



Pulp business 2017-2020 Strategic Plan Investment Update

6 March 2017

Pulp business 2017-2020 Strategic Plan Investment update

7% higher EBITDA with 15% lower investments

€50Mn lower capex in the Pulp business:

➤ New biomass plant to be developed in Huelva, transferred to the Energy business	→	-74 Mn
➤ Repowering of Pontevedra cogeneration turbine: from 27 Mw to 35 Mw of net capacity	→	+10 Mn
➤ Capacity expansion at Pontevedra: from 30,000 t to 70,000 t in two phases	→	+12 Mn
➤ Reduced capacity expansion at Navia by 20,000 t, from 100,000 t to 80,000 t	→	-18 Mn
➤ Cost reductions and efficiency improvements in both mills	→	+4 Mn
➤ Increased environmental excellence in Navia	→	+16 Mn

➤ **Increased production target up to 1.12 Mn tons** from 1.09 Mn tons in 2020

➤ **Improved cash cost target down to €325 /t** from €329 /t in 2020

➤ **Increased EBITDA Target by €9 Mn** under a conservative scenario ¹

➤ **Maintaining Net Debt / EBITDA below 2,5x** in the Pulp Business

¹ Based on flat net price of 449 €/t (conservative scenario)

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Pulp Business Summary

	2015a	2016a	2017e	2018e	2019e	2020e	TOTAL	INITIAL PLAN	Difference
CAPEX (€Mn)	30	37	41	71	82	27	288	338	- 50
Pontevedra (€Mn)	3	7	26	28	37	23	124	173	- 49
Navia (€Mn)	27	30	15	43	45	4	164	165	- 1
Divestment Plan (€Mn)	32	38	6	30	30	35	171	78	+ 93
NET CAPEX (€ Mn)	-2	-1	35	41	52	-8	117	260	- 143
Pulp Production (000, t)	898	931	972	991	1.040	1.120		1.090	+ 30
Cash cost (€/t)	358	357	339	337	329	325		329	- 4
EBITDA (€Mn) ¹	81	85	107	111	125	139		130	+ 9

¹ Based on flat net price of 449 €/t (conservative scenario)

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Pontevedra: 50,000 t of increased production target

Pontevedra Mill

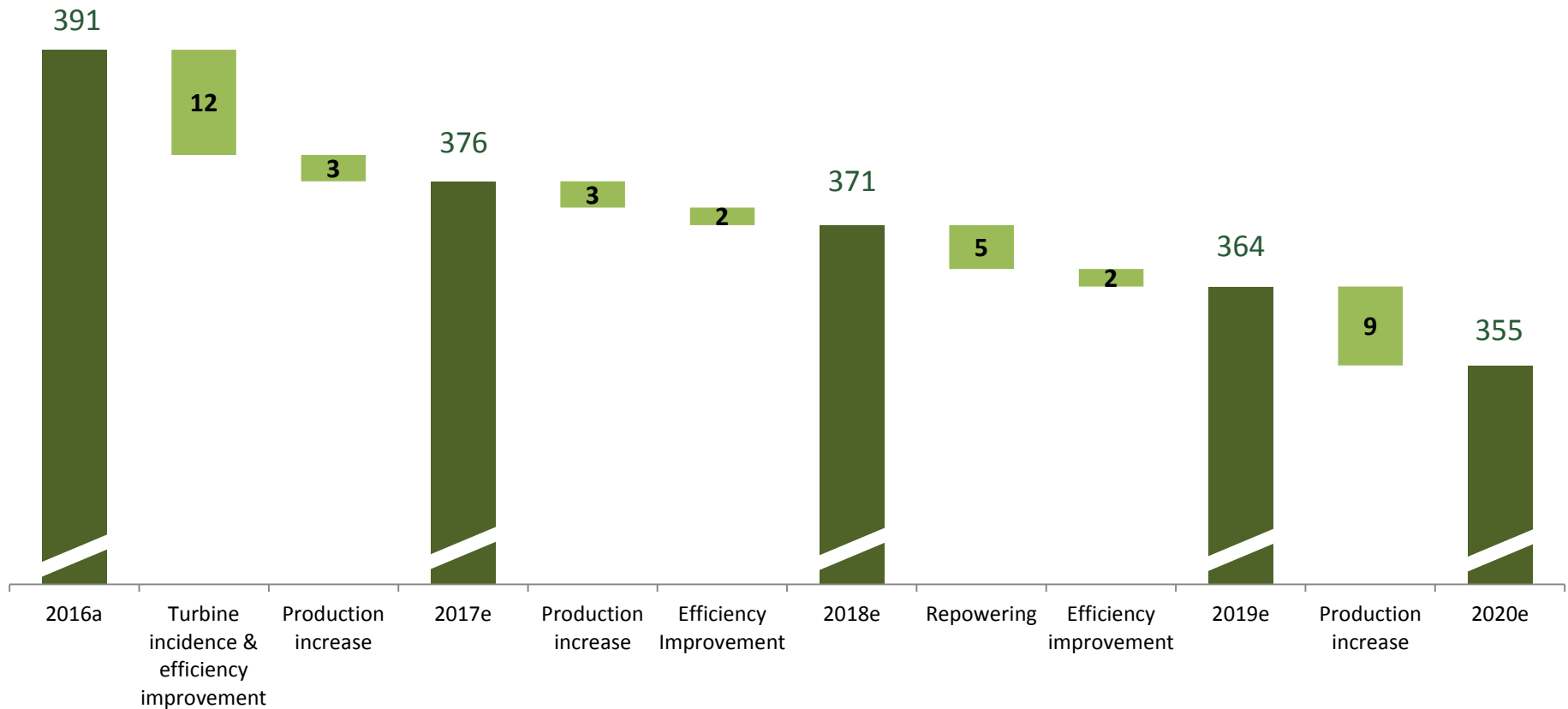
	2015a	2016a	2017e	2018e	2019e	2020e	TOTAL	INITIAL PLAN
CAPEX (€Mn)	3	7	26	28	37	23	124	173
Efficiency Improvement (€Mn)	2	2	8	3			15	12
70,000 t capacity expansion (€Mn)			8	8	22		38	26
Repowering (€Mn)				5	5		10	-
Environmental excellence (€Mn)	1	5	10	12	10	23	61	61
Biomass power plant (€Mn)							-	74
Pulp Production (000, t)	429	422	436	452	451	500		450
Cash cost (€/t)	382	391	376	371	364	355		355

- 30,000 t capacity expansion to be implemented during March 2018 annual maintenance shutdown
- 40.000 t expansion to be implemented during March 2019 annual maintenance shutdown including investments in the recovery boiler
- Repowering of the current turbine to be implemented during March 2019 annual maintenance shutdown
- Another 10,000 t gained from efficiency improvements

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Pontevedra: Cash cost target maintained at €355 /t with €49 Mn lower capex

Pontevedra Mill Cash Cost Reduction 2017-2020 (€/t)



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Navia: Cash cost target down to €301 /t following mill's outperformance in 2016



Navia Mill

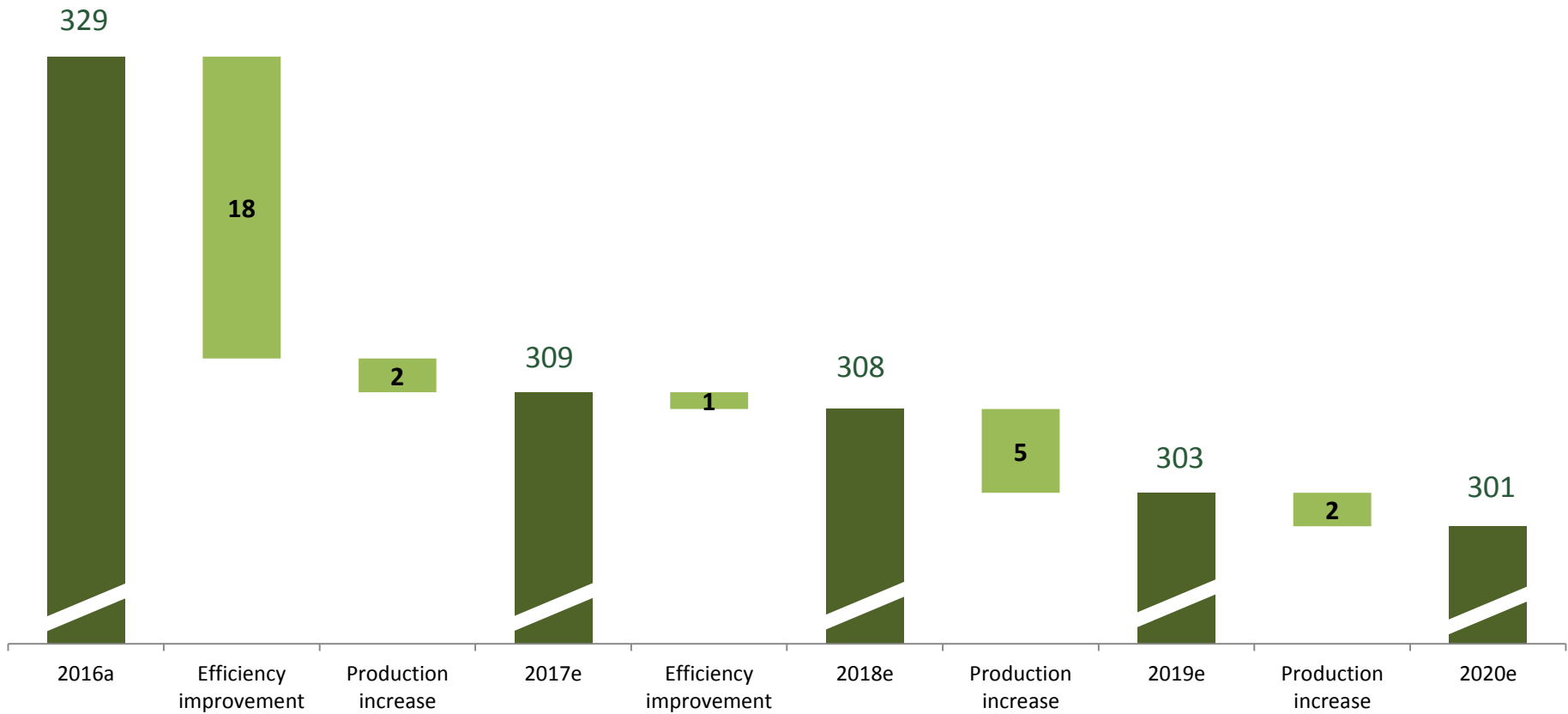
	2015a	2016a	2017e	2018e	2019e	2020e	TOTAL	INITIAL PLAN
CAPEX (€Mn)	27	30	15	43	45	4	164	165
Efficiency Improvement (€/Mn)	15	12	8				35	34
40,000 t capacity expansion (€/Mn)	11	15	5				31	31
80,000 t capacity expansion (€/Mn)				40	42		82	100
Environmental excellence (€/Mn)	1	3	2	3	3	4	16	-
Pulp Production (000, t)	469	509	536	539	589	620		640
Cash cost (€/t)	337	329	309	308	303	301		311

- 80,000 t capacity expansion will be implemented during June 2018 and 2019 annual maintenance shutdowns
- Increased environmental excellence with a budgeted investment of €16 Mn
- Cash cost target improved down to €301 /t from €311 /t in 2020

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Navia: Cash cost already at €308 /t in 4Q16

Navia Mill Cash Cost Reduction 2017-2020 (€/t)





Delivering value, delivering commitments