



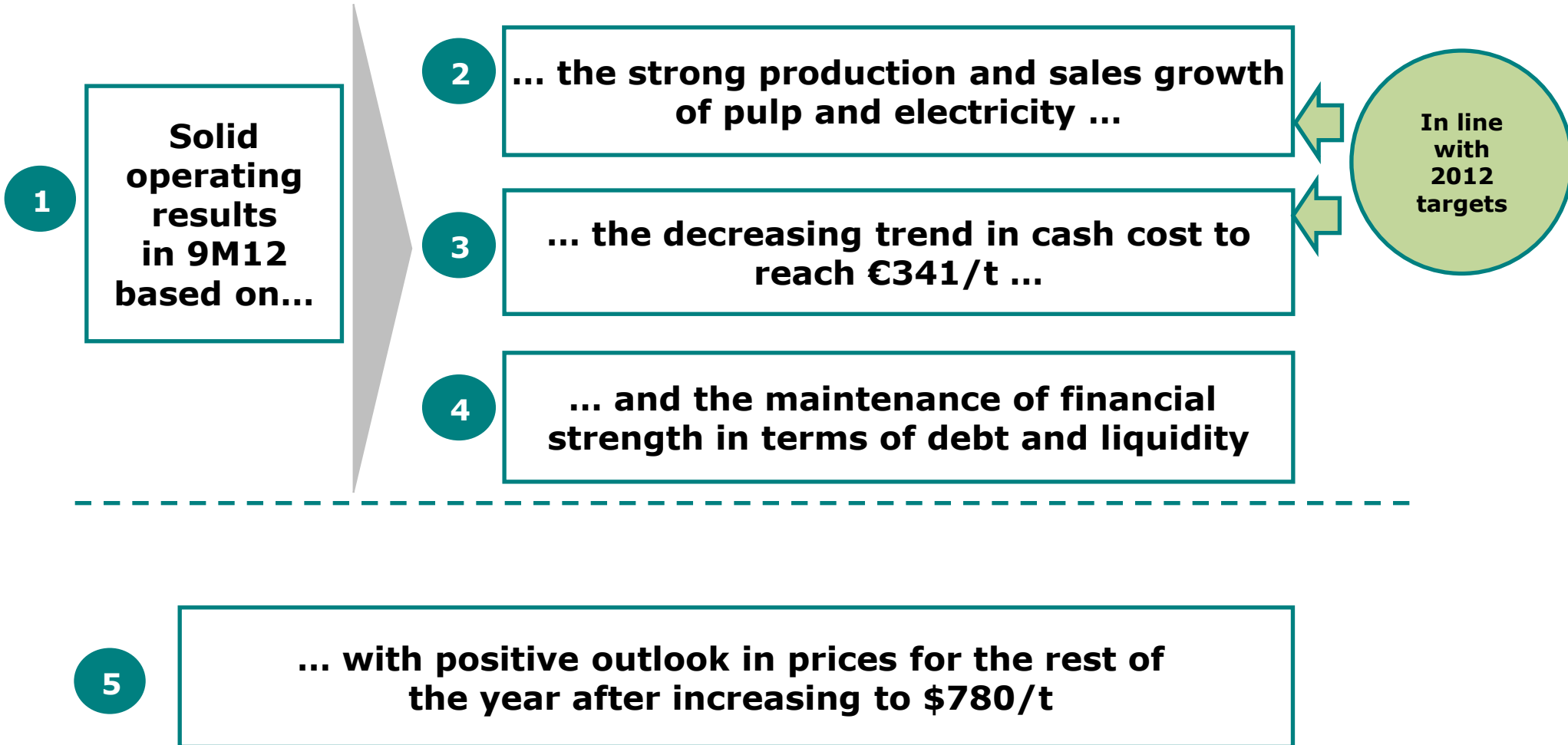
Energía y Celulosa

# Ence, Energía y Celulosa

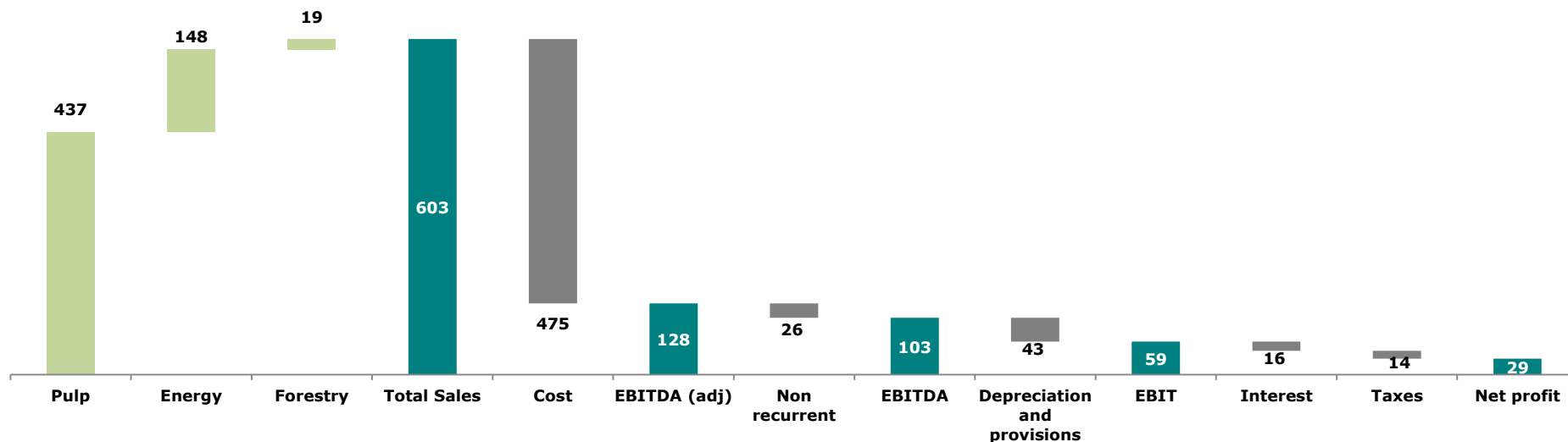
## 3Q12 Results



**November 6th, 2012**



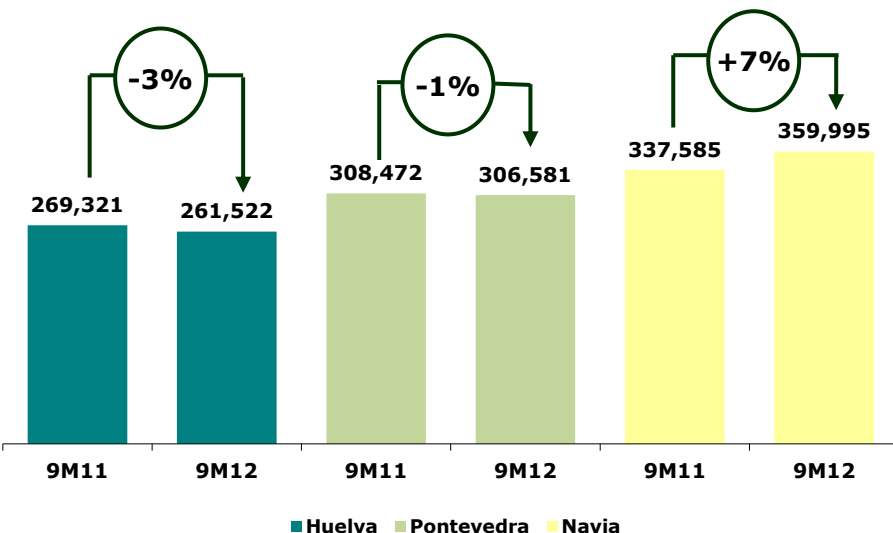
## Breakdown of 9M12 P&L (M€)



- **+2% growth in pulp sales in tonnes has partially offset the decline in the average selling price in 2012** (average pulp price in 9M11 was \$849/t vs \$746/t in 9M12)
- **Strong increase in energy sales**, reaching an annual growth above **+11%**
- **The pulp price increase announced in October 1, supports a strong results in 4Q12**

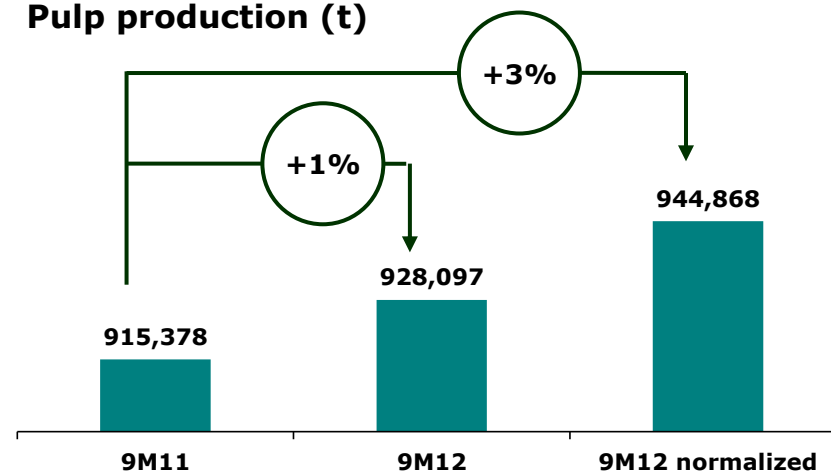
# ... the positive operational performance of pulp production ...

### Production per plant (tons)



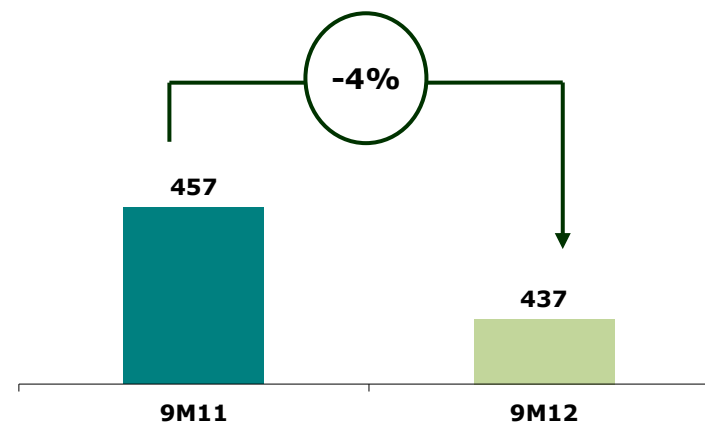
- **+1.4% increase in cellulose production in line with company targets**
- Huelva had operational problems after its maintenance stop, which have already been solved and that has reduced its output by close to 17,000t at current production level.

### Pulp production (t)

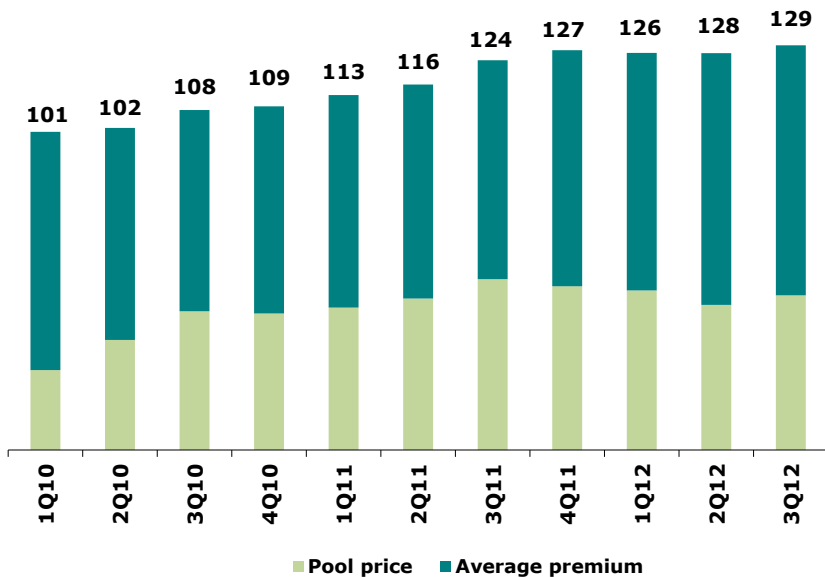
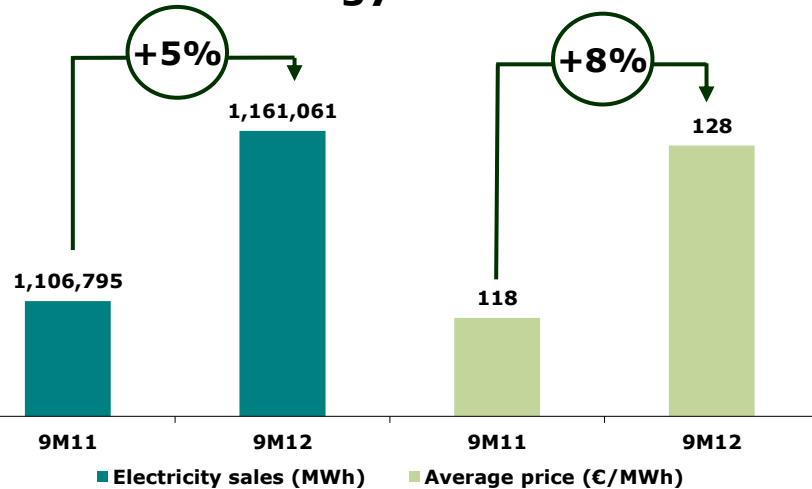


- **The company keeps confident that it will achieve a production growth in 2012 close to +2%**

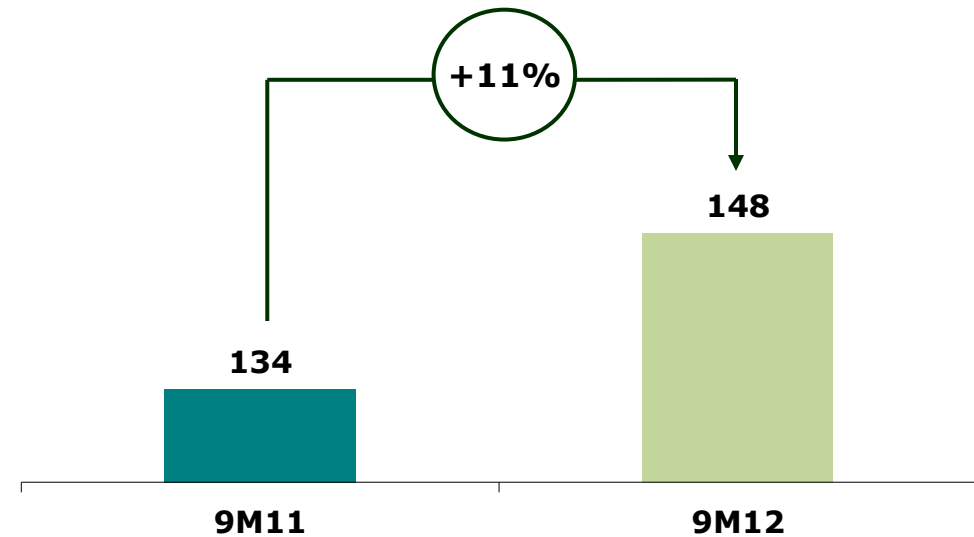
### Pulp sales (€Mn)



## Energy metrics

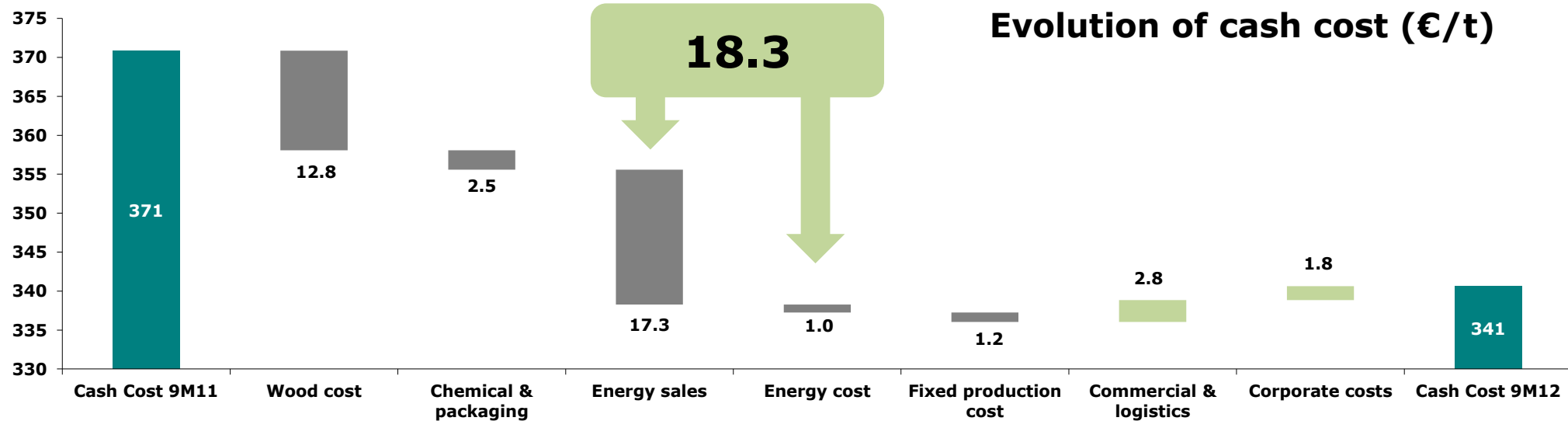


## Electricity sales (€M)

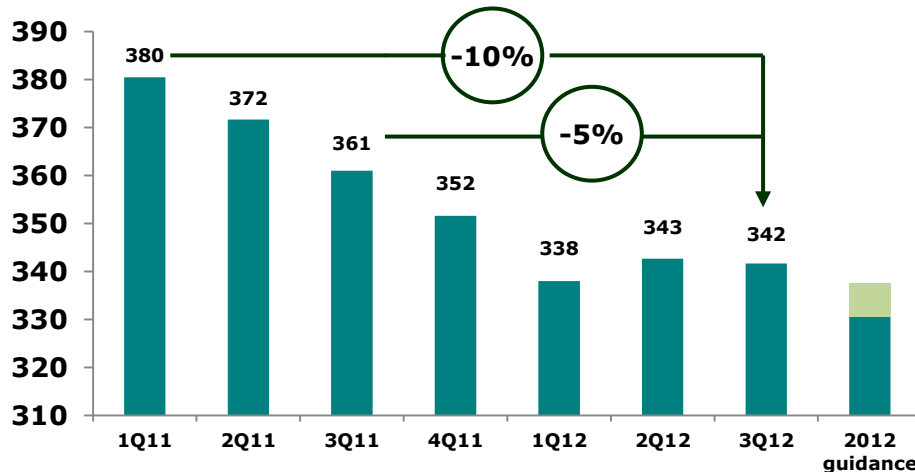


- Increased production of electricity linked to the production of cellulose (+2% for the year), while pure biomass generation increases by 12%
- Improvement in the average selling price due to the increased weight of the biomass generation in the production mix (76% of production), improved pool prices and the yearly tariff review linked to inflation

# Strong cash cost reduction through increases in pulp production and electricity as well as reducing wood and fixed costs...

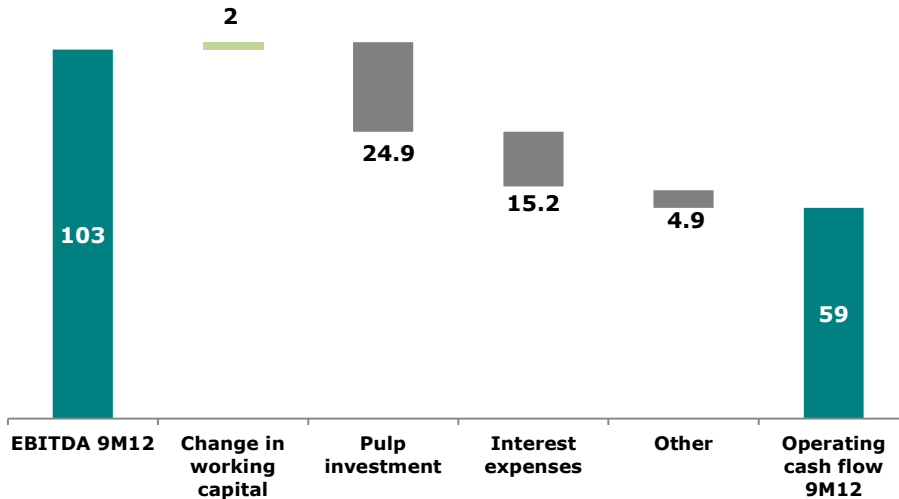


## Average cash cost (€/t)



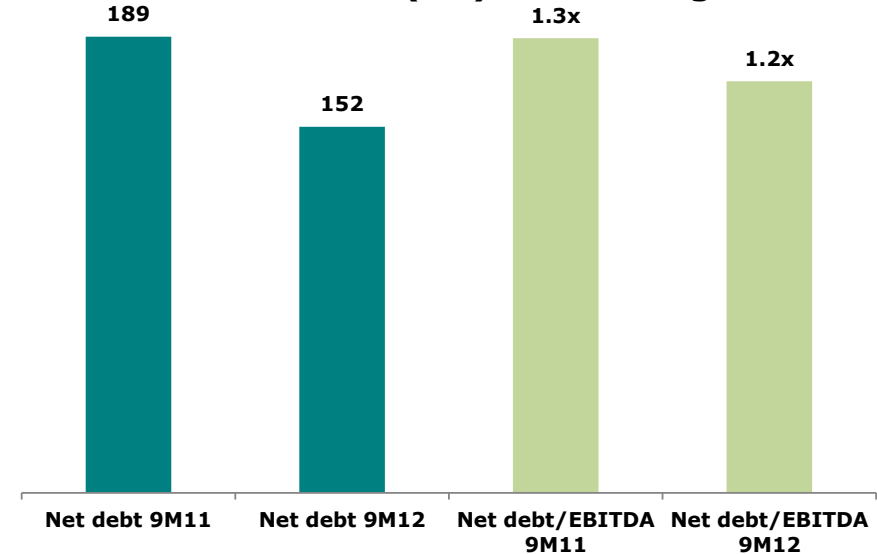
- **Further reduction of cash cost, down -8% from 9M11 highs to 341€/t in 9M12**, due to lower wood cost, higher energy production and reduced variable costs
- **The 341€/t cash cost keeps close to the low end of the -4/-6% reduction range targeted for 2012**, providing visibility to the achievement of the final objective for the year
- **The production** growth (greater dilution of fixed costs and better usage ratios of raw materials), **the active management of wood supply, increased energy efficiency and reduction of fixed costs, will further reduce costs in the coming months**

Breakdown of operating cash flow after investments in pulp (€M)



Note: adjusted cash flow do not include investments in biomass, dividends or share buybacks; figures adjusted by non cash items

Net financial debt (€M) and leverage



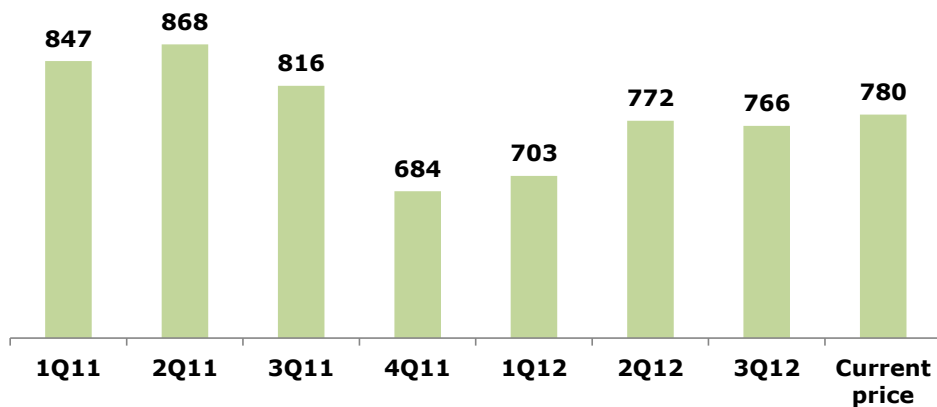
- **Strong operating cash flow thanks to a solid management of working capital and capex**, in an environment of lower average prices
- **Net financial debt with recourse remained stable, with low leverage of 1.3 times EBITDA of the last twelve months**
- Additionally, **there is a €66M non-recourse debt related to the "project finance"** successfully signed for the construction of the 50MW plant in Huelva and 20MW plant in Mérida

# Strong outlook in 2012, with market prices showing an upward trend since December



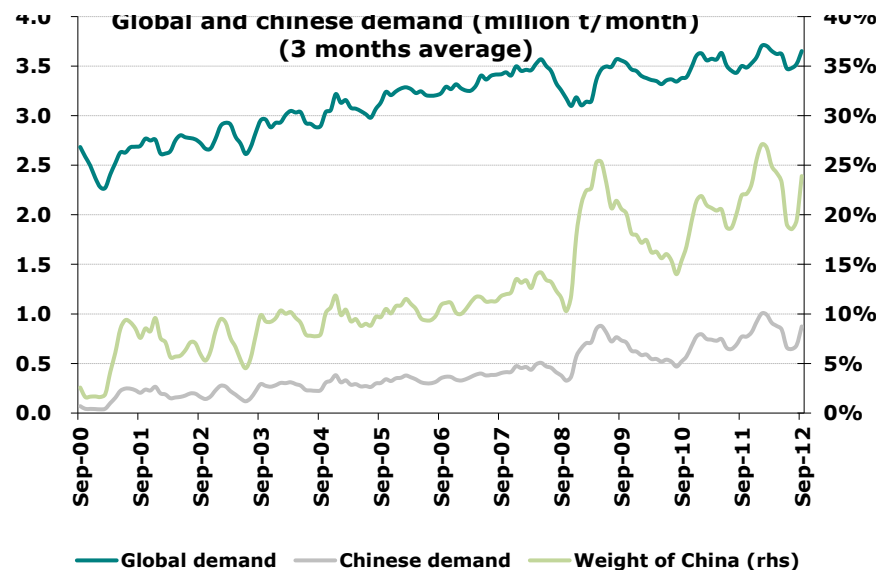
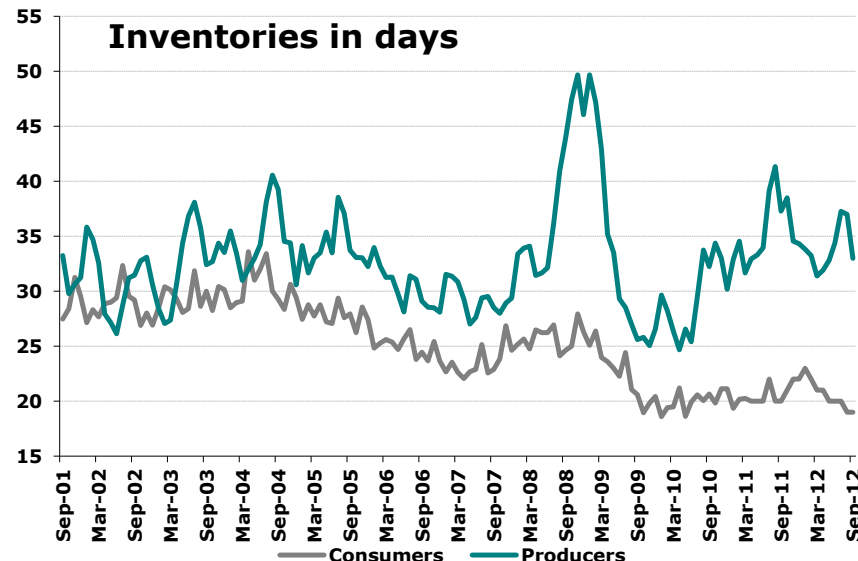
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### Evolution of pulp prices (\$/t)



Source: Ence; Foex

- **The price of short fiber rose to \$790/t in late June**, 22% above the minimum \$650/t reached in December, **before declining to \$750/t in September** under an environment of lower seasonal demand
- The strength of demand on the basis of Chinese growth, the current low inventory levels and the recovery of demand expected in 4Q12 are driving to **prices back to \$780/t**
- **The current supply-demand balance** and the perceived levels of cost in the sector aim to keep the medium term **price range above previous cycles**



Source : PPPC



# Conclusion



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## Solid operating results in 9M12

Strong sales growth of pulp and electricity (2% and 5% in volume)

Cash cost reduction to €341/t

Stable leverage in spite of attractive remuneration policy

## Good outlook for 2012 results

Production growth close to +2% in 2012

In line to achieve -4% 2012 guidance for cash cost

Prices increase at \$780/t

## Tangible mid term cash flow opportunities

From "forestry owner" to "forestry manager" allowing divestments for a total of 300M€ (Iberia & Uruguay) in 5 years

Goal to achieve an EBITDA of 100M€ in 2015 purely on renewables

**Strong cash flow generation to further improve Ence financial structure and push shareholder remuneration through buybacks**

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## 3Q12 Results



**November 6th, 2012**