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Ence announces the conclusion of a EUR 160 million offering of senior unsecured convertible bonds due 2023

Madrid, Spain, 22 February 2018 – Ence Energía y Celulosa, S.A. (the “Company” or “Ence”) announces the conclusion of the offering (the “Offering”) of €160 million in aggregate principal amount of senior unsecured convertible bonds due 2023 (the “Bonds”) convertible into ordinary shares of the Company (the “Shares”).

The Company intends to use the net proceeds of the Bonds to fund the voluntary early redemption of its outstanding €250,000,000 5.375 per cent. Senior Notes due 1 November 2022, as well as for general corporate purposes, including extending the maturity profile and reducing the average cost of its debt, enhancing its liquidity and diversifying its sources of funding.

The Bonds will carry a coupon of 1.25 per cent. per annum, payable semi-annually in arrear on 5 March and 5 September of each year, commencing on 5 September 2018. The Bonds will be issued at 100 per cent. of their principal amount and, unless previously redeemed, converted or purchased and cancelled, will be redeemed at 100 per cent. of their principal amount at maturity on 5 March 2023.

The Bonds will be convertible at the option of bondholders into Shares at an initial conversion price set at a premium of 40 per cent. above the volume-weighted average price (VWAP) of the Shares on the Spanish Stock Exchanges between opening and closing of trading today. The exact initial conversion price will be confirmed in a separate press release after closing of trading today. Upon conversion, the Company will have the option to deliver new or existing Shares or a combination thereof. The conversion price will be subject to customary adjustment provisions set out in the terms and conditions of the Bonds.

Ence will have the option to redeem all, but not some only, of the outstanding Bonds at their principal amount plus accrued interest at any time (i) on or after the date that falls 3 years and 21 days from the Issue Date, if the value of the Shares underlying a Bond in the principal amount of €100,000 exceeds €130,000 (during a specified period) or (ii) if less than 15 per cent. of the aggregate principal amount of the Bonds issued remain outstanding.

Settlement of the Offering is expected to take place on or about 5 March 2018 (the “Closing Date”). In the context of the Offering, the Company and its subsidiaries will be subject to a lock-up undertaking in relation to the Shares for a period ending 90 days after the Closing Date, subject to customary exceptions.

Ence intends to seek admission to trading for the Bonds on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange or any other multilateral trading facility or regulated market as defined for the purposes of EU Directive 2014/65/EU on Markets in Financial Instruments, as amended (“MiFID II”), in the European Economic Area (“EEA”) or other organised secondary market prior to the first coupon payment date.

BNP PARIBAS is acting as Sole Global Coordinator and Sole Bookrunner in respect of the Offering.

About Ence

Ence is one of Europe's largest short-fibre pulp (BHKP) producers, with installed capacity of 1,070,000 tonnes between the two mills in Galicia and Asturias, in the north of Spain, and as the biggest generator of biomass-fuelled renewable energy, with installed capacity of 112 MW integrated within the pulp plants and another 170 MW distributed between six standalone plants located in the south of Spain. Moreover, Ence is Spanish leader in the end-to-end and responsible management of forest land and crops.

Ence has articulated its activities around two core businesses: the production of pulp, which represented 79% of Group EBITDA in 2017, and the generation of renewable energy with biomass at standalone power plants, which accounted for the remaining 21%.

In the pulp business, Ence has two eucalyptus pulp mills in Spain which produce bleached eucalyptus kraft pulp (BEKP) by means of elementary chlorine free (ECF) and totally chlorine free (TCF) bleaching sequences: a 605,000-tonne-capacity facility in the town of Navia, Asturias, and a 465,000-tonne-capacity complex in Pontevedra, Galicia.

As an integral part of its kraft pulp production process, Ence uses the lignin and forest waste derived from its manufacturing to generate the energy needed for the process. To this end, it operates a 34.6-MW CHP plant, integrated within the Pontevedra mill, and a 40.3-MW CHP plant and a 36.7-MW biomass generation plant, both of which are integrated within the pulp production process at the Navia facility. The energy produced at these power plants is sold to the grid and subsequently repurchased.

The pulp business therefore includes both the production and sale of pulp and the generation and co-generation of energy at the plants involved in the productive process, as well as the supply of timber to third parties from the plantations managed by the company.

The energy business, meanwhile, encompasses the generation of power from renewable sources - forestry and agricultural biomass - at plants that have no relation to the pulp production process. Ence currently has six such power plants: two located in Huelva, with installed capacity of 50 MW and 41 MW, respectively, one in Merida (20 MW), one in Ciudad Real (16 MW), one in Jaen (16 MW) and another facility in Cordoba (27 MW).

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