



**ALTRI, SGPS, S.A.**  
Public Company

Head Office: Rua do General Norton de Matos, 68, r/c – Oporto  
Fiscal number 507 172 086  
Share Capital: 25,641,459 Euro

**Financial Information – 1<sup>st</sup> Quarter of 2018  
(Unaudited)**

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards and in accordance with the International Accounting Standard 34 – Interim Financial Reporting, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

## Financial Information 1Q 2018

The financial information was prepared in accordance with the International Financial Reporting Standards (IFRS).

### Income Statement – 1Q 2018

| thousand Euro                                                              | 1Q 2018        | 1Q 2017        | 1Q18/1Q17<br>Var% | 4Q 2017        | 1Q18/4Q17<br>Var% |
|----------------------------------------------------------------------------|----------------|----------------|-------------------|----------------|-------------------|
| <b>Total Revenues</b>                                                      | <b>171,305</b> | <b>159,836</b> | <b>8.5%</b>       | <b>174,987</b> | <b>-0.9%</b>      |
| Cost of sales                                                              | 50,004         | 69,261         | -15.3%            | 56,816         | 3.3%              |
| External supplies and services                                             | 40,986         | 41,783         | -1.9%             | 44,994         | -8.9%             |
| Payroll expenses                                                           | 8,315          | 7,719          | 7.7%              | 9,124          | -8.9%             |
| Other expenses                                                             | 2,111          | 950            | n.a.              | 5,427          | -61.1%            |
| Provisions and impairment losses                                           | -              | -              | -                 | -167           | -                 |
| Variation of the fair value in the biological assets                       | -              | -              | -                 | 8,934          | -                 |
| <b>Total Expenses (a)</b>                                                  | <b>110,106</b> | <b>119,714</b> | <b>-8.0%</b>      | <b>125,128</b> | <b>-12.0%</b>     |
| <b>EBITDA (b)</b>                                                          | <b>61,199</b>  | <b>40,122</b>  | <b>57.7%</b>      | <b>49,858</b>  | <b>26.9%</b>      |
| <b>Margin</b>                                                              | <b>36.0%</b>   | <b>25.1%</b>   | <b>+12.1 pp</b>   | <b>28.5%</b>   | <b>+7.5 pp</b>    |
| Amortisation and depreciation                                              | 13,963         | 13,915         | -0.4%             | 12,130         | 14.3%             |
| <b>EBIT (c)</b>                                                            | <b>47,236</b>  | <b>26,207</b>  | <b>88.6%</b>      | <b>37,728</b>  | <b>31.0%</b>      |
| <b>Margin</b>                                                              | <b>28.0%</b>   | <b>16.4%</b>   | <b>+11.3 pp</b>   | <b>21.6%</b>   | <b>+6.4 pp</b>    |
| Gains/Losses in associated companies                                       | 723            | 495            | 46.0%             | 226            | 219.7%            |
| Financial costs                                                            | -4,087         | -5,082         | -4.2%             | -6,835         | -28.8%            |
| Financial gains                                                            | 2,234          | 448            | 398.1%            | 1,953          | 14.4%             |
| <b>Financial Results</b>                                                   | <b>-1,130</b>  | <b>-4,138</b>  | <b>-53.9%</b>     | <b>-4,656</b>  | <b>-59.0%</b>     |
| <b>Profit Before Income Tax</b>                                            | <b>47,006</b>  | <b>22,069</b>  | <b>115.3%</b>     | <b>33,072</b>  | <b>43.6%</b>      |
| Income Tax                                                                 | -14,080        | -4,945         | 200.5%            | -4,989         | -0.9%             |
| <b>Profit for the period attributable to parent company's shareholders</b> | <b>32,926</b>  | <b>17,124</b>  | <b>90.6%</b>      | <b>28,083</b>  | <b>16.2%</b>      |

(a) Operating costs excluding amortisation, financial expenses and income tax

(b) EBITDA = earnings before interest, taxes, depreciation and amortisation

(c) EBIT = earnings before interest and taxes

The first quarter of 2018 was marked by three facts:

- (I) A continuous upwards trend in the price of pulp, whose market index (PIX) recorded, at the end of March 2018, 1,030 USD/ton, having continued to rise until the date of this press release. It should be noted that this index has been raising continuously since January 2017;
- (II) The conclusion of the investment project in Celbi's industrial unit, with interventions in the debarking and wood shredding and in the washing and bleaching of pulp. This project had an expressive impact in the reduction of the unitary and variable production costs;

## Financial Information 1Q 2018

(III) In environmental terms, it should be noted the fully functioning of the new Wastewater Treatment Plan of Celtejo, inaugurated at September 2017. This Plant uses the best technologies available in the world, including a treatment stage of ultrafiltration of membranes, with efficiency reduction of CQO, CBO5 and SST parameters by around 90%.

### **EBITDA records an increase of 58% amounting to 63.3 million Euro**

Total revenues in the first quarter of 2018 achieved 173.4 million Euro, an increase of 9% over the same period of 2017 and a decrease of about 0.9% over the fourth quarter of 2017.

During the period under analysis, approximately 257.1 thousand tons of pulp were produced (-2.7% in relation to the 1<sup>st</sup> quarter of 2017), of which approximately 27.3 thousand tons of dissolving pulp (+2% when compared to the same period of 2017). The decrease in production levels was due to the restrictions applied to Celtejo by environmental authorities.

In terms of sales, in the first three months of 2018, around 247.5 thousand tons of pulp were sold (-9.8% over the same period of 2017), of which approximately 24.5 thousand tons of dissolving pulp (-8% comparatively to the same period of the previous year). The decrease on sales is related with the need to reset stocks to guarantee to the customers the good level of service and with the adverse weather conditions that induced the closure of some harbours.

In terms of exports, in the first quarter of 2018, Altri exported around 217.3 thousand tons of pulp, which corresponds to a decrease of about 13% over the same period of the previous year. In monetary terms, exports amounted to 131.7 million Euro, which implies an increase of 5.9% over the first quarter of 2017.

Total pulp sales amounted to 149.1 million Euro, which corresponds to an increase of about 11% over the same period of the previous year and in line with the amount of sales recorded in the last quarter of 2017.

A horizontal banner image showing a close-up of green leaves and branches, with the text 'Financial Information 1Q 2018' overlaid in white.

## Financial Information 1Q 2018

Operating costs recorded a decrease of approximately 8% over the same period of the last year, and a decrease of 5% over the fourth quarter of 2017 (excluding the variation of the fair value in the biological assets caption). Hence, total costs, excluding depreciation, financial costs and taxes, in the first quarter of 2018, amounted to around 110 million Euro.

EBITDA for the first quarter of 2018 recorded about 63.3 million Euro, an increase of 58% over the EBITDA recorded in the same period of 2017. Regarding the fourth quarter of 2017, EBITDA recorded a raise of 27%.

The financial result was a net expense of 1.9 million Euro, which corresponds to a decrease of about 59% over the net financial expense incurred in the fourth quarter of 2017, essentially due to the exchange rate impact. The average cost of total financial debt is less than 3%.

Altri's consolidated net profit reached approximately 33 million Euro, which corresponds to an increase of about 91% when compared to the same period of 2017.

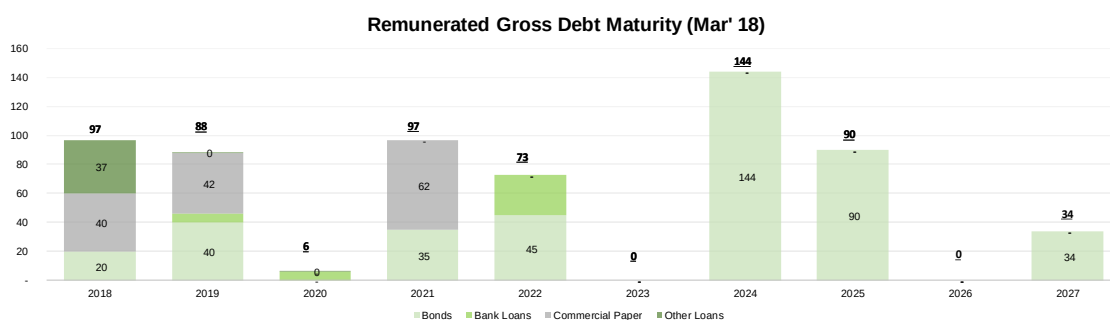
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### Net debt of 365.2 million Euro

Altri's nominal debt net of cash and cash equivalents as of March 31, 2018 amounted to 365.2 million Euro, which corresponds to a decrease of approximately 67 million Euro over the net debt recorded in the same period of 2017 and a decrease of 23 million Euro when compared to the net debt recorded in the end of 2017.

The total net investment (CAPEX) in the 1<sup>st</sup> quarter of 2018 by Altri's industrial units amounted to 23.4 million Euro.

The scheduling of Altri's remunerated gross debt maturity, as of March 31, 2018, is as follows:



Regarding risk management, Altri uses exchange rate derivatives to hedge future cash flows. Hence, Altri has contracted European-style call and put options (exchange rate collars) on USD 10 million per month, for the full 2018 financial year. Moreover, as of March 31, 2018, Altri had contracted Asian-style exchange collars, in the amount of USD 6 million per month, covering all 2019 financial year.

## Financial Information 1Q 2018

### Key balance sheet indicators

| thousand Euro                                             | 1Q 2018            | 2017               | Var%        |
|-----------------------------------------------------------|--------------------|--------------------|-------------|
| Biological assets                                         | 94,986.5           | 94,848.3           | 0%          |
| Tangible assets                                           | 392,343.4          | 396,515.7          | -1%         |
| Goodwill                                                  | 265,531.4          | 265,531.4          | 0%          |
| Investments in associated companies and joint ventures    | 18,180.2           | 17,456.9           | 4%          |
| Others                                                    | 60,526.1           | 52,609.1           | 15%         |
| <b>Total non current assets</b>                           | <b>831,567.5</b>   | <b>826,961.4</b>   | <b>1%</b>   |
| Inventories                                               | 54,810.3           | 50,728.0           | 8%          |
| Customers                                                 | 114,608.2          | 113,284.7          | 1%          |
| Cash and cash equivalents                                 | 262,786.3          | 193,599.7          | 37%         |
| Others                                                    | 31,081.5           | 25,514.6           | 19%         |
| <b>Total current assets</b>                               | <b>463,286.2</b>   | <b>383,127.1</b>   | <b>21%</b>  |
| <b>Total assets</b>                                       | <b>1,294,853.8</b> | <b>1,210,088.5</b> | <b>7%</b>   |
| <b>Shareholders' equity and non controlling interests</b> | <b>427,027.6</b>   | <b>394,567.1</b>   | <b>8%</b>   |
| Bank loans                                                | 33,500.0           | 39,500.0           | -15%        |
| Other loans                                               | 530,491.3          | 442,483.9          | 20%         |
| Reimbursable incentives                                   | 14,565.8           | 14,565.8           | 0%          |
| Others                                                    | 50,530.5           | 45,427.5           | 11%         |
| <b>Total non current liabilities</b>                      | <b>629,087.6</b>   | <b>541,977.1</b>   | <b>16%</b>  |
| Bank loans                                                | 6,059.2            | 6,216.6            | -3%         |
| Other current loans                                       | 58,492.1           | 94,830.7           | -38%        |
| Reimbursable incentives                                   | 3,121.5            | 3,121.5            | 0%          |
| Suppliers                                                 | 100,521.8          | 95,373.3           | 5%          |
| Others                                                    | 70,543.8           | 74,002.2           | -3%         |
| <b>Total current liabilities</b>                          | <b>238,738.5</b>   | <b>273,544.3</b>   | <b>-12%</b> |

## Financial Information 1Q 2018

### Pulp Market

According to data from the Pulp and Paper Productions Council (PPPC Special Research Note - May 2017), during 2017, total demand for hardwood pulp increased by 5% comparing to the previous year, which corresponds to an additional consumption of 1.6 million tons, reaching around 33.9 million tons.

Geographically, the consumption of hardwood pulp in Europe was practically unchanged over the previous year, while China verified an increase of 12.8%. With regard to the eucalyptus pulp, there was a raise in the world demand around 3.6%, having maintained unchanged in Europe and having recorded an increase of 7.4% in China.

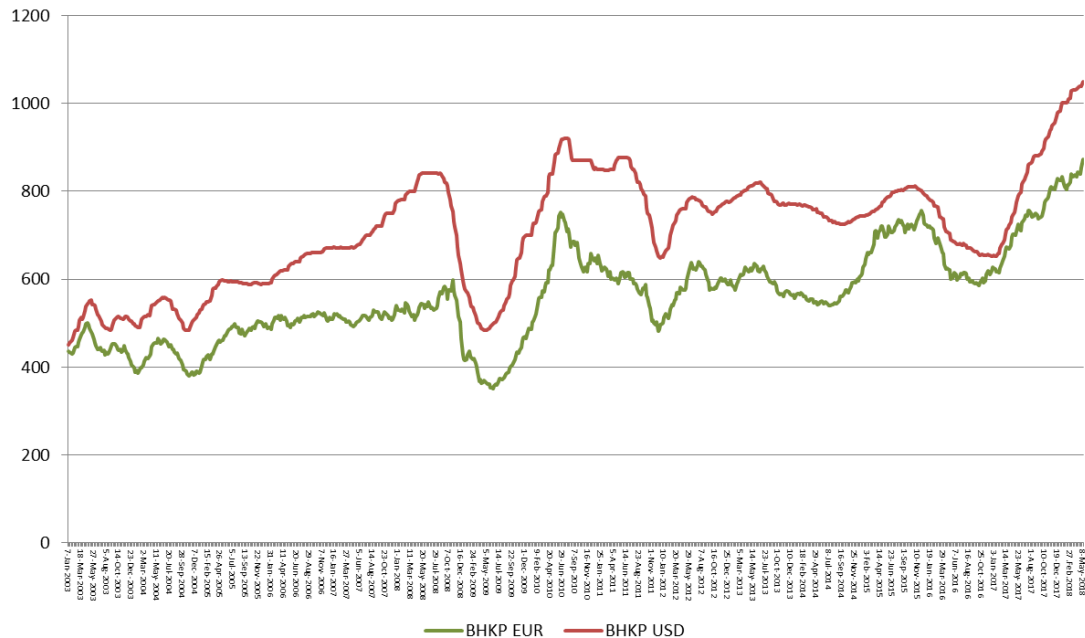
Regarding the demand evolution, according to the data from Pulp and Paper Products Council (PPPC World Chemical Market Pulp Global 100 Report – March 2018), during the first quarter of 2018, it was recorded a raise of hardwood pulp demand (YoY) of about 4.2%, which means, approximately 340 thousand tons of additional demand when compared to the first three months of 2017. Geographically, it is noted that Chinese consumption is increasing around 3% and European (Western and East) consumption is increasing around 6%.

In terms of BEKP pulp price evolution, the first quarter of 2018 was characterized by 7% increase in the price in USD, when compared to the previous quarter, and a 3% increase in the price in EUR. The average price recorded in the period under analysis reached 1,011 USD/ton (vs. 941 USD/ton in the previous quarter), while in EUR achieved 824 EUR/ton (vs. 800 EUR/ton in the previous quarter).

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### Evolution of BEHK pulp price in Europe since 2003 until May 2018

Source: *FOEX*



### Outlook – 2<sup>nd</sup> Quarter 2018

For the second quarter of 2018, in terms of BHKP pulp selling price evolution, it is expected to maintain the growth dynamics verified so far, while in operational terms, a raise on sales is expected.

The investment project in Celtejo is occurring within the scheduled period, being expectable to finish in the second half of the year.



## Financial Information 1Q 2018

### Altri – Business Profile

Altri is a reference in European eucalyptus pulp producer. In addition to pulp production, the Company is also present in the renewable power production business from forest base sources, namely industrial cogeneration through black liquor and biomass. The forestry strategy is based on the full use of all the components provided by the forest: pulp, black liquor and forest wastes.

Currently, Altri has under its intervention over 81 thousand hectares of forest in Portugal entirely certified by Forest Stewardship Council® (FSC®)<sup>1</sup> and by Programme for the Endorsement of Forest Certification (PEFC), two of the most worldwide acknowledged certification entities.

Currently, Altri has three pulp mills in Portugal with an installed capacity that in 2017 amounted more than 1 million tons/year of bleached eucalyptus pulp.

The Altri Group, through its subsidiaries Celbi and Celtejo, engaged two investment contracts with the Portuguese State, represented by AICEP, at the beginning of 2017, considered to be of strategic interest to the country for the innovation introduced by the creation and qualification of jobs and the development of the regions where the industrial units are located, with financial and fiscal incentives being granted to the projects in question.

The investment project contracted at Celbi is completed. At Celtejo, the amount of investment contracted was 85 million Euro and is aimed at improving the innovation and economic and environmental sustainability of the industrial unit with interventions at the level of the recovery boiler, steam reduction and industrial waste water treatment installation.

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<sup>1</sup> FSC-C004615

# Financial Information 1Q 2018

**ALTRI SGPS S.A.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF 31 MARCH 2018 AND 31 DECEMBER 2017**

(Amounts expressed in Euro)

| ASSETS                                                                      | 31.03.2018           | 31.12.2017           |
|-----------------------------------------------------------------------------|----------------------|----------------------|
| <b>NON CURRENT ASSETS:</b>                                                  |                      |                      |
| Biological assets                                                           | 94,986,473           | 94,848,275           |
| Tangible fixed assets                                                       | 392,343,392          | 396,515,699          |
| Investment property                                                         | 4,512,169            | 113,310              |
| Goodwill                                                                    | 265,531,404          | 265,531,404          |
| Intangible assets                                                           | 934,610              | 1,019,232            |
| Investments in associated companies and joint ventures                      | 18,180,159           | 17,456,932           |
| Investments available for sale                                              | 8,692,628            | 8,692,628            |
| Other non current assets                                                    | 3,210,182            | 3,210,260            |
| Derivatives                                                                 | 2,642,050            | 1,796,781            |
| Deferred tax assets                                                         | 40,534,469           | 37,776,892           |
| <b>Total non current assets</b>                                             | <b>831,567,536</b>   | <b>826,961,413</b>   |
| <b>CURRENT ASSETS:</b>                                                      |                      |                      |
| Inventories                                                                 | 54,810,256           | 50,728,047           |
| Biological assets                                                           | 628,172              | 628,172              |
| Customers                                                                   | 114,608,175          | 113,284,683          |
| Other debtors                                                               | 4,931,084            | 1,304,931            |
| State and other public entities                                             | 16,976,232           | 16,435,629           |
| Other current assets                                                        | 3,137,262            | 2,242,035            |
| Derivatives                                                                 | 5,408,760            | 4,903,860            |
| Cash and cash equivalents                                                   | 262,786,279          | 193,599,737          |
| <b>Total current assets</b>                                                 | <b>463,286,221</b>   | <b>383,127,094</b>   |
| <b>Total assets</b>                                                         | <b>1,294,853,757</b> | <b>1,210,088,507</b> |
| <b>SHAREHOLDERS' FUNDS AND LIABILITIES</b>                                  | <b>31.03.2018</b>    | <b>31.12.2017</b>    |
| <b>SHAREHOLDERS' FUNDS:</b>                                                 |                      |                      |
| Share capital                                                               | 25,641,459           | 25,641,459           |
| Legal reserve                                                               | 5,128,292            | 5,128,292            |
| Other reserves                                                              | 363,612,494          | 267,729,157          |
| Consolidated net profit / (loss)                                            | 32,645,343           | 96,068,168           |
| Total shareholders' funds attributable to the parent company's shareholders | 427,027,588          | 394,567,076          |
| Non controlling interests                                                   | -                    | -                    |
| <b>Total shareholders' funds</b>                                            | <b>427,027,588</b>   | <b>394,567,076</b>   |
| <b>LIABILITIES</b>                                                          |                      |                      |
| <b>NON CURRENT LIABILITIES</b>                                              |                      |                      |
| Bank loans                                                                  | 33,500,000           | 39,500,000           |
| Other loans                                                                 | 530,491,342          | 442,483,927          |
| Reimbursable incentives                                                     | 14,565,751           | 14,565,750           |
| Other non current liabilities                                               | 16,993,533           | 14,627,018           |
| Deferred tax liabilities                                                    | 25,743,330           | 23,003,709           |
| Pension liabilities                                                         | 2,771,471            | 2,771,471            |
| Provisions                                                                  | 5,022,209            | 5,025,260            |
| Derivatives                                                                 | -                    | -                    |
| <b>Total non current liabilities</b>                                        | <b>629,087,636</b>   | <b>541,977,135</b>   |
| <b>CURRENT LIABILITIES</b>                                                  |                      |                      |
| Bank loans                                                                  | 6,059,229            | 6,216,583            |
| Other loans                                                                 | 58,492,140           | 94,830,698           |
| Reimbursable incentives                                                     | 3,121,502            | 3,121,502            |
| Suppliers                                                                   | 100,521,834          | 95,373,275           |
| Other current creditors                                                     | 15,433,660           | 21,489,230           |
| State and other public entities                                             | 21,423,815           | 10,308,029           |
| Other current liabilities                                                   | 31,637,434           | 40,398,914           |
| Derivatives                                                                 | 2,048,918            | 1,806,065            |
| <b>Total current liabilities</b>                                            | <b>238,738,533</b>   | <b>273,544,296</b>   |
| <b>Total shareholders' funds and liabilities</b>                            | <b>1,294,853,757</b> | <b>1,210,088,507</b> |

## Financial Information 1Q 2018

**ALTRI, SGPS, S.A.**  
**CONSOLIDATED STATEMENTS OF PROFIT AND LOSS**  
**FOR THE PERIODS OF THREE MONTHS ENDED AT 31 MARCH 2018 AND 2017**

(Amounts expressed in Euro)

|                                                             | 31.03.2018        | 31.03.2017        |
|-------------------------------------------------------------|-------------------|-------------------|
| Sales                                                       | 169,892,818       | 154,999,151       |
| Services rendered                                           | 2,315,456         | 2,411,633         |
| Other income                                                | 1,176,513         | 2,425,030         |
| Cost of sales                                               | (58,694,360)      | (69,261,460)      |
| External supplies and services                              | (40,986,119)      | (41,783,093)      |
| Payroll expenses                                            | (8,314,972)       | (7,719,061)       |
| Amortisation and depreciation                               | (13,862,954)      | (13,915,112)      |
| Variation of the fair value in the biological assets        | -                 | -                 |
| Provisions and other impairment losses                      | -                 | -                 |
| Other expenses                                              | (2,110,947)       | (950,237)         |
| Gains and losses in associated companies and joint ventures | 723,227           | 495,213           |
| Financial expenses                                          | (4,866,559)       | (5,081,710)       |
| Financial income                                            | 2,233,662         | 448,451           |
| Profit before income tax                                    | 47,505,764        | 22,068,805        |
| Income tax                                                  | (14,860,420)      | (4,944,716)       |
| Consolidated net profit                                     | 32,645,343        | 17,124,089        |
| <b>Consolidated net profit</b>                              | <b>32,645,343</b> | <b>17,124,089</b> |
| Attributable to:                                            |                   |                   |
| Equity holders of the parent                                | 32,645,343        | 17,124,089        |
| Non controlling interests                                   | -                 | -                 |
|                                                             | <b>32,645,343</b> | <b>17,124,089</b> |
| <b>Earnings per share</b>                                   |                   |                   |
| Basic                                                       | 0.16              | 0.08              |
| Diluted                                                     | 0.16              | 0.08              |

Oporto, May 11, 2018

The Board of Directors