



9M23 Results

31 October 2023



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Today's presenters



Ignacio de Colmenares

*Chairman & CEO
Ence Energía y Celulosa*



Alfredo Avello

*CFO and Chief Forestry Officer
Ence Energía y Celulosa*

1. 9M23 Highlights

- Pulp prices in Europe bottomed out in 3Q23, following a sharp correction in 9M23
- 152 €/t cash cost reduction in 3Q23 vs. 1Q23 partially mitigated a 37% net pulp price decline over the same period
- Our higher margin differentiated products accounted for 25% of our pulp sales in 3Q23
- We have reinforced our position as the largest private forestry manager in Spain with the acquisition of Sniace forestry assets in 4Q23
- We closed the period with a low leverage position relative to our average cycle EBITDA and a strong cash balance of €298 m
- Sustainalytics and Ecovadis confirmed our leadership in sustainability

2. 4Q23 Outlook

- Pulp prices in Europe will continue their recovery in the 4th Quarter. Main pulp producers have announced several price increases, up to 980 gross USD/t from November
- Cash cost reductions will continue in the coming quarters. Expected cash cost below 470 €/t in 4Q23
- Sales of our differentiated products will continue to grow in 4Q23
- Lower renewable energy output expected in 4Q23 due to extraordinary maintenance works at Huelva 46 MW and Ciudad Real 50 MW power plants

3. Growth & Diversification Opportunities

- Our unique competitive advantage: >95% of our wood is locally sourced
- Pulp diversification projects are on track to deliver a >12% ROCE without increasing the consumption of wood
- 6 biogas projects in their engineering and permitting phase, targeting a ROCE>12%
- 3 biomass power projects ready to participate in future capacity auctions
- Opportunity to expand our biomass supply services to serve a growing demand from heating and Green Fuels
- Working with potential industrial customers in Spain to replace fossil-fuel heating with renewable heating
- New opportunities to monetize carbon credits and biogenic CO2



1.

9M23 Highlights

1 Pulp prices started to recover in **4Q23** following a sharp correction in 9M23. The main pulp producers have announced price increases of up to **980 gross USD/t from November**

2 **152 €/t cash cost reduction** in 3Q23 vs. 1Q23 partially mitigated a 37% net pulp price decline over the same period. **The downward trend will continue** in the coming quarters

3 Our differentiated products accounted for **25% of our pulp sales** in 3Q23. They offer a lower environmental footprint and enhanced technical properties at a **higher margin**

4 We have reinforced our position as the largest private forestry manager in Spain with the **acquisition of Sniace forestry assets in 4Q23**

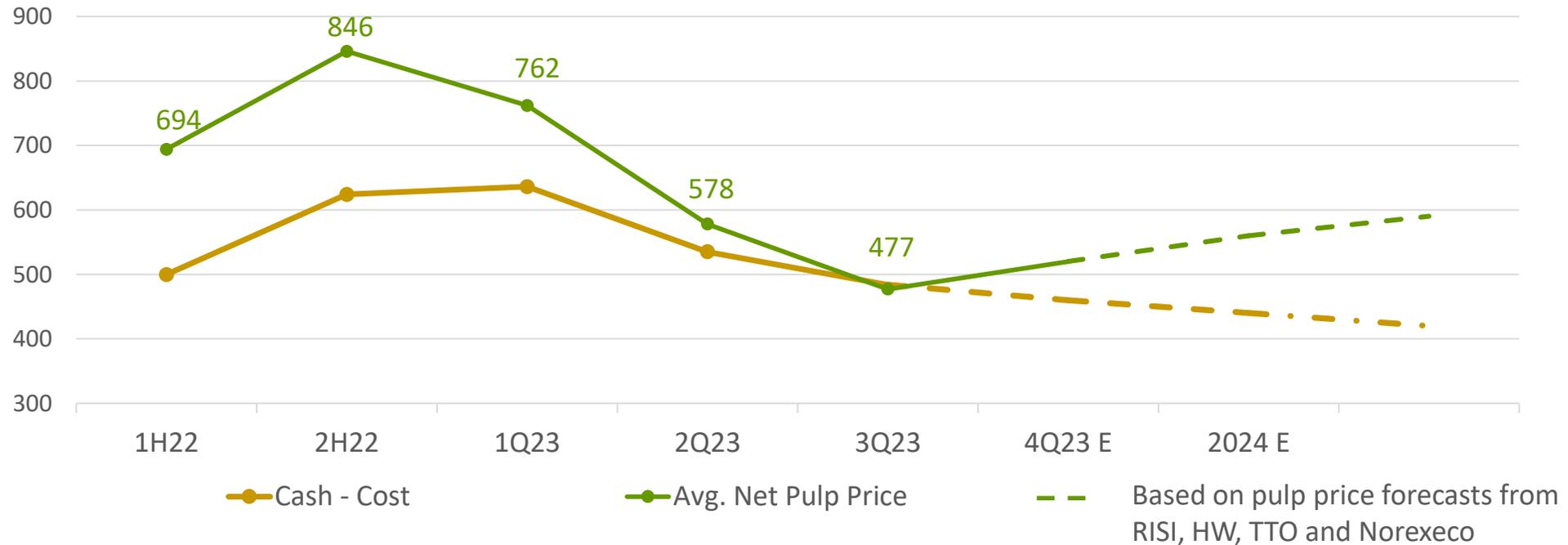
5 We closed the period with a **low leverage** position relative to our average cycle EBITDA and a **strong cash balance of €298 m**

6 Sustainalytics and Ecovadis **confirmed our leadership in sustainability**

Pulp price recovery started in 4Q23

Cash cost will continue to reduce in the coming quarters

Avg. NET Pulp Price & Cash-Cost
(€/t)



The main pulp producers have announced several price increases of up to 980 GROSS USD/ton from November

Industry specialists are increasing their pulp price forecasts for 2024

Ence's cash cost reduction will continue in the coming quarters

We expect pulp demand to exceed supply over 2023-27

Wood availability is limiting competitive pulp capacity additions

Market Pulp: Expected Supply and Demand Growth over 2023 - 2027 (Mn tons)



Main market pulp demand growth drivers:

- ✓ Growing paper segments (tissue, packaging and specialities) now account for over 80% of market pulp demand
- ✓ Boosted by structural growth trends such as urban population growth, increasing living standards in emerging markets and e-commerce
- ✓ Plastic and synthetic fiber substitution will accelerate pulp demand growth in the coming years
- ✓ Lower recycled fiber availability due to declining P&W paper consumption will increase demand for virgin fiber

Market pulp demand recovered strongly in 2H23, as expected

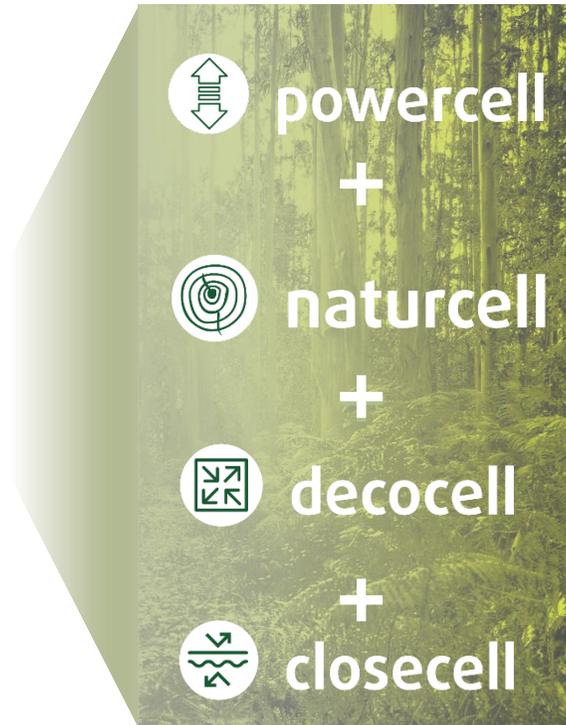
Market pulp permanent capacity closures announced in 2023 already exceed 1 million tons

Our differentiated products accounted for 25% of our pulp sales in 3Q23

Lower environmental footprint and enhanced technical properties at a higher margin



High quality pulp
and differentiated
products with lower
environmental footprint and
enhanced technical properties



- ✓ Aiming to replace softwood pulp
- ✓ Targeting customers with high sustainability standards
- ✓ Minimizing the energy consumption during the refining process

- ✓ First unbleached hardwood pulp in the market
- ✓ Certified CO² footprint during the product life cycle
- ✓ Increases tissue softness

- ✓ Low wet-expansion cellulose suitable for decor paper applications
- ✓ Narrow range of porosity

- ✓ Used as a plastic alternative in packaging for food & beverage industry
- ✓ Low porosity material

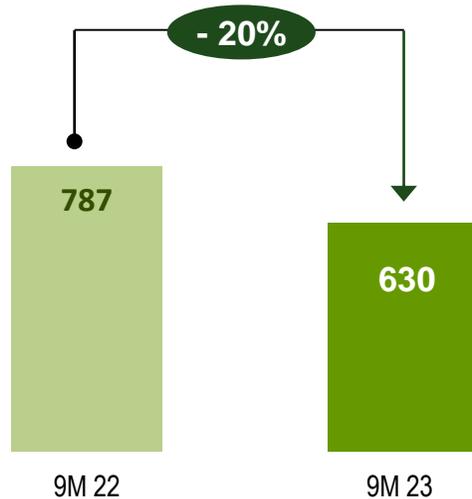
+ Others such as  photocell ,  high white ,  softcell and  porocell

We aim at reaching c.50% of our pulp production by 2028 (>500,000 t)

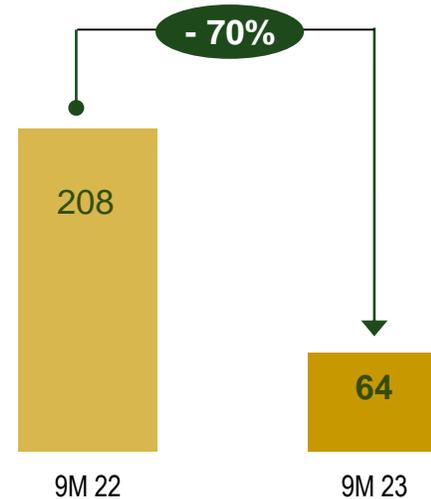
9M23 Consolidated Results

Driven by lower pulp and energy prices

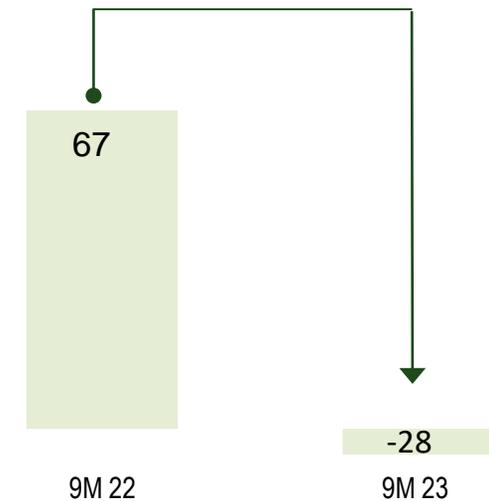
Group Revenues (€ m)



Group EBITDA (€ m)



Attributable Net Income (€ m)



Group Revenues - 20% to €630m

Group EBITDA - 70% to €64m

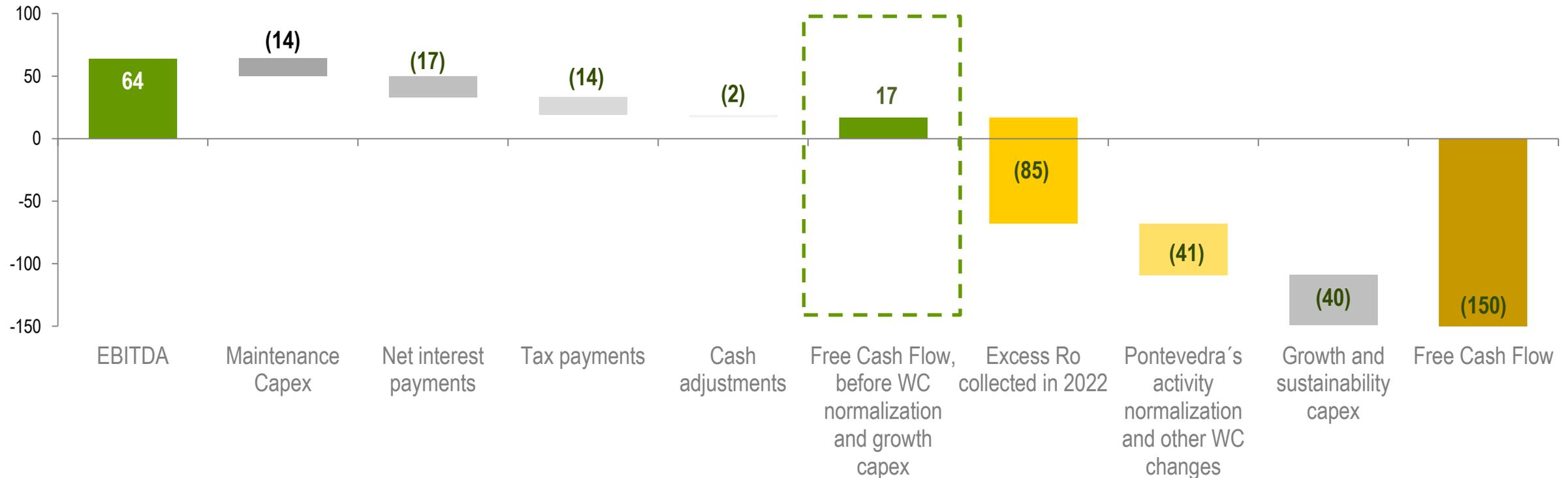
Group attributable net result: €(28)m

- -18% net average pulp price and +7% cash cost vs. 9M22
- 150 €/t cash cost reduction in 3Q23 vs. 1Q23 due to declining raw material and energy costs. This downward trend will continue in the coming quarters
- The regulatory energy price was updated, from 208 €/MWh in 2022 down to 109 €/MWh in 2023. The accounting (non cash) impact in 2023 will be offset by a higher remuneration for investment cashed annually
- PV project sales contributed €27m to 9M23 EBITDA

Positive FCF before working capital normalization and growth capex

WC outflow includes the return of €85m from the excess Ro collected in 2022

Short Cash Flow Statement 9M23
(€m)



- **€126m working capital outflow** includes the **return of €85m from the excess remuneration** collected in 2022 following the adjustment of the regulation applicable to renewables in 2022 and the impact of renewed activity at **Pontevedra**

€140m dividend paid in 1H23, against 2022 Results

Based on strong FCF generation and low leverage

Dividend policy

Amount based on **cash**

available for distribution

Ensuring a **leverage** below:

2.5 x

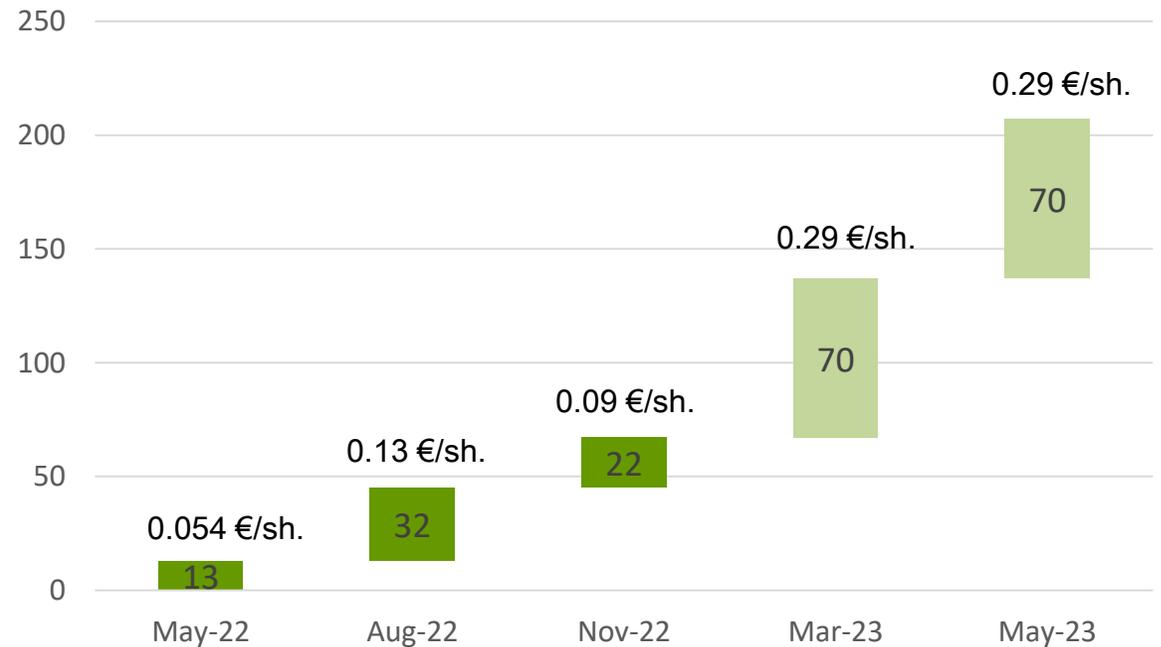
Net Debt / EBITDA for the **Pulp** business,
at average cycle prices

5.0 x

Net Debt / EBITDA for the **Energy**
business, at average cycle prices

After including our investment plans
and commitments

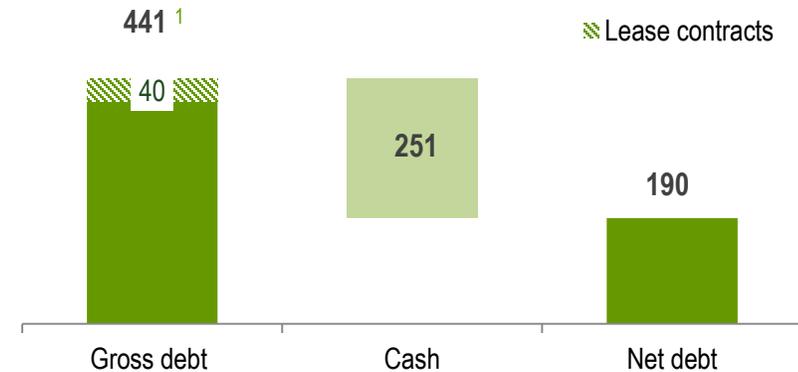
Dividend payment against FY2022 results (€m)



Low leverage position vs. our average cycle EBITDA

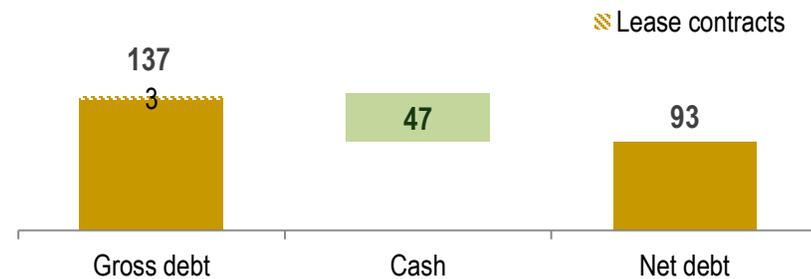
Solid cash balance of €298m at 30 September 2023

Pulp business net debt as of 30 Sept. 2023 (€ m)

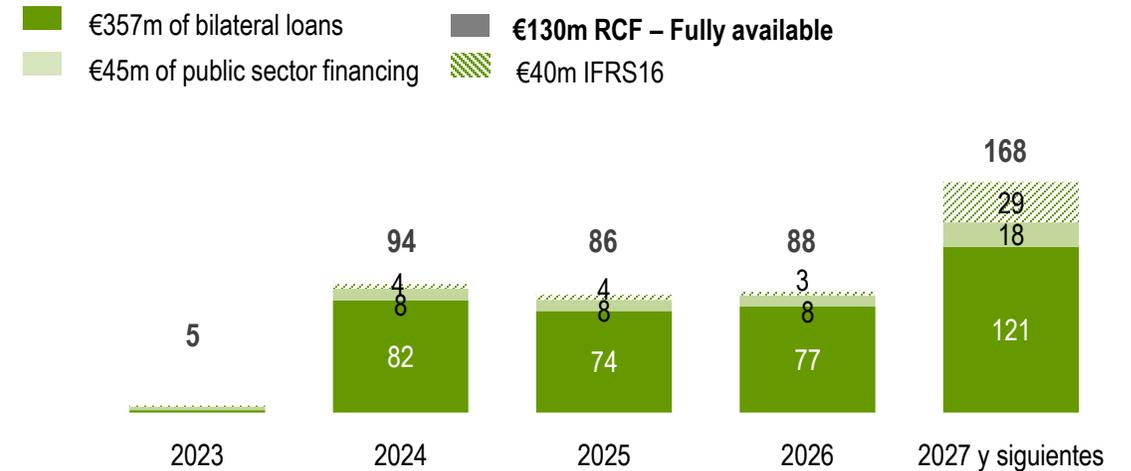


1) Pulp business financial debt is covenant free

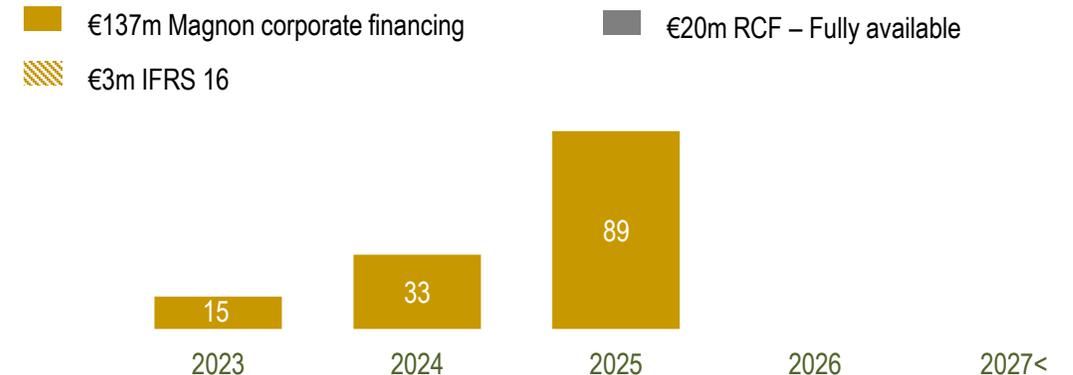
Renewables business net debt as of 30 Sept. 2023 (€ m)



Pulp business debt maturity schedule (€ m)



Renewables business debt maturity schedule (€ m)





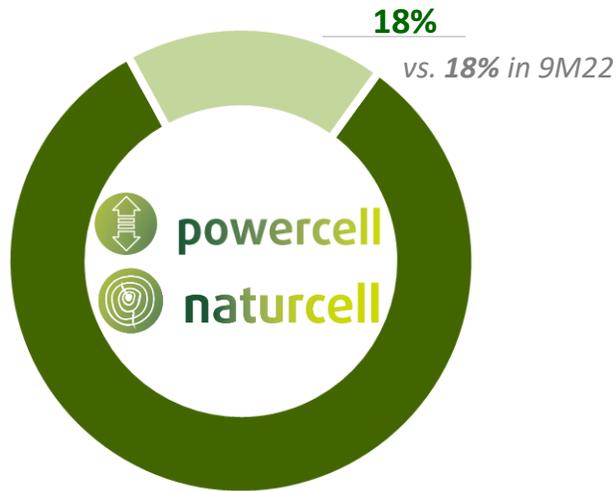
1a.

Pulp Business

705 K tons of pulp sold in 9M23

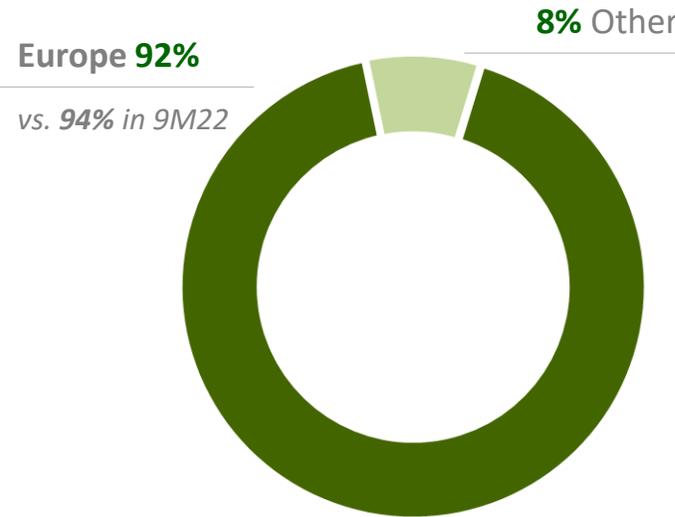
Differentiated & higher value-added products accounted for 18% of pulp sales in 9M23

Differentiated products
% of pulp sales



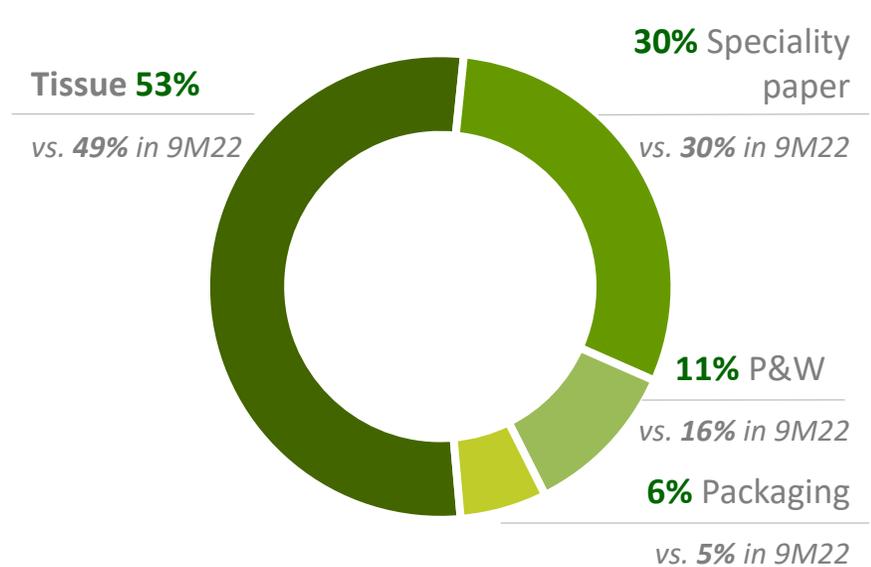
Differentiated products accounted for 18% of pulp sales in 9M23, despite the **temporary narrowing of the price spread vs. softwood in 1Q23.**

Geographical sales breakdown
% of pulp sales



92% of ENCE's pulp is sold to Iberian and European markets, where we have strong logistic and service-related competitive advantages.

Breakdown by end product
% of pulp sales

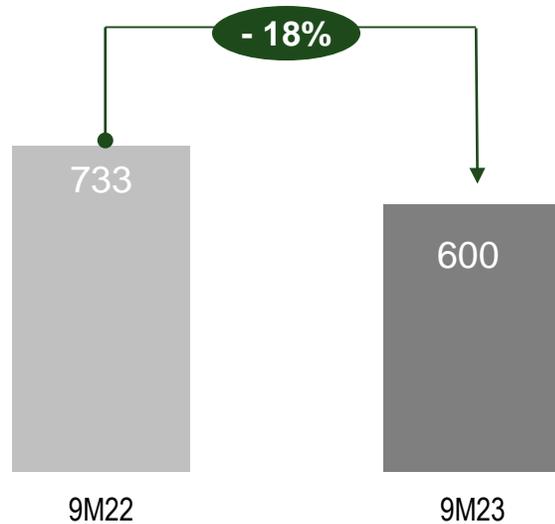


53% of ENCE's pulp sales are in the fast-growing tissue and hygiene products segment

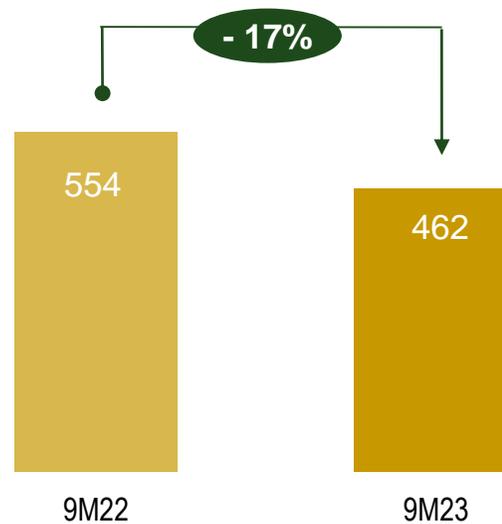
Pulp business impacted by the pulp price correction over 9M23

Pulp price recovery in Europe started in 4Q23

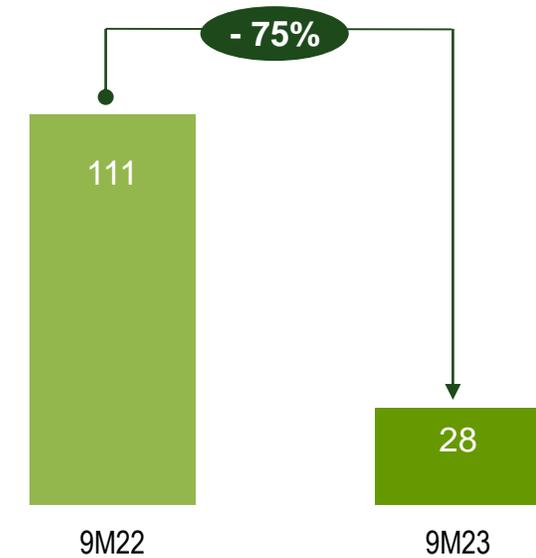
Avg. NET Sales price
(€/t)



Pulp Revenues
(€m)



Pulp EBITDA
(€m)

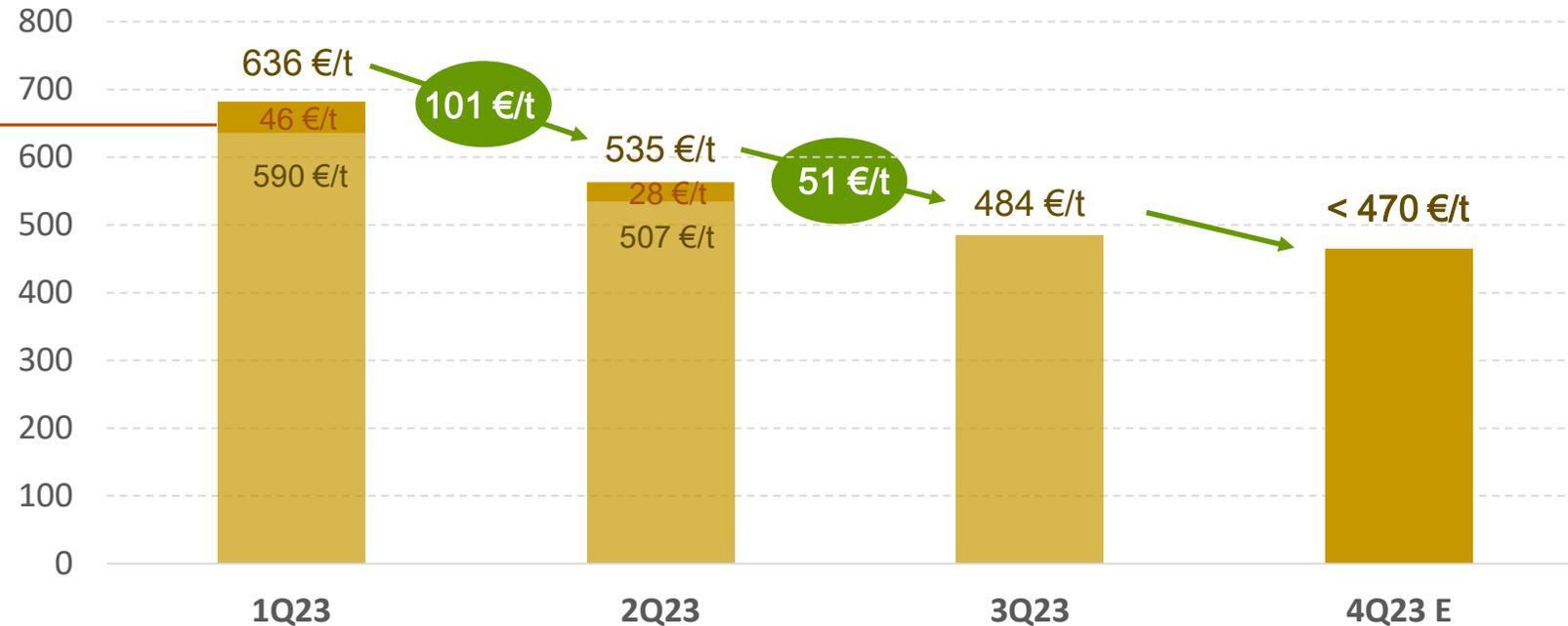


- **-18% net average sales pulp price** vs. 9M22. Pulp price recovery in Europe in 4Q23
- **+4% pulp sales** vs. 9M22 which was affected by Pontevedra's temporary downtime during 2H22.
- **+7% cash cost** vs. 9M22, due to the delayed effect of inflation on raw material and energy costs. 152 €/t cash cost reduction in 3Q23 vs. 1Q23.

152 €/t cash cost reduction in 3Q23 vs. 1Q23

Downward trend to continue in the coming quarters

Cash cost (€/t)



- **Extra-costs** of the repairs to the Pontevedra energy turbine, and the new water recovery solution, amounted to 46 €/t in 1Q23 and 28 €/t in 2Q23

- **Cash cost improved by 152 €/t in 3Q23 vs. 1Q23** down to 484 €/t. mainly due to lower wood, chemicals, energy and logistic costs
- Pontevedra's water recovery solution and repairs to its energy turbine implied an extra cash cost of 46 €/t in 1Q23 vs. 28 €/t in 2Q23
- **Normalized cash cost in 9M23 would have been 528 €/t**, excluding Pontevedra extra costs
- Cash cost reduction is expected to continue in the coming quarters. **Expected cash cost below 470 €/t in 4Q23**



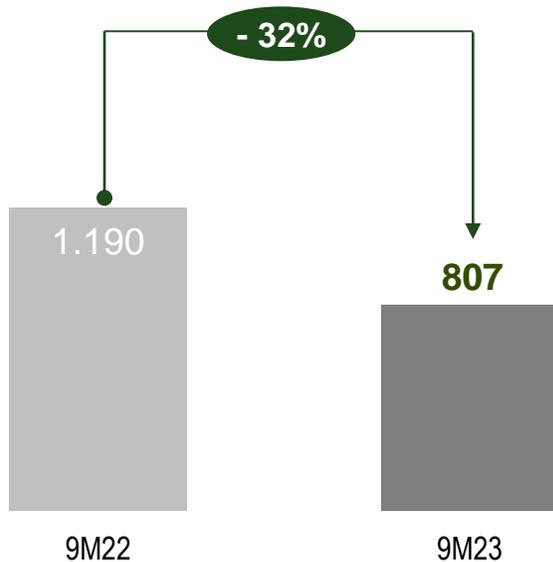
1b.

Renewables Business

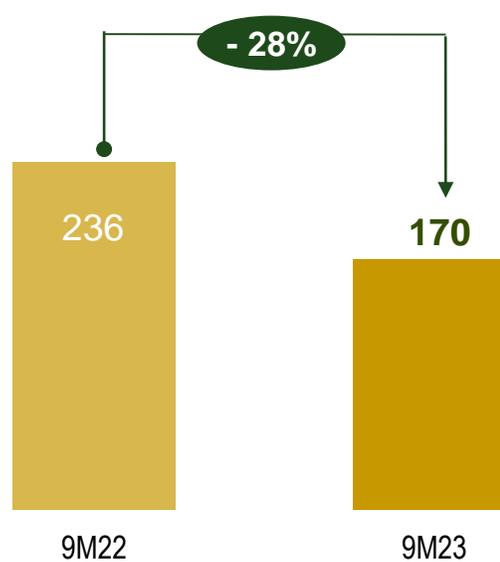
Renewables results were driven by the regulated energy price update

Accounting (non cash) impact in 2023 is offset by a higher Ri cashed annually from 2023

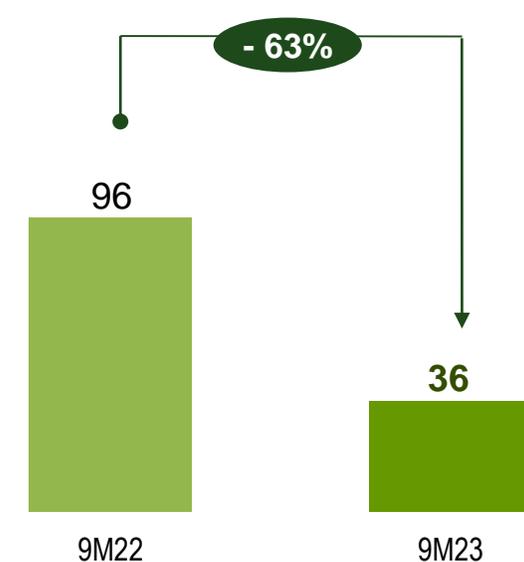
Energy sold
(GWh)



Renewables Revenues
(€m)



Renewables EBITDA
(€m)

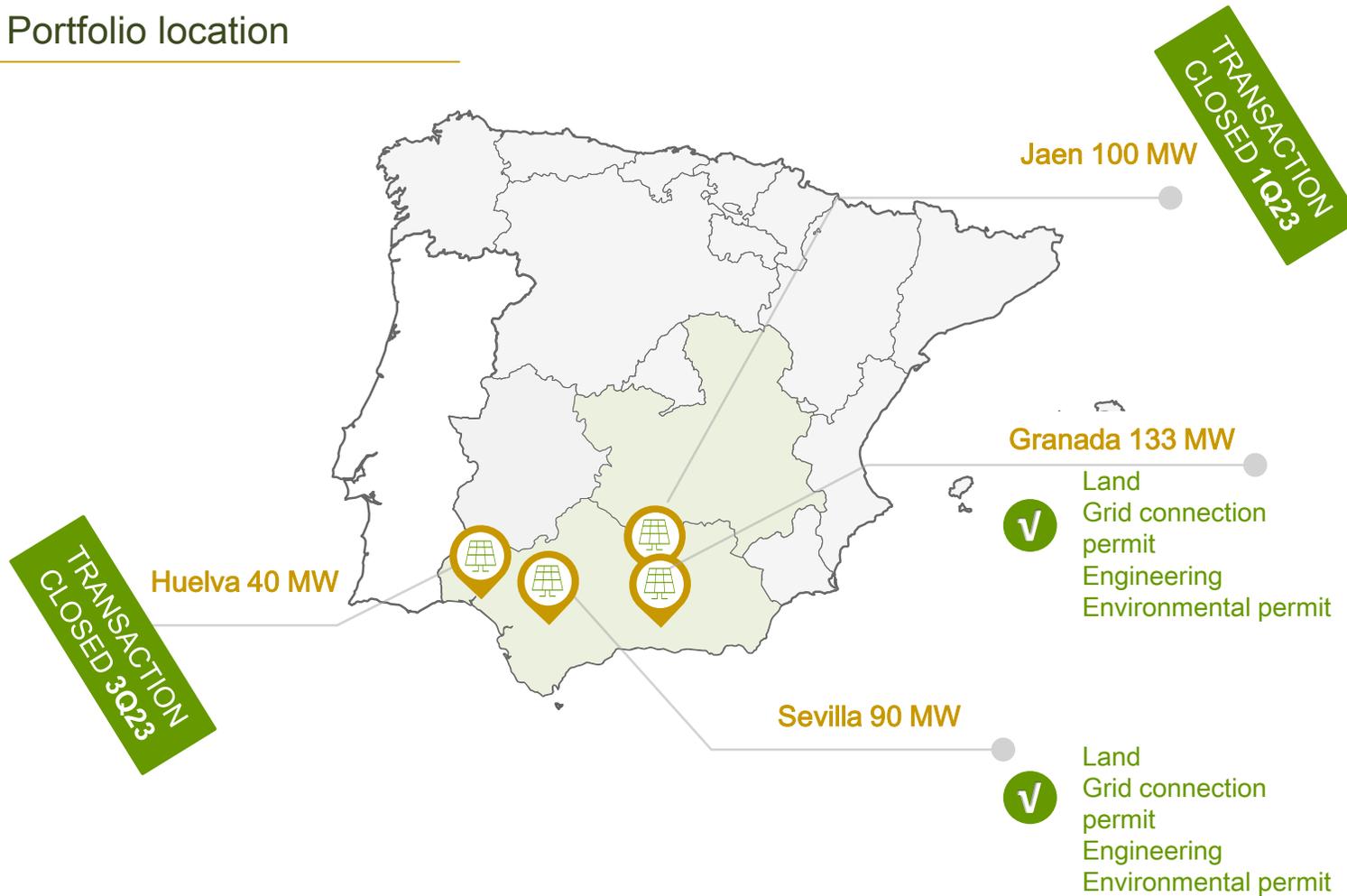


- The regulated energy price was **revised downwards**, from 208 €/MWh in 2022 to 109 €/MWh in 2023
- Accounting (non cash) impact in 2023 was **offset by €9m higher remuneration for investment cashed annually from 2023**
- **32% lower energy sales in 9M23**, due to lower energy market prices

PV project sales in 9M23 contributed €27m to EBITDA

Another €23m EBITDA expected from the remaining PV project sales in 2024

Portfolio location



ENCE: industry leader in sustainability

3Q23 Highlights



Production cost reduction

Safe & efficient operations

Protecting Health and Safety

- ✓ **0 sick leave accidents** in the energy plants and biomass supply chain in 2023

Water footprint reduction

- ✓ **Water use reduction in both biomills** (-4,7% in Navia vs. 2022 and -1,1% in Pontevedra vs. 2022)

Advancing towards a circular economy

- ✓ **High levels of waste recovery**, in line with 2022 results (>98%)
- ✓ **100% plants ZERO WASTE certified**

Odour reduction (vs 2022)

- ✓ **-54% odour minutes** in Navia and **-65%** in Pontevedra

Leadership and differentiation

Climate action

Committed to mitigate climate change

- ✓ Ongoing climate risk analysis following **TCFD Recommendations**

Sustainable products

Differentiated products with higher added value

- ✓ **18% of total sales** (9M23). Products with higher and growing margins
- ✓ **1st Pulp EPD* published**: Encell TCF, Encell ECFand Naturcell
- ✓ **1st Carbon neutral product** (Naturcell Zero)

License to operate

People & Values

Talent as a competitive advantage

- ✓ **Great Place to Work** certification for the third year in a row
- ✓ We offer quality jobs: **93% of contracts were permanent**
- ✓ **+15% female employees** vs 2022

Commitment to communities

Adding value to society:

- ✓ **Launch of the Ence Pontevedra 2023 Social Plan**, endowed with 3 million euros
- ✓ **>300 social, environmental and cultural projects** sponsored within the Plan

Risk minimisation

Sustainable agroforestry

Certified supply chain

- ✓ **86%** of managed land certified
- ✓ **>72%** of supplied wood certified
- ✓ **>99%** wood & biomass suppliers homologated
- ✓ **100% plants SURE System certified** (Sustainable biomass)

Corporate governance

- ✓ **Approval of Ence's Sustainability Due Diligence Policy**, which contains the guiding principles to prevent Human Rights violations and negative environmental impacts along Ence's value chain.

*EPD: Environmental Product Declaration



2.

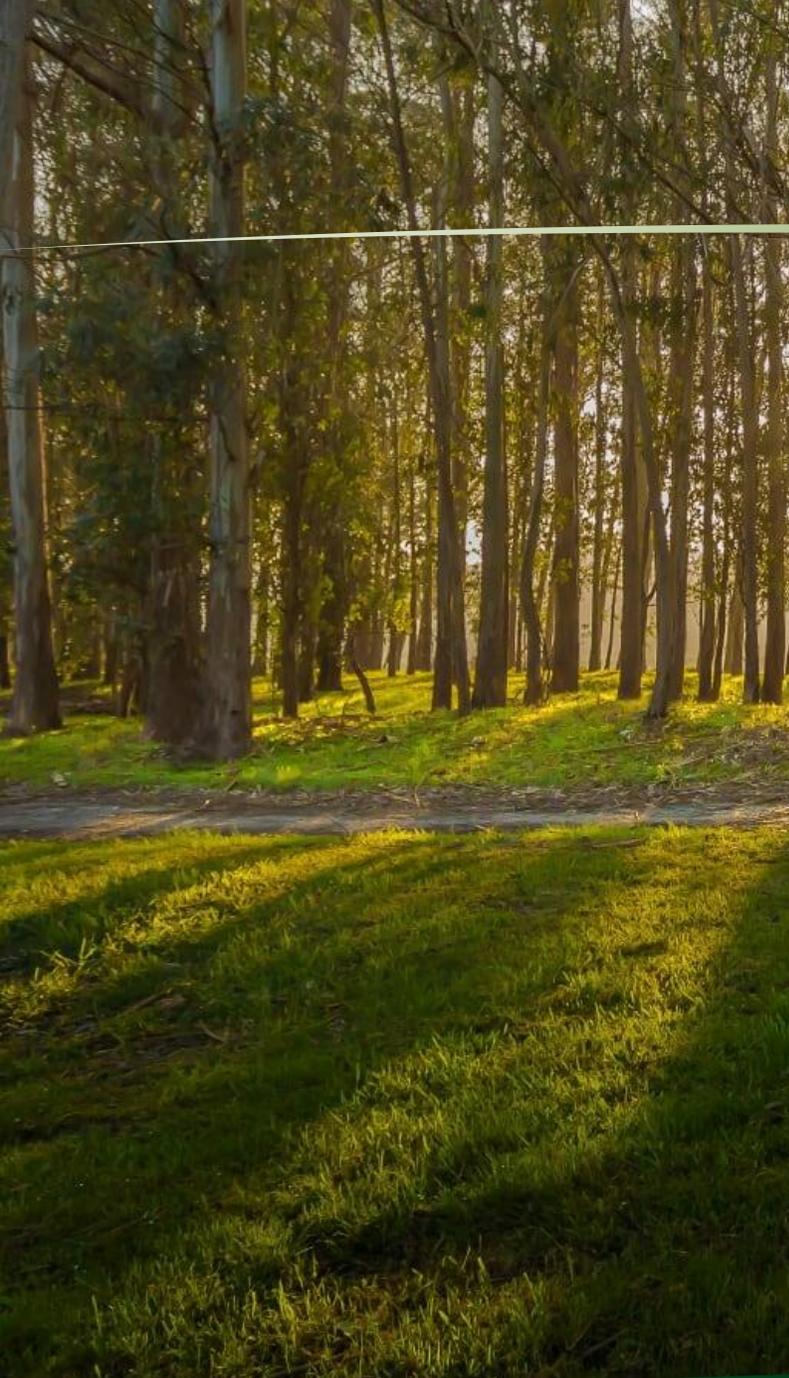
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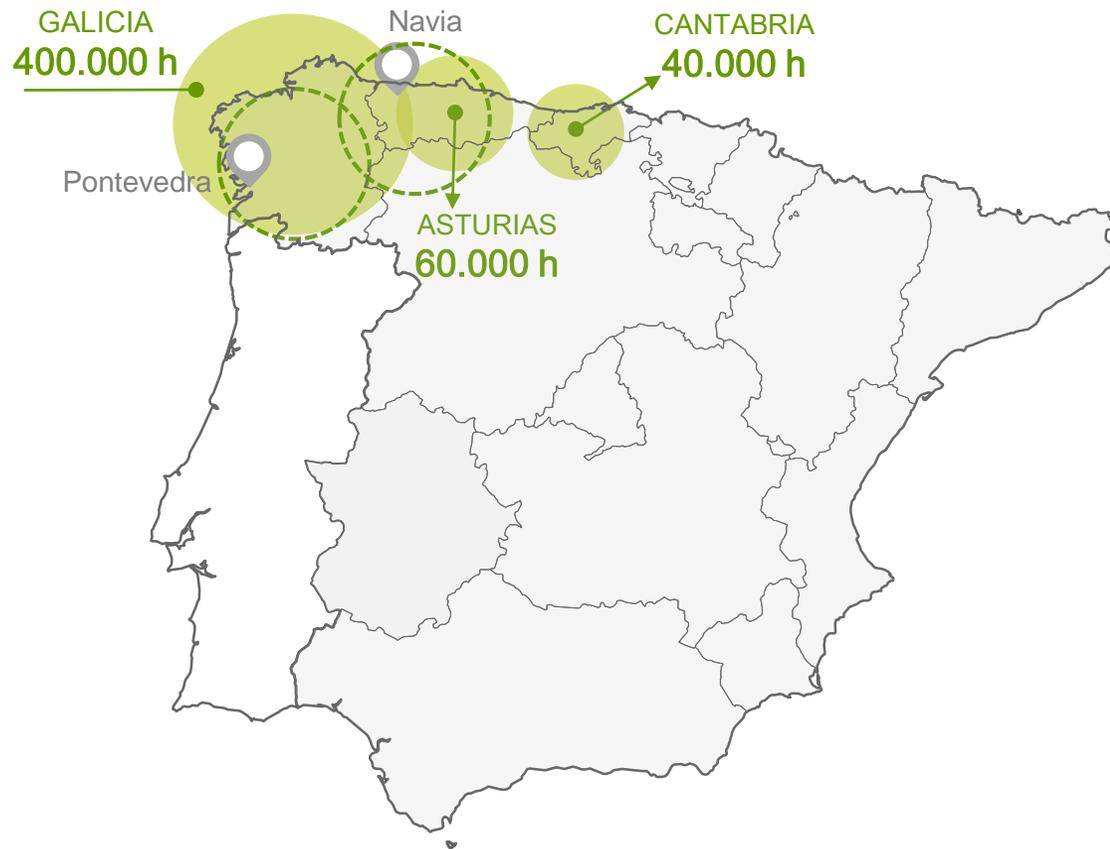
3.

Growth & Diversification Opportunities

Our unique competitive advantage: over 95% of our wood is locally sourced

We benefit from our close access to eucalyptus plantations around our biomills

Eucalyptus plantations surface in N.W. Spain



Main figures (FY2022):

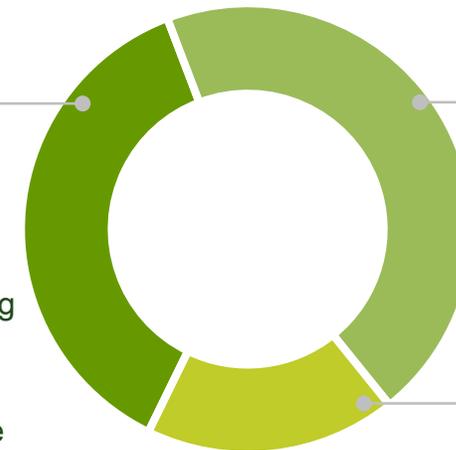
- ✓ 2.8 million m³ of wood purchased in 2022
- ✓ 96% sourced locally in Spain
- ✓ 73% of supplied wood certified
- ✓ 100% wood suppliers homologated
- ✓ <110 Km of average supply distance

Supplier split (%)

37%

Directly to landowners ¹

- Landowner search
- Direct purchases
- Permitting processing
- Harvesting
- Transportation
- Technical assistance



45%
Capillarized network of local small suppliers with a long term relationship

18%
Other Suppliers

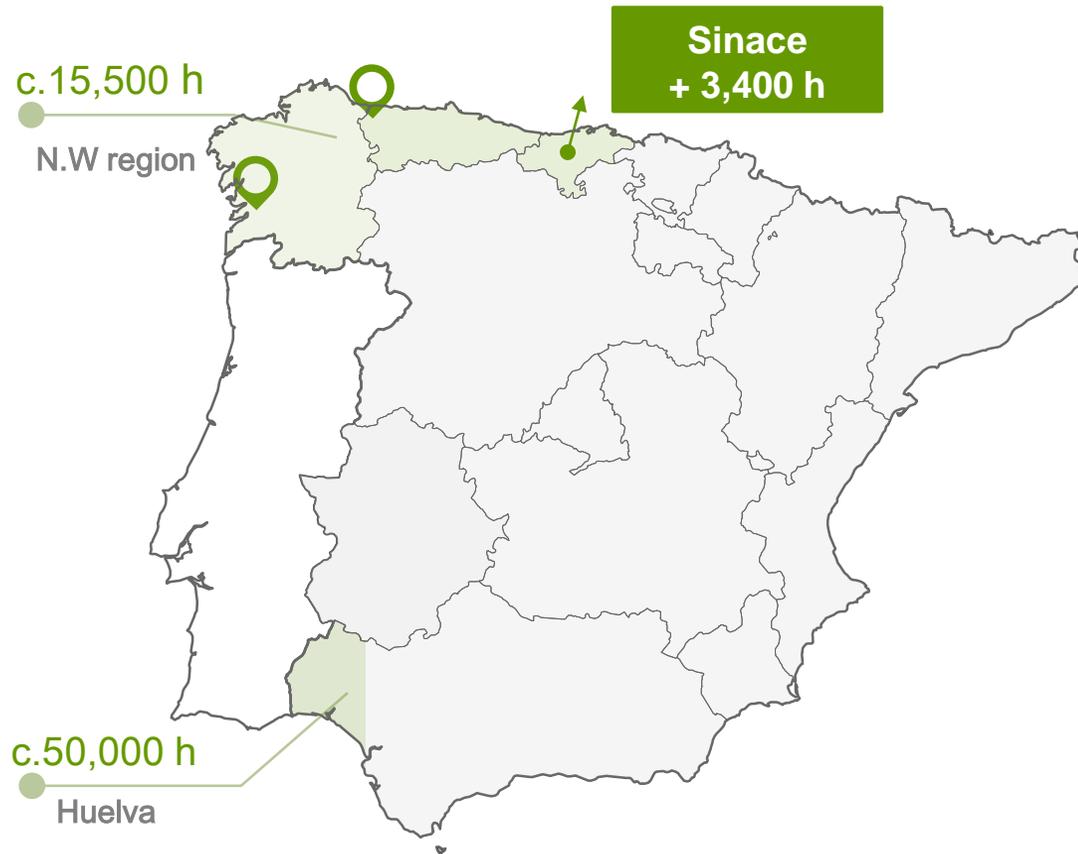
¹ Includes Ence's managed plantations

Acquisition of Sniace forestry assets in 4Q23

Reinforcing our position as the largest private forest manager in Spain

Ence eucalyptus plantations

Hectares



Annual production and book value 2022:

- ✓ Annual production: 0,4 million m³/year
- ✓ Book value: €144m (€84m land + €60m standing timber)

Sustainability certification and biodiversity 2022:

- ✓ 84% of the forest land is certified
- ✓ 22% of hectares (c. 14.000 ha) dedicated to preserving ecosystems

Carbon sink:

- ✓ Our plantations annually remove >600.000 t of CO₂ from the atmosphere

Innovation:

- ✓ **Pioneers in the clonal reproduction** of eucalyptus globulus adapted to recent climate change and local plague conditions
- ✓ **3 Eucalyptus nurseries** in Spain and 12 million improved clones and seedlings produced annually.

Growth and diversification opportunities in the Pulp business

Without increasing the consumption of wood

Status: **On track**
ROCE target: >12%

Status: **Approved**
ROCE target: >12%

Status: **Engineering phase**
ROCE target: >12%

DIFFERENTIATED PRODUCTS

To develop and sell our differentiated products, with a lower environmental footprint and enhanced technical properties at a higher price

Estimated Capex (€m)	-	-
Substitution of BHKP (t)	+350K ²	2023-28
Targeted incremental margin (€/t)	20	2023-28



FLUFF

To diversify Navia's product range into Fluff pulp production for the absorbent hygienic products industry in Europe, substituting imported Fluff

Estimated Capex (€m)	30	2024-25
Substitution by Fluff (t)	100K	2026-27
Targeted incremental margin (€/t)	40	2026-27



BLEACHED RECYCLED PULP

Production of bleached recycled pulp using recovered cardboard and paper, without increasing the consumption of wood

Estimated Capex (€m)	125	2026-27
Annual Production (t)	+100K	2027
Location:	As Pontes (Galicia)	



¹ ROCE = EBIT / Equity + Net Debt (including leases)

² Up to >500,000 t by 2028

Growth and diversification opportunities in Renewables

Ence Biogas

Ence Biogas

- Ence incorporated a new subsidiary in 2022, for the development and operation of biomethane plants.
- These plants will recycle **local organic waste** into biomethane, attracting the associated sustainability certificate, and will generate a high-quality organic fertiliser.
- Ence Biogas aims at developing 20 biomethane plants during the next 5 years, with a capacity of > 1.000 GWh per year.
- It already has a portfolio of **6 projects at their engineering and permitting phase with expected COD by 2026.**
- Initially estimated investment of around **€20 Mn** on average **per plant**, with a targeted **ROCE >12%**



¹ ROCE = EBIT / Equity + Net Debt (including leases)

Other growth and diversification opportunities in Renewables

Biomass Supply, Biomass Power and Renewable Industrial Heating

Biomass Supply

- We are the largest agro-forestry biomass manager in Spain with a solid expertise.
- Opportunity to **expand our biomass supply services** in Iberia to serve a growing demand from heating, biofuels and other uses



Biomass Power

- We have developed 3 projects with a combined capacity of **140 MW**
- Specific capacity auctions are scheduled until 2030 for a combined capacity of 655 MW



Renewable Industrial Heating

- We are working with potential industrial customers in Spain to help them decarbonize by replacing fossil fuel heating with renewable heating
- **First O&M and biomass supply contract signed in June.**



Other growth and diversification opportunities in Renewables

PV projects, Carbon Credits and Green Fuels

PV Projects

- 140 MW sold in 9M23 with an €27m EBITDA contribution
- **223 MW to be sold in 2024** with an expected EBITDA contribution of €23m
- Another 300 MW at an early stage of development



Carbon Credits

- >500 hectares already registered with Spanish Climate Change Office, increasing up to 1,000 h by year end
- **Aim to register >2,000 hectares per year**, absorbing >350.000 tons of CO₂ during the life of the plantations (avg. 30 years)



Green Fuels

- Biomass power is the only source of biogenic CO₂, which is a raw material needed to produce Green Fuels.
- **Ence Group annually produces c.6 Mn tons of biogenic CO₂** which could be used to produce green e-methanol.



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- 6 biogas projects in their engineering and permitting phase, targeting a ROCE>12%
- 3 biomass power projects ready to participate in future capacity auctions
- Opportunity to expand our biomass supply services to serve a growing demand from heating and Green Fuels
- Working with potential industrial customers in Spain to replace fossil-fuel heating with renewable heating
- New opportunities to monetize carbon credits and biogenic CO2



Appendix

Group Financial Review

Short P&L

Figures in € m	9M23				9M22			
	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Total revenue	462,3	169,6	(2,2)	629,6	553,8	235,8	(2,5)	787,1
Other income	21,9	4,1	(0,9)	25,1	15,9	6,0	(0,8)	21,1
Foreign exchange hedging operations results	(0,5)	-	-	(0,5)	(16,5)	-	-	(16,5)
Cost of sales and change in inventories of finished produ	(264,9)	(68,2)	2,2	(330,9)	(249,2)	(76,2)	2,5	(322,8)
Personnel expenses	(65,0)	(15,4)	0,0	(80,4)	(54,9)	(12,9)	0,0	(67,9)
Other operating expenses	(126,2)	(54,0)	0,9	(179,3)	(137,8)	(56,4)	0,8	(193,4)
EBITDA	27,7	36,0	-	63,7	111,2	96,3	-	207,5
Depreciation and amortisation	(40,7)	(28,4)	1,2	(67,8)	(31,5)	(35,5)	0,6	(66,4)
Depletion of forestry reserves	(6,9)	-	-	(6,9)	(5,2)	(0,0)	-	(5,2)
Impairment of and gains/(losses) on fixed-asset disposals	(0,7)	0,3	-	(0,5)	(2,7)	(37,0)	-	(39,0)
Other non-ordinary operating gains/(losses)	(5,6)	(0,4)	0,0	(6,0)	-	-	-	-
EBIT	(26,3)	7,5	1,2	(17,6)	71,8	23,8	1,3	96,9
Net finance cost	(11,3)	(9,6)	-	(20,8)	(6,4)	(12,9)	-	(19,3)
Other finance income/(costs)	(0,1)	0,0	-	(0,1)	3,5	0,3	-	3,8
Profit before tax	(37,6)	(2,0)	1,2	(38,5)	68,9	11,1	1,3	81,3
Income tax	7,4	5,2	(0,1)	12,5	(4,9)	(7,5)	-	(12,5)
Net Income	(30,2)	3,2	-	(25,9)	64,0	3,6	1,2	68,8
Non-controlling interests	-	(2,3)	-	(2,3)	-	0,1	(1,9)	(1,8)
Atributable Net Income	(30,2)	0,9	1,1	(28,2)	64,0	3,7	(0,7)	67,0
Earnings per Share (EPS)	(0,12)	0,00	0,00	(0,12)	0,26	0,02	(0,00)	0,28

Group Financial Review

Short Cash Flow

Figures in € m	9M23				9M22			
	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Consolidated profit/(loss) for the period before tax	(37,6)	(2,0)	1,2	(38,5)	68,9	11,1	1,3	81,3
Depreciation and amortisation	47,6	28,4	(1,2)	74,7	36,7	35,5	(0,6)	71,6
Changes in provisions and other deferred expense	15,6	2,2	-	17,8	1,5	0,9	-	2,4
Impairment of gains/(losses) on disposals intangible assets	0,8	(0,3)	-	0,5	2,7	37,0	(0,7)	39,0
Net finance result	10,8	9,6	-	20,3	3,9	12,6	-	16,6
Energy regulation adjustment (regulatory collar)	(3,1)	(9,7)	-	(12,8)	18,1	15,2	-	33,4
Government grants taken to income	(0,6)	(0,1)	-	(0,7)	(0,4)	(0,1)	-	(0,5)
Adjustments to profit	71,0	30,1	(1,2)	99,9	62,6	101,2	(1,3)	162,4
Inventories	(0,3)	2,1	-	1,8	(7,8)	(1,4)	-	(9,2)
Trade and other receivables	(10,1)	21,7	(22,5)	(10,9)	(6,3)	6,0	5,2	4,9
Current financial and other assets	(0,3)	(0,0)	-	(0,3)	1,2	(2,0)	-	(0,8)
Trade and other payables	(44,4)	(94,5)	22,2	(116,7)	8,2	64,7	(5,2)	67,6
Changes in working capital	(55,1)	(70,8)	(0,3)	(126,1)	(4,7)	67,3	-	62,6
Interest paid	(9,2)	(8,1)	-	(17,3)	(5,4)	(12,2)	-	(17,6)
Dividends received	-	-	-	-	-	-	-	-
Income tax received/(paid)	(3,9)	(10,1)	-	(14,1)	(1,9)	(2,5)	-	(4,3)
Other collections/(payments)	-	-	-	-	(0,4)	-	-	(0,4)
Other cash flows from operating activities	(13,1)	(18,3)	-	(31,4)	(7,8)	(14,6)	-	(22,4)
Net cash flow from operating activities	(34,8)	(61,0)	(0,3)	(96,0)	118,9	165,0	-	283,9
Property, plant and equipment	(44,7)	(5,5)	-	(50,3)	(30,3)	(6,3)	-	(36,6)
Intangible assets	(3,6)	(0,4)	-	(4,0)	(2,1)	(0,2)	-	(2,3)
Other financial assets	(2,5)	0,4	2,9	0,8	(0,0)	-	-	(0,0)
Disposals	(0,5)	-	0,4	(0,1)	0,1	0,4	-	0,5
Net cash flow used in investing activities	(51,3)	(5,6)	3,3	(53,6)	(32,4)	(6,1)	-	(38,5)
Free cash flow	(86,1)	(66,5)	3,0	(149,6)	86,5	158,9	-	245,4

Group Financial Review

Short Balance Sheet

Figures in € m	Sep-23				Dec-22			
	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Intangible assets	16,8	34,0	(12,3)	38,6	15,6	35,0	(12,7)	37,9
Property, plant and equipment	609,4	370,8	(7,7)	972,5	603,4	389,0	(8,5)	983,9
Biological assets	70,3	0,2	-	70,5	60,4	0,2	-	60,5
Non-current investments in Group companies	114,0	0,0	(114,0)	0,1	112,6	0,0	(112,5)	0,0
Non-current borrowings to Group companies	22,0	-	(22,0)	-	18,6	-	(18,6)	-
Non-current financial assets	24,0	10,6	-	34,6	20,8	5,4	-	26,1
Deferred tax assets	38,3	26,1	3,1	67,5	30,5	19,4	3,1	53,0
Cash reserve for debt service	-	10,0	-	10,0	-	10,0	-	10,0
Total non-current assets	894,9	451,7	(152,9)	1.193,7	861,8	459,0	(149,2)	1.171,5
Inventories	74,4	13,9	-	88,3	80,5	21,9	-	102,3
Trade and other accounts receivable	67,8	28,7	(7,0)	89,4	59,4	40,5	(29,2)	70,6
Income tax	6,5	1,4	-	7,9	6,8	1,3	-	8,0
Other current assets	3,7	1,0	-	4,6	7,5	0,4	-	7,9
Hedging derivatives	0,3	4,4	-	4,7	0,0	2,6	-	2,6
Current financial investments in Group companies	0,2	(0,2)	(0,0)	0,0	0,4	0,0	(0,4)	0,0
Current financial investments	4,5	0,0	-	4,6	4,2	0,0	-	4,3
Cash and cash equivalents	246,4	36,6	-	283,0	278,4	134,5	-	412,9
Total current assets	403,7	85,8	(7,0)	482,5	437,1	201,2	(29,6)	608,7
TOTAL ASSETS	1.298,6	537,5	(160,0)	1.676,2	1.298,9	660,2	(178,8)	1.780,2
Equity	552,0	228,1	(130,9)	649,2	719,8	228,9	(130,6)	818,1
Non-current borrowings	346,5	111,7	-	458,3	163,2	122,9	-	286,1
Non-current loans with Group companies and associates	-	25,2	(22,0)	3,1	-	36,4	(18,6)	17,8
Non-current derivatives	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-
Non-current provisions	28,8	0,1	-	28,9	27,9	0,1	-	28,0
Other non-current liabilities	38,4	70,9	0,0	109,3	38,2	75,8	-	114,0
Total non-current liabilities	413,7	207,9	(22,0)	599,6	229,2	235,3	(18,6)	445,9
Current borrowings	94,8	28,1	-	122,9	83,3	27,8	-	111,1
Current derivatives	0,9	-	-	0,9	0,4	-	-	0,4
Trade and other account payable	198,5	69,7	(7,1)	261,2	226,4	164,4	(29,2)	361,6
Short-term debts with group companies	0,0	0,1	(0,0)	0,2	0,0	0,7	(0,4)	0,4
Income tax	0,0	0,9	-	0,9	0,0	-	-	0,0
Current provisions	38,7	2,7	-	41,4	39,8	3,0	-	42,8
Total current liabilities	332,9	101,5	(7,1)	427,4	349,9	196,0	(29,6)	516,2
TOTAL EQUITY AND LIABILITIES	1.298,6	537,5	(160,0)	1.676,2	1.298,9	660,2	(178,8)	1.780,3

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.

EBITDA

EBITDA is a measure of operating profit before depreciation, amortisation and forest depletion charges, non-current asset impairment charges, gains or losses on non-current assets and other non-operating items that undermine the comparability of the numbers.

EBITDA is an indicator used by management to track the Group's recurring profitability over time. This metric 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.

OTHER NON-OPERATING ITEMS

Other non-operating items refers to ad-hoc income and expenses unrelated to the Company's ordinary business activities that render two reporting periods less comparable.

CASH COST

The production cost per tonne of pulp, or cash cost, is the key measure used by management to measure and benchmark its efficiency as a pulp maker. The cash cost includes all of the costs directly related with the production and sale of pulp that impact cash flows. Therefore, it does not include asset depreciation and amortisation charges, impairment losses on non-current assets or gains or losses on their disposal, other non-operating items, finance income or costs or income tax.

The cash cost can be measured as the difference between revenue from the sale of pulp and EBITDA in the Pulp business, adjusted for the settlement of hedges, the effect of adjustments for tariff shortfall/surplus (the regulatory collar) on energy sales, forest depletion charges and the change in inventories. To calculate the cash cost, the related production costs are divided by the volume of tonnes produced, while overhead and sales and logistics costs are divided by the volume of tonnes sold.

OPERATING PROFIT PER TONNE OF PULP

The operating profit is a yardstick for the operating profit generated by the Pulp business without taking into account asset depreciation and amortisation charges, impairment losses on non-current assets and gains or losses on their disposal and other non-operating items, adjusted for the settlement of hedges, the effect of the regulatory collar on energy sales and forest depletion charges.

Alternative Performance Measures (APMs)

Pg.2

It provides a comparable measure of the business's profitability and is measured as the difference between the average sales price per tonne, calculated by dividing revenue from the sale of pulp by the number of tonnes sold, and the cash cost.

NET FINANCE COST AND OTHER FINANCIAL ITEMS

Net finance cost encompasses the various items of finance income and finance costs, while other financial items encompasses exchange differences, the change in the fair value of financial instruments and impairment losses on financial instruments and gains or losses on their disposal.

MAINTENANCE, EFFICIENCY, GROWTH AND SUSTAINABILITY CAPEX

ENCE provides the breakdown of the capital expenditure included in its statement of cash flows for each of its business classifying its investments into the following categories: maintenance capex, efficiency and growth capex, sustainability capex and financial investments.

Ence's technical experts classify its capital expenditure using the following criteria: Maintenance capex are recurring investments designed to maintain the capacity and productivity of the Company's assets. Efficiency and growth capex, meanwhile, are investments designed to increase those assets' capacity and productivity. Lastly, sustainability capex covers investments made to enhance quality standards, occupational health and safety and environmental performance and to prevent contamination. Financial investments correspond to payments for investments in financial assets.

The disclosure of capex cash flows broken down by area of investment facilitates oversight of execution of the published Business Plan.

OPERATING CASH FLOW

The operating cash flow coincides with the net cash from operating activities presented in the statement of cash flows. However, operating cash flow is arrived at by starting from EBITDA, whereas net cash from operating activities is arrived at by starting from profit before tax. As a result, the adjustments to profit do not coincide in the two calculations. This APM is provided to reconcile EBITDA and operating cash flow.

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. 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.

NORMALISED FREE CASH FLOW

Normalised FCF is the sum of EBITDA, the change in working capital, maintenance capex, net interest payments and income tax payments. It provides a proxy for the cash generated by the Company's operating activities before collection of proceeds from asset sales, the adjustments related with electricity sector regulations and other adjustments to profit. It represents the amount available for investments other than maintenance capex, for shareholder remuneration and for debt repayment.

NET DEBT / (CASH)

The borrowings recognised on the balance sheet, include bonds and other marketable securities, bank borrowings and other financial liabilities. They do not include, however, the measurement of derivatives or borrowings from Group companies and associates.

Net debt/(cash) is calculated as the difference between current and non-current borrowings on the liability side of the statement of financial position and unrestricted cash on the asset side, which includes cash and cash equivalents, the debt service cash reserve (included with non-current financial assets) and other financial investments (within current assets).

Net debt/(cash) provides a proxy for the Group's net indebtedness or liquidity and is a metric that is widely used in the capital markets to compare the financial position of different companies.

ROCE

ROCE stands for the return on capital employed and is used by management as a key profitability performance indicator. It is calculated by dividing EBIT for the last 12 months by average capital employed during the period, capital employed being the sum of equity and net debt. For the Pulp business, equity is calculated as the difference between consolidated equity and the equity recognised by the Renewable Energy business.

ROCE is widely used in the capital markets to measure and compare the earnings performance of different companies.



Delivering value Delivering commitments