

**ENCE ENERGÍA Y CELULOSA, S.A.** (the “**Company**”), pursuant to article 228 of the Securities Market Act, communicates the following:

## RELEVANT EVENT

### IMPACTS OF THE WORST POSSIBLE SCENARIO

On the occasion of the acquiescence filed by the General State Administration in the proceedings followed against the resolution by which the Company was granted the extension of the public domain concession owned by the Company in Pontevedra (notified by Relevant Event with number of registry 276029) and in order to facilitate its economical assessment **in the worst case scenario**, the Company has analyzed the economic impact that would derive from an eventual situation in which:

- (i) the legal actions taken by the Company to defend the validity of the extension granted by the General State Administration in 2016, including the ordinary and extraordinary appeals filed before the highest judicial authorities, had been exhausted without success,
- (ii) an acceptable alternative for the Company that would allow the continuity of the activity of the pulp mill in Pontevedra (hereinafter, the “**Biofactory**”) had not been found, and
- (iii) the foregoing would imply the cessation of activity of the Biofactory

For fiscal year 2018, the EBITDA of the Company reached 291 million euros, of which 245 million correspond to the pulp business, and, specifically, 99 million come from the Biofactory.

In the unlikely event that the abovementioned cessation of activity occurred, the one-off impact on the income statement would be around 185 million euros. An amount of 74 million euros of the previous figure would have an impact on cash, of which 43 million would correspond to dismantling actions, 16 million to the cancellation of existing contracts (based on the dismantling experience of the former Huelva mill) and 15 million to the cost of employment regulation of total extinction. The remaining figure of 111 million would have no cash effect, since it would respond to an asset impairment by that amount.

**In the event of the worst case scenario**, the strength of the balance sheet of the Company and its low indebtedness, together with the high prices of cellulose foreseen for the coming years, would allow the Company to face this unexpected situation by reformulating its strategic plan without renouncing its objectives.

In Madrid, on March 15, 2019