

Leaders in the sustainable use of natural resources

Corporate Presentation
November 2021



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Leaders in the sustainable use of natural resources

For the eco-efficient production of special pulp and renewable energy



Sustainable forestry and biomass

- Ence is a **reference regarding the responsible and sustainable management of the agricultural and forestry sector** in Spain
- **3.1 Mn tons of wood** acquired in the surroundings of our biomills from certified responsible sources: over 78% are FSC® (Licence code: FSC-C081854) and/ or PEFC certified
- **1.7 Mn tons of biomass** acquired in the surroundings of our power plants, while applying our **voluntary decalogue that guarantees its sustainable use in energy generation**
- Ence manages ca.66,000 hectares of forest land in the Iberian Peninsula: Almost 86% of them are FSC® (Licence code: FSC-C099970) and/or PEFC certified and **22.5% are dedicated to ecosystem protection**



Eco-efficient production of special pulp

- Ence is the **leading European eucalyptus pulp producer**, with 1.2 Mn tons of installed capacity
- Wood used for pulp production is **100% locally sourced** from responsible sources
- Its production process is environmentally friendly and constitutes a great example of **energy efficiency** (100% self-generated renewable energy) and **circular economy** (less than 2% of total waste generated is sent to landfill)
- The **environmental parameters** of our biomills are well below those of European regulations (BREF)
- We produce natural, renewable and biodegradable materials, **substitutes for plastic**



Renewable energy generation

- Ence is the **largest renewable energy producer with forestry and agricultural biomass in Spain**, with an installed capacity of 266 MW and a 505 MW pipeline
- Our biomass plants are **fully manageable** and contribute to the EU decarbonisation goals
- **We draw upon local agricultural and forest by-products**, mitigating their environmental impact and reducing fire risk
- The new plants are an **example of fair energy transition**, since they have been located in sites previously occupied by other industrial activities (such as coal-based power generation) and contribute to maintain local jobs

Pulp & Renewable Energy

Two independent and complementary businesses



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

100% owned by Ence

Renewable Energy Business



Largest biomass operator in Spain with
266 MW of **Renewable Energy** installed
capacity & **505 MW pipeline** with access
to the grid

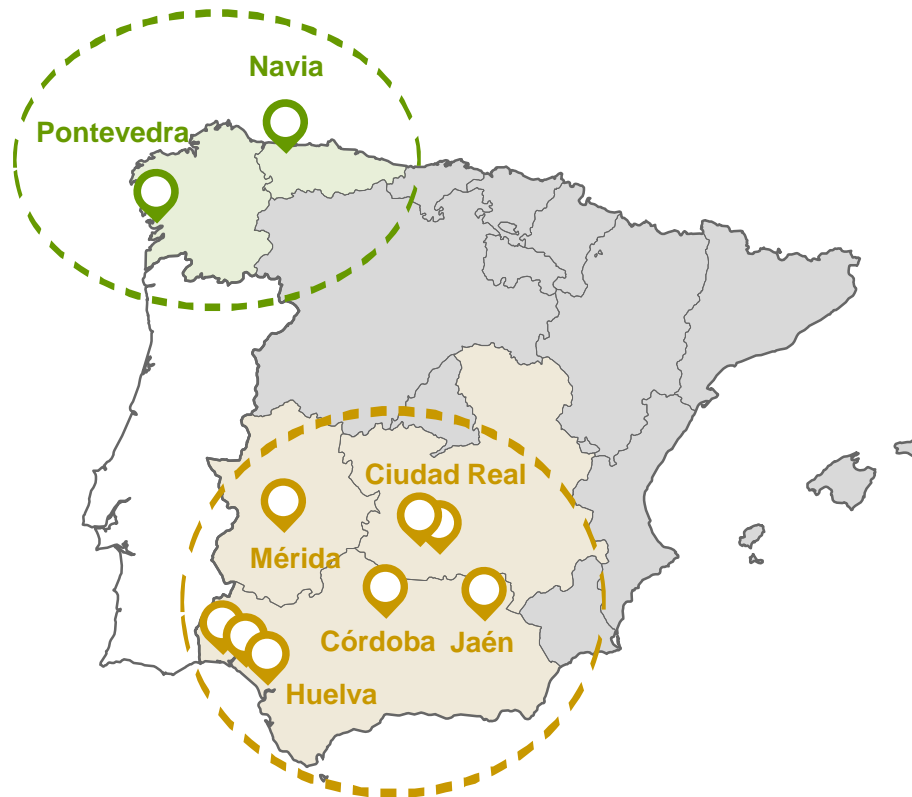
Regulated Renewable Energy
business provides stability and high
visibility of revenues

Based on Ence's agroforestry biomass
supply management expertise

Long-term financing and
ample liquidity

Net Debt to EBITDA limit of 4.5x

51% owned by Ence (49% sold to Ancala
Partners in Dec. 2020 for an equity value of 223
Mn€ + Earn Out of up to 134 Mn€)

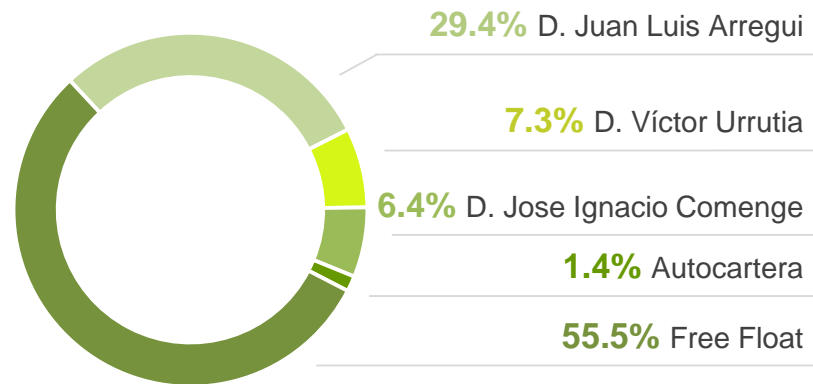


**Both business are
independently structured,
financed and reported**

Supportive shareholder base

And strong corporate governance

Shareholding Structure



As of December 2020

Board of Directors



Transparency and best practices

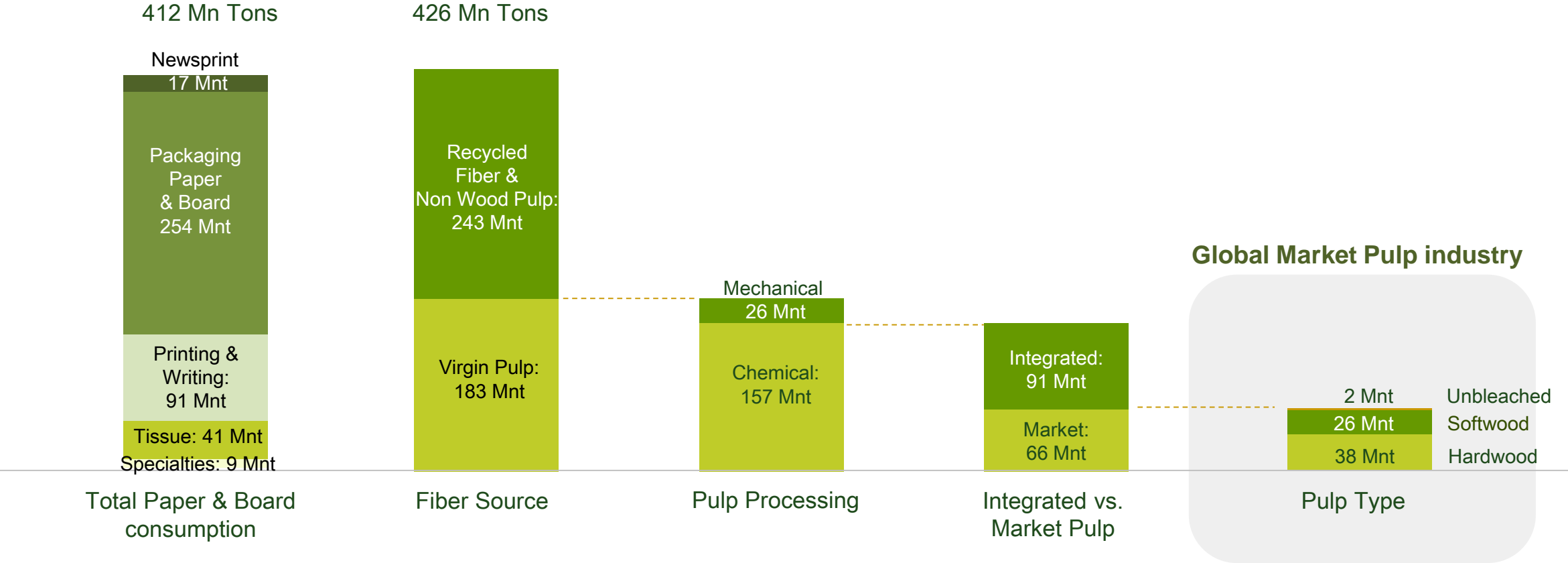


1 Pulp Business



Global Market Pulp industry

66 million tons in 2020



Source: RISI 2019; PPPC G-100 Dec 2020

Ence is a leading European hardwood pulp producer with 1.2 Mn tons of installed capacity, competing in the Global Chemical Market Pulp industry



Resilient global market pulp demand

80% comes from growing segments

Estimated global market pulp demand breakdown by end use Mn t

Source: Ence

Tissue & Hygiene products

36 Mn t / 55%

CAGR 2010 – 2020: 3.4%

Source: PPPC

Continued tissue demand growth driven by:

- ✓ Urban population growth and
- ✓ Increasing living standards in emerging countries
- ✓ Post-pandemic consumption habits

Packaging

7 Mn t / 10%

CAGR 2009 – 2019: 2.1%

Source: RISI

Packaging growth driven by:

- ✓ Global trade
- ✓ E – commerce
- ✓ Single use plastic substitution

Printing & Writing

13 Mn t / 20%

CAGR 2010 – 2020: - 4.0% (-15.6% in 2020)

Source: PPPC

P&W secular decline driven by digitalization

Specialties

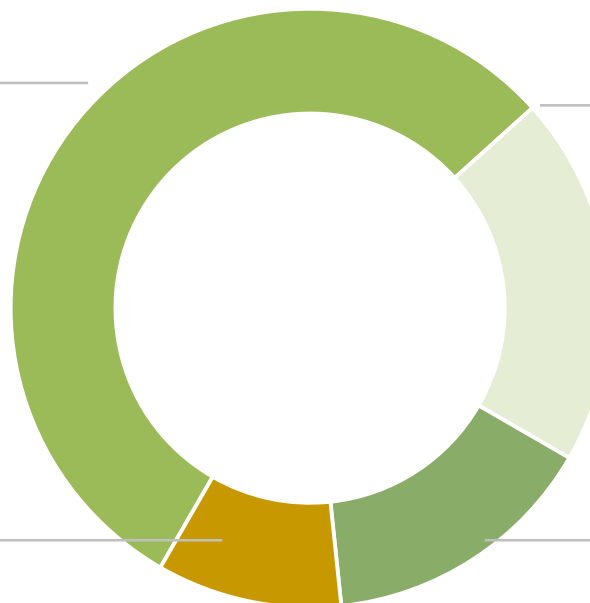
9 Mn t / 15%

CAGR 2009 – 2019: 1.1%

Source: RISI

Specialties growth driven by:

- ✓ Single use plastic substitution
- ✓ Industrial output
- ✓ Household consumption

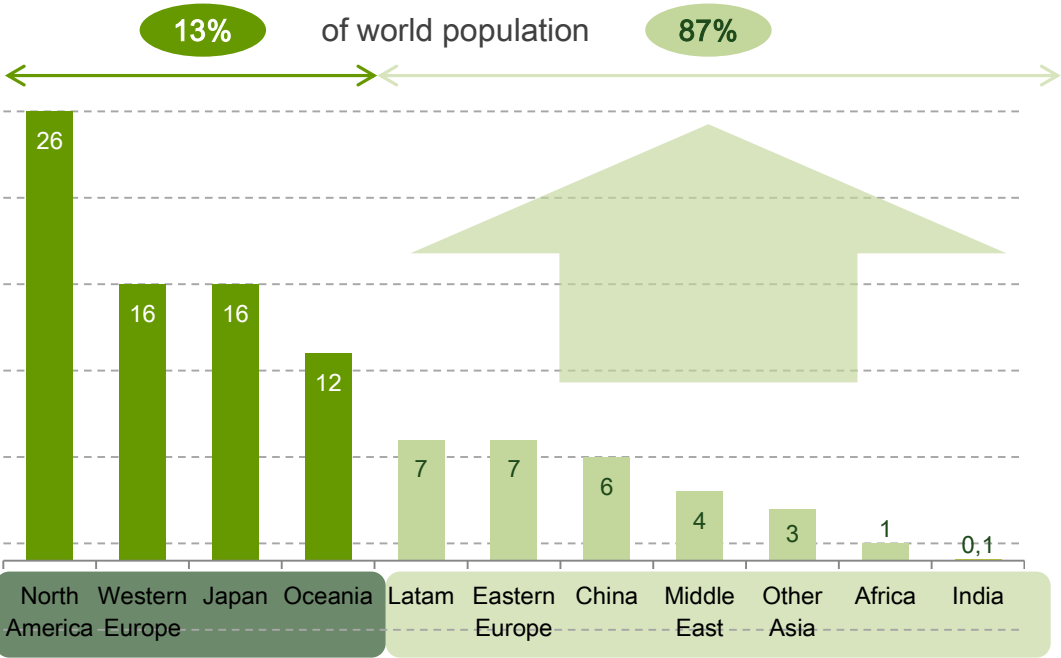




3.4% annual tissue consumption growth, equivalent to 1.1 Mn tons

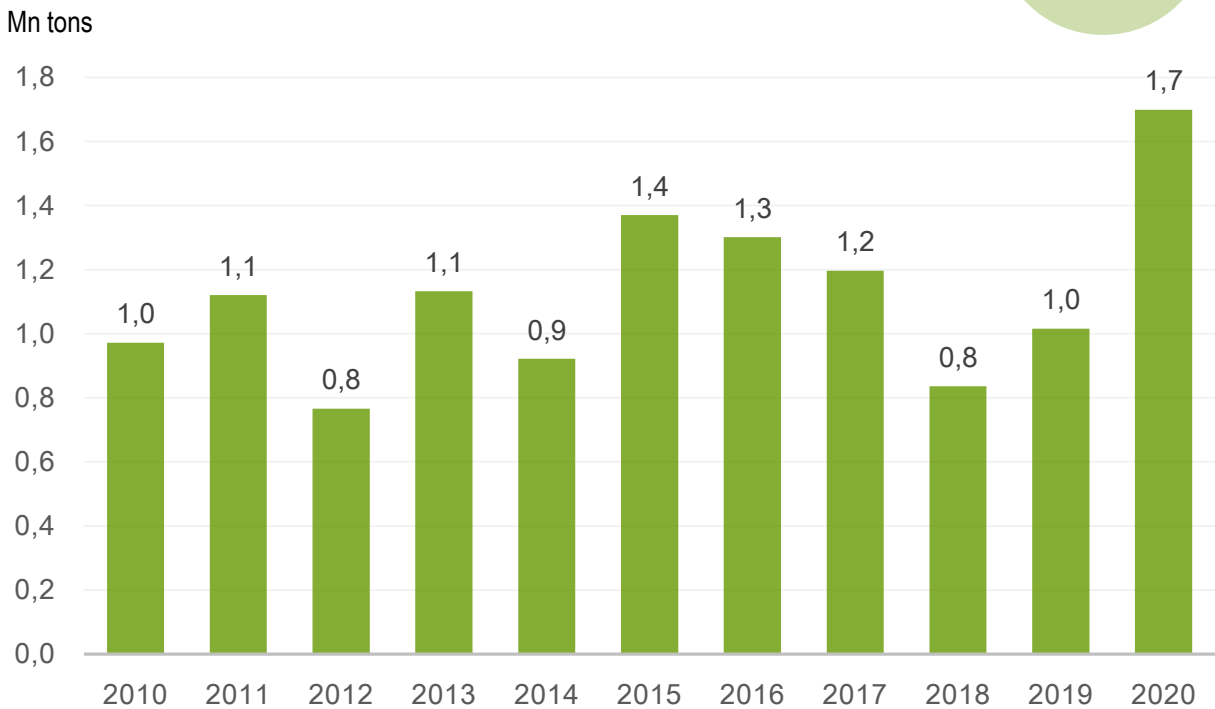
Driven by urban growth and increasing living standards in emerging countries

Tissue paper per-capita consumption
Kg/year



Source: RISI 2019

Tissue annual consumption growth
Last 10 years (Mn tons)



Source: PPPC

3.4%
CAGR
2010-20

87% of the world population is starting to use tissue and hygiene products

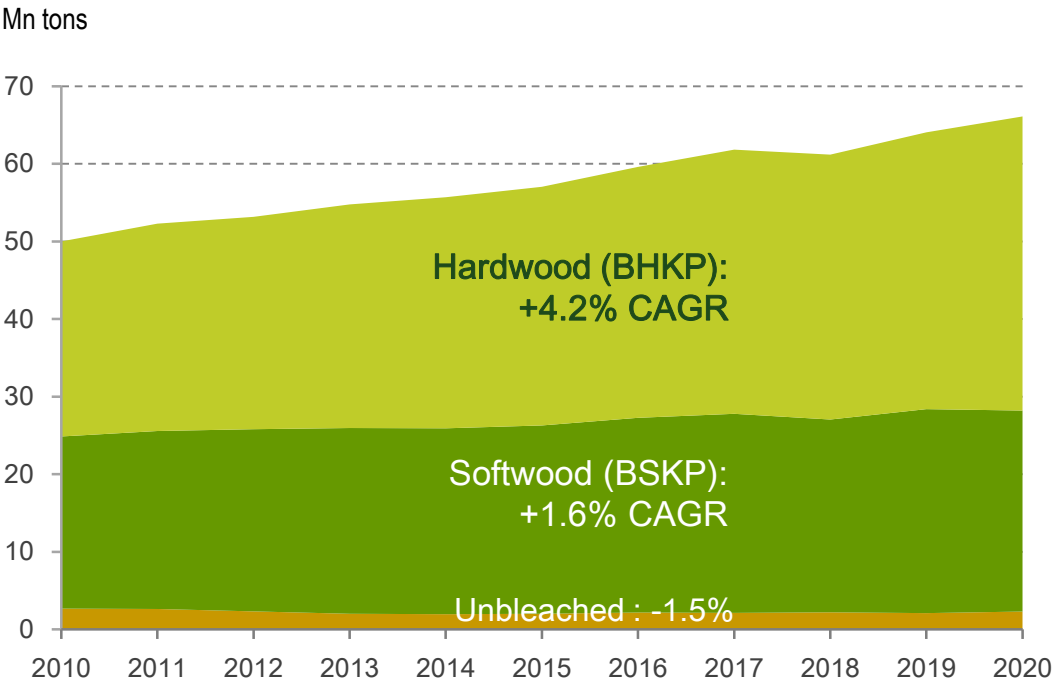


2.9% annual market pulp demand growth, equivalent to 1.6 Mn tons

Superior demand growth for hardwood pulp

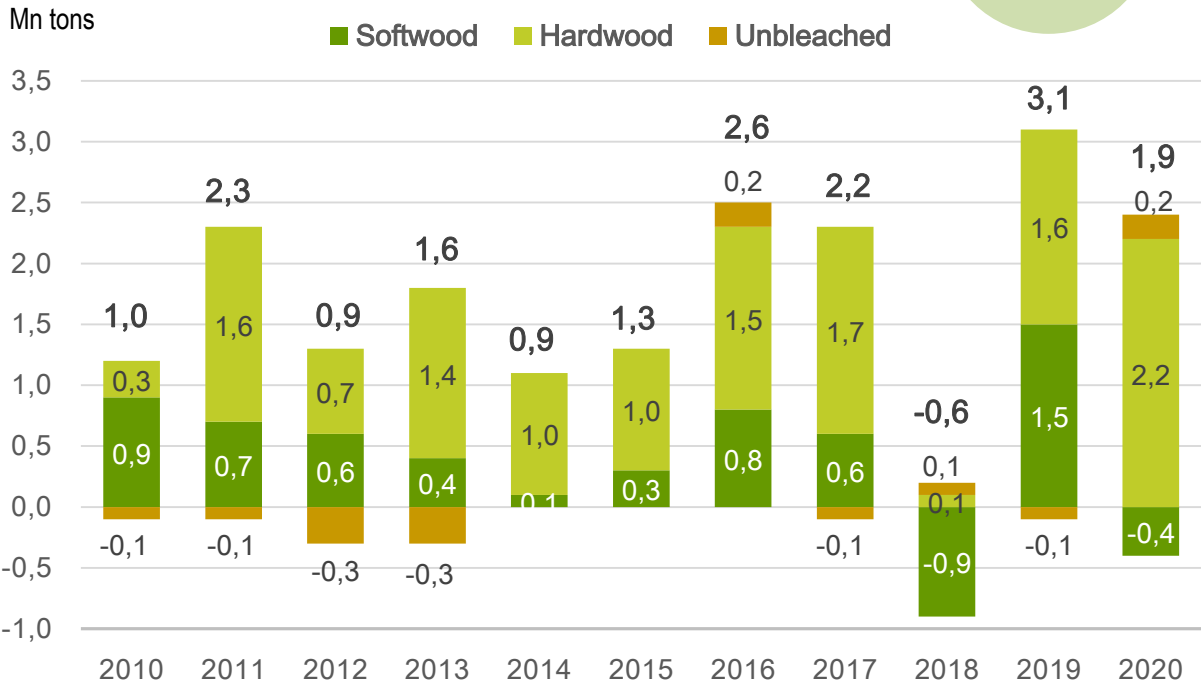


Total market pulp demand evolution
Last 10 years (Mn tons)



Source: PPPC G-100

Total market pulp annual demand growth
Last 10 years (Mn tons)



Source: PPPC G-100

2.9%
CAGR
2010-20

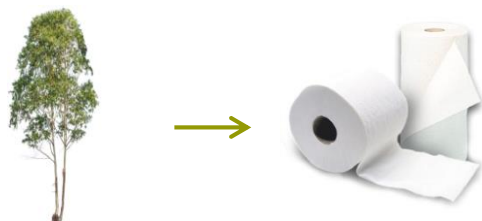
Changes in pulp inventories along the paper value chain add volatility to annual market pulp demand (e.g. 2018 - 2019)



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 (**e.g. tissue**)

EUCALYPTUS YIELD for PULP PRODUCTION:

- **Iberian:** 4.0 – 9.0 tons of pulp / ha / year
- **Brazil / Uruguay:** 5.5 – 11.5 tons of pulp / ha / year

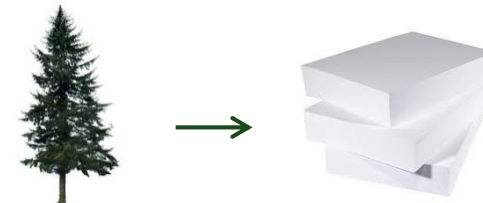


Low production cost

Substitutive materials



Softwood pulp (BSKP)



Most softwood pulp comes from **pine wood**

Best suited for paper requiring higher durability and strength (**e.g. printing & writing**)

NORDIC PINE YIELD for PULP PRODUCTION:

- **Scandinavia:** 0.5 – 1.5 tons of pulp / ha / year
- **North America:** 0.5 – 4.0 tons of pulp / ha / year

**Long Term net
average price
spread of 100 \$/t**



High production cost

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



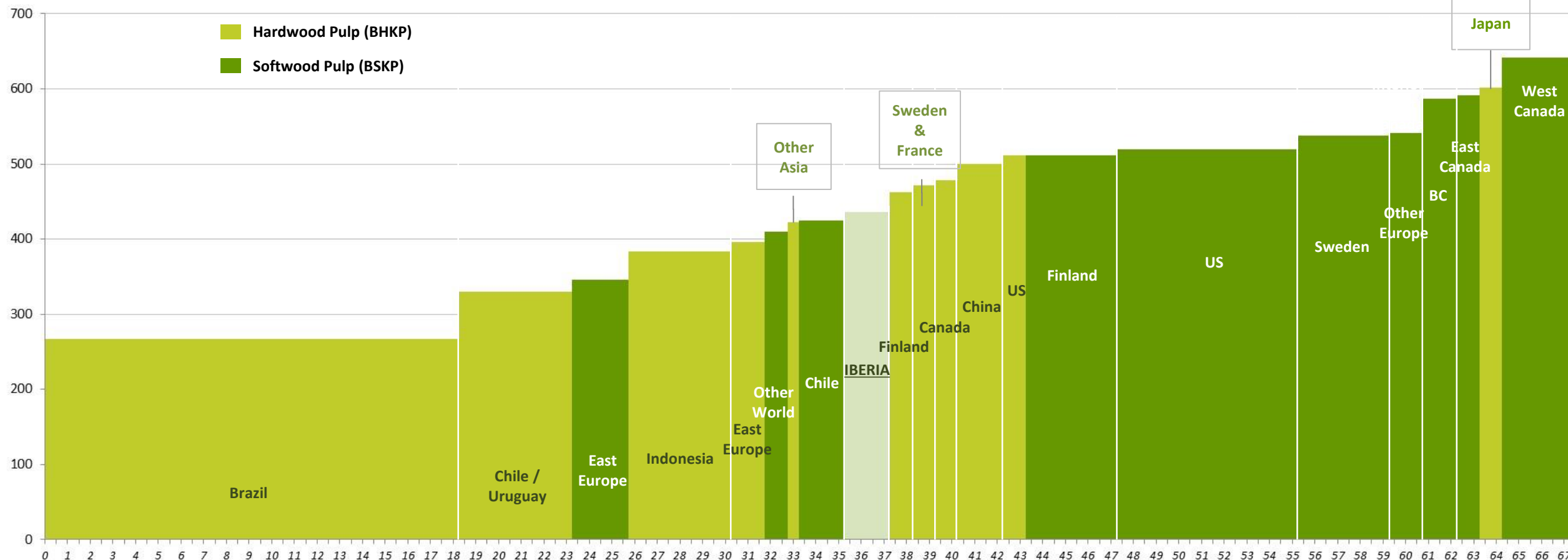
The mill location and the type of wood determine pulp production costs

Iberia has a strong competitive position against northern European countries

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

US\$ / t

USD

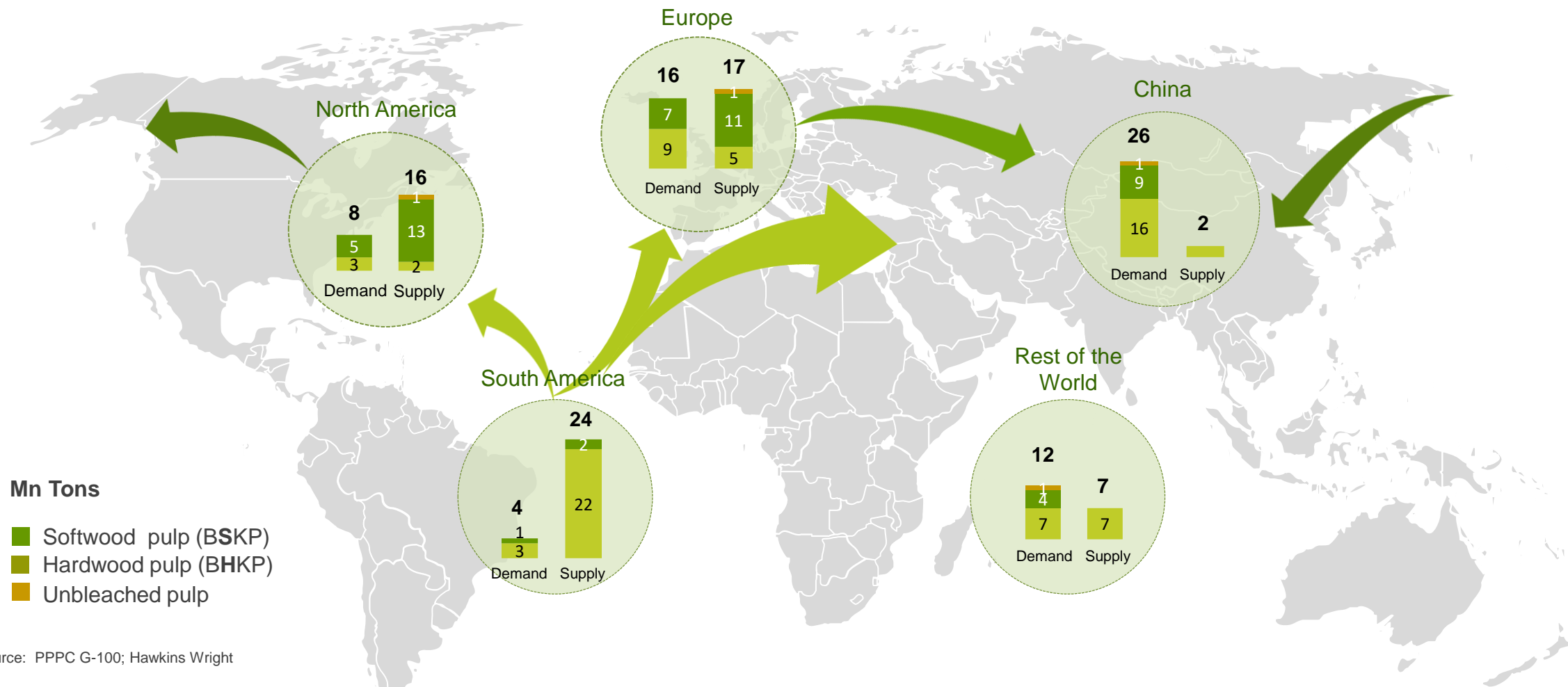


Source: "Outlook for Market Pulp December 2020 report". Hawkins Wright



A global market

60% of hardwood pulp is produced in South America and exported to China and Europe



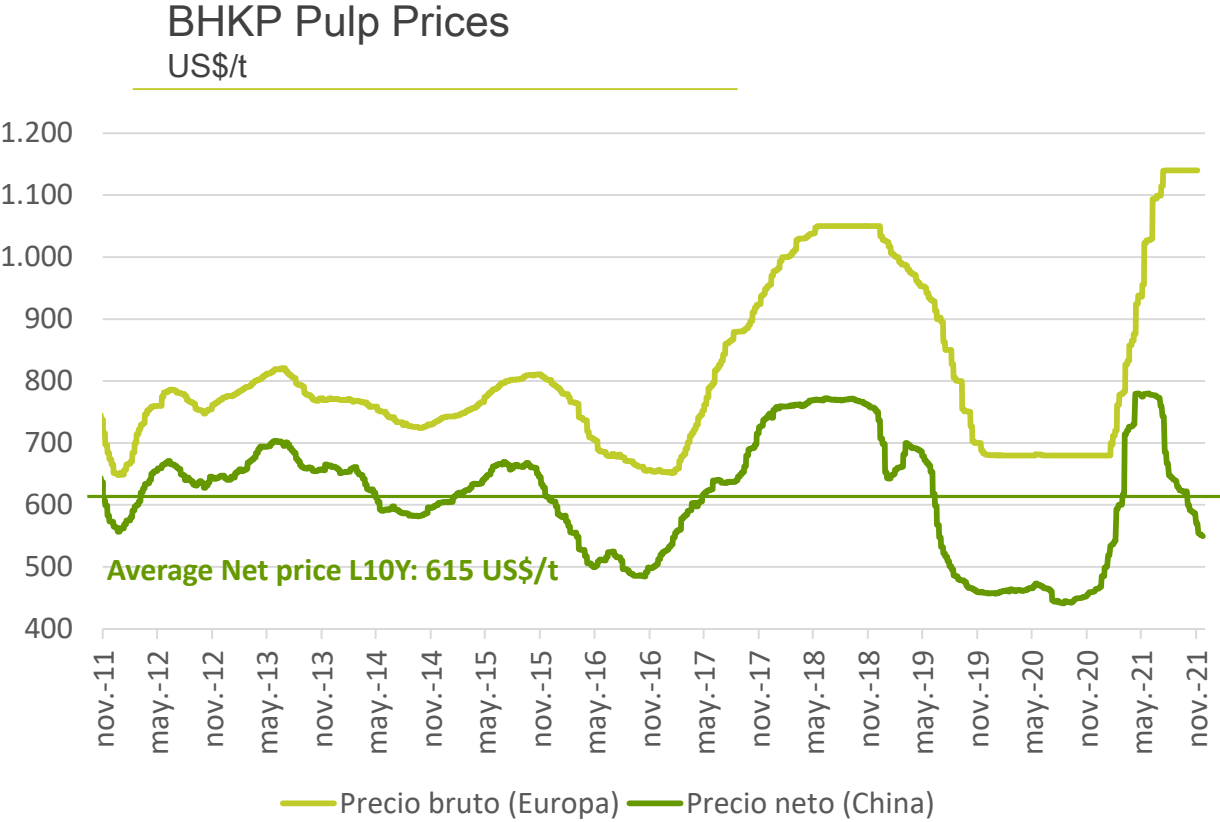
Source: PPPC G-100; Hawkins Wright

China represents 40% of global market pulp demand and has been growing at a 9.6% CAGR during the last 10 years

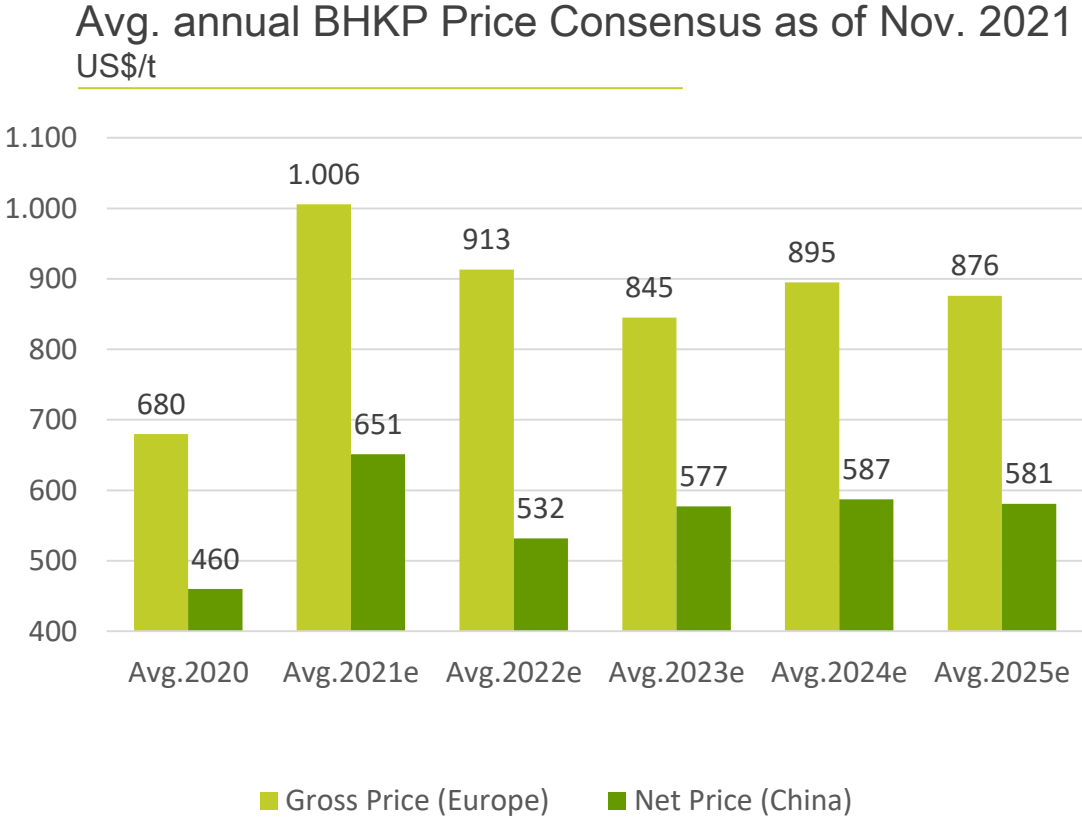


Pulp prices are set in dollars and arbitrated globally

Temporary decoupling between Europe and China in 2021 due to logistic constraints



Source: FOEX



Source: RISI, Hawkins Wright, Brian McClay

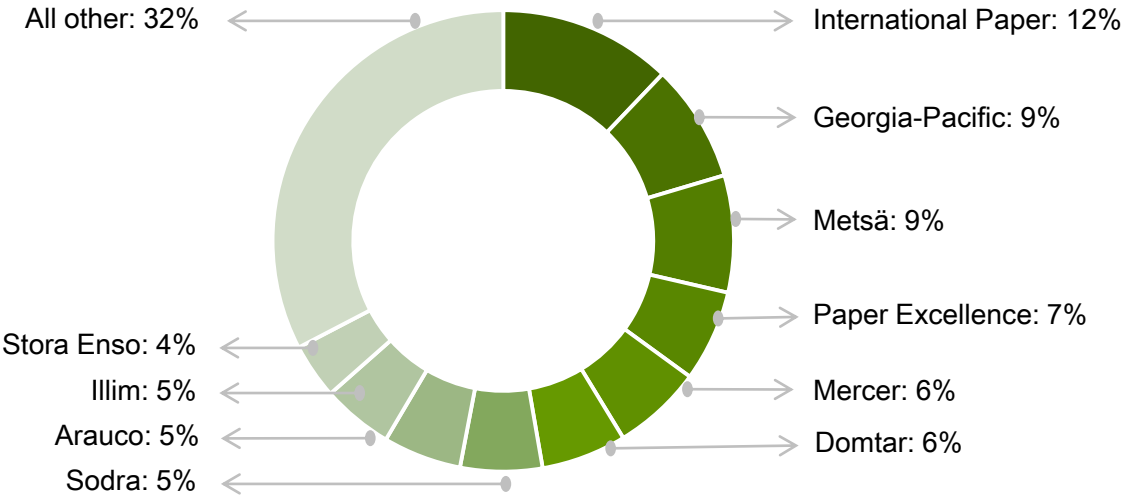
Commercial discounts in Europe have been progressively increasing from 15% in 2010 to 34% in 2021



Global pulp market share

Concentrated supply market with high entry barriers

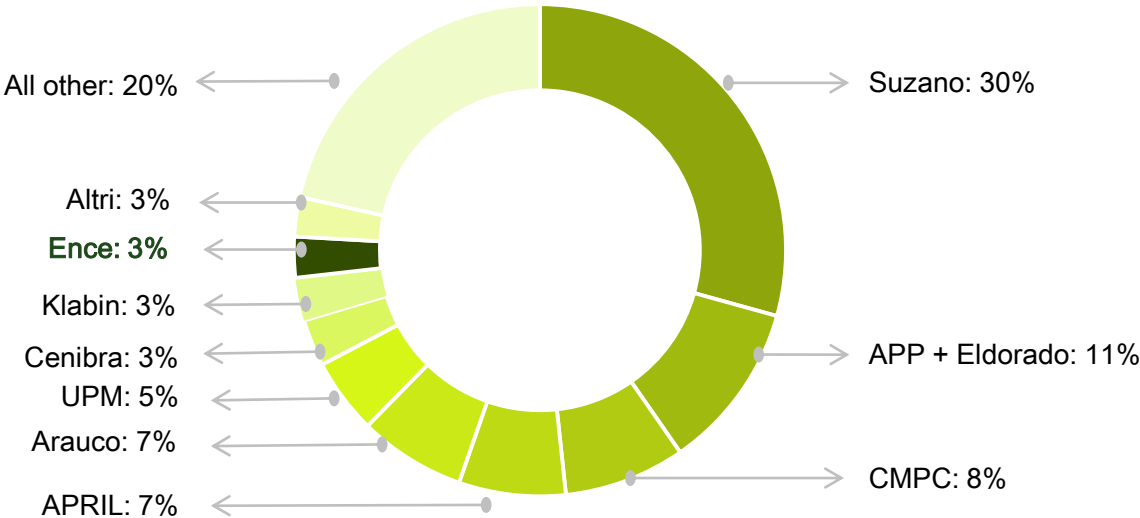
Softwood pulp market share
(BSKP)



Source: RISI 2019

Top 10 softwood pulp producers account for
68%
of global BSKP market share

Hardwood pulp market share
(BHKP)



Source: RISI 2019

Top 10 hardwood pulp producers account for
80%
of global BHKP market share



Ence's competitive advantages in the pulp business

JIT service and differentiated products to European clients



Access to eucalyptus plantations around our pulp bio-mills

Eucalyptus only grows under specific climatic conditions

Eucalyptus has a **higher yield for pulp production** than softwoods

100% locally sourced from responsible sources / **no need to import wood**

Unique supply chain



High quality pulp and differentiated products with lower environmental footprint and enhanced technical properties, **aimed to replace softwood pulp**



powercell



naturcell

Totally chlorine free (TCF)

Environmental product declarations



Privileged access to the European market

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

Lower logistics costs

Proximity offers **protection against rising transport costs**

And contributes to **reduce CO² emissions**



High client diversification

Sales force **capillarity** >100 customers

Top customer service



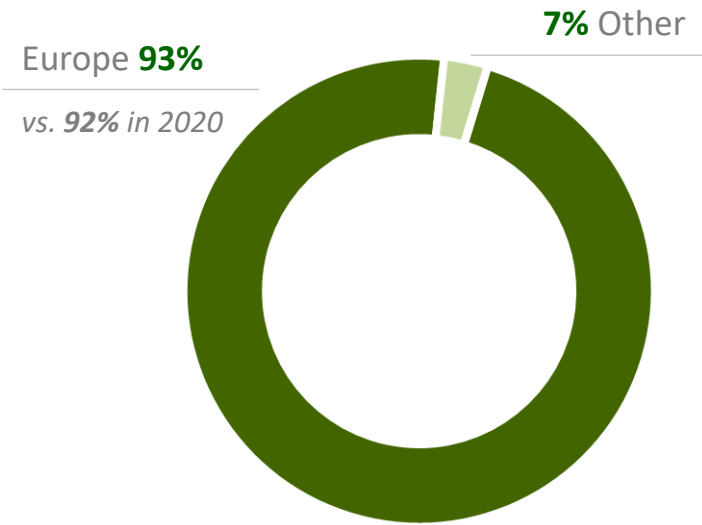


Ence's revenue breakdown

Focus on the European market and on growing segments with differentiated products



Geographical breakdown of sales
% of pulp sales



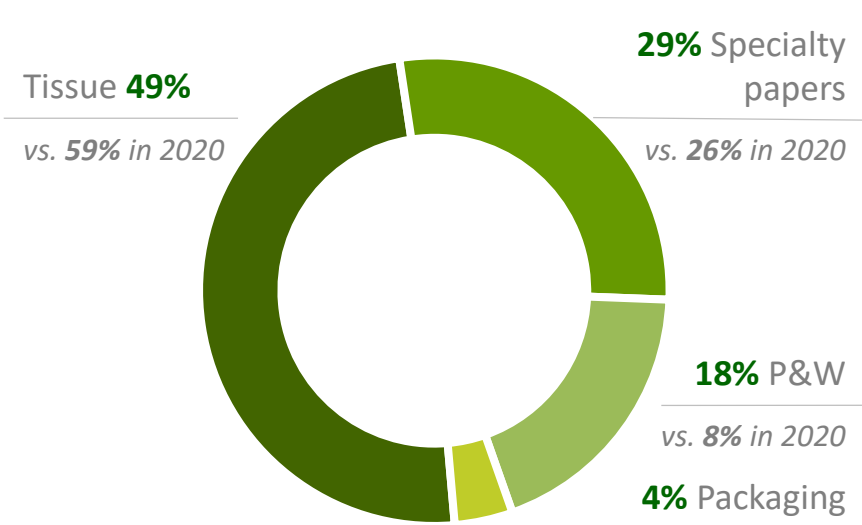
Source: Ence 9M21

Most of the pulp produced by Ence is sold in Europe

93%

of revenue from pulp sales

Breakdown by end product
% of pulp sales



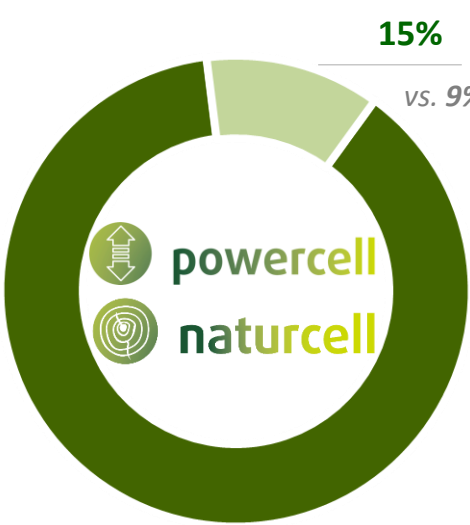
Source: Ence 9M21

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

78%

of revenue from pulp sales

Differentiated products
% of pulp sales



Source: Ence 9M21

Ence's differentiated products already account for

15%

of revenue from pulp sales

+79% vs. 2020



Pulp demand set to outgrow supply over 2022-25

Minimum lead time for new projects close to 3 years

Key Expected Annual Changes in Global Market Pulp Demand and Supply (m t)¹

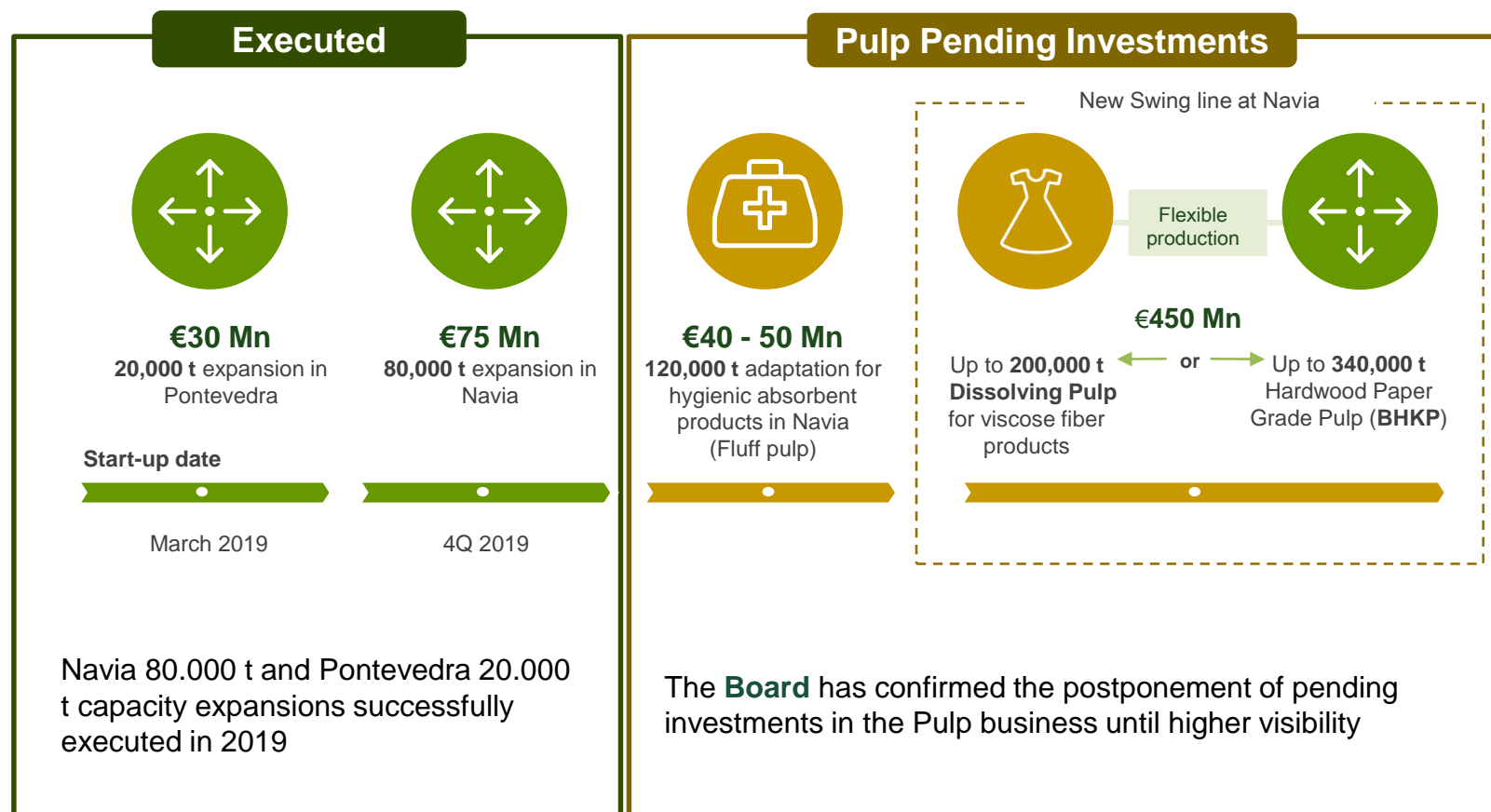
Mn t		2022	2023	2022-23	2024	2022-24	2025	2022-25
EXPECTED ANNUAL MARKET PULP DEMAND GROWTH		1,9	1,9	3,8	1,9	5,7	1,9	7,6
EXPECTED ANNUAL MARKET PULP SUPPLY GROWTH (CONFIRMED)		0,5	1,7	2,2	1,8	4,0	1,3	5,3
SUZANO (Brasil)	BHKP				0,7	0,7	1,4	2,1
UPM (Uruguay)	BHKP		1,4	1,4	0,6	2,0		2,0
ARAUCO (Chile)	BHKP	0,7	0,5	1,2		1,2		1,2
BRACELL (Brasil)	BHKP	0,2	0,2	0,4		0,4		0,4
METSAFIBER (Finland)	BSKP				0,6	0,6	0,3	0,9
CMPC (Brasil)	BHKP				0,3	0,3		0,3
NON COMPETITIVE CAPACITY AVERAGE ANNUAL CLOSURES		(0,4)	(0,4)	(0,8)	(0,4)	(1,2)	(0,4)	(1,6)
SURPLUS / (DEFICIT)		(1,4)	(0,2)	(1,6)	(0,1)	(1,7)	(0,6)	(2,3)

Source: ENCE estimates

1. Estimates correspond to the expected increase in supply and demand for market pulp for paper production. They therefore exclude the production of integrated pulp and other pulp grades such as Dissolving Pulp or Fluff.
We assume one of the two lines of the Bracell project in Sao Paulo will produce Dissolving Pulp for the Group's internal use and the other line will be mostly destined to the expansion of the Group paper and cardboard capacity in China.

Stepwise investment plan with 4 independent projects

€ Mn





Pontevedra's biomill legal status

Ence appeals against the nullity of its concession extension in Pontevedra



On January 2016 the National Directorate of Coasts granted the extension of Pontevedra 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).

On March 2019 the National Directorate of Coasts accepted the appeals against the concession extension, despite previously arguing that it was totally legal

- 3 appeals presented by Pontevedra's City Council and by two environmental associations to the National Court's Chamber for Contentious Administrative Proceedings against the Jan. 20th 2016 resolution.
- On March 8th 2019, the National Directorate of Coasts accepted all 3 appeals, despite having previously argued at all stages that the Ministerial Order Resolution of January 20th 2016 was totally legal.

On July and October 2021 the National Court issued 3 rulings that annul the extension of Pontevedra concession

- As a result of the rulings and in accordance with the applicable accounting regulations, Ence recognized asset impairment charges and provisions which won't imply any cash outflow in a net amount of €148m in 2Q21, together with a provision of €42m to cover the estimated cost of the potential dismantling of the bio-mill and a provision of €6m to cover the estimated cost of the potential termination of outstanding contracts.
- The cost of restructuring the surplus workforce (including the associated corporate overhead) that would be caused by the potential closure of the bio-mill has not been provisioned yet as the requirements for its accounting have not been fulfilled.

Ence has appealed this rulings before the Supreme Court

First decision about the admission of the appeal expected by **mid 2022**

- If the Supreme Court does not admit the appeal or if it rules against it, the Ministry of Ecological Transition will determine (in a decision endorsed by the National Court) the deadline for a potential discontinuation of activity at the bio-mill.
- If the annulment of the extension to the concession is confirmed, once all legal avenues and appeals have been exhausted, Ence will claim the patrimonial responsibility of the Administration and seek compensation for all damages caused by a concession previously granted and subsequently annulled and for all investments that were committed and completed.

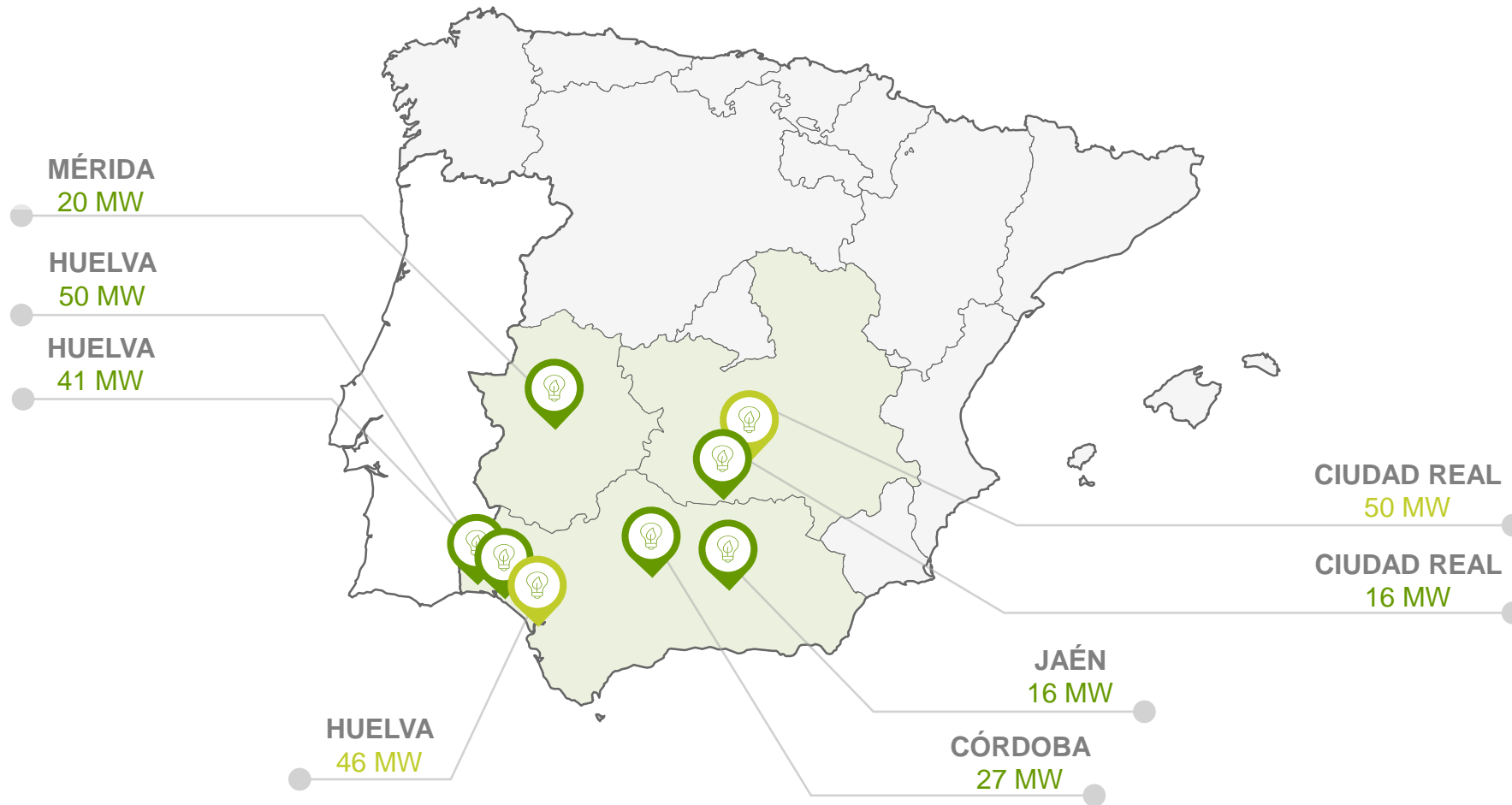


2. Renewable Energy Business



Largest Spanish renewable energy generator with agroforestry biomass

266 MW of installed capacity



Current Power Plants Portfolio



Biomass power plants
170 MW



New biomass power plants
commissioned in 1Q 2020
96MW



A regulated business which adds stability to the Group

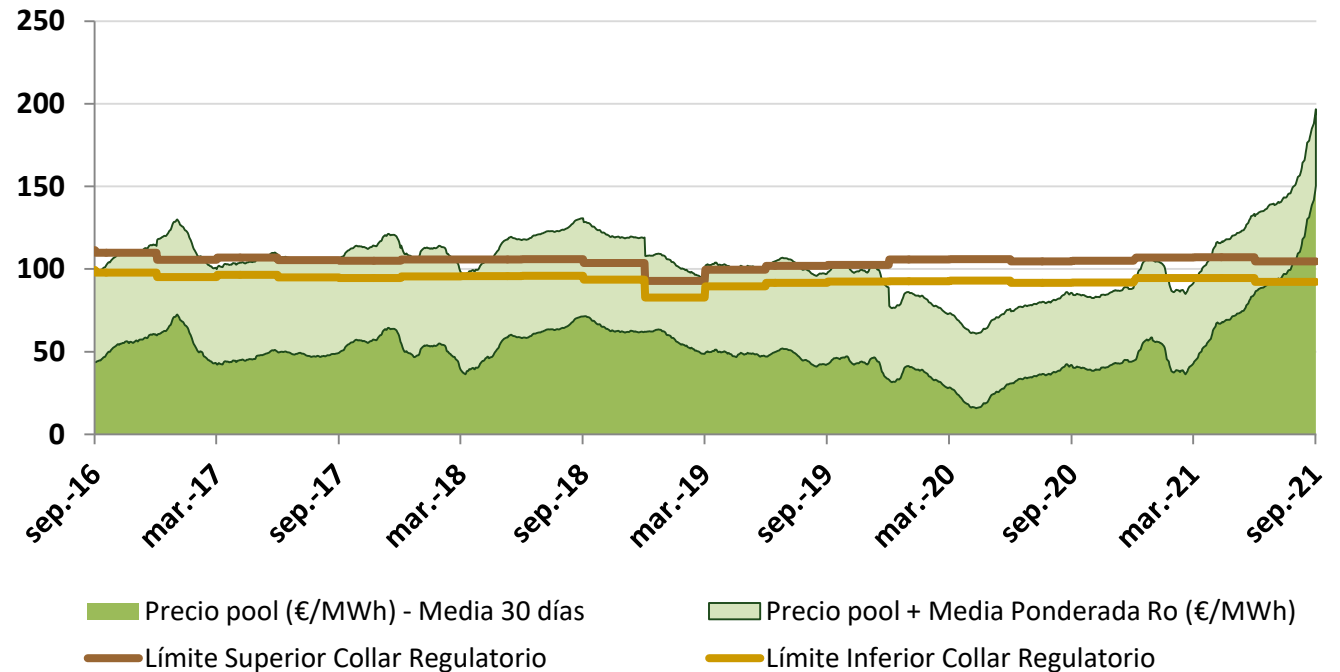
€ 40 Mn annual return on investment and regulated sales price

Annual return on investment
(€ Mn)

€ 40 Mn
Annual Return
on Investment

- ✓ The regulated annual return on investment of our power plants was confirmed at **7.4%** for 2020 – 2031 by Spanish Royal Decree-Law 17/2019.
- ✓ Implies an annual revenue of € 40 Mn subject to a minimum operation of just 3.000 hours per biomass power plant.

Regulated sales price: Pool price + Return on the operations (Ro) + Regulatory Collar
(€/MWh)



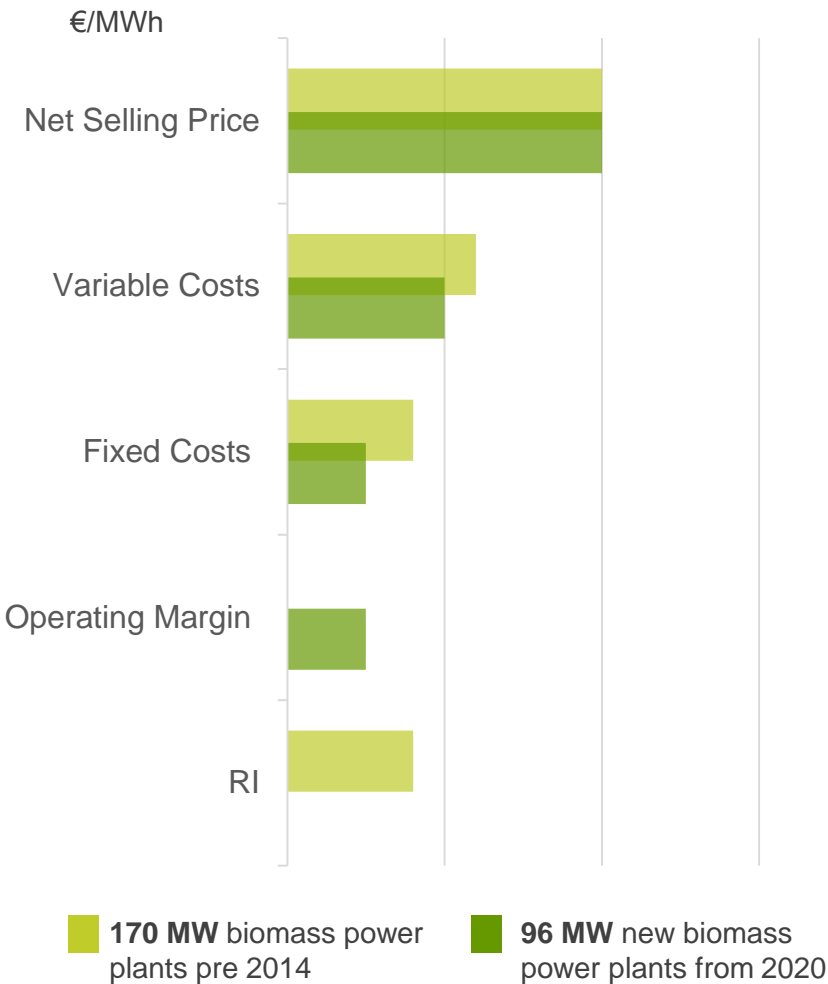
- ✓ Our renewable energy sales price is supported by its **regulatory minimum, that covers all the operating costs of a standard biomass power plant**



New biomass power plants are more efficient

Due to fuel flexibility, higher efficiency factor and fixed costs dilution

	Biomass power plant location	Capacity MW	End of regulatory life	Construction Capex € Mn / MW	Boiler technology	Efficiency factor	Fuel flexibility
BIOMASS POWER PLANTS PRE 2014	Huelva	41	2025		Fluidized bed	26%	Limited
	Ciudad Real	16	2027		Pulverized fuel boiler + stoker grate	24%	Inflexible
	Jaén	16	2027		Pulverized fuel boiler + stoker grate	24%	Inflexible
	Córdoba	14	2031		Reciprocating grate	26%	Inflexible
	Huelva	50	2037	2.6	Fluidized bed	30%	Limited
	Mérida	20	2039	3.3	Vibrating grate	32%	Flexible
NEW BIOMASS PLANTS	Huelva	46	2044	2.2	Vibrating grate	35%	Full Flexibility
	Ciudad Real	50	2044		Vibrating grate	35%	Full Flexibility





Renewables pipeline: 513 MW with grid access and locations secured

First biomass capacity auction announced for 2021

PUERTOLLANO II 50 MW

Biomass

Expected RTB in 1Q22



Environmental permit

HUELVA 40 MW

Solar PV

Expected RTB in 2Q22

HUELVA 10 MW

Solar PV

Expected RTB in 2Q22

SEVILLA 90 MW

Solar PV

Expected RTB in 3Q22

CÓRDOBA 50 MW

Biomass

Expected RTB in 4Q22

JAÉN 100 MW

Solar PV

Expected RTB in 2Q22

ALMERÍA 40 MW

Biomass

Expected RTB in 1Q22

GRANADA 133 MW

Solar PV

Expected RTB in 2H2023

RTB = Ready to build

Auctions Scheme Spanish Royal Decree-Law 23/2020

- Specific **by technology**
- Price mechanism: **Pay as bid** (€/MWh)

Biomass and PV Auction calendar 2021-2025

PV (MW):					
				1,800	1,800
		1,800	1,800		
2,800					
2021	2022	2023	2024	2025	
Biomass (MW):					
				120	
140		120			
2021	2022	2023	2024	2025	

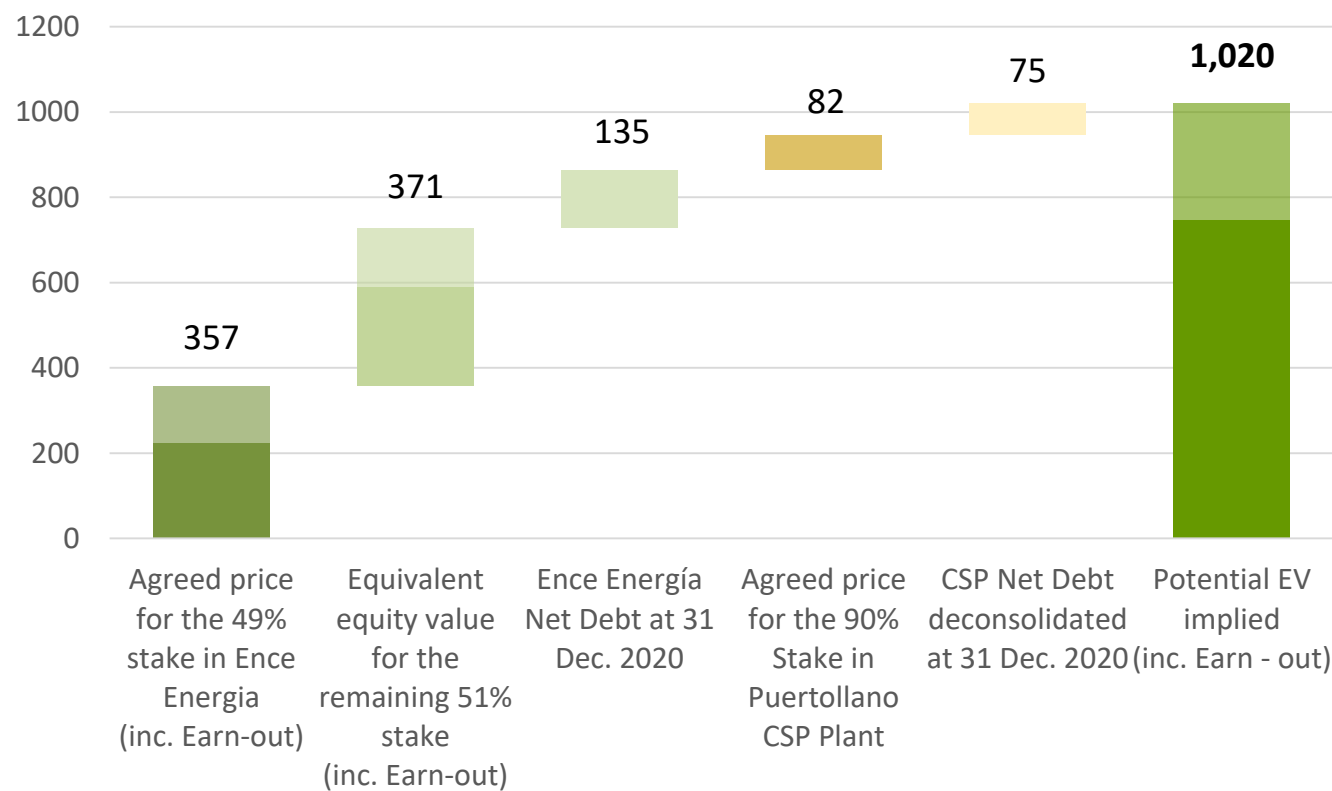
Considering to rotate the PV pipeline at attractive valuations



Value crystallization in the Renewables business in 4T20

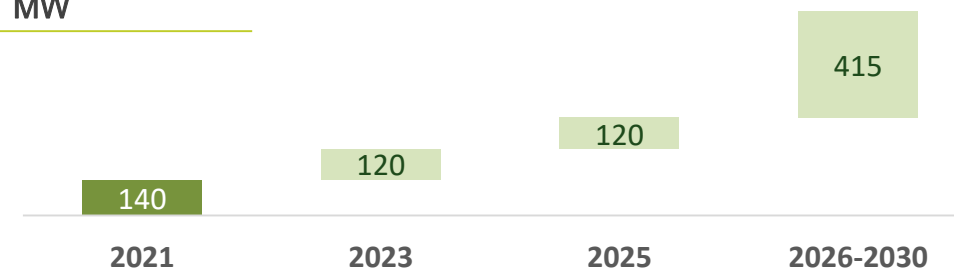
With the sale of a minority stake and Puertollano 50 MW CSP plant

Potential EV implied in the transactions up to €1 Bn
Mn€



- **€ 305 Mn cashed in December 2020**
- **Up to € 134 Mn earn-out** linked to the development of the 140 MW biomass pipeline with the following milestones:
 1. Call for biomass auctions with a capacity of up to 140 MW
 2. Capacity allocated to Ence and the price obtained in the auctions
 3. Price obtained in the auctions combined with the final capex for these plants
 4. Cash distributed by the business during the next eight years and its valuation at the end of that period
- **The main determinant of the earn-out will be the price obtained in the biomass auctions**

Biomass auctions calendar
MW

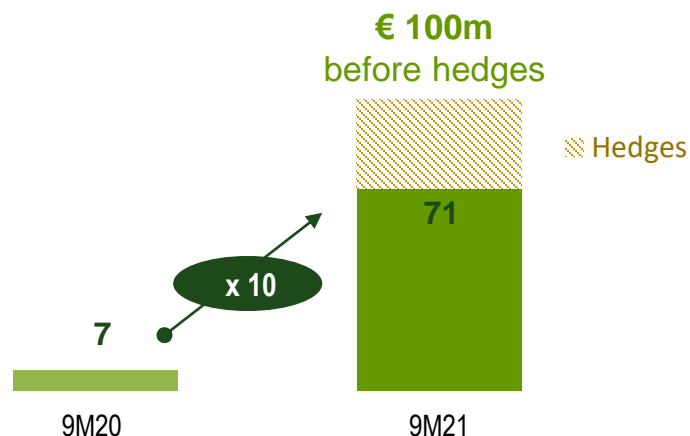


3 9M21 Results - Summary

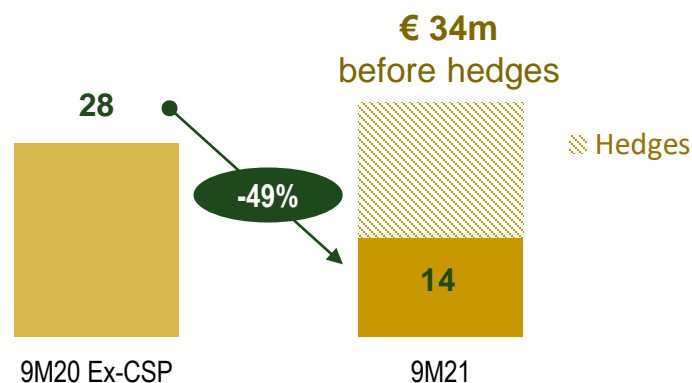
Strong EBITDA recovery driven by pulp prices

Net profit includes Pontevedra-related impairments and provisions of €196m

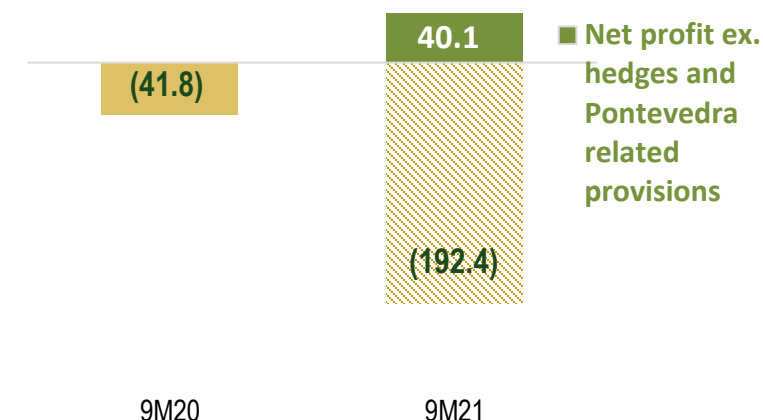
Pulp Business EBITDA (€ m)



Renewable Energy Business EBITDA (€ m)



Group Net Profit (€ m)



€100m EBITDA before hedges:

- Driven by the strong recovery in pulp prices
- One-off pulp price hedges** had a negative impact of €31.4m in 9M21
- FX hedges had a positive impact of €3m vs. a negative impact of €9.8m in 9M20

€34m EBITDA before hedges:

- +21% vs. 9M20** excluding Puertollano CSP, driven by growth in energy prices to its regulatory cap
- Fixed price contracts signed in 2020** had a negative impact of €19.7m in 9M21
- Regulatory collar** implied **non-cash** provisions of €18.1m in 9M21

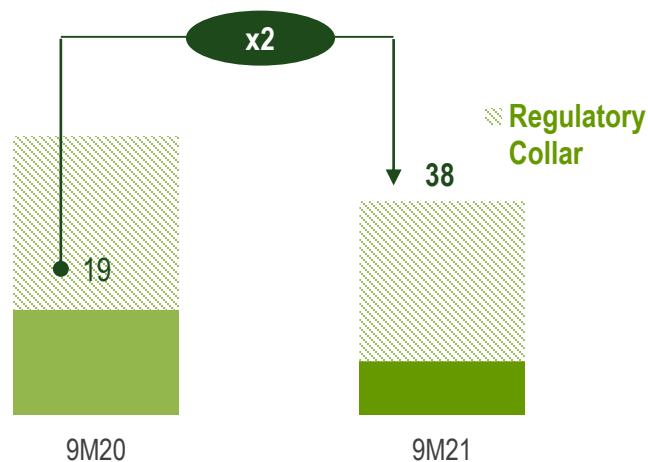
€40m net profit before hedges and Pontevedra-related provisions:

- €148m** asset impairment charges and provisions which will not imply any cash outflow
- €42m** provision to cover the estimated cost of the potential dismantling of the bio-mill
- €6m** provision for the potential cost of terminating outstanding contracts.

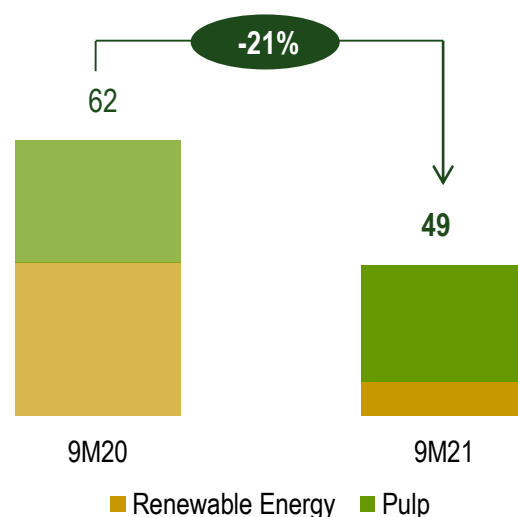
€16m net debt reduction to €162m

Despite lower factoring usage and carry-over payments

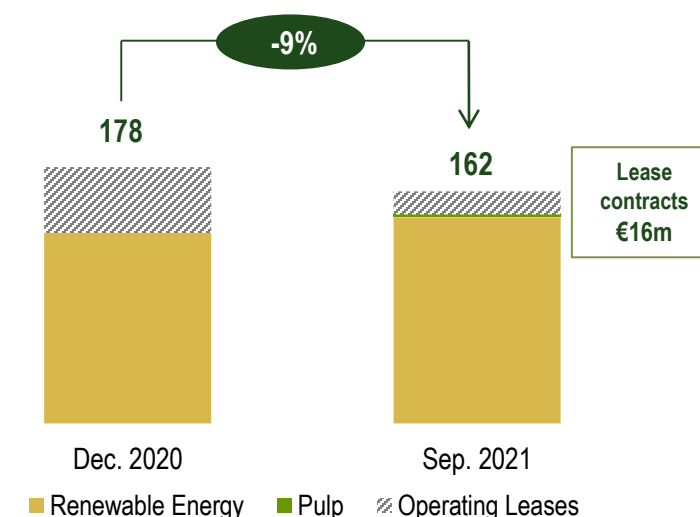
Normalized FCF¹ post collar (€ Mn)



Strategic Plan payments (€ Mn)



Net Debt (€ Mn)



Normalized free cash flow generation of €38m including the regulatory collar:

- Positive cash contribution of €29m from the regulatory collar in 9M21 vs. a negative one of €31m in 9M20
- €26m working capital increase in 9M21
- €19m reduction in the usage of factoring facilities**

Strategic Plan carry-over payments of €49m:

- €38m of carry-over payments in the Pulp business, mainly from capacity expansions and sustainability improvements dating to 2019
- €11m of capex in the Renewable business, mainly carry-over payments from two new biomass plants commissioned in 1Q20

€162m of net debt (- €16m vs. Dec. 20):

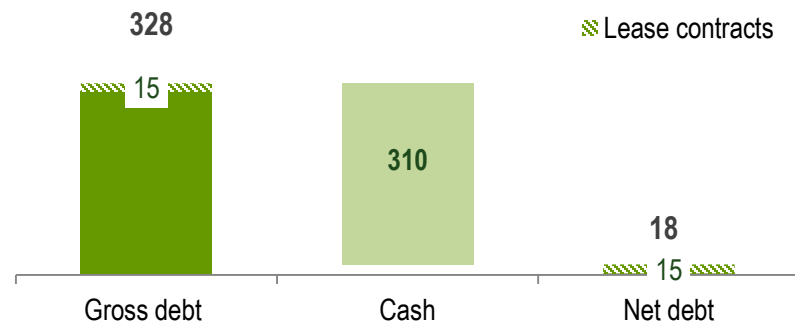
- Including €16m related to lease contracts, after the **write-off of the annual Pontevedra concession lease of €29m**
- €375m cash** on the balance sheet

1. FCF before Strategic Plan investments

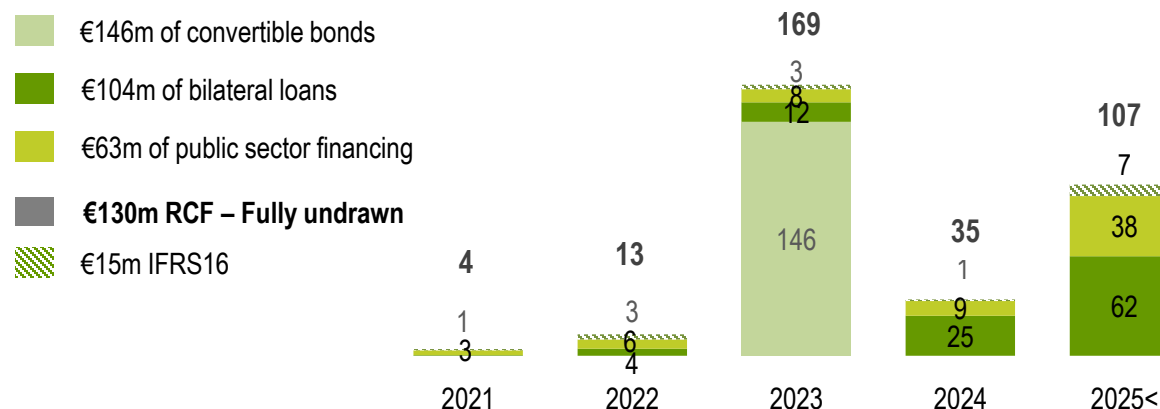
€375m liquidity after a €115m debt prepayment in the Pulp business

€130m RCF and €80m bilateral loans in the Pulp business refinanced in 3Q21

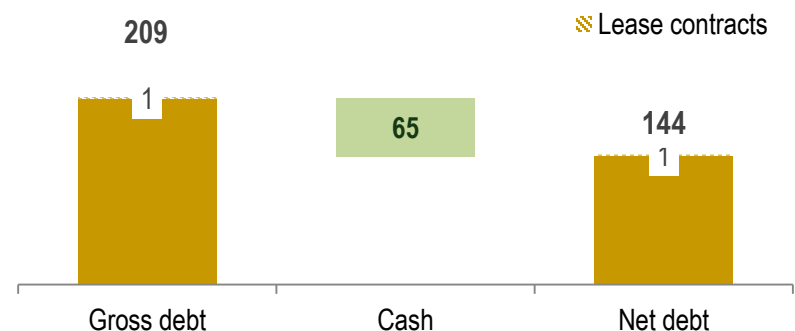
Pulp business net debt as of 30 Sep. 2021 (€ m)



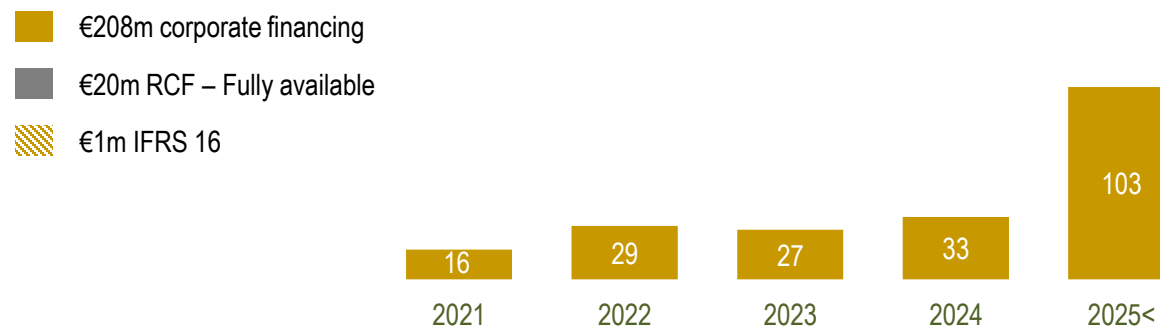
Pulp business debt maturity schedule (€ m)



Renewables business net debt as of 30 Sep. 2021 (€ m)



Renewables business debt maturity schedule (€ m)



2021 hedges

Pulp and Energy price hedges closed exceptionally in 2020

Dollar/Euro FX

1Q21: USD77m

- Avg. cap: \$1.17/€
- Avg. floor: \$1.09/€

2Q21: USD75m

- Avg. cap: \$1.19/€
- Avg. floor: \$1.12/€

3Q21: USD75m

- Avg. cap: \$1.22/€
- Avg. floor: \$1.16/€

4Q21: USD75m

- Avg. cap: \$1.25/€
- Avg. floor: \$1.19/€

1Q22: USD86m

- Avg. cap: \$1.23/€
- Avg. floor: \$1.18/€

2Q22: USD86m

- Avg. cap: \$1.22/€
- Avg. floor: \$1.18/€

Average cap of \$1.21/€
for USD302m in 2021

**Positive impact of
€3m in 9M21**

**Estimated negative impact
of €2Mn in 4Q21** assuming an
average exchange rate of \$1.16/€

Pulp Prices

1Q21: 55,500 t

- Avg. price: \$772/t

2Q21: 55,500 t

- Avg. price: \$772/t

3Q21: 68,100 t

- Avg. price: \$775/t

4Q21: 68,100 t

- Avg. price: \$775/t

No hedges in 2022

Avg. price of \$773/t for 247,200
tones in 2021

**Negative impact of
€31.4m in 9M21**

**Estimated negative impact of
€21m in 4Q21** assuming an
average pulp price of \$1,140 t

Energy Prices

1Q21: 166,302

- Avg. price: €43.9/MWh

2Q21: 157,248

- Avg. price: €43.8/MWh

3Q21: 205,344

- Avg. price: €44.5/MWh

4Q21: 203,169

- Avg. price: €45.5/MWh

No hedges in 2022

Avg. price of €44.5/MWh for
732,063 MWh in 2021

**Negative impact of
€19.7m in 9M21**

**Estimated negative impact of
€31m in 4Q21** assuming an
average pool price of €200 Mwh

Alternative Performance Measures (APMs)

Pg.1

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 all of 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, before hedges, which are also not included in the cash cost.

EBITDA

EBITDA is a measure of operating profit before depreciation, amortisation 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 Ence's management to compare the ordinary results of the company over time. It provides an initial proxy for 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 and 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 the 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 the 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 recognised 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 as well as loans with Group companies and associates.

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

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