



ALTRI, SGPS, S.A.

Public Company

Head Office: Rua do General Norton de Matos, 68, r/c – Oporto

Fiscal Number 507 172 086

Share Capital: 25,641,459 Euro

**Financial Information – 3rd 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 in 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 3Q 2017

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

Income Statement – 3Q 2017

thousand Euro	3Q 2017	3Q 2016	3Q17/3Q16 Var%	2Q 2017	3Q17/2Q17 Var%
Total Revenues	165,539	149,542	10.7%	165,417	0.1%
Cost of Sales	62,233	59,803	4.1%	68,700	-9.4%
External supplies and services	39,832	39,752	0.2%	40,049	-0.5%
Payroll expenses	8,649	8,135	6.3%	8,461	2.2%
Other costs	1,089	1,605	-32.2%	826	31.9%
Provisions and impairment losses	0	0	ss	0	ss
Total Costs (a)	111,802	109,295	2.3%	118,036	-5.3%
EBITDA (b)	53,737	40,247	33.5%	47,381	13.4%
Margin	32.5%	26.9%	+5.5 pp	28.6%	+3.8 pp
Depreciations and Amortizations	13,729	13,249	3.6%	13,918	-1.4%
EBIT (c)	40,008	26,998	48.2%	33,463	19.6%
Margin	24.2%	18.1%	+6.1 pp	20.2%	+3.9 pp
Gains/Losses in associated companies	937	1,179	-20.5%	925	1.3%
Financial Costs	-6,164	-5,463	12.8%	-5,451	13.1%
Net exchange gains/losses	-1,135	254		-1,661	
Financial gains	1,276	774	64.8%	1,250	2.1%
Financial Results	-5,087	-3,256	56.2%	-4,937	3.0%
Profit Before Income Tax	34,922	23,742	47.1%	28,526	22.4%
Income Tax	-8,489	-6,920	22.7%	-4,098	107.2%
Consolidated Net Profit	26,433	16,823	57.1%	24,428	8.2%

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

(b) EBITDA = earnings before interests, taxes, depreciation and amortization

(c) EBIT = earnings before interests and taxes

During the third quarter of 2017 the price of BHKP pulp maintained the upward trend, by rising around 12% in USD (from 783 USD in the previous quarter to 873 USD in the current quarter), while in EUR this increase was around 5%.

On the other hand, the investment projects in Celbi and Celtejo's industrial units remain on course, being highlighted the latter, with interventions in the recovery boiler, steam reduction and industrial waste water treatment installations, implying a limitation of the mill 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.

In respect to the investment in Celtejo, there was a short programmed maintenance stoppage in September (three days) in this industrial unit.

EBITDA of 54 million Euro and margin of 32.5%

Total revenues in the third quarter of 2017 achieved 165.5 million Euro, an increase of 11% over the same period of last year and in line with the revenues from the previous quarter.

During the period under analysis, approximately 270 thousand tons of pulp were produced (268 thousand in the third quarter of 2016), of which approximately 28.2 thousand tons of dissolving pulp (26.9 thousand tons in the same quarter of 2016).

In terms of sales, in the third quarter, were sold approximately 255 thousand tons of pulp, of which 27 thousand tons were dissolving pulp. The difference between produced tons and sold tons is related with the need to accumulate stocks to offset the lower estimated production for the fourth quarter of 2017, as a consequence of the programmed maintenance stoppage at Celbi's industrial unit.

In terms of exports, during the period under analysis, Altri exported around 228.6 thousand tons of pulp, corresponding to approximately 126 million Euro, corresponding to approximately 90% of its pulp sales.

Total pulp sales amounted to 139.7 million Euro, which corresponds to a decrease of approximately 1.6% over the previous quarter of 2017, in result of the reduction of the volume sold and an increase of 13% in relation to the same period of the previous year.

Operating costs recorded an increase of 2.3% over the same period of 2016, higher than the variation in the volume sold (-1.3%), which is explained by the normal inefficiencies that arise during investment periods and the above-mentioned stoppage at Celtejo's industrial unit. Total costs, excluding amortisations, financial costs and taxes, in this quarter, amounted to approximately 111.8 million Euro, which corresponds to a reduction of 5.3% over the previous quarter of 2017.

Regarding the forest fires that happened in the country until the 30th of September 2017, the effect over the Group's consolidated financial statements is fully recorded and is immaterial. Considering the forests fires that occurred after the closing of the quarter, the Company is currently evaluating their impact. However, it is not expected that these events will be materially relevant, neither jeopardize the wood supply to the plants in the short-term.

EBITDA for the third quarter of 2017 was around 53.7 million Euro, an increase of 34% compared to EBITDA recorded in the same period of 2016. In relation to the second quarter of 2017, EBITDA increased 13%.

The financial result was a net loss of 5 million Euro. The variation of the financial result is due to exchange rate differences, a consequence of the devaluation of USD against EUR that occurred during the period under analysis. The average cost of total financial debt is below 3%.

Altri's consolidated net profit reached approximately 26.4 million Euro, an increase of 8% over the second quarter of 2017 and an increase of 57% over the same quarter of the previous year.

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First nine months of 2017

In accumulated figures, total revenues reached approximately 491 million Euro (+8%). EBITDA reached 141.2 million Euro, corresponding to an increase of 10% over the same period of 2016. The net profit was around 68 million Euro, an increase of 19% over the first nine months of 2016.

thousand Euro	9M 2017	9M 2016	var %
Total Revenues	490,792	453,403	8.2%
Cost of Sales	200,195	177,678	12.7%
External supplies and services	121,663	118,266	2.9%
Payroll expenses	24,829	24,290	2.2%
Other costs	2,865	4,599	-37.7%
Provisions and impairment losses	0	-88	ss
Total Costs (a)	349,552	324,746	7.6%
EBITDA (b)	141,240	128,657	9.8%
Margin	28.8%	28.4%	+0.4 pp
Depreciations and Amortizations	41,562	39,805	4.4%
EBIT (c)	99,678	88,852	12.2%
Margin	20.3%	19.6%	+0.7 pp
Gains/Losses in associated companies	2,358	1,907	23.6%
Financial Costs	-19,494	-15,961	22.1%
Net exchange gains/losses	0	0	ss
Financial gains	2,974	3,298	-9.8%
Financial Results	-14,162	-10,756	31.7%
Profit Before Income Tax	85,516	78,097	9.5%
Income Tax	-17,532	-21,053	-16.7%
Consolidated Net Profit	67,985	57,043	19.2%

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

(b) EBITDA = earnings before interests, taxes, depreciation and amortization

(c) EBIT = earnings before interests and taxes

Free Cash Flow to Equity reached 19,5 million Euro

Altri's nominal debt net of cash and cash equivalents at 30 September 2017 reached to 436.3 million Euro, which corresponds to a decrease of 19.5 million Euro compared to net debt of 455.8 million Euro, recorded in the end of June 2017.

The total net investment (CAPEX) incurred until the end of September 2017 by the industrial units of the Group amounted to 59.4 million Euro, which means that during the third quarter of 2017 it was paid 11.7 million Euro of CAPEX.

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

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	TOTAL
Bank loans	12	16	16	16	20	28	-	-	-	-	-	108
Commercial paper	30	-	12	-	37	-	-	-	-	-	-	79
Bonds	-	55	40	-	35	45	-	141	90	-	35	441
Other Loans	42	0	0	0	-	-	-	-	-	-	-	42
TOTAL	84	71	68	16	92	73	-	141	90	-	35	669

In the end of September 2017, Altri's cash and equivalents amounted to approximately 233 million Euro.

Regarding the 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 10 million USD per month, covering the period from October 2017 to December 2018.

For the fourth quarter of 2017, the exchange rate collars present lower levels between 1.000 and 1.065 and protection levels of 1.15 and 1.17.

During the month of October, it was contracted European-style exchange rate collars, with a notional amount of 6 million USD per month, covering the 12 months of 2019.

Key Balance Sheet Indicators

Thousand Euro	9M2017	2016	Var%
Biological Assets	97,572.0	102,302.6	-5%
Tangible Assets	386,429.1	359,638.8	7%
Goodwill	265,531.4	265,531.4	0%
Investments in associated companies and joint venture	17,285.7	14,983.1	15%
Others	54,379.5	55,072.8	-1%
Non-Current Assets	821,197.7	797,528.7	3%
Inventories	65,553.4	58,890.4	11%
Costumers	107,286.2	92,261.4	16%
Cash and Cash Equivalents	233,002.9	300,094.3	-22%
Others	33,806.4	36,291.8	-7%
Current Assets	439,648.8	487,537.8	-10%
Total Assets	1,260,846.5	1,285,066.5	-2%
Shareholders' Equity and non-controlling interests	366,876.3	343,642.2	7%
Bank Loans	79,500.0	118,000.0	-33%
Other Loans	484,143.4	462,357.6	5%
Reimbursable Incentives	17,142.9	14,946.6	15%
Others	43,682.8	48,451.2	-10%
Non-Current Liabilities	624,469.1	643,755.4	-3%
Bank Loans	28,205.1	38,897.7	-27%
Other Loans	77,620.2	120,854.4	-36%
Reimbursable Incentives	1,929.6	3,115.2	-38%
Suppliers	81,341.5	69,045.1	18%
Others	80,404.7	65,756.4	22%
Current Liabilities	269,501.1	297,668.9	-9%

Pulp Market

In accordance with information from the Pulp and Paper Products Council (PPPC World Chemical Market Pulp Global 100 Report – September 2017), during the first nine months of 2017, total demand for hardwood pulp increased by 3.6% relatively to the same period of 2016, reaching around 24.7 million tons, which represents an increase of 1 million of tons. The hardwood pulp produced through eucalyptus recorded an increase in demand of 2.9% in the same period.

In terms of stock days, the hardwood pulp had 40 days of inventory in the end of September, compared to 43 days one year ago. Comparing August with September of 2017, there was an increase of three days of inventory.

Concerning the supply evolution, during the second semester of 2017 there were unscheduled stops of some hardwood pulp producers, which had a very positive impact in terms of pulp price evolution. On the other hand, it was announced the entry of a new mill in Brazil – Horizonte 2 belonging to Brazilian company Fibría.

In terms of BEKP pulp price evolution, the third quarter of 2017 was characterized by an increase of the price in USD of 12% compared to the previous quarter and an increase of the price in EUR of 5%. The average price recorded in the period under analysis reached 873 USD/ton (vs. 783 USD/ton in the previous quarter), while in Euro achieved 746 EUR/ton (vs. 714 EUR/ton in the previous quarter).

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Evolution of BEHK pulp price in Europe since 2003 until the press release date (EUR)

Source: FOEX



Outlook for the 4th quarter of 2017

During the fourth quarter of 2017, Celbi's industrial unit had its programmed annual stoppage, which occurred in accordance with the forecast, having the production in that industrial unit restarted successfully at the date of this press release. It was also concluded the ongoing investment project in that mill.

In terms of BHKP pulp selling prices evolution it is expected that, in the short-term, the prices will remain with an upward trend, peaking historical levels. However, the level of prices announced start to jeopardize the profitability of some paper producers.

Moreover, already during the fourth quarter, Altri received 12 million Euro related to payments on account of income tax from previous years.

Altri – Business Profile

Altri is a European reference 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 the 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 installations.

¹ FSC-C004615

Financial Information 3Q 2017

ALTRI, SGPS, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Amounts expressed in Euro)

ASSETS	30.09.2017	31.12.2016
NON-CURRENT ASSETS		
Biological assets	97,572,019	102,302,637
Tangible fixed assets	386,429,065	359,638,821
Investment property	113,310	113,310
Goodwill	265,531,404	265,531,404
Intangible assets	689,191	643,354
Investments in associated companies and joint ventures	17,285,739	14,983,101
Investments available for sale	11,262,914	11,262,914
Other non current assets	3,374,254	3,544,289
Financial derivative instruments	1,447,282	-
Deferred tax assets	37,492,515	39,508,901
Total Non-Current Assets	821,197,693	797,528,731
CURRENT ASSETS		
Inventories	65,553,359	58,890,414
Biological Assets	340,119	-
Customers	107,286,173	92,261,372
Other debtors	2,856,106	4,297,543
State and other public entities	25,023,682	29,538,312
Other current assets	2,884,289	2,455,926
Derivative financial instruments	2,702,206	-
Cash and cash equivalents	233,002,863	300,094,254
Total Current Assets	439,648,797	487,537,821
TOTAL ASSETS	1,260,846,490	1,285,066,552
EQUITY AND LIABILITIES		
EQUITY		
Share capital	25,641,459	25,641,459
Legal reserve	5,128,292	5,128,292
Other reserves	268,121,786	235,894,619
Consolidated net profit / (loss)	67,984,749	76,977,826
Total shareholders' funds attributable to the parent company's shareholders	366,876,286	343,642,196
Non-controlling Interests	-	-
Total Equity	366,876,286	343,642,196
LIABILITIES		
NON-CURRENT LIABILITIES		
Bank loans	79,500,000	118,000,000
Other loans	484,143,420	462,357,627
Reimbursable subsidies	17,142,916	14,946,631
Other non current liabilities	16,433,445	19,698,356
Deferred tax liabilities	19,665,254	18,731,619
Pension liabilities	2,528,818	2,528,818
Provisions	5,055,249	5,064,402
Financial derivative instruments	-	2,428,023
Total Non-Current Liabilities	624,469,102	643,755,474
CURRENT LIABILITIES		
Bank loans	28,205,123	38,897,709
Other loans	77,620,159	120,854,418
Reimbursable subsidies	1,929,607	3,115,183
Suppliers	81,341,496	69,045,134
Other current creditors	23,167,212	14,915,753
State and other public entities	15,193,937	14,318,318
Other current liabilities	41,466,705	34,099,716
Financial Derivatives Instruments	576,863	2,422,650
Total Current Liabilities	269,501,102	297,668,881
Total Equity and Liabilities	1,260,846,490	1,285,066,552

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

(Amounts expressed in Euro)

	9M 2017	9M 2016	3Q2017	3Q2016
Sales	477.835.461	440.120.191	161.172.637	144.821.070
Services rendered	7.022.834	6.952.130	2.296.477	2.353.058
Other income	5.933.918	6.330.947	2.070.081	2.367.723
Cost of sales	(200.195.087)	(177.678.296)	(62.233.150)	(59.802.888)
External supplies and services	(121.663.416)	(118.266.097)	(39.831.617)	(39.751.708)
Payroll expenses	(24.829.259)	(24.289.718)	(8.648.732)	(8.135.096)
Amortisation and depreciation	(41.561.883)	(39.804.980)	(13.728.614)	(13.248.808)
Provisions and impairment losses	-	87.602	-	-
Other costs	(2.864.676)	(4.599.490)	(1.088.834)	(1.605.352)
Gains and losses in associated companies and joint ventures	2.357.638	1.906.741	937.148	1.179.315
Financial expenses	(19.493.573)	(15.960.733)	(7.299.519)	(5.209.075)
Financial income	2.974.300	3.298.335	1.275.866	774.171
Profit before income tax	85.516.257	78.096.632	34.921.744	23.742.409
Income tax	(17.531.508)	(21.053.448)	(8.489.118)	(6.919.690)
Consolidated net profit	67.984.749	57.043.184	26.432.625	16.822.719

Oporto, November 3, 2017

The Board of Directors