



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 – Second 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 – 2Q 2016

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

Income Statement – 2Q 2016

thousand euro	2Q 2015	2Q 2016	2Q16/2Q15 Var%	1Q 2016	2Q16/1Q16 Var%
Total Revenues	158,709	142,155	-10.4%	161,706	-12.1%
Costs of sales	57,468	57,635	0.3%	60,240	-4.3%
External supplies and services	38,268	38,189	-0.2%	40,325	-5.3%
Payroll expenses	7,922	8,366	5.6%	7,789	7.4%
Other expenses	1,600	1,740	8.7%	1,254	38.8%
Provisions and impairment losses	-19	-96	405.3%	8	-1268.8%
Total expenses (a)	105,240	105,835	0.6%	109,616	-3.4%
EBITDA (b)	53,469	36,321	-32.1%	52,090	-30.3%
Margin	33.7%	25.6%	-8,1 pp	32.2%	-6.7 pp
Amortisation and depreciation	12,991	13,293	2.3%	13,263	0.2%
EBIT (c)	40,478	23,027	-43.1%	38,827	-40.7%
Margin	25.5%	16.2%	-9,3 pp	24.0%	-7.8 pp
Results of associated companies	545	469	-14.0%	258	81.8%
Financial expenses	-7,539	-4,183	-44.5%	-6,569	-36.3%
Financial income	1,602	1,058	-33.9%	1,466	-27.8%
Financial profit	-5,393	-2,655	-50.8%	-4,845	-45.2%
Profit before income tax	35,087	20,372	-41.9%	33,982	-40.1%
Income tax	-6,961	-5,269	-24.3%	-8,865	-40.6%
Minority interests	10	0		0	
Profit for the period attributable to parent company's shareholders	28,115	15,103	-46.3%	25,117	-39.9%

(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 second quarter 2016 was characterized by a decrease in the BHKP paper pulp price. The average market price in USD (PIX) recorded in the period was approximately 9.1% below the average price in the first quarter of 2016 with the depreciation of the exchange rate EUR/USD enhancing this effect. Therefore, when measured in EUR, the average price of BHKP pulp in the second quarter of 2016 was about 11% lower than the average price recorded in the previous quarter.

The planned annual stoppages for maintenance of the industrial units Celbi (in May) and Cetejo (in April) had a significant impact in production and in unit costs.

Financial information – 2Q 2016

Total revenues recorded in the 2nd quarter of 2016 amounted to 142.2 million Euro, a decrease of about 10% on the figures recorded in the same quarter of 2015 and a decrease of about 12% over the first quarter of 2016.

During the period under analysis were produced about 235,100 tons of pulp (-6% compared to the 1st quarter of 2016), of which about 26,900 tons were dissolving pulp (+16% when compared to the previous quarter of 2016). In terms of sales, in the second quarter of 2016 were sold about 241,400 tons of pulp (-5% over the first quarter of 2016), of which about 25,500 tons of dissolving pulp (-1% compared to the previous quarter).

In terms of exports, during the second quarter of 2016 Altri exported about 222,800 tons of pulp, which represents a decrease of about 4% over the previous quarter and an increase of 1% over the same period of 2015.

In the second quarter of 2016 the total pulp sales amounted to 119.2 million Euro, a decrease of about 11% comparing with the same period of 2015 and a decrease of 14% over the first quarter of 2016.

Quarterly EBITDA amounted to 36 million Euro

Operating costs decreased by about 3.4% comparing with the first quarter of 2016. Total costs, excluding amortization, financial expenses and taxes, in the second quarter of 2016 amounted to about 105.8 million Euro, which represents a slight increase of about 0.6% when compared to the same quarter of 2015.

The EBITDA of the second quarter of 2016 reached 36.3 million Euro, a decrease of about 30% and 32% compared to the EBITDA in the first quarter of 2016 and compared to the same quarter of 2015, respectively.

The financial result amounted to a net charge of about 2.7 million, with a decrease of about 50% comparing to the same quarter of 2015, showing a significant improvement.

Second quarter consolidated net profit of Altri reached 15.1 million Euro.

A horizontal banner with a background of green leaves and branches, overlaid with the text "Financial information – 2Q 2016".

Financial information – 2Q 2016

Dividends of 51 million Euro paid in May 2016

Altri's nominal net debt of cash and cash equivalents as of 30 June 2016 amounted to 459 million Euro, representing an increase of 47 million Euros compared to net debt of 412.2 million Euro recorded at the end of the first quarter of 2016.

The total net investment (CAPEX) made in the 2nd quarter of 2016 by the industrial units of the Group amounted to approximately 7.9 million Euro. During the first six months of 2016, were invested 11.9 million Euro in the industrial units of Altri.

During the second quarter - May 2016 - were paid 51.3 million Euro of dividends (corresponding to EUR 0.25 per share) .

In the period under analysis, Altri paid approximately 27 million Euro of income tax related mainly to advanced payments and to the 2015 income tax.

Financial information – 2Q 2016

Key balance sheet indicators

thousand euro	2015	30/06/2016	Var%
Biological assets	101,472.9	102,486.8	1%
Tangible assets	364,119.6	349,504.7	-4%
Goodwill	265,531.4	265,531.4	0%
Investments available for sale	10,691.1	10,691.1	0%
Other	42,756.7	44,823.2	5%
Total non current assets	784,571.7	773,037.3	-1%
Inventories	56,396.6	76,881.5	36%
Customers	91,521.3	78,128.0	-15%
Cash and cash equivalents	243,154.2	103,129.4	-58%
Other	19,597.6	28,746.6	47%
Total current assets	410,669.6	286,885.5	-30%
Total assets	1,195,241.4	1,059,922.8	-11%
Shareholder's equity and non controlling interests	322,349.6	310,857.0	-4%
Bank loans	153,587.5	78,000.0	-49%
Other loans	413,733.4	389,171.7	-6%
Reimbursable subsidies	17,439.1	16,221.3	-7%
Other	45,566.5	43,825.6	-4%
Total non current liabilities	630,326.6	527,218.6	-16%
Bank loans	10,775.0	16,838.7	56%
Other current loans	105,438.1	79,343.8	-25%
Reimbursable subsidies	558.9	2,009.4	260%
Suppliers	61,243.4	59,836.3	-2%
Other	64,549.8	63,819.1	-1%
Total current liabilities	242,565.3	221,847.1	-9%

Financial information – 2Q 2016

Pulp market

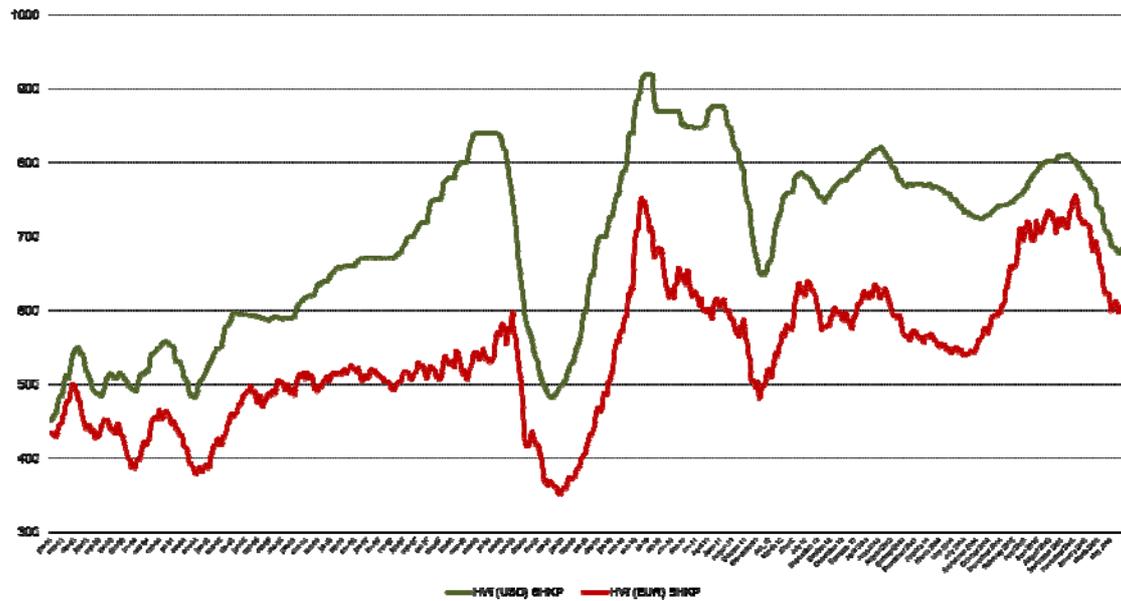
In accordance with the latest available data from the Pulp and Paper Products Council (PPPC Global-100 flash report), until May 2016, total demand for hardwood pulp increased by 1.9% comparing to the same period of 2015. It is highlighted the eucalyptus pulp, which recorded an increase in demand of 5.4% in the same period.

Geographically, the consumption of hardwood pulp in Western Europe increased 0.9%, while in China the growth reached 7.4%. In relation with eucalyptus pulp, the demand grew 2.7% in Europe and 13.6% in China. The market share of eucalyptus pulp increased, in the hardwood segment, from 68.7% in May 2015 to 71.0 % in May 2016.

In terms of price evolution of BEKP pulp, the second quarter of 2016 was characterized by a decrease of 9% of the price in USD compared to the previous quarter and a decline of 11% in EUR. The average price in the second quarter of the year amounted to 693.3 USD/ton (vs. 762.4 USD/ton in the previous quarter and 781.5 USD/ton in the same quarter of 2015), while in Euros it stood at 613.1 EUR/ton (vs. 693.1 EUR/ton in the previous quarter and 708.5 EUR/ton in the same quarter of 2015).

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

Source: FOEX



A horizontal banner with a background of vibrant green leaves and branches, overlaid with the text 'Financial information – 2Q 2016' in white.

Financial information – 2Q 2016

Outlook for the 2nd half of 2016

In operational terms, the second half of 2016 will not be affected by scheduled maintenance stoppages.

In the short term, it is expected that the BHKP pulp market prices (in USD) will remain similar to the current price level. The evolution of EUR/USD exchange rate will be an important factor for the company's profitability.

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®)¹ 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 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.

Oporto, July 28 2016

The Board of Directors

¹ FSC-C004615

Financial information – 2Q 2016

ALTRI, SGPS, S.A.

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

(Amounts expressed in Euro)

ASSETS	30.06.2016	31.12.2015
NON CURRENT ASSETS:		
Biological assets	102,486,796	101,472,915
Tangible fixed assets	349,504,724	364,119,629
Investment property	113,310	113,310
Goodwill	265,531,404	265,531,404
Intangible assets	639,713	83,821
Investments in associated companies and joint ventures	12,735,645	12,008,219
Investments available for sale	10,691,097	10,691,097
Other non current assets	3,597,538	3,490,469
Deferred tax assets	27,737,043	27,060,866
Total non current assets	773,037,271	784,571,730
CURRENT ASSETS:		
Inventories	76,881,549	56,396,615
Customers	78,128,041	91,521,269
Other debtors	5,563,307	8,401,481
State and other public entities	19,948,173	8,469,842
Other current assets	3,235,077	2,726,281
Cash and cash equivalents	103,129,377	243,154,160
Total current assets	286,885,524	410,669,648
Total assets	1,059,922,794	1,195,241,378
SHAREHOLDERS' FUNDS AND LIABILITIES		
SHAREHOLDERS' FUNDS:		
Share capital	25,641,459	25,641,459
Legal reserve	5,128,292	4,336,498
Other reserves	239,866,825	225,998,128
Advance of profits	-	(51,282,918)
Consolidated net profit / (loss)	40,220,466	117,656,401
Total shareholders' funds attributable to the parent company's shareholders	310,857,042	322,349,568
Non controlling interests	-	-
Total shareholders' funds	310,857,042	322,349,568
LIABILITIES:		
NON CURRENT LIABILITIES:		
Bank loans	78,000,000	153,587,500
Other loans	389,171,716	413,733,394
Reimbursable incentives	16,221,313	17,439,139
Other non current liabilities	22,206,914	23,854,161
Deferred tax liabilities	15,871,624	15,871,624
Pension liabilities	778,000	778,000
Provisions	4,969,037	5,062,741
Total non current liabilities	527,218,604	630,326,559
CURRENT LIABILITIES:		
Bank loans	16,838,691	10,775,000
Other loans	79,343,776	105,438,128
Reimbursable incentives	2,009,350	558,872
Suppliers	59,836,257	61,243,404
Other current creditors	6,352,230	3,908,405
State and other public entities	17,012,191	26,453,118
Other current liabilities	39,722,432	34,047,041
Derivatives	732,221	141,283
Total current liabilities	221,847,147	242,565,251
Total shareholders' funds and liabilities	1,059,922,794	1,195,241,378

ALTRI, SGPS, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

(Amounts expressed in Euro)

	30.06.2016	2T2016	30.06.2015	2T2015
Sales	295,299,121	137,635,617	303,800,396	154,597,681
Services rendered	4,599,072	2,400,254	4,442,247	2,278,623
Other income	3,963,224	2,119,584	4,544,472	1,832,445
Cost of sales	(117,875,408)	(57,635,431)	(116,013,313)	(57,467,848)
External supplies and services	(78,514,389)	(38,189,331)	(78,758,008)	(38,268,006)
Payroll expenses	(16,154,622)	(8,365,598)	(15,656,858)	(7,922,199)
Amortisation and depreciation	(26,556,172)	(13,293,317)	(26,145,991)	(12,990,946)
Provisions and other impairment losses	87,602	95,798	307,041	18,696
Other expenses	(2,994,138)	(1,740,159)	(2,617,365)	(1,600,338)
Gains and losses in associated companies and joint ventures	727,426	469,313	705,366	545,410
Financial expenses	(10,751,658)	(4,182,503)	(16,809,382)	(7,538,594)
Financial income	2,524,164	1,058,064	4,965,518	1,601,732
	Profit before income tax	54,354,223	20,372,292	62,764,123
				35,086,656
Income tax	(14,133,758)	(5,268,890)	(12,474,916)	(6,960,832)
	Consolidated net profit	40,220,465	15,103,402	50,289,207
				28,125,823
Attributable to:				
Parent company's shareholders	40,220,465	15,103,402	50,272,418	28,115,458
Non controlling interests	-	-	16,788	10,365
Consolidated net profit	40,220,465	15,103,402	50,289,207	28,125,823