Participation

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H12017 – Strong volumes

• Turnover improved 4.4% sustained by strong sales from:
  + BEKP+ 40%
  + Tissue + 13%
  + Energy + 23%

• UWF volumes of 772 thousand tons (- 0.5% YoY) but sales value decreased 3% due to lower prices

• EBITDA growth of 1.6% to €198 million (vs.€ 195 million in H1 2016)

• Cost reduction program with positive impact of € 10 million

• Significant improvement in financial costs (-38%)

• Market conditions continue positive, with significant order book at the end of June
## Strong figures for H1 2017

<table>
<thead>
<tr>
<th>(million euros)</th>
<th>H1 2017</th>
<th>H1 2016</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>813</td>
<td>779</td>
<td>+4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>198</td>
<td>195</td>
<td>+2%</td>
</tr>
<tr>
<td>EBITDA/Sales (%)</td>
<td>24.4%</td>
<td>25.1%</td>
<td>-0.7 pp</td>
</tr>
<tr>
<td>Net Income</td>
<td>96</td>
<td>86</td>
<td>+12%</td>
</tr>
<tr>
<td>Net Debt / EBITDA</td>
<td>1.8</td>
<td>2.0</td>
<td>-0.2 pp</td>
</tr>
<tr>
<td>ROCE</td>
<td>13.4%</td>
<td>11.4%</td>
<td>+2.0 pp</td>
</tr>
</tbody>
</table>
### Q2 vs. Q1 - Clear improvement

<table>
<thead>
<tr>
<th>(million euros)</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>420</td>
<td>393</td>
<td>+7%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>108</td>
<td>90</td>
<td>+20%</td>
</tr>
<tr>
<td>EBITDA/Sales (%)</td>
<td>25.8%</td>
<td>23.0%</td>
<td>+2.9 pp</td>
</tr>
<tr>
<td>Net Income</td>
<td>60</td>
<td>36</td>
<td>+70%</td>
</tr>
<tr>
<td>Net Debt / EBITDA</td>
<td>1.8</td>
<td>1.6</td>
<td>+0.2 pp</td>
</tr>
<tr>
<td>ROCE</td>
<td>15.4%</td>
<td>11.1%</td>
<td>+4.3 pp</td>
</tr>
</tbody>
</table>
Industry pulp prices: upward trend

Average PIX prices for BHKP in Euros during H1 2017 were 5% above H1 2016, (2% above in USD); index increased 11% in Q2 vs Q1 2017 (15% in USD).
BHKP market continues to improve:

- **W100 YTD May data from PPPC presents a 3.7% increase in global demand, with 5.2% from BEKP;**
- Forecasts in early 2017 expecting some imbalance mainly due to the 2 large projects - OKI (L2 Dec 2016 + L1 Apr 2017) and Fibria (Sep 2017); however until now there are no signs of pressure in the market
- Healthy demand for market pulp sustained by high production level from clients and scarce availability of pulp
- Upward pulp price momentum remains for now, last Pix (W29) at 865 USD/tAD
Navigator Pulp Performance in H1 2017

- Pulp sales increased 41% in volume to 182 thousand tons (record volume sold since 2009), sustained by capacity increase in Cacia mill

- Even though the PIX index evolved positively HoH, Navigator’s average price in H1 remained slightly below the first half of 2016:
  - mainly due to higher discounts
  - lag of 1 month versus the Index

- The Group’s average sale price from December to June actually gained 21%

- Despite a 21% increase from Dec-2016 until June 2017, 13% Growth YoY in Décor and Special papers segments, high contribution segments (representing 68% of European Sales)

- Increase sales to overseas markets: +39 thousand tons (YoY)

- End of June inventories lower then at year end 2016
Paper Market impacted by several events (I)

World

Global UWF growth, YTD May

+1,1%

World

ADD attracted European volumes
European producers placing more volumes in USA
Capacity Decrease:
-2,8% YoY, (-100 K Ton)

USA

Growing Demand
Cut-size & Folio:

~1% H1 2017 YoY
Capacity Decrease:
-2,4% YoY, (-100 K Ton)
Pipeline stocks depleted

EUR

RoW

+1,5-3% (e), Growth in Rest of the World
namely in Asia (China, Japan, Korea) and Middle East.

Capacity changes:

- Pollution Controlling capacity shut in China (unknown volume)
Europe

- Largest order book in industry since 1999 (June, ~5 weeks)
- Operating rates during 1H 2017 improved significantly to 95%, with shipments increasing throughout the quarter.
  - Producers destocking and using full capacity.
  - As such, import volumes are back to 2016 levels filling growing demand in Europe.
Benchmark price evolution for paper

The average price for paper was down 3.3% YOY (H1 2016 vs H1 2016), but is showing signs of improvement, with last price for July at 817 €/ton.

European Market Prices Evolution

NVG announced 3 price increases for Feb., April, July and +1 September.

Source: FOEX
NVG Paper sales - Main Highlights

772 K ton YTD Jun Sales

495 Kt Europe 64%

213 Kt Overseas 28%

63 Kt USA 8%

Source: The Navigator Company
Paper performance in H1 2017

• Sales of 772 thousand tons of UWF – second best first half registered;

• Decrease in average sales price YoY (-2.9%), but improvement from December 2016 until June 2017 (+3.1%)

• **Navigator announced price increase in Europe (Fev, Apr & Jul) and International markets (Jan, Apr & Jul).**

• **Recovery in product mix**: premium products share up to 49% (+0.5 pp. YoY & +6 pp. HoH); mill brands up to 60% (best mill brand share in Q2 2017 /63% ) since Q3 2015;

• Best load on the mill ever, reaching 60 days in July;
Tissue market update

- Western Europe demand for tissue is estimated to have grown between 2-3% YTD

- **Tissue consumption in 2017 reflects stronger economy in general, namely rising employment and income levels**

- Market has been impacted by a rise in competition in Iberia:
  - In 2016: + 60,000 tons
  - In 2017: forecast + 30,000 tons
Tissue business performance H12017

- Volume of tissue sold increases 16% YoY sustained by the 2015 capacity increase;

- **Sales increased 13% to € 37 million (vs €33 million);**

- Average sales price in H12017 2% lower, mainly due to commercial effort to place additional volume, combined with lag in passing pulp prices to tissue

### Tissue Sales by market

- **Spain** 34%
- **Portugal** 63%
- **Other** 2%

### Tissue Sales by segment

- **AFH** 52%
- **AH** 26%
- **C&C** 11%
- **Reels** 11%
Tissue business - Main developments

• Tissue sales reflect an increase in the weight of towels and kitchen rolls, in line with the company’s strategy to grow in products with higher contribution margins

• Reflecting the commercial effort undertaken by the Company, 89 new tissue clients were assigned during the first half

Tissue Sales by product

H1 2016

TOIPA 52%
Towels 33%
Parent Rolls 11%
KIRO 4%

H1 2017

TOIPA 46%
Towels 38%
Parent Rolls 11%
KIRO 6%

TOIPA: Toilet Paper
KIRO: Kitchen Rolls
Towels: include napkins, industrials, facial
Continuing focus on cost reduction

• M2 cost reduction and efficiency programme continues with estimated impact on EBITDA in H1 2017 of € 10 million

• Of a total of 64 projects with successful initiatives, the following stand-out:
  + Energy purchases: € 1.9 million
  + Packaging purchases: € 1.5 million
  + Logistics: € 0.8 million

• Initiatives aimed to improve equipment and process efficiency at industrial level continue with positive impact of € 0.9 million in the first half (reduction of production losses, control of consumption of raw materials, maintenance costs)

• With significantly more initiatives than in 2016, estimated impact on EBITDA in 2017 is greater than in 2016 (€ 16 million)
The negative impact of pulp and paper prices was reduced by higher volumes and cost reductions.

Non recurring items include insurance indemnities (TG Setúbal + Cacia + VVR) deducted from start-up costs for pellets business

** others include biological assets
Very strong Q2 EBITDA and EBITDA/Sales impacted by lower prices

EBITDA in Q2 2017 increased 20% versus Q1 2017 and compares favorably with other Q2
Free Cash Flow at € 73 mln

With operating cash flow in line with H12016, free cash flow gained € 41 million vs H12016, positively impacted by lower capex.

Working capital with negative impact from higher inventories (namely wood), taxes and anti-dumping.

* Other includes accounts payable, taxes, antidumping and insurance
YoY Net debt increased by € 97 million

- Net debt increased € 97 million from year-end (€ 121 million QoQ), due to dividend payment of € 170 million in June. Second payment of € 80 million occurred in July.

<table>
<thead>
<tr>
<th>Dividend Payment</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total amount paid (€ million)</td>
<td>164.4</td>
<td>201.4</td>
<td>200.8</td>
<td>440.5</td>
<td>170.0</td>
<td>250.0</td>
</tr>
</tbody>
</table>
Debt profile continues to improve

- The successful restructuring of the Group's debt in 2016 resulted in a longer maturity and lower cost of debt, as well as an increased diversification of counterparties.
- In February, a new credit facility of USD 10 million was contracted in the US.
- The Group has a total of € 225 million of committed commercial paper facilities that mature in 2020.
- **Average cost of debt, as of June 2017 is 1.60%.**
Financial costs reflect debt restructure and improve significantly YoY:

- Financial costs improved from -€13.5 to -€8.3 million
- Financial costs in 2016 were negatively impacted in approximately €6 million by the premium paid for the high yield call;
- Comparable financing costs would be -€10.9 million vs -€7.3 million
- **Interest paid down €4 million YoY**
Capex of € 35 million (vs. € 75 million)

- € 11 million for pulp, paper and others; includes recurrent capex of € 6.8 million
- € 20 million for Figueira da Foz pulp capacity project
- € 4 million for tissue, which includes Cacia new mill and Capex in new converting lines at V.V. Rodão
Tough start of operations at Colombo Energy

• First pellets sold from Colombo Energy Inc project in Greenwood, South Carolina during the first half

• Mill in its start-up phase, still fine-tuning the industrial operations and working on improving volume and production costs

• Difficult market environment, but sales efforts proceed for 2018 onwards for both in the industrial market (Europe) and residential market (Europe and US)
Mozambique project - Reminder

- Scale down rhythm of investment and operations due to political and economic situation, which remains unstable

- Completion of experimental operation to export 2,000 tons of wood from Zambézia via the port of Nacala, with unexpected port/export tariffs issue

- Capex for 2017 reduced to 10 M€ - Company remains engaged but needs to clarify situation and conditions precedent to proceed with the project

- Announcement of plans to build the Moatize-Macuse railway line and the port of Macuse, due for completion in 2021-22.
Update on New Projects - Cacia Tissue

• Integrated tissue mill with capacity to produce 70 thousand tons of reels and converting products with estimated capex of 120 million (78% of project commissioned)

• Main equipment suppliers have been selected and site preparation work occurring; commercial preparation underway

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

- Target to increase production efficiency and pulp capacity at Figueira da Foz, by 70 thousand tons

- **Capex of €85 million includes important environmental investments in reduction of odor, waste, air and liquid emissions and also investments in innovative manufacturing processes, improving equipment efficiency and product differentiation.**

- Recent progress:
  - 81% of capex already commissioned
  - Civil construction started
  - Main equipment to be fitted in August /September

- **Project on time and on budget: new capacity planned to come online in March 2018.**
Outlook for H2 2017

• **Pulp** - Even though new capacity coming to the market was anticipated (+1.95 million tons, of which 0.377 during 2017) to Aug./ Sept., there are positive signs to consider for H2 2017:
  + Estimated reduction in market pulp due to maintenance/strategic stoppages of 0.7 million tons
  + Possible consolidation among Latin American producers

• **Tissue** - more aggressive competition and increased pressure on margins due to rise in pulp price

• **Paper** – Group has strongest order book since 1999: 60 days
  an implemented a third price increase in July and fourth in September
Subsequent Events

• Dividend payment:
  + Distribution of reserves of € 80 million paid in July
  + Total amount paid in 2017: € 250 million
  + Implicit dividend yield of 9%

• New eucalyptus legislation
  + New legislation approved by the Portuguese Parliament prohibiting the increase of new eucalyptus plantations
  + Long-term impact to be felt in approximately in 12 years
  + Companies need to develop initiatives to increase productivity of current eucalyptus areas
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