RESULTS PRESENTATION
9M 2020

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)

TRANSLATION FROM THE ORIGINAL TEXT IN PORTUGUESE

Semapa

PERFORMANCE IN THE FIRST 9 MONTHS OF 2020

As the markets reopened and the economy gradually picked up again **the performance improved** in all of Semapa's business segments **in the third quarter**, vis-à-vis the previous one. **The diversification of businesses and geographies at the level of the subsidiary companies and the Group, alongside a strong focus on cost and cash flow management, demonstrated the Group's resilience** to the current situation. From the second to the third quarter, it should be highlighted the **growth in revenue** (+20.9%), **EBITDA** (+45.8%), **Net Profit** (+29.4 million euros) and **cash generation that reached a cumulative total of 264 million euros vs. 139 million euros in the same period of 2019.** This result allowed for **interest-bearing net debt to decrease in all business segments, and in consolidated terms down to 1,239 million euros, 232 million euros less than at the end of 2019**. Although the third quarter was marked by the positive developments mentioned above, we are still in a context of great uncertainty and Semapa intends to continue to optimise its financial structure as a Group.

HIGHLIGHTS

- **Concerning Health and Safety, the group continued to take proactive and broad measures in the third quarter to address the Covid crisis**, at the holding level and all its subsidiary companies. **No severe cases have been reported in the Group until now.**
- **The Semapa Group recorded a consolidated revenue in the first 9 months of 2020 of 1,447 million euros** (-14.0% year-on-year), 1,044 million euros generated in Pulp and Paper (**Navigator**), 380 million euros in Cement (**Secil**), and 23 million euros in Environment (**ETSA**). **It should be noted that revenue in the 3rd quarter of 2020 amounted to 505.2 million euros, up by 20.9% vs. the 2nd quarter of 2020 and down by 10.4% vs. the 3rd quarter of 2019.** Exports and foreign sales amounted to 1,023.7 million euros in the first nine months of 2020, accounting for 70.8% of revenue.
- It must be highlighted that in the 3rd quarter **the Pulp and Paper segment resumed the pace of production**. **Paper** sales stood at 336 thousand tonnes (**+45% compared to the 2nd quarter** and -7% compared to the same quarter in 2019); **pulp** sales totalled 104 thousand tonnes, an increase of 15% compared to the 3rd quarter in 2019 and a reduction of 5% compared to the maximum recorded in the 2nd quarter, when there was less need for pulp to be integrated into paper. Tissue sales increased steadily to 27 thousand tonnes, 5% above the previous quarter and 2% above the third quarter of 2019. The first nine months of the year were marked by **falling sales prices** compared to 2019 and the 2nd quarter of 2020: the BHKP pulp (in euros) and A4 paper indices fell by 25% and 7% respectively, compared to the YTD of 2019 and 6% and 2% compared to the 2nd quarter of 2020.
- The impact of the pandemic on the **Cement** and Other Construction Materials business was felt differently in the various geographical regions of the Group's operations, **highlighting the growth in revenue in the domestic market in Portugal (+4.2% compared to the same period in 2019) and in Brazil (+16.3%, in local currency, compared to the same period in 2019).** On the contrary, Lebanon is experiencing a serious economic, financial and social crisis,

so the outbreak of the Covid-19 pandemic and the explosion in August in the Beirut harbour only made matters worse. Operations were resumed in Tunisia, but the construction sector, namely public works, have been hit hard.

- **EBITDA in the first nine months of 2020 amounted to 326.1 million euros (vs. 392.0 million euros year on year)**, 210.5 million euros derived from Pulp and Paper, 107.4 million euros from Cement and 7.8 million euros from Environment. **In the 3rd quarter of 2020, EBITDA was 122.8 million euros (+45.8% vs. the 2nd quarter of 2020** and -3.7% vs. the 3rd quarter of 2019). In comparison with the same period in 2019**, the positive developments in the Cement segments (+24.2%), especially in Portugal and Environment (+47.4%), should be noted.** Since the beginning of the pandemic, all business segments have made an extra effort to optimize costs with very relevant results, particularly in the Pulp and Paper segment (reduction of around 30 million euros in fixed costs), resulting in a **consolidated EBITDA margin of 22.5%, only -0.8 p.p. below that recorded in the same period of 2019**.
- Net profit attributable to Semapa shareholders until September 2020 stood at 72.8 million euros (vs. 112.1 million euros year on year in 2019), impacted by both the reduction in EBITDA, and negative exchange rate effects in Secil (Brazilian real) reflected in the financial income and positively influenced by tax. **In the 3rd quarter of 2020, net profit attributable to shareholders amounted to 42.5 million euros vs. 13.1 million euros in the 2nd quarter of 2020 and 38.6 million euros in the 3rd quarter of 2019.**
- The gross value of the investments made in the first nine months of 2020 amounted to approximately 96.7 million euros, with particular emphasis on the Pulp and Paper segment with 69.7 million euros, of which 21.1 million euros in environmental projects. The **new biomass boiler in Figueira da Foz**, with a total investment of 55 million euros over 2019 and 2020, started tests in September 2020. **The investment will allow for an 81% reduction in CO2 emissions at this unit and around 20% reduction in the Navigator universe (a decrease of approximately 155 thousand tonnes of CO2/year).** As a result, the mill will be **100% powered by renewables**.
- In the context of the Covid-19 crisis, the **Group was still very focused on optimising cash flow**, with particular emphasis on actively reducing costs, managing the working capital and Capex, **which generated Free Cash Flow of 264 million euros** (vs. 139 million euros year on year).
- Consequently, during the first nine months of the year, **net debt decreased in all business segments,** and consolidated interest-bearing net debt totalled 1,239.1 million euros, **231.5 million euros and 106.6 million euros less compared to the end of 2019 and the end of Q2 2020, respectively.**

4TH QUARTER OUTLOOK

The third quarter was marked by economic recovery, but there is still a climate of strong uncertainty and great volatility in the face of the risk of a second wave of the pandemic. Semapa will continue to work hard to minimize the impacts of this pandemic in its different activities, with emphasis, above all, on the health and safety of its employees and other stakeholders.

- **In the Pulp and Paper segment**, some positive signs (namely a greater dynamics of incoming orders from the European market in recent weeks) suggest that the recovery of the paper market will continue in the fourth quarter, although the risk of a second wave of the pandemic situation persists, with an extent of the impact that is still difficult to estimate. On the **pulp** side, the cooling of demand for tissue and packaging products in the 3rd quarter caused some slow down to the business in the months of July and August. Prices are at minimum levels (in some cases below marginal cost), both in Europe and China, there are several maintenance stoppages planned by producers, and the difference between the price of long fibre and short fibre is at maximum values. These factors combined may help to improve price in the 4th quarter. In the **tissue** business, after a positive performance in the first nine months, there is some concern about a possible contraction in demand, especially in the Away from Home segment. In the fourth quarter, the tissue plant in Aveiro will be brought to a halt for maintenance.

- **In the Cement** and Other Building Materials segment, particularly in Portugal and Brazil, where the anti-Covid measures have had less impact, this situation is expected to uphold, despite the framework of ongoing uncertainty that may be reversed in the 4th quarter. We expect a dynamics of recovery in Tunisia and strong challenges lingering in Lebanon given the overall situation in the country.
- **In the Environment segment**, the information available suggests that the food market where ETSA operates will continue to be less affected by the health crisis than other activities. However, some effects for the sector may arise from, either lower purchase power of the Portuguese population, or expected lower oil prices.

1. SEMAPA'S PERFORMANCE

LEADING BUSINESS INDICATORS

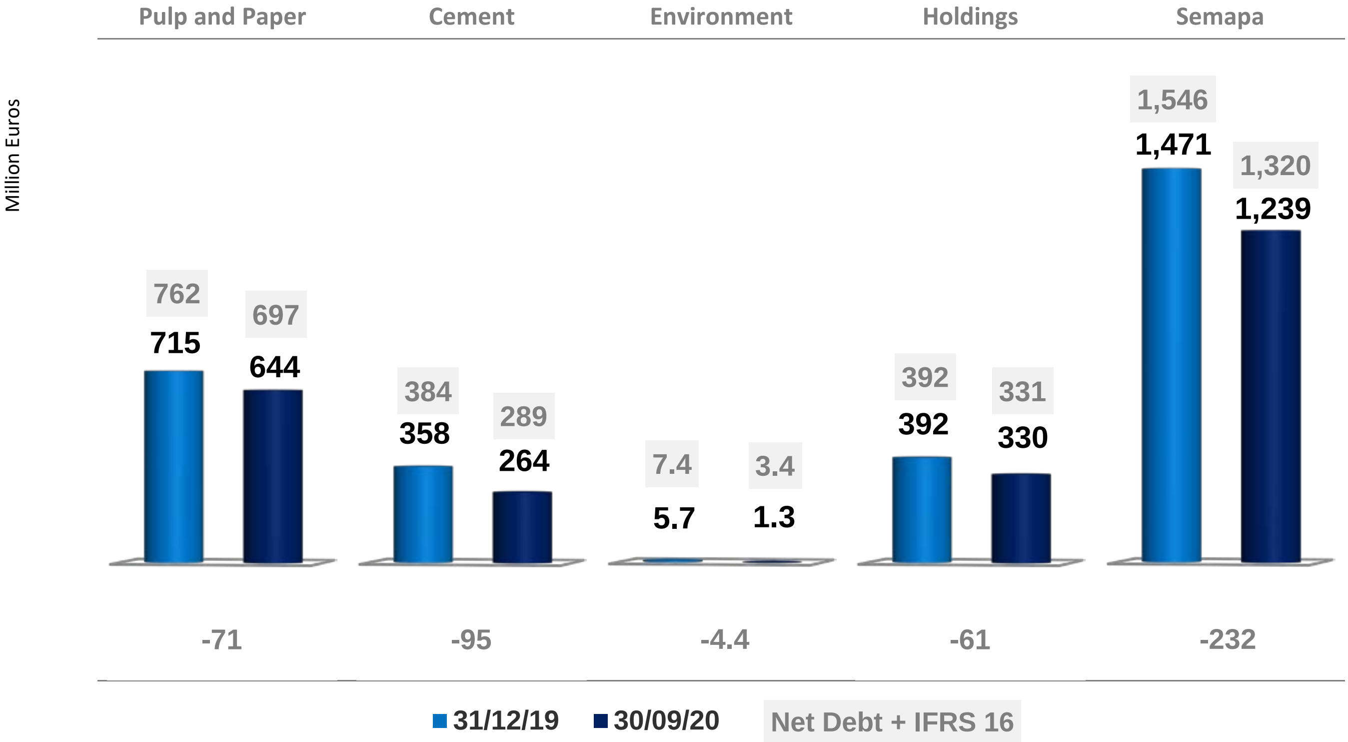
IFRS - accrued amounts (million euros)	9M 2020	9M 2019	Var.	Q3 2020	Q3 2019	Var.
Revenue	**1,447.0**	**1,682.9**	**-14.0%**	**505.2**	**563.6**	**-10.4%**
EBITDA	**326.1**	**392.0**	**-16.8%**	**122.8**	**127.5**	**-3.7%**
EBITDA margin (%)	22.5%	23.3%	-0.8 p.p.	24.3%	22.6%	1.7 p.p.
Depreciation, amortisation and impairment losses	(166.1)	(164.0)	-1.3%	(54.3)	(51.8)	-4.9%
Provisions	(1.0)	2.6	-138.5%	3.0	4.1	-25.6%
EBIT	**159.0**	**230.6**	**-31.0%**	**71.5**	**79.9**	**-10.5%**
EBIT margin (%)	11.0%	13.7%	-2.7 p.p.	14.1%	14.2%	0.0 p.p.
Net financial results	(57.1)	(35.5)	-60.7%	(13.7)	(12.8)	-7.3%
Profit before taxes	**101.9**	**195.0**	**-47.8%**	**57.7**	**67.1**	**-13.9%**
Income taxes	(11.0)	(39.9)	72.4%	(6.1)	(12.6)	51.2%
Net profit for the period	90.9	155.1	-41.4%	51.6	54.5	-5.3%
Attributable to Semapa shareholders	**72.8**	**112.1**	**-35.1%**	**42.5**	**38.6**	**10.2%**
Attributable to non-controlling interests (NCI)	18.1	43.1	-58.0%	9.1	15.9	-42.8%
Cash flow	257.9	316.6	-18.5%	102.9	102.2	0.7%
Free Cash Flow	264.0	139.5	89.3%	109.1	39.7	174.5%

	30/09/2020	31/12/2019	Sep20 vs. Dec19
Equity (before NCI)	962.8	960.9	0.2%
Interest-bearing net debt	**1,239.1**	**1,470.7**	**-15.7%**
Lease liabilities (IFRS 16)	80.9	75.2	7.6%
Total	**1,320.0**	**1,545.8**	**-14.6%**

LEADING OPERATING INDICATORS

	Unit	9M 2020	9M 2019	Var.	Q3 2020	Q3 2019	Var.
Pulp and Paper							
BEKP Sales (pulp)	1 000 t	297	214	38.6%	104	91	14.9%
UWF Sales (paper)	1 000 t	934	1,082	-13.7%	336	363	-7.4%
Total sales of tissue	1 000 t	79.3	74.1	7.0%	27.3	26.9	1.5%
Cement							
Sales of Grey cement	1 000 t	3,473	3,786	-8.3%	1,309	1,368	-4.3%
Sales of Ready-mix	1 000 m3	1,305	1,311	-0.4%	463	450	2.7%
Environment							
Collection of raw materials - Animal waste	1 000 t	89.8	89.2	0.7%	30.5	31.5	-3.3%

NET DEBT



On 30 September 2020, consolidated net debt stood at 1,239.1 million euros, representing a reduction, respectively, of 231.5 million euros and 106.6 million euros over the value at the close of financial year 2019 and at the end of the second quarter of 2020. Including the effect of IFRS 16, net debt would have been 1,320.0 million euros, 225.8 million euros and 104.1 million euros below, respectively the figure at the end of 2019 and at the end of the first half of 2020. Besides the operating cash flow generated, these variations compared to the end of 2019 are explained by:

- Pulp and paper: -71.3 million euros, arising from efficient working capital and capex management, including investments of about 69.7 million euros and distribution of 99.1 million euros in reserves;
- Cement: -94.5 million euros, including the reimbursement of 19.7 million euros in supplementary payments to Semapa, the release of operating cash flow, investments made of approximately 18.2 million euros, 9.5 million euros income from the sale of financial investments and also the positive effect of foreign exchange denominated debt of approximately 14.9 million euros, mostly arising from the depreciation of the Brazilian real;
- Environment: - 4.4 million euros, in spite of the difficulty in collecting the amounts billed to the Government; and,
- Holdings: -61.3 million euros, resulting namely from reserves received from Navigator (69.4 million euros) and supplementary payments from Secil (19.7 million euros) and the payment of dividends (10.0 million euros), plus the acquisition of own shares in the amount of 7.0 million euros.

On 30 September 2020, total consolidated cash amounted to 692 million euros, in addition to 688.5 million euros in contracted and unused credit lines for the Group, thus **ensuring strong liquidity in this uncertain moment**.

2. Performance of Business Segments

Breakdown by Business Segments

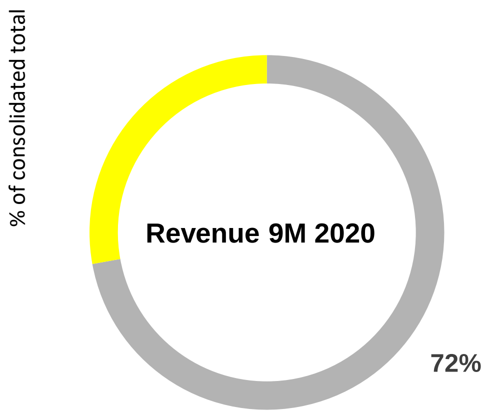
IFRS - accrued amounts (million euros)	Pulp and Paper		Cement		Environment		Holdings and Eliminations		Consolidated
	9M 2020	20/19	9M 2020	20/19	9M 2020	20/19	9M 2020	20/19	9M 2020
Revenue - External	**1,043.8**	**-18.1%**	**379.8**	**-1.9%**	**23.4**	**8.2%**	**-**	**-**	**1,447.0**
Revenue	**1,043.9**	**-18.1%**	**380.0**	**-1.9%**	**23.4**	**8.2%**	**(0.3)**	**26.4%**	**1,447.0**
EBITDA	**210.5**	**-29.9%**	**107.4**	**24.2%**	**7.8**	**47.4%**	**0.4**	**>1000%**	**326.1**
EBITDA margin (%)	20.2%	-3.4 p.p.	28.3%	5.9 p.p.	33.4%	8.9 p.p.			22.5%
Depreciation, amortisation and impairment losses	(122.8)	-7.5%	(40.7)	13.9%	(2.3)	-3.0%	(0.3)	6.8%	(166.1)
Provisions	0.5	-79.1%	(1.5)	-614.2%	-	-	-	-	(1.0)
EBIT	**88.1**	**-53.2%**	**65.2**	**65.1%**	**5.5**	**80.8%**	**0.1**	**154.8%**	**159.0**
EBIT margin (%)	8.4%	-6.3 p.p.	17.2%	7.0 p.p.	23.4%	9.4 p.p.			11.0%
Net financial results	(9.1)	20.5%	(39.8)	-157.3%	(0.2)	23.7%	(8.1)	4.1%	(57.1)
Profit before taxes	**79.1**	**-55.3%**	**25.5**	**5.9%**	**5.3**	**90.1%**	**(7.9)**	**8.8%**	**101.9**
Income taxes	(12.1)	67.9%	(6.2)	2.3%	(1.2)	-168.4%	8.5	85.9%	(11.0)
Net profit for the period	67.0	-51.9%	19.3	8.8%	4.1	74.7%	0.6	113.6%	90.9
Attributable to Semapa shareholders	**46.8**	**-51.8%**	**21.3**	**26.8%**	**4.1**	**74.7%**	**0.6**	**113.6%**	**72.8**
Attributable to non-controlling interests (NCI)	20.1	-52.3%	(2.0)	-317.7%	0.0	76.8%	-	-	18.1
Cash flow	189.3	-24.6%	61.4	-5.0%	6.4	39.2%	0.8	122.1%	257.9
Free Cash Flow	170.4	36.5%	99.9	480.8%	5.0	62.8%	(11.3)	-98.5%	264.0
Interest-bearing net debt	**644.0**		**263.5**		**1.3**		**330.3**		**1,239.1**
Lease liabilities (IFRS 16)	**53.4**		**25.2**		**2.0**		**0.3**		**80.9**
Total	**697.4**		**288.7**		**3.4**		**330.6**		**1,320.0**

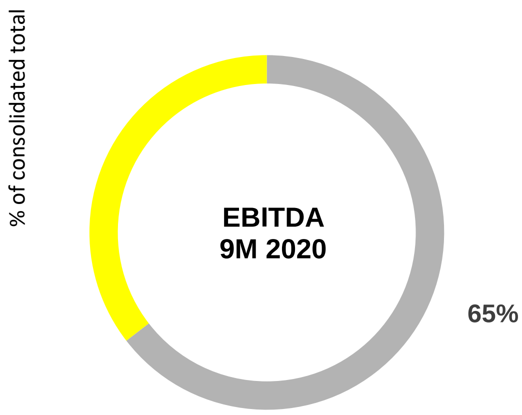
Notes:

- For the purpose of calculating the change in net debt the values of 31.12.2019 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”) released its results on 27 October 2020, so only the highlights of that report will be presented herein. Secil and ETSA, which are not listed, did not publish their results. Therefore, their operations are described in more detail.

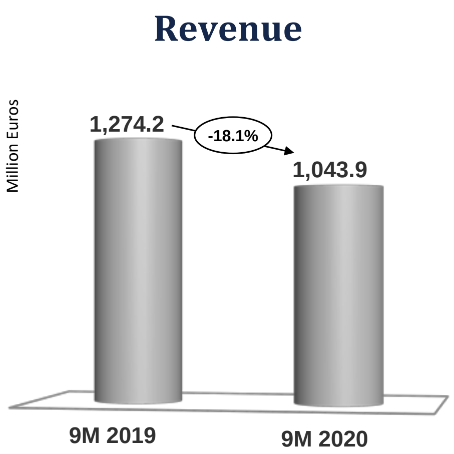
PULP AND PAPER



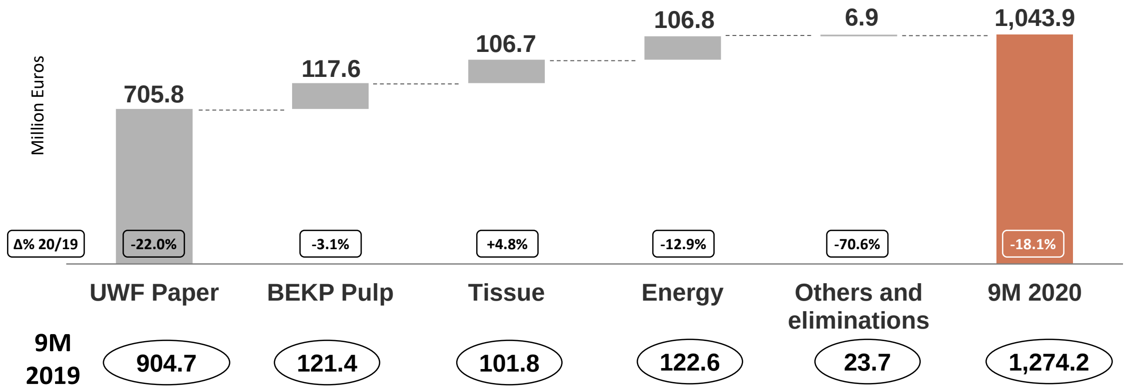


HIGHLIGHTS - FIRST NINE MONTHS 2020 (VS. 2019)

- Revenue in the first nine months of 2020 totalled 1,043.9 million euros. Revenue in the 3rd quarter stood at 348.4 million euros, up by 20.3% compared to the 2nd quarter of 2020 and showing a fall of 18.1% compared to the same period last year.

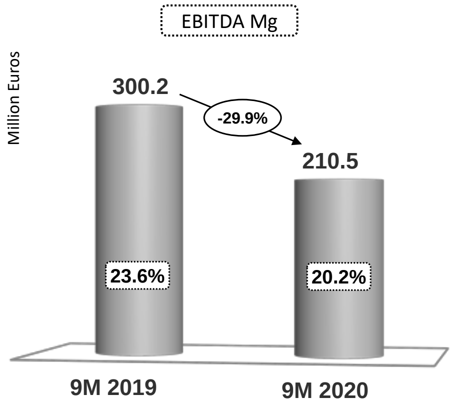


REVENUE BREAKDOWN BY SEGMENT:



- EBITDA amounted to 210.5 million euros (vs. 300.2 million euros year on year), in a context of much lower pulp price (-25%), smaller paper volumes due to the pandemic (-14%), and lower paper prices (-7%).
- The significant reduction in variable production costs and the strong containment of fixed costs (around 30 million euros less) helped to mitigate the fall in sales prices and to achieve an EBITDA margin above 20%.

EBITDA



SUMMARY TABLE OF FINANCIAL INDICATORS

IFRS - accrued amounts (million euros)	9M 2020	9M 2019	Var.	Q3 2020	Q3 2019	Var.
Revenue	**1,043.9**	**1,274.2**	**-18.1%**	**348.4**	**420.1**	**-17.1%**
EBITDA	**210.5**	**300.2**	**-29.9%**	**70.4**	**93.3**	**-24.6%**
EBITDA margin (%)	20.2%	23.6%	-3.4 p.p.	20.2%	22.2%	-2.0 p.p.
Depreciation, amortisation and impairment losses	(122.8)	(114.2)	-7.5%	(40.6)	(35.5)	-14.3%
Provisions	0.5	2.3	-79.1%	2.4	4.2	-43.2%
EBIT	**88.1**	**188.3**	**-53.2%**	**32.1**	**61.9**	**-48.2%**
EBIT margin (%)	8.4%	14.8%	-6.3 p.p.	9.2%	14.7%	-5.5 p.p.
Net financial results	(9.1)	(11.4)	20.5%	(0.8)	(1.7)	53.5%
Profit before taxes	**79.1**	**176.9**	**-55.3%**	**31.3**	**60.2**	**-48.0%**
Income taxes	(12.1)	(37.7)	67.9%	(2.9)	(10.4)	72.4%
Net profit for the period	67.0	139.2	-51.9%	28.5	49.9	-42.9%
Attributable to Navigator shareholders	**66.9**	**139.2**	**-51.9%**	**28.4**	**49.9**	**-42.9%**
Attributable to non-controlling interests (NCI)	0.0	0.0	98.7%	0.0	0.0	-38.6%
Cash flow	**189.3**	**251.2**	**-24.6%**	66.7	81.2	**-17.9%**
Free Cash flow	**170.4**	**124.9**	**36.5%**	56.4	24.6	**129.2%**
	30/09/2020	**31/12/2019**				
Equity (before NCI)	885.5	818.9				
Interest-bearing net debt	**644.0**	**715.3**				
Lease liabilities (IFRS 16)	53.4	46.8				
Total	**697.4**	**762.1**				

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

in 1 000 t	9M 2020	9M 2019	Var.	Q3 2020	Q3 2019	Var.
Pulp and Paper						
FOEX – BHKP Usd/t	680	909	-25.2%	680	804	-15.4%
FOEX – BHKP Eur/t	606	808	-25.0%	583	723	-19.4%
BEKP Sales (pulp)	297	214	38.6%	104	91	14.9%
FOEX – A4- BCopy Eur/t	846	909	-7.0%	828	901	-8.1%
UWF Sales (paper)	934	1,082	-13.7%	336	363	-7.4%
Tissue						
Total sales of tissue	79.3	74.1	7.0%	27.3	26.9	1.5%

In the first nine months of 2020, Navigator revenue totalled 1,043.9 million euros, paper sales accounting for around 68% of the revenue (vs. 71% year on year), pulp sales 11% (vs. 10%), tissue sales 10% (vs. 8%), and energy sales also around 10% (vs. 10%). The period featured a significant drop in global paper consumption as a result of the Covid-19 pandemic, particularly in the second quarter, while consumption, specially in Europe, recovered strongly in the third quarter. Navigator was able to make up for the decline in UWF sales by further diversifying its business, with growth in pulp and tissue sales.

The global market of UWF **paper** is estimated to have fallen in August YTD by around 15%. In Europe, the estimated cumulative drop is 14% and in the United States the figures point to a drop of around 21%. After the particularly adverse months of April and May, there was a gradual recovery in demand for paper from June onwards, a trend that was confirmed throughout the third quarter as the economies reopened, particularly in the markets of Europe and the United States. **All UWF formats show signs of recovery**, and the reels recorded a more resilient behaviour since the start of the pandemic. This evidences clearly the diversity of use and the versatility of UWF paper compared to other types of printing and writing paper.

In this context, Navigator managed its UWF paper production in the last nine months in order to keep up with the fall in demand and to control stock levels. After a production adjustment in the most critical months, the Company increased its paper production again from July, and ever since all its machines have been working. Consequently, **at the end of September Navigator YTD production capacity utilization rate stood at 90%**, which compares with an average rate of 74% of European producers.

In the last months, Navigator launched a wide range of innovative initiatives to support its distributors and sales forces, which have made it possible to further increase the order book significantly. This significant commercial effort allowed Navigator to register **a good order book in the third quarter, which stood at the end of September at around 26 days, in line with that registered in previous years and which compares favourably with the rest of the industry**. Such commercial initiatives also helped Navigator to earn market share from its European competitors (+2 p.p. vs 2019). It should be mentioned that Navigator maintained the weight of its premium products and own brands in its sales to Europe (57% and 66%, respectively).

UWF sales for the first 9 months totalled 934 thousand tonnes, 13.7% less than in the same period last year and in line with Navigator’s forecasts which guided the decision to decrease production. The sales value of UWF business was negatively affected by **the fall in paper price**, as **sales dropped around 22% to 706 million euros**. It should be noted that the evolution of Navigator's selling price in Europe was aligned with PIX; average price outside Europe was negatively influenced by the exchange rate evolution, developments in the product and market mixes and the strong price drop registered in those markets.

Year-on-year performance of sales price reflects the adjustments implemented in the 2nd half of 2019, which continued throughout 2020, negatively affected by the pandemic and low pulp prices. **The A4 paper benchmark adjusted downwards by 7% YoY** to an average price of 846 EUR/t, compared to 909 EUR/t in the first nine months of 2019.

The global **pulp** market proved to be quite resilient to the adverse context of less activity due to the pandemic. **Global demand of hardwood pulp is estimated to have grown 10.6% YTD August 2020 vs. YTD 2019**, driven by the 20% growth in China, in spite of the slowdown registered in July and August (-0.6% yoy). The increase was mostly sustained by significant rise in tissue demand. The gross price of BHKP pulp in Europe in USD remained stable in the first nine months of 2020, at 680 USD/t, 25% below the price of 909 USD/t registered in the same period in 2019. **The price of BHKP pulp in Euros fell by 25%** to 606 EUR/t vs. 808 EUR/t, and the recent depreciation of the USD against the Euro in the 3rd quarter penalised PIX in Euros and, consequently, the profit of European pulp producers. Pulp remains at a low point in the price cycle and, due to the impact of the pandemic on some of the pulp consuming industries, the expectation of a price increase has been postponed time and again.

In this period, Navigator managed to record **297 thousand tonnes in market sales volume of pulp, significantly higher than the previous year (approximately +39% in tonnes)**, one of the best periods since 2010. This growth was fostered by a greater diversification of sales to destinations outside of Europe, taking advantage of opportunities in the Tissue and Packaging segments and greater availability of pulp to market arising from less paper production in the second quarter.

However, the strong increase in volumes sold was not enough to mitigate the impact of the reduction in the average pulp selling price in the period, so **the sales value totalled 118 million euros, compared to 121 million euros (-3%) in the same period last year**. It should be mentioned that in markets outside of Europe selling prices reached minimum values in July, while Navigator net prices in Euros outside Europe in the quarter recovered around 7%.

The **tissue** business evolved favourably in the first nine months of 2020, with **sales in volume amounting to 79.3 thousand tonnes, which represents an increase of 7.0% over the same period in 2019**.

Navigator's tissue operations were able to take advantage of the opportunity provided by the peak in demand triggered by Covid-19 for the At Home products (AH). It should be noted the less positive progress in the Away from Home (AFH) segment that was affected by the Covid-19 pandemic. These products are largely directed to HORECA channels (Hotels, Restaurants and Cafés) and to companies, which were largely affected by the lockdown measures implemented in Europe from mid-March onwards. In the third quarter, this impact was particularly relevant due to the strong reduction of tourists in the Iberian Peninsula where Navigator places most of its sales to this segment.

Consequently, Navigator’s **tissue revenue grew around 5% to 106.7 million euros**. The sales mix improved in relation to the same period in the previous year, as a result of the increase in the weight of finished products to 77% (vs. 75% in 2019), to the detriment of the weight of reels.

In the first nine months of 2020, **the sales of electrical energy totalled 106.8 million euros, which represents a reduction of 12.9% year on year**. In terms of sales volume in GWh, the reduction in the same period ranged between 2 and 3%.

Generally speaking, the decline results essentially from: (i) lower sales tariffs for power generated by the **Setúbal natural gas cogeneration plant**, for which the **new tariff rules** came into effect in April and which operated in May with only one of the generator sets; (ii) the negative effect of the slowdown in pulp and paper operations in the second quarter, inevitably reflected in the level of cogeneration.

The new **tariff rules for the renewables-fired cogeneration** plants at the Setúbal and Figueira da Foz pulp mills came into force respectively in January and July 2020, resulting in lower sales tariffs, in line with the new legal framework for the sector.

The negative impact of the implementation of this regulatory framework on the three power stations - Setúbal natural gas plant, Setúbal pulp cogeneration and Figueira da Foz pulp cogeneration - is estimated at more than 7.4 million euros.

The first nine months of 2020 were marked by the **positive evolution of most production expenses both variable and fixed.** It should be noted that extended team work has been put into reducing significantly specific consumption by taking advantage of the reduction in production rates, despite the instability arising from these stoppages and changes in the pace of operations, and into the renegotiation of contracts for raw materials and consumables.

Significant containment may be observed over the first nine months in fixed costs, which stood at around 30 million euros below the level recorded in the same period in 2019, with positive evolution in personnel and running costs, in particular in the costs of corporate areas.

EBITDA in the nine months amounted to 210.5 million euros, decreasing 29.9% year on year, in a context of much lower pulp price (-25%), smaller paper volumes due to the pandemic (-14%), and lower paper prices (-7%). **EBITDA margin stood at 20.2%, 3.4 p.p. lower than in the same period in 2019.**

The **financial results amounted to -9.1 million euros** (vs. -11.4 million euros), **an improvement of 2.3 million euros**, due to an increase of 2.1 million euros in results from hedging operations. Particularly successful results were achieved for pulp price hedges, and net compensatory interest improved over the period by of 2.7 million euros. In the opposite direction, interest earned on financial investments maintained a negative evolution (-2.2 million euros) in relation to the very positive figures in the same period of the previous year. The costs of financing operations increased in turn by 0.9 million euros due to the increase in gross debt resulting from the **contracting of surplus liquidity in the period to deal with the crisis**, in spite of the year-on-year decrease of the average cost of funding (all-in cost of 1.62% vs. 1.77%).

Net profit in the first nine months of 2020 attributable to Navigator's shareholders was 66.9 million euros.

Free Cash Flow generated in the first nine months was 170 million euros, which compares with 125 million euros in the same period in 2019, the highest Free Cash Flow figure in the nine-month period since 2014. It should be noted that the year began with a Free Cash Flow generation of 15 million euros in the 1st quarter and that it was after the first impact of the pandemic that strong growth was evident: 99 million euros in the second quarter and 56 million euros in the third quarter. This was made possible by **managing working capital very efficiently**, combined with a strong capacity to collect customer balances and a careful supplier management policy, under which it extended payment periods in association with financial solutions offered to support the liquidity of its partners. Overall, stocks were also reduced, both in comparison with the beginning of the year and compared to the end of the second quarter. It is also important to mention that another determining factor was the **slower pace of implementation of the investment plan**.

Navigator decided to significantly review the investment plan for 2020, which was reduced from an estimated amount of 158 million euros to approximately 70 million euros. **Capital expenditure in the first nine months amounted to 69.7 million euros, compared to 118.9 million euros in the same period last year**. This includes around 37 million euros in maintenance, efficiency improvements and others, and 21.1 million euros in several environmental projects, in particular the **new biomass boiler in Figueira da Foz**. It is important to note the latter will make it possible to **cut CO2 emissions at this unit by 81%, and by approximately 20% for Navigator as a whole** (reduction in the order of 155 thousand tonnes of CO2/year). **As a result, the mill will be 100% powered by renewables**. This is a very important step in Navigator's ambitious decarbonisation plan, which aims to achieve carbon neutrality of its plants by 2035.

Third Quarter of 2020 vs. Third Quarter of 2019

The third quarter of 2020 was marked by a gradual recovery in demand for printing and writing papers, after a second quarter heavily influenced by containment measures and consequent impacts on paper consumption.

In this context, **Navigator revenue stood at 348.4 million euros, growing 20% compared to the 2nd quarter of 2020 and showing a fall of 17.1% compared to the same period last year**. The recovery of production in all Navigator paper machines right at the beginning of the quarter resulted in an increase in volumes sold of around 45% (vs. 2nd quarter) and a reduction of 7% vs. the same quarter in the previous year. Year-on-year sales to Europe and the United States had significantly more positive progress than sales to the rest of the world.

However, **reference selling price of UWF paper remained under pressure** and stood below levels in the previous quarter (-2%) and the same quarter in the previous year (-8%). Navigator's average selling price followed this trend, also reflecting the pressure from markets outside Europe, the change in the format/quality mix (growth in the weight of reels and economic products) and the depreciation of the USD vs. Euro. It should be noted that the average selling price of Navigator in Europe adjusted less and later than competitors' selling price. Furthermore, the selling price in USD in September in international markets reflects some recovery over prices in June. **Paper sales in the quarter totalled 238**

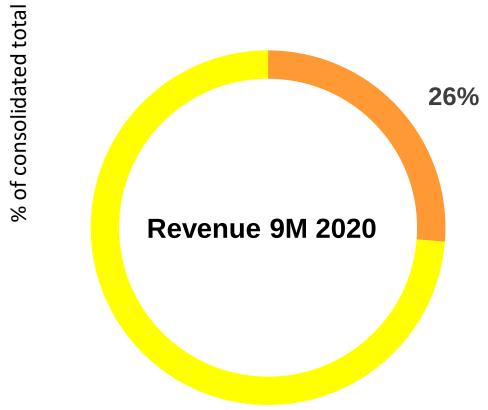
million euros, reflecting a 36% increase vs. the second quarter and a 19% decrease compared to the third quarter of 2019.

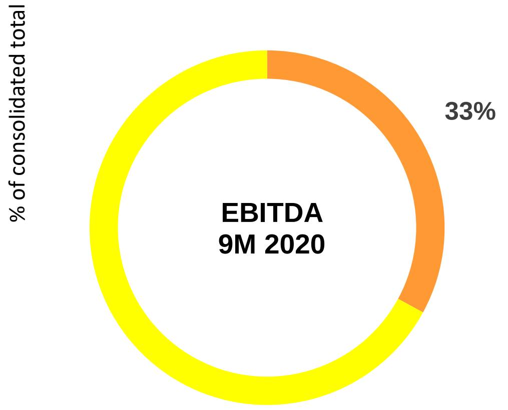
Although the paper mills resumed operations, **pulp sales to the market remained at a high level**, at approximately -5.2% vs. 2nd quarter of 2020 and +15% vs. 3rd quarter of 2019, fostered by the commercial effort and higher market diversification.

The volume of tissue sold grew again, this time at around 5% in relation to the second quarter and 2% year on year, to approximately 27 thousand tonnes and a larger weight of finished products (74% of sales vs. 70% in the second quarter). In spite of the market context, this was the best quarter in terms of sales and profit of the tissue business.

Thus, in a context of gradual recovery of demand combined with great pressure on prices of UWF and Pulp, Navigator managed to exploit the diversification of its business model and record significant sequential growth of its revenue, which, combined with an energetic set of fixed and variable cost control measures, allowed to reach an **EBITDA of 70 million euros in the quarter, +36% vs. in the 2nd quarter of 2020 (-25% year on year), with an EBITDA margin of 20.2%**.

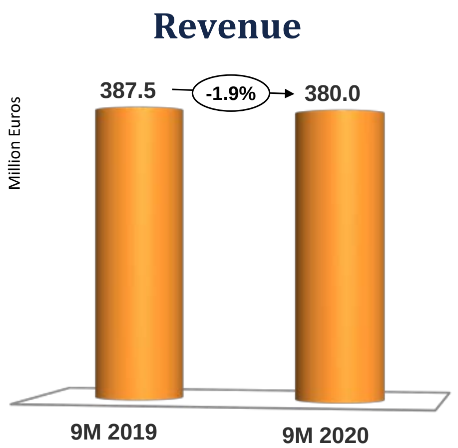
CEMENT AND OTHER BUILDING MATERIALS



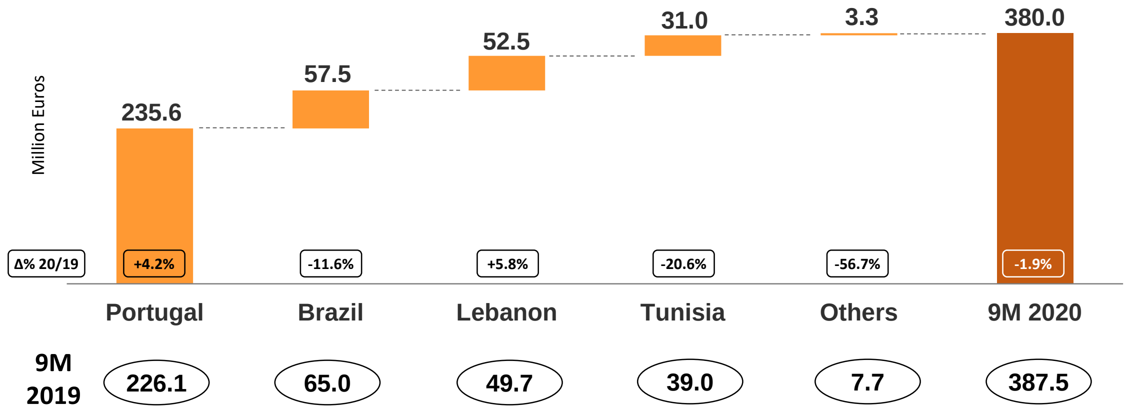


HIGHLIGHTS - FIRST NINE MONTHS 2020 (VS. 2019)

- Secil's accumulated revenue until September 2020 amounted to 380.0 million euros, 7.5 million euros (1.9%) less than that in the same period of the previous year. This evolution is mainly the result of the fall in some markets, associated with the instability experienced in some of these markets and accentuated by the effect of the Covid-19 pandemic, especially in the month of April. Some facilities had to suspend activity by government decree.
- Additionally, the strong exchange rate depreciation of some currencies against the Euro in the countries where Secil operates (in particular the Brazilian real and the Lebanese pound) had a negative impact of around 18.9 million euros.



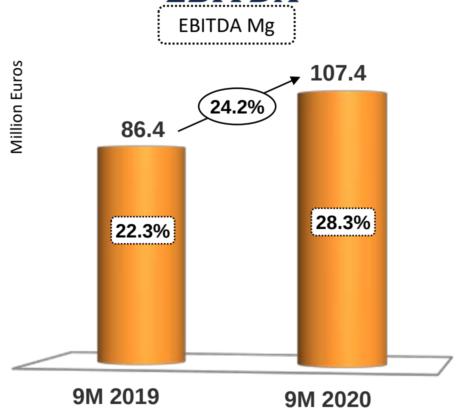
REVENUE BREAKDOWN BY COUNTRY:



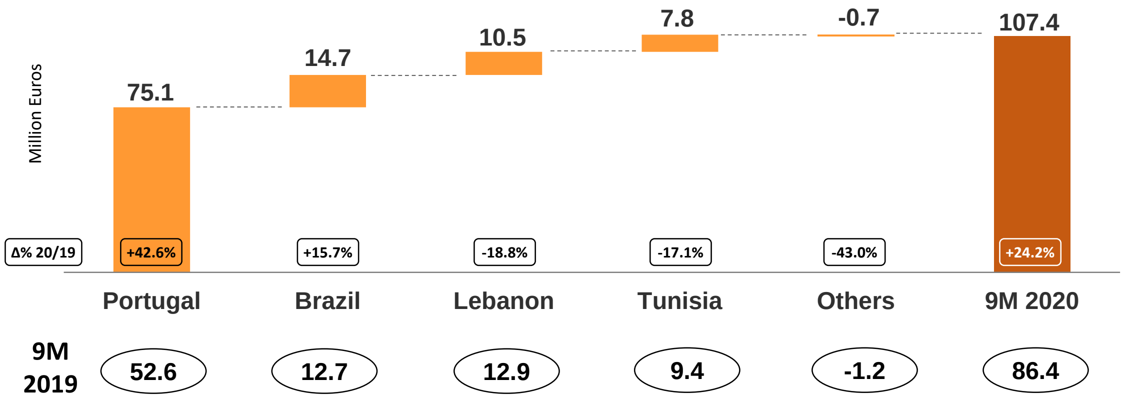
Note: Others includes Angola and Others

- Consolidated EBITDA reached 107.4 million euros, which corresponds to an increase of 20.9 million euros, compared to the same period last year (+24.2%), as a result of the positive evolution in Portugal and Brazil.
- It needs to be stressed that more than half of the previous progress is due to good operational business performance, since in the first 9 months of 2019 EBITDA included a gain of 3.4 million euros concerning the reimbursement of sales taxes in Brazil. In 2020 Secil obtained capital gains on the sale of assets (+7 million euros) and the sale of surplus CO2 licenses amounted to 5.9 million euros more than sales year on year.

EBITDA



EBITDA BREAKDOWN BY COUNTRY:



Note: Others includes Angola and Others

- Secil's net financial results deteriorated from the same period in the previous year, from -15.5 million euros to -39.8 million euros. The negative effect resulted above all from adverse exchange differences (-18.2 million euros), mainly due to the depreciation of the Brazilian real, of accounts receivable and payable in foreign currency for intra-group loans and the depreciation of the Lebanese pound in fixed asset purchases made in foreign currency. Furthermore, there was 2.5 million euros of impairments on cash and equivalents; 1.5 million euros in late interest on receivable tax credits, recorded in the previous year; and 1.9 million euros less profit on financial investments.
- Nonetheless, the good operating performance in Portugal and Brazil had net profit attributable to Secil shareholders at the end of Q3 2020 of 21.3 million euros vis-à-vis 16.8 million euros over the same period in the previous year.

SUMMARY TABLE OF FINANCIAL INDICATORS

IFRS - accrued amounts (million euros)	9M 2020	9M 2019	Var.	Q3 2020	Q3 2019	Var.
Revenue	**380.0**	**387.5**	**-1.9%**	**149.0**	**135.2**	**10.2%**
EBITDA	**107.4**	**86.4**	**24.2%**	**48.9**	**32.0**	**52.9%**
EBITDA Margin (%)	28.3%	22.3%	5.9 p.p.	32.8%	23.7%	**9.1 p.p.**
Depreciation, amortisation and impairment losses	(40.7)	(47.2)	13.9%	(12.8)	(15.3)	16.5%
Provisions	(1.5)	0.3	-614.2%	0.7	(0.1)	657.8%
EBIT	**65.2**	**39.5**	**65.1%**	**36.8**	**16.6**	**122.0%**
EBIT Margin (%)	17.2%	10.2%	7.0 p.p.	24.7%	12.2%	12.4 p.p.
Net financial results	(39.8)	(15.5)	-157.3%	(10.0)	(8.6)	-16.0%
Profit before taxes	**25.5**	**24.1**	**5.9%**	**26.8**	**7.9**	**236.9%**
Income taxes	(6.2)	(6.3)	2.3%	(7.0)	(2.8)	-149.1%
Net profit for the period	19.3	17.7	8.8%	19.7	5.1	285.3%
Attributable to Secil shareholders	**21.3**	**16.8**	**26.8%**	**19.2**	**4.2**	**356.9%**
Attributable to non-controlling interests (NCI)	(2.0)	0.9	-317.8%	0.6	0.9	-39.7%
Cash flow	**61.4**	**64.6**	**-5.0%**	31.9	20.6	**55.1%**
Free Cash flow	**99.9**	**17.2**	**480.8%**	56.9	14.9	**282.8%**

	30/09/2020	31/12/2019
Equity (before NCI)	345.5	377.5
Interest-bearing net debt	**263.5**	**358.0**
Lease liabilities (IFRS 16)	25.2	26.4
Total	**288.7**	**384.4**

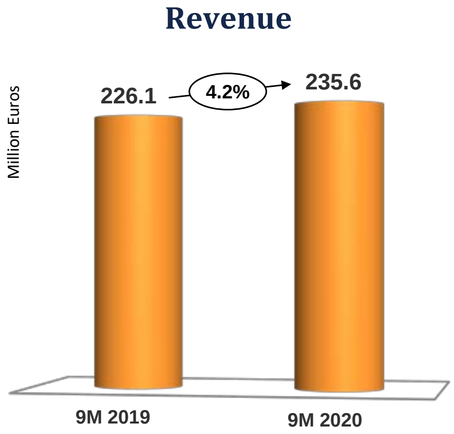
Note: Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

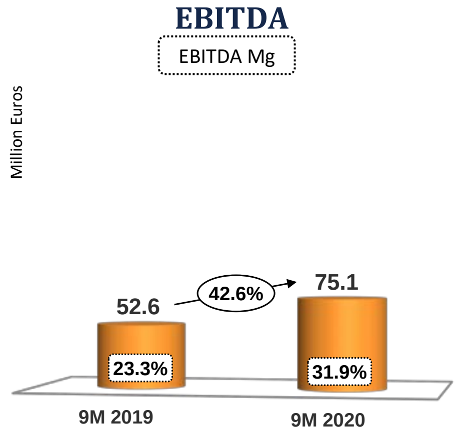
SUMMARY TABLE OF OPERATING INDICATORS

in 1 000 t	9M 2020	9M 2019	Var.	Q3 2020	Q3 2019	Var.
Annual cement production capacity	9,750	9,750	0.0%	9,750	9,750	0.0%
Production						
Clinker	3,206	3,496	-8.3%	1,245	1,167	6.7%
Cement	3,678	4,016	-8.4%	1,400	1,444	-3.1%
Sales						
Grey cement	3,473	3,786	-8.3%	1,309	1,368	-4.3%
White cement	48	57	-14.9%	17	17	2.0%
Clinker	397	279	42.2%	248	55	350.3%
Aggregates	2,112	2,548	-17.1%	778	1,033	-24.7%
Precast	96	96	-0.2%	35	31	10.4%
Mortars	156	150	4.0%	54	49	9.7%
Hydraulic lime	12	20	-39.5%	4	6	-28.0%
in 1 000 m3						
Ready-mix	1,305	1,311	-0.4%	463	450	2.7%

Note: Volumes excluding inter-segment sales.

Portugal





In **Portugal**, according to the AICCOPN + AECOPS reports of August, the investment in construction in the 2nd quarter grew 7.5% year on year, and 3.1% over the previous quarter.

Cement consumption in Portugal in the first nine months of 2020 was marked by positive monthly year-on-year variations, with particular emphasis on the month of June (projected positive variation of around 25%), and it is estimated that, in cumulative terms, the domestic cement market grew approximately 9% year on year.

The impact of the Covid-19 pandemic was felt mainly in the first weeks immediately after the State of Emergency was announced (from 18 March to 13 April), but only lightly since virtually all facilities maintained regular operations.

Revenue of combined operations in Portugal stood at approximately 235.6 million euros, **4.2% more in relation to the same period in 2019**.

In the Cement business unit in Portugal, domestic market revenue increased around 4.3% compared to the same period in 2019. This development is explained mainly by the increase in volumes sold (+6.6% excluding cement sales to other segments of the Group in Portugal). However, the expansion was not enough to cope with the decline in sales to the external market, with cement revenue decreasing by about 4.1 million euros year on year.

The surplus supply in Europe, the Mediterranean and West Africa continued to drive strong competition. In this context, the export revenue decreased around 16.4%, reflecting the decline in cement and clinker sales of 6.9%.

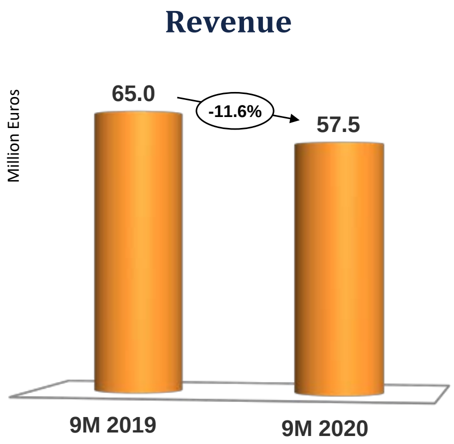
In the other business segments with operations based in Portugal (Ready-mix concrete, Aggregates, Mortars and Precast), accrued revenue in Q3 2020 amounted to 108.4 million euros, up by 14.4% year on year. This growth took place in all areas of building materials, benefiting from greater building dynamics, although it was higher in the Concrete business unit, which recorded 9.6% more sales volume.

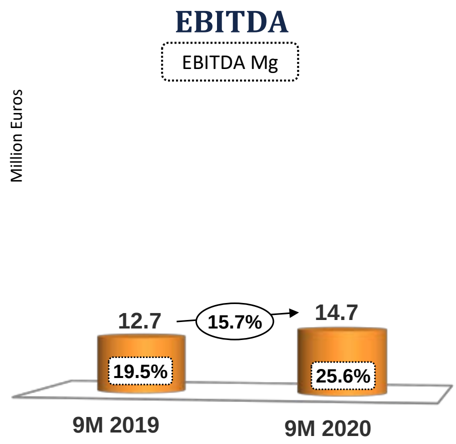
EBITDA of total operations in Portugal increased by 42.6%, standing at 75.1 million euros vs. 52.6 million euros recorded for the same period in the previous year.

The Cement business unit had an EBITDA of 60.5 million euros, i.e. 53.4% more than in the same period in 2019. The increase in sales volumes on the domestic market and the reduction in variable costs, namely energy costs, and capital gains obtained from the sale of financial investments (+5.2 million euros) contributed positively to this variation. Furthermore, the sale of surplus CO2 licenses amounted to 5.9 million euros more sales year on year.

The EBITDA of the building material business units amounted to 14.5 million euros, which compared to 13.2 million euros in the same period in 2019 results in an increase of 10.4%. The upward variation was the result of the increase in revenue, despite the rise in variable production costs due to lower availability of ashes in the Concrete segment, and also the recording of capital gains on the sale of fixed assets (land) in the Pre-cast and Aggregates segment, which together represented 1.2 million euros.

BRAZIL





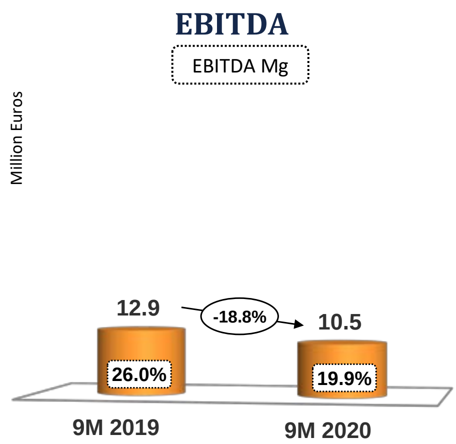
After a first quarter with virtually zero growth, cement consumption in Q2 and Q3 2020 showed surprising growth rates. According to the SNIC (Preliminary Results - September 2020), accrued cement consumption in September amounted to circa 9% over the corresponding period in 2019.

Revenue of combined operations in Brazil stood at 57.5 million euros in the first 9 months of 2020, 11.6% down on revenue recorded in the same period in 2019. However, **discounting the effect of the exchange rate devaluation of the Real against the Euro**, with a negative impact of around 18.2 million euros, **revenue would have been higher by 10.6 million euros (+16%)**.

Cement volumes sold increased by 12.2% in comparison with the same period in the previous year, with average sales prices in Euros dropping by 17.4% (unlike local currency prices that rose by around 10%).

The **EBITDA of activities in Brazil** totalled 14.7 million euros, which compares with the 12.7 million euros recorded year on year **(i.e. 16% increase)**. It should be noted that EBITDA accrued until September 2019 included a gain of 3.4 million euros from sales tax refunds. **If we exclude this effect, and the very unfavourable exchange rate effect (-4.6 million euros), EBITDA would have increased by 108%, reflecting the good performance of commercial activity and the reduction in production costs**.

LEBANON



Lebanon plunged in a **serious economic-financial and social crisis**. Despite the efforts made by political forces to stabilise the situation, the outbreak of the Covid-19 pandemic and the explosion in Beirut harbour aggravated further an already precarious situation. The effects of the pandemic were felt sharply from mid-March onwards, with the publication of a presidential decree banning industrial activities, excluding food.

In this context, cement consumption was expected to continue to decrease. However, the magnitude of the reduction exceeded all expectations. Cement consumption by September 2020 is indeed expected to have dropped 47% in relation to the same period in 2019, which had already declined 29% vis-à-vis September 2018.

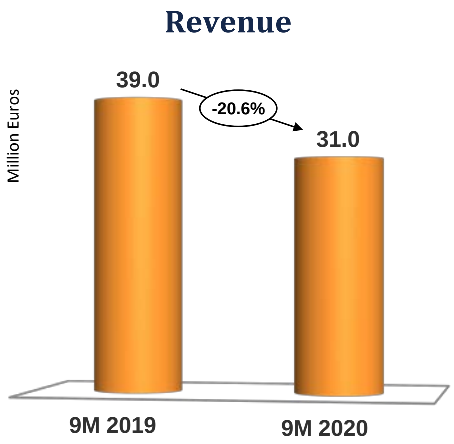
However, **the revenue of all operations in Lebanon increased 5.8%** to 52.5 million euros, compared to 49.7 million euros in the same period last year, as a result of the **steep rise in the average selling price of cement**, the inflationary environment in the country and the strong depreciation of the Lebanese pound.

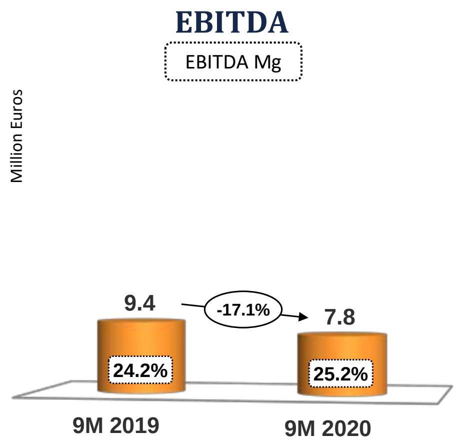
Cement sales in the domestic market decreased by 15.4% in comparison with the same period in the previous year, which actually reflects a recovery compared to the previous quarters. In contrast, average selling price in Euros was up by 29.6%, subsequently causing the revenue figure to increase 9.7%.

Concrete revenue amounted to 2.4 million euros, down significantly over the same period in the previous year (-40%), due to the reduction in volumes sold (-45.1%), partially offset by a 9.3% increase in the average selling price, and reflects the fact that the construction sector was one of the most affected by the current crisis.

EBITDA from operations in Lebanon stood at 10.5 million euros, down by 18.8% in relation to the same period of the previous year. The decrease is mainly due to the impact of the exchange rate devaluation of the Lebanese pound recorded on purchases of goods and services in foreign currency, partially offset by measures to contain fixed and variable costs.

TUNISIA





Tunisia is still facing significant challenges, including high foreign and tax deficits, increasing debt and insufficient growth to reduce unemployment. Some social unrest and pressure from union claims continue. Government deficit is reflected in public works and the real estate sector faces challenges due to difficulties in obtaining funding (in connection with the fragility of the banking sector), which impacts construction output.

The measures adopted by the government to contain the spread of the pandemic - curfews from 17 March and a nationwide declaration of quarantine on 20 March - virtually paralysed the country's economic activity until early May, and the construction activity was no exception.

In this context, it is estimated that the domestic cement market to September decreased 15% year on year. The cement market is still subject to strong competition, due to excess installed capacity.

Revenue for combined operations in Tunisia showed a negative year-on-year variation of 20.6%, totalling 31.0 million euros and benefiting from a positive impact of the appreciation of the Tunisian dinar against the Euro by 1.6 million euros.

Revenue of the Cement business decreased around 21.3% to 27.6 million euros, reflecting the decline in cement sales in the domestic market (-28.9%) and external market (-37.9%). The positive variation in average selling prices in Euros on the domestic market (+4%) made it possible to mitigate the fall in revenue.

Concrete revenue fell 11.8% in relation to the same period of the previous year, due to declining volumes sold (-24.1%), offset by the positive variation in average selling price in Euros (+16.2%).

Subsequently, **the EBITDA from operations in Tunisia amounted to 7.8 million euros, which compared to the figure in the same period in the previous year (9.4 million euros) decreased 17.1%**. The positive effects of less fixed and variable costs (in particular lower solid fuel costs) must be underscored.

ANGOLA AND OTHERS

Contrary to the growth estimate for the 1st quarter, according to the data available, the Angolan cement market showed negative cumulative variation in September 2020 of 21% in relation to the same period in 2019. The efforts to contain the spread of the coronavirus may have contributed to the worsening of the economic situation, which had already been disrupted by the drop in oil prices since the beginning of the year.

In this context, the volumes of cement sold by Secil decreased 36.6% compared to the same period in 2019. 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, either expressed in the national currency and those arising from the necessary imports. Under these conditions, the price of cement in local currency increased by about 17% year on year, partially offsetting the fall in sales volumes. Consequently, revenue totalled 3.3 million euros, i.e. 56.7% below that in the same period in the previous year, and was strongly affected by the currency depreciation, which produced a negative effect of 2.4 million euros.

Accrued EBITDA in September 2020 amounted to a negative figure of 710 thousand euros, in contrast with the negative 1.2 million euros obtained over the same period in the previous year, which is a slight improvement.

Third Quarter of 2020 vs. Third Quarter of 2019

EBITDA in Q3 2020 was higher than EBITDA in Q3 2019 by around 16.9 million euros, thus reflecting the recovery of activity after Q2 that was severely hit by the negative effects of the pandemic. The increase was due to positive changes in the EBITDA of Portugal, Lebanon and Brazil.

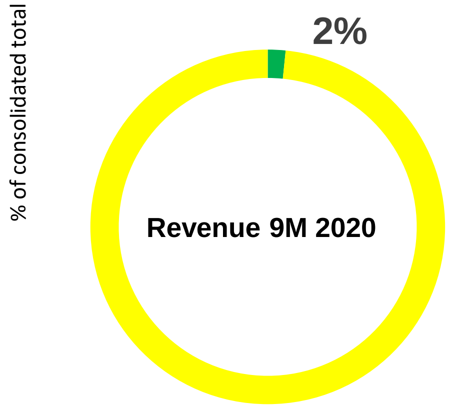
In Portugal, the additional 15.8 million euros is largely due to the EBITDA of the Cement business, a result of a combination of factors, such as growth in the domestic market and higher average selling price and the increase in CO2 sales (+10.0 million euros).

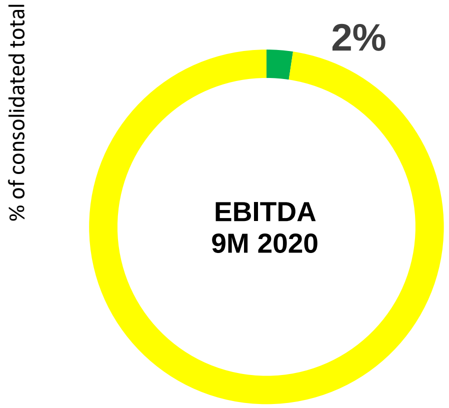
The 2.1 million euro increase in Brazil resulted from higher cement consumption, lower production costs, since the average selling price decreased circa 18% due to the strong depreciation of the Real.

In Lebanon, despite the severe economic and social crisis, the EBITDA registered a positive variation of 0.5 million euros, explained by the increase in the selling price of cement and the positive developments in the Concrete activity.

The positive changes in these three geographies were partially offset by the declining performance in Tunisia (-1.7 million euros), which was heavily hit by the effects of the pandemic response measures.

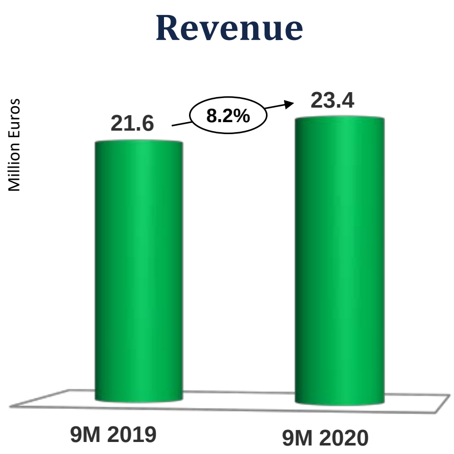
ENVIRONMENT



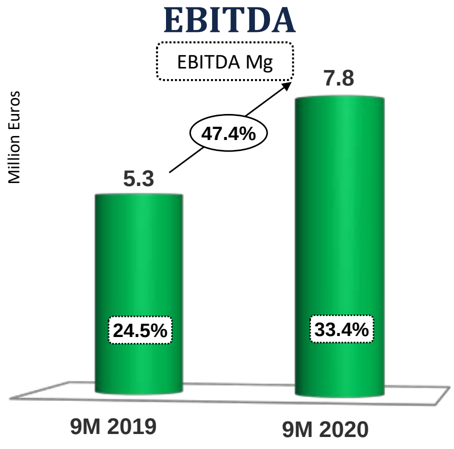


HIGHLIGHTS - FIRST NINE MONTHS 2020 (VS. 2019)

- ETSA recorded revenue of approximately 23.4 million euros in the first nine months of 2020, which represented an increase of approximately 8.2% against the same period in 2019.



- EBITDA for ETSA totalled approximately 7.8 million euros in the first nine months of 2020, representing a growth of about 47.4% in comparison with the same period of the previous year, essentially due to a higher revenue, which in turn reflects an improvement in fat and meal price conditions on the market and tightly managed costs under the main headings.



SUMMARY TABLE OF FINANCIAL INDICATORS

IFRS - accrued amounts (million euros)	9M 2020	9M 2019	Var.	Q3 2020	Q3 2019	Var.
Revenue	**23.4**	**21.6**	**8.2%**	**7.7**	**8.4**	**-8.1%**
EBITDA	**7.8**	**5.3**	**47.4%**	**2.7**	**2.4**	**13.3%**
EBITDA margin (%)	33.4%	24.5%	8.9 p.p.	34.6%	28.1%	6.5 p.p.
Depreciation, amortisation and impairment losses	(2.3)	(2.3)	-3.0%	(0.8)	(0.8)	-1.1%
Provisions	-	-	-	-	-	-
EBIT	**5.5**	**3.0**	**80.8%**	**1.9**	**1.6**	**19.2%**
EBIT margin (%)	23.4%	14.0%	9.4 p.p.	24.4%	18.8%	5.6 p.p.
Net financial results	(0.2)	(0.2)	23.7%	(0.1)	(0.1)	30.8%
Profit before taxes	**5.3**	**2.8**	**90.1%**	**1.8**	**1.5**	**22.0%**
Income taxes	(1.2)	(0.5)	-168.4%	(0.4)	(0.3)	-24.6%
Net profit for the period	4.1	2.3	74.7%	1.4	1.2	21.3%
Attributable to ETSA shareholders	**4.1**	**2.3**	**74.7%**	**1.4**	**1.2**	**21.3%**
Attributable to non-controlling interests (NCI)	-	-	-	-	-	-
Cash flow	**6.4**	**4.6**	**39.2%**	2.2	1.9	**13.1%**
Free Cash flow	**5.0**	**3.1**	**62.8%**	1.8	4.7	**-61.7%**

	30/09/2020	31/12/2019
Equity (before NCI)	77.4	73.9
Interest-bearing net debt	**1.3**	**5.7**
Lease liabilities (IFRS 16)	2.0	1.7
Total	**3.4**	**7.4**

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

ETSA recorded revenue of around 23.4 million euros in the period in analysis, which represented an **increase of approximately 8.2%** against the first nine months of 2019.

This development was mostly caused by the following combined elements: (i) an increase in average selling price of class 3 fats and meal by about 23% and 14%, respectively, in comparison with the same period in 2019, and iii) an increase of about 19.3% in consolidated services rendered, essentially due to the increase in billing of SIRCA services provided and the growing wholesale collection activity.

EBITDA for ETSA totalled around 7.8 million euros in the first nine months of 2020, representing a **growth of about 47.4%** in comparison with the same period of the previous year, essentially due to a higher revenue and tight control of the main costs.

EBITDA margin stood at 33.4%, up by around 8.9 p.p. over the margin for the same period of 2019.

Financial results improved by about 23.7% in relation to the same period in the previous year, mostly due to the reduction in average debt, in spite of the difficulty in collecting the amounts invoiced to the Government.

Net income at the end of the first 9 months of 2019 totalled 4.1 million euros, representing an increase of 74.7% in relation to the same period in the previous year.

Third Quarter of 2020 vs. Third Quarter of 2019

ETSA recorded revenue in the Q3 2020 of about 7.7 million euros, **which is around 8.1% less** than that of the same period in the previous year. This variation results from a decrease of about 22.1% in sales, whereas consolidated services rendered increased by approximately 19.0%.

The development in sales is mostly due to the decrease in the volumes of class 3 fats sold of around 43.2% (accountable for 80% of total decrease), which combined with an increase in the average selling price of around 14.1% resulted in a decrease of the product's sales value of approximately 35.2%. As for the variation in services rendered, this is essentially due to the increase in the price of the SIRCA service, which combined with a 13.1% growth in volumes results in an increase in invoicing of around 47.4% in value terms.

EBITDA totalled approximately 2.7 million euros in the 3rd quarter of 2020, representing **a growth of about 13.3%** in comparison with the same period of the previous year, essentially due to cost reduction.

VENTURE CAPITAL

Semapa Next, in partnership with Techstars, completed the second acceleration programme of 10 startups. The selected startups were from Portugal, the USA, France, Australia and Israel, operating in Industry, the Environment, Logistics, Tourism and Leisure. During this period, **Semapa Next also made a direct investment in the company DefinedCrowd** dedicated to solving an artificial intelligence problem - the need for continuous access to highly accurate data. This round of DefinedCrowd's Series B investment managed to collect 50.5 million USD in total and aims to enlarge existing solutions, launch new innovative subscription-based deals and expand its global reach.

3. OUTLOOK

After the outbreak of Covid-19 at year end 2019 in China, following the declaration of an international public health emergency on 30 January 2020, the World Health Organization (WHO) announced on 11 March the new coronavirus outbreak a pandemic and the global socio-economic outlook changed radically. There is still a climate of strong uncertainty and great volatility in the face of the risk of a second wave of the pandemic. Semapa will continue to work hard to minimize the impacts of this pandemic in its different activities, with emphasis, above all, on the health and safety of its employees and other stakeholders.

PULP AND PAPER

The third quarter featured gradual, and until now sustained, recovery of the UWF paper business in line with the economic recovery, albeit against the backdrop of much uncertainty and great volatility. The positive development of demand, particularly in Europe and the USA, allowed Navigator to increase paper production again from July onwards, once all of its machines resumed operations. At the end of September, the Company’s production capacity utilization rate stood at approximately 90% YTD, which compares with an average rate of 74% of European producers, stock levels were in line with previous year’s level (at 17 days) and it had a good order book of 26 days. In market terms, the stock in the pipeline is believed to be below normal in number of sales days.

Although the risk of a second wave of the pandemic situation persists, with an extent of the impact that is still difficult to estimate, Navigator has recorded some positive signs, namely a greater dynamics of incoming orders from the European market in recent weeks that suggest that the recovery of the market will continue in the fourth quarter. Order levels in early October increased to close to 30 days, although orders from outside Europe and the USA were still very weak.

On the pulp side, the cooling of demand for tissue and packaging products in the 3rd quarter caused business to slow down in the months of July and August. After a progressive drop in short fibre stocks with producers, it is estimated that the level of pulp stocks in China (mostly held by buyers) had slightly picked up again by the end of September, albeit below the average in the last 2 years. However, prices are at minimum levels (in some cases below marginal cost), both in Europe and China, and some factors can contribute towards improvement in price in the 4th quarter. A recovery trend that Navigator had already witnessed in the third quarter as prices outside Europe stood in September at approximately 7% above prices in July.

On the one hand, the difference currently existing between the price of long and short fibre, at maximum values close to 150 USD/t, may lead to positive pressure on the price of short fibre. On the other hand, on the supply side, several maintenance stops are foreseen, namely in Latin America, previously scheduled for the second quarter, which is estimated to withdraw around 420 thousand tonnes from the market.

In the tissue business, after a positive performance in the first nine months, some slowdown in demand, in particular in the At Home segment, is causing some concern.

The Aveiro and Setúbal pulp mills and the paper machines of Setúbal are scheduled to stop for maintenance in the fourth quarter. Annual maintenance shut downs will take place in the tissue mills of Aveiro and Vila Velha de Rodão.

During the third quarter, Navigator progressively recovered production levels, developing several commercial initiatives that allowed it to increase its paper sales by 45% in relation to the second quarter, maintaining a high level of pulp sales to the market and taking advantage of the tissue business opportunities. The increase in its activity was accompanied by a significant effort to reduce costs, both fixed and variable, over these nine months, which allowed it to achieve greater operational efficiency that is expected to continue in the future. These results demonstrate once again the resilience of Navigator's business model and its very strong capacity to generate Free Cash Flow, even in a context of great adversity, such as the one we have been experiencing in 2020.

CEMENT AND OTHER BUILDING MATERIALS

The Bank of Portugal (Outlook for the Portuguese economy - October 2020) estimated that **Portugal'**s economy will contract by 8.1% in 2020, thus reviewing upwards the forecasts published in June that hinted at -9.5%. The Bank of Portugal indicated that GFCF is expected to decrease 4.7% in 2020 (an improvement on the previous forecast of -11.1%). GFCF for Construction has maintained a remarkable dynamism in the first half vs. the same period in the previous year (+3.5%), since it was a sector little affected by the pandemic.

The negative impact on GFCF in housing is expected to be relatively limited, given the context of favourable financing conditions and some attractiveness of this type of asset as savings alternative and in demand by non-residents. Public investment is likely to grow dynamically, as it will benefit from the European funds to be received.

The IMF's World Economic Outlook Update (WEO), published in October, estimates that the real GDP of Portugal will decrease 10%, while taking an upward turn in 2021 of 6.5%.

According to the World Economic Outlook, published in October, the IMF expects a decline in the GDP of **Brazil** in 2020 by 5.8% (-9.1% according to the projections in June), followed by 2.8% increase in 2021 (3.6% in the June projections).

After the sharp reduction in economic activity from the end of March (caused by the pandemic), several indicators hint at a resumption in economic activity growth from May onwards.

Despite the dynamics of cement consumption in the last months, the sector is still suffering from the effects of the 2015-2018 crisis. Consumption growth continues to be leveraged in real estate construction and small residential renovations. However, investments in sanitation works, the resumption of infrastructure works, and the continuation of the new government housing project "Casa Verde Amarela" are expected to start, which should stimulate the real estate market.

In **Lebanon**, the political and economic environment has faced much uncertainty since the last quarter of 2019, with the country plunged into a serious economic and social crisis. The measures implemented to contain the pandemic, which brought the country to almost a complete halt, and the explosion in the Beirut harbour only made matters worse.

Displaying one of the World's highest foreign debts, the country announced in March its first default after several months of declining foreign currency reserves and a strong depreciation of the Lebanese pound in the parallel market. Negotiations with the IMF were initiated in May following the request for external assistance, but no agreement has been reached so far.

According to the latest IMF estimates (World Economic Outlook, October 2020) the scenario for the Lebanese economy is recession with a 25% drop in the GDP and 85.5% inflation rate.

For all these reasons, the main international auditing firms operating in Lebanon have recently declared the Lebanese economy a hyperinflationary economy, which will require a rigorous analysis of the possible impacts that could emerge from the standard IAS 29 - Hyperinflationary Economies being applied to Semapa's consolidated financial statements. On the other hand, the exchange rate of the Lebanese pound is expected to depreciate significantly. Semapa is monitoring the situation of its subsidiary very closely and these facts, which are still under analysis, may have an impact on the 2020 Year End accounts.

With regard to **Tunisia**, the most recent forecasts published by the IMF (World Economic Outlook, October 2020) expect the Tunisian gross domestic product to decrease by 7.0% in 2020, followed by growth of 4.0% in 2021. Projected levels of inflation are 5.8% and 5.3% in 2020 and 2021, respectively.

Tunisia has already found itself in financial hardship and social instability, and the pandemic has increased uncertainty as to the country's progress.

The outlook for **Angola** (World Economic Outlook, IMF October 2020) hints at a decline in real GDP of -4.0%, followed by a 3.2% increase in 2021. Projected levels of inflation are 21.0% and 20.6% in 2020 and 2021, respectively.

The efforts to contain the spread of the coronavirus may have contributed to the worsening of the economic situation, which had already been disrupted by the drop in oil prices since the beginning of the year.

ENVIRONMENT

The crisis caused by the Covid-19 pandemic has significantly altered the economic landscape in Portugal, as in Europe and the rest of the world, with consequences for several markets that are difficult to predict. The information available suggests that the food market where ETSA operates, given its nature, will be less impacted by the health crisis, when compared to other sectors of activity.

However, some effects for the sector may arise from, either lower purchase power of the Portuguese population, or expected lower oil prices. The first effect will bring the volumes of raw material collected down, and consequently the volumes of finished products sold, while the second effect will impact the operation of biodiesel plants in Europe and thus the volumes of both Category 3 and Category 1 fat received.

Lisbon, 29 October 2020

The Board of Directors

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

Free Cash Flow = Variation in interest-bearing net debt + Variation in foreign exchange denominated debt + Dividends (paid-received) + Purchase of own shares

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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