



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 – 2nd 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 2Q 2018

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

Income Statement – 2Q 2018

thousand Euro	2Q 2018	2Q 2017	2Q18/2Q17 Var%	1Q 2018	2Q18/1Q18 Var%
Total Revenues	205,040	165,417	24.0%	173,385	18.3%
Cost of sales	74,657	68,700	8.7%	58,694	27.2%
External supplies and services	47,869	40,049	19.5%	40,986	16.8%
Payroll expenses	8,597	8,461	1.6%	8,315	3.4%
Other expenses	2,390	826	189.5%	2,111	13.2%
Provisions and impairment losses	-1,199	-	-	-	-
Variation of the fair value in the biological assets	-	-	-	-	-
Total Expenses (a)	132,314	118,036	12.1%	110,106	20.2%
EBITDA (b)	72,726	47,381	53.5%	63,278	14.9%
margin	35.5%	28.6%	+6.9 pp	36.5%	-1.0 pp
Amortisation and depreciation	11,721	13,918	-15.8%	13,863	-15.5%
EBIT (c)	61,005	33,463	82.3%	49,415	23.5%
margin	29.8%	20.2%	+9.4 pp	28.5%	+1.2 pp
Gains/Losses in associated companies	449	925	-51.4%	723	-37.9%
Financial costs	-7,354	-7,112	3.4%	-4,867	51.1%
Financial gains	3,127	1,250	150.2%	2,234	40.0%
Financial Results	-3,777	-4,937	-23.5%	-1,910	97.8%
Profit Before Income Tax	57,228	28,526	100.6%	47,506	20.5%
Income Tax	-16,064	-4,098	292.0%	-14,860	8.1%
Profit for the period attributable to parent company's shareholders	41,165	24,428	68.5%	32,645	26.1%

(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 second quarter of 2018 was characterised by an increase in the average *hardwood* pulp (BHKP) sales price, when compared to the first quarter of 2018 and, on the other hand, by the development of the investment project in Celtejo's mill, which lead to a stoppage of this industrial unit during a few days and a non-recurring level of unit costs. In addition, during this quarter there was an increase in the price of electric power and natural gas.

Financial Information 2Q 2018

2nd quarter of 2018: exports reach to 159 million Euro and EBITDA achieves a new record of 72.7 million Euro

During the quarter under analysis, the operational results of Altri Group amounted a new record, with EBITDA reaching 73 million Euro, which corresponds to an increase of 15% when compared to the previous quarter and a growth of around 54% when compared to EBITDA recorded in the second quarter of the previous year.

In terms of top line, total revenues reached to 205 million Euro, an increase around 24% over the recorded value in the same quarter of 2017 and a growth of about 18% when compared with the first quarter of the current year.

During the period under analysis, around 270.8 thousand tons of pulp were produced (+2.6% in relation to the second quarter of 2017 and 5.3% over the first quarter of 2018), from which 27.2 thousand tons were dissolving pulp (+15.9% when compared to the same period of 2017 and -1% in relation to the previous quarter of 2018).

In terms of sales, between April and June of 2018, around 280.5 thousand tons of pulp were sold (+4.9% over the same quarter of 2017 and +13.3% when compared to the first quarter of this year), from which 29.8 thousand tons were dissolving pulp (+23.5% comparatively to the same period of the previous year). In half-year terms, the industrial units of the Altri Group produced around 528 thousand tons of pulp and total sales reached as well to 528 thousand tons of pulp.

In terms of exports, during the second quarter of 2018, Altri exported around 246.9 thousand tons of pulp, which corresponds to an increase of approximately 2% over the same period of the previous year and a growth around 14% in relation to the first three months of this year. In monetary terms, exports amounted to 158.5 million Euro.

Total pulp sales achieved to 178.6 million Euro, which corresponds to an increase of 26% over the same period of the previous year and a growth around 20% in relation to the pulp sales recorded in the first quarter of 2018.

Financial Information 2Q 2018

Operating costs recorded an increase of 20% and 12% over the previous quarter and the second quarter of 2017, respectively. The growth in the level of costs was higher to the level of revenues, essentially due to operational disruptions that affected the Celtejo's mill during the second quarter of 2018, lead by the development project occurring in this industrial unit, which is expected to be concluded during the third quarter of 2018.

Hence, total costs, excluding amortisation, financial expenses and taxes, in the second quarter of 2018, amounted to 132 million Euro.

EBITDA for the second quarter of 2018 achieved approximately 72.7 million Euro, which is an increase of about 54% over the EBITDA recorded in the same period of 2017. Regarding the first quarter of 2018, EBITDA recorded a growth of approximately 15%.

The financial result was a net expense of 3.8 million Euro, which corresponds to an improvement of 24% over the net financial expense incurred in the second quarter of 2017.

Altri's consolidated net profit reached around 41 million Euro, which corresponds to an increase of about 69% over the same period of 2017 and an increase around 26% over the first quarter of the year.

Financial Information 2Q 2018

1st half of 2018: EBITDA of 136 million Euro and profit of 74 million Euro

thousand Euro	1H 2018	1H 2017	1H18/1H17 Var%
Total Revenues	378,425	325,253	16.3%
Cost of sales	133,352	137,962	-3.3%
External supplies and services	88,855	81,832	8.6%
Payroll expenses	16,911	16,181	4.5%
Other expenses	4,501	1,776	153.5%
Provisions and impairment losses	-1,199	-	-
Variation of the fair value in the biological assets	-	-	-
Total Expenses (a)	242,420	237,750	2.0%
EBITDA (b) margin	136,004 35.9%	87,503 26.9%	55.4% +9.0 pp
Amortisation and depreciation	25,584	27,833	-8.1%
EBIT (c) margin	110,421 29.2%	59,670 18.3%	85.1% +10.9 pp
Gains/Losses in associated companies	1,172	1,420	-17.5%
Financial costs	-12,220	-12,194	0.2%
Financial gains	5,361	1,698	215.6%
Financial Results	-5,687	-9,075	-37.3%
Profit Before Income Tax	104,734	50,595	107.0%
Income Tax	-30,924	-9,042	242.0%
Profit for the period attributable to parent company's shareholders	73,810	41,552	77.6%

(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

During the first half of 2018, total revenues reached around 378.4 million Euro, an increase of 16% over the first half of 2017. EBITDA, on the other hand, amounted to 136 million Euro (+55%), while EBITDA margin was 35.9%. The net profit of this period recorded an increase of approximately 78% over the same period of the previous year, having reached 73.8 million Euro.

Financial Information 2Q 2018

Net debt of 375.6 million Euro

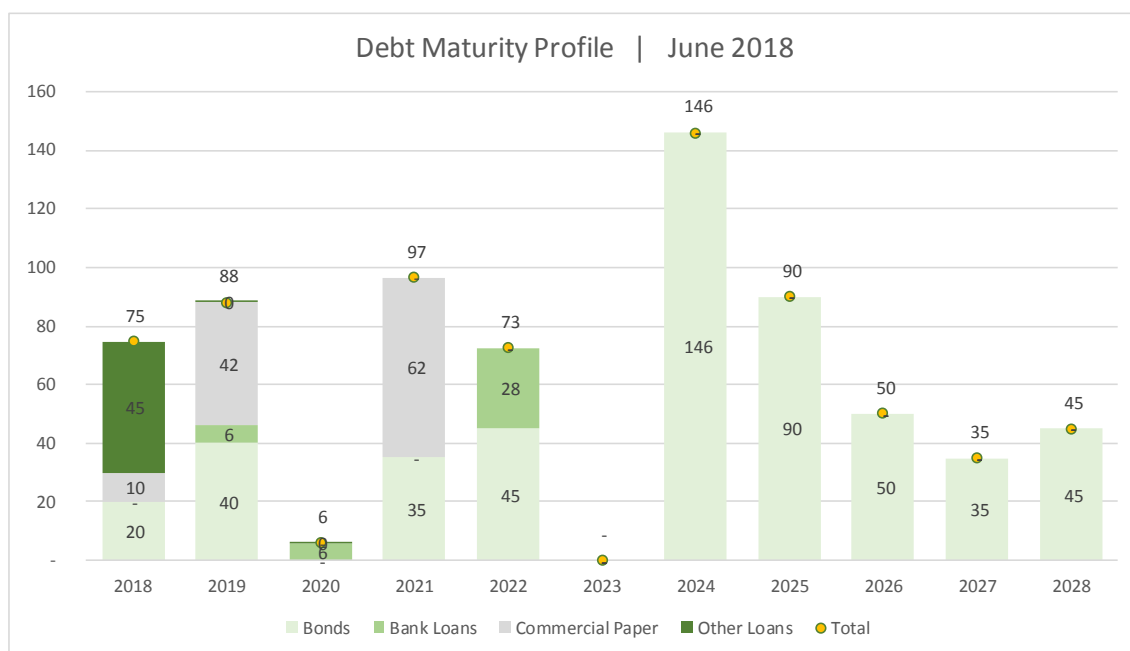
Altri's nominal debt net of cash and cash equivalents as of June 30, 2018 amounted to 375.6 million Euro, which corresponds to an increase of approximately 10 million Euro over the net debt recorded in the previous quarter.

During the second quarter of 2018, Altri paid a dividend of € 0.30 per share regarding to 2017FY, which amounted to 61.5 million Euro delivered to the shareholders of the company.

Hence, the Free Cash Flow to Equity (dividends paid deducted by the increase in the net debt) generated during the second quarter of 2018 amounted to 51.6 million Euro.

The total net investment (CAPEX) recorded in the first quarter of 2018 by the industrial units of the Group achieved approximately 40 million Euro.

The scheduling of Altri's remunerated gross debt maturity, as of June 30, 2018 is, as follows:



Financial Information 2Q 2018

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 June 20, 2018, Altri had contracted Asian-style exchange collars, in the amount of USD 12 million per month, covering all 2019 financial year.

Key balance sheet indicators

thousand Euro	31/12/2017	30/06/2018	Var%
Biological assets	94,848.3	95,413.1	1%
Tangible assets	396,515.7	396,841.6	0%
Goodwill	265,531.4	265,531.4	0%
Investments in associated companies and joint ventures	17,456.9	27,129.4	
Others	52,609.1	58,114.1	10%
Total non current assets	826,961.4	843,029.7	2%
Inventories	50,728.0	63,233.8	25%
Customers	113,284.7	126,223.3	11%
Cash and cash equivalents	193,599.7	332,099.0	72%
Others	25,514.6	16,120.8	-37%
Total current assets	383,127.1	537,676.9	40%
Total assets	1,210,088.5	1,380,706.5	14%
Shareholders' equity and non controlling interests	394,567.1	400,520.2	2%
Bank loans	39,500.0	33,500.0	-15%
Other loans	442,483.9	587,436.0	33%
Reimbursable incentives	14,565.8	10,560.2	-27%
Others	45,427.5	49,238.8	8%
Total non current liabilities	541,977.1	680,734.9	26%
Bank loans	6,216.6	9,964.8	60%
Other current loans - short-term	94,830.7	77,472.0	-18%
Reimbursable incentives	3,121.5	4,805.4	54%
Suppliers	95,373.3	114,101.8	20%
Others	74,002.2	93,107.5	26%
Total current liabilities	273,544.3	299,451.4	9%

Financial Information 2Q 2018

Pulp Market

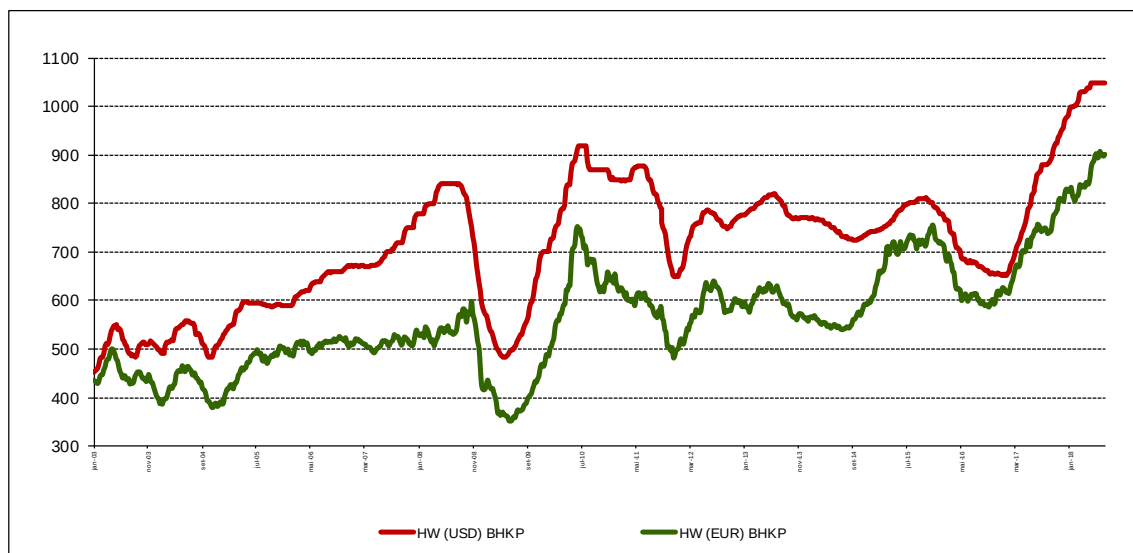
According to data from the Pulp and Paper Products Council (PPPC World Chemical Market Pulp Global 100 Report – May 2018), during the first 5 months of 2018, total demand for hardwood pulp increased by 4.3% comparing to the same period of the previous year, which corresponds to an additional consumption of 0.6 million tons, reaching around 14.0 million tons.

Geographically, the consumption of hardwood pulp in Europe increased approximately 5.5%, while in China the growth was 7.8%.

In terms of BEKP pulp price evolution, the second quarter of 2018 was characterised by 3% increase in the price in USD, when compared to the previous quarter, and a 6% increase in the price in EUR. The average price recorded in the second quarter of the year amounted to 1,043 USD/ton (vs. 1,009 USD/ton in the previous quarter), while in EUR achieved 871 EUR/ton (vs. 824 EUR/ton in the previous quarter).

Evolution of BHKP pulp price in Europe since 2003 until July 2018

Source: *FOEX*



Financial Information 2Q 2018

Outlook – 3rd Quarter 2018

For the third quarter of 2018, in terms of BHKP pulp selling price evolution, it is expected to be maintained the level of prices in USD. Regarding operational terms, it is expected an operational efficiency growth, due to the conclusion of Celtejo's investment project, which occurs in the scheduling time and it is expectable to finish during this quarter.

Financial Information 2Q 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®)¹ and by Programme for the Endorsement of Forest Certification (PEFC), two of the most world wide 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 Government, 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 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.

Oporto, July 26, 2018

The Board of Directors

¹ FSC-C004615