



Presentation to Investors



January 2007

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Executive Summary

- Sniace wants to thank investors the opportunity to present the group and its strategy going forward
- Sniace has undertaken the necessary steps to rationalize the traditional business of the company by closing under performing activities, enhancing core area productivity and reinforcing its balance sheet with a €33mn rights issue in February 2006
- At the same time, Sniace has entered new areas of activity having synergies with its traditional business that will lead to the company's growth in the future
- Energy is one of the new businesses, and the option to buy 100% of the plant of co-generation in 2007 will enhance Sniace's P&L in the next months providing a regular cash flow
- The other new activity is bioethanol, a business with outstanding growth perspectives in which Sniace will become a relevant player with more than 400,000 ton. of production per year in 2009
- Sniace has investment commitments for a total consideration of €70mn.
- Sniace has signed a PACEO Financing Agreement with Societe Generale for an amount up to €45mn.

Sniace's turnaround strategy

Traditional businesses

Cellulose & Viscose

- Rationalize the activity
- Increase efficiency
- Under performing asset disposal
- Look for synergies and development of complementary businesses

Enhance Profitability

Reduce Cyclicality

Diversification

Energy

- Synergies with chemistry and bio-ethanol business
- Regulated activity which guarantees a stable legal framework

Cash flow streamlining in businesses under friendly regulatory framework

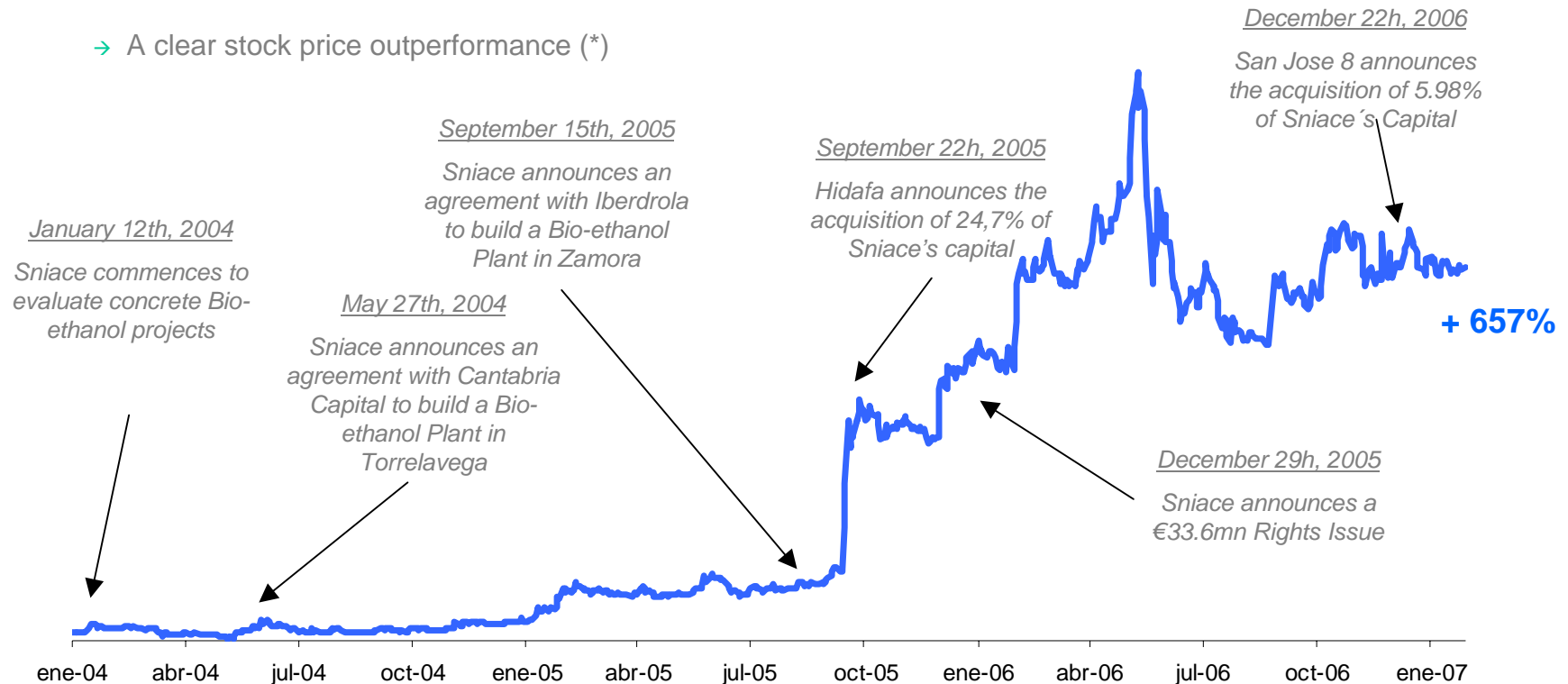
Related activities with room for synergies and know how transfer

Biofuels

- Synergies with chemistry business and co-generation
- "First movement" advantage
- Association with core partners
- R&D program for second generation biofuels. Biomass conversion technology

... has been validated by the stock market and some core investors

→ A clear stock price outperformance (*)



Hidafa S.A. is part of the Family Gómez Sáenz Investment Group which has made significant investments in Spanish companies during the last years: i.e. Cortefiel, OHL and Sniace. The Gómez Sáenz Family is a family native of the Spanish region of Cantabria that in the mid 50's emigrated to Mexico

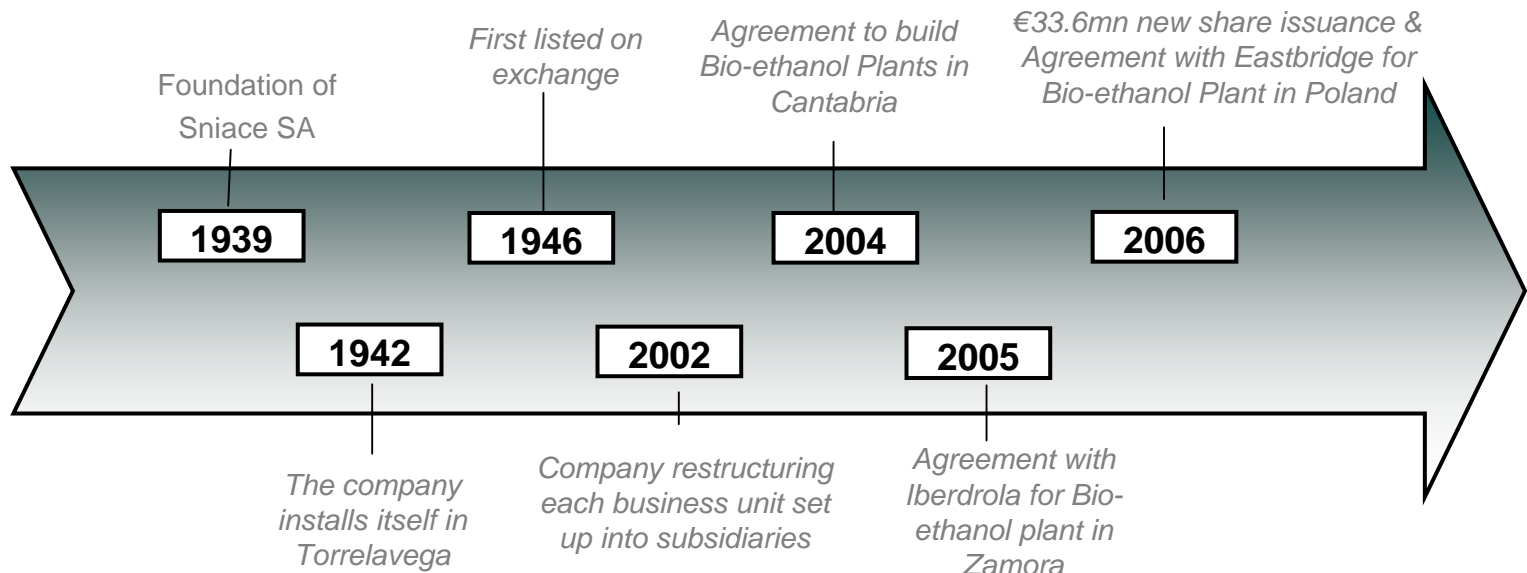
San Jose 8 is a Real State company owned by the Cantabrian Businessman José Luis Fernandez Martinez

(*) From January 1st, 2004 to January 27th, 2007

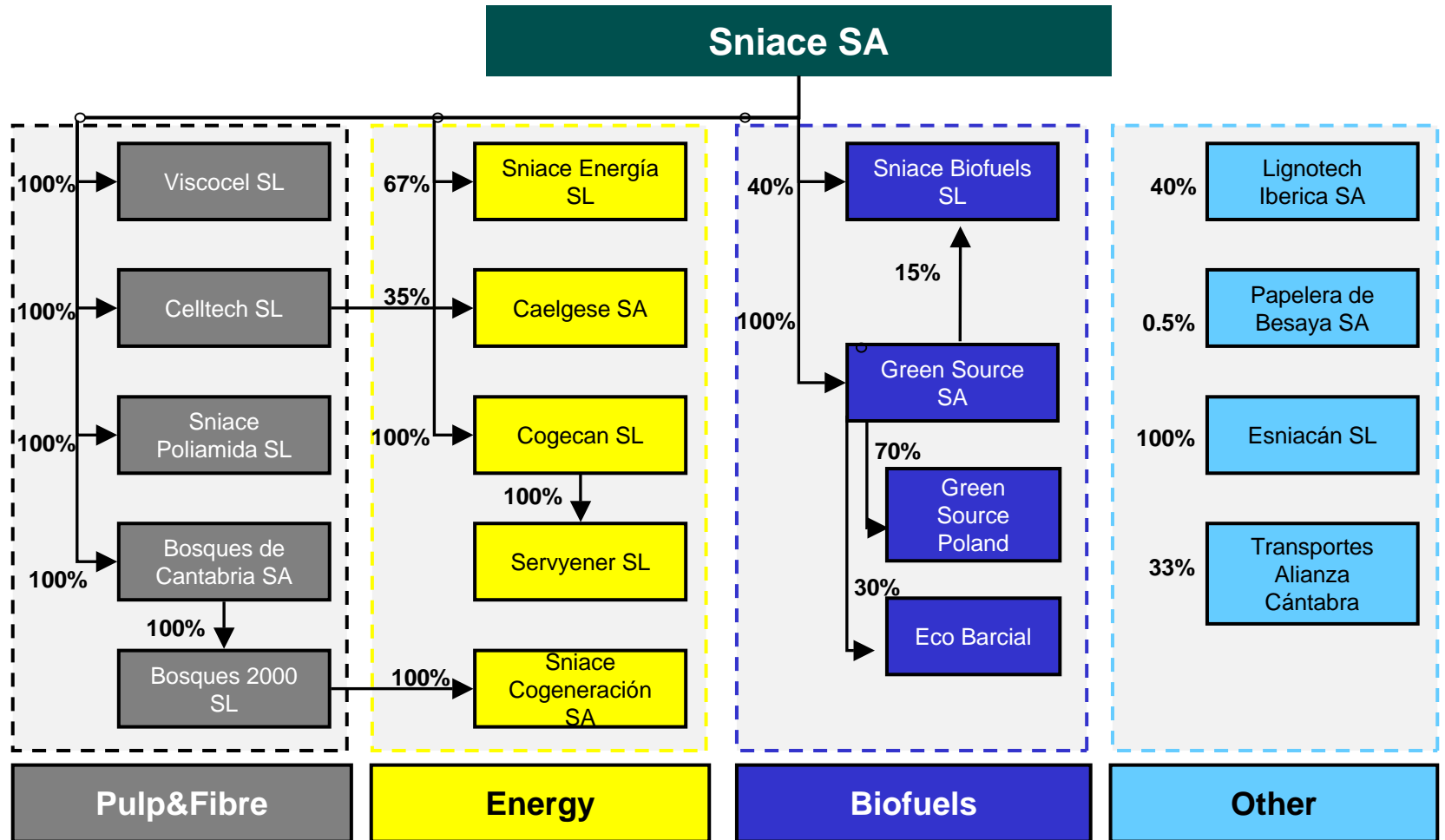
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Brief Introduction to Sniace Group

- Sniace S.A. was founded in 1939 as a chemistry company and was listed in the stock market in 1946
- It commenced its activities as a cellulose producer and later on vertically integrated its business lines to become an industrial conglomerate; nowadays, it manages close to 4,000 hectares of eucalyptus forest and has a plant for the production of 70,000 tons of cellulose and 26,000 tons of viscose
- In February 2002 all the business units of the Group set up as independent subsidiaries, remaining Sniace S.A. as the holding of the group
- Currently Sniace has a direct workforce of around 500 people that work in the 3 main plants that the company runs in Torrelavega (surface of the complex 70 ha.)



Group Structure 30.11.06



Sniace Facility at Torrelavega



Key Management Team

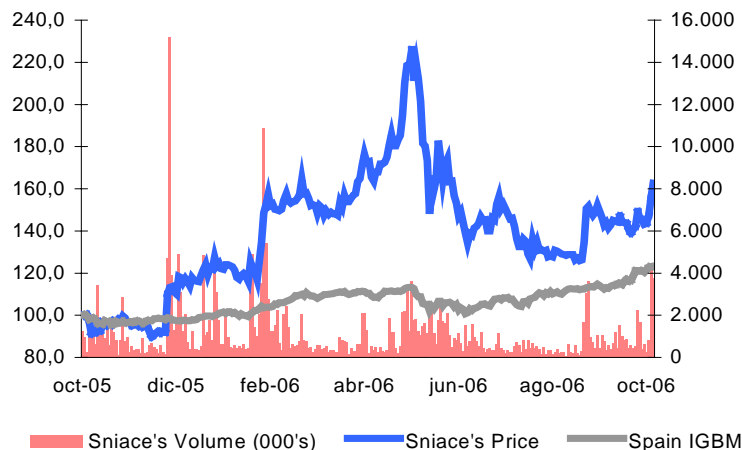


Mr. Blas Mezquita Saez, born in Madrid in 1958, is the President of SNIACE Group and Chief Executive Officer (CEO) of Green Source S.A. . He has a BA in Chemistry and Executive MBA in the IE in Madrid. His experience includes, seven years in the Financial Area of Antibioticos, S.A., Director of the Purchase Department in Sniace, S.A. for two years, Financial Managing Director for Sniace, S.A. during six years and President of Sniace Group since 1997.

Mr. Fernando Gómez de Liaño, born in Getxo (Bilbao) in 1976, is the Director of Sniace Innovation and New Technology Area in the New Projects and the General Manager of Green Source S.A.. He has a BA in Law and Economics (E1) at ICADE. His experience includes, two years in Sniace as Export Manager in the Commercial Area as well as three years as the managing responsible for the developing of the New Projects of the Group. He has been the responsible for the development of the bioethanol plant in Torrelavega, Poland and responsible in Green Source for the development of the bioethanol plant in Zamora with Iberdrola.

Main Share Parameters and Key Shareholders

Price evolution vs. reference Index and main parameters of the share



(*) Price rebased on October 10th, 2005

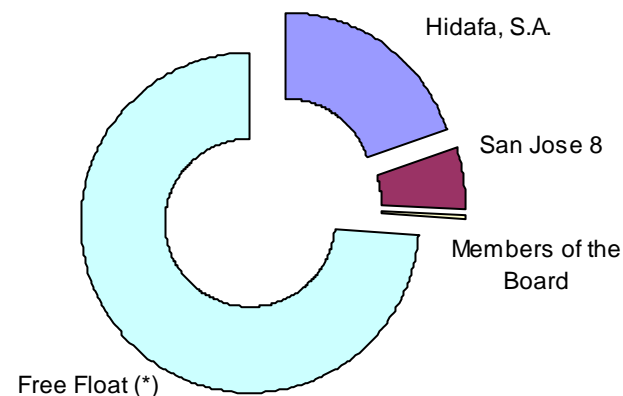
Sniace's share: Market Parameters

Spot Price at 29/01/07	4,37
12m high @ 29/01/07	6,39
12m low @ 29/01/07	3,31
Number of shares (in 000's)	55.517
Market Cap (in € mn.)	242,6

Average Daily Volume	in Eur	% of shares	% Free Float
During 2006	1.104.673	1,99%	2,69%
Last 6 months	1.074.243	1,93%	2,62%
Last week	762.573	1,37%	1,86%

Source: CNMV, Bloomberg and Facts et as of 16/10/06

Shareholder Base



Sniace's Shareholder structure

Hidafa, S.A.	19,89%
San Jose 8	5,98%
Members of the Board	0,28%
ow Blas Mezquita (Chairman)	0,18%
Free Float (*)	73,85%

(*) Over 12,000 investors

Source: CNMV

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Global Business Overview

Sniace runs three core business units

Traditional Activities

Cellulose & Viscose

Gives critical mass and is the base for the other activities

New Activities

Energy

Stable and predictable cash flow stream

Biofuels

Industry with attractive growth prospects

- 1 Traditional Chemistry Activity in process of restructuring*
- 2 Enter new businesses with high growth forecasts*

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Traditional Business

Sniace visual view on traditional business



Vertically integrated business

Forest Management

- Around 4,000ha of forest under management in consortium with different regions of Cantabria (long term agreements)
- Efficient raw material management - disposal of forest ownership rights
- Managed forest supply 20% of total Group's wood consumption

Cellulose & Lignin

- Maximum production capacity of 70Kton/yr
- New Bleaching Step starting Feb 2007 which will allow Sniace to produce TCF Dissolving Pulp
- Asian Market is strongly increasing demand of Cellulose. Lack of Raw Material (wood) in China for internal production development. Asian Countries accounts for 85% of sales
- Lignin recovery resulting from the cellulose production process (JV with Borregaard, Orkla Group)
- R&D for Second Generation of Biofuels

Viscose

- Viscose production and capacity 26Ktons/yr
- New Bleaching Step will allow Sniace to produce TCF Viscose Staple Fiber (VSF)
- 40% of Cellulose production within the group to produce VSF
- China is unable to supply their VSF internal consumption

A restructuring program is under way to increase efficiency and reduce volatility

Investments in new processes and machinery

- €6mn Invested in 2001 in a New Washing and Lignin Recovery Plant
- €20mn invested in a New Bleaching TCF process for the production of cellulose. Water consumption and effluent disposal in the Cellulose Plant will be reduced from 3,000 to 330 m³/h
- This new process will also increase the quality of the cellulose and will reduce production costs thanks to a lower consumption of water and effluents. It will start operations in the February 2007
- New TCF Bleaching Process will also allow Sniace to enter into the Total Chlorine Free Market for Viscose and Cellulose with a higher Added Value price
- Sniace has implemented a R&D program on the Cellulose content of Eucalyptus Tree. The current results from the R& D program are reflecting a yield increase in the forest of 54%
- Sniace with the construction of the Cogeneration Plant has significantly reduce the Energy Costs of the plants

Disposal of the Polyamide business

- Non-Cellulosic Polyamide Business affected by Asian competition, raw material cost increases and weakness of the US\$, has dragged down results for the whole Group until December 2005 (2005 EBITDA of the activity around Euro - 3 million)
- Decision to discontinue activity was taken on December 2005
 - 117 workers given early retirement
 - €6mn already provisioned in 2005 accounts
- The whole discontinuing process was ended in March 2006

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Energy Business

Cogen Plant at Torrelavega



Sniace has entered the Energy Business

Self consumption Pulp&Fibre business

- Two electric and thermal centres in Torrelavega with a total production of 100MWh
 - 100% owned by Sniace through Cogecan S.L.
 - Located at Group premises in Torrelavega
 - Total production of 20MWh from coal and steam recycled from the co-generation plant and 80MWh from Natural Gas
- **Cost savings**
 - **Natural hedge to energy prices**
 - **Avoids exposure to commodity prices**

Energy generation business

- Surplus from Cogecan is sold to Papelera de Besaya and Lignotech at market prices
 - In addition, Sniace holds a 10% stake in a natural gas co-generation plant integrated in the premises at Torrelavega and will buy the other 90% owned by Abengoa at an expected price of €18mn before the end of 2007, as stressed in the construction and financing agreement signed between the parties in the year 1998.
 - New Steam consumption coming from the Bioethanol Plant may allow Sniace to increase their installed Cogeneration capacity
- **Energy generation represents around 10% of the group's revenue and around 40% after 2007**
 - **Provides cash flow stability to balance more cyclical activities**

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Biofuels Business

Bioethanol is a viable renewable energy source

What is Bioethanol?

- It is an ethyl alcohol obtained from the fermentation of starch contained in agricultural products that can be blended with conventional fuels

Advantages of Bioethanol

- It is already a viable alternative (and a key renewable energy source in some countries like Brazil)
- It will reduce the dependence on fossil fuels
- It is Eco-friendly => pollution reduction and CO2 collection
- Bioethanol has become a viable solution to agricultural surplus (EU Common Agricultural Policy) and to mitigate rural exodus

Bioethanol is a viable renewable energy source

April 26th, 2006

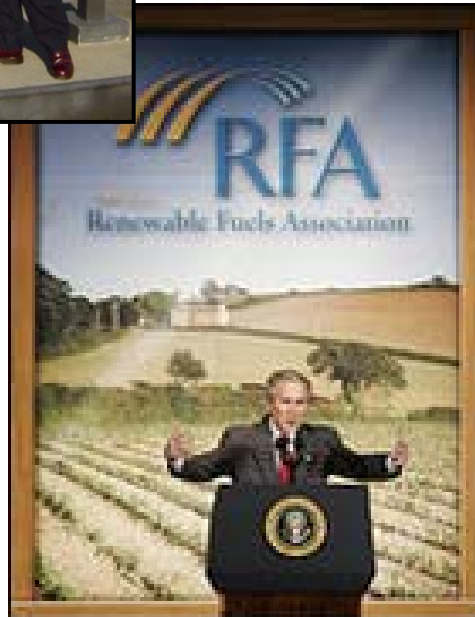
US President, George W. Bush at the RFA Renewable Fuels Summit 2006

*"... I like the idea of policy that combines agriculture and modern science with the energy needs of the American people. I'm here to talk to you about the contributions you are making, and I'm here to talk to you about **the need for this country to get off our dependency of oil...**"*

"...Ethanol has got the largest potential for immediate growth. Most people may not know this, but today, most of ethanol produced in America today is from corn..."

*"...And ethanol is an example of what I'm talking about. And ethanol is good for drivers. Ethanol is home-grown. **Ethanol will replace gasoline consumption.** Ethanol is good for the whole country!..."*

*"...**The ethanol industry is booming.** It must be exciting to have worked for as long as you have on encouraging alternative sources of energy, and then all of a sudden see the work come to fruition..."*



... that accounts with the legislative support ...

DIRECTIVE FOR THE PROMOTION OF THE USE OF BIOFUELS

→ *Biofuels Directive (2003/30/EC). Oct 8th 2003:*

Share of biofuels: 2% in 2005 to 5,75% of energy content in 2010

DIRECTIVE FOR THE TAXATION OF THE ENERGY PRODUCTS

→ *Energy Tax Directive (2003/96/EC). Oct 27th 2003.*

Possibility to reduce the oil tax for biofuels up to 100%

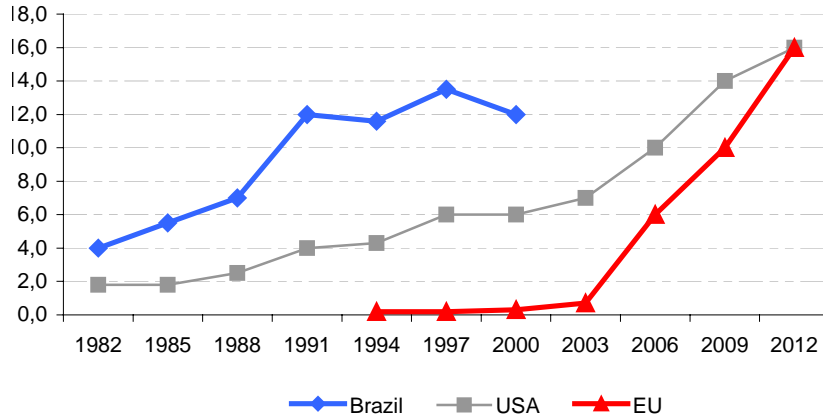
Implementation in Spain of the PER (Spanish Renewable Energies Plan)

- The (PER) stated in Spain last August 2005 establish a target of 2,2 mill. tep of total consumption of biofuels for 2010
- This target will represent the 5,83% of the total fossil fuels consumption in 2010
- In the case of Bioethanol the Plan establish 0,866 mill. Tep
- Spain consumed 137.066 tep of biofuels during 2005, the 0,44%
- Will have to multiply for 16 the total biofuels consume to meet the (PER)
- Big differences between production and consumption of biofuels in Spain. In 2005, 60% of the biodiesel and 26% of the Bioethanol was exported
- Measures proposed by the APPA (Spanish Association of Renewable Energies Producers) to fulfil with the objectives:
 - Mandatory targets for biofuels
 - Tax incentives for at least ten years from start up production

Sniace is currently an active member in the Negotiation Committee with the Spanish Secretary of Industry to create the legal framework for Renewable Energies in Spain, including a mandatory target of Bioethanol to be applied from January 2008.

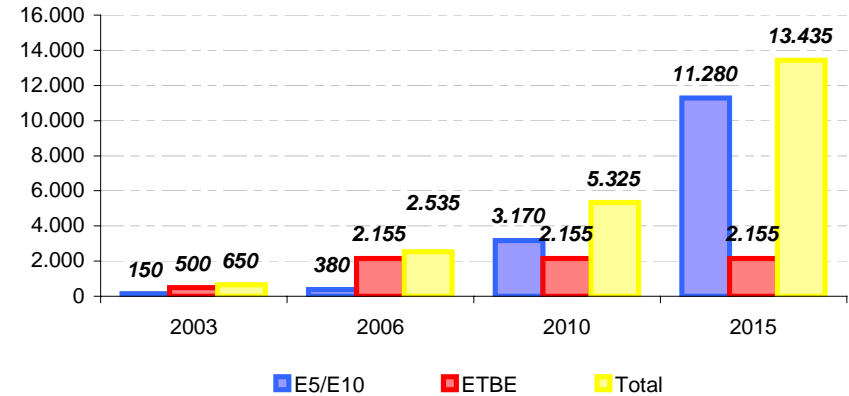
... and which demand will be boosted in the next years

Evolution and Future Demand of Bioethanol (in bn. liters)



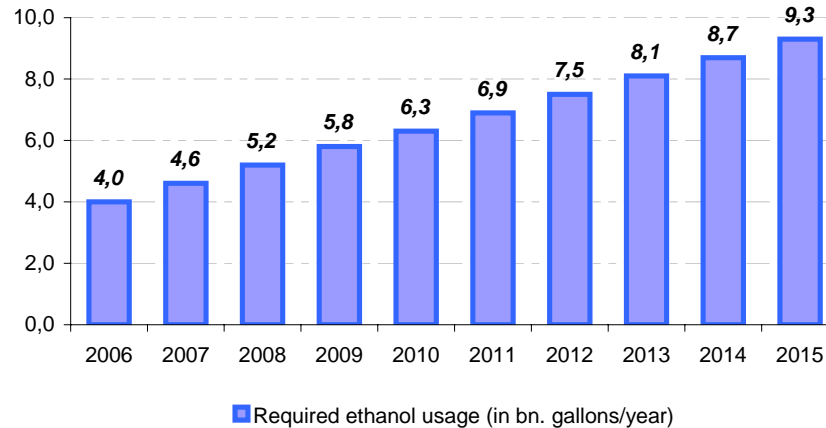
Source: Internal assumption

Expected Bioethanol Demand in the EU (in mn. liters/year)



Source: F.O. Licht (2003). Based on estimated implementation of ETBE and E5/E10

New Energy Bill Demand Requirements (USA)



Source: RFA (Renewable Fuel Association)

Sniace's know how and first movement increases the probability to succeed ...

Why Sniace entered the industry and why it will become a key actor?

- Sniace has always tried to maximize the value of its outputs and has looked for different growth opportunities
- Biomass was thought as one of the main sources of bio-ethanol production and Sniace, as a key forest asset manager in Europe, started to investigate this potential business
- The management of Sniace thought the industry to be very attractive and started considering the development of a plant in its premises in Torrelavega
- Sniace has thoroughly studied the industry, has negotiated with the different Government Authorities to obtain the corresponding permits, has develop agreement with core partners and with potential clients and has the technology and know how to implement the production plants

SNIACE HAS BEEN CHOSEN BY IBERDROLA AS THE INDUSTRIAL PARTNER FOR ITS PLANT IN ZAMORA

... currently developing three advanced projects that will position Sniace as a leader ...

	Torrelavega	Zamora	Polonia
<i>Location</i>	Torrelavega (Spain)	Zamora (Spain)	Poland
<i>Beginning of construction</i>	First quarter 2007	First quarter 2007	Fourth quarter 2007
<i>Expected start of production</i>	First quarter 2009	First quarter 2009	Fourth quarter 2009
<i>Partners</i>	Sniace (55%) B. Santander & Cantabria Capital (40%) Local Entities (Servicontratas & Regional Government) (5%)	Iberdrola Group (51%) Sniace (30%) Ecoteo (14%) Coreccal ()	Sniace (70%) East Bridge Group (Local Partner) (30%)
<i>Current Authorisation Status</i>	Expected for Beginning of Construction Integrated Pollution Prevention and Control (IPPC), EU Directive 96/61/EC	Expected for Beginning of Construction Integrated Pollution Prevention and Control (IPPC), EU Directive 96/61/EC	Expected for Beginning of Construction Integrated Pollution Prevention and Control (IPPC), EU Directive 96/61/EC
<i>Planned Capacity (tons per year)</i>			
<i>of Bioethanol</i>	100.000	122.000	200.000
<i>of DDG's</i>	110.000	140.000	230.000
<i>Estimated investment (in €)</i>	81.950.999	98.341.199	130.000.000
<i>ow Equity (in %)</i>	33%	33%	30%
ow Sniace's Equity (in €)	14.874.106	9.735.779	27.300.000
<i>Expected yearly turnover (in € mn)</i>	79	100	170
<i>Rationale of the plant</i>	Proximity to Santander's Port (30 kms) will allow to import raw material and export production easily	Main shareholder of the project is Iberdrola (2nd largest utility in Spain) and one of the main producers of renewable energies in Europe. Presence of cereal producers among shareholders will	Located in Poland, will have access to German market (largest European bioethanol markets) and Nordic Countries Supply of raw material will come from the surplus of cereals of the new member
<i>Existing agreements</i>	Agreement to sell Ethanol with floor price clause €6mn European Subsidy EPC Contract with Tier 1 Contractor	100% of raw material for the plant is granted Raw material linked to the price of the bioethanol €16.7mn European Subsidy EPC Contract with Tier 1 Contractor	Agreement with the Special Economic Zone

The Future for Bioethanol

Market



R&D

Areas

- Increase current yield
- Opening new markets

- Production from biomass
- Improvement of DDGS added value

- Fuel Cell

Projects

- Residual starch conversion
- Demonstration programs for new applications (E-diesel, E 85)

- Gasification/Catalysis and Enzymatic hydrolysis
- Fibre conversion, protein extraction

- Ethanol reformer for Fuel Cell

Goals

- Yield 440 m³/t
- Fleets on 2004

- Ethanol's price competitiveness
- Increase IRR of the projects

- Prototype

Short Term

MediumTerm

Long Term

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Financial Overview

General Inputs. Bioethanol Plant

HYPOTHESIS				
Plant	Sniace %	Total Plant Production	Average Estimated Prices	
Torrelavega	55%	100.000 tn/yr	Bioethanol (€/Tn)	700
Zamora	30%	122.000 tn/yr	DDG´s (€/Tn)	115
Polonia	70%	200.000 tn/yr	Grain (€/Tn)	135
			Steam (€/Tn)	10,385
			Natural Gas (€/Gj)	3,430
			Electricity€/MWh	0,051

FINANCIAL HIGHLIGHTS BIOETHANOL PLANTS				
YEAR	2009	2010	2011	
BIOETHANOL PRODUCTION (TONS/YR)	196.600	231.600	231.600	
OPERATING INCOME	172.555.201	209.071.030	214.995.761	
EBITDA	56.685.569	74.604.840	78.633.548	
- DEPRECIATION & AMORTIZATION	12.778.521	12.778.521	12.778.521	
NET PROFIT	27.989.735	41.732.418	45.137.264	
TOTAL SNIACE GROUP DIVIDENDS	15.986.022	33.385.935	36.109.811	