



2019 -2023 Strategic Plan

Strategic Outlook

Ignacio Colmenares
CEO





GROWTH: ALMOST DOUBLE EBITDA¹

Almost doubles the Group's EBITDA at constant prices¹ and reduces its cyclicity with a minimum base of €150 Mn from the Renewable Energy business.



DIVERSIFICATION

To capture growth opportunities and increase business resilience.



STEPWISE INVESTMENT PLAN

Stepwise investments up to €625 Mn - €725 Mn in the Pulp business & €615 Mn in the Renewable Energy business. Each investment decision will be confirmed by the Board to ensure low leverage and 50% pay-out.



EXCELLENCE IN SUSTAINABILITY

Reinforce the reliability, environmental excellence and safety of our facilities.



LOW LEVERAGE & 50% PAY-OUT

Maintain our shareholder remuneration policy while keeping a Net Debt/EBITDA ratio below 2.5x in the Pulp business & 4.5x in the Renewable Energy business.

1. At constant BHKP prices of 1,050 \$/t and 1.20 \$/€ exchange rate



1 Pulp Business

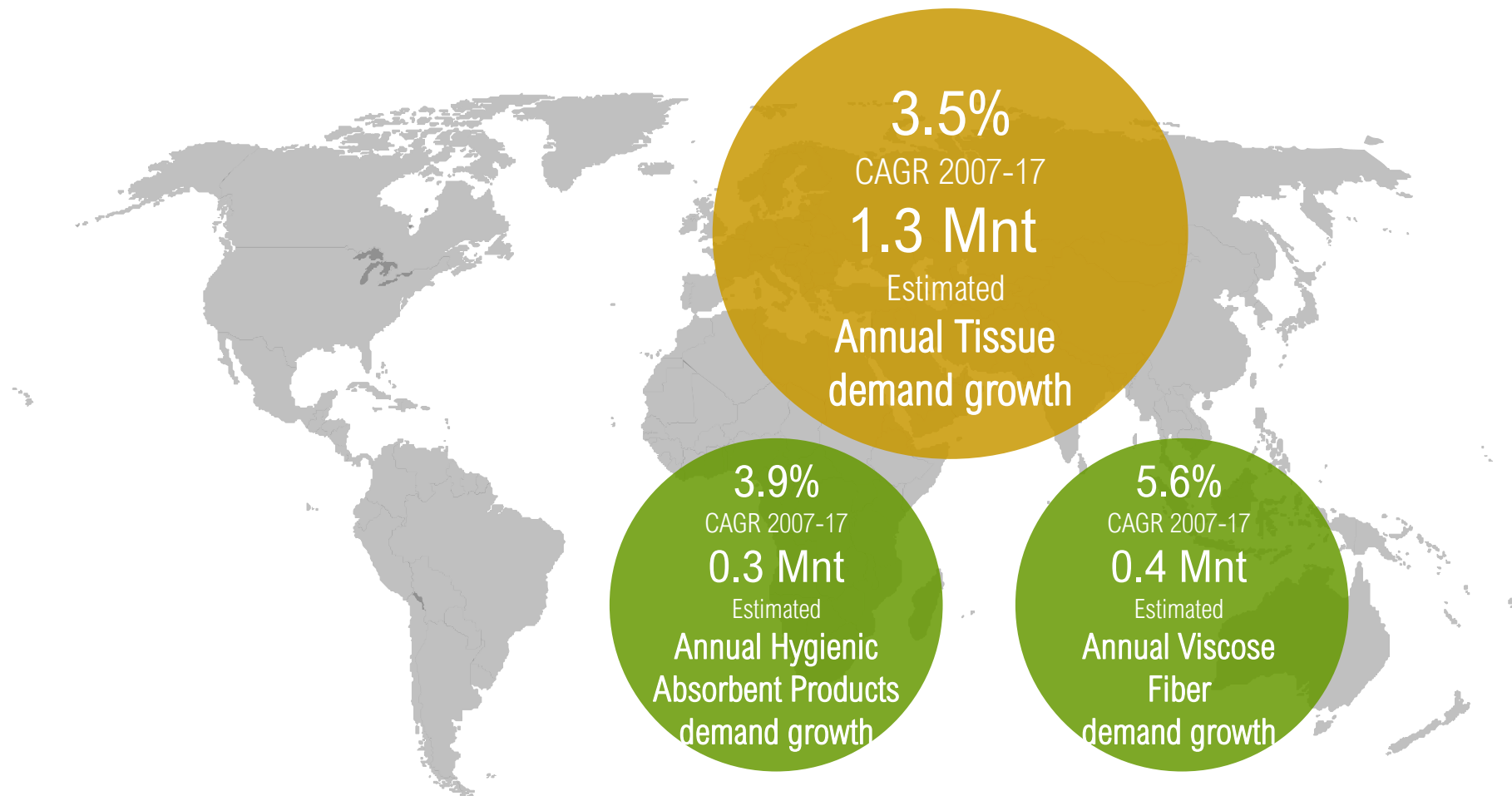




Continued global demand growth for wood pulp

Driven by increasing living standards in emerging countries

Urban population growth and increasing living standards in emerging countries are driving continued demand growth for hygienic and viscose pulp based products



Source: RISI, ENCE

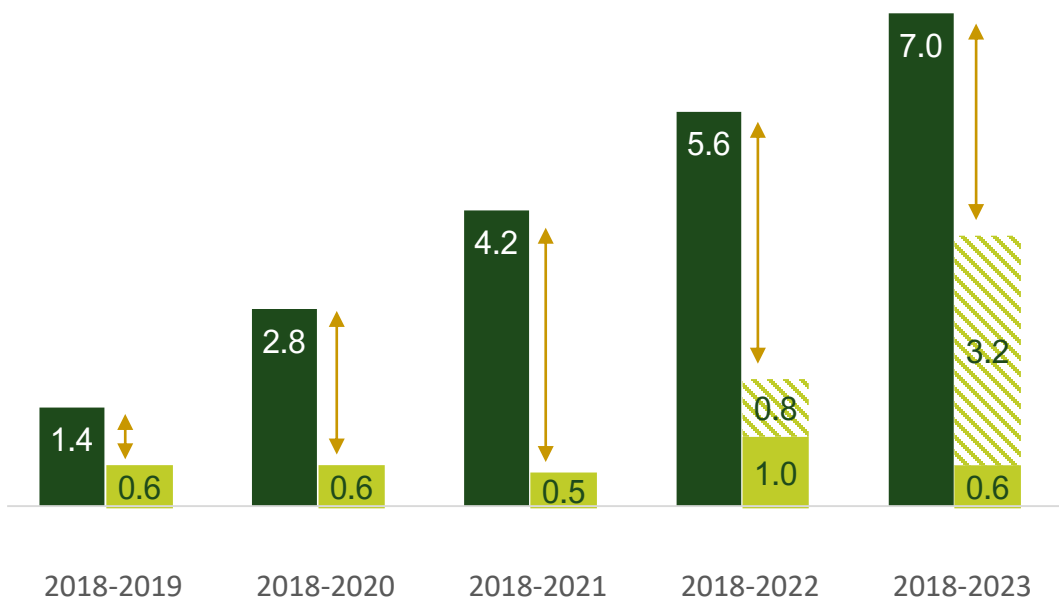


Lack of large capacity increases for the coming years

Lead time for new projects close to 3 years

Expected Annual Increase for Global Market **Hardwood** Supply and Demand ¹

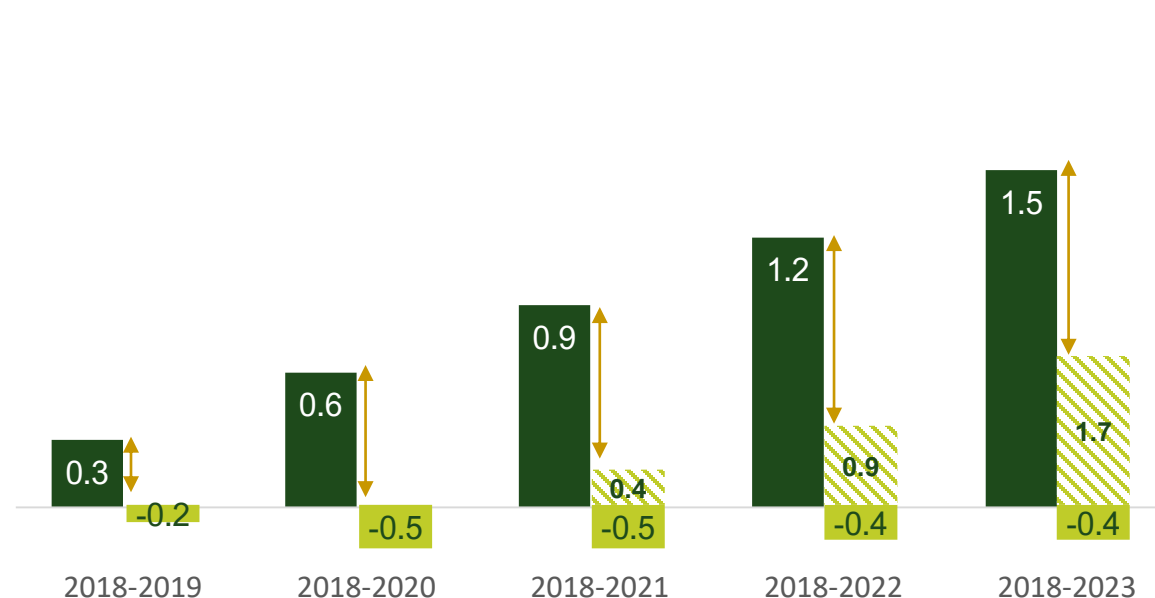
Mn t



DEMAND GROWTH
 CONFIRMED SUPPLY GROWTH
 UNCONFIRMED SUPPLY GROWTH

Expected Annual Increase for Global Market **Softwood** Supply and Demand ¹

Mn t



DEMAND GROWTH
 CONFIRMED SUPPLY GROWTH
 UNCONFIRMED SUPPLY GROWTH

Source: ENCE estimates

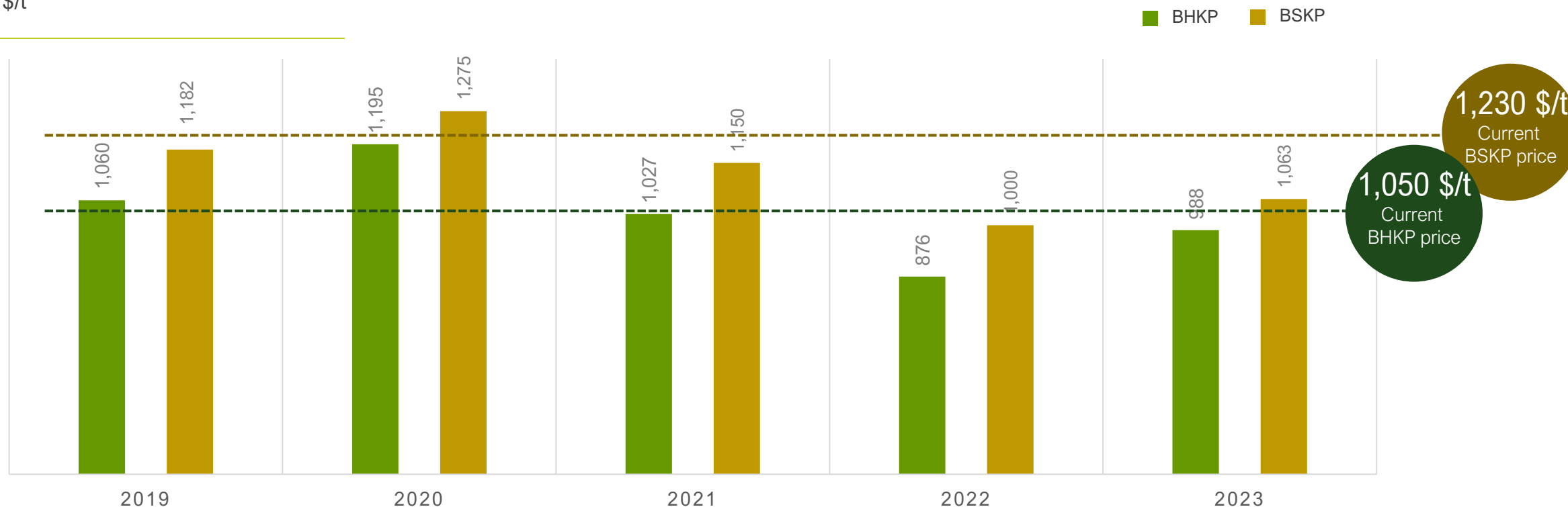
1. Estimates correspond to the expected increase in supply and demand of market pulp for paper production. It excludes therefore the production of integrated pulp and other pulp grades such as Dissolving Pulp or Fluff



Positive pulp price scenario For the coming years

RISI's Estimates for European Annual Average BHKP and BSKP prices

\$/t



We have used a constant pulp price of **1,050 \$/t** and a constant exchange rate of **1.20 \$/€** for our Strategic Plan forecasts

Source: RISI October 2018 Estimates



Diversification

To capture growth opportunities and increase business resiliency

DIVERSIFICATION

SOURCES



Globulus Eucalyptus



Nitens Eucalyptus



Pine

FINAL PRODUCTS



Tissue



Hygienics



Viscose fiber

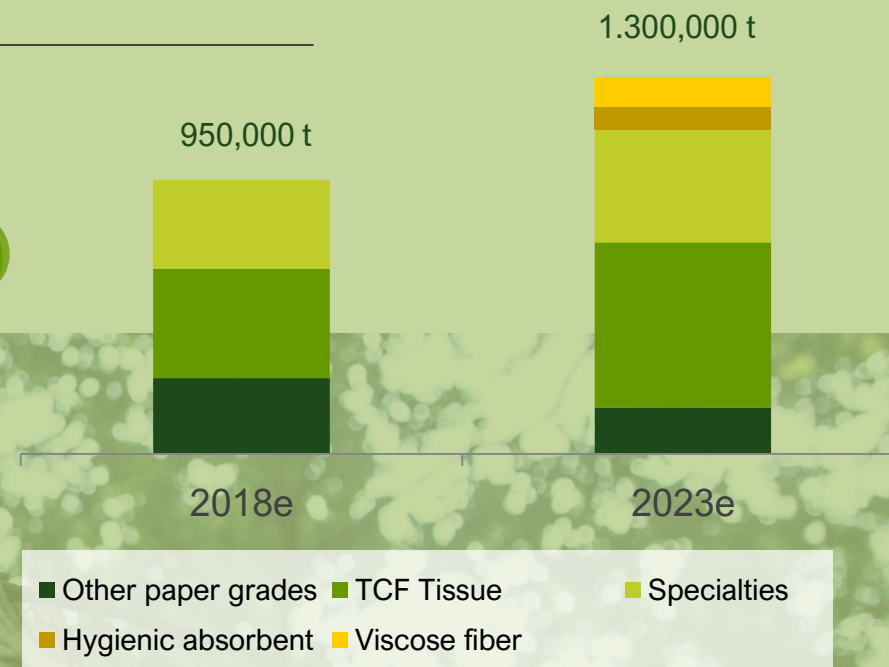


Specialties



GROWTH

Pulp sales by end use
t

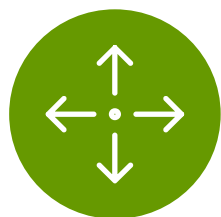




Stepwise investment plan up to €625 - 725 Mn

To increase EBITDA by €150 Mn up to €400 Mn at constant pulp prices

Stepwise implementation of a total of €625 Mn to €725 Mn investments



€30 Mn

20,000 t expansion in Pontevedra



€75 Mn

Complete 80,000 t expansion in Navia



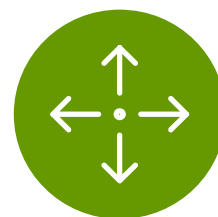
€30 Mn

80,000 t adaptation for hygienic absorbent products



€200 Mn

100,000 t diversification to viscose fiber



€165 Mn

100,000 t expansion



€65 - 115 Mn

Strengthen reliability, flexibility, environmental excellence and safety in Navia



€60 - 110 Mn

Strengthen reliability, flexibility, environmental excellence and safety in Pontevedra



March 2019

May 2019

2020

2019-20

2021

2019-23

2019-23



Each investment decision will be confirmed by the Board to ensure Net Debt / EBITDA < 2.5x after 50% Pay-Out Dividend



2023 Pulp Business Targets

Should result in a €150 Mn EBITDA increase up to €400 Mn¹



Pulp Volume
Growth
up to 1.3 MTn
in 2023



Cash Cost
Reduction
350 €/Tn
in 2023



Diversify our pulp supply for
absorbent hygienic
products &
Viscose fiber



Reinforce the **reliability,**
environmental excellence
and **safety**
of our plants

1. At constant BHKP prices of 1,050 \$/t and 1.20 \$/€ exchange rate



2. Renewable Energy Business

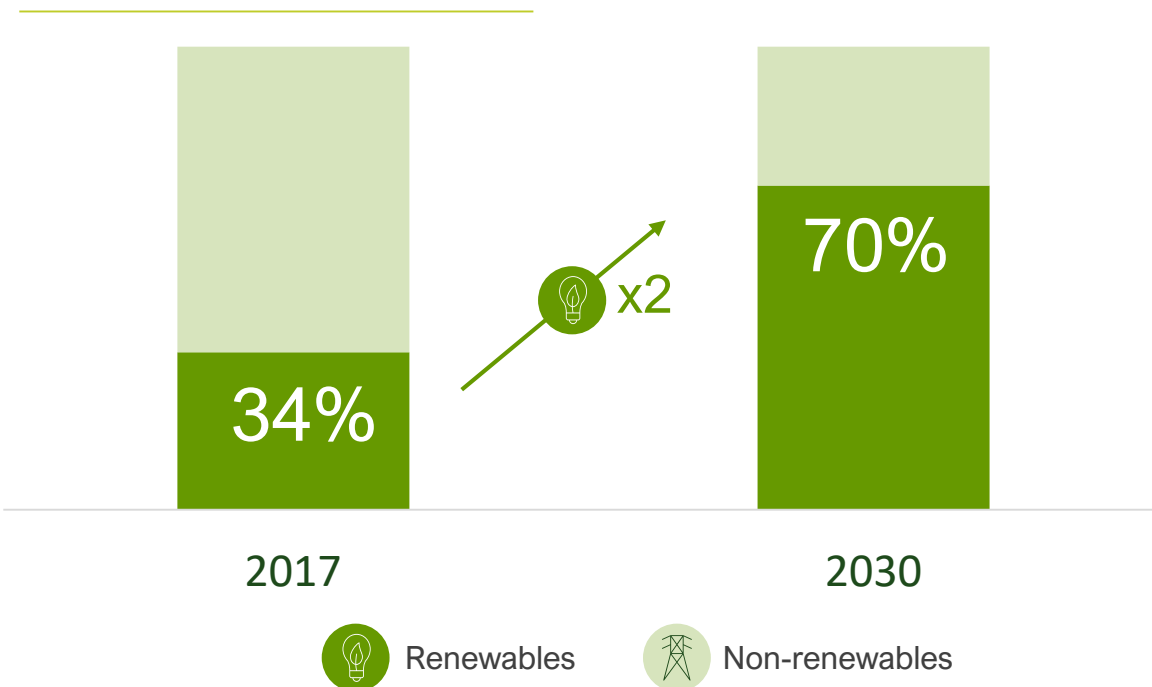


Spain should double its primary renewable output up to 70% by 2030

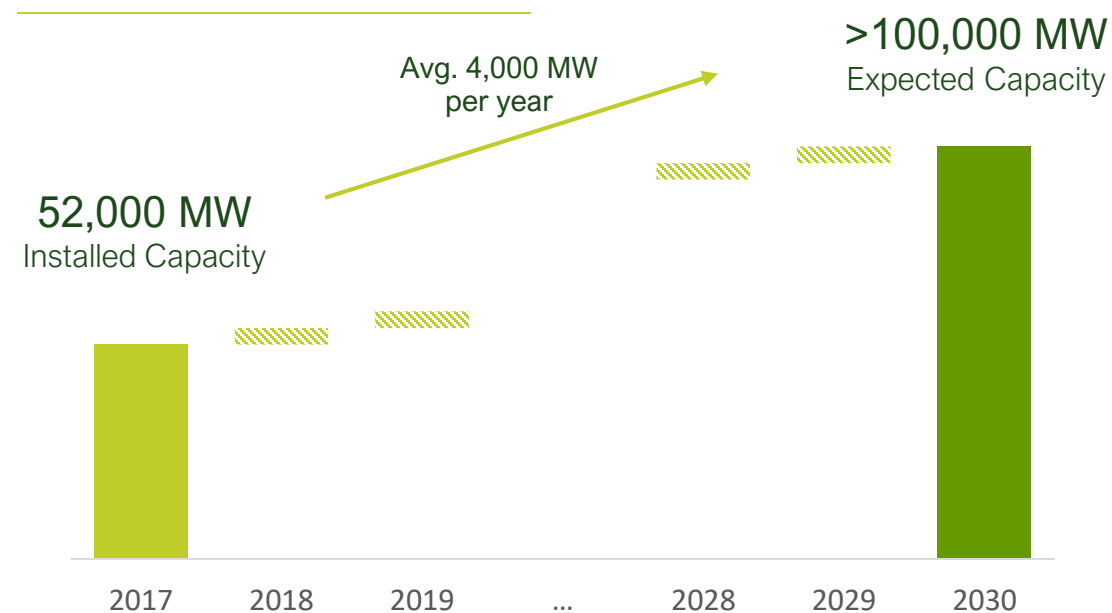
In order to comply with the 32% EU target for final energy consumption



By 2030, Spain should double its primary renewable energy output
In % of total MW



Expected renewable energy capacity evolution
MW





Competitive advantages of Biomass Energy

A fully manageable renewable technology with capacity to grow in Spain



Fully
manageable

Biomass energy is fully manageable, compared to other renewables, such as solar or wind



Abundant
resource

Biomass is an abundant and local resource in Spain



Fire
prevention

Solves the problem of biomass uncontrolled burning and prevents fire risk



Rural
development

Is the renewable energy that contributes the most to rural development



CO₂
Neutral

Biomass is neutral in carbon emissions and avoids diffuse emissions of forest and agricultural byproducts



Diversification

To capture growth opportunities and improve business resiliency

DIVERSIFICATION

BIOMASS SOURCES



Multiagricultural byproducts



Forestry biomass

TECHNOLOGIES



Biomass



Thermosolar

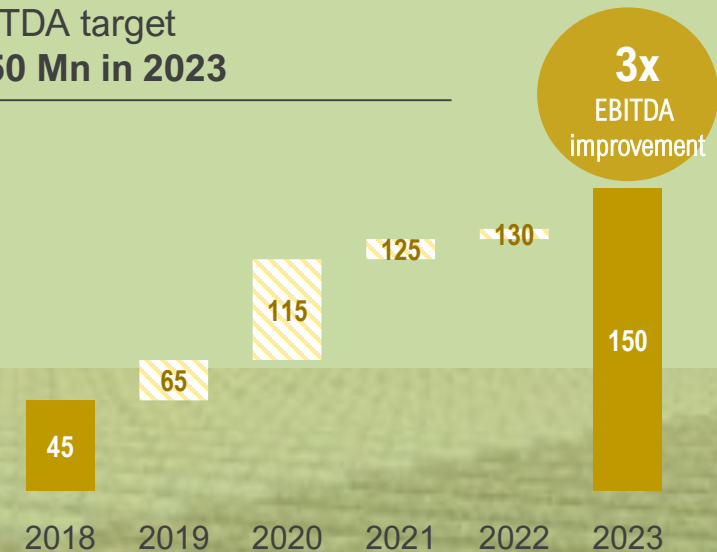


PV



GROWTH

EBITDA target
€150 Mn in 2023



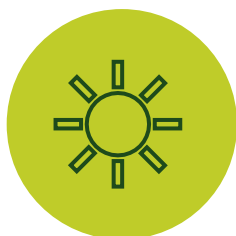
Growth in renewables increases the Group's minimum EBITDA at each stage of the pulp cycle, providing stability and predictability to cash flows



Stepwise investment plan

To reach a minimum EBITDA of €150 Mn in 2023

Stepwise implementation of a total of €615 Mn investments



New thermosolar plant in Puertollano (Ciudad Real, Spain)

Dec 2018



Complete the 99 MW of biomass capacity currently under construction

End 2019



New biomass power plants (brownfield & greenfield)

2019-23



Diversification to other renewables, where Ence can add value

2019-23

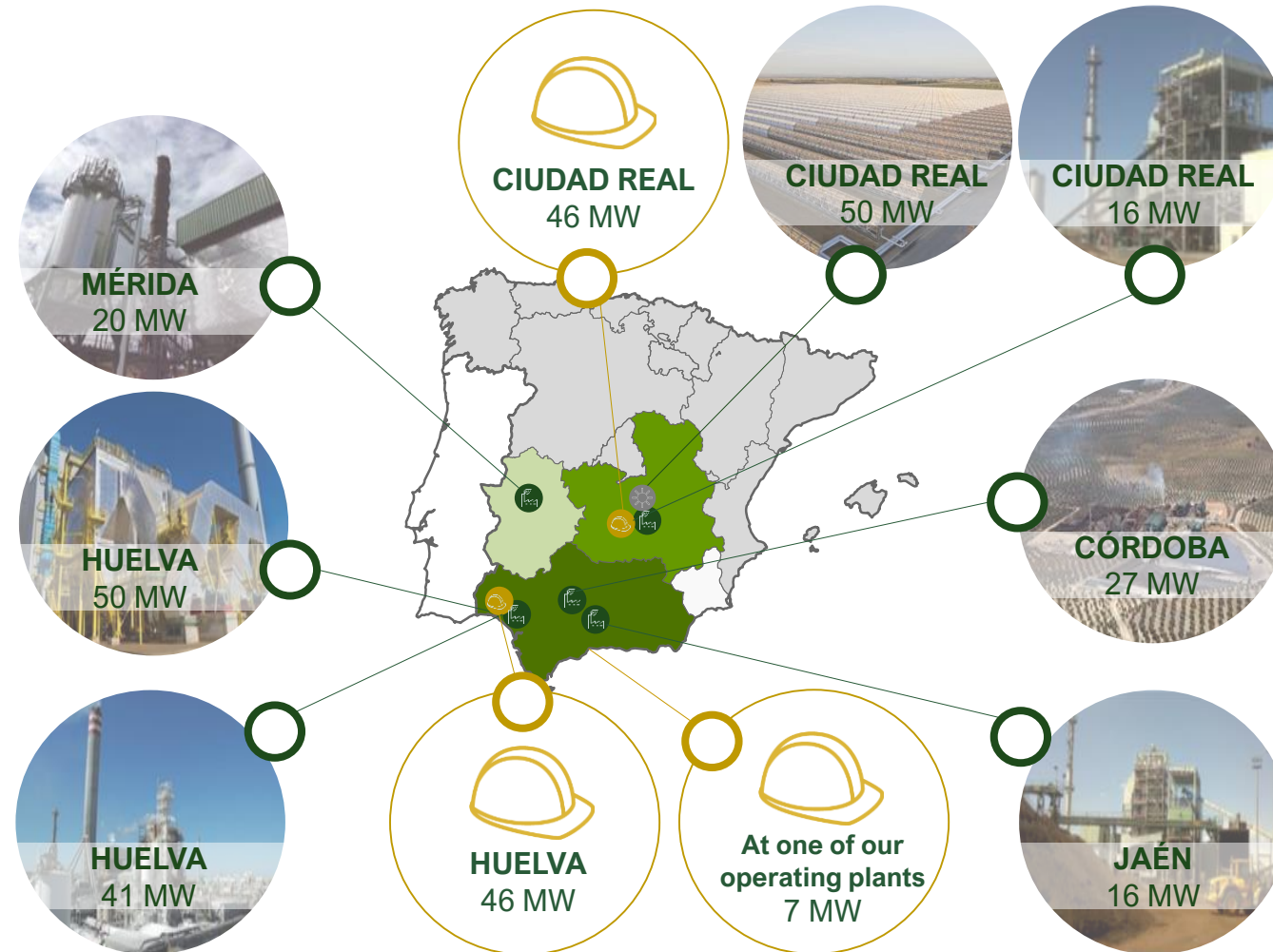


Each investment decision will be confirmed by the Board to ensure Net Debt / EBITDA < 4.5x



Biomass power plants of 99MW developments on track

To add €30 Mn of stable annual EBITDA from 2019





3 - Excellence in sustainability

Excellence in sustainability

A strategic priority for Ence



Capex of €125 Mn to €225 Mn


To strengthen reliability, flexibility, environmental excellence, sustainability and safety in Navia & Pontevedra




4. Closing remarks

Strategic Plan 2019 - 2023

Assumptions & forecasts

 PULP	2018	2019	2020	2021	2022	2023
BHKP price (\$/t)	1,040	1,050	1,050	1,050	1,050	1,050
Exchange rate (\$/€)	1.19	1.20	1.20	1.20	1.20	1.20
Commercial discount (%)	27%	27%	27%	27%	27%	27%
Pulp sales ('000 t)	950	1,020	1,095	1,125	1,190	1,300
Cash cost (€/t)	380	375	370	365	355	350
EBITDA (€ Mn)	245	275	310	325	365	400
Net Profit (€ Mn)	120	130	160	170	190	210

 RENEWABLE ENERGY	2018	2019	2020	2021	2022	2023
Energy sales (MWh)	1,000,000	1,135,000	1,830,000	2,045,000	2,060,000	2,330,000
Pool price (€/MWh)	48	48	48	48	48	48
EBITDA (€ Mn)	45	65	115	125	130	150
Net Profit (€ Mn)	10	20	40	50	50	60

ENCE GROUP	2018	2019	2020	2021	2022	2023
EBITDA (€ Mn)	290	340	425	450	495	550
Net Profit (€ Mn)	130	150	200	220	240	270



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To capture growth opportunities and increase business resilience.



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1. At constant BHKP prices of 1,050 \$/t and 1.20 \$/€ exchange rate



Delivering value Delivering commitments



2019 -2023 Strategic Plan

Pulp Business

Jordi Aguiló
Pulp Business COO





PULP VOLUME GROWTH & CASH COST REDUCTION

Pulp sales volume growth up to 1.3 Mn t & Cash Cost reduction to 350 €/t in 2023¹.



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EXCELLENCE IN SUSTAINABILITY

Improving the reliability, environmental excellence and safety of our biofactories.



LOW LEVERAGE

Always keeping net debt / EBITDA below 2.5x after 50% pay out.

1. At constant BHKP prices of 1,050 \$/t and 1.20 \$/€ exchange rate

Ence's competitive advantages

In the pulp business



Access to eucalyptus plantations around our pulp biofactories

They also have access to pine

Eucalyptus only grows under very specific climatic conditions



Eucalyptus Pulp is cheaper to produce than softwood Pulp

80% of Softwood products can be produced with Hardwood pulp

Technical team dedicated to pulp usage transformation



High quality pulp and differentiated offering

Totally chlorine free

7 de-commoditized products, not easy to replicate with commodity pulp



Privileged access to the European market

Just in time service (5-7 days delivery vs. 40 days for Latam deliveries)

Lower logistics costs



High client diversification

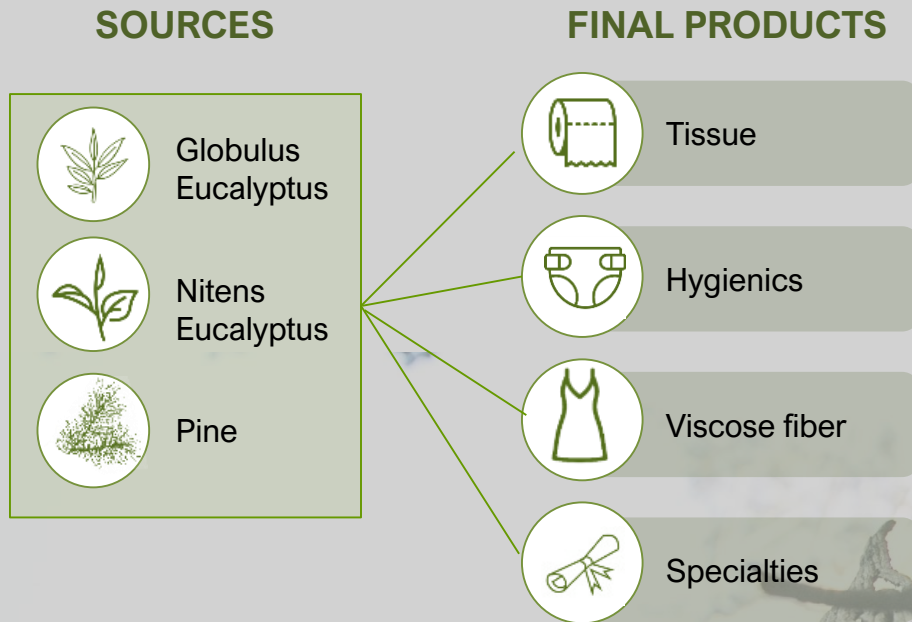
Sales force capillarity >100 customers

Top customer service

Diversification

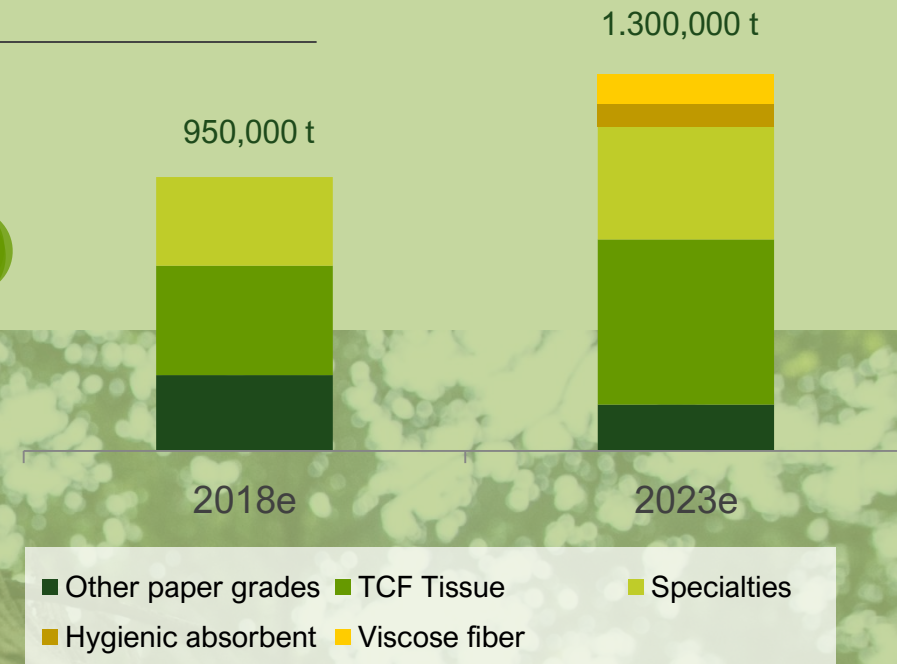
To capture growth opportunities and increase business resiliency

DIVERSIFICATION



GROWTH

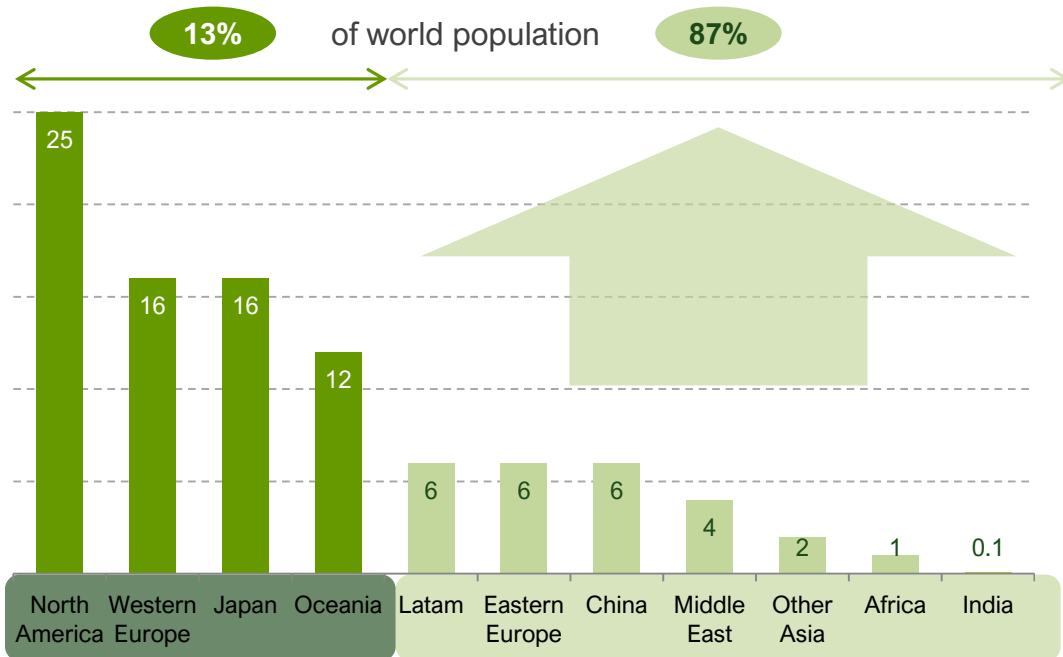
Pulp sales by end use
t



>50% of Ence's pulp sales are in the growing tissue market

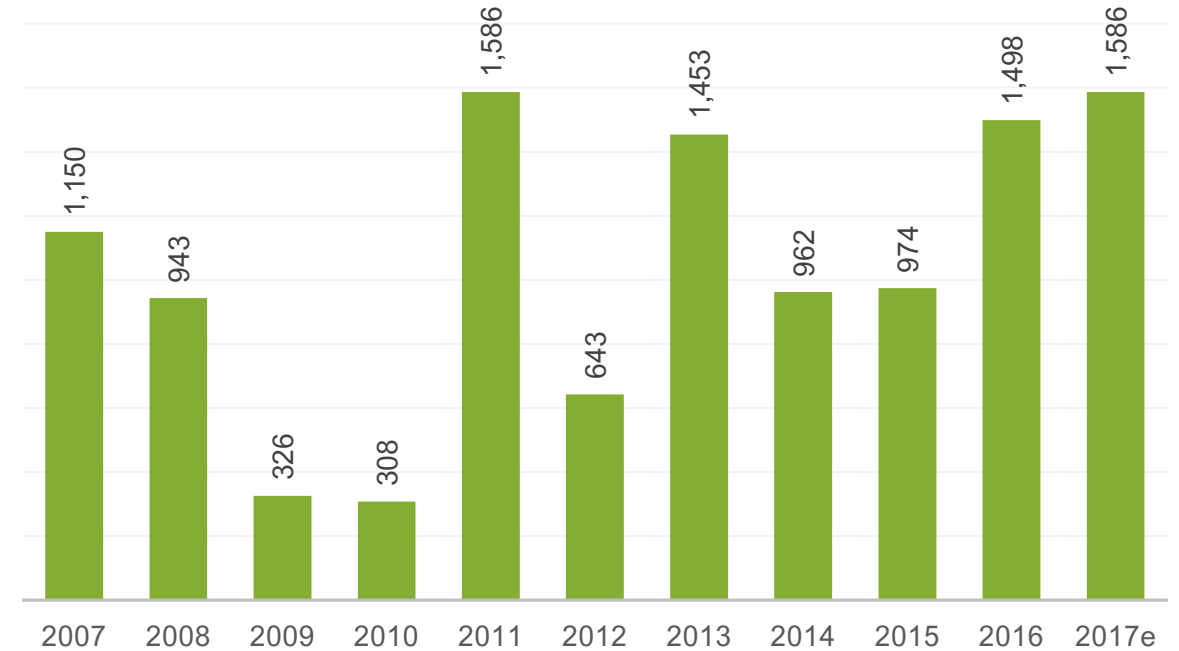
Driven by increasing living standards in emerging countries

Tissue paper per-capita consumption
Kg/year



Source: RISI

BHKP annual consumption growth
'000 t



Source: RISI

3.7%
BHKP
CAGR
2007-17

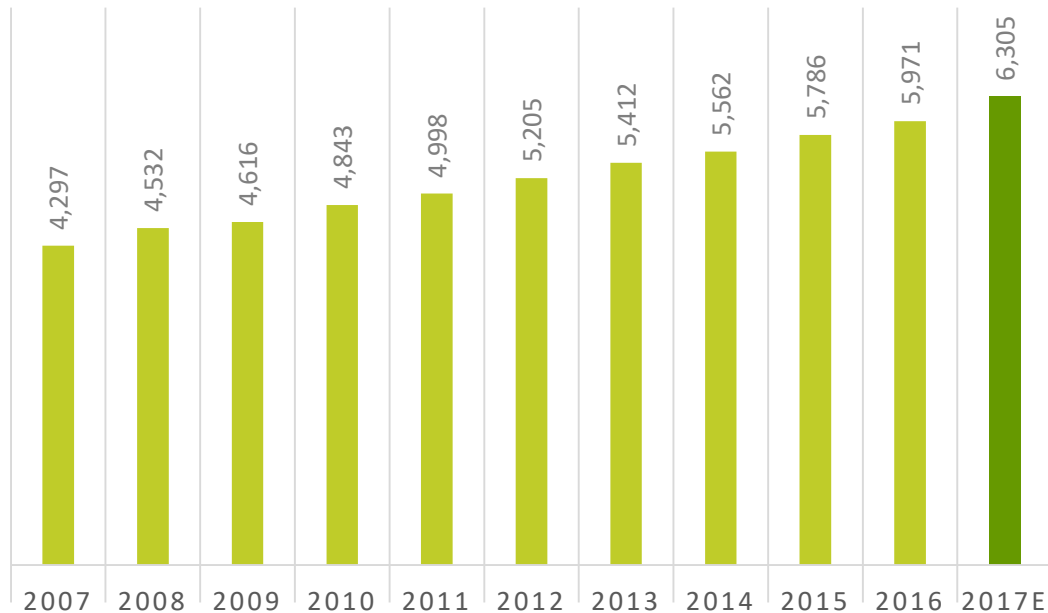
Growing opportunities to diversify into new products...

Supported by the same long-term dynamics

Hygienic products annual consumption
'000 t



3.9%
Hygienic products
CAGR 2007-17

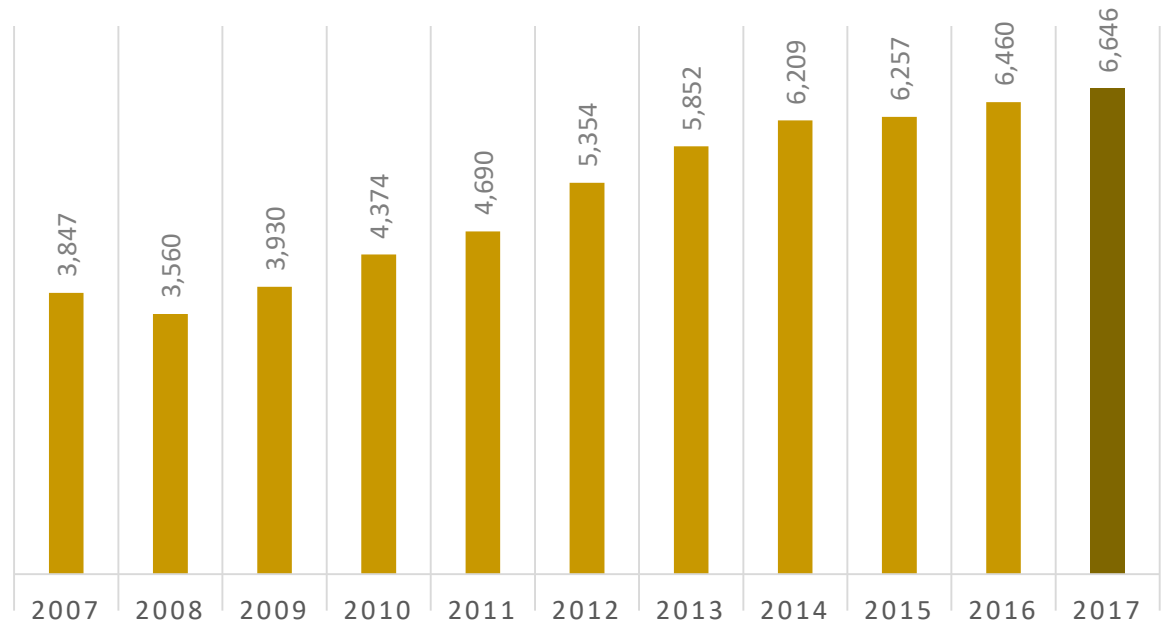


Source: RISI

Viscose fiber annual consumption
'000 t



5.6%
viscose fiber
CAGR 2007-17

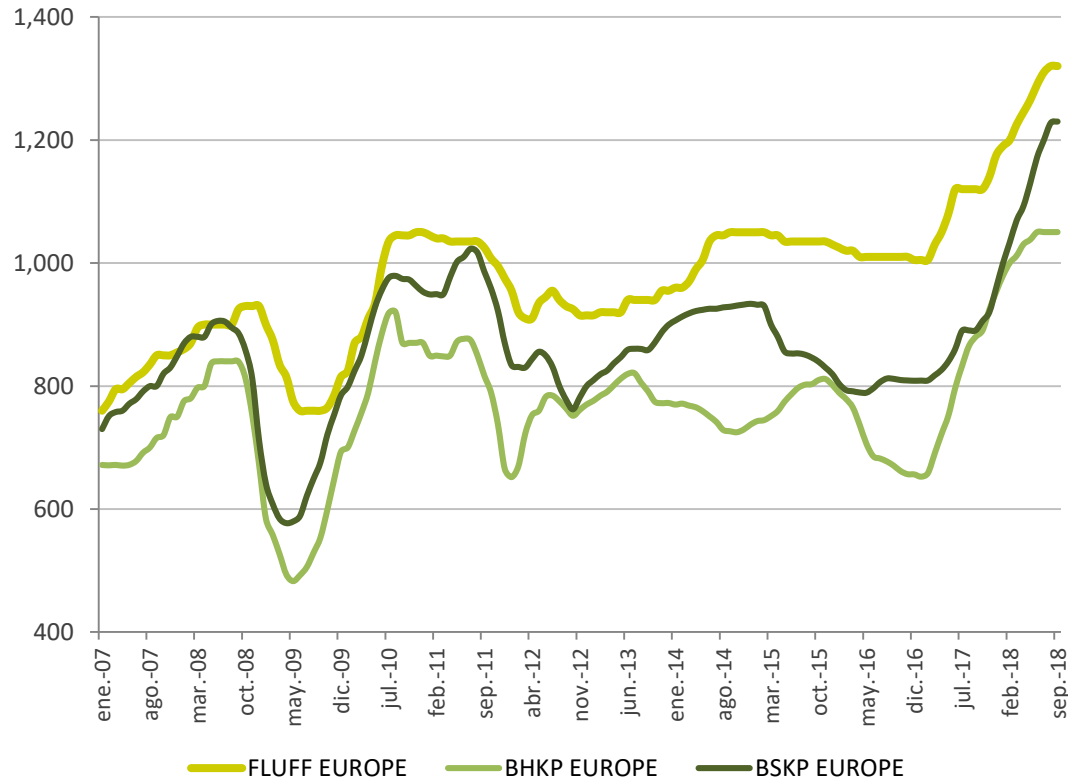


Source: Hawkins Wright

...with better prices linked to softwood pulp and cotton prices

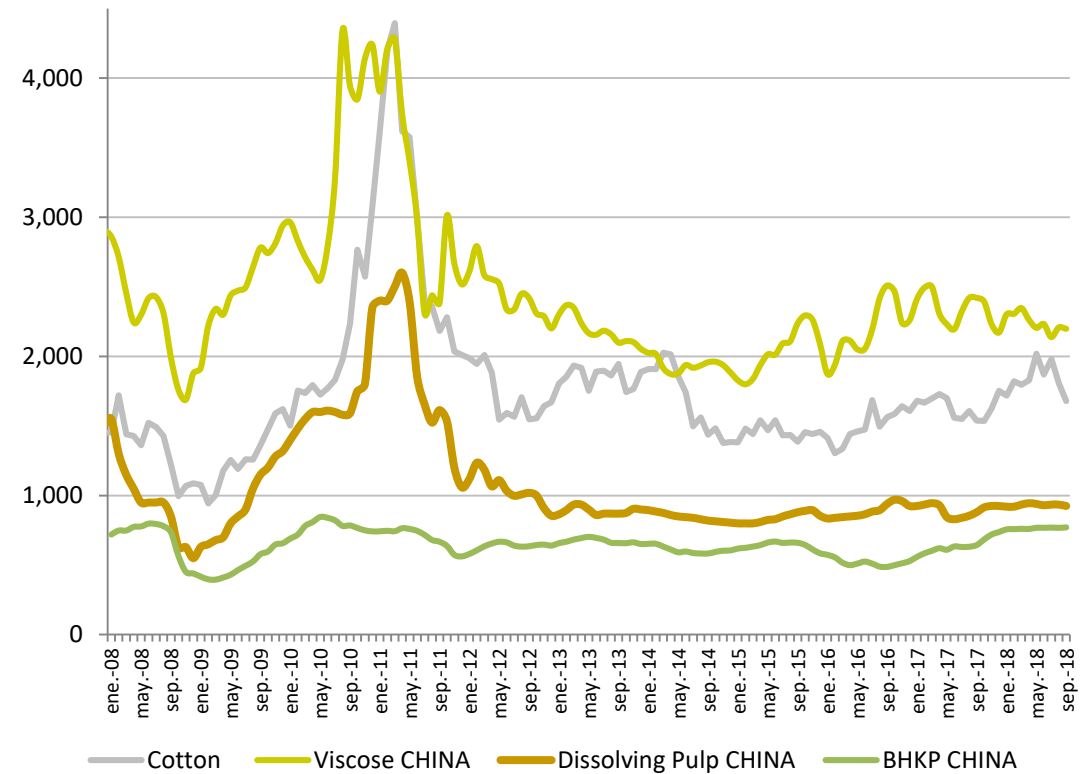
Where Ence has cost advantages

Fluff, Softwood and Hardwood pulp prices
In Europe (\$/t)



Source: RISI

Cotton, viscose, dissolving pulp and Hardwood pulp prices
In China (\$/t)

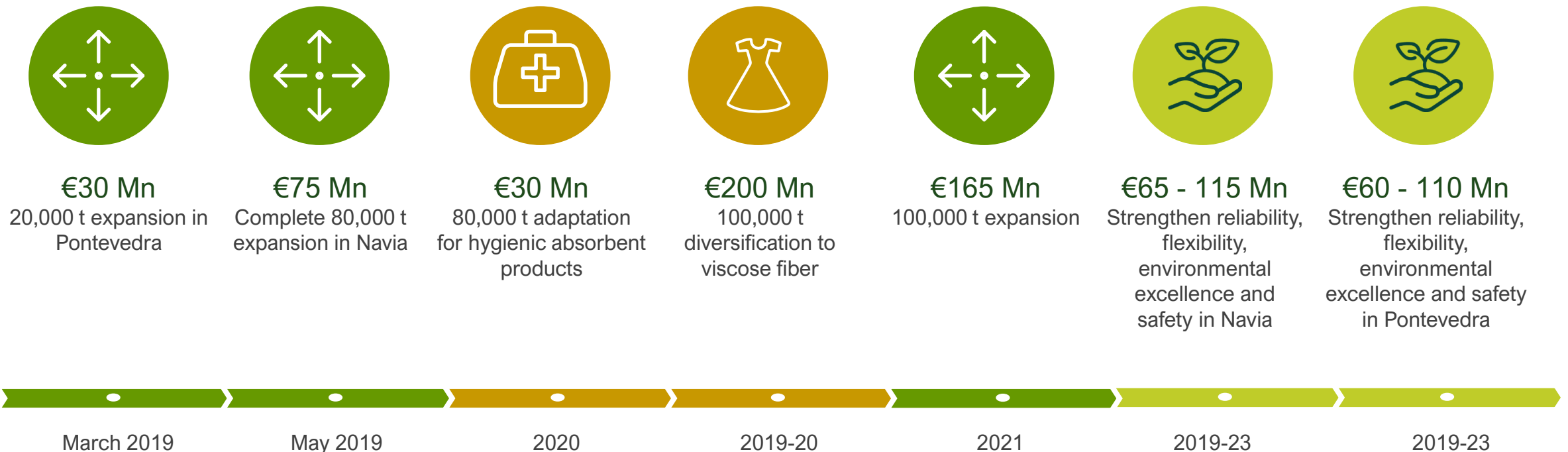


Source: Hawkins Wright

Stepwise investment plan up to €625 - 725 Mn

To increase EBITDA by €150 Mn up to €400 Mn at constant pulp prices

Stepwise implementation of a total of €625 Mn to €725 Mn investments

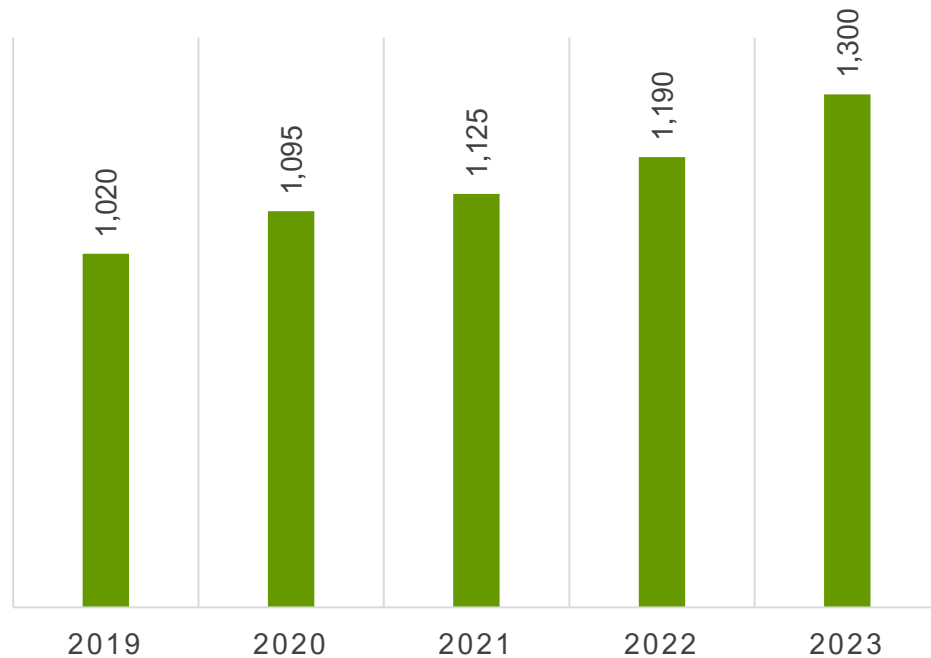


Each investment decision will be confirmed by the Board to ensure Net Debt / EBITDA < 2.5x after 50% Pay-Out Dividend

2023 operating targets

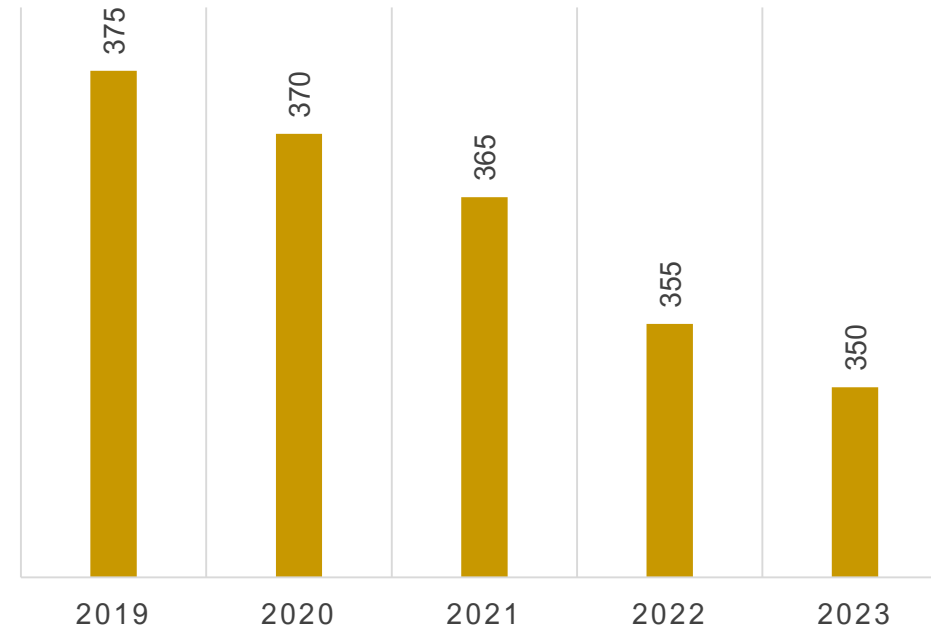
1.3 Mn T pulp sales with a cash cost of 350 €/t (BHKP)

Gradual growth of pulp sales
'000 t



Fixed costs dilution due to sales volume growth will improve the cash cost

Gradual reduction of the cash cost (BHKP)
€/t



New products will have higher sale prices and margins, although a higher cash cost

Excellence in sustainability

A strategic priority for Ence



Capex of €125 Mn to €225 Mn

To strengthen reliability, flexibility, environmental excellence, sustainability and safety in Navia & Pontevedra



PULP VOLUME GROWTH & CASH COST REDUCTION

Pulp sales volume growth up to 1.3 Mn t & Cash Cost reduction to 350 €/t in 2023¹.



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EXCELLENCE IN SUSTAINABILITY

Improving the reliability, environmental excellence and safety of our biofactories.



LOW LEVERAGE

Always keeping net debt / EBITDA below 2.5x after 50% pay out.

1. At constant BHKP prices of 1,050 \$/t and 1.20 \$/€ exchange rate



Delivering value, Delivering commitments



2019 -2023 Strategic Plan

Renewable Energy Business

Felipe Torroba
Renewable Energy COO



2019-2023 Targets



EBITDA GROWTH

To generate a minimum of €150 Mn EBITDA from the Renewable Energy business, providing stability and high visibility to the Group cash flows.



DIVERSIFICATION

To capture growth opportunities and improve business resiliency.



STEPWISE INVESTMENTS

Stepwise investments up to €615 Mn. Each investment decision will be confirmed by the Board to ensure prudent leverage.



EXCELLENCE IN SUSTAINABILITY

Improving the reliability, environmental excellence and safety of our plants.



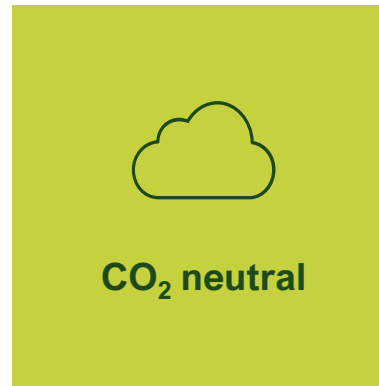
FINANCIAL DISCIPLINE

Always keeping Net Debt/EBITDA ratio below 4.5x.

Biomass energy is a necessary technology

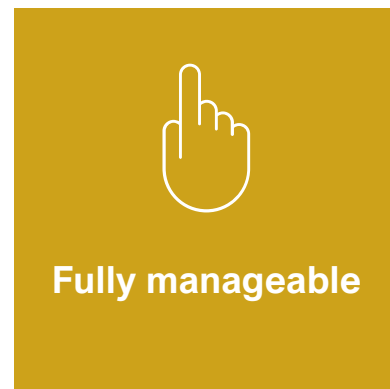
To achieve a successful transition to a low carbon economy

Biomass is a very **abundant resource** in **Spain** with a potential equivalent to 4,000 MW.



Biomass is **neutral in carbon emissions** and avoids diffuse emissions of forest and agricultural byproducts. It also **reduces fire risk** in our forests and the problem of **biomass uncontrolled burning**.

Biomass is the only renewable technology, together with hydraulics, which is totally **manageable**. It can operate 24 hours a day, 365 days a year and exceed 8,000 hours a year. **Biomass acts as a backup for other renewable energies.**



Biomass provides a **high socioeconomic value** due to its environmental advantages and the important contribution to the **employment generation** and the **industrialization** of the rural economy, avoiding rural exodus.

Diversification

To capture growth opportunities and improve business resiliency

DIVERSIFICATION

BIOMASS SOURCES



Multiagricultural byproducts



Forestry biomass

TECHNOLOGIES



Biomass



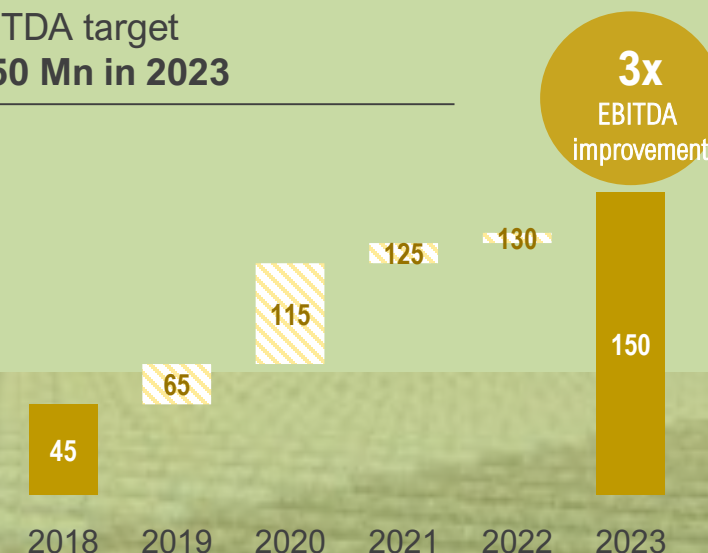
Thermosolar



PV

GROWTH

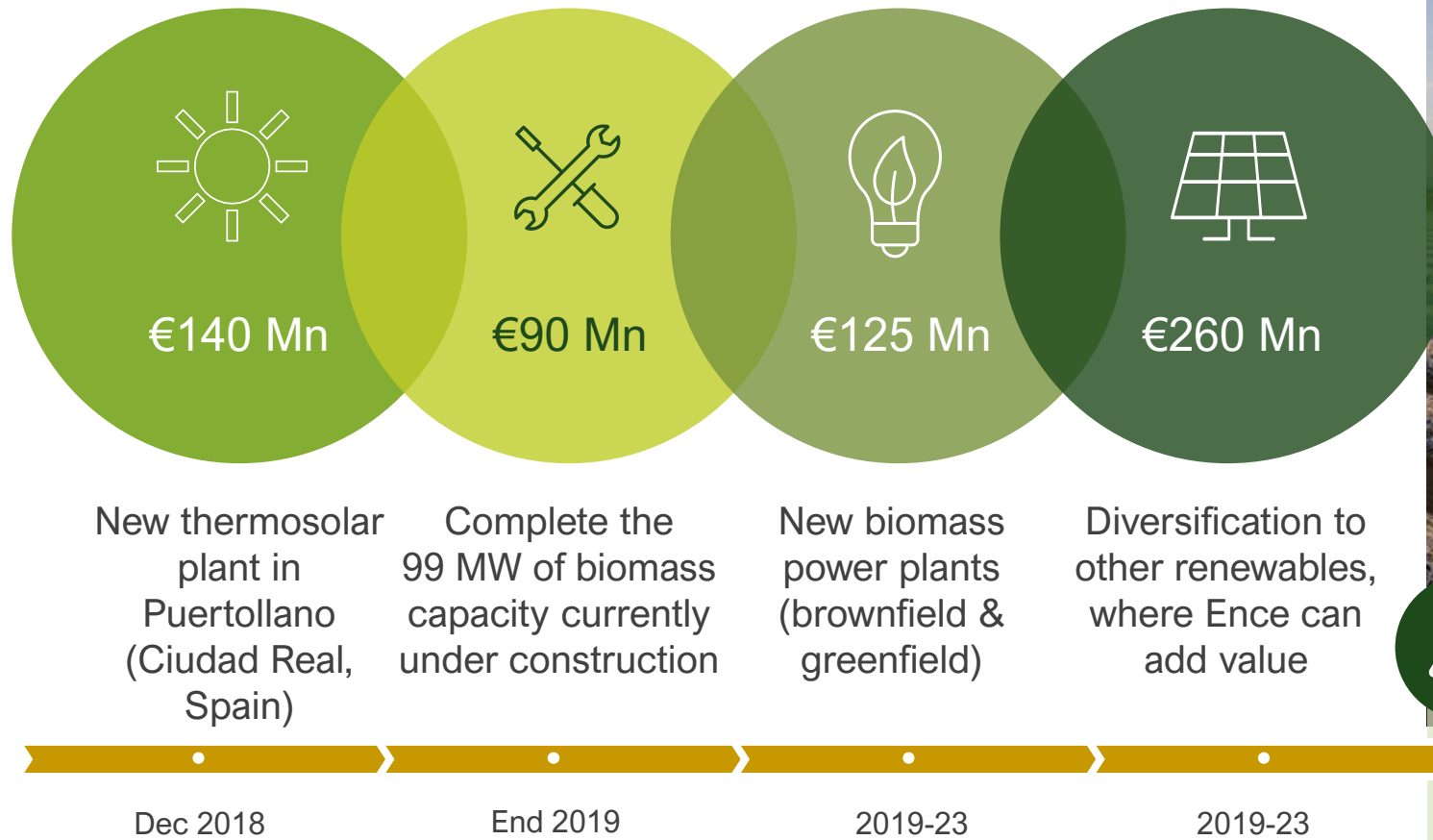
EBITDA target
€150 Mn in 2023



Growth in renewables increases the Group's minimum EBITDA at each stage of the pulp cycle, providing stability and predictability to cash flows

Renewable Energy investment plan

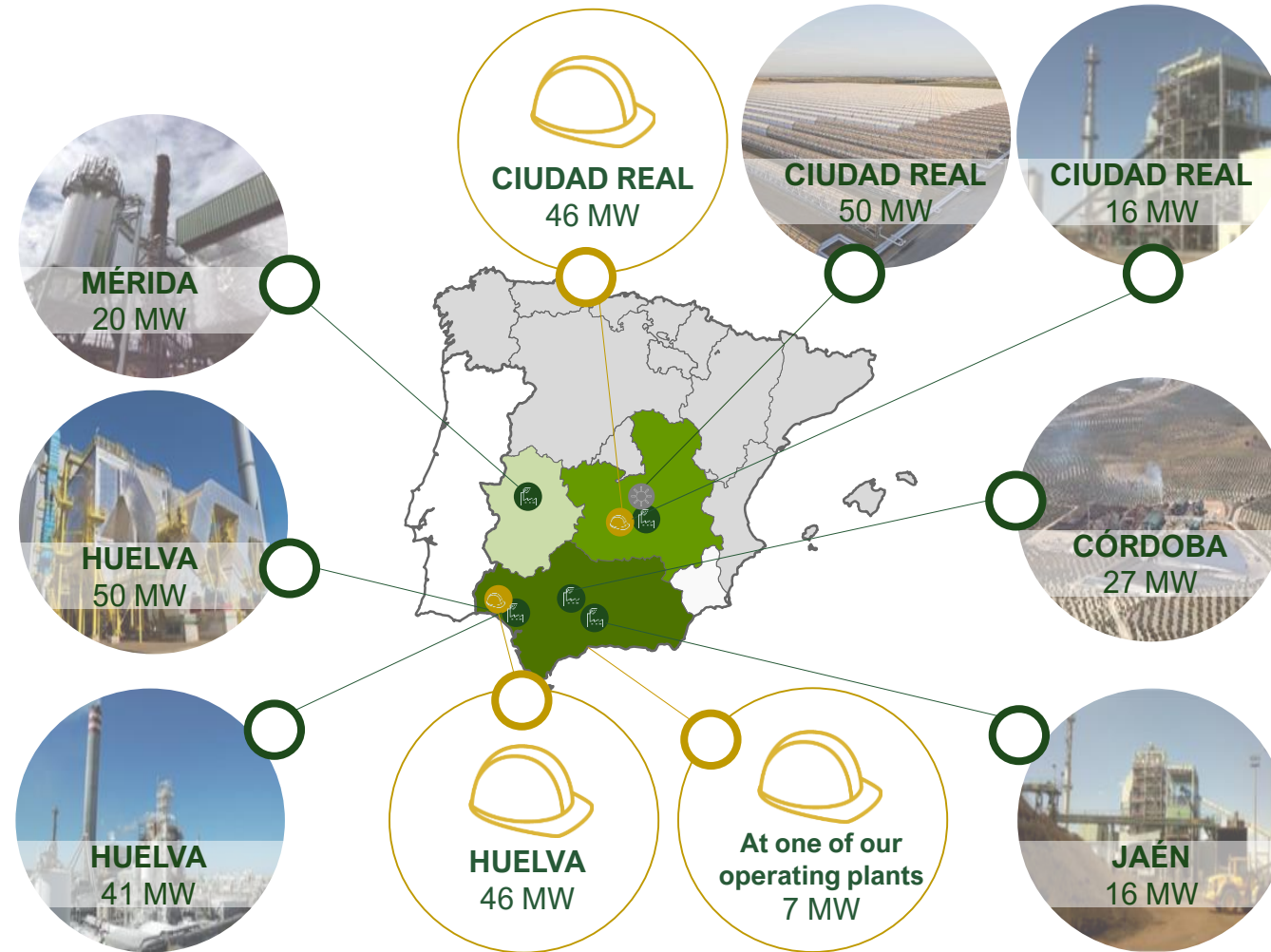
To reach a minimum EBITDA of €150 Mn in 2023



Each investment decision will be confirmed by the Board to ensure Net Debt / EBITDA < 4.5x

99 MW of biomass capacity on track

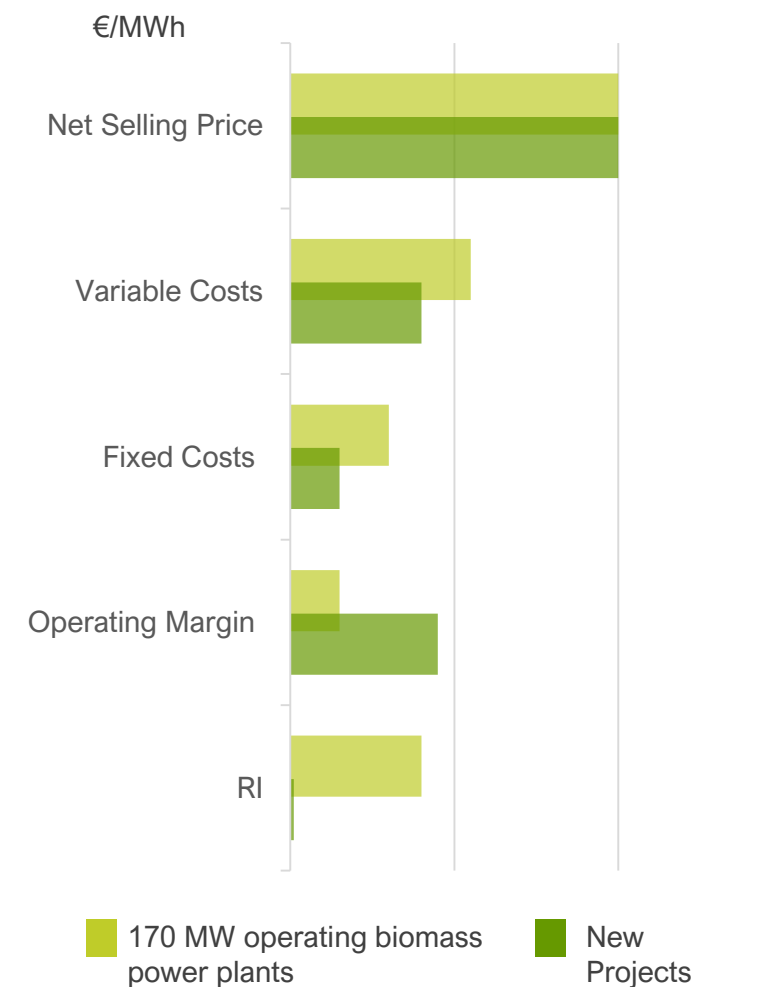
To generate €30 Mn stable EBITDA from end 2019



New biomass power plants are more efficient

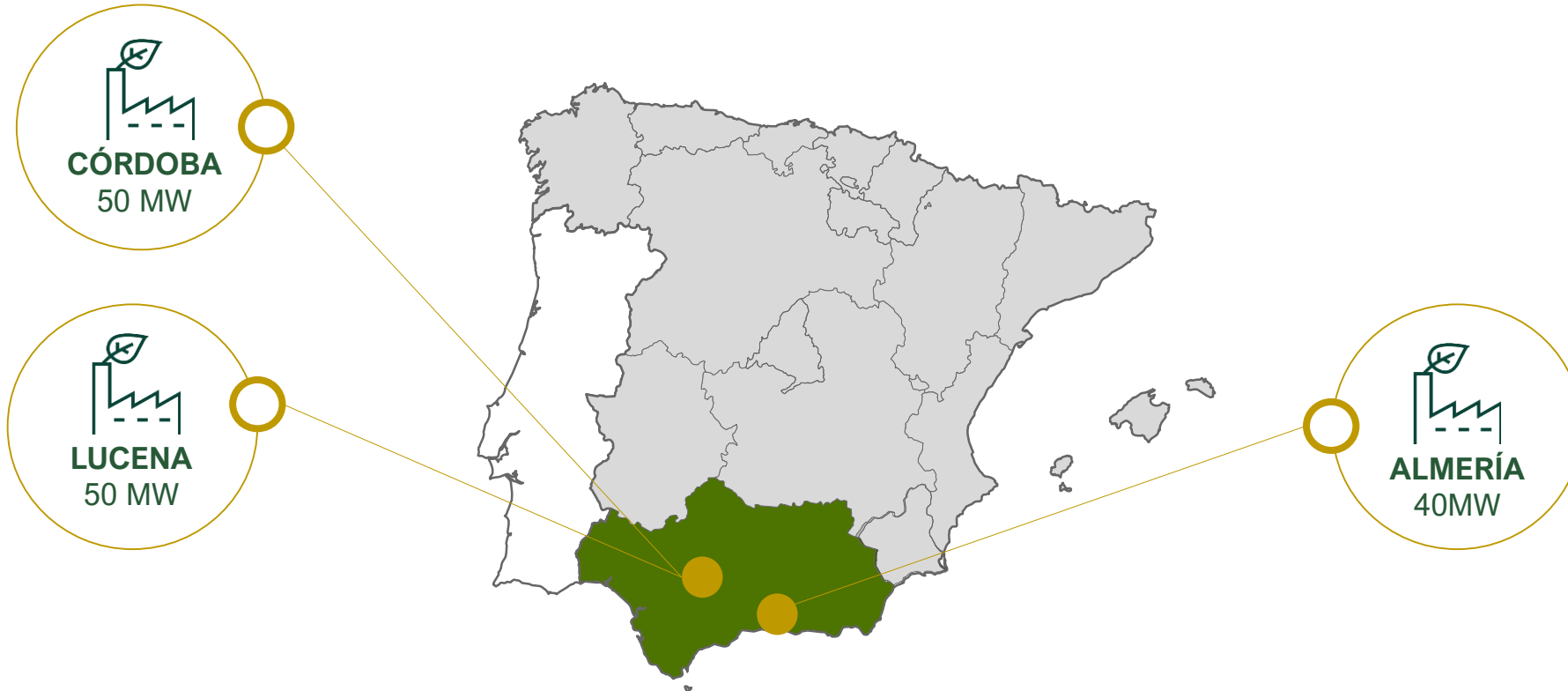
Due to fuel flexibility, higher efficiency factor and fixed costs dilution

	Biomass power plant location	Capacity MW	Start-up year	Construction Capex € Mn / MW	Boiler technology	Efficiency factor	Fuel flexibility
OPERATING BIOMASS POWER PLANTS	Huelva	41	2000		Fluidized bed	26%	Limited
	Huelva	50	2012	2.6	Fluidized bed	30%	Limited
	Mérida	20	2014	3.3	Vibrating grate	32%	Flexible
	Ciudad Real	16	2002		Pulverized fuel boiler + stoker grate	24%	Inflexible
	Jaén	16	2002		Pulverized fuel boiler + stoker grate	24%	Inflexible
	Córdoba	14	2006		Reciprocating grate	26%	Inflexible
NEW PROJECTS	Huelva	46	2019	2.2	Vibrating grate	35%	Full Flexibility
	Ciudad Real	46	2019		Vibrating grate	35%	Full Flexibility



Potential biomass projects

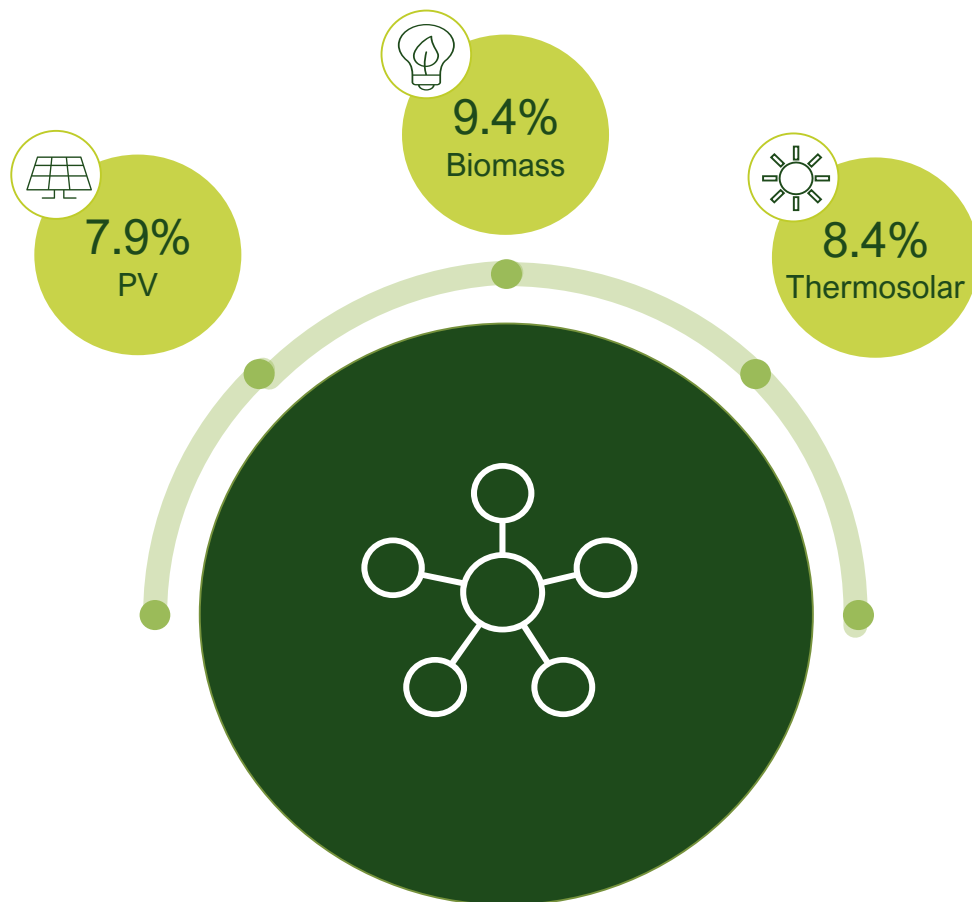
Developing new projects & waiting for upcoming biomass capacity auctions



Diversification to other renewable technologies

Where Ence can add value

Minimum IRR required



50 Mw Puertollano Thermosolar plant

THERMOSOLAR PLANT

Capex (€ Mn)	140
Capacity (Mw)	50
Annual Production (Mw/h)	70,000
Equivalent hours	1,400
Annual EBITDA (€ Mn)	18

POTENTIAL HYBRIDIZATION

Capex (€ Mn)	30
Annual Production (Mw/h)	190,000
Equivalent hours	3,800



Excellence in sustainability

A strategic priority for Ence



2019-2023 Targets



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FINANCIAL DISCIPLINE

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Delivering value Delivering commitments



2019 -2023 Strategic Plan

Supply Chain

Álvaro Eza
Chief Supply Chain Officer





HIGH WOOD AVAILABILITY AND GROWING SUPPLY

There is enough wood available in NW Spain. Ence is prepared to extract it and diversify into other species of wood.



BIOMASS IS AN ABUNDANT RESOURCE IN SPAIN

Enough to supply up to 4,000 MW capacity.



EXCELLENCE IN SUSTAINABILITY

Improving the reliability, environmental excellence and safety of our supply chain.



ENSURING DOUBLE CERTIFICATION OF OUR WOOD SUPPLY



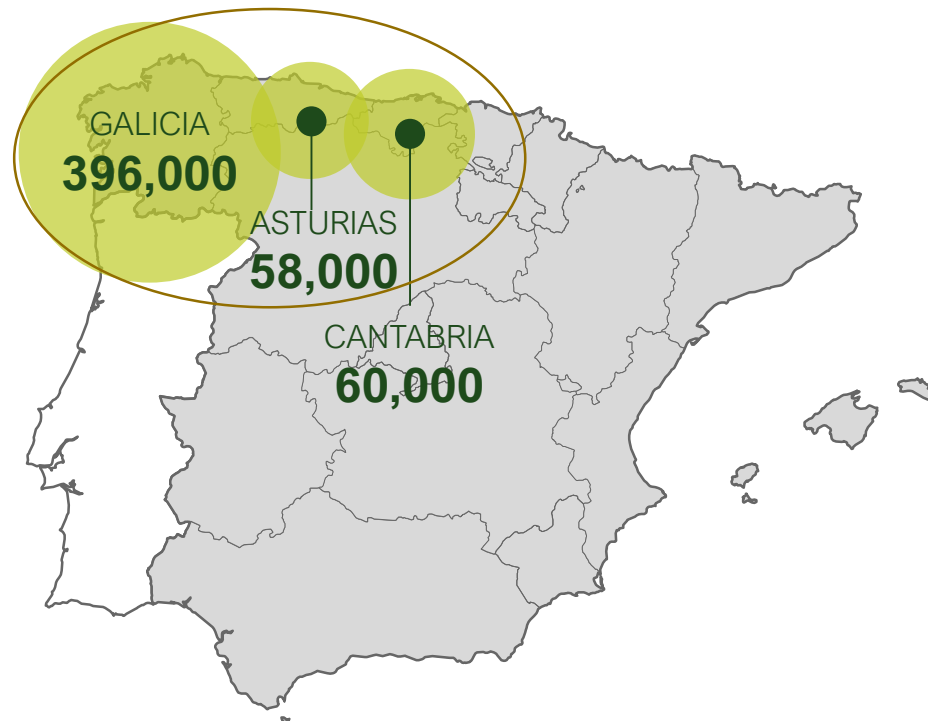
RESPECTING OUR 10 POINTS BIOMASS USE MANIFESTO

Eucalyptus availability around Ence's pulp biofactories

Both globulus & nitens wood annual growth increasing

Eucalyptus (globulus & nitens) plantations surface
in N.W. Spain

Hectares

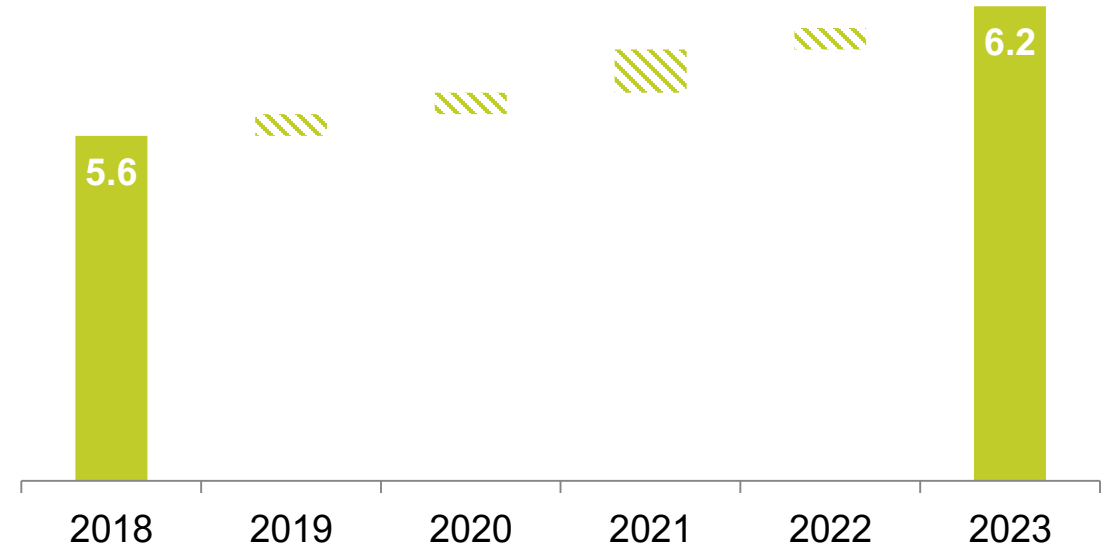


Eucalyptus plantations grew in the last 10 years

Source: Ence

Estimated eucalyptus (globulus & nitens) wood
annual growth in N.W. Spain

Mn m³



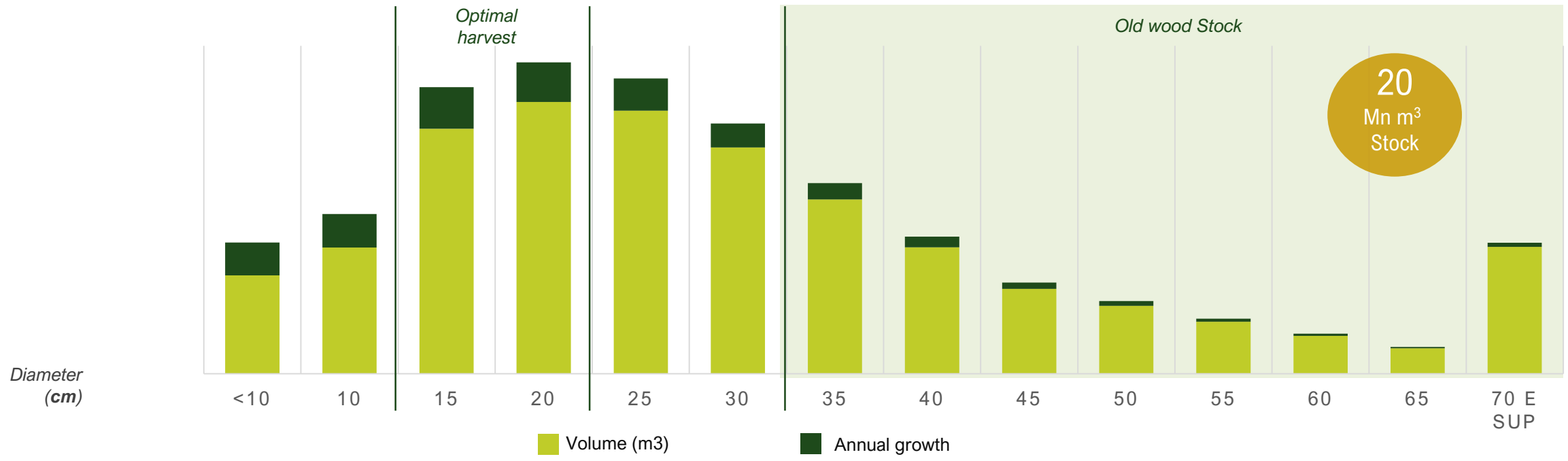
Enough wood available for our pulp capacity expansions

Source: Ence

20 Mn m³ of standing old wood stock

Dedicated team to harvest it

Eucalyptus wood stocks in northwestern Spain m³

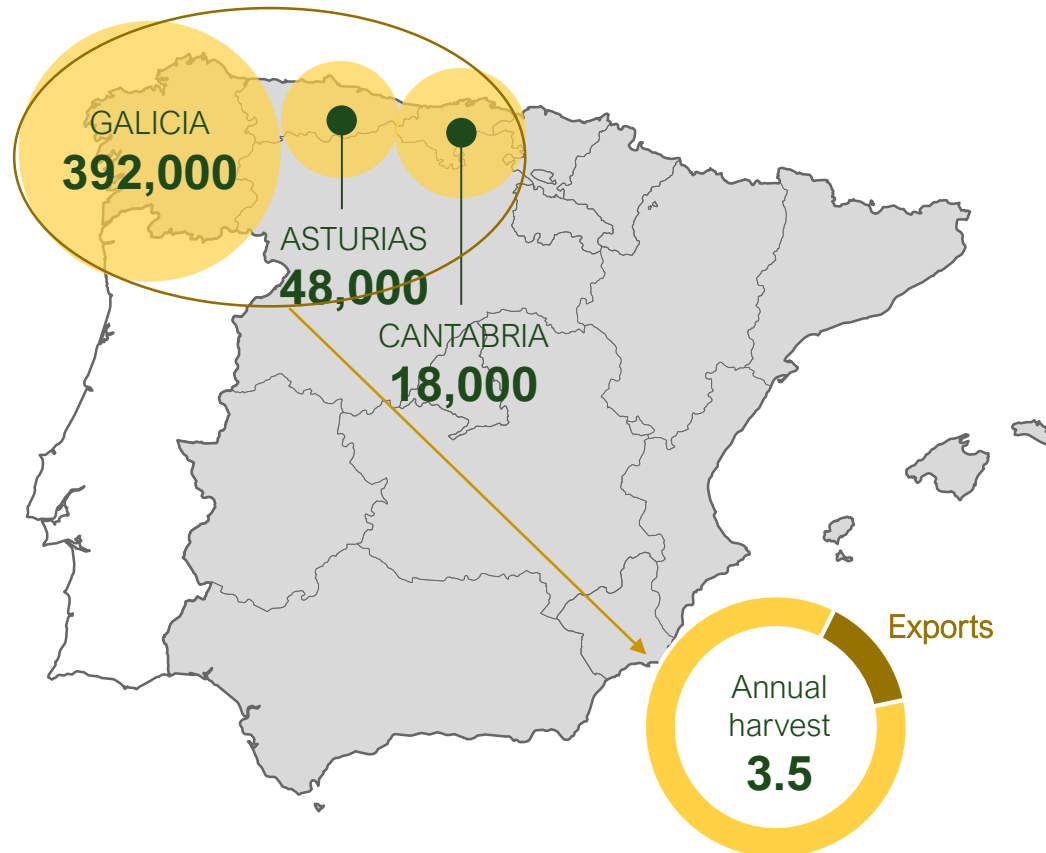


Cutting old wood stock will increase wood availability for our Strategic Plan while improving plantation yields up to **20%** by optimizing its harvesting cycle

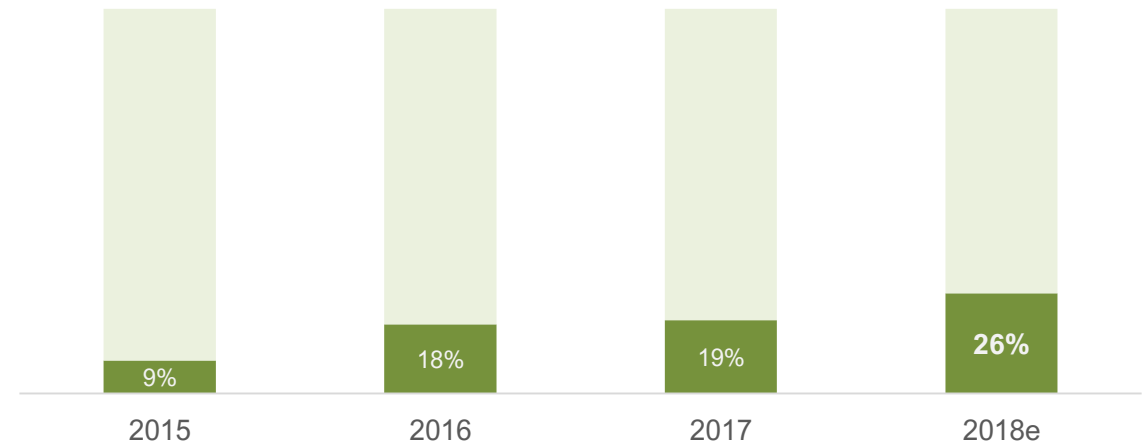
Potential diversification of wood sources

Strong track-record in the use of nitens

Pine plantations surface in N.W. Spain
Hectares



Eucalyptus nitens purchases evolution
%



Replicating nitens track-record in our pulp production to diversify into other woods species, such as pine

Source: MFE 25, Forest Map Spain

Unique supply chain

75% direct purchases to small suppliers & landowners

Wood purchases
2017



Plantations location & tracking technology

Online portal and call center

APPS for Landowners, suppliers & carriers

Customized logistics and commercial CRM

GPS tech for transport routing & wood origin control

Loyalty programs

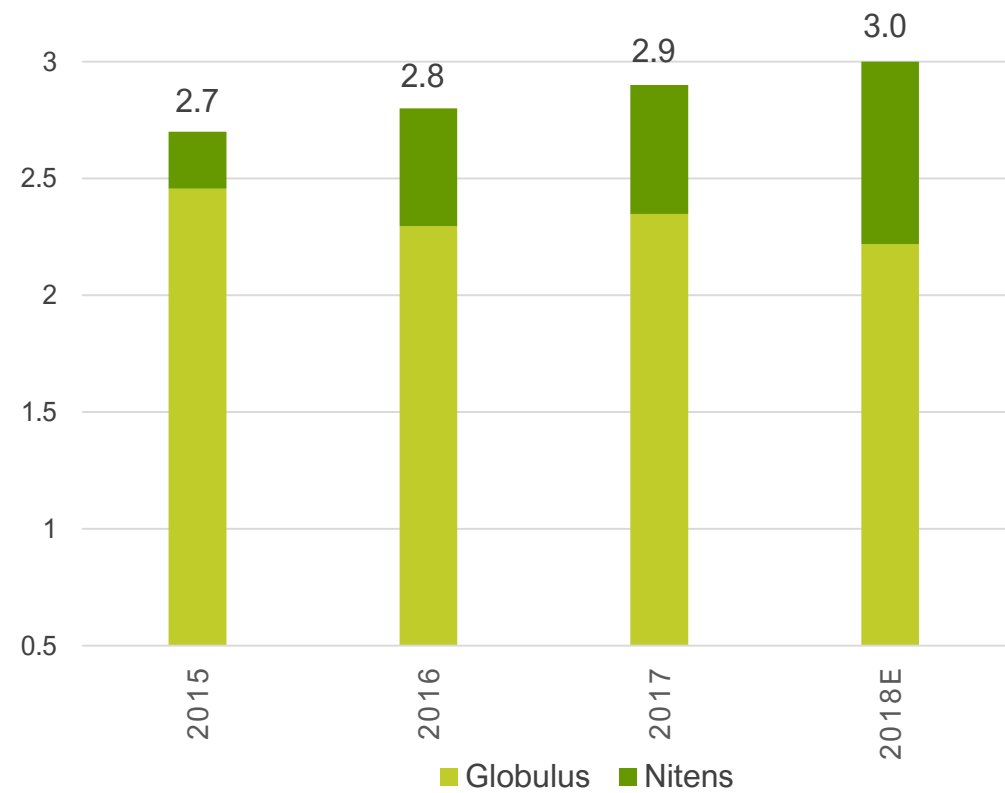
Successful track record

Increasing annual wood purchases at a shorter supply distance



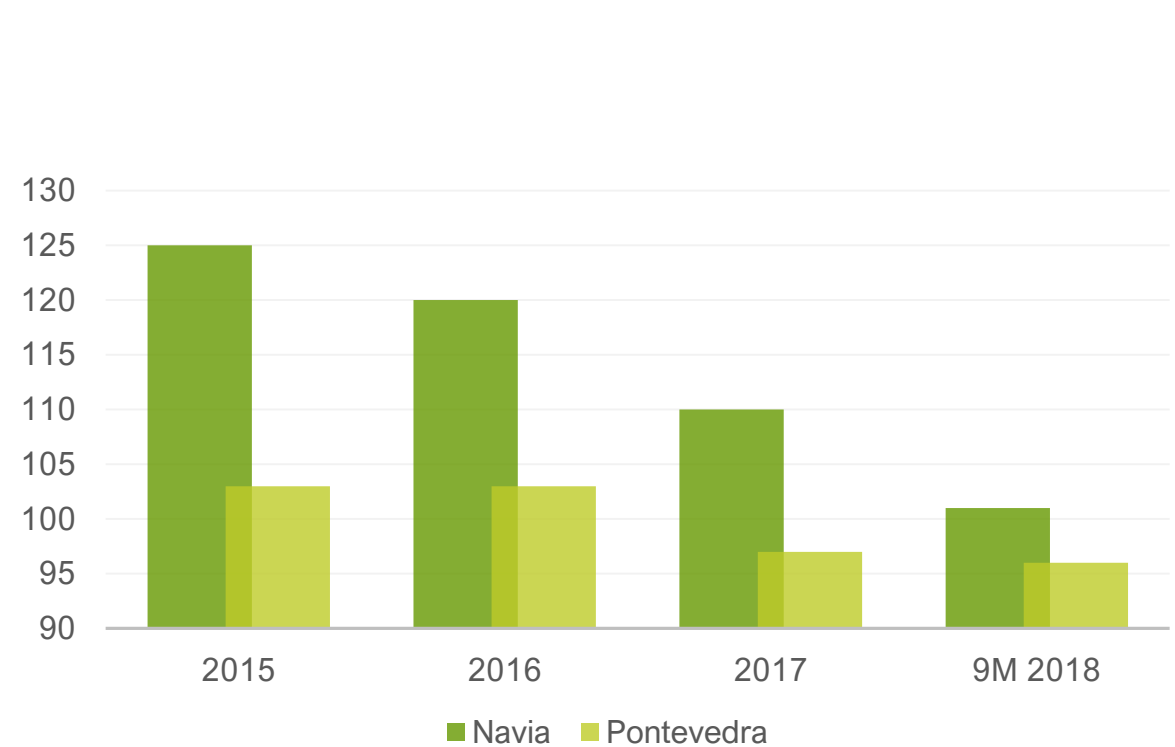
Annual eucalyptus purchases

Mn m3



Average supply distance

Km



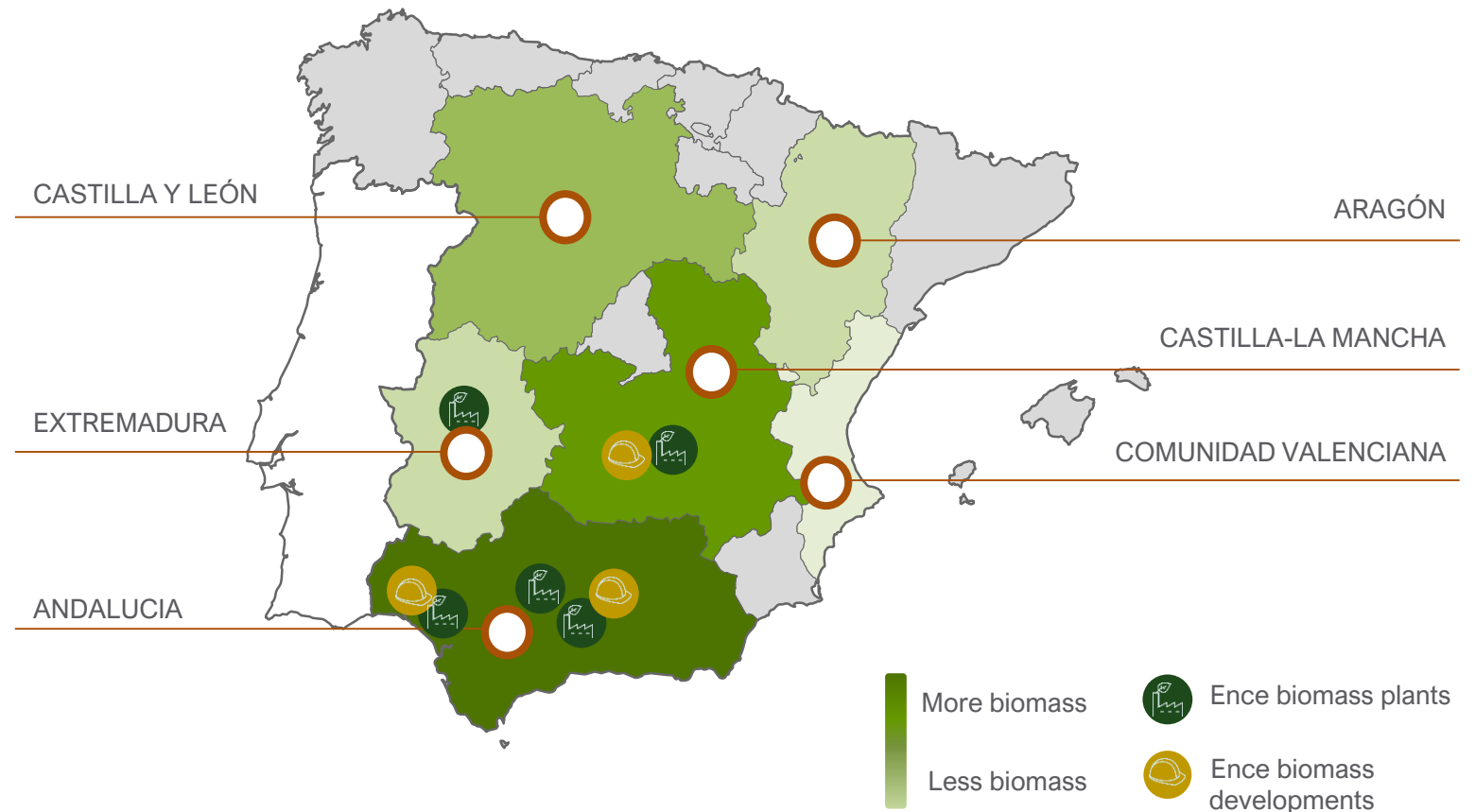
Biomass is an abundant and renewable resource in Spain

25 Mn t of annual biomass surplus

Ence's Biomass Power Plants consumption

	Biomass Consumption 2018 ('000 t)	Biomass Consumption 2020 ('000 t)
Huelva 50 Mw	440	415
Huelva 41 Mw	240	260
Mérida 20 Mw	170	145
Ciudad Real 16 Mw	95	95
Jaen 16 Mw	90	90
Córdoba 27 Mw	100	100
Huelva 46 Mw		280
Puertollano 46 Mw		270
Total	1,135	1,655

Regions with highest agro-forestry biomass potential



Unused biomass surplus brings an environmental problem

It could be used to generate up to 4,000 MW of renewable energy



BIOMASS UNCONTROLLED BURNING

Is **highly polluting** and increases **fire risk**



ABANDONED WOODS

Without **regular clearing**, forest soil acts as **fire fuel**



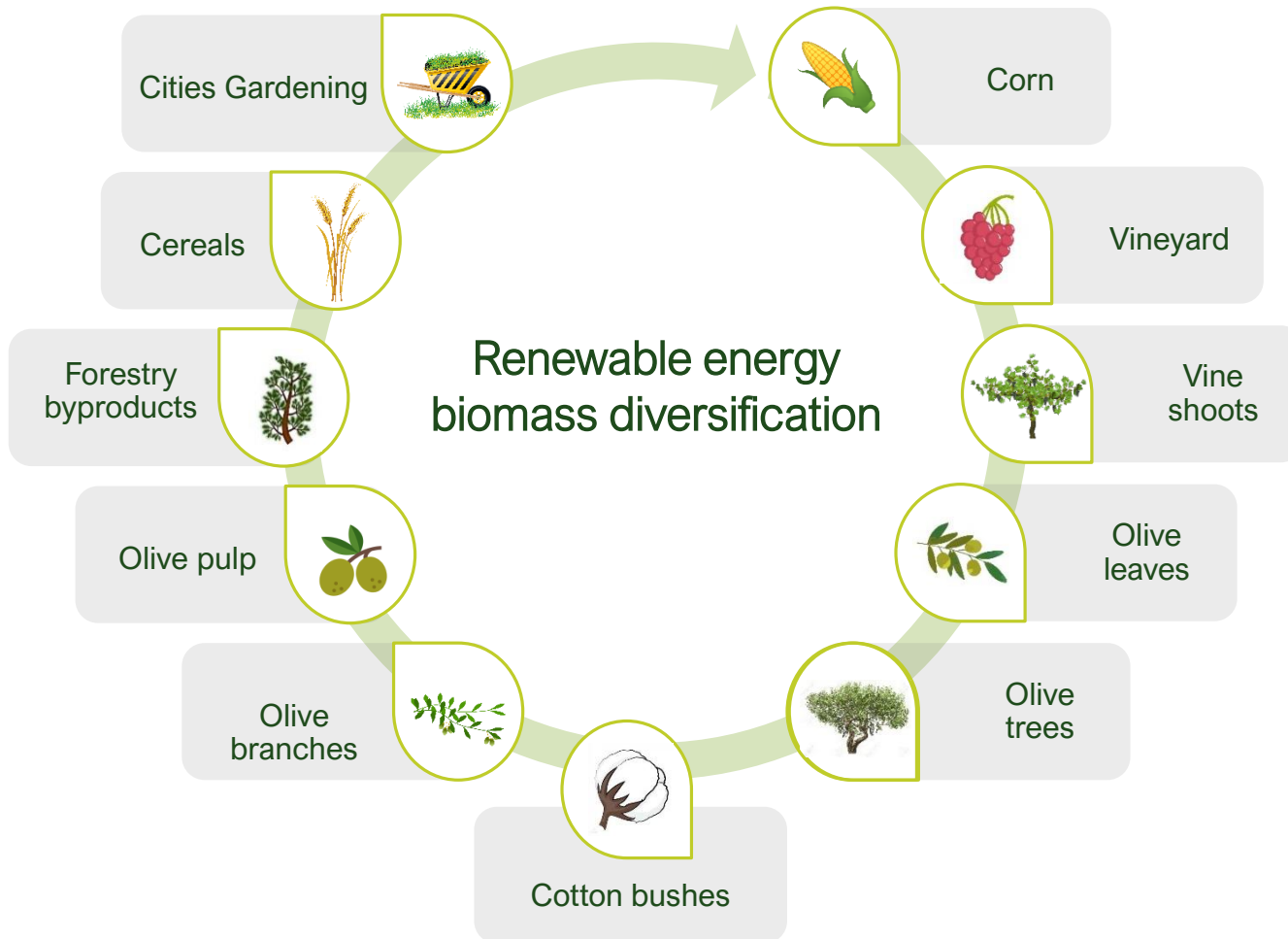
DIFUSE EMISSIONS FROM DECOMPOSING BIOMASS

The process of biomass decomposition directly frees **CO2** and **Methane** to the atmosphere

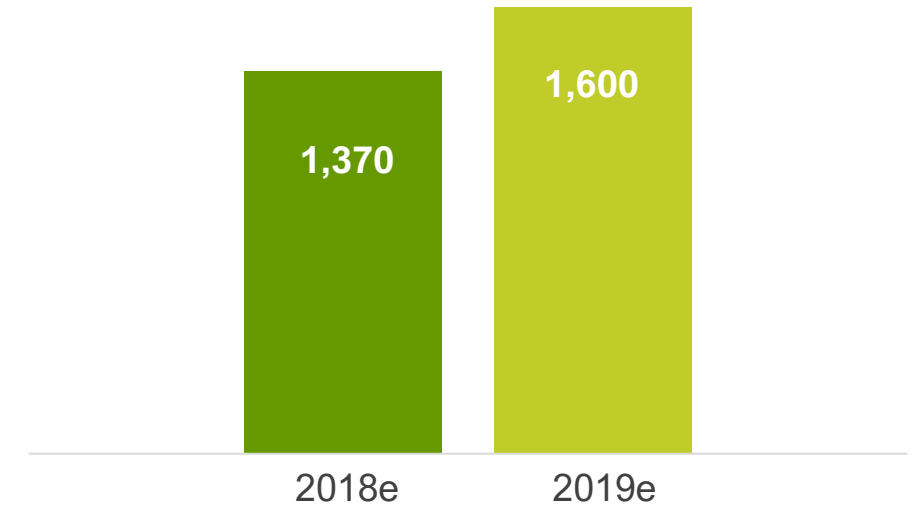
Spain is the second country in Europe with more agro surface and the third one in forest surface
Every year, the country produces over **60 Mn t** of biomass of which **25 Mn t** remains unused

Biomass diversification strategy

Ence's new biomass plants designed to use a wider biomass spectrum



Olive pulp production
'000 t



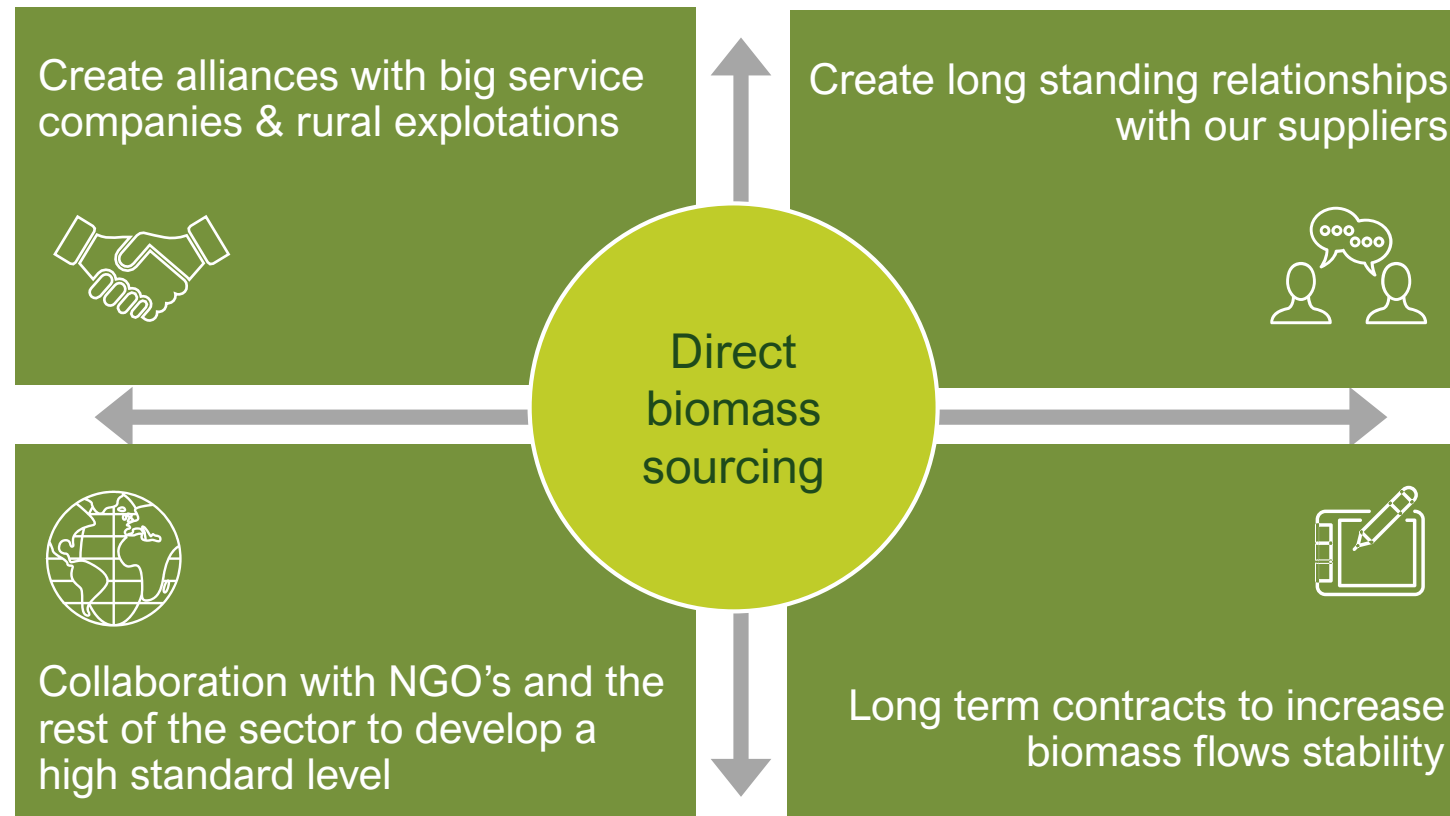
Olive pulp is cheap and abundant, which makes it an excellent biomass source for our plants

Direct access to biomass in its origin

Ongoing initiatives to optimize biomass sourcing

We are the largest biomass manager
in Spain in multiple points
We buy more than 1 Mn t a year

Always under Ence's 10 points
Biomass Manifesto



Ence's 10 Points Biomass Manifesto

The basis of a sustainable use of biomass as a fuel

- 1 Respect the natural environment**

Biomass management will respect at all times the renovation capacity of the biomass resources, the soil quality and will not produce damage to the natural environment.
- 2 It will be compatible with sustainable agricultural and forestry practices**

Ence's activity will be compatible with the manuals of agricultural and forestry good practices of every crop and species.
- 3 It will not burn wood in roll**

Ence will not use wood in roll of more than 10 cm in diameter as fuel, nor will it come from cultivated invasive species.
- 4 Respect biomass' priority uses**

The biomass that Ence will use will not compete with other possible sustainable and priority uses of biomass (feed, construction, furniture, etc.)
- 5 It will not use biomass that competes in resources with food**

Ence will not use biomass that comes from energy crops plantations on land suitable for agriculture and food production.
- 6 It will benefit only from residual agricultural biomass**

It will only use residual agricultural waste which does not reduce the quantities aimed to the feeding of the cattle.
- 7 Respect laws and human rights**

The collection of biomass will always be undertaken with respect to current legislation, human rights and communities.
- 8 It will use the best available technologies**

Ence will permanently apply the best available techniques for transport, storage and production of biomass energy in order to minimize the environmental impact and maximize energy efficiency.
- 9 It will minimize carbon emissions**

It will take into account the total carbon footprint, considering the greenhouse gas emissions' balance throughout its life cycle, and will limit the collection distance of agricultural and forestry waste.
- 10 It will always pursue the highest energy efficiency**

Ence will promote maximum energy efficiency through the development and application of technology for the use of residual useful heat from its plants for other industries and local uses.

Excellence in sustainability

A strategic priority for Ence



Carbon footprint
reduction

Use of alternative energy
sources (LNG projects)



Chain of custody
improvement

GPS systems to control
the distance of biomass
delivery to our plants



Double certification
of our wood supply

Wood certifications to
assure that the wood
comes from sustainably
managed forests



NAVIA
93%

PONTEVEDRA
79%



Ence's Biomass
Manifesto

10 rules for a sustainable
use of biomass as a fuel



HIGH WOOD AVAILABILITY AND GROWING SUPPLY

There is enough wood available in NW Spain. Ence is prepared to extract it and diversify into other species of wood.



BIOMASS IS AN ABUNDANT RESOURCE IN SPAIN

Enough to supply up to 4,000 MW capacity.



EXCELLENCE IN SUSTAINABILITY

Improving the reliability, environmental excellence and safety of our supply chain.



ENSURING DOUBLE CERTIFICATION OF OUR WOOD SUPPLY



RESPECTING OUR 10 POINTS BIOMASS USE MANIFESTO



Delivering value, Delivering commitments



2019 -2023 Strategic Plan

Financials

Alfredo Avello
CFO





TWO COMPLEMENTARY & INDEPENDENT BUSINESSES

Almost double the Group's EBITDA at constant prices¹ and reduce its cyclical nature with a minimum base of €150 Mn from the Renewable Energy business.



STEPWISE INVESTMENT PLAN

€1.2 -1.3 Bn stepwise investment plan. Each investment decision will be confirmed by the Board to ensure low leverage and 50% pay-out.



SOLID BALANCE SHEET

To support the new investment cycle in different steps.



LOW LEVERAGE

Keeping a Net Debt/EBITDA ratio below 2.5x in the Pulp Business & 4.5x in the Renewable Energy Business.



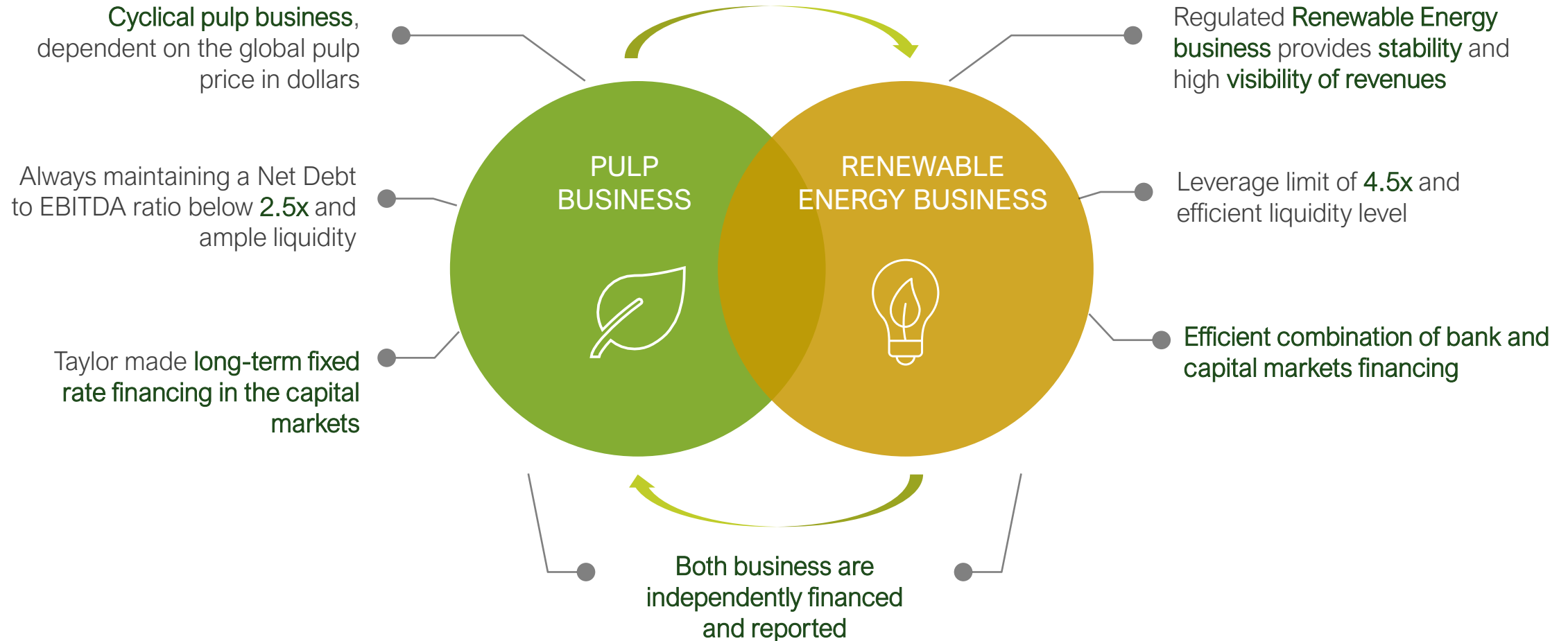
50% PAY-OUT

Always maintaining our shareholder remuneration policy.

1. At constant BHKP prices of 1,050 \$/t and 1.20 \$/€ exchange rate

Two Businesses

Complementary and independent



Stepwise investment plan

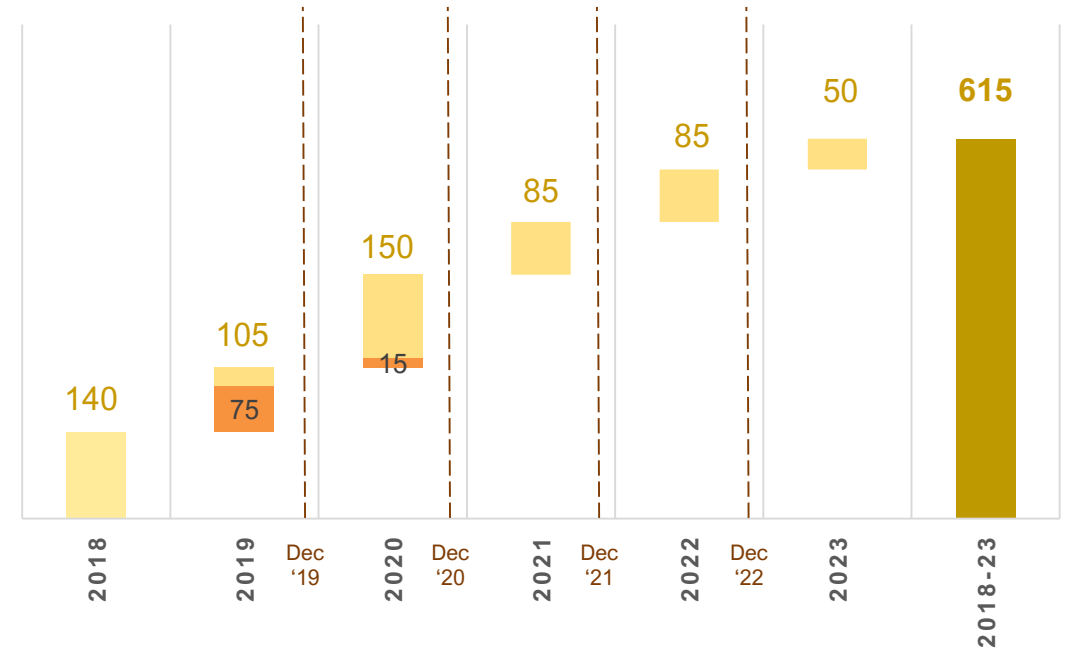
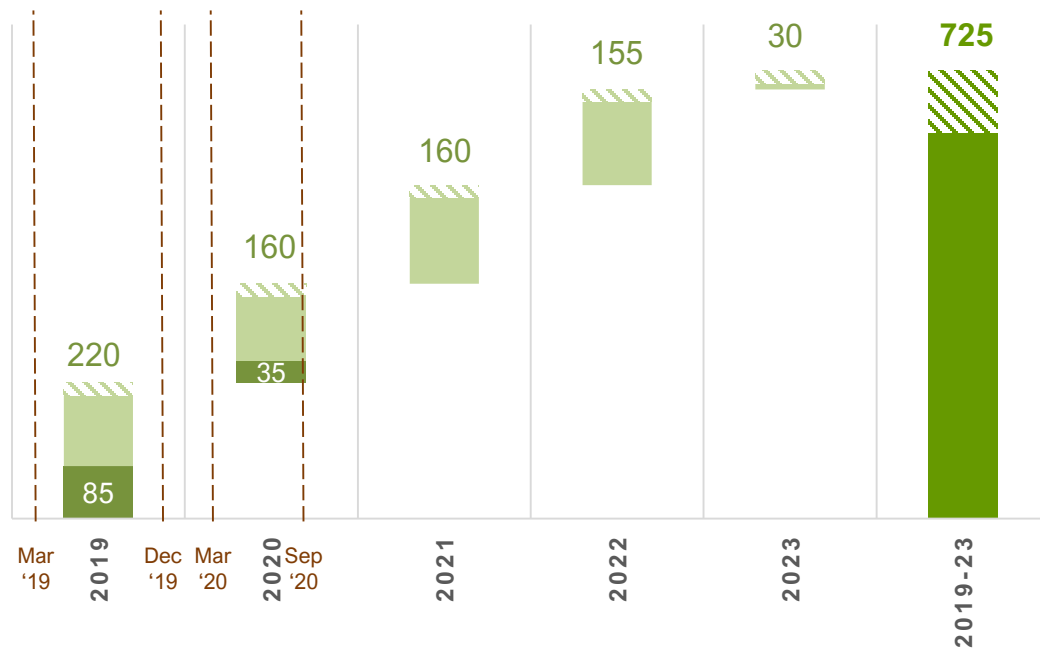
The Board will confirm each investment subject to leverage ratios

<2.5x
Net Debt/EBITDA
Pulp Business

<4.5x
Net Debt/EBITDA
Renewable Energy
Business

€625- €725 Mn Pulp Business Investment
€ Mn

€615 Mn Renewable Business Investment
€ Mn



■ FORMER INVESTMENT PLAN ■ NEW INVESTMENT PLAN - - - REVIEW POINT




■ FORMER INVESTMENT PLAN ■ NEW INVESTMENT PLAN - - - REVIEW POINT

Minimum equity return required for our shareholders

Of any investment approved by the Board




Pulp Business



		Cost reduction	Growth
	Iberia	13.7%	15.2%
	Europe	15.7%	16.7%
	Latam	16.6%	18.6%

Renewable Energy Business



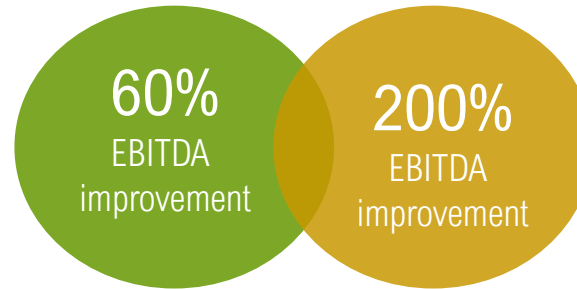
	Biomass	9.4%
	Thermosolar	8.4%
	PV	7.9%

Assuming a leverage ratio of 50% for the Pulp business and 60% for the Renewable Energy business

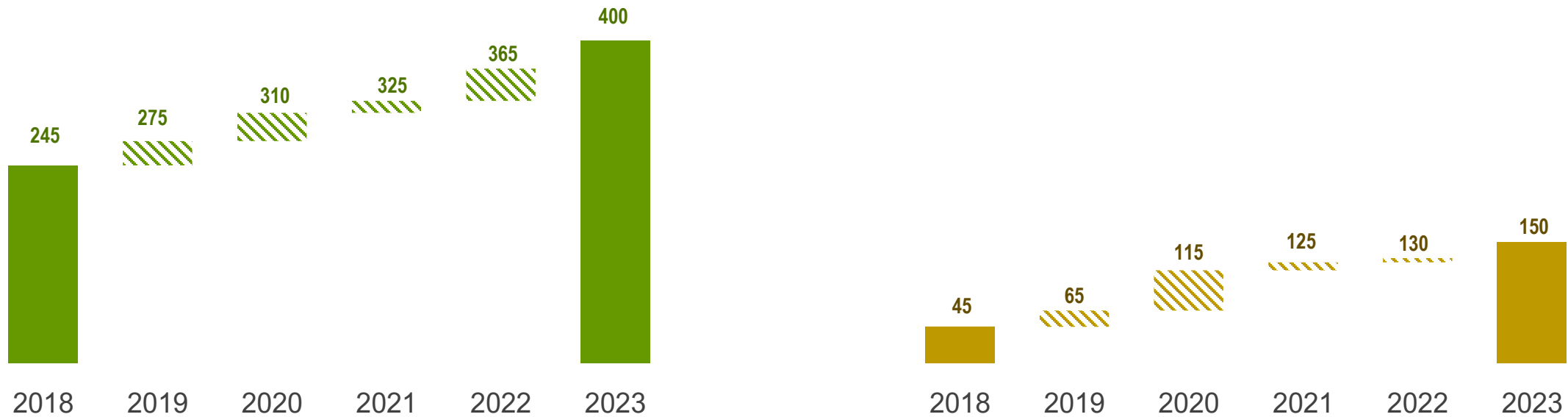
Almost double the Group's EBITDA¹

With a minimum base of €150 Mn from the Renewable Energy Business

Pulp Business EBITDA target
€400 Mn¹ in 2023



Renewable Energy Business EBITDA target
€150 Mn in 2023



1. At constant BHKP prices of 1,050 \$/t and 1.20 \$/€ exchange rate

Plan for Southern Spain plantations

Monetization of 53,300 Ha.

	Size	Use	Contribution
High-yield plantations	40,000 Ha.	Third party wood sale & maintaining land ownership	€10 Mn Annual EBITDA
Upgrade to irrigated land	1,500 Ha.	Divestment	€5 Mn in 2021 €15 Mn in 2022
Rest of properties	11,800 Ha.	Opportunistic Divestment	€10 Mn in 2022 €10 Mn in 2023

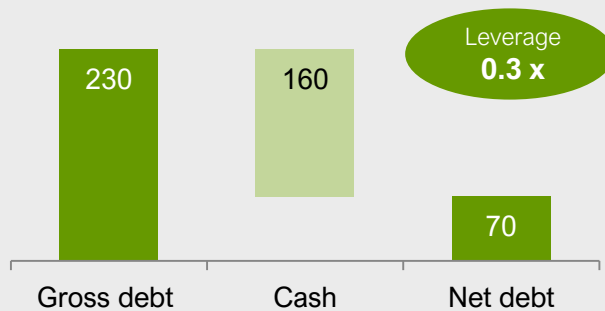
Solid balance sheet & high liquidity as starting point

To support the new investment cycle

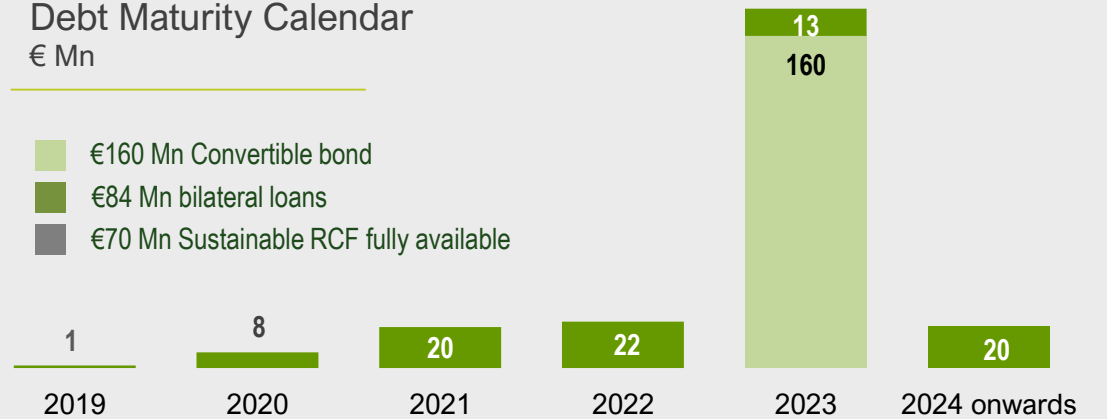
Pulp Business



Estimated leverage for Dec 2018
€ Mn



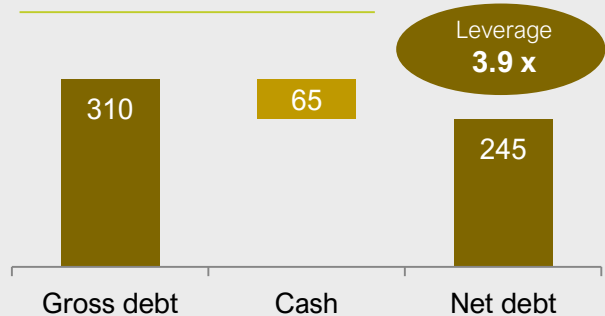
Debt Maturity Calendar
€ Mn



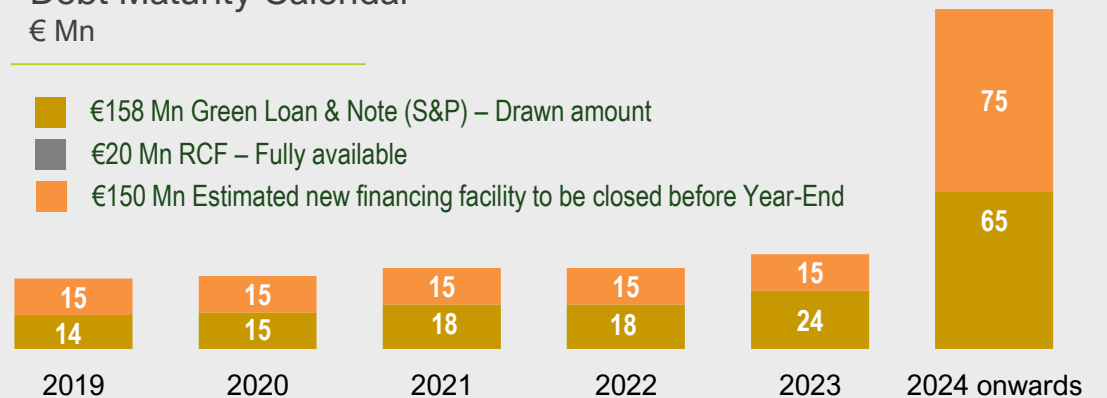
Renewable Energy Business



Estimated leverage for Dec 2018
€ Mn



Debt Maturity Calendar
€ Mn



Ence's sustainable financing model

Excellent green financing track-record & commitment with best ESG standards



Ence is one of the **pioneers in sustainability financing in Spain**



Ence confirms its commitment to **environmental sustainability**



Interest rate subject not only to credit ratios, but also to **ESG parameters of the company**

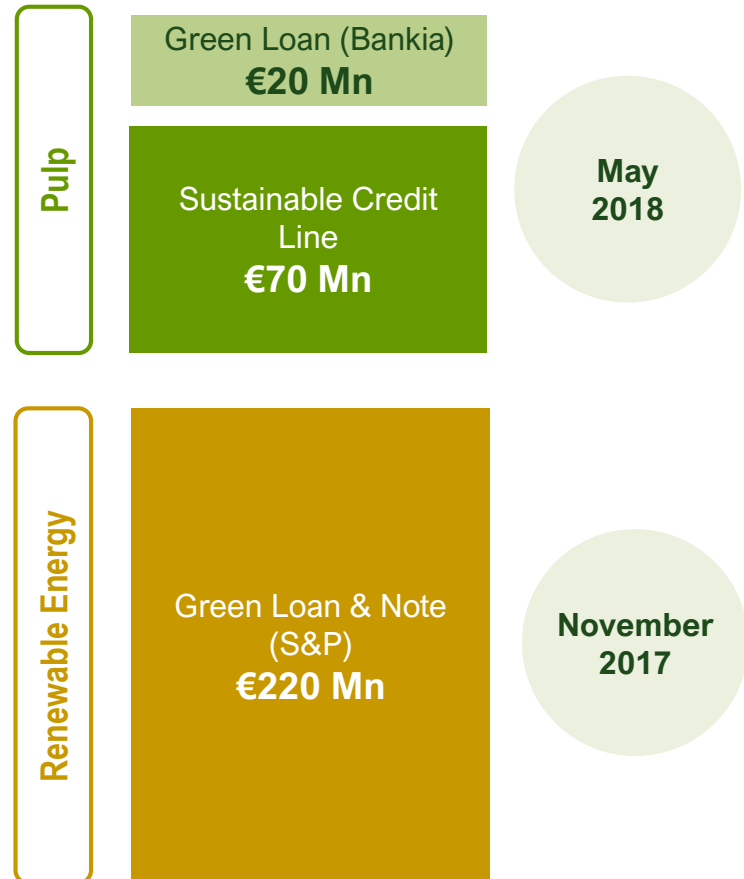


Interest rate will be lower with **ESG improvements**




Sustainalytics in charge of **ESG rating**


Green financing Track-record



Strategic Plan 2019 - 2023

Assumptions & forecasts

 PULP	2018	2019	2020	2021	2022	2023
BHKP price (\$/t)	1,040	1,050	1,050	1,050	1,050	1,050
Exchange rate (\$/€)	1.19	1.20	1.20	1.20	1.20	1.20
Commercial discount (%)	27%	27%	27%	27%	27%	27%
Pulp sales ('000 t)	950	1,020	1,095	1,125	1,190	1,300
Cash cost (€/t)	380	375	370	365	355	350
EBITDA (€ Mn)	245	275	310	325	365	400
Net Profit (€ Mn)	120	130	160	170	190	210

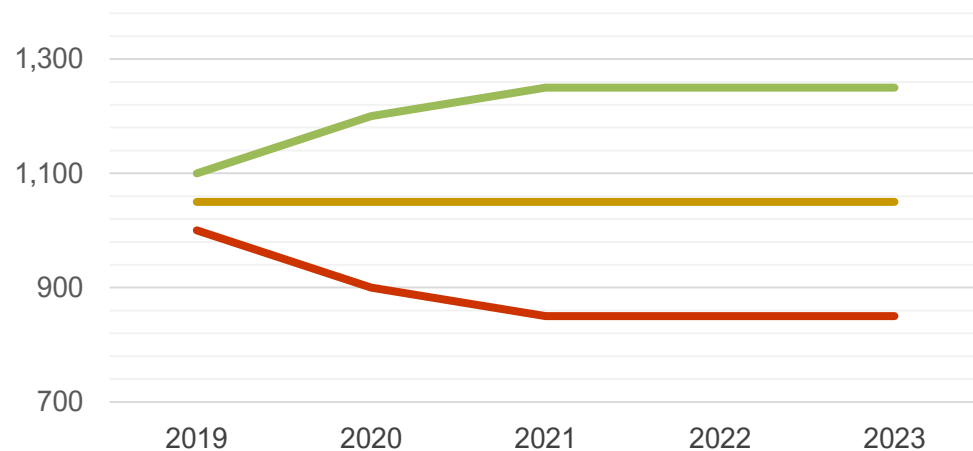
 RENEWABLE ENERGY	2018	2019	2020	2021	2022	2023
Energy sales (MWh)	1,000,000	1,135,000	1,830,000	2,045,000	2,060,000	2,330,000
Pool price (€/MWh)	48	48	48	48	48	48
EBITDA (€ Mn)	45	65	115	125	130	150
Net Profit (€ Mn)	10	20	40	50	50	60

ENCE GROUP	2018	2019	2020	2021	2022	2023
EBITDA (€ Mn)	290	340	425	450	495	550
Net Profit (€ Mn)	130	150	200	220	240	270

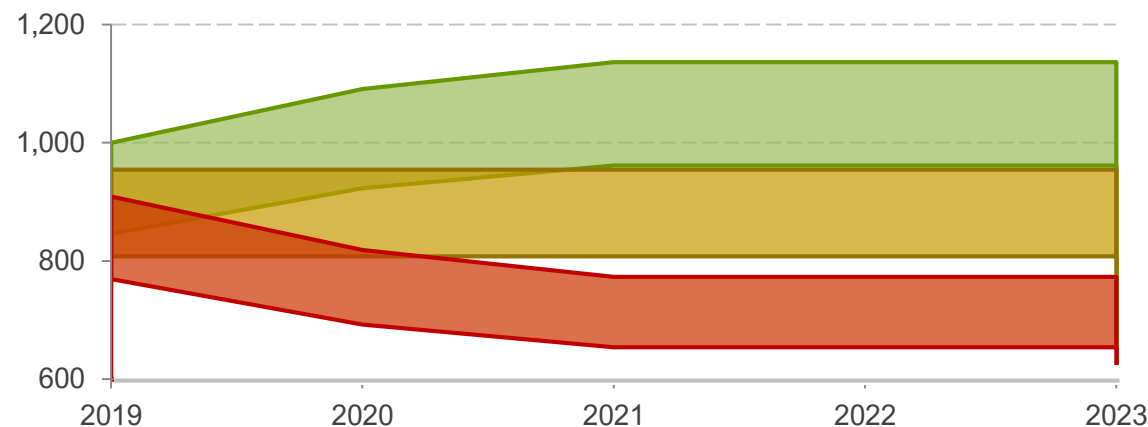
Solid Strategic Plan at different pulp prices

2019-2023 sensitivity scenarios

Pulp Price Sensitivity
\$/t



Pulp Price & Forex Sensitivity
€/t



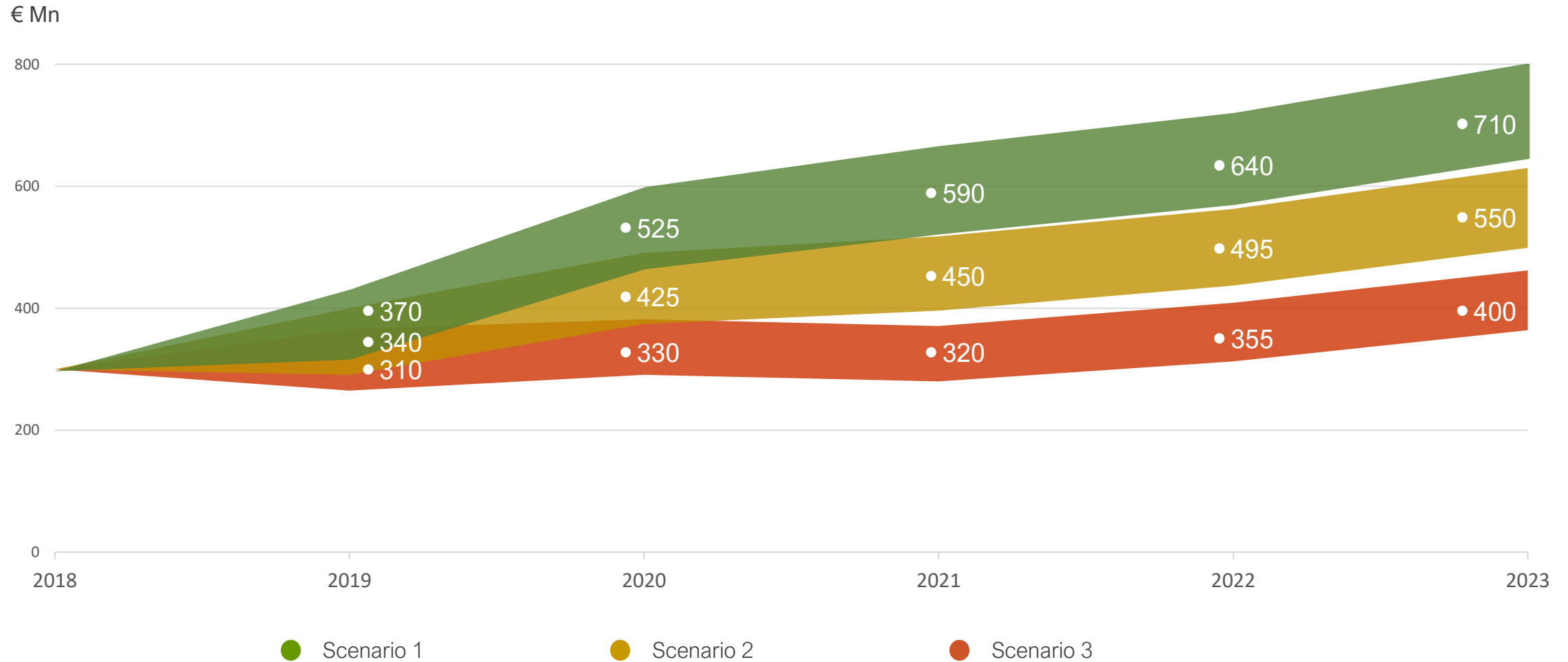
	2019	2020	2021	2022	2023
● Scenario 1	1,100	1,200	1,250	1,250	1,250
● Scenario 2	1,050	1,050	1,050	1,050	1,050
● Scenario 3	1,000	900	850	850	850

- Scenario 1 @1.1-1.3 \$/€ range
- Scenario 2 @1.1-1.3 \$/€ range
- Scenario 3 @1.1-1.3 \$/€ range

These are the scenarios used to analyse the sensitivity of the main financial figures

Solid Strategic Plan at different pulp prices

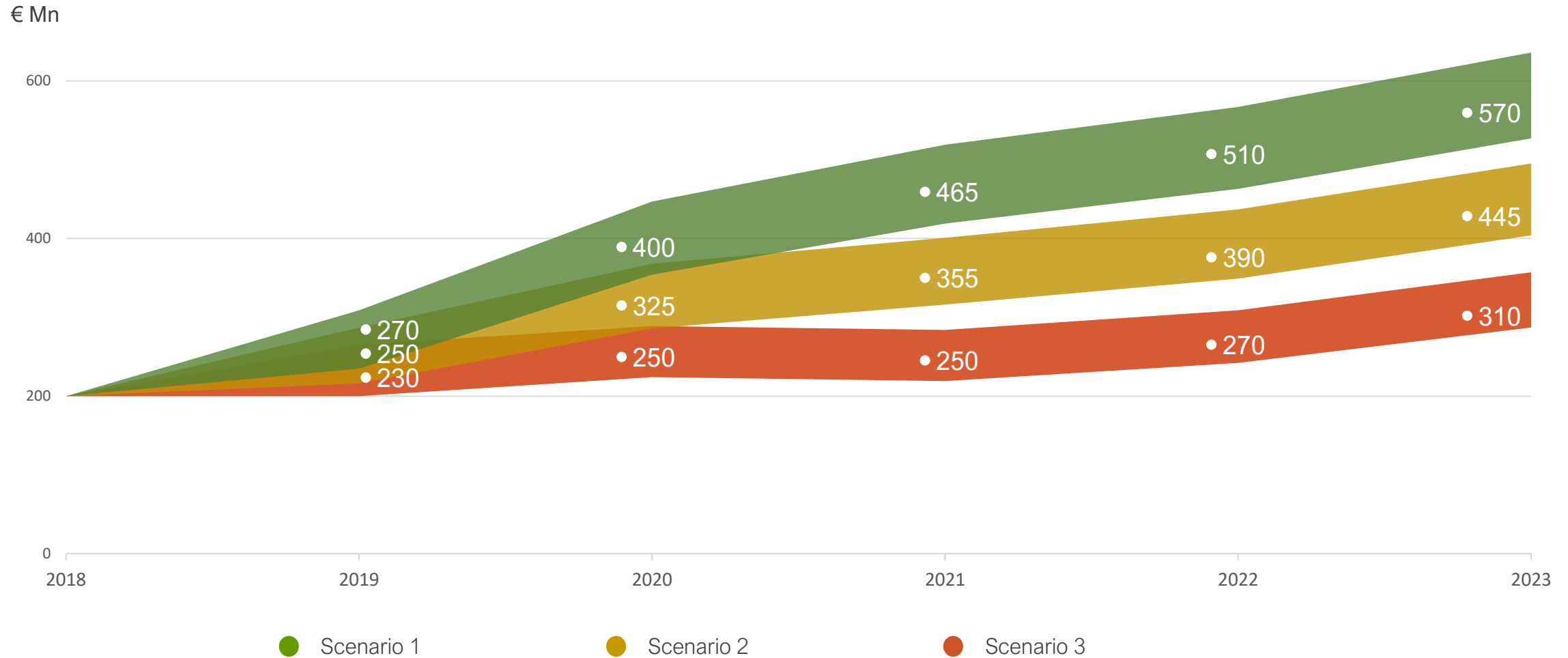
EBITDA sensitivity 2019-2023



Based on the scenarios described in page 71

Solid Strategic Plan at different pulp prices

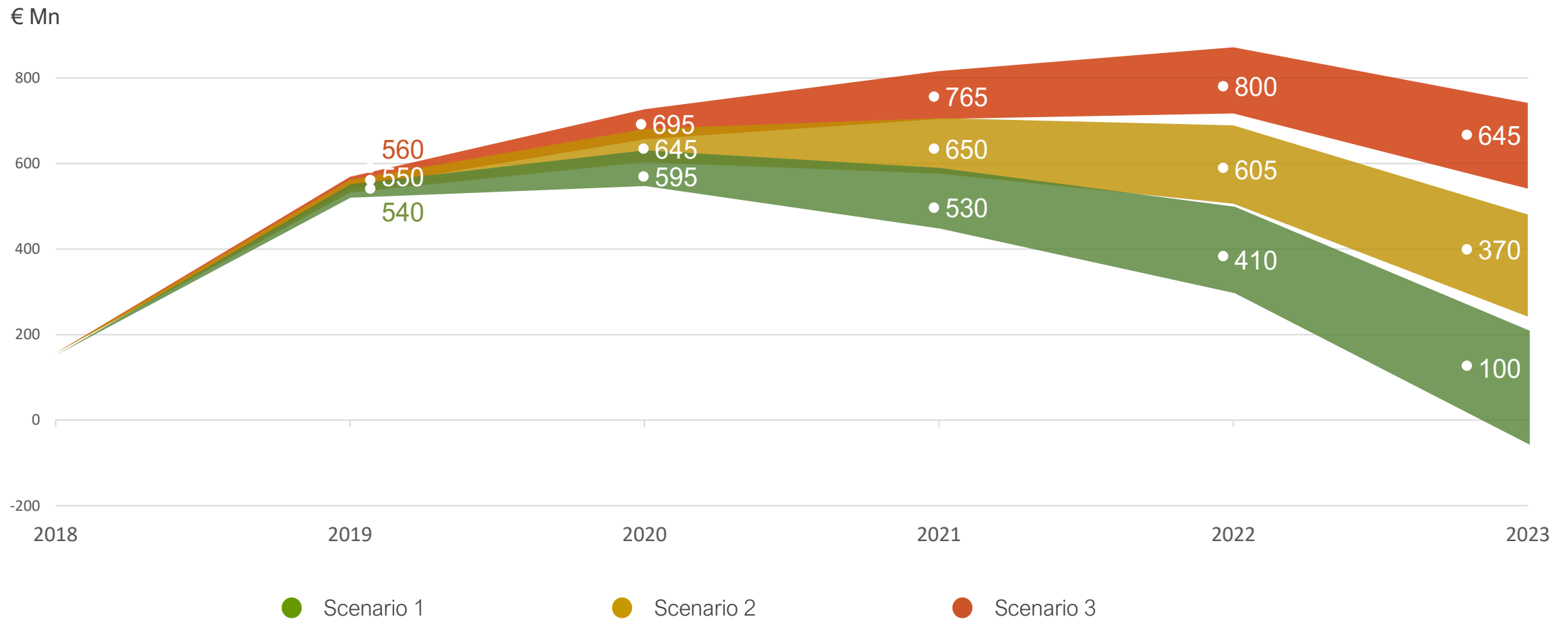
Normalized FCF sensitivity 2019-2023



Based on the scenarios described in page 71

Solid Strategic Plan at different pulp prices

Net Debt sensitivity 2019-2023



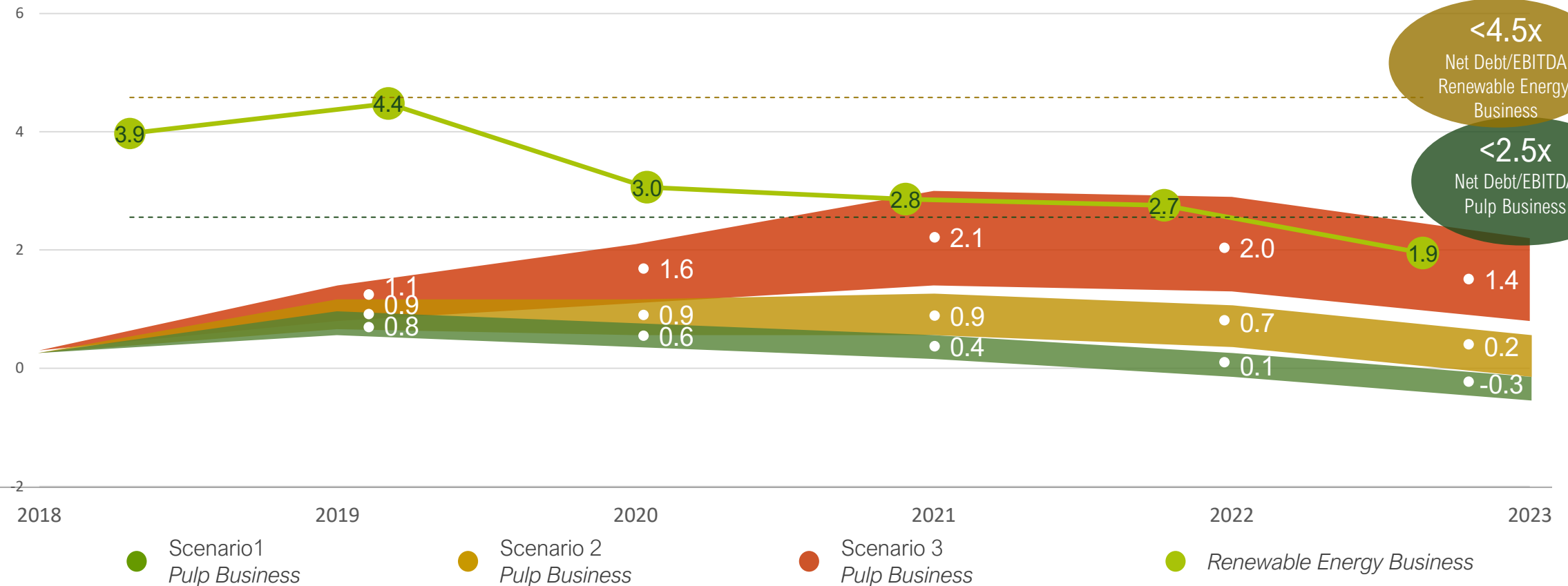
Includes IFRS16 impact of €40 Mn starting 2019

Based on the scenarios described in page 71

Solid Strategic Plan at different pulp prices

Financial leverage sensitivity 2019-2023

Net Debt/EBITDA



<4.5x
Net Debt/EBITDA
Renewable Energy
Business

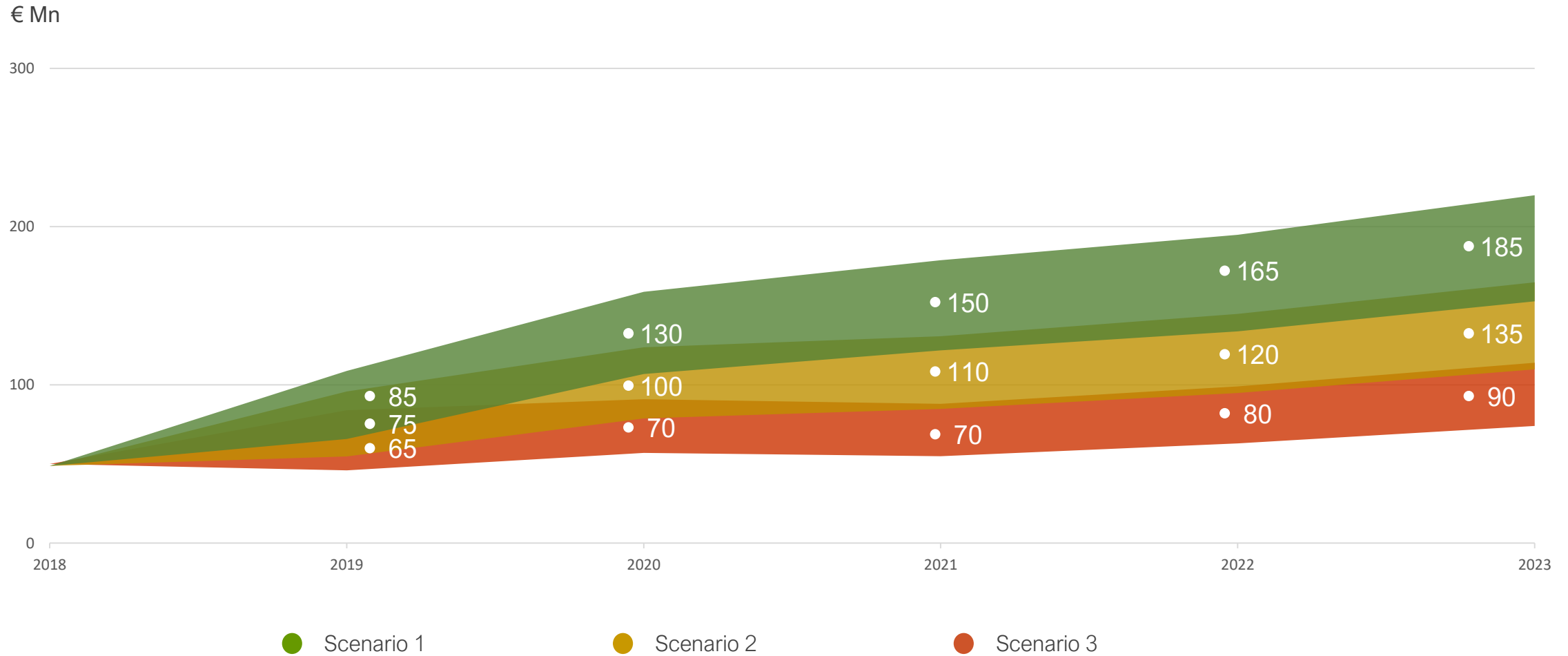
<2.5x
Net Debt/EBITDA
Pulp Business

Investment of at least €15 Mn from the Pulp Business to the Renewable Energy Business to reinforce equity in 2019
 Additional investments could be made if the best pulp scenario is confirmed and additional renewable growth opportunities arise

Based on the scenarios described in page 71

Solid Strategic Plan at different pulp prices

Dividends sensitivity 2019-2023



Based on the scenarios described in page 71



TWO COMPLEMENTARY & INDEPENDENT BUSINESSES

Almost double the Group's EBITDA at constant prices¹ and reduce its cyclicality with a minimum base of €150 Mn from the Renewable Energy business.



STEPWISE INVESTMENT PLAN

€1.2 -1.3 Bn stepwise investment plan. Each investment decision will be confirmed by the Board to ensure low leverage and 50% pay-out.



SOLID BALANCE SHEET

To support the new investment cycle in different steps.



LOW LEVERAGE

Keeping a Net Debt/EBITDA ratio below 2.5x in the Pulp Business & 4.5x in the Renewable Energy Business.



50% PAY-OUT

Always maintaining our shareholder remuneration policy.

1. At constant BHKP prices of 1,050 \$/t and 1.20 \$/€ exchange rate

Alternative Performance Measures (APMs)

Pg.1

Ence presents its results in accordance with generally accepted accounting principles, specifically IFRS. In addition, its quarterly earnings report provides certain other complementary metrics that are not defined or specified in IFRS and are used by management to track the company's performance. The alternative performance measures (APMs) used in this presentation are defined, reconciled and explained in the corresponding quarterly earnings report publicly available through the investor section of our web page www.ence.es.

CASH COST

The production cost per tonne of pulp produced, or cash cost, is the key measure used by management to measure its efficiency as a pulp maker.

Cash cost includes of the expenses incurred to produce pulp: timber, conversion costs, corporate overhead, sales and marketing expenses and logistics costs. It excludes fixed-asset depreciation and forest depletion charges, impairment charges and gains/losses on non-current assets, finance costs/income, income tax and certain operating expenses which management deems to be non-recurring, such as ad-hoc consultancy projects, Ence's long-term remuneration plan, the termination benefits agreed with staff or certain social expenses.

As a result, the difference between the average sales price and the cash cost applied to the total sales volume in tonnes yields a figure that is a very close proxy for the EBITDA generated by the Pulp business.

EBITDA

EBITDA is a measure of operating profit before depreciation, amortization and forestry depletion charges, non-current asset impairment charges, gains or losses on non-current assets and specific non-ordinary income and expenses unrelated to the ordinary operating activities of the company, which alter their comparability in different periods.

It provides an initial approximation of the cash generated by the company's ordinary operating activities, before interest and tax payments, and is a measure that is widely used in the capital markets to compare the earnings performances of different companies.

EBITDA is a measure used by the Ence's management to compare the ordinary results of the company over time. For this reason and in order to make it comparable with the rest of the sector, its definition has been updated in 3Q18, in line with the usual practice of the market, to exclude specific income and expenses unrelated to the ordinary operating activities of the company, which alter their comparability in different periods.

NORMALISED FREE CASH FLOW

Ence reports normalised free cash flow within the cash flow metrics for each of its two business units in its quarterly earnings report. Normalised FCF is the sum of EBITDA, the change in working capital, maintenance capital expenditure, net interest payments and income tax payments.

Alternative Performance Measures (APMs)

Pg.2

Normalised free cash flow provides a proxy for the cash generated by the company's operating activities before collection of proceeds from asset sales; this cash represents the amount available for investments other than maintenance capex, for shareholder remuneration and for debt repayment.

MAINTENANCE, EFFICIENCY & GROWTH AND ENVIRONMENTAL CAPEX

Ence provides the breakdown of its capital expenditure related cash outflows for each of its business units in its quarterly earnings report, distinguishing between maintenance, efficiency & growth and environmental capex.

Maintenance capex are recurring investments designed to maintain the capacity and productivity of the company's assets. Efficiency & growth capex, meanwhile, are investments designed to increase these assets' capacity and productivity. Lastly, environmental capex covers investments made to enhance quality standards, occupational health and safety and environmental performance and to prevent contamination.

Ence's 2016-2020 Business Plan includes a schedule of the amounts it expects to invest annually in efficiency & growth and environmental capex in order to attain the strategic targets set. The disclosure of capex cash flows broken down by area of investment facilitates oversight of execution of the published 2016-2020 Business Plan.

FREE CASH FLOW

Ence reports free cash flow as the sum of its net cash flows from operating activities and its net cash flows from investing activities of its quarterly earnings report.

Free cash flow provides information about the cash generated by the Group's operating activities that is left over after its investing activities for the remuneration of shareholders and repayment of debt.

NET DEBT

The borrowings recognized on the balance sheet, as detailed in its quarterly earnings report, include bonds and other marketable securities, bank borrowings and other financial liabilities. They do not however include the measurement of financial derivatives.

Net debt is calculated as the difference between current and non-current borrowings on the liability side of the balance sheet and the sum of cash and cash equivalents and short-term financial investments on the asset side.

Net debt provides a proxy for the company's indebtedness and is a metric that is widely used in the capital markets to compare the financial position of different companies.



Delivering value Delivering commitments