

**S E M A P A**

***Quarterly Report***

***September 2003***

## **1. Introduction**

As in the previous quarters, industrial activity in the Euro area remained weak.

On 30 September the Euro stood 2.5% above its end-August level in nominal effective terms.

In the third quarter, in Portugal, the coincident indicator of activity of the Banco de Portugal – which aims to synthesise the behaviour of trade, industry and construction - registered a slightly less negative growth rate, in year-on-year terms, when compared with the previous quarter.

The available indicators about private consumption in Portugal suggest a less unfavourable evolution of this variable in the third quarter of 2003.

In September, the year-on-year rate of change of the CPI – Consumer Price Index, increased to 3.1% (2.8% in August).

Source: Banco de Portugal/Monthly economic indicators/September 2003.

## **2. Overview**

The Group has continued to perform less well than in the previous year, due essentially to a fall-off in activity in the civil construction sector in Portugal and Tunisia, which has significantly affected business associated with this sector, in particular sales of cement, ready-mixed concrete, aggregates, pre-cast concrete, binders and mortars.

Major investments have continued in the cement sector, in both Portugal and Tunisia and in the renewable energies business area.

Consolidated sales totalled EUR 106.3 million in the 3<sup>rd</sup> quarter. In accumulated terms, sales stand at EUR 320 million, appreciably lower (17.6%) than in the same period in 2002.

The EBITDA margin for the 3<sup>rd</sup> quarter stood at 29%, lower than that recorded in 2002 (35.5%), albeit slightly better than the one obtained in the 1<sup>st</sup> half (28%).

Accumulated cash flow stood at EUR 83.4 million, up approximately 6% on the same period in the previous year.

Consolidated net profit for the quarter totalled EUR 8.5 million. Consolidated net profit for the year stood at EUR 29.2 million, which represents an increase of 10.5% year-on-year, positively influenced by the write-off of provisions recorded in 2002, concerning the market appreciation of the value of the financial holding in Cimpor.

### **3. Portugal**

Cement and clinker sales in the 3<sup>rd</sup> quarter totalled EUR 59.8 million, and accumulated sales for the year stood at EUR 183.5 million.

Sales on the domestic market continued significantly lower than in the same period in 2002, although there was a slight recovery in the third quarter. In addition, exports continued to grow substantially.

The ready-mixed concrete sales by Group companies totalled EUR 91.5 million through to September, as a result of a slowdown in the construction sector.

Also as a result of the fall-off in activity in the construction industry, the markets for agglomerates, pre-cast concrete and for binders and mortars all recorded decreasing sales.

In the renewable energies business area, we are pleased to report that up to September Enersis' power generation subsidiaries recorded sales of approximately EUR 23.2 million, partly due to a significant increase in installed capacity.

### **4. Tunisia**

SCG's performance in 2003 has been badly hit by the current situation in the sector in Tunisia, with the market for cement and lime shrinking by 4.4% in relation to 2002, and also by the impact of execution of a major strategic investment programme, currently nearing completion.

Accumulated sales up to September stood at approximately EUR 32 million, which is slightly lower than in the same period in 2002.

### **5. Angola**

Tecnosecil has recorded cement sales of approximately EUR 3.6 million up to September. Despite the difficulties surrounding the launch of this project, the company has performed extremely well in 2003.

### **6. Financial**

Pursuing the optimisation of asset and liability risks' allocation, a new loan of TND 5 million with a maturity up to seven years has been signed. During the quarter negotiations were initiated, with a credit institution, aiming to obtain another credit facility of TND 5 million bringing total borrowing in TND to 25 million.

The financial holding in Cimpor SGPS, S.A. - approximately 9% of the share capital - is accounted for at market value as at 30 September (EUR 3.45/per share), lower than the acquisition cost and slightly higher than at 31 December 2002 (EUR 3.45/per share). As a result, the provision created in 2002 in the caption "Provisions for Financial Investments"

has been reduced by approximately EUR 15.1 million, with this amount being recorded in the caption “Extraordinary Income”, according to Portuguese GAAP. The impact on “Deferred Taxes” was EUR 5.3 million and on the “Consolidated Net Profit”, EUR 9.8 million.

The following table shows the main indicators:

<b>Consolidated Key Indicators</b>					10 <sup>3</sup> EUR
	2001	2002	3rd Quarter 01	3rd Quarter 02	3rd Quarter 03
Turnover	500.604	491.061	373.793	388.394	319.942
EBITDA	162.449	168.149	124.450	138.198	92.280
Amortization and provisions	54.098	54.997	41.337	43.780	41.956
Amortization of goodwill	8.089	11.604	6.355	8.540	12.300
EBIT	100.262	101.548	76.758	85.879	38.024
Financial results	(10.197)	(22.353)	(5.381)	(4.636)	(1.565)
Current results	90.066	79.195	71.377	81.243	36.459
Extraordinary results	(1.801)	2.467	924	990	16.277
Profit before tax	88.265	81.662	72.301	82.233	52.736
Taxes	4.314	21.150	29.769	30.503	23.317
Minority interests	39.805	29.675	20.966	25.315	243
Net profit	44.146	30.837	21.567	26.415	29.176
Cash flow	106.333	97.438	69.259	78.734	83.432
Total net assets	1.003.048	1.068.460	960.852	1.065.332	1.152.786
Shareholder's equity	211.054	224.514	196.390	221.645	236.280
Net debt	230.472	162.272	242.524	174.489	481.534
EBITDA margin	32%	34%	33%	36%	29%

(1) “Net Debt” has been recalculated in relation to that disclosed in previous reports, in order to make it comparable with the figures presented for the 3<sup>rd</sup> quarter of 2002. The investment in Cimpor, was recorded in Current Assets in the caption “Marketable Securities” as opposed to being recorded in Fixed Assets in the caption “Securities and other Investments”, in previous periods.

The increase in “Net Debt” was due essentially to the financing of the acquisition of 41.06% of the share capital of Secil, as set out in the Directors’ Report for the first half. Such acquisition brought the “Minority Interests” to immaterial levels.

On 13 October, Semapa joined the Euronext NextPrime segment, as decided at the Segmentation Committee meeting held on 23 September.

Lisbon, 28 October 2003.

THE BOARD OF DIRECTORS