



**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 – Third quarter of 2016  
(Unaudited)**

*(This is a translation of a document originally issued in Portuguese.  
In the event of discrepancies, the Portuguese language version prevails)*

## Financial Information 3Q 2016

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

### Income Statement of the 9 months' period ended September 2016

Thousands of Euro	9M 2015	9M 2016	9M16/9M15 Var%
<b>Total Revenues</b>	<b>494,279</b>	<b>453,403</b>	<b>-8.3%</b>
Costs of sales	179,258	177,678	-0.9%
External supplies and services	121,141	118,266	-2.4%
Payroll expenses	24,475	24,290	-0.8%
Other expenses	4,509	4,599	2.0%
Provisions and impairment losses	1,724	-88	ss
<b>Total expenses (a)</b>	<b>331,107</b>	<b>324,746</b>	<b>-1.9%</b>
<b>EBITDA (b)</b>	<b>163,172</b>	<b>128,657</b>	<b>-21.2%</b>
<b>Margin</b>	<b>33.0%</b>	<b>28.4%</b>	<b>-4.6 pp</b>
Amortisation and depreciation	39,257	39,805	1.4%
<b>EBIT (c)</b>	<b>123,916</b>	<b>88,852</b>	<b>-28.3%</b>
<b>Margin</b>	<b>25.1%</b>	<b>19.6%</b>	<b>-5.5 pp</b>
Results of associated companies	2,129	1,907	-10.4%
Financial expenses	-24,165	-15,961	-33.9%
Financial income	6,447	3,298	-48.8%
<b>Financial profit</b>	<b>-15,589</b>	<b>-10,756</b>	<b>-31.0%</b>
<b>Profit before income tax</b>	<b>108,327</b>	<b>78,097</b>	<b>-27.9%</b>
Income tax	-23,609	-21,053	-10.8%
Minority interests	17	0	ss
<b>Profit for the period attributable to parent company's shareholders</b>	<b>84,701</b>	<b>57,043</b>	<b>-32.7%</b>

(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

In the nine months' period ended September 2016, the total revenues of Altri amounted to approximately 453 million Euro, a decrease of 8.3%. EBITDA reached about 129 million Euro (-21.2%) and the profit for the period was approximately 57 million Euro (-32.7%).

Below is presented a more detailed analysis of the third quarter of 2016 performance.

## Financial Information 3Q 2016

### Income Statement – 3Q 2016

Thousands of Euro	3Q 2015	3Q 2016	3Q16/3Q15 Var%	2Q 2016	3Q16/2Q16 Var%
<b>Total Revenues</b>	<b>181,492</b>	<b>149,542</b>	<b>-17.6%</b>	<b>142,155</b>	<b>5.2%</b>
Costs of sales	63,244	59,803	-5.4%	57,635	3.8%
External supplies and services	42,383	39,752	-6.2%	38,189	4.1%
Payroll expenses	8,818	8,135	-7.7%	8,366	-2.8%
Other expenses	1,892	1,605	-15.1%	1,740	-7.7%
Provisions and impairment losses	2,031	0		-96	-100.0%
<b>Total expenses (a)</b>	<b>118,369</b>	<b>109,295</b>	<b>-7.7%</b>	<b>105,835</b>	<b>3.3%</b>
<b>EBITDA (b)</b>	<b>63,124</b>	<b>40,247</b>	<b>-36.2%</b>	<b>36,321</b>	<b>10.8%</b>
<b>Margin</b>	<b>34.8%</b>	<b>26.9%</b>	<b>-7,9 pp</b>	<b>25.6%</b>	<b>+1.4 pp</b>
Amortisation and depreciation	13,111	13,249	1.1%	13,293	-0.3%
<b>EBIT (c)</b>	<b>50,013</b>	<b>26,998</b>	<b>-46.0%</b>	<b>23,027</b>	<b>17.2%</b>
<b>Margin</b>	<b>27.6%</b>	<b>18.1%</b>	<b>-9,5 pp</b>	<b>16.2%</b>	<b>+1.9 pp</b>
Results of associated companies	1,423	1,179	-17.1%	469	151.3%
Financial expenses	-7,355	-5,209	-29.2%	-4,183	24.5%
Financial income	1,481	774	-47.7%	1,058	-26.8%
Financial profit	-4,450	-3,256	-26.8%	-2,655	22.6%
Profit before income tax	45,563	23,742	-47.9%	20,372	16.5%
Income tax	-11,134	-6,920	-37.9%	-5,269	31.3%
<b>Profit for the period attributable to parent company's shareholders</b>	<b>34,428</b>	<b>16,823</b>	<b>-51.1%</b>	<b>15,103</b>	<b>11.4%</b>

(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 third quarter of 2016 was characterized by the continued decrease of the BHKP paper pulp price, although at a slower pace than in previous quarters. As so, the average market price in EUR (PIX) in the third quarter of 2016 was approximately 1.8% lower than the average price recorded in the second quarter of 2016.

Nonetheless, the production and sales increase, when compared with the second quarter of 2016, of 14.2% and 7.1%, respectively, led to an increase of revenue of 5.2%, when compared to the previous quarter. When comparing with the same quarter of the previous year, revenue recorded a decrease of 17.6%, mainly due to the decrease on sales price.

Total revenues recorded in the 3<sup>rd</sup> quarter of 2016 amounted to 149.5 million Euro, a decrease of 18% on the figures recorded in the same quarter of 2015 and an increase of about 5% over the second quarter of 2016.

During the period under analysis, the Group produced 268,500 tons of pulp (+14% compared to the 2<sup>nd</sup> quarter of 2016, period when the annual stoppages for maintenance of Celbi, Celtejo and Caima mills occurred), of which of 26,900 tons were dissolving pulp (similar to the previous quarter). In terms of sales, in the third quarter of 2016 it were sold 258,500 tons of pulp (+7% over the second quarter of 2016), of which 28,000 tons of dissolving pulp (+10% compared to the previous quarter). When compared with the same period of 2015, there was a decrease in total pulp production of 2%, while the sales decreased about 4%. This is mainly due to the ongoing investment project in the Celtejo mill.

In the third quarter of 2016 the total pulp sales amounted to 123.8 million Euro, a decrease of about 21% comparing with the same period of 2015 and an increase of about 4% over the second quarter of 2016.

In terms of exports, during the third quarter of 2016, Altri exported 242,700 tons of pulp, which represents an increase of about 9% over the previous quarter and a decrease of 4% over the same period of 2015.

#### Quarterly EBITDA amounts to 40 million Euro

In the third quarter, total operating costs, excluding amortization and depreciation, amounted to 109.3 million Euro, an increase of 3.3% over the previous quarter and a decrease of 7.7% when comparing with the same quarter of 2015. The year on year pulp production change (-1,7%) is clearly smaller than the change in costs, leading to a reduction of unit costs – comparing to the previous quarter, the pulp production increased about 14%, while costs increased only 3.3%.

## Financial Information 3Q 2016

The third quarter of 2016 EBITDA reached 40.2 million Euro, a decrease of about 36% over the EBITDA recorded in the same period of 2015 and an increase of 10.8% over the EBITDA recorded in the second quarter of 2016.

The financial result shows a very positive evolution amounting to a net charge of 3.3 million Euro, a decrease of 27% when compared to the same quarter of 2015.

Regarding income tax, in addition to the quarterly income tax cost (recorded in the income statement), the Group made advance payments on account, which are computed considering the previous year profits.

Third quarter consolidated net profit of Altri reached 16.8 million Euro.

### **33 million Euro of investments during the nine months' period ended September 2016**

Altri's nominal debt net of cash and cash equivalents as of 30 September 2016 amounted to 457 million Euro, representing a decrease from the 459 million Euro recorded at the end of the second quarter of 2016.

The total net investment (CAPEX) made in the 3<sup>rd</sup> quarter of 2016 by the industrial units of the Group amounted to approximately 21 million Euro. During the first nine months of 2016, the Group invested 32.9 million Euro in its industrial units.

## Financial Information 3Q 2016

### Key statement of financial position indicators

thousand euro	2015	30-Sep-2016	Var%
Biological assets	101.472,9	101.600,9	0%
Tangible assets	364.119,6	357.488,6	-2%
Goodwill	265.531,4	265.531,4	0%
Investments available for sale	10.691,1	10.687,1	0%
Other	42.756,7	45.923,6	7%
<b>Total non current assets</b>	<b>784.571,7</b>	<b>781.231,5</b>	0%
Inventories	56.396,6	75.505,6	34%
Customers	91.521,3	83.523,1	-9%
Cash and cash equivalents	243.154,2	151.488,9	-38%
Other	19.597,6	48.851,8	149%
<b>Total current assets</b>	<b>410.669,6</b>	<b>359.369,4</b>	-12%
<b>Total assets</b>	<b>1.195.241,4</b>	<b>1.140.600,9</b>	-5%
<b>Shareholder's equity and non controlling interests</b>	<b>322.349,6</b>	<b>327.624,5</b>	2%
Bank loans	153.587,5	121.750,0	-21%
Other loans	413.733,4	381.526,3	-8%
Reimbursable subsidies	17.439,1	16.331,9	-6%
Other	45.566,5	44.265,0	-3%
<b>Total non current liabilities</b>	<b>630.326,6</b>	<b>563.873,2</b>	-11%
Bank loans	10.775,0	20.019,3	86%
Other current loans	105.438,1	86.385,3	-18%
Reimbursable subsidies	558,9	2.009,4	260%
Suppliers	61.243,4	57.965,1	-5%
Other	64.549,8	82.724,2	28%
<b>Total current liabilities</b>	<b>242.565,3</b>	<b>249.103,2</b>	3%

**Pulp market**

In accordance with the latest available data from the Pulp and Paper Products Council (PPPC *World Chemical Market Pulp Global 100 Report - September 2016*), until September 2016, total demand for hardwood pulp increased by 3.0% comparing to the same period of 2015, amounting to approximately 23.6 million tons of pulp (more 676,000 tons). It is highlighted the eucalyptus based pulp, which recorded an increase in demand of 6.3% in the same period (a nominal increase of 1 million tons).

Geographically, the consumption of hardwood pulp in Western Europe decreased 2.5%, while in China the growth reached 11.4%.

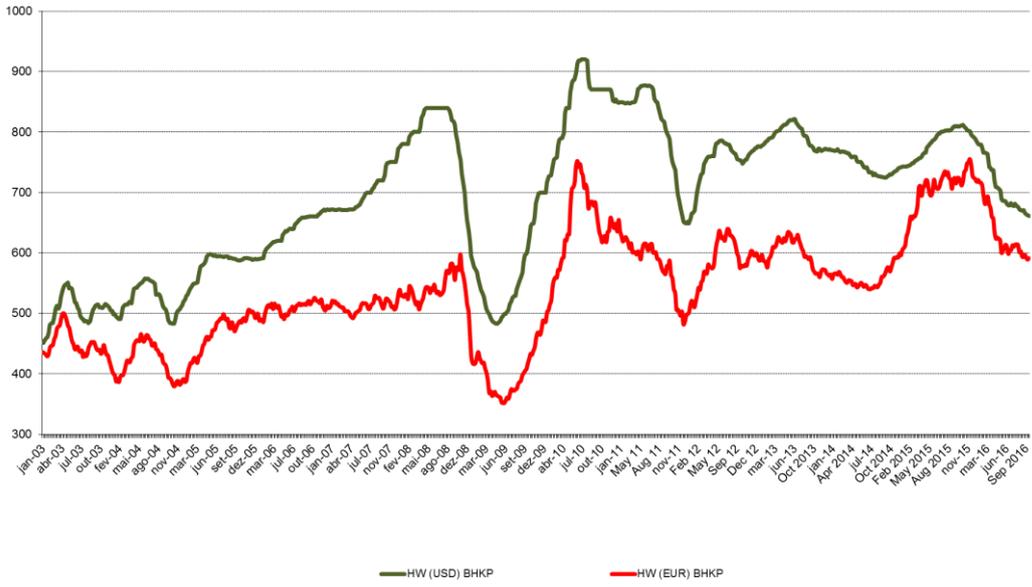
In terms of stocks measured in number of days (adjusted by seasonal effects), in September there were 45 days of hardwood pulp sales in stock, 3 days more than the amount on the previous month, and 6 more when compared to September 2015.

In terms of price evolution of BEKP pulp, the third quarter of 2016 was characterized by a decrease of 3.1% of the price in USD compared to the previous quarter and a decline of 1.8% in EUR. The average price in the third quarter of the year amounted to 671.5 USD/ton (vs. 693.3 USD/ton in the previous quarter and 804.2 USD/ton in the same quarter of 2015), while in Euros it stood at 602.0 EUR/ton (vs. 613.1 EUR/ton in the previous quarter and 723.6 EUR/ton in the same quarter of 2015).

# Financial Information 3Q 2016

Evolution of BEKP pulp price in Europe from 2003 to the end of September 2016 (EUR)

Source: FOEX



**Future outlook**

The prices of paper pulp may suffer relevant changes as a consequence of recent news that some relevant producers may be considering temporary capacity cuts, as well as possible delays on some projects. However, the days of inventory are above average.

**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 from Forest Steward Ship Council® (FSC®)<sup>1</sup> and from 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 2015 reached 1 million tons/year of bleached eucalyptus pulp. The Group is concluding a series of small projects for optimizing operating efficiency.

Oporto, November 3<sup>rd</sup>, 2016

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The Board of Directors

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<sup>1</sup> FSC-C004615

# Financial Information 3Q 2016

ALTRI, SGPS, S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2016 AND 31 DECEMBER 2015

(Amounts expressed in Euro)

ASSETS	30.09.2016	31.12.2015
<b>NON CURRENT ASSETS:</b>		
Biological assets	101,600,912	101,472,915
Tangible fixed assets	357,488,554	364,119,629
Investment property	113,310	113,310
Goodwill	265,531,404	265,531,404
Intangible assets	578,874	83,821
Investments in associated companies and joint ventures	13,914,961	12,008,219
Investments available for sale	10,687,097	10,691,097
Other non current assets	3,672,451	3,490,469
Deferred tax assets	27,643,958	27,060,866
<b>Total non current assets</b>	<b>781,231,521</b>	<b>784,571,730</b>
<b>CURRENT ASSETS:</b>		
Inventories	75,505,587	56,396,615
Customers	83,523,101	91,521,269
Other debtors	3,645,191	8,401,481
State and other public entities	41,448,794	8,469,842
Other current assets	3,757,849	2,726,281
Cash and cash equivalents	151,488,863	243,154,160
<b>Total current assets</b>	<b>359,369,385</b>	<b>410,669,648</b>
<b>Total assets</b>	<b>1,140,600,906</b>	<b>1,195,241,378</b>
<b>SHAREHOLDERS' FUNDS AND LIABILITIES</b>		
<b>SHAREHOLDERS' FUNDS:</b>		
Share capital	25,641,459	25,641,459
Legal reserve	5,128,292	4,336,498
Other reserves	239,811,551	225,998,128
Advance of profits	-	(51,282,918)
Consolidated net profit / (loss)	57,043,184	117,656,401
Total shareholders' funds attributable to the parent company's shareholders	327,624,486	322,349,568
Non controlling interests	-	-
<b>Total shareholders' funds</b>	<b>327,624,486</b>	<b>322,349,568</b>
<b>LIABILITIES:</b>		
<b>NON CURRENT LIABILITIES:</b>		
Bank loans	121,750,000	153,587,500
Other loans	381,526,325	413,733,394
Reimbursable incentives	16,331,899	17,439,139
Other non current liabilities	21,279,208	23,854,161
Deferred tax liabilities	17,241,803	15,871,624
Pension liabilities	778,000	778,000
Provisions	4,965,986	5,062,741
<b>Total non current liabilities</b>	<b>563,873,221</b>	<b>630,326,559</b>
<b>CURRENT LIABILITIES:</b>		
Bank loans	20,019,271	10,775,000
Other loans	86,385,319	105,438,128
Reimbursable incentives	2,009,350	558,872
Suppliers	57,965,056	61,243,404
Other current creditors	17,877,133	3,908,405
State and other public entities	21,239,860	26,453,118
Other current liabilities	42,800,266	34,051,538
Derivatives	806,944	136,786
<b>Total current liabilities</b>	<b>249,103,199</b>	<b>242,565,251</b>
<b>Total shareholders' funds and liabilities</b>	<b>1,140,600,906</b>	<b>1,195,241,378</b>

# Financial Information 3Q 2016

**ALTRI, SGPS, S.A.**

**CONSOLIDATED STATEMENTS OF PROFIT AND LOSS**  
**TO THE PERIODS OF NINE AND THREE MONTHS ENDED AT 30 SEPTEMBER OF 2016 AND 2016**

(Amounts expressed in Euro)

	<b>NINE MONTHS ENDED IN</b>		<b>QUARTER ENDED IN</b>	
	<b>30.09.2016</b>	<b>30.09.2015</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
Sales	440,120,191	481,148,805	144,821,070	177,348,409
Services rendered	6,952,130	6,872,042	2,353,058	2,429,795
Other income	6,330,947	6,258,604	2,367,723	1,714,132
Cost of sales	(177,678,296)	(179,257,768)	(59,802,888)	(63,244,455)
External supplies and services	(118,266,097)	(121,141,133)	(39,751,708)	(42,383,125)
Payroll expenses	(24,289,718)	(24,475,244)	(8,135,096)	(8,818,386)
Amortisation and depreciation	(39,804,980)	(39,256,638)	(13,248,808)	(13,110,647)
Provisions and other impairment losses	87,602	(1,724,099)	-	(2,031,140)
Other expenses	(4,599,490)	(4,508,909)	(1,605,354)	(1,891,544)
Gains and losses in associated companies and joint ventures	1,906,741	2,128,639	1,179,315	1,423,273
Financial expenses	(15,960,733)	(24,164,547)	(5,209,075)	(7,355,165)
Financial income	3,298,335	6,446,966	774,171	1,481,448
<b>Profit before income tax</b>	<b>78,096,632</b>	<b>108,326,718</b>	<b>23,742,408</b>	<b>45,562,595</b>
Income tax	(21,053,448)	(23,609,376)	(6,919,690)	(11,134,460)
<b>Consolidated net profit</b>	<b>57,043,184</b>	<b>84,717,342</b>	<b>16,822,718</b>	<b>34,428,135</b>
<b>Consolidated net profit</b>	<b>57,043,184</b>	<b>84,717,342</b>	<b>16,822,718</b>	<b>34,428,135</b>
Attributable to:				
Parent company's shareholders	57,043,184	84,700,554	16,822,718	34,428,135
Non controlling interests	-	16,788	-	-
	<b>57,043,184</b>	<b>84,717,342</b>	<b>16,822,718</b>	<b>34,428,135</b>
<b>Profit per share</b>				
Basic	0.28	0.41	0.08	0.17
Diluted	0.28	0.41	0.08	0.17