Presentation of Results

2019

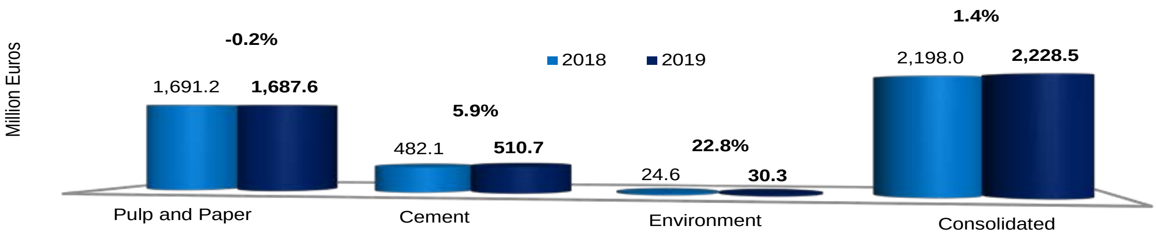
(translation from the original text in Portuguese)

Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.
Public Limited Company
Av. Fontes Pereira de Melo, nº 14, 10º, 1050-121 Lisboa
Company Registration and Corporate Taxpayer Number: 502 593 130
Share Capital: EUR 81,270,000
ISIN: PTSEM0AM0004
LEI: 549300HNGOW85KIOH584
Ticker: Bloomberg (SEM PL); Reuters (SEM.LS)

1. SEMAPA'S PERFORMANCE

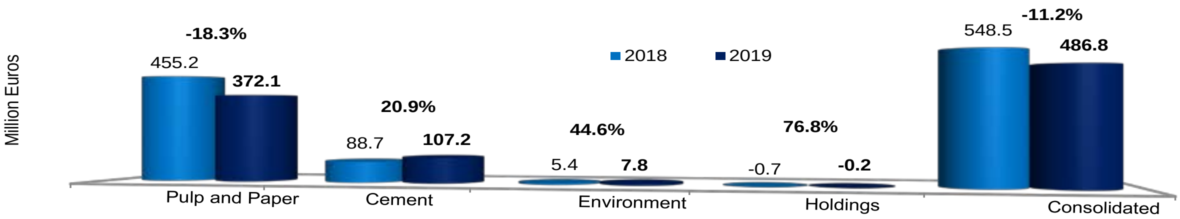
REVENUE

In 2019 the Semapa Group recorded consolidated revenue of 2,228.5 million euros, an increase of 1.4% over the previous year. Exports and foreign sales amounted to 1,644.7 million euros, accounting for 73.8% of revenue.



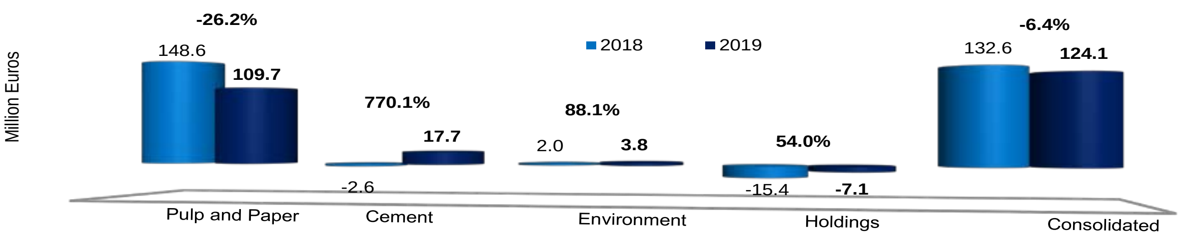
EBITDA

In 2019, EBITDA decreased around 11.2% in relation to the previous year, standing at 486.8 million euros. The consolidated margin stood at 21.8%, 3.1 p.p. below that of the same period in the previous year.



NET PROFIT ATTRIBUTABLE TO SEMAPA SHAREHOLDERS

Net profit attributable to Semapa shareholders stood at 124.1 million euros, down by 6.4% in relation to the previous year.



LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	2019	2018	Var.	Q4 2019	Q4 2018	Var.
Revenue	**2,228.5**	**2,198.0**	**1.4%**	**545.7**	**561.4**	**-2.8%**
EBITDA	**486.8**	**548.5**	**-11.2%**	**94.8**	**137.9**	**-31.2%**
EBITDA margin (%)	21.8%	25.0%	-3.1 p.p.	17.4%	24.6%	-7.2 p.p.
Depreciation, amortisation and impairment losses	(241.8)	(215.9)	-12.0%	(77.8)	(65.7)	-18.5%
Provisions	(4.1)	(19.0)	78.6%	(6.6)	(17.3)	61.8%
EBIT	**241.0**	**313.7**	**-23.2%**	**10.4**	**54.9**	**-81.1%**
EBIT margin (%)	10.8%	14.3%	-3.5 p.p.	1.9%	9.8%	-7.9 p.p.
Net financial results	(54.4)	(68.8)	21.0%	(18.8)	(11.3)	-66.7%
Profit before taxes	**186.6**	**244.8**	**-23.8%**	**(8.5)**	**43.6**	**-119.4%**
Income taxes	(23.9)	(43.7)	45.3%	16.0	5.5	189.0%
Net profit for the period	162.7	201.2	-19.1%	7.6	49.1	-84.6%
Attributable to Semapa shareholders	**124.1**	**132.6**	**-6.4%**	**12.0**	**35.0**	**-65.8%**
Attributable to non-controlling interests (NCI)	38.6	68.6	-43.7%	(4.4)	14.1	-131.4%
Cash-flow	408.6	436.0	-6.3%	92.0	132.1	-30.4%

	31/12/2019	31/12/2018	Dec19 vs. Dec18
Equity (before NCI)	960.9	890.4	7.9%
Interest-bearing net debt	**1,470.7**	**1,551.6**	**-5.2%**
Lease liabilities (IFRS 16)	75.2	0.0	-
Total	**1,545.8**	**1,551.6**	**-0.4%**

LEADING OPERATING INDICATORS

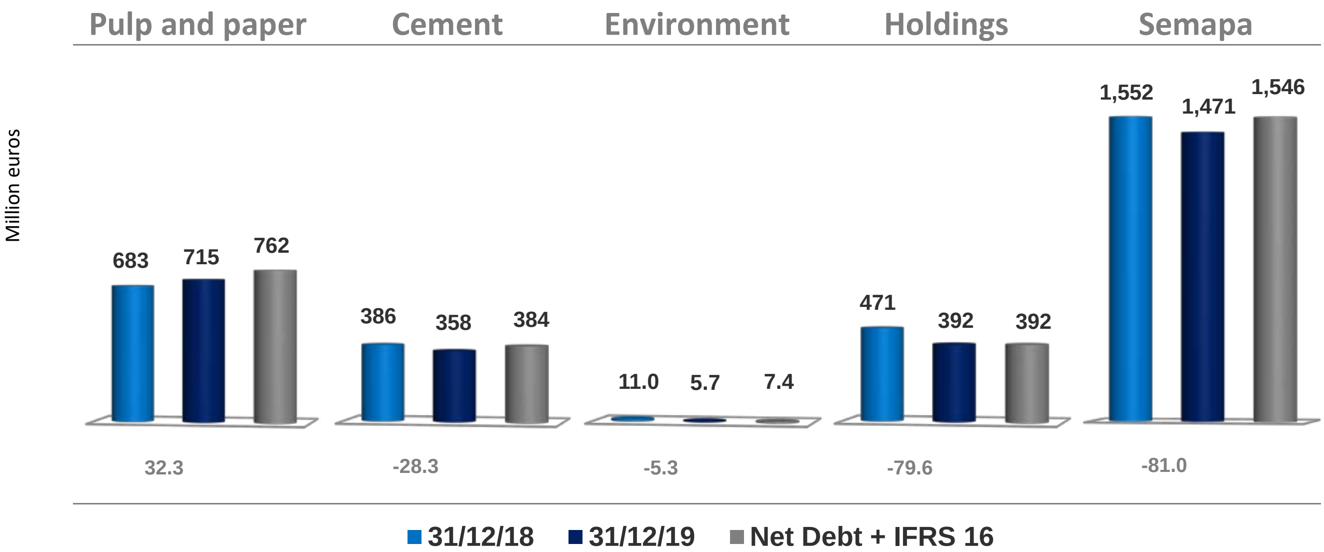
	Unit	2019	2018	Var.	Q4 2019	Q4 2018	Var.
Pulp and Paper							
BEKP Sales (pulp)	1 000 t	313.8	253.4	23.8%	99.4	76.3	30.2%
UWF Sales (paper)	1 000 t	1,447.0	1,512.9	-4.4%	364.7	376.0	-3.0%
Total sales of tissue	1 000 t	95.7	63.1	51.6%	21.5	17.9	20.2%
Cement							
Sales of Grey cement	1 000 t	5,060	5,096	-0.7%	1,341	1,263	6.2%
Sales of Ready-mix	1 000 m3	1,743	1,565	11.4%	432	410	5.4%
Environment							
Collection of raw materials - Animal waste	1 000 t	122.1	121.4	0.6%	32.9	30.3	8.6%

IMPACT OF THE ADOPTION OF IFRS 16

On 1 January 2019, the Group adopted Accounting Standard IFRS 16, although the 2018 results were not restated in accordance with the standard. As a result of the implementation of the standard, Net Debt increased (lease liabilities), against fixed assets, which are amortised instead of recognizing the cost in External Supplies and Services.

The main impacts of the implementation of IFRS 16 as of December 2019 were as follows: reduction of External Supplies and Services of around 15.3 million euros, increase in depreciation, amortization, and impairment losses of around 13.6 million euros, increase in financial charges of around 2.8 million euros, and lease liabilities increase of around 75.2 million euros.

NET DEBT



At 31 December 2019, consolidated net debt stood at 1,470.7 million euros, representing a reduction of 81.0 million euros from the figure recorded at year-end 2018. Including the effect of IFRS 16, net debt would have been 1,545.8 million euros, 5.8 million euros below the figure at the end of 2018. Besides the operating cash flow generated, these variations are explained by:

- Pulp and paper: +32.3 million euros, including investments of about 158 million euros, the acquisition of own shares in the amount of circa 18 million euros and the payment of dividends of 200 million euros. The impact of implementing IFRS 16 was 46.8 million euros.
- Cement: -28.3 million euros, which includes the positive effect of foreign exchange denominated debt of approximately 2.6 million euros, investments of approximately 43.7 million euros and net working capital variation. The impact of implementing IFRS 16 was 26.4 million euros.
- Environment: -5.3 million euros, in spite of the difficulty in collecting the amounts billed to the Government. As at 31 December, the Directorate-General of Animal Feeding and Veterinary Services owed a total of 5.6 million

euros, 3.8 million of which are past due and subject to late payment interest. The impact of implementing IFRS 16 was 1.7 million euros; and,

- Holdings: -79.6 million euros, resulting namely from dividends received from Navigator (139 million euros) and the payment of dividends (41.3 million euros), plus the acquisition of own shares in the amount of 2.2 million euros. The impact of implementing IFRS 16 was 0.3 million euros.

NET PROFIT

Net profit attributable to Semapa shareholders was 124.1 million euros, which represents a decrease of 8.5 million euros compared to the previous year. The Net Profit variation of 2019 is due essentially to the combined effect of the following factors:

- An improvement in EBITDA from Cement and Other Building Materials (+18.5 million euros) and Environment (+2.4 million euros), which did not manage to offset the reduction of 83.1 million euros from the Pulp and Paper business segment;
- An increase in depreciation, amortisation and impairment losses of 26.0 million euros, mainly due to the impact of IFRS 16, the beginning of the depreciation of recent investments of Navigator and brand impairments of 16.8 million euros from Cement and Other Building Materials. This latter amount results from the combined effect of: i) impairment of the Secil brand in Lebanon (18.8 million euros), due to the less positive expectation regarding future cash flows arising from the social-economic instability in this part of the world; and, ii) the impairment reversal of the Secil brand in Portugal (2 million euros);
- Reduction of provisions by 14.9 million euros;
- An improvement in net financial results by about 14.5 million euros. The net financial results for 2019 include 4.1 million euros from the impairment record, under IFRS 9, on cash and equivalents of Lebanon which reflects the rating and the current risk of the Lebanese financial system;
- Decrease of about 19.8 million euros in income taxes.

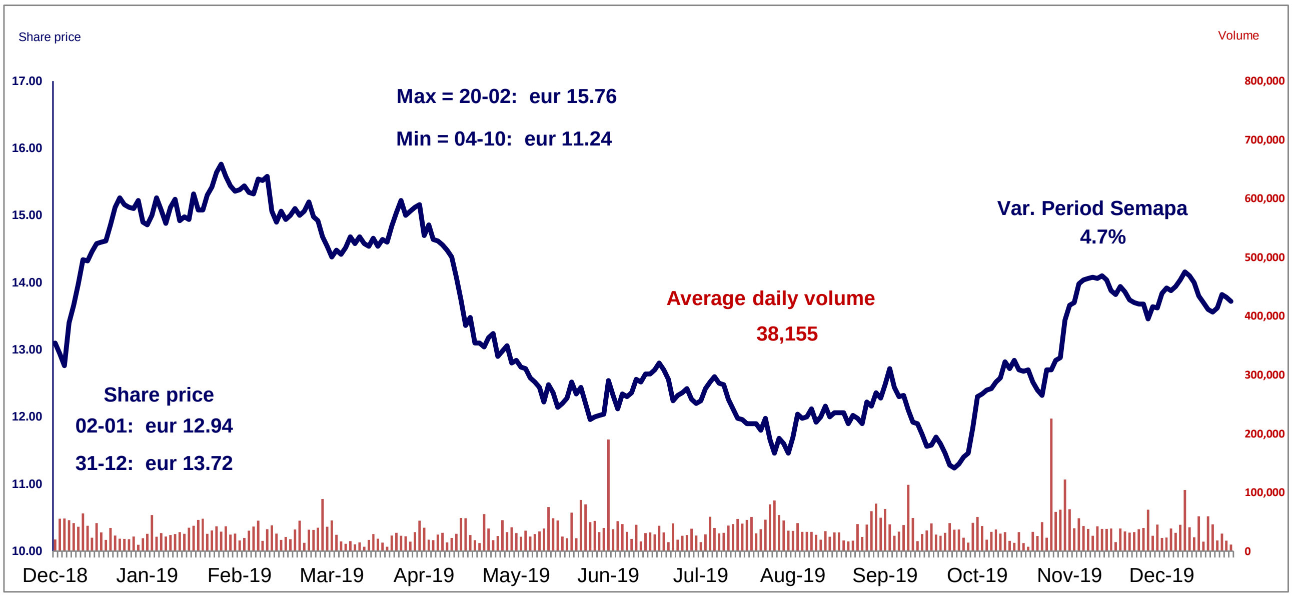
2. PERFORMANCE OF SEMAPA SHARES ON THE STOCK EXCHANGE

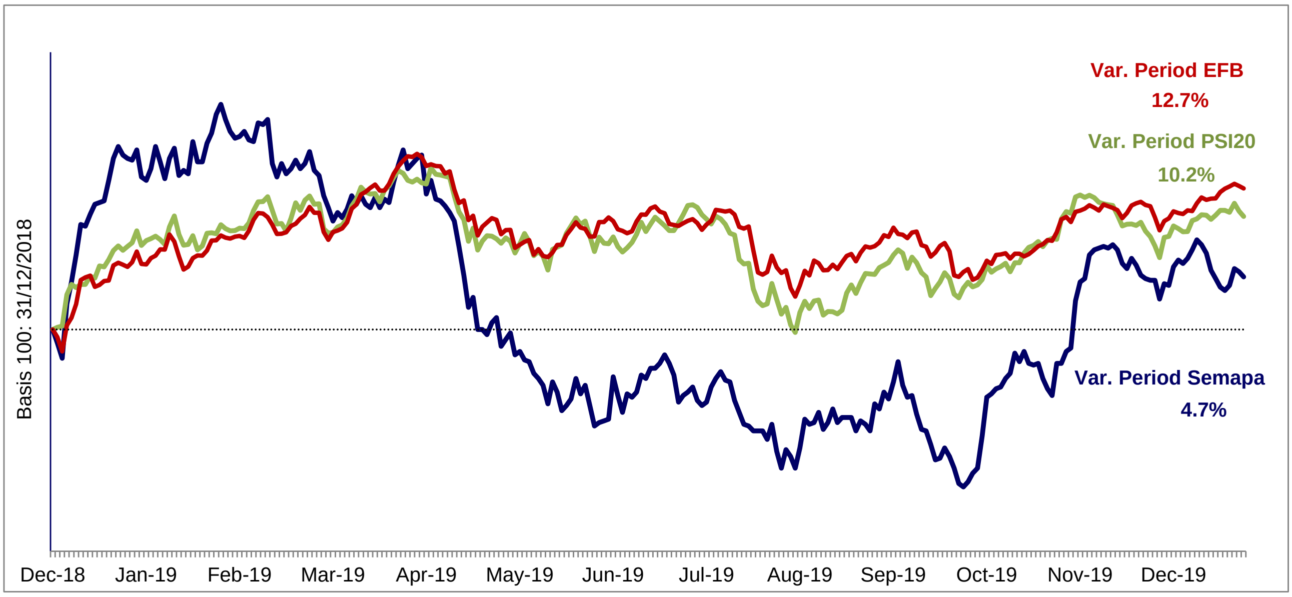
Despite geopolitical tensions and subsequent market turmoil, 2019 turned out to be a positive year for the stock markets, mainly marked by trade tensions between the US and China, Brexit, a slowdown in world growth and the response of major central banks. Already in December, there was a calming down in two of the main areas of tension: the US and China announced a preliminary trade agreement. In Europe, on the other hand, and after the early elections, the UK approved the agreement to leave the European Union. In view of the slowdown in economic growth, the response of the main central banks that adopted accommodative monetary policy measures stood out.

In this economic environment, the main stock exchange indexes around the world moved in a positive direction in 2019, most stocks recording gains of over two digits. The main indexes of the Milan, Paris and Frankfurt Stock Exchanges stood out for increases above 25%, exceeding even the performance of the Dow Jones.

In this context, Semapa stocks increased 4.7% in 2019, which compares with the 10.2% and 12.7% gains of the PSI20 and the Euronext Family Business Index, respectively.

Semapa shares recorded their lowest value of 11.24 euros on 4 October, being quoted at their highest value of 15.76 euros on 20 February. In the year, the accumulated gains in the first quarter were reversed during the following second and third quarters, with the share prices falling more sharply in April and May. The last quarter saw a strong recovery in the share price, culminating in the aforementioned 4.7% appreciation.





EFB – Euronext Family Business Index

Note: Closing prices

3. PERFORMANCE OF BUSINESS SEGMENTS

BREAKDOWN BY BUSINESS SEGMENTS

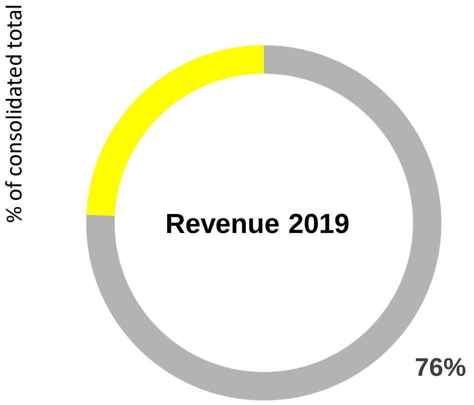
IFRS - accrued amounts (million euros)	Pulp and Paper		Cement		Environment		Holdings		Consolidated
	2019	19/18	2019	19/18	2019	19/18	2019	19/18	2019
Revenue	**1,687.6**	**-0.2%**	**510.7**	**5.9%**	**30.3**	**22.8%**	**-**	**-**	**2,228.5**
EBITDA	**372.1**	**-18.3%**	**107.2**	**20.9%**	**7.8**	**44.6%**	**(0.2)**	**76.8%**	**486.8**
EBITDA margin (%)	22.0%	-4.9 p.p.	21.0%	2.6 p.p.	25.7%	3.9 p.p.			21.8%
Depreciation, amortisation and impairment losses	(153.8)	0.0%	(84.6)	-43.6%	(3.0)	-3.8%	(0.4)	-83.8%	(241.8)
Provisions	0.0	100.3%	(4.1)	26.2%	(0.0)	138.3%	-	-	(4.1)
EBIT	**218.3**	**-24.2%**	**18.5**	**-23.7%**	**4.7**	**88.1%**	**(0.5)**	**43.8%**	**241.0**
EBIT margin (%)	12.9%	-4.1 p.p.	3.6%	-1.4 p.p.	15.5%	5.4 p.p.			10.8%
Net financial results	(18.9)	15.9%	(24.1)	22.0%	(0.3)	27.4%	(11.0)	26.5%	(54.4)
Profit before taxes	**199.4**	**-24.9%**	**(5.7)**	**15.8%**	**4.4**	**112.9%**	**(11.5)**	**27.5%**	**186.6**
Income taxes	(42.2)	17.8%	14.5	100.2%	(0.6)	<-1000%	4.4	773.7%	(23.9)
Net profit for the period	157.2	-26.6%	8.8	>1000%	3.8	88.1%	(7.1)	54.0%	162.7
Attributable to Semapa shareholders	**109.7**	**-26.2%**	**17.7**	**770.1%**	**3.8**	**88.1%**	**(7.1)**	**54.0%**	**124.1**
Attributable to non-controlling interests (NCI)	47.5	-27.4%	(8.9)	-385.0%	0.0	86.3%	-	-	38.6
Cash-flow	311.0	-18.5%	97.5	50.1%	6.8	40.3%	(6.7)	55.7%	408.6
Interest-bearing net debt	**715.3**		**358.0**		**5.7**		**391.7**		**1,470.7**
Lease liabilities (IFRS 16)	**46.8**		**26.4**		**1.7**		**0.3**		**75.2**
Total	**762.1**		**384.4**		**7.4**		**391.9**		**1,545.8**

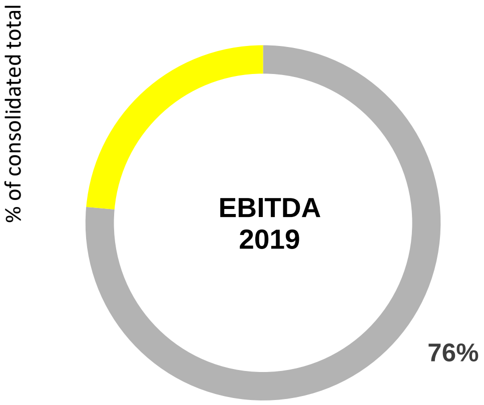
Notes:

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

The Navigator Company (“Navigator”) released its results on 11 February 2020, so only the highlights of that report will be presented herein. Secil and ETSA, which are not listed, did not release their results. Therefore, their operations are described in more detail.

PULP AND PAPER

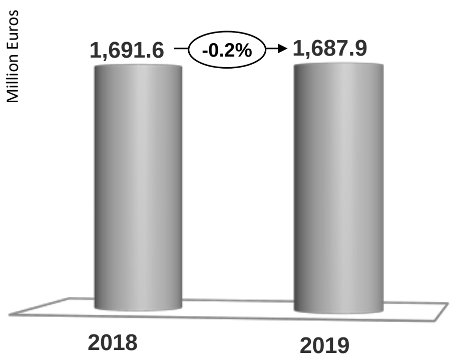




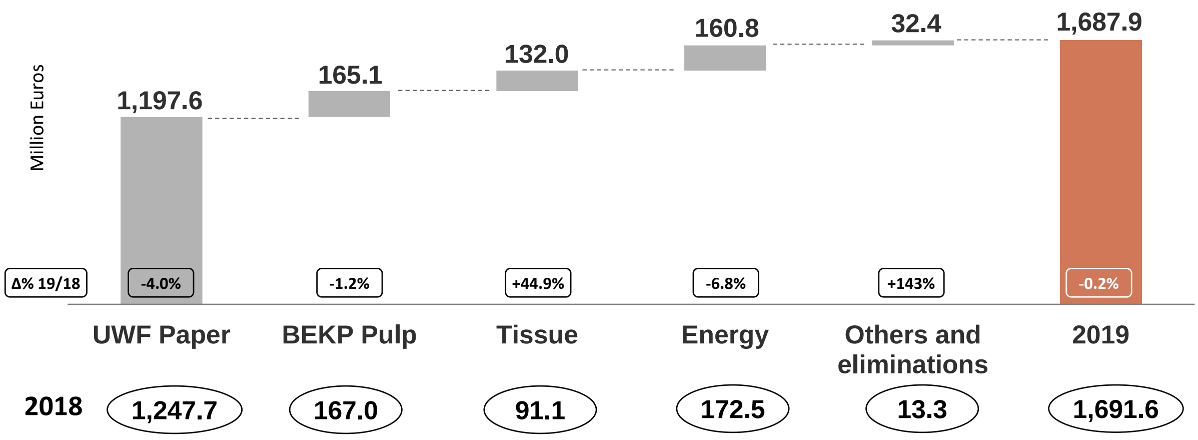
HIGHLIGHTS IN 2019 (VS. 2018)

- Revenue amounted to 1,687.9 million euros, 0.2% below the previous year, with an increase in the sales volumes of pulp and tissue compensating lower paper prices and volumes

Revenue

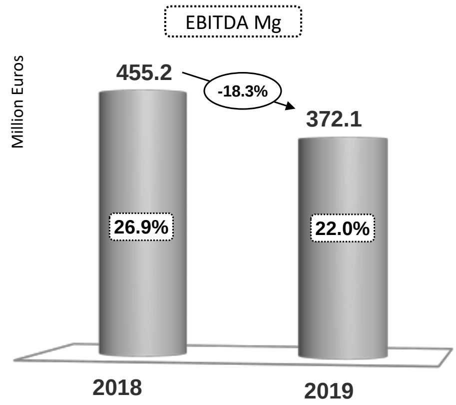


REVENUE BREAKDOWN BY SEGMENT:



- EBITDA decreased 18.3% to 372.1 million euros
- EBITDA margin dropped 4.9 p.p. to 22.0%, prompted by the reduction of pulp prices and higher production costs

EBITDA



SUMMARY TABLE OF FINANCIAL INDICATORS

IFRS - accrued amounts (million euros)	2019	2018	Var.	Q4 2019	Q4 2018	Var.
Revenue	**1,687.9**	**1,691.6**	**-0.2%**	**413.6**	**439.3**	**-5.9%**
EBITDA	**372.1**	**455.2**	**-18.3%**	**71.8**	**114.6**	**-37.3%**
EBITDA margin (%)	22.0%	26.9%	-4.9 p.p.	17.4%	26.1%	-8.7 p.p.
Depreciation, amortisation and impairment losses	(153.8)	(153.8)	0.0%	(39.6)	(44.6)	11.2%
Provisions	0.0	(13.5)	100.3%	(2.2)	(15.3)	85.3%
EBIT	**218.3**	**287.9**	**-24.2%**	**30.0**	**54.8**	**-45.2%**
EBIT margin (%)	12.9%	17.0%	-4.1 p.p.	7.3%	12.5%	-5.2 p.p.
Net financial results	(18.9)	(22.5)	15.9%	(7.5)	(6.0)	-26.2%
Profit before taxes	**199.4**	**265.4**	**-24.9%**	**22.5**	**48.8**	**-53.9%**
Income taxes	(42.2)	(51.3)	17.8%	(4.5)	1.8	-351.6%
Net profit for the period	157.2	214.1	-26.6%	18.0	50.6	-64.4%
Attributable to Navigator shareholders	**157.2**	**214.1**	**-26.6%**	**18.0**	**50.6**	**-64.4%**
Attributable to non-controlling interests (NCI)	(0.0)	0.0	-158.9%	(0.0)	0.0	-287.7%
Cash-Flow	**311.0**	**381.4**	**-18.5%**	59.8	110.5	**-45.8%**

	31/12/2019	31/12/2018
Equity (before NCI)	818.9	989.3
Interest-bearing net debt	**715.3**	**683.0**
Lease liabilities (IFRS 16)	46.8	-
Total	**762.1**	**683.0**

Note: Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments. Revenue in 2018 and 2019 includes intra-group sales and may differ from those presented by each segment.

SUMMARY TABLE OF OPERATING INDICATORS

in 1 000 t	2019	2018	Var.	Q4 2019	Q4 2018	Var.
Pulp and Paper						
FOEX – BHKP Usd/t	855	1,038	-17.7%	691	1,043	-33.8%
FOEX – BHKP Eur/t	762	880	-13.3%	625	914	-31.7%
BEKP Sales (pulp)	313.8	253.4	23.8%	99.4	76.3	30.2%
FOEX – A4- BCopy Eur/t	903	873	3.4%	884	900	-1.7%
UWF Sales (paper)	1,447.0	1,512.9	-4.4%	364.7	376.0	-3.0%
Tissue						
Total sales of tissue	95.7	63.1	51.6%	21.5	17.9	20.2%
Energy						
Sales of energy (GWh)	1,630.8	1,761.7	-7.4%	390.8	452.7	-13.7%

In 2019, Navigator's revenue totalled 1,687.9 million euros, which includes 1,197.6 million euros of paper sales (71% of revenue), 165.1 million euros of pulp sales and 160.8 million euros of energy sales (each segment being accountable for 10%) and 132.0 million euros of tissue sales (8% of revenue). Revenue in 2019 also covered approximately 32.4 million euros in sales in other businesses (vs. 13.3 million euros in 2018). Pulp market conditions deteriorated in 2019, especially due to the drop in prices and a weakening of the demand in the European market. Significant stock build-up, especially in China, at the end of 2018 and during the first half of 2019 contributed significantly to the fall in pulp prices.

After BHKP **pulp** price reached a maximum of 1,050 USD/t in 2018, and remained at this level for more than six months until the end of November, the year 2019 was marked by gradual and ongoing reduction in pulp prices, which reached 680 USD/t at the end of the year, reflecting a 35% drop from the maximum value. The average price of the index in 2019 was 855 USD/t, compared to 1,038 USD/t in 2018, a decrease of 17.7%. However, the change in the EUR/USD exchange rate attenuated the lowering price of pulp in euros, which fell 13.3%, with an average price of 762.3 EUR/t.

Pulp production in the year stood at 1,426 thousand tonnes, (1.8% below production in 2018), hampered by long maintenance shutdowns that took place in April, May and September, the strike in the Figueira da Foz and Setúbal plants in November, and the stabilization and ramp-up of the capacity expansion project at Figueira da Foz completed in 2018.

Even so, the amount of pulp available for sale in 2019 was greater than that of the previous year, as a result of the increase in installed capacity concluded in 2018, less pulp integrated in paper and rigorous management of outputs and stocks, in a moment of significant drop in demand for pulp in Europe and substantial price decrease.

Navigator recorded paper pulp sales of 313.8 thousand tonnes, an increase of 24% against a background of stagnant global demand for hardwood pulp and a sharp decline in Western Europe.

The increase in pulp sales, however, was insufficient to offset the impact of price reduction, the value of sales having amounted to approximately 165.1 million euros (vs. 167.0 million euros in 2018).

Paper sales in the period totalled 1,447 thousand tonnes (-4.4% compared to 2018) and were hampered by a lower level of production.

Navigator's paper production in 2019 totalled about 1,433 thousand tonnes, below the 2018 volumes, due to a set of factors, among which are the labour strikes that took place in the first half of the year at PM4 in Setúbal, and the Figueira da Foz and Setúbal plants in November, alongside programmed production stoppages and one-off operating issues.

Output from paper machine 3 in Setúbal was hampered by a series of tests and trials planned over the course of 2019, needed to optimise operations and the quality of the new high grammage products manufactured on that machine. This pioneering project, entailed expanding operations to include a wide range of products from 75 to 300 g/m2 and had significant implications for the pace of production, requiring unique and unprecedented adjustments to the machine.

On the market side, the apparent demand (mill sales) for printing and writing paper had in 2019 the worst performance since the financial crisis of 2009, justified by the economic slowdown at a global level, but above all by a global phenomenon of contraction in stock levels in the chain, much associated with the pulp price cycle.

In the current market environment, paper prices show great resilience: the benchmark index for UWF paper - A4 B-copy – recorded at an average value of 903 EUR/t in 2019, 3.4% above the average value in 2018, a sustained evolution in the consecutive price increases in 2018 and in the beginning of 2019. Although the index had a positive annual evolution, paper prices were under pressure throughout the year and the fall was more pronounced in the fourth quarter. The index price fell 2.7% from January to December, of which 2.1% was attributable to the last quarter of the year.

In this context, Navigator's performance reflects a sales strategy that sought to protect the margin in Europe and the US, regions where the Group records most of its sales, with active control over total supply and some volume redirection out of these geographies. Consequently, the average selling price in Europe performed very favourably and the average selling price in the US also improved, in turn also positively impacted by developments in the EUR/USD exchange rate. In the other regions, the mix of products sold includes higher reel sales volume and greater weight of standard and/or economic products, more common in places where demand is in recession and international market prices have deteriorated. However, Navigator still managed to increase its share of the European market and obtain a small gain on own brands in 2019, which accounted for 70% of total sales of sheeted products.

In this context, paper sales value amounted to 1,197.6 million euros vs. 1,247.7 million euros (-4.0% YoY), which was mostly due to lower sales volume.

In the **tissue** business, there was a significant increase of 51.6% in the volume sold, to 95.7 thousand tonnes, as a result of the start-up of the new tissue plant in Aveiro. Revenue stood at 132.0 million euros vs. 91.1 million euros in 2018, a 44.9% growth. This increase in volume and in mix reflects the current capacity of tissue, and translates, on the one hand, the growth in sales of finished products of about 22% to 74.5 thousand tonnes, and on the other, strong growth in the sale of reels (x11), totalling 21.1 thousand tonnes, which were marginal in the same period in the last year.

Finished products and reels both recorded increases in prices in comparison with 2018, which were fundamental to compensate for the increased costs, especially chemicals, energy and logistics. However, the faster growth of the reels business, typical in the initial production phase of a new tissue factory, altered the mix of products sold, impacting the average sales price of Navigator.

In 2019, sales of electrical **energy** totalled about 160.8 million euros vs. 172.5 million de euros in 2018, which represents a reduction of 6.8%. This decrease was the outcome of various stoppages during the year due to strikes and some technical and operational problems at the Setúbal and Figueira da Foz plants, resulting in lower total gross production of electric power.

Globally, total sales of electric power in 2019 were 1,631 GWh, compared to 1,762 GWh in 2018.

EBITDA stood at 372 million euros, which compares to 455 million euros in 2018, when Navigator achieved record high levels of EBITDA, which had included the positive impact of the sale of the pellets business (+13.3 million euros). The EBITDA margin in 2019 stood at 22.0% (which compares with 26.9% in 2018).

In production costs, energy remained the principal inflationary factor, up by more than 23 million euros, year on year, due to higher purchase prices of electricity and natural gas. The operational instability that was present throughout the year was reflected in the lower amount of energy produced and more purchases of energy at higher prices in comparison with the same period of the previous year. Attention should also be drawn to an increase in the costs of chemicals, which had an impact of over 10 million euros, resulting basically from developments in the price of the optical brighteners used in the production of paper.

There was also a rise in the unit cost for the procurement of wood, year on year. On the one hand, this increase was due to the increased weight of certified wood (with a better income) in the wood purchased on the domestic market, which rose from 42% to 52% of the total, in an effort of more than 6 million euros that Navigator has been developing to reward the best forest management practices, increasing the producer's income. Also, the increase in Ex Works price of wood sourced from the international market, and the variation in the EUR/USD foreign exchange rate for wood purchased outside the Iberian Peninsula (an unfavourable variation from the point of view of wood supplies) had a significant impact on the increase in the unit cost of wood procurement.

Fixed costs evolved negatively in relation to 2018 (+3%), while the reduction in personnel costs was not sufficient to offset the less favourable evolution in operating and maintenance costs.

However, the increase in expenses was mitigated by the continuation of the M2 programme, oriented towards cost optimisation control in Navigator, which continues to be developed systematically and with the transversal involvement of all the Group's units.

The financial results improved by 3.6 million euros, standing at negative 18.9 million euros (vs. negative 22.5 million euros). There was a positive impact of 3.4 million euros resulting from the variation in the results of the investments of surplus liquidity (which were negative in 2018) and of 3.4 million euros due to the effects of interest on the amount of USD 42.5 million still receivable from the sale of the pellets business in 2018. In addition to the interest received on this debt, this amount also includes the variation in the calculation of the present value of the amount receivable. Conversely, the result of the financing operations recorded an increase of around 1.7 million euros, due in large part to a higher level of average indebtedness in the period and the implementation of the IFRS 16, which had a negative impact of 1.8 million euros.

In 2019, Navigator's net profit amounted to 157.2 million euros, down by 26.6%, year on year.

Fourth Quarter of 2019 vs. Fourth Quarter of 2018

The Q4 2019 revenue totalled 413.6 million euros, less than that recorded in Q4 2018 (-5.9% year on year).

Navigator's performance in the 4th quarter was affected by the general strike in the pulp and paper mills of Setúbal and Figueira da Foz, as well as in the tissue mill of Vila Velha de Ródão, shutting down operations at these plants for four days in November. The Aveiro tissue plant stopped for maintenance for about 22 days in November and December, impacting the amount of tissue available for sale. Besides the impact on the availability of the product for sale in the period, the stoppages also resulted in a negative development in costs, namely in the mills' specific consumptions.

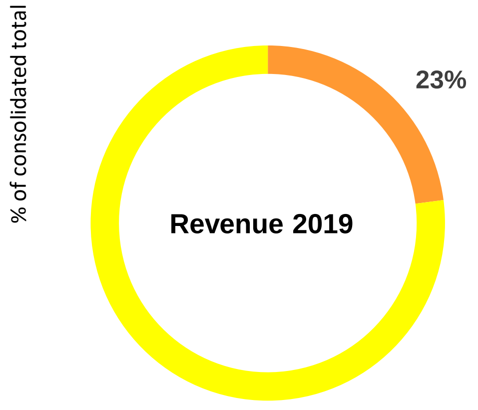
In this context, Navigator recorded a volume of sales of paper amounting to 363.4 thousand tonnes, about 3.4% below the equivalent quarter of the previous year. Although the benchmark index for UWF paper - A4 B-copy – decreased 2.1% in the last quarter of the year, the average price of Navigator was essentially unchanged. Sales in the quarter stood at 294 million euros.

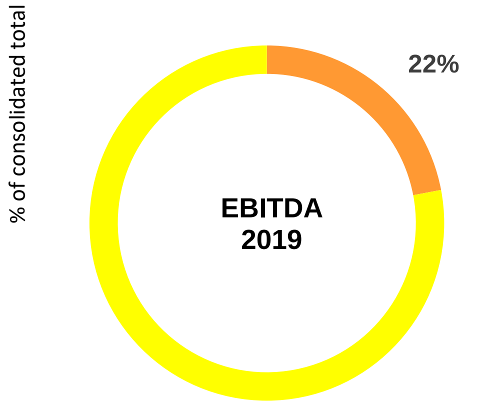
The pulp business was also hit by a serious deterioration of the market conditions, which was evidenced by a drop of around 14% in the index for BHKP reference prices in euros and a sharp contraction of demand in the European market. Navigator's sales of pulp were affected by a drop in the average selling price, but this was almost compensated by a substantial increase in the volumes sold (+30.2% year on year). In this way, paper pulp sales totalled 43.7 million euros.

The tissue activity was significantly constrained by the aforementioned annual maintenance shutdown; as a consequence, tissue sales volume dropped 20.2% year on year and sales totalled 30.2 million euros.

EBITDA of the pulp and paper business stood at 71.8 million euros, with an EBITDA margin of 17.4%.

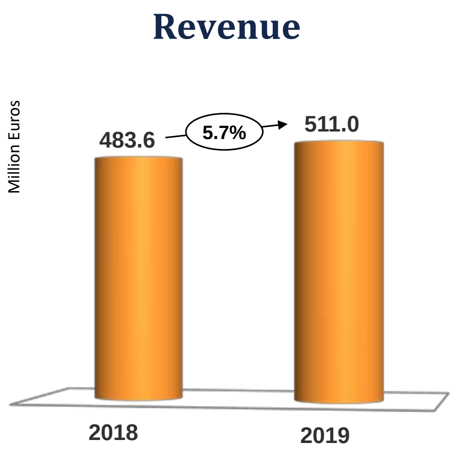
CEMENT AND OTHER BUILDING MATERIALS



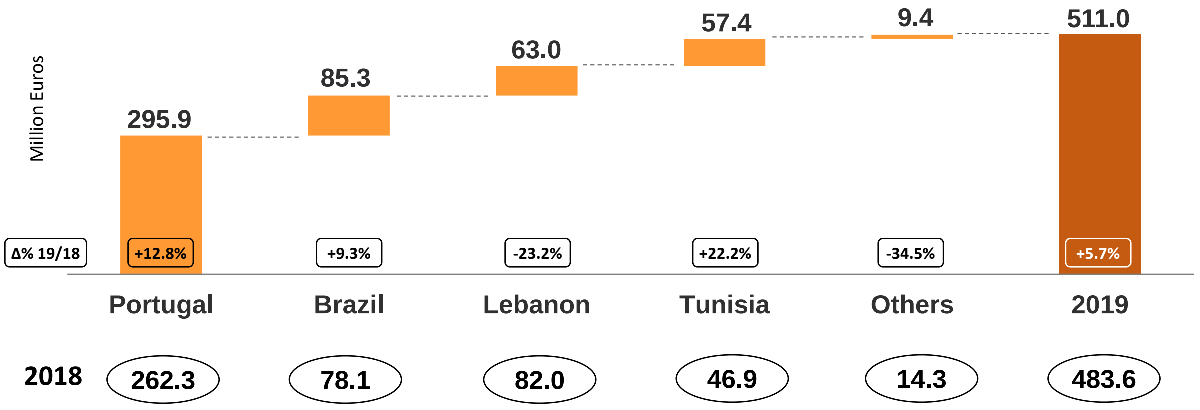


HIGHLIGHTS IN 2019 (VS. 2018)

- Secil's revenue in 2019 amounted to 511.0 million euros, 27.4 million euros (5.7%) higher than that in the same period of the previous year.
- This increase was achieved despite the unfavourable impact of the depreciation of some currencies against the Euro in the countries where Secil operates, causing a negative impact of around 5.3 million euros

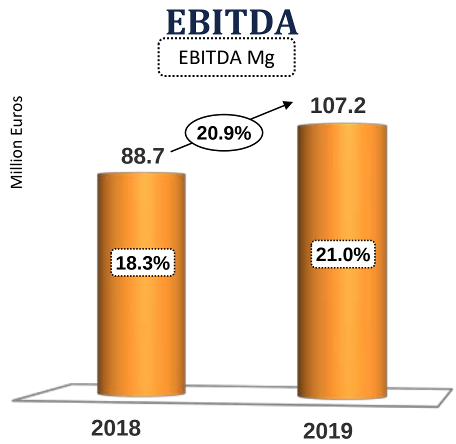


REVENUE BREAKDOWN BY COUNTRY:

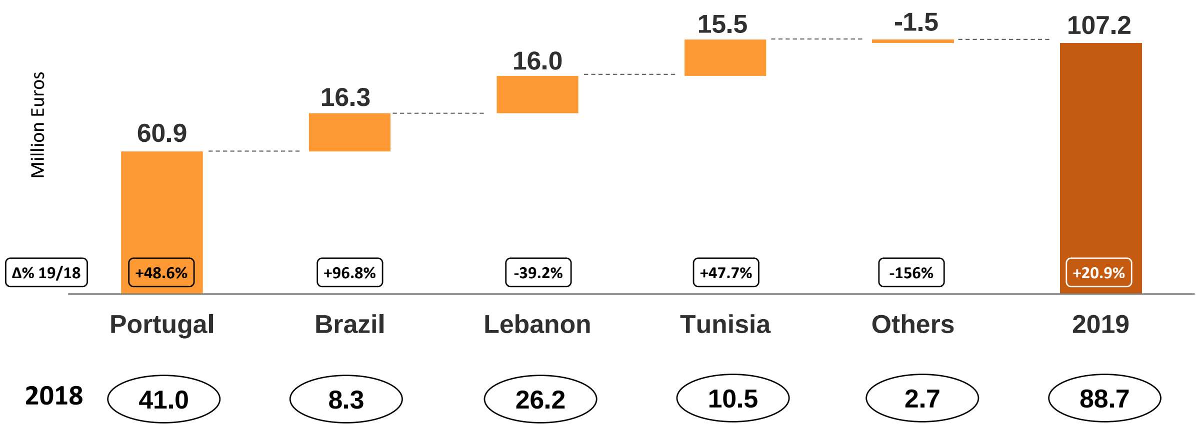


Note: Others includes Angola and Others

- EBITDA amounted to 107.2 million euros, an increase of 18.5 million euros year on year, essentially due to:
  - Improvement of Secil's markets, except Lebanon and Angola
  - Increased CO2 sales (+3.4 million euros)
  - Positive effect from the implementation of IFRS 16 (8.7 million euros)



EBITDA BREAKDOWN BY COUNTRY:



Note: Others includes Angola and Others

- Secil's net financial results amounted to -24.1 million euros, while in the same period of 2018, they were -30.9 million euros. This positive difference year on year is mainly due to the exchange rate differences in accounts receivable and payable in foreign currency for intra-group loans. The adoption of the IFRS 16 had a negative impact of 1.0 million euros on the financial results in 2019. Note that the net financial results for 2019 include 4.1 million euros from the impairment record, under IFRS 9, on cash and equivalents of Lebanon which reflects the rating and the current risk of the Lebanese financial system.
- The increase in net profit is due to the improvement in EBITDA, in financial results and income taxes, despite a recording of brand impairment of 16.8 million euros (due essentially to the combined effect of: i) impairment of the Secil brand in Lebanon of 18.8 million euros, due to the less positive expectation of cash flows in the future arising from the social-economic instability in this part of the world; and ii) the reversal of impairment in the Secil brand in Portugal (amounting to 2 million euros).

SUMMARY TABLE OF FINANCIAL INDICATORS

IFRS - accrued amounts (million euros)	2019	2018	Var.	Q4 2019	Q4 2018	Var.
Revenue	**511.0**	**483.6**	**5.7%**	**123.5**	**116.5**	**6.1%**
EBITDA	**107.2**	**88.7**	**20.9%**	**20.7**	**21.2**	**-2.2%**
EBITDA Margin (%)	21.0%	18.3%	2.6 p.p.	16.8%	18.2%	**-1.4 p.p.**
Depreciation, amortisation and impairment losses	(84.6)	(58.9)	-43.6%	(37.4)	(20.3)	-84.1%
Provisions	(4.1)	(5.5)	26.2%	(4.4)	(2.1)	-107.7%
EBIT	**18.5**	**24.2**	**-23.7%**	**(21.1)**	**(1.2)**	**<-1000%**
EBIT Margin (%)	3.6%	5.0%	-1.4 p.p.	-17.1%	-1.1%	-16.0 p.p.
Net financial results	(24.1)	(30.9)	22.0%	(8.7)	(1.5)	-467.3%
Profit before taxes	**(5.7)**	**(6.7)**	**15.8%**	**(29.7)**	**(2.8)**	**-974.0%**
Income taxes	14.5	7.2	100.2%	20.8	0.8	>1000%
Net profit for the period	8.8	0.5	>1000%	(8.9)	(1.9)	-361.0%
Attributable to Secil shareholders	**17.7**	**(2.6)**	**770.1%**	**0.9**	**(0.6)**	**256.6%**
Attributable to non-controlling interests (NCI)	(8.9)	3.1	-385.0%	(9.8)	(1.4)	-609.5%
Cash-flow	**97.5**	**65.0**	**50.1%**	32.8	20.5	**60.3%**

	31/12/2019	31/12/2018
Equity (before NCI)	377.5	354.7
Interest-bearing net debt	**358.0**	**386.4**
Lease liabilities (IFRS 16)	26.4	-
Total	**384.4**	**386.4**

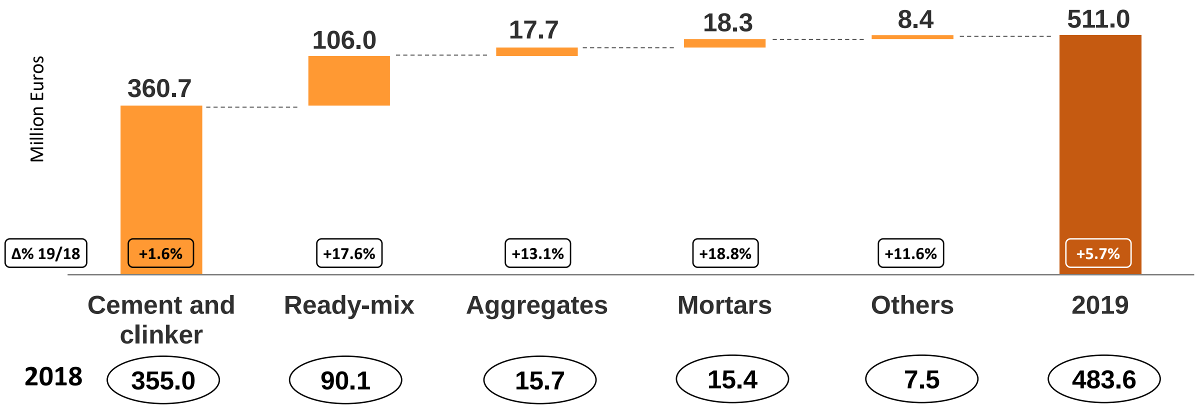
Note: Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments. Revenue in 2018 and 2019 includes intra-group sales and may differ from those presented by each segment.

SUMMARY TABLE OF OPERATING INDICATORS

in 1 000 t	2019	2018	Var.	Q4 2019	Q4 2018	Var.
Annual cement production capacity	9,750	9,750	0.0%	9,750	9,750	0.0%
Production						
Clinker	4,488	4,688	-4.3%	992	1,076	-7.8%
Cement	5,360	5,271	1.7%	1,344	1,313	2.4%
Sales						
Grey cement	5,060	5,096	-0.7%	1,341	1,263	6.2%
White cement	70	91	-22.4%	13	24	-43.2%
Clinker	279	438	-36.2%	0	0	-
Aggregates	3,276	3,110	5.3%	728	963	-24.4%
Precast	130	122	6.8%	34	28	22.0%
Mortars	177	154	15.0%	43	38	12.1%
Hydraulic lime	27	25	7.6%	6	6	4.3%
Mortar fixative	20	19	4.6%	5	5	-2.5%
in 1 000 m3						
Ready-mix	1,743	1,565	11.4%	432	410	5.4%

Note: Volumes excluding inter-segment sales.

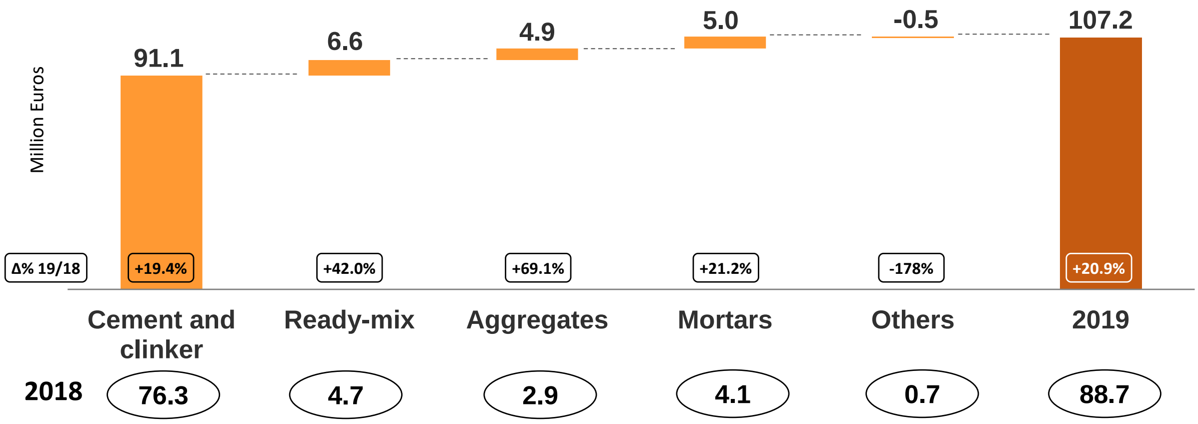
REVENUE BREAKDOWN BY SEGMENT:



Note: Others includes Precast and Others.

In 2019 revenue increased in all segments, especially in ready-mix concrete.

EBITDA breakdown by Segments:

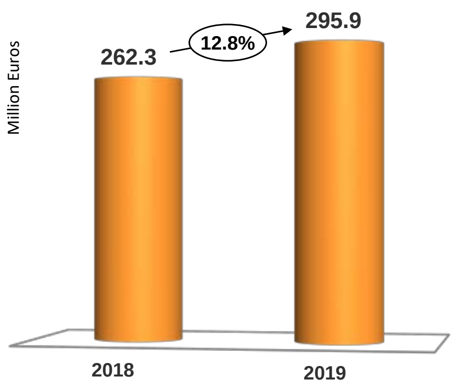


Note: Others includes Precast and Others.

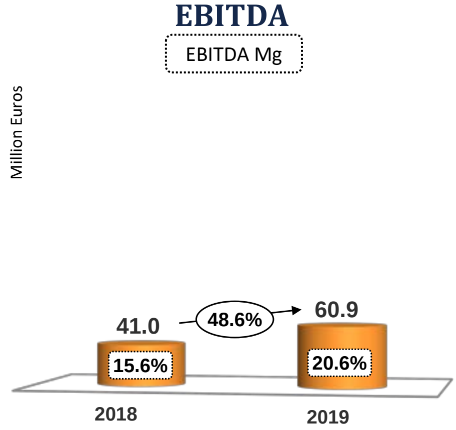
In 2019, the main segments recorded significant EBITDA growth.

Portugal

Revenue



EBITDA



In Portugal, FEPICOP's most recent forecasts (December) for 2019 point to a real growth of 6.0% in the construction sector, growth in the residential construction segment being particularly significant (+12.0% in real terms), but the non-residential building segment (+3.6%) and public investment (+4.0% in real terms) are also expected to grow.

The consumption of cement in Portugal was marked by positive monthly variations year on year in all months of 2019, in line with the dynamics of the construction sector during the year. It is estimated that the market grew around 15% in 2019, year on year.

Revenue for overall operations in Portugal was up by 12.8% compared to 2018, totalling 295.9 million euros.

The Cement business unit in Portugal reached revenue of 169.4 million euros, 8.3% above the same period last year, almost exclusively as a result of the increase in domestic sales volumes.

In the foreign market, the surplus supply in Europe, the Mediterranean and West Africa continued to drive strong competition. This context had a negative effect on quantities sold. Total export revenue decreased approximately 4.1%. The change was due to the 28% drop in cement and clinker sales to markets outside the Group.

In the other business segments with operations based in Portugal (Ready-mix concrete, Aggregates, Mortars and Precast), revenue in 2019 amounted to 126.5 million euros, up by 19.6% year on year.

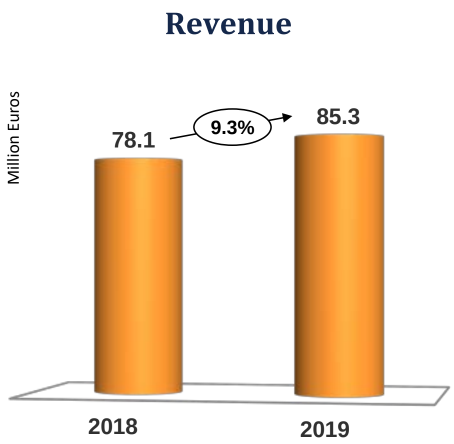
The increase took place in almost all areas of building materials, benefiting from greater dynamics in the building market. The Concrete business unit recorded a 17.2% growth in volumes sold, mostly driven by the Portuguese market.

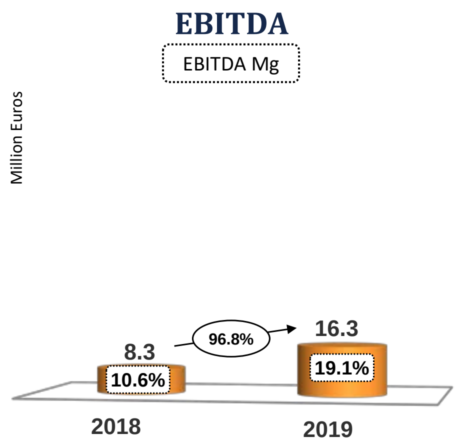
EBITDA of total operations in Portugal increased by 48.6%, standing at 60.9 million euros vs. 41.0 million euros recorded in 2018.

The Cement business unit had an EBITDA of 44.3 million euros, i.e. 47.8% more than in the same period in 2018. In spite of the increase in variable costs, as a result of the rise in fossil fuel prices and electricity, this performance was driven by the higher revenues in the domestic market and the sale of surplus CO2 licenses at significantly higher prices than prices in 2018.

The EBITDA of the building materials business units amounted to 16.6 million euros, which compared to 11.0 million euros in 2018 results in an increase of 50.5%. This evolution was mainly due to the increase in revenue, despite the rise in variable production costs due to a lower availability of ash in the concrete segment.

BRAZIL



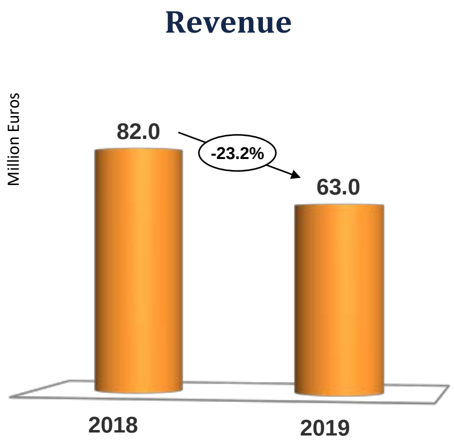


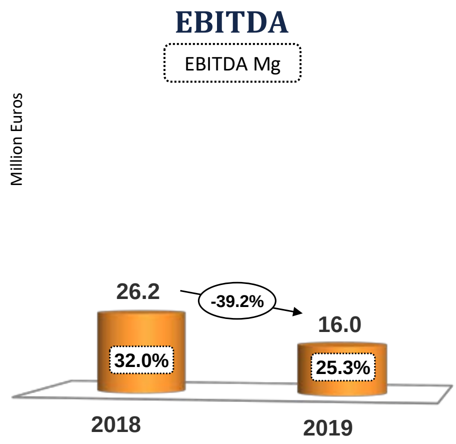
It is estimated that the relevant cement market grew 3.4% year on year. Cement consumption in the global market of Brazil increased 3.5%, which translates into the first hike since 2014. The real estate sector was the main driver of the recovery in cement consumption, especially the residential segment, leveraged by lower inflation and the reduction in mortgage interest rates.

The revenue of combined operations stood at approximately 85.3 million euros, representing an increase of 9.3% year on year, despite the depreciation of the Brazilian real against the Euro, which had a negative impact of approximately 2.1 million euros. If the depreciation had not occurred, revenue would have been 9.4 million euros higher year on year.

In 2019, the EBITDA of activities in Brazil totalled 16.3 million euros, which compares with 8.3 million euros in the previous year. EBITDA for the year includes a gain of 3.4 million euros in tax refunds related to sales and a positive impact of around 1.9 million euros from the implementation of IFRS 16.

LEBANON





In the last quarter of 2019, the economic and political situation in Lebanon deteriorated significantly due to widespread popular protests since late October, which led to the resignation of the Lebanese government. Consequently, economic growth may have been lower than estimated by the IMF. Since the beginning of 2020 political forces have made an effort to ensure social, political and economic-financial stability in the country.

Cement consumption in 2019 is estimated to have been 32% lower compared to 2018, influenced by a slow-down in the construction market, which was even more pronounced in the last quarter of the year, affected by the country's political and economic conditions.

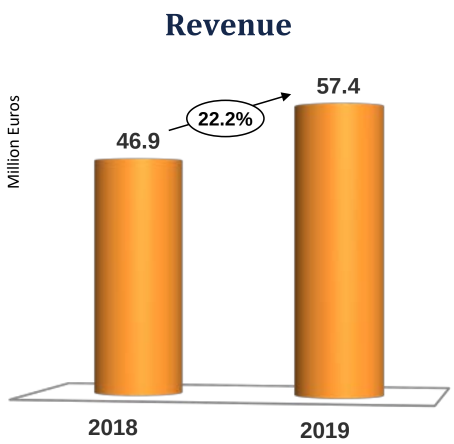
Revenue of combined operations in Lebanon decreased compared with the same period in the previous year, amounting to 63.0 million euros. This amount was positively affected by about 3.3 million euros due to the appreciation of the USD against the EUR.

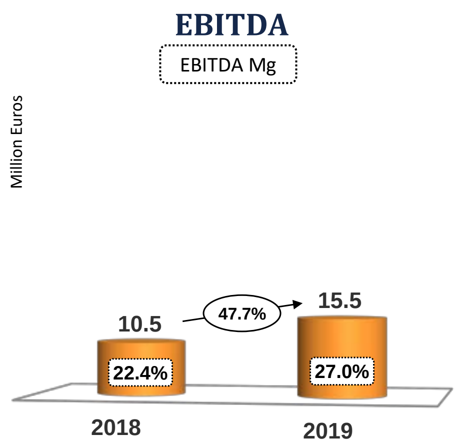
Revenue in the Cement business decreased year on year, mainly due to the reduction in volumes sold. Sales prices maintained levels similar to those in the 2018.

Concrete revenue dropped 9.5% compared with the previous year to 5.1 million euros, as a result of the decrease of 16.1% in quantities sold due to less construction licenses issued in the country, the competitive environment and the political and economic situation described before.

EBITDA from operations in Lebanon stood at 16.0 million euros, down by 39.2% in relation to the previous year, originating mostly in the Cement unit. This evolution is principally a result of the drop in quantities sold, being partially compensated by cost control measures. The implementation of IFRS 16 had a positive impact of 1.0 million euros on the EBITDA of operations in Lebanon.

TUNISIA





In Tunisia, it is estimated that the domestic cement market shrank 9% over the previous year. The cement market is still subject to strong competition, due to excess production capacity. However, in 2019 sales prices increased, driven by the overall increase in the purchase prices of relevant materials with a significant weight in the cost structure of cement producers.

Revenue for combined operations in Tunisia stood at approximately 57.4 million euros, up by 10.4 million euros on a year-on-year basis. In the absence of the negative effect of the depreciation of the Tunisian Dinar against the Euro, there would have been a 28.4% increase, the equivalent to 2.9 million euros.

The Cement business unit in Tunisia recorded revenue of 51.9 million euros, up by approximately 22.5%, the increase in average sales prices being the main contributing factor, since the amounts sold in the domestic market dropped 5.6%. The increase in fuel prices and electrical power year on year, and the overall rise in prices in Tunisia justified an increase in cement prices by the local producers, including Secil.

Despite the limitations on exports mentioned above, it was possible to increase volumes of cement sold and clinker exported to other markets in West Africa, taking advantage of the existing production capacity. The amounts of cement and clinker mix sold rose 40.8%, resulting in an increase of 49.0% in revenue from the foreign market.

Revenue in Concrete grew by 21.3% year on year, mainly due to the increase in amounts sold.

In 2019, EBITDA of activities in Tunisia stood at 15.5 million euros, representing an increase of around 47.7% in relation to 2018. This increase is justified by higher selling prices, which more than offset the increase in production costs, mainly for solid fuels, electricity and packaging. The depreciation of the Tunisian Dinar in relation to the Euro also had a negative impact of 0.8 million euros.

ANGOLA AND OTHERS

In 2019, according to the latest figures available, the Angolan cement market was down 7% compared to 2018.

The volume of cement sold fell 16.0% in comparison to sales in 2018. In a context of strong inflation and significant depreciation of the Kwanza vis-à-vis the Euro, Secil Lobito has been implementing a strict price policy that can help it tackle significant increase in costs in the local currency and those arising from necessary imports. Under these conditions, the price of cement increased by about 8% year on year, partially offsetting the fall in quantities sold.

Consequently, revenue totalled 9.4 million euros, an amount below that which was recorded in the previous year, being affected by the currency depreciation, which produced a negative effect of 3.6 million euros on revenue. EBITDA in 2019 amounted to a negative 1.5 million euros, significantly below the value in the same period of 2018.

Expenses were substantially affected by the depreciation of the Kwanza vis-à-vis the Euro. Unitary variable costs rose 34%, mostly due to the increase in acquisition costs of clinker in the international market. On the other hand, fixed costs decreased year on year which, considering the inflation in Angola and the acquisition of some conservation materials that are strongly pegged to the exchange rate, illustrate clearly the unit's efforts to control costs.

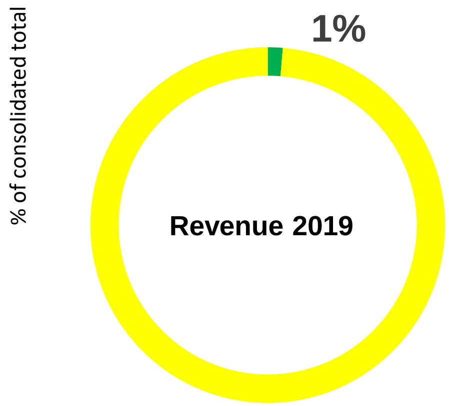
Fourth Quarter of 2019 vs. Fourth Quarter of 2018

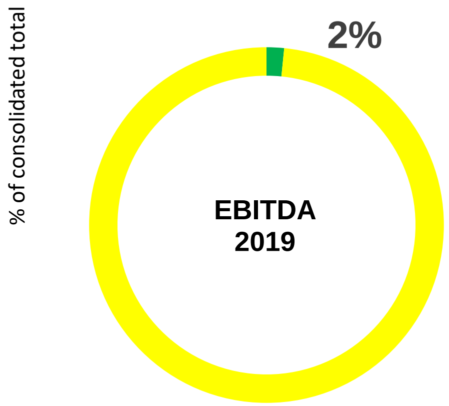
EBITDA in the 4th quarter of 2019 remained at a level close to that of 2018, falling by approximately 2%.

The market downturn in Lebanon, mainly due to political conditions, led to a decrease in EBITDA of 4.5 million euros in the last quarter of 2019, when compared to the same period in 2018. This negative trend in Lebanon was mainly offset by a positive variation in EBITDA in Tunisia and Brazil.

The EBITDA of Brazil was 1.5 million euros higher than that in Q4 of the previous year, due to better selling prices and market conditions, while the EBITDA of Tunisia increased 4.0 million euros in the same period thanks to the improvement in sales price.

ENVIRONMENT

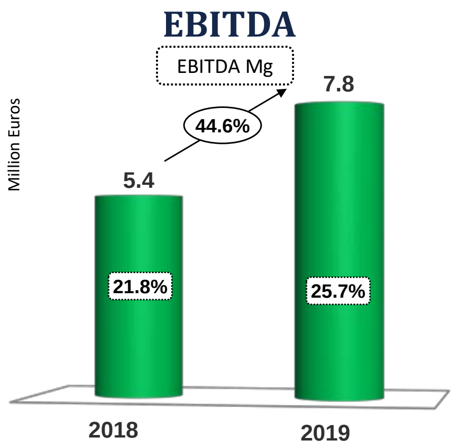




HIGHLIGHTS IN 2019 (VS. 2018)

- ETSA recorded revenue of approximately 30.3 million euros in 2019, up by around 22.8% against 2018.

- The EBITDA for ETSA totalled approximately 7.8 million euros in 2019, representing an increase of about 44.6% in comparison with 2018.



SUMMARY TABLE OF FINANCIAL INDICATORS

IFRS - accrued amounts (million euros)	2019	2018	Var.	Q4 2019	Q4 2018	Var.
Revenue	**30.3**	**24.6**	**22.8%**	**8.6**	**7.3**	**17.7%**
EBITDA	**7.8**	**5.4**	**44.6%**	**2.5**	**1.6**	**51.1%**
EBITDA margin (%)	25.7%	21.8%	3.9 p.p.	28.5%	22.2%	6.3 p.p.
Depreciation, amortisation and impairment losses	(3.0)	(2.9)	-3.8%	(0.8)	(0.7)	-4.6%
Provisions	(0.0)	0.1	-138.3%	(0.0)	0.1	-138.3%
EBIT	**4.7**	**2.5**	**88.1%**	**1.7**	**1.0**	**74.6%**
EBIT margin (%)	15.5%	10.1%	5.4 p.p.	19.4%	13.1%	6.3 p.p.
Net financial results	(0.3)	(0.4)	27.4%	(0.1)	(0.1)	22.0%
Profit before taxes	**4.4**	**2.1**	**112.9%**	**1.6**	**0.9**	**85.5%**
Income taxes	(0.6)	(0.0)	<-1000%	(0.1)	(0.2)	8.1%
Net profit for the period	3.8	2.0	88.1%	1.5	0.7	106.1%
Attributable to ETSA shareholders	**3.8**	**2.0**	**88.1%**	**1.5**	**0.7**	**106.1%**
Attributable to non-controlling interests (NCI)	-	-	-	-	-	-
Cash-Flow	**6.8**	**4.9**	**40.3%**	2.2	1.4	**63.0%**

	31/12/2019	31/12/2018
Equity (before NCI)	73.9	70.7
Interest-bearing net debt	**5.7**	**11.0**
Lease liabilities (IFRS 16)	1.7	-
Total	**7.4**	**11.0**

Note: Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments. Interest-bearing net debt in 31/12/2018 included 1.7 million euros of lease liabilities.

ETSA recorded revenue of approximately 30.3 million euros in 2019, up by around 22.8% against the previous year.

This variation stems essentially and cumulatively from (i) an increase in volumes sold in class 3 products (fats and meals) by around 17.2%, (ii) an increase in the average selling price of class 3 meals by about 43.0%, (iii) an increase of around 6.1% in consolidated services rendered, mainly due to the rise in invoicing of services provided to slaughterhouses of approximately 6.1% and the increase in services provided to pig farmers of around 10.6% in relation to the previous year.

EBITDA for the ETSA group totalled approximately 7.8 million euros in 2019, representing a growth of about 44.6% in comparison with 2018, mainly due to the variation in revenue, but also to cost control, particularly under the headings Cost of Goods Sold and External Supplies and Services. The EBITDA margin stood at 25.7%, up by around 3.9 p.p. from the margin in 2018.

Financial results improved by about 27.4% in relation to the same period in the previous year, mostly due to the reduction in average debt.

The combined impact of these factors resulted in a Net Profit attributable to ETSA shareholders in 2019 of approximately 3.8 million euros, up by around 88.1% compared to the previous year.

Fourth Quarter of 2019 vs. Fourth Quarter of 2018

ETSA recorded revenue of about 8.6 million euros in the 4th quarter of 2019, up by around 17.7% in comparison with the same period in 2018, resulting from an increase of about 10.0% in sales and around 26.5% in consolidated services rendered.

This development was essentially caused by an increase in volume of class 3 meals sold by around 3.7%, an increase in the average sales price by around 24.1% against the 4th quarter of the previous year, resulting in growth in sales of this product by about 28.8% in value terms. The variation in the provision of services derives essentially from the increase in invoicing to DGAV for the SIRCA service, essentially due to the reviewed prices under the new contract which began on 4 October 2019.

In Q4 2019, EBITDA amounted to 2.5 million euros, representing an increase of around 51.1% compared with the 4th quarter of 2018.

VENTURE CAPITAL

In 2019, Semapa, through its subsidiary Semapa Next, completed the first acceleration programme of 10 start-ups from different locations around the world in Industry & Sustainability, Mobility and Tourism & Leisure, in partnership with Techstars. The process of selection and analysis of 10 new start-ups took place in the 4th quarter of 2019. These start-ups will participate in the 2nd acceleration programme to be held in early 2020. Under the investment agreements concluded, Semapa Next also continued investing in 2019 in the venture capital funds Alter VC and FCR Armilar Venture Partners TechTransfer Fund, both of which focus on investments in the early stages of technological companies.

4. OUTLOOK

The year 2019 ended with the world economy growing by about 2.9% (World Economic Outlook Update, IMF January 2020), with some recovery expected in 2020 and 2021, to 3.3% and 3.4% respectively.

However, this economic growth could be affected by a number of factors, with emphasis on the possible impact of the coronavirus on slowdown in economic activity in China in particular, but also globally given the relative weight of that economy. The geopolitical risks factors, increasing social tensions and a deterioration in commercial relations between the USA and its main trading partners remains as uncertainty factors.

In Europe, the downturn experienced during 2019 is expected to be overcome and there are signs that the economy will be more stable in 2020, albeit still growing at a slower pace. In the USA, after growth of 2.3% in 2019, expectations for 2020 point to slightly slower growth of 2.0%.

PULP AND PAPER

After Navigator's performance in 2018 concerning emission reduction, mitigating climate risks and developing a low carbon economy, as acknowledged by the Carbon Disclosure Project, which awarded "A" rating in January 2019 (and "A-" in early 2020), Navigator committed ambitiously to bringing forward its carbon neutrality by 15 years, which will allow it to make all of its industrial complexes carbon neutral by 2035. With the challenge of climate change as a priority, Navigator has created its own roadmap for carbon neutrality, which involves an ambitious set of investments in renewable energy and new technologies that will help reduce CO2 emissions, and the planting of forests to offset residual emissions that cannot be eliminated.

The business started the year 2020 with quite modest pulp prices. The latest PPPC data hint at a correction in producer stocks in the second half of 2019, which are still 1.5 million tonnes above the average in 2015-2017. On the demand end, the Chinese short fibre market is believed to have ended 2019 with an extra 1.2 to 1.4 million tonnes vs. 2018 and average demand in Short Fibre in China from 2017 to 2019 is estimated to have been 10% to 15% higher than the average in 2012-16. On the supply end, there have been some production restrictions since the beginning of the year due to strikes, environmental issues and capacity shut downs. The absence of any significant increases in supply until the second half of 2021 and rising UWF and Tissue capacity expected for 2020 help predict positive market condition developments in the year and slight improvements in the industry capacity utilization rate.

The pulp and paper business started the year 2020 with quite modest **pulp** prices. The latest PPPC data hint at a correction in producer stocks in the second half of 2019 and, on the supply side, there have been some production restrictions since the beginning of the year due to strikes, environmental issues and capacity shut downs. The absence of any significant increases in supply until the second half of 2021 and rising Tissue capacity of around 1.4 million tonnes expected for 2020 help predict positive market condition developments in the year and improvements in the industry capacity utilization rate.

On the **paper** side, it is estimated that the distribution chain ended the year with very low stocks, bringing down apparent consumption in 2019, and a reverse phenomenon is expected during the first months of 2020, boosting apparent UWF consumption. The strong growth in incoming orders from the European industry over the last weeks of 2019 and their continuation in early 2020 reinforces these indications. Just as the fall in apparent consumption in 2019 did not correspond to real developments in end consumer demand for paper, the improvement in the first months of 2020 is possibly not associated with end demand which is estimated to be stable or moderately negative worldwide. Navigator, a leader in the European UWF market, continues to demonstrate a resilient business model and a capacity to act that allows it to deal with the very adverse current market conditions with tranquillity and confidence.

In the **tissue** business, demand continues to grow at interesting levels, although in a context of new capacities going into production on the Iberian Peninsula. In 2020, Navigator will keep on the path of consolidation of the investments made recently in view of improving the industrial and commercial performance.

Navigator's performance over the course of 2019 has felt the constraints of the market context and various exogenous factors that have affected overall economic growth and impacted some of the production factors. In the beginning of 2020, Navigator decided to implement a new cost optimisation and operational efficiency plan for the whole organisation and all activities, which incorporates the previous M2 and ZBB Corporative Programmes, and also includes a new project for Digital Transformation in the Corporate Area. The new plan seeks to carry out an in-depth revision of the organisational structure and the fixed and variable costs and it should translate into further reduction of Navigator's costs, to be implemented in the second half of 2020 and throughout 2021.

Navigator also plans to implement in 2020 an investment plan to recover higher levels of operationalisation and stabilisation of its operations, which is expected to have a positive impact on prices, aimed at ongoing improvement of the financial and environmental performance.

Cement and Other Building Materials

Expectations for 2020 are positive for **Portugal**, although macroeconomic indicators point to a more moderate growth than that of the previous year. According to the Economic Bulletin of the Bank of Portugal (December 2019), Portuguese economic projections hint at a slowdown in economic activity, with growth rate in 2020 estimated at 1.7%.

GDP growth in 2020 is due to higher growth in private and public consumption, reflecting more positive developments in real available income and more public spending.

Following an estimated growth of 6.0% in the production of the Construction sector in 2019, FEPICOP does not foresee changes in the positive trend and estimates growth at 5.5% in 2020. The Bank of Portugal in the aforementioned publication foresees that GFCF in residential construction will continue to grow soundly, albeit with some deceleration, also benefiting from the steep increase in house prices. Public investment should accelerate in 2020, as a result of large infrastructure projects being carried out, benefiting from European funding.

In **Brazil**, GDP is expected to grow 2.2% in 2020 (World Economic Outlook Update, IMF January 2020), in the light of possible improvements in the economic conditions. The initial expectations of strong Government intervention to apply structuring reforms began losing their lustre, which ended up damping the expectations of the economic agents and slowing down the pace of economic growth, resulting in a delay in infrastructure projects through public-private partnerships, which are still in their early phase. The welfare reform was finally approved in the last quarter of 2019, and it is expected to make a positive contribution to the stabilisation of the public debt. It is also worth mentioning the lower interest rates which may have a positive impact on economic activity in general and on the construction segment in particular.

The SNIC - National Cement Industry Union - expects a growth of around 3.5% in the cement market in 2020, close to the increase registered in 2019.

Domestically, the unit will continue to implement the operating efficiency enhancement and cost reduction projects, while maintaining sustained growth in sales so as to improve its operating margins.

In **Lebanon**, the political and economic environment continues to face much uncertainty and cement demand should continue to decrease in 2020 compared to 2019.

The receiving of funds associated with the CEDRE programme, which depends on the carrying out of economic and financial reforms in regard to the sustainability of the public accounts, and other economic and financial measures that are taken by the authorities may help to stabilise the country’s economic and financial stance, while medium term impacts of the current economic crisis in Lebanon are still uncertain.

Possible developments in the Syrian conflict and the situation of Syrian refugees in Lebanon will produce a macroeconomic and market effect which cannot be fully foreseen at this stage.

The level of competition in **Tunisia** should remain strong, given the excess supply capacity in the country. However, the increase in sales prices seen in 2019 makes it possible to expect a positive development in 2020. Tunisia is under financial strain, social instability may deteriorate as a result of reforms that the Government is forced to implement. Taxes are expected to increase and the current political/economic situation will probably continue.

The outlook for **Angola** (World Economic Outlook, FMI October 2019) is of economic growth, with a predicted 1.5% increase in GDP in real terms in 2020. The Macroeconomic Stabilisation Programme (PEM), alongside the National Development Plan (PDN) and, more recently, the Extended Fund Facility (EFF) signed by the Government of Angola and the IMF, also the upward trend of oil prices on the international markets hold out the prospect of some economic recovery in 2020, which will inevitably drive cement consumption up. In August 2019, a programme of privatisations was approved to restructure the State-owned enterprises of Angola and to ensure the sustainability of public finances.

ENVIRONMENT

In the sector in which ETSA operates, a favourable environment is expected to continue, based on class 3 product prices, but also the new SIRCA service contract signed in October 2019. This trend will be reinforced by the steady demand of the Asian market for proteins produced in Europe.

The reestablishment of customs barriers to the imports of biodiesel from Argentina caused an increase in price for raw materials (fats, in particular) for the production of biodiesel in 2019. In the 1st quarter of 2020, the market for biodiesel production in Europe, and consequently the animal fat market, are expected to continue to benefit from a positive environment. This trend should pull the price of fat substitutes higher, especially palm oil.

ETSA's prime objectives in the short term include (i) concentrating further on the horizontal expansion of its production and destination markets, (ii) increasing exports, which accounted for 59.8% of global accumulated sales in 2019, which meant an increase of 3.2 p.p. compared to the previous year, (iii) 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, (iv) maintaining balanced sales margins in the market, and (v) focus on sustained innovation and research and development addressed at ensuring new profit thresholds for the business.

Lisbon, 13 February 2020

The Board of Directors

Financial Timetable

Date	Event
30 April 2020	First Quarter 2020 Results Announcement
31 July 2020	First Half 2020 Results Announcement
30 October 2020	First 9 Months 2020 Results Announcement

Definitions

EBITDA = EBIT + Depreciation, amortisation and impairment losses + Provisions

EBIT = Operating profit

Operating profit = Earnings before taxes, financial results and results of associates and joint ventures as presented in the Income Statement in IFRS format

Cash-flow = Net profit for the period + Depreciation, amortisation and impairment losses + Provisions

Interest-bearing net debt = Non-current interest-bearing debt (net of loan issue charges) + Current interest-bearing debt (including debts to shareholders) – Cash and cash equivalents

Disclaimer

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