



QUARTERLY ACCOUNTS

FIRTS 9 MONTHS OF 2019

## QUARTERLY ACCOUNTS

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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)

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PART 1

MANAGEMENT REPORT

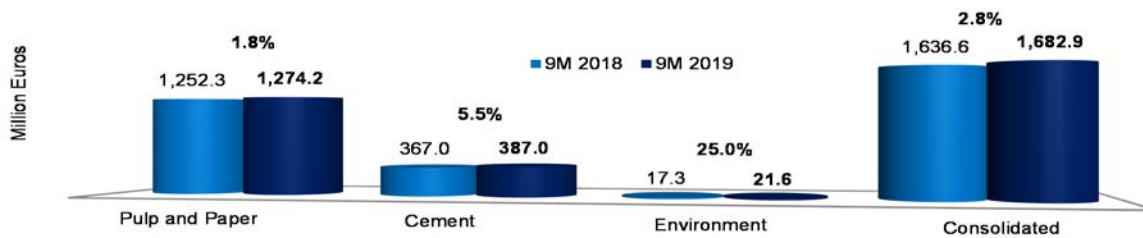
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## 1. SEMAPA'S PERFORMANCE

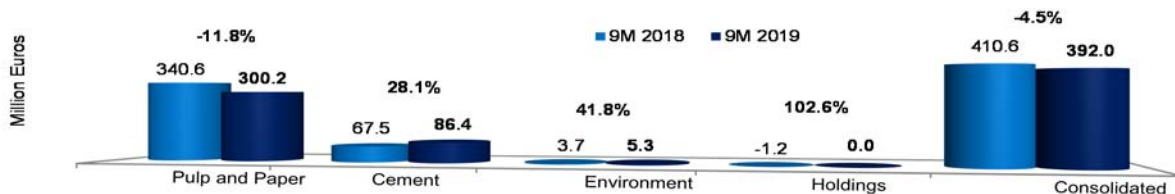
### REVENUE

In the first nine months of 2019 the Semapa Group recorded a consolidated revenue of 1,682.9 million euros, an increase of 2.8% over the same period in the previous year. Exports and foreign sales amounted to 1,239.6 million euros, accounting for 73.7% of revenue.



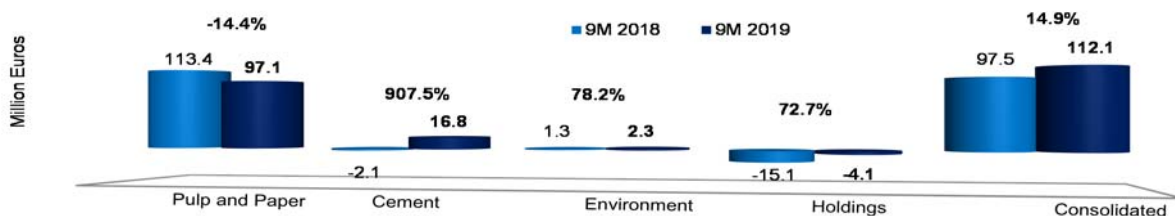
### EBITDA

EBITDA for the first nine months of 2019 decreased by about 4.5% in relation to the same period in the previous year, standing at 392.0 million euros. The consolidated EBITDA margin stood at 23.3%, 1.8 p.p. below that in the same period in the previous year.



### NET PROFIT ATTRIBUTABLE TO SEMAPA SHAREHOLDERS

Net profit attributable to Semapa shareholders stood at 112.1 million euros, up by 14.9% in relation to the same period in the previous year.



## LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	9M 2019	9M 2018	Var.	Q3 2019	Q3 2018	Var.
<b>Revenue</b>	<b>1,682.9</b>	<b>1,636.6</b>	<b>2.8%</b>	<b>563.6</b>	<b>567.9</b>	<b>-0.7%</b>
<b>EBITDA</b>	<b>392.0</b>	<b>410.6</b>	<b>-4.5%</b>	<b>127.5</b>	<b>141.3</b>	<b>-9.8%</b>
EBITDA margin (%)	23.3%	25.1%	-1.8 p.p.	22.6%	24.9%	-2.3 p.p.
Depreciation, amortisation and impairment losses	(164.0)	(150.2)	-9.2%	(51.8)	(48.9)	-5.9%
Provisions	2.6	(1.7)	252.6%	4.1	0.3	>1000%
<b>EBIT</b>	<b>230.6</b>	<b>258.8</b>	<b>-10.9%</b>	<b>79.9</b>	<b>92.8</b>	<b>-13.9%</b>
EBIT margin (%)	13.7%	15.8%	-2.1 p.p.	14.2%	16.3%	-2.2 p.p.
Net financial results	(35.5)	(57.5)	38.2%	(12.8)	(16.0)	19.8%
<b>Profit before taxes</b>	<b>195.0</b>	<b>201.2</b>	<b>-3.1%</b>	<b>67.1</b>	<b>76.8</b>	<b>-12.7%</b>
Income taxes	(39.9)	(49.2)	18.9%	(12.6)	(21.2)	40.6%
Net profit for the period	155.1	152.0	2.0%	54.5	55.6	-2.1%
<b>Attributable to Semapa shareholders</b>	<b>112.1</b>	<b>97.5</b>	<b>14.9%</b>	<b>38.6</b>	<b>38.4</b>	<b>0.5%</b>
Attributable to non-controlling interests (NCI)	43.1	54.5	-21.0%	15.9	17.3	-7.7%
Cash-flow	316.6	303.9	4.2%	102.2	104.2	-1.9%
	<b>30/09/2019</b>	<b>31/12/2018</b>	<b>Sep19 vs. Dec18</b>			
Equity (before NCI)	955.8	890.4	7.3%			
<b>Interest-bearing net debt</b>	<b>1,535.4</b>	<b>1,551.6</b>	<b>-1.0%</b>			
Lease liabilities (IFRS 16)	71.6	0.0	-			
<b>Total</b>	<b>1,607.1</b>	<b>1,551.6</b>	<b>3.6%</b>			

## LEADING OPERATING INDICATORS

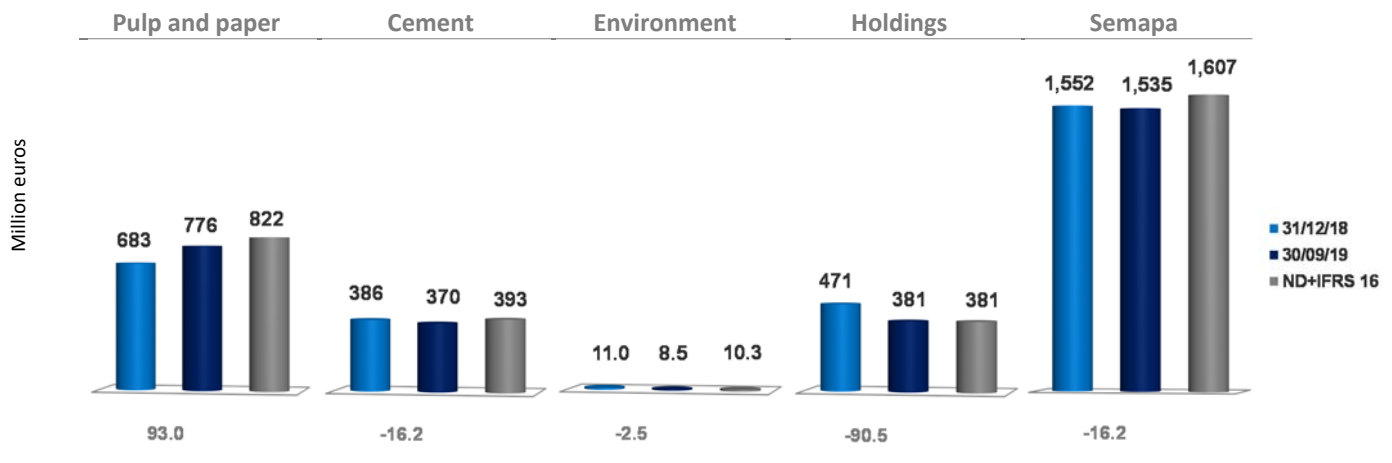
	Unit	9M 2019	9M 2018	Var.	Q3 2019	Q3 2018	Var.
<b>Pulp and Paper</b>							
BEKP Sales (pulp)	1 000 t	214.4	177.1	21.1%	90.8	63.1	44.0%
UWF Sales (paper)	1 000 t	1,082.2	1,136.9	-4.8%	362.7	380.7	-4.7%
Total sales of tissue	1 000 t	74.1	45.2	64.0%	26.9	16.7	60.9%
<b>Cement</b>							
Sales of Grey cement	1 000 t	3,720	3,834	-3.0%	1,239	1,348	-8.1%
Sales of Ready-mix	1 000 m3	1,311	1,155	13.5%	450	397	13.4%
<b>Environment</b>							
Collection of raw materials - Animal waste	1 000 t	89.2	91.1	-2.1%	31.5	30.7	2.7%

## 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 depreciated instead of recognizing the corresponding cost in External Supplies and Services.

The main impacts of the implementation of IFRS 16 as of September 2019 were as follows: reduction of External Supplies and Services of around 12.2 million euros, increase in depreciation, amortization, and impairment losses of around 10.2 million euros, increase in financial charges of around 2 million euros, and Lease Liabilities increase of around 71.6 million euros.

## NET DEBT



As at 30 September 2019, consolidated net debt stood at 1,535.4 million euros, representing a decrease of 16.2 million euros over the figure recorded at year-end 2018. Including the effect of IFRS 16, net debt would have been 1,607.1 million euros, 55.4 million euros above the figure at the end of 2018. Besides the operating cash flow generated, these variations are explained by:

- Pulp and paper: +93.0 million euros, including investments of about 88.3 million euros, the acquisition of own shares in the amount of 18.4 million euros and the payment of dividends of 200 million euros. The impact of implementing IFRS 16 was 46.2 million euros;
- Cement: -16.2 million euros, which includes the negative effect of foreign exchange denominated debt conversion of approximately 4.0 million euros, investments of approximately 34.1 million euros and net working capital variation. The impact of implementing IFRS 16 was 23.3 million euros;
- Environment: -2.5 million euros, in spite of the difficulty in collecting the amounts billed to the Government. As at 30 September, the Directorate-General of Animal Feeding and Veterinary Services owed a total of 6.3 million

euros, 4.2 million of which are past due and subject to late payment interest. The impact of implementing IFRS 16 was 1.8 million euros; and,

- Holdings: -90.5 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 112.1 million euros, which represents an increase of 14.9% compared to the same period in the previous year, due essentially to the combined effect of the following factors:

- A drop in EBITDA of approximately 18.6 million euros, resulting from the Pulp and Paper segment. Excluding the positive impacts of 13.0 million euros related to the sale of the pellets business by Navigator in the first nine months of 2018 and the 12.2 million euros from the implementation of IFRS 16 in 2019, EBITDA would have decreased by 17.8 million euros;
- An increase in depreciation, amortisation, impairment losses and provisions of 9.6 million euros (mainly due to the impact of IFRS 16 and beginning of the depreciation of recent investments of Navigator);
- An improvement in net financial results by about 22.0 million euros;
- Decrease of about 9.3 million euros in income taxes.



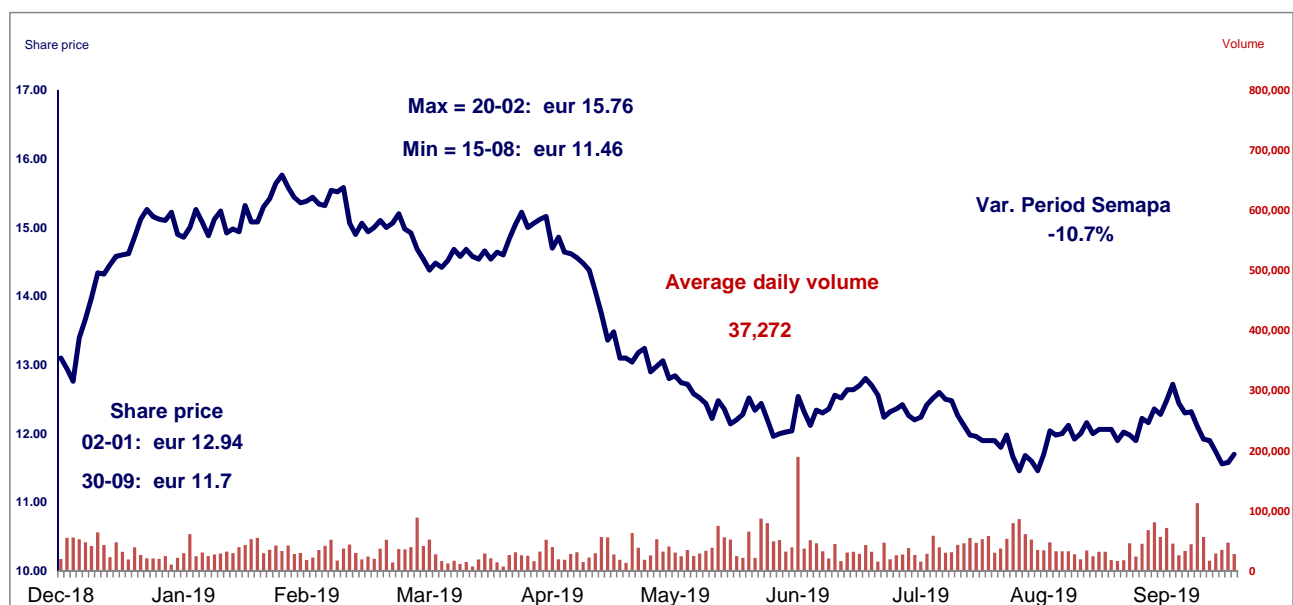
## 2. PERFORMANCE OF SEMAPA SHARES ON THE STOCK EXCHANGE

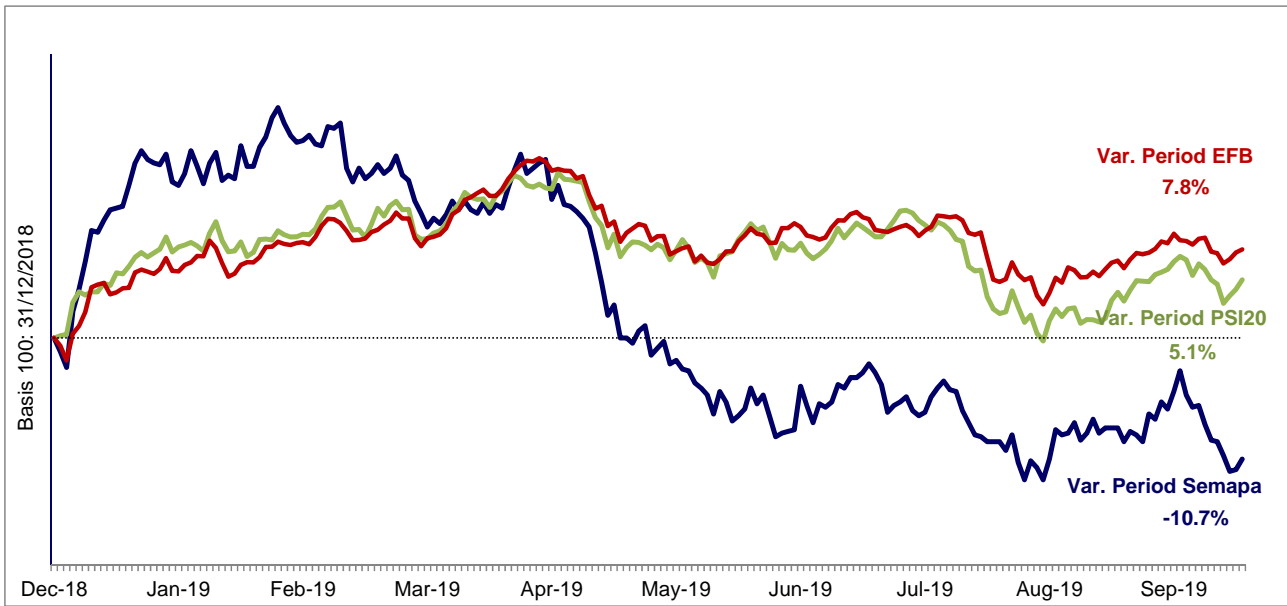
Following the close of 2018 marked by losses on the stock exchanges, during the first four months of 2019 there was a feeling of moderate optimism among investors, interrupted in May as a consequence of trade tensions between the US and China, together with the confirmation that the global economy is growing at a slower rate than originally projected. Then, in June, both the ECB and the Federal Reserve (FED) evidenced a favourable attitude towards accommodative monetary policies, at the same time there was a bit of relief in trade tensions, which restored some tranquillity to the financial markets. In the third quarter, the ECB instituted a new programme of monetary incentives, and the FED ended up lowering the interest rates. So, despite a third quarter marked by turbulence, the stock exchanges evidenced a recovery at the end of the quarter.

In this setting, the main stock exchange indexes around the world evolved positively in the first nine months of the year, most stocks registering gains of over 10%, with the main indexes of the Milan and Paris Stock Exchanges standing out for increases on the order of 20%.

The value of Semapa shares in the period decreased 10.7%, contrasting with the performance of the PSI20 (+5.1%) and the Euronext Family Business Index (+7.8%). It should be noted that Navigator share price fell by 8.8% YTD which, in our opinion, is due to the sharp decrease in pulp prices which negatively influences market expectations.

Semapa shares recorded their lowest value of 11.46 euros on 15 August, being quoted at their highest value of 15.76 euros on 20 February. The gains accumulated in the first Quarter of 2019 were erased during the following quarters, with the share prices falling more sharply in April and May.





EFB – Euronext Family Business Index

Note: Closing prices

### 3. PERFORMANCE OF BUSINESS SEGMENTS

#### BREAKDOWN BY BUSINESS SEGMENTS

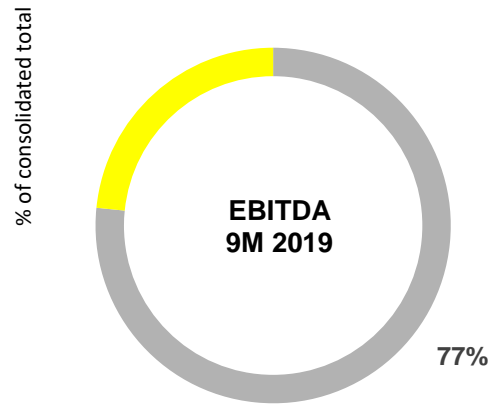
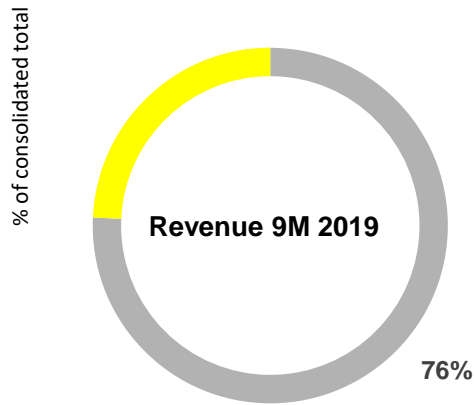
IFRS - accrued amounts (million euros)	Pulp and Paper		Cement		Environment		Holdings		Consolidated
	9M 2019	19/18	9M 2019	19/18	9M 2019	19/18	9M 2019	19/18	9M 2019
<b>Revenue</b>	<b>1,274.2</b>	<b>1.8%</b>	<b>387.0</b>	<b>5.5%</b>	<b>21.6</b>	<b>25.0%</b>	<b>-</b>	<b>-</b>	<b>1,682.9</b>
<b>EBITDA</b>	<b>300.2</b>	<b>-11.8%</b>	<b>86.4</b>	<b>28.1%</b>	<b>5.3</b>	<b>41.8%</b>	<b>0.0</b>	<b>102.6%</b>	<b>392.0</b>
EBITDA margin (%)	23.6%	-3.6 p.p.	22.3%	3.9 p.p.	24.5%	2.9 p.p.	-	-	23.3%
Depreciation, amortisation and impairment losses	(114.2)	-4.6%	(47.2)	-22.2%	(2.3)	-3.5%	(0.3)	-114.5%	(164.0)
Provisions	2.3	31.0%	0.3	108.3%	-	-	-	-	2.6
<b>EBIT</b>	<b>188.3</b>	<b>-19.2%</b>	<b>39.5</b>	<b>55.4%</b>	<b>3.0</b>	<b>96.5%</b>	<b>(0.3)</b>	<b>79.4%</b>	<b>230.6</b>
EBIT margin (%)	14.8%	-3.8 p.p.	10.2%	3.3 p.p.	14.0%	5.1 p.p.	-	-	13.7%
Net financial results	(11.4)	31.1%	(15.5)	47.4%	(0.2)	28.9%	(8.4)	25.0%	(35.5)
<b>Profit before taxes</b>	<b>176.9</b>	<b>-18.3%</b>	<b>24.1</b>	<b>705.8%</b>	<b>2.8</b>	<b>132.9%</b>	<b>(8.7)</b>	<b>30.8%</b>	<b>195.0</b>
Income taxes	(37.7)	29.1%	(6.3)	-199.0%	(0.5)	-516.0%	4.6	278.1%	(39.9)
Net profit for the period	139.2	-14.8%	17.7	632.2%	2.3	78.2%	(4.1)	72.7%	155.1
<b>Attributable to Semapa shareholders</b>	<b>97.1</b>	<b>-14.4%</b>	<b>16.8</b>	<b>907.5%</b>	<b>2.3</b>	<b>78.2%</b>	<b>(4.1)</b>	<b>72.7%</b>	<b>112.1</b>
Attributable to non-controlling interests (NCI)	42.1	-15.7%	0.9	-79.3%	0.0	77.8%	-	-	43.1
Cash-flow	251.2	-7.3%	64.6	45.4%	4.6	31.3%	(3.8)	74.5%	316.6
<b>Interest-bearing net debt</b>	<b>776.0</b>		<b>370.1</b>		<b>8.5</b>		<b>380.8</b>		<b>1,535.4</b>
<b>Lease liabilities (IFRS 16)</b>	<b>46.2</b>		<b>23.3</b>		<b>1.8</b>		<b>0.3</b>		<b>71.6</b>
<b>Total</b>	<b>822.2</b>		<b>393.4</b>		<b>10.3</b>		<b>381.2</b>		<b>1,607.1</b>

#### Notes:

- For the purpose of calculating the change in net debt the values of 31.12.2018 are used.
- Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

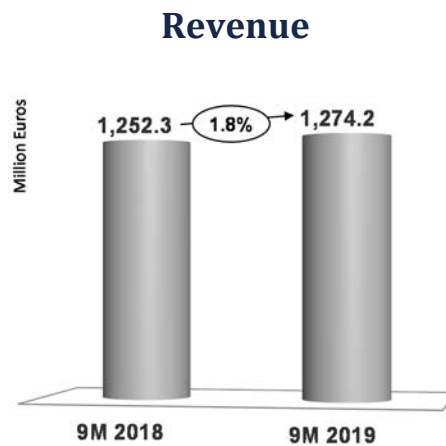
The Navigator Company (“Navigator”) published its results on 29 October 2019, so only the highlights of that report will be presented herein. Secil and ETSA, which are not listed, did not publish their results. Therefore, their operations are described in more detail.

**PULP AND PAPER**

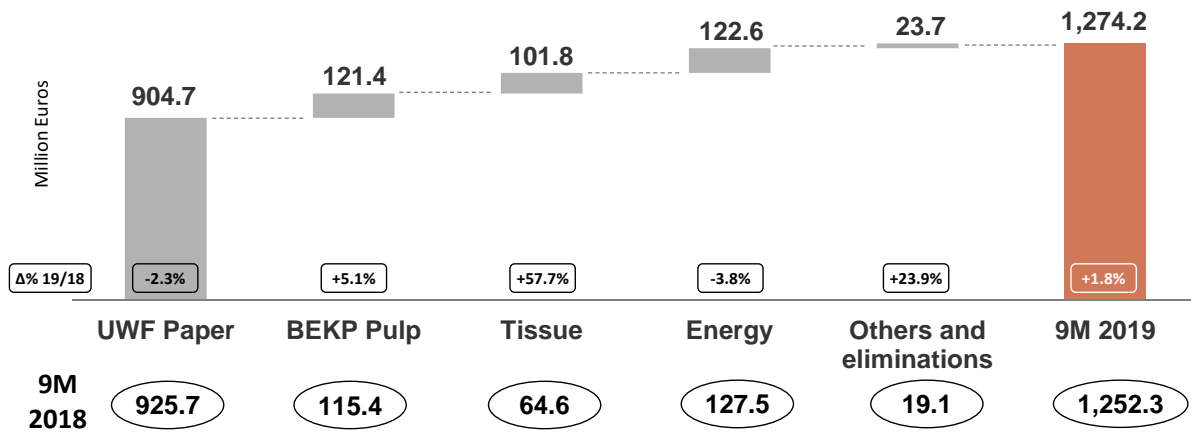


**HIGHLIGHTS - FIRST NINE MONTHS 2019 (vs. 2018)**

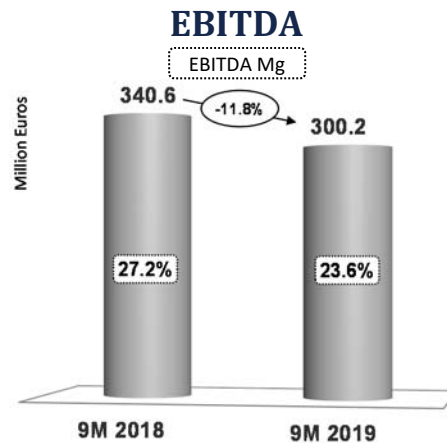
- Revenue totalled 1,274.2 million euros, 1.8% over the same period, with higher sales volumes of pulp and tissue



### REVENUE BREAKDOWN BY SEGMENT:



- EBITDA decreased 11.8% to 300.2 million euros (vs. 340.6 million euros)
- EBITDA margin dropped 3.6 p.p. to 23.6%, prompted by the lower price of pulp and higher production costs



**SUMMARY TABLE OF FINANCIAL INDICATORS**

IFRS - accrued amounts (million euros)	9M 2019	9M 2018	Var.	Q3 2019	Q3 2018	Var.
<b>Revenue</b>	<b>1,274.2</b>	<b>1,252.3</b>	<b>1.8%</b>	<b>420.1</b>	<b>435.4</b>	<b>-3.5%</b>
<b>EBITDA</b>	<b>300.2</b>	<b>340.6</b>	<b>-11.8%</b>	<b>93.3</b>	<b>114.6</b>	<b>-18.6%</b>
EBITDA margin (%)	23.6%	27.2%	-3.6 p.p.	22.2%	26.3%	-4.1 p.p.
Depreciation, amortisation and impairment losses	(114.2)	(109.2)	-4.6%	(35.5)	(35.1)	-1.2%
Provisions	2.3	1.7	31.0%	4.2	0.4	851.5%
<b>EBIT</b>	<b>188.3</b>	<b>233.1</b>	<b>-19.2%</b>	<b>61.9</b>	<b>79.9</b>	<b>-22.5%</b>
EBIT margin (%)	14.8%	18.6%	-3.8 p.p.	14.7%	18.4%	-3.6 p.p.
Net financial results	(11.4)	(16.5)	31.1%	(1.7)	(5.2)	66.9%
<b>Profit before taxes</b>	<b>176.9</b>	<b>216.6</b>	<b>-18.3%</b>	<b>60.2</b>	<b>74.8</b>	<b>-19.5%</b>
Income taxes	(37.7)	(53.1)	29.1%	(10.4)	(25.2)	58.9%
Net profit for the period	139.2	163.5	-14.8%	49.9	49.6	0.6%
<b>Attributable to Navigator shareholders</b>	<b>139.2</b>	<b>163.5</b>	<b>-14.8%</b>	<b>49.9</b>	<b>49.6</b>	<b>0.6%</b>
Attributable to non-controlling interests (NCI)	0.0	(0.0)	412.6%	0.0	(0.0)	>1000%
<b>Cash-Flow</b>	<b>251.2</b>	<b>270.9</b>	<b>-7.3%</b>	<b>81.2</b>	<b>84.3</b>	<b>-3.6%</b>
	<b>30/09/2019</b>	<b>31/12/2018</b>				
Equity (before NCI)	904.9	989.3				
<b>Interest-bearing net debt</b>	<b>776.0</b>	<b>683.0</b>				
Lease liabilities (IFRS 16)	46.2	-				
<b>Total</b>	<b>822.2</b>	<b>683.0</b>				

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

**SUMMARY TABLE OF OPERATING INDICATORS**

in 1 000 t	9M 2019	9M 2018	Var.	Q3 2019	Q3 2018	Var.
<b>Pulp and Paper</b>						
FOEX – BHKP Eur/t	808	868	-6.9%	723	903	-20.0%
BEKP Sales (pulp)	214.4	177.1	21.1%	90.8	63.1	44.0%
FOEX – A4- BCopy Eur/t	909	864	5.2%	901	882	2.1%
UWF Sales (paper)	1,082.2	1,136.9	-4.8%	362.7	380.7	-4.7%
<b>Tissue</b>						
Sales of reels and goods	18.5	0.8	>1000%	7.1	0.0	>1000%
Sales of finished products	55.6	44.4	25.2%	19.8	16.7	18.7%
Total sales of tissue	74.1	45.2	64.0%	26.9	16.7	60.9%

In the first nine months of 2019, the revenue of Navigator totalled 1,274.2 million euros, up by 1.8% compared with the same period in the previous year. With revenue of 904.7 million euros, the paper business segment accounted for 71% of revenue, energy and pulp accounted for 10% (both with about 122 million euros), and the tissue business approximately 8% (101.8 million euros). Market conditions have deteriorated in 2019, especially due to the drop in pulp

prices and a weakening in the demand for pulp and paper. Navigator's revenue recorded growth in sales volumes of pulp and tissue, which helped compensate for the lower volumes of paper and energy.

**Pulp** production in the first nine months of 2019 stood at 1,062 thousand tonnes, (1.2% below production during the same period of 2018), hampered by major stoppages for maintenance that took place at the plants in Setúbal and Aveiro, in April and May, and in Figueira da Foz in September, as well as careful management of supply in a market context characterized by the slowdown in economic activity and the contraction in demand in the pulp and paper sector. 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 and lesser pulp integrated in paper, that led to an increase in pulp sales volumes to 214 thousand tonnes.

Over the course of the period, the reference selling price of pulp - BHKP PIX - in USD followed a trend of decline, and stood at 750 USD/t at the end of September, a fall of about 26.7% in comparison with the 2018 year-end price of 1,024 USD/t. The average price of the index in 2019 was 909 USD/t, compared to 1,036 USD in the first nine months of 2018, a decrease of 12.3%. However, the change in the EUR/USD exchange rate attenuated the lower price of pulp in euros, which fell 6.9%, with the average price being 808 €/t. Despite the negative context in prices, the increased volume of pulp sales meant Navigator could register 121.4 million euros in revenue, an increase of 5.1%.

**Paper** sales in the period totalled 1,082 thousand tonnes (-4.8% vs. nine months of 2018) and were hampered by a worsening of market conditions and lower production volumes. The demand for printing and writing papers has reflected not only the global economic slowdown, but also a heavy reduction in stocks along the distribution chain, the negative trend in the prices of pulp depressing the prices of paper. However, the evolution of paper prices since the start of the year shows that they are highly resilient to the current market environment, and the benchmark index for UWF paper - A4 B-copy – recorded a price for the first nine months of 2019, around 5% higher than the average price in the same period last year.

In this context, Navigator's performance reflects a sales strategy that sought margin protection in Europe and the US, regions where Navigator records most of its sales, with active control over total supply and some volume redirection out of these geographies. This management decision resulted in a change in its product mix, increasing the share of sales of reels, reducing premium products (which in the context of price pressure registered a lower sales volume), and maintaining the levels of own brands. Despite this mix evolution, Navigator's average selling price remained 2.4 % above the average price of 2018, with revenue coming to 904.7 million euros.

Navigator's paper production in the first nine months of 2019 totalled about 1,091 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, but also the management of the production level in the light of current market conditions. The annual

maintenance stop of the Figueira da Foz paper mill initially planned for October, was anticipated for September, taking place synchronously with the stoppage of the pulp mill, thus also contributing to better supply management.

Throughout 2019, Navigator also made operational and quality optimization of new products in its paper machine in Setúbal - PM3 - in order to obtain high quality heavyweights products among the highest references worldwide. This optimization process, however, required a set of planned trials and tests that also forced a production reduction of PM3.

In the **tissue** business, there was a significant increase of 64.0% in volumes sold, to 74 thousand tonnes, as a result of the start-up of the new tissue plant in Aveiro. Revenue stood at 101.8 million euros, 57.7% above that in the first nine months of 2018. This growth in volume represents two different evolutions in the business. On the one hand, the sales of finished product grew about 25.2% to 55.6 thousand tonnes, and on the other, Navigator recorded strong growth in the sales of reels (x24), to 18.5 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 the first nine months of 2018, which were fundamental to compensate for the increased costs, especially chemicals, energy and logistics. However, the faster growth of the reel business, typical of the early stages of production in a new tissue mill, altered the mix of products sold, impacting the average sales price, although Navigator made significant price increases.

In the first nine months of 2019, Navigator's revenue of electrical **energy** totalled about 122.6 million euros, which represents a reduction of 3.8% year on year. This decrease in the sale of electrical energy is basically due to operating problems in the installations of renewable cogeneration at the industrial complexes of Setúbal and Figueira da Foz, which led to lower production volumes. Hence, the production of energy totalled about 1,563 GWh, which was 4% short of the amount year on year, due to the production stoppages already mentioned.

The EBITDA stood at 300.2 million euros, above the average of the last 5 years, which compares with 340.6 million euros, reached in 2018, when Navigator recorded a record EBITDA. EBITDA margin in 2019 stands at 23.6% (which compares with 27.2% year on year).

In relation to production costs, energy continues to be the major contributor to their rise, which up to the end of September were approximately 21 million euros over, year on year, due to higher purchase prices of electricity and natural gas, in a context of greater energy quantity purchased. The instability in operations that was present throughout the year was reflected in the lower amount of energy produced, which led to the purchase of a higher quantity 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 for chemicals, which had an impact of over 7 million euros, resulting basically from 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. This increase was due, on the one hand, to the increased weight of certified wood in the domestic wood purchased on the market, which rose from 41%



to 52% of the total, in an effort that Navigator has been developing to reward the best forest management practices. Also the rise in price of woodchips on 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 unitary cost of wood procurement, which combined with an increase in volumes purchased had an impact on the 9 month production costs of over 11 million euros.

In fixed costs, overall performance was positive, with personnel expenditure performing favourably, offsetting the negative performance in operating and maintenance costs.

The rise in costs was eased by systematic efforts to implement the M2 programme, which had a positive impact, year on year, of approximately 14.0 million euros.

The financial results improved by 5.1 million euros, standing at negative 11.4 million euros (vs. negative 16.5 million euros). There was a positive impact of 2.3 million euros from the variation in results from investments of surplus liquidity and of 3.5 million euros due to the effects of variation in interest on the amount of USD 42.5 million still to be received from the sale of the pellet business in 2018. Last year, this effect was negative by 2.1 million euros due to the calculation of the actual value of the amount to be received being lower than its nominal value. This amount receivable also benefited from a positive foreign exchange variation that came to 1.7 million euros in the period. In opposition to this, the result of the financing operations recorded an increase of around 1.0 million euros, due in large part to a higher level of average indebtedness in the period. The implementation of the IFRS 16 had a negative impact of 1.3 million euros.

Navigator's net profit in the first nine months amounted to 139.2 million euros, down by 14.8%, year on year.

### **Third Quarter of 2019 vs. Third Quarter of 2018**

The Q3 revenue totalled 420.1 million euros less than that recorded in Q3 2018 (-3.5% year on year).

In this period of the year when the industry activity on the paper segment traditionally slows down, the situation of the pulp and paper market in Q3 of 2019 was especially difficult, as the demand for UWF in Europe fell 5.2%, significantly greater than that registered in previous years (the average over the last 5 years was -1.8%). However, it is thought that this decline is the result of a significant reduction of stocks throughout the distribution chain, in the last months. In this context of strong pressure on prices, Navigator recorded a volume of paper sales, about 4.7% below Q3 of the previous year, which, when taken together with the pressure on the selling price, resulted in revenue of 293.6 million euros.

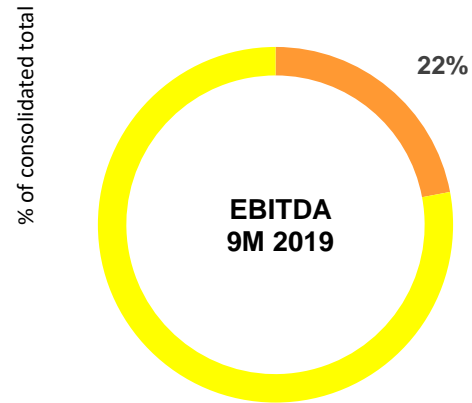
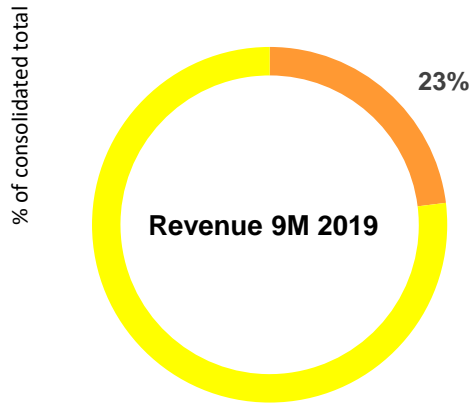
The pulp business was also marked by a serious deterioration of the market conditions, which was evidenced by a drop of around 20.0% in the index for BHKP reference prices in euros and a sharp contraction of demand in the European market. Navigator's sales of pulp were affected by a drop in the average selling price, but this was more than

compensated for by a substantial increase in the volumes sold, which totalled 91 thousand tonnes (+44.0% in comparison with Q3 2018). In this way, pulp revenue totalled 43.8 million euros (+2.3% year on year).

The volume of tissue sales also grew by 60.9%, which, when associated with a mix of products with a greater share of reels, resulted in a lower selling price and sales of tissue amounting to 36.1 million euros (+50.1% year on year).

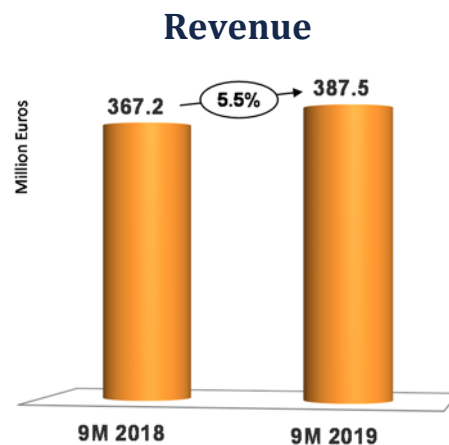
EBITDA stood at 93.3 million euros, with an EBITDA margin of 22.2%.

## CEMENT AND OTHER BUILDING MATERIALS

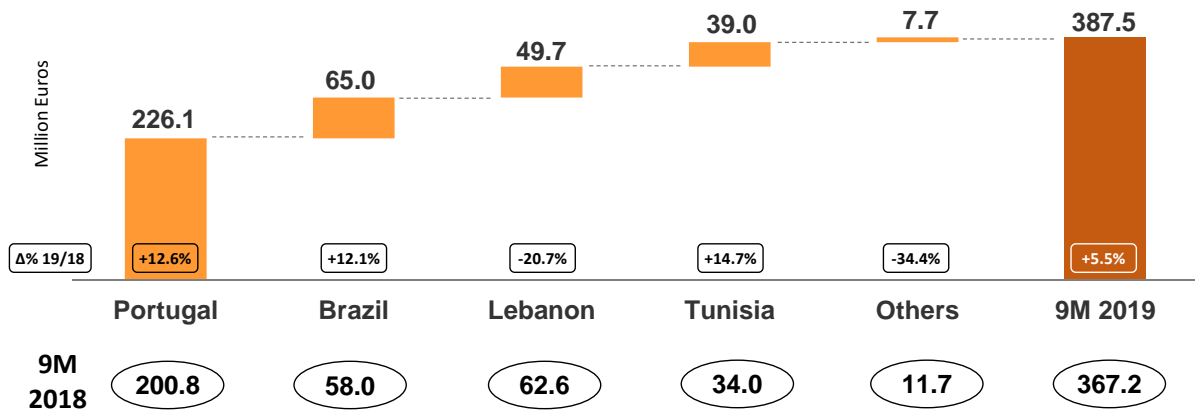


### HIGHLIGHTS - FIRST NINE MONTHS 2019 (vs. 2018)

- Secil's accumulated revenue in September 2019 amounted to 387.5 million euros, 20.3 million euros (5.5%) 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 4.4 million euros

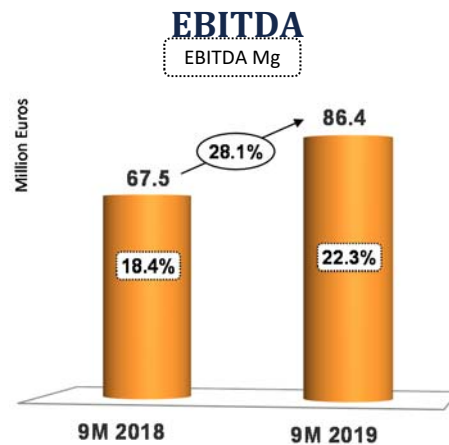


### REVENUE BREAKDOWN BY COUNTRY:

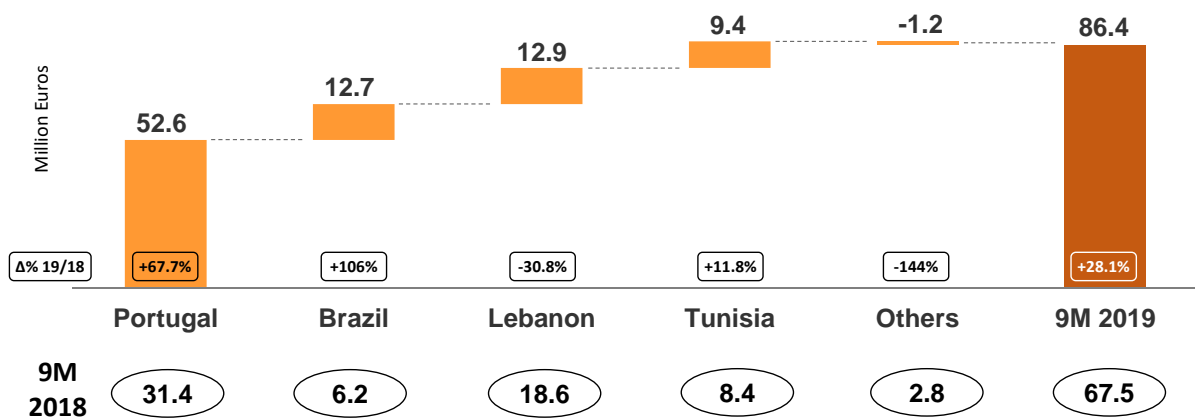


Note: Others includes Angola and Others

- EBITDA amounted to 86.4 million euros, an increase of 19.0 million euros year on year, essentially due to:
  - Improvement of Secil's markets except Lebanon and Angola
  - Increased CO2 sales (5.2 million euros)
  - Positive effect from the implementation of IFRS 16 (5.3 million euros)



### EBITDA BREAKDOWN BY COUNTRY:



Note: Others includes Angola and Others

- Net financial results amounted to -15.5 million euros, while in the same period of 2018, they were -29.4 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, and also to the revenues received with the monetary correction from tax credits on sales in Brazil. The adoption of the IFRS 16 had a negative impact of 0.7 million euros on the financial results in 2019.

### SUMMARY TABLE OF FINANCIAL INDICATORS

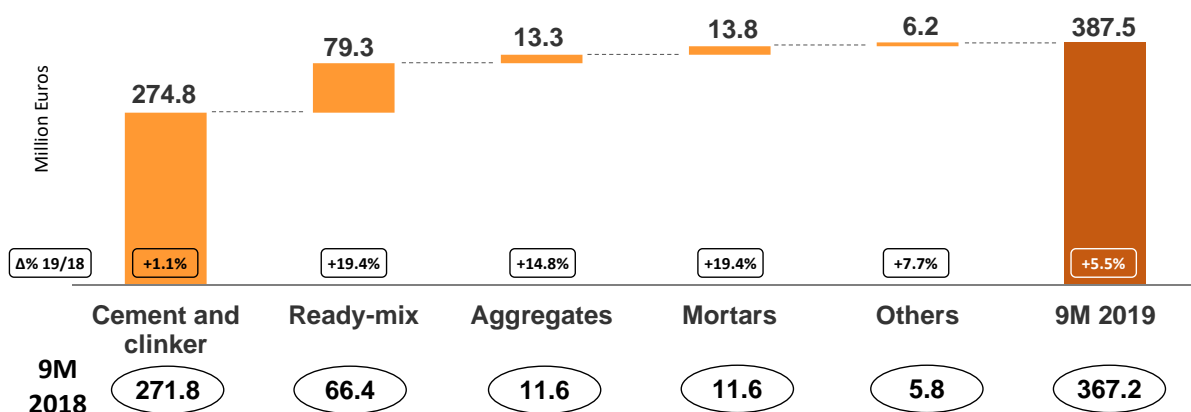
IFRS - accrued amounts (million euros)	9M 2019	9M 2018	Var.	Q3 2019	Q3 2018	Var.
<b>Revenue</b>	<b>387.5</b>	<b>367.2</b>	<b>5.5%</b>	<b>135.2</b>	<b>126.4</b>	<b>6.9%</b>
<b>EBITDA</b>	<b>86.4</b>	<b>67.5</b>	<b>28.1%</b>	<b>32.0</b>	<b>26.0</b>	<b>23.2%</b>
EBITDA Margin (%)	22.3%	18.4%	3.9 p.p.	23.7%	20.5%	3.1 p.p.
Depreciation, amortisation and impairment losses	(47.2)	(38.6)	-22.2%	(15.3)	(13.0)	-18.3%
Provisions	0.3	(3.4)	108.3%	(0.1)	(0.1)	9.2%
<b>EBIT</b>	<b>39.5</b>	<b>25.4</b>	<b>55.4%</b>	<b>16.6</b>	<b>12.9</b>	<b>28.5%</b>
EBIT Margin (%)	10.2%	6.9%	3.3 p.p.	12.2%	10.2%	2.1 p.p.
Net financial results	(15.5)	(29.4)	47.4%	(8.6)	(6.9)	-24.4%
<b>Profit before taxes</b>	<b>24.1</b>	<b>(4.0)</b>	<b>705.8%</b>	<b>7.9</b>	<b>6.0</b>	<b>33.3%</b>
Income taxes	(6.3)	6.4	-199.0%	(2.8)	4.3	-166.4%
Net profit for the period	17.7	2.4	632.2%	5.1	10.2	-49.9%
<b>Attributable to Secil shareholders</b>	<b>16.8</b>	<b>(2.1)</b>	<b>907.5%</b>	<b>4.2</b>	<b>8.1</b>	<b>-48.4%</b>
Attributable to non-controlling interests (NCI)	0.9	4.5	-79.3%	0.9	2.1	-55.8%
<b>Cash-flow</b>	<b>64.6</b>	<b>44.5</b>	<b>45.4%</b>	<b>20.6</b>	<b>23.3</b>	<b>-11.8%</b>
	<b>30/09/2019</b>	<b>31/12/2018</b>				
Equity (before NCI)	380.0	354.7				
<b>Interest-bearing net debt</b>	<b>370.1</b>	<b>386.4</b>				
Lease liabilities (IFRS 16)	23.3	-				
<b>Total</b>	<b>393.4</b>	<b>386.4</b>				

**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	9M 2019	9M 2018	Var.	Q3 2019	Q3 2018	Var.
Annual cement production capacity	9,750	9,750	0.0%	9,750	9,750	0.0%
<b>Production</b>						
Clinker	3,496	3,612	-3.2%	1,167	1,231	-5.3%
Cement	4,016	3,958	1.5%	1,444	1,391	3.8%
<b>Sales</b>						
Grey cement	3,720	3,834	-3.0%	1,239	1,348	-8.1%
White cement	57	67	-15.1%	17	20	-15.5%
Clinker	279	438	-36.2%	20	119	-83.1%
Aggregates	2,548	2,148	18.6%	879	705	24.6%
Precast	96	94	2.3%	31	31	-0.4%
Mortars	135	116	16.0%	44	39	13.4%
Hydraulic lime	20	19	8.6%	6	6	-4.2%
Mortar fixative	15	14	6.9%	5	4	14.5%
<b>in 1 000 m3</b>						
Ready-mix	1,311	1,155	13.5%	450	397	13.4%

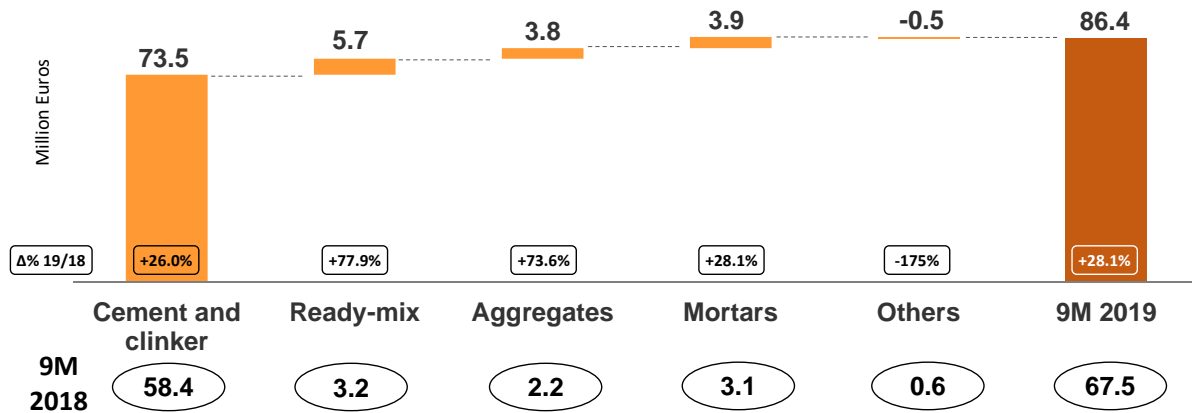
Note: Volumes excluding inter-segment sales.

**REVENUE BREAKDOWN BY SEGMENT:**


Note: Others includes Pre-cast and Others

Analysing by segment, in the first nine months of 2019 revenue increased in all segments, especially in ready-mix concrete.

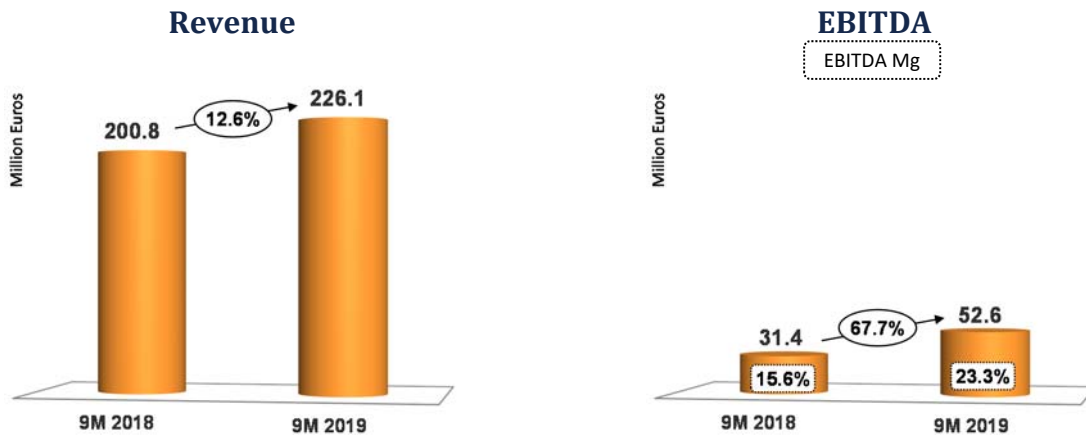
### EBITDA BREAKDOWN BY SEGMENTS:



Note: Others includes Pre-cast and Others

In the first nine months of 2019, the main segments recorded significant EBITDA growth.

## PORTUGAL



In Portugal, the Construction sector activity was positive in the first nine months of 2019. In Portugal, FEPICOP's most recent forecasts (September) point to a real growth of 4% in the sector, growth in the residential construction sector being particularly significant (+7.5% in real terms), but growth is predicted as well in the non-residential building sector (+2.4%) and an increase in public investment (+3% in real terms in 2019).

The consumption of cement in Portugal was marked by positive monthly variations year on year in the first nine months of 2019, compared to the same period of the previous year, due to the market dynamics and the good weather during the period. It is estimated that the market grew around 17% in 2019, year on year.

Revenue for overall operations in Portugal was up by 12.6% compared to the same period in 2018, totalling 226.1 million euros.

The Cement business unit in Portugal reached a turnover of 131.3 million euros, 7.2% 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 3.9%. The change was due to the 28.6% 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), accrued revenue in September 2019 amounted to 94.8 million euros, representing a growth of 20.9% year on year.

The increase took place in almost all areas of building materials, benefiting from greater building dynamics. The Concrete business unit recorded a 19.3% growth in volumes sold, not only in the Portuguese market but also influenced positively by sales in Spain.

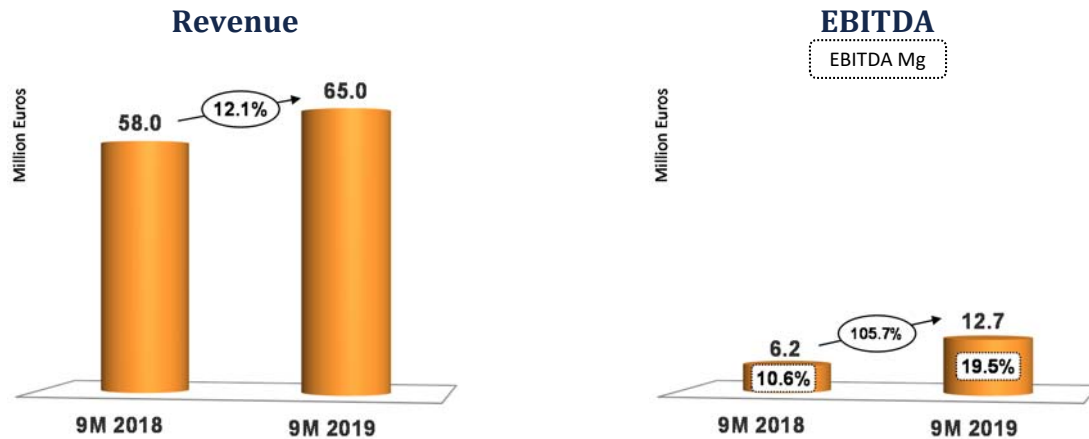
EBITDA of Portuguese operations increased by 67.7%, standing at 52.6 million euros vs. 31.4 million euros in the same period of the previous year.

The Cement business unit had an EBITDA of 39.5 million euros, 70.1% higher than the EBITDA recorded year on year. In spite of the increase in variable costs, as a result of the rise in fossil fuel prices and electricity, the greater earnings in the domestic market and the sale of surplus CO2 licenses (amounting to 10.1 million euros in the period, 5.2 million euros over the same period year on year) pulled EBITDA above levels in the first nine months of 2018.

EBITDA of other building materials business units amounted to 13.2 million euros, which compares to 8.2 million euros accumulated in September 2018.



## BRAZIL



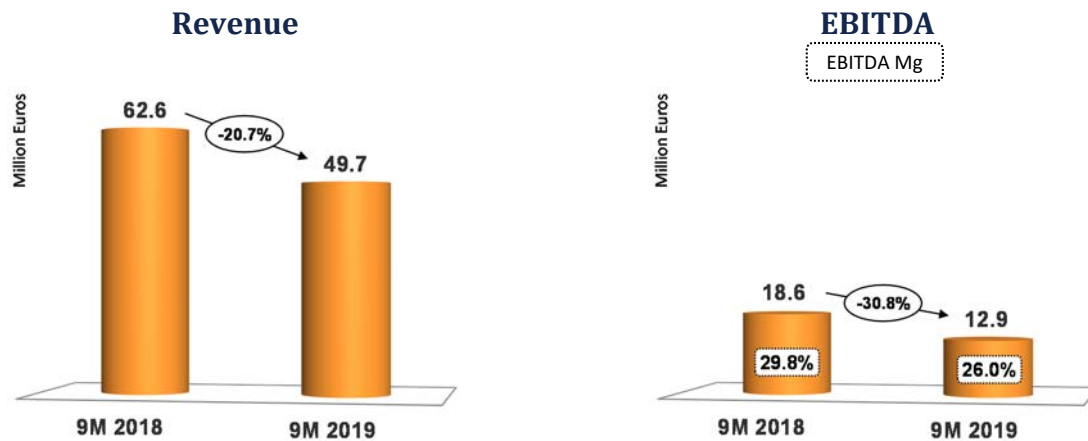
It is estimated that growth in the relevant cement market in Brazil was 3.6% in the first nine months of 2019.

The revenue of combined operations stood at approximately 65.0 million euros, representing an increase of 12.1% year on year, despite the depreciation of the Brazilian real against the euro, which had a negative impact of approximately 1.1 million euros. If the depreciation had not occurred, revenue would have been 8.1 million euros higher year on year.

The increase in quantities sold was partly offset by higher variable production costs (which increased by 8%) resulting from the increase in the costs of solid fuels and raw materials.

In the first nine months of the year, the EBITDA of activities in Brazil totalled 12.7 million euros, which compares with the 6.2 million euros recorded year on year. EBITDA for the period includes a gain of 3.4 million euros in expected income tax refunds related to sales and a positive impact of around 1.4 million euros from the implementation of IFRS16.

## LEBANON



In Lebanon, cement consumption in the first nine months of 2019 is estimated to have been 28% lower compared with the same period in 2018, following a long period of rains and resulting from a falling trend in the market due to the political and economic conditions in the country.

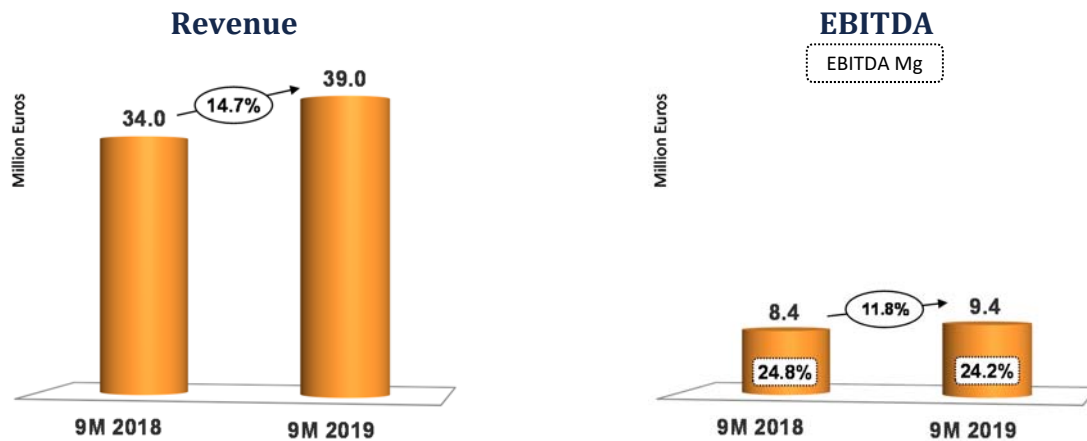
Revenue of combined operations in Lebanon decreased compared with the same period in the previous year, amounting to 49.7 million euros. This amount was positively affected by about 2.9 million euros due to the appreciation of the USD against the euro.

The sales of cement fell year on year, due to a weaker cement market. Sales prices, in local currency, maintained levels similar to those in the first nine months of 2018. Revenue decreased year on year, mainly due to the reduction in volumes sold.

Concrete revenue dropped 7.4% compared with the same period in 2018 to 3.9 million euros, as a result of the decrease of 13.7% in quantities sold. This decline in the volumes sold was due to the lower number of building permits issued in the country and the competition Secil faces.

EBITDA from operations in Lebanon stood at 12.9 million euros, down by 30.8% in relation to the same period of the previous year, originating in the Cement unit. This evolution is principally a result of the drop in quantities sold, being partially compensated for by cost control measures. The implementation of IFRS16 had a positive impact of 0.8 million euros on the EBITDA of operations in Lebanon.

## TUNISIA



In Tunisia, it is estimated that the domestic cement market was down by 10% year on year. The cement market is still subject to strong competition, due to excess production capacity. However, in 2019 sales prices increased, in local currency, driven by the overall increase in the purchase prices of relevant materials with a significant weight in the price structure of cement producers.

The cement sales on the export market increased substantially, despite the constraints at the Libyan border and in obtaining foreign currency in the Libyan financial market.

Revenue for combined operations in Tunisia stood at approximately 39.0 million euros, up by 14.7% 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 25% increase.

The Cement business unit in Tunisia recorded earnings of 35.1 million euros, approximately 14.8% up. In the domestic market, the volumes sold decreased by about 21.1%. 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 to other markets in Africa, taking advantage of the existing production capacity. In the cement and clinker mix, the volumes sold rose 9.8%, resulting in an increase of 16.4% in revenue from the foreign market.

Revenue in Concrete grew by 14.8% year on year, mainly due to the increase in quantities sold.

In the first nine months of 2019, EBITDA of activities in Tunisia stood at 9.4 million euros, representing an increase of 11.8% year on year. This variation is justified by the increase in 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 had a negative impact of 0.9 million euros.

## **ANGOLA AND OTHERS**

In the first nine months of 2019, according to the latest figures available, the Angolan cement market was down by 14% compared to the same period in 2018.

The volume of cement sold fell 17.0% in comparison to sales in the same period of 2018, amounting to around 81 thousand tonnes of cement sold. 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, in local currency, increased by about 6% year on year, partially offsetting the fall in quantities sold.

Consequently, revenue totalled 7.7 million euros, an amount below that which was recorded in the same period of 2018, being affected by the currency depreciation, which produced a negative effect of 2.7 million euros. Accumulated EBITDA in September 2019 amounted to a negative figure of 1.2 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. Variable costs rose 47%, in local currency, 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.

The reduced volume of sales and the increase in variable costs were the main causes for the decline in operating results in comparison with the first nine months of 2019.

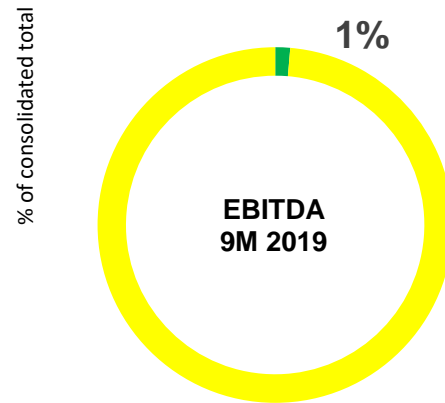
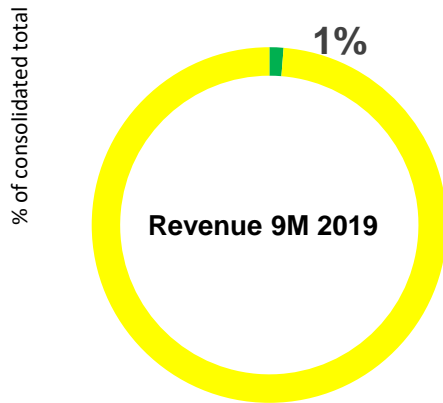
## **Third Quarter of 2019 vs. Third Quarter of 2018**

The Q3 2019 EBITDA was around 6.0 million euros higher than that in the same period of the previous year. This rise was mainly due to the 5.5 million euro increase in the EBITDA of Portugal, due to improved conditions in the domestic cement market and a better performance of the building constructor sector.

The EBITDA of Brazil was 0.7 million euros higher than that in Q3 of the previous year, due to better selling prices and market conditions.

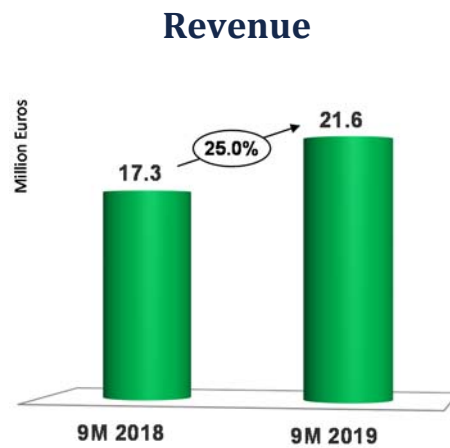
However, the positive variation in these two locations was affected by a declining performance seen most of all in Lebanon and Angola. In Lebanon, EBITDA fell 1.5 million euros, due to the negative impact of lower quantities sold. The decrease of 0.8 million euros in Angola is also largely due to the drop in quantities sold.

## ENVIRONMENT

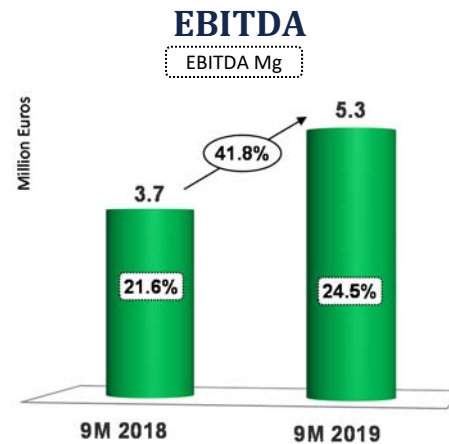


## HIGHLIGHTS - FIRST NINE MONTHS 2019 (vs. 2018)

- ETSA recorded revenue of approximately 21.6 million euros in the first nine months of 2019, which represented an increase of approximately 25.0% against the same period in 2018



- EBITDA for ETSA totalled approximately 5.3 million euros in the first nine months of 2019, representing an increase of about 41.8% in comparison with the same period of the previous year



### SUMMARY TABLE OF FINANCIAL INDICATORS

IFRS - accrued amounts (million euros)	9M 2019	9M 2018	Var.	Q3 2019	Q3 2018	Var.
<b>Revenue</b>	<b>21.6</b>	<b>17.3</b>	<b>25.0%</b>	<b>8.4</b>	<b>6.2</b>	<b>34.8%</b>
<b>EBITDA</b>	<b>5.3</b>	<b>3.7</b>	<b>41.8%</b>	<b>2.4</b>	<b>1.2</b>	<b>98.5%</b>
EBITDA margin (%)	24.5%	21.6%	2.9 p.p.	28.1%	19.1%	9.0 p.p.
Depreciation, amortisation and impairment losses	(2.3)	(2.2)	-3.5%	(0.8)	(0.7)	-6.1%
Provisions	-	-	-	-	-	-
<b>EBIT</b>	<b>3.0</b>	<b>1.5</b>	<b>96.5%</b>	<b>1.6</b>	<b>0.5</b>	<b>248.1%</b>
EBIT margin (%)	14.0%	8.9%	5.1 p.p.	18.8%	7.3%	11.5 p.p.
Net financial results	(0.2)	(0.3)	28.9%	(0.1)	(0.1)	27.2%
<b>Profit before taxes</b>	<b>2.8</b>	<b>1.2</b>	<b>132.9%</b>	<b>1.5</b>	<b>0.3</b>	<b>341.4%</b>
Income taxes	(0.5)	0.1	-516.0%	(0.3)	0.0	<-1000%
Net profit for the period	2.3	1.3	78.2%	1.2	0.4	210.4%
<b>Attributable to ETSA shareholders</b>	<b>2.3</b>	<b>1.3</b>	<b>78.2%</b>	<b>1.2</b>	<b>0.4</b>	<b>210.4%</b>
Attributable to non-controlling interests (NCI)	-	-	-	-	-	-
<b>Cash-Flow</b>	<b>4.6</b>	<b>3.5</b>	<b>31.3%</b>	<b>1.9</b>	<b>1.1</b>	<b>74.6%</b>
	<b>30/09/2019</b>	<b>31/12/2018</b>				
Equity (before NCI)	72.4	70.7				
<b>Interest-bearing net debt</b>	<b>8.5</b>	<b>11.0</b>				
Lease liabilities (IFRS 16)	1.8	-				
<b>Total</b>	<b>10.3</b>	<b>11.0</b>				

**Note:** Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments. Lease liabilities (IFRS 16) include 1.5 million euros of financial leases which would be presented as Interest-bearing net debt in 31/12/2018.

ETSA recorded revenue of approximately 21.6 million euros in the first nine months of 2019, which represented an increase of approximately 25.0% against the same period in 2018. Essentially, this variation is the result of a significant rise in sales, on the order of 53.8%, aided by an increase in the average price of class 3 meal and higher volumes of sales of class 3 fats.

This variation is due essentially and cumulatively from (i) an increase in volumes sold in class 3 (fats and meals) by around 27.1%, (ii) an increase in the average selling price of class 3 meals by about 50.3% (iii) a decrease of around 1.7% in consolidated services rendered, mainly due to the 13.3% decrease in invoicing for collection services provided by the SIRCA system, all variations considered in relation to the same period of the previous year.

EBITDA for ETSA totalled approximately 5.3 million euros in the period under consideration, representing a growth of about 41.8% in comparison with the same period of the previous year, due mainly 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 24.5%, up by around 2.9 p.p. over the margin for the same period of 2018.

Financial results improved by about 28.9% 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.

The net profit at the end of the first nine months of 2019 totalled 2.3 million euros.

### **Third Quarter of 2019 vs. Third Quarter of 2018**

ETSA recorded revenue of about 8.4 million euros in the third quarter of 2019, up by around 34.8% in comparison with the same period in 2018. This growth results from an increase of about 59.0% in sales and around 4.2% in consolidated services rendered.

In Q3 2019, the EBITDA totalled 1.6 million euros, a figure much higher than the 0.5 million euros recorded year on year.

### **VENTURE CAPITAL**

In the first nine months of 2019, Semapa, through its subsidiary Semapa Next, completed the intensive 13-week programme focused on the development and acceleration of the technological solutions of 10 start-ups from different locations around the world, in partnership with Techstars. In Q3 2019, the process was started for attracting and selecting 10 new startups that will participate in the second acceleration programme, to be held in early 2020.

Over the course of 2019, Semapa Next continued investing in the funds Venture Capital Alter VC and FCR Armilar Venture Partners TechTransfer Fund, both of which focus on investments in technological companies.

## 4. OUTLOOK

### PULP AND PAPER

Navigator has committed to anticipate, by 15 years, its carbon neutrality, which will allow it to have 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 reduce CO<sub>2</sub> emissions, and to the plantation of forests to offset residual emissions that cannot be eliminated.

In the sector, following a sharp drop in demand by local buyers, a significant increase in the stocks of producers and the subsequent fall in the prices of **pulp**, the level of prices in China is very low. Currently, pulp prices in Europe are also sharply depressed, at values closer to those practised in China, which may suggest that a turning point will soon be reached. In the case of softwood fiber there are evidences that this may occur during the fourth quarter. With a slight upturn in demand and the absence of any significant increases in supply until the second half of 2021, a moderate upward turn in pulp prices can be expected from the beginning of 2020.

As for **paper**, Q3 also reflected worsening conditions in the global economy and a reduction in stocks throughout the distribution chain, which has held down paper prices. Navigator, a leader in the European UWF market, continues to demonstrate a resilient business model.

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. For Navigator, 2019 remains a year of consolidation of the recent investments, with reflections at the level of increased global sales, the goal being to achieve important gains from the sales of finished product as the industrial operation matures and the market shares are strengthened. Additionally, Navigator's goal is to improve its margin as a result of the price rise that was carried out and the economies of scale associated with the growth of the business.

Having achieved record results in 2018, Navigator's performance over the first nine months of 2019 has been constrained by the market environment and by various exogenous factors that have affected overall economic growth and impacted some of the production factors. Nevertheless, Navigator recorded results that compare favourably with the values recorded in the last 5 years and has been actively working on its operating efficiency, continuing its M2 cost reduction and operating excellence programme. In April, it initiated the Zero-Based Budget project, with the goal of defining and implementing a set of initiatives for reducing fixed costs (operating cost, general and administrative expenses, and staff costs in the non-industrial areas), which are to be implemented mainly in 2020.



## CEMENT AND OTHER BUILDING MATERIALS

Expectations for the last quarter of 2019 are positive for **Portugal**. The macroeconomic indicators point to growth in 2019, but at a slower pace than in the previous year.

According to the Bank of Portugal's outlook (*Boletim Económico*, October 2019), the Portuguese economy should evidence relatively stabilised growth in the second half of 2019. This projection is subject to negative risks, due to the high level of uncertainty at the global level, leading to a worsening of the foreign setting as a result of a cooling off in the main export markets, an intensification of protectionist tendencies, the uncertainty related to the possible exit of the United Kingdom from the European Union or an escalation of geopolitical tensions.

The Bank of Portugal has a positive outlook for the Portuguese economy, estimating a 2.0% GDP growth in 2019.

Following production growth of 3.5% in the Construction sector in 2018, forecasts point to a slight increase in the pace of production in 2019. The Bank of Portugal's projection (*Boletim Económico*, October 2019) points to a predicted growth of 7.2% in the Gross Fixed Capital Formation in 2019, aided by favourable monetary and financial conditions, being reflected in historically low financing costs.

**Brazil** is expected to grow 0.9% in 2019 (World Economic Outlook, IMF October 2019), which hints at an improvement in the 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 should have final approvals during the last quarter of 2019, which is expected to make a positive contribution to the stabilisation of the public debt.

SNIC - National Cement Industry Union - expects a growth of around 3% in the cement market in 2019, representing a significant change in over 4 years and projecting a positive outlook for Q4 of this year.

Domestically, the organisational restructuring process will continue, with the implementation of operating efficiency enhancement and cost reduction projects, while maintaining sustained growth in sales so as to improve its operating margins.

In **Lebanon**, cement demand is expected to decrease compared to 2018. The undertaking of reforms and the receiving of funds associated with the CEDRE programme may bring about an improvement in the country's economic situation, but this depends on the carrying out of economic and financial reforms in regard to the sustainability of the public accounts. The economic stagnation is linked to a policy of liquidity control by the Lebanese Central Bank, including the suspension of policies of granting credit for housing with subsidised interest and high public deficits.

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.

After the end of the quarter, there have been social disturbances with significant impact on the country's economic activity, with consequent repercussions on Secil's activity in this market.

The level of competition in **Tunisia** should remain strong, due to the excess supply in the country. However, the increase in sales prices seen at the close of 2018 and early 2019 makes it possible to expect positive trends in 2019. Tunisia is in a difficult financial situation, social instability may worsen as a result of reforms that the Government is forced to implement. Taxes and duties are expected to increase and the current political/economic situation will probably continue.

The outlook for **Angola** (World Economic Outlook, FMI October 2019) foresees a continuation of the recessionary trend of the last few years, with a predicted 0.3% contraction of the GDP in real terms, which is less than the contraction of 1.2% recorded in 2018. 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, within the scope of the PDN, a programme of privatisations was approved to restructure the public entrepreneurial sector of the Angolan State and to ensure the sustainability of public finances.

## ENVIRONMENT

Considering the context of the sector in which ETSA operates, the results of the last quarter are expected to continue those of the first three quarters of the year, based mainly on the increase in quantities of class 3 fats sold and the new SIRCA agreement entering into force in October 2019.

On the one hand, this stability will be reinforced by the steady demand of the Asian market for proteins produced in Europe, and, on the other, by the forecasted continuation or slight improvement in the prices for animal fats.

The reestablishment of customs barriers to the imports of biodiesel from Argentina, which have been in effect in the EU since 28 February 2019, caused an increase in price for raw materials (fats, in particular) for the production of biodiesel in the first three quarters of 2019. The intensity of this increase was less than anticipated, however, due to the simultaneous drop in international prices for fat substitute products, especially palm oil. The prices for palm oil futures indicate that the prices of this commodity will remain below their historic highs, and therefore, no significant improvement in the prices of fats is to be expected in the last quarter.

ETSA's prime objectives in the short term include (i) concentrating on the horizontal expansion of its production and destination markets (exports accounted for around 62.3% of total accumulate sales on 30 September 2019), (ii) identifying new opportunities for vertical growth, channelling its investments to improving operational efficiency,

extracting maximum value from the channels operated and retaining the loyalty of the main conventional and alternative collection centres, (iii) the gradual and progressive recovery of balanced sales margins in the market, and (iv) focus on sustained innovation and research and development addressed at ensuring new profit thresholds for the business.

Lisbon, 31 October 2019

## BOARD OF DIRECTORS

### CHAIRMAN:

HEINZ-PETER ELSTRODT

### MEMBERS:

JOÃO NUNO DE SOTTOMAYOR PINTO DE CASTELLO BRANCO

JOSÉ MIGUEL PEREIRA GENS PAREDES

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

ANTÓNIO PEDRO DE CARVALHO VIANA BAPTISTA

CARLOS EDUARDO COELHO ALVES

FILIPA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

FRANCISCO JOSÉ MELO E CASTRO GUEDES

JOSÉ ANTÓNIO DO PRADO FAY

LUA MÓNICA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

MAFALDA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

VÍTOR PAULO PARANHOS PEREIRA

## 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

EBITDA LTM = EBITDA in the last twelve months

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

PART 2

INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS

(UNAUDITED)

## CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019 AND 2018

Amounts in Euro	Notes	9M 2019 <i>Unaudited</i>	9M 2018 <i>Unaudited</i>	3 <sup>rd</sup> Q 2019 <i>Unaudited</i>	3 <sup>rd</sup> Q 2018 <i>Unaudited</i>
<b>Revenues</b>					
Sales	4	1,636,998,571	1,618,832,807	534,806,065	562,846,414
Services rendered	4	45,878,214	17,721,215	28,834,842	5,043,529
<b>Other income</b>					
Gains on disposal of non-current assets	5	2,260,185	18,829,613	966,379	601,165
Other operating income	5	68,096,515	39,408,133	16,664,736	15,743,371
<b>Change in fair value of biological assets</b>		<b>(2,262,018)</b>	<b>1,557,146</b>	<b>814,210</b>	<b>437,490</b>
<b>Cost, expenses and losses</b>					
Cost of inventories sold and consumed	6	(665,407,421)	(639,420,758)	(218,696,918)	(217,585,840)
Variation in production	6	13,415,889	30,098,593	(8,770,876)	10,459,792
Cost of services and materials consumed	6	(477,338,525)	(437,711,159)	(158,465,581)	(154,848,454)
Payroll costs	6	(179,715,450)	(197,074,341)	(55,710,848)	(63,449,982)
Other costs and losses	6	(49,923,777)	(41,626,093)	(12,901,926)	(17,927,257)
Provisions	6	2,564,984	(1,681,121)	4,079,275	312,417
<b>Depreciation, amortisation and impairment losses</b>	<b>7</b>	<b>(163,985,719)</b>	<b>(150,167,249)</b>	<b>(51,759,996)</b>	<b>(48,870,094)</b>
<b>Operating results</b>		<b>230,581,448</b>	<b>258,766,786</b>	<b>79,859,362</b>	<b>92,762,551</b>
Group share of (loss) / gains of associated companies and joint		1,006,344	753,229	598,264	303,924
<b>Net financial results</b>	<b>8</b>	<b>(36,542,193)</b>	<b>(58,285,539)</b>	<b>(13,400,424)</b>	<b>(16,267,813)</b>
<b>Profit before tax</b>		<b>195,045,599</b>	<b>201,234,476</b>	<b>67,057,202</b>	<b>76,798,662</b>
Income tax expense	9	(39,902,234)	(49,190,936)	(12,570,988)	(21,161,710)
<b>Net profit for the period</b>		<b>155,143,365</b>	<b>152,043,540</b>	<b>54,486,214</b>	<b>55,636,952</b>
<b>Net profit for the period</b>					
<b>Attributable to Semapa's Shareholders</b>		<b>112,072,378</b>	<b>97,525,833</b>	<b>38,563,836</b>	<b>38,384,507</b>
Attributable to non - controlling interests	11	43,070,987	54,517,707	15,922,378	17,252,445
<b>Earnings per share</b>					
Basic earnings per share, Eur	10	1.391	1.209	0.898	0.872
Diluted earnings per share, Eur	10	1.391	1.209	0.898	0.872

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019 AND 2018

Amounts in Euro	9M 2019	9M 2018	3 <sup>rd</sup> Q 2019	3 <sup>rd</sup> Q 2018
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
<b>Net profit for the period without non - controlling interests</b>	<b>155,143,365</b>	<b>152,043,540</b>	<b>54,486,214</b>	<b>55,636,952</b>
<b>Items that may subsequently be reclassified to the income statement</b>				
Hedging derivative financial instruments				
Fair value changes	(6,096,426)	(2,546,517)	(1,768,859)	3,046,860
Income tax effect	1,705,522	89,011	516,250	(1,449,167)
Currency translation differences	15,570,779	(30,026,957)	6,982,658	(2,141,938)
Other comprehensive income	4,109,407	4,411,898	(378,327)	4,404,858
<b>Items that may not subsequently be reclassified to the income statement</b>				
Remeasurements of post-employment benefits				
Remeasurements	(8,884,554)	(4,839,929)	93,321	(143,029)
Income tax effect	155,880	50,896	81	(6,305)
<b>Other comprehensive income (net of taxes)</b>	<b>6,560,608</b>	<b>(32,861,598)</b>	<b>5,445,124</b>	<b>3,711,279</b>
<b>Total comprehensive income</b>	<b>161,703,973</b>	<b>119,181,942</b>	<b>59,931,338</b>	<b>59,348,231</b>
<b>Attributable to:</b>				
Semapa's Shareholders	119,594,079	62,690,221	40,075,948	37,648,015
Non - controlling interests	42,109,894	56,491,721	19,855,390	21,700,216
	<b>161,703,973</b>	<b>119,181,942</b>	<b>59,931,338</b>	<b>59,348,231</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2019 AND 31 DECEMBER 2018

Amounts in Euro	Note	30/09/2019	31/12/2018
		<i>Unaudited</i>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		345,048,986	346,170,987
Other intangible assets	12	328,746,118	292,846,882
Property, plant and equipment	13	2,030,843,777	2,043,753,765
Lease assets	13	71,490,060	-
Biological assets		117,352,549	119,614,567
Investment in associates and joint ventures		4,741,550	4,714,744
Investment properties		374,276	383,513
Equity instruments		3,178,052	1,450,919
Other non-current assets	14	117,259,444	67,645,781
Deferred tax assets	18	76,062,066	108,061,925
		<b>3,095,096,878</b>	<b>2,984,643,083</b>
<b>Current assets</b>			
Inventories		324,112,320	313,911,463
Receivables and other current assets	15	341,637,322	404,133,382
State and other public entities		84,636,471	96,709,240
Income tax		2,429,230	1,091,659
Non-current assets held for sale		7,809,209	8,534,209
Cash and cash equivalents	20	176,719,244	183,248,977
		<b>937,343,796</b>	<b>1,007,628,930</b>
<b>Total assets</b>		<b>4,032,440,674</b>	<b>3,992,272,013</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	16	81,270,000	81,270,000
Treasury shares	16	(8,922,980)	(6,740,954)
Translation reserve	17	(118,662,750)	(129,296,945)
Fair value reserve	17	(5,722,147)	(2,713,976)
Other reserves	17	888,071,246	796,784,857
Retained earnings		7,565,489	18,496,568
Profit for the period		112,072,378	132,554,337
<b>Equity attributable to Semapa's shareholders</b>		<b>955,671,236</b>	<b>890,353,887</b>
Non-controlling interests	11	337,857,364	367,236,794
<b>Total Equity</b>		<b>1,293,528,600</b>	<b>1,257,590,681</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	18	239,715,049	235,715,323
Pensions and other post-employment benefits	19	20,108,880	10,777,902
Provisions	20	37,332,527	78,479,404
Interest-bearing liabilities	21	1,426,666,895	1,401,009,210
Lease liabilities	21	60,547,077	-
Other non-current liabilities		73,987,884	82,324,405
		<b>1,858,358,312</b>	<b>1,808,306,244</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	21	285,499,872	333,875,411
Lease liabilities	21	11,057,152	-
Payables and other current liabilities	21	449,165,600	460,568,255
State and other public entities		115,390,406	95,094,042
Income tax		19,440,732	36,837,380
		<b>880,553,762</b>	<b>926,375,088</b>
<b>Total liabilities</b>		<b>2,738,912,074</b>	<b>2,734,681,332</b>
<b>Total equity and liabilities</b>		<b>4,032,440,674</b>	<b>3,992,272,013</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM 1 JANUARY 2019 TO 30 SEPTEMBER 2019 AND 1 JANUARY 2018 TO 30 SEPTEMBER 2018

Amounts in Euro	Share Capital	Treasury Shares	Fair Value Reserves	Other Reserves	Translation Reserve	Retained Earnings	Profit for the period	Total	Non-controlling interests	Total
<b>Equity as of 1 January 2019</b>	<b>81,270,000</b>	<b>(6,740,954)</b>	<b>(2,713,976)</b>	<b>796,784,857</b>	<b>(129,296,945)</b>	<b>18,496,568</b>	<b>132,554,337</b>	<b>890,353,887</b>	<b>367,236,794</b>	<b>1,257,590,681</b>
Application of 2018 profit:										
- Transfer to other reserves	-	-	-	88,542,879	-	-	(88,542,879)	-	-	-
- Dividends Paid	-	-	-	-	-	-	(41,267,948)	(41,267,948)	-	(41,267,948)
- Bonus to employees	-	-	-	-	-	-	(2,743,510)	(2,743,510)	-	(2,743,510)
Acquisition of treasury shares	-	(2,182,026)	-	-	-	-	-	(2,182,026)	-	(2,182,026)
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(63,677,299)	(63,677,299)
Other comprehensive income for the period*	-	-	(3,008,171)	-	10,634,195	(2,973,793)	-	4,652,231	1,908,377	6,560,608
Acquisitions/Disposals to non-controlling interests	-	-	-	-	-	(7,957,286)	-	(7,957,286)	(10,814,069)	(18,771,355)
Other movements	-	-	-	2,743,510	-	-	-	2,743,510	132,574	2,876,084
Net profit for the period	-	-	-	-	-	-	112,072,378	112,072,378	43,070,987	155,143,365
<b>Equity as of 30 September 2019</b>	<b>81,270,000</b>	<b>(8,922,980)</b>	<b>(5,722,147)</b>	<b>888,071,246</b>	<b>(118,662,750)</b>	<b>7,565,489</b>	<b>112,072,378</b>	<b>955,671,236</b>	<b>337,857,364</b>	<b>1,293,528,600</b>

\* Net of deferred taxes

Amounts in Euro	Share Capital	Treasury Shares	Fair Value Reserves	Other Reserves	Translation Reserve	Retained Earnings	Profit for the period	Total	Non-controlling interests	Total
<b>Equity as of 1 January 2018</b>	<b>81,270,000</b>	<b>(6,036,401)</b>	<b>(2,100,174)</b>	<b>717,616,946</b>	<b>(99,805,648)</b>	<b>28,359,635</b>	<b>124,093,467</b>	<b>843,397,825</b>	<b>378,547,431</b>	<b>1,221,945,256</b>
Application of 2017 profit:										
- Transfer to other reserves	-	-	-	79,167,911	-	-	(79,167,911)	-	-	-
- Dividends Paid/Reserves Paid	-	-	-	-	-	-	(41,310,040)	(41,310,040)	-	(41,310,040)
- Bonus to employees	-	-	-	-	-	-	(3,615,516)	(3,615,516)	-	(3,615,516)
Acquisition and Extinction of treasury shares	-	-	-	-	-	-	-	-	-	-
Share capital increase	-	-	-	-	-	-	-	-	-	-
Share capital reduction	-	-	-	-	-	-	-	-	-	-
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(67,064,053)	(67,064,053)
Other comprehensive income for the period*	-	-	(1,723,428)	-	(32,816,880)	(295,304)	-	(34,835,612)	1,974,014	(32,861,598)
Acquisitions/Disposals to non-controlling interests	-	-	-	-	-	617,002	-	617,002	(5,116,999)	(4,499,997)
Impacts from the IFRS 9 adoption	-	-	-	-	-	(2,157,030)	-	(2,157,030)	-	(2,157,030)
Share capital reduction	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	3,615,516	-	3,615,516	(211,193)	3,404,323
Net profit for the period	-	-	-	-	-	-	97,525,833	97,525,833	54,517,707	152,043,540
<b>Equity as of 30 September 2018</b>	<b>81,270,000</b>	<b>(6,036,401)</b>	<b>(3,823,602)</b>	<b>796,784,857</b>	<b>(132,622,528)</b>	<b>30,139,819</b>	<b>97,525,833</b>	<b>863,237,978</b>	<b>362,646,907</b>	<b>1,225,884,885</b>

\* Net of deferred taxes

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019 AND 2018

Amounts in Euro	Notes	9M 2019 (Unaudited)	9M 2018 (Unaudited)	3 <sup>rd</sup> Q 2019 (Unaudited)	3 <sup>rd</sup> Q 2018 (Unaudited)
<b>OPERATING ACTIVITIES</b>					
Receipts from customers		1,784,729,911	1,649,903,673	616,261,691	527,713,934
Payments to suppliers		(1,227,636,198)	(1,265,245,693)	(423,728,426)	(419,670,504)
Payments to employees		(151,893,575)	(151,494,324)	(41,674,795)	(47,398,363)
Cash flows from operations		405,200,138	233,163,656	150,858,470	60,645,067
Income tax received / (paid)		(47,202,732)	(33,226,740)	(37,582,226)	(30,207,858)
Other receipts / (payments) relating to operating activities		(14,064,967)	108,293,432	20,388,663	85,288,211
<b>Cash flow from operating activities (1)</b>		<b>343,932,439</b>	<b>308,230,348</b>	<b>133,664,907</b>	<b>115,725,420</b>
<b>INVESTING ACTIVITIES</b>					
<b>Inflows</b>					
Property, plant and equipment		938,722	788,353	191,367	215,441
Investment subsidies		-	727,005	-	-
Interest and similar income		3,901,933	-	3,081,436	-
Dividends		979,702	867,175	(1)	1
Other assets		647,574	69,026,158	418,164	-
		6,467,931	71,408,691	3,690,966	215,442
<b>Outflows</b>					
Financial investments		(20,856,278)	(5,100,000)	(5,826,191)	(200,000)
Property, plant and equipment		(161,460,191)	(170,578,295)	(81,946,853)	(80,438,055)
		(182,316,469)	(175,678,295)	(87,773,044)	(80,638,055)
<b>Cash flow from investing activities (2)</b>		<b>(175,848,538)</b>	<b>(104,269,604)</b>	<b>(84,082,078)</b>	<b>(80,422,613)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Inflows</b>					
Borrowings		2,584,602,868	2,075,264,910	820,232,822	402,023,137
		2,584,602,868	2,075,264,910	820,232,822	402,023,137
<b>Outflows</b>					
Borrowings		(2,602,417,679)	(2,175,500,485)	(888,396,986)	(449,571,148)
Amortisation of lease contracts		(10,774,838)	(636,117)	(2,992,244)	(194,361)
Interest and similar expenses		(38,331,162)	(35,953,456)	(12,641,105)	(9,442,507)
Dividends		(104,013,319)	(111,999,953)	(870,805)	(3,022,251)
Treasury shares acquisitions		(2,119,133)	-	(1,758,297)	-
		(2,757,656,131)	(2,324,090,011)	(906,659,437)	(462,230,267)
<b>Cash flow from financing activities (3)</b>		<b>(173,053,263)</b>	<b>(248,825,101)</b>	<b>(86,426,615)</b>	<b>(60,207,130)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)</b>		<b>(4,969,362)</b>	<b>(44,864,357)</b>	<b>(36,843,786)</b>	<b>(24,904,323)</b>
FOREIGN EXCHANGE GAINS / (LOSSES)		663,204	(899,225)	1,065,234	(651,397)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>183,248,978</b>	<b>243,187,261</b>	<b>214,351,200</b>	<b>219,938,666</b>
IMPAIRMENT FROM THE IFRS 9 ADOPTION		(2,223,576)	(3,088,883)	(1,853,404)	109,850
EFFECT OF ASSETS HELD FOR SALE		-	158,000	-	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>176,719,244</b>	<b>194,492,796</b>	<b>176,719,244</b>	<b>194,492,796</b>

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## SELECTED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### AS OF 30 SEPTEMBER 2019

(In these notes, unless indicated otherwise, all amounts are expressed in Euro.)

The SEMAPA Group (Group) comprises Semapa — Sociedade de Investimento e Gestão, SGPS, S.A. (“Semapa”) and its subsidiaries. Semapa was incorporated on 21 June 1991 and its corporate purpose is the management of investments in other companies as an indirect way of carrying out economic activities.

Head Office: Av. Fontes Pereira de Melo, 14, 10<sup>o</sup> Piso, Lisboa  
Share Capital: Euro 81,270,000  
Registration No.: 502 593 130

Semapa leads an Enterprise Group with activities in three distinct business segments: Pulp and Paper, Cement and Derivatives, and Environment, developed respectively through its subsidiaries The Navigator Company, S.A., Secil – Companhia Geral de Cal e Cimento, S.A. and ETSA – Investimentos, SGPS, S.A..

These consolidated financial statements were approved by the Board of Directors on 31 October 2019.

The Group’s senior management, which are the members of the Board of Directors who sign this report, declare that, to the best of their knowledge, the information contained herein was prepared in conformity with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial position and results of the companies included in the Group’s consolidation scope.

## 1. BASIS OF PRESENTATION

The interim consolidated financial statements for the nine-month period ended 30 September 2019 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.

The accompanying interim consolidated financial statements were prepared on the going concern basis from the accounting books and records of the companies included in the consolidation (Note 25), and under the historic cost convention, except for: biological assets, financial assets at fair value through profit and loss, available-for-sale financial assets, derivative financial instruments, which are recorded at fair value. Tangible assets acquired until 1 January 2004 have been recorded at revaluated cost.

The following Notes were selected to contribute to the understanding of the most significant changes in the Group’s consolidated financial position and performance compared to the latest annual reporting date as at 31 December 2018.

## 2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim consolidated financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2018, with the exception of the following changes:

### **IFRS 16**

In January 2016, the International Accounting Standards Board (IASB) issued IFRS 16 – Leases, which is effective for annual reporting periods beginning on or after 1 January 2019.

IFRS 16 defines the principles for recognising, measuring and presenting leases, replacing IAS 17 – Leases and its interpretative guidance. The main objective is to ensure that lessors and lessees report useful information to the users of the financial statements, especially regarding the effect that leases have on financial positions, financial performance and cash flows.

In accordance with IFRS 16, rights-of-use assets will be tested for impairment in accordance with IAS 36 - Impairment of Assets. This treatment thus replaces the previous requirement for recognition of a provision for onerous lease contracts. The Group's activities as lessor are not material and, therefore, there were no significant impacts on its financial statements.

The Semapa Group has applied the standard from its mandatory adoption date on 1 January 2019 and has adopted the simplified transition approach provided for in its paragraphs (IFRS 16: C3(b), C7 and C8) and will not restate the comparative amounts for the previous financial year 2018. Assets under right of use were measured by the amount of the lease liability on the date of adoption of the standard.

### **IFRIC 23**

Regarding the measurement of uncertain tax positions, the Semapa Group takes into account the provisions of IFRIC 23, namely the measurement of risks and uncertainties in defining the best estimate of the expense required to settle the obligation, by weighting all possible results controlled by them and their associated probabilities. Thus, there were no changes to the estimates made previously by the management, except for the reclassification of provisions for tax proceedings to State and other public entities.

## 3. ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires Management to use judgments and estimates that affect income, expenses, assets, liabilities and disclosures at the reporting date of the financial information.

These estimates are influenced by the Group's management's judgments, based on: (i) the best information and knowledge of current events and in some cases in reports of independent experts and (ii) in the actions that the Group considers to be able to develop in the future. However, on the date on which the operations are realised, the outcome could differ from those estimates.

## 4. SEGMENT REPORTING

Segmental information is presented in relation to the business segments identified, namely Pulp and Paper, Cement and Derivatives, Environment and Holdings. The earnings, assets and liabilities for each segment correspond to those which are directly attributed to them, as well as those which can be imputed to them on a reasonable basis.

The financial information by operating segments for the first nine months of 2019 is analysed as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Within-Group Eliminations	Total
Turnover	1,274,238,404	387,458,346	21,611,443	12,904,396	(13,335,804)	1,682,876,785
Other income	20,260,195	47,620,042	113,301	133,104	(31,960)	68,094,682
Consumed and sold inventories	(540,716,096)	(120,902,101)	(3,789,224)	-	-	(665,407,421)
Services and materials consumed	(339,861,736)	(138,528,770)	(6,290,199)	(6,025,584)	13,367,764	(477,338,525)
Other expenses	(113,678,492)	(89,216,861)	(6,346,513)	(6,981,472)	-	(216,223,338)
Depreciation and amortisation	(114,214,205)	(45,454,598)	(2,276,972)	(304,325)	-	(162,250,100)
Impairment losses	-	(1,735,620)	-	-	-	(1,735,620)
Net provisions	2,280,599	284,385	-	-	-	2,564,984
Interest expenses	(7,834,342)	(14,060,074)	(146,537)	(6,707,955)	7,299	(28,741,609)
Results of associated companies	-	1,006,344	-	-	-	1,006,344
Other financial gains and losses	(3,564,362)	(2,404,231)	(99,184)	(1,725,508)	(7,299)	(7,800,584)
<b>Profit before tax</b>	<b>176,909,965</b>	<b>24,066,862</b>	<b>2,776,115</b>	<b>(8,707,344)</b>	-	<b>195,045,598</b>
Income tax	(37,685,756)	(6,333,339)	(455,723)	4,572,584	-	(39,902,234)
<b>Profit for the period</b>	<b>139,224,209</b>	<b>17,733,523</b>	<b>2,320,392</b>	<b>(4,134,760)</b>	-	<b>155,143,364</b>
<b>Attributable to Shareholders</b>	<b>97,084,902</b>	<b>16,802,102</b>	<b>2,320,133</b>	<b>(4,134,760)</b>	-	<b>112,072,377</b>
Non-controlling interests	42,139,307	931,421	259	-	-	43,070,987
<b>OTHER INFORMATION (30-09-2019)</b>						
Total segment assets	2,520,682,794	1,425,056,523	82,150,258	22,083,571	(17,532,472)	4,032,440,674
Goodwill	122,907,528	185,718,524	36,422,934	-	-	345,048,986
Other intangible assets	154,253,683	174,492,435	-	-	-	328,746,118
Property, plant and equipment	1,329,929,038	676,401,730	23,599,560	913,449	-	2,030,843,777
Biological assets	117,352,549	-	-	-	-	117,352,549
Deferred tax assets	37,387,963	38,339,799	334,304	-	-	76,062,066
Investment in associates	-	4,741,550	-	-	-	4,741,550
Cash and cash equivalents	71,228,191	105,008,600	298,495	183,958	-	176,719,244
Total segment liabilities	1,493,225,175	833,333,450	18,154,788	411,731,130	(17,532,471)	2,738,912,072
Interest-bearing debt	847,188,174	475,122,580	8,828,277	381,160,374	(132,638)	1,712,166,767
Capital expenditures	118,916,878	33,109,360	1,482,828	976,914	-	154,485,980

The financial information by operating segments for the first nine months of 2018 is analysed as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Holdings	Within-Group Eliminations	Total
Turnover	1,252,303,611	367,150,123	17,293,898	9,267,334	(9,460,945)	1,636,554,021
Other income	32,507,467	27,090,294	195,534	2,990	(1,393)	59,794,892
Consumed and sold inventories	(522,223,248)	(113,399,500)	(3,798,010)	-	-	(639,420,758)
Services and materials consumed	(304,731,817)	(133,383,096)	(6,032,512)	(3,026,072)	9,462,338	(437,711,159)
Other expenses	(117,253,028)	(79,998,054)	(3,921,983)	(7,428,776)	-	(208,601,841)
Depreciation and amortisation	(109,217,865)	(37,921,484)	(2,198,937)	(141,854)	-	(149,480,140)
Impairment Losses	-	(687,109)	-	-	-	(687,109)
Net provisions	1,741,217	(3,422,338)	-	-	-	(1,681,121)
Interest expenses	(4,118,906)	(9,752,153)	(150,053)	(9,083,116)	32,082	(23,072,146)
Results of associated companies	-	753,229	-	-	-	753,229
Other financial gains and losses	(12,418,302)	(20,402,513)	(195,713)	(2,164,783)	(32,082)	(35,213,393)
<b>Profit before tax</b>	<b>216,589,129</b>	<b>(3,972,601)</b>	<b>1,192,224</b>	<b>(12,574,277)</b>	-	<b>201,234,475</b>
Income tax	(53,128,030)	6,394,548	109,546	(2,567,000)	-	(49,190,936)
<b>Profit for the period</b>	<b>163,461,099</b>	<b>2,421,947</b>	<b>1,301,770</b>	<b>(15,141,277)</b>	-	<b>152,043,539</b>
<b>Attributable to Shareholders</b>	<b>113,446,185</b>	<b>(2,080,701)</b>	<b>1,301,625</b>	<b>(15,141,276)</b>	-	<b>97,525,833</b>
Non-controlling interests	50,014,914	4,502,648	145	-	-	54,517,707
<b>OTHER INFORMATION (31-12-2018)</b>						
Total segment assets	2,557,150,559	1,349,743,204	84,316,098	20,360,971	(19,298,819)	3,992,272,013
Goodwill	122,907,528	186,840,525	36,422,934	-	-	346,170,987
Other intangible assets	154,374,251	138,472,631	-	-	-	292,846,882
Property, plant and equipment	1,335,242,225	681,103,638	26,685,129	722,773	-	2,043,753,765
Biological assets	119,614,567	-	-	-	-	119,614,567
Deferred tax assets	71,006,775	36,765,411	289,739	-	-	108,061,925
Investment in associates	-	4,714,744	-	-	-	4,714,744
Cash and cash equivalents	80,859,784	99,443,113	2,751,882	194,198	-	183,248,977
Total segment liabilities	1,445,366,996	784,393,732	22,041,020	502,178,406	(19,298,822)	2,734,681,332
Interest-bearing debt	763,830,678	485,805,619	13,755,439	472,692,952	(1,200,067)	1,734,884,621
Capital expenditures	216,459,363	24,680,702	1,647,989	420,614	-	243,208,668

## GEOGRAPHICAL SEGMENT

The revenue presented in different business and geographical segments corresponds to revenue generated with external customers based on the country of destination of the products and services marketed by the Group, and are detailed as follows:

9M 2019	Pulp and paper	Cement and derivatives	Environment	Total Amount	Total %
<b>Sales and services rendered</b>					
Portugal	252,157,304	177,421,606	13,657,194	443,236,104	26.34%
Rest of Europe	642,519,218	31,647,982	7,054,621	681,221,821	40.48%
America	135,134,157	65,106,594	-	200,240,751	11.90%
Africa	141,055,986	62,629,589	-	203,685,575	12.10%
Asia and Middle East	102,810,037	50,514,869	899,628	154,224,534	9.16%
Overseas	268,000	-	-	268,000	0.02%
	<b>1,273,944,702</b>	<b>387,320,640</b>	<b>21,611,443</b>	<b>1,682,876,785</b>	<b>100%</b>

9M 2018	Pulp and paper	Cement and derivatives	Environment	Total Amount	Total %
<b>Sales and services rendered</b>					
Portugal	239,381,462	150,649,613	12,914,313	402,945,388	24.62%
Rest of Europe	635,886,441	30,503,450	3,924,231	670,314,122	40.96%
America	150,583,140	63,022,712	46,264	213,652,116	13.05%
Africa	95,109,130	59,503,639	-	154,612,769	9.45%
Asia and Middle East	130,742,729	63,277,099	409,090	194,428,918	11.88%
Overseas	600,709	-	-	600,709	0.04%
	<b>1,252,303,611</b>	<b>366,956,513</b>	<b>17,293,898</b>	<b>1,636,554,022</b>	<b>100.00%</b>

## 5. OTHER INCOME

As at 30 September 2019 and 2018, the caption Other income is detailed as follows:

Amounts in Euro	9M 2019	9M 2018
Grants - CO <sub>2</sub> emission allowances	30,830,614	12,359,819
PIS/COFINS Brasil Process	3,334,678	-
Compensation for insurance against damage	5,144,560	266,519
Reversal of impairment in current assets	3,656,862	4,265,669
Disposal of CO <sub>2</sub> emission allowances	10,140,095	4,858,335
Inventory gains	475,315	503,371
Gains on disposal of non-current assets	2,476,349	18,829,613
Operating subsidies	1,792,792	1,290,021
Own work capitalised	176,264	592,336
Recovery/settlement of uncollectibles	11,452	33,891
Supplementary income	537,879	4,046,223
Income from waste treatment	422,197	370,089
Gains on disposal of current assets	25,383	1,839
Other operating income	11,332,260	10,820,021
	<b>70,356,700</b>	<b>58,237,746</b>

The amount presented in Grants – CO<sub>2</sub> emission allowances corresponds to the recognition of the grant from the licenses allocated for free.

The amount of Euro 3.4 million presented under the PIS / COFINS Brasil lawsuit corresponds to the gain recognised by the Supremo subsidiary as a result of the decision rendered by the Brazilian courts not to subject the PIS and Confins taxes to the ICMS tax that is applied to sales. Thus, the gain corresponding to the return of overpaid tax in previous years was recorded, and this will be deducted from future tax payable.

Gains on disposal of non-current assets includes, in 2018, Euro 15,765,258 related to the capital gain on the sale of the pellets business concluded in February of that year by the subsidiary Navigator.



## 6. COST, EXPENSES AND LOSSES

As at 30 September 2019 and 2018, Cost, Expenses and losses is detailed as follows:

Amounts in Euro	9M 2019	9M 2018
<b>Cost of sales and services rendered</b>		
Cost of inventories sold and consumed	(665,407,421)	(639,420,758)
<b>Cost of services and materials consumed</b>		
Energy and fluids	(144,894,393)	(124,712,683)
Inventory transportation	(132,509,383)	(124,350,457)
Specialised works	(91,244,659)	(71,097,940)
Maintenance and repair	(37,491,811)	(34,289,345)
Fees	(5,061,866)	(6,079,109)
Insurance	(11,545,747)	(11,220,945)
Subcontracts	(3,332,256)	(3,273,018)
Other	(51,258,410)	(62,687,662)
	<b>(477,338,525)</b>	<b>(437,711,159)</b>
<b>Variation in production</b>	13,415,889	30,098,593
<b>Payroll costs</b>		
Statutory bodies	(11,610,847)	(15,055,842)
Other remunerations	(124,026,083)	(137,750,924)
Pension costs	(3,268,445)	(3,608,079)
Other payroll costs	(40,810,075)	(40,659,496)
	<b>(179,715,450)</b>	<b>(197,074,341)</b>
<b>Other costs and losses</b>		
Membership fees	(848,781)	(606,834)
Donations	(1,820,292)	(568,425)
Cost with CO2 emission allowances	(35,052,790)	(14,646,664)
Impairment losses in inventories and receivables	684,302	(3,799,772)
Losses on inventories	(1,852,932)	(4,425,817)
Indirect taxes	(4,162,431)	(10,958,084)
Losses on disposal of non-current assets	(1,472,843)	(905,333)
Other operating costs	(5,398,010)	(5,715,164)
	<b>(49,923,777)</b>	<b>(41,626,093)</b>
<b>Provisions</b>	2,564,984	(1,681,121)
<b>Total of costs, expenses and losses</b>	<b>(1,356,404,300)</b>	<b>(1,287,414,879)</b>

The increase in energy and fluid costs resulted essentially from the increase in the purchase price of electricity and natural gas, when compared to the same period in 2018.

The decrease in Payroll costs – Other remunerations is mainly explained by the reduction in the estimated amounts of bonuses payable to Group employees.

## 7. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

As at 30 September 2019 and 2018, the caption Depreciation, amortisation and impairment losses was detailed as follows:

Amounts in Euro	9M 2019	9M 2018
<b>Depreciation of property, plant and equipment</b>		
Land	(3,383,861)	(3,409,386)
Environmental restoration and landscaping	(85,623)	(85,623)
Buildings	(15,062,717)	(14,143,331)
Basic equipment and other tangible assets	(145,716,771)	(138,073,507)
Government grants	11,126,738	5,194,409
	<u>(153,122,234)</u>	<u>(150,517,438)</u>
<b>Impairment of property, plant and equipment   (losses)/reversals</b>		
Buildings	32,907	44,319
Basic equipment	(767,741)	221,811
Assets under construction   Basic equipment	(786)	(950,000)
	<u>(735,620)</u>	<u>(683,870)</u>
<b>Depreciation of rights of use assets (IFRS 16)</b>	<u>(10,157,022)</u>	-
<b>Amortisation of intangible assets</b>		
Industrial property and other rights	<u>(11,069)</u>	<u>(14,188)</u>
	(11,069)	(14,188)
<b>Impairment in assets held for sale   (losses)/reversals</b>		
Impairment in lands, buildings and equipments	<u>(1,000,000)</u>	<u>(3,239)</u>
<b>Depreciation in investment properties</b>	<u>(1,809)</u>	<u>(575)</u>
<b>ICMS - Tax on movement of goods and services</b>		
Tax included in depreciations (Brazil)	<u>1,042,035</u>	<u>1,052,061</u>
	<u>1,042,035</u>	<u>1,052,061</u>
	<b><u>(163,985,719)</u></b>	<b><u>(150,167,249)</u></b>

## 8. NET FINANCIAL RESULTS

As at 30 September 2019 and 2018, Net financial results comprise:

Amounts in Euro	9M 2019	9M 2018
Interest earned on loans to shareholders	(7,299)	(13,185)
Interest paid on other borrowings	(28,741,609)	(30,134,961)
Interest paid on loans from shareholders	(250)	-
Other interest earned	5,253,638	2,578,373
Fair value in available-for-sale financial assets	40,308	(38,544)
Gains / (losses) on financial instruments - hedging	(3,700,983)	(3,792,386)
Gains / (losses) on financial instruments - trading	1,311,292	(181,483)
Foreign exchange gains / (losses)	(3,599,866)	(14,868,972)
Expenses with loans and other comissions	(6,759,231)	(7,184,954)
Environment and landscape recovery	(271,817)	(220,861)
(Losses)/gains with compensatory interest	(221,720)	(1,232,985)
Other financial expense	(806,618)	(3,204,633)
Financial expenses with leases (IFRS 16)	(2,045,165)	-
Other financial income	3,007,127	9,052
	<b><u>(36,542,193)</u></b>	<b><u>(58,285,539)</u></b>

Compared to the same period of the previous year, in the nine-month period of 2019, the financial results were positively impacted in Euro 2.8 million, by the effects of the amount of USD 45 million still to be received from the sale of the pellets business, resulting from the difference between the nominal value and the present value of the amounts receivable.

## 9. INCOME TAX

Semapa SGPS, S.A. is the dominant company of the group subject to the special regime governing business groups comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in articles 69 and following of the Corporate Income Tax Code. Thus, the tax business group comprises the subsidiaries Secil, S.A. and ETSA Investimentos, SGPS, S.A., and corresponding subsidiaries that comply with the referred conditions.

As at 30 September 2019 and 2018, Income tax expense comprises:

Amounts in Euro	9M 2019	9M 2018
Current tax	(41,570,658)	(71,874,800)
Provisions for current tax	38,920,765	(2,388,024)
Deferred tax	(37,252,341)	25,071,888
	<b>(39,902,234)</b>	<b>(49,190,936)</b>

The reconciliation of the effective tax rate in the first nine-months of 2019 and 2018 is as follows:

Amounts in Euro	9M 2019	9M 2018
Profit before tax	195,045,599	201,234,476
Expected income tax	43,885,260	45,277,757
State surcharge	7,463,997	15,277,992
Differences (a)	2,700,500	5,451,174
Prior year tax adjustments	(13,175,887)	(9,711,352)
Recoverable tax losses carried forward	(1,078,425)	(992,499)
Non recoverable tax losses	3,138,390	8,443,430
Reversal of provisions	13,398	(5,647,951)
Impact of the change in the income tax rate	(1,797,305)	(2,113,793)
Tax benefits	(1,814,464)	(7,859,869)
Other	566,770	1,066,047
	<b>39,902,234</b>	<b>49,190,936</b>
Effective tax rate	20.46%	24.44%

(a) This amount is made up essentially of :	9M 2019	9M 2018
Effects arising from the application of the equity method	(1,006,344)	(753,229)
Gains/(losses) for tax purposes	65,800	38,580,466
(Gains)/losses for accounting purposes	(63,675)	(81,891,211)
Impairment and taxed provisions	6,856,740	64,778,181
Tax benefits	(5,158,439)	(4,442,627)
Reversal of taxed provisions	(162,172)	(371,385)
Intra-group earning's subject to taxation	200,241	16,713
Employees benefits	1,016,632	(503,533)
Other	10,253,441	8,814,064
	<b>12,002,224</b>	<b>24,227,439</b>
<b>Tax effect (22.5%)</b>	<b>2,700,500</b>	<b>5,451,174</b>

In Portugal, annual income tax statements are subject to review and possible adjustment by the tax authorities for a period of 4 years. However, if tax losses are presented they may be subject to review by the tax authorities for a larger period. In other countries in which the Group operates, these periods are different, usually higher.

The Board of Directors considers that any corrections to those tax statements as a result of reviews/inspections by the tax authorities will not have a significant impact in the interim consolidated financial statements as at 30 September 2019, although the years up to and including 2015 have already been reviewed, including Navigator, Secil and Semapa.

## 10. EARNINGS PER SHARE

Since there are no convertible financial instruments over Semapa's shares, its earnings are undiluted.

Amounts in Euro	9M 2019	9M 2018
<b>Profit attributable to Semapa's shareholders</b>	<b>112,072,378</b>	<b>97,525,833</b>
Total number of shares issued	81,270,000	81,270,000
Average number of treasury shares in the portfolio	(693,152)	(586,329)
<b>Weighted average number of ordinary shares</b>	<b>80,576,848</b>	<b>80,683,671</b>
<b>Total number of treasury shares in the portfolio as at 30-09</b>	<b>823,337</b>	<b>586,329</b>
Basic earnings per share	1.391	1.209
Diluted earnings per share	1.391	1.209

## 11. RESULTS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

During the first nine months of 2019 and the financial year 2018, the movements in non-controlling interests, by business segment, including the profit for the period attributable to them, was as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Total
<b>Balance as of 1 January 2018</b>	<b>305,905,214</b>	<b>72,634,539</b>	<b>7,678</b>	<b>378,547,431</b>
Acquisitions / (Disposals)	(760,918)	(5,250,304)	-	(6,011,222)
Dividends	(61,197,407)	(10,180,618)	-	(71,378,025)
Currency translation reserve	(2,021,055)	4,365,953	-	2,344,898
Financial instruments	(799,559)	(3)	-	(799,562)
Actuarial gains and losses	(3,876,220)	(141)	-	(3,876,361)
Other movements in equity	(207,190)	(3)	-	(207,193)
Profit for the year	65,497,980	3,118,621	227	68,616,828
<b>Balance as of 31 December 2018</b>	<b>302,540,845</b>	<b>64,688,044</b>	<b>7,905</b>	<b>367,236,794</b>
Acquisitions / (Disposals)	(10,041,989)	(772,080)	-	(10,814,069)
Dividends	(60,954,237)	(2,722,995)	(67)	(63,677,299)
Currency translation reserve	1,259,887	3,676,697	-	4,936,584
Financial instruments	(1,382,735)	-	-	(1,382,735)
Actuarial gains and losses	(1,645,349)	(123)	-	(1,645,472)
Other movements in equity	132,568	6	-	132,574
Profit for the period	42,139,308	931,421	258	43,070,987
<b>Balance as of 30 September 2019</b>	<b>272,048,298</b>	<b>65,800,970</b>	<b>8,096</b>	<b>337,857,364</b>

The decrease in non-controlling interests in the Pulp and Paper segment in the first nine months of 2019 resulted from the acquisition of 5,452,882 treasury shares by the subsidiary The Navigator Company, S.A. in that period.

## 12. OTHER INTANGIBLE ASSETS

During the first nine months of 2019 and the financial year 2018, changes in Other intangible assets were as follows:

Amounts in Euro	Brands	Expenditures on research and development	Industrial properties and other rights	CO2 emission allowances	Assets under construction	Total
<b>Gross Amount</b>						
Balance as of 1 January 2018	280,219,221	11,737	6,270	17,292,462	11,501	297,541,191
Acquisition / attributions	-	-	165	26,554,702	3,512	26,558,379
Disposals	-	-	-	(4,035,273)	-	(4,035,273)
Adjustments, transfers and write-offs	-	-	8,201	(13,150,999)	(11,501)	(13,154,299)
Exchange rate adjustment	(2,251,900)	-	-	-	-	(2,251,900)
Balance as of 31 December 2018	277,967,321	11,737	14,636	26,660,892	3,512	304,658,098
Acquisition / attributions	-	-	-	61,275,337	9,078	61,284,415
Disposals	-	-	-	(4,463,973)	-	(4,463,973)
Adjustments, transfers and write-offs	266,312	-	(11,294)	(22,044,173)	-	(21,789,155)
Exchange rate adjustment	1,643,978	-	-	-	-	1,643,978
Balance as of 30 September 2019	279,877,611	11,737	3,342	61,428,083	12,590	341,333,363
<b>Accumulated amortisation and impairment losses</b>						
Balance as of 1 January 2018	(7,461,039)	(10,844)	(3,850)	(1)	-	(7,475,734)
Amortisation and impairment losses	(3,948,929)	-	(765)	-	-	(3,949,694)
Adjustments, transfers and write-offs	-	-	3,098	-	-	3,098
Exchange rate adjustment	(388,886)	-	-	-	-	(388,886)
Balance as of 31 December 2018	(11,798,854)	(10,844)	(1,517)	(1)	-	(11,811,216)
Amortisation and impairment losses	-	-	(11,069)	-	-	(11,069)
Disposals	-	-	-	-	-	-
Adjustments, transfers and write-offs	(265,532)	-	10,721	-	-	(254,811)
Exchange rate adjustment	(510,149)	-	-	-	-	(510,149)
Balance as of 30 September 2019	(12,574,535)	(10,844)	(1,865)	(1)	-	(12,587,245)
Net book value as of 1 January 2018	272,758,182	893	2,420	17,292,461	11,501	290,065,457
Net book value as of 31 December 2018	266,168,467	893	13,119	26,660,891	3,512	292,846,882
Net book value as of 30 September 2019	267,303,076	893	1,477	61,428,082	12,590	328,746,118

## 13. PROPERTY, PLANT AND EQUIPMENT AND LEASE ASSETS

### Property, plant and equipment

The following movements were registered in the first nine months of 2019 and the financial year 2018 under the caption Property, plant and equipment, as well as on the respective depreciation and impairment losses accounts:

Amounts in Euro	Land	Buildings and other constructions	Equipments and other tangibles	Assets under construction	Total
<b>Acquisition Cost</b>					
Balance as of 1 January 2018	427,482,528	1,098,096,993	5,273,048,751	184,682,977	6,983,311,249
Acquisition	819,863	220,679	13,225,958	228,942,168	243,208,668
Disposals	(3,661,595)	(1,128,772)	(6,342,591)	-	(11,132,958)
Adjustments, transfers and write-offs	1,808,890	29,231,593	230,637,654	(273,387,181)	(11,709,044)
Exchange rate adjustment	(11,645,264)	(11,763,100)	(33,818,103)	(2,830,373)	(60,056,840)
<b>Balance as of 31 December 2018</b>	<b>414,804,422</b>	<b>1,114,657,393</b>	<b>5,476,751,669</b>	<b>137,407,591</b>	<b>7,143,621,075</b>
Acquisition	759,526	570,859	33,246,526	119,909,069	154,485,980
Disposals	(985,834)	(1,519,473)	(9,037,463)	-	(11,542,770)
Adjustments, transfers and write-offs	(2,401,374)	2,719,206	32,612,171	(60,384,904)	(27,454,901)
Exchange rate adjustment	3,503,018	2,669,093	15,606,596	(600,192)	21,178,515
<b>Balance as of 30 September 2019</b>	<b>415,679,758</b>	<b>1,119,097,078</b>	<b>5,556,512,536</b>	<b>196,331,564</b>	<b>7,287,620,936</b>
<b>Accumulated depreciations and impairment losses</b>					
Balance as of 1 January 2018	(71,128,144)	(694,508,103)	(4,095,887,504)	(57,183,287)	(4,918,707,038)
Depreciation and impairment losses	(4,559,244)	(19,063,714)	(194,317,828)	974,095	(216,966,691)
Disposals	-	707,921	4,067,910	-	4,775,831
Impairment losses	-	-	-	(1,950,000)	(1,950,000)
Adjustments, transfers and write-offs	216,556	586,749	1,351,102	9,759,089	11,913,496
Exchange rate adjustment	2,263,725	2,879,477	14,760,443	1,163,447	21,067,092
<b>Balance as of 31 December 2018</b>	<b>(73,207,107)</b>	<b>(709,397,670)</b>	<b>(4,270,025,877)</b>	<b>(47,236,656)</b>	<b>(5,099,867,310)</b>
Depreciation and impairment losses	(3,383,861)	(15,115,433)	(145,988,778)	-	(164,488,072)
Disposals	7,786	1,441,280	8,721,902	-	10,170,968
Impairment losses	-	-	-	(786)	(786)
Adjustments, transfers and write-offs	(7,916)	704,796	13,756,635	-	14,453,515
Exchange rate adjustment	(1,512,060)	(2,323,405)	(12,474,098)	-	(16,309,563)
<b>Balance as of 30 September 2019</b>	<b>(78,103,158)</b>	<b>(724,690,432)</b>	<b>(4,406,746,127)</b>	<b>(47,237,442)</b>	<b>(5,256,777,159)</b>
<b>Net book value as of 1 January 2018</b>	<b>356,354,384</b>	<b>403,588,890</b>	<b>1,177,161,247</b>	<b>127,499,690</b>	<b>2,064,604,211</b>
<b>Net book value as of 31 December 2018</b>	<b>341,597,315</b>	<b>405,259,723</b>	<b>1,206,725,792</b>	<b>90,170,935</b>	<b>2,043,753,765</b>
<b>Net book value as of 30 September 2019</b>	<b>337,576,600</b>	<b>394,406,646</b>	<b>1,149,766,409</b>	<b>149,094,122</b>	<b>2,030,843,777</b>

### Lease Assets (IFRS 16)

During the first nine months of 2019, changes in Lease assets due to the application of IFRS 16, as well as related depreciation, amortisation and impairment losses, were as follows:

Amounts in Euro	Industrial property and other rights	Land	Buildings and other constructions	Equipment and other tangibles	Total
<b>Acquisition cost</b>					
Balance as of 1 January 2019	-	-	-	-	-
Initial recognition - IFRS 16	5,153,006	48,931,329	7,777,750	10,856,565	72,718,650
Acquisition	-	2,100,584	753,469	1,959,681	4,813,734
Adjustments, transfers and write-offs	(3,946,051)	409,362	1,575,612	6,912,930	4,951,853
Exchange rate adjustment	-	(12,423)	(5,655)	(72,305)	(90,383)
<b>Balance as of 30 September 2019</b>	<b>1,206,955</b>	<b>51,006,384</b>	<b>10,101,176</b>	<b>19,656,871</b>	<b>81,971,386</b>
<b>Amortisation, depreciation and accumulated impairment losses</b>					
Balance as of 1 January 2019	-	-	-	-	-
Depreciation and impairment losses	(174,856)	(3,487,757)	(1,698,732)	(4,795,677)	(10,157,022)
Adjustments, transfers and write-offs	-	7,743	(224,249)	(128,720)	(345,226)
Exchange rate adjustment	-	(831)	(10,064)	27,625	16,730
<b>Balance as of 30 September 2019</b>	<b>(174,856)</b>	<b>(3,476,653)</b>	<b>(1,933,045)</b>	<b>(4,896,772)</b>	<b>(10,481,326)</b>
<b>Net book value as of 30 September 2019</b>	<b>1,032,099</b>	<b>47,529,731</b>	<b>8,168,131</b>	<b>14,760,099</b>	<b>71,490,060</b>

The item “Land” concerns, mainly, rights of use of forest land existing in the subsidiary Navigator, whose agreements have a long-term lifetime due to the nature of these assets. These contracts have, usually, the duration of 24 years, and it can be early cancelled if the second forest harvest happens before the 24<sup>th</sup> year of the term.

The item “Buildings” pertain, mainly, to the contracts of utilization of the headquarters, as well as other facilities necessary to the pursuit of their respective businesses.

Equipment and other tangibles refers essentially to agreements for the use of vehicles and other equipment necessary to pursue the respective businesses of each subsidiary.

## 14. OTHER NON-CURRENT ASSETS

Other non-current assets as at 30 September 2019 and 31 December 2018 are detailed as follows:

Amounts in Euro	30/09/2019	31/12/2018
<b>Other non-current assets</b>		
Enviva Pellets Greenwood, LLC (USA)	33,924,548	33,448,788
Department of Commerce (USA)	26,504,631	25,597,410
Other amounts receivable - AICEP grants	42,166,636	-
Other amounts receivable	3,562,813	3,562,812
Deposits and pledges to third parties	7,471,111	4,065,622
FCT	295,763	296,324
Land	2,522,026	-
Other	811,916	674,825
	<b>117,259,444</b>	<b>67,645,781</b>

In 2015 the Navigator Group was subject to an investigation for alleged dumping practices on UWF exports to the United States of America and a final anti-dumping tax rate of 1.75% was applied last October for the review period from August of 2015 to February 2017. The Group is entitled to a refund in that amount due to the imposition of higher penalties for the same period of 29.53% and 7.8%, respectively.

The amount receivable from AICEP relates to the granting of financial incentives to the subsidiary Navigator, including the financial incentive negotiated with AICEP - Agência para o Investimento e Comércio Externo de Portugal, for the construction of the new Tissue factory in Aveiro. This incentive, in the form of a reimbursable incentive, includes a grace period of two years, without payment of interest, up to the maximum amount of Euro 42,166,636, corresponding to 35% of the amount of expenses considered as eligible, and was reclassified from amounts receivable to non-current assets.

Enviva reflects the present value of the amount receivable from the sale of the pellets business (USD 45 million) by the subsidiary Navigator. The nominal receivable amount shall bear interest at the rate of 2.5%.

## 15. RECEIVABLES AND OTHER CURRENT ASSETS

As at 30 September 2019 and 31 December 2018, the caption Receivables and other current assets is detailed as follows:

Amounts in Euro	30-09-2019	31-12-2018
Trade receivables	270,686,493	293,835,762
Accounts receivable - related parties	495,837	559,493
Derivative financial instruments	3,297,131	1,722,253
Other receivables	35,211,728	74,003,177
Accrued income	16,997,104	20,883,159
Deferred costs	14,949,029	13,129,538
	<b>341,637,322</b>	<b>404,133,382</b>

*Note: The presented amounts are net of impairment losses.*

As at 30 September 2019 and 31 December 2018, Other receivables were detailed as follows:

Amounts in Euro	30-09-2019	31-12-2018
<b>Other receivables</b>		
Advance payments to suppliers	4,605,323	1,955,401
Advance payments to personnel	823,585	1,092,367
Price adjustment   Acquisition of Supremo Cimentos	1,319,927	1,350,588
Financial incentives receivable	9,079,457	51,271,101
Collateral provided to other parties	5,043,979	5,571,124
Other	14,339,457	12,762,596
	<b>35,211,728</b>	<b>74,003,177</b>

The amount shown in Advance payments to suppliers refers essentially to advance payments made to wood suppliers. As a way of ensuring the sustainability of the forest value chain to the industry, the Navigator Group advances payments to its suppliers upon presentation of guarantees, for the wood to be bought throughout the following year. Those advances are settled as supplies are delivered.

The decrease in financial incentives receivable resulted from the transfer of the amount relating to the financial incentive negotiated by the subsidiary Navigator with AICEP - Agência para o Investimento e Comércio Externo de Portugal, for the construction of the new Tissue factory in Aveiro, to the caption Other non-current assets.

As at 30 September 2019, the balance Financial incentives receivable includes the granting of financial incentives under several research and development projects by the Navigator subsidiary, namely the Inpactus project (Euro 5,585,300) and others (Euro 3,494,157). The Group expects that all the conditions precedent to its receipt are guaranteed.

The amount shown in Price adjustment | Acquisition of Supremo Cimentos in 2016, concerns the price adjustment established under the purchase agreement signed between the parties.



As at 30 September 2019 and 31 December 2018, the items of Accrued income and Deferred costs are detailed as follows:

Amounts in Euro	30-09-2019	31-12-2018
<b>Accrued income</b>		
Interest receivable	1,111,330	2,481,626
Energy Sales	12,394,748	15,981,121
Others	3,491,026	2,420,412
	<b>16,997,104</b>	<b>20,883,159</b>
<b>Deferred costs</b>		
Insurance	4,408,808	2,749,436
Rents and leases	4,967,463	4,312,477
Others	5,572,759	6,067,625
	<b>14,949,030</b>	<b>13,129,538</b>
	<b>31,946,134</b>	<b>34,012,697</b>

## 16. SHARE CAPITAL AND TREASURY SHARES

As at 30 September 2019 and 31 December 2018, Semapa's share capital was fully subscribed and paid up, represented by 81,270,000 shares with no nominal value.

The legal persons that held relevant positions, on that date, in the Company's share capital are detailed as follows:

Name	30-09-2019		31-12-2018	
	No. of shares	%	No. of shares	%
Cimo - Gestão de Participações, SGPS, S.A.	38,959,431	47.94	38,959,431	47.94
Sodim, SGPS, S.A.	15,252,726	18.77	15,252,726	18.77
Bestinver Gestión, SGIIC, S.A.	4,032,051	4.96	7,166,756	8.82
Cimigest, SGPS, S.A.	3,185,019	3.92	3,185,019	3.92
Santander Asset Management España, S.A.	1,628,343	2.00	1,981,216	2.44
Norges Bank (the Central Bank of Norway)	1,699,613	2.09	1,699,613	2.09
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.77	625,199	0.77
Treasury shares	823,337	1.01	640,666	0.79
Other shareholders with less than 2% participation	15,064,281	18.54	11,759,374	14.47
	<b>81,270,000</b>	<b>100.00</b>	<b>81,270,000</b>	<b>100.00</b>

During the first nine months of 2019, Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. acquired 182,671 treasury shares by the amount of Euro 2,182,026. As at 30 September 2019, it holds 823,337 treasury shares (31 December 2018: 640,666 treasury shares), with a global acquisition amount of Euro 8,922,980.

## 17. RESERVES

As at 30 September 2019 and 31 December 2017 the captions Fair value reserve, Translation reserve and Other reserves comprised:

Valores em Euros	30-09-2019	31-12-2018
Fair value of financial instruments	(5,722,147)	(2,713,976)
Translation reserve	(118,662,750)	(129,296,945)
Legal reserve	16,695,625	16,695,625
Other reserves	871,375,621	780,089,232
<b>Reserves</b>	<b>763,686,349</b>	<b>664,773,936</b>

## 18. DEFERRED TAXES

The movement in Deferred tax assets and liabilities, during the nine-month period ended 30 September 2019, was as follows:

Amounts in Euro	As of 1 January 2019	Exchange rate adjustment	Income Statement		Equity	Assets held for sale	As of 30 September 2019
			Increases	Decreases			
<b>Temporary differences originating deferred tax assets</b>							
Tax losses carried forward	74,310,650	(1,875,253)	4,898,820	-	-	-	77,334,217
Taxed provisions	19,057,416	224,965	1,591,591	669,206	-	-	21,543,178
Harmonisation of depreciation criteria	108,230,103	-	1,209,890	(27,920,487)	-	(1,000,000)	80,519,506
Pensions and other post-employment benefits	4,230,997	2,938	3,806	(443,039)	(18,411)	-	3,776,291
Financial instruments	7,805,701	-	-	-	6,201,900	-	14,007,601
Deferred accounting gains on inter-group transactions	41,418,523	164	-	(10,685,981)	-	-	30,732,706
Government grants	4,305,779	-	-	(406,003)	-	-	3,899,776
Fair values of business combinations	1,596,394	82,275	-	-	-	-	1,678,669
Conventional capital remuneration	9,240,000	-	-	-	3,640,000	-	12,880,000
Other temporary differences	12,124,135	134,162	3,662,489	(1,090,464)	-	-	14,830,322
	<b>282,319,699</b>	<b>(1,430,749)</b>	<b>11,366,596</b>	<b>(39,876,768)</b>	<b>9,823,489</b>	<b>(1,000,000)</b>	<b>261,202,266</b>
<b>Temporary differences originating deferred tax liabilities</b>							
Fixed tangible asset revaluation	(46,092,976)	989,056	-	396,637	-	-	(44,707,283)
Pensions and other post-employment benefits	(1,302,868)	(2,569)	(2,281,381)	-	525,388	-	(3,061,430)
Financial instruments	894,942	(10,469)	(341,806)	144,728	-	-	687,395
Tax incentives	(7,439,158)	-	-	840,643	186,889	-	(6,411,626)
Harmonisation of depreciation criteria	(357,205,626)	(1,091,888)	(36,329,108)	10,832,130	-	-	(383,794,492)
Deferred accounting losses on inter-group transactions	(10,502,587)	-	-	23,254	-	-	(10,479,333)
Valuation of growing forests	(13,969,979)	-	-	1,066,794	-	-	(12,903,185)
Fair value of intangible assets - brands	(251,627,510)	2,885,608	(2,319,537)	-	-	-	(251,061,439)
Fair value of property, plant and equipment	(96,233,491)	-	-	11,453,662	-	-	(84,779,829)
Fair value of business combinations	(77,672,116)	(7,590,687)	-	7,714,687	-	-	(77,548,116)
Other temporary differences	(1,577,326)	5,597	(1,088,173)	751,844	-	-	(1,908,058)
	<b>(862,728,695)</b>	<b>(4,815,352)</b>	<b>(42,360,005)</b>	<b>33,224,379</b>	<b>712,277</b>	<b>-</b>	<b>(875,967,396)</b>
<b>Deferred tax assets</b>	<b>108,061,925</b>	<b>(546,150)</b>	<b>3,374,010</b>	<b>(37,254,487)</b>	<b>2,701,768</b>	<b>(275,000)</b>	<b>76,062,066</b>
<b>Deferred tax liabilities</b>	<b>(235,715,323)</b>	<b>(839,890)</b>	<b>(7,254,498)</b>	<b>3,882,634</b>	<b>212,028</b>	<b>-</b>	<b>(239,715,049)</b>

## 19. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The following is a breakdown of the obligations reflected in the Consolidated Statement of financial position as at 30 September 2019 and 31 December 2018:

30 September 2019	Pulp and Paper	Cement and derivatives	Holdings	Total
Future Group liabilities	-	-	-	-
Past Group liabilities				
Assets	72,543,202	118,457	-	72,661,659
Former employees	22,327,672	-	-	22,327,672
Retired employees	77,659,701	19,729,701	1,035,678	98,425,080
Market value of the pension funds	(154,306,206)	(18,880,006)	-	(173,186,212)
Equity	-	153,064	-	153,064
Insurance policies	-	(170,349)	-	(170,349)
Reserve account*	-	(601,157)	-	(601,157)
<b>Unfunded pensions liabilities</b>	<b>18,224,369</b>	<b>349,710</b>	<b>1,035,678</b>	<b>19,609,757</b>
<b>Other unfunded liabilities</b>				
Healthcare assistance	-	42,170	-	42,170
Retirement and death liabilities	-	96,416	-	96,416
Long-service award liabilities	-	360,537	-	360,537
<b>Total net liabilities</b>	<b>18,224,369</b>	<b>848,833</b>	<b>1,035,678</b>	<b>20,108,880</b>

31 December 2018	Pulp and Paper	Cement and derivatives	Holdings	Total
Group liabilities				
Assets	57,373,503	124,756	-	57,498,259
Former employees	21,042,206	-	-	21,042,206
Retired employees	76,040,531	20,809,676	1,115,990	97,966,197
Market value of the pension funds	(147,131,961)	(18,476,437)	-	(165,608,398)
Equity	-	142,667	-	142,667
Insurance policies	-	(173,804)	-	(173,804)
Reserve account*	-	(608,096)	-	(608,096)
<b>Unfunded pensions liabilities</b>	<b>7,324,279</b>	<b>1,818,762</b>	<b>1,115,990</b>	<b>10,259,031</b>
<b>Other unfunded liabilities</b>				
Healthcare assistance	-	43,164	-	43,164
Retirement and death liabilities	-	89,851	-	89,851
Long-service award liabilities	-	385,856	-	385,856
<b>Total net liabilities</b>	<b>7,324,279</b>	<b>2,337,633</b>	<b>1,115,990</b>	<b>10,777,902</b>

\* overfunding due to the change to a defined contribution plan

The increase in liabilities in the Navigator subsidiary in the first nine months of 2019 is due essentially to the variation in the actuarial assumptions used in the valuation of its liabilities, namely with regard to the expected spread of the benefits over the periods.

## 20. PROVISIONS

The movement in the first nine months of 2019 and in the year 2018, under Provisions, is detailed as follows:

Amounts in Euro	Legal Proceedings	Tax Proceedings	Environmental recovery	Others	Total
<b>1 January 2018</b>	<b>4,159,157</b>	<b>26,630,190</b>	<b>7,526,199</b>	<b>17,358,475</b>	<b>55,674,021</b>
Increases	1,111,546	-	515	24,839,520	25,951,581
Reversals	(453,074)	(673,509)	(157,298)	(5,660,450)	(6,944,331)
Charge-offs	-	-	(95,140)	(6,627,543)	(6,722,683)
Exchange rate adjustments	-	-	(800)	(73,924)	(74,724)
Financial discounts	-	-	309,709	-	309,709
Transfers and adjustments	(31,654)	10,013,530	-	303,955	10,285,831
<b>31 December 2018</b>	<b>4,785,975</b>	<b>35,970,211</b>	<b>7,583,185</b>	<b>30,140,033</b>	<b>78,479,404</b>
Perimeter changes	-	-	-	28,413	28,413
Increases	834,311	889,387	298	852,323	2,576,319
Reversals	(832,076)	-	(117,974)	(4,191,253)	(5,141,303)
Charge-offs	-	-	(123,147)	(2,354,549)	(2,477,696)
Exchange rate adjustments	-	-	(174)	362,799	362,625
Financial discounts	-	-	271,817	-	271,817
Transfers and adjustments	29,608	(36,859,596)	-	62,936	(36,767,052)
<b>30 September 2019</b>	<b>4,817,818</b>	<b>2</b>	<b>7,614,005</b>	<b>24,900,702</b>	<b>37,332,527</b>

The reclassification occurred under Provisions for tax proceedings results from the application of IFRIC 23, and part of the amount, until now presented under this caption, was transferred to current liabilities, into State and other public entities.

## 21. INTEREST-BEARING LIABILITIES

As at 30 September 2019 and 31 December 2018, the Group's interest-bearing net debt was as follows:

Amounts in Euro	30-09-2019	31-12-2018
<b>Interest-bearing liabilities</b>		
<i>Non-current</i>	1,426,666,895	1,401,009,210
<i>Current</i>	285,499,872	333,875,411
	<b>1,712,166,767</b>	<b>1,734,884,621</b>
<b>Cash and cash equivalents</b>		
Cash	283,628	189,067
Short term bank deposits	135,412,755	140,522,894
Other short term investments	41,022,861	42,537,016
	<b>176,719,244</b>	<b>183,248,977</b>
<b>Interest-bearing net debt without lease liabilities</b>	<b>1,535,447,523</b>	<b>1,551,635,644</b>
Lease liabilities - IFRS 16	71,604,228	-
<b>Interest-bearing net debt with lease liabilities</b>	<b>1,607,051,751</b>	<b>1,551,635,644</b>

**NON-CURRENT INTEREST-BEARING LIABILITIES**

As at 30 September 2019 and 31 December 2018, non-current interest-bearing liabilities were as follows:

Amounts in Euro	30-09-2019	31-12-2018
<b>Non-current</b>		
Bond loans	712,428,571	761,000,000
Commercial paper	525,900,000	467,800,000
Bank loans	194,324,639	175,051,889
Expenses with loans issuing	(6,444,658)	(5,802,745)
<b>Interest-bearing bank debt</b>	<b>1,426,208,552</b>	<b>1,398,049,144</b>
Financial leases	-	2,501,723
Other interest-bearing debts	458,343	458,343
<b>Other interest-bearing debts</b>	<b>458,343</b>	<b>2,960,066</b>
<b>Total non-current interest-bearing liabilities</b>	<b>1,426,666,895</b>	<b>1,401,009,210</b>
Lease liabilities - IFRS 16	61,005,420	-
<b>Total non-current interest-bearing liabilities with lease liabilities</b>	<b>1,487,672,315</b>	<b>1,401,009,210</b>

**CURRENT INTEREST-BEARING LIABILITIES**

As at 30 September 2019 and 31 December 2018, current interest-bearing liabilities were as follows:

Amounts in Euro	30-09-2019	31-12-2018
<b>Current</b>		
Bond loans	148,571,429	150,000,000
Commercial paper	15,000,000	100,000,000
Bank loans	115,456,528	81,564,826
Expenses with loans issuing	(1,531,376)	(1,354,927)
<b>Interest-bearing bank debt</b>	<b>277,496,581</b>	<b>330,209,899</b>
Shareholders short-term loans	7,815,817	3,209,343
Financial leases	-	456,169
Other interest-bearing debts	187,474	-
<b>Other interest-bearing debts</b>	<b>8,003,291</b>	<b>3,665,512</b>
<b>Total current interest-bearing liabilities</b>	<b>285,499,872</b>	<b>333,875,411</b>
Lease liabilities - IFRS 16	10,713,505	-
<b>Total current interest-bearing liabilities with lease liabilities</b>	<b>296,213,377</b>	<b>333,875,411</b>

## 22. PAYABLES AND OTHER CURRENT LIABILITIES

As at 30 September 2019 and 31 December 2018, Payables and other current liabilities are detailed as follows:

Amounts in Euro	30-09-2019	31-12-2018
Suppliers	220,071,741	253,885,230
Suppliers of fixed assets	13,043,612	12,025,809
<i>Instituto do Ambiente</i>	34,189,791	23,147,741
Derivative financial instruments	12,591,870	5,159,766
Other creditors	12,014,674	18,617,163
Related parties	3,168,031	2,489,285
Accrued costs	94,250,538	107,157,249
Deferred income	59,835,343	38,086,012
	<b>449,165,600</b>	<b>460,568,255</b>

As at 30 September 2019 and 31 December 2018, the captions Accrued costs and Deferred income comprised:

Amounts in Euro	30-09-2019	31-12-2018
<b>Accrued costs</b>		
Payroll costs	46,319,834	59,441,770
Interest payable	8,058,341	8,435,734
Bonus payable to suppliers	8,099,805	8,340,388
Rent-related liabilities	10,568,626	8,624,589
DGAV - Interests	1,366,692	1,166,337
Accrual of expenses with energy	597,155	1,550,256
Hydric resources rate	3,137,656	2,414,504
Advisory fees	3,497,044	2,293,205
Bank services	274,165	478,977
Insurance	161,854	279,982
Transportation Services	90,692	141,535
IT Services	214,481	164,056
Audit fees	75,651	114,531
Other	11,788,542	13,711,385
	<b>94,250,538</b>	<b>107,157,249</b>
<b>Deferred income</b>		
Government grants	10,447,301	14,594,285
Grants - CO2 emission allowances	38,040,857	11,912,488
Other incentives	5,380,224	7,654,439
Other deferred income - ISP	5,966,961	3,924,800
	<b>59,835,343</b>	<b>38,086,012</b>

## 23. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 September 2019 and 31 December 2018, the fair value of derivative financial instruments is as follows:

Amounts in Euro	Amount	Currency	Maturity	30-09-2019			31-12-2018
				Positive	Negative	Net	Net
<b>Hedging</b>							
Exchange rate forwards	117,886,667	USD	2020	14,462	(1,044,684)	(1,030,222)	(117,912)
Exchange rate forwards	39,000,000	GBP	2020	47,153	(42,731)	4,422	323,965
Interest rate swaps	430,000,000	Euro	2025	-	(9,578,072)	(9,578,072)	(5,024,761)
Non Deliverable Forward (NDF)	(24,969,632)	BRL	2019	-	(5,602)	(5,602)	(17,093)
				<b>61,615</b>	<b>(10,671,089)</b>	<b>(10,609,474)</b>	<b>(4,835,801)</b>
<b>Trading</b>							
Exchange rate forwards	59,900,000	USD	2019	-	(1,041,400)	(1,041,400)	113,278
Exchange rate forwards	10,775,000	GBP	2019	-	(212,614)	(212,614)	28,582
Cross currency interest rate swap	15,372,604	USD	2019	-	-	-	483,666
Interest rate swaps	31,900,000	USD	2019	3,013,357	-	3,013,357	623,793
Non Deliverable Forward (NDF)	20,000,000	Euro	2020	-	(666,767)	(666,767)	-
Non Deliverable Forward (NDF)	10,000,000	Euro	2020	222,159	-	222,159	148,969
				<b>3,235,516</b>	<b>(1,920,781)</b>	<b>1,314,735</b>	<b>1,398,288</b>
				<b>3,297,131</b>	<b>(12,591,870)</b>	<b>(9,294,739)</b>	<b>(3,437,513)</b>

## 24. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As at 30 September 2019 and 31 December 2018, related parties balances are detailed as follows:

Amounts in Euro	30-09-2019			31-12-2018		
	Other receivables	Other payables	Interest-bearing liabilities	Other receivables	Other payables	Interest-bearing liabilities
<b>Shareholders</b>						
Sodim, SGPS, S.A.	-	-	170,194	520	-	-
Cimigest, SGPS, S.A.	-	-	-	5,691	-	-
Cimo SGPS, S.A.	-	-	7,645,623	-	-	3,209,343
<b>Other related entities</b>						
Sonagi - Imobiliária, S.A.	-	1,097	-	-	-	-
Hotel Ritz, S.A.	-	2,715	-	-	-	-
Sonagi, SGPS, S.A.	-	-	-	295	-	-
Ave-Gestão Ambiental, S.A.	142,213	219,068	-	109,264	202,631	-
Cotif Sicar	-	-	-	-	78,294	-
Enermontijo, S.A.	-	-	-	65,477	20,430	-
Inertogrande	217,082	-	-	214,674	-	-
J.M.J. Henriques, Lda.	129,729	-	-	127,533	-	-
Grupo Setefrete - Soc. Tráfego Cargas, S.A.	-	613,750	-	36,039	187,913	-
Bestweb, Lda.	-	2,257	-	-	-	-
Refundos - Soc. Gest. Fundos de Inv. Imob., S.A.	-	2,412	-	-	-	-
Minority shareholders from Ciment de Sibline*	-	-	-	-	1,980,168	-
UTIS, Lda	6,813	10,983	-	-	-	-
Other shareholders of subsidiaries	-	2,315,749	-	-	19,849	-
<b>Total</b>	<b>495,837</b>	<b>3,168,031</b>	<b>7,815,817</b>	<b>559,493</b>	<b>2,489,285</b>	<b>3,209,343</b>

\* Allocated dividends pending settlement

The transaction with related parties for the nine-month period ended 30 September 2019 and 2018 were as follows:

Amounts in Euro	9M 2019				9M 2018			
	Purchase of services	Sales and services rendered	Operating income	Financial income / (expenses)	Purchase of services	Sales and services rendered	Operating income	Financial income / (expenses)
<b>Shareholders</b>								
Cimigest SGPS, S.A.	(80,805)	-	-	-	(80,805)	-	-	-
Cimo SGPS, S.A.	-	-	-	(7,040)	-	-	-	(12,935)
Sodim, SGPS, S.A.	-	-	-	(259)	-	-	-	(250)
	<b>(80,805)</b>	<b>-</b>	<b>-</b>	<b>(7,299)</b>	<b>(80,805)</b>	<b>-</b>	<b>-</b>	<b>(13,185)</b>
<b>Other related entities</b>								
Sonagi - Imobiliária, S.A. (former Cimilonga, S.A.)	(554,550)	-	-	-	(724,666)	-	-	-
Hotel Ritz, S.A.	(99,000)	-	-	-	(37,268)	-	-	-
Refundos, SGFII, S.A.	(474,555)	-	-	-	(381,653)	-	-	-
Enermontijo, S.A.	-	-	-	-	(416,031)	292,269	-	-
Enerpar, SGPS, S.A.	-	-	-	-	(17,401)	-	-	-
Ave-Gestão Ambiental, S.A.	(1,922,125)	41,126	143,710	-	(1,524,261)	42,575	138,469	-
Setefrete, S.A.	(1,667,114)	-	-	-	(2,332,190)	-	37,011	-
Bestweb, Lda.	(19,837)	-	-	-	-	-	-	-
CLA - Caldas, Lopes, Almeida & Associados	(24,000)	-	-	-	-	-	-	-
Other	(68,302)	-	-	(250)	-	48,638	-	-
	<b>(4,829,484)</b>	<b>41,126</b>	<b>143,710</b>	<b>(250)</b>	<b>(5,433,470)</b>	<b>383,482</b>	<b>175,480</b>	<b>-</b>

## 25. NUMBER OF EMPLOYEES

As at 30 September 2019 and 31 December 2018, the number of Employees working for the Group's various companies, was 6,006 and 6,054 respectively.

## 26. COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

Name	Head Office	Direct and indirect % of equity held by Semapa			
		Direct	Indirect	30-09-2019	31-12-2018
<b>Parent-Company</b>					
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Portugal				
<b>Subsidiaries</b>					
Seinpar Investments, B.V.	The Netherlands	100.00	-	100.00	100.00
Semapa Inversiones S.L.	Spain	100.00	-	100.00	100.00
Celcimo S.L.	Spain	-	100.00	100.00	100.00
Semapa Next, S.A.	Portugal	100.00	-	100.00	100.00
Aphelion, S.A.	Portugal	100.00	-	100.00	100.00

## SUBSIDIARY COMPANIES OF SUB-GROUP ETSA

Name	Head Office	Direct and indirect % of equity held in ETSA			% of capital effectively held by Semapa	
		Direct	Indirect	Total	30-09-2019	31-12-2018
<b>Parent-Company</b>						
ETSA - Investimentos, SGPS, S.A.	Portugal	99.99	-	99.99	99.99	99.99
<b>Subsidiaries</b>						
ETSA LOG,S.A.	Portugal	100.00	-	100.00	100.00	100.00
SEBOL - Comércio e Industria de Sebo, S.A.	Portugal	100.00	-	100.00	100.00	100.00
ITS - Indústria Transformadora de Subprodutos Animais, S.A.	Portugal	100.00	-	100.00	100.00	100.00
ABAPOR - Comércio e Industria de Carnes, S.A.	Portugal	100.00	-	100.00	100.00	100.00
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Portugal	100.00	-	100.00	100.00	100.00
ALISIB - Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Spain	100.00	-	100.00	100.00	100.00



## SUBSIDIARY COMPANIES OF SUB-GROUP NAVIGATOR

Name	Head Office	Direct and indirect % of equity held in Navigator			% of capital effectively held by Semapa	
		Direct	Indirect	Total	30-09-2019	31-12-2018
<b>Parent-Company</b>						
The Navigator Company, S.A.	Portugal	36.00	33.97	69.97	69.97	69.44
<b>Subsidiaries</b>						
Navigator Brands, S.A.	Portugal	100.00	-	100.00	69.97	69.44
P2EO – Portuguese Premium Essential OILS, S.A.	Portugal	45.00	55.00	100.00	69.97	-
Navigator Paper Figueira, S.A.	Portugal	100.00	-	100.00	69.97	69.44
Pulpchem Logistics, A.C.E.	Portugal	50.00	-	50.00	34.99	-
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	90.02	-	90.02	62.99	55.69
Raiz - Instituto de Investigação da Floresta e Papel	Portugal	75.00	22.00	97.00	67.87	67.35
Raiz Ventures, S.A.	Portugal	-	97.00	97.00	67.87	-
Enerpulp – Cogeração Energética de Pasta, S.A.	Portugal	100.00	-	100.00	69.97	69.44
Navigator Pulp Figueira, S.A.	Portugal	100.00	-	100.00	69.97	69.44
Navigator Pulp Setúbal, S.A.	Portugal	100.00	-	100.00	69.97	69.44
Navigator Pulp Aveiro, S.A.	Portugal	100.00	-	100.00	69.97	69.44
Navigator International GmbH	Germany	100.00	-	100.00	69.97	69.44
Navigator Tissue Aveiro, S.A.	Portugal	100.00	-	100.00	69.97	69.44
Navigator Tissue Ródão, S.A.	Portugal	-	100.00	100.00	69.97	69.44
Navigator Tissue Ibérica, S.A.	Spain	-	100.00	100.00	69.97	69.44
Navigator Internacional Holding SGPS, S.A.	Portugal	100.00	-	100.00	69.97	69.44
Navigator Financial Services Sp. Z o.o.	Poland	25.00	75.00	100.00	69.97	69.44
Navigator Forest Portugal, S.A.	Portugal	100.00	-	100.00	69.97	69.44
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Portugal	-	100.00	100.00	69.97	69.44
Gavião - Sociedade de Caça e Turismo, S.A.	Portugal	-	100.00	100.00	69.97	69.44
Afoelca - Agrupamento complementar de empresas para protecção contra incêndios,	Portugal	-	64.80	64.80	45.34	45.00
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Portugal	-	100.00	100.00	69.97	69.44
Atlantic Forests, S.A.	Portugal	-	100.00	100.00	69.97	69.44
Bosques do Atlantico, SL	Spain	-	100.00	100.00	69.97	69.44
Navigator Paper Setúbal, S.A.	Portugal	100.00	-	100.00	69.97	69.44
Navigator Fine Paper, S.A.	Portugal	-	100.00	100.00	69.97	69.44
Navigator North America Inc.	USA	-	100.00	100.00	69.97	69.44
Navigator África, SRL	Italy	25.00	75.00	100.00	69.97	69.44
Navigator Participações Holding, SGPS, S.A.	Portugal	100.00	-	100.00	69.97	69.44
EMA21 - Engenharia e Manutenção Industrial Século XXI, S.A.	Portugal	-	100.00	100.00	69.97	69.44
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Portugal	-	92.82	92.82	64.95	65.97
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Portugal	-	89.70	89.70	62.76	62.43
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Portugal	-	90.60	90.60	63.39	62.99
Empremédia - Corretores de Seguros, S.A.	Portugal	-	100.00	100.00	69.97	69.44
EucaIptusLand, S.A.	Portugal	-	100.00	100.00	69.97	69.44
Navigator Added Value, S.A.	Portugal	-	100.00	100.00	69.97	69.44
Navigator Paper World, S.A.	Portugal	-	100.00	100.00	69.97	-
Navigator Afrique du Nord	Morocco	-	100.00	100.00	69.97	69.44
Navigator España, S.A.	Spain	-	100.00	100.00	69.97	69.44
Navigator Netherlands, BV	The Netherlands	-	100.00	100.00	69.97	69.44
Navigator France, EURL	France	-	100.00	100.00	69.97	69.44
Navigator Paper Company UK, Ltd	United Kingdom	-	100.00	100.00	69.97	69.44
Navigator Italia, SRL	Italy	-	100.00	100.00	69.97	69.44
Navigator Deutschland, GmbH	Germany	-	100.00	100.00	69.97	69.44
Navigator Paper Austria, GmbH	Austria	-	100.00	100.00	69.97	69.44
Navigator Paper Poland SP Z o o	Poland	-	100.00	100.00	69.97	69.44
Navigator Eurasia	Turkey	-	100.00	100.00	69.97	69.44
Navigator Rus Company, LLC	Russia	-	100.00	100.00	69.97	69.44
Navigator Paper Mexico	Mexico	-	100.00	100.00	69.97	69.44
Navigator Middle East Trading DMCC	Dubai	-	100.00	100.00	69.97	69.44
Navigator Abastecimento de Madeira, ACE	Portugal	97.00	3.00	100.00	69.97	69.44

## SUBSIDIARY COMPANIES OF SUB-GROUP SECIL

Name	Head Office	Direct and indirect % equity held in Secil			% of capital effectively held by Semapa	
		Direct	Indirect	Total	30/09/2019	31/12/2018
<b>Parent-Company</b>						
Secil - Companhia Geral de Cal e Cimento, S.A.	Portugal	99.998	-	99.998	99.998	99.998
<b>Subsidiaries</b>						
Hewbol, S.G.P.S., Lda.	Portugal	100.00	-	100.00	99.998	99.998
Secil Cabo Verde Comércio e Serviços, Lda.	Cape Verde	99.80	0.20	100.00	99.998	99.998
ICV - Inertes de Cabo Verde, Lda.	Cape Verde	37.50	25.00	62.50	62.499	62.499
Florimar- Gestão e Participações, S.G.P.S., Lda.	Portugal	100.00	-	100.00	99.998	99.998
Sociedade de Inertes, Lda (a)	Mozambique	-	-	-	-	99.998
Secil Cement, B.V. (former Seciment Investments, B.V.)	The Netherlands	100.00	-	100.00	99.998	99.998
Serife - Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipam	Portugal	100.00	-	100.00	99.998	99.998
Silonor, S.A.	France	100.00	-	100.00	99.998	99.998
Société des Ciments de Gabés	Tunisia	98.72	-	98.72	98.716	98.716
Sud- Béton- Société de Fabrication de Béton du Sud	Tunisia	-	98.72	98.72	98.716	98.716
Zarzis Béton	Tunisia	-	98.52	98.52	98.519	98.519
Secil Angola, SARL	Angola	100.00	-	100.00	99.998	99.998
Secil - Companhia de Cimento do Lobito, S.A.	Angola	-	51.00	51.00	50.999	50.999
Unibetão - Indústrias de Betão Preparado, S.A.	Portugal	100.00	-	100.00	99.998	99.998
Secil Britas, S.A.	Portugal	100.00	-	100.00	99.998	99.998
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A.	Portugal	100.00	-	100.00	99.998	99.998
IRP - Industria de Rebocos de Portugal, S.A.	Portugal	-	75.00	75.00	74.998	74.998
Allmicroalgae - Natural products, S.A.	Portugal	100.00	-	100.00	99.998	99.998
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Portugal	99.53	-	99.53	99.528	99.528
Cimipart - Investimentos e Participações, S.G.P.S., S.A.	Portugal	100.00	-	100.00	99.998	99.998
ALLMA - Microalgas, Lda.	Portugal	-	70.00	70.00	69.999	69.999
Secil Brasil Participações, S.A.	Brazil	-	100.00	100.00	99.998	99.998
Supremo Cimentos, SA	Brazil	-	100.00	100.00	99.998	99.998
Margem - Companhia de Mineração, SA	Brazil	-	100.00	100.00	99.998	99.998
Secil Brands - Marketing, Publicidade, Gestão e Desenvolvimento de Marcas, Lda.	Portugal	-	100.00	100.00	99.998	99.998
CMP - Cimentos Maceira e Pataias, S.A.	Portugal	100.00	-	100.00	99.998	99.998
Ciments de Sibline, S.A.L.	Lebanon	28.64	22.41	51.05	51.049	51.049
Soime, S.A.L.	Lebanon	-	51.05	51.05	51.049	51.049
Cimentos Madeira, Lda.	Portugal	100.00	-	100.00	99.998	99.998
Beto Madeira - Betões e Britas da Madeira, S.A.	Portugal	-	100.00	100.00	99.998	99.998
Brimade - Sociedade de Britas da Madeira, S.A.	Portugal	-	100.00	100.00	99.998	99.998
Madebritas - Sociedade de Britas da Madeira, Lda.	Portugal	-	51.00	51.00	50.999	50.999
SPB, SGPS, Lda.	Portugal	100.00	-	100.00	99.998	99.998
Secil Prêbetão, S.A.	Portugal	-	100.00	100.00	99.998	99.998
Cementos Secil, SLU	Spain	100.00	-	100.00	99.998	99.998

## 27. SUBSEQUENT EVENTS

After the end of the quarter, the subsidiary The Navigator Company, S.A. was notified by the United States Department of Commerce that the definitive anti-dumping rate to be applied retroactively to paper sales to the United States for the period from March 2017 to February 2018 (the "second period of review") is 5.96%. This rate, equivalent to the provisional rate referred to above, has no material impact since it was already duly recorded in the financial statements of 2018.

## 28. EXPLANATION ADDED FOR TRANSLATION

These financial statements are a free translation of the financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of discrepancies, the Portuguese language version prevails.

## BOARD OF DIRECTORS

### CHAIRMAN:

HEINZ-PETER ELSTRODT

### MEMBERS:

JOÃO NUNO DE SOTTOMAYOR PINTO DE CASTELLO BRANCO

JOSÉ MIGUEL PEREIRA GENS PAREDES

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

ANTÓNIO PEDRO DE CARVALHO VIANA BAPTISTA

CARLOS EDUARDO COELHO ALVES

FILIPA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

FRANCISCO JOSÉ MELO E CASTRO GUEDES

JOSÉ ANTÔNIO DO PRADO FAY

LUA MÓNICA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

MAFALDA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

VÍTOR PAULO PARANHOS PEREIRA