

# Grupo Empresarial Ence

**Closure of project finance plant biomass of 50  
MW in Huelva**

June 2011





**1**

**Close of first project finance in Spain for a biomass plant**

**2**

**50MW: a plant whose execution consolidates the growth strategy for biomass and its visibility**



1

**Close of first project finance in Spain for a biomass plant**

2

**50MW: a plant whose execution consolidates the growth strategy for biomass and its visibility**

# Financing of the 50MW plant in Huelva: summary of amounts and terms of the transaction



## Industrial capex

- Total capex: 135.1M€ <sup>(1)</sup>
  - Industrial capex: 112.0M€ (EPC and gas and electrical infrastructure)
  - Pending capex. 23.1M€ <sup>(2)</sup>

## Leverage and debt levels

- 75% debt – 25% equity
- Senior debt: 101,3M€

## Terms and margins

- 12 years: 2 years construction and 10 years amortization (semiannual)
- Reference Type: EURIBOR 6 months
  - Margin years 1-4: 3.25%
  - Margin years 5-8: 3.50%
  - Margin year 9 onwards: 3.75%

75% of debt covered at 3.5% fix rate

## Cash Sweep

- 50% of FCF until repayment of 50% of the debt
- 25% of FCF until repayment of 65% of the debt

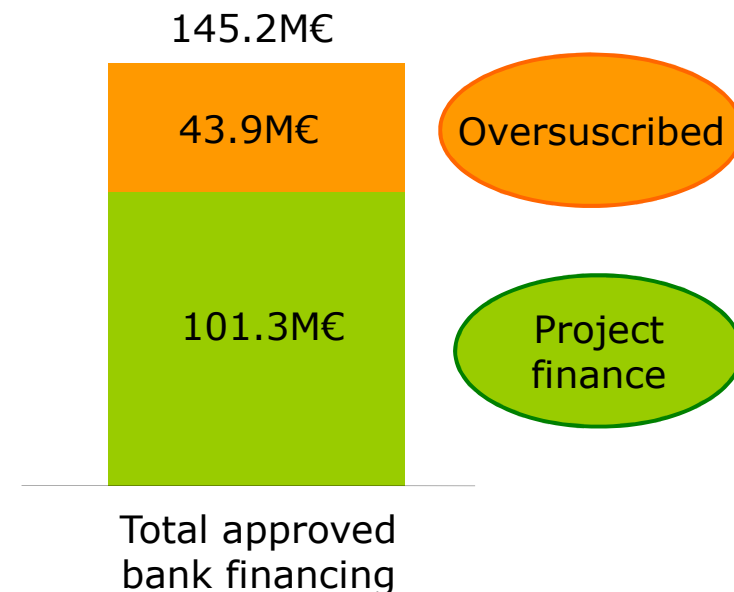
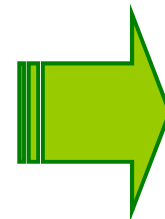
(1) Additionally, investment in energy crops amounts to about € 43M, financed with own resources

(2) Includes capitalized interest, reserve endowment fund debt service, commissions and promotional expenses

# Significant interest from financial institutions despite the difficult market environment ...



## A syndicated loan with 7 reference entities

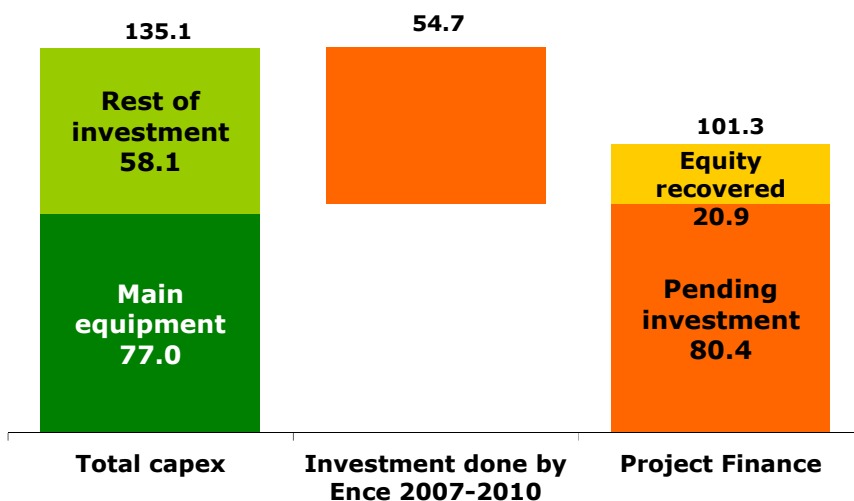


- The overall risk approved by credit committees from financial institutions amounted to € 145M, **40% above the required funds**
- The excess of funding available over € 101M required for the project finance of Huelva, **would fund an additional project**

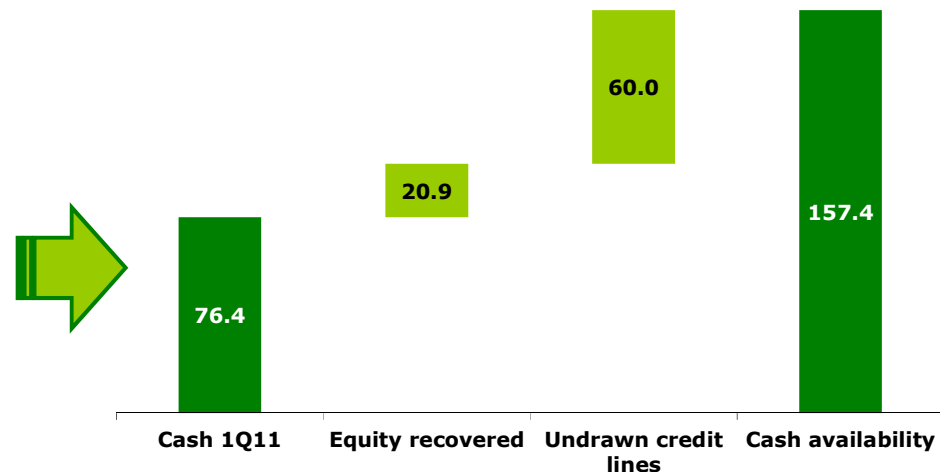
# ... improving the cash position following the signing of the financing for Huelva ...



Funding structure of the plant of 50MW



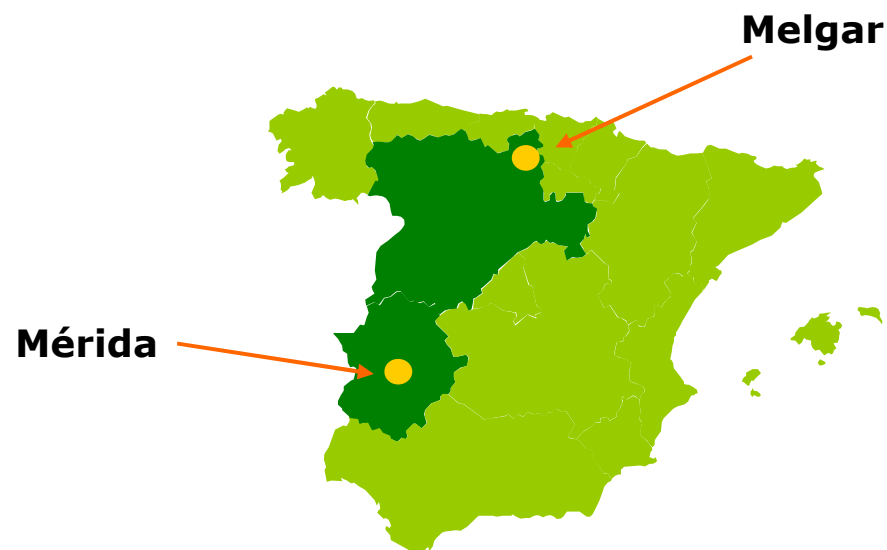
Net cash after transaction



Note: cah at the close of 1Q11 adjusted for the dividend (25.8 M €)

- The ratio of equity achieved (25%) has allowed the partial recovery of the cash invested to date
- As a result there is a further improvement in the liquidity position of the company up to 157.4 M €

## ... and having more flexibility to fund the next two projects



	Mérida	Melgar
Punto de conexión	✓	✓
Water concession	3Q11	✓
Integrated Environmental Authorization	✓	3Q11
Administrative approval	3Q11	4Q11
Planning permission	3Q11	4Q11
Preregistration	4Q11	4Q11

Note: estimated timing

- Advanced stage of the projects of Merida and Melgar, for which is expected its preregistration in the special energy regime in the fourth quarter of 2011
- 30% of the hectares for energy crops already captured. Portfolio of over 100% of needs under study
- Cash recovery after the signing of project finance (20.9 M €) and cash flow generation resulting from the business strength of cellulose, will address the funding of these projects with a very limited impact on corporate debt levels



1

Close of first project finance in Spain for a biomass plant

2

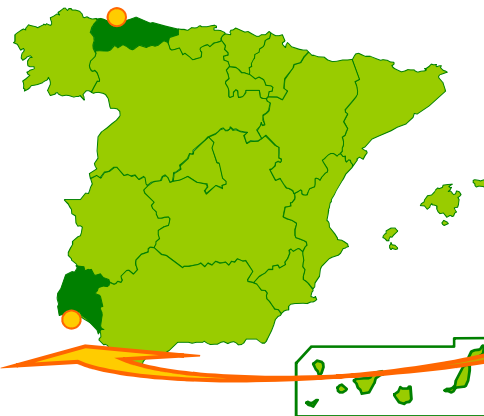
**50MW: a plant whose execution consolidates the growth strategy for biomass and its visibility**



# Huelva: the second step in the growth plan for biomass power generation



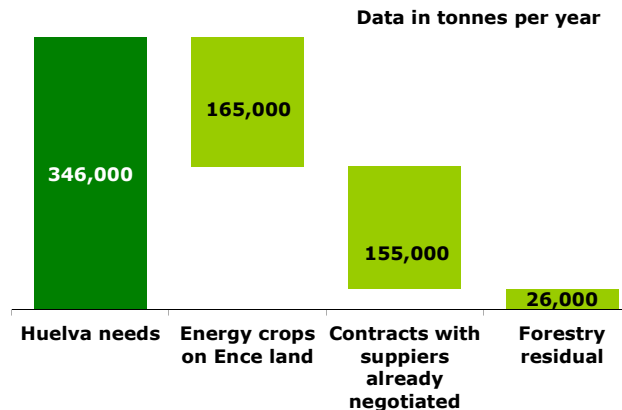
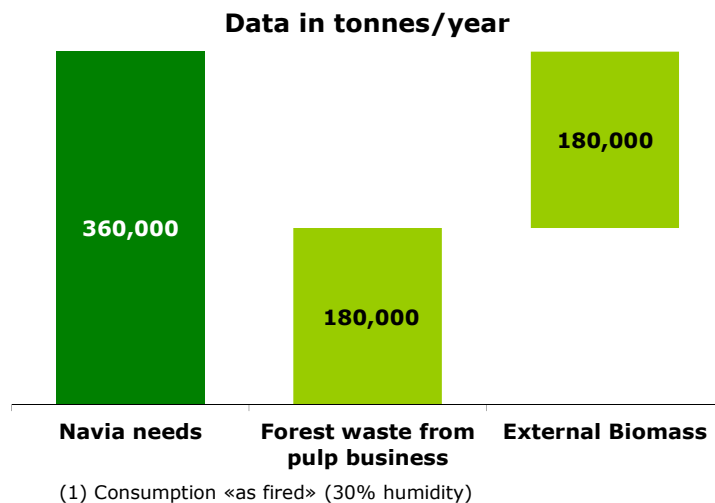
Navia	
Capacity	37 MW
Availability	28MW until 2012 due to grid constraints
Sales	188 GWh in 2010
Consumption <sup>(1)</sup>	360,000 tonnes
Supply mix	Forestry residual: 100%



Huelva	
Capacity	50 MW
Production	c. 7.760 hours / year
Sales	337 GWh
Consumption <sup>(1)</sup>	346,000 tonnes
Supply mix	Energy crops: 70% Forestry residual: 30%

## Supply plan (Huelva)

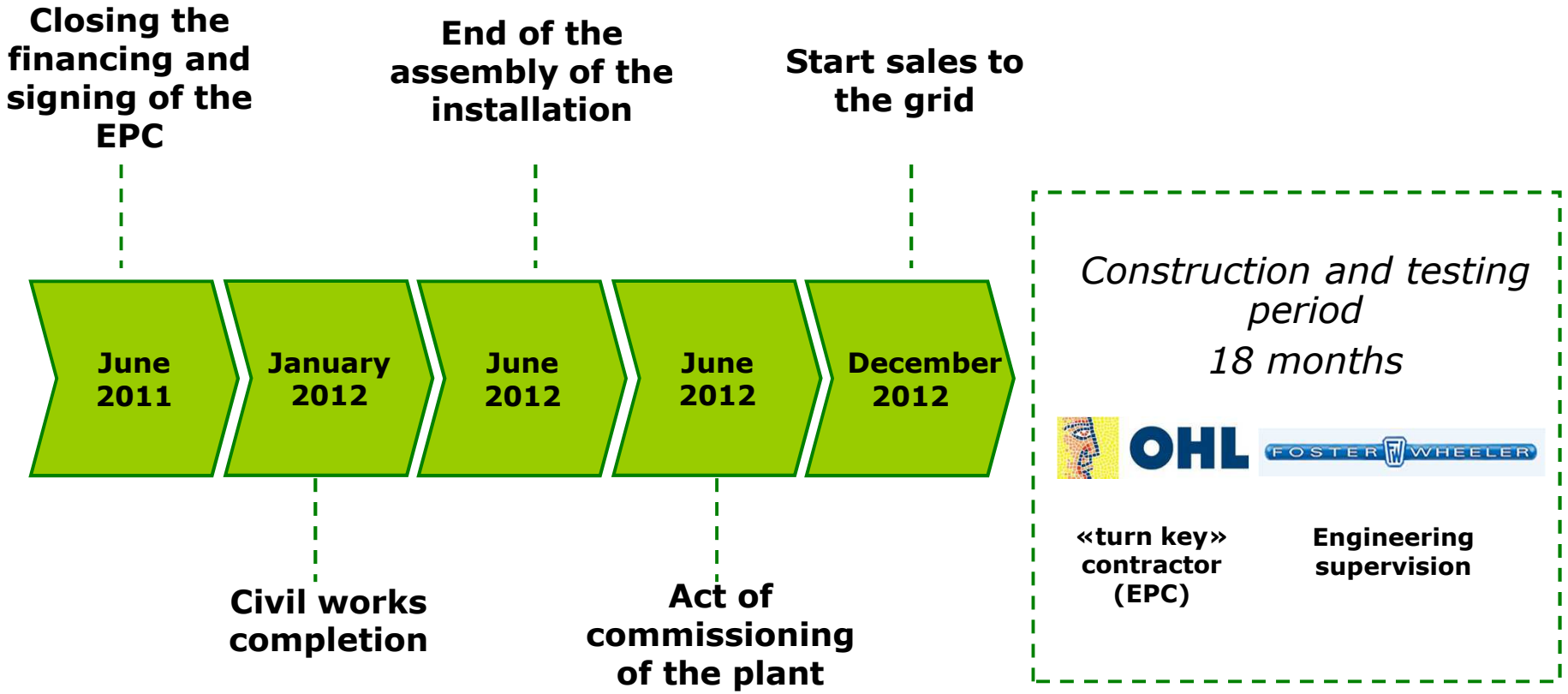
## Supply plan (Navia)



- Ence has decided to maintain a balance between land irrigated and rainfed
- Additionally, there is a nursery in Huelva 8 million clones for planting energy crops
- Investment in recruitment, preparation and planting the land is distributed during the period, a total of approximately 43 M €

	Irrigated land	Non irrigated	Use change
Ha	1,999	10,271	5,164
Infrastructure (M€)	2,726	-	-
Plantation (€/Ha)	1,360	1,270	-
Maintenance (€/Ha)	440	120	120

# Construction schedule: EPC and engineering of the property as collateral execution



# Main operating magnitudes

	2013	2014	2015
<b>Nominal capacity</b>	50MW	50MW	50MW
<b>Self-consumption and losses</b>	13%	13%	13%
<b>Availability <sup>(1)</sup></b>	83%	92%	97%
<b>Sales</b>	287GWh	321GWh	337GWh
<b>Income</b>	44.3M€	54.3M€	58.3M€
<b>EBITDA <sup>(2)</sup></b>	17.5M€	24.1M€	25.6M€

**In addition to the profitability of the power plant, the parent company will benefit from recurring cash derived from forest management (net of production cost), the administrative and technical support, and the operation and maintenance fees from 2015**

### Cash inflows

2013	3.9M€
2014	7.4M€
2015	8.9M€

(1) Calculated on a potential operation of 8,000 hours per year

(2) The EBITDA includes maintenance investments, so the capex is limited to € 1m every 6 years to maintain the performance levels of the facility



# Conclusions

1. We **successfully closed the first structure "project finance" for biomass** in Spain to execute the construction of a 50MW plant in Huelva with a total investment of € 135M, **in line with market conditions communicated to the market ...**
2. ... **with the support of the main Spanish financial institutions** in a complex economic and financial environment, demonstrating the quality of the project and our **ability to supply biomass at the right volume, time and cost ...**
3. ... **recovering 20.9 M € cash at the closing of the transaction**, equivalent to the contribution of capital required for the execution of the industrial investment for 1.5 projects of 20MW ...
4. ... and **eliminating construction risk** by signing an EPC contract with the OHL and the funding of the investment at 100%

*The structuring of the financing of the plant of 50MW, with an over-subscription of 40%, significantly increases the visibility of the 210MW expansion plan of the Group*

**Ence**  
Innovating by nature

