Quarterly Report
1st Quarter 2015

31 March 2015

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1. EXECUTIVE SUMMARY 1Q15

figures in €M	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
Revenue from pulp sales	111.3	115.0	(3%)	131.4	(15%)	111.3	131.4	(15%)
Revenue from electricity sales [a]	41.1	43.4	(5%)	33.9	21%	41.1	33.9	21%
Revenue from forestry sales and other	3.8	3.4	11%	5.0	(23%)	3.8	5.0	(23%)
Total revenue	**156.3**	**161.8**	(3%)	**170.3**	(8%)	**156.3**	**170.3**	(8%)
Adjusted EBITDA	**39.1**	**20.2**	93%	**12.5**	213%	**39.1**	**12.5**	213%
EBITDA	**34.4**	**20.7**	66%	**8.5**	308%	**34.4**	**8.5**	308%
EBIT	**18.2**	**(1.4)**	n.s.	**(14.1)**	n.s.	**18.2**	**(14.1)**	n.s.
Net profit/(loss) before Huelva restructuring charges	**9.7**	**(10.3)**	n.s.	**(14.8)**	n.s.	**9.7**	**(14.8)**	n.s.
Net impact of Huelva restructuring	-	9.1	(100%)	-	n.s.	-	-	n.s.
Net profit/(loss) for the period	**9.7**	**(1.2)**	n.s.	**(14.8)**	n.s.	**9.7**	**(14.8)**	n.s.
Net debt [b]	**159.4**	**177.9**	(10%)	**118.0**	35%	**159.4**	**118.0**	35%
Pulp sales (tonnes)	**220,397**	**248,305**	(11%)	**297,622**	(26%)	**220,397**	**297,622**	(26%)
Electricity sales (MWh)	**338,308**	**361,334**	(6%)	**364,047**	(7%)	**338,308**	**364,047**	(7%)
Net pulp sale price (€/ton)	**503**	**461**	9%	**443**	14%	**503**	**443**	14%
Average electricity sale price (€/MWh) [c]	**120**	**120**	1%	**93**	30%	**120**	**93**	30%
Cash cost (€/t) [d]	**363**	**391**	(7%)	**415**	(13%)	**363**	**415**	(13%)

(a) 1Q14 revenue from electricity sales was retroactively adjusted in 2Q14 report from €35 M to €34 M after approval of new regulation
(b) There is also €108 M of project finance loans funding Huelva 50MW and Merida 20MW outstanding at year-end
(c) Includes operations at Huelva 50MW and Merida 20MW made before the acceptance deeds were signed
(d) This metric is not impacted by Huelva 50MW, Merida 20MW and Huelva 41MW as they are not related to the pulp production business

- ✓ **The 1Q15 results evidence the solid earnings recovery underway in the wake of the business restructuring undertaken in 2014, last year's financial performance having been penalised by the losses generated related to energy reform. Current results raise the annualized recurrent EBITDA from €50 M as 1Q14 reference up to €156 M as 1Q15 reference. This figure will be increased as cost cutting is implemented.**

- ✓ **Pulp prices have staged a sharp recovery, underpinned by strong demand, which has paved the way for successive price increases to $770/t by the quarter close, with fresh increases to $810/t already announced for the second quarter. These price increases drove year-on-year growth in net sales prices in euros of 14% in 1Q15, rising from €443/t in 1Q14 up to €503/t in 1Q15, boosted by demand strength and dollar appreciation.**

- ✓ **Pulp production decreased by 29% from 1Q14 due to the closure of the Huelva plant last October as well as the fact that some of the stoppage for maintenance at the Pontevedra plant took place in April in 2014. Adjusting for these non-recurring factors, volumes would have been flat year-on-year.**

- ✓ **Meanwhile, the effort to reduce production costs continued: the plants' cash cost was cut by €28/t, or 7%, vs. 4Q14, thanks to closure of the Huelva production centre and a reduction in transformation costs thanks to the gradual rollout of the plans for boosting the company's competitiveness.**

- ✓ **Revenue from electricity sales rose 21% year-on-year despite the closure of the Huelva co-generation facility. This growth is attributable to the contribution by the 20-MW Mérida facility since September of last year, which more than offset the -7% drop in volumes, and higher pool prices, evident in a 30% increase in prices per MWh from €93/MWh in 1Q14 to €120/MWh in 1Q15. The biomass supply scheme is being restructured from a regime based on a mix of energy crops and forest waste to one furnished exclusively from biomass purchased under agreements with third parties. This change will enable the group to accelerate the sale of forest assets in southern Spain now that development of energy crop acreage has been suspended.**

- ✓ **Adjusted EBITDA jumped three-fold year-on-year to €39m. Reported EBITDA declined by €5m, due mainly to the impact of the share price recovery on the company's executive bonus schemes. As a result, profit for the three-month period amounted to €10m in 1Q15,** compared to a bottom-line loss of €14m in 1Q14.
- ✓ Corporate net debt decreased by €19m from year-end to €159m at the 1Q15 close thanks to cash flow from operations and despite a €6m reduction in working capital facility usage (€2m related to receivables factoring and €4m to reverse factoring) and a €2.4m payment related to the Huelva closure (already provisioned for in 2014).
- ✓ Company is committed to the highest environmental standards, having invested €7 M in the mills during 2014. Since 2010, the environmental effort has allowed us to reduce emissions with odor impact by 97% in Pontevedra mill, while Navia mill has reached 96% of the goal of zero emissions since the beginning of investments in 2011.

2. PULP BUSINESS

	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
Huelva	-	4,544	(100%)	83,576	(100%)	-	83,576	(100%)
Pontevedra	88,477	102,528	(14%)	100,042	(12%)	88,477	100,042	(12%)
Navia	125,961	126,716	(1%)	117,321	7%	125,961	117,321	7%
Pulp production (tonnes)	**214,438**	**233,788**	(8%)	**300,940**	(29%)	**214,438**	**300,940**	(29%)
Huelva	-	18,542	(100%)	82,938	(100%)	-	82,938	(100%)
Pontevedra	94,608	105,243	(10%)	97,137	(3%)	94,608	97,137	(3%)
Navia	125,789	124,521	1%	117,547	7%	125,789	117,547	7%
Pulp sales (tonnes)	**220,397**	**248,305**	(11%)	**297,622**	(26%)	**220,397**	**297,622**	(26%)
BHKP ($/t)	**749**	**734**	2%	**768**	(2%)	**749**	**768**	(2%)
Average exchange rate ($/€)	**1.13**	**1.25**	(10%)	**1.37**	(18%)	**1.13**	**1.37**	(18%)
Net sale price (€/t)	**503**	**461**	9%	**443**	14%	**503**	**443**	14%
Revenue from pulp sales (€M)	**111.3**	**115.0**	(3%)	**131.4**	(15%)	**111.3**	**131.4**	(15%)

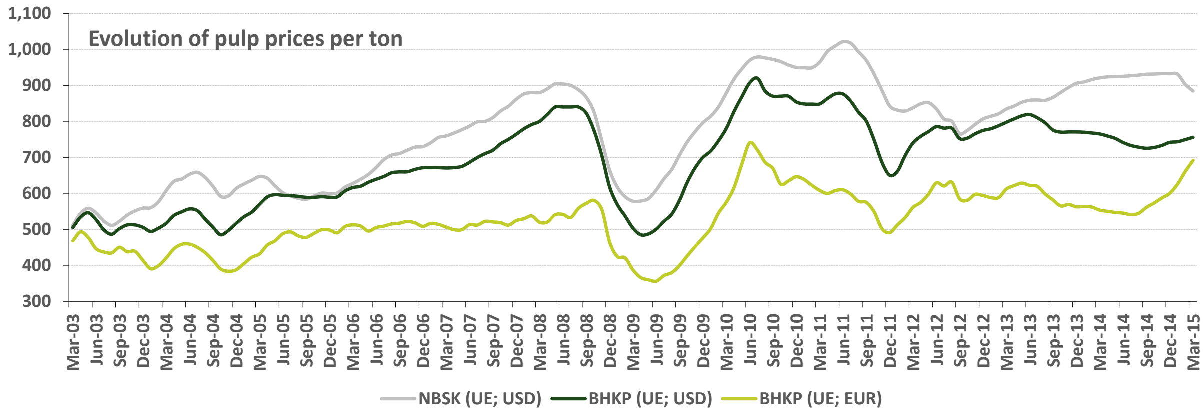
Pulp production fell by 29% in 1Q15, due mainly to the discontinuation of pulp production in Huelva (with effect from 11 October), a decision taken in light of the heavy losses sustained by this facility in the wake of passage of the new renewable and co-generation regulatory regime.

Production in Pontevedra was affected by the programmed 10-day maintenance stoppage in March.

The average net sales price was €503/t in 1Q15, up 14% year-on-year, driven by sharp dollar appreciation in recent months (18% YoY and 10% QoQ). Prices continued to climb higher, reaching $759/t by the end of March. The first-quarter results don't evidence the full impact of the price recovery due to customary contractual terms: raw material prices are set at the prior-month average, generating a lag of close to one month between price/currency improvements and their impact in terms of merchandise invoicing.

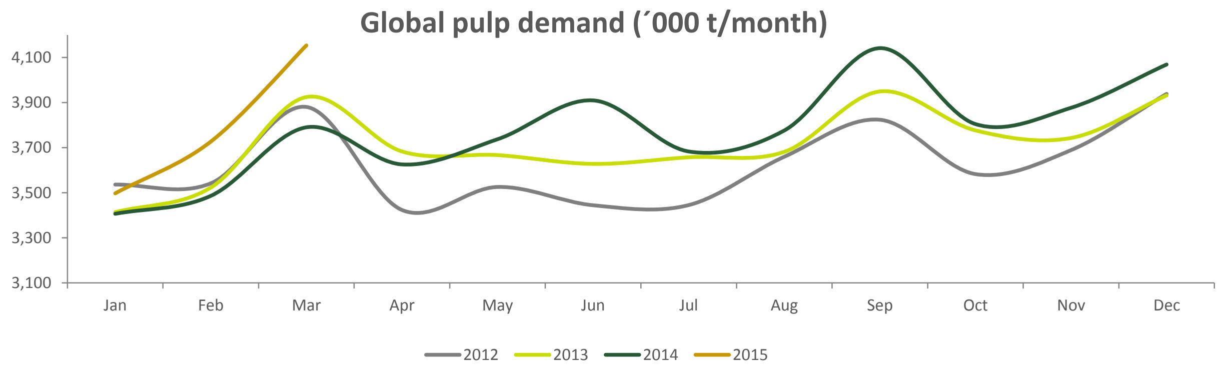
OUTLOOK FOR THE PULP MARKET

Pulp prices extended the rally initiated last September. Prices went up to $770/t in February. These increases have coincided with steady dollar appreciation against the euro, putting prices close to the highs of 2010 in euro currency terms. Although the differential with long-fibre prices narrowed to $120/t, it remains at the upper end of the historical range, which is why it is expected to continue to tighten in the months to come.



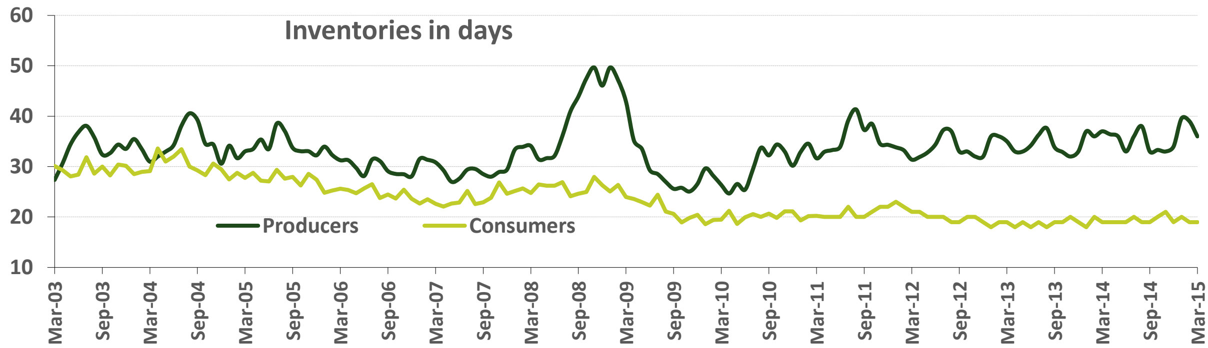
Source: FOEX

Demand remains strong, up +6.4% worldwide to February. In the wake of the commissioning of two plants in 2014, the low level of additional capacity expected to come on stream in 2015 (Guaiba II - 1.3 million tonnes - mid year), low consumer inventories and the outlook for economic recovery is propping up the growth in demand and triggering price increases. By region, demand rose by +2.4% and +2.9% in the US and Europe, respectively, and increased by +10.9% in China, above the trendline of recent years (PPPC).



Source: PPPC (w20)

Producer inventories worldwide remain at mid-cycle levels of around 36 days, while consumer inventory levels were still at record lows of 19 days at the end of March (PPPC). The situation in Europe is just as encouraging: consumer inventories remained at record lows of 19 days at the end of March (Utipulp).



Source: PPPC (W20 Statistics)

The main source of new supply anticipated in 2015 is the Guaiba II expansion, which is expected to come on stream mid-year, adding 1.3 million tonnes of new capacity. The impact on pulp supply in 2015 will be limited initially given the learning curve effect and the offsetting impact of the 410,000 tonnes of capacity taken offline in the wake of the Huelva closure. Against this backdrop, producers have announced short-fibre price increases to $810/t, due for implementation in May.

3. ENERGY ACTIVITY

Pool prices averaged €46/MWh in 1Q15, above the 1Q14 average of €26/MWh but below the €49.52 €/MWh estimated by the regulator as the basis for its operation supplement remuneration proposal, which supplement is intended to cover the operating costs of power-producing facilities fuelled by renewable sources, co-generation and waste.

Average revenue per MWh sold in 1Q15 increased by 30% vs. 1Q14 due to the growth in pool prices coupled with a higher contribution from generation plans in the wake of the start-up of the 20-MW Mérida plant, driving year-on-year growth in revenue from electricity sales of 21%.

Aggregate volumes at the generation and co-generation plants declined by 7% as a result of the closure of co-generation activities in Huelva.

POWER GENERATION AT THE PULP MILLS

figures in €M	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
Huelva	-	42,278	(100%)	121,814	(100%)	-	121,814	(100%)
Pontevedra	45,578	54,607	(17%)	49,698	(8%)	45,578	49,698	(8%)
Navia	134,147	135,385	(1%)	131,629	2%	134,147	131,629	2%
Electricity production (MWh)	**179,725**	**232,270**	(23%)	**303,142**	(41%)	**179,725**	**303,142**	(41%)
Biomass generation	50,345	57,292	(12%)	77,711	(35%)	50,345	77,711	(35%)
Biomass co-generation	120,067	131,377	(9%)	160,761	(25%)	120,067	160,761	(25%)
Natural gas co-generation	-	9,456	(100%)	53,316	(100%)	-	53,316	(100%)
Electricity sales (MWh) [(a)]	**170,413**	**198,124**	(14%)	**291,788**	(42%)	**170,413**	**291,788**	(42%)
Electricity consumption (MWh)	**125,246**	**131,172**	(5%)	**176,114**	(29%)	**125,246**	**176,114**	(29%)
Average pool price (€/MWh)	**46**	**50**	(8%)	**26**	74%	**46**	**26**	74%
Average sale price (€/MWh)	**83**	**80**	4%	**68**	22%	**83**	**68**	22%
Investment remuneration (€M)	**2.8**	**5.6**	(50%)	**5.3**	(48%)	**2.8**	**5.3**	(48%)
Average income (€/MWh)	**99**	**108**	(8%)	**86**	15%	**99**	**86**	15%
Revenue from electricity sales (€M) [(b)]	**17.3**	**21.5**	(20%)	**25.3**	(32%)	**17.3**	**25.3**	(32%)

(a) Adjusted for system imbalances

(b) Excludes the sales volumes of Huelva 50MW and Merida 20MW and Huelva 41MW, the latter since November 2014

Revenue from energy sales associated with installed capacity at the pulp mills amounted to €17m in 1Q15, down 32% from 1Q14, due to a 42% drop in sales volumes (in MWh) at the co-generation facilities fuelled by lignin as a result mainly of lower pulp production following the closure of the Huelva facility. The drop in volumes was offset by growth in average unit revenue (per MWh sold) of 15% year-on-year, driven by higher pool prices. Electricity prices were 74% higher year-on-year in 1Q15 due to the impact on prices of heavy rainfall in the first quarter of 2014.

POWER GENERATION AT THE INDEPENDENT PLANTS

figures in €M	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
Huelva 50MW	94,369	85,574	10%	72,259	31%	94,369	72,259	31%
Mérida 20MW	39,386	54,100	(27%)	-	n.s.	39,386	-	n.s.
Huelva 41MW	34,140	23,536	45%	-	n.s.	34,140	-	n.s.
Electricity sales (MWh)	**167,895**	**163,210**	3%	**72,259**	132%	**167,895**	**72,259**	132%
Average sale price (€/MWh)	**93**	**92**	1%	**74**	25%	**93**	**74**	25%
Investment remuneration (€M)	**8.2**	**6.8**	22%	**3.3**	151%	**8.2**	**3.3**	151%
Average revenue (€/MWh)	**142**	**134**	6%	**120**	19%	**142**	**120**	19%
Sales	23.8	21.8	9%	8.7	176%	23.8	8.7	176%
EBITDA	8.5	7.1	19%	2.7	211%	8.5	2.7	211%
Forest depletion (energy crops)	(0.3)	(0.0)	n.s.	(2.0)	(83%)	(0.3)	(2.0)	(83%)
EBITDA excluding forest depletion charge [a]	8.1	7.1	15%	0.7	n.s.	8.1	0.7	n.s.
Industrial depreciation [b]	(2.9)	(2.3)	22%	(2.8)	3%	(2.9)	(2.8)	3%
EBIT	5.3	4.7	11%	(2.1)	n.s.	5.3	(2.1)	n.s.
Net profit [c]	3.5	1.8	95%	(2.6)	n.s.	3.5	(2.6)	n.s.

(a) EBITDA ex-forestry depletion charges is consistent with the criteria used to prepare and disclose the plants' EBITDA guidance
(b) Includes the re-estimation of the depreciation schedule at Huelva 50MW in the wake of the new remuneration regime
(c) Interest expense is not allocated to Huelva 41MW

Electricity sales volumes were 132% higher year-on-year in 1Q15 at 168 GWh, thanks to the first-time contribution of the 20-MW Merida plant, the re-opening of the 41-MW Huelva plant as a standalone unit in November. Last installation was part of the industrial complex in Huelva and after the cease of activities linked to the pulp production and cogeneration is working independently once agreement was achieved with workers on October 20. The plant reinforces the company's commitment to diversification in biomass generation, accelerating growth in profits from this activity.

The Mérida biomass plant received its definitive commissioning certificate from the Extremadura regional government's Department of Agriculture, Rural Development, Environment and Energy on 31 March 2014, allowing it to start to contribute electricity to the Spanish grid. Electricity sales at this facility totalled 106 GWh in 2014; sales were capitalised until August, inclusive. This plant has been operating at full capacity since September, making up for reduced capacity utilisation during the testing period.

EBITDA after forest reserve depletion charges amounted to €8m in 1Q15 thanks to the 132% jump in sales volumes (in MWh) and a 19% increase in average revenue per MWh sold, underpinned by higher pool prices. The company has hedged its plants' 1H15 output at a price of €46/MWh and locked in a price of €50/MWh for its 2H15 output. EBITDA growth was undermined by reduced output at the 41-MW Huelva power plant, which has been operating at less than full capacity due to limitations on particle emissions. This curtailing factor will cease to be an issue from May thanks to the upgrades being introduced as part of the April maintenance stoppage.

4. FORESTRY ACTIVITY

	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
Timber consumption (m3)	**654,223**	**690,108**	(5%)	**908,414**	(28%)	**654,223**	**908,414**	(28%)
Cost €/m^3	**66**	**69**	(4%)	**72**	(9%)	**66**	**72**	(9%)
Wood purchases per source								
Owned timber	2%	1%		6%		2%	6%	
Standing timber acquired directly from land owners	27%	36%		28%		27%	28%	
Suppliers	71%	62%		53%		71%	53%	
Imported timber	-	1%		14%		-	14%	
Own hectares	49,073	49,071	0%	49,022	0%	49,073	49,022	0%
Third party hectares (consortia) [(a)]	34,088	34,092	(0%)	38,450	(11%)	34,088	38,450	(11%)
Hectares managed by ownership regime	**83,162**	**83,163**	(0%)	**87,473**	(5%)	**83,162**	**87,473**	(5%)
Hectares earmarked for pulp production	66,073	65,933	0%	70,276	(6%)	66,073	70,276	(6%)
Hectares earmarked for energy crops	17,088	17,229	(1%)	17,197	(1%)	17,088	17,197	(1%)
Hectares managed by use	**83,162**	**83,163**	(0%)	**87,473**	(5%)	**83,162**	**87,473**	(5%)

(a) Includes 2,598 hectares sold in Portugal in December 2013; Ence does not own the standing timber or biological assets on this land but does manage them

Timber consumption declined by 28% in 1Q15 as a result of lower pulp output in the wake of the closure of the Huelva mill.

Timber costs, meanwhile, decreased by 9% thanks to the price cut of €3.5/m^3 announced to suppliers in April 2014, which has enabled a gradual reduction in the cost of timber sourced from suppliers in northern Spain. Costs were also influenced by the virtual elimination of timber imports since the Huelva pulp mill's closure, as this facility had been the group's biggest importer of timber.

5. 1Q15 EARNINGS ANALYSIS

figures in €M	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
Pulp sales	111.3	115.0	(3%)	131.4	(15%)	111.3	131.4	(15%)
Electricity sales [(a)]	41.1	43.4	(5%)	33.9	21%	41.1	33.9	21%
Revenue from forestry sales and other	3.8	3.4	11%	5.0	(23%)	3.8	5.0	(23%)
Total revenue	**156.3**	**161.8**	(3%)	**170.3**	(8%)	**156.3**	**170.3**	(8%)
Cost of goods sold [(b)]	(69.3)	(83.9)	(17%)	(99.8)	(31%)	(69.3)	(99.8)	(31%)
Employee benefits expense	(16.8)	(15.7)	7%	(16.3)	3%	(16.8)	(16.3)	3%
Other operating expenses	(35.7)	(41.6)	(14%)	(45.7)	(22%)	(35.7)	(45.7)	(22%)
EBITDA	**34.4**	**20.7**	66%	**8.5**	308%	**34.4**	**8.5**	308%
Forest depletion	(2.4)	(0.3)	n.s.	(4.8)	(50%)	(2.4)	(4.8)	(50%)
Other D&A	(14.0)	(14.2)	(2%)	(16.3)	(14%)	(14.0)	(16.3)	(14%)
Provisions	0.1	(7.6)	n.s.	(1.5)	n.s.	0.1	(1.5)	n.s.
EBIT	**18.2**	**(1.4)**	n.s.	**(14.1)**	n.s.	**18.2**	**(14.1)**	n.s.
Net finance cost	(5.1)	(7.6)	(33%)	(7.3)	(30%)	(5.1)	(7.3)	(30%)
Profit before tax	**13.1**	**(9.0)**	n.s.	**(21.3)**	n.s.	**13.1**	**(21.3)**	n.s.
Income tax	(3.4)	(1.3)	163%	6.6	n.s.	(3.4)	6.6	n.s.
Net profit/(loss) before Huelva restructuring charges	**9.7**	**(10.3)**	n.s.	**(14.8)**	n.s.	**9.7**	**(14.8)**	n.s.
Net impact of Huelva restructuring	-	9.1	(100%)	-	n.s.	-	-	n.s.
Net profit/(loss) for the period	**9.7**	**(1.2)**	n.s.	**(14.8)**	n.s.	**9.7**	**(14.8)**	n.s.
Adjusted EBITDA	**39.1**	**20.2**	93%	**12.5**	213%	**39.1**	**12.5**	213%
Cash cost (€/t)[(c)]	**363**	**391**	(7%)	**415**	(13%)	**363**	**415**	(13%)

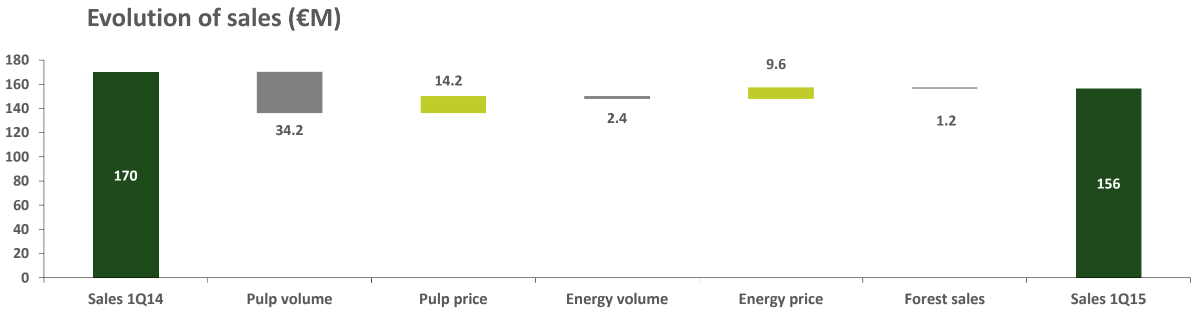
(a) 1Q14 revenue from electricity sales was retroactively adjusted in 2Q14 report from €35 M to €34 M after approval of new regulation
(b) supplies +/- change in inventories
(c) This metric is not impacted by Huelva 50MW, Merida 20MW and Huelva 41MW as they are not related to the pulp production business

First-quarter revenue decreased by 8% year-on-year to €156m.

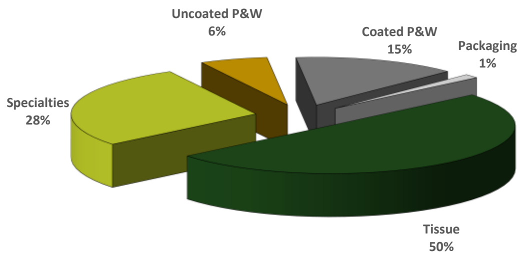
1Q15 revenue from pulp sales totalled €111m, down 15% year-on-year due to a 26% drop in sales volumes. The net sales price in euro terms rose by 14% thanks to favourable currency trends.

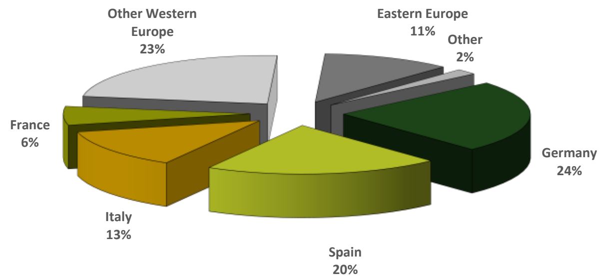
Revenue from energy sales, meanwhile, rose by 21% year-on-year to €41m as 1Q14 figures already included the impact of lower tariffs from energy reform and due to a relatively higher contribution by the independent power plants and growth of 30% in average revenue from electricity sales, driven by higher pool prices.

Revenue from forestry was €4m, down €1m year-on-year, due to lower sales of wood to third parties compared to 1Q14.

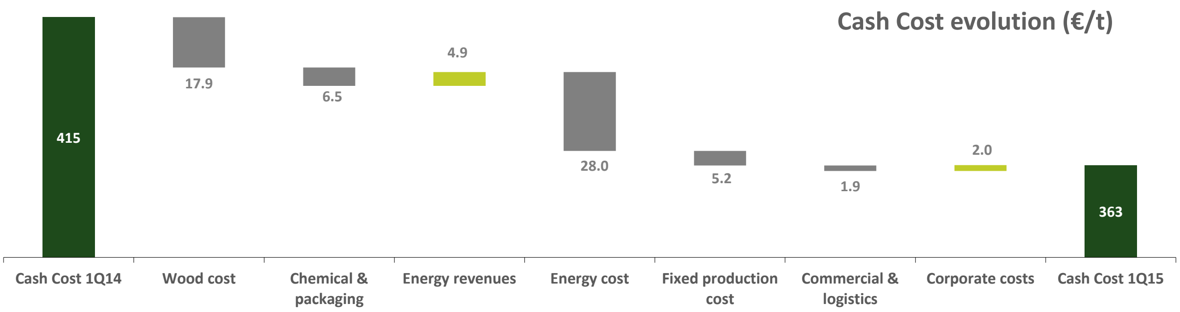


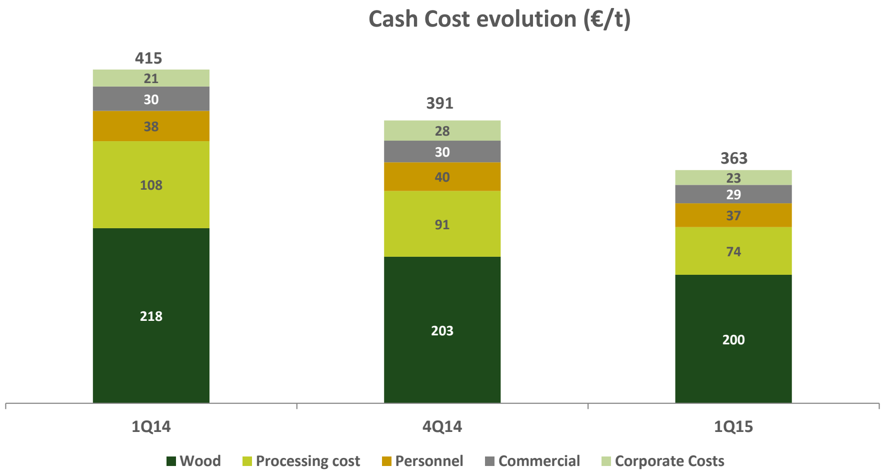
The breakdown by segment did not change substantially, with tissue paper remaining the main use for the group's pulp. Geographically, Spain accounted for a slightly higher 20% of the total (vs. 17% in 1Q14), while total European sales accounted for 98% of the group total (89% in 1Q14), implying a market share of 12% in the first three months of the year.



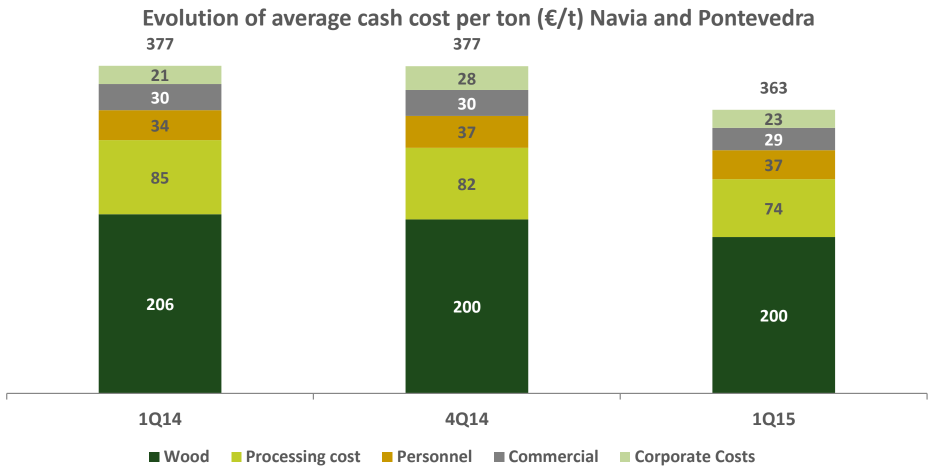


Cash costs were cut by 13% year-on-year in 1Q15 to €363/t, due mainly to the discontinuation of pulp production in Huelva and implementation of efficiency measures.





The plants' overall cash cost stood at €363/t in 1Q15 vs. €415/t in 1Q14 and €391/t in 4Q14. The return to business as usual in the first quarter, coupled with fixed cost-cutting, is responsible for the €13/t improvement in this key business metric.



Stripping out the Huelva plant, the like-for-like cash cost (at Navia and Pontevedra) also decreased, from €377/t in 1Q14 and 4Q14 to €363/t in 1Q15.

Adjusted 1Q15 EBITDA was +€39m vs. +€13m in 1Q14. Including the impact of hedges, termination benefits and provisions, reported 1Q15 EBITDA amounted to +€34m vs. +€9m in 1Q14, the main charge this quarter being the provision for the executive bonus plan recognised in the wake of the sharp gain in the company's share price in the first quarter. The improvement in profitability is mainly attributable to higher pulp prices, higher pool prices and lower production costs, more than offsetting the drop in generation premiums.

figures in €M	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
EBITDA	**34.4**	**20.7**	66%	**8.5**	308%	**34.4**	**8.5**	308%
Hedging instruments: pulp prices and exchange rates	(0.2)	(0.4)	(37%)	-	n.s.	(0.2)	-	n.s.
Non recurrent personal expenses	3.9	(0.8)	n.s.	(0.2)	n.s.	3.9	(0.2)	n.s.
Provisions and others	0.4	(2.7)	n.s.	3.2	(86%)	0.4	3.2	(86%)
Other non-recurring items	0.6	3.5	(83%)	1.0	(39%)	0.6	1.0	(39%)
Adjusted EBITDA	**39.1**	**20.2**	93%	**12.5**	213%	**39.1**	**12.5**	213%

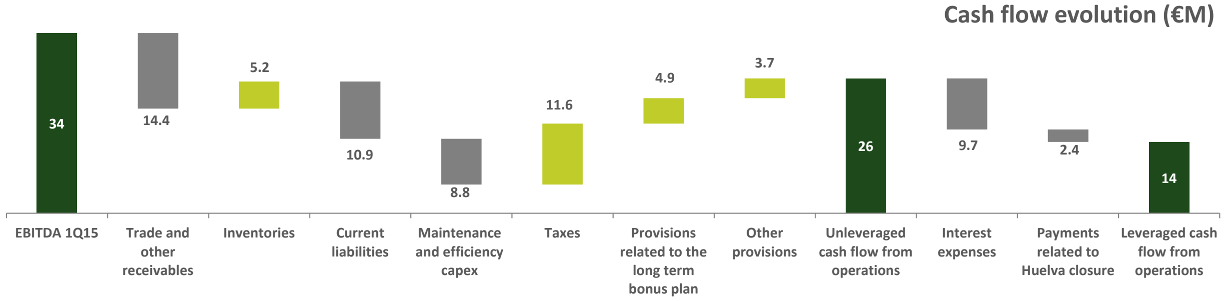
Net of depreciation and amortisation charges, net finance costs and tax, the company posted a profit of €10m in 1Q15 compared to a loss of €14m in 1Q14.

At the March close, the cash outflows related to the Huelva closure pending and fully provisioned amounted to €19m.

6. LIQUIDITY AND FINANCING

CASH FLOW

Operating cash flow, net of maintenance capex, totalled €26m in 1Q15.



Net cash flows from operating activities totalled +€22m in 1Q15, compared to a net outflow of -€8m in 1Q14 thanks to higher pulp prices, higher revenue from electricity sales and the collection of €12m of refundable corporate tax payments made on account (refundable as a result of the losses generated by the Huelva closure). The year-on-year comparison reveals an increase in trade receivables related to the increase in pulp prices and a €6m decrease in the use of working capital financing lines.

figures in €M	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
Consolidated profit/(loss) for the period before tax	**13.1**	**(9.0)**	**n.s.**	**(21.3)**	**n.s.**	**13.1**	**(21.3)**	**n.s.**
Depreciation and amortisation charge	16.3	14.5	13%	21.0	(22%)	16.3	21.0	(22%)
Finance income/costs	5.3	7.7	(30%)	6.9	(23%)	5.3	6.9	(23%)
Increase / decrease other deferred income/costs	8.3	(18.4)	n.s.	9.6	(14%)	8.3	9.6	(14%)
Adjustments of profit for the year-	**29.9**	**3.8**	**n.s.**	**37.6**	**(20%)**	**29.9**	**37.6**	**(20%)**
Trade and other receivables	(14.3)	5.0	n.s.	(5.3)	170%	(14.3)	(5.3)	170%
Current financial and other assets	(0.2)	(0.6)	(70%)	1.3	n.s.	(0.2)	1.3	n.s.
Trade and other payables	(13.3)	(18.4)	(28%)	(3.9)	237%	(13.3)	(3.9)	237%
Inventories	5.2	17.9	(71%)	(7.5)	n.s.	5.2	(7.5)	n.s.
Changes in working capital-	**(22.6)**	**3.9**	**n.s.**	**(15.4)**	**47%**	**(22.6)**	**(15.4)**	**47%**
Interest paid / received	(9.7)	(4.0)	141%	(8.5)	14%	(9.7)	(8.5)	14%
Income tax recovered (paid)	11.6	(0.2)	n.s.	-	n.s.	11.6	-	n.s.
Other cash flows from operating activities-	**1.9**	**(4.2)**	**n.s.**	**(8.5)**	**n.s.**	**1.9**	**(8.5)**	**n.s.**
NET CASH FLOWS FROM OPERATING ACTIVITIES	**22.4**	**(5.5)**	**n.s.**	**(7.6)**	**n.s.**	**22.4**	**(7.6)**	**n.s.**

Cash flows used in investing activities totalled -€9m in 1Q15 vs. -€13m in 1Q14; this 33% reduction reflects the scaling back of capex. Now that the biomass projects are finished, capex was earmarked exclusively to maintenance and plant efficiency improvements.

figures in €M	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
Property, plant and equipment	(7.2)	(15.5)	(53%)	(11.8)	(39%)	(7.2)	(11.8)	(39%)
Intangible assets	(1.5)	(1.4)	10%	(1.4)	12%	(1.5)	(1.4)	12%
Other financial assets	(0.0)	(0.0)	(28%)	0.1	n.s.	(0.0)	0.1	n.s.
Investments	**(8.8)**	**(16.9)**	**(48%)**	**(13.1)**	**(33%)**	**(8.8)**	**(13.1)**	**(33%)**
Disposals	-	-	**n.s.**	-	**n.s.**	-	-	**n.s.**
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(8.8)**	**(16.9)**	**(48%)**	**(13.1)**	**(33%)**	**(8.8)**	**(13.1)**	**(33%)**

Cash inflows from financing activities amounted to €1m in 1Q15 and €46m in 1Q14, the latter inflow reflecting the maturity of a €45m investment made in 12-month deposits in 2Q13 using the proceeds from the Uruguay disposal. A cash outflow of €3m on account of the settlement of the equity swap during the quarter was offset by proceeds from own share sales of €4m.

figures in €M	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
Proceeds from and payments for equity instruments	**4.0**	**(1.6)**	**n.s.**	**(0.4)**	**n.s.**	**4.0**	**(0.4)**	**n.s.**
Bonds and other marketable securities (net)	(0.0)	(0.0)	(50%)	(0.0)	(95%)	(0.0)	(0.0)	(95%)
Increase/(decrease) in bank borrowings (net)	0.1	(3.5)	n.s.	1.5	(93%)	0.1	1.5	(93%)
Other financial liabilities	(3.3)	0.0	n.s.	(0.5)	n.s.	(3.3)	(0.5)	n.s.
Proceeds from and repayments of financial liabilities	**(3.2)**	**(3.4)**	**(6%)**	**0.9**	**n.s.**	**(3.2)**	**0.9**	**n.s.**
Translation differences	**0.0**	**(0.1)**	**n.s.**	**(0.0)**	**n.s.**	**0.0**	**(0.0)**	**n.s.**
Fixed-term deposit	-	-	n.s.	45.0	(100%)	-	45.0	(100%)
Other cash received from (used in) financing activities	**-**	**-**	**n.s.**	**45.0**	**(100%)**	**-**	**45.0**	**(100%)**
NET CASH FLOWS FROM FINANCING ACTIVITIES	**0.8**	**(5.1)**	**n.s.**	**45.5**	**(98%)**	**0.8**	**45.5**	**(98%)**

In all, the company's cash balance rose by €14m to €88m at the 1Q15 close; this figure rises to €97m factoring in short-term financial investments.

figures in €M	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**14.4**	**(27.5)**	**n.s.**	**24.8**	**(42%)**	**14.4**	**24.8**	**(42%)**

WORKING CAPITAL

Changes in working capital generated an inflow of cash of +€18m in 1Q15 (and of +€28m in 1Q14) shaped by significant changes in the inventory and trade payable balances occasioned mainly by the impact of the Huelva closure on the company's operations. The trade receivables balance was stable as the drop in sales volumes was offset by the increase in pulp prices.

figures in €M	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
Inventories	34.2	37.9	(10%)	74.4	(54%)	34.2	74.4	(54%)
Trade and other receivables	113.1	100.4	13%	117.1	(3%)	113.1	117.1	(3%)
Income tax receivable	0.3	11.9	(97%)	8.2	(96%)	0.3	8.2	(96%)
Other current financial assets (a)	8.7	8.5	2%	9.6	(9%)	8.7	9.6	(9%)
Other accounts receivables from public authorities	12.5	9.7	28%	20.5	(39%)	12.5	20.5	(39%)
Other current assets	2.3	1.3	71%	3.8	(41%)	2.3	3.8	(41%)
Trade and other payables (b)	(141.1)	(144.6)	(2%)	(194.5)	(27%)	(141.1)	(194.5)	(27%)
Income tax payable	(2.6)	(0.1)	n.s.	0.0	n.s.	(2.6)	0.0	n.s.
Other accounts payable to public authorities	(7.5)	(8.6)	(13%)	(8.8)	(14%)	(7.5)	(8.8)	(14%)
Other current liabilities	(1.6)	(0.5)	203%	(2.5)	(37%)	(1.6)	(2.5)	(37%)
Working capital	**18.3**	**16.0**	14%	**27.8**	(34%)	**18.3**	**27.8**	(34%)
Change in WC as per cash flow statement	**(22.6)**	**3.9**	n.s.	**(15.4)**	47%	**(22.6)**	**(15.4)**	47%

(a) the provision for the revenue restatement in the wake of the new regulations is included within trade accounts payable

CAPITAL EXPENDITURE

Capital expenditure in the pulp business (industrial and forestry) amounted to €8m in 1Q15, down €6m from 1Q14, and was earmarked mainly to investments designed to make the plants more cost-efficient.

figures in €M	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
Maintenance	1.0	2.4	(60%)	3.4	(71%)	1.0	3.4	(71%)
Improvements in efficiency/production	4.2	4.6	(7%)	5.0	(16%)	4.2	5.0	(16%)
Environmental	0.5	0.6	(10%)	0.3	76%	0.5	0.3	76%
Industrial capex, pulp	**5.8**	**7.6**	(24%)	**8.7**	(34%)	**5.8**	**8.7**	(34%)
Plantation and maintenance activity	2.1	1.0	106%	1.5	41%	2.1	1.5	41%
Financial expenses	-	0.3	(100%)	0.3	(100%)	-	0.3	(100%)
Forestry capex, pulp	**2.1**	**1.4**	55%	**1.8**	15%	**2.1**	**1.8**	15%
Industrial capex, biomass	**0.1**	**3.8**	(97%)	**2.6**	(95%)	**0.1**	**2.6**	(95%)
Forestry capex, biomass	**-**	**1.9**	(100%)	**0.6**	(100%)	**-**	**0.6**	(100%)
Total capital expenditure	**8.0**	**14.7**	(46%)	**13.8**	(42%)	**8.0**	**13.8**	(42%)

As of the March close, €79m of assets at the Huelva plant and nearby eucalyptus plantations have been reclassified as "Non-current assets held for sale".

7. NET FINANCE COST AND NET DEBT

NET FINANCE COST

Finance costs (excluding capitalised borrowing costs and payments related to interest-rate hedges) amounted to almost €7m, in line with 1Q14 costs. The equity swap, which was cancelled on 15 March, gave rise to the recognition of a gain thanks to the recovery in the company's share price, while dollar appreciation triggered net exchange gains of €1.5m. In all, the net finance cost amounted to -€3m in 1Q15, a 45% reduction vs. 1Q14.

figures in €M	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
Interest on bond	(4.5)	(4.5)	0%	(4.5)	0%	(4.5)	(4.5)	0%
Interest on loans	(1.4)	(1.5)	(5%)	(1.5)	(4%)	(1.4)	(1.5)	(4%)
Interest on factoring and reverse factoring lines	(0.3)	(0.5)	(43%)	(0.3)	5%	(0.3)	(0.3)	5%
Capitalization of borrowing costs	0.0	0.3	(91%)	1.0	(97%)	0.0	1.0	(97%)
Finance costs	**(6.2)**	**(6.2)**	(0%)	**(5.3)**	17%	**(6.2)**	**(5.3)**	17%
Settlement of interest under IRS	(0.8)	(0.8)	(4%)	(0.7)	9%	(0.8)	(0.7)	9%
Financial expenses for equity swap	0.9	0.0	n.s.	(0.8)	n.s.	0.9	(0.8)	n.s.
Net gain/(loss) on hedges (IRS and equity swap)	**0.1**	**(0.8)**	n.s.	**(1.6)**	n.s.	**0.1**	**(1.6)**	n.s.
Net exchange differences	**1.5**	**(0.2)**	n.s.	**(0.1)**	n.s.	**1.5**	**(0.1)**	n.s.
Other financial expenses	**(0.5)**	**(0.6)**	(10%)	**(0.6)**	(14%)	**(0.5)**	**(0.6)**	(14%)
Financial income	**0.0**	**0.2**	(76%)	**0.4**	(90%)	**0.0**	**0.4**	(90%)
Net finance cost	**(5.1)**	**(7.6)**	(33%)	**(7.3)**	(30%)	**(5.1)**	**(7.3)**	(30%)
Interests on non recourse debt	(1.9)	(2.1)	(8%)	(1.4)	32%	(1.9)	(1.4)	32%
Net finance cost excluding project finance facilities	**(3.2)**	**(5.6)**	(43%)	**(5.8)**	(45%)	**(3.2)**	**(5.8)**	(45%)

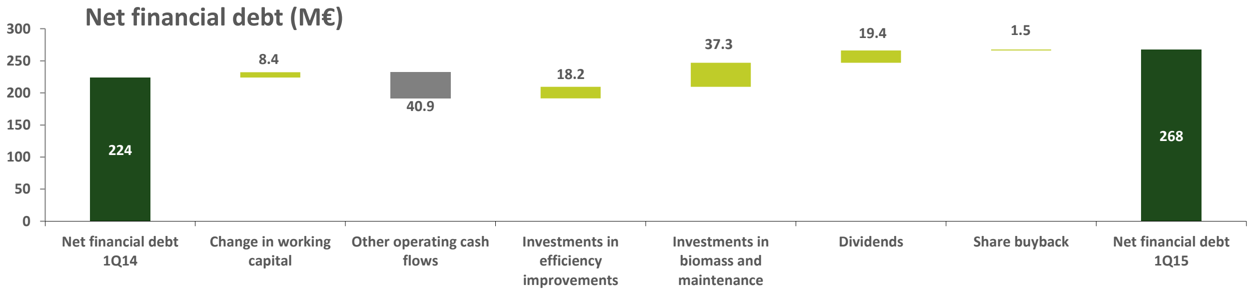
NET DEBT

Net debt with recourse to the parent ended 1Q15 at €159m, up 35% from 1Q15 but down 10% from year-end thanks to cash flow generation during the quarter. Total net debt, meanwhile, ended March at €268m, up 20% year-on-year but down by €20m (or -6%) from year-end, again thanks to cash flow generation during the quarter.

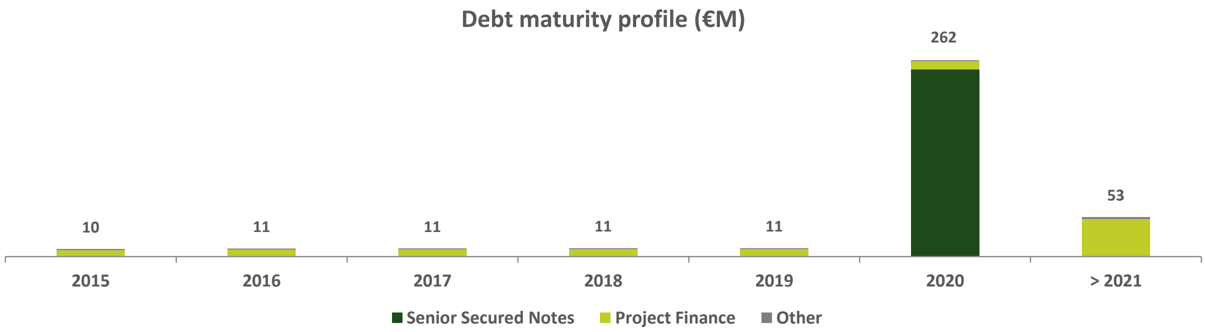
figures in €M	1Q15	4Q14	Δ%	1Q14	Δ%	1Q15	1Q14	Δ%
Bond	250.0	250.0	-	250.0	-	250.0	250.0	-
Bonds - arrangement fees	(7.5)	(7.9)	(5%)	(9.0)	(16%)	(7.5)	(9.0)	(16%)
Bank borrowings	0.2	0.3	(33%)	0.6	(67%)	0.2	0.6	(67%)
Other financial liabilities	9.0	9.6	(6%)	10.4	(13%)	9.0	10.4	(13%)
Other financial liabilities - grant	(1.0)	(1.0)	(7%)	(1.3)	(25%)	(1.0)	(1.3)	(25%)
Non-current borrowings	**250.7**	**250.9**	(0%)	**250.7**	(0%)	**250.7**	**250.7**	(0%)
Bonds - accrued interest	2.6	7.1	(63%)	2.6	3%	2.6	2.6	3%
Bank borrowings	0.4	0.4	-	0.4	-	0.4	0.4	-
Bank borrowings - accrued interest	-	0.1	(100%)	0.0	(100%)	-	0.0	(100%)
Other financial liabilities	2.1	1.3	61%	2.1	4%	2.1	2.1	4%
Other financial liabilities - accrued interest	0.1	0.0	58%	0.0	194%	0.1	0.0	194%
Current borrowings	**5.2**	**8.9**	(41%)	**5.1**	3%	**5.2**	**5.1**	3%
Total gross borrowings	**255.9**	**259.9**	(2%)	**255.8**	0%	**255.9**	**255.8**	0%
Cash	87.9	73.4	20%	128.2	(31%)	87.9	128.2	(31%)
Short-term financial investments	8.7	8.5	2%	9.6	(9%)	8.7	9.6	(9%)
Total net debt (recourse)	**159.4**	**177.9**	(10%)	**118.0**	35%	**159.4**	**118.0**	35%
Non-current, non-recourse debt	100.4	100.4	-	101.8	(1%)	100.4	101.8	(1%)
Non-current, non-recourse debt - arrangement fees	(2.6)	(2.7)	(5%)	(3.1)	(16%)	(2.6)	(3.1)	(16%)
Current non-recourse debt	8.6	8.6	-	5.7	50%	8.6	5.7	50%
Current non-recourse debt - arrangement fees	(0.5)	(0.5)	-	(0.5)	(2%)	(0.5)	(0.5)	(2%)
Current non-recourse debt - accrued interest	2.5	0.7	267%	2.0	24%	2.5	2.0	24%
Total net debt	**267.7**	**284.4**	(6%)	**223.9**	20%	**267.7**	**223.9**	20%

The year-on-year increase is attributable to the losses generated in Huelva and the financial resources consumed to restructure operations there, plant efficiency capital expenditure in northern Spain and shareholder remuneration.

In addition, the company has discounting facilities with a limit of €58m, which were drawn down by €35m at the 1Q15 close (by €38m at year-end and by €22m at the 1Q14 close). In terms of liquidity other than the company's cash on hand, it also had an undrawn €90m credit line at 31 March 2015.

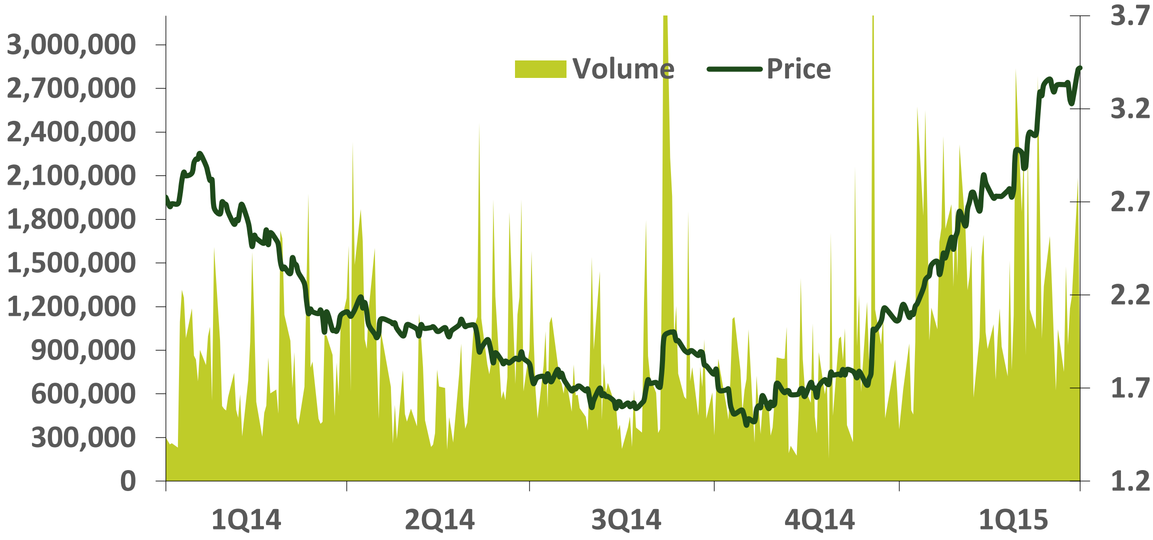


The group does not face significant refinancing requirements until February 2020, which is when the €250m of bonds issued in February 2013 fall due.



8. ENCE ON THE STOCK MARKET

The share price gained a noteworthy 65% in 1Q15, outperforming the Spanish and European stock markets by 53% and 47%, respectively.



Source: Thomson Reuters

	1Q14	2Q14	3Q14	4Q14	1Q15
Average daily volume (shares)	808,674	878,515	829,628	790,434	1,382,498
Ence performance	(23%)	(13%)	(3%)	17%	65%
Ibex 35 performance	4%	6%	(1%)	(5%)	12%
Eurostoxx performance	2%	1%	(0%)	(2%)	18%

Note: Ence's share price performance has been adjusted for the €0.08 per share dividend paid on 11 July 2014; it has not been adjusted for the in-kind dividend paid on 21 July 2014, which had the effect of increasing the total shareholder return by 3%.

Ence's shares are part of the IBEX Medium Cap, the IBEX Top Dividendo and FTSE4Good Ibex indices.

In addition to having its shares publicly traded, in January 2013 the company issued €250m of 7.25% bonds due 2020. From time to time ENCE may buy back its bonds on the secondary market. Any such buyback activity would be carried out on the basis of analysis of all relevant factors, including the bonds' quoted price and the group's liquidity position, and in compliance with all applicable legal requirements.

9. HIGHLIGHTS ON 1Q15

<u>€0.10 dividend per share</u>

Ence's shareholders approved a cash dividend of €0.10 per share at the Annual General Meeting held on 28 April 2015 (the dividend will be charged against the share premium account). The yield implied by this dividend was 3% at the time of the shareholder resolution.

10. FINANCIAL STATEMENTS

- Figures in 1Q14 have been retroactively adjusted after the new energy regulation approval

- In 2014, the charges recognised in connection with the closure of the Huelva plant have been reclassified from above the "Profit before tax" line to a single line item alongside the company's "Net profit/(loss)".

Income Statement

figures in €M	1Q14	2Q14	3Q14	4Q14	2014	1Q15
Revenue	**170.3**	**168.0**	**187.4**	**161.8**	**687.5**	**156.3**
Cost of sales	(101.1)	(92.9)	(108.0)	(75.4)	(377.4)	(66.9)
Changes in inventories of finished goods	1.3	(7.5)	4.5	(8.5)	(10.1)	(2.4)
Gross profit	**70.5**	**67.6**	**83.9**	**78.0**	**300.0**	**86.9**
Own work capitalised	2.7	1.2	(0.4)	2.6	6.2	2.0
Other income	2.4	3.8	3.7	2.2	12.1	2.5
Net gain/(loss) on hedging transactions	-	(0.4)	0.1	0.4	0.0	0.2
Employee benefits expense	(16.3)	(16.9)	(17.7)	(15.7)	(66.6)	(16.8)
Other operating expenses	(50.8)	(58.2)	(52.1)	(46.8)	(207.9)	(40.4)
EBITDA	**8.5**	**(2.9)**	**17.5**	**20.7**	**43.8**	**34.4**
EBITDA margin	**5.0%**	**(1.7%)**	**9.3%**	**12.8%**	**6.4%**	**22.0%**
Depreciation and amortisation	(21.0)	(15.8)	(16.6)	(14.5)	(67.9)	(16.3)
Impairment of and gains/(losses) on fixed-asset disposals	(1.5)	(25.9)	(0.2)	(7.6)	(35.1)	0.1
EBIT	**(14.1)**	**(44.5)**	**0.7**	**(1.4)**	**(59.3)**	**18.2**
EBIT margin	**(8.3%)**	**(26.5%)**	**0.4%**	**(0.8%)**	**(8.6%)**	**11.6%**
Finance income	0.4	0.2	0.3	0.2	1.1	0.0
Finance costs	(7.7)	(6.7)	(5.6)	(7.8)	(27.7)	(5.1)
Profit before tax	**(21.3)**	**(51.0)**	**(4.7)**	**(9.0)**	**(85.9)**	**13.1**
Income tax	6.6	17.2	4.6	9.1	37.5	(3.4)
Restatement of deferred tax assets	-	-	-	(10.4)	(10.4)	-
Net profit/(loss) before Huelva restructuring charges	**(14.8)**	**(33.8)**	**(0.0)**	**(10.3)**	**(58.9)**	**9.7**
Net impact of Huelva restructuring	-	-	(91.1)	9.1	(82.0)	-
Net profit/(loss)	**(14.8)**	**(33.8)**	**(91.1)**	**(1.2)**	**(140.9)**	**9.7**

Balance Sheet

figures in €M	1Q14	2Q14	3Q14	4Q14	2014	1Q15
Property, plant and equipment	923.0	901.1	803.1	734.2	734.2	723.2
Intangible assets	20.9	12.8	12.5	13.7	13.7	15.6
Non-current financial assets	2.8	2.7	2.9	3.0	3.0	3.0
Other non-current assets	42.5	57.0	100.9	81.6	81.6	80.9
Total fixed assets	**989.2**	**973.5**	**919.4**	**832.5**	**832.5**	**822.7**
Inventories	74.4	70.1	53.4	37.9	37.9	34.2
Trade other acclunts receivable	137.6	113.6	117.3	110.2	110.2	125.6
Cash and other short-term financial assets	137.7	135.1	108.8	81.9	81.9	96.5
Current derivatives	0.0	0.0	0.0	1.0	1.0	0.3
Other current assets	12.0	15.0	14.2	13.3	13.3	2.6
Non-current assets held for sale	0.0	0.0	0.0	77.4	77.4	78.8
Total current assets	**361.7**	**333.9**	**293.7**	**321.7**	**321.7**	**338.0**
Total assets	**1,350.9**	**1,307.4**	**1,213.1**	**1,154.2**	**1,154.2**	**1,160.7**
Equity	**694.0**	**638.2**	**545.0**	**542.9**	**542.9**	**555.3**
Non-current borrowings	349.4	351.6	353.4	348.6	348.6	348.4
Non-current provisions	19.5	5.2	6.6	11.1	11.1	14.6
Non-current derivatives	6.2	7.1	8.4	8.1	8.1	9.1
Other non-current liabilities	42.9	41.9	41.9	33.0	33.0	32.9
Total non-current liabilities	**418.0**	**405.7**	**410.3**	**400.8**	**400.8**	**405.0**
Current borrowings	12.3	16.4	12.9	17.7	17.7	15.8
Trade payables (a)	194.5	180.7	165.6	144.6	144.6	141.1
Current provisions	6.7	14.5	32.2	23.8	23.8	21.9
Current derivatives	6.6	7.5	7.4	7.4	7.4	3.2
Other current liabilities (b)	18.8	44.4	39.8	16.9	16.9	18.4
Non-current liabilities associated with non-current assets held fo	-	-	-	-	-	-
Total current liabilities	**238.9**	**263.5**	**257.9**	**210.4**	**210.4**	**200.4**
Total equity and liabilities	**1,350.9**	**1,307.4**	**1,213.1**	**1,154.2**	**1,154.2**	**1,160.7**

(a) Amount of €8.9M were reclassified from current provisions to trade payables in 1Q14 in connection with the retroactive restatement of revenue in the wake of passage of the new regulatory framework

(b) The 2Q14 figure includes €19.6M of dividends payable

Cash Flow Statement

figures in €M	1Q14	2Q14	3Q14	4Q14	2014	1Q15
Consolidated profit/(loss) for the period before tax	**(21.3)**	**(51.0)**	**(4.7)**	**(9.0)**	**(85.9)**	**13.1**
Depreciation	16.1	12.7	14.9	15.2	58.9	13.7
Depletion of forest reserve	4.8	3.0	1.6	0.3	9.7	2.4
Amortisation	0.1	0.1	0.1	(1.0)	(0.6)	0.2
Impairment of and gains/(losses) on disposals intangible assets	1.5	25.7	(0.5)	8.5	35.1	(0.2)
Finance costs	7.3	7.0	7.4	7.8	29.5	5.4
Finance income	(0.4)	(0.2)	(0.3)	(0.2)	(1.1)	(0.0)
Government grants taken to income	(0.3)	(0.4)	(0.3)	(0.3)	(1.3)	(0.4)
Changes in provisions and other deferred expense (net)	8.5	6.3	2.4	(26.5)	(9.3)	8.8
Adjustments to profit	**37.6**	**54.2**	**25.4**	**3.8**	**120.9**	**29.9**
Trade and other receivables	(5.3)	15.9	(1.7)	5.0	13.9	(14.3)
Current financial and other assets	1.3	1.3	0.4	(0.6)	2.4	(0.2)
Trade and other payables	(3.9)	(10.5)	(9.1)	(18.4)	(41.9)	(13.3)
Inventories	(7.5)	3.6	10.4	17.9	24.5	5.2
Changes in working capital	**(15.4)**	**10.2**	**0.1**	**3.9**	**(1.2)**	**(22.6)**
Interest paid	(8.9)	(3.3)	(8.9)	(4.2)	(25.2)	(9.7)
Interest received	0.4	0.2	0.3	0.2	1.1	0.0
Inclme tax received/(paid)	-	-	-	(0.2)	(0.2)	11.6
Other cash flows from operating activities	**(8.5)**	**(3.0)**	**(8.6)**	**(4.2)**	**(24.3)**	**1.9**
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(7.6)**	**10.4**	**12.2**	**(5.5)**	**9.5**	**22.4**
Property, plant and equipment	(11.8)	(12.4)	(16.0)	(15.5)	(55.7)	(7.2)
Intangible assets	(1.4)	(0.8)	(0.6)	(1.4)	(4.1)	(1.5)
Other financial assets	0.1	0.1	(0.2)	(0.0)	(0.0)	(0.0)
Investments	**(13.1)**	**(13.1)**	**(16.8)**	**(16.9)**	**(59.8)**	**(8.8)**
Property, plant and equipment	-	0.1	-	-	0.1	-
Other financial assets	-	-	-	-	-	-
Disposals	**-**	**0.1**	**-**	**-**	**0.1**	**-**
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(13.1)**	**(13.1)**	**(16.8)**	**(16.9)**	**(59.8)**	**(8.8)**
Buyback of own equity instruments	(0.5)	(1.6)	(2.4)	(1.6)	(6.1)	(0.3)
Disposal of own equity instruments	0.1	0.0	-	-	0.2	4.3
Proceeds from and payments for equity instruments	**(0.4)**	**(1.6)**	**(2.4)**	**(1.6)**	**(5.9)**	**4.0**
Issuance of bonds and other marketable securities (net)	(0.0)	0.0	0.0	(0.0)	-	(0.0)
Increase / (decrease) in bank borrowings (net)	1.5	2.8	0.3	(3.5)	1.1	0.1
Grants received	0.8	0.0	(2.2)	2.2	0.9	-
Other financial liabilities	(1.3)	(0.0)	2.2	(2.2)	(1.3)	(3.3)
Proceeds from and repayments of financial liabilities	**0.9**	**2.8**	**0.3**	**(3.4)**	**0.6**	**(3.2)**
Dividends	-	-	(19.4)	-	(19.4)	-
Dividends payments	**-**	**-**	**(19.4)**	-	**(19.4)**	**-**
Translation differences	**(0.0)**	**0.0**	**0.1**	**(0.1)**	**0.0**	**0.0**
Fixed-term deposit	45.0	-	-	-	45.0	-
Other cash received from (used in) financing activities	**45.0**	**-**	**-**	**-**	**45.0**	**-**
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**45.5**	**1.3**	**(21.3)**	**(5.1)**	**20.4**	**0.8**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**24.8**	**(1.4)**	**(25.9)**	**(27.5)**	**(30.0)**	**14.4**

11. APPENDICES

REMUNERATION PARAMETERS OF THE FACILITIES OF THE ENCE GROUP

Facility	Type of facility	MW	Remuneration to investment 2015 (Ri; €/MW)	Type of fuel	Remuneration to operation 2015 (Ro; €/MW)	Maximum of sale hours per MW under tariff
Navia	Biomass co-generation	40.3	-	Black liquor	29.616	-
	Biomass generation	36.7	230,244	Forestry waste	54.361	6,500
Pontevedra	Biomass co-generation	34.6	49,945	Black liquor	29.616	-
				Forestry waste	54.126	6,500
Huelva	Biomass co-generation	27.5	-	Black liquor	29.616	-
	Natural gas co-generation	49.9	-	Natural gas	43.634	-
	Biomass generation (b)	41.1	305,543	Forestry waste	59.793	6,500
Huelva 50MW	Biomass generation	50.0	266,452	Forestry waste	52.721	6,500
Mérida 20MW	Biomass generation	20.0	293,579	Forestry waste	51.106	6,500

(a) The turbine operates according to a combination of steam from a recovery boiler and a biomass boiler

The income arising from the new remuneration scheme is calculated as follows:

- **Ri (Investment remuneration)** represents annual remuneration per gross installed MW, generating annual income equal to the result of multiplying this remuneration by the facility's gross capacity (MW).

  Income from investments = MW * Ri

- **Ro (Operating remuneration)** represents remuneration per MWh sold in addition to the price of the electricity market ("pool"), generating income equal to the result of adding this remuneration to the market price and multiplying it by the volume of MWh sold.

  Operating income = (Ro + pool) * MWh

  For a given year, the volume of MWh cannot exceed the result of multiplying the facility's gross capacity (MW) by the established limit of hours. There is no limit in the case of cogeneration facilities.

  MWh < MW * 6,500 (for generating electricity with biomass)

  Production above the aforementioned limit would be sold at market prices, without the right to receive an additional premium.

Based on the approved regulatory framework, the company revenues from sales of electricity in a given period will depend on the evolution of market prices ("pool"). Deviations from the average price of the "pool" compared to the estimate contained in the ministerial order (€49.16 / MWh for the period 2014-2016, €52 / MWh in the following years) within a certain range of fluctuation will be reversed in the following regulatory half periods (three-year) through adjustments in the compensation parameters.

Following publication of Spanish Royal Decree 413/2014, the biomass power generation plants located in the industrial complexes in Pontevedra, Navia and Huelva were incorrectly classified as black liquor facilities in the new official remuneration regime registry. ENCE is taking the administrative steps that the Ministry of Industry, Energy and Tourism made available to the generators with a view to seeking redress for errors of this kind. The case addressing the first misclassification has already been ruled in the company's favour and the other two were still being processed as of the reporting date.

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