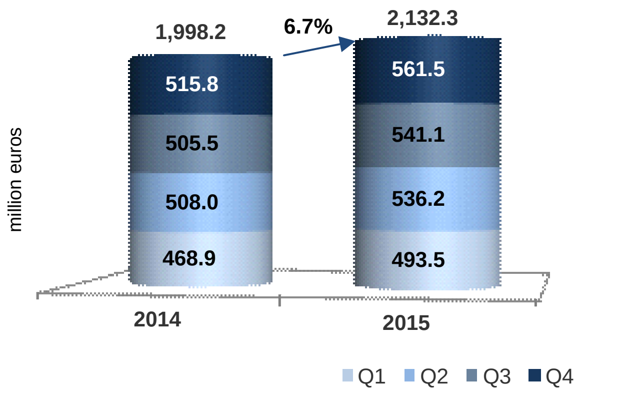
Semapa

Presentation of Results

2015

Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.
Public Company
Av. Fontes Pereira de Melo, nº 14, 10º, 1050-121 Lisboa
Companies Registry and Corporate Person no.: 502 593 130
Share Capital: € 81,645,523

1 Highlights

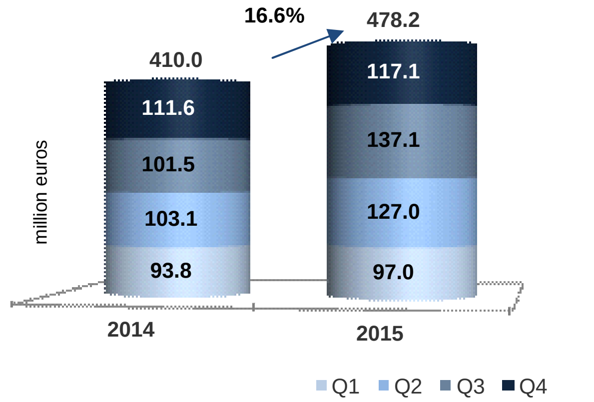


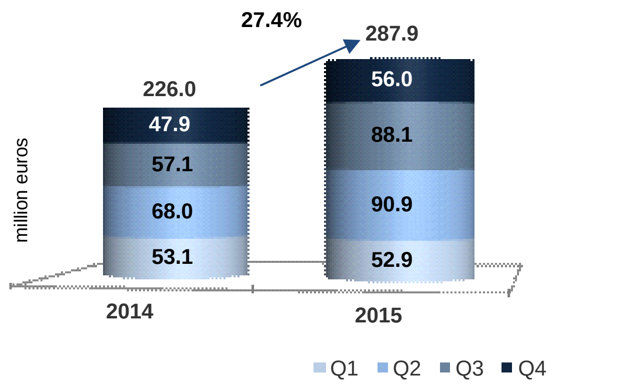
Turnover

In 2015 the Semapa Group recorded a consolidated turnover of 2,132.3 million euros, an increase of 6.7% on 2014. Exports and foreign sales amounted to 1,611.7 million euros: 75.6% of turnover.

EBITDA

EBITDA for 2015 grew 16.6% in relation to the previous year, standing at 478.2 million euros. The consolidated EBITDA margin stood at 22.4%, 1.9 p.p. above the figure in 2014.



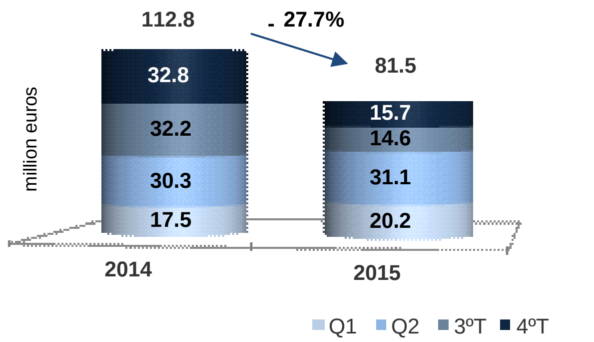


EBIT

Consolidated EBIT grew by 27.4% compared to 2014, at 287.9 million euros.

Net income

Concerning net income, the Group's strong performance, as shown by the indicators, was mostly harmed by the reduction in Portucel stake after July 2015 and an increase in income taxes.

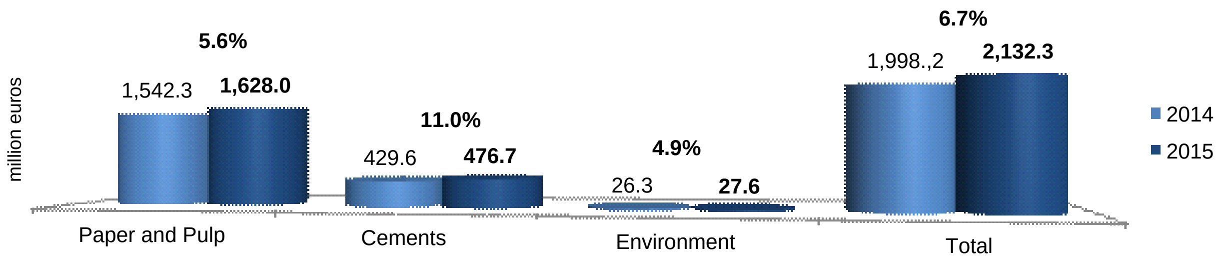


Leading Business Indicators

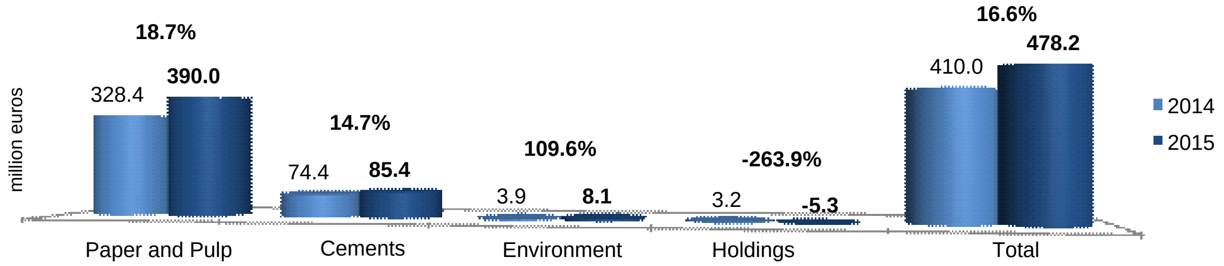
IFRS - accrued amounts (million euros)	2015	2014	Var.	Q4 2015	Q4 2014	Var.
Turnover	**2,132.3**	**1,998.2**	**6.7%**	**561.5**	**515.8**	**8.9%**
Total EBITDA	**478.2**	**410.0**	**16.6%**	**117.1**	**111.6**	**4.9%**
EBITDA margin (%)	22.4%	20.5%	1.9 p.p.	20.8%	21.6%	-0.8 p.p.
Depreciation and impairment losses	(199.3)	(172.3)	-15.7%	(58.2)	(46.7)	-24.7%
Provisions (increases and reversals)	9.0	(11.6)	>100%	(2.9)	(17.0)	83.2%
EBIT	**287.9**	**226.0**	**27.4%**	**56.0**	**47.9**	**17.0%**
EBIT margin (%)	13.5%	11.3%	2.2 p.p.	10.0%	9.3%	0.7 p.p.
Net financial profit	(122.3)	(103.9)	-17.7%	(18.1)	(25.9)	30.0%
Profit before tax	**165.6**	**122.2**	**35.6%**	**37.9**	**22.0**	**72.5%**
Income tax	(34.8)	30.1	<-100%	(8.5)	21.0	<-100%
Retained profits for the year	130.8	152.3	-14.1%	29.4	42.9	-31.5%
Attributable to Semapa shareholders	**81.5**	**112.8**	**-27.7%**	**15.7**	**32.8**	**-52.2%**
Attributable to non-controlling interests (NCI)	49.3	39.5	24.8%	13.7	10.2	34.9%
Cash-flow	321.1	336.2	-4.5%	90.4	106.6	-15.2%

	31-12-2015	31-12-2014	Dec15 vs. Dec14
Equity (before NCI)	716.3	900.4	-20.4%
Net debt	**1,803.0**	**1,385.7**	**30.1%**

Consolidated Turnover



Consolidated EBITDA



Notes:

- Total EBITDA = operating profit + depreciation and impairment losses + provisions (increase and reversal)
- Cash flow = retained earnings + depreciation and impairment losses + provisions (increase and reversal)
- Net debt = non-current interest bearing debt (net of loan issue charges) + current interest-bearing debt (including debts to shareholders) – cash and cash equivalents
- In comparison with 2014, the year was impacted by the full consolidation of the Supremo Group on 1 July 2015, the inclusion of AMS in January and the change in Portucel's stake from 81.19% to 69.4% in July 2015, the latter only impacts the retained profits attributable to Semapa shareholders

2 Main and subsequent events

SEMAPA DIVIDENDS

- In May 2015, Semapa distributed dividends with a total value of 39.9 million euros, corresponding to 0.375 euros/share and in December 2015 it distributed free reserves of 61 million euros, corresponding to 0.75 euros /share.

PORTUCEL DIVIDENDS

- In May, Portucel paid dividends and distributed reserves totalling 310.5 million euros, corresponding to 0.433 euros/share.

- In December, Portucel distributed in advance the earnings of 2015 in the amount of 30 million euros, equivalent to 0.0418 Euros/share, and earnings carried forward amounting to 100 million euros, equivalent to 0.1395 euros /share, within the information included in the Voluntary General Tender Offer Prospectus dated 3 July 2015, as stated in Portucel's communication to the market released on 23 November 2015.

GENRAL MEETINGS

- On 30 April 2015, Semapa's Annual General Meeting approved the proposal for the reduction of its share capital by 11,822,445 euros, from 118,332,445 euros to 106,510,000 euros, through the cancellation of 11,822,445 own shares.

- The Extraordinary General Meeting of Semapa was held on 23 June 2015, at which 98.6% of the capital present or represented voted favourably to approve the only two proposals presented by the shareholder Sodim, SGPS, S.A.: a) Acquisition of a maximum of 48,461,924 own shares by Semapa, and each shareholder who accepted this offer would receive 3.40 shares of Portucel for each Semapa share owned by it, and b) Reduction of the share capital of Semapa, by up to 48,461,924 euros, through the cancellation of a maximum of 48,461,924 own shares to be purchased according to the terms of the offer. The shareholders of 74.97% of the share capital of Semapa were present or represented at the shareholders' meeting. After the public exchange offer, which occurred from 6 to 24 July 2015, Semapa purchased 24.864.477 own shares, which were cancelled as a result of the share capital reduction, which now stands at 81,645,523 euros represented by 81,645,523 shares. The Semapa Group reduced its stake in Portucel from 75.85% to 64.84% of the share capital and from 81.19% to 69.40% of the non-suspended voting rights, the effect of which was the Portucel Group's withdrawal from Semapa's tax consolidation, thereby increasing the heading of taxes.

- The Company's Board of Directors met on 1 July 2015 and approved, effective immediately, the co-opting of Engineer João Nuno de Sottomayor Pinto de Castello Branco to act as a member of the Board of Directors of the company and his appointment as Chairman of the Executive Board, following Mr. Pedro Mendonça de Queiroz Pereira's resignation from this position. This decision was ratified by the Extraordinary General Meeting (EGM) on 3 November 2015. The EGM also approved i) the election of the director, Eng. Carlos Eduardo Coelho Alves, to exercise non-executive functions, until the end of the current term of office for the other company officers; and ii) the adjustment of the number of Semapa shares that correspond to one vote - from 100 shares to 83 shares - as a result of the public tender offer carried and the corresponding change in the share capital of the Company.

INVESTMENTS

- In February 2015, Portucel S.A. purchased 99.87% of the tissue producing company, AMS BR – Star Paper S.A., Portugal, with a production capacity of 30,000 tons of tissue and 50.000 tons of converting. The company completed its plan to double the tissue paper production capacity in September 2015. On 13 October, the Portucel Soporcel Group inaugurated two investments made in the Cacia and Vila Velha de Ródão plants, totalling 95.3 million euros, and announced a new investment of 121 million euros in Cacia, in a new tissue paper production line with a capacity of 70 thousand tons per year, based on a set of assumptions, namely the approval by AICEP of the application to the Portugal 2020 programme for financial and/or tax incentives.

- During the month of April 2015, Supremo Cimentos, S.A. completed the construction of a new integrated clinker and cement plant in Adrianópolis, in the State of Paraná, Brazil, which went into operation at the end of April. The installed cement capacity of Supremo reached two million tons. At the end of June 2015, the Semapa Group, through its subsidiary NSOSPE, acquired the remaining 50% of the share capital of Supremo Cimentos, S.A. Then in July 2015, Semapa sold its stake in NSOSPE to Secil; this company now directly and indirectly holds 100% of Supremo, which is why the subsidiary is now fully consolidated in the Group.

Subsequent Events

- In January 2016, Semapa SGPS purchased 116,222 own shares, and now owns 0.149% of its share capital.

3 Operational Performance

Paper and Pulp

IFRS - accrued amounts (million euros)	2015	2014	Var.	Q4 2015	Q4 2014	Var.
Turnover	**1,628.0**	**1,542.3**	**5.6%**	**423.7**	**404.3**	**4.8%**
EBITDA	**390.0**	**328.4**	**18.7%**	**96.0**	**89.8**	**7.0%**
EBITDA margin (%)	24.0%	21.3%	2.7 p.p.	22.7%	22.2%	0.5 p.p.
Depreciation and impairment losses	(137.0)	(126.8)	-8.1%	(30.7)	(33.8)	9.3%
Provisions (increases and reversals)	14.6	1.3	989.5%	6.0	(5.5)	208.6%
EBIT	**267.6**	**203.0**	**31.8%**	**71.3**	**50.4**	**41.5%**
EBT margin (%)	16.4%	13.2%	3.3 p.p.	16.8%	12.5%	4.4 p.p.
Net financial profit	(50.3)	(34.2)	-47.2%	(5.4)	(9.5)	43.7%
Profit before tax	**217.3**	**168.9**	**28.7%**	**66.0**	**40.9**	**61.2%**
Tax on profts	(31.6)	8.0	-494.1%	(13.5)	10.9	-223.5%
Retained profits for the year	185.7	176.9	5.0%	52.5	51.8	1.2%
Attributable to Portucel shareholders *	**185.3**	**176.9**	**4.8%**	**51.7**	**51.8**	**-0.3%**
Attributable to non-controlling interests (NCI)	0.4	0.0	>1000%	0.8	(0.0)	>1000%
Cash-Flow	**308.1**	**302.3**	**1.9%**	**77.2**	**91.2**	**-15.4%**
	31-12-2015	**31-12-2014**	**Dec15 vs. Dec14**			
Equity (before NCI)	1,041.7	1,300.6	-19.9%			
Net debt	**654.5**	**273.6**	**139.2%**			

Note:
Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

Turnover of the Portucel Soporcel Group in 2015 was 1.6 billion euros, up by 5.6% compared with the amount recorded in the previous year, resulting essentially from the favourable change in pulp and paper prices (in the context of the valuation of the dollar in relation to the euro). The incorporation of the tissue business in the universe of the Group's consolidation[1] helped to boost growth. Paper sales accounted for 75% of turnover, energy 12%, pulp 9% and tissue approximately 3%.

Apparent consumption of uncoated woodfree printing and writing **paper** (UWF) in Europe declined only slightly (around 0.3%), while exports grew as a result of the favourable behaviour of the USD exchange rate. Taking advantage of the positive exchange rate development, Portucel expanded sales in the USD-based markets, recording an increase of around 1.7% of sales volume in these markets. The Group’s average sales price saw a very positive change, increasing 5% in relation to 2014, which helped paper sales in 2015 to grow 4.0%, above 1.2 billion euros and achieve the highest value ever. In the same period, the benchmark index in Europe, PIX A4- Copy B, fell 0.6%. In volume terms, this slight drop of 0.6% was essentially due to the effort put forth in replenishing stocks, the levels of which were very low, and to the increase in volume in transit to customers.

[1] AMS is fully consolidated using the equity method since 1 January 2015, which affects the comparability of the indicators pertaining to the Pulp and Paper segment in relation to the same period of the previous year.

The bleached eucalyptus kraft **pulp** (BEKP) business maintained the positive performance it has demonstrated since the first of the year, with a significant improvement in prices over the same period of 2014. In fact, the price index in dollars experienced a favourable variation, with an average price of 784 USD/ton, compared to the 746 USD/ton figure in the same period of the previous year. The exchange rate effect contributed to the sharp rise in the price in euros, and the reference index PIX BHKP reached an average of 705 euros/ton, an increase of 25.6% compared to the previous year. The upward trend in pulp prices resulted in an increase of 23.2% in the value of sales, despite a reduction of approximately 1.7% in the amount sold.

The reduction in the volume of pulp sales in 2015 resulted essentially from the reduced availability of pulp for sale, due to the stoppage of the Cacia mill, while work was being done on the capacity expansion project. Representing a 20% increase in installed capacity, this project was successfully completed and the Cacia mill resumed production in late June. Output figures have been consistent with the anticipated learning curve as the mill moves towards stability at the new target output levels established for the project: 350,000 tons per annum of BEKP.

The production and sale of **energy** were affected by the maintenance stoppages in the Cacia, Setúbal and Figueira da Foz plants. Consequently, gross annual production of the Group was 4.2% below the figure in 2014, which, alongside the drop in invoiced amounts, determined 16.1% decrease in electricity sales to the grid. The lower energy prices of the natural gas co-generation plants were influenced by the reduction in the price of Brent and the EUR/USD exchange rate. One might add that, at the end of the year, the natural gas co-generation plant in Figueira da Foz was impacted negatively by the reduction in energy sales price, as laid down in Dec-Law 23/2010, altered by Dec-Law 68-A/2015. Therefore, starting 2016, the plant will be operating for self-consumption.

In the **tissue** business, the AMS sales volume of products and goods recorded growth of around 6% compared to the previous year, made possible by the increased production capacity and conversion into finished product. September was marked by the completion and successful start-up of the second machine for reel production, which doubled the production capacity from 30,000 to 60,000 tons per annum. The increase in amounts sold, together with the slight improvement in average sales price, resulted in a 9% increase in tissue sales, amounting to 55.8 million euros.

The **EBITDA** of the Portucel Group has evolved favourably to 390.0 million euros, which represents an increase of 18.7% compared to 2014. The EBITDA margin stood at 24%, 2.7 p.p. up from the previous year. In addition to the results generated by the Group's current operations, the figure for EBITDA also includes a surplus of 8 million euros on AMS operations and also a negative figure of approximately 10.9 million euros relating to the impact of future business operations - including the project in Mozambique and the pellets project in the United States, both still in the investment phase. Furthermore, the implementation of the anti-dumping rate in the United States resulted in a negative impact of 3.8 million euros.

This evolution reflects the positive impact of the increase in selling prices for paper and pulp, which has already been mentioned. On the production factors side, raw material costs have improved significantly. The Group's supply mix featured an increase in the share of domestic wood, to the detriment of wood from the Spanish market. This change, combined with the optimisation of the cost of logistics and improved specific consumption, triggered a positive development in the main cost item, although the need for significant wood imports from South America remains.

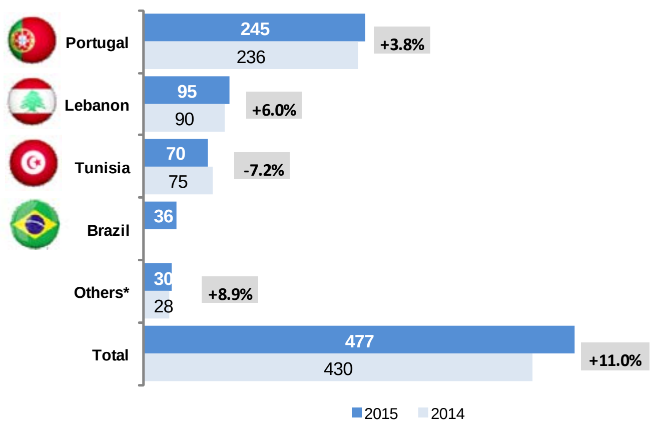
Personnel costs increased 34.2 million euros, arising essentially from some non-recurrent factors, like payments to the Pensions Fund, increased redundancy settlement costs, due to compensation under the ongoing rejuvenation program, and the cost estimated for the 2015 performance bonus. Personnel costs also reflect the increase in the Group's workforce, namely with the project in Mozambique (at the end of the year totalled 228 employees) and AMS staff inclusion costs.

Cement

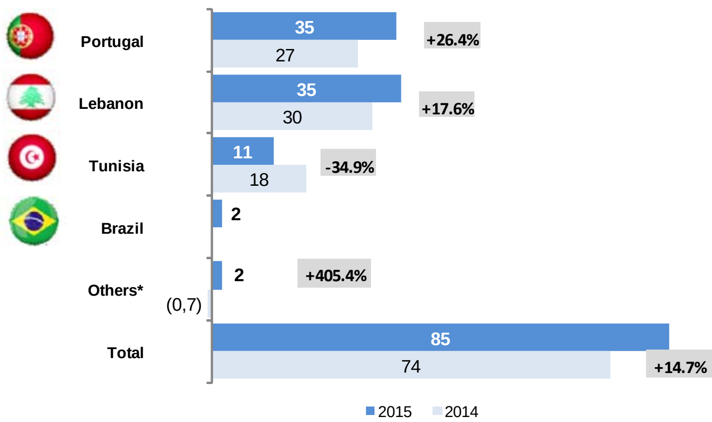
IFRS - accrued amounts (million euros)	2015	2014	Var.	Q4 2015	Q4 2014	Var.
Sales	**476.7**	**429.6**	**11.0%**	**129.4**	**103.1**	**25.6%**
EBITDA	**85.4**	**74.4**	**14.7%**	**17.4**	**11.5**	**51.7%**
EBITDA Margin (%)	17.9%	**17.3%**	**0.6 p.p.**	13.5%	11.1%	2.3 p.p.
Depreciation and impairment losses	(59.1)	(42.6)	-38.8%	(26.7)	(12.0)	-121.8%
Provisions (increases and reversals)	(2.9)	(7.5)	61.6%	(0.7)	(6.0)	88.0%
EBIT	**23.4**	**24.4**	**-3.9%**	**(10.0)**	**(6.5)**	**-52.7%**
EBIT Margin (%)	4.9%	5.7%	-0.8 p.p.	-7.7%	-6.3%	-1.4 p.p.
Net financial profit	(41.7)	(14.7)	-184.2%	(7.1)	(3.2)	-123.8%
Pre-tax profit	**(18.3)**	**9.7**	**-288.2%**	**(17.1)**	**(9.7)**	**-76.0%**
Tax on profits	(3.7)	5.2	-170.2%	(0.5)	9.1	-105.6%
Retained profits for the year	(22.0)	15.0	-246.8%	(17.6)	(0.6)	<-1000%
Attributable to Secil equity holders	**(25.3)**	**8.8**	**-388.8%**	**(14.8)**	**(1.1)**	**<-1000%**
Attributable to non-controlling interests (NCI)	3.4	6.2	-45.3%	(2.9)	0.4	-745.5%
Cash-flow	**40.0**	**65.0**	**-38.4%**	**4.2**	**17.4**	**-75.8%**
	31-12-2015	**31-12-2014**	**Dec15 vs. Dec14**			
Equity (before NCI)	426.1	506.3	-15.8%			
Net debt	**457.4**	**178.4**	**156.4%**			

(million euros)

Turnover



EBITDA



* includes Angola and Cape Verde

Notes:

- Figures of business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.
- The integration of the Supremo Group in the Semapa consolidated financial statements for 2015, taking into account that the acquisition of the remaining 50% of the Group that forced the full consolidation occurred at the end of the month of June, had the following impact: 50% of the results in the first half were integrated using the equity method, the balance sheet position was fully consolidated (100%) with reference to 30 June 2015 and the results in the second half (July to December) were also fully consolidated (100%).

In 2015, the turnover of the Cement business area was 476.7 million euros, 11.0% higher than the figure in the previous year. This increase was mainly due to the growth in turnover of operations in Portugal, Lebanon and Angola, and the integration of the Supremo Group on 1 July 2015.

EBITDA in the cement business area stood at 85.4 million euros, which translated into an increase of 14.7% in relation to 2014. In 2015, the EBITDA margin stood at 17.9% in 2014, 0.6 p.p. up from that recorded in the previous year.

In 2015, construction in **Portugal** continued its unstable behaviour, some of the business indicators in the sector improved, whilst others declined. According to the latest figures available from FEPICOP – the Portuguese Construction and Public Works Industry Federation, in the 1st half of 2015, building investment grew 4.7% year on year. While the core indicators in the housing segment recovered, public works dropped by 38%.

The Construction Production Index (INE – the Indices of Production, Employment and Remuneration in Construction – November 2015) was down by 2.4% in November 2015, on a year on year basis. The Building and Civil Engineering sectors both registered a decline in the aggregate index of 2.4% each. Although these indices continue to fall, the year-on-year variation has decreased, extending the trend of less negative numbers in the construction sector.

According to the latest figures available, cement consumption in Portugal was up by 5.1%, for the first time since 2008. It is thus estimated that the market reached approximately 2.7 million tons.

In this environment, turnover for overall operations in Portugal in 2015 was up by 3.8% compared to the previous year, totalling approximately 245.5 million euros.

In the cement business in Portugal, including sales in Portugal and exports, amounts sold in the domestic market increased 3.4% in relation to figures for 2014, unparalleled since 2008. As the quantities sold for export dropped around 17%, this business area overall had a fall in turnover of 10.7%. This development was driven by the increased offer in the Mediterranean region compared to 2014, the subsequent rise in competition and the slower growth in construction activity in countries dependent on revenues from fossil fuels, namely Algeria.

In the other business segments with operations based in Portugal (ready-mix concrete, aggregates, mortars, pre-cast and others), turnover in 2015 stood at approximately 89.6 million euros, up by 43.5% in relation to the previous year. Mention should be made of the good performance registered by the ready-mix concrete business unit, which grew by 57.1% in comparison with 2014, with turnover amounting to 64.4 million euros, in addition to the aggregates sector, with a turnover that registered 12.0 million euros, 36.4% above previous year’s figure.

EBITDA for total operations in Portugal was up by 26.4% year on year, at 34.6 million euros vs. 27.4 million euros in 2014.

The cement business unit in Portugal recorded EBITDA of 30.2 million euros in 2015, down by 3.8% over the figure recorded in the previous year, and the continued reduction of operating costs had a positive effect on EBITDA in this business unit.

Thermal energy costs dropped, as a result of the increase in the rate of use of alternative fuels, which rose from 41% in 2014 to 47% in 2015. These costs were also positively influenced by the overall reduction in fuel prices. Electricity costs also decreased, as a result of both the lower cost of electricity and of energy gains from cement production, which helped reduce consumption of Kwh/ton. For the aforementioned reasons and the rise in sales in the domestic market, with higher margins, EBITDA dropped well below the relevant turnover.

The mortars, ready-mix concrete and aggregates business units performed significantly better than in 2014, having grown from a negative EBITDA of around 3.9 million euros to a positive figure of 6.7 million euros in 2015, thanks to (i) an increase in turnover and average selling prices, (ii) the promotion of products with increased value added, as in the case of mortars, and (iii) operational streamlining, as in the case of mortar and ready-mix concrete.

Lebanon is still feeling the impact of the global slowdown and regional instability, especially with the situation in Syria. The Syrian crisis and the influx of refugees continue to overshadow the short-term outlook on Lebanon, exacerbating the long-running political weaknesses and vulnerabilities there. Despite this situation, there are expectations of modest economic growth. According to the latest figures published by the IMF, the Lebanese economy is expected to grow by 2% in 2015, as was the case in 2014 (*World Economic Outlook*, IMF, October 2015).

In regard to cement consumption in 2015, there has been a significant drop. The market fell 8.6% in relation to 2014, as a result of the slowdown in the construction sector, affected by the unstable environment in the region, and the adverse weather conditions in the first quarter of 2015. The construction business, according to the data available (*Blominvest Bank*), dropped 11.76% in the first ten months of 2015, an ongoing trend since 2011 which was aggravated by the political instability and insecurity.

The performance of the cement business unit was influenced by the market conditions and therefore lower than in 2014. The quantities of cement sold by this business unit totalled 1,134 thousand tons, falling 8.9% due to the reasons already mentioned. The competitive nature of the market is increasingly challenging and reflected in the fall of average prices in the local currency. Turnover, however, was higher than in 2014, growing by about 6.2%. It should be noted that this unit's turnover was enhanced by about 14.8 million euros as a result of the currency appreciation of the US dollar.

That being the case, and essentially due to the effect of the exchange rate, the overall turnover of operations carried out in Lebanon was about 95.1 million euros, which, in the end, represents a growth of 6.0% in comparison with the previous year.

In 2015, total EBITDA from operations in Lebanon stood at 35.3 million euros, up by 17.6% in relation to the previous year.

The cement unit recorded EBITDA of 34.8 million euros, up by 18.3% over the figure recorded in 2014. We point out that the EBITDA benefits from the currency appreciation of the US dollar by about 5.7 million euros (in the local currency, the EBITDA fell about 6.5%, mainly due to less business).

In **Tunisia**, after the political transition, the economic transformation required to ensure sustained growth has yet to be completed. The year 2015 was marked by trade union claims, terrorist attacks, and ongoing political instability, thus hampering economic recovery.

According to the latest figures published by the IMF, the Tunisian economy is expected to grow by 1% in 2015, below the 2.3% figure registered in 2014 (*World Economic Outlook*, IMF, October 2015).

In 2014, especially from June onwards, cement demand in the domestic market contracted, due to the recession all across the construction sector: residential, commercial and public works. This trend worsened in the first half of 2015 and recovered in the second half. The market is estimated to have dropped approximately 0.4% in relation to 2014. Competition in the Tunisian market is growing and pressure on sales prices is high, with the consequent drop in local market prices.

Turnover for combined operations in the country in 2015 stood at approximately 70.0 million euros, down by 7.2% on a year-on-year basis. This amount incorporates about 2.4 million euros related to currency appreciation.

The cement business unit recorded turnover of approximately 62.4 million euros, down by 8.4% on the figure for 2014. Performance in the export market was strong, with 64.0% growth of turnover year on year, which resulted in 14.6 million euros. Increased competition caused amounts sold to drop by 24.6% in the domestic market, which resulted in 19.3% less turnover, amounting to 47.8 million euros.

In Tunisia, EBITDA from business operations in 2015 stood at 11.5 million euros, representing a decline of 34.9% in relation to the previous year. This amount reflects a currency appreciation of 384 thousand euros.

The cement unit recorded EBITDA of 11.2 million euros in 2015, 34.8% below that recorded in the previous year. This drop was largely due to decreased sales on the domestic market.

Estimates for 2015 in **Angola** are moderately favourable. Although the IMF is forecasting growth of 3.5% for Angola in 2015 (*World Economic Outlook*, IMF October 2015), the negative impact from the recent variations in the price of oil could help but affect the economy over the course of 2015. Less revenue caused the kwanza to depreciate sharply vis-à-vis major world currencies, inflation to rise and difficulties in foreign payments.

The cement market in Angola was not immune to these difficulties and domestic consumption in 2015 decreased around 11.7%. In the first half of 2015 the cement market had increased over the same period (as public works awarded in 2014 continued in 2015). However, compared to the 2nd half of 2014 it decreased.

The impact on local producers' sales was offset by the Joint Executive Decree No. 01/15 of 05 January, adopted by the Government, which established a cap for all cement imports since the beginning of the year.

Operations in Angola in 2015 performed better compared with the previous year, with turnover totalling around 24.2 million euros, which represents a growth of 11.2% in relation to the previous year. This performance was due primarily to the increase in turnover, which reached 200 thousand tonnes, 8.2% over the figure of the previous year, and to the increase in sales prices. This rise was influenced by the stoppage from July to November in a competitor that represents 17% of the production capacity in Angola. We also point out that this increase benefits from the positive impact of the foreign exchange appreciation, amounting to 630 thousand euros.

The EBITDA from operations in Angola increased to 1.4 million euros in 2015, essentially due to cost control and increase in activity.

The economy of **Cape Verde** is expected to have grown 3.5% in 2015, a value higher than the 1% recorded in 2014 (*World Economic Outlook*, IMF October 2015). However, this outlook has not been felt yet and, although precise data on cement consumption in 2015 are not available, it is estimated to have dropped around 8.4% compared to the year 2014. Public works in progress are finished and, due to the financial difficulties of the State, no new significant public works projects are foreseen in Cape Verde. Turnover for combined operations in the country in 2015 stood at approximately 6.3 million euros, up by 0.7% year on year.

The impact on the turnover in the cement business segment from the full consolidation of the activities in **Brazil** carried out by the Supremo Group[2], which took place at the start of the third quarter of 2015 was 35.6 million euros.

[2] The integration of the Supremo Group in the Semapa consolidated financial statements for 2015, taking into account that the acquisition of the remaining 50% of the Group that forced the full consolidation occurred at the end of the month of June, had the following impact: 50% of the results of the first half were integrated using the equity method, the balance sheet position was fully consolidated (100%) with reference to 30 June 2015 and the results in the second half (July to December) were also fully consolidated (100%). For a more suitable comparative analysis, the main economic and financial indicators of the Supremo Group are provided separately.

In spite of the positive impact, EBITDA from operations in Brazil amounted to 1.9 million euros in comparison with the same period. This figure is mainly due to the start-up of the new plant and the recording of the relevant fixed costs.

Brazil

Operations in Brazil in 2015 featured the acquisition of the remaining 50% of the Supremo Group in June and the completion of the new cement plant at the end of April, Supremo's total installed cement capacity having reached two million tons in that country.

The integration of the Supremo Group in the Semapa consolidated financial statements for 2015, taking into account that the acquisition of the remaining 50% of the Group that forced the full consolidation occurred at the end of the month of June, had the following impact: 50% of the results in the first half of the year were integrated using the equity method, the balance sheet position was fully consolidated (100%) with reference to 30 June 2015 and the results in the second half (July to December) were also fully consolidated (100%), which greatly contributed to the increased consolidated debt of the Semapa Group reported at the end of 2015. Consequently, the cement business in Brazil is presented separately here.

IFRS - accrued amounts (million euros)	2015	2014
Sales	**60.0**	**54.4**
EBITDA	**(1.4)**	**6.5**
EBITDA Margin (%)	-2.3%	12.0%
Depreciation and impairment losses	(7.0)	(2.3)
Provisions (increases and reversals)	(0.2)	(0.1)
EBIT	**(8.6)**	**4.2**
EBIT Margin (%)	-14.3%	7.6%
Net financial profit	(25.5)	(4.7)
Profit before tax	**(34.1)**	**(0.5)**
Tax on profits	9.6	(1.2)
Retained profits for the year	(24.4)	(1.8)
Attributable to Supremo equity holders	**(24.4)**	**(1.8)**
Attributable to minority interests (MI)	-	-
Cash-flow	**-17.2**	**0.6**
	31-12-2015	**31-12-2014**
Equity (before MI)	151.1	93.2
Net debt	**121.0**	**168.6**

The economy of Brazil was significantly affected by the political instability, tax adjustments and a number of proceedings/inquiries which received plenty of media coverage in 2015. The combination of these events produced a great deal of uncertainty about which way the economy would go, making expectations difficult to manage. In this scenario, there was a strong deterioration of the major macroeconomic indicators, specifically: a decline in the GDP, the currency depreciation and an increase in the interest rates in order to control the inflationary pressure.

Economic agents expect GDP to have dropped around 3.8% and inflation to have reached 10.7%. Interest rates increased several times, reaching 14.25%, and the exchange rate remained unstable. Recent IMF projections also point to a contraction of the Brazilian economy of 3.8% (*World Economic Outlook*, IMF, January 2016).

Recent information (SNIC – January 2016) about the cement market in Brazil suggest a drop in the market of around 9.2% year on year; in the South and South-East (Supremo Group markets) the fall may have been slightly below the average. Added to the economic situation and the decrease in investment, the entry of new operators made the market even more competitive.

In 2015, total operations by the Supremo Group generated turnover of 60.0 million euros, representing an increase of around 10.2% in relation to the previous year. Limited production capacity in the first three months of the year and problems in importing cement precluded higher growth in sales. Such constraints were offset at the end of April when the Adrianópolis plant began production and the average daily sales volume increased.

When Adrianópolis plant went into operation, some of the operating costs and financial expenses (interest on loans) that were being capitalised previously began to be recognised directly in the results, in accordance with the applicable accounting standards. This had the corresponding (negative) impact on the EBITDA, which registered a negative figure of 1.4 million euros, significantly lower than in the previous year, and on the financial results of the Supremo Group which were a negative 25.5 million euros at the close of 2015 vs. the negative 4.7 million euros in the previous year.

Consequently, net income in 2015 totalled the negative figure of 24.4 million euros, which translates a loss of approximately 22.7 million euros year on year, as a consequence of the increase in debt and interest rates and currency depreciation.

At the end of 2015, net debt of the Supremo Group amounted to 121.0 million euros, which translated a decrease of 47.6 million euros compared to the figure on 31 December 2014. The decrease also occurred in reais, albeit to a lesser extent due to the currency exchange.

Environment

IFRS - accrued amounts (million euros)	2015	2014	Var.	Q4 2015	Q4 2014	Var.
Turnover	**27.6**	**26.3**	**4.9%**	**8.3**	**8.3**	**-0.1%**
EBITDA	**8.1**	**3.9**	**109.6%**	**2.5**	**1.0**	**160.2%**
EBITDA margin (%)	29.2%	14.6%	14.6 p.p.	30.2%	11.6%	18.6 p.p.
Depreciation and impairment losses	(3.0)	(2.6)	-14.1%	(0.8)	(0.7)	-7.7%
Provisions (increases and reversals)	(0.1)	0.0	<-1000%	(0.0)	(0.0)	<-1000%
EBIT	**5.0**	**1.3**	**294.0%**	**1.7**	**0.3**	**557.9%**
EBIT margin (%)	18.1%	4.8%	13.3 p.p.	20.5%	3.1%	17.4 p.p.
Net financial profit	(0.9)	(1.1)	21.3%	(0.2)	(0.2)	13.9%
Profit before tax	**4.2**	**0.2**	**>1000%**	**1.5**	**0.0**	**>1000%**
Tax on profits	(0.4)	0.4	-208.8%	(0.2)	0.1	-477.5%
Retained profits for the year	3.8	0.6	569.1%	1.3	0.1	>1000%
Attributable to ETSA shareholders *	**3.8**	**0.6**	**569.1%**	**1.3**	**0.1**	**>1000%**
Attributable to non-controlling interests (NCI)	-	-	-	-	-	-
Cash-Flow	**6.8**	**3.1**	**117.0%**	**2.1**	**0.8**	**158.6%**
	31-12-2015	**31-12-2014**	**Dec15 vs. Dec14**			
Equity (before NCI)	62.5	58.8	6.4%			
Net debt	**18.1**	**15.4**	**18.2%**			

Note:
Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

The ETSA Group recorded turnover of approximately 27.6 million euros in 2015, up by around 4.9% against 2014.

This favourable development was essentially caused by an increase of approximately 30.1% in the consolidated provision of services compared to 2014, amounting to 11.5 million euros, mostly due to (i) approximately 19.7% increase in the amounts of animal carcasses collected, under the SIRCA service delivered to the Portuguese government, and (ii) the increase in the average value of contracts per store for collection of animal by-products from hypermarkets in Portugal.

Consolidated sales over the relevant period amounted to approximately 16 million euros, dropping around 8.0% in relation to the previous year. This change is mostly due to the decrease in fat sales of around 26.3%, compared to the same period in 2014 (arising from the combined 13.9% drop in amounts sold and decrease of around 14.4% of its average sales price). The decline in fat sales was partially offset by sales of blood meal (about 0.9 million euros in 2015), the production and marketing of which began at the end of 2014.

EBITDA for the ETSA Group totalled approximately 8.1 million euros in 2015, reflecting an increase of about 109.6% in comparison with the previous year. This is explained fundamentally by the progressive and selective reduction in the average cost of goods sold per ton of raw material processed, arising from the progressive adjustment of the commercial margin due to the stabilisation of the consolidated turnover.

The implementation of Phase II of the Programme for Structural Cost Reduction and the overall reduction in the cost of thermal and mineral fuels used in the industrial conversion process and transport of by-products, respectively, as a result of the investment made and of the drop in oil prices, produced a positive impact on the period's performance.

The EBITDA margin stood at 29.2%, up by around 14.6 p.p. on the margin in 2014.

Holdings (Semapa SGPS and instrumental sub-holdings)

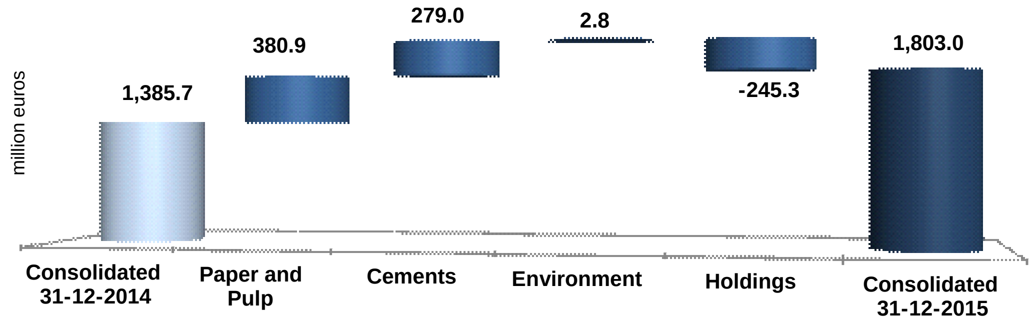
The EBITDA of the holdings made a negative impact of 5.3 million euros, comparing unfavourably with the positive amount of 3.2 million euros in 2014, essentially due to the increase in personnel costs. It should be noted, however, that this increase resulted from the reclassification of balance sheet gratuities paid in the first half of 2015, as decided at the Annual General Meeting for the approval of the accounts for 2014 held in April 2015, for personnel costs by virtue of the accounting standards in force requiring that these payments be recorded as results applied to staff costs.

4 Consolidated Financial Performance

Consolidated Net Debt

(million euros)	31-12-2015	31-12-2014	Var.
Pulp and Paper	654.5	273.6	380.9
Cement	457.4	178.4	279.0
Environment	18.1	15.4	2.8
Holdings	673.0	918.3	-245.3
Total	**1,803.0**	**1,385.7**	**417.3**

Evolution



Note: On 31 December 2014, the Supremo Group was not fully consolidated into the Semapa Group

On 31 December 2015, consolidated net debt stood at 1,803.0 million euros, representing an increase of 417.3 million euros over the figure recorded at year-end 2014, positively influenced by the creation of operating cash flow of around 391.6 million euros and:

- Pulp and paper: + 380.9 million euros, as a result of payment of dividends and reserves in the total amount of 440.5 million euros (310.5 million euros in May and 130 million euros in December), 98.2 million euros of which were appropriated by minority holders of Portucel, and of the closing of the AMS acquisition process, with a payment of 41 million euros. The capital expenditure totalled approximately 152.3 million euros, including 67 million euros in the pulp and paper business (42 million euros of which were in the Cacia expansion project), 36 million euros in tissue capacity expansion at the Vila Velha de Rodão plant, 18 million euros in the Mozambique project and 32 million euros in the construction of the pellet mill in the United States.
- Cement: + 279.0 million euros, resulting essentially from investments in Brazil and the full consolidation of the Supremo Group;

- Environment: + 2.8 million euros; and
- Holdings: 245.3 million euros less, essentially due to the net effect of the dividends of around 342 million euros received from Portucel and the dividends and reserves paid of 101.2 million euros (39.9 million euros in May and 61.2 million euros in December).

Financial Results

In 2015 financial results amounted to a negative figure of 122.3 million euros, down by 17.7% in relation to the figure recorded in the previous year. The negative figure of 18.4 million euros was primarily the result of:

- Recognition of the costs (contractual premium) associated with the early redemption of part of the Portucel Senior Notes 5.375% retail bond issue, in a total amount of about 14.6 million euros, as well as the recognition of around 2.3 million euros associated with costs incurred with the issue of this loan, which at the date of reimbursement were yet to be reflected in the results;
- The effect of acquiring the remaining 50% of the Supremo Group and the investment made in the new Adrianópolis plant, which had an impact of around 20.3 million euros;
- Positive effect resulting from a decrease in interest rates and debt renegotiation.

Consolidated Net Income

Consolidated net income in 2015 attributable to shareholders of Semapa was 81.5 million euros, which translated a reduction of 27.7% in comparison with the previous year. Net income was 0.849 euros/share, which represents a drop of 15.0%, lower in percentage than the absolute results due to the decrease in the number of shares.

This decrease is explained essentially by the combined effect of the following factors:

- An increase in total EBITDA of approximately 68.2 million euros;
- Increase in amortisations and impairment losses, resulting from the revised useful life of some industrial equipment, the integration of AMS and the full consolidation of Supremo;
- A reduction of provisions with a value of 20.6 million euros, due essentially to the release of provisions which proved to be unnecessary;
- A worsening of net financial results by about 18.4 million euros, in relation to the previous year;
- An increase of about 64.9 million euros in income taxes, due primarily to the reversion of deferred taxes on tax losses incurred by Semapa and to the termination of the Special Tax Regime for Company Groups applied to Portucel and its subsidiaries, of which Semapa is a controlling company, due to the fact that, with the settlement of the Public Exchange Offer made by Semapa, the legal requirement of holding a minimum stake in order for that Special Taxation Regime of Company Groups to be applied to those companies, effective as from 1 July 2015, is not met;

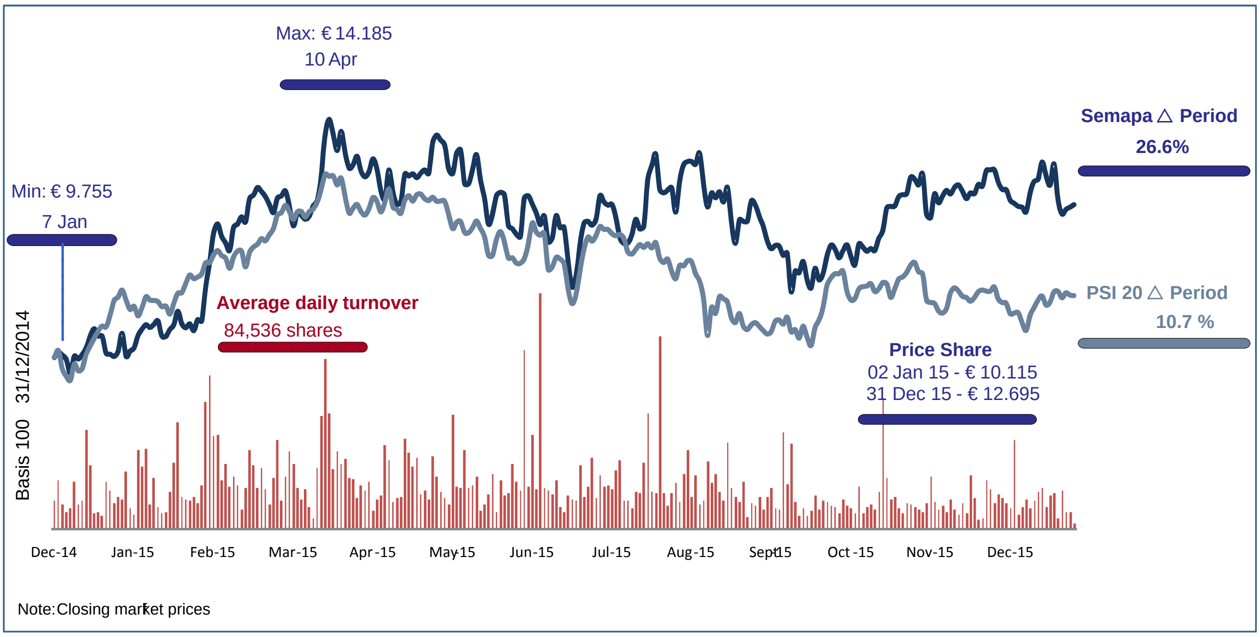
- Following the decrease in Semapa's holdings in Portucel, after the completion of the Public Exchange Offer in July 2015, Semapa appropriated lower results from Portucel in the second half (69.40% versus 81.19%, previously).

5 Main Effects of the Public Exchange Offer on the Consolidated and Individual Statements

In the Consolidated Financial Statements, the Public Exchange Offer was entered in the accounts as an acquisition of own shares in the amount of 305 million euros, which produced a decrease in equity by that amount, and as a sale of Portucel shares, which resulted in a capital gain of 165 million euros that was recorded in results carried forward, as required by the application of the IFRS rules. The net impact of this operation on consolidated equity was therefore negative, in the amount of 140 million euros.

On the Individual Statements, the net impact on equity was a negative 144 million euros: the acquisition of own shares produced, as was the case in the Consolidated Financial Statements, a 305 million euro reduction in equity, and the gain from the sale of Portucel shares, which came to a positive 161 million euros, was recorded in the results of the period, as required by the applicable Accounting Normalisation System (SNC). The net results of the individual Financial Statements in 2015 came to a positive 236.0 million euros.

6 Performance of Semapa Shares on Euronext Lisbon in 2015

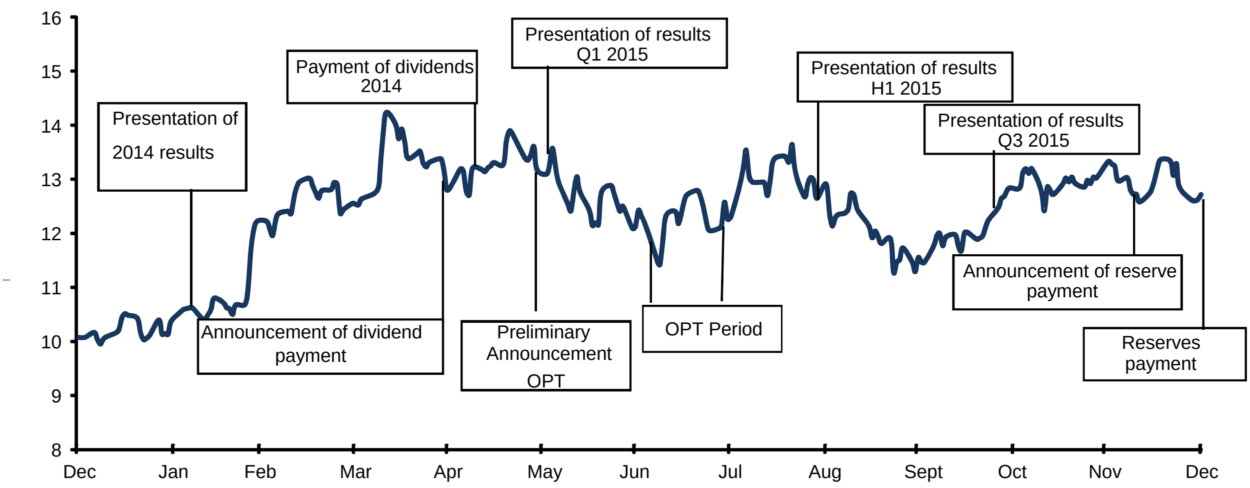


In 2015, stock markets were impacted by severe volatility, due to several of the year's events, including central banks' monetary policies, exchange rate development and, in particular, euro depreciation, the drop in oil price and geopolitical conflicts in the Middle East and Eastern Europe. However, the shares were still one of the financial assets with the best yield in 2015 (2.20% average), exceeding the average yield of bonds and commodities.

European stock markets had a positive performance globally, with the German and Portuguese stock exchanges in particular valuing around 10%, in spite of the events that impacted the domestic stock markets negatively, namely in the banking sector.

Semapa stock set itself apart positively, having registered during the period in analysis a rise of 26.6%, above PSI20 average. The Semapa stock value reached a high of 14.185 euros on 10 April, and a low of 9.755 euros on 7 January.

Development of average prices of SEMAPA shares in 2015



7 Outlook

The latest economic projections for 2016 and 2017 continue to point to a downward trend in global economic growth. The review considers a slower recovery of the emerging and developing economies, but also points to less expected growth in the USA in the coming two years. The Euro Zone, on the other hand, progressed quite positively, and growth is expected to speed up in 2016. The main risks for global economic growth are still the slowdown in Asian economies and changes in the growth model of China, the fall in the prices of raw materials, oil in particular, and the normalisation of US monetary policy by setting quantitative easing aside.

In Portugal, the general economic outlook for 2016 is slightly better than in recent years. The latest projections of the Bank of Portugal point to a 1.7% growth in economic activity in 2016. The most recent projections of the IMF also hint at 1.5% growth.

Paper and Pulp

While **pulp** prices are still at an interesting level, sustaining good demand levels, the drop in prices over the last weeks suggest a less favourable behaviour for the sector in the coming months. The severe pressure that the prices of raw materials are still under and the slowdown in economic growth in China lead to much market instability, causing the fear that growing demand may not follow in the steps of the new pulp capacity that is expected for this year. Exchange rate developments will remain the core factor of competitiveness between pulp manufacturers.

The **tissue** paper sector should continue to perform well, specifically in terms of demand, with interesting levels of growth in consumption in Europe and emerging economies, like China, Turkey and Latin America. However, there is more competitive pressure, especially among companies which intend to reinforce their production capacity in the short term.

In the UWF **paper** market, the prospects are still positive and Portucel has confirmed with its customers in Europe that the price will rise again in February 2016. The impact of the recent reduction and conversion of capacity of some productive units in Europe should be visible in 2016, helping towards balancing the market. It is worth noting, however, that there are a set of factors that could cause some instability in the paper market over the next few months. On the one hand, the impacts resulting from the anti-dumping case brought by American authorities will cause changes between supply and demand in various locations, specifically more pressure on the supply in several countries in Asia, Latin America and Europe. On the other hand, the devaluations in exchange rates and the control of foreign currency in some countries of the Middle East, Africa and Latin America may also create additional difficulties for international trade.

The anti-dumping measures taken by the US Department of Commerce also affected the Portucel Group, on which a provisional rate of 29.53% was applied on 20 August 2015. Portucel finds the rate inappropriate, and it highlighted that the calculation had been partly founded on opposite assumptions to the information that the Department of Commerce classified as wrong, which was proven by the announcement on 11 January 2016 of the decision of the Department of Commerce to fix the final anti-dumping rate at 7.8%.

In the scope of this proceedings the final anti-dumping rates applied to the other countries (Australia, Brazil, China and Indonesia) ranged between 22% and 222%; in the case of China and Indonesia, these anti-dumping rates accrue the countervailing duties.

While the current rate is well below that of 20 August, Portucel still disagrees entirely with any anti-dumping margin and it will continue to resort to procedural means to prove that the measure is inappropriate.

As a result of the strategic development plan announced in early 2015, the Portucel Group will continue to focus on the implementation of the various projects announced, intensifying the work already underway and following up on new operations.

Following Portucel Group's strategic option to diversify its business and enter the tissue business, Portucel approved the investment in a tissue paper production line and the corresponding transformation into a final product, with a nominal capacity of 70 thousand tons per year, with an estimated value of around 121 million euros. With this project, the Group will have 130,000 tons/year capacity in the sector. As mentioned in previous reports, the decision to invest will depend on several assumptions, namely the approval by AICEP of the application to the Portugal 2020 programme under assessment, which will grant funding and/or tax allowances. The Group also applied to the PIN project, which was awarded by AICEP last January.

The construction project for the **pellets** factory in the USA continues at a good pace, specifically through the consolidation of the project team based in Greenwood, South Carolina. The civil construction projects got underway at the beginning of August 2015. With 90% of the investment amount already awarded, the equipment assembly is well under way and should be completed by April 2016. The commissioning and test period will begin in May, and the start-up of production is planned for July. During the year, the initial amount estimated at 110 million USD was reviewed upwards to 116.5 million USD, and the plant's nominal production capacity grew from 460,000 tons to 500,000 tons a year.

In **Mozambique**, after an initial phase centred primarily on trials to select the best genetic material for producing raw material for paper pulp and energy processing, operations will step up significantly in 2016 as the Group pressed ahead with its new forestry plantations, to ensure future supplies for its industrial facilities.

Cement

As for **Portugal**, the projections of GDP growth in 2016, the recovery in domestic demand and investment, with a reversal in the licensing of home construction and an increase in construction productivity, suggest a slight growth in the construction market and in cement consumption in 2016. The expected recovery in the domestic market, combined with savings and gains achieved through the streamlining measures implemented in previous years, offer the prospect of an improvement in results.

In **Lebanon,** 2016 should not be very different from 2015. The changes which have occurred in the Middle East have not helped to preserve macroeconomic stability. The cement market is expected to decline in 2016 due to the expected slowdown in residential construction and lower investor confidence, caused by the lingering uncertain political situation in the country and region. Continuation of a challenging and competitive environment with impact on sales prices is expected. However, these negative effects may be partly offset by less energy costs, due to lower oil prices. Block sales should rise in the coming months, as the new plant is receiving more orders and is beginning to build a customer portfolio.

For **Tunisia**, the latest IMF figures point to 3% growth of the economy. However, economic growth prospects remain very uncertain due to recent events and the unstable environment. Competition should continue to be intense and increased pressure on sales prices is expected (in the domestic and foreign markets).

The outlook for 2016 for **Angola** is negative. Although the IMF is forecasting growth of 3.5% for the economy in 2016, the negative impact from the recent variations in the price of oil cannot help but affect the economy over the course of this year. The difficulties in processing payments abroad, as a result of the foreign-exchange restrictions imposed by the National Bank of Angola, paint a rather negative image for the construction and public works sector. The year got off to a livelier start with decreasing diesel and fuel oil prices, together with a new and steep 15% depreciation of the kwanza. Although the cement market is expected to drop in 2016, increasing costs will impact clinker producers more than other Group activities.

In **Brazil**, no improvement in the macroeconomic scenario is expected in 2016, which foretells the continuation of the difficulties in economic activity and especially in the activities tied to the construction sector, due to the problems in investments coming to fruition. The economy may shrink 3.5%, according to the latest estimates of the IMF (January 2016).

The cement market is expected to drop again, albeit slightly less than in 2015. Public works should not perform better than in 2015, but there are the elections for the local governments that may bring some dynamics to the sector. On the other hand, the privatisation programme that was announced is anticipated with some excitement.

Environment

Considering the current macroeconomic, financial and sector environment, slight improvements are envisaged in the medium term in the sector operated by the ETSA Group. The boosting consumption of foodstuffs (due to effective increase or simply to changes in the average shopping basket) will result in a slight increase in the animal slaughter rate, after a period of reinvestment in the main collection centres and especially after the implementation of gradual import replacement mechanisms which, consequently, although deferred and still uncertain, will allow an increase in some categories of by-products generated. However, the competition between operators in arranging raw material, which is scanty, will remain intense, because of the pronounced overcapacity of industrial processing.

The ETSA Group's prime objectives in the short term include (i) concentrating on the horizontal expansion of its production and destination markets of its end products (exports accounted for close to 32.8% of total accrued sales in 2015), (ii) identifying fresh opportunities for vertical growth, channelling its investments to improving operational efficiency, extracting maximum value from the channels operated and retaining the loyalty of the main conventional and alternative collection centres, (iii) the gradual and progressive recovery of a balanced sales margins in the market, and (iv) focus on sustained innovation and research and development addressed at ensuring new profit thresholds for the business.

Lisbon, 05 February 2016

The Directors