

The Navigator Company, S.A.
Public Limited Company

Share Capital
500 000 000 Eur

Corporate Entity
503 025 798
Registered at
the Commercial
Register of Setúbal

Headquarters
Península
de Mitrena
Freguesia
do Sado
- Setúbal

**FIRST
9 MONTHS
REPORT
2018**

3/3



THE
NAVIGATOR
COMPANY

DIRECTORS' REPORT

3rd QUARTER 2018

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1. HIGHLIGHTS 9 MONTHS 2018

Highlights first 9 months 2018 (vs. first 9 months 2017):

- Turnover up 3.5% to € 1,252 million
- Growth in prices helped to offset the drop in volume available for sale due to planned and unplanned production stoppages at the mills
- EBITDA up 14% to € 341 million (vs. € 300 million); EBITDA/Sales margin rises 2.4 pp to 27%
- Net income grows by 18% to € 172 million
- Cost reduction programme M2 continues, with estimated positive impact on EBITDA of € 17.2 million
- Net debt of € 732 million after payment of € 200 million in dividends in June; Net Debt / EBITDA ratio improves to 1.65
- Capital expenditure rose to € 148 million as disbursements speed up to conclude development projects in Cacia (Tissue) and Figueira da Foz (Pulp)

Highlights 3rd Quarter 2018 (vs. 2nd Quarter 2018)

- U.S. authorities revise anti-dumping duty on paper sales in United States for the first period of review to 1.75%
- Continued positive trend in pulp, paper and tissue prices over quarter
- EBITDA of € 115 million, in line with 2nd quarter; EBITDA includes negative impact of anti-dumping duty; if that impact was excluded, recurrent EBITDA would stand at € 123 million (up 10%)
- Production of tissue reels in Cacia started up in September

LEADING INDICATORS

in million euros	9 months	9 months	% Change ⁽⁸⁾
	2018	2017	9M 2018 / 9M 2017
Total sales	1 252.3	1 209.8	3.5%
EBITDA ⁽¹⁾	340.6	300.1	13.5%
Recurring EBITDA⁽²⁾	338.1	300.1	12.7%
Operating profits	244.6	185.5	31.9%
Financial results	- 16.5	- 6.5	154.9%
Net earnings	171.8	145.8	17.8%
Cash flow	267.8	260.4	7.4
Free Cash Flow ⁽³⁾	161.1	148.7	12.4
Capex	148.4	75.7	72.7
Net debt ⁽⁴⁾	731.6	742.0	-10.4
EBITDA/Sales (%)	27.2%	24.8%	2.4 pp
ROS	13.7%	12.1%	1.7 pp
ROE ⁽⁵⁾	19.6%	16.4%	3.2 pp
ROCE ⁽⁶⁾	17.3%	13.2%	4.2 pp
Equity ratio	47.0%	46.7%	0.4 pp
Net Debt/EBITDA ⁽⁷⁾	1.65	1.87	-0.23

in million euros	Q3	Q2	% Change ⁽⁸⁾	Q3	% Change ⁽⁸⁾
	2018	2018	Q3 18/Q2 18	2017	Q3 18/Q3 17
Total sales	435.4	432.0	0.8%	397.2	9.6%
EBITDA ⁽¹⁾	114.6	115.0	-0.3%	101.7	12.8%
Recurring EBITDA⁽²⁾					
Operating profits	83.8	82.9	1.1%	62.0	35.0%
Financial results	- 5.2	- 5.9	-11.8%	1.8	-384.3%
Net earnings	52.3	66.2	-21.0%	49.8	5.2%
Cash flow	83.2	98.4	-15.2	89.4	-6.2
Free Cash Flow ⁽³⁾	8.5	18.6	-10.1	75.9	-67.4
Capex	71.2	48.6	22.5	40.5	30.7
Net debt ⁽⁴⁾	731.6	740.1	-8.5	742.0	-10.4
EBITDA/Sales (%)	26.3%	26.6%	-0.3 pp	25.6%	0.7 pp
ROS	12.0%	15.3%	-3.3 pp	14.4%	-2.4 pp
ROE ⁽⁵⁾	17.9%	23.3%	-5.4 pp	20.5%	-2.6 pp
ROCE ⁽⁶⁾	18.5%	17.9%	0.6 pp	15.4%	3.1 pp
Equity ratio	47.0%	46.8%	0.2 pp	44.9%	2.1 pp
Net Debt/EBITDA ⁽⁷⁾	1.65	1.62	0.03	1.84	-0.20

(1) Operating profits + depreciation + provisions;

(2) Recurrent EBITDA excludes effect of sale of pellets business + anti-dumping duty

(3) Variation net debt + dividends + purchase of own shares

(4) Interest-bearing net debt – liquid assets

(5) ROE = Annualised net profit / Average Shareholders' Funds last 12 months

(6) ROCE = Annualised operating profit / Average Capital Employed last 12 months

(7) EBITDA corresponding to last 12 months

(8) Variation in figures not rounded up/down

3. ANALYSIS OF RESULTS

9 Months 2018 vs. 9 Months 2017

In the first nine months of 2018, The Navigator Company recorded a turnover of € 1 252 million, representing an increase of 3.5% in relation to the first half of 2017. With sales of € 926 million, the paper sector accounted for 74% of turnover, energy for 10% (€ 127 million), pulp 9% (€ 115 million), and tissue business 5% (€ 65 million). Prices evolved positively over the period for UWF paper, BEKP pulp and Tissue, at the same time as the volumes available for sale were down, due essentially to production stoppages occurring during this period.

Pulp business was affected by two major shutdowns over the year, the first for maintenance at the Setúbal mill during the first quarter and another, during the second quarter, at the Figueira da Foz mill, also for maintenance, which was extended to allow for the project of increasing production capacity to be completed. The length of these stoppages and the need to build up stocks in the previous months had a strong limiting effect on the quantities of pulp available for sale by the Group during the first nine months of 2018. As a result, Navigator's sales totalled 177 thousand tons, down by 30% on the figure recorded in the first nine months of 2017 (a period that benefitted from some destocking, which was not possible in 2018 due to very low inventories at the beginning of the year). This reduction in volume was partially offset by the increase in sales prices, and sales in value showed a reduction of 11%, standing at approximately € 115 million.

Global conditions in the pulp market remained positive over the first nine months, with the benchmark index – FOEX BHKP – up by an average of 24% (868 €/ton vs. 703 €/ton). According to figures from PPPC, global demand for BEKP grew by 4.7% YTD August, in particular in China (up 10.2%), whilst a number of constraints were experienced on the supply side (planned and unplanned shutdowns), causing an estimated reduction in the volume of hardwood pulp on the market of more than 1.4 million tons.

In paper business, UWF sales totalled 1 137 thousand tons, down by 2% on the same period in 2017, due essentially to production deviations caused by a number of

unplanned stoppages, as well as the need to replenish stocks to guarantee an adequate customer service level. The upward evolution in prices partially offset the reduction in sales volume, resulting in an increase of sales in value by 5.8% to € 926 million. Navigator implemented several price rises over the year, in Europe and other geographical regions, resulting in an increase of approximately 7.8% in its average sales price when compared with the same period in 2017. This increase outperformed the European benchmark index, FOEX A4 B-copy, and was positively influenced by a significant improvement in the product mix in terms of quality (55% premium sales, up from 49%) and in the proportion of mill brand products (69%, up from 62%). On the negative side, this was countered by the evolution of the EUR/USD exchange rate (the average exchange rate for the period was 1.1942, as compared to 1.113 in the same period in 2017).

In tissue business, there was an upwards adjustment in the average sales price in relation to the same period in 2017 (up 7%), as a result of an improved product mix, with reels representing a smaller proportion of sales, and finished products a larger proportion; and also due to price rises implemented. The sales volume stood at 45 thousand tons, growing by 9.2% comparing to the same period last year, and includes the sale of finished products from the new Cacia plant. Higher average tissues prices were not however enough to absorb an increase of around 30% in production costs, in particular the price of pulp (hardwood and softwood) and of chemicals.

In the energy sector, power sales recovered in the 3rd quarter, leading to an increase of approximately 2.9%, in relation to the first nine months of the previous year (€ 127 million), benefiting from the rise in the indexes to which sales prices are linked, in particular Brent prices on the international market. The reference Brent price rose by 26.7% in relation to the same period in the previous year, influencing essentially the sale price for power from the combined cycle natural gas power stations. The value of power sales includes sales to the grid of surplus electricity from cogeneration at the pulp and paper units (€ 110.8 million) and the stand-alone sales from BPSs (Biomass Power Stations), worth € 16.6 million.

Despite the increase in the value of sales, total gross power generation was down by 1.7% comparing with the same period in 2017, especially due to the stoppages in the pulp mills. Even so, total output stood at 1.63 TWh.

In this context, EBITDA stood at € 341 million, as compared with € 300 million recorded in the first nine months of 2017, representing an increase of 13.5% and an EBITDA / Sales margin of 27.2% (vs. 24.8%). EBITDA for this period includes the positive impact of the sale of the pellets business in the USA (which net of costs and adjustments stood at approximately € 12.4 million) and was brought down by anti-dumping duties (approximately € 10 million). Without these impacts, EBITDA for the first nine months would have been € 338 million up 12.7%) and the EBITDA/sales margin would have been 27%.

The impact on the accounts of the anti-dumping duty brought EBITDA down by € 10 million. This amount includes recognition of € 3.6 million relating to retroactive application of the rate of 1.75% on sales for the first period of review, from August 2015 to February 2017, as well as an additional amount of around € 6 million relating to registration of the duty for the second and third periods of review.

In terms of financial impact, proceedings have been initiated to obtain a refund of approximately € 22 million, corresponding to the difference between the amounts deposited up to February 2017 and the amount now determined.

In August, Navigator was notified by the U.S. Department of Commerce that the final rate to be applied on sales made during the first period of review would be 37.34%, although in March 2018 the Company had been notified by the same authority that, in accordance with its preliminary assessment, the anti-dumping duty to be applied would be 0%. The 37.34% duty has been applied to sales to the U.S. since August 13, 2018, replacing the duty of 7.8% applicable up to that date. The Company reacted immediately against the decision, pointing to administrative errors in the ruling, and has taken all the legal measures at its disposal to demonstrate that the new rate for the period in question was wholly unfounded. The Department of Commerce has consequently re-examined the calculations, in strict compliance with applicable laws and regulations, and decided on the new final rate of 1.75%, which will apply to all exports made by the Company to the USA after the date of publication of the corresponding decision.

Production costs have again been pushed up by negative trends in chemicals, impacting on variable unit production costs of pulp, paper and tissue (in a global estimated amount of € 8.3 million). Also, fibre costs increased approximately € 9.1 million, essentially due to the acquisition of hardwood fibre for the tissue operations at Vila Velha de Ródão, as well as the purchase of softwood pulp. Logistic costs also increased by € 2.1 million, largely due to higher Brent prices. In fixed costs, payroll costs registered the most significant increase (+€14.4 million) as a result of workforce expansion due to the new Tissue project in Cacia, the rejuvenation programme under way and an increase in the estimate of performance bonuses reflecting the Group's healthy results.

Navigator has actively pressed ahead with its M2 cost-reduction and operational excellence programme, resulting in a positive YoY impact of € 17.2 million in EBITDA. Roughly 143 new initiatives have been launched since the beginning of the year to cut costs, with around 85 of these achieving a positive impact. These have included projects such as improving efficiency at PM4 in Setúbal, representing the outcome of an array of continuous improvement initiatives, with a YTD saving of €1 million, optimisation of chemicals consumption in chlorine dioxide production in Cacia, by upgrading sulphates filtering, with a YTD impact of € 995 thousand, and reduction in consumption of bleaching agents at the Figueira da Foz industrial complex, with a YTD impact of € 716 thousand. In addition to these initiatives, the renegotiation of power and natural gas contracts resulted in estimated avoided costs of around € 27.8 million in relation to market prices.

Financial results showed a loss of € 16.5 million, as compared to a loss of € 6.5 million in 2017. Despite a positive evolution in the cost of funding operations, a combination of other factors had a negative effect on financial results. The most important of these were (i) a drop of € 5 million in gains on currency hedges taken out by the company, in a rising dollar scenario with a positive impact on operating results, (ii) recognition at the end of the 1st quarter of a negative amount of approximately € 3.3 million resulting from the difference between the nominal value and the current value of the amount to be received for the sale of the pellets business (USD 45 million) and (iii) a reduction of € 1.5 million in yields from applications of surplus liquidity, in relation to extremely positive performance in 2017.

At the end of September, the Group's net debt stood at € 731.6 million, up by € 38.9

million from year-end 2017 (€ 692.7 million), reflecting payment of dividends of € 200 million in June and capital expenditure of €148 million during the period.

A generated free cash flow of € 161.1 million (vs. € 148.7 million) was supported by sound operational performance, but also by the inflow from the sale of the pellets business in the first quarter (€ 67.6 million). On the negative side, it was limited by the high level of Capex, which totalled € 148.4 million (vs. € 75.7 million), largely associated with the construction of the new Tissue mill in Cacia and expansion of capacity at the Figueira pulp mill. In the 3rd quarter, generation of free cash flow (€ 8.5 million) was significantly constrained by the concentration of Capex disbursals in the period (€ 71.2 million), combined with sizeable corporation tax (IRC) prepayments (€ 23.7 million) in the period.

Pre-tax profits totalled € 228 million (up from € 179 million), and the tax amount for the period was negatively affected by the constitution of a number of tax provisions, an increase in the state surtax rate and, obviously, by the increase in pre-tax profits.

As a result, the Group achieved a net income for the first nine months of 2018 of € 172 million, up by 18% on the first nine months of 2017 (€145.8 million).

3rd Quarter 2018 vs. 2nd Quarter 2018 and vs. 3rd Quarter 2017

The third quarter was marked by a positive evolution in prices in relation to the previous quarter (+4.3% for paper, + 3.4% for pulp and 0.4% in tissue), and especially when compared with the 3rd quarter of 2017 (+12.4% in paper, +23.7% in pulp and +6.2% in tissue).

The sales volume for pulp was up on the preceding quarter by around 3.5%, due to greater market pulp availability, although still falling short of the figure recorded in the same quarter in 2017. In paper, sales in volume were also slightly lower than in previous periods. Tissue sales grew very positively over the quarter, up by around 29% in relation to the previous quarter and 25% YoY, with the inclusion of sales of finished products from the new lines in Cacia.

However, the price effect offset the volume effect, and turnover grew by 1% in the quarter to € 435 million. EBITDA stood at € 115 million, in line with the preceding quarter and approximately 13% up on the 3rd quarter of 2017.

It should be noted that this quarter's EBITDA includes the negative impact of the anti-dumping duty for the first period of review, as well as adjustments relating to previous periods. Excluding the negative impact of anti-dumping duty, EBITDA for the quarter would have been € 123 million and EBITDA /Sales of 28.3%.

4. OPERATING INDICATORS

Pulp and Paper

(in 000 tons)	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
BEKP Output	357.3	371.9	346.1	335.4	392.7
BEKP Sales	68.8	59.7	53.1	60.9	63.1
UWF Output	406.1	406.7	385.8	392.9	393.9
UWF Sales	386.4	419.9	361.2	395.1	380.7
FOEX – BHKP Euros/ton	747	805	824	878	903
FOEX – BHKP USD/ton	877	948	1013	1046	1050
FOEX – A4- BCopy Euros/ton	819	831	845	864	882

Tissue

(in 000 tons)	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Reels Output	13.0	14.8	14.1	14.4	17.8
Output of finished products	12.2	12.4	13.6	14.7	18.6
Sales of reels and goods	1.1	1.8	0.6	0.1	0.0
Sales of finished products	12.3	12.2	12.8	14.9	16.7
Total sales of tissue	13.3	14.0	13.4	15.0	16.7

Energy

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Production (GWh)	535.9	573.7	553.5	536.1	536.2
Sales (GWh)	426.0	462.8	444.7	435.8	428.5

5. STRATEGIC DEVELOPMENT

Navigator recorded capex of € 148.4 million, significantly accelerating disbursements this quarter to € 71.2 million (vs. €48.6 in the 2nd Quarter). With a value of € 74.8 million, the Cacia tissue project represented around half of total investment, the capacity expansion in Figueira da Foz around 19% (€ 27.6 million) and investment in regular pulp and paper business totalled approximately € 46 million.

Completion of the project for the Group's new tissue mill in Cacia represents an important milestone for the Group and attainment of its strategic goal, mapped out in 2015. The Navigator Company is now the third largest tissue manufacturer in Iberia, with total production capacity of 130 thousand tons (reels) and converting capacity (finished products) of 120 thousand. The new mill, equipped with large scale, sophisticated industrial assets, is integrated upstream with pulp production, giving it competitive advantages in terms of production costs, use of the high quality eucalyptus pulp manufactured in Cacia, and an excellent location near the port of Aveiro, which will allow it to sell its products to more distant markets. The various converting lines started up over the second and third quarters, with the at-home line starting production in May followed by the paper napkin and industrial tissue lines in July. Reels production started up in September and is still at a ramp-up phase.

6. CAPITAL MARKETS

The third quarter of 2018 was characterized by some volatility in the financial markets, with the main worldwide stock indexes registering negative trends since the beginning of the year, however slightly recovering during this third quarter.

On the one hand, this recovery was supported by the favourable relationships between USA and North Korea after this year 12th of July Summit, as well as the positive forecast regarding macroeconomic indicators for USA, United Kingdom and Japan.

On the other hand, in opposition with what happened during the first half, oil prices dropped drastically and stock markets were affected by the increased commercial tension between the US and countries like China and Canada, with the threat of new duty taxes on imports.

The stock market was also negatively affected by the increase in long-term interest rates (which are estimated to continue to grow) and by the unstable situation in the emerging markets, in which Turkey and Argentina economic crises can be pointed out.

The PSI-20 closed the third quarter with a negative performance, as the Portuguese stock market continued to be influenced by the external momentum, characterized by a fragile economy and some pessimism from investors regarding emerging countries.

In this context, Navigator's share price was negatively impacted by two events that occurred during this period: the first one was the revision in August made by the U.S. Department of Commerce on the antidumping rate to be applied on Navigator's paper sales (which was only reverted in October), with this duty increasing from 0% to 37.34%. The second one was the notification received from BPI Pension Fund, informing the reduction of its shareholding position in Navigator, no longer holding a qualified participation in the Company.

Navigator closed the quarter with a price of 4.218 € per share, registering a downfall of -3.4% since the beginning of the year and -17.3% on the third quarter. The average liquidity on the third quarter of the year was around 865 thousand shares traded on a daily basis.

7. OUTLOOK

Without any significant new increases in production capacity for market pulp being announced for the next three years, capacity utilization rates can be expected to increase and allow hardwood pulp prices to stay above 1000 USD/ton. In the short term, demand continues solid and supply disruptions, due to planned and unplanned stoppages, are cushioning the impact of the new capacity that started up last year.

In UWF paper, order books remain at a high level. After leading a series of price rises in Europe, and also increasing prices in the US and international markets during the first nine months of the year, The Navigator Company implemented a further price increase as from October in European markets.

In the tissue market, manufacturers have been under heavy pressure from increases in pulp prices and in the cost of chemicals and energy. Navigator announced new price

increases of between 8 and 12% for its products in November. At the same time, the Company's new tissue mill in Cacia started producing reels in September. A strong commercial performance in recent months allows to anticipate a successful placement of the new output with clients.

This positive context may however be affected by increases in certain costs, especially for energy, and there are continued concerns about the evolution of exchange rates, in particular the EUR/USD. Operations in the fourth quarter will be constrained by production stoppages programmed for November and December at the Setúbal Mill site, the most significant one related to the heavyweights project, which will imply a 10 day production stoppage at paper machine 3.

The Navigator Company continues to develop its business model successfully, acting proactively in relation to factors under its control, seeking to achieve continuous improvement in its performance and in reducing its cost structure. Furthermore, it has proven to be able to successfully overcome several adversities with which it has been confronted.

Setúbal, 30th October 2018

8. FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the nine months period ended 30 September 2018 and 2017

Amounts in Euro	Note	9 months 30-09-2018 (unaudited)	9 months 30-09-2017 (unaudited)	3 rd Quarter 2018 (unaudited)	3 rd Quarter 2017 (unaudited)
Revenue	3				
Sales		1,248,540,736	1,206,126,730	434,216,968	395,951,561
Services rendered		3,762,876	3,669,409	1,183,993	1,202,033
Other operating income	4				
Gains on the sale of non-current assets		17,894,562	614,787	172,232	272,782
Other operating income		13,055,758	12,340,191	5,682,331	6,201,192
Changes in the fair value of biological assets	14	1,557,146	3,186,006	437,490	(24,169)
Operating expenses	5				
Costs of inventories sold and consumed		(522,223,248)	(494,858,603)	(177,548,695)	(164,510,266)
Variation in production		31,144,857	(1,409,554)	11,040,893	3,778,604
Cost of materials and services consumed		(304,731,817)	(300,891,039)	(109,362,715)	(99,590,308)
Payroll costs		(125,566,241)	(111,180,117)	(40,869,756)	(35,545,137)
Other expenses and losses		(22,831,644)	(17,547,662)	(10,312,367)	(6,063,110)
Provisions		1,741,217	(3,055,219)	440,996	(2,865,602)
Depreciation, amortisation and impairment losses	6	(97,764,203)	(111,529,226)	(31,319,290)	(36,762,609)
Operating results		244,579,999	185,465,703	83,762,082	62,044,970
Net financial results	7	(16,537,208)	(6,488,744)	(5,166,468)	1,817,197
Profit before tax		228,042,791	178,976,959	78,595,614	63,862,166
Income tax	8	(56,277,787)	(33,175,866)	(26,273,634)	(14,107,167)
Net income		171,765,004	145,801,093	52,321,980	49,754,999
Attributable to:					
Navigator Company's Shareholders		171,766,977	145,794,646	52,322,972	49,745,923
Non-controlling Interests		(1,973)	6,447	(992)	9,076
Earnings per share					
Basic earnings per share, Eur	9	0.240	0.203	0.073	0.069
Diluted earnings per share, Eur	9	0.240	0.203	0.073	0.069

The notes on pages 18 à 63 are an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 September 2018 and 31 December 2017

Amounts in Euro	Notes	30-09-2018	31-12-2017
ASSETS			
Non-current assets			
Goodwill	11	377,339,466	377,339,466
Other intangible assets	12	2,886,603	3,878,245
Plant, property and equipment	13	1,221,610,920	1,171,125,052
Investment properties		97,939	99,174
Biological assets	14	130,954,082	129,396,936
Other financial assets	15 and 25	507,024	424,428
Other assets	15	32,498,663	-
Deferred tax assets	19	43,741,222	44,727,571
		1,809,635,920	1,726,990,872
Current assets			
Inventories		226,291,337	187,795,595
Receivables and other current assets	16	267,865,743	237,704,322
State and other public entities	17	50,357,631	75,076,422
Cash and cash equivalents	22	92,868,746	125,331,036
		637,383,458	625,907,375
Non-current assets held for sale			
Non-current assets held for sale	23	-	86,237,049
		-	86,237,049
Total Assets		2,447,019,378	2,439,135,296
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	18	500,000,000	500,000,000
Treasury shares	18	(1,002,084)	(1,002,084)
Fair value reserves		(5,420,066)	(3,020,990)
Legal reserve		100,000,000	109,790,475
Free reserves		197,292,250	217,500,000
Currency translation reserves		(16,704,344)	(13,966,898)
Retained earnings		204,887,863	167,388,264
Net profit for the period		171,766,977	207,770,604
		1,150,820,596	1,184,459,371
Non-controlling interests		207,159	420,277
		1,151,027,755	1,184,879,648
Non-current liabilities			
Deferred tax liabilities	19	65,017,473	83,023,517
Pension liabilities	20	9,314,665	5,090,242
Provisions	21	38,165,139	19,536,645
Interest-bearing liabilities	22	747,457,062	667,851,880
Other liabilities	22	22,118,375	25,466,139
		882,072,714	800,968,424
Current liabilities			
Interest-bearing liabilities	22	76,997,741	150,205,591
Payables and other current liabilities	24	264,245,844	259,509,848
State and other public entities	17	72,675,323	43,571,785
		413,918,908	453,287,224
Total Liabilities		1,295,991,622	1,254,255,647
Total Equity and Liabilities		2,447,019,378	2,439,135,296

The notes on pages 18 à 63 are an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME

For the nine months period ended at 30 September 2018 and 2017

Amounts in Euro	9 months 30-09-2018 (unaudited)	9 months 30-09-2017 (unaudited)	3 rd Quarter 2018 (unaudited)	3 rd Quarter 2017 (unaudited)
Net income	171,765,004	145,801,093	52,321,978	49,754,999
Items that can be reclassified subsequently to profit or loss				
Fair value in derivative financial instruments	(2,465,925)	8,503,949	2,971,166	978,593
Currency translation differences	(2,737,445)	(495,004)	6,114,458	431,440
Tax on items above when applicable	66,849	(2,078,711)	(1,428,351)	(269,113)
Income on share capital remuneration	-	4,235,000	-	4,235,000
	(5,136,521)	10,165,234	7,657,273	5,375,920
Items that cannot be reclassified subsequently to profit or loss				
Other changes in shareholders' equity of subsidiaries	4,411,898	890,744	4,404,856	874,274
Post-employment benefits (actuarial deviations)	(4,902,319)	838,410	(143,158)	830,534
Tax on items above when applicable	12,822	(1,996)	(6,153)	(17,257)
	(477,599)	1,727,159	4,255,544	1,687,551
	(5,614,120)	11,892,393	11,912,817	7,063,472
Total recognised income and expense for the period	166,150,885	157,693,485	64,234,796	56,818,472
Attributable to:				
The Navigator Company's Shareholders	166,364,002	157,565,290	64,235,305	56,751,887
Non-controlling interests	(213,118)	128,195	(510)	66,583
	166,150,884	157,693,485	64,234,795	56,818,470

The notes on pages 18 à 63 are an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended at 30 September 2018 and 2017

Amounts in Euro	1 January 2018	Gains and losses recognised in the period	Dividends paid and reserves distributed	Application of prior period's net profit	Capital decrease	Bonus to employees	30 September 2018
Share capital	500,000,000	-	-	-	-	-	500,000,000
Treasury shares	(1,002,084)	-	-	-	-	-	(1,002,084)
Fair value reserves	(3,020,990)	(2,399,076)	-	-	-	-	(5,420,066)
Legal reserve	109,790,475	-	-	(9,790,475)	-	-	100,000,000
Free reserves	217,500,000	1,475	(29,999,700)	9,790,475	-	-	197,292,250
Currency translation reserve	(13,966,898)	(2,737,445)	-	-	-	-	(16,704,344)
Retained earnings	167,388,264	(267,929)	(170,003,077)	214,770,604	-	(7,000,000)	204,887,863
Net income	207,770,604	171,766,977	-	(207,770,604)	-	-	171,766,977
Prepaid dividends	-	-	-	-	-	-	-
Total	1,184,459,370	166,364,002	(200,002,777)	7,000,000	-	(7,000,000)	1,150,820,596
Non-controlling interests	420,277	(213,118)	-	-	-	-	207,159
Total	1,184,879,648	166,150,884	(200,002,777)	7,000,000	-	(7,000,000)	1,151,027,755

Amounts in Euro	1 January 2017	Gains and losses recognised in the period	Dividends paid and reserves distributed	Application of prior period's net profit	Capital decrease	Bonus to employees	30 September 2017
Share capital	717,500,000	-	-	-	(217,500,000)	-	500,000,000
Treasury shares	(1,002,084)	-	-	-	-	-	(1,002,084)
Fair value reserves	(7,571,781)	6,425,238	-	-	-	-	(1,146,543)
Legal reserve	99,709,036	-	-	10,081,439	-	-	109,790,475
Free reserves	-	-	-	-	217,500,000	-	217,500,000
Currency translation reserve	(779,369)	(495,004)	-	-	-	-	(1,274,373)
Retained earnings	205,639,863	5,840,410	(250,007,056)	214,419,998	-	(7,000,000)	168,893,215
Net income	217,501,437	145,794,646	-	(217,501,437)	-	-	145,794,646
Prepaid dividends	-	-	-	-	-	-	-
Total	1,230,997,102	157,565,290	(250,007,056)	7,000,000	-	(7,000,000)	1,138,555,336
Non-controlling interests	2,272,606	128,195	-	-	-	-	2,400,801
Total	1,233,269,708	157,693,485	(250,007,056)	7,000,000	-	(7,000,000)	1,140,956,137

The notes on pages 18 à 63 are an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months period ended at 30 September 2018 and 2017

Amounts in Euro	Notes	9 months 30-09-2018 (unaudited)	9 months 30-09-2017 (unaudited)	3 rd Quarter 2018 (unaudited)	3 rd Quarter 2017 (unaudited)
OPERATING ACTIVITIES					
Receipts from customers		1 203 421 625	1 276 004 762	372 050 470	426 907 601
Payments to suppliers		961,340,826	960,063,557	327,790,693	292,360,666
Payments to employees		98,214,725	88,307,790	30,386,336	26,301,905
Cash flows from operations		143,866,074	227,633,416	13,873,440	108,245,031
Income tax receipts/ (payments)		(23,792,438)	(51,450,135)	(23,757,281)	(29,931,568)
Other receipts/ (payments) relating to operating activities		134,333,751	48,877,390	97,787,025	21,246,700
Cash flows from operating activities (1)		254,407,387	225,060,671	87,903,184	99,560,163
INVESTMENT ACTIVITIES					
Inflows:					
Other non-current assets		69,026,158	-	-	-
Interest and similar income		-	1,872,784	-	355,915
Inflows from investment activities (A)		69,026,158	1,872,784	-	355,915
Outflows:					
Property, plant and equipment		155,644,200	63,805,782	75,589,618	21,220,219
Outflows from investment activities (B)		155,644,200	63,805,782	75,589,618	21,220,219
Cash flows from investment activities (2 = A - B)		(86,618,042)	(61,932,998)	(75,589,618)	(20,864,304)
FINANCING ACTIVITIES					
Inflows:					
Borrowings		123,046,352	535,000,000	(20,000,000)	220,000,000
Inflows from financing activities (C)		123,046,352	535,000,000	(20,000,000)	220,000,000
Outflows:					
Borrowings		111,262,788	394,851,190	595,900	190,000,000
Interest and similar expense		12,314,658	9,262,882	4,090,803	3,044,031
Dividends paid and reserves distributed		200,002,777	250,007,056	-	80,003,979
Outflows from financing activities (D)		323,580,222	654,121,128	4,686,704	273,048,010
Cash flows from financing activities (3 = C - D)		(200,533,870)	(119,121,128)	(24,686,704)	(53,048,010)
CHANGES IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)		(32,744,526)	44,006,544	(12,373,138)	25,647,848
CHANGES IN CASH AND CASH EQUIVALENTS FOR OTHER QUARTERS		-	-	(20,188,591)	18,358,696
EFFECT OF EXCHANGE RATE DIFFERENCES		282,236	-	99,439	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		125,331,036	67,541,588	125,331,036	67,541,588
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	22	92,868,746	111,548,132	92,868,746	111,548,132

The notes on pages 18 à 63 are an integral part of these Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of 30 September 2018 and 2017

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

The Navigator group ("Group") comprises The Navigator Company, S.A. (formerly designated as Portucel, S.A.) and its subsidiaries.

The Navigator group was created in the mid 1950's, when a group of technicians from "Companhia Portuguesa de Celulose de Cacia" made this company the first in the world to produce bleached eucalyptus sulphate pulp.

In 1976 Portucel EP was created as a result of the nationalization of all of Portugal's cellulose industry. As such, Portucel – Empresa de Celulose e Papel de Portugal, E.P. resulted from the merger with CPC – Companhia de Celulose, S.A.R.L. (Cacia), Socel – Sociedade Industrial de Celulose, S.A.R.L. (Setúbal), Celtejo – Celulose do Tejo, S.A.R.L. (Vila Velha de Ródão), Celnorte – Celulose do Norte, S.A.R.L. (Viana do Castelo) and Celuloses do Guadiana, S.A.R.L. (Mourão), being converted into a mainly public anonymous society by Decree- Law No. 405/90, of 21 December.

Years after, as a result of the restructuring of Portucel – Empresa de Celulose e Papel de Portugal, S.A., which was redenominated to Portucel, SGPS, S.A., towards to its privatization, Portucel S.A. was created, on 31 May 1993, through Decree-law No. 39/93, with the former assets of the two main companies, based in Cacia and Setúbal.

In 1995, the company was reprivatized, and became a publicly traded company.

Aiming to restructure the paper industry in Portugal, Portucel, S.A. acquired Papeis Inapa, S.A. (Setúbal) in 2000 and Soporcel – Sociedade Portuguesa de Papel, S.A. (Figueira da Foz) in 2001. Those key strategic decisions resulted in the PortucelSoporcel Group (currently The Navigator Company Group), which is the largest European and one of the world's largest producers of bleached pulp. It is also the biggest European producer of uncoated wood-free paper.

In June 2004, the Portuguese State sold a 30% stake of Portucel's equity, which was acquired by Semapa Group. In September 2004, Semapa launched a public acquisition offer tending to assure the Group's control, which was accomplished by guaranteeing a 67.1% stake of Portucel's equity.

In November 2006, the Portuguese State concluded the third and final stage of the sale of Portucel, S.A., and Parpublica SGPS, S.A. (formerly Portucel SGPS, S.A.) sold the remaining 25.72% it still held.

From 2009 to July 2015, more than 75% of the company's share capital was held directly and indirectly by Semapa - Sociedade de Investimento e Gestão SGPS, S.A. (excluding treasury shares) having the percentage of voting rights been reduced to 70% following the conclusion of the offer for the acquisition, in the form of an exchange offer, of the ordinary shares of Semapa, SGPS, S.A., in July 2015.

In February 2015, the Group started its activity in the Tissue segment with the acquisition of AMS- BR Star Paper, SA (currently denominated Navigator Tissue Ródão, SA), a company that holds and explores a tissue paper mill, located in Vila Velha de

Ródão. A new industrial facility is under construction in Cacia which will be operated by Navigator Tissue Cacia, S.A.

On 6 February 2016, the Portucel Group changed its corporate brand to The Navigator Company. This new corporate identity represents the union of companies with a history of more than 60 years, aiming to give the Group a more appealing and modern image.

Following this event, and after approval in the General Shareholder's Meeting, held on 19 April 2016, Portucel S.A. changed its designation to The Navigator Company, S.A.

In July 2016, the Navigator group expanded its activity to the pellets business with the construction of a plant in Greenwood, state of South Carolina, United States of America, a business sold in February 2018.

The Navigator group's main business is the production and sale of writing and printing thin paper and related products, and it is present in the whole value added chain, from research and development of forestry and agricultural production, to the purchase and sale of wood and the production and sale of bleached eucalyptus kraft pulp – BEKP and electric and thermal energy, as well as its commercialization.

The Navigator Company, S.A. (hereafter referred to as the Company or Navigator) is a publicly traded company, listed in Euronext Lisbon, with its share capital represented by nominal shares.

Head Office: Mitrena, 2901-861 Setúbal

Share Capital: Euros 500 000 000

Registration No.: 503 025 798

These consolidated financial statements were approved by the Board of Directors on 29 October 2018.

The Navigator group's senior management, who are also the members of the Board of Directors that 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 Navigator group's consolidation perimeter for the six-month period ended 30 September 2018.

1. Basis of preparation

The Group's consolidated interim financial statements for the nine-month period ended 30 September 2018 have been prepared in accordance with the International Accounting Standard no. 34 – Interim Financial Reporting.

The notes to the financial statements were prepared on a going concern basis from the books and accounting records of the companies included in the consolidation (Note 30), and based on historical cost, except for available-for-sale financial assets, financial instruments derivatives and biological assets, which are recorded at fair value (Notes 14, 23, 25.1 and 25.2).

2. Main accounting policies

The accounting policies used in the preparation of these consolidated interim financial statements are consistent with those used in the preparation of the financial statements for the period ended 31 December 2017 and are described below.

2.1 New standards, amendments and interpretations of existing standards

The interpretations and amendments to the existing standards identified below, are mandatory by the European Union, for the periods starting on or after 1 January 2019:

Standards and effective amendments, on or after 1 January 2019, already endorsed by the EU

	Effective date *
IFRS 9 (amended) – Financial instruments	1 January 2019
IFRS 16 - Leases	1 January 2019

* Periods beginning or or after

Regarding the standards presented above, for which the mandatory entry into force has not yet occurred, the Navigator Group had not yet concluded the estimate of the effects of changes arising from the adoption of these standards, for which it decided not to early-adopt them. However, no material effect is expected in the financial statements as a result of their adoption.

New standards and interpretations without mandatory application in European Union

Standards, amendments and interpretations issued but not yet effective for the Group (regardless of the effective date of application, have not yet been endorsed by the European Union), can be analysed as follows:

Standards and effective amendments, on or after 1 January 2019, not yet endorsed by the EU

	Effective date *
Annual improvements in the 2015-2017 cycle	1 January 2019
IAS 19 (amended) - Cut-offs / changes to the plan and settlements	1 January 2019
IAS 28 (amended) - Investments in associates and joint ventures	1 January 2019
IFRIC 23 – Uncertainty over income tax treatments	1 January 2019
Amendments to the conceptual framework in IFRS	1 January 2020
IFRS 17 - Insurance contracts	1 January 2021

* Periods beginning or or after

IFRS 16 - Leases

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, with earlier application permitted (as long as IFRS 15 – Revenue from Contracts with Customers is also applied).

IFRS 16 defines the principles for recognising, measuring and presenting leases, replacing IAS 17 – Leases. 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.

The main aspects covered by IFRS 16 are:

- Addition of some considerations in order to distinguish leases from service agreements, based on the existence of control over an asset at the time it becomes available for use; and

- Introduction of a unique accounting model that requires the lessee to recognise the assets and liabilities for all leases with a duration longer than 12 months (except for leases of assets with a limited amount). The lessee shall recognise the right to use the respective asset and the liability associated with the payments to be made, and also recognise the financial costs and the depreciation separately.

At the date of publication of these consolidated financial statements, the Navigator Group has already performed the inventory of existing leases, and its technical analysis and framework is being assessed considering the provisions of IFRS 16. Additionally, the Group is also reviewing the existing information system in order to assess the extent to which it will need to be adapted to the requirements of the standard. At this stage it is not yet possible to estimate the magnitude of the impacts of IFRS 16 adoption.

Standards, amendments and interpretations issued already effective for the Group

The amendments to standards already issued and in force which the Group has applied in the preparation of its financial statements are as follows:

IFRS 9 – Financial Instruments

IFRS 9, adopted via Commission Regulation (EU) No. 2067/2016 of 22 November 2016, with an effective date of mandatory application for periods beginning on or after 1 January 2018, (early application is optional). Except for hedge accounting, retrospective application is mandatory, although without the need for disclosure of comparative information. For hedge accounting, requirements are generally applied prospectively, with some exceptions.

IFRS 9 includes three distinct areas: classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

The Group adopted this standard on the date of mandatory application and did not restate comparative information, as provided for therein. With regard to hedge accounting, the Group has chosen to continue to apply the hedge accounting requirements in IAS 39 until there is increased visibility over the current Dynamic Risk Management (macro hedging) project.

The Group analysed the changes arising from the adoption of IFRS 9 in its financial assets and liabilities, in order to identify and evaluate the qualitative and quantitative impacts of the adoption of the Standard. Accordingly, qualitative changes are presented in accounting policies included in the Financial Statements and Notes to the Financial Statements for the first half of 2018, to which reference is made. No quantitative impacts were determined.

IFRS 15 - Revenue from Contracts with Customers (subject to clarification issued on 12 April 2016)

The International Accounting Standards Board (IASB) issued IFRS 15 - Revenue from contracts with customers on 28 May 2014 and was amended in April 2016 (endorsed by the European Commission Regulation No. 1905/2016 of 22 September 2016). This standard replaces the current requirements for revenue recognition and has an effective date of mandatory application for periods beginning on or after 1 January 2018, and its early adoption is permitted.

The Group adopted IFRS 15 using the modified retrospective approach, with impacts arising from the initial application of the standard recognised at the date of initial application (1 January 2018). Thus, the Group, as permitted by the standard, did not restate comparative information.

The Group analysed the changes resulting from the adoption of IFRS 15 in order to identify and assess the qualitative and quantitative impacts of this Standard. Accordingly, the qualitative changes are disclosed in the accounting policies included in the Financial Statements and Notes to the Financial Statements for the first half of 2018, to which reference is made. No quantitative impacts were determined.

3. SEGMENT INFORMATION

In accordance to the approach defined in IFRS 8, operational segments should be identified based in the way internal financial information is organised and reported to the management. An operating segment is defined by IFRS 8 as a component of the Navigator group:

- (i) that engages in business activities from which it may earn revenues and incur expenses;
- (ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- (iii) for which discrete financial information is available.

The Executive Committee is the ultimate operating decision maker, analyzing periodic reports with operational information on segments, using them to monitor the operating performance of its businesses, as well as to decide on the best allocation of resources.

Segment information is presented for business segments identified by the Navigator group, namely:

- Market pulp;
- UWF paper;
- Tissue paper; and
- Other.

Revenues, assets and liabilities of each segment correspond to those directly allocated to them, as well as to those that can be reasonably attributed to those segments.

Financial data by operational segment for the periods ended 30 September 2018 and 2017 is presented as follows:

	30-09-2018				
	PULP MARKET	UWF PAPER	TISSUE PAPER	OTHERS	ELIMINATIONS/ UNALLOCATED
REVENUE					TOTAL
Sales and services - external	128,248,631	1,023,707,727	63,676,168	36,671,085	-
Sales and services - intersegment	145,654,295	-	-	474,273,565	(619,927,860)
Total Revenue	273,902,926	1,023,707,727	63,676,168	510,944,650	(619,927,860)
PROFIT/ (LOSS)					
Segmental profit	37,997,659	209,638,698	(10,259,085)	7,202,729	-
Operating profit					244,580,000
Financial results					244,580,000
Income tax					(16,537,208)
Profit after income tax					(56,277,787)
Non-controlling interests					171,765,005
Net profit	-	-	-	-	171,766,977
OTHER INFORMATION					
Capital expenditure	8,506,791	54,457,372	79,720,295	5,689,649	-
Depreciation and impairment	(8,221,681)	(69,203,956)	(9,783,008)	(10,555,557)	-
Provisions ((increases) / reversal)	-	847,470	546,717	347,030	-
OTHER INFORMATION					
SEGMENT ASSETS					
Property, plant and equipment	125,971,896	703,897,730	159,312,227	232,429,067	-
Biological assets	-	-	-	130,954,082	-
Financial investments	-	507,024	-	-	507,024
Inventories	21,152,667	120,697,309	21,717,521	62,723,840	-
Trade receivables	21,936,854	149,688,367	26,252,253	3,030,507	-
Other receivables	1,484,466	52,103,222	160,879	13,209,195	-
Other assets	4,898,092	433,083,086	319,786	161,489,309	-
Total assets	175,443,975	1,459,976,738	207,762,665	603,836,000	-
SEGMENT LIABILITIES					
Interest-bearing liabilities	2,805,080	-	3,070,370	818,579,353	-
Trade payables	30,461,555	57,002,733	21,390,377	43,659,034	-
Other payables	4,143,704	38,905,125	213,900	68,469,416	-
Other liabilities	27,388,569	92,313,211	7,189,604	80,399,591	-
Total liabilities	64,798,908	188,221,069	31,864,252	1,011,107,394	-

The Navigator group's energy sales are reported under different business segments. The amount corresponding to the total energy sales was Euro 127,425,378 in 2018 and Euro 123,953,926 in 2017. Energy sales originated in the cogeneration process, in the amount of Euro 110,783,001 are reported under the "Market Pulp" (Euro 12,798,200) and "UWF Paper" (Euro 97,984,801) segments. Sales of electricity exclusively produced in units dedicated to the production of electricity from biomass are reported under the segment "Other", in the amount of Euro 16,642,377.

The capital expense during the semester is related to the already announced investments in progress, namely the pulp capacity increase in Figueira da Foz (Euro 27,503,801), the building of the new tissue facility in Cacia (Euro 74,779,081) and other regular investments of pulp, paper and tissue production (Euro 46,091,226).

Property, plant and equipment reported under the segment "Other" include:

Amounts in Euro	30-09-2018	30-09-2017
Forrestry lands	74,424,524	78,092,349
Real estate - manufacturing site of Setúbal	57,948,734	58,707,453
Real estate - manufacturing site of Cacia	11,710,815	12,554,340
Real estate - manufacturing site of Figueira da Foz	47,240,996	51,093,368
Biomass thermal power plants	27,981,619	34,131,831
Pellets Project - USA	-	96,999,546
Others	13,122,378	14,109,619
232,429,067	345,688,506	

Forest land and industrial real estate in a total amount of Euro 191,325,070, consolidated amounts, are reported in the individual financial statements as investment properties. The real estate property of Vila Velha de Ródão, in the amount of Euro 8,553,630, is included in the segment "Tissue Paper".

The majority of the assets allocated to each of the individual segments, with the exception of receivables, is located in Portugal.

	30-09-2017				
	PULP MARKET	UWF PAPER	TISSUE PAPER	OTHERS	ELIMINATIONS/ UNALLOCATED
REVENUE					
Sales and services - external	141,536,396	970,894,256	55,284,103	42,081,385	-
Sales and services - intersegment	19,538,308	-	-	471,869,260	(491,407,568)
Total Revenue	161 074 704	970 894 256	55 284 103	513 950 645	(491 407 568)
PROFIT/ (LOSS)					
Segment profit	27,368,518	203,423,357	1,469,977	(46,796,149)	-
Operating profit					185,465,703
Financial results					185,465,703
Income tax					(6,488,744)
Profit after income tax					(33,175,866)
Non-controlling interests					145,801,093
Net profit	-	-	-	-	(6,447)
OTHER INFORMATION					145 794 646
Capital expenditure	5,829,046	45,944,860	18,527,596	8,229,130	-
Depreciation and Impairment	(8,147,311)	(63,972,113)	(6,795,876)	(32,613,925)	-
Provisions	-	-	-	-	(111,529,226)
Provisions ((increases) / reversal)	-	-	-	-	(3,055,219)
OTHER INFORMATION					(3,055,219)
SEGMENT ASSETS					
Property, plant and equipment	122,632,352	714,165,168	77,041,616	345,688,506	-
Biological assets	-	-	-	128,798,954	-
Financial investments	-	400,415	-	-	400,415
Inventories	23,937,496	122,134,284	10,005,017	67,698,346	-
Trade receivables	17,094,499	135,413,211	17,167,771	3,464,704	-
Other receivables	1,069,535	34,736,687	1,079,761	3,662,713	-
Other assets	4,175,422	436,557,744	423,958	158,341,842	-
Total assets	168,909,304	1,443,407,509	105,718,124	707,655,065	-
SEGMENT LIABILITIES					
Interest-bearing liabilities	2,805,080	-	1,432,616	849,302,370	-
Trade payables	9,256,702	76,354,634	9,792,637	51,538,155	-
Other payables	3,952,460	25,617,123	1,775,667	68,068,294	-
Other liabilities	27,277,428	108,054,467	3,502,131	46,004,103	-
Total liabilities	43,291,670	210,026,224	16,503,050	1,014,912,921	-

Sales and services rendered by region

Amounts in Euro	30-09-2018	30-09-2017
PORUGAL		
UWF Paper	151,724,752	141,966,015
Pulp	19,647,021	17,818,593
Tissue	32,056,203	35,065,094
Others	35,953,485	30,095,300
	239,381,462	224,945,001
REST OF EUROPE		
UWF Paper	504,788,945	559,161,652
Pulp	99,965,214	101,474,168
Tissue	30,414,683	20,219,009
Others	717,599	11,986,085
	635,886,441	692,840,914
NORTH AMERICA		
UWF Paper	97,146,422	83,025,190
Pulp	0	0
	97,146,422	83,025,190
OTHER MARKETS		
UWF Paper	270,047,608	186,741,399
Pulp	8,636,396	22,243,635
Tissue	1,205,282	0
	279,889,286	208,985,034
	1,252,303,611	1,209,796,139

The geographical distribution of Sales and Services rendered is presented according with the reporting segments shown above.

4. OTHER OPERATING INCOME

Other operating income is detailed as follows for the nine-month period ended 30 September 2018 and 2017:

Amounts in Euro	9 months 30-09-2018	9 months 30-09-2017
Gains on disposal of non-current assets	17,894,562	614,787
Supplementary income	4,041,011	1,063,553
Grants - CO ₂ Emission allowances	2,402,192	2,119,366
Reversal of impairment losses in current assets	157,399	5,909
Gains on inventories	341,755	1,217,143
Government grants	1,229,347	20,948
Other work capitalised	592,336	2,966,683
Other operating income	4,291,718	4,946,589
	30,950,320	12,954,978

Gains with CO₂ licenses correspond to the recognition of the free allocation of licenses for 287,688 tons of CO₂, at the average price of Euro 8.35 (306,500 tons in 30 September 2017, at the average price of Euro 5.38).

Gains on disposals of non-current assets includes Euro 15,765,258 regarding the gain generated with the sale of the pellets business concluded in February 2018, as well as Euro 1,955,775 regarding the sale of forest lands.

On 30 September 2017, the "Other work capitalised" included Euro 2,868,315 relating the preparation of afforestation land in the Mozambique project.

5. OPERATING EXPENSES

Operating expenses are detailed as follows for the nine-month period ended 30 June 2018 and 2017:

Amounts in Euro	9 months 30-09-2018	9 months 30-09-2017
Cost of inventories sold and consumed	(522,223,248)	(494,858,603)
Variation in production	31,144,857	(1,409,554)
Cost of services and materials consumed	(304,731,817)	(300,891,039)
Payroll costs		
Remunerations		
Statutory bodies - fixed remunerations	(2,888,618)	(2,981,679)
Statutory bodies - variable remunerations	(2,921,075)	(2,991,169)
Other remunerations	(93,707,726)	(77,700,272)
	(99,517,420)	(83,673,120)
Social charges and other payroll costs		
Costs with defined benefit plans	(1,569,705)	(1,300,850)
Costs with defined contribution plans	(1,031,818)	(959,592)
Contributions to social security	(16,894,959)	(15,441,563)
Other payroll costs	(6,552,339)	(9,804,992)
	(26,048,821)	(27,506,997)
	(125,566,241)	(111,180,117)
Other expenses and losses		
Membership fees	(549,066)	(743,479)
Losses in inventories	(1,394,486)	(5,231,969)
Impairment losses in receivables	(536,463)	(511,080)
Impairment losses in inventories	(2,532,484)	(47,565)
Indirect taxes	(7,271,166)	(1,967,243)
Shipment costs	(500,567)	(3,562,940)
Water resources charges	(1,251,654)	(799,756)
Costs with CO ₂ emissions	(4,689,037)	(2,302,128)
Other operating expenses	(4,106,722)	(2,381,501)
	(22,831,644)	(17,547,662)
Provisions (Note 28)	1,741,217	(3,055,219)
Total	(942,466,876)	(928,942,194)

The increase in Payroll costs recorded in 2018 is mainly explained by the increase of employees related with the new Tissue project in Cacia and by the increase in estimated bonuses to be paid to employees.

Costs with CO₂ emissions correspond to the emission of 560,175 tons of CO₂ (30 September 2017: 546,468 tons).

In 2017, inventory losses were due to the beginning of pellets production, whose initial plant start-up problems resulted in stock losses in 2017 in the amount of Euro 2,526,371, compared with the amount of Euro 246,716 registered in 2018, and also from the loss of plants in the Mozambique nursery in the amount of Euro 2,248,300. In 2018, inventory losses also include the amount of Euro 525,315 related to adjustments in Tissue paper wastes.

The impairment losses in inventories registered in the first half of 2018 are related to adjustments in the stock of UWF paper and Tissue paper.

The increase in Indirect taxes is due to the recognition of Euro 6,010,908 related to costs associated with the anti-dumping process, of which Euro 3,565,971 corresponding to the first review period, between August 2015 and February 2017, resulting from the

retroactive application of the 1.75% rate of paper sales to the US in that period. An additional amount of about Euro 2.4 million was also recognised for consideration of the same rate for the second review period.

For the nine-month period ended 30 September 2018 and 2017 the consumed and sold inventory was detailed as follows:

Amounts in Euro	9 months 30-09-2018	9 months 30-09-2017
Wood / Biomass	216,010,183	197,899,485
Natural gas	38,147,515	42,066,666
Other fuels	10,417,472	11,768,306
Water	1,540,242	1,521,318
Chemicals	110,575,643	104,531,465
BEKP Pulp	13,217,031	12,175,246
Pine Pulp	38,792,275	32,210,613
Paper (heavy weight)	5,866,190	5,172,609
Tissue paper - subcontracts	459,802	2,994,002
Consumables / Wharehouse material	30,970,528	31,274,585
Packaging material	54,919,322	51,901,191
Other materials	1,307,044	1,343,117
	522,223,248	494,858,603

The cost of wood / biomass only relates to wood purchases to entities outside the Navigator group, either domestic or foreign.

During this period, there was an unfavorable evolution in the prices of some chemical products, namely caustic soda, whose unit price has considerably deteriorated.

For the nine-month period ended 30 September 2018 and 2017, the cost of Services and Material Consumed was detailed as follows:

Amounts in Euro	9 months 30-09-2018	9 months 30-09-2017
Communications	1,571,463	1,559,250
Maintenance and repair	21,144,675	23,979,383
Travel and accommodation	4,730,537	3,751,160
Energy and fluids	89,902,368	84,706,134
Fees	4,961,346	4,663,261
Materials	2,189,146	3,265,254
Advertising and marketing	11,371,436	12,054,869
Rentals	12,672,823	12,604,459
Insurance	8,804,673	8,828,192
Subcontracts	2,785,952	2,927,323
Specialised services	55,144,398	53,687,481
Transportation of goods	84,455,025	83,130,930
Others	4,997,977	5,733,343
	304,731,817	300,891,039

The increase in Energy and fluids is due to the replacement of fuel consumption for the consumption of natural gas, whose cost is indexed to Brent, and also due to an increase in the consumption of natural gas associated to the higher number of downtime days at the Figueira da Foz pulp plant for maintenance and completion of the project to increase installed capacity.

Other payroll costs are detailed as follows for the nine-month period ended 30 September 2018 and 2017:

Amounts in Euro	9 months 30-09-2018	9 months 30-09-2017
Training	901,620	1,043,066
Social action	746,287	716,477
Insurance	2,460,391	3,141,619
Others	2,444,041	4,903,830
	6,552,339	9,804,992

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

For the nine-month period ended 30 September 2018 and 2017, "Depreciation, amortization and impairment losses", net of the effect of investment grants recognised in the period were as follows:

Amounts in Euro	9 months 30-09-2018	9 months 30-09-2017
Depreciation of property, plant and equipment		
Land	-	-
Buildings	(8,286,722)	(8,807,721)
Equipments	(90,836,974)	(98,040,963)
Other tangible assets	(3,032,359)	(3,842,258)
	(102,156,055)	(110,690,942)
Investment grants	4,392,467	4,166,244
	(97,763,588)	(106,524,698)
Impairment losses		
Amortization of intangible assets	(615)	-
Mozambique land's impairment	-	(5,004,528)
	(615)	(5,004,528)
	(97,764,203)	(111,529,226)

The decrease in depreciation, amortization and impairment losses is due to the disposal of assets related to the production of pellets in the USA, not offset by the increase in depreciations resulting from the new investments.

7. NET FINANCIAL RESULTS

Financial results are detailed as follows for the nine-month period ended 30 September 2018 and 2017:

Amounts in Euro	9 months 30-09-2018	9 months 30-09-2017
Interest paid on borrowings	(6,421,248)	(8,276,493)
Interest earned on financial investments	610,098	1,446,264
Exchange rate differences	1,231,922	(3,233,678)
Gains/ (losses) on financial instruments - trading (Note 25)	(1,871,149)	3,977,870
Gains/ (losses) on financial instruments - hedging (Note 25)	(3,591,043)	518,880
Guarantees and bank charges	(2,570,415)	(2,417,432)
Gains/ (losses) on compensatory interest	(1,232,486)	1,536,831
Other expenses and financial losses	(2,692,888)	(40,985)
	(16,537,208)	(6,488,744)

Other expenses and financial losses include Euro 2,693,057 regarding the recognition of the difference between the nominal amount and the present amount to be received in respect of the sale of the pellets business (USD 45 million). Over the nominal amount yet to be received will be calculated interests at a 2.5% rate.

8. INCOME TAX

Income tax is detailed as follows for the nine-month period ended 30 September 2018 and 2017:

Amounts in Euro	9 months	9 months
	30-09-2018	30-09-2017
Current tax	64,287,296	41,804,017
Provision/ (reversal) for current tax	8,035,975	(20,296,470)
Deferred tax (Note 15)	(16,045,484)	11,668,319
	56,277,787	33,175,866

As at 30 September 2018, current tax includes Euro 59,659,541 (30 September 2017: Euro 39,019,465) regarding the liability created under the aggregated income tax regime of The Navigator Company S.A., related to the interim tax estimate.

For the nine-month period ended 30 September 2018 and 2017, the reconciliation of the effective income tax rate was as follows:

Amounts in Euro	9 months	9 months
	30-09-2018	30-09-2017
Profit before tax	228,042,791	178,976,959
Expected tax	21.00%	21.00%
Municipal surcharge	1.75%	1.37%
State surcharge	6.79%	3.91%
Differences (a)	2.74%	(6.34%)
Provisions - impairment and reversal	0.00%	2.80%
Excess of income tax estimate	(4.31%)	(4.19%)
Tax benefits	(3.28%)	0.00%
	24.68%	18.54%
	56,277,787	33,175,866

(a) This amount includes essentially:

	9 months	9 months
	30-09-2018	30-09-2017
Gains/ (losses) for tax purposes	38,308,839	-
Gains/ (losses) for accounting purposes	(81,477,741)	-
Taxable provisions	62,635,121	(31,193,601)
Tax benefits	(3,076,273)	(2,918,569)
Employee benefits	(429,472)	1,277,445
Others	6,720,012	(8,448,970)
	22,680,487	(41,283,695)
Tax effect (27.5%)	6,237,134	(11,353,016)

On 1 July 2015, a new taxation group led by The Navigator Company, S.A. was set up, comprising all the companies located in Portugal in which the Group holds an interest or voting rights of at least 75%, for more than one year.

9. EARNINGS PER SHARE

Earnings per share were determined as follows:

Amounts in Euro	9 months 30-09-2018	9 months 30-09-2017
Profit attributable to the Company's shareholders	171,766,977	145,794,646
Total number of issued shares	717,500,000	717,500,000
Treasury shares - period average	(489,973)	(489,973)
	717,010,027	717,010,027
Basic earnings per share	0.24	0.20
Diluted earnings per share	0.24	0.20

Since there are no financial instruments convertible in Navigator Group shares, its earnings are undiluted.

The changes in the average number of treasury shares were as follows:

	2018		2017	
	Quantity	Accumulated Quantity	Quantity	Accumulated Quantity
Treasury shares held on January		489,973		489,973
Acquisitions				
January	-	489,973	-	489,973
February	-	489,973	-	489,973
March	-	489,973	-	489,973
April	-	489,973	-	489,973
May	-	489,973	-	489,973
June	-	489,973	-	489,973
July	-	489,973	-	489,973
August	-	489,973	-	489,973
September	-	489,973	-	489,973
Treasury shares held on 30 September	489,973	489,973		
Remaining quarters				-
Treasury shares held on 31 December				489,973
Average treasury shares held for the period	489,973	489,973		

10. NON-CONTROLLING INTERESTS

The movement in Non-controlling interests for the 2017 and 2018 periods is as follows:

Amounts in Euro	2017	2016
Distribution of dividends (excluding treasury shares)	170,003,077	170,003,077
Legal reserve	-	10,081,439
Bonus to employees (balance bonus)	7,000,000	7,000,000
Retained earnings	30,767,527	30,416,921
	207,770,604	217,501,437

The resolution for the appropriation of the net profit for the period ended 31 December 2017, approved at the Navigator Company's General Meeting held on 23 May 2018, was based on the net profit for the year as defined by the IFRS. The difference in the net

profit (individual and consolidated), in the amount of Euro 3,354,501, was transferred to Retained earnings.

As a complement of the proposed 2017 net income distribution at the Navigator Company's General Meeting, it was also approved the distribution of free reserves in the amount of Euro 0.04184 per share, in the total amount of Euro 29,999,700, distributed in 19 June 2018.

It was also approved the release of the legal reserve surplus, in the amount of Euro 9,790,475, and its transfer to free reserves.

11. GOODWILL

NAVIGATOR PAPER FIGUEIRA, S.A.

Following the acquisition of 100% of the Navigator Paper Figueira, S.A. (former Soporcél – Sociedade Portuguesa de Papel, S.A.), for Euro 1,154,842,000, Goodwill amounting to Euro 428,132,254 was determined which represents the difference between the acquisition cost of the shares and the respective shareholders' equity as of the date of the first consolidation, on 1 January 2001, adjusted by the effect of the allocation fair value to Navigator Paper Figueira's tangible assets.

The goodwill generated on the acquisition of Navigator Paper Figueira was deemed to be allocable to the integrated paper production in Figueira da Foz Industrial Complex cash generating unit.

As at 31 December 2010, assets and liabilities related to pulp production were transferred to another Group company, as a result of a split, reducing the acquisition historical cost to Euro 492,585,012.

As at 31 December 2013, real estate assets were split and transferred to Navigator Parques Industriais, S.A (former PortucelSoporcél Parques Industriais, S.A.) thus reducing the acquisition historical cost to Euro 385,764,077.

The book value of goodwill amounts to Euro 376,756,383, as it was amortised up to 31 December 2003 (date of transition to IFRS: 1 January 2004). As of that date, the accumulated depreciation amounted to Euro 51,375,871. From that date on, depreciation ceased and was replaced by annual impairment tests. If this amortisation had not been interrupted, the net book value of the Goodwill as at 30 September 2018 would amount to Euro 124,158,348 (31 December 2017: Euro 137,002,317).

Every year, the Navigator Company Group calculates the recoverable amount of Navigator Paper Figueira's assets (to which the goodwill recorded in the consolidated financial statements is associated), based on value-in-use calculations, in accordance with the Discounted Cash Flow method. The calculations are based on past performance and business expectations with the actual production structure, using the budget for next year and projected cash flows for the following 4 years, based on a constant sales volume. As a result of the calculations, up to this date no impairment losses have been identified.

The main assumptions for the above-mentioned calculation were as follows:

	2018	2017
Inflation rate	2.00%	2.00%
Discount rate (post-tax)	6.84%	6.84%
Production growth	0.00%	0.00%
Perpetuity growth rate	-1.00%	-1.00%

The discount rate presented above is a post-tax rate equivalent to a pre-tax discount rate of 9.60% (31 December 2017: 9.60%) and has been calculated in accordance with the WACC (Weighted Average Cost of Capital) methodology, based in the following assumptions:

	2018	2017
Risk free interest rate	2.39%	2.39%
Equity risk premium (market and Equity)	5.00%	5.00%
Tax rate	29.50%	29.50%
Debt risk premium	2.89%	2.89%

NAVIGATOR TISSUE RÓDÃO, S.A.

On 6 February 2015 the procedures and contracts for the acquisition of Navigator Tissue Ródão, S.A. (previously named AMS-BR Star Paper, S.A.) were concluded, and the approval by the competition authorities for the acquisition was obtained on 17 April 2015.

Therefore, for the purpose of preparing the consolidated financial statements for the year ended 31 December 2015, the Navigator Company Group proceeded to the initial consolidation of Navigator Tissue Ródão, S.A., acquired by Euro 4,949,794, which at acquisition date, had equity amounting Euro 17,284,378, plus the acquisition of additional paid-in capital for Euro 2,327,500, totaling Euro 19,611,878.

To the initial acquisition difference, of Euro 21,337,916, was deducted the AICEP's investment subsidy and the fair value of the acquired tangible assets, with a goodwill amounting to Euro 583,083.

For the purpose of goodwill allocation, it was deemed allocable to the tissue paper production cash-generating unit in Vila Velha de Ródão Industrial Complex.

Every year, the Navigator Company Group calculates the recoverable amount of Navigator Tissue Ródão assets (to which the goodwill recorded in the consolidated financial statements is associated), based on value-in-use calculations, in accordance with the Discounted Cash Flow method. The calculations are based on past performance and business expectations with the actual production structure, using the budget for next year and projected cash flows for the following 4 years, based on a constant sales volume. As a result of the calculations, up to this date no impairment losses have been identified in goodwill.

12. OTHER INTANGIBLE ASSETS

During 2018 and 2017, the movement occurred in other intangible assets is detailed as follows:

Amounts in Euro	Industrial property and other rights	CO ₂ emission licences	Total
Acquisition cost			
Amounts as of 1 January 2017	4,400	4,299,650	4,304,049
Acquisitions	-	4,131,256	4,131,256
Adjustments, transfers and write-offs	-	(4,555,080)	(4,555,080)
Amounts as of 30 September 2017	4,400	3,875,826	3,880,225
Acquisitions	1,870	-	1,870
Adjustments, transfers and write-offs	-	-	-
Amounts as of 31 December 2017	6,270	3,875,826	3,882,095
Acquisitions	165	3,984,111	3,984,276
Adjustments, transfers and write-offs	-	(4,975,303)	(4,975,303)
Amounts as of 30 September 2018	6,435	2,884,633	2,891,068
Accumulated depreciation and impairment losses			
Amounts as of 1 January 2017	(3,407)	-	(3,407)
Amortisations and impairment losses	(309)	-	(309)
Disposals	-	-	-
Amounts as of 30 September 2017	(3,716)	-	(3,716)
Amortisations and impairment losses	(134)	-	(134)
Disposals	-	-	-
Amounts as of 31 December 2017	(3,850)	-	(3,850)
Amortisations and impairment losses	(615)	-	(615)
Disposals	-	-	-
Amounts as of 30 September 2018	(4,465)	-	(4,465)
Net book value as of 1 January 2017	993	4,299,650	4,300,642
Net book value as of 30 September 2017	684	3,875,826	3,876,509
Net book value as of 31 December 2017	2,420	3,875,826	3,878,245
Net book value as of 30 September 2018	1,970	2,884,633	2,886,603

As at 30 September 2018, the Group held 442,145 CO₂ emission licenses with a market value as of that date of Euro 9,377,895 (31 December 2017: 561,148 licenses with a market value of Euro 3,366,888).

This amount includes forwards related to 250,000 emission licenses, acquired in 2016 and 2017, amounting to Euro 1,397,500 as at 30 September 2018 (31 December 2017: 500,000 emission licenses with an amount of Euro 3,328,500) (Note 25.1).

13. PROPERTY, PLANT AND EQUIPMENT

During 2018 and 2017, changes in Property, plant and equipment, as well as the respective depreciation and impairment losses, were as follows:

Amounts in Euro	Land	Buildings and other constructions	Equipments and other tangibles	Assets under construction	Total
Acquisition cost					
Amounts as of 1 January 2017	122,100,111	539,316,927	3,524,986,193	28,961,567	4,215,364,798
Acquisitions	2,868,315	-	-	78,530,633	81,398,948
Impairment losses	(5,004,528)	-	-	-	(5,004,528)
Disposals	-	(5,957)	(552,627)	-	(558,584)
Adjustments, transfers and write-offs	591,014	1,795,181	22,934,109	(25,261,630)	58,673
Amounts as of 30 September 2017	120,554,911	541,106,151	3,547,367,676	82,230,570	4,291,259,307
Acquisitions	-	-	-	33,315,746	33,315,746
Impairment losses	-	-	-	(1,034,921)	(1,034,921)
Disposals	(2,547,432)	(482,778)	(1,015,823)	-	(4,046,034)
Adjustments, transfers and write-offs	(360,712)	6,427,563	5,374,624	(9,450,247)	1,991,228
Assets available for sale (Note 23)	(1,609,029)	(32,887,566)	(77,847,177)	(924,392)	(113,268,164)
Amounts as of 31 December 2017	116,037,738	514,163,369	3,473,879,299	104,136,754	4,208,217,161
Acquisitions	-	-	-	148,374,108	148,374,108
Impairment losses	-	-	-	-	-
Disposals	(2,359,565)	-	(4,416,637)	-	(6,776,202)
Adjustments, transfers and write-offs	-	1,754,881	116,389,940	(108,332,768)	9,812,053
Amounts as of 30 September 2018	113,678,173	515,918,250	3,585,852,602	144,178,094	4,359,627,119
Accumulated depreciation and impairment losses					
Amounts as of 1 January 2017	(170,652)	(351,347,330)	(2,568,867,884)	-	(2,920,385,866)
Depreciation and impairment losses	-	(8,806,486)	(101,884,456)	-	(110,690,942)
Disposals	-	1,278	318,888	-	320,166
Adjustments, transfers and write-offs	-	-	(975,023)	-	(975,023)
Amounts as of 30 September 2017	(170,652)	(360,152,538)	(2,671,408,473)	-	(3,031,731,664)
Depreciation and impairment losses	-	(3,042,982)	(30,839,808)	-	(33,882,790)
Disposals	-	2	737,156	-	737,158
Adjustments, transfers and write-offs	-	(87,004)	37,933	-	(49,071)
Assets available for sale (Note 23)	-	2,055,473	25,778,785	-	27,834,258
Amounts as of 31 December 2017	(170,652)	(361,227,049)	(2,675,694,408)	-	(3,037,092,109)
Depreciation and impairment losses	-	(8,286,722)	(93,869,333)	-	(102,156,055)
Disposals	-	-	1,231,964	-	1,231,964
Adjustments, transfers and write-offs	-	-	-	-	-
Amounts as of 30 September 2018	(170,652)	(369,513,771)	(2,768,331,778)	-	(3,138,016,200)
Net book value as of 1 January 2017	121,929,459	187,969,598	956,118,308	28,961,567	1,294,978,932
Net book value as of 30 September 2017	120,384,259	180,953,613	875,959,203	82,230,570	1,259,527,645
Net book value as of 31 December 2017	115,867,086	152,936,320	798,184,891	104,136,754	1,171,125,052
Net book value as of 30 September 2018	113,507,522	146,404,480	817,520,824	144,178,094	1,221,610,920

As at 30 September 2018, "Assets under construction" includes investments in projects under development already announced, in particular related with the tissue business segment, in the amount of Euro 113,468,743, with the highlight of the construction, in Cacia, of a Tissue mill (Euro 106,637,217) and also the tissue operation in Vila Velha de Ródão (Euro 6,831,526).

In the pulp business segment, assets under construction amount to Euro 13,409,596 associated with improvements in the productive process.

Assets under construction associated with the paper segment amount to Euro 15,796,293 and are mainly related with investments in productive process improvements.

In "Others" segment are included investments under development in the amount of Euro 1,503,462 which are expected to be fulfilled until the end of the year.

14. BIOLOGICAL ASSETS

During 2018 and 2017, changes in biological assets were as follows:

Amounts in Euro	2018	2017
Amounts as of 1 January	129,396,936	125,612,949
Logging in the period	(14,315,029)	(16,646,099)
Growth	4,522,924	8,797,146
New planted areas and replanting (at cost)	1,899,505	1,579,148
Other changes in fair value	9,449,746	9,455,810
	1,557,146	3,186,005
Amount as of 30 September	130,954,082	128,798,954
Remaining quarters		597,982
Amounts as of 31 December	129,396,936	

The amounts shown as "Other changes in fair value" correspond to actual costs of forest asset management foreseen and incurred in the period, changes in the general assessment assumptions (price of wood and cost of capital) and changes in expectations in relation to the annual model:

Amounts in Euro	30-09-2018	31-12-2017
Costs of assets management		
Forestry	2,357,565	2,216,356
Structure	4,363,286	3,915,187
Fixed and variable rents	8,870,339	7,725,603
	15,591,190	13,857,146
Changes in expectations		
Price of wood	-	(750,000)
Cost-of-capital rate	-	5,060,000
Variations in other species	(1,018,839)	3,003,499
Impact of forest fires in the period	(1,793,848)	(2,231,861)
Other changes in expectations (costs of structure, asset rationalization)	(3,328,757)	(9,482,974)
	(6 141 444)	(4 401 336)
	9,449,746	9,455,810

As at 30 September 2018 and 31 December 2017, biological assets, by species, were detailed as follows:

Amounts in Euro	30-09-2018	31-12-2017
Eucalyptus (Portugal)	117,473,340	115,198,626
Pine (Portugal)	5,559,054	5,136,610
Cork oak (Portugal)	736,229	2,167,541
Other species (Portugal)	215,968	225,939
Eucalyptus (Mozambique)	6,969,492	6,668,220
	130,954,082	129,396,936

These amounts correspond to management's expectation of the volumes to be extracted from its woodlands, as follows:

Amounts in Euro	30-09-2018	31-12-2017
Eucalyptus (Portugal) - Potential future of wood extractions k m ³ ssc	9,978	10,052
Pine (Portugal) - Potential future of wood extractions k ton	412	455
Pine (Portugal) - Potential future of pine extractions k ton	n/a	n/a
Cork oak (Portugal) - Potential future of cork extractions k @	611	615
Eucalyptus (Mozambique) - Potencial future of wood extractions k m ³ ssc (1)	2,057	2,326

(1) Only for areas assessed with one year or more

Concerning Eucalyptus in Portugal, the most relevant biological asset for the nine-month period ended 30 September 2018 and 2017, the Group extracted 455,840 m³ssc and 453,264 m³ssc of wood from its owned and explored forests, respectively.

15. OTHER FINANCIAL ASSETS AND INVESTMENTS IN ASSOCIATES

15.1. Financial assets at fair value through profit or loss

This caption includes the percentage held by the Group in Liaison Technologies, originally acquired in 2005, through the exchange of shares of Express Paper. Until 2012, the Group held 1.52% of the capital of this subsidiary and, in 2013, sold shares representing 0.85% of the share capital, generating a capital gain of Euro 182,911. The Group wants to sell the remaining shares of Liaison.

15.2. Other non-current assets

This caption includes the amount of Euro 32,262,359 regarding the current amount to be received for the sale of the pellets business (USD 45 million, of which USD 42,5 are non-current). The nominal interest receivable shall bear interest at the rate of 2.5%.

16. RECEIVABLES AND OTHER CURRENT ASSETS

As at 30 September 2018 and 31 December 2017, receivables and other current assets were detailed as follows:

Amounts in Euro	30-09-2018	31-12-2017
Trade receivables	200,698,237	175,579,498
Trade receivables - Group companies (Note 26)	209,744	82,306
Other receivables	44,628,965	34,334,922
Derivative financial instruments (Note 25)	617,513	3,644,395
Accrued income	14,655,150	19,198,044
Deferred costs	7,056,131	4,865,157
	267,865,743	237,704,322

The amounts receivable shown above are net of adjustments/impairment losses.

As at 30 September 2018 and 31 December 2017, other receivables were detailed as follows:

Amounts in Euro	30-09-2018	31-12-2017
Advances to employees	689,971	513,293
Advances to suppliers	2,046,314	172,466
Financial incentives receivable	7,380,649	42,105
Department of Commerce (USA)	31,186,887	29,846,612
Other debtors	3,325,144	3,760,446
	44,628,965	34,334,922

In 2015 the Group was subject to an investigation of alleged dumping practices in UWF exports to the United States of America, and an anti-dumping provisional tax rate was imposed over those sales, of 29.53%. On 11 January 2016, the US Department of Commerce settled the final duty rate at 7.8%. In August 2018, Navigator was notified by the US Department of Commerce that the final rate to be applied on sales during the first

review period (from August 2015 to February 2017) would be 37.34%, although in March 2018 the Company had been notified by the same authority that, according to its preliminary assessment, the anti-dumping rate to be applied would be 0%.

The Group reacted immediately to the decision, claiming that there were administrative errors in the decision and used all measures available to prove that the abovementioned rate for the period concerned was completely unjustified. As a result, the US Department of Commerce has reconsidered, with strict compliance with the applicable rules, the calculations made having concluded by the final granting of the 1.75% rate, which shall be applicable to all exports to the US by the Company after the date of publication of the relevant decision.

Subsequently, a request for the reimbursement of approximately 22 million Euros will be initiated, corresponding to the difference between the amounts deposited up to February 2017 and the amount calculated based on the final rate established.

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

The evolution of financial incentives to be received is detailed as follows:

Amounts in Euro	2018	2017
Amount as of 1 January	42,105	58,870
Increase / (decrease)	3,098,070	-
Assignments	7,380,649	-
Receipts	(3,140,174)	(16,765)
Amount as of 30 September	7,380,649	42,105
Remaining quarters	-	-
Amount as of 31 December	42,105	

The balance as at 30 September 2018 refers to the financial incentives granted within several research and development projects, namely the Impactus project (Euro 5,585,300), the PT-Lyptus project (Euro 980,220) and others, whose expectation of the Group is that all the conditions precedent to its receipt are guaranteed.

As at 30 September 2018 and 31 December 2017, accrued income and deferred costs were detailed as follows:

Amounts in Euro	30-09-2018	31-12-2017
Accrued income		
Interest receivable	305,706	1,288,638
Energy sales	13,678,905	15,320,310
Other	670,539	2,589,096
	14,655,150	19,198,044
Deferred costs		
Rents	3,558,181	3,604,994
Insurance	3,311,368	1,061,073
Other	186,582	199,090
	7,056,131	4,865,157
	21,711,281	24,063,201

17. STATE AND OTHER PUBLIC ENTITIES

As at 30 September and 31 December 2017, there were no overdue debts to the State and other public entities.

The balances with these entities were as follows:

Current assets

Amounts in Euro	30-09-2018	31-12-2017
State and other public entities		
Value added tax - reimbursement requests	41,329,898	59,020,670
Value added tax - recoverable	697,033	3,335,694
Amounts pending repayment (legal proceedings in favor of the	8,330,700	12,720,057
	50,357,631	75,076,422

As at 30 September 2018, the amount of reimbursement requests comprised the following, by month and by company:

Amounts in Euro	Aug/2018	Sep/2018	Total
The Navigator Company, S.A.	-	23,814,944	23,814,944
Navigator Abastecimento de Madeira, ACE	2,656,396	1,531,530	4,187,926
Navigator Paper Setúbal, S.A.	-	1,217,950	1,217,950
Bosques do Atlântico, S.L.	-	4,735,423	4,735,423
Navigator Tissue Cacia, S.A.	-	7,373,656	7,373,656
	2,656,396	38,673,502	41,329,898

As at 31 December 2017, the amount of reimbursement requests comprised the following, by month and by company:

Amounts in Euro	Sep/2017	Oct/2017	Nov/2017	Dec/2017	Total
The Navigator Company, S.A.	-	9,138,486	21,047,339	20,558,615	50,744,439
Navigator Abastecimento de Madeira, ACE	1,779,313	-	-	-	1,779,313
Navigator Tissue Cacia, S.A.	1,909,225	-	-	-	1,909,225
Bosques do Atlântico, S.L.	-	-	-	4,587,693	4,587,693
	3,688,537	9,138,486	21,047,339	25,146,308	59,020,670

All these amounts were received during the first half of 2018.

Current liabilities

Amounts in Euro	30-09-2018	31-12-2017
State and other public entities		
Corporate income tax - CIT	33,634,782	7,120,857
Personal income tax - PIT	2,089,361	2,158,253
Value added tax - VAT	32,384,565	30,150,781
Social security contributions	2,314,554	2,525,854
Additional tax liabilities	1,463,127	1,463,127
Other	788,933	152,913
	72,675,323	43,571,785

As previously mentioned, since 1 July 2015, The Navigator Company and its subsidiaries were part of the taxation group led by The Navigator Company, S.A. Therefore, although each group company calculated its income taxes as if it was taxed independently, the determined liabilities were recognised as due to the leader of the taxation group who proceeded with the overall computation and the settlement of the income tax.

Corporate income tax is detailed as follows:

Amounts in Euro	30-09-2018	31-12-2017
Corporate income tax (Note 8)	64,287,296	47,755,492
Payments on account	(24,124,209)	(45,087,168)
Withholding tax	(18,566)	(895,346)
CIT - Decree-Law No. 66/2016 (Revaluation Regime)	5,235,601	5,235,601
Outros amounts receivable/ (payable)	(11,745,340)	112,278
Closing balance	33,634,782	7,120,857

"Other receivable/payables" relates, essentially, to the income tax receivable by the Group's for the 2017 period.

The changes in additional tax liabilities as at 30 September 2018 and 31 December 2017 were as follows:

Amounts in Euro	2018	2017
As of 1 January	1,463,127	1,465,022
Increases	-	-
Transfers	-	-
Decreases	-	-
As of 30 June	1,463,127	1,465,022
Remaining quarters		(1,895)
As of 31 December	1,463,127	

As at 30 September 2018 and 31 December 2017, the additional tax liabilities are detailed as follows:

Amounts in Euro	30-09-2018	31-12-2017
Bosques do Atlântico	1,463,127	1,463,127
	1,463,127	1,463,127

18. SHARE CAPITAL AND TREASURY SHARES

The Navigator Company is a public company with its shares quoted on the Euronext Lisbon.

As at 30 September 2018, The Navigator Company's share capital of Euro 500,000,000 was fully subscribed and paid for being represented by 717,500 000 shares without nominal value.

At the General Meeting held on 22 September 2017, a reduction of the Company's share capital from Euro 717,500,000 to Euro 500,000,000 was approved, maintaining the number of shares representing the company's share capital and for the purpose of releasing excess capital, transferring to free reserves the amount of the capital released.

These shares were mainly acquired during 2008 and 2012, and the changes in the period were as follows:

Amounts in Euro	Quantity	2018	Quantity	2017
		Amount		Amount
Treasury shares held in January	489,973	1,002,084	489,973	1,002,084
Acquisitions				
January	-	-	-	-
February	-	-	-	-
March	-	-	-	-
April	-	-	-	-
May	-	-	-	-
June	-	-	-	-
July	-	-	-	-
August	-	-	-	-
September	-	-	-	-
Treasury shares held in September	489,973	1,002,084	489,973	1,002,084
Remaining quarters			-	-
Treasury shares held in December	489,973	1,002,084		

Treasury shares are stated at acquisition cost.

The market value of the treasury shares held on 30 September 2018 amounted to Euro 2,066,706 (31 December 2017: Euro 2,083,365), corresponding to a unit value of Euro 4.218 (31 December 2017: Euro 4,252) and the market capitalization amounted to Euro 3,026,415,000 (2017: Euros 2,958,970,000) compared to an equity, net of non-controlling interests, of Euro 1,150,820,596.

As at 30 September 2018 and 31 December 2017, the shareholders with significant positions in the Company's capital were as follows:

Entity	30-09-2018		31-12-2017	
	No. of shares	% Capital	No. of shares	% Capital
Seinpar Investments, BV	241,583,015	33.67%	241,583,015	33.67%
Semapa, SGPS, S.A.	256,033,284	35.68%	256,033,284	35.68%
Other entities from Semapa's Group	1,000	0.00%	1,000	0.00%
Zoom Lux S.A.L.R.	15,349,972	2.14%	15,349,972	2.14%
Treasury shares	489,973	0.07%	489,973	0.07%
Pension Fund of Banco BPI	-	0.00%	30,412,133	4.24%
Norges Bank (The Central Bank of Norway)	-	0.00%	15,498,902	2.16%
Remaining shareholders	204,042,756	28.44%	158,131,721	22.04%
Total shares	717,500,000	100.00%	717,500,000	100.00%

19. DEFERRED TAXES

During 2018 and 2017, the changes in assets and liabilities as a result of deferred taxes were as follows:

Amounts in Euro	1 January 2018	Income Statement			30 September 2018
		Increases	Decreases	Share capital	
Temporary differences originating					
deferred tax assets					
Conventional capital remuneration	12,320,000	-	-	-	12,320,000
Taxed provisions	1,336,534	-	(1,219)	-	1,335,315
Adjustments in property, plant and equipment	100,829,491	-	(13,667,298)	-	87,162,193
Financial instruments	3,885,952	-	-	3,309,071	7,195,023
Deferred accounting gains on inter-group transactions	36,424,408	9,469,161	(1,602,385)	-	44,291,184
Government grants	7,849,328	-	(1,094,054)	-	6,755,274
	162,645,714	9,469,161	(16,364,956)	3,309,071	159,058,989
Temporary differences originating					
deferred tax liabilities					
Retirement benefits	(117,966)	(823)	-	46,626	(72,163)
Derivative financial instruments at fair value	(144,728)	-	-	-	(144,728)
Valuation of biological assets	(10,246,504)	(8,897,078)	-	-	(19,143,582)
Deferred accounting losses on inter-group transactions	(49,497,874)	(10,191,596)	49,694,961	-	(9,994,509)
Government grants	(8,903,132)	-	932,590	186,889	(7,783,653)
Extension of useful lives of property, plant and equipment	(232,993,493)	(23,580)	33,728,535	-	(199,288,539)
	(301,903,697)	(19,113,077)	84,356,086	233,515	(236,427,173)
Amounts recognised in balance sheet					
Deferred tax assets	44,727,571	2,604,019	(4,500,363)	909,994	43,741,222
	44,727,571	2,604,019	(4,500,363)	909,994	43,741,222
Deferred tax liabilities	(83,023,517)	(5,256,096)	23,197,924	64,217	(65,017,473)
	(83,023,517)	(5,256,096)	23,197,924	64,217	(65,017,473)

Amounts in Euro	1 January 2017	Income Statement			31 December 2017
		Increases	Decreases	Share capital	
Temporary differences originating					
deferred tax assets					
Conventional capital remuneration	-	-	(3,080,000)	15,400,000	12,320,000
Taxed provisions	1,328,771	-	7,763	-	1,336,534
Adjustments in property, plant and equipment	110,794,106	-	(9,964,615)	-	100,829,491
Financial instruments	8,859,457	-	-	(4,973,505)	3,885,952
Deferred accounting gains on inter-group transactions	30,432,332	10,064,988	(4,072,912)	-	36,424,408
Government grants	9,308,071	-	(1,458,743)	-	7,849,328
	160,722,737	10,064,988	(18,568,507)	10,426,495	162,645,714
Temporary differences originating					
deferred tax liabilities					
Revaluation of property, plant and equipment	(37,905)	-	37,905	-	(0)
Retirement benefits	(16,361)	(63,649)	(428)	(37,527)	(117,966)
Derivative financial instruments at fair value	(144,728)	-	-	-	(144,728)
Valuation of biological assets	(3,979,927)	(6,266,577)	-	-	(10,246,504)
Deferred accounting losses on inter-group transactions	(2,640,661)	(49,680,286)	2,823,074	-	(49,497,874)
Government grants	(1,270,679)	(7,881,690)	-	249,237	(8,903,132)
Extension of useful lives of property, plant and equipment	(209,580,756)	(25,007,195)	1,594,457	-	(232,993,494)
	(217,671,018)	(88,899,397)	4,455,008	211,710	(301,903,698)
Amounts recognised in balance sheet					
Deferred tax assets	44,198,753	2,767,872	(5,106,340)	2,867,286	44,727,571
	44,198,753	2,767,872	(5,106,340)	2,867,286	44,727,571
Deferred tax liabilities	(59,859,532)	(24,447,334)	1,225,127	58,220	(83,023,517)
	(59,859,532)	(24,447,334)	1,225,127	58,220	(83,023,517)

In the measurement of the deferred taxes as at 30 September 2018 and 31 December 2017, the corporate income tax rate used was 27.50%.

20. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

27.1. Introduction

Until 2013, several retirement and survivor plans together with retirement bonus, coexisted within the Navigator Company Group. For certain categories of active employees, in addition to the plans described below, additional plans also existed, financed through independent funds assigned to cover those additional responsibilities.

In accordance with the Social Benefits Regulations in force, permanent employees of The Navigator Company that chose not to move to the defined contribution plan, together with the retired employees as of the transition date (1 January 2009) and from 1 January 2014, the former employees of Navigator Paper Figueira (former Soporcel), Navigator Forest Portugal (former PortucelSoporcel Florestal), RAIZ, Empremédia and Navigator Lusa (incorporated by merger in 2017 in-Navigator Paper Figueira), are entitled, after retirement or in case of disability, to a monthly retirement pension or disability

supplement. This is calculated according to a formula, which considers the beneficiary's gross monthly remuneration updated to the work category at the date of retirement and the number of years of service, up to a limit of 30 (limit of 25 to Navigator Paper Figueira, Navigator Forest Portugal, Empremédia, Navigator Lusa and RAIZ), including a survivor pension to the spouse and direct descendants.

To cover this liability, externally managed pension funds were set up. The funds' assets are apportioned between each of the companies.

In 2010 and 2013, the Navigator Company Group completed the necessary procedures to convert the defined benefit plans of its subsidiaries The Navigator Company, Navigator Paper Figueira, Navigator Forest Portugal, Empremédia, S.A., RAIZ and Navigator Lusa, to defined contribution plans for the current employees, keeping the acquired benefits of former employees as defined benefit plans. The acquired rights attributable to former employees and retirees in case they leave the company or in case of a job change or retirement remains unchanged.

Notwithstanding, following a negotiation process with its employees as a result of the aforementioned changes to the pension plans, Navigator Paper Figueira allowed its active employees as of 1 January 2014 to choose, until 16 January 2015, to choose between the following alternatives:

- i) Alternative A – Benefit safeguard plan, or;
- ii) Alternative B – Pure defined contribution plan.

This possibility to choose between these two alternatives was granted to the employees in early 2015, with reference to the situation as of 31 December 2013, aiming to bypass the changes that had been made to the Navigator Paper Figueira pension plan, by simulating that the option had been granted as of 1 January 2014, by the time of the conversion of the defined benefit plan into a defined contribution plan.

Alternative A – Benefit safeguard plan

In general terms, employees that chose alternative A retain the option, as of the retirement date, of the defined benefit plan in force until 31 December 2013 based on the employee's seniority as of that date. They also benefit from a defined contribution plan until they reach 25 year seniority in the Company.

From a practical point of view, this alternative allows the employees to benefit from two autonomous accounts:

- I. **Account 1:** which includes an initial contribution corresponding to the amounts delivered to the pension fund under the previous defined benefit plan, in the amount of the liabilities for past services computed as of 31 December 2013, together with the monthly contributions made by the Company during 2014 to the defined contribution plan; and,
- II. **Account 2:** including the future monthly contributions to be made by the Company until the employees complete 25 years of service in Navigator Paper Figueira, amounting to 2% of the pensionable salary.

The balance of the Account 1 will be assigned to cover the liabilities associated to a defined benefit (resulting in receiving a pension corresponding to the existing liabilities in the previous defined benefit plan computed as of 31 December 2013), as the employees that chose Alternative A trigger the Safeguard Clause.

When triggering the Safeguard Clause employees will be guaranteeing the payment of a pension in accordance with the provisions laid down on the Defined Benefit Plan previously in force, and the pensionable salary at the retirement date. In practical terms, if the Safeguard Clause is triggered, the accumulated balance in Account 1 is transferred to the Defined Benefit Plan, assuming responsibility for paying the retirement pension to the employee.

Employees that choose to trigger the Safeguard Clause also benefit from a life rent, acquired from an insurance company with the funds accumulated in Account 2.

Employees that do not trigger the Safeguard Clause will benefit from the life rent acquired from the insurance company with the funds accumulated in Accounts 1 and 2.

This means that the benefits awarded by the employees that chose not to trigger the Safeguard Clause will correspond to those that would result in a defined contribution plan, with the corresponding contributions being computed as the sum of the "deposited" contributions in Accounts 1 and 2 (without any adjustment/actuarial update).

Alternative B – Pure defined contribution plan

Employees that chose Alternative B will have access to a defined contribution plan, under which the Company will perform monthly contributions corresponding to 4% of their pensionable salary until the date of retirement or termination of employment contract, with no limitations.

Thus, under this alternative, employees benefit from a single account, which will be composed by the accumulated balance of the following contributions:

- Initial contribution, corresponding to past service liabilities, computed with reference to 31 December 2013 under the previous defined benefit plan, with a 25% premium;
- Contributions made by Navigator Paper Figueira during 2014; and
- Future contributions to be made by Navigator Paper Figueira at a 4% rate.

The benefit to be awarded by employees who, until 16 January 2015, had chosen this alternative, will correspond to the value of the life rent that can be acquired from an insurance company with the total accumulated contributions of each employee as of the date of retirement.

The Navigator Company Group also holds liabilities related to post-employment defined benefit plans regarding The Navigator Company employees that chose not to accept the conversion to defined contribution plan 13 employees (31 December 2017: 13 employees), together with former employees, retirees or, when applicable, with granted rights.

As at 30 September 2018 and 31 December 2017, the coverage of the companies' liabilities by the assets of the funds was as follows:

Amounts in Euro	No. of Beneficiaries	30-09-2018	No. of Beneficiaries	31-12-2017
Past service liabilities				
- Active employees, including individual accounts	516	58,567,960	529	57,986,022
- Former employees	123	20,679,122	125	20,527,177
- Retired employees	500	74,479,477	492	72,686,537
Market value of the pension funds		(144,411,894)		(146,109,493)
	1,139	9,314,665	1,146	5,090,242
Insufficient funds / overfunding		9,314,665		5,090,242

As at 30 September 2018, the amount of liabilities related to the post-employment benefit plans of two non-executive Directors of the Navigator Group amounted to Euro 1,601,876 (31 December 2017: Euro 1,701,096).

27.2. Assumptions used in the valuation of the liabilities

The actuarial studies developed by an independent entity for determine the accumulated liabilities as at 30 September 2018 and 31 December 2017 were based on the following assumptions:

	30-09-2018	31-12-2017	Real outcome	
			30-09-2018	31-12-2017
Disability table		EKV 80	EKV 80	-
Mortality table	TV 88/90	TV 88/90	-	-
Wage growth rate	1.00%	1.00%	1.50%	1.00%
Technical interest rate	2.00%	2.00%	-	-
Return rate on plan assets	2.00%	2.00%	0.19%	4.31%
Pension growth rate	0.75%	0.75%	1.13%	0.75%

The discount rates used in this study were selected over the return rates of a bonds' portfolio, namely Markit iBoxx Eur Corporates AA 10+. From the portfolio, bonds with adequate maturity and rating were selected according to the amount and period cash outflows that will occur in regard to the payment of the benefits to employees.

The following table presents the five-year historical information on the present value of liabilities, the market value of the funds, non-financed liabilities and net actuarial gains/ (losses). This information from 2014 to 2018 is as follows:

Amounts in Euro	2014	2015	2016	2017	09-2018
Present value of liabilities	70,188,472	139,312,363	148,877,898	151,199,735	153,726,559
Fair value of plan assets	71,666,181	143,067,688	142,420,782	146,109,493	144,411,894
Surplus/ (deficit)	1,477,709	3,755,326	(6,457,116)	(5,090,242)	(9,314,665)

27.3. Retirement and pension supplements

The movements in liabilities with retirement and pension plans in 2018 and 2017 were as follows:

Amounts in Euro	2018	2017
Liabilities at the beginning of the period	151,199,735	148,877,898
Remeasurement (actuarial deviations)	1,829,897	398,658
Accrued liabilities with unplanned withdrawals	637,577	-
Costs recognised in the Income Statement	2,395,283	3,738,305
Pensions paid	(2,335,933)	(3,255,344)
Amount as of 30 September	153,726,559	149,759,517
Remaining quarters		1,440,218
Amount as of 31 December	151,199,735	

The funds set up to cover the above mentioned liabilities presented the following movements in 2018 and 2017:

Amounts in Euro	2018	2017
Opening balance	146,109,493	142,420,782
Charge for the period	2,000,000	-
Expected income for the period	1,463,154	2,136,269
Remeasurement (actuarial deviations)	(3,072,422)	1,547,435
Pensions paid	(2,335,933)	(3,255,344)
Other	247,602	-
Amount as of 30 September	144,411,894	142,849,143
Remaining quarters		3,260,350
Amount as of 31 December	146,109,493	

Assuming assets under the defined contribution in the amount of Euro 50,348 million, pension fund assets are managed by Schroders (26%), BlackRock (25%), Credit Suisse (23%) and BMO (26%), as detailed below:

Amounts in Euro	2018	2017
Defined Contribution and <i>Conta 1</i> :		
Occidental - Pensions	97,075	2,485,748
Schroders	50,628,447	51,431,292
BlackRock	48,017,105	46,377,470
<i>Conta 1</i> - Credit Suisse	45,669,268	45,814,983
Total Defined Contribution and <i>Conta 1</i>	144,411,894	146,109,493
Defined Contribution (BMO):		
Defensive sub-fund	9,556,416	8,681,076
Conservative sub-fund	21,542,558	25,263,764
Dynamic sub-fund	14,301,307	14,498,707
Aggressive sub-fund	4,692,978	4,835,586
Total Defined Contribution	50,093,259	53,279,133
	194,505,153	199,388,626

The detail of the fund's assets as at 30 September 2018 and 31 December 2017 was as follows:

Amounts in Euro	30-09-2018	31-12-2017
Bonds	100,768,915	97,117,383
Shares	38,678,047	40,107,415
Liquidity	4,867,856	6,799,931
Other short-term investments	97,075	2,074,821
Real Estate	-	9,943
	144,411,894	146,109,493

Of the assets that compose the fund, all the shares and obligations presented are quoted on the regulated market.

The effect of these plans in the income statement of the nine-month period ended 30 September 2018 and 2017 was as follows:

Amounts in Euro	9 months 30-09-2018	9 months 30-09-2017
Defined Benefit Plans		
Current services	979,273	1,603,539
Interest expenses	1,416,010	2,134,766
Accrued liability with unplanned withdrawals	637,577	-
Expected return of plan assets	(1,463,154)	(2,136,269)
Other	-	(301,186)
	1,569,706	1,300,850
Defined Contribution Plan		
Contributions for the period	1,031,818	959,592
	1,031,818	959,592
Costs for the period	2,601,524	2,260,442

Current services includes the amount of Euro 23,137 from 2 non-executive Directors (2017: Euro 35,689).

21. PROVISIONS

In 2018 and 2017, changes in provisions were as follows:

Amounts in Euro	Legal Claims	Tax Claims	Other	Total
Amount as of 1 January 2017	2,300,344	28,748,464	-	31,048,808
Increases (Note 6)	1,192,681	1,008,083	1,877,151	4,077,915
Reversals (Note 6)	-	(1,022,696)	-	(1,022,696)
Transfers/ Adjustments	-	(11,857,174)	-	(11,857,174)
Amount as of 30 September 2017	3,493,025	16,876,677	1,877,151	22,246,853
Increases (Note 6)	706,383	(358,819)	(329,850)	17,714
Reversals (Note 6)	(11,074)	1,022,696	-	1,011,622
Transfers/ Adjustments	(29,177)	(3,710,366)	-	(3,739,543)
Amount as of 31 December 2017	4,159,157	13,830,187	1,547,301	19,536,645
Increases (Note 6)	1,050,467	-	-	1,050,467
Reversals (Note 6)	(595,119)	(649,264)	(1,547,301)	(2,791,684)
Transfers/ Adjustments	34,257	20,335,455	-	20,369,712
Amount as of 30 September 2018	4,648,762	33,516,377	-	38,165,139

The outcome of provisions for legal proceedings depends on court decisions.

The amount of provisions stated as "Tax claims" results from the Navigator Group's judgment at the Statement of financial position date, about the potential disagreement with tax authorities, considering most recent updates about this events.

The amounts included in the item Transfers/Adjustments include approximately Euro 11,3 million related to the establishment of provisions in 2018 and approximately Euro 8,3 million of amounts that were recognised in deferred tax liabilities.

22. INTEREST-BEARING LIABILITIES AND OTHER LIABILITIES

22.1. Interest-bearing liabilities

As at 30 September 2018 and 31 December 2017, interest-bearing liabilities comprised the following:

30-09-2018						
Amounts in Euro	Available amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond loans						
Portucel 2015-2023	200,000,000	200,000,000	September 2023	Variable rate indexed to Euribor	-	200,000,000
Portucel 2016-2021	100,000,000	100,000,000	April 2021	Fixed rate	-	100,000,000
Portucel 2016-2021	45,000,000	45,000,000	August 2021	Variable rate indexed to Euribor	-	45,000,000
Commissions		(2,105,171)				(2,105,171)
European Bank Investment						
Loan EBI <i>Ambiente A</i>	4,642,857	4,642,857	December 2018	Variable rate indexed to Euribor	4,642,857	-
Loan EBI <i>Ambiente B</i>	10,000,000	10,000,000	June 2021	Variable rate indexed to Euribor	3,333,333	6,666,667
Loan EBI <i>Energia</i>	46,041,667	46,041,667	December 2024	Variable rate indexed to Euribor	7,083,333	38,958,333
Loan EBI <i>Cacia</i>	25,000,000	25,000,000	May 2028	Fixed rate	-	25,000,000
Commercial Paper Program						
Commercial Paper Program 125M	125,000,000	125,000,000	May 2020	Variable rate indexed to Euribor	-	125,000,000
Commercial Paper Program 70M	70,000,000	70,000,000	April 2021	Fixed rate	-	70,000,000
Commercial Paper Program 50M	50,000,000	50,000,000	July 2020	Variable rate indexed to Euribor	-	50,000,000
Commercial Paper Program 25M	25,000,000	25,000,000	December 2018	Variable rate indexed to Euribor	25,000,000	-
Commercial Paper Program 75M	75,000,000	-	July 2020	Variable rate indexed to Euribor	-	-
Commercial Paper Program 100M	100,000,000	-	March 2020	Variable rate indexed to Euribor	-	-
Commercial Paper Program 100M	35,000,000	35,000,000	March 2020	Variable rate indexed to Euribor	-	35,000,000
Commercial Paper Program 100M	50,000,000	50,000,000	March 2020	Variable rate indexed to Euribor	-	50,000,000
Commercial Paper Program 100M	35,000,000	35,000,000	February 2019	Variable rate indexed to Euribor	35,000,000	-
Commissions						-
Bank lines						
Short-term line 20M	20,450,714	-			-	-
Reimbursable grants						
Reimbursable grants	-	5,875,450			1,938,217	3,937,233
		824,454,803			76,997,741	747,457,062

31-12-2017						
Amounts in Euro	Available amount	Outstanding amount	Maturity	Interest rate	Current	Non-current
Bond loans						
Portucel 2015-2023	200,000,000	200,000,000	September 2023	Variable rate indexed to Euribor	-	200,000,000
Portucel 2016-2021	100,000,000	100,000,000	April 2021	Fixed rate	-	100,000,000
Portucel 2016-2021	45,000,000	45,000,000	August 2021	Variable rate indexed to Euribor	-	45,000,000
Commissions		(1,703,383)				(1,703,383)
European Bank Investment						
Loan EBI <i>Ambiente A</i>	9,285,714	9,285,714	December 2018	Variable rate indexed to Euribor	9,285,714	-
Loan EBI <i>Ambiente B</i>	11,666,666	11,666,666	June 2021	Variable rate indexed to Euribor	3,333,333	8,333,333
Loan EBI <i>Energia</i>	49,583,333	49,583,333	December 2024	Variable rate indexed to Euribor	7,083,333	42,500,000
Loan EBI <i>Cacia</i>	25,000,000	25,000,000	May 2028	Fixed rate	-	25,000,000
Commercial Paper Program						
Commercial Paper Program 125M	125,000,000	125,000,000	May 2020	Variable rate indexed to Euribor	-	125,000,000
Commercial Paper Program 70M	70,000,000	70,000,000	April 2021	Fixed rate	-	70,000,000
Commercial Paper Program 50M	50,000,000	50,000,000	July 2020	Variable rate indexed to Euribor	-	50,000,000
Commercial Paper Program 25M	25,000,000	25,000,000	December 2018	Variable rate indexed to Euribor	25,000,000	-
Commercial Paper Program 75M	75,000,000	-	July 2020	Variable rate indexed to Euribor	-	-
Commercial Paper Program 100M	100,000,000	-	March 2020	Variable rate indexed to Euribor	-	-
Commissions		(515,766)				(515,766)
Financing						
Short-term financing 50M	50,000,000	50,000,000	February 2018	Variable rate indexed to Euribor	50,000,000	-
Short-term financing 50M	50,000,000	50,000,000	April 2018	Variable rate indexed to Euribor	50,000,000	-
Bank lines						
Short-term line 20M	20,450,714	-			-	-
Short-term line Usd	10,000,000	5,503,210			5,503,210	
Reimbursable grants						
Reimbursable grants	-	4,237,695				4,237,695
		818,057,471			150,205,591	667,851,880

Like 2017, in 2018 The Navigator Company has continued to place short-term commercial paper issues on an auction basis.

In July 2018, the Group contracted a loan in the amount of Euro 40 million with EIB, still unused, associated with the investment to increase capacity in Figueira da Foz, thus continuing the increasing effort to optimise its financial structure.

As at 30 September 2018, the average cost of debt, considering interest rate, the annual fees and hedging operations, was 1.5% (31 December 2017: 1.6%).

The repayment terms for the loans recorded as non-current are detailed as follows:

Amounts in Euro	30-09-2018	31-12-2017
Non-current		
1 to 2 years	225,992,927	12,337,297
2 to 3 years	234,333,196	191,421,157
3 to 4 years	54,861,111	227,007,018
4 to 5 years	9,861,111	9,861,111
Above 5 years	224,513,886	229,444,444
	749,562,232	670,071,028
Commissions	(2,105,170)	(2,219,148)
	747,457,062	667,851,880

As at 30 September 2018, the Group had commercial paper programs and credit lines available, but not used, in the amount of Euro 195,450,714 (31 December 2017: Euro 195,450,714).

As at 30 September 2018 and 31 December 2017, the Group's current interest-bearing debt was as follows:

Amounts in Euro	30-09-2018	31-12-2017
Interest-bearing liabilities		
Non-current	747,457,062	667,851,880
Current	76,997,741	150,205,591
	824,454,803	818,057,471
Cash and cash equivalents		
Cash	81,550	81,795
Short-term bank deposits	39,359,937	71,125,699
Other short-term instruments	53,427,260	54,123,542
	92,868,746	125,331,036
Interest-bearing net debt	731,586,057	692,726,434

The reconciliation of the current interest-bearing liabilities to the statement of cash flows is as follows:

Amounts in Euro	30-09-2018	31-12-2017
As of 1 January	818,057,471	708,261,286
Borrowings - outflows	(111,262,788)	(44,702,381)
Borrowings - inflows	120,030,000	155,503,210
Reimbursable grants	(2,483,858)	(1,455,171)
Variation of charges on the issuance of loans	113,978	450,527
Variation of interest-bearing liabilities	6,397,332	109,796,185
Interest-bearing liabilities as of 31 December	824,454,803	818,057,471

The difference between the amount of Euro 6,397,332 and the amount of Euro 38,859,621 is due to the changes in cash and cash equivalents effect.

The Navigator Company Group has a strict policy of approval of its financial counterparts, limiting their exposure according to an individual risk analysis and previously approved ceilings. Beyond these limits, there is also a diversification policy applied to the number of the Navigator Company Group's counterparties. At 30 September 2018, "Other" included an amount of Euro 53,426,052 related with an investment in a portfolio of bonds.

The fair value of the bond loans, considering the date and respective contractual conditions, determined according to level 2 of the fair value hierarchy, does not differ substantially from its book value.

The evolution of the Group's interest bearing net debt for the nine-month period ended 30th September 2018 and 2017 was as follows:

Amounts in Euro	9 months 30-09-2018	9 months 30-09-2017	Remaining quarters	31-12-2017
As of 1 January	692,726,435	640,719,698	-	640,719,698
Payments with debt issuance	2,105,171	2,293,378	(74,230)	2,219,148
Interest paid	13,038,152	9,262,882	2,911,493	12,174,374
Interest received	723,494	(1,872,784)	(258,732)	(2,131,516)
Dividends paid and reserves distributed	200,002,777	250,007,056	-	250,007,056
Acquisition of treasury shares	-	-	-	-
Receipts related to investment activities	(69,026,158)	-	-	-
Payments related to financial investments	-	-	-	-
Payments related to property, plant and equipment	155,644,200	63,805,782	35,057,613	98,863,395
Accumulated exchange rate differences	(9,220,628)	2,836,592	(57,174)	2,779,418
Receipt of dividends	-	-	-	-
Net receipts from operating activities	(254,407,387)	(225,060,671)	(86,844,468)	(311,905,139)
Change in net debt	38,859,621	101,272,236	(49,265,498)	52,006,737
As of 30 September	731,586,057	741,991,934	(49,265,498)	692,726,435

Also, the movements in the Navigator Group's interest bearing net debt for the nine-month period ended 30 September 2018 and 2017 was as follows:

Amounts in Euro	9 months 30-09-2018	9 months 30-09-2017	Remaining quarters	31-12-2017
Net profit for the period	171,765,004	145,801,093	61,968,044	207,769,137
Depreciation, amortisation and impairment losses	97,764,203	111,529,226	33,174,673	144,703,899
Net changes in provisions	(1,741,217)	3,055,219	1,029,336	4,084,555
	267,787,990	260,385,538	96,172,053	356,557,592
Changes in working capital	10,098,838	36,983,422	(77,824,971)	(40,841,549)
Changes in the consolidation perimeter	(152,640,688)	(76,077,628)	(30,205,853)	(106,283,481)
Dividends and reserves distributed	(200,002,777)	(250,007,056)	-	(250,007,056)
Acquisition of treasury shares	-	-	-	-
Net changes in post-employment benefits	(4,224,423)	(453,259)	1,820,133	1,366,874
Other changes in equity	17,506,512	11,892,393	(23,081,794)	(11,189,401)
Expenses with the issue of bond loans	113,978	954,846	(504,320)	450,526
Other changes in non-current assets and liabilities	22,500,949	(84,950,491)	82,890,249	(2,060,242)
Change in net debt (Free Cash Flow)	(38,859,621)	(101,272,236)	49,265,500	(52,006,737)

22.2. Other liabilities

As at 30 September 2018 and 31 December 2017, other non-current liabilities were as follows:

Amounts in Euro	30-09-2018	31-12-2017
Non-current		
Grants	22,118,375	25,466,139
	22,118,375	25,466,139

The amount of grants corresponds to the non-current component of the investment grants received to support the investment projects assumed by the Group in the past.

Finance leases – IFRIC 4

As at 30 September 2018 and 31 December 2017, the Group used the following equipment under finance lease plans recognised under IFRIC 4 in the statement of financial position:

Amounts in Euro	30-09-2018		
	Acquisition value	Accumulated depreciation	Net book value
Equipments - Omya	14,000,000	(13,621,622)	378,378
	14,000,000	(13,621,622)	378,378
Amounts in Euro	31-12-2017		
	Acquisition value	Accumulated depreciation	Net book value
Equipments - Omya	14,000,000	(12,486,487)	1,513,513
	14,000,000	(12,486,487)	1,513,513

The non-current and current liabilities related to those equipment are recorded under "Other liabilities" and "Payables and other current liabilities" and are detailed as follows:

Amounts in Euro	30-09-2018	31-12-2017
Non-current		
Equipment	-	-
Current (Note 22)	1,334,232	2,213,644
	1,334,232	2,213,644

In 2009, with the launch of the new paper mill in Setubal, the Navigator Group recognised as a finance lease the cost of the Precipitated Calcium Carbonate production unit, installed by Omya, S.A. at the industry site in Setúbal for the exclusive use of the new mill. This contract foresees the transfer of the assets' ownership to About The Future, S.A., upon its termination, in 2019.

23. NON-CURRENT ASSETS HELD FOR SALE

On December 2017, The Navigator Company celebrated a sale agreement related with its pellets business in the United States of America with a joint venture managed and operated by an associate of Enviva Holdings, LP, in the amount of USD 135 million.

As a result, in the consolidated statement of financial position at 31 December 2017, the referred assets were identified as "Non-current assets held for sale" and are composed as follows:

Amounts in Euro	31-12-2017
Property, plant and equipment	85,433,905
Inventories	803,143
	86,237,048

This operation was concluded on February 2018.

24. PAYABLES AND OTHER CURRENT LIABILITIES

As at 30 September 2018 and 31 December 2017, "Payables and other current liabilities" were detailed as follows:

Amounts in Euro	30-09-2018	31-12-2017
Suppliers	86,573,188	88,917,184
Suppliers invoice pending - Logistics	7,282,626	13,346,881
Suppliers invoice pending - Other	58,657,886	54,953,985
Fixed asset suppliers	2,362,681	5,115,782
Finance leases (Note 21)	1,334,232	2,213,644
Suppliers - Related parties (Note 26)	(24,079)	71,753
Derivative financial instruments (Note 25)	4,787,038	3,256,492
Other creditors - CO ₂ emission licenses	4,350,698	4,420,178
Sales commissions	152,937	138,682
Tax consolidation (Semapa) (Note 26)	7,429,319	7,429,319
Other creditors	2,129,406	2,475,273
Accrued costs	71,504,343	65,934,375
Deferred income	17,705,568	11,236,298
	264,245,844	259,509,848

As at 30 September 2018 and 31 December 2017, accrued costs and deferred income were detailed as follows:

Amounts in Euro	30-09-2018	31-12-2017
Accrued costs		
Payroll expenses - Performance Bonus	22,085,632	17,414,930
Payroll expenses - Other costs	23,609,673	22,670,683
Interest payable	3,198,689	2,687,393
Wood suppliers bonus	6,503,270	7,761,518
Water resource rate	2,036,555	2,011,427
Rents liability	8,561,601	6,716,206
Other	5,508,922	6,672,218
	71,504,342	65,934,375
Deferred income		
Government grants	5,700,476	5,859,834
Grants - CO ₂ emission licenses	1,581,921	261,097
Other grants	6,498,369	1,190,564
Other deferred income - ISP	3,924,802	3,924,802
	17,705,568	11,236,298

As at 30 September 2018 and 31 December 2017, deferred income on government grants, by company, was detailed as follows:

Amounts in Euro	30-09-2018	31-12-2017
AICEP investment contracts		
The Navigator Company, S.A.	-	10,132
Enerpulp, S.A.	6,059,984	7,197,936
Navigator Pulp Cacia, S.A.	11,073,939	12,798,599
Navigator Pulp Setúbal, S.A.	559,143	694,637
Navigator Pulp Figueira, S.A.	6,755,654	7,849,708
Navigator Parques Industriais, S.A.	2,062,549	2,107,066
Navigator Paper Figueira, S.A.	693,717	137,250
Navigator Tissue Cacia, S.A.	-	-
	27,204,985	30,795,328
Other		
Raiz	293,948	60,506
Viveiros Aliança, SA	319,918	470,139
	613 866	530 645
	27,818,851	31,325,972

During 2018 and 2017, the movements in Grants - CO₂ emission licenses were as follows:

Amounts in Euro	2018	2017
Grants - CO₂ emission licenses		
Opening balance	-	-
Increase	3,984,110	2,738,778
Charge-off	(2,402,189)	(2,202,466)
Amount as of 30 September	1,581,921	536,312
Remaining quarters		(536,312)
Amount as of 31 December		-

These amounts correspond to the CO₂ emission allowances granted for free to several Group companies (2018: Euro 477,139 and 2017: Euro 495,037).

25. FINANCIAL ASSETS AND LIABILITIES

25.1. Derivative financial instruments held for trading

As at 30 September 2018 and 31 December 2017, the fair value of derivative financial instruments was as follows:

Amounts in Euro			30-09-2018		31-12-2017
	Currency	Notional	Positive	Negative	Net
Trading					
Forwards - CO ₂ emission licenses	EUR	1,397,500	-	-	-
Anti-Dumping forward	USD	-	-	-	1,149,981
Foreign exchange forwards	USD	81,000,000	-	(722,144)	(722,144)
Foreign exchange forwards	GBP	6,850,000	-	(23,452)	(23,452)
		89,247,500	-	(745,596)	(745,596)
					1,828,121

The Navigator Group has a currency exposure on sales invoiced in foreign currencies, namely US dollars (USD) and pounds sterling (GBP). As the Navigator Group's financial statements are translated into Euro, it runs an economic risk on the conversion of these currency flows to the Euro. The Navigator Group is also obliged, albeit to a lesser degree, to make certain payments in those same currencies which, for currency exposure purposes, act as a natural hedge. Thus, the hedge is aimed at safeguarding the net value of items in the statement of financial position denominated in foreign currencies against the respective currency fluctuations.

The hedging instruments used in this operation are foreign exchange forward contracts covering the net exposure to the foreign currencies at the time the invoices are issued, for the same maturity dates and the same amounts of these documents in such a way as

to fix the exchange rate associated with the sales. The nature of the risk hedged is change in the carrying amount of on sales and purchases expressed in foreign currencies due to foreign currency fluctuations. At the end of each month, customer and suppliers' balances expressed in foreign currency are updated, with the gain or loss offset against the fair value change of the forwards negotiated.

The net fair value of trading instruments – forwards – as at 30 September 2018 amounts to Euro (745,596) (31 December 2017: Euro 1,828,121).

In addition to the purchases made in 2015 and 2016 of 400,000 CO₂ emission licenses, for delivery in 2018-2019 and 100,000 CO₂ licenses acquired in 2017, for delivery in 2020, in the current year, no further acquisitions were made.

25.2. Derivative financial instruments designated as hedging instruments

As at 30 September 2018 and 31 December 2017, the fair value of derivative financial instruments designated as hedging instruments was as follows:

Amounts in Euro	Currency	Notional	30-09-2018		31-12-2017	
			Positive	Negative	Net	Net
Hedging						
Hedging (net investment)	USD	-	19,100	-	19,100	114,914
Hedging (future sales)	USD	169,666,667	-	(1,419,220)	(1,419,220)	1,701,360
Hedging (future sales)	GBP	49,016,667	598,413	-	598,413	-
Interest rate swap for commercial paper issued	EUR	125,000,000	-	(630,028)	(630,028)	(746,982)
Interest rate swap for bond loans	EUR	200,000,000	-	(1,992,193)	(1,992,193)	(2,509,510)
		617,513	(4,041,441)	(3,423,927)	(1,440,218)	

Net investment

The Navigator Group hedges the economic risk associated with exposure to the exchange rate of its participation in Navigator North America. To this purpose, the Group has entered into a foreign exchange forward maturing in September 2018, with a notional outstanding of USD 25,050,000.

Considering the nature of the hedged asset, it was decided not to renew the product.

Cash flow hedge – Exchange rate risk EUR/USD

The Navigator Company Group makes use of derivative financial instruments in order to limit the net exchange risk associated with sales and future purchases estimated at USD.

In this context, during the last quarter of 2017, the Group contracted several financial structures to cover a portion of the net foreign exchange exposure of estimated sales in USD for 2018. The derivative financial instruments in force at 1 January 2017 are *Opções* and Zero Cost Collar, in a total amount of USD 120,000,000, of which USD 30,000,000 remain in force, reaching maturity on 31 December 2018. In 2018, the financial instruments were strengthened through the additional contracting of USD 176,000,000 of *Opções* and Zero Cost Collar (of which USD 58,666,667 remains in force) and GBP 92,000,000, through Options maturing in the first quarter of 2019, of which GBP 42,166,667 shall remain in force as of the date thereof.

Cash flow hedge – Interest rate risk

The Navigator Group hedges future interest payments associated with commercial paper issues by hiring an interest rate swap, which pays a fixed rate and receives a floating

rate. This instrument is designated as hedges of cash flows from the commercial paper program and the bond loan. The credit risk is not part of the hedging relationship.

This hedge is designated for the entire life of the hedging instruments.

25.3. Credit and receivables

These amounts are initially recognised at fair value, and subsequently measured at amortised cost less any impairment losses identified during the course of the credit risk analysis of the credit portfolios held.

25.4. Other financial liabilities

These items are recognised at their amortised cost, corresponding to the value of the respective cash flows discounted at the effective interest rate associated with each of the liabilities.

25.5. Net gains on financial assets and liabilities

The effect in net income of the period of the financial assets and liabilities held is detailed as follows:

Amounts in Euro	30-09-2018	30-09-2017
Foreign exchange gains/ (losses) on loans and receivables	1,231,922	(3,233,678)
Gains/ (losses) on financial instruments - hedging (Note 10)	(3,591,043)	518,880
Gains/ (losses) on financial instruments - trading (Note 10)	(1,871,149)	3,977,870
Interest income:		
From deposits and other receivables (Note 10)	610,098	1,446,264
Interest expense:		
From financial liabilities measured at amortised cost (Note 10)	(6,421,248)	(8,276,493)
Other	(6,495,789)	(921,587)
	(16,537,208)	(6,488,744)

The fair value of derivative financial instruments is included in "Receivables and other current assets" (Note 15) and "Payables and other current liabilities" (Note 22).

The movement in the balances recognised in the statement of financial position (Notes 15 and 22) related with financial instruments was as follows:

	Change in fair value (Trading)	Change in fair value (Hedging)	Total
Amount as of 1 January 2017	(1,943,402)	(4,881,689)	(6,825,091)
Maturity (Note 10)	3,977,870	518,880	4,496,750
Increases/ decreases in fair value	-	6,681,108	6,681,108
Amount as of 30 September 2017	2,034,468	2,318,299	4,352,767
Maturity (Note 10)	(206,347)	2,291,165	2,084,817
Increases/ decreases in fair value	-	(6,049,682)	(6,049,683)
Amount as of 31 December 2017	1,828,121	(1,440,218)	387,901
Maturity (Note 10)	(1,871,149)	(3,591,043)	(5,462,192)
Increases/ decreases in fair value	(702,568)	1,607,334	904,766
Amount as of 30 September 2018	(745,596)	(3,423,928)	(4,169,525)

As at 30 September 2018 and 31 December 2017, the derivative financial instruments had the following maturities:

		Nominal amount	Maturity	Type	30-09-2018 Fair value	31-12-2017 Fair value
Exchange rate forwards	USD	81,000,000	31-Dec-2018	Held for trading	(722,144)	669,733
	GBP	6,850,000	11-Feb-2019	Held for trading	(23,452)	8,407
Future purchase of CO ₂ Licences	EUR	1,397,500	16-Mar-2020	Held for trading	-	-
Foreign exchange hedging - Cash Anti-Dumping	USD	-	31-Oct-2018	Held for trading	-	1,149,981
					<u>(745,596)</u>	<u>1,828,121</u>
Foreign exchange hedging - Investment in subsidiary	USD	-	30-Nov-2018	Hedging	19,100	114,914
Hedging for future sales	USD	169,666,667	31-Jan-2019	Hedging	(1,419,220)	1,701,360
Hedging for future sales	GBP	49,016,667	31-Mar-2019	Hedging	598,413	-
Interest rate swap for commercial paper issued	EUR	125,000,000	26-May-2020	Hedging	(630,028)	(746,982)
Interest rate swap for bond loans	EUR	200,000,000	22-Sep-2023	Hedging	(1,992,193)	(2,509,510)
					<u>(3,423,928)</u>	<u>(1,440,218)</u>
					<u>(4,169,524)</u>	<u>387,902</u>

26. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As at 30 September 2018 and 31 December 2017, the balances with group companies and associated companies is presented as follows:

Amounts in Euro	30-09-2018			31-12-2017		
	Assets		Liabilities	Assets		Liabilities
	Customers	Suppliers	Other creditors (tax consolidation)	Customers	Suppliers	Other creditors (tax consolidation)
Semapa - Soc. De Investimento e Gestão, SGPS, S.A.	-	-	7,429,319	-	(33)	7,429,319
Secil - Companhia Geral Cal e Cimento, S.A.	148,797	226	-	27,650	298	-
Secil Britas, S.A.	-	2,787	-	-	10,125	-
Enermontijo, S.A.	60,947	18,338	-	54,656	12,551	-
Enerpar, SGPS, Lda.	-	-	-	-	21,598	-
Cimilonga - Imobiliária, S.A.	-	-	-	-	27,216	-
Refundos - Soc. Gestora de Fundos de Inv. Imobiliário, S.A.	-	(45,430)	-	-	-	-
	209,744	(24,079)	7,429,319	82,306	71,753	7,429,319

The transactions with group companies and associated companies for the nine-month period ended 30 September 2018 and 2017 were as follows:

Amounts in Euro	30-09-2018		30-09-2017		
	Sales and services rendered	Consumed materials and services	Sales and services rendered	Purchases	Consumed materials and services
Semapa - Soc. De Investimento e Gestão, SGPS, S.A.	-	6,897,808	-	-	6,329,254
Secil - Companhia Geral Cal e Cimento, S.A.	162,973	954	54,927	301,000	993
Secil Britas, S.A.	-	24,644	-	-	27,586
Enermontijo, S.A.	292,269	416,031	187,474	-	85,049
Enerpar, SGPS, Lda.	-	17,401	-	-	169,029
Cimilonga - Imobiliária, S.A.	-	157,976	-	-	200,085
Refundos - Soc. Gestora de Fundos de Inv. Imobiliário, S.A.	-	381,653	-	-	140,145
	455,241	7,896,467	242,401	301,000	6,952,141

On 1 February 2013, a contract to render administrative and management services was signed between Semapa - Sociedade de Investimentos e Gestão, SGPS, S.A. (currently owner of 69.4% of the Group's share capital) and Navigator Group, establishing a remuneration system based in equal criteria for both parties in the continuous cooperation and assistance relationships, that meets the rules applicable to commercial relationships between group companies.

In March 2015, The Navigator Company celebrated an agreement with Enerpar SGPS, Lda. under which paid a fee related to the promotion of its pellets project located in the United States of America, in particular for having defined and deepened several studies and initiatives including, amongst others, market analysis, real estate prospection, public entities negotiation, tax and corporate planning, projection of manufacturing facilities, equipment commissioning and customer acquisition, coordinating all these aspects in a single project.

Under the same agreement, Enerpar SGPS, Lda. will also render technical advisory services for the same project, during three years, including engineering project support, coordination of work, equipment commissioning, factory ramp up, guaranteeing quality in the final product, supporting commercial contract management and training to be provided to the sales team that will be responsible to manage the customers they obtained.

Enerpar SGPS, Lda. is a company that manages holdings in the renewable energy sector, holding the full equity capital of Enermontijo, SA, which has been dedicated to the productions of forest-based wood pellets since 2008, annually producing 80,000 tons and to whom the Group sells biomass. Enerpar SGPS, Lda. is a related party as its shareholders have family relations with a non-executive Board Member of the Group.

It was also celebrated a lease agreement between Navigator Paper Figueira, S.A. and Cimilonga – Imobiliária, S.A. under which an office was leased in Semapa SGPS, SA headquarters' building, in Lisbon.

The Navigator Company, SA and Refundos - Sociedade Gestora de Investimentos Imobiliário, SA, entered into a lease agreement beginning on 1 June 2017, regarding the lease of an office building located in Lisbon, Avenida Fontes Pereira de Melo.

27. NUMBER OF EMPLOYEES

As at 30 September 2018, the average number of employees working for the Navigator Group Companies was 3,267 (31 December 2017: 3,197) and were distributed by business segment as follows:

<u>As of 30 September 2018</u>	MARKET PULP	UWF PAPER	TISSUE PAPER	OTHER	TOTAL
Industrial / Forest site					
Setúbal	-	947	-	236	1,183
Cacia	275	-	140	82	497
Figueira da Foz	-	869	-	137	1,006
Vila Velha de Ródão	-	-	217	-	217
Lisboa	-	-	-	105	105
Greenwood	-	-	-	-	-
Mozambique	-	-	-	153	153
	275	1,816	357	713	3,161
Commercial companies					
Europe	9	73	10	-	92
America	-	9	-	-	9
Overseas	-	5	-	-	5
	9	87	10	-	106
	284	1,903	367	713	3,267

As of 31 December 2017	MARKET PULP	UWF PAPER	TISSUE PAPER	OTHER	TOTAL
Industrial / Forest site					
Setúbal	-	925	-	248	1,173
Cacia	269	-	19	85	373
Figueira da Foz	-	865	-	131	996
Vila Velha de Ródão	-	-	206	-	206
Lisboa	-	-	-	112	112
Greenwood	-	-	-	77	77
Mozambique	-	-	-	163	163
	269	1,790	225	816	3,100
Commercial companies					
Europe	7	68	9	-	84
America	-	9	-	-	9
Overseas	-	4	-	-	4
	7	81	9	-	97
	276	1,871	234	816	3,197

28. COMPROMISSOS

28.1 Garantias Prestadas a Terceiros

As at 30 September 2018 and 31 December 2017, the guarantees provided by the Group are as follows:

Amounts in Euro	30-09-2018	31-12-2018
2013 Corporate income tax	24,053,434	26,022,893
Spanish state tax agency	1,033,204	1,033,204
Customs clearance	1,835,250	1,835,250
IAPMEI	2,438,132	5,209,320
Simria	338,829	338,829
Other	881,268	781,139
	30,580,117	35,220,636

The guarantees provided by IAPMEI were provided under the investment contracts celebrated between the Portuguese State and Navigator Pulp Cacia, S.A. (Euro 2,438,132) and Navigator Tissue Ródão, S.A. (Euro 2,771,188), in accordance with the terms and conditions defined in the Payment Standard applicable to projects approved under QREN Incentive Systems. In 2018, the guarantee provided by Navigator Tissue Ródão, S.A. was sold.

As part of the final tax authority inspection report to the 2013 period, the Navigator Company was notified on 4 September 2017 with an additional tax payment of Euro 20,556,589. In the 2013 tax return, the Navigator Group deducted a significant amount of credits related to fiscal benefits related to RFAI generated in previous years and which according to Navigator's understanding, should be reported. The tax authorities didn't have the same understanding, having corrected the amounts of tax benefits used by the Navigator group. The Navigator group will guarantee this debt and will contest its settlement.

28.2 Purchase commitments

The purchase commitments assumed with suppliers at 30 September 2018 amounted to Euro 57,617,180 and referred to capital expenditure on Property, plant and equipment. At 31 December 2017 these commitments amounted to Euro 106,987,184.

As at 30 September 2018 and 31 December 2017, the commitments relating to operating lease contracts were as follows:

Amounts in Euro	30-09-2018	31-12-2017
Settlement date		
2018	2,040,849	1,928,848
2019	1,575,947	1,603,868
2020	1,078,644	1,077,787
2021	552,329	603,254
2022	108,664	138,413
Later date	48,527	50,077
	5,404,958	5,402,246

As at 30 September 2018 and 31 December 2017, the undiscounted commitments relating to external group forestry land rents were as follows:

Amounts in Euro	30-09-2018	31-12-2017
2018	1,287,247	3,965,857
2019	3,958,402	3,818,115
2020	3,646,917	3,502,754
2021	3,474,123	3,318,277
2022	3,267,822	3,119,248
Later date	38,319,830	35,774,462
	53,954,340	53,498,715

29. CONTINGENT ASSETS

29.1 Tax matters

29.1.1 Public Debt Settlement Fund

According to Decree-Law No. 36/93 of 13 February, the tax debts of privatised companies relating to periods prior to the privatization date (in the case of The Navigator Company, 25 November 2006) are the responsibility of the Public Debt Settlement Fund. The Navigator Company submitted an application to the Public Debt Settlement Fund on 16 April 2008 requesting the payment by the State of the tax debts raised by the tax authorities for periods before that date. On 13 December 2010, The Navigator Company presented a new application requesting the payment of debts settled by the tax authorities regarding 2006 and 2003. This application was supplemented on 13 October 2011, with the amounts already paid and uncontested regarding these debts, as well as with expenses directly related to them, pursuant to court ruling dated 24 May 2011 (Case No. 0993A/02), which confirmed the company's position regarding the enforceability of such expenses.

On 13 December 2017, The Navigator Company, S.A. has made an extra-judicial agreement with Tax authorities, in which was recognised the responsibility by FRDP for reimbursing the amount of Euro 5,725,771 corresponding to the amount of Corporate

Income Tax improperly paid, resulting from the alleged qualification / incorrect consideration, by the tax administration, of the tax loss computed as a result of the operations carried out by Soporcet, S.A. in 2003, as well as to promote restitution to Navigator of the mentioned amount.

In this context, the aforementioned Fund is liable for Euro 24,649,956, detailed as follows:

Amounts in Euro	Period	Requested amounts	1 st Refund	Decrease due to RERD	Proceedings in favor of the Group	Extrajudicial agreement of 13 December 2017	Outstanding amount
Proceedings confirmed in court							
VAT - Germany	1998-2004	5,850,000	(5,850,000)	-	-	-	-
Corporate income tax	2001	314,340	-	-	(314,340)	-	-
Corporate income tax	2002	625,033	(625,033)	-	-	-	-
Corporate income tax	2002	18,923	-	-	-	-	18,923
VAT	2002	2,697	(2,697)	-	-	-	-
Corporate income tax	2003	1,573,165	(1,573,165)	-	-	-	-
Corporate income tax	2003	182,230	(157,915)	-	(24,315)	-	-
Corporate income tax	2003	5,725,771	-	5,725,771	-	(5,725,771)	-
Corporate income tax	2004						
(Withheld)		3,324	-	-	-	-	3,324
Corporate income tax	2004	766,395	-	-	(139,023)	-	627,372
Stamp duty	2004	497,669	-	-	(497,669)	-	-
Corporate income tax	2005						
(Withheld)		1,736	(1,736)	-	-	-	-
Expenses		314,957	-	-	-	-	314,957
		15,876,240	(8,210,546)	5,725,771	(975,347)	(5,725,771)	964,576
Proceedings not confirmed in court							
VAT	2003	2,509,101	-	-	-	-	2,509,101
Corporate income tax	2005	11,754,680	-	(1,360,294)	-	-	10,394,386
Corporate income tax	2006	11,890,071	-	(1,108,178)	-	-	10,781,893
		26,153,852	-	(2,468,472)	-	-	23,685,380
		42,030,092	(8,210,546)	3,257,299	(975,347)	(5,725,771)	24,649,956

29.1.2 Taxes paid in litigation

As at 30 September 2018 and 31 December 2017, the additional tax assessments that are paid and disputed by the Navigator Group, not recognized in the company's assets, are summarized as follows:

Amounts in Euro	30-09-2018	31-12-2017
2003 VAT	2,509,101	2,509,101
2005 Aggregate corporate income tax	10,394,386	10,394,386
2006 Aggregate corporate income tax	8,150,146	8,150,146
	21,053,633	21,053,633

29.2 Non-tax matters

29.2.1 Public Debt Settlement Fund

In addition to the tax matters described above, a second request to the Public Debt Settlement Fund was submitted on 2 June 2010, which called for the reimbursement of various amounts, totaling Euro 136,243,939. These amounts regard adjustments in the financial statements of the Navigator Company Group after its privatization that had not been considered in formulating the price of its privatization as they were not included in the documentation made available for consultation by the bidders.

On 24 May 2014 the Court denied the Navigator Company Group's proposal to present testimony evidence, alternatively proposing written submissions. On 30 June 2014 Navigator Company Group appealed against this decision, but continuously presented written evidence. The Court subsequently confirmed the Navigator Company Group's views on this matter, both parts appointed experts and the partial expert report was

issued on July 2017, being required either by The Navigator Company, S.A. either by the Finance Ministry, the attendance of both designated experts in court hearing, in order to provide oral explanations on the expert report. The date of the court hearing is still to be appointed.

29.2.2 Infrastructure enhancement and maintenance fee

Under the licensing process No. 408/04 related to the new Setubal's paper mill project, the Setubal City Council issued a settlement note to The Navigator Company regarding an infrastructure enhancement and maintenance fee ("TMUE ") amounting to Euro 1,199,560, with which the company disagrees.

This situation regards the amount collected under this levy in the licensing process mentioned above, for the construction of a new paper mill in the industrial site of Mitrena, Setúbal. The Navigator Company disagrees with the amount charged and filed an administrative claim against it on 25 February 2008 (request 2485/08), followed by an appeal to Court against the rejection of the claim on 28 October 2008. At 3 October 2012 this claim had an adverse decision, and in 13 November 2012, The Navigator Company appealed. This lawsuit is awaiting the decision of TCA since 4 July 2013.

29.2.3 Tax and financial incentives

The Group applied for tax and financial incentives related to investments in progress in Cacia and Figueira da Foz. The commitments obtained are tax benefits, respectively of Euro 11,5 million and Euro 14,2 million, a repayable loan with zero interest rate of Euro 42,2 million for Cacia and a loan of Euro 5,8 million, with a non-repayable maximum paid-in prize of Euro 3,5 million for Figueira da Foz.

Regarding Cacia, the contracts are already signed and dated 13 December 2017 and 20 April 2018, for the financial and fiscal nature, respectively, awaiting approval by the European Community authorities.

30. COMPANIES INCLUDED IN THE CONSOLIDATION PERIMETER

Company	Head Office	Share equity owned		
		Directly	Indirectly	Total
Parent-Company				
The Navigator Company, S. A.	Setúbal	-	-	-
Subsidiaries:				
Navigator Paper Figueira, S.A.	Figueira da Foz	100.00	-	100.00
Navigator Parques Industriais, S.A.	Setúbal	100.00	-	100.00
Navigator Products & Tecnology, S.A.	Setúbal	100.00	-	100.00
Enerpulp – Cogeração Energética de Pasta, S.A.	Setúbal	100.00	-	100.00
Navigator Pulp Figueira, S.A.	Figueira da Foz	100.00	-	100.00
Navigator Pulp Setúbal, S.A.	Setúbal	100.00	-	100.00
Navigator Pulp Cacia, S.A.	Aveiro	100.00	-	100.00
Navigator International GmbH	Germany	100.00	-	100.00
About Balance - SGPS, S.A.	Lisboa	100.00	-	100.00
Navigator Tissue Cacia, S.A.	Aveiro	-	100.00	100.00
Navigator Tissue Ródão , S.A.	Vila Velha de Ródão	-	100.00	100.00
Navigator Tissue Iberica , S.A.	Spain	-	100.00	100.00
Navigator Internacional Holding SGPS, S.A.	Setúbal	100.00	-	100.00
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	20.05	60.15	80.20
Magellan Holdings Inc.	USA	25.00	75.00	100.00
Navigator Financial Services Sp. Z o.o.	Poland	25.00	75.00	100.00
Navigator Floresta, SGPS, S.A.	Setúbal	100.00	-	100.00
Raiz - Instituto de Investigação da Floresta e Papel	Aveiro	-	97.00	97.00
Navigator Forest Portugal, S.A.	Setúbal	100.00	-	100.00
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos, S.A.	Setúbal	-	100.00	100.00
Gavião - Sociedade de Caça e Turismo, S.A.	Setúbal	-	100.00	100.00
Afocelca - Agrupamento complementar de empresas para protecção contra incêndios, ACE	Portugal	-	64.80	64.80
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Palmeira	-	100.00	100.00
Atlantic Forests, S.A.	Setúbal	-	100.00	100.00
Bosques do Atlântico, SL	Spain	-	100.00	100.00
Navigator Paper Holding ,SGPS, S.A.	Setúbal	100.00	-	100.00
Navigator Fine Paper , S.A.	Setúbal	-	100.00	100.00
About the Future - Empresa Produtora de Papel, S.A.	Setúbal	-	100.00	100.00
Navigator Paper Setúbal, S.A.	Setúbal	-	100.00	100.00
Navigator North America Inc.	USA	-	100.00	100.00
Navigator Sales & Marketing, S.A.	Belgium	25.00	75.00	100.00
Navigator Africa, SRL	Italy	-	100.00	100.00
Navigator Participações Holding ,SGPS, S.A.	Setúbal	100.00	-	100.00
Portucel Florestal, S.A.	Setúbal	-	100.00	100.00
Arboser – Serviços Agro-Industriais, S.A.	Setúbal	-	100.00	100.00
EMA21 - Engenharia e Manutenção Industrial Século XXI, S.A.	Setúbal	-	100.00	100.00
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Aveiro	-	95.00	95.00
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	89.91	89.91
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	90.72	90.72
Empremédia - Corretores de Seguros, S.A.	Lisboa	-	100.00	100.00
EucaliptusLand, S.A.	Setúbal	-	100.00	100.00
Headbox - Operação e Contolo Industrial, S.A.	Setúbal	-	100.00	100.00
Navigator Added Value, S.A.	Setúbal	-	100.00	100.00
Navigator Switzerland Ltd.	Switzerland	25.00	75.00	100.00
Navigator Afrique du Nord	Morocco	-	100.00	100.00
Navigator España, S.A.	Spain	-	100.00	100.00
Navigator Netherlands, BV	Netherlands	-	100.00	100.00
Navigator France, EURL	France	-	100.00	100.00
Navigator Paper Company UK, Ltd	United Kingdom	-	100.00	100.00
Navigator Italia, SRL	Italy	-	100.00	100.00
Navigator Deutschland, GmbH	Germany	-	100.00	100.00
Navigator Paper Austria, GmbH	Austria	-	100.00	100.00
Navigator Paper Poland SP Z o o	Poland	-	100.00	100.00
Navigator Eurasia	Turkey	-	100.00	100.00
Navigator Rus Company, LLC	Russia	-	100.00	100.00
Navigator Paper Mexico	Mexico	-	100.00	100.00
Navigator Abastecimento de Madeira, ACE	Setúbal	97.00	3.00	100.00

31. SUBSEQUENT EVENTS

31.1 Production downtime at the Figueira da Foz mill site due to Hurricane Leslie

Recently, after the closing of the period, the Hurricane Leslie in Portugal on 13 October caused damage in the Figueira da Foz plant center, which was without electricity, water and telecommunications and forced to suspend work. The effort and outstanding performance of the local teams, as well as the support and involvement of several multidisciplinary teams of the Group, allowed to start immediately all the work necessary to repair the damages caused and to minimise downtime, placing the pulp line and the paper machines 1 and 2 quickly into operation. However, this downtime caused a loss of

production estimated at about 9 thousand tons of pulp and 10 thousand tons of paper, which will limit the volumes available for sale in the last quarter.

31.2 Decision of the Constitutional Court – Appeal No. 486/15

On 11 June 2018, Navigator was notified of the Constitutional Court judgment regarding Case No. 486/15 (Appeal), in which that court considers Article No. 92 (1) of the Portuguese Corporate Income Tax Code to be unconstitutional in the interpretation according to which it decreases to 10% the mark-up rate of the Corporate Income Tax that can be used to deduct tax benefits related to RFAI, when, at the time the benefit was calculated, that margin was 25%.

This decision will have a very positive impact on the 2013 Corporate Income Tax process and it is expected to bring a reduction in the bank guarantee for this process (Note 37), as well as to reimburse the Group for the costs incurred with it.

32 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

João Nuno de Sottomayor Pinto de Castello Branco
Chairman

Diogo António Rodrigues da Silveira
Executive Vice Chairman

Luis Alberto Caldeira Deslandes
Vice Chairman

António José Pereira Redondo
Executive Board Member

José Fernando Morais Carreira de Araújo
Executive Board Member

Nuno Miguel Moreira de Araújo Santos
Executive Board Member

João Paulo Araújo Oliveira
Executive Board Member

Adriano Augusto da Silva Silveira
Board Member

José Miguel Pereira Gens Paredes
Board Member

Manuel Soares Ferreira Regalado
Board Member

Paulo Miguel Garcês Ventura
Board Member

Ricardo Miguel dos Santos Pacheco Pires
Board Member

Vitor Manuel Galvão Rocha Novais Gonçalves
Board Member