Participation

Diogo da Silveira – CEO
Fernando Araújo – CFO
António Redondo – CCO
Nuno Santos
João Paulo Oliveira
Joana Appleton – IR
Q4/FY 2017 Results presentation

- Main highlights
- Market outlook
- Group performance
- Update on new projects
## FY 2017 – Key Highlights

| P&P Market 2017                  | • Strong performance for pulp, with steep increase in prices  
|                                | • Improvement in UWF demand and gradual price recovery  |
| Volumes                        | • Sales of UWF: 1 578 kton (-0.5%)  
|                                | • BEKP sales totalled 311 kton (+7%)  
|                                | • Tissue: improvement in sales (+9%)  
|                                | • Energy: +9% in volume sold  |
| Cost reduction                 | • M2 continues to deliver with total estimated impact at € 27 million  |
| Operating margin               | • EBITDA grows 2% to € 404 million  
|                                | • EBITDA/Sales of 25%  |
| Financial costs and FX operations | • Financial costs reduced by 63% YoY  
|                                | • Hedging operations with positive results offsetting negative impact of FX evolution  |
| Capex                          | • Projects evolving on time and on budget  |
| Outlook                        | • Positive momentum for prices should continue  |
Strong market for pulp prices in 2017

2017 BHKP in USD: +51% and BHKP in Euros: +33%

2017 YoY average BHKP in USD: +19% and BHKP in Euros: +16%
Pulp market in 2017

<table>
<thead>
<tr>
<th>BHKP M TAD</th>
<th>SUPPLY</th>
<th>DEMAND</th>
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<tbody>
<tr>
<td>Capacity Increase</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>Capacity adjustments</td>
<td>-2.8</td>
<td></td>
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<tr>
<td>Net Impact</td>
<td>-1</td>
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Upward trend in paper prices

Paper Benchmark has been gradually improving but the average price for the paper benchmark is still down 1% YoY

European Market Paper Price – A4 B-copy

Source: FOEX
**World paper market during 2017**

**Global demand for paper increased 0.2% (YTD Nov)**

**USA**

**Declining demand UWF:** both in CS (-6.9%) and FL&RL (-5.2%) YTD Nov 2017

-5.9% UWF in 2017 (YoY Nov)

**Price increase** in Oct-Nov and Jan-Feb 2018

**Capacity decrease** (700 kton, aligned with his expected decrease of the market in 2016-18):

- Neenah Paper: -20, Q1 17
- Glatfelter: -52, Oct 17
- Appleton C.: -64, Oct 17
- Flambeau RP: -71, Q1 18
- PCA/Boise: -65, Q2 18
- GP: -215, Q2 18
- IP: -215, 2018
- Domtar: ?

Good Macroeconomic Outlook for 2018

**EUR**

**Growing demand UWF:** in CS (+0.8%) and FL (+2.4%) and falling in RL (-2.8%) 2017e (imports Nov&Dec estimated)

**+0.1%** 2017e (YoY )

**January price increase** (+4 to 12%)

Paper Machines in Sweden and Italy restarted in January

**Pulp prices** pressuring especially non-integrated mills

Good Macroeconomic Outlook for 2018

**Asia/China**

**Growing demand UWF:** +2.6% 2017e

Major players (APP and APRIL) announced in the last months aggregated worldwide price increases of more than +200 USD/ton

**Capacity increase** end 2017 and 2018:

- In China: +0.7 to 1.4 M ton
- In UAE: +300 kton

Tight environmental policies pressuring “old China” closures (little details available)

Ongoing energy restriction policies near Shangai and Beijing (not affecting significant UWF volumes for now)

Good Macroeconomic Outlook for 2018

Source: Risi; EMGE Euro-Graph; PPC; The Navigator Company
EBITDA Performance in 2017

Positive performance in EBITDA due to price effect and cost reduction

* Costs include reduction in wood costs and energy
* Non recurring items include insurance indemnities, biological assets and negative EBITDA from Pellets
Solid paper performance in 2017

- Sales of 1,578 kton of UWF (-8.6 kton; -0.5%)

- **Navigator led 4 price increases in Europe and International markets in 2017**, but average sales price remained almost in line with 2016 (-0.3% YoY) due to:
  - FX impact (USD and GBP)
  - Geographic market mix

- **Prices in Europe and Overseas markets recovered throughout 2017, but came down in the US, mainly in Euros**

- **Back to product mix improvement**: premium products share up to 49% (+57 kton YoY) and Mill Brands up to 62% (+45 kton YoY)

- Strong order book at year end of 35 days
Sales to over 122 countries with 84 new clients

1,578 kton
FY 2017 Sales

- 123 kton USA 8%
- 976 kton Europe 62%
- 187 kton Middle East 12%
- 226 kton Africa 14%
- 59 kton Latin America 4%
- 8 kton Asia/Oceania 0.5%

Source: The Navigator Company
**Strong contribution from pulp**

- **Pulp sales up 7% in volume to 311 thousand ton**
- Navigator’s price increased on average 12% YoY, but gained 35% from December 2016 to December 2017
- **8% Growth YoY in Decor and Special papers segments, high contribution segments (representing 61% of total sales)**
- Increased sales to overseas markets: +9 kton (YoY)
- End of December inventories at very low level (7 days) when compared to year end 2016 and well below industry’s average (39 days at the end of November)
- Lower volume in Q4 due to annual maintenance shutdown and need to replenish stocks
Tissue business continues to increase

- Volume of tissue sold in converted products increases 9% YoY
- **Sales increased 10% to € 74 million (vs. € 67 million)**
- Average sales price in FY 2017 1.4% higher YoY due to improvement in product mix
- Operating margin impacted by pulp price increase

**Tissue Sales by market**

- Portugal: 65% (66% in 2016)
- Spain: 33% (33% in 2016)
- Other: 2% (1% in 2016)

**Tissue Sales by segment**

- AFH 53% (48% in 2016)
- AH 26% (27% in 2016)
- C&C 11% (12% in 2016)
- Reels 9% (12% in 2016)
- Other 2% (1% in 2016)
Industrial performance - Highlights

- Positive evolution of safety indexes
- Record pulp production in Cacia, with 354 ktAD (+13 ktAD vs. 2016)
- Record pulp production in Figueira da Foz, with 593 ktAD (+7 ktAD vs. 2016)
- Record paper production at ATF, with 610 kton (+10 kton vs. 2016)
- Record production of tissue paper in V. V. Ródão, with 56 kton (+10 kton vs. 2016)
- Positive energy balance against 2016 (+ € 12.8 million)
M2 program achieves excellent results

• **M2 cost reduction and efficiency programme continues with estimated impact on EBITDA in FY 2017 of € 27 million**

• Of a total of 126 projects with successful initiatives, the following stand-out:
  
  + Wood: € 5.5 million
  + Chemicals: € 3.8 million
  + Energy purchases: € 3 million
  + Product packaging: € 2.7 million

• **Global 5 year target for 2016-2029: € 100 million, of which € 43 million already achieved**
With operating cash flow in line with FY2016, free cash flow gained €14 million YoY, positively impacted by lower capex (-€24 million) and evolution of working capital (mainly reduction in inventories).

* Other includes Bio Assets, Antidumping, Other Suppliers Assets/Liabilities and State & Public entities which include €43 million related to advance on tax payments.
Financial results improve by € 13 million sustained by lower borrowing costs and positive FX hedging

- Interest paid were down € 4.9 million YoY
- FX effects resulting from hedging operations of € 6 million
Interest expense significantly improved

Debt restructuring achieved over the last 2 years allowed to reduce interest expense, even in a scenario of higher gross debt.
Capex of € 115 million (vs. € 139 million)
Positive outlook for 2018

**Pulp** – new increase in prices have been announced, continuing pulp momentum; pulp market should remain balanced throughout the year even with slower demand.

**Tissue** - high competition and pressure on margins due to rise in pulp price expected to continue.

**Paper** – positive year expected with higher prices for UWF; exchange rate remains main cause for concern.

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Significant challenges for 2018 as new pulp capacity at Figueira da Foz starts-up in April and new tissue line at Cacia starts producing first reels in August.
Pellet business - Sale agreement to divest

- Commercial start-up of the 500 kton mill in a difficult environment, with sales volume of 120 kton and turnover of €15 million in 2017

- EBITDA for pellets remained negative throughout the year

- Navigator was presented with an attractive opportunity to divest and signed an agreement to sell its pellets business for USD 135 million

- Sale is subject to certain conditions and expected to be concluded during the first half of 2018
Mozambique project – Current status

- Scale down rhythm of investment and operations in 2017
- Company remains engaged and is negotiating necessary conditions to proceed with the project
- Plans to build the Moatize-Macuse railway line and the port of Macuse, due for completion in 2021-22 increase attractiveness of the project
Update on New Projects - Cacia Tissue

- Integrated tissue mill with capacity to produce 70 kton of reels and converting products with estimated capex of 120 million

- Main equipment suppliers have been selected and 92% of capex already committed

- 60% of civil works executed; mechanical assemblies and piping started, with 360 workers currently involved

- **Project on time and on budget: paper machine to start up in Q3 2018**
Update on New Projects – Pulp F. Foz

Optimization Project 3 – Ecofficiency

Main Goals:

• Increase the annual pulp production from 580,000 to 650,000 tAD
• Increase the efficiency of Pulp process
• Reduce wood and chemicals specific consumption
• Implementation of BAT (ex: O2 delign)
• Environmental advantage for flue gas and liquid effluent emissions
• Collection and burning of diluted odorous gases (DNCG’s)

• Capex of € 85 million (50% commissioned)

• Project on time and on budget: new capacity planned to come online in April 2018
Navigator sustainability path

• “Inpactus”, the new R&D project to create innovative products and technologies from Eucalyptus

• Navigator participated for the 1st time in the CDP rating obtained score A- Leadership in the CDP – Climate Change 2017

• Navigator as “The Web Summit Carbon Offsetting Partner”
Back-up slides - Financials
Quarterly figures – YoY evolution

**Turnover (M €)**

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<thead>
<tr>
<th></th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
<th>Q4 2017</th>
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<tr>
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<td>422</td>
<td>393</td>
<td>420</td>
<td>397</td>
<td>427</td>
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**EBITDA (M €)**

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<tr>
<th></th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
<th>Q4 2017</th>
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<td>96</td>
<td>90</td>
<td>108</td>
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**Net Earnings (M €)**

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<tr>
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<th>Q4 2016</th>
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<th>Q2 2017</th>
<th>Q3 2017</th>
<th>Q4 2017</th>
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<td>83</td>
<td>36</td>
<td>61</td>
<td>50</td>
<td>62</td>
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**EBITDA/Sales (%)**

<table>
<thead>
<tr>
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<th>Q4 2016</th>
<th>Q1 2017</th>
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<th>Q3 2017</th>
<th>Q4 2017</th>
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<tbody>
<tr>
<td></td>
<td>23%</td>
<td>23%</td>
<td>26%</td>
<td>26%</td>
<td>25%</td>
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**ROCE (%)**

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<tbody>
<tr>
<td></td>
<td>11%</td>
<td>11%</td>
<td>15%</td>
<td>13%</td>
<td>15%</td>
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**ROE (%)**

<table>
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<th>Q4 2017</th>
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<tr>
<td></td>
<td>28%</td>
<td>11%</td>
<td>21%</td>
<td>17%</td>
<td>21%</td>
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Group financial performance – quarterly figures

CAPEX (M €)

Q4 2016: 38
Q1 2017: 14
Q2 2017: 21
Q3 2017: 41
Q4 2017: 60

Net debt (M €)

Q4 2016: 641
Q1 2017: 617
Q2 2017: 738
Q3 2017: 742
Q4 2017: 693

Net debt/EBITDA:
- Q4 2016: 1.61
- Q1 2017: 1.56
- Q2 2017: 1.84
- Q3 2017: 1.87
- Q4 2017: 1.72
In 2017, Navigator made 2 dividend payments on 6th June and 5th July, amounted to 250 million euros (gross value of 0.24 €/share)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per share</th>
<th>Share price (year end)</th>
<th>Total amount paid (million euros)</th>
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<tbody>
<tr>
<td>2013</td>
<td>0.1600 0.1200</td>
<td>2.280</td>
<td>159.2</td>
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<tr>
<td>2014</td>
<td>0.2800</td>
<td>2.910</td>
<td>201.4</td>
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<tr>
<td>2015</td>
<td>0.4330 0.0418 0.1395</td>
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<tr>
<td>2016</td>
<td>0.1590 0.0781</td>
<td>3.596</td>
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<tr>
<td>2017</td>
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<td>3.265</td>
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