



9M 2020 Results

October 28th, 2020



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Highlights

Highlights 9M20

Resilient operating performance in a low price environment



Ence continues operating safely despite COVID-19

- Effective measures taken since February 24th against COVID-19 have allowed ENCE to protect its staff and to continue operating during the pandemic and subsequent virus outbreaks, maintaining full production and employment
- All ENCE's activities have been declared essential according to the Royal Decree 463/2020 approved on March 14th

Further cash cost reduction in 3Q20 to 373 €/t despite maintenance shutdowns

+27% renewable energy sales vs. 9M19

- **Renewable Energy Business:**
 - Sales (MWh): +27% vs. 9M19 (+28% vs. 3Q19)
 - New biomass plants commissioned on Jan. 31 and Mar. 31 2020

- **Pulp business:**
 - Production: +2% vs. 9M19 (-15% vs. 3Q19)
 - Sales (t): +7% vs. 9M19 (-11% vs. 3Q19)
 - Cash cost: -3% vs. 9M19 (-1% vs. 3Q19 to **373 €/t**)

Renewables business adds stability to the Group

Financial results driven by lower prices

- **€42 Mn EBITDA in the Renewables business:**
 - +2% vs. 9M19 (-2% vs. 3Q19)
 - Higher energy sales offset a 6% decline in the avg. sales price down to its **regulatory minimum**

- **€7 Mn EBITDA in the Pulp business:**
 - -92% vs. 9M19
 - Higher pulp sales and lower cash cost partially offset a **26% decline in the average sales price**

Stronger pulp demand than initially expected for 2020

Ence has hedged the price for 193,200 t at 770 \$/t in 2021

- Pulp demand improved by 5% vs. the first eight months of 2019, equivalent to 2.1 million tons.
- Producers' inventories have remained close to their normal levels despite the delay of some maintenance shutdowns to the second half of the year due to the spread of COVID-19

No covenants, long term maturities and €360 Mn cash in balance

- **€556 Mn Net Debt** position at 30 Sep. 2020 (€350 Mn in the Pulp business and €206 Mn in the Renewable business)
- **No covenants** in the Pulp business and **long-term maturities** in both businesses and
- **€360 Mn cash in balance** at 30 Sep. 2020 (€237 Mn in the Pulp business and €122 Mn in the Renewable business)

Ence continues operating safely despite COVID-19

All ENCE's activities have been declared essential

PEOPLE

- COVID-19 Prevention Protocol
 - ✓ Entrance and exit temperature checks
 - ✓ Everyone wears masks
 - ✓ 2 meters social distancing and no visits
 - ✓ Regular ventilation and disinfection of hands and tools
 - ✓ Regular COVID-19 tests
- Minimum on-site work subject to regional rate of cumulated infections
- COVID Access Passport (Internal App)

Virus spread avoided in our workplaces

OPERATIONS

- Implementation of Ence's COVID-19 Prevention Protocol in all the supply chain, including subcontractors and logistic services
- Daily audits at all plants
- Adverse scenario analysis and action plans to mitigate risks
- Increased wood / raw material stocks
- Annual maintenance shutdowns delayed to 3Q20
- Isolated work teams

No activity interruptions due to COVID-19

LIQUIDITY

- Use of the € 70 Mn RCF available in the Pulp business, maturing in May 2023.
- € 102 Mn in long-term back-up credit facilities with no covenants signed in 2Q20
- € 51 Mn capex payments postponed to 2021
- Optimization of factoring and confirming lines

+59% cash in balance up to €360 Mn on 30 September 2020

Sustainability Plan 2019 - 2023

Highlights 3Q20



Safe and eco-efficient operations



99% Waste valorised
AENOR "0 Waste" Certification



Lower water consumption
Pontevedra: -4%
Navia: -8%



Industry reference
Covid-19 Prevention Protocols



> 40% reduction in odour impact vs. 2019



Emissions
< 10 mg /Nm3 in all our biomass plants



Climate Action



-25% New Scope 1 & 2 emissions target for **2025**



Climate scenario analysis for supply areas according to TCFD recommendations



Sustainable agro-forestry management



87% Patrimonial area certified FSC® (Licence code FSC-C099970) or PEFC
79% Wood inputs certified FSC® (Licence code FSC-C081854) or PEFC



100% Certified wood and biomass suppliers (September 2020)



97% Wood bought from small suppliers
85% Biomass bought from small suppliers



Sustainable products



powercell **10%**
naturcell Of Pulp Sales

Development of sustainable products with reduced environmental footprint and with potential for plastic substitution



European Ecolabel for primary material for cellulose at Navia and at Pontevedra



Commitment to Communities



+3,2M€ The Pontevedra's annual Social Plan and other investments in the community



Involvement with the local community: the plants received **more than 400 organized visits** from the local stakeholders



People and Values



0% Gender salary gap



+13,2% Women employed vs. 2019
55% of new staff < 30 years are women
62% of new managerial & indefinite staff are women



+7% in 2019
Happy Index



Governance



Code of Conduct and complaints channel procedure update.
Anticorruption Policy approval



Digitalisation of Social Bodies

25%

Long-term incentive plan linked to ESG targets

↑ 22%

Women present on the Board of Directors vs. 2017, up to 29%.

+27% higher renewable energy sales vs. 9M19

Despite the difficulties caused by the pandemic

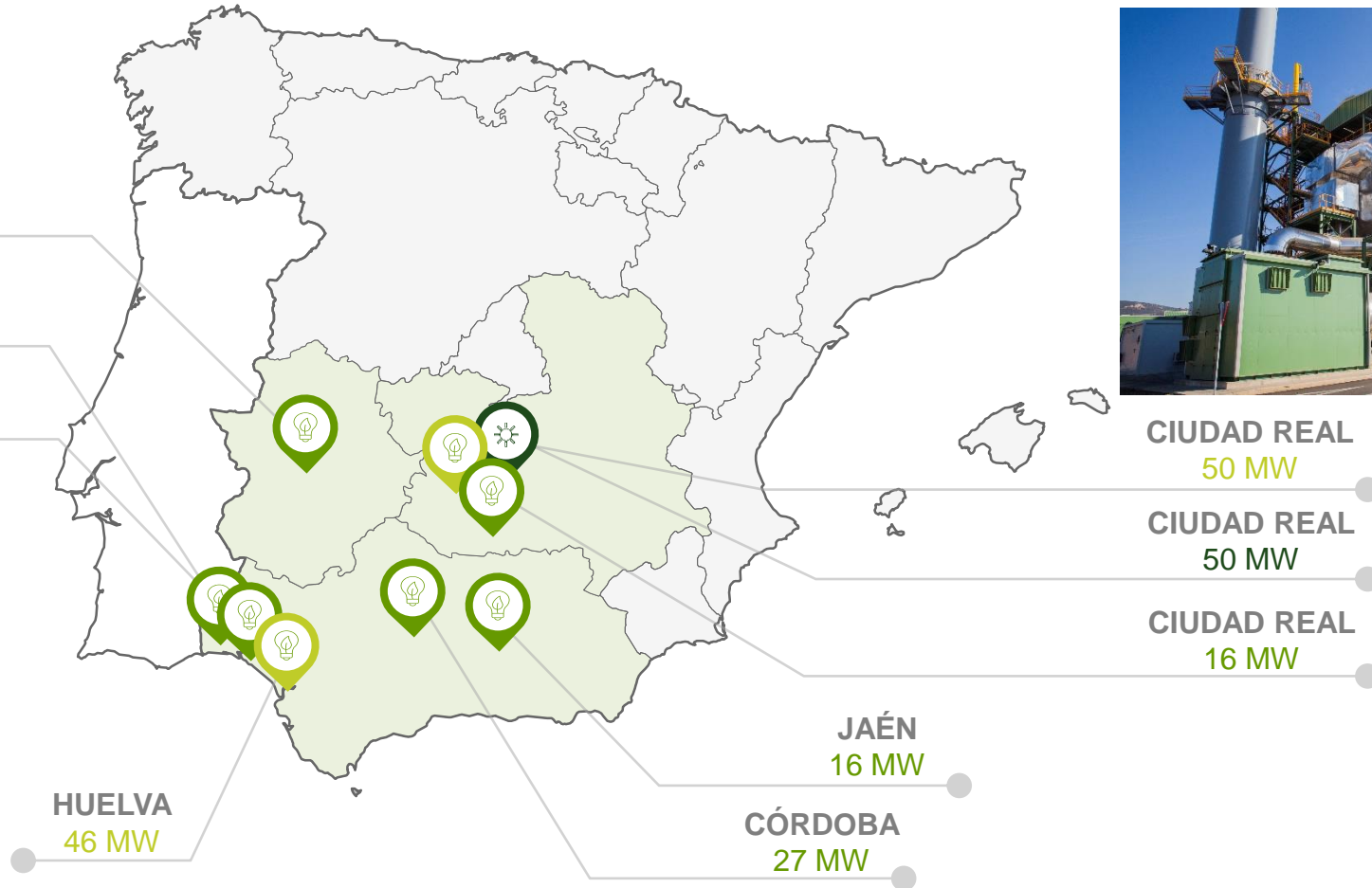
316 MW
Installed capacity

MÉRIDA
20 MW

HUELVA
50 MW

HUELVA
41 MW

New Biomass Plant HUELVA 46 MW
31st JANUARY



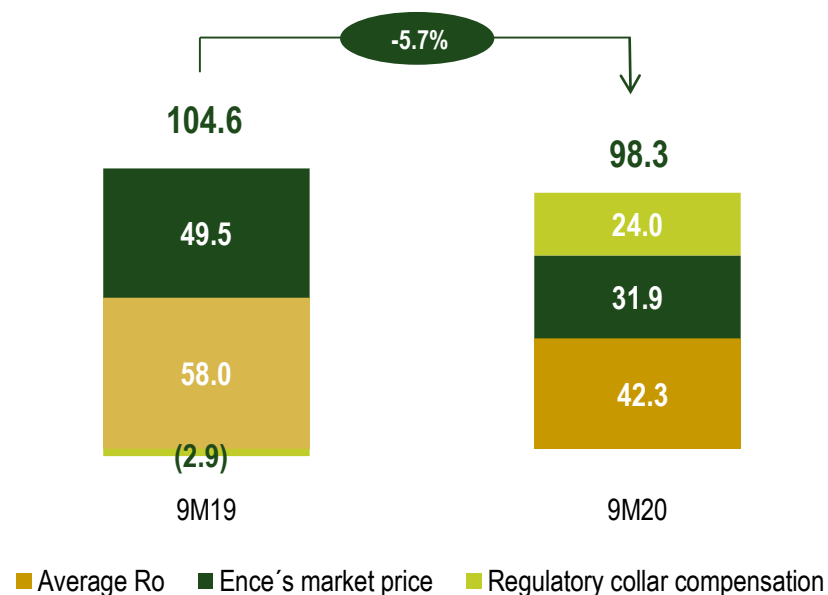
New Biomass Plant CIUDAD REAL 50 MW
31st MARCH



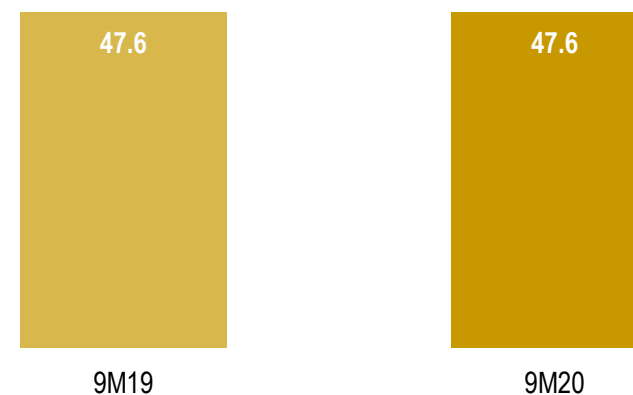
A regulated business which adds stability to the Group

6% decline in our average sales price compared to a 36% drop in the pool price

Average sales price: Pool price + Ro + Regulatory Collar
(€/MWh)



Return on investment
(€ Mn)

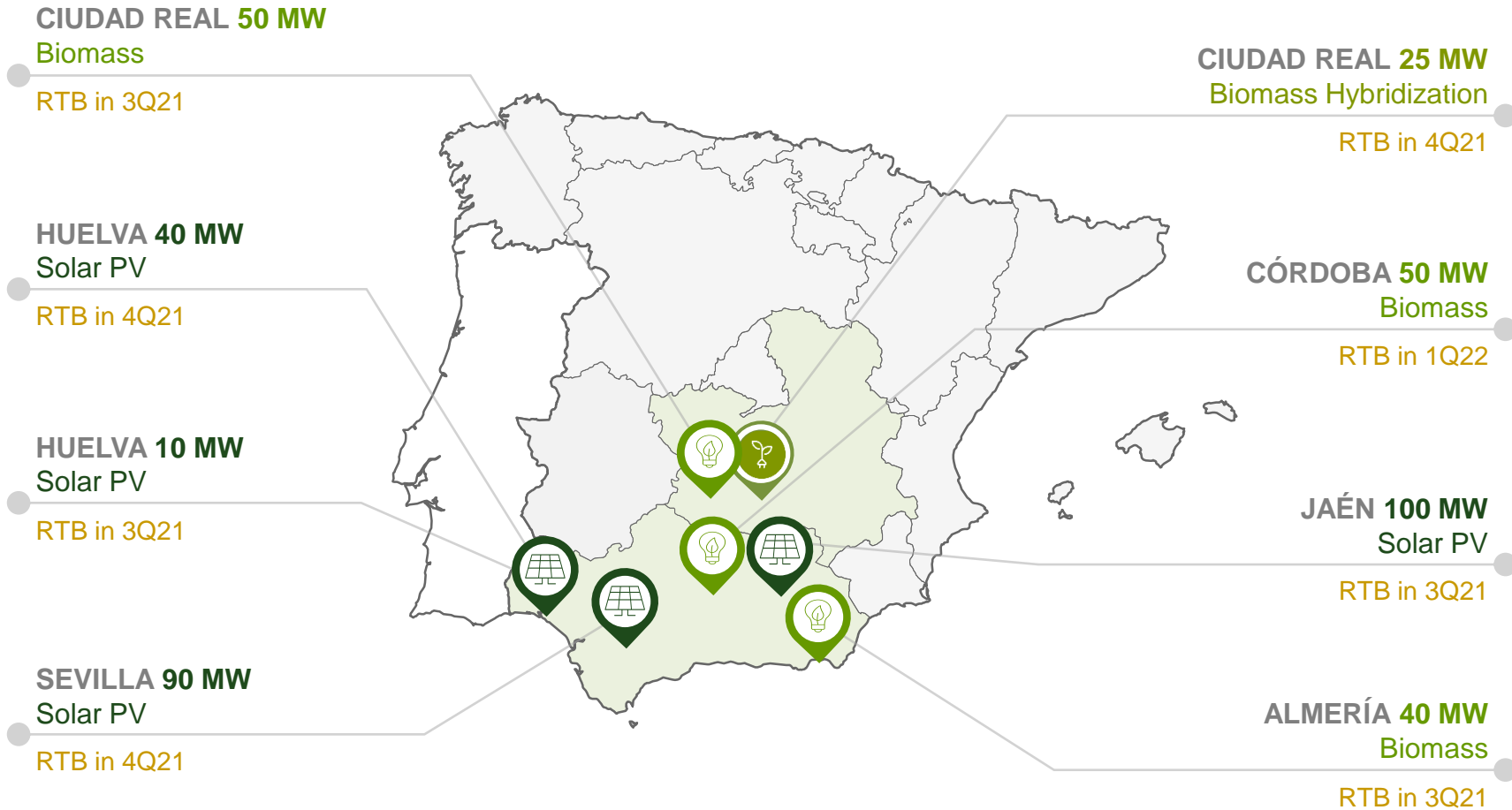


- Our renewable energy sales price is supported by its **regulatory minimum**.
- Ro and regulatory collar applicable during the sanitary crisis will be reviewed, according to Spanish Royal Decree-Law 23/2020.

- The regulated annual return on investment of our power plants was confirmed at **7.4% for 2020 – 2031** by Spanish Royal Decree-Law 17/2019.
- Implies an annual income of € 63 Mn subject to a minimum operation of just 3.000 hours per biomass power plant.

Renewables pipeline: 405 MW with grid access and locations secured

Awaiting upcoming public auctions of the National Renewable Energy Plan



RTB = Ready to build

National Renewable Energy Plan 2020 – 2030

- Solar PV: +30.1 GW**
- Wind: +22.3 GW**
- CSP: +5.0 GW**
- Hydro: +3.5 GW**
- Biomass: +0.8 GW**

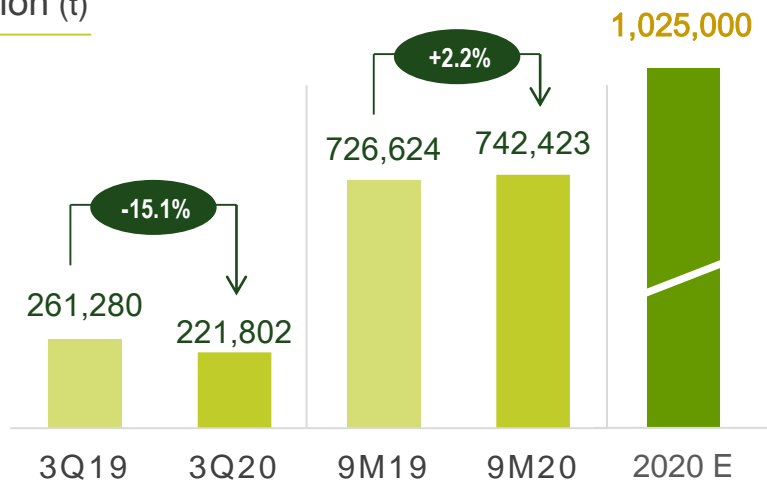
Upcoming Auctions Scheme Spanish Royal Decree-Law 23/2020

- **Annual actions 2020 – 2025**
- **Specific by technology**
- **Price mechanism: Pay as bid (€/MWh)**

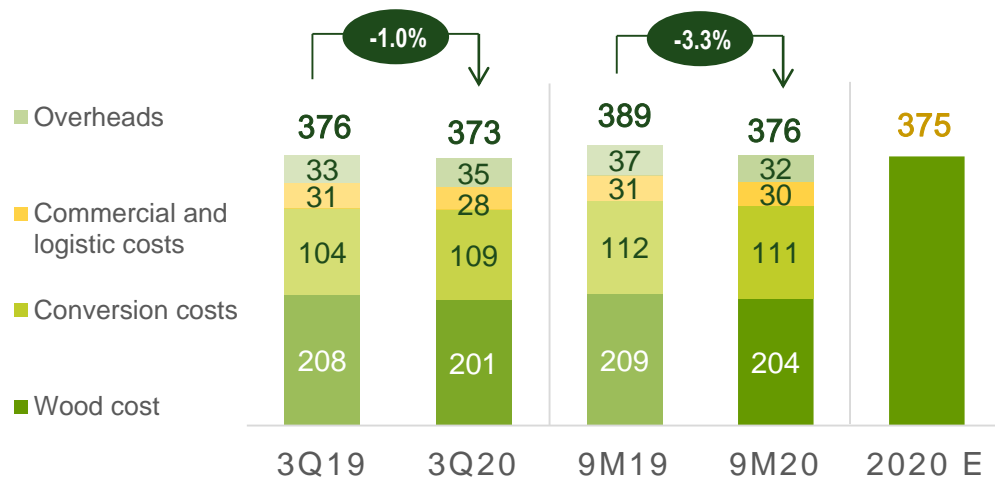
Further cash cost reduction in 3Q20 to 373 €/t

Despite annual maintenance shutdowns at both biomills

Pulp Production (t)



Cash Cost breakdown (€/t)



Pontevedra biomill

- < 5% production vs. 9M19
- 25 days annual shutdown in 3Q20 (vs. 10 days in 1Q19)
- Energy efficiency improvements implemented



Navia biomill

- > 9% production vs. 9M19
- 7 days annual shutdown in 3Q20 (vs. 12 days in 2Q19)
- Fine tuning of second pulp dryer



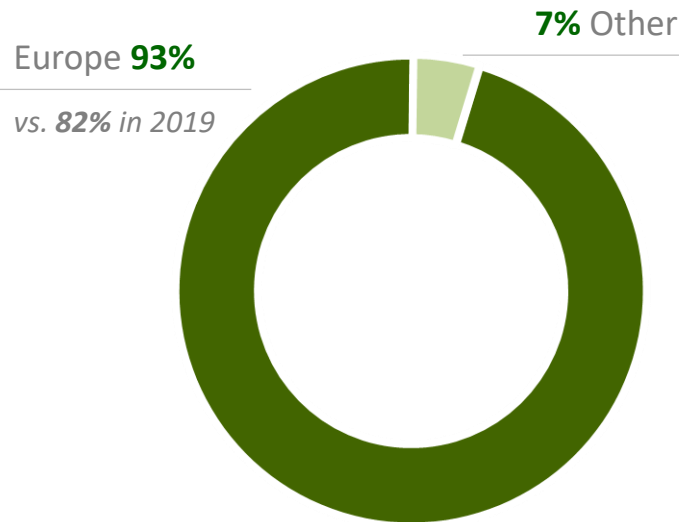
13 €/t Cash cost reduction vs. 9M19:

- 5 €/t lower wood costs
- 5 €/t lower overheads
- 2 €/t lower commercial and logistic costs
- 1 €/t lower conversion costs

7% higher pulp sales in 9M 2020

Increasing the value of the European market and ENCE's differentiated products

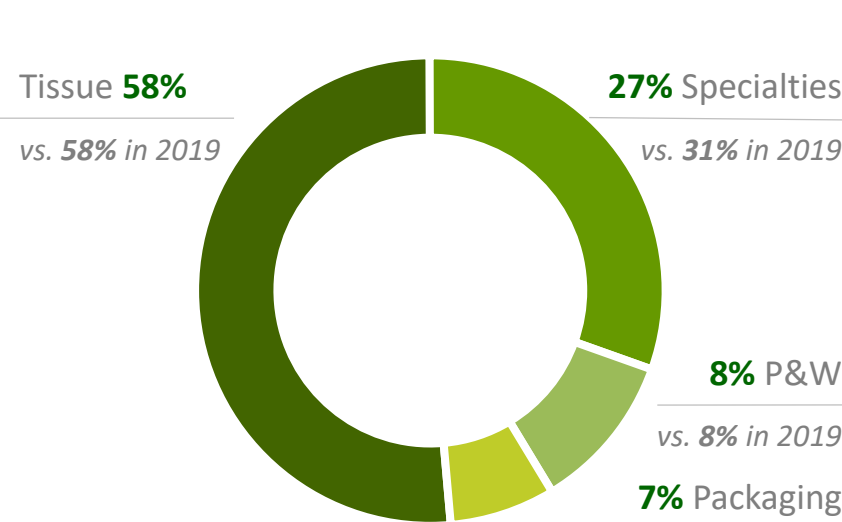
Geographical distribution of sales
% of pulp sales



Source: Ence 9M20

93% of ENCE's pulp sales are to Spanish and European markets, where it has strong logistic and service related competitive advantages.

Breakdown by end product
% of pulp sales

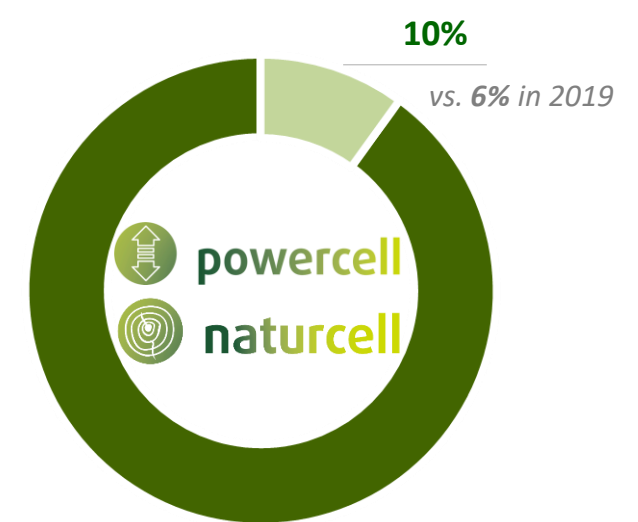


Source: Ence 9M20

58% of ENCE's pulp sales are to the growing tissue and hygiene products segment.

Strong order backlog for 2020.

Differentiated products
% of pulp sales



Source: Ence 9M20

Ence's differentiated products already account for 10% of pulp sales.

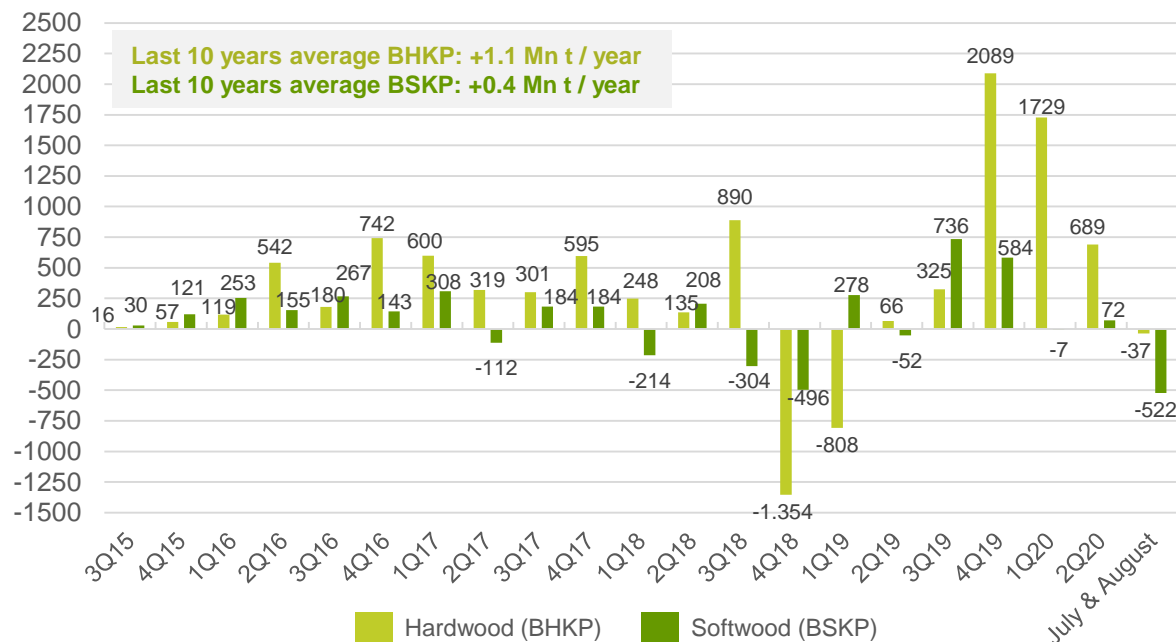
These value-added products are environmentally friendly and better adapted to replace softwood pulp in speciality segments.

Pulp demand in 2020: stronger than initially expected

Producers inventories close to normal levels despite fewer maintenance shutdowns

BHKP and BSKP Demand Evolution (YoY)

000's t

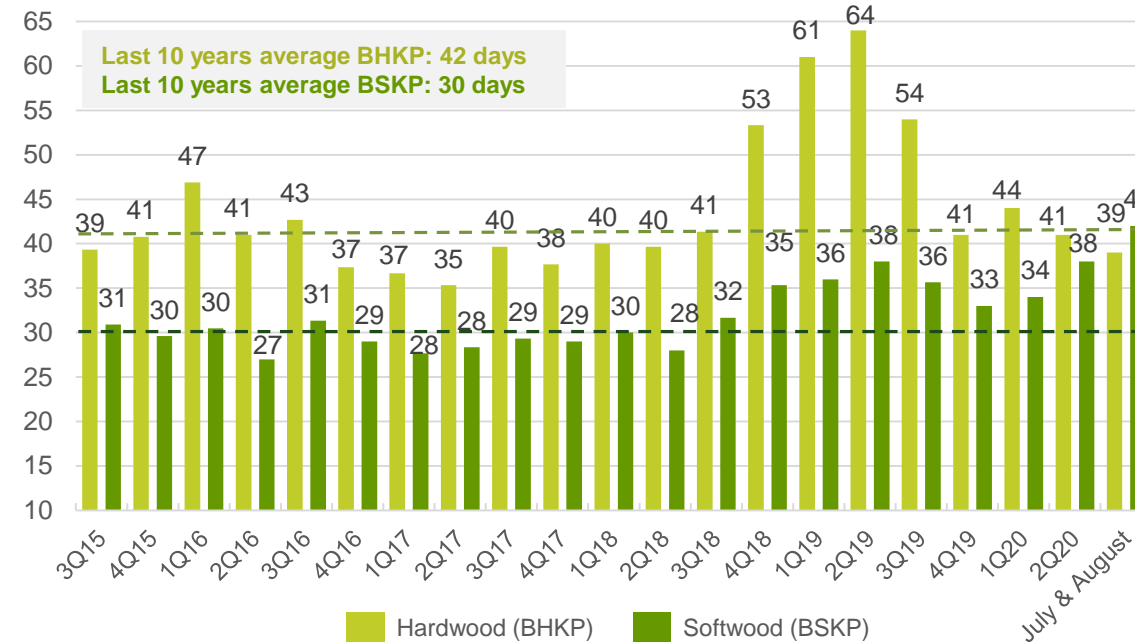


Source: Ence, PPPC G-100

PPPC updated statistics show a stronger demand in 2020 than initially expected. It has recovered by 5% vs. the first eight months of 2019, which were affected by the destocking of pulp in the paper industry. Restocking, together with higher demand for tissue paper (+5% vs. 7M 2019) and some substitution of the less efficient integrated pulp, has offset the 18% drop in P&W demand vs. 8M 2019.

Producers' Inventories BHKP and BSKP

In Days (Quarterly average)



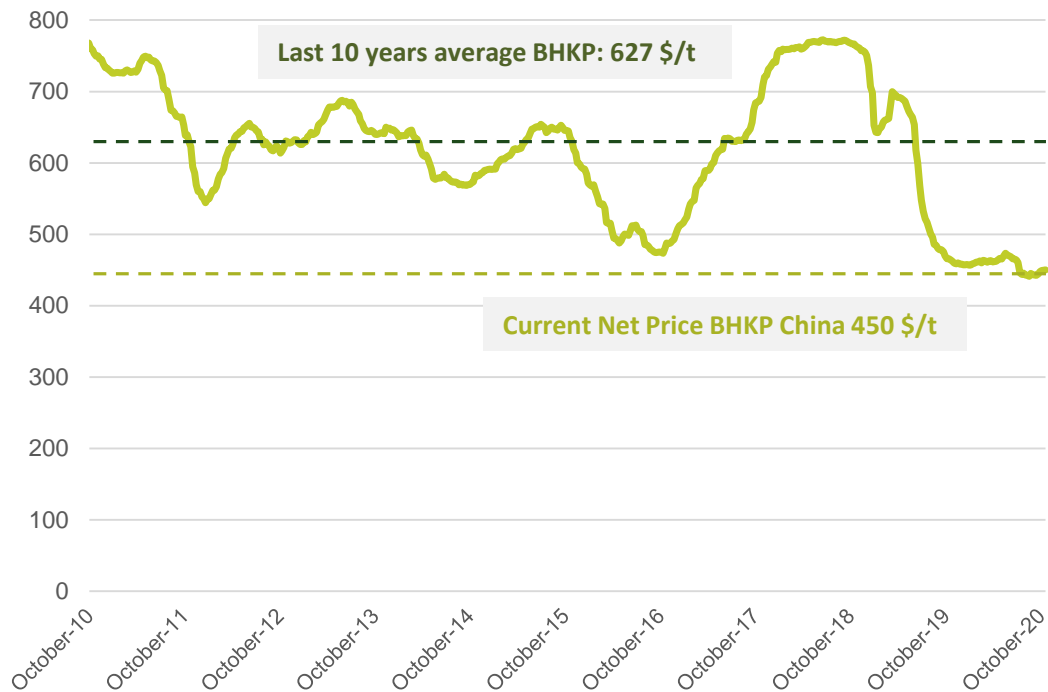
Source: Ence, PPPC G-100

Producer inventories have remained fairly stable during the first eight months of the year despite the postponement of most maintenance shutdowns to 2H20 due to the spread of COVID-19 and the more concentrated effect of lockdown measures on demand for printing and writing papers in the second quarter.

Pulp prices in 9M20 remain at their 10-year minimum

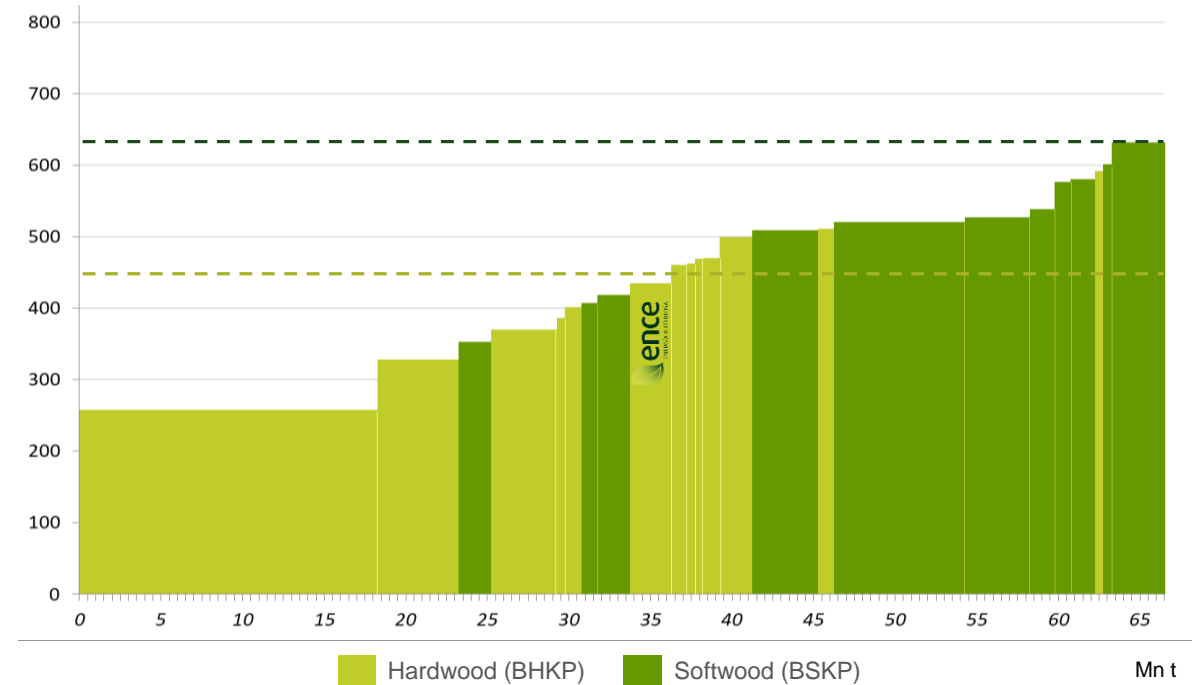
Ence has hedged the price for 193,200 t at 770 \$/t in 2021

Net BHKP Prices China
\$/t



Source: FOEX

Global Market Pulp Industrial Cash Cost Curve (CIF Europe) ¹
\$/Mn t



Source: Ence, Hawkins Wright

Pulp business annual EBITDA: over €150 Mn at average cycle prices

Pulp demand set to outgrow supply over 2020-24

Average annual pulp demand growth of 1.5 Mn t during the last 10 years

Expected Annual Increase in Global Market Pulp Supply and Demand (Mn t)¹

Mn t		2020	2021	2020-21	2022	2020-22	2023	2020-23	2024	2020-24
ESTIMATED ANNUAL MARKET PULP DEMAND CHANGE		(1.0)	1.0	-	1.5	1.5	1.5	3.0	1.5	4.5
ESTIMATED ANNUAL MARKET PULP SUPPLY CHANGE (CONFIRMED)		(0.3)	(0.7)	(1.0)	0.6	(0.4)	0.6	0.2	(0.7)	(0.5)
SUZANO (SALES RECOVERY)	BHKP	0.9		0.9		0.9		0.9		0.9
ENCE (NAVIA & PONTEVEDRA)	BHKP	0.1		0.1		0.1		0.1		0.1
ARAUCO (VALDIVIA)	BHKP	(0.2)	(0.3)	(0.5)		(0.5)		(0.5)		(0.5)
MONDI (RUZOMBEROK)	BHKP	0.1	(0.1)	-		-		-		-
APRIL (KERINCI)	BHKP	(0.1)	(0.2)	(0.3)	(0.2)	(0.5)	(0.2)	(0.7)	(0.2)	(0.9)
APRIL (RIZHAO)	BHKP	(0.1)	(0.2)	(0.3)	(0.2)	(0.5)	(0.2)	(0.7)	(0.2)	(0.9)
ARAUCO (HORCONES)	BHKP		0.5	0.5	0.7	1.2		1.2		1.2
UPM (PASO DE LOS TOROS)	BHKP				0.3	0.3	1.5	1.8	0.2	2.0
BRACELL (LENÇÓIS PAULISTA)	BHKP / DP				0.5	0.5		0.5		0.5
SCA (OSTRAND)	BSKP	0.1		0.1		0.1		0.1		0.1
STORA (ENOCELL)	BSKP	(0.2)		(0.2)		(0.2)		(0.2)		(0.2)
NEW-INDY CONTAINERBOARD (CATAWBA)	BSKP	(0.2)		(0.2)		(0.2)		(0.2)		(0.2)
NORDIC KRAFT (LEBEL-SUR-QUEVILLON)	BSKP	0.1	0.2	0.3		0.3		0.3		0.3
STORA (OULU)	BSKP		(0.1)	(0.1)		(0.1)		(0.1)		(0.1)
UNEXPECTED & NON COMPETITIVE ANNUAL CAPACITY CLOSURES		(0.8)	(0.5)	(1.3)	(0.5)	(1.8)	(0.5)	(2.3)	(0.5)	(2.8)
SURPLUS / (DEFICIT)		0.7	(1.7)	(1.0)	(0.9)	(1.9)	(0.9)	(2.8)	(2.2)	(5.0)

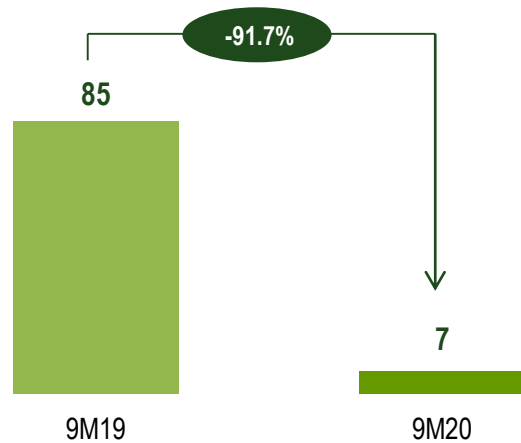
Source: ENCE estimates

1. Estimates correspond to the expected increase in supply and demand for market pulp for paper production. They therefore exclude the production of integrated pulp and other pulp grades such as Dissolving Pulp or Fluff. We assume 70% of BRACELL's project in Sao Paulo will be focused on Dissolving Pulp production.

9M 2020 Financial Results

Driven by lower pulp and energy prices

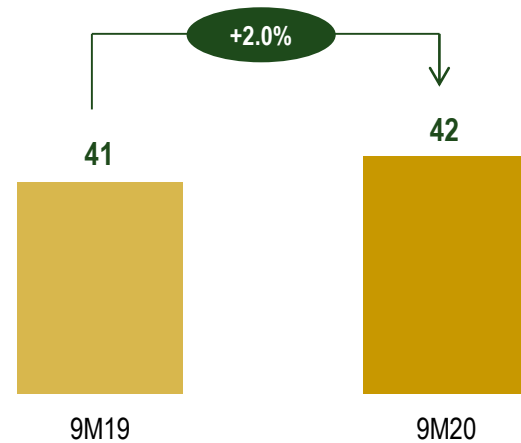
Pulp Business EBITDA (€ Mn)



€7 Mn EBITDA in the Pulp business:

- 92% vs. 9M19 driven by a **26% decrease in the average sales price**
- Partially offset by a 7% increase in pulp sales and 3% reduction in cash cost

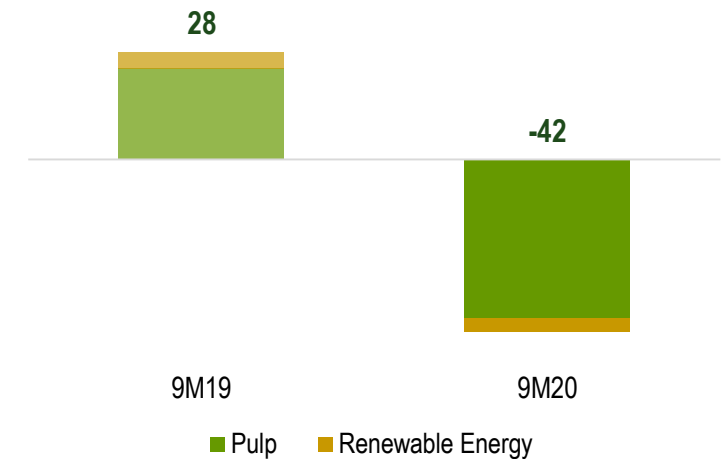
Renewable Energy Business EBITDA (€ Mn)



€42 Mn EBITDA in the Renewable business:

- +2% vs. 9M19 driven by 27% higher energy sales
- Offsetting a 4% decline in the average sales price down to its regulatory minimum

Group Net Income (€ Mn)



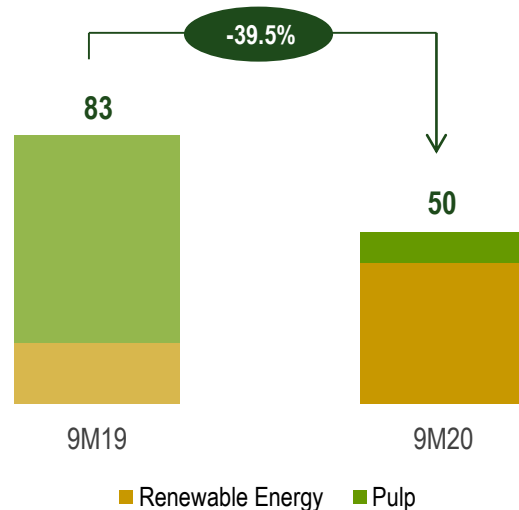
Net consolidated result of €-42 Mn following:

- €83 Mn Depreciation and other
- €21 Mn Net financing costs
- + €14 Mn Income tax

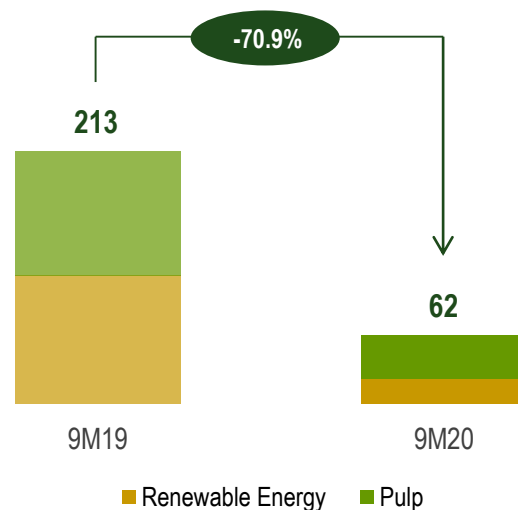
€50 Mn Normalized FCF and €62 Mn carry-over payments in 9M20

No covenants, long-term maturities and €360 Mn cash in balance

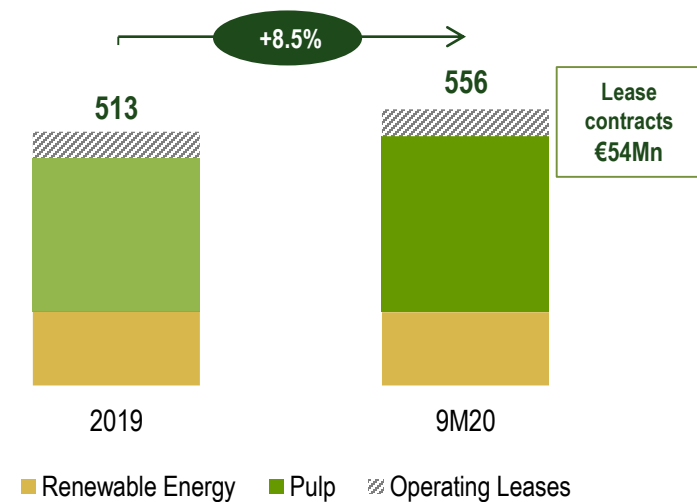
Normalized FCF¹ (€ Mn)



Strategic Plan payments (€ Mn)



Net Debt (€ Mn)



Normalized Free Cash Flow generation of €50 Mn

Lower EBITDA vs. 9M19 partially offset by:

- Working capital reduction
- Lower taxes

Strategic Plan carry over payments of €62 Mn:

- €39 Mn carry-over payments in the Pulp business from capacity expansions and sustainability improvements in 2019
- €23 Mn carry over payments in the Renewable Energy business from two new biomass plants commissioned in 1Q20 and sustainability improvements

€556Mn Net Debt (+ €43 Mn vs. Dec.19):

- Including **€54 Mn related to lease contracts** (+ €2 Mn vs. Dec.19)
- **€360 Mn cash in balance** (+ €133 Mn vs. Dec.19)
- **Covenant free** in the Pulp business and **long-term maturities** in both businesses

1. FCF before Strategic Plan investments and regulatory collar

Pontevedra's biomill legal status

The first resolution of the National Court is expected in the coming months

On January 2016 the National Directorate of Coasts granted the extension of Pontevedra's concession until 2073

- The 1958 biomill's original concession was extended for 60 years (starting November 8th 2013) by the National Directorate of Coasts via a resolution dated January 20th 2016 by virtue of: (i) Law 2/2013, on coastal protection and sustainability and amending the Coastal Act (22/1988); & (ii) General Coast Regulations enacted (Royal Decree 876/2014).

We expect a first resolution from the National Court in the coming months

The legal case against the extension could last for up to 4 years, including appeals to higher courts

- 3 appeals presented by Pontevedra's City Council and by two environmental associations to the National Court's Chamber for Contentious Administrative Proceedings against the Jan. 20th 2016 resolution.
- On March 8th 2019, the National Directorate of Coasts accepted all 3 appeals, despite having previously argued at all stages that the Ministerial Order Resolution of January 20th 2016 was totally legal.
- On April 10th 2019, the National Court's Chamber for Contentious Administrative allowed Ence to defend the case.
- The court case is now in its final stage. COVID-19 may delay the National Court's first resolution.

€130 Mn invested in the biomill since the extension of the concession in 2016

- Investments carried out or committed since the extension of the concession for the period of 2016 – 2019 amount to approximately €130 Mn.
- In the unlikely event of operations being discontinued, the cash impact would amount to €74 Mn (€43 Mn corresponding to dismantling actions, €15 Mn to the cost of staff reductions and €16 Mn to the cancellation of existing contracts).

Given the uncertainty, the Board of Directors decided to concentrate the investments of the Business Plan in Navia's biomill

- Investments of €250 Mn initially planned to increase capacity in Pontevedra will be reallocated to Navia's biomill, in order to double the initially planned swing line by up to 340,000 t of BHKP or 200,000 t of dissolving pulp.



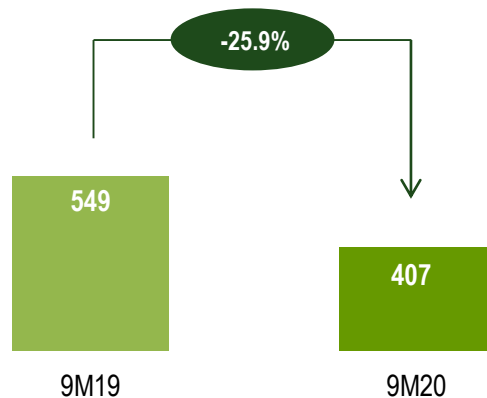
9M 2020 Results by Business



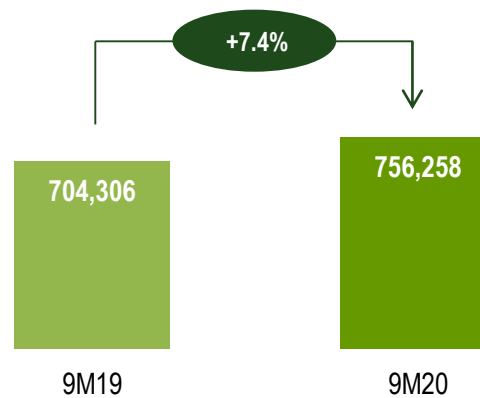
Pulp Business

9M 2020 results driven by lower pulp prices

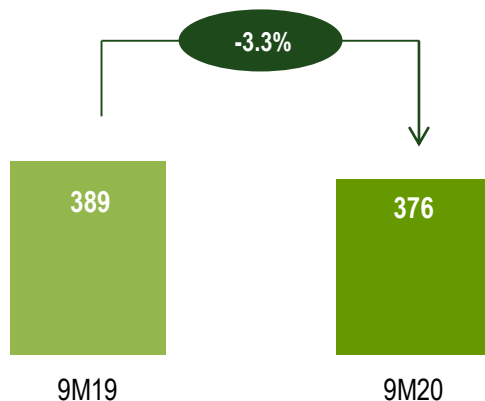
Avg. Net Pulp Price (€/t)



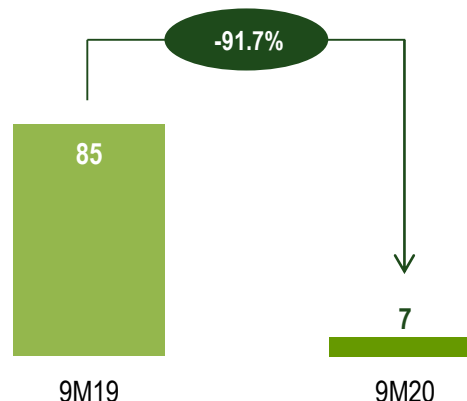
Pulp Sales Volume (t)



Avg. Cash Cost (€/t)



EBITDA (€ Mn)

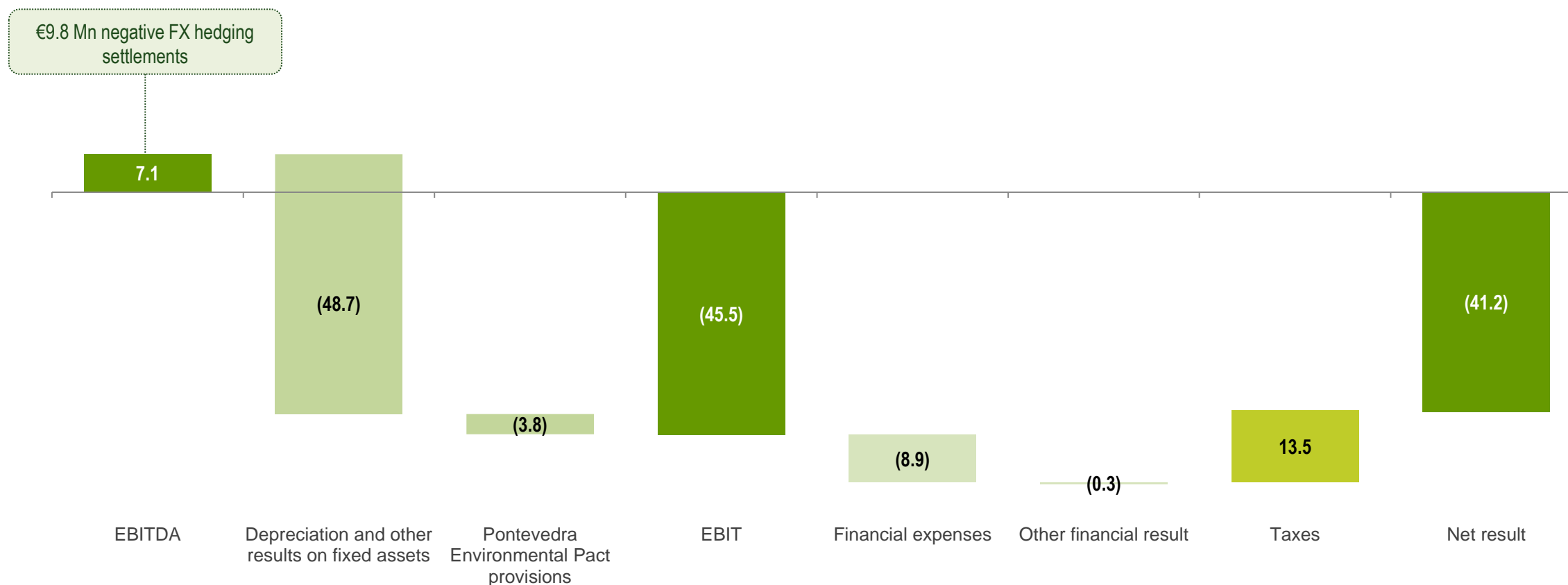


91.7% EBITDA decrease vs. 9M19:

- Resulted from the 26% drop in the average sales price.
- Partially offset by 7% higher sales and 3% lower cash cost following the 100,000 t capacity increase carried out in 2019
- Annual maintenance shutdowns successfully executed in 3Q20
- € 1.5 Mn pulp inventory provision in 3Q20



9M20 P&L Bridge (€ Mn)

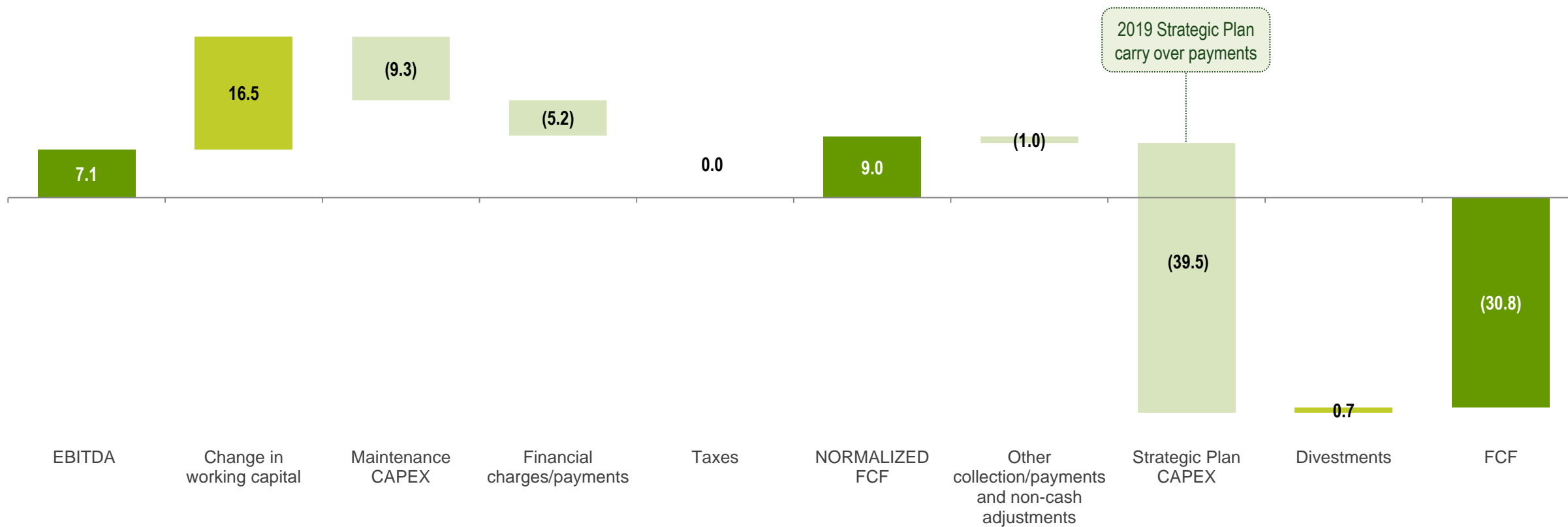




Pulp Business

Cash flow generation

9M20 Cash Flow Bridge (€ Mn)





Ongoing FX hedging program

To mitigate FX volatility in the Pulp Business

Dollar/Euro Exchange Rate Evolution



Current Hedges

Q4 2020: 66% revenues

- Avg. cap: \$ 1.19 €
- Avg. floor: \$ 1.13 €

Q1 2021: 58% revenues

- Avg. cap: \$ 1.17 €
- Avg. floor: \$ 1.09 €

Q2 2021: 50% revenues

- Avg. cap: \$ 1.19 €
- Avg. floor: \$ 1.12 €

Q3 2021: 30% revenues

- Avg. cap: \$ 1.22 €
- Avg. floor: \$ 1.17 €

Ence has secured an average cap of \$1.19/€ and an average floor of **\$1.12/€** for 50% of its dollar exposure until **September 2021**

9M20 FX settlements amount to - **€9.8 Mn**

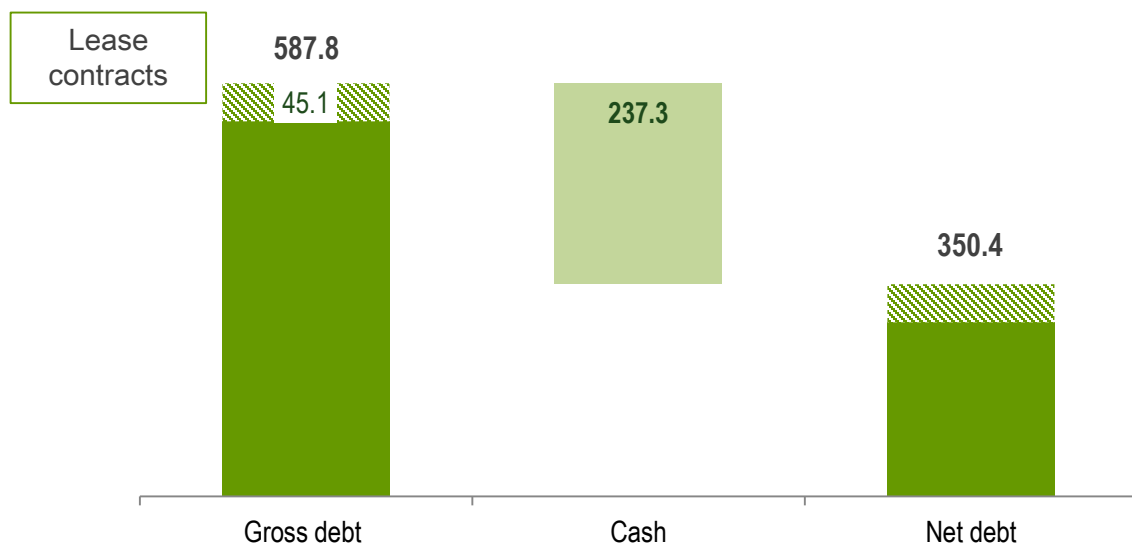


Pulp Business

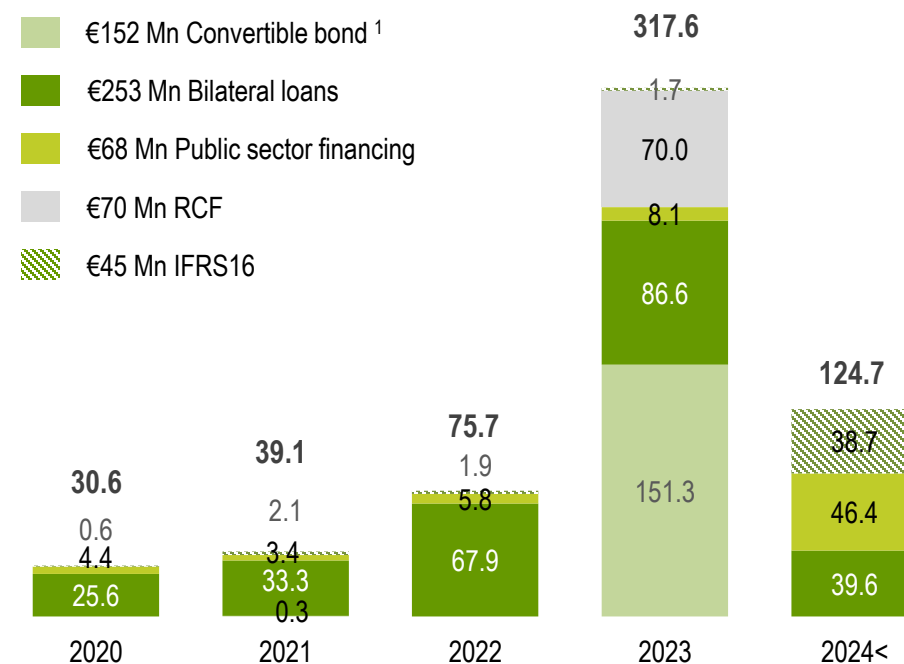
High liquidity and long-term financing without covenants



Leverage as of September 30th 2020 (€ Mn)



Debt Maturity Calendar (€ Mn)



€ 237 Mn cash in balance, long-term maturities and no covenants

Financial liability of €45.1 Mn in the Pulp business related to the application of IFRS16 on leases

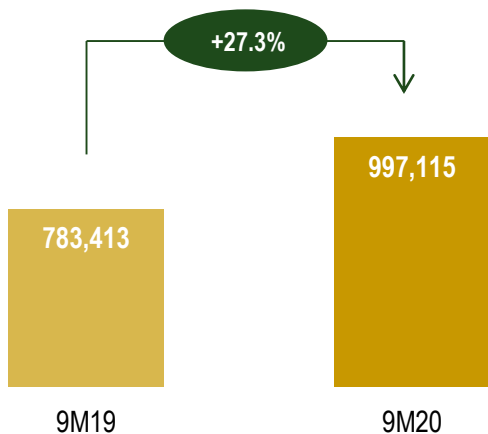
1. €152 Mn accounted as gross debt and €8 Mn accounted as equity as of September 30th 2020, according to IAS 32



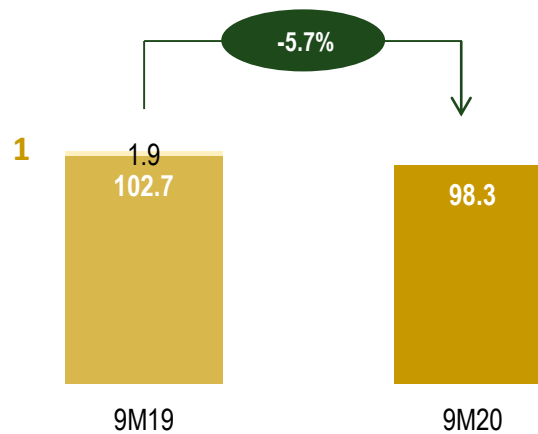
Renewable Energy Business

Higher contribution of new biomass power plants offset lower electricity prices

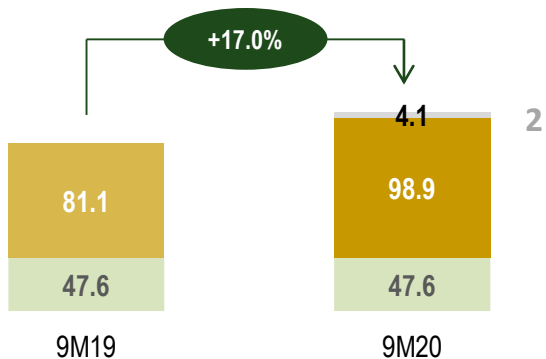
Energy Volume (MWh)



Average sale price (€/MWh)

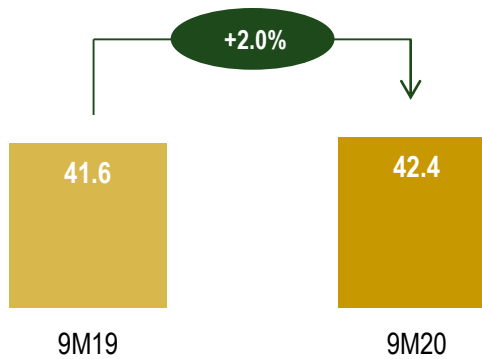


Revenues (€ Mn)



■ Ri ■ Pool + Collar + Ro ■ Capitalized

EBITDA (€ Mn)



2.0% EBITDA increase was driven by:

- 27.3% higher energy sales from new biomass power plants commissioned in 1Q20
- This has offset a 4.2% decline in the average sale price, down to its regulatory minimum

1 Note that the average sale price of 103.5 €/MWh in 9M19 included an adjustment of 1.9 €/MWh related to the temporary suspension of the electricity generation tax in 1Q19 and the attendant adjustment to the plants Ro with no effect on EBITDA. Comparable sale price decline would have been 5.7% or 6.3 €/MWh.

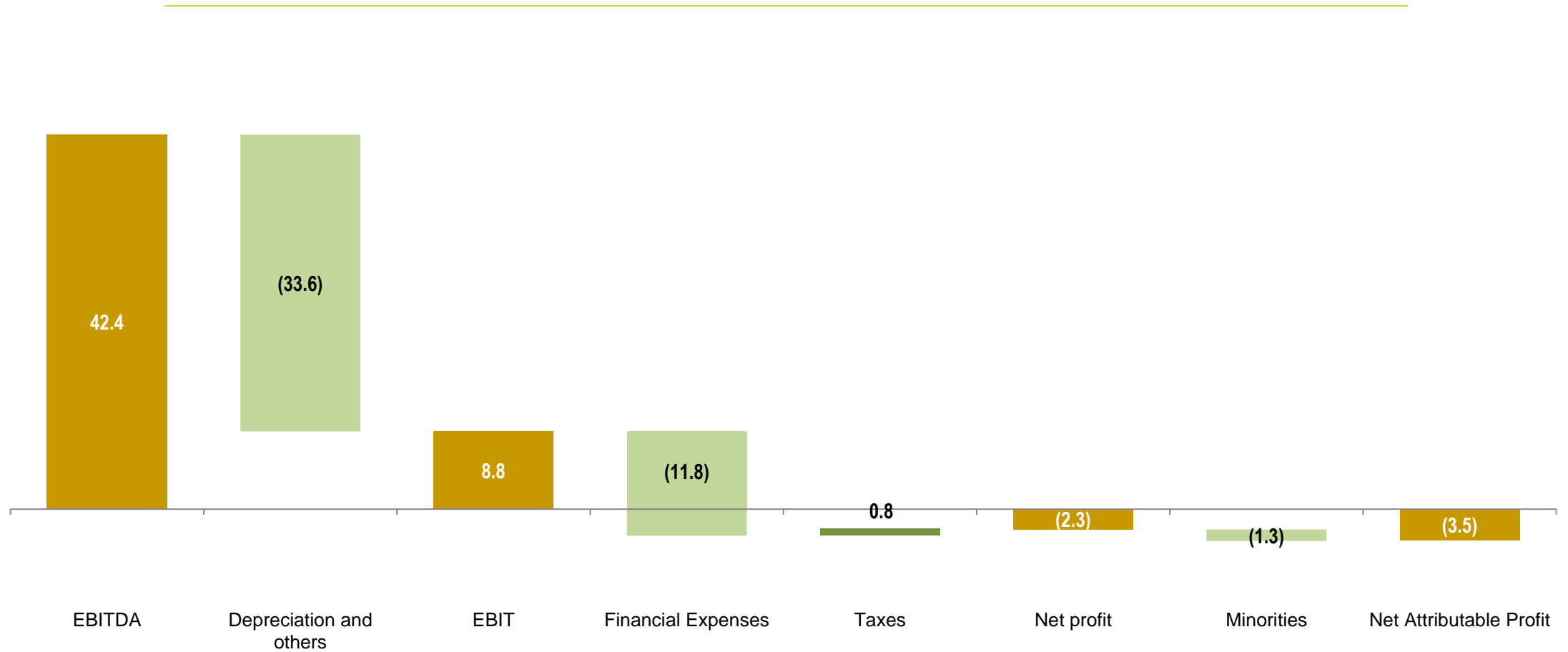
2 9M20 revenues include € 4.1 Mn from the energy sales of the new biomass plants during their testing phase in 1Q20, which have been capitalized together with their corresponding expenses, neutralizing their impact in EBITDA



Renewable Energy Business

P&L

9M20 P&L Bridge (€ Mn)

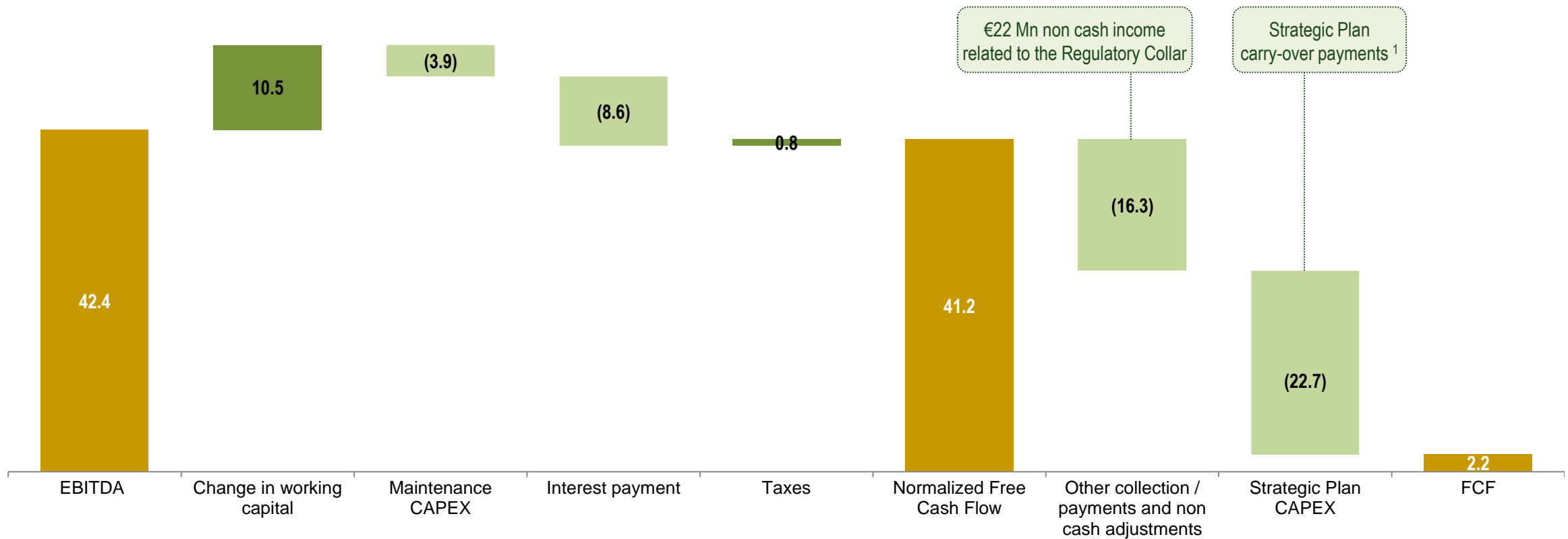




Renewable Energy Business

Cash flow generation

9M20 Cash Flow Bridge (€ Mn)



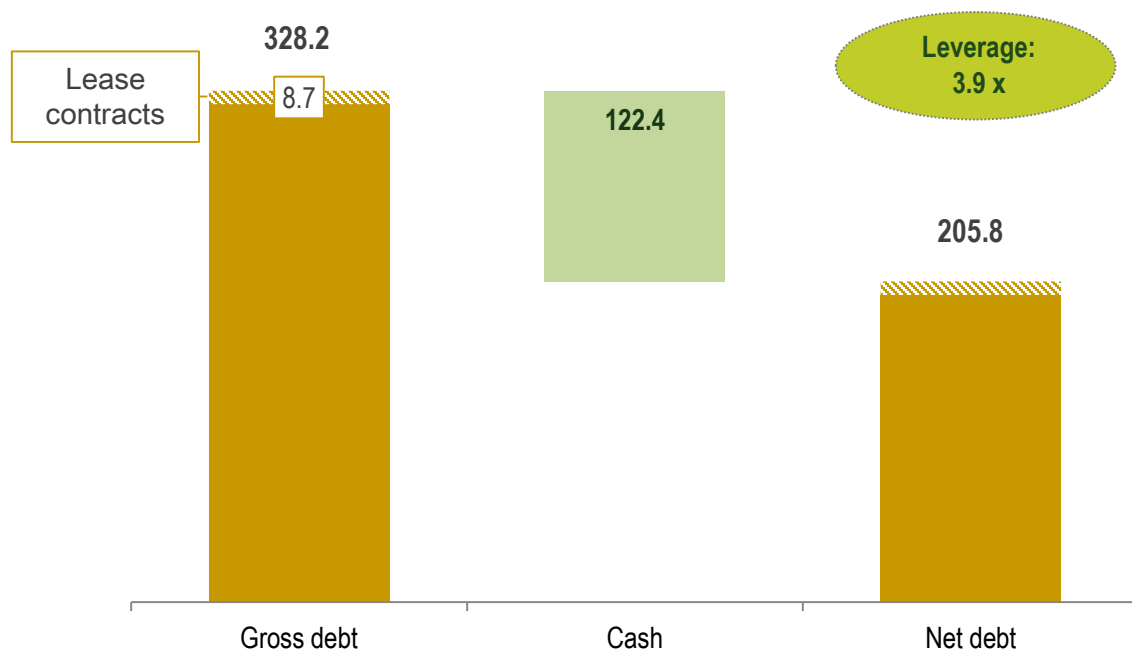
1. Strategic Plan Capex excludes the contribution of the remaining pulp business assets in Huelva valued at € 26.9 Mn in 1Q20, with no impact on the Group's consolidated cash flow.



Renewable Energy Business

Long-term green financing and high liquidity

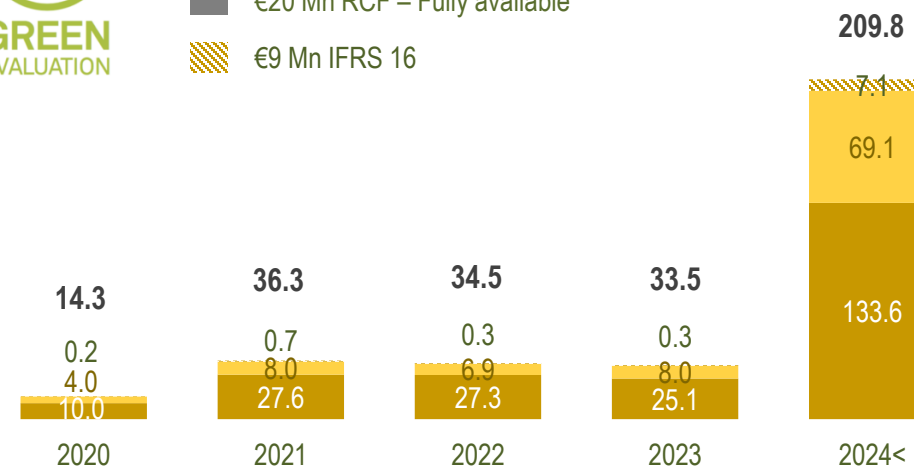
Leverage as of September 30th 2020 (€ Mn)



Debt Maturity Calendar (€ Mn)



- €96 Mn solar thermal plant project financing
- €224 Mn Energy parent corporate financing
- €20 Mn RCF – Fully available
- €9 Mn IFRS 16



Energy business leverage at 3.9x Net Debt / LTM EBITDA as of September 2020

Financial liability of €8.7 Mn in the Renewable Energy business related to the application of IFRS16 on leases



Closing Remarks

Closing Remarks

Resilient operating performance in a low price environment



- All our activities have been declared essential and we continue operating safely
- Good operating performance of the Pulp business following the 100,000 t capacity increase carried out in 2019

2020 Expected Pulp production (t)	2020 Expected Cash Cost (€/t)	2020 FX average floor (\$/€)
1,025,000 (+13% vs. 2019)	375 (-6% vs. 2019)	1.15

- Strong growth of the Renewable Energy business following the commissioning of two new biomass plants in 1Q20

2020 Expected Energy sales (MWh)
1,400,000 (+34% vs. 2019)

- Pipeline of 405 MW awaiting for the upcoming public auctions of the National Renewable Energy Plan
- Long term financing with no covenants in the pulp business and high liquidity

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

Cash cost includes all 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 tons 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.

EBITDA is a measure used by the Ence's management to compare the ordinary results of the company over time. 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.

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.

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 SUSTAINABILITY CAPEX

Ence provides the breakdown of its capital expenditure and related cash outflows for each of its business units in its quarterly earnings report, distinguishing between maintenance, efficiency & growth and sustainability 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, sustainability capex covers investments made to enhance quality standards, occupational health and safety, to improve the environment and to prevent contamination.

Ence's 2019-2023 Business Plan includes a schedule of the amounts it expects to invest annually in efficiency & growth and sustainability capex in order to attain the strategic targets set. The disclosure of capex cash flows broken down by area of investment facilitates oversight of the 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 the 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