



*Presentation of Results*

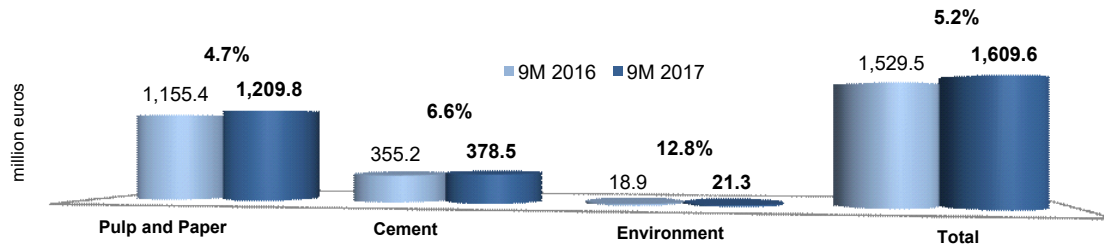
*First 9 Months of 2017*

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

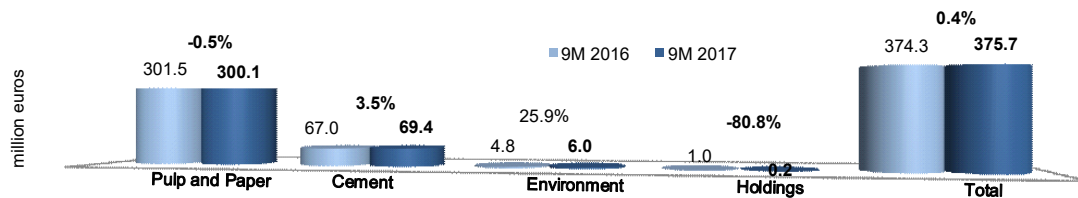
### Revenue

In the first 9 months of 2017 the Semapa Group recorded a consolidated revenue of 1,609.6 million euros, an increase of 5.2% from the same period in the previous year. Exports and foreign sales amounted to 1,222.9 million euros, representing 76.0% of revenue.



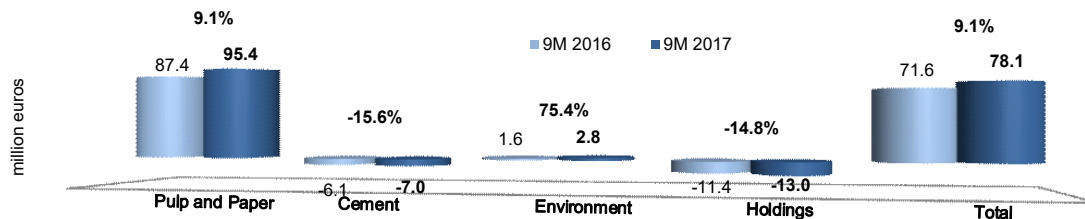
### EBITDA

EBITDA for the first 9 months of 2017 increased by about 0.4% in relation to the same period in the previous year, standing at 375.7 million euros. The consolidated margin stood at 23.3%, 1.1 p.p. lower than in the same period in 2016.



### Net results attributable to Semapa equity holders

Earnings before taxes increased 15.6% and net profit attributable to Semapa equity holders stood at 78.1 million euros, up by 9.1% in relation to the same period in the previous year.



### Leading business indicators

IFRS - accrued amounts (million euros)	9M 2017	9M 2016	Var.	Q3 2017	Q3 2016	Var.
<b>Revenue</b>	<b>1,609.6</b>	<b>1,529.5</b>	<b>5.2%</b>	<b>533.3</b>	<b>506.7</b>	<b>5.3%</b>
<b>EBITDA</b>	<b>375.7</b>	<b>374.3</b>	<b>0.4%</b>	<b>128.9</b>	<b>133.9</b>	<b>-3.7%</b>
EBITDA margin (%)	23.3%	24.5%	-1.1 p.p.	24.2%	26.4%	-2.3 p.p.
Depreciation, amortisation and impairment losses	(162.0)	(176.2)	8.1%	(52.7)	(57.8)	9.0%
Provisions	(3.8)	(2.3)	-61.0%	(3.2)	(0.2)	<-100%
<b>EBIT</b>	<b>209.9</b>	<b>195.8</b>	<b>7.2%</b>	<b>73.0</b>	<b>62.2</b>	<b>17.5%</b>
EBIT margin (%)	13.0%	12.8%	0.2 p.p.	13.7%	12.3%	1.4 p.p.
Net financial results	(49.4)	(57.0)	13.4%	(8.8)	(17.3)	49.1%
<b>Profit before taxes</b>	<b>160.5</b>	<b>138.8</b>	<b>15.6%</b>	<b>64.2</b>	<b>44.9</b>	<b>43.1%</b>
Income taxes	(32.6)	(22.7)	-43.8%	(12.2)	(16.7)	27.4%
Net profit for the period	127.9	116.1	10.2%	52.1	28.1	85.0%
<b>Attributable to Semapa shareholders</b>	<b>78.1</b>	<b>71.6</b>	<b>9.1%</b>	<b>34.7</b>	<b>10.6</b>	<b>&gt;100%</b>
Attributable to non-controlling interests (NCI)	49.8	44.6	11.8%	17.3	17.5	-1.2%
Cash-flow	293.7	294.7	-0.3%	108.0	99.8	8.1%
	<b>30/09/2017</b>	<b>31/12/2016</b>	<b>Sep17 vs. Dec16</b>			
Equity (before NCI)	822.9	817.3	0.7%			
<b>Net debt</b>	<b>1,739.4</b>	<b>1,779.7</b>	<b>-2.3%</b>			

#### Notes:

- EBITDA = EBIT + Depreciation, amortisation and impairment losses + Provisions
- Cash-flow = Net profit for the period + Depreciation, amortisation and impairment losses + Provisions
- 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)	Pulp and Paper		Cement		Environment		Holdings		Consolidated
	9M 2017	9M 17/16	9M 2017	9M 17/16	9M 2017	9M 17/16	9M 2017	9M 17/16	9M 2017
<b>Revenue</b>	<b>1,209.8</b>	<b>4.7%</b>	<b>378.5</b>	<b>6.7%</b>	<b>21.3</b>	<b>12.8%</b>	-	-	<b>1,609.6</b>
<b>EBITDA</b>	<b>300.1</b>	<b>-0.5%</b>	<b>69.4</b>	<b>3.5%</b>	<b>6.0</b>	<b>25.9%</b>	<b>0.2</b>	<b>-80.8%</b>	<b>375.7</b>
EBITDA margin (%)	24.8%	-1.3 p.p.	18.3%	-0.6 p.p.	28.2%	2.9 p.p.			23.3%
Depreciation, amortisation and impairment losses	(123.0)	6.8%	(36.7)	12.3%	(2.1)	4.0%	(0.1)	-2.3%	(162.0)
Provisions	(3.1)	-3.2%	(0.6)	<-100%	(0.2)	-	-	-	(3.8)
<b>EBIT</b>	<b>174.0</b>	<b>4.5%</b>	<b>32.1</b>	<b>24.5%</b>	<b>3.7</b>	<b>45.6%</b>	<b>0.0</b>	<b>-94.8%</b>	<b>209.9</b>
EBIT margin (%)	14.4%	0.0 p.p.	8.5%	1.2 p.p.	17.5%	4.0 p.p.			13.0%
Net financial results	(6.5)	61.0%	(31.0)	-11.7%	(0.4)	18.9%	(11.5)	5.3%	(49.4)
<b>Profit before taxes</b>	<b>167.5</b>	<b>11.7%</b>	<b>1.1</b>	<b>153.7%</b>	<b>3.4</b>	<b>60.4%</b>	<b>(11.4)</b>	<b>-1.5%</b>	<b>160.5</b>
Income taxes	(30.0)	-25.1%	(0.4)	<-100%	(0.6)	-15.2%	(1.6)	<-1000%	(32.6)
Net profit for the period	137.5	9.2%	0.7	>100%	2.8	75.4%	(13.0)	-14.8%	127.9
<b>Attributable to Semapa equity holders</b>	<b>95.4</b>	<b>9.1%</b>	<b>(7.0)</b>	<b>-15.6%</b>	<b>2.8</b>	<b>75.4%</b>	<b>(13.0)</b>	<b>-14.8%</b>	<b>78.1</b>
Attributable to minority interests	42.1	9.2%	7.7	28.1%	0.0	74.5%	-	-	49.8
Cash-flow	263.5	1.0%	38.0	-7.8%	5.0	33.0%	(12.9)	-14.9%	293.7
<b>Net debt</b>	<b>742.0</b>	<b>15.8%</b>	<b>433.2</b>	<b>2.4%</b>	<b>15.9</b>	<b>1.4%</b>	<b>548.2</b>	<b>-21.7%</b>	<b>1,739.4</b>

#### 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 26 October 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.

## Pulp and Paper

### Highlights - first 9 months 2017 (vs. first 9 Months of 2016)

- Positive evolution of revenue (+5%) with strong performance in pulp, energy and tissue business:
  - Pulp sales grow 32% in value, with volume and price both rising
  - Power sales up by 16%, reflecting successful operation of power generation assets
  - Tissue sales grow by 11% in volume and value
- EBITDA of 300 million euros in line with previous year and EBITDA/sales margin of 25% (vs. 26%)
- Financial costs slashed to -6.5 million euros (vs. -16.6 million euros), due to lower costs on borrowing operations and profits on currency hedges

### Summary table of financial indicators

IFRS - accrued amounts (million euros)	9M 2017	9M 2016	Var.	Q3 2017	Q3 2016	Var.
<b>Revenue</b>	<b>1,209.8</b>	<b>1,155.4</b>	<b>4.7%</b>	<b>397.2</b>	<b>376.8</b>	<b>5.4%</b>
<b>EBITDA</b>	<b>300.1</b>	<b>301.5</b>	<b>-0.5%</b>	<b>101.7</b>	<b>106.2</b>	<b>-4.3%</b>
EBITDA margin (%)	24.8%	26.1%	-1.3 p.p.	25.6%	28.2%	-2.6 p.p.
Depreciation, amortisation and impairment losses	(123.0)	(132.0)	6.8%	(40.6)	(38.4)	-5.7%
Provisions	(3.1)	(3.0)	-3.2%	(2.9)	(1.6)	-83.3%
<b>EBIT</b>	<b>174.0</b>	<b>166.6</b>	<b>4.5%</b>	<b>58.2</b>	<b>66.3</b>	<b>-12.2%</b>
EBIT margin (%)	14.4%	14.4%	0.0 p.p.	14.7%	17.6%	-2.9 p.p.
Net financial results	(6.5)	(16.6)	61.0%	1.8	(3.2)	>100%
<b>Profit before taxes</b>	<b>167.5</b>	<b>150.0</b>	<b>11.7%</b>	<b>60.0</b>	<b>63.1</b>	<b>-4.9%</b>
Income taxes	(30.0)	(24.0)	-25.1%	(13.1)	(16.9)	22.7%
Net profit for the period	137.5	126.0	9.2%	47.0	46.2	1.6%
<b>Attributable to Navigator shareholders</b>	<b>137.5</b>	<b>126.0</b>	<b>9.1%</b>	<b>47.0</b>	<b>46.1</b>	<b>2.0%</b>
Attributable to non-controlling interests (NCI)	0.0	(0.0)	128.8%	0.0	0.2	-98.0%
<b>Cash-Flow</b>	<b>263.5</b>	<b>260.9</b>	<b>1.0%</b>	<b>90.4</b>	<b>86.2</b>	<b>4.9%</b>
	<b>30/09/2017</b>	<b>31/12/2016</b>	<b>Sep17 vs. Dec16</b>			
Equity (before NCI)	955.2	1,056.0	-9.5%			
<b>Net debt</b>	<b>742.0</b>	<b>640.7</b>	<b>15.8%</b>			

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)	9M 2017	9M 2016	Var.	Q3 2017	Q3 2016	Var.
<b>Pulp and Paper</b>						
BEKP Output (pulp)	1,117.2	1,111.4	0.5%	357.3	367.8	-2.8%
BEKP Sales	251.2	200.9	25.1%	68.8	71.2	-3.4%
UWF Output (paper)	1,186.0	1,194.5	-0.7%	406.1	399.9	1.6%
UWF Sales	1,158.2	1,155.5	0.2%	386.4	380.0	1.7%
FOEX – BHKP Euros/ton	703	636	10.6%	747	600	24.5%
FOEX – A4- BCOPY Euros/ton	810	829	-2.3%	819	820	-0.1%
<b>Tissue</b>						
Output of reels	41.4	32.3	28.3%	13.0	13.1	-0.6%
Output of finished product	36.5	31.0	17.6%	12.2	10.9	12.1%
Sale of reels and other goods	5.4	6.3	-14.5%	1.1	2.4	-56.0%
Sale finished products	35.9	31.1	15.7%	12.3	10.7	14.3%
Total tissue sales	41.4	37.4	10.6%	13.3	13.2	1.4%

In the first 9 months of 2017, the revenue of Navigator totalled 1,209.8 million euros, up by 4.7% over the same period in the previous year, sustained essentially by the strong operating performance in sales of pulp, power and tissue.

**Pulp** sales grew by around 25%, to more than 250 thousand tons, driven by the strong demand experienced over the period, and the greater availability of market pulp at the Cacia plant compared to the same period in 2016, with prices continuing on the upward course recorded since late 2016. The benchmark PIX – BHKP index in euros recorded an average price of 703 euros/ton, as compared to 636 euros/ton in the same period in 2016 (up by 10.6%). Navigator's average price also followed an upward course, with pulp sales growing by 32% in value, to a total of 129.5 million euros.

Conditions in the **paper** market also improved gradually over the year, with progressively stronger order books in Europe and in overseas markets. Navigator recorded a healthy volume of paper sales, setting a new record of 1,158 tons sold, around 3 thousand tons more than in the first nine months of 2016.

In the period, Navigator implemented three price rises up to July, and also announced a fourth increase from September onwards. These increases helped to offset the price reduction recorded in the final quarter of 2016, with the Group's average price in the first nine months of 2017 still lower than the average price in the same period last year. Despite the improvement in the product mix sold, with premium and own-brand products accounting for a larger share of sales, Navigator's average price in Europe was brought down by the evolution of the exchange rate and by the evolution of the market mix. In Europe, the main impact was

the weakness of the sterling which, combined with an increase in sales in markets outside Europe, mostly USD-denominated, and with exchange rate trends in recent months, had a negative effect on Navigator's overall sales average price.

**Tissue** sales also recorded growth in volume, up by 11% to approximately 41 thousand tons, made possible by the expansion in production and converting capacity over the course of 2015. Portugal and Spain remained the Group's main geographical markets and away-from-home products represented a larger slice of sales. Overall, the product mix improved, with reels accounting for a smaller share of sales and, as a result, the average sales price was slightly higher than in the same period in 2016, with sales volume totalling 55.3 million euros (up +11%).

At the end of Q3 of 2017, **power** sales were up by 16% in value from the same reference date in 2016, reflecting successful operation of power generation assets, with especially strong performance from the renewable cogeneration plant and the combined-cycle natural gas power station at the Setúbal industrial complex. Of course, figures for power sales at the end of the 3rd quarter of 2016 had shown the negative impact of stoppages and breakdowns at the renewable co-generation plants in Setúbal and Cacia. Due to these factors, Navigator's total gross power output at the end of Q3 of 2017 was up by 6% year on year.

Power sales from the operation of the natural gas combined-cycle power stations also benefited from the sharp hike (roughly 20% year on year) in Brent prices, to which the sales price is indexed.

Having completed its new **pellets** mill in late 2016 in Greenwood, South Carolina, USA, Navigator started up production and marketing of products in 2017. Sales up to the end of September totalled 91 thousand tons in volume, and approximately 12 million euros. The pellets business continues to contribute negatively to EBITDA, although the situation has improved in relation to the end of the 1st half.

In the first 9 months of 2017, the EBITDA of Navigator reached 300.1 million euros, in line with the figure for the same period of the previous year, reflecting a 24.8% margin. Over the course of the year, Navigator has pressed ahead with its programme of cost optimisation and efficiency, M2, and results have continued to outperform targets. At the end of September, this programme's accumulated impact on EBITDA entailed an overall reduction in costs and an improvement in productivity adding up to around 18 million euros, in relation to 2016.

Concerning the impact of the forest fires up to the end of September in mainland Portugal (essentially in the central region of the country), estimates point to an area burned of roughly 216 thousand hectares, including 2,700 hectares of Navigator's eucalyptus forests. As a result, biological assets have been written down by a total amount year to date of 2.2 million euros (1.4 million euros registered in Q3).

In the first 9 months of 2017, depreciations, amortisations and impairment losses of Navigator totalled 123.0 million euros, as compared with the figure of 132.0 million euros year on year. Although only beginning to amortize investments made, namely of Colombo Energy assets, the recording of an impairment in the tangible fixed assets of Mozambique in the first 9 months of 2016 resulted in the reduction in this item's value.

Net financial results evolved favourably, down to -6.5 million euros in the first 9 months of 2017, as compared with -16.6 million euros recorded in the same period of 2016. This was essentially due to a significant reduction in borrowing costs, thanks to the restructuring of the Group's debt concluded in 2016 as well as the commercial paper issue at very favourable rates. On a comparable basis, excluding the cost in 2016 of the decision to proceed with early repayment of a bond issue of 6 million euros, interest expense fell by 4.2 million euros, whilst financial results also benefited from gains of approximately 3.2 million euros on forex hedges.

The increase in corporate income tax derives mostly from the fact that in the first 9 months of 2017 the amount of tax benefits applicable to the corporate income tax charged to Navigator was much less, as it had been used in previous periods.

### **Third Quarter of 2017 vs. Third Quarter of 2016**

Third quarter performance reflected improving market conditions over the course of the year. Revenue grew by 5.4% when compared with the figure recorded in the same quarter last year, due essentially to strong performance in pulp business, where the sales price rose by almost 22%, and to the growing volume of paper sales (up by 1.7%). Figures were also positive for sales of tissue and power, and the new pellets business also added roughly 5 million euros to total Group revenue.

EBITDA stood at 101.7 million euros in the 3rd quarter of 2017, as compared to a figure of 106.2 million euros in the same period last year, when earnings were positively impacted by a series of non-recurrent items with a net impact of around 3 million euros, related essentially to the discount rate used in valuing biological assets. In 2017, EBITDA was negatively affected by the impact of forest fires, bringing down the total by 1.4 million euros in Q3.

Financial results improved and the Group recorded a financial profit in the quarter by 1.8 million euros, reflecting the gains recorded on forex hedges.

As a result, net income totalled 49.8 million euros, comparing positively with the figure of 48.8 million euros recorded in Q3 of 2016.



## Cement and Other Building Materials

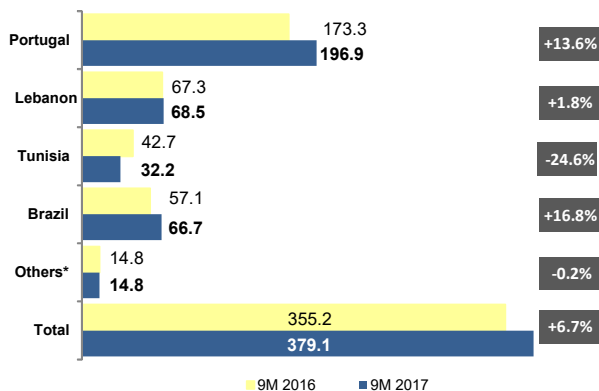
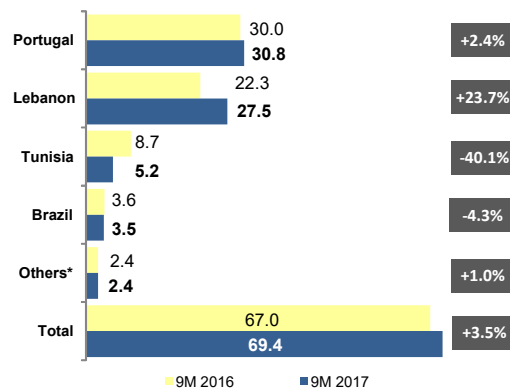
### Highlights - first 9 months 2017 (vs. 9 Months of 2016)

- Revenue had a positive growth to 379.1 million euros (+6.7%), particularly due to strong growth in Portugal and Brazil.
- EBITDA stood at 69.4 million euros, which translated into an increase of around 2.4 million euros in relation to the amount accumulated until September 2016.
- Net financial results amounted to -31 million euros, compared to -27.8 million euros in the same period of 2016. The deterioration was due to unfavourable foreign exchange evolution of around 5.7 million euros.

### Summary table of financial indicators

IFRS - accrued amounts (million euros)	9M 2017	9M 2016	Var.	Q3 2017	Q3 2016	Var.
<b>Revenue</b>	<b>379.1</b>	<b>355.2</b>	<b>6.7%</b>	<b>129.7</b>	<b>123.3</b>	<b>5.2%</b>
<b>EBITDA</b>	<b>69.4</b>	<b>67.0</b>	<b>3.5%</b>	<b>25.1</b>	<b>25.4</b>	<b>-1.2%</b>
EBITDA Margin (%)	18.3%	<b>18.9%</b>	<b>-0.6 p.p.</b>	19.3%	20.6%	-1.3 p.p.
Depreciation, amortisation and impairment losses	(36.7)	(41.9)	12.3%	(11.3)	(18.7)	39.4%
Provisions	(0.6)	0.6	<-100%	(0.3)	1.3	<-100%
<b>EBIT</b>	<b>32.1</b>	<b>25.8</b>	<b>24.5%</b>	<b>13.4</b>	<b>8.0</b>	<b>66.9%</b>
EBIT Margin (%)	8.5%	7.3%	1.2 p.p.	10.4%	6.5%	3.8 p.p.
Net financial results	(31.0)	(27.8)	-11.7%	(6.8)	(11.2)	38.8%
<b>Profit before taxes</b>	<b>1.1</b>	<b>(2.0)</b>	<b>153.7%</b>	<b>6.6</b>	<b>(3.1)</b>	<b>&gt;100%</b>
Income taxes	(0.4)	2.0	<-100%	1.7	0.5	>100%
Net profit for the period	0.7	(0.0)	>100%	8.3	(2.6)	>100%
<b>Attributable to Secil equity holders</b>	<b>(7.0)</b>	<b>(6.1)</b>	<b>-15.6%</b>	<b>5.4</b>	<b>(5.9)</b>	<b>&gt;100%</b>
Attributable to non-controlling interests (NCI)	7.7	6.0	28.1%	2.9	3.2	-9.2%
<b>Cash-flow</b>	<b>38.0</b>	<b>41.2</b>	<b>-7.8%</b>	<b>20.0</b>	<b>14.7</b>	<b>35.7%</b>
	<b>30/09/2017</b>	<b>31/12/2016</b>	<b>Sep17 vs. Dec16</b>			
Equity (before NCI)	393.5	444.9	-11.6%			
<b>Net debt</b>	<b>433.2</b>	<b>422.9</b>	<b>2.4%</b>			

**Note:** Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments. In the first 9 months of 2017, revenue included 0.6 million euros resulting from intra-group sales.

**Revenue**

**EBITDA**


\* Includes Angola and Others. The figures for the first 9 months of 2016 were restated following the same criteria as in the first 9 months of 2017.

**Summary table of operating indicators**

in 1 000 t	9M 2017	9M 2016	Var.	Q3 2017	Q3 2016	Var.
Annual cement production capacity	9,750	9,750	0.0%	9,750	9,750	0.0%
<b>Sales</b>						
Grey cement	3,844	3,880	-0.9%	1,389	1,330	4.4%
White cement	67	61	10.8%	21	20	5.6%
Clinker	527	351	49.9%	115	120	-4.4%
Aggregates	2,312	1,880	22.9%	590	641	-8.0%
Precast concrete	216	45	>100%	74	30	>100%
Mortars	95	76	26.0%	31	27	15.8%
Hydraulic lime	20	18	5.6%	7	6	14.7%
Mortar fixative	13	12	8.0%	5	4	9.2%
<b>in 1 000 m3</b>						
Ready-mixed	1,075	909	18.2%	369	316	16.6%

Note: Amounts excluding sales between segments. The figures for the first 9 months of 2016 were restated following the same criteria as in the first 9 months of 2017.

In the first 9 months of 2017, revenue of the Cement business reached 379.1 million euros, 6.7% higher than the figure for the same period of the previous year. This increase was mainly due to the growth in revenue of operations in Portugal and Brazil, despite the decrease in revenue in Tunisia.

EBITDA totalled 69.4 million euros, up by 3.5% over the same period of the previous year. EBITDA increased essentially as a result of operations in Lebanon, where this indicator increased 5.3 million euros. In the first 9 months of 2017, EBITDA margin stood at 18.3%, 0.6 p.p. below that of the same period in the previous year.

In **Portugal**, the Bank of Portugal maintained the economic growth projection for 2017 at 2.5% (Economic Bulletin - October 2017). This development is supported by rising exports, the domestic demand pick up and rise in investment.

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

According to the latest figures available, cement consumption in mainland Portugal was up by 14% year on year. It is estimated that the market reached approximately 2.3 million tons.

In this environment, revenue for overall operations in Portugal was up by 13.6% compared to the same period in 2016, totalling 196.9 million euros.

The Cement and Clinker business unit in Portugal recorded revenue of 122.8 million euros in the first 9 months of 2017, representing growth of 4.7%. In the domestic market, revenue grew 13.7%, with volumes sold rising 7.2%. Good weather conditions, as well as more local government and private projects (tourism and residential) and rehabilitation works, especially in Lisbon and Oporto, contributed to this progress.

In the external market, the surplus supply of the Mediterranean Area, due to the increase in production capacity of exporter countries like Turkey, and less demand on behalf of countries dependant on fossil fuel revenue, still remains. Total export volumes sold decreased by around 11.4% year on year, to 921 thousand tons. This was mostly the result of approximately 47% less cement sales, largely due to the reduction in sales to Algeria, a main destination of cement exports in previous years. Clinker exports largely exceeded previous year's numbers, up by 50%.

In the other business segments with operations based in Portugal (Ready-mix concrete, Aggregates, Mortars and Pre-cast), revenue in the first 9 months of 2017 amounted to 74.1 million euros, up by 32.4% in relation to the same period of the previous year.

All areas of building materials grew, arising from the positive effects of a more dynamic construction sector and private and public investment picking up, linked with the local government elections in 2017. In the Ready-mix concrete business unit, the volumes of concrete sold increased more than 26.5% and in the Aggregates business unit increased 22.9%.

In the first 9 months of 2017, EBITDA for total operations in Portugal was up by 2.4% year on year, at 30.8 million euros vs. 30.0 million euros in the same quarter of the previous year.

The Cement unit recorded EBITDA of 22.9 million euros, below 26.6 million euros in the same period in 2016. It should be noted that EBITDA in the first 9 months of 2016 was influenced by the extraordinary current asset gains of around 3.3 million euros recorded. In addition to the rise in the volumes 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 in part to make up for the decrease in cement sales in the external market.

EBITDA of construction material business units stood at 7.9 million euros, which compares with 3.4 million euros in the first 9 months of 2016. The most significant improvement was in Ready-mix concrete, arising from greater volumes sold, and also from the increase in average sales prices and lower staff and transport costs.

In **Lebanon**, according to the latest figures published by the IMF, the economy is expected to grow by 1.5% in 2017 (World Economic Outlook, IMF October 2017), below potential.

Cement consumption until September 2017 stood at 3.8 million tons, 2% less year on year, 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).

Revenue of combined operations in Lebanon increased 1.8%, compared to the previous year, amounting to 68.5 million euros.

Cement sales totalled 839 thousand tons, up by 2.0% compared to the first 9 months of 2016. Sales prices in local currency stood at similar levels to those in 2016, due to changes in the sales mix. Revenue grew around 2.4%, as a result of an increase in volumes sold and the positive impact of the appreciation of the US dollar against the euro, totalling 63.8 million euros.

Ready-mix concrete business revenue decreased 5.6% compared to the first 9 months of 2016, standing at 4.7 million euros, arising from 5.5% less sales and similar sales price.

EBITDA from operations in Lebanon stood at 27.5 million euros, up by 23.7% in relation to the same period of the previous year. The Cement unit recorded EBITDA of 27.2 million euros, 23.3% 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 2016 clinker production was less due to the planned maintenance stop of one of the kilns to install the filter sleeves. 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 9 months of 2017 was impacted positively by approximately 2 million euros on an insurance indemnity received 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. The Tunisian economy is still facing significant challenges, including high external and tax deficits, rising debt and insufficient growth for reducing unemployment. Some 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 (World Economic Outlook, IMF October 2017).

In this context, it is estimated that the domestic cement market increased 1% year on year. The cement market continued to be characterized by intense competition and high pressure on sales prices, which dropped. The cement export market decreased significantly 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, revenue for combined operations in Tunisia in the first 9 months of 2017 stood at approximately 32.2 million euros, representing a 24.6% decrease on a year on year basis.

The revenue of the Cement and Clinker business unit dropped approximately 25.1%, and stood at 27.8 million euros due to the decrease in revenue in the domestic market and an increase in the external market, albeit not enough to offset the drop. 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 reduction in cement exports (-39%), clinker exports were made to West Africa in the first 9 months of 2017, in a total of around 174 thousand tons, impacting positively total export sales. Sales price in the domestic market was lower than the accumulated amount in September 2016 by approximately 1%. 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 revenue of the Ready-mix concrete business unit dropped 20.3%, standing at 4.3 million euros, arising from the decrease in sales volume and similar prices during the same period in the previous year.

EBITDA from business operations in Tunisia in the first 9 months of 2017 stood at 5.2 million euros, a decrease of 40.1% in comparison with the same period of the previous year. The decrease resulted from the reduction in revenue and change in the export product mix. Note that the variable unitary production costs of cement were lower than in 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) and the decrease in specific consumption.

Recent IMF projections point out to a growth of the economy of **Brazil** by 0.7% in 2017 (*World Economic Outlook*, IMF, October 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 impact on cement consumption. The cement market decreased 7.6% in relation to the same period in 2016. However, in the last three months market decrease slowed down significantly, with a decrease of 2.8% in September. The South/South-east region, where the group operates, behaved in a similar way. However, it decreased 5.8% less than the overall market decrease.

Revenue of combined operations stood at approximately 66.7 million euros in the first nine months of 2017, of which 54.7 million euros in cement and clinker and 11.9 million euros in ready-mix concrete. The growth in revenue of 16.8% was positively impacted by the increase in volumes sold in both operations, and by the decrease of sales price of cement and ready-mix year on year. In the last quarter a slight rise in prices began.

The volumes of ready-mix sold, market which was also impacted negatively by the context, increased by around 22.6%, with sales of 197 thousand m<sup>3</sup> of ready-mix, a performance positively influenced by the start-up of two new Ready-mix concrete plants and the development of a commercial excellence project.

In the first 9 months of 2017, EBITDA stood at 3.5 million euros, compared to 3.6 million euros in the same period of the previous year. The increase in volumes sold and the improvement of variable production costs (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.

According to the IMF, the **Angolan** economy is expected to grow slightly by 1.5% in 2017 (*World Economic Outlook*, IMF October 2017). The negative effects of oil price developments since 2014 are still being felt. However, the gradual rise in oil price, the fact that this year government elections were 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 cement consumption. These growth expectations did not materialise and in September 2017 the Angolan cement market decreased by 35% year on year.

In the first nine months of 2017, the cement volumes sold decreased year on year, amounting to 108 thousand tons of cement, 11.5% less than in the previous year. Revenue stood at 14.8 million euros in total, down by 0.2% year on year, as a result of the appropriate and strict management of the sales price, which grew around 11% compared to the same period in 2016.

EBITDA in the first 9 months of 2017 stood at approximately 2.4 million euros, equivalent to the figure in the same period in 2016.

In the first nine months of 2017, depreciations, amortisations and impairment losses of Secil totalled 36.7 million euros, as compared with the figure of 41.9 million euros year on year. Such reduction resulted from one off impairment losses of 5.7 million euros in 2016.

The net financial results in the first nine months of 2017 amounted to a negative 31.0 million euros, which compares with an equally negative value of 27.8 million euros in the same period of 2016. These results were more negative, due to an unfavourable foreign exchange evolution of around 5.7 million euros.

### **Third Quarter of 2017 vs. Third Quarter of 2016**

Revenue in Q3 of 2017 grew by 5.2% when compared with the figure recorded in the same quarter last year, mostly due to the good business performance of Portugal and Brazil.

EBITDA stood at 25.1 million euros in the 3rd quarter of 2017, similar to the figure in the same period last year. However, in Q3 of 2016 EBITDA included the positive impact of 3.3 million euros arising from a one off effect, as previously mentioned.

Depreciations, amortisations and impairment losses decreased 7.4 million euros year on year, as a result of the recognition of an impairment of 5.7 million euros in Q3 of 2016.

In Q3 of 2016 a provision of 2.5 million euros was reversed.

The financial results evolved favourably, from -11.2 million euros in Q3 of 2016 to -6.8 million euros in the same period of 2017, reflecting better financing conditions and favourable foreign exchange evolution.

As a result, net income for shareholders totalled 5.4 million euros, comparing positively with the figure of -5.9 million euros recorded in Q3 of 2016.

## Environment

### Summary table of financial indicators

IFRS - accrued amounts (million euros)	9M 2017	9M 2016	Var.	Q3 2017	Q3 2016	Var.
<b>Revenue</b>	<b>21.3</b>	<b>18.9</b>	<b>12.8%</b>	<b>6.7</b>	<b>6.5</b>	<b>2.7%</b>
<b>EBITDA</b>	<b>6.0</b>	<b>4.8</b>	<b>25.9%</b>	<b>2.0</b>	<b>1.5</b>	<b>30.0%</b>
EBITDA margin (%)	28.2%	25.2%	2.9 p.p.	30.1%	23.8%	6.3 p.p.
Depreciation, amortisation and impairment losses	(2.1)	(2.2)	4.0%	(0.7)	(0.7)	1.0%
Provisions	(0.2)	-	-	(0.1)	-	-
<b>EBIT</b>	<b>3.7</b>	<b>2.6</b>	<b>45.6%</b>	<b>1.2</b>	<b>0.8</b>	<b>50.8%</b>
EBIT margin (%)	17.5%	13.6%	4.0 p.p.	18.7%	12.7%	5.9 p.p.
Net financial results	(0.4)	(0.5)	18.9%	(0.1)	(0.2)	17.2%
<b>Profit before taxes</b>	<b>3.4</b>	<b>2.1</b>	<b>60.4%</b>	<b>1.1</b>	<b>0.7</b>	<b>66.7%</b>
Income taxes	(0.6)	(0.5)	-15.2%	(0.3)	(0.2)	-72.1%
Net profit for the period	2.8	1.6	75.4%	0.8	0.5	65.1%
<b>Attributable to ETSA shareholders</b>	<b>2.8</b>	<b>1.6</b>	<b>75.4%</b>	<b>0.8</b>	<b>0.5</b>	<b>65.1%</b>
Attributable to non-controlling interests (NCI)	-	-	-	-	-	-
<b>Cash-Flow</b>	<b>5.0</b>	<b>3.8</b>	<b>33.0%</b>	<b>1.6</b>	<b>1.2</b>	<b>30.6%</b>
	<b>30/09/2017</b>	<b>31/12/2016</b>	<b>Sep17 vs. Dec16</b>			
Equity (before NCI)	68.2	65.5	4.2%			
Net debt	15.9	15.7	1.4%			

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

The ETSA group recorded revenue of approximately 21.3 million euros in the period in analysis, which represented an increase of approximately 13% against 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 24% and the same class meal by approximately 31% in comparison with the same period of 2016, (ii) a decrease in volumes sold of class 3 by about 14% year on year, (iii) volumes sold of class 2 were very significant in the period in analysis, representing a 198% growth, albeit at a price around 3% lower, and (iv) an increase of 17% in services rendered.

EBITDA for the ETSA Group totalled approximately 6.0 million euros in the first 9 months of 2017, representing an increase of about 26% in comparison with the same period of the previous year.

In the first 9 months of 2017, depreciations, amortisations and impairment losses of ETSA totalled 2.1 million euros, in line with the figure recorded year on year.

The net financial results in the first 9 months of 2017 totalled a negative amount of -0.4 million euros, an improvement compared with the first half of 2016, as a result of total average debt reduction and repricing of current debt conditions.



### **Third Quarter of 2017 vs. Third Quarter of 2016**

In Q3 of 2017 revenue amounted to 6.7 million euros, representing a growth of 2.7% when compared to the amount recorded year on year.

EBITDA in Q3 of 2017 totalled 2.0 million euros, which translates a rise of 30.0% on the same period of the previous year, affected negatively by the Government's decision to cancel temporarily and exceptionally the official SIRCA collection from 26 August to 4 October 2016.

### 3 Consolidated Financial Performance

#### Consolidated Net Debt

(million euros)	30/09/2017	31/12/2016	Var.
Pulp and Paper	742.0	640.7	101.3
Cement	433.2	422.9	10.3
Environment	15.9	15.7	0.2
Holdings	548.2	700.4	-152.2
<b>Total</b>	<b>1,739.4</b>	<b>1,779.7</b>	<b>-40.4</b>

On 30 September 2017, consolidated net debt stood at 1,739.4 million euros, representing a decrease of 40.4 million euros over the figure recorded at year-end 2016, positively influenced by the generation of operating cash flow and:

- Pulp and paper: +101.3 million euros, including investments of about 75.5 million euros and the payment of dividends of 250 million euros;
- Cement: +10.3 million euros, which includes the exchange rate effect of foreign exchange denominated debt, that reduced debt by approximately 9 million euros, and investments of approximately 42.3 million euros;
- Environment: +0.2 million euros; and
- Holdings: -152.2 million euros, resulting namely from dividends received from Navigator (173.5 million euros), dividend payments (36.3 million euros) and Government reimbursement of previously made payments on account of corporate income tax (IRC).

#### Consolidated Net Income

Consolidated net income in the first nine months of 2017 attributable to Semapa shareholders was 78.1 million euros, 9.1% more compared to the same period in the previous year. Net income per outstanding share stood at 0.968 euros/share.

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

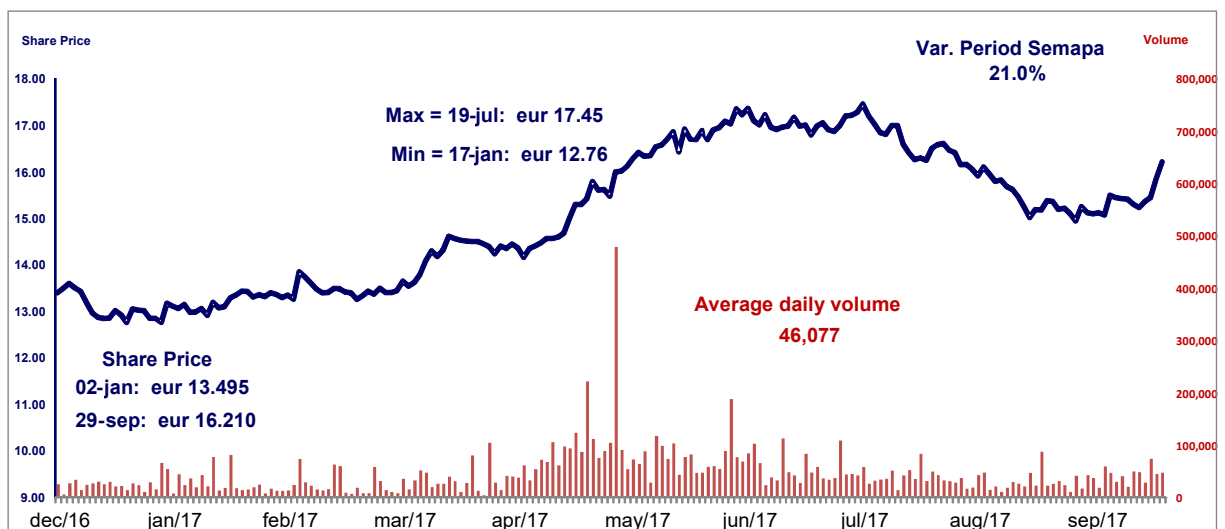
- An increase in total EBITDA of approximately 1.3 million euros;
- Provisions increase of 1.4 million euros;
- A decrease in Depreciation, amortisation and impairment losses of 14.2 million euros, reflecting the recording of an impairment in tangible fixed assets in the first 9 months of 2016;

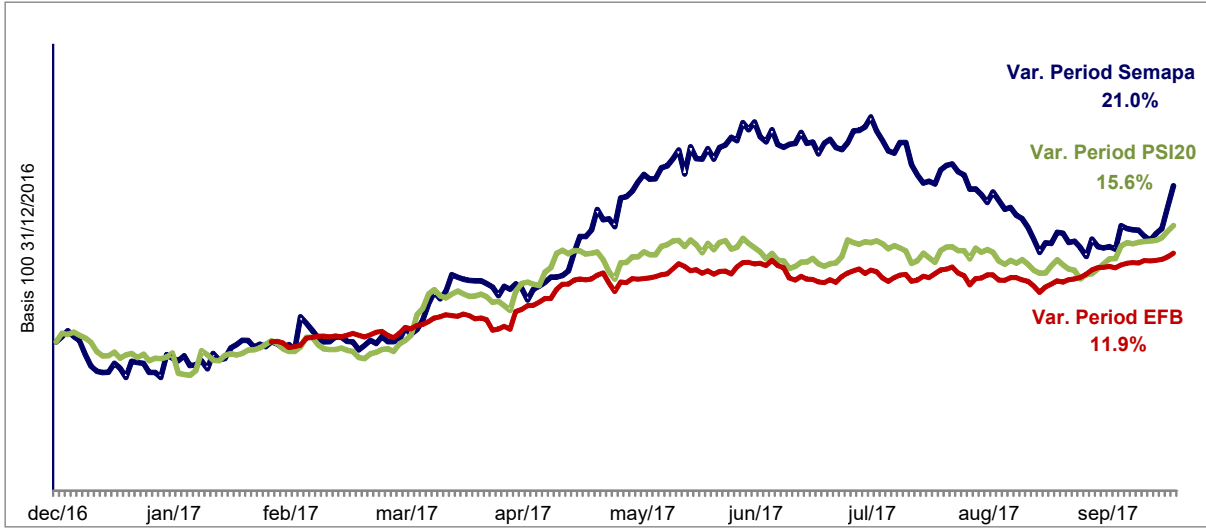
- An improvement of net financial results by about 7.6 million euros, in relation to the previous year;
- Increase in corporate income tax by approximately 9.9 million euros, arising namely from the reduction of tax benefits applicable to the payable corporate income tax of the Navigator Group and from the fact that in 2016 tax provisions (gains) were reversed.

#### 4 Performance of Semapa Shares on the Stock Exchange

Despite the lingering uncertainties surrounding political changes in the United States and the impact of the Brexit process on Europe, the capital markets were optimistic during the third quarter of 2017, after a slight slowdown in the second quarter of the year. The equity markets recorded gains in the first 9 months of 2017, the Milan stock exchange in particular, whose main index appreciated 18.0%. The PSI20 index was no exception and rose 15.6%, the second best performance within the main stock exchanges in the Euro Area. Outside the Euro area, the Dow Jones Industrial continued to rise and the main index of the São Paulo stock exchange behaved very positively in the first 9 months of 2017 (+23.4%).

In this context, the value of Semapa shares in the period increased 21.0%, above PSI20 (+15.6%) and EFB (11.9%) average. Semapa's stock price reached a maximum of 17.45 euros on 19 July and a minimum of 12.76 euros on 17 January.





EFB – Euronext Family Business Index (since 21/02/2017)

Note: Closing market prices

## 5 Subsequent events

In October, Portugal was again ravaged by a large number of fires, estimated to have raised the total area burned to around 520 thousand hectares across the country and approximately 6100 hectares related to the Group, whose financial impact is still being assessed. It is difficult to estimate the consequences of these fires for wood supplies in future years, but at this time no risks are anticipated to the supply of wood to the Group's industrial units.

## 6 Outlook

### Pulp and paper

Over the first nine months of 2017, the short fibre **pulp** market continued to present the strong performance recorded since the end of last year: demand has grown sharply, stock levels are low and upward pressure on prices is strong. Most forecasts for pulp prices in 2017 have been revised upwards, and concerns about the impact of new capacity have been partially offset by the production shutdowns still planned for 2017. However, the pace of growth in demand over recent quarters will be hard to sustain and the price differential between short and long fibre pulp has been at all-time lows, which could lead to a degree of adjustment in the market in 2018.

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 of BEKP pulp. Total capital expenditure in the first nine months of 2017 stood at 34.3 million euros.

The **tissue** market in 2017 has seen an increase in competition in the Iberian Peninsula and a rise in production costs caused by higher pulp prices. Navigator announced a price increase for its tissue products in Portugal and Spain, for gradual implementation from October to January 2018. Total capital expenditure in the first nine months of 2017 in the new tissue plant in Cacia stood at 17.3 million euros.

Conditions in the **paper** market also improved gradually over the year, and by the end of September global demand for UWF had grown by around 0.9%, with a special focus on Asian markets, and China in particular. In Europe, apparent consumption edged down by 0.3% in the first 9 months of the year, although demand for folio sizes grew by approximately 2% and demand for cut size held steady in relation to the same period last year. The Group has taken the lead in a series of price increases since the start of the year, the last of these in September. Order books remain comfortably full, and sound performance can be expected in Q4. Forex trends, in particular the EUR/USD rate, remain the main cause for concern.

Navigator has decided to proceed with its capital project in **Mozambique** at a more moderate pace and to implement its plans in stages. At this moment, the project is essentially a forestry venture, with the option of

industrial development involving construction of a large-scale pulp mill. The first phase includes developing a eucalyptus woodchip production and export operation, geared essentially to the Asian market. This is planned to be up and running by 2023, with phase two - if it goes ahead - being implemented up to 2030.

Operating through its subsidiary Portucel Moçambique, the Navigator Group is focused on resolving the outstanding issues, which include, among others, the legalization, regularization and demarcation of the DUAT (*Direito de Utilização e Aproveitamento de Terra*) areas, the revision of the access to land model, the confirmation of appropriate logistical conditions, the definition of a stable legal and fiscal framework and the project social acknowledgement. The Group expects that the bulk of these issues will be overcome by the coming months, which will allow forestry plans to proceed at the envisaged pace.

### **Cement and Other Building Materials**

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 construction industry output decreased by 3.3% in 2016, activity is expected to pick up in 2017. This recovery outlook points out to a pickup in domestic market activities, which has already taken place in the first 9 months of 2017.

In **Lebanon**, notwithstanding the unstable environment caused by the war in Syria, greater political stability in the country makes it possible to anticipate higher confidence among economic agents. However, cement demand is expected to slow down until the end of the year.

A 2.3% growth of the economy is the forecast for **Tunisia** (World Economic Outlook, IMF October 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 0.7% in 2017 (World Economic Outlook, IMF October 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 volumes sold. Sales price developments will have an impact on performance, which is why efforts will continue to be put into improving production costs and controlling fixed costs.

The **Angolan** economic outlook is slightly positive for 2017. IMF is forecasting 1.5% 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 held in 2017 are expected to foster growth of the economy. Although cement consumption increase has not occurred yet, in Q4, due to the shutdown of two producers, current sales volumes of our operations should remain flat and average sales price is expected to increase.

## **Environment**

Considering the current macroeconomic, financial and sectorial context, current conditions are envisaged to remain unchanged in the medium term in the sector operated by the ETSA group, in the consumption of foodstuffs. However, competition between operators in the collection of raw material, which is scanty, will remain intense, due to 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 51.3% of total sales on 30 September 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, 31 October 2017

The Directors