



Energía y Celulosa

ENCE ENERGÍA Y CELULOSA, S.A. (the "Company"), in accordance with article 82 of the Securities Market Act, sends the press release distributed on the day of the date with regard to its result in the year 2012.

Madrid, 19th February 2013.



The net profits for the year amounted to €43 million

Ence increased its results by 4% in 2012

- The result of 4Q amounted to €14.2 million, up 11% on the previous quarter. The result of the last quarter of 2012 is four times compared to the same quarter of 2011.
- Solid operating results: The accumulated adjusted EBITDA for the year stands at €175 million in 2012, up 15% on 2011.
- Ence reinforces its competitiveness by attaining a 6% reduction in its total unit cost to €344/t in 2012.
- Ence exported close to 90% of the pulp sold and has strengthened its position as the leading company in the sector in the production of short-fibre pulp in Europe and the second company in terms of sales, with a market share close to 15%.
- Stability of the pulp market: with price increases of pulp up to \$800/t announced in January.
- Sales of electricity amounted to €208 million, representing growth of 13%.
- Maintaining high operating cash flow, which amounted to €93 million during the year.
- The net financial recourse debt stands at €201 million, the equivalent of 1.4 times the EBITDA of the last twelve months, a benchmark level in the sector.

19 February 2013. Ence's net profits increased by 4% in 2012, after attaining €43 million in 2012, thanks to an improvement in costs and competitiveness achieved over the year, and thanks also to the positive operating performance of the company. Of particular note is the fact that the growth in results for the last quarter of the year --which stood at €14.2 million and represents an 11% increase over the previous quarter--, illustrates the progressive recovery of Ence's results throughout the year. The result of 4Q12 is four times compared to the same quarter of 2011.

The improved competitiveness of the company is reflected in the significant 6% decrease of the average cash-cost (total unitary cost) for the year to stand at €344/t, which facilitates Ence's penetration in international markets and, in particular, in the European market where it currently holds a share of 15%. This decline in cash-cost amounted to 12% from the €393/t maximum attained in the 4Q of 2010.

This downward cash-cost trend was possible due to greater efficiency in the industrial process as well as greater control of wood prices, a trend that is expected to continue in the upcoming year as the weight of imported wood in the consumption mix is reduced and new cost efficiencies are achieved in supply.

The turnover figure in 2012 increased to €828 million, similar to the €825.5million attained the previous year.



The operating results of Ence revealed a solid performance during the year. Thus, the adjusted 2012 EBITDA amounted to €175 million, 15% above the figure recorded in 2011. Net of the impact of hedging, severance payments and provisions, the EBITDA of 2012 amounted to €139 million, in line with that achieved the previous year. Currency hedges are expected to have a positive impact in 2013, which at the close of 2012 had a market value of €11 million.

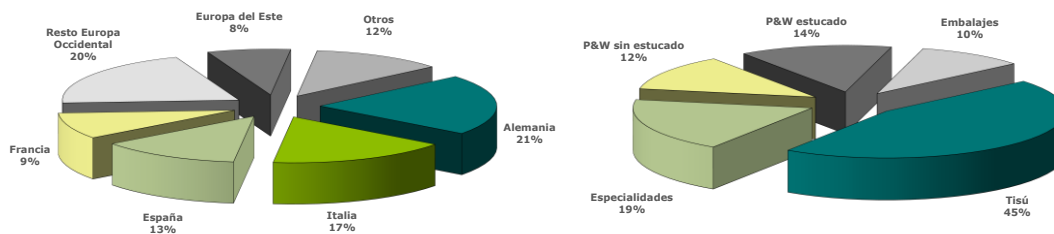
Excluding depreciation/amortisation, provisions, financial results and taxes, the company reported a net profit of €43 million in 2012, up 4% on 2011.

Due to the strength of the pulp and energy businesses, operations continue to generate a solid cash flow of €93 million in 2012. The positive evolution of pulp prices together with the expected decrease in costs will maintain the positive cash generation in 2013.

The net financial recourse debt stood at €201 million. The company continues to be a benchmark for financial discipline in the industry, closing out the year with a net financial debt/EBITDA ratio of 1.4x for the past 12 months.

Pulp Business

Sales in tonnes of pulp increased to 1,248,805 million tonnes with an increase of 1.3% over those recorded in 2011, thanks to the capacity for export and commercial strength of the company. The turnover for pulp in the period reached €597 million, in line with that of 2011.



Worthy of emphasis is that Ence exported close to 90% of the total amount of pulp sold by the company. Germany was the main destination in Europe with sales surpassing 270,000 tonnes, followed by Italy with close to 210,000.

As a result, pulp production stood at 1,249,636 tonnes for 2012, which represents a 1% year-on-year increase. Greater plant stability has made it possible to reach capacity utilisation rates greater than 96%.

With these figures, Ence consolidates its position as the leading company of the sector for the production of short-fibre pulp in Europe and the second in terms of sales in the continent, where it has a market share of close to 15%.

The pulp market has shown signs of stability and solidity in 2012, after reaching a minimum of \$650/t in 4Q11. The positive performance of demand (+2.4% in the year) together with the rapid correction



of inventories to levels close to 30 days, has made it possible to implement progressive prices increase up to \$780/t for 4Q.

On the other hand, new price increases of \$20/t have been announced for short-fibre pulp in January 2013 up to levels of \$800/t. Forecasts for 2013 call for maintaining the strength in pulp prices, thanks to the anticipated growth in demand, low inventory levels and the lack of significant increases in the supply of pulp.

Energy Business

Energy sales increased to €208 million in 2012, 13% above 2011 due to the increase in volume (+4%), the higher weighting of biomass-fuelled generation in the production mix, and to the +2.76% revision of tariffs and premiums approved at the end of 2011, factors that have pushed the average sale price by 7% to €128/MWh.

In operating terms, the company has produced 1,558,919 MWh in 2012 (+2%) thanks to increased pulp production (which makes it possible to increase electricity generation in the co-generation facilities on the basis of the greater volume of black liquor from the production process) and in particular to the positive performance of biomass-fuelled generation not tied to the pulp process, which increased 9% in the period.

With regard to renewable generation, the three Ence plants together sold nearly 1,166,985 MWh of energy with biomass in 2012, a 4% increase over sales in 2011. With this, biomass generation accounts for 76% of the mix.

Forestry Activity

In terms of forestry activity, over the course of the year, 3,643,083 m³ of wood were supplied to the group's pulp plants, 2% less than the amount supplied over the same period last year in spite of increased pulp production as a result of improvements in the industrial performance of processed wood (reduction in specific consumption of 2%, falling to 2.9 m³ of wood for each tonne of pulp produced).

The company has continued to actively manage its wood supply sources in 2012 in order to strengthen its competitive position in this market, diversifying its supply sources as a way of guaranteeing volume availability as well as improving its control over the entire supply chain (from the initial logging to the transport) so as to achieve improved cost efficiency.

Ence has intensified direct purchases of wood from the forest owners (site purchasing), thus greatly reducing the company's dependence on intermediaries and promoting collaborative relationships with the owners. Direct contact also makes it possible to support the owner in the proper management of plantations with improved forestry practices that increase productivity. As a result of the significant advances achieved, site purchasing (uncut wood in the forest) surpassed 1,067,106 m³ in 2012 (35% of the needs of the group), 40% above those recorded in 2011.



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Ence has furthermore promoted the certification of third-party wood as a guarantee of its sustainable and responsible management, which has allowed the company to purchase close to 1,106,757 m³ of certified wood (PEFC /FSC).

The progressive implementation of the foregoing measures has allowed the company to reduce the weighting of imports in 2012 by 51% as compared with 2011. This reduction, together with the lower cost of local wood, has facilitated a reduction in the average purchase price of 4%.