



ALTRI, SGPS, S.A.
Public Company

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

Financial Information – 1st Quarter of 2017
(Unaudited)

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards and with accordance with the International Accounting Standard 34 – Interim Financial Reporting, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

Financial Information 1Q 2017

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

Income Statement – 1Q 2017

thousand Euro	1Q 2017	1Q 2016	1Q17/1Q16 Var%	4Q 2016	1Q17/4Q16 Var%
Total Revenues	159,836	161,706	-1.2%	159,092	0.5%
Costs os sales	69,261	60,240	15.0%	67,153	3.1%
External supplies and services	41,783	40,325	3.6%	42,869	-2.5%
Payroll expenses	7,719	7,789	-0.9%	9,547	-19.1%
Others expenses	950	1,254	-24.2%	291	226.8%
Provisions and impairment losses	0	8	ss	413	ss
Total Expenses (a)	119,714	109,616	9.2%	120,272	-0.5%
EBITDA (b)	40,122	52,090	-23.0%	38,820	3.4%
Margin	25.1%	32.2%	-7,1 pp	24.4%	+0,7 pp
Amortisation and depreciation	13,915	13,263	4.9%	11,387	22.2%
EBIT (c)	26,207	38,827	-32.5%	27,433	-4.5%
Margin	16.4%	24.0%	-7,6 pp	17.2%	-0,8 pp
Gains/Losses in associated companies	495	258	91.9%	1,118	-55.7%
Financial costs	-5,082	-6,569	-22.6%	-8,618	-41.0%
Financial gains	448	1,466	-69.4%	2,668	-83.2%
Financial results	-4,138	-4,845	-14.6%	-4,832	-14.4%
Profit Before Income Tax	22,069	33,982	-35.1%	22,601	-2.4%
Income tax	-4,945	-8,865	ss	-2,667	ss
Profit for the period attributable to parent company's shareholders	17,124	25,117	-31.8%	19,935	-14.1%

(a) Operating costs excluding amortisation, financial expenses and income tax

(b) EBITDA = Earnings before interests, taxes, depreciation and amortisation

(c) EBIT = Earnings before interest and taxes

The first quarter of 2017 was marked by three facts:

- (I) The beginning of a rise trend in the price of pulp, which amounted to 640.5 Euro/ton, which corresponds to an appreciation of around 6% (Euro) compared to the last quarter of the previous year. However, the average price recorded in the first quarter of 2016 was 693.1 Euro/ton, which means that the market price in the quarter under review was 7.6% lower than the price registered in the same period of 2016;

- (II) The continuation of the investment project in the Celtejo industrial unit, with interventions in the recovery boiler, steam reduction and industrial waste water treatment installation, implying a limitation of the factory's operational potential, in terms of production capacity and efficiency of production costs. This investment is expected to be completed by the end of the first half of 2018;
- (III) The suggested adjustment of Legal Regime of Afforestation and Reforestation (RJAR – Regime Jurídico de Arborizações e Rearborizações), which limits the planting of eucalyptus trees, is harmful for 400 thousand forestry producers and could damage competitiveness of the Pulp and Paper Industry, which, nowadays, makes annual wood imports of about 200 million Euro.

Cumulative total production of about 541 thousand tons in the last 2 quarters

Total revenues in the first quarter of 2017 amounted to 159.8 million Euro, a decline of around 1% over the same period of last year and a growth of about 0.5% over the fourth quarter of 2016.

During the period under analysis, approximately 264.4 thousand tons of pulp were produced (+ 5.4% in relation to the first quarter of 2016), of which approximately 26.6 thousand tons of dissolving pulp (+ 15% compared to the same quarter of 2016).

In terms of sales, around 274.3 thousand tons of pulp were sold in the first three months of 2017 (+ 8.2% over the same quarter of 2016), of which approximately 26.6 thousand tons of dissolving pulp (+ 3% compared to the same quarter of the previous year).

It should be noted that cumulatively in the fourth quarter of 2016 and the first quarter of 2017, approximately 540.7 thousand tons of eucalyptus pulp were produced.

Financial Information 1Q 2017

In terms of exports, during the first three months of 2017, Altri exported around 250.5 thousand tons of pulp, corresponding to a growth of around 8% over the same period of the previous year.

Total pulp sales amounted to 134.9 million Euro, which corresponds to a decrease of around 3% over the same period of the previous year and a growth of around 1.2% over the fourth quarter of 2016.

Quarterly EBITDA reaches 40 million Euro

Operating costs increased by 9.2% year-on-year, slightly above the 8.2% increase in pulp sales (+ 8.2%), mainly due to the investments in progress in Celtejo that limit the mill's potential in terms of production and operational efficiency. Thus, total costs, excluding depreciation, financial costs and taxes, in the first quarter of 2017 amounted to approximately 119.7 million Euro, which corresponds to a 0.5% reduction compared to the fourth quarter of 2016.

EBITDA for the first quarter of 2017 was approximately 40.1 million Euro, a decrease of about 23% compared to the EBITDA recorded in the same period of 2016. In relation to the fourth quarter of 2016, EBITDA increased by 3.4%.

The financial result was a net expense of 4.1 million Euro, which corresponds to a decrease of about 14% compared to the net financial expense incurred in the fourth quarter of 2016. The average cost of total financial debt is less than 3%.

Altri's consolidated net profit reached approximately 17 million Euro.

Net debt of 432 million Euro

Altri's nominal debt net of cash and cash equivalents as of 31 March 2017 amounted to 432.2 million Euro, representing a decrease of approximately 6.4 million Euro compared to net debt of 438.6 million Euro recorded in the end of 2016.

The total net investment (CAPEX) made in the 1st quarter of 2017 by the industrial units of the Group amounted to 24.4 million Euro.

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

thousand Euro	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>TOTAL</u>
Bank loans	28	31	24	16	20	28	-	-	146
Commercial paper	84	-	-	5	-	5	-	-	94
Bonds	-	55	40	50	35	45	-	141	366
Other loans	33	1	-	-	-	-	-	-	34
TOTAL	144	87	64	71	55	78	-	141	639

It should be noted that, at the end of the first quarter of 2017, Altri's cash and equivalents amounted to approximately 206.6 million Euro.

With regard to risk management, Altri uses exchange rate derivatives to hedge future cash flows. Accordingly, Altri has contracted European-style call and put options (exchange rate collars) on USD 10 million per month, covering the period from April 2017 to December 2018.

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Key balance sheet indicators

thousand Euro	31.03.2017	31.12.2016	Var%
Biological assets	100,989.0	102,302.6	-1%
Tangible assets	378,030.9	359,638.8	5%
Goodwill	265,531.4	265,531.4	0%
Investments in associated companies and joint ventures	15,478.3	14,983.1	3%
Others	54,998.7	55,072.8	0%
Total non current assets	815,028.2	797,528.7	2%
Inventories	58,547.8	58,890.4	-1%
Customers	92,373.3	92,261.4	0%
Cash and cash equivalents	206,614.6	300,094.3	-31%
Others	35,386.6	36,291.8	-2%
Total current assets	392,922.3	487,537.8	-19%
Total assets	1,207,950.5	1,285,066.5	-6%
Shareholder's equity and non controlling interests	362,755.8	343,642.2	6%
Bank loans	98,250.0	118,000.0	-17%
Other loans	341,913.2	462,357.6	-26%
Reimbursable incentives	16,948.6	14,946.6	13%
Others	56,638.9	48,451.2	17%
Total non current liabilities	513,750.7	643,755.4	-20%
Bank loans	47,474.7	38,897.7	22%
Other current loans	151,885.1	120,854.4	26%
Reimbursable incentives	3,115.2	3,115.2	0%
Suppliers	57,675.0	69,045.1	-16%
Others	71,294.2	65,756.4	8%
Total current liabilities	331,444.1	297,668.9	11%

Pulp Market

In accordance with information from the Pulp and Paper Products Council (PPPC Chemical Market Pulp Global 100 Report – March 2017), during the first quarter of 2017, total demand for hardwood pulp increased by 7.5% (comparing to the same period of 2016), reaching around 8.2 million tons. It is highlighted the eucalyptus pulp which recorded an increase in demand of 7.6% in the same period.

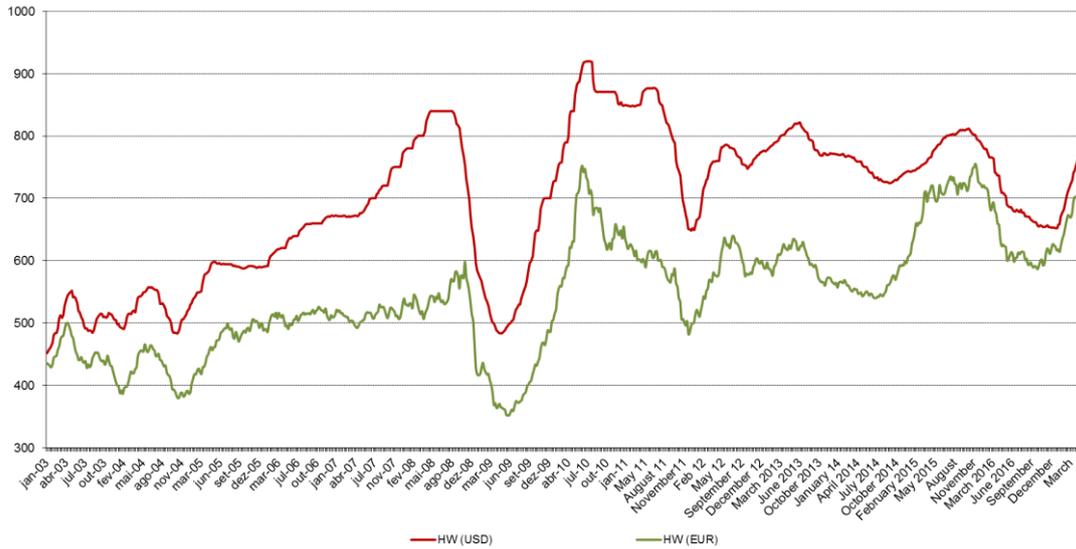
Geographically, the consumption of hardwood pulp in Europe decreased 4.4% while in China the increase reached 24.4%. In relation with eucalyptus pulp, the demand decreased 5.0% in Europe and increased 25.3% in China. In terms of stock days, in March 2017, hardwood pulp had 37 days of inventory (adjusted seasonally), compared to 45 days in March 2016.

The 1st quarter of 2017, in terms of BEKP pulp price evolution, was characterized by an increase of the price (both in USD and EUR) of 3.9% and 6%, respectively, when compared to the previous quarter. The average price in the first quarter of the year amounted to 680.5 USD/ton (vs. 655.1 USD/ton in the previous quarter and 762.4 USD/ton in the same quarter of 2016), while in Euro recorded 640.5 EUR/ton (vs. 604.5 EUR/ton in the previous quarter and 693.1 EUR/ton in the same quarter of 2016).

Financial Information 1Q 2017

Evolution of BEKP pulp price in Europe since 2003 until March 2017 (EUR)

Source: *FOEX*



Outlook – 2nd Quarter 2017

During the second quarter of 2017 it is scheduled the annual stoppage of the industrial unit Caima.

In terms of the pulp market, a favourable evolution of the BEKP pulp sales price is expected during the second quarter of this year.

Altri – Business Profile

Altri is a reference in European eucalyptus pulp producer. In addition to pulp production, the Company is also present in the renewable power production business from forest base sources namely industrial cogeneration through black liquor and biomass. The forestry strategy is based on the full use of all the components provided by the forest: pulp, black liquor and forest wastes.

Currently, Altri has under its intervention over 81 thousand hectares of forest in Portugal entirely certified by Forest Stewardship Council® (FSC®)¹ and by the Program for the Endorsement of Forest Certification (PEFC), two of the most worldwide acknowledged certification entities.

Currently, Altri has three pulp mills in Portugal with an installed capacity that in 2016 amounted to more than 1 million tons/year of bleached eucalyptus pulp.

The Altri Group, through its subsidiaries Celbi and Celtejo, engaged two investment contracts with the Portuguese State, represented by AICEP, at the beginning of 2017, considered to be of strategic interest to the country for the innovation introduced by the creation and qualification of jobs and the development of the regions where the industrial units are located, with financial and fiscal incentives being granted to the projects in question.

The amount of the investment contracted at Celbi was 40 million Euro and is aimed at improving the production process, particularly in the debarking and wrecking of wood and in the washing and bleaching of pulp. At Celtejo, the amount of the investment contracted was 85 million Euro and its objective is the innovation, economic and environmental sustainability of the industrial unit with interventions at the level of the recovery boiler, steam reduction and industrial waste water treatment installation.

¹ FSC-C004615



**Consolidated financial
statements and notes**

FINANCIAL INFORMATION 1Q2017

Consolidated financial statements and notes

(translation of a document originally issued in Portuguese – note 20)

ALTRI, SGPS, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017 AND 31 DECEMBER 2016

(Translation of financial statements originally issued in Portuguese - Note 20)
(Amounts expressed in Euro)

ASSETS	Notes	31.03.2017	31.12.2016
NON CURRENT ASSETS:			
Biological assets		100,988,950	102,302,637
Tangible fixed assets		378,030,864	359,638,821
Investment property		113,309	113,310
Goodwill		265,531,404	265,531,404
Intangible assets		677,370	643,354
Investments in associated companies and joint ventures	4.2	15,478,314	14,983,101
Investments available for sale	4.3	11,262,914	11,262,914
Other non current assets		3,892,000	3,544,289
Deferred tax assets	7	39,053,092	39,508,901
Total non current assets		815,028,217	797,528,731
CURRENT ASSETS:			
Inventories		58,547,840	58,890,414
Customers		92,373,266	92,261,372
Other debtors		2,691,873	4,297,543
State and other public entities		29,536,275	29,538,312
Other current assets		3,158,468	2,455,926
Cash and cash equivalents	6	206,614,566	300,094,254
Total current assets		392,922,288	487,537,821
Total assets		1,207,950,505	1,285,066,552
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share capital	8	25,641,459	25,641,459
Legal reserve		5,128,292	5,128,292
Other reserves		314,861,924	235,894,619
Advance on profits		17,124,089	76,977,826
Consolidated net profit / (loss)		362,755,764	343,642,196
Total shareholders' funds attributable to the parent company's shareholders		-	-
Non controlling interests		-	-
Total shareholders' funds		362,755,764	343,642,196
LIABILITIES:			
NON CURRENT LIABILITIES:			
Bank loans	9	98,250,000	118,000,000
Other loans	9	341,913,157	462,357,627
Reimbursable subsidies	9	16,948,631	14,946,631
Other non current liabilities	7	29,001,532	19,698,356
Deferred tax liabilities		18,981,619	18,731,619
Pension liabilities	10	2,528,818	2,528,818
Provisions	11	5,061,351	5,064,402
		1,065,542	2,428,023
Total non current liabilities		513,750,650	643,755,474
CURRENT LIABILITIES:			
Bank loans	9	47,474,746	38,897,709
Other loans	9	151,885,053	120,854,418
Reimbursable subsidies	9	3,115,183	3,115,183
Suppliers		57,674,958	69,045,134
Other current creditors		29,507,037	14,915,753
State and other public entities		17,014,590	14,318,318
Other current liabilities		23,329,382	34,099,716
Derivatives	11	1,443,142	2,422,650
Total current liabilities		331,444,091	297,668,881
Total shareholders' funds and liabilities		1,207,950,505	1,285,066,552

The accompanying notes form an integral part of the consolidated financial statements

The official chartered accountant

The Board of Directors

FINANCIAL INFORMATION 1Q2017

Consolidated financial statements and notes

(translation of a document originally issued in Portuguese – note 20)

ALTRI, SGPS, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2017 AND 2016

(Translation of financial statements originally issued in Portuguese - Note 20)
(Amounts expressed in Euro)

	Notes	31.03.2017	31.03.2016
Sales		154,999,151	157,663,504
Services rendered		2,411,633	2,198,818
Other income	14	2,425,030	1,843,640
Cost of sales		(69,261,460)	(60,239,977)
External supplies and services		(41,783,093)	(40,325,058)
Payroll expenses		(7,719,061)	(7,789,024)
Amorisation and depreciation		(13,915,112)	(13,262,855)
Provisions and impairment losses	10	-	(8,196)
Other costs	15	(950,237)	(1,253,979)
Gains and losses in associated companies and joint ventures	4.2	495,213	258,113
Financial expenses	12	(5,081,710)	(6,569,155)
Financial income	12	448,451	1,466,100
		<u>22,068,805</u>	<u>33,981,931</u>
Income tax		<u>(4,944,716)</u>	<u>(8,864,868)</u>
		<u>17,124,089</u>	<u>25,117,063</u>
Consolidated net profit		<u>17,124,089</u>	<u>25,117,063</u>
Attributable to:			
Parent company's shareholders		17,124,089	25,117,063
Non controlling interests		-	-
		<u>17,124,089</u>	<u>25,117,063</u>
Earnings per share:			
Basic	13	0.08	0.12
Diluted	13	0.08	0.12

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The official chartered accountant

The Board of Directors

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ALTRI, S.G.P.S., S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2017 AND 2016

(Translation of financial statements originally issued in Portuguese - Note 20)
(Amounts expressed in Euro)

	<u>31.03.2017</u>	<u>31.03.2016</u>
Net consolidated profit / (loss) for the period	17,124,089	25,117,063
Other comprehensive income:		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified to profit and loss		
Change in fair value of cash flow hedging derivatives	1,973,327	-
Changes in currency translation reserves	2,222	(10,989)
Others	13,929	-
	<u>1,989,479</u>	<u>(10,989)</u>
Other comprehensive income for the period	<u>1,989,479</u>	<u>(10,989)</u>
Total comprehensive income for the period	<u>19,113,568</u>	<u>25,106,074</u>
Attributable to:		
Shareholders' of the parent company	19,113,568	25,106,074
Non controlling interest	-	-

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The official chartered accountant

The Board of Directors

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ALTRI. S.G.P.S.. S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2017 AND 2016

(Translation of financial statements originally issued in Portuguese - Note 20)
(Amounts expressed in Euro)

Notes	Attributable to the parent company's shareholders						Non controlling interest	Total shareholder's funds
	Share capital	Legal reserve	Other reserves	Advance on profits	Net profit	Total		
Balance as of 1 January 2016	25,641,459	4,336,498	225,998,128	(51,282,918)	117,656,401	322,349,568	-	322,349,568
Appropriation of the consolidated net profit of 2015	-	-	66,373,483	51,282,918	(117,656,401)	-	-	-
Total comprehensive income for the period	-	-	(10,989)	-	25,117,063	25,106,074	-	25,106,074
Balance as of 31 March 2016	<u>25,641,459</u>	<u>4,336,498</u>	<u>292,360,622</u>	<u>-</u>	<u>25,117,063</u>	<u>347,455,642</u>	<u>-</u>	<u>347,455,642</u>
Balance as of 1 January 2017	25,641,459	5,128,292	235,894,619	-	76,977,826	343,642,196	-	343,642,196
Appropriation of the consolidated net profit of 2016	-	-	76,977,826	-	(76,977,826)	-	-	-
Total comprehensive income for the period	-	-	1,989,479	-	17,124,089	19,113,568	-	19,113,568
Balance as of 31 March 2017	<u>8</u> <u>25,641,459</u>	<u>5,128,292</u>	<u>314,861,924</u>	<u>-</u>	<u>17,124,089</u>	<u>362,755,764</u>	<u>-</u>	<u>362,755,764</u>

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The official chartered accountant

The Board of Directors

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ALTRI, SGPS, S.A.

CONDENSED CONSOLIDATED CASH-FLOW STATEMENTS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2017 AND 2016

(Translation of financial statements originally issued in Portuguese - Note 20)
(Amounts expressed in Euro)

	Notes	31.03.2017	31.03.2016
Operating activities:			
<i>Cash flow from operating activities (1)</i>		<u>36,391,407</u>	<u>37,715,624</u>
Investment activities:			
Receipts relating to:			
Tangible assets	16,809		223,796
Investment subsidies	-		531
Interest and similar income	<u>93,001</u>	109,810	<u>524,625</u>
748,952			
Payments relating to:			
Tangible assets	(24,435,217)		(3,439,606)
Intangible assets	(2,064)		(39,750)
Other financial assets	-		(103,000)
Investment subsidies	-	<u>(24,437,281)</u>	-
<i>Cash flow from investment activities (2)</i>		<u>(24,327,471)</u>	<u>(3,582,356)</u>
(2,833,404)			
Financing activities:			
Receipts relating to:			
Loans obtained	23,111,045		5,555,736
Other financial operations	-	23,111,045	5,103
5,560,839			
Payments relating to:			
Interest and similar costs	(5,564,787)		(4,264,858)
Loans obtained	(123,089,882)	<u>(128,654,669)</u>	<u>(171,933,942)</u>
<i>Cash flow from financing activities (3)</i>		<u>(105,543,624)</u>	<u>(176,198,800)</u>
(170,637,961)			
Cash and cash equivalents at the beginning of the period		300,094,254	243,154,160
Variation of cash and cash equivalents: (1)+(2)+(3)		<u>(93,479,688)</u>	<u>(135,755,741)</u>
Cash and cash equivalents at the end of the period	6	<u>206,614,566</u>	<u>107,398,419</u>

The accompanying notes form an integral part of the consolidated financial statements

The official chartered accountant

The Board of Directors

1. INTRODUCTORY NOTE

Altri, SGPS, S.A. (“Altri” or “Company”) is an open capital company incorporated as of 1 March 2005, as a result of the reorganization process of Cofina, SGPS, S.A., has its head-office located at Rua General Norton de Matos, 68, r/c – Porto, Portugal and its shares are listed in the Euronext Lisbon Stock Exchange. Its main activity is the management of investments.

Altri is the parent company of a group of companies listed in Note 4 known as Altri Group. The current activity of Altri Group focuses on the production of bleached pulp of eucalyptus through three mills (Celbi in Figueira da Foz, Caima in Constância do Ribatejo and Celtejo in Vila Velha de Ródão).

Due to this reality of Altri Group, the Board of Directors believes that there is only one business segment (production and commercialization of bleached pulp from eucalyptus) and the management information is also analysed on this basis, for which the segmental information mentioned in Note 16 is limited by this.

The consolidated financial statements of Altri Group are presented in Euro rounded off to the unit, which is the currency used by the Group in its operations and considered as the functional currency.

2. MAIN ACCOUNTING POLICIES AND BASIS FOR PRESENTATION

The consolidated financial statements as of 31 March 2017 were prepared using accounting policies consistent with the International Financial Reporting Standards and in accordance with the International Accounting Standard and International Accounting Standard 34 – Interim Financial Reporting and includes the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the condensed statement of cash flows as well as the selected explanatory notes.

The accounting policies used in the preparation of the consolidated financial statements of Altri are consistent with those used in the year ended 31 December 2016.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF MISTAKES

During the period there were no changes in accounting policies and were identified no material mistakes related to previous years.

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4. INVESTMENTS

4.1 INVESTMENTS IN SUBSIDIARIES

The companies included in the consolidated financial statements by the full consolidation method, its headquarters, percentage participation held and main activity as of 31 March 2017 and 31 December 2016, are as follows:

Company	Head Office	Percentage Held		Main Activity
		2017	2016	
<u>Parent-Company</u>				
Altri, SGPS, S.A.	Porto			Investment management
<u>Subsidiaries</u>				
Altri Abastecimento de Madeira, S.A.	Figueira da Foz	100%	100%	Wood commercialization
Altri Florestal, S.A.	Figueira da Foz	100%	100%	Forest management
Altri Sales, S.A.	Nyon, Switzerland	100%	100%	Group management support services
Altri, Participaciones Y Trading, S.L.	Vigo, Spain	100%	100%	Commercialization of pulp
Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.	Constância	100%	100%	Production of energy
Caima Indústria de Celulose, S.A.	Constância	100%	100%	Production and commercialization of pulp
Captaraiz Unipessoal, Lda.	Figueira da Foz	100%	100%	Purchase and sale of properties
Celtejo – Empresa de Celulose do Tejo, S.A.	Vila Velha de Ródão	100%	100%	Production and commercialization of pulp
Celulose Beira Industrial (Celbi), S.A.	Figueira da Foz	100%	100%	Production and commercialization of pulp
Inflora – Sociedade de Investimentos Florestais, S.A.	Figueira da Foz	100%	100%	Forest management
Pedro Fruticola, Sociedade Fruticola, S.A.	Constância	100%	100%	Agriculture production
Sociedade Imobiliária Porto Seguro - Investimentos Imobiliários, S.A.	Porto	100%	100%	Purchase and sale of properties
Viveiros do Furadouro Unipessoal, Lda.	Óbidos	100%	100%	Production of plants in nurseries and services related with forests and landscapes

All the above companies were included in the Altri Group consolidated financial statements in accordance with the full consolidation method.

4.2 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

The associated companies and joint ventures, percentage of capital held and main activity as of 31 March 2017 and 31 December 2016 are as follows:

Company	Head Office	Statement of financial position		Percentage Held		Activity
		2017	2016	2017	2016	
<u>Associated companies:</u>						
Operfóz – Operadores do Porto da Figueira da Foz, Lda.	Figueira da Foz	786.050	719.057	33,33%	33,33%	Harbor operations
<u>Joint ventures:</u>						
EDP – Produção Bioeléctrica, S.A.	Lisboa	14.692.264	14.264.044	50%	50%	Energy production
		<u>15.478.314</u>	<u>14.983.101</u>			

Associated companies and joint ventures were included in the Altri Group consolidated financial statements in accordance with the equity method.

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The movements occurred in the balance of this caption in the periods ended in 31 March 2017 and 2016 were as follows:

	Statement of financial position			
	31.March.2017		31.March.2016	
	Operfoz	EDP Bioeléctrica (a)	Operfoz (b)	EDP Bioeléctrica (a)
Opening balance	719,057	14,264,044	697,453	11,310,766
Equity method:				
Effects on gains and losses in associated companies and joint ventures	66,993	428,220	-	258,113
Closing balance	786,050	14,692,264	697,453	11,568,879

The total amount of the statement of financial position, equity and net profit for the periods ended on 31 March 2017 and 31 December 2016 for the main joint ventures and associated companies were as follows:

	31.03.2017	31.12.2016
	EDP Bioeléctrica	EDP Bioeléctrica
Non-current assets	119,638,175	119,046,942
Current assets	22,311,730	23,102,698
Non-current liabilities	61,607,302	61,633,836
Current liabilities	46,874,599	47,838,608
Equity attributable to shareholders of the parent company	33,468,004	32,677,196
Turnover	9,399,764	39,115,664
Net profit	790,806	5,423,422
Total comprehensive income	790,806	5,423,422

(a) – includes loans granted.

(b) – Financial statements as of 31 December 2015.

EDP – Produção Bioeléctrica, S.A. owns shares representing the total share capital of Ródão Power – Energia e Biomassa do Ródão, S.A..

The accounting policies used by these companies do not differ significantly from those used by Altri Group, fact that led to no accounting policies harmonization.

4.3 INVESTMENTS AVAILABLE FOR SALE

As of 31 March 2017 and 31 December 2016 the investments available for sale are as follows:

	Statement of financial position	
	2017	2016
Rigor Capital - Produção de Energia. Lda.	10,527,397	10,527,397
Other investments	735,517	735,517
	11,262,914	11,262,914

It is the understanding of the Altri Group that the caption “Investments available for sale” includes financial investments under 20%, in companies where Altri Group has no significant influence on its management and is stated at acquisition cost, reduced by impairment losses, does not differ significantly from their fair value.

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5. CHANGES OCCURED IN THE CONSOLIDATION PERIMETER

During the three months period ended on 31 March 2017, there were no changes in the consolidation perimeter compared to 31 December 2016.

6. CASH AND CASH EQUIVALENTS

As of 31 March 2017 and 2016, the caption "Cash and cash equivalents" can be detailed as follows:

	<u>31.03.2017</u>	<u>31.03.2016</u>
Cash	54,862	53,437
Bank deposits	206,559,704	107,344,982
Cash and cash equivalents	<u>206,614,566</u>	<u>107,398,419</u>

During the three months periods ended on 31 March 2017 and 2016, there were no receipts or payments related to investments.

7. CURRENT AND DEFERRED TAXES

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during a four-year period (five years for Social Security), with the exception when there have been tax losses, cases when there have been granted tax benefits, or tax inspections or claims are in progress, in which cases the periods may be extended or suspended. Therefore, the Company tax returns since 2013 are still subject to review.

The Board of Directors of Altri believes that any potential corrections resulting from reviews/inspections of these tax returns by the tax authorities will not have a significant effect on the consolidated financial statements as of 31 March 2017.

The movements occurred in deferred tax assets and liabilities in the three months periods ended in 31 March 2017 and 2016 were as follows:

	<u>2017</u>	
	<u>Deferred tax assets</u>	<u>Deferred tax liabilities</u>
Opening balance as of 1 January 2017	39,508,901	18,731,619
Effects on income statement:		
Increases/(Decreases) in provisions not accepted	(68,294)	-
Harmonization of depreciation rates	-	250,000
Others	-	-
Total effect on income statement	<u>(68,294)</u>	<u>250,000</u>
Effects on shareholders' funds:		
Fair value of derivatives	(387,515)	-
Closing balance as of 31 March 2017	<u>39,053,092</u>	<u>18,981,619</u>

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	2016	
	Deferred tax assets	Deferred tax liabilities
Opening balance as of 1 January 2016	27,060,866	15,871,624
Effects on income statement:		
Increases/(Decreases) in provisions not accepted	627,000	-
Harmonization of depreciation rates	(66,972)	-
Others	-	-
Total effect on income statement	560,028	-
Effects on shareholders' funds:		
Fair value of derivatives	-	-
Closing balance as of 31 March 2016	27,620,894	15,871,624

8. SHARE CAPITAL

As of 31 March 2017 and 2016 the Company's fully subscribed and paid up capital consisted of 205,131,672 shares with a nominal value of 12.5 cents of a Euro each.

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9. BANK LOANS, OTHER LOANS AND REIMBURSABLE SUBSIDIES

As of 31 March 2017 and 31 December 2016, the captions “Bank loans”, “Other loans” and “Reimbursable subsidies” can be detailed as follows:

	31.03.2017					
	Nominal Value			Book Value		
	Current	Non Current	Total	Current	Non Current	Total
Bank loans	27,250,000	98,250,000	125,500,000	27,458,045	98,250,000	125,708,045
	20,000,000	-	20,000,000	20,016,701	-	20,016,701
Bank loans	47,250,000	98,250,000	145,500,000	47,474,746	98,250,000	145,724,746
Commercial paper	83,500,000	10,000,000	93,500,000	83,514,929	10,000,000	93,514,929
Bonds	35,000,000	345,000,000	380,000,000	35,082,995	331,385,157	366,468,152
Other loans	33,287,129	528,000	33,815,129	33,287,129	528,000	33,815,129
Other loans	151,787,129	355,528,000	507,315,129	151,885,053	341,913,157	493,798,210
Reimbursable subsidies	3,115,183	16,948,631	20,063,814	3,115,183	16,948,631	20,063,814
	202,152,311	470,726,631	672,878,942	202,474,982	457,111,788	659,586,770

	31.12.2016					
	Nominal Value			Book Value		
	Current	Non Current	Total	Current	Non Current	Total
Bank loans	13,500,000	118,000,000	131,500,000	13,854,263	118,000,000	131,854,263
	25,000,000	-	25,000,000	25,043,446	-	25,043,446
Bank loans	38,500,000	118,000,000	156,500,000	38,897,709	118,000,000	156,897,709
Commercial paper	58,500,000	115,000,000	173,500,000	58,500,000	115,000,000	173,500,000
Bonds	31,600,000	346,500,000	378,100,000	31,790,307	347,357,627	379,147,934
Other loans	30,564,111	-	30,564,111	30,564,111	-	30,564,111
Other loans	120,664,111	461,500,000	582,164,111	120,854,418	462,357,627	583,212,045
Reimbursable subsidies	3,115,183	14,946,631	18,061,814	3,115,183	14,946,631	18,061,814
	162,279,294	594,446,631	756,725,925	162,867,310	595,304,258	758,171,568

The expenditures with the constitution of the loans were deducted from its nominal value, being these recognized as financial expenses along the loan's life period (Note 12).

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10. ACCUMULATED PROVISIONS AND IMPAIRMENT LOSSES

The movements occurred in provisions and impairment losses for the three months periods ended at 31 March 2017 and 2016 can be detailed as follows:

	31.03.2017			
	Provisions	Impairment losses in accounts receivable	Impairment losses in inventories and biological assets	
			Total	
Opening balance	5,064,402	3,717,961	8,319,880	17,102,243
Increases	-	-	-	-
Utilizations	(3,051)	-	-	(3,051)
Closing balance	5,061,351	3,717,961	8,319,880	17,099,192

	31.03.2016			
	Provisions	Impairment losses in accounts receivable	Impairment losses in inventories and biological assets	
			Total	
Opening balance	5,062,741	3,720,996	7,764,789	16,548,526
Increases	-	8,196	-	8,196
Utilizations	(3,051)	-	-	(3,051)
Closing balance	5,059,690	3,729,192	7,764,789	16,553,671

The amount recorded under the caption "Provisions" as at 31 March 2017 and 2016 is the best estimate of the Board of Directors in order to face all the losses that may be supported due to claims in force.

11. DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 March 2017 and 2016 the companies of the Group operated with contracts for derivatives related to hedge interest rate variations and as of 31 March 2017 it had contracts of exchange rate derivatives, which are recorded according to their fair value.

Altri Group's companies only use derivatives to hedge cash flows associated with operations created related with their activities.

As of 31 March 2017 and 2016 the detail of the financial derivative instruments and its movements occurred in the three months period then ended are as follows:

	Exchange Rate Derivatives		Interest rate derivatives
	Current	Not current	
Opening balance as of 31 December 2017	(1.873.584)	(2.428.023)	(549.066)
Derivatives fair value variation/cessation			
Effects on shareholder's funds	920.870	1.362.481	77.491
Effects on the profit and loss statement	-	-	(18.853)
Closing balance as of 31 March 2017	(952.714)	(1.065.542)	(490.428)

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	Interest rate derivatives
Opening balance as of 31 December 2015	(141.283)
Derivatives fair value variation/cessation	
Effects on shareholder's funds	-
Effects on the profit and loss statement	(5.384)
Closing balance as of 31 March 2016	<u>(146.667)</u>

12. FINANCIAL RESULTS

The financial results for the three months periods ended at 31 March 2017 and 2016 are detailed as follows:

	31.03.2017	31.03.2016
<u>Financial expenses:</u>		
Interests	3.483.401	3.306.273
Other financial expenses	1.598.309	3.262.882
	<u>5.081.710</u>	<u>6.569.155</u>
<u>Financial income:</u>		
Interests	109.742	325.265
Other financial income	338.709	1.140.835
	<u>448.451</u>	<u>1.466.100</u>

The caption "Other financial expenses" includes, mainly, expenses with loans setup, which are recognized in the profit and loss statement through the duration of those loans (Note 9) and on interest rate derivatives instruments that matured or were paid until that date (Note 11).

13. EARNINGS PER SHARE

Earnings per share for the three months periods ended as of 31 March 2017 and 2016 were determined taking into consideration the following amounts:

	31.03.2017	31.03.2016
Share number considered for the computation of basic and diluted earnings	205,131,672	205,131,672
Net profit considered for the computation of basic and diluted earnings	17,124,089	25,117,063
Earnings per share		
Basic	0.08	0.12
Diluted	0.08	0.12

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14. OTHER INCOME

As of 31 March 2017 and 2016 the caption of the statement of profit and loss “Other Income” is detailed as follows:

	31.03.2017	31.03.2016
Subsidies to investment and exploitation	1,062,942	1,334,498
Gains on disposal of fixed assets	28,754	184,714
Other income	1,333,334	324,428
	<u>2,425,030</u>	<u>1,843,640</u>

15. OTHER EXPENSES

As of 31 March 2017 and 2016 the caption of the statement of profit and loss “Other expenses” is detailed as follows:

	31.03.2017	31.03.2016
Direct taxes and charges	441,453	401,716
Other costs	508,784	852,263
	<u>950,237</u>	<u>1,253,979</u>

16. SEGMENTAL INFORMATION

On 16 April 2008, was signed the Altri SGPS, S.A. spin-off public deed. Under the terms of that project, the planned reorganization implies the split of Altri's two business units that manage equity holdings in the pulp and paper sector and in the steel and storage systems sector. This reorganization aimed a bigger focus and transparency on ALTRI's business, and giving each of the areas an opportunity to be better seen and better evaluated by the market. This allows for the Altri Group to focus its activity on its core business, production and commercialization of bleached pulp from eucalyptus, so the Board of Directors believes that there is only one business segment and the management information is reported and analysed on this basis.

17. RELATED PARTIES

The subsidiary companies of the Group have between each other transactions that classify as transactions with related parties and which are made at market prices.

In the consolidation procedures the transactions between the companies included in consolidation by the full consolidation method are eliminated, once the consolidated financial statements present the owner and its subsidiaries information as one single company, therefore they are not disclosed in this note.

During the three months periods ended at 31 March 2017 and 2016, there were no transactions or loans granted to the members of the Board of Directors.

As of 31 March 2017 and 2016 the balances and transactions with related parties are as follow:

	Purchases and services obtained		Sales and services rendered		Interest income	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Transactions						
Associated companies and joint ventures (a)	603.507	489.179	4.244.947	3.619.280	33.716	76.436
Other related parties (b)	661.689	1.664.054	-	-	-	-
	<u>1.265.196</u>	<u>2.153.233</u>	<u>4.244.947</u>	<u>3.619.280</u>	<u>33.716</u>	<u>76.436</u>
	Accounts payable		Accounts receivable		Loans granted	
	31.03.2017	31.12.2016	31.03.2017	31.12.2016	31.03.2017	31.12.2016
Associated companies and joint ventures (a)	133.471	268.133	3.425.303	6.359.604	11.482.905	11.482.905
Other related parties (b)	231.002	6.404.548	-	127.982	-	-
	<u>364.473</u>	<u>6.672.681</u>	<u>3.425.303</u>	<u>6.487.586</u>	<u>11.482.905</u>	<u>11.482.905</u>

(a) All entities consolidated by the equity method as of 31 March 2017 and 2016 (Note 4.2);

(b) Were considered as related parties the companies listed below.

Besides the companies included in consolidation (Note 4), entities considered as related parties as of 31 March 2017 can be detailed as follow:

- Actium Capital, SGPS, S.A.
- Adcom Media Anúncios e Publicidade, S.A.
- Alteria, SGPS, S.A.
- A Nossa Aposta – Jogos e Apostas On-line, S.A.
- Base Holding, SGPS, S.A.
- Caderno Azul, SGPS, S.A.
- Cofihold, SGPS, S.A.
- Cofina Media, S.A.
- Cofina, SGPS, S.A.
- Destak Brasil – Editora de Publicações, S.A.
- Destak Brasil – Empreendimentos e Participações, S.A.
- Elege Valor, SGPS, S.A.
- Expeliarmus – Consultoria, S.A.
- F. Ramada II, Imobiliária, S.A.
- F. Ramada – Investimentos, SGPS, S.A.
- Grafedisport – Impressão e Artes Gráficas, S.A.
- Livrefluxo, SGPS, S.A.
- Mercados Globais – Publicação de Conteúdos, Lda.
- Planfuro Global, S.A.
- Préstimo – Prestígio Imobiliário, S.A.
- Promendo, SGPS, S.A.
- Ramada – Aços, S.A.
- Ramada Storax, S.A.
- Socitrel – Sociedade Industrial de Trefilaria, S.A.
- Storax S.A.
- Storax Benelux, S.A.
- Storax Ltd.
- Storax España, S.L.
- Universal Afir, S.A.
- Valor Autêntico, SGPS, S.A.
- VASP – Sociedade de Transportes e Distribuições, Lda.
- 1 Thing Investments, SGPS, S.A.

18. APPLICATION OF THE NET PROFIT

The Board of Directors proposed, in its annual report, approved at the General Shareholders' Meeting held on 26 April 2017, that the individual net profit of Altri SGPS, S.A. amounting to 59,541,558.30 Euros would be allocated as follows:

Free reserves	8,258,640.30
Distribution of dividends	51,282,918.00

	59,541,558.30
	=====

19. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors and authorized for issuance in 5 May 2017.

20. EXPLANATION ADDED FOR TRANSLATION

These condensed consolidated financial statements are a translation of financial statements originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards and with accordance with the International Accounting Standard 34 – Interim Financial Reporting, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Board of Directors

Paulo Jorge dos Santos Fernandes

João Manuel Matos Borges de Oliveira

Domingos José Vieira de Matos

Laurentina da Silva Martins

Pedro Miguel Matos Borges de Oliveira

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