Press release / First-quarter 2009 earnings

Iberpapel revenue climbs 9%

Madrid, 8 May 2009

The Iberpapel Group has managed to maintain paper volumes year-on-year in 1Q09, although the market situation did not enable the desired trend in pricing.

The performance in the main consolidated income statement headings was the following:

(in thousands of euros)	**1Q09**	**1Q08**
Revenue	**53,438**	**48,922**
EBITDA	**4,102**	**5,759**
Profit after tax	**315**	**2,652**

First-quarter revenue climbed 9.23% year-on-year to €53.44 million (1Q08: €48.92 million). It is noteworthy that the tonnage of paper sold in 1Q09 was virtually flat year-on-year, accompanied by a substantial improvement in exports. Nonetheless, average paper sales prices remain depressed as a result of slumping demand.

In addition, Group revenue from power generation rose substantially, driven by full capacity utilisation at the biomass cogeneration power turbine combined with the start-up of the new 50MW cogeneration facility.

The latest investments have streamlined the Group's cost structure and underpinned EBITDA of €4.10 million (1Q08: €5.76 million), a year-on-year decline of 28.77%. The contraction in EBITDA was driven primarily by the pressure on end prices for paper and the increase in power and gas costs.

For additional information

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Consolidated balance sheet at 31 March 2009

Despite the challenging outlook for the paper sector and the capital expenditures made, Iberpapel enjoys a solid financial position, with equity of €166.58 million (i.e. 59.76% of total equity and liabilities) compared to external borrowings (current and non-current) of €112.16 million, 40.24% of total equity and liabilities.

The increase in leverage reflects payments to suppliers in connection with the new cogeneration facility. Nonetheless, leverage remains conservative. Net debt to equity at the end of the first quarter stood at 27.77% (1Q08: 17.36%).

Outlook

2009 is unquestionably proving a challenging year in the paper industry, shaped by sharply contracting demand which is exerting significant pressure on prices. From the demand standpoint, prevailing weakness is expected to continue over the coming months.

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