



Quarterly Report  
Fourth quarter of 2015

31 December 2015

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## 1. EXECUTIVE SUMMARY, 2015 IN REVIEW

figures in €M	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Total net revenue	177.2	173.5	2%	161.8	9%	663.9	687.5	(3%)
Adjusted EBITDA	58.5	55.6	5%	18.2	222%	199.5	58.5	241%
EBITDA	62.0	52.5	18%	20.9	196%	191.8	1.7	n.s.
EBITDA margin	35.0%	30.2%	16%	12.9%	171%	28.9%	0.2%	n.s.
EBIT	49.5	38.1	30%	19.2	158%	133.2	(168.6)	n.s.
EBIT margin	27.9%	21.9%	27%	11.9%	136%	20.1%	(24.5%)	n.s.
Net profit/(loss) for the period	14.8	13.0	14%	(1.2)	n.s.	49.9	(140.9)	n.s.
Net financial debt	241.2	256.5	(6%)	284.4	(15%)	241.2	284.4	(15%)
Pulp sales (tonnes)	232,891	220,623	6%	248,305	(6%)	885,280	1,137,146	(22%)
Energy sales (MWh) <sup>(a)</sup>	156,518	183,108	(15%)	151,145	4%	615,397	441,461	39%
Net pulp sale price (€/ton)	561	563	(0%)	461	22%	545	441	24%
Average energy sale price (€/MWh) <sup>(a)</sup>	166	153	9%	144	15%	158	132	19%
Cash cost (€/t) <sup>(b)</sup>	355	363	(2%)	391	(9%)	359	406	(11%)

(a) Excludes Cener (natural gas cogeneration and biomass generation in Huelva) up to October 2014

(b) After Ence restructuring, both business pulp and energy, overheads have been accounted into energy business

The amount in 2015 is €3.9 M, with a cash cost proforma in 1Q15, 2Q15 y 3Q15 in €359.3 /t, €363.4/t and €359.2 /t, respectively

- ✓ **The Pontevedra pulp plant's concession has been renewed for 60 years, facilitating execution of the investments contemplated under the 2016-2020 business plan as scheduled.**
- ✓ **Adjusted EBITDA came to €200m, in line with guidance and more than triple the 2014 figure. Fourth-quarter adjusted EBITDA amounted to €59m, the highest level in the last five years. The 2015 earnings performance reflects execution of the announced Competitiveness Enhancement Plan coupled with healthy market momentum.**
- ✓ **Revenue from pulp sales totalled €570m in 2015, up 19% from 2014, adjusting for the discontinuation of pulp production in Huelva, while revenue from energy sales jumped 66% year-on-year thanks to the contribution of the Mérida 20-MW and Huelva 41-MW power plants from April and October 2014, respectively.**
- ✓ **The Company's cash cost was cut by €47/t in 2015 to an average of €359/t in 2015 (-11% vs. 2014) and to €355/t on average in the fourth quarter, driven by successful implementation of restructuring and cost-saving measures in recent quarters.**
- ✓ **Free cash flow totalled €108m in 2015. In addition to covering growth capex (€29m) and dividend payments (€36m), this strong cash flow enabled a €43m reduction in net debt to €241m at year-end, equivalent to a leverage ratio of 1.2 times adjusted EBITDA.**
- ✓ **Pulp prices continued to reflect sustained growth in demand and a favourable trend in the exchange rate between the euro and the dollar: prices averaged €545/t in 2015. The Company has arranged monthly hedges against the dollar for the next 18 months using tunnel structures with a floor of \$/€1.07 and a ceiling of \$/€1.15 over a notional amount equivalent to close to 50% of pulp sales, assuming mid-cycle prices.**
- ✓ **Last year, the Company successfully concluded its planned asset sales, disposing of 1,328 hectares of forest land for a total of €28m and real estate assets for another €4m; these transactions generated a gain of €12m, largely mitigating the non-recurring expenses incurred in conjunction with the refinancing work completed during the second half of the year.**

- ✓ In 2015, the Company successfully completed the separation of its pulp and energy businesses by refinancing the bonds issued in 2013 and the biomass project finance facilities; the borrowings of each of these two businesses are now totally non-recourse to the other. In July, the project finance facilities funding the Huelva 50-MW and the Mérida 20-MW power plants were refinanced. The total amount drawn down under these facilities increased by €30m and their cost was cut by over 100bp (including the interest rate hedge). In October, the bonds issued February 2013 were refinanced with a new €250m issue of 5.375% bonds due November 2022. In parallel, the Company refinanced the revolving credit facility associated with the new bonds due October 2020, bringing its cost down by 175bp.
- ✓ Ence's Board of Directors has agreed to submit a motion for the payment of a final cash dividend from 2015 profits of €0.10 per share (before withholdings) before its shareholders at its upcoming Annual General Meeting. This final dividend, coupled with the interim dividend paid out in October, implies total cash remuneration for the company's shareholders from 2015 profits of €0.144 per share (before withholdings), up 44% year-on-year (2014: €0.10/share). This dividend implies a dividend yield of 4.7% in relation to the average share price in 2015.

## 2. PULP BUSINESS

Ence's pulp business encompasses the activities related to the production of pulp for sale to third parties. It therefore includes not only the production of pulp but also the generation and co-generation of electricity at the plants involved in the productive process, as well as the supply of timber to the factories (whether from owned or third-party forest plantations).

### 2.1. PULP PRODUCTION AND SALE

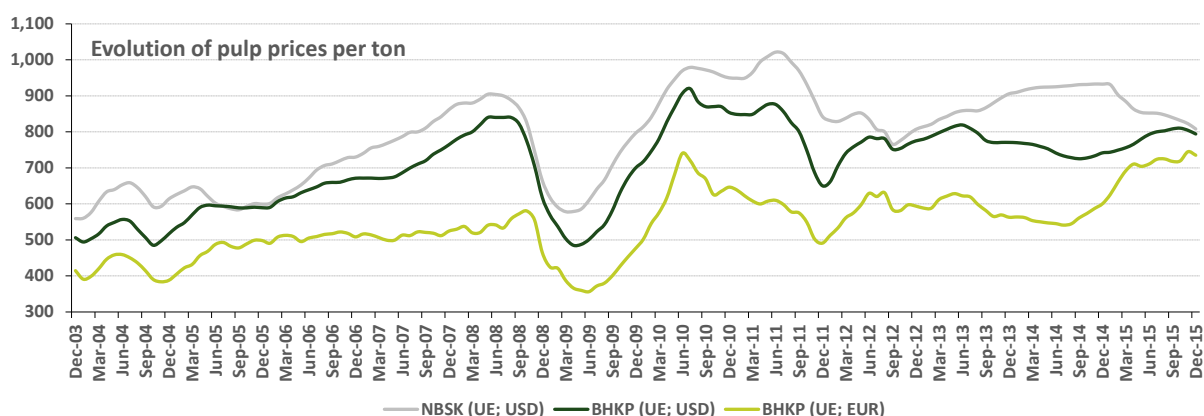
	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Huelva	-	-	n.s.	4,544	(100%)	-	235,216	(100%)
Pontevedra	116,633	118,003	(1%)	102,528	14%	429,054	405,887	6%
Navia	124,058	119,819	4%	126,716	(2%)	469,112	474,708	(1%)
<b>Pulp production (tonnes)</b>	<b>240,692</b>	<b>237,822</b>	<b>1%</b>	<b>233,788</b>	<b>3%</b>	<b>898,166</b>	<b>1,115,811</b>	<b>(20%)</b>
Huelva	-	-	n.s.	18,542	(100%)	-	244,954	(100%)
Pontevedra	111,800	114,979	(3%)	105,243	6%	424,459	412,748	3%
Navia	121,091	105,643	15%	124,521	(3%)	460,821	479,444	(4%)
<b>Pulp sales (tonnes)</b>	<b>232,891</b>	<b>220,623</b>	<b>6%</b>	<b>248,305</b>	<b>(6%)</b>	<b>885,280</b>	<b>1,137,146</b>	<b>(22%)</b>
<b>BHKP (\$/t)</b>	<b>803</b>	<b>804</b>	<b>(0%)</b>	<b>734</b>	<b>9%</b>	<b>784</b>	<b>746</b>	<b>5%</b>
<b>Average exchange rate (\$/€)</b>	<b>1.10</b>	<b>1.11</b>	<b>(1%)</b>	<b>1.25</b>	<b>(12%)</b>	<b>1.11</b>	<b>1.33</b>	<b>(17%)</b>
<b>Net sale price (€/t)</b>	<b>561</b>	<b>563</b>	<b>(0%)</b>	<b>461</b>	<b>22%</b>	<b>545</b>	<b>441</b>	<b>24%</b>
<b>Revenue from pulp sales (€M)</b>	<b>131.1</b>	<b>123.5</b>	<b>6%</b>	<b>115.0</b>	<b>14%</b>	<b>483.1</b>	<b>502.0</b>	<b>(4%)</b>

Revenue from pulp sales rose by 23% year-on-year in 2015, stripping out the impact of discontinuation of pulp production at the Huelva mill on 11 October 2014 (€108m of revenue in 2014). Pulp production at the Navia and Pontevedra mills increased by 2% year-on-year; this growth rises to 3% adjusting for the longer maintenance stoppage carried out at the Navia mill (12 days longer) in order to execute the investments scheduled to drive efficiency upgrades and complete phase a 40,000 tonne capacity expansion.

The average net sales price was €545/t in 2015, up 24% from 2014, fuelled by sharp dollar appreciation (17% vs. 2014). Moreover, dollar prices climbed 5% higher last year, averaging above the \$800/t mark in 2H15. Against this backdrop, as of December 31<sup>st</sup>, the Company has arranged monthly dollar hedges for 2016 and 1H17 using tunnel structures with a floor of \$/€1.07 and a ceiling of \$/€1.15 over a notional amount of \$360m.

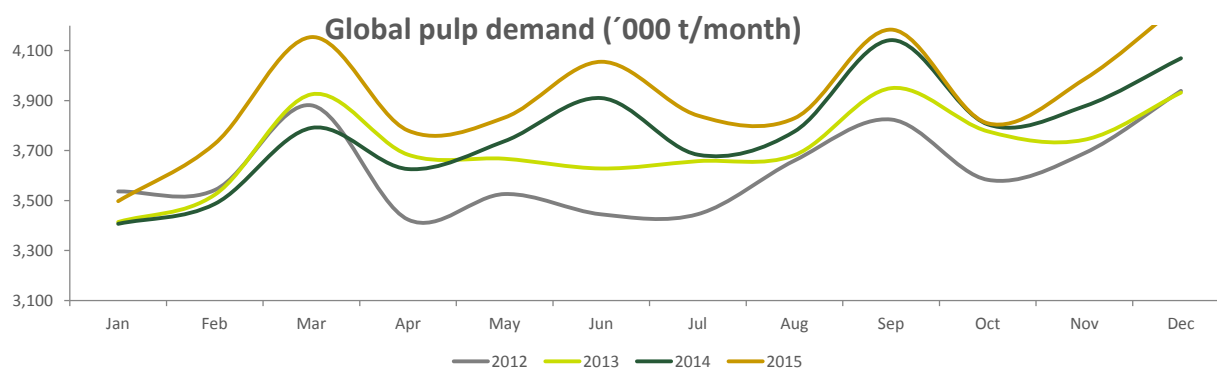
### OUTLOOK FOR THE PULP MARKET

Prices staged a sustained climb from September 2014 until the end of October 2015, when they hit a high of \$811/t. These increases have coincided with dollar appreciation against the euro, putting prices at 5-year highs in euro terms. Long fibre price stability in recent months has had the effect of narrowing the gap with short fibre prices to close to \$10/t.



Source: FOEX

Demand remained strong, up 3.3% worldwide to December. After two new mills came on stream in 2014, the reduction in new capacity added in 2015 (offset, moreover by the Huelva mill closure), low consumer inventories and the outlook for economic recovery underpinned solid growth in demand and enabled price increases. By region, demand rose by 0.4% and 0.6% in the US and Europe, respectively, and increased by 11.0% in China (PPPC). Producer inventories worldwide remain at mid-cycle levels of around 35 days (as of December).



Source: PPPC (W-20)

The main source of new supply commissioned in 2015 was the Guaiba II expansion, which came on stream in May, adding 1.3 million tonnes of new capacity. The impact on pulp supply in 2015 was modest and staggered given the learning curve effect at the facility and the offsetting impact of the 410,000 tonnes of capacity taken offline in the wake of the Huelva closure.

## 2.2. GENERATION AND SALE OF ELECTRICITY IN CONNECTION WITH PULP PRODUCTION

figures in €M	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Huelva	-	-	n.s.	42,278	(100%)	-	423,168	(100%)
Pontevedra	61,450	60,513	2%	54,607	13%	222,981	210,514	6%
Navia	139,681	140,537	(1%)	135,385	3%	527,098	524,482	0%
<b>Electricity production (MWh)</b>	<b>201,131</b>	<b>201,050</b>	<b>0%</b>	<b>232,270</b>	<b>(13%)</b>	<b>750,079</b>	<b>1,158,164</b>	<b>(35%)</b>
Biomass generation	55,893	57,815	(3%)	57,292	(2%)	207,962	302,211	(31%)
Biomass co-generation	134,534	131,997	2%	131,377	2%	501,502	605,168	(17%)
Natural gas co-generation	-	-	n.s.	9,456	(100%)	-	185,167	(100%)
<b>Electricity sales (MWh) <sup>(a)</sup></b>	<b>190,426</b>	<b>189,813</b>	<b>0%</b>	<b>198,124</b>	<b>(4%)</b>	<b>709,464</b>	<b>1,092,545</b>	<b>(35%)</b>
<b>Electricity consumption (MWh)</b>	<b>127,240</b>	<b>125,961</b>	<b>1%</b>	<b>131,172</b>	<b>(3%)</b>	<b>486,573</b>	<b>653,950</b>	<b>(26%)</b>
<b>Average sale price (€/MWh)</b>	<b>88</b>	<b>91</b>	<b>(4%)</b>	<b>80</b>	<b>10%</b>	<b>87</b>	<b>80</b>	<b>9%</b>
<b>Investment remuneration (€M)</b>	<b>2.6</b>	<b>2.6</b>	<b>0%</b>	<b>5.6</b>	<b>(54%)</b>	<b>10.5</b>	<b>22.1</b>	<b>(52%)</b>
<b>Average income (€/MWh)</b>	<b>101</b>	<b>105</b>	<b>(3%)</b>	<b>108</b>	<b>(6%)</b>	<b>102</b>	<b>100</b>	<b>2%</b>
<b>Revenue from electricity sales (€M) <sup>(b)</sup></b>	<b>19.3</b>	<b>19.9</b>	<b>(3%)</b>	<b>21.5</b>	<b>(11%)</b>	<b>72.2</b>	<b>109.2</b>	<b>(34%)</b>

(a) Adjusted for system imbalances

(b) Excludes the sales volumes of Huelva 50MW and Merida 20MW, and Huelva 41MW the latter since November 2014 and includes adjustments in 1H14 for settlements made by the regulator (the CNE) in respect of sales made in prior periods

Revenue from energy sales associated with installed capacity at the pulp mills amounted to €72m in 2015, up 11% from 2014, adjusting for the Huelva closure (€44m in 2014). Sales volumes at the Navia and Pontevedra mills rose by 2% and the average sales price (per MWh sold) was 9% higher year-on-year, underpinned by a 19% jump in electricity pool prices compared to 2014.

## 2.3. FORESTRY

	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Timber consumption (m3)	708,669	695,068	2%	690,108	3%	2,672,350	3,323,282	(20%)
Cost €/m <sup>3</sup>	67	67	(1%)	69	(3%)	66	69	(3%)
<b>Wood purchases per source</b>								
Owned timber	1%	2%		1%		2%	4%	
Standing timber acquired directly from land owners	24%	28%		36%		25%	33%	
Suppliers	75%	70%		62%		48%	53%	
Imported timber	-	-		1%		-	10%	
Own hectares	45,856	49,147	(7%)	49,071	(7%)	45,856	49,071	(7%)
Third party hectares (consortia) <sup>(a)</sup>	26,304	27,677	(5%)	34,092	(23%)	26,304	34,092	(23%)
<b>Hectares managed by ownership regime</b>	<b>72,161</b>	<b>76,824</b>	<b>(6%)</b>	<b>83,163</b>	<b>(13%)</b>	<b>72,161</b>	<b>83,163</b>	<b>(13%)</b>
<b>Revenue from forestry sales and other</b>	<b>2.5</b>	<b>2.1</b>	<b>17%</b>	<b>3.4</b>	<b>(27%)</b>	<b>13.3</b>	<b>19.8</b>	<b>(33%)</b>

(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 costs, meanwhile, decreased by 3% thanks to the price cut of €3.5/m<sup>3</sup> announced to suppliers in April 2014, which has enabled a gradual reduction in the cost of timber sourced from suppliers in northern Spain from September. Costs were also influenced by the elimination of timber imports since the Huelva pulp mill's closure, as this facility had been the group's biggest importer of timber. Timber consumption declined by 20% in 2015 as a result of lower pulp output in the wake of the Huelva closure.

### 3. ENERGY BUSINESS

Ence's energy business encompasses the generation of power at plants that have no relation to the pulp production process. It currently comprises three plants: Huelva 50-MW, Mérida 20-MW and Huelva-41MW. Construction of the first two plants was funded with project finance facilities; the third is debt-free.

#### 3.1. POWER GENERATION AT THE INDEPENDENT PLANTS

figures in €M	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Huelva 50MW	82,754	99,233	(17%)	85,574	(3%)	324,982	324,140	0%
Mérida 20MW	27,638	38,371	(28%)	42,035	(34%)	129,777	93,785	38%
Huelva 41MW	46,126	45,503	1%	23,536	96%	160,638	23,536	n.s.
<b>Energy sales (MWh)</b>	<b>156,518</b>	<b>183,108</b>	<b>(15%)</b>	<b>151,145</b>	<b>4%</b>	<b>615,397</b>	<b>441,461</b>	<b>39%</b>
<b>Average pool price (€/MWh)</b>	<b>51</b>	<b>56</b>	<b>(8%)</b>	<b>50</b>	<b>3%</b>	<b>50</b>	<b>42</b>	<b>19%</b>
<b>Average sale price (€/MWh)</b>	<b>117</b>	<b>110</b>	<b>6%</b>	<b>100</b>	<b>17%</b>	<b>107</b>	<b>92</b>	<b>16%</b>
<b>Investment remuneration (€M)</b>	<b>7.8</b>	<b>7.8</b>	<b>(0%)</b>	<b>6.8</b>	<b>15%</b>	<b>31.1</b>	<b>17.7</b>	<b>75%</b>
<b>Average revenue (€/MWh)</b>	<b>166</b>	<b>153</b>	<b>9%</b>	<b>144</b>	<b>15%</b>	<b>158</b>	<b>132</b>	<b>19%</b>
<b>Total net revenue <sup>(a)</sup></b>	<b>26.1</b>	<b>28.0</b>	<b>(7%)</b>	<b>21.8</b>	<b>19%</b>	<b>97.0</b>	<b>58.5</b>	<b>66%</b>

(a) Includes €6M capitalised in 2014 regarding the sale of electricity produced at Merida 20MW before its acceptance deeds were signed in September 2014  
Sales in 2014 excludes natural gas cogeneration and biomass generation in Huelva up to October 2014

Electricity sales volumes rose 39% year-on-year in 2015 to 615 GWh, thanks to the growing contribution by the Merida 20-MW plant and the re-opening of the Huelva 41-MW plant in November 2014. Although the Mérida plant began to contribute energy to the Spanish electricity system on 31 March 2014, its sales were capitalised until August, inclusive. The Huelva 41-MW plant was originally part of the Huelva industrial complex. In the wake of discontinuation of the activities related to pulp production and co-generation, this facility is now operating as a standalone unit.

Work was performed during the programmed stoppage of the Huelva 41-MW plant in April to modify its equipment, driving higher capacity utilisation rates compared to 2014. The power plants' volumes dropped by 15% year-on-year in 4Q15 due to curtailed output in December, related to the cap on output imposed under current regulations of 6,500 hours/MW/year; hence the company's strategy of maximising production during the months of higher anticipated pool prices.

#### 3.2. ELECTRICITY MARKET TRENDS

Pool prices averaged €50/MWh in 2015, above the 2014 average of €42/MWh and in line with the €49.52 €/MWh estimated by the regulator as the basis for its operation supplement remuneration proposal, which is intended to cover the operating costs of power-producing facilities fuelled by renewable sources, co-generation and waste. Roughly 75% of estimated 1Q16 output and 24% of 2Q16 and 3Q16 output has been hedged at average prices of €47/MWh, €43/MWh and €48/MWh, respectively.



## 4. 2015 EARNINGS ANALYSIS

figures in €M	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
<b>Total net revenue</b>	<b>177.2</b>	<b>173.5</b>	<b>2%</b>	<b>161.8</b>	<b>9%</b>	<b>663.9</b>	<b>687.5</b>	<b>(3%)</b>
Cost of goods sold <sup>(a)</sup>	(68.2)	(65.5)	4%	(85.9)	(21%)	(268.2)	(389.6)	(31%)
Employee benefits expense	(16.5)	(16.0)	3%	(16.9)	(2%)	(62.5)	(87.0)	(28%)
Other operating expenses	(30.4)	(39.6)	(23%)	(38.1)	(20%)	(141.4)	(209.2)	(32%)
<b>EBITDA</b>	<b>62.0</b>	<b>52.5</b>	<b>18%</b>	<b>20.9</b>	<b>196%</b>	<b>191.8</b>	<b>1.7</b>	<b>n.s.</b>
Forest depletion	(1.6)	(1.9)	(15%)	(0.3)	n.s.	(8.2)	(9.7)	(15%)
Other D&A	(16.0)	(15.7)	2%	(15.4)	4%	(59.0)	(59.5)	(1%)
Provisions and others	5.2	3.2	59%	14.0	(63%)	8.6	(101.2)	n.s.
<b>EBIT</b>	<b>49.5</b>	<b>38.1</b>	<b>30%</b>	<b>19.2</b>	<b>158%</b>	<b>133.2</b>	<b>(168.6)</b>	<b>n.s.</b>
Net finance cost	(30.7)	(20.8)	48%	(7.6)	302%	(66.2)	(26.7)	148%
<b>Profit before tax</b>	<b>18.8</b>	<b>17.3</b>	<b>9%</b>	<b>11.6</b>	<b>63%</b>	<b>67.0</b>	<b>(195.3)</b>	<b>n.s.</b>
Income tax	(4.1)	(4.3)	(6%)	(12.7)	(68%)	(17.2)	54.4	n.s.
<b>Net profit/(loss) for the period</b>	<b>14.8</b>	<b>13.0</b>	<b>14%</b>	<b>(1.2)</b>	<b>n.s.</b>	<b>49.9</b>	<b>(140.9)</b>	<b>n.s.</b>
<b>Adjusted EBITDA</b>	<b>58.5</b>	<b>55.6</b>	<b>5%</b>	<b>18.2</b>	<b>222%</b>	<b>199.5</b>	<b>58.5</b>	<b>241%</b>
<b>Cash cost (€/t)<sup>(b)</sup></b>	<b>355</b>	<b>363</b>	<b>(2%)</b>	<b>391</b>	<b>(9%)</b>	<b>359</b>	<b>406</b>	<b>(11%)</b>

(a) supplies +/- change in inventories

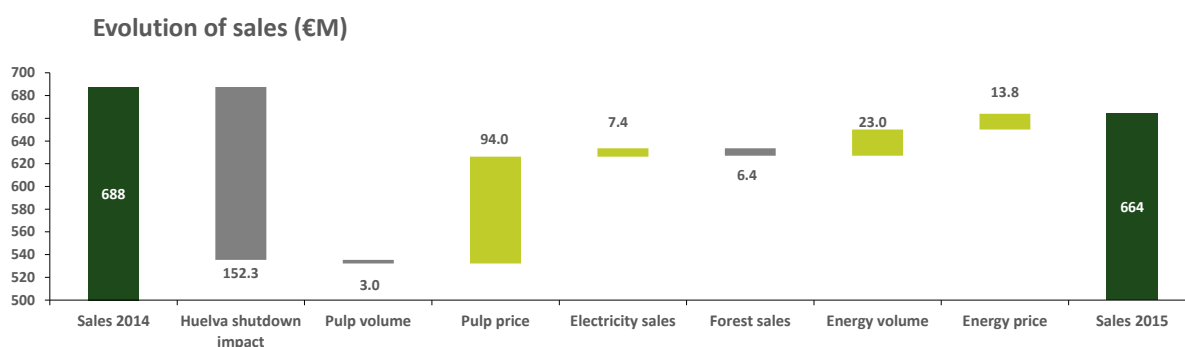
(b) After Ence restructuring, both business pulp and energy, overheads have been accounted into energy business

The amount in 2015 is €3.9 M, with a cash cost proforma in 1Q15, 2Q15 y 3Q15 in €359.3 /t, €363.4/t and €359.2 /t, respectively

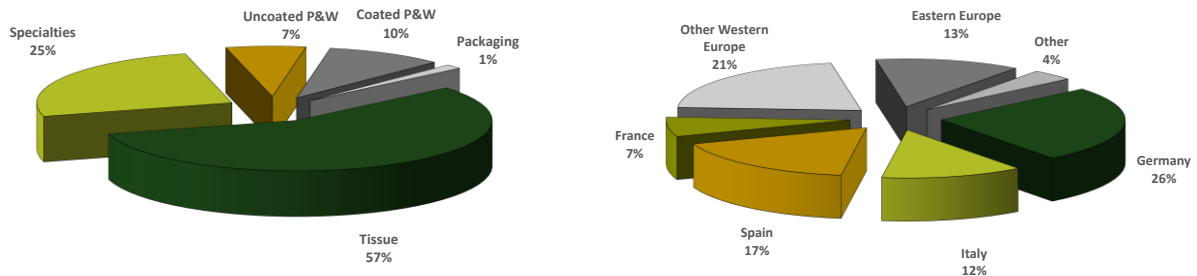
The Group's 2015 reported earnings dipped on the back of the closure of the pulp mill in Huelva (2014 revenue: €152m). Stripping out this impact, revenue growth was 24%, thanks to pulp price dynamics and growth in power generation at the independent plants.

Revenue in the pulp business amounted to €570m, growth of 19%, adjusting for the Huelva closure. Production at the Navia and Pontevedra mills rose 2%, while the net sales price in euro terms rose by 24% thanks to price strength and favourable currency trends.

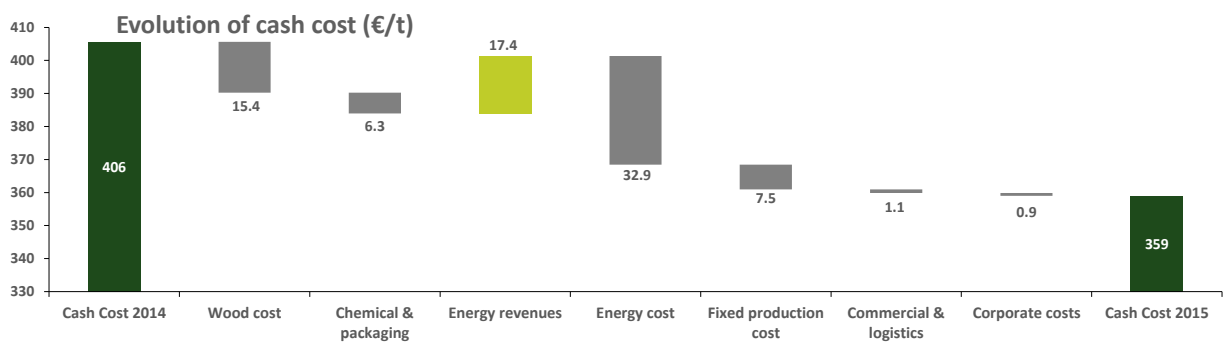
Third-party revenue in the energy business, meanwhile, rose by 66% year-on-year to €97m in 2015 due to a relatively higher contribution by the independent power plants and growth of 19% in average revenue per MWh, driven by higher pool prices; note that the 2014 figures already reflected the impact of the tariff cuts under electricity sector reform.



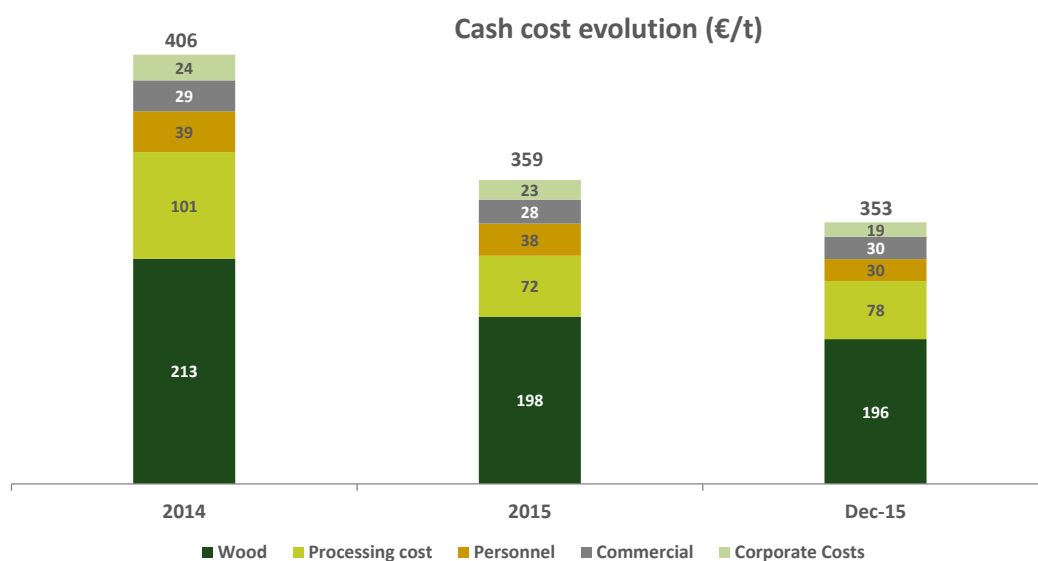
The breakdown by segment did not change substantially, with tissue paper remaining the main use for the group's pulp. Geographically, Spain accounted for a slightly higher 17% of the total (vs. 16% in 2014), while overall European sales accounted for 96% of the Group total (94% in 2014), implying a market share last year of just under 11%.



Cash costs were cut by 11% year-on-year in 2015 to €359/t, due mainly to the discontinuation of pulp production in Huelva and longer maintenance stoppages in order to implement efficiency measures. The improvement was concentrated in timber and energy costs but was also shaped by greater dilution of fixed manufacturing overhead and lower chemicals consumption. Lastly, following separation of the pulp and energy businesses, overhead was allocated to the energy business in 2015 with a positive impact on the pulp business cash cost of €4.40/t.



In December 2015, the cash cost was €353/t.



Adjusted 2015 EBITDA was €200m vs. €58m in 2014. Factoring in the impact of hedges, termination benefits and provisions, 2015 EBITDA (reported EBITDA) amounted to €192m compared to €2m in 2014; the main adjustments relate to the cost of the expert consultant hired to support and accelerate delivery of the efficiencies deriving from the investments made and the provision for the executive bonus plan recognised in the wake of the sharp gain in

the company's share price during the reporting period. The improvement in profitability is mainly attributable to higher pulp prices, higher pool prices and a €44/t reduction in production costs.

figures in €M	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
<b>EBITDA</b>	<b>62.0</b>	<b>52.5</b>	<b>18%</b>	<b>30.4</b>	<b>104%</b>	<b>191.8</b>	<b>1.7</b>	<b>n.s.</b>
Hedging instruments: pulp prices and exchange rates	1.3	(0.2)	n.s.	(0.4)	n.s.	1.6	(0.0)	n.s.
Non recurrent personal expenses	(0.1)	0.2	n.s.	(0.8)	(94%)	3.7	19.3	(81%)
Provisions and others	(0.8)	(0.0)	n.s.	(2.7)	(72%)	0.5	3.5	(86%)
Other non-recurring items	(4.0)	3.1	n.s.	3.5	n.s.	1.9	34.1	(94%)
<b>Adjusted EBITDA</b>	<b>58.5</b>	<b>55.6</b>	<b>5%</b>	<b>29.9</b>	<b>96%</b>	<b>199.5</b>	<b>58.5</b>	<b>241%</b>

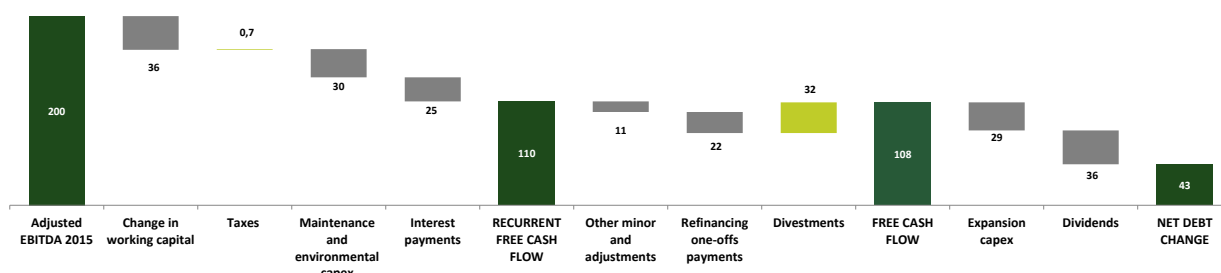
In addition, the Group reported a €11.6m gain on land sales (recognised below the EBITDA line), which more than offset the above adjustments. Net of depreciation and amortisation charges, provisions, net finance costs and tax, the company posted a profit of €50m in 2015, compared to a loss of €141m in 2014.

At year-end, the cash outflows related to the Huelva closure pending and fully provisioned amounted to €15m (€7m of which in relation to grants received).

## 5. LIQUIDITY AND FINANCING

### 5.1. CASH FLOWS

Free cash flow (net of maintenance and environmental capex) amounted to €108m in 2015.



Net cash flows from operating activities totalled €111m in 2015, compared to €9m in 2014, thanks to higher pulp prices, higher revenue from electricity sales and the collection in 1Q15 of €12m of refundable corporate tax paid on account in 2014 (refundable as a result of the losses generated by the Huelva closure and offset against tax expense this year). The year-on-year comparison reveals an increase in trade receivables related to the increase in pulp prices.

figures in €M	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
<b>Consolidated profit/(loss) for the period before tax</b>	<b>18.8</b>	<b>17.3</b>	<b>9%</b>	<b>11.6</b>	<b>63%</b>	<b>67.1</b>	<b>(195.3)</b>	<b>n.s.</b>
Depreciation and amortisation charge	17.7	17.6	0%	15.7	13%	67.2	69.1	(3%)
Finance income/costs	30.9	20.9	48%	7.7	304%	66.6	28.4	134%
Increase / decrease other deferred income/costs	(13.9)	(0.1)	n.s.	(40.1)	(65%)	(8.2)	132.7	n.s.
<b>Adjustments of profit for the year-</b>	<b>34.8</b>	<b>38.4</b>	<b>(10%)</b>	<b>(16.8)</b>	<b>n.s.</b>	<b>125.6</b>	<b>230.3</b>	<b>(45%)</b>
Trade and other receivables	4.2	(16.1)	n.s.	5.0	(15%)	(22.1)	13.9	n.s.
Current financial and other assets	(0.9)	0.8	n.s.	(0.6)	49%	(0.2)	2.4	n.s.
Trade and other payables	3.3	(12.9)	n.s.	(18.4)	n.s.	(9.2)	(41.9)	(78%)
Inventories	(3.5)	(2.3)	51%	17.9	n.s.	(4.1)	24.5	n.s.
<b>Changes in working capital-</b>	<b>3.2</b>	<b>(30.5)</b>	<b>n.s.</b>	<b>3.9</b>	<b>(18%)</b>	<b>(35.6)</b>	<b>(1.2)</b>	<b>n.s.</b>
Interest paid / received	(22.9)	(9.1)	153%	(4.0)	470%	(47.2)	(24.1)	95%
Income tax recovered (paid)	(8.5)	(0.0)	n.s.	(0.2)	n.s.	<b>0.7</b>	<b>(0.2)</b>	<b>n.s.</b>
<b>Other cash flows from operating activities-</b>	<b>(31.4)</b>	<b>(9.1)</b>	<b>246%</b>	<b>(4.2)</b>	<b>n.s.</b>	<b>(46.4)</b>	<b>(24.3)</b>	<b>91%</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>25.3</b>	<b>16.1</b>	<b>58%</b>	<b>(5.5)</b>	<b>n.s.</b>	<b>110.6</b>	<b>9.5</b>	<b>n.s.</b>

Cash used in investing activities amounted to €27m in 2015 vs. €60m in 2014, a year-on-year drop of 55% driven by proceeds from disposals closed in 2015. In 2015, the Group closed the sale of forest land for €28m (generating a gain of €11m) and collected €0.1m upfront on additional sales agreed (32 hectares) totalling €1m. At the reporting date, €50m of assets at the Huelva plant and nearby eucalyptus plantations have been reclassified as “Non-current assets held for sale”.

figures in €M	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Property, plant and equipment	(15.8)	(23.7)	(34%)	(15.5)	2%	(54.0)	(55.7)	(3%)
Intangible assets	(2.7)	(0.7)	308%	(1.4)	95%	(5.2)	(4.1)	26%
Other financial assets	0.0	(0.2)	n.s.	(0.0)	n.s.	(0.1)	(0.0)	344%
<b>Investments</b>	<b>(18.5)</b>	<b>(24.6)</b>	<b>(25%)</b>	<b>(16.9)</b>	<b>9%</b>	<b>(59.2)</b>	<b>(59.8)</b>	<b>(1%)</b>
<b>Disposals</b>	<b>24.4</b>	<b>4.2</b>	<b>477%</b>	<b>-</b>	<b>n.s.</b>	<b>32.3</b>	<b>0.1</b>	<b>n.s.</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>5.9</b>	<b>(20.4)</b>	<b>n.s.</b>	<b>(16.9)</b>	<b>n.s.</b>	<b>(27.0)</b>	<b>(59.8)</b>	<b>(55%)</b>

Net cash inflows from financing activities amounted to €2m in 2015, compared to an inflow of €20m in 2014 (which was due to the maturity of a €45m investment in 12-month deposits made in 2Q13 using the proceeds from the Uruguay disposal).

Gross borrowings increased by €38m from year-end 2014, mainly due to the arrangement of two €15m bank loans, the renegotiation of the biomass project finance facilities (which resulted in an increase in the related drawdowns of €30m) and the refinancing of the company's long-term bond issue (+€7m). Other cash outflows included a €36m dividend payment and a €3m payment upon maturity of the equity swap, which was offset by proceeds from the sale of own shares totalling €4m.

figures in €M	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
<b>Proceeds from and payments for equity instrument</b>	<b>(0.1)</b>	-	n.s.	<b>(1.6)</b>	<b>(94%)</b>	<b>3.9</b>	<b>(5.9)</b>	<b>n.s.</b>
Bonds and other marketable securities (net)	18.0	-	n.s.	(0.0)	n.s.	(7.0)	-	n.s.
Increase/(decrease) in bank borrowings (net)	(7.9)	42.0	n.s.	(3.5)	129%	44.6	1.1	n.s.
Other financial liabilities	(0.9)	0.9	n.s.	0.0	n.s.	(3.3)	(0.5)	n.s.
<b>Proceeds from and repayments of financial liabilities</b>	<b>9.2</b>	<b>42.9</b>	<b>(79%)</b>	<b>(3.4)</b>	<b>n.s.</b>	<b>34.3</b>	<b>0.6</b>	<b>n.s.</b>
<b>Dividends and payments on other equity instruments</b>	<b>(11.0)</b>	<b>(0.0)</b>	<b>n.s.</b>	-	<b>n.s.</b>	<b>(35.8)</b>	<b>(19.4)</b>	<b>85%</b>
<b>Translation differences</b>	<b>0.1</b>	<b>(0.0)</b>	<b>n.s.</b>	<b>(0.1)</b>	<b>n.s.</b>	<b>0.1</b>	<b>0.0</b>	<b>n.s.</b>
Fixed-term deposit	-	-	n.s.	-	n.s.	-	45.0	(100%)
<b>Other cash received from (used in) financing activities</b>	<b>-</b>	<b>-</b>	<b>n.s.</b>	<b>-</b>	<b>n.s.</b>	<b>-</b>	<b>45.0</b>	<b>(100%)</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(1.8)</b>	<b>42.9</b>	<b>n.s.</b>	<b>(5.1)</b>	<b>(65%)</b>	<b>2.5</b>	<b>20.4</b>	<b>(88%)</b>

In all, the Group's cash balance increased by €86m to €160m in 2015; this figure rises to €168m factoring in short-term financial investments.

figures in €M	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
<b>INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>29.5</b>	<b>38.6</b>	<b>(24%)</b>	<b>(27.5)</b>	<b>n.s.</b>	<b>86.1</b>	<b>(30.0)</b>	<b>n.s.</b>

## 5.2. WORKING CAPITAL

Working capital amounted to €25m in 2015, compared to €16m in 2014. Trade receivables rose significantly on the back of higher pool prices. "Trade and other receivables" includes a €33m balance receivable from the electricity system; this situation is expected to normalise over the course of the year, particularly once the Group's biomass plants have been duly reclassified.

figures in €M	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Inventories	40.2	35.9	12%	37.9	6%	40.2	37.9	6%
Trade and other receivables	122.0	121.7	0%	100.4	21%	122.0	100.4	21%
Income tax receivable	1.0	0.1	n.s.	11.9	(92%)	1.0	11.9	(92%)
Other current financial assets	8.7	7.8	12%	8.5	2%	8.7	8.5	2%
Other accounts receivables from public authorities	9.0	15.0	(40%)	9.7	(7%)	9.0	9.7	(7%)
Other current assets	0.5	1.7	(72%)	1.3	(64%)	0.5	1.3	(64%)
Trade and other payables <sup>(a)</sup>	(149.4)	(150.6)	(1%)	(144.6)	3%	(149.4)	(144.6)	3%
Income tax payable	(0.1)	(10.5)	(99%)	(0.1)	(39%)	(0.1)	(0.1)	(39%)
Other accounts payable to public authorities	(7.0)	(7.7)	(9%)	(8.6)	(19%)	(7.0)	(8.6)	(19%)
Other current liabilities	0.0	(0.0)	n.s.	(0.5)	n.s.	0.0	(0.5)	n.s.
<b>Working capital</b>	<b>24.9</b>	<b>13.4</b>	<b>86%</b>	<b>16.0</b>	<b>56%</b>	<b>24.9</b>	<b>16.0</b>	<b>56%</b>

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

Note. Balance sheet data.

## 5.3. CAPITAL EXPENDITURE

Capital expenditure in the pulp business (industrial and forestry) amounted to €53m in 2015, up €21m from 2014, and was earmarked mainly to investments designed to make the plants more cost-efficient. This figure includes €31m corresponding to part of the work scheduled to enhance efficiency and expand capacity at the Navia complex.

figures in €M	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Maintenance	3.6	4.6	(23%)	2.4	46%	14.0	8.3	69%
Improvements in efficiency/production	9.6	14.3	(33%)	4.6	110%	33.0	18.6	77%
Environmental	1.0	0.9	7%	0.6	59%	5.1	1.7	200%
<b>Industrial capex, pulp</b>	<b>14.1</b>	<b>19.8</b>	<b>(29%)</b>	<b>7.6</b>	<b>85%</b>	<b>52.1</b>	<b>28.6</b>	<b>82%</b>
Plantation and maintenance activity	0.2	0.5	(54%)	1.0	(77%)	2.5	2.2	14%
Financial expenses	-	-	n.s.	0.3	(100%)	-	1.3	(100%)
<b>Forestry capex, pulp</b>	<b>0.2</b>	<b>0.5</b>	<b>(54%)</b>	<b>1.4</b>	<b>(83%)</b>	<b>2.5</b>	<b>3.5</b>	<b>(29%)</b>
<b>Industrial capex, biomass</b>	<b>1.6</b>	<b>1.9</b>	<b>(17%)</b>	<b>3.8</b>	<b>(59%)</b>	<b>6.7</b>	<b>9.5</b>	<b>(30%)</b>
<b>Forestry capex, biomass</b>	<b>0.2</b>	<b>0.9</b>	<b>(78%)</b>	<b>1.9</b>	<b>(89%)</b>	<b>3.8</b>	<b>4.9</b>	<b>(22%)</b>
<b>Total capital expenditure</b>	<b>16.1</b>	<b>23.1</b>	<b>(30%)</b>	<b>14.7</b>	<b>10%</b>	<b>65.1</b>	<b>46.5</b>	<b>40%</b>

Note. Balance sheet data.

## 6. NET FINANCE COST AND NET DEBT

### 6.1. NET FINANCE COST

Finance costs (excluding capitalised borrowing costs but including payments related to interest rate hedges) amounted to nearly €26m in 2015, somewhat below the 2014 figure due to a reduced interest burden in the wake of the repurchase of 10% of the 2013 bond issue. The equity swap, which was cancelled on 15 March, had a positive impact thanks to the share price recovery.

In 2015, the Group recognised non-recurring charges totalling €38m. The corporate bond refinancing work implied a cost of €23m due to premiums paid to the bondholders (€17m) and the write-off of arrangement costs related to the refinanced bonds (€6m). Meanwhile, the renegotiation of the energy business project finance facilities triggered the recognition of charges related to interest rate swaps closed out (€12m) and the write-off of issuance costs (€3m). Stripping out these one-off charges, total net finance expense would have been €28m, up 5% from 2014 due to the impact of the remeasurement of currency hedges (-€3m).

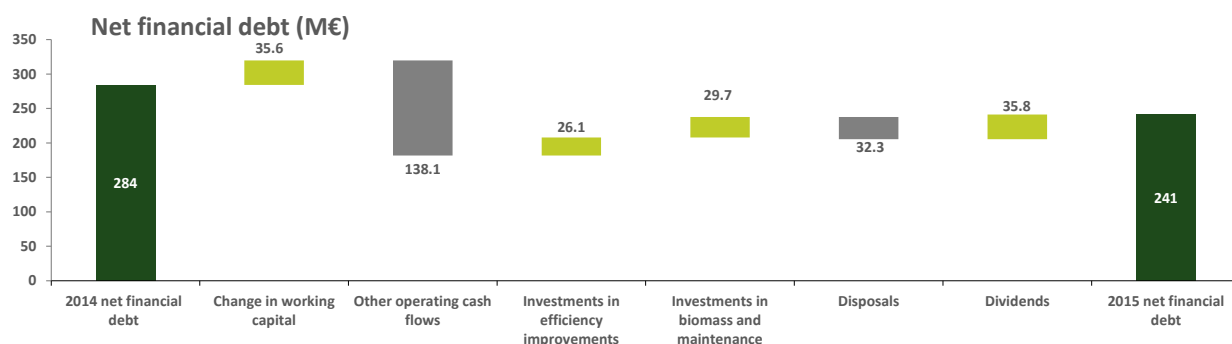
figures in €M	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Interest on bond	(4.3)	(4.1)	6%	(4.5)	(4%)	(17.3)	(18.1)	(4%)
Interest on loans	(1.4)	(1.6)	(14%)	(1.5)	(8%)	(6.1)	(5.9)	3%
Interest on factoring and reverse factoring lines	(0.3)	(0.2)	24%	(0.5)	(47%)	(1.1)	(1.5)	(26%)
Capitalization of borrowing costs	0.0	0.0	-	0.3	(91%)	0.1	3.2	(96%)
<b>Finance costs</b>	<b>(6.0)</b>	<b>(5.9)</b>	<b>2%</b>	<b>(6.2)</b>	<b>(4%)</b>	<b>(24.4)</b>	<b>(22.3)</b>	<b>9%</b>
Settlement of interest under IRS	-	0.1	(100%)	(0.8)	(100%)	(1.5)	(3.0)	(50%)
Change in fair value of IRS	-	(12.2)	(100%)	-	n.s.	(12.2)	-	n.s.
Financial expenses for equity swap	-	-	n.s.	0.0	(100%)	1.0	(1.5)	n.s.
Mark to market of foreign exchange derivatives	(2.7)	-	n.s.	-	n.s.	(2.7)	-	n.s.
<b>Net gain/(loss) on hedges (IRS and equity swap)</b>	<b>(2.7)</b>	<b>(12.1)</b>	<b>(77%)</b>	<b>(0.8)</b>	<b>242%</b>	<b>(15.5)</b>	<b>(4.6)</b>	<b>240%</b>
<b>Corporate bond refinancing cost</b>	<b>(21.8)</b>	-	n.s.	-	n.s.	<b>(23.2)</b>	-	n.s.
<b>Net exchange differences</b>	<b>0.6</b>	<b>0.1</b>	<b>n.s.</b>	<b>(0.2)</b>	<b>n.s.</b>	<b>1.4</b>	<b>1.6</b>	<b>(15%)</b>
<b>Other financial expenses</b>	<b>(0.9)</b>	<b>(2.9)</b>	<b>(70%)</b>	<b>(0.6)</b>	<b>53%</b>	<b>(4.8)</b>	<b>(2.5)</b>	<b>94%</b>
<b>Financial income</b>	<b>0.1</b>	<b>0.1</b>	<b>68%</b>	<b>0.2</b>	<b>(15%)</b>	<b>0.3</b>	<b>1.1</b>	<b>(68%)</b>
<b>Net finance cost</b>	<b>(30.7)</b>	<b>(20.8)</b>	<b>48%</b>	<b>(7.6)</b>	<b>302%</b>	<b>(66.2)</b>	<b>(26.7)</b>	<b>148%</b>
Interests on non recourse debt	(1.0)	(15.6)	(94%)	(2.1)	(54%)	(20.4)	(6.7)	206%
<b>Net finance cost excluding project finance facilities</b>	<b>(29.7)</b>	<b>(5.2)</b>	<b>475%</b>	<b>(5.6)</b>	<b>435%</b>	<b>(45.8)</b>	<b>(20.0)</b>	<b>129%</b>

### 6.2. NET DEBT

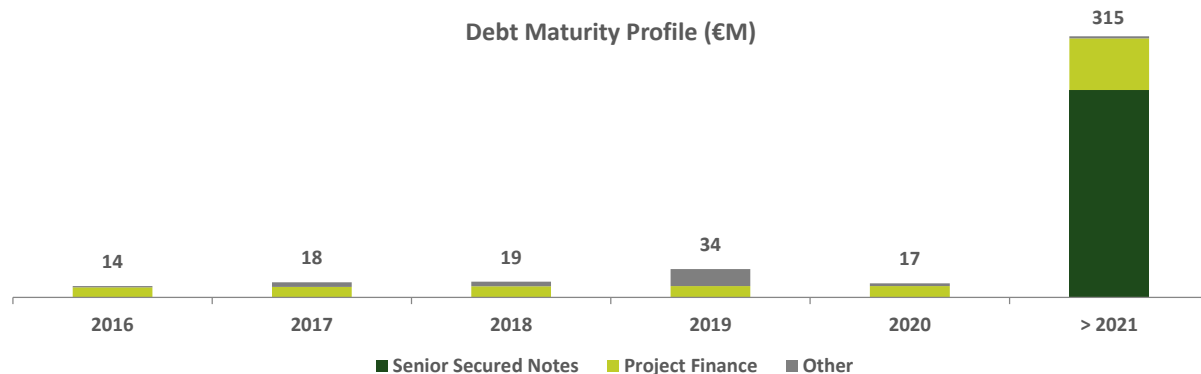
At year-end, net debt stood at €241m, down 15% from the year-end 2014 figure, thanks to healthy pulp prices, and despite having funded €56m of capex and €36m of dividend payments.

figures in €M	4Q15	3Q15	Δ%	4Q14	Δ%	2015	2014	Δ%
Bond	250.0	225.0	11%	250.0	-	250.0	250.0	-
Bonds - arrangement fees	(6.9)	(6.2)	11%	(7.9)	(13%)	(6.9)	(7.9)	(13%)
Bank borrowings	30.0	30.0	-	0.3	n.s.	30.0	0.3	n.s.
Other financial liabilities	7.5	8.1	(8%)	9.6	(22%)	7.5	9.6	(22%)
Other financial liabilities - grant	(0.8)	(0.8)	(8%)	(1.0)	(26%)	(0.8)	(1.0)	(26%)
<b>Non-current borrowings</b>	<b>279.8</b>	<b>256.1</b>	<b>9%</b>	<b>250.9</b>	<b>12%</b>	<b>279.8</b>	<b>250.9</b>	<b>12%</b>
Bonds - accrued interest	2.4	2.4	(1%)	7.1	(67%)	2.4	7.1	(67%)
Bank borrowings	0.3	0.4	(25%)	0.4	(25%)	0.3	0.4	(25%)
Bank borrowings - accrued interest	0.1	0.3	(70%)	0.1	35%	0.1	0.1	35%
Other financial liabilities	1.4	2.0	(31%)	1.3	2%	1.4	1.3	2%
Other financial liabilities - accrued interest	0.0	0.1	(85%)	0.0	(80%)	0.0	0.0	(80%)
<b>Current borrowings</b>	<b>4.1</b>	<b>5.1</b>	<b>(19%)</b>	<b>8.9</b>	<b>(54%)</b>	<b>4.1</b>	<b>8.9</b>	<b>(54%)</b>
<b>Total gross borrowings</b>	<b>283.9</b>	<b>261.2</b>	<b>9%</b>	<b>259.9</b>	<b>9%</b>	<b>283.9</b>	<b>259.9</b>	<b>9%</b>
Cash hold by pulp business	93.9	98.5	(5%)	73.1	28%	93.9	73.1	28%
Short-term financial investments	8.7	7.8	12%	8.5	2%	8.7	8.5	2%
<b>Total net debt (pulp business)</b>	<b>181.3</b>	<b>154.8</b>	<b>17%</b>	<b>178.3</b>	<b>2%</b>	<b>181.3</b>	<b>178.3</b>	<b>2%</b>
Non-current, non-recourse debt	115.8	121.8	(5%)	100.4	15%	115.8	100.4	15%
Non-current, non-recourse debt - arrangement fees	(2.3)	(2.4)	(4%)	(2.7)	(17%)	(2.3)	(2.7)	(17%)
Current non-recourse debt	12.0	13.2	(9%)	8.6	40%	12.0	8.6	40%
Current non-recourse debt - arrangement fees	-	-	n.s.	(0.5)	(100%)	-	(0.5)	(100%)
Current non-recourse debt - accrued interest	0.0	0.6	(98%)	0.7	(99%)	0.0	0.7	(99%)
Cash hold by energy business	65.7	31.5	108%	0.3	n.s.	65.7	0.3	n.s.
<b>Total net debt</b>	<b>241.2</b>	<b>256.5</b>	<b>(6%)</b>	<b>284.4</b>	<b>(15%)</b>	<b>241.2</b>	<b>284.4</b>	<b>(15%)</b>

In addition, the Company has discounting facilities with a limit of €70m, which were drawn down by €45m at the reporting date (vs. €58m drawn down by €38m at year-end 2014). In terms of liquidity other than cash on hand, the Company also had an undrawn €90m credit line at year-end.

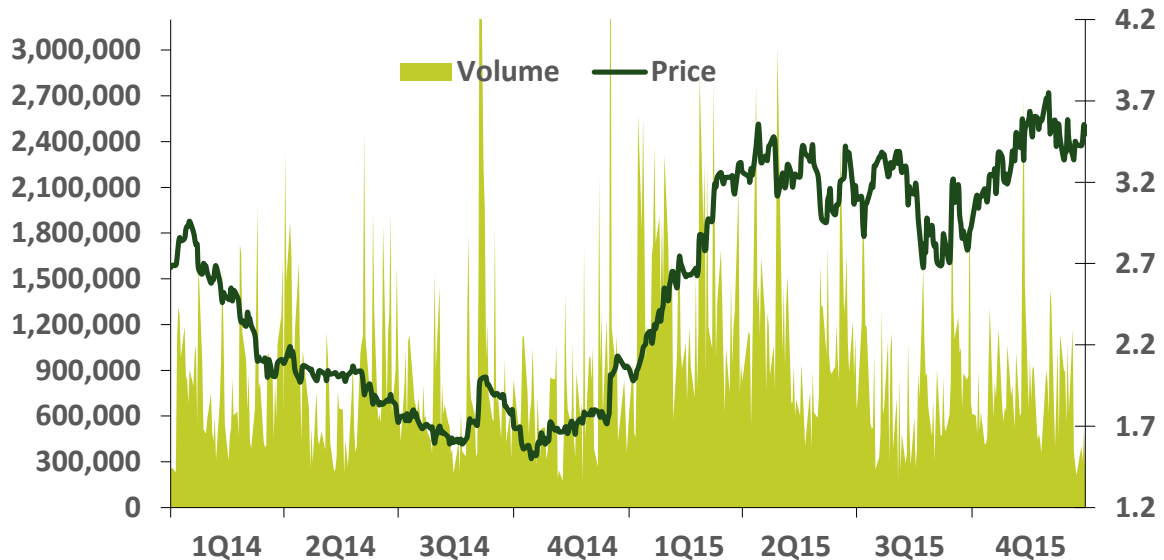


It does not face significant refinancing requirements until 2022, which is when the €250m of bonds issued in 2015 fall due.



## 7. SHARE PRICE PERFORMANCE

The share price gained a noteworthy 69% in 2015, outperforming the Spanish and European stock markets by 76% and 65%, respectively.



Source: Thomson Reuters

	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Average daily volume (shares)	808,674	878,515	829,628	790,434	1,382,498	1,094,473	805,633	780,649
Ence performance	(23%)	(13%)	(3%)	17%	60%	(7%)	(6%)	21%
Ibex 35 performance	4%	6%	(1%)	(5%)	12%	(7%)	(11%)	(0%)
Eurostoxx performance	2%	1%	(0%)	(2%)	18%	(8%)	(9%)	5%

Note: Ence's share price performance has been adjusted for the €0.08 per share dividend paid on 11 July 2014 and the €0.10 per share dividend paid on 8 May 2015; 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 Small Cap, the IBEX Top Dividendo and FTSE4Good Ibex indices.

In addition to its market presence in its capacity as a listed company, in October 2015, Ence issued €250m issue of 5.375% bonds due 2022, using the proceeds to buy back the bonds issued in 2013.

Note that Ence may buy back its bonds on the secondary market from time to time. 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.



## 8. 2015 MILESTONES

### **€0.10 final dividend per share**

Ence's Board of Directors, at a meeting held on 12 February 2015, resolved to submit a motion for the payment of a final cash dividend against 2015 profits of €0.10 per share (before withholdings) to its shareholders for approval at its upcoming Annual General Meeting. This final dividend, coupled with the interim dividend paid out in October, implies total cash remuneration for the Company's shareholders from 2015 profits of €0.144 per share. This dividend implies a dividend yield of 4.7% in relation to the average share price in 2015.

### **Renewal of the Pontevedra pulp mill concession until 2073**

Ence's concession to occupy the land on which its manufacturing complex in Pontevedra is located was extended by virtue of a ruling issued by the Director General of Coastal and Marine Sustainability, at the behest of the Ministry for Agriculture, Food and the Environment, notified to the Company on 25 January 2016. The extension has been granted for a period of 60 years starting from the extension application date, 8 November 2013. The additional term granted beyond the initially-contemplated maximum term of 50 years, i.e., 10 years, is tied to execution of a series of investments appraised at €61m. These investments are already contemplated in the business plan announced by the Company on 19 November 2015.

### **Adjudication of 40-MW of capacity in Spain**

Ence was awarded the concession to operate 40 MW of capacity pursuant to the auction held on 14 January 2016 to adjudicate up to 200 MW of capacity entitled to the remuneration regime specifically applicable to new biomass facilities, as defined in section two, 1.a) of Spanish Royal Decree 947/2015, of 16 October 2015, and in article 2.1.a) of Ministerial Order IET/2212/2015, of 23 October 2015.

### **2016-2020 business plan**

Ence announced its business plan for 2016-2020 on 19 November 2015. The plan targets EBITDA growth of €97-120m during the five-year period, underpinned by growth in pulp production of 184,000 tonnes, a €33/t reduction in pulp production cash costs and 260 MW of additional power generation capacity.

### **Refinancing of the €250m of 7.25% bonds issued in February 2013**

In October, Ence successfully refinanced the bonds issued in February 2013 with a new €250m issue of 5.375% bonds due November 2022. In parallel, it refinanced the revolving credit facility associated with the new bonds due October 2020, bringing its cost down by 175 basis points.

### **€0.044/share interim dividend**

On 30 September 2015, the Board of Directors approved an interim dividend from 2015 profits of €0.044/share (before withholdings), which was paid out on 7 October.

### **Refinancing of the project finance facilities**

The company closed the refinancing of the project finance facilities funding the Huelva 50-MW and Merida 20-MW plants on 31 July. As a result, the total amount drawn down has increased by €30m and the borrowing cost (including interest rate hedges) has decreased by 100bps; in addition, recourse to the pulp business has been eliminated.

### **Cancellation of 10% of the €250m 7.25% bonds**

On 28 April 2015, Ence announced its decision to exercise its right to buy back 10% of the €250m bond issue placed in February 2013. The bonds were bought back at a premium of 3% to face value and the bondholders were paid on 4 June 2015. The rationale for the decision was to reduce the Company's borrowing costs against the backdrop of the momentum created by its cost-cutting and competitiveness enhancement programmes, higher pulp prices and favourable exchange rates.

## 9. FINANCIAL STATEMENTS

### Income statement

figures in €M	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
<b>Revenue</b>	<b>170.3</b>	<b>168.0</b>	<b>187.4</b>	<b>161.8</b>	<b>687.5</b>	<b>156.3</b>	<b>156.9</b>	<b>173.5</b>	<b>177.2</b>	<b>663.9</b>
Net gain/(loss) on hedging transactions	-	(0.4)	0.1	0.4	0.0	0.2	(0.8)	0.2	(1.3)	(1.6)
Cost of sales	(101.1)	(92.9)	(108.0)	(77.4)	(379.4)	(66.9)	(62.8)	(71.8)	(71.5)	(273.0)
Changes in inventories of finished goods	1.3	(7.5)	4.5	(8.5)	(10.1)	(2.4)	(2.3)	6.3	3.3	4.8
<b>Gross profit</b>	<b>70.5</b>	<b>67.2</b>	<b>84.0</b>	<b>76.3</b>	<b>298.0</b>	<b>87.2</b>	<b>91.0</b>	<b>108.2</b>	<b>107.7</b>	<b>394.1</b>
Own work capitalised	2.7	1.2	(0.4)	2.6	6.2	2.0	2.8	1.6	3.2	9.5
Other income	2.4	3.8	3.7	2.2	12.1	2.5	1.5	2.3	2.3	8.6
Employee benefits expense	(16.3)	(16.9)	(36.9)	(16.9)	(87.0)	(16.8)	(13.2)	(16.0)	(16.5)	(62.5)
Other operating expenses	(50.8)	(58.2)	(75.2)	(43.3)	(227.6)	(40.4)	(39.3)	(43.6)	(34.6)	(157.9)
<b>EBITDA</b>	<b>8.5</b>	<b>(2.9)</b>	<b>(24.8)</b>	<b>20.9</b>	<b>1.7</b>	<b>34.4</b>	<b>42.8</b>	<b>52.5</b>	<b>62.0</b>	<b>191.8</b>
<b>EBITDA margin</b>	<b>5.0%</b>	<b>(1.7%)</b>	<b>(13.3%)</b>	<b>12.9%</b>	<b>0.2%</b>	<b>22.0%</b>	<b>27.3%</b>	<b>30.2%</b>	<b>35.0%</b>	<b>28.9%</b>
Depreciation and amortisation	(16.3)	(12.8)	(15.0)	(15.4)	(59.5)	(14.0)	(13.3)	(15.7)	(16.0)	(59.0)
Forestry Depletion	(4.8)	(3.0)	(1.6)	(0.3)	(9.7)	(2.4)	(2.2)	(1.9)	(1.6)	(8.2)
Impairment of and gains/(losses) on fixed-asset disposals	(1.5)	(25.9)	(87.8)	14.0	(101.2)	0.1	0.1	3.2	5.2	8.6
<b>EBIT</b>	<b>(14.1)</b>	<b>(44.5)</b>	<b>(129.3)</b>	<b>19.2</b>	<b>(168.6)</b>	<b>18.2</b>	<b>27.4</b>	<b>38.1</b>	<b>49.5</b>	<b>133.2</b>
<b>EBIT margin</b>	<b>(8.3%)</b>	<b>(26.5%)</b>	<b>(69.0%)</b>	<b>11.9%</b>	<b>(24.5%)</b>	<b>11.6%</b>	<b>17.5%</b>	<b>21.9%</b>	<b>27.9%</b>	<b>20.1%</b>
Finance income	0.4	0.2	0.3	0.2	1.1	0.0	0.1	0.1	0.1	0.3
Finance costs	(6.7)	(6.8)	(6.8)	(7.7)	(28.0)	(7.6)	(8.9)	(8.8)	(28.7)	(53.9)
Net exchange differences	(0.1)	0.5	1.4	(0.2)	1.6	1.5	(0.8)	0.1	0.6	1.4
Result for changes in value of financial instruments at fair value	(0.8)	(0.4)	(0.2)	0.1	(1.3)	0.9	-	(12.2)	(2.7)	(14.0)
<b>Profit before tax</b>	<b>(21.3)</b>	<b>(51.0)</b>	<b>(134.6)</b>	<b>11.6</b>	<b>(195.3)</b>	<b>13.1</b>	<b>17.8</b>	<b>17.3</b>	<b>18.8</b>	<b>67.0</b>
Income tax	6.6	17.2	43.4	(2.3)	64.8	(3.4)	(5.4)	(4.3)	(4.1)	(17.2)
Restatement of deferred tax assets	-	-	-	(10.4)	(10.4)	-	-	-	-	-
<b>Net profit/(loss)</b>	<b>(14.8)</b>	<b>(33.8)</b>	<b>(91.1)</b>	<b>(1.2)</b>	<b>(140.9)</b>	<b>9.7</b>	<b>12.4</b>	<b>13.0</b>	<b>14.8</b>	<b>49.9</b>

### Balance sheet

figures in €M	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
Property, plant and equipment	923.0	901.1	803.1	734.2	734.2	723.2	725.4	731.6	729.8	729.8
Intangible assets	20.9	12.8	12.5	13.7	13.7	15.6	10.3	10.5	12.6	12.6
Non-current financial assets	2.8	2.7	2.9	3.0	3.0	3.0	2.8	3.1	3.0	3.0
Other non-current assets	42.5	57.0	100.9	81.6	81.6	80.9	79.2	74.9	70.8	70.8
<b>Total fixed assets</b>	<b>989.2</b>	<b>973.5</b>	<b>919.4</b>	<b>832.5</b>	<b>832.5</b>	<b>822.7</b>	<b>817.7</b>	<b>820.0</b>	<b>816.3</b>	<b>816.3</b>
Inventories	74.4	70.1	53.4	37.9	37.9	34.2	34.1	35.9	40.2	40.2
Trade other accounts receivable	137.6	113.6	117.3	110.2	110.2	125.6	120.9	136.7	131.0	131.0
Cash and other short-term financial assets	137.7	135.1	108.8	81.9	81.9	96.5	100.1	137.9	168.3	168.3
Current derivatives	-	-	-	1.0	1.0	0.3	-	0.7	0.2	0.2
Other current assets	12.0	15.0	14.2	13.3	13.3	2.6	3.3	1.8	1.4	1.4
Non-current assets held for sale	-	-	-	77.4	77.4	78.8	75.9	71.6	50.3	50.3
<b>Total current assets</b>	<b>361.7</b>	<b>333.9</b>	<b>293.7</b>	<b>321.7</b>	<b>321.7</b>	<b>338.0</b>	<b>334.2</b>	<b>384.6</b>	<b>391.5</b>	<b>391.5</b>
<b>Total assets</b>	<b>1,350.9</b>	<b>1,307.4</b>	<b>1,213.1</b>	<b>1,154.2</b>	<b>1,154.2</b>	<b>1,160.7</b>	<b>1,151.9</b>	<b>1,204.6</b>	<b>1,207.8</b>	<b>1,207.8</b>
<b>Equity</b>	<b>694.0</b>	<b>638.2</b>	<b>545.0</b>	<b>542.9</b>	<b>542.9</b>	<b>555.3</b>	<b>544.3</b>	<b>553.7</b>	<b>568.2</b>	<b>568.2</b>
Non-current borrowings	349.4	351.6	353.4	347.5	347.5	348.4	334.8	375.5	393.3	393.3
Non-current provisions	19.5	5.2	6.6	11.1	11.1	14.6	8.8	9.0	9.3	9.3
Non-current derivatives	6.2	7.1	8.4	8.1	8.1	9.1	6.8	8.5	7.6	7.6
Other non-current liabilities	42.9	41.9	41.9	33.0	33.0	32.9	32.0	32.4	31.8	31.8
<b>Total non-current liabilities</b>	<b>418.0</b>	<b>405.7</b>	<b>410.3</b>	<b>399.8</b>	<b>399.8</b>	<b>405.0</b>	<b>382.4</b>	<b>425.3</b>	<b>442.0</b>	<b>442.0</b>
Current borrowings	12.3	16.4	12.9	18.8	18.8	15.8	18.1	18.9	16.2	16.2
Trade payables (a)	194.5	180.7	165.6	144.6	144.6	141.1	167.8	150.6	149.4	149.4
Current provisions	6.7	14.5	32.2	23.8	23.8	21.9	14.0	16.2	9.6	9.6
Current derivatives	6.6	7.5	7.4	7.4	7.4	3.2	3.7	2.7	5.9	5.9
Other current liabilities (b)	18.8	44.4	39.8	16.9	16.9	18.4	21.8	37.2	16.4	16.4
<b>Total current liabilities</b>	<b>238.9</b>	<b>263.5</b>	<b>257.9</b>	<b>211.5</b>	<b>211.5</b>	<b>200.4</b>	<b>225.3</b>	<b>225.6</b>	<b>197.5</b>	<b>197.5</b>
<b>Total equity and liabilities</b>	<b>1,350.9</b>	<b>1,307.4</b>	<b>1,213.1</b>	<b>1,154.2</b>	<b>1,154.2</b>	<b>1,160.7</b>	<b>1,151.9</b>	<b>1,204.6</b>	<b>1,207.8</b>	<b>1,207.8</b>

(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	2Q15	3Q15	4Q15	2015
<b>Consolidated profit/(loss) for the period before tax</b>	<b>(21.3)</b>	<b>(51.0)</b>	<b>(134.6)</b>	<b>11.6</b>	<b>(195.3)</b>	<b>13.1</b>	<b>17.8</b>	<b>17.3</b>	<b>18.8</b>	<b>67.1</b>
Depreciation	16.1	12.7	14.9	15.2	58.9	13.7	12.9	15.1	15.4	57.2
Depletion of forest reserve	4.8	3.0	1.6	0.3	9.7	2.4	2.2	1.9	1.6	8.2
Amortisation	0.1	0.1	0.1	0.2	0.6	0.2	0.4	0.6	0.6	1.8
Impairment of and gains/(losses) on disposals intangible assets and PP&E	1.5	25.7	87.1	(13.1)	101.2	(0.2)	(0.2)	(2.3)	(6.3)	(9.0)
Finance costs	7.3	7.0	7.4	7.8	29.5	5.4	9.5	21.0	31.1	66.9
Finance income	(0.4)	(0.2)	(0.3)	(0.2)	(1.1)	(0.0)	(0.1)	(0.1)	(0.1)	(0.3)
Government grants taken to income	(0.3)	(0.4)	(0.3)	(0.3)	(1.3)	(0.4)	(0.6)	(0.4)	(0.7)	(2.0)
Changes in provisions and other deferred expense (net)	8.5	6.3	44.7	(26.7)	32.8	8.8	(1.6)	2.5	(6.9)	2.8
<b>Adjustments to profit</b>	<b>37.6</b>	<b>54.2</b>	<b>155.3</b>	<b>(16.8)</b>	<b>230.3</b>	<b>29.9</b>	<b>22.4</b>	<b>38.4</b>	<b>34.8</b>	<b>125.6</b>
Trade and other receivables	(5.3)	15.9	(1.7)	5.0	13.9	(14.3)	4.1	(16.1)	4.2	(22.1)
Current financial and other assets	1.3	1.3	0.4	(0.6)	2.4	(0.2)	0.1	0.8	(0.9)	(0.2)
Trade and other payables	(3.9)	(10.5)	(9.1)	(18.4)	(41.9)	(13.3)	13.7	(12.9)	3.3	(9.2)
Inventories	(7.5)	3.6	10.4	17.9	24.5	5.2	(3.5)	(2.3)	(3.5)	(4.1)
<b>Changes in working capital</b>	<b>(15.4)</b>	<b>10.2</b>	<b>0.1</b>	<b>3.9</b>	<b>(1.2)</b>	<b>(22.6)</b>	<b>14.4</b>	<b>(30.5)</b>	<b>3.2</b>	<b>(35.6)</b>
Interest paid	(8.9)	(3.3)	(8.9)	(4.2)	(25.2)	(9.7)	(5.6)	(9.1)	(23.0)	(47.5)
Interest received	0.4	0.2	0.3	0.2	1.1	0.0	0.1	0.1	0.1	0.3
Inclme tax received/(paid)	-	-	-	(0.2)	(0.2)	11.6	(2.3)	(0.0)	(8.5)	0.7
<b>Other cash flows from operating activities</b>	<b>(8.5)</b>	<b>(3.0)</b>	<b>(8.6)</b>	<b>(4.2)</b>	<b>(24.3)</b>	<b>1.9</b>	<b>(7.9)</b>	<b>(9.1)</b>	<b>(31.4)</b>	<b>(46.4)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(7.6)</b>	<b>10.4</b>	<b>12.2</b>	<b>(5.5)</b>	<b>9.5</b>	<b>22.4</b>	<b>46.8</b>	<b>16.1</b>	<b>25.3</b>	<b>110.6</b>
Property, plant and equipment	(11.8)	(12.4)	(16.0)	(15.5)	(55.7)	(7.2)	(7.3)	(23.7)	(15.8)	(54.0)
Intangible assets	(1.4)	(0.8)	(0.6)	(1.4)	(4.1)	(1.5)	(0.2)	(0.7)	(2.7)	(5.2)
Other financial assets	0.1	0.1	(0.2)	(0.0)	(0.0)	(0.0)	0.1	(0.2)	0.0	(0.1)
<b>Investments</b>	<b>(13.1)</b>	<b>(13.1)</b>	<b>(16.8)</b>	<b>(16.9)</b>	<b>(59.8)</b>	<b>(8.8)</b>	<b>(7.4)</b>	<b>(24.6)</b>	<b>(18.5)</b>	<b>(59.2)</b>
Property, plant and equipment	-	0.1	-	-	0.1	-	3.6	4.2	24.4	32.3
Other financial assets	-	-	-	-	-	-	-	-	-	-
<b>Disposals</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>3.6</b>	<b>4.2</b>	<b>24.4</b>	<b>32.3</b>
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(13.1)</b>	<b>(13.1)</b>	<b>(16.8)</b>	<b>(16.9)</b>	<b>(59.8)</b>	<b>(8.8)</b>	<b>(3.8)</b>	<b>(20.4)</b>	<b>5.9</b>	<b>(27.0)</b>
Buyback of own equity instruments	(0.5)	(1.6)	(2.4)	(1.6)	(6.1)	(0.3)	0.0	-	(0.8)	(1.1)
Disposal of own equity instruments	0.1	0.0	-	-	0.2	4.3	-	-	0.8	5.0
<b>Proceeds from and payments for equity instruments</b>	<b>(0.4)</b>	<b>(1.6)</b>	<b>(2.4)</b>	<b>(1.6)</b>	<b>(5.9)</b>	<b>4.0</b>	<b>0.0</b>	<b>-</b>	<b>(0.1)</b>	<b>3.9</b>
Issuance of bonds and other marketable securities (net)	(0.0)	0.0	0.0	(0.0)	-	(0.0)	(25.0)	-	18.0	(7.0)
Increase / (decrease) in bank borrowings (net)	1.5	2.8	0.3	(3.5)	1.1	0.1	10.5	42.0	(7.9)	44.6
Grants received	0.8	0.0	(2.2)	2.2	0.9	-	-	2.0	0.0	2.0
Other financial liabilities	(1.3)	(0.0)	2.2	(2.2)	(1.3)	(3.3)	(0.0)	(1.1)	(0.9)	(5.3)
<b>Proceeds from and repayments of financial liabilities</b>	<b>0.9</b>	<b>2.8</b>	<b>0.3</b>	<b>(3.4)</b>	<b>0.6</b>	<b>(3.2)</b>	<b>(14.5)</b>	<b>42.9</b>	<b>9.2</b>	<b>34.3</b>
Dividends	-	-	(19.4)	-	(19.4)	-	(24.9)	(0.0)	(11.0)	(35.8)
<b>Dividends payments</b>	<b>-</b>	<b>-</b>	<b>(19.4)</b>	<b>-</b>	<b>(19.4)</b>	<b>-</b>	<b>(24.9)</b>	<b>(0.0)</b>	<b>(11.0)</b>	<b>(35.8)</b>
<b>Translation differences</b>	<b>(0.0)</b>	<b>0.0</b>	<b>0.1</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.1</b>	<b>0.1</b>
Fixed-term deposit	45.0	-	-	-	45.0	-	-	-	-	-
<b>Other cash received from (used in) financing activities</b>	<b>45.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>45.5</b>	<b>1.3</b>	<b>(21.3)</b>	<b>(5.1)</b>	<b>20.4</b>	<b>0.8</b>	<b>(39.4)</b>	<b>42.9</b>	<b>(1.8)</b>	<b>2.5</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALEN</b>	<b>24.8</b>	<b>(1.4)</b>	<b>(25.9)</b>	<b>(27.5)</b>	<b>(30.0)</b>	<b>14.4</b>	<b>3.7</b>	<b>38.6</b>	<b>29.5</b>	<b>86.1</b>

## 10. APPENDICES

### 10.1. Income statement by business segment - 2015

figures in €M	PULP	ENERGY	ADJUSTMENTS CONSOLIDATED	
<b>Revenue</b>	<b>569.8</b>	<b>97.0</b>	<b>(2.9)</b>	<b>663.9</b>
Net gain/(loss) on hedging transactions	(0.9)	(0.8)	0.0	(1.6)
Cost of sales	(251.6)	(23.4)	2.0	(273.0)
Changes in inventories of finished goods	4.8	-	-	4.8
<b>Gross profit</b>	<b>322.1</b>	<b>72.9</b>	<b>(0.9)</b>	<b>394.1</b>
Own work capitalised	5.4	4.1	-	9.5
Other income (a)	16.4	(0.0)	(7.8)	8.6
Employee benefits expense	(62.5)	-	0.0	(62.5)
Other operating expenses (a)	(123.4)	(41.9)	7.5	(157.9)
<b>EBITDA</b>	<b>158.0</b>	<b>35.1</b>	<b>(1.3)</b>	<b>191.8</b>
<b>EBITDA margin</b>	<b>27.7%</b>	<b>36.1%</b>		<b>28.9%</b>
Depreciation and amortisation	(50.7)	(8.3)	(0.0)	(59.0)
Forestry Depletion	(5.6)	(2.9)	0.3	(8.2)
Impairment of and gains/(losses) on fixed-asset disposals	5.9	1.9	0.7	8.6
<b>EBIT</b>	<b>107.7</b>	<b>25.8</b>	<b>(0.3)</b>	<b>133.2</b>
<b>EBIT margin</b>	<b>18.9%</b>	<b>26.6%</b>		<b>20.1%</b>
Finance income (b)	5.0	4.3	(8.9)	0.3
Finance costs (b)	(51.7)	(25.2)	8.9	(67.9)
Net foreign exchange translation differences	1.4	(0.0)	0.0	1.4
Result on disposal of financial instruments	3.4	-	(3.4)	-
<b>Profit before tax</b>	<b>65.7</b>	<b>5.0</b>	<b>(3.7)</b>	<b>67.0</b>
Income tax	(16.4)	(0.6)	(0.2)	(17.2)
<b>Net profit/(loss)</b>	<b>49.4</b>	<b>4.4</b>	<b>(3.9)</b>	<b>49.9</b>

(a) includes the sale of biomass and services provided by the parent to the energy business

(b) includes interests related to intragroup loans

## 10.2. Balance sheet by business segment – 2015

figures in €M	PULP	ENERGY	ADJUSTMENTS	CONSOLIDATED
Property, plant and equipment	541.4	188.4	(0.0)	729.8
Intangible assets	12.6	0.0	-	12.6
Intercompany long term participation (a)	170.5	-	(170.5)	-
Intercompany long term loan (b)	63.3	27.4	(90.8)	-
Other long term financial investments	2.7	0.3	-	3.0
Other non-current assets	61.1	9.7	0.0	70.8
<b>Total fixed assets</b>	<b>851.6</b>	<b>226.0</b>	<b>(261.3)</b>	<b>816.3</b>
Inventories	34.5	5.7	(0.0)	40.2
Trade other accounts receivable	88.5	42.5	0.0	131.0
Intercompany Clients	27.1	7.3	(34.4)	-
Cash and other short-term financial assets	102.6	65.7	(0.0)	168.3
Current derivatives	0.1	0.1	(0.0)	0.2
Other current assets	1.6	(0.1)	-	1.4
Non-current assets held for sale	48.1	2.2	(0.0)	50.3
<b>Total current assets</b>	<b>302.5</b>	<b>123.4</b>	<b>(34.4)</b>	<b>391.5</b>
<b>Total assets</b>	<b>1,154.1</b>	<b>349.4</b>	<b>(295.7)</b>	<b>1,207.8</b>
<b>Equity</b>	<b>630.3</b>	<b>108.5</b>	<b>(170.5)</b>	<b>568.2</b>
Non-current borrowings	279.8	113.5	-	393.3
Non-current provisions	8.5	0.8	-	9.3
Non-current derivatives	0.7	7.0	-	7.6
Other non-current liabilities	31.5	0.3	(0.0)	31.8
Non-current Intercompany liabilities (b)	27.4	63.2	(90.7)	0.0
<b>Total non-current liabilities</b>	<b>347.9</b>	<b>184.8</b>	<b>(90.7)</b>	<b>442.0</b>
Current borrowings	4.1	12.1	(0.0)	16.2
Trade payables	137.2	12.6	(0.4)	149.4
Intercompany Trade Payables	7.3	26.8	(34.1)	0.0
Current provisions	9.5	0.1	-	9.6
Current derivatives	3.0	2.9	-	5.9
Other current liabilities	14.8	1.7	(0.0)	16.4
<b>Total current liabilities</b>	<b>175.9</b>	<b>56.1</b>	<b>(34.5)</b>	<b>197.5</b>
<b>Total equity and liabilities</b>	<b>1,154.1</b>	<b>349.4</b>	<b>(295.7)</b>	<b>1,207.8</b>

(a) Holding investment into the restricted group subholdings equity

(b) €65.1 m related to pulp business fixed asset are due to the long term loan granted to energy business in order to develop energy projects

### 10.3. Remuneration parameters applicable to the Ence Group's facilities

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 remuneration deriving from the new remuneration regime is calculated as follows:

- **Ri (remuneration on investment):** annual remuneration per gross installed MW, generating an annual payment which is the product of this parameter and gross installed capacity (MW)  
Investment income = MW \* Ri
- **Ro (remuneration for operations):** remuneration per MWh sold incremental to the pool price fetched, generating income calculated by adding this supplement to the pool price and multiplying the result by sales volumes in MWh

$$\text{Income from operations} = (\text{Ro} + \text{pool}) * \text{MWh}$$

Sales volumes in MWh may not exceed the product of a facility's gross installed capacity (MW) and the annual cap on hourly impact (there is no cap in the case of co-generation facilities).

$$\text{MWh} < \text{MW} * 6,500 \quad (\text{for power generated from biomass})$$

Output above this cap is sold at pool prices, with no entitlement to additional premiums.

Under the new regulatory framework, the company's revenue from electricity sales in any given period will depend on the trend in pool prices. Deviations in average pool prices with respect to the estimate reflected in the ministerial order (€49.16/MWh on average in 2014-2016; €52/MWh thereafter), within certain fluctuation ranges, will be offset in the next regulatory stub period (which lasts three years) by means of adjustments to the standard facility remuneration 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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