

**ENCE ENERGÍA Y CELULOSA, S.A.** (the “Company”), pursuant to article 228 of the Securities Market Act, proceeds under this letter to communicate the following

### **RELEVANT EVENT**

As it has been officially communicated to the Company today, the General Director for the Sustainability of the Coast and the Sea (Directora General de Sostenibilidad de la Costa y del Mar), through delegation by the Ministry of Agriculture, Food and Environment (Ministra de Agricultura, Alimentación y Medio Ambiente) has granted Ence an extension of the public concession for the occupation of the land where its Pontevedra facilities are located. Such extension has been granted for a 60 year period to be calculated from the date the request of the extension was submitted, i.e. November 8 2013. The 10 year period granted beyond the initial maximum 50 year extension period for this kind of concessions is conditioned to the execution of several investments valued in EUR61 million. These investments are already included in the Company’s strategic plan which was communicated as a relevant event to this Commission last November 19<sup>th</sup> 2015, under register number 231.142.

The press note that the Company will communicate to the media today is attached to this relevant event.

In Madrid, on January 25<sup>th</sup> 2016

## **The Ministry of Agriculture and Environment grants Ence the extension of the concession of its pulp mill in Pontevedra**

- **Strong investment commitment from Ence, allocating € 61 million for environmental and operational improvements increasing up to € 135 million related to a new 40 MW biomass cogeneration plant.**
- **The extension of the concession enables the maintenance of over 800 jobs in Pontevedra and over 5.000 in Galicia, while allowing the creation of a significant number of new jobs in the region.**
- **The extension of the concession has been possible because Ence's pulp mill in Lourizán, which already is an environmental benchmark for the industry in Europe, widely complies with the stringent European environmental legislation.**
- **Ence is committed with Pontevedra and its region to working with the utmost responsibility to increase the quality of life of its citizens and attaining their full support in the continuation of its operations.**

**January 25<sup>th</sup> 2016.** The Ministry of Agriculture and Environment (MAGRAMA) has awarded Ence the extension of the concession to occupy the land on which its pulp mill is located in Pontevedra. The extension is granted for 60 years, over the initial 50 years foreseen, given the announced investment plan committed for € 61 million at the facility.

The committed investments include € 30.2 million to significantly improve its mill efficiency and therefore increasing its pulp and renewable energy capacity. In addition, the Company will invest € 15 million for a new water treatment cycle that will minimize the water effluent in the production process.

Moreover, Ence will sustain its commitment to environmentally improve its Pontevedra pulp mill, particularly in odor, noise and steam removal, as well as to guaranty its environmental reliability beyond legal requirements, with a close to € 12 million investment. Also noteworthy a € 4 million investment dedicated to the design and development of a landscape integration project of the factory, thus significantly improving its visual presence in the Ria de Pontevedra.

With these investments the Company intends to achieve the same pulp production costs level at Pontevedra mill as those reached at Navia mill, which is already one of the two most competitive pulp mills in Europe.

This investment plan supporting the extension request is part of the Strategic Plan announced by the Company at the Investor Day held last November 2015.

After the recent public tendering of biomass capacity in Spain, Ence is considering the installation of a 40 MW biomass cogeneration plant in Pontevedra, which would entail an additional investment of € 74 million. This amount was also included in the Company's Strategic Plan and stated in the extension request.

It is worth highlighting that the extension of the concession has been possible because Ence's pulp mill in Lourizán, which already is an environmental benchmark for the industry in Europe, widely complies with the stringent European environmental legislation.

The Company believes that the extension of the concession is good news for the city of Pontevedra, because of the jobs it will generate, maintaining the level of activity in the port of Marin and for all the Galician forestry industry. The decision taken by the Ministry of Agriculture and Environment (MAGRAMA) maintains the over 800 jobs that Ence generates in Pontevedra and more than 5,000 jobs in Galicia, related to the operations of its pulp mill in Lourizán, also allowing the creation of new jobs in the area derived from the large investments to be undertaken by the Company.

Ence won't let down Pontevedra and its region. The Company is committed to working with the utmost responsibility and rigor to continue generating wealth and employment, contributing to the quality of life of citizens of Pontevedra, and to attaining their full support in the continuation of its operations.