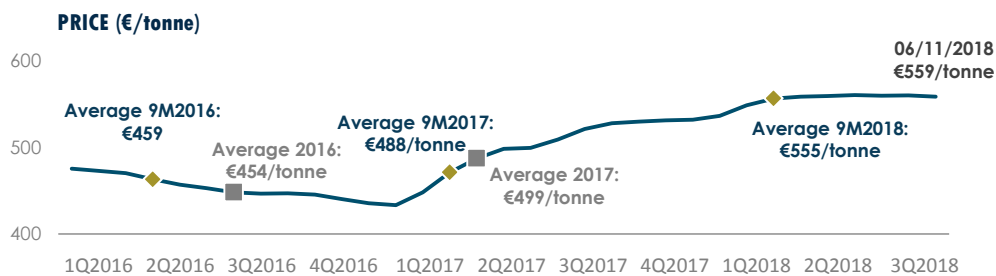
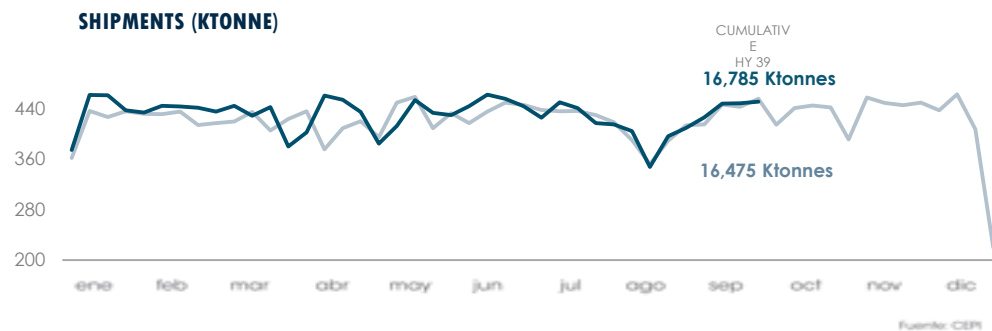
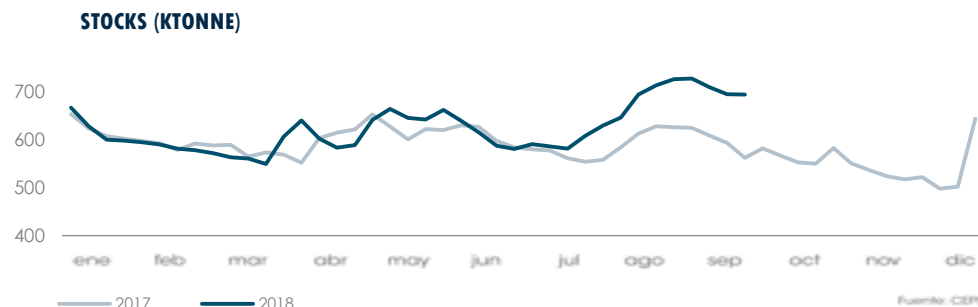
Market: recycled paper



- Higher stocks in the summer months as a result of lower activity over that season.

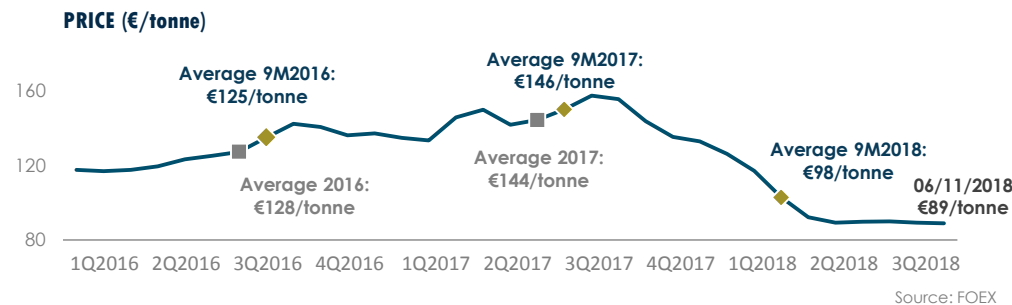
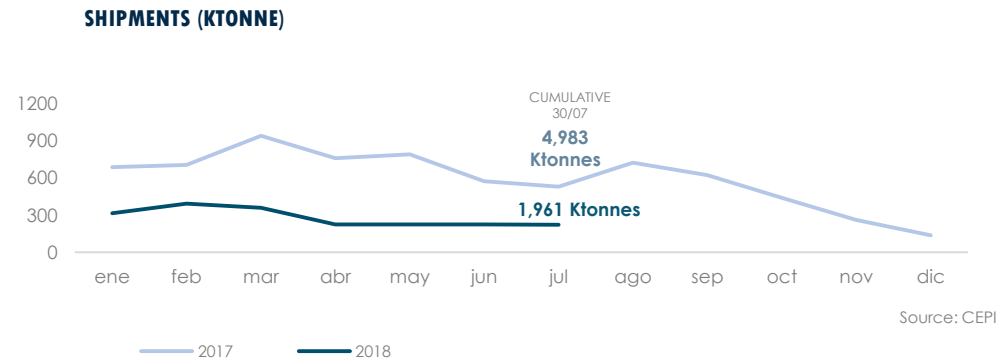
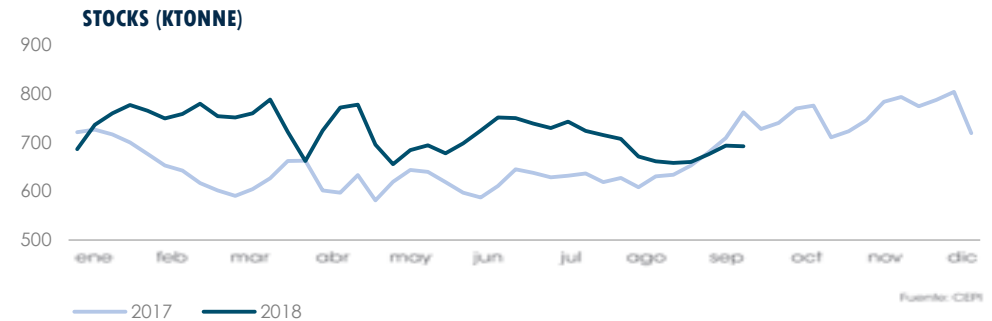
- Shipments by European manufacturers remain solid with a rise of 2% in the year thanks to the increase in exports. The new capacities of 2017 and 2018 continue being absorbed by final demand.

- Prices remain stable in 2018.
- Increase in average prices in 9M2018 of €67/tonne compared with 9M2017
- From 31/12/17 to 25/09/2018, the price rose by €25/tonne to €559/tonne.



Market: recovered paper

- Stability in stocks as a result of the search for other Asian destinations for exports and the start-up of new capacities.
- Exports to China from CEPI countries fell by 61% to July.
- Fall in prices as a result of increase in availability of the raw material in Europe.
- Reduction in average prices in 9M2018 of €48/tonne compared with 9M2017
- From 31/12/17 to 25/09/2018, the price fell by €40/tonne to €89/tonne.



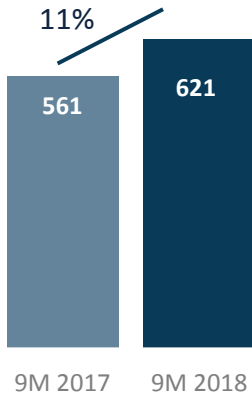
BUSINESS
—
LINES



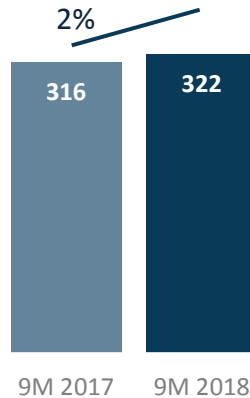
Revenue and Recurring EBITDA

REVENUE (€m)

PAPER (€m)



PACKAGING (€m)

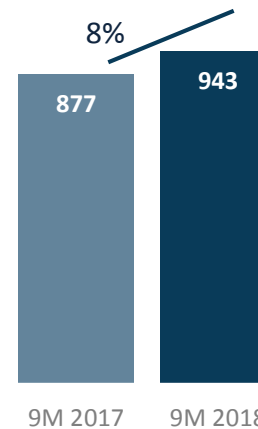


- Sales prices higher than 9M17. Current price stability.
- Higher production volume: kraftliner +7%, recycled +1%.
- Positioning in higher added value segments.

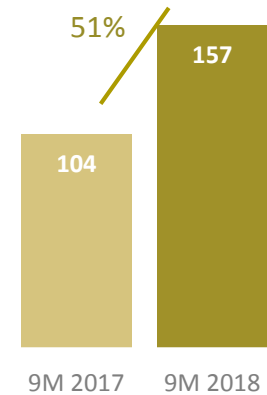
- Sales prices higher than 9M17.
- Price passed on to the market as planned.
- Growth in economic activity, although at a lower pace.

GROUP (€m)

REVENUE (€m)



EBITDA (€m)



- **Growth in EBITDA of +51%.**
- Lower recovered paper cost as a result of change in the model.
- Management projects in Packaging soften the impact of the rise in its raw material, paper.
- Management projects in Paper that neutralise inflation in energy costs.
- **Integrated management model**

SHAREHOLDER

REMUNERATION

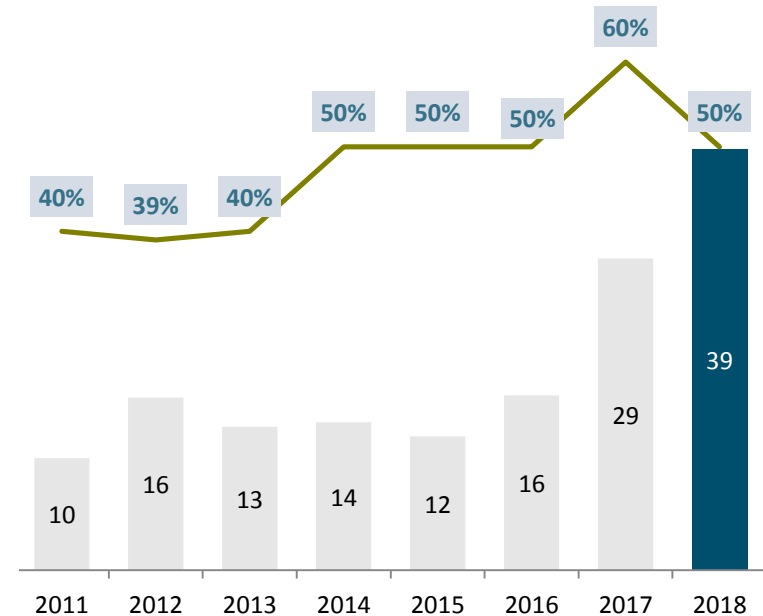


Shareholder remuneration

50% Payout

- Growth in dividend of +35%
- Interim dividend of €0.125/share paid on 26 February (€0.095 in 2017) and complementary dividend of €0.293/share paid on 4 July (€0.223 in 2017).
- Distribution of €0.418/share, €38.9m, which means a payout of 50%
- Europac joined the Ixex Medium Cap index in June 2018

DIVIDEND (€m) AND PAYOUT¹ (%)



¹Payout in the graph: over net profit of previous year

CONCLUSION



Growth in recurring EBITDA to €157m (+51% vs. 9M2017)

Stability in sales prices of recycled and kraftliner paper in third quarter. The purchase prices of recovered paper remain at low levels

Selling price increase in Packaging in line with forecasts

Increase in EBITDA despite rising energy costs in a context of growth of economic activity, although at a lower pace

Net Profit grew to €79m (+36% vs. 9M2017)

The process of the voluntary takeover bid by DS Smith for 100% of the shares of the Europac Group continues as scheduled

TAKEOVER BID

DS SMITH / EUROPAC



Process milestones

MILESTONE	DATE	
Announcement of the transaction	4 June 2018	✓
Request for authorisation of the bid from the CNMV	5 July 2018	✓
Approval of the proposed acquisition by the AGM of DS Smith	10 July 2018	✓
Admission for processing by the CNMV	16 July 2018	✓
Approval of European anti-trust authorities and CNMV (expected)	14 November 2018 European Commission deadline communicated	
Approval of CNMV (expected)	4Q 2018	
Deadline for acceptance of the bid by shareholders (expected)	4Q 2018	
Report of the Board of Directors of Europac*	4Q 2018	
Completion of the acquisition (expected)	4Q 2018	

The members of the Board of Directors of the Europac Group will issue the mandatory report on this takeover bid on the date established by applicable regulations once the CNMV has authorised the takeover bid and the Board receives the necessary financial reports and legal advice

The Europac Board of Directors approved the creation of a **work committee to monitor the takeover bid** made up of independent and "other external" directors.

** Maximum period of 10 calendar days from the start of the acceptance period*





TOGETHER, POWERING PACKAGING