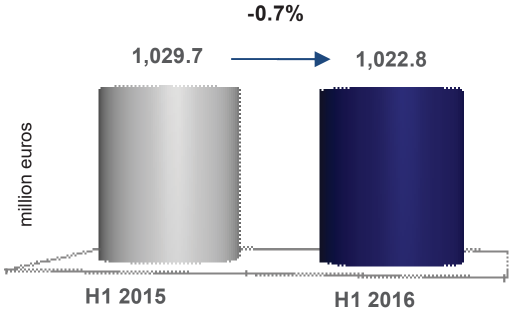
Presentation of Results

1st Half 2016

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: 81,270,000 euros

1 Highlights

Leading Business Indicators:

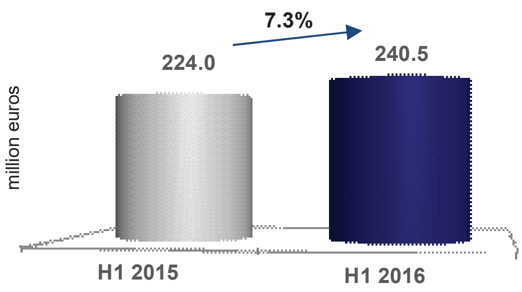


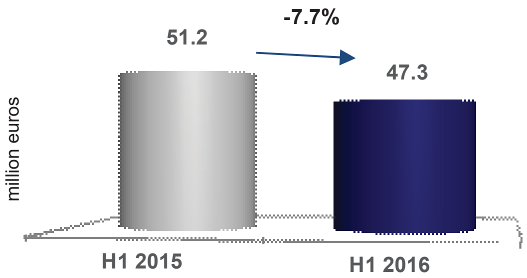
Turnover

In the first half of 2016 the Semapa Group recorded a consolidated turnover of 1,022.8 million euros, a decrease of 0.7% from the same period in the previous year. Exports and foreign sales amounted to 802.6 million euros: 78.5% of turnover.

EBITDA

Total EBITDA for the first 6 months of 2016 rose by about 7.3% in relation to the same period in the previous year, standing at 240.5 million euros. The consolidated margin stood at 23.5%, 1.8 p.p. up from that recorded in the first half of 2015.





Net income

Net income totalled 47.3 million euros, down by 7.7%. In spite of the EBITDA increase, improved financial results and income tax comparing favourably, it did not compensate the effects of depreciation and provisions and the decrease in Navigator's stake after July 2015.

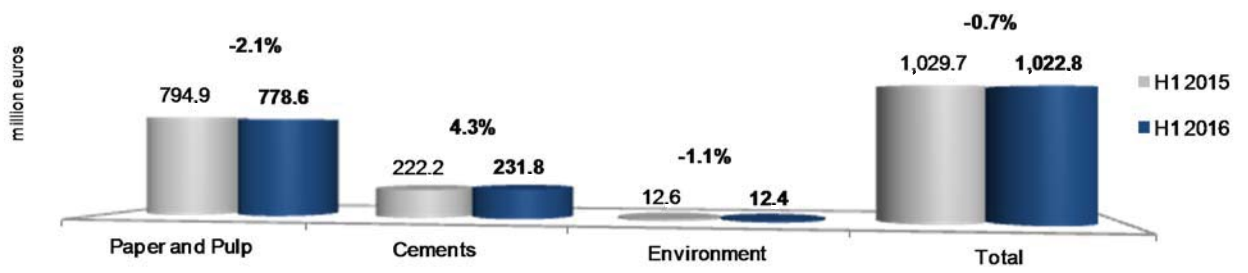
Leading Business Indicators

IFRS - accrued amounts (million euros)	H1 2016	H1 2015	Var.	Q2 2016	Q2 2015	Var.
Turnover	**1,022.8**	**1,029.7**	**-0.7%**	**526.3**	**536.2**	**-1.9%**
Total EBITDA	**240.5**	**224.0**	**7.3%**	**129.9**	**127.0**	**2.3%**
EBITDA margin (%)	23.5%	21.8%	1.8 p.p.	24.7%	23.7%	1.0 p.p.
Depreciation and impairment losses	(118.3)	(90.3)	-31.1%	(66.7)	(41.2)	-62.1%
Provisions (increases and reversals)	(2.1)	10.0	<-100%	(1.1)	5.0	<-100%
EBIT	**120.0**	**143.8**	**-16.5%**	**62.2**	**90.9**	**-31.6%**
EBIT margin (%)	11.7%	14.0%	-2.2 p.p.	11.8%	16.9%	-5.1 p.p.
Net financial profit	(39.7)	(50.4)	21.1%	(20.5)	(23.8)	14.0%
Profit before tax	**80.3**	**93.4**	**-14.1%**	**41.7**	**67.1**	**-37.8%**
Income tax	(5.9)	(21.0)	71.8%	2.2	(22.6)	>100%
Retained profits for the period	74.3	72.4	2.7%	43.9	44.4	-1.2%
Attributable to Semapa shareholders	**47.3**	**51.2**	**-7.7%**	**29.7**	**31.1**	**-4.2%**
Attributable to non-controlling interests (NCI)	27.0	21.1	28.0%	14.2	13.4	6.0%
Cash-flow	194.8	152.6	27.6%	111.7	80.5	38.7%
	30-06-2016	**31-12-2015**	**Jun16 vs. Dec15**			
Equity (before NCI)	750.3	716.3	4.7%			
Net debt	**1,911.2**	**1,803.0**	**6.0%**			

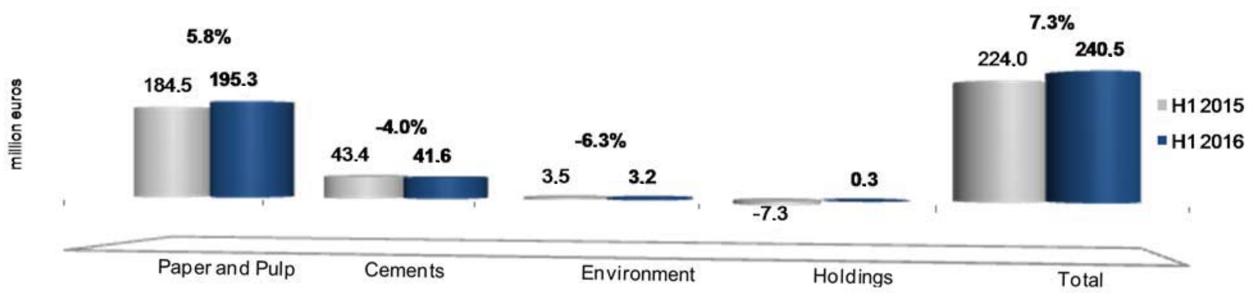
Notes:

- 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 the same period of the previous year, it was impacted by the full consolidation of the Supremo Group on 1 July 2015, the change in The Navigator Company stake from 81.19% to 69.4% in July 2015; the latter only impacts the retained profits for the period attributable to Semapa shareholders

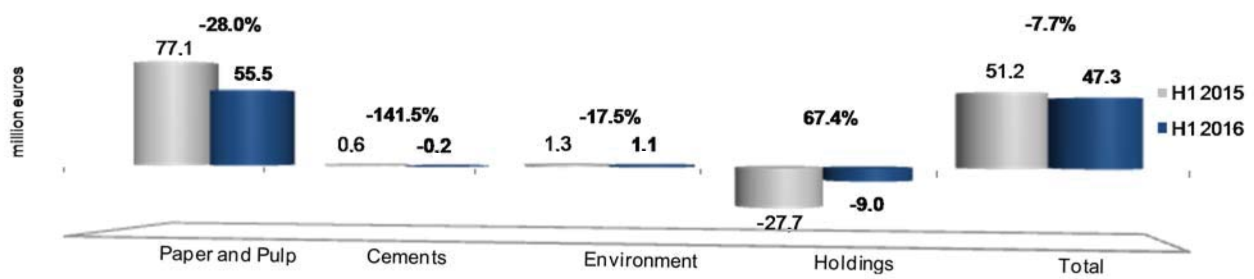
Consolidated Turnover Contribution



Consolidated EBITDA Contribution



Consolidated Net Income Contribution



2 Main and subsequent events

- In early March, Moody´s reviewed upwards the long term rating of the Navigator Group, from “Ba3” to “Ba2”, awarding it a “stable” outlook.
- Between 1 January 2016 and 30 June 2016, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. purchased 893,894 own shares, amounting to 9.3 million euros in investment.
- At the Annual Meeting of Semapa Shareholders held on 20 April 2016, the following was implemented as adopted by the Shareholders:
  - The decrease of the share capital from 81,645,523.00 euros to 81,270,000.00 euros, in the amount of 375,523.00 euros, by the cancellation of 375,523 own shares, according to Article 463 of the Companies Code, with the resulting amendment to the Articles of Association, namely to no. 1 Article 4, regarding the composition of the share capital;
  - The increase of the share capital from 81,270,000.00 euros to 117,028,800.00 euros, in the amount of 35,758,800.00 euros, by incorporation of reserves, with the proportional increase of the nominal value of all Company shares of 0.44 euro per share to 1.44 euro per share, with the resulting amendment to the Articles of Association, namely to no. 1 of Article 4, regarding the composition of the share capital;
  - The decrease of the share capital from 117,028,800.00 euros to 81,270,000.00 euros, in the amount of 35,758,800.00 euros, aimed at releasing the excess capital, transferring to free reserves the released amount of share capital and by proportionally reducing the nominal value of all Company shares from 0.44 euro per share, to the nominal value of 1.00 euro per share, with the resulting amendment to the Articles of Association, namely to no. 1 of Article 4, regarding the composition of the share capital, and no. 4 of Article 9, regarding the number of shares that shall correspond to one vote;
  - The payment of dividends arising from 2015 income of 26.7 million euros (32.9 cents per outstanding share).

3 Operational Performance

Breakdown by Business Segments

IFRS - accrued amounts (million euros)	Paper and Pulp		Cement		Environment		Holdings		Consolidated
	H1 2016	H1 16/15	H1 2016	H1 16/15	H1 2016	H1 16/15	H1 2016	H1 16/15	H1 2016
Sales	**778.6**	**-2.1%**	**231.8**	**4.3%**	**12.4**	**-1.1%**	**-**	**-**	**1,022.8**
Total EBITDA	**195.3**	**5.8%**	**41.6**	**-4.0%**	**3.2**	**-6.3%**	**0.3**	**104.3%**	**240.5**
EBITDA margin (% Sales)	25.1%	1.9 p.p.	18.0%	-1.6 p.p.	26.0%	-1.5 p.p.			23.5%
Depreciation and impairment losses	(93.6)	-36.7%	(23.2)	-14.6%	(1.5)	-3.0%	(0.1)	13.8%	(118.3)
Provisions (increases and reversals)	(1.4)	-123.3%	(0.7)	50.3%	-	-	-	-100.0%	(2.1)
EBIT	**100.3**	**-17.8%**	**17.7**	**-18.1%**	**1.7**	**-12.2%**	**0.2**	**111.6%**	**120.0**
EBIT margin (% Sales)	12.9%	-2.5 p.p.	7.7%	-2.1 p.p.	14.0%	-1.8 p.p.			11.7%
Net financial profit	(13.5)	24.6%	(16.6)	-43.5%	(0.3)	26.1%	(9.3)	54.6%	(39.7)
Pre-tax profits	**86.8**	**-16.7%**	**1.1**	**-88.8%**	**1.4**	**-8.3%**	**(9.1)**	**59.4%**	**80.3**
Tax on profits	(7.1)	23.1%	1.5	123.2%	(0.4)	-35.3%	0.1	101.7%	(5.9)
Retained profits for the period	79.7	-16.0%	2.6	-32.9%	1.1	-17.5%	(9.0)	67.4%	74.3
Attributable to Semapa equity holders	**55.5**	**-28.0%**	**(0.2)**	**-141.5%**	**1.1**	**-17.5%**	**(9.0)**	**67.4%**	**47.3**
Attributable to minority interests	24.2	35.8%	2.8	-14.3%	0.0	-	-	-	27.0
Cash-flow	174.7	11.0%	26.5	3.7%	2.5	-7.3%	(8.9)	73.1%	194.8
Net debt	**793.2**	**21.2%**	**495.4**	**8.3%**	**19.9**	**9.4%**	**602.8**	**-10.4%**	**1,911.2**
Nr Employees	**3,058**		**2,574**		**271**		**24**		**5,927**

Notes:

- For the purpose of calculating the change in net debt the values of 31.12.2015 are used.
- Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

The Navigator Company ("Navigator") published its results on 26 July 2016. The following are the highlights of the communication.

The Secil and ETSA Groups, which are not listed, did not publish their results. Therefore, their operations are described in more detail.

Paper and Pulp

Summary table of financial indicators

IFRS - accrued amounts (million euros)	H1 2016	H1 2015	Var.
Turnover	**778.6**	**794.9**	**-2.1%**
EBITDA	**195.3**	**184.5**	**5.8%**
EBITDA margin (%)	25.1%	23.2%	1.9 p.p.
Depreciation and impairment losses	(93.6)	(68.5)	-36.7%
Provisions (increases and reversals)	(1.4)	6.0	-123.3%
EBIT	**100.3**	**122.0**	**-17.8%**
EBT margin (%)	12.9%	15.3%	-2.5 p.p.
Net financial profit	(13.5)	(17.8)	24.6%
Profit before tax	**86.8**	**104.2**	**-16.7%**
Tax on profts	(7.1)	(9.2)	23.1%
Retained profits for the period	79.7	94.9	-16.0%
Attributable to Navigator shareholders	**79.9**	**94.9**	**-15.8%**
Attributable to non-controlling interests (NCI)	(0.2)	0.0	<-1000%
Cash-Flow	**174.7**	**157.4**	**11.0%**
	30-06-2016	**31-12-2015**	**Jun16 vs. Dec15**
Equity (before NCI)	942.1	1,041.7	-9.6%
Net debt	**793.2**	**654.5**	**21.2%**

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

Summary table of operating indicators

(000 tons)	H1 2016	H1 2015	Var.
Pulp and paper			
BEKP Output (pulp)	744	689	7.9%
BEKP Sales	130	118	9.6%
UWF Output (paper)	795	773.4	2.8%
UWF Sales	776	747.8	3.7%
FOEX – BHKP Euros/ton	613	707	-13.3%
FOEX – A4- BCopy Euros/ton	830	814	2.0%
Tissue			
Output of reels	19	13.6	38%
Output of finished products	20	17	18%
Sale of reels and other goods	4	0.8	388%
Sale of finished products	21	18.3	14%

In the first half of 2016, the turnover of Navigator was 778.6 million euros. The Group's traditional pulp and paper business performed very positively, resulting in the Group's best ever first half figures for both the volume and value of paper sales. At the same time, turnover was down by 2.1% in relation to the first half of 2015 due to a reduction in the value of power sales.

In the **paper** business, the European market for uncoated woodfree printing and writing paper (UWF), a significant reduction in production capacity allowed capacity utilization rates in the industry to rise positively. At the same time, exports fell and imports into the European market increased, in particular from Asia, whilst estimates point to a reduction in apparent consumption of approximately 2%. In this context, Group sales were at 775.5 thousand tons, the highest level ever recorded in a first half period, thus growing by 3.7% in comparison with volume in the first half of 2015. The Group increased its European sales at the same time as achieving significant growth in sales to international markets. The European A4 copy-B price index performed well (up by 2%), whilst Navigator's average price for all markets edged downwards, due essentially to foreign exchange factors, concerning sterling in particular, and negative trends in the product mix.

In bleached eucalyptus **pulp** (BEKP) business, the first half proved more difficult in bleached eucalyptus pulp (BEKP) business, where sales prices have been falling since late 2015. Navigator nonetheless recorded strong operating performance. Figures for the volume of pulp placed on the market point to a rise of 10% in sales, thanks to the capacity expansion at the Cacia mill, which has resulted in increased availability of pulp for the market. The downturn in the pulp market, namely the BHKP PIX index drop by 13% in dollars and 15% in euros, was also reflected in the Group's average sales price. In terms of value, sales grew by only 3%.

In the **energy** sector in the first half of 2016, the maintenance and repair work on the turbogenerators at the Cacia and Setúbal pulp mills were completed. Other planned maintenance work was carried out, notably at the natural gas cogeneration plant at the Setúbal Industrial Complex and on the Setúbal biomass power station. Total gross power generation in the first half of 2016 was accordingly down by 12.6% in relation to the same period in 2015.

From February, the natural gas co-generation of the Figueira da Foz complex started operating for self-consumption, due to the downwards revision of the tariff paid by the national grid, thus reducing the volume of energy sales to the grid and, simultaneously, reducing the purchase of electric power. In the first half of 2016, energy sales volume (MWh) was down by 24.3% year on year, and the value of sales decreased 38.4 million euros. However, purchases of energy and natural gas dropped, approximately 31 million euros in total. It is important to underscore that this amount includes a 16.9 million euro impact of reduction in price.

In the **tissue** business, sales volume of goods and products from the Vila Velha de Rodão plant grew approximately 30% in the first half of 2016 (in tons sold) year on year, driven by the rise in output capacity and product finishing in 2015. The increase in amounts sold, together with the slight decrease in average sales price due to changes in the product mix (greater sales of reels) resulted in tissue sales of 33.1 million euros.

The fire which occurred at the Vila Velha de Ródão mill in early May affected essentially the raw materials warehouse, and had no impact on output of finished products, although it caused difficulties in the production of reels. The profit and loss account for the first half was down by 6.7 million euros (relating to write-offs and extra operating costs), part of which will be covered by the insurance contracted. Note that the two paper machines were up and running at the end of the first half.

The Navigator Group's EBITDA evolved favourably to 195.3 million euros in the 1st half of 2016, which represents an increase of 5.8% compared to the same period of the previous year and represents an improvement in the margin of 1.9 pp to 25.1%.

On the input side, the Group has recorded a further improvement in specific consumption of wood, enabling it to cut its production costs. However, the rainy weather experienced up to the end of April caused severe difficulties for forestry operations in Portugal and forced the Group to increase its purchases of wood on the international market, pushing up the average purchase cost in the first half. Overall, the impact of the change in the wood mix outweighed the reduction in specific consumption, meaning that raw material costs were higher than in the first half of 2015. Steps were taken to reduce logistical costs associated with wood imports: these included using the port of Aveiro, although improvements are still needed for this port to be a recurrent option in future periods.

Logistical costs for paper were brought down thanks to falling oil prices, increased use of ports closer to the mills (Setúbal and Figueira) and improvements and greater efficiency in the Group's exports.

Personnel costs grew by approximately 4.1 million euros in relation to the first half of 2015. It is worth noting that the workforce increased by around 396 to a total of 3058 employees at the end of the first half, as a result of new business operations and the integration into the business model of activities which were previously outsourced. Excluding the impact of employees in new business areas and insourcing, personnel costs would have risen by 0.3 million euros, i.e. 0.6%.

Cement

Summary table of financial indicators

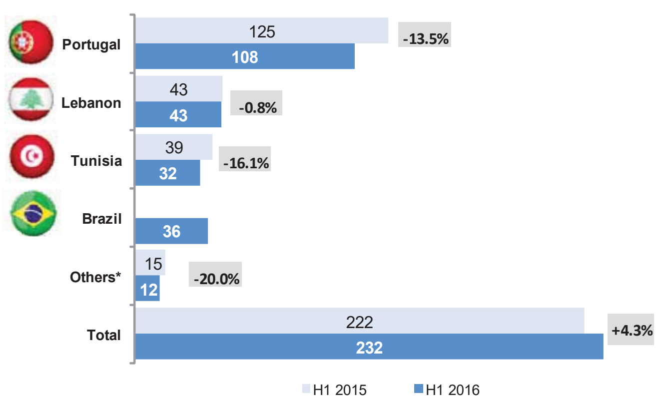
IFRS - accrued amounts (million euros)	H1 2016	H1 2015	Var.
Sales	**231.8**	**222.2**	**4.3%**
EBITDA	**41.6**	**43.4**	**-4.0%**
EBITDA Margin (%)	18.0%	**19.5%**	**-1.6 p.p.**
Depreciation and impairment losses	(23.2)	(20.2)	-14.6%
Provisions (increases and reversals)	(0.7)	(1.5)	50.3%
EBIT	**17.7**	**21.7**	**-18.1%**
EBIT Margin (%)	7.7%	9.8%	-2.1 p.p.
Net financial profit	(16.6)	(11.6)	-43.5%
Pre-tax profit	**1.1**	**10.1**	**-88.8%**
Tax on profits	1.5	(6.3)	123.2%
Retained profits for the period	2.6	3.8	-32.9%
Attributable to Secil equity holders	**(0.2)**	**0.6**	**-141.5%**
Attributable to non-controlling interests (NCI)	2.8	3.3	-14.3%
Cash-flow	**26.5**	**25.5**	**3.7%**
	30-06-2016	**31-12-2015**	**Jun16 vs. Dec15**
Equity (before NCI)	453.8	426.1	6.5%
Net debt	**495.4**	**457.4**	**8.3%**

Notes:

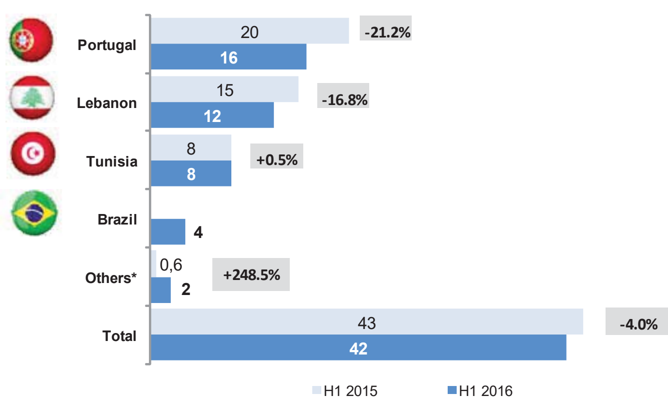
- Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.
- The integration of the Supremo Group in the Semapa consolidated financial statements for 2015, taking into account that the acquisition of the remaining 50% 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 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%).

(million euros)

Turnover



EBITDA



* includes Angola and Cape Verde

Summary table of operating indicators

	Unit	H1 2016	H1 2015	Var.
Annual cement production capacity	1 000 t	9,750	7,650	27%
Sales				
Grey cement	1 000 t	2,550	2,219	15%
White cement	1 000 t	41	44	-8%
Clinker	1 000 t	231	266	-13%
Ready-mixed	1 000 m3	593	604	-2%
Aggregates	1 000 t	1,239	974	27%
Precast concrete	1 000 t	15	14	8%
Mortars	1 000 t	52	52	1%
Hydraulic lime	1 000 t	4	14	-73%
Mortar fixative	1 000 t	13	7	70%

In the first half of 2016, the turnover in the Cement business area was 231.8 million euros, 4.3% higher than the figure for the same period of the previous year. This increase was mainly due to the integration of the Supremo Group in July 2015. Ever since, operations in Brazil have been fully consolidated in the Secil Group (Secil now owns 100% of the Supremo Group), with a rather positive impact on turnover, which in the first half of 2016 amounted to 36 million euros in this part of the World.

EBITDA stood at 41.6 million euros, which represented a decrease of around 1.7 million euros in relation to same period 2015. EBITDA dropped essentially as a result of operations in Portugal, where this indicator decreased 4.2 million euros, and in Lebanon, where it dropped 2.5 million euros. In the first half of 2016, the EBITDA margin stood at 18.0%, 1.6 p.p. down on the same period in the previous year.

In **Portugal**, the Construction Production Index (INE – the Indices of Production, Employment and Remuneration in Construction – May 2016) was down by 4.7% in May 2016, on a year-on-year basis. Although early 2016 figures outline a drop in the construction activity, according to figures available from FEPICOP – the Portuguese Federation of Construction and Public Works Industry , 2016 is expected to evolve favourably in terms of construction activity, as the increase in new building licenses and the growth in public tender figures compared to the previous year suggest.

According to the latest figures available, cement consumption in mainland Portugal was down by 4.9% year on year. It is thus estimated that the market reached approximately 1.3 thousand tons.

In this environment, turnover for overall operations in Portugal during the first half of 2016 was down by 13.5% in relation to the same period of the previous year.

In the *Cement* business in Portugal, including sales in Portugal and exports, although the quantities sold in the domestic market increased 1.9% in relation to figures for 2015, the quantities sold for export dropped around 22.2% in comparison with the first half of 2015. Therefore, the entire unit's turnover was down 12.9%, mostly as a result of the negative developments of cement and clinker exports, due to excess supply in the Mediterranean and less demand in countries dependent on revenues from fossil fuels, namely Algeria.

In the other business segments with operations based in Portugal (*Ready-mixed Concrete, Aggregates, Mortars, Pre-cast and Others*), turnover in the first half of 2016 stood at approximately 35.4 million euros, down by 14.7% in relation to the same period of the previous year.

Mention should be made to the *Ready-mix Concrete* business unit, which dropped 24.8% in comparison with the same period of 2015, with turnover amounting to 22.1 million euros, resulting from less amounts sold once the Marão Tunnel project was completed, as sales prices remained rather stable. Sales in the 1st quarter of 2016 were lower than that of the same period in 2015, due to the weather conditions in the north and centre of the country. However, they picked up in the 2nd quarter, which helped sales in the first half of 2016 to remain in levels similar to that of the same period in 2015 (excluding the Marão Tunnel effect).

In the first half of 2016, EBITDA for total operations in Portugal was down by 21.2% year on year, at 15.6 million euros vs. 19.9 million euros in the first half of 2015.

The *Cement* business unit in Portugal recorded EBITDA of 14.0 million euros, below the figure recorded in the first half of 2015, due to the drop in total sales volume. The drop in activity was partially offset by CO_2 sales licenses (the first half of 2016 recorded 1.9 million euros of gains, whereas in the same period of the previous year there had been no sales) and the decrease in production costs, as thermal energy costs dropped significantly, influenced positively by overall reduction in fuel prices.

EBITDA of the *Mortars, Ready-mix Concrete and Aggregates* business units was approximately 1.6 million euros, against 2.5 million euros year on year.

Lebanon is still feeling the impact of the global slowdown and regional instability, especially with the situation in Syria. Nonetheless, there are expectations of modest economic growth.

In regard to cement consumption in the first half of 2016, there has been a significant rise. The market grew 10%, unlike what happened in 2015, as weather conditions in the first quarter of 2016 were more favourable than in the same period in the previous year (weather conditions in the first quarter of 2015 were rather adverse). The rise in cement consumption was also driven by the completion of some projects that continued from 2015, but consumption is expected to drop in the second half of 2016.

Turnover on combined operations in Lebanon decreased 0.8% compared to the same period in the previous year, amounting to around 43 million euros.

Cement and Clinker sales totalled 525 thousand tons, up by 2.3% year on year. Average sales prices in the local currency dropped due to competition between market operators. Clinker production was below the levels in the first half of 2015, due to the programmed shut down of line 2 in Q1 to fit in the bag filter, which impacted EBITDA negatively. Turnover in this business unit grew by approximately 0.8%, totalling 39.9 million euros.

In the first half of 2016, total EBITDA from operations in Lebanon stood at 12.3 million euros, down by 16.8% in relation to the previous year. The *Cement* unit recorded EBITDA of 12.2 million euros, down by 16.1% over the figure recorded in the same period in 2015.

After completing the political transition in early 2015 and having weathered the international economic crisis, **Tunisia** could meet the political conditions for tracing a path of recovery, prosperity, stability and completion of the economic transformation needed to ensure sustained growth. However, the year was marked by trade union claims, terrorist attacks, and ongoing political instability. Unstable political status and a climate of insecurity hinder economic recovery. The IMF approved a four-year loan for Tunisia directed at fostering economic growth and job creation, as well as protecting vulnerable families.

According to the latest figures published by the IMF, the Tunisian economy is expected to grow by 2% in 2016, above the 0.8% figure registered in 2015 (World Economic Outlook, IMF, April 2016).

The climate of uncertainty impacted cement consumption, which dropped about 5.6% in the first half of 2016, compared with the same period in 2015. Competition in the Tunisian market has grown, with many competitors and strong pressure on sales prices. The competition was also felt in exports, aggravated by the occasional shut down of the Libyan borders and the constraints of cement exports from Tunisia to Algeria.

Consequently, turnover for combined operations in Tunisia in the first half of 2016 stood at approximately 32.3 million euros, down by 16.1% on a year-on-year basis.

The turnover of the *Cement and Clinker* business unit dropped approximately 18.3%, at 28.2 million euros, due to the decrease in turnover in the domestic and external market.

Amounts sold decreased around 9.8% in the domestic market and exports were down by 32.7% compared to the first half of 2015. The aforementioned constraints and greater competition determined the pace of sales of this unit.

In the first half of 2016, EBITDA of the activities conducted in Tunisia were similar to that in the first half of 2015. The variable costs of clinker and cement production decreased in relation to the same period of the previous year. Decrease in thermal energy costs, as a result of overall drop in fuel prices impacted the reduction in production costs significantly. Electricity costs also decreased, mostly as a result of less specific consumptions.

Forecasts for 2016 for **Angola** are negative. Although the IMF is forecasting growth of 2.5% for Angola in 2016 (World Economic Outlook, IMF April 2016), the negative impact from the recent variations in the price of oil could not help but affect the economy this year. Given the heavy dependence of the economy on the revenues from the oil sector, this situation is limiting its economic performance and making its presence felt in the major economic and financial variables.

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 with increasing diesel and fuel oil prices, together with a new 15% depreciation of the kwanza.

The cement market in Angola was not immune to these difficulties and domestic consumption in the first half of 2016 decreased around 28.2% year-on-year. The decrease was justified by the halt in a great many public works, and by the private building sector that was adversely affected by the overall rise in the prices of goods intended for current consumption.

The amount of cement sold decreased in comparison to sales in the first half of 2015, amounting to 78 thousand tons of cement, 17 thousand less than in the same period of 2015. The decrease was due to market contraction, considering the current conditions of the Angolan economy. Turnover amounted to 9.1 million euros in total, down by 23.7% compared to the first half of 2015. The decrease was negatively affected by the depreciation of the kwanza against the euro by 4.4 million euros. The exchange rate effect aside, the turnover would have been 13% more than in the first half of 2015, as the sales price increased significantly (38%), thus offsetting the drop in quantities.

The Group has done its best to reduce total costs through adjustments to its manufacturing structure. The fixed costs dropped, thanks to staff costs that decreased as a result of workforce cuts. On the other hand, variable costs increased due to the rise in clinker import costs (as a result of the devaluation of the kwanza).

Activities in Angola improved in terms of the EBITDA, which reached 1.5 million euros in the first half of 2016, compared to 311 thousand euros in the same period of the previous year.

The economy of **Cape Verde** is expected to grow by 2.9% in 2016, a value higher than the 1.8% recorded in 2015 (World Economic Outlook, IMF April 2016). According to available data, cement consumption in the first half of 2016 is believed to have grown between 10 and 15% in relation to the same period of the previous year. The public works performed in the first half of 2016 are nearing completion and, considering the Cape Verde government's financial constraints, no new relevant projects are foreseen.

Turnover for combined operations in the country in the first half of 2016 stood at approximately 2.9 million euros, down by 5.5% on a year-on-year basis. EBITDA amounted to 0.6 million euros, representing an increase of 111.7%.

In the first half of 2016, the effect of the consolidation of all activities in **Brazil** developed by the Supremo Group[1] on turnover was 36.1 million euros. EBITDA stood at 3.5 million euros in the same period.

[1] The integration of the Supremo Group in the Semapa consolidated financial statements, 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 2015, had the following impact: 50% of the results of the first half of 2015 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.

Brazil

The integration of the Supremo Group in the Semapa consolidated financial statements, 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 2015, had the following impact:

- 50% of the results of the first half of 2015 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.

IFRS - accrued amounts (million euros)	H1 2016	H1 2015	Var.
Sales	**36.1**	**27.2**	**32.6%**
EBITDA	**3.5**	**(3.7)**	**>100%**
EBITDA Margin (%)	9.7%	-13.5%	23.2 p.p.
Depreciation and impairment losses	(5.0)	(2.8)	-79.7%
Provisions (increases and reversals)	(0.1)	(0.0)	<-100%
EBIT	**(1.6)**	**(6.5)**	**75.1%**
EBIT Margin (%)	-4.5%	-23.9%	19.4 p.p.
Net financial profit	(5.1)	(8.7)	41.4%
Profit before tax	**(6.7)**	**(15.2)**	**55.8%**
Tax on profits	1.0	4.1	-75.2%
Retained profits for the period	(5.7)	(11.1)	48.6%
Attributable to Supremo equity holders	**(5.7)**	**(11.1)**	**48.6%**
Attributable to minority interests (MI)	-	-	
Cash-flow	**-0.6**	**-8.3**	**93.0%**
	30-06-2016	**31-12-2015**	**Jun16 vs. Dec15**
Equity (before MI)	174.7	151.1	15.6%
Net debt	**141.7**	**121.0**	17.1%

Recent IMF projections point to a contraction of the Brazilian economy of 3.8% in 2016 (World Economic Outlook, IMF, April 2016).

The economy of Brazil is still significantly affected by the political instability, tax adjustments and a number of proceedings/inquiries which received plenty of media coverage. 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 impact on inflation and subsequent increase in the interest rates in order to control the inflationary pressure.

In this context, the construction industry was naturally affected: less works and projects, with an impact on cement consumption. Recent information (SNIC – June 2016) about the cement market in Brazil suggest a drop in the market in the first half of 2016 of around 14% year on year. In the south of Brazil, the core market of the Supremo Group, the decrease amounted to 5.3%.

In the first half of 2016, total operations by the Supremo Group generated turnover of 36.1 million euros, representing an increase of around 32.6% in relation to the same period in the previous year. Note that the Adrianópolis plant began production only in late April 2015 and, consequently, the average daily sales volume increased. In the first half of 2016, 550 thousand tons of cement and 423 thousand tons of clinker were produced, compared to 221 thousand tons and 159 thousand tons, respectively, in the same period of the previous year.

At the end of the first half of 2016, EBITDA stood at the positive figure of 3.5 million euros, compared to a negative figure of 3.7 million euros in the same period of the previous year.

When the new plant began operating, depreciation rose from 2.8 million euros in the first half of 2015 to 5.0 million euros at the end of the first half of 2016.

Net financial charges of the Supremo Group stood at a negative figure of 5.1 million euros at the end of the first half of 2016 vs. the negative value of 8.7 million euros on the same period in the previous year.

Consequently, net income for the first six months of 2016 totalled the negative figure of 5.7 million euros, representing an improvement of around 5.4 million euros compared to the same period in the previous year.

At the end of the first half of 2016, net debt of the Supremo Group amounted to 141.7 million euros, which translated an increase of 20.7 million euros compared to the figure on 31 December 2015, mostly due to the adverse foreign exchange evolution.

Environment

Summary table of financial indicators

IFRS - accrued amounts (million euros)	H1 2016	H1 2015	Var.
Turnover	**12.4**	**12.6**	**-1.1%**
EBITDA	**3.2**	**3.5**	**-6.3%**
EBITDA margin (%)	26.0%	27.5%	-1.5 p.p.
Depreciation and impairment losses	(1.5)	(1.4)	-3.0%
Provisions (increases and reversals)	-	(0.0)	100.0%
EBIT	**1.7**	**2.0**	**-12.2%**
EBIT margin (%)	14.0%	15.8%	-1.8 p.p.
Net financial profit	(0.3)	(0.4)	26.1%
Profit before tax	**1.4**	**1.6**	**-8.3%**
Tax on profits	(0.4)	(0.3)	-35.3%
Retained profits for the period	1.1	1.3	-17.5%
Attributable to ETSA shareholders	**1.1**	**1.3**	**-17.5%**
Attributable to non-controlling interests (NCI)	-	-	-
Cash-Flow	**2.5**	**2.7**	**-7.3%**
	30-06-2016	**31-12-2015**	**Jun16 vs. Dec15**
Equity (before NCI)	63.6	62.5	1.7%
Net debt	**19.9**	**18.1**	**9.4%**

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 12.4 million euros in the first half of 2016, down by around 1.1% in comparison with the same period in 2015.

The drop is the result of the combined effect of i) around 5.9% decrease in Sales mainly due to the decline in some sales prices (in spite of the rise of amounts sold) and ii) the growth of 6.2% in the amount of services provided. This, however, was not enough to offset total sales losses.

EBITDA for the ETSA Group totalled approximately 3.2 million euros in the first half of 2016, representing a decrease of about 6.3% in comparison with the same period of the previous year. This is explained fundamentally by the rise in the cost of raw materials.

Other factors which had a positive impact on performance in the period included (i) the increase in class 3 by-products which, combined with better income levels, contributed to the rise in amounts produced, thus optimising installed capacity and (ii) the reduction in the cost of thermal fuels and mineral fuels used in the industrial conversion process and transport of by-products, as a result of the recorded drop in oil prices over the period.

The EBITDA margin stood at 26.0%, down by around 1.5 p.p. over the margin for the same period of 2015.

Holdings (Semapa SGPS and instrumental sub-holdings)

In the first half of 2016, EBITDA of the holdings was close to nil, comparing favourably with the negative amount of 7.3 million euros for the same period of the previous year. Note that in the same period in 2015, EBITDA had been negatively impacted by the reclassification of balance sheet gratuities, referred to 2014 , paid after the decision adopted at the Annual General Meeting in 2015,for personnel costs by virtue of the accounting standards in force.

4 Consolidated Financial Performance

Consolidated Net Debt

(million euros)	30-06-2016	31-12-2015	Var.
Pulp and Paper	793.2	654.5	138.7
Cement	495.4	457.4	38.0
Environment	19.9	18.1	1.7
Holdings	602.8	673.0	-70.1
Total	**1,911.2**	**1,803.0**	**108.2**

At 30 June 2016, consolidated net debt stood at 1,911.2 million euros, representing an increase of 108.2 million euros from the figure recorded at year-end 2015. The breakdown by business area was as follows:

- Pulp and paper: +138.7 million euros, including investments of about 75 million euros and the payment of dividends of 170 million euros;
- Cement: +38 million euros, reflecting the value of foreign currency denominated debt which increased by 23 million euros, the contribution paid to the sellers of Supremo (21 million euros) and the acquisition of a company based in the Netherlands for 6.1 million euros;
- Environment: +1.7 million euros, arising from the debt owed by the Portuguese State on 30 June 2016, concerning the services delivered since September 2015 and until April 2016, amounting to approximately 5.1 million euros. On 31 August this totalled 5.9 million euros, and
- Holdings: -70.1 million euros, resulting namely from Navigator dividends received following the purchase of own shares, corporate income tax (IRC) and dividend payments.

Financial Results

In the first half of 2016 financial results amounted to a negative figure of 39.7 million euros, an improvement of 21.1% in relation to the figure recorded in the same period in the previous year. The positive variation of 10.6 million euros was primarily the result of:

- Positive effect resulting from a decrease in interest rates, debt repayment and debt renegotiation in more favourable conditions;
- The negative effect of the integration of the Supremo Group;
- The recording of the non-recurrent cost of around 7.9 million euros concerning the early repayment of the final tranche of Portucel Senior Notes 5.375%, amounting to 150 million euros.

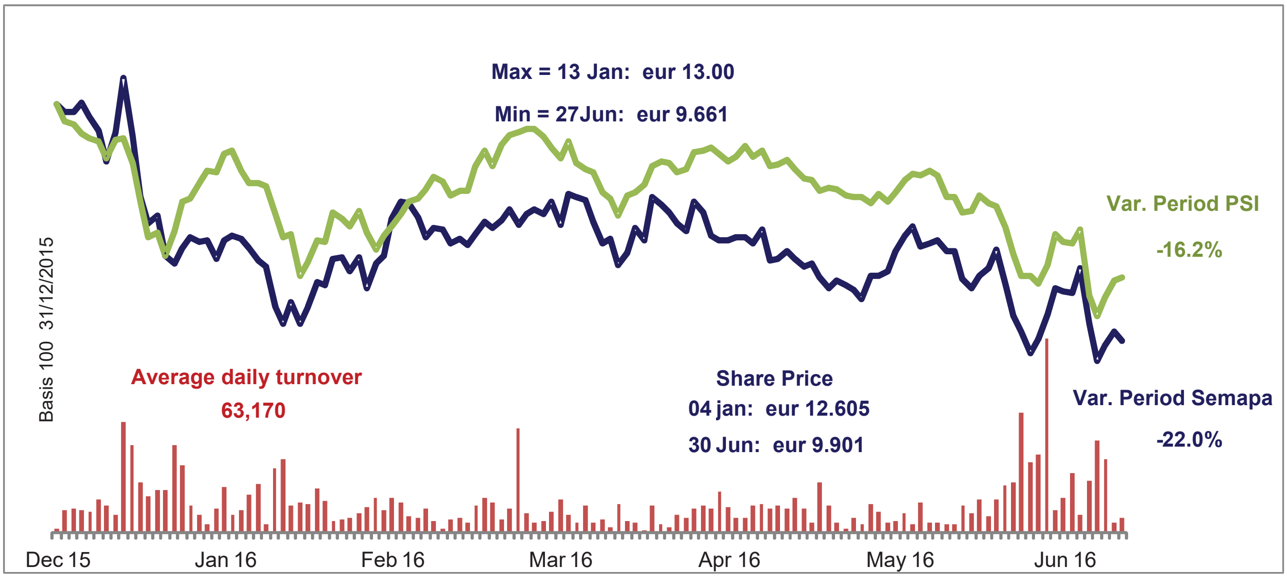
Consolidated Net Income

Consolidated net income in the first half of 2016 attributable to shareholders of Semapa was 47.3 million euros, which represents a reduction of 7.7% year on year. Net income per share stood at 0.582 euros/share, representing a rise of 20.9% on the same period of the previous year, as a result of the cancellation of shares after the first half of 2015.

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

- An increase in total EBITDA of approximately 16.4 million euros;
- An increase in depreciation and impairment losses of 28.1 million euros, reflecting essentially upwards adjustment of the depreciation of some of the Navigator Group's assets, as a result of reassessment of their useful life, and also the depreciation, for the first time, of the new capital projects in Cacia and Vila Velha de Ródão. This account also includes a number of adjustments resulting from the write-off of fixed assets after the fire in Vila Velha de Ródão (1.9 million euros) and the revaluation of assets in Mozambique which resulted in impairment losses of 14.5 million euros, as well as the full consolidation of Supremo.
- Increase of provisions with a value of 12.1 million euros, due essentially to the release of provisions in the same period in the previous year, which proved to be unnecessary;
- An improvement of net financial results by about 10.6 million euros, in relation to the previous year;
- An improvement of about 15.1 million euros in income taxes, due essentially to the fact that in the previous year deferred tax assets related to Semapa's tax losses were reversed.
- The appropriation of lower results from The Navigator Company in the first half of 2016 vs. the previous year (69.40% versus 81.19%, respectively), following the Public Exchange Offer in July 2015.

5 Performance of Semapa Shares on Euronext Lisbon in the 1st Half of 2016



Note: Closing market prices

In the first half of 2016 the capital markets presented a degree of risk aversion and a high level of volatility. The markets reacted to a series of factors, including the evolution of oil price variation and fears prompted by the economic slowdown observed in Asian countries at the start of the year, to the announcement of indicators of poorer growth in certain European Union countries and concerns about the weakness of the banking sector. In late June, the result of the Brexit referendum set off a wave of turbulence, drastically increasing the sense of uncertainty as to the economic and financial outlook.

In this environment, it is no surprise that most of Europe's stock exchanges closed the first half with net losses. The largest losses were recorded in Portugal, where the PSI20 was down approximately 16% as a result of the downwards revision of growth forecasts for the Portuguese economy, questions about execution of the state budget and the possibility of the European Union applying penalties. Some of the same concerns were shared in relation to the Spanish economy, where the main share index, the IBEX 35, closed the first half with a loss of 15%. The surprise turned out to be the performance of the UK stock exchange, where the FTSE closed the period with a gain of 4.2%. On the other side of the Atlantic, shares performed more strongly, with both the US DJI and above all the Brazilian Bovespa index recording gains for the first half.

In this context, the value of Semapa shares in the period decreased 22%, below PSI20 average (-16.6%). The Semapa stock value reached a high of 13.00 euros on 13 January, and a low of 9.661 euros on 27 June.

6 Subsequent Events

- From 30 June 2016 until now, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. purchased 62,428 own shares, and now owns 586,329 shares, 0.721% of its share capital.
- At the end of July the International Financial Corporation – IFC – acquired a stake in Portucel Moçambique, by subscribing the initial amount of 5 million USD. IFC's confirmation of its intention to be Navigator's partner in its capital project in Mozambique is an important step forward in implementing the Group's international development plan and serves to endorse the merits of this operation.
- ETSA, through the ITS/LLF consortium, concluded in August with the Food and Veterinary Directorate General (DGAV) the service acquisition contract of 35.993 million euros for the collection of dead animals on the farm, transport to the slaughterhouse and stables, and processing and elimination. The contract shall cover a period of 3 years starting after the written notice has been issued by the Court of Accounts. Until the contract is signed the collection service of dead animals is suspended, as per the DGAV's notice.

7 Outlook

Recent IMF projections revised world growth in 2016 and 2017 downwards. Global economy continues to grow, but expansion is slower and depends on stimulus policies implemented in the developed countries. Factors contributing to uncertainty included the impact of the slowdown in China and other emerging countries in the world economy, the fragility of the banking system and the instability caused by the fall-out from the UK's referendum decision to leave the European Union. The combination of these economic concerns and a series of geopolitical risks could lead investors to postpone decisions, thereby undermining growth.

The projections for Portugal in 2016-2018 suggest continued moderate growth of the economic activity, slightly below projections for the euro area. After a 1.5% growth in GDP in 2015, a 1.3% growth is seen for 2016 (Bank of Portugal – Projections for the Portuguese economy: 2016-2018). The recovery of the Portuguese economy since 2013 has taken place at a moderate pace and it occurs currently in a context of high debt level of the public and private economic agents.

Paper and Pulp

In terms of **paper**, the European market is expected to continue to benefit throughout 2016 from the recent reduction and conversion of capacity at a number of manufacturing facilities in Europe. However, the impact of the anti-dumping proceedings brought by the US authorities has continued to disrupt the balance of supply and demand in a number of geographical regions, with increased pressure in Asia, Latin America, the Middle East and Africa. Restrictions on the circulation of foreign currency and the depreciation of certain currencies in these regions have created additional difficulties. In Europe, the level of paper imports from the Asian markets has been increasing and has intensified the pressure of competition, bringing prices down across the market as a whole.

In addition, the second half of the year will be affected by the high level of uncertainty concerning the impact of Brexit. In addition to the immediate impact caused by the weakness of the sterling, it is possible that further changes will emerge in the pattern of economic growth in Europe, with knock-on effects on employment and paper consumption. After a first half characterized by difficult market conditions for the pulp and paper industry, the second half is certain to bring a series of additional challenges for the market.

After the strong pressure on **pulp** prices in recent months, purchases of pulp appear to be picking up in China and other markets, and the spot price is thought to have reached its lowest point. The growing price differential between short fibre and long fibre pulp, once again close to 100 USD/ton, has led some buyers to buy BHKP pulp again instead of BSKP pulp. However, although the positive impact can still be felt from the planned production stoppages at a number of pulp mills in Brazil in June, supply is still forecast to grow significantly in 2016, 2017 and 2018, which may create renewed pressure in the market in the near future.

In the Iberian **tissue** market, the third quarter is traditionally the period when consumption is highest, especially in the away-from-home segment, due to the high season in the tourist activity and restaurant/catering industry. Macroeconomic trends in Portugal and Spain and their impact on consumption will weigh significantly on the sector's good performance.

The Cacia Project is still under preparation and analysis aiming to invest in a tissue paper production line and the corresponding transformation into an end product, with a nominal production capacity of 70 thousand tons per year and an estimated value of around 120 million euros. The negotiations are ongoing with AICEP on the tax and financial incentives.

The Colombo Energy project for a new **pellet** mill in the US (in Greenwood, South Carolina) went into the commissioning phase starting 18 July and produced its first pellets on 21 July. Continuous operation is due to start up on 22 August. This mill has involved investment of 119.4 million USD, it currently employs 56 workers, expected to rise to 69 once the project hits cruising speed. Sales operations will start up in September, aiming at both the European and American markets, in both the industrial and residential/domestic segments.

At this moment, the project in **Mozambique** is essentially a forestry venture, with the option for a future industrial project involving construction of a large-scale pulp mill. It should be noted that Navigator is currently in the process of reviewing the pace of development for its Mozambican project. This has largely been prompted by recent social and political developments in the country (with significant negative factors emerging in the past six months), but also takes into account the demands of developing a large scale forestry operation in the country.

The political and economic situation in the country is unstable, which presents additional challenges, in terms of the safety of everyone involved and also the security of supplies of products, materials and services needed for the project. Pressure on Metical has resulted in inflation, a problem which became serious in 2015 and continues to increase. As a result of these developments, Navigator decided for the sake of prudence to reassess the value of its assets in Mozambique (recognising an impairment of 18 million euros, of which 3.5 million euros affects EBITDA).

Cement

In **Portugal**, considering the current context and recent macroeconomic data no significant changes in the market segments in which Secil operates are expected to occur in the second half of 2016, which should also be the case for exports.

In **Lebanon**, 2016 should not be very different to 2015. The changes which have occurred in the Middle East have not helped to preserve macroeconomic stability. Despite the slowdown that is expected in residential construction and lower investor confidence, caused by the lingering uncertain political situation in the country and region, the cement market may grow in 2016, which was not expected. However, competition between operators should continue, impacting sales prices.

A 2% growth of the economy is the forecast for **Tunisia**. However, economic growth prospects remain very uncertain due to recent events and the unstable environment. Competition should continue 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 2.5% 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 year got off with increasing diesel and fuel oil prices, together with a 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 difficulty in investments coming to fruition. The economy is expected to decrease around 3.2%.

The Group continues to pursue its policy of sales growth, considering that the new plant began producing in April 2015.

Environment

Considering the current macroeconomic, financial and sectorial environment, current conditions are envisaged to remain unchanged in the medium term in the sector operated by the ETSA Group, insofar as consumption of foodstuffs are maintained (due to actual increase or simply to changes in the average shopping basket), the animal slaughter rate remains stable, after a period of reinvestment in the main collection centres and especially after the implementation of gradual import replacement mechanisms which, consequently, will allow the volume of by-products generated to be maintained. However, the competition between operators in arranging raw material, which is scanty, will remain intense, because of the pronounced overcapacity of industrial processing.

The temporary suspension by the Government of the SIRCA dead animal collection service will affect, albeit lightly, the results of ETSA as member of the Consortium that provides this service. The public health risks that the lack of this service represent and the provisional solution of burying the dead animals lead us to believe that the Government will not allow the situation to continue for much longer. Meanwhile, the entry into force of the new contract is pending the approval of the Court of Accounts.

The ETSA Group’s prime objectives in the short term include (i) concentrating on the horizontal expansion of its production and destination markets (exports accounted for around 50.4% of total accrued sales on 30 June 2016), (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 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, 31 August 2016

The Directors