Delivering value
Delivering commitments

March 2020
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The aforementioned data relating to future forecasts are based on numerous assumptions regarding the current and future business strategy of Ence and the environment in which it expects to be situated in the future. There is a series of important factors which could cause the situation and results of Ence to differ significantly from what is expounded in the data relating to future forecasts, including fluctuation in the price of wood pulp or wood, seasonal variations in business, regulatory changes to the electricity sector, fluctuation in exchange rates, financial risks, strikes or other kinds of action carried out by the employees of Ence, competition and environmental risks, as well as any other factors described in the document. The data relating to future forecasts solely refer to the date of this presentation without Ence being under any obligation to update or revise any of said data, any of the expectations of Ence, any modification to the conditions or circumstances on which the related data are based, or any other information or data included in this presentation.

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Ence at a glance
Resilient business model, strong CF generation capacity & sustainable growth

| **Leading European eucalyptus pulp (BHKP) producer** with 1.2 Mn tons of installed capacity and largest Spanish renewable energy generator with agroforestry biomass with 316 MW of installed capacity |
| **Global demand growth for wood pulp** driven by increasing living standards in emerging countries |
| **Strong competitive position in Europe:** highly efficient facilities, JIT service and differentiated offering |
| **Renewable Energy** earnings secured by **stable regulation** and Ence’s **strong expertise** |
| **Excellence in Sustainability:** safe & eco-efficient operations, sustainable products, involvement with local communities and rural development |
| **Strong cash flow generation capacity** |
| **2019 – 2023 Strategic Plan** focused on growth, diversification, excellence in sustainability & financial discipline |
| Stepwise **investment plan subject to financial discipline** |
| **Dividends:** 50% pay out policy |
Juan Luis Arregui, Honorary Chairman and largest shareholder is founder of Gamesa and former Vice Chairman of Iberdrola.
Pulp & Renewable Energy
Two businesses financially and operationally complementary & independent

Pulp Business

Leading European producer with 1.2 Mn tons of installed capacity:
- Navia: 685,000 t
- Pontevedra: 515,000 t

Cyclical pulp business, dependent on the global pulp price in dollars

Based on Ence’s wood supply management expertise

Long-term financing without maintenance covenants and ample liquidity

Net Debt to EBITDA target below 2.5x

Renewable Energy Business

Largest biomass operator in Spain with 316 MW of Renewable Energy installed capacity & 405 MW pipeline with access to the grid

Regulated Renewable Energy business provides stability and high visibility of revenues

Based on Ence’s agroforestry biomass supply management expertise

Long-term financing and ample liquidity

Net Debt to EBITDA limit of 4.5x

Both business are independently financed and reported

FY 2019
1. Pulp Business
Ence is a leading European hardwood pulp producer with 1.2 Mn tons of installed capacity, competing in the global Chemical Market Pulp industry.

Source: RISI – Jan 2020; PPC G-100 Dec 2019
Fastest growing tissue & hygienic products segments
Account for close to 50% of global market pulp demand

Tissue paper per-capita consumption
Kg/year

13% of world population

North America 26
Western Europe 16
Japan 16
Oceania 12
Latam 7
Eastern Europe 7
China 6
Middle East 4
Other Asia 3
Africa 1
India 0.1

Driven by urban population growth and increasing living standards in emerging countries

Tissue annual consumption growth
‘000 t

Source: RISI 2018

2009 578
2010 972
2011 1,121
2012 766
2013 1,133
2014 922
2015 1,370
2016 1,301
2017 1,197
2018 836
2019 1,016

Source: PPPC

3.3% CAGR 2009-19

Driven by urban population growth and increasing living standards in emerging countries
Hardwood pulp vs. Softwood pulp
Eucalyptus pulp is cheaper to produce and best suited for tissue production

Hardwood pulp (BHKP)

Most hardwood pulp comes from eucalyptus wood
Best suited for paper products with high smoothness, opacity and uniformity (i.e. tissue)

Substitutive materials

Softwood pulp (BSKP)

Most softwood pulp comes from pine wood
Best suited for paper requiring higher durability and strength (i.e. printing & writing)

IBERIAN GLOBULUS
- Forestry yield: 12 - 18 m³ / ha / year
- Harvesting cycle: 12 - 15 years
- Industrial yield: 2.6 - 3.0 m³ / ton of pulp

Long Term net average spread of 100 $/t

NORDIC SCOTS PINES
- Forestry yield: 2 - 4 m³ / ha / year
- Harvesting cycle: 50 - 70 years
- Industrial yield: 4.8 - 5.2 m³ / ton of pulp

Eucalyptus only grows under specific climate conditions, usually in warm subtropical regions
More abundant pines are better adapted to cold climates

Low production cost

High production cost
Eucalyptus only grows under specific climatic conditions.
Iberia is amongst the most efficient locations for pulp production.

Global Market Pulp Cash Cost Curve by geography (CIF Europe)

US$ / t

Hardwood Pulp (BHKP)  Softwood Pulp (BSKP)

Source: “Outlook for Market Pulp report December 2019”, Hawkins Wright
Superior demand growth for Eucalyptus pulp
Which is leading global market pulp demand growth

Total market pulp demand evolution
Last 10 years

- Softwood (BSKP): +2.1% CAGR
- Hardwood (BHKP): +3.7% CAGR
- Other: -2.4% CAGR

Mn tons

Source: PPCG-100

Hardwood pulp demand evolution
Last 10 years

- Eucalyptus pulp (BEKP): +4.8% CAGR
- Other Hardwood (BHKP): 1.4% CAGR

Mn tons

Source: PPCG-100

The more efficient and best suited eucalyptus pulp is gaining market share against other hardwood and softwood pulp, following a demand increase of 10 Mn tons in the last 10 years
China, Europe and North America are net importers of hardwood pulp (BHKP)

Source: PPPC G-100; RISI
Concentrated supply markets with high entry barriers
Next capacity increases are managed by incumbents

Top 10 softwood pulp producers account for 67% of global BSKP market share

Global market share
Softwood pulp (BSKP)

- International Paper: 12%
- Koch: 8%
- Metsa: 8%
- Domtar: 6%
- Paper Excellence: 5%
- Illim: 5%
- Stora Enso: 4%
- All other: 33%

Source: RISI 2018

Top 10 hardwood pulp producers account for 76% of global BHKP market share

Global market share
Hardwood pulp (BHKP)

- Suzano: 29%
- All other: 21%
- Ence: 3%
- Altri: 3%
- El Dorado: 4%
- CMPC: 8%
- UPM: 5%
- April: 8%
- Arauco: 6%
- APP: 7%
- Mercer: 6%

Source: RISI 2018
No large capacity increases confirmed until 2H 2021
Minimum lead time for new projects close to 3 years

Expected Annual Increase for Global Market Pulp Supply & Demand
Mn t\(^1\)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>ESTIMATED ANNUAL MARKET PULP DEMAND INCREASE</td>
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<td>1.5</td>
<td>3.0</td>
<td>1.5</td>
<td>4.5</td>
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<td>6.0</td>
<td>1.5</td>
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<td>0.9</td>
<td>0.3</td>
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<td>0.9</td>
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<td>SUZANO (ARACRUZ)</td>
<td>BHKP</td>
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<tr>
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<td>BHKP</td>
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<tr>
<td>ARAUCO (HORCONES)</td>
<td>BHKP</td>
<td>0.3</td>
<td>0.3</td>
<td>0.9</td>
<td>1.2</td>
<td>1.2</td>
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</tr>
<tr>
<td>UPM (PASO DE LOS TOROS)</td>
<td>BHKP</td>
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<td>0.5</td>
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<td>APP (OKI)</td>
<td>BHKP</td>
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<tr>
<td>APRIL (KERINCI)</td>
<td>BHKP</td>
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<td>-0.5</td>
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<td>-0.2</td>
<td>-0.5</td>
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<td>-0.7</td>
<td>-0.2</td>
<td>-0.9</td>
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<td>ILIM (BRATSK)</td>
<td>BHKP</td>
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<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
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<tr>
<td>ENCE (NAVIA &amp; PONTEVEDRA)</td>
<td>BHKP</td>
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<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
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<td>MONDI (RUZOMBEROK)</td>
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<tr>
<td>ILIM GROUP (UST-ILIMSK)</td>
<td>BSKP</td>
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<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
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<tr>
<td>SCA (OSTRAND)</td>
<td>BSKP</td>
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<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
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<tr>
<td>STORA (ENOCELL)</td>
<td>BSKP</td>
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<td>-0.2</td>
<td>-0.3</td>
<td>-0.3</td>
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<td></td>
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<td>UNEXPECTED &amp; NON COMPETITIVE ANNUAL CAPACITY CLOSURES</td>
<td>-0.5</td>
<td>-0.5</td>
<td>-1.0</td>
<td>-0.5</td>
<td>-1.5</td>
<td>-0.5</td>
<td>-2.0</td>
<td>-0.5</td>
<td>-2.5</td>
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<tr>
<td>SURPLUS / DEFICIT</td>
<td>-1.4</td>
<td>-2.2</td>
<td>-3.6</td>
<td>-0.6</td>
<td>-4.2</td>
<td>-0.9</td>
<td>-5.1</td>
<td>-2.4</td>
<td>-7.5</td>
</tr>
</tbody>
</table>

Source: ENCE estimates

1. Estimates correspond to the expected increase in supply and demand of market pulp for paper production. It excludes therefore the production of integrated pulp and other pulp grades such as Dissolving Pulp or Fluff.
Ence’s competitive advantages in the pulp business
JIT service and differentiated offering to European clients

Access to eucalyptus plantations around our pulp biomills

Eucalyptus only grows under specific climatic conditions

Diversification into pine

Unique supply chain

Eucalyptus Pulp is cheaper to produce than softwood Pulp

80% of Softwood products can be produced with Hardwood pulp

Technical team dedicated to pulp usage transformation

High quality pulp and differentiated offering

Totally chlorine free

7 de-commoditized products, not easy to replicate with commodity pulp

Privileged access to the European market

Just in time service (5-7 days delivery vs. 40 days for Latam deliveries)

Lower logistics costs

High client diversification

Sales force capillarity >100 customers

Top customer service
Ence’s revenue breakdown
Focus on European market and on higher growing segments

Breakdown of revenue by end product

- 58% Tissue
- 8% P&W
- 31% Specialties
- 3% Packaging

Tissue & Specialties paper remain the main end uses given to the pulp sold by Ence

89% of revenue from pulp sales

Breakdown of revenue by geography market

- 20% Germany
- 19% Iberia
- 18% Other
- 11% Other Western Europe
- 6% Other Eastern Europe
- 9% Poland
- 6% Italy
- 10% France

Most of the pulp produced by Ence is sold in Europe

82% of revenue from pulp sales

Source: Ence FY2019
Pulp prices bottoming out in 1Q20
From their 10 year lows reached in 4Q19

The prospect of a slowdown in global economic growth, coupled with heightened trade tensions between China and the US, prompted sudden inventory destocking in the paper industry in 4Q18 and 1Q19, following apparent over-purchasing in previous quarters.
Pulp business stepwise investment plan
Subject to our financial discipline

Stepwise investment plan with 4 independent projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost (€ Mn)</th>
<th>Capacity (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansion in Pontevedra</td>
<td>€30 Mn</td>
<td>20,000</td>
</tr>
<tr>
<td>Expansion in Navia</td>
<td>€75 Mn</td>
<td>80,000</td>
</tr>
<tr>
<td>Adaptation for hygienic absorbent products</td>
<td>€40 - 50 Mn</td>
<td>120,000</td>
</tr>
<tr>
<td>Dissolving Pulp for viscose fiber products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Swing line at Navia</td>
<td>€450 Mn</td>
<td></td>
</tr>
<tr>
<td>Hardwood Paper Grade Pulp (BHKP)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Navia**: 80,000 t and Pontevedra 20,000 t capacity expansions successfully executed in 2019

Gradual reduction of BHKP cash cost (€/t)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Cost (€/t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>372</td>
</tr>
<tr>
<td>2021</td>
<td>370</td>
</tr>
<tr>
<td>2022</td>
<td>367</td>
</tr>
<tr>
<td>2023</td>
<td>365</td>
</tr>
</tbody>
</table>

- **The Board** has confirmed the postponement of Strategic Plan Investments pending in the Pulp business, aiming at a Net Debt to EBITDA ratio below 2.5 times at average cycle prices.

- Cost optimization program launched in 3Q19, in order to achieve the Strategic Plan’s annual cash cost targets.
Pontevedra’s Biomill legal status
A first resolution from the National Court is expected in the coming months

On January 2016 the National Directorate of Coasts granted the extension of Pontevedra’s concession until 2073

- The 1958 biomill's original concession was extended for 60 years (starting November 8th 2013) by the National Directorate of Coasts via a resolution dated January 20th 2016 by virtue of: (i) Law 2/2013, on coastal protection and sustainability and amending the Coastal Act (22/1988); & (ii) General Coast Regulations enacted (Royal Decree 876/2014)

We expect a first resolution from the National Court in the coming months

- 3 court cases initiated by Pontevedra’s City Council and two environmental associations before the National Court’s Chamber for Contentious Administrative Proceedings, appealing Jan. 20th 2016’s resolution
- On March 8th 2019, the National Directorate of Coasts conceded in all 3 lawsuits, i.e., it requested to have the claims upheld, despite having previously argued throughout all of the proceedings that the Ministerial Order Resolution of January 20th 2016 was totally legal
- On April 10th 2019, the National Court’s Chamber for Contentious Administrative allowed Ence to defend the case
- Court case in its final stage. The National Court's first resolution is expected in the coming months.

The legal case against the extension could last for up to 4 years, including any appeals before higher courts

- The investments carried out or committed since the extension of the concession for the period of 2016 – 2019 amount to approx. €130 Mn
- In the unlikely event of operations being discontinued, the cash impact would amount to €74 Mn (€43 Mn corresponding to dismantling actions, €15 Mn to the cost of employment regulation of total extinction and €16 Mn to the cancellation of existing contracts)

€130 Mn invested in the biomill since the extension of the concession in 2016

Given the uncertainty, the Board of Directors decided to concentrate the investments of the Business Plan in Navia’s biomill

- Investments of €250 Mn initially planned to increase capacity in Pontevedra will be reallocated to Navia’s biomill, in order to double the initially planned swing line up to 340,000 t of BHKP or 200,000 t of dissolving pulp.
2. Renewable Energy Business
Current asset base and new biomass plants
316 MW of installed capacity

Current Power Plants Portfolio

- Biomass power plants
  170 MW

- New biomass power plants commissioned in 1Q 2020
  96 MW

- Solar thermal power plants
  50 MW

- MÉRIDA
  20 MW

- HUELVA
  46 MW
  50 MW
  41 MW

- CIUDAD REAL
  50 MW
  50 MW

- JAÉN
  16 MW

- CÓRDOBA
  27 MW
Renewable energy pipeline: 405 MW with grid access and locations
Laying the foundations for future growth

Pipeline

- **240 MW in PV**
  - Access to the grid secured
  - High irradiation locations
  - Environmental authorizations in progress
  - ROE target: 7.9%

- **140 MW in Biomass**
  - Access to the grid secured
  - Location secured
  - Awaiting European and Spanish Renewable Energy Plan
  - ROE target: 9.4%

- **25 MW in Hybridization**
  - Access to the grid secured
  - Location secured
  - Awaiting European and Spanish Renewable Energy Plan
  - ROE target: 8.4%

Locations:
- ANDALUCÍA: 240 MW, 90 MW
- CIUDAD REAL: 25 MW, 50 MW
New biomass power plants are more efficient
Due to fuel flexibility, higher efficiency factor and fixed costs dilution

<table>
<thead>
<tr>
<th>Biomass power plant location</th>
<th>Capacity MW</th>
<th>End of regulatory life</th>
<th>Construction Capex € Mn / MW</th>
<th>Boiler technology</th>
<th>Efficiency factor</th>
<th>Fuel flexibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Huelva</td>
<td>41</td>
<td>2025</td>
<td>Fluidized bed</td>
<td>26%</td>
<td>Limited</td>
<td></td>
</tr>
<tr>
<td>Ciudad Real</td>
<td>16</td>
<td>2027</td>
<td>Pulverized fuel boiler + stoker grate</td>
<td>24%</td>
<td>Inflexible</td>
<td></td>
</tr>
<tr>
<td>Jaén</td>
<td>16</td>
<td>2027</td>
<td>Pulverized fuel boiler + stoker grate</td>
<td>24%</td>
<td>Inflexible</td>
<td></td>
</tr>
<tr>
<td>Córdoba</td>
<td>14</td>
<td>2031</td>
<td>Reciprocating grate</td>
<td>26%</td>
<td>Inflexible</td>
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<td>Huelva</td>
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<td>2037</td>
<td>Fluidized bed</td>
<td>30%</td>
<td>Limited</td>
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<tr>
<td>Mérida</td>
<td>20</td>
<td>2039</td>
<td>Vibrating grate</td>
<td>32%</td>
<td>Flexible</td>
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</tr>
</tbody>
</table>

| NEW BIOMASS PLANTS          |             |                        |                               |                   |                  |                 |
| Huelva                      | 46          | 2045                   | Vibrating grate              | 35%               | Full Flexibility |
| Ciudad Real                 | 50          | 2045                   | Vibrating grate              | 35%               | Full Flexibility |

- **Operating Margin**
- **Fixed Costs**
- **Variable Costs**
- **Net Selling Price**

**€/MWh**

170 MW biomass power plants pre 2014

New biomass power plants: 96 MW
3. Excellence in Sustainability
Sustainability Plan 2019 – 2023
FY2019 Highlights

Secure and ecologically efficient operations
- Expansion projects and construction of new plants were all completed without any serious accidents.
- Value of waste: 99.3%
- Certification “Residue 0”

Sustainable agro-forestry management
- Patrimonial area certified FSC® Licence code FSC-C099970 /PEFC
- Wood inputs certified FSC® Licence code FSC-C081854 /PEFC
- 85%
- 82%
- Wood bought from small producers: 69%

Sustainable products
- Development of sustainable products with reduced environmental footprint and with potential for plastic substitution.
- European Ecolabel for primary material for cellulose at Navia and at Pontevedra

Commitment to Communities
- The Pontevedra Social Plan and other investments in the community: +3.2M€
- Involvement with the local community: the plants received nearly 600 organized visits, by the neighbourhoods or by interest groups.

People and Values
- Increase in women employed: 17%
- Gender salary gap: 0%
- Hours of training per employee: 26.4
- Increase on previous year: 22.2%

Good Governance
- Specific Sustainability Committee in the Board of Directors
- Certified penal compliance UNE – 19601:2017
- Long term incentive plan linked to ESG targets: 25%
- Women present in the Board of Directors vs. 2017: 22%
4. 2019 Results

Summary
FY 2019 Results
Driven by lower pulp prices, FX settlements and capacity expansions

- **69.4% EBITDA decrease in the Pulp business:**
  - 42% explained by lower average selling price due to PIX evolution and higher commercial discounts
  - 14% explained by the negative settlements of our hedging program
  - 14% due to lower volumes and higher costs mainly related to capacity expansions

- **14.5% EBITDA growth in the Renewable business:**
  Increasing EBITDA contribution from the new solar thermal plant partially offset by:
  - Exceptional shutdowns for the repowering of 3 plants successfully executed in 2019
  - Higher biomass processing costs and lower average electricity price

- **92.9% Net income decrease**
  - First interim dividend of 0.051 €/share paid in September 2019.
  - No final dividend payment from 2019 Results should be expected in accordance with our 50% payout policy.
Strategic Plan Investments of €263 Mn in FY2019
100k t pulp capacity expansions and two new biomass plants (96 MW)

Normalized FCF\(^1\) (€ Mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Renewable Energy</th>
<th>Pulp</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>2018</td>
<td>200</td>
<td></td>
<td>200</td>
</tr>
<tr>
<td>2019</td>
<td>137</td>
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<td>137</td>
</tr>
</tbody>
</table>

\(\text{Normalized FCF} = \frac{\text{FCF} - \text{Investments}}{\text{Normalized EBITDA}}\)

Growth Capex (€ Mn)

<table>
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<tr>
<th>Year</th>
<th>Renewable Energy</th>
<th>Pulp</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>291</td>
<td></td>
<td>291</td>
</tr>
<tr>
<td>2019</td>
<td>263</td>
<td></td>
<td>263</td>
</tr>
</tbody>
</table>

\(\text{Growth Capex} = \text{Capex} - \text{Normalized EBITDA}\)

Net Debt (€ Mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Renewable Energy</th>
<th>Pulp</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>305</td>
<td></td>
<td>305</td>
</tr>
<tr>
<td>2019</td>
<td>513</td>
<td></td>
<td>513</td>
</tr>
</tbody>
</table>

\(\text{Net Debt} = \text{Net Debt} + \text{Investments} - \text{FCF}\)

Normalized Free Cash Flow generation of €137 Mn

Lower EBITDA vs 2018 partially offset by:

- Working capital reduction
- Lower financial expenses, following Pulp business refinancing in 2018
- Lower taxes

Strategic Plan investments up to €263 Mn:

- €141 Mn in the Pulp business including 100k t capacity expansions and sustainability improvements
- €122 Mn in the Renewable Energy business including two new biomass plants with 96 MW of combined capacity and sustainability improvements

€208 Mn Net Debt increase including:

- IFRS 16 accounting impact of €52 Mn
- Dividends of €26 Mn

---

1. FCF before Strategic Plan investments, divestments & dividend payment
Pulp Business
FY 2019 Results driven by lower pulp prices, FX settlements and capacity expansions

<table>
<thead>
<tr>
<th>Avg. Net Pulp Price (€/t)</th>
<th>Pulp Sales Volume (t)</th>
<th>Avg. Cash Cost (€/t)</th>
<th>EBITDA (€ Mn)</th>
</tr>
</thead>
</table>

-17.7% decrease in Avg. Net Pulp Price (€/t) from 2018 to 2019.
-3.9% decrease in Pulp Sales Volume (t) from 2018 to 2019.
+5.2% increase in Avg. Cash Cost (€/t) from 2018 to 2019.
-59.4% decrease in EBITDA (€ Mn) from 2018 to 2019.

<table>
<thead>
<tr>
<th>EBITDA decreased to €75 Mn, of which:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 42% is attributable to lower average selling prices, due to PIX evolution and higher commercial discounts</td>
</tr>
<tr>
<td>- 14% is attributable to the negative settlements of our hedging program</td>
</tr>
<tr>
<td>- 14% is due to lower volumes and higher costs mainly related to capacity expansions</td>
</tr>
</tbody>
</table>
Ence has secured an average cap of $1.21/€ and an average floor of $1.15/€ for 74% of its dollar exposure until December 2020. Assuming a flat 1.10 $/€ for 2020, full year FX settlements would amount to €15 Mn.
Pulp Business
Long term financing without maintenance covenants and ample liquidity

Leverage as of December, 31st (€ Mn)

Debt Maturity Calendar (€ Mn)

Pulp business leverage at 4.1x Net Debt / LTM EBITDA as of December 2019
The application of IFRS16 on leases (from January 1st) led to the recognition of a financial liability of €43.7 Mn in the Pulp business

1. €151 Mn accounted as gross debt and €9 Mn accounted as equity as of December 31st 2019, according to IAS 32
Renewable Energy Business
Including the contribution of Ciudad Real 50 MW solar thermal plant

Energy Volume (MWh)

- **2018**: 923,935
- **2019**: 1,047,163

Revenue per MWh (€)

- **2018**: 46.2
- **2019**: 60.6

Revenues (€ Mn)

- **2018**: 139
- **2019**: 168

EBITDA (€ Mn)

- **2018**: 45.3
- **2019**: 51.8

14.5% EBITDA growth was driven by:

- Increasing contribution from the 50 MW solar thermal plant acquired in December 2018
  - 13.3% increase in energy volume sold
  - 6.7% increase in revenue per MWh resulting from higher Ri contribution

Partially offset by:

- Exceptional shutdowns for the repowering of 3 plants successfully executed in 2019
- Higher biomass processing costs and lower average electricity price
Renewable Energy Business
Long term green financing and ample liquidity

Leverage as of December 31st, 2019 (€ Mn)

Debt Maturity Calendar (€ Mn)

Energy business leverage at 4.0x¹ Net Debt / LTM EBITDA as of December 2019
The application of IFRS16 on leases (from January 1st) led to the recognition of a financial liability of €8.6 Mn in the Renewable Energy business
Alternative Performance Measures (APMs)

Ence presents its results in accordance with generally accepted accounting principles, specifically IFRS. In addition, its quarterly earnings report provides certain other complementary metrics that are not defined or specified in IFRS and are used by management to track the company's performance. The alternative performance measures (APMs) used in this presentation are defined, reconciled and explained in the corresponding quarterly earnings report publicly available through the investor section of our web page www.ence.es.

CASH COST
The production cost per tonne of pulp produced, or cash cost, is the key measure used by management to measure its efficiency as a pulp maker. Cash cost includes the expenses incurred to produce pulp: timber, conversion costs, corporate overhead, sales and marketing expenses and logistics costs. It excludes fixed-asset depreciation and forest depletion charges, impairment charges and gains/losses on non-current assets, finance costs/income, income tax and certain operating expenses which management deems to be non-recurring, such as ad-hoc consultancy projects, Ence's long-term remuneration plan, the termination benefits agreed with staff or certain social expenses.

As a result, the difference between the average sales price and the cash cost applied to the total sales volume in tonnes yields a figure that is a very close proxy for the EBITDA generated by the Pulp business.

EBITDA
EBITDA is a measure of operating profit before depreciation, amortization and forestry depletion charges, non-current asset impairment charges, gains or losses on non-current assets and specific non-ordinary income and expenses unrelated to the ordinary operating activities of the company, which alter their comparability in different periods.

EBITDA is a measure used by the Ence’s management to compare the ordinary results of the company over time. It provides an initial approximation of the cash generated by the company's ordinary operating activities, before interest and tax payments, and is a measure that is widely used in the capital markets to compare the earnings performances of different companies.

NORMALISED FREE CASH FLOW
Ence reports normalised free cash flow within the cash flow metrics for each of its two business units in its quarterly earnings report. Normalised FCF is the sum of EBITDA, the change in working capital, maintenance capital expenditure, net interest payments and income tax payments.
Normalised free cash flow provides a proxy for the cash generated by the company’s operating activities before collection of proceeds from asset sales; this cash represents the amount available for investments other than maintenance capex, for shareholder remuneration and for debt repayment.

**MAINTENANCE, EFFICIENCY & GROWTH AND SUSTAINABILITY CAPEX**

Ence provides the breakdown of its capital expenditure related cash outflows for each of its business units in its quarterly earnings report, distinguishing between maintenance, efficiency & growth and sustainability capex.

Maintenance capex are recurring investments designed to maintain the capacity and productivity of the company’s assets. Efficiency & growth capex, meanwhile, are investments designed to increase these assets’ capacity and productivity. Lastly, sustainability capex covers investments made to enhance quality standards, occupational health and safety, to improve the environment and to prevent contamination.

Ence's 2019-2023 Business Plan includes a schedule of the amounts it expects to invest annually in efficiency & growth and sustainability capex in order to attain the strategic targets set. The disclosure of capex cash flows broken down by area of investment facilitates oversight of execution of the published 2016-2020 Business Plan.

**FREE CASH FLOW**

Ence reports free cash flow as the sum of its net cash flows from operating activities and its net cash flows from investing activities of its quarterly earnings report.

Free cash flow provides information about the cash generated by the Group's operating activities that is left over after its investing activities for the remuneration of shareholders and repayment of debt.

**NET DEBT**

The borrowings recognized on the balance sheet, as detailed in its quarterly earnings report, include bonds and other marketable securities, bank borrowings and other financial liabilities. They do not however include the measurement of financial derivatives.

Net debt is calculated as the difference between current and non-current borrowings on the liability side of the balance sheet and the sum of cash and cash equivalents and short-term financial investments on the asset side.

Net debt provides a proxy for the company’s indebtedness and is a metric that is widely used in the capital markets to compare the financial position of different companies.
Delivering value
Delivering commitments