

# Europac acquires a corrugated board plant in France

- The transaction enables to increase the production capacity of corrugated board immediately without making any further investment at other Europac sites in France
- The acquisition of this plant, which consumes 40,000 metric tons of paper a year, will increase the level of integration between the production of recycled paper and corrugated board to 70%
- The current volume derived from the transfer of goodwill is ensured by the agreement with SCA
- The geographic location of the plant will enable the commercial coverage of the northern region of France to be increased and will decongest Europac Cartonnerie Atlantique
- After this new acquisition, Europac has now one recycled paper machine and four corrugators in France.

**Madrid, December 13<sup>th</sup> 2010.-** The Europac Group (Papeles y Cartones de Europa, S.A.) has acquired a new corrugated board plant in France, which previously belonged to the Scandinavian paper group SCA. The present replacement value of the acquired assets would be in the region of 35 million euros.

The transaction consisted of the transfer of the goodwill and all the operational assets of the facility to Europac Cartonnerie de Rouen (ECR), a wholly owned subsidiary of the Europac Group in France. This transfer was implemented on the basis of paper acquisition-related commercial agreements between the two companies.

The plant, which currently produces 64 million m<sup>2</sup> of corrugated board a year, will allow Europac to increase its production capacity immediately without making any further investment in the company's other corrugated board plants in France. More specifically, the acquisition avoids having to make potential investments in its three corrugated board plants over the next three years that could amount to 32 million euros. However, the current volume derived from the transfer of goodwill is ensured by the agreement with SCA.

## **Integration and strategic value**

The new corrugated board plant consumes 40,000 metric tons of paper a year. The purchase of these 40,000 metric tons will be integrated gradually into the group's paper machines. Therefore, the incorporation of the new plant to the company's structure will increase the level of integration between the production of recycled paper and corrugated board sheet from 63% to 70%.

According to Enrique Isidro, Europac's CEO, *"this acquisition forms part of the strategy to make Europac a global supplier in the French market, thereby improving the*



*Papeles y Cartones de Europa*

coverage of major accounts". As a result of this transaction, Europac's market share of corrugated board in France stands at approximately 7%.

The geographic location of the new plant has a threefold strategic value for Europac. Firstly, it enables to increase commercial coverage in the northern region of France. It also enables to decongest Europac Cartonnerie Atlantique, which, with an annual production of 120 million m<sup>2</sup> is at the limit of its production capacity, with the transfer of goodwill close to the new plant. Finally, the new plant is 45 kilometres from Europac Papeterie de Rouen, which means significant savings in transport costs.

### **Europac in France**

This new acquisition strengthens the company's position in the French market. Europac's structure in France currently consists of one recycled paper plant with an expected production capacity for 2011 of 280,000 metric tons, and four corrugated board plants with joint production of 300 million m<sup>2</sup> a year. The corporate transactions leading to this structure were carried out between June 2008 and November 2010.

The new corrugated board plant, with 22,000 m<sup>2</sup> of workshops on a 60,000 m<sup>2</sup> site, has one corrugator and six converting lines. Its production capacity at its actual configuration is 120 million of m<sup>2</sup> a year, which implies a margin of 87% production increase over the 64 million m<sup>2</sup> produced today.

*For further information:*

*José Luis González / Gonzalo Torres*

KREAB & GAVIN ANDERSON

Tlf: 91 702 71 70 / 661 850 384 / 610 275 845

[jlgonzalez@kreabgavinanderson.com](mailto:jlgonzalez@kreabgavinanderson.com)

[gtorres@kreabgavinanderson.com](mailto:gtorres@kreabgavinanderson.com)

*Ángel Palencia*

EUROPAC

Tlf: 91 350 34 17 / 627 33 67 15

[apalencia@europac.es](mailto:apalencia@europac.es)