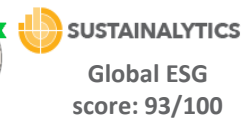




# 2024 Results

28 February 2025



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## Today's presenters



**Ignacio de Colmenares**

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*Chairman & CEO  
Ence Energía y Celulosa*



**Alfredo Avello**

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*Chief Financial Officer  
Ence Energía y Celulosa*

# Results Summary

## 2025 Outlook

- BHKP price bottomed out in 4Q24. Price increases of up to USD 1,220/t gross (approx. USD 645/t net) announced from March
- Expected cash cost reduction during 2025 as temporary factors are expected to end in 1Q25
- Sale of Energy Saving Certificates for €30m, expected to be cashed and registered as revenue in 1Q25
- Higher energy production expected in 2025, supported by the restart of one of our two 16 MW power plants
- Lower biomass plant operating costs expected in 2025, favoured by higher biomass availability and higher fixed cost dilution
- Higher energy prices in 1Q25
- Expected improvement in the contribution from new renewable businesses, following the acquisition of La Galera biomethane plant

## FY2024 Operating Highlights

- 12% net sale price YoY increase, up to 647 €/t and 6% YoY reduction in cash cost, down to 493 €/t in 2024
- 521 €/t cash cost in 4Q24 due to temporary factors which are expected to end in 1Q25
- Ence Advanced pulp sales accounted for 23% of total pulp sales in 2024 with an operating margin approximately 30 €/t higher than our standard pulp
- 16% YoY pulp production increase in Pontevedra in 2024 boosted by its new water recovery solution
- 23% YoY higher energy generation and 15% YoY lower biomass plant operating costs in 2024
- La Galera 50 GWh/yr biomethane plant acquisition in Dec.24.
- Second industrial heating contract awarded for 85 GWh/year, 15-year term

## FY2024 Financial Results

- Pulp business EBITDA x3 in 2024 up to €138m, driven by higher pulp prices and lower cash cost
- 50% YoY EBITDA improvement from the biomass energy business. €26m Renewables EBITDA includes new business development costs
- €101m FCF before working capital change and growth capex in 2024
- €66m WC outflow driven by higher pulp inventories and higher Ro
- €34m dividend payments to shareholders, implying a 5% dividend yield
- Low leverage position with €321m Net Debt at the end of 2024 and a cash balance of €287m
- Successful Magnon Green Energy corporate refinancing in July 2024

## Growth, Efficiency and Diversification Projects

- Building a large biofertilizer and biomethane platform in Spain aiming to produce 1 TWh by 2030 and contribute >€60m to EBITDA
- Our Thermal Energy business aims to produce 2TWh by 2030 and contribute >€40m to EBITDA
- Ence Advanced pulp sales should reach 50% of the total by 2028 with an operating margin approximately 30 €/t higher than our standard pulp
- New 125 Kt Fluff pulp line commissioning in 4Q25 with an expected operating margin approx. 60 €/t higher than our standard pulp
- Production of renewable packaging solutions to start-up in 2025
- Navia decarbonization and cost reduction project launched in 1Q25
- Progressing with the Pontevedra Avanza and As Pontes engineering



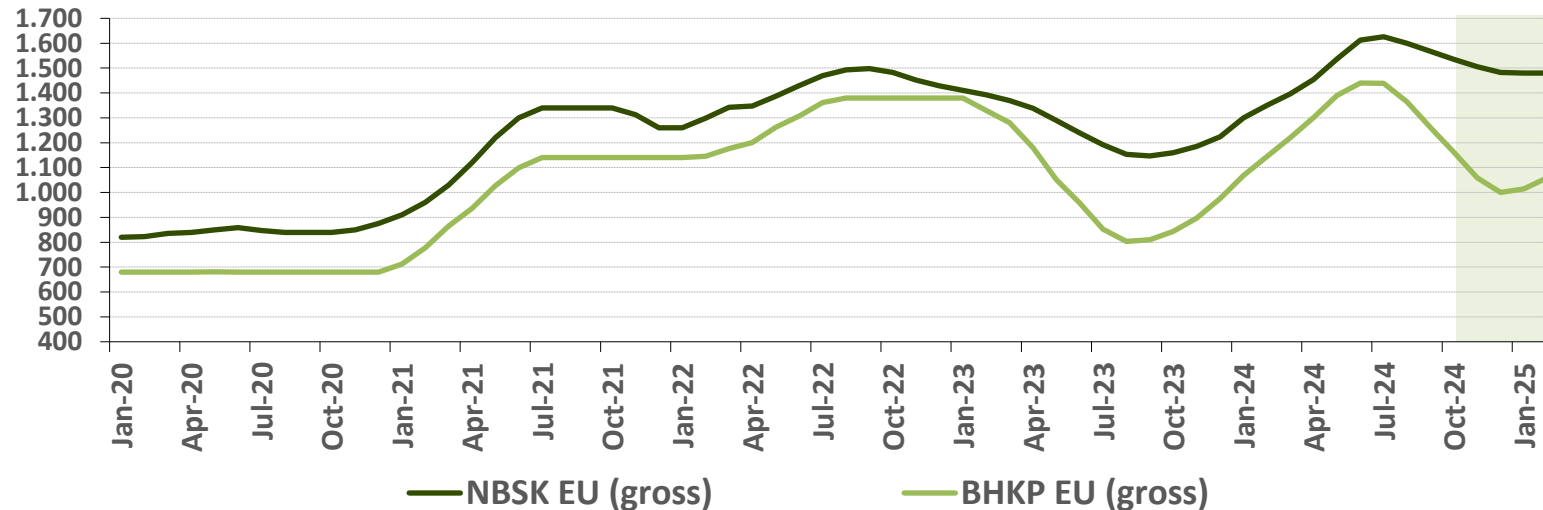
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# 2024 Highlights

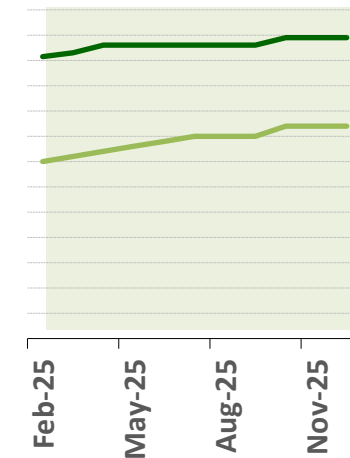
# Pulp prices bottomed out in 4Q24

BHKP price increases of up to USD 1,220/t gross announced from March

GROSS Pulp Prices in Europe (USD/t)



Future Pulp Prices in Europe (USD/t)



Source: Norexeco (11/02/2025)

- BHKP demand reached a new record high in 4Q24 and producers inventories ended the year at low levels (39 days)
- Bankruptcy of a major integrated Chinese P&P producer now generating a BHKP supply gap of >0,2 Mnt per month
- BHKP conversions to other grades and significant downtimes scheduled for 1Q25
- Record price gap with NBSK is strengthening demand for BHKP

# Ence Advanced pulp accounted for 23% of our pulp sales in 2024

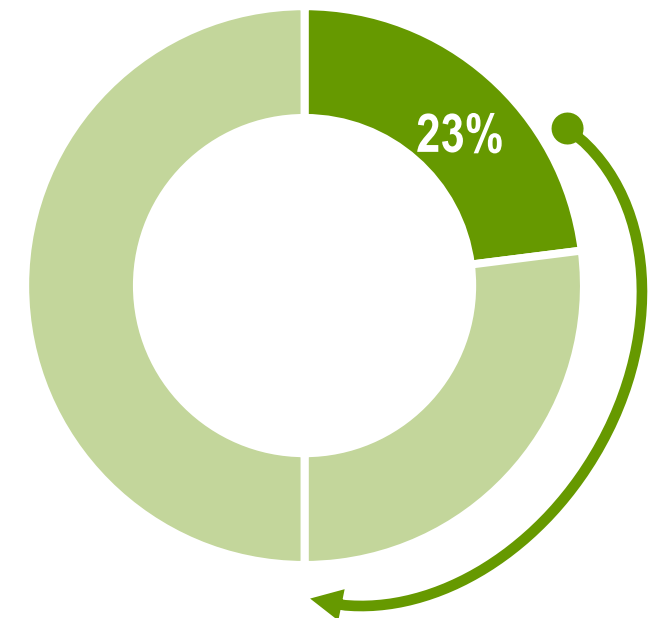
Operating margin approximately 30 €/t higher than our standard pulp



- ✓ **High strength pulp aiming to substitute softwood pulp**
- ✓ **Minimizes the energy consumption during the refining process**
- ✓ First unbleached hardwood pulp in the market
- ✓ Certified CO<sup>2</sup> footprint during the product life cycle
- ✓ Increases tissue softness
- ✓ Low wet-expansion cellulose suitable for decor paper applications
- ✓ Narrow range of porosity
- ✓ Plastic alternative in packaging for food & beverage industry
- ✓ Low porosity material

+ Others such as  photocell ,  high white,  softcell and  porocell

% of total pulp sales in 2024



**We aim at reaching 50% of our pulp production by 2028 (>500,000 t) with approx. 30 €/t higher operating margin than our standard pulp**

# Diversification projects in the Pulp business are on track

These will deliver higher operating margins

Status: **On track**

## ENCE ADVANCED PULP

To develop and sell our Ence Advanced products, with enhanced technical properties and approx. **30 €/t higher operating margin** than our standard pulp

% / total pulp sales      **23% in 2024**

Substitution target      50% by 2028

Estimated capex      0



Status: **On track**  
ROCE<sup>1</sup> target: >15%

## FLUFF

To diversify Navia's production into Fluff pulp for the absorbent hygienic products industry in Europe, substituting imported Fluff based on softwood. Over **60 €/t<sup>2</sup> higher operating margin** expected vs. standard pulp

Substitution target      125 Kt

Estimated capex      €30m in 2024-25

Exp. commissioning      4Q 2025



Status: **On track**  
ROCE<sup>1</sup> target: >15%

## RENEWABLE PACKAGING SOLUTIONS

To develop and produce a portfolio of renewable packaging solutions, capable of replacing single-use plastic packaging in the food sector

Production target:      1 Kt / 40 m units

Estimated capex:      €12m in 2025 - 26

Exp. commissioning      3Q 2025



<sup>1</sup> ROCE = EBIT / Equity + Net Debt (including leases)

<sup>2</sup> Based on Fluff pulp prices in Europe during 2024



# Efficiency and growth projects in the Pulp business

These will deliver higher operating margins

Status: **Started**  
ROCE<sup>1</sup> target: >15%

## NAVIA DECARBONIZATION

**13 €/t cash cost reduction** and 60% reduction of Navia's scope 1 emissions by reconditioning the wood yard and replacing natural gas with biomass in its lime kiln

Navia cash cost reduction target:	13 €/t (8 €/t in the Group)
Net estimated capex:	€35m in 2025-26
<b>Exp. commissioning</b>	<b>4Q 2026</b>



Status: **Engineering and permitting**  
ROCE<sup>1</sup> target: >12%

## PONTEVEDRA AVANZA

An integral project to boost the efficiency and flexibility of Pontevedra biomill

Pontevedra cash cost reduction target:	50 €/t (20 €/t in the Group)
Estimated capex:	€120m in 2025-30
Investment decision:	2025



Status: **Engineering and permitting**  
ROCE<sup>1</sup> target: >12%

## AS PONTES

To produce bleached recycled pulp in As Pontes (Galicia) using recycled fibers, without increasing the consumption of wood

Production target:	+ 100 Kt
Estimated capex:	> €125m
Investment decision:	2025



<sup>1</sup> ROCE = EBIT / Equity + Net Debt (including leases)

# Sale of Energy Saving Certificates for €30m

Expected to be cashed and registered as revenue in 1Q25



Energy efficiency projects undertaken imply annual energy savings equivalent to 191 GWh, which have been verified by AENOR.

An Energy Saving Certificate (CAE) is an electronic document which guarantees that, after carrying out an energy efficiency action, a new final energy saving equivalent to 1 kWh has been achieved.

These Energy Saving Certificate (CAE) may be acquired by energy companies to fulfill their energy saving targets.

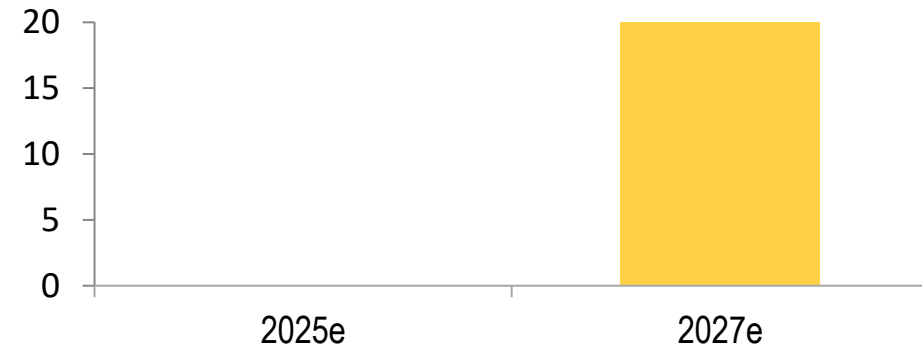
Ence sold Energy Saving Certificates (CAE) for €30m in February 2025. They are expected to be cashed and registered as revenue in 1Q25.

# Ence Biogas has acquired a 50 GWh/yr biomethane plant in La Galera

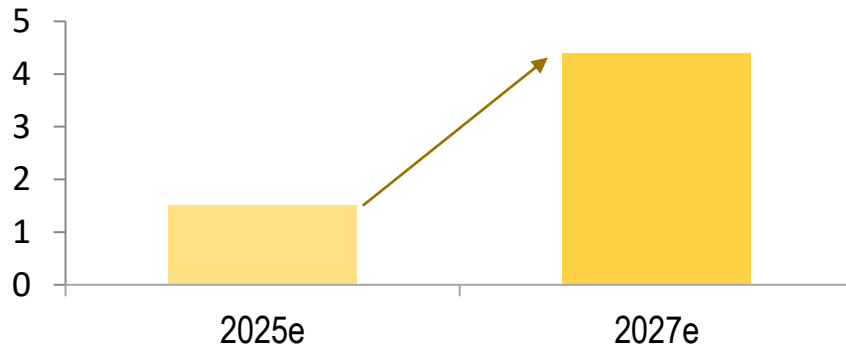
15 year biomethane sale agreement signed with a major energy merchant



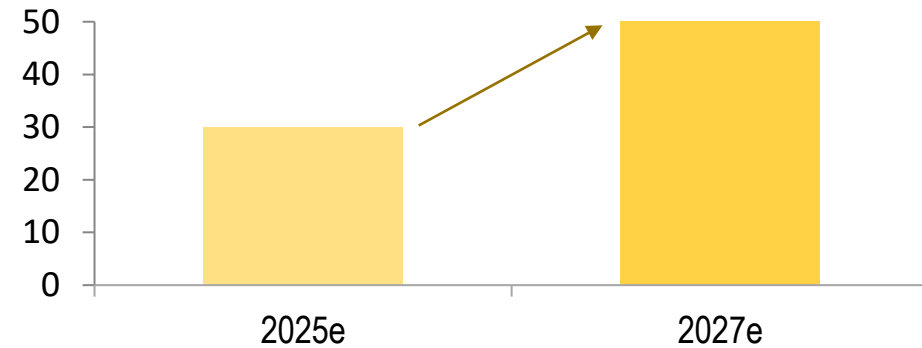
La Galera estimated biofertilizer production (K tons)



La Galera estimated EBITDA generation (€m)



La Galera estimated biomethane production (GWh)



# First step towards the creation of a biofertilizer and biomethane platform

Target: 1 TWh of biomethane production by 2030 and over €60m contribution to EBITDA

## BIOMETHANE BUSINESS

Biofertilizer and biomethane production from the valorisation of local agricultural and livestock biomass, including the associated sustainability certificates

Plant size: 50 – 100 GWh

Production Target: 1,000 GWh by 2030

Estimated Capex: €0.4m / GWh

ROCE<sup>1</sup> Target: > 12%



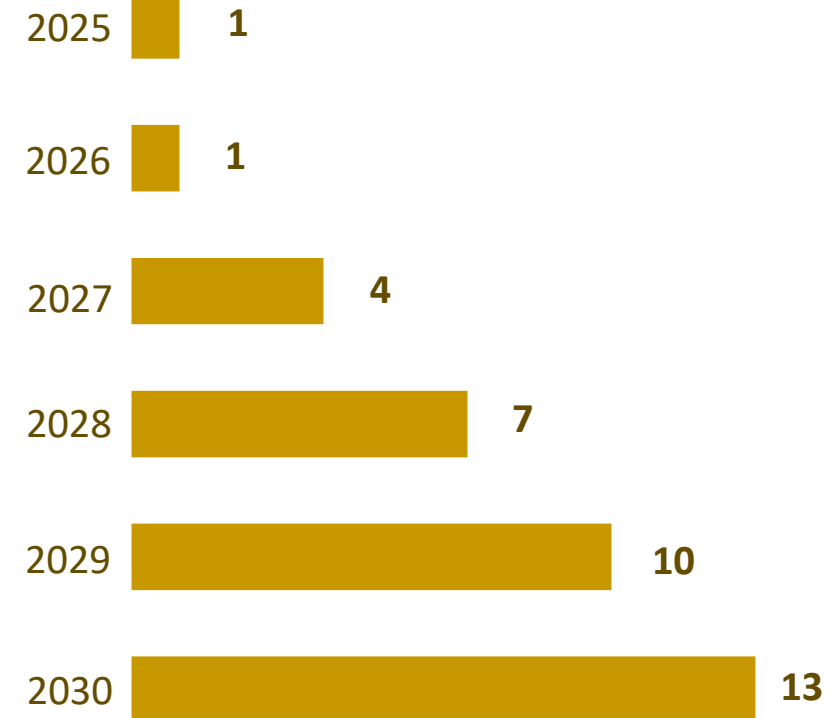
## PROJECT PIPELINE

28 plants: locations secured and feasibility studies completed

16 plants already in their permitting phase

5 plants expected RTB in 2025

## PIPELINE EXPECTED DEPLOYMENT (Operating Plants)



**16 biomethane plants already in their permitting phase, with a required ROCE<sup>1</sup> >12%**

<sup>1</sup> ROCE = EBIT / Equity + Net Debt (including leases)

# Second industrial heating contract awarded for 85 GWh/year, 15-year term

Target: 2TWh thermal energy supply by 2030 and over €40m contribution to EBITDA

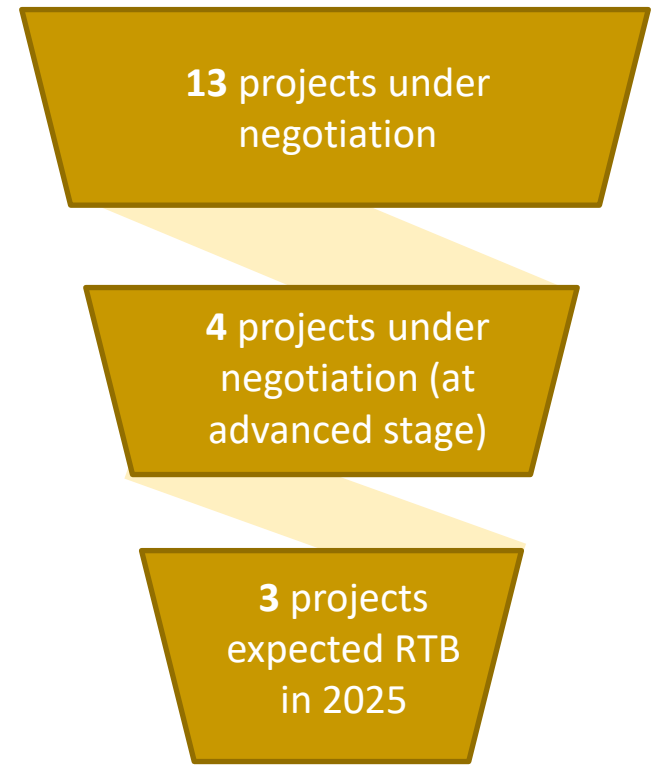
## RENEWABLE THERMAL ENERGY BUSINESS

Development and supply of biomass, and the O&M of comprehensive thermal energy solutions based on biomass for industrial applications

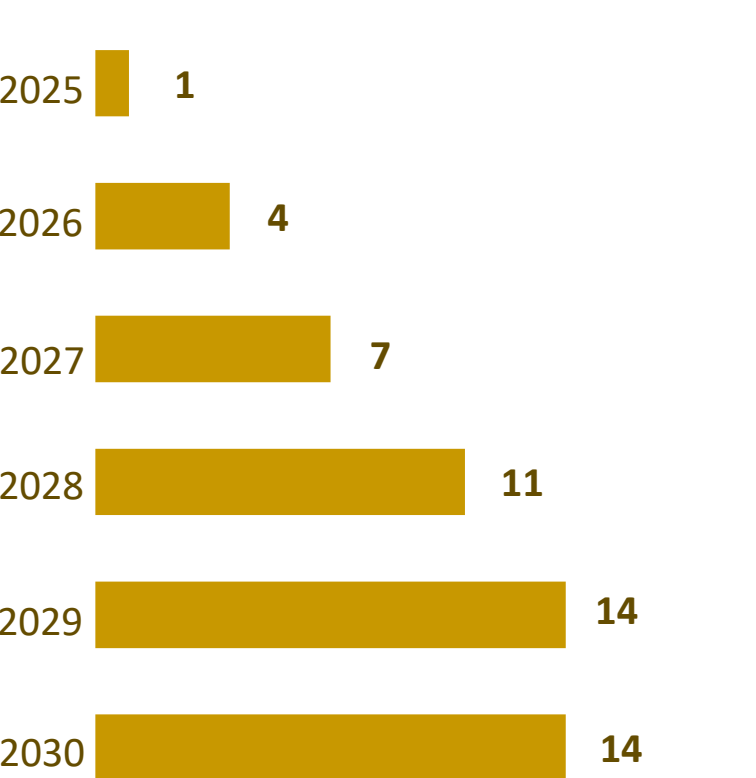
Plant size:	40 – 160 GWh
Prod. Target:	2,000 GWh/yr by 2030
Estimated Capex:	€0.1m – €0.2m / GWh
ROCE <sup>1</sup> Target:	> 11%



## PROJECT PIPELINE



## PIPELINE EXPECTED DEPLOYMENT (Operating Plants)



**1 contract in operation, 1 contract under construction and 3 projects expected RTB in 2025, with a required ROCE<sup>1</sup> >11%**

<sup>1</sup> ROCE = EBIT / Equity + Net Debt (including leases)



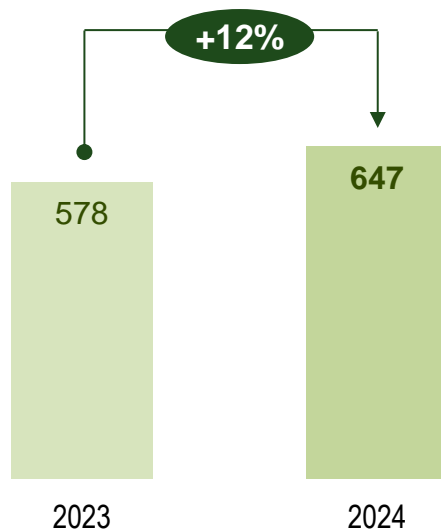
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## 2024 Financial Results

# Pulp business EBITDA x3 in 2024 up to €138m

Driven by higher pulp prices and lower cash cost

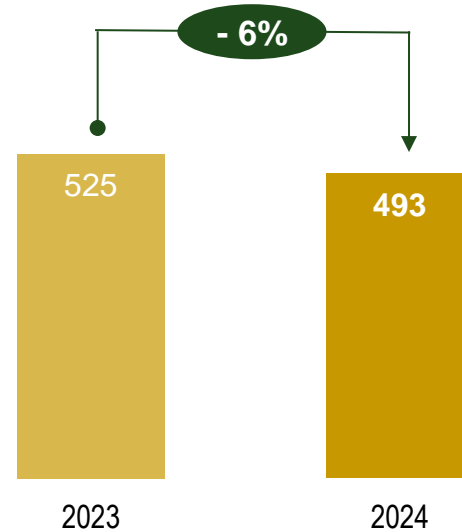
Avg. NET Sales price  
(€/t)



**69€/t YoY net pulp price improvement in 2024, up to 647 €/t.**

576 €/t net pulp price in 4Q24

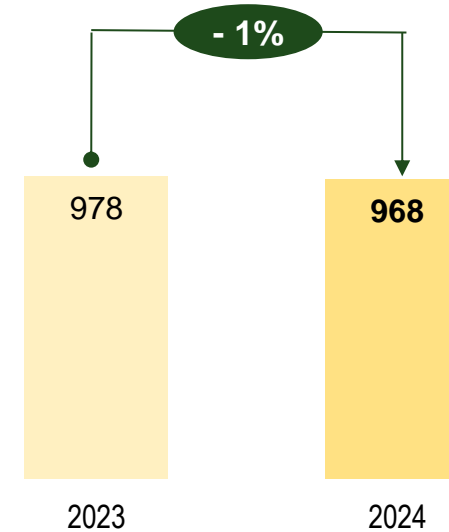
Cash Cost  
(€/t)



**32 €/t YoY cash cost reduction in 2024, down to 493 €/t**

520 €/t cash cost in 4Q24 affected by temporary factors

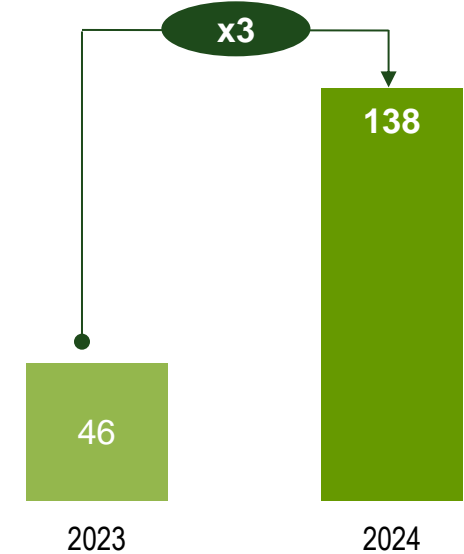
Pulp sales volume  
(,000 t)



**-10 Kt YoY lower sales in 2024, to 968 Kt**

▪ 29 Kt inventory increase in 2024

Pulp EBITDA  
(€m)



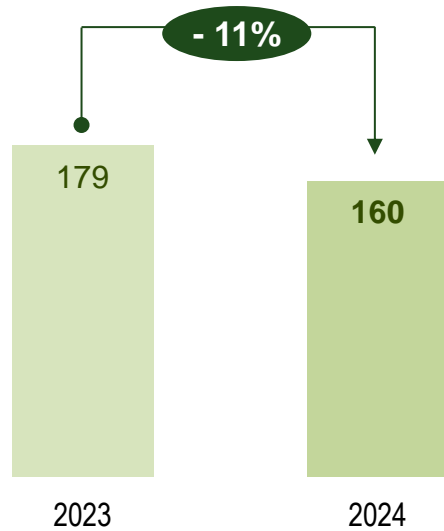
**EBITDA x3 YoY, to €138m in 2024**

▪ €6m EBITDA in 4Q24, including a one-off cost of €10m due to lower energy cogeneration at Navia

# 50% YoY EBITDA improvement from the biomass energy business

€26m Renewables EBITDA includes new business development costs

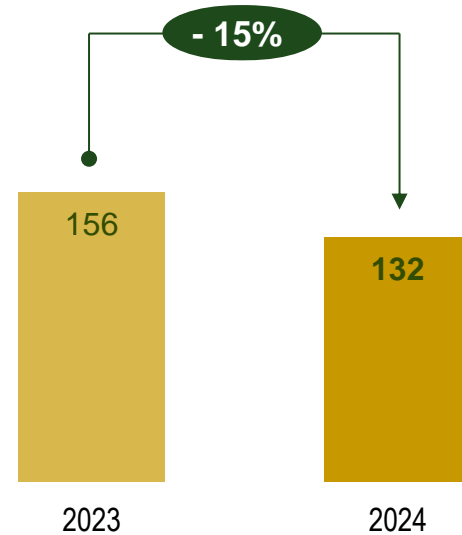
Average revenue per MWh (€/MWh)



**19 €/MWh lower revenues YoY in 2024**

- New methodology to update quarterly the Ro cashed by biomass plants as from 2024

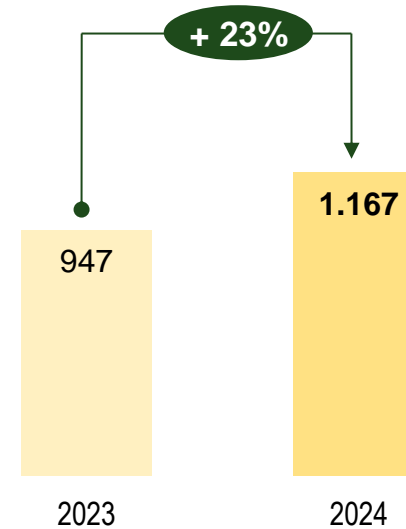
Net operating costs per MWh (€/MWh)



**24 €/MWh lower operating costs YoY in 2024**

- Lower biomass costs
- Higher fixed cost dilution on back of higher energy output

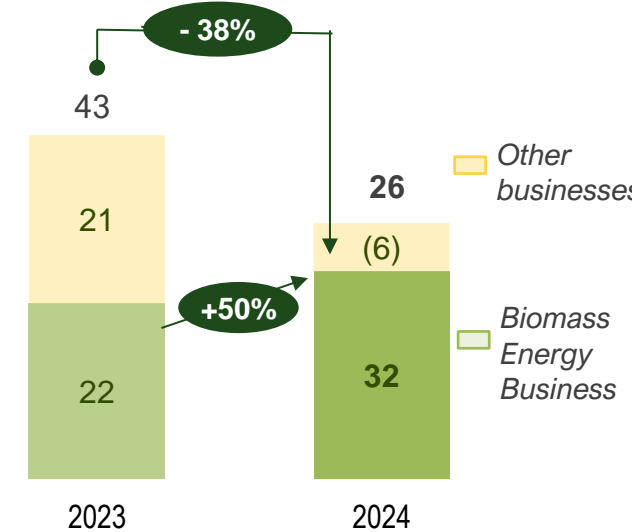
Energy volume sold (GWh)



**220 GWh output improvement**

- Favoured by the new regulatory framework approved in 2024

Renewables EBITDA (€m)



**50% YoY EBITDA improvement from the biomass energy business, up to €32m**

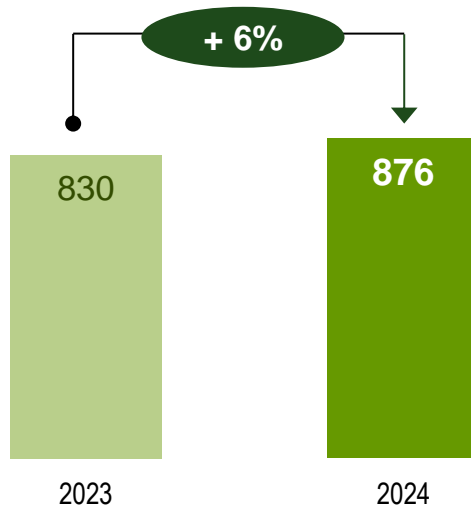
- €27m contribution from the sale of two PV projects in 2023



# €165m consolidated EBITDA in 2024

€32m net income

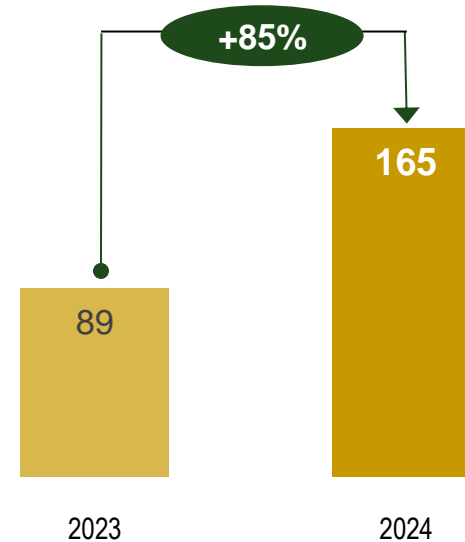
Group Revenues (€m)



## +€47m consolidated revenue growth YoY in 2024

- +€60m in the Pulp business boosted by 12% higher net pulp price
- -€12m in the Renewable business driven by the elimination of the regulatory collar in 2024

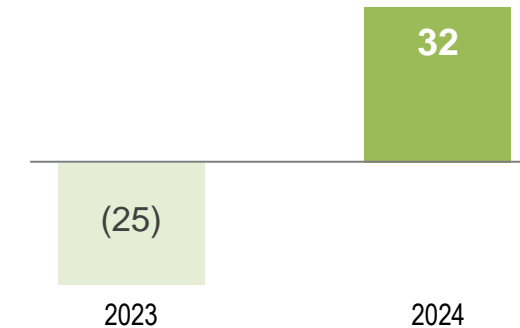
Group EBITDA (€m)



## +€76m consolidated EBITDA YoY growth in 2024

- +€92m in the Pulp business boosted by the improvement in pulp prices and the reduction in cash cost
- -€16m in the Renewable business due to the comparative effect with the sale of PV projects in 2023

Attributable Net Income (€m)

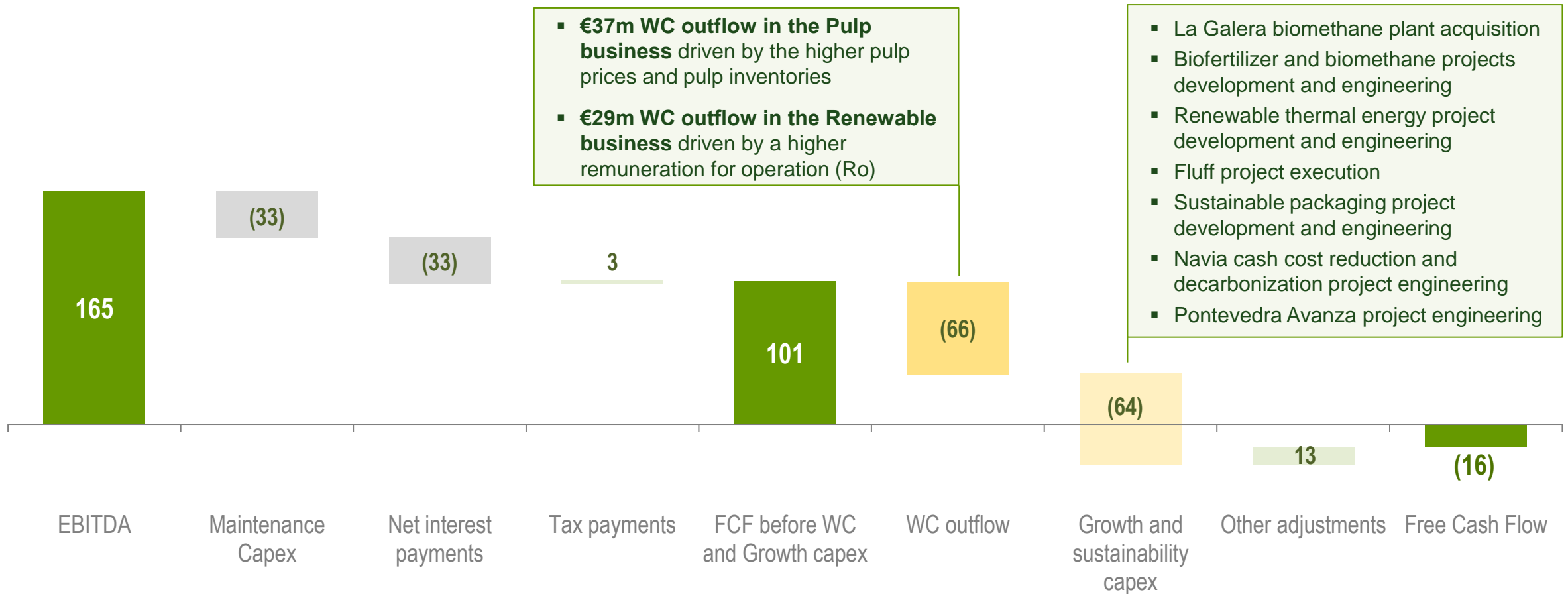


## +€57m Attributable Net Income YoY improvement in 2024

# €101m FCF before working capital change and growth capex in 2024

WC outflow driven by higher pulp inventories and higher Ro in Renewables

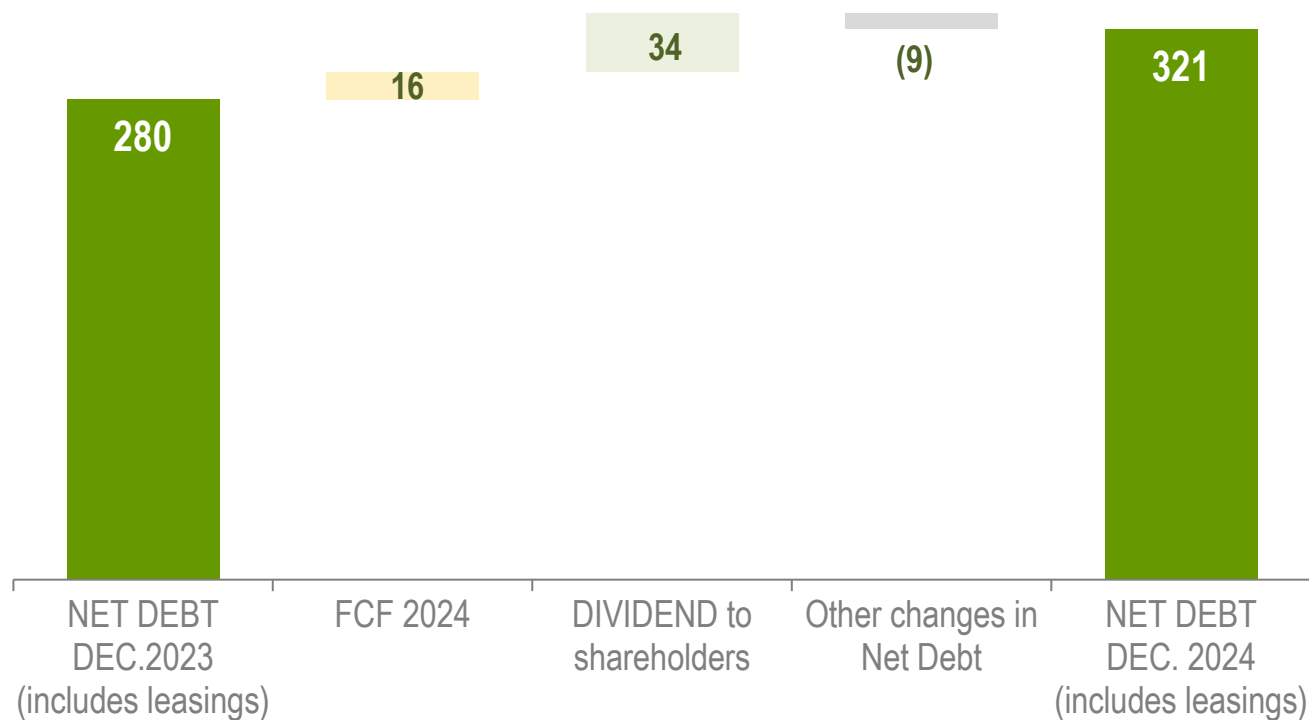
## Cash Flow Statement 2024 (€m)



# €321m Net Debt at year end 2024, following a €34m dividend to shareholders

Low leverage position vs. our Group average cycle EBITDA of €175m<sup>1</sup>

## Net Debt Change in 2024 (€m)



## Dividend policy

Amount based on **cash**

available for distribution

Ensuring a **leverage** below:

**2.5 x**

Net Debt / average cycle EBITDA for the **Pulp** business

**5.0 x**

Net Debt / average cycle EBITDA for the **Renewable** business

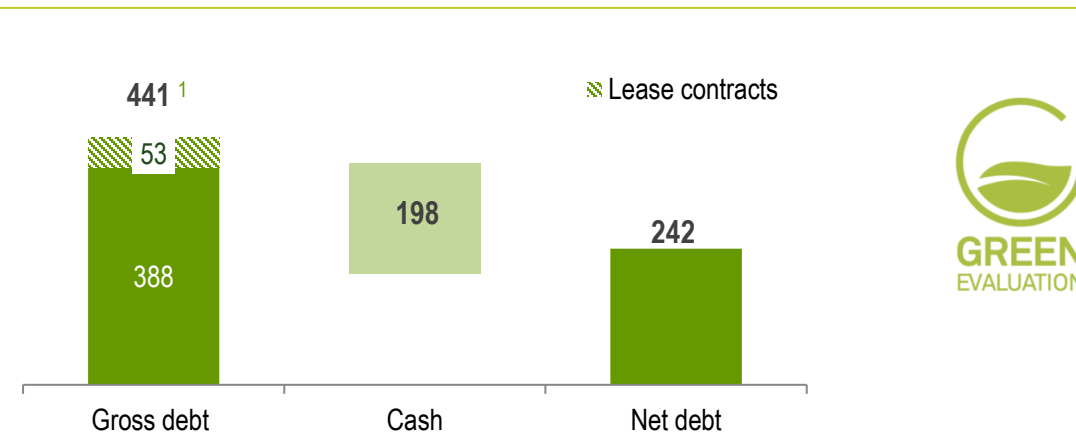
Considering capex plans and commitments

1) Average consolidated EBITDA 2015 – 2024, excluding the impact in 2021 of one-off pulp and energy price hedges arranged in 2020, during the pandemic

# Successful Magnon corporate refinancing in July 2024

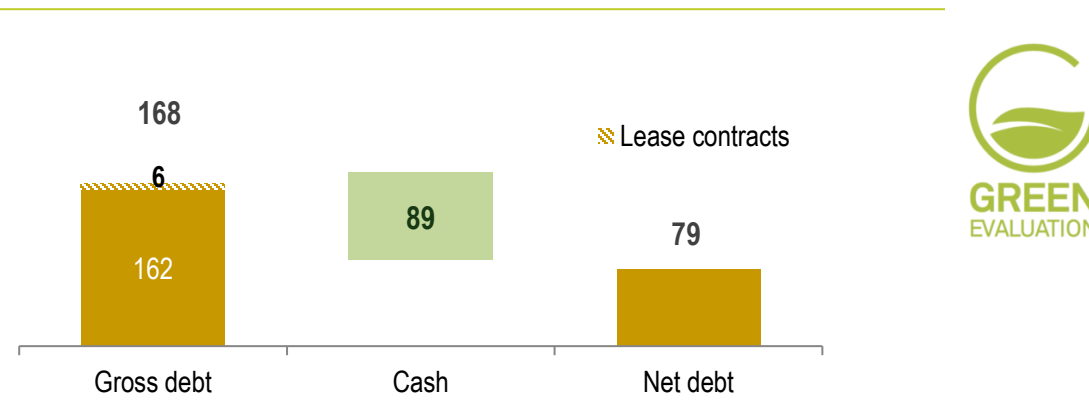
La Galera biomethane plant project financing closed in January 2025

**Pulp business net debt as of 31 Dec. 2024 (€ m)**

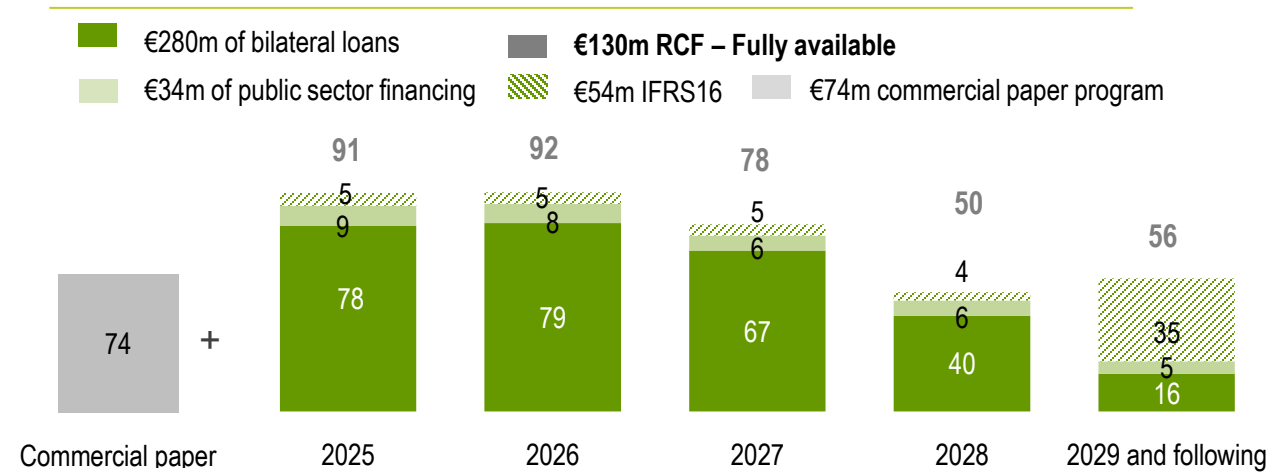


1) Pulp business financial debt is covenant free

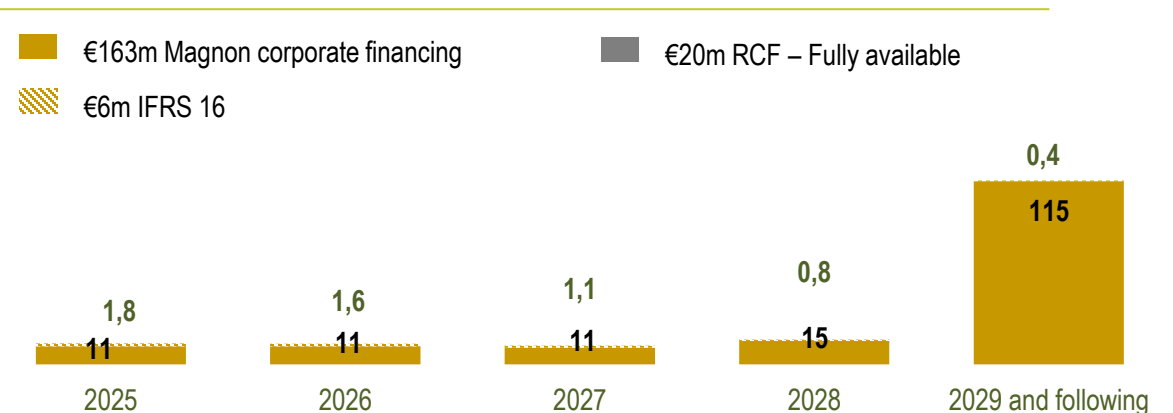
**Renewables business net debt as of 31 Dec. 2024 (€ m)**



**Pulp business debt maturity schedule (€ m)**



**Magnon debt maturity schedule (€ m)**



# ENCE: industry leader in sustainability

## Highlights 2024



### Safe and Eco-efficient operations

For operational cost reduction

#### Protecting Health and Safety of employees and contractors

- ✓ 34% reduction of accidents with leave vs. 2023
- ✓ 57% reduction in Severity rate vs. 2023

#### Water use reduction

- ✓ -8% Pontevedra (vs 2023), increasing resilience to climate risks related to droughts

#### Odour reduction (vs. 2023)

- ✓ - 40% Navia and -35% Pontevedra

#### Advancing towards a circular economy

- ✓ 100% sites ZERO WASTE certified

#### Committed to mitigate climate change

- ✓ New decarbonization plan with GHG emission reduction targets for 2030



### Bioproducts & ecosystem services

Potential for topline improvement

#### Differentiated pulp products with higher added value

- ✓ 23% of total sales of Products with higher and growing margins
- ✓ 1<sup>st</sup> Carbon neutral product (Naturcell Zero)

#### Forestry bioproducts and ecosystem services

- ✓ Improved plant material, better adapted to climate change: 3 new Eucalyptus clone in commercial phase
- ✓ >3.700 ha Forest sinks registered in voluntary carbon markets



### Responsible supply chain

To become preferred supplier

#### Certified supply chain

- ✓ 90% of managed land certified
- ✓ 79% of wood certified
- ✓ 100% sites SURE System certified (Sustainable biomass)

#### Supply chain supervision

- ✓ Deployment of the new Third Party Due Diligence Procedure, in order to minimize human rights violations and negative environmental impacts risks along the supply chain
- ✓ Implementation of tools to comply with the EUDR Regulation against deforestation



### Positive social impact

To grant business sustainability

#### Talent as a competitive advantage

- ✓ 27,2% female employees
- ✓ 29,4% females in managerial positions
- ✓ Great Place to Work certification (5<sup>th</sup> year in a row)
- ✓ Top Employer certification

#### Creating positive social impact in local communities

- ✓ New edition of Ence's Pontevedra Social Plan (up to 3M€), with more than 500 applications

#### Promoting professional development in rural communities

- ✓ New edition of the Forestry machinery training program
- ✓ 1,000+ technical advice sessions with Forest owners



3.

## 2025 Outlook and Closing Remarks

**1** **BHKP price bottomed out in 4Q24**  
Price increases of up to USD 1,220/t gross (approx. USD 645/t net) announced from March

**2** **Expected cash cost reduction during 2025** as temporary factors are expected to end in 1Q25

**3** **Sale of Energy Saving Certificates for €30m**, expected to be cashed and registered as revenue in 1Q25

**4** **Higher energy production expected in 2025 supported** by the restart of one of our two 16 MW power plants

**5** **Lower biomass plant operating costs expected in 2025**, favoured by higher biomass availability and higher fixed cost dilution

**6** **Expected improvement in the contribution from new renewable businesses**, following the acquisition of La Galera biomethane plant in Dec.24

# Closing Remarks



- We are building a large biofertilizer and biomethane platform in Spain which aims to produce over 1 TWh by 2030 and contribute over €60m to EBITDA.
- Our Thermal Energy business is developing well. It aims to produce 2TWh by 2030 and contribute over €40m to EBITDA.
- Our Ence Advanced pulp sales are expected to reach 50% of the total BHKP sales by 2028, with an operating margin approximately 30 €/t higher than our standard pulp.
- Our first 125 Kt Fluff pulp line in Navia will be commissioned in 4Q25 with an expected operating margin approximately 60 €/t higher than our standard pulp
- We expect to start the production of our renewable packaging solutions in 2025
- Navia's cost reduction and decarbonization project has been launched and we are making good progress with the engineering of the Pontevedra Avanza and As Pontes projects
- Reaching these goals should allow us to more than double the Renewable business EBITDA over the next 5 years, whilst the transformation of Ence into a producer of special pulp products will significantly improve the business operating margin
- The execution of these projects will be adapted and aligned to our cash flow generation, to maintain a prudent leverage and an attractive remuneration for shareholders





Global ESG  
score: 93/100



# Delivering value Delivering commitments