

November 2nd 2017

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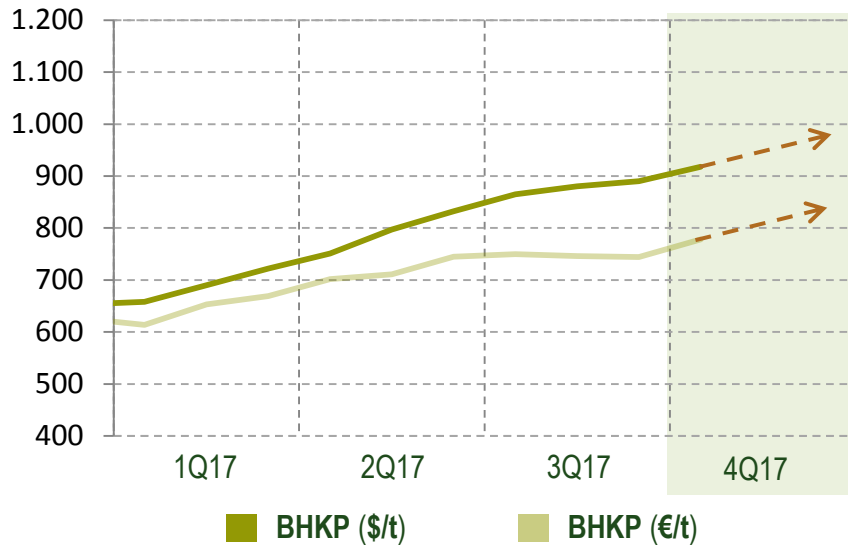
Highlights

- **Positive outlook for pulp prices** both in the short and long term
 - Ence has announced an additional pulp price increase up to **\$ 970 / t for November**
 - Short term momentum in **Q417 and Q118 supported by the limitation of mixed recovered paper imports in China** and the **cancellation of 40% of Kerinci's plantations concessions in Indonesia**
 - The **absence of new large projects** to increase production capacity indicates **high pulp prices for the next 3 years**
- Outstanding 9M17 results due to **successful Strategic Plan execution** and pulp price increase
 - **77% EBITDA** growth and **183% Net Income** growth vs. 9M16
 - **16 €/t cash cost reduction in the Pulp business** vs. 9M16 to 346.7 €/t despite 9 €/t wood cost increase linked to PIX pulp price performance
 - **Successful M&A and strong track record in the Energy business**, reaching an annualized **EBITDA of over €50 Mn** in 2017e
 - **Recurrent free cash flow** generation of €92 Mn
- **Low leverage position** (1.0x Net Debt / LTM EBITDA) adds comfort to the Strategic Plan's pending investments
 - **Pulp capacity increase of 150,000 t** in 2018 - 2019 on track, aiming at **€22 EBITDA increase** in the Pulp business
 - **New Huelva 40 Mw biomass power plant** project on track to start up in 2H 2019, aiming at €11 Mn annual EBITDA and pushing the Energy business **annualized EBITDA up to over €61Mn**

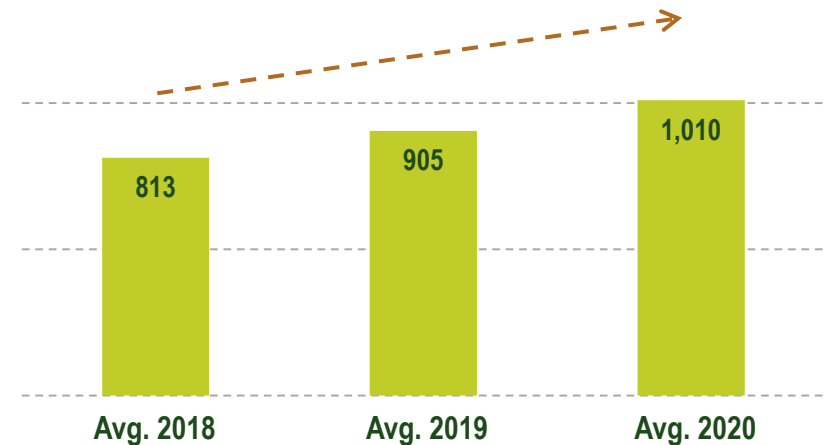
Positive outlook for pulp prices

Ence has announced another price increase up to 970 \$/t in November

European BHKP Pulp Prices



RISI's European BHKP Pulp Price Estimates (\$/t)



Source: RISI estimates (September 2017)

Tight supply and demand balance in 2017 driven by:

- Capacity integrations and conversions to other pulp grades in Asia
- Unplanned production outages
- Progressive ramp-ups of new capacity

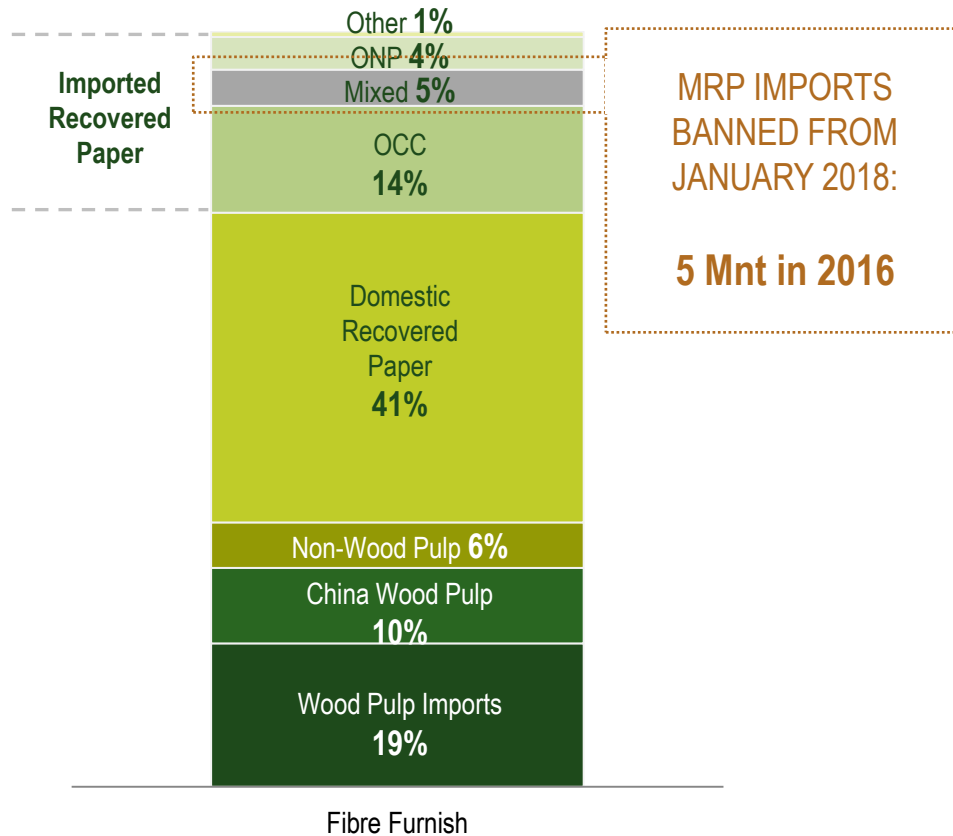
High pulp prices expected for the next 3 years:

- No more large capacity increases in the pipeline
- Continued demand growth based on tissue consumption mega-trend
- Virgin pulp demand growth in China underpinned by increasing environmental standards

Short term momentum

Supported by the ban of MRP imports in China and the halt at 2.8 Mnt Kerinci mill

2016 China's Fibre Sources: 97.78 Mnt



Source: Brian McClay

Virgin pulp demand growth in China underpinned by increasing environmental standards:

- ❏ Ban of mixed recovered paper (MRP) imports in China as from 2018
- ❏ Imports of mixed recovered paper in China accounted for **5 Mnt of fiber consumption in 2016**
- ❏ Ongoing substitution of old paper mills based on non wood pulp and recovered paper

APRIL halts operations at Kerinci mill in Indonesia after government cancels concessions

- ❏ Kerinci mill houses three pulp lines with a total capacity of **2.8 million tonnes/yr**,
- ❏ Affected Kerinci's plantations account for approximately **40% of its wood supply**

Increased market tightening in the long run

No new large project starts expected for next 3 years

Expected Annual Increase for Global Market Hardwood Supply and Demand (Mn t) ¹

Mn t	2017	2018	2019	2020	2017 - 2020
ESTIMATED BHKP DEMAND INCREASE	1,4	1,6	1,4	1,4	5,8
China	1,0	1,1	1,0	1,0	4,1
Other Asia / Africa / Oceania / Middle East	0,2	0,2	0,2	0,2	0,8
Europe	0,0	0,1	0,1	0,1	0,3
North America	0,0	0,1	0,0	0,0	0,1
Latin America	0,1	0,1	0,1	0,1	0,4
ESTIMATED BHKP SUPPLY INCREASE	0,3	1,0	-0,3	-0,5	0,5
APP (OKI)	1,2	0,6	0,2	0,2	2,2
FIBRIA (TRES LAGOAS)	0,5	1,4			1,9
FIBRIA (ARACRUZ)	-0,1	-0,2			-0,3
KLABIN (PUMA)	0,5				0,5
SUZANO (IMPERATRIZ, MUCURI & MARANHÃO)	-0,1		0,3		0,2
ENCE (NAVIA & PONTEVEDRA)			0,1	0,1	0,2
METSA (AANEKOSKI)	0,1				0,1
UPM (KYMI)	0,1				0,1
CMPC (GUAIBA)	-0,6	0,6			0
TAIWAN P&P and RFP (Calhoun)	-0,1				-0,1
ARAUCO (VALDIVIA)			-0,1		-0,1
APRIL (RIZHAO)	-1,0	-1,2	-0,6	-0,6	-3,4
APRIL (KERINCI)					
OTHER UNEXPECTED CLOSURES / CONVERSIONS	-0,2	-0,2	-0,2	-0,2	-0,8
SURPLUS / (DEFICIT)	(1,1)	(0,6)	(1,7)	(1,9)	(5,3)

Source: ENCE estimates

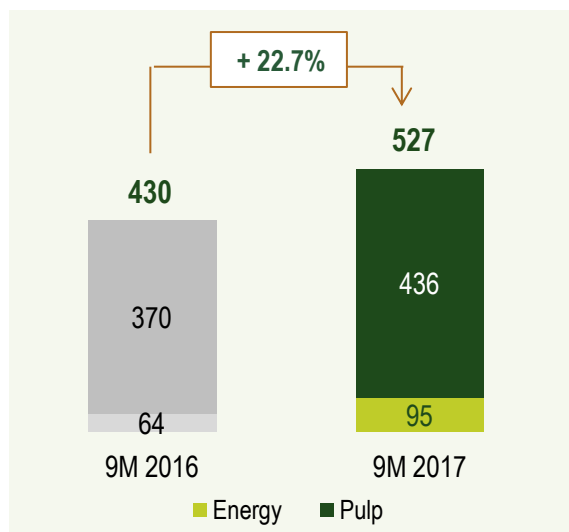
- Continued demand growth based on global tissue consumption mega-trend
- No new large project starts expected for next 3 years
- Ongoing capacity conversions to other pulp grades
- Recurring unplanned production outages

¹⁾ Estimates correspond to the expected increase in supply and demand of market pulp for paper production. It excludes therefore the production of integrated pulp and other pulp grades such as Dissolving Pulp or Fluff

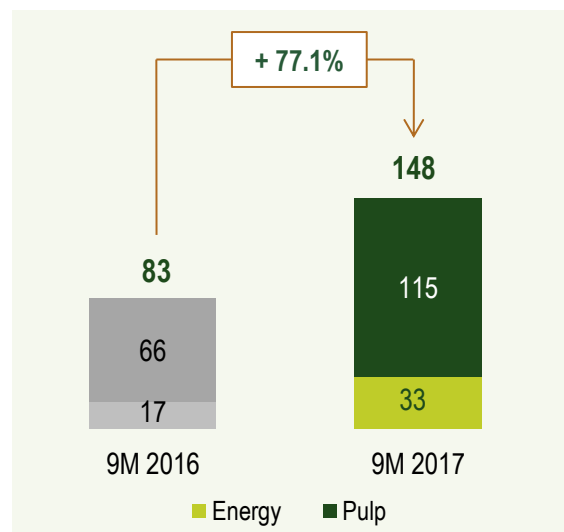
Outstanding 9M17 Results

Due to successful Strategic Plan execution and pulp price increase

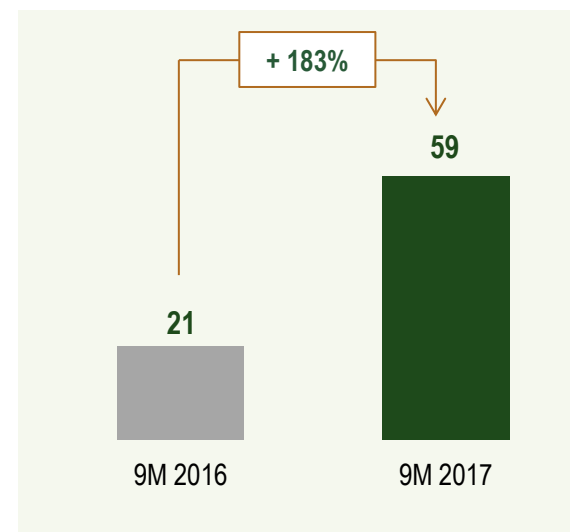
Revenues (€/t)



Group EBITDA (€ Mn)



Group Net Income (€ Mn)



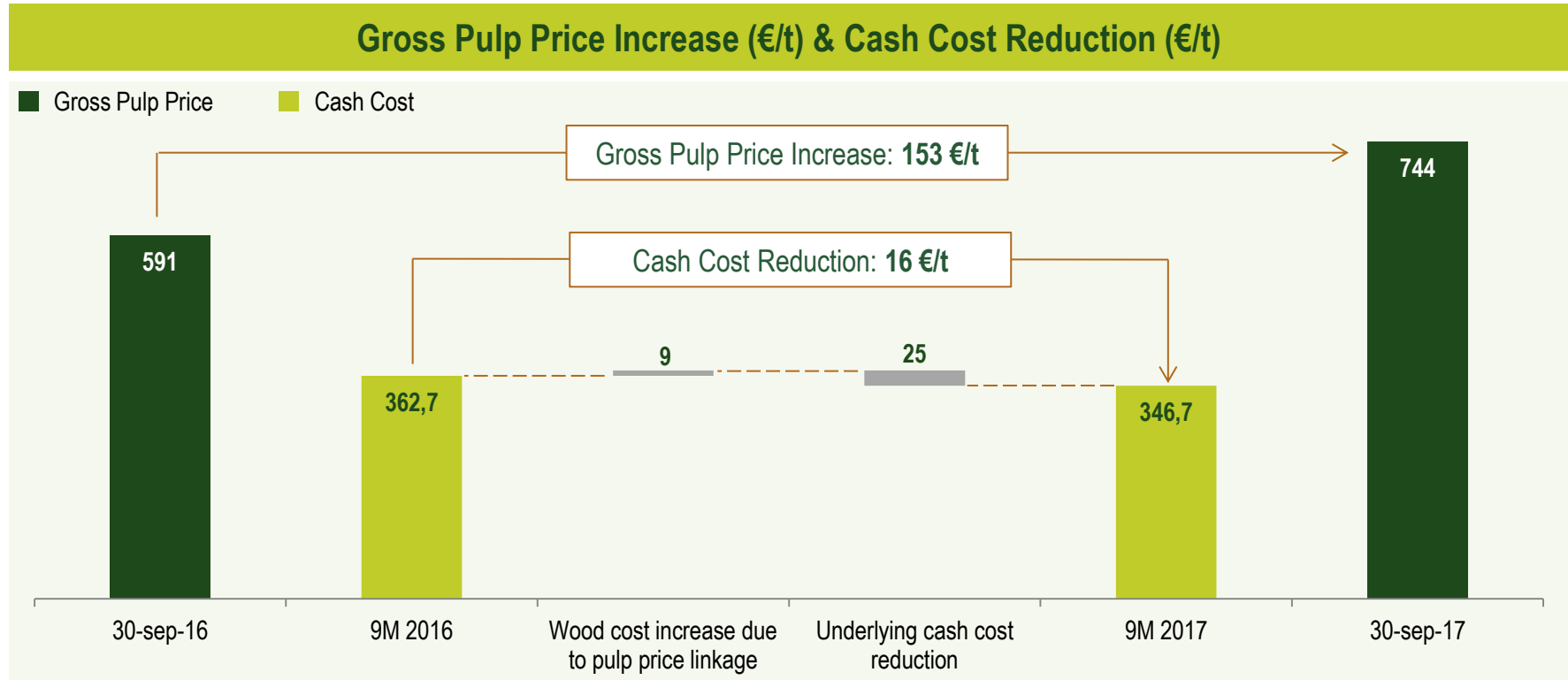
- 18% revenue growth in the Pulp business:
 - 8% increase in pulp volume sold
 - 7% rise in pulp net selling price
- 48% revenue growth in the Energy business:
 - 44% increase in energy volume sold following **strong M&A track record**

- 74% EBITDA growth in the Pulp business:
 - **16 €/t Cash Cost improvement** despite + €9/t wood cost increase
- 90% EBITDA growth in the Energy business:
 - **Successful biomass diversification**

- 183% Net income increase**

Successful cash cost reduction in the Pulp business

Despite wood cost linkage to pulp price performance



🍃 **9 €/t wood cost increase** since September 2016 due its **automatic linkage to the pulp price performance**

- Every 50 €/t pulp price step up or down 3 €/t of pulp are automatically passed through to wood suppliers

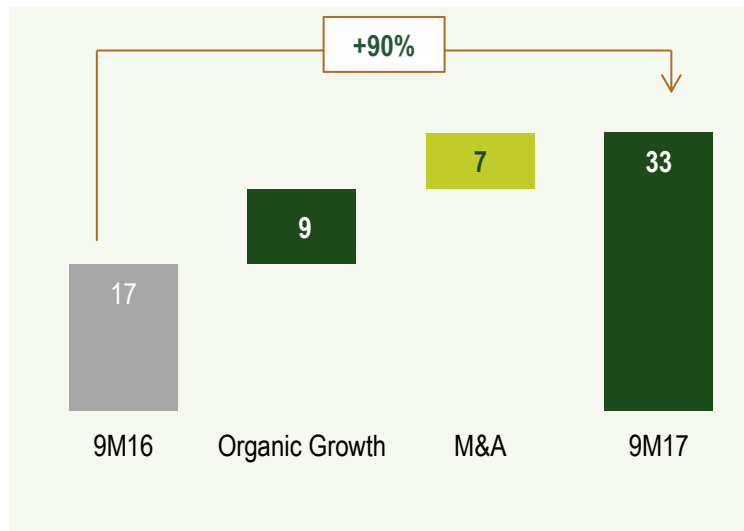
🍃 **25 €/t Cash cost reduction** in the last 12 months following:

- 40.000 t capacity expansion and efficiency investments: **13 €/t**
- Wood cost saving initiatives: **9 €/t**
- Lower corporate expenses: **2 €/t**

Biomass diversification and M&A in the Energy business

Reaching an annualized EBITDA of over €50 Mn in 2017e

Energy business EBITDA (€ Mn)



- 51% strong organic EBITDA growth
 - 7% increase in organic energy volume sold
 - 8% rise in average energy selling price
 - **Successful biomass diversification**
- 39% EBITDA growth following **53% capacity expansion** in the last twelve months

Successful M&A Track Record

Ciudad Real 16 Mw



Jaen 16 Mw



Cordoba 27 Mw

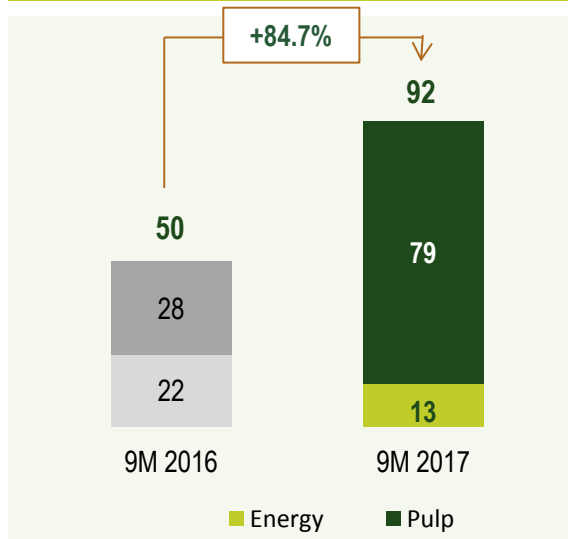


- Acquisition date: **December 2016**
 - EV: €34 Mn** (€22 Mn Ence stake)
 - 2016 EBITDA: €5.5 Mn
 - 2017 Expected EBITDA: €7.5 Mn**
-
- Acquisition date: **August 2017**
 - EV: €29 Mn** (€26 Mn Ence stake)
 - 2016 EBITDA: €4 Mn
 - 2017 Expected EBITDA: €5 Mn**

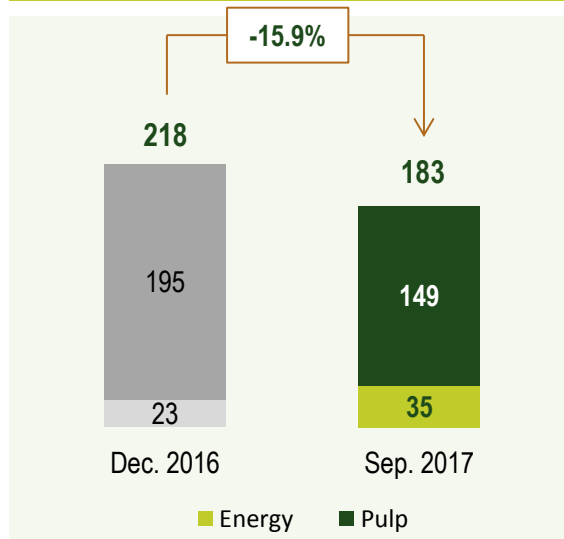
Strong Free Cash Flow generation of €92 Mn

Low leverage position adds comfort to the Strategic Plan's pending investments

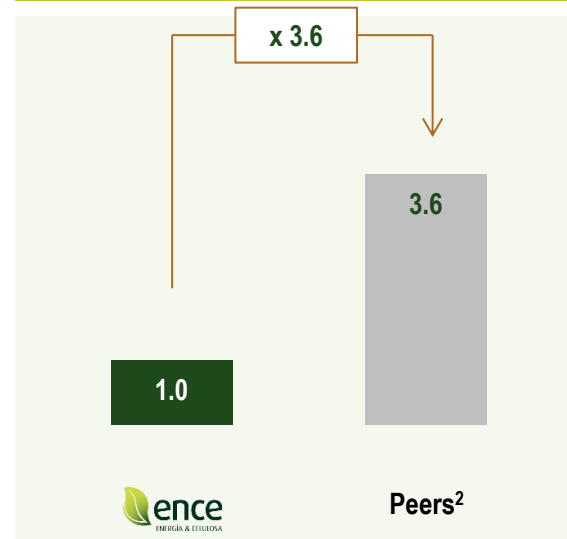
Recurrent FCF¹ (€ Mn)



Net debt reduction in 9M17



Lower leverage than peers



- Strong Recurrent **Free Cash Flow** generation of **€92 Mn**
- High **EBITDA conversion** into FCF: **62%**

- €35Mn Net debt reduction** after:
 - €24Mn dividend payment
 - €46Mn Strategic Plan investments

- Lowering leverage down to **1.0 x Net Debt / EBITDA LTM**
- 3.6 x** less than peer average

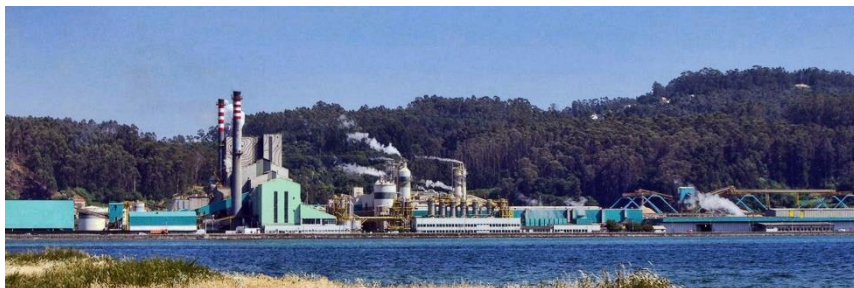
1) FCF before Strategic Plan investments and dividend payment

2) Average from Altri, Fibria, Suzano, Klabin, and CMPC at 2Q17

Next steps for the Pulp business

150,000 t capacity expansion in 2018 - 2019 aiming at €22 Mn EBITDA growth

70,000 t capacity expansion in Pontevedra between 2018 and 2019



- During 1Q17 maintenance downtime in Pontevedra, we have prepared **30,000 t** capacity expansion that will be completed during **March 2018** annual maintenance downtime
- Additional 40,000 t** expansion in Pontevedra **between 2018 and 2019** maintenance downtimes

80,000 t capacity expansion in Navia between 2H18 and 1H19



- Between **winter 2018** and **spring 2019**, we will expand capacity by **80,000 t** in Navia
- Total capacity expansion will be done **with just one shutdown**

Pulp Business Strategic Plan Summary (at 720 \$/t pulp price and 1.25 \$ exchange rate)

	2015 a	2016 a	2017e	2018e	2019e	2020e	Total
Net Capex (€ Mn) ²	-2	-1	35	41	52	-8	117
Production sold (000, t)	898	931	972	991	1,040	1,120	
Cash cost (€/t)	358	357	339	337	329	325	

1) €22 Mn EBITDA growth vs 2017 resulting from 150,000 t capacity expansion, under a conservative assumption of 720 \$/t pulp price and 1.25 \$ exchange rate

2) After non core forestry assets Divestment Plan

Next steps for the Energy business

New Huelva 40 Mw power plant pushing annualized EBITDA up to €61 Mn

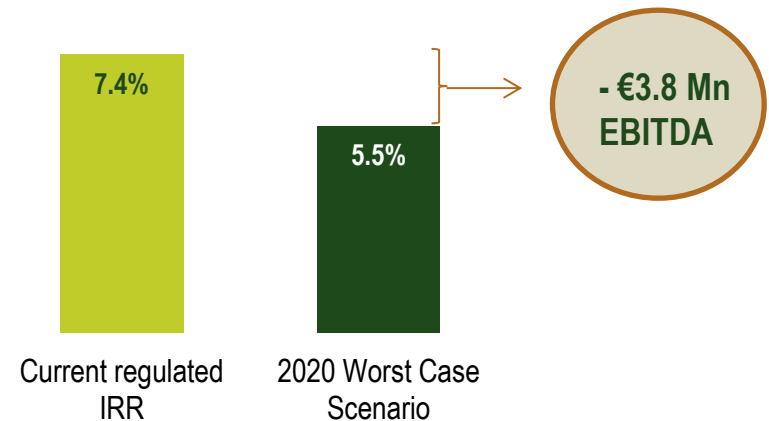
New Huelva 40 Mw biomass power plant



- New Huelva 40 Mw biomass power plant project on track to start up in 2H 2019
- €11 Mn annual EBITDA target, without regulated IRR
- EPC closed in July and early works agreed in October
- Synergies with our 50 Mw and 41 Mw plants already operating in the same location
 - Capex: €87 Mn
 - Financing: 60%

Low exposure to regulated IRR

- Our worst case scenario is a regulated IRR of 5.5% from 2020 with an spread of 300 bp
- EBITDA impact of just €3.8 Mn for our 6 operating plants and new Huelva project
- Ongoing cost cutting initiatives to offset this impact



Currently analyzing opportunities to accelerate the Energy business growth through acquisitions in Spain and Europe to reach an EBITDA target of €78 Mn by 2020



9M 2017 Results

Consolidated Key Figures

Outstanding 9M17 Results due to successful Strategic Plan execution

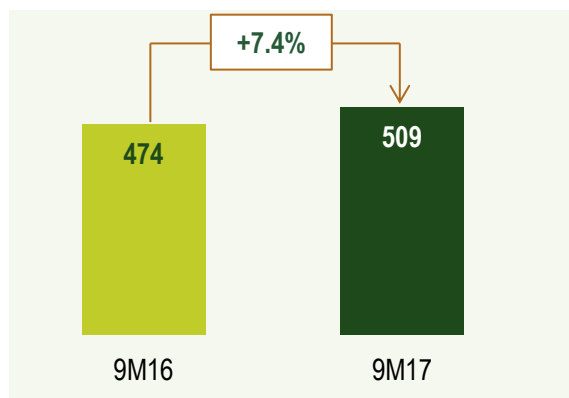
- **77%** EBITDA growth in 9M17 vs 9M 2016 fueled by both Pulp and Energy businesses
- **74%** EBITDA growth in the Pulp business driven by:
 - **€16/t** cash cost reduction vs.9M16
 - **8.4%** increase in pulp sales volume
 - **7.4%** net pulp price recovery in 9M17
- **90%** EBITDA growth in Energy business driven by:
 - **51%** strong organic growth
 - **39%** from new olive pulp plants acquired in the last twelve months
- Strong recurrent free cash flow generation of **€92 Mn**
- **€35 Mn** Net Debt reduction

P&L			
€ Mn	9M17	9M16	% Change
Revenue	527.4	429.7	23%
Pulp Business EBITDA	114.7	66.0	74%
Energy Business EBITDA	33.0	17.4	90%
Group EBITDA	147.7	83.4	77%
EBIT	99.4	43.9	127%
Net Profit	59.5	21	183%

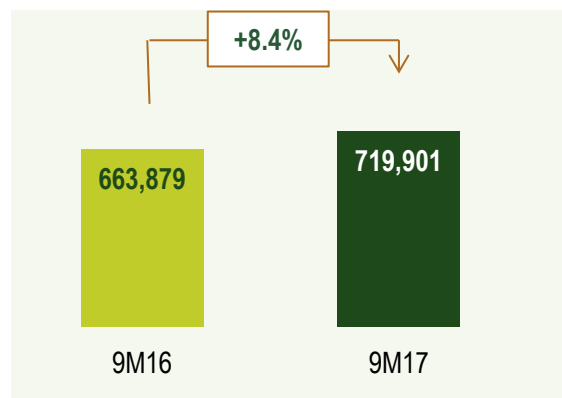
FCF			
€ Mn	9M17	9M16	% Change
Recurrent FCF	92.1	49.9	174%
Strategic Plan Investments	46.0	35.4	30%
Divestments	3.2	24.9	(87%)
FCF	59.5	45.1	32%

Net Debt				
	€ Mn	Sep-17	Dec-16	% Change
Net Financial Debt		183.5	218.3	(16%)

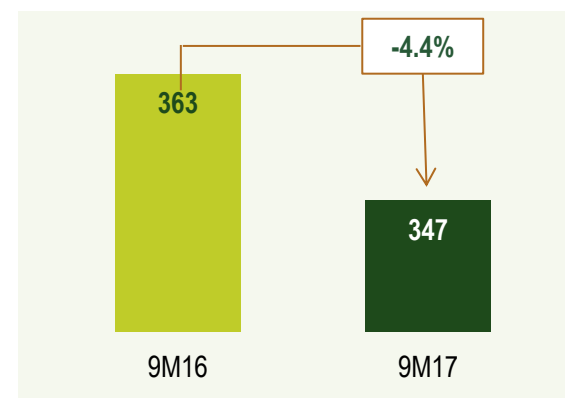
Average net pulp price (€/t)



Pulp sales volume (t)



Cash cost (€/t)



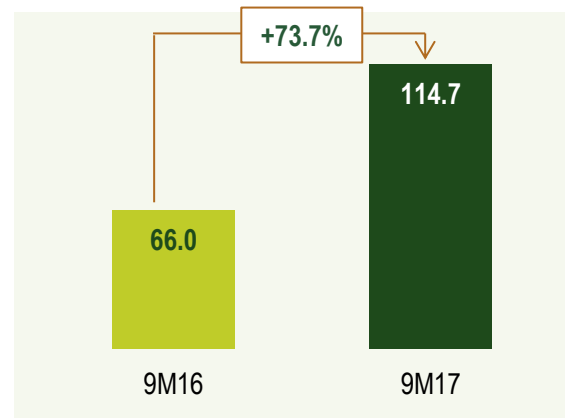
74% EBITDA growth driven by:

- €16/t cash cost reduction vs. 9M16
- 8.4% increase in pulp sales volume
- 7.4% net pulp price recovery in 9M17

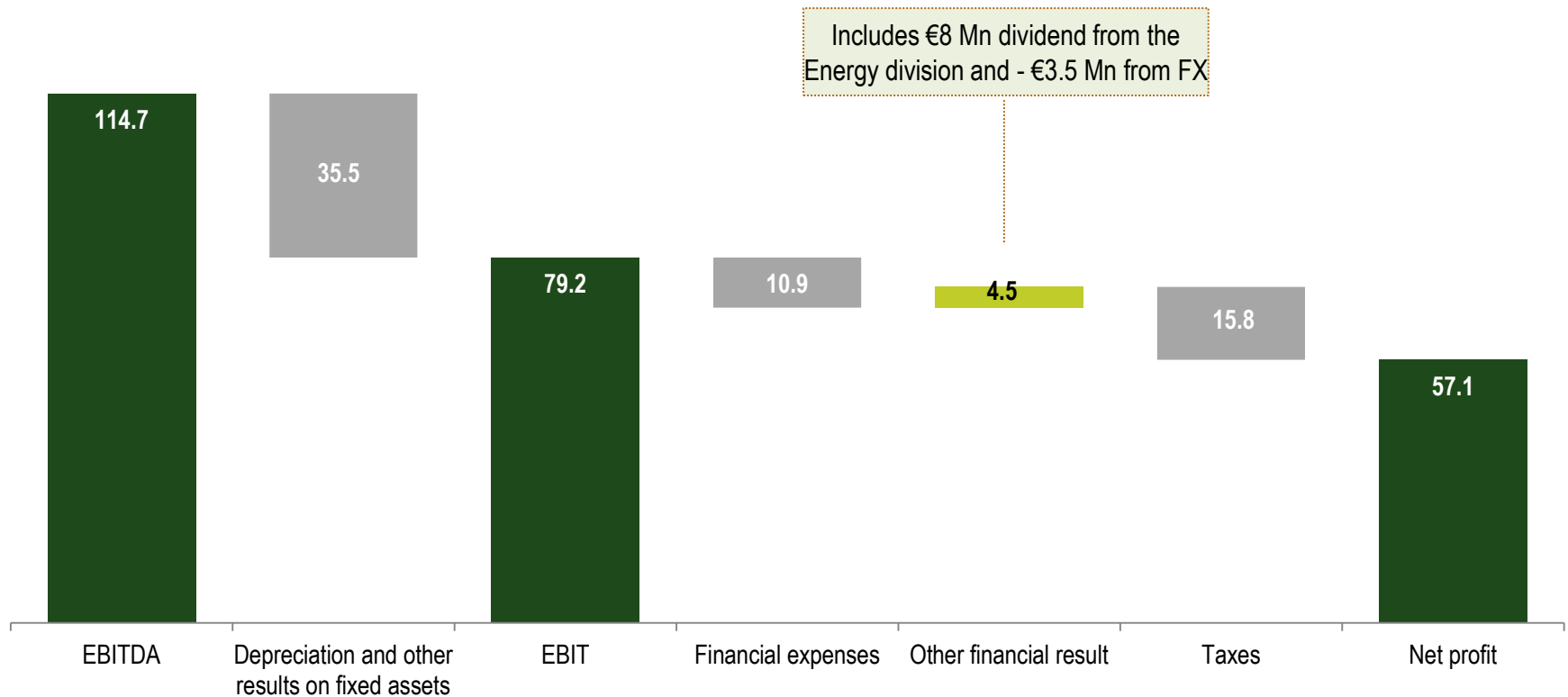
2017 cash cost impacted by strong pulp prices

- €9/t wood cost increase vs. 9M16 due its automatic linkage to pulp price performance

EBITDA (€ Mn)



9M17 P&L Bridge (€ Mn)

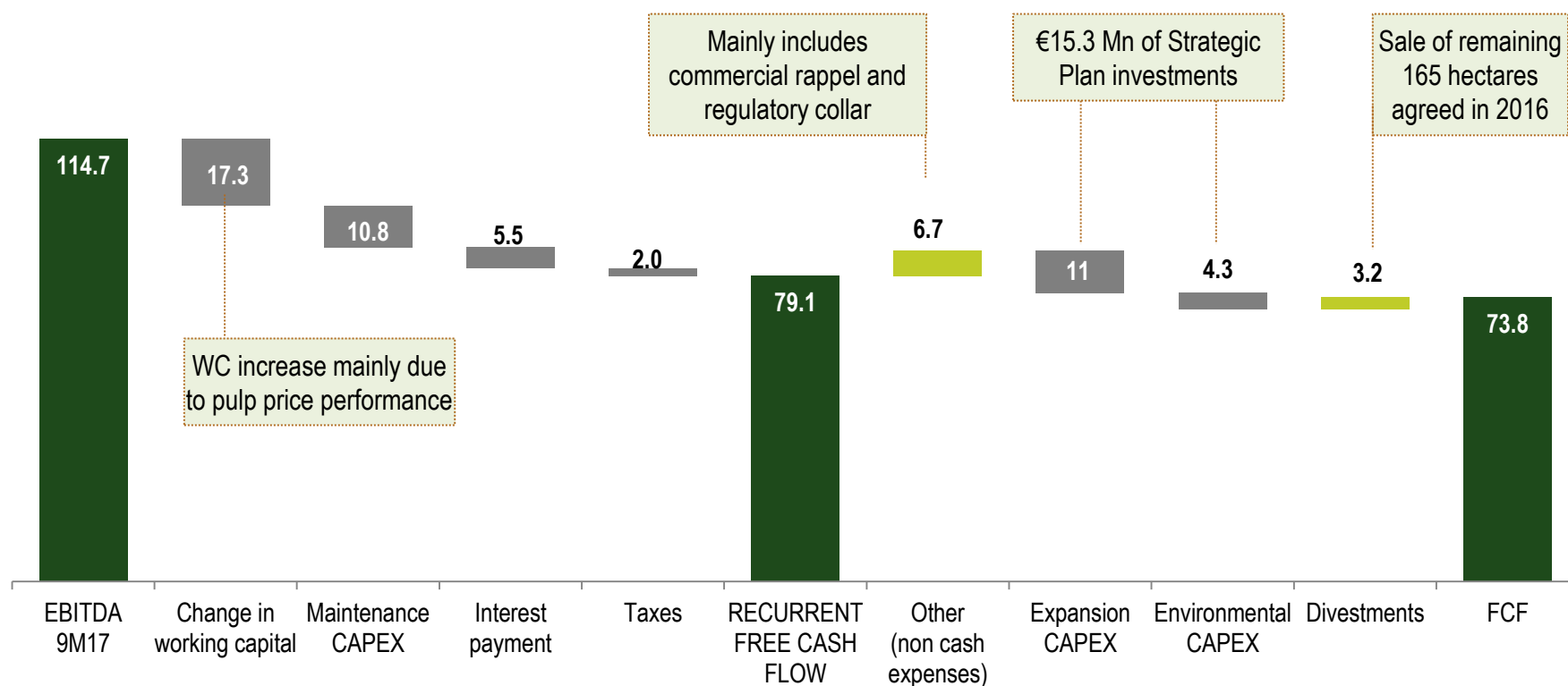


 Negligible P&L impact in 4Q17 from recent fires in the north of Spain

Pulp Business

Cash Flow generation

9M17 Cash Flow Bridge (€ Mn)



1) Rappel: Commercial discount conditioned to reaching a certain annual pulp volume already included in the P&L

2) Regulatory collar: Adjustment derived from the deviation between the electricity price limits set by the Regulator and the real electricity price already included in the P&L

Ongoing FX hedging program

To mitigate FX volatility on the Pulp business

Dollar/Euro Exchange Rate Evolution



Current Hedges

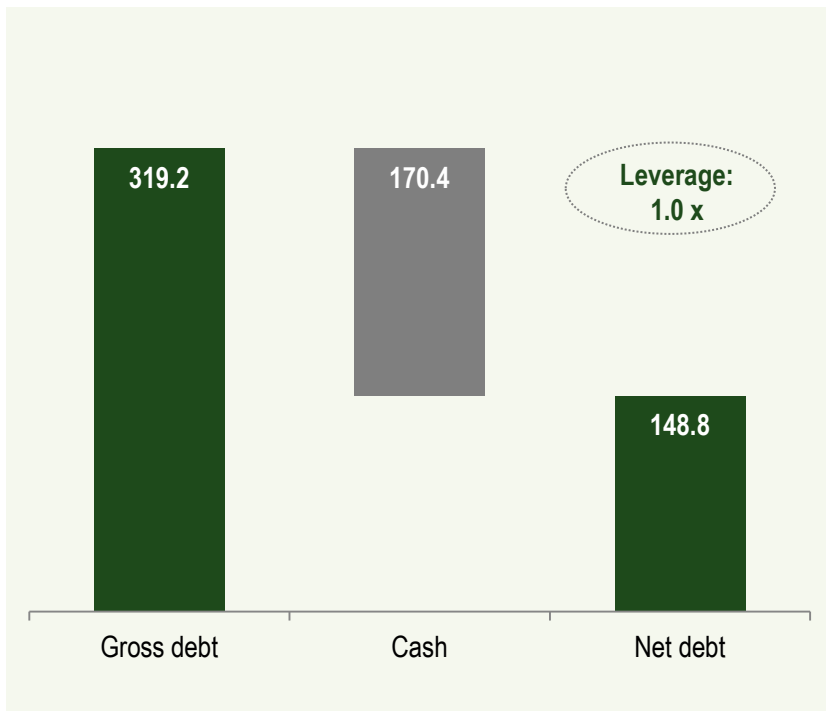
- 4T17: 68% revenues
 - Avg. cap: \$ 1.15 €
 - Avg. floor: \$ 1.09 €
- 1H18: 55% revenues:
 - Avg. cap: \$ 1.16 €
 - Avg. floor: \$ 1.08 €
- 2H18 : 46% revenues:
 - Avg. cap: \$ 1.14 €
 - Avg. floor: \$ 1.09 €

Ence has secured an average cap of \$1.15/€ for >50% of its dollar exposure until Dec. 2018

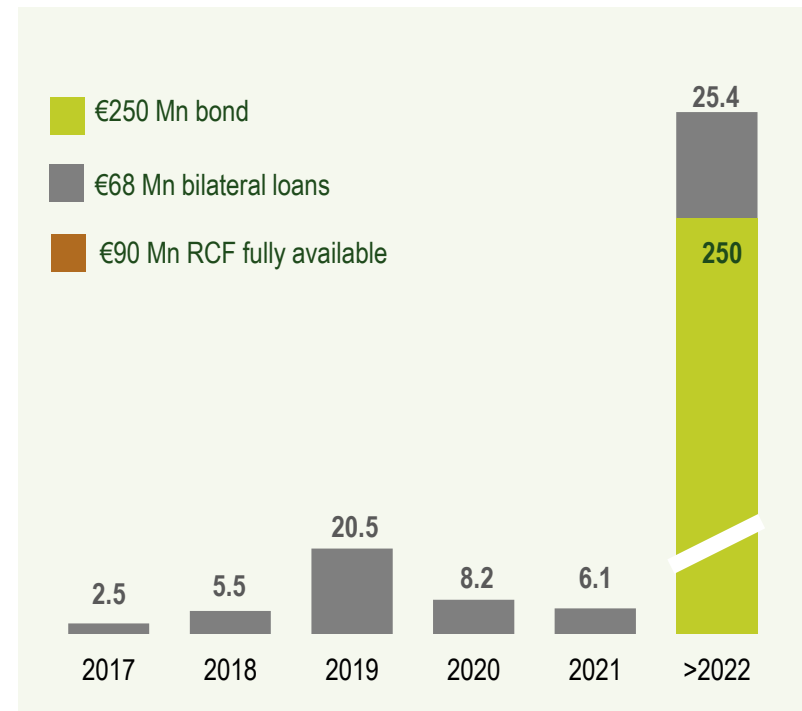
Pulp Business

Solid balance sheet and strong liquidity

Leverage as of September 2017 (€ Mn)

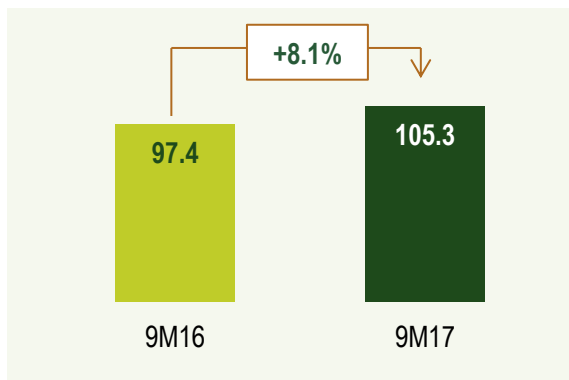


Debt maturity calendar (€ Mn)

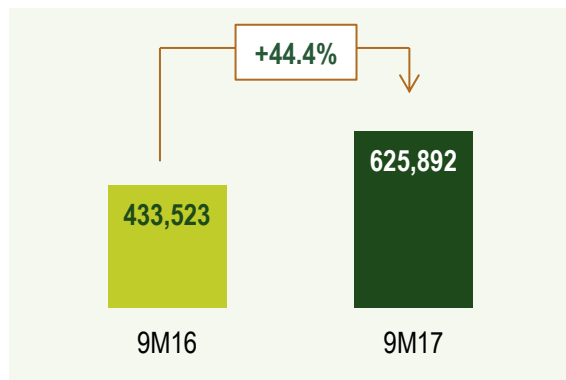


🍃 Pulp business leverage at 1x Net Debt / EBITDA as of September 2017

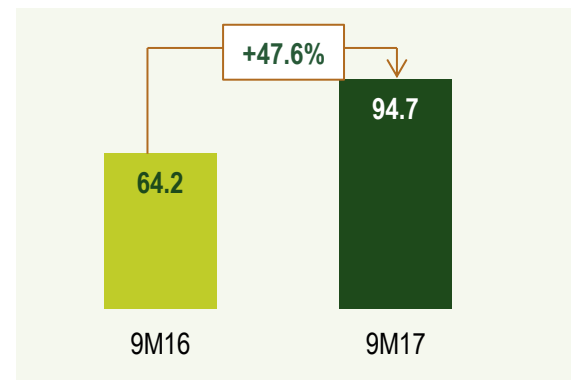
Average selling price (€/MWh)



Energy volume (MWh)

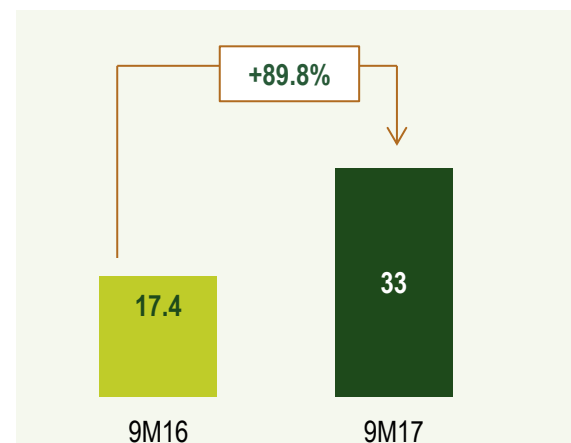


Revenues (€ Mn)



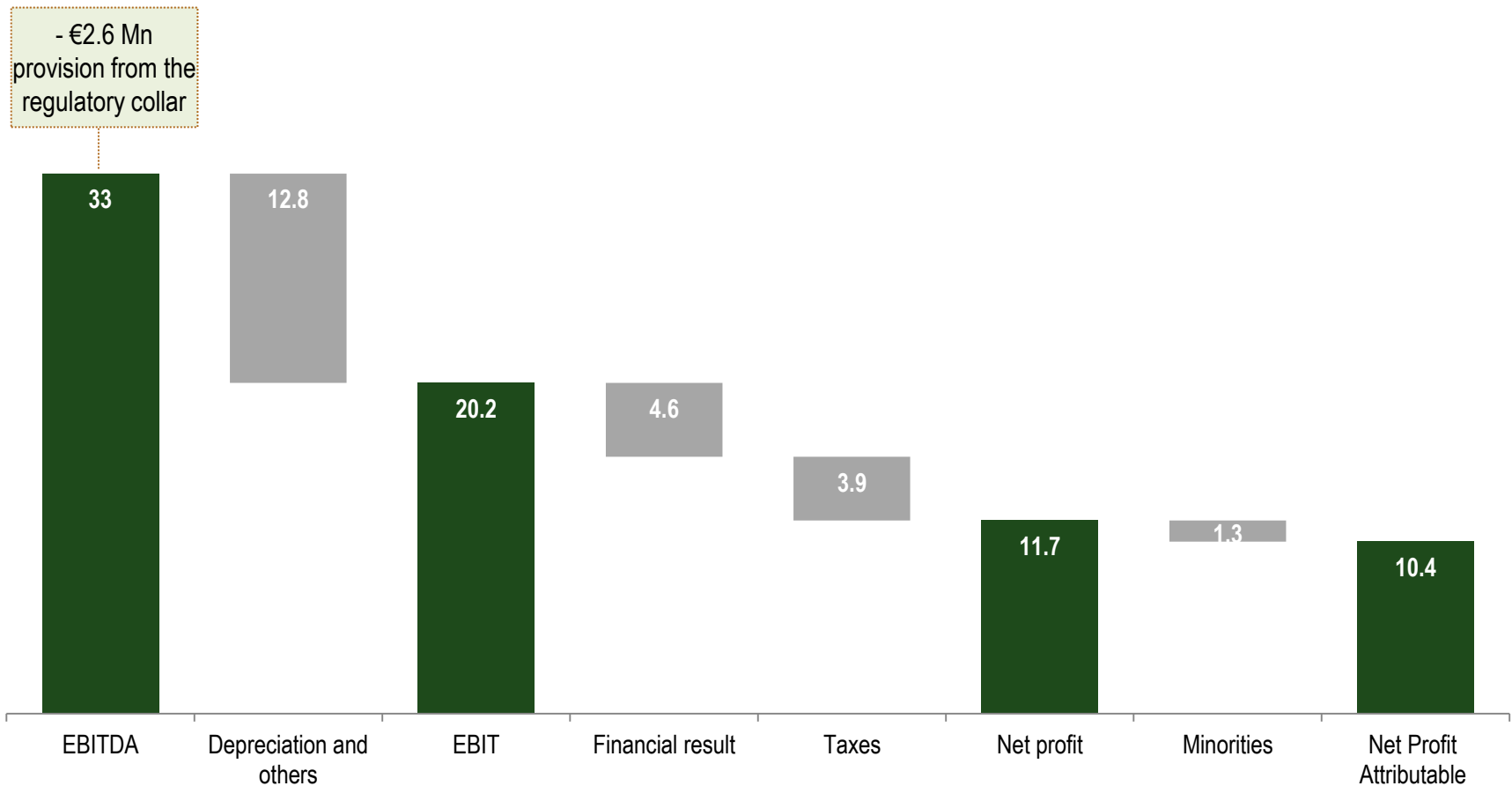
- 51.3% strong organic EBITDA growth driven by:
 - 7.4% organic energy volume
 - 8.1% average selling price due to higher pool prices
 - 10.2% biomass cost reduction
- 38.5% EBITDA growth from new olive pulp plants acquired in the last twelve months
- On track to reach an **annualized EBITDA** of over €50 Mn in 2017

EBITDA (€ Mn)

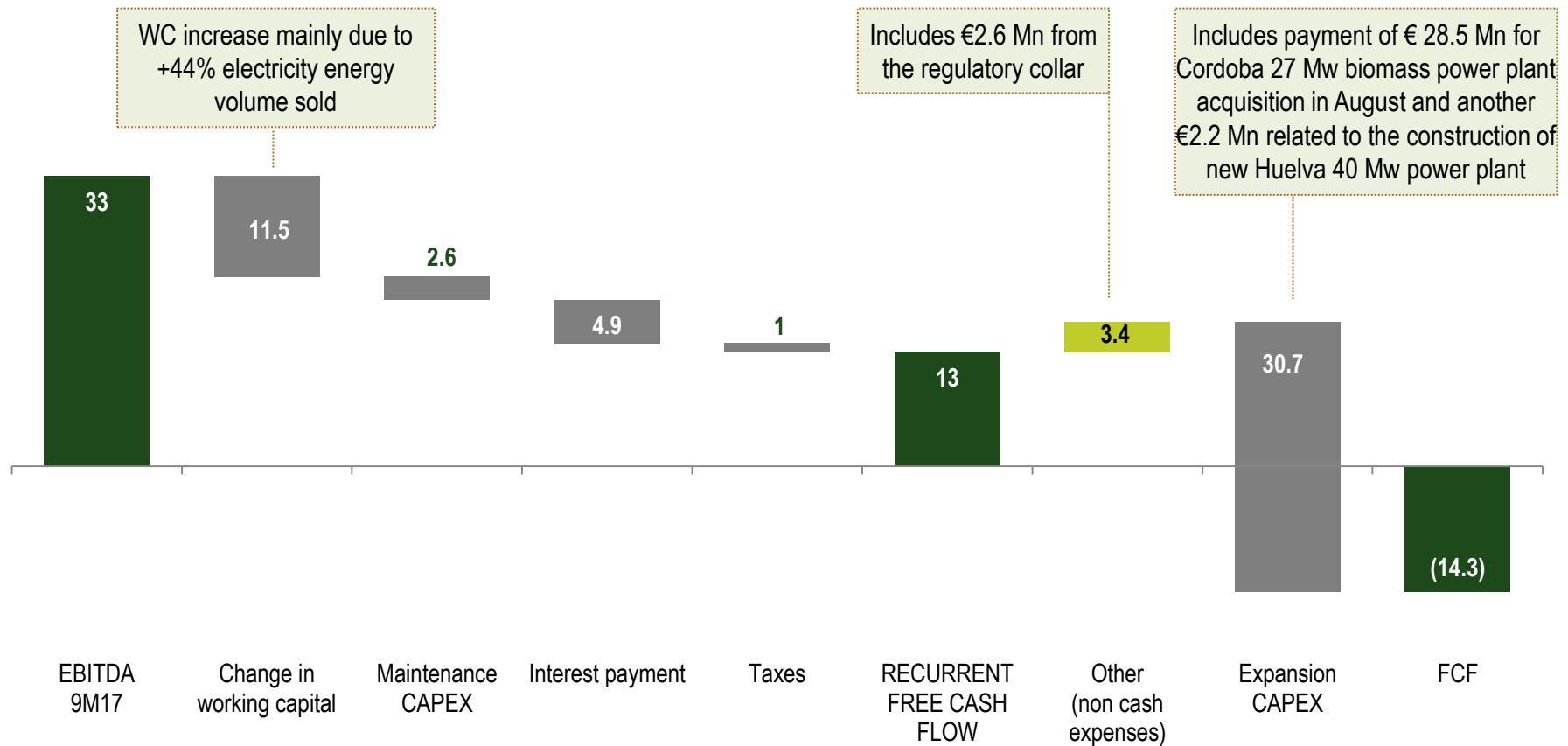


Note: In 2016 the adjustment derived from the deviation between the electricity price limits set by the Regulator and the real electricity price (regulatory collar) was recognized in the P&L in 4Q16. If adjusted monthly, the average revenues in 9M16 would have increased by €2.9 Mn.

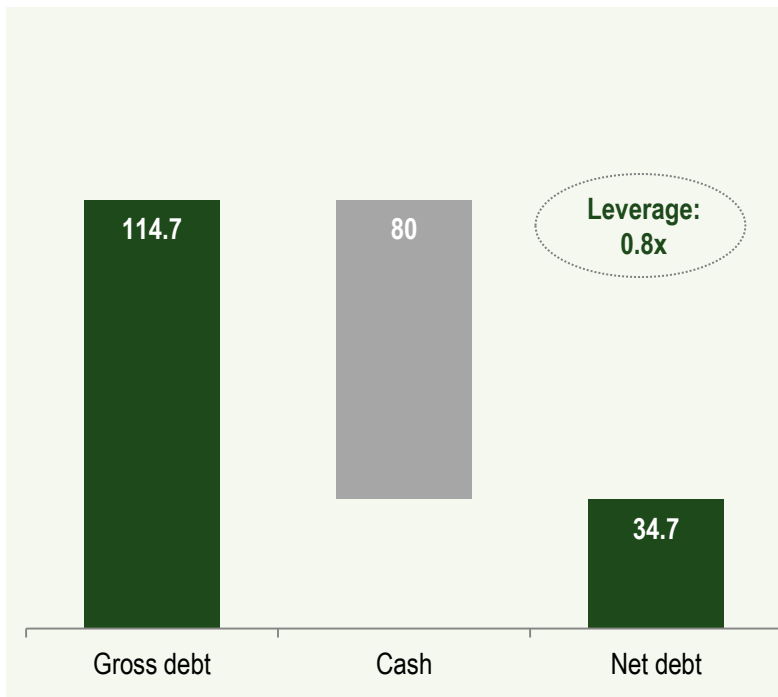
9M17 P&L Bridge (€ Mn)



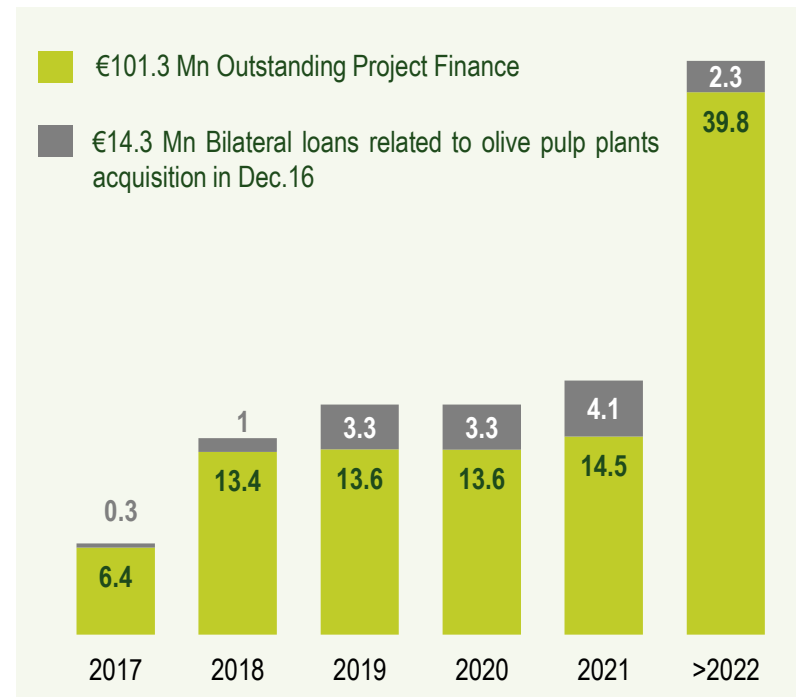
9M17 Cash Flow Bridge (€ Mn)



Leverage as of September 2017 (€ Mn)



Debt maturity calendar (€ Mn)



🍃 Energy business leverage at 0.8x Net Debt / EBITDA as of September 2017



Closing Remarks

- 🍃 Outstanding 9M17 results due to **successful Strategic Plan execution** and pulp price increase
- 🍃 Over **€210 Mn EBITDA** expected for **FY2017** following last price increases
- 🍃 **Next steps** in the Strategic Plan execution aiming at **€33 Mn EBITDA growth**
 - €22 Mn¹ resulting from **150,000 t capacity increase** during 2018 – 2029 in the Pulp business
 - €11 Mn from **new Huelva 40 MW plant** on track to start up in 2H19
- 🍃 **Upside potential** from positive outlook for **pulp prices** both in the **short** and **long term**

1) €22 Mn EBITDA growth vs 2017 resulting from 150,000 t capacity expansion, under a conservative assumption of 720 \$/t pulp price and 1.25 \$ exchange rate



Delivering value, delivering commitments