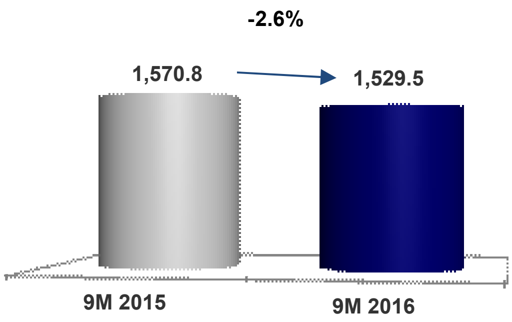
Presentation of Results

First 9 Months of 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:

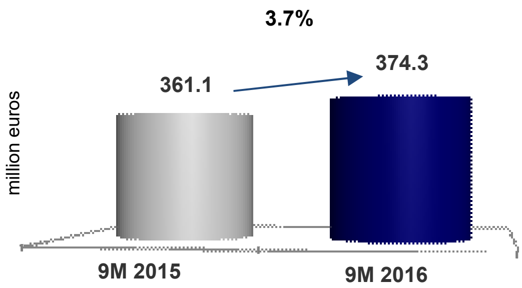


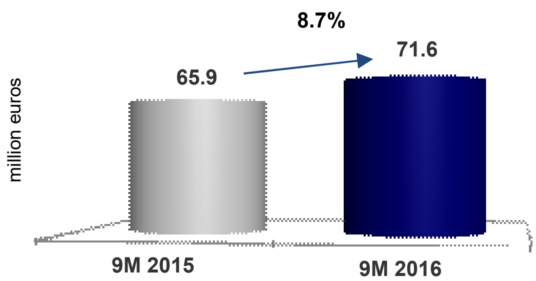
Turnover

In the first 9 months of 2016 the Semapa Group recorded a consolidated turnover of 1,529.5 million euros, a decrease of 2.6% from the same period in the previous year. Exports and foreign sales amounted to 1,190.5 million euros: 77.8% of turnover.

EBITDA

Total EBITDA for the first 9 months of 2016 rose by about 3.7% in relation to the same period in the previous year, standing at 374.3 million euros. The consolidated EBITDA margin stood at 24.5%, 1.5 p.p. higher than that in the previous year.





Net income

Net income totalled 71.6 million euros, up by 8.7%. The EBITDA increase, improved financial results and income tax comparing favourably, more than offset the effects of depreciation and provisions and the decrease in Navigator's stake after July 2015.

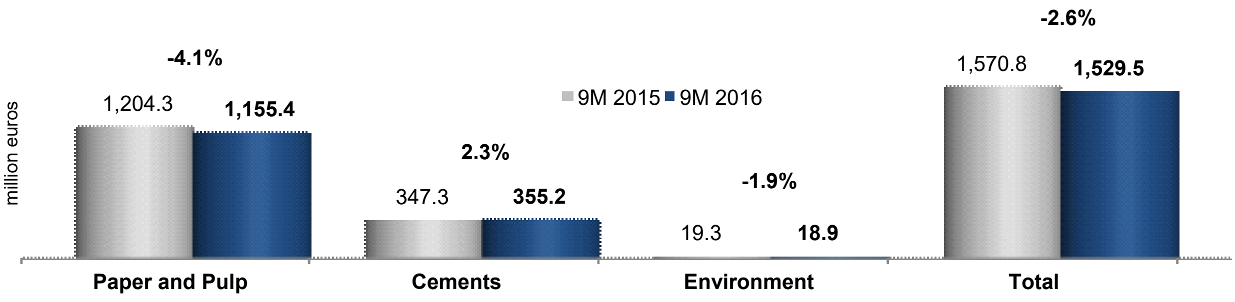
Leading Business Indicators

IFRS - accrued amounts (million euros)	9M 2016	9M 2015	Var.	Q3 2016	Q3 2015	Var.
Turnover	**1,529.5**	**1,570.8**	**-2.6%**	**506.7**	**541.1**	**-6.4%**
Total EBITDA	**374.3**	**361.1**	**3.7%**	**133.9**	**137.1**	**-2.3%**
EBITDA margin (%)	24.5%	23.0%	1.5 p.p.	26.4%	25.3%	1.1 p.p.
Depreciation and impairment losses	(176.2)	(141.1)	-24.9%	(57.8)	(50.8)	-13.8%
Provisions (increases and reversals)	(2.3)	11.9	<-100%	(0.2)	1.8	<-100%
EBIT	**195.8**	**231.9**	**-15.6%**	**75.8**	**88.1**	**-13.9%**
EBIT margin (%)	12.8%	14.8%	-2.0 p.p.	15.0%	16.3%	-1.3 p.p.
Net financial profit	(57.0)	(104.1)	45.3%	(17.3)	(53.8)	67.9%
Profit before tax	**138.8**	**127.7**	**8.7%**	**58.5**	**34.3**	**70.6%**
Income tax	(22.7)	(26.4)	14.0%	(16.7)	(5.3)	<-100%
Retained profits for the period	116.1	101.4	14.6%	41.8	29.0	44.1%
Attributable to Semapa shareholders	**71.6**	**65.9**	**8.7%**	**24.3**	**14.6**	**66.1%**
Attributable to non-controlling interests (NCI)	44.6	35.5	25.5%	17.5	14.4	21.8%
Cash-flow	294.7	230.6	27.8%	99.8	78.0	28.0%
	30-09-2016	**31-12-2015**	**Sep 16 vs. Dec15**			
Equity (before NCI)	760.1	716.3	6.1%			
Net debt	**1,839.9**	**1,803.0**	**2.0%**			

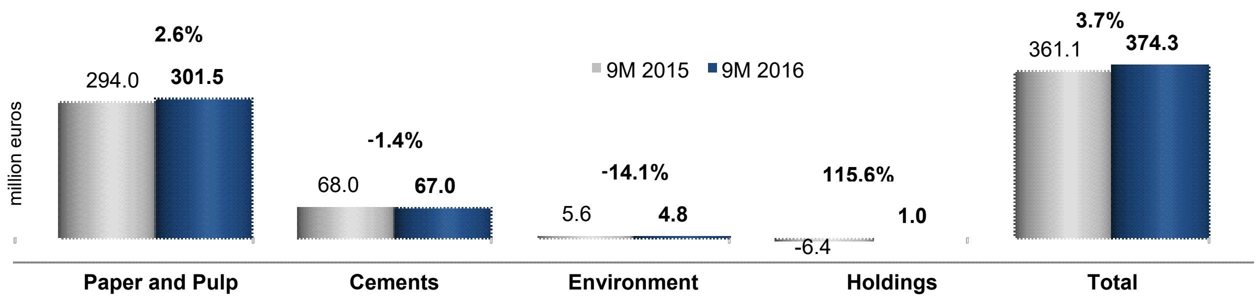
Notes:

- Total EBITDA = operating profit + depreciation and impairment losses + provisions (increase and reversal)
- Cash flow = retained earnings for the period + 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

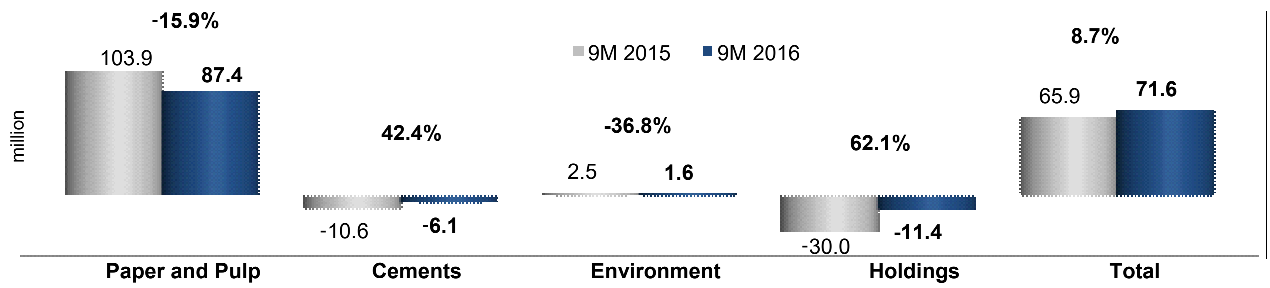
Consolidated Turnover Contribution



Consolidated EBITDA Contribution



Consolidated Net Income Contribution



2 Main Developments

- 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), for the duration of 3 years, the service acquisition contract for the collection of dead animals on the farm, transport to the slaughterhouse and stables, and processing and elimination, amounting to 35.993 million euros.
- 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 of 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 approximately 26.7 million euros (32.9 cents per outstanding share).
- Between 1 January 2016 and 30 September 2016, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. purchased 956,322 own shares, an investment of approximately 10 million euros. Semapa completed the third quarter with 586,329 own shares in the portfolio, representing 0.721% of its share capital.

3 Operational Performance

Breakdown by Business Segments

IFRS - accrued amounts (million euros)	Paper and Pulp		Cement		Environment		Holdings		Consolidated
	9M 2016	9M 16/15	9M 2016	9M 16/15	9M 2016	9M 16/15	9M 2016	9M 16/15	9M 2016
Sales	**1,155.4**	**-4.1%**	**355.2**	**2.3%**	**18.9**	**-1.9%**	**-**	**-**	**1,529.5**
Total EBITDA	**301.5**	**2.6%**	**67.0**	**-1.4%**	**4.8**	**-14.1%**	**1.0**	**115.6%**	**374.3**
EBITDA margin (% Sales)	26.1%	1.7 p.p.	18.9%	-0.7 p.p.	25.2%	-3.6 p.p.			24.5%
Depreciation and impairment losses	(132.0)	-24.1%	(41.9)	-29.1%	(2.2)	-0.7%	(0.1)	13.2%	(176.2)
Provisions (increases and reversals)	(3.0)	-134.6%	0.6	128.5%	-	100.0%	-	-100.0%	(2.3)
EBIT	**166.6**	**-15.1%**	**25.8**	**-22.8%**	**2.6**	**-22.2%**	**0.9**	**178.7%**	**195.8**
EBIT margin (% Sales)	14.4%	-1.9 p.p.	7.3%	-2.4 p.p.	13.6%	-3.5 p.p.			12.8%
Net financial profit	(16.6)	63.0%	(27.8)	19.6%	(0.5)	27.2%	(12.1)	49.5%	(57.0)
Pre-tax profits	**150.0**	**-0.9%**	**(2.0)**	**-70.7%**	**2.1**	**-20.9%**	**(11.3)**	**55.2%**	**138.8**
Tax on profits	(24.0)	-32.3%	2.0	161.6%	(0.5)	-220.4%	(0.1)	97.7%	(22.7)
Retained profits for the period	126.0	-5.4%	(0.0)	99.1%	1.6	-36.8%	(11.4)	62.1%	116.1
Attributable to Semapa equity holders	**87.4**	**-15.9%**	**(6.1)**	**42.4%**	**1.6**	**-36.8%**	**(11.4)**	**62.1%**	**71.6**
Attributable to minority interests	38.5	31.5%	6.0	-2.9%	0.0	-	-	-	44.6
Cash-flow	260.9	13.0%	41.2	36.2%	3.8	-20.3%	(11.2)	68.2%	294.7
Net debt	**723.4**	**10.5%**	**496.5**	**8.6%**	**17.5**	**-3.8%**	**602.5**	**-10.5%**	**1,839.9**

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 27 October 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)	9M 2016	9M 2015	Var.
Turnover	**1,155.4**	**1,204.3**	**-4.1%**
EBITDA	**301.5**	**294.0**	**2.6%**
EBITDA margin (%)	26.1%	24.4%	1.7 p.p.
Depreciation and impairment losses	(132.0)	(106.3)	-24.1%
Provisions (increases and reversals)	(3.0)	8.6	-134.6%
EBIT	**166.6**	**196.3**	**-15.1%**
EBIT margin (%)	14.4%	16.3%	-1.9 p.p.
Net financial profit	(16.6)	(44.9)	63.0%
Profit before tax	**150.0**	**151.4**	**-0.9%**
Tax on profts	(24.0)	(18.1)	-32.3%
Retained profits for the period	126.0	133.2	-5.4%
Attributable to Navigator shareholders	**126.0**	**133.6**	**-5.7%**
Attributable to non-controlling interests (NCI)	(0.0)	(0.4)	94.5%
Cash-Flow	**260.9**	**231.0**	**13.0%**
	30-09-2016	**31-12-2015**	**Sep 16 vs. Dec15**
Equity (before NCI)	981.1	1,041.7	-5.8%
Net debt	**723.4**	**654.5**	**10.5%**

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)	Q3 2016	Q3 2015
Pulp and paper		
BEKP Output (pulp)	1,111	1,059
BEKP Sales	201	185
UWF Output (paper)	1,195	1,145
UWF Sales	1,156	1,130
FOEX – BHKP Euros/ton	600	724
FOEX – A4- BCopy Euros/ton	820	826
Tissue		
Output of reels for transformation and sales	32	21
Output of finished products	31	26
Sale of reels and other goods	6	2
Sale of finished products	31	28

In the first nine months of 2016, the turnover of Navigator stood at 1,155.4 million euros, compared to 1,204.3 million euros in the same period of the previous year. The drop in total sales arises mainly from less energy sales, after the sales price to the grid from the natural gas co-generation plant in Figueira da Foz were reviewed. In the paper business, Navigator stood out once again for the strong sales volume, setting a new record. Pulp and tissue paper turnover also evolved positively.

Although the significant decrease in capacity of the European industry fostered an improvement by 1 pp in the capacity utilisation rates, the **paper** business underwent in 2016 a deterioration in the UWF paper market conditions, pointing at approximately 4% less apparent consumption and a rise in total imports to the European market of more than 25%. Paper imports from Asia grew significantly, particularly in office paper, having driven global prices down. In this adverse context, Navigator sales of UWF paper stood at 1,155.5 thousand tons, a 2.2% increase compared to the first 9 months of 2015, thus reaching a new peak in terms of volume. Navigator increased its European sales while achieving significant growth in sales to international markets. The European A4 copy-B price index performed well (up by 1.4%), whilst Navigator's average price for Europe was in line with the previous year. Average price for the Group for all markets, however, was down on the previous year, largely due to unfavourable developments in the format mix. Paper sales amounted to 890 million euros, a new record for the period.

In the bleached eucalyptus **pulp** (BEKP) business, market conditions remained adverse during the first 9 months of 2016 and the reference prices of hardwood pulp (PIX – BHKP) at the end of September in Euros had dropped by 15% and in USD by 18%. However, Navigator had a sound operating performance, with volume of pulp placed on the market amounting to 201 thousand tons, pointing to a rise of 9% 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 was also reflected in the Group's average sales price; in terms of value, sales dropped 3%.

In the **energy** business the first 9 months of 2016 featured the completion of the maintenance and repair work on the turbogenerators at the Cacia and Setúbal pulp mills. 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. Accordingly, total gross power generation in the period was down by 12.3% in relation to the same period in 2015.

From February, and as forecasted, natural gas cogeneration at Figueira da Foz switched to an own-consumption only basis, reducing the volume of power sales to the national grid, while reducing purchases of electricity for one of the paper mills. Power sales decreased in volume (MWh) by 22.4%. Several effects of energy purchase and sales, and the decrease in fuel purchase, mostly natural gas, have pulled the EBITDA down by about 8.1 million euros in relation to the same period in 2015.

In the **tissue** business unit, sales volume of goods and merchandise from the Vila Velha de Ródão plant grew approximately 27% in the first 9 months of 2016 (in tons sold), 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 close to 50 million euros.

The Navigator Group's EBITDA evolved favourably to 301.5 million euros in the first 9 months of 2016, which represents an increase of around 2.6% compared to the same period of the previous year and represents an improvement in the margin of 1.7 pp to 26.1%.

On the inputs side, the average purchase price of wood for the Group increased. Although the specific consumption improved, the rise in the consumption of imported wood and the deterioration of the supply mix caused the overall cost of purchase to rise. The import of wood from the Iberian Peninsula and outside is still necessary to make up for the gaps in the domestic market, while forest activity was also affected by this summer’s wild fires.

Equal to the first half of the year, logistical costs for paper were brought down due to falling oil prices, increased use of ports closer to the mills (Setúbal and Figueira) and improvements in cross-cutting procedures and greater efficiency in the Group's trade operations.

Personnel costs grew by approximately 5.2 million euros in relation to the first 9 months of 2015, which was expected as the workforce increased by 401, to a total of 3,063 employees by the end of September, 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 and other non-recurrent impacts, personnel costs comparing 2015 to 2016 would have decreased by around 0.8 million euros, i.e. less 1%.

In addition to the operating performance described above, EBITDA in the period is the result of several non-recurrent elements, namely:

- Revaluation of biological assets in Portugal had a positive impact of around 10.5 million euros, resulting essentially from the adjustment of the discount rate;
- Impairment of biological assets in Mozambique brought down EBITDA by 3.5 million euros (the total amount of impairments in Mozambique was approximately 18 million euros, with the outstanding amount recognised under Depreciation, amortisation and impairments).
- The fire at the tissue mill in Vila Velha de Ródão in May impacted EBITDA negatively by 2.4 million euros;
- The indemnity payments received for the breakdown of TG3 e TG4 in Cacia in 2015 added 2.3 million euros to EBITDA.

The EBITDA in the first 9 months of 2016, the impact of the aforementioned non-recurrent elements aside, was approximately the same compared to the same period in the previous year.

Cement

Summary table of financial indicators

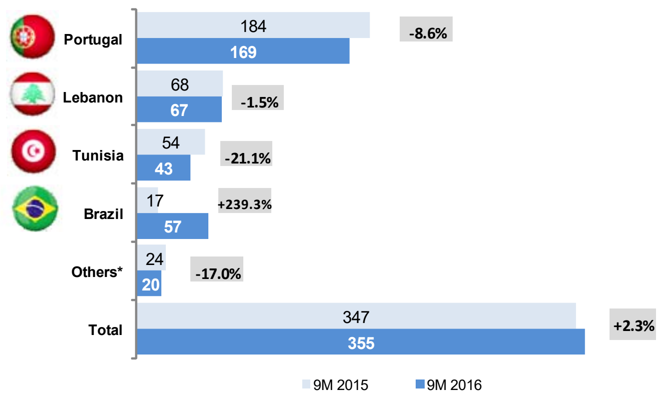
IFRS - accrued amounts (million euros)	9M 2016	9M 2015	Var.
Sales	**355.2**	**347.3**	**2.3%**
EBITDA	**67.0**	**68.0**	**-1.4%**
EBITDA Margin (%)	18.9%	**19.6%**	**-0.7 p.p.**
Depreciation and impairment losses	(41.9)	(32.4)	-29.1%
Provisions (increases and reversals)	0.6	(2.2)	128.5%
EBIT	**25.8**	**33.4**	**-22.8%**
EBIT Margin (%)	7.3%	9.6%	-2.4 p.p.
Net financial profit	(27.8)	(34.5)	19.6%
Pre-tax profit	**(2.0)**	**(1.2)**	**-70.7%**
Tax on profits	2.0	(3.2)	161.6%
Retained profits for the period	(0.0)	(4.3)	99.1%
Attributable to Secil equity holders	**(6.1)**	**(10.6)**	**42.4%**
Attributable to non-controlling interests (NCI)	6.0	6.2	-2.9%
Cash-flow	**41.2**	**30.3**	**36.2%**
	30-09-2016	**31-12-2015**	**Sep 16 vs. Dec15**
Equity (before NCI)	439.1	426.1	3.0%
Net debt	**496.5**	**457.4**	**8.6%**

Notes:

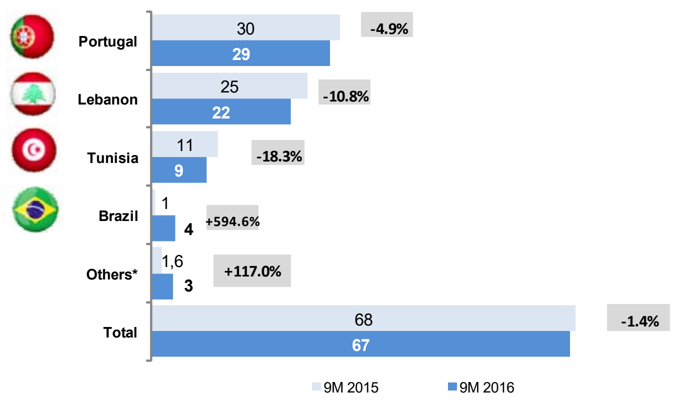
- Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.
- The integration of the Supremo Group in the Semapa consolidated financial statements for 2015, taking into account that the acquisition of the remaining 50%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

in 1 000 t	9M 2016	9M 2015	Var.
Annual cement production capacity	9,750	9,750	0%
Sales			
Grey cement	3,845	3,456	11%
White cement	61	61	-1%
Clinker	351	324	8%
Aggregates	1,880	1,556	21%
Precast concrete	45	21	108%
Mortars	82	77	6%
Hydraulic lime	6	20	-68%
Mortar fixative	18	12	57%
in 1 000 m3			
Ready-mixed	909	1,005	-10%

In the first 9 months of 2016, the turnover in the Cement business area was 355.2 million euros, 2.3% 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 positive impact on turnover, which in the first 9 months of 2016 amounted to 57.1 million euros in this part of the World.

EBITDA stood at 67.0 million euros, which translated into a decrease of around 0.9 million euros in relation to same period in 2015. EBITDA dropped essentially as a result of operations in Portugal, where this indicator decreased around 1.5 million euros, and in Lebanon, where it dropped 2.7 million euros. In the first 9 months of 2016, the EBITDA margin stood at 18.9%, 0.7 p.p. down on the same period in the previous year.

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 1.1% growth is seen for 2016 (Bank of Portugal – October 2016 Economic Bulletin). The Construction Production Index (INE – Indices of Production, Employment and Remuneration in Construction – August 2016) was down by 3.7% in August 2016, on a year-on-year basis.

According to the latest figures available, cement consumption in mainland Portugal was down by 5.2% year on year. It is thus estimated that the market reached approximately 1.9 million tons.

In this environment, turnover for overall operations in Portugal during the first 9 months of 2016 was down by 8.6% compared to the previous year, totalling 168.6 million euros.

In the *Cement* business in Portugal, including sales in Portugal and exports, although the amounts sold in the domestic market increased 2.8% in relation to figures in the first 9 months of 2015, the quantities sold for export dropped around 6.7%, compared to the same period in 2015. Consequently, the turnover of the whole unit dropped 4.6%, resulting in 112.8 million euros in the first 9 months of 2016. This was mostly the 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 9 months of 2016 stood at approximately 55.7 million euros, down by 15.7% in relation to the same period of the previous year.

Mention should be made to the *Ready-mix concrete* business unit, which dropped 26.6% in comparison with the same period of 2015, with turnover amounting to 34.4 million euros in the first 9 months of 2016, resulting from less amounts sold once the Marão Tunnel project was completed. Additionally, sales in the first 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 and 3rd quarter, which helped accumulated sales on September 2016 to pick up slightly compared to the same period in 2015 (excluding the Marão Tunnel effect).

In the first 9 months of 2016, EBITDA for total operations in Portugal was down by 4.9% over the same period in 2015, at 28.7 million euros vs. 30.2 million euros.

The *Cement* business unit in Portugal recorded EBITDA of 25.8 million euros, slightly up on the figure recorded in the first 9 months of 2015. This includes CO_2 license sales (in September 2016, 2.4 million euros of gains were recorded, whereas in the same period of the previous year sales had amounted to 1.6 million euros) 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 and Others* business units was approximately 2.9 million euros, against 4.5 million euros over the same period in the last 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. According to the latest figures published by the IMF, the Lebanese economy is expected to grow by 1% in 2016, as was the case in 2015 (World Economic Outlook, IMF October 2016).

As regards cement consumption in the first 9 months of 2016, the market grew 7.6%, unlike what happened in 2015. This was due to more favourable weather conditions in the first quarter of 2016 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 dropped in the third quarter of 2016.

Turnover on combined operations in Lebanon decreased 1.5% compared to the same period in the previous year, amounting to around 67.3 million euros.

The sales of *Cement and Clinker* totalled 823 thousand tons, up by 1.0% compared to the same period in 2015. The competitive nature of the market has been challenging, reflecting in the 2.6% fall of average prices in the local currency. Turnover dropped by approximately 0.7%, totalling 62.3 million euros.

The turnover of the *Concrete* business unit in the first 9 months of 2016 dropped 11.1%, to 5.0 million euros, with a performance below that of the same period in the previous year, as a result of the decrease in the amounts sold by around 3.3% and the drop in sales price.

In the first 9 months of 2016, total EBITDA from operations in Lebanon stood at 22.3 million euros, down by 10.8% in relation to the previous year.

The drop in EBITDA arose from less clinker and cement produced. Clinker production was down due to the programmed shut down of line 2 in Q1 to fit in the bag filter. The *Cement* unit recorded EBITDA of 22.1 million euros, down by 9.8% over the figure recorded in the same period in 2015.

In **Tunisia**, after the political transition, the economic transformation required to ensure sustained growth remains to be concluded. According to the latest figures published by the IMF, the Tunisian economy is expected to grow by 1.5% in 2016, above the 0.8% figure registered in 2015 (*World Economic Outlook*, IMF October 2016).

The climate of uncertainty impacted cement consumption, which dropped about 3.7% in the first 9 months 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 9 months of 2016 stood at approximately 42.7 million euros, representing a 21.1% fall on a year-on-year basis.

The turnover of the *Cement and Clinker* business unit dropped approximately 23.5%, and stood at 37.1 million euros, due to the decrease in turnover in the domestic and external market. Amounts sold were down by about 9.6% in the domestic market and exports were down by 45.9%. The aforementioned constraints and greater competition determined the pace of sales of this unit.

The turnover of the *Concrete* business unit in the first 9 months of 2016 dropped 1.8% to 5.3 million euros, with a performance below that of the same period in the previous year. As a result, the amounts sold rose around 6.2% and the sales price dropped.

EBITDA from business operations in Tunisia in the first 9 months of 2016 stood at 8.7 million euros, down by 18.3% in comparison with the same period of the previous year. It should be noted that 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.

The outlook for 2016 for **Angola** is gloomy. The IMF expects the Angolan economy to not grow in 2016 (World Economic Outlook, IMF October 2016). 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, maintain a rather negative image for the construction and public works sector.

The cement market in Angola was not immune to these difficulties and in the first 9 months of 2016 it had dropped around 31.8%, 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 20.7% in relation to the same period of the previous year, amounting to 122.5 thousand tons of cement sold. This decrease was due to market contraction, considering the current conditions of the Angolan economy. Turnover amounted to 14.8 million euros in total, down by 21.3% compared to the first 9 months of 2015. This decrease is negatively influenced by the depreciation of the kwanza against the euro by 6.2 million euros. The exchange rate effect aside, the turnover would have been 12% more than in the first 9 months of 2015, as the sales price increased significantly (+48%), 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. Such improvement helped to offset the rise in variable unit costs due to: i) higher clinker import cost (arising from the devaluation of the kwanza); and ii) significantly higher energy and fuel costs.

The combined effect of the factors previously mentioned resulted in the improvement of the EBITDA, which reached 2.4 million euros in the first 9 months of 2016, compared to 1.1 million euros in the same period of the previous year.

The economy of **Cape Verde** is expected to grow by 3.6% in 2016, a value higher than the 1.8% recorded in 2015 (World Economic Outlook, IMF October 2016). According to available data, cement consumption in the first 9 months of 2016 is believed to have grown 15% in relation to the same period of the previous year.

Turnover for combined operations in the country in the first 9 months of 2016 stood at approximately 4.7 million euros, representing a 0.1% fall on a year-on-year basis. EBITDA amounted to 1.0 million euros, representing an increase of 116.8%.

In the 9 months of 2016, the effect of the consolidation of all activities in **Brazil** developed by the Supremo Group[1] on turnover was of 57.1 million euros. EBITDA stood at 3.9 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 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)	9M 2016	9M 2015	Var.
Sales	**57.1**	**42.4**	**34.8%**
EBITDA	**3.9**	**(2.9)**	**>100%**
EBITDA Margin (%)	6.8%	-6.8%	13.6 p.p.
Depreciation and impairment losses	(8.5)	(4.8)	-76.4%
Provisions (increases and reversals)	(0.1)	(0.0)	<-100%
EBIT	**(4.7)**	**(7.7)**	**39.0%**
EBIT Margin (%)	-8.3%	-18.3%	10.0 p.p.
Net financial profit	(10.3)	(21.0)	50.9%
Profit before tax	**(15.0)**	**(28.7)**	**47.7%**
Tax on profits	2.7	8.1	-67.0%
Retained profits for the period	(12.4)	(20.6)	40.1%
Attributable to Supremo equity holders	**(12.4)**	**(20.6)**	**40.1%**
Attributable to minority interests (MI)	-	-	
Cash-flow	**-3.7**	**-15.8**	**76.2%**
	30-09-2016	**31-12-2015**	**Sep 16 vs. Dec15**
Equity (before MI)	162.6	151.1	7.6%
Net debt	**143.5**	**121.0**	18.6%

Recent IMF projections point to a contraction of the Brazilian economy of 3.3% in 2016 (World Economic Outlook, IMF, October 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 context, the construction industry was naturally affected: less works and projects, with an impact on cement consumption. Recent information (SNIC – September 2016) about the cement market in Brazil suggests a drop in the market in the first 9 months of 2016 of around 12.9%. In the south of Brazil, the core market of the Supremo Group, the decrease amounted to 4.7%.

In the first 9 months of 2016, total operations by the Supremo Group generated turnover of 57.1 million euros, of which 47.9 million euros from cement and clinker and 9.2 million euros from ready-mixed concrete. It should be noted that the Adrianópolis plant began production only in late April 2015 and, consequently, the average daily sales volume increased. During the period under analysis, 851.6 thousand tons of cement and clinker and 161 thousand tons of ready-mixed concrete were sold.

In the first 9 months of 2016, EBITDA stood at 3.9 million euros, compared to a negative figure of 2.9 million euros in the same period of the previous year.

When the new plant began operating, depreciation rose from 4.8 million euros in the first 9 months of 2015 to 8.5 million euros at the end of the first 9 months of 2016.

Net financial charges of the Supremo Group stood at a negative figure of 10.3 million euros at the end of the third quarter of 2016 *vs*. the negative value of 21 million euros on the same period in the previous year, positively influenced by foreign exchange gains.

Consequently, net income for the first nine months of 2016 totalled the negative figure of 12.4 million euros, representing an improvement of around 8.3 million euros compared to the same period in the previous year.

At the end of the third quarter of 2016, net debt of the Supremo Group amounted to 143.5 million euros, which translated an increase of 22.5 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)	9M 2016	9M 2015	Var.
Turnover	**18.9**	**19.3**	**-1.9%**
EBITDA	**4.8**	**5.6**	**-14.1%**
EBITDA margin (%)	25.2%	28.8%	-3.6 p.p.
Depreciation and impairment losses	(2.2)	(2.2)	-0.7%
Provisions (increases and reversals)	-	(0.1)	100.0%
EBIT	**2.6**	**3.3**	**-22.2%**
EBIT margin (%)	13.6%	17.1%	-3.5 p.p.
Net financial profit	(0.5)	(0.7)	27.2%
Profit before tax	**2.1**	**2.6**	**-20.9%**
Tax on profits	(0.5)	(0.2)	-220.4%
Retained profits for the period	1.6	2.5	-36.8%
Attributable to ETSA shareholders	**1.6**	**2.5**	**-36.8%**
Attributable to non-controlling interests (NCI)	-	-	-
Cash-Flow	**3.8**	**4.7**	**-20.3%**
	30-09-2016	**31-12-2015**	**Sep 16 vs. Dec15**
Equity (before NCI)	64.1	62.5	2.5%
Net debt	**17.5**	**18.1**	**-3.8%**

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 18.9 million euros in the first 9 months of 2016, down by around 1.9% in comparison with the same period in 2015.

The reduction is the result of less 6.0% of consolidated services delivered, mostly due to the Government's decision to cancel temporarily and exceptionally the official SIRCA collection from 26 August to 4 October.

In the first 9 months of 2016, the EBITDA of the ETSA Group totalled about 4.8 million euros, which represented a decrease of around 14.1% compared to the same period of 2015, in spite of the rise in the collection and production/processing activity, cumulatively due to: i) the suspension of the SIRCA service, ii) narrower commercial margins of sales, caused by the rise in the cost of raw materials year on year and iii) the reduction in the cost of thermal and mineral fuels used in the industrial conversion process and transport of by-products.

The EBITDA margin stood at 25.2%, down by around 3.6 p.p. over the margin for the same period of 2015.

Net Debt did not drop more since the debt overdue by the Portuguese State on 30 September 2016, concerning the services delivered since December 2015 and until July 2016, amounted to approximately 3.8 million euros.

Holdings (Semapa SGPS and instrumental sub-holdings)

IFRS - accrued amounts (million euros)	9M 2016	9M 2015	Var.
EBITDA	**1.0**	**(6.4)**	**115.6%**
Depreciation and impairment losses	(0.1)	(0.2)	13.2%
Provisions (increases and reversals)	-	5.5	-100.0%
EBIT	**0.9**	**(1.1)**	**178.7%**
Net financial profit	(12.1)	(24.0)	49.5%
Profit before tax	**(11.3)**	**(25.1)**	**55.2%**
Tax on profits	(0.1)	(4.9)	97.7%
Retained profits for the period	(11.4)	(30.0)	62.1%
Attributable to Semapa shareholders	**(11.4)**	**(30.0)**	**62.1%**
Cash-Flow	**-11.2**	**-35.3**	**68.2%**
	30-09-2016	**31-12-2015**	**Sep 16 vs. Dec15**
Net debt	**602.5**	**673.0**	**-10.5%**

In the first 9 months of 2016, EBITDA of the holdings amounted to 1 million euros, comparing favourably with the negative amount of 6.4 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)	30-09-2016	31-12-2015	Var.
Pulp and Paper	723.4	654.5	68.9
Cement	496.5	457.4	39.1
Environment	17.5	18.1	-0.7
Holdings	602.5	673.0	-70.5
Total	**1,839.9**	**1,803.0**	**36.9**

At 30 September 2016, consolidated net debt stood at 1,839.9 million euros, representing an increase of 36.9 million euros from the figure recorded at year-end 2015. Turnover by business area was as follows:

- Pulp and paper: +68.9 million euros, including investments of about 100.6 million euros and the payment of dividends of 170 million euros;
- Cement: +39.1 million euros, reflecting the value of foreign currency denominated debt which increased by 18.3 million euros and the contribution paid to the sellers of Supremo (21 million euros);
- Environment: -0.7 million euros; and
- Holdings: -70.5 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 9 months of 2016 financial results amounted to a negative figure of 57.0 million euros, an improvement of 45.3% in relation to the figure recorded in the same period in the previous year. The positive variation of 47.1 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;
- Interest accrued as a result 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. In September 2015, Navigator had already repaid 200 million euros of the bonds issued, of which 16.2 million euros in costs were recorded in the third quarter of 2015.

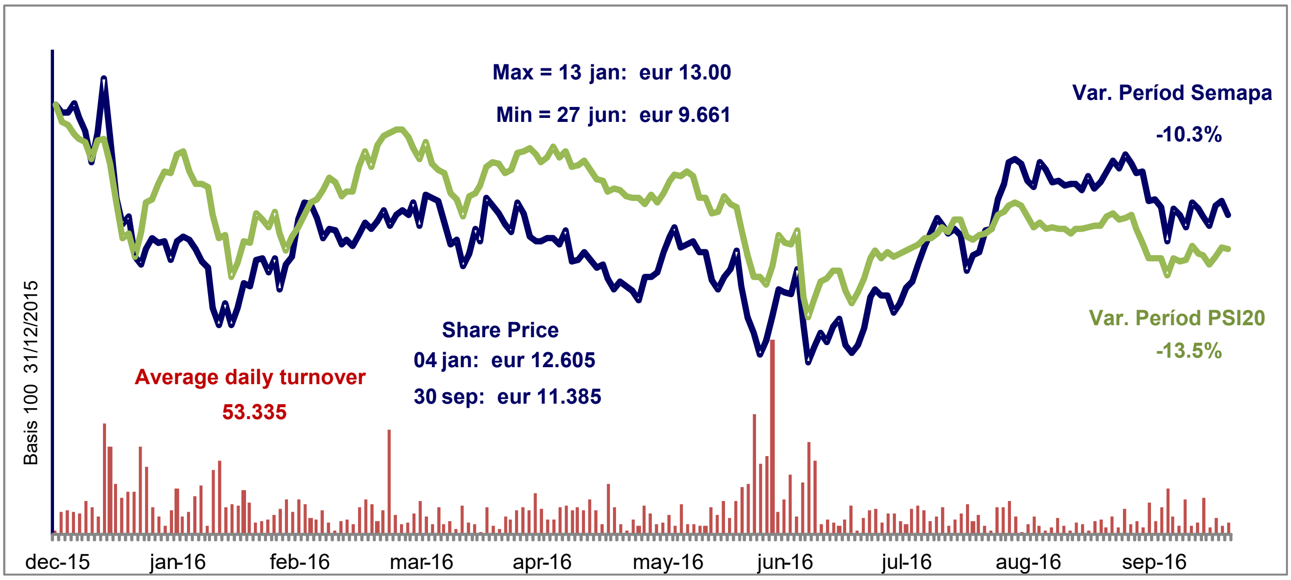
Consolidated Net Income

Consolidated net income in the first 9 months of 2016 attributable to shareholders of Semapa was 71.6 million euros, which represents an improvement of 8.7% compared to the same period in the previous year. Net income per share stood at 0.883 euros, representing a rise of 35.2% on the same period of the previous year, partly explained by the cancellation of shares after the third quarter of 2015.

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

- An increase in total EBITDA of approximately 13.2 million euros;
- An increase in depreciation and impairment losses of 35.1 million euros, reflecting essentially upwards adjustment of the depreciation of some of the Navigator Group's assets and the depreciation, for the first time, of the new capital projects in Cacia and Vila Velha de Ródão, and the full consolidation of Supremo. This account also includes a number of non-recurrent 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;
- Increase of provisions with a value of 14.2 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 47.1 million euros, in relation to the previous year;
- An increase of about 3.7 million euros in income taxes, due essentially to the fact that deferred tax assets related to Semapa’s tax losses were reversed, compared to the same period in the previous year.
- 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 completed in July 2015.

5 Performance of Semapa Shares on Euronext Lisbon



Note: Closing market prices

The first nine months of 2016 presented a degree of risk aversion and a high level of volatility. The markets reacted to a series of factors, including 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, 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 nine months with net losses, in spite of the recovery in the third quarter. The PSI20 was down by approximately 13.5% 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. The Italian stock exchange index, the FTSE MIB, performed negatively and ended the first 9 months of 2016 with a 23.4% loss. The UK stock exchange did not cease to surprise, as the FTSE ended the period with a 10.5% gain. 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 in the first nine months of 2016.

In this context, the value of Semapa shares in the period decreased 10.3%, above PSI20 average (-13.5%). 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 Outlook

The IMF outlook for global growth for the remaining months of 2016 and 2017 remains pessimistic. 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, much below ECB projections for the euro area (1.7%). After a 1.5% growth in GDP in 2015, a 1.1% growth is seen for 2016 (Bank of Portugal – October 2016 Economic Bulletin). 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

On the side of the **paper** business, European manufacturers are still under much pressure from competition due to increasing imports from the Asian market. Such pressure, alongside the drop in paper pulp prices and decreasing prices of non-integrated paper manufacturers, brought overall market prices down. Navigator also made adjustments to the prices of its products, which will produce effects mostly from the fourth quarter onwards. In this difficult setting, the Group continues to act on the variables within their power, reducing costs, diversifying and broadening its sales base, resorting to multi-channel campaigns to enhance its brands.

In the **pulp** market, some pressure factors felt since the beginning of the year persist, in particular the strong growth in supply estimated for 2016, 2017 and 2018. However, the following are some of the factors which may impact the market positively: possible delay in placing short and long fibre capacity, the growing price differential between short fibre and long fibre pulp, strong pulp purchases in China and closing obsolete capacity by Chinese authorities.

Concerning the project for increasing the pulp capacity, in Figueira da Foz, the pre-engineering studies made during the third quarter were finished, favourably confirming the viability of this option. The project has an estimated amount of global investment of around 82 million euros and envisages enhancing capacity from 70 thousand tons a year to a total capacity of 650 thousand tons of BEKP pulp. The progression of this investment is still pending clarification of additional conditions, namely the availability and access to raw material.

In the Iberian **tissue** market, tendencies in the wider economy in Portugal and Spain, and their impact on consumption, will be crucial to successful performance in this sector in the coming months.

The Colombo Energy project for a new **pellet** mill in the US (in Greenwood, South Carolina) has begun continuous operations and the first shipment will be exported to Europe in the fourth quarter. The preliminary trials for the quality control of the finished product were positive, hinting at premium quality and high calorific fuel. Having secured 10 years of sales corresponding to 40% of the plant's capacity, commercial efforts are still pursued in the industrial market (Europe and possibly Japan/Korea) and in the residential market (Europe and the United States).

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. The country's political and economic environment remains unstable, translating into movement restrictions and safety concerns for staff and the service providers involved in the project, with manifest harm to the pace of operations.

Nonetheless, during the first 9 months of 2016, forestation operations were well underway and 4,400 ha have been planted in Zambézia, mainly backed by the production of plants by Luá forest nursery, which has supplied to date, in 2016, more than 5,3 million cloned eucalyptus saplings. Total area planted to date is estimated at 10,800 ha, 9,100 ha of which in Zambézia. At the same time, the first year of the Social Development Plan was completed successfully, which enabled the implementation on the ground of several support initiatives for families and the communities covered by this Project, which are one of the core pillars of the Group's investment and commitment in Mozambique.

A pilot operation for the export of eucalyptus wood chips from Zambézia through the port of Nacala has been put in place, which will be assessing the mandatory legal procedures for licensing the operation, the service-delivery capacity and the reliability of the country's logistics.

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 coming months, either in the domestic market or in the case of exports, as the economy of the main destination markets is dependent on oil price fluctuations.

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 1.5% growth of the economy is the forecast for **Tunisia**. However, economic growth prospects remain very uncertain due to the unstable environment. Competition should continue intense and increased pressure on sales prices is expected (in the domestic and foreign markets).

The outlook in 2016 for **Angola** is gloomy, as the IMF is not expecting any economic growth in 2016. Although the cement market is expected to drop in 2016, increasing costs will impact clinker producers more than Secil 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 3.3%. 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 sector 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 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 54.6% of total accrued sales on 30 September 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, 27 October 2016

The Directors