Presentation of Results

1st Half 2017

Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.
Public Company
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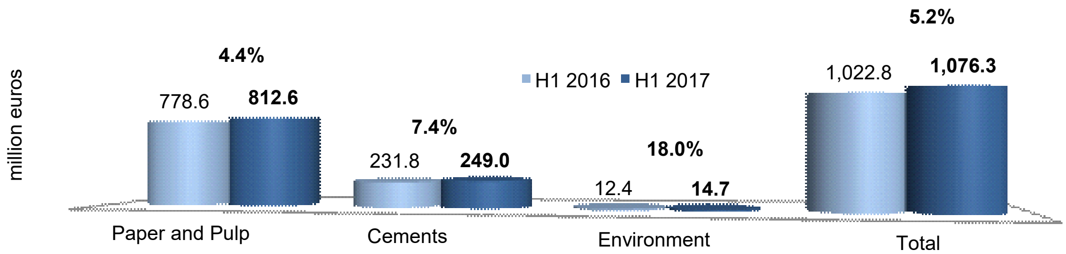
Companies Registry and Corporate Person no.: 502 593 130
Share Capital: 81,270,000 euros

1 Highlights

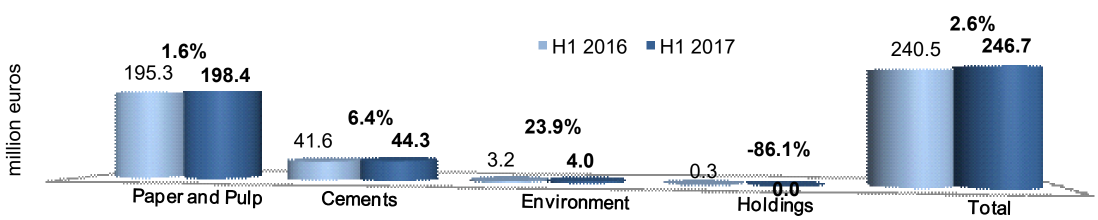
Turnover

In the first half of 2017 the Semapa Group recorded a consolidated turnover of 1,076.3 million euros, an increase of 5.2% from the same period in the previous year. Exports and foreign sales amounted to 821.9 million euros: 76.4% of turnover.



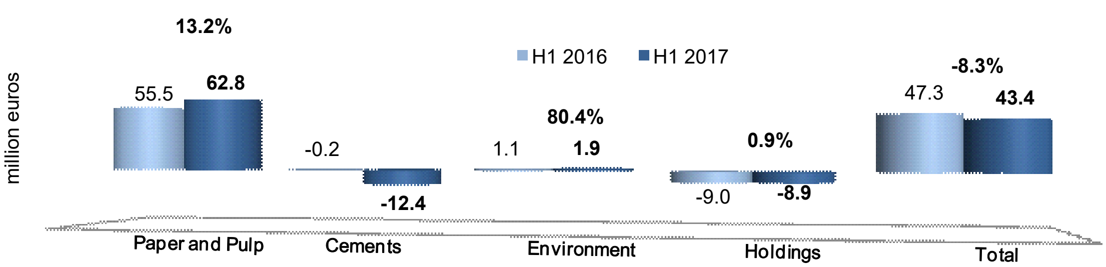
EBITDA

EBITDA in the first half of 2017 grew 2.6% in relation to the same period in the previous year, standing at 246.7 million euros. The consolidated margin stood at 22.9%, 0.6 p.p. lower than in the first half of 2016.



Net results attributable to Semapa equity holders

Earnings before taxes grew 20.0% and net profit attributable to Semapa equity holders stood at 43.4 million euros, down by 8.3% in relation to the same period in the previous year mainly due to the negative trends of profit tax.



Leading Business Indicators

IFRS - accrued amounts (million euros)	H1 2017	H1 2016	Var.	Q2 2017	Q2 2016	Var.
Turnover	**1,076.3**	**1,022.8**	**5.2%**	**554.8**	**526.3**	**5.4%**
Total EBITDA	**246.7**	**240.5**	**2.6%**	**135.6**	**129.9**	**4.3%**
EBITDA margin (%)	22.9%	23.5%	-0.6 p.p.	24.4%	24.7%	-0.3 p.p.
Depreciation and impairment losses	(109.3)	(118.3)	7.6%	(53.7)	(66.7)	19.4%
Provisions (increases and reversals)	(0.5)	(2.1)	74.8%	(0.5)	(1.1)	49.5%
EBIT	**136.9**	**120.0**	**14.1%**	**81.3**	**62.2**	**30.8%**
EBIT margin (%)	12.7%	11.7%	1.0 p.p.	14.7%	11.8%	2.8 p.p.
Net financial profit	(40.6)	(39.7)	-2.2%	(23.0)	(20.5)	-12.5%
Profit before tax	**96.3**	**80.3**	**20.0%**	**58.2**	**41.7**	**39.7%**
Income tax	(20.4)	(5.9)	<-100%	(7.5)	2.2	<-100%
Net profit for the period	75.9	74.3	2.0%	50.7	43.9	15.5%
Attributable to Semapa shareholders	**43.4**	**47.3**	**-8.3%**	**29.1**	**29.7**	**-2.2%**
Attributable to non-controlling interests (NCI)	32.5	27.0	20.1%	21.6	14.2	52.7%
Cash-flow	185.7	194.8	-4.7%	105.0	111.7	-6.0%

	30-06-2017	31-12-2016	Jun17 vs. Dec16
Equity (before NCI)	789.0	817.3	-3.5%
Net debt	**1,798.4**	**1,779.7**	**1.0%**

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

2 Operational Performance

Breakdown by Business Segments

IFRS - accrued amounts (million euros)	Paper and Pulp		Cement		Environment		Holdings		Consolidated
	H1 2017	H1 17/16	H1 2017	H1 17/16	H1 2017	H1 17/16	H1 2017	H1 17/16	H1 2017
Turnover	**812.6**	**4.4%**	**249.0**	**7.6%**	**14.7**	**18.0%**	**-**	**-**	**1,076.3**
Total EBITDA	**198.4**	**1.6%**	**44.3**	**6.4%**	**4.0**	**23.9%**	**0.0**	**-86.1%**	**246.7**
EBITDA margin (%)	24.4%	-0.7 p.p.	17.8%	-0.2 p.p.	27.3%	1.3 p.p.			22.9%
Depreciation and impairment losses	(82.4)	12.0%	(25.4)	-9.7%	(1.4)	5.5%	(0.1)	-3.7%	(109.3)
Provisions (increases and reversals)	(0.2)	86.4%	(0.2)	66.3%	(0.1)	-	-	-	(0.5)
EBIT	**115.8**	**15.5%**	**18.7**	**5.2%**	**2.5**	**43.2%**	**(0.1)**	**-125.2%**	**136.9**
EBIT margin (%)	14.2%	1.4 p.p.	7.5%	-0.2 p.p.	17.0%	3.0 p.p.			12.7%
Net financial profit	(8.3)	38.3%	(24.2)	-45.7%	(0.3)	19.7%	(7.8)	16.1%	(40.6)
Pre-tax profits	**107.5**	**23.8%**	**(5.5)**	**-591.6%**	**2.2**	**57.4%**	**(7.9)**	**13.4%**	**96.3**
Tax on profits	(17.0)	-138.7%	(2.1)	-244.3%	(0.3)	9.1%	(1.1)	<-1000%	(20.4)
Net profit for the period	90.5	13.5%	(7.6)	-396.1%	1.9	80.4%	(8.9)	0.9%	75.9
Attributable to Semapa equity holders	**62.8**	**13.2%**	**(12.4)**	**<-1000%**	**1.9**	**80.4%**	**(8.9)**	**0.9%**	**43.4**
Attributable to minority interests	27.7	14.3%	4.8	70.9%	0.0	80.6%	-	-	32.5
Cash-flow	173.1	-0.9%	18.0	-31.9%	3.4	34.1%	(8.8)	0.9%	185.7
Net debt	**737.9**	**15.2%**	**439.9**	**4.0%**	**16.8**	**6.6%**	**603.8**	**-13.8%**	**1,798.4**

Notes:

- For the purpose of calculating the change in net debt the values of 31.12.2016 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 July 2017. The following are the highlights of that disclosure.

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 2017	H1 2016	Var.
Turnover	**812.6**	**778.6**	**4.4%**
EBITDA	**198.4**	**195.3**	**1.6%**
EBITDA margin (%)	24.4%	25.1%	-0.7 p.p.
Depreciation and impairment losses	(82.4)	(93.6)	12.0%
Provisions (increases and reversals)	(0.2)	(1.4)	86.4%
EBIT	**115.8**	**100.3**	**15.5%**
EBT margin (%)	14.2%	12.9%	1.4 p.p.
Net financial profit	(8.3)	(13.5)	38.3%
Profit before tax	**107.5**	**86.8**	**23.8%**
Tax on profts	(17.0)	(7.1)	-138.7%
Net profit for the period	90.5	79.7	13.5%
Attributable to Navigator shareholders	**90.5**	**79.9**	**13.2%**
Attributable to non-controlling interests (NCI)	0.0	(0.2)	101.2%
Cash-Flow	**173.1**	**174.7**	**-0.9%**
	30-06-2017	**31-12-2016**	**Jun17 vs. Dec16**
Equity (before NCI)	901.3	1,056.0	-14.7%
Net debt	**737.9**	**640.7**	**15.2%**

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 2017	H1 2016	Var.
Pulp and paper			
BEKP Output (pulp)	759.8	743.6	2.2%
BEKP Sales	182.4	129.7	40.6%
UWF Output (paper)	779.8	794.7	-1.9%
UWF Sales	771.8	775.5	-0.5%
FOEX – BHKP Euros/ton	682	649	5.0%
FOEX – A4- BCopy Euros/ton	805	833	-3.3%
Tissue			
Output of reels	28.3	19.1	48.1%
Output of finished products	24.3	20.1	20.6%
Sale of reels and other goods	4.4	3.9	11.2%
Sale finished products	23.7	20.3	16.4%
Total tissue sales	28.0	24.2	15.6%

In the first half of 2017, the turnover of Navigator totalled 812.6 million euros, up by 4.4% over the same period in the previous year, driven by the strong performance in sales of pulp, tissue and energy.

Pulp sales grew around 41%, above 182 thousand tons, an increase driven by strong demand in the period and increased availability of the pulp market at the Cacia plant in relation to the first half of 2016. Throughout the first six months of 2017, pulp prices evolved positively and the benchmark PIX - BHKP index in euros averaged 682 euros/ton as compared to 649 euros/ton in the same period of the previous year. In spite of a positive evolution over the first half of 2017, Navigator's average price in this period remained slightly below the first half of 2016 and pulp sales in value totalled 92 million euros, representing a growth of 40%.

Paper sales also reflected a progressive improvement in market conditions, with order books significantly stronger in Europe. In this setting, Navigator implemented two price rises over the first half, resulting in an improvement in its average prices between December 2016 and June 2017 of approximately 3.3%. However, this improvement is not yet visible in the average value of the market price index, PIX-A4-B copy, which recorded an average price of 805 euros/ton in the first half of 2017 vs. 833 euros/ton in the first half of 2016. In volume, Navigator sold a total of 772 thousand tons of UWF paper, with sales rising significantly from the first to the second quarter, remaining in line with volume in the first half of 2016. In terms of value, paper sales stood at 584.2 million euros, as compared with 604.3 million euros. Attention should be drawn to the improvement in the mix of products sold, with premium segment sales up by 2.4% over the same period of the previous year.

Tissue sales progressed favourably; volume grew 15.6% to around 28 thousand tons, taking full advantage of the expansion in production and converting capacity over the course of 2015. The increase in amounts sold, together with the slight decrease in average sales price, resulted in tissue sales of 37.1 million euros (13% more than in the first half of 2016).

In the first half of 2017, electrical **power** sales stood at 84.2 million euros, increasing by 23% in relation to the first half of 2016, reflecting the normal operation of the renewable cogeneration facilities in Cacia and Setúbal. It should be recalled that power sales in the first half of 2016 were adversely affected by (i) the stoppage of TG3 at the renewable cogeneration plant at the Setúbal pulp mill; (ii) the breakdown in TG4 at the cogeneration plant at the Cacia pulp mill. Electrical power sales also benefited from the rise in the reference Brent price year on year, which influences the index directly.

Total gross power output was up by 8.7% in the first half of 2017 in relation to the same period in 2016, driven in particular by the increase in renewable cogeneration output at the Cacia pulp mill (+44.8%) and in renewable cogeneration at the Setúbal pulp mill (+52.3%). The biomass power stations in Cacia and Setúbal, exclusively dedicated to generating power sales to the national grid, also enjoyed strong performance, with gross output rising by 6.5% and 9.1% respectively.

In its new **pellets** production business in the United States, Navigator recorded its first sales in 2017, achieving a sales volume of 65 thousand tons by the end of the first half, with turnover of approximately 7.4 million euros. The plant is still at the start-up phase, and has experienced some initial problems in the production and marketing of pellets. Taking a prudent approach, Navigator decided to recognize these impacts in its accounts during its first operating first half, recording a total of 2.0 million euros in non-recurrent and extraordinary costs, with EBITDA contribution from this business still negative at this point.

In the first half of 2017, the EBITDA of Navigator was 198.4 million euros, 1.6% higher than the figure for the same period of the previous year, reflecting a 24.4% margin. The global effort to reduce costs and increase productivity contributed to this EBITDA level. In the first half, Navigator raised the number of initiatives under the cost reduction programme and managed to save around 10 million euros compared to the same period in the previous year. In terms of wood costs, Navigator recorded an overall improvement in average production costs due to the reduction achieved in purchase prices, which offset the increase in specific consumption, resulting from the use of wood from sources offering poorer industrial performance.

In terms of the forest fires which occurred in June in the municipalities of Pedrógão Grande, Góis and Sertã, estimates point to a burned area of around 50 thousand hectares, with roughly 800 hectares of Navigator forests affected. Although the direct impact of this fire on the Group's forest holdings was not significant, several Portuguese suppliers have been affected, and it is still too early to evaluate the possible impact of these fires on future years. In any case, no risks are currently anticipated to the supply of wood to the Navigator's industrial plants.

The Navigator Company and Altri were involved from the outset in fighting the wildfires which occurred in Portugal in June this year, deploying the specialist fire-fighting teams operated by Afocelca. The loss of human life as a result of these fires was tragic and unparalleled in the country's history, and both companies are united in wishing to support all those affected by these terrible events.

To this end, Navigator and Altri decided to contribute one million euros, of which half a million euros will go to a special fund set up by the Calouste Gulbenkian Foundation to help civil society organizations in the Pedrógão Grande region. This contribution is designed to minimize the consequences of the fires and tragedy which affected the municipalities of Pedrógão Grande, Figueiró dos Vinhos and Castanheira de Pera. The two forestry Companies also decided to invest restoring the hillsides, water courses and forest infrastructures in the areas affected by the fires, as set out in a technical plan for 12 distinct measures, and will also place the expertise of their staff at the disposal of these efforts.

In the first half of 2017, depreciations and impairment losses of Navigator totalled 82.4 million euros, as compared with the figure of 93.6 million euros year on year. Although only beginning to amortize investments made, namely of Colombo Energy assets, the extension of the useful life of Navigator's assets in the second half of 2016, extending the depreciation deadline and the recording of an impairment in the tangible fixed assets of Mozambique in the first half of 2016 resulted in the reduction in this item's value.

Net financial results for the first half evolved favourably, down to -8.3 million euros in the first half of 2017, as compared with -13.5 million euros recorded in the first half of 2016. This improvement was due essentially to the significant reduction in borrowing costs, following the restructuring of debt and contracting of new borrowing. The financial results were also impacted by non-recurring items in 2016, namely the premium paid for the call exercise on the high yield bond and the reversal of costs associated with tax contingencies.

The increase in corporate income tax derives mostly from the fact that in the first half of 2017 the amount of tax benefits applicable to the corporate income tax charged to the Navigator Group was much less, as it had been used in previous periods.

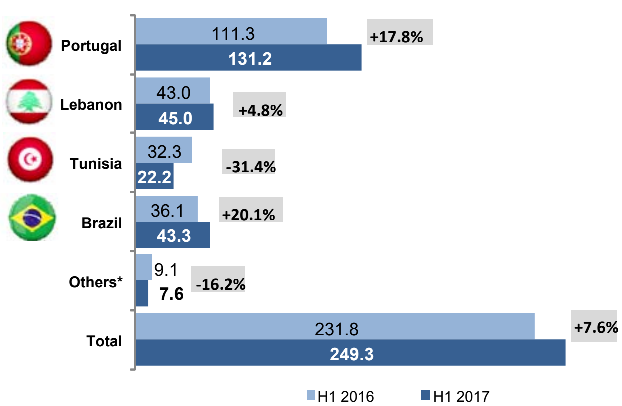
Cement

Summary table of financial indicators

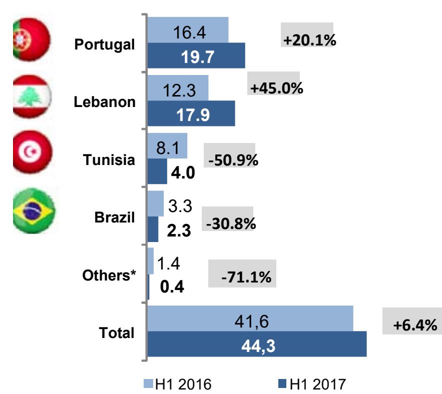
IFRS - accrued amounts (million euros)	H1 2017	H1 2016	Var.
Turnover	**249.3**	**231.8**	**7.6%**
EBITDA	**44.3**	**41.6**	**6.4%**
EBITDA Margin (%)	17.8%	**18.0%**	**-0.2 p.p.**
Depreciation and impairment losses	(25.4)	(23.2)	-9.7%
Provisions (increases and reversals)	(0.2)	(0.7)	66.3%
EBIT	**18.7**	**17.7**	**5.2%**
EBIT Margin (%)	7.5%	7.7%	-0.2 p.p.
Net financial profit	(24.2)	(16.6)	-45.7%
Pre-tax profit	**(5.5)**	**1.1**	**-591.6%**
Tax on profits	(2.1)	1.5	-244.3%
Net profit for the period	(7.6)	2.6	-396.1%
Attributable to Secil equity holders	**(12.4)**	**(0.2)**	**<-1000%**
Attributable to non-controlling interests (NCI)	4.8	2.8	70.9%
Cash-flow	**18.0**	**26.5**	**-31.9%**
	30-06-2017	**31-12-2016**	**Jun17 vs. Dec16**
Equity (before NCI)	393.7	444.9	-11.5%
Net debt	**439.9**	**422.9**	**4.0%**

Note: Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments. In the first half of 2014, turnover included 0.3 million euros resulting from intra-group sales.

Turnover



EBITDA



* Includes Angola and Others. The figures for the first half of 2016 were reproduced following the same criteria as in the first half of 2017.

Summary table of operating indicators

in 1 000 t	H1 2017	H1 2016	Var.
Annual cement production capacity	9,750	9,750	0.0%
Sales			
Grey cement	2,455	2,550	-3.7%
White cement	46	41	13.3%
Clinker	412	231	78.1%
Aggregates	1,722	1,239	38.9%
Precast concrete	141	15	838.7%
Mortars	64	52	22.4%
Hydraulic lime	13	4	228.4%
Mortar fixative	9	13	-32.1%
in 1 000 m3			
Ready-mix	706	593	19.1%

Note: Amounts excluding sales between segments

In the first half of 2017, the turnover of the Cement business was 249.3 million euros, 7.6% higher than the figure for the same period of the previous year. This increase was mainly due to the growth in turnover of operations in Portugal and Brazil, despite the drop in turnover in Tunisia.

EBITDA stood at 44.3 million euros, which translated into an increase of around 2.7 million euros in relation to same period in 2016. EBITDA grew essentially as a result of operations in Portugal, where this indicator increased 3.3 million euros, and in Lebanon, where it was up by 5.5 million euros. In the first half of 2017, EBITDA margin stood at 17.8%, 0.2 p.p. below that of the same period in the previous year.

In **Portugal**, the Bank of Portugal reviewed upwards (Economic Bulletin - June 2017) the economic growth projection for 2017, 2.5% against 1.8% previously. This development is supported by rising exports, the domestic demand pick up and rise in investment.

The positive performance of the building sector's indicators in the first quarter of 2017 (more investment in the construction sector (8.5%) and GVA, growing employment, increase in the public works market and more private project licenses) sustained the good expectations for production development in the building sector in 2017.

According to the latest figures available, cement consumption in mainland Portugal was up by 15% year on year. It is estimated that the market reached approximately 1.5 million tons.

In this environment, turnover for overall operations in Portugal was up by 17.8% compared to the same period in 2016, totalling 131.2 million euros.

The Cement and Clinker business unit in Portugal recorded turnover of 82.3 million euros in the first half of 2017, representing a growth of 8.3%. In the domestic market, turnover grew 12%, arising mostly from positive market development, good weather conditions, and more local government and private projects (tourism and residential) and rehabilitation works, specially in Lisbon and Porto.

In the external market there is still the surplus supply of the Mediterranean, due to the increase in production capacity of exporter countries like Turkey and less demand on behalf of countries dependant on fossil fuel revenue. In spite of the set backs, export amounts sold increased around 2.5% due to the successful search for alternative markets. Such development resulted from a significant rise in clinker sales, from 231 thousand tons in the first half of 2016 to 412 thousand tons in the first half of 2017. Cement sales dropped by 38%. The turnover of cement and clinker for export amounted to 32.4 million euros, having grown 3.6% year on year.

In the other business segments with operations based in Portugal (Ready-mix Concrete, Aggregates, Mortars and Pre-cast), turnover in the first half of 2017 amounted to approximately 48.9 million euros, up by 38.2% in relation to the same period of the previous year.

All business segments of building materials grew, arising from the positive effects of a more dynamic building sector and private and public investment picking up, linked with the local government elections in 2017. In the Concrete business unit, the amounts of concrete sold grew more than 29% and the Aggregates business unit increased 39%.

In the first half of 2017, EBITDA for total operations in Portugal was up by 20.1% year on year, at 19.7 million euros vs. 16.4 million euros in the first half of the previous year.

The Cement business unit recorded EBITDA of 14.3 million euros, close to the figure recorded in the same period in 2016. EBITDA in the first half of 2017 reflects less sales of surplus CO_2 of around 600 thousand euros, compared to 1.9 million euros in the first half of 2016. In addition to the rise in the amounts sold in the domestic market and of clinker in the foreign market, the variable costs of clinker and cement production decreased, as a result of the increasing rate of alternative fuels used, which was up by approximately 5 p.p.. The fixed costs of production and maintenance were also down. These elements helped to make up for the drop in cement sales in the external market.

EBITDA of building materials business units stood at 5.4 million euros, which compares with 1.9 million euros in the first half of 2016. The most significant increase was in Concrete, arising from greater amounts sold, and also from the rise in average sales prices and lower staff and transport costs.

The long conflict in Syria continues to overshadow the outlook on **Lebanon**. This situation affects the local communities, poverty and unemployment is still on the rise, all of which puts public finance and economy infrastructures under more pressure. According to the latest figures published by the IMF, the Lebanese economy is expected to grow by 2% in 2017 (World Economic Outlook, FMI April 2017), below potential.

Cement consumption in the first half of 2017 stood at 2.4 million tons, 3.5% less year on year. The decrease took place in the second quarter of 2016, in spite of a better political environment in the country (the election of a president and the appointment of a new Prime-minister at the end of 2016 may help drive the country towards a revived political framework).

Turnover of combined operations in Lebanon increased 4.8%, compared to the previous year, amounting to 45 million euros.

Cement sales totalled 532 thousand tons, up by 1.5% year on year. Sales prices in the local currency stood at similar levels to that in 2016, only slightly down by 0.1% due to changes in the sales mix. Turnover grew around 5%, as a result of an increase in amounts sold and the positive impact of the depreciation of the US dollar against the euro of 1.4 million euros, totalling 41.7 million euros.

Concrete business turnover was up by 3.2% from figures in the first half of 2016, standing at 3.3 million euros, arising from 2.8% more sales, lower sales price in the local currency (due to the competitive environment) and a positive foreign exchange effect.

Total EBITDA from operations in Lebanon stood at 17.9 million euros, up by 45.0% in relation to the same period of the previous year. The Cement unit recorded EBITDA of 17.7 million euros, 45.4% over the figure in the same period in the previous year. The growth was driven by increasing cement and clinker production and lower production costs. In the first half of 2016 clinker production was down due to the programmed shut down of one of the lines to fit in the bag filter. This investment fostered the optimised use of raw materials and a drop in production costs. Less thermal and electric power consumption also provided a positive input. EBITDA in the first half of 2017 was impacted positively by approximately 2 million euros received on insurance payment due to the shutdown of one of the mills in 2016.

In **Tunisia**, the political and social environments improved somewhat in 2017, which had a positive impact on the economy. However, the economy of Tunisia is still facing significant challenges, including high external and tax deficits, rising debt and insufficient growth for reducing unemployment. Social unrest and pressure from union claims continue. According to the latest figures published by the IMF, the Tunisian economy is expected to grow by 2.3% in 2017, above the 1% figure recorded in 2016 (Country Report No. 17/203, IMF July 2017).

In this context, it is estimated that the domestic market of cement dropped 2.3% year on year. The cement market continued to suffer intense competition and high pressure on sales prices, which dropped. The cement export market decreased significantly by around 81% due to constraints on the Libyan border and in obtaining foreign currency in the Libyan financial market. In the Algerian market, the government did not issue any import licenses.

Consequently, turnover for combined operations in Tunisia in the first half of 2017 stood at approximately 22.2 million euros, down by 31.4% on a year-on-year basis.

The turnover of the Cement and Clinker business unit dropped approximately 33.3%, and stood at 18.8 million euros due to the decrease in turnover in the domestic market and a slight increase in the external market. Amounts of cement and clinker sold were down by about 22.5% in the domestic market and exports were up by 90.6% year on year. The aforementioned constraints in the case of exports and greater competition in the domestic market determined the pace of cement sales of this unit. To counteract the drop in cement exports (-52%), clinker exports to West Africa in the first half of 2017 totalled around 116 thousand tons, impacting positively total export sales. Sales price in the domestic market was above that in the first half of 2016 (+0.2%) in spite of ongoing pressure from competition. In the export market, prices remained below 2016 levels due to competition, the fact that there were no exports to Algeria (where price is higher) and clinker sales (at a lower price).

The turnover of the Concrete business unit dropped 19.0%, standing at 3.3 million euros, arising from the drop in sales volume and equivalent prices during the same period in the previous year and the negative impact of the depreciation of the Tunisian dinar against the euro, with an impact of approximately 373 thousand euros.

EBITDA from business operations in Tunisia in the first half of 2017 stood at 4 million euros, down by 50.9% in comparison with the same period of the previous year. The drop resulted from the decrease in turnover and change in the export product mix. Note that the variable costs of cement production dropped against the same period in the previous year, brought down mostly by less electrical power costs, due to the drop in the price (in June 2016 price dropped significantly). Staff costs were also down, as a result of the decrease in the number of employees.

Recent IMF projections point to a slight growth of the economy of **Brazil** by 0.3% in 2017 (Country Report No. 17/215, IMF July 2017). Brazilian economy is still being affected by the lack of trust of economic agents, rising unemployment and scarce public investment. Despite the drop in inflation rates and interest rates, private investment has not increased, as a result of the unstable political situation.

In this context, the construction industry was naturally affected, with an impact on cement consumption. The cement market has continued to contract, and in the first half of 2017 it decreased by 9%, against the first half in 2016. The South/South-east region, where we have our operations, behaved in the same way.

Turnover of combined operations stood at approximately 43.3 million euros in the first half of 2017, representing an increase of 20.1%, of which 35.8 million euros in cement and clinker and 7.6. million euros in ready-mixed concrete. The growth was positively impacted by the rise in the amounts sold in both operations and the appreciation of the Brazilian real against the euro (of approximately 7 million euros), the sales price of cement and concrete having dropped year on year.

In the first half of 2017, EBITDA stood at 2.3 million euros, compared to 3.3 million euros in the first half of 2016. The rise in amounts sold and the improvement of the variable costs of production (less energy consumption and lower electric power prices), were not enough to mitigate the effect of the drop in sales price in both business units and higher fixed costs associated with a larger structure as a result of the opening up of the distribution centres and the new concrete plants.

According to the IMF, the **Angolan** economy is expected to grow slightly by 1.3% in 2017 (World Economic Outlook, IMF April 2017). The negative effects of oil price developments since 2014 are still felt. However, the gradual rise in oil price, the fact that this year government elections will be held (generally featuring a rise in public investment) and the growing availability of foreign currency at the Central Bank, suggested a recovery of the construction industry and of cement consumption. The expectations of growth did not materialise and in the first half of 2017 the Angolan cement market decreased by 30.6% year on year.

In the first half of 2017, the amount of cement sold decreased year on year, amounting to 56 thousand tons of cement sold, 28.1% less than in the previous year. Turnover stood at 7.6 million euros in total, down by 16.2% year on year, as a result of the appropriate and strict management of the sales price, which grew around 11.5% compared with the first half of 2016.

EBITDA in the first half of 2017 stood at approximately 0.4 million euros, below the figure in the same period in 2016.

In the first half of 2017, depreciations and impairment losses of Secil totalled 25.4 million euros, as compared with the figure of 23.2 million euros year on year. The increase is mainly the result of repayments on the investments made.

The net financial results in the semester amounted to a negative 24.2 million euros, which compares with an equally negative value of 16.6 million euros in the first half of 2016. Although the interest expense on funding obtained improved, exchange losses affected this item negatively.

The increase in corporate income tax derives mostly from the fact that in the first half of 2016 this caption was positively influenced by the reversal of provisions for tax procedures in the amount of around 3.6 million euros.

Environment

Summary table of financial indicators

IFRS - accrued amounts (million euros)	H1 2017	H1 2016	Var.
Turnover	**14.7**	**12.4**	**18.0%**
EBITDA	**4.0**	**3.2**	**23.9%**
EBITDA margin (%)	27.3%	26.0%	1.3 p.p.
Depreciation and impairment losses	(1.4)	(1.5)	5.5%
Provisions (increases and reversals)	(0.1)	-	-
EBIT	**2.5**	**1.7**	**43.2%**
EBIT margin (%)	17.0%	14.0%	3.0 p.p.
Net financial profit	(0.3)	(0.3)	19.7%
Profit before tax	**2.2**	**1.4**	**57.4%**
Tax on profits	(0.3)	(0.4)	9.1%
Net profit for the period	1.9	1.1	80.4%
Attributable to ETSA shareholders	**1.9**	**1.1**	**80.4%**
Attributable to non-controlling interests (NCI)	-	-	-
Cash-Flow	**3.4**	**2.5**	**34.1%**
	30-06-2017	**31-12-2016**	**Jun17 vs. Dec16**
Equity (before NCI)	67.4	65.5	2.9%
Net debt	**16.8**	**15.7**	**6.6%**

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 14.7 million euros in the first half of 2017, up by around 18.0% in comparison with the same period in 2016.

This development was essentially caused by (i) an increase in the average sales price of class 3 fats by around 28.8% and the same class meal by approximately 46.5% in comparison with the same period of 2016, (ii) amounts sold of class 2, practically non-existent in the first half of 2016, were very significant in the period in analysis, representing a 778.5% growth, albeit at a price around 21.0% lower, iii) 14.4% more consolidated service provision, essentially resulting from the billing of animal carcass collection, but also from higher amounts billed by the subsidiary ABAPOR (which increased around 19.8% in comparison with the same period in 2016) and (iv) a decrease in class 3 amounts by around 14.1% year on year.

EBITDA for the ETSA Group totalled approximately 4.0 million euros in the first half of 2017, representing an increase of about 23.9% in comparison with the same period of the previous year. This is explained fundamentally by higher sales prices and of the services provided, which raised EBITDA margin by 1.3 p.p from the margin in the same period in the previous year to 27.3%.

In the first half of 2017, depreciations and impairment losses of ETSA totalled 1.4 million euros, as compared with the figure recorded year on year.

The net financial results in the semester amounted to a negative 0.3 million euros, up by 19.7% compared with the first half of 2016, as a result of total average debt reduction and repricing of current debt conditions.

Holdings (Semapa SGPS and instrumental sub-holdings)

IFRS - accrued amounts (million euros)	H1 2017	H1 2016	Var.
EBITDA	**0.0**	**0.3**	**-86.1%**
Depreciation and impairment losses	(0.1)	(0.1)	-3.7%
Provisions (increases and reversals)	-	-	-
EBIT	**(0.1)**	**0.2**	**-125.2%**
Net financial profit	(7.8)	(9.3)	16.1%
Profit before tax	**(7.9)**	**(9.1)**	**13.4%**
Tax on profits	(1.1)	0.1	**<-1000%**
Net profit for the period	(8.9)	(9.0)	0.9%
Attributable to Semapa shareholders	**(8.9)**	**(9.0)**	**0.9%**
Cash-Flow	**(8.8)**	**(8.9)**	**0.9%**
	30-06-2017	**31-12-2016**	**Jun17 vs. Dec16**
Net debt	**603.8**	**700.4**	**-13.8%**

In the first half of 2017, EBITDA of the holdings was close to nil, comparing unfavourably with the positive amount of 0.3 million euros for the same period of the previous year.

3 Consolidated Financial Performance

Consolidated Net Debt

(million euros)	30-06-2017	31-12-2016	Var.
Pulp and Paper	737.9	640.7	97.2
Cement	439.9	422.9	17.0
Environment	16.8	15.7	1.0
Holdings	603.8	700.4	-96.6
Total	**1,798.4**	**1,779.7**	**18.7**

On 30 June 2017, consolidated net debt stood at 1,798.4 million euros, representing an increase of 18.7 million euros over the figure recorded at year-end 2016, positively influenced by the creation of operating cash flow and:

- Pulp and paper: +97.2 million euros, including investments of about 35.2 million euros and the payment of dividends of 170 million euros;
- Cement: +17.0 million euros, which include the exchange rate effect of foreign exchange denominated debt, which helped to reduce the debt by approximately 11 million euros and investments made of approximately 37.2 million euros;
- Environment: +1.0 million euros; and
- Holdings: -96.6 million euros, resulting namely from dividends received from Navigator (118.0 million euros), dividend payments (36.3 million euros) and State reimbursement of payments made previously on account of corporate income tax (IRC).

Consolidated Net Income

Consolidated net income in the first half of 2017 attributable to shareholders of Semapa was 43.4 million euros, 8.3% less compared to the same period in the previous year. Net income per outstanding share stood at 0.537 euros/share.

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

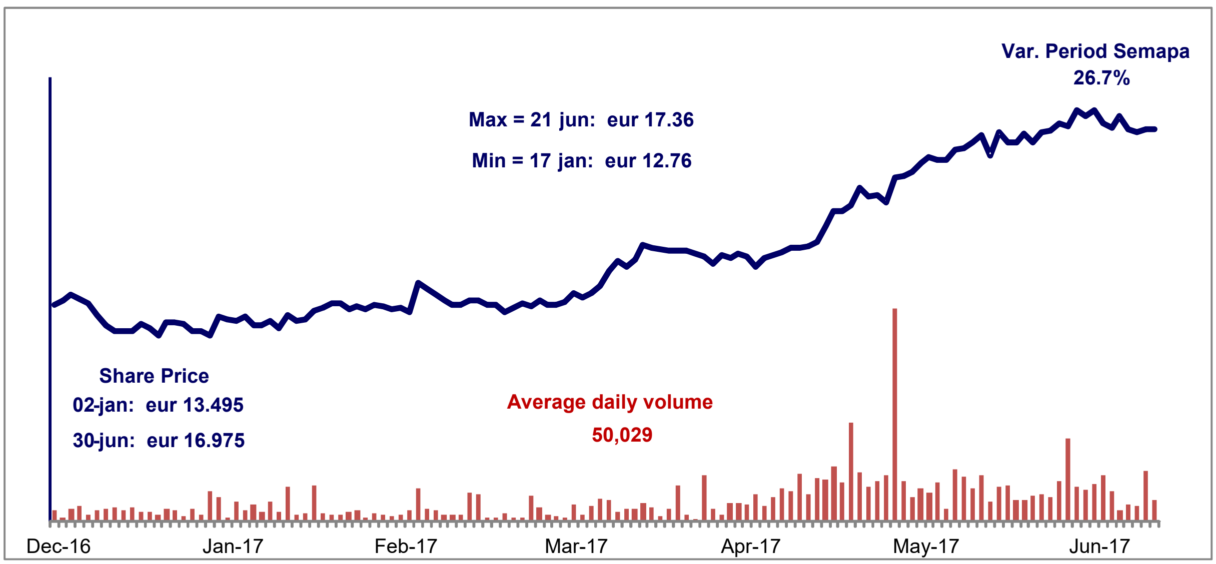
- An increase in total EBITDA of approximately 6.3 million euros;
- Provisions reduction of 1.6 million euros;

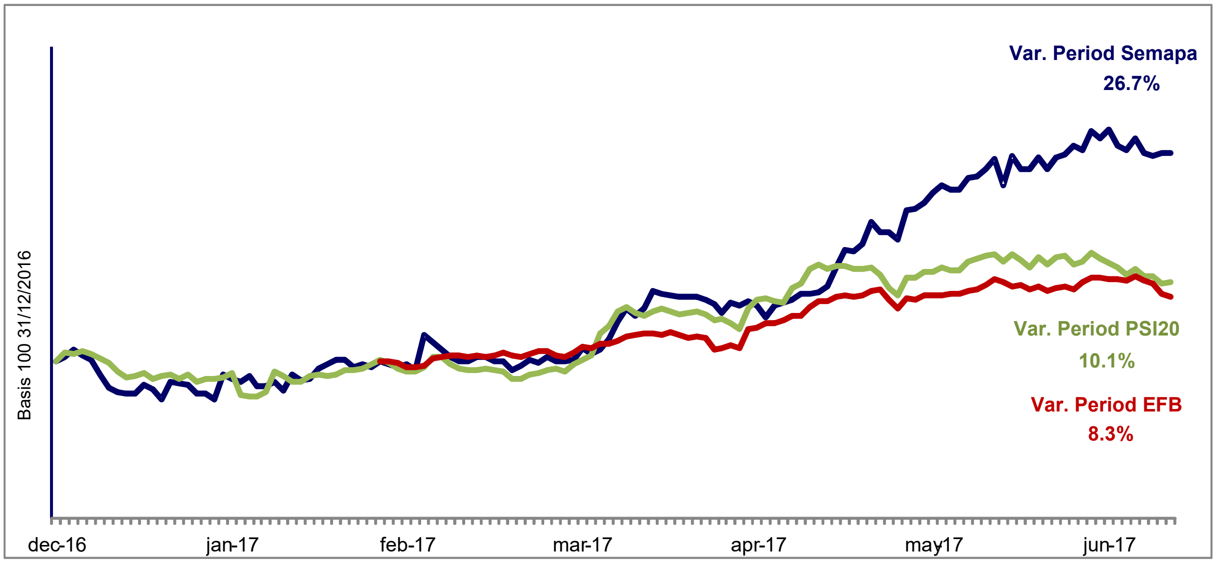
- A decrease in Depreciation and impairment losses of 9.0 million euros, reflecting essentially the adjustment of the useful life of Navigator assets in the second half of 2016, extending the depreciation deadline and the recording of an impairment in the tangible fixed assets in the first half of 2016;
- The deterioration of net financial results by about 0.9 million euros, in relation to the previous year;
- Increase in corporate income tax by approximately 14.5 million euros, arising namely from the reduction of tax benefits applicable to the payable corporate income tax of the Navigator Group and from the fact that in the first half of 2016 tax provisions (gains) were reversed.

4 Performance of Semapa Shares on Euronext Lisbon

Despite the lingering uncertainties surrounding political changes in the United States and the impact of the Brexit process on Europe, the capital markets were reasonably optimistic during the first quarter of 2017, with slight slowdown in the second quarter of the year. The equity markets recorded gains in the first half of 2017, the Madrid stock exchange in particular, whose main index – IBEX35 - appreciated 11.7%. The PSI20 index was no exception and rose 10.1%, the fourth best performing stock exchange in the Euro Area. Outside this Area, the Dow Jones Industrial continued to rise. On the other hand, in spite of the rise in the first half of 2017, the main financial centres of London and São Paulo behaved rather negatively in the second quarter of the year.

In this context, the value of Semapa shares in the period increased 26.7%, well above PSI20 (+10.1%) and EFB (8.3%) average. Semapa's stock price reached a maximum of 17.36 euros on 21 June and a minimum of 12.76 euros on 17 January.





EFB – Euronext Family Business Index

Note: Closing market prices

5 Subsequent Events

- In 19 July 2017, the Portuguese Parliament adopted the new draft legislation prohibiting new eucalyptus plantations and introducing arrangements that will result in constraints on renewal of existing plantations of this species. Navigator regards with concern this approval, since this legislative package only allows new plantations which replace existing plantations and requires in that case a gradual reduction so that, after five years, the ratio of new eucalyptus areas will correspond to half of each hectare of reduced eucalyptus.

  These discriminatory measures are devoid of any scientific, economic or environmental grounds, and will have the immediate and long-term consequence of further increasing the abandonment of rural properties in Portugal. Furthermore, they will not resolve the problem of wildfires in our country, as the main cause of these fires is the accumulation of combustible matter in rural areas. Unmanaged or abandoned woodlands, with a high wooded density, reacts to fire in a similar way, irrespective of which species is dominant. Indeed, eucalyptus is one of the species for which the burned areas has been lowest in the past 15 years (2000-2015), according to ICNF figures (National Authority for Forest Conservation), lower than for maritime pine and far lower than for brushland and uncultivated land which accounts for more than half of the entire burned area in Portugal.

  Navigator has been making the case for prevention as the key tool in mitigating fire risks, creating opportunities for combating fires through construction and maintenance of infrastructures which penetrate forest areas and reduce the combustible matter in these areas. These measures need to be pursued within a policy framework that rewards certified forestry management. In Navigator's managed and certified forests, the areas burned are less than 1% of the total area under management, making it even clearer that an organised and well-managed forest is less vulnerable to fire risk.

  Implementation of this legislation will of course add to the already heavy burden of paying for expensive imports of raw material for the eucalyptus pulp industry. The losers are the pulp manufacturers, who are less able to compete internationally, and the country as a whole, which loses foreign revenues and sees jobs disappear.

- On 5 July 2017, Navigator paid the second tranche of dividends, corresponding to distribution of reserves, approved at the Annual General Meeting of 24 May 2017. This involved an overall sum of approximately 80 million euros, of which 55.5 million euros were paid to Semapa. Consequently, 250 million euros of income were distributed in total in 2017.

6 Outlook

At the close of the first half of 2017, expectations continue to point out to a gradual upturn in the world economy, with favourable performance in the developed and also the emerging markets. Particularly positive signs can be observed in the Economic and Monetary Union countries, where various economic indicators have returned to their highest levels prior to the international financial crisis, confirming the scenario of robust growth in the second quarter.

In the emerging markets, China leads the way in economic performance, with the full range of indicators pointing towards sustained growth.

Paper and Pulp

In the short fibre **pulp** market, business was strong throughout the first half, with sharp growth in demand, low levels of stocks and upwards pressure on prices. Most forecasts for pulp prices in 2017 have been revised upwards, with industry analysts pointing to an average price for this year of around 790 USD/ton, well above the average price in 2016. There is still concern as to the impact of new pulp capacity expected to come on to the market as from the second half of this year, although this impact may be softened by the effect of production stoppages also planned for 2017.

The project at the Figueira da Foz pulp site is designed to achieve improvements in production efficiency and environmental performance, whilst at the same time increasing capacity by 70 thousand tons, to a total annual capacity of 650 thousand tons. Overall investment is estimated at around 85 million euros and includes important operational and environmental improvements, namely in terms of reduction of odour, waste, air and liquid emissions. Significant progress has already been made on the initial pile work and the civil construction contract has been awarded. The main plant is planned to be fitted in September 2017 and the company expected to start preliminary production trials after the maintenance stoppage programmed for March 2018.

Tissue business in 2017 remains constrained by the general health of the economy, in particular levels of employment and growth in earnings, as well as by a sharp increase in competition in Iberia. Navigator will continue to work on developing its sales, although increased pressure is expected on its margins due to the sharp rise in pulp prices and the arrival of new capacity on the market.

As already reported, the Cacia project involves building a state-of-the-art paper tissue production line and respective facilities for conversion into end products, with nominal annual production capacity of around 70 thousand tons. Investment will total around 120 million euros. Progress made in the first half included selection of the main plant suppliers and obtaining various licenses. Work also started on preparing the site and civil construction got under way. The project is currently proceeding up to schedule, and the tissue paper machine is planned to start operating in Q3 2018.

In the **paper** market, Navigator has benefited from improving conditions in the market as from late 2016; this trend was maintained throughout the semester. Significantly, global figures from PPPC/Eurograph point to growth in UWF demand of 1.1% (YTD May 2017), making this the only segment in printing papers to record growth in the last two years. After implementing two price rises during the first half, the Group has announced a further price increase for its products to be implemented from July onwards, in Europe and in markets in the Middle East and Northern Africa. These increases are a consequence of the improvement of the pulp market conditions which directly benefit Navigator's integrated business. The 60-day order book is currently at an all-time high, allowing it to anticipate a fairly robust third quarter.

Navigator remains fully committed to the forestry and industrial project it has been pursuing in **Mozambique** since 2009. However, in view of the changes in the general environment in which the project is being undertaken, in particular the higher operating risks due to the political, social and economic situation in general, Navigator has decided to proceed with investment at a more moderate pace and implement the project in phases, with approval of the Mozambican Government. At this moment, the project in Mozambique is focused on forestry development as a necessary condition to the development of an industrial project involving the construction of a large-scale pulp mill.

At this stage, Navigator is also assessing whether to implement a production operation for eucalyptus wood chip, geared essentially to the Asian market. In this context, at the end of the first quarter a pilot operation, launched in late 2016, was successfully developed and completed, which consisted of exporting to Portugal 2 thousand tons of eucalyptus timber from Zambézia through the Port of Nacala. Armed with this practical experience gained on the ground, Navigator has identified a series of conditions which need to be met before it is able to advance with a wood chip production and export operation, and has informed the government of Mozambique of these requirements. Operating through its subsidiary Portucel Moçambique, the Navigator Group is focused on resolving these issues, and expects most of them to be overcome by the end of 2017, with the support of IFC (International Finance Corporation), partner and investor in this project.

Cement

For **Portugal**, GDP growth outlook in 2017 is more positive; according to the latest projections of the Bank of Portugal, the economy is expected to grow by 2.5%. After the building industry dropped by 3.3% in 2016, the activity is expected to pick up in 2017. This recovery outlook points to a pickup in domestic market activities, which has already taken place in the first half of 2017.

In **Lebanon** cement demand is expected to sustain the good momentum. Notwithstanding the unstable environment in Syria caused by the war, greater political stability in the country makes it possible to anticipate higher confidence among economic agents.

A 2.3% growth of the economy is forecasted for **Tunisia** (Country Report No. 17/203, IMF July 2017). Competition should continue to be intense and increased pressure on sales prices is expected (in the domestic and foreign markets), due to oversupply in the country.

Brazil is expected to grow modestly by 0.3% in 2017 (Country Report No. 17/215, IMF July 2017), 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. Growth remains constrained by the political crisis. This will continue to put pressure on the amounts sold, but sales are expected to grow. Sales price developments will have an impact on the performance, which is why efforts will continue to be done into improving production costs and controlling fixed costs.

The **Angolan** economic outlook is slightly positive for 2017. The IMF is forecasting 1.3% economic growth in 2017. Government programmes to diversify the economy in 2016, the upward trend of oil prices on the international markets and the elections in 2017 are expected to foster economic growth and cement consumption. While it has not yet been the case in the first half of the year, cement consumption is expected to grow in the second half.

Environment

Considering the current macroeconomic, financial and sector context, current conditions are envisaged to remain unchanged in the medium term in the sector operated by the ETSA group, insofar as consumption of foodstuffs is 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 48.6% of total accrued sales on 30 June 2017), (ii) identifying new 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, 28 July 2017

The Directors