ALTRI, SGPS, S.A.

Public Company

Head Office: Rua Manuel Pinto de Azevedo, 818 – Porto
Fiscal Number 507 172 086
Share Capital: 25,641,459 Euro

Financial Information – 1st Half of 2019 (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.

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The financial information was prepared in accordance with the International Financial Reporting Standards (IFRS). Since January 1, 2019, IFRS 16 was adopted, and in accordance with this standard, 2018 information was not restated.

2Q2019 Profit and Loss Statement

Thousand Euro	2Q 2019	2Q 2018	2Q19/2Q18 Var%	1Q2019	2Q19/1Q19 Var%
Total revenues	**199,980**	**205,040**	**-2.5%**	**207,354**	**-3.6%**
Cost of sales	73,583	74,657	-1.4%	77,467	-5.0%
External supplies and services	47,286	47,869	-1.2%	44,085	7.3%
Payroll expenses	9,742	8,597	13.3%	9,269	5.1%
Other expenses	1,772	2,390	-25.9%	1,835	-3.4%
Provisions and impairment losses	-159	-1,199	-	159	-200.0%
Change in the fair value of biological assets	-	-	-	-	-
Total expenses (a)	132,224	132,314	-0.1%	132,816	-0.4%
EBITDA (b)	**67,756**	**72,726**	**-6.8%**	**74,538**	**-9.1%**
margin	**33.9%**	**35.5%**	**-1.6 pp**	**37.1%**	**-3.2 pp**
Amortisation and depreciation	18,229	11,721	55.5%	18,926	-3.7%
EBIT (c)	**49,527**	**61,005**	**-18.8%**	**55,612**	**-10.9%**
margin	**24.8%**	**29.8%**	**-5.0 pp**	**27.9%**	**-3.1 pp**
Gains / (losses) related to investments	25	449	-	1	-
Financial expenses	-7,460	-7,354	1.5%	-6,189	20.5%
Financial income	594	3,127	-81.0%	1,393	-57.4%
Financial profit / (loss)	-6,841	-3,777	81.1%	-4,794	42.7%
Profit before income tax	42,686	57,228	-25.4%	50,817	-16.0%
Income tax	-11,549	-16,064	-28.1%	-14,093	-18.0%
Net profit attributable to parent company's shareholders	**31,137**	**41,165**	-24.4%	**36,724**	-15.2%

(a) Operating costs excluding amortisation, financial expenses and income tax
(b) EBITDA = Earnings before interests, taxes, depreciation and amortisation
(c) EBIT = earnings before interests and taxes

The second quarter of 2019 was characterised by a continuous downward trend in BHKP pulp sales price, which, according to the price index PIX, in the end of June 2019 reached 902 USD/ton. On the other hand, there was a contraction in demand and, consequently, an increase in inventories level.

In industrial terms, during May, a programmed maintenance stoppage occurred at Celtejo, which lasted 30 days.

2nd Quarter of 2019: total revenues amounted to 200 million Euro

During the second quarter of 2019, EBITDA of Altri Group reached 68 million Euro, which corresponds to a 7% decrease over the same quarter of the previous year. EBITDA margin achieved 33.9%.

In terms of top line, total revenues amounted to 200 million Euro, a 3% decrease when compared with the same period of 2018.

During the period under analysis, 283.7 thousand tons of pulp were produced, of which 27 thousand tons of dissolving pulp. Notwithstanding the programmed maintenance stoppage at Celtejo's industrial unit (occurred in May 2019), the volume of pulp produced increased 5% over the second quarter of 2018, which is essentially due to the outstanding performance of Celbi's industrial unit, as a result of the optimisations made during the annual programmed maintenance stoppage which occurred in the first quarter of 2019.

In terms of sales, during the period between April and June 2019, 272.0 thousand tons of pulp were sold (+2% over the same period of 2018), of which 24.4 thousand tons of dissolving pulp (+1% comparatively to the same period of the previous year), amounting to 165.0 million Euro.

Exports reached 145 million Euro

Regarding exports, during the second quarter of 2019, Altri exported around 238.3 thousand tons of pulp (-4% over the same period of 2018). In monetary terms, quarter exports amounted to 145 million Euro, which corresponds to an 8% decrease.

Operational expenses kept practically stable when compared to the same period of 2018.

During the annual programmed maintenance stoppage at Celtejo's industrial unit, a set of improvements has been made in order to optimise the energy balance of the plant. At the moment, the turbine is already operating at an efficiency level of around 60%, and it is expected a sustained boost in its operating efficiency during the following months.

EBITDA recorded during the second quarter of 2019 amounted to 67.8 million Euro, a 7% decrease over the EBITDA recorded in the same period of 2018.

Amortisation and depreciation amounted to 18.2 million Euro, representing a 56% increase over the same period of 2018. This increase reflects the consolidation of the biomass companies; the conclusion of the investment projects occurred at Celbi and Celtejo, namely the installation of the new recovery boiler in the latest; and the impact of IFRS 16 adoption.

The net financial loss amounted to 6.8 million Euro.

Altri's consolidated net profit amounted to 31.1 million Euro, which corresponds to a 24% decrease over the same period of 2018.

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1st half of 2019: EBITDA of 142 million Euro (+5%)

Regarding the first half of 2019, total revenues reached 407.3 million Euro, corresponding to an 8% increase over the first semester of 2018. EBITDA amounted to 142.3 million Euro, corresponding to a 4.6% increase. EBITDA margin of the semester was 34.9%. The net profit of this period achieved 67.9 million Euro (-8%).

Thousand Euro	1H 2019	1H 2018	1H19/1H18 Var%
Total revenues	**407,334**	**378,425**	**7.6%**
Cost of sales	151,050	133,352	13.3%
External supplies and services	91,371	88,855	2.8%
Payroll expenses	19,011	16,911	12.4%
Other expenses	3,607	4,501	-19.9%
Provisions and impairment losses	0	-1,199	-
Change in the fair value of biological assets	-	-	-
Total expenses (a)	265,040	242,420	9.3%
EBITDA (b)	**142,294**	**136,004**	**4.6%**
margin	**34.9%**	**35.9%**	**-1.0 pp**
Amoritsation and depreciation	37,155	25,584	45.2%
EBIT (c)	**105,139**	**110,421**	**-4.8%**
margin	**25.8%**	**29.2%**	**-3.4 pp**
Gains / (losses) related to investments	27	1,172	-97.7%
Financial expenses	-13,649	-12,220	11.7%
Financial income	1,987	5,361	-62.9%
Financial profit / (loss)	-11,636	-5,687	104.6%
Profit before income tax	93,503	104,734	-10.7%
Income tax	-25,642	-30,924	-17.1%
Net profit attributable to parent company's shareholders	**67,861**	**73,810**	-8.1%

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

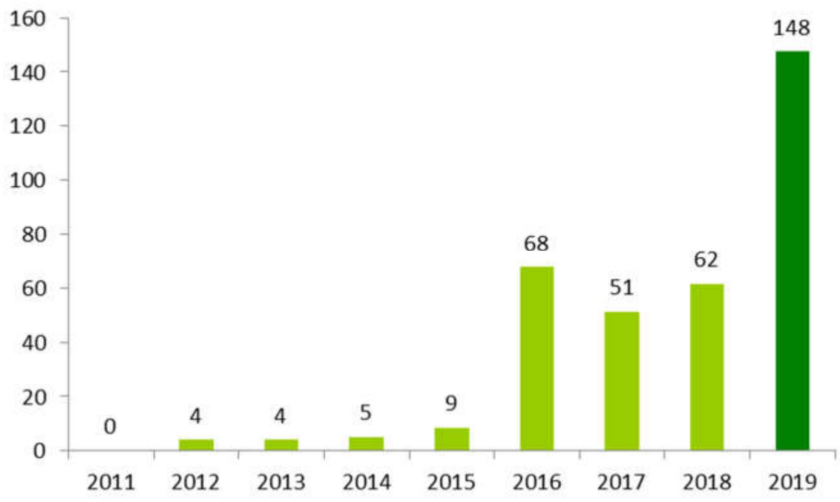
(b) EBITDA = Earnings before interests, taxes, depreciation and amortisation

(c) EBIT = earnings before interests and taxes

Remunerated net debt of 518 million Euro after dividends payment amounting to 148 million Euro

Altri's nominal remunerated net debt as of 30 June 2019 amounted to 517.7 million Euro, an increase of 85 million Euro over the net debt recorded in the end of 2018. However, it should be noted that, during the second quarter of 2019, Altri payed 2018 dividends in the amount of 148 million Euro.

Dividend payment evolution (cash outflow in million Euro)



Total investment (CAPEX) recorded until June 2019 by its industrial and biomass units amounted to approximately 40 million Euro.

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Key balance sheet indicators

thousand Euro	30.Jun.19	31.Dec.18	Var%
Biological assets	102,951	98,474	5%
Property, plant and equipment	556,927	555,510	0%
Goodw ill	265,531	265,531	0%
Intangible assets and Right of use	124,830	55,284	126%
Others	46,007	41,760	10%
Non-current assets	**1,096,246**	**1,016,559**	8%
Inventories	75,931	70,096	8%
Customers	116,368	120,825	-4%
Cash and banks	204,015	240,766	-15%
Others	32,031	43,943	-27%
Current assets	**428,345**	**475,630**	-10%
Total assets	**1,524,591**	**1,492,189**	2%
Equity and non-controlling interests	**435,642**	**521,597**	-16%
Bank loans	527,588	539,536	-2%
Lease liability	71,256	-	n/a
Others	81,337	82,586	-2%
Non-current liabilities	**680,181**	**622,122**	9%
Bank loans	196,480	135,348	45%
Lease liability	11,422	-	n/a
Suppliers	113,336	123,710	-8%
Others	87,530	89,412	-2%
Current liabilities	**408,768**	**348,470**	17%

Impacts of IFRS 16

Since 1 January 2019, Altri's Group financial statements reflect the adoption of IFRS 16. The Group did not restate the comparative information regarding 2018, according to the possibility stated in this standard. The main impacts of the standard in the semester under analysis are as follows:

1. EBITDA: increase of 5.8 million Euro;
2. Amortisations: increase of 4.2 million Euro;
3. Financial expenses: increase of 1.1 million Euro;
4. Asset ("Right of Use"): increase of 70 million Euro;
5. Liability ("Lease Liability"): increase of 83 million Euro;
6. Equity: decrease of 7 million Euro (net of deferred taxes).

The nominal remunerated net debt of 518 million Euro does not include the lease liability mentioned above.

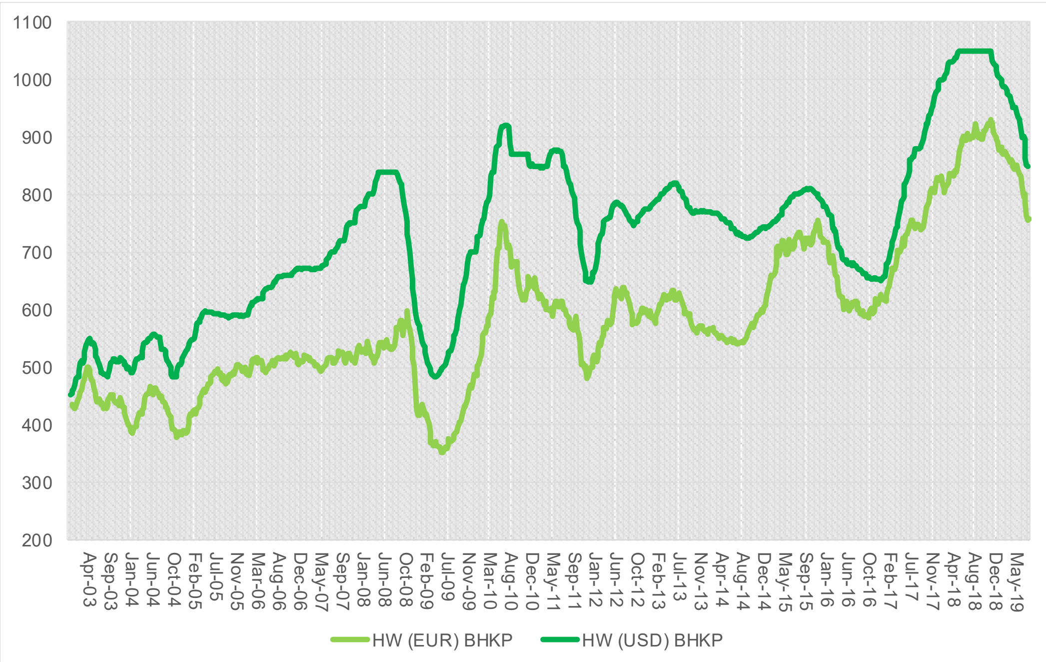
Pulp market

The hardwood pulp market recorded a strong downward trend during the last two months of 2018, which extended during the first semester of 2019. Hence, according to data from Pulp and Paper Products Council (PPPC World Chemical Market Pulp Global 100 Report – May 2019), during the first 5 months of 2019, hardwood pulp total demand decreased around 6% comparatively to the same period of the previous year. In terms of inventories within pulp producers, according to the report above mentioned, inventories reached 60 days – it should however be highlighted that, after the peak recorded in March 2019 (65 days), during the last two months there has been a reduction in inventory days.

In terms of BHKP pulp price, the second quarter of 2019 was characterised by an average price of 938 USD, which corresponds to a 10% decrease over the homologous quarter of 2018. In Euro, the average price evolution recorded during the same period was -4%.

Evolution of BHKP pulp price in Europe from 2003

Source: *FOEX*



Outlook

In operational terms, Caima's industrial unit has its programmed annual maintenance stoppage scheduled for October.

In terms of CAPEX, regarding the investment plan announced for 2019 (amounting to 80 million Euro), it should be noted that the setup of the new biomass power plant at Figueira da Foz occurred in the beginning of the third quarter of 2019.

Altri – business profile

Altri is a reference in European eucalyptus pulp producers. In addition to pulp production, the Group 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 manages over 80 thousand hectares of forest in Portugal, entirely certified by the Forest Stewardship Council® (FSC®)[1] and by the Programme for the Endorsement of Forest Certification (PEFC), two of the most worldwide acknowledged certification entities.

Altri has three pulp mills in Portugal, with an installed capacity that in 2018 reached more than 1 million tons/year of eucalyptus pulp.

Altri's organic structure can be represented as follows:

Oporto, July 31, 2019

[1] FSC-C004615