

Ence Energía y Celulosa

1Q13 Results

May 7th, 2013



1Q13 Results

A positive 1Q13
set of results

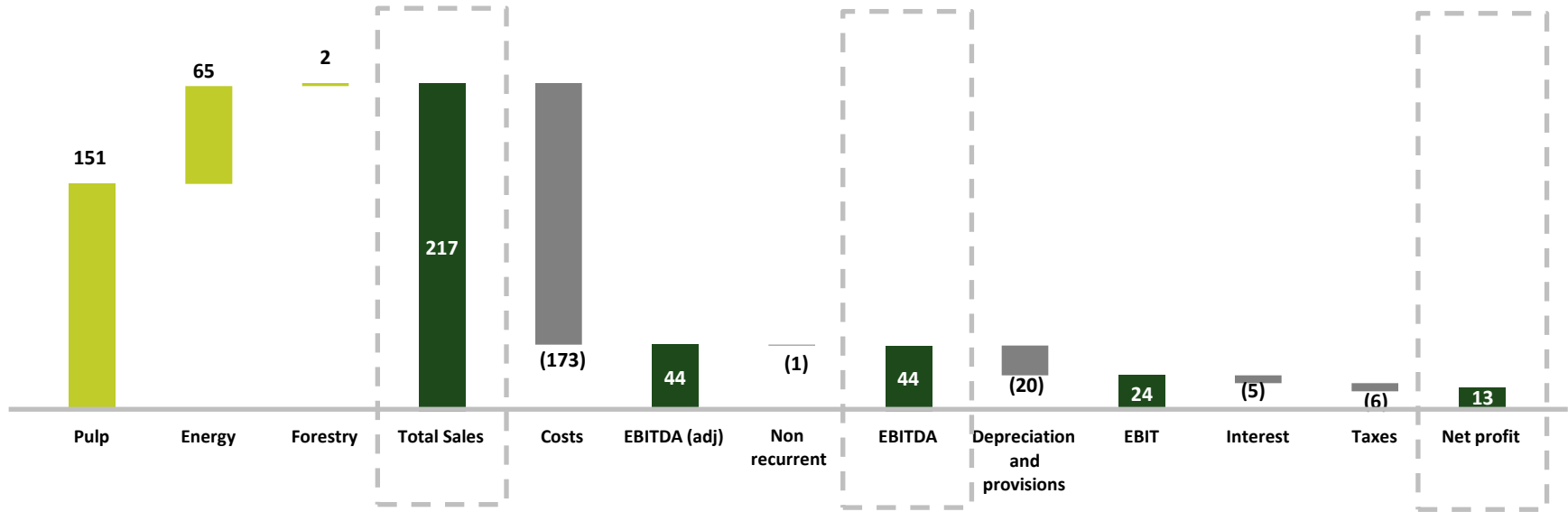
- 1 Positive trend of pulp prices, which exceeded the \$800/t range, with production meeting operational targets

The positive outlook on pulp prices after the announcements of a new increase to \$850/t effective May 1st to remain supportive for the remaining of the year

- 2 Solid performance of energy pushed by the contribution of the new Huelva 50 MW power plant recently commissioned
- 3 Strong EBITDA generation despite a short term pick-up in cash cost due to the impact of the new energy measures
- 4 A robust financial profile further strengthened through the issuance of a €250M bond due 2020 and the sale of Uruguayan assets

A positive set of results in 1Q13

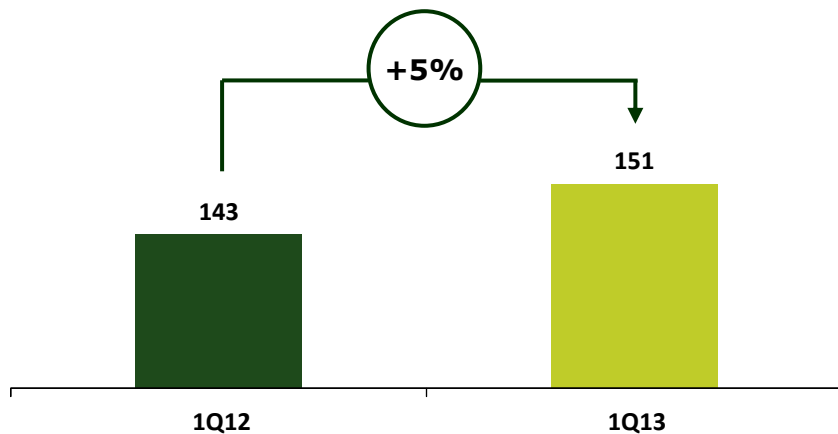
Breakdown of 1Q13 P&L (€M)



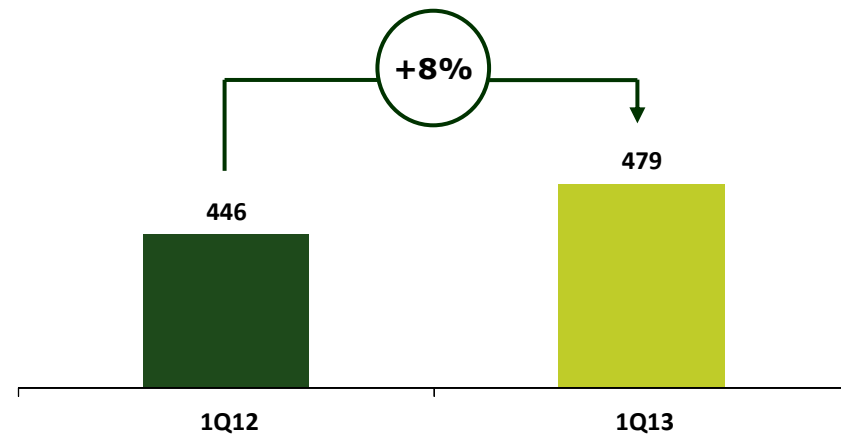
- +5% growth in pulp sales in 1Q13 vs 1Q12 after an +8% increase in pulp prices, partially offset by a -1% decrease in sales volumes
- Strong increase in energy sales, reaching an annual growth above +29% thanks to the contribution of the new Huelva power plant
- The pulp price increase announced from May 1st to \$850/t, supports strong results in coming quarters

1 Strong pulp sales led by the positive trend in prices

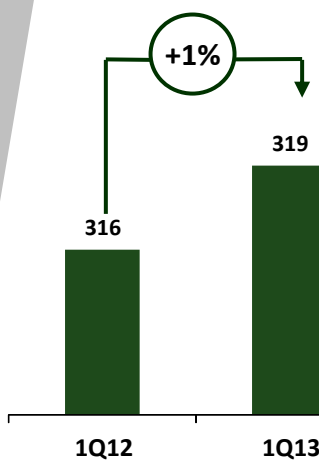
Pulp sales (€Mn)



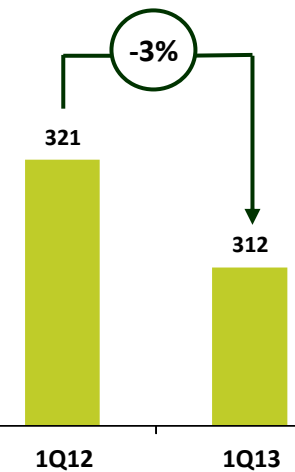
Average price (€/ton)



Pulp production (000t)



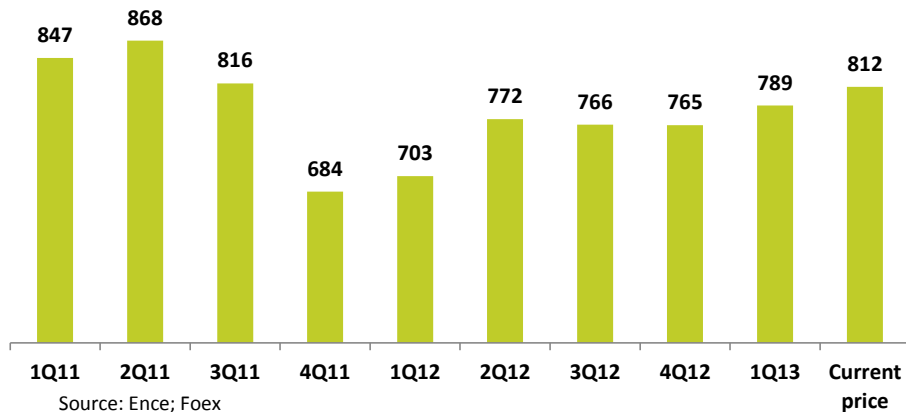
Pulp sales (000t)



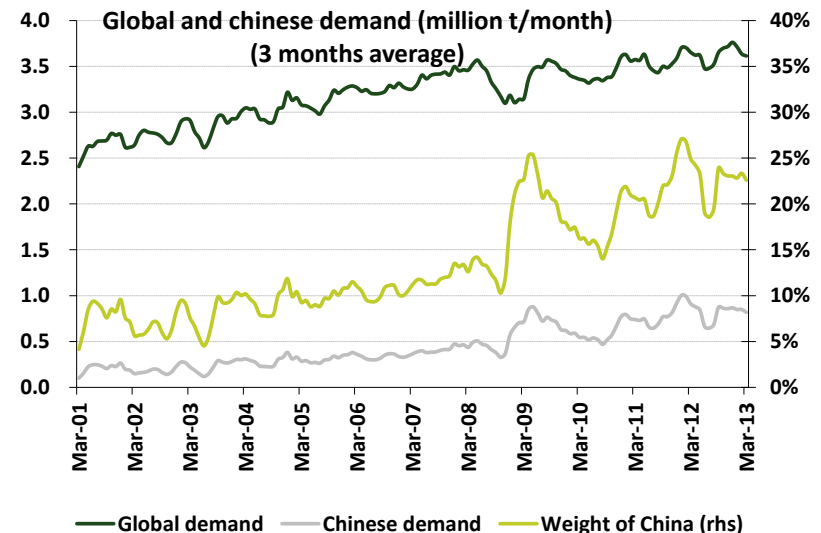
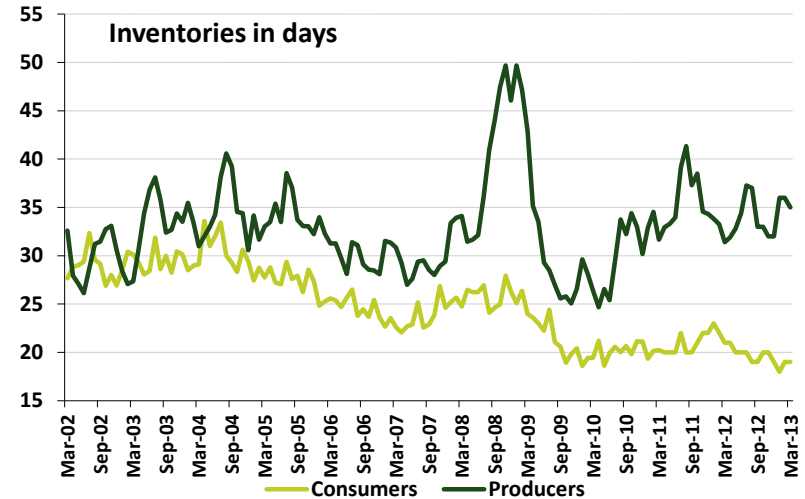
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The upward trend in market prices since last December will contribute positively to performance in coming quarters

Evolution of pulp prices (\$/t)

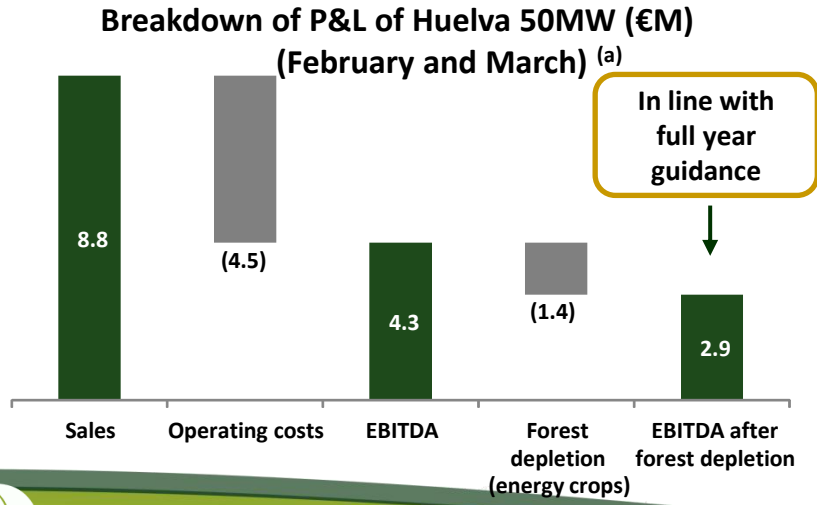
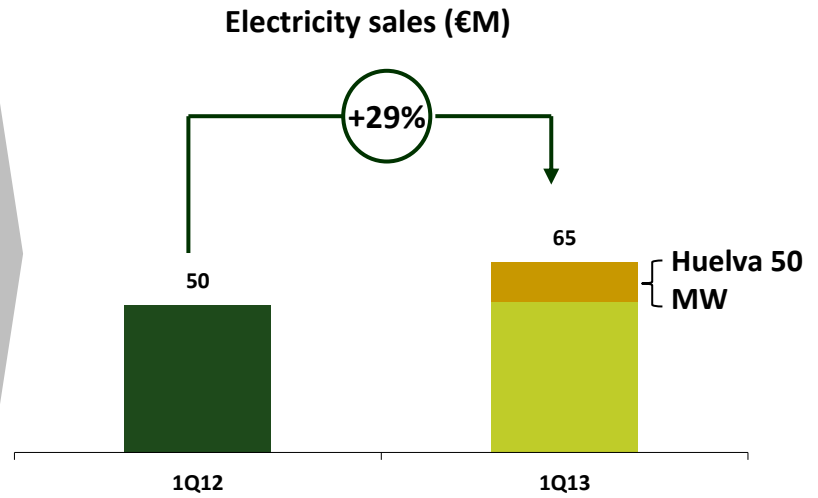
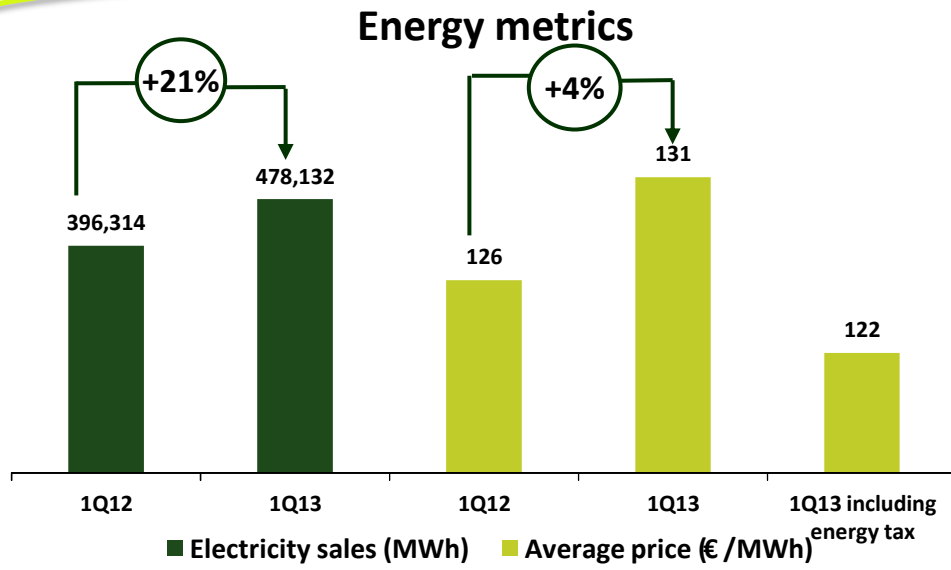


- The price of short fiber rose to \$812/t in late April, +8% above the average reached in 2012 and +3% above 1Q13 average.
- The strength of demand, the current low inventory levels and capacity closures, are supporting new price announcements to \$850/t
- The current supply-demand balance and the perceived levels of cost in the sector aim to keep the medium term price range above previous cycles



Source: PPC

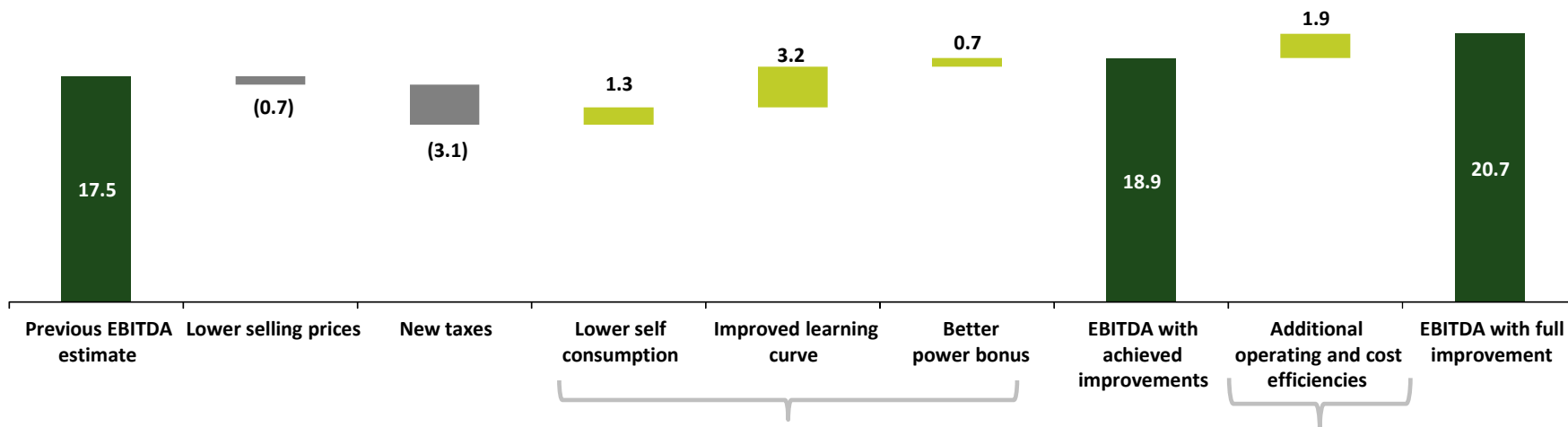
2 Solid performance of energy led by the consolidation of the new 50MW power plant ...



(a) In January, figures were fully capitalized. Excluding this capitalization, pro-form EBITDA 1Q13 would have increased to €6.7M and pro-forma EBITDA after forest depletion would have increased to €4.6M

... whose EBITDA contribution remains on track despite the latest regulatory changes

Estimated EBITDA 2013 for Huelva 50MW plant (€M)



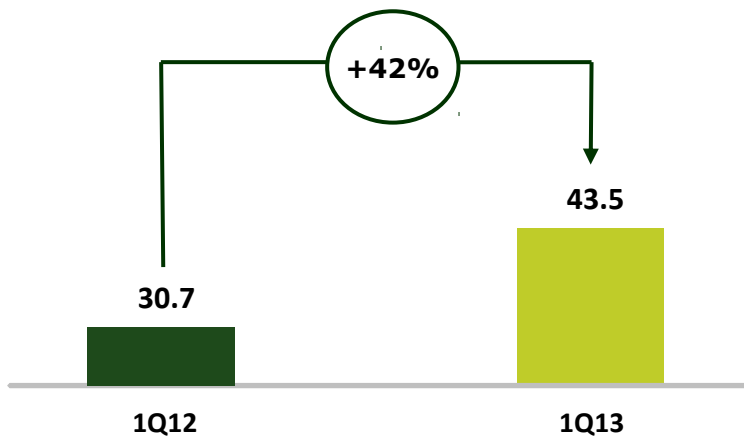
	<u>Initial guidance</u>	<u>New guidance</u>
Self consumption (%)	13%	10%
Load factor (%)	83%	95%
Power bonus (€/MWh) ^(a)	1.5	3.4

- Higher net energy production: +250 operating hours
- -8% in O&M: replace EPC contractor to further generate synergies with local pulp facility
- -15% in biomass supply cost: third parties and energy crops

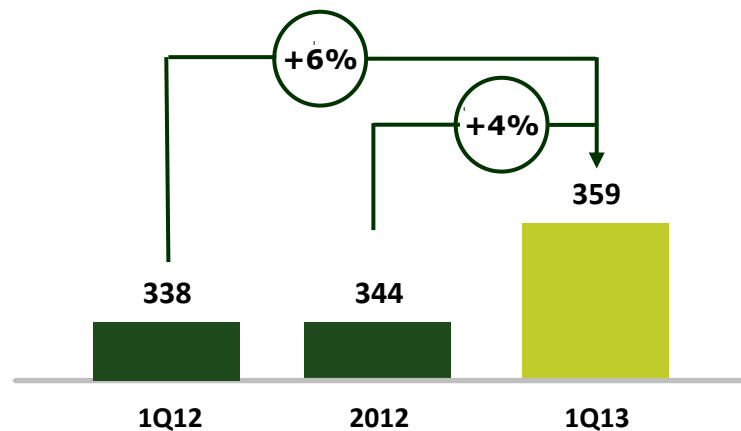
(a) Relates to higher component of reactive energy (€1/MWh) and lower deviations from projected hourly output (€0.9/MWh)

3 Strong EBITDA generation despite a short term pick-up in cash cost due to the impact of the new energy measures

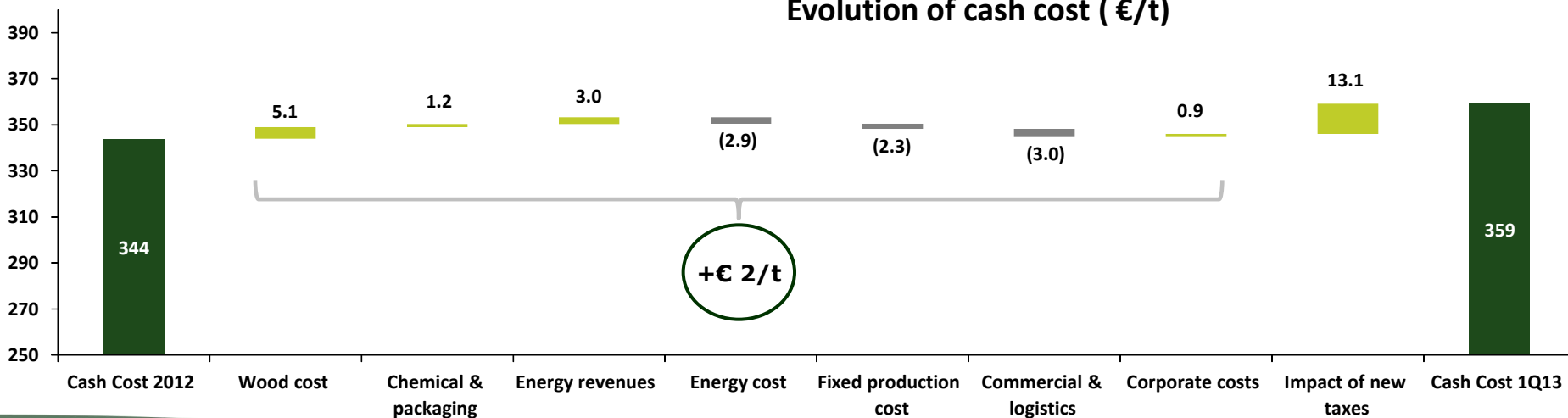
1Q13 EBITDA(€M)



Average cash cost (€/t)

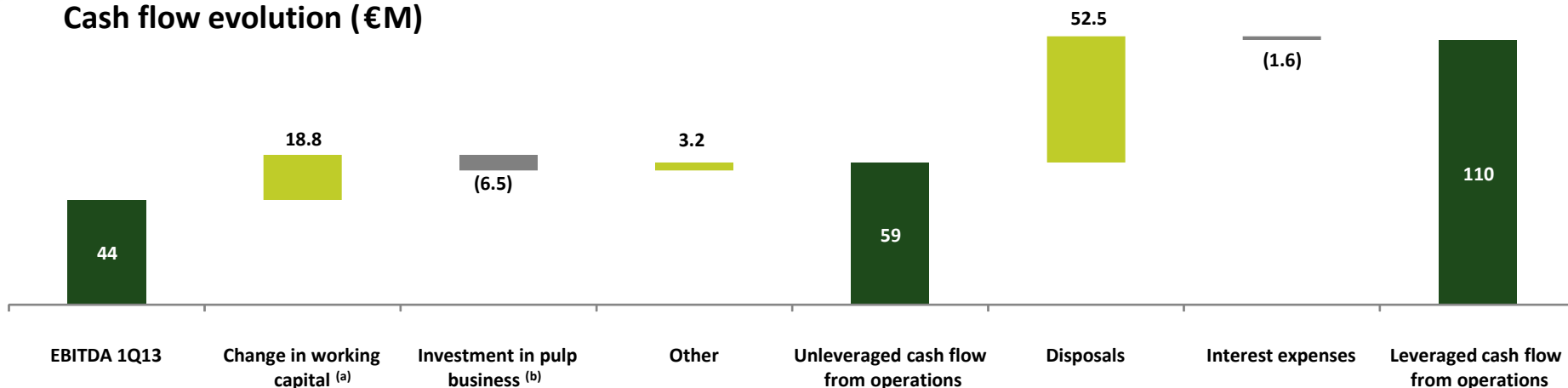


Evolution of cash cost (€/t)



A robust financial profile based on solid cash flow from operations ...

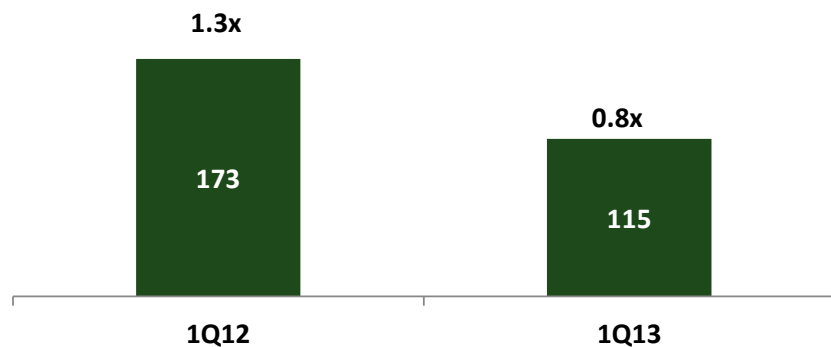
Cash flow evolution (€M)



(a) Changes in working capital includes the sale of inventories in Uruguay for €6.2 M as part of the assets disposals

(b) investments in pulp mills and eucalyptus plantations for pulp production

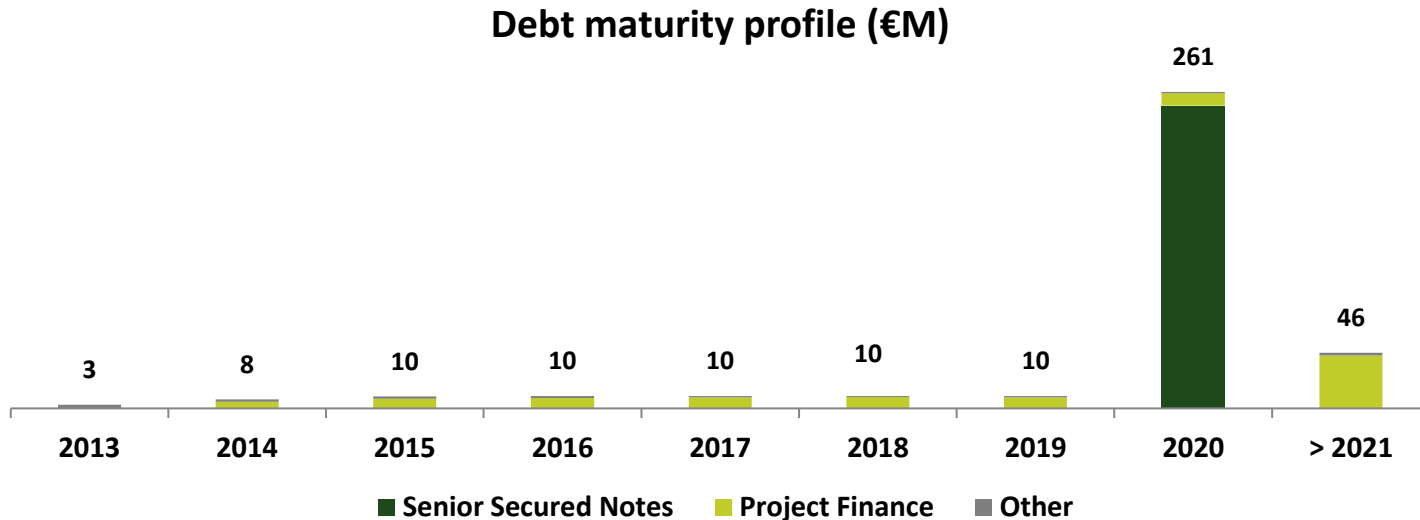
Net corporate financial debt (€M) and net corporate financial debt to EBITDA



- **Strong operating cash flow thanks to higher prices and a solid management of working capital**
- **Net financial debt decreased by -34% to €115M, with low leverage of 0.8x EBITDA of the last twelve months**
- There is a €105M non-recourse debt related to the "project finance" successfully signed for the construction of the 50MW plant in Huelva and 20MW plant in Mérida

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... further strengthened after the issuance of a €250M senior secured note that provides flexibility and protection



- Ence successfully issued a €250M senior secured note due 2020 and with a 7.25% coupon (semi annual payments), four times oversubscribed
- The proceeds allowed to repay the syndicated loan maturing January 2014, limiting annual debt payments to that of the project financing (c€16M annually, once current financing is fully drawn)
- Additionally, Ence contracted a €90M RCF (Revolving Credit Facility) maturing in 2018, currently undrawn, that provides further support to the company's liquidity

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