Quarterly Report
1st Quarter 2013

March 31st, 2013

CONTENTS

1. EXECUTIVE SUMMARY 1Q13

figures in €M	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
Pulp sales	150.6	160.3	(6%)	143.1	5%	150.6	143.1	5%
Electricity sales [(a)]	64.7	60.1	8%	50.1	29%	64.7	50.1	29%
Forestry sales and others	2.1	3.7	(42%)	8.3	(74%)	2.1	8.3	(74%)
Total sales	**217.4**	**224.1**	(3%)	**201.5**	8%	**217.4**	**201.5**	8%
Adjusted EBITDA	**44.2**	**47.1**	(6%)	**35.6**	24%	**44.2**	**35.6**	24%
EBITDA	**43.5**	**36.7**	19%	**30.7**	42%	**43.5**	**30.7**	42%
EBIT	**23.9**	**22.8**	5%	**15.8**	52%	**23.9**	**15.8**	52%
Net profit	**13.1**	**14.2**	(8%)	**6.6**	100%	**13.1**	**6.6**	100%
Net financial debt [(b)]	**114.8**	**200.7**	(43%)	**173.0**	(34%)	**114.8**	**173.0**	(34%)
Pulp sales (tons)	**312,480**	**333,640**	(6%)	**320,963**	(3%)	**312,480**	**320,963**	(3%)
Electricity sales (MWh)	**478,132**	**456,354**	5%	**396,314**	21%	**478,132**	**396,314**	21%
Net pulp sale price (€/ton)	**479**	**481**	(0%)	**446**	8%	**479**	**446**	8%
Average electricity sale price (€/MWh) [('c)]	**131**	**132**	(0%)	**126**	4%	**131**	**126**	4%
Cash cost (€/t) [(d)]	**359**	**354**	2%	**338**	6%	**359**	**338**	6%

(a) includes € 5M and € 11M capitalized in 1Q13 and 4Q12 for the sale of electricity produced at the new 50MW plant in Huelva before its reception
(b) additionally, there are €105 M of non-recourse debt linked to the "project finance" of the 50MW Huelva and 20MW Mérida biomass plants as of 31/03/13
('c) includes the operational of the new 50MW plant in Huelva before its reception
(d) excludes impact on Huelva 50MW plant as it is not linked to pulp production activity

- ✓ **Net profit stands at €13M in 1Q13,** doubling the figure obtained in 1Q12.
- ✓ **Adjusted EBITDA grew by +24% in 1Q13 vs. 1Q12 to €44M** thanks to pulp price rises and the contribution of the new biomass plant since its reception in February and despite the impact of the energy taxes since the beginning of the year. Cash cost stood at €359/t at the end of 1Q13, +2% above 4Q12 due to the negative impact of the new taxes on company costs.
- ✓ **Huelva 50MW plant, which is consolidated since February, generated more than 90,000 MWh in the quarter. The plant is producing +30% above 2013 guidance,** accelerating its learning curve thanks to the increased system availability and lower self consumption.
- ✓ **Pulp sales rose by +5% in 1Q13 vs. 1Q12** thanks to increases in pulp prices.
- ✓ Strength in pulp market, which remains since the begining of the year, has resulted in **the announcement of price increase in May to $850/t,** level that will support stronger results in next quarters.
- ✓ **Electricity sales grew by +29% in 1Q13 vs. 1Q12** thanks to +21% higher volumes due to the contribution of the new Huelva biomass plant and prices +4% higher due to the improvement in the generating mix after incorporation of Huelva plant. Compared to 4Q12, energy sales grew by +8% thanks to the new plant.
- ✓ **Net corporate debt stood at €115M, -34% lower since March 2012**, after completion of the Uruguay sale, the good operating results and the reduction in working capital.
- ✓ **In January, Ence issued secured senior notes for €250M, at 7.25%, maturing in 2020.** Additionally, it contracted a senior loan facility with a limit of €90M, maturing in 2018. Issuing enabled it to pay off the existing corporate bank financing and extend its debt maturity profile from 2014 to 2020.
- ✓ **In March, the General Shareholders' Meeting approved distribution of €0.07 per share in cash dividend and dividend in kind of one share for every 25 held in the company,** a return of 7% at the time of approval.

2. PULP BUSINESS

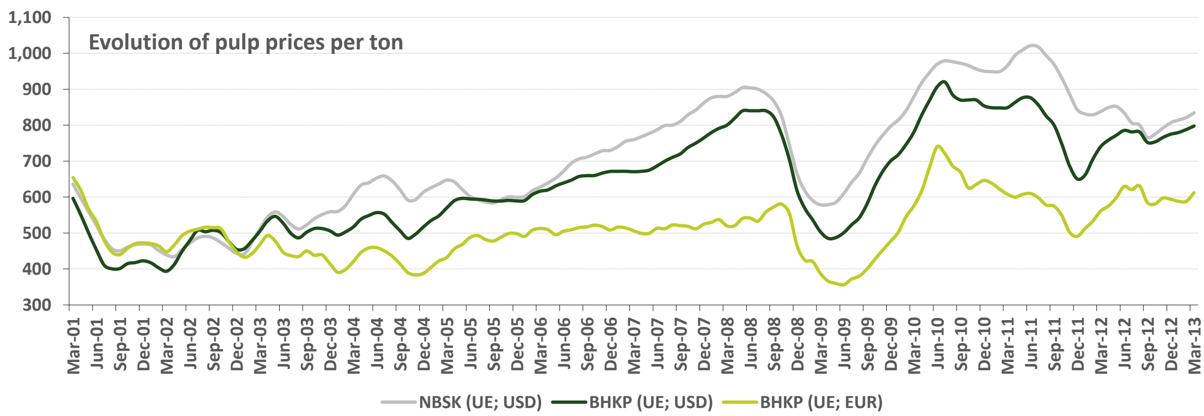
	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
Huelva	97,084	95,487	2%	99,249	(2%)	97,084	99,249	(2%)
Pontevedra	96,352	100,141	(4%)	91,595	5%	96,352	91,595	5%
Navia	125,486	125,911	(0%)	125,065	0%	125,486	125,065	0%
Pulp production (tons)	**318,921**	**321,539**	(1%)	**315,910**	1%	**318,921**	**315,910**	1%
Huelva	103,650	98,545	5%	95,933	8%	103,650	95,933	8%
Pontevedra	92,867	105,656	(12%)	94,066	(1%)	92,867	94,066	(1%)
Navia	115,963	129,439	(10%)	130,965	(11%)	115,963	130,965	(11%)
Pulp sales (tons)	**312,480**	**333,640**	(6%)	**320,963**	(3%)	**312,480**	**320,963**	(3%)
BHKP ($/t)	**789**	**765**	3%	**703**	12%	**789**	**703**	12%
Average exchange rate ($/€)	**1.32**	**1.30**	2%	**1.31**	1%	**1.32**	**1.31**	1%
Net sale price (€/t)	**479**	**481**	(0%)	**446**	8%	**479**	**446**	8%
Pulp sales (€M)	**150.6**	**160.3**	(6%)	**143.1**	5%	**150.6**	**143.1**	5%

Pulp production rose by +1% in 1Q13 compared to 1Q12 in a good quarter at an operating level which resulted in a capacity usage ratio of nearly 97%. Pontevedra plant carried out its maintenance shut-down in March, lasting 10 days, in line with the shut-down in the previous year, which explains the fall compared to 4Q12. Adjusting for the number of days (February 2012 had 29 days), production was +2% above 1Q12. Sales fell by -3% compared to 1Q12 (-2% adjusting for the number of days) against a price environment +12% higher than those of the previous year.

With respect to the average income per tonne, the average net sale price was €479/t over the period, +8% higher than in 1Q12 due to the rise in pulp prices, partially compensated by the depreciation of the dollar. The average price does not reflect the price rise announced of up to $820/t, which is being implemented in April.

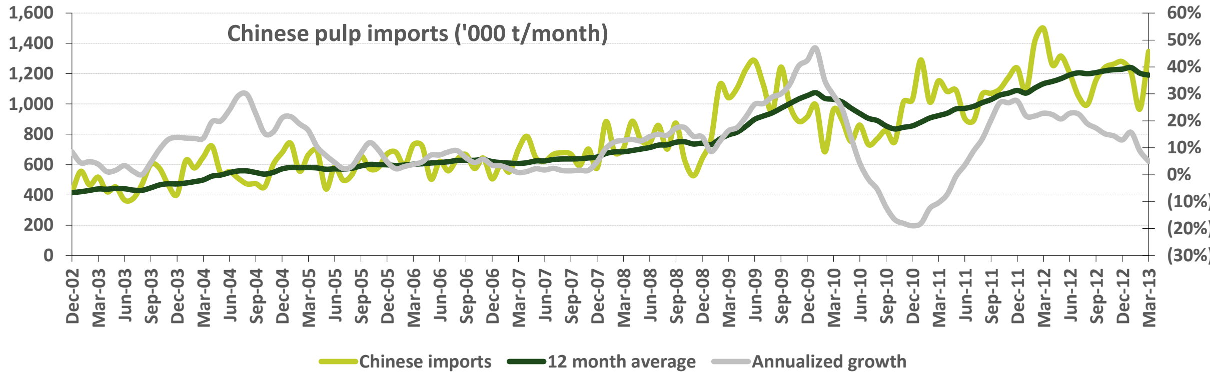
OVERVIEW ON PULP MARKET

In spite of the uncertainty generated by the start up of new capacity in Brazil (the 1.5 million tonne capacity Eldorado plant started operations in November 2012), prices maintained the upward trend which began in September last year over the first quarter of 2013, standing at $801/t at the end of March. This rise was eased in Europe due to the depreciation of the dollar, softening the increase in €/t.



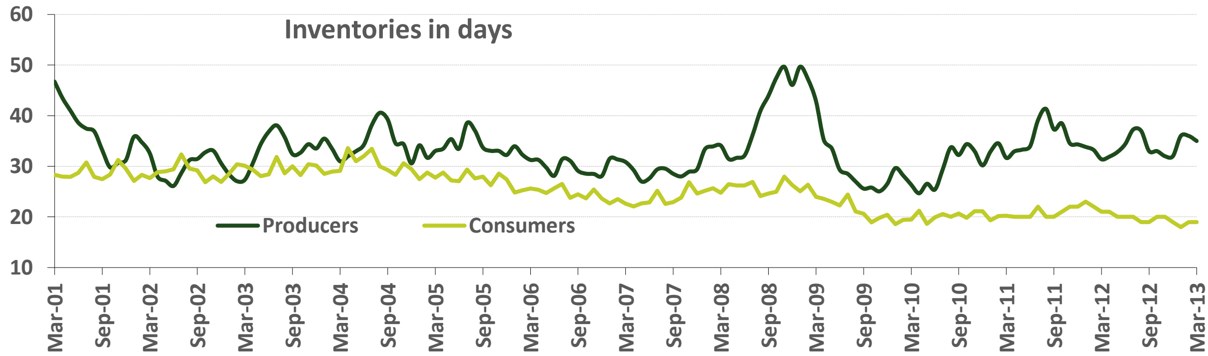
Source: FOEX

The closure of the Jari plant in Brazil in February (0.4 million tonnes), together with the recovery in demand in mature countries, maintained the tension between supply and demand. Demand globally showed an accumulated drop of -1% until March due to a -8% fall in demand from China. The comparison suffers from Chinese demand in the previous year at historical record levels in a setting of rapid price rises, promoting greater activity by intermediaries. We expect the upward trend of the Chinese demand to continue in 2013 (the isolated datum for March already showed an improvement over January) supported by growth in its economy, its low levels of consumption per capita and the opening of new capacity in both tissue and writing paper. Developed economies showed growth in demand over the year, with an increase in Europe of +2%, while that in the United States was +8% (PPPC).



Source: Hawkins Wright

Producer stocks worldwide stand at average cycle levels of 34 days, while consumer stock levels remained at record low levels of 19 days at the end of March (PPPC). The situation in Europe is equally positive, with consumer stock levels that continue to be near historical lows at 20 days (Utipulp), while stocks at ports stood -4% below the levels recorded last year (Europulp).



Source: PPPC (W20 statistics)

These favourable market conditions made it possible to implement the price rise to $800/t and supported new price rise announcements, to $820/t from 1 March and to $850/t from 1 May.

3. ENERGY BUSINESS

The development of the energy business in 1Q13 was affected mainly by the regulatory changes that came into effect from January 1 and the transfer of ownership of the Huelva plant in February. At the regulatory level, the impact focused mainly on costs with the 7% tax on generation and the “green cent” tax, which impacted the company’s cash cost. At income level, the main effect was to maintain prices stable due to the change in the CPI used to update them. The loss of the sale at market price plus premium had no effect in the quarter, as the low pool prices made it more attractive to sell at fixed tariff prices. Income from energy, however, showed an increase of +29% after the start up of the Huelva plant in September last year and its contribution to the results since the beginning of February after its delivery by the contractor.

ENERGY PRODUCTION PER PULP PLANT

	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
Huelva	213,040	201,798	6%	213,814	(0%)	213,040	213,814	(0%)
Pontevedra	52,816	57,929	(9%)	51,691	2%	52,816	51,691	2%
Navia	128,646	129,539	(1%)	134,357	(4%)	128,646	134,357	(4%)
Electricity production (MWh)	**394,502**	**389,265**	1%	**399,862**	(1%)	**394,502**	**399,862**	(1%)
Biomass generation	122,459	116,677	5%	131,598	(7%)	122,459	131,598	(7%)
Biomass co-generation	166,542	170,742	(2%)	167,411	(1%)	166,542	167,411	(1%)
Gas natural co-generation	97,325	94,293	3%	97,305	0%	97,325	97,305	0%
Electricity sales (MWh) [(a)]	**386,326**	**381,712**	1%	**396,314**	(3%)	**386,326**	**396,314**	(3%)
Electricity consumption (MWh)	**185,586**	**191,909**	(3%)	**187,341**	(1%)	**185,586**	**187,341**	(1%)
Average pool price (€/MWh)	**40**	**43**	(7%)	**51**	(20%)	**40**	**51**	(20%)
Average sale price (€/MWh)	**128**	**129**	(1%)	**126**	2%	**128**	**126**	2%
Electricity sales (€M) [(b)]	**51.3**	**49.3**	4%	**50.1**	2%	**51.3**	**50.1**	2%

(a) adjusted by unbalances
(b) excludes sales from the new 50MW plant in Huelva

Sales of energy linked to the installed capacity in the pulp plants totalled €51M in 1Q13, +2% up on 1Q12, as the lower volumes (down -1% after adjusting for the number of days in the quarter) were compensated by a slightly higher price per MWh. Electricity market prices stood -20% below those in 2011 due to the high level of rainfall in the period. This fall had no impact on sale prices as all the turbines were selling at fixed tariff, after the variable option disappeared.

STANDALONE ENERGY PRODUCTION PER PLANT

figures in €M	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
Electricity sales (MWh)	**91,806**	**74,641**	23%	**-**	n.s.	**91,806**	**-**	n.s.
Average selling price (€/MWh)	**146.0**	**144.8**	1%	**-**	n.s.	**146.0**	**-**	n.s.
Sales [(a)]	13.4	10.8	24%	-	n.s.	13.4	-	n.s.
EBITDA	4.3	-	n.s.	-	n.s.	4.3	-	n.s.
Forest depletion (energy crops)	(1.4)	-	n.s.	-	n.s.	(1.4)	-	n.s.
EBITDA excluding forest depletion [(b)]	2.9	-	n.s.	-	n.s.	2.9	-	n.s.
Industrial depreciation	(1.7)	-	n.s.	-	n.s.	(1.7)	-	n.s.
EBIT	1.2	-	n.s.	-	n.s.	1.2	-	n.s.
Net profit	0.3	-	n.s.	-	n.s.	0.3	-	n.s.

(a) includes € 4.6M of capitalized sales in January previous the reception of the plant; the €10.8M in 4Q12 were fully capitalized
(b) in line with the criteria that was used to communicate EBITDA guidance for the plants

The acceptance of the 50 MW Huelva plant took place in February. As in 4Q12, operation corresponding to January was capitalised, including the sales figure of €4.6M for the month and was capitalised in the works for fixed assets line at an equivalent amount with the opposite sign. Therefore, the EBITDA shows the company's operating results for the months of February and March. Electricity sales in the three months stood at 92 GWh, which would place annual sales above the 287 GWh estimated initially for 2013, thanks to lower self-consumption (close to 10% compared to the 13% assumed) and higher usage ratios (over 90%).

4. FOREST ACTIVITY

	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
Supply to the industrial process (m^3)	**953,054**	**949,566**	0%	**913,795**	4%	**953,054**	**913,795**	4%
Cost €/m^3	**69.6**	**69.3**	0%	**71.8**	(3%)	**69.6**	**71.8**	(3%)
Wood purchases per source								
Own wood	7%	6%		4%		7%	4%	
Direct acquisitions from land owners	22%	25%		28%		22%	28%	
Suppliers	56%	59%		52%		56%	52%	
Imported timber	15%	11%		16%		15%	16%	
Own hectares	51,918	51,917	0%	77,351	(33%)	51,918	77,351	(33%)
Third party hectares (consortia)	37,055	36,007	3%	36,806	1%	37,055	36,806	1%
Hectares managed by ownership (Ha)	**88,973**	**87,924**	1%	**114,157**	(22%)	**88,973**	**114,157**	(22%)
Hectares for pulp	71,085	69,810	2%	96,584	(26%)	71,085	96,584	(26%)
Hectares for energy crops	17,888	18,114	(1%)	17,573	2%	17,888	17,573	2%
Hectares managed by use (Ha)	**88,973**	**87,924**	1%	**114,157**	(22%)	**88,973**	**114,157**	(22%)

Note: figures at the end of 2012 exclude hectares of Uruguay, which agreed to sell as of December 2012

Wood consumption increased by +4% in 1Q13 due to the increase in pulp production and a slight increase in consumption per tonne of pulp. This effect was compensated by a reduction in average cost of -3% after the price reductions implemented in the last twelve months. As regards source of supply, the high rainfall in the quarter limited standing timber purchases and led to a higher volume of imports compared to 4Q12, which partially explains the higher specific consumption and average cost compared to the previous quarter.

There was no significant change in hectares managed, with the company having focused its efforts on revising rental costs downwards after the latest regulatory changes rather than securing new hectares.

5. COMMENT ON THE RESULTS OF 1Q13

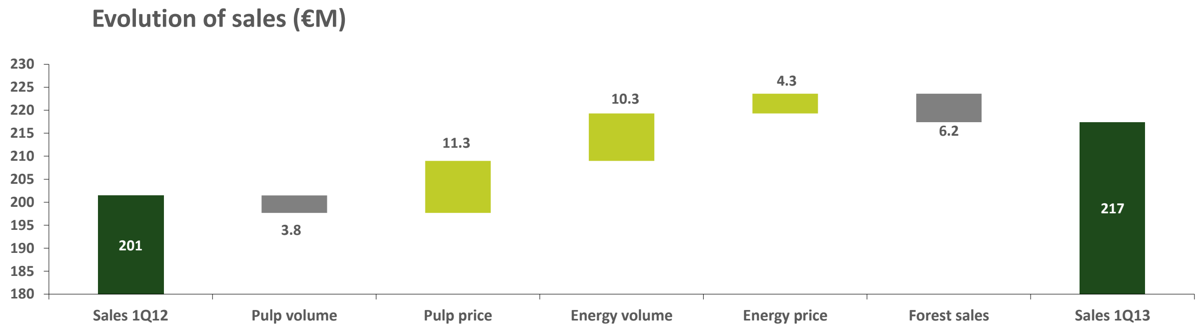
figures in €M	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
Pulp sales	150.6	160.3	(6%)	143.1	5%	150.6	143.1	5%
Electricity sales [a]	64.7	60.1	8%	50.1	29%	64.7	50.1	29%
Forestry sales and others	2.1	3.7	(42%)	8.3	(74%)	2.1	8.3	(74%)
Total net sales	**217.4**	**224.1**	(3%)	**201.5**	8%	**217.4**	**201.5**	8%
Cost of goods sold [b]	(105.9)	(107.6)	(2%)	(103.9)	2%	(105.9)	(103.9)	2%
Personnel expenses	(18.6)	(22.6)	(18%)	(18.9)	(2%)	(18.6)	(18.9)	(2%)
Other operating expenses	(49.4)	(57.3)	(14%)	(48.0)	3%	(49.4)	(48.0)	3%
EBITDA	**43.5**	**36.7**	19%	**30.7**	42%	**43.5**	**30.7**	42%
Forest depletion	(8.9)	(4.7)	87%	(1.8)	394%	(8.9)	(1.8)	394%
Rest of depreciations	(10.7)	(13.0)	(18%)	(13.7)	(22%)	(10.7)	(13.7)	(22%)
Provisions	(0.1)	3.9	n.s.	0.5	n.s.	(0.1)	0.5	n.s.
EBIT	**23.9**	**22.8**	5%	**15.8**	52%	**23.9**	**15.8**	52%
Financial result	(5.3)	(2.3)	127%	(5.8)	(9%)	(5.3)	(5.8)	(9%)
Profit before taxes	**18.7**	**20.5**	(9%)	**10.0**	87%	**18.7**	**10.0**	87%
Taxes	(5.6)	(5.6)	(1%)	(3.4)	62%	(5.6)	(3.4)	62%
Non-Current Assets Classified as kept for Sale (net)	-	(0.7)	(100%)	-	n.s.	-	-	n.s.
Net profit	**13.1**	**14.2**	(8%)	**6.6**	100%	**13.1**	**6.6**	100%
Adjusted EBITDA	**44.2**	**47.1**	(6%)	**35.6**	24%	**44.2**	**35.6**	24%
Cash cost (€/t) [c]	**359.1**	**353.5**	2%	**338.0**	6%	**359.1**	**338.0**	6%

(a) includes € 4.6M of capitalized sales in January previous the reception of the plant; the €10.8M in 4Q12 were fully capitalized
(b) supplies +/- change in stocks
(c) excludes impact on Huelva 50MW plant as it is not linked to pulp production activity

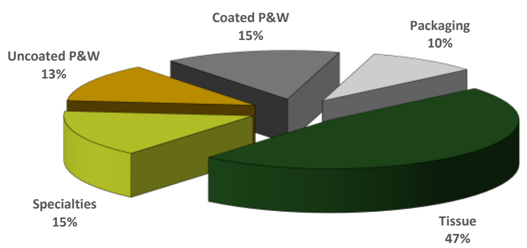
Sales in 1Q13 stood at €217M, +8% up on those for 1Q12. Pulp sales over the period were €151M, +5% up from 1Q12 thanks to the +8% increase in prices which compensated for the -3% fall in sales volumes.

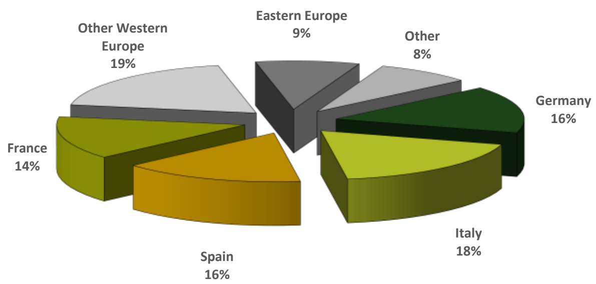
Energy sales amounted to €65M in 1Q13, +29% more than in 1Q12, due both to the strength in production (+21% compared to 2011) as well as to the positive trend in prices (+4%), resulting from the improved production mix after the start up of the Huelva biomass plant.

Forestry sales stood at €2M (-74% compared to 2011) due to falls in the sales of consultancy and forestry services, as well as the reduction in timber sales to third parties, in line with the reduction in the level of imports and activity in international timber markets consistent with the implementation of the changing strategy in timber supply, the focus of which is guaranteeing supply with lower cost local sources.

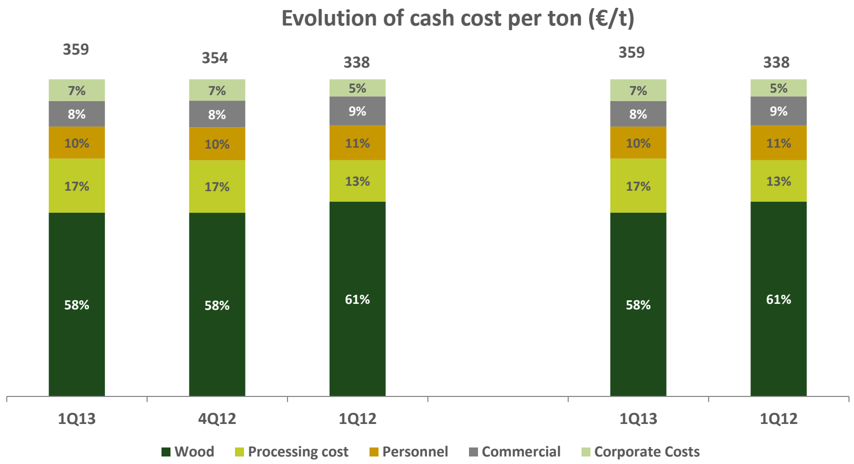


The distribution of sales by segment remained in line with previous quarters, with tissue as the main paper segment. Geographically, an increase in the weighting of Spain to 16% occurred, with a reduction in exports outside Europe, at 8%, in line with increased strength in European demand in 1Q13 (+2%, PPPC).

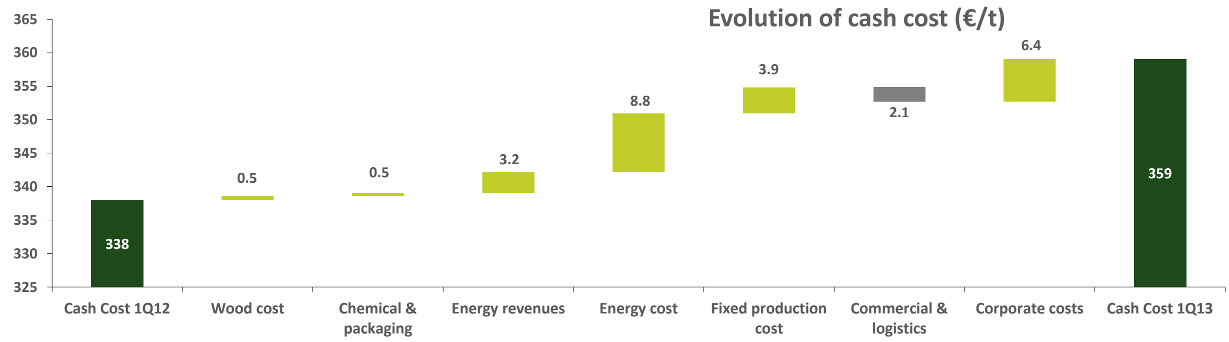




Cash cost rose +6% in 1Q13 compared to 1Q12 to €359/t, due to the impact of electricity regulation, although it was only +2% above 4Q12 levels.



The impact of regulatory reform stood at €13/t, €11/t due to the tax on generation and €2/t due to the "green cent" tax (not including the reduced tariff updating due to the change in the reference CPI). Adjusted for this impact, the costs would have stood at €346/t, +2% above those for 1Q12 and -2% below those for 4Q12.



As a consequence of higher prices and volumes and in spite of the regulatory effect, adjusted EBITDA for 1Q13 stood at €44M, +24% up on that recorded in 1Q12. Net of the impact of hedging, severance payments and provisions, EBITDA in 1Q13 amounted to €44M, +42% up on that achieved in 1Q12. Currency hedging had a positive impact in 2013 and negative in 2012, easing the comparison between periods.

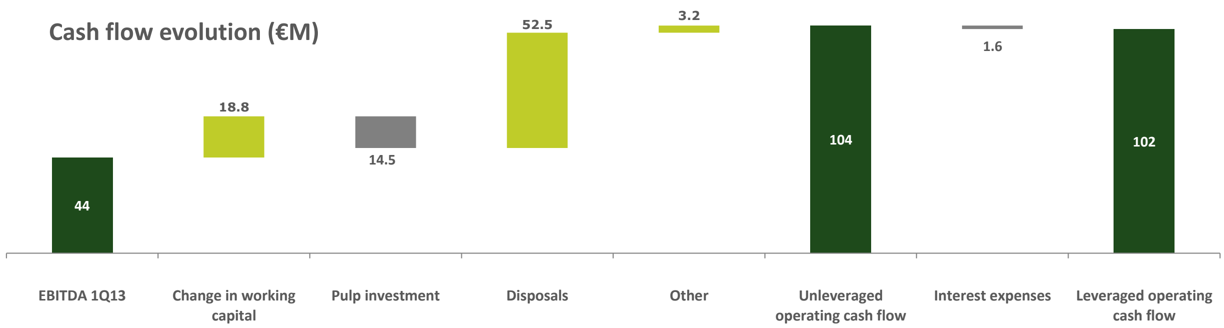
figures in €M	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
EBITDA	**43.5**	**36.7**	19%	**30.7**	42%	**43.5**	**30.7**	42%
Hedging instruments: pulp and exchange rate	(3.4)	5.6	n.s.	5.0	n.s.	(3.4)	5.0	n.s.
Severance payments	0.4	3.1	(86%)	0.5	(12%)	0.4	0.5	(12%)
Provisions and others	0.0	0.1	(16%)	(1.1)	n.s.	0.0	(1.1)	n.s.
Other non-recurrent	3.6	1.6	118%	0.4	n.s.	3.6	0.4	n.s.
Adjusted EBITDA	**44.2**	**47.1**	(6%)	**35.6**	24%	**44.2**	**35.6**	24%

Excluding depreciation, provisions, financial results and taxes, the company reported a net profit of €13M in 1Q13, doubling the net profit obtained in 1Q12.

6. LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW

The cash flow generated by the company's operations in 1Q13, including maintenance investments, stood at €102M after completion of the sale of assets in Uruguay. This substantial generation of liquidity will enable the company to undertake the payment of dividends and finance the expansion investments planned for the year, at the same time as reducing the levels of net financial debt reached at the end of last year.



Net cash flows from operating activities were €66M in 1Q13, four times the value achieved in 1Q12 due to the higher pulp prices, growth in electricity generation after transfer of ownership of the Huelva biomass plant and the positive impact of the change in working capital thanks to the reduction of stocks and increased supplier financing.

figures in €M	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
Consolidated profit for the year before tax	**18.7**	**19.9**	**(6%)**	**10.0**	**87%**	**18.7**	**10.0**	**87%**
Depreciation and amortisation charge	19.5	17.8	10%	15.5	26%	19.5	15.5	26%
Finance income/costs	5.9	2.0	193%	5.2	13%	5.9	5.2	13%
Increase / decrease other deferred income/costs	4.3	5.6	(22%)	(1.1)	n.s.	4.3	(1.1)	n.s.
Adjustments of profit for the year-	**29.8**	**25.3**	**18%**	**19.6**	**52%**	**29.8**	**19.6**	**52%**
Trade and other receivables	18.0	(28.3)	n.s.	(4.0)	n.s.	18.0	(4.0)	n.s.
Current financial and other assets	(3.8)	4.6	n.s.	7.9	n.s.	(3.8)	7.9	n.s.
Current liabilities	(2.7)	0.1	n.s.	(18.0)	(85%)	(2.7)	(18.0)	(85%)
Inventories	7.3	5.7	27%	1.5	388%	7.3	1.5	388%
Changes in working capital-	**18.8**	**(17.9)**	**n.s.**	**(12.7)**	**n.s.**	**18.8**	**(12.7)**	**n.s.**
Interest paid / received	(1.4)	(5.6)	(76%)	(4.8)	(71%)	(1.4)	(4.8)	(71%)
Income tax recovered (paid)	-	(8.4)	(100%)	-	n.s.	-	-	n.s.
Other cash flows from operating activities-	**(1.4)**	**(14.0)**	**(90%)**	**(4.8)**	**(71%)**	**(1.4)**	**(4.8)**	**(71%)**
NET CASH FLOWS FROM OPERTATING ACTIVITIES	**65.9**	**13.4**	**393%**	**12.2**	**442%**	**65.9**	**12.2**	**442%**

Cash flows from investment activities totalled a cash inflow of €26M in 1Q13, compared to the outflows of the previous quarters, on completion of the sale of the assets in Uruguay in March. Investments, however, were twice those in 1Q12 due to the higher investments in biomass projects.

figures in €M	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
Property, plant and equipment	(26.6)	(44.1)	(40%)	(17.2)	55%	(26.6)	(17.2)	55%
Intangible assets	-	(16.1)	(100%)	-	n.s.	-	-	n.s.
Other financial assets	(0.3)	0.2	n.s.	(0.1)	396%	(0.3)	(0.1)	396%
Investments	**(27.0)**	**(60.0)**	**(55%)**	**(17.3)**	**56%**	**(27.0)**	**(17.3)**	**56%**
Disposals	**52.5**	**(0.8)**	**n.s.**	**-**	**n.s.**	**52.5**	**-**	**n.s.**
NET CASH FLOWS FROM INVESTING ACTIVITIES	**25.5**	**(60.8)**	**n.s.**	**(17.3)**	**n.s.**	**25.5**	**(17.3)**	**n.s.**

As regards cash flows from financing activities, these represented a decrease in cash of -€2M, slightly below those in 1Q12. The placement of a bond for €250M in January compensated for the repayment of existing debt, so holding the company's gross financial debt at similar levels.

figures in €M	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
Proceeds and payments relating to equity instruments	**(3.6)**	**(29.1)**	**(88%)**	**(3.7)**	**(4%)**	**(3.6)**	**(3.7)**	**(4%)**
Debt instruments and held-for-trading liabilities (net)	243.8	-	n.s.	-	n.s.	243.8	-	n.s.
Increase/(decrease) in bank borrowings (net)	(240.6)	40.6	n.s.	0.3	n.s.	(240.6)	0.3	n.s.
Proceeds and payments relating to financial liability	**3.2**	**40.6**	**(92%)**	**0.3**	**n.s.**	**3.2**	**0.3**	**n.s.**
Dividends and returns on other equity instruments paid	**(1.9)**	**-**	**n.s.**	**-**	**n.s.**	**(1.9)**	**-**	**n.s.**
Translation differences	**0.0**	**(0.2)**	**n.s.**	**(0.2)**	**n.s.**	**0.0**	**(0.2)**	**n.s.**
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(2.2)**	**11.3**	**n.s.**	**(3.6)**	**(38%)**	**(2.2)**	**(3.6)**	**(38%)**

As a final result, an increase in the company's cash levels of €89M occurred in 1Q13, for liquid assets to stand at €129M.

figures in €M	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**89.2**	**(36.1)**	**n.s.**	**(8.7)**	**n.s.**	**89.2**	**(8.7)**	**n.s.**

WORKING CAPITAL

Working capital in 1Q13 was €39M, -€54M lower than in 1Q12. The main reasons were the reduction of stocks and the increase in trade receivables.

figures in €M	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
Inventories	86.4	87.6	(1%)	111.4	(22%)	86.4	111.4	(22%)
Trade and other receivables	128.8	138.6	(7%)	117.3	10%	128.8	117.3	10%
Other current financial assets	11.7	7.6	55%	14.6	(20%)	11.7	14.6	(20%)
Other accounts receivables from public authorities	20.5	29.7	(31%)	18.6	10%	20.5	18.6	10%
Other current assets	1.6	0.9	84%	1.5	10%	1.6	1.5	10%
Trade and other payables	(192.0)	(184.7)	4%	(163.1)	18%	(192.0)	(163.1)	18%
Corporate income tax payables	(5.6)	(1.3)	325%	(2.1)	167%	(5.6)	(2.1)	167%
Other accounts payable to public authorities	(11.6)	(8.5)	37%	(5.0)	133%	(11.6)	(5.0)	133%
Other current liabilities	(0.7)	(0.5)	55%	-	n.s.	(0.7)	-	n.s.
Working capital	**39.2**	**69.4**	(44%)	**93.2**	(58%)	**39.2**	**93.2**	(58%)
Change in WC as per cash flow statement	**18.8**	**(17.9)**	n.s.	**(12.7)**	n.s.	**18.8**	**(12.7)**	n.s.

CAPEX

Investments in the pulp business (industrial and forestry) in 1Q13 were €9M, +€3M higher than in 1Q12, mainly due to investments related to the implementation of the SAP system in the group, a project that began in this quarter. Investments related to expanding biomass generation stood at €20M, the majority linked to the construction of the power plants. After acceptance of the 50 MW Huelva plant in February, the schedule of payments linked to the industrial project was completed.

figures in €M	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
Maintenance	2.2	8.6	(75%)	3.2	(32%)	2.2	3.2	(32%)
Improvements in efficiency/production	1.4	4.4	(67%)	0.0	n.s.	1.4	0.0	n.s.
Environmental	3.0	3.1	(3%)	0.4	n.s.	3.0	0.4	n.s.
Industrial investment in pulp	**6.6**	**16.0**	(59%)	**3.6**	86%	**6.6**	**3.6**	86%
Plantation and maintenance activity	2.3	2.3	(0%)	2.3	4%	2.3	2.3	4%
Financial expenses	0.4	0.4	(4%)	0.4	(16%)	0.4	0.4	(16%)
Forest investment in pulp	**2.7**	**2.7**	(1%)	**2.7**	1%	**2.7**	**2.7**	1%
Industrial investment in biomass	**18.5**	**25.5**	(27%)	**3.4**	443%	**18.5**	**3.4**	443%
Forest investment in biomass	**1.9**	**7.0**	(73%)	**3.2**	(41%)	**1.9**	**3.2**	(41%)
Total investment	**29.7**	**51.2**	(42%)	**12.8**	132%	**29.7**	**12.8**	132%

Note: excludes investments of €12.5M related to repurchases of rights in December 2012 and the remaining related to received grants

7. FINANCIAL RESULT AND DEBT

FINANCIAL RESULT

Financial costs were in excess of +€4M after attributing to 1Q13 the (previously paid) costs of opening the syndicated loan, once the bond had been issued and this syndicated loan repaid. Regarding the hedging result, the cancellation of the IRS linked to the syndicated loan will result in the disappearance of the payments linked to this instrument, as well as the attribution of the results of the changes in its valuation. In the coming quarters, the impacts of the interest rate hedges will be reduced due to payments of the IRSs for the Project Finance, without impacts deriving from the changes in their valuation as they are considered hedging instruments.

figures in €M	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
Interest on bond	(3.0)	-	n.s.	-	n.s.	(3.0)	-	n.s.
Interest on loans	(2.0)	(3.7)	(46%)	(4.6)	(56%)	(2.0)	(4.6)	(56%)
Interests on factoring and confirming	(0.4)	(0.5)	(26%)	(0.4)	5%	(0.4)	(0.4)	5%
Capitalization of financial expenses	1.2	2.5	(53%)	1.3	(10%)	1.2	1.3	(10%)
Financial expenses	**(4.3)**	**(1.7)**	145%	**(3.6)**	18%	**(4.3)**	**(3.6)**	18%
IRS settlement interest	-	(3.7)	(100%)	(2.6)	(100%)	-	(2.6)	(100%)
IRS adjustment in fair value	(1.0)	2.2	n.s.	1.3	n.s.	(1.0)	1.3	n.s.
Financial expenses for equity swap	0.4	1.6	(75%)	0.5	(20%)	0.4	0.5	(20%)
Result of hedging (IRS and equity swap)	**(0.6)**	**0.1**	n.s.	**(0.8)**	(29%)	**(0.6)**	**(0.8)**	(29%)
Net exchange differences	**1.9**	**(0.4)**	n.s.	**(1.3)**	n.s.	**1.9**	**(1.3)**	n.s.
Other financial expenses	**(2.5)**	**(0.4)**	496%	**(0.2)**	n.s.	**(2.5)**	**(0.2)**	n.s.
Financial income	**0.2**	**0.2**	13%	**0.2**	(18%)	**0.2**	**0.2**	(18%)
Financial result	**(5.3)**	**(2.3)**	127%	**(5.8)**	(9%)	**(5.3)**	**(5.8)**	(9%)
Interests on non recourse debt	(0.6)	(0.0)	n.s.	(0.0)	n.s.	(0.6)	(0.0)	n.s.
Adjusted financial result	**(4.7)**	**(2.3)**	104%	**(5.8)**	(19%)	**(4.7)**	**(5.8)**	(19%)

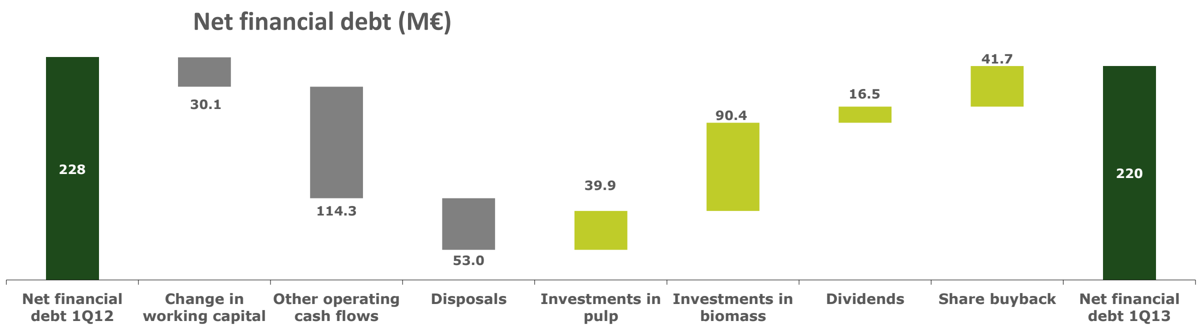
FINANCIAL DEBT

In terms of indebtedness, the net financial recourse debt stood at €115M at the end of 1Q13, -34% below the value registered in 1Q12. Total net financial debt was €220M, -4% lower than registered in 1Q12 after the investments made in the Huelva biomass project and the start of the Mérida plant construction.

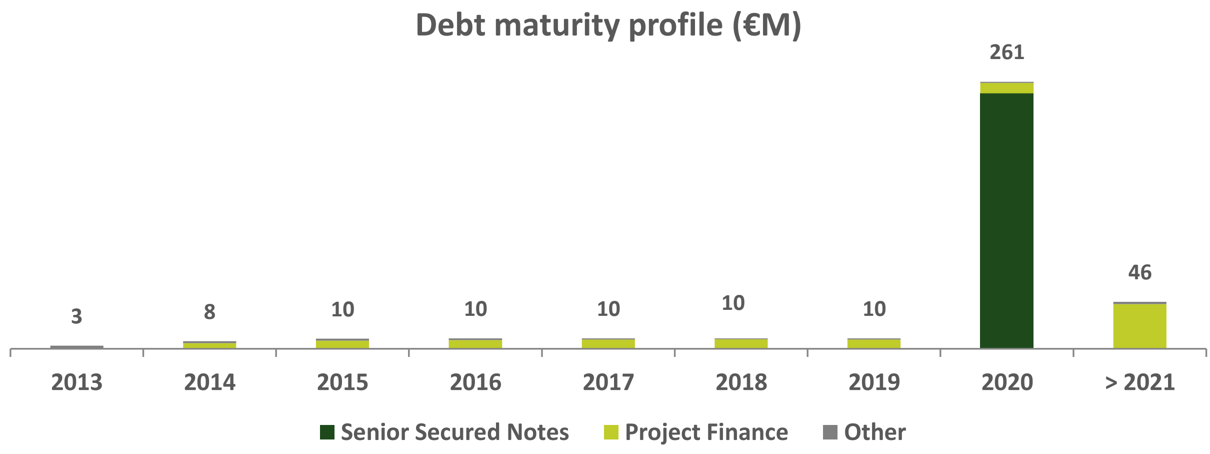
figures in €M	1Q13	4Q12	%	1Q12	%	1Q13	1Q12	%
Bond	250.0	-	n.s.	-	n.s.	250.0	-	n.s.
Bond - unamortized transaction costs	(9.7)	-	n.s.	-	n.s.	(9.7)	-	n.s.
Loans	1.0	214.6	(100%)	218.1	(100%)	1.0	218.1	(100%)
Loans - unamortized transaction costs	-	-	n.s.	(3.8)	(100%)	-	(3.8)	(100%)
Other financial liabilities	10.5	10.6	(1%)	10.7	(2%)	10.5	10.7	(2%)
Other financial liabilities - grant	(1.2)	(1.3)	(6%)	(1.6)	(21%)	(1.2)	(1.6)	(21%)
Long-term debt	**250.6**	**223.9**	12%	**223.5**	12%	**250.6**	**223.5**	12%
Bond - accrued interest	3.2	-	n.s.	-	n.s.	3.2	-	n.s.
Loans	0.4	24.6	(98%)	25.5	(98%)	0.4	25.5	(98%)
Loans - unamortized transaction costs	-	(2.0)	(100%)	-	n.s.	-	-	n.s.
Loans - accrued interest	0.1	0.4	(81%)	0.6	(86%)	0.1	0.6	(86%)
Other financial liabilities	1.6	1.6	1%	0.7	143%	1.6	0.7	143%
Short-term debt	**5.3**	**24.6**	(79%)	**26.7**	(80%)	**5.3**	**26.7**	(80%)
Total gross financial debt	**255.9**	**248.4**	3%	**250.2**	2%	**255.9**	**250.2**	2%
Cash	129.4	40.2	222%	62.5	107%	129.4	62.5	107%
Short-term financial investments	11.7	7.6	55%	14.6	(20%)	11.7	14.6	(20%)
Total net financial debt with recourse	**114.8**	**200.7**	(43%)	**173.0**	(34%)	**114.8**	**173.0**	(34%)
Project Financing Long-term	106.3	98.8	8%	57.3	86%	106.3	57.3	86%
Project Financing LT - unamortized transaction costs	(3.6)	(3.7)	(3%)	(2.8)	29%	(3.6)	(2.8)	29%
Project Financing Short-term	1.5	1.5	-	-	n.s.	1.5	-	n.s.
Project Financing ST - unamortized transaction costs	(0.5)	(0.5)	-	-	n.s.	(0.5)	-	n.s.
Project Financing ST - accrued interest	1.1	0.1	n.s.	0.9	16%	1.1	0.9	16%
Total net financial debt	**219.5**	**296.8**	(26%)	**228.4**	(4%)	**219.5**	**228.4**	(4%)

This reduction was achieved thanks to the strong cash generation from pulp activities and disposals, compensating to a large degree for the investments in the biomass projects and remuneration of shareholders. The operation to sell the assets in Uruguay was completed in March, once approval had been obtained from the Uruguayan authorities, representing a cash income of €53M to the group.

Additionally, the company has a factoring facility with a limit of €85M, of which €40M had been used at the end of the quarter, as well as a credit facility with a limit of €90M which had not been used at the end of the quarter.

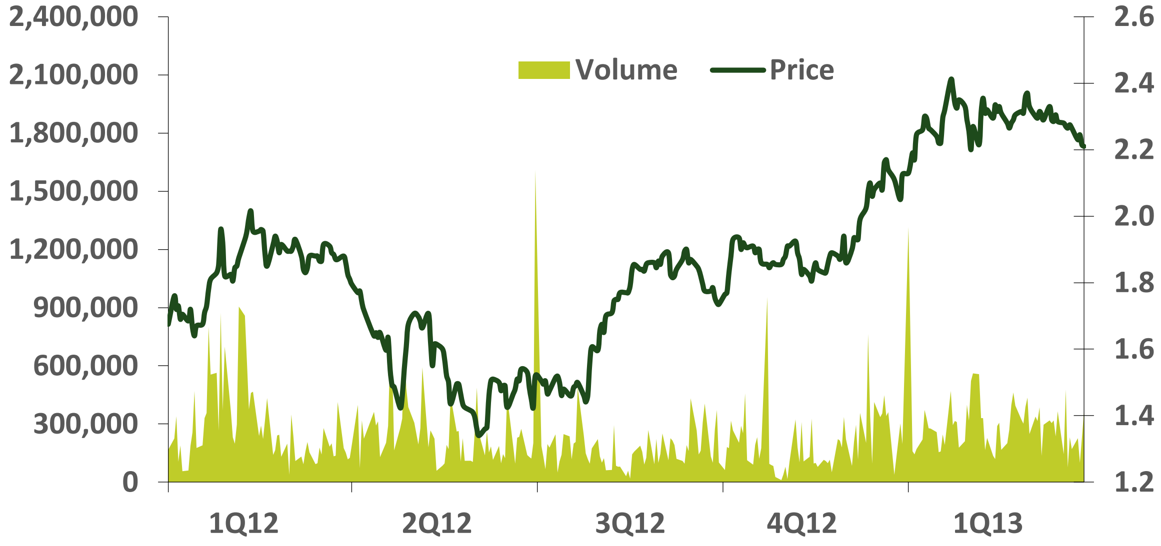


After placement of a bond for €250M and repayment of the existing debt (except for €11M, mainly loans from public institutions at low interest rates), there are no significant debt maturities until 2020.


Debt maturity profile (€M)
3
8
10
10
10
10
10
261
46
2013
2014
2015
2016
2017
2018
2019
2020
> 2021
Senior Secured Notes
Project Finance
Other

8. ENCE ON THE STOCK MARKET

Share performance was flat in 1Q13, although +6% and +3% better than Spanish and European market performance, respectively.



Source: Thomson Reuters

	1Q12	2Q11	3Q11	4Q12	1Q13
Average daily volume (shares)	283,924	270,690	190,820	226,282	283,963
Ence performance	7%	(15%)	14%	23%	1%
Ibex 35 performance	(7%)	(11%)	9%	6%	(6%)
Eurostoxx performance	7%	(9%)	8%	7%	(3%)

Note: the evolution of Ence's share price has been adjusted for the dividend of €0.07/share paid on May 8, 2012; no adjustment was made for the dividend in specie paid on May 8 and August 17, 2012, which represents an additional 3.8% and 2.7% in profitability.

Ence shares are listed on the IBEX Medium Cap, IBEX Top Dividend and the FTSE4Good Ibex indices.

In addition to its presence in the market through quoted shares, the company also issued bonds for a total amount of €250M in January 2013, with a yield of 7.25% and a term of 7 years. Ence may occasionally repurchase these bonds on the secondary market. Any purchase will be made after consideration of the relevant factors, including the bond quote price and our liquidity position and will do so in compliance with all the applicable legal requirements.

9. HIGHLIGHTS OF 2013

Issuing of senior debt amounting to €250 million

On January 25, Ence successfully issued senior secured notes for €250 million aimed at qualified international investors, with 7.25% annual fixed interest, semi-annual coupon and maturing in 2020. Additionally, it contracted a senior loan facility with a limit of €90M, maturing in 2018. This issue made it possible to repay the existing corporate bank financing, expand the debt maturity profile, optimise the structure of its funds and increase its financial flexibility, at the same time as diversifying and internationalising the company's funding sources.

Acceptance of the Huelva biomass plant by the Electricity Grid

Transfer of ownership of the Huelva biomass plant was carried out on February 7, 2013 by OHL, the project contractor. Prior to this, on September 10, the connection of the 50 MW Huelva plant was completed, making it the largest biomass generating plant to provide power to the Spanish electricity grid, with a forecast annual production of the 337 million kWh. The start up of this plant represents an increase of nearly +30% in the company's installed power capacity for biomass energy production, to 230 MW.

Dividend of €0.07/share and one treasury share for every 25 held

On February 19, the board of directors approved the proposal to the general shareholders' meeting of a dividend payment of €0.07 per share against the 2012 operating results, as well as a stock dividend in treasury shares drawn down from the issue premium in the proportion of one treasury share for each 25 shares that the shareholder currently owns. The dividend was approved at the General Shareholders' Meeting held on 21 March 2013. At the date of approval, the two dividends amounted to a dividend yield of 7%.

Completion of the sale of assets in Uruguay

On December 15, 2012 Ence agreed to sell its assets in Uruguay to a North American institutional fund for $77.3M, allowing it to improve its financial strength. The assets consisted of 27,780 hectares of forestry land with eucalyptus plantations in south-eastern Uruguay, along with wood-chip and saw mill facilities. The sale of these assets took place after the implementation of a disintermediation strategy in the company's wood purchasing, replacing imported wood with wood from Northern Spain. The operation was completed on March 7, 2013 once authorisation was received from the Uruguayan forestry authorities.

10. FINANTIAL STATEMENTS

Profit and Loss Account

figures in €M	1Q12	2Q12	3Q12	4Q12	2012	1Q13
Total Net Turnover	**201.5**	**191.2**	**210.8**	**224.1**	**827.6**	**217.4**
Supplies	(100.9)	(96.1)	(105.4)	(105.7)	(408.0)	(106.4)
Change in stocks of finished products	(3.1)	0.7	5.1	(1.8)	0.8	0.5
Gross Margin	**97.5**	**95.7**	**110.5**	**116.6**	**420.4**	**111.5**
Works performed by the group on fixed assets	7.0	7.1	9.0	1.1	24.2	1.3
Other income	1.7	1.4	1.9	1.6	6.5	3.2
Result from hedging operations	(5.0)	(7.5)	(9.4)	(5.6)	(27.6)	3.4
Personnel	(18.9)	(19.9)	(20.8)	(22.6)	(82.1)	(18.6)
Other operating expenses	(51.5)	(43.1)	(53.1)	(54.4)	(202.1)	(57.3)
EBITDA	**30.7**	**33.7**	**38.3**	**36.7**	**139.3**	**43.5**
EBITDA margin	**15.2%**	**17.6%**	**18.1%**	**16.4%**	**16.8%**	**20.0%**
Depreciation of fixed assets	(15.5)	(14.6)	(15.6)	(17.8)	(63.4)	(19.5)
Impairment and result from sales of fixed assets	0.5	0.8	1.1	3.9	6.3	(0.1)
EBIT	**15.8**	**19.9**	**23.8**	**22.8**	**82.3**	**23.9**
EBIT margin	**7.8%**	**10.4%**	**11.3%**	**10.2%**	**9.9%**	**11.0%**
Financial income	0.2	0.2	0.2	0.2	0.7	0.2
Financial expenses	(6.0)	(6.1)	(4.7)	(2.5)	(19.4)	(5.5)
Profit before tax	**10.0**	**13.9**	**19.2**	**20.5**	**63.6**	**18.7**
Corporate tax	(3.4)	(4.5)	(6.3)	(5.6)	(19.9)	(5.6)
Non-Current Assets Classified as kept for Sale (net)	-	-	-	(0.7)	(0.7)	-
Net profit	**6.6**	**9.4**	**12.8**	**14.2**	**43.0**	**13.1**

Balance Sheet

figures in €M	1Q12	2Q12	3Q12	4Q12	2012	1Q13
Tangible fixed assets	951.6	906.4	931.8	947.2	947.2	956.6
Intangible fixed assets	12.0	5.9	5.7	21.6	21.6	21.4
Long- term financial assets	4.1	4.1	3.6	4.1	4.1	4.5
Other non-current assets	37.6	38.7	35.1	30.6	30.6	31.7
Total fixed assets	**1,005.4**	**955.2**	**976.2**	**1,003.5**	**1,003.5**	**1,014.2**
Inventories	111.4	101.9	93.4	87.6	87.6	86.4
Trade debtors and other accounts receivable	135.9	121.9	139.3	168.2	168.2	149.3
Cash and other short-term financial assets	77.1	87.9	85.8	47.8	47.8	141.1
Financial investments for short-term hedging (a)	0.0	0.0	1.9	10.7	10.7	4.0
Other current assets	1.5	6.8	4.7	0.9	0.9	1.6
Non-Current Assets Classified as kept for Sale	19.8	68.4	68.3	59.3	59.3	0.7
Total current assets	**345.7**	**386.9**	**393.5**	**374.6**	**374.6**	**383.1**
Total assets	**1,351.1**	**1,342.0**	**1,369.7**	**1,378.0**	**1,378.0**	**1,397.3**
Equity	**729.0**	**717.8**	**735.2**	**724.7**	**724.7**	**715.0**
Long- term financial debt	277.9	282.1	276.4	318.9	318.9	353.3
Long-term provisions	20.8	13.8	12.4	13.3	13.3	13.6
Financial instruments for long-term hedging (a)	24.4	32.0	32.5	16.6	16.6	13.9
Other non-current liabilities	51.9	50.9	49.9	51.8	51.8	50.9
Total non-current liabilities	**375.0**	**378.7**	**371.3**	**400.6**	**400.6**	**431.7**
Short-term financial debt	27.6	27.5	27.6	25.7	25.7	7.3
Trade creditors	163.1	166.6	198.0	184.7	184.7	192.0
Short-term provisions	8.2	10.9	8.9	8.5	8.5	8.1
Financial Instruments for short-term hedging (a)	21.2	22.1	2.5	14.9	14.9	4.7
Other current liabilities	12.9	16.4	23.8	19.0	19.0	38.4
Non-Current liabilities classified as kept for Sale	14.0	2.2	2.4	0.0	0.0	0.0
Total current liabilities	**247.1**	**245.6**	**263.2**	**252.7**	**252.7**	**250.6**
Total liabilities	**1,351.1**	**1,342.0**	**1,369.7**	**1,378.0**	**1,378.0**	**1,397.3**

(a) excludes the consecuence of IFRS 13 in relation to the inclusion on credit risk assessment. This impact is currently under analysis process

Cash Flow Statement

figures in €M	1Q12	2Q12	3Q12	4Q12	2012	1Q13
Consolidated profit for the year before tax	**10.0**	**13.9**	**19.2**	**19.9**	**63.0**	**18.7**
Depreciation and amortisation charge	13.4	13.1	14.2	12.7	53.3	14.2
Exhaustion of forestry reserve	1.8	1.3	1.2	4.9	9.1	5.2
Amortisation of intangible assets	0.2	0.2	0.3	0.2	1.0	0.2
Gains/Losses on disposal of non-current assets	(0.7)	(0.8)	(1.1)	(0.3)	(3.0)	0.1
Finance costs	(0.4)	12.4	3.8	2.2	18.0	0.1
Finance income	5.6	(6.0)	(0.2)	(0.2)	(0.7)	5.8
Grants and subsidies transferred to profit and loss	(0.3)	(4.7)	1.8	1.9	(1.2)	(0.3)
Changes in provisions and other deferred expenses (net)	(0.1)	(1.6)	1.4	4.0	3.7	4.6
Adjustments of profit for the year-	**19.6**	**13.9**	**21.4**	**25.3**	**80.1**	**29.8**
Trade and other receivables	(4.0)	25.8	(17.5)	(28.3)	(24.0)	18.0
Current financial and other assets	7.9	(5.1)	10.9	4.6	18.2	(3.8)
Current liabilities	(18.0)	(6.8)	10.9	0.1	(13.8)	(2.7)
Inventories	1.5	2.8	8.3	5.7	18.3	7.3
Changes in working capital-	**(12.7)**	**16.7**	**12.5**	**(17.9)**	**(1.3)**	**18.8**
Interest paid	(5.0)	(6.1)	(4.6)	(5.8)	(21.5)	(1.6)
Interest received	0.3	0.2	0.1	0.2	0.7	0.2
Income tax recovered (paid)	-	(1.1)	-	(8.4)	(9.4)	-
Other cash flows from operating activities	**(4.8)**	**(7.0)**	**(4.5)**	**(14.0)**	**(30.2)**	**(1.4)**
NET CASH FLOWS FROM OPERATING ACTIVITIES	**12.2**	**37.5**	**48.6**	**13.4**	**111.6**	**65.9**
Property, plant and equipment	(17.2)	(19.1)	(24.0)	(44.1)	(104.4)	(26.6)
Intangible assets	-	-	-	(16.1)	(16.1)	-
Other financial assets	(0.1)	0.1	(0.3)	0.2	(0.2)	(0.3)
Investments	**(17.3)**	**(19.0)**	**(24.3)**	**(60.0)**	**(120.6)**	**(27.0)**
Property, plant and equipment	-	0.2	0.2	-	0.4	52.5
Other financial assets	-	-	0.9	(0.8)	0.2	-
Disposals	**-**	**0.2**	**1.1**	**(0.8)**	**0.5**	**52.5**
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(17.3)**	**(18.9)**	**(23.2)**	**(60.8)**	**(120.1)**	**25.5**
Purchase of treasury shares	(3.7)	(4.0)	(4.3)	(29.7)	(41.7)	(3.7)
Disposal of treasury shares	0.0	0.8	(0.0)	0.6	1.3	0.2
Proceeds and payments relating to equity instruments	**(3.7)**	**(3.3)**	**(4.3)**	**(29.1)**	**(40.4)**	**(3.6)**
Debt instruments and other held-for-trading liabilities (net)	-	3.7	(3.7)	-	-	243.8
Increase / (decrease) in bank borrowings (net)	0.3	(0.3)	(3.2)	40.6	37.4	(230.5)
Repayment from other liabilities	-	-	-	-	-	(10.1)
Proceeds and payments relating to financial liability instruments	**0.3**	**3.4**	**(6.9)**	**40.6**	**37.4**	**3.2**
Dividends	-	(16.5)	-	-	(16.5)	-
Financial instruments (equity swaps)	-	-	(3.3)	-	(3.3)	(1.9)
Dividends and returns on other equity instruments paid	**-**	**(16.5)**	**(3.3)**	**-**	**(19.8)**	**(1.9)**
Translation differences	**(0.2)**	**0.3**	**(0.1)**	**(0.2)**	**(0.2)**	**0.0**
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(3.6)**	**(16.1)**	**(14.6)**	**11.3**	**(22.9)**	**(2.2)**
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	**(8.7)**	**2.5**	**10.8**	**(36.1)**	**(31.4)**	**89.2**

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