

1Q25 Results

30 April 2025



Disclaimer

The information contained in this presentation has been prepared by Ence Energía y Celulosa, S.A. (hereinafter, "Ence").

This presentation includes data relating to future forecasts. Any data included in this presentation which differ from other data based on historical information, including, in a merely expository manner, those which refer to the financial situation of Ence, its business strategy, estimated investments, management plans, and objectives related to future operations, as well as those which include the words "anticipate", "believe", "estimate", "consider", "expect" and other similar expressions, are data related to future situations and therefore have various inherent risks, both known and unknown, and possess an element of uncertainty, which can lead to the situation and results both of Ence and its sector differing significantly from those expressly or implicitly noted in said data relating to future forecasts.

The aforementioned data relating to future forecasts are based on numerous assumptions regarding the current and future business strategy of Ence and the environment in which it expects to be situated in the future. There is a series of important factors which could cause the situation and results of Ence to differ significantly from what is expounded in the data relating to future forecasts, including fluctuation in the price of wood pulp or wood, seasonal variations in business, regulatory changes to the electricity sector, fluctuation in exchange rates, financial risks, strikes or other kinds of action carried out by the employees of Ence, competition and environmental risks, as well as any other factors described in the document. The data relating to future forecasts solely refer to the date of this presentation without Ence being under any obligation to update or revise any of said data, any of the expectations of Ence, any modification to the conditions or circumstances on which the related data are based, or any other information or data included in this presentation.

The information contained in this document has not been verified by independent experts and, therefore, Ence neither implicitly nor explicitly gives any guarantee on the impartiality, precision, completeness or accuracy of the information, opinions and statements expressed herein.

This document does not constitute an offer or invitation to acquire or subscribe to shares, in accordance with the provisions of Royal Legislative Decree 4/2015, of 23 October, approving the consolidated text of the Securities Market Act. Furthermore, this document does not constitute a purchase, sale or swap offer, nor a request for a purchase, sale or swap offer for securities, or a request for any vote or approval in any other jurisdiction.

The use by ENCE ENERGIA Y CELULOSA, S.A. of any MSCI ESG RESEARCH LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of ENCE ENERGIA Y CELULOSA, S.A by MSCI. MSCI Services and data are the property of MSCI or its information providers, and are provided "as-is" and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

Today's presenters



Ignacio de Colmenares

*Chairman & CEO
Ence Energía y Celulosa*



Alfredo Avello

*Chief Financial Officer
Ence Energía y Celulosa*

Results Summary

2025 Outlook

- European BHKP price has rebounded by 21% from December lows, up to 1,218 gross USD/t in April (approximately 650 net USD/t)
- The tight pulp supply/demand balance should continue to support pulp prices, despite the short-term volatility caused by the US-China tariff announcements
- Virtually all our sales are generated in Europe and the Mediterranean
- Our ongoing FX hedging policy provides an average cap of 1.09 USD/EUR for almost 50% of our expected pulp revenues in 2025
- Cash cost reduction to continue into 2025
- Our first 125 kt fluff pulp line will start-up in 4Q25, with over 60 €/t higher operating margin expected
- Higher energy production and lower biomass costs expected in 2025

1Q25 Operating Highlights

- Ence Advanced pulp sales accounted for 35% of total pulp sales in 1Q25, with a higher operating margin than our standard pulp.
- 11 €/t cash cost reduction vs. 4Q24, to 510 €/t
- 18 €/t lower average pulp sales price vs. 4Q24 to 558 €/t
- Pulp sales of 216 kt, 8% lower vs 4Q24 due to Navia's annual maintenance shutdown in 1Q25
- 12% lower energy generation vs. 4Q24, to 277 GWh, due to the annual maintenance shutdown of 70% of our installed capacity in 1Q25
- La Galera plant improved its biomethane production by 67% vs. 4Q24, in our first quarter operating the plant

1Q25 Financial Results

- Pulp business EBITDA x4 vs 4Q24, up to €28m driven by the sale of Energy Saving Certificates
- Renewables EBITDA up 6% vs 4Q24, to €6m despite the annual maintenance shutdown of 70% of our installed capacity
- €20m FCF before working capital change and growth capex in 1Q25
- €8m WC outflow driven by higher wood inventories
- €11m growth and sustainability capex in 1Q25
- Low leverage position with €331m Net Debt at the end of March 2025 and a cash balance of €316m

Growth, Efficiency and Diversification Projects

- Our first 125 kt fluff pulp line will start-up in 4Q25, with over 60 €/t higher operating margin expected
- Our higher margin and value-added pulp sales are expected to exceed 60% of the total by 2028, including our Ence Advanced and Fluff pulp sales
- Production of our renewable packaging solutions to start in 2025
- Navia decarbonization and cost reduction project launched in 1Q25
- Building a large biofertilizer and biomethane platform in Spain aiming to produce 1 TWh by 2030 and contribute >€60m to EBITDA
- Our renewable industrial heating business aims to produce 2TWh by 2030 and contribute >€40m to EBITDA
- Progressing with the Pontevedra Avanza and As Pontes engineering



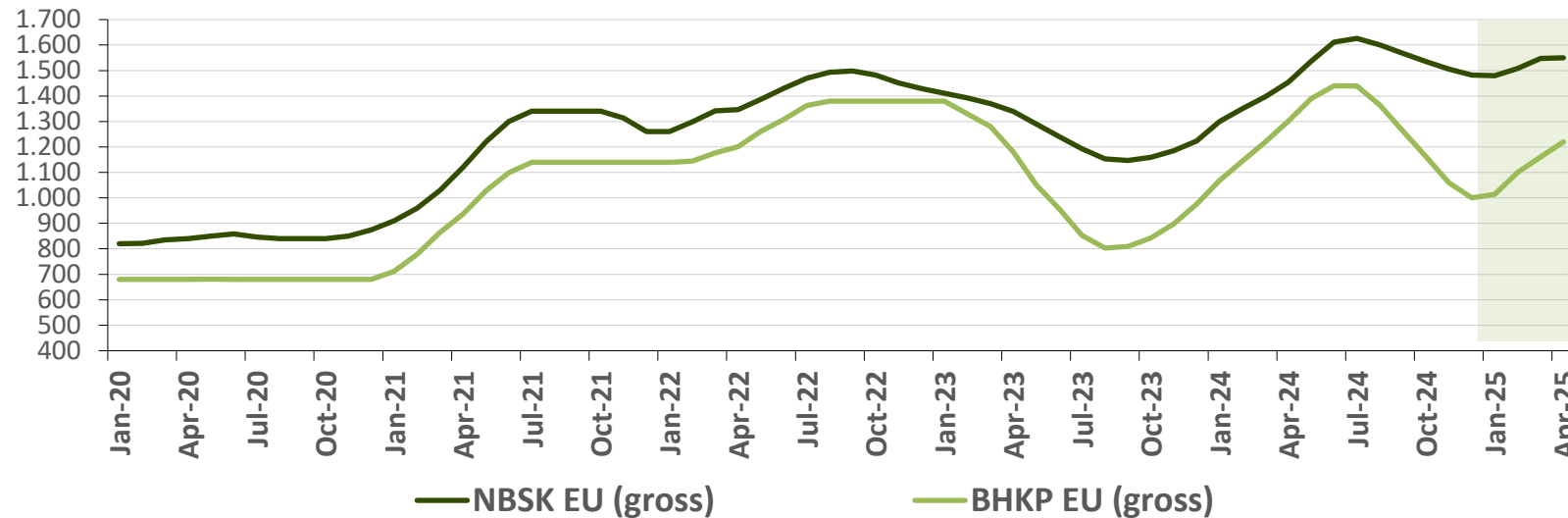
1.

1Q25 Highlights

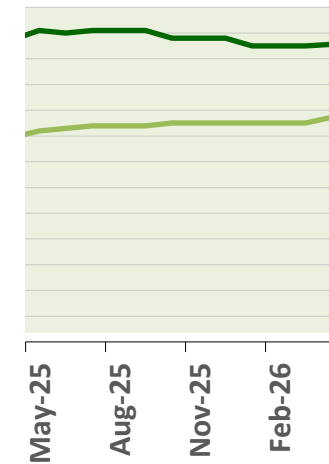
European BHKP price has rebounded by 21% from December lows

Up to 1,218 USD/t in April

Gross Pulp Prices in Europe
(USD/t)



Future Pulp Prices in Europe
(USD/t)









Source: Norexeco (22/04/2025)

- Market pulp demand growth continued in the first quarter (+4.7% y/y to February), driven by China (+12% y/y to February)
- The record price gap with softwood pulp (NBSK) is boosting demand for hardwood pulp (BHKP), which was up 7% y/y to February
- Pulp producer inventories stood at 40 days at the end of February, below the average of the last 5 years
- **European BHKP price has rebounded by 21% from December lows, up to 1,218 USD/t in April (approximately 650 net USD/t)**

Virtually all our sales are generated in Europe and the Mediterranean

Providing greater resilience to rising trade tariffs in other countries

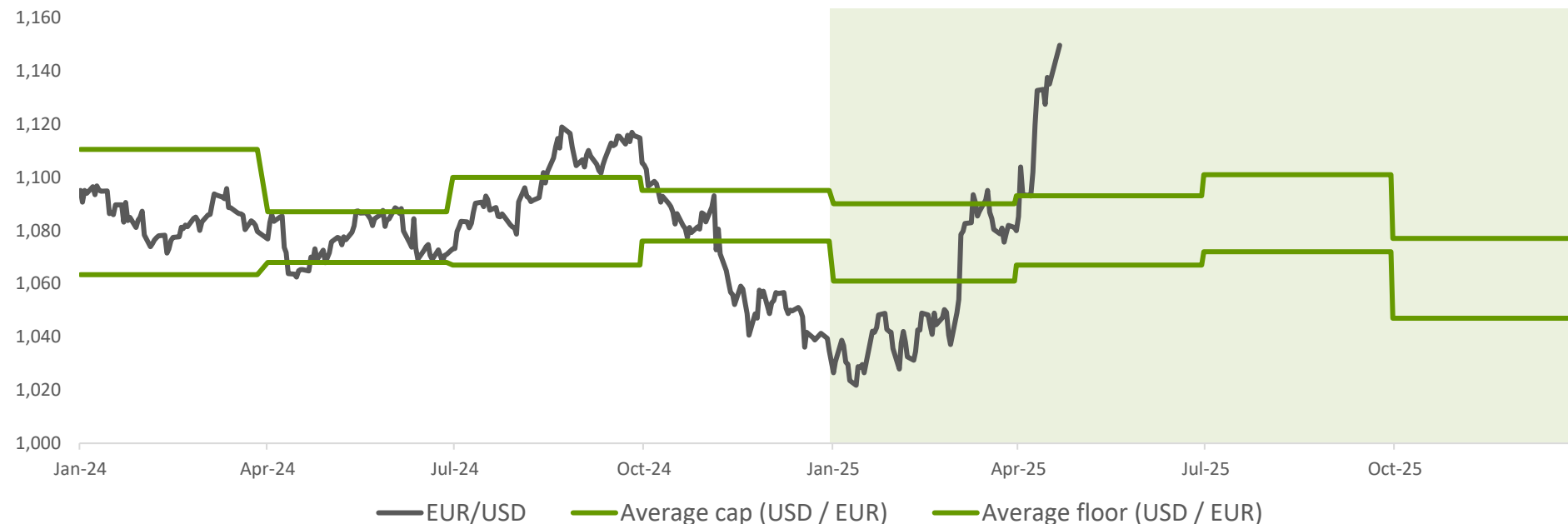


-  Virtually all our pulp sales are generated in Europe and Mediterranean markets, where we have significant competitive advantages in logistics and customer service
-  Our pulp is mainly used to make basic and resilient consumer products such as tissue paper and hygiene products.
-  Almost all our wood consumption is sourced locally, from certified plantations
-  Chemicals are also locally sourced or imported from Western Europe
-  Our pulp bio-mills are energy self-sufficient. They generate a surplus of renewable energy which is sold to the grid at a regulated price
-  100% of the biomass used in our Renewable businesses is sourced locally and the energy produced is sold on the local markets

Mitigating the impact of a weaker dollar through our ongoing FX hedging policy

Annual average cap of 1.09 dollars for almost 50% of our expected pulp sales in 2025

EUR / USD Exchange Rate



EUR / USD Hedges as of 31/03/25

FX Hedges	1Q25	2Q25	3Q25	4Q25	Avg. 2025
Nominal hedged (USD Mn)	97	73	73	51	294
Average cap (USD / EUR)	1,09	1,09	1,10	1,08	1,09
Average floor (USD / EUR)	1,06	1,07	1,07	1,05	1,06

Ence Advanced pulp accounted for 35% of our pulp sales in 1Q25

Aim: to reach 50% of our pulp sales by 2028, with approximately €30/t higher operating margin



- ✓ **High strength pulp aiming to substitute softwood pulp**
- ✓ **Minimizes the energy consumption during the refining process**

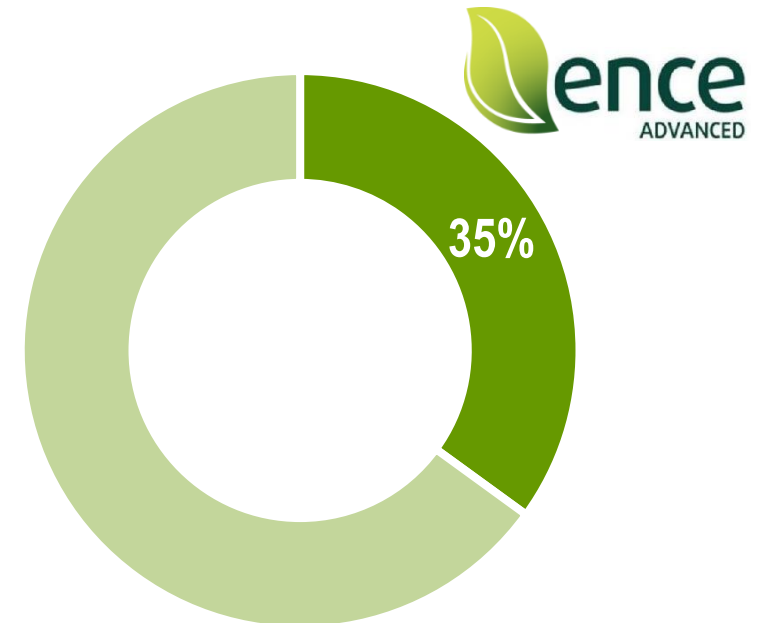
- ✓ First unbleached hardwood pulp in the market
- ✓ Certified CO² footprint during the product life cycle
- ✓ Increases tissue softness

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

- ✓ Plastic alternative in packaging for food & beverage industry
- ✓ Low porosity material

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

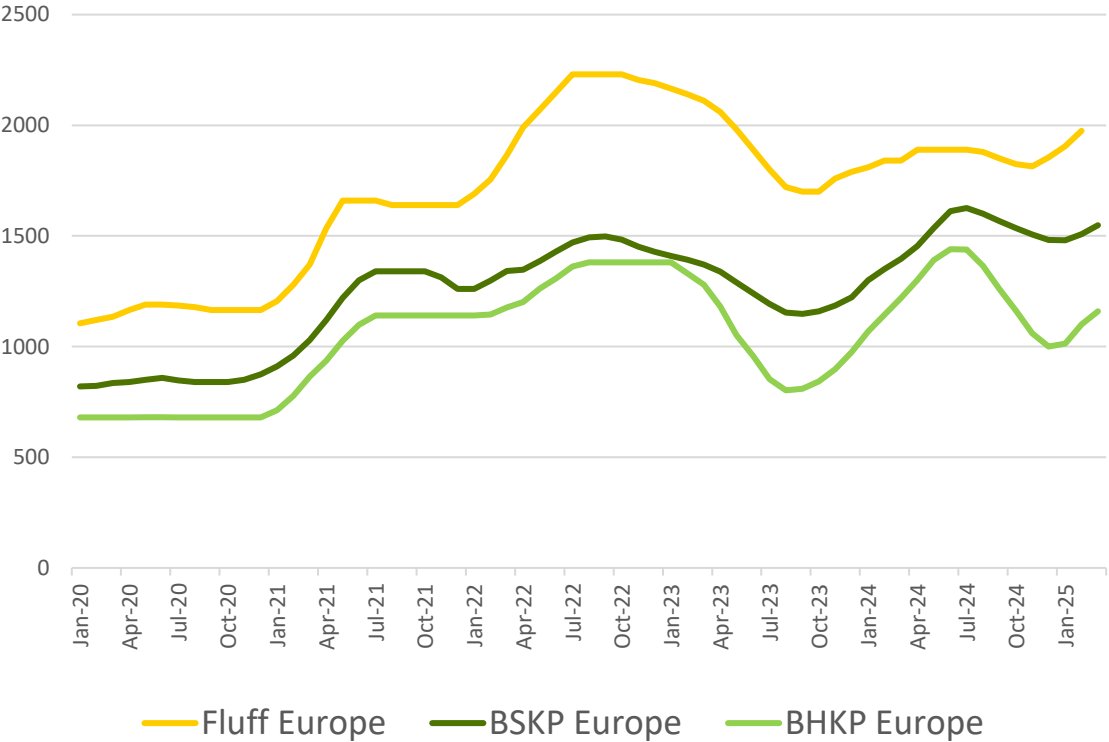
% of total pulp sales in 1Q25



Our first 125 kt fluff pulp line is on track for start-up in 4Q25

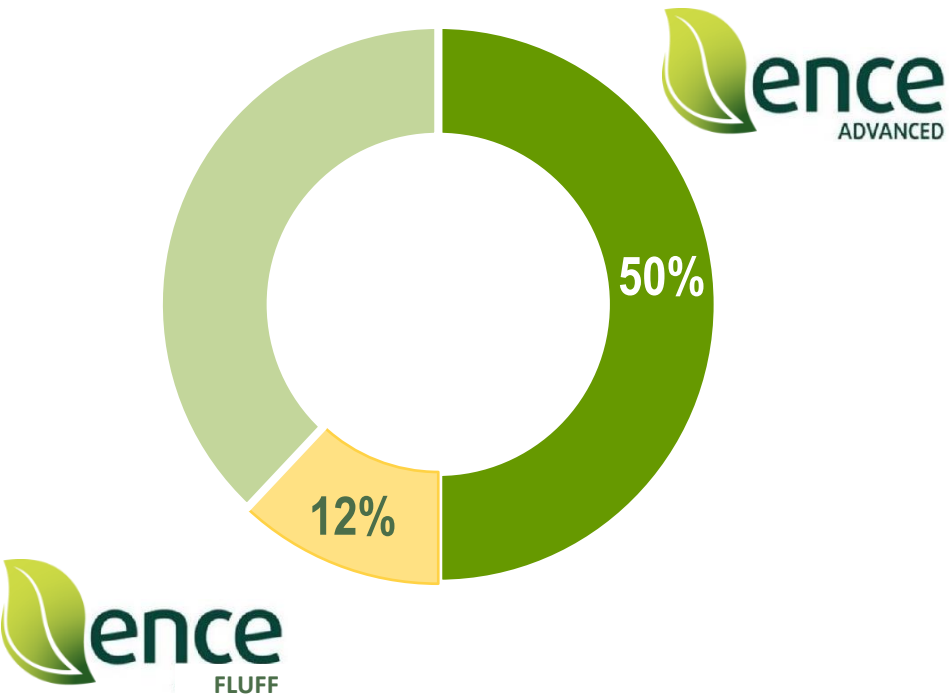
Over 60 €/t higher operating margin expected

Fluff, Softwood and Hardwood gross pulp prices
In Europe (USD/t)



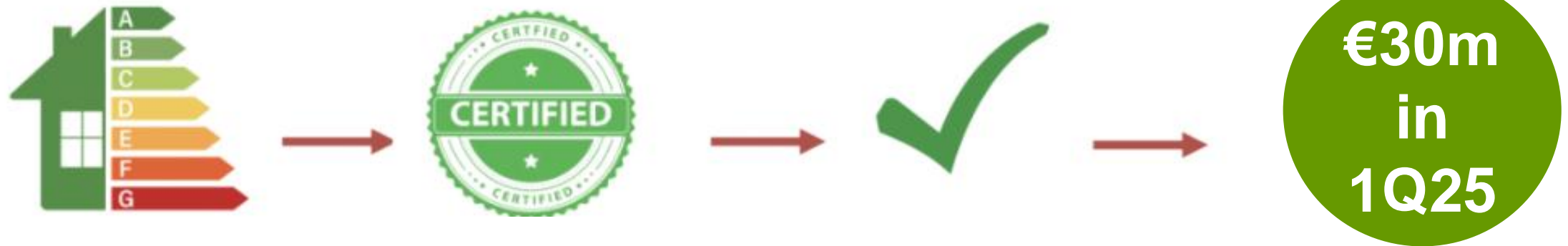
Source: FOEX & HW

Expected % of total pulp sales in 2028



Sale of Energy Saving Certificates for €30m

Cashed and registered as other operating revenue in 1Q25



Energy efficiency projects undertaken imply annual energy savings equivalent to 191 GWh, which have been verified by AENOR.

An Energy Saving Certificate (CAE) is an electronic document which guarantees that, after carrying out an energy efficiency action, a new final energy saving equivalent to 1 kWh has been achieved.

These Energy Saving Certificate (CAE) may be acquired by energy companies to fulfill their energy saving targets.

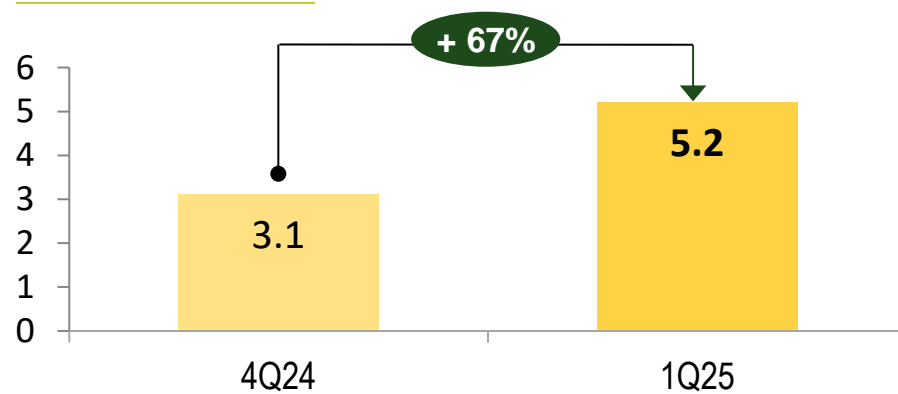
Ence sold Energy Saving Certificates (CAE) for €30m in February 2025. They were cashed and registered as other operating revenue in 1Q25.

La Galera plant improved its biomethane production by 67% in 1Q25

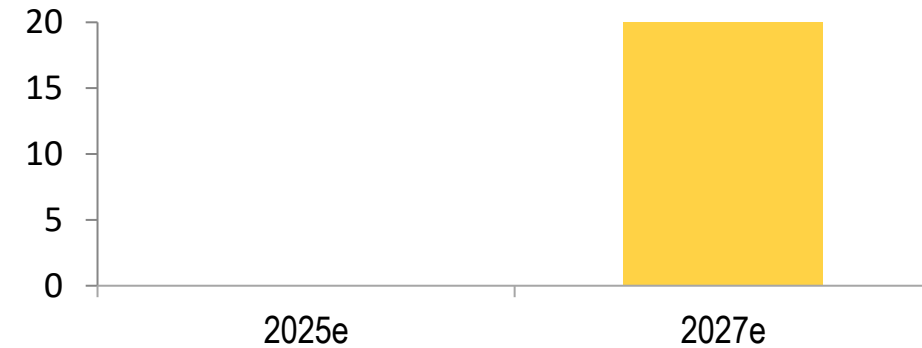
Ongoing upgrading of the plant to produce 50 GWh and 20 kt of organic fertilizer from 2027



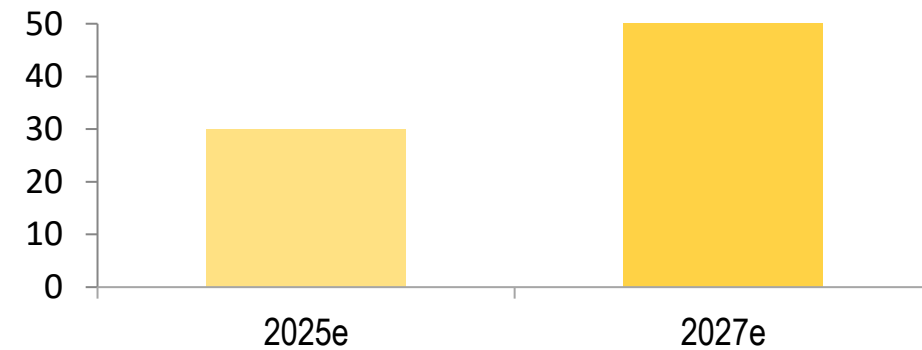
La Galera biomethane production
(GWh)



La Galera estimated biofertilizer production
(K tons)



La Galera estimated biomethane production
(GWh)



First step in the creation of a biofertilizer and biomethane platform in Spain

Target: 1 TWh of biomethane production by 2030 and over €60m contribution to EBITDA

BIOMETHANE BUSINESS

Biofertilizer and biomethane production from the valorisation of local agricultural and livestock biomass, including the associated sustainability certificates

Plant size: 50 – 100 GWh

Production Target: 1,000 GWh by 2030

Estimated Capex: €0.4m / GWh

ROCE¹ Target: > 12%



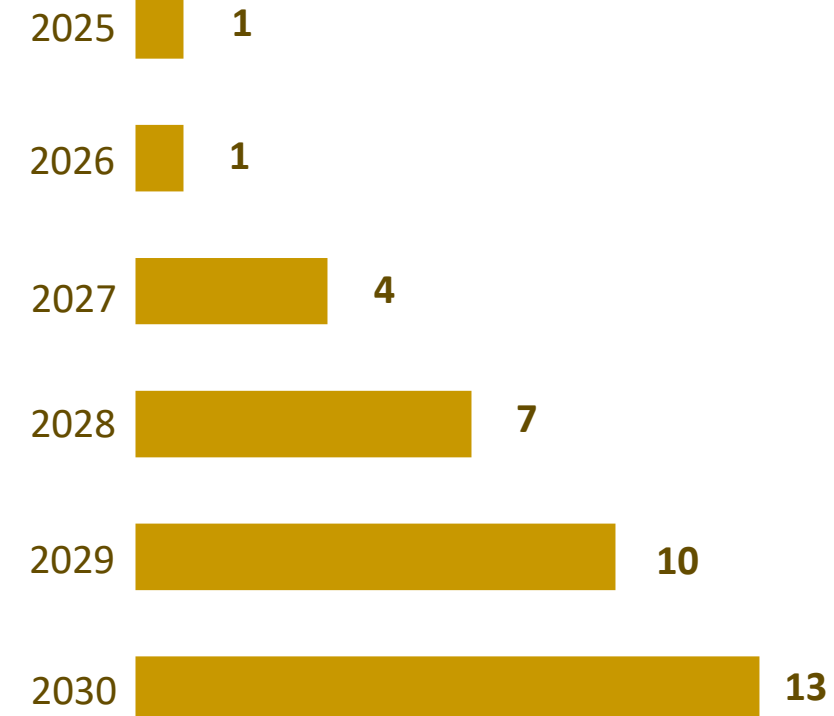
PROJECT PIPELINE

32 plants: locations secured and feasibility studies completed

16 plants already in their permitting phase

10 plants expected RTB in 2025-26

PIPELINE EXPECTED DEPLOYMENT (Operating Plants)



16 biomethane plants already in their permitting phase, with a required ROCE¹ >12%

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

Magnon starts the construction of two biomass boilers for Mahou San Miguel

For the supply of 85 GWh of biomass thermal energy per year with a 15-year term

MAHOU-SAN MIGUEL THERMAL ENERGY PROJECT

For the supply of 85 GWh of biomass thermal energy per year with a 15-year term

Installed capacity:	20 MW
Prod. Target:	85 GWh/yr
Exp commissioning:	2Q26
Estimated Capex:	€12m*
ROCE ¹ Target:	> 11%

* Excluding a €4m subsidy granted by the European Next Generation Funds



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

Second step in the creation of a renewable industrial heating platform in Spain

Target: 2TWh thermal energy supply by 2030 and over €40m contribution to EBITDA



ence
ENERGÍA & CELULOSA



1 contract in operation, 1 contract under construction and 3 projects expected RTB in 2025, with a required ROCE¹ >11%



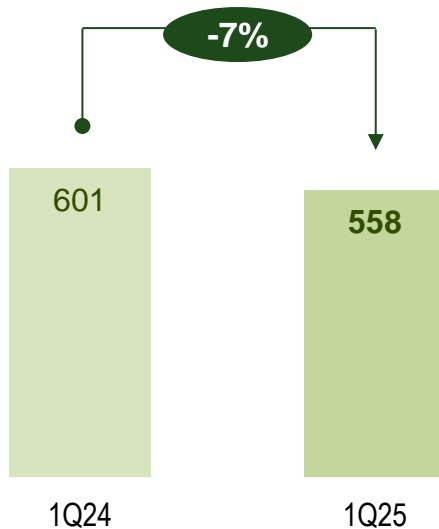
2.

1Q25 Financial Results

Pulp business EBITDA in 1Q25 in line y/y at €28m

11€/t cash cost reduction vs. 4Q24

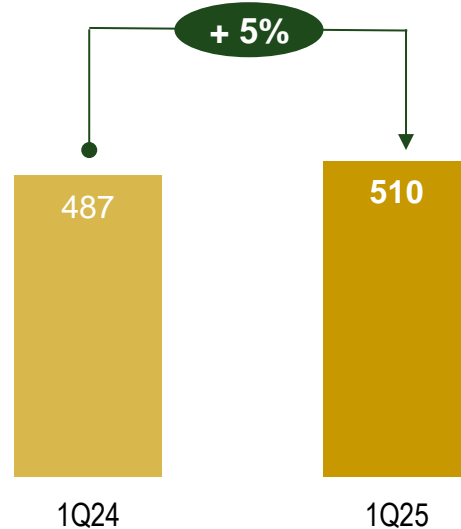
Avg. NET Sales price
(€/t)



43€/t net pulp price decrease vs. 1Q24, to 558 €/t
18 €/t net pulp price decrease vs. 4Q24

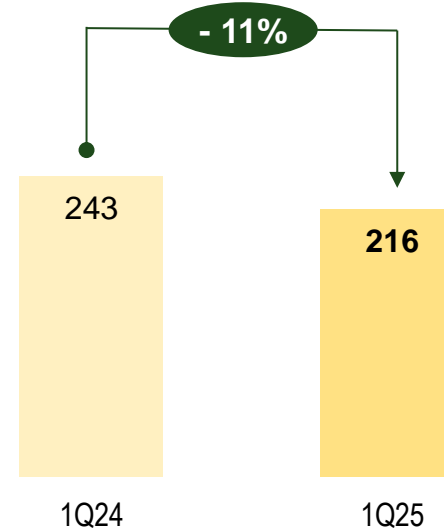
European BHKP price has already recovered by 21% from December lows

Cash Cost
(€/t)



23 €/t cash cost increase vs. 1Q24
11€/t cash cost reduction vs. 4Q24, as temporary factors affecting the cash cost 4Q24 began to dissipate

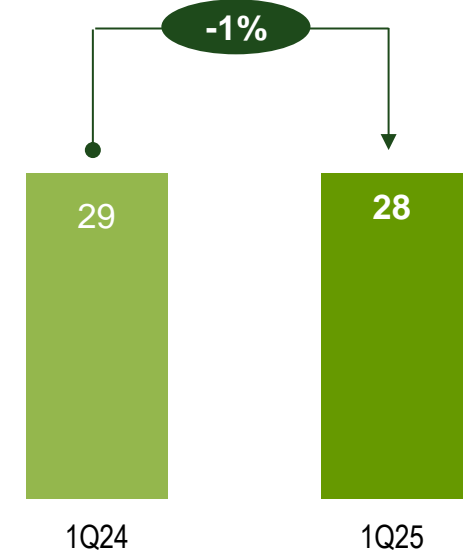
Pulp sales volume
(,000 t)



27 kt lower pulp sales vs. 1Q24
19 kt lower pulp sales vs. 4Q24

- Maintenance shutdown in Navia in 1Q25 vs. 2Q24
- 12kt inventory drawdown in 1Q24

Pulp EBITDA
(€m)



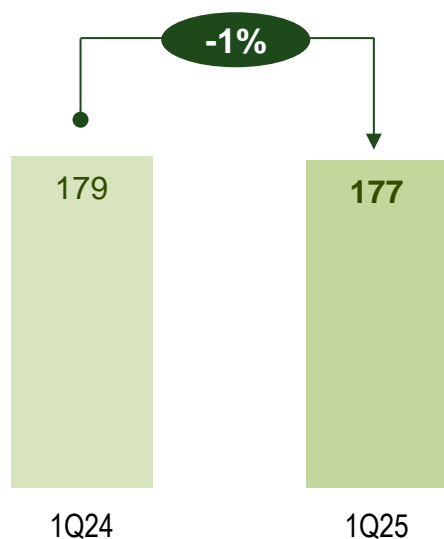
1Q25 EBITDA in line with 1Q24
EBITDA x 4 vs. 4Q24

- Sale of Energy Saving Certificates for €30 in 1Q25
- €8m one-off cost in 1Q25 due to lower energy cogeneration at Navia

Biomass energy EBITDA in line y/y at €7m

€6m Renewables EBITDA includes new business development costs

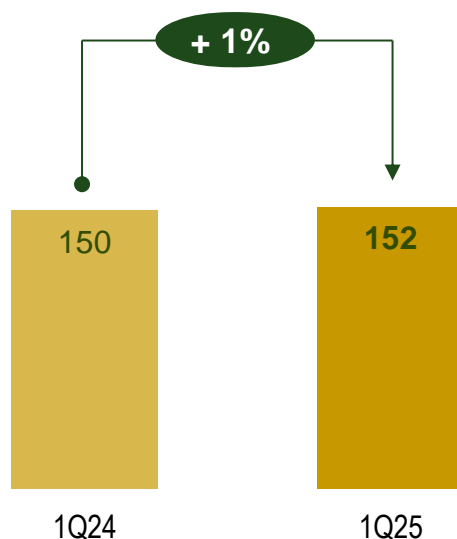
Biomass energy revenue per MWh
(€/MWh)



**2 €/MWh lower revenues vs. 1Q24
+ 13 €/MWh vs. 4Q24**

- Includes pool price + hedges + Ro + back-up ancillary services + Ri

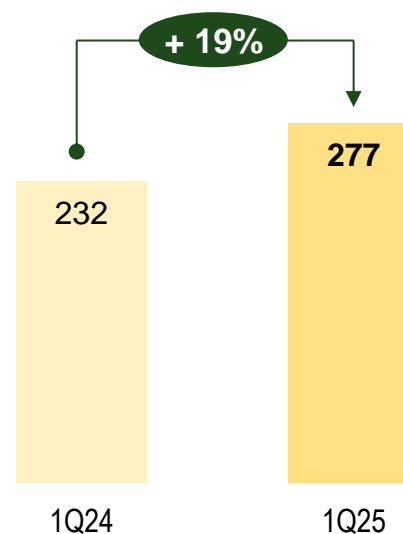
Biomass energy costs per MWh
(€/MWh)



**Flat total costs vs. 1Q24
+ 16 €/MWh vs. 4Q24**

- Annual maintenance shutdowns for 70% of the installed capacity during 1Q25

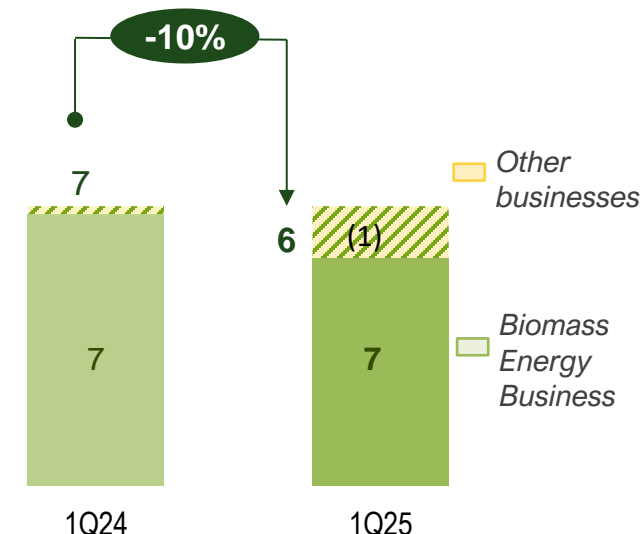
Biomass energy volume sold
(GWh)



**45 GWh output improvement vs. 1Q24
37 GWh lower vs. 4Q24**

- 1Q24 affected by the lower pool price under the previous regulation
- Ciudad Real 16MW plant restarted in 1Q25, as planned

Renewables EBITDA
(€m)



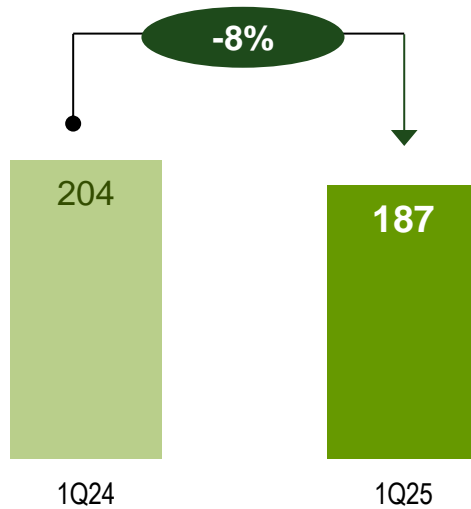
**€1m lower EBITDA vs. 1Q24
EBITDA In line vs. 4Q24**

- €1m negative EBITDA from new businesses in 1Q25
- €0,7m positive contribution from the sale of 1 PV project in 1Q24

€34m consolidated EBITDA in 1Q25

€2m net income

Group Revenues (€m)



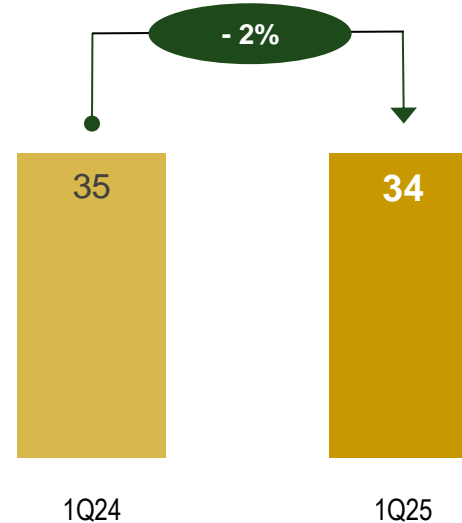
€17m lower consolidated revenues vs. 1Q24

- - €24m in Pulp
- + €7m in Renewables

€21m lower consolidated revenues vs. 4Q24

- - €17m in Pulp
- - €4m in Renewables

Group EBITDA (€m)



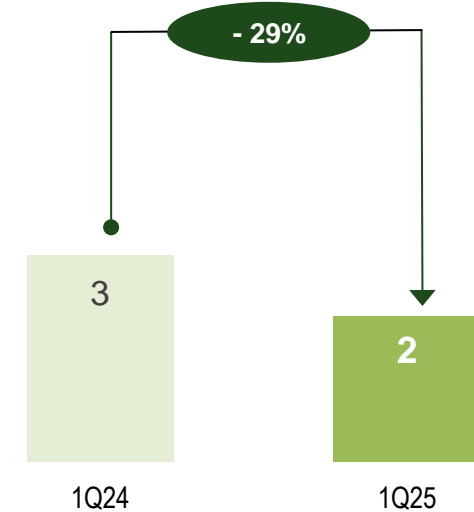
€1m lower consolidated EBITDA vs. 1Q24

- Pulp in line
- - €1m in Renewables

+€22m consolidated EBITDA vs. 4Q24

- + €22m in Pulp
- Renewables in line

Attributable Net Income (€m)



€1m lower attributable Net Income vs 1Q24

- + €1m in Pulp
- - €2m in Renewables

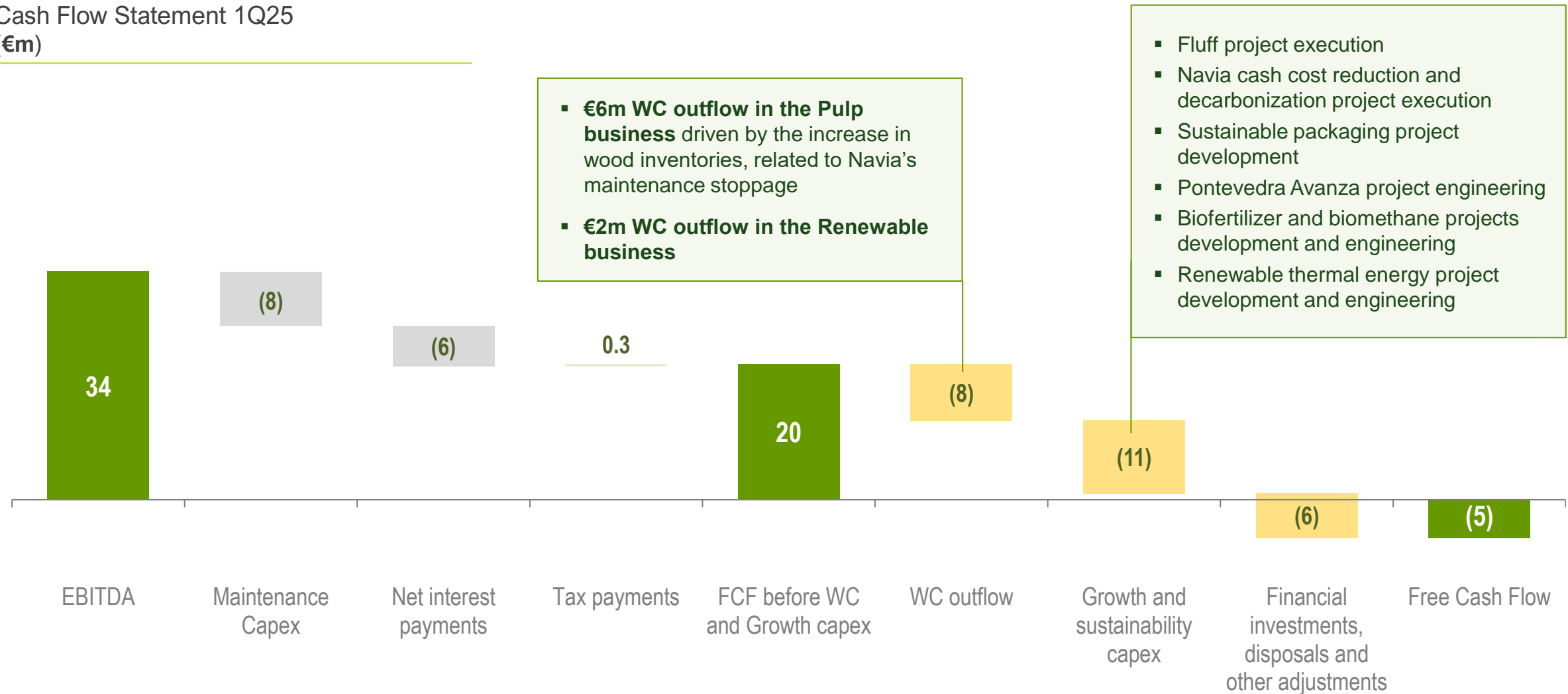
+€12m attributable Net Income vs. 4Q24

- + €12m in Pulp
- Renewables in line

€20m FCF before working capital change and growth capex in 1Q25

WC outflow driven by higher wood inventories

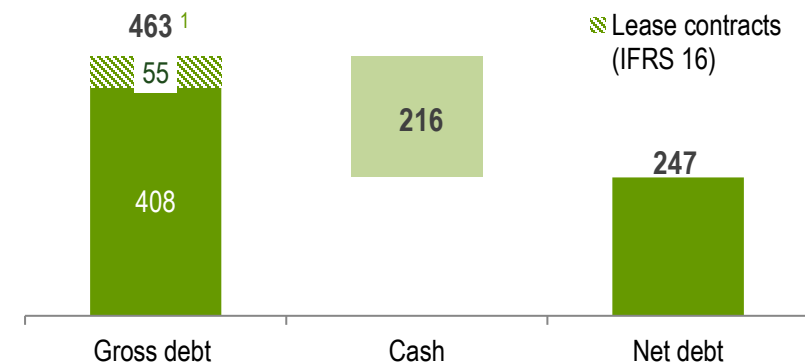
Cash Flow Statement 1Q25 (€m)



Low leverage, strong liquidity, long term maturities and no covenants in Pulp

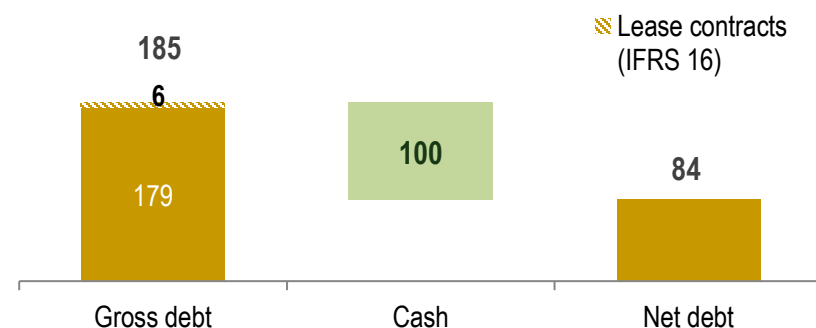
€331m consolidated net debt at the end of 1Q25

Pulp business net debt as of 31 Mar. 2025 (€ m)

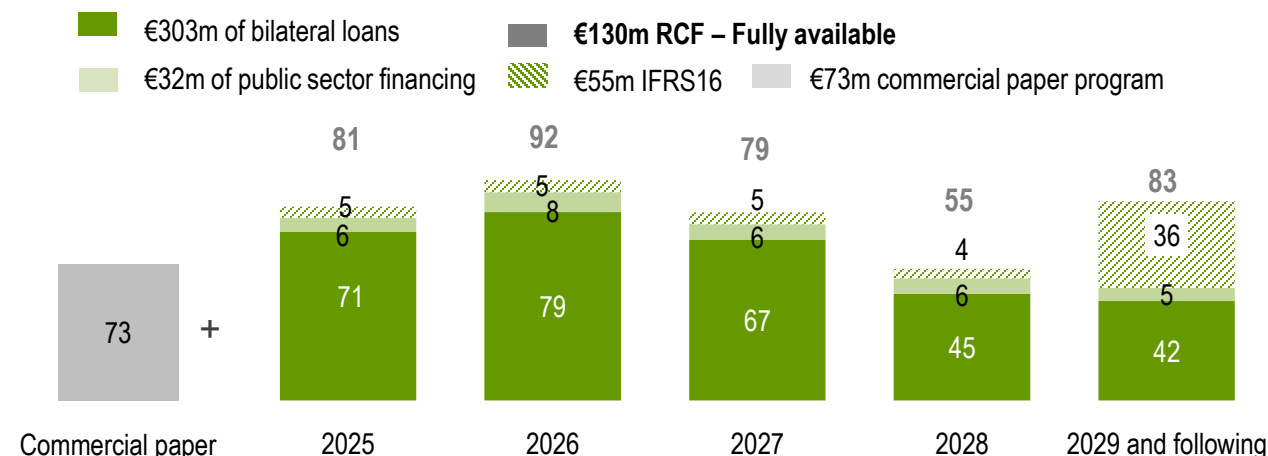


1) Pulp business financial debt is covenant free

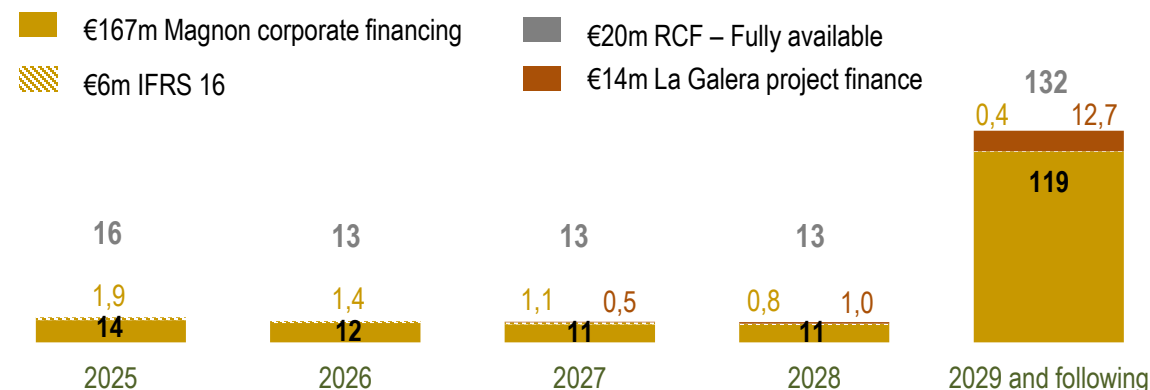
Renewables business net debt as of 31 Mar. 2025 (€ m)



Pulp business debt maturity schedule (€ m)



Magnon debt maturity schedule (€ m)



ENCE: industry leader in sustainability

Highlights 1Q25



Safe and Eco-efficient operations

For operational cost reduction

Protecting Health and Safety of employees and contractors

- ✓ The annual technical shutdown of the Navia biofactory has been completed, where up to 1,500 people have worked **without accidents**.

Odour reduction

- ✓ Navia's biofactory closes the first quarter with **0 odour minutes**

Advancing towards a circular economy

- ✓ **100% sites ZERO WASTE** certified

Committed to mitigate climate change

- ✓ **- 4% reduction in direct emissions** (scope 1) in 2024 vs 2023



Bioproducts & ecosystem services

Potential for topline improvement

Differentiated pulp products with higher added value

- ✓ **35% of total sales** of Products with higher and growing margins
- ✓ **1st Carbon neutral product** (Naturcell Zero)

Forestry bioproducts and ecosystem services

- ✓ **Improved plant material, better adapted to climate change:** 3 new Eucalyptus clone in commercial phase plus one more in development in 2025
- ✓ **Circa 3,900 ha Forest sinks** registered in voluntary carbon markets



Responsible supply chain

To become preferred supplier

Certified supply chain

- ✓ **>89%** of managed land certified
- ✓ **74%** of wood certified
- ✓ **100% sites SURE System** certified (Sustainable biomass)

Supply chain supervision

- ✓ **Deployment of the new Third Party Due Diligence Procedure**, in order to minimize human rights violations and negative environmental impacts risks along the supply chain
- ✓ Implementation of tools to comply with the **EUDR Regulation** against deforestation
- ✓ New **PEFC certification** for biomass trading



Positive social impact

To grant business sustainability

Talent as a competitive advantage

- ✓ **27,5% female employees**
- ✓ **30% females in managerial positions**
- ✓ 50% job openings filled with **internal promotion**
- ✓ **Top Employer** certification

Creating positive social impact in local communities

- ✓ New edition of Ence's **Pontevedra Social Plan** (up to 3M€), supporting more than **280 projects**

Promoting professional development in rural communities

- ✓ New edition of the **Forestry machinery training program**
- ✓ **Circa 280 technical advice sessions** with Forest owners



3.

2025 Outlook and Closing Remarks

- 1** **European BHKP price has rebounded by 21% from December lows**, up to 1,218 USD/t in April (approximately 650 net USD/t)
The tight pulp supply/demand balance should continue to support pulp prices, despite the short-term volatility caused by the US - China tariff announcements
- 2** **Virtually all our sales are generated in Europe and Mediterranean markets**, providing greater resilience to rising trade tariffs in other countries
- 3** Our ongoing FX hedging policy provides an **average cap of 1.09 USD/EUR for almost 50% of our expected pulp sales** in 2025
- 4** **Cash cost reduction to continue into 2025** as the temporary factors which affected our cash cost in 4Q24 fully dissipate
- 5** **Our first 125 kt fluff pulp line is on track for start-up in 4Q25**, with over 60 €/t higher operating margin expected
- 6** **Higher energy production and lower biomass plant operating costs expected in 2025**, favored by higher biomass availability and higher fixed cost dilution

Closing Remarks



- The tight pulp supply/demand balance should continue to support pulp prices, despite the short-term volatility caused by the US - China tariff announcements
- Our first 125 Kt Fluff pulp line in Navia will be commissioned in 4Q25 with an expected operating margin approximately 60 €/t higher than our standard pulp
- Our higher margin and value-added pulp sales are expected to exceed 60% of the total by 2028, including our Ence Advanced and Fluff pulp sales
- We expect to start the production of our renewable packaging solutions in 2025
- Navia's cost reduction and decarbonization project has been launched and we are making good progress with the engineering of the Pontevedra Avanza and As Pontes projects
- We are building a large biofertilizer and biomethane platform in Spain which aims to produce over 1 TWh by 2030 and contribute over €60m to EBITDA
- Our renewable industrial heating business is developing well. It aims to produce 2TWh by 2030 and contribute over €40m to EBITDA
- **Reaching these goals should allow us to more than double the Renewable business EBITDA over the next 5 years, whilst the transformation of Ence into a producer of special pulp will significantly improve the business operating margin**
- **The execution of these projects will be adapted and aligned to our cash flow generation, to maintain a prudent leverage and an attractive remuneration for shareholders**



Appendix

Group Financial Review

P&L

1Q25

Figures in € m	Pulp	Renewables	Adjustments	Consolidated
Total revenue	135,3	52,4	(0,8)	186,9
Foreign exchange hedging operations results	(1,3)	(1,5)	-	(2,8)
Other income	38,3	1,8	(0,3)	39,8
Cost of sales and change in inventories of finished products	(84,7)	(16,4)	0,8	(100,4)
Personnel expenses	(22,2)	(5,9)	-	(28,2)
Other operating expenses	(36,8)	(24,4)	0,3	(60,9)
EBITDA	28,5	6,0	-	34,5
Depreciation and amortisation	(12,0)	(8,5)	0,4	(20,1)
Depletion of forestry reserves	(2,7)	-	-	(2,7)
Impairment of and gains/(losses) on fixed-asset disposals	(0,1)	(0,1)	-	(0,1)
Other non-ordinary operating gains/(losses)	-	-	-	-
EBIT	13,7	(2,6)	0,4	11,5
Net finance cost	(4,3)	(4,2)	-	(8,5)
Other finance income/(costs)	(1,2)	-	-	(1,2)
Profit before tax	8,2	(6,7)	0,4	1,8
Income tax	(2,0)	0,2	-	(1,8)
Net Income	6,2	(6,6)	0,4	(0,0)
Non-controlling interests	-	2,4	-	2,4
Atributable Net Income	6,2	(4,1)	0,4	2,4
Earnings per Share (EPS)	0,03	(0,02)	0,00	0,01

1Q24

Pulp	Renewables	Adjustments	Consolidated
159,0	45,5	(0,8)	203,7
0,0	-	-	0,0
4,7	0,6	(0,3)	5,0
(83,0)	(17,4)	0,8	(99,6)
(21,9)	(5,1)	-	(27,1)
(30,1)	(16,9)	0,3	(46,7)
28,8	6,6	0,0	35,4
(15,1)	(8,2)	0,4	(22,9)
(2,8)	-	-	(2,8)
(0,3)	(0,0)	-	(0,4)
-	-	-	-
10,5	(1,5)	0,4	9,3
(5,4)	(2,9)	-	(8,3)
0,6	(0,0)	-	0,5
5,7	(4,5)	0,4	1,6
(0,1)	(0,2)	-	(0,3)
5,6	(4,6)	0,4	1,3
-	2,1	-	2,1
5,6	(2,5)	0,4	3,4
0,02	(0,01)	-	0,01

Group Financial Review

Cash Flow Statement

Figures in € m	1Q25				1Q24			
	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Consolidated profit/(loss) for the period before tax	8,2	(6,7)	0,4	1,8	5,7	(4,5)	0,4	1,6
Depreciation and amortisation	14,7	8,5	(0,4)	22,8	17,9	8,2	(0,4)	25,7
Changes in provisions and other deferred expense	(3,9)	0,8	-	(3,1)	6,3	0,4	-	6,7
Impairment of gains/(losses) on disposals intangible asset:	0,4	0,0	-	0,5	0,3	0,0	-	0,3
Net finance result	5,2	4,2	-	9,4	4,8	2,9	-	7,7
Energy regulation adjustments	(0,6)	(1,5)	-	(2,0)	(0,9)	(6,2)	-	(7,1)
Government grants taken to income	(0,1)	(0,0)	-	(0,2)	(0,2)	(0,0)	-	(0,3)
Adjustments to profit	15,8	12,0	(0,4)	27,4	28,3	5,3	(0,4)	33,2
Inventories	(7,5)	(2,7)	-	(10,2)	(7,5)	2,3	-	(5,1)
Trade and other receivables	1,6	9,9	(4,4)	7,1	(24,7)	(21,9)	2,5	(44,1)
Current financial and other assets	-	-	-	-	(1,1)	(0,0)	0,0	(1,1)
Trade and other payables	(0,2)	(9,5)	4,4	(5,2)	(7,9)	0,2	(2,5)	(10,2)
Changes in working capital	(6,1)	(2,3)	-	(8,4)	(41,2)	(19,3)	-	(60,5)
Interest paid	(4,7)	(1,4)	-	(6,0)	(7,5)	(1,6)	(0,1)	(9,1)
Dividends received	-	-	-	-	-	-	-	-
Income tax received/(paid)	-	0,3	-	0,3	-	0,3	-	0,3
Other collections/(payments)	0,0	-	-	0,0	-	-	-	-
Other cash flows from operating activities	(4,6)	(1,1)	-	(5,8)	(7,5)	(1,3)	(0,1)	(8,9)
Net cash flow from operating activities	13,2	1,8	-	15,0	(14,7)	(19,9)	-	(34,6)
Property, plant and equipment	(13,5)	(4,2)	-	(17,7)	(13,4)	(2,6)	-	(16,0)
Intangible assets	(1,1)	(0,3)	-	(1,3)	(1,0)	(0,0)	-	(1,0)
Other financial assets and Group companies	(0,8)	(1,8)	0,8	(1,8)	(0,3)	0,7	0,4	0,8
Disposals ¹	0,4	0,1	-	0,5	-	-	-	-
Net cash flow used in investing activities	(15,0)	(6,2)	0,8	(20,4)	(14,7)	(2,0)	0,4	(16,3)

¹ Disposals in 1Q25 exclude the maturity in January 2025 of current financial investments amounting to €10m, as they are considered as cash and cash equivalents

Group Financial Review

Balance Sheet

1Q25					Dec-24			
Figures in € m	Pulp	Renewables	Adjustments	Consolidated	Pulp	Renewables	Adjustments	Consolidated
Intangible assets	19,6	56,9	(11,4)	65,0	19,2	57,2	(11,6)	64,9
Property, plant and equipment	615,9	370,8	(6,2)	980,6	608,6	372,4	(6,4)	974,6
Biological assets	65,2	0,3	-	65,5	66,1	0,3	-	66,3
Non-current investments in Group companies	114,0	0,0	(114,0)	0,1	114,0	0,6	(114,0)	0,7
Non-current borrowings to Group companies	66,4	1,0	(66,4)	1,0	65,7	-	(65,7)	-
Deferred tax assets	34,1	23,3	2,9	60,3	35,2	23,9	2,9	62,0
Non-current financial assets	19,6	20,6	-	40,2	19,5	20,3	-	39,8
Cash reserve for debt service	-	11,5	-	11,5	-	10,0	-	10,0
Total non-current assets	934,8	484,3	(195,1)	1.224,1	928,3	484,7	(194,8)	1.218,3
Inventories	89,4	15,1	-	104,5	82,1	12,5	-	94,6
Trade and other accounts receivable	32,2	23,5	(2,4)	53,3	39,5	36,0	(6,0)	69,4
Income tax	5,3	1,0	-	6,3	5,3	1,3	-	6,6
Other current assets	26,4	3,6	-	29,9	15,7	0,3	-	16,1
Hedging derivatives	0,9	-	-	0,9	0,0	-	-	-
Current financial investments in Group companies	0,2	0,8	(0,9)	0,0	0,2	0,7	(0,8)	0,0
Current financial investments	3,5	0,1	-	3,6	13,3	0,2	-	13,6
Cash and cash equivalents	212,6	88,8	-	301,4	184,6	79,4	-	263,9
Total current assets	370,3	132,9	(3,3)	499,9	340,7	130,4	(6,9)	464,2
TOTAL ASSETS	1.305,1	617,3	(198,4)	1.724,0	1.269,0	615,1	(201,6)	1.682,4
Equity attributable to the Parent	571,5	93,2	(128,7)	536,0	559,1	95,6	(129,0)	525,6
Minority interest	-	94,9	-	94,9	-	97,1	-	97,1
Total Equity	571,5	188,1	(128,7)	630,9	559,1	192,6	(129,0)	622,6
Non-current loans with Group companies and associates	-	95,4	(66,4)	29,0	-	94,7	(65,7)	29,0
Non-current borrowings	295,9	168,9	-	464,9	291,3	155,1	-	446,4
Non-current derivatives	1,8	1,1	-	2,9	2,2	1,8	-	4,0
Deferred tax liabilities	-	-	-	-	-	-	-	-
Non-current provisions	28,7	0,7	-	29,4	28,9	0,6	-	29,5
Other non-current liabilities	31,7	70,2	-	101,9	33,8	71,9	-	105,7
Total non-current liabilities	358,2	336,4	(66,4)	628,1	356,2	324,2	(65,7)	614,7
Current borrowings	167,4	15,6	-	183,0	149,2	13,0	-	162,2
Current derivatives	0,2	(0,8)	-	(0,5)	6,9	1,1	-	8,0
Trade and other account payable	170,5	72,9	(2,4)	241,1	166,4	80,2	(6,0)	240,6
Short-term debts with group companies	0,8	1,4	(0,9)	1,3	0,7	1,0	(0,8)	0,9
Income tax	2,9	0,1	-	3,0	0,0	0,0	-	0,0
Current provisions	33,6	3,6	-	37,2	30,5	3,0	-	33,5
Total current liabilities	375,4	92,8	(3,4)	464,9	353,7	98,3	(6,9)	445,1
TOTAL EQUITY AND LIABILITIES	1.305,1	617,3	(198,4)	1.724,0	1.269,0	615,1	(201,6)	1.682,4

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, 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 amortization 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, and forest depletion charges.

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 current 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, including leases (IFRS 16). They do not include, however, the measurement of derivatives or borrowings from Group companies and associates.

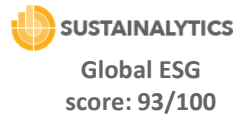
Net debt/(cash) is calculated as the difference between current and non-current borrowings on the liability side of the statement of financial position and unrestricted cash on the asset side, which includes cash and cash equivalents, the debt service cash reserve (included with non-current financial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