



## RESULTS 3Q 2016

# EUROPAC INCREASES ITS NET PROFIT BY 53% AS AT SEPTEMBER

- So far this year, the net profit has reached a total amount of 32.0 million euros, compared with the 20.9 million registered in the first nine months of 2015
- The EBITDA for the period between January and September reached 89.9 million, which represents a 10.2% rise with respect to the figure reached over the same period last year
- The Packaging Division's EBITDA increased by 92% thanks to improvements in commercial and operational efficiency and the implementation of added value projects
- With regard to the Paper Division, the management improvements, the market's strength and the production volume increase stand out, compensating the variation in raw materials and sales prices
- There is an overall increase of results thanks to the structural improvements produced by internal management projects

**Madrid, 26 October 2016.-** The Board of Directors of the Europac Group (Papeles y Cartones de Europa, SA) has approved the results corresponding to the third quarter of 2016. The company registered a net profit of 32.0 million euros between January and September, which represents a 53.1% increase compared with the 20.9 million reached in the same period of 2015.

Moreover, in terms of stable consolidated sales, the EBITDA rose to 89.9 million, representing a 10.2% rise compared with the 81.5 million registered a year ago. Accordingly, the EBITDA margin's increase is worth noting, which stood at 14.9%, that is, 1.4 percentage points above the 13.5% recorded at the end of the third quarter of 2015. Lastly, the EBIT grew by 18.5%, reaching 53.9 million euros.

José Miguel Isidro, chief executive of the Europac Group, emphasised that *"the company's good results are the outcome of structural improvements produced by internal management projects of commercial and operational nature"*. Therefore, he added, *"we have been able to reduce our exposure to the environment and depend more on ourselves, which enables us to offer the market and our shareholders greater certainty in terms of meeting with the strategic goals that have been set"*.

### **Margin increase**

In terms of business, the Packaging Division's EBITDA amounted a total of 15 million euros between January and September, which represents a 92.2% increase compared with the same period of 2015. The margin reached 6.1% in the third quarter, which is well above the 2.4% registered for the same period of 2015. This is all the result of the improvement in internal management and the commitment towards projects with a higher capacity for providing greater added value to the Group's results, such as the packaging's high quality printing.



With regard to the Paper Division, the EBITDA reached 78.1 million so far this year, which is slightly higher than the 77.7 million achieved in the previous year. This slight rise is especially significant if we consider the variation of Kraft paper sales prices and the increase in the cost of recovered paper, which have been compensated by the rise in production volumes and the improvement in management. The latter factor contributed to the margin reaching 15.6%, which is higher than the 15.1% registered in the same period of 2015.

### **Investment recommendation**

Out of the twelve analysts who regularly follow the company, ten recommend purchasing. According to the market consensus, the average price of Europac stock is 6.00 euros per share, which is a revaluation potential above today's market opening of 24%. In this context, it is important to note the attractive shareholder remuneration of the company.

#### More information

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Complementary information on the evolution of the quarter and the businesses in the Consolidated Management Report for 3Q 2016:

<http://www.europacgroup.com/ES/RelacionInversores/InformacionEconomicoFinanciera/Pages/default.aspx>