



*QUARTERLY ACCOUNTS*

*1ST QUARTER 2018*

(TRANSLATION FROM THE ORIGINAL TEXT IN PORTUGUESE)

Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.  
Public Limited Company  
Av. Fontes Pereira de Melo, nº 14, 10º, 1050-121 Lisboa  
Companies Registry and Corporate Person no.: 502 593 130  
Share Capital: EUR 81,270,000  
ISIN: PTSEM0AM0004  
Ticker: Bloomberg (SEM PL); Reuters (SEM.LS)

## QUARTERLY ACCOUNTS

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## PART 1

### MANAGEMENT REPORT

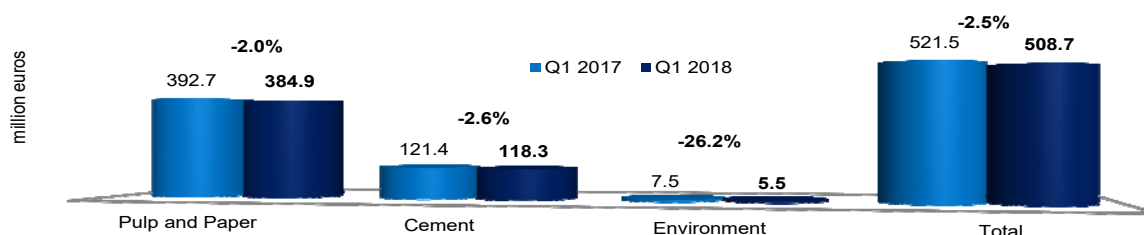
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## 1. SEMAPA'S PERFORMANCE

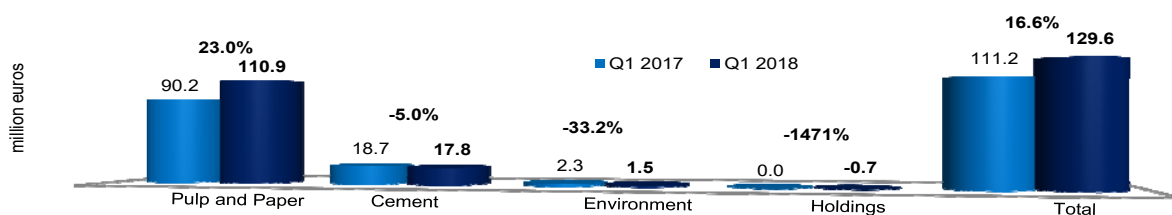
### REVENUE

In the first quarter of 2018 the Semapa Group recorded a consolidated revenue of 508.7 million Euros, a decrease of 2.5% from the same period in the previous year. Exports and foreign sales amounted to 387.5 million Euros, accounting for 76.2% of revenue.



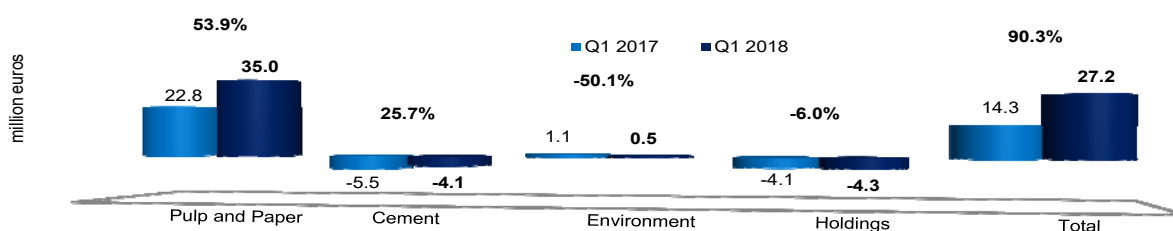
### EBITDA

EBITDA for the first quarter of 2018 grew by 16.6% in relation to the same period in the previous year, standing at 129.6 million Euros. The consolidated margin stood at 25.5%, 4.2 p.p. above the first quarter of 2017.



### NET PROFIT ATTRIBUTABLE TO SEMAPA SHAREHOLDERS

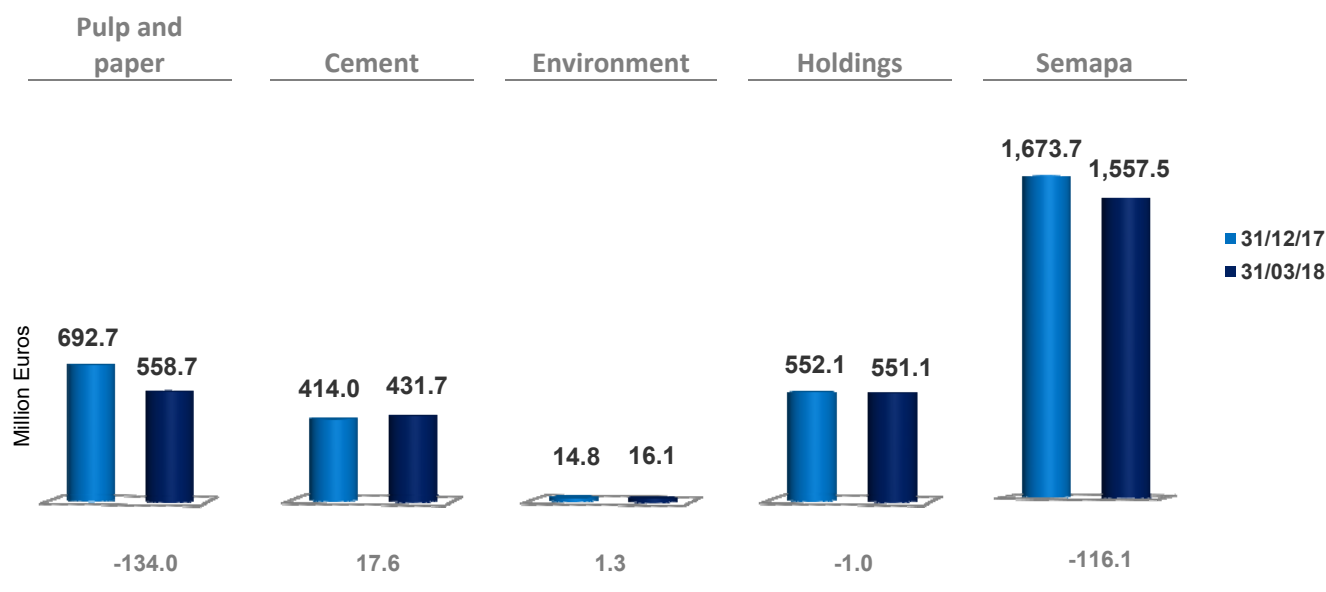
Profit before taxes increased 62.2% and net profit attributable to Semapa shareholders stood at 27.2 million Euros, up by 90.3% in relation to the same period in the previous year.



The Net Profit evolution is explained essentially by the combined effect of the following factors:

- An increase in EBITDA of approximately 18.4 million Euros, with Navigator being responsible for this growth;
- A decrease in depreciation, impairment losses and provisions of 6.3 million Euros;
- A drop in net financial results by about 1.0 million Euros, in relation to the same period in the previous year;
- Increase in income taxes of approximately 5.6 million Euros.

## NET DEBT



On 31 March 2018, consolidated net debt stood at 1,557.5 million Euros, representing a decrease of 116.1 million Euros over the figure recorded at year-end 2017, positively influenced by the generation of operating cash flow and:

- Pulp and paper: -134.0 million Euros, including investments of about 29 million Euros and the proceeds from the sale of the pellet business of 67.6 million Euros. It should also be mentioned the following net working capital developments: Navigator recorded a balance receivable from the State of approximately 51 million Euros, which more than offset the increase of 14 million Euros in the value of inventories;
- Cement: +17.6 million Euros, which includes the effect of foreign exchange denominated debt that reduced debt by approximately 1 million Euros, investments of approximately 8.4 million Euros and net working capital variation;
- Environment: +1.3 million Euros, mainly arising from difficulty in collecting the amounts invoiced to the Government; and,
- Holdings: -1.0 million Euros.

## LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	Q1 2018	Q1 2017	Var.
<b>Revenue</b>	<b>508.7</b>	<b>521.5</b>	<b>-2.5%</b>
<b>EBITDA</b>	<b>129.6</b>	<b>111.2</b>	<b>16.6%</b>
EBITDA margin (%)	25.5%	21.3%	4.2 p.p.
Depreciation, amortisation and impairment losses	(50.6)	(55.6)	9.0%
Provisions	1.3	0.0	>1000%
<b>EBIT</b>	<b>80.3</b>	<b>55.6</b>	<b>44.4%</b>
EBIT margin (%)	15.8%	10.7%	5.1 p.p.
Net financial results	(18.6)	(17.5)	-5.8%
<b>Profit before taxes</b>	<b>61.7</b>	<b>38.1</b>	<b>62.2%</b>
Income taxes	(18.5)	(12.9)	-43.3%
Net profit for the period	43.2	25.2	71.8%
<b>Attributable to Semapa shareholders</b>	<b>27.2</b>	<b>14.3</b>	<b>90.3%</b>
Attributable to non-controlling interests (NCI)	16.1	10.9	47.7%
Cash-flow	92.5	80.7	14.6%
	<b>31/03/2018</b>	<b>31/12/2017</b>	<b>Mar18 vs. Dec17</b>
Equity (before NCI)	852.5	843.4	1.1%
<b>Net debt</b>	<b>1,557.5</b>	<b>1,673.7</b>	<b>-6.9%</b>
<b>Net Debt / EBITDA LTM</b>	<b>3.00 x</b>	<b>3.34 x</b>	<b>-0.3 x</b>

## LEADING OPERATING INDICATORS

	Unit	Q1 2018	Q1 2017	Var.
<b>Pulp and Paper</b>				
BEKP Sales (pulp)	1 000 t	53.1	90.4	-41.3%
UWF Sales (paper)	1 000 t	361.2	371.3	-2.7%
Total sales of tissue	1 000 t	13.5	14.0	-3.6%
<b>Cement</b>				
Sales of Grey cement	1 000 t	1,153	1,144	0.8%
Sales of Ready-mix	1 000 m3	372	341	9.1%
<b>Environment</b>				
Raw Material Processed	1 000 t	33.6	31.8	5.4%

## 2. PERFORMANCE OF SEMAPA SHARES ON THE STOCK EXCHANGE

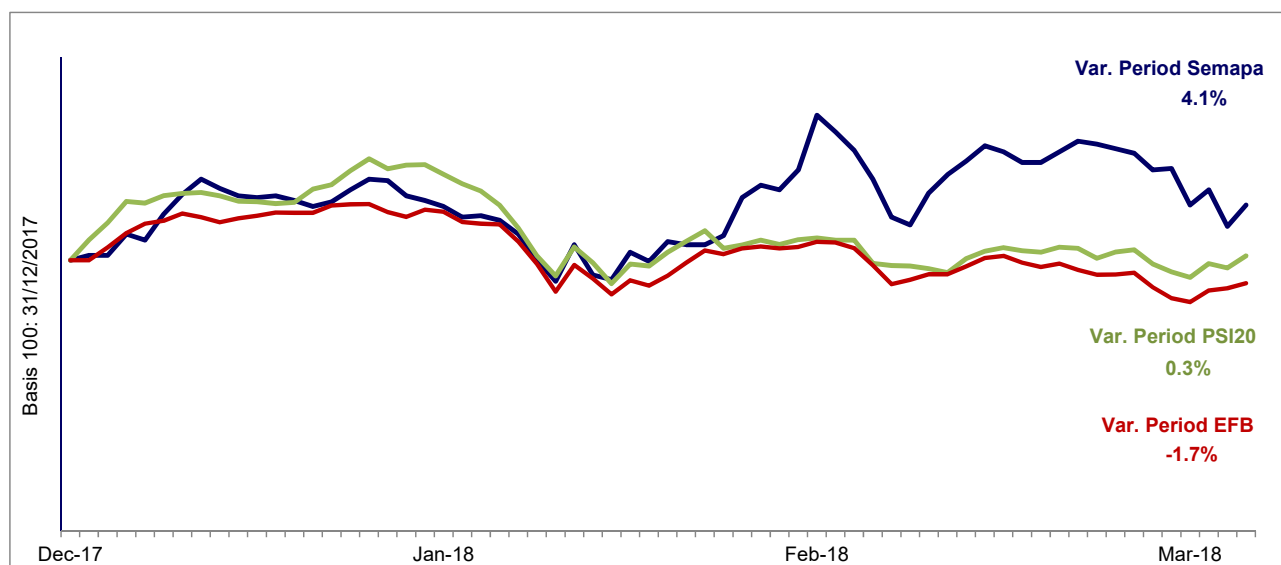
In the Q1 2018, the heating up of the North American economy created expectations in investors that the Federal Reserve would raise interest rates even further, contributing to the decrease in global indexes, with investors preferring US Treasury Bills in detriment of the equity market. On the other hand, fears of a possible international trade war reinforced the aforementioned losses at the end of the first quarter.

In this context of uncertainty and trade disputes, the main world indexes suffered, having experienced losses in the first quarter, in particular the London Stock Exchange, whose main index - FTSE - dropped 8.2%, and the Frankfurt Stock Exchange (the DAX was down by 6.4%). The PSI20 index was up 0.3%, one of the few exceptions.

Within this framework, the value of Semapa shares in the period rose 4.1%, higher than the PSI20 (+0.3%) and EFB (-1.7%). Semapa's stock price reached a maximum of 19.70 Euros on 26 February and a minimum of 17.52 Euros on 6 February.







EFB – Euronext Family Business Index

Note: Closing prices

### 3. PERFORMANCE OF BUSINESS SEGMENTS

#### BREAKDOWN BY BUSINESS SEGMENTS

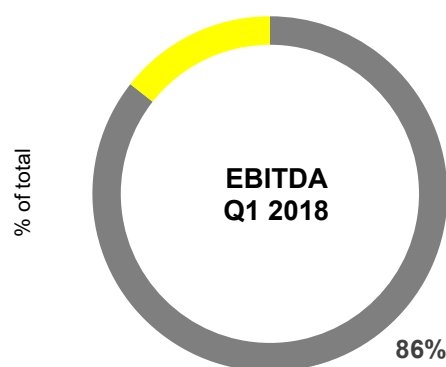
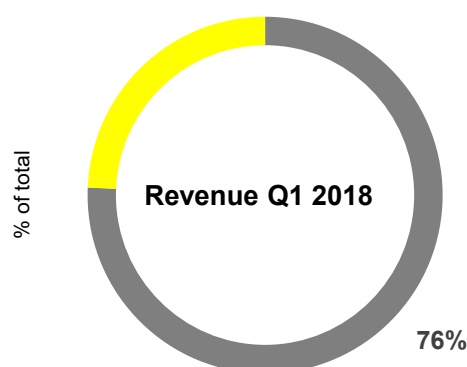
IFRS - accrued amounts (million euros)	Pulp and Paper		Cement		Environment		Holdings		Consolidated
	Q1 2018	Q1 18/17	Q1 2018	Q1 18/17	Q1 2018	Q1 18/17	Q1 2018	Q1 18/17	Q1 2018
<b>Revenue</b>	<b>384.9</b>	<b>-2.0%</b>	<b>118.3</b>	<b>-2.6%</b>	<b>5.5</b>	<b>-26.2%</b>	<b>-</b>	<b>-</b>	<b>508.7</b>
<b>EBITDA</b>	<b>110.9</b>	<b>23.0%</b>	<b>17.8</b>	<b>-5.0%</b>	<b>1.5</b>	<b>-33.2%</b>	<b>(0.7)</b>	<b>&lt;-1000%</b>	<b>129.6</b>
EBITDA margin (%)	28.8%	5.9 p.p.	15.0%	-0.4 p.p.	28.0%	-2.9 p.p.			25.5%
Depreciation, amortisation and impairment losses	(37.7)	10.2%	(12.1)	5.6%	(0.7)	-2.1%	(0.0)	7.0%	(50.6)
Provisions	0.9	>1000%	0.4	529.4%	-	100.0%	-	-	1.3
<b>EBIT</b>	<b>74.1</b>	<b>53.8%</b>	<b>6.1</b>	<b>1.9%</b>	<b>0.8</b>	<b>-47.1%</b>	<b>(0.7)</b>	<b>-672.8%</b>	<b>80.3</b>
EBIT margin (%)	19.3%	7.0 p.p.	5.1%	0.2 p.p.	14.9%	-5.9 p.p.			15.8%
Net financial results	(5.5)	-40.1%	(9.2)	3.7%	(0.1)	13.9%	(3.8)	4.7%	(18.6)
<b>Profit before taxes</b>	<b>68.6</b>	<b>55.0%</b>	<b>(3.1)</b>	<b>13.1%</b>	<b>0.7</b>	<b>-50.2%</b>	<b>(4.5)</b>	<b>-10.9%</b>	<b>61.7</b>
Income taxes	(18.1)	-48.7%	(0.3)	-4.7%	(0.2)	50.7%	0.1	269.4%	(18.5)
Net profit for the period	50.5	57.4%	(3.4)	11.7%	0.5	-50.1%	(4.3)	-6.0%	43.2
<b>Attributable to Semapa shareholders</b>	<b>35.0</b>	<b>53.9%</b>	<b>(4.1)</b>	<b>25.7%</b>	<b>0.5</b>	<b>-50.1%</b>	<b>(4.3)</b>	<b>-6.0%</b>	<b>27.2</b>
Attributable to non-controlling interests (NCI)	15.4	66.0%	0.6	-60.4%	0.0	-49.7%	-	-	16.1
Cash-flow	87.3	17.9%	8.3	-6.8%	1.3	-31.4%	(4.3)	-6.2%	92.5
<b>Net debt</b>	<b>558.7</b>	<b>-19.3%</b>	<b>431.7</b>	<b>4.3%</b>	<b>16.1</b>	<b>8.5%</b>	<b>551.1</b>	<b>-0.2%</b>	<b>1,557.5</b>

#### Notes:

- For the purpose of calculating the variation in net debt the values of 31.12.2017 are used.
- Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

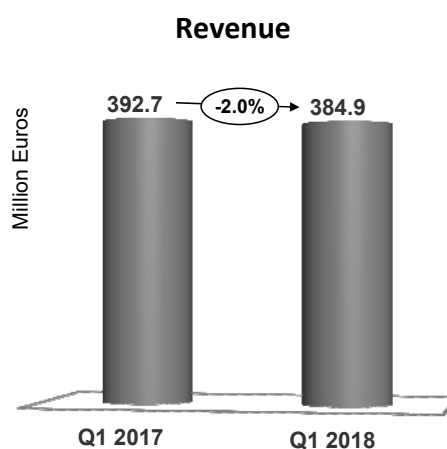
The Navigator Company ("Navigator") published its results on 10 May 2018. The following are the highlights of that disclosure. Secil and ETSA, which are not listed, did not publish their results. Therefore, their operations are described in more detail.

## PULP AND PAPER

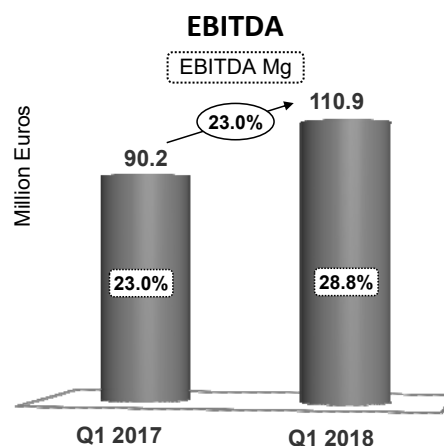


## HIGHLIGHTS IN FIRST QUARTER OF 2018 (vs. 2017)

- Navigator concluded the sale of the pellet business during the quarter, representing a cash inflow of 67.6 million Euros (67% of sales value) and a capital gain of 15.8 million Euros
- Revenue of 384.9 million Euros (-2%), affected by the reduction in the volume of pulp available for sale due both to the maintenance shutdown at the Setúbal pulp mill, and to the built up of pulp stocks at the Figueira da Foz mill, in advance of the production stoppage, to complete the capacity expansion project



- Quarterly EBITDA grew 23% to 110.9 million Euros, with positive impact of pulp and paper prices and sale of pellets business. EBITDA excluding the pellets business would be 101.5 million Euros, representing a 7.6% increase.



### SUMMARY TABLE OF FINANCIAL INDICATORS

IFRS - accrued amounts (million euros)	Q1 2018	Q1 2017	Var.
<b>Revenue</b>	<b>384.9</b>	<b>392.7</b>	<b>-2.0%</b>
<b>EBITDA</b>	<b>110.9</b>	<b>90.2</b>	<b>23.0%</b>
EBITDA margin (%)	28.8%	23.0%	5.9 p.p.
Depreciation, amortisation and impairment losses	(37.7)	(42.0)	10.2%
Provisions	0.9	(0.0)	>1000%
<b>EBIT</b>	<b>74.1</b>	<b>48.2</b>	<b>53.8%</b>
EBIT margin (%)	19.3%	12.3%	7.0 p.p.
Net financial results	(5.5)	(3.9)	-40.1%
<b>Profit before taxes</b>	<b>68.6</b>	<b>44.3</b>	<b>55.0%</b>
Income taxes	(18.1)	(12.2)	-48.7%
Net profit for the period	50.5	32.1	57.4%
<b>Attributable to Navigator shareholders</b>	<b>50.5</b>	<b>32.8</b>	<b>53.9%</b>
Attributable to non-controlling interests (NCI)	0.0	(0.7)	100.1%
<b>Cash-Flow</b>	<b>87.3</b>	<b>74.0</b>	<b>17.9%</b>
	<b>31/03/2018</b>	<b>31/12/2017</b>	<b>Mar18 vs. Dec17</b>
Equity (before NCI)	1,033.2	998.4	3.5%
<b>Net debt</b>	<b>558.7</b>	<b>692.7</b>	<b>-19.3%</b>

**Note:** Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

## SUMMARY TABLE OF OPERATING INDICATORS

in 1 000 t	Q1 2018	Q1 2017	Var.
<b>Pulp and Paper</b>			
BEKP Output (pulp)	346.1	382.4	-9.5%
BEKP Sales (pulp)	53.1	90.4	-41.3%
UWF Output (paper)	385.8	396.4	-2.7%
UWF Sales (paper)	361.2	371.3	-2.7%
FOEX – BHKP Eur/t	824	645	27.8%
FOEX – A4- BCopy Eur/t	845	803	5.2%
<b>Tissue</b>			
Reels Output	14.1	14.7	-4.1%
Output of finished products	13.6	11.7	16.2%
Sales of reels and goods	0.7	2.7	-74.1%
Sales of finished products	12.8	11.3	13.3%
Total sales of tissue	13.5	14.0	-3.6%

Revenue in the first quarter of 2018 stood at 384.9 million Euros, down by 2%, as a result of a series of maintenance shutdowns at pulp and paper mills over the quarter, affecting the quantity of pulp available for sale on the market.

Navigator's **pulp** business was affected by the reduction in the volume of pulp available for sale due both to the planned maintenance shutdown at the Setúbal pulp mill (with no stoppage in the same quarter in 2017), and to the built up of pulp stocks at the Figueira da Foz mill, in advance of the production stoppage planned for April, to complete the capacity expansion project. As a result, pulp sales stood at 53 thousand tonnes, as compared to 90 thousand tonnes in the first quarter of 2017, when the Navigator recorded its highest figure ever. The upward trend in pulp prices observed in the previous year continued, and the average PIX BHKP index in Euros was up 28% in the quarter in relation to the average benchmark price in the first quarter of 2017. Navigator's average selling price also improved 28%, allowing to partially mitigate the drop in sales volume, with total sales value reaching 33 million Euros (down 24%).

In **paper** business, market conditions evolved positively, and at the end of the quarter most producers had order books at the comfortable level of 34 days' output, well above the average level of orders for the past 10 years. Over the course of the quarter, Navigator took the lead in 2 price rises in Europe, announced in January and March (for implementation in April), as well as announcing other price increases in the United States and International markets. In this context, the average PIX A4 B-copy benchmark index in Euros for the quarter stood at 845 €/tonne, up by 5.2% in relation to the same quarter in 2017.

Navigator recorded positive evolution in its product mix, with the premium segment and mill brands representing a growing proportion of sales, but registering a change in the market mix, with less sales going to Europe and the United States. Navigator's average price improved by 3.1% in relation to the first quarter of 2017 but with very different developments depending on the markets. In Europe, the price recovered significantly, having also grown in International markets, although penalized by the evolution of the Euro/USD exchange rate. It should be noted that the average exchange rate for the quarter was 1.23 (vs. 1.06 in the first quarter of 2017), which caused a sharp erosion in sales prices in the United States, which evolved negatively YoY. The increase in the average sales price combined with a slight decline in the volume available for sale resulted in a modest increase in the value of paper sales, which totalled 283 million Euros.

The tissue market suffered a sharp increase in production costs in the first quarter, in particular in pulp prices, which, despite the efforts of the main manufacturers, have not been reflected in higher prices for sales of tissue products to retailers. At Navigator, tissues grew in volume to approximately 19 million Euros, benefiting from an increase in the average sales price, due essentially to an improvement in the mix (with reels representing a smaller proportion of sales) and to step-by-step implementation of a price increase which started in October, with the second rise taking place in January.

In energy business, electricity sales edged down by 1% in value to 42 million Euros, nonetheless reflecting smooth operation of the power generation assets. It is significant to note that the power sales recorded in the first quarter of 2017 occurred in the historical context of strong performance in the past five years, and were second only to the figures recorded in 2015. Navigator's total gross power output at the end of the first quarter of 2018 was also slightly lower, down by 1% YoY, mainly due to production stoppages in pulp mills.

In this context, EBITDA totalled 110.9 million Euros, roughly 23.0% up on the previous year, including the gains recorded on disposal of the pellets business, completed in February 2018. The value of EBITDA excluding pellets business would be 101.5 million Euros and the recurrent EBITDA margin would have been 26.4%, 2.2 pp up on the same period last year.

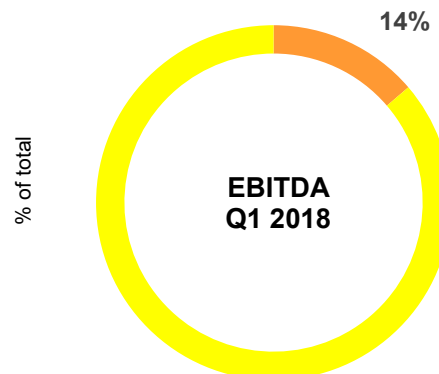
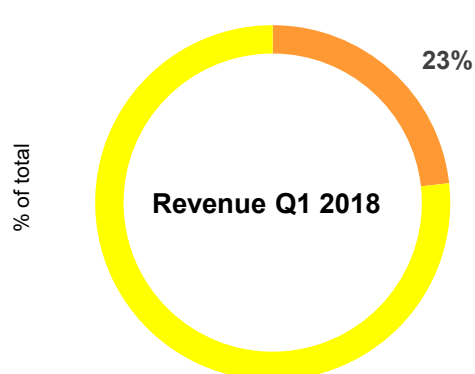
On the costs side, attention should be drawn to rising prices for certain chemicals, in particular caustic soda, for which unit prices increased by more than 60% over the quarter. Also significant was the increase in personnel costs, due essentially to the growing workforce because of the new tissue project in Cacia, but also to severance pay and pension fund costs associated with the rejuvenation programme under way.

Navigator has pressed ahead with its M2 programme, improving operational efficiency through sustained reduction of production costs. This programme has had an estimated impact of 3.8 million Euros YoY on EBITDA.

In the first quarter of 2018, the financial results showed a loss of 5.5 million Euros, as compared to a loss of 3.9 million Euros in Q1 2017. This increase was caused essentially by the recording of a loss of 3.3 million Euros resulting from advance recognition of the difference between the nominal and present values of the differed amount related to the disposal of the pellets business (45 million USD). The nominal amount receivable shall bear interest at the rate of 2.5%.

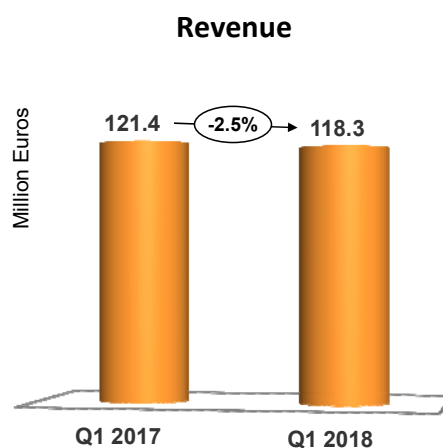
Net income attributable to Navigator shareholders in the first quarter of 2018 totalled 50.5 million Euros, i.e. an increase of 53.9% vis-à-vis Q1 2017.

## CEMENT AND OTHER BUILDING MATERIALS



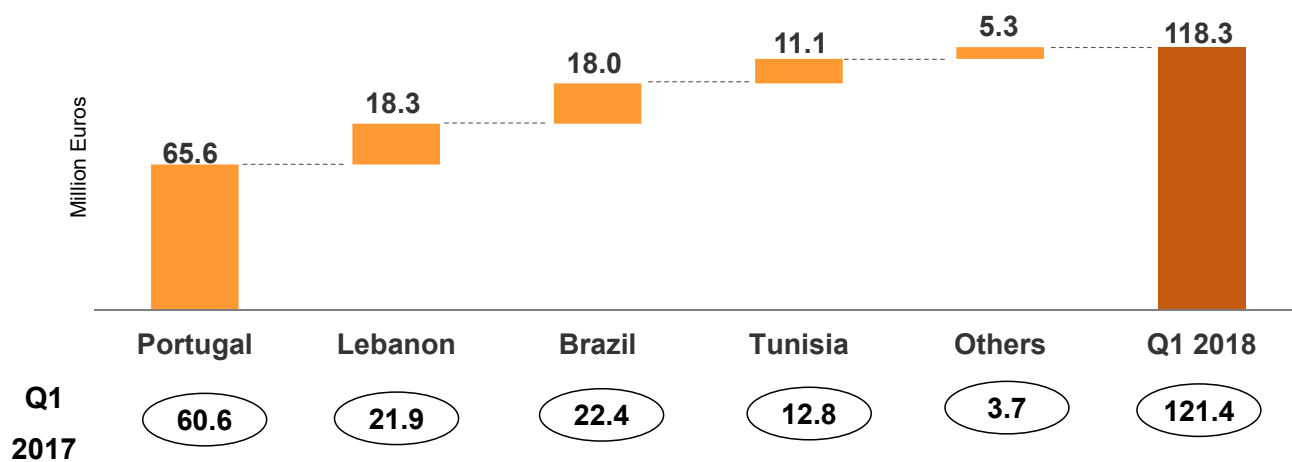
## HIGHLIGHTS IN FIRST QUARTER OF 2018 (vs. 2017)

- Secil's accumulated revenue in March 2018 amounted to 118.3 million Euros, 2.5% below that in the same period of the previous year, 3.1 million Euros less. The decrease was due to the negative impact of the depreciation of the currencies of the countries where Secil operates, against the Euro, with a negative impact of around 11 million Euros

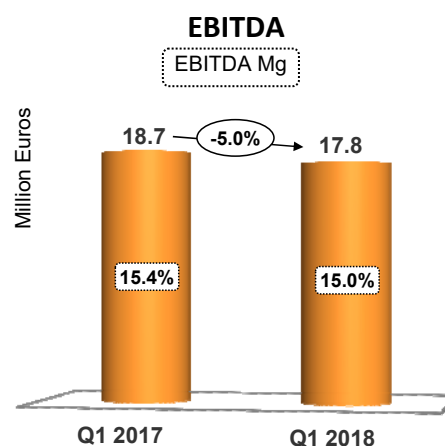




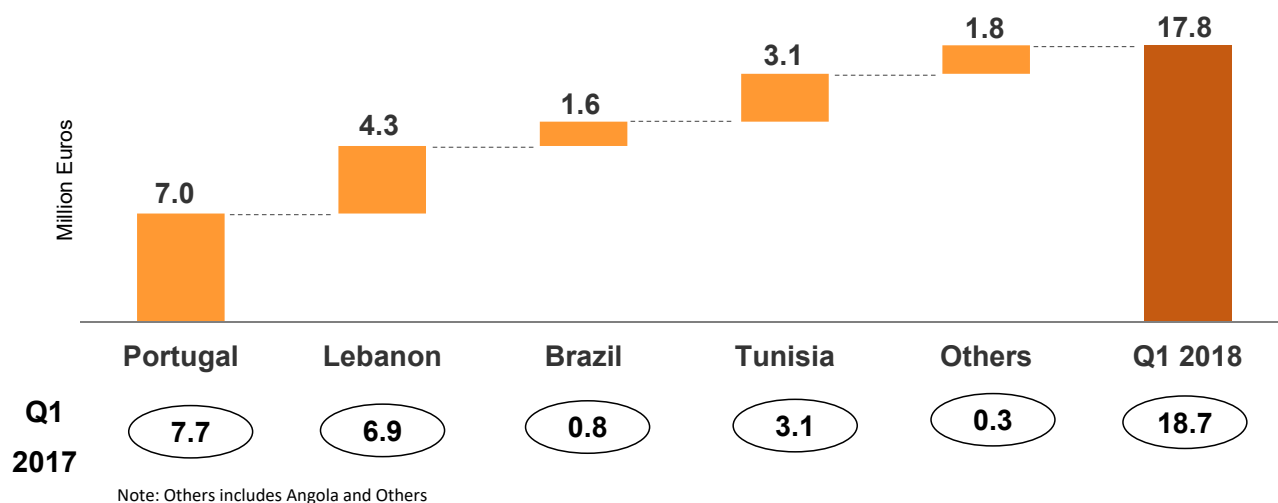
## REVENUE BREAKDOWN BY COUNTRY:



- EBITDA amounted to 17.8 million Euros, which translated into a decrease of around 943 thousand Euros in relation to the first quarter of 2017. As was the case for revenue, the depreciation against the Euro mentioned above produced a negative effect of approximately 2.3 million Euros



## EBITDA BREAKDOWN BY COUNTRY:



- Net financial results amounted to -9.2 million Euros, while in the first quarter of 2017 they were -9.5 million Euros. Excluding the effect of foreign exchange differences, the results would have been -5.8 million Euros, better than in the same period of the previous year, mostly arising from less debt and lower interest rates in Brazil.

### SUMMARY TABLE OF FINANCIAL INDICATORS

IFRS - accrued amounts (million euros)	Q1 2018	Q1 2017	Var.
<b>Revenue</b>	<b>118.3</b>	<b>121.4</b>	<b>-2.5%</b>
<b>EBITDA</b>	<b>17.8</b>	<b>18.7</b>	<b>-5.0%</b>
EBITDA Margin (%)	15.0%	15.4%	-0.4 p.p.
Depreciation, amortisation and impairment losses	(12.1)	(12.9)	5.6%
Provisions	0.4	0.1	529.4%
<b>EBIT</b>	<b>6.1</b>	<b>5.9</b>	<b>1.9%</b>
EBIT Margin (%)	5.1%	4.9%	0.2 p.p.
Net financial results	(9.2)	(9.5)	3.7%
<b>Profit before taxes</b>	<b>(3.1)</b>	<b>(3.6)</b>	<b>13.1%</b>
Income taxes	(0.3)	(0.3)	-4.7%
Net profit for the period	(3.4)	(3.9)	11.7%
<b>Attributable to Secil shareholders</b>	<b>(4.1)</b>	<b>(5.5)</b>	<b>25.7%</b>
Attributable to non-controlling interests (NCI)	0.6	1.6	-60.4%
<b>Cash-flow</b>	<b>8.3</b>	<b>8.9</b>	<b>-6.8%</b>
	<b>31/03/2018</b>	<b>31/12/2017</b>	<b>Mar18 vs. Dec17</b>
Equity (before NCI)	373.9	385.2	-2.9%
<b>Net debt</b>	<b>431.7</b>	<b>414.0</b>	<b>4.3%</b>

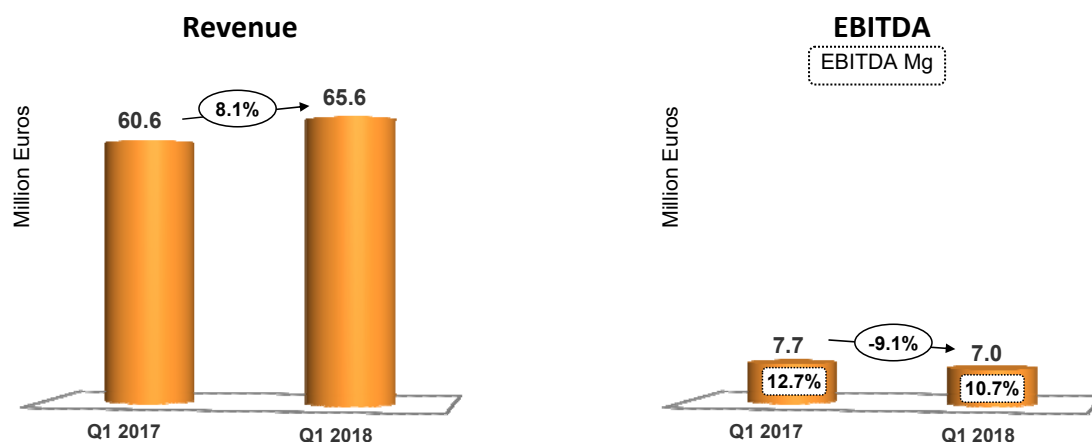
**Note:** Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

### SUMMARY TABLE OF OPERATING INDICATORS

in 1 000 t	Q1 2018	Q1 2017	Var.
Annual cement production capacity	9,750	9,750	0.0%
<b>Sales</b>			
Grey cement	1,153	1,144	0.8%
White cement	25	20	25.6%
Clinker	236	199	18.6%
Aggregates	722	734	-1.7%
Precast concrete	30	31	-3.6%
Mortars	38	32	18.4%
Hydraulic lime	6	7	-14.2%
Mortar fixative	5	4	17.8%
<b>in 1 000 m3</b>			
Ready-mix	372	341	9.1%

**Note:** Volumes excluding intra-segment sales.

## PORTUGAL



In Portugal, the Bank of Portugal (Projections of the Portuguese economy – March 2018) estimated that the economy would grow 2.3% in 2018. This development is supported by rising exports, the domestic demand pick up and rising investment.

Cement consumption in Portugal in Q1 2018 featured positive monthly variations year on year in January and February, and negative variation in March. The rainfall in March marked the performance of the domestic market, offsetting year-on-year positive variations in the first two months. According to the latest figures available, cement consumption in mainland Portugal reduced by 3.3% in the first three months. It is thus estimated that the market reached approximately 710 thousand tonnes. This decrease was only due to the bad weather, since no other factors influenced the market negatively, as there are construction projects and players are currently very dynamic.

Revenue for overall operations in Portugal was up by 8.1% compared to the same period in 2017, totalling 65.6 million Euros.

The Cement and Clinker unit in Portugal recorded revenue of 41.0 million Euros, representing growth of 9.3%. Such development resulted from the positive domestic market activities; in spite of the decrease in volumes sold by 4.0% (due to market developments arising from the aforementioned weather conditions), the increase in average sales price helped to mitigate the negative trend in volumes.

In the foreign market, surplus supply in Europe, the Mediterranean and West Africa continued to drive strong competition. This hampered volumes sold and sales prices.

In spite of the framework, the unit managed to increase sales. Exports increased approximately 0.5%. Such development resulted from the increase in cement sales, not only from sales to third parties, but also sales to Secil's terminals (especially in The Netherlands and Spain, which in the first quarter of 2017 were not yet part of the Group). Sales prices dropped vis-à-vis the first quarter of 2017. However, the more favourable mix of cement sales vs. clinker sales positively impacted revenue.

In the other business segments with operations based in Portugal (Ready-mix concrete, Aggregates, Mortars and Precast), accrued revenue at the end of the first 3 months of 2018 amounted to 24.6 million Euros, up by 6.2% in relation to the same period of the previous year.

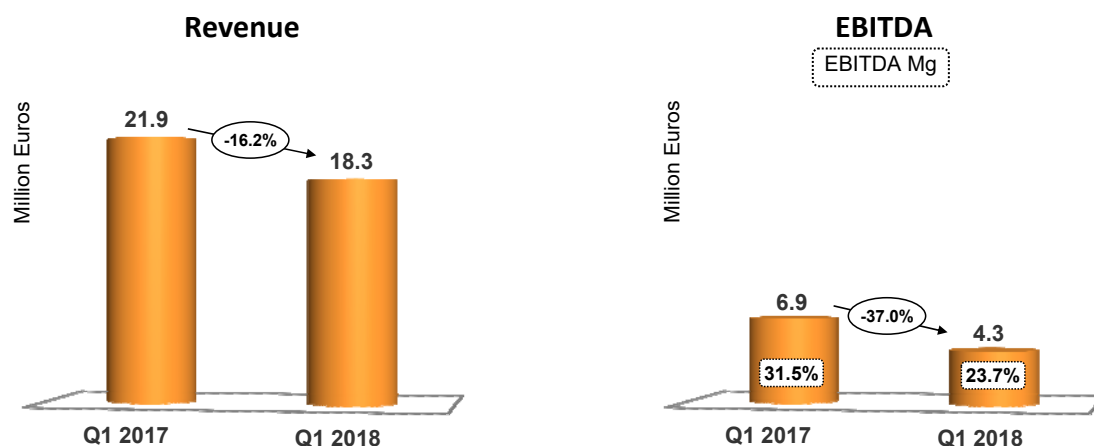
The growth took place in almost all areas of building materials, benefiting from greater building dynamics, although sales were negatively affected by weather conditions in March. The Concrete business unit recorded a 19.9% growth in volumes sold, mainly due to the rise in the Portuguese market, and in the Spanish market as well.

EBITDA of Portuguese operations decreased by 9.1% year on year, amounting to 7.0 million Euros vs. 7.7 million Euros in the first quarter of 2017.

The Cement unit had an EBITDA of 4.9 million Euros below the EBITDA of 5.4 million Euros recorded in the previous year. The decrease was due to the reduction in sales previously mentioned, increase in variable costs, as a result of the rise in fossil fuel prices and increase in maintenance costs. Note that in the first quarter of 2018 relevant maintenance work was carried out, which in 2017 was conducted in other quarters.

The EBITDA of the building material business units amounted to 2.1 million Euros, which compares to 2.3 million Euros accumulated on 31 March 2017. The slight decrease was due to pressure on sales prices of ready-mix concrete and a less favourable sales mix of mortars.

## LEBANON



According to the latest figures published by the IMF, the Lebanese economy is expected to grow 1.5% in 2018 (World Economic Outlook, IMF, April 2018).

Cement consumption in the first quarter of 2018 totalled 1.06 million tonnes, 1.4% less than in the same period of the previous year, influenced by a long rainy season.

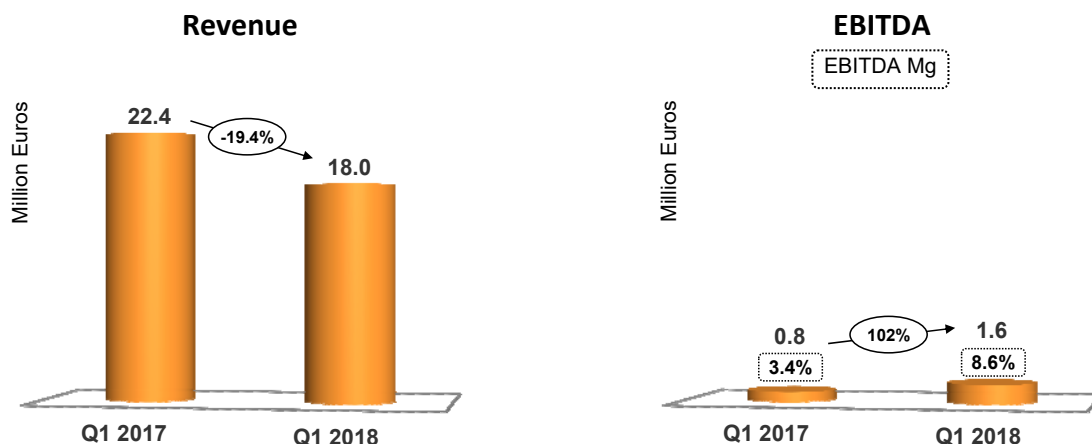
In the first quarter of 2018, revenue of combined operations in Lebanon decreased, comparing less favourably to the same period in the previous year, amounting to 18.3 million Euros. This amount included the effect of the depreciation of the USD against the Euro by about 2.9 million Euros.

Cement sales totalled 250 thousand tonnes, up by 0.9% compared to March 2017, as sales in the relevant markets were not affected by the rainfall. Sales prices in local currency stood at similar levels to that in 2017. Revenue decreased year on year to 17.1 million Euros, in spite of the slight increase in volumes sold and price stability, due to the currency depreciation.

EBITDA from operations in Lebanon stood at 4.3 million Euros in the first quarter of 2018, down by 37.0% in relation to the same period of the previous year. The Cement unit recorded EBITDA of 4.4 million Euros, 35.2% below the figure in the same period of the previous year. Such decrease was due to the rise in production costs in 2018 driven by higher solid fuel prices and the implementation (in the fourth quarter of 2017) of a new tax on cement production.

Accumulated EBITDA until the end of March 2018 includes approximately 700 thousand Euros related to the depreciation of the USD against the Euro.

## BRAZIL



The IMF is forecasting a 2.3% growth of the Brazilian economy for 2018 (World Economic Outlook, IMF April 2018). The Brazilian economy is still being affected by the lack of trust of economic agents and lack of public investment, influenced largely by the political situation which is still very unstable. Despite the drop in inflation and interest rates, private investment has not increased.

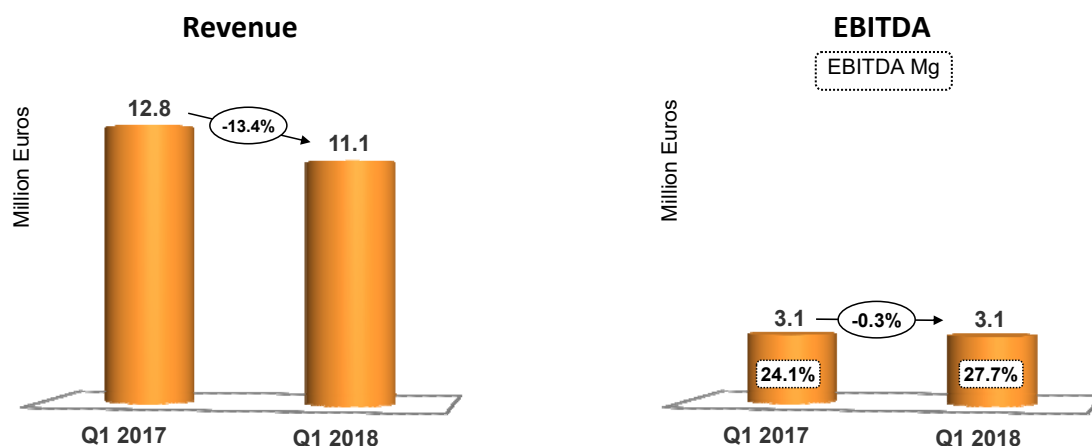
In this context, the construction industry was naturally affected, with impact on cement consumption. The cement market decreased 3% in relation to the first quarter of 2017. The South/South-East regional market, where Secil operates, grew 0.1%.

Revenue of combined operations stood at approximately 18.0 million Euros, representing a decrease of 19.4% in relation to the same period in 2017. This variation was impacted by the decrease in cement volumes sold and sales price and the depreciation of the BRL against the Euro (by approximately 3.4 million Euros).

This unit's cement sales decreased, due to the drop in the market. Sales prices, when compared to prices in Q1 2017 decreased, since the significant deterioration of prices in 2017 took place from the month of April onwards. In spite of the strong competition felt due to insufficient demand, recent price developments are positive. In the last quarter of 2017 prices increased compared to the previous quarters, and they continued to grow in the first three months of 2018.

EBITDA totalled 1.6 million Euros, against around 0.8 million Euros in March 2017. The important reorganisation of the structure carried out in 2017 allowed substantial savings in fixed costs. Production in the first quarter of 2017 was negatively affected by a long production shutdown, which did not occur in 2018. These two effects compensated for the decrease in revenue.

## TUNISIA



According to the latest figures published by the IMF, the Tunisian economy is expected to grow by 2.4% in 2018, above the 1.9% figure recorded in 2017 (World Economic Outlook, IMF April 2018).

Tunisia's economy is still facing significant challenges, including high foreign and tax deficits, rising debt and insufficient growth to reduce unemployment. Some social unrest and pressure from union claims continue. Government deficit is reflected in public works and the real estate sector faces difficulties in obtaining funding (due to the bank sector), which impacts construction output.

In this context, it is estimated that the domestic cement market decreased 4% year on year. The drop in the market has not affected evenly throughout the country; it produced a bigger impact in the southern region (natural market of our operations). The cement market is still subject to strong competition, due to excess production capacity. However, in 2018 sales prices increased.

The cement export market decreased significantly due to constraints on the Libyan border and in obtaining foreign currency in the Libyan financial market.

Revenue for combined operations in Tunisia, in the first quarter of 2018, stood at approximately 11.1 million Euros, down by 13.4% on a year-on-year basis, mostly due to currency depreciation.

Revenue of the Cement and Clinker segment decreased by approximately 10.2%, standing at 9.8 million Euros, as a result of the depreciation of the Tunisian dinar against the euro. This effect apart, revenue would have grown about 1.1 million Euros.

In the domestic market, after the implementation of segmented trade policies, volumes sold grew approximately 13.1%, in spite of the aforementioned market downturn. Sales prices which had decreased in the domestic market in 2017, which were not accompanied by our operations, increased at the end of 2017 and in 2018. Such increases were

implemented by the operators in general. Fuel price increase, overall rise in prices in Tunisia and taxes drove cement producers to make adjustments to price levels.

The export constraints mentioned before influenced cement sales, which decreased, but were compensated by the sale of 56 thousand tonnes of clinker, affecting total export sales positively. In the export market, prices remained below 2017 levels due to competition, the fact that there were no exports to Algeria and increased clinker sales whose selling price is lower than cement.

EBITDA in the Q1 2018 from operations in Tunisia stood at 3.1 million Euros, similar to levels in the same period of the previous year. The depreciation of the Tunisian dinar against the Euro produced a negative impact on this indicator of 700 thousand Euros. Therefore, excluding this effect, EBITDA in the Q1 2018 would have been higher than EBITDA in the same period in 2017.

The increase in local currency is due to the rise in sales volume in the domestic and external market, and higher prices in the domestic market. These improvements more than offset the negative effects of increase in thermal power costs (resulting from the increase in fuel prices) and packaging and raw material expenses (overall rise in prices in Tunisia), as well as maintenance costs. The increase maintenance costs were related to the fact that by March 2018 most of the large annual maintenance work had been carried out.

## ANGOLA AND OTHERS

The IMF expects the Angolan economy to grow by 2.2% in 2018 (World Economic Outlook, IMF April 2018). Angola is still going through a tough financial and economic situation. Notwithstanding higher oil prices, the implementation of some reforms, the economy is still stagnant, the banking sector is fragile and there is still big shortage of foreign currency, creating difficulties for many companies. To address the situation, the Government of Angola implemented tough cost reduction measures and launched several programs for the diversification of the economy which, however, did not produce immediate results, as there were no foreign investors betting on the Angolan economy and the Government is faced with financial issues.

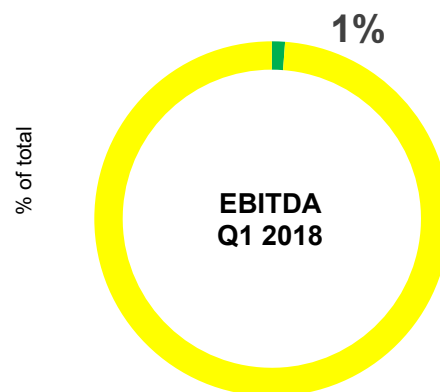
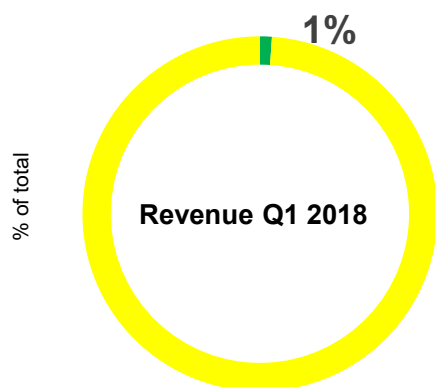
In the first quarter of 2018 the Angolan cement market was down by 7% year on year, standing at 614 thousand tonnes.

Approximately 40 thousand tonnes of cement were sold. In a context of strong inflation and significant depreciation of the kwanza vis-à-vis the euro, Secil Lobito has been implementing strict price policy that can help it tackle significant increase in costs in the local currency and those arising from imports made to guarantee its operations. Accordingly, cement prices increased around 32% in comparison with March 2017.

Consequently, revenue totalled 5.3 million Euros, higher than in the first quarter of 2017 and accumulated EBITDA in March de 2018 amounted to 1.8 million Euros, being worthy to mention the effort to contain costs.

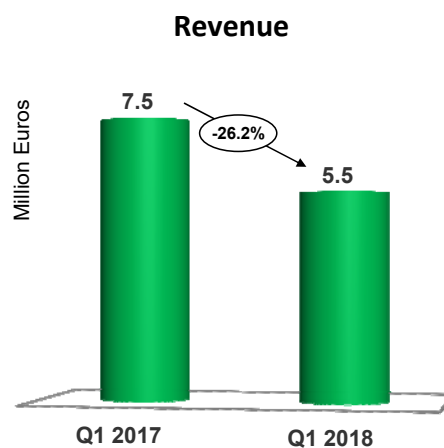


## ENVIRONMENT

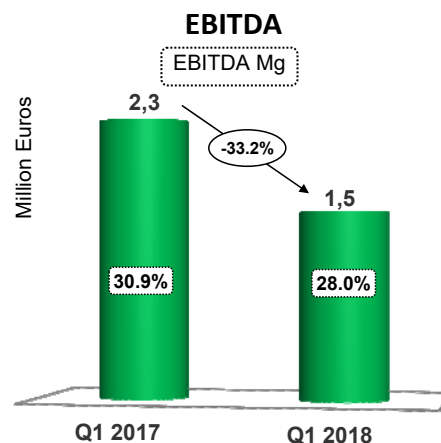


## HIGHLIGHTS IN FIRST QUARTER OF 2018 (vs. 2017)

- ETSA's accumulated revenue in March 2018 amounted to around 5.5 million Euros, 26.2% below that in the same period of the previous year, due to the lower prices



- EBITDA of ETSA totalled 1.5 million Euros, down compared with the same period year on year, essentially due to less volumes sold and lower sales prices



- Financial results improved by about 13.9% in relation to the same period in the previous year, mostly due to the reduction in average debt

### SUMMARY TABLE OF FINANCIAL INDICATORS

IFRS - accrued amounts (million euros)	Q1 2018	Q1 2017	Var.
<b>Revenue</b>	<b>5.5</b>	<b>7.5</b>	<b>-26.2%</b>
<b>EBITDA</b>	<b>1.5</b>	<b>2.3</b>	<b>-33.2%</b>
EBITDA margin (%)	28.0%	30.9%	-2.9 p.p.
Depreciation, amortisation and impairment losses	(0.7)	(0.7)	-2.1%
Provisions	-	(0.1)	100.0%
<b>EBIT</b>	<b>0.8</b>	<b>1.6</b>	<b>-47.1%</b>
EBIT margin (%)	14.9%	20.8%	-5.9 p.p.
Net financial results	(0.1)	(0.1)	13.9%
<b>Profit before taxes</b>	<b>0.7</b>	<b>1.4</b>	<b>-50.2%</b>
Income taxes	(0.2)	(0.3)	50.7%
Net profit for the period	0.5	1.1	-50.1%
<b>Attributable to ETSA shareholders</b>	<b>0.5</b>	<b>1.1</b>	<b>-50.1%</b>
Attributable to non-controlling interests (NCI)	-	-	-
<b>Cash-Flow</b>	<b>1.3</b>	<b>1.8</b>	<b>-31.4%</b>
	<b>31/03/2018</b>	<b>31/12/2017</b>	<b>Mar18 vs. Dec17</b>
Equity (before NCI)	69.3	68.7	0.8%
<b>Net debt</b>	<b>16.1</b>	<b>14.8</b>	<b>8.5%</b>

**Note:** Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

ETSA recorded revenue of approximately 5.5 million Euros in the period in analysis, which represented a decrease of approximately 26.2% against the same period in 2017.

This decrease is due to about 51.2% less sales due to current market conditions, which as in previous years, but not in 2017, saw prices go down in the first quarter, which is why companies choose to build stocks of finished products. The decrease in revenue was partially offset by approximately 5.7% growth in services rendered.

EBITDA for ETSA totalled approximately 1.5 million Euros in the first 3 months of 2018, representing a decrease of about 33.2% in comparison with the same period of the previous year, essentially due to less volumes sold and lower sales price, although partially offset by lower cost of thermal fuels used in the process of industrial conversion. EBITDA margin stood at 28.0%, down by around 2.9 p.p. on the margin of the same period of the previous year.

Net financial results improved by about 13.9%, in relation to the previous year, mostly due to the reduction in average debt, in spite of the difficulty in collecting the amounts invoiced to the Government

Net profit at the end of the first quarter totalled 0.5 million Euros.

## 4. SUBSEQUENT EVENTS

In the course of April, Navigator was informed by the US authorities that the provisional anti-dumping duty to be applied retroactively to paper sales to the United States for the period from August 2015 to February 2017 will be 0%. This decision confirms the position consistently defended by Navigator, i.e. that there were no grounds for applying measures of this type to its products sold in the United States.

It should be recalled that the rate initially applied between 20 August 2015 and 11 January 2016 was 29.53% and was revised to 7.8%. This rate was in force until February 2017. The Company deposited an amount equivalent to about 30 million Euros until that date and, once the decision to apply the 0% rate has been confirmed, will proceed with the request for reimbursement of the amount already deposited.

## 5. OUTLOOK

### PULP AND PAPER

The **pulp** sector again recorded surprisingly strong performance in the first quarter of 2018, as the upward pressure on prices continued. Demand in the market remains robust and has been able to absorb the resumption of the normal pace of operations at mills which unexpectedly shut down production in 2017, as well as the new capacities which came on line last year and continue to ramp-up production.

In UWF **paper**, order books remain strong and the Group again took the lead in two price increases during the quarter in Europe, as well as announcing increases in the US market and in international markets. New price increases have already been announced for May and June in the United States and in International markets, and Navigator has announced to its clients (already in May) a further price increase in Europe taking effect from 1 July.

There are currently no foreseeable signs to a significant change in conditions in the pulp and paper market, and the main factors of uncertainty continue to be exchange rates and the costs of certain chemicals. It is important to note that the Group's pulp business performance in the second quarter will be affected by the maintenance stoppage at the Figueira da Foz mill, which will also be used to finalise and start up the project for expanded pulp capacity.

The **tissue** market will remain under strong pressure from the high level of pulp prices, and it is absolutely critical that tissue producers should succeed in passing on part of this increase in their sales prices for the rest of the year.

## CEMENT AND OTHER BUILDING MATERIALS

Overall, expectations for 2018 are moderately positive for **Portugal**. Macroeconomic indicators point out to growth, although investment levels, limited by deficit management, are a growth-restricting factor. Developments in the external environment may play a decisive part in growth; most international bodies monitoring the global economy now share a more positive global outlook.

Most of the forecasts of construction output in 2018 are positive. The European Commission is expecting 3.2% growth in investment in construction, and FEPICOP is estimating a 4.5% increase in 2018. Furthermore, analysing the replies of the industry's businessmen in the qualitative surveys conducted by INE one may conclude that the directors of construction companies view developments in the building sector more favourably. The dynamics of the rentals market and growth in the tourism industry are the drivers of this growth trend. Such views lead us to expect better results in Portugal.

In **Lebanon**, cement demand should decrease slightly against 2017, in spite of some improvement in the political situation. New taxes implemented in the last quarter of 2017 are expected to produce a negative impact on the profit of cement companies in the country. The parliamentary elections in May 2018 will also influence the political context. Possible developments in the Syrian conflict and the situation of Syrian refugees in Lebanon will probably produce a macroeconomic and market effect, which cannot be anticipated at this stage. A challenging competitive environment is expected to continue in 2018.

As mentioned before, **Brazil** is expected to grow 2.3% in 2018, above the 1% growth in 2017. However, economic activity should continue to face challenges, particularly activities in the building sector, due to difficulty of materializing investments. The political crisis is still a strong constraint on growth, which shall depend greatly on developments in the political framework. Sales price trends will hamper operational performance. However, the outlook on prices is positive, as they have been growing since mid 2017. Nonetheless, efforts to improve production costs and to contain fixed costs will continue.

The economy of **Tunisia** is expected to grow 2.4%. The level of competition should remain strong, due to the excess supply in the country. However, the increase in sales prices in the quarter make it possible to expect positive trends in 2018 price evolution. Tunisia is in a difficult financial situation, social instability may worsen as a result of reforms that the Government is forced to implement. Taxes and duties are expected to increase and the current political/economic situation will probably continue.

The outlook for 2018 in **Angola** is moderately favourable. The IMF is forecasting economic growth in 2018 of 2.2%. Angolan Government programs to diversify the economy, the upward trend of oil prices on the international markets from the second half of 2017, the average annual population growth of 2.7% and the general elections in 2017, which elected a new President of the Republic and, consequently, a new Government, are expected to bring substantial changes to governance in the country. Therefore, in 2018 economic recovery is expected, which will result in more cement consumption. Difficulties in getting hold of foreign exchange in the context of the current exchange crisis in Angola and the possibility of cement competitors of solving their operating issues bring additional challenges to our operations in the near future.

## ENVIRONMENT

Considering the macroeconomic, financial and sector context, current conditions are expected to remain unchanged in the medium term in the sector operated by ETSA, without significant changes in consumption of foodstuffs. However, competition between operators in the collection of raw material, which is scanty, will remain intense, due to the pronounced overcapacity of industrial processing.

Lisbon, 15 May 2018

## BOARD OF DIRECTORS

### CHAIRMAN:

PEDRO MENDONÇA DE QUEIROZ PEREIRA

### MEMBERS:

JOÃO NUNO DE SOTTOMAYOR PINTO DE CASTELLO BRANCO

JOSÉ MIGUEL PEREIRA GENS PAREDES

PAULO MIGUEL GARCÊS VENTURA

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

ANTÓNIO PEDRO DE CARVALHO VIANA BAPTISTA

CARLOS EDUARDO COELHO ALVES

FRANCISCO JOSÉ MELO E CASTRO GUEDES

MANUEL CUSTÓDIO DE OLIVEIRA

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

VÍTOR PAULO PARANHOS PEREIRA

## DEFINITIONS

EBITDA = EBIT + Depreciation, amortisation and impairment losses + Provisions

EBITDA LTM = EBITDA in the last twelve months

Cash-flow = Net profit for the period + Depreciation, amortisation and impairment losses + Provisions

Net debt = Non-current interest bearing debt (net of loan issue charges) + Current interest-bearing debt (including debts to shareholders) – Cash and cash equivalents



## PART 2

### CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

## CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018 AND 2017

Amounts in Euro	Notes	1st Q 2018 (Unaudited)	1st Q 2017 (Unaudited)
<b>Revenues</b>			
Sales	4	501,623,244	515,246,345
Services rendered	4	7,116,014	6,281,931
<b>Other income</b>			
Gains on disposal of non-current assets	5	17,199,398	28,616
Other operating income	5	9,465,640	11,392,415
<b>Change in fair value of biological assets</b>		1,215,853	(502,582)
<b>Cost, expenses and losses</b>			
Cost of inventories sold and consumed	6	(209,610,494)	(217,688,726)
Variation in production	6	21,426,684	13,270,197
Cost of materials and services consumed	6	(139,977,142)	(143,037,612)
Payroll costs	6	(65,322,115)	(62,748,011)
Other costs and losses	6	(13,539,886)	(11,061,287)
Provisions	6	1,285,818	11,082
<b>Depreciation, amortisation and impairment losses</b>	7	(50,582,311)	(55,576,688)
<b>Operational results</b>		<b>80,300,703</b>	<b>55,615,680</b>
Group share of (loss) / gains of associated companies and joint ventures		279,674	(26,088)
<b>Net financial results</b>	8	<b>(18,841,992)</b>	<b>(17,515,724)</b>
<b>Profit before tax</b>		<b>61,738,385</b>	<b>38,073,868</b>
Income tax expense	9	(18,510,660)	(12,917,626)
<b>Net profit for the period</b>		<b>43,227,725</b>	<b>25,156,242</b>
<b>Net profit for the period</b>			
<b>Attributable to Semapa's Shareholders</b>		<b>27,157,246</b>	<b>14,273,077</b>
Attributable to non - controlling interests	11	16,070,479	10,883,165
<b>Earnings per share</b>			
Basic earnings per share, Eur	10	0.337	0.177
Diluted earnings per share, Eur	10	0.337	0.177

## STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

### FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018 AND 2017

Amounts in Euro	1st Q 2018 (Unaudited)	1st Q 2017 (Unaudited)
<b>Net profit for the period without non-controlling interests</b>	<b>43,227,725</b>	<b>25,156,242</b>
<b>Items that may be subsequently reclassified to the income statement</b>		
Derivative financial instruments		
Fair value changes	1,110,551	2,105,601
Tax effect	(305,402)	(319,166)
Currency translation differences	(22,236,893)	3,119,785
Other comprehensive income	(191,665)	(11,736)
<b>Items that will not be subsequently reclassified to the income statement</b>		
Remeasurements of post employment benefits		
Remeasurements	(3,082,527)	1,762,566
Tax effect	(10,037)	(59)
<b>Other comprehensive income net of tax</b>	<b>(24,715,973)</b>	<b>6,656,991</b>
<b>Total comprehensive income for the period</b>	<b>18,511,752</b>	<b>31,813,233</b>
<b>Attributable to:</b>		
Semapa's Shareholders	8,489,748	20,224,978
Non - controlling interests	10,022,004	11,588,255
	<b>18,511,752</b>	<b>31,813,233</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS OF 31 MARCH 2018 AND 31 DECEMBER 2017

Amounts in Euro	Notes	31-03-2018 (Unaudited)	31-12-2017
<b>ASSETS</b>			
<b>Non - current assets</b>			
Goodwill	12	350,701,284	352,024,516
Other intangible assets		307,073,163	290,065,457
Property, plant and equipment	13	2,036,032,725	2,064,604,211
Investment properties		385,323	385,927
Biological assets		130,612,789	129,396,936
Investment in associates and joint ventures		4,243,164	4,099,421
Financial assets at fair value through profit or loss		44,508	44,508
Available-for-sale financial assets		424,428	424,428
Deferred tax assets	18	80,311,055	80,075,383
Other non - current assets	14	39,468,819	6,244,448
		<b>2,949,297,258</b>	<b>2,927,365,235</b>
<b>Current assets</b>			
Inventories		297,247,565	280,756,346
Receivables and other current assets	15	354,531,978	334,867,086
State and other public entities		68,786,590	111,820,465
Income tax		879,670	788,673
Non-current assets held for sale	14	1,031,377	88,202,005
Cash and cash equivalents	20	320,086,648	243,187,261
		<b>1,042,563,828</b>	<b>1,059,621,836</b>
<b>Total assets</b>		<b>3,991,861,086</b>	<b>3,986,987,071</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	16	81,270,000	81,270,000
Treasury shares	16	(6,036,401)	(6,036,401)
Exchange differences reserve	17	(116,729,015)	(99,805,648)
Fair value reserve	17	(1,564,993)	(2,100,174)
Other reserve	17	717,616,946	717,616,946
Retained earnings	17	150,790,792	28,359,635
Net profit for the period		27,157,246	124,093,467
<b>Equity attributable to equity holders of Semapa</b>		<b>852,504,575</b>	<b>843,397,825</b>
Non - controlling interests	11	383,240,186	378,547,431
<b>Total equity</b>		<b>1,235,744,761</b>	<b>1,221,945,256</b>
<b>Non - current liabilities</b>			
Deferred tax liabilities	18	240,212,145	265,510,481
Pensions and other post-employment benefits		12,837,944	8,123,335
Provisions	19	74,534,306	55,674,021
Interest-bearing liabilities	20	1,663,140,784	1,653,480,805
Other non-current liabilities		24,308,501	25,728,280
		<b>2,015,033,680</b>	<b>2,008,516,922</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	20	214,488,755	263,390,200
Payables and other current liabilities	21	423,238,914	385,598,640
State and other public entities		68,059,669	93,052,535
Income tax		35,232,511	14,419,036
Non-current liabilities held for sale		62,796	64,482
		<b>741,082,645</b>	<b>756,524,893</b>
<b>Total liabilities</b>		<b>2,756,116,325</b>	<b>2,765,041,815</b>
<b>Total equity and liabilities</b>		<b>3,991,861,086</b>	<b>3,986,987,071</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FROM 1 JANUARY 2018 TO 31 MARCH 2018 AND FROM 1 JANUARY 2017 TO 31 MARCH 2017

Amounts in Euro	Note	Share Capital	Treasury Shares	Fair Value Reserves	Other Reserves	Exchange Differences Reserve	Retained Earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as of 1 January 2018		81,270,000	(6,036,401)	(2,100,174)	717,616,946	(99,805,648)	28,359,635	124,093,467	843,397,825	378,547,431	1,221,945,256
Application of 2017 profit of the year:											
- Transfer to other reserves		-	-	-	-	-	124,093,467	(124,093,467)	-	-	-
Other comprehensive income for the period*		-	-	535,181	-	(16,923,367)	(2,279,312)	-	(18,667,498)	(6,048,475)	(24,715,973)
Acquisitions/Disposals to non-controlling interests	11	-	-	-	-	-	617,002	-	617,002	(5,117,002)	(4,500,000)
Other movements		-	-	-	-	-	-	-	-	(212,247)	(212,247)
Net profit for the period		-	-	-	-	-	-	27,157,246	27,157,246	16,070,479	43,227,725
Equity as of 31 March 2018		81,270,000	(6,036,401)	(1,564,993)	717,616,946	(116,729,015)	150,790,792	27,157,246	852,504,575	383,240,186	1,235,744,761

\*Net of deferred taxes

Amounts in Euro		Share Capital	Treasury Shares	Fair Value Reserves	Other Reserves	Exchange Differences Reserve	Retained Earnings	Net profit for the period	Total	Non-controlling interests	Total
Equity as of 1 January 2017		81,270,000	(6,036,401)	(6,062,513)	717,616,946	(31,600,072)	(52,720,975)	114,862,813	817,329,798	409,754,207	1,227,084,005
Application of 2016 profit of the year:											
- Transfer to other reserves		-	-	-	-	-	114,862,813	(114,862,813)	-	-	-
Other comprehensive income for the period*		-	-	1,334,404	-	3,402,433	1,215,064	-	5,951,901	705,090	6,656,991
Other movements		-	-	-	-	-	-	-	-	(395,974)	(395,974)
Net profit for the period		-	-	-	-	-	-	14,273,077	14,273,077	10,883,165	25,156,242
Equity as of 31 March 2017		81,270,000	(6,036,401)	(4,728,109)	717,616,946	(28,197,639)	63,356,902	14,273,077	837,554,776	420,946,488	1,258,501,264

\*Net of deferred taxes

## CONSOLIDATED CASH FLOW STATEMENT FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018 AND 2017

Amounts in Euro	Notes	1st Q 2018 (Unaudited)	1st Q 2017 (Unaudited)
<b>OPERATING ACTIVITIES</b>			
Receipts from customers		630,223,739	562,738,463
Payments to suppliers		(424,673,858)	(433,435,266)
Payments to personnel		(40,883,597)	(41,337,083)
Cash flow from operations		164,666,284	87,966,114
Income tax received / (paid)		671,990	(5,067,004)
Other receipts / (payments) relating to operating activities		5,356,535	(11,181,424)
<b>Cash flow from operating activities (1)</b>		<b>170,694,809</b>	<b>71,717,686</b>
<b>INVESTING ACTIVITIES</b>			
<b>Inflows</b>			
Property, plant and equipment		125,694	272,428
Interest and similar income		-	1,009,615
Dividends		135,924	125,822
		261,618	1,407,865
<b>Outflows</b>			
Financial investments		(4,500,000)	(13,558,800)
Property, plant and equipment		(37,812,713)	(33,019,063)
		(42,312,713)	(46,577,863)
<b>Cash flow from investing activities (2)</b>		<b>(42,051,095)</b>	<b>(45,169,998)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Inflows</b>			
Proceeds from borrowings		787,777,539	1,451,993,728
		787,777,539	1,451,993,728
<b>Outflows</b>			
Repayments of borrowings		(821,139,384)	(1,443,651,638)
Repayment of financial leases		(191,194)	(161,907)
Interest and similar expenses		(12,055,995)	(14,737,674)
Dividends		(4,150,681)	(553,630)
		(837,537,254)	(1,459,104,849)
<b>Cash flow from financing activities (3)</b>		<b>(49,759,715)</b>	<b>(7,111,121)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS (1)+(2)+(3)</b>		<b>78,883,999</b>	<b>19,436,567</b>
EXCHANGE GAINS / (LOSSES) ON CASH AND CASH EQUIVALENTS		(1,984,612)	(762,325)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>20</b>	<b>243,187,261</b>	<b>184,101,274</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>20</b>	<b>320,086,648</b>	<b>202,775,516</b>

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# SELECTED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 MARCH 2018

(Translation of a report originally issued in Portuguese)

(In these notes, unless indicated otherwise, all amounts are expressed in Euro)

The SEMAPA Group ("Group") comprises Semapa – Sociedade de Investimento e Gestão, SGPS, S.A. ("Semapa") and its subsidiaries. Semapa was incorporated on the 21st of June of 1991 and has as its main business object the management of financial investments in other companies as an indirect form of carrying out economic activities.

Head Office: Av. Fontes Pereira de Melo, 14, 10th floor, Lisbon

Share Capital: Euros 81,270,000

Corporate number: 502 593 130

Semapa leads an Enterprise Group with activities in three distinct business segments: Pulp and Paper, Cement and Derivatives, and Environment, developed respectively through its subsidiaries The Navigator Company, S.A., Secil - Companhia Geral de Cal e Cimento, S.A. and ETSA – Investimentos, SGPS, S.A..

These consolidated financial statements were approved by the Board of Directors on 15 May 2018.

The Group's Senior Management, that are the members of the Board of Directors who sign this report, declare that, to the best of their knowledge, the information contained herein was prepared in conformity with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial position and results of the companies included in the Group's consolidation perimeter.

## 1. BASIS OF PRESENTATION

The interim consolidated financial statements for the three months period ended 31 March 2018 were prepared in accordance with the International Accounting Standard 34 – Interim Financial Reporting.

The accompanying interim consolidated financial statements were prepared on the going concern basis from the accounting books and records of the companies included in consolidation (Note 25), and under the historic cost convention, except for biological assets, available-for-sale financial assets, financial assets at fair value through profit or loss and derivative financial instruments which are recorded at fair value. Tangible assets acquired until 1 January 2004 have been recorded at revaluated cost.

The following notes were selected in order to allow a full understanding of the most significant changes on the consolidated financial position and performance of the group since the last annual report as of 31 December 2017.



## 2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim consolidated financial statements are consistent to those used in the preparation of the financial statements as of 31 December 2017 and described in the respective accompanying Notes.

### NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS

There are new standards, interpretations and amendments of existing standards that are only mandatory for annual periods starting after 1 January 2018, as follows:

Description	Changes	Effective Date*
<b>1. Standards (new and amended) that become effective on or after 1 January 2018, already endorsed by the EU</b>		
IFRS 9, 'Financial instruments'	New standard for the accounting treatment of financial instruments	January 1st, 2018
IFRS 15, 'Revenue from contracts with customers'	Recognition of revenue related to the delivery of assets and provision of services by applying the 5-step method	January 1st, 2018
IFRS 16 - Leases	New lease definition. New accounting of lease contracts for lessees. There are no changes to the booking of rentals by lessors.	January 1st, 2019
IFRS 4 – Insurance Contract (application of IFRS 4 and IFRS 9)	Temporary exemption for insurance companies only, from applying IFRS 9 for annual periods beginning before 1 January 2021. Overlay approach for assets within IFRS 4 that qualify as FVTPL under IFRS 9 and at amortised cost under IAS 39, being the measurement difference reclassified to OCI.	January 1st, 2018
Changes to IFRS 15 - Revenue from contracts with customers	Identification of performance obligations, recognition of PI license revenue, revision of the indicators for the classification of the main versus agent relationship, and new regimes for the simplification of the transition.	January 1st, 2018
<b>2. Standards (new and changes) and interpretations that become effective on or after 1 January 2018, not yet endorsed by the EU</b>		
<b>2.1 Standards</b>		
Improvement to standards 2014 - 2016	Several clarifications: IFRS 1, IFRS 12 and IAS 28	January 1st, 2018
IAS 40 – Investment Properties	Clarification that evidence of change of use is required to effect the transfer of assets to and from the investment property category	January 1st, 2018
IFRS 2 – Share-based payments	Measurement of financially settled share-based payment plans, accounting for changes, and classification of share-based payment plans as liquidated in equity, when the employer is required to withhold tax.	January 1st, 2018
IFRS 9, 'Financial instruments'	Accounting treatment options for financial assets with negative compensation	January 1st, 2019
IAS 28 - Investments in associate and joint ventures	Clarification regarding long-term investments in associates and joint ventures that are not being measured using the equity method.	January 1st, 2019
Improvement to standards 2015 – 2017	Several clarifications: IAS 23, IAS 12, IFRS 3 and IFRS 11	January 1st, 2019
IFRS 17 – Insurance Contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics.	January 1st, 2021
<b>2.2 - Interpretations</b>		
IFRIC 22 – Transactions in foreign currency and advanced consideration	Exchange rate to be applied when consideration is received or paid in advance.	January 1st, 2018
IFRIC 23 - Uncertainties about treatment income tax	Clarification on the application of the principles of recognition and measurement of IAS 12 when there is uncertainty about the tax treatment of a transaction, concerning income tax	January 1st, 2019

\* Exercises started on or after

In respect to the standards presented above, for which the mandatory entry into force has not yet occurred, the Group will adopt them in the years in which they become of effective implementation. Up to the date of issuing this report, the Group is still evaluating the effects on the consolidated financial statements arising from the adoption of these standards. However, no material effect is expected in the financial statements as a result of their adoption.

As of 1 January 2018, the Group adopted IFRS 9 and IFRS 15 without significant impacts on the consolidated results for the period.

## 3. ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires that the Group's management performs judgments and estimates that affect the amount of revenue, costs, assets, liabilities and disclosures at the financial statements reporting date.

These estimates are influenced by the Group's management's judgments, based on: (i) the best information and knowledge of present events and in certain cases on the reports of independent experts; and (ii) the actions which the Group considers it may have to take in the future. However, on the date on which the operations are realized, the outcome can be different from those estimates

## 4. SEGMENT REPORTING

Segmental information is presented in relation to the business segments identified, namely Pulp and Paper, Cement and Derivatives, Environment and Holdings. The earnings, assets and liabilities for each segment correspond to those which are directly attributed to them, as well as those which can be imputed to them on a reasonable basis.

The financial information by operating segment for the three months period of 2018 is shown as follows:

Amounts in Euro	Notes	Pulp and paper	Cement and derivatives	Environment	Holdings	Intra-Group eliminations	Total
Revenue		384,939,499	118,301,814	5,525,744	2,739,113	(2,766,911)	508,739,259
Other Income		20,887,202	6,829,874	162,692	1,604	(480)	27,880,892
Consumed and sold Inventories	6	(172,993,517)	(35,367,266)	(1,249,711)	-	-	(209,610,494)
Materials and services consumed	6	(96,196,092)	(43,554,325)	(2,170,250)	(823,866)	2,767,391	(139,977,142)
Other expenses	6	(25,713,902)	(28,410,472)	(723,628)	(2,587,315)	-	(57,435,317)
Depreciation and Amortization	7	(37,679,317)	(12,244,954)	(722,552)	(46,599)	-	(50,693,422)
Impairment Losses	7	-	111,111	-	-	-	111,111
Net provisions	19	890,419	395,399	-	-	-	1,285,818
Interest Expenses	8	(2,636,366)	(4,725,949)	(76,952)	(3,082,867)	-	(10,522,134)
Results of associated companies		-	279,674	-	-	-	279,674
Other financial gains and losses	8	(2,879,923)	(4,733,922)	(37,496)	(668,516)	-	(8,319,857)
<b>Profit before tax</b>		<b>68,618,003</b>	<b>(3,119,016)</b>	<b>707,847</b>	<b>(4,468,446)</b>	<b>-</b>	<b>61,738,388</b>
Income Tax	9	(18,137,581)	(326,402)	(167,679)	121,002	-	(18,510,660)
<b>Net profit for the period</b>		<b>50,480,422</b>	<b>(3,445,418)</b>	<b>540,168</b>	<b>(4,347,444)</b>	<b>-</b>	<b>43,227,728</b>
<b>Attributable to shareholders</b>		<b>35,033,638</b>	<b>(4,069,051)</b>	<b>540,106</b>	<b>(4,347,444)</b>	<b>-</b>	<b>27,157,249</b>
Non-controlling interests	11	15,446,784	623,633	62	-	-	16,070,479
<b>OTHER INFORMATION</b>							
Total segment assets		2,463,304,327	1,443,741,170	85,705,223	63,709,166	(64,598,799)	3,991,861,087
Goodwill	12	122,907,528	191,370,822	36,422,934	-	-	350,701,284
Other intangible Assets		159,476,725	147,596,438	-	-	-	307,073,163
Property, Plant and equipment	13	1,274,524,275	733,402,191	27,642,149	464,110	-	2,036,032,725
Biological Assets		130,612,789	-	-	-	-	130,612,789
Deferred tax assets	18	44,874,221	35,231,346	205,488	-	-	80,311,055
Investment in associates and joint ventures		-	4,243,164	-	-	-	4,243,164
Total segment liabilities		1,307,544,937	853,497,758	24,901,105	634,771,323	(64,598,799)	2,756,116,324
Interest-bearing liabilities	20	764,950,443	544,997,816	16,348,409	604,424,667	(53,091,796)	1,877,629,539
Capital Expenditures	13	28,551,274	3,926,646	373,482	18,160	-	32,869,562

The financial information by operating segment for the three months period of 2017 is shown as follows:

Amounts in Euro	Notes	Pulp and paper	Cement and derivatives	Environment	Holdings	Intra-Group eliminations	Total
Revenue		392,656,974	121,379,179	7,492,123	3,296,521	(3,296,521)	521,528,276
Other Income		3,749,498	7,077,757	86,801	5,582	(1,190)	10,918,448
Consumed and sold Inventories	6	(181,731,681)	(34,515,003)	(1,442,043)	-	-	(217,688,727)
Materials and services consumed	6	(97,862,055)	(45,521,581)	(2,162,292)	(789,395)	3,297,711	(143,037,612)
Other expenses	6	(26,644,008)	(29,677,844)	(1,661,862)	(2,555,387)	-	(60,539,101)
Depreciation and Amortization	7	(40,892,996)	(13,141,930)	(707,488)	(50,103)	-	(54,792,517)
Impairment Losses	7	(1,068,210)	284,039	-	-	-	(784,171)
Net provisions	19	(1,736)	62,818	(50,000)	-	-	11,082
Interest Expenses	8	(2,420,619)	(7,052,962)	(101,895)	(3,286,980)	-	(12,862,456)
Results of associated companies		-	(26,088)	-	-	-	(26,088)
Other financial gains and losses	8	(1,516,045)	(2,457,311)	(31,046)	(648,866)	-	(4,653,268)
<b>Profit before tax</b>		<b>44,269,122</b>	<b>(3,588,926)</b>	<b>1,422,298</b>	<b>(4,028,628)</b>	-	<b>38,073,866</b>
Income Tax	9	(12,194,502)	(311,806)	(339,877)	(71,441)	-	(12,917,626)
<b>Net profit for the period</b>		<b>32,074,620</b>	<b>(3,900,732)</b>	<b>1,082,421</b>	<b>(4,100,069)</b>	-	<b>25,156,240</b>
<b>Attributable to shareholders</b>		<b>22,767,537</b>	<b>(5,476,693)</b>	<b>1,082,300</b>	<b>(4,100,069)</b>	-	<b>14,273,075</b>
Non-controlling interests		9,307,083	1,575,961	121	-	-	10,883,165

#### OTHER INFORMATION

Total segment assets		2,447,696,399	1,456,792,210	83,516,756	12,674,713	(13,693,007)	3,986,987,071
Goodwill	12	122,907,528	192,694,053	36,422,935	-	-	352,024,516
Other intangible Assets		155,366,245	134,699,212	-	-	-	290,065,457
Property, Plant and equipment	13	1,282,630,094	753,450,196	28,031,373	492,548	-	2,064,604,211
Biological Assets		129,396,936	-	-	-	-	129,396,936
Deferred tax assets	18	44,727,571	35,159,298	188,514	-	-	80,075,383
Investment in associates and joint ventures		-	4,099,421	-	-	-	4,099,421
Total segment liabilities		1,326,578,733	849,513,859	23,252,806	579,389,424	(13,693,007)	2,765,041,815
Interest-bearing liabilities	20	818,057,471	531,447,555	15,640,144	552,415,433	(689,598)	1,916,871,005
Capital Expenditures	13	114,714,693	26,309,929	2,948,918	33,309	-	144,006,849

#### GEOGRAPHICAL SEGMENT

The revenue presented in the different business and geographical segments corresponds to revenue generated with external customers based on the final destiny of the products and services commercialised by the Group and is analysed as follows:

1st Q 2018	Pulp and paper	Cement and derivatives	Environment	Total Amount	Total %
<b>Sales and services rendered</b>					
Portugal	68,537,780.00	47,995,826.00	4,655,688.00	121,189,294	23.82%
Rest of Europe	218,791,999.00	10,256,242.00	822,908.00	229,871,149	45.18%
America	35,198,615.00	19,496,747.00	-	54,695,362	10.75%
Africa	28,501,946.00	21,917,611.00	47,149.00	50,466,706	9.92%
Asia	33,693,163.00	18,607,587.00	-	52,300,750	10.28%
Oceania	215,997.00	-	-	215,997	0.04%
	<b>384,939,500</b>	<b>118,274,013</b>	<b>5,525,745</b>	<b>508,739,258</b>	<b>100.00%</b>

1st Q 2017	Pulp and paper	Cement and derivatives	Environment	Total Amount	Total %
<b>Sales and services rendered</b>					
Portugal	65,893,608	48,691,201	5,532,632	120,117,441	23.03%
Rest of Europe	223,227,872	1,150,112	1,925,767	226,303,751	43.39%
America	43,663,112	23,815,827	-	67,478,939	12.94%
Africa	24,076,692	25,670,769	33,724	49,781,185	9.55%
Asia	35,576,122	22,051,270	-	57,627,392	11.05%
Oceania	219,568	-	-	219,568	0.04%
	<b>392,656,974</b>	<b>121,379,179</b>	<b>7,492,123</b>	<b>521,528,276</b>	<b>100.00%</b>

## 5. OTHER INCOME

As of 31 March 2018 and 2017, the caption other income comprises:

Amounts in Euro	1st Q 2018	1st Q 2017
Own work capitalized	25,753	43,004
Grants - CO2 emission allowances	4,480,588	3,804,110
Compensation for insurance against damage	158,008	663,460
Gains on disposal of non-current assets	17,199,398	28,616
Impairment reversal	1,092,963	342,476
Disposal of emission allowances	698,789	420,450
Supplementary income	282,035	133,071
Inventory Gains	36,181	2,473,056
Recovery of uncollectibles	29,638	1,352
Gains on disposal of current assets	-	7,226
Exploitation Incentives	69,406	1,509
Income from waste treatment	178,314	158,274
Scrap sales	380,352	323,847
Other operating income	2,033,613	3,020,580
	<b>26,665,038</b>	<b>11,421,031</b>

Gains on disposals of non-current assets includes Euros 15,765,258 regarding the gain generated with the sale of the pellets business concluded in February 2018 by the subsidiary Navigator (Note 14), as well as Euros 1,434,140 regarding the sale of forest lands with poor forestry skills, also by this subsidiary.

## 6. EXPENSES AND LOSSES

As of 31 March 2018 and 2017, Expenses and Losses were detailed as follows:

Amounts in Euro	1st Q 2018	1st Q 2017
<b>Cost of sales and services rendered</b>		
Cost of inventories sold and consumed	(209,610,494)	(217,688,726)
<b>Cost of materials and services consumed</b>		
Energy and fluids	(39,216,639)	(40,592,222)
Inventory transportation	(38,737,906)	(40,006,733)
Specialised services	(23,993,359)	(23,435,824)
Maintenance and repair	(10,454,696)	(11,751,645)
Fees	(1,965,576)	(1,870,663)
Insurance	(4,357,475)	(4,341,635)
Subcontracts	(459,648)	(549,018)
Others	(20,791,843)	(20,489,872)
	<b>(139,977,142)</b>	<b>(143,037,612)</b>
<b>Variation in production</b>	21,426,684	13,270,197
<b>Payroll costs</b>		
Statutory bodies	(5,145,850)	(5,211,084)
Other remunerations	(42,192,574)	(41,723,364)
Pension costs	(2,115,574)	(783,353)
Other payroll costs	(15,868,117)	(15,030,210)
	<b>(65,322,115)</b>	<b>(62,748,011)</b>
<b>Others costs and losses</b>		
Membership fees	(322,390)	(387,089)
Donations	(177,583)	(184,181)
Cost with CO2 emission allowances	(4,900,699)	(3,804,110)
Inventories and other receivables impairment	(1,428,870)	(998,654)
Losses on inventories	(1,780,118)	(2,410,733)
Indirect taxes	(3,377,515)	(2,503,583)
Losses on disposal of non-current assets	(8,271)	(47,760)
Other operating costs	(1,544,440)	(725,177)
	<b>(13,539,886)</b>	<b>(11,061,287)</b>
<b>Provisions (Note 19)</b>	1,285,818	11,082
<b>Total of Expenses and Losses</b>	<b>(405,737,135)</b>	<b>(421,254,357)</b>

## 7. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

For the three months period ended 31 March 2018 and 2017, Depreciation, amortisation and impairment losses were detailed as follows:

Amounts in Euro	1st Q 2018	1st Q 2017
<b>Depreciation of property, plant and equipment</b>		
Land	(1,149,865)	(1,158,820)
Environmental restoration and landscaping	(28,541)	(28,079)
Buildings	(4,804,698)	(5,402,488)
Equipment and other tangible assets	(46,997,121)	(50,321,807)
Government grants	1,615,288	1,642,788
	<u>(51,364,937)</u>	<u>(55,268,406)</u>
<b>Impairment (losses)/reversals in property, plant and equipment</b>		
Buildings	16,519	112,007
Equipments	94,592	199,304
Mozambique Impairment	-	(1,068,210)
	<u>111,111</u>	<u>(756,899)</u>
<b>Amortisation of intangible assets</b>		
Industrial property and other rights	(4,992)	(3,503)
	<u>(4,992)</u>	<u>(3,503)</u>
<b>Impairment (losses)/reversals in assets held for sale</b>		
Impairment of lands, buildings and equipments	298,920	(1,080)
	<u>298,920</u>	<u>(1,080)</u>
<b>Amortizations in investment properties</b>	(192)	(4,698)
	<u>(192)</u>	<u>(4,698)</u>
<b>ICMS -Tax on movement of goods and services</b>		
Tax included in amortisations (Brazil)	377,779	457,898
	<u>377,779</u>	<u>457,898</u>
	<b>(50,582,311)</b>	<b>(55,576,688)</b>

## 8. NET FINANCIAL RESULTS

For the three months periods ended 31 March 2018 and 2017, Net financial results were detailed as follows:

Amounts in Euro	1st Q 2018	1st Q 2017
Interest paid on loans from shareholders	(5,475)	(10,953)
Interest paid on loans from associated companies and joint ventures	-	(1,286)
Interest paid on other borrowings	(10,502,607)	(14,093,174)
Other interest earned	879,125	1,169,440
Financial assets at fair value through profit and loss	(69)	-
Gains / (losses) on financial instruments - hedging	(1,116,138)	(2,015,218)
Gains / (losses) on financial instruments - trading	414,782	1,851,119
Expenses with loans issuing and other comissions	(2,190,040)	(2,401,801)
Foreign exchange gains / (losses)	(2,555,781)	(2,348,495)
(Costs)/gains with compensatory interest	(229,823)	616,839
Other financial expenses	(3,537,107)	(282,195)
Other financial income	1,141	-
	<b>(18,841,992)</b>	<b>(17,515,724)</b>

## 9. INCOME TAX

Semapa SGPS, S.A. is the dominant company of the group subject to the special regime governing business groups comprising companies in which the shareholding is equal to or more than 75% and which meet the conditions laid down in articles 69 and following of the Corporate Income Tax Code. Thus, the tax business group comprises the subsidiaries Secil, S.A. and ETSA Investimentos, SGPS, S.A., and corresponding subsidiaries that comply with the referred conditions.

For the three months periods ended 31 March 2018 and 2017, income tax expense is analysed as follows:

Amounts in Euro	1st Q 2018	1st Q 2017
Current tax	(20,920,721)	(16,129,346)
Provisions for current tax	(22,851,426)	1,955,404
Deferred tax	25,261,487	1,256,316
	<b>(18,510,660)</b>	<b>(12,917,626)</b>

The reconciliation of the effective tax rate in the first three months of 2018 and 2017 is as follows:

Amounts in Euro	1st Q 2018	1st Q 2017
Profit before tax	61,738,385	38,073,868
Expected income tax	13,891,137	8,566,620
State surcharge	3,715,278	1,338,800
Differences (a)	(1,617,509)	605,186
Prior year tax adjustments	(132,243)	(137,546)
Recoverable tax losses carried forward	(163,597)	(186,559)
Non recoverable tax losses	2,997,636	3,284,166
Provision for current tax	450,637	-
Reversal of provisions	-	(1,200,435)
Impact of the change in the income tax rate	(628,394)	176,553
Other	(2,285)	470,841
	<b>18,510,660</b>	<b>12,917,626</b>
Effective tax rate	29.98%	33.93%

(a) This amount refers essentially to :	1st Q 2018	1st Q 2017
Effects arising from the application of the equity method	(279,674)	26,088
Capital gains/(losses) for tax purposes	38,816,632	(22,315)
Capital gains/(losses) for accounting purposes	(75,037,277)	(8,742)
Impairments and taxed provisions	27,517,582	3,423,580
Tax benefits	(356,382)	(569,290)
Reversal of impairments and taxed provisions	(55,817)	(236,614)
Intra-group earning's subject to taxation	774,556	630,394
Employees benefits	1,524,352	196,181
Reporting of net financing expenses from prior periods	-	(140,442)
Others	(92,902)	(609,125)
	<b>(7,188,930)</b>	<b>2,689,715</b>
<b>Tax effect (22.5%)</b>	<b>(1,617,509)</b>	<b>605,186</b>

In Portugal, the annual tax returns are subject to review and potential adjustment by tax authorities for a period up to 4 years. However, if tax losses are determined, these may be subject to review by the tax authorities for a longer period. In other countries where the Group operates, these periods are different and, in most cases, longer.

The Board of Directors believes that any reviews/ inspections by tax authorities will not have a material impact on the interim consolidated financial statements as of 31 March 2018. The income tax returns up to 2014, inclusive, in Navigator, Secil and Semapa have already been reviewed.

## 10. EARNINGS PER SHARE

There are no convertible financial instruments over Semapa's shares, so there is no dilution of earnings.

Amounts in Euro	1st Q 2018	1st Q 2017
Profit attributable to Semapa's shareholders	27,157,246	14,273,077
Total number of shares issued	81,270,000	81,270,000
Average number of own shares in the portfolio	(586,329)	(586,329)
<b>Weighted average number of ordinary shares</b>	<b>80,683,671</b>	<b>80,683,671</b>
Basic earnings per share	0.337	0.177
Diluted earnings per share	0.337	0.177

## 11. RESULTS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The movement in the non-controlling interests, by operating segments, in the first quarter of 2018 and on the period of 2017, including its attributable net profit for the period, was as follows:

Amounts in Euro	Pulp and paper	Cement and derivatives	Environment	Total
<b>Balance as of 1 January 2017</b>	<b>325,385,020</b>	<b>84,361,871</b>	<b>7,316</b>	<b>409,754,207</b>
Share capital reduction	-	(314,367)	-	(314,367)
Dividends	(76,497,856)	(11,670,021)	-	(88,167,877)
Exchange differences reserve	(4,035,157)	(9,064,982)	-	(13,100,139)
Financial instruments	1,392,464	16	-	1,392,480
Actuarial gains and losses	1,326,576	65	-	1,326,641
Other movements in equity	(1,850,792)	1,115	-	(1,849,677)
Profit for the year	60,184,959	9,320,842	362	69,506,163
<b>Balance as of 31 December 2017</b>	<b>305,905,214</b>	<b>72,634,539</b>	<b>7,678</b>	<b>378,547,431</b>
Acquisitions / (Disposals)	-	(5,117,002)	-	(5,117,002)
Exchange differences reserve	(4,046,477)	(1,267,048)	-	(5,313,525)
Financial instruments	269,970	(2)	-	269,968
Actuarial gains and losses	(1,004,918)	-	-	(1,004,918)
Other movements in equity	(212,247)	-	-	(212,247)
Profit for the period	15,446,784	623,633	62	16,070,479
<b>Balance as of 31 March 2018</b>	<b>316,358,326</b>	<b>66,874,120</b>	<b>7,740</b>	<b>383,240,186</b>

In March 2018 the Secil Group acquired the remaining 43% stake in its subsidiary Cimentos Madeira, for the amount of Euro 4,500,000, still belonging to the Regional Government of Madeira, thus assuming total control over this company.

## 12. GOODWILL

For the three months periods ended 31 March 2018 and year of 2017, the movements in Goodwill were as follows:

Amounts in Euro	31-03-2018	31-12-2017
<b>Balance at the beginning of the period</b>	<b>352,024,516</b>	<b>352,812,897</b>
Acquisitions	-	7,739,608
Exchange rate adjustments	(1,323,232)	(8,527,989)
<b>Final balance</b>	<b>350,701,284</b>	<b>352,024,516</b>

*Note: The amounts presented are net of impairment losses*

As of 31 March 2018 and 31 December 2017, Goodwill is detailed as follows:

Amounts in Euro	31-03-2018	31-12-2017
Cement and derivatives	191,370,822	192,694,054
Pulp and paper	122,907,528	122,907,528
Environment	36,422,934	36,422,934
	<b>350,701,284</b>	<b>352,024,516</b>

## 13. PROPERTY, PLANT AND EQUIPMENT

The following movements were recorded in the first quarter of 2018 and in the year of 2017 under Property, plant and equipment, as well as on the respective depreciation and impairment losses accounts, as follows:

Amounts in Euro	Land	Buildings and other constructions	Equipments and other tangibles	Asset under construction	Total
<b>Acquisition Cost</b>					
Balance on 1 January 2017	443,352,555	1,144,411,151	5,359,019,311	111,098,763	7,057,881,780
Change of consolidation perimeter	101,635	855,684	1,927,500	-	2,884,819
Acquisition	5,025,610	334,545	4,200,804	134,445,890	144,006,849
Disposals	(3,909,506)	(3,445,215)	(6,455,507)	(761,500)	(14,571,728)
Adjustments, transfers and write-offs	4,762,923	9,273,845	42,490,915	(57,572,224)	(1,044,541)
Exchange rate adjustments	(20,241,660)	(24,944,987)	(73,621,817)	(1,603,560)	(120,412,024)
Assets held for sale (Note 14)	(1,609,029)	(28,388,030)	(54,512,455)	(924,392)	(85,433,906)
<b>Balance on 31 December 2017</b>	<b>427,482,528</b>	<b>1,098,096,993</b>	<b>5,273,048,751</b>	<b>184,682,977</b>	<b>6,983,311,249</b>
Acquisition	83,550	32,997	159,410	32,593,605	32,869,562
Disposals	(1,581,301)	(235)	(550,266)	(1,673)	(2,133,475)
Adjustments, transfers and write-offs	34,920	1,947,825	6,335,240	(4,368,021)	3,949,964
Exchange rate adjustments	(2,561,714)	(4,800,927)	(12,551,306)	(1,222,167)	(21,136,114)
<b>Balance on 31 March 2018</b>	<b>423,457,983</b>	<b>1,095,276,653</b>	<b>5,266,441,829</b>	<b>211,684,721</b>	<b>6,996,861,186</b>
<b>Accumulated depreciation and impairment losses</b>					
Balance on 1 January 2017	(64,858,788)	(683,635,699)	(3,940,830,251)	(55,066,728)	(4,744,391,466)
Depreciation and impairment losses	(4,771,360)	(22,886,532)	(197,161,832)	-	(224,819,724)
Disposals	5,685	2,480,044	5,390,442	-	7,876,171
Impairment losses	(5,004,528)	-	-	(4,302,695)	(9,307,223)
Adjustments, transfers and write-offs	29,813	1,986,693	1,039,663	1,829,286	4,885,455
Exchange rate adjustments	3,471,034	7,547,391	35,674,474	356,850	47,049,749
<b>Balance on 31 December 2017</b>	<b>(71,128,144)</b>	<b>(694,508,103)</b>	<b>(4,095,887,504)</b>	<b>(57,183,287)</b>	<b>(4,918,707,038)</b>
Depreciation and impairment losses	(1,149,865)	(4,816,638)	(46,742,302)	-	(52,708,805)
Disposals	-	235	510,111	-	510,346
Adjustments, transfers and write-offs	57,325	6,125	373,022	-	436,472
Exchange rate adjustments	163,926	1,864,550	6,953,179	658,909	9,640,564
<b>Balance on 31 March 2018</b>	<b>(72,056,758)</b>	<b>(697,453,831)</b>	<b>(4,134,793,494)</b>	<b>(56,524,378)</b>	<b>(4,960,828,461)</b>
<b>Net book value as of 1 January 2017</b>	<b>378,493,767</b>	<b>460,775,452</b>	<b>1,418,189,060</b>	<b>56,032,035</b>	<b>2,313,490,314</b>
<b>Net book value as of 31 December 2017</b>	<b>356,354,384</b>	<b>403,588,890</b>	<b>1,177,161,247</b>	<b>127,499,690</b>	<b>2,064,604,211</b>
<b>Net book value as of 31 March 2018</b>	<b>351,401,225</b>	<b>397,822,822</b>	<b>1,131,648,335</b>	<b>155,160,343</b>	<b>2,036,032,725</b>



## 14. OTHER NON-CURRENT ASSETS

In December 2017, the subsidiary Navigator entered into a contract to buy and sell its pellet business in the United States with a joint venture managed and operated by an associate of Enviva Holdings, LP, for USD 135 million. The completion of the sale, subject to the verification of certain previous conditions and regulatory authorisations, common in this type of transactions, was effected on February 16, 2018. As at 31 December 2017 these assets were classified as Non-current assets held for sale, which includes an amount of Euro 85,433,905 of Tangible fixed assets and Euro 803,143 of inventories, allocated to the business of pellets.

As of 31 March 2018, the balance Other non-current assets includes an amount of Euro 33,274,803 which corresponds to the present value of the receivable amount from the sale of this business (USD: 45 million). The nominal amount to be received bears interest of 2.5%.

## 15. RECEIVABLES AND OTHER CURRENT ASSETS

As of 31 March 2018 and 31 December 2017, the caption Receivables and other current assets is analysed as follows:

Amounts in Euro	31-03-2018	31-12-2017
Accounts receivable	250,824,972	245,876,313
Accounts receivable - related parties (Note 23)	548,714	526,632
Derivative financial instruments (Note 22)	6,037,703	4,571,589
Other receivables	60,403,139	50,873,035
Accrued income	16,272,958	20,351,232
Deferred costs	20,444,492	12,668,285
	<b>354,531,978</b>	<b>334,867,086</b>

*Note: The presented figures are net of impairment losses.*

As of 31 March 2018 and 31 December 2017, the balance Other receivables included:

Amounts in Euro	31-03-2018	31-12-2017
<b>Other receivables</b>		
Advance payments to suppliers	9,780,868	1,905,594
Advance payments to personnel	2,027,901	1,590,991
Price adjustment   Acquisition of Supremo Cimentos	1,467,756	1,856,983
Financial incentives to be received	3,001,060	42,105
Collateral provided to other parties	364,996	4,632,589
Department of Commerce (USA)	32,918,831	29,846,612
Others	10,841,727	10,998,161
	<b>60,403,139</b>	<b>50,873,035</b>

The amount shown as “Advance payments to suppliers” includes Euro 6,045,068 of advanced payments made to wood suppliers. Over the years and as a way of ensuring the sustainability of the forest value chain to the industry, the Navigator Group provides financing to its wood suppliers through advance payments upon presentation of guarantees, regarding the wood to be bought throughout the year. Those advances are settled as supplies are delivered to the Group.

In 2015, The Navigator Group was investigated for alleged dumping practices on imports of UWF paper into the United States of America and a provisional anti-dumping rate was imposed on sales to that country of 29.53%. On 11 January 2016, the United States Department of Commerce revised the applied rate temporarily down to 7.8%. Although the current rate is now substantially lower than the margin initially determined, The Navigator Company remains in complete disagreement with the application of any anti-dumping margin in the period, since given the calculation algorithm used by the US authorities and validated by the Group's lawyers in the US, the Group does not determine any price difference between the domestic market (Portugal) and destination market (US), in the period after August 2015.

During April 2018, the subsidiary Navigator was informed by the North-American tax authorities that the temporary anti-dumping rate to be applied retrospectively in paper sales in the USA regarding the period between August 2015 and February 2017 will be 0%, giving reason to Navigator, namely regarding the absence of legal basis for the application of these measures to its products sold in the USA.

The balance Price Adjustment — Acquisition of Supremo Cimentos, in 2016, relates to the price adjustment determined between the parties in the context of the purchase agreement of this subsidiary.

As of 31 March of 2018 and 31 December 2017, the balances “Accrued income” and “Deferred costs” are detailed as follows:

Amounts in Euro	31-03-2018	31-12-2017
<b>Accrued income</b>		
Interest receivable	359,845	1,548,286
Energy Sales	14,564,489	15,320,310
Others	1,348,624	3,482,636
	<b>16,272,958</b>	<b>20,351,232</b>
<b>Deferred costs</b>		
Insurance	8,942,054	2,001,295
Rents and leases	4,442,294	3,722,992
Others	7,060,144	6,943,998
	<b>20,444,492</b>	<b>12,668,285</b>
	<b>36,717,450</b>	<b>33,019,517</b>

## 16. SHARE CAPITAL AND TREASURY SHARES

As of 31 March of 2018 and 31 December 2017, Semapa's share capital was fully subscribed and paid up, represented by 81,270,000 shares without nominal value. The legal persons that held relevant positions in the Company's share capital on those dates are detailed as follows:

Name	Number of shares	%	
		31-03-2018	31-12-2017
Longapar, SGPS, S.A.	22,225,400	27.35	27.35
Cimo - Gestão de Participações, SGPS, S.A.	16,734,031	20.59	20.59
Sodim, SGPS, S.A.	15,252,726	18.77	18.77
Bestinver Gestión, SGIIC, S.A.	7,166,756	8.82	8.82
Cimigest, SGPS, S.A.	3,185,019	3.92	3.92
Santander Asset Management España, SA	1,981,216	2.44	2.44
Norges Bank (The Central Bank of Norway)	1,699,613	2.09	2.09
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.77	0.77
Treasury shares	586,329	0.72	0.72
Other shareholders with less than 2% participation	11,813,711	14.54	14.54
	<b>81,270,000</b>	<b>100.00</b>	<b>100.00</b>

As of 31 March of 2018 and 31 December 2017, Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. held 586,329 treasury shares.

## 17. RESERVES

As of 31 March 2018 and 31 December 2017, the balances Fair value reserve, Exchange Differences reserve and Other reserves are analysed as follows:

Amounts in Euro	31-03-2018	31-12-2017
Fair value of financial instruments	(283,251)	(818,432)
Other fair value reserves	(1,281,742)	(1,281,742)
<b>Fair value reserve</b>	<b>(1,564,993)</b>	<b>(2,100,174)</b>
<b>Translation reserve</b>	<b>(116,729,015)</b>	<b>(99,805,648)</b>
Legal reserve	16,695,625	16,695,625
Other reserves	700,921,321	700,921,321
<b>Other reserves</b>	<b>717,616,946</b>	<b>717,616,946</b>
<b>Total</b>	<b>599,322,938</b>	<b>615,711,124</b>

## 18. DEFERRED TAXES

For the three months periods ended 31 March 2018, the movements in deferred tax assets and liabilities are analysed as follows:

Amounts in EURO	As of 1 January of 2018	Exchange adjustment	Income statement		Retained Earnings	Assets held for sale	As of 31 March of 2018
			Increases	Decreases			
<b>Temporary differences originating deferred tax assets</b>							
Tax losses carried forward	67,932,564	(2,009,071)	3,515,777	-	-	-	69,439,270
Taxed provisions	21,424,472	(187,279)	118,362	(1,253,294)	-	-	20,102,261
Harmonisation of depreciation criteria	112,547,708	-	(386,199)	(1,654,637)	-	300,000	110,806,872
Pensions and Retirements benefits	4,575,248	(178)	1,049	(108,620)	-	-	4,467,499
Financial instruments	4,088,316	-	-	-	(1,110,551)	-	2,977,765
Deferred accounting gains							
on inter-group transactions	38,987,515	(2,189)	3,733,298	(471,280)	-	-	42,247,344
Fiscal investment incentives	12,073,160	-	-	(494,854)	36,270	-	11,614,576
Fair values of business combinations	1,524,164	(40,619)	-	-	-	-	1,483,545
Conventional capital remuneration	12,320,000	-	-	-	-	-	12,320,000
Other temporary differences	4,696,676	(98,697)	(92,477)	(763)	-	-	4,504,739
	<b>280,169,823</b>	<b>(2,338,033)</b>	<b>6,889,810</b>	<b>(3,983,448)</b>	<b>(1,074,281)</b>	<b>300,000</b>	<b>279,963,871</b>
<b>Temporary differences originating deferred tax liabilities</b>							
Fixed tangible asset revaluation	(52,430,381)	1,407,530	-	768,845	-	-	(50,254,006)
Pensions and Retirements benefits	(2,255,443)	-	(10,364)	-	(36,497)	-	(2,302,304)
Derivative financial instruments	1,129,914	(47,869)	489,025	-	-	-	1,571,070
Tax incentives	(8,903,131)	-	-	330,178	62,295	-	(8,510,658)
Harmonisation of depreciation criteria	(392,075,056)	989,905	(2,835,611)	47,449,502	-	-	(346,471,260)
Deferred accounting losses							
on inter-group transactions	(50,039,680)	-	(10,191,596)	49,708,710	-	-	(10,522,566)
Valuation of growing forests	(10,246,504)	-	(2,489,749)	-	-	-	(12,736,253)
Fair value of intangible assets - brands	(254,157,786)	5,947,143	(5,788,999)	-	-	-	(253,999,642)
Fair value of tangible assets	(111,505,041)	-	-	3,817,887	-	-	(107,687,153)
Fair value of business combinations	(91,146,903)	(4,041,484)	-	6,947,307	-	(7,578)	(88,248,658)
Other temporary differences	(1,340,849)	12,880	45,571	732	-	-	(1,281,666)
	<b>(972,970,860)</b>	<b>4,268,105</b>	<b>(20,781,723)</b>	<b>109,023,161</b>	<b>25,798</b>	<b>(7,578)</b>	<b>(880,443,096)</b>
<b>Deferred tax assets</b>	<b>80,075,383</b>	<b>(763,131)</b>	<b>1,830,325</b>	<b>(618,594)</b>	<b>(295,428)</b>	<b>82,500</b>	<b>80,311,055</b>
<b>Deferred tax liabilities</b>	<b>(265,510,481)</b>	<b>1,243,174</b>	<b>(2,832,140)</b>	<b>26,881,896</b>	<b>7,094</b>	<b>(1,688)</b>	<b>(240,212,145)</b>

## 19. PROVISIONS

For the three months periods ended 31 March 2018 and the year of 2017, the movements in Provisions are analysed as follows:

Amounts in Euro	Legal claims	Tax claims	Environmental restoration	Others	Total
<b>As of 1 January 2017</b>	<b>2,221,766</b>	<b>27,605,389</b>	<b>7,258,993</b>	<b>37,485,627</b>	<b>74,571,775</b>
Increases	1,887,989	649,264	12,357	7,512,140	10,061,750
Reversals	-	-	(157,590)	(5,664,037)	(5,821,627)
Charge-off	-	-	(5,310)	(6,743,671)	(6,748,981)
Exchange rate adjustments	-	-	(1,146)	(1,209,928)	(1,211,074)
Financial discounts	-	-	283,585	-	283,585
Transfers and adjustments	49,402	(1,624,463)	135,310	(14,021,656)	(15,461,407)
<b>As of 31 December 2017</b>	<b>4,159,157</b>	<b>26,630,190</b>	<b>7,526,199</b>	<b>17,358,475</b>	<b>55,674,021</b>
Increases (Note 6)	-	-	109	1,374,286	1,374,395
Reversals (Note 6)	(153,534)	-	(39,325)	(2,467,354)	(2,660,213)
Charge-off	-	-	(20,785)	(788,309)	(809,094)
Exchange rate adjustments	-	-	(213)	(222,827)	(223,040)
Financial discounts	-	-	73,620	-	73,620
Transfers and adjustments	(77,345)	21,188,974	-	(7,012)	21,104,617
<b>As of 31 March 2018</b>	<b>3,928,278</b>	<b>47,819,164</b>	<b>7,539,605</b>	<b>15,247,259</b>	<b>74,534,306</b>

The amount of the provisions for tax claims arises from an assessment made by the Group, as of the date of the Statement of Financial Position, regarding potential differences of understanding with the Tax Authorities given the recent developments of these claims.

The amount presented under Others refers to provisions to cover risks related to events of diverse nature, which may originate cash outflows in the future.

## 20. INTEREST-BEARING LIABILITIES

As of 31 March 2018 and 31 December 2017, the Group's net debt was as follows:

Amounts in Euro	31-03-2018	31-12-2017
<b>Interest-bearing liabilities</b>		
Non-current	1,663,140,784	1,653,480,805
Current	214,488,755	263,390,200
	<b>1,877,629,539</b>	<b>1,916,871,005</b>
<b>Cash and cash equivalents</b>		
Cash	576,015	644,350
Short term bank deposits	265,566,447	188,419,369
Other short term investments	53,944,186	54,123,542
	<b>320,086,648</b>	<b>243,187,261</b>
<b>Interest-bearing net debt</b>	<b>1,557,542,891</b>	<b>1,673,683,744</b>

### NON-CURRENT INTEREST-BEARING LIABILITIES

As of 31 March 2018 and 31 December 2017, non-current interest-bearing liabilities is analysed as follows:

Amounts in Euro	31-03-2018	31-12-2017
<b>Non-current</b>		
Bond loans	891,000,000	891,000,000
Commercial paper	479,000,000	540,250,000
Bank loans	291,582,995	223,730,194
Expenses with loans issuing	(7,018,057)	(7,920,335)
<b>Interest-bearing bank debt</b>	<b>1,654,564,938</b>	<b>1,647,059,859</b>
Financial leases	1,694,445	1,724,907
Other loans	6,423,058	4,237,695
Other interest-bearing debts	458,343	458,344
<b>Other interest-bearing debts</b>	<b>8,575,846</b>	<b>6,420,946</b>
<b>Total Non current interest-bearing liabilities</b>	<b>1,663,140,784</b>	<b>1,653,480,805</b>

## CURRENT INTEREST-BEARING LIABILITIES

As of 31 March 2018 and 31 December of 2017, current interest-bearing liabilities is analysed as follows:

Amounts in Euro	31-03-2018	31-12-2017
<b>Current</b>		
Commercial paper	60,000,000	50,000,000
Bank loans	150,867,042	209,415,643
Expenses with bond loans issuing	(1,472,123)	(1,415,182)
<b>Interest-bearing bank debt</b>	<b>209,394,919</b>	<b>258,000,461</b>
Shareholders short-term loans (Note 23)	4,282,431	4,470,475
Financial leases	811,405	919,264
<b>Other interest-bearing debts</b>	<b>5,093,836</b>	<b>5,389,739</b>
<b>Total Current interest-bearing liabilities</b>	<b>214,488,755</b>	<b>263,390,200</b>

## 21. PAYABLES AND OTHER CURRENT LIABILITIES

As of 31 March 2018 and 31 December of 2017, Payables and other current liabilities are detailed as follows:

Amounts in Euro	31-03-2018	31-12-2017
Accounts payable to suppliers	218,669,211	214,176,136
Accounts payable to suppliers of fixed assets	12,797,990	14,800,549
Instituto do Ambiente	17,543,980	12,643,080
Derivative financial instruments (Note 22)	3,473,685	3,777,509
Other creditors	16,578,780	8,226,238
Related parties (Note 23)	2,542,897	7,057,631
Accrued costs	120,818,327	108,022,444
Deferred income	30,814,044	16,895,053
	<b>423,238,914</b>	<b>385,598,640</b>

As of 31 March 2018 and 31 December of 2017, the balances Accrued costs and Deferred income are detailed as follows:

Amounts in Euro	31-03-2018	31-12-2017
<b>Accrued costs</b>		
Payroll costs	69,000,034	58,744,091
Interest payable	11,025,915	8,753,820
Bonus payable to suppliers	4,761,307	7,761,518
Rent-related Liabilities	7,711,921	7,073,023
Air Permit Accrual - Colombo Energy	4,035,005	-
Accrual of expenses with energy	2,358,744	2,339,761
Hydric resources rate	2,388,576	2,011,427
Consulting fees	1,270,059	1,327,535
Bank services	241,173	456,922
Insurance	528,319	269,675
Transportation Services	269,826	243,176
IT Services	312,139	197,821
Audit fees	86,159	153,877
Other	16,829,150	18,689,798
	<b>120,818,327</b>	<b>108,022,444</b>
<b>Deferred income</b>		
Government grants	5,848,082	5,859,834
Grants - CO2 emission allowances	19,235,073	5,454,833
Other incentives	1,806,086	1,655,584
Other deferred income - ISP	3,924,803	3,924,802
	<b>30,814,044</b>	<b>16,895,053</b>

## 22. DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 March 2018 and 31 December 2017, derivative financial instruments were detailed as follows:

Amounts in Euro	Amount	Currency	Maturity	31-03-2018			31-12-2017
				Positive	Negative	Net	Net
Hedging							
Net investment	25,050,000	USD	2018	703,286	-	703,286	114,914
Exchange rate forwards (future sales)	236,666,667	USD	2018	3,076,670	-	3,076,670	1,701,360
Exchange rate forwards (future sales)	88,166,667	GBP	2018	-	(114,017)	(114,017)	-
Interest rate swaps	505,000,000	Euro	2020/23	-	(2,407,415)	(2,407,415)	(3,473,480)
				3,779,956	(2,521,432)	1,258,524	(1,657,206)
Trading							
Exchange rate forwards	57,750,000	USD	2018	156,975	-	156,975	669,733
Exchange rate forwards	9,550,000	GBP	2018	-	(114,410)	(114,410)	8,407
Cross currency interest rate swap	17,739,298	USD	2018/2019	140,342	-	140,342	18,044
Currency Collar	23,894,658	BRL	2018	-	-	-	(25,370)
Non Deliverable Forward (NDF)	134,640,735	BRL	2018	462,660	(346,603)	116,057	630,491
Cash Anti-Dumping	21,500,000	Euro	2018	1,497,770	-	1,497,770	1,149,981
Price flutuation of pellets	600,000	USD	2018	-	(491,240)	(491,240)	-
				2,257,747	(952,253)	1,305,494	2,451,286
				6,037,703	(3,473,685)	2,564,018	794,080

## 23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As of 31 March of 2018 and 31 December of 2017, related parties balances are detailed as follows:

Amounts in Euro	31-03-2018			31-12-2017		
	Other receivables (Note 15)	Other payables (Note 21)	Interest-bearing liabilities (Note 20)	Other receivables (Note 15)	Other payables (Note 21)	Interest-bearing liabilities (Note 20)
<b>Shareholders</b>						
Cimigest, SGPS, S.A.	2,763	-	-	2,763	3,242	-
Cimo SGPS, S.A.	-	-	4,245,510	-	-	4,433,589
Longapar, SGPS, S.A.	106	1,160	36,921	106	-	36,886
OEM SGPS, S.A.	-	-	-	-	-	-
<b>Other related entities</b>						
Cimilonga - Imobiliária, S.A.	12	2,107	-	-	31,215	-
Hotel Ritz, S.A.	-	28,676	-	-	12,487	-
Sonagi, SGPS, S.A.	287	-	-	-	-	-
Soc. Agrícola Herdade dos Fidalgos, Lda.	-	1,834	-	-	504	-
Ave-Gestão Ambiental, S.A.	136,145	92,712	-	128,262	481,578	-
Cotif Sicar	-	92,593	-	-	92,844	-
Enermontijo, S.A.	67,900	68,930	-	54,656	12,551	-
Enerpar, SGPS, S.A.	-	-	-	-	21,598	-
Inertogrande	214,321	-	-	213,993	-	-
J.M.J. Henriques, Lda.	127,180	-	-	126,852	-	-
Refundos, SGFII, S.A.	-	(38,726)	-	-	-	-
Seribo, S.A.	-	-	-	-	324,717	-
Setefrete - Soc. Tráfego Cargas, S.A.	-	503,294	-	-	183,471	-
Minority shareholders of Ciment de Sibline*	-	1,769,598	-	-	5,873,015	-
Other subsidiaries shareholders	-	20,719	-	-	20,409	-
<b>Total</b>	<b>548,714</b>	<b>2,542,897</b>	<b>4,282,431</b>	<b>526,632</b>	<b>7,057,631</b>	<b>4,470,475</b>

\*Assigned dividends which are awaiting settlement

For the three months periods ended 31 March 2018 and 2017, transactions between related parties were as follows:

Amounts in Euro	1st Q 2018				1st Q 2017			
	Service purchase	Sales and services rendered	Operating income	Net financial costs	Service purchase	Sales and services rendered	Operating income	Net financial costs
<b>Shareholders</b>								
Sodim, SGPS, S.A.	-	-	-	-	-	-	-	-
Cimigest SGPS, S.A.	(26,935)	-	-	-	(26,935)	-	2,502	(1,547)
Cimo SGPS, S.A.	-	-	-	(5,429)	-	-	-	(6,099)
Longapar, SGPS, S.A.	-	-	-	(46)	-	-	-	(524)
OEM SGPS, S.A.	-	-	-	-	-	-	-	(2,783)
	<b>(26,935)</b>	<b>-</b>	<b>-</b>	<b>(5,475)</b>	<b>(26,935)</b>	<b>-</b>	<b>2,502</b>	<b>(10,953)</b>
<b>Other related entities</b>								
Cimilonga - Imobiliária, S.A.	(249,807)	-	47	-	(218,090)	-	-	-
Hotel Ritz, S.A.	(31,575)	-	-	-	(31,040)	-	-	-
Soc. Agrícola Herdade dos Fidalgos, Lda.	(1,739)	-	-	-	-	-	-	-
Sonagi, SGPS, S.A.	-	-	461	-	-	-	600	-
Refundos, SGFI, S.A.	(100,016)	-	-	-	-	-	-	-
Enermontijo, S.A.	(101,878)	66,809	-	-	(65,445)	42,957	-	-
Enerpar, SGPS, S.A.	(17,401)	-	-	-	(58,964)	-	-	-
Ave-Gestão Ambiental, S.A.	(497,150)	11,749	113,929	-	(503,758)	14,561	12,463	-
Seribo, S.A.	-	-	-	-	-	-	-	(1,203)
Setefrete, S.A.	(862,450)	-	37,011	-	(623,356)	-	20,351	-
Others	-	-	-	-	(1,277)	-	-	(83)
	<b>(1,862,016)</b>	<b>78,558</b>	<b>151,448</b>	<b>-</b>	<b>(1,501,930)</b>	<b>57,518</b>	<b>33,414</b>	<b>(1,286)</b>

## 24. NUMBER OF EMPLOYEES

As of 31 March of 2018 and 31 December of 2017, the number of employees in service of the Group's several companies was of 5,967 and 6,045, respectively.

## 25. COMPANIES INCLUDED IN THE CONSOLIDATION

Name	Head Office	Direct and indirect % of equity held by Semapa		
		Direct	Indirect	Total
Parent - company				
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	Lisbon			
Subsidiaries				
Seminv, SGPS, S.A.	Lisbon	100.00	-	100.00
Seinpart, SGPS, S.A.	Lisbon	49.00	51.00	100.00
Seinpar Investments, B.V.	Amsterdam	100.00	-	100.00
Semapa Inversiones S.L.	Madrid	100.00	-	100.00
Celcimo S.L.	Madrid	-	100.00	100.00
Semapa Next, S.A.	Lisbon	100.00	-	100.00
Aphelion, S.A.	Lisbon	100.00	-	100.00

\*% held on 31/12/2017 and 31/12/2016

### SUBSIDIARY COMPANIES OF SUB-GROUP ETSA

		Direct and indirect			% shares held by Semapa	
		% of equity held in ETSA				
Name	Head Office	Direct	Indirect	Total	31-03-2018	31-12-2017
Empresa-mãe:						
ETSA - Investimentos, SGPS, S.A.	Loures	99.99	-	99.99	99.99	99.99
Subsidiárias:						
ETSA LOG,S.A.	Loures	100.00	-	100.00	100.00	100.00
SEBOL – Comércio e Industria de Sebo, S.A.	Loures	100.00	-	100.00	100.00	100.00
ITS – Indústria Transformadora de Subprodutos Animais, S.A.	Coruche	100.00	-	100.00	100.00	100.00
ABAPOR – Comércio e Industria de Carnes, S.A.	Coruche	100.00	-	100.00	100.00	100.00
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Loures	100.00	-	100.00	100.00	100.00
AISIB – Aprovechamiento Integral de Subprodutos Ibéricos, S.A.	Mérida	100.00	-	100.00	100.00	100.00



## SUBSIDIARY COMPANIES OF SUB-GROUP NAVIGATOR

Name	Head Office	Direct and indirect % equity held in				
		Navigator			% of shares held by Semapa	
		Direct	Indirect	Total	31-03-2018	31-12-2017
Parent - company:						
The Navigator Company, S.A.	Setúbal	35.71	33.69	69.40	69.40	69.40
Subsidiaries:						
Navigator Paper Figueira, S.A.	Figueira da Foz	100.00	-	100.00	69.40	69.40
Navigator Parques Industriais, S.A.	Setúbal	100.00	-	100.00	69.40	69.40
Navigator Products & Technology, S.A.	Setúbal	100.00	-	100.00	69.40	69.40
Enerpulp – Cogeração Energética de Pasta, S.A.	Setúbal	100.00	-	100.00	69.40	69.40
Navigator Pulp Figueira, S.A.	Figueira da Foz	100.00	-	100.00	69.40	69.40
Navigator Pulp Setúbal, S.A.	Setúbal	100.00	-	100.00	69.40	69.40
Navigator Pulp Cacia, S.A.	Aveiro	100.00	-	100.00	69.40	69.40
Navigator International GmbH	Germany	100.00	-	100.00	69.40	69.40
About Balance - SGPS, S.A.	Lisbon	100.00	-	100.00	69.40	69.40
Navigator Tissue Cacia, S.A.	Aveiro	-	100.00	100.00	69.40	69.40
Navigator Tissue Ródão, S.A.	Vila Velha de Ródão	-	100.00	100.00	69.40	69.40
Navigator Internacional Holding SGPS, S.A.	Setúbal	100.00	-	100.00	69.40	69.40
Portucel Moçambique - Sociedade de Desenvolvimento Florestal e Industrial, Lda	Mozambique	20.05	60.15	80.20	55.66	55.66
Colombo Energy Inc.	USA	25.00	75.00	100.00	69.40	69.40
Portucel Finance, Zoo	Poland	25.00	75.00	100.00	69.40	69.40
Navigator Floresta, SGPS, S.A.	Setúbal	100.00	-	100.00	69.40	69.40
Raiz - Instituto de Investigação da Floresta e Papel	Aveiro	-	97.00	97.00	67.32	65.24
Navigator Forest Portugal, S.A.	Setúbal	100.00	-	100.00	69.40	69.40
Sociedade de Vinhos da Herdade de Espirra - Produção e Comercialização de Vinhos	Setúbal	-	100.00	100.00	69.40	69.40
Gavião - Sociedade de Caça e Turismo, S.A.	Setúbal	-	100.00	100.00	69.40	69.40
Afoelca - Agrupamento complementar de empresas para protecção contra incêndio	Portugal	-	64.80	64.80	44.97	44.97
Viveiros Aliança - Empresa Produtora de Plantas, S.A.	Palmela	-	100.00	100.00	69.40	69.40
Atlantic Forests, S.A.	Setúbal	-	100.00	100.00	69.40	69.40
Bosques do Atlantico, SL	Spain	-	100.00	100.00	69.40	69.40
Navigator Paper Holding ,SGPS, S.A.	Setúbal	100.00	-	100.00	69.40	69.40
Navigator Fine Paper, S.A.	Setúbal	-	100.00	100.00	69.40	69.40
About the Future - Empresa Produtora de Papel, S.A.	Setúbal	-	100.00	100.00	69.40	69.40
Navigator Paper Setúbal, S.A.	Setúbal	-	100.00	100.00	69.40	69.40
Navigator North America Inc.	USA	-	100.00	100.00	69.40	69.40
Navigator Sales & Marketing, S.A.	Belgium	25.00	75.00	100.00	69.40	69.40
Navigator Africa, SRL	Italy	-	100.00	100.00	69.40	69.40
Navigator Participações Holding ,SGPS, S.A.	Setúbal	100.00	-	100.00	69.40	69.40
Portucel Florestal, S.A.	Setúbal	-	100.00	100.00	69.40	69.40
Arboser – Serviços Agro-Industriais, S.A.	Setúbal	-	100.00	100.00	69.40	69.40
EMA21 - Engenharia e Manutenção Industrial Século XXI, S.A.	Setúbal	-	100.00	100.00	69.40	69.40
Ema Cacia - Engenharia e Manutenção Industrial, ACE	Aveiro	-	95.00	95.00	65.93	64.27
Ema Setúbal - Engenharia e Manutenção Industrial, ACE	Setúbal	-	89.91	89.91	62.40	63.36
Ema Figueira da Foz- Engenharia e Manutenção Industrial, ACE	Figueira da Foz	-	90.72	90.72	62.96	61.56
Empremédia - Corretores de Seguros, S.A.	Lisbon	-	100.00	100.00	69.40	69.40
EucaliptusLand, S.A.	Setúbal	-	100.00	100.00	69.40	69.40
Headbox - Operação e Controlo Industrial, S.A.	Setúbal	-	100.00	100.00	69.40	69.40
Navigator Added Value, S.A.	Setúbal	-	100.00	100.00	69.40	69.40
Navigator Switzerland Ltd.	Switzerland	25.00	75.00	100.00	69.40	69.40
Navigator Afrique du Nord	Morocco	-	100.00	100.00	69.40	69.40
Navigator España, S.A.	Spain	-	100.00	100.00	69.40	69.40
Navigator Netherlands, BV	The Netherlands	-	100.00	100.00	69.40	69.40
Navigator France, EURL	France	-	100.00	100.00	69.40	69.40
Navigator Paper Company UK, Ltd	United Kingdom	-	100.00	100.00	69.40	69.40
Navigator Italia, SRL	Italy	-	100.00	100.00	69.40	69.40
Navigator Deutschland, GmbH	Germany	-	100.00	100.00	69.40	69.40
Navigator Paper Austria, GmbH	Austria	-	100.00	100.00	69.40	69.40
Navigator Paper Poland SP Z o o	Poland	-	100.00	100.00	69.40	69.40
Navigator Eurasia	Turkey	-	100.00	100.00	69.40	69.40
Navigator Rus Company, LLC	Russia	-	100.00	100.00	69.40	69.40
Navigator Paper Mexico	Mexico	-	100.00	100.00	69.40	69.40
Navigator Abastecimento de Madeira, ACE	Setúbal	97.00	3.00	100.00	69.40	69.40

## SUBSIDIARY COMPANIES OF SUB-GROUP SECIL

Name	Head Office	Direct and indirect % of equity held in SECIL			% shares held by Semapa	
		Direct	Indirect	Total	31-03-2018	31-12-2017
Parent - company:						
Secil - Companhia Geral de Cal e Cimento, S.A.	Setúbal	-	99.998	99.998	99.998	99.998
Subsidiaries:						
Hewbol, S.G.P.S., Lda.	Funchal	100.00	-	100.00	99.998	99.998
Secil Cabo Verde Comércio e Serviços, Lda.	Praia	-	100.00	100.00	99.998	99.998
ICV - Inertes de Cabo Verde, Lda.	Praia	37.50	25.00	62.50	62.499	62.499
Florimar- Gestão e Participações, S.G.P.S., Lda.	Funchal	100.00	-	100.00	99.998	99.998
Sociedade de Inertes, Lda	Nacala	-	100.00	100.00	99.998	99.998
Seciment Investments, B.V.	Amsterdam	100.00	-	100.00	99.998	99.998
Serife - Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipamento, Lda.	Lisbon	100.00	-	100.00	99.998	99.998
Silonor, S.A.	Dunquerque	100.00	-	100.00	99.998	99.998
Société des Ciments de Gabés	Tunis	98.72	-	98.72	98.716	98.716
Sud- Béton- Société de Fabrication de Béton du Sud	Tunis	-	98.72	98.72	98.716	98.716
Zarzis Béton	Tunis	-	98.52	98.52	98.519	98.519
Secil Angola, SARL	Luanda	100.00	-	100.00	99.998	99.998
Secil - Companhia de Cimento do Lobito, S.A.	Lobito	-	51.00	51.00	50.999	50.999
Unibetão - Indústrias de Betão Preparado, S.A.	Lisbon	100.00	-	100.00	99.998	99.998
Secil Britas, S.A.	Lisbon	100.00	-	100.00	99.998	99.998
LusoInertes, S.A.	Lisbon	-	100.00	100.00	99.998	99.998
Secil Martingança - Aglomerantes e Novos Materiais para a Construção, S.A.	Leiria	51.19	48.81	100.00	99.998	99.998
IRP - Industria de Rebocos de Portugal, S.A.	Santarém	-	75.00	75.00	74.998	74.998
Ciminpart - Investimentos e Participações, S.G.P.S., S.A.	Lisbon	100.00	-	100.00	99.998	99.998
ALLMA - Microalgas, Lda.	Leiria	-	70.00	70.00	69.999	69.999
Allmicroalgae Natural Products, S.A.	Leiria	-	100.00	100.00	99.998	99.998
Argibetão - Sociedade de Novos Produtos de Argila e Betão, S.A.	Lisbon	-	99.53	99.53	99.528	99.528
Secil Brasil Participações, S.A. (ex Nsospes, S.A.)	Brazil	-	100.00	100.00	99.998	99.998
Supremo Cimentos, SA	Brazil	-	100.00	100.00	99.998	99.998
Margem - Companhia de Mineração, SA	Brazil	-	100.00	100.00	99.998	99.998
I3 Participações e Serviços, Ltda.	Rio de Janeiro	-	100.00	100.00	99.998	99.998
Secil Brands - Marketing, Publicidade, Gestão e Desenvolvimento de Marcas, Lda. (ex Prescor Produção de Escórias	Lisbon	-	100.00	100.00	99.998	99.998
CMP - Cimentos Maceira e Pataias, S.A.	Leiria	100.00	-	100.00	99.998	99.998
Ciments de Sibline, S.A.L.	Beirut	28.64	22.41	51.05	51.049	51.049
Soime, S.A.L.	Beirut	-	51.05	51.05	51.049	51.049
Cimentos Madeira, Lda.	Funchal	100.00	-	100.00	99.998	57.142
Beto Madeira - Betões e Britas da Madeira, S.A.	Funchal	-	100.00	100.00	99.998	57.142
Promadeira - Sociedade Técnica de Construção da Ilha da Madeira, Lda.	Funchal	-	100.00	100.00	99.998	57.142
Brimade - Sociedade de Britas da Madeira, S.A.	Funchal	-	100.00	100.00	99.998	57.142
Madebritas - Sociedade de Britas da Madeira, Lda. (a)	Funchal	-	51.00	51.00	50.999	29.142
Pedra Regional - Industria Transformadora de Rochas Ornamentais, S.A.	Funchal	-	100.00	100.00	99.998	57.142
Uniconcreto - Betão Pronto, S.A.	Lisbon	100.00	-	100.00	99.998	99.998
Secil Cement BV (ex Finlandimmo Holding BV)	The Netherkand	100.00	-	100.00	99.998	99.998
SPB, SGPS, LDA (Ex. Secil Unicon)	Setúbal	100.00	-	100.00	99.998	99.998
Secil Prébetão, S.A.	Montijo	-	100.00	100.00	99.998	99.998
Cementos Secil, SLU	Madrid	100.00	-	100.00	99.998	99.998

(a) The entity is 51% owned by Brimade, S.A. and therefore controlled by the Group

## 26. SUBSEQUENT EVENTS

During April, the subsidiary Navigator was informed by the North-American tax authorities that the temporary anti-dumping rate to be applied retrospectively in paper sales in the USA regarding the period between August 2015 and February 2017 will be 0%, giving reason to Navigator, namely regarding the absence of legal basis for the application of these measures to its products sold in the USA.

The initial rate applied between 20 August 2015 and 11 January 2016 was of 29.53%, after revised into 7.8%, having been in place until February 2017. Until the end of February 2017, the company had guaranteed an amount equivalent to Euro 30,000,000, and following this decision of 0% rate, it will ask for the repayment of the total amount deposited in respect to this period.

## 27. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese. In the event of any discrepancies the Portuguese version prevails.

**BOARD OF DIRECTORS****CHAIRMAN:**

PEDRO MENDONÇA DE QUEIROZ PEREIRA

**MEMBERS:**

JOÃO NUNO DE SOTTOMAYOR PINTO DE CASTELLO BRANCO

JOSÉ MIGUEL PEREIRA GENS PAREDES

PAULO MIGUEL GARCÊS VENTURA

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

ANTÓNIO PEDRO DE CARVALHO VIANA BAPTISTA

CARLOS EDUARDO COELHO ALVES

FRANCISCO JOSÉ MELO E CASTRO GUEDES

MANUEL CUSTÓDIO DE OLIVEIRA

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

VÍTOR PAULO PARANHOS PEREIRA