Quarterly Report

1st Quarter 2012

March 31st, 2012

CONTENTS

1. EXECUTIVE SUMMARY 1Q12

figures in €M	1Q12	4Q11	%	1Q11	%
Pulp sales	143.1	140.4	2%	159.2	(10%)
Electricity sales	50.1	50.6	(1%)	43.0	17%
Forestry sales and others	8.3	7.0	18%	16.3	(49%)
Total sales	**201.5**	**198.0**	2%	**218.4**	(8%)
Adjusted EBITDA	**35.6**	**21.6**	64%	**47.5**	(25%)
EBITDA	**30.7**	**24.4**	26%	**39.3**	(22%)
EBIT	**15.8**	**7.1**	122%	**25.1**	(37%)
Net profit	**6.6**	**2.9**	128%	**16.2**	(59%)
Net financial debt [a]	**173.0**	**155.6**	11%	**155.3**	11%
Pulp sales (tons)	**320,963**	**332,432**	(3%)	**300,021**	7%
Electricity sales (MWh)	**396,314**	**383,495**	3%	**364,477**	9%
Net pulp sale price (€/ton)	**446**	**422**	6%	**531**	(16%)
Average electricity sale price (€/MWh)	**126**	**127**	(1%)	**113**	12%
Cash cost (€/t)	**338**	**352**	(4%)	**380**	(11%)

(a) additionally, there is € 55.4 M of non-recourse debt linked to the "project finance" of the 50MW biomass plant as of 31/03/12

✓ **Solid operating results:** The adjusted EBITDA for 1Q12 stands at +€35.6M, with strong recovery with respect to the final quarter of last year thanks to the good behaviour of volumes (decrease in production of 11,300 tons in the Pontevedra plant in March 2011 on account of the regular maintenance shutdown) and sale prices as well as the continuing trend in cost reduction – and despite the fact that the price increase implemented in recent months is only partially reflected in 1Q12. The net profit stands at +€6.6M, doubling the operating result achieved in the final quarter of 2011.

✓ **Continued positive evolution of the cash cost, which fell to €338/t in 1Q12,** -11% and -4% below the amounts registered in 1Q11 and 4Q11 respectively, thanks to efforts in reducing the cost of wood, to improvement in consumption, in particular of chemicals, to the greater contribution of the electricity business and to the lower weight of overhead costs due to the implementation of policies to reduce overhead costs and the higher dilution effect from increased production.

✓ **Strong growth in pulp and energy sales:** Pulp volume sold saw a +7% growth in 1Q12 vs. 1Q11, partially compensating the YoY price correction of -16%. With regard to the energy business, electricity sales amounted to +17% above the 1Q11 level thanks to increased pulp production and a +12% increase in the average sale price, which benefited from a price-index rate increase last December and a better generation mix.

✓ **Achievement of the 2012 operating objectives:** At the end of the quarter, the company's operating results in terms of pulp and energy production and cost containment are in line with the commitment set for the entire fiscal year, equivalent to an increase in production of +2%/+5% and a reduction in the unit operating cost of -4%/-6%.

- **Continued financial strength:** The net financial debt amounted to €173M (excluding €55M of non-recourse debt related to the biomass plant in Huelva). This level is 11% above the level registered at the end of 1Q11 and is affected primarily by anticipated VAT payments for the commercial activities of the period; these are projected to be recovered over the course of 2Q12 in an amount totally close to €13M. The operating cash flow over the past 12 months has made it possible to maintain debt containment levels in the context of the implementation of the shareholder remuneration and share price support policy (payment of the €25.8M dividend in May 2011 and treasury stock purchases of €50M) and of the strategy to re-structure wood supply sources in the Iberian Peninsula, which prompted the company to finance a €16M increase in wood inventories. The current net financial debt levels are equivalent to 1.3 times the EBITDA for the past 12 months, a benchmark level in the industry.

- **Recovery of pulp prices, with an aggregate increase of $110/t over the quarter to reach a total of $760/t.** The global demand for pulp grew 5.4% in the first two months of the year. This, combined with the supply restrictions in late 2011 and reduced inventory levels (consumer stocks are close to historical minimum values) made it possible to implement the increase announced in December to reach $730/t in January and February and apply an additional increase to $760/t in March. **The current supply-demand ratio has laid the groundwork for an additional price increase of $40/t beginning on May 1st, already announced by pulp producers, which would bring the price of eucalyptus fibre up to $800/t in Europe.**

2. PULP BUSINESS: KEY INDICATORS

	1Q12	4Q11	%	1Q11	%
Huelva	99,249	98,727	1%	97,667	2%
Pontevedra	91,595	108,328	(15%)	91,107	1%
Navia	125,065	120,675	4%	120,934	3%
Pulp production (tons)	**315,910**	**327,730**	(4%)	**309,707**	2%
Huelva	95,933	102,348	(6%)	92,616	4%
Pontevedra	94,066	110,547	(15%)	87,738	7%
Navia	130,965	119,537	10%	119,667	9%
Pulp sales (tons)	**320,963**	**332,432**	(3%)	**300,021**	7%
BHKP ($/t)	**703**	**684**	3%	**847**	(17%)
Average exchange rate ($/€)	**1.31**	**1.35**	(3%)	**1.35**	(3%)
Net sale price (€/t)	**446**	**422**	6%	**531**	(16%)
Pulp sales (€M)	**143.1**	**140.4**	2%	**159.2**	(10%)

Pulp sales increased by +7% in 1Q12, with 20,942 more tons sold than in the same period of 2011. This growth is due to the commercial strength of the company, which allowed it to sell the increased production by the mills (+2% vs. 1Q11) and reduce inventories. The increased stability of the mills has made it possible to reach capacity utilisation ratios in excess of 97%, or +5% greater than the historical average. The use of a new industrial management model rooted in the ongoing improvement of the facilities (making it possible to take steps towards setting operating standards for equipment operation and maintenance and seeing these through), the identification and use of improved practices in the group and the monitoring of the statistical variables related to the process is making it possible to stabilise and optimise production, minimising investment expenses. As a result, pulp production stood at 315,910 tons for the quarter, representing a +2% YoY increase:

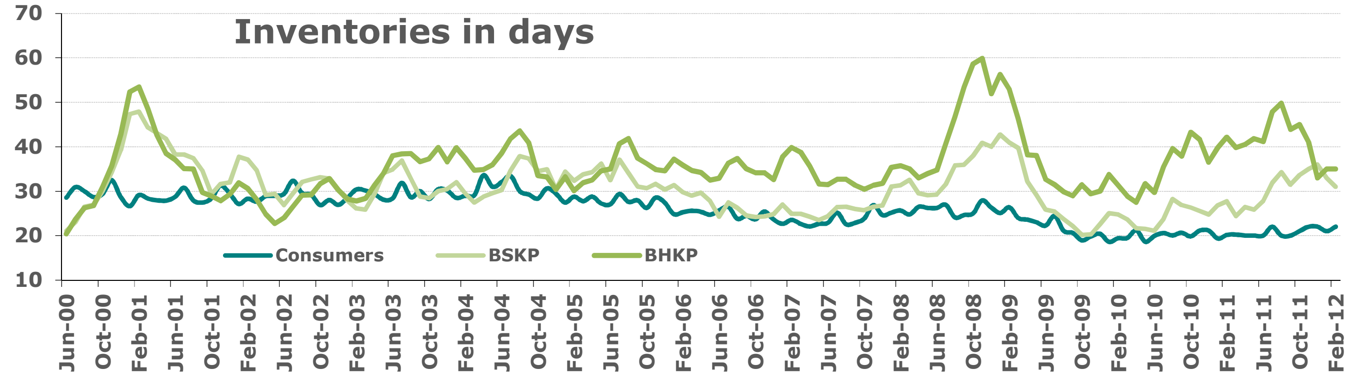
- ✓ In the Huelva mill, production totalled 99,249 tons, a +2% increase over 1Q11. The facility will shut down for scheduled maintenance in May for approximately 15 days.
- ✓ At the Pontevedra mill, production stood at 91,595 tons, a +1% increase over 1Q11. Pontevedra shut down for maintenance for 10 days in March, which at normal production rates implied a loss of nearly 11,308 tons.
- ✓ Production at the Navia mill totalled 125,065 tons, a +3% increase over 1Q11. The facility will shut down for scheduled maintenance in April for approximately 12 days.

With the exception of the Pontevedra mill, whose production was affected by the annual maintenance shutdown in March 2012, the first-quarter production levels exceeded the rhythms achieved in the final quarter of 2011. The growth achieved is line with the target that the company has set for the year.

With respect to the average income per ton, the average net sale price fell to €446/t in the quarter, -16% below the average price for 1Q11 due to the decline in prices in dollars from the highs for the cycle. That notwithstanding, the intensification of the sales activities in a context of stable demand has allowed the company to cut its inventory by more than 5,000 tons to maximise the sales for the quarter and compensate the lower average price levels, limiting the decline in sales to -10%, equivalent to total pulp sales revenues of €143.1M in the January-March 2012 period. It is necessary to point out the recovery of the market price from the low of $650/t reached last December, allowing the average sale price to improve by +6% over the past three months. Ence will continue to manage lower levels of inventory to take advantage of the recovery in prices, which has continued in recent weeks (average sale price in April estimated at €760/t, a +8% increase over the average price in 1Q12, and a new increase from May 1st up to as much as $800/t, at least 50% of which should be reflected in the average sale price for the month, with 100% transferred into June accounts).

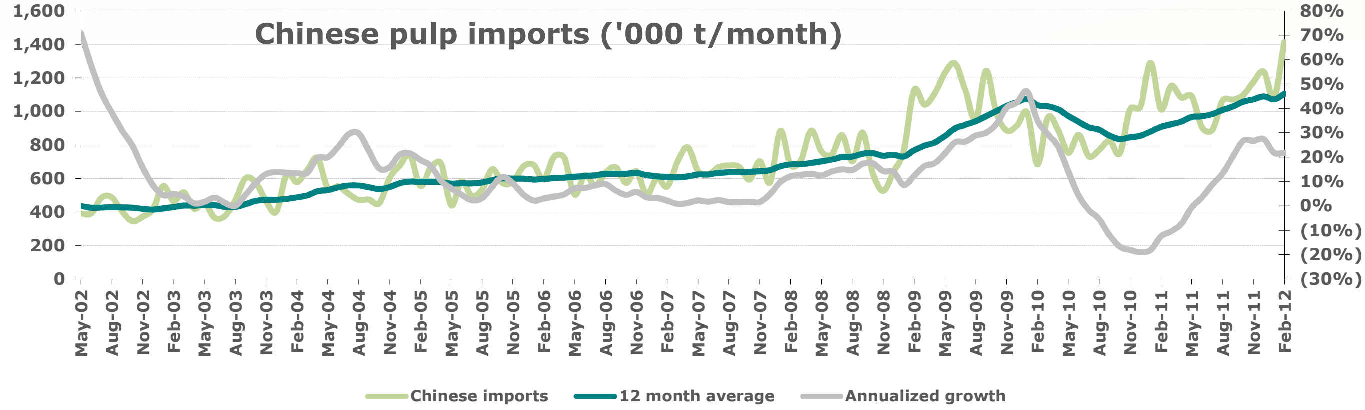
2.1. OVERVIEW OF THE PULP MARKET

The pulp market has exhibited solid behaviour over the first quarter of the year with an upward trend in pulp prices, which increased by $110/t to reach $760/t in just three months. This price strength is based primarily on the strong demand, which reached historical maximums in late 2011 and has remained at high levels throughout the year so far, particularly in China. In addition, the supply of short fibre fell by 1 million tons in 4Q11, nearly half of that due to unplanned shutdowns (floods in Indonesia, fires in Chile and longer scheduled maintenance shutdowns). As a result, producer inventories were quickly corrected, returning to the standard level of around 33 days, whereas consumer inventories held steady around minimum levels of 22 days, with both indicators remaining stable in the first months of 2012.



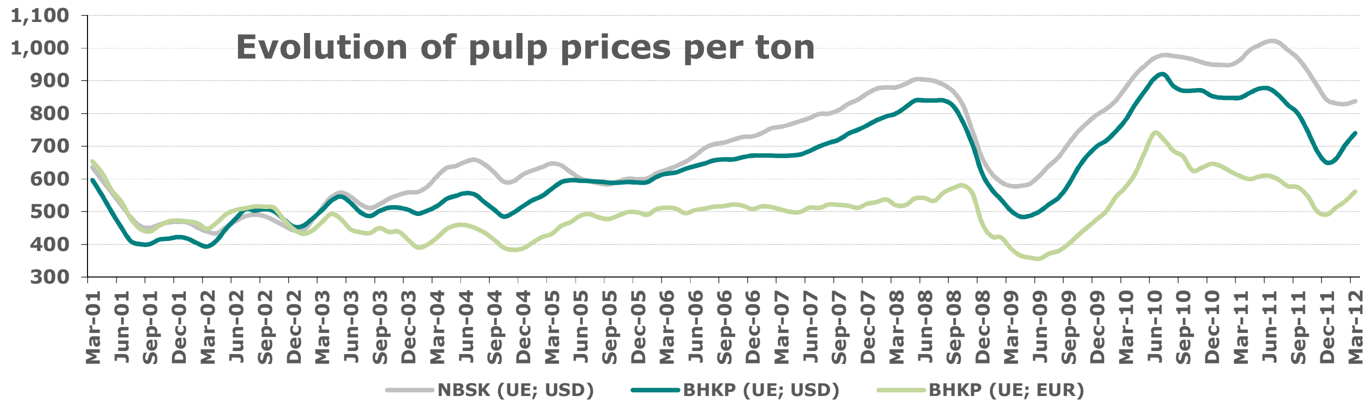
Source: PPPC

After a slight decline in January due to the Chinese New Year, demand once again rallied in February, with Chinese imports reaching historical maximums of 1.4 million tons. The continued high levels of demand together with low inventories allowed for progressive price increases, and by the end of the quarter prices for eucalyptus fibre in Europe reached $760/t without limiting sales volumes in spite of the weak macroeconomic climate. The elevated growth of the Asian giant despite the estimated deceleration, the availability of local sources of financing at adequate costs and the continuous growth of its paper production capacity, highly dependent on the import of raw material, justify the nearly 3% growth in demand expected over the upcoming years despite the slow recovery of demand in mature markets.



Source: PPPC

After prices initially stabilised in April, a new global price increase has been announced. This will once again place eucalyptus pulp prices at $800/t in Europe, coinciding with the concentration of scheduled maintenance shutdowns that traditionally take place in the industry between the months of April and June, which will result in a decrease of 450,000 to 750,000 tons per month in a context of reduced inventory levels.



Source: FOEX

The rapid recovery of prices after the correction experienced late last year is evidence of the current strength of the industry, which is operating with high utilisation ratios in a context of increasing demand. This is underpinning increases in the estimates for the year by industry analysts, who do not expect to see new capacity enter the market until the startup of the Eldorado project in Brazil, which is currently slated for the end of the current fiscal year.

3. ENERGY BUSINESS: KEY INDICATORS

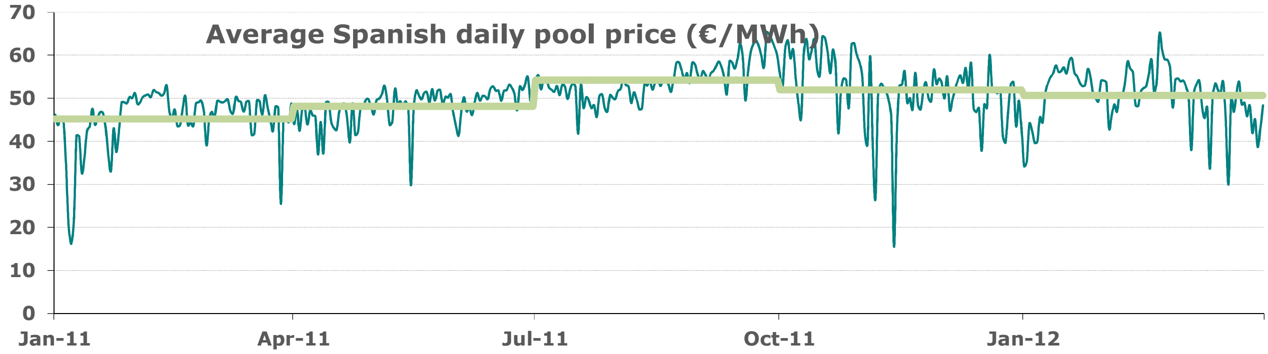
	1Q12	4Q11	%	1Q11	%
Huelva	213,814	211,737	1%	198,762	8%
Pontevedra	51,691	59,979	(14%)	46,441	11%
Navia	134,357	119,459	12%	126,552	6%
Electricity production (MWh)	**399,862**	**391,175**	2%	**371,756**	8%
Huelva	213,347	211,648	1%	198,286	8%
Pontevedra	49,670	56,935	(13%)	45,081	10%
Navia	133,297	114,912	16%	121,111	10%
Electricity sales (MWh) [(a)]	**396,314**	**383,495**	3%	**364,477**	9%
Electricity consumption (MWh)	**187,341**	**193,411**	(3%)	**182,308**	3%
Average pool price (€/MWh)	**51**	**52**	(3%)	**45**	12%
Average sale price (€/MWh)	**126**	**127**	(1%)	**113**	12%
Electricity sales (€M)	**50.1**	**50.6**	(1%)	**43.0**	17%

(a) adjusted by unbalances

Energy sales increased to €50M in 1Q12, +17% above 1Q11 due to increased production (+9%), the higher weight of biomass-fuelled generation in the production mix, the improvement in pool prices and the +2.76% revision of tariffs and premiums approved at the end of 2011, linked to inflation - factors that have pushed the average sale price to increase by +12% to €126/MWh.

In operating terms, the company produced 399,862 MWh in 1Q12, an +8% increase compared to the MWh produced in 1Q11 largely due to the increased production of pulp (which allows the company to increase its energy production due to the higher volume of black liquor from the production process) and the positive performance of pure generation power stations, despite reduced production from the Navia biomass plant due to repairs in its boiler, which were already corrected in April. With regard to renewable energy, the three plants together sold nearly 299,000 MWh of energy with biomass in 1Q12, a +11% increase vs 1Q11. This means that biomass generation accounts for 75% of the mix.

Prices in the electricity market have continued along 2011 levels to the extent that tensions with Iran have sustained high crude prices in spite of the week macroeconomic climate, benefiting the sale price in the turbines that sell at pool price plus premium (78% of the installed capacity). The slight decline in the average sale price in the first quarter compared to 4Q11 is due to the fall in the pool price (-3%) and the decreased contribution of generation with forest waste from the Navia plant.



Source: OMEL

4. FORESTRY ACTIVITY: KEY INDICATORS

	1Q12	4Q11	%	1Q11	%
Supply to the industrial process (m^3)	**913,795**	**953,997**	(4%)	**930,563**	(2%)
Cost €/m^3	**71.8**	**70.6**	2%	**73.5**	(2%)
Own hectares	77,351	77,687	(0%)	77,606	(0%)
Third party hectares (consortia)	36,806	36,847	(0%)	38,495	(4%)
Hectares managed by ownership (Ha)	**114,157**	**114,534**	(0%)	**116,101**	(2%)
Hectares for pulp	96,584	96,960	(0%)	103,184	(6%)
Hectares for energy crops	17,573	17,574	(0%)	12,917	36%
Hectares managed by use (Ha)	**114,157**	**114,534**	(0%)	**116,101**	(2%)

In terms of forestry activity, over the course of the year, 913,795 m^3 of wood were supplied to the group's pulp mills, -1.8% less than consumption over the same period last year in spite of increased pulp production as a result of improvements in the industrial yield of processed wood (reduction in specific consumption of -3.5%, falling to 2.89 m^3 of wood for each ton of pulp produced). The investment in the management of the company's forestry asset base reached a total of €2.7M. With this investment, the company has planted 100 ha. and carried out forestry maintenance and management activities on another 12,449 ha. Regarding the energy crops business, the company worked on 5,037 hectares with a total investment of €3.2M, in line with its strategic objective of creating a regular and competitive biomass supply base to provide stability and guarantee profitability for the future renewable biomass energy generation facilities currently under development, in particular to supply the 50MW plant projected to be completed by 4Q12. Likewise, 108,590 tons of forestry biomass have been marketed, mostly for the supply of the group's energy production.

The company has continued to actively manage its wood supply sources in 1Q12 in order to strengthen its competitive position in this market, diversifying its supply sources as a way of guaranteeing volume availability as well as improving its control over the entire supply chain (from the initial logging to the transport) so as to achieve improved cost efficiency. The major measures implemented are the following:

- Intensifying direct purchases of wood from the forest owners (standing timber purchases), thus greatly reducing the company's dependence on intermediaries and promoting collaborative relationships with the owners. Direct contact also allows the company to support the owner in the proper management of the plantations, including better forestry practices, which will result in improved productivity of the plantations in the future as well as increased prevalence of forestry certification in the country. As a result of the significant advances achieved, direct purchases exceeded 212,000 m3 in the quarter; this is more than 1.3 times the amount of direct purchases in 1Q11.

- Balancing out the base of local suppliers, which has made it possible to reduce the price of local wood market by -4% with respect to 1Q11.

- Initiating a plan of action, the results of which should bear fruit across 2012, to review and improve the company's logistic processes, including the harvesting and silviculture activities, with a focus on optimising costs and improving the safety conditions of forestry operations.

- Promoting the certification of third-party wood as a guarantee of responsible and sustainable management, with close to 300.000 cubic meters of certified wood (PEFC/FSC) purchased in the quarter.

The progressive implementation of the foregoing measures has allowed the company to reduce the weight of imports in 1Q12 by -36% with respect to 1Q11. This reduction, together with the lower cost of local wood, has facilitated a reduction in the average purchase price of -2.7%. This improvement will be directly reflected in the operating results over 2Q12 as the stocks of international wood stockpiled over the course of fiscal year 2011 as part of the change in the company’s wood procurement model are consumed.

5. COMMENT ON 1Q12 RESULTS

figures in €M	1Q12	4Q11	%	1Q11	%
Pulp sales	143.1	140.4	2%	159.2	(10%)
Electricity sales	50.1	50.6	(1%)	43.0	17%
Forestry sales and others	8.3	7.0	18%	16.3	(49%)
Total net sales	**201.5**	**198.0**	2%	**218.4**	(8%)
Cost of goods sold (a)	(103.9)	(101.6)	2%	(102.6)	1%
Personnel expenses	(18.9)	(22.6)	(16%)	(22.9)	(18%)
Other operating expenses	(48.0)	(49.4)	(3%)	(53.6)	(11%)
EBITDA	**30.7**	**24.4**	26%	**39.3**	(22%)
Forest depletion	(1.8)	(2.2)	(17%)	(1.5)	16%
Rest of depreciations	(13.7)	(15.5)	(12%)	(13.3)	3%
Provisions	0.5	0.3	58%	0.7	(16%)
EBIT	**15.8**	**7.1**	122%	**25.1**	(37%)
Financial result	(5.8)	(4.7)	23%	(2.3)	156%
Profit before taxes	**10.0**	**2.4**	312%	**22.9**	(56%)
Taxes	(3.4)	0.5	n.s.	(6.7)	(48%)
Net profit	**6.6**	**2.9**	128%	**16.2**	(59%)
Adjusted EBITDA	**35.6**	**21.6**	64%	**47.5**	(25%)
Cash cost (€/t)	**338.0**	**351.6**	(4%)	**380.5**	(11%)

(a) supplies +/- change in stocks

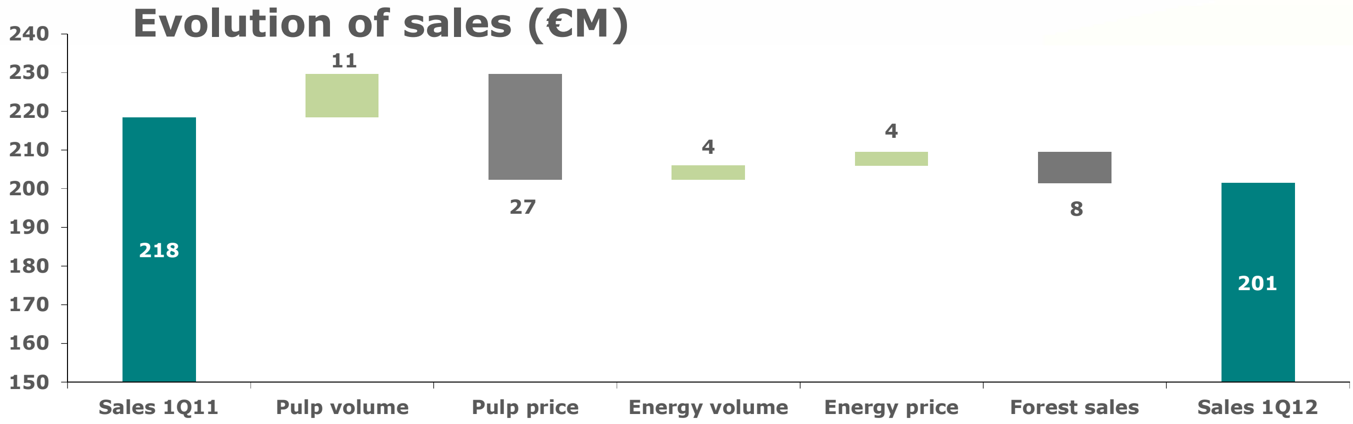
The sales in 1Q12 amounted to €201.5M, or -8% less than in 1Q11 due solely to the decline in the price of pulp, partially compensated by increased production of pulp and energy in the quarter following efficiency and performance improvements.

Pulp sales in the quarter amounted to €143M, a number that is -10% below the 1Q11 figure due to the fact that the average price came in at $703/t in the first quarter, -17% less than in 1Q11 and -7% less than $756/t, the prevailing price level at the end of March. Much of the decline in price was compensated by the +7% increase in sales volumes.

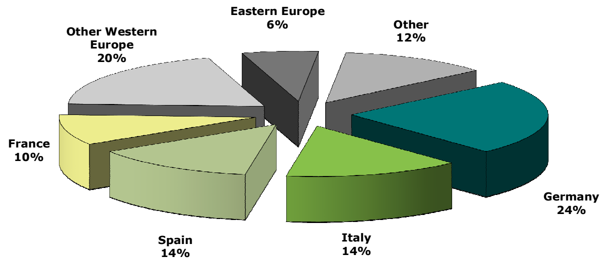
The gradual recovery of the price that began in January, together with the positive evolution of plant operation in the first quarter, has made it possible to improve both sales in the pulp business and the consolidated revenues at nearly +2% in comparison to the figure for 4Q11.

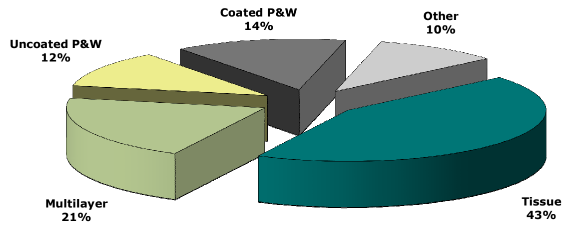
Energy sales amounted to €50M in 1Q12, +17% more than in 1Q11, due both to the strength in production (+8% vs. 1Q11) as well as to the positive trend in prices (+12%), resulting from increases in the pool price (+12%) and the inflation–linked revision approved at the end of last year (+2.8%).

Forestry sales amounted to €8M (-49% vs. 1Q11) due to fewer wood sales to third parties.

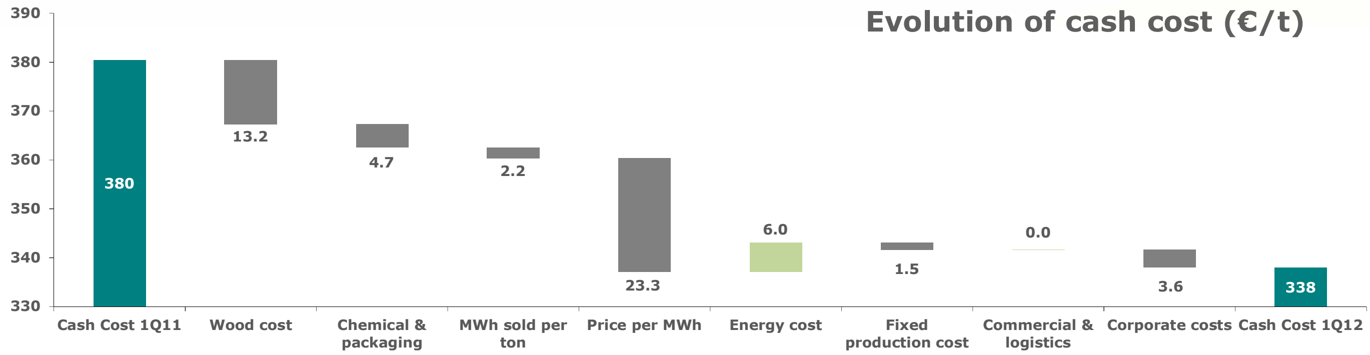


The breakdown of sales by countries and segments remained in line with 2011, with the tissue market as the most relevant target paper segment, given the ability to manufacture it completely with eucalyptus fibre and the stability of its growth (above +1% per annum in Europe, even in periods of reduced economic activity). Geographically speaking, shipments outside of Europe increase to +12% (primarily China) with corresponding decreases in sales to Eastern Europe and to Spain.





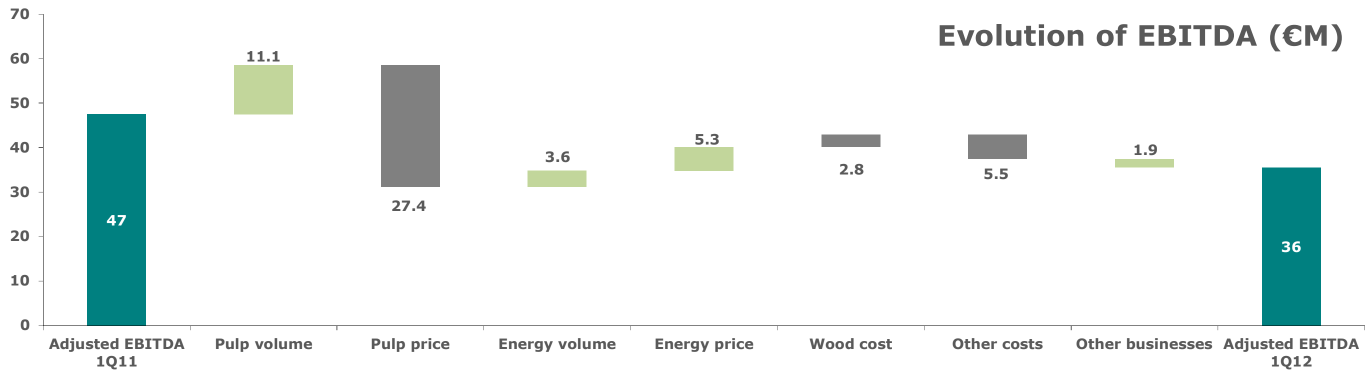
The cash-cost level decreased by -11% to €338/t in 1Q12 compared to the €381/t achieved in 1Q11, reflecting the downward trend in production and sales costs. This decrease reached a total of -14%, dropping from a high of €393/t in 4Q10. This downward movement was possible due to greater efficiency in the industrial process as well as greater control of wood prices, a trend that is expected to continue in 2012 as the weight of imported wood in the consumption mix is reduced and new cost efficiencies are achieved in the supply chain. The increased stability of production, allowing for the dilution of fixed costs and greater efficiency in consumptions of wood, chemicals and energy, and an improved energy margin are the two main factors that have made it possible to generate process savings. With regard to the cost of the supply of wood, the positive result of the domestic wood cost reduction strategy is maintained on the basis of three pillars: 1) increasing the number of species used in the industrial process 2) diversifying supply sources, increasing the volume of standing timber purchases through agreements with owners and producer associations (+131% vs. 1Q11), and 3) applying price reductions to suppliers in the month of April (€1.5/m3 and €3/m3 for domestic wood, respectively). As a result, the cost per m3 is down -3% vs. 1Q11 in spite of the increased cost of imported wood (+8.7% vs. 1Q11) due to a strengthening of the USD. Additionally, the company continues focusing its efforts on reducing the absolute value of general and structural costs.



The cash cost of 338€/t in 1Q12 consolidates the trend in reduction over the last five quarters and represents a decrease of -11% versus the average production unit cost of €380/t in 1Q11. This is fully in line with the objective of a -4% to -6% cut set for all of FY 2012.

Consequently, the adjusted EBITDA for 1Q12 amounted to +€35.6M, -25% lower than the amount registered in 1Q11. Including the impact of hedging, severance payments and provisions, the EBITDA in 1Q12 amounted to +€30.7M€, -22% lower than in 1Q11. Even though the comparison with 1Q11 is not favourable due to the increased prices for pulp in early 2011, a comparison with 4Q11 shows a +64% increase in the adjusted EBITDA, which only partially reflects the upward trend in prices during 1Q12, which will give way to increased growth in operating profits in the upcoming quarters.

figures in €M	1Q12	4Q11	%	1Q11	%
EBITDA	**30.7**	**24.4**	26%	**39.3**	(22%)
Hedging instruments: pulp and exchange rate	5.0	(0.8)	n.s.	6.7	(25%)
Severance payments	0.5	1.8	(72%)	1.8	(73%)
Provisions and others	(1.1)	(4.1)	(73%)	(0.0)	n.s.
Other non-recurrent	0.4	0.2	85%	(0.3)	n.s.
Adjusted EBITDA	**35.6**	**21.6**	64%	**47.5**	(25%)



Excluding depreciation, provisions, financial results and taxes, the company reported a net profit of €6.6M in 1Q12, doubling the net result from 4Q11.

6. FINANCIAL RESULTS

Financial expenses remained stable at approximately €3M. The financial result in 1Q12 amounted to -€5M, €2.7M€ higher than in 1Q11 due to the impact of the drop in the Euribor curve on the value of the IRS last year, which did not impact cash.

figures in €M	1Q12	4Q11	%	1Q11	%
Financial income	**1.6**	**3.6**	(57%)	**0.4**	280%
Interest on syndicated loan	(2.6)	(2.8)	(6%)	(2.4)	8%
Interests on other loans	(0.1)	0.2	n.s.	(0.1)	(57%)
Interests on factoring and confirming	(0.4)	(0.6)	(42%)	(0.4)	(8%)
Financial expenses	**(3.0)**	**(3.2)**	(4%)	**(3.0)**	2%
IRS settlement interest	(2.6)	(2.6)	(2%)	(3.2)	(20%)
IRS adjustment in fair value	1.3	0.9	45%	5.9	(79%)
Financial expenses for equity swap	0.5	(1.1)	n.s.	1.2	(61%)
Result of hedging (IRS and equity swap)	**(0.8)**	**(2.9)**	(71%)	**3.9**	n.s.
Net exchange differences	**(1.3)**	**1.4**	n.s.	**(2.6)**	(50%)
Other financial expenses	**(1.4)**	**(2.4)**	(41%)	**(0.9)**	53%
Financial result	**(5.0)**	**(3.4)**	48%	**(2.3)**	124%
Interests on non recourse debt	(0.7)	(1.3)	(43%)	-	n.s.
Adjusted financial result	**(5.8)**	**(4.7)**	23%	**(2.3)**	156%

7. INVESTMENTS AND NET DEBT

Due to the strength of the pulp and energy businesses, operations continued to generate a solid cash flow for the year in a context of still low prices (+€4.3M in 1Q12). Additionally, cash flow generation was affected by the anticipated VAT payments for the commercial activities of the period for a total €13M, which will be recovered over the course of 2Q12. This positive performance took place despite the increase in wood inventory volumes and improved payment conditions to wood suppliers consistent with the company's strategy of encouraging wood sales directly with the owner via "direct purchases," a prior essential requirement to implement an active price reduction policy in wood purchases.

figures in €M	1Q12	4Q11	%	1Q11	%
Cash flow: operating activities	4.3	42.1	(90%)	35.0	(88%)
Cash flow: investment activities	(17.3)	(17.6)	(2%)	(17.9)	(4%)
Cash flow: financing activities	(3.6)	7.8	n.s.	(3.5)	4%
Change in cash or cash equivalents	**(16.6)**	**32.3**	n.s.	**13.6**	n.s.

7.1. Investments

Investments in the pulp business (industrial and forestry) made in 1Q12 amounted to €6.2M, -6% less than in 1Q11, thanks to the effort made to limit investments to the ongoing maintenance required for optimal operation of the plants and the development of forestry assets. On the other hand, the investment in biomass generation plants saw a +48% increase versus 1Q11 due to the construction of the plant in Huelva. In addition, the investment in energy crops was much higher than the investments committed to and paid out in 1Q11 in line with the approach to accelerate the development of energy crops that guarantee supply both to the 50MW plant slated to begin operation in 4Q12 and to the new 20MW plant, which will be built in Mérida and which is in the final phase of structuring.

figures in €M	1Q12	4Q11	%	1Q11	%
Maintenance	3.2	9.4	(66%)	1.7	90%
Improvements in efficiency/production	0.0	0.1	(93%)	0.2	(98%)
Environmental	0.4	0.5	(29%)	0.4	5%
Industrial investment in pulp	**3.6**	**10.0**	(64%)	**2.2**	59%
Plantation and maintenance activity	2.3	2.4	(6%)	3.8	(40%)
Financial expenses	0.4	0.6	(32%)	0.6	(30%)
Forest investment in pulp	**2.7**	**3.0**	(11%)	**4.4**	(39%)
Industrial investment in biomass	**3.4**	**9.4**	(64%)	**2.3**	48%
Forest investment in biomass	**3.2**	**0.6**	444%	**0.2**	n.s.
Total investment	**12.8**	**23.0**	(44%)	**9.2**	40%

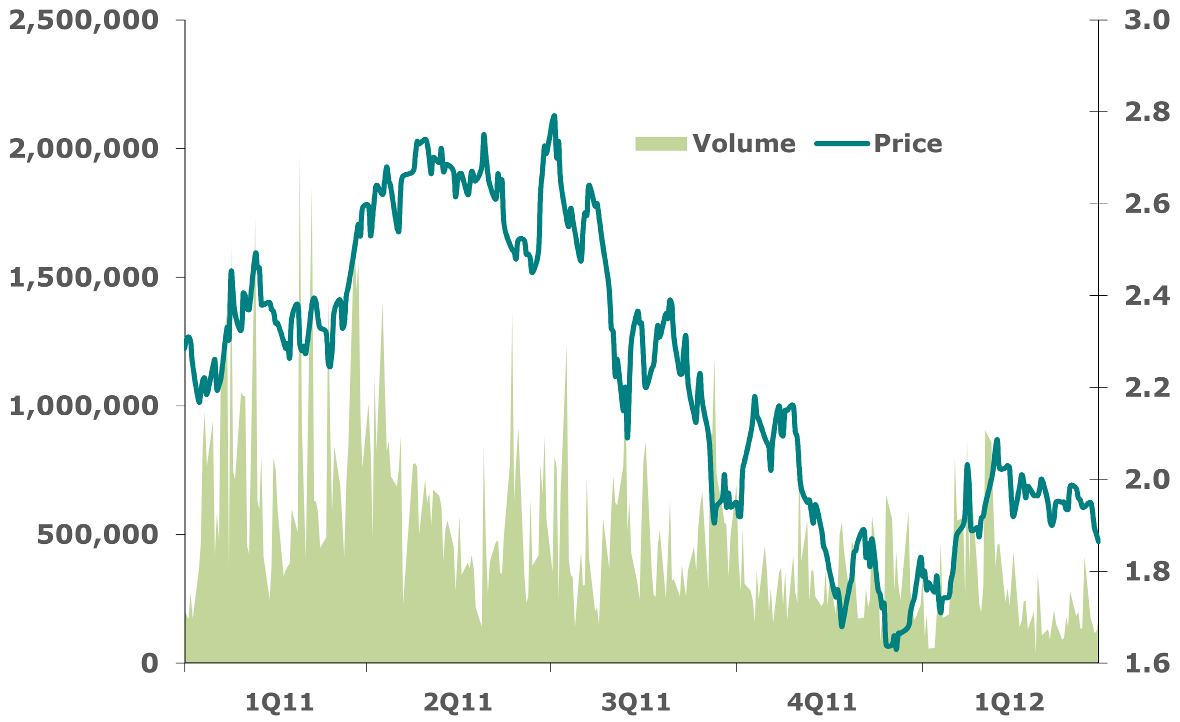
7.2. Net financial debt

In terms of debt, at the end of December, the net recourse debt amounted to €173M, +11% more than the figure registered last year due to the previously mentioned increase in working capital. In terms of net financial debt, the company continues to be a benchmark for financial discipline in the industry, closing out the quarter with a Net financial debt / EBITDA ratio of 1.3x for the past 12 months.

figures in €M	1Q12	4Q11	%	1Q11	%
LT Debts with credit entities	213.4	219.8	(3%)	243.5	(12%)
Other long-term financial liabilities	9.1	9.2	(0%)	8.3	10%
Long-term debt	**222.5**	**229.0**	(3%)	**251.8**	(12%)
ST debts with credit entities	27.0	20.5	32%	3.1	n.s.
Other short-term financial liabilities	0.7	0.6	14%	2.6	(75%)
Short-term debt	**27.6**	**21.0**	31%	**5.7**	382%
Total gross financial debt	**250.2**	**250.0**	0%	**257.5**	(3%)
Cash	62.5	71.6	(13%)	86.6	(28%)
Short-term financial investments	14.6	22.8	(36%)	15.6	(7%)
Net cash	**77.1**	**94.5**	(18%)	**102.2**	(25%)
Total net financial debt	**173.0**	**155.6**	11%	**155.3**	11%
Deposits from guarantees	-	1.0	(100%)	0.7	(100%)
Non recourse debt	55.4	54.4	2%	-	n.s.
Total adjusted financial debt	**228.4**	**210.9**	8%	**156.0**	46%

8. ENCE ON THE STOCK MARKET

The share price saw a moderate increase over the first three months of the fiscal year. This performance is in line with the European stock exchanges and avoided the negative impact of the public debt crisis that affected the Spanish stock market during the quarter.



Source: Thomson Reuters

	2011	1Q12
Average daily volume (shares)	**546,383**	**285,713**
Ence performance	**(23%)**	**7%**
Ibex 35 performance	**(13%)**	**(7%)**
Eurostoxx performance	**(17%)**	**7%**

Note: the performance of the Ence stock adjusted due to the €0.1/share dividend paid on 9 May

Ence shares are listed on the IBEX·Medium Cap and the FTSE4Good Ibex indices.

9. HIGHLIGHTS OF 1Q12

Proposed dividend of €0.07/share and one treasury share for every 26 held

On 28 February, the board of directors resolved to propose to the Annual General Shareholders Meeting the payment of a cash dividend of €0.07 per share against the 2011 operating results as well as the distribution of a dividend in-kind equivalent to one treasury share for each 26 shares that the shareholder currently owns. At the date of approval, both dividends amounted to a dividend yield of 7.4%.

10. FINANCIAL STATEMENTS

figures in €M	1Q11	2Q11	3Q11	4Q11	2011	1Q12
Profit and loss account						
Total Net Turnover	**218.4**	**200.9**	**208.1**	**198.0**	**825.5**	**201.5**
Supplies	(106.2)	(93.2)	(96.7)	(94.7)	(390.8)	(100.9)
Change in stocks of finished products	3.6	(0.6)	2.3	(7.0)	(1.7)	(3.1)
Gross Margin	**115.8**	**107.1**	**113.7**	**96.4**	**433.0**	**97.5**
Works performed by the group on fixed assets	7.8	7.5	7.4	4.6	27.2	7.0
Other income	1.1	3.3	3.4	4.8	12.6	1.7
Result from hedging operations	(6.7)	(3.0)	(1.5)	0.8	(10.4)	(5.0)
Personnel	(22.9)	(22.7)	(21.2)	(22.6)	(89.4)	(18.9)
Other operating expenses	(55.8)	(56.2)	(62.3)	(59.5)	(233.9)	(51.5)
EBITDA	**39.3**	**36.0**	**39.5**	**24.4**	**139.1**	**30.7**
EBITDA margin	**18.0%**	**17.9%**	**19.0%**	**12.3%**	**16.9%**	**15.2%**
Depreciation of fixed assets	(14.8)	(13.9)	(17.1)	(17.7)	(63.5)	(15.5)
Impairment and result from sales of fixed assets	0.7	0.6	2.8	0.3	4.4	0.5
EBIT	**25.1**	**22.7**	**25.2**	**7.1**	**80.1**	**15.8**
EBIT margin	**11.5%**	**11.3%**	**12.1%**	**3.6%**	**9.7%**	**7.8%**
Financial income	0.4	0.4	0.8	3.6	5.3	1.6
Financial expenses	(2.7)	(6.9)	(10.5)	(8.3)	(28.4)	(7.3)
Profit before tax	**22.9**	**16.2**	**15.6**	**2.4**	**57.0**	**10.0**
Corporate tax	(6.7)	(4.8)	(4.8)	0.5	(15.8)	(3.4)
Net profit	**16.2**	**11.4**	**10.7**	**2.9**	**41.2**	**6.6**
Balance sheet						
Tangible fixed assets	922.3	939.4	952.5	952.9	952.9	951.6
Intangible fixed assets	15.4	8.8	8.3	8.1	8.1	12.0
Long- term financial assets	2.7	2.6	3.9	4.1	4.1	4.1
Other non-current assets	45.0	36.9	45.7	42.7	42.7	37.6
Total fixed assets	**985.4**	**987.7**	**1,010.3**	**1,007.8**	**1,007.8**	**1,005.4**
Inventories	105.5	110.6	107.9	112.5	112.5	111.4
Trade debtors and other accounts receivable	150.7	132.3	129.0	135.8	135.8	135.9
Cash and other short-term financial assets	102.2	105.8	62.8	94.5	94.5	77.1
Other current assets	5.6	7.9	3.7	1.8	1.8	1.5
Non-Current Assets Classified as kept for Sale		28.7	24.0	16.5	16.5	19.8
Total current assets	**364.0**	**385.3**	**327.4**	**361.0**	**361.0**	**345.7**
Total assets	**1,349.4**	**1,373.0**	**1,337.8**	**1,368.8**	**1,368.8**	**1,351.1**
Equity	**777.2**	**766.3**	**732.2**	**720.2**	**720.2**	**729.0**
Long- term financial debt	251.8	278.3	277.3	283.4	283.4	277.9
Long-term provisions	24.7	21.2	22.8	23.2	23.2	20.8
Financial instruments for long-term hedging	28.6	26.9	38.0	25.5	25.5	24.4
Other non-current liabilities	41.5	38.6	45.2	48.5	48.5	51.9
Total non-current liabilities	**346.5**	**365.0**	**383.3**	**380.6**	**380.6**	**375.0**
Short-term financial debt	5.7	10.9	17.0	21.0	21.0	27.6
Trade creditors	180.2	186.5	154.3	165.8	165.8	163.1
Short-term provisions	8.1	8.1	7.7	7.9	7.9	8.2
Financial Instruments for short-term hedging	15.8	7.0	10.0	34.6	34.6	21.2
Other current liabilities	15.8	15.4	21.6	26.4	26.4	12.9
Non-Current liabilities classified as kept for Sale		13.7	11.7	12.3	12.3	14.0
Total current liabilities	**225.7**	**241.7**	**222.2**	**268.1**	**268.1**	**247.1**
Total liabilities	**1,349.4**	**1,373.0**	**1,337.8**	**1,368.8**	**1,368.8**	**1,351.1**
Cash flow statement						
EBITDA (adjusted)	**47.5**	**42.1**	**40.9**	**21.6**	**152.1**	**35.6**
Inventories	0.5	(11.9)	2.8	0.3	(8.3)	1.5
Trade debtors and other accounts receivable	7.1	(0.1)	7.9	13.0	27.9	(6.3)
Other current liabilities	(5.7)	3.0	(23.0)	17.8	(8.0)	(12.9)
Changes in working capital	1.8	(7.8)	(12.5)	30.4	12.0	(17.7)
Interest payments	(6.0)	(6.3)	(5.6)	(4.8)	(22.7)	(4.8)
Subsidies transferred to P&L	(0.2)	(0.2)	(0.2)	(0.5)	(1.1)	(0.3)
Hedging instruments: pulp and exchange rate	(6.7)	(3.0)	(1.5)	0.8	(10.4)	(5.0)
Corporate tax payment	-	-	-	(2.9)	(2.9)	-
Others	(1.4)	(1.7)	0.6	(2.4)	(5.0)	(3.4)
Cash flow: operating activities	**35.0**	**23.1**	**21.7**	**42.1**	**121.9**	**4.3**
Tangible assets	(11.1)	(13.5)	(33.1)	(12.0)	(69.6)	(10.6)
Biological assets	(6.7)	(6.1)	(6.3)	(6.1)	(25.3)	(6.6)
Intangible assets	(0.2)	(0.3)	0.1	(0.1)	(0.4)	-
Other financial assets	-	-	-	-	-	(0.1)
Divestments			3.7	0.6	4.3	
Cash flow: investment activities	**(17.9)**	**(19.9)**	**(35.6)**	**(17.6)**	**(91.0)**	**(17.3)**
Collections and payments from equity instruments	(0.2)	(29.0)	(37.2)	(5.9)	(72.3)	(3.7)
Collection and payments from financial liability instruments	(3.3)	31.7	9.4	13.7	51.6	0.1
Cash flow: financing activities	**(3.5)**	**2.7**	**(27.8)**	**7.8**	**(20.8)**	**(3.6)**
Increase (decrease) in cash and cash equivalents	**13.6**	**5.9**	**(41.7)**	**32.3**	**10.1**	**(16.6)**

Energía y Celulosa