



ALTRI, SGPS, S.A.
Public Company

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

Financial Information – 1st Quarter of 2016
(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 with 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 2016

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

Income Statement - 1Q 2016 - a quarter of records

thousand Euro	1Q 2015	1Q 2016	1Q16/1Q15 Var%	4Q 2015	1Q16/4Q15 Var%
Total Revenues	154,078	161,706	5.0%	170,546	-5.2%
Costs of sales	58,545	60,240	2.9%	58,646	2.7%
External supplies and services	40,490	40,325	-0.4%	41,695	-3.3%
Payroll expenses	7,735	7,789	0.7%	10,802	-27.9%
Others expenses	1,017	1,254	23.3%	-460	-372.9%
Provisions and impairment losses	-288	8		1,928	-99.6%
Total Expenses (a)	107,499	109,616	2.0%	112,611	-2.7%
EBITDA (b)	46,580	52,090	11.8%	57,935	-10.1%
Margin	30.2%	32.2%	+2,0 pp	34.0%	-1,8 pp
Amortisation and depreciation	13,155	13,263	0.8%	13,577	-2.3%
EBIT (c)	33,425	38,827	16.2%	44,358	-12.5%
Margin	21.7%	24.0%	+2,3 pp	26.0%	-2,0 pp
Gains/Losses in associated companies	160	258	61.4%	821	-68.6%
Financial costs	-9,271	-6,569	-29.1%	-7,781	-15.6%
Financial gains	3,364	1,466	-56.4%	1,827	-19.7%
Financial results	-5,747	-4,845	-15.7%	-5,133	-5.6%
Profit Before Income Tax	27,677	33,982	22.8%	39,225	-13.4%
Income tax	-5,514	-8,865	60.8%	-6,269	41.4%
Minority interests	6	0	ss	0	ss
Profit for the period attributable to parent company's shareholders	22,157	25,117	13.4%	32,956	-23.8%

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

The first quarter of 2016 was characterized by a decrease in the pulp price of 5% (both in USD and EUR) in relation to the last quarter of 2015, which had the same impact on revenues. In the first quarter of 2016 the pulp price was 1.7% and 4.6% higher than in the same period of 2015, in USD and EUR, respectively.

In detail, the total revenue of the first quarter of 2016 amounted to 161.7 million Euro, an increase of 5% comparing to the first quarter of 2015 and a decrease of 5% compared to the amount recorded in the previous quarter (4Q2015).

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During the first quarter, the three industrial units of Altri produced around 250.7 thousand tons of pulp (-2% comparing to the same period of 2015), of which 23.1 thousand tons were dissolving pulp (-7% comparing to the same period of 2015). In terms of sales, during the first quarter of 2016, they were sold 253.5 thousand tons of pulp (+2% comparing to the first quarter of 2015), of which 25.8 thousand tons were dissolving pulp (+2% comparing to the same period of 2015).

During the first quarter of 2016, Caima – Altri's industrial unit in charge of the dissolving pulp production - performed its scheduled annual stoppage for maintenance.

In terms of exports, during the first quarter of 2016, Altri exported 232.0 thousand tons of pulp (+1% comparing to first quarter of 2015).

The revenues from sales of pulp of the first quarter of 2016 amounted to 139.4 million Euro, an increase of 8% comparing to the first quarter of 2015 and a decrease of 4.1% compared to the amount recorded in the previous quarter (4Q2015).

Quarterly EBITDA amounted to 52 million Euro

The operating costs increased 2% when compared to the same period of 2015 in line with the sales evolution. Total costs, excluding depreciation, interest and taxes, on the first quarter of 2016, amounted to approximately 109.6 million Euro, which represents a decrease of 2.7% compared to the last quarter of 2015.

The EBITDA of the first quarter of 2016 reached 52.1 million Euro, a decrease of 10% comparing to the EBITDA recorded in the previous quarter and an increase of 12% compared to the same period of 2015.

The financial result amounted to a net charge of around 4.8 million Euro.

Net profit of Altri reached 25 million Euro.

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Net debt of 412 million Euro: reduction of 30 million compared to 2015

Altri's nominal debt net of cash and cash equivalents as of 31 March 2016 amounted to 412.2 million Euro, representing a decrease of approximately 30.4 million Euro compared to net debt of 442.6 million Euro recorded in the end of 2015.

The total net investment (CAPEX) made in the 1st quarter of 2016 by the industrial units of the Group amounted to 4.0 million Euro.

The scheduling of Altri's remunerated gross debt maturity is as follows:

	2016	2017	2018	2019	2020	2021	2022
Bank loans	-	14	31	24	16	-	-
Commercial paper	41	28	-	-	-	-	25
Bonds	-	-	105	110	50	35	-
Other loans (includes factoring)	43	-	-	-	-	-	-
TOTAL	83	42	136	133	66	35	25

Altri Group issued, in April 2016, a bond loan of 40 million Euro, with maturity in 2024.

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Key balance sheet indicators

thousand Euro	2015	1Q 2016	Var%
Biological assets	101,472.9	102,038.2	1%
Tangible assets	364,119.6	354,196.7	-3%
Goodwill	265,531.4	265,531.4	0%
Investments available for sale	10,691.1	10,691.1	0%
Others	42,756.7	43,575.7	2%
Total non current assets	784,571.7	776,033.1	-1%
Inventories	56,396.6	64,027.9	14%
Customers	91,521.3	89,427.5	-2%
Cash and cash equivalents	243,154.2	107,398.4	-56%
Others	19,597.6	23,930.5	22%
Total current assets	410,669.6	284,784.4	-31%
Total assets	1,195,241.4	1,060,817.5	-11%
Shareholder's equity and non controlling interests	322,349.6	347,455.6	8%
Bank loans	153,587.5	78,000.0	-49%
Other loans	413,733.4	353,078.0	-15%
Reimbursable incentives	17,439.1	17,439.1	0%
Others	45,566.5	44,601.9	-2%
Total non current liabilities	630,326.6	493,119.0	-22%
Bank loans	10,775.0	6,000.0	-44%
Other current loans	105,438.1	82,746.5	-22%
Reimbursable incentives	558.9	558.9	0%
Suppliers	61,243.4	55,963.0	-9%
Others	64,549.8	74,974.4	16%
Total current liabilities	242,565.3	220,242.8	-9%

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Pulp Market

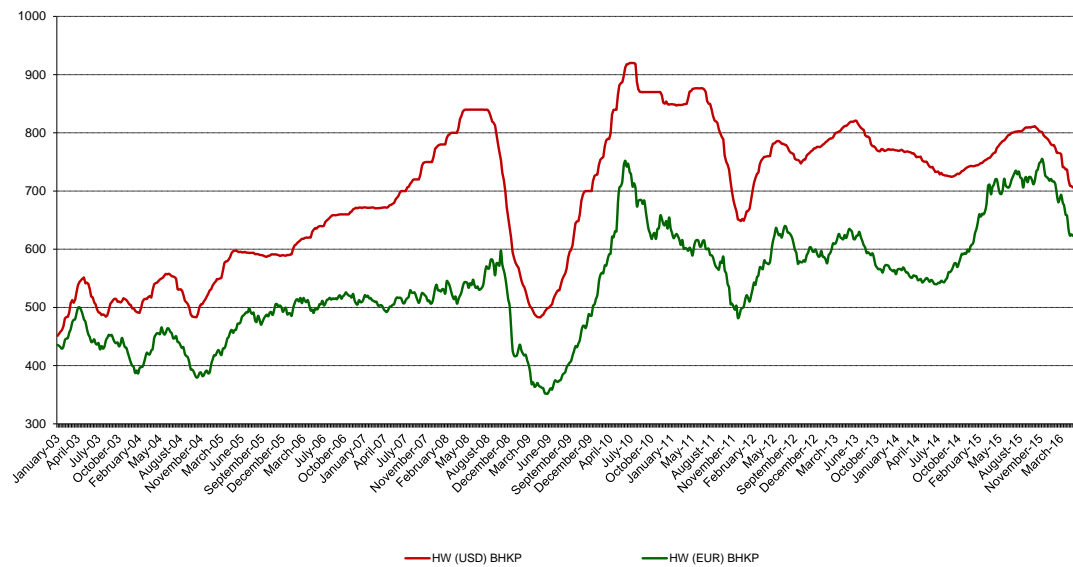
In accordance with information from the Pulp and Paper Products Council (PPPC Global – 100 flash report), during the first quarter of 2016, total demand for hardwood pulp increased by 1.3% (comparing to the same period of 2015). It is highlighted the eucalyptus pulp, which recorded an increase in demand of 5.5% in the same period.

Geographically, the consumption of hardwood pulp in Europe increased 1.4% while in China the increase reached 6.9%. In relation with eucalyptus pulp, the demand grew 3.8% in Europe and 13.1% in China. The market share of eucalyptus pulp increased, in the hardwood segment, from 68.9% in the first quarter of 2015, to 71.4% in the end of the reporting period (1Q2016).

The 1st quarter of 2016 in terms of prices evolution of BEKP pulp, was characterized by a decrease of 5% of the price (both in USD and EUR), when compared to the previous quarter. The average price in the first quarter of the year amounts to 762 USD / ton (vs. 802 USD / ton in the previous quarter and 750 USD / ton in the same quarter of 2015), while in Euro recorded 693 EUR / ton (vs.732 EUR / ton in the previous quarter and 663 EUR / ton in the same quarter of 2015).

Evolution of BEKP pulp price in Europe since 2003 until April 2016 (EUR)

Source: *FOEX*



A horizontal banner image showing a close-up of vibrant green leaves and branches, with the text "Financial Information 1Q 2016" overlaid in white.

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Future Perspectives – 2Q 2016

During the second quarter of 2016 it is scheduled the annual stoppage for maintenance for the remaining industrial units of the Altri Group: Celtejo on April and Celbi and May. Consequently the production and productivity will be affected by these annual stoppages.

Concerning the pulp market, it is expected a decrease of the price in Euro on the second quarter of 2016.

Altri – Business Profile

Altri is a reference in European eucalyptus pulp producers. 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 82 thousand hectares of forest in Portugal entirely certified by Forest Stewardship Council® (FSC®)¹ and by the Program 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 reached in 2015 1 million tons/year of bleached eucalyptus pulp. The Group is concluding a series of ongoing small projects for optimizing operating efficiency.

Porto, May 5, 2016

The Board of Directors

¹ FSC-C004615

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ALTRI SGPS, S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016 AND 31 DECEMBER 2015

(Translation of financial statements originally issued in Portuguese)
(Amounts expressed in Euro)

ASSETS	31.03.2016	31.12.2015
NON CURRENT ASSETS:		
Biological assets	102,038,220	101,472,915
Tangible fixed assets	354,196,685	364,119,629
Investment property	113,310	113,310
Goodwill	265,531,404	265,531,404
Intangible assets	63,939	83,821
Investments in associated companies and joint ventures	12,266,332	12,008,219
Investments available for sale	10,691,097	10,691,097
Other non current assets	3,511,234	3,490,469
Deferred tax assets	27,620,894	27,060,866
Total non current assets	776,033,115	784,571,730
CURRENT ASSETS:		
Inventories	64,027,878	56,396,615
Customers	89,427,529	91,521,269
Other debtors	10,614,161	8,401,481
State and other public entities	10,625,934	8,469,842
Other current assets	2,690,431	2,726,281
Cash and cash equivalents	107,398,419	243,154,160
Total current assets	284,784,352	410,669,648
Total assets	1,060,817,467	1,195,241,378
SHAREHOLDERS' FUNDS AND LIABILITIES		
SHAREHOLDERS' FUNDS:		
Share capital	25,641,459	25,641,459
Legal reserve	4,336,498	4,336,498
Other reserves	292,360,622	225,998,128
Advance on profits	-	(51,282,918)
Consolidated net profit / (loss)	25,117,063	117,656,401
Total shareholders' funds attributable to the parent company's shareholders	347,455,642	322,349,568
Non controlling interests	-	-
Total Shareholders' funds	347,455,642	322,349,568
LIABILITIES:		
NON CURRENT LIABILITIES:		
Bank loans	78,000,000	153,587,500
Other loans	353,078,027	413,733,394
Reimbursable incentives	17,439,139	17,439,139
Other non current creditors	22,892,549	23,854,161
Deferred tax liabilities	15,871,624	15,871,624
Pension liabilities	778,000	778,000
Provisions	5,059,690	5,062,741
Total non current liabilities	493,119,029	630,326,559
CURRENT LIABILITIES:		
Bank loans	6,000,000	10,775,000
Other loans	82,746,543	105,438,128
Reimbursable subsidies	558,872	558,872
Suppliers	55,962,984	61,243,404
Other current creditors	6,489,376	3,908,405
State and other public entities	28,459,852	26,453,118
Other current liabilities	39,878,502	34,047,041
Derivatives	146,667	141,283
Total current liabilities	220,242,796	242,565,251
Total shareholders' funds and liabilities	1,060,817,467	1,195,241,378

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CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2016 AND 2015

(Translation of financial statements originally issued in Portuguese)
(Amounts expressed in Euro)

	<u>31.03.2016</u>	<u>31.03.2015</u>
Sales	157,663,504	149,202,715
Services rendered	2,198,818	2,163,624
Other income	1,843,640	2,712,027
Cost of sales	(60,239,977)	(58,545,465)
External supplies and services	(40,325,058)	(40,490,003)
Payroll expenses	(7,789,024)	(7,734,658)
Amortisation and depreciation	(13,262,855)	(13,155,046)
Provisions and impairment losses	(8,196)	288,345
Other costs	(1,253,979)	(1,017,027)
Gains and losses in associated companies and joint ventures	258,113	159,957
Financial expenses	(6,569,155)	(9,270,788)
Financial income	1,466,100	3,363,787
Profit before income tax	<u>33,981,931</u>	<u>27,677,468</u>
Income tax	(8,864,868)	(5,514,084)
Profit after income tax	<u>25,117,063</u>	<u>22,163,384</u>
Consolidated net profit	<u>25,117,063</u>	<u>22,163,384</u>
Attributable to:		
Parent company's shareholders	25,117,063	22,156,960
Non controlling interests	-	6,424
	<u>25,117,063</u>	<u>22,163,384</u>
Earnings per share:		
Basic	0.12	0.11
Diluted	0.12	0.11