RESULTS FOR THE FIRST 9 MONTHS OF **2016**

The Navigator Company, S.A.
Public Limited Company

Headquarters: Mitrena Apartado 55,
2901-861 · SETÚBAL · PORTUGAL
Corporate Entity: 503 025 798
Share Capital: €717 500 000
Registered at the Commercial
Register of Setúbal

THE NAVIGATOR COMPANY

Highlights: First 9 months of 2016 (vs. 9 Months 2015)

- Positive operating performance, with growing sales volumes for paper (up 2%), pulp (up 9%) and tissue (up 27%), counteracting negative trends in pulp and paper prices
- Turnover hit by drop in power sales due to application of new tariffs and consequent switch to self-consumption as previously announced (cutting € 51.2 million from turnover)
- Group again records record paper sales in volume and value, at 1,156 thousand tons and € 890 million
- EBITDA up 2.6% to € 301.5 million, and EBITDA/Sales margin improves to 26.1%
- Growth in Free Cash Flow, which stood at € 101.1 million at the end of September
- Restructured debt permits significant improvement in financial results
- Net debt evolves as expected with Net Debt/EBITDA ratio kept within comfortable levels
- Pellets Mill starts up in US, moving to continuous operation

Highlights 3rd Quarter 2016 (vs. Q2 2016)

- Sales total € 376.8 million (down 4.4%), reflecting slowdown in paper business
- Quarterly EBITDA of € 106.2 million (up 4.4%)
- Free Cash Flow improves in the quarter, with growth in working capital
- Groups cuts net debt by € 70 million and improves Net Debt / Ebitda ratio to 1.8
- New measures in M2 cost reduction programme
- 3rd Sustainability Forum devoted to Forestry Certification
- Navigator Group co-chairs Forest Solutions Group, global WBCSD platform for strategic collaboration to promote sustainable forestry management
- Navigator Brand: top preference of European consumers, leading the Brand Equity Index, and regarded as the office paper brand offering the most value to users.

Summary of Leading Indicators – IFRS (unaudited figures)

in million euros	9M 2016	9M 2015	% Change (5) 9M 16/ 9M 15
Total sales	**1 155.4**	**1 204.3**	**-4.1%**
EBITDA (1)	**301.5**	**294.0**	**2.6%**
Operating profits	178.0	207.7	-14.3%
Financial results	- 16.6	- 44.9	-63.0%
Net earnings	**134.3**	**141.9**	**-5.4%**
Cash flow	257.8	228.2	29.6
Free Cash Flow (2)	101.1	18.4	82.7
Capex (6)	100.6	154.1	-53.5
Net debt (3)	**723.4**	**587.1**	**136.3**
EBITDA / Sales (%)	**26.1%**	**24.4%**	**1.7 pp**
ROS	11.6%	11.8%	-0.2 pp
ROE	15.1%	13.9%	1.2 pp
ROCE	12.7%	15.4%	-2.7 pp
Equity ratio	47.6%	51.5%	-3.9 pp
Net Debt / EBITDA (4)	1.82	1.53	1.2

in million euros	Q3 2016	Q2 2016	% Change (5) Q3 16/Q2 16
Total sales	**376.8**	**394.0**	**-4.4%**
EBITDA (1)	**106.2**	**101.8**	**4.4%**
Operating profits	70.1	51.5	36.1%
Financial results	- 3.2	- 10.7	-70.6%
Net earnings	**48.8**	**40.7**	**19.8%**
Cash flow	84.9	91.0	0.9
Free Cash Flow (2)	69.7	13.3	56.5
Capex	25.3	26.3	-0.9
Net debt (3)	723.4	793.2	- 69.7
EBITDA / Sales (%)	**28.2%**	**25.8%**	**2.4 pp**
ROS	13.0%	10.3%	2.6 pp
ROE	17.1%	13.7%	3.4 pp
ROCE	14.8%	10.8%	4.0 pp
Equity ratio	47.6%	46.2%	1.4 pp
Net Debt / EBITDA (4)	1.82	1.98	0.9

(1) Operating profits + depreciation + provisions
(2) Var. Net debt + dividends + purchase of own shares
(3) Interest-bearing net debt – liquid assets
(4) EBITDA corresponding to last 12 months
(5) Variation in figures not rounded up/down
(6) 2015 investment figures include € 41 million for purchase of AMS

1. ANALYSIS OF RESULTS

9 Months 2016 vs. 9 Months 2015

The Navigator Company recorded turnover of € 1,155.4 million, as compared to € 1,204.3 million in the first nine months of 2015. The drop in the overall value of sales was due essentially to a reduction in power sales, after review of the tariff paid by the national grid for electricity from the natural gas co-generation plant in Figueira da Foz. In paper business, the Group again achieved strong sales, with UWF at a new record of 1,155.5 thousand tons. Good performance was also recorded in volumes of pulp and tissue.

Despite a significant reduction in capacity in the European paper industry, which permitted an improvement in the capacity utilization rate of 1pp, conditions in the UWF market gradually worsened over the course of 2016, with a reduction in apparent consumption estimated at around 4% while total imports into to the European market climbed by over 25%. Paper imports from Asia increased significantly, in particular in office papers, triggering an overall downwards adjustment in prices. In this difficult environment, Navigator achieved UWF sales of 1,155.5 thousand tons, up by 2.2% in relation to the first nine months of 2015, setting a new record in terms of volume. The Group increased its European sales at the same time as achieving significant growth in sales to international markets. The European A4 copy-B price index performed well (up 1.4%), and Navigator's average price for Europe was in line with the previous year. However, the Group's average price for all markets was down on the previous year due essentially to a less favorable mix in formats. In value, paper sales totalled € 890 million, a new record for the period.

Conditions in the BEKP pulp market remained tough throughout the first nine months of 2016 and benchmark prices for hardwood pulp (PIX – BHKP) were down at the end of September by 15% in euros and 18% in USD. Navigator nonetheless recorded strong operating performance: the volume of pulp placed on the market stood at around 201 thousand tons, up by around 9%, thanks to the capacity expansion at the Cacia mill, which has resulted in increased availability of pulp for the market. The slump in the pulp market was also reflected in the Group's average sale price, and total sales declined in value by 3%.

Major developments in the energy sector in the first nine months of 2016 included the completion of maintenance and repair work on the turbogenerators at the Cacia and Setúbal pulp mills. Other planned maintenance work was carried out, notably at the natural gas cogeneration plant at the Setúbal Industrial Complex and on the Setúbal biomass power station. Total gross power generation in the period was accordingly down by 12.3% in relation to the same period in 2015.

As anticipated, natural gas cogeneration at Figueira da Foz switched in February to an own-consumption only basis, reducing the volume of power sales to the national grid but also reducing purchases of electricity for one of the paper mills. Power sales decreased in volume (MWh) by 22.4%. The combined effects of reductions in power purchases and sales, and in purchases of fuel, essentially natural gas, brought down EBITDA by approximately € 8.1 million in relation to the same period in 2015.

In the tissue sector, the volume of sales of products and goods from the Vila Velha de Ródão plant (in tons sold) grew by approximately 27% in the first nine months of 2016, thanks to the expansion in production and converting capacity over the course of 2015. The increase in quantities sold, combined with a slight decline in the average sales price, caused by changes in the product mix (increased sales of reels), resulted in tissue sales worth close to € 50 million.

In terms of cost factors, the Group experienced an increase in the average cost of wood purchases. Despite an improvement in specific consumption, increased use of imported wood and the consequent deterioration in the supply mix added to the overall acquisition cost. Wood still needs to be imported from Spain and outside Iberia to make up the shortfall in local supplies; forestry operations were also hit by the fires which occurred during the summer.

As observed in the first half, logistical costs for paper were brought down further thanks essentially to falling oil prices, increased use of ports closer to the mills (Setúbal and Figueira) and improvements and greater efficiency in the Group's commercial operations.

Attention should be drawn to Navigator's efforts to reduce maintenance costs in all of its industrial facilities, which have reflected positively in costs registered at the annual maintenance stoppages. The reduction in maintenance costs recorded in the first nine months of 2016 is inflated by the changed timing of maintenance stoppages in some of the Group's plants, which in 2015 were carried out and included in the accounts up to September, and in 2016 will only be completed and reflected in the accounts in the 4th quarter.

Personnel costs were up by approximately € 5.2 million in relation to the first nine months of 2015. This increase was only to be expected in view of the expanding workforce: at the end of September employee numbers had risen by 401, to a total of 3,063, as a result of new business ventures and incorporation into the business model of activities which were previously outsourced. Excluding the impact of employees in new business areas and insourcing, and other non-recurrent impacts, personnel expenditure calculated on a comparable basis for 2015 and 2016 would instead have fallen by approximately € 0.8 million, or 1%.

In this context, EBITDA for the first nine months of 2016 totalled 301.5 million, as compared with a figure of € 294 million for the previous year.

In addition to the operating performance mentioned above, EBITDA in the period reflects the impacts of a series of non-recurrent factors, most notably:

- Revaluation of biological assets in Portugal had a positive impact of around € 10.5 million, resulting essentially from the adjustment of the discount rate;
- Impairment of biological assets in Mozambique brought down EBITDA by € 3.5 million (the total amount of impairments in Mozambique was approximately €18 million, with the outstanding amount recognised under Depreciation, amortisation and impairments).
- The fire at the Vila Velha de Ródão tissue mill in May had a negative impact of € 2.4 million;
- Indemnity payments for the TG3 and TG4 breakdowns in Cacia in 2015 added € 2.3 million to EBITDA.

Without these non-recurrent factors, EBITDA for the first nine months of 2016 would have been largely equivalent to that recorded in the same period in 2015.

Operating cash flow stood at € 257.8 million, up by 13.0% on the same period in the previous year, whilst free cash flow totalled € 101.1 million (vs. 18.4 million). Free cash flow was kept down by the level of capital expenditure (€ 100.6 million), and working capital improved in relation to the end of the first half, with a reduction in accounts receivable and payable to clients and suppliers, as well as in accounts receivable from the State. As previously reported, the anti-dumping duty applied to paper sales in the United States is not reflected in EBITDA, but continues to have a negative impact on free cash flow, totalling approximately € 8 million in the first nine months.

Operating income totalled € 178 million, as compared to the figure of € 207.7 million recorded in the first nine months of 2015. This reduction is the result of an increase of € 25.7 million in the account for Depreciation and impairment, reflecting essentially upwards adjustment of the depreciation of some of the Group's assets, as a result of reassessment of their useful lives, and also the depreciation, for the first time, of the new capital projects in Cacia and Vila Velha de Ródão. This account also includes a number of non-recurrent adjustments resulting from the write-off of fixed assets as a result of the fire in Vila Velha de Ródão (€ 1.9 million) and the revaluation of assets in Mozambique (€ 14.5 million).

Financial results in the period were negative in the amount of € 16.6 million, comparing very favourably with a negative value of € 44.9 million in the first nine months of 2015. This reflects essentially a significant reduction in interest expense, down by approximately € 11.1 million, despite the increase in average borrowing, as a result of the Group restructuring its debt over the past twelve months. Net financial income also reflects a cost of € 6 million relating to the premium on the call exercised in May 2016 for € 150 million; nonetheless, this cost is approximately € 8.6 million lower than the redemption premium recorded in September 2015 for € 200 million. Stronger figures for net financial income also reflect an improvement of approximately € 4.3 million in the results achieved on exchange rate hedges, as compared to the losses recorded in the previous year, and also a reversal of provisions relating to compensatory interest with a value of € 2.4 million.

Consolidated net income for the period therefore stood at € 134.3 million, as compared with the figure of € 141.9 million recorded in the first nine months of 2015.

3rd Quarter 2016 vs. 2nd Quarter 2016

Third quarter sales in 2016 were down in value on the previous quarter, in line with the expected seasonal trends for this time of year. The Group recorded a reduction of 4.4% in turnover, reflecting essentially a drop in sales volume for UWF paper and tissue paper, and a downwards adjustment in paper and pulp prices in the 3rd quarter.

The volume of paper sales stood at 380 thousand tons, down by 4.4% from the second quarter, a tough comparison as the second quarter sales volume set a new record for that period. The average sales price also declined, due to an increased volume of sales outside Europe and the US, in non-traditional markets.

Sales of BEKP pulp performed well, growing by over 9% in relation to the volume recorded in the preceding quarter. However, given the downward tendency in prices since the start of the year, the value of pulp sales has not kept up with this growth, and ended the period approximately 3% up from the figure recorded in the first quarter of the year.

In power business, normal production was resumed after the completion of repair work on the turbogenerators at the Cacia and Setúbal mills, and total power generated by the Group rose by 2.3%. The value of sales also evolved positively, increasing by 13.9%.

In this environment, EBITDA for the quarter totalled € 106.2 million, as compared to € 101.8 million in the second quarter; the EBITDA/Sales margin also performed better, rising to 28.2% (from 25.8%). It is important to note that EBITDA in the second quarter was negatively impacted by €2.4 million of losses from the fire at the tissue plant in Vila Velha de Rodão.

2. MARKET ANALYSIS

2.1 UWF Paper

Despite a positive start to the year, reflected by rising sales prices and capacity utilization rates, conditions in the UWF paper market deteriorated in the last quarter, especially in July and September. When compared with the same period in 2015, estimates suggest that apparent UWF consumption dropped by around 4.0% in Europe over the first nine months of 2016. At the same time, estimates point to a significant increase in total imports, up by 25%, and essentially in office paper, where the increase was in excess of 30%, with imports from Asia doubling over the period.

In the US, apparent consumption of UWF paper fell by 3.3% up to May, with a very significant drop in imports, down by around 20%, as a result of anti-dumping measures imposed on Australian, Brazilian, Chinese, Indonesian and Portuguese manufacturers. Even after the closure of significant capacity in the US, the capacity utilisation rate remained at 93%, in line with the figure recorded in the previous year. Just as in other cases where measures have been applied to restrict free trade, a significant part of the reduction in the volume of imports affecting the countries targeted by anti-dumping measures was exploited by other exporters, and not by US manufacturers.

Despite this environment, the Group set a new record for the volume of paper sales in the first nine months of 2015, up by more than 2% on 2015. This growth was sustained by ongoing expansion into new geographical regions, especially in the Middle East and Africa, and sales in markets outside Europe and the US stood at their highest ever level for the first nine months of the year. This growth in countries outside Europe and the USA consisted largely of an increase in the volume of sales of standard products in one-off transactions, altering the share represented by these products in the total volume of paper sales. However, it is important to note that, because of the Group's positioning and interest rate trends, sales of this kind are more interesting that selling equivalent products in Europe. Despite the less advantageous mix of products sold, the Group has maintained its position as leader in the premium segment, with a market share of more than 50% in Europe.

The average sales price for Navigator in Europe stood at the same level as in the previous year, as compared a positive variation of 1.4% in the main benchmark index for UWF (PIX A4-Copy B). As reported above, the Group's average price for all markets was down on the previous year, due essentially to a less advantageous mix of products sold.

2.2 BEKP Pulp

After a start to the year when Chinese buyers significantly scaled down their purchases of BEKP, demand for pulp appears to have rallied, with gains of 7.4% (accrued) up to the end of August. The Chinese market has accounted for more than 90% of this increase. The global capacity utilization rate for BEKP has also edged up over the first nine months of the year, from 90% to 91%.

However, fears persist as to the impact of new production capacity expected to come on line in late 2016 and in the next few years, and the industry's benchmark price, which started the year at a high level, has continued on a sharp downward course, dropping around 15% in USD and 18% in EUR since the start of the year.

The Group's sales have bucked this trend and totalled 201 thousand tons, around 9% up on the same period in the previous year, thanks to the expansion of capacity in 2015

2.3 Tissue

Over the first seven months of the year, demand for tissue paper in Western Europe grew by around 2 to 3% in relation to the same period in 2015.

In this context, the Group presented growth of 27.2% in the volume of tissue sales (tons) in comparison with the first 9 months of 2015. This growth occurred in particular in the Away from Home segment, in Portugal and Spain. Sales on the Portuguese market stood at around € 32.3 million, accounting for 65% of total volume. Practically all the Group's other tissue sales were to Spain, totalling approximately € 17.1 million. Total tissue sales in the first nine months of 2016 stood at € 49.9 million, representing growth of 20%.

Operating indicators

Pulp and paper

(in 000 tons)	Q1 2015	Q2 2015	Q3 2015	4Q2015	Q1 2016	Q2 2016	Q3 2016
BEKP output	342.5	346.5	370.1	364.3	370.2	373.4	367.8
BEKP sales	57.3	61.0	66.6	67.7	64.6	65.1	71.2
UWF output	374.5	398.9	371.5	426.4	397.7	397.0	399.9
UWF sales	361.1	386.7	382.3	425.3	377.8	397.7	380.0
FOEX – BHKP Euros/ton	660	707	724	730	695	613	600
FOEX – A4- BCopy Euros/ton	814	814	826	832	836	830	820

Tissue

(in 000 tons)	Q1 2015	Q2 2015	Q3 2015	4Q2015	Q1 2016	Q2 2016	Q3 2016
Reels Output	7.0	6.6	7.8	11.1	11.0	7.7	13.1
Output of finished goods	8.7	8.3	9.4	9.0	10.1	10.0	10.9
Sales of reels and goods	0.5	0.3	0.8	0.6	1.7	2.2	2.4
Sales of finished products	9.1	9.2	9.7	9.1	9.9	10.9	10.6

Energy

(in 000 tons)	Q1 2015	Q2 2015	Q3 2015	4Q2015	Q1 2016	Q2 2016	Q3 2016
Output (GWh)	593.6	580.0	610.9	507.2	508.1	519.7	537.2
Sales (GWh)	518.3	505.5	523.3	413.4	389.5	385.8	425.3

3. STRATEGIC DEVELOPMENT

Over the course of the first nine months of the year, the Group pressed ahead with developing the various opportunities for growth set out in its strategic plan. Investment totalled € 100.6 million, including € 25.4 million in pulp, paper and tissue business, € 7.2 million on the project in Mozambique, and € 67.8 million on the pellets mill in the United States. In Mozambique, besides the € 7.2 million investment in fixed assets, an amount of approximately € 5.5 million was also spent in biological assets.

Pellets

After some initial delays, the Colombo Energy project has started continuous operation and will export its first shipload to Europe during the fourth quarter. Preliminary tests of product quality have yielded positive results, pointing to a premium product with high calorific value.

The company obtained its sustainability certifications in July under the SFI, PEFC (CoC) and FSC (CoC) schemes, and SBP certification is expected at any moment. To complement this, it plans to obtain EN A1 Plus certification (for the European residential market) and PFI (for the US residential market), by the end of November.

Having secured sales corresponding to 40% of the mill's capacity for a period of 10 years, sales efforts are now proceeding both in the industrial market (Europe, and potentially Japan/Korea) and in the residential market (Europe and the United States).

Mozambique

The political and economic situation in Mozambique remains unstable, imposing restrictions on the movement and safety of employees and service providers involved in the project; this has obviously taken its toll on the pace of operations.

Even so, forestation proceeded at a good pace over the first nine months of 2016, during which time around 4,400 hectares were planted in Zambézia province, using essentially saplings from the Luá Forestry Nurseries, which so far this year has supplied more than 5.3 million cloned eucalyptus plants. The total planted area currently stands at 10,800 ha, of which 9,100 ha are located in Zambézia.

Alongside this, year 1 of the Social Development Plan has been successfully completed, which has involved launching a series of schemes to support the families and communities affected by the project. This programme is a key element in the Company's investment plans and commitment to Mozambique. These initiatives involve the funding of a private agricultural extension scheme, for which 180 demonstration fields have been set up, with the participation of around 4,500 households, as well as distribution of seeds for a number of crops, including corn, sesame, cassava and sweet potato

Work has started on an experimental operation to export eucalyptus timber from Zambézia via the port of Nacala. This project will serve essentially to ascertain the legal procedures needed to license the operation, the capabilities of service providers and the reliability of logistics in the country.

Tissue project

In later 2015, the Group announced its intention of implementing a development project in Cacia, consisting of a new production line for tissue paper and the respective converting facilities. The project would create nominal annual capacity of 70 thousand tons and involve total investment of € 121 million. The decision to go ahead with building the new line was conditional on a number of factors, namely obtaining a package of tax breaks and financial incentives, which has currently been concluded. Nevertheless, there are still some issues that need further clarification, namely concerning market conditions, as well as possible limitations in the availability of wood.

Navigator intends to continue developing its existing tissue business and will shortly add two processing lines at the Vila Velha de Ródão plant, increasing its finished product capacity by approximately 9 thousand tons, with total investment of around € 5 million.

The company has also completed preliminary design studies for the project to increase pulp capacity announced in the 2016 first-half report, which conclude in favor of this growth option. With a total estimated investment of € 82 million, the project aim is to expand pulp capacity at the Figueira da Foz production centre, increasing annual capacity by 70 thousand tons, to a total of 650 thousand tons of BEKP pulp. The progression of this investment is still pending clarification of additional conditions, namely the availability and access to raw material.

4. COST CUTTING MEASURES

M2 Programme

It was decided in July to broaden the scope of the M2 programme, so as to include all operational areas that make a positive contribution to the company's results. This marked as new phase in the programme, and a raft of initiatives is currently being planned and budgeted for 2017. For the first time, these will include recurrent measures as well as one-off projects. Another new feature of the programme in 2016/2017 will be the participation and contribution from Navigator Tissue Ródão.

Impressive results already been achieved in 2016, notably from the various projects to improve efficiency in the paper machines in Setúbal and Figueira (€ 2.96 millions) and negotiation of road and maritime shipping contracts and operational efficiency measures (€ 2.0 million). Together, the 95 active projects are planned to have an impact on company results of up to € 15 million.

"Lean System" Programme

The closing sessions were held in September for the first stage in implementing the programme and reflection for subsequent stages in the pilot divisions (ATF Paper Mill in Setúbal, Pulp Division in Figueira da Foz and Technical Assistance and Product Development team). New areas of action emerged from the reflection sessions, identifying a total of 29 improvement projects. The highlights in the programme include a project to optimise packaging materials at the ATF paper mill, which could bring extremely positive results for the organisation.

The Lean System is now being expanded to other areas, and the programme started up at the Vila Velha de Ródão site in September, whilst preparations are under way for the programme to start during 2017 at the Cacia Mill, at the Paper Division in Figueira da Foz and at the Navigator Paper Mill on the Setúbal site.

5. FINANCIAL

At the end of the third quarter, the Group's net debt stood at € 723.4 million, up by € 68.9 million from year-end 2015, reflecting capital expenditure of € 100.6 million and payment of dividends of € 170 million.

As a result of this, the Net Debt / EBITDA ratio stood at 1.8 at the end of September, as compared to 1.68 at year-end 2015, remaining at very comfortable levels.

Gross debt stood at € 775.2 million, up by only € 48.1 million from the figure recorded at the end of the previous year, but reflecting substantial restructuring of the company's debt over the course of this year.

In 2016, Navigator has repaid debt of € 200.1 million, including early repayment in May of the issue of Portucel Senior Notes 5.375%, with a value of 150 million euros, at the same time as taking out new borrowing of € 240 million.

The new financing reflects current market conditions and have made it possible to extend the average maturity of Navigator's debt to 4.8 years and to reduce substantially its average financing costs, which in September stood at approximately 1.7%.

6. CAPITAL MARKETS

The main features of the first nine months of 2016 were severe risk aversion and significant volatility. Most European exchanges closed the period with net losses. The PSI20 was one of the worst performers, down by 13.5%. Prices were hit by the downwards revision of growth forecasts for the Portuguese economy and doubts concerning budget execution. The Spanish index, IBEX 35, also recorded a loss of 8% at the end of September. The London stock exchange once again confounded expectations, with the FTSE index closing the period up 10.5%. On the other side of the Atlantic, shares recorded losses, with both the US DJI and the Brazilian Bovespa index both down on the period.

Pulp and paper sector securities, especially those issued by pulp manufacturers, have continued to be hit very hard in 2016. Brazilian and Iberian companies have seen their listed prices drop by between 35% and 55% since the start of the year.

In this context, Navigator Company shares ended the nine-month period with a loss of 28.8%. At the close of the period, the shares were being traded at near to their lowest level, at 2.56€ /share. One positive aspect which should be highlighted was the increased liquidity of the shares, following Semapa ´s share swap transaction in July 2015, with daily trading significantly higher than the average for 2015 (up 55%).

7. OUTLOOK

The International Monetary Fund's projections for global growth remain pessimistic for the remainder of 2016 and 2017. The scenarios envisaged for the world economy are subject to considerable risks, in particular with the negotiation of the United Kingdom's departure from the European Union, the fragility of the banking system and the economic slowdown in China. In the current economic context, where uncertainty and risk are the order of the day, a return to volatility in the financial markets and a consequent increase in risk aversion could have macro-economic impacts, worsening the difficulties faced by banks and postponing investment decisions, with a negative effect on growth.

Some of the pressures felt since the start of the year in the pulp market still remain, in particular the significant growth in supply expected for 2016, 2017 and 2018. However, mention should be made of certain factors which may have a positive effect on the market, in particular possible delays in placing short and long fibre capacity in the market, the widening price differential between short fibre pulp and long fibre pulp, strong pulp purchases in China and ongoing closures of obsolete capacity by the Chinese authorities.

In the Iberian tissue market, tendencies in the wider economy in Portugal and Spain, and their impact on consumption, will be crucial to successful performance in this sector.

As regards paper, European manufacturers have continued to feel the pressure of strong competition from growing imports from the Asian market. This pressure, combined with the falling pulp price and the low prices charged by non-integrated manufacturers, has helped to push down prices across the market. Navigator has also adjusted the prices of its products, the effects of which will be felt essentially as from the 4th quarter. In this adverse context, the Group continues to work on the variables it is able to influence, cutting costs, diversifying and expanding its sales base and promoting diverse multi-channels campaigns to strengthen its mill brands.

Setúbal, 27 October 2016

Conference call e Webcast

Date:

October 27th 2016

Schedule:

17:00 - Western European Time – UTC

Dial in:

Portugal: +351 308801485 + 69342657#

Spain: +34 917900865

UK: +44 (0) 2031474609

8. FINANCIAL STATEMENTS

Consolidated Income Statement

Amounts in Euro	9 meses 30-09-2016	9 meses 30-09-2015	3º Trimestre 2016	3º Trimestre 2015
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
Revenues				
Sales	1.152.396.501	1.201.264.438	375.754.247	408.247.679
Services rendered	2.997.235	3.053.160	1.069.294	1.146.295
Other operating income				
Gains on the sale of non-current assets	633.876	98.700	208.913	30.600
Other operating income	22.408.503	15.500.229	6.325.017	4.442.745
Change in the fair value of biological assets	10.579.146	(2.124.969)	3.640.900	(1.783.073)
Change in the fair value of financial investments			-	-
Costs				
Cost of inventories sold and consumed	(499.277.864)	(525.685.228)	(157.586.123)	(174.765.051)
Variation in production	14.991.558	27.740.926	12.721.716	13.650.713
Cost of materials and services consumed	(285.838.409)	(311.716.788)	(100.975.415)	(104.943.087)
Payroll costs	(106.285.595)	(101.048.002)	(31.873.552)	(30.737.620)
Other costs and losses	(11.096.953)	(13.078.616)	(3.051.561)	(5.788.827)
Provisions	(2.961.513)	8.563.351	(1.563.089)	2.572.636
Depreciation, amortization and impairment losses	(120.518.942)	(94.855.771)	(34.563.415)	(34.014.378)
Operational results	**178.027.543**	**207.711.430**	**70.106.930**	**78.058.632**
Group share of (loss) / gains of associated companies	-	-	-	-
Net financial results	(16.619.934)	(44.906.875)	(3.157.730)	(27.059.522)
Profit before tax	**161.407.610**	**162.804.556**	**66.949.201**	**50.999.110**
Income tax	(27.142.575)	(21.287.661)	(17.933.185)	(9.938.816)
Net Income	**134.265.035**	**141.516.895**	**49.016.016**	**41.060.294**
Non-controlling interests	22.383	404.074	(195.146)	407.036
Net profit for the period	**134.287.418**	**141.920.969**	**48.820.870**	**41.467.330**

Consolidated Statement of Financial Position

Amounts in Euro	30-09-16	30-09-15	31-12-15
	Unaudited	**Unaudited**	
ASSETS			
Non-Current Assets			
Goodwill	377.339.466	388.559.447	377.339.466
Other intangible assets	2.207.967	4.118.507	4.931.507
Fixed tangible assets	1.316.557.524	1.315.295.072	1.320.799.086
Investment in property	426.838	-	426.838
Biological assets	127.576.074	111.844.454	116.996.927
Financial assets available for sale	260.486	229.136	229.136
Deferred tax assets	46.084.156	60.881.913	50.934.325
	1.870.452.511	**1.880.928.528**	**1.871.657.286**
Current Assets			
Inventories	241.324.650	230.160.946	212.554.956
Receivable and other current assets	210.718.429	216.576.714	215.370.516
State and other public entities	63.173.430	92.426.109	57.642.795
Cash and cash equivalents	51.786.449	62.072.980	72.657.585
	567.002.957	**601.236.749**	**558.225.851**
Total Assets	**2.437.455.467**	**2.482.165.277**	**2.429.883.137**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	717.500.000	767.500.000	767.500.000
Treasury shares	(1.002.084)	(96.974.466)	(96.974.466)
Fair value reserves	(9.528.854)	(3.408.448)	(1.869.064)
Legal reserves	99.709.036	91.781.112	91.781.112
Translation reserves	385.650	2.799.522	5.688.140
Other Reserves	211.954.854	363.145.382	273.081.975
Net profit for the period	134.287.418	141.920.969	196.404.220
Advancement on profits	-		(29.971.019)
	1.153.306.020	**1.266.764.070**	**1.205.640.898**
Non-controlling interests	6.678.702	6.836.520	8.622.303
	1.159.984.723	**1.273.600.590**	**1.214.263.201**
Non-current liabilities			
Deferred taxes liabilities	82.049.563	105.971.829	88.296.253
Pensions and other post-employment l	907.456	206.057	-
Provisions	56.323.191	44.717.883	59.205.593
Interest-bearing liabilities	753.314.443	590.758.954	686.570.753
Other non-current liabilities	39.256.640	58.961.355	38.538.726
	931.851.292	**800.616.078**	**872.611.325**
Current liabilities			
Interest-bearing liabilities	21.896.937	58.395.460	40.578.590
Payables and other current liabilities	220.211.774	275.557.383	225.084.110
State and other public entities	103.510.741	73.995.767	77.345.911
	345.619.452	407.948.609	343.008.611
Total liabilities	**1.277.470.744**	**1.208.564.688**	**1.215.619.936**
Total equity and liabilities	**2.437.455.467**	**2.482.165.277**	**2.429.883.137**